

**Village of Shorewood Hills  
Board of Trustees  
Approved Meeting Minutes  
Monday, December 15, 2014 7:00 p.m.**

1. **Call to Order** Village President Mark Sundquist called the meeting to order at 7:00 p.m.
2. **Roll Call** Members of the Board present were Mr. Sundquist and Trustees Bob Hurley, John Imes, David Benforado, Mark Lederer and Felice Borisy-Rudin. Tim Ridders was excused. Also in attendance were Village Treasurer David Kuenzi, Village Administrator Karl Frantz, Department of Public Works Chief John Mitmoen, Police Chief Denny Pine, Emergency Services Coordinator David Sykes and Village Clerk Cokie Albrecht. Approximately eighty visitors were in the audience.
3. **Statement of Public Notice** Karl Frantz confirmed the meeting had been properly posted and noticed.
4. **Procedures Orientation** There was none tonight.
5. **Appearances and Communications** There were none tonight.
6. **Board Matters**
  - A. **Proposed lease with Blackhawk Country Club (BCC)**
    - i) **Overview and presentation by staff** Mr. Frantz thanked Village Historian Tom Brock for the extensive historical information he had compiled about the Village and BCC—Mr. Frantz referenced that information in the preparation of his presentation this evening. Mr. Frantz presented a PowerPoint overview of the Village’s relationship with the BCC through time and the status of the current lease renewal negotiations. Hard copies of his presentation were distributed to those in attendance.
    - ii) **Public input including questions, answers and dialogue** Mike von Schneidmesser, 3555 Tally Ho Lane: the economy is just coming out of a deep recession; golf and country club memberships are luxuries; it’s to be expected that BCC would have seen its membership and revenues drop during those difficult times. Now that the economy is recovering, BCC may see its finances improve. The Village should wait a few years before renegotiating the lease. Gary Johnson, 3010 Harvard Drive: he appreciates the open space provided by the golf course; the Village benefits from that more than a subdivision. He hopes that BCC continues; the question is under what terms. Including a factor, like CPI, in the calculation of the rent may protect the Village’s long term interests more than basing it solely on membership, particularly if the economy were to enter an inflationary period. He said the ad hoc BCC Committee and Trustees have taken the time to thoroughly study the issue and he will rely on their judgment. Charlie Palit, 933 University Bay Drive: he is sympathetic to the concept of BCC staying in the Village but is concerned about the long length of the proposed lease at essentially a fixed rate. Why not base the rent on income, as in the past, so it can track inflation; a smaller percentage could be used if necessary. What happens if the Club were to go bankrupt? Mike Knetter, 1213 Sweetbriar Road: he is a BCC member and access to the Club was one reason his family moved to the Village. He feels the current leadership at the Club would like to develop a good working relationship with the Village. BCC is an asset: the youth golf instructor, who heads up the Village’s Junior Golf program, is excellent; the Club has made a lot of improvements to the property. He would like to see BCC continue; he is uncertain of the best terms for the lease but trusts that those who studied the issue came up with something reasonable. Bob Gerber, 2910 Harvard Drive: he feels the

