



CITY OF MERRILL, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 5



September 10, 2013 **[DRAFT]**

<i>Joint Review Board Organizational Meeting Held:</i>	<i>Scheduled September 10, 2013</i>
<i>Public Hearing Held:</i>	<i>Scheduled September 10, 2013</i>
<i>Consideration for Adoption by Redevelopment Authority:</i>	<i>Scheduled September 10, 2013</i>
<i>Consideration for Adoption by Common Council:</i>	<i>Scheduled September 24, 2013</i>
<i>Consideration for Approval by the Joint Review Board:</i>	<i>TBD</i>

Tax Incremental District No. 5 Amendment Project Plan

City of Merrill Officials

Common Council

William Bialecki	City Mayor
Chris Malm	Council Member
Steve Hass	Council Member
Ryan Schwartzman	Council Member
Kandy Peterson	Council Member
John Burgener	Council Member
Dave Sukow	Council Member
Rob Norton	Council Member
Anne Caylor	Council Member

City Staff

Dave Johnson	City Administrator
William Heideman	City Clerk
Thomas Hayden	City Attorney
Kathy Unertl	City Finance Director/RDA Secretary
Becher-Hoppe	City Engineer Contractor
Bowmar Appraisal	City Assessor Contractor
Northwinds Inspection	City Building Inspector

Redevelopment Authority

William Bialecki	Ryan Schwartzman
David Hayes	Wally Smith
Karen Karow	Jill Laufenberg
Ralph Sturm	Kathy Unertl, RDA Secretary

Joint Review Board

Bill Bialecki	City Representative
Bob Weaver	Lincoln County
Jane Kittel	Northcentral Technical College District
	Merrill Area Public School District
Ralph Sturm	Public Member

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1

EXECUTIVE SUMMARY

DESCRIPTION OF ORIGINAL DISTRICT AND PROPOSED AMENDMENT

- Original District Purpose.
 - Tax Incremental District (“TID”) No. 5 (The “TID” or “District”) is an existing mixed-use district, created by a resolution of the City of Merrill (“City”) Common Council adopted on September 11, 2007 (the “Creation Resolution”).
- Additional Amendments.
 - The District has not had any previous amendments.
- The Purpose of This Amendment.
 - The proposed additional and updated projects costs may include, but are not limited to: various public improvements and cash grants to owners, lessees or developers of land located within the District (development incentives), and professional and organizational services, administrative costs, and finance costs.
 - Allow for the District to incur project costs outside of, but within ½ mile of, the boundaries of the District as allowed under Wisconsin Statutes s.66.1105(2)(f)1.n.
- Estimated Total Project Expenditures.
 - The current Project Plan provides for estimated total project cost expenditures of \$964,895. To date, project costs have totaled approximately \$38,000. This proposed amendment would provide for additional estimated expenditures of \$446,000 for a revised total of \$1,411,000.
 - Specific details as to the types, locations and cost estimates are found in Sections 7, 8 and 9 of this plan. It is anticipated that the remaining and additional projects will be completed in four phases. The projects are expected to be financed with general obligation debt issued in 2013, 2014, 2017, and 2019, however, the City may use other alternative financing methods which may provide overall lower costs of financing, preserve debt capacity, mitigate risk to the City, or provide other advantages as determined by the Common Council. A discussion and listing of other possible financing mechanisms, as well as a summary of total project financing is located in Section 10 of this plan. The expenditure period of the District terminates on September 11, 2022.
 - The additional project costs include costs for street lighting and landscaping, parking lot improvements, development incentives, administrative expenses, and expenses related to Department of Revenue certification. Some of these project areas are located outside of, but within, ½ mile of the Donor District’s boundaries.

- Economic Development.
 - The City projects that additional land and improvements value of approximately \$1,700,000 will be created as a result of new development, redevelopment, and appreciation in the value of existing properties. This additional value will be a result of the additional improvements made and projects undertaken as detailed in this amendment. A table detailing assumptions as to the timing of new development and redevelopment, and associated values is located in Section 10 of this Plan. In addition, amendment of the District's Project Plan is expected to result in further economic benefits as detailed in the Summary of Findings hereafter.

- Expected Termination of District.
 - The District has a maximum statutory life of 20 years, and must close not later than September 11, 2027, resulting in a final collection of increment in budget year 2028. Pre-amendment cash flow projections indicate that the entire available life of the District will be required to retire current and projected District liabilities.

SUMMARY OF FINDINGS

As required by s.66.1105 Wis. Stats., and as documented in this Project Plan Amendment and the exhibits contained and referenced herein, the following findings are made:

1. **That “but for” amendment of the District’s Project Plan, the remaining development projected to occur as detailed in this Project Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City.** In making this determination, the City has considered the following information:
 - The additional expenditures contemplated by the plan amendment are necessary to fully achieve the original goals of the District Project Plan, including creation of new tax base and other economic benefits. The City expects that without the amendment, the full development as projected will be less likely to occur.
 - These additional expenditures are associated with projects that were unanticipated at the time of District creation, but have now been determined necessary to enable the District to fully implement its Project Plan.

2. **The economic benefits of amending the District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements.** In making this determination, the City has considered the following information:
 - As demonstrated in the Economic Feasibility Section of this Project Plan amendment, the tax increments projected to be collected are more than sufficient to pay for the remaining proposed project costs. On this basis alone, the finding is supported.

3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.**
 - Given that it is not likely that the District will achieve all of the objectives of its Project Plan or in the same manner without the continued use of tax incremental financing (see finding # 1), and since the District is expected to generate additional economic benefits that are more than sufficient to compensate for the additional cost of the improvements (see Finding #2), the City reasonably concludes that the overall additional benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the “but for” test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the Project Plan is not amended.
4. The boundaries of the District are not being amended. At the time of creation, and any subsequent additions of territory, not less than 50%, by area, of the real property within the District is suitable for a combination of industrial, commercial and residential uses, defined as “mixed-use development” within the meaning of Section 66.1105(2)(cm) of the Wisconsin Statutes.
5. Based upon the findings as stated above, and the original findings as stated in the Creation Resolution and in any subsequent resolutions amending the boundaries of the District, the District remains declared a mixed-use district based on the identification and classification of the property included within the District.
6. The Project Costs of the District relate directly to promoting mixed-use development in the District consistent with the purpose for which the District was created.
7. The improvements of such area are likely to enhance significantly the value of substantially all of the other real property in the District.
8. The City estimates that none of the territory within the District will be devoted to retail business at the end of the District’s maximum expenditure period, pursuant to Section 66.1105(5)(b) of the Wisconsin Statutes.
9. The Project Plan for the District, as amended, is feasible, and is in conformity with the Master Plan of the City.

