

**CITY OF NEENAH TAX INCREMENT DISTRICT #7
PROJECT PLAN AMENDMENT NO. 4**

Effective January 1, 2012



SUMMARY FINDINGS

CITY OF NEENAH TAX INCREMENT DISTRICT #7 WESTSIDE BUSINESS CORRIDOR PROJECT PLAN AMENDMENT NO. 4 *Effective January 1, 2012*

- District Name: City of Neenah Tax Increment District #7 (2012 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, 2012.
- Proposed Costs: \$1,182,500 of public investment in utility, access improvements, site clearance, site assemblage and district planning/project support for the district is scheduled through the expenditure period 2012-2022. No additional investment is scheduled for the expanded boundary area of Amendment No. 4.
- Project Financing: Capital financing of \$1,182,500, utilizing borrowing proceeds.
- Project Revenues: Tax Increment District #7, as amended, is projected to create \$97.4 million of tax base through its maximum life period (2027). It will generate an estimated \$40.7 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 2023, the 24th 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.

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Effective January 1, 2012**

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, the City approved Project Plan Amendment No.2 and modified the boundaries of TID #7 to support the West Towne Village development area. In 2006, the City approved Project Plan Amendment No. 3 and modified the boundaries of TID #7 to support additional growth in 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 \$62 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. 4 would add five parcels to TID #7, all located in the area north and west of Winneconne Avenue and S. Green Bay Road.

The properties that make up this project area are beginning to experience physical, economic, and functional obsolescence, leading to lack of maintenance and continuing disrepair. Limitations to access have restricted safe traffic movement and physical restrictions have affected the availability of sufficient parking. The properties are underutilized and the highest and best use of the project area is commercial. Project area conditions are considered blighted and in need of rehabilitation within statutory definitions, and are in need of redevelopment to ensure the long-term economic viability of the project area.

REDEVELOPMENT OBJECTIVES

General redevelopment objectives of this Plan, as amended, are:

- Take affirmative redevelopment actions that safeguard the \$17.4 million investment the public has made in the Westside Business Corridor since 2000.
- Eliminate obsolete uses and buildings, blighting influences, and site limitations that detract from the economic, functional and aesthetic quality of the district.
- Provide project and site improvements, including utilities, streets, pedestrian ways, parking facilities, and other improvements necessary for carrying out the redevelopment objectives of this Plan.

- Improve traffic circulation patterns through road improvements and site assemblage activities that promote ease, convenience and safety for both pedestrian, vehicular, and public forms of transportation.
- Sustain the City's reputation for forming dynamic public-private partnerships that deliver successful redevelopment projects.
- Recruit businesses and enhance the Westside Business Corridor as a mixed-use district that provides a variety of shopping, dining, service and entertainment experiences and that capitalize on major employment centers and activity generators.
- Offer a superior quality of life that will attract and retain employers and employees.

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, 2012.

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 and in need of rehabilitation 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 amendment. Total project costs of TID #7, as amended, reflect current and updated budget approvals by the City of Neenah.

Developer funded, or "pay as you go", financing is proposed as part of TID #7, Amendment No. 4. This type of funding minimizes the risk of under-performance of the TID to the City while still assisting development that would not occur without assistance of a tax increment district.

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 Administration, Division of Energy Services. 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 plan for the amendment area is in conformance with the City of Neenah's 2020 Comprehensive Plan, which identifies this area as a future commercial development. The existing Planned Business Center District (I-1) 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 obligations, principal and interest debt repayment during 2023, the 24th 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.

\$1,182,500 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 \$14,172,200, which was the equalized value of real estate and personal property within this area on January 1, 2011.

- An equalized tax rate of \$25.00 is assumed to remain level throughout the remaining life of the district, as is a 0% annual appreciation of property values.
- 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 2023 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 2.0% - 4.00%, approximately the same level as current Aa1-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 or in need of rehabilitation within the statutory definitions. 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, 2011, using equalized values, the base value of TID #7 expanded boundary area for Amendment 4, plus the increment values of TID #5, TID #6, TID #7, and TID #8 total \$135,207,400, which is 7.05% 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	\$9,641,600		
TID #6 Increment Value	\$7,414,200		
TID #7 Increment Value	\$52,442,400		
TID #8 Increment Value	\$51,537,000		
TID #7 Expanded Boundary Area #4 Base Value	\$14,172,200		
Total	\$135,207,400		
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Total City Equalized Value	\$1,916,768,500	=	7.05%

