

**CITY OF FRANKLIN
FINANCE COMMITTEE MEETING MINUTES
January 25, 2011**

- I. The January 25, 2011 Finance Committee Meeting was called to order at 6 p.m. in the Hearing Room of Franklin City Hall.

Present were Members Ciche, Kust, Arvanetes, Alderman Solomon, and Alderman Taylor. Member Bowe and Alderman Wilhelm were excused. Also present was Director of Finance & Treasurer Cal Patterson.

- II. Citizen Comment Period: Mr. Scott Thinnnes spoke pertaining to Item IV. on the agenda supporting the resolution to express intent to appropriate 100% of TIF District 2 City tax revenue to tax levy reduction. No other comments were made and Citizen Comment Period was closed.

Transcription of citizen comments of Mr. Scott Thinnnes (point at which the tape was turned on):

"Now one other thing we did out there is we built a fire house in that area to service that TIF District. Now it could have been built within this TIF District but it wasn't, it was built outside the TIF utilizing impact fees for the most part. I had a discussion with Cal a while back and I believe about 42% was covered by impact fees and 58% fell to general revenues even more than half of the cost and that is basically to provide services to that part of the City but the main emphasis when they wanted to build that was the Business Park and that is further evident by the fact that was where the Fire Department's garages its ladder truck to handle those larger buildings. Matter of fact I think that is the only thing that is garaged there, I'm not sure. But again in my view it is time to start giving back to taxpayers and make sure that the promises made are promises kept in terms of providing tax relief. I agree with your proposal in principal because the minute I say in principal because basically it covers one year okay. I don't know if that is a realistic number or not, I think some analysis should be done as to how much of the cost of the City has been disbursed out and put on the taxpayers of the City. I'm sure that could be done. I'm sure we could figure what their segregated costs were every year and what the proportion of the City expenses that were covered in a year because that's what got picked up by all the other taxpayers. Personally my taxes, I moved here in 87—I've been here about 24 years and when I first moved here the City portion of my tax bill in 1987 was \$349, the City portion. This year it is \$1,355. This is probably less than average house in the City, it hasn't had any improvements made for basically all these years. But that's an increase of 287 percent over 23 years, just about a little over 11% a year if divided up equally. That is hell of a yearly increase in tax burden over a period of 23 years. I feel it is definitely time that these TIF plans that get promoted as being a tax relief vehicle – become just that a tax relief vehicle because treating it as a new revenue stream for new spending initiatives is not taxpayer relief and I think that a lot of people would love to do with that money. We are losing money not only through the City, the school districts, they have the same situation there. All these other taxing authorities that have to pay into that TIF, I'm sure that when they do their budget every year the school district doesn't go "well you know this TIF is soaking off \$2,000 per household for revenue this year so we better reduce our spending". The taxpayers are getting hit again because the spending and the taxes are still going up and all those other districts also because they are losing revenue because of that TIF District. They don't get that money. So that is an opportunity cost upon the taxpayer also. So I just want to reemphasize I support the resolution in its principle. I think it may need to go a little further but I think it is time that the taxpayers see relief from this now and like I said before promises made turn into promises kept because I have a funny feeling the next time TIF Districts come around and want to

be approved, I will be yelling from the mountaintop on what happened with this one and anybody coming up that is saying this is going to provide tax relief—bologna—it's not. All it is going to do is provide revenue streams for people that want to spend additional money and that is not right when you are promising tax relief. Now nobody else is here tonight, I know that when we talked about this at the Council about two months ago, Alderman Steve Olson spoke up and so did former Mayor Fred Klimetz who was at the meeting. Both were involved at the time this TIF plan was proposed and written and they both spoke to the fact that the taxpayer relief was one of the main issues of consideration as this was being proposed and they both spoke favorably of the resolution also. I don't want to put words in their mouth but it is on the record at that meeting that they did speak. So with that, thanks for your time.”

III. Approval of the November 3, 2010 Special Meeting Minutes

Motion made by Alderman Taylor and seconded by Member Kust to approve the November 3, 2010 Special Meeting Minutes as submitted. Upon vote, Ayes-All, Motion carried.

IV. Referral from Common Council of a Resolution to Express Intent to Appropriate 100% of TIF District 2 City Tax Revenue to Tax Levy Reduction

Motion made by Alderman Taylor to recommend to the Common Council adoption of the Resolution to Express Intent to Appropriate 100% of TIF District 2 City Tax Revenue to Tax Levy Reduction. The motion failed due to the lack of a second.

By consensus, the Finance Committee agreed to refer the resolution back to the Common Council without a recommendation and that Item IV should be transcribed in the minutes.

Transcription of Item IV:

Alderman Solomon: The specific motion is in your packet in the minutes on Page 3 of your packet, G.2., “Alderman Solomon moved to refer a resolution to express the intent of the Common Council to appropriate 100% of the Tax Incremental District No. 2 tax revenues upon the anticipated termination of the district in late 2011 to tax levy reduction to the Finance Committee for review and recommendation, including a meeting with the Common Council to discuss intent on specific topics they wish to pursue, and Finance Committee can determine the dollar amounts and accounts. Seconded by Alderman Schmidt. It passed 4 to 2 with Alderman Olson and Alderman Taylor voting no.

