



CITY OF MEQUON, WISCONSIN

Project Plan for the Creation of Tax Incremental District No. 4



February 6, 2012

<i>Organizational Joint Review Board Meeting:</i>	<i>January 16, 2012</i>
<i>Public Hearing:</i>	<i>January 16, 2012</i>
<i>Adopted by Plan Commission:</i>	<i>January 16, 2012</i>
<i>Adopted by Common Council:</i>	<i>February 21, 2012</i>
<i>Consideration for Approval by the Joint Review Board:</i>	<i>March 7, 2012</i>

Tax Incremental District No. 4 Creation Project Plan

City of Mequon Officials

Common Council

Curtis Gielow	Mayor
Dan Abendroth	Council Member
Ken Zganjar	Council Member
Dale Mayr	Council Member
John Wirth	Council Member
Mark Seider	Council Member
John Hawkins	Council Member
Dan Gannon	Council Member
Pamela Adams	Council Member

City Staff

Lee Szymborski	City Administrator - Clerk
Kim Tollefson	Community Development Director
Jac Zader	Assistant Community Development Director
John L. DeStefanis	City Attorney

Planning Commission

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Phyllis King	Dave Romoser
John Leszcynski	Chuck Western
Alt. Member John Stoker	Alt. Member Norman Doll

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Jennifer Rothstein	Ozaukee County
James Williams	Milwaukee Area Technical College District
Gail Grieger	Mequon-Thiensville School District
Tim Carr	Public Member

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EXECUTIVE SUMMARY

DESCRIPTION OF DISTRICT

- Type of District, Size and Location. TID No. 4 is proposed to be created as a rehabilitation/conservation district. A map of the proposed District boundaries is located in Section 3 of this plan.
- Estimated Total Project Expenditures. The City anticipates making total project expenditures of approximately \$5,000,000 to undertake the projects listed in this Project Plan. The Expenditure Period of this District is 22 years from the date of adoption of the Creation Resolution by the Common Council. The projects to be undertaken pursuant to this Project Plan are expected to be financed with Municipal Revenue Obligations issued by the City, however, the City may use other alternative financing methods which may provide overall lower costs of financing, preserve debt capacity, mitigate risk to the City, or provide other advantages as determined by the Common Council. A discussion and listing of other possible financing mechanisms, as well as a summary of project financing by phase is located in Section 10 of this plan.
- Economic Development. As a result of the creation of this District, the City projects that additional land and improvements value of approximately \$24,000,000 will be created as a result of new development, redevelopment, and appreciation in the value of existing properties. This additional value will be a result of the improvements made and projects undertaken within the District. The creation of the District is expected to result in other economic benefits as detailed in the Summary of Findings hereafter.
- Expected Termination of District. Based on the Economic Feasibility Study located in Section 10 of this plan, this District would be expected to generate sufficient tax increments to recover all project costs. The statutory life of this district is 27 years from the date of creation.

SUMMARY OF FINDINGS

As required by s.66.1105 Wis. Stats., and as documented in this Project Plan and the exhibits contained and referenced herein, the following findings are made:

1. That “but for” the creation of this District, the development projected to occur as detailed in this Project Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City. In making this determination, the City has considered the following information:
 - The City will conduct independent reviews of the intended developer’s sources and uses *pro forma* for the proposed development to determine a gap and requirement for public assistance. It is the intention of the City’s incentive policy to provide for redevelopment efforts to obtain “green-field” conditions as a catalyst towards the redevelopment.

- Due to its geographic location and market conditions, the City has seen little growth or new investment in the area. Significant commercial development has occurred north and south of the City, and the absence of the use of Tax Increment Financing (TIF), this trend is likely to continue which may degrade the value of existing development further. Use of TIF will provide the City with the means to stimulate new development.
2. **The economic benefits of the Tax Incremental District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements.** In making this determination, the City has considered the following information:
 - As demonstrated in the Economic Feasibility Section of this Project Plan, the tax increments projected to be collected are more than sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.
 3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.**
 - If approved, the District creation would become effective for valuation purposes as of January 1, 2012. As of this date, the values of all existing development would be frozen and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they currently are now. Taxes levied on any additional value established within the District due to new construction, renovation or appreciation of property values occurring after January 1, 2012 would be collected by the Tax Increment District and used to repay the costs of TIF-eligible projects undertaken within the District.
 - Since the development expected to occur is unlikely to take place without the use of TIF (see Finding #1) and since the District will generate economic benefits that are more than sufficient to compensate for the cost of the improvements (see Finding #2), the City reasonably concludes that the overall benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the “but for” test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the District is not created. As required by Section 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and can found in Appendix A of this plan.
 4. Not less than 50% by area of the real property within the District is in need of rehabilitation or conservation work within the meaning of Section 66.1337(2m)(b) of the Wisconsin Statutes Furthermore, any property standing vacant for the entire seven years preceding adoption of the Creation Resolution does not comprise more than 25% of the area in the District in compliance with Section 66.1105(4)(gm)1. of the Wisconsin State Statutes.
 5. Based upon the findings, as stated above, the District is declared to be a rehabilitation/conservation district, based on the identification and classification of the property included within the district.

6. The project costs relate directly to promoting the rehabilitation of the area consistent with the purpose for which the District is created.
7. The improvements of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
8. The equalized value of taxable property of the District plus the value increment of all existing tax incremental districts within the City, does not exceed 12% of the total equalized value of taxable property within the City.
9. The City estimates that approximately 70% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Sections 66.1105(5)(b) and 66.1105(6)(am)1 of the Wisconsin Statutes.
10. The Project Plan for the District in the City is feasible, and is in conformity with the master plan of the City.

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TYPE & GENERAL DESCRIPTION OF DISTRICT

Tax Incremental District No. 4 (the “District”) is being created by the City of Mequon under the authority provided by Wisconsin Statute Section 66.1105. The District is created as a “Rehabilitation or Conservation District” based upon a finding that at least 50%, by area, of the real property within the District is in need of rehabilitation or conservation work. In Section 5 of this Plan, the City has identified those properties within the District that meet the criteria of “rehabilitation or conservation areas” as defined in State Statutes Section 66.1337(2m)(a) and relies on these characterizations as the basis for making the above finding.

