

CITY OF MENASHA
REDEVELOPMENT AUTHORITY MINUTES

Wednesday, January 4, 2006

The meeting was called to order at 6:32 P.M. by CDD Greg Keil.

I. Roll Call

REDEVELOPMENT AUTHORITY MEMBERS PRESENT: Ald. Wisneski, Ald. Merkes, and Commissioners Kennedy, Skalmoski, Henseler, Vanderhyden and Lueneburg

OTHERS PRESENT: Ald. Weber, Ald. Michalkiewicz, Ald. Eckstein, Ald. Hendricks, Ald. Taylor, Mayor Laux, CDD Keil, CT Tom Stoffel, CAHRD Jeff Brandt, and Mark Kitzis representing Pechiney Plastic Packaging, and the Press. Other interested citizens and employees of Pechiney were also present.

II. Minutes of the December 6, 2005 Meeting

Comm. Kennedy made a motion to approve the minutes of the December 6, 2005 RDA meeting. The motion was seconded by Comm. Henseler. The motion carried.

III. Election of Officers

CDD Keil explained that the bylaws provide for two elected officers of the RDA, that being the Chairman and Vice-Chairman. Nominations were opened for the office of Chairman.

Comm. Henseler made a motion to nominate Comm. Vanderhyden Chairman. The motion was seconded by Ald. Wisneski. There were no other nominations. The motion carried.

Nominations were opened for the office of Vice-Chairman.

Comm. Kennedy made a motion to nominate Comm. Henseler Vice Chairman. Ald. Merkes seconded the motion. There were no other nominations. The motion carried.

IV. Overview of Alcan/Pechiney Packaging Project and Recommendation to the Common Council concerning Resolution R-1-06

CDD Keil summarized the agreement that was entered into between Pechiney Packaging and the City of Menasha in 2003. The city was to provide financial assistance to Pechiney to raze older portions of the Canal Plant and to prepare design and engineering plans for the relocation of River Street to enable a future expansion of Pechiney. Pechiney stipulated to bringing four new presses to its Menasha operations. The

responsibility for the cost of relocating River Street was not articulated in the development agreement, but subsequent correspondence from Pechiney management indicated that it was the company's expectation that the street relocation costs would be borne by the city.

Pechiney is now poised to move forward with a 43,000 square foot addition that will enable it to bring its extruder operations to the Menasha facility. The extruder will enable the consolidation of production processes at Menasha.

If the city is to pay for the street relocation, the funds would be generated by an amended TID #3 and/or a new TID #10. It is difficult to forecast the potential TIF increment for a new district encompassing the Pechiney parcel since the property is assessed by the Department of Revenue.

Mark Kitzis described the current Pechiney operations at the River Street site and discussed how the existing manufacturing process flow will need to relate to the new equipment and hence the need to occupy the existing River Street right of way. He also explained the corporate decision process that led to the selection of the Menasha site among Pechiney's four US production locations. There is urgency to get the new facilities operational in order for Pechiney to realize market opportunities. The timeline is to have the building constructed in April and to be in production by August of 2006. If this timeline is not feasible Pechiney will need to consider other site locations.

Building the new structure more or less coincident with utility and street relocation will require the construction of a temporary road to maintain access to Pechiney, Whiting Paper, Menasha Utilities and residences on River Street.

Mayor Laux explained that the cost for relocating River Street was estimated at \$850,000. The actual cost may be as high as \$1 million due to winter construction and the need to build the temporary road. River Street was in the queue for reconstruction prior to the prospect of the Pechiney expansion. Mayor Laux asserted that the costs of relocating River Street are in part offset by the avoided cost of reconstructing River Street on its current alignment.

Comm. Henseler commented on Pechiney's timetable increasing the costs for the street relocation and opined that Pechiney should bear that additional cost.

Mark Kitzis stated that Pechiney would be responsible for the additional component of project costs necessitated by its timetable.

Comm. Henseler asked Mayor Laux about the precedent for tax guarantees for TIF supported projects.

Mayor Laux replied that there have been tax guarantees associated with some of the other TIF projects. In this instance the guarantees are problematic because the Department of Revenue sets the value of the property and consequently, the annual tax levy. Neither the

city nor the property owner can, with any certainty, forecast what the amount of tax will be prior to the project being completed.

Comm. Vanderhyden asked Mark Kitzis about the potential for future expansion on the site. Mark Kitzis replied that if this project moves forward, the prospects for future expansion are better in the Menasha location as compared with other Pechiney production sites. However, future expansions would be dependent upon market conditions.

Mark Kitzis went on to explain scenarios at other Pechiney locations and further described the Menasha project and timetable. Ald. Merkes and Comm. Henseler inquired further about the possibility for tax guarantees.

CDD Keil reviewed the Department of Revenue's process for assessing manufacturing properties and discussed how the project would be built into TIF project plans and redevelopment district plans. Mayor Laux pointed out the city's financial commitment to the project is for public infrastructure i.e. street construction. Other development agreements where the city required tax guarantees were for direct assistance to the developer.

Mark Kitzis concluded his remarks by stating that Pechiney is producing products in a growth sector of the packaging industry and that the company has a long-term commitment to the Fox Valley.

Atty. Brandt offered Substitute Amendment #1 to Resolution R-1-06 which capped the city contribution for the street relocation at \$850,000.00.

Comm. Kennedy made a motion to recommend that the Common Council approve Substitute Amendment #1 to Resolution R-1-06. Comm. Skalmoski seconded the motion. The motion carried.

V. Overview of Existing Tax Incremental Districts

It was the consensus of the commissioners to hold this item over to the next RDA meeting.

VI. Next Meeting Date

The next meeting will be held on Tuesday, February 7, 2006 at 6:30 P.M.

VII. Adjourn

Ald. Merkes made a motion to adjourn at 8:47 P.M. Comm. Skalmoski seconded the motion. The motion carried.

*Respectfully Submitted
Greg Keil, CDD*