VILLAGE OF FREEBURG

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TIF
Joint Review Board Meeting
Thursday, March 22, 2012 at 2:30 p.m.

The meeting of the Joint Review Board for the TIF was called to order by Frank X. Heiligenstein at 2:30 p.m. on Thursday, March 22, 2012, in the Municipal Center. Those in attendance were Frank Heiligenstein representing St. Clair County, Mark Janssen representing Freeburg Community High School, Lawrence Meggs representing Freeburg Area Library, Sean Cronin representing Southwestern Illinois College, Mayor Ray Danford, Village Administrator Dennis Herzing and Office Manager Julie Polson. Guests present: Stan Koerber, Harold Carpenter and Tom Carpenter.

A. REVIEW OF YEARLY TIF REPORTS (2009 - 2011):

Frank Heiligenstein called the meeting to order and asked Dennis to provide his comments regarding the TIF reports. Frank stated we are supposed meet yearly and asked Dennis why we haven't been doing that. Dennis stated part of the reason for that was a dispute with the developer, an amendment to the development agreement and some new TIF notes all of which took a long time to work out. He said it didn't make sense to meet while all of that was going on. The 2011 report reflects the resolution of all of that. Frank asked if we need to do anything with 2009 and 2010 if the 2011 reports reflect everything and Dennis replied no. Dennis provided a general summary as follows.

According to the original debt service schedule, the original amount of bonds was $2,050,000 and as of 3/31/11, we should have had a balance of $1,820,000 but our actual outstanding balance per the audit was $1,755,000 leaving us ahead of schedule by $65,000. At 5/1/11, the debit service schedule shows we were to pay down $45,000 and actually paid down $60,000; at 11/1/11, the debt service schedule shows we were to pay down $40,000 and we actually paid $120,000. As of right now, the outstanding principal according to the schedule would be $1,735,000 and Dennis' estimated actual is $1,755,000 meaning we are about $160,000 ahead of the debt service schedule or approximately two years ahead of schedule.

Ordinance 1360 is the agreement that was hammered out between our attorney and the developer's attorney. The basic dispute had to do with the relocation costs and Dennis said there was a memorandum of understanding where the Village turned over the responsibility of the developer to relocate the residents as he saw fit at the village's expense. The other issue was in the original agreement the village agreed to support putting the traffic light in at the shopping center. Dennis thinks our understanding of support was for the village to file a permit since IDOT won't issue a permit to a developer. The developer argued that we agreed to pay for part of the light but we didn't agree with that. In the end, we wound up with a TIF note in the amount of $365,000 to reimburse relocation costs and another one in the amount of $248,000 to pay for a portion of the stoplight. Dennis confirmed the memorandum of understanding was a written document that happened around the end of 2004 but whether or not the public knew about it, he couldn't say since it happened before Mayor Danford's term.

Dennis said these two TIF notes are now costs to the Village in addition to the $2,000,000 bonds. We tried to take on the additional costs in a way to minimalize the impact to the other taxing bodies and did that in two ways. The first is the stoplight TIF note which won't be paid back until the end of the TIF agreement or at such time when all the bonds are retired. The relocation costs are being paid back now but none of the real estate tax revenue is being used for that, it is all coming from the sales tax revenue from the TIF. This protects the other taxing bodies but is a very big drain on the Village general fund. Dennis said that development is generating roughly $80,000 in sales tax yearly and the real estate taxes have been adequate. In this agreement, the developer gets the first $20,000 of the sales tax revenue and the remaining balance is split between us and the developer. By that mechanism, we have already paid down that TIF note to where we owe $163,000 of the $365,000. If we pay at the same rate, it should be paid off in another 3 years and should not impact paying down the bonds. What might affect the pay down of the bonds is that stoplight agreement because once we get to the end of paying the $2,050,00 bonds, the $250,248 can come from sales tax and also real estate tax which will probably add 2 - 3 years added onto the end of the TIF note. Mr. Meggs asked what would cause the Village not to stay ahead of the payment schedule. Dennis can't envision that other than a possible change in the real estate tax. He said part of the negotiation in the amendment to the agreement including language that will prevent the developer from requesting a reduction in income tax to a point lower than what we need to pay the bond payments back. Frank stated he did request this and Frank talked to the board stating this money is used to pay the TIF bonds. The developer did receive a small decrease in taxes but it won't affect the bond payments.

Dennis said because of the new agreement, we are losing approximately $60,000 per year in sales tax revenue. Frank asked if anyone had any questions and then said he would like to have a meeting this time next year to provide an update. Dennis said since the mess has been worked out, the annual reports will be filed in a timely manner as well as holding the review meetings.

B. NEW BUSINESS: None.

C. GENERAL CONCERNS: None.

D. PUBLIC PARTICIPATION: None.

E. ADJOURN: The meeting adjourned at 2:52 p.m.

Julie Polson

Julie Polson
Office Manager