Property standing vacant for seven years immediately preceding adoption of the Creation Resolution for this District will not comprise more than 25% of the area in the District in compliance with Section 66.1105(4)(gm)1. of the Wisconsin State Statutes. A calculation demonstrating compliance with this test is found as part of the Preliminary Parcel List in Section 5 of this plan.

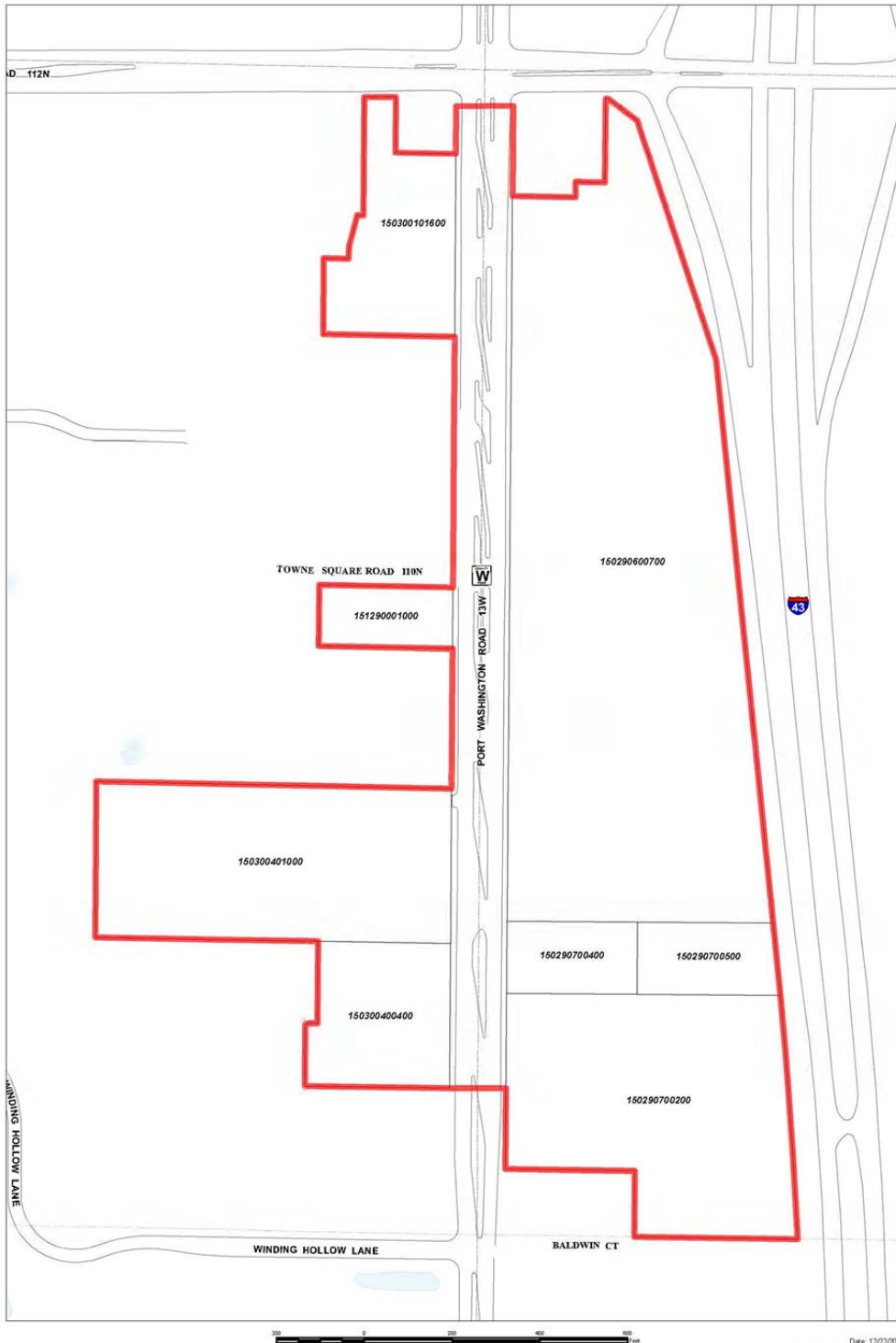
A map depicting the boundaries of the District is found in Section 3 of this Plan. A map depicting the proposed uses of the District is found in Section 8 of this plan. The City of Mequon intends that tax increment financing (TIF) will be used to assure that private development occurs within the District consistent with the City’s development and redevelopment objectives. This will be accomplished by installing public improvements, and making necessary related expenditures, to promote development and redevelopment within the District. The goal is to increase the tax base and to provide for and preserve employment opportunities within the City. The project costs included in this Plan relate directly to the rehabilitation or conservation of areas in the District consistent with the purpose for which the District is created.

Based upon the findings, as stated within this Plan the District is declared to be a rehabilitation/conservation district.

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MAP OF PROPOSED DISTRICT BOUNDARY

