

COMMUNITY DEVELOPMENT AUTHORITY

April 4, 2012

5:30 p.m.

Council Chambers

224 East Jefferson Street

1. ROLL CALL

The following commissioners were in attendance: Mayor Bob Miller, Bil Scherrer, Jim Spiegelhoff, Judie Lemieux, Tom Wiemer Excused: Jack Eckola Absent: Alderman Jeff Fischer

Also in attendance: Mr. Bill Stone, Mr. Tom Stelling, Ms. Ruth Dawidziak, Aldermen Katie Simenson, and Steve Rauch

2. APPROVAL OF MINUTES FROM OCTOBER 4, 2011

A motion to approve the minutes from October 4, 2011 was made by Miller with a second by Spiegelhoff. With all in favor, the motion carried.

3. CITIZEN COMMENTS

None

4. REVIEW AND CONSIDERATION FOR RESOLUTION 107 "A RESOLUTION TO EXTEND THE OPTION TO PURCHASE FOR REAL ESTATE IN THE DOWNTOWN REDEVELOPMENT PROJECT"

Chairman Scherrer introduced Resolution 107 to the CDA for consideration. Stone presented the CDA members with an update on the progress of the redevelopment of the property on the corner of Dodge and West Chestnut Street.

Stone stated that in 2009 a group of ten local parties (known as Core 1) decided to develop the blighted area on Dodge and West Chestnut Street. This original organization joined with the Lexington Group of Milwaukee to form the Burlington Hotel Group. This group built the Hampton Inn which was completed in January of 2011. The parking structure constructed by the city was also completed at the same time. This parking structure was deemed necessary both for the hotel and future development of the area.

In October of 2010, the Leslie Scherrer Development LLC obtained an option to develop the property at Chestnut and Dodge. In March of 2011 CORE II was formed by three parties and obtained an option from Leslie Scherrer Development LLC in March of 2011.

Stone related in early 2011 a major tenant had expressed interest in over half of the project with several other parties interested in approximately one-third of the remaining available space. Unfortunately, the major party had withdrawn in the summer of 2011. At this time, there is a Madison development firm as well as an investor from California that has shown an interest. Stone stated that the property option is soon to expire and CORE II is asking the CDA for an extension to their option for an additional two years.

Stone said that if the extension is approved, the goal is to contact the interested parties. He hoped the development would be in place by the end of the year with construction to take place in 2013.

Lahner commented that from the city's perspective there are three options available for consideration: extend the current contract, let the contract expire and open it

through "Requests for Proposals" or take it off the market completely for a period of time. Lahner stated that it would be his suggestion to remain with the current contract and offer the extension.

Lemieux had one request regarding an extension of the current contract and that would be for the area to be cleaned up as it is an eyesore for the neighborhood.

Wiemer questioned if there were any issues with hazardous materials on the site. Stelling replied the site is in the Environmental TIF District and the removal of the buildings was done with all precautions taken.

The mayor recommended the extension of the contract to the current group as they had put in an extensive amount of time with plans drawn and have they have some contacts.

The mayor stated that he had received only one phone call and that was from Mr. Jack Baker who was unable to attend this evening's meeting. Baker said he was opposed to extending the contract with this group as they had been given their chance and now it was time to move on to someone else.

Alderman Simenson was not against the current group for any reason, but she felt the perception by the public is that it is always the same group of people who are getting the one dollar deals and it didn't reflect well on the city. She said the survey that had been completed by Racine County Economic Development Corporation reflected that some of the local businesses did not feel they were part of the community due to these types of deals. Simenson also commented that she was not aware of the city's liability on the site.

Lahner did not think the liability for remediation was very strong as the majority had already been done.

Scherrer questioned if anyone coming in to that site would have to assume the liability of remediation. Lahner replied that was not the case.

Stelling commented that he would be willing to buy the property that evening for one dollar under the conditions that were set by the CDA. He further commented that his group has over a hundred thousand dollars invested between time and money up to this time. He said the value of this building would be around five million dollars with over three hundred thousand dollars in architectural fees alone which does not include any marketing or legal fees. He felt that if the city decided to market the property, the legal and marketing fees would be very high.

The mayor commented that most of the parcels the city had sold for one dollar have all been successfully developed; the one parcel sold on the open market is still sitting empty.

Stone added that with the financing for the hotel, there are many people who are still financially on the hook for personal guarantees for the financing for the hotel. Stone added that his group is still looking for six or seven individuals to join them to share some of the responsibilities and expense of this current project.

Rauch commented that he supported the extension of the contract but added that the parcel needed to be maintained.

A motion was made by Lemieux with a second by Spiegelhoff to approve Resolution 107 with the additional wording of "cleaning up the site". Roll Call Aye: Scherrer, Miller, Lemieux, Spiegelhoff, Wiemer Nay: None Motion carried 5-0

5. ADJOURNMENT

A motion was made by Wiemer with a second by Lemieux to adjourn the meeting. With all in favor, the meeting adjourned at 6:07p.m.

Beverly R. Gill
City Clerk
City of Burlington
Racine and Walworth Counties