

JOINT FINANCE AND ECONOMIC DEVELOPMENT COMMITTEES

Date and Time: Tuesday, November 11, 2014 @ 4:30 pm., Board Room

Finance Members Present: Winters, Kellbach, Nagle, Oberbeck, Nutting

ED Members Present: Nagle, Rasmussen, Oberbeck, Wagner, Neal

Others Present: Tipple, Groat, Giese, Jacobson, Hardel, Hebert, Hite, Kujawa, Duncanson, Klein, M. Lawrence, Werth, DeSantis, Mohelnitzky, Abitz, Gisselman, Rayala, Lepinski, Joe Gehin, Karen Hocking and Dan Wage

In accordance with Chapter 19, Wisc. Statutes, notice of this meeting was posted and sent to the Daily Herald in the proper manner. It was noted that there was a quorum present and the joint meeting was called to order by Finance Chairperson Winters and ED Chairperson Nagle.

Public Comment on matters appearing on the agenda

None

JOINT ITEM: Discussion and possible direction for staff regarding the Wausau Mine Company development agreement and the Bridge Street Investors Group development agreement (Community Development Staff)

Ann Werth explained these are two agreements that have noncompliance. The Bridge Street Investors Group agreement took down five dilapidated houses and in its space it created three businesses: Young's Drug Store, Biggy Coffee, and Subway. It serves a low to moderate income neighborhood. She indicated Karen Hocking was present to speak to the committee. Hocking commented this was definitely a bad neighborhood and during construction they were shot at, windows were shot out, and there were thefts, but now the project is wonderful and they feel they have cleaned up the neighborhood. She felt they made an error in 2008 when they estimated the project cost at \$1.2 million because they ended up spending a couple hundred thousand in site prep that was not anticipated. The other error was timing as just when they started the project the economy went down. She noted they doubled the jobs that they said they would bring in since then. She pointed out the agreement provides for amending or modifying and she was hoping to be able to do that to get it where it needs to be today.

Winters questioned if an invoice had ever been sent once it was discovered that we were owed money. Werth stated they did not send an invoice because there were several phone conversations and a request to appeal it. Nagle questioned what they owed to the city and Werth stated it was \$5,000. Hocking indicated they were at \$1.1 million in value. Winters questioned what they received from the city for the project and Hocking stated they did not ask for or receive any money from the city. Rasmussen stated they had three options: 1) forgive the debt; 2) compromise on a timeline for payment; or 3) demand immediate payment. Neal felt they should respect a developer who did what they said they would do and delivered what they said they would, except for what is beyond their ability to deliver.

Economic Development

Motion by Neal, second by Wagner to forgive the debt of \$5,000 owed by Bridge Street Investors Group. Motion failed 2-3.

Finance Committee

Motion by Kellbach, second by Nutting to accept \$5,000, payable at \$1,000 per year over the next five years, no interest and eliminate the provision for a \$1.2 million value going forward. Motion carried 3-1, with one abstention. (*Winters indicated he was abstaining because his wife works for Young's Drug Store.*)

Economic Development

Motion by Rasmussen, second by Neal to work out a deferred payment arrangement with Bridge Street Investors Group, LLC of \$1,000 per year for the next five years, no interest; and eliminate the provision for a \$1.2 million value going forward. Motion carried 3-2.

Ann Werth explained a number of years ago the city did reconstruction on Stewart Avenue and they did not relocate Wausau Mine Company in order to save money on the project. The reconstruction created a huge safety issue because the street was right next to the building. The city came to an agreement with Wausau Mine that the city would do in-kind services to tear down the existing building and Wausau Mine would build a new building. All

access was taken off of Stewart Avenue. She indicated Wausau Mine Company has not met the obligation of the agreement on assessed value by \$10,000. Mr. Wage, owner, was present and stated they have been in the community 35 years and had they stayed in the old building the taxes were approximately \$60,000, but have gone up to \$105,000 with the new building. They have gone from 26 employees to 60. The building is unique and difficult to appraise.

Winters questioned what the value of the in-kind services was and Werth stated it was \$23,000.

Finance Committee

Motion by Nutting, second by Kellbach for an arrangement with Wausau Mine Company of deferred payment of \$1,000 per year for ten years, no interest; and eliminate the provision for value going forward. Motion carried 5-0.

Economic Development

Motion by Rasmussen for an arrangement with Wausau Mine Company of deferred payment of \$1,000 per year for ten years, no interest; and eliminate the provision for value going forward. Following discussion Rasmussen withdrew and indicated she would be willing to direct staff to go back to the table with Wausau Mine Company to work out an arrangement.

Motion by Neal to remedy both agreements in the same way so that both developers have the same of \$1,000 per year for the next five years, no interest; and eliminate the provision for value going forward. Motion died for lack of second.

Motion by Wagner, second by Rasmussen to send this back to staff to work with Wausau Mine Company to arrange a five year or ten year payback plan that works for them. Motion carried 4-1.

Adjournment of ED Committee

Motion by Wagner, second by Rasmussen to adjourn the Economic Development Committee. Motion carried unanimously. ED adjourned at 5:20 p.m.