

Meeting Minutes

City Plan Commission

Monday, March 31, 2008 PRESENT: Chm. Mayor Halverson; Tony Patton; Karen Aldinger; Jerry Moore; Fred Steffen; Ann Shannon (Lois Feldman excused)

ALSO PRESENT: Comm. Dev. Dir. John Gardner; Ald. Myers, Hanson, Wiza, Heart, Slowinski, Trzebiatowski, Molski, Stroik, Brooks; City Attorney Louis J Molepske; City Assessor Jim Siebers; Po. Co. Exec. Mark Maslowski; Village of Plover Admin. Dan Mahoney; Po. Co. Bus. Council, Lori Dehlinger; Andy & Wesley Scott; Cathy Dugan; Mary Ann Laszewski; Lehmann; Po. Co. Senior Planner Jeff Schuler; Doug Radtke; Bob Woehr; Bo Dedeker; Don Butkowski; Liz McDonald; Amber Garbe; Rich Sommer; Mildred Neville; Reid Rocheleau; Po. Co. Gazette, Gene Kemmeter; Stevens Point Journal, Jason Zencka; Dawn Gunderson & Greg Johnson, Ehlers & Assoc.

Index of these Minutes:

1. Public Hearing Regarding the Proposed Creation of Tax Incremental District No.7 in the City of Stevens Point, Wisconsin, its Boundaries and the Project Plan (See the Public Hearing Notice which was published on March 14, 2008 and March 21, 2008)
2. Review and discuss project plan
3. Plan Commission Action Regarding the Proposed Creation of Tax Incremental District No. 7 in the City of Stevens Point, Wisconsin, its Boundaries and the Project Plan (See the Public Hearing Notice which was published on March 14, 2008 and March 21, 2008)
4. AIG/TOLD Project:
Acquire and sell land - Lots 71-74 and land along K B Willett Dr. and Vern Holmes Dr., Portage County Business Park
Vacate K B Willett Dr. and a Portion of Vern Holmes Dr.
Accept Cul-de-sac - Vern Holmes Dr.
5. Adjourn

Chm. Halverson noted prior to the public hearing, he wants to staff review the entire project before we take public testimony.

John Gardner provided drawings of the proposed 125,000 sq. ft. 4-story building, approximately four times the size of the existing Aspirus building. The purpose statement contained in the legislation approving the 1975 TIF law stated 1) the costs of improvements made by a village or city sometimes stimulated development that benefited more than just the city or village making the investment, and 2) there was a lack of incentive for the municipalities to create and stimulate investment and jobs. The state wanted to create a mechanism where a city, through its own initiative, could finance projects that stimulate industry and jobs. The TIF law was passed to accomplish those two goals. The law now allows TIF districts for blight elimination, industrial development, or for mixed use. City TIF 1, created in 1975, helped fund the vacant site which was to become the industrial park. City TIF 2, created in 1982 for Woodward Governor, extended utilities to the site as an incentive for Woodward to locate here. This project meets the test of job creation and value creation. There was competition offered for a TIF district for this particular project and incentives for large projects have become standard in the industry. There was out-of-state competition in this particular project as well. This project would employ 600-800 people initially, have unlimited growth potential, be the third largest office building in the city and the fourth highest taxpayer in the city, and have unlimited growth potential.

The commission is being asked today to create the TID by designating the boundary, consider and acting on the project plan, recommend to the council the adoption of the resolution to adopt the plan, and direct copies of the actions and minutes to the mayor and common council.

Dawn Gunderson, Vice President/Financial Advisor for Ehlers & Associates, stated State Statute requires various findings and testing be done in order to create a district. A community cannot have more than 12% of the equalized value within a TID. The equalized value of the city as of January 1, 2007 was \$1,456,361,000 and 12% limitation would mean you could have \$174,763,320 worth of value in a TID. The city currently has two active Districts with a value of \$6.5 million. The total of existing plus proposed Districts is \$16 million which is far below the \$174 million available to be in a TID.

She reviewed the following: 1) site prep and uses - \$5.6 million has been identified for project costs; 2) financing plan - the initial project costs will be financed with general obligation bonds. The borrowing would not happen if the project plan does not come to be realized. 3) projection work sheet presents the projection of tax revenue generated for the project using a conservative property appreciate factor of 1%, a decline in tax rate of -2.5%/yr. for years 1-5 and a decline in tax rate of -0.5%/yr. in the remaining years of the TID 4) cash flow pro forma shows that the increment generated on the project will ultimately cover the cost undertaken for the district.

