

SUMMARY FINDINGS

CITY OF NEENAH TAX INCREMENT DISTRICT #6 PROJECT PLAN

District Name: City of Neenah Tax Increment District #6.

Location: Southpark Industrial Center.

Size: 80.6 acres.

Purpose: To enable expansion of Southpark Industrial Center, and to allow the City to continue to promote private industrial development in the area.

Proposed Costs: 7 year (1997-2003) \$2.2 million public investment in land acquisition, infrastructure, streets, and marketing program, leading to the development of 8-10 fully serviced industrial sites, and further development on adjoining private development land.

Project Financing: \$1,116,000 borrowing program utilizing General Obligation Notes and County Industrial Development Loan proceeds. Projected net interest costs of \$184,619.

Project Revenues: The District is projected to create \$17.6 million of new tax base through its maximum life period (1997-2019). It will generate an estimated \$8.0 million in tax increments during that same period.

Economic Feasibility: Based on projected expenditures and revenue levels, all obligations of TID #6 will be paid in full during 2005, the 9th year of the District. Upon closure and dissolution of the District, all accrued unencumbered increments will be promptly distributed among the taxing entities (School District, County, Vocational District, and City). Following closure and dissolution, projected after the 9th year, the tax base created as a result of development in the District will directly benefit the taxing entities and all future tax revenues will be directly distributed to them.

**PROJECT PLAN
TAX INCREMENT DISTRICT #6
CITY OF NEENAH**

INTRODUCTION

The creation of Tax Increment District #6 is proposed to enable continued expansion of the City of Neenah's municipal industrial park, Southpark Industrial Center, and for the purpose of allowing the City to stimulate additional private industrial development in the area. The Industrial Park is located in south Neenah, at the interchange of U.S. Highway 41 and Bell Street. The proposed expansion area lies south and west of the current Park boundaries, and extends to County Highway G (See Figure 1).

Southpark Industrial Center was created, beginning in 1983, for the purpose of providing planned, improved sites for industrial growth and development. At that time, there were few industrial sites available in Neenah where existing firms could expand or new firms could locate. Private development of industrial land was not viewed as being economically feasible. Recognizing that future growth of the local industrial tax base would not occur without action, the City of Neenah created Tax Increment District #1, for the purpose of developing Southpark. This endeavor has been highly successful.

The development and sale of land in Southpark/TID #1 produced rapid results, and in 1988, the City created Tax Increment District #3, for the purpose of expanding the Park to accommodate continuing growth demands. The development that has occurred in Southpark over the past 14 years provides ample evidence that the City's managed approach to industrial development has been a key factor in fueling economic growth and financial strength community-wide. Today, Southpark is home to 45 businesses, which employ over 2800 people. Of that total, **2100 are new jobs** created since the companies located in Southpark. The diverse products and services offered by these companies are sold in both local and worldwide markets, and range in type from computer components to luggage tags, food packaging to automotive parts, manufacturing machinery to hospital supplies, and technical training to commercial inks. The work force includes both skilled labor and highly specialized scientists and engineers.

Wisconsin's Tax Increment law provides a means for municipalities to undertake managed public projects, such as municipal industrial park development, which require significant investment in public improvements. During the period of project investment (7 years maximum) and debt retirement (23 years maximum), tax revenues generated by new private development and other growth in the Tax Increment District are applied by the municipality to pay the public costs of the project. When all project costs are paid off, the TID is dissolved and all subsequent tax revenues generated are distributed to all taxing entities.

Tax increment financing ensures that the public investment in industrial park development is made in a financially feasible manner, and that the benefits of the investment are distributed fairly to the affected area, and ultimately to the community as a whole. It stimulates and promotes the orderly development of new taxable value which otherwise might not occur. The law also recognizes that since investing municipalities must assume the full risk, they are entitled, within a prescribed time period, to receive all new tax revenues of the TID as the source of paying off their public investment costs. All taxing entities then receive future benefits from the expanded tax base generated as a result of the municipality's investment in the TID.

BOUNDARIES

The boundaries of TID #6 are illustrated in Figure 1.

