



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Economic Development Division

m e m o r a n d u m

TO: Bruce K. Walden, CAO

FROM: Elizabeth H. Tyler, Community Development Director

DATE: March 10, 2005

SUBJECT: Tax Increment Finance District #2 Redevelopment Plan Amendment

Description

The purpose of the attached Ordinance (Attachment A) is to adopt an Amendment to the Downtown Tax Increment Finance (TIF) 2 Plan (“Plan Amendment”) that was originally adopted December 15, 1986. The Redevelopment Project Area encompasses the downtown area of the City surrounding TIF District #1 which is comprised of the core historic areas of Main and Race Streets, including the properties along the east side of Race, from Edge of Mall apartments on the south to the businesses on the north side of Main Street. The TIF #2 District also includes the Busey Bank plaza and the older structures on both sides of Main Street from the Stephens Building to the Municipal Parking Deck. The boundary runs north along Broadway to include the County Plaza, County Market and Civic Center block, Timpone’s Block and the older business adjacent to and including Goose Alley). The Redevelopment Project Area includes a large portion of downtown extending from Five-Points on the north, Phillips Recreation Center and West Springfield Avenue on the west, California Avenue on the south, and Urbana Crossing Shopping Center on the east. A map of the TIF District is included as Attachment B of this memorandum as well as in the draft copies of the proposed Plan Amendment (Attachment E).

Public Act 093-0983, signed by the Governor in August 2004, allows the City to amend the TIF Plan to extend its term for an additional 12 years and revise the projects and budget, with City Council approval, through an amendment process outlined in the Illinois TIF Redevelopment Act (the “Act”). Draft copies of the Plan Amendment were distributed to each Council Member, the Plan Commission members, and to a representative of each taxing district with taxable property in the TIF boundary.

Background

Tax Increment Financing is a financing mechanism that is available to Illinois municipalities to encourage local economic development. TIF relies upon the increased assessed values and incremental taxes generated by new development occurring within the Redevelopment Project Area

to pay the costs of redevelopment and TIF-eligible projects. Such projects can include demolition of blighted structures, environmental remediation, beautification, new infrastructure, and incentive programs. TIF is used to facilitate the development of blighted, unproductive areas that may be devoid of economic development potential without the “jump-start” that can occur with TIF funded improvements.

TIF relies only upon increases in the assessed valuation in the Redevelopment Project Area and does not rely upon, or otherwise negatively affect, the existing tax base of the local taxing districts. TIF allows the reinvestment of any increases in incremental tax revenues occurring within the Redevelopment Project Area back into the area for a set period of time, but no longer than 23 years unless amended. During this time, other local taxing districts (including the City) do not enjoy the benefit of the incremental tax increases attained within the Redevelopment Project Area. More specifically, TIF generates revenues by allocating incremental real estate tax revenues derived from increased assessed values to the TIF Fund in lieu of being disbursed to the various local taxing districts. All local taxing districts continue to receive tax revenues based upon the assessed value of each taxable parcel within the Redevelopment Project Area at the time TIF is adopted. Tax rates remain unaffected and are levied as deemed appropriate by each of the local taxing districts.

The assessed valuation of the Redevelopment Project Area at the time TIF is established is termed the “base year” assessment. All increases in assessed value on each parcel within the Redevelopment Project Area above the “base year” assessment are taxed in the same manner and at the same rate as if the parcel were not in the Redevelopment Project Area. However, incremental tax revenues generated from the increased assessed valuation above the “base year” assessment are placed in a TIF Fund and must be spent in conformance with the Redevelopment Plan and the Act. The amount paid by an individual taxpayer on a parcel is no different whether the parcel is in or out of the Redevelopment Project Area. It is the allocation of incremental taxes between the TIF District and the other local taxing districts that is altered upon adoption of TIF.