Chm. Halverson declared the public hearing open.

1. Public Hearing Regarding the Proposed Creation of Tax Incremental District No. 7 in the City of Stevens Point, Wisconsin, its Boundaries and the Project Plan (See the Public Hearing Notice which was published on March 14, 2008 and March 21, 2008)

2. Review and discuss project plan

Mark Maslowski, Po. Co. Executive, stated he and the county are behind the city 100% on this project. We want professional jobs and continued economic growth. AIG has committed to this area and we should be honored to have them here.

Dan Mahoney, Village of Plover Administrator, provided a letter and extended the full support of the Village of Plover for the city's efforts to establish a Tax Increment District in the Portage County Business Park. AIG and the TID are critical for supporting and promoting economic development in Portage County. Such development will significantly increase the tax base of surrounding municipalities.

Lori Dehlinger, Po. Co. Business Council, stated they support the building of a pro-business culture and a network of pro-business services that will help retain existing businesses and create an atmosphere conducive to expansion. We support the TIF, thank John and Patti Noel for their support of the Portage County community, and we look forward to the future with AIG.

Ald. Hanson stated he recommends approval of the TIF district for the construction of the building for AIG. With the TIF district, AIG will occupy approximately 175,000 sq. ft. with the possibility for further expansion, will keep over 600 people employed, and will add another 400 jobs over the next few years. AIG is an environmentally-friendly business with no smoke stacks and will bring people to our community.

Mildred Neville, 1409 Franklin St., stated this is a 19-20 year commitment on our part and AIG plans to rent the building for 10 years. What if everything doesn't go as planned. If AIG decided to leave at the 10-year mark, what situation would that create. There is no question that we want AIG here, but we need to take a hard look at all ramifications of a worst-case scenario and she would like to see a chart on this. You don't have to make a decision today and suggested waiting until the regular Plan Commission next week to allow for more information.

Amber Garbe, 218 Wilshire Blvd., questioned how a TIF will affect the school district. This is setting a precedent for other businesses. Will the current AIG building stay on the tax rolls at its current value. Would this shift the tax burden to home owners or small business owners. How will the

city's decision affect other municipalities. These components may seem negligible, but combined they raise a great level of uncertainty for the school district. She, as well as others, would like AIG in Portage County.

Ald. Wiza feels the AIG project is a good one. We don't know all the details yet and won't until we see the developers agreement. Without all of the answers, how can you make an informed decision.

Bob Woehr, 727 Second St., applauded the city on this open method of discussion. He reviewed history on Market Place of Po. Co./Crossroad Commons and the connection between Collier, TOLD Dev. and Plover Dev. of WI LLC. He noted no one has seen the developer's agreement and cautioned commissioners to be sure they know everything before making any decisions.

Mary Ann Laszewski, 1209 Wisconsin St., expressed concern about investing so much of our limited TIF allowance into just one company. Is AIG/TOLD offering any bonds or securities if this TIF were to fail. We need to know that not getting a TIF would be a deal breaker for AIG. Why don't they build their own building instead of renting. If AIG moves and TOLD declares Chapter 11, will this be another empty mall or Woodward Governor. We want AIG to stay, but we need to know how much risk we are exposing ourselves to.

Ald. Molski stated the creation of the boundaries of the TIF is a first step only. She supports the creation of the boundaries for TIF 7 to create a building for AIG. If AIG gets into this building and expands, there will be additional families coming to the area. Those families will have children and the State pays a per-head fee for each child. The school district will be getting additional money. For those reasons, she feels we need to approve the TIF boundary and go to the next step.

Cathy Dugan, 615 Sommers St., questioned the quality of jobs being proposed by AIG. What portion of those jobs will support families.

Ald. Heart stated we need to see the developer's agreement. It is a 20-year tax incentive with all public dollars and deserves public analysis. We are using public dollars for private development and we need to weigh the risks. We need to postpone this and take our time in going through this and see the details of the agreement.

Reid Rocheleau, Village of Whiting, stated in response to Ald. Molski, the State gets their money for schools from the property taxes. There are a lot of rules for this matter and the Joint Review Board must find that this development would occur only with the financial aid of a TIF. AIG is a great company but what does that have to do with giving them a TIF? We need to hear from them that they financially need the TIF.

