

**CITY OF NEENAH TAX INCREMENT DISTRICT #7
PROJECT PLAN AMENDMENT NO. 2
WEST TOWNE VILLAGE**

Effective January 1, 2005



SUMMARY FINDINGS

CITY OF NEENAH TAX INCREMENT DISTRICT #7 WESTSIDE BUSINESS CORRIDOR PROJECT PLAN AMENDMENT NO. 2 – WEST TOWNE VILLAGE

Effective January 1, 2005

- District Name: City of Neenah Tax Increment District #7 (2005 amendment)
- Location: Westside Business Corridor-West Towne Village Project Area.
- Purpose: Support revitalization and infrastructure development to ensure a vital and healthy tax base.
- Effective Date: The effective date of the amendment, for the capture of new taxable value within the expanded boundary area of Tax Increment District #7, is January 1, 2005.
- Proposed Costs: \$6.670 million of public investment in land acquisition, utility and access improvements, project design and engineering, and district planning/project support for the district is scheduled through the expenditure period 2004-2008. Of this total, \$1.125 million is scheduled for public investment in the expanded boundary area of West Towne Village.
- Project Financing: Capital financing of \$6.670 million, utilizing borrowing proceeds.
- Project Revenues: Tax Increment District #7, as amended, is projected to create \$127.7 million of tax base through its maximum life period (2026). It will generate an estimated \$49.5 million in tax increments during that same period.
- Economic Feasibility: Based on project expenditures and revenue levels, all obligations of TID #7, as amended, will be paid in full during 2015, the 15th year of the District. Upon closure and dissolution of the District, all accrued and unencumbered increments will be promptly distributed among the local taxing entities (School District, County, Vocational District and City). Following closure and dissolution, 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.

**CITY OF NEENAH TAX INCREMENT DISTRICT #7 WESTSIDE BUSINESS CORRIDOR
PROJECT PLAN AMENDMENT NO. 2 – WEST TOWNE VILLAGE
*Effective January 1, 2005***

INTRODUCTION

Tax Increment District #7 (TID #7) was created in 2000 to support revitalization and development to ensure a vital and healthy tax base in the Westside Business Corridor. In creating the district, the City of Neenah recognized that the public sector has an essential and necessary role to play in urban and economic redevelopment. In 2002, the City amended the Project Plan and modified the boundaries of TID #8 to support the Bridgewood Mixed Use Development project. By investing in infrastructure projects that support growth and revitalization, and providing redevelopment assistance to overcome physical and economic obsolescence at key sites, the tax increment district enables the private sector to construct high value developments.

To date, over \$34 million in new taxable value has been created in TID #7. The private sector's renewed confidence for investing in the Westside Business Corridor has presented the community with the opportunity to capture more tax value growth there. A local development group has packaged a prospective mixed-use commercial development at the site of a blighted and obsolete residential area. This 27-acre site would be redeveloped for the completion of West Towne Village, a \$20 million development.

The properties that make up this project area have long-standing uses that have become physically, economically, and functionally obsolete, leading to lack of maintenance and continuing disrepair. Most lack sufficient site and use arrangement to effectively accommodate safe traffic movement and parking. The properties are underutilized and the highest and best use of the project area is commercial. Project area conditions are considered blighted within statutory definitions, and are in need of redevelopment to ensure the long-term economic viability of the project area.

Additionally, pedestrian-vehicle-train conflicts at the Cecil Street on-grade rail crossing continue to impact traffic, public safety, and neighborhood development within TID #7. Plans and agreements have been reached to construct a grade separation overpass at this intersection, with 2005-2006 project costs identified in this Project Plan.

BOUNDARIES

The boundaries of TID #7 will be modified to add territory to the district. The amended boundaries are illustrated in Figure 1.

NAME OF DISTRICT

Upon amendment, the name of the TID shall remain City of Neenah, Tax Increment District #7.

CREATION DATE

TID #7 was created effective January 1, 2000. The effective date of the amendment, for the capture of new taxable value within the expanded boundary area of TID #7, is January 1, 2005.

PROPOSED IMPROVEMENTS AND PROJECT COSTS

Table 1 provides a detailed annual listing of proposed improvements and project costs for TID #7, as amended. Potential redevelopment sites and proposed improvements and uses for the expanded boundary area are illustrated in Figure 2.

