Meeting Minutes
Special City Council Meeting
March 24, 2008, 5:30 p.m.
City Conference Rm., 1515 Strongs Ave.
Roll Call: Alderpersons Myers, Walther, Wiza, Heart, Slowinski, Trzebiatowski, Molski, Stroik, Brooks, and Moore.

Absent: Alderperson Hanson.
Also Present: City Clerk Moe; City Attorney Molepske; Comptroller/Treasurer Schlice; Chief Morris; Director Gardner; Assessor Siebers; Reid Rocheleau; Gene Kemmeter (Gazette); Jason Zencka (Stevens Point Journal).
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2. An Initial Resolution Authorizing the Issuance of Not to Exceed $3,600,000 General Obligation Bonds for Acquiring and Developing Sites for Industry and Commerce as Will Expand the Municipal Tax Base.

C/T Schlice stated that as he noted in his memo this is the first step of many in the process.

Ald. Molski moved, Ald. Trzebiatowski seconded to approve Authorizing the Issuance of Not to Exceed $3,600,000 General Obligation Bonds for Acquiring and Developing Sites for Industry and Commerce as Will Expand the Municipal Tax Base.

Ald. Heart asked for clarification on the assumptions that were made on the land value and the tax rate.

C/T Schlice said that we are looking at a $17 million value of two acres in 2008, three million dollars in 2009 and that value carries forward depending on several variables such as inflation rates and tax rates. He said they are working with an estimated rate of 5 percent over five years and then it starts to change.

Ald. Heart asked about the balance regarding Aspirus and what happens if our total expenditure is greater than our total revenue.

C/T Schlice said the portion dealing with Aspirus will be segregated. If there is a balance the Council can make an allocation as long as it is within the TIF agreement approved by the Council and the Joint Review Board. The balance can also be split among the four taxing jurisdictions that make up the TIF allocation when the district is dissolved.

Ald. Heart asked what happens if our total expenditures equal the total revenue before we get to the tenant incentive payment or the annual amount retained by the City.

C/T Schlice stated that the City is paid first. The money goes to debt service followed by administrative costs including the annual audit costs, anything left over from the AIG portion would then be allocated to AIG. It is an incentive to expand since they would get any additional tax.

Ald. Heart asked for more clarification about the estimated bond interest rates. She estimates that to make the project work the average interest rate over the 20 years would have to be 5.25 percent.

C/T Schlice said that he believes it would be under that, but if the rates don't make sense then the City would have to go back to the drawing board. Ehlers is generally close on their projections.

Director Gardner noted that Ehlers looked at the actual sale on March 3rd. They are being cautious in what is presented on the chart. If things are too high the City can refinance along the way.

Ald. Heart asked what happens in the event that the annual amount retained by City or the incentive payment is negative.

C/T Schlice stated that we would have the ability to make it up over the life of the TIF. The City gets its money first before anything goes to the cumulative or tenant incentive.

Director Gardner said the City would also have the ability to extend the TIF by 3 years if it was negative.

Ald. Heart asked if in the year 2019, the lease is up and AIG leaves, what happens with the reassessment of the property.

Assessor Siebers noted that most commercial properties are assessed using the income approach. If it is sitting empty or the income has significantly changed then we would be forced to reassess it or the property owner could ask the City to review the assessment of the property. The assessment is based on revenue or projected revenue. He stated that the City just did that for one property.

Ald. Molski asked what the reduction was in the assessed value.

Assessor Siebers stated that he did not have the figures with him but he thought it was around 30 percent.

Ald. Heart asked what the maximum interest rate is that we could get in order to match total expenditures to total revenues. She thought it would be around 5.25.

C/T Schlice did not want to give a number because it would be just speculation.

Ald. Stroik asked if it was possible to put something into the developer's agreement to protect the City from something like this.