Ald. Stroik noted the Woodward Governor TIF was not a failure, it did its job and the TIF was paid off early. They did close but Pointe Precision, a spin off business, employs more than 105 employees with \$5 million in annual salary and benefits. He doesn't feel it is a matter of need that AIG is coming here; it's a matter of responsibility to their shareholders. The city and AIG are each responsible for their bottom lines, and if everyone is responsible, we should have a good outcome that not only benefits AIG which allows them to grow, but will also allow the city, Plover, and Portage County to prosper and continue to grow. This has plenty of merit to move it on to the next step.

Ald. Brooks noted in his research, he found many small and large companies that have wanted to move their headquarters which created bidding wars and many incentives were offered. We don't get this kind of million dollar opportunity offered to us too often. We would be using less than 10% of our TIF allowance for this project. There are details that need to be worked out, but he doesn't think this is something that we should pass up.

Chm. Halverson read a statement from Council President Hans Walther which provided his strong feelings supporting keeping AIG in Stevens Point, creation of the TIF district and providing incentives for AIG. He has found that people are adamant about seeing more growth in the city in terms of living wage jobs. In order to continue to provide services, we must show growth. We owe it to Stevens Point taxpayers to keep the ball rolling on this project.

Ald. Trzebiatowski stated AIG has experienced growth which any business would envy. The land is currently under a tax exempt status so the city and the school districts receive no taxes. How can a taxing agency claim a loss if no tax was collected for the past 11 years or more. The land currently has paved streets, curb & gutter, and water & sewer services which are not taxable assets because of the County-owned status. Creating a TIF will establish a base valuation for this property automatically placing the base level portion on the tax role for all involved taxing agencies. He fully supports the creation of a TIF for the AIG/Travel Guard project and believes the city and Portage County will grow as a result of our investment today.

There being no other comments, Chm. Halverson declared the public hearing closed.

3. Plan Commission Action Regarding the Proposed Creation of Tax Incremental District No. 7 in the City of Stevens Point, Wisconsin, its Boundaries and the Project Plan (See the Public Hearing Notice which was published on March 14, 2008 and March 21, 2008)

Tony Patton moved, seconded by Fred Steffen, to recommend approval of the resolution designating the proposed boundaries and the project plan for Tax Incremental District No. 7 in the City of Stevens Point, Wisconsin.

Fred Steffen stated with regard to the school funding situation, we are talking about 200 new jobs/people and if 50 of those people (25%) come from the outside and purchase an average priced home of \$143,000, that will be an increase in tax base of \$7.15 million and we are talking about \$8 million that we are putting at risk here. Home sales in Marshfield are down 10%, Stevens Point is down 18%, Wausau is down 38%, and Wisconsin Rapids is down 40%. Any one of those other communities would love to have 800 new jobs - not 200, because the 600 jobs that are here would go there. We are crazy if we don't take advantage of this. AIG is not going to come to Stevens Point more than once or twice in your life time.

Jerry Moore commended Fred on his statements. He has been an alderperson for almost 8 years and one of the themes we constantly hear is that we have to bring in more jobs to this community. We have the perfect opportunity to do precisely that. The same people that say jobs are the most important thing are now trying to find reason to argue about it. We need to be responsible to ourselves and our taxpayers. We need to pay attention to details and go through every step that is required. There are steps to be followed and he totally supports this.

Chm. Halverson stated this is just the first step. Only the Council can approve the Developer Agreement document. We just sent the final clarification back to the developer. It has been a back and forth primarily to make sure that we are being responsible and that the taxpayer is represented and protected in that document.

Dawn Gunderson noted that adoption of this project plan is in no way a commitment to any of the costs identified here. It is a plan and not a

budget. There are several steps involved before any dollars are spent or any commitments made. It just puts the mechanism in place to allow you to proceed and use TIF dollars to finance possible project costs. It is not a commitment to spend any of those dollars.

Ayes all; Nays none; Motion carried.

4. AIG/TOLD Project

Acquire and sell land - Lots 71-74 and land along K B Willett Dr. and Vern Holmes Dr., Portage County Business Park

Vacate K B Willett Dr. and a Portion of Vern Holmes Dr.

Accept Cul-de-sac - Vern Holmes Dr.

Fred Steffen moved, seconded by Ann Shannon, to recommend approval of the following: 1) acquire and sell land - lots 71-74 and land along K B Willett Dr. and Vern Homes Dr., Portage County Business Park, 2) vacate K B Willett Dr. and a portion of Vern Homes Dr., 3) accept cul-de-sac on Vern Holmes Dr.

Ayes all; Nays none; Motion carried.

5. Adjourn - Meeting adjourned at 7:30 p.m.

Meeting adjourned at approximately 4:25 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.

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