

**CITY OF NEENAH TAX INCREMENT DISTRICT #8
PROJECT PLAN**

Effective January 1, 2001



SUMMARY FINDINGS

CITY OF NEENAH TAX INCREMENT DISTRICT #8 PROJECT PLAN *Effective January 1, 2001*

- District Name: City of Neenah Tax Increment District #8
- Location: Doty Island Business District
- Purpose: Stimulate redevelopment, revitalization, and growth as a means to insure a vital and healthy tax base.
- Effective Date: The effective date of the district for the capture of new taxable value within the boundaries of Tax Increment District #8 is January 1, 2001.
- Proposed Costs: \$1.75 million of public investment in redevelopment assistance, utility and access improvements, and district planning is scheduled over the seven-year investment period (2001-2007).
- Project Financing: Capital financing of \$1.75 million, utilizing borrowing proceeds.
- Project Revenues: Tax Increment District #8 is projected to create \$7.6 million of tax base through its maximum life period (2000-2023). It will generate an estimated \$3.2 million in tax increments during that same period.
- Economic Feasibility: Based on project expenditures and revenue levels, all obligations of TID #8 will be paid in full during calendar year 2022, the 22nd 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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INTRODUCTION

Doty Island has a rich history of commercial activity, health care excellence, and quality neighborhoods. As the oldest business district in the city, it has faced many challenges over the years to maintain a viable, competitive economic position. Office and retail growth at outlying business centers in the metropolitan area creates hardships for older established districts like Doty Island. Unlike vacant greenfield sites at the urban fringe, potential development sites in the central city face both economic and physical obsolescence that must be overcome for projects to be successful. The sites must either be cleared of aging, underutilized structures, or significant renovation and building conversion costs must be undertaken to transform older buildings into modern affordable commercial space. In either case, excessive development costs seriously limit the ability of the private sector to fully front-end the costs of revitalization and economic growth. Without some level of public participation, many redevelopment projects could not succeed.

The City of Neenah has an effective partnership with the Doty Island business and residential community, through the Doty Island Development Council. Several quality developments have enhanced the attractiveness of the Island as a business location. Creation of a tax increment district will provide a secure financial instrument from which the City can continue supporting high-value private reinvestment/redevelopment projects at key locations.

The Doty Island Redevelopment Plan provides a strategy and focus for redevelopment efforts. The Plan targets sites for redevelopment that can serve as a catalyst for future development on the Island (see Figure 2). The strategy of the Plan is to retain significant older buildings that contribute to the charm and character of the business district; promote redevelopment at sites that can strengthen neighborhood retail and service offerings; and, maximize opportunities for existing businesses to stay and grow on the Island.

Tax increment financing provides the means for the City of Neenah to support economic development by upgrading streets, sewer and water lines, stormwater facilities and district beautification. Wisconsin's Tax Increment law allows the City to use property tax revenues from new development in the district to pay for public improvements in the area. After the Tax Increment District (TID) is created, the City has a seven-year period in which to make the public investment in support of private revitalization efforts. The law allows a 23-year maximum debt retirement period, during which time tax revenues generated by new development and other growth in the TID are applied by the City to pay the public investment made in the project. When all

project and associated holding 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 made in support of private economic development efforts is done in a financially feasible manner, and that the benefits of the investment are distributed fairly, first to the affected area, and ultimately to the community as a whole. It promotes and supports growth in the tax base which otherwise might not occur. The law also recognizes that since the City is the only taxing unit that assumes financial risk in a District, it is entitled within a prescribed time period to receive all new tax revenues of the TID as the source of paying off its public investment costs. All taxing entities subsequently receive future benefits from the expanded tax base that was generated as a result of the City's TID investment.

BOUNDARIES

The boundaries of TID #8 are illustrated in Figure 1.

NAME OF DISTRICT

The name of the TID shall be City of Neenah, Tax Increment District #8 (TID #8).

CREATION DATE

The date of creation for the capture of all new taxable value created within TID #8 shall be January 1, 2001. 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 an annual listing of proposed improvements and project costs for TID #8. Potential redevelopment sites and proposed uses are illustrated in Figure 2.