Village will be subsidizing BCC by paving its parking lot; his street needs repaving first. Mr. Frantz replied that Harvard Drive would be included in the Village's 2015 resurfacing project. Mr. Gerber would like the repaving of the parking lot taken out of the lease. Guillermo do Pico, 3554 Tally Ho Lane: agrees with Mr. Gerber; he would like to see the Village invest in its infrastructure, not the BCC parking lot—his street also needs repair. He asked how the Board feels about the lease; what will the Trustees do with the information gathered this evening and the referendum results? Scott Cooper, 3611 Sunset Drive: all residents would benefit from the restoration of the views of the lake from the top of Sunset Drive by the trimming/removal of some of the golf course trees. He would like the lease to clearly address this. Linda Bochert, 1525 Sumac Drive: her husband, David Hanson, participated in the lease negotiations as a member of BCC; he is out of town and she is speaking also on his behalf. As a resident and BCC member, she supports the lease as presented. The relationship between the Village and BCC is unusual because BCC, as the tenant, has made extensive capital improvements to Village property and agrees to continue to do so in the new lease. The lease was developed over months of negotiation and compromise. It provides BCC and the Village financial certainty; open space will be nurtured and maintained; non-member residents will have an opportunity to use the Club facilities. She urged the Trustees to put the referendum on the April ballot. David Dunaway, 1117 Amherst Drive: he supports the lease; feels BCC is an asset to the community; he supports the paving of the parking lot; would like more access to the facility without being a member. Qiang Chang, 1239 Dartmouth Road: he can not support the lease now, would like to see a clear articulation of the benefits of the lease to him as a resident non-member. He wonders what the Trustees will do with the results of the advisory referendum—whose voices will be listened to? Bill Thomas, 3233 Tally Ho Lane: as a golf course, the assessed value of the property is \$4 million; if the assessed value of the property were increased to \$18 million and put on the tax rolls, all the other taxing entities would benefit. He is skeptical of the long term of the lease. David DeVito, 939 University Bay Drive: he is in support of keeping the country club as it is; he is not a member but frequently uses the grounds, feels BCC is an asset to the Village. What are the alternatives if not BCC? But a rent that is not tied to something like the CPI, and instead a flat 1.5% per annum, seems short-sighted. Mike Titlebaum, 1204 Bowdoin Road: he understands that the Village may need to give BCC a break on the rent now given its current financial difficulties, but wonders why the calculation of the rent is changing—can someone articulate why this would this be a good thing from the Village's point of view? With inflation, the lease will be less and less attractive to the Village through the years. Byron Frenz, 1116 Wellesley Road: he is not so concerned about the rent since it was developed through compromise and negotiation; he would rather see more social activities at the Club that included resident non-members, fostering a sense of community. He wants to keep the property as a golf course. Fred Wade, 1121 Wellesley Road: he was a member of the ad hoc BCC Committee and does not support the lease as presented. He said the lease negotiation was a lost opportunity to improve the access to the property for resident non-members. More access could benefit both the Club and the Village. He also is concerned about the change in the rent calculation: the Village negotiators did not question BCC extensively about why it was necessary. He acknowledged that the Club is experiencing financial problems. One issue is that BCC has no collateral; that ought to have been explored in the new lease. He distributed a flier to approximately half the Village residences expressing his reservations about the lease and received 27 responses. He summarized some of the comments and will submit them for the record. Cara Mahany-Braithwait, 3424 Viburnum Drive: she disagrees with the term “open space” to describe the golf course since her access to the property is limited to the winter months. The 1.5% escalator is not a good deal for the Village. She anticipates problems with the definition of a “new” BCC member—it needs to be very clearly articulated. She does not have a problem with the Village repaving the Club parking lot since, as the landlord, the Village should maintain the property. Perhaps BCC will make her property more attractive to potential buyers when she decides to sell her house but presently BCC serves no purpose for her. Dinesh Shah,

