

**JOINT REVIEW BOARD AGNDA
CITY OF MERRILL, WISCONSIN**

TAX INCREMENTAL DISTRICT NO. 11 CREATION

Tuesday, May 31st, 2016 at 4:00 p.m.

Merrill City Hall – Council Chambers
1004 E. 1st Street

1. Call to order
2. Public comment
3. Review and consideration of minutes from April 26th, 2016 organizational meeting
4. Review the public record, planning documents, Redevelopment Authority resolutions adopting the project plans, and the resolutions passed by the Common Council approving the project plans
5. Consideration of resolution approving Tax Incremental District No. 11 creation
6. Update on fiscal status and future directions of City of Merrill Tax Increment Districts (City Finance Director Kathy Unertl)
7. Adjournment

Agenda prepared by RDA Secretary Kathy Unertl

Note: A potential quorum of the Common Council could attend the meeting for information. There will be no Common Council action taken.

The Merrill City Hall is accessible to the physically disadvantaged. If special accommodations are needed, please contact the Merrill City Hall at 536-5594.

Date and time agenda was posted: _____ *Posted by:* _____

**City of Merrill
Joint Review Board**

(3)

**Tuesday, April 26th, 2016 at 4:30 P.M.
City Hall Council Chambers, 1004 East First Street**

Members Present: Mayor Bill Bialecki (City of Merrill representative), Rob Elliott (Northcentral Technical District representative), Brian Dasher (Merrill Area Public Schools representative), Bob Weaver (Lincoln County representative), and Amanda Kostman (public member)

Others Present: RDA Commissioner Karen Karow, Finance Director/RDA Secretary Kathy Unertl, Sean Lenz from Ehlers & Associates, City Administrator Dave Johnson, City Attorney Tom Hayden, Dewey Pfister, and several other members of the public

Call to order: Bialecki called the meeting to order at 4:30 P.M.

Representation remains the same as the October 2015 Joint Review Board except for Merrill Area Public Schools and Northcentral Technical College representatives. MAPS representative is Brian Dasher and NTC representative is Rob Elliott.

Public Comment: None.

Review and consideration of minutes from October 6th, 2015 meeting:

Motion (Weaver/Kostman) to approve the meeting minutes. Carried.

Reconfirm appointment of Public Member:

Motion (Bialecki/Weaver) to confirm Amanda Kostman as Public Member. Carried.

Reconfirm Chairperson:

Motion (Weaver/Kostman) for Bialecki to continue as Chairperson. Carried.

Discuss responsibilities of the Joint Review Board:

Sean Lentz from Ehlers & Associates noted that this is an experienced Joint Review Board. The primary purpose of a Joint Review Board is to ensure that all taxing jurisdictions are represented and allowed input when the creation of Tax Increment District is being considered.

Discuss responsibilities of the Joint Review Board (Continued):

As listed in the overview of Joint Review Board responsibilities included in the agenda packet, the primary decision criteria include whether the development expected in the TID would occur without the use of tax increment financing; whether the economic benefits of the TID as measured by increased employment, business and personal income, and property value, are insufficient to cover the costs of proposed improvements; and whether the benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing districts.

Review and discuss proposed project plan amendments and TID creation:

Sean Lentz from Ehlers & Associates highlighted the basics of tax increment finance (TIF), district creation proposal, and timeline. The handout presentation included illustrations on how TIF works, eligible project costs, and an overview of the proposed district which is mixed-use district including 42 tax parcels and covering 138 acres. There is twenty-year lifespan for mixed-use TIDs.

The initial development would be residential including three 12-unit apartment buildings on a parcel currently owned by Lokemoen Construction. The City would be purchasing the property and then selling to the developer in phases. Unertl distributed a draft development agreement with Premier Merrill Apartments LLC (Phase 1)

City Administrator Dave Johnson reported that there could be two future phases of apartments. Unertl emphasized with the City's almost one million investment to facilitate Phase 1, there would be needed land, infrastructure, and visible State Road 107 frontage to encourage future development.

Potential industrial and commercial developments/expansions are projected. There could be City street, utility, and street lighting infrastructure improvements. There is a summary project cost overview using potential four phases of future development which totals \$3,237,500. The projected future development growth totals \$14,000,000.

Lentz advised that financing for the TID would include general obligation debt for Phase 1 of the apartment development. Pay-As-You-Go financing is planned for future development incentives. Future infrastructure improvements would be financing by general obligation debt. As far as economic feasibility, the district is expected to have strong cash flow if development occurs as projected.

It is possible to transfer tax increment out of a mixed-used TID to "blighted area" tax increment districts. Unertl advised that she will have fiscal overview information related to the City's TIDs at the next meeting. Unertl added that she has proposed to the auditors to transfer about \$500,000 from TID No. 3 to several of the "blighted area" TIDs. The City will be borrowing in 2016 to reimburse some prior TID expenditures that advances from the City General Fund have been covering.

Next Joint Review Board meeting date:

Merrill Common Council action on Redevelopment Authority (RDA) recommendation is anticipated on Tuesday, May 10th, 2016.

Consensus for Joint Review Board to meet on Tuesday, May 31st at 4:00 p.m.

Adjournment:

Motion (Kostman/Weaver) to adjourn. Carried at 4:58 p.m..

Minutes prepared and submitted by:

Kathy Unertl, Finance Director/RDA Secretary



May 17, 2016

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Mayor Bialecki
Robert Weaver
Rob Elliott
Brian Dasher
Amanda Kostman

City Representative
Lincoln County
Northcentral Technical College District
Merrill Area School District
Public Member

RE: City of Merrill Tax Incremental District No. 11

On behalf of the City of Merrill, this letter is to confirm the meeting of the Joint Review Board (“JRB”) will be held on May 31, 2016 at 4:00 p.m. at the Merrill City Hall, located at 1004 E. First Street. The purpose of this meeting is for the JRB to consider approval of the resolution adopted by the Merrill Common Council creating Tax Increment District No. 11 (the “District”), and approving its Project Plan.

We would request that you call Paula Czaplewski at 800-552-1171, or e-mail Paula at paula@ehlers-inc.com, as soon as possible to confirm your attendance at this meeting.

