



## CITY OF WAUWATOSA

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### MINUTES COMMUNITY DEVELOPMENT AUTHORITY Thursday, January 8, 2015 – 12:00 P.M. Committee Room #1

PRESENT: Ms. Eick, Mr. Wick, Ms. Rettko, Ms. Wakefield, Ald. Tilleson, Ald. Byrne.

STAFF PRESENT: Mayor Kathy Ehley, J. Archambo, City Administrator; P. Enders, Development; A. Kesner, City Attorney; J. Ruggini, Finance Director; T. Szudy, Principal Planner; J. Ferguson, Assistant Planner; M. Citro, Business Services Specialist

OTHER PRESENT: WRLFC Board Members: Bob Jacques, Ald. Jeff Roznowski, Ron Pipping, Bob Strom, Kevin Sjostrom

Meeting called to order at: 12:05p.m.

#### Discussion and possible action regarding transferring Community Development Block Grant (CDBG) assets and liabilities from the Wauwatosa Revolving Loan Fund Corporation (WRLFC) to the Community Development Authority (CDA).

Mr. Wick provided a summary of the WRLF's history, compared the current role of the WRLF with the role of the CDA, and discussed what types of projects were eligible for WRLF funds, loan parameters, application & approval process and sources of WRLF loan portfolio. He also provided a summary of past and present loans. He pointed out that many local businesses would not be around today were it not for these types of loans since those business owners were otherwise ineligible for traditional financing.

Ms. Eick inquired as to the general interest rates. Mr. Wick stated that they are currently at 4% and that they try to stay close to traditional bank rates or a little lower. Ms. Eick then inquired about who services the loans. Mr. Ruggini explained that the City manages the books.

Ms. Wakefield asked what the general terms of the loans are. Bob Jacques said they are typically 10-15 year schedules with a balloon payment at year 5. Currently there is no penalty if the balloon payment cannot be made, they continue to service the loan. There will be some changes as they are working on some incentive or penalty to spur payment of balloon amount. P. Enders added that there is also the \$100 application payment which could go up if there were more upfront costs.

P. Enders summarized the history of the CDA, its origins in the 2009 economic development study of best practices, and the primary recommendation that it be created to streamline the financial assistance process from multiple entities down to one or two. The WEDC dissolved in 2014 to move its assets and liabilities to the CDA.

Mr. Wick stated the point of transferring CDBG funds to the CDA was to create one source point for all CDBG lending, rather than split between two entities. J. Archambo summarized the economic development study which outlined recommended staff levels and streamlining process. He added that the staff levels have already been accomplished. P. Enders state that the EDAC also recommended these staffing and streamlining changes.

Ms. Rettko inquired as to how many CDBG loans the WRLF was currently servicing. Bob Jacques stated there were none at this point.

There was discussion as to the proper chain of authority for these funds and whether or not the city needs to make a formal request for CDBG funds from the WRLF and then transfer them to the CDA. Mr. Wick inquired as to whether or not the city would need to pass regulation to transfer funds, A. Kesner stated that the city would not require a request and that existing loans would continue as agreed.

Mr. Ruggini pointed out that the most important reason to move away from the WRLF offering CDBG funds is to avoid distorting the small business finance choices and to better leverage forgivable loan situations. The WRLF should be focusing on loans, not a mix of loans and forgivable grants.

Mr. Wick asked if the groups wanted to still allow applicants to apply for both types of financial assistance at the same time. Consensus was agreed that both options should still be open to applicants. Mr. Wick clarified that both entities should communicate from the onset if the lender is intending to borrow from both of them.

There was a general discussion as to the new policies/procedures going forward between the two entities. The question was raised as to what the new basis is for which projects qualify for which type of financial assistance. Mr. Ruggini stated that job creation would be the main determining factor since CDBG grants are wholly contingent on job creation. A. Kesner added that the entities could create policy changes with a possible policy change from the council. Ms. Rettko suggested strengthening the job creation qualifications and having further discussion on strengthening the overall guidelines and definitions.

There was a general discussion of the process of the transferring of funds from the WRLF to the CDA. Mr. Wick and Bob Jacques felt there should be some assurances the funds from the WRLF are used with the same intent at the CDA and asked for a formal written assurance. Ms. Rettko asked what the next step was, A. Kesner said it would be to examine the budget, create a plan of action, and present it to the common council to move forward. Staff will draft a proposal to committee which will provide language to explain the CDA request as well as assurances as to where the funds will go.

MOTION by Ms. Eick, SECONDED by Ms. Wakefield to Direct City staff to prepare information for Common Council with respect to transfer of WRLF CDBG assets and liabilities to the CDA. APPROVED 6-0

Bob Jacques asked if this move would separate the WRLF from HUD related job requirement restrictions. A. Kesner clarified that WRLF funds would be separate and no longer involved with HUD in any way.

J. Ruggini requested that the transfer of funds happen at year end and that he would need to come together with auditors now to work on details. Bob Jacques recommended a provision to use the end of year numbers from the WRLF with a revisit at the end of next year to account for the remnant of funds.

Adjourn: 1:07PM

Mike Citro  
Business Services Specialist