



**Joint Village Board/Community Development Authority
MEETING MINUTES**

December 14, 2015

CDA MEMBERS PRESENT: R. Richardson, J. Garski, F. Risler, G. Feest & J. Thorsen

CDA MEMBERS ABSENT: M. Langendorf, J. Henke (excused)

VILLAGE BOARD MEMBERS PRESENT: J. Garski, A.M. Clausen, S. Havn, J. Hewitt, R. McCluskey, G. Feest & D. DeGroot

VILLAGE BOARD MEMBERS ABSENT: None – J. Garski arrived at item #5.

Staff: L. Martin

1. Call to Order/Roll Call

The CDA was called to order at 3:40 p.m. by R. Richardson. The Village Board was called to order at 3:40 p.m. by S. Havn.

2. Pledge of Allegiance

3. Public Comment - None

4. Approval of November 2, 2015 Joint Village Board & CDA Meeting Minutes

F. Risler motioned, J. Thorsen seconded for the CDA to approve the November 2, 2015 joint Village Board & CDA Meeting Minutes. Motion carried 4-0. J. Hewitt motioned, R. McCluskey seconded for the Board to approve the November 2, 2015 joint meeting minutes. Motion carried 6-0.

5. Racine Toyota – Development Agreement Amendment | TID No. 1

L. Martin presented the amendment to the Racine Toyota development agreement: In April 2015, the CDA and Village Board approved a Development Agreement for the Racine Toyota project at I-94/Washington Avenue. The basic financial terms of that agreement are as follows: [Pay-As-You-Go Annual Payments & Municipal Revenue Obligation (MRO)] The total project value used for purposes of the Agreement is approximately \$5.5 Million. The Pay-As-You-Go assistance is structured at a rate of 75% of the net increment from the now singular northern parcel. These reimbursement payments will occur annually and are secured by a Municipal Revenue Obligation (MRO). The MRO formalizes any pay-as-you-go payments that would occur outside of the expenditure period of the TID, but prior to its closing. All obligations cease at the time of TID closure. [Up-Front Incentive] The upfront incentive totaled \$150,000 for the lifting of a deed restriction on the former Kilbourn Drive. The State of Wisconsin/DOT agreed to a total price of \$160,000 for the lifting of this restriction, with the Village paying \$150,000 and the developer covering the remaining \$10,000. Upon lifting of the deed restriction, the roadway was vacated and removed to make way for the development.



The project groundbreaking (July 6, 2015) as well as the construction start were delayed due to unresolved DOT and wetland issues on-site. These unforeseen issues pushed back the anticipated project completion from December 31, 2015 to sometime in February 2016. Because the Development Agreement locked in a completion date and Guaranteed Minimum Value, the Developer would be in violation of the agreement as of January 1, 2016 and be responsible to reimburse the Village for the up-front incentive.

To avoid this penalty and continue in good faith with the completion of the project, the amendment has been drafted. The amendment not only pushes back the completion deadline (to March 1, 2016), but also modifies the terms to a truer pay-as-you-go agreement, regardless of the value attained as of January 1, 2016. The first pay-go payment would be issued in 2017 based on value on January 1, 2016, even though the Guaranteed Minimum Value will not be met on that date.

The developer is covering all legal fees associated with the drafting and recording of the Development Agreement Amendment. There is no real net impact relating to property tax revenue or project value due to the pay-as-you-go scenario. L. Martin recommended approval of the Project Toyota Development Agreement Amendment as presented.

After minimal discussion, J. Thorsen motioned, F. Risler seconded for the CDA to approve the amendment as presented. Motion carried unanimously 5-0. D. DeGroot motioned, A.M. Clausen seconded for the Village Board to approve the amendment to the Racine Toyota Development Agreement. Motion carried unanimously 7-0.

6. Adjournment

At 3:53 p.m., J. Thorsen motioned, and F. Risler seconded for the CDA to adjourn. Motion carried unanimously.

J. Hewitt motioned, and R. McCluskey seconded for the Village Board to adjourn. Motion carried unanimously.