Discussion of Process

Joint Review Board

Prior to the adoption of an Ordinance establishing a Redevelopment Project Area, the City must convene a Joint Review Board (JRB). The Joint Review Board consists of a representative selected by each community college district, local elementary school district, high school district or local community unit school district, park district, library district, township, fire protection district, and county that has authority to directly levy taxes on the property within the proposed Redevelopment Project Area; plus a representative selected by the municipality; and a public member.

A meeting of the Urbana’s Joint Review Board was held on February 7, 2005 in the Executive Conference Room of the City Building. There was a quorum present, and minutes of the meeting and a report on the meeting are included as attachments C and D of this memorandum. Under the Act, the Joint Review Board has 30 days to submit a written report to the City describing why the redevelopment plan and project area meets or fails to meet one or more of the eligibility criteria. Suggested changes to the Draft Plan Amendment made by the JRB were to change the TIF increment projections to reflect a more realistic growth rate based on historical growth, to increase

the budget to utilize funds from the entire increment instead of the increment only generated by new projects, and to alter the map showing locations of future projects to include more of the listed projects. All of these changes were made accordingly. These revisions are included in the revised copy of the Draft Plan Amendment, dated March 3, 2005.

Public Hearing

Pursuant to the Act, the City must make a copy of this Redevelopment Plan Amendment available for public inspection and must pass an ordinance or resolution fixing a time and place for public hearing and approval of the Redevelopment Plan Amendment. Copies of the Plan Amendment have been available in the City Clerks office since December 10, 2004 and will continue to be available upon request from the Community Development Services Department. An Ordinance was passed by City Council on December 27, 2004, establishing a time and date for a public hearing regarding the proposed Plan Amendment on March 7, 2005.

According to the TIF Act, legal notice regarding the public hearing must be published and sent to all local taxing districts, to the Illinois Department of Commerce and Economic Opportunity, and to all property owners within the Redevelopment Project Area. This notice appeared in the News-Gazette on February 6, and February 20, 2005. Notices of the public hearing to property owners were sent out in early January to residential addresses within 750 feet of the TIF district boundary and in late February to property owners that pay taxes within the TIF district. The public hearing was held on March 7, 2005 at 7:30 in the Urbana City Council Chambers. There were no public members present for comment and therefore no objections or suggested changes to the Plan Amendment were made during the public hearing.

Adoption

Following joint review board recommendation and the public hearing regarding the Redevelopment Plan, the related Redevelopment Projects, the Redevelopment Project Area, and the adoption of TIF, the City Council may undertake the formal adoption thereof by one or more ordinances. These ordinances are required to be filed with the Champaign County Clerk.

Summary of Plan Amendment

The Plan Amendment would extend the term of the TIF for an additional twelve years (until 2022). It also would amend the redevelopment projects to be undertaken to reflect changes that have taken place in downtown over time, as well as the goals and objectives laid out in the Comprehensive Plan Update, the Downtown Strategic Plan, and the Build Downtown Initiative.

Private development assistance is a key component of the plan as it will be what drives the implementation of the Downtown Strategic Plan. The key redevelopment projects identified in the plan are depicted on Figure 7, and an estimate of costs for improvements and assistance for an extended TIF are listed in Table 3 of the Plan Amendment.

Fiscal Impact

Because the Plan Amendment would enable the continuance of an existing Tax Increment Finance District, as well as all programs affiliated with such district; and because all funds expended would continue to be drawn from the TIF fund designated for TIF #2, which is based on increases in property taxes over the base amount for all taxable properties within the district; there is expected to be no detrimental impact to the general fund or any other funds within the City budget.

Options

The City Council has the following options with respect to this Plan Amendment:

1. The City Council may approve the Ordinance adopting the Plan Amendment.
2. The City Council may approve the Ordinance adopting the Plan Amendment subject to specific modifications.
3. The City Council may deny approval of the Ordinance adopting the Plan Amendment resulting in termination of TIF #2 at the end of the year 2009.

Recommendation

Staff recommends City Council approve the attached ordinance in order to adopt the Plan Amendment as drafted, including the changes suggested by the Joint Review Board.

