



# City of Madison

City of Madison  
Madison, WI 53703  
www.cityofmadison.com

## Meeting Minutes TIF POLICY REVIEW AD HOC COMMITTEE

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Monday, November 4, 2013

4:30 PM

Madison Municipal Building  
215 Martin Luther King, Jr. Blvd  
Room 300

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### 1. CALL TO ORDER / ROLL CALL

#### Call to Order

Present – Ellingson, Schmidt, Bidar-Sielaff,

Absent – Verveer, Clear

Staff – Gromacki, Rolfs, Olver, Zellhoefer, Monks, Cover, Marx

Meeting called to order at 4:38 PM.

Present: 3 -

Sue Ellingson; Chris Schmidt and Shiva Bidar-Sielaff

Absent: 2 -

Michael E. Verveer and Mark Clear

### 2. APPROVAL OF MINUTES

This was Approve the Minutes.

Motion by Ellingson, second Bidar-Sielaff, by to approve the minutes. Motion carried.

### 3. PUBLIC COMMENT

#### In support, Wishing to Speak

Delora Newton (Greater Madison Chamber of Commerce) – Newton said that the initial draft of the TIF Goals and Process did not raise red flags with her. She said that the TIF Underwriting draft did raise some concerns. She said that the requirement under the proposed “TIF / Jobs” process that required 10% of the jobs to have career ladders could be difficult for companies to fulfill. She also noted that (c)(2), wherein only 10% of the loan could be given up front with the remainder being distributed upon completion, i.e. pay for performance, was a concern for smaller companies that could be shut out due to undercapitalization. She also asked why donated equity or fees were not considered as equity. Schmidt asked what alternative approach Newton would suggest. Newton asked why this particular item was in the proposed policy in the first place. She said it could limit the number of proposals that the city received for new development opportunities.

Verveer arrived at 4:41 PM  
Clear arrived at 4:45 PM

In support, Not Wishing to Speak–

Rod Meyer (Madison, WI)  
Corey McGovern (Madison, WI)

In Opposition, Wishing to Speak

Susan Pastor (Madison, WI) – Pastor said that she supported the underwriting proposal that was made by Staff, as it relates to the creation of affordable housing. She said there was lots of evidence of cities that went the route of “giving things away” without a guaranty for a return on their investment. She asked the Committee to consider defining “economic development” more broadly, including things such as housing and food. She asked the Committee to ensure that there was not a need to subsidize things such as housing, while also using TIF to subsidize things like low wage jobs.

Present: 5 -

Michael E. Verveer; Mark Clear; Sue Ellingson; Chris Schmidt and Shiva Bidar-Sielaff

#### 4. DISCLOSURES AND RECUSALS

Schmidt said that he had a conversation with Joanna Burish, Curt Brink, and Carole Schaeffer and another individual. He said that they were going to come and present some examples of TIF projects that did not come forward to the City, due to existing policies and perceptions.

#### 5. NEW BUSINESS

[29485](#)

Accepting the revised TIF Policy approved by the Economic Development Committee on February 20, 2013 for Common Council consideration and adoption.

**Attachments:** [TIF Policy by EDC Feb 20 2013.pdf](#)  
[Comparison Matrix of Existing TIF Policy to EDC Proposal](#)

This Resolution was Referred to the TIF POLICY REVIEW AD HOC COMMITTEE

Motion to refer to the next meeting by Verveer, second by Clear.

The Committee discussed the Draft Goals and Objectives document. The Committee discussed what was meant by the term “Luxury Housing”. The consensus was to define luxury housing as “any housing that is more than 100% of the market rate”.

Consensus was to have Staff provide the BOE a quarterly update on TIF projects in closed session.

Discussion took place around the process of developing the Term Sheet and negotiating the proposed TIF loan. The Committee also discussed who was on

the TIF Team and what that makeup would look like. Bidar-Sielaff said it would be a good idea to have a well defined TIF Team that also represented all of the potential funding pools that could be applied to a project. Consensus was to include the EDC Proposal for the "TIF Team" in the Goals and Objectives document. Verveer asked Olver and Cover what the current practice was. Olver said that there are many projects that never make it to a TIF Team, as they are very straight forward. These projects are negotiated with the TIF Coordinator, a resolution is drafted and presented to the Alder, and then sent to the Common Council. He said that as projects are more complicated or sensitive, either he or Cover would get involved, along with other staff including the Finance Department, Planning, Engineering, and others as necessary. Verveer and Bidar-Sielaff said they would like to see this process become more formalized and codified.

Alder Rummel asked if there was a way to formalize how and when to inject the alder into the conversation regarding an application for TIF funding. Bidar-Sielaff said that it would be good to include the alder early on, but it could cause problems when it came to negotiating a TIF deal.

Verveer said that in his experience he had never been to a TIF Team meeting, but that had never been a problem. He said that it might be good to have a more formalized process for including the alder, but he did not want to "meddle" in negotiations between Staff and a prospective applicant. Olver noted that there were generally two types of meetings, one with a developer to negotiate and work through issues, and another where City Staff met with a larger group, sometimes with the alder or Mayor's Office present, to discuss larger issues related to a proposed TIF project.

