



Whitewater CDA - MINUTES

Monday, October 25, 2010
4:30 PM CDA Board of Directors October Meeting
312 W Whitewater Street
1st Floor Community Room
Whitewater, WI 53190

1. Call to order and roll call

Tom Miller called the meeting to order at 4:30PM.

Present: Jim Allen, Jeff Knight, Alan Marshall, Tom Miller, Al Stanek, Jim Stewart

Absent: Patrick Singer

Others Present: Bud Gayhart, Jim Caldwell, Doug Saubert, Kevin Brunner, Mary Nimm

2. Approval of the Agenda

Jeff Knight motioned to approve the agenda. Marshall seconded.

Ayes: Allen, Knight, Marshall, Miller, Stanek, Stewart

Nays: None

Absent: Singer

The motion to approve the agenda passed on a voice vote.

3. Public Hearing on Community Development Block Grant for Economic Development (CDBG-ED) Program as it relates to the \$606,000 in CDBG-ED funds to be loaned to HUSCO International.

Nimm opened the public hearing and provided these comments (in paper form and read aloud parts of the text) to those in attendance:

Identification of total potential funds.

HUSCO is applying for \$606,000 in Community Development Block Grant-Economic Development funds, \$600,000 for working capital and \$6,000 for grant administration.

Eligible CDBG-ED activities

The program was designed to assist businesses that will invest private funds and create jobs as they expand or relocate to Wisconsin. Commerce awards the funds to a community, which then loans the funds to a business. When the business repays the loan, the community may retain the funds to capitalize a local revolving loan fund. This fund can then be utilized to finance additional economic development projects within the community.

A listing of the facts sheets for CDBG programs are on the Department of Commerce website:

www.commerce.state.wi.us select the Fact Sheets tab for a full list.

CDBG-ED Application process

The Community Development Block Grant for Economic Development (CDBG-ED) program application process involves four steps:

- Interested businesses must first talk with the local Area Development Manager (ADM). The ADM will discuss the project with the business to gather preliminary project information. In addition, the ADM may identify other programs that could potentially assist the business.*
- The ADM will then submit the preliminary project information to the Department for review by a Finance Specialist.*
- The Finance Specialist will underwrite the project and make a funding recommendation to the Secretary's Office. The Secretary's Office will:*
- Deny the proposal, in which case the business will receive a letter outlining the reasons for denial. - or -*

- *Make a positive funding recommendation, in which case the business will receive a preliminary commitment letter fully detailing the terms and conditions of the Department's proposed participation. If a positive recommendation is made, the final step is for the community to submit a CDBG-ED application for final approval.*

Presentation of identified housing and community development needs.

The city will be applying for the CDBG-PF (for public facilities) for the North Street Bridges. The CDBG-PF is a tool for funds for needed infrastructure and public building projects, contributing to overall community and economic development.

Other programs include:

Blight Elimination and Brownfield Redevelopment

Emergency Assistance

Housing

Homebuyer and Rehab

Planning

Public Facilities for Economic Development

Presentation of activities proposed for CDBG application.

- *Forgivable loan amount up to \$600,000.*
- *The loan will be provided through a grant to the City of Whitewater, which, in turn would loan the funds to the borrower. The municipality will receive \$6,000 to administer the loan.*
- *The loan will be deferred until the forgiveness measurement date of 12/31/2014. For the portion not forgiven, the remaining loan balance of principal and accrued interest shall be amortized over 5 years.*
- *The borrower will be required to create and maintain 90 full-time positions in Whitewater by December 31, 2010 with an average wage of \$12.00 per hour, and maintain them until 12/31/2014.*
- *The borrower will be required to ensure that at least 51% of all new full-time positions are made available to persons with low to moderate income.*
- *The borrower will be required to post position openings with the WI Department of Workforce Development to ensure that qualified persons with low to moderate income receive consideration for the vacant positions.*
- *For each new full-time position, less than 90, not created and maintained, the borrower would be required to pay a penalty of \$500 per full-time position.*
- *For any full-time position created but not made available to low to moderate income, the borrower would be required to pay a penalty of \$1,000 per job.*
- *Subject to the creation of 90 full-time positions in Whitewater, by 12/31/2014, the full amount of the loan, plus accrued interest, would be eligible for forgiveness.*

Nimm then opened up the Public Hearing for Citizen input regarding proposed CDBG activities. There were no citizen comments made during the meeting.

