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**CITY OF NEENAH TAX INCREMENT DISTRICT #7
PROJECT PLAN AMENDMENT NO. 3**

Effective January 1, 2006



SUMMARY FINDINGS

CITY OF NEENAH TAX INCREMENT DISTRICT #7 WESTSIDE BUSINESS CORRIDOR PROJECT PLAN AMENDMENT NO. 3 *Effective January 1, 2006*

- District Name: City of Neenah Tax Increment District #7 (2006 amendment)
- Location: Westside Business Corridor.
- 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, 2006.
- Proposed Costs: \$3.637 million of public investment in utility and access improvements and district planning/project support for the district is scheduled through the expenditure period 2006-2008. No additional investment is scheduled for the expanded boundary area of Amendment No. 3.
- Project Financing: Capital financing of \$3.637 million, utilizing borrowing proceeds.
- Project Revenues: Tax Increment District #7, as amended, is projected to create \$125.8 million of tax base through its maximum life period (2026). It will generate an estimated \$47.3 million in tax increments during that same period.
- Economic Feasibility: Based on planned expenditure and revenue levels, the projected cumulative increment of TID #7, as amended, would be sufficient to pay all principal and interest debt repayment during 2015, the 15th year of the District. At that time, the District could be closed. 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. 3
Effective January 1, 2006**

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 #7 to support the Bridgewood Mixed Use Development project. In 2005, City approved Project Plan Amendment No.2 and modified the boundaries of TID #7 to support the West Towne Village development area. 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 \$40 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. Amendment No. 3 would add to TID #7 four redevelopment parcels, all located near the West Towne Village development, in the area of Winneconne Avenue and Tullar Road. The properties that make up the amendment area were all recently annexed to the City via the terms of an intermunicipal boundary agreement with the Town of Neenah.

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.

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, 2006.

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.

The lands within the expanded boundary area of TID #7, are considered blighted within statutory definitions, and are 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.

The scope of project costs within TID #7 remains unchanged with this amended. Total project costs of TID #7, as amended, reflect current and updated budget approvals by the City of Neenah.

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

Any persons and businesses displaced by project activities would be relocated in accordance with applicable state and federal laws and regulations. Relocation plans for the project would be filed with the Department of Commerce, Relocation Unit, Division of Community Development. Approved relocation plans would 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, the projected cumulative increment of TID #7, as amended, would be sufficient to pay all principal and interest debt repayment during 2015, the 15th year of the District. At that time, the District could be closed. Consequently, the amended TID is economically feasible. Projected tax base growth for TID #7, as amended, is provided in Appendix A.

\$3.637 million of public investment in utility and access improvements 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.

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, 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 \$546,000, which was the equalized value of real estate and personal property within this area on January 1, 2005.
- An equalized tax rate of \$24.00 is assumed to remain level throughout the remaining 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 7.4%, 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, 2005, using equalized values, the base value of TID #7 expanded boundary area for Amendments 2 and 3, the base value within the TID #8 Riverwalk Zone expanded boundary area for Amendment 3, plus the increment values of TID #5, TID #6, TID #7, and TID #8 total \$73,601,511, which is 4.28% 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	\$17,861,500		
TID #6 Increment Value	\$7,113,700		
TID #7 Increment Value	\$40,994,800		
TID #8 Increment Value	\$3,544,200		
TID #7 Expanded Boundary Area Base Value # 2/3	\$2,427,396		
TID #8 Expanded Boundary Area Base Value No. 3	<u>\$16,915</u>		
Total	\$71,958,511		
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Total City Equalized Value	\$1,678,101,600	=	4.29%

TABLE 1
SCHEDULE OF PROJECT IMPROVEMENTS AND COSTS
TAX INCREMENT DISTRICT #7, PROJECT PLAN AMENDMENT NO. 3

PROJECT DESCRIPTION	TOTAL	2006	2007	2008
1. Utility & Access	\$3,567,000	\$3,317,000	\$50,000	\$200,000
2. Planning/Project Support	\$70,000	\$30,000	\$20,000	\$20,000
TOTAL COSTS	\$3,637,000	\$3,347,000	\$70,000	\$220,000