Prepared by:

Ryan L. Brault, Redevelopment Specialist/TIF Administrator

Attachments:

- A. Ordinance
- B. TIF Boundary Map
- C. JRB Meeting Report
- D. JRB Meeting Minutes
- E. Proposed Plan Amendment, as revised March 3, 2005

ORDINANCE NO. 2005-03-032

AN ORDINANCE APPROVING AND ADOPTING A SUPPLEMENT AND AMENDMENT TO THE REDEVELOPMENT PLAN AND RELATED REDEVELOPMENT PROJECTS FOR THE DOWNTOWN URBANA TAX INCREMENT REDEVELOPMENT PROJECT AREA NUMBER TWO

WHEREAS, pursuant to an ordinance (Ordinance No. 8687-45), adopted December 15, 1986 (the **“TIF Ordinance”**) in connection with the Downtown Urbana Tax Increment Redevelopment Project Area Number Two (the **“Redevelopment Project Area”**), the City Council of the City of Urbana, Champaign County, Illinois (the **“Municipality”**) adopted the Downtown Urbana Tax Increment Area Two Conservation Redevelopment Plan and Projects (the **“Redevelopment Plan”** and **“Redevelopment Projects”**), designated the Redevelopment Project Area, and authorized tax increment finance (**“TIF”**) under the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as supplemented and amended (the **“TIF Act”**), and provided for the life of the Redevelopment Plan, Redevelopment Projects and Redevelopment Project Area utilizing TIF for a term of not more than 23 years; and

WHEREAS, pursuant to an ordinance (Ordinance No. 9394-101), adopted May 16, 1994 (the **“1st Amending Ordinance”**), the City Council of the Municipality amended the TIF Ordinance in accordance with Sections 11-74.4-3(i) and (n), 11-74.4-7 and 11-74.4-8a of the TIF Act to extend the 23-year term for the life of the Redevelopment Plan, Redevelopment Projects and Redevelopment Project Area to the date on which the Redevelopment Project Area is terminated, or bonds with respect to certain redevelopment project costs for the Redevelopment Project Area are retired, or December 31, 2013, whichever date occurred first, but such extension was expressly not made applicable to real property TIF under Section 11-74.4-8 of the TIF Act; and

WHEREAS, pursuant to an ordinance (Ordinance No. 9394-99) adopted May 16, 1994 (the **“Bond Ordinance”**), the Municipality, on June 1, 1994, issued \$1,975,000 original principal amount General Obligation Tax Increment Refunding Bond, Series 1994B (the **“Series 1994B Bonds”**) to refund certain outstanding prior bonds issued to finance redevelopment project costs within the Redevelopment Project Area and pledged the **“Incremental Property Taxes”** and the **“Incremental Sales Taxes”** (as each such quoted term is defined in the Bond Ordinance) derived from the Redevelopment Project Area and deposited in the special tax allocation fund to the payment thereof; and

WHEREAS, \$160,000 total amount of the Series 1994B Bonds, including as such Series 1994B Bonds have now or may be currently refunded by any subsequent issue of refunding bonds, are or will remain outstanding, which such outstanding bonds are or will mature and become due and payable on March 1 of the years (subject to prior redemption) in the principal amount in each year as follows:

<u>Year</u>	<u>Principal Amount(\$)</u>
2006	20,000
2007	20,000
2008	20,000
2009	20,000
2010	20,000
2011	20,000
2012	20,000
2013	20,000

; and

WHEREAS, pursuant to an ordinance (Ordinance No. 2002-06-064), adopted June 17, 2002 (the “**2nd Amending Ordinance**”), the City Council of the Municipality amended the Redevelopment Plan and the Redevelopment Projects to extend the estimated date of completion of the Redevelopment Plan and Redevelopment Projects for the purposes of real property TIF under Section 11-74.4-8 of the TIF Act only to be not later than December 31, 2010; and

