

VILLAGE OF SHOREWOOD HILLS
FINANCE COMMITTEE
Meeting Minutes - DRAFT
December 22, 2025 – 7:00 pm
Location: Virtual Only via Zoom

1. Call to Order:

Finance Committee Chairperson Mark Lederer called the meeting to order at 7:01 pm.

2. Roll Call:

Members Present: Chair Mark Lederer, Dietmar Bassuner, Gloria Beach, Kate Crowley, Liz Heiner, and Marilyn Townsend (7:05pm)

Members Absent: Sean Cote (excused)

Also in Attendance: Village Administrator Brian Mooney and Finance Director/Treasurer

3. Note Compliance with Open Meeting Laws:

Fitzgerald stated the agenda had been properly posted and noticed.

4. Approval of Minutes: October 27, and November 24, 2025

October 27, 2025, Minutes: Beach requested that under item 6 on page 2 of the minutes the final bullet point replace the word “He” with “Mooney” for clarification.

7:05 pm Marilyn Townsend Joins Meeting

Beach also requested the following addition (*in italics*): Pg 2 – (after Sean joins) Committee members asked various questions regarding several items including revenue line items, major capital rec facility improvements (*Pool/Community Center building*), fire fee calculations and TIDs.

M/S Beach/Crowley to approve the October 27, 2025, minutes as amended.

Motion carried.

November 24, 2025, Minutes: Beach requested that the last paragraph in item 9 be amended as follows (see italics): Beach also pointed out how the section C.I. regarding the Swimming Pool Fund states that the Village taxpayers are supporting the fund by not getting property tax income from that property. *In addition, Village taxpayers will be supporting the pool through a levy that the Board has approved for 2026.* Because of this, she would like to see non-resident fee increases be discussed at the next Pool Committee meeting.

Lederer noted that the meeting time needed to be changed from 5:00 pm to 7:00 pm.

Fitzgerald noted the changes and told the Committee they would be made.

M/S Beach/Heiner to approve the November 24, 2025, minutes as amended.

Motion carried.

5. Public Comments:

None.

6. Discussion and Possible Action: Options to Eliminate Projected Operating Deficits

Lederer explained that he wanted the Committee to discuss available options to help cover the predicted deficits in the operating budget as shown in the Ehlers presentation from last month's meeting.

Lederer introduced the item and stated that the Committee needed to review potential strategies to address the projected operating deficits identified in the recent Ehlers presentation. He listed several options for consideration, including use of General Fund balance, significant net new construction, a wheel tax, a levy referendum, and early TID closures. He noted concern about the tight timeline required to pursue a referendum in 2026.

The Committee discussed the projected 2026 fund balance, uncertainty surrounding year-end 2025 figures, and updated information from Ehlers indicating that closing the 2027 gap would require approximately \$50 million in new assessed construction, with even larger amounts needed in subsequent years. Members agreed this level of development is unlikely.

The Committee also discussed the referendum process. Lederer stated that both a referendum and TID closures involve lengthy timelines and that the Village is already behind schedule for a 2026 referendum. Several members expressed that a 2026 referendum would be difficult or inadvisable. The Committee agreed that additional information from Ehlers regarding timelines would be helpful.

Crowley provided an update on TID options, noting that TID #5 is not eligible to donate to other districts, but TID #4 may have surplus revenue that could allow an early closure or a donation to TID #3. Vandewalle is reviewing these possibilities. Members discussed potential impacts on future revenue, the need for JRB approval for any donation, and the importance of coordinating consultant work through the Administrator. If early closures were possible the Village could see added tax revenues reflected in the budget from TID #4 in 2028 and TID #3 in 2031.

The Committee also discussed the wheel tax, noting that revenue would be limited and restricted to street-related uses. Additional potential revenue sources, including marina revenue and ideas identified by the CORP, were mentioned for future review.

Members discussed development opportunities in the Garden Homes neighborhood and whether to invite the primary property owner to present to the Board or a committee.

After further discussion, the Committee reached consensus that pursuing a 2026 referendum was not advisable.

M/S Beach/Heiner to recommend to the Board that the Village not pursue a tax referendum in 2026. Motion carried.

7. Future Agenda Items:

- A. Future Revenue Sources
- B. Financial Policy (Lederer)
- C. Status Report on Garden Homes Development (Townsend)
- D. Operational Cost Savings (Crowley)
- E. TID Closures (Lederer)

F. Review of Utilities' Finances (Heiner)

G. Closing of the Books on University Ave. (Bassuner)

Crowley requested that item D. Operational Cost Savings be prioritized at the next meeting, with Townsend agreeing.

8. Next Meeting Date: January 26, 2026

Mooney noted that he will not be in attendance at the January meeting as he will be on leave that week.

9. Adjourn:

M/S Heiner/Townsend to adjourn. Motion carried.

The Finance Committee adjourned at 9:33 pm.

Respectfully submitted,

Julie Fitzgerald

Finance Director/Treasurer

DRAFT

To: Village of Shorewood Hills Finance Committee

From: Kate Crowley & Gloria Beach

Re: Potential TID Strategy as a Referendum Alternative

Date: 1/8/2026

After our discussion at the December 22nd Finance Committee meeting about alternatives to eliminating operating deficits, we have revised the summary of our proposed TID strategy and included recommendations for next steps at the request of the Committee. This memorandum clarifies our proposal to consider an alternative to a referendum that might be achieved by using our Tax Increment Districts (TIDs) more strategically.

We respectfully request that Mark Lederer, as Chair of the Finance Committee, present this memo and recommendation for next steps to the Village Board for consideration at the next regular Board of Trustees meeting on January 20th.