Project costs for TID #8 will encompass three areas:

1. Redevelopment Assistance -- Funds will be provided to assist with activities such as land packaging, site and building renovation, clearance, and site preparation at target sites where the private sector is committed to high value projects that will increase the tax base.
2. Utility and Access Improvements -- Funds will provide upgraded public utilities and infrastructure to support redevelopment within the district.
3. Planning/Project Support -- Administrative costs of managing district activities.

NON-PROJECT COSTS

There are no anticipated non-project costs within TID #8.

RELOCATION

Some potential redevelopment projects could require the acquisition of private properties, which might involve the displacement of families or businesses. All individuals, families, and business operations that might be displaced as a result of the City's activities are entitled to assistance in conformance with the 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 for revitalization and redevelopment efforts to strengthen the Doty Island Business District's competitive position and to sustain the neighborhood tax base was identified as a community economic development priority in the Neenah Vision 2020 Comprehensive Plan. Target redevelopment sites and economic development strategies were identified in the Doty Island Redevelopment Plan. City partnership and support, through the formation of TID #8, will be required for successful and sustained revitalization to occur -- much the same as the initiatives taken in the Downtown, South Commercial Street and Westside business corridors. Appropriate zoning designations and regulations are in place to manage revitalization in the corridor. No changes to zoning or building codes are anticipated.

ECONOMIC FEASIBILITY

Total revenues generated from property tax increments are projected to offset total costs in the 22nd year, within the maximum allowed 23-year life of the district. Consequently, the proposed TID is economically feasible. Projected tax base growth is presented in Appendix A, and a financing plan and feasibility analysis is presented in Appendix B.

The total projected costs of public improvements and activities over the seven-year investment period (2001-2007) are \$1.75 million.

The District is expected to create \$7.6 million of tax base through its maximum life period (2000-2023). It will generate an estimated \$3.2 million in tax increments during that same period.

Based on projected expenditure and revenue levels, all obligations of TID #8 will be paid in full during calendar year 2022, the 22nd 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 22nd 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 #8, 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 over the life of the District, apportioned among the four entities, based on the formula prescribed by the Wisconsin Department of Revenue.

The following economic assumptions have been applied when developing the Project Plan for TID #8:

- The base equalized value of TID #8 has been established at \$4,850,729, which was the equalized value of real estate and personal property within this area on January 1, 2001.
- The current equalized tax rate of \$24.75 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 17 years in length with repayment of principal on a schedule to match with accruing tax increments. Debt service in 2022 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 5.00 – 5.10%, 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 #8.

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

ORDERLY DEVELOPMENT

The creation of TID #8 will promote the City's goal of orderly, sustained redevelopment and revitalization in the Doty Island Business District. 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 land use patterns within TID #8. Figure 4 illustrates the condition of real property within TID #8.

FINDINGS

- Within TID #8, properties meeting blighted area designation or those in need of rehabilitation or conservation work represent 72%, by area, of all real property. Property standing vacant for an entire 7-year period immediately preceding the creation of TID #8 represents 2%, by area, of all real property.
- The redevelopment and revitalization of property within TID #8 will significantly enhance the value of all property in the District. Supporting private investment at key sites will increase property values District-wide.
- The project costs are consistent with the purpose of making feasible the revitalization of the Doty Island Business District.
- It is estimated that as of January 1, 2001, using equalized values, the base value of TID #8 plus the increment values of TID #4, TID #5, TID #6, and TID #7 totals \$61,850,729, which is 4.4% of the total of all taxable property in the City of Neenah as shown below. State law requires that those values not exceed 5%.

| | | |
|----------------------------------|-----------------|-------|
| TID #4 Increment Value (est) | \$26,500,000 | |
| TID #5 Increment Value (est) | \$19,500,000 | |
| TID #6 Increment Value (est) | \$5,000,000 | |
| TID #7 Increment Value (est) | \$6,000,000 | |
| TID #8 Base Value | \$4,850,729 | |
| Total | \$61,850,729 | |
| Total City Equalized Value (est) | \$1,400,000,000 | ÷ |
| | | =4.4% |