*Proposed TIF District #4
Parcel Identification*



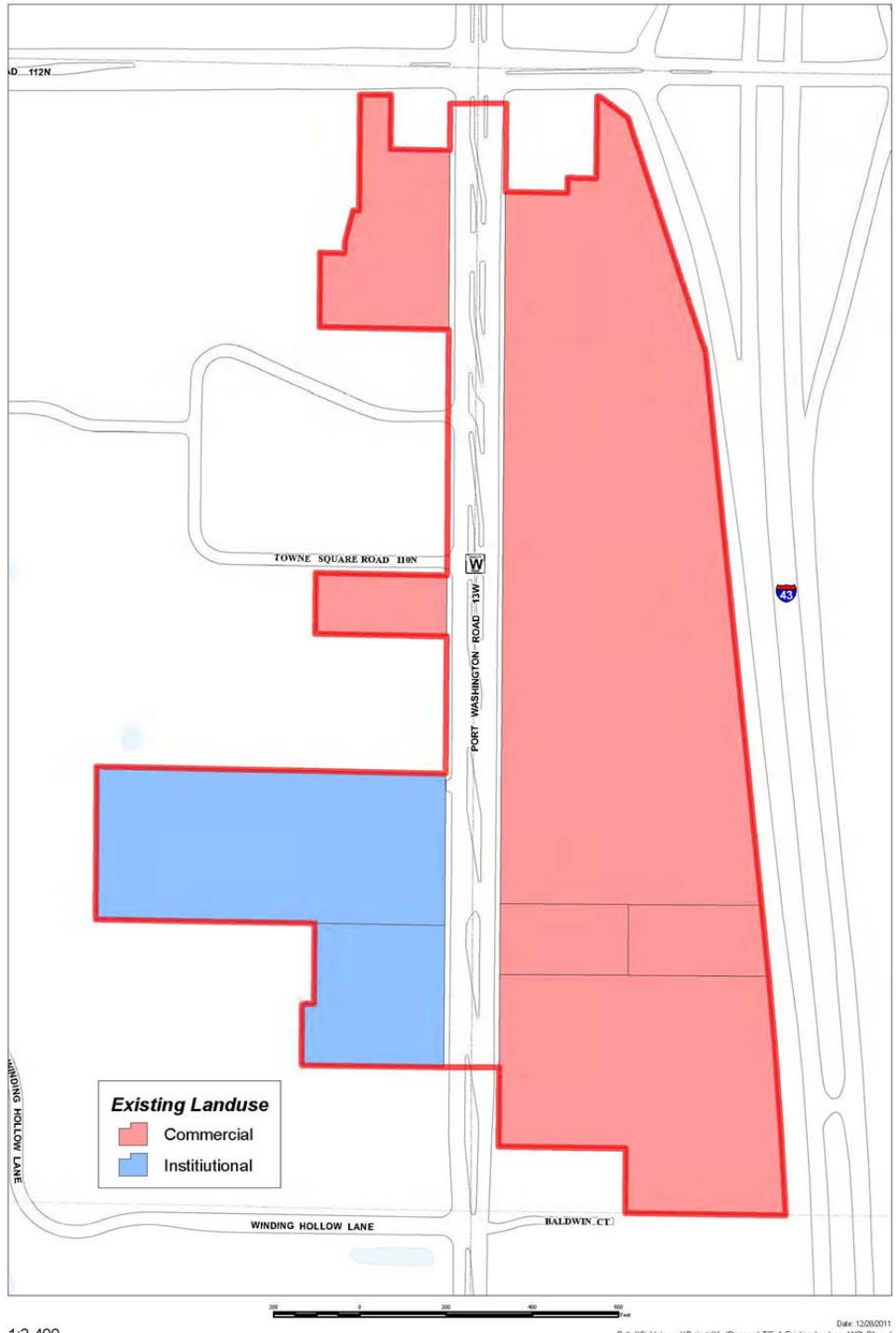
1:2,400

Date: 12/22/2011
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MAP SHOWING EXISTING USES AND CONDITIONS

Proposed Tax Increment Finance District #4
Existing Landuse



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PRELIMINARY PARCEL LIST & ANALYSIS

MAP REF #	PARCEL NO.	OWNER	PROPERTY ADDRESS	APPROXIMATE VALUE - LAND	APPROXIMATE VALUE - IMP	TOTAL APPROXIMATE VALUE - LAND & IMP	LAND USE BY CLASS	APPROXIMATE CLASSIFICATION	APPROXIMATE VALUE OF CLASS	PARCEL AREA	COMMENTS	APPROXIMATE VALUE OF CLASSIFICATION
1	1802070020	Small On Gas Center Inc	10800 N Port Washington Rd	1,885,500	765,000	2,650,500	103.70%	2 - Commercial	103.70%	2,877,000	R-2	7,150
2	1802070040	Offices II, LLC	10800 N Port Washington Rd	869,500	1,682,000	2,551,500	103.70%	2 - Commercial	103.70%	1,607,800	R-2	1,120
3	1802070060	James M Pitt	10800 N Port Washington Rd	316,500	0	316,500	103.70%	2 - Commercial	103.70%	500,850	R-2	1,200
4	1802080070	Centro Building PR 1 LP	10805 1116 N Port Washington Rd	6,106,400	2,427,600	8,534,000	103.70%	2 - Commercial	103.70%	28,877,850	R-2	197,400
5	1802040040	James Home and Care Center Inc	10800 N Port Washington Rd	699,500	0	699,500	103.70%	2 - Commercial	103.70%	621,150	MS	2,850
6	1802040050	James Home and Care Center Inc	10800 N Port Washington Rd	1,789,500	0	1,789,500	103.70%	2 - Commercial	103.70%	1,719,000	MS	6,860
7	18120001000	City of Wisconsin LLC	1000 N Port Washington Rd	842,500	701,000	1,543,500	103.70%	2 - Commercial	103.70%	1,150,350	R-2	6,894
8	18020101600	First WI National Bank of Milwaukee	11111 N Port Washington Rd	1,170,400	889,400	2,059,800	103.70%	2 - Commercial	103.70%	2,001,700	R-3	2,650
		SUPTOTAL PARCEL VAL AND IMP >		2804,400		42,832,400				41,835	NA	41,835



As of January 1, 2011

TOTAL AGGREGATED PARCEL VALUE: 41,835

TOTAL AGGREGATED PARCEL AREA: 3,508

TOTAL AGGREGATED PARCEL VALUE: 42,832,400

TOTAL AGGREGATED PARCEL AREA: 100,000%

TOTAL AGGREGATED PARCEL VALUE: 8,877%

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EQUALIZED VALUE TEST

The following calculations demonstrate that the City is in compliance with s.66.1105(4)(gm)4.c. Wis. Stats., which requires that the equalized value of the taxable property in the proposed District, plus the value increment of all existing Tax Incremental Districts, does not exceed 12% of the total equalized value of taxable property within the City.

