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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  
Minutes**

**1. Call to Order, Roll Call.**

Members present: Tim Carr, Jim Baka, Mason Holbrook, Gloria Rosenberg, Rick Shneyder, John Wirth, Ald. Connie Pukaite

Staff and City Representatives Present:

Kim Tollefson, Director of Community Development

**2. Approval of meeting minutes**

Ms. Rosenberg made a motion to approve the meeting minutes from November 3, 2015.

Ald. Pukaite seconded the motion.

***A voice vote was called.***

***All voted aye. (7-0)***

**3. Welcome Rick Schneyder & Introduction of Board Members**

Ms. Tollefson welcomed Rick Shneyder to EDB and each member of the board introduced themselves.

**4. Town Center Business Development Loan Program Application for Ruby Tap**

- Mr. Robert Helm, Vice President, First Bank Financial Centre

Ms. Tollefson stated that the role of the EDB is to take action and render an opinion and recommendation for the Finance and Personnel and the Common Council (CC) boards. She explained that the loan program with First Financial was established in 2013 through the EDB. The EDB's key role is to evaluate whether the business is the type of business that is the desired type of business for the Town Center (TC). There are specific criteria in the program to prioritize the type of business that is appropriate for the Loan program:

- Job creation
- Business expansion
- New business that provides and attracts large groups of people (gathering space and creating vitality).

First Financials role is to evaluate the loan application. The City does not have any financial commitment to the loan. The loan will be between the applicant and First Financial. One of the reasons to work this through the process is to promote the program. This is the first applicant to apply.

Mr. Helm stated that they have similar programs in other communities that have been successful. They set aside \$250,000 for the community with a \$25,000 maximum loan amount with a 1% interest rate amortized up to 10 years. He said this is first applicant but he has been talking to a few others that are interested in the program. He stated that they have seen that in other communities it just grows and grows as one applicant talks to another and the information gets out into the community that this program is available.

Mr. Carr stated that this program is a win-win for everyone involved and he feels that the first applicant is a fit for what the City is looking for.

Mr. Helm stated they underwrite the loan and they collect 3 years of tax returns, The applicants have an existing operation in Wauwatosa and this is their second site, so historical financials and two years of projections were also reviewed.

Ms. Tollefson stated that this business really hits the mark as a desired business in the TC. They appeal to a wide variety of customers, they have been busy since they opened and she feels they are a great synergy between Colectivo and ultimately Café Hollander.

Ald. Pukaite stated that the requested loan appears to be specifically for the purpose of improving the outside patio area.

**Action:**

Mr. Wirth made a motion to approve the item.

Ms. Rosenberg seconded the motion

***A voice vote was called.***

***All voted aye. (7-0)***

Mr. Helm encouraged the EDB to help promote the program to other businesses.

**5. Revolving Loan Fund Application for Big Shot Sports**

- Ms. Kathleen Cady-Schilling, Executive Director, Ozaukee Economic Development

Ms. Schilling stated that the Mequon Revolving Loan Fund (RLF) is funded by Federal Community Development Block Grant dollars. They are given by the state and the City of Mequon received the dollars for the loan in which dollars are lent out and then paid back. The returned fund stays in the program which the City can use to continue to revolve. Some of the recent loans are:

- Joey Gerard's restaurant, (Baralotta) and Spectrum Investment Advisors.

All of the loans are current and they are all being paid back.

The current application is a smaller loan for the former Nichol Park Golf Range, which is a golf driving range. They are going to use the loan for land acquisition, capital equipment and working capital. The entire project is relatively small and the entire loan is for \$50,000. This is a new company so a review was done of proposed financials, personal financials of the applicant. A personal guarantee is always required. Due to not having much collateral in the land, a second mortgage on the applicant's personal

home was required.

She stated that one challenge with this loan originally was that it requires 2.5 full-time equivalent job positions to be created. One of the concerns was whether these positions would be able to be created in a seasonal type of position. The business will be operated year round; they will be providing indoor golf instruction during the winter. They have contracted with First Tee and will be running programs for them throughout the winter as well. First Tee is the PGA's youth golf program. In addition, the applicant is hoping to establish some relationships with the local high school golf programs.

Mr. Carr asked if there will be improvements made to the facility.

Ms. Schilling answered that there will be improvements made to both the golf area and the interior. Long term the applicant would like to obtain a beer and wine license.

Mr. Wirth asked if the projected revenues for year one were similar to what was created there previously. He stated the issue is the location of the facility is not on the east side of town.

Ms. Schilling answered that there were not financials provided from the previous owner. The proposed program was reviewed by the bank and deemed acceptable.

Mr. Wirth stated that the second mortgage on his house is not meaningful because he has no equity in his house. The second mortgage on the range does not have much value either. He stated that it is a \$50,000 gamble that will not be paid back if the business fails.

Ms. Schilling stated that there has only been one default in the county.

Mr. Wirth stated that there was one default in Mequon as well many years ago.

Mr. Shneyder stated he has concerns that the applicant will not be on site. He is concerned that this business did not succeed before. He would also like to know who the staff is going to be. He feels that there is a lot of golf already in Mequon.

Mr. Wirth asked if all the applicant's liquid assets are going into this deal. He is concerned with the fact that the RFL is larger than his personal investment. The City has a bigger investment than the applicant. Otherwise he does meet the criteria for the loan. He feels that the fact that there was a viable business previously; there is a positive track record at this location.