Within the expanded boundary area of TID #7, the West Towne Village development project area is considered blighted within statutory definitions, and is in need of redevelopment to ensure the long-term economic viability of the neighborhood.

Other redevelopment sites and proposed uses in TID #7, as amended, remain unchanged.

Project costs within TID #7, as amended, include land acquisition, utility and access improvements, design and engineering, and planning/project support. Project activities and estimated costs for other major redevelopment projects that might be undertaken in the future would be provided through an amendment to the Project Plan of TID #7.

A schedule of project costs TID #7, as amended, is provided in Appendix B.

NON-PROJECT COSTS

There are no anticipated non-project costs within the expanded boundary area of TID #7.

RELOCATION

Persons and businesses displaced by project activities will be relocated in accordance with applicable state and federal laws and regulations. Relocation plans for the project will be filed with the Department of Commerce, Relocation Unit, Division of Community Development. Approved relocation plans will serve as the basis for all relocation payments made as part of project activities.

MASTER PLAN, ZONING, BUILDING AND OTHER CODE CONSIDERATIONS

The proposed redevelopment master plan for the amendment area is in conformance with the City of Neenah's 2020 Comprehensive Plan, which identifies this area as a future mixed-use commercial development. Planned Development District (PDD) zoning classification will accommodate the type of mixed-use development anticipated there.

ECONOMIC FEASIBILITY

Upon the amendment of the Project Plan and the expansion of the boundary area for TID #7, total revenues generated from property tax increments are projected to offset total project costs in the 15th year, within the maximum allowed 27-year life of the district. Consequently, the amended TID is economically feasible. Projected tax base growth for TID #7, as amended, is provided in Appendix A.

\$6.670 million of public investment in land acquisition, utility and access improvements, project design and engineering, and district planning/project support is scheduled for TID #7, as amended. A schedule of these costs and a financing plan and financial feasibility analysis is provided in Appendix B.

Based on projected expenditure and revenue levels after the amendment, all obligations of TID #7 will be paid in full during 2015, the 15th year of the District. Upon closure and dissolution of the District, all remaining unencumbered increments will be promptly distributed among all taxing entities (School District, County, Vocational District and City). Following closure and dissolution, projected after the 15th 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.

Recognizing that all taxing entities involved in the District will accrue significant long-term benefits from the projected success of TID #7, the City realizes that each entity is also a continuing partner in its progress, in that they will forego tax benefits on new development in the District until it is dissolved. Appendix C shows the projected increments from TID #7, as amended, over the life of the District, apportioned among the four entities, based on the formula prescribed by the Wisconsin Department of Revenue.

The following new or updated economic assumptions have been applied when developing the amended Project Plan. All other assumptions from the original plan remain in place.

- The base equalized value of the expanded boundary area of TID #7 has been established at \$1,881,396, which was the equalized value of real estate and personal property within this area on January 1, 2004.
- The current equalized tax rate of \$24.00 is assumed to remain level throughout the life of the district.
- General Obligation (G.O.) Notes and Bonds represent annual capital borrowing for public investment in the District. Initial borrowing has been assumed to be 10 – 20 years in length with repayment of principal on a schedule to match with accruing tax increments. Debt service in 2015 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 4.0% - 5.00%, 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. Principal and interest payments of future scheduled debt installments are being planned to match the estimated tax increments generated on an annual basis.

FINANCING

The City of Neenah plans the use of G.O. Notes and Bonds or other permitted loan instruments in order to finance or refinance the costs of TID #7, as amended.

Repayment costs will be funded from tax increments generated by new tax base growth in the District.

ORDERLY DEVELOPMENT

The expansion of the boundaries of TID #7 will further promote the City’s goal of orderly, sustained development and revitalization in the Westside Business Corridor. By supporting efforts to revitalize the District, the City will help to ensure a healthy tax base and economy for the entire community.

EXISTING USES AND CONDITIONS

Figure 3 illustrates the existing uses and conditions within the expanded boundary area of TID #7. Other uses and conditions identified in the previous Project Plan amendment remain unchanged.