**APPENDIX B
FINANCING & FEASIBILITY PLAN
TAX INCREMENT DISTRICT #7 - AMENDED & COMBINED
3RD AMENDMENT - AS OF DECEMBER 15, 2005**

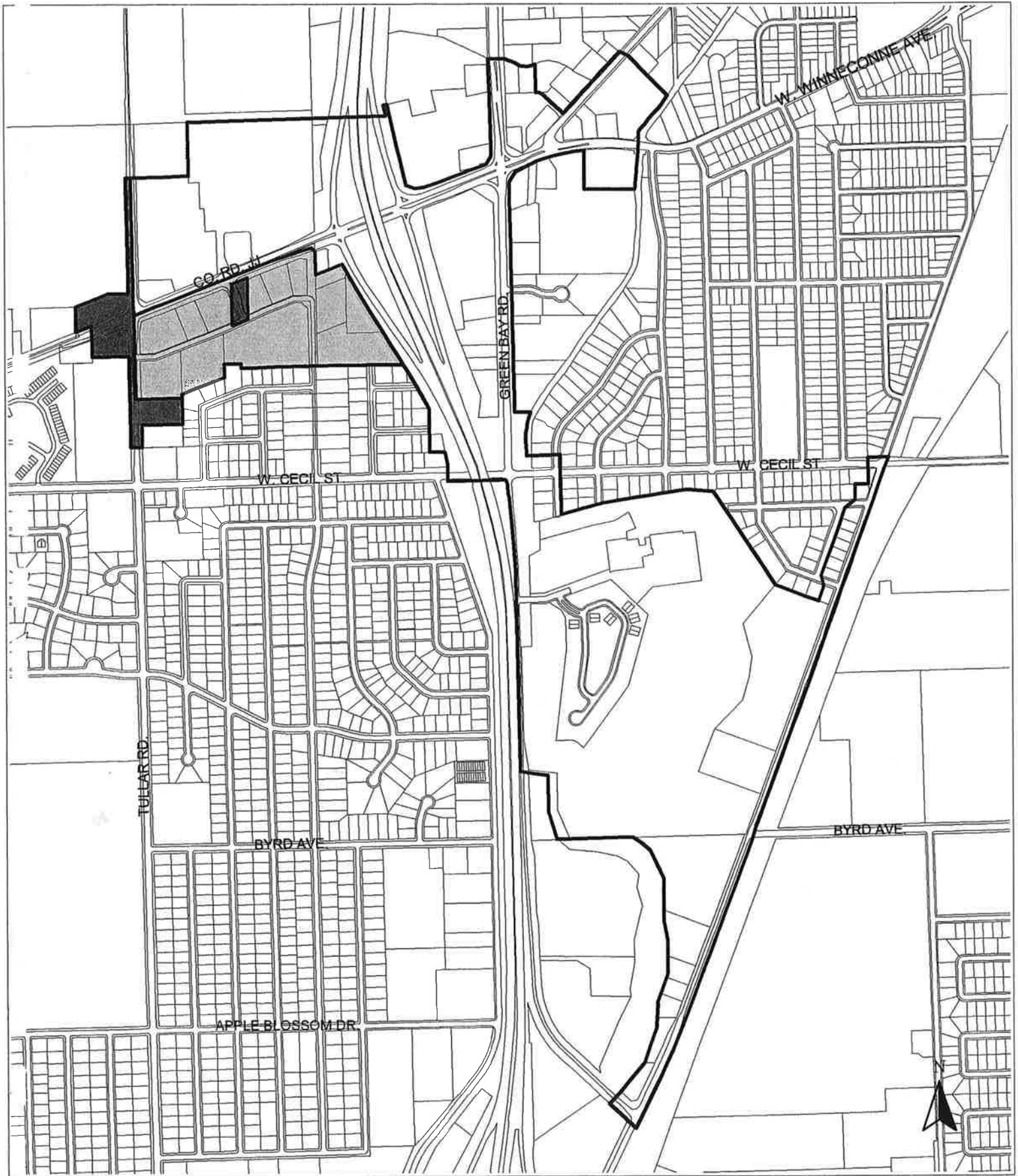
TID YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	21-27		
CALENDAR YEAR	TOTAL	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2026		
PROJECT COSTS:																								
Utility & Access	9,690,000	1,575,000	3,390,000	733,000	15,000	660,000	3,317,000	50,000	200,000															
Land Acquisition	2,535,000	105,000	210,000			2,220,000																		
Site Development Assistance	450,000		450,000				100,000																	
Design & Engineering	290,000	40,000	150,000																					
Beautification & Signage	10,000	10,000	10,000																					
Planning & Project Support	120,000	10,000	20,000			30,000	30,000																	
Other Revenue	(239,400)	(95,500)				(143,900)		20,000	20,000															
TOTAL PROJECT COSTS	13,145,600	1,634,500	4,020,000	743,000	25,000	2,866,100	3,347,000	70,000	220,000															
CAPITAL BORROWING:																								
General Obligation Notes	1,979,500	1,634,500	345,000																					
General Obligation Bonds	11,166,100	220,000	3,675,000	743,000	25,000	2,866,100	3,347,000	70,000	220,000															
TOTAL CAPITAL BORROWING	13,145,600	1,634,500	4,020,000	743,000	25,000	2,866,100	3,347,000	70,000	220,000															
REPAYMENT COSTS:																								
G. O. Debt Services - Principal	13,145,600	0	4,775	70,228	(6,587)	193,568	362,633	550,735	994,639	1,106,912	1,408,061	1,029,612	785,241	627,302	590,395	623,581	656,431	689,169	689,979	689,979	280,846	2,484,601		