**TABLE 1
 SCHEDULE OF PROJECT IMPROVEMENTS AND COSTS
 TAX INCREMENT DISTRICT #7, PROJECT PLAN AMENDMENT NO. 4**

PROJECT DESCRIPTION	TOTAL	2012	2013-2022
1. Utility & Access	\$1,075,000	\$1,075,000	\$0
2. Planning/Project Support	\$107,500	\$7,500	\$100,000
TOTAL COSTS	\$1,182,500	\$1,182,500	\$100,000

**APPENDIX B
FINANCING & FEASIBILITY PLAN
TAX INCREMENTAL DISTRICT #7 - AMENDED & COMBINED
4TH AMENDMENT - AS OF MARCH 15, 2012**

TID YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2029		
PROJECT COSTS:																							
Utility & Access	10,100,500	1,575,000	3,390,000	735,000	15,000	650,000	3,727,500	2,729,000		850,000	1,715,000		1,075,000										
Land Acquisition	2,535,000	105,000	210,000			2,220,000																	
Site Development Assistance	450,000		450,000																				
Design & Engineering	290,000	40,000	150,000			100,000																	
Beautification & Signage	10,000		10,000																				
Planning & Project Support	110,000	10,000	20,000	10,000	10,000	30,000	20,000	20,000	20,000	20,000	20,000	10,000	7,500	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	30,000
Other Revenue	(1,153,100)	(95,500)				(143,900)	(913,700)	(140,500)															
TOTAL PROJECT COSTS	18,648,400	1,634,500	4,020,000	743,000	25,000	2,866,100	2,833,800	2,608,500	20,000	850,000	1,735,000	10,000	1,082,500	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	30,000
CAPITAL BORROWING:																							
General Obligation Notes	1,979,500	1,634,500	345,000																				
General Obligation Bonds	16,669,500	220,000	3,675,000	743,000	25,000	2,866,100	2,833,500	2,608,500	20,000	850,000	1,735,000	10,000	1,082,500	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	30,000
TOTAL CAPITAL BORROWING	18,648,100	1,834,500	4,020,000	743,000	25,000	2,866,100	2,833,500	2,608,500	20,000	850,000	1,735,000	10,000	1,082,500	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	30,000
REPAYMENT COSTS:																							
G. O. Debt Service - Principal	18,791,868	0	4,775	23,114	42,654	201,896	392,210	618,586	1,065,444	1,114,482	1,418,582	1,128,179	911,529	999,016	944,866	963,326	1,002,336	1,084,568	1,093,299	856,721	4,919,527		
G. O. Debt Service - Interest	7,550,414	0	81,725	84,744	327,759	290,480	385,488	494,655	559,675	487,989	562,988	504,156	432,188	418,829	389,031	358,661	326,741	291,394	253,293	218,762	815,379		
TOTAL REPAYMENT COSTS	26,342,281	0	86,500	350,873	333,334	459,440	777,998	1,113,261	1,625,119	1,612,471	1,981,569	1,632,334	1,343,717	1,417,845	1,333,897	1,321,987	1,329,076	1,375,952	1,346,592	1,075,483	5,734,906		
Transfer to GF Admin/Interest	2,031,764	58,828	25,579	66,876	108,741	105,550	49,085	47,878	71,265	42,851	5,233	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	750,000
TOTAL PLAN COSTS	28,374,065	58,828	112,079	457,101	442,075	564,990	826,783	1,161,139	1,696,384	1,655,322	1,986,802	1,707,334	1,418,717	1,492,845	1,408,887	1,396,987	1,404,076	1,450,952	1,421,592	1,150,483	6,484,906		
PLAN REVENUES:																							
Property Tax Increment-Projected	40,651,456	0	187,054	218,173	446,972	809,693	963,676	1,032,250	1,349,856	1,365,154	1,335,033	1,562,808	1,295,707	1,697,505	1,822,505	1,822,505	1,872,505	1,872,505	1,872,505	1,872,505	1,872,505	1,872,505	17,252,545
Increment Disbursement-Developer's	(950,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)	(390,000)
Computer Exemption Aid	769,589	0	39,945	5,969	8,311	8,509	19,584	49,398	43,070	34,136	27,995	27,672	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	280,000
Investment Earnings/Other	2,055,572	30,341	7,116	27,098	26,140	91,802	183,605	214,330	55,126	12,058	7,222	37,022	34,627	(17,184)	(10,720)	(643)	10,093	22,439	33,749	46,278	1,250,000		
TOTAL PLAN REVENUES	42,535,617	30,341	234,115	251,238	481,423	910,004	1,166,665	1,295,978	1,448,052	1,411,348	1,370,250	1,627,502	1,358,334	1,708,321	1,744,785	1,754,862	1,815,598	1,827,944	1,839,254	1,851,783	18,402,545		
Net Excess Revenue over Costs	14,161,552	(25,487)	(107,005)	77,014	(124,533)	39,348	345,014	340,082	134,839	(248,332)	(243,974)	(616,552)	(60,383)	(215,475)	335,888	357,875	411,522	376,992	417,661	701,300	11,917,639		
Cumulative Revenue over Costs	(135,492)	(58,478)	(183,011)	(143,663)	201,351	541,433	676,272	427,940	183,966	(432,586)	(512,416)	(572,801)	(357,325)	(21,437)	336,438	747,960	1,124,952	1,542,613	2,243,613	14,161,552			

