



OFFICIAL MEETING MINUTES

OF A SPECIAL SCHEDULED MEETING OF THE COMMUNITY DEVELOPMENT AUTHORITY HELD ON JANUARY 30, 2018 @ 4:15 PM, IN THE COUNCIL CHAMBERS NORTH CALHOUN ROAD, BROOKFIELD, WISCONSIN

MAYOR STEVEN PONTO PRESIDING

MEMBERS PRESENT:

Gordon Rozmus, Vice Chairman
John Kersey
David Raysich

Alderman Jeff McCarthy
Michael Faber

MEMBER ABSENT AND EXCUSED:

J. Nathan Cunniff, Co. Treasurer

OTHERS PRESENT:

Executive Director, Dir. of Community Dev. Dan Ertl; Dir. of Finance Robert Scott; Economic Dev. Coordinator Todd Willis; Alderman Bill Carnell; Glen Allgaier School Board

Roll Call

Mayor Ponto noted a quorum present and called the Community Development Authority to order at 4:15 pm.

Announcements

Mayor Ponto stated that he had spoken with Greg Bauer of BMO Harris Bank, and would be recommending him to the full Council for consideration of filling the CDA's vacant seat.

Order of Business

Item 1 - Approval of July 11, 2017 meeting minutes.

Motion was made by John Keresy, and seconded by Gordon Rozmus, to accept the minutes. Motion carried 5 – 0.

Item 2 – Distribution of the “Guidelines for the Community Development Authority to recommend City Assistance in a development or redevelopment project and the establishment of a Tax Increment District (TID)” Adopted June 24, 2014. No action required

Item 3 – Presentation of a January 16, 2018 request of Milwaukee Tool Corporation, 13135 W. Lisbon Road, Brookfield, WI c/o Barry Chavin, MLG Commercial, Milwaukee, WI to create “Tax Increment District Number 7 (Seven), City of Brookfield, Wisconsin”, a district that includes approximately 3.5 acres of lands located at 12930 W. Lisbon Road and that would overlay a portion of Tax Increment District 6 (Six). No Action Required.

Mr. Chavin passed a handout to the committee members that showed the expected growth of jobs associated with the project based on the type of job, and when those jobs were expected to be created by. Mr. Chavin stated that Milwaukee Tool is looking to add an advance manufacturing and testing facility in a new 114,000 sq. ft. class A office building that would create 350 new jobs over the next 5 years. This would bring the total number of jobs at their Brookfield campus to 1,650 employees. Mr. Chavin also stated that based on it current facility, they do not have the room to fulfill this requirement. Milwaukee Tool is currently looking at 2 locations, with a primary focus to locate those new operations in the City of Brookfield, but that the requested TIF incentive will be necessary to justify the capital expenditure compared to the other location. Mr. Chavin explained how this planned expansion fits into the City of Brookfield's 2035 Comprehensive Plan.

Jeremy Ferch, Senior Vice President of Business Operations at Milwaukee Tool explained the operations that would be conducted in the new building. He stated that the jobs that would be located in the new building would be to expand their accessory division of advanced development and research, which would be supported by engineering type jobs. Mr. Ferch mentioned that currently those operations are conducted in a smaller portion of their existing campus, and Milwaukee Tool was leasing space in Milwaukee and Menomonee Falls to supplement the extra space needs. This plan for a new building would allow Milwaukee Tool to collapse all those different spaces into one central location.

Mayor Ponto stated that he felt Milwaukee Tools experience since 2011 has been phenomenal, as they have grown from roughly 300 employees in Brookfield, to possibly 1,650 over the next five years. That continued growth with the type of good family supporting jobs is the kind of thing any community wants to have, but is also good for the region.

Alderman McCarthy asked if there could be a little more clarification on the jobs associated with the new building. More specifically if they were going to be jobs new to Brookfield, or were they going to be completely new jobs? Mr. Ferch stated that based on the current restraints for space, that upon the building of new space, Milwaukee Tool will be able to invest in this area, so they would be 350 brand new jobs.