NAME OF THE DISTRICT

The name of the TID shall be City of Neenah, Tax Increment District #6 (TID #6).

CREATION DATE

The date of creation for the capture of all new taxable value created within TID #6 shall be January 1, 1997. This shall be used as the base in computing any increments that may accrue in the tax base for the District.

PROPOSED IMPROVEMENTS AND PROJECT COSTS

Table 1 provides a detailed annual listing of proposed improvements and project costs related to the implementation of TID #6. The primary project costs are for land acquisitions and infrastructure development (sanitary sewer, storm sewer, water main, street construction, electric power, street lighting). Additional costs include necessary site preparation, signage and landscaping costs, and necessary planning, administration, engineering and marketing costs.

Included in Table 1 are project costs related to construction access improvements outside the District, which are necessitated by, and create benefits to property within TID #6. These costs, which are allowable under Wisc. Statutes 66.46 (2)(f) 1.k., include turning lane and signalization improvements at the Bell Street/Industrial Drive intersection and signalization improvements at the Bell Street/Harrison Street, Gillingham Road/Breezewood Lane, and the Industrial Drive/Enterprise Drive intersections.

NON-PROJECT COSTS

There are no anticipated non-project costs related to the development of TID #6.

RELOCATION

Proposed future City acquisition of private properties could involve the displacement of an existing business operation. Any operation which might be displaced as a result of the City's activities within TID #6, are entitled to assistance in conformance with requirements set forth in Chapter 32, Wisconsin Statutes, and the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act, as applicable.

MASTER PLAN, ZONING, BUILDING, AND OTHER CODE CONSIDERATIONS

The need to provide sites and infrastructure for industrial growth in the community was identified in the City of Neenah Vision 2020 planning report, issued in 1996. No changes to the Zoning, Building, or other codes are expected as a result of creation of TID #6.

ECONOMIC FEASIBILITY

Total revenues, generated from property tax increments are projected to offset total project costs in 9 years, well within the maximum allowed 23 year life of TID #6. Consequently, the proposed TID is economically feasible. Projected tax base growth is illustrated in Table 2, and a financing plan and feasibility analysis is illustrated in Table 3.

The total projected costs of public improvements and activities over the seven-year investment period (1997-2003) is \$2.2 million.

The District is projected to create \$17.6 million in new tax base through its maximum life period (1997-2019). It will generate an estimated \$8.0 million in tax increments during that same period.

Based on projected expenditure and revenue levels, all obligations of TID #6 will be paid in full during 2005, the 9th year of the District. Upon closure and dissolution of the District, all remaining unencumbered increments will be distributed among all taxing entities. Following closure and dissolution, projected after the 9th year, the tax base created as a result of development in the District will directly benefit the taxing entities.

Recognizing that all taxing entities involved in the district (City, School District, County, Technical College) will accrue significant long term benefits from the projected success of TID #6, the City realizes that each entity is also a continuing partner in its formation and progress, in that they will collectively forego tax benefits on new development in the district until it is dissolved. Table 4 shows the projected increments over the life of the district, apportioned among the four entities based on the formula prescribed by the Wisconsin Department of Revenue.

In developing this project plan, the following assumptions have been applied:

- The base equalized value of TID #6 has been established at \$1,102,442, which was the equalized value of real estate and personal property within the boundaries of the District on January 1, 1997.
- Building to lot coverage ratio will be 23%.
- Building construction costs are estimated conservatively at current (1997) pricing.
- Taxable value of land will equal 100% of sale price.
- Taxable value of buildings will equal 70% of construction.
- Annual equalized property value growth in the District will equal 1%.

-The current equalized tax rate of \$25.39 is projected to increase 1.5% annually through 2002. The 2002 rate is projected to remain level in all succeeding years. While the City recognizes that in actuality this will not occur, the many external variables influencing actual rates suggests that a "level" rate projection represents a conservative approach, equally as accurate as other alternative formulas.

