

**APPLETON HOUSING AUTHORITY  
BOARD OF COMMISSIONERS MEETING April 7, 2010**

**Commissioner Attendees:**

**Ed Schmidt; Chairperson**                      **Kathy Groat; Vice-Chairperson**  
**Sgt. Patrick DeWall; Commissioner**      **Judy Lange; Commissioner**

**Commissioner Excused: Val Dreier**

**Present: Debra Dillenberg; AHA Executive Director, Karen Harkness; Director of Community Development, John Thode; Horizon Development, Inc., Randy Stadtmueller; Eagle Flats Development.**

**I. Call to Order-**With a quorum of the board being in attendance, Chairperson Schmidt called the meeting to order at 2:15 pm. Chairperson Schmidt asked for a round of introductions.

**II. New Business:**

Chairperson Schmidt called for a motion to untable Resolution # 2010-09 Tax Credit App. and Resolution # 2010-10 Expenditure for GAP Financing.

**Motion to Untable: By Vice-Chairperson Groat.**

**Motion seconded: By Commissioner DeWall.**

**Motion carried: Yes.**

Karen Harkness commented to the commission that City Hall supported the project. With the leverage of partnerships and the value of this project to the community Karen recommended the board move forward.

Ms. Dillenberg stated that the structure of the project kept changing down to the finish line, so she provided an overview of the proposed project and reviewed a list of questions as follows:

Who will manage the property? John Thode stated the application will be submitted with the AHA being the property manager on the housing portion of the project. We will create an operating agreement between Horizon and the AHA prior to the closing.

Will Horizon provide compliance oversight or direct management? John responded that this will depend upon both the investor and the development risk.

Will Horizon help sell our management capabilities to the investors? Yes.

Will the investors dictate who will manage even with an agreement? Only pursuant to the terms of the operating agreement. In other words, if the property is not being operated in a manner that meets the minimum operating

requirements, they have a right to replace the property manager. This is basically in every agreement that involves equity or debt.

Explain why Eagle Flats wants to be the Co-Developer on our project? Randy responded by stating that EF needs capital to cure the obsolescence on the site. Having them involved in the development is a way to do this. It was not their wish to be involved in the development of buildings at all, but if there is not an avenue for them to pay for the cost of site development, we will not have a site or a project.

Is the AHA contracting with EF or Horizon or both? Your agreement will be with Horizon. If EF is involved (still not resolved) it will be through Horizon. Do they have experience in residential development? Randy has experience in commercial development.

Why are development fees at 5% AHA and Horizon/EF 95% regardless of the risk? Why not a more traditional split of 70/30. I felt that this would be more expectable to your board, not having to explain all the risks involved, not having them have to agree to accept any risk, yet get them to allow us to get an application in. This is still your project. The development fee will be segregated in whatever manner we negotiate and in line with the board's appetite for risk. It should still be taken into consideration though that if funds do not go to Eagle Flats, we may not get a buildable site.

Ms. Dillenberg stated that while she understood about the land owner needing capital, the AHA was ready to accept risk and was bringing to the table 70 senior units with full section 8 subsidy. The AHA had stated they were interested in assuming the risk since risk was considerable lowered by the subsidy. Is Horizon their own general contractor on this project? Yes, we are design-builders.

Have you identified investors for this project and if so is EF an investor? We have a pool of investors that we go to. We will show them all of the projects that we submitted. EF has not been identified as an investor; these deals are not really set up for individual investors, they are more for institutional investors.

What is the total cost to the AHA to purchase building after 17 years? This will be negotiated with the investor. The most common current agreements are a 30/70 split on value with the investor getting 30% of the value. The values are quite low because the projects do not have a high NOI.

Commercial/Retail...what types and what kind of amenities will be available for the residents? Randy spoke of office space perhaps being the best opportunity.

Where do residents park if they don't have an assigned space and we have exceeded the 40 space limit? There will be at least 40 stalls available to them on

site adjacent or in the building. We do not have a site solution at this time. The planning process and the investor will both have input on this.

Unit Configuration...what is the square footage. Will some units be 504 assessable? Any walk-in showers? 1 bedroom submitted at 680 sf and 2 bedrooms at 980. This is very ample. All units will meet FH guidelines for accessibility and 2% will be ADA accessible. Again, it is your project; it will be what you want. We are currently going with 60 to 70% showers and only 30 to 40% tub/shower. Much of our older population can not readily step over the tub dam and they are more used to showers now, they do not demand tubs. This is up to you however if you are the guarantor.

What costs if any are prorated between the commercial and residential aspects of the building? (snow-removal, etc..) Items would be prorated per the parameter that makes the most sense. In some cases the parameter will change, say from area to number to expected use etc. Explain how these two building components work separately in liability issues if any. Normally there would be a general liability policy for the building and property, then each condo owner would have their own property insurance, and each tenant would have their own apartment and or property insurance as well. What if the commercial were to go under? If there is commercial (again, the program is not 100% finalized), it would be a separate condominium.

Do we have to have a resident manager instead of an off-site property manager? You would be the operator, this is up to you. I do not have a resident manager in the proforma (I show 70 units paying rent in a 70 unit building). Who is responsible for maintenance/cleaning? The property manager, in this case it would be you.

The PUM in the WHEDA app is listed at 365-410.....where do we stand? I sent in the proforma at \$257 per month. On these projects, taxes are normally \$70 per month and we are proforma at \$40 per month, this is why they are below the \$365 limit.

It was noted that the application was due April 9, 2010 and that details could be further discussed and agreed upon after WHEDA made a decision on June 28<sup>th</sup>.

Chairperson Schmidt called for a motion to move into executive session for confidential tax credit application discussion.

**Motion to approve: By Vice-Chairperson Groat.**

**Motion seconded: By Commissioner DeWall.**

**Motion carried: Yes.**

Chairperson Schmidt called for a motion to resume regular session.

**Motion to approve: By Vice-Chairperson Groat.**

**Motion seconded: By Commissioner Lange.**

**Motion carried: Yes.**

**No action was taken during executive session.**

Chairperson Schmidt called for a motion to approve Resolution # 2010-09. Commissioner DeWall stated that it was necessary and in the best interest of the Appleton Housing Authority to approve the submission of a Tax Credit Application and move forward with a Letter of Intent with Horizon Development.

**Motion to Approve: By Commissioner DeWall.**

**Motion seconded: By Vice-Chairperson Groat.**

**Motion carried: Yes.**

Chairperson Schmidt called for a motion to approve Resolution # 2010-10. Commissioner Lange stated that it was in the best interest of the Appleton Housing Authority to approve expenditures as outlined in the Resolution to meet GAP Financing of the River Walk Place project.

**Motion to Approve: By Commissioner Lange.**

**Motion seconded: By Vice-Chairperson Groat.**

**Motion carried: Yes.**

**Any other Business:**

There was no other business conducted.

**Adjournment:**

With there being no further business before the board, Chairperson Schmidt called for a motion to adjourn the special meeting of the board of commissioners.

**Motion to Adjourn: By Vice-Chairperson Groat.**

**Motion seconded: By Commissioner Lange.**

**Motion carried: Yes.**

**Certification: I hereby certify that the foregoing minutes were duly adopted by the Board of Commissioners this Day of April 19, 2010.**

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Seal Debra Dillenberg, Board Secretary