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Department of Community Development

**Economic Development Board
February 2, 2016
7:30 AM
North Conference Room
Mequon City Hall
11333 N Cedarburg Road**

AGENDA

1. Call to Order, Roll Call.
2. Approval of Meeting Minutes: November 3, 2015
3. Welcome Rick Shneyder & Introduction of Board Members
4. Town Center Business Development Loan Program Application for Ruby Tap
Discuss and Recommend
5. Revolving Loan Fund Application for Big Shot Sports
Discuss and Recommend
6. Staff Updates
7. Announcements
8. Adjourn

Dated: January 29, 2016

/s/ Tim Carr, Chairman

.....
Notice is hereby given that a quorum of other governmental bodies may be present at this meeting to present, discuss and / or gather information about a subject over which they have decision making responsibility, although they will not take formal action thereto at this meeting.

Any questions regarding this agenda may be directed to the Dept. of Community Development office at 262-236-2902, Monday through Friday, 8:00 a.m. – 4:30 p.m.

Persons with disabilities requiring accommodations for attendance at this meeting should contact the City Clerk's Office at 262-236-2914, twenty-four (24) hours in advance of the meeting.



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Department of Community Development

Economic Development Board November 3, 2015 7:30am Minutes

1. Call to Order, Roll Call.

Members present: Tim Carr, Gloria Rosenberg, William Arpe, Matson Holbrook, Andrew Petzold, Jim Baka, Harry Kollman, John Wirth

Staff and City Representatives Present:

Kim Tollefson, Director of Community Development
Will Jones, City Administrator
Connie Pukaite, Alderman
Mark Gierl, Alderman
Pam Adams, Alderman
Dale Mayr, Alderman

2. Approval of meeting minutes

Mr. Arpe made a motion to approve the open and the closed meeting minutes from September 29, 2015.

Mr. Kollman seconded the motion.

A voice vote was called.

All voted aye.

3. Convene into Closed Session:

Adjourn into closed session pursuant to Section 19.85(1)(e), Wisconsin State Statutes, deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session (Land Acquisition).

Mr. Arpe made a motion to move into closed session.

Mr. Baka seconded the motion.

A voice vote was called. (No – Mr. Wirth)

There was a discussion regarding going into closed session versus remaining in open session. Ald. Gierl agreed with Mr. Wirth to stay in open session. Mr. Wirth stated that the merits regarding the proposals are supposed to be held in open session. He added that closed sessions are for bargaining reasons or negotiating. Mr. Carr stated that the EDB may add provisions that go with the recommendation to the CC and that may validate a closed session. Mr. Kollman stated he would like some clarification from the City Attorney about when it is appropriate to be in closed session. He asked that staff get some further explanation from the City Attorney and share that information with EDB. Ald. Adams questioned whether it is legal

to be in open session even though it was published on the agenda that it was a closed session meeting. She stated that other people would have wanted to attend the meeting.

Ald. Pukaite asked what the difference would be to be in open session versus closed session. Mr. Wirth answered that the minutes would become public.

Mr. Carr stated that the meeting would stay in open session unless the conversation warranted going into closed session. Ms. Rosenberg agreed.

Mr. Petzold made a motion to go into open session.

Mr. Arpe seconded the motion.

A voice vote was called. All voted aye.

Ms. Tollefson reminded the EDB that the goal of the meeting is to recommend a selected developer to the Common Council for potential action on November 10th. This initial recommendation gives staff the permission to further negotiate a development agreement to purchase the land with the selected developer. She stated that last Wednesday there was an all day interview session with each of the three developer finalists. The committee consisted of CC members, EDB members, staff and the two representatives from Colliers. The result from that interview session was to select Shaffer as the developer and WiRed Properties as the runner up.

Mr. Arpe stated that he does not agree with that consensus. He stated that the two Colliers representatives voted to select WiRed based on experience and valuation.

Ms. Tollefson reminded the EDB about the public goals set at the onset of the process:

1. A project that substantially complies with the TC zoning in the spirit and intent of the creation of TC.
2. The project maximizes the potential of value and therefore creates tax increment for the TIF in the near term.

Ehlers did an analysis about 6-9 months ago and had indicated that about \$45M of increment would be needed by January 2016 for the district to close out. There is time to make that up and this project is not the only project to generate that increment. Other projects included are:

- Town Center project (\$20M),
- Dermond Property Investments (\$8M)
- An assisted living facility and market-rate apartments with the existing Memory Care project (\$6-\$7M).

