



City of Madison

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

Thursday, August 27, 2015

4:30 PM

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

Commissioner Kelly Thompson-Frater will be attending via conference phone

CALL TO ORDER / ROLL CALL

Staff Present: Natalie Erdman, Matthew Wachter & Nancy Prusaitis

Chairman Brasser called the meeting to order at 4:36 p.m. Commissioner Thompson-Frater attended the meeting via conference phone.

Present: 5 - Sara Eskrich; Daniel G. Guerra, Jr.; Sariah J. Daine; Dean Brasser and Kelly A. Thompson-Frater

Excused: 2 - Sheri Carter and Lauren K. Lofton

1 PUBLIC COMMENT

Edward Kuharski, appeared in oppositon to Item #4 (Judge Doyle Square Parking Ramp Discussion). Mr. Kuharski stated that he opposes corporate welfare and private subsidy in this form. This is not a good guide to public policy. The priorities are out of whack .

2 DISCLOSURES AND RECUSALS

None

3 [39421](#)

Accepting the Greening America's Capitals: Brittingham - Triangle Green Project Report and authorizing staff to further study the concepts and actions contained in the Report during future planning and infrastructure activities within the project area.

A motion was made by Guerra, seconded by Daine, to refer this item to the next CDA meeting when both Alders are present. The motion passed by voice vote.

4 [39622](#)

Judge Doyle Square (JDS) Parking Ramp Discussion

Natalie provided an update on Judge Doyle Square and the CDA's involvement in the proposed Redevelopment District (see attachments).

- City's goal was to have a reservation room block of 400 to support larger conferences at Monona Terrace.
- Replacement of Government East Parking Ramp

- Exact sciences - biotech firm which wants to build their headquarters in downtown Madison.
- Start construction in December 2015.
- Negotiating team determined that CDA would be the appropriate authority to build the parking facility.
- CDA needs to approve ultimate development agreement by the middle of September.
- Exact Sciences is a biotech firm - 500 employees currently. By 2017, they assume they will have 400 people in their headquarters and in 2023, 700-800 employees downtown. They have FDA approval for a cologuard (non-invasive test for colon cancer). Approval by Medicare/Medicaid for \$400-500/test. Patented. Currently working on getting reimbursement rates with private insurance companies. Not a profitable entity today. They should be a revenue generating organization eventually. Living wage jobs - lab techs would not need a college degree. Chance for advancement. Also have a call center for entry-level jobs. Wide range of jobs would come to this location. You can get to downtown from a lot of locations - good bus service.
- \$43 million of subsidy City would be providing.
- JDS LLC is the development entity - Hammes Company & Majestic Realty: 216 hotel rooms. Asked for 250 (have 150 currently at Hilton).
- Exhibit B - Tax Increment Projections. Phase 1 includes Exact Sciences building and hotel. Phase 2 is second phase of Exact Sciences. Cumulative increment. By year 20, we would have recouped the money we put in.
- Revenue from private parking spaces is going to subsidize the cost of the Exact Sciences office building. Need revenues from parking services to pay off.
- Thompson-Frater asked if the parking garage is tied to the structure. Erdman said the land will get transferred to JDS. Role of CDA is to agree that we're willing to do that part of the City's transaction. Closing estimated to be in December. Will try to get development agreement out to you next week so you can look at it before the September 10th CDA meeting.
- Exact Sciences will sign a 15-year lease with JDS. No right to relocate in first five years. After five years, penalty to JDS the present value of their lease to the end of the term. Also job guarantee. Significant monetary damages if they choose to leave in eight years.
- First Mortgage debt + equity + City's contribution. JDS will have a lot of money at stake and every motivation to release the space.
- Daine asked about guarantee to hire locals.
- Erdman said Greater Madison Chamber of Commerce disappointed in the number of hotel rooms being provided.
- Sara Eskrich left at 5:18 p.m.
- Erdman said the targeted business participation goal of 10% - targeted minority businesses, 4% - females, 5% of all employee hours through jobs training programs. Exact Sciences has signed an MOU with Urban League - series of things meant to improve the pipeline of people getting trained for jobs at Exact Sciences.

- Guerra said the willingness to make commitments on entry level jobs is important.
- Guerra said we are not negotiating the terms of the deal. Natalie's representing our interests. Erdman said the negotiating team includes: George Austin, Dave Schmiedicke, Michael May, Kevin Ramakrishna, Matt Mikolajewski and Natalie. The City is not asking CDA to put money in this transaction. Accept money, build structure and own it and make sure it gets built accordingly. We're a Redevelopment Authority. Site has found to be blighted.
- Brasser asked how many parking spaces are in the Government East ramp currently, Erdman said 500.
- Traffic Impact Analysis is being completed by in-house staff. Part of land use approvals.
- Brasser asked why the CDA is doing this rather than the City directly. Erdman said because we're a redevelopment authority and its' not 100% clear that a City can own, lease and manage a private parking facility. Would have to go through the whole public bid process if the City were to own it. Much longer process in terms of contracting.
- Daine said she doesn't understand why we're not insisting on them meeting the needs of the convention center. Erdman said they say they can't fit 250 rooms. The CDA provided this identical role in the past. The District has cash. Block 89, Monona Terrace, Anchor Bank site parking, similar deals where we gave subsidies. Hilton Hotel was also lease revenue bond. CDA/City has subsidized parking to increase more density.
- Erdman said the CDA needs to approve or disapprove entering into the agreement.
- Brasser asked about the impact on downtown rents. Erdman said there is not another tenant with 200,000 SF of space. That could drive the rent down. She could be wrong.
- Wachter said there could be more demand for downtown rental. Office side - this is not a Class A+ site. Off the square, not on the lake. Not a lot of comparable office space.
- Erdman said If Exact Sciences doesn't grow to take all the space, it will affect the rents.
- Thompson-Frater asked about the office vacancy rate downtown now. Wachter said it's probably under 10%.
- Guerra said there is less inventory available today than there was a year ago. Price has gone up considerably. He has been looking for office space.
- Brasser asked if Exact Sciences is required to build Phase within a required amount of time. Erdman said they are negotiating right now. They want an unlimited amount of time. Above the parking on Doty side (Block 105).
- Thompson-Frater asked if we could discuss this further on September 10.
- Brasser said a TID Plan amendment required to authorize this. (Master Development Schedule - See Exhibit C)
- Guerra said he would like to see what the economic value per

individual is and if there is some data DMI could provide or Office of Economic Development regarding how much people spend downtown. Look at this in its totality. Have to understand what larger financial impact is.

- Erdman said we track requirements for low income and diversity hiring.
- Brasser said for the September 10 meeting he would like to hear Natalie's expected financial impact on CDA and the risk that might be there.
- Wouldn't affect other CDA projects.

5 ADJOURNMENT

A motion was made by Thompson-Frater, seconded by Guerra, Jr., to Adjourn at 5:45 p.m. The motion passed by voice vote.