

Meeting Minutes

Special City Council Meeting

April 30, 2008, 5:00 p.m.

Council Chambers, County-City Building

Mayor Andrew Halverson, presiding

Roll Call: Alderpersons Myers, Walther, Hanson, Wiza, Heart, Trzebiatowski, Molski (by phone), Stroik, Brooks, and Moore.

Excused: Ald. Slowinski.

(Clerk's Note: Alderperson Molski was able to call in to this meeting. She was supplied a complete packet and the chambers microphone system enable her to participate in the discussion. However, at this time she did not vote.)

Also Present: City Clerk Moe; City Attorney Molepske; Comptroller/Treasurer Schlice; Director Gardner; Mike Harrigan; Dawn Gunderson; Lori Dehlinger; Mary Ann Laszewski; Cathy Dugan; Reid Rocheleau; Gene Kemmeter (Gazette); Jason Zencka (Stevens Point Journal).

Index to these minutes:

2. Ordinance Amendment - Correction of Typographical Error to Zoning - Rezone 1528 Water Street from M-1 Light Industrial to R-4 Multiple Family I.
3. Discussion and approval of Development Agreement between the City of Stevens Point and Meridian TG LLC (TOLD) located at the northeast intersection of U.S. HWY. 39 and County Trunk Road HH.
4. Adoption of a resolutions creating, describing and making certain findings and approving project plan for Tax Incremental District No. 7, in the City of Stevens Point - TOLD (AIG), Development Project located at the northeast intersection of U.S. HWY. 39 and County Trunk Road HH.
5. Resolution Authorizing Mayor and Clerk and other appropriate city officers to implement Development Agreement with Meridian TG LLC (TOLD).
6. Acceptance of Cul-de-sac - Vern Holmes Drive.
7. Adjournment.
2. Ordinance Amendment - Correction of Typographical Error to Zoning - Rezone 1528 Water Street from M-1 Light Industrial to R-4 Multiple Family I.

Ald. Moore moved, Ald. Hanson seconded, to approve the Ordinance Amendment -Rezone 1528 Water Street from M-1 Light Industrial to R-4 Multiple Family I.

Roll Call: Ayes: All

Nays: None. Motion carried.

3. Discussion and approval of Development Agreement between the City of Stevens Point and Meridian TG LLC (TOLD) located at the northeast intersection of U.S. HWY. 39 and County Trunk Road HH.

Cathy Dugan presented some statistics for Portage County. She said there is a need for union shops in the area and that government should exist to even the playing field between the poor, middle income, and the rich. She said that capitalism is inherently unequal; if it is unregulated it will turn into greed. The members of the Council as the government need to rein it in.

Reid Rocheleau asked the Council to support AIG but vote against the TID. He raised concerns regarding the public's involvement with the project. He was upset that AIG/TOLD did not send a representative to the meetings. He believes that a TID is not necessary.

Lori Dehlinger, from the Portage County Business Council, stated that their research found that most of our growth will come from within Portage County and the Midwest region. They support this TIF and the growth that AIG will bring to Portage County.

Mary Ann Laszewski stated that TID approval must be made based on evidence and testimony required by the State. As a taxpayer, she asked that when the Council commits tax dollars to developments that the money be secured so it does not decline in value. She asked that the Council action show that they did a thorough job, protected our finances, and served the City well.

Ald. Moore moved, Ald. Walther seconded, to approve the Development Agreement between the City of Stevens Point and Meridian TG LLC located at the northeast intersection of U.S. HWY. 39 and County Trunk Road HH.

Ald. Wiza said the City Attorney's memo dated April 18 regarding the Development Agreement states that the City will obtain a second mortgage on the real estate to ensure the completion of the construction of the building. He asked what the second mortgage guarantees.

City Attorney Molepske said the purpose of the mortgage is to ensure that they complete the building and do not decide tomorrow morning to sell the land to Jon Doe. It incorporates the agreement so that anybody who receives the land is subject to and bound to the agreement.

Ald. Wiza asked if that means they do not have clear title to the land until the completion of the project.

City Attorney Molepske said that was correct.

Ald. Wiza moved to item #6 of the memo that states, "McDonald Title will be responsible for dispersing the money to the contractors for performing such work and ensuring that such work is completed and lien releases obtained." He asked what lien releases are entailed.

City Attorney Molepske said for instance, for steel, a check will be needed to pay whoever supplied it. When the invoice comes into the title company, they will want a lien release from the steel company for the amount of steel being supplied at that time.

Ald. Wiza asked for clarification on item #9, which states, "The Law requires that payments made after 15 years in the TIF be paid as a municipal revenue issue therefore, all payments will be made under the guise of a revenue bond issue. A revenue bond issue however does not have the full faith and credit of the city and is still subject to be payable from the TIF revenues."