Ms. Tollefson explained that at the all-day interview session each developer was given in advance a set of standardized questions to be answered during their presentation as well as a set of customized questions regarding each development plan was included. The group was asked to evaluate each of the top finalists. The compilation of that evaluation put WiRed in first, UFG and Shaffer in second and third place separated by 1 point. The top finalist overall was Shaffer and the runner-up was WiRed.

The following is a summary of general comments made by the interview committee :

Shaffer

Positives: greatest level of effort through process, most creative, true mixed use, experienced team (Endberg Anderson and Horizon), urban design, the design creates local interest, local financial ownership and financing (Tom Nieman), more custom fit.

Concerns: some information anecdotal, schedule more fluid because not all the decisions are made (the hotel), the developer was asked to develop a plan without the hotel and they are willing to do that, they were asked about the hierarchy of decision making due to so many players (Cindy will be the ultimate decision maker)

WiRed

Positives: capable of delivering the commercial development, vested interest in getting the commercial right due to existing TC project, knows the market, highest potential project value, quickest to full assessment (all 1 phase), cohesiveness between the two TC projects

Concerns: quality control would be required (over promised and under delivered), plan lacks creativity, question if there is a priority on community needs being met.

Ald. Pukaite stated that WiRed broke many promises on the existing TC project. She feels the project is not a quality project and is disappointed that it is still not complete and the apartments are not rented.

Mr. Arpe stated that the staff does not have a vote in the selection and the past experiences should not be in the equation.

Ms. Tollefson stated that is correct that staff does not have a vote. Staff will work professionally and respectfully with whichever developer is selected for this process. The goal is to manage and deliver a successful project for the entire community.

Mr. Petzold stated that he is surprised by the current ranking of the preferred developer as at the last EDB meeting on September 29th, the EDB ranked the developers with Shaffer being third. He thinks Shaffer does not have the experience needed for this level of a project. He thinks WiRed is qualified and should not be judged solely on the last project, they have developed many viable projects throughout the state.

Mr. Carr stated that the interviews revealed many more detailed plans. He feels that the Shaffer plan was very impressive. She brought together a very strong team. He said she seems to be a great problem solver. He thinks WiRed is capable. He feels that all the developers would be able to produce a quality project.

Mr. Baka stated that he was silent at the last EDB meeting because there were no details, it was concept only. He feels that the Shaffer plan is very creative. He does not know about the execution but the interview day was focused on the concept of the overall plan for the project.

Mr. Kollman stated that he is wants clarification on the role of the EDB. He believes that the role of the EDB is to look at the economic vitality of the project plus the design concept and everything that goes with it. He stated that if that is the case to look at everything, than Shaffer has the greatest overall concept design. If it is just economic vitality, than he prefers WiRed. He stated they have problems that they have too many apartments located all over the site. The commercial potion of the Shaffer design is off point. He feels there are positives and negatives about both plans.

Ms. Tollefson explained that the EDB is responsible to make recommendations to the CC regarding projects that affect the economy of the city and specifically on situations like this one where there is land acquisition. This board helps the CC vet through those decisions. She added that the value on a project is also generated from the type of the design, the sense of community that is created, the physical and design attributes that are brought to the site and the project as well as tax base value.

She explained that some of the goals regarding the community needs in the zoning district are:

- To create a more traditional neighborhood design

- Pedestrian-oriented activity
- Opportunity for gathering spaces, vitality on the street
- Mixed-use development

She explained that when the EDB is evaluating a project, in addition to the financial aspects, the above mentioned list are tangibles that help to create a community. These factors of influence should also be considered of value.

Ald. Gierl does not like the idea of a hotel and he does not think one is needed in Mequon. He does not think the hotel is going to work and he thinks this location is the wrong location.

Ms. Rosenberg replied that this concept only. The plan will change many times. She stated that many in the community would like to have a hotel and that there is a support for one. She stated that people living in those apartments would use the hotel for overnight guests.

Ms. Tollefson stated the hotel idea is anecdotal at best. The interview team had gone back to Schaffer and expressed concerns about the hotel, about the timing of the hotel and asked about an alternative plan if the hotel idea is not going to work. Shaffer was asked if they are willing to develop an alternative plan up front in the process that does not include a hotel and a timeframe in which it would be decided if a hotel would be feasible and approved.

Mr. Wirth thinks that the EDB should be doing a fundamental analysis to determine which developer will get the project done and whether they come through with the desired increment. He also thinks the commercial and residential aspects should be evaluated.

Mr. Petzold agrees with Mr. Wirth. He believes his role is to evaluate the economic best interest of the city. He looks to which developer is going to deliver the increment and who has the experience to deliver the increment.

Mr. Kollman stated that Mr. Petzold is stating something different than what Ms. Tollefson advised.