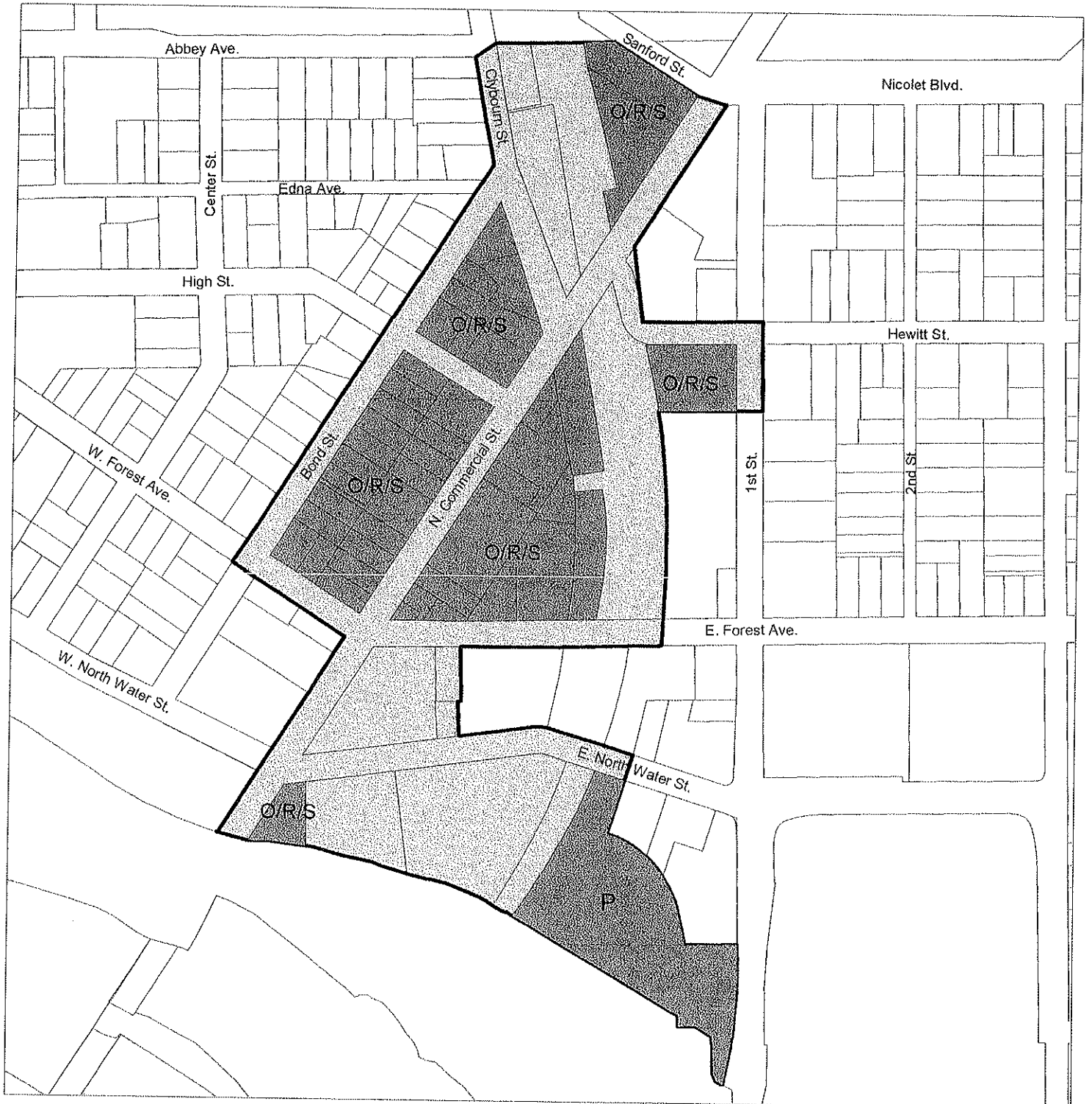
FIGURE 1
DISTRICT BOUNDARIES
TAX INCREMENT DISTRICT #8



TABLE 1
SCHEDULE OF PROJECT IMPROVEMENTS AND COSTS
TAX INCREMENT DISTRICT #8

| PROJECT DESCRIPTION | TOTAL | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------------------------------|--------------------|------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. Redevelopment Assistance | \$1,500,000 | \$500,000 | \$1,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2. Utility/Access Improvements | \$180,000 | \$30,000 | \$100,000 | \$25,000 | \$25,000 | \$0 | \$0 | \$0 |
| 3. Planning/Project Support | \$70,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| TOTAL COSTS | \$1,750,000 | \$540,000 | \$1,110,000 | \$35,000 | \$35,000 | \$10,000 | \$10,000 | \$10,000 |