FINDINGS

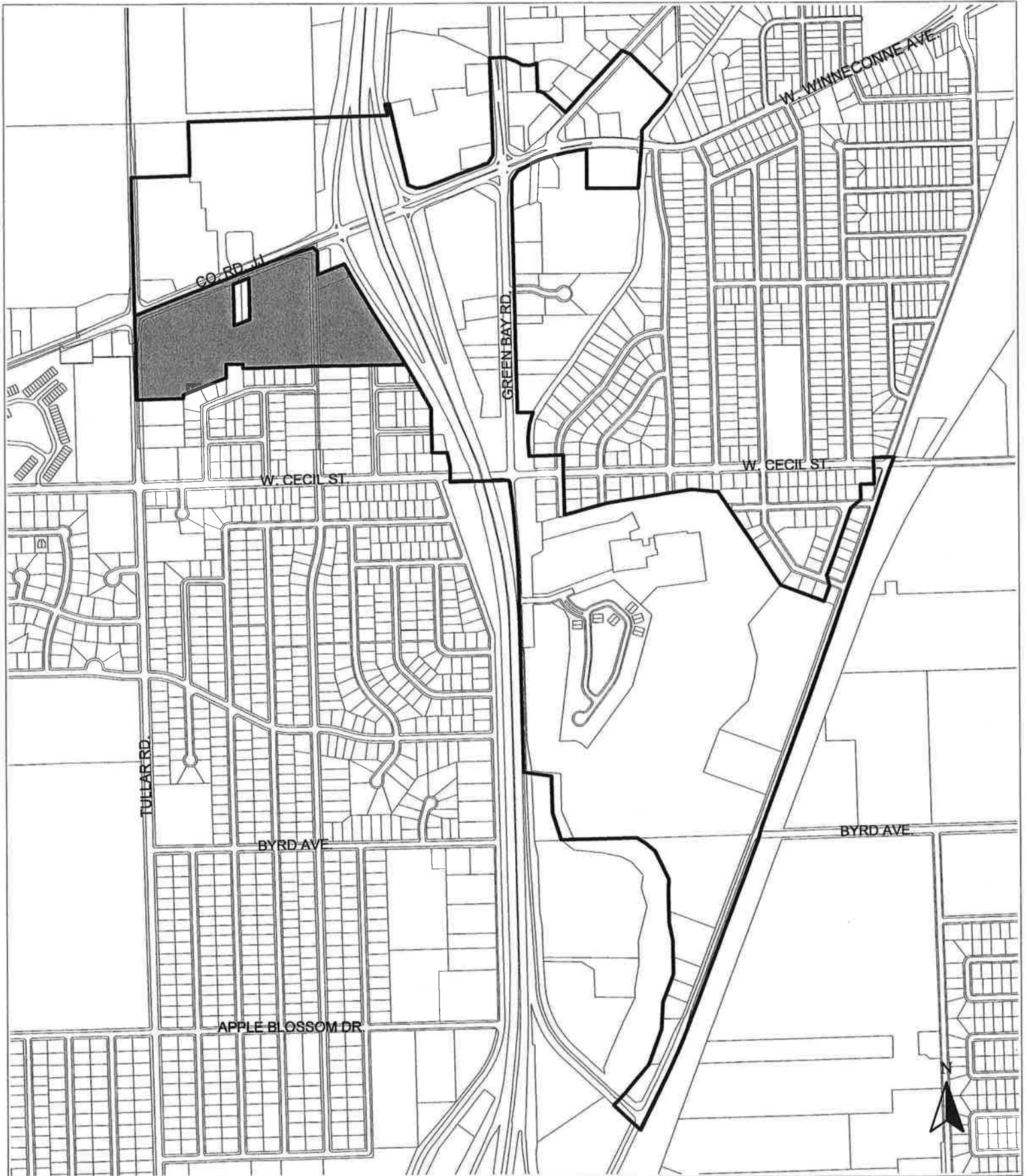
- Within the expanded boundary area of TID #7, 100% by area and 100% by number of parcels, of all real property is blighted within the statutory definition of blight. Property standing vacant for an entire 7-year period immediately preceding the creation of TID #7, combined with the expanded boundary of this amendment area, represents 7.6%, by area, of all real property in TID #7, as amended.
- The redevelopment of land within the expanded boundary area of TID #7 will significantly enhance the value of all property in the District. Stimulating new investment will increase property values District-wide.
- The project costs are consistent with the purpose of making feasible the revitalization of the Westside Business Corridor.
- As of January 1, 2004, using equalized values, the base value of TID #7 expanded boundary area for amendment 2, the base value within the TID #8 Riverwalk Zone expanded boundary area for amendments 1, 2 and 3, plus the increment values of TID #5, TID #6, TID #7, and TID #8 total \$73,601,511, which is 4.32% of the total of all taxable property in the City of Neenah as shown below. State law requires that those values not exceed 12%.