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TYPE & GENERAL DESCRIPTION OF DISTRICT

The District was created under the authority provided by Wisconsin Statutes Section 66.1105 on September 11, 2007 by resolution of the Common Council. The District's valuation date, for purposes of establishing base value, was January 1, 2007.

The existing District is a "Mixed Use District" based upon a finding that at least 50%, by area, of the real property within the District was suitable for a combination of industrial, commercial and residential uses within the meaning of Wisconsin Statutes Section 66.1105(2)(cm). Since this amendment does not add any territory to the District, the District remains in compliance with this provision. The District also remains in compliance with the prohibition that no more than 35% of the area of the District be allocated for newly-platted residential development. To the extent that the City has incurred, or may incur, Project Costs for newly platted residential development, the residential development will have a density of at least 3 units per acre as defined in s.66.1105(2)(f)3.a., Wisconsin Statutes, be located in a conservation subdivision as defined in s.66.1027(1)(a) Wisconsin Statutes, be located in a traditional neighborhood development as defined in s.66.1027(1)(c) Wisconsin Statutes

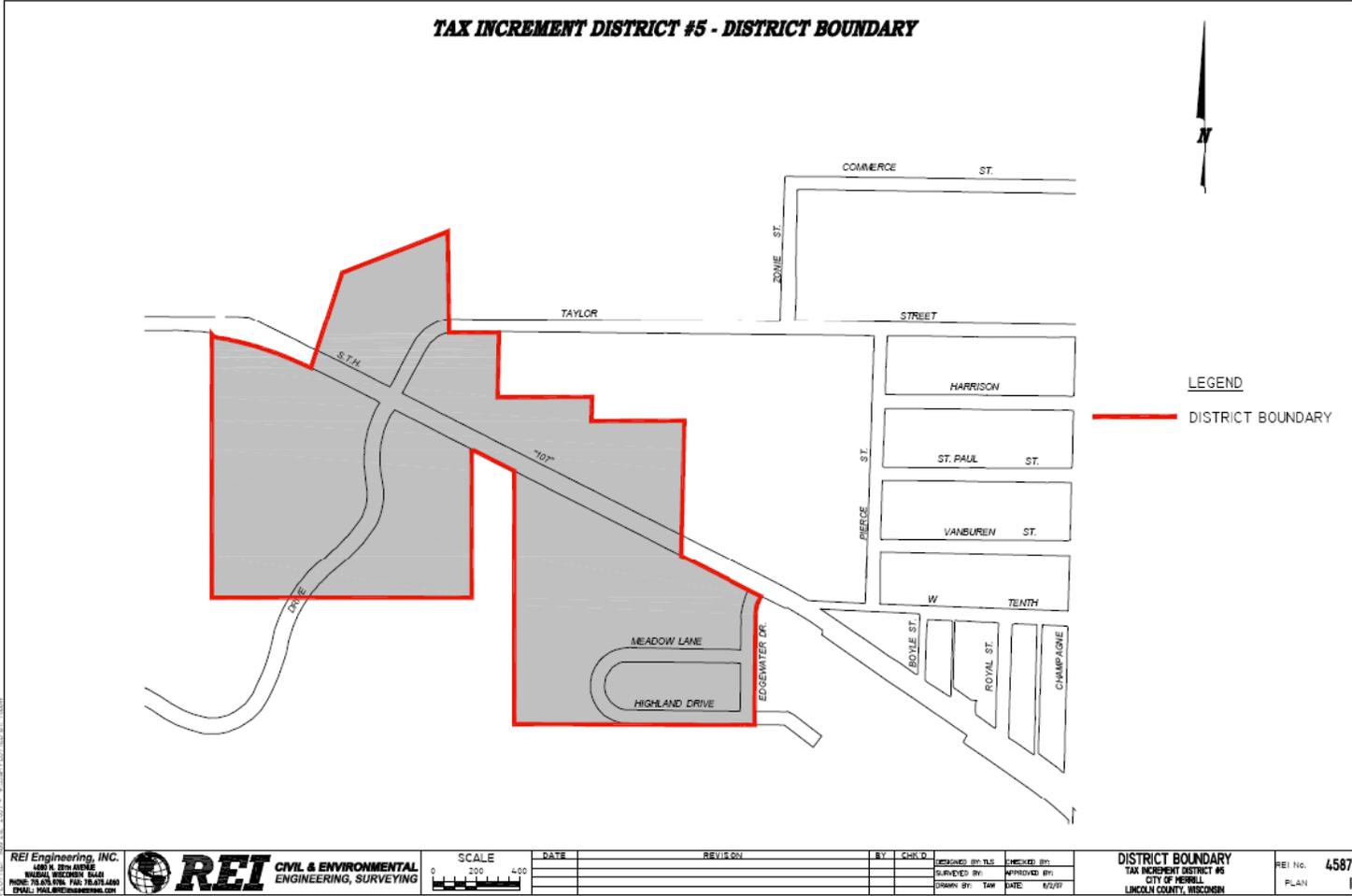
Wisconsin Statutes Section 66.1105(4)(h)2. provides authority for a City to amend the boundaries of an existing Tax Increment District for purposes of adding and/or subtracting territory up to a total of four times during the life of the District. The boundaries of the District have not previously been amended. Since this amendment does not involve the addition or subtraction of territory from the District, it is not counted against the number of available boundary amendments.

This Project Plan Amendment supplements, and does not supersede or replace any component of the original Project Plan unless specifically stated. All components of the original Project Plan remain in effect.