- 4. HEARING OF CITIZEN COMMENTS.** *No formal CDA Action will be taken during this meeting although issues raised may become a part of a future agenda. Items on the agenda may not be discussed at this time.*

Jeff Knight stated that he was present at EDA meeting on Oct. 6, 2010. Mr. Knight read out loud this prepared statement for the record.

"On September 28, 2010, a letter from the Chicago Regional Office of the Economic Development Administration (EDA) was received by representatives of the Whitewater Community Development Authority, the City of Whitewater, and the University of Wisconsin-Whitewater. This letter advised the co-grant recipients to cease and desist all construction activities associated with the grant.

Upon receipt of the letter, City Manager Kevin Brunner advised the contractors of the letter and put them on notice that construction may need to be stopped. On Wednesday, September 29th, he sent an e-mail to

members of the Common Council, the Community Development Authority, and the University Technology Park Board, explaining the situation and including a copy of the September 28th EDA letter.

A meeting with the EDA in Chicago was scheduled for the morning of October 6th. Kevin Brunner, Mary Nimm, Denise Ehlen, Jeff Knight, Richard Telfer, and Cliff Goodhart attended this meeting. During the meeting the EDA's concerns were discussed and elements of a possible resolution were considered.

On October 7th, a letter was sent to C. Robert Sawyer, Regional Director of the EDA explaining what had happened and why and proposing a resolution going forward. Also on October 7th, in response to this letter, a letter from the EDA was received accepting the proposed solution and lifting the stop advisory. These letters were shared with members of the Common Council, the Community Development Authority, and the University Technology Park Board.

The area of non-compliance indicated by the EDA concerned the use of J.P. Cullen as the construction manager and as the general contractor. While a number of safeguards were in place to ensure a bid process in compliance with federal regulations regarding competition, the EDA determined that awarding this contract did not satisfy the requirements of the code. The agreed-upon resolution to the situation involves EDA providing support for labor and materials associated with construction management and the general contract. The Whitewater partners must fund all overhead costs incurred by J.P. Cullen to ensure compliance.

It is clear that the EDA understands the importance of this project for Whitewater and for southern Wisconsin. They continue to be strongly in support of this project and recognize its importance for job growth and economic development in the region. The partners in the project are committed to moving this project forward. We are taking additional steps to ensure compliance, including conducting regular telephone conferences with our EDA Construction Project Manager. We appreciate the EDA's cooperation and support for this project."

5. Approval of the September 27, 2010 Minutes

Jim Stewart motioned to approve the September 27, 2010 minutes. Allen seconded.

Ayes: Allen, Knight, Marshall, Miller, Stanek, Stewart

Nays: None

Absent: Singer

The motion to approve the minutes passed on a roll-call vote.

6. Discussion and Possible Action on 2011 Goals and Objectives

Nimm noted that at the September CDA meeting the board approved the 2011 Budget and as a follow-up she and Brunner prepared the 2011 Goals and Objectives for the Boards consideration.

Knight – requested that the CDA submit annual report to Common Council similar to the prepared Downtown Whitewater report.

Marshall – asked what the Downtown furniture program was?

Stewart – asked to have a review of the City Code for ED and CDA and perhaps in small blocks during the monthly meetings.

Caldwell – requested that these performance measures be added: increment created in business park; jobs created and retained; new grants written through year; new grants awarded

Brunner – then notified the CDA that the CDA budget will be presented to the Common Council for review on Nov 4.

7. Appointment of Members to Housing Subcommittee

Knight – stated that at the last CDA meeting he was asked to serve as chair of the Housing Subcommittee. He noted that in the agenda packet memo is list of citizens who've expressed an interest in participating on the committee.

