

City of Zion
Tax Increment Financing Board of Review

Bill Warren, Chairperson

Marilyn Kreiger

Dave Miller

Kathy Richards

Chris Szymanski

Margie Taylor

Juanita Winfrey

Meeting Minutes

REGULAR MEETING OF THE
TAX INCREMENT FINANCING BOARD OF REVIEW
Monday, January 9, 2017 at 5:30pm
ZION CITY HALL

I. Call to Order

Meeting was called to order at 5:34pm.

It was motioned by Mr. Szymanski and seconded by Ms. Kreiger to

II. Attendance

Present: Marilyn Kreiger; Chris Szymanski; Margie Taylor; Juanita Winfrey,

Also present: David Knabel, Director of Finance, City of Zion; Kim Leech, ZBTHS School Board Member

Absent: Dave Miller; Kathy Richards; Bill Warren

Due to the absence of Chairman Warren, it was motioned by Mr. Szymanski and seconded by Ms. Kreiger to nominate Juanita Winfrey as acting Chairperson.

Vote: Marilyn Kreiger, aye; Chris Szymanski, aye; Margie Taylor, aye; Juanita Winfrey, aye. Motion passes.

III. Approval of Special Meeting Minutes from May 16, 2016

It was motioned by Mr. Szymanski and seconded by Ms. Kreiger to approve the meeting minutes as presented.

Vote: Marilyn Kreiger, aye; Chris Szymanski, aye; Margie Taylor, pass; Juanita Winfrey, aye. Motion passes.

IV. Discussion regarding creation of Trumpet Park TIF

Phil McKenna and Robert Rychlicki of Kane McKenna & Associates distributed a handout to those in attendance and discussed how a TIF is to be created and the qualification factors related to the redevelopment area. Referencing the Kim Leech, Zion Benton Township High School Board, asked if the Fed Ex property is included in the proposed TIF. Mr. McKenna

stated that this was excluded from the TIF since it does not need any help. Ms. Leech asked if the property east of Green Bay Road was the golf course. Director Knabel stated that it was the property just north of the golf course which abuts up to the state line.

Ms. Leech asked for clarification of what the darker shade and lighter shade of grey represented in the handout. Mr. Rychlicki stated that the lighter grey represents the base 2015 EAV which is \$7,728,000, as certified by the County Clerk's office. He stated that when taxes are levied, it will include all other property that is outside of the light grey box (the base EAV) and any amount that exceeds \$7,728,000, (the darker grey). He also stated that these are the taxes extended against it but are not collected by the taxing bodies. He stated that this is considered the increment and is placed in a separate fund.

Ms. Leech asked why would it take twenty years, why not less. Mr. Rychlicki stated that this is an estimate. Mr. Leech stated that this was a long time. Mr. Rychlicki stated that it has been their experience, your basic financing or amortization of costs, especially infrastructure, usually has a twenty term. There are provisions that state if the project does better and pays it off sooner, it doesn't have to be twenty years. Mr. McKenna added that the City has to create an annual report of all of the projects that the City has completed. This annual report is submitted online and to the taxing bodies every year. Director Knabel also added that the reason for starting this now is because the time frame, you don't want to start a TIF and have nothing happen for ten years and not be able to accommodate a developer's request that extends past the life of the TIF. Director Knabel stated that there is interest from developers to build Trumpet Park but they are also looking in Wisconsin, so the City has to be competitive.

Ms. Leech stated that she understands the concept but stated her concerns about the length of time and how the community is struggling and commented how some business cannot continue in their current tax rate for that long.

Director Knabel commented about the success of the Sheridan Road TIF (TIF #1) whose efforts over the last 23 years have resulted in an additional \$2.6 million dollars of tax revenue that will be released to the taxing bodies that wasn't there before. He also added that contrary to the rest of the community seeing a 40% drop in value, the Sheridan Road TIF property value is up. Director Knabel stated that you only create TIFs when things are tough and blighted.

