

VILLAGE OF ELM GROVE
AD HOC COMMITTEE – REINDERS DEVELOPMENT
MEETING MINUTES
WEDNESDAY, June 15, 2016

Present: Chairman Trustee Nelson, Christina Berger, Martha Kendler, John Galanis, Jan Schoenecker, Joe Klein, Pete Moegenburg, and Stew Elliott.
Excused: Marlee Hansen, Rebekah Schaefer.
Also Present: Ehlers and Associates Senior Municipal Advisor Michael Harrigan, Village Manager David De Angelis, Village Finance Director Monica Hughes, Village Clerk Mary S Stredni, and Zoning/Planning Administrator Tom Harrigan.

1. Call Meeting to Order.

The meeting was called to order at 6:00PM by Chairman Nelson.

2. Review information regarding Village finances.

Chairman Nelson introduced Village Finance Director, Monica Hughes to the committee. Mrs. Hughes explained that she would provide the committee with a brief overview of the Village finances. To begin, Mrs. Hughes explained the basic concepts of governmental finance including, fund accounting, capital budgeting, determination of the tax levy, and the Comprehensive Annual Financial Statements (audit).

The financial results of 2015 were reviewed by a comparison of revenue sources to expenses. Mrs. Hughes then provided an examination of the Village fund Balance as of December 31, 2015. It was noted that the Village debt limit is 5% of the total equalized value. The total equalized value as of January 1, 2015 was \$1,076,396,900. Based on the debt limit equation, and current outstanding debt obligations, the additional borrowing capacity of the Village is \$45,979,845. Historically, the Village has maintained a conservative fiscal approach which has resulted in a lower utilization of debt capacity when compared to other municipalities of similar demographics and population.

Chairman Nelson made comment that although the Village is in excellent financial position, it is important to be aware of the constraints and realities that exist in the annual budgeting process. Chairman Nelson asked Mr. De Angelis to provide a summary of the annual budgeting process and how that translates into services for the community.

Mr. De Angelis briefly explained the methodology and approach that is necessary in order to generate a balanced budget.

Chairman Nelson thanked Finance Director Hughes for her presentation and introduced Michael Harrigan, Senior Municipal Financial Advisor of Ehlers and Associates.

3. Review information on how TIF works

Mr. Harrigan introduced himself to the committee and provided a background on Ehlers and Associates and the work they do not only in Wisconsin, but also Minnesota, Illinois, and Colorado. Ehlers and Associates has been the municipal financial advisor to the Village for the past several years.

To begin, Mr. Harrigan provided a basic introduction to Tax Incremental Financing (TIF). This included the background of the program, the laws associated with TIF, and the procedures of implementation.

Mr. Harrigan explained that since 2008, there has emerged a more conservative approach to the utilization of TIF. This includes a more detailed analysis of the risks associated with TIF, embarrassing more conservative assumptions, and hedging against potential economic depreciation.

A key point of understanding how TIF operates is the “But For” test. In this benchmark, “But For” the use of TIF, the proposed development would not occur:

- As proposed
- Within the same time period
- With the same level of value (property, jobs, amenities)

Mr. Harrigan continued by explaining the importance of a thorough pro forma analysis on a proposed developments projected financials.

In concluding remarks, Mr. Harrigan summarized that TIF is still the most important tool available to help stimulate growth and development within municipalities. The tool has many features and options, but the potential risks must be considered. It is incumbent upon the municipality to conduct its own due diligence and require good data from the developer and advisors in order to quantify risks. Recognize that everything changes, including TIF law. Finally, plan ahead to position yourself to take advantage of growth opportunities in your community.

Chairman Nelson thanked Mr. Harrigan for his time and presentation.

4. Review proposed schedule for future meetings

Future Ad Hoc Committee meetings will be held at 6:00PM on:

- June 29, 2016
- July 13, 2016
- July 27, 2016
- August 10, 2016
- August 24, 2016

5. Adjourn

Kendler motioned and Berger seconded to adjourn the meeting at 7:40PM
Motion carried 8-0

Respectfully Submitted,

Thomas Harrigan
Zoning and Planning Administrator