To assist the JRB in its deliberation, copies of the Redevelopment Authority resolution adopted April 26, 2016, and the Common Council resolution adopted May 10, 2016 are enclosed with this letter, and along with the Project Plan, constitute the public record in this matter. Signed copies of the resolutions are on file and available at the Merrill City Hall. Also enclosed is a copy of the notice of the meeting as published, the minutes from the organizational JRB meeting, an agenda for this meeting, as well as a proposed “Resolution Creating Tax Incremental District No. 11, Merrill, Wisconsin” for consideration by the JRB. The Project Plan document has not had any changes since the copy which was distributed and provided to you at the April 26, 2016 organizational meeting.

In considering whether to approve its Resolution creating the District, the JRB, as required by Section 66.1105(4m)(c), Wisconsin Statutes, is to consider the following:

- A. Whether the development expected in the Tax Incremental District would occur without the use of tax incremental financing;
- B. Whether the economic benefits of the Tax Incremental District, as measured by increased employment, business and personal income and property value, are sufficient to compensate for the cost of the improvements;
- C. Whether the benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.

To assist the Board in its analysis of the enclosed information, we are providing the following brief narrative as it relates to each of the criteria outlined above.



FINDING # 1. WOULD DEVELOPMENT OCCUR WITHOUT TAX INCREMENTAL FINANCING?

The City has determined that “but for” the creation of this District, the development projected to occur as detailed in the 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:

- Some of the sites proposed for development and/or redevelopment have remained vacant for due to lack of adequate infrastructure and possible environmental contamination. Given that the sites have not developed as would have been expected under normal market conditions, it is the judgment of the City that the use of Tax Incremental Financing (“TIF”) will be required to provide the necessary infrastructure and inducements to encourage development on the sites consistent with that desired by the City.
- In order to make the areas included within the District suitable for development and/or redevelopment, the City will need to make a substantial investment to pay for the costs of: property, right-of-way and easement acquisition, site preparation, installation of utilities; installation of streets and related streetscape items; development incentive payments; and other associated costs. Due to the extensive initial investment in public infrastructure and/or rehabilitation that is required in order to allow development and/or redevelopment to occur, the City has determined that development and/or redevelopment of the area will not occur solely as a result of private investment. Accordingly, the City finds that absent the use of TIF, development and/or redevelopment of the area is unlikely to occur.

FINDING # 2. ECONOMIC BENEFIT

The City finds that the economic benefits of 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, the tax increments projected to be collected are more than sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.

FINDING # 3. DO THE BENEFITS OF THE PROPOSAL OUTWEIGH THE TAX INCREMENTS TO BE PAID?

- If approved, the District’s creation would become effective for valuation purposes as of January 1, 2016. As of this date, the values of all existing development would be frozen and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they currently are now. Taxes levied on any additional value established within the District due to new construction, renovation or appreciation of property values occurring after January 1, 2016 would be collected by the TID and used to repay the costs of TIF-eligible projects undertaken within the District.
- Since the development expected to occur is unlikely to take place or in the same manner without the use of TIF (see Finding #1) and since the District will generate economic benefits that are more than sufficient to compensate for the cost of the improvements (see Finding #2), the City reasonably concludes that the overall 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 District is not created. As required by Section 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and can be found in Appendix A of this plan.

CONCLUSION

Based on the information contained in the Project Plan, the findings of the Redevelopment Authority and the Common Council as provided for in their respective resolutions, the City therefore respectfully requests favorable consideration by the JRB.

Sincerely,

EHLERS & ASSOCIATES, INC.



Sean Lentz, CIPMA
Financial Advisor

cc: William Heideman, City Clerk
Kathy Unertl, Finance Director & RDA Secretary
Thomas Hayden, City of Merrill Attorney
Robert Lussow, County Board Chair, County Board Chair
Lori A. Weyers, Technical College President
Walter Leipart, School District Superintendent
Randy Scholz, County Administrative Coordinator
Tammy Woller, Merrill Area School District, Administrative Assistant
Paula Czaplewski, TIF Coordinator, Ehlers

RDA RESOLUTION NO. 2016-01

**RESOLUTION DESIGNATING PROPOSED BOUNDARIES
AND APPROVING A PROJECT PLAN
FOR TAX INCREMENTAL DISTRICT NO. 11,
CITY OF MERRILL, WISCONSIN**

WHEREAS, the City of Merrill (the "City") has determined that use of Tax Incremental Financing is required to promote development and redevelopment within the City; and

WHEREAS, Tax Incremental District No. 11 (the "District") is proposed to be created by the City as a mixed-use district in accordance with the provisions of Wisconsin Statutes Section 66.1105 (the "Tax Increment Law"); and

WHEREAS, a Project Plan for the District has been prepared that includes:

- a. A statement listing of the kind, number and location of all proposed public works or improvements within the District, or to the extent provided in Wisconsin Statutes Sections 66.1105(2)(f)1.k. and 66.1105(2)(f)1.n., outside of the District;
- b. An economic feasibility study;
- c. A detailed list of estimated project costs;
- d. A description of the methods of financing all estimated project costs and the time when the related costs or monetary obligations are to be incurred;
- e. A map showing existing uses and conditions of real property in the District;
- f. A map showing proposed improvements and uses in the District;
- g. Proposed changes of zoning ordinances, master plan, map, building codes and City ordinances;
- h. A list of estimated non-project costs;
- i. A statement of the proposed plan for relocation of any persons to be displaced;
- j. A statement indicating how the District promotes the orderly development of the City;
- k. An opinion of the City Attorney advising that the plan is complete and complies with Wisconsin Statutes Section 66.1105(4)(f).

WHEREAS, prior to its publication, a copy of the notice of public hearing was sent to the chief executive officers of Lincoln County, the Merrill Area School District, and the Northcentral Technical College District, and any other entities having the power to levy taxes on property located within the District, in accordance with the procedures specified in the Tax Increment Law; and

WHEREAS, in accordance with the procedures specified in the Tax Increment Law, the Redevelopment Authority, on April 26th, 2016 held a public hearing concerning the project plan and boundaries and proposed creation of the District, providing interested parties a reasonable opportunity to express their views thereon.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Authority of the City of Merrill that:

1. It recommends to the Common Council that Tax Incremental District No. 11 be created with boundaries as designated in Exhibit A of this Resolution.
2. It approves and adopts the Project Plan for the District, attached as Exhibit B, and recommends its approval to the Common Council.
3. Creation of the District promotes orderly development in the City.