Consensus was that when an application for TIF funding was received that an alder should be notified by sending them a copy of the TIF application.

Verveer left at 5:58 PM.

Bidar-Sielaff asked Monks what triggered bringing in the Mayor's Office or the District Alder. Monks said that they relied upon the EDD Director to make the call when too involve the Mayor or District Alder. Bidar-Sielaff said that whatever triggered bringing in the Mayor's Office should also trigger bringing in the District Alder for an update. Alder Rummel said that whenever there are policy issues the District Alder should be involved immediately, as it provided a range of information and opinions. Olver said that there are a range of meetings that happened, from formal meetings to informal meetings that lasted no more than a minute. Monks noted that when the EDD Director was involved, the Mayor's Office was informed of TIF projects. Schmidt asked if the Mayor's Office was not aware of specific TIF projects. Monks said the EDD Director was aware of all projects, but the Mayor's Office was only involved when there were issues that required resolving.

Motion to suspend the rules by Ellingson, second by Clear to suspend the rules and allow another speaker.

Speaking in support of the EDC Proposal

Carole Schaeffer (Smart Growth Greater Madison) – Schaeffer said that she had five meetings in the previous year with developers and Staff, but because of TIF Policy they could not come forward with a TIF application to the City.

She said Joanna Burish of Welton Enterprises lost both Mead & Hunt and a manufacturer from China because there was not a TID in place, and there were no assurance that they could get an approval. She said that the other communities were able to move faster to capture projects. She expressed concern that the proposed job requirements in the proposed language were arbitrary and could tie the City's hands in attracting businesses. Bidar-Sielaff asked if the alder of the district was involved in these projects. Schaeffer said that there was no way to do it, due to the structure of the existing TIF Policy. She specifically said that there are areas in the perimeter of the City of Madison that could not compete with surrounding communities. Schaeffer said that the Mayor of the City of Middleton said he loved Madison's TIF Policy as it was "building Middleton". She said that the EDC's Proposal called for identifying targeted areas was a sound idea, but there should not be TIDs created all over the City. Ellingson asked Schaeffer why other municipalities were able to move so much faster. Schaeffer said they had existing TIDs that were open and ready to provide assistance. Gromacki asked Schaeffer was at liberty to discuss the terms and conditions of the Mead & Hunt deal. He noted that Welton was not the only suitor for that tenant. She said that there were several other developers that were involved. She also noted that one of the problematic items was creating a loan that was not a rent write down. She said the first problem was that there was not a TID in place. She noted that in many cases the City could not compete with the rents that were being offered in Middleton. Schmidt noted that one of the key challenges was not having a TID, and the existing policy specifically forbids the development of greenfield TIDs. He asked for other examples of projects that did not happen in areas that were not greenfields. Schaeffer said that she did not hear about those projects on a regular basis, but she heard more about these issues in the edge of the City. Schmidt asked if there were other areas where there were concerns about the existing policy. Schaeffer said the 50% rule, the equity participation, and the conservative assumptions that were included in the existing underwriting process were major hurdles.

Alder Rummel noted that the expansion or creation of a TID with a requirement was a catch 22. Olver noted that the policy of having a generator prior to creating a TID was generally a good idea. Olver provided the general overview of the TID creation process. Bidar-Sielaff said that the creation of a TID and the requirement of a generator should be separated. She asked Olver how this process could play out. Olver said that the EDC Proposal was to set forth a TDA map that was approved by Council, and then have Staff create TIDs when it was appropriate. He noted that if a new TID was created in a speculative fashion, it would be a challenge to create a TID and then keep spending in the TID to a minimum to ensure it did not become distressed while also ensuring that it was closed due to paying off all of the expenditures. Gromacki and Rolfs highlighted the fact the Middleton was also writing down rents, which is currently forbidden by current policy. Gromacki also said that writing down rents would decrease the assessed value, which was counter to the goal of TIF. Gromacki said that if a greenfield TIF is created, it would be difficult to have it be a donor, due to the fact that the school districts are different from TID to TID (Middleton / Cross Plains versus MMSD), and State Statute requires that all of the overlying taxing jurisdictions in a donor / recipient TID be the same.

Discussion took place around when greenfield TIDs should be created and under what conditions this should be done. Alder Rummel said that the

existing policy allowed for the consideration of greenfield TIDs, under the annual strategy review. Ellingson asked how spending could be controlled in a speculative TID to ensure that TIDs were not distressed. Ellingson said she would like to see a policy about spending in a speculative / greenfield TID. Schmidt asked under what conditions the City would consider spending money in a TID when there was no generator.

Staff was asked to draft a framework for expenditures to apply to TIDs that did not have a generator. Schmidt asked if there was also a desire to create a TID where areas were identified for redevelopment.

Staff was asked to add an item to the Goals and Objectives regarding an annual strategy review for the creation and amendment of TIDs, along with an annual review of the entire policy.

Motion for referral carried.

## 6. REPORTS

Motion to refer to the next meeting by Verveer, second by Clear.