A map depicting the current boundaries of the District is found in Section 3 of this Plan. Based upon the findings stated above, the original findings stated in the Creation Resolution, and the findings contained in any subsequent resolution adding territory to the District, the District remains a mixed-use district based on the identification and classification of the property included within the District.

3

MAP OF CURRENT DISTRICT BOUNDARIES



4

MAP SHOWING EXISTING USES & CONDITIONS

A copy of the Existing Uses and Conditions Map can be found in the original Project Plan document.

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EQUALIZED VALUE TEST

No additional territory will be added to the District. Demonstration of compliance with the equalized value test is not required for this Amendment.

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STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND OTHER PROJECTS

The proposed additional and updated projects costs, within the District, may also include, but are not limited to: various public improvements and cash grants to owners, lessees or developers of land located within the District (development incentives), professional and organizational services, administrative costs, and finance costs.

The City proposes modifying the categories, locations and/or costs of the projects to be undertaken within the District through the remainder of its expenditure period as follows:

- Additional street lighting and landscaping
- Additional development incentives
- Parking improvements

The City also proposes to allow for the District to incur project costs outside of, but within ½ mile of, the boundaries of the District as allowed under Wisconsin Statutes s.66.1105(2)(f)1.n.

The following is a summary list of public works and other TIF-eligible projects that the City has implemented, or intended to implement based on the original project Plan, and includes the modifications detailed above. Any costs directly or indirectly related to the public works and other projects are considered "Project Costs" and are eligible to be paid with tax increment revenues of the District.

PROPERTY, RIGHT-OF-WAY AND EASEMENT ACQUISITION

- **PROPERTY ACQUISITION FOR DEVELOPMENT AND/OR REDEVELOPMENT.** In order to promote and facilitate development and/or redevelopment the City may acquire property within the District. The cost of property acquired, and any costs associated with the transaction, are eligible Project Costs. Following acquisition, other Project Costs within the categories detailed in this Section may be incurred in order to make the property suitable for development and/or redevelopment. Any revenue received by the City from the sale of property acquired pursuant to the execution of this Plan will be used to reduce the total project costs of the District. If total Project Costs incurred by the City to acquire property and make it suitable for development and/or redevelopment exceed the revenues or other consideration received from the sale or lease of that property, the net amount shall be considered "real property assembly costs" as defined in State Statutes Section 66.1105(2)(f)1.c., and subject to recovery as an eligible Project Cost.
- **ACQUISITION OF RIGHTS-OF-WAY.** The City may need to acquire property to allow for installation of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire rights-of-way are eligible Project Costs.
- **ACQUISITION OF EASEMENTS.** The City may need to acquire temporary or permanent easements to allow for installation and maintenance of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire easement rights are eligible Project Costs.

- **RELOCATION COSTS.** If relocation expenses are incurred in conjunction with the acquisition of property, those expenses are eligible Project Costs. These costs may include, but are not limited to: preparation of a relocation plan; allocations of staff time; legal fees; publication of notices; obtaining appraisals; and payment of relocation benefits as required by Wisconsin Statutes Sections 32.19 and 32.195.

SITE PREPARATION ACTIVITIES

- **ENVIRONMENTAL AUDITS AND REMEDIATION.** There have been no known environmental studies performed within the District. If, however, it becomes necessary to evaluate any land or improvement within the District, any cost incurred by the City related to environmental audits, testing, and remediation are eligible Project Costs.
- **DEMOLITION.** In order to make sites suitable for development and/or redevelopment, the City may incur costs related to demolition and removal of structures or other land improvements, to include abandonment of wells or other existing utility services.
- **SITE GRADING.** Land within the District may require grading to make it suitable for development and/or redevelopment, to provide access, and to control stormwater runoff. The City may need to remove and dispose of excess material, or bring in fill material to provide for proper site elevations. Expenses incurred by the City for site grading are eligible Project Costs.

UTILITIES

- **SANITARY SEWER SYSTEM IMPROVEMENTS.** There are inadequate sanitary sewer facilities serving areas of the District. To allow development and/or redevelopment to occur, the City may construct, alter, rebuild or expand sanitary sewer infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: collection mains; manholes and cleanouts; service laterals; force mains; interceptor sewers; pumping stations; lift stations; wastewater treatment facilities; and all related appurtenances. To the extent sanitary sewer projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand sanitary sewer infrastructure located outside of the District. That portion of the costs of sanitary sewer system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

The improvements to the wastewater treatment facilities, although not within the ½ mile radius, are an eligible project cost under Section 66.1105(2)(f)1 k.

- **WATER SYSTEM IMPROVEMENTS.** There are inadequate water distribution facilities serving areas of the District. To allow development and/or redevelopment to occur, the City may construct, alter, rebuild or expand water system infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: distribution mains; manholes and valves; hydrants; service laterals; pumping

stations; wells; water treatment facilities; storage tanks and reservoirs; and all related appurtenances. To the extent water system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand water system infrastructure located outside of the District. That portion of the costs of water system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

- **STORMWATER MANAGEMENT SYSTEM IMPROVEMENTS.** Development and/or redevelopment within the District will cause stormwater runoff and pollution. To manage this stormwater runoff, the City may construct, alter, rebuild or expand stormwater management infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: stormwater collection mains; inlets, manholes and valves; service laterals; ditches; culvert pipes; box culverts; bridges; stabilization of stream and river banks; and infiltration, filtration and detention Best Management Practices (BMP's). To the extent stormwater management system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand stormwater management infrastructure located outside of the District. That portion of the costs of stormwater management system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.
- **ELECTRIC SERVICE.** In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade electric services. Relocation may require abandonment and removal of existing poles or towers, installation of new poles or towers, or burying of overhead electric lines. Costs incurred by the City to undertake this work are eligible Project Costs.
- **GAS SERVICE.** In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade gas mains and services. Costs incurred by the City to undertake this work are eligible Project Costs.
- **COMMUNICATIONS INFRASTRUCTURE.** In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade infrastructure required for voice and data communications, including, but not limited to: telephone lines, cable lines and fiber optic cable. Costs incurred by the City to undertake this work are eligible Project Costs.