Alderman Taylor: I want to give you a little background. I've been here almost 3 years and over time the Common Council, it comes to this level here, this Committee, we've heard department heads reference this TIF District that coming due this lump sum of money that is going to become available and I have been frustrated and frustrated of that thought because that is not what the intent of that TIF District was. Scott Thennes from the audience said I think most of what you said in the beginning is what I have been arguing up at the Common Council meeting and the public for months and months and when you go to Page 2.2 of the Project Plan, that sentence on why it was done “to relieve the tax burden of residents and home owners”. That is why it was done that is what the people in Franklin were promised and at that meeting Fred Klimetz did show up and he called me right after the meeting and said I apologize for not being strong enough for what should be done. He will show up the next time before the Common Council; he was at those meetings, we have people all around the Business Park, especially the ones on Oakwood Road, they remember every comment that was made on why this was going to be done. Currently we have the Ryan Creek Interceptor that is going to come in on the southwest corner and we're running out of land so we are talking about doing a new business park. How

can we honestly go to the taxpayers and ask them to do another business park when this is why if we don't do this, if we don't give the money back as tax relief then our word is basically worthless. I know there is this new sheet, 6.1 about revenue potential and risk and that and it shows police impact fees and Library impact fees and other things, well if the Common Council when they were deciding to build the Library and build the Police Station, did it knowing that they were going to start tapping into the TIF when it came due? Then that was a bad idea, that was not what the TIF was for, and that was poor planning then. If you didn't have the money to build those buildings then they shouldn't have ever been built. Because what you are basically doing is saying we are going to rob the residents of this tax relief. Scott is absolutely right, if you take a look at – we've added more DPW, we built that Fire Station, who paid for that, who has paid for that the entire time? The taxpayers. They don't get the relief they were promised 17 years ago. I'm sorry, how can this City even think twice about creating another TIF or taking the successful Northwestern Mutual one and then combining it with the Wheaton Franciscan one at some point to offset to what create one gigantic TIF on 27th Street to spend \$13 million on streetscaping? That's what it would cost to do this master plan. Now I haven't voted for that, but I'm saying the reason that this was there was for the Common Council to go on record and you can see by the vote, only 2 people, 2 people were willing to make that decision. Everyone else wanted to kick it down the road, kick it to this Committee, I respect that this Committee a great deal. Anytime they are not willing to make a decision, even though you know it has been coming, and you send it to someone else, its because you want to try to let it die down a little bit. Well its not going to die down because it will come back to the Common Council and this time it won't only be Fred Klimetz showing up it will be the residents that remember the conversations that took place and it will be this Council saying "yeah we know, I wasn't serving at the time, so I don't know what they said and I'm not going to go back and pull the minutes, we aren't going to give that money back we want to add additional parks. That is one where the money goes, I know where that money can be spent, I don't know, but that is not what the people were promised and that is why I brought this in, the Council couldn't make the decision, I think two of the aldermen wanted some additional information, one of them is on this Committee and she isn't here this evening for whatever reason, but she wanted to hear what the Committee had to say. I believe the newest alderman was the same way. I know where you stand on this, which is fine, and Alderman Skowronski has his own ideas. That's the 6 of us and that is why this is here so I will shut up and let you go Tim on why you want to spend this money.

Alderman Solomon: First off, my common sense tells me that it shouldn't be given back because as of right now too many State revenues are at risk. It should be probably a decision that is made in November after we find out what the State is going to do with our budget. I think it is too premature to make a decision right now. I am a firm believer that the State Statutes were changed after this TIF was created and the most recent State Statutes from our friends over in Madison indicate that 50% should go back and the City could use the other 50%. However, because of the rules that are set up with the State, technically we could take all of the money and not give any of it back. So there's here's the 50%, here's the ya know use it all. The scenario is that right now we have so much at risk in shared revenue, expenditure restraint, our transportation aids from the State, we don't what kind of budget the Governor is going to toss at us. He could just eliminate shared revenue that would probably kick us to the tune of about \$400,000. Now that has to be replaced if it's gone. \$400,000 expenditure restraint \$250,000, that is \$650,000. Let's say he does half of that, that is \$325,000. That's three people, or 3% plus tax increase. So right now today we don't, you know you're going to have a spike. You're going to give money back on one hand and increase taxes on the other. That doesn't make common sense to me. Remember we always wanted that line to be as flat as possible so that if it goes up incrementally. I mean we've all been around when a former Mayor decided to go up there with a 13 to 15% tax increase. You saw what happened to him real quick in this community—it's called bye bye blues. Never to reappear again. So I think looking at it objectively, the Council will make the decision, it is a policy decision, but I wanted to bring it back to you for your input, because knowing full well what the State

could do, you could end up with a spike of about a 6 to 7% increase, the normal 2.5-3% and then on top of that another 3 or 4% to replace the State's revenue that may be cut on their budget. Nobody knows that yet. The reason on the material that you have in front of you, the reason about the impact fees and those impact fees are going to be challenged at the State level. They are going to eliminate the impact fees and that was our source of revenue for the Library, the Police Station, the Firehouse. The scenario there is already three of Walker's top-level administrators are from the Metropolitan Building Association. They are already on board on his panel. So something is going to be challenged on that and you can see the lost revenue in there of \$164,000, I should say \$319,000 I'm sorry. So that is another 3%. So if you want to give this money back on one hand, you can say this is for tax levy relief, but then on the other hand, oh by the way to provide the services that you are receiving right now, here's a 7 to 9% increase in taxes. People aren't going to buy that. People just aren't going to buy that. As we move forward, November, we still got shared revenue, I'm anticipating some cuts in that percentage wise, could be 50, could be 100%. I can't see them taking Cudahy's whole budget away, so I'm hoping that they do it incrementally. How should I say it, some type of a formula, but I have no idea what the State's going to do and what they pass. So at this point in time, I think it is a little bit premature. Now your motion indicated that you're not going to tie the hands of the future Council—in November if something comes up, you know, we can change it once we find out what the State does. So I appreciate you for doing that, but if the Finance Committee recommends to the Common Council in September or October, you're faced with giving this back or you're faced with a 6 to 9% increase, the Council will have to make a policy decision as to what they want to do so. That's it in a nutshell as far as my personal opinion. I know you have your hand up Steve, but can we get some comments now from these other guys or do you want . . .

