



City of Madison

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

Meeting Minutes - Approved COMMUNITY DEVELOPMENT AUTHORITY

Thursday, June 9, 2016

4:30 PM

215 Martin Luther King, Jr. Blvd.
Room 260 (Madison Municipal Building)

[35867](#)

SCHEDULED MEETINGS:

Thursday, July 14, 4:30 pm in Room 260, MMB

CALL TO ORDER / ROLL CALL

Staff: Natalie Erdman, Tom Conrad, Joe Gromacki, Kris Koval, Matt Mikolajewski, Nancy Prusaitis, Sally Spaeni, Matt Wachter, and Craig Wilson

CALL TO ORDER - 4:37pm by Vice Chair Lofton

Present: 5 - Sara Eskrich; Sheri Carter; Daniel G. Guerra, Jr.; Lauren K. Lofton and Sariah J. Daine

Excused: 2 - Dean Brasser and Kelly A. Thompson-Frater

1 APPROVAL OF MINUTES: May 26, 2016

A motion was made by Guerra, Jr., seconded by Daine, to Approve the May 26, 2016 Minutes. The motion passed by voice vote.

2 PUBLIC COMMENT

None

3 DISCLOSURES AND RECUSALS

None

4 [32700](#) COMMUNICATIONS

Claude Gilmore has been appointed to the CDA Board.

CONSENT AGENDA: Items 7, 9, 9A, 10, 11, 12 and 13

A motion was made by Daine, seconded by Guerra, Jr., to Adopt the Consent Agenda. The motion passed by voice vote.

5 [43237](#)

Request for waiver of Facade Improvement Grant Target Area Restriction
Application: Northern Court LLC, 1401 Northern Court

Craig Wilson from the Community Development Division appeared before the Board. Wilson said the property is at the corner of South Dickinson Street and Northern Court. It's a warehouse-type building with a brick façade. The new owner is opening up a storefront with windows and doors that will be the new home for Creative Energy which is moving out from Williamson Street. Creative Energy will be the tenant.

Wilson said a façade improvement grant was done at Bock Water Heaters across the intersection. Have done five total outside the area. This may open up the discussion about why we even have a target area. Not in any danger of running out of money. Budget of \$125,000. Still have \$95,000 left. Halfway through the year and only spent one third of the money. Usually spend all of our allotted funds. It will be a positive impact on the neighborhood. Did 10 façade grants last year. \$10,000 not spent this year.

Erdman asked how the target area is set. Wilson said they look at major older entries into the city, the square, State Street, East Washington Avenue near the square, First Street out to Highway 30, Williamson Street, Atwood Avenue, Winnebago Street, Regent Street, commercial thoroughfares that are critical. \$10,000 per façade usually.

Guerra said this is a good community investment.

A motion was made by Guerra, Jr., seconded by Eskrich, to Approve. The motion passed by voice vote.

6 [43246](#)

Capital Revolving Loan - Sherman Plaza

Joe Gromacki, Office of Real Estate Services appeared before the Board (see attached).

Rich Ciurczak, RP Pasta, registered in support and available to answer questions.

Dave Bruns, President of Sherman Plaza, registered in support and available to answer questions.

Joe Gromacki said the Capital Revolving Loan Program was established in 1983. Loans range between \$50,000-\$250,000. Loans are revolving, shorter than typical real estate loans. Try to address blighted areas or properties that need new employment in the area. Program administered by CDA; funds come from City of Madison. \$1.3 million in the program currently. Some funds are already committed. Sherman Plaza, Inc. is requesting \$800,000 of MCRF loan funds. RP's Pasta will occupy 40,000 SF of the Kohl's grocery store. Tenant will pay for leasehold improvements. Consolidate their operations right next to Willy St Plaza. \$80,000 to fund for food-processing, including HVAC. Real-estate based loans. Approved \$250,000 in April 2016 to repair the parking lot for the Willy Street Co-op. This would require a CDA policy exception. Loan cannot exceed 90% of value of property. Erdman said this is 61% of the total value. Gromacki said the cash balance is \$1.3 million.

\$125,000 authorized for façade grants, \$50,000 for Willy Street Co-op. Leaves \$925,000 in fund. This would pretty much exhaust our funds for 2016. May get refinancing of existing loans that are out there or can continue to get payments on loans. This is the third one in the last year.

\$45,000 left if we grant this loan.

Erdman said RP's Pasta wants a 10-year commitment. At their request, we will extend on the following conditions are met: 1) Not be in default, 2) timely reporting, 3) financial statements. 10-year loan with 10-year amortization. Well-respected company on the east side (20 years). Have 20 employees now. Were considering moving to Middleton. Mayor thinks this is important to keep these jobs on the east side with Oscar Mayer closing in March 2017. In addition, the North Side Town Center has been vacant. Only tool City had available to it.

A motion was made by Guerra, seconded by Eskrich, for discussion purposes.

RP's Pasta would be doing the improvements.

Lofton is concerned about the value of a fifth position. MG&E has a security interest.

Erdman said it's structured in a way to get a mortgage. Have assignment of the note. Lofton asked where the job creation requirement is going to go. Gromacki said the extension requires proof of job creation. Lofton asked how the job requirement flows.

Guerra said the CDA is an advisory position. His concern is it limits other businesses from receiving funds. Concerned with amount of subsidy. This is a reactionary step, not proactive.

Matt Mikolajewski, Economic Development Division Director, spoke to the Board. Mikolajewski said relative to the North Side Town Center, he personally worked with Dave & Dan Bruns to find a user for the empty grocery store for nine years. Combining RP's Pasta with Willy Street Coop would provide tremendous energy at the North Side Town Center. Tried unsuccessfully to implement a TIF District. There is another deal in the \$40,000 range that we still could do this year even if this project moved forward. The Capital Revolving Loan fund has consistently had over a \$1M balance. Fund wasn't being utilized very much. Good problem to have that we have such interest in this program which we haven't had historically.