Mr. Kersey asked what type of TIF incentive the City would be providing for this development. Mr. Ertl stated that the assistance would come in the form of a Economic Development Grant, that would be paid to Milwaukee Tool once the construction was completed. Mr. Ertl added that the assistance that would be provided by the City of Brookfield equaled about 10% of the total cost of construction, and Milwaukee Tool had other measures of equity and financing in the deal.

Mr. Faber asked if it was the long-term intent of Milwaukee Tool to own and operate the buildings on the campus. Mr. Ferch stated that it was the intention for Milwaukee Tool to own the buildings. Mr. Ertl added that based on the development agreement that would be signed on this project would include a provision that the increment would be created over the 15 years. So in the event that they would sell, there is a provision that ensures the debt would be repaid by any new entity.

Mr. Faber asked if the City were to formally approve the assistance needed for the project, would that determine the decision to stay in Brookfield? Or has that yet to be determined even if approved? Mr. Chavin stated that all indications as of right now were, that if the TIF was formally approved, Milwaukee Tool would locate the facility in Brookfield.

Mr. Faber pointed out that there seemed to be somewhat of a discrepancy based on the wages associated with the project between the letter of request, and the City's Staff Report. He was wondering if the annual pay was \$75,000 or \$85,000? Mr. Chavin stated that he was told the salary for the jobs would be \$75,000, and he wasn't sure where the consultant got the other number. Mr. Ertl stated that City staff had supplied the consultant with the \$85,000 annual wage number that was received from an application made to a state agency that could potentially add additional incentives to the project. Mr. Faber asked that there should be some follow-up regarding this to get a little more clarification as to the accurate wage associated with the new jobs.

Item 4 – Staff Report: Report summarizing the request of Milwaukee Tool Corporation and a report prepared by Gruen Gruen + Associates, c/o Aaron Gruen, 1121 Lake Cook Road Suite A, Deerfield, IL summarizing an economic impact analysis of a January 16, 2018 request of Milwaukee Tool Corporation to create "Tax Increment District Number 7 (Seven)", as referenced above. No action required.

Mr. Ertl stated he would give a brief overview of details associated with a potential creation of a Tax Increment District Number 7 (Seven). Mr. Ertl started off by explaining what the Milwaukee Tool campus and expansions have meant to the community. He stated that you could check off a number of the components of the Economic Development section of the City's Comprehensive Plan. He stated that the new district would consist of a single land parcel, approximately 3.5 acres in size across North Lisbon Road, and is currently a vacant parcel already included within Tax Increment District Number 6 (Six). This new district would overlap that portion of the current district, with an expiration year of 2034.

Mr. Ertl stated that the expected new improvement value of the construction would be \$17.175 million, and the new taxes associated with the development would equal \$4.64 million over 15 years in order to retire the debt with the new district. He added that the increment produced would also retire the capitalized interest, cost of borrowing, and issuance.

Mr. Ertl mentioned that the overall cost of the project was near \$36 million, so Milwaukee Tool was expected to privately finance or secure funds for at least \$32.5 million for the balance of the project. The almost \$3.5 million Economic Development Grant by the City then represents about 10% of the overall project cost. He stated that when you figure the City's grant portion in relation to the jobs to be created (350), it comes to around \$10,000 per job created.

Mr. Ertl went over the statutory distinction that should be made by the community as it relates to the difference between an Industrial Based TIF and other forms of TIF. Mr. Ertl went over the findings in the Gruen Gruen + Associates report on the economic impact of the development proposed by Milwaukee Tool Corporation, and how they related to the criteria needed based on an Industrial Based TIF.

ITEM 5 – CDA RECOMMENDATION: Request of Milwaukee Tool Corporation, 13135 W. Lisbon Road, Brookfield, WI c/o Barry Chavin, MLG Commercial, Milwaukee, WI to create "Tax Increment District Number 7 (Seven), City of Brookfield, Wisconsin", a district that includes approximately 3.5 acres of lands located at 12930 W. Lisbon Road and that would overlay a portion of Tax Increment District 6 (Six).