FIGURE 2 POTENTIAL REDEVELOPMENT SITES AND PROPOSED USES TAX INCREMENT DISTRICT #8



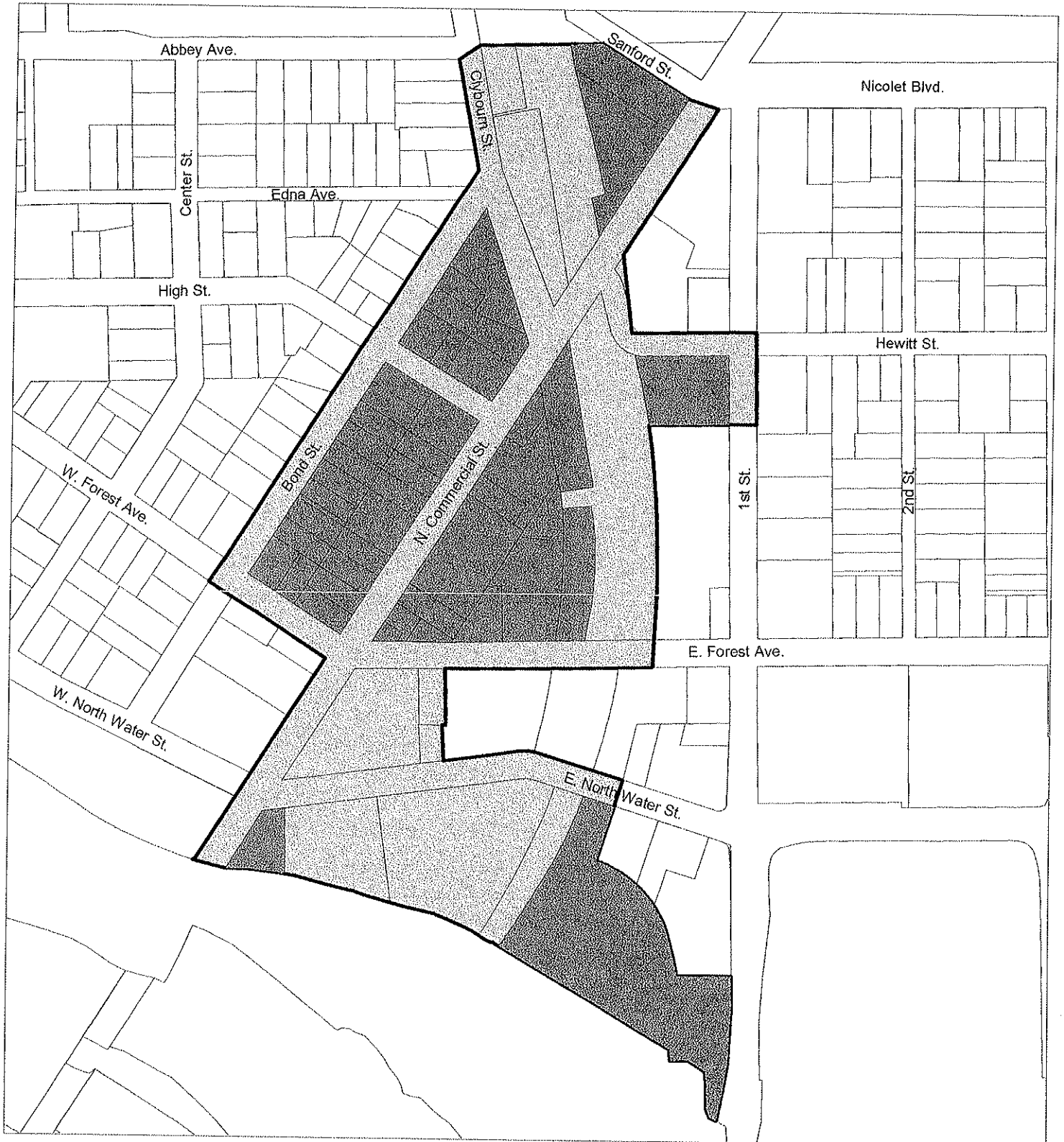
- █ Redevelopment Sites
- O Office Business
- R Retail Business
- S Service Business
- P Public/Recreation Space