Alderman Steve Taylor: Well yeah, just a couple of points 1) I cannot tolerate No. 1 the lack of transparency and if this isn't before us, this just happens—it just happens and the money gets spent. That's what would happen but I am going to make sure that you are talking about staying on top of the mountain, I'll stand on top of City Hall, I'll go on every blogger even though they do not like me and tell them exactly what is going on. So lack of transparency is No. 1. No. 2, another thing I don't want the taxpayers to not tolerate is scare tactic and saying here's the doom and gloom of what could happen, all right. And that is what we just heard, was the scare tactic. And third, yes, we cannot tie the hands of a future Council, however, this Council should go on record and keep their word what was promised 17 years ago. And if things get crazy, then you have to go through another resolution and go through a transparent process letting the taxpayers know why you're not going to give it all back, because this is saying we are going to give it back right? And then if things get nuts, then you're right, a resolution can come in and make that change and say you know what now we can't give it back. But at least be transparent. Let's say none of this shared revenue—let's say all of this gloom and doom stuff goes away, and the only issue is that we have a rash of crimes, we're finding out we need to add 3 police officers at \$100 grand a crack so instead of giving back 100% we're going to give back 70% and we're going to pass a resolution letting the taxpayers know why. Then they know, you're transparent and put it out there "this is what we are doing". Right now, if this is not before you and I haven't been talking about this for well over a year, this money is getting dumped into the Operating Budget and the people were lied to. And I'm not going to allow that to happen as long as I'm sitting up there, which the last day could be April 5, I'm going to talk about this issue and then I'll maybe keep on showing up even if I'm not in that chair because this is wrong and I would never support another TIF District unless we give this back, not one dime, not one vote would come out of me. That TIF District Plan is this thick. I mean the whole document, the creation of the business park and everything, is this thick. A lot of time was put into it. People were told many things but the biggest they were told was tax relief. That's why we're taking your property, that's why we're going to have your back yard. So now I will be quiet because I want to hear what you have to say.

Dennis Ciche: tape faded The reason you do approve the expansion is to try to tip the balance of the percentage of taxpayer's base from a high service, high demand residential property owner to a lower demanded commercial property owner. Usually a commercial property you don't have ambulance calls at 12:30 in the morning unless they are running 3 shifts a day and somebody trips over at the press or whatever. I mean so that's the whole intention. You want to increase property values, create economic tax base for the municipality that demands on a per dollar equivalence of valuation a lower level of services so that the residents get the benefit for the, how do I say, there's a matching of lower level of services on those dollars created versus at another home with children and all the things that go 24/7. With that all being said, the white elephant in the room continues to be the folks in Madison—there is no question about it. They've been lurking over our shoulder, has been, and will always continue. So, to me, that's just a never ending issue. The more they take away, you know, I think it comes down to a situation well are those services needing to be replaced. You have to take a hard look at some of that stuff. Milwaukee County is a good example. I mean there are some that are in favor to say "just shut the dam thing down, we'll figure it out. We don't need it". Now that's probably getting off the subject but to get back to this I think you have to kind of keep this project of and by itself. The reason you put those improvements there, built those three and asked the taxpayers to fund those infrastructure costs, or not fund those infrastructure – that was borrowing, but support the services which will allow that to happen so that it would create a desirable value for land that somebody would say "I want to come and get that land, I want to be your neighbor, I want to be part of your community, I want to create additional value, I'm willing to pay taxes to your municipality to be in that location". Then the reward for that should be a return after x number of years of some of that investment. If it turns out to be that the next day something else happens and all of a sudden we need three more police officers, then that's a standalone decision, a policy decision. Now, I would also say that the Council and the policy makers may have an opportunity to look at how you maybe take those dollars and where you put them—do they all go to the General Fund relief? Would it be more appropriate to possibly look at some of the other costs—maybe the debt service? Because at the end of the day you are still assessing some of those dollars back, but if you as a Council or a policy maker, again I'm just going to make up a what if – there's a new police station that needs to be added because of the crime, you know its coming, you don't know when or whatever, I mean, that is a policy decision just like you and I would make if we know the car is breaking down and in 2 years we have to replace it so maybe a year from now you start saving and putting some of it away. You're either going to increase the debt service levy if you had that situation where you were going to borrow for it or again, would it make sense to look at some of those, whatever the case may be. Because it's still an offset of expenditures or services the way I look at it. It comes down to what's the level of service to be received. I think that's the big thing facing City governments, governments in a whole all over the place. You're going to hear about it tonight. So the document I think from 17 years ago is very explicit—that's the way its designed to be. We were hoping in front of this Committee that we would have this decision, to be forced to make it a year ago or 2 years ago. We don't get the control of when that ends, but when it does, there's suppose to be a reward.

Alderman Solomon: A response to one of your comments and then I want to ask Cal a question to respond to this school question that Scott had and the other taxing entities. I would not vote for nor participate in any procedure to move this money to three cops. It's got to stay out of the Operating Budget; it needs to go into Capital Budgets, it needs to go into the Equipment Revolving Fund that is under funded so that we can bring those back up to where they belong—not for operating. The operating dollars have to stay separate, that pot of operations, ya know, as we move forward.

Alderman Taylor: The point of that example was transparency showing why you're making a change from 100% to maybe a lesser percent as an example...