STREETS AND STREETScape

- **STREET IMPROVEMENTS.** There are inadequate street improvements serving areas of the District. To allow development and/or redevelopment to occur, the City may need to construct and/or reconstruct streets, highways, alleys, access drives and parking areas. Eligible Project Costs include, but are not limited to: excavation; removal or placement of fill; construction of road base; asphalt or concrete paving or repaving; installation of curb and gutter; installation of sidewalks and bicycle lanes; installation of culverts, box culverts and

bridges; rail crossings and signals; utility relocation, to include burying overhead utility lines; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.

- **STREETSCAPING AND LANDSCAPING.** In order to attract development and/or redevelopment consistent with the objectives of this Plan, the City may install amenities to enhance development sites, rights-of-way and other public spaces. These amenities include, but are not limited to: landscaping; lighting of streets, sidewalks, parking areas and public areas; installation of planters, benches, clocks, tree rings, trash receptacles and similar items; and installation of brick or other decorative walks, terraces and street crossings. These and any other similar amenities installed by the City are eligible Project Costs.

CDA/RDA TYPE ACTIVITES

- **CONTRIBUTION TO REDEVELOPMENT AUTHORITY.** As provided for in Wisconsin Statutes Sections 66.1105(2)(f)1.h and 66.1333(13), the City may provide funds to its RDA to be used for administration, planning operations, and capital costs, including but not limited to real property acquisition, related to the purposes for which it was established in furtherance of any redevelopment or urban renewal project. Funds provided to the RDA for this purpose are eligible Project Costs.
- **REVOLVING LOAN/GRANT PROGRAM.** To encourage private redevelopment consistent with the objectives of this Plan, the City, through its RDA, will provide loans and/or matching grants to eligible property owners in the District. Loan and/or matching grant recipients will be required to sign an agreement specifying the nature of the property improvements to be made. Eligible improvements will be those that are likely to improve the value of the property, enhance the visual appearance of the property and surrounding area, correct safety deficiencies, or as otherwise specified by the RDA in the program manual. Any funds returned to the RDA from the repayment of loans made are not considered revenues to the District, and will not be used to offset District Project Costs. Instead, these funds may be placed into a revolving loan fund and will continue to be used for the program purposes stated above. Any funds provided to the RDA for purposes of implementing this program are considered eligible Project Costs.

MISCELLANEOUS

- **CASH GRANTS (DEVELOPMENT INCENTIVES).** The City may enter into agreements with property owners, lessees, or developers of land located within the District for the purpose of sharing costs to encourage the desired kind of improvements and assure tax base is generated sufficient to recover Project Costs. No cash grants will be provided until the City executes a developer agreement with the recipient of the cash grant. Any payments of cash grants made by the City are eligible Project Costs.
- **PROJECTS OUTSIDE THE TAX INCREMENT DISTRICT.** Pursuant to Wisconsin Statutes Section 66.1105(2)(f)1.n, the City may undertake projects within territory located within one-half mile of the boundary of the District provided that: 1) the project area is located within the City's corporate boundaries and 2) the projects are approved by the Joint Review Board.

The cost of projects completed outside the District pursuant to this section are eligible project costs, and may include any project cost that would otherwise be eligible if undertaken within the District. **The City intends to make the following project cost expenditures outside the District: \$150,000 for street lighting.**

- **PROFESSIONAL SERVICE AND ORGANIZATIONAL COSTS.** The costs of professional services rendered, and other costs incurred, in relation to the creation, amendment, administration and termination of the District, and the undertaking of the projects contained within this Plan, are eligible Project Costs. Professional services include, but are not limited to: architectural; environmental; planning; engineering; legal, audit; financial; and the costs of informing the public with respect to the creation of the District and the implementation of the Plan.
- **ADMINISTRATIVE COSTS.** The City may charge to the District as eligible Project Costs reasonable allocations of administrative costs, including, but not limited to, employee salaries. Costs allocated will bear a direct connection to the time spent by City employees in connection with the implementation of the Plan.
- **FINANCING COSTS.** Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken under this Plan are eligible Project Costs.

With all projects the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, site preparation, legal and other consultant fees, testing, environmental studies, permits, updating City ordinances and plans, judgments or claims for damages, and other expenses are included as Project Costs.

In the event any of the public works project expenditures are not reimbursable out of the special tax increment finance fund under Wisconsin Statute Section 66.1105, in the written opinion of counsel retained by the City for such purpose or a court of record so rules in a final order, then such project or projects shall be deleted herefrom and the remainder of the projects hereunder shall be deemed the entirety of the projects for purposes of this Project Plan Amendment.

The City reserves the right to implement only those projects that remain viable as the Plan period proceeds.

Project Costs are any expenditures made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the City and listed in this Plan or the original Project Plan. To the extent the costs benefit the City outside the District, a proportionate share of the cost is not a Project Cost. Costs identified in this Plan are preliminary estimates made prior to design considerations and are subject to change after planning is completed. Proration of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments. Project Costs will be diminished by any income, special assessments or other revenues, including user fees or charges, other than tax increments, received or reasonably expected to be received by the City in connection with the implementation of this Plan.