TID #5 Increment Value	\$22,649,800		
TID #6 Increment Value	\$6,204,100		
TID #7 Increment Value	\$34,427,400		
TID #8 Increment Value	\$2,621,900		
TID #7 Expanded Boundary Area Base Value No. 2	\$1,881,396		
TID #8 Expanded Boundary Area Base Value No. 1/2	\$5,800,000		
TID #8 Expanded Boundary Area Base Value No. 3	\$16,915		
Total	\$73,601,511		
		÷	
Total City Equalized Value	\$1,704,875,000	=	4.32%

TABLE 1
SCHEDULE OF PROJECT IMPROVEMENTS AND COSTS
TAX INCREMENT DISTRICT #7 EXPANSION AREA

PROJECT DESCRIPTION	TOTAL	2004	2005	2006	2007	2008
1. Utility & Access	\$6,120,000	\$15,000	\$3,000,000	\$3,105,000	\$0	\$0
2. Land Acquisition	\$400,000	\$0	\$400,000	\$0	\$0	\$0
3. Design and Engineering	\$10,000	\$0	\$10,000	\$0	\$0	\$0
4. Planning/Project Support	\$140,000	\$10,000	\$60,000	\$30,000	\$20,000	\$20,000
TOTAL COSTS	\$6,670,000	\$25,000	\$3,470,000	\$3,135,000	\$20,000	\$20,000