FIGURE 3 EXISTING USES AND IMPROVEMENTS TAX INCREMENT DISTRICT #8



- C Commercial
- I Industrial
- R Residential
- P Public/Recreation Space

FIGURE 4
CONDITION OF PROPERTY
TAX INCREMENT DISTRICT #8



- Standard Condition
- Redevelopment or Rehabilitation Needed

APPENDICES

**CITY OF NEENAH TAX INCREMENT DISTRICT #8
PROJECT PLAN**

APPENDIX A - SCHEDULE OF PROJECTED TAX BASE GROWTH

APPENDIX B - FINANCING & FEASIBILITY PLAN

**APPENDIX C - SCHEDULE OF PROJECTED TAX INCREMENTS APPORTIONED
AMONG TAXING ENTITIES**

**APPENDIX B
FINANCING & FEASIBILITY PLAN
TAX INCREMENT DISTRICT #8**

| CALENDAR YEAR | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------------|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|----------------|----------------|----------------|
| PROJECT COSTS: | | | | | | | | | | | | | | | | | | | | | | | | | |
| Redevelopment Assistance | 1,500,000 | | 500,000 | 1,000,000 | | | | | | | | | | | | | | | | | | | | | |
| Utility & Access | 180,000 | | 30,000 | 100,000 | 25,000 | 25,000 | | | | | | | | | | | | | | | | | | | |
| Planning & Project Support | 70,000 | | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | | | | | | | | | | | | | | | | | |
| TOTAL PROJECT COSTS | 1,750,000 | 0 | 540,000 | 1,110,000 | 35,000 | 35,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| CAPITAL BORROWING: | | | | | | | | | | | | | | | | | | | | | | | | | |
| General Obligation Notes | 540,000 | | | | | | | | | | | | | | | | | | | | | | | | |
| General Obligation Bonds | 1,210,000 | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL CAPITAL BORROWING | 1,750,000 | 0 | 1,110,000 | 35,000 | 35,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| REPAYMENT COSTS: | | | | | | | | | | | | | | | | | | | | | | | | | |
| G.O. Debt Service - Principal | 0 | 1,000 | 28,050 | 40,954 | 19,975 | 100,773 | 59,038 | 76,489 | 81,314 | 86,301 | 88,576 | 90,973 | 100,572 | 108,548 | 116,976 | 125,874 | 135,116 | 144,871 | 155,115 | 136,772 | 45,812 | 0 | 0 | 0 | 0 |
| G.O. Debt Service - Interest | 1,024,030 | 9,069 | 46,950 | 81,748 | 81,450 | 82,201 | 77,962 | 74,511 | 70,688 | 66,689 | 62,281 | 58,027 | 53,478 | 49,452 | 45,024 | 37,175 | 30,664 | 24,139 | 16,885 | 9,125 | 2,361 | 0 | 0 | 0 | 0 |
| TOTAL REPAYMENT COSTS | 2,754,030 | 9,069 | 75,000 | 122,701 | 101,425 | 182,974 | 147,000 | 151,000 | 152,000 | 155,000 | 148,857 | 149,000 | 154,000 | 157,000 | 160,000 | 163,000 | 166,000 | 169,000 | 172,000 | 145,897 | 46,103 | 0 | 0 | 0 | 0 |
| PLAN REVENUES: | | | | | | | | | | | | | | | | | | | | | | | | | |
| Proposed Tax Increment-Projected | 0 | 0 | 0 | 37,068 | 44,847 | 119,371 | 128,030 | 130,514 | 133,015 | 146,885 | 149,382 | 152,045 | 154,787 | 157,515 | 160,281 | 163,084 | 165,825 | 168,786 | 171,874 | 174,581 | 177,538 | 180,514 | 183,530 | 186,555 | 189,621 |
| Net Excess Revenue over Costs | (9,069) | (37,069) | (75,000) | (65,633) | (56,576) | (66,653) | (18,970) | (20,489) | (16,984) | (8,316) | 3,495 | 3,046 | 767 | 515 | 281 | 94 | (74) | (214) | (326) | 26,680 | 128,405 | 180,514 | 182,520 | 185,565 | 188,621 |
| Cumulative Revenue over Costs | (9,069) | (37,069) | (112,069) | (197,692) | (254,260) | (323,913) | (342,833) | (363,373) | (382,356) | (380,872) | (367,177) | (384,137) | (363,384) | (382,649) | (387,598) | (387,463) | (367,537) | (362,752) | (383,077) | (354,387) | (224,852) | (44,438) | 135,081 | 325,636 | 516,756 |