7

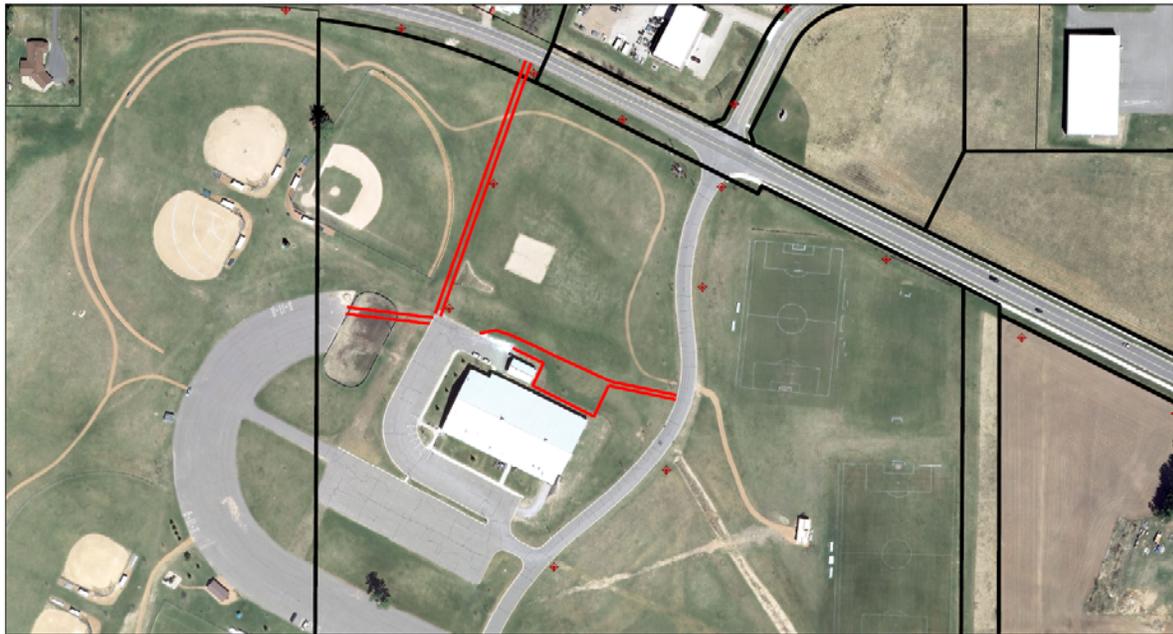
MAPS SHOWING PROPOSED IMPROVEMENTS AND USES



City of Merrill TID 5

- Legend**
- TID_5
 - Proposed_Streetlights

Drawn By: Kate Drewek



City of Merrill TID 5

- Legend**
- ProposedRoad/Parking
 - Proposed_Streetlights
 - TID_5

Drawn By: Kate Drewek

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DETAILED LIST OF ADDITIONAL PROJECT COSTS

This Section contains information relative to the specific projects and expenditures that the City anticipates it will undertake within the District during the remainder of the expenditure period.

All costs are based on 2013 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2013 and the time of construction. The City also reserves the right to increase certain Project Costs to the extent others are reduced or not implemented without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

This Plan is not meant to be a budget, nor an appropriation of funds for specific projects, but a framework within which to manage projects. All costs included in the Plan are estimates based on best information available. The City retains the right to delete projects or change the scope and/or timing of projects implemented as they are individually authorized by the Common Council, without further amending this Plan.

PROPOSED TIF PROJECT COST ESTIMATES

City of Merrill, WI

**Tax Increment District No. 5
Project List**



	Phase I	Phase II	Phase III	Phase VI	Ongoing	TOTALs
	2013	2014	2017	2019	2013 and on	
Projects						
Street Lighting & Landscaping (includes half mile costs)	150,000		20,000			170,000
Parking Lot		40,000				40,000
Development Incentives			50,000	100,000		150,000
Administrative	10,875				71,500	82,375
Creation and Certification (includes annual DOR costs)	1,150				2,500	3,650
Subtotal Needed for Projects	162,025	40,000	70,000	100,000	74,000	446,025

Note(s):

Infrastructure projects include engineering and contingency

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ECONOMIC FEASIBILITY STUDY & A DESCRIPTION OF THE METHODS OF FINANCING AND THE TIME WHEN SUCH COSTS OR MONETARY OBLIGATIONS RELATED THERETO ARE TO BE INCURRED

This amendment modifies the specific projects and expenditures that the City anticipates it will undertake within the District during the remainder of the expenditure period.

The information and exhibits contained within this Section demonstrate that the District, as proposed to be amended, will remain economically feasible insofar as:

- The City has available to it the means to secure the necessary financing required to accomplish the remaining projects contained within this Plan. A listing of “Available Financing Methods” follows.
- The City expects to complete the remaining projects in one or more phases, and can adjust the timing of implementation as needed to coincide with the pace of private development. A discussion of the phasing and projected timeline for project completion is discussed under “Plan Implementation” within this Section. A table identifying the financing method for each phase and the time at which that financing is expected to incur is included.
- The development anticipated to occur as a result of the continued implementation of this Plan will generate sufficient tax increments to pay for the cost of the projects. Within this Section are tables identifying: 1) the development expected to occur, 2) an updated projection of tax increments to be collected resulting from that development and other economic growth within the District, and 3) an updated cash flow model demonstrating that the projected tax increment collections and all other revenues available to the District will be sufficient to pay all Project Costs.

AVAILABLE FINANCING METHODS

Implementation of this Plan may require that the City issue debt obligations to provide direct or indirect financing for the Projects to be undertaken. The following is a list of the types of obligations the City may choose to utilize.

General Obligation (G.O.) Bonds or Notes

The City may issue G.O. Bonds or Notes to finance the cost of Projects included within this Plan. Wisconsin Statutes limit the principal amount of G.O. debt that a community may have outstanding at any point in time to an amount not greater than five percent of its total equalized value (including increment values). The tables on page 20 provide a calculation of the City’s current and projected G.O. debt capacity. Tables 1 and 2 project, respectively, the City’s equalized value, and the full faith and credit borrowing capacity of the City. Equalized valuation projections were made using two methods. The first projects future valuation of the City using the average annual percentage of valuation growth experienced between 2009 and 2013. This method is identified as the percentage method. The second method projects the future valuation based upon the average annual value change between 2009 and 2013. This method is identified as the straight-line method. Table 2 projects the G.O. borrowing capacity of the City utilizing the straight-line valuation projection and considering the existing debt of the City, demonstrating that the City will have sufficient G.O. debt capacity during the implementation

period of the District to finance projects using this method if it chooses.

Bonds Issued to Developers (“Pay as You Go” Financing)

The City may issue a bond or other obligation to one or more developers who provide financing for projects included in this Plan. Repayment of the amounts due to the developer under the bonds or other obligations are limited to an agreed percentage of the available annual tax increments collected that result from the improvements made by the developer. To the extent the tax increments collected are insufficient to make annual payments, or to repay the entire obligation over the life of the District, the City’s obligation is limited to not more than the agreed percentage of the actual increments collected. Bonds or other obligations issued to developers in this fashion are not general obligations of the City and therefore do not count against the City’s statutory borrowing capacity.