Adopted this 26th day of April, 2016.



Redevelopment Authority Chair William R. Bialecki



Redevelopment Authority Secretary Katherine G. Unertl

RESOLUTION NO. 2461

**RESOLUTION APPROVING THE PROJECT PLAN AND ESTABLISHING THE
BOUNDARIES FOR AND THE CREATION OF
TAX INCREMENTAL DISTRICT NO. 11,
CITY OF MERRILL, WISCONSIN**

WHEREAS, the City of Merrill (the "City") has determined that use of Tax Incremental Financing is required to promote development and redevelopment within the City; and

WHEREAS, Tax Incremental District No. 11 (the "District") is proposed to be created by the City as a mixed-use district in accordance with the provisions of Wisconsin Statutes Section 66.1105 (the "Tax Increment Law"); and

WHEREAS, a Project Plan for the District has been prepared that includes:

- a. A statement listing of the kind, number and location of all proposed public works or improvements within the District, or to the extent provided in Wisconsin Statutes Sections 66.1105(2)(f)1.k. and 66.1105(2)(f)1.n., outside of the District;
- b. An economic feasibility study;
- c. A detailed list of estimated project costs;
- d. A description of the methods of financing all estimated project costs and the time when the related costs or monetary obligations are to be incurred;
- e. A map showing existing uses and conditions of real property in the District;
- f. A map showing proposed improvements and uses in the District;
- g. Proposed changes of zoning ordinances, master plan, map, building codes and City ordinances;
- h. A list of estimated non-project costs;
- i. A statement of the proposed plan for relocation of any persons to be displaced;
- j. A statement indicating how the District promotes the orderly development of the City;
- k. An opinion of the City Attorney advising that the plan is complete and complies with Wisconsin Statutes Section 66.1105(4)(f).

WHEREAS, prior to its publication, a copy of the notice of public hearing was sent to the chief executive officers of Lincoln County, the Merrill Area School District, and the Northcentral Technical College District, and any other entities

having the power to levy taxes on property located within the District, in accordance with the procedures specified in the Tax Increment Law; and

WHEREAS, in accordance with the procedures specified in the Tax Increment Law, the Redevelopment Authority, on April 26, 2016 held a public hearing concerning the project plan and boundaries and proposed creation of the District, providing interested parties a reasonable opportunity to express their views thereon; and

WHEREAS, after said public hearing, the Redevelopment Authority designated the boundaries of the District, adopted the Project Plan, and recommended to the Common Council that it create such District and approve the Project Plan;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF MERRILL, WISCONSIN this 10th day of May, 2016, that:

1. The boundaries of the District that shall be named "Tax Incremental District No. 11, City of Merrill", are hereby established as specified in Exhibit A of this Resolution.
2. The District is created effective as of January 1, 2016.
3. The Common Council finds and declares that:
 - (a) 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 Wisconsin Statutes Section 66.1105(2)(cm).
 - (b) Based upon the findings, as stated in 3.a. above, the District is declared to be a mixed-use district based on the identification and classification of the property included within the District.
 - (c) The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
 - (d) The equalized value of the taxable property in the District plus the value increment of all other existing tax incremental districts within the City, does not exceed 12% of the total equalized value of taxable property within the City.
 - (e) The City estimates that approximately 1.9% of the territory within the District will be devoted to retail business at the end of

the District's maximum expenditure period, pursuant to Wisconsin Statutes Section 66.1105(5)(b).

- (f) The project costs relate directly to promoting mixed-use development in the District consistent with the purpose for which the District is created.
 - (g) Lands proposed for newly platted residential development comprise no more than 35% of the real property area within the District.
 - (h) Costs related to newly platted residential development may be incurred based on the proposed development having a density of at least 3 units per acre as defined in Wisconsin Statutes Section 66.1105(2)(f)3.a.
4. The Project Plan for "Tax Incremental District No. 11, City of Merrill" (attached as Exhibit B) is approved, and the City further finds the Plan is feasible and in conformity with the master plan of the City.

BE IT FURTHER RESOLVED THAT the City Clerk is hereby authorized and directed to apply to the Wisconsin Department of Revenue, in such form as may be prescribed, for a "Determination of Tax Incremental Base", as of January 1, 2016, pursuant to the provisions of Wisconsin Statutes Section 66.1105(5)(b).

BE IT FURTHER RESOLVED THAT pursuant to Section 66.1105(5)(f) of the Wisconsin Statutes that the City Assessor is hereby authorized and directed to identify upon the assessment roll returned and examined under Wisconsin Statutes Section 70.45, those parcels of property which are within the District, specifying thereon the name of the said District, and the City Clerk is hereby authorized and directed to make similar notations on the tax roll made under Section 70.65 of the Wisconsin Statutes.

Recommended by: Redevelopment
Authority (RDA)

Moved: Alderman Schwartzman

Passed: May 10, 2016

CITY OF MERRILL, WISCONSIN



William R. Bialecki
Mayor



William N. Heideman
City Clerk



EHLERS

LEADERS IN PUBLIC FINANCE

April 5, 2016

Project Plan for the Creation of Tax Incremental District No. 11

CITY OF MERRILL, WISCONSIN

| | |
|--|-----------------------------|
| Organizational Joint Review Board Meeting Held: | April 26, 2016 |
| Public Hearing Held: | April 26, 2016 |
| Consideration for Approval by Redevelopment Authority: | April 26, 2016 |
| Consideration for Adoption by Common Council: | May 10, 2016 |
| Consideration for Approval by the Joint Review Board: | Scheduled for: May 31, 2016 |



Tax Incremental District No. 11 Creation Project Plan

City of Merrill Officials

Common Council

| | |
|------------------|--------------|
| William Bialecki | Mayor |
| Chris Malm | Aldersperson |
| Pete Lokemoen | Aldersperson |
| Ryan Schwartzman | Aldersperson |
| Kandy Peterson | Aldersperson |
| John Burgener | Aldersperson |
| Dave Sukow | Aldersperson |
| Rob Norton | Aldersperson |
| Tim Meehean | Aldersperson |

City Staff

| | |
|------------------|-------------------------------------|
| William Heideman | City Clerk |
| Kathy Unertl | City Finance Director/RDA Secretary |
| Dave Johnson | City Administrator |
| Thomas Hayden | City Attorney |
| Rod Akey | City Public Works Director/Engineer |

Redevelopment Authority

| | |
|--------------------------|------------------|
| Bill Bialecki, President | Jill Laufenberg |
| Karen Karow | Ryan Schwartzman |
| Amanda Kostman | Wally Smith |
| Tony Kusserow | |

Joint Review Board

| | |
|----------------|---|
| Mayor Bialecki | City Representative |
| Robert Weaver | Lincoln County |
| Rob Elliott | Northcentral Technical College District |
| Brian Dasher | Merrill Area School District |
| Amanda Kostman | Public Member |



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SECTION 1: Executive Summary

Description of District

Type of District, Size and Location

Tax Incremental District (“TID”) No. 11 (the “TID” or “District”) is proposed to be created by the City of Merrill (“City”) as a mixed-use district. A map of the proposed District boundaries is located in Section 3 of this plan.