Mr. Ertl stated that the staff recommendation was for the CDA to support the request to create TID No. 7 and recommend that the Plan Commission and Common Council adopt measures to create such a district. He stated that this would also be in front of the joint meeting of the Plan Commission and Common Council on February 6, 2018.

Mr. Faber stated that he agreed with the statements made earlier by Mayor Ponto and Mr. Ertl, and the strength of what Milwaukee Tool has done and its long standing history in the City, but they have to uphold the responsibility of this Committee in making a recommendation. He added that the analysis by Gruen Gruen + Associates relating to 114,000 sq. ft. class A office building in a Targeted Investment Area (TIA) for financial feasibility has value, the jobs component and economic impact of the project on the community makes a strong case for favorability. Mr. Faber stated that putting this type of development and investment in an area not seen as a prominent location, because of Milwaukee Tools proposal, the City is starting to see more attention in these locations, which is a positive for the City. He also stated he was glad that the math works on a pay down of the debt over a 15 year cycle, and that others may have been more aggressive in the assistance ask, which was also a positive for him. He would like to see some clarification on the wage discrepancy made earlier, but felt it would be, and he would be in support of Milwaukee Tools request.

Mayor Ponto added that the City has been making a very concerted effort to enhance the Northeast part of Brookfield, and Milwaukee Tool has really been a driving force in helping that continue.

Mr. Kersey asked who owned the land to the East of where the Milwaukee Tool project was to be located? Mr. Ertl stated that Lakeshore Burial Vault owned the land directly East of the proposed project.

Mr. Rozmus stated that this should not be viewed as a standalone project as most TIF's are, because it is tied together with an already existing development, and already existing expansion of that development, and represents a company that already has an outstanding product and really has growth potential in the future. He added that he felt it provided less risk associated with it, combined with the new development and new jobs associated with it, they complement each other.

Mr. Faber added that while most TIF's have a level of speculation associated with them, this is an actual user that is ready to spend the money, put a shovel in the ground, and then hire the staff, this involved less risk than most TIF requests.

Motion was made by Alderman McCarthy, and seconded by Mr. Faber, to recommend the creation of Tax Increment District Number 7 (Seven) to include the 3.5 acres in the identified area on W. Lisbon Avenue. Motion carried 5 – 0.

ITEM 6 – Staff Report: Request to amend Tax Increment District Number 3 (Three) Project Plan and its boundary to include Project Costs for the construction of the Brookfield Conference Center and supporting infrastructure, environmental remediation, demolition, land acquisition and professional consultant fees, or alternatively, create Tax Increment District Number 8 (Eight) to achieve the same purposes. No action required.

Mr. Ertl explained the dynamics surrounding the developments planned at Brookfield Square Mall. He mentioned that the City was acquiring 9.5 acres located south of the main Sears parcel. On that 9.5 acres the City was going to be constructing a conference center with an adjoined partner hotel that would operate the conference center on the City's behalf. Mr. Ertl stated that the City has an accepted offer to purchase the 9.5 acres for the conference center, and to sell 2.5 acres to the North Central Group which would be the hotel partner for the conference center. Mr. Ertl explained the specifics surrounding the costs associated to the purchase of the property, site improvements, infrastructure, and environmental concerns. He added that while a conference center or hotel is not listed in the project plan, but infrastructure is listed, and the goals and objectives state there should be use of funds to incentivize reinvestment into the project area. The use of these funds would also insulate further the taxpayers of Brookfield from having to pay for any of the related bonds associated with the conference center and property acquisition. So the use of Tax Increment District Number 3 (Three) would be utilize to pay for some of the costs previously identified. Mr. Ertl stated that there were two different ways to accomplish this, the first being an amendment to the TID 3 Project Plan and boundary to use its Project Costs, or create a new Tax Increment District Number 8 (Eight).