City Attorney Molepske said if an individual goes to a bank, borrows money and signs his name, the full faith and credit is that of the individual. If the City borrows from a bank it relies on the full faith and credit of the City. He said to ensure that full faith and credit the city will annually place on the tax roll irrepealable tax and appropriate the necessary amount of money for that year's principle and interest. In a revenue bond issue, the note is paid from the revenue stream, in this case the taxes generated from the TIF. If there are insufficient funds generated through the TIF, then those bonds will not be paid.

Mike Harrigan, Ehlers & Assoc., said the bottom line is that a municipal revenue obligation is not going to be paid for by general property taxes in the City. The only place the money will come from to make that payment will be from this tax increment district and this specific project. This is one of the most appropriate forms for financing certain project costs because it limits the liability of the City if the developer does not perform.

Ald. Wiza in regards to item #6 of the Developers Agreement, as he reads it, the developer would receive any money left over if the total cost was less than \$530,000 to run utilities and construct the road.

City Attorney Molepske said that is correct. But the actual cost exceeds \$530,000 they are obligated to cover the overrun. The City has made an estimate that if we were to complete project the cost would be \$530,000. They are willing to take the chance that they can do it cheaper. I can't tell you that they can, but if they did they would reap the benefit. But that amount is what we would have paid in any event.

Mayor Halverson noted that one of the variables in that estimate is fiber optics. Over \$200,000 of the \$530,000 is allocated for fiber optic relocation. The likelihood of surpassing the \$530,000 is more likely than it being less.

Ald. Wiza asked for clarification on storm water utility charges. The memo from City Attorney Molepske dated April 18 said there are no charges but in the Developers Agreement it says it is subject to charges.

City Attorney Molepske said there is no contradiction because at this time there are no storm water charges. At such time in the future we do develop it then charges would be imposed.

Ald. Wiza then read a letter from TOLD Development Company representative Kevin Coakley. (A copy of the letter will be attached to master filed in Clerk's office.) Ald. Wiza then stated that he believes that the job of the Alderpersons is to look out for the best interests of the citizens of the City of Stevens Point. The TID was created to fund the incentive package and this package is going to keep jobs here. He believes that the City staff has done a very good job making sure that we have guarantees in order and the City is not going to end up regretting this in the future.

City Attorney Molepske stated that as of yesterday there is a signed lease agreement which provides for a ten year lease hold, a buyout, and substantial rental payments. Our principle interest in this is that the contract has been executed and the lease is for 10 years with an option to extend.

Ald. Wiza asked the City Attorney, if in his opinion, the City has reasonable recourse to protect our investment in the event something goes wrong.

City Attorney Molepske replied that the City has recourse to ensure the building is built and that they will have a tenant for a minimum of ten years assuming that there is not a catastrophe.

Ald. Hanson noted the loss of jobs in the area such as those at Consolidated, Canadian National, Domtar. He feels that we have an opportunity with this company and this agreement is solid for the City and there are enough items in the agreement to protect the citizens of the Stevens Point.

Ald. Heart asked if there were any reassessments of the downtown property and if they have told us which building will be vacant.

Mayor Halverson said that the only building that will be vacant because of this is the old Weber/Tackle building. The Whiting Hotel will continue to be used. He noted that the Weber/Tackle building is located in the downtown site for the Justice Center and therefore would be a net loss anyway.

Ald. Heart said the notes from the Plan Commission state that the value of the property could drop by \$6 million and still recoup the full value of the TIF after 10 years. She asked what happens if it drops more than that.

Dawn Gunderson, Ehlers & Assoc., stated that they ran an analysis, which if after the lease expired and the building became vacant, how low the value could drop. They determined that it could drop as much as \$6 million and we would still have sufficient value to continue to make debt service payments throughout the life of the debt obligation.

Mayor Halverson also noted that an important assumption made was that there was no appreciation of the property over the initial ten year period.

Ald. Heart asked what if it dropped more than \$6 million, what happens to that payment.

Dawn Gunderson, Ehlers & Assoc., stated that there are additional funds available from the increment that exists outside of this particular development. She believes they are MRO and no additional payments beyond the debt service. She also noted that in all of their projections they are assuming a decline in the tax rate.

Ald. Heart asked if dropping \$6 million in reassessment is realistic.

Assessor Siebers stated that we are talking ten years out and we don't know what the status of the overall economy is going to be in ten years. So \$6 million out of a \$20 million assessment is possible but there are too many variables at this point.

Mayor Halverson stated that the assessed value at that point would be \$17,246,000 and it would still cover all the debt based on that assessment.

Ald. Heart stated her concern about the rising costs faced by the citizens of the City. Although she appreciates the safeguards that have been put into place, she feels that a ten year incentive package would be better and should be the maximum. She would support a ten year TIF but she is not comfortable with a 20 year TIF as the City faces an uncertain future. She will be voting no.