City Attorney Molepske said we will not be putting anything in regarding what the value of the building will be in the year of 2019. However, we have gone into everything from the size of the building to how many employees they will bring in. We want to keep the interest rate as low as possible so we can make it a nontaxable entity. If they have to start guaranteeing and we take security for things like how much this building is going to be worth, then the interest differential is ¾'s of a point. It is structured in such a manner that it is advantageous for both the City and AIG for them to stay.

Ald. Myers asked what kind of money is TOLD putting into the development so it would be a disadvantage for them to walk away.

Attorney Molepske said no, when you consider what we put in, they are looking at a substantial amount, like 12 or 14 million, which you would not walk away from.

Mayor Halverson said that if you look at it as dollar for dollar, the money in the TIF versus private investment, it is at least 4 to 1 if not higher. There is considerable amount of private equity going into the building. You have $4.6 million into a building that will probably have a construction budget approaching $25 million. There is going to be a great deal of private equity in the building that they will not be able to ignore in ten years.

Ald. Heart asked what the theory was behind providing the potential tenant incentive payment starting in year three versus waiting until year ten; and to pay off the principal first.

Director Gardner said this was done as an incentive not only to encourage them to stay but to expand.

Mayor Halverson said that in conversations between himself, Director Gardner, C/T Schlice, and Attorney Molepske, they were looking for ways to create an aggressive incentive to attract them while still being responsible. As Director Gardner stated this is set up to make them want to put another 100,000 square feet onto the building and expand their holdings in this community.

Director Gardner said the original plan was for a 250,000 square foot building on the site. Last Friday, the County's Economic Development Committee approved a site plan that showed a 300,000 square foot building. They haven't built it yet but there is already the potential for the construction of a larger building on the site. It is certainly encouraging.

Call for a Vote on the motion made by Ald. Molski, seconded Ald. Trzebiatowski, to approve Authorizing the Issuance of Not to Exceed $3,600,000 General Obligation Bonds for Acquiring and Developing Sites for Industry and Commerce as Will Expand the Municipal Tax Base.

Roll Call: Ayes: Myers, Walther, Wiza, Heart, Slowinski, Trzebiatowski, Molski, Stroik, Brooks, and Moore.
Nays: None. Motion Adopted.

3. An Initial Resolution Authorizing the Issuance of Not to Exceed $1,090,000 General Obligation Bonds for Providing Financial Assistance to a Community Development Project.

C/T Schlice stated that all of these have been structured to be levy neutral. In the old TIF districts, taxpayers usually advanced money upfront and collected on the backend. The way we have this structured is that it will be self supporting throughout the entire length of the TIF, which is a big plus for our taxpayers.

Ald. Trzebiatowski moved, Ald. Walther seconded to approve Authorizing the Issuance of Not to Exceed $1,090,000 General Obligation Bonds for Providing Financial Assistance to a Community Development Project.

Roll Call: Ayes: Myers, Walther, Wiza, Heart, Slowinski, Trzebiatowski, Molski, Stroik, Brooks, and Moore.
Nays: None. Motion Adopted.

4. A Resolution Authorizing and Directing the Publication of Notice of the Adoption of Initial Resolutions.

Ald. Stroik moved, Ald. Moore seconded to approve Authorizing and Directing the Publication of Notice of the Adoption of Initial Resolutions.

Roll Call: Ayes: Myers, Walther, Wiza, Heart, Slowinski, Trzebiatowski, Molski, Stroik, Brooks, and Moore.
Nays: None. Motion Adopted.

5. A Resolution Authorizing and Providing for the Issuance of Not to Exceed $4,690,000 General Obligation Corporate Purpose Bonds; Providing for the Notification and Sale of Said Obligations; and Other Related Details.

Ald. Wiza moved, Ald. Moore seconded to approve Authorizing and Providing for the Issuance of Not to Exceed $4,690,000 General Obligation Corporate Purpose Bonds; Providing for the Notification and Sale of Said Obligations; and Other Related Details.

Roll Call: Ayes: Myers, Walther, Wiza, Heart, Slowinski, Trzebiatowski, Molski, Stroik, Brooks, and Moore.
Nays: None. Motion Adopted.

Adjourned at 6:02 p.m.