-It is projected that tax increments will first be collected in 1999 (based on January 1998 District property value). Equalized tax rates are applied to "Cumulative Taxable Value" added to the District through new development and growth in value above the established January 1997 base. All increments received until the District is dissolved, after the 9th year, will continue to be used to repay District investment costs. Increments received following dissolution of the District will go directly to individual taxing entities based on their respective tax rates at that time.

-General Obligation (G.O.) Notes represent annual capital borrowing in (1997-1999) for public investment in the District. Initial borrowing has been assumed to be 10 years in length with repayment of principal on a schedule, beginning in 1998, to match with accruing tax increments. Debt service in 2005 assumes reserving sufficient funds for all remaining outstanding debt. This allows for the district to be dissolved when sufficient funds are accumulated for this purpose.

-All interest rates have been projected at 4.5%, approximately the same level as current AA-rated G.O. Notes. Guidance for estimating future rates was provided by the City's financial advisor. No attempt has been made to anticipate cyclical rate changes in future years. Beginning in 2003, tax increments are planned to be reserved for payment of future scheduled debt installments, thereby minimizing continuing interest costs on those installments and allowing for earlier district dissolution.

-County Industrial Development Loan terms call for repayment of principal from the land sale proceeds within TID #6. Interest payments are due annually and accrue at the rate of 4.125% per annum. The loan will be paid in full in 2002.

-City Industrial Development fund advance will provide additional "seed" money for upfront costs of the District and reduce the level of required General Obligation borrowing.

-Imputed interest is based on reported District balances. The same rate earned on City "cash flow" investments (rates quoted quarterly by the State Treasurer for the Local Government Investment Pool are currently used) is applied to (a) net advances from City funds for short-term project support (district deficits) to calculate interest equivalent expense, and (b) to District surpluses to calculate investment interest income.

FINANCING

The City plans to use G.O. Notes and temporary advances from City funds or other permitted loan instruments in order to finance or refinance the costs of TID #6.

Repayment of Notes, temporary advances and other loan instruments will be made from tax increments generated by the new tax base created in the district. It is expected that annual tax increment revenues will begin to exceed debt service obligations in 2001.

All projected General Obligation financing has been done consistent with the City's current policy of issuing debt not to exceed 10 years. Shorter term borrowings result in lower interest rates than longer debt issues. This also enables the City, should tax increments not materialize as projected, to refinance outstanding District debt obligations over a longer period of time in order to continue to balance repayments with accruing increments.

ORDERLY DEVELOPMENT

Creation of a tax increment district for industrial park purposes promotes managed orderly development, by ensuring the supply of well-planned, properly located and controlled sites for the expansion of the local business and industrial base of the community. Given the factors that make improvement of land for industrial purposes so difficult, were it not for the TIF financing mechanism, and the support of the City of Neenah to undertake a municipal industrial park program, such development would not occur within the city.

A lack of industrial land in the city would create a trend of future tax base loss and job reduction, and create negative multiplier effects within the residential and commercial tax bases and markets, as opportunities in these areas would shift to communities with greater industrial growth potential.

The expansion of Southpark Industrial Center will continue the demonstrated successful pattern of industrial progress in the community, and provide stability and opportunity for growth in the tax base, the job market and the capital investment areas.

EXISTING USES AND CONDITIONS

Figure 2 illustrates the existing land use patterns in TID #6. Figure 3 illustrates the proposed improvements and uses in TID #6.

INDUSTRIAL DEVELOPMENT PROGRAM

The City of Neenah initiated an aggressive industrial development program in 1983, to encourage tax base growth, job creation, and capital investment in the community. The municipal industrial park has been the major focus of this initiative, along with other efforts to improve the overall economic health of the city. That initiative is continued with the formation of TID #6.

Southpark Industrial Center has provided a supply of industrial sites to match growing industrial needs within a managed, controlled business park environment. The use of tax increment financing has enabled the City to meet that critical demand for industrial land, by providing the resources to install and develop infrastructure, and offer land for sale at a price that remains competitive in both the area and regional economies.

FINDINGS

Since the entire area is intended for industrial development, and all of the property will be zoned for industrial use, TID #6 complies with the requirement that not less than 50%, by area, of the real property within the district be suitable for industrial sites within the meaning of Wisc. Statutes 66.52.

