

ADAMS CITY COUNCIL COMMITTEE REPORT

The City Planning Commission was called to order on February 5, 2014, 2013 at 6:00 p.m. at the Adams County Community Center.

On roll call members present were Kierstyn for Mayor Baumgartner, Marti, White, Menck and Burke.

Others attending: Administrator Ellisor, Attorney Stan Riffle-Arenz, Molter, Macy, Riffle & Larson, S.C., Chuck Sulik-MSA Professional Services, GEITS Representatives and numerous citizens.

President Kierstyn introduced Attorney Stan Riffle. Attorney Riffle, who represents the City of Adams and has over thirty year experience with municipal law was retained to assist with the GEITS development, gave an overview. He stated that GEITS will present potential plans for the development in the Business Park in advance for the Public Hearing for the rezoning February 13. He had met with the Administrator and Council President Kierstyn two weeks ago. In those two weeks, he has obtained a bunch of documents to understand where the City is, as it relates to this potential development, the impacts associated to the Tax Incremental Financing and the impacts effect on the General Fund. He is to assist the Common Council going forward and how to proceed in the best interest to the City and the taxpayers. As a result of the initial meeting and review of the documents he has received, including the Master Contract and other contacts that have occurred then and now he has about a seventy percent understanding up to this point in time. He is confident to address concerns to give answers tonight based upon the presentation. He had an opportunity to sit down with the Council President and with GEITS representatives this week. We all realized there are provisions in that master contract that can't be met. He suggested that the master contract needs to be terminated and GEITS was amenable to ripping it up and it will be terminated. We do have obligations that extend beyond the master contract because we entered into separate agreements. He will suggest to the Common Council to enter into a new agreement and the major components will be addressed. The big money items will be laid out in the new agreement and when it is available to the Common Council it will be available to everyone as it is an open record. They will have an opportunity to review it and ask questions before it is finalized. He will do whatever it takes to protect the City.

With the major components, we got issues associated with the Waste Water Treatment Plant, the purchase of streets lights, waste energy facility, the land transfer, which has already occurred, developer incentives and issues as to whether or not there will be a manufacturing facility or not. They are all tied together. He stated the major components:

The purchase of the Street Lights; if the Common Council wishes to cancel the purchase agreement, it will be cancelled.

The Waste Water Treatment Plant; the issues associated with the solar panel is a separate contract and has been entered into. It will go forward and the City will be obligated to pay as they entered the contract.

The Waste Water Management Treatment System; there is a purchase order there and subject to the regulatory authorities approving it. It needs approval from the DNR under NR110. Subject to that approval it will be put into place to go online. If it does not get approval or we can't afford it, then that amenity will be sold. From discussion with GEITS they have other buyers and will arrange to get it sold and that is how we will attempt to address it. As it is two weeks in to it for him, he will need additional time to learn a little more to get it in the contract. He is here to do whatever he can to protect the City.

The Waste to Energy Facility; there were TIF dollars tied to that in the past and they will be eliminated. Under the new agreement, GEITS is ready to go forward, they are in the process of constructing the processing portion of that facility, eventually in the next year, he believes, they will build the Waste to Energy component of that and it will go forward. There are some provisions in the master contract that

obligated the City to buy energy. That will be gone. They will sell directly to ATC. Those components will be incorporated into this new agreement.

Land Transfer; we transferred approximately 60 acres and a 6-7 acre parcel. GEITS will not need the smaller parcel and under this agreement, it will be returned to the City. The 60 acre parcel is tied to whether or not they go forward with the manufacturing facility. In his view, if we got this manufacturing facility, it would be the greatest thing in the world. If it is built, it will generate tax revenue for us. If they do come forward again, because they are not going to guarantee it, we are going to rip up the old agreement. Under that agreement, they were obligated to build it and now, will not be. If they do, they will be back with a request for developer incentive dollars. If they come back and if he is representing the City of Adams, as he does everywhere in the State is make certain we don't risk those dollars without some type of verification that there will be return on the investment. Other municipalities that he represents the agreements he put together is for the dollars you contribute are spent when you get occupancy. You have the determination by your assessor what the valuation is, so there are those guarantees. In this case, he feels there won't be a shortfall. There are times its close in terms of the return of the increment in what you need to pay your bonds. If there is any shortfall, he makes provisions in the agreement of this nature that any shortfall will be placed on the land as a special charge.

What happens if they don't build a manufacturing facility on the 60 acres; in this agreement and with discussions with GEITS, they will give back the land that is surplus. We will work out detail in the amount of acres, adding a reasonable amount of time to allow the opportunity for development which would be good for Adams and hopefully for GEITS.