The equalized value of the increment of existing Tax Incremental Districts within the City, plus the base value of the proposed District, totals approximately \$54,434,005. This value is less than the maximum of \$491,499,684 in equalized value that is permitted for the City of Mequon. The City is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

<i>City of Mequon, WI</i>			
Tax Increment District No. 4			
Valuation Test Compliance Calculation			
Anticipated Creation Date:	2/21/2012	Valuation Data Currently Available	Valuation Data Establishing 12% Limit Based on Anticipated Creation Date
Property Appreciation Factor:	5.00%	ACTUAL	ESTIMATED
As of January 1,		2011	2012
Total Equalized Value (TID IN)		4,095,830,700	4,223,167,500
Limit for 12% Test		491,499,684	506,780,100
Increment Value of Existing TID's			
TID No. 2 Increment	11,801,600	12,391,680	Percentage Increase in Base Value at Which EV Test will Fail 1004.43%
TID No. 3 Increment	0	0	
Total Existing Increment	11,801,600	12,391,680	
Projected Base Value of New District	42,632,405	44,764,026	47,002,227
Existing TID New Construction Factor			
TOTAL VALUE SUBJECT TO TEST/LIMIT	54,434,005	57,155,706	59,393,907
COMPLIANCE	PASS	PASS	PASS



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STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND OTHER PROJECTS

The following is a list of public works and other projects that the City expects to implement in conjunction with this District. Any costs necessary or convenient to the creation of the district or directly or indirectly related to the public works and other projects are considered "project costs" and eligible to be paid with tax increment revenues of the District.

PROPERTY, RIGHT-OF-WAY AND EASEMENT ACQUISITION

- **PROPERTY ACQUISITION FOR REDEVELOPMENT.** In order to promote and facilitate development and/or redevelopment the City may acquire property within the District. The cost of property acquired, and any costs associated with the transaction, are eligible Project Costs. Following acquisition, other Project Costs within the categories detailed in this Section may be incurred in order to make the property suitable for development and/or redevelopment. Any revenue received by the City from the sale of property acquired pursuant to the execution of this Plan will be used to reduce the total project costs of the District. If total Project Costs incurred by the City to acquire property and make it suitable for development and/or redevelopment exceed the revenues or other consideration received from the sale or lease of that property, the net amount shall be considered "real property assembly costs" as defined in State Statutes Section 66.1105(2)(f)1.c., and subject to recovery as an eligible Project Cost.
- **ACQUISITION OF RIGHTS-OF-WAY.** The City may need to acquire property to allow for installation of streets, driveways, sidewalks, utilities, storm water management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire rights-of-way are eligible Project Costs.
- **ACQUISITION OF EASEMENTS.** The City may need to acquire temporary or permanent easements to allow for installation and maintenance of streets, driveways, sidewalks, utilities, storm water management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire easement rights are eligible Project Costs.
- **RELOCATION COSTS.** If relocation expenses are incurred in conjunction with the acquisition of property, those expenses are eligible Project Costs. These costs may include, but are not limited to: preparation of a relocation plan; allocations of staff time; legal fees; publication of notices; obtaining appraisals; and payment of relocation benefits as required by Wisconsin Statutes Sections 32.19 and 32.195.

SITE PREPARATION ACTIVITIES

- **ENVIRONMENTAL AUDITS AND REMEDIATION.** There have been no known environmental studies performed within the proposed District. If, however, it becomes

necessary to evaluate any land or improvement within the District, any cost incurred by the City related to environmental audits, testing, and remediation are eligible Project Costs.

- **DEMOLITION.** In order to make sites suitable for redevelopment, the City may incur costs related to demolition and removal of structures or other land improvements, to include abandonment of wells or other existing utility services.
- **SITE GRADING.** Land within the District may require grading to make it suitable for development and/or redevelopment, to provide access, and to control storm water runoff. The City may need to remove and dispose of excess material, or bring in fill material to provide for proper site elevations. Expenses incurred by the City for site grading are eligible Project Costs.

STREETS AND STREETScape

- **STREET IMPROVEMENTS.** There Eligible Project Costs include, but are not limited to: excavation; removal or placement of fill; construction of road base; asphalt or concrete paving or repaving; installation of curb and gutter; installation of sidewalks and bicycle lanes; installation of culverts, box culverts and bridges; rail crossings and signals; utility relocation, to include burying overhead utility lines; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.
- **STREETSCAPING AND LANDSCAPING.** These amenities include, but are not limited to: landscaping; lighting of streets, sidewalks, parking areas and public areas; installation of planters, benches, clocks, tree rings, trash receptacles and similar items; and installation of brick or other decorative walks, terraces and street crossings. These and any other similar amenities installed by the City are eligible Project Costs.

CDA TYPE ACTIVITIES

- **CONTRIBUTION TO COMMUNITY DEVELOPMENT.** As provided for in Wisconsin Statutes Sections 66.1105(2)(f)1.h and 66.1333(13), the City may provide funds to its Economic Development Board (EDB) to be used for administration, planning operations, and capital costs, including but not limited to real property acquisition, related to the purposes for which it was established in furtherance of any redevelopment or urban renewal project. Funds provided to the EDB for this purpose are eligible Project Costs.
- **REVOLVING LOAN/GRANT PROGRAM.** To encourage private redevelopment consistent with the objectives of this Plan, the City, through its EDB, can provide loans and/or matching grants to eligible property owners in the District. Loan and/or matching grant recipients will be required to sign an agreement specifying the nature of the property improvements to be made. Eligible improvements will be those that are likely to improve the value of the property, enhance the visual appearance of the property and surrounding area, correct safety deficiencies, or as otherwise specified by the EDB in the program manual. Any funds returned to the EDB from the repayment of loans made are not considered revenues to the District, and will not be used to offset District Project Costs. Instead, these funds will be placed into a revolving loan fund and will continue to be used for the program purposes

stated above. Any funds provided to the EDB for purposes of implementing this program are considered eligible Project Costs.

