



OFFICIAL MEETING MINUTES

OF A REGULAR SCHEDULED MEETING OF THE **COMMUNITY DEVELOPMENT AUTHORITY** HELD ON MARCH 27, 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:

Greg Bauer

OTHERS PRESENT:

Executive Director, Dir. of Community Dev. Dan Ertl; Dir. of Finance Robert Scott; Economic Dev. Coordinator Todd Willis

Roll Call

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

Announcements

No Announcements

Order of Business

Item 1 - Approval of January 30, 2018 meeting minutes.

Mr. Faber asked if the difference in expected salaries for added employees that was originally reported in the Gruen + Gruen report made any significant impacts on Gruen's analysis versus what Milwaukee Tool's actual expected salaries were? Director Ertl stated that he had given the updated numbers to Gruen + Gruen, and that it did not make a significant difference in the report.

Motion was made by John Kersey, and seconded by Michael Faber, to accept the minutes. Motion carried 6 – 0.

Item 2 – Staff Report: Request to create Tax Increment District Number 8 (Eight) and the associated Project Plan to identify Project Costs for the construction of the Brookfield Conference Center including land acquisition, infrastructure and site improvements, sidewalks and streetscaping, environmental remediation, demolition , and professional consultant fees. No action required.

Previously Reported:

1. On December 19, 2017 the Common Council adopted Resolutions supporting a series of documents that will lead to the construction of the Brookfield Conference Center to be located at the southern end of Brookfield Square Mall. The Conference Center will include an approximate 18,000 sq. ft. ballroom, a 6,000 sq. ft. junior ballroom and other meeting venues to capture the unserved need in the region for small to medium sized events. An adjacent/adjoining Hilton Garden Inn Hotel (HGI) will be built consisting of about 170 rooms.
2. The City is acquiring about 9.5 acres of land for the project and will sell 2.5 acres of the 9.5 acres to the hotel developer who will manage the Conference Center for the City.
3. The specific location for the facilities is the former Sears Tire and Battery Auto Center. This building will be razed and most underground utilities crossing the property will need to be removed and relayed. The southern mall ring road serving the center and the mall will be rebuilt at significant costs.

4. These Conference Center and hotel uses will help transform the southern end of Brookfield Square Mall and will blend synergistically with the redevelopment that the mall owner plans for the balance of the Sears property. Adjacent to the Conference Center and HGI, a new theater, an entertainment venue, restaurants and a few mall shops will replace the Sears department store. All of this redevelopment and the City's project are highly consistent with the redevelopment goals that the City has sought for the Brookfield Square- Executive Drive Redevelopment Area, as identified in the 2035 Comprehensive Plan, the neighborhood Targeted Investment Area (TIA) plan for the area, and the Project Plan of Tax Increment District No. 3 created in July 2004.
5. The City hopes to finance the Conference project from revenue sources that do not burden the general taxpayer. To this end, the financial models put in place principally rely upon hotel room taxes to retire any City debt incurred in the project. However, due to the complexity of the Conference Center project components, some of which includes environmental remediation costs and significant utility and road reconstruction costs, City staff has recommended that the City use TID No. 3 Project Costs to also finance some the project components including land acquisition.
6. In order to remove any concerns relative to the use of TID No. 3 Project Costs for the Conference Center project, City staff recommends that the City amend the Project Plan and its boundary to clearly identify the use of funds for the project for the time needed to retire any debt. The balance of TID No. 3 could then continue on its normal course and calendar or be dissolved.
7. On January 30, 2018 the CDA endorsed the above actions. See attached meeting minutes

Newly Reported:

1. The City staff presented a draft TID No. 3 Project Plan Amendment, including adding territory to the District to fully include the Conference Center site in TID No. 3 and finance the associated land acquisition to the Joint Review Board (JRB) on February 28. City staff was directed by the JRB to pursue a different path to finance the Conference Center components outlined above rather than using the unexpended TID 3 funds. The JRB also recommended that we close TID No. 3 in 2018. In doing so the City would distribute the remaining fund balance in the District, consisting of about \$5.5m, after economic development grants are paid to Wimmer Communities for The Artisan apartment project and CBL & Associates Properties, Inc for the Sears redevelopment, to the four taxing districts. Approximately, \$1.7m would be available to the City from this fund balance. Lastly, the JRB suggested that they could support the creation of a new, smaller TID (i.e. TID No. 8) for purposes of achieving the City's goals to finance a portion of the Conference Center components with tax increment financing. Generally, it is presumed that the District would be limited to the 29 acre Sears parcel.
2. The City canceled the anticipated public hearing to amend TID 3 as described above and replaced such with a new public hearing held March 14 limited to listing the grants made available to Wimmer Communities and CBL as amended TID 3 Project Costs. The Common Council approved this modified amendment to TID 3 on March 20, 2018. The Council will review the concept to close TID 3 this year at the April 3 Council meeting.
3. The Council will also review the suggestion to create TID 8 at the April 3 meeting and authorize its associated public hearing. The District would need to be created before the anticipated real estate closing for the Conference Center land purchase scheduled for June 29. The staff has outlined a calendar to achieve this action and the CDA meeting March 27 is the first step.
4. The general parameters for the creation of TID 8 that would inform the preparation of an associated Project Plan would be:
 - An approximate 29 acre district, i.e. all of the Sears parcel including the Conference Center and hotel site. See attached map.
 - New tax increment would be generated by the hotel of about \$12-14m, the net new \$22m value promised in a development agreement by CBL for the Sears redevelopment and any other unexpected growth in values on the Sears parcel.
 - Project Costs would include TIF qualifying expenses of land acquisition, infrastructure and site improvements, sidewalks and streetscaping, environmental remediation, demolition, land acquisition and professional consultant fees.
 - Term of District- TBD.
5. Also since the CDA met on January 30, an announcement was made publically that the Toys-R-U's (TRU) store located directly south of the Sears parcel will be closing. City staff asserts this property will be likely be marketed to find a new tenant or the building and lands sold for a different use. While it may seem judicious to include the TRU parcel in the new TID, the staff is not prepared, at present, to identify any specific plans for Project Costs

and include such in the new TID. Other reasons to not include the TRU parcel at this time include the fact that the building was built in 1984 so presumably there will be no asbestos or lead based paint to remediate/abate, or typical TIF eligible costs. Also, a vacant TRU building could be counterproductive for increment production in the new TID if an owner asserts a reduced value at the TRU parcel is justified- e.g. a reduced base value under the "Dark Store" theory for the TRU parcel would decrease the increment value produced in the TID.

Director Scott added that monies received by the City from the closure of TID No. 3 would be used for partial the purchase of the land for the Conference Center. So based on conservative estimates of the increment created within TID No. 8 and the debt issuance, it would be expected to close no later than 10 years out. Mr. Rozmus asked about the remediation aspect of the project and if it was solely on the Sears Tire & Auto property. Director Ertl stated that there was some remediation activities associated with the department store parcel also. Josh Hamby from CBL confirmed some of the remediation that would be required on the department store parcel. Director Ertl explained further that the costs associated with the Sears redevelopment activities were to be covered by Project Costs from TID No. 3, and TID No. 8 serves as a type of backstop for any unforeseen costs related to the work and the land purchase. Mr. Faber asked if there was an explanation that could be shared on the philosophical differences between the County and the City on Project Costs for TID No. 3. Director Scott explained that the County is looking to close districts before their statutory limits in order to start collecting on the new tax base, and the County had a difference of opinion on if purchasing the land was a viable Project Cost with the increment funds. Mr. Kersey asked if the City was selling the land to the Hilton Garden Inn developer, and what kind of assurances are included to ensure it gets constructed. Director Ertl stated that there was no guarantee for it to be constructed at this point, but it might be something that is included in the future development agreement. Mr. Rozmus asked if there was any foreseeable reason that this topic would come before the CDA again in the future. Mr. Ertl stated that it would have to be something in the near term and would likely have to include some form of a project that emanates from and includes the Toys' R' Us parcel.

Item 3 – CDA RECOMMENDATION: Request to create Tax Increment District Number 8 (Eight) and the associated Project Plan to identify Project Costs for the construction of the Brookfield Conference Center including land acquisition, infrastructure and site improvements, sidewalks and streetscaping, environmental remediation, demolition, and professional consultant fees.

Motion was made by Michael Faber, and seconded by Alderman McCarthy, to create Tax Increment District Number 8 (Eight) and the associated Project Plan to identify Project Costs related to the Brookfield Conference Center including land acquisition, infrastructure and site improvements, sidewalks and streetscaping, environmental remediation, demolition, and professional consultant fees. Motion carried 6 – 0. .

Adjournment

Motion was made by Alderman McCarthy and seconded by Mr. Rozmus, to adjourn the Community Development Authority meeting. Motion carried 6 – 0. Meeting adjourned at 4:41 pm.

Next meeting TBT as needed

Minutes respectfully submitted by Todd Willis