



April 7, 2016

Dear Mayor Soglin and Members of the Madison Common Council:

The Madison Metropolitan School District is facing unprecedented financial challenges. The revenue limits the state has imposed restrict the amount the school district can spend. Revenue limits are lower today than they were in 2009. As a result, among other cuts, the school district eliminated more than 100 positions in our current budget and is looking at cutting another 75 positions in next year's budget.

In these difficult financial times, the school district must pursue every source of funding that will help us provide our students with the quality of education our community expects. We are writing to you today because the City is holding millions of dollars of school district property taxes in TID 25 that can and should be directed to our community's public schools.

We have concerns about the way TID 25 has been handled. We are alarmed that TID 25 has already spent more than \$20 million dollars above the approved project plan without authorization by the Joint Review Board. Even with that spending, TID 25 could have been closed years ago. The increment generated by the Block 89 projects is sufficient to pay off any remaining TID 25 obligations and still leave a surplus. The TID has a surplus that totaled \$19.5 million at the end of 2014 and the surplus continues to grow by about \$3.7 million annually. Still TID 25 remains open. Rather than distribute this surplus and return the incremental tax base to the school district and other taxing jurisdictions, the City is maintaining TID 25 as a source of public funding for a developer chosen for the Judge Doyle Square (JDS) project.

This situation certainly holds the potential for conflict between the school district and the City. But fortunately there is a path forward that should serve both our needs.

The City is now considering JDS proposals from Beitler Real Estate Services and Vermilion Development. The initial Beitler proposal meets all the requirements of the City's RFP except for underground parking, and would require \$11 million in TIF funding. Significantly, the City's February 12 analysis states that the initial Beitler proposal "appears to be able to generate sufficient TIF increment from a new TID to cover the overall investment."

The City requested revised proposals from Beitler and Vermilion, but the initial Beitler proposal remains the best. The City should accept the initial Beitler proposal and work to establish a new TID to provide public financing for the proposal. This would allow TID 25 to close at the end of 2016. At that time, the TID should have a nearly \$27 million surplus in undesignated funds. When the funds are distributed to the taxing jurisdictions, the school district would receive more than \$12 million, the City would receive nearly \$10 million, the County would receive more the \$3 million and Madison College would receive nearly \$1 million.

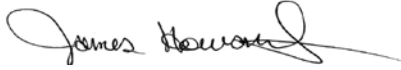
We urge you to select the initial Beitler proposal for the JDS project, establish a new TID for the project, close TID 25 at the end of this year, and return to the school district its share of the TID 25 surplus and the related tax base so that the property taxes the school district levies can be devoted to providing the best education possible for Madison's children.

Sincerely,

Madison Board of Education Members



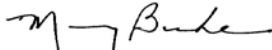
Ed Hughes



James Howard



T J Mertz



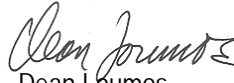
Mary Burke



Michael Flores



Anna Moffit



Dean Loumos