

**VILLAGE OF PLEASANT PRAIRIE
PLEASANT PRAIRIE VILLAGE BOARD
PLEASANT PRAIRIE WATER UTILITY
PLEASANT PRAIRIE SEWER UTILITY
9915 - 39th Avenue
Pleasant Prairie, WI
September 10, 2018
6:00 p.m.**

A special meeting of the Pleasant Prairie Village Board was held on Monday, September 10, 2018. Meeting called to order at 5:45 p.m. Present were Village Board members John Steinbrink, Dave Klimisch, Mike Pollocoff and Mike Serpe. Kris Keckler was excused. Also present were Nathan Thiel, Village Administrator; Tom Shircel, Assistant Village Administrator; Kathy Goessl, Finance Director; and Jane Snell, Village Clerk. One citizen attended the meeting.

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. PUBLIC HEARING

- A. Consider Resolution #18-30 to approve, solely for the purposes of section 147(F) of the Internal Revenue Code, the issuance of revenue bonds (American Eagle Portfolio Project), series 2018 by the Capital Trust Agency for the purpose of financing the senior living facility known as Brookdale Pleasant Prairie located at 7377 88th Avenue, Pleasant Prairie, Wisconsin and providing an effective date.**

Jane Snell:

Mr. President, we did not have any signups this evening.

John Steinbrink:

Pardon?

Jane Snell:

No signups.

John Steinbrink:

Okay. Kathy, do you have some background on this for us?

Kathy Goessl:

Yes, I have some background information on this. This resolution today is solely for gaining the Village Board's approval per Section 147 (F) of the Internal Revenue Code to issue tax exempt

Village Board Minutes
September 10, 2018

revenue bonds for the purpose of financing the purchase of Brookdale, Pleasant Prairie. Brookdale is one of 17 independent living, assistant living and memory care facilities located throughout the United States being purchased by American Eagle. The special meeting was needed to coordinate the approval of 17 municipalities across the issue and issue the bonds in the next week or so.

It is expected that the acquisition of Brookdale by American Eagle will result in an exemption from property tax which was a concern to us at the Village. So last week we had a conference call meeting with a representative from American Eagle and their legal counsel, Glenn Pratt from Dinomore to understand their intent and to work on a pilot agreement. Mike Pollocoff was in attendance as well as myself, Rocco Vita and Nathan. So we worked through that. This conference call was on Friday, so their legal counsel was able to put together a draft pilot agreement. Because we told them if their intent is to come here and make the property exempt we were not going to approve this resolution. So they said they'd offer us a pilot.

The assessed value of Brookdale is around \$6.3 million which means approximately \$28,000 of Village taxes. And we do make a lot of calls there, our fire and rescue goes there for a lot of calls. So the pilot agreement was worked out and sent this morning to Nathan and myself. The pilot will provide that American Eagle will make annual payments to the Village equal to the amount that would have paid to the Village if the property tax exemption had not been granted. We will take into consideration reappraisals biannually, and changes to the Village mill rate and improvements to the property that may increase the value of the facility.

American Eagle will retain its right to appeal similar to a regular assessed value if the property becomes exempt. And the pilot will not be effective if the bonds are not issues for any reason. So if we don't approve the bond issue tonight the pilot won't be effective. And if they don't get their exemption also the agreement will be not valid. But it does have a component in there that if initially they don't get exemption but in the future they get exemption we can go back to the pilot agreement again and ask for them to make their annual payment. We're looking at an annual payment instead of two installments with the payment being due January 31st.

So we're looking for approval not on the pilot agreement because it's not done, we just have a draft, but there is one, but the resolution to approve the issuing of the tax exempt financing so that American Eagle can purchase Brookdale. And we have in the audience Romy McCarthy from Piper Jaffray. They're the underwriters for the financing. Scott from American Eagle One wanted to be here, but it's actually a Jewish holiday so he could not attend.

Michael Serpe:

Kathy, did I understand that if the payment to the Village that will be subject to increases with the mill rate increases and any renovations done to the building?

Kathy Goessl:

Yes.