Daine asked about the Willy Street Co-op in that neighborhood. Bruns said they have offers in Fitchburg. They want to stay in Madison. Cherokee and Maple Bluff neighborhood is excited about this. It's a diverse neighborhood.

Guerra asked about the offers from Fitchburg and Middleton. RP's Pasta wants to stay in Madison - that's their preference. Bruns said Oscar Mayer

employees will be hired.

Mikolajewski said they're taking an old grocery store and completely renovating it to make it appropriate for manufacturing. Not functioning very well as it once was. Creative solution. Great use for neighborhood and for the center as a whole.

Carter is concerned with the amount of money. Concerned about constituents in the area getting jobs. RP's direct labor, manufacturing jobs. Keep existing 24 employees and add 20 more.

Eskrich asked how this is different from requiring jobs like in TIF Districts . Mikolajewski said there really isn't a good way to have a claw back position. As a company, RP's is growing. They are moving because they need more space; they're making more pasta and they will need more staff. Good chance that they'll continue to grow and add more over time.

Lofton asked why the loan isn't with RP's Pasta. Direct relationship to recipient.

Carter said the loan is based on property.

Erdman suggested exploring this with the City Attorney's Office. Gromacki said it's already been discussed with the City Attorney.

Daine and Eskrich are okay with it.

Guerra withdrew his motion. Eskrich agreed to withdraw her second.

Gromacki said they did a similar loan to Tomotherapy (\$700,000+) and an affordable housing project.

Guerra said he'd be more comfortable with \$500,000-\$600,000.

RP's Pasta looking at over \$1M in tenant improvements.

Erdman said she would prefer that a motion is made and take into account that the CDA's recommendations are advisory - this is City money. We don't negotiate in an open forum.

A motion was made by Eskrich, seconded by Daine, to authorize the two loans if an agreement can be reached that the note on the lease would be directly with RP's Pasta and the renewal at the end of the fifth year would be subject to no default, current financial statements being submitted, employment requirements met and reporting for the prior term was timely. The motion passed by the following vote:

Ayes: 2 - Sara Eskrich and Sariah J. Daine

Noes: 1 - Daniel G. Guerra, Jr.

Abstentions: 1 - Sheri Carter

Excused: 2 - Dean Brassler and Kelly A. Thompson-Frater

Non Voting: 1 - Lauren K. Lofton

7 [41675](#) HOUSING OPERATIONS MONTHLY REPORT

7A [42419](#) No Smoking Policy

Nina Gregerson, Public Health Specialist, appeared before the Board (see attached documents distributed to the Board). Gregerson said HUD put forth a proposed rule to have no smoking in all public housing nationwide. It's our responsibility to protect public health residents. The proposed policy was put forth last fall. Final ruling has not been proposed yet. Once it's approved, housing authorities will have 18 months to comply. Would include patios and balconies. E-cigarettes will probably be included, but not sure until language is published. Would offer free signage to place around the property and in the buildings.

Erdman asked how to engage residents. Gregerson said we've already started working with Sally's intern to work with residents at Parkside.

Sally Spaeni, Housing Operations, said that 95% of the residents smoke. It's a documented coping mechanism for people with mental illness. Will have smoking cessation sessions available.

Daine suggested building a smoking gazebo 25' away.

Gregerson said there can be a designated smoking area 25' away.

Erdman said they are required to bring to the CDA Board a policy before it's put into effect.

Conrad said we are looking at other housing authorities and private sectors.

Erdman said Revival Ridge, Truax Phase II and Burr Oaks are already smoke free.

Spaeni said we need to have new leases done by 2017. Start recertifications in January 2017.

8 [43132](#) CDA Resolution No. 4189, Declaring Need for the Housing Authority of Dane County, Wisconsin, to Exercise its Powers Within the City of Madison, Wisconsin

Erdman said State Statutes require approval from the Local Housing Authority to exercise its powers within the City of Madison. Dane County has asked permission to do that. Broad authority to do business in the City of Madison with permission from the CDA Board. Won't have to go to the Council.

Robert Dicke, Executive Director of Dane County Housing Authority,

registered in support and available to answer questions. Dicke said that bonds are being placed with Monona State Bank; counsel is Foley & Lardner.

Lofton stated, for the record, that she works at Foley & Lardner.

Dicke said there is new construction on Monona Drive for MDC.

A motion was made by Guerra, Jr., seconded by Eskrich, to Approve. The motion passed by voice vote.

9 [20808](#)

THE VILLAGE ON PARK

9A [43282](#)

CDA Resolution No. 4190, authorizing the execution of a month-to-month lease with Workers Rights Center for Suite 109 at The Village on Park, 2300 South Park Street.

A motion was made by Daine, seconded by Guerra, Jr., to Approve. The motion passed by voice vote.

10 [25012](#)

MOSAIC RIDGE UPDATE

11 [35665](#)

ALLIED DRIVE UPDATE

12 [33361](#)

TRUAX PARK REDEVELOPMENT UPDATE

13 [35133](#)

CDA EXECUTIVE DIRECTOR'S REPORT

14 [36526](#)

BUSINESS BY THE COMMISSIONERS

Open House for Rethke on June 15.

Open House at Mosaic Ridge next Thursday, June 16.

15 **ADJOURNMENT**

A motion was made by Guerra, Jr., seconded by Eskrich, to Adjourn at 6:30 pm. The motion passed by voice vote.