MISCELLANEOUS

- **CASH GRANTS (DEVELOPMENT INCENTIVES).** The City may enter into agreements with property owners, lessees, or developers of land located within the District for the purpose of sharing costs to encourage the desired kind of improvements and assure tax base is generated sufficient to recover project costs. No cash grants will be provided until the City executes a developer agreement with the recipient of the cash grant. Any payments of cash grants made by the City are eligible Project Costs.
- **PROFESSIONAL SERVICE AND ORGANIZATIONAL COSTS.** The costs of professional services rendered, and other costs incurred, in relation to the creation, administration and termination of the District, and the undertaking of the projects contained within this Plan, are eligible Project Costs. Professional services include, but are not limited to: architectural; environmental; planning; engineering; legal, audit; financial; and the costs of informing the public with respect to the creation of the District and the implementation of the Plan.
- **ADMINISTRATIVE COSTS.** The City may charge to the District as eligible Project Costs reasonable allocations of administrative costs, including, but not limited to, employee salaries. Costs allocated will bear a direct connection to the time spent by City employees in connection with the implementation of the Plan.
- **FINANCING COSTS.** Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken under this Plan are eligible Project Costs.

With all projects the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, apparatus necessary for the public works, legal and other consultant fees, testing, environmental studies, permits, updating City ordinances and plans, judgments or claims for damages and other expenses are included as project costs.

In the event any of the public works project expenditures are not reimbursable out of the special TIF fund under Wisconsin Statute Section 66.1105, in the written opinion of nationally recognized bond counsel retained by the City for such purpose or a court of record so rules in a final order, then such project or projects shall be deleted here from and the remainder of the projects hereunder shall be deemed the entirety of the projects for purposes of this Project Plan (the "Plan").

The City reserves the right to implement only those projects that remain viable as the Plan period proceeds.

Project costs are any expenditure made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the City and as outlined in this Plan. Project costs will be diminished by any income, special assessments or other revenues, including user fees or charges. To the extent the costs benefit the municipality outside the District, a proportionate share of the cost is not a project cost. Costs identified in this Plan are preliminary estimates made prior to design considerations and are subject to change after planning is completed. Proration of costs in the Plan is also an estimate and subject to change based upon implementation, future assessment policies and user fee adjustments.

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MAP SHOWING PROPOSED IMPROVEMENTS AND USES

The City of Mequon has proposed that projects undertaken under the project plan be done as a development incentive payment over time to the individual or business that is undertaking the project. Due to the methodology on the ensuing pages, it is impossible to quantify and/or illustrate where projects will occur other than on the parcels identified for rehabilitation and/or conservation.

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DETAILED LIST OF PROJECT COSTS

All costs are based on 2011 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2011 and the time of construction. The City also reserves the right to increase certain project costs to the extent others are reduced or not implemented, without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

This Plan is not meant to be a budget nor an appropriation of funds for specific projects, but a framework within which to manage projects. All costs included in the Plan are estimates based on best information available. The City retains the right to delete projects or change the scope and/or timing of projects implemented as they are individually authorized by the Common Council, without amending the Plan.

		City of Mequon, WI		EHLERS	
		Tax Increment District No. 4		LEADERS IN PUBLIC FINANCE	
		Project List			
1ST DRAFT		Example @5%	Example @10%	Various Phases	Total
Projects					Authority
Unspecified Development Incentives		613,050	1,349,400	3,037,550	5,000,000
Subtotal Needed for Projects		613,050	1,349,400	3,037,550	5,000,000

Development Incentive Methodology - Policy as approved by City of Mequon Resolution #3031							
5% Incentive Level				10% Incentive Level			
Base Improvement Value			419,000				766,000
Site Repair & Demolition			60,000				60,000
Total Identified Gap			479,000				826,000
New Development Value			3,100,000				6,000,000
Net Improvement Value			2,681,000				5,234,000
Incentive (Net Improvement Value)			134,050				523,400
Eligible Incentive			613,050				1,349,400
Incentive Issuance Costs			20,000				20,000
Net Incentive			633,050				1,369,400
MRO	0%						
	15						
Annual Payment			42,203				91,293
TID Mill Rate			\$ 17.68				\$ 17.68
Revenue Year		TID Rev	Payment	Cum Balance	TID Rev	Payment	Cum Balance
2012							
2013							
1	2014	47,400	(42,203)	5,197	92,537	(91,293)	1,244
2	2015	47,400	(42,203)	10,393	92,537	(91,293)	2,488
3	2016	47,400	(42,203)	15,590	92,537	(91,293)	3,731
4	2017	47,400	(42,203)	20,787	92,537	(91,293)	4,975
5	2018	47,400	(42,203)	25,984	92,537	(91,293)	6,219
6	2019	47,400	(42,203)	31,180	92,537	(91,293)	7,463
7	2020	47,400	(42,203)	36,377	92,537	(91,293)	8,707
8	2021	47,400	(42,203)	41,574	92,537	(91,293)	9,950
9	2022	47,400	(42,203)	46,771	92,537	(91,293)	11,194
10	2023	47,400	(42,203)	51,967	92,537	(91,293)	12,438
11	2024	47,400	(42,203)	57,164	92,537	(91,293)	13,682
12	2025	47,400	(42,203)	62,361	92,537	(91,293)	14,925
13	2026	47,400	(42,203)	67,558	92,537	(91,293)	16,169
14	2027	47,400	(42,203)	72,754	92,537	(91,293)	17,413
15	2028	47,400	(42,203)	77,951	92,537	(91,293)	18,657
16	2029	47,400		125,351	92,537		111,194
17	2030	47,400		172,751	92,537		203,731
18	2031	47,400		220,151	92,537		296,268
19	2032	47,400		267,552	92,537		388,805
20	2033	47,400		314,952	92,537		481,342
21	2034	47,400		362,352	92,537		573,880
22	2035	47,400		409,752	92,537		666,417
23	2036	47,400		457,152	92,537		758,954
24	2037	47,400		504,552	92,537		851,491
25	2038	47,400		551,952	92,537		944,028
26	2039	47,400		599,352	92,537		1,036,565
		1,232,402	(633,050)	599,352	2,405,965	(1,369,400)	1,036,565

The City's authorized TIF incentive policy (Resolution #3031) may be amended from time to time. Any such amendments shall be considered authorized incentives for TID #4.