Village Board Minutes
September 10, 2018

Michael Serpe:

So it would be just like collecting taxes then, wouldn't it?

Kathy Goessl:

It would be just like collecting taxes, but all they're paying is the municipal portion, not the total tax bill.

Michael Serpe:

Okay.

John Steinbrink:

This is a public hearing and we do really have to open it up. But we will open it up, and the representative from Piper Jaffray is here to comment, or do you have any comment?

Kathy Goessl:

You'll have to come to the microphone.

John Steinbrink:

That way it will be in the record.

Romy McCarthy:

Absolutely. Romy McCarthy. My work address is 500 West Silver Spring Drive, Suite K200 in Milwaukee. I'm also a resident of the City of Cedarburg. I am representing Piper Jaffray today in this transaction. Scott Kellman is very regretful that he was not able to attend. He said it was at risk of his marriage. He needed to be in Temple on High Holiday. So he sends his regrets. But we did have a nice call on Friday. And his intent is to make the Village whole on the Village portion of the taxation here.

John Steinbrink:

Any questions?

Mike Pollocoff:

What's the time frame on the pilot being executed? Have our attorneys reviewed it yet?

Village Board Minutes
September 10, 2018

Kathy Goessl:

Our attorneys have reviewed it. They made comments back on it. We probably can get it done not on this coming Board meeting, but the first in October's meeting.

Mike Pollocoff:

And there's no nexus in this document between this issue and the proposed pilot?

Kathy Goessl:

There's what?

Mike Pollocoff:

There's no ties between this document and the pilot, right?

Kathy Goessl:

No. But if we didn't approve this then the pilot wouldn't happen. If we didn't approve the resolution to issue the bonds, of course, the pilot would not happen.

Mike Pollocoff:

So I mean we'll approve the bonds, and then it's just a good faith representation from American Eagle that they'll execute and follow up on the pilot agreement.

Romy McCarthy:

There's written email correspondence as well with the Village noting the agreement and the means to go forward with putting that actually together.

Kathy Goessl:

It's almost done. And there's emails saying they're going to do it. So its written emails.

Nathan Thiel:

So, Mike, there is a little bit of a good faith measure, but I think that there's sufficient documentation to recognize that there will be a pilot put in place.

Michael Serpe:

What is the amount that we're going to be collecting on this? What was that again?

Village Board Minutes
September 10, 2018

Kathy Goessl:

Right now the taxes are about \$28,000, around there, \$28,000.

Dave Klimisch:

So you will be a tax exempt entity for IRS purposes, but for our real estate you'll be covering the taxes.

Kathy Goessl:

They need to file to get tax exempt on the real estate. They're currently a tax exempt entity, IRS regulations. But it doesn't mean they're property tax exempt. They still have to file, and they still have to get that exemption. So if they get that exemption or when they get that exemption then the pilot will kick in and they'll pay the Village taxes.

Dave Klimisch:

And the other components of the taxes we collect for Gateway and KUSD and such?

Kathy Goessl:

There will not be taxes collected on their behalf.

Michael Serpe:

If by chance the company goes -- the facility moves or just closes down, we're collecting nothing on an empty building, is that right?

Mike Pollocoff:

We've got the agreement.

Michael Serpe:

Well, we've got the agreement for \$28,000 and something a year. If they no longer are in business, the service they close down we get nothing. We can't even collect on the value of the property.

Kathy Goessl:

It depends on the value put on the property I guess. It determines if they are tax exempt in the first place from personal property tax.

Village Board Minutes
September 10, 2018

Michael Serpe:

Then we don't get anything anyway.

Kathy Goessl:

No, you get value from the building.

Mike Pollocoff:

Some residual value.

Nathan Thiel:

Right. So at some point in time -- if American Eagle went defunct, at some point in time that building would transfer ownership. And at that point in time whoever that owner would be they'd have to establish whether they were exempt or not. And, again, that might be something that we would need to look in in this pilot and make sure that pilot is transferrable or that assignment precedes on should it go to be sold to another tax exempt entity. So that is a valid point.