Ald. Molski said that she supports the creation of this TIF. In working for the City in the past where other TIFs were created, she found that the City was always very conservative and made sure all the bases were covered and they have been successful. She supports it fully.

Call for the Vote on the motion made by Ald. Moore, seconded by Ald. Walther, to approve the Development Agreement between the City of Stevens Point and Meridian TG LLC located at the northeast intersection of U.S. HWY. 39 and County Trunk Road HH.

Roll Call: Ayes: Myers, Walther, Hanson, Wiza, Trzebiatowski, Stroik, Brooks, and Moore.  
Nays: Heart. Motion Adopted.

4. Adoption of resolutions creating, describing and making certain findings and approving project plan for Tax Incremental District No. 7, in the City of Stevens Point - TOLD (AIG), Development Project located at the northeast intersection of U.S. HWY. 39 and County Trunk Road HH.

Ald. Myers moved, Ald. Stroik seconded, adopt and making certain findings set forth in the Resolution relating to the Creation of the Tax Incremental District No. 7.

Roll Call: Ayes: Myers, Walther, Hanson, Wiza, Trzebiatowski, Stroik, Brooks, and Moore.  
Nays: Heart. Motion Adopted.

Ald. Myers moved, Ald. Moore seconded, approving project plan for Tax Incremental District No. 7, in the City of Stevens Point - TOLD (AIG), Development Project located at the northeast intersection of U.S. HWY. 39 and County Trunk Road HH.

Roll Call: Ayes: Myers, Walther, Hanson, Wiza, Trzebiatowski, Stroik, Brooks, and Moore.  
Nays: Heart. Motion Adopted.

5. Resolution Authorizing Mayor and Clerk and other appropriate city officers to implement Development Agreement with Meridian TG LLC (TOLD).

Ald. Stroik moved, Ald. Moore seconded, to Authorize the Mayor and Clerk and other appropriate city officers to implement the Development Agreement with Meridian TG LLC.

Ald. Wiza stated that he had concern with the phrase "without limitation" in the resolution.

City Attorney Molepske stated the wording was his idea for the simple reason that sometimes he forgets things. There are many documents that the Mayor or Comptroller will be required to sign and under the circumstances he didn't want to come back here if he had forgotten something.

Ald. Wiza asked if there have been any changes to the Developers Agreement dated April 17, 2008.

City Attorney Molepske said that there have been no changes at all.

Ald. Wiza said he is concerned that the language implies that the Mayor, Clerk or other city officials have the ability to modify the Developer's Agreement without coming back to the Council.

City Attorney Molepske replied that they could put that the Mayor, Clerk and other appropriate city offices are authorized to implement the Meridian Developers Agreement as adopted on April 30, 2008.

Ald. Wiza moved, Ald. Brooks seconded, to amend the Resolution to say "to Authorize the Mayor and Clerk and other appropriate city officers to implement the Meridian Development Agreement as adopted on April 30, 2008."

Ayes: all, nays none, motion carried.

Call for the Vote on the amended motion by Ald. Stroik, seconded by Ald. Moore, to approve the resolution authorizing the Mayor and Clerk and other appropriate city officers to implement the Meridian Development Agreement as adopted on April 30, 2008.

Roll Call: Ayes: Myers, Walther, Hanson, Wiza, Trzebiatowski, Stroik, Brooks, and Moore.  
Nays: Heart. Motion Adopted.

6. Acceptance of Cul-de-sac - Vern Holmes Drive.

Ald. Stroik moved, Ald. Hanson seconded, acceptance of a Cul-de-sac relating to Vern Holmes Drive.

Ald. Brooks asked what is going to determine what is going to be used between a raised island or level apron.

Director Gardner said that speaking with the engineer and a representative from TOLD Development it is going to be a either a raised median or all blacked cul-de-sac.

Call for a vote on the motion by Ald. Stroik, seconded by Ald. Hanson to acceptance of a Cul-de-sac relating to Vern Holmes Drive.

Roll Call: Ayes: Myers, Walther, Hanson, Wiza, Trzebiatowski, Stroik, Brooks, and Moore.  
Nays: Heart. Motion Adopted.

7. Adjourned at 6:04 p.m.

The meeting minutes reproduced on this website are derived from the computer files used to produce the official minutes for the City of Stevens Point, but are unofficial. The minutes on this web site cannot be certified under s. 889.08, Wis. Stats., and cannot be considered prima facie evidence under s. 889.04, Wis. Stats. Certain tables, maps, and other documents that are a part of the official minutes are not included in the files reproduced on this website. Please consult the printed minutes, available in the City Clerk's Office, for the official text. The decisions made by City of Stevens Point boards, committees, and commissions (other than the Police & Fire Commission) are advisory only and are not binding on the City until affirmed at a meeting of the Common Council. Some of the minutes on this web site might not be approved by the Common Council as of today.

Bottom of Form