Ald. Adams stated there are a few other apartment projects coming forward from the private sector that are solely focused on the apartments. This is the only project to meet further community needs and desires.

Mr. Wirth feels that there is too much conversation about community needs. He said the market determines what the needs are and what will make money. He thinks whichever developer that can make money is the preferred choice.

Mr. Baka clarified the role is to look at the concepts. He said that if the only goal is to look at the economics than they shouldn't look at the concept at all. He asked if the role of the EDB is to only look at economics.

Ms. Tollefson answered that the role of the EDB in this specific process is to facilitate the transaction of the sale of the city owned land. Two public goals were established for this project that need to be considered in the decision making process.

Mr. Arpe stated that any apartments developed would be very high end. He did some valuation work and concluded:

- The residential rate is \$182 sq. ft

ECONOMIC DEVELOPMENT BOARD MEMBERS

First Name	Last Name	Address	Email	Phone No. (H)	Phone No. (W)	Phone No. (Alt)	Position
Timothy	Carr	8501 W Pioneer Road (53097)	tim_carr@mssb.com	262.241.1929			Chairperson
Andrew	Peizold	10580 N Port Washington Road (53092)	apeizold@concorddevelopment.com	262.241.9910x104		C: 414-940-9910	Member
James	Baka	10848 Norway Drive (53092)	jim493000@yahoo.com	262.242.0172	414.412.2557	414.461.5601	Member
Matson	Holbrook	9712 North Ash Cout (53092)	mbholbro@gmail.com	262.643.4620	917-774-1857	C: 917-774-1857	Member
Gloria	Rosenberg	12918 N Colony Drive (53097)	GloriaAR@att.net	262.243.9119	414.963.1664		Member
Harry	Kollman	12327 Golf Drive (53092)	hkollman@wi.rr.com	262-242-0176			Member
John	Wirth	9531 W Donges Bay Road	jwirth@mzmilw.com	262-242-7462	414-727-6276	414-727-6306	Member
Rick	Shneyder	5403 W. River Trail Road	richard.shneyder@usbank.com	414-617-6120	414-617-6120		Member
Mark	Gierl	14108 N. Birchwood Lane	mgierl@ci.mequon.wi.us	262-618-2028			Aldermanic Rep
Connie	Pukaite	11453 N. Riverland Road	cpukaite@ci.mequon.wi.us	262-242-2778			Alt. Aldermanic Rep
Kim	Tollefson		ktollefson@ci.mequon.wi.us		262.236.2903	F:262.242.9655	Staff Liason
Robin	Buzzell		rbuzzell@ci.mequon.wi.us		262-236-2902		Staff Support



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Department of Community Development

To: Economic Development Board
From: Kim Tollefson, Director of Community Development
Date: February 2, 2016
Subject: Town Center Loan Pool Program: Ruby Tap

Background: As part of the 2103-2014 Work Program, staff pursued a loan pool program with First Bank Financial Centre. First Bank established a new branch in the city and is an organization that focuses on the community and its needs. First Bank initially created this program in 2010 with the City of Oconomowoc for their downtown and since that time has established the program in various communities and it is designed to focus on revitalization in downtown and main street areas. The City of Mequon's program was established in 2013.

City of Mequon Program: Sites within the Town Center TID are eligible for the program. Its purpose is to assist in revitalization efforts, increase capital investments and provide support to new and existing businesses. The program provides low-cost loans for start-up costs and for improving existing commercial structures and businesses. Loans are generally not less than \$10,000 or more than \$25,000 and have interest rates fixed at 1%. First Bank has committed to \$250,000 of capital to begin this venture with the City of Mequon.

The loan processing and servicing is handled by First Bank Financial Centre. The local approval process will include a recommendation by the Economic Development Board and final action by the Common Council.

Economic benefits include the following:

- business development and start-up or expansion of existing, local businesses
- business and job retention and attraction
- redevelopment efforts consistent with Town Center goals
- provides below mark interest rates
- provides longer term loans

Ruby Tap: Ruby Tap is a new business located in Town Center as part of the Wired/Shaffer mixed-use development at Mequon and Cedarburg Road. Ruby Tap is the first Town Center business to take advantage of this program. First Bank has approved the loan for \$25,000 with 1% interest rate (please see attached memo from Rob Helm, Vice President – Commercial Lender). The use of funds will include further interior improvements to the space and outdoor features for the dining patio. These are eligible activities within the program guidelines.

