

DRAFT ECONOMIC DEVELOPMENT FUND REFILL DISCUSSION

The Economic Development (ED) Fund Reserve should maintain a fund balance of \$5,000,000. Note, the Economic Development Fund is also funded with 25% of Hotel/Motel Tax revenue. If the fund balance exceeds \$5,000,000, the 25% of Hotel/Motel Tax revenue will stay in the Hotel/Motel Fund as long as allowed by law. Any excess funds as stated in #3 from the Building/Pension Reserves will flow into the Economic Development Fund.

Questions: When does the Village recognize the draw-down of funds in the ED Fund when an agreement is made with a business to provide funds over a period of time?

Recommendation:

Funds in the Economic Development Reserve should be encumbered upon Board approval of an incentive agreement in accordance with the provisions of the agreement. Total incentive agreements should not exceed the amount of unencumbered funds in the Economic Development Fund Reserve. Any balance of unencumbered funds in the Economic Development Fund Reserve greater than \$5,000,000, due to canceled agreements or funds no longer needed for a project, will be allocated back through the Year End General Fund Reserve Policy "Waterfall".