



City of Madison

City of Madison
Madison, WI 53703
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Meeting Minutes - Draft COMMUNITY DEVELOPMENT AUTHORITY

Monday, October 8, 2012

12:00 PM

215 Martin Luther King, Jr. Blvd.
Room 313 (Madison Municipal Building)

~ COMMUNITY DEVELOPMENT SUBCOMMITTEE MEETINGS ~

CALL TO ORDER / ROLL CALL

Also Present: Natalie Erdman, Percy Brown & Joe Gromacki

Present: 2 -
Tim Bruer and Kelly A. Thompson-Frater

Excused: 5 -
Sue Ellingson; Daniel G. Guerra, Jr.; Lauren K. Lofton; Sariah J. Daine
and Stuart Levitan

1 APPROVAL OF MINUTES: September 10, 2012

A motion was made by Thompson-Frater, seconded by Bruer, to defer until the next meeting. The motion passed by voice vote.

2 PUBLIC COMMENT

None

3 DISCLOSURES AND RECUSALS

Erdman has a conflict on the Access Community Health item.

Item #5a was taken out of order.

5a 27929

Capital Revolving Loan Fund Application from Noor Investment, LLC for gas station at 1129 South Park Street.

Joe Gromacki appeared to explain the request (see attached report). This is a proposal from Noor Investments to demolish the current station and build a new gas station and convenience store. They are on the fast track for construction. The request is for a \$130,000 MCRF loan.

Mohammed Entasham, applicant, appeared to answer questions.

Thompson-Frater asked Gromacki if he felt secure in recommending this loan. Gromacki stated this is a sound business. There is enough cash flow to cover the loan. The applicant has 4-5 other stations across Dane County. Olin is the cross street. Thompson-Frater stated that façade loans have been turned down in the past for gas stations. Gromacki stated they turned one down because it was a leverage buy-out of another gas station. Brown stated a façade loan was granted to a gas station on Park Street.

Thompson-Frater asked if this was the last of the loans for the year. Gromacki responded yes. ULI sent in a term sheet, but the City has not heard from them since.

Frater-Thompson asked about the normal interest rate. Gromacki stated that in the short term, we are open to a five-year note with a 10-year amortization. The last time was prime plus 1.25.

Erdman stated it would be a fixed rate, prime plus one, low loan-to-value. This would be a good benefit for South Park Street. Thompson-Frater stated that it's an attractive façade.

Mr. Entasham stated that UDC has already approved the plans. They are in the last stage of getting permits. There will be a brick façade on half the building, masonry block. Brown stated this is in keeping with the successful revitalization of the Park Street Corridor. Mr. Entasham stated the site contaminated.

Brent Benjamin, First Bank Financial Centre, appeared. Mr. Benjamin stated this is a difficult project, a known fill site. BREWD funds have been granted by the City. The site is being remediated to the DNR's satisfaction.

A motion was made by Frater-Thompson, seconded by Bruer to recommend the proposal to the CDA Board for the MCRF loan with terms of a fixed rate of prime plus one and five-year note with 10-year amortization and a balloon payment at year six. The motion was approved by voice vote.

4 25013 CDA EXECUTIVE DIRECTOR'S REPORT

See attached report from Erdman.

5 25491 CAPITAL REVOLVING FUND UPDATE

Erdman provided the Capital Revolving Fund Update. It's subject to approval of the operating budget being approved for 2013.

Smart Growth Madison called to say several developers were interested in loans.

6 19141 TRUMAN OLSON UPDATE

Erdman provided the update. The City owns it. Demolition is being planned for this year. Two-thirds of the site is roads. Dean Health has an interest in part of this property. Another possibility is a grocery Store. Thompson-Frater asked if the CDA would get involved with the transaction. Erdman stated it's within the CDA's purview to ask for continued updates. Thompson-Frater requested an agenda item to hear what Alders Bruer and Ellingson have to say about the corridor.

7 20808 **THE VILLAGE ON PARK UPDATE**

7a Retail Marketing Update

27913 CDA Resolution No. 4006, authorizing the execution of a lease with Lanes Bakery for retail space at The Village on Park.

Erdman stated a Letter of Intent has been signed with Lanes Bakery for a 10-year lease with two five-year options. The rent is \$17.10/sq ft. and they pay their own heating and electric. The first six months are free. \$150,000 to do white box, another \$175,000 for tenant improvements. This is a positive economic lease.

Bruer stated that Chuck Lane wants to talk to him after this meeting.

Erdman said they will apply for a Capital Revolving Loan later. Brown stated the original Lanes Bakery had a loan from the Capital Revolving Loan Fund.

Thompson-Frater asked if they take 20 spaces, is that hindering other businesses. Erdman stated that the 20 spots are for less than one hour (15 minutes, etc.). This prevents students from parking there all day.

A motion was made by Thompson-Frater, seconded by Bruer, to recommend approval of CDA Resolution No. 4006. The motion passed by voice vote.

7b Roofing Project Update

Erdman provided the update. We have to take off most of the roof from the Atrium to the south. There is no way to get the roof off without disturbing material on the underside (spray on fireproofing-asbestos). They hired a consultant (Signa). The consultant will make a recommendation. The worst case, tenants would have to move out for two weeks to abate the asbestos. The best case would be to roof over the existing roof.

7c Construction Update

Erdman provided the update. We are putting a contract in place with Tri-North.

7d **27689** Update on Sale of Land to Access Community Health

Erdman provided the update. (See attached Site layout, building elevation, 1st & 2nd floor layout and schedule for completing work). Should have final UDC approvals by December 19th. Final CDA approval is in January for full construction documents. Submittal of schematic for approval by November. When we put the CSM in place, a power line runs directly in the middle of the site so there's an easement. We have a requirement that we have to remove the easement. There are three scenarios for moving the power line off the site or burying it. Take the line and run it along Ridgewood Way is one option. Estimated cost \$100,000 to bury it, \$123,000 to move to Ridgewood Way. City Engineering is taking the lead on our behalf. It will take to the middle of December to clear this up. We requested \$525,000 in the Capital

Budget of the money that Access pays us for this site to reuse to do more roof work, monument sign, etc. Two more façade drawings will be available at Thursday's CDA meeting.

8 27357 LAKE POINT TIF EXTENSION UPDATE

8a Redevelopment Area

Erdman provided the update. The question is who is going to do the Redevelopment Plan. We need to define that and define who is actually going to do the work. This includes Lake Point and Broadway. Bruer said we need to come together to exercise the vision. Execute what was originally planned, a mixed-use project, and façade improvement of some of the north side buildings.

Erdman said we need to decide if we are going to borrow against the next 10 years of TIF.

Bruer said we need to keep our investment secure and stable.

8b Building Acquisition

Erdman provided the update. Real Estate wants a plan for the redevelopment area and an answer on the daycare. Ready to go to Council. Daycare facility will mature on its face of the lease - next year.

9 **ADJOURNMENT**

A motion was made by Thompson-Frater, seconded by Bruer, to Adjourn. The motion passed by voice vote. The meeting adjourned at 1:14 p.m.