



## Legislation Text

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**File #:** 43258, **Version:** 1

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### **Fiscal Note**

This resolution authorizes the Mayor and City Clerk to enter into an agreement with the Madison Metropolitan School District (MMSD) to guarantee its share of TID 25 at closure, up to a maximum of \$9,274,000. This amount represents MMSD's share of the residual revenues in TID 25 if it had been closed as of December 31, 2014. If this guarantee is exercised, it will require an appropriation at a future date from the Capital Projects Fund. It is anticipated that if the guarantee is necessary, the source of funds would be a portion of the City's share of the residual revenues in TID 25 at closure.

As of December 31, 2014, TID 25 had residual revenues of \$19.5 million. If it remains open through its maximum statutory life (2022/2023), those residual revenues will grow to \$56 million. It is anticipated that any project costs, including construction of an underground ramp to replace the Government East parking structure, can be accommodated within this growth in incremental revenues and maintain the \$19.5 million balance upon which this guarantee has been established.

### **Title**

Authorizing the City to enter into an agreement with the Madison Metropolitan School District to guarantee MMSD's increment share in TID #25 in an amount up to \$9,274,000

### **Body**

WHEREAS, Tax Incremental Finance District (TID) #25 was opened in 1995 and is required to close by law in 2023, with the authority to collect an additional year of tax increment at the City's discretion for purposes of investments in affordable housing; and

WHEREAS, TID #25 has remained open to fulfill lease agreements and repay lease-revenue bonds issued for economic development projects in the district; and

WHEREAS, TID #25 has a surplus of funds in an amount of \$19,481,314 as of December 31, 2014 (the "Surplus Funds"); and

WHEREAS, the City of Madison intends to use the Surplus Funds in order to finance a parking structure as part of the Judge Doyle Square development on Block 88, subject to a project plan amendment to be approved by the Common Council and the TID Joint Review Board; and

WHEREAS, the Madison Metropolitan School District (MMSD), as an overlying taxing jurisdiction, would receive an estimated \$9,274,000 in residual revenues from TID #25 if the district were closed as of December 31, 2014 (the "Anticipated Revenues"); and

WHEREAS, the City anticipates that TID #25 will generate a sufficient surplus of funds between 2017 and 2023 to meet the amount of the Anticipated Revenues even if the Surplus Funds are used for the parking ramp project; and

WHEREAS, in order to provide immediate resources to MMSD to respond to its severe revenue constraints, the City can use its the authority to invest its surplus funds in accordance with § 66.0603, Wis. Stat., in a note or notes issued by MMSD for this purpose in an aggregate amount of up to the amount of the Anticipated Revenues (the "Note Value"); and

WHEREAS, the City will guarantee any increment deficiency between the Note Value and MMSD's increment share when TID #25 closes, as determined by law (the "Actual MMSD Share").

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and the City Clerk are hereby authorized to enter into an agreement with MMSD to guarantee the TID #25 increment in the amount up to the amount of the Note Value and invested in by the City as referenced in this resolution, upon the following formula:

Reimbursement Amount: The City agrees to pay to MMSD a sum not to exceed the Note Value. The actual Reimbursement Amount will be based on the following calculation, where this calculation yields a result that is greater than \$0:

Note Value minus Actual MMSD Share

BE IT FURTHER RESOLVED that the terms of the guarantee are subject to the approval of the City Attorney and the City Finance Director.