

Meeting Minutes

Finance Committee

August 13, 2007, 7:18 P.M.

Lincoln Center, 1519 Water St.

Present: Alderpersons Molski, Walther, Moore, Stroik and Hanson

Also Present: Mayor Halverson; City Attorney Molepske; Clerk Moe; C/T Schlice; Directors Euclide, Gardner, Schrader; Personnel Specialist

Jakusz; Supt. of Maint. Laidlaw; Operations Supt. Krieski; City Engineer Saunders; Fire Chief Barnes; Capt. Dowling; Ald. Wiza; Slowinski,

Trzebiatowski, Heart, Myers, Brooks; Gene Kemmeter; Jamie Gebert

Index of these minutes:

1. Authorization to hire consultant for TIF District 6.
2. Amended Developers Agreement TIF 6 - Schertz.
3. Approval of Payment of Claims.
4. Adjournment.

#### 1. AUTHORIZATION TO HIRE CONSULTANT FOR TIF DISTRICT 6.

C/T Schlice stated a committee was put together after the previous Finance Committee meeting authorized looking at a number of different consultants. They narrowed it down to two different firms which were both interviewed and the recommendation is to hire PDI at a cost not to exceed \$19,470.

Motion made by Ald. Moore, seconded by Ald. Hanson, to authorize hiring PDI to be the consultant for TIF District 6 at a cost not to exceed \$19,470.

Ald. Stroik asked to verify the reason as to why we need to hire a consultant.

C/T Schlice replied when it was brought to Committee about a month ago, part of the concern was determining if we are seeing the forest or the trees and maybe it is about time that we bring somebody in that could give us some ideas to consider that maybe we are not seeing.

Ald. Stroik asked if there is a possibility that we approve the \$19,000 and we get nothing out of it, for instance, could they come back with the same plan we already had. He asked how we can be assured that we are getting something for the \$20,000.

C/T Schlice replied that during the interviews they did go through a number of questions that went through what would they bring to the table, what kind of programs they have done in other locations and what could they do for the City. It is reflected in their proposal and the work will be done in increments.

Ayes: All Nays: None Motion carried.

#### 2. AMENDED DEVELOPERS AGREEMENT TIF 6 - SCHERTZ.

C/T Schlice stated Mr. Schertz came up with another partner in the project and they are ready to start moving dirt and putting up brick. The project may be a little bit larger than what they had previously proposed. The bank, which we have been in contact with, has approved their loan for \$3,000,000. On the development agreements we had agreed previously to go out to \$1,000,000 participation towards the project which would be prepaid from TIF increments and we would also be getting guarantees and security collaterals which will be coming before the Council meeting on Monday. The budget for the project is \$4.1 million and the collateral will be negotiated. We are fine tuning it right now, the City Attorney is reviewing it and we will have that in the packets for Monday. If there would be a short fall for whatever reason, we still have some security so that the taxpayers are held harmless.

Ald. Molski asked what the minimum amount for real estate tax that it keeps referring to.

C/T Schlice replied that is part of what is being worked on and we will know as soon as we get the final numbers for the project.

Ald. Molski asked why the developers are going to get our million dollars in October. She stated that it reminds her of the Plover deal with the million dollars up front.

C/T Schlice stated that is why we have a developers agreement and guarantees that the project will go up. It is going to be commingled with the banks money and be given out at about a 3 to 1 ratio. The mechanics are still being ironed out.

Ald. Molski questioned if we were giving them all of it up front.

C/T Schlice stated no, it will be held in escrow by the bank after we borrow the funds. This is not a pay as you go as we had in our other development agreements. This is a different type of TIF arrangement where the municipality up fronts the money and is repaid back through the tax increments.

Ald. Molski wanted clarification as to what the agreement said. She said it was first said that they would not get the money up front, it would be held in escrow.

C/T Schlice stated it would be given to the bank which would then distribute it according to the agreement.

Ald. Molski clarified the bank gets it up front, not the developer.

Mayor Halverson stated he wants it to be clear that as we move forward with a situation like this, where a million dollars of our money is being used, that every single possible time that we can guarantee any loss of increment of that project, that we have collateral in the form of cash, securities, or real estate, so that the taxpayers are protected. We will, at times, as we move forward with new planning and new incentives in the City of Stevens Point, have to engage in these types of TIF loans, where the money has got to be there, up front for the developer to use as part of our commitment to making sure these projects happen. However, not ever, as long as he is the Mayor, will we do that without collateral and guarantees along with it, which is exactly what the Comptroller has done.

C/T Schlice stated that he will be getting periodic reports on disbursements of the funds and where they are with the project. He stated we will

have the reports before the end of the week.

Ald. Molski stated they would like them before Monday because they have special meetings on Monday night and it gives them no time to review them.

C/T Schlice stated we will get them in the packets, or we will hold up approval on Monday.

Ald. Stroik questioned if the project falls by the wayside, will our million dollars get repaid prior to the other three million that they loaned.

C/T Schlice stated that we are subordinate to the bank on their three million dollars, it is part of the developers agreement. However, that is why we are looking for the guarantees to make sure that the City is held harmless. It is entirely different than any other projects you may have seen in the area.

Ald. Hanson feels the City should be reviewing the expenditures and would like to know the frequency of the reports.

C/T Schlice agreed, he will be getting the reports. The bank has people that have the training to go through the construction documents and make sure all the bills are proper for the project and everything is happening the way the proposals were made. Then he will get the reports for review. He also stated that he is not sure what the mechanics would be, but he will be involved in the approvals.

Ald. Wiza stated what he would like to see in addition to collateral is some sort of completion date. That was the problem we had the last time with the sidewalk and gutters, where they were left tore up for a year. He would like to see some completion date added to the agreement since we are now amending it anyway.

C/T Schlice stated he thought that would not be a problem.

Ald. Heart stated she thought it was listed as 18 months in the agreement.

C/T Schlice stated she was correct.

Ald. Wiza stated that is a year in a half and suggests that we talk to Mr. Schertz and try to get a more reasonable, shorter, time frame which would be appropriate for this agreement.

C/T Schlice stated he thought some of the tenant improvements might be delayed until they get that particular portion rented out, depending on their lease, but the rest of it should be up. They do want to get going and it is in their best interest that it is because of the borrowing. He stated that interest will have to be capitalized for the first couple of years, which adds to the cost of the project.

Motion made by Ald. Molski, seconded by Ald. Stroik, that we approve the amended developers agreement for TIF 6.

Ayes: All Nays: None Motion carried.

### 3. APPROVAL OF PAYMENT OF CLAIMS.

The claims were discussed.

Motion made by Ald. Hanson, seconded by Ald. Walther to approve the payment of claims in the amount of \$231,495.06.

Ayes: All Nays: None Motion carried.

Adjournment at 7:33 p.m.

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