Proposed Strategy

During our preparations for the November 24th Finance Committee meeting, we observed the projected operating deficit in the Ehlers' draft Financial Management Plan (FMP). Meanwhile, Vandewalle's Tax Increment Districts Annual Review 2024 Year End report projected ongoing revenue surpluses in TID 4 and TID 5. Noting a projected operating deficit in the FMP while revenue surpluses accrue in TIDs 4 and 5 suggested a possible solution through TID restructuring.

Following the November meeting we explored the following as an alternative to a possible referendum to raise the tax levy:

- Amend TID 4 and/or 5 to allow revenue donation to TID 3 to accelerate the closure of TID 3.
- Close TID 4 early, bringing approximately \$150,000 of tax revenue annually back to the Village. Based on our projections, TID closure is possible in 2027 with revenue collected in 2028.
- With the donation of surplus revenue, close TID 3 early, bringing approximately \$500,000 of tax revenue annually back to the Village. Based on our projections, TID closure should be possible in 2030 with revenue collected in 2031.

The impact of these two strategies (TID donation and early TID closures) should achieve two important outcomes for the Village:

- Close TID 4 early (bringing TID 4 back to the tax rolls early): This could reduce the Village projected 2027-2030 operating deficit to within a range that could potentially

be addressed by using our unassigned fund balance.

- Donate revenue from TID 4 and/or TID 5 to TID 3 to allow TID 3 to close early: This could shorten the period of projected operating deficit.

Just as we all saw in December how the effect of the 2025 increased mill rate from Madison Metropolitan School District (MMSD) has impacted our property tax bills, that same MMSD higher mill rate will also result in an increase in TID revenue above and beyond the most current projections the Village has been referencing.

Next Steps

With this strategy in mind, we recommend that the Village Board direct staff to solicit proposals from registered financial advisors (<https://www.msrb.org/Municipal-Advisors>) for the following services:

1. Review and revise the Vandewalle TID projections using the increased 2025 tax rates and other modifications, as necessary.
2. With the updated TID projections from step 1, determine when TIDs 3 and 4 could close without revenue donation. With projected TID closure(s), evaluate the impact on the 2027-2030 operating gap projected in Ehlers Financial Management Plan (FMP).
3. If Step 2 determines that TID 3 cannot close by 2030 without additional revenue, then prepare scenarios that consider donated revenue from TID 4 and/or 5 that will not delay TID 4 closure but will still accelerate TID 3 closure to 2030 or earlier. With projected TID closure(s), evaluate the impact on the 2027-2030 operating gap projected in Ehlers FMP.
4. If Step 3 determines that additional TID revenue from donation could potentially allow TID 3 to close in 2030 or earlier without delaying TID 4 closure, then evaluate the statutory ability for TID 3 to receive donated revenue.
5. If Step 4 determines that TID 3 can receive donated revenue, then provide a detailed description of the process and timeline to establish the necessary donee/donor districts, the projected timeline for revenue donation, and the process and timeline to close TIDs 3 and 4. With projected TID closure(s), evaluate the impact on the 2027-2030 operating gap projected in Ehlers FMP.

From: Mark Lederer <mlederer@shorewoodhillswi.gov>

Date: Wednesday, January 14, 2026 at 1:01 PM

To: Kate Crowley <crowleyke@gmail.com>, Gloria Beach <gloriajbeach@gmail.com>, Gloria Beach <gloria.j.beach@gmail.com>

Cc: Brian Mooney <BMooney@shorewoodhillswi.gov>, Julie Fitzgerald <JFitzgerald@shorewoodhillswi.gov>

Subject: TID Closures

Thank you both for getting the ball rolling on this issue. I continue to support a painstaking investigation of the possibility of closing TIDs early to relieve the pressure on the Village's operating budget.

However, absent some great urgency, and as a matter of process, I believe the Finance Committee should be making any recommendation to the Board. Your projections indicated a possible TID closure in 2027 with revenue collected in 2028. That suggests to me there is time to proceed through the Committee.

Furthermore, I believe there are a number of questions we need to address before making a recommendation to the Board. I do not believe all the questions must be answered before a recommendation is made to the Board, but they should be raised with the staff and Committee. A partial list of such questions (in no particular order) is as follows:

1. When will we be reasonably confident in the balances in the general and TID funds as of 12/31/25?
2. How great an investment in staff and consultant time should be made prior to knowing the answer to 1 above?
3. Is it necessary, and if not, desirable to proceed with an formal RFP as opposed to working with our current consultants Ehlers and Vandewalle?
4. Who should review all outstanding liabilities of TID 4 and possibly 3 to determine if and when they can be prepaid and what, if any, prepayment penalty applies?
5. How should any surplus in TID 4 be used (distributed to the tax jurisdictions and/or donated to TID 3, if feasible)?
6. Is TID 4 eligible to donate to TID 3 and if so, is TID 3 eligible to receive such a donation? Who should make that determination?
7. Can, and if so should, TID 4 close in 2026 to distribute/donate the surplus and increment in 2027 or close and distribute in a later year?
8. What is our primary objective, to ease the shorter-term pressure on the operating budget or more significant relief in the longer-term?
9. When a TID closes, what amount of admin expenses, formerly paid by the TID, will have to be paid from the general fund?

The Committee should recommend what needs to be addressed (and when) alongside the steps the staff and Board should take pending the answers to the relevant questions and the results of any new information and modeling. The steps you proposed are a good starting point for the Committee and I will include it in the Committee meeting packet along with an updated list of questions to be considered.

Thanks again for getting us started.

Regards,
Mark