G. O. Debt Services - Interest	5,983,142	0	81,725	327,759	292,381	322,151	409,415	517,790	504,814	470,725	414,307	354,378	319,332	289,047	263,146	236,134	207,167	176,352	149,465	121,356	447,953			
TOTAL REPAYMENT COSTS	19,128,742	0	86,500	397,987	283,794	515,719	772,048	1,068,515	1,499,453	1,577,637	1,822,368	1,383,990	1,103,573	916,349	853,541	859,715	863,598	865,530	833,444	402,202	2,932,554			
PLAN REVENUES:																								
Property Tax Increment-Projected	47,263,421	0	187,031	216,152	446,929	809,698	815,929	983,875	1,508,637	1,769,646	1,923,195	2,066,550	2,082,039	2,107,782	2,133,783	2,160,044	2,186,567	2,213,355	2,240,412	2,267,739	2,295,066	2,322,393	2,349,720	
Investment Earnings	3,966,774							9,904	7,793	8,210	14,096	17,451	35,162	68,650	106,453	149,054	191,505	236,939	284,482	335,226	395,970	457,714	520,458	
TOTAL PLAN REVENUES	51,230,195	0	187,031	216,152	446,929	809,698	815,929	993,879	1,516,430	1,777,856	1,937,202	2,074,002	2,120,190	2,176,432	2,240,235	2,309,097	2,378,072	2,450,295	2,524,894	2,602,965	2,682,041	2,761,116	2,840,191	
Net Excess Revenue over Costs	32,101,453	0	(86,500)	(71,835)	(178,835)	(163,135)	(293,979)	(43,881)	(74,696)	(193,219)	(114,834)	(690,012)	(1,016,517)	(1,260,083)	(1,386,694)	(1,446,382)	(1,514,474)	(1,584,785)	(1,661,450)	(1,740,484)	(1,821,730)	(1,905,077)	(1,990,525)	
Cumulative Revenue over Costs	(86,500)	10,306	(169,529)	(6,394)	(6,394)	267,585	331,466	256,771	273,658	466,876	581,710	1,271,722	2,288,339	3,548,422	4,955,117	6,385,499	7,897,873	9,482,737	11,174,187	12,956,161	14,838,137	16,818,112	18,908,566	

APPENDIX C
SCHEDULE OF PROJECTED TAX INCREMENTS
APPORTIONED AMONG TAXING ENTITIES
TAX INCREMENT DISTRICT #7 - AMENDED & COMBINED
3RD AMENDMENT - AS OF DECEMBER 15, 2005