WHEREAS, Section 11-74.4-3(n) of the TIF Act (as amended by Public Act 093-0983) in relevant part now further provides that, if the TIF Ordinance was adopted on December 15, 1986 by the City of Urbana, the estimated date of completion of the Redevelopment Projects and retirement of obligations to finance redevelopment project costs shall not be later than December 31 of the year in which the payment to the Municipality’s treasurer as provided in subsection (b) of Section 11-74.4-8 of the TIF Act is to be made with respect to ad valorem taxes levied in the thirty-fifth calendar year after the year in which the TIF Ordinance approving the Redevelopment Project Area were adopted; and

WHEREAS, the City Council of the Municipality has determined that it is advisable for the Municipality to afford itself of the provisions of the TIF Act and to undertake proceedings related to supplementing and amending the Redevelopment Plan, a draft copy of which was placed on file with the City Clerk of the Municipality on December 10, 2004 and, in final form, is now before the meeting of the City Council at which this Ordinance is adopted (the “**Redevelopment Plan Amendment**”), including certain other proposed Redevelopment Projects identified therein to further the objectives of the TIF Act; and

WHEREAS, pursuant to an ordinance (Ordinance No. 2004-12-156), adopted December 27, 2004, the City Council set 7:30 p.m. on Monday, March 7, 2005, at the Municipal Building, 400 S. Vine Street, Urbana, Illinois, as the time and place for the public hearing required under Section 11-74.4-5 of the TIF Act in connection with any approval and adoption of the Redevelopment Plan Amendment; and

WHEREAS, the City Council and other officers and representatives of the City have duly noticed, held and conducted all proceedings, including the required public hearing and joint review board meeting, preliminary to the approval and adoption of the Redevelopment Plan Amendment under and pursuant to the TIF Act.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, as follows:

Section 1. Findings. The Corporate Authorities hereby find, determine and declare as follows:

A. that the matters hereinabove set forth in the preambles and recitals to this Ordinance are true, correct and complete and are hereby incorporated herein by this reference thereto; and

B. that the approval and adoption of the Redevelopment Plan Amendment and related Redevelopment Projects as described therein are necessary and proper public purposes in order to promote and protect the health, safety, morals and welfare of the public and thereby eradicate blighted conditions, institute conservation measures, undertake the further redevelopment of the Redevelopment Project Area, remove and alleviate adverse conditions and encourage private investment and enhance the tax base of the various taxing districts.

Section 2. Approval and Adoption of Redevelopment Plan Amendment. Under and pursuant to the TIF Act, the Municipality hereby approves and adopts the Redevelopment Plan Amendment, including the related Redevelopment Projects described therein, for the Redevelopment Project Area and hereby ratifies, confirms, adopts and approves as true, complete and correct all findings and certifications made in such Redevelopment Plan Amendment.

Section 3. Form. The Redevelopment Plan Amendment shall be in the form before the meeting of the City Council at which this Ordinance is adopted. Such Redevelopment Plan Amendment as so approved and adopted shall be on file with this Ordinance in the records of the City Clerk (but any failure to so file it shall not abrogate, diminish or impair its effect).

Section 4. Estimated Dates of Completion. As provided in the Redevelopment Plan Amendment, the estimated date of completion of the Redevelopment Projects and the retirement of obligations issued to finance redevelopment project costs, if any, shall not be later than December 31 of the year in which the payment to the Municipality's Comptroller as provided in subsection (6) of Section 11-74.4-8 of the TIF Act is to be made in respect to ad valorem taxes levied in the thirty-fifth calendar year after the year in which the TIF Ordinances approving the Redevelopment Project Area were adopted, that is **December 31, 2022**, the TIF Ordinances having been adopted on December 15, 1986.

Section 5. Effective Date; Filing. This Ordinance shall become effective upon its passage and approval as required by law. The City Clerk shall file or cause to be filed a certified copy of this Ordinance and a copy of the Redevelopment Plan Amendment with the County Clerk of Champaign County, Illinois, on or before December 31, 2005.

This ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the members of the City Council of the City of Urbana, Illinois, at a regular meeting of said City Council on the 21st day of March, 2005, A.D.