The development of land for sale within TID #6 will enhance significantly the value of all the property in the district. The installation of streets and utilities will make the land suitable for development of taxable real estate.

Since the primary objective of creating TID #6 is to make feasible the installation of required public improvements necessary in providing land for industrial development in the community, the project costs are consistent with the purpose for which the tax increment district is created.

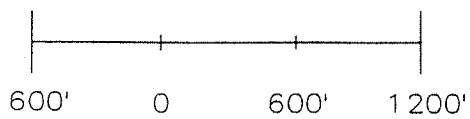
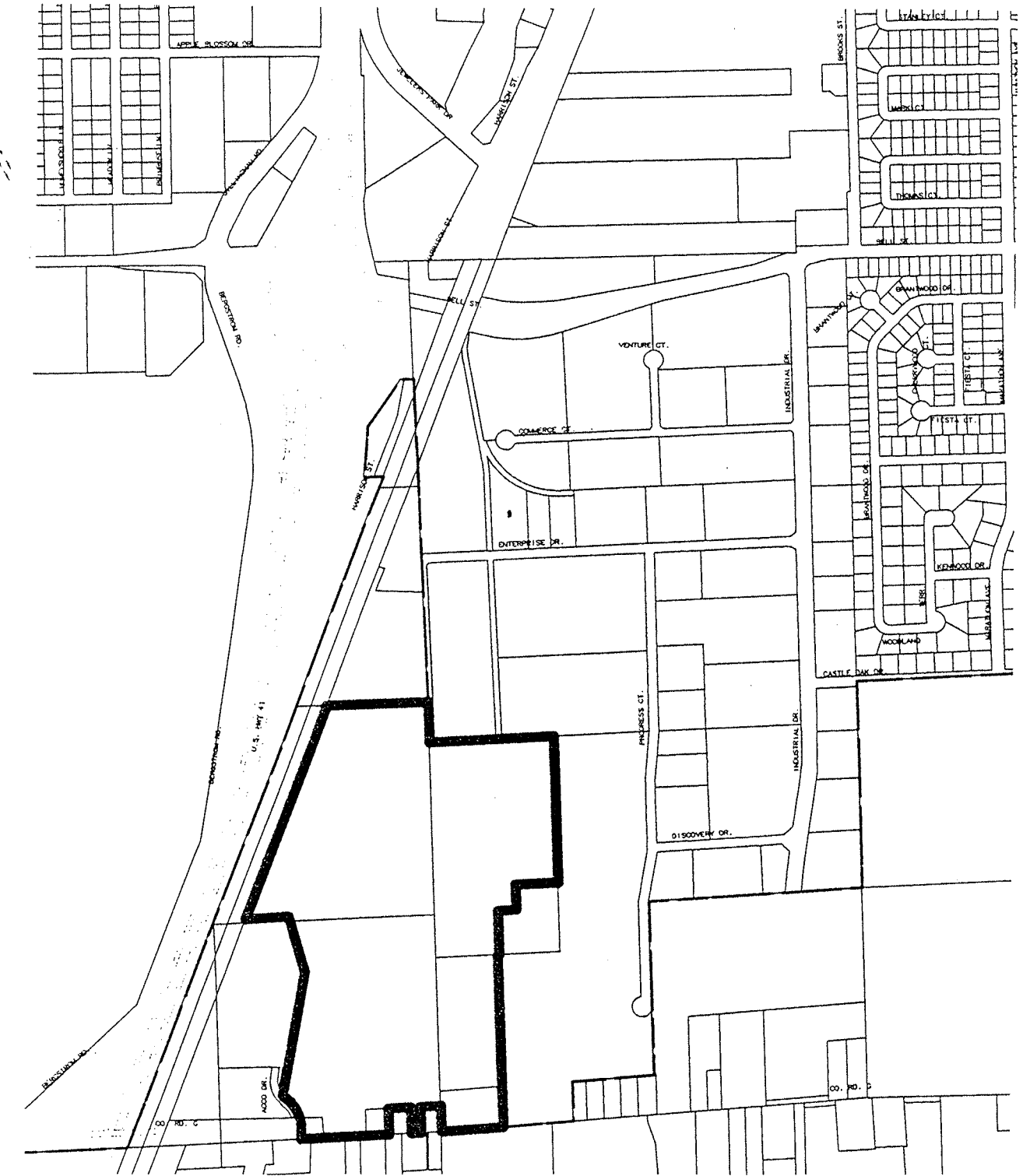
At January 1, 1996, using equalized values, the **base value** of TID #6, plus the **incremental values** of TID #2, TID #3, TID #4, and TID #5 total \$50,665,142, which is 4.6% of the total value of all taxable property in the City of Neenah, as shown below. State law requires that those values not exceed 5%.

