



City of Madison

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

Meeting Minutes - Draft COMMUNITY DEVELOPMENT AUTHORITY

Tuesday, May 10, 2011

4:30 PM

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

~ JOINT COMMUNITY DEVELOPMENT & CAPITAL REVOLVING FUND SUBCOMMITTEES MEETING ~

CALL TO ORDER / ROLL CALL

Staff Present: Natalie Erdman, Joe Gromacki, Don Marx and Nancy Prusaitis
(note taker)

Chairman Bruer called the meeting to order at 4:33 p.m.

Present: 3 -
Tim Bruer; Gregg T. Shimanski and Kelly A. Thompson-Frater

Excused: 2 -
Alice J. Fike and Stuart Levitan

Non Voting: 1 -
Ald. Susan A. Ellingson

1 APPROVAL OF MINUTES: April 12, 2011

A motion was made by Shimanski, seconded by Thompson-Frater, to Approve the Minutes. The motion passed by voice vote.

2 PUBLIC COMMENT: None

3 DISCLOSURES AND RECUSALS: None

DISCUSSION ITEMS

4 19136 BURR OAKS SENIOR HOUSING UPDATE

Erdman provided a brief update:

- The building will be open August 1.
- Half of units under reservation.
- 17 are Section 8.
- Additional informational meeting this week. Attended by about 10 potential applicants.

4a 22367 CDA Resolution No. 3023, authorizing the execution of Change Order Numbers 001 and 002 to the Contract by and between Burr Oaks Senior Housing LLC and Horizon Construction Group, Inc.

Erdman said the change orders were for items not in the contract, owner approved upgrades and unforeseen conditions. There will be more changes in the future for sanitary sewer modifications and other upgrades. There is still \$100,000 in the contingency fund.

A motion was made by Shimanski, seconded by Thompson-Frater, to recommend approval. The motion passed by voice vote.

Bruer asked Erdman if the Board could get a copy of the marketing plan. Thompson-Frater asked if there was an open house plan. Erdman replied that would occur around the middle of August.

5 TRUAX PARK UPDATE

Erdman provided a brief update. Two buildings are open and fully occupied.

5a 22370 CDA Resolution No. 3025, authorizing the Execution of Change Order Number 003 to the Contract by and between Truax Park Apartments Redevelopment Phase 1, LLC and McGann Construction, Inc.

Erdman explained this change order reallocates the purchase of additional materials from the Contractor to the CDA and draws on contingency to complete upgrades requested by Owner for two buildings. The items had to do with utilities, things taht were missed on the plan, cistern discovered when digging was done for elevator addition. Additional change orders are pending Contingency was only \$73,000. Looking through cost-line items to fund over-runs. Should carry 3-4% contingency. Plumber went belly-up in the middle of the contract. We are ahead of schedule.

A motion was made by Shimanski, seconded by Thompson-Frater, to recommend approval. The motion passed by voice vote.

Item 11 was taken out of order for testimony by the applicant.

11 Reconsideration/discussion of Capital Revolving Loan Fund Application for Taylor's One Price Cleaners located at 4522 Verona Road.

Gromacki provided an update. This is a reconsideration of a previous change. They need authorization for the new request. This will allow the attorney to draft contracts, etc., to secure the loan. WHEDA did research on the market capital and changed the numbers. This is a different business model. The loan ratio is 78%. CDA's policy has been 90%. This meets the City requirements.

Shimanski asked if the Board could see the WHEDA analysis. Gromacki said he does not have it, but can ask WHEDA.

Diana Shinall, proposed business owner, appeared and submitted letters of support (attached). Ms. Shinall stated this continues to be a community-based dry cleaner. They are being compared to Klinke's which has many different variables and locations. This is strictly a clothing dry cleaning business. She has registered their business on the vendor site and outreaching to communities, churches, and the City of Madison. She has many letters of support from people who say they would use the facility. This would be a green dry-cleaning facility. By using refurbished equipment, they will save \$18,000. This will create jobs as well.

Thompson-Frater asked about the WHEDA requirements. Ms. Shinall said they needed to provide letters of intent. Thompson-Frater asked if she had any objection to the CDA Board seeing the WHEDA report. Ms. Shinall responded that she did not have a problem with that. WHEDA also asked about pursuing other contracts.

Lisa McCahey (sp?), accountant, appeared in support. Ms. McCahey stated this is a model based on one shift (7am - 7pm), seven days a week. They will add a second and/or third shift if needed. They would also add a second machine if needed.