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ECONOMIC FEASIBILITY STUDY & A DESCRIPTION OF THE METHODS OF FINANCING AND THE TIME WHEN SUCH COSTS OR MONETARY OBLIGATIONS RELATED THERETO ARE TO BE INCURRED

The information and exhibits contained within this Section demonstrate that the proposed District is economically feasible insofar as:

- The City has available to it the means to secure the necessary financing required to accomplish the projects contained within this Plan. A listing of “Available Financing Methods” follows.
- The City expects to complete the projects in one or more phases, and can adjust the timing of implementation as needed to coincide with the pace of private development. A discussion of the phasing and projected timeline for project completion is discussed under “Plan Implementation” within this Section.
- The development anticipated to occur as a result of the implementation of this Plan will generate sufficient tax increments to pay for the cost of the projects. Within this Section are tables identifying: 1) the development expected to occur, 2) a projection of tax increments to be collected resulting from that development and other economic growth within the District, and 3) a cash flow model demonstrating that the projected tax increment collections and all other revenues available to the District will be sufficient to pay all Project Costs.

AVAILABLE FINANCING METHODS

Implementation of this Plan will require that the City issue obligations to provide direct or indirect financing for the Projects to be undertaken. The following is a list of the types of obligations the City may choose to utilize.

General Obligation (G.O.) Bonds or Notes

The City may issue G.O. Bonds or Notes to finance the cost of Projects included within this Plan. Wisconsin Statutes limit the principal amount of G.O. debt that a community may have outstanding at any point in time to an amount not greater than five-percent of its total equalized value (including increment values).

Municipal Revenue Obligations (“Pay as You Go” Financing)

The City may issue a bond or other obligation to one or more developers who provide financing for projects included in this Plan. Repayment of the amounts due to the developer under the bonds or other obligations are limited to an agreed percentage of the available annual tax increments collected that result from the improvements made by the developer. To the extent the tax increments collected are insufficient to make annual payments, or to repay the entire obligation over the life of the District, the City’s obligation is limited to not more than the agreed percentage of the actual increments collected. Bonds or other obligations issued to developers

in this fashion are not general obligations of the City and therefore do not count against the City's borrowing capacity.

Tax Increment Revenue Bonds

The City has the authority to issue revenue bonds secured by the tax increments to be collected. These bonds may be issued directly by the City, or as a Lease Revenue Bond by a Community Development Authority (CDA). Tax Increment Revenue Bonds and Lease Revenue Bonds are not general obligations of the City and therefore do not count against the City's borrowing capacity. To the extent tax increments collected are insufficient to meet the annual debt service requirements of the revenue bonds, the City may be subject to either a permissive or mandatory requirement to appropriate on an annual basis a sum equal to the actual or projected shortfall.

Utility Revenue Bonds

The City can issue revenue bonds to be repaid from revenues of the sewer and/or water systems, including revenues paid by the City that represent service of the system to the City. There is neither a statutory nor constitutional limitation on the amount of revenue bonds that can be issued, however, water rates are controlled by the Wisconsin Public Service Commission and the City must demonstrate to bond underwriters its ability to repay revenue debt with the assigned rates. To the extent the City utilizes utility revenues other than tax increments to repay a portion of the bonds, the City must reduce the total eligible Project Costs in an equal amount.

Special Assessment "B" Bonds

The City has the ability to levy special assessments against benefited properties to pay part of the costs for street, curb, gutter, sewer, water, storm sewers and other infrastructure. In the event the City determines that special assessments are appropriate, the City can issue special assessment B bonds pledging revenues from special assessment installments to the extent assessment payments are outstanding. These bonds are not counted against the City's G.O. debt limit. If special assessments are levied, the City must reduce the total eligible Project Costs under this Plan in an amount equal to the total collected.

PLAN IMPLEMENTATION

Projects identified will provide the necessary anticipated governmental services to the area. A reasonable and orderly sequence is outlined on the following page. However, public debt and expenditures should be made at the pace private development occurs to assure increment is sufficient to cover expenses.

It is anticipated developer agreements between the City and property owners will be in place prior to major public expenditures. These agreements can provide for development guarantees or a payment in lieu of development. To further assure contract enforcement, these agreements might include levying of special assessments against benefited properties.

The order in which public improvements are made should be adjusted in accordance with development and execution of developer agreements. The City reserves the right to alter the implementation of this Plan to accomplish this objective.

Interest rates projected are based on current market conditions. Municipal interest rates are subject to constantly changing market conditions. In addition, other factors such as the loss of tax-exempt status of municipal bonds or broadening the purpose of future tax-exempt bonds would affect market conditions. Actual interest expense will be determined once the methods of financing have been approved and securities issued.

If financing as outlined in this Plan proves unworkable, the City reserves the right to use alternate financing solutions for the projects as they are implemented.

DEVELOPMENT ASSUMPTIONS

While the City has identified an incentive methodology, expenditures at this point have not been identified to occur in any particular year. The incentive methodology is as follows:

- a. A Fast Track Option allows for a Pay As You Go, developer financed project, to receive financial incentives for redevelopment efforts located within an established TIF district for a single parcel containing improvements so long as the project creates new construction value of 1.5 million dollars beyond the current improvement value and that the payback period is 15 years or less. The maximum financial incentive allowed is the gap plus 5%.
- b. A Fast Track Option allows for a Pay As You Go, developer financed project, to receive financial incentives for redevelopment efforts located within an established TIF district for a project in which two or more parcels are assembled, one of such assembled parcels shall be less than two acres and one of such assembled parcels contains improvements so long as the project creates new construction value of 1.5 million dollars beyond the current improvement value and the payback period is 15 years or less. The maximum financial incentive allowed is the gap plus 10%.

The Fast Track Options require Economic Development Board review and approval. A Case by Case Basis Option allows the Council to consider exceptions to the minimum standards required and maximum financial incentive allowed under the Fast Track Options. The Case by Case Basis Option requires Economic Development Board and Common Council review and approval.

It is anticipated that the City will work with the developers that qualify for an incentive to meet criteria to be either awarded an incentive at the 5% or the 10% level.

Regardless of level, it is the City's intention to have the incentive "payback" period not exceed 15 years utilizing the "expedited" incentive methodology.