Estimated Total Project Expenditures.

The City anticipates making total project expenditures of approximately \$3,237,500 to undertake the projects listed in this Project Plan. The City anticipates completing the projects in four phases. The Expenditure Period of this District is 15 years from the date of adoption of the authorizing Resolution of the Common Council (the “Creation Resolution”). The projects to be undertaken pursuant to this Project Plan are expected to be financed with general obligation debt issued by the City and Pay-As-You-Go (PAYGO) agreements with developers, 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.

Economic Development

As a result of the creation of this District, the City projects that additional land and improvements value of approximately \$14,000,000 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 improvements made and projects undertaken within the District. 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, creation of the District is expected to result in other economic benefits as detailed in the Summary of Findings hereafter.

Expected Termination of District

Based on the Economic Feasibility Study located in Section 10 of this plan, this District would be expected to generate sufficient tax increments to recover all project costs by the year 2030, which is seven years prior to the final revenue collection of the District. Changes in project costs or the pace of development could accelerate or slow the recovery of project costs.

Summary of Findings

As required by Wisconsin Statutes Section 66.1105, and as documented in this Project Plan and the exhibits contained and referenced herein, the following findings are made:

1. **That “but for” the creation of this District, the 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:

- Some of the sites proposed for development and/or redevelopment have remained vacant for due to lack of adequate infrastructure and possible environmental contamination. Given that the sites have not developed as would have been expected under normal market conditions, it is the judgment of the City that the use of Tax Incremental Financing (“TIF”) will be required to provide the necessary infrastructure and inducements to encourage development on the sites consistent with that desired by the City.
 - In order to make the areas included within the District suitable for development and/or redevelopment, the City will need to make a substantial investment to pay for the costs of: property, right-of-way and easement acquisition, site preparation, installation of utilities; installation of streets and related streetscape items; development incentive payments; and other associated costs. Due to the extensive initial investment in public infrastructure and/or rehabilitation that is required in order to allow development and/or redevelopment to occur, the City has determined that development and/or redevelopment of the area will not occur solely as a result of private investment. Accordingly, the City finds that absent the use of TIF, development and/or redevelopment of the area is unlikely to occur.
2. **The economic benefits of the Tax Incremental 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, the tax increments projected to be collected are more than sufficient to pay for the 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.**
- If approved, the District’s creation would become effective for valuation purposes as of January 1, 2016. As of this date, the values of all existing development would be frozen and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they currently are now. Taxes levied on any additional value established within the District due to new construction, renovation or appreciation of property values occurring after January 1, 2016 would be collected by the TID and used to repay the costs of TIF-eligible projects undertaken within the District.
 - Since the development expected to occur is unlikely to take place or in the same manner without the use of TIF (see Finding #1) and since the District will generate economic benefits that are more than sufficient to compensate for the cost of the improvements (see Finding #2), the City reasonably concludes that the overall 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 District is not created. As required by Section 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and can be found in Appendix A of this plan.
4. 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 Wisconsin Statutes Section 66.1105(2)(cm). Lands proposed for newly platted residential

development comprise 17.9% (and in no event will exceed 35%) by area of the real property within the District. Any project costs related to newly platted residential development are eligible expenditures based on the finding that the development has a residential housing density of at least 3 units per acre as defined in Wisconsin Statutes Section 66.1105(2)(f)3.a.

5. Based upon the findings, as stated above, the District is declared to be a mixed-use District based on the identification and classification of the property included within the District.
6. The project costs relate directly to promoting mixed-use development in the District consistent with the purpose for which the District is created.
7. The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
8. The equalized value of taxable property of the District, plus the value increment of all existing tax incremental districts within the City, does not exceed 12% of the total equalized value of taxable property within the City.
9. The City estimates that approximately 1.9% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1.
10. The Project Plan for the District in the City is feasible, and is in conformity with the master plan of the City.