Mary Kay Clark, Board member, appeared in support. Ms. Clark stated they have received donated furniture and labor. MG&E withdrew their support of the refurbished pressing equipment. WHEDA could not justify the numbers without contracts and volume commitments. This is an eco-friendly business, 50% priced reduction compared to Klinke's. The City will save money if they use this business for their dry-cleaning needs.

Thomas Lyons, Banker, appeared in support. Mr. Lyons stated that the project stalled pending final funding sources. The bank advanced the business \$25,000. They have a \$175,000 commitment, closed line.

Vernon (last name unknown), appeared in support. Vernon says he is the dry cleaner for the proposed business. The main dry cleaning machines are new; it's just the pressers, which are refurbished.

Diana Shinall's daughter (name unknown) appeared in support.

Registering in support, but not speaking:

- Emelle Holmes, 5433 W. National Ave., #246A, Milwaukee, WI 53214
- Melanie R. French, 5216 Milwaukee St., Madison, WI

Shimanski asked Gromacki if CDA's exposure was \$21,000. Gromacki responded yes.

6 19141 **TRUMAN OLSON UPDATE**

Erdman provided a brief update. Porchlight has signed agreement. Don Marx has started negotiations with the Department of Defense.

7 **BURR OAKS / ANN STREET PHASE 2 UPDATE**

Erdman provided a brief update:

- Discussions with Horizon.
- Revised original resolution.
- Looking at second phase for assisted living or senior housing.
- Shimanski noted that it will be an uphill battle for funding for the second phase.
- Bruer stated he was contacted by Urban League & the YMCA regarding looking at Expo site. Expo could be used as charter school. Concerned with increment issues for TIF.

8 20808 **THE VILLAGE ON PARK UPDATE**

8a Retail Marketing

Erdman provided a brief update:

- Pasqual's most probable.
- Subway from South Towne is looking at this location.
- Wing Stops.
- Salad Creation looked at site.
- Shimanski stated he talked with Dunkin' Donuts. Would have to have a drive-through.
- The UDC turned them down. They go back next week. Could get bids back by third week in June. South side demolition contingent on facades, which were turned down by UDC.
- Lease is set for Yue-Wah Grocery to sign.
- Public Health under construction. Will be finished July 1.
- Access - Met with Mayor who asked her to rerun the cash flows through 2012.

9 21621 **LAKE POINT CONDOMINIUMS UPDATE**

9a 22369 CDA Resolution No. 3024, approving the acquisition by the Community Development Authority (CDA) from the Receiver of condominium units at Lake Point Madison and authorizing the CDA to hire professionals to maintain and market the property.

Natalie stated the Receiver would like to complete his Receivership and convey the remaining unsold units to the CDA. Two additional units were sold; there are 14 remaining. Anne Zellhoefer will be at the Board meeting on Thursday to answer questions. Transfer tax and title insurance premium of approximately \$5,000 will have to be paid. The law firm has charged \$8,000 since January 1, 2011. Shimanski suggested forming our own LLC.

The title company can also pay bills.

A motion was made by Shimanski, seconded by Thompson-Frater, to recommend approval of the resolution as amended.

Gromacki suggested a review by the City Attorney and Risk Manager.

Motion passed by voice vote.

10 FUTURE AGENDA ITEMS: No discussion

CLOSED SESSION NOTICE

A motion was made by Bruer, seconded by Thompson-Frater, to Convene into Closed Session. The motion passed by the following vote:

Excused: 2 -

Fike and Levitan

Ayes: 3 -

Bruer; Shimanski and Thompson-Frater

Non Voting: 1 -

Ald. Ellingson

11 22365 Reconsideration/discussion of Capital Revolving Loan Fund Application for Taylor's One Price Cleaners located at 4522 Verona Road.

A motion was made by Thompson-Frater, seconded by Shimanski, to recommend approval with the following conditions:

1. 1st lien
2. WHEDA guarantee
3. \$100K from Department of Commerce

12 22371 Consideration/discussion of Capital Revolving Loan Fund Application for New World Investments, LLC, requesting approximately \$51,000 of MCRF loan assistance.

A motion was made by Shimanski, seconded by Thompson-Frater, to recommend approval with the following conditions:

1. All City approvals received
2. Personal guarantee
3. 1st lien

The motion passed by voice vote.

A motion was made by Shimanski, seconded by Thompson-Frater, to Reconvene. The motion passed by the following vote:

Excused: 2 -

Fike and Levitan

Ayes: 3 -

Bruer; Shimanski and Thompson-Frater

Non Voting: 1 -

Ald. Ellingson

13 ADJOURNMENT

A motion was made by Shimanski, seconded by Thompson-Frater, to Adjourn. The motion passed by voice vote. The meeting adjourned at 6:06 p.m.