2933 Colgate Road: he agrees with the concerns detailed in Fred Wade's letter and would like the Trustees to consider the letter when evaluating the lease; he is troubled by the financial terms of the lease and would like to know if the Trustees had used a financial consultant to evaluate it; he feels the length of the lease is too long. Also he expressed concern about the possible conflict of interest in a Trustee's participation in the lease negotiations while his spouse was a BCC member—has the Board done anything about this? How advisory will the referendum be? Craig Weinhold, 1235 Dartmouth Road: he expressed concern about locking in the rent based on a net new member model for 30 years; would like the lease to include a provision about limiting stormwater run off into the lake and increasing bathroom access on the Fourth of July. Tad Pinkerton, 1212 Shorewood Blvd: he anticipates that through time BCC will see an increase in all revenues, not just memberships, so he supports a rent escalator that includes other things; the Village could repave the parking lot for less than BCC so perhaps a cost-share arrangement would be appropriate; there is no need for a ten year lease extension clause—the lending institutions will get the reassurances they need with a lease of 20 years; he doesn't see a clause about the Village's use of the golf course grounds for fireworks. Karl Wellensiek, 1511 Wood Lane: BCC is important to the Village; he has confidence in the terms negotiated by the Trustees, he does not see any conflict of interest, and will support the lease recommended by them. The one thing he has concerns about is the escalator: it doesn't kick in for five years, and inflation does happen; Village will lose ground if we don't have an escalator. Ben Dickey, President of BCC: the Club is seeking this new lease because it needs to raise capital to make improvements to property its members do not own. The gross revenue rent calculation currently used is flawed—revenues from dues are down while costs continue to increase; the Club's financial position has deteriorated. With the new lease, incentives would be aligned so BCC will be able to pay the rent and make improvements to the Village's property. In the proposed lease BCC has made compromises, including giving the Village land for the storage building (and previously, for the salt shed); agreeing to make \$30,000/year in capital improvements for the next five year; allowing increased access to the Club for resident non-members. He asked the residents to allow the lease agreement to go forward. Peter Hans, 2909 Columbia Road: he would like to know how many BCC members are Village residents. He said he is here to ask the Board to not proceed with this referendum because the Village residents are not being given a meaningful choice. The question should be whether the golf course land should be used for public rather than private purposes. Residents have not been presented with any other possible uses for the land that might better serve the public good. There should be a comprehensive planning process for the land before proceeding with a referendum. He urges the Trustees to create a task force to look at all uses for the land. Rick Chappell, 1225 Sweetbriar Road: he thinks the Club should be treated like the business it is, and feels it should pay an appropriate rent for the facilities. The problem is that we don't know if they can pay the Village appropriately. He does not want to subsidize the Club. He also asked the Trustees to pay attention to conflicts of interest. Santhia Brandt, 933 Cornell Court: This lease was written to preserve BCC. It gives the Club a lot: reduced rent, two marina slips, a lengthy lease term, preference for membership in the Pool, less access to the facilities for resident non-members. Her question: what are the increased benefits to the Village vs. less rent? Marilyn Townsend, 1121 Wellesley Road: the lease needs to be especially clear with respect to money. If the rent were based on new members, how will they be defined and monitored? She is concerned that the Village will have to rely on the Club for that number rather than an independent audit. Chuck Ford, 3112 Oxford Road: he is a member of BCC and moved to Shorewood Hills in part because of proximity to the Club. BCC is a value to all homeowners in the Village. All the property at the Club is Village property—improvements made by BCC are to the Village's benefit. He previously lived in La Crosse, WI where a lease for a golf course in the center of the city was not renewed. The resultant vacant property was not maintained and the buildings were eventually condemned; he would not like to see that happen in the Village. Chris Day, 3407 Viburnum: has no idea how much a lease like this should be. He would like some

evidence that is a good, fair rent. If that were provided, he would vote for it. Maybe a financial advisor is the person who could provide this information.

**Mr. Sundquist addressed some of the comments and questions heard:**

- 1) **What if BCC goes bankrupt?** The issue is addressed in Section XXVII of the lease.
- 2) **Competition for parking lot resources:** the Village expects to repave all the streets that have not been done in the last few years, there will be no competition from BCC.
- 3) **What will the Trustees do with the results of the advisory referendum?** He suspects that if the residents voted against ratifying the lease, BCC and the Trustees would go through the negotiation process again. However, new Board members may be involved.
- 4) **Restoration of views on Sunset Drive?** BCC has indicated it would like to remove/trim some of the trees but this is difficult because some of them were planted years ago as memorial trees. Mr. Dickey said BCC's Green Committee would be willing to work with the Village on the issue.
- 5) **What is the benefit of the Club to someone who is not a BCC member?** Open space, the opportunity to participate in the Junior and Adult Golf programs, Fourth of July fireworks, dining access, a possible positive impact on house values.
- 6) **CPI vs. 1.5% escalator** The Trustees struggled with this. They concluded that BCC's income is not related to CPI, it is more related to how much it can charge for memberships. The 1.5% is more like a fixed rate mortgage.
- 7) **Why change the financial model?** A rent based on 3.9% of gross revenues is not easy to administer. In contrast, the membership model is clear.
- 8) **More events for the Village** Presently Shorewood Hills uses the Club for the Recognition Dinner and Fourth of July fireworks. The lease allows the Village to use the facilities up to 12 times/year. If someone wants to increase the number of Village events held there, they could suggest/organize one.
- 9) **Conflict of interest** None of the ad hoc BCC Committee members or Trustees are members of the Club. The Board learned the spouse of a Trustee was a social member. She subsequently resigned from the Club. It was up to the Trustee in question to choose to recuse himself. Mr. Sundquist said he did not feel the Trustee was influenced in an inappropriate manner.
- 10) **How many residents are BCC members?** 80 to 90
- 11) **Did the Trustees have the assistance of a financial advisor to evaluate the lease terms?** Mr. Sundquist said that the Village did not hire a financial consultant but the ad hoc Committee members and Trustees have a fair amount of financial acumen.
- 12) **Are there parts of the lease the Trustees are not happy with?** Mr. Benforado said that there was concern about the access to golf opportunities so that was increased; initially the rent was to be based on membership only; the 1.5% escalator was added to address concerns about inflation.
- 13) **Impact of lease on access the Club facilities** Mr. Sundquist said the new lease allows a resident non-member to take a foursome to golf and the group can then dine afterward; the dining room is available more months of the year than in the previous lease.

