



City of Madison

City of Madison
Madison, WI 53703
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Meeting Minutes - Approved ECONOMIC DEVELOPMENT COMMITTEE

Monday, November 21, 2011

5:00 PM

215 Martin Luther King, Jr. Blvd
Room LL120 (Madison Municipal Building)

CALL TO ORDER / ROLL CALL

The meeting was called to order at 5:04 pm. Julia Stone and Ald. Jill Johnson arrived at 5:10 pm.

Present: 8 -

Mark Clear; Victoria S. Selkove; Alfred L. Zimmerman; Sandra J. Torkildson; Joseph W. Boucher; Edward G. Clarke; Matthew C. Younkle and Scott J. Resnick

Absent: 2 -

Julia Stone and Jill Johnson

Excused: 2 -

Ken Opin and Peng Her

Also present: Steve Cover, Director of DPCED; Aaron Olver, Director of Economic Development Division; Peggy Yessa, Office of Business Resources

APPROVAL OF MINUTES

A motion was made by Clear, seconded by Selkove, to Approve the Minutes of the November 9, 2011 meeting. The motion passed by voice vote/other.

PUBLIC COMMENT

None.

DISCLOSURES AND RECUSALS

Mr. Clarke said he was a member of the Don Miller RFP Selection committee. He has no financial interest in the project or property.

Julia Stone and Ald. Jill Johnson arrived at 5:10 pm.

Present: 10 -

Mark Clear; Victoria S. Selkove; Julia Stone; Alfred L. Zimmerman; Sandra J. Torkildson; Joseph W. Boucher; Edward G. Clarke; Matthew C. Younkle; Scott J. Resnick and Jill Johnson

Excused: 2 -

Ken Opin and Peng Her

Development, LLC proposal for the purchase and redevelopment of City-owned properties in the 700 Block of East Washington Avenue and authorizing the execution of a Purchase and Sale Agreement with Gebhardt Development, LLC for the purchase and redevelopment of these properties.

Clear moved, seconded by Zimmerman, to recommend to the Office of Real Estate Services to negotiate language prior to Common Council action that addresses a City buy-back provision in the event the development does not occur within a reasonable amount of time. The motion passed by voice vote..

A motion was made by Selkove, seconded by Stone, to Return to Lead with the Recommendation for Approval to the BOARD OF ESTIMATES. The motion passed by voice vote/other.

Discussion transcript:

Mr. Olver explained he gave a briefmg at the last EDC on the Capitol East District and offered to discuss it again if anyone asked.

Mr. Olver said the purchase of the Don Miller properties by the City was the second time the Land Banking Program was used. The Don Miller site is comprised of three parcels. This purchase begins implementation of the Capitol Gateway Corridor Plan.

Mr. Olver explained the City put out a request for proposals (RFP) for the development of the properties. Seven proposals were submitted, of which one was withdrawn. The Committee selected three proposals. The committee preferred the developmejt of entire blocks and one proposal was switched from the 800 to the 700 North block of E. Washington Avenue to allow the entire 800 block to be developed. The acceptance of the Gebhardt proposal is the first proposal to come forward for City approval. This proposal is also before the Board of Estimates and the Plan Commission tonight.

Roll Call @ 5:10 PM, Alder Johnson and Ms. Stone arrive.

Excused: Ken Opin, Peng Her

Present: Al Zimmerman, Ed Clarke, Joseph Boucher, Julia Stone, Alder Jill Johnson, Vicky Selkove, Alder Mark Clear, Matt Younkle, Sandi Torki;dson, Alder Scott Resnick

Mr. Olver said this resolution is not for TIF or land use approvals. It is for control of the site.

Alder Clear noted this resolution was just recommended for acceptance by the Board of Estimates.

Chairperson Boucher asked about the cost of the property?

Mr. Olver said it was purchased for \$14 per square foot and the City is selling it at \$15 per square foot. This does not recover all the city property taxes that were foregone, however, the future tax base and job creation benefits are great.

Alder Clear added the debt service has only been for five months and the potential increment will make that up soon.

Mr. Younkle asked if this agreement requires the developer to build and not sit on the property?

Mr. Olver said the developer has 180 days to get the necessary approvals.

Mr. Younkle asked if approvals are granted does this mean breaking ground for construction.

Mr. Olver said there is a breach of agreement if no residential development is built.

Mr. Olver said this resolution allows the developer to go ahead and secure financing, an architect, and tenants. Banks usually require pre-lease commitments on projects they finance.

Chairperson Boucher asked if the City has the right to buy back the property if development does not occur?.

Mr. Zimmerman would like to see the City have the right to buy back the property at a lesser price if it is not developed.

Mr. Olver said it would be a bizarre case if the financing was lined up and development did not occur.

Ms. Selkove said Union Corners is an example of a development not going forward.