APPENDIX C
SCHEDULE OF PROJECTED TAX INCREMENTS
APPORTIONED AMONG TAXING ENTITIES
TAX INCREMENT DISTRICT #7 - AMENDED & COMBINED
4TH AMENDMENT - AS OF MARCH 15, 2012

TID Year	Tax Year	Projected Tax Increment	** ESTIMATED APPORTIONMENT among TAXING ENTITIES **					
			Neenah School District 34.68%	City of Neenah 35.15%	Winnebago County 22.93%	Fox Valley Technical College 7.25%	State of Wisconsin 0.000%	
1	2001	\$ -						
2	2002	187,054	64,870	65,744	42,884	13,556	0	
3	2003	218,173	75,663	76,681	50,019	15,811	0	
4	2004	446,972	155,010	157,096	102,473	32,392	0	
5	2005	809,693	280,802	284,581	185,631	58,678	0	
6	2006	963,676	334,204	338,701	220,934	69,837	0	
7	2007	1,032,250	357,985	362,803	236,655	74,807	0	
8	2008	1,349,856	468,131	474,431	309,470	97,824	0	
9	2009	1,365,154	473,436	479,808	312,977	98,932	0	
10	2010	1,335,033	462,990	469,221	306,072	96,749	0	
11	2011	1,562,808	541,983	549,277	358,292	113,256	0	
12	2012	1,295,707	449,352	455,400	297,056	93,899	0	
13	2013	1,697,505	588,696	596,619	389,173	123,018	0	
14	2014	1,822,505	632,046	640,552	417,830	132,076	0	
15	2015	1,822,505	632,046	640,552	417,830	132,076	0	
16	2016	1,872,505	649,386	658,126	429,293	135,700	0	
17	2017	1,872,505	649,386	658,126	429,293	135,700	0	
18	2018	1,872,505	649,386	658,126	429,293	135,700	0	
19	2019	1,872,505	649,386	658,126	429,293	135,700	0	
20	2020	1,872,505	649,386	658,126	429,293	135,700	0	
21	2021	1,922,505	666,726	675,699	440,756	139,323	0	
22	2022	1,922,505	666,726	675,699	440,756	139,323	0	
23	2023	1,922,505	666,726	675,699	440,756	139,323	0	
24	2024	1,922,505	666,726	675,699	440,756	139,323	0	
25	2025	1,922,505	666,726	675,699	440,756	139,323	0	
26	2026	1,922,505	666,726	675,699	440,756	139,323	0	
27	2027	1,922,505	666,726	675,699	440,756	139,323	0	
28	2028	1,922,505	666,726	675,699	440,756	139,323	0	
TOTALS		\$ 40,651,456	\$ 14,097,956	\$ 14,287,688	\$ 9,319,815	\$ 2,945,998	\$0	

NOTE: Estimated apportionment percentages are based upon the actual apportionment of taxes for the 2012 Tax Collection Year (2011 Tax Levy).