TID #2 Incremental Value	\$ 5,999,900		
TID #3 Incremental Value	\$16,167,900		
TID #4 Incremental Value	\$15,510,400		
TID #5 Incremental Value	\$11,884,500		
TID #6 Base Value	<u>\$ 1,102,442</u>		
Total	\$50,665,142		
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Total City Equalized Value	\$1,089,102,400	=	4.6%

All property within TID #6 will be zoned for industrial use and intended for industrial development, and will remain zoned industrial for the life of the district.

Figure 1

Tax Increment District #6 Boundaries



▲ District Boundaries

**TABLE 1
SCHEDULE OF PROJECT IMPROVEMENTS AND COSTS
TAX INCREMENT DISTRICT #6**

<u>YEAR</u>	<u>PROJECT DESCRIPTION</u>	<u>PROJECT COST</u>	<u>ANNUAL COST</u>
1997	<u>Land Acquisition</u>	\$675,000	
	<u>Utilities/Street Openings</u>		
	Grading, graveling and concrete paving of Schultz Drive.	\$335,000	
	Electric power installation along Schultz Drive.	\$ 46,000	
	<u>Access Improvements</u>		
	Construct left and right turn lanes for entry/exit at the Bell St./Industrial Dr. intersection.	\$ 45,000	
	Upgrade traffic signals at Bell/Industrial intersection to accommodate improved entry/exit.	\$ 25,000	
	<u>Land Sale/Site Preparations</u>	\$100,000	
	<u>Planning, Marketing, Promotion</u>	\$ 20,000	
	1997 TOTAL PROJECT COSTS-----		\$1,246,000
1998	<u>Utilities/Street Openings</u>		
	Sanitary and storm sewer, watermain, grading/graveling, bituminous surface for future interior street.	\$ 33,000	
	Electric power installation along future interior street.	\$ 20,000	
	<u>Access Improvements</u>		
	Modify existing signals and install detector loop at Bell St./Harrison St. intersection. Coordinate timing of all signals along Breezewood-Bell.	\$ 3,000	
	Install new coordinated sequential signals at Gillingham Rd./Bergstrom Rd./Breezewood Lane intersection.	\$ 30,000	
	Install new signals at Industrial Dr./Enterprise Dr. intersection.	\$ 50,000	
	<u>Land Sale/Site Preparations</u>	\$ 50,000	
	<u>Planning, Marketing, Promotion</u>	\$ 20,000	
	1998 TOTAL PROJECT COSTS-----		\$ 206,000

<u>YEAR</u>	<u>PROJECT DESCRIPTION</u>	<u>PROJECT COST</u>	<u>ANNUAL COST</u>
1999	<u>Land Sale/Site Preparations</u>	\$ 50,000	
	<u>Planning, Marketing, Promotion</u>	\$ 20,000	
	1999 TOTAL PROJECT COSTS-----		\$ 70,000
2000	<u>Land Sale/Site Preparations</u>	\$ 30,000	
	<u>Planning, Marketing, Promotion</u>	\$ 20,000	
	2000 TOTAL PROJECT COSTS-----		\$ 50,000
2001	<u>Land Sale/Site Preparations</u>	\$ 30,000	
	<u>Planning, Marketing, Promotion</u>	\$ 20,000	
	2001 TOTAL PROJECT COSTS-----		\$ 50,000
2002	<u>Land Acquisition</u> City purchase of privately owned development land within TID #6.	\$400,000	
	<u>Land Sale/Site Preparations</u>	\$ 70,000	
	<u>Planning, Marketing, Promotion</u>	\$ 20,000	
	2002 TOTAL PROJECT COSTS-----		\$ 490,000
2003	<u>Land Sale/Site Preparations</u>	\$ 70,000	
	<u>Planning, Marketing, Promotion</u>	\$ 20,000	
	2003 TOTAL PROJECT COSTS-----		\$ 90,000
	TOTAL 1997-2003 PROJECT IMPROVEMENT COSTS-----		\$2,202,000