Alderman Solomon: I understand. I understand and that's where I wanted to reiterate the State legislature's 50% law that they came out with subsequent. Would you (Cal Patterson) discuss the equalization for the school districts? The school districts really don't—there's no win or loss for the school districts because of the equalized valuation scenario. Whatever they do on one side they get on the other.

Cal Patterson: The school district is like a 3-legged stool. If State aids have the property tax and – it's a 2 legged stool as I come to think about it – in effect what happens they get additional State aid to offset the loss that they experience for what was in the TIF District. So they in effect get immunized and when the TIF goes off its the direct opposite—less State aid and more property taxes so it becomes close to a wash. Other taxing districts, because its equalized County wide, basically that whole growth in their levys have been allocated all across the County so we didn't get a proportionate share equal to the TIF increment. So to give those back, we don't get to give those back because when it comes off you have more of an equalized value so you get more allocation of the dollars so it really comes down to the City's portion, which in this case, is projected to somewhere around \$1.1 Million.

Member Ciche: But those other District's didn't share in the fire station and other costs outside of the district. Like you said, its a balancing act, because they have a district and then the City of Franklin says it thought it was a good policy decision, business incentives etc. etc. etc. we're not going to penalize the School District because we ae going to tax less or defer tax these last 17 years. On a cost basis there is risk like I would say for investing it either.

Alderman Solomon: In today's world because that could change tomorrow with the new State budget as to how they're funded. That is another thing that is in question. Go ahead Scott.

Scott Thennes: I just forgot to mention something – when you mentioned transparency – I was going to say during my thing, but its really all of us. The fact that the budgets go up or the State aids go down, isn't the real issue here because we are going to have to fill gaps there if we have to no matter what. My intention of my thing would be this might stay segregated. Just like it is now – segregated out of the TIF revenue. Keep it segregated out during the post TIF budgeting process. You go through your budgeting process, you assign your expenditures, you do your tax levy, and you establish your mill rate from your evaluation and then you come in after the fact, you take your TIF revenue and you buy down the levy and that's providing the taxpayer relief. But what it does is it creates a tremendous amount of transparency. The politicians cannot hide tax rate increases by utilizing TIF money as offsetting revenue. They have to deal with their cost increases and their budgeting on a flat basis and come in with the TIF revenues after the fact and buy down the revenue. The taxpayers get to see what the real life tax increase is and then they get to see what the real life buy down tax relief is after the fact. Everything is exposed—that's the transparency and that's what should be done here and it should be done with 100% of the TIF revenue that comes in post TIF.

Alderman Taylor: And that's what we talked about at the Council meeting, I brought up is, you do the budget like we normally would and then when the budget is done, and know what everything and what the mill rate is, that's when you come in with that nice big \$1.1 million and you just wipe it off and that's our new base planning report. And then if you have to make budget changes and then if you have gaps to fill then you do that but this decision – this 17 year ago decision needs to be fulfilled, that promise has to be kept. Or else not in any good conscience can we ask the taxpayers to do this again because they won't believe us. They will revolt. The people that are against this that are sitting in that room, those 6 who vote no on that, you think there going to be sitting up there. I don't think so. I think they'll toss them out if they break this promise—a recall or whatever, because that is what I would do.

I'd feel like they were just totally lied to and I'm a taxpayer too – I wasn't around here 17 years ago as Scott was and many of you were. But that's what everybody was promised.

Alderman Solomon: Let me say this in response to that and I agree with what you are saying, however your interpretation of that sentence in the Project Plan is a little bit different than mine, okay. That last part says to relieve the tax burden of residents and homeowners. It doesn't say anything about giving anything back. It says that relieving the tax burden of residents and homeowners. Now if I'm gonna go – why would I go borrow money in this economy to do anything i.e., buy a new truck, buy new squad cars, okay, and pay 2-1/2, 3-1/2% interest. I mean we're suppose to borrow \$2 Million – or we have been borrowing \$2 Million prior to the economic decline every 2 years. That's what we did do to maintain our Fund Balance and the Capital Improvement Fund, and the Equipment Revolving Fund – that's where those dollars came from. So now we haven't borrowed any money in 2-1/2 years. I don't contemplate recommending borrowing any money in 2011—it's kind of stupid and it may even go to 2012. I mean that's real realistic; that's probably what's going to happen if we borrow any money it would be 12. Should we be borrowing money right now? You dam right we could because we could get the best rate you're ever going to get. Need a new ladder truck, you need a new fire – whatever's on that program that we have for all the trucks and stuff that we do. Now is when we should be funding that either with borrowed money or with this money. And if I don't go borrow the money, I'm giving the residents relief in their taxes because I'm not going out and borrowing money. So you can interpret this a little bit different than what you are saying.

Alderman Taylor: We would be doing that regardless – if this TIF District never happened, we would be doing the same thing. That's why you have to keep it separate. What you're trying to do is you're trying to tie the two together. Alderman Solomon: Why would I ... Alderman Taylor: If you start reading this, the people, I mean come on, the people were sold a bill of goods that this is why we're doing it. There were no "grays—we're not sure what that means". You ask anybody that was at those meeting, and some of them will be here, and they'll tell you what they were told. So if you're going to try to flip that sentence around to read any differently, go right ahead, that's not what its about.

Alderman Solomon: I'm just saying that it doesn't make common sense in my mind to give this money back and then go out and borrow money at 3-1/2%. That is sure stupidity. That doesn't fit in my commonsense brain. Now I still have 2 more people to listen to here as we move forward.

