



City of Madison

City of Madison
Madison, WI 53703
www.cityofmadison.com

Meeting Minutes - Approved ECONOMIC DEVELOPMENT COMMITTEE

Thursday, July 11, 2013

5:00 PM

215 Martin Luther King, Jr. Blvd.
Room LL-130 (Madison Municipal Building)

CALL TO ORDER / ROLL CALL

The meeting was called to order at 5:04 p.m.

Present: 9 -

Mark Clear; Alfred L. Zimmerman; Sandra J. Torkildson; Mark R. Greene;
Joseph W. Boucher; Patricia (Pat) A. Schramm; Edward G. Clarke; Scott
J. Resnick and John Strasser

Excused: 4 -

Peng Her; Victoria S. Selkove; Julia Stone and Matthew C. Younkle

Al Zimmerman arrived at 5:21 p.m.

Also Present: Don Marx, Manager, Office of Real Estate Services; Aaron Olver,
Director, Economic Development Division; Peggy Yessa, Office of Business
Resources

1 APPROVAL OF MINUTES

A motion was made by Clarke, seconded by Resnick, to Approve the Minutes
of the June 5, 2013, meeting. The motion passed by voice vote.

2 PUBLIC COMMENT

None.

3 DISCLOSURES AND RECUSALS

None.

4 [29351](#)

SUBSTITUTE Accepting a Selection Committee's recommendation of the
Gorman & Company, Inc. proposal for the purchase and redevelopment of
City-owned properties located at 2504, 2507 and 2340 East Washington
Avenue (Union Corners) and authorizing the execution of a Purchase and
Sale Agreement with Gorman & Company, Inc. for the purchase and
redevelopment of these properties and amending the 2013 PCED adopted
capital budget to recognize as TID 37 financial activity \$6,000,000 in both
sales proceeds revenues and financial assistance expenditures (a TID loan).

Recommend approval of the substitute resolution -- version 2

A motion was made by Clear, seconded by Resnick, to Return to Lead with the Recommendation for Approval of the substitute resolution, version 2, to the BOARD OF ESTIMATES. The motion passed by voice vote.

Chairperson Boucher asked for discussion and presentation by staff.

Mr. Marx noted the original fiscal note was changed and the EDC will act on version 2. The version 2 fiscal note includes the necessary changes to the 2013 Adopted Capital Budget that reflect this TID project.

Mr. Olver referred to his July 3, 2013 Union Corners proposal memo. He reviewed the following three items:

1. The UW Health Clinic is a key factor in making this project move forward. It is the anchor tenant. The UW Clinic portion of this entire project will almost cover the entire TID costs.
2. It is a multi-phase project. This allows the developer to deal with market conditions as the site develops.
3. The City has already invested \$3.3m on the purchase of the site and another \$3m on infrastructure. The TID currently has no generator. The Gorman project proposal would cap this level of debt and provides incentives to the developer to complete the project.

Mr. Olver said to think about this project as land banking and TID. He explained there is not a personal guarantee in this TID proposal. Gorman & Company LLC has assets and may portion off future phases of this project to other investors who will carry their portion of the guarantee.

Al Zimmerman arrived at 5:21 p.m.

Present: 9 -

Mark Clear; Alfred L. Zimmerman; Sandra J. Torkildson; Mark R. Greene; Joseph W. Boucher; Patricia (Pat) A. Schramm; Edward G. Clarke; Scott J. Resnick and John Strasser

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Mr. Olver said the other exception to the TIF policy is the 50% rule. In this case 100% of the TIF pays for the City's debt that was previously incurred.

Mr. Clarke asked if this is really a TID deal?

Mr. Olver said initially it was not thought of as a TID project but the City Attorney said this is a subsidy for land originally purchased with TID funds.

Alder Clear added the City Finance Department wants to show this as a TIF loan.

Chairperson Boucher asked for other questions. He said this land currently generates no tax revenue.

Mr. Olver said the finished project has an estimated \$54m value.

Mr. Marx said the City had good current values of other clinics that the City was involved with financing.

Chairperson Boucher asked that the numbers of this project be shared with the press.

Mr. Clarke referred to the Land Banking Guidelines, in particular the statement that the City sell land banked property at market rate. This proposal seems to violate that statement.

Alder Clear noted this is a unique case because the first project approved for this site failed.

Mr. Olver noted this project is a combination of land banking and TID.

Alder Strasser asked about offering a \$6m loan to purchase the property instead of structuring the TID offer as it currently is.

Alder Clear said the \$6m would have to be borrowed to loan it to the developer and this would put the district into debt.

Mr. Olver noted the phases are not necessarily sequential even though they are numbered phase 1 through phase 4.

Joe Schwenke, registered speaker, representing the Gorman & Company LLC, said all phases are being worked on now. They already have letters of intent from Willy Street Cooperative.

Chairperson Boucher asked if the neighborhood association has been involved in this project.

Alder Clear said it is on board with this project as is Alder Rummel. He noted Mr. Clarke's comment on land banking is good and in the end the market drives a project.

Mr. Olver said in three out of four cases land banking has occurred in TIDs.

Mr. Zimmerman said in today's market there is cheap capital but if higher inflation occurs a TID going into debt might be financially better.

Ms. Schramm attended the TIF meeting yesterday and the land banking slide made sense to her.

Alder Clear said that might have been misleading; property in a TID is prime for development and available; it is not off the market.

Mr. Marx said the point is we have land ready for development in existing TIDs.

Chairperson Boucher called for a vote.

Mr. Clarke complimented staff on their work.

5 [27862](#)

Introduction of New Items from the Floor

Chairperson Boucher mentioned he will not be at the next EDC meeting.

Alder Resnick said the Alcohol License District Ordinance (ALDO) will be on the next EDC agenda. In the future it will create more activity for the Plan Commission.

Mr. Clarke said it is a lot to look at.

Alder Resnick will ask for the EDC's ALDO presentation to focus on the business development aspects of the ALDO proposal.

Chairperson Boucher wants to see the only the economic development part of ALDO.

Ms. Torkildson said the ALDO zoning will have a big impact. We want to be careful that the Downtown is diverse in buildings, rentals, businesses, and people.

Mr. Oliver explained ALDO has a public health aspect, a crime and safety aspect, and an economic development aspect.

Alder Resnick added facade grants and retail are also important downtown.

6 [27863](#) **Upcoming Meetings**

7 **ADJOURNMENT**

A motion was made by Clear, seconded by Resnick, to adjourn. The motion passed by voice vote and the meeting was adjourned at 5:53 p.m.