

VILLAGE OF FONTANA ON GENEVA LAKE  
WALWORTH COUNTY, WISCONSIN

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REGULAR MEETING of the COMMUNITY DEVELOPMENT AUTHORITY

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(OFFICIAL MINUTES)

Wednesday, August 01, 2007 @ 5:30 PM

Chairman Turner called the regular monthly meeting of the CDA Board to order at 5:33 pm in the Village Hall, 175 Valley View Drive, Fontana, Wisconsin.

Commissioners present: Roll call vote: Chairman Turner, Hibbard, Petersen, Chanson, & Wilson.

Commissioners absent: Commissioner Bliss (Arrived @ 6:30 pm).

Also present: Village Trustee Micki O'Connell (Arrived @ 5:53 pm) & CDA Executive Director Joseph A. McHugh.

Announcement for CDA to Consider Going into Closed Session – Chairman Turner

Commissioner Hibbard/Commissioner Wilson 2<sup>nd</sup> made a MOTION for the CDA to go into closed session pursuant to Chapter 19.85(1)(e) Wis. Stats. "a. Deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session.." specifically: Fontana Spa Renovation @ the Abbey, and a roll call vote followed:

Chairman Turner – Yes  
Commissioner Hibbard – Yes  
Commissioner Petersen – Yes  
Commissioner Chanson – Yes  
Commissioner Wilson – Yes  
Commissioner Fisk – Yes

The MOTION carried on a 6-0 vote, with Commissioner Bliss not yet in attendance.

Village Trustee Micki O'Connell arrived and entered the closed session meeting @ 5:53 pm.

Adjournment

Chairman Turner/Commissioner Chanson 2<sup>nd</sup> made a MOTION to adjourn the CDA's Closed Session at 6:01 pm and to reconvene in open session, and the MOTION carried without negative vote.

The meeting room was opened and Chairman Turner announced that the Community Development Authority was back in open session at 6:01 pm.

Also present: Village Trustee Micki O'Connell, Director of Public Works Craig Workman (Arrived @ 6:08 pm), Mr. Cary Kerger (Abbey Provident Hotel Venture, LLC), & CDA Executive Director Joseph A. McHugh.

With Mr. Cary Kerger in attendance to address the proposed renovation of the Abbey Resort's Fontana Spa, Chairman Turner moved to item #7d on the agenda.

General Business

Fontana Spa Renovation Project – CDA Contribution

Chairman Turner introduced the Fontana Spa Renovation agenda item and opened the floor to the group for a motion.

Commissioner Wilson/Commissioner Hibbard 2<sup>nd</sup> made a MOTION to reject the concept of making any type of contribution to the proposed Fontana Spa renovation project, based on the limited information available at the present time, and the MOTION carried on a 5-1 vote, with Chairman Turner voting against.

Mr. Kerger indicated that his purpose for being present was to provide information that could serve as the basis for making a decision. Commissioner Chanson expressed concern with providing tax increment financing to a private entity. Mr. Kerger offered that a precedent existed for the Fontana CDA to invest in economic development within the village, to the extent that it would prove revenue neutral and would serve to support a project that would be beneficial to the Village. He went on to provide a background of the Abbey's Fontana Spa and the current plan. The Fontana Spa was built in 1988. At that time it was one of the top 5 spas in the country. Very little has been done since that time, but the Spa industry has changed dramatically. There is a huge demand for certain types of spa services, and without a significant renovation, the Fontana Spa would be unable to address those needs. The spa is an integral part of the 334 unit condo hotel, which has been performing below historical and projected occupancy. Mr. Kerger stated that his new ownership team had recently contracted with the Getty's Group, which he stated is one of the most well respected hospitality interior design firms in the country, and that the firm had been through the spa to make an assessment. The results indicated that the nature and extent of the renovation should be more than what was originally anticipated. Realizing that the spa is a critical element in improving the ultimate value of the resort, the Getty's group recommended that the spa needs a new identity and a new concept. It has to have new treatment rooms to replace those that have become obsolete, as well as additional treatment rooms overall. Mr. Kerger noted that currently there are treatments at the resort that require appointments 6 to 8 weeks in advance due to demand. The proposal to utilize tax increment financing is being considered in order to take the renovation to a level that will ensure that the Fontana Spa is one of the top spas in the Midwest and ensures the economic viability of the Abbey, which will in turn increase the income to the village through property tax and room tax revenue. Trustee Micki O'Connell asked Mr. Kerger who makes up the new ownership group. Mr. Kerger explained that the Abbey Provident Venture, LLC is made up of 10 or 11 passive investors, of which he is the managing partner; the Antoniou Family is no longer involved. Commissioner Wilson asked for clarification as to what was being requested from the CDA. Mr. Kerger explained that his group originally budgeted \$750k for the renovation of the facility. Based on the recommendations of the Getty's Group, as well as the expertise being provided by the new management firm, Hostmark, the owners think that a \$2 million renovation is required to ensure success. Mr. Kerger plans for the renovation to take place in two phases, with the first phase totaling \$1 million. From a budgetary point of view, Mr. Kerger would scale back the renovation plans if it was determined that there was no willingness on the part of the CDA to invest tax increment funds. He clarified that at this point, they do not have fully developed plans, as they are looking for direction from the group before proceeding. Commissioner Chanson asked for clarification as to how much money had been budgeted by Mr. Kerger's group in their business plan for the renovation of the spa, and Mr. Kerger confirmed that they had allocated \$750k. Commissioner Hibbard asked how long Mr. Kerger's group had been in control of the property, and Mr. Kerger answered that they had taken control in April of 2007. Chairman Turner asked if there were any additional questions from those present and thanked Mr. Kerger for his time.