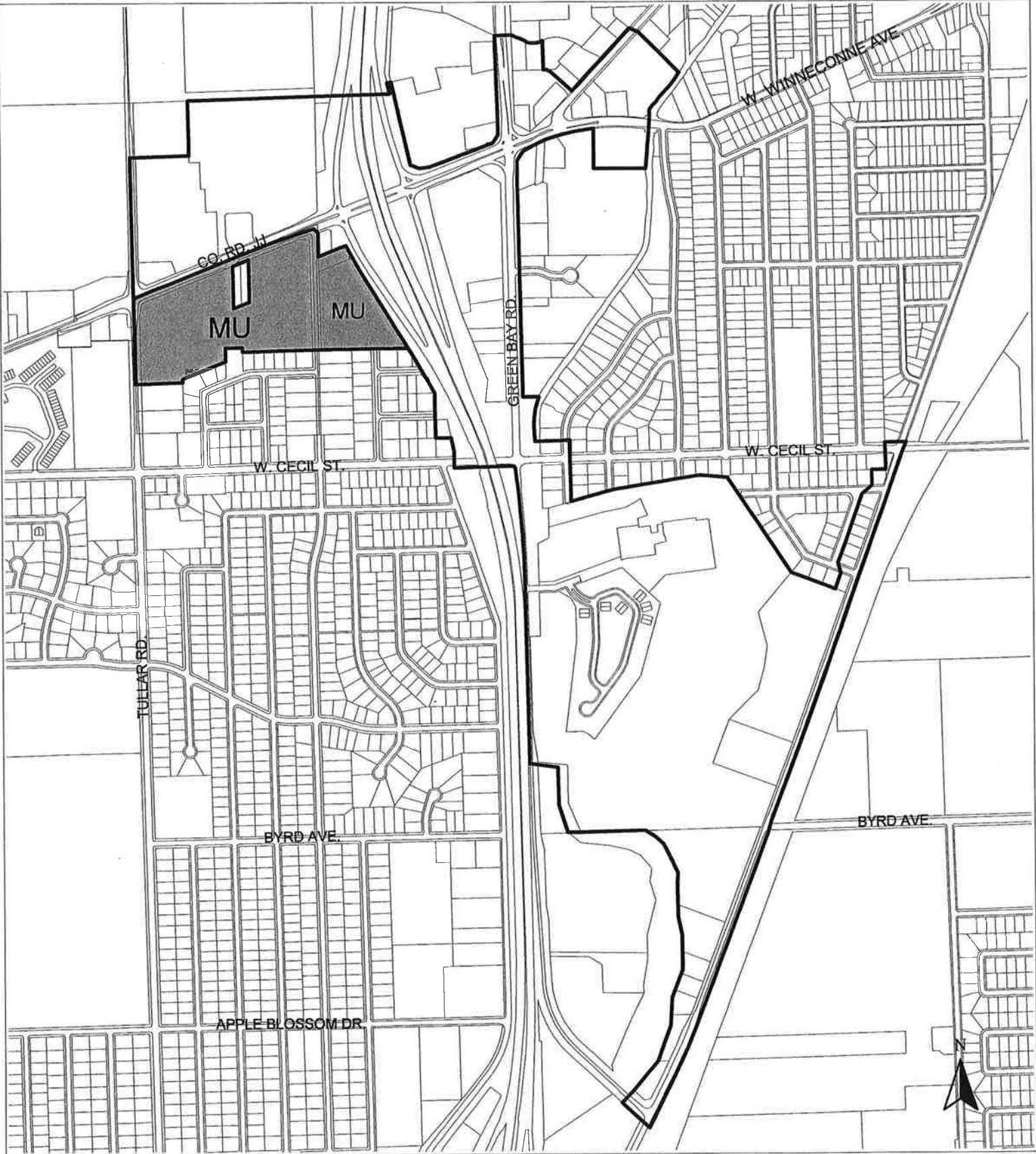
FIGURE 1
CITY OF NEENAH
TAX INCREMENT DISTRICT #7
EXPANDED BOUNDARIES



□ TID #7

■ TID #7 - Amendment No. 2

FIGURE 2
CITY OF NEENAH
TAX INCREMENT DISTRICT #7 EXPANDED BOUNDARIES
POTENTIAL REDEVELOPMENT SITES AND PROPOSED USES

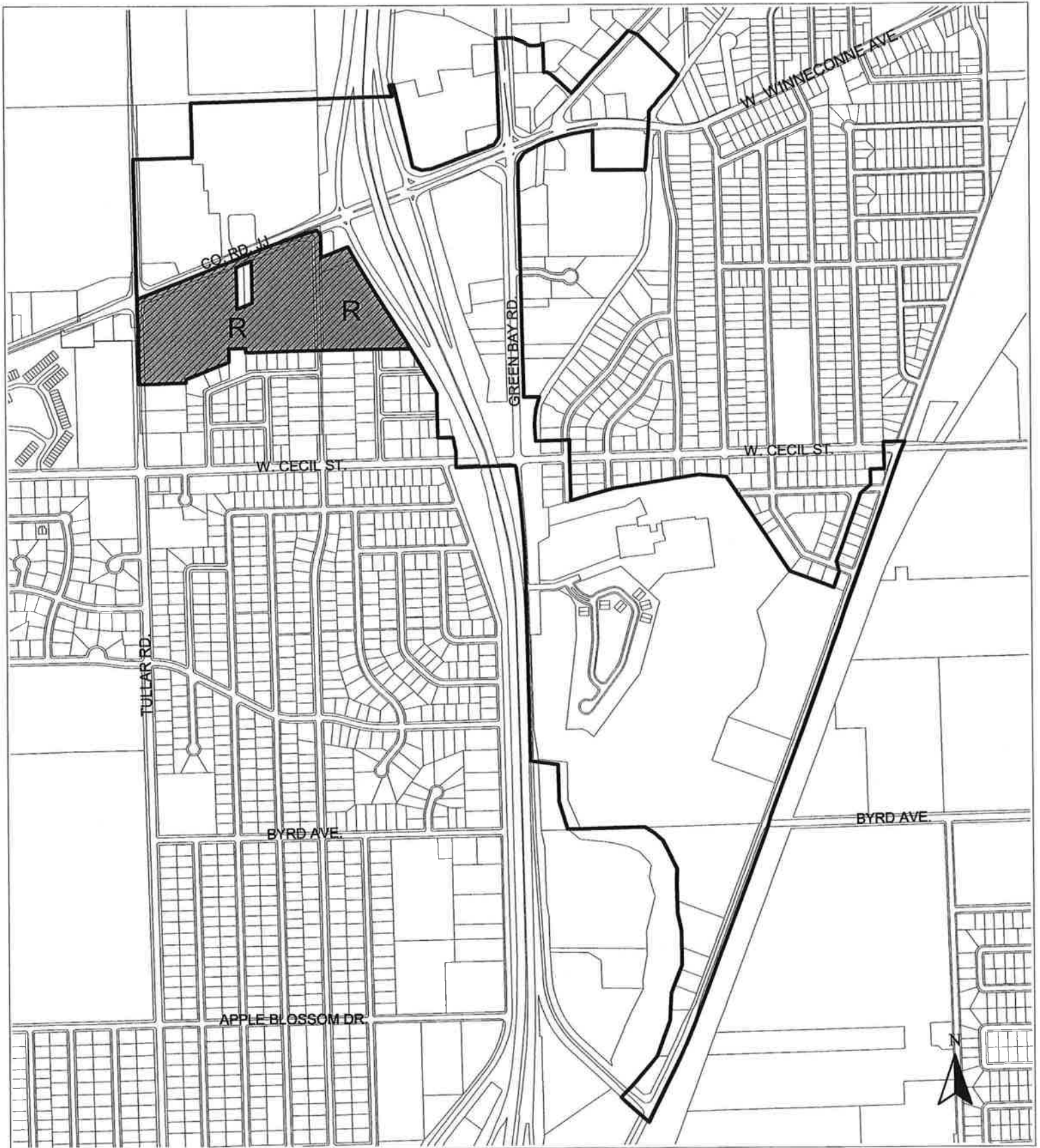


□ TID #7

■ TID #7 - Amendment No. 2

MU Mixed-Use Commercial

FIGURE 3
CITY OF NEENAH
TAX INCREMENT DISTRICT #7 EXPANDED BOUNDARIES
EXISTING USES AND CONDITIONS



- | | |
|---|--|
|  TID #7 |  Residential |
|  TID #7 - Amendment No. 2 |  Blighted Parcels |

**APPENDIX B
FINANCING & FEASIBILITY PLAN
TAX INCREMENT DISTRICT #7 - AMENDED & COMBINED
2ND AMENDMENT - AS OF DECEMBER 15, 2004**

TID YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21-27	
CALENDAR YEAR	2000	2001	2002	2003	2004	2005	2005	2005	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2026	
PROJECT COSTS:																						
Utility & Access	11,818,000	1,575,000		733,000	15,000	3,000,000	3,105,000															
Land Acquisition	715,000	105,000	210,000			400,000																
Site Development Assistance	450,000		450,000																			
Design & Engineering	200,000	40,000	150,000			10,000																
Beautification & Signage	10,000		10,000																			
Planning & Project Support	150,000	10,000	20,000	10,000	10,000	60,000	30,000															
Other Revenue	(1,020,500)	(95,500)					(925,000)	20,000	20,000													
TOTAL PROJECT COSTS	12,362,500	1,634,500	2,200,000	743,000	25,000	3,470,000	2,210,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
CAPITAL BORROWING:																						
General Obligation Notes	1,979,500	1,634,500																				
General Obligation Bonds	10,383,000		345,000																			