Tax Increment Revenue Bonds

The City has the authority to issue revenue bonds secured by the tax increments to be collected. These bonds may be issued directly by the City, or as a Lease Revenue Bond by its Community Development Authority (CDA) or by a Redevelopment Authority (RDA). Tax Increment Revenue Bonds and Lease Revenue Bonds are not general obligations of the City and therefore do not count against the City’s statutory borrowing capacity. To the extent tax increments collected are insufficient to meet the annual debt service requirements of the revenue bonds, the City may be subject to either a permissive or mandatory requirement to appropriate on an annual basis a sum equal to the actual or projected shortfall.

Utility Revenue Bonds

The City can issue revenue bonds to be repaid from revenues of its various utility systems, including revenues paid by the City that represent service of the system to the City. There is neither a statutory nor constitutional limitation on the amount of revenue bonds that can be issued, however, water rates are controlled by the Wisconsin Public Service Commission and the City must demonstrate to bond purchasers its ability to repay revenue debt with the assigned rates. To the extent the City utilizes utility revenues other than tax increments to repay a portion of the bonds, the City must reduce the total eligible Project Costs in an equal amount.

Special Assessment “B” Bonds

The City has the ability to levy special assessments against benefited properties to pay part of the costs for street, curb, gutter, sewer, water, storm sewers and other infrastructure. In the event the City determines that special assessments are appropriate, the City can issue Special Assessment B bonds pledging revenues from special assessment installments to the extent assessment payments are outstanding. These bonds are not counted against the City’s statutory borrowing capacity. If special assessments are levied, the City must reduce the total eligible Project Costs under this Plan in an amount equal to the total collected.

EQUALIZED VALUATION PROJECTION

City of Merrill, WI



Projection of General Obligation Debt Borrowing Capacity

Table 1 - Projection of Growth in Equalized Value (TID IN)

----PERCENTAGE METHOD----			--STRAIGHT LINE METHOD--		
HISTORICAL DATA					
2009	391,590,700		2009	391,590,700	
2010	390,935,400		2010	390,935,400	
2011	392,919,700		2011	392,919,700	
2012	395,239,400		2012	395,239,400	
2013	374,530,100	-1.09%	2013	374,530,100	-4,265,150
PROJECTED VALUATIONS					
2014	370,450,772	-1.09%	2014	374,530,100	0.00%
2015	366,415,875	-1.09%	2015	374,530,100	0.00%
2016	362,424,925	-1.09%	2016	374,530,100	0.00%
2017	358,477,445	-1.09%	2017	374,530,100	0.00%
2018	354,572,960	-1.09%	2018	374,530,100	0.00%
2019	350,711,002	-1.09%	2019	374,530,100	0.00%
2020	346,891,107	-1.09%	2020	374,530,100	0.00%
2021	343,112,819	-1.09%	2021	374,530,100	0.00%
2022	339,375,683	-1.09%	2022	374,530,100	0.00%

Table 2 - Projection of G.O. Debt Capacity (Based on Straight Line Method)

BUDGET YEAR	EQUALIZED VALUE	GROSS DEBT LIMIT	DEBT BALANCE	NET BORROWING CAPACITY
2014	374,530,100	18,726,505	11,049,229	7,677,276
2015	374,530,100	18,726,505	13,294,183	5,432,322
2016	374,530,100	18,726,505	15,337,059	3,389,446
2017	374,530,100	18,726,505	14,100,636	4,625,869
2018	374,530,100	18,726,505	13,157,769	5,568,736
2019	374,530,100	18,726,505	13,650,022	5,076,483
2020	374,530,100	18,726,505	11,997,205	6,729,300
2021	374,530,100	18,726,505	11,711,359	7,015,146
2022	374,530,100	18,726,505	9,903,085	8,823,420
2023	374,530,100	18,726,505	8,040,387	10,686,118
2024	374,530,100	18,726,505	6,408,581	12,317,924
2025	374,530,100	18,726,505	4,956,208	13,770,297
2026	374,530,100	18,726,505	4,128,204	14,598,301
2027	374,530,100	18,726,505	3,559,881	15,166,624
2028	374,530,100	18,726,505	3,100,419	15,626,086

PLAN IMPLEMENTATION

Projects identified will provide the necessary anticipated governmental services and/or development incentives to the district. It is anticipated these expenditures will be made during the remaining expenditure period. However, public debt and expenditures should be made at the pace private development and/or redevelopment occurs to assure increment is sufficient to cover expenses. The order in which expenditures are made should be adjusted in accordance with development and execution of developer agreements. The City reserves the right to alter the implementation of this Plan to accomplish this objective. In any event, all additional Project Costs are to be incurred within the period specified in Section 66.1105(6)(am) of the Wisconsin Statutes.

It is anticipated developer agreements between the City and property owners will be in place prior to major public expenditures. These agreements can provide for development guarantees or a payment in lieu of development. To further assure contract enforcement these agreements might include levying of special assessments against benefited properties.

The order in which expenditures are made should be adjusted in accordance with development and execution of developer agreements. The City reserves the right to alter the implementation of this Plan to accomplish this objective.

Interest rates projected are based on current market conditions. Municipal interest rates are subject to constantly changing market conditions. In addition, other factors such as the loss of tax-exempt status of municipal bonds or broadening the purpose of future tax-exempt bonds would affect market conditions. Actual interest expense will be determined once the methods of financing have been approved and securities or other obligations are issued.

If financing as outlined in this Plan proves unworkable, the City reserves the right to use alternate financing solutions for the projects as they are implemented.

