

**MINUTES OF THE COMMUNITY DEVELOPMENT AUTHORITY MEETING HELD AT THE  
GREENFIELD CITY HALL, ROOM 204, ON TUESDAY, APRIL 18, 2017**

**1. The meeting was called to order at 6:15 p.m. by Mr. Pietroske, Chairperson**

Steven Pietroske (Chair)	Present
Ald. Bruce Bailey	Present
Donald Carlson	Present
Troy Chowanec	Present
James Hodson	Excused
Ald. Karl Kastner	Present
Robert Selin	Present
Ben Rucka (Alt.)	Present
David Schilz (Alt.)	Present

ALSO PRESENT: Chuck Erickson – Community Development Manager  
Mayor Michael Neitzke  
Paula Schafer – Finance Director  
Matt Werderitch – Planning Intern

**2. Approve the minutes of the March 20, 2017 meeting.**

Motion to approve the minutes of the March 20, 2017 meeting. Motion carried unanimously.

**3. Consider a Resolution authorizing the Community Development Authority of the City of Greenfield to issue and sell a Taxable Redevelopment Revenue Bond (Chapman Cobalt Project) in the initial principal amount of up to \$[4,500,000]; authorizing the execution and delivery of a Cooperation and Development Agreement and related documents; and related matters.**

Atty. Bruce Block with Reinhart Boerner Law Offices gave background information on this item.

Two Pay Go grants have been created for this project. The first is for Fiduciary Real Estate Development (FRED) for residential units. The second is for Aurora's medical office building, which will not need to come before the Community Development Authority and will instead go straight to the Common Council meeting for approval.

The project plan amendment that has been approved, along with the original project plan as well, specifically provides in the financing section of the project plan that the CDA may be involved in participating in the financing of the project costs in the Tax Incremental District. In the past, generally the CDA has not been called upon to assist, but the reason for the CDA's involvement in this instance is when a bond is issued, it is exempt from income taxes. By funneling the grant thru the CDA, as opposed to directly to the Common Council, the developer gains some financial benefit at no cost to the municipality. The financial analysis is performed on a pre-tax basis.

Atty. Block stated the Resolution covers two required items. One item is the creation of a blight finding of the site. This does not have to occur today; but as of the date the TID was created in 2015. This was a conservation/rehabilitation Tax Increment District, which is akin to the definition of blight under Chapter 13.331. This is basically a

retroactive finding, which is a prerequisite to issuing a bond by the CDA. The second item is approving entering into of the Cooperation and Development Agreement. Typically the Development Agreements have been directly between the City and the developer, while the CDA has not been a party to it. The way this works now is such that the annual tax increments will be collected and held in a special account for the City, then the City will appropriate the dollars, give them to the CDA and then the CDA will make the payments to the developer. Otherwise the overall body of the Development Agreement is consistent with everything that has been previously discussed. As with Cobalt, the developer of 84 South, it is a Pay Go deal, meaning that there is no exposure on either the CDA or the City with respect to repayment of this bond. If the tax increments are sufficient to repay it, then it gets repaid. If not, then they don't repaid. When the Tax Increment District expires by statute, if there are any unpaid amounts due and owing, they are forgiven. If the increments aren't sufficient to support the repayment, that is the developer's risk, not the municipality's risk. It is also subject to annual appropriations, meaning that every year the Common Council must agree to take the tax increments and make them available to the CDA to pay, as a result this is not "debt" to the city. It is a beneficial way to structure this, as not all developers are able to accommodate this type of arrangement, however FRED is financially able to do so.

Ald. Kastner questioned if there was a requirement to meet regularly to activate this determination of status; to which Atty. Block replied that the Council needs to meet and appropriate this every year as part of their budgeting process to appropriate the dollars, directing them to flow automatically. The CDA does not have to have act on this at a formal meeting; it can be done as a line item administratively. This does not count towards the overall City debt, as it is subject to annual appropriations, and is contingent on the dollars being there. The interest rate is 5.5%; the interest rate parameters generally fall between 4.5% to 6.5%. In their analysis, Ehlers looked at two things, the principal amount and the interest rate. They basically concluded that they measured it upon a 10-year period after completion, with a sale assumed in the tenth year, with a consideration of a 13.5% Internal Rate of Return (IRR) with this amount of support. The IRR Test would be at the sale of the property or 13 years after completion. The additional 3 years doesn't have much material impact upon the City one way or the other. In other words, the City would prefer that they be long-term holders, as opposed to an early sale, because FRED is a good, stable company that we would like to see own and manage this property. However, the real test is upon the sale, to make sure any quick profit is captured. If the sale occurs prior to the 13 year window, there would be opportunity to look at the actual returns, including sale proceeds, and then apply the IRR test. If that exceeds 15.5%, then we get 35% of it.

The sizing of the grant, the \$4.5 million, will also be adjusted downward if in fact the project costs, upon completion, are less than what they show in their budget. If they didn't need as much money because the costs were actually less, then we shrink that down. This sharing is on a 65/35 basis. Therefore, there is some incentive for them to save money overall.

**Motion to approve a Resolution authorizing the Community Development Authority of the City of Greenfield to issue and sell a Taxable Redevelopment Revenue Bond (Chapman Cobalt Project) in the initial principal amount of up to \$[4,500,000]; authorizing the execution and delivery of a Cooperation and Development Agreement and related documents; and related matters, and authorize this item to be expedited to the April 18, 2017 Common Council meeting. On a roll call vote, Motion carried 6-0.**

4. **Adjourn.**  
Motion to adjourn the meeting at 6:43 p.m. Motion carried unanimously.
5. The next meeting of the Community Development Authority will be held at the Greenfield City Hall at the call of the Chairperson.

Respectfully submitted,

Alison J. Meyer  
Administrative Assistant