Non-investment contingency funds have been provided for two additional years beyond 2003 (See Table 3).

**TABLE 2
SCHEDULE OF PROJECTED TAX BASE GROWTH
TAX INCREMENT DISTRICT #6**

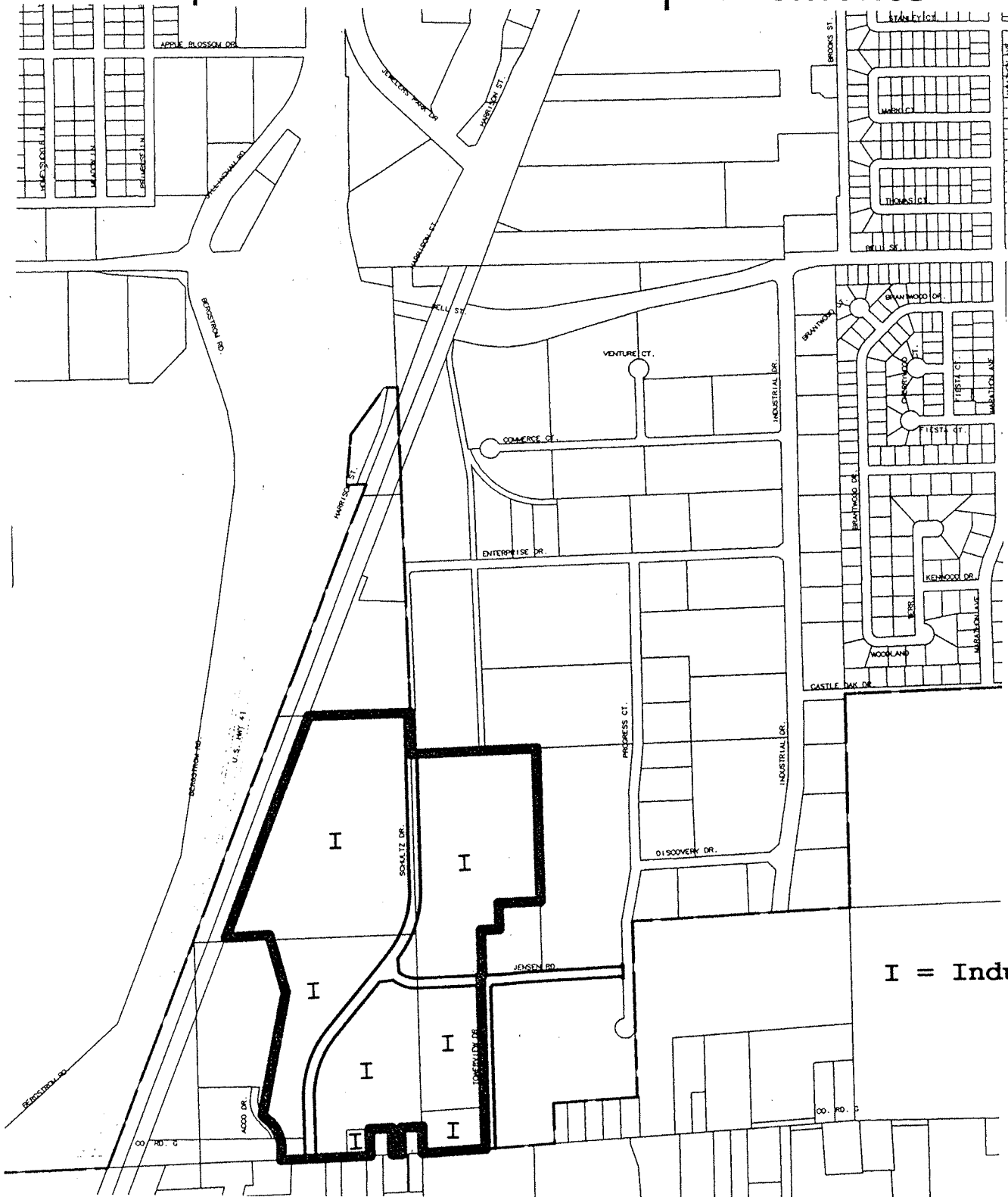
TID Year	Calendar Year	Base Value	Decrease in Base Value	Construction Increase in Value	Construction Increase in Value	Taxable Increase in Value	Annual Value Appreciation	Total Incremental Value	Cumulative Incremental Value	Cumulative Taxable Value	Tax Collection Year	Equalized Tax Rate	Projected Tax Increment
1	1997	\$1,102,442	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,102,442	1998	N/A	N/A
2	1998	1,102,442	(144,732)	350,000	245,000	11,024	111,292	111,292	111,292	1,213,734	1999	\$26.16	2,911
3	1999	1,102,442	0	7,350,000	5,145,000	12,137	5,157,137	5,157,137	5,268,429	6,370,871	2000	26.55	139,877
4	2000	1,102,442	0	4,100,000	2,870,000	63,709	2,933,709	2,933,709	8,202,138	9,304,580	2001	26.95	221,048
5	2001	1,102,442	0	5,600,000	3,920,000	93,046	4,013,046	4,013,046	12,215,184	13,317,626	2002	27.35	334,085
6	2002	1,102,442	0	1,850,000	1,295,000	133,176	1,428,176	1,428,176	13,643,360	14,745,802	2003	27.35	373,146
7	2003	1,102,442	(548,091)	350,000	245,000	147,458	(155,633)	13,487,727	14,590,169	14,590,169	2004	27.35	368,889
8	2004	1,102,442	0	400,000	280,000	145,902	425,902	425,902	13,913,629	15,016,071	2005	27.35	380,538
9	2005	1,102,442	0	400,000	280,000	150,161	430,161	430,161	14,343,790	15,446,232	2006	27.35	392,303
