



SPECIAL VILLAGE BOARD MEETING
Minutes of September 19, 2012

President Kaltenberg called the Village Board meeting to order at 5:32 p.m. The Pledge of Allegiance was recited.

In attendance: President Michelle Kaltenberg, Trustees: Fred Albertz, David Blend, Barry Hemphill, Rory Holland, Greg Schopp and Tim Semo. Also in attendance: Administrator Mark Johnsrud, Attorney James Hammes and Deputy Clerk-Treasurer Elisa Meltesen.

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

Public Comment – None

Discussion and Recommendation Tax Increment District #3 - Amendment 5 Distressed TID Declaration

The Board discussed the proposed Tax Incremental Finance District (TID) amendments and the potential financial outcomes for both the Village and School District. President Kaltenberg explained there has been a misconception that the School District would significantly lower its mil rate upon closure of the TIDs making a referendum for a new school more feasible. She added the School District recently found the State of Wisconsin makes the School District whole via State aid during the life of the TIDs and upon TID closure will gradually phase in aid reductions equal to the additional tax revenue from the closed TID(s). Holland expressed concern that whether or not to distress TID #3 has become an issue of the School referendum being put before the needs of the Village. Kaltenberg stated she supports the Village borrowing funds to incent land for development but also believes a new school would encourage development in Johnson Creek.

Dave Anderson of Public Financial Management stated that he believes it is in the Village's best interest to distress TID #3. Kaltenberg inquired about the Village's ability to borrow funds if the TID was not distressed and when the last allowable date to distress TID #3 is. Anderson replied the Village has approximately \$5 million remaining general obligation debt capacity but would not have the TID revenue stream to repay debt without distressing TID #3. He added there are two years left for the TID to be distressed but recommends doing so now to refinance existing debt at low interest rates.

Kaltenberg and Johnsrud each discussed a possible exit strategy for TID #2. This may involve incrementally changing TID #2 boundaries to gradually move properties into the general tax base. Anderson added that the potential of TID #2 becoming a donor TID would not prevent it from changing boundaries to accommodate such a strategy. Anderson also expressed that extension of the TID closing date to the latest allowable year of 2033 will not occur as the TID must close once revenues exceed existing debt. Revenues will exceed existing debt prior to that point even with an assumption of zero additional development in the TIDs.

Johnsrud noted expenditure periods expire in 2016 for TID #2 and 2017 for TID #3. After that no additional debt can be incurred for infrastructure projects to drive development. However, if the Village owns land it can be used as a key incentive for business and industry to develop in Johnson Creek. Johnsrud added the reason for continuing to expense administrative costs to the TIDs during the allowable expenditure period keeps the mil rate down for taxpayers not located in the TID.

It was suggested that Anderson provide the following for the next evening's Plan Commission meeting: current outstanding GO debt and current outstanding revenue debt amounts, effect of refinancing on payment schedule and project plans for the TIDs. No official recommendation was made following the discussion period.

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**Discussion and Recommendation Tax Increment District #2 - Amendment 5
Donor TID Declaration**

No additional discussion or recommendation was made.

Next Village Board Meeting – Monday, September 24, 2012

Adjourn

A Blend/Kaltenberg motion carried to adjourn at 6:36 p.m.

Elissa Meltesen
Deputy Clerk - Treasurer

Disclaimer: These minutes are uncorrected; any corrections made thereto will be so noted in the proceedings at which these minutes are approved.