He was asked to give an overview in terms of his view of where we are now and where we are going, in consultation with GEITS and the Council President, and take that into consideration of what is going to be presented tonight. What is being presented tonight will try to give the community an understanding of what would be if everything would go forward. He has been told that we put into place a provision relating to zoning in the industrial park, which is a good thing, which would require a Planned Unit Development (PUD) which is an overlay for anything that is ever developed in the Industrial Park. GEITS will have to come in with a complete picture of development and that is what they are going to be doing tonight in advance of the Public Hearing which will be held on the 13th. Tonight we're here to clear the air and get everything out on the table.

President Kierstyn introduced Dr. Rajesh Nellore-President and Chief Executive Officer – GEITS. Dr. Nellore stated that they started negotiating with the City in March of last year and had held several public hearings and the project was explained. There will be changes to the contract which they accept. The presentation is on the project that has been suspended and no decision on the manufacturing facility. At the first public meeting and after, he was asked "Why the City of Adams", now he asks himself that. All the discussions and time involving all the different entities to get this project where it today, this is what it could have been. All the photos have been done by leading architects in the world. There has been a lot of work and money to develop these specifications. He then reviewed the presentation: what the manufacturing facility would have been; the processing facility, which Feindorf plans to start breaking ground shortly, depending on weather and up running by May. He stated the rest is subjective and would have been: hotel in October 2016; office in May 2016; production facility #1 in September 2014; production facility #2 in March 2016, the processing facility re-location in May 2016 and energy facility in August 2016. He showed the office, education center, manufacturing and energy plants, processing and transfer facilities. The presentation provided the job advertisement they published in the local paper for ten positions and have received fifty applications, which shows there is a great deal of interest from the community. He reviewed the sorting station and transfer stations for the processing facility. They are a green company and protect the environment. They are working with Universities and there are Universities that have courses in green energy that are declining and this is a way for Industry to work together with Universities and give an opportunity to the next generation for kids to be the future. They are working closely with Workforce Development creating jobs and jobs for veterans. He showed the wind turbines and the solar panels.

Attorney Riffle stated so everyone understands, although it is up in the air, they are asking at the Public Hearing of the Planning Commission, to approve and allow for rezoning for the buildings if they do decide to come in to develop. That is what the Planning Commission will be looking at is the potential of the maximum development on those sixty acres. Again, that would be great if that ultimately developed because it would bring dollars into the community.

He then asked if anyone wanted to ask any questions for himself, Dr. Nellore, Administrator Ellisor or the Council President.

Question -questioned the agreement and the City borrowing money and why we didn't get the money. Attorney Riffle answered from what he understands the City went out to get the money to fulfill their end of the bargain and didn't get it. There are certain restraints on borrowing abilities for Cities and there are levy limits. Administrator Ellisor stated that two years ago we were headed in a different direction with the Main Street revitalization using TIF funds. The TIF is healthy and we would have been able to finance \$3.5 million. We changed direction when we met GEITS knowing what the potential development was and the job opportunities. We were going to redirect that money toward what we seen tonight for the wastewater plant, street lights a makeover of Adams about renewable energy infrastructure.

Chuck Sulik, MSA Professional Services explained the City's two TIF Districts that were created in the 90's and doing well. There are limitations on the terms of how much that can be provided. It wasn't sufficient increment over time to help finance the GEITS proposal as it was originally discussed.

Question – with the different stages would there be enough revenue generated for the different phases for the project. Administrator Ellisor stated yes, with everyone working together we can strategize what TIF revenue will be generated. Attorney Riffle stated that he asked GEITS if they did an analysis of what portion of the waste to energy facility, from the processing portion to the gasification portion would be taxable. These types of facilities have exemptions because of the utility laws and Wisconsin manufacturing and equipment exemption which is not subject to local tax. He understands about 38% will be on the tax roll. It will generate a fairly good amount of tax revenue to the community. It won't take much to keep this TIF healthy; it's a healthy TIF coming in. If they develop one-bit of the 40-50 million dollar facility here, it would be enough to handle what was in the original master contract. He represents municipalities everywhere and knows they would love to have an opportunity like this. He read in the paper about giving land away for \$1.00. He said that is what is done to generate economic development, it happens everywhere in the State.

Question - What is the deal with the solar system at the wastewater treatment plant. Attorney Riffle stated there is a separate contract for the purchase for power. It is a separate contract and will go forward.

Question – with the waste to energy plant that is going forward, what comes into it, what happens and how is it stored, what's left. Felicia Whiting, Executive Vice President – GEITS, reviewed the presentation on the processing through the sorting stations, shred stations, compacting and bailing. Bails are water resistant and made to last 4-5 years outside. Through gasification there is no smoke, what's left is bi-products like fly ash and that can be used for rebuilding, or can be used for roads and some goes to the landfill. These plants extend the life of landfills.

Question – what is the percentage of Adams County garbage will satisfy your needs for materials to process is a lot needed from outside and if it's odorless. Dr. Nellore stated that MSA did a study in an 18 mile radius seven hundred eighty thousand tons of waste. The plant they plan to build is fifty tons per year. Nothing is there to create smell.