Dennis Kust: Well its hard to rebuke against the wording of the TIF District states the use of tax relief for residents. An escape clause on the resolution is that like you said if problems develop we can make changes at that time. So its hard to argue with the resolution I guess, but I also agree with you about any funding that might go to the budget needs to go to capital and equipment. Investments today you need to increase the spikes costs in the future.

Tino Arvanetes: I really can appreciate the points everybody has talked about. You make that promise to the public you have to make sure we deliver that promise but its based on balance and timing. Timing right now we talk about Madison, could be a wild card in whatever happens on the City side so it is great to have this on the table. I think you've all gotten a few more gray hairs from our budgeting process last year with the difficulties we went through and the needs of this community. But I also understand what your saying as far as just running through the process and showing the taxpayers how we're going to appropriate those funds to make the relief, to decrease the relief, or help them out through the mill rate. But I can understand that totally – its almost like just going through one pocket to the other pocket and its just running through some motions on our side. Its needed up there but I think a lot of the individuals of this community we need to let them know that we're making the right move and letting them know that the funds are really going to stay within our budget but in the right direction. And I think, again, if

we decide to do another TIF District in the future, you know, the individual once bitten is twice shy, or however the saying goes, so . . . Alderman Taylor chimed in: Fool me once shame on you, Fool me twice shame on me – exactly.

Alderman Taylor: I'll make a motion to recommend to the Common Council they adopt the resolution before us. Alderman Solomon: Is there a second? (Pause) Alderman Solomon repeated: Is there a second? Motion fails due to a lack of a second. Is there another motion?

Member Ciche: What is the timing? Why is the timing of this before we even get the revenues and what is really going to be the final form of budget? Is there a significance why this is being talked about now?

Alderman Taylor: Yeah, do you want me to answer that? Because people have been talking about – this money has been spent so many times over that somebody had to put this on record. Somebody had to go before we have an election with 4 people – the Mayor and 3 aldermen are up. This was October. I wanted to get it well before the election to get people to go on record where they stand on this because, yeah it is political. It is definitely political. tape faded that's what I heard up there. Now since that time (Alderman Solomon: I think that's changed. Alderman Taylor: Yeah its changed and he was worried about encumbrances and things like that, but at the same time he said it looks like there is none, was this money promised, and it has not been promised. Now decisions were made where people thinking well we can always dip into that TIF District if we need to. Well that's there fault, that's shame on them for even thinking they could do that. So its going on record and this is what we talked about which is a good thing—let people know exactly what's being done but then because of the transparency – its about transparency. This doesn't tie a future Council. So that means you can always change it but then its going to have to be transparent again to why you're changing it. And, you know, I've felt that if I don't bring this in – I brought it in October, I wanted to bring it in – I tried to get people to go on record saying this is common sense and I understand why you wanted to ship it this way, and a couple of others, but I understand a couple wanted some more information. I wish Alderman Wilhelm was here tonight and Alderman Schmidt was in the audience because they would I think like what they heard. I'm gonna tell them to get the tapes and listen to it – to what all 3 of you said – because you made some very good points. So I think tape faded the general public, you know, there's all the concern about what's going on, the lack of transparency, and what's going on. This is government saying "we're going to keep our word". The City of Franklin promised people 17 years ago, I wasn't here, I was in Muskego in my senior year of high school, I had no idea what was going on. I think it is important that the Council goes on record and says this is what we are going to do, unless the votes go where they may – if it fails, it fails, if it passes, it passes.

Alderman Solomon: Would an alternative motion be that, and I'm just putting words out here for maybe somebody else has a better one, would an alternative motion be that we recommend to the Common Council that as much of the TIF District proceeds be returned to the taxpayers as possible with consideration that no TIF District revenue be spent on the Operations Budget, and by that I mean it should go to Capital project type scenarios, and I guess if you look at – if we don't do that we can probably take – not probably – that same packet, Page 5, the old Page 43 out of the budget, you can take all of those projects that are on there and just cross them off, because we don't have any money for them and we're not going to borrow any money for them for the next year and half. So just take them right off the sheet and that is what the Council is going to have to do. Don't sit there and promise tax relief on one hand and a new playground or a new trail on the other. That isn't going to happen.

Alderman Taylor: And I agree because I said when this was all debated that when I knocked on 400 doors this summer talking to people, not campaigning, just doing – we were working on the budget, I

was on 76th Street when we were doing 76th, we were dealing with the County on the road. People were telling me “taxes, taxes, taxes”. Not mad, they know we are doing a good job, they know that our portion is just a piece of the pie. At the same time they are talking – they’re not – like I said at that meeting, nobody asked for a park, no one asking for a trail, if you want to do that, Tim, I’m last, I’ll go on record saying the 4th District is the last one to get a park and the last one to get a dime on a trail. I’m fine with that, I’ll go down in flames if I’m wrong, but I’m not and so what you are suggesting no one is talking about. We all agree that this money shouldn’t go into the Operating Budget, so why change it from a 100%? I heard – a matter of fact that these are 2 separate issues – we would have to do these things anyway, make sure the promise made 17 years ago, 100%, and if we have to make adjustments, the resolution states that. It’s not tying the hands. I’m hearing from the motion that you are making is not the subject. Alderman Solomon: Just tossing it out there because I heard Dennis and Tino say that it should not be in the Operating Budget – all three of them said that. Alderman Taylor: I agree with them. So it’s open, it doesn’t have to go – what we have here is saying we for that this should be a promise that should be kept and move forward.