10	2006	1,102,442	0	400,000	280,000	154,462	434,462	434,462	14,778,252	15,880,694	2007	27.35	404,185
11	2007	1,102,442	0	400,000	280,000	158,807	438,807	438,807	15,217,059	16,319,501	2008	27.35	416,187
12	2008	1,102,442	0	400,000	280,000	163,195	443,195	443,195	15,660,254	16,762,696	2009	27.35	428,308
13	2009	1,102,442	0	400,000	280,000	167,627	447,627	447,627	15,827,881	16,930,323	2010	27.35	432,893
14	2010	1,102,442	0	400,000	280,000	169,303	449,303	449,303	15,997,184	17,099,626	2011	27.35	437,523
15	2011	1,102,442	0	400,000	280,000	170,996	450,996	450,996	16,168,180	17,270,622	2012	27.35	442,200
16	2012	1,102,442	0	400,000	280,000	172,706	452,706	452,706	16,340,886	17,443,328	2013	27.35	446,923
17	2013	1,102,442	0	400,000	280,000	174,433	454,433	454,433	16,515,319	17,617,761	2014	27.35	451,694
18	2014	1,102,442	0	400,000	280,000	176,178	456,178	456,178	16,691,497	17,793,939	2015	27.35	456,512
19	2015	1,102,442	0	400,000	280,000	177,939	457,939	457,939	16,869,436	17,971,878	2016	27.35	461,379
20	2016	1,102,442	0	400,000	280,000	179,719	459,719	459,719	17,049,155	18,151,597	2017	27.35	466,294
21	2017	1,102,442	0	400,000	280,000	181,516	461,516	461,516	17,230,671	18,333,113	2018	27.35	471,259
22	2018	1,102,442	0	400,000	280,000	183,331	463,331	463,331	17,414,002	18,516,444	2019	27.35	476,273
23	2019	1,102,442	0	400,000	280,000	185,164	465,164	465,164	17,599,166	18,701,608	2019	27.35	476,273
TOTALS		\$1,102,442	(\$692,823)	\$21,600,000	\$15,120,000	\$3,171,989	\$17,599,166	\$17,599,166	\$18,701,608	\$18,701,608			\$8,004,427