Mr. Zimmerman said \$15 per square foot is a good price for the land.

Alder Clear noted the site is not environmentally clean.

Mr. Zimmerman said a hitch is needed to this deal if something happens and the developer backs out.

Mr. Clarke asked if it is reasonable to protect the City for an empty lot?

Mr. Boucher wants the right to get the land back to the City.

Ms. Stone asked about the contingencies and what happens after they are met?

Mr. Olver asked if the EDC is recommending language be added to give the City buy back rights if the project does not proceed?

Ms. Stone asked if we can add anything about the resale of the property by the developer?

Alder Clear noted a tentative deal has been negotiated for the property.

Mr. Zimmerman explained deals do fall apart, giving the example of a multimillion dollar project in Brazil his company walked away from because of changes in taxation that became known at the last minute.

Mr. Olver said the intention of this deal is to break ground early next summer. The developer has the project timed for completion in May 2013.

Mr. Zimmerman said to recommend that the Office of Real Estate Services negotiate a buy-back clause if development does not occur in some reasonable period.

A motion was made by Alder Clear, seconded by Mr. Zimmerman, to recommend to the Office of Real Estate Services to negotiate language prior to Common Council action that addresses a City buy-back provision in the event

the development does not occur within a reasonable amount of time.

Chairperson Boucher asked for discussion.

Mr. Clarke asked for a legal opinion on item 2 of the resolution that deals with the "Buyer shall Develop ..." Maybe this is what the EDC wants already?

Mr. Younkle asked what happens if nothing happens? What is the penalty?

Chairperson Boucher asked about the threat of resale:

Alder Resnick asked if this recommendation should be scrapped if not negotiated in the next 2 weeks? This resolution is for Council. If no negotiations occur should the Council proceed with the resolution?

Ms. Torkildson said not to tie the Council's hands, but no one can see the future and there are big unknowns.

Chairperson Boucher asked if the land stays vacant is it the worst case scenario?

Mr. Clarke suggested amending the land banking program to include the buy-back rights of the City.

Alder Resnick reminded everyone this is the first project going forward in the land banking program.

Ms. Stone asked if an attorney had looked at the terms in the resolution?

Alder Clear said they are not negotiating the deal at this meeting.

Ms. Stone asked to look at this in terms of economic impact. If the property is not developed what protects the intent of the East Washington plans if the site is not developed.

Mr. Zimmerman said this is a large piece of land.

Chairperson Boucher asked what the value of the development will be when finished?

Mr. Olver said it is projected at around \$30M.

Mr. Cover said there is not much time to talk with the developer if the deadline for Council approval is November 29th

Mr. Olver said the developer wants to break ground in the Spring of 2012.

Ms. Stone said there is no reason the developer would avoid a buy back deal if they could not do the development.

Mr. Zimmerman sees this as a release clause for the developer. A developer would like this.

Mr. Olver said this project calls for 185 residences and 30,000 square feet of commercial space.

Ms. Selkove asked if the EDC should modify the motion or recommend acceptance with a second motion?

Mr. Olver said the Council can add a term to the agreement if they wish.

The motion passed by unanimous voice vote.

Ms. Selkove made a motion, seconded by Ms. Stone, to recommend to Council to accept the resolution as stated.

The motion passed by unanimous voice vote.

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Upcoming Meetings

Ms. Yessa explained the Council referral of the Downtown Plan to the EDC.

The EDC would like the following points covered during the presentation at the December 21 EDC meeting:

1. What is the added value of the plan
2. What is the effect of the building height restrictions on growth and value of Downtown?
3. What is the goal of the plan and who is the target audience?

The EDC sees this presentation as a lengthy item and requests, if at all possible, that the Downtown Plan be the only item on the Dec. 21st agenda.

Chairperson Boucher asked EDC members to send any additional Downtown Plan questions to Ms. Yessa ahead of the Dec. 21st meeting so she can relay them to the Planning Division staff.

Alder Resnick said the Downtown Plan will be at many committees and commissions for review. The EDC's input is critical. The EDC can also submit written notes and questions regarding the plan.

INTRODUCTION OF NEW ITEMS FROM THE FLOOR

Mr. Olver asked for volunteers to work on a staff team to review the Capital Revolving Loan Program mission and structure and to report back to the EDC over the next six months. Ms. Torkildson and Mr. Zimmerman volunteered. He explained this program funds real estate, housing and small business loans.

Mr. Zimmerman asked if early next year the EDC could look at transportation and connectivity in the City of Madison. Mr. Cover said there is a City of Madison Transportation Master Plan funded for 2012.

ADJOURNMENT

A motion was made by Clarke, seconded by Zimmerman, to Adjourn. The motion passed by voice vote.

The meeting was adjourned at 5:55 pm.