**APPENDIX C
SCHEDULE OF PROJECTED TAX INCREMENTS
APPORTIONED AMONG TAXING ENTITIES
TAX INCREMENT DISTRICT #8**

| TID Year | Value Base Year | Projected Tax Increment | ** ESTIMATED APPORTIONMENT among TAXING ENTITIES ** | | | | | | |
|---------------|-----------------------|-------------------------------|---|------------------------------|--------------------------------|--|---------------------------------|--|--|
| | | | Neenah School District 37.895% | City of Neenah 35.747% | Winnebago County 19.260% | Fox Valley Technical College 7.098% | State of Wisconsin 0.000% | | |
| 1 | 2001 | \$ - | | | | | | | |
| 2 | 2002 | 37,088 | 14,055 | 13,258 | 7,143 | 2,633 | 0 | | |
| 3 | 2003 | 44,847 | 16,995 | 16,031 | 8,638 | 3,183 | 0 | | |
| 4 | 2004 | 113,321 | 42,943 | 40,509 | 21,826 | 8,044 | 0 | | |
| 5 | 2005 | 128,030 | 48,517 | 45,767 | 24,659 | 9,088 | 0 | | |
| 6 | 2006 | 130,511 | 49,457 | 46,654 | 25,136 | 9,264 | 0 | | |
| 7 | 2007 | 133,016 | 50,407 | 47,549 | 25,619 | 9,441 | 0 | | |
| 8 | 2008 | 146,685 | 55,586 | 52,435 | 28,251 | 10,412 | 0 | | |
| 9 | 2009 | 149,352 | 56,597 | 53,389 | 28,765 | 10,601 | 0 | | |
| 10 | 2010 | 152,046 | 57,618 | 54,352 | 29,284 | 10,792 | 0 | | |
| 11 | 2011 | 154,767 | 58,649 | 55,325 | 29,808 | 10,985 | 0 | | |
| 12 | 2012 | 157,515 | 59,690 | 56,307 | 30,337 | 11,180 | 0 | | |
| 13 | 2013 | 160,291 | 60,742 | 57,299 | 30,872 | 11,377 | 0 | | |
| 14 | 2014 | 163,094 | 61,805 | 58,301 | 31,412 | 11,576 | 0 | | |
| 15 | 2015 | 165,926 | 62,878 | 59,314 | 31,957 | 11,777 | 0 | | |
| 16 | 2016 | 168,786 | 63,961 | 60,336 | 32,508 | 11,980 | 0 | | |
| 17 | 2017 | 171,674 | 65,056 | 61,368 | 33,064 | 12,185 | 0 | | |
| 18 | 2018 | 174,591 | 66,161 | 62,411 | 33,626 | 12,392 | 0 | | |
| 19 | 2019 | 177,538 | 67,278 | 63,464 | 34,194 | 12,602 | 0 | | |
| 20 | 2020 | 180,514 | 68,406 | 64,528 | 34,767 | 12,813 | 0 | | |
| 21 | 2021 | 183,520 | 69,545 | 65,603 | 35,346 | 13,026 | 0 | | |
| 22 | 2022 | 186,555 | 70,695 | 66,688 | 35,931 | 13,242 | 0 | | |
| 23 | 2023 | 189,621 | 71,857 | 67,784 | 36,521 | 13,459 | 0 | | |
| TOTALS | | \$ 3,269,288 | \$ 1,238,897 | \$ 1,168,672 | \$ 629,665 | \$ 232,054 | \$ - | | |

NOTE: Estimated apportionment percentages are based upon the actual apportionment of taxes for the 2001 Tax Collection Year (2000 Tax Levy).



City Attorney

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website/e-mail: www.ci.neenah.wi.us

July 17, 2001

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

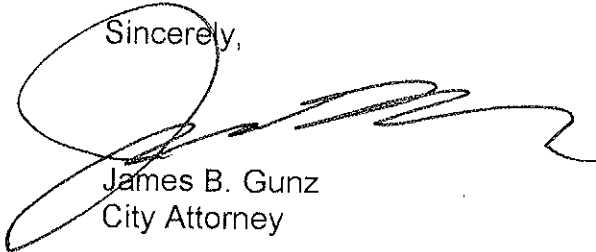
RE: Tax Increment District No. 8

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 Increment District No. 8. 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

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