

CITY OF CEDARBURG
FINANCE COMMITTEE
March 19, 2024

A regular meeting of the Finance Committee of the City of Cedarburg, Wisconsin, was held online on Tuesday, March 19, 2024, utilizing the Zoom app.

Jack Arnett called the meeting to order at 1:04 p.m.

Roll Call: Present - Council Member Jim Fitzpatrick, Jack Arnett, Michael Bradburn, Tim Voeller, Mary Kay Bourboulas

Also Present- City Administrator Mikko Hilvo, Finance Director Kelly Livingston, Deputy Finance Director Maureen Hartjes, Mr. Harry Allen - Ehlers Investments, Council Member Patricia Thome, interested citizens

Excused- Allan Lorge

STATEMENT OF PUBLIC NOTICE

Finance Director Livingston confirmed proper legal notice of the meeting had been given.

COMMENTS & SUGGESTIONS FROM CITIZENS

APPROVAL OF MINUTES

A motion was made by Ms. Bourboulas to approve the minutes of November 21, 2024. The motion was seconded by Mr. Voeller. Motion carried unanimously.

UNFINISHED BUSINESS

None

REPORTS

The Finance Committee reviewed the Ehlers December, January and February investment summaries, Ehlers Yield report for December and the City's Cash and Investment report for December. Mr. Arnett stated that a new calculation, Average Yield to Maturity on Price, was now included in the Ehler's investment summary and asked Council Member Fitzpatrick if it was the calculation he had been looking for. Council Member Fitzpatrick stated he had not had time to review the new reports.

Mr. Arnett inquired why the balance at BMO Bank was so high while having a low interest rate. Finance Director Livingston stated BMO Bank collects taxes for the City which is why the balance was high at year end. Finance Director Livingston stated the funds have since been transferred to a higher yielding account. Mr. Arnett asked why the Summit Credit Union bank accounts do not earn interest; Finance

Director Livingston stated that these accounts are Fire Department/EMS billing accounts and are in the process of being switched to PWSB into an account with a higher yield.

NEW BUSINESS

Discussion and possible action on TID #4

Administrator Hilvo introduced Mr. Harry Allen from Ehlers Investments to discuss TID #4 and stated the City has been talking with Ehlers regarding the best course of action for TID #4. Mr. Allen stated TID #4 was a blighted area TID created October 30, 2017, with a 27-year maximum life. TID #4 was a three-parcel district which was the former Meta Mold Aluminum Company site and the City issued \$3.4 million in G.O. Debt to finance incentives for environmental remediation. Mr. Allen said the original TID Project plan contemplated \$2.18 million in advances of non-TIF funds to support TID debt with a projected \$1.84 million recovery from TID #4 and a net City investment of \$879,000 to include unrecovered accrued interest. Mr. Allen stated that the original plan projected an incremental value of \$10 million in place by January 1, 2027, and the current model delays this until January 1, 2035, with actual incremental value as of January 1, 2023 at \$319,300. Mr. Allen presented three solutions for TID #4:

1. The City pays the TID debt service shortfall from the annual tax levy – The City has already implemented this option starting in 2023. Mr. Allen stated, in implementing this solution alone, the city will end up spending about \$3.7 million at the end of the TID life.
2. Use a donor TID – Mr. Allen suggested using the City's TID #5 as donor to TID #4. Mr. Allen stated this would require an amendment of TID #5's Project Plan and TID #5 is currently projected to satisfy all liabilities in 2030 after which it could allocate all its increment to TID #4. On a projected basis, about \$3.4 million in shared increment would be needed. Mr. Allen stated TID #5 has a mandatory termination in 2046 and by 2046 TID #4 could recover all costs to include repayment of all City advances with accrued interest. Once TID #4 begins to receive shared increment from TID #5, the City can cease paying TID debt service from annual levy dollars.
3. Extend the life of TID #4 – TID #4 is eligible for a three-year extension to its maximum life. Mr. Allen stated that assuming about \$10 million in incremental value is eventually achieved, an extension would generate approximately \$450,000 in additional incremental taxes to repay City advances. Mr. Allen stated that this option may not be needed, however, the City should consider requesting this to be proactive and take advantage of the current laws.

Administrator Hilvo added that attorney and consultant fees are not included in the above options and the EPA states that 2030 is the earliest cleanup would begin. Council Member Thome asked if the City extends TID #5 and TID #4 starts to generate income could the City halt TID #5 donor contributions. Mr. Allen said that if TID #4 generates revenues to support its debt service then the TID #5 contributions can be stopped at any time. Mr. Allen stated that for TID #5 to become a donor TID there would need to be a full project plan amendment, which the JRB would approve. After the approval of the JRB it would need to get approved next by the Plan Commission, then the Council and then the JRB gives the final approval. Ms. Bourboulas asked how the school district and county would be affected by this. Mr. Allen stated that the school district is funded by property taxes and equalization and would not be directly

impacted by using a donor TID. Mr. Allen stated the county could be affected when a TID closes, the county gets an adjustment on their levy and at that time could get a tax rate decrease.

Mr. Arnett mentioned that this presentation is only the first discussion regarding the TID #4 options and that no decisions will be made at this time. Mr. Arnett stated that this is the first step.

Mr. Voeller asked if any of the City's other TIDs are challenged. Mr. Allen stated TID #4 is the City's only challenged TID. Mr. Voeller then asked if there were other TID donors available other than TID #5. Mr. Allen stated that TID #6 or TID #7 could potentially be donors. Mr. Bradburn asked what the window is to decide. Mr. Allen stated the City has until 2041 to make a decision.

Mr. Fitzpatrick asked if the City continues to only do the first option, how would it affect a City taxpayer? Mr. Allen explained that if the City only does the first option, the total levy support need would total approximately \$3.3 million and if the City utilized the second option as well, it would generate \$1.8 million in support which would be a savings of \$1.4 million not paid by the City's general property tax levy.

Mr. Arnett inquired about the timing of the JRB meetings. Mr. Allen responded JRB meetings are typically held in fall. Mr. Arnett reminded the Finance Committee that no action needs to be taken at this time but the City needs to be aware of the challenges of TID #4 and stay ahead of it.

Mr. Fitzpatrick requested that when these options are presented to the Council Mr. Allen includes a list of pros and cons as well as what each option means to the City taxpayers.

Identify future agenda items, and action thereon

Ehlers Financial Management Proposal

Revenue Policy

Debt Policy

Confirm Next Meeting Date April 16, 2024, at 1:00pm

ADJOURNMENT

Motion made by Ms. Bourboulas, seconded by Mr. Fitzpatrick, to adjourn the meeting at 2:01 p.m. Motion carried without a negative vote.

Maureen Hartjes
Deputy Finance Director