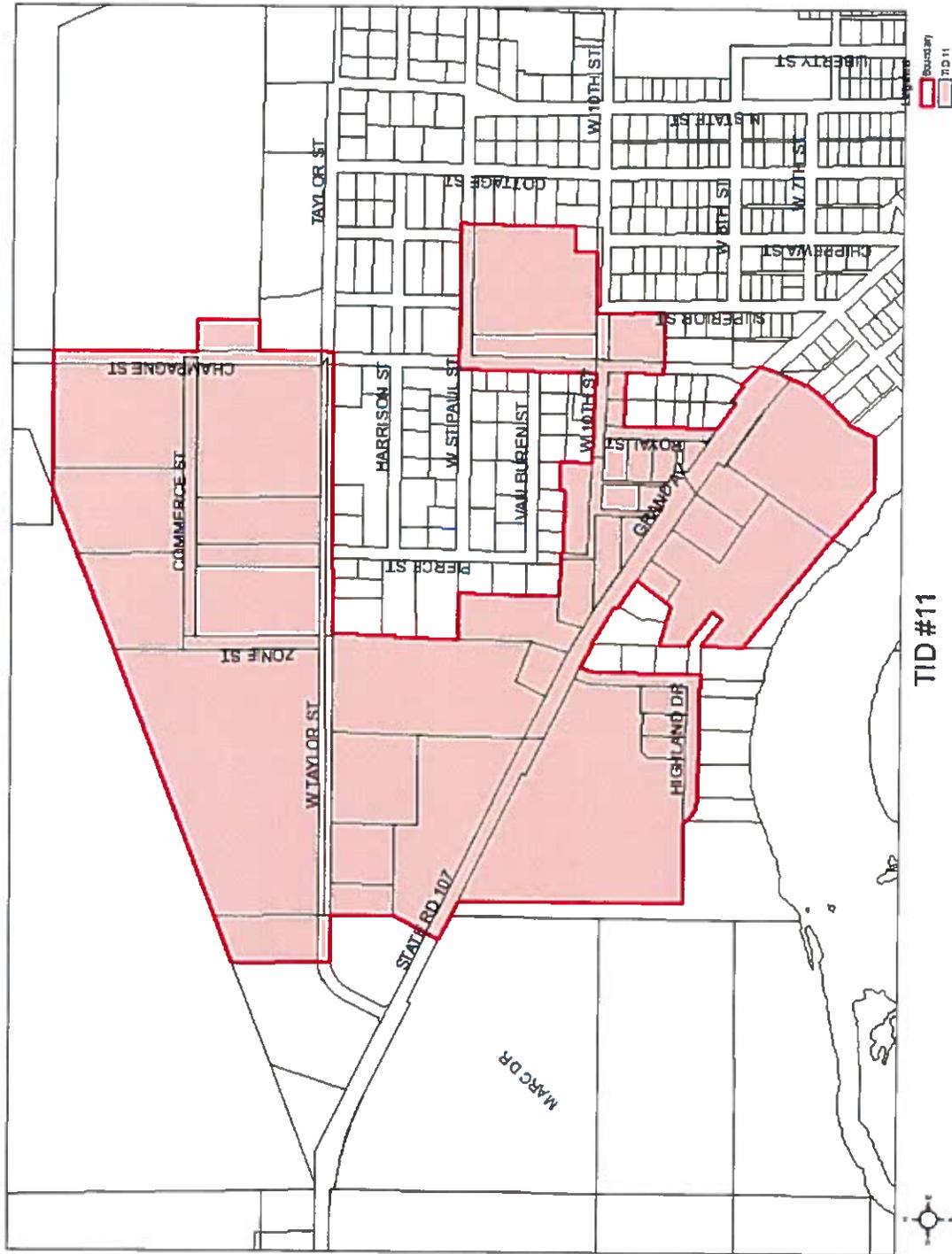
SECTION 2: Type and General Description of District

The District is being created by the City under the authority provided by Wisconsin Statutes Section 66.1105. The District is created as a "Mixed Use District" based upon a finding that at least 50%, by area, of the real property within the District is suitable for a combination of industrial, commercial and residential uses as defined within the meaning of Wisconsin Statutes Section 66.1105(2)(cm) (See Section 5 of this plan for a breakdown of District parcels by class and calculation of compliance with the 50% test). Lands proposed for newly platted residential development comprise 17.9% of the area of the District. To the extent that project costs will be incurred by the City for newly platted residential development, the residential development will have a density of at least 3 units per acre as defined in Wisconsin Statutes Section 66.1105(2)(f)3.a.

A map depicting the boundaries of the District is found in Section 3 of this Plan. A map depicting the proposed uses of the District is found in Section 8 of this plan. The City intends that TIF will be used to assure that a combination of private industrial, commercial and residential development occurs within the District consistent with the City's development objectives. This will be accomplished by installing public improvements and making necessary related expenditures to induce and promote development within the District. The goal is to increase the tax base and to provide for and preserve employment opportunities within the City. The project costs included in the Plan relate directly to promoting mixed-use development in the District consistent with the purpose for which the District is created.

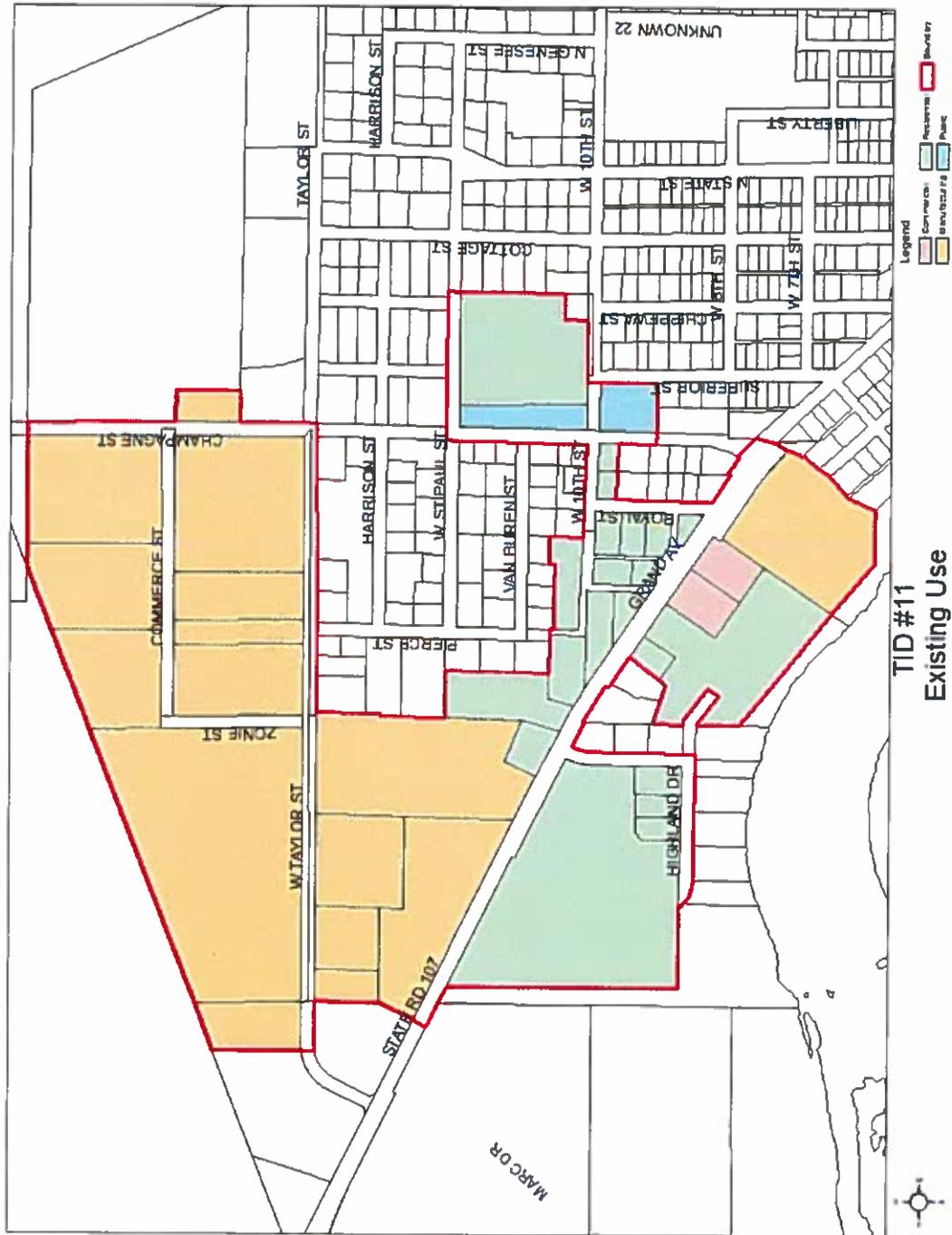
Based upon the findings, as stated within this Plan, the District is declared to be a mixed-use District based on the identification and classification of the property included within the district.