TABLE 4
SCHEDULE OF PROJECTED TAX INCREMENTS
APPORTIONED AMONG TAXING ENTITIES
TAX INCREMENT DISTRICT #6

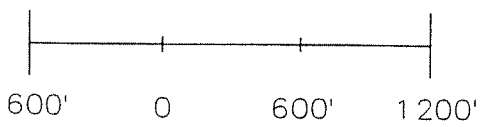
TID Year	Tax Collection Year	Projected Tax Increment	Neenah School District 42.16%	City of Neenah 34.47%	Winnebago County 17.25%	Fox Valley Technical College 6.12%	State of Wisconsin 0.00%
1	1997	\$0	\$0	\$0	\$0	\$0	\$0
2	1998	0	0	0	0	0	0
3	1999	2,911	1,227	1,004	502	178	0
4	2000	139,877	58,972	48,216	24,129	8,560	0
5	2001	221,048	93,194	76,195	38,131	13,528	0
6	2002	334,085	140,850	115,159	57,630	20,446	0
7	2003	373,146	157,318	128,623	64,368	22,837	0
8	2004	368,889	155,524	127,156	63,633	22,576	0
9	2005	380,538	160,435	131,171	65,643	23,289	0
10	2006	392,303	165,395	135,227	67,672	24,009	0
11	2007	404,185	170,404	139,323	69,722	24,736	0
12	2008	416,187	175,464	143,460	71,792	25,471	0
13	2009	428,308	180,575	147,638	73,883	26,212	0
14	2010	432,893	182,508	149,218	74,674	26,493	0
15	2011	437,523	184,460	150,814	75,473	26,776	0
16	2012	442,200	186,432	152,425	76,280	27,063	0
17	2013	446,923	188,423	154,054	77,094	27,352	0
18	2014	451,694	190,434	155,699	77,917	27,644	0
19	2015	456,512	192,465	157,360	78,748	27,939	0
20	2016	461,379	194,517	159,038	79,588	28,236	0
21	2017	466,294	196,590	160,731	80,436	28,537	0
22	2018	471,259	198,683	162,443	81,292	28,841	0
23	2019	476,273	200,797	164,171	82,157	29,148	0
TOTALS		\$8,004,427	\$3,374,667	\$2,759,125	\$1,380,764	\$489,871	\$0

Figure 3

Tax Increment District #6 Proposed Uses and Improvements



I = Industrial



▲ District Boundaries

James B. Gunz, City Attorney
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Neenah

W I S C O N S I N

February 11, 1997

Mr. Robert Buckingham
Director of Community Development
211 Walnut Street
Neenah, WI 54956

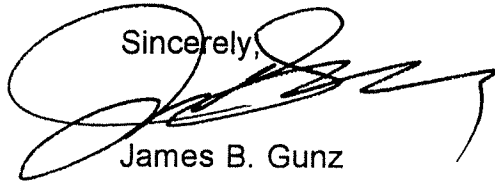
RE: Tax Incremental District No. 6

Dear Mr. Buckingham:

You have asked me for a legal opinion as to the legal sufficiency and statutory compliance of the proposed Tax Incremental Financing Plan for the City of Neenah Tax Incremental District No. 6. I have reviewed the Project Plan for said district as well as the appendices attached thereto in relation to their compliance with the provisions of Section 66.46, Wis. Stats. It is my opinion that the Project Plan is in compliance with all of the provisions of Section 66.46, Wis. Stats., dealing with the creation of tax incremental financing districts.

If you have any questions concerning this matter, please contact me at your convenience.

Sincerely,



James B. Gunz
City Attorney

JBG:dld