TID Year	Tax Year	Projected Tax Increment	** ESTIMATED APPORTIONMENT among TAXING ENTITIES **					
			Neenah School District 35.74%	City of Neenah 34.50%	Winnebago County 22.53%	Fox Valley Technical College 7.23%	State of Wisconsin 0.000%	
1	2001	\$ -						
2	2002	187,031	66,840	64,523	42,145	13,523	0	
3	2003	218,152	77,962	75,260	49,157	15,773	0	
4	2004	446,929	159,720	154,185	100,709	32,315	0	
5	2005	809,698	289,364	279,336	182,453	58,545	0	
6	2006	815,929	291,591	281,486	183,857	58,995	0	
7	2007	983,875	351,611	339,425	221,701	71,138	0	
8	2008	1,508,637	539,147	520,461	339,948	109,081	0	
9	2009	1,762,646	629,923	608,092	397,185	127,447	0	
10	2010	1,923,195	687,299	663,479	433,362	139,055	0	
11	2011	2,056,550	734,956	709,485	463,412	148,698	0	
12	2012	2,082,039	744,065	718,278	469,155	150,540	0	
13	2013	2,107,782	753,265	727,159	474,956	152,402	0	
14	2014	2,133,783	762,557	736,129	480,815	154,282	0	
15	2015	2,160,044	771,942	745,189	486,732	156,181	0	
16	2016	2,186,567	781,421	754,339	492,709	158,098	0	
17	2017	2,213,355	790,994	763,581	498,745	160,035	0	
18	2018	2,240,412	800,663	772,915	504,842	161,992	0	
19	2019	2,267,739	810,429	782,342	511,000	163,967	0	
20	2020	2,295,339	820,293	791,864	517,219	165,963	0	
21	2021	2,323,215	830,255	801,481	523,501	167,979	0	
22	2022	2,351,371	840,317	811,194	529,845	170,014	0	
23	2023	2,379,807	850,480	821,005	536,253	172,070	0	
24	2024	2,408,528	860,744	830,913	542,724	174,147	0	
25	2025	2,437,536	871,110	840,920	549,261	176,244	0	
26	2026	2,466,835	881,581	851,028	555,863	178,363	0	
27	2027	2,496,426	892,156	861,237	562,531	180,502	0	
TOTALS		\$ 47,263,421	\$ 16,890,684	\$ 16,305,307	\$ 10,650,079	\$ 3,417,351	\$ -	

NOTE: Estimated apportionment percentages are based upon the actual apportionment of taxes for the 2006 Tax Collection Year (2005 Tax Levy).