IMPLEMENTATION & FINANCING TIMELINE

<i>City of Merrill, WI</i>					
Tax Increment District No. 5					
Estimated Project Costs & Financing Plan					
	G.O. Bond	State Trust Fund Loan	State Trust Fund Loan	State Trust Fund Loan	Total Project Costs
	Phase I	Phase II	Phase III	Phase IV	All Phases
Projects					
Street Lighting & Landscaping	150,000	0	20,000	0	170,000
Parking Lot	0	40,000	0	0	0
Development Incentives	0	0	50,000	100,000	150,000
Subtotal Needed for Projects	150,000	40,000	70,000	100,000	320,000
Finance Related Expenses					
Financial Advisor	577	2,500	2,500	2,500	
Bond Counsel (Estimate)	315				
Rating Agency Fee	230				
Paying Agent (if Term Bonds)	19				
Capitalized Interest					
Total Financing Required	151,140	42,500	72,500	102,500	
Rounding	0	0	0	0	
NET ISSUE SIZE	151,140	42,500	72,500	102,500	

DEVELOPMENT ASSUMPTIONS

<i>City of Merrill, WI</i>			
Tax Increment District No. 5 Development Assumptions			
<u>Construction</u> <u>Year</u>	<u>Industrial</u>	<u>Residential</u>	<u>Annual</u> <u>Total</u>
2013			0
2014			0
2015	250,000		250,000
2016	525,000		525,000
2017			0
2018		925,000	925,000
2019			0
2020			0
2021			0
2022			0
2023			0
2024			0
2025			0
2026			0
2027			0
2028			0
TOTALS	775,000	925,000	1,700,000
NOTES:			

INCREMENT REVENUE PROJECTIONS

City of Merrill, WI

Tax Increment District No. 5 Tax Increment Projection Worksheet

Type of District: **Mixed Use**

Actual Creation Date: **9/11/2007**

Valuation Date: **Jan. 1, 2007**

Maximum Life (In Years): **20**

Expenditure Period (In Years): **15**

Revenue Periods/Final Rev Year: **20 | 2028**

End of Expenditure Period: **9/11/2022**

Latest Termination Date: **9/11/2027**

Eligible for Extension/No. of Years: **Yes | 3**

Eligible Recipient District: **No**

Actual Base Value: **74,000**

Pre-Amendment Base Value (Actual): **NA**

Property Appreciation Factor: **0.00%**

Current Tax Rate (Per \$1,000 EV): **\$29.00**

Tax Rate Adjustment Factor (Next 2 Years): **0.00%**

Tax Rate Adjustment Factor (Following 2 Years): **0.00%**

Tax Rate Adjustment Factor (Thereafter): **0.00%**

Discount Rate 1 for NPV Calculation: **4.25%**

Discount Rate 2 for NPV Calculation: **6.00%**

Apply Inflation Factor to Base?

X

Net Present Value Calculation

	Construction Year	Value Added	Valuation Year	Inflation Increment	Valuation Increment	Revenue Year	Tax Rate	Tax Increment	Cumulative @ 4.25%	Cumulative @ 6.00%
1	2013	0	2014	0	425,700	2015	29.00	12,347	10,898	10,367
2	2014	0	2015	0	425,700	2016	29.00	12,347	21,352	20,147
3	2015	250,000	2016	0	675,700	2017	29.00	19,598	37,268	34,792
4	2016	525,000	2017	0	1,200,700	2018	29.00	34,826	64,398	59,343
5	2017	0	2018	0	1,200,700	2019	29.00	34,826	90,421	82,504
6	2018	925,000	2019	0	2,125,700	2020	29.00	61,655	134,615	121,188
7	2019	0	2020	0	2,125,700	2021	29.00	61,655	177,007	157,681
8	2020	0	2021	0	2,125,700	2022	29.00	61,655	217,671	192,109
9	2021	0	2022	0	2,125,700	2023	29.00	61,655	256,677	224,588
10	2022	0	2023	0	2,125,700	2024	29.00	61,655	294,093	255,229
11	2023	0	2024	0	2,125,700	2025	29.00	61,655	329,984	284,136
12	2024	0	2025	0	2,125,700	2026	29.00	61,655	364,411	311,406
13	2025	0	2026	0	2,125,700	2027	29.00	61,655	397,435	337,132
14	2026	0	2027	0	2,125,700	2028	29.00	61,655	429,113	361,403
		1,700,000			0			Future Value of Increment	668,842	