SECTION 3: Preliminary Maps of Proposed District Boundary





SECTION 4: Maps Showing Existing Uses and Conditions



SECTION 5: Preliminary Parcel List and Analysis

City of Merrill, Wisconsin
Tax Increment District No. 11
Basic Property Information

| Map File | Parcel Number | Street Address | Owner | Acres | Part of Existing TID? | Land | Imp | PP | Total | Equalized Value Ratio | Land | Imp | PP | Total | Industrial (Zoned and Suitable) | Commercial/Business | Entire Residential | Newly Platted Residential | Suitable for Mixed-Use | | | | | |
|-------------------|-----------------------|-------------------------------|-----------------------------------|--------|-----------------------|---------|-----------|---------|-----------|-----------------------|---------|-----------|---------|-----------|---------------------------------|---------------------|--------------------|---------------------------|------------------------|-------|-------|--------|-------|------------|
| 251-3106-101-0085 | 34-0008-003-381-01-47 | State RD 107 Frontage | Merrill Area Dev Corp (MADC) | 7.288 | TID No. 5 | 18,200 | 0 | 0 | 18,200 | 112.26% | 18,213 | 0 | 0 | 18,213 | 7.29 | | | | | | | | | |
| 251-3106-101-0088 | 34-0008-003-381-01-04 | 1501 State RD 107 | Lakeman Development Co., LLC | 1.020 | TID No. 5 | 18,000 | 0 | 0 | 18,000 | 112.26% | 13,362 | 7,126 | 0 | 20,489 | | | | 1.00 | 1.00 | | | | | |
| 251-3106-101-0093 | 34-0008-003-381-01-04 | 1501 State RD 107 | Lakeman Development Co., LLC | 16.810 | TID No. 5 | 42,000 | 0 | 0 | 42,000 | 112.26% | 37,414 | 0 | 0 | 37,414 | | | | 16.81 | 16.81 | | | | | |
| 251-3106-101-0094 | 34-0008-003-381-01-08 | 1400 Highland Dr. | Lakeman Development Co., LLC | 0.676 | TID No. 5 | 16,000 | 111,700 | 0 | 127,700 | 112.26% | 14,966 | 96,509 | 0 | 111,475 | | | 0.68 | | 0.68 | | | | | |
| 251-3106-101-0095 | 34-0008-003-381-01-02 | 1400 Highland Dr. Frontage | Lakeman Development Co., LLC | 0.506 | TID No. 5 | 15,000 | 0 | 0 | 15,000 | 112.26% | 13,451 | 0 | 0 | 13,451 | | | | | 0.50 | | | | | |
| 251-3106-101-0096 | 34-0008-003-381-01-01 | Highland Dr. Frontage | Lakeman Development Co., LLC | 0.495 | TID No. 5 | 15,000 | 0 | 0 | 15,000 | 112.26% | 13,362 | 0 | 0 | 13,362 | | | | | 0.50 | | | | | |
| 251-3106-101-0098 | 34-0008-003-381-04-09 | 1500 Champaign St. | ODay, Alice H. & Megan | 1.030 | | 6,000 | 64,600 | 0 | 70,600 | 112.26% | 5,879 | 61,110 | 0 | 66,989 | 1.03 | | | | 1.03 | | | | | |
| 251-3106-101-0013 | 34-0008-003-386-01-09 | 1320 W. Taylor St. | Northern Wire LLC | 8.880 | | 70,700 | 1,843,700 | 317,100 | 2,131,500 | 112.26% | 62,980 | 1,642,366 | 211,111 | 1,915,777 | 8.68 | | | | 8.68 | | | | | |
| 251-3106-101-0014 | 34-0008-003-386-03-01 | 1400 W. Taylor St. | Jane Birman Trust: Lincoln Wood | 21.740 | | 174,300 | 4,315,100 | 769,600 | 5,196,200 | 112.26% | 155,466 | 3,843,913 | 645,567 | 4,684,947 | 21.74 | | | | 21.74 | | | | | |
| 251-3106-101-0015 | 34-0008-003-384-01-10 | Commerce St. Frontage | Russ Davis Wholesale Inc. | 7.720 | | 14,400 | 0 | 0 | 14,400 | 112.26% | 12,828 | 0 | 0 | 12,828 | 7.72 | | | | 7.72 | | | | | |
| 251-3106-101-0017 | 34-0008-003-386-01-20 | 1200 Commerce St. | Russ Davis Wholesale Inc. | 5.380 | | 40,400 | 637,300 | 547,340 | 1,623,640 | 112.26% | 35,989 | 564,248 | 843,000 | 1,448,136 | 5.38 | | | | 5.38 | | | | | |
| 251-3106-101-0018 | 34-0008-003-386-08-00 | Commerce St. Frontage | Russ Davis Wholesale Inc. | 4.458 | | 9,400 | 0 | 0 | 9,400 | 112.26% | 8,374 | 0 | 0 | 8,374 | 4.46 | | | | 4.46 | | | | | |
| 251-3106-101-0019 | 34-0008-003-386-08-02 | Commerce St. Frontage | Russ Davis Wholesale Inc. | 3.055 | | 6,100 | 0 | 0 | 6,100 | 112.26% | 5,434 | 0 | 0 | 5,434 | 3.06 | | | | 3.06 | | | | | |
| 251-3106-101-0019 | 34-0008-003-387-03-05 | 1800 W. Taylor St. | Erwyer, Eric F. (Inventory M) | 2.350 | | 17,600 | 199,700 | 0 | 217,300 | 112.26% | 15,878 | 177,895 | 0 | 193,773 | 2.35 | | | | 2.35 | | | | | |
| 251-3106-101-0019 | 34-0008-003-386-05-08 | 1300 W. Taylor St. | Merrill Mallards Inc. | 4.570 | | 46,100 | 396,400 | 37,400 | 1,079,900 | 112.26% | 41,056 | 887,603 | 33,116 | 961,855 | 4.57 | | | | 4.57 | | | | | |
| 251-3106-101-0026 | 34-0008-003-383-05-01 | W. Taylor St. Frontage | Russ Davis Wholesale Inc. | 1.515 | | 11,400 | 0 | 0 | 11,400 | 112.26% | 10,155 | 0 | 0 | 10,155 | 1.52 | | | | 1.52 | | | | | |
| 251-3106-101-0081 | 34-0008-003-381-01-46 | W. Taylor St. Frontage | 1211 West Water St. LLC | 1.020 | | 2,000 | 0 | 0 | 2,000 | 112.26% | 1,782 | 0 | 0 | 1,782 | 1.00 | | | | 1.00 | | | | | |
| 251-3106-101-0081 | 34-0008-003-381-01-45 | 1400 W. Taylor St. | Weinberger Shoe Co. Inc. | 2.020 | | 20,000 | 392,800 | 0 | 412,800 | 112.26% | 17,816 | 349,910 | 0 | 367,726 | 2.00 | | | | 2.00 | | | | | |