Further, the investment by Ruby Tap within the Town Center fulfills the following priorities established for the program by the Mequon Common Council:

-
- A business that furthers the Town Center goals and spirit and intent as pedestrian oriented, mixed-use neighborhood.
 - A business that attracts a significant number of people to the Town Center and therefore creates activity at varying times.
 - A business that provides new jobs, start-up business and business expansion.

Planning Staff Recommendation: Per the approval by First Bank related to the financial strength of the application and Planning staff's recommendation related to the established neighborhood goals for the program, staff recommends **approval**.



Kim –

I wanted to share the following with you regarding the loan request from The Ruby Tap:

- First Bank Financial Centre has approved a loan under the City of Mequon Town Center Business Development Loan Pool program for The Ruby Tap, owned by Brooke Boomer and Sarah Nelson. The terms approved were:
 - Loan Amount: \$25,000
 - Amortization: 10yrs
 - Interest Rate: 1.00%
 - Use of Funds: Window Treatments / Software for Wine Machines / Room Dividers / Railings for Lounge Area / Possible Outside Awning & Furniture
- Per the Program Description “to provide low cost loans for start-up costs for new businesses or firms and expansion costs for existing businesses located in the Town Center of the City of Mequon”, we feel this project fits perfectly into the designated use of the funds committed by First Bank Financial Centre for the Program.
- Our underwriting and review included the following:
 - As with all loan requests, we collected Personal Financial Statements from each of the owners
 - Since this is an existing business, we collected three years of Tax Returns for the business, and also for each of the owners.
 - Since we were in the middle of a Tax Year, we also collected Interim Financial Statements for the business (thru 11/30/15)
 - Since this is a new location, we also collected projections for the two coming years evidencing the ability to Cash Flow going forward
- In each area of our Review, we were confident that this request presented low risk, and is a sound investment under the Program

Hopefully this is sufficient for what you need. If you need anything further, please let me know. We are excited to get this Program off the ground ... and hopefully see this first loan funded spur additional requests.

We are looking forward to working with the City of Mequon!

Rob Helm

ROBERT D. HELM
VICE PRESIDENT - COMMERCIAL LENDER

First Bank Financial Centre
11715 N. Port Washington Road
Mequon, WI 53092

Discover the Community Bank Difference!



IV. PURPOSE OF LOAN

Describe the scope of work which the Business Development Loan Pool funds are proposed for, and the anticipated benefits to be realized from the proposed project. (Examples: benefits low income employees, youths, minorities, handicapped, veterans, elderly, local economic benefits, Impact on the environment (if any), community benefits, financial impact on local government, etc.)

Please be as specific as possible by presenting a detailed outline of all proposed work, including all renovations, equipment, start-up costs and training costs, etc. If applicable, the design proposal should also accompany the application.

We ~~are~~ are already up and running but wanted to wait on purchasing a few things once we have made a little money. Those things can wait for spring because they are things like patio furniture and window treatments. We have a traditional bank loan but the interest rate is high and this would be a much better option while we continue to pay off that loan and run 2 locations. This loan will allow us to make the improvements sooner than originally planned.



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Department of Community Development

MEMORANDUM

To: Economic Development Board
From: Kim Tollefson, Director of Community Development
Date: February 2, 2016
Re: Big Shots Sports Revolving Loan Fund Application

Background: The City of Mequon is in receipt of an application by Big Shots Sports for \$50,000 from our Revolving Loan Fund (RLF). Please find attached a memo from Ozaukee County Economic Development Director, Kathleen Cady-Schilling dated January 29, 2016, which summarizes the proposal and staff analysis.

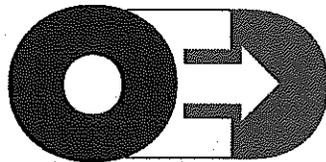
The request for the loan is to assist with the acquisition of a 15 acre property located at 10328 N Wauwatosa Road to start a new golf driving range, capital equipment and working capital. The proposed development includes a new, year -round facility with a driving range, indoor practice facility, lessons, pro shop and food and drink menu. The new business will add several new part-time employees. For the purpose of this loan, 2.5 full-time equivalent jobs shall be created.

Should the Board find the job creation valuable and finds that the new operations at this site beneficial, staff recommends use of the RLF dollars.

Revolving Loan Fund Balance: The balance of the city's revolving loan fund is \$405,661. These funds can't be utilized for city projects and are administered by the Department of Commerce. Action to approve the application by Big Shots Sports will result in a fund balance of \$355,661.

Staff Recommendation:

Planning staff and the Ozaukee County Economic Development Director recommends **approval** of the RLF application for Big Shots Sports subject to action by the Finance-Personnel Committee and Common Council.