TOTAL CAPITAL BORROWING	12,362,500	1,634,500	2,200,000	743,000	25,000	3,470,000	2,210,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
REPAYMENT COSTS:																						
G. O. Debt Service - Principal	12,362,500	0	4,775	70,228	(8,587)	193,566	377,883	467,547	704,664	808,249	1,081,548	713,575	849,241	667,977	585,008	625,456	665,568	705,568	746,904	342,296	2,760,551	
G. O. Debt Service - Interest	6,129,659	0	81,725	327,759	292,381	322,151	413,969	506,786	487,007	462,705	417,130	368,346	336,615	305,595	279,121	252,565	223,737	192,757	159,516	135,181	479,851	
TOTAL REPAYMENT COSTS	18,492,159	0	86,500	397,987	283,794	515,719	791,852	974,345	1,191,671	1,270,954	1,498,678	1,081,923	1,185,856	968,572	864,129	878,021	889,305	898,325	906,420	477,477	3,240,401	
PLAN REVENUES:																						
Property Tax Increment-Projected	49,457,941	0	0	187,031	218,152	446,929	809,698	1,035,642	1,554,922	1,858,594	1,954,103	2,095,387	2,121,264	2,147,399	2,173,796	2,200,457	2,227,385	2,254,581	2,282,050	2,309,793	19,510,997	
Investment Earnings	4,996,063							15,941	33,837	54,860	77,000	96,442	129,740	161,694	201,910	247,257	284,348	343,321	394,308	447,406	2,500,000	
TOTAL PLAN REVENUES	54,454,004	0	187,031	218,152	446,929	809,698	1,035,642	1,570,863	1,892,430	2,008,962	2,146,766	2,191,829	2,251,003	2,309,093	2,375,706	2,447,714	2,521,732	2,597,902	2,676,358	2,757,200	22,010,997	
Net Excess Revenue over Costs	35,963,845	(86,500)	96,806	(179,835)	163,135	293,979	243,790	596,518	700,759	738,009	648,088	1,109,906	1,065,147	1,340,521	1,511,577	1,569,693	1,632,427	1,699,577	1,769,938	2,279,723	18,770,581	
Cumulative Revenue over Costs	(86,500)	(86,500)	10,306	(169,529)	(6,394)	287,566	531,375	1,127,893	1,828,652	2,566,661	3,214,749	4,324,655	5,389,803	6,730,324	8,241,901	9,811,594	11,444,022	13,143,596	14,913,536	17,195,259	35,963,841	