Ms. Borisy-Rudin was excused from the meeting at 10:10 p.m.

**B. Payment of Bills** Mr. Kuenzi reviewed the bills and recommended their approval. Mr. Benforado moved and Mr. Hurley seconded a motion to approve the payment of the end of November bills in the amount of \$67,221.78 and \$188,454.59 for December expenses, for a total of \$255,676.37. Motion passed unanimously.

**C. Consent Agenda**

**i) Approval of November 12, 2014 open session and November 17, 2014 open and closed session minutes**

- ii) **Authorize payment of \$6,512.50 to Chris Carbon for pool transition management assistance in 2014**
- iii) **Approve grade adjustment for DPW crewperson Tary Handschke from Grade 9 step 3 (2015) to grade 10 step 2 (2015)**
- iv) **Approval of 2015 pay grid schedule and step adjustment for employees on schedule, including 3% adjustment for those employees above final step**

Mr. Benforado asked for the removal of the approval of the November 12, 2014 Board minutes from the Consent Agenda. He moved and Mr. Imes seconded a motion to approve the remaining items. Motion passed unanimously.

**i) Approval of November 12, 2014 Board minutes** Mr. Benforado moved and Mr. Hurley seconded a motion to approve the November 12, 2014 Board minutes with the following revisions to Agenda Item 5, “Discussion and possible actions related to the new lease with Blackhawk Country Club (BCC)” (strikeouts indicate words deleted, italics indicate words added):

~~...Marilyn Townsend, 1121 Wellesley Road, questioned Mr. Ridders’ participation in the discussion of the BCC lease: since his wife is a social member of the Club. Mr. Ridders responded that the issue had been vetted and the Trustees and members of the ad hoc BCC Lease Negotiating Committee were satisfied that he did not have a conflict...~~

*Ms. Townsend: Tim, are you a member of the Club?*

*Mr. Ridders: No, Marilyn, I am not.*

*Ms. Townsend: Is your wife a member of the Club?*

*Mr. Ridders: She is.*

*Ms. Townsend: Do you see any conflict with that?*

*Mr. Ridders: I don’t, no.*

*Ms. Townsend: Why not?*

*Mr. Ridders: Why do you?*

*Ms. Townsend: Well because there’s the language in the ordinance about close family members.*

*Mr. Ridders: We’re not that close.*

*Ms. Townsend: You’re not that close?*

*Mr. Ridders: Marilyn I’m not a member. It’s on record, it’s been clearly stated I’ve got no conflict. If you want to raise the issue, go ahead.*

*Ms. Townsend: Well, let me ask you another question.*

*Mr. Ridders: I’m done answering your questions about this topic. Marilyn, this has been asked and answered. Thank you.*

Motion passed unanimously.

### **C. Ordinances**

**i) Second reading of an Ordinance L-2014-2 amending sections 10-1-100(f), 10-1-100(g)(25) and 17.06 of the Village Code of Ordinances relating to accessory uses and structures and licensing of dogs, cats and chickens; regulation of animals** Mr. Hurley moved and Mr. Imes seconded a motion to waive the second reading of Ordinance L-2014-2. Motion passed unanimously.

### **E. New Business Resolutions and Motions**

**i) Resolution R-2014-13 Expressing opposition to the University Bay Drive Fields Master Plan and stating desire to work collaboratively with the UW Madison to address campus master planning issues** Mr. Benforado moved and Mr. Imes seconded approval of Resolution R-2014-13 with: 1) the revisions suggested by a group of residents who live near the University Bay Fields (as noted in the edited version of the resolution included in the Board Packet); 2) for clarity, the deletion the word “Master” when the resolution refers to Rec Sports’ plans for University Bay Fields and the addition of the word “Campus” prior to each of the resolution’s

references to the UW's Master Plan; 3) the revision of the tenth paragraph to read (strikeouts indicate words removed; italics indicate words added) "...that the UW Madison modify ~~the Plan~~ *this plan* as part of a new..." Motion passed unanimously. When revised and signed, the resolution will be sent to relevant UW and City of Madison officials with a cover letter from Mr. Frantz.