Ms. Leech asked Ms. McKenna if the goals of the TIF are met sooner, will that lessen the twenty three years. Mr. McKenna said yes. Ms. Leech questioned the hospital because they had such a big TIF and they were built, developed and increasing and yet they were still on the TIF. Director Knabel stated that if one parcel gets fully developed, it does not get released from TIF and done, it's when the entire TIF district is done is when it is released. He gave an example of how a potential project looking to develop 40 acres within the TIF could receive 50% of the increment generated and the remaining 50% will be placed in a special TIF fund to be used to incentivize additional projects within the TIF. He added that if we were to close out a project after it

was developed, there wouldn't be no revenue to develop anything else. Ms. Taylor asking, using Director Knabel's scenario, what would happen if there were no additional project that came in TIF. Director Knabel stated that taxing bodies are no worse off than they were before. He added that the taxing bodies will still receive the taxes that they were receiving prior to the TIF.

Ms. Leech asked if the base EAV will remain the base even if property values go down. Mr. McKenna stated that if the assessed valuation falls below the base, then yes. Mr. Rychlicki added that you could only extend against what the clerk has certified.

Ms. Leech, referencing the handout, asked Director Knabel if the city saw a 7x to 8x increase of the base EAV in TIF #1. Director Knabel stated that he would have to look at the value given the drop in property values. Mr. Rychlicki stated it probably would be close to $3x - 3\frac{1}{2}x$ the value. Mr. McKenna also stated that the reason why you would expect a greater increase in value is because of the amount of vacant land and the fact that it would be, industrial. He added that there wasn't a lot of vacant land in downtown Zion.

Ms. Leech asked, with the TIF #1 coming off, what does that look like for Zion. Director Knabel stated that all of the incremental value over the base will be captured as new construction and distributed to the taxing bodies. Mr. Rychlicki added that the taxing bodies will have to adjust their levies that year to capture it. Director Knabel stated that it would be an ideal tax relief burden to the taxpayers if we don't grab at all of the new construction. Director Knabel gave an example of how if all of the taxing bodies kept their levies flat and not take any of the new construction, the community could see a reduction of \$2.6 million dollars in taxes. Ms. Leech stated that the High School abated almost a \$1,000,000 dollars back and it had no effect on the taxes. She added that she does not see how \$2.6 million dollars is going to make a difference. She asked what would happen if all of the taxing bodies didn't take it, what it would really do to the tax rate. Director Knabel stated that the gross taxes would go down by about five to six percent. He stated that community wide we have a \$50 million tax levy between schools and the city and the like, not counting forest preserve or college.

Ms. Leech commented how when the school gave back almost \$1 million dollars, it barely did anything to the taxes. Director Knabel stated that abatement isn't a give back. He added that if you're levy is \$25 million and you add a million dollars but don't collect it; you're still levying \$26 million. It acts as a placeholder so you don't lose out on it forever. He said that if you levy \$24 million to actually have it make a difference on people's taxes. Ms. Leech commented that once you do that you lose it forever. Director Knabel stated you would but it would also have reduced the tax rate which now makes the community more attractive to developers, residents and businesses. If we could find a way to live off of what we are getting now, it could make a huge difference. He also added that the mentality of government nationwide is "grab at whatever you can because we need it." Ms. Leech stated that the problem is our state and not knowing if we would have to pay our Teachers Pensions.

Secretary Bronson stated that the Joint Review Board meeting will be held on Wednesday January 18th at 10:00am at City Hall and that all taxing bodies have been notified.

The Public Hearing will be held on Tuesday, February 21st at 7:00pm.

V. **New Business**

There was none.

VI. **Public Participation**

There was none.

VII. **Adjourn**

Being no further business to come before the Board, it was motioned by Ms. Taylor and seconded by Ms. Kreiger to adjourn the meeting at 6:25pm.

Vote: Marilyn Kreiger, aye; Chris Szymanski, aye; Margie Taylor, pass; Juanita Winfrey, aye. Meeting adjourned.


Recording Secretary