Question – will there be toxic oozing coming out of the bails or rats. Dr. Nellore stated that you had seen the process; the wrapped bails are air tight and state of the art. There is no environmental effect otherwise we won't get our license to start. Bails will be rotated and tested.

Question- in addition to the cancellation of the master contract, have you been able to negotiate the cancellation of the contract entered into between the City of Adams and Mid-America Bank. Attorney Riffle

stated I don't think you could, you would have to bring the bank into it and that is done. It was done before he got here and not asked to attempt to do that. Bottom line is if GEITS builds it and starts generating income to cover the debt payments under that note, there is nothing to worry about. If they don't, there is something to worry about. Can't do anything about it now, it's done.

Question – have GEITS got the proper permits for the hauling, sorting and storing of the garbage. Dr. Nellore stated they will follow the law.

Question – with the waste to energy, is the City responsible for the total transportation of the waste. Attorney Riffle stated that the contract is gone.

Question – the feedstock. Attorney Riffle stated that is gone.

Question – the street lights purchase. Attorney Riffle stated that we are not buying any street lights. Citizen stated because there is no contract. Attorney Riffle answered yes.

Question – where in the United States is there a gasification facility similar to the waste to energy facility & two years of feedstock before it's built. Dr. Nellore stated that you can google that. They will be different with each manufacturer but technology is the same, just the same as a car has with a different manufacturer. Some companies are different while some the same and some will have four years of feedstock.

Question – has papers been submitted for the construction of the waste to energy plant to the DNR. Attorney Riffle stated that he assumes they would have to get the rezoning first. Dr. Nellore stated that they are and will follow the laws.

Attorney Riffle stated the City and its Planned Unit Development approval just like the County would under its jurisdiction will be placing reasonable restrictions and conditions on the ability to go forward. One of the conditions will be as its standard to obtain all necessary, regulatory permits. These questions are good and valid and should be put into place in terms of the final approval of the Planned Unit Development.

Question – are they still going to have the gasification plant across the street from public works. President Kierstyn stated no it won't be going there, they gave that property back.

Question – will there be a bidding or performance bond process. Attorney Riffle answered that there will not be any need for a performance bond because the City is not going to be asked to do anything further than they already agreed to. He has put into place provisions in hundreds of TIF development agreements that will assure that the increment is there to cover the money through its Tax Incremental Financing District the City is putting in. Meaning, money will not be put in their hands until occupancy is there and assured the increment that has been promised will be in place. Surety Bonds, they are an invitation to sue, they're worthless. Letters of credit are excellent, if the bank is behind it, but very expensive to the processor. They don't get the money until the increment is there. Public Bidding, we are not buying anything as far as the street lights are concerned that might have been a concern. Dan Thompson had weighed in on it, but best argument legally is if it's tied to a total redevelopment plan through a Tax Incremental Financing issue, it is not subject to the public bidding laws. He thinks you take the League of Wisconsin Municipalities opinion on that and say good.

Question - the 1st phase is processing plant-waste to energy for MSW and garbage coming in from out of the county and the revenue. Attorney Riffle questioned do we care where this MSW comes from and why. Dr. Nellore stated we are not a solar power manufacturing because it pollutes and we won't engage in polluting, we assemble components to make the panels. Everything has been put on hold. The revenue is from the electricity.

Question – how do you make money, do you charge them to bring in the MSW and sell the power. Attorney Riffle stated he's been to over 113 nightly meetings a year and usually folks don't normally question if it's their money building it, which is what is going to happen going forward. He assumes what would normally

be a tipping fee at a landfill is one component of it and sell electricity to the ATC grid. Dr. Nellore stated every business model needs profitability.

Question – if GEITS were to leave, how much would the City be out. Attorney Riffle stated that he does not want to answer that as it would involve litigation strategy to try to get it back. They (GEITS) have come to the table and have been stand up in terms of saying ok we will rip up the Master Contract and pickup whatever pieces. Tonight there is a little frustration in terms everything is off, he doesn't feel it's necessarily the case and thinks there is a total commitment to go forward with the waste to energy facility to his understanding. Nothing is done until the ink is dry and even when the ink is dry, as we learned with the master contract, sometimes everything is not done. He will do his level best to put together a new agreement that is a win-win situation, every agreement has to be. He will do his best to put together an agreement that is fair and protective to the City of Adams but at the same time, that is fair to GEITS folks, because otherwise it just creates problems in the future. That is his goal.

Question – are you here to represent the City or the Council. Attorney Riffle answered the City operates the Common Council, you elect them, they make the decisions for you. They give me the direction; I represent the City of Adams at the direction of the Common Council.

Council President concluded the meeting and thanked everyone for being there and stated the next meeting is February 13th.

Agenda Items

Motion by Marti, second by Burke to adjourn. All voted aye.

Council President Kierstyn/jlw
Acting Committee Chairperson

NEXT MEETING: February 13, 2014 at 6:00