

FINANCE COMMITTEE MEETING MINUTES

December 6, 2016 – 6:00 p.m.

Council Chambers, Public Safety Building

Present:

Paul Lawrence, Regina Hirsch, Pat O'Connor, Tim Swadley and Mayor Olson

Others Present:

Finance Director Laurie Sullivan, Mikaela Huot, and Attorney Dan O'Callahan

Absent and Excused:

None

Call to order:

Chairperson Lawrence called the meeting to order at 6:00 p.m.

Communications:

None

Introduction of Tax Incremental Financing application from Forward Development

Group:

Forward Development Attorney, Dan O'Callahan, gave a detailed overview of what is tax incremental financing and what FDG's TIF application included.

He explained that the new tax base amount had exceeded any expectations and that the first year it was raised by \$10 million. He noted that the TIF money that had been given for phase I of the project (\$4.427million) had not yet all been spent. The money that had been spent on phase I was used towards public infrastructure.

He explained that the second request that FDG was bringing forward would ask for approximately \$11 million in TIF. That money would be used for both on-site work and off-site work. The project would use approximately \$5.4 million for on-site work, such as water laterals, wastewater, stormwater, and streets improvements. The remaining \$5.7 million would be used for the off-site work, such as highway and road work.

He explained that, over the life of the TID, the new tax base would reach approximately \$95 million. With that excess of funds TID #7 (the Kettle Park West TID) could become a donor TID to others in the City, after it's paid its debt obligation.

Ron Henshue, CFO for FDG, explained that in order for the development to occur they would need to receive the TIF money. He also explained that the development did meet the "but for" test, and that without TIF the development would have a \$5 million loss.

Attorney O'Callahan then recapped the goals for the TIF, which are: to redevelop land, achieve/accelerate development, increase employment opportunities, increase the tax base, assist in implementing the City's Comprehensive Plan, provide affordable housing, and encourage unsubsidized development in the City.

Attorney O'Callahan did explain the City's TIF policy relating to a permissive referendum. He noted that before the City may issue bonds or otherwise borrow funds that will be payable over more than 10 years to fund a TIF project, the City Council must first adopt a resolution declaring its intent to borrow the funds. If a number of electors of

the City equal to at least 15% of the of the votes cast for governor at the last general election in the City sign and file a petition conforming to the requirements of Wis. Stat. § 8.40 with the city clerk requesting submission of the resolution, the City may not issue bonds or borrow funds for financing the TIF project without calling a special election to submit the question of bonding or borrowing to the city electors for their approval.

The Committee recessed at 7:34 p.m.

The Committee reconvened at 7:45 p.m.

Presentation of Tax Incremental Financing Application by Finance Director

Sullivan:

Finance Director Sullivan explained that the application for TIF from FDG is complete, does meet the goals for the use of TIF, but the new phase is not yet a part of the project plan. She explained that while the use of TIF is appropriate for this development, it has not yet been determined if it is feasible. She indicated that it would have to be the direction of the committee of the whole to authorize City staff to begin the process to determine the feasibility. She noted that, just like any other project that has requested TIF, there would need to be a development agreement in place. There would also need to be many more meetings to review the application, development agreement, and the project plan amendment.

Presentation of the Financial Feasibility review by Springsted:

Mikaela Huot, from Springsted, gave an overview of the City's TIF policy and how financial feasibility of an application is determined. This TIF application is asking for two different kinds of TIF funding, City Bond issuance and pay-as-you-go. She explained that the application is asking that the funds for the off-site improvements be issued by general obligation bonds, while the on-site improvements would be paid with pay-as-you-go notes.

She reiterated the developer's assumption, that the development will not occur without TIF funding, but needs to look further to determine the appropriateness of the request. She noted that the committee and council must also consider the reasonableness of the developer's assumptions, projected rates of return on the project, projects that the City would like the request to include, and the feasibility of the revenues to support the project costs. Huot explained that before the City can move forward with the request, these items need to be considered and the terms of the application need to be vetted out.

The Committee discussed the need to move this forward to the Committee of the Whole, to be held on Monday, December 19, 2016. At that meeting, the committee will discuss the developer agreement terms and strategy moving forward.

Adjournment

Motion by Hirsch, to adjourn the meeting of the Finance Committee, second by Swadley. Motion carried unanimously 5-0. The Finance Committee meeting adjourned at 8:34 p.m.