Alderman Solomon: Okay, no I hear you, but you also have to realize that there are a few of us that have been around for a few years but there are also probably about 70% of the people in your district weren’t there 17 years ago. Okay. Alderman Taylor: That doesn’t matter. Alderman Solomon: But you understand what I am saying? You say all of these people – well I can tell you that my neighborhood is turned over and my neighbors have changed in the last 28 years now that I have been here – the neighborhoods change over. Alderman Taylor: My house is only 3 years old.

Alderman Solomon: As we move forward. Okay, is there another motion or what is your recommendation to the Council?: What do you want recommendation to say to the Council?

Member Ciche: This is really a – Cal, isn’t this a 2012 budgeting matter?

Cal Patterson: In my opinion, “yes”.

Member Ciche: I mean that would be like me pulling out a \$100 bill and leaving it here and asking you guys to come back in a month from now and telling me how I should spend it. We know the money is going to be there. We hoped it was going to be there 17 years ago. Nothing’s changed. Now, somebody is going to present a budget and there going to say “ya know what here’s a \$1.1 million refund for the taxpayers”. Now, we are going to all shake our heads and say “yeah, that’s good” or maybe somebody is going to present a budget and say “here’s a \$1.1 million refund that is available to the taxpayers but, ya know, here’s a taxpayer item, here’s something that specifically needed by policy now whether that’s policy is good, whatever it turns out to be and whether they want it or not, I mean, when I looked at this and I read this, I thought to myself I know the budget timetable was on our agenda, but this is getting, to me its just getting the cart a little bit in front of the horse:

Alderman Taylor: Your 100% right though, you’re 100% right. What you’re saying, what this is saying is that the maker’s of the budget, give us a budget and give us that \$1.1 million dropped off. That’s what we are saying, but, it’s also giving us the out if things fall apart in Madison. If they wanted to go to the Finance Committee, that’s what the recommendation should be then – we think that they do the budget and that \$1.1 gets mopped off – that’s what the attempt of this year’s budget should be.

Alderman Solomon: So the motion that you’re going to possibly make is that this is premature at this time and that it should be part of the budgeting process with the intent of lobbying off the \$1.1 million? Alderman Taylor: Tim, you’re playing games. Alderman Solomon: Well something’s got to go back to the Council – they referred it to us – where do want to go?

Alderman Taylor: You want it to be a certain way that's why you wanted it sent here so that the time— you've done this – I've been around long enough to know what you're pulling so.

Dennis Ciche: I just looked at it from the timing standpoint and to me I don't know that any of the facts are changing. I mean, lets just say all four of you are unelected. Now the next 4 changes that. I don't think there is anything that binds them to do anything with this anyways. Alderman Solomon: No. Dennis Ciche: I'm in favor of everything that you are saying, Alderman Taylor, I just don't know that this does that.

Alderman Taylor: I think...I've seen in almost three years now how the most political games being played up there. How tornado sirens asking and ready to be voted on, brought forward a month early to try and get Alderman Olson on record. But because it was not timely as a political move, because it was not timely, he got to refer it, saved his butt to having to vote no on it, wins by 30 or 40 votes, and then right afterwards he votes no and says he's been trying to kill this for 10 years. As long as people stand for something, that's what this City needs is people not to play these games. I mean it happens all the time in there and we have no one from the press that writes this stuff down, you have bloggers that are writing things, spinning it for their own benefit to get notoriety or to feel good about themselves. The people that are in the audience that then report what happens – what's that from, it ain't from (first side of tape ended) Beginning of Side 2: continuation of Alderman Taylor: . . . citizen of Franklin, anybody. We understand what you are going through and we did this years ago to help out knowing that this a long-term plan, we invested and the pay off is now and we're going to do the right thing to give it back. What this resolution did is say "we understand what you are going through" and I want the people in there to make this decision, to make this call and say "yes I'm for this". But, we understand that if the economy collapses again and we get all this State aid cut, then we make the case and that – people can understand why we're doing it instead of just doing nothing and the budget. I mean, who shows up? No one shows up to the joint Finance budget committee, no ones at the public hearing, no one goes to these things, but they are paying attention to this. We've been talking about this, I've been talking about it and that's why I understand that yeah this is a 2012 budget matter, but I think we need to set the record straight that this is what we're going to do, we have the right to change it, yeah you all get voted out, let's be realistic, two people run opposed and two people aren't. So you're going to have for sure 5 of the 7 still sitting up there. And make them go back on their words and explain why without a reason. And that's what I am trying to do.

Alderman Solomon: I just want to reiterate also that I am certainly appreciative of , ya know, (Alderman Taylor cut in with "you want to spend it on parks we know that" Alderman Solomon: – not really – the other half is – let's put it this way, all matching funds will have to be borrowed okay. So if she wants trails, Alderman Taylor: I don't want trails, parks, we don't have that money – we don't have it so why spend it? Alderman Solomon: I want to acknowledge Alderman Taylor's explicit effort on that last sentence. "The terms of this resolution are only an expression of the Common Council's intent and that would be the present Common Council and do not in any way bind the Common Council whether it's a new one or the old one, in its budget process decisions and appropriations". Alderman Taylor: The five of the seven would still be there for sure, and so if they change their mind they'll at least know why they changed their mind. Alderman Solomon: So my point is – is it your intent then by that sentence to make this part of the 2012 budget? Alderman Taylor: I don't think it has to be part of the 2012 budget, but I think if the Finance Committee recommends, the Finance Committee looks at it saying we agree that there should be relief and that is what this was for and they've read the document and they're recommending to the Council that "yeah, we think that this should be treated separately from whatever happens in – I think you all said – whatever happens in Madison. So that is why you adopt this and let that body, which is the Board of Directors and the CEO of the City, that is basically saying this is what we are going to do. We recommend to you that, ya know we do this every year, and