CASH FLOW

City of Merrill, WI

Tax Increment District No. 5

Cash Flow Pro Forma



Year	Revenues			Expenditures												Balances		Project Cost Principal Outstanding	Year			
	Tax Increments	Investment Earnings	Total Revenues	G.O. Bonds, Series 2013A \$4,290,000 9/24/2013			State Trust Fund Loan \$42,500 6/1/2014			State Trust Fund Loan \$72,500 6/1/2017			State Trust Fund Loan \$102,500 6/1/2019			Creation & Cert. (DOR)	Admin			Total Expenditures	Annual	Cumulative
		0.10%		Prin (11/1)	Est. Rate	Interest	Prin (3/15)	Est. Rate	Interest	Prin (3/15)	Est. Rate	Interest	Prin (3/15)	Est. Rate	Interest							
2013	7,965	0	7,965													1,150	10,875	12,025	(4,060)	(7,281)	367,500	2013
2014	12,347	0	12,347	10,000	2.250%	9,073										170	4,800	24,043	(11,695)	(18,976)	357,500	2014
2015	12,347	0	12,347	10,000	2.250%	7,608	3,923	3.250%	1,090							170	4,800	27,590	(15,243)	(34,219)	343,577	2015
2016	12,347	0	12,347	10,000	2.250%	7,383	3,759	3.250%	1,254							170	4,800	27,365	(15,018)	(49,237)	329,818	2016
2017	19,598	0	19,598	10,000	2.250%	7,158	3,881	3.250%	1,132							170	4,800	27,140	(7,542)	(56,778)	315,937	2017
2018	34,826	0	34,826	10,000	2.500%	6,933	4,007	3.250%	1,005	6,692	3.250%	1,859				170	4,800	35,466	(640)	(57,418)	295,238	2018
2019	34,826	0	34,826	10,000	2.500%	6,683	4,137	3.250%	875	6,412	3.250%	2,139				170	4,800	35,216	(390)	(57,808)	274,689	2019
2020	61,655	0	61,655	10,000	2.750%	6,433	4,272	3.250%	741	6,620	3.250%	1,930	10,602	3.250%	2,628	170	4,800	48,196	13,459	(44,349)	243,195	2020
2021	61,655	0	61,655	10,000	3.000%	6,158	4,411	3.250%	602	6,836	3.250%	1,715	10,243	3.250%	2,987	170	4,800	47,921	13,734	(30,614)	211,705	2021
2022	61,655	0	61,655	10,000	3.000%	5,858	4,554	3.250%	459	7,058	3.250%	1,493	10,576	3.250%	2,654	170	4,800	47,621	14,034	(16,580)	179,518	2022
2023	61,655	0	61,655	10,000	3.000%	5,558	4,702	3.250%	311	7,287	3.250%	1,264	10,920	3.250%	2,310	170	4,800	47,321	14,334	(2,245)	146,609	2023
2024	61,655	0	61,655	10,000	3.500%	5,258	4,855	3.250%	158	7,524	3.250%	1,027	11,275	3.250%	1,955	170	4,800	47,021	14,634	12,389	112,955	2024
2025	61,655	12	61,668	10,000	3.500%	4,908				7,768	3.250%	782	11,641	3.250%	1,589	170	4,800	41,658	20,009	32,399	83,546	2025
2026	61,655	32	61,688	10,000	3.500%	4,558				8,021	3.250%	530	12,019	3.250%	1,210	170	4,800	41,308	20,379	52,778	53,505	2026
2027	61,655	53	61,708	15,000	3.750%	4,208				8,282	3.250%	269	12,410	3.250%	820	170	4,800	45,958	15,750	68,528	17,813	2027
2028	61,655	69	61,724	5,000	4.000%	1,215							12,813	3.250%	416	170	4,800	24,415	37,309	105,837	0	2028
Total	689,154	166	689,321	150,000		88,985	42,500		7,625	72,500		13,008	102,500		16,569	3,700	82,875	580,263	109,058			

NOTES:

Projected TID Closure

10 ANNEXED PROPERTY

No territory will be added or subtracted from the District as a result of this amendment.

11 PROPOSED CHANGES IN ZONING ORDINANCES

The City does not anticipate the need to change any of its zoning ordinances in conjunction with the implementation of this Project Plan amendment.

12 PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND CITY OF MERRILL ORDINANCES

It is expected that this Plan will be complementary to the City's Master Plan. There are no proposed changes to the Master Plan, map, building codes or other City ordinances for the implementation of this Plan.

13 RELOCATION

It is not anticipated there will be a need to relocate persons or businesses in conjunction with this Plan.

In the event relocation or the acquisition of property by eminent domain becomes necessary at some time during the implementation period, the City will follow applicable state statutes as required in Wisconsin Statutes chapter 32.

14

ORDERLY DEVELOPMENT AND/OR REDEVELOPMENT OF THE CITY OF MERRILL

This Project Plan Amendment will have no impact on the viability of the original District Project Plan as it relates to the orderly development and/or redevelopment of the City.

15

A LIST OF ESTIMATED NON-PROJECT COSTS

Non-Project Costs are public works projects that only partly benefit the District or are not eligible to be paid with tax increments, or costs not eligible to be paid with tax incremental finance funds. Examples would include:

- A public improvement made within the District that also benefits property outside the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.
- A public improvement made outside the District that only partially benefits property within the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.
- Projects undertaken within the District as part of the implementation of this Project Plan, the costs of which are paid fully or in part by impact fees, grants, special assessments, or revenues other than tax increments.

The City does not expect to incur any non-Project Costs in the implementation of this Project Plan.

16

**OPINION OF ATTORNEY FOR THE CITY OF MERRILL ADVISING
WHETHER THE PLAN IS COMPLETE AND COMPLIES WITH WISCONSIN
STATUTES, SECTION 66.1105**

September 10, 2013

SAMPLE

William Bialecki, Mayor
City of Merrill
1004 E. First Street
Merrill, Wisconsin 54452

RE: City of Merrill, Wisconsin Tax Incremental District No. 5 Amendment

Dear Mayor:

As City Attorney for the City of Merrill, I have reviewed the Project Plan and, in my opinion, have determined that it is complete and complies with Section 66.1105 of the Wisconsin Statutes. This opinion is provided pursuant to Section 66.1105(4)(f), Wis. Stat.

Sincerely,

Attorney Thomas Hayden
City of Merrill

EXHIBIT A - CALCULATION OF THE SHARE OF PROJECTED TAX INCREMENTS ESTIMATED TO BE PAID BY THE OWNERS OF PROPERTY IN THE OVERLYING TAXING JURISDICTIONS

Estimated Share by Taxing Jurisdiction of Projected Tax Increments to be paid by Owners of Taxable Property in each of the Taxing Jurisdictions Overlying the Tax Increment District

<i>Revenue Year</i>	<i>County</i>	<i>Special District</i>	<i>City - Village</i>	<i>School District</i>	<i>Technical College</i>	<i>Total</i>
	18.99%	0.00%	43.67%	30.37%	6.97%	100.00%
2015	2,345	0	5,392	3,750	861	12,347
2016	2,345	0	5,392	3,750	861	12,347
2017	3,722	0	8,558	5,952	1,367	19,598
2018	6,614	0	15,207	10,576	2,428	34,826
2019	6,614	0	15,207	10,576	2,428	34,826
2020	11,710	0	26,923	18,723	4,299	61,655
2021	11,710	0	26,923	18,723	4,299	61,655
2022	11,710	0	26,923	18,723	4,299	61,655
2023	11,710	0	26,923	18,723	4,299	61,655
2024	11,710	0	26,923	18,723	4,299	61,655
2025	11,710	0	26,923	18,723	4,299	61,655
2026	11,710	0	26,923	18,723	4,299	61,655
2027	11,710	0	26,923	18,723	4,299	61,655
2028	11,710	0	26,923	18,723	4,299	61,655
	127,033	0	292,062	203,109	46,638	668,842

NOTE: The projection shown above is provided to meet the requirements of Wisconsin Statute 66.1105(4)(i)4.