Just to address the concern with the other jurisdictions that will not be collecting taxes, typically when you look at a tax exempt entity they're not requiring services, significant services from county or from KUSD. But they typically will still require services from the municipality in which they're located. So, for instance, in this case they're still requiring services for fire and EMS. Some police services might be possible. And then also clearly there's a road in front of this facility.

So the point is that for tax exemption it's prudent to see there would still be some type of contribution to the local municipality. There is a valid argument for county services and other tech colleges. It's more questionable whether or not it would be prudent for them to pay those taxes. And that's the benefit to tax exempt. That's normally why they're willing to still work a pilot with local municipalities is because they're still seeing a significant decrease in their tax contribution.

Michael Serpe:

How many others have you done this with?

Romy McCarthy:

Around the country?

Michael Serpe:

Yeah.

Village Board Minutes
September 10, 2018

Romy McCarthy:

Our firm has done a number of these around the country including with American Eagle. We've done other portfolio transactions with the same nonprofit borrower.

Michael Serpe:

Okay, all right.

John Steinbrink:

So Trustee Serpe if you wanted to reserve a room --

Michael Serpe:

I might need one sooner than later.

John Steinbrink:

It's too bad because you'd have to go through the gentleman that wasn't here.

Romy McCarthy:

Mr. Kellman. I bet I could make that happen.

Michael Serpe:

We're going to double, John. I'd move approval of Resolution 18-30.

Mike Pollocoff:

Second.

John Steinbrink:

We have a motion and a second. Any further discussion or questions? Hearing none, those in favor?

Voices:

Aye.

John Steinbrink:

Opposed? So carries. Thank you for attending.

Village Board Minutes
September 10, 2018

Romy McCarthy:

Thank you so much.

SERPE MOVED TO APPROVE RESOLUTION #18-30 SOLELY FOR THE PURPOSES OF SECTION 147(F) OF THE INTERNAL REVENUE CODE, THE ISSUANCE OF REVENUE BONDS (AMERICAN EAGLE PORTFOLIO PROJECT), SERIES 2018 BY THE CAPITAL TRUST AGENCY FOR THE PURPOSE OF FINANCING THE SENIOR LIVING FACILITY KNOWN AS BROOKDALE PLEASANT PRAIRIE LOCATED AT 7377 88TH AVENUE, PLEASANT PRAIRIE, WISCONSIN AND PROVIDING AN EFFECTIVE DATE; SECONDED BY POLLOCOFF; MOTION CARRIED 4-0.

5. NEW BUSINESS

- A. Consider 2018 Halloween Trick or Treat date and time for Sunday, October 28, 2018 from 3:00 p.m. to 6:00 p.m.**

Mike Pollocoff:

I think we should give this item the due deference it's required. It's one of the last remaining things the legislature hasn't taken away from us to consider. So consider the gravity of the moment. This is home rule at its finest as we make these decisions that really affect the lives of people in our community.

Michael Serpe:

So does that mean you're approve 3 to 6?

Mike Pollocoff:

Right.

Michael Serpe:

I'll second that.

John Steinbrink:

We have a motion and a second. Do we have any discussion on this item? Those in favor?

Voices:

Aye.

Village Board Minutes
September 10, 2018

John Steinbrink:

Opposed? So carries.

Michael Serpe:

This is such a nice improvement over [inaudible]. You said more tonight than he's ever said in the last eight years. [Inaudible]

POLLOCOFF MOVED TO APPROVE THE 2018 HALLOWEEN TRICK OR TREAT DATE AND TIME FOR SUNDAY, OCTOBER 28, 2018 FROM 3:00 P.M. TO 6:00 P.M.; SECONDED BY SERPE; MOTION CARRIED 4-0.

6. ADJOURNMENT

Michael Serpe:

I move to adjourn.

Dave Klimisch:

Second.

John Steinbrink:

Motion and a second for adjournment. Those in favor?

Voices:

Aye.

John Steinbrink:

Opposed? So carries.

SERPE MOVED TO ADJOURN THE MEETING; SECONDED BY KLIMISCH; MOTION CARRIED 4-0 AND MEETING ADJOURNED.