we think that we've been here long enough to know that should be for relief, but you understand also that the resolution says it doesn't bind and if shit hits the fan this body is going to make the right decisions and you understand that this body is going to make the right decisions but then they are going to explain to the taxpayers why they're making those decisions, why they're not giving back that money. And that's what this is about. I know it doesn't bind, but it sends a message that this is the right thing to do, this is what they were promised 17 years ago and this Finance Committee agrees with that, that Common Council should agree with that, but then if things change, then we have to do something different, then you need to explain why it is different and make it cut and dry and let the taxpayers say "wait a second, we're not buying your story – but then that's life. We're the Board of Directors, we have to make those tough decisions even if you don't like it. Just like putting a street in that no one wants but you got to do it. Or putting in a trail that no one wants but you're going to do for the benefit of everybody. We do it all the time. Some days you make decisions that people don't like but at least you'll go through the right process. That is what I am trying to accomplish.

Dennis Ciche: Our recent budgetary process has evolved where it really a submission primarily of the Mayor and the operating management of the City that put forth. And I think what you're, if I'm hearing you, is that you're not necessarily, how do I want to phrase this, what you're doing is your setting an expectation. Alderman Taylor: Yeah, you could say that's what this is. Dennis Ciche: Now, things may change between now and then and between now and future years and may have all kinds of variations and variables. That is why when I just looked at this, yeah, I see where you are coming from, but the budgetary process is such that it really originates out of the Mayor's office with the combination of the City management.

Alderman Taylor: Let's say nothing changes with State Aid, nothing changes revenue, all this negative thought that's all possible – it doesn't happen and we're sitting here and we've gone on record saying "ya know we believe this TIF District should be lopped off". So the Mayor is going to sit down with Cal and Tim and all the department heads and give a budget where he doesn't do that? It comes to us? He always says, "one tight turnover of the Finance Committee, you've made one change, it is no longer my budget". We can sit there and do whatever we want – we could come and change everything he's done, accept the mill rate, and then mop off the \$1.1. Or I could partner up with the only other person that voted they wanted to do this and do our own damn budget and then do the \$1.1 and say "here, here's two options". Now if things change, and Madison – Scott cuts a bunch of revenue and then the County – there's a lot of things that could happen. But I think its setting the expectation that this should be for tax relief, that's what the intent of this TIF District was, that's what we support and the bottom line, what you read earlier, Tim, is this doesn't bind.

Alderman Solomon: And I do appreciate your putting that in there specifically for that.

Alderman Taylor: Yeah and I put that in there specifically.

Member Ciche: Cal, wasn't the legal language on TIF's changed that the minimum of 50% needs to go?

Cal Patterson: The State statute in the levy limit computation says you can only get credit for 50% of it. The intent of the legislature was that 50% would go for tax relief and 50% would be available to the community. Now our particular situation is that we are under the levy limit so conceptually, we could still use all of it and still be under the levy limit.

Alderman Taylor: Also send an expectation to Department Heads that for the last 2 years have been talking about that money.

Cal Patterson: I would say the last 10 years.

Alderman Taylor: Okay, the last 10 years – but I can tell you the last 2 years its been ramped up. The Police Chief mentioned it in the Council Chambers during a Finance, during the budget process with the just the Common Council. That was not this year, but last year. Mark Luberda – I remember I jumped on him when he brought that up last year. So it also sends them saying “listen, don’t think there’s this pie, this little light at the end of the tunnel. That’s not what this is for. I think many have lost sight of that and that’s why I feared just the way everybody was talking about it that it was just going to happen. And when we were having this discussion, if anything, we’ve done this and now it’s not going to be a quiet issue. I will not allow it just to die but I also understand that as much I am for this 100 percent, that if things go south and we cannot do it, then I’ll go to the taxpayers and say ...

Alderman Solomon: Let me give you another thought. Alderman Taylor: I have to go. Alderman Solomon: Let me just say this and let me put this in everybody’s thought process here. We take the \$1.1M and use it to reduce, even if we loose some of this revenue, that are intent is to take that \$1.1M and keep the levy as flat as we can.

Alderman Taylor: Well, that’s what we would do anyway. If we can give it all back we’re going to be doing that, we’re going to have whatever the dollar is and mop off \$1.1 Million – that’s what the intent is. However, if we have to tap into it, of course we’re going to do. You’re playing a game... Alderman Solomon: Here’s my problem with that – no I’m not playing a game. Alderman Taylor: Yes you are. Alderman Solomon: Everybody here, the 3 members of the Committee, the citizen members indicated they didn’t want it to go to anything but Capital. So if you’re going to give it back and then we’re going to just raise the levy for operating budget, what have we done? We’ve done nothing – we’ve done absolutely nothing. We have no money in our capital budgets, and in essence what we’ve done is taken the \$1.1 Million and utilized it for operations.

Alderman Taylor: If we were growing this would be an issue obviously, but we’re not growing the City, once we start developing we’ll have to be there but do the budget tightly we’ve done the last 3 years, every budget’s been difficult. Alderman Solomon: It’s more difficult when we hire police and fire that we shouldn’t be hiring, but that’s a whole another story. Alderman Taylor: That has nothing to do with this 17 year old decision. That’s why they are two separate issues and that’s why the resolution ... Alderman Solomon: Just think about what you are asking for here. You’re going to take \$1.1M and give it back and we’re going to turn around and increase the levy—probably to the tune of a million dollars. So what have we done?