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

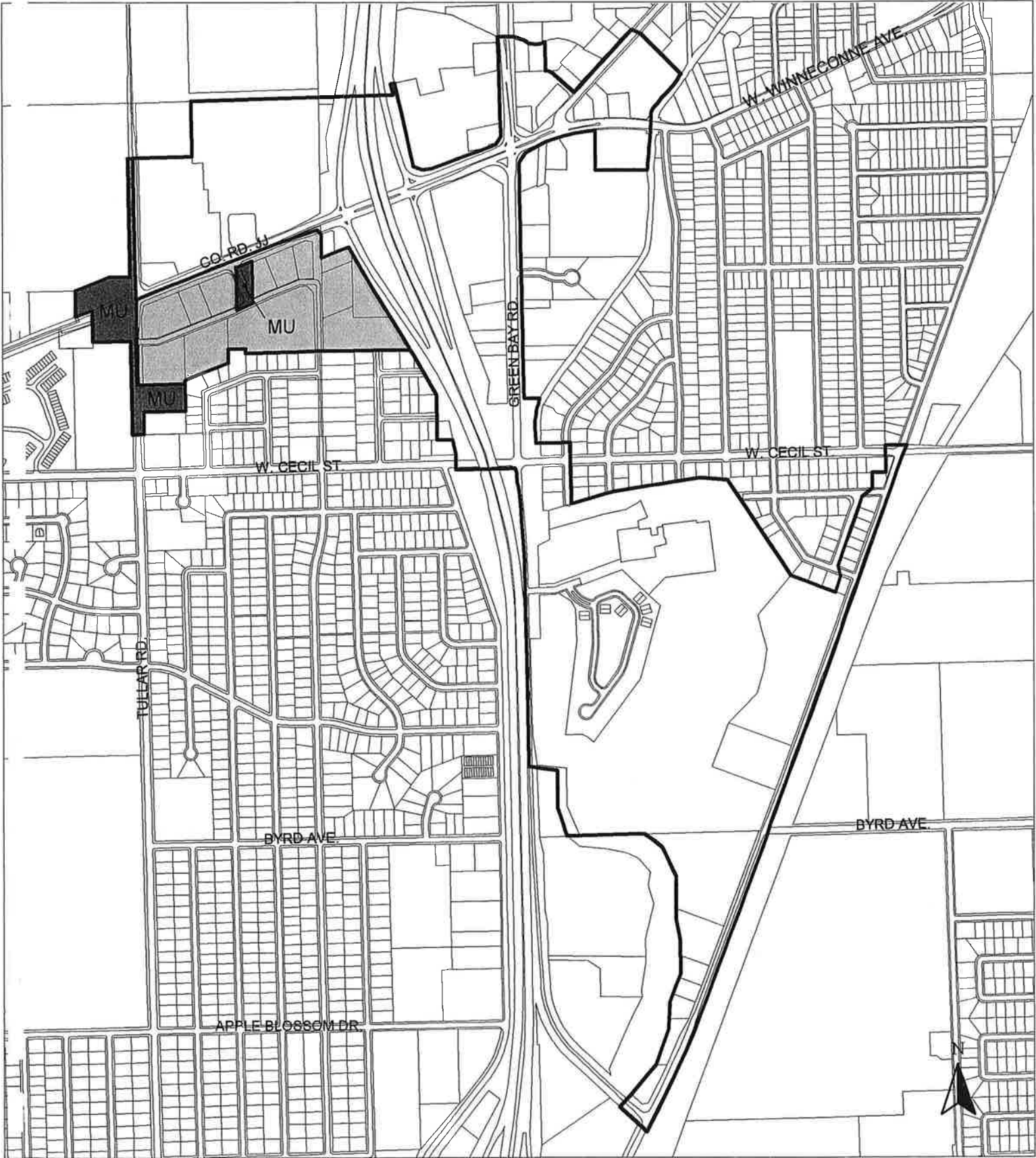


□ TID #7

■ TID #7 - Amendment No. 2

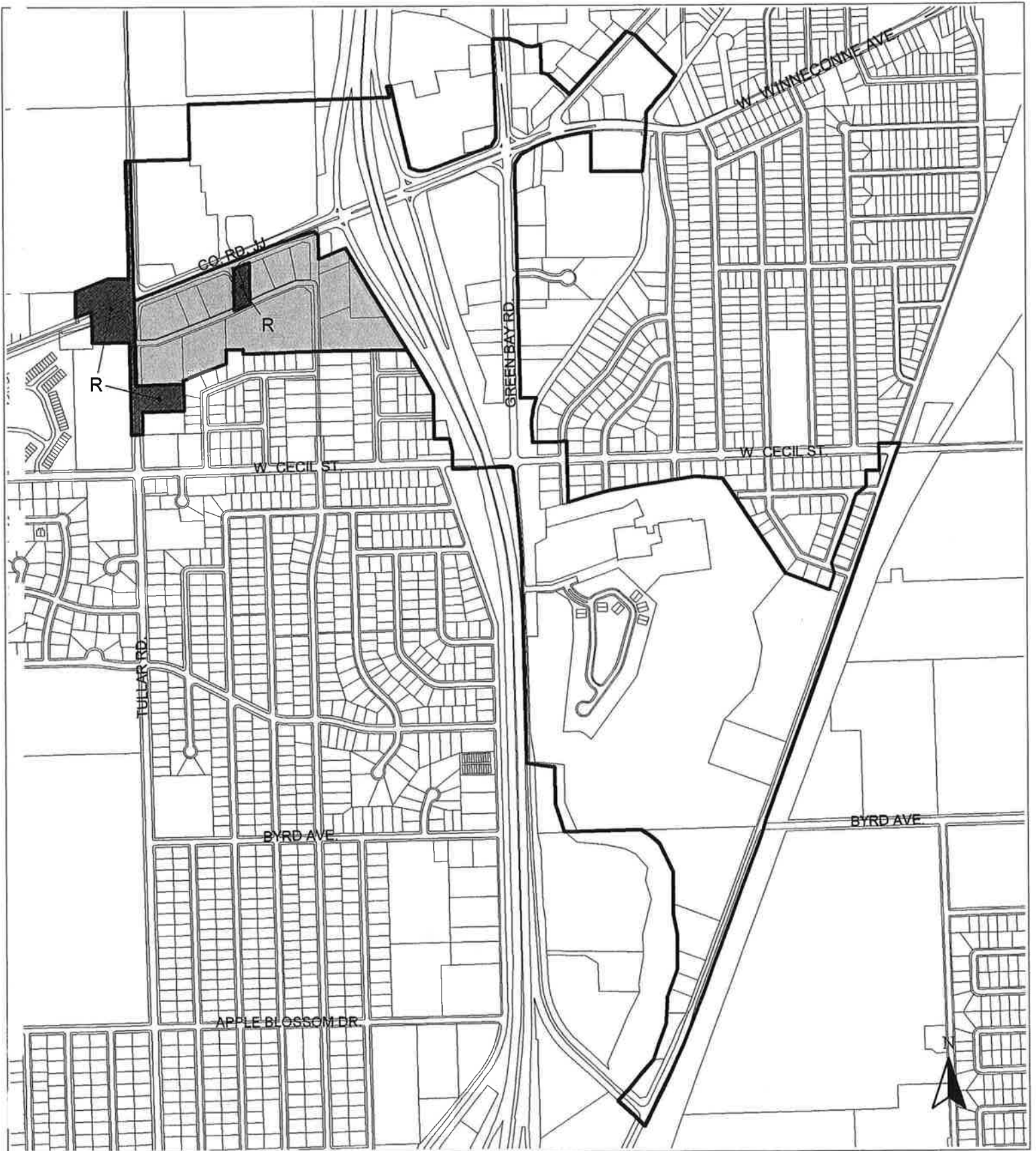
■ TID #7 - Amendment No. 3






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



- | | | | |
|--|--------------------------|---|--------------------------|
|  | TID #7 |  | TID #7 - Amendment No. 3 |
|  | 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
-  TID #7 - Amendment No. 3
-  Blighted Parcels
-  TID #7 - Amendment No. 2
-  Residential Parcels



City Attorney

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Attorney's e-mail: jgodlewski@ci.neenah.wi.us

December 7, 2005

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

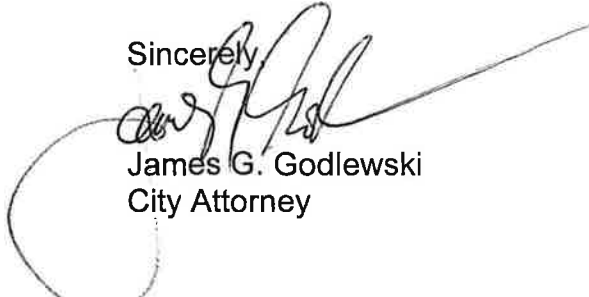
RE: Tax Increment District No. 7 Project Plan Amendment No. 3

Dear Mr. Buckingham:

You have asked me for a legal opinion as to the legal sufficiency and statutory compliance of the proposed amended Tax Incremental Financing Plan for the City of Neenah Tax Increment District No. 7 Amendment No. 3. I have reviewed the Project Plan Amendment for said district as well as the appendices attached thereto in relation to their compliance with the provisions of Section 66.1105, Wis. Stats. It is my opinion that the Project Plan Amendment is in compliance with all of the provisions of Section 66.1105, Wis. Stats., dealing with the amendment of tax incremental financing districts.

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

Sincerely,



James G. Godlewski
City Attorney

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