| 251-3106-101-0081 | 34-0008-003-381-01-07 | 1400 W. Taylor St. | Weinberger Shoe Co. Inc. | 4.040 | | 29,400 | 692,200 | 0 | 721,600 | 112.26% | 26,140 | 616,619 | 0 | 642,759 | 4.04 | | | | 4.04 | | | | | |
| 251-3106-101-0081 | 34-0008-003-381-05-02 | 1400 W. Taylor St. | Interfire A. Investments Co. LLC | 10.140 | | 86,300 | 2,689,200 | 168,620 | 2,848,120 | 112.26% | 76,877 | 2,377,749 | 158,025 | 2,627,651 | 10.14 | | | | 10.14 | | | | | |
| 251-3106-101-0087 | 34-0008-003-381-05-00 | 1340 Grand Ave. | Roggenbuck, Mark & Crystal | 0.870 | | 21,000 | 65,400 | 0 | 86,400 | 112.26% | 20,489 | 58,298 | 0 | 78,748 | 0.87 | | | | 0.87 | | | | | |
| 251-3106-101-0085 | 34-0008-003-380-08-00 | 1310 Grand Ave. | Scullin, John T. | 2.770 | | 21,300 | 84,800 | 0 | 106,100 | 112.26% | 18,974 | 75,541 | 0 | 94,515 | 2.77 | | | | 2.77 | | | | | |
| 251-3106-101-0083 | 34-0008-003-379-03-00 | 1308 Grand Ave. | Peeters, Larry & Patricia | 1.189 | | 15,100 | 67,300 | 0 | 82,400 | 112.26% | 13,451 | 59,953 | 0 | 73,403 | 1.17 | | | | 1.17 | | | | | |
| 251-3106-101-0079 | 34-0008-003-405-03-00 | 1308 Grand Ave. | Scullin, Bud & Gail | 1.537 | | 9,000 | 57,800 | 0 | 66,800 | 112.26% | 8,017 | 51,489 | 0 | 59,506 | 1.54 | | | | 1.54 | | | | | |
| 251-3106-101-0071 | 34-0008-003-405-01-00 | Grand Ave. Frontage | Scullin, Bud & Gail | 0.505 | | 8,000 | 0 | 0 | 8,000 | 112.26% | 7,126 | 0 | 0 | 7,126 | | | | | | | | | | |
| 251-3106-101-0084 | 34-0008-003-381-05-00 | W. 10th St. Frontage | Scullin, Bud & Gail | 1.296 | | 26,000 | 0 | 0 | 26,000 | 112.26% | 23,086 | 0 | 0 | 23,086 | | | | | | | | | | |
| 251-3106-101-0072 | 34-0008-003-403-03-00 | Grand Ave. Frontage | Merrill Grevel & Construction Co. | 0.328 | | 10,000 | 0 | 0 | 10,000 | 112.26% | 8,908 | 0 | 0 | 8,908 | 0.00 | | | | 0.00 | | | | | |
| 251-3106-101-0086 | 34-0008-003-403-02-00 | Grand Ave. ROW | City of Merrill | 0.028 | | 1,000 | 0 | 0 | 1,000 | 112.26% | 891 | 0 | 0 | 891 | 0.00 | | | | 0.00 | | | | | |
| 251-3106-101-0086 | 34-0008-003-403-01-00 | Grand Ave./Royal St. Frontage | Merrill Grevel & Construction Co. | 0.244 | | 1,000 | 0 | 0 | 1,000 | 112.26% | 891 | 0 | 0 | 891 | 0.00 | | | | 0.00 | | | | | |
| 251-3106-101-0114 | 34-0008-003-403-03-00 | Royal St. Frontage | Merrill Grevel & Construction Co. | 0.525 | | 3,000 | 0 | 0 | 3,000 | 112.26% | 2,672 | 0 | 0 | 2,672 | 0.00 | | | | 0.00 | | | | | |
| 251-3106-101-0117 | 34-0008-003-403-03-00 | Royal St. Frontage | Merrill Grevel & Construction Co. | 0.543 | | 9,000 | 0 | 0 | 9,000 | 112.26% | 8,017 | 0 | 0 | 8,017 | 0.00 | | | | 0.00 | | | | | |
| 251-3106-101-0114 | 34-0008-003-403-03-00 | Royal St. Frontage | Russ, Robert | 0.543 | | 18,400 | 77,000 | 0 | 95,400 | 112.26% | 16,831 | 64,592 | 0 | 81,423 | 0.54 | | | | 0.54 | | | | | |
| 251-3106-101-0110 | 34-0008-003-416-03-00 | 1100 W. 10th St. | Schultz, Linda L. | 0.262 | | 13,200 | 56,700 | 0 | 69,900 | 112.26% | 11,759 | 50,509 | 0 | 62,268 | 0.26 | | | | 0.26 | | | | | |
| 251-3106-101-0113 | 34-0008-003-405-03-00 | 948 Champaign St. | Waldburger, Richard | 0.263 | | 13,200 | 29,600 | 0 | 42,800 | 112.26% | 11,759 | 28,368 | 0 | 38,127 | 0.26 | | | | 0.26 | | | | | |
| 251-3106-101-0097 | 34-0008-003-383-03-00 | Commerce St. Frontage | City of Merrill | 2.411 | | 0 | 0 | 0 | 0 | 112.26% | 0 | 0 | 0 | 0 | 0.00 | | | | 0.00 | | | | | |
| 251-3106-101-0094 | 34-0008-003-379-04-00 | Igniter St. Stormwater | City of Merrill | 1.511 | | 34,000 | 0 | 0 | 34,000 | 112.26% | 30,288 | 0 | 0 | 30,288 | 0.00 | | | | 0.00 | | | | | |
| 251-3106-101-0081 | 34-0008-003-379-01-00 | W. 10th St. Frontage | Stankovic, Stephen & Empires, G. | 6.767 | | 14,500 | 0 | 0 | 14,500 | 112.26% | 12,817 | 0 | 0 | 12,817 | 6.77 | | | 6.77 | 6.77 | | | | | |
| 251-3106-101-0153 | 34-0008-003-376-01-00 | Grand Ave. Frontage | Fisk, Carol | 0.500 | | 39,100 | 200,200 | 0 | 239,300 | 112.26% | 34,831 | 185,467 | 0 | 220,297 | 0.50 | | | | 0.50 | | | | | |
| 251-3106-101-0153 | 34-0008-003-376-01-05 | 1300 Highland Dr. | Derrick, Gary & Donna | 2.800 | | 31,700 | 0 | 0 | 31,700 | 112.26% | 28,239 | 0 | 0 | 28,239 | 2.85 | | | | 2.85 | | | | | |
| 251-3106-101-0152 | 34-0008-003-376-02-00 | Grand Ave. Frontage | CGI/MS Properties LLC | 1.286 | | 31,700 | 0 | 0 | 31,700 | 112.26% | 28,239 | 0 | 0 | 28,239 | 1.29 | | | | 1.29 | | | | | |
| 251-3106-101-0152 | 34-0008-003-376-03-00 | 3201 Grand Ave. | Laterner LLC | 1.773 | | 31,600 | 184,900 | 0 | 216,500 | 112.26% | 28,150 | 150,458 | 0 | 178,607 | 1.77 | | | | 1.77 | | | | | |
| 251-3106-101-0087 | 34-0008-003-375-03-00 | Grand Ave. Frontage | Merrill Grevel & Construction Co. | 7.189 | | 28,800 | 0 | 0 | 28,800 | 112.26% | 25,655 | 0 | 0 | 25,655 | | | | | | | | | | |
| | | | | | | | | | | | | | | | 84,466 | 2,559 | 10,94 | 24,577 | 61.39% | 1.86% | 7.95% | 17.86% | 89.8% | |
| | | | | | | | | | | | | | | | 1,007,500 | 12,951,000 | 2,180,080 | 15,938,580 | Estimated Base Value | | | | | 14,136,225 |