FIGURE 1
TAX INCREMENT DISTRICT #7
EXPANDED BOUNDARIES
City of Neenah, Wisconsin

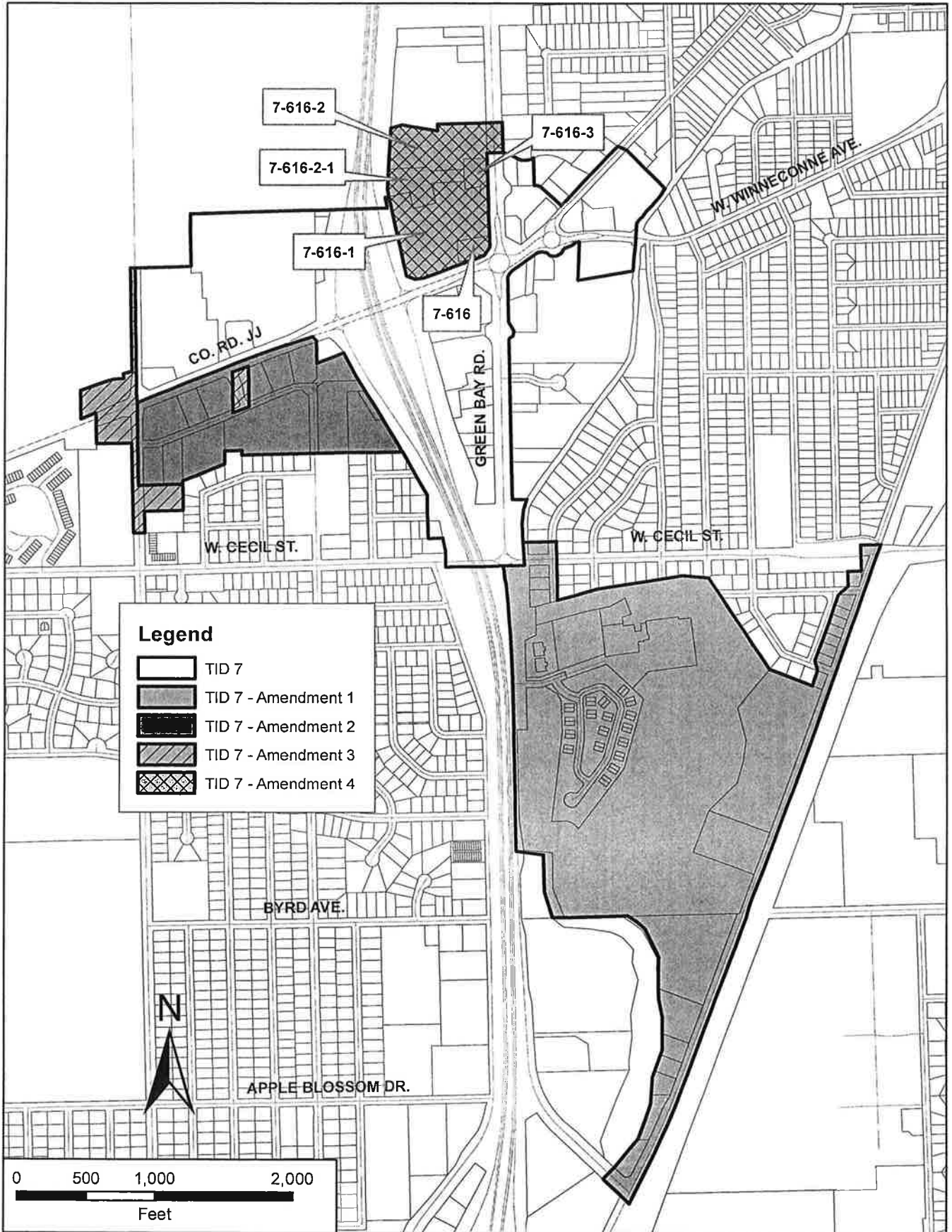


FIGURE 2
TAX INCREMENT DISTRICT #7 - EXPANDED BOUNDARIES
POTENTIAL REDEVELOPMENT SITES AND PROPOSED USES
City of Neenah, Wisconsin