Mr. Cary Kerger exited the meeting room @ 6:20 pm.

Visitors Heard

Chairman Turner asked if there were any visitors who wished to be heard and no response was received.

Announcements

Chairman Turner asked the group to read the announcements listed on the agenda at their leisure.

Approve Minutes

Commissioner Petersen/Commissioner Hibbard 2<sup>nd</sup> made a MOTION to approve the minutes for the special joint session meeting with the Village Board, held on July 16, 2007 and the MOTION carried without negative vote.

Approval of Current Payables

Executive Director McHugh presented the Claims Payable Report prepared by Treasurer Pollitt for a total amount of \$204,353.91. Commissioner Fisk asked why the BEK Specialties Bill, for a total of \$540, was being represented to the group for payment. Executive Director McHugh explained that he had attended the Park Commission meeting at which the bill was reviewed and considered by that group, and relayed that they had requested that the CDA pay the claim, as it was attributable to a CDA project. The group made the request while recognizing that it did exceed the original \$25k amount originally allocated for the completion of the Mill Street Park Entrance to the Hildebrand Conservancy.

Commissioner Petersen/Commissioner Chanson 2<sup>nd</sup> made a MOTION to approve the Claims Payable, for a total amount of \$204,353.91, and the MOTION carried without a negative vote.

TID #1 Infrastructure Projects - Public Works Director Workman

General Construction Updates

DPW Workman informed the group that the crosswalk repairs had been completed on STH 67.

Porter Court Plaza – Schedule Review

Executive Director McHugh informed the group that the project engineer, Ruekert Mielke, was continuing to work with Ms. Pam Schense of the DNR to obtain a Chapter 30 Permit for the project. The Chapter 30 Permit and the NOI (Notice to Proceed) are both needed from the DNR prior to proceeding with work on the site. Executive Director McHugh informed the group that an Open House for the project would be held at the Village Hall on Monday, August 13<sup>th</sup>, from 6 pm to 8 pm. He also informed the group that he was continuing to work with Denise Schultz and the Geneva Lake West Chamber of Commerce in an effort to hold an Open House at the Mill Street Plaza Development once the Porter Court Plaza construction project was underway.

Wild Duck Road & Pedestrian Path – Schedule Review

Executive Director McHugh informed the group that an Open House for the project would be held at the Village Hall on Monday, August 13<sup>th</sup>, from 6 pm to 8 pm. He further noted that the construction was scheduled to begin on August 20<sup>th</sup>.

General Business

Ruekert Mielke Engineering Proposal – Wild Duck Road Construction Administration

Executive Director McHugh presented a proposal for Construction Administration Services from Ruekert Mielke for the Wild Duck Road & Pedestrian Path project. He reviewed the details of the agreement and noted that Terry Tavera of Ruekert Mielke had incorporate field inspection services from Terry Guen Design Associates. The total estimated cost of the construction administration engineering services, per the agreement, would be \$80,500. Chairman Turner expressed extreme frustration that the proposal from Ruekert Mielke had not been available at the time of the bid opening. He asked why the CDA would not request multiple proposals on all engineering work in order to ensure the best possible price. Executive Director McHugh explained the Ruekert Mielke had been used on the recent group of projects because they were the Village Engineer. The general consensus of the CDA was that all future engineering assignments would be awarded through a formal RFP process.

Chairman Turner/Commissioner Petersen 2<sup>nd</sup> made a MOTION to approve the Proposal for Professional Engineering Services, from Ruekert Mielke for the Wild Duck Road reconstruction

project, at a total estimated cost of \$80,500, and the MOTION carried without a negative vote.

TID #1 – 30% Department of Revenue Audit

Executive Director McHugh presented the final draft of the TID Audit prepared by Pat Romenesko. Executive Director McHugh reminded the group that it had been prepared in order to comply with the Wisconsin Department of Review reporting requirements as defined under State Statute.

Commissioner Petersen/Commissioner Fisk 2<sup>nd</sup> made a MOTION to accept the TID #1 Audit, prepared by Pat Romenesko, and the MOTION carried without a negative vote.

Fall 2007 - Landscaping Enhancement & Replacement

Executive Director McHugh relayed to the group that representatives of the Park Commission were proposing a second round of enhancement plantings in all of the landscape projects completed this year by the CDA. The concept was being introduced to allow for the installation of additional plantings where desired. Commissioner Bliss argued that the CDA had approved the projects as originally proposed and that if additional plantings were considered necessary it should not be funded by the CDA. The group agreed that no additional money should be authorized without specific plans.

Fontana Spa Renovation Project – CDA Contribution

This item was discussed earlier in the meeting

Lakefront & Harbor Report – Commissioner Chanson

Commissioner Chanson provided a quick review of the July Lakefront and Harbor meeting.

Park Commission Report – Commissioner Hibbard

Executive Director McHugh provided a quick review of the July Park Commission meeting.

Confirm Quorum for upcoming Meetings

Next Regular Monthly Meeting – September 05, 2007 @ 6:00 pm

Executive Director McHugh noted that the next meeting of the CDA was scheduled for September 05, 2007 @ 6:00 pm.

September Agenda Item Requests

No requests for agenda items were made by the group.

Adjournment

Commissioner Chanson/Commissioner Petersen 2<sup>nd</sup> made a MOTION to adjourn the meeting at 6:57 pm, and the MOTION carried without negative vote.

Minutes prepared by: Joseph A. McHugh, CDA Executive Director

APPROVED:      **05 SEPT 2007 - CDA**