Knight motioned appointment of members Jeff Knight, Jim Winship, Patrick Singer, Jim Olsen, Tom Miller, Jim Nies, Russell Walton and Dennis Stanton to the committee. Marshall seconded.

Stewart – noted a concerned about 3 members of Common Council on committee and requested that Attorney McDonell shall review this as a policy.

Stanek – expressed interest in participating. He noted he has a background as ad-hoc committee. That while all listed are excellent people, the list appears to be ‘heavy’ in landlords in student rental business. Knight – thought it is the goal is to work with builders and community reps that might be able to work on the projects.

Marshall – motioned to add Stanek to the list of committee members. Stewart seconded.

Stewart – questioned whether there should be someone familiar with foreclosure actions involved in committee.

Brunner – noted that if need be and there is a need to add financial expertise that can be done in the future. He also noted that Attorney McDonell will be at the meetings.

Ayes: Allen, Knight, Marshall, Miller, Stanek, Stewart

Nays: None

Absent: Singer

The motion to approve the members of the Housing Subcommittee with the addition of Al Stanek to the list passed on a roll-call vote.

8. Update/Report from Housing Subcommittee

Knight- noted there is a meeting scheduled for this Wednesday at 5:15pm.

9. Whitewater Technology Park

a. Innovation Manager Search Update

Stewart – informed the CDA that the search and screen committee interviewed 3 people and felt they felt they did not find the right ‘fit’ and the Office of Research and Sponsored Programs at the University is searching for an interim person and the full search and screen may commence in few months.

Nimm – noted no other updates are available for the Innovation Manager search.

b. Economic Development Administration Update

Nimm noted that all housekeeping items as requested by the EDA have been submitted. We are waiting on review of said documents and continue to ask questions relevant to Grant Administration.

c. Infrastructure Updates

i. Starin Road Extension

Detention pond grading is complete. Storm sewer installation will be completed by the end of next week. Placement of base course for the new road has begun east of Jefferson Street. Curb and gutter will follow. Construction of the pedestrian bridge abutments is scheduled for next week, and the bridge will be set in mid-to late-November.

ii. Tech Park Infrastructure

Detention pond grading for the 2010 phase is complete. Water main and storm sewer installation on Howard Road is continuing. Reconstruction of Howard Road will begin soon so curb and gutter and asphalt can be placed before winter.

Stanek – is there a possibility to have marketing money to be used for the project out of the grant award under contingency?

Nimm – initially EDA declined using grant money for marketing. Contingency is defined as: “unforeseen construction”

Brunner – noted the need for the interim position to help with marketing and building items such as leases, keys, etc.

Stanek – perhaps we could use grant funds for aggressive signage, routing, aggressive wayfinding signage as marketing?

Gayhart – noted that urgency in hiring an Innovation Manager is critical. Next month on November 10 & 11 is the early stage symposium at Monona terrace. SBDC will have display. If there was a marketing

piece to promote Technology Park and Innovation Center his office would display and promote it. Normally there are 400-500 in attendance at the Annual conference. Perhaps a 1-page information piece could be made prior to the conference.

Brunner – will work with UWW to create an information piece.

10. Update, Discussion and Possible Action on TID 4 Designation of TID 4 As a Distressed TID

Brunner – stated that the initial JRB meeting was in late September. He noted that members of the JRB have tight schedules and there is a request for more info from County so the next meeting has been pushed off a few months. Looking at the Public Hearing in January so there is more time to prepare.

11. TID Presentation Discussion

Brunner – copies of the TID presentation were made available to the CDA for comment. He noted that he added info on TID impact on the School District, info on recently financed projects, info on distressed TID legislation and a statement on why the City asked for distressed designation. He is working on 1-2 more slides indicating the gap in financing because of what is happening in TID 4.

Knight – suggested combining the School District into the impact on every property. He noted he didn't see "but for jobs" that wouldn't be here if it weren't for the TID's to illustrate multiplier effect. He also questioned if the Teronomy property was once included in TID 4?

Saubert – in the 2005 boundary amendment, parts of Teronomy were removed along with some residential along Locust and Maple Streets.

Knight – questioned if we would be seeking distress if those properties were still in TID 4?