APPENDIX C
SCHEDULE OF PROJECTED TAX INCREMENTS
APPORTIONED AMONG TAXING ENTITIES
TAX INCREMENT DISTRICT #7 - AMENDED & COMBINED
2ND AMENDMENT - AS OF DECEMBER 15, 2004

TID	Year	Tax Year	Projected Tax Increment	Neenah			Fox Valley		State of Wisconsin
				School District	City of Neenah	Winnebago County	Technical College	Wisconsin	
1	2001		\$ -						
2	2002		187,031	69,401	61,076	42,855	13,700	0	0
3	2003		218,152	80,949	71,238	49,986	15,979	0	0
4	2004		446,929	165,840	145,946	102,406	32,737	0	0
5	2005		809,698	300,452	264,409	185,528	59,309	0	0
6	2006		1,035,642	384,292	338,192	237,299	75,859	0	0
7	2007		1,554,922	576,979	507,765	356,283	113,895	0	0
8	2008		1,858,594	689,662	606,930	425,864	136,138	0	0
9	2009		1,954,103	725,102	638,118	447,748	143,134	0	0
10	2010		2,069,766	768,021	675,889	474,250	151,606	0	0
11	2011		2,095,387	777,528	684,255	480,121	153,483	0	0
12	2012		2,121,264	787,130	692,705	486,050	155,378	0	0
13	2013		2,147,399	796,828	701,240	492,038	157,293	0	0
14	2014		2,173,796	806,623	709,860	498,087	159,226	0	0
15	2015		2,200,457	816,516	718,566	504,196	161,179	0	0
16	2016		2,227,385	826,508	727,360	510,366	163,152	0	0
17	2017		2,254,581	836,600	736,241	516,597	165,144	0	0
18	2018		2,282,050	846,792	745,211	522,891	167,156	0	0
19	2019		2,309,793	857,087	754,270	529,248	169,188	0	0
20	2020		2,337,814	867,485	763,421	535,669	171,240	0	0
21	2021		2,366,115	877,986	772,662	542,153	173,313	0	0
22	2022		2,394,699	888,593	781,997	548,703	175,407	0	0
23	2023		2,423,569	899,306	791,424	555,318	177,522	0	0
24	2024		2,452,728	910,125	800,946	561,999	179,658	0	0
25	2025		2,482,178	921,053	810,563	568,747	181,815	0	0
26	2026		2,511,923	932,091	820,276	575,562	183,993	0	0
27	2027		2,541,965	943,238	830,087	582,446	186,194	0	0
TOTALS				\$ 49,457,941	\$ 18,352,188	\$ 16,150,648	\$ 11,332,407	\$ 3,622,697	\$ -

NOTE: Estimated apportionment percentages are based upon the actual apportionment of taxes for the 2005 Tax Collection Year (2004 Tax Levy).