The Committee discussed the Draft Goals and Objectives document. The Committee discussed what was meant by the term "Luxury Housing". The consensus was to define luxury housing as "any housing that is more than 100% of the market rate".

Consensus was to have Staff provide the BOE a quarterly update on TIF projects in closed session.

Discussion took place around the process of developing the Term Sheet and negotiating the proposed TIF loan. The Committee also discussed who was on the TIF Team and what that makeup would look like. Bidar-Sielaff said it would be a good idea to have a well defined TIF Team that also represented all of the potential funding pools that could be applied to a project. Consensus was to include the EDC Proposal for the "TIF Team" in the Goals and Objectives document. Verveer asked Olver and Cover what the current practice was. Olver said that there are many projects that never make it to a TIF Team, as they are very straight forward. These projects are negotiated with the TIF Coordinator, a resolution is drafted and presented to the Alder, and then sent to the Common Council. He said that as projects are more complicated or sensitive, either he or Cover would get involved, along with other staff including the Finance Department, Planning, Engineering, and others as necessary. Verveer and Bidar-Sielaff said they would like to see this process become more formalized and codified.

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“meddle” in negotiations between Staff and a prospective applicant. Olver noted that there were generally two types of meetings, one with a developer to negotiate and work through issues, and another where City Staff met with a larger group, sometimes with the alder or Mayor’s Office present, to discuss larger issues related to a proposed TIF project.

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the City could not compete with the rents that were being offered in Middleton. Schmidt noted that one of the key challenges was not having a TID, and the existing policy specifically forbids the development of greenfield TIDs. He asked for other examples of projects that did not happen in areas that were not greenfields. Schaeffer said that she did not hear about those projects on a regular basis, but she heard more about these issues in the edge of the City. Schmidt asked if there were other areas where there were concerns about the existing policy. Schaeffer said the 50% rule, the equity participation, and the conservative assumptions that were included in the existing underwriting process were major hurdles.

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Motion for referral carried.

**Present:** 4 -  
Mark Clear; Sue Ellingson; Chris Schmidt and Shiva Bidar-Sielaff

**Absent:** 1 -  
Michael E. Verveer

30913

Communications and Reports of the 2013 TIF Policy Review Ad Hoc Committee

**Attachments:**

[2013 TIF Ad Hoc Com presentation - 07-09.pdf](#)  
[Legistar File #29153 - EDC Recommended Policy](#)  
[Legistar File #30799 - Comparison Matrix of Existing TIF Policy to EDC Prop](#)  
[Mertz ltr - 2013 07-10.pdf](#)  
[Mertz ltr - 2013 07-31 Members of the TIF Revision Committee.pdf](#)  
[Pastor e-mail ltr 2013 08-01.pdf](#)  
[Olver TIF Ad Hoc Com presentation - 2013 08-01.pdf](#)  
[JRB TIF Presentation - OLVER 2013 08-26.pdf](#)  
[Pastor e-mail comments 2013 08-29.pdf](#)  
[Pastor e-mail\(2\) 2013 08-29.pdf](#)  
[Kozlovsky email 2013 08-29.pdf](#)  
[Mertz email - 2013 08-29.pdf](#)  
[Creation vs Capture Exvaluating the True Costs of TIF - Carig Handout 2013 2013 08-29 TIF Policy Review Ad Hoc Com - Registrations .pdf](#)  
[TIF Policy IV But for Rewrite - 9-12-13.pdf](#)  
[Alternatives to 50 Percent Rule Slide.pdf](#)  
[Memo on Business Incentive Programs.pdf](#)  
[2013 09-19 TIF Policy Review Ad Hoc Com - Registrations.pdf](#)  
[TIF Policy IV But for Rewrite - matrix.pdf](#)  
[Pastor e-mail 2013 10-03.pdf](#)  
[2013 10-03 TIF Policy Review Ad Ho Com - Registrations.pdf](#)  
[Sample TIF Report - Facility Gateway 4-24-13.pdf](#)  
[Sample TIF Report - 309 W Johnson 5-29-13.pdf](#)  
[Sample TIF Report - Gebhardt 3-6-12.pdf](#)  
[Sample TIF Report - University Crossing Phase II 6-21-12.pdf](#)  
[Sample TIF Report - Wingra Clinic 12-13-11.pdf](#)  
[DRAFT TIF Goals and Objectives - 2013 10-28.pdf](#)  
[DRAFT TIF Underwriting Policy - 2013 10-28.pdf](#)  
[Pastor e-mail 2013 11-04.pdf](#)

**7. DISCUSSION OF FUTURE MEETING DATE(S)**

Schmidt said he wanted to see the work done by the end of the year. He said he was going to introduce a resolution to dissolve the Committee by Dec 21, 2013. Schmidt suggested looking at meeting starting at 9 AM and 1 PM, starting next week. Staff was directed to poll starting with Nov 7, 2013.

Schmidt said he will bring cake to the last meeting.

A meeting was set for Dec 17, 2013 at 5 PM.

**8. ADJOURNMENT**

Motion to adjourn by Clear, second by Ellingson. Motion carried at 7:16 PM.