

**PLAN COMMISSION**  
**August 16, 2012**



Michelle Kaltenberg called the Plan Commission meeting to order at 5:30 p.m. In attendance: Plan Commissioners Nick Ansay, Chad Chapman, Barry Hemphill, Michelle Kaltenberg and Carol O'Neil. Absent: Gary Gavin and excused: David Blend. Also in attendance: Village Administrator Mark Johnsrud, Ben Zellers with Vierbicher and Associates and Clerk/Treasurer Joan Dykstra.

**Statement of Public Notice** – This meeting was posted and noticed according to law.

**Approve Minutes of June 21, 2012** –

An O'Neil/Hemphill motion carried to approve June 21, 2012 minutes.

**Personal Appearances** - Mike Garvey and Rick Kaltenberg were present, did not speak at this time.

**Discussion of Draft Tax Increment District No. 2 Amendment**

Ben Zellers explained that this amendment for TID #2 would allow #2 to be a donor to distressed TID #3. The financial analysis, provided by PFM Financial Group, projects a surplus at 2022 when it closes in the amount of \$2,028,903. Amending #2 would allow it to stay open for an additional ten years. Only funds expended in those ten years would go to TIF #3. As of 2017 there will not be any more expenditure and they must take care of their expenditures before they donate to TIF #3. The projected growth chart assumes no new construction and the tax rate staying the same. If there is inflation and increase of tax rate, then TID #2 would benefit. TID #2 must close when the bonds are paid off, they can only stay open an additional ten years to donate to TID #3. TID #3 could close earlier with funds from TID #2. No new creation of a TIF district can happen until you are below 12% in a district and we are currently at 33%.

**Discussion of Draft Tax Increment District No. 3 Amendment – Pkt B**

Zellers said declaring TID #3 distressed allows it to remain open for an additional ten years. However, the TID may not: 1) amend its project plan to add any new project costs, 2) become part of the district with overlapping boundaries 3) expend any funds outside of the TID boundary. 4) add any new territory to the TID boundary 5) become a donor district and 6) make any expenditures after its expenditure period. If in your previous plans you could incent businesses, you can still do that through 2017, the end of the expenditure period.

The distress requirements that we have met are: 1) it was created before October 1, 2008, 2) the TID has not been amended after October 1, 2009, 3) the projected TID #3 revenue is insufficient to pay incurred project costs and debt during the TID's regular 27 year lifespan. The Plan Commission, Village Board and Joint Review Board must all approve the resolutions amending the TID, finding that the TID's financial status merits the distressed designation and both the Plan Commission and Village Board must hold a public hearing concerning the distressed TID designation. The resolutions go to the Joint Review Board and then to the State. According to TIF law it must be endorsed by the Plan Commission.

If you look at the financial status the regular life span of TID#3 shows a deficit of \$1.8 million dollars and would need two extra years with donations from TID #2. To do this, TID #2 must become a donor and TID #3 distressed. If TID #3 closed at 2023 and TID #2 was not a donor, the negative \$1.8 million would be the Villages responsibility.

The impact on the taxing jurisdictions would be 1) this amendment allows the Village to transfer surplus revenue from TIDs that have amended to become donor districts to TID #3, 2) the lives of donor TIDs may be extended by up to ten years to donate funds to TID #3. 3) the maximum life of TID #3 may be extended by up to ten years and 4) taxing jurisdictions will forgo additional revenue for each year TID#3 and any donor TIDs remain open beyond their otherwise-mandated closing dates. Current projections anticipate that TID #3 would

stay open an additional two years without any donations, however the Village will still have up to ten years if projections prove too optimistic. This assumption is with zero inflation, zero tax rate increase and the value of distress is declined.

The Joint Review Board will meet two times with the first meeting on September 11<sup>th</sup> to appoint a chair person and discuss the amendments, with no action taken.

Recommendation of PFM group was to distress TIF#3 and TID #2 donate due to a bond refinancing this fall. To send this to market it will show the bond will be repaid and the TID refinancing will get better interest rates.

Johnsrud questioned zoning a portion of TID #3 as residential as there has been some interest in apartments in TID #3. The TIDs were created as Industrial zoning. Zellers will get back to the Commission if a change of zoning to residential is permitted.

Hemphill said we have three choices: 1) proceed with both 2) do nothing and the Village would be on the hook for the two million dollars or distress TID#3 and leave #2 alone. What is best? You could make TID#2 a donor but you don't have to donate, that would be a board decision.

Ansary said you can not create a new TID district unless they both close and if TID#2 donates that would close down TID#3 sooner than the ten years. You can not spur development if you do not have a new TIF and all developers seem to ask for incentives.

Johnsrud presented the following: **Distressed** 2022 (\$2,987,314), 2023 (\$1,824,450), 2024 (\$860,967) and at 2025 it would close at a positive \$102,517.

**Non-distressed** (\$2,987,314) at 2023 the Village would have to bond for that amount. Assuming a 2.4% interest rate it would increase the village mill rate by \$1.8 mills or an additional \$360 cost per home. Johnsrud said that most of TID#3 is vacant land with a current assessment of \$60,000-\$100,000 an acre. If they put the land into crop land it would reduce the value down to \$300 an acre in TID #3.

Garvey asked if the cash flow for TID #3 included donations, which it did not. He also questioned the Administrative expenses and that they would be dropping off in 2017. Johnsrud said that was correct and currently the Administrative expenses are six percent of the TID budget. The Administrative charges include, wages for the Administrator, Clerk-Treasurer, Deputy-Clerk Treasurer, administrative assistant, auditor accountant, plan commission, assessor, attorney and economic development. Johnsrud said even if we dropped the administrative costs today it still be a \$2.5 million dollar deficit. The staff will still be administering the TIF after 2017 to the close and will not be reimbursed.

### **Set Public Hearing Dates for Proposed Tax Increment District No. 2 and No. 3 Amendments**

An O'Neil/Chapman motion carried to set September 20<sup>th</sup> as the public hearing for the proposed tax increment district #2 and #3 amendments.

**Next Meeting**, – September 20, 2012 – 5:30 p.m.

### **Adjourn**

A Hemphill/Kaltenberg motion carried to adjourn at 6:54 p.m.

Joan Dykstra  
Clerk – Treasurer