PASSED by the City Council this 21st day of March, 2005.

“Ayes” _____

“Nays” _____

“Absent or Not Voting” _____

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this ____ day of March, 2005.

Tod Satterthwaite, Mayor

ATTACHMENT C

DOWNTOWN TAX INCREMENT FINANCE DISTRICT #2 PLAN AMENDMENT CITY OF URBANA, ILLINOIS

Joint Review Board Report on Meeting of February 7, 2005

March 4, 2005

Introduction

Under the provisions of the Illinois Redevelopment Act, a Joint Review Board was convened on February 7, 2005 regarding the Downtown Tax Increment Finance District #2 Plan Amendment proposed in Urbana, Illinois.

According to the Act, the Joint Review Board shall consist of a representative selected by each community college district, local elementary school district and high school district or each local community unit school district, park district, library district, township, fire protection district and county that has authority to directly levy taxes on property within the proposed Redevelopment Project Area; a representative selected by the Municipality; and a public member who, together with the Joint Review Board's chairperson, shall be elected by a majority of other Joint Review Board members.

The purpose of the Joint Review Board is to review the public record, planning documents and proposed ordinances approving the Plan Amendment and redevelopment projects; to review the designation of the Redevelopment Project Area and the adoption of Tax Increment Financing therefore; and to make a nonbonding recommendation thereon.

Discussion

A Joint Review Board meeting regarding the Redevelopment Project Area was convened on February 7, 2005 at 3:00 p.m. in the Executive Conference Room in the City Building of the City of Urbana. Urbana Mayor Tod Satterthwaite chaired the meeting. Other Joint Review Board members present included representatives from the School District (Carol Baker), Public Member (Tom Costello), Urbana Park District (Vickie Mayes and Michael Walker), and Cunningham Township (Joanne Chester). Individual conversations were held and draft copies of the Plan Amendment were also given to JRB representatives who could not attend the February 7th meeting to answer any concerns and receive any suggestions for changes to the Plan Amendment.

At the meeting of the Joint Review Board, City staff presented the proposed Draft Redevelopment Plan and redevelopment projects and responded to questions. At this meeting, the Joint Review Board reviewed draft budgets pertaining to the proposed Redevelopment Projects, adoption of the Plan Amendment, term extension of TIF #2 to the year 2022, and use of Tax Increment Financing. The Joint Review Board also reviewed a change to the proposed

budget and suggested a change to the projected increment for the TIF District, as well as a few minor textual and map changes. These changes were made accordingly.

Recommendation

At conclusion of the February 7, 2005 JRB meeting, the Joint Review Board unanimously agreed to recommend approval of the proposed Plan Amendment and Redevelopment Projects (with suggested changes) on the basis that the Redevelopment Project Area and Redevelopment Plan appeared to continue to satisfy eligibility and other requirements of the TIF Act. A public hearing on the proposed Amendment is scheduled for March 7, 2005 with the Amendment to go to Council for approval on March 21, 2005.

Please see attached minutes for a detailed record of these proceedings.

Prepared by:

Ryan L. Brault
Redevelopment Specialist
City of Urbana

ATTACHMENT D

TAX INCREMENT FINANCING JOINT REVIEW BOARD MEETING MINUTES

DATE: February 7, 2005

TIME: 7:30 p.m.

PLACE: Urbana City Building
Executive Conference Rooms – 2nd Floor
400 S. Vine Street
Urbana, IL 61801

MEMBERS PRESENT: Carol Baker, Joanne Chester, Tom Costello, Vickie Mayes,
Michael Walker

STAFF PRESENT: Mayor Tod Satterthwaite; Bruce Walden, CAO; Elizabeth Tyler,
Director of Community Development Services; John Regetz,
Economic Development Manager; Ryan Brault, Redevelopment
Specialist; Teri Andel, Secretary

1. CALL TO ORDER

Mayor Satterthwaite called the meeting to order at 3:07 p.m.