OZAUKEE ECONOMIC DEVELOPMENT

MEMORANDUM

TO: Mequon Economic Development Board

FROM: Kathleen Cady Schilling, Executive Director
Ozaukee Economic Development

DATE: January 29, 2016

SUBJECT: **REVOLVING LOAN FUND LOAN: Big Shots Sports**

The purpose of this memorandum is to provide a summary and staff analysis of the request from Big Shots Sports, LLC for a Revolving Loan Fund (RLF) loan for land acquisition, capital equipment and working capital. Big Shots Sports, LLC will be purchasing 15 acres on land at 10328 N. Wauwatosa Road to start a new golf driving range at the location. There is currently a driving range (Nichol Park) at this location, Big Shots Sports LLC will be running a similar operation. .

Background

Big Shots Sports, LLC will be purchasing the former golf practice facility and driving range at 10328 N. Wauwatosa Road. The site has 15 acres of land with a maximum of 45 outdoor golf driving range spots. Big Shots Sports is owned solely by Ilan Hang and was formed in January of 2016. Golf has seen steady global growth and popularity over the past couple of years. Big Shots Sports will be a year-round facility with the outdoor driving range being utilized 8 months a year and its indoor practice facility being available year-round. The indoor facility will be utilized for membership golf and golf lessons. Big Shots Sports is also contracting with the First Tee to hold its lessons there year-round. Big Shots Sports will also offer a small food and drink menu. Patrons will be able to purchase buckets of balls, take lessons from the Big Shots Golf Pro or purchase food or drink at the facility.

Big Shots Sports primary market will focus on the Northshore – Mequon, Brown Deer and Germantown. Additionally, Big Shots will be connecting to area high schools to offer junior discounts to teams to utilize Big Shots as an additional practice facility. Initial marketing will focus on door direct mail to get out Big Shots Sports name. They will also be looking at running ads in the local publications.

Big Shots Sports has detailed financial projects breaking out their costs on a monthly basis. The business shows that it will be profitable within the first year utilizing a conservative revenue stream. The current golf practice facilities and driving range was poorly utilized by the previous ownership and

usage has diminished. Big Shots will be revamping the golf practice facilities and driving range. They will also be working to create new relationships to repair some that had been damaged by the past ownership. Big Shots also has plans to remodel the current club house to include a small commercial kitchen.

The company will be hiring several part-time employees as well as a golf pro, these positions will equal 2.5 full-time equivalent jobs. The part-time positions will help run the day-to-day operations of its golf practice facilities and driving range.

Funding Request

The Company is requesting that the \$50,000 RLF loan be provided with a term of five years and amortization of seven years and an interest rate of 1.75 percent, with a six month deferral of principal to ease the original start-up costs. (1.75 % is half of prime, this is the rate that other RLFs are offering in the County. Mequon has the ability to offer any rate between 0% and half of prime.) The company has received a \$200,000 loan from First National Bank and is putting in \$36,999 of their own money as equity in the project. The loan from First National Bank is five year loan at a 5.75% interest rate. The City of Mequon's loan term would match the First National term, with the option to extend the loan to the full term of the amortization assuming the loan was in good standing.

The collateral available to secure the loan would be a second mortgage on the property to First National Bank, a personal guarantee from I Lan Hang and a mortgage on I Lan Hang's personal home at 5960 N. 113th Street, which would be second to his original. The personal property purchased for \$182,000 and has an original mortgage of \$160,000.

The Company has agreed to create at least 2.5 new full-time equivalent jobs in exchange for the RLF loan. The jobs would be recruited through the Ozaukee County Workforce Development Center and the company would agree to submit income survey information on all applicants. The company agrees to hire 51% of its employees from low to moderate income households.

Contingencies

If the City approves the loan request, it is recommended that the following conditions accompany the approval:

1. A \$50,000 RLF loan is provided to Big Shots Sports, LLC. The loan would be used for land acquisition, capital equipment and working capital.
2. A loan of \$200,000 is provided to the Company by First National Bank.
3. The RLF loan is provided with a five-year term, seven year amortization and an interest rate of 1.75 percent.
4. The RLF loan shall have a six month deferral of principal payments.

5. The loan shall be secured with the collateral at 5960 N. 113th Street, Milwaukee WI.
6. The Company shall create at least two and a half new full-time equivalent positions within 24 months of the closing on the RLF loan and that the new jobs are made available through the Ozaukee County Workforce Development Center. Additionally, the company shall hire 51% of its employees from low to moderate income households.
7. The Company shall provide to the County, or its designee, on an annual basis, semi-annual financial statements that are certified by the borrower, annual financial statements that are compiled by a certified public accountant, and signed copies of the corporate Federal income tax return.

* * *