INCREMENT REVENUE PROJECTIONS

City of Mequon, WI

Tax Increment District No. 4 Tax Increment Projection Worksheet

Type of District	Blighted Area
Anticipated Creation Date	2/21/2012
Valuation Date	Jan. 1, 2012
Maximum Life (in Years)	27
Expenditure Period (in Years)	22
Revenue Periods/Final Rev Year	26 - 2039
End of Expenditure Period	2/21/2034
Latest Termination Date	2/21/2039
Eligible for Extension/No. of Years	Yes 3
Eligible Recipient District	Yes

Projected Base Value	42,632,405
Pre-Amendment Base Value (Actual)	NA
Property Appreciation Factor	1.00%
Current Tax Rate (Per \$1,000 BV)	\$17.68
Tax Rate Adjustment Factor (Following 2 Years)	0.00%
Tax Rate Adjustment Factor (Therafter)	0.00%
Discount Rate 1 for NPV Calculation	5.00%
Discount Rate 2 for NPV Calculation	7.00%

Apply Inflation Factor to Base?



Construction Year	Value Added	Valuation Year	Inflation Increment	Valuation Increment	Revenue Year	Tax Rate	Tax Increment
1 2012	7,815,000	2019	436,824	8,341,824	2014	17.68	147,175
2 2013	0	2014	505,737	8,851,061	2015	17.68	156,487
3 2014	0	2015	514,835	9,365,896	2016	17.68	165,589
4 2015	0	2016	545,893	9,885,879	2017	17.68	174,782
5 2016	0	2017	575,483	10,411,062	2018	17.68	184,068
6 2017	0	2018	593,435	10,941,487	2019	17.68	193,446
7 2018	0	2019	595,739	11,477,236	2020	17.68	202,918
8 2019	0	2020	541,056	12,018,332	2021	17.68	212,454
9 2020	0	2021	546,507	12,564,839	2022	17.68	222,146
10 2021	0	2022	551,972	13,116,812	2023	17.68	231,905
11 2022	0	2023	557,452	13,674,304	2024	17.68	241,762
12 2023	0	2024	563,067	14,237,371	2025	17.68	251,717
13 2024	0	2025	568,698	14,806,065	2026	17.68	261,771
14 2025	0	2026	574,355	15,380,454	2027	17.68	271,926
15 2026	0	2027	580,129	15,960,582	2028	17.68	282,183
16 2027	0	2028	585,930	16,546,512	2029	17.68	292,542
17 2028	0	2029	591,789	17,138,301	2030	17.68	303,005
18 2029	0	2030	597,707	17,736,008	2031	17.68	313,573
19 2030	0	2031	603,684	18,339,692	2032	17.68	324,246
20 2031	0	2032	609,721	18,949,413	2033	17.68	335,026
21 2032	0	2033	615,818	19,565,232	2034	17.68	345,913
22 2033	0	2034	621,976	20,187,208	2035	17.68	356,910
23 2034	0	2035	628,196	20,815,404	2036	17.68	368,016
24 2035	0	2036	634,478	21,449,882	2037	17.68	379,234
25 2036	0	2037	640,823	22,090,705	2038	17.68	390,564
26 2037	0	2038	647,231	22,737,936	2039	17.68	402,007
	7,815,000		14,822,996				7,011,694

Net Present Value Calculation

Cumulative @ 5.00%	Cumulative @ 7.00%
127,994	120,989
255,186	239,766
388,860	357,829
516,908	474,294
647,418	589,822
778,050	701,509
908,832	811,889
1,039,239	919,899
1,169,189	1,025,489
1,298,817	1,128,408
1,426,928	1,228,790
1,553,662	1,326,950
1,679,579	1,421,228
1,804,151	1,513,399
1,927,857	1,602,671
2,049,824	1,689,224
2,168,734	1,773,007
2,286,916	1,854,040
2,403,802	1,932,950
2,517,830	2,007,970
2,630,450	2,080,999
2,741,116	2,151,902
2,849,792	2,219,109
2,956,448	2,284,412
3,061,090	2,347,285
3,163,609	2,407,728

Future Value of Increment

7,011,694

CASH FLOW



City of Mequon, WI
Tax Increment District No. 4
Cash Flow Pro Forma

Year	Revenues		Expenditures		Balances		Project Cost Principal Outstanding	Year
	Tax Increments	Investment Earnings	Municipal Revenue Obligation (MRO) 5% Incentive Example	Municipal Revenue Obligation (MRO) 10% Incentive Example	Annual	Cumulative		
2012		1.00%						
2012		0	0		10,000	(10,000)	2,002,450	2012
2013		0	0		10,000	(10,000)	2,002,450	2013
2014	147,475	0	147,475	42,203	10,000	3,978	1,868,953	2014
2015	156,487	0	156,487	42,203	10,000	(3,032)	1,735,457	2015
2016	165,589	0	165,589	42,203	10,000	12,990	1,601,960	2016
2017	174,782	191	174,973	42,203	10,000	22,992	1,468,463	2017
2018	184,068	505	184,573	42,203	10,000	31,476	1,334,967	2018
2019	193,446	916	194,362	42,203	10,000	41,076	1,201,470	2019
2020	202,918	1,425	204,342	42,203	10,000	50,865	1,067,973	2020
2021	212,484	2,033	214,517	42,203	10,000	60,846	934,477	2021
2022	222,146	2,743	224,890	42,203	10,000	71,021	800,980	2022
2023	231,905	3,557	235,463	42,203	10,000	81,393	667,483	2023
2024	241,762	4,477	246,239	42,203	10,000	91,966	533,987	2024
2025	251,717	5,504	257,221	42,203	10,000	102,742	400,490	2025
2026	261,771	6,642	268,413	42,203	10,000	113,725	266,993	2026
2027	271,926	7,891	279,817	42,203	10,000	124,916	133,487	2027
2028	282,183	9,254	291,437	42,203	10,000	136,321	0	2028
2029	292,542	10,733	303,276		10,000	147,940	0	2029
2030	303,005	13,666	316,671		10,000	1,366,623	0	2030
2031	313,573	16,733	330,306		10,000	306,671	0	2031
2032	324,246	19,936	344,182		10,000	320,306	0	2032
2033	335,026	23,278	358,303		10,000	334,182	0	2033
2034	345,913	26,761	372,674		10,000	348,303	0	2034
2035	356,910	30,388	387,297		10,000	362,674	0	2035
2036	368,016	34,161	402,177		10,000	377,257	0	2036
2037	379,234	38,082	417,316		10,000	392,177	0	2037
2038	390,564	42,156	432,719		10,000	407,316	0	2038
2039	402,007	46,383	448,389		10,000	422,719	0	2039
Total	7,011,694	347,415	7,359,109	633,050	280,000	5,076,659	2,282,450	

NOTES:
Projected TID Closure

11 ANNEXED PROPERTY

There are no lands proposed for inclusion within the District that were annexed by the City on or after January 1, 2004.