2. INTRODUCTION OF JRB MEMBERS

City Staff and the Joint Review Members took turns introducing themselves to each other.

3. DISCUSSION OF PLAN ADOPTION PROCESS

Ryan Brault, Redevelopment Specialist, reviewed the schedule of required actions for the amendment to the Tax Increment Finance (TIF) #2 Plan.

4. OVERVIEW OF TIF #2 PLAN AMENDMENT

Mr. Brault began his overview by explaining that the purpose of the proposed plan amendment was to extend the TIF term an additional 12 years. The TIF #2 Plan is for larger downtown TIF district, which was established in 1986 and is currently set to expire in 2009. The City needed to extend the expiration date so that they could add and budget for new projects that fit the goals identified in the Downtown Strategic Plan. Without this amendment, there would be a number of projects that would not be able to be accomplished in the time frame of the current term.

He went on to talk about the existing deficiencies in the TIF #2 District, which was outlined in Figure 3 and in Table 1 of the proposed plan amendment. He talked about the Existing Land Use Map, shown in Figure 4 and the Future Land Use Designation, shown in Figure 5-1. Figure 5-2 identifies areas for potential uses and suggests dividing TIF #2 District into different zones, such as the "Near North" Housing District, Leal Park, and Auto-Oriented. He noted part of the 5 Points area was in the process of being redeveloped.

He stated that Schnucks was part of the TIF #2 District as well. It had been one of the biggest successes of the TIF #2 Plan by cleaning up a blighted area, providing a lot of revenue to the City of Urbana and the TIF fund, and providing future revenue for the taxing districts and the TIF fund. Mr. Walden added that there were five development agreements contingent upon the extension of the TIF #2 Plan. There are agreements for 5 Points East, 5 Points West, Stratford, Gill and for Lincoln Square.

Mr. Brault continued his presentation by briefly mentioning the Capital Improvement Plan and some of the projects within the TIF #2 area. Table 3 listed all of the estimates of the total costs for improvements and assistance. He pointed out that according to Table 3, there were a few continuing streetscape projects and roadway improvements.

Ms. Baker inquired what the \$1,000,000 parking improvement project was. Mr. Brault explained that the \$1,000,000 estimate was for overall acquiring and building additional parking in Downtown Urbana as needed. Ms. Chester asked if there had been any thought about adding to the existing parking deck. Mr. Brault pointed out that the parking deck fell into the TIF #1 District. Mayor Satterthwaite added that this idea had already been incorporated into the TIF #1 Plan, but it depended on the funds coming in to support it. There currently is not a demand for an expansion now.

Ms. Chester inquired about the Lessaris Mobile Home Park on Crystal Lake Drive. Elizabeth Tyler, Director of Community Development Services, stated that it was not currently in the redevelopment site, but hopefully, someday it would be. Mr. Costello questioned how many trailers were located there. Ms. Chester answered by saying there were about nine trailers crammed into the small area. Mr. Brault mentioned that they were working with the business owners in the area to see what they could work out. It was in their long-term plan to own everything from the corner of University Cunningham Avenues up to Crystal Lake Drive.

Mr. Brault went on to discuss page 22 of the plan. This page listed all of the potential projects and the expected projected budgets for private development assistance. He described where each project was located.

Ms. Chester asked if Champaign County or Champaign County employees owned the parking lot near Dyno-Tune and behind the oil change business. Mr. Brault answered by saying that Mr. Timpone owned most of the entire block except for one house and Dyno-Tune. Champaign County might lease it.

On Figure 7, Ms. Tyler believed that Figure 7 should be revised to show where #13, Historic Building Rehab's, are located on the map. The Boneyard pathway and the school district building

should be added as well. The main thing was that the projects were mentioned in the budget, because that was the most important place to identify them. Page 16 listed the generic types of improvements that would be allowed to be funded.

