

**MINUTES OF THE JOINT REVIEW BOARD OF THE CITY OF CUDAHY, WI.
HELD AT THE MUNICIPAL BUILDING, 5050 S. LAKE DRIVE, CUDAHY, WI.
Tuesday, February 23, 2016**

ROLL CALL

The meeting was called to order at 3:30 P.M. by Mayor John Hohenfeldt. The following members answering 'present' to roll call: John Hohenfeldt for City of Cudahy, Jim Tarantino for Milwaukee County, Mark Felsheim for MATC, James Papala for Cudahy School District, Ray Glowacki – City of Cudahy citizen member. Finance Director Schuknecht, Economic Development Director Biernat and Greg Johnson from Ehlers and Associates were also in attendance.

OPEN MEETING STATEMENT

Proper open meeting statement was read.

1. Consideration and appointment and/or reaffirmation of the Joint Review Board's public member. **MOTION BY JIM TARANTINO, SECOND BY MARK FELSHEIM** to appoint Raymond Glowacki as the City of Cudahy citizen member. On the roll call vote, motion carried unanimously.
2. Election and/or reaffirmation of Chairperson. **MOTION BY JIM TARANTINO, SECOND BY JAMES PAPALA** to reaffirm Board of Review Chairperson as John Hohenfeldt. On the roll call vote, motion carried unanimously.
3. Greg Johnson gave an overview of the responsibilities of the Joint Review Board which are primarily to make sure that any creation of a new TIF District or any amendments to existing TIF proposed amendments remain in compliance with the "but for" test which can be defined as, but for the use of tax incremental financing certain development projects may not occur, may not occur during a certain time frame or they may not result in the same benefit to the City and other taxing jurisdictions in the form of higher taxable value, job creation or job retention.
4. TID No. 1 was established in 1994. The end of the expenditure period is in April of this year. The City had an audit completed by Baker Tilly covering the time from creation through 2014. Results of audit incorporated project plan amendments and status of total project expenditures since creation. There is an allowance in project plans and subsequent amendments that gave the city some flexibility in terms of managing the total project cost. The total dollar amount was identified and an allowance put into project plan allowing city flexibility to exceed that amount by 25%.

Greg Johnson reviewed the project plan with the Board at this time. Total costs allowed were \$64.4m through the audit as of 12-31-2014. The City spent about \$74.2m on total project costs. Preliminary unaudited numbers for 2015 projects are approximately \$3.2m which totals \$77.4m. That is about 20% over the plan allowance but under the 25% threshold granted by the Joint Review Board previously.

He provided an update in terms of where things stand presently and identified the remaining objectives that the City wishes to accomplish to fulfill the objectives of the TID project plan and development within the TID district boundaries.

To satisfy the expense test, the City's proposing to commit funds to an escrow account for all remaining initiatives. Remaining funds must be spent out for projects identified in the project plan over the remaining life of TID district.

The proposed initiatives include economic development and necessary staffing along with a retail incentive program and improvements of Farmers Market, Squire Avenue Parking Lot and Barnard Ave extension as well as other improvements related to development.

There is a built-in contingency to cover any unforeseen costs based on these projects which are going out to bid this year. Escrow funds will cover the costs of . administrative costs, audit fees and payment of outstanding debt obligations and municipal revenue obligations.

The primary purpose of the amendment is to identify future initiatives with the dollar amount set aside for the particular programs so they can be disbursed over the remaining life of the TID. Performance increment and tax flow will be projected as well as all remaining initiatives and the amount of increment generated annually and projected collection over remaining life.

Greg explained that the drop in value was attributable to the Department of Revenue's methodology change as to how they valued property values within TIF districts statewide. The drop in value for Cudahy was \$53m. Since then, there has been some increases as well as declines in value. Cudahy had \$170m of increment value generated within the TID district from 2017 to 2021 The \$4.6 of future increment to be generated is conservative.

Cash flow performance was broken down on handout. Fund revenues come primarily from tax increment generated from district, investment earnings on fund balance, computer aid, debt service fund and capital projects fund being applied to offset future costs. Transfer from debt services to capital. CDA lease revenue bonds,

When completed each CDA has a debt service reserve amount set aside in separate escrow. Upon maturity, the debt service reserve funds are revenue sources.

Greg summarized the remaining ongoing expenditures as ongoing administrative costs, capital project costs, identified as cost going into an escrow account for remaining projects and remaining municipal revenue obligations that are outstanding.

Taking into account all of the revenue and projected increment reserve account and all expenditures and debt and remaining funds and administrative costs, he

projected the TIF to have a cumulative fund balance at the end of 2021 that exceeds the amount of debt outstanding.

Discussion ensued.

5. Set next meeting date. The next meeting was scheduled for Monday, March 21, 2016 at 3:30 P.M.
6. **MOTION BY RAY GLOWACKI, SECOND BY MARK FELSHEIM** to adjourn at 4:30. Motion carried unanimously.

John Hohenfeldt,
Chairman