Alderman Taylor: Why, why are we going to do that? We don’t have the money available now to use? So why when that money comes due is now all of a sudden we have to raise . . . Alderman Solomon: Because you have a \$30 Million budget and it’s going to go up 3%. In my mind that’s \$900,000, pretty close to a million dollars. So what have we done?

Alderman Taylor: So did we lay off a bunch of people this year to get to that million dollar mark? Alderman Solomon: No we did not.

Alderman Taylor: Don’t you have landfill money, we haven’t determined what to do with that yet? You have landfill money, that’s \$450,000 that will help offset . . . Alderman Solomon: That’s a one time shot.

Alderman Taylor: Well that’s done – when do the big bucks come in, the \$2.1 million dollars that we’re talking about that’s 5 years down the road. Where’s that money going to go?

Alderman Solomon: That could be 5 years down the road. That's a decision down the road.

Alderman Taylor: That's when you start spending money and making decisions on parks and trails and everything else. You do what you can now to get by the tough times, but if you think I'm going to vote 1 time yes for another TIF District, you're nuts.

Alderman Solomon: You're not following me at all Steve.

Alderman Taylor: I understand what you're saying Tim.

Alderman Solomon: Okay, I'm going to give Cal \$1.1 Million and give it back to the taxpayers okay. And the budget's going up \$800,000 - \$900,000. What have I just done?

Alderman Taylor: Budget like that money isn't even there – just like you did this year and then you lop it off.

Alderman Solomon: Well just remember about that nice straight flat line? You're going for one of those spikes. I'm very concerned about that. Okay.

Alderman Solomon: Is there another motion or what's your recommendation to the Common Council or should we just say that it is a policy decision, it's up to the Common Council. If that's the motion, I'll live with it just the way it is. But I'm glad you were here for your input. Where do you want to go with this? I can roll in 5 different directions.

Alderman Taylor: I know how you rolled in there, so it doesn't matter what happens here Tim.

Alderman Solomon: And that may be the best recommendation since this is political.

Member Ciche: Well, that's why I kind of, I mean I understand the size of it, but that's why I kind of – the first sentence it talks about in consideration of the City budget for 2012. Ya know, that's next year's . . . Alderman Solomon: That's June/July time frame to get started. Member Ciche (continuation): I mean I think everyone is aware of it, I mean the language in the original resolution was there, the tax relief is suppose to be tax relief. It is what it is. I just don't know – it's expectations I think is really what you're getting at.

Alderman Taylor: And I appreciate what all 3 of you said because to me what you have said is exactly what I was hoping I would hear which is opposite everything you are saying and even if you don't want to make a decision recommending anything, that is fine with me because I think what you said here is expectations should be tax relief. I will have that tape transcribed. Just like they do in Oak Creek so the Aldermen that weren't here can read. I already know where one stands and the two that are undecided I think when they listen to this....it's perfect, I couldn't have asked for anymore. I would hope this body would make a recommendation but if they don't I understand but regardless it will come back to the Common Council and this debate will take place because I think you have to let the taxpayers know where we stand on this issue. We've already started to spend money on Ryan Creek and start talking about what's going to go on with the new Comprehensive Master Plan and this is where a future Business Park is going to be, and that stuff is slowly starting to move and then all of a sudden bam we need to do this again. Really? After what just happened last year or 2 years ago whenever that came, you really think, why would you – ya know – boy you're going to build another fire station on the far southwest corner to support that area, oh really you're going to pay for that you're not going to get anything back for it. That's what's going to happen on 27th Street with – it's a good Northwestern TIF

and a struggling Wheaton – or one that's right maybe a little bit behind where it should be. You're going to combine them – so we can spend \$13 Million on 27th Street. That's coming next so. I think its what I was hoping, but I respect your decision – but I was hoping that we'd – from what you said you agree – how we word something I don't know.

Alderman Solomon: I think that's probably the wording process that we're stumbling with. I think you took care of it in the resolution fine.

Alderman Taylor: I'll put the same one up there again.

Alderman Solomon: What's your pleasure gentlemen?

Member Arvanetes: Not here, we'll push it back.

Alderman Solomon: Okay. The motion fails for a lack of a second and there is no subsequent motion so it is referred back to the Common Council without a recommendation. Is that okay?

Alderman Taylor: I ask that this item be transcribed. It's been done before at Ad Hoc committees so we need to have that done so that the Common Council will have that in there packet probably the second meeting in February.

Alderman Solomon: Is that doable Cal?

Cal Patterson: I'm not a very good transcriber but we'll see if we can get Lisa to do it.

Alderman Taylor: I will make that motion, I think this Committee can direct that. I'll make that motion, is there a second to that? I think the Council should hear what was discussed in here.

Cal Patterson: I think that can be consensus.

Alderman Taylor was excused

V. Establish a 2012 Budget Time Table Recommendation

Motion made by Member Arvanetes and seconded by Member Ciche to table this item until the February Finance Committee Meeting. Upon vote, Ayes-All, Motion carried.

VI. General Fund Financial Report – December 2010

Director of Finance & Treasurer Cal Patterson reported the status of the December 2010 General Fund Financial report. Informational item only – no action was taken

VII. Council Actions

Chairman Solomon and Director of Finance & Treasurer Cal Patterson updated the Finance Committee on the most recent Common Council actions pertaining to the Finance Committee.

VIII. Discussion of Future Topics for Finance Committee Consideration

-2010 Encumbrances Recommendation

-Investments and Investment Policy Review

IX. Next Meeting Date: February 22, 2011 at 6 p.m.

X. Adjournment

Motion made by Member Arvanetes and seconded by Member Kust to adjourn the January 25, 2011 Finance Committee Meeting at 7:24 p.m. Upon vote, Ayes-All, Motion carried.