Stewart – chart on p3 talks about increment by TID's... TID 4 amendments in 98 & 05 – statement: partially closed, closed part of for \$\$\$?

Saubert – have that info in part of the amendment

Brunner – property returned to tax roll, reason gave flexibility to add more/other property

Saubert – value brought back on by 1&2 when closed

Brunner – this presentation was done for the Chamber last year. Knight wanted it updated with more info. Can be used to provide info about why distressed TID is being sought.

Stanek – using words like "impact", use reduce or actual term. What is definition of increment?

Brunner – in terms of increment, he tried to spend the first few slides defining how TID works and describing terms.

Knight – this is an exciting and good story. Suggesting a new public version. Less wording. More of a PR piece.

Gayhart – idea of including payroll total for the companies in the district for the Economic Development impact to region in spending \$\$\$'s...

Knight – crucial public knows TID is not a bad thing.

Brunner – will work on, improve and use as we move forward.

12. CDA Coordinator Updates

Train Depot – Grant for Restoration

Project is in the design stages at approximately 75% complete, waiting on paperwork approvals at the state level. Expecting 2011 construction.

Site Search Request(s)

Working with Kevin and Rudy Kessler to recruit companies from Germany.

Retention Visits

Team visited with Trostel on 10/22.

25x2025 Planning Grant

Attended the Clean Energy Works Summit in Stevens Point as an Energy Independent Community. Came away with ideas for sustainability initiatives and energy reduction promotions at the residential level.

Small Business Consulting Services provided by the Small Business Development Center

Presented the Lunch and Learn Series to the Chamber President at the last quarterly group meeting and requested the Chamber Board consider participating and/or taking the lead.

Show Me the Green

Scheduled for October 27th at the Cravath Lakefront Building. As of noon on Friday, there are two registered.

Buy Local

At the October meeting the group discussed a holiday retail theme, caroling in the park after the holiday parade, "do you know your neighborhood elf" campaign, participating in the holiday parade, bumper stickers.

2011 Marketing Plan

A meeting of the CDA Business Park Marketing Committee, Tourism, Chamber, Downtown Whitewater, Walworth County Tourism, WCEDA and a representative of the Innovation Center has been scheduled for 17th to collectively discuss marketing initiatives for 2011 with the purpose of maximizing everyone's marketing dollars to make the greatest impact.

13. Adjourn to closed session at approximately 5:45PM to reconvene approximately 6:00PM per Wisconsin State Statutes 19.85 (1)(e). Deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session

a. Economic Development Loan 1421 W Main Street, Whitewater, WI

Tom Miller motioned to adjourn to closed session at 5:15PM. Allen seconded.

Present: Jim Allen, Jeff Knight, Alan Marshall, Tom Miller, Al Stanek, Jim Stewart

Absent: Patrick Singer

Others Present: Kevin Brunner, Mary Nimm

14. Reconvene

Al Stanek motioned to reconvene at 5:30PM. Allen seconded.

Present: Jim Allen, Jeff Knight, Alan Marshall, Tom Miller, Al Stanek, Jim Stewart

Absent: Patrick Singer

Others Present: Kevin Brunner, Mary Nimm

15. Discussion and Possible Action on Economic Development Loan 1421 W Main Street, Whitewater, WI

Jim Allen motioned that we shall require one separate document for each loan extension as it relates to the extension of the Economic Development Loan at 1421 W Main Street, Whitewater for the 12 month extension (June, 2009 to June, 2010) and the second 12 month extension (June, 2010 to June, 2011).

Marshall seconded.

Ayes: Allen, Knight, Marshall, Miller, Stanek, Stewart

Nays: None

Absent: Singer

The motion to require that there be two separate loan extension agreements passed on a roll-call vote.

16. Future Agenda Items

Brunner - next meeting at IC?

Stanek - discussion about marketing in December

Brunner - joint meeting of the CDA and TPB

17. November Meeting Update - November 15 (3rd Monday)

18. Adjourn

Jim Allen motioned to adjourn at 5:35PM. Stewart seconded.

Respectfully Submitted,

Mary S Nimm, CDA Coordinator