Mr. Brault continued by talking about Table 4 on page 23, which was the Redevelopment Project Budget. Mr. Costello inquired if they would still be able to change some of the items listed if so desired. Ms. Tyler stated that the idea was to make the budget as broad as possible. If there were a change that was not part of what was generally described or shown on the map, then there would have to be an amendment. Since it takes several months to go through the amendment process, it would behoove them to be as comprehensive as possible. She noted that the budget could flex up to a certain amount. Mayor Satterthwaite pointed out that these amounts were not the building costs, but rather the amount that the TIF would help in development assistance, such as in TIF rebates.

Mr. Brault proceeded to talk about the current Equalized Assessed Valuation (EAV) and about the projection of future EAV's in the Redevelopment Project Area. Ms. Chester inquired if the 5 percent annual growth included the increase of the project costs. Mr. Brault stated that the 5 percent annual growth would be in addition to the increase of the projected costs. The 5 percent included inflation of real estate property values. Several board members felt that the percentage was too high. The maximum percentage should be around 3 percent.

Ms. Tyler stated that they wanted to have projects identified that meet the budget and the increment no matter what the assumption was. She asked if the Board felt that the budget should be closer to the \$20,000,000 or the \$43,000,000. She added that they wanted to budget optimistically in case redevelopment goes well. Mr. Brault said that it would better to over estimate the expected amount that would be able to contribute from TIF funds and also from value projections, so that they would be able to increase the budgets accordingly.

Mr. Costello inquired if this was a situation where they could ratchet down, but not up. Mr. Brault said that was correct. Ms. Tyler stated that they should make sure that they budget for what they believe the increment would be. Mr. Costello said that they did not want to get to the point where the City has expectations that an X amount of projects would take place and then realize that the money was never there to begin with. He tended to lean towards allowing 3 to 3-1/2 percent range rather than 5 percent. He stated that he did not have a problem budgeting higher, as long as, they do not plan to spend more money than they receive. Ms. Chester declared that we do not know what the future holds, however, we do know the past. Although we have had periods of rapid inflation, it had still never gone above 3 percent.

Ms. Tyler mentioned that staff could add a column that reflects the historic inflation minus the residential. This way they would know the low-end and the high-end.

Mayor Satterthwaite mentioned that if they estimate low and the TIF makes more than the estimated amount, then they would need to go back for a TIF amendment. The only benefit of estimating really high would be that they would never have to go back for an amendment if they happened to out perform the projections. He suggested reducing the Tax Increment column on Table 5, reduce the five percent annual growth due to inflation and match up the expenditures better with the Tax Increment column. The target that they would want to have for the cumulative total would be

around \$10,000,000 less than what they currently listed. Therefore, it would be in the low \$30,000,000 range. The Joint Review Board agreed.

Mr. Brault talked about the Lincoln Square deal. He noted that everything up to what Lincoln Square's original base was would be distributed back among the taxing districts. Lincoln Square was at 400,000 EAV and was originally at \$1.7 million EAV. City staff and the board members talked about the redevelopment of Lincoln Square Mall. Mayor Satterthwaite pointed out that Lincoln Square Village had started construction to get it ready for Health Alliance to move in by May of 2005. Mr. Brault noted that they should start getting money back in 2007.

Mayor Satterthwaite asked if the requested changes could be made without any of the Board members writing it down. Mr. Brault stated that he could make the suggested changes as long as everyone was in agreement.

5. DETERMINATION OF ELIGIBILITY

Mr. Costello moved that the deficiencies cited in Table 1 on page 6 of the Downtown Tax Increment Finance District No. 2 Plan Amendment be brought into the record with a recommendation of being deficient. Ms. Chester seconded the motion. The Joint Review Board agreed unanimously, so the motion passed.

6. QUESTIONS AND COMMENTS

There were none.

7. ADJOURNMENT

The meeting was adjourned at 4:02 p.m.

Respectfully submitted,

Ryan Brault, Redevelopment Specialist
Tax Increment Financing Joint Review Board Meeting

**Click the following link to view the
Downtown Tax Increment Finance District
No. 2 Plan Amendment**

[TIF 2 Plan Amendment](#)