12 ESTIMATE OF PROPERTY TO BE DEVOTED TO RETAIL BUSINESS

Pursuant to Sections 66.1105(5)(b) and 66.1105(6)(am)1 of the Wisconsin State Statutes the City estimates that 70% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

13 PROPOSED CHANGES IN ZONING ORDINANCES

The City of Mequon does not anticipate that the District will require any changes in zoning ordinances.

14 PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND CITY OF MEQUON ORDINANCES

It is expected that this Plan will be complementary to the City's Master Plan. There are no proposed changes to the master plan, map, building codes or other City of Mequon ordinances for the implementation of this Plan.

15 RELOCATION

It is not anticipated there will be a need to relocate any persons or businesses in conjunction with this Plan.

In the event relocation or the acquisition of property by eminent domain becomes necessary at some time during the implementation period, the City will follow applicable state statutes as required in Wisconsin Statutes chapter 32.

16 ORDERLY REDEVELOPMENT OF THE CITY OF MEQUON

The District contributes to the orderly redevelopment of the City by providing the opportunity for continued growth in tax base and job opportunities. As previously noted, the past years have seen significant private development north and south of the City of Mequon. The use of tax increment will allow the City to ensure that the vital commercial area remains viable and does not experience value degradation.

17 A LIST OF ESTIMATED NON-PROJECT COSTS

Non-Project costs are public works projects that only partly benefit the District or are not eligible to be paid with tax increments, or costs not eligible to be paid with TIF funds. Examples would include:

- A public improvement made within the District that also benefits property outside the District. That portion of the total project costs allocable to properties outside of the District would be a non-project cost.
- A public improvement made outside the District that only partially benefits property within the District. That portion of the total project costs allocable to properties outside of the District would be a non-project cost.
- Projects undertaken within the District as part of the implementation of this Project Plan, the costs of which are paid fully or in part by impact fees, grants, special assessments, or revenues other than tax increments.

The City does not expect to incur any non-project costs in the implementation of this Project Plan.

18

**OPINION OF ATTORNEY FOR THE CITY OF MEQUON
ADVISING WHETHER THE PLAN IS COMPLETE AND
COMPLIES WITH WISCONSIN STATUTES, SECTION 66.1105**



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OFFICE OF CITY ATTORNEY

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February 6, 2012

Hon. Curtis Gielow, Mayor
City of Mequon
11333 N. Cedarburg Road 60W
Mequon, Wisconsin 53092

RE: Project Plan for City of Mequon, Wisconsin Tax Incremental District No. 4

Dear Mayor:

In my capacity as City Attorney for the City of Mequon, I am familiar with the proceedings and actions of the City of Mequon related to creation of a new tax incremental district, to be designated Tax Incremental District No. 4.

I have also reviewed and examined the proposed *Project Plan for Creation of Tax Incremental District No. 4* and, in my opinion, the Project Plan is complete and complies with Section 66.1105 of the Wisconsin Statutes. This opinion is provided pursuant to Section 66.1105(4)(f), Wis. Stat.

Very truly yours,

OFFICE OF THE MEQUON CITY ATTORNEY


John L. DeStefanis
City Attorney

EXHIBIT A - CALCULATION OF THE SHARE OF PROJECTED TAX INCREMENTS ESTIMATED TO BE PAID BY THE OWNERS OF PROPERTY IN THE OVERLYING TAXING JURISDICTIONS

Estimated Share by Taxing Jurisdiction of Projected Tax Increments to be paid by Owners of Taxable Property in each of the Taxing Jurisdictions Overlying the Tax Increment District

Revenue Year	City	County	School District	Utility District	Tech College	Total
	17.94%	10.04%	51.63%	9.32%	11.06%	100.00%
2014	26,463	14,811	76,139	13,748	16,314	147,475
2015	28,080	15,717	80,792	14,588	17,311	156,487
2016	29,713	16,631	85,491	15,436	18,318	165,589
2017	31,363	17,554	90,238	16,293	19,335	174,782
2018	33,029	18,487	95,032	17,159	20,362	184,068
2019	34,712	19,429	99,873	18,033	21,399	193,446
2020	36,411	20,380	104,764	18,916	22,447	202,918
2021	38,128	21,341	109,703	19,808	23,505	212,484
2022	39,862	22,311	114,691	20,709	24,574	222,146
2023	41,613	23,291	119,730	21,618	25,654	231,905
2024	43,381	24,281	124,818	22,537	26,744	241,762
2025	45,168	25,281	129,958	23,465	27,845	251,717
2026	46,972	26,291	135,149	24,402	28,957	261,771
2027	48,794	27,311	140,392	25,349	30,081	271,926
2028	50,634	28,341	145,687	26,305	31,215	282,183
2029	52,493	29,381	151,036	27,271	32,361	292,542
2030	54,371	30,432	156,437	28,246	33,519	303,005
2031	56,267	31,493	161,893	29,231	34,688	313,573
2032	58,182	32,565	167,404	30,226	35,868	324,246
2033	60,116	33,648	172,969	31,231	37,061	335,026
2034	62,070	34,741	178,590	32,246	38,265	345,913
2035	64,043	35,846	184,268	33,271	39,482	356,910
2036	66,036	36,961	190,002	34,307	40,710	368,016
2037	68,049	38,088	195,793	35,352	41,951	379,234
2038	70,082	39,226	201,643	36,409	43,205	390,564
2039	72,135	40,375	207,551	37,475	44,470	402,007
	1,258,165	704,213	3,620,042	653,633	775,640	7,011,694

NOTE: The projection shown above is provided to meet the requirements of Wisconsin Statute 66.1105(4)(i)4.