**ii) Resolution R-2014-14 Bird City** Mr. Hurley moved and Mr. Imes seconded a motion to approve Resolution R-2014-14. Motion passed unanimously.

**iii) Consider first amendment to lease and sublease agreement with Yahara Soccer Club for landfill property owned by the Village of Shorewood Hills, City of Middleton and Village of Waunakee** Mr. Benforado moved and Mr. Hurley seconded a motion to agree to the amendment of the lease for the landfill property. Motion passed unanimously.

**iv) Authorize purchase of police squad vehicle** Funds for a new police vehicle are included in the 2015 General Fund budget; the vehicle's purchase has been recommended by the Public Health and Safety and Finance Committees. Mr. Hurley moved and Mr. Lederer seconded a motion to approve the purchase of a 2015 Ford Utility Police Interceptor at a cost not to exceed \$28,412, after the municipal discount. Motion passed unanimously.

**v) Consider setting 2015 meeting dates and January 20, 2015 Caucus** By consensus, the Trustees agreed to set the 2015 Board meetings on the following dates at 7:00 p.m. in the Village Hall Board Room. The meetings will be held on Monday nights except as noted:

Tuesday, January 20 (delayed until Tuesday in observance of the Martin Luther King Jr. holiday on Monday, 1/19)

Monday, February 16

Monday, March 16

Tuesday, April 21 (delayed until Tuesday to avoid a lame duck Board)

Monday, May 18

Monday, June 15

Monday, July 20

Monday, August 17

Monday, September 21

Monday, October 19

Monday, November 2 (special meeting for the 2016 Budget presentation)

Monday, November 16

Monday, December 21

Additionally, the Trustees set the 2015 Caucus for Tuesday, January 20, 2015, at 7:00 p.m., prior to the Board meeting that evening.

#### **F. Appointments**

**i) David Vitse to Personnel** By consensus the Trustees agreed to the appointment of David Vitse to the Personnel Committee.

### **7. Reports of Officials and Committees**

**A. Village President** Staff was asked to establish a date for the Recognition Dinner.

#### **B. Village Administrator**

**i) Status of water loss issue** Mr. Frantz said staff met with the Madison Water Utility personnel regarding the misread of the Village's water meter at Shorewood Boulevard. The Madison Water Utility acknowledged that the amount of the credit they had proposed was inadequate; the Trustees will be apprised of the revised credit amount before it is accepted.

**ii) Status of redevelopment projects** Mr. Frantz said the Plan Commission considered Flad's proposed redevelopment of the ATT Plaza last week. Paul Lenhart will present his plans for 700 University Bay Drive at the January, 2015 Plan Commission meeting.

**G. Plan Commission** John Flad presented his plans for the development of the ATT Plaza property: a five story building with commercial uses below and four stories of apartments above,

for a total of 47 units. Members of the Parks Committee attending the meeting expressed opposition to Mr. Flad's proposal to change the stone wall at the entry to the Village at the west corner of Shorewood Boulevard and University Avenue. Mr. Flad plans to ask for TIF funds for the project, requiring a new TID. The Plan Commission members indicated they would like guidance from the Board if there were a maximum number of apartments they would like to see built in the Village. Mr. Sundquist said the Village has not met its commitment to HUD to construct affordable housing. He feels there is no reason to provide TIF funds for commercial-rate apartments. Further, the TIF funds the Village provides for affordable housing should be developer-financed only. He would also like to see the Village require a developer to cover the increase in the Village's payment to the City of Madison for fire/EMS protection based on the increase in the Village's assessed value and population.

**H. Public Works Committee** The Committee held a joint meeting with the Public Health and Safety Committee and identified the streets they think should be signed as one-side only parking. The Committee members discussed the feasibility of combining the Committees.

**The remaining committee chairs had nothing further to report.**

**6. Board Matters** (agenda item taken out of order)

**A. Proposed lease with Blackhawk Country Club**

**iii) Board actions and recommendations, if any** The Trustees decided to hold a special Board meeting on Wednesday, January 14, 2015 at 7:00 p.m., to continue the discussion of the Blackhawk Country Club lease.

**8. Adjourn** Meeting adjourned at 11:36 p.m.

Respectfully submitted,

Colleen Boyle Albrecht  
Village Clerk