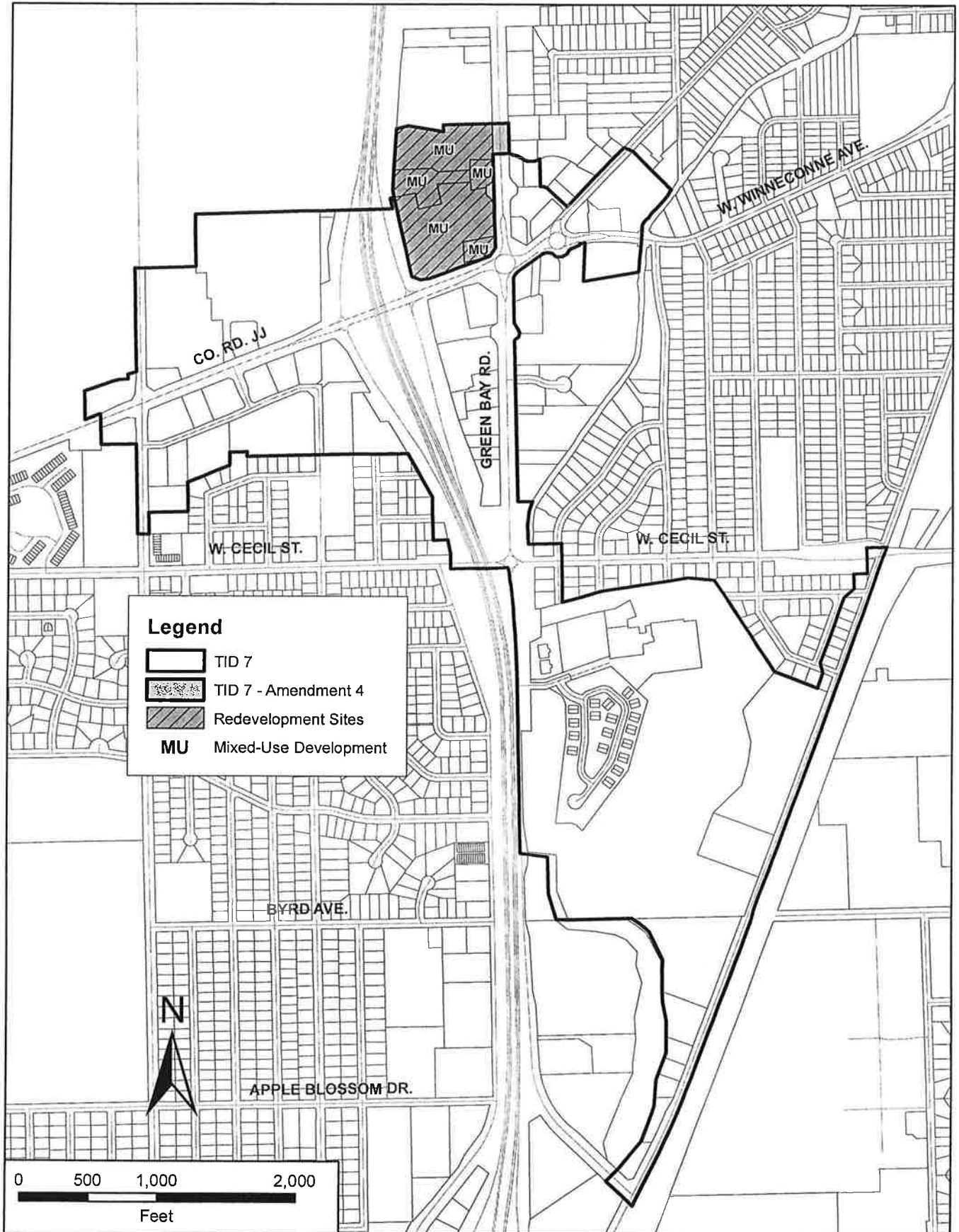
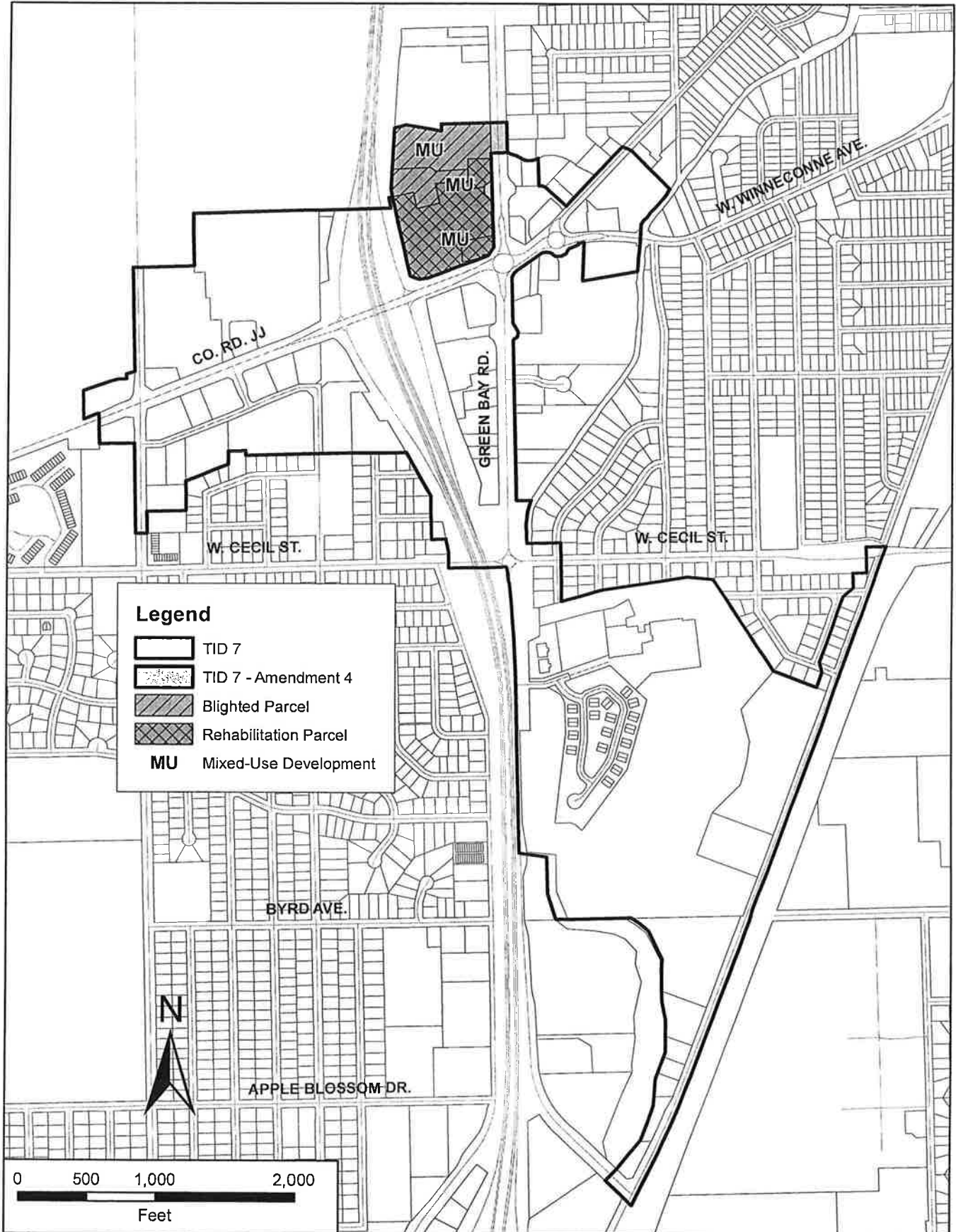


FIGURE 3
TAX INCREMENT DISTRICT #7 - EXPANDED BOUNDARIES
EXISTING USES AND CONDITIONS
City of Neenah, Wisconsin





*Dept. of Legal & Administrative Services
Office of the City Attorney*

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JAMES G. GODLEWSKI
City Attorney / HR Director

March 16, 2012

Mr. Chris Haese
Director of Community Development & Assessment
211 Walnut Street
Neenah, WI 54956

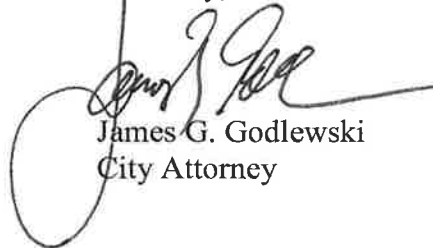
RE: Tax Increment District No. 7 Project Plan Amendment No. 4

Dear Mr. Haese:

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. 4. 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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