Mr. Scott added that district could be viewed as successful in its ability to create increment, but has not generated a lot of Project Costs. He felt part of that was the economic conditions that had happened over the life of the district, the change of the retail environment. In relation to that he wanted the members to understand there were funds available to accommodate these new Project Costs, and the City would not have to do any borrowing.

Mr. Kersey asked about the Toy's R Us located to the south of Brookfield Square and the store closures that had been announced. Mr. Scott stated that it was going to remain open and there was nothing to indicate that it wouldn't remain open.

Mr. Scott added that the concept of the conference center is to add an amenity that does not exist in the Milwaukee Area. The City has completed two market analysis on the concept, and both came back stating that there was a need or a demand for such a venue in the Brookfield area. Mr. Scott stated that the Brookfield market has the third largest cluster of hotels in the Milwaukee region, so it would provide synergy within the market, and will ensure the viability of the area for years to come.

Mr. Rozmus asked if there was a fallback position on the conference center building if it would happen to not work out? He felt there was a lot of risk involved with this. Mr. Scott stated that the other hotels in the Brookfield market were all behind the project. Partly this was because it creates a space that can be a generator of travelers to the area, the other reason is that they understand that the spillover from events at the conference center would end up benefiting them with guests. Mr. Scott added that there was not a hotel in the Brookfield market that could meet the demands required to get some of the events that would be able to come to Brookfield upon completion of the conference center.

Mayor Ponto mentioned how the state rules around room tax dollars could be spent, and how it brought the city to the decision to develop a conference center for tourism development.

Mr. Kersey asked if the City was able to use the tax revenues to support the general operation of the conference center? Mr. Scott stated since developing and operating a conference center in the statues, then he believed, if need be the City could do that. Mr. Scott also mentioned that part of the reason the City partnered with a hotel operator for the conference center was to further isolate the taxpayers of Brookfield. The City will work to ensure the success of the center.

Mr. Faber asked if the renderings that were provided were the final renderings for the conference center? Mr. Ertl stated that they were not. Mr. Faber asked about the availability of funds in the TID 3 Project Costs would be left after an allocation for the amended boundary? Mr. Scott, explained that with the use of the money that has already been earmarked, and the costs associated with the work towards the conference center, it would use up the remaining Project Cost funds, allowing for the TID to be closed in 2019 following the completion of work, which would be 8 years early.

Mr. Rozmus, stated he would still like to see some sort of fallback for if things start to unravel. So they may want to find some sort of safety net to ensure the City's position. Meaning what would be some potential options the City could go to if it happens to not work out.

Mr. Raysich stated he thought it was a much better site than the previously proposed sites, mainly because it did not have the synergy that it will with the entertainment portion of Brookfield Square. He also thought it really started to clean up the south end of the property, with a roadway that is hard to define if it is a roadway or part of the parking lot. For those reasons he felt he could support it.

Mr. Faber stated that he felt the best way to proceed with this was to just amend the current district boundary and Project Plan and Costs.

ITEM 7 – CDA Recommendation: Request to amend Tax Increment District Number 3 (Three) Project Plan and its boundary to include Project Costs for the construction of the Brookfield Conference Center and supporting infrastructure, environmental remediation, demolition, land acquisition and professional consultant fees, or alternatively, create Tax Increment District Number 8 (Eight) to achieve the same purposes.

Motion was made by Mr. Faber, and seconded by Mr. Raysich, to recommend amending Tax Increment District 3 (Three) Project Plan and its boundary to include Project Costs for the construction of the Brookfield Conference and supporting infrastructure, environmental remediation, demolition, land acquisition, and professional consultant fees. Motion carried 5 – 0.

Adjournment

Motion was made by Mr. Rozmus, and seconded by Alderman McCarthy, to adjourn the Community Development Authority meeting. Motion carried 5 – 0. Meeting adjourned at 5:32 pm.

Next meeting TBT as needed

Minutes respectfully submitted by Todd Willis