Mr. Baka stated that First Tee is a program focused on underprivileged children. They believe in diversity. He feels that a contract creates a very different environment and they will be required to bring in a certain amount of kids to the facility.

Ms. Schilling stated that if the applicant does not create the required 2.5 staff; he would default on the loan.

Mr. Wirth inquired if the Minnesota property could be used as collateral.

Ms. Schilling stated that there is not a mortgage on the Minnesota property and that it is an option. She added that they typically try to take collateral located in Wisconsin, but it is something that could be done.

Mr. Baka stated that he would like to see the First Tee contract. He would like to see what revenue is being generated from the contract.

**Action:**

Mr. Wirth recommended approval to the CC with a condition that a mortgage on the St. Paul property versus the Milwaukee property be required and also requested submission of the First Tee contract.

Ald. Pukaite seconded the motion.

Mr. Holbrook stated that this property would be a good location for kids from Milwaukee.

Mr. Wirth stated that as long as the loan is secured and he does support the kids being bused in to play golf, he supports the loan. If asked if we hold the applicant for 1 month to wait for the First Tee contract or request that it be submitted to CC for review. He asked to have the information circulated to the EDB for review as well.

Ms. Schilling stated the City's loan program requires that the interest rate can be 0% but we typically execute at ½ of prime; it is 1.75%. She explained that each city was able to set the programs.

Mr. Wirth stated that the City is not keeping pace with inflation and the program funds cannot grow and should consider a change related to this program.

Ms. Schilling was asked for a breakdown on the loan amount. She stated that \$25,000 is for the acquisition of the land, \$10,000 is for working capital and the rest is for equipment; \$7,000 for building renovation and \$5,000 for working capital.

Mr. Shneyder asked about viewing the resumes of hired staff. He feels the hired GM is the basis of a successful business since the owner will not be on site.

**Action:**

***A voice vote was called.***

***All voted aye. (7-0)***

## **6. Staff Updates**

- Ms. Tollefson stated that an unfinished item from the work program from 2014 is focus groups. She will bring ideas to the EDB to move forward with this item.
- Ms. Tollefson recently met with Partnership Bank. They are interested in establishing a program similar to First Financial and asked staff to consider a targeted geographic area or specific properties that the City would like to see developed. Staff will put together a list of priority sites or ideas. The representative from Partnership Bank; Joe Nelson, may come to one of the next EDB meetings to discuss the list with the board for feedback.

Ms. Tollefson stated that there are two TC TIF incentive initiate requests. She is working with Ehlers and the developers regarding the requests.

- Dermond Property multi-family development project on

**Buntrock**

- Multi-family project on Mequon Road which is part of the PUD by the Assisted Living Memory Care.

**Items from the Planning Commission:**

- Lakeside Oriole Lane Development – wooded property and wetlands issues. Proposing 9 single family condo homes.
- Oldenburg Farm – action to be taken by CC for a proposed 21 lot conservation subdivision on 221 acres. The surrounding neighborhood is strongly opposed because they do not feel that it fits the rural character. The other option is a 5-acre design which will not visually make a difference. The property meets all the criteria for a conservation subdivision. The developer is offering dedicated public land along Little Menomonee River to the City. This would help create a greater green space on the west side and the City could put in trails which would be great for the City.

Ald. Pukaite stated that the Oriole Lane project is a concern due to the drainage issues there.

Kohler Credit Union is seeking a rezoning from B-3 to B-2. They are having difficulty renting out space. Staff recommended they come forward for a text amendment but they are requesting rezoning approval.

Mr. Baka asked about the status of the Shaffer project.

Ms. Tollefson answered that a workshop session later in the month with the CC is scheduled where the contract to purchase will be ready for approval and a draft development agreement will be ready. Cindy Shaffer's team will have an opportunity to meet with the whole CC to review concept plan and consider some of the changes with that based on site conditions and the context of the surrounding neighborhood.

Ms. Tolleson asked the board if there were any ideas or objectives they want to address. She asked if they would like a status update on each of the TIFs.

The board responded yes.

Mr. Wirth stated that he feels that EDB should make recommendations to CC about what the City should be doing to promote economic development outreach. He feels that Mequon does a lot less than other communities.

Ald. Pukaite stated that City staff is very strapped in terms of the number of staff able to do work on these programs.

Mr. Wirth suggested that if the EDB makes a recommendation to the CC that this is needed in our City, maybe it will be a signal to them.

Mr. Baka stated that it was discussed previously to reach out to the local universities for their assistance. He stated that Concordia is very committed to providing assistance from a marketing standpoint.

Mr. Wirth stated that it needs to be determined what needs to be done. Then decide who does it. He said that peer communities have a staff person dedicated to selling the community and developing their website.

Ms. Pukaite stated that Mequon simply does not have the staff to do this. There is not staff time to do this at this point. She encouraged that someone outside of the City staff would need to assist in these efforts.

Mr. Carr stated that the EDB has ability in its members to help in these efforts. There is enthusiasm for it to be done.

Mr. Baka offered to reach out and make some inquiries to Concordia University for help. He said they could probably do the comparative analysis for us.

Ms. Tollefson stated that the Shaffer project is a major focus for her for the next 9 months or so. It is imperative that the development is a success.

## **7. Adjourn**

The next meeting is scheduled for February 23, 2016.

Mr. Wirth made a motion to adjourn.

Ms. Rosenberg seconded the motion.

The meeting adjourned at 8:46 am.