SECTION 6: Equalized Value Test

The following calculations demonstrate that the City is in compliance with Wisconsin Statutes Section.66.1105(4)(gm)4.c., which requires that the equalized value of the taxable property in the proposed District, plus the value increment of all existing tax incremental districts, does not exceed 12% of the total equalized value of taxable property within the City.

The equalized value of the increment of existing tax incremental districts within the City, plus the base value of the proposed District, totals \$34,431,925. This value is less than the maximum of \$44,581,284 in equalized value that is permitted for the City of Merrill. The City is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

| City of Merrill, Wisconsin | |
|---|---|
| Tax Increment District No. 11 | |
| Valuation Test Compliance Calculation | |
| District Creation Date | 5/10/2016 |
| | Valuation Data Currently Available 2015 |
| Total EV (TID In) | 371,510,700 |
| 12% Test | 44,581,284 |
| Increment of Existing TIDs | |
| TID #3 | 18,938,800 |
| TID #4 | 812,200 |
| TID #5 | 482,700 |
| TID #6 | 0 |
| TID #7 | 0 |
| TID #8 | 0 |
| TID #9 | 0 |
| TID #10 | 0 |
| Total Existing Increment | 20,233,700 |
| Projected Base of New or Amended District | 14,198,225 |
| Total Value Subject to 12% Test | 34,431,925 |
| Compliance | PASS |

SECTION 7:

Statement of Kind, Number and Location of Proposed Public Works and Other Projects

The following is a list of public works and other TIF-eligible projects that the City expects to implement in conjunction with this District. Any costs necessary or convenient to the creation of the District or directly or indirectly related to the public works and other projects are considered "Project Costs" and 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 Wisconsin Statutes Section 66.1105(2)(f)1.c., and subject to recovery as an eligible Project Cost.

Property Acquisition for Conservancy

In order to promote the objectives of this Plan, the City may acquire property within the District that it will designate for conservancy. These conservancy objectives include: preserving historic resources or sensitive natural features; protection of scenic and historic views; maintaining habitat for wildlife; maintaining adequate open space; reduction of erosion and sedimentation by preserving existing vegetation; and providing adequate areas for management of stormwater. The cost of property acquired for conservancy, and any costs associated with the transaction, are eligible Project Costs.

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

If 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 need to 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 is necessitated by the implementation of the Project Plan is an eligible Project Cost. The improvements to the wastewater treatment facilities, although not all within the ½ mile radius, are eligible project costs 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 need to 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 is necessitated by the implementation of the Project Plan is an eligible Project Cost.

Stormwater Management System Improvements

Development and/or redevelopment within the District may cause stormwater runoff and pollution. To manage this stormwater runoff, the City may need to 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 is necessitated by the implementation of the Project Plan is an eligible Project Cost.

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.

RDA Type Activities

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, may 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:

- A portion of street improvement expenditures (\$75,000)
- A portion of water system improvement expenditures (\$25,000)

Professional Service and Organizational Costs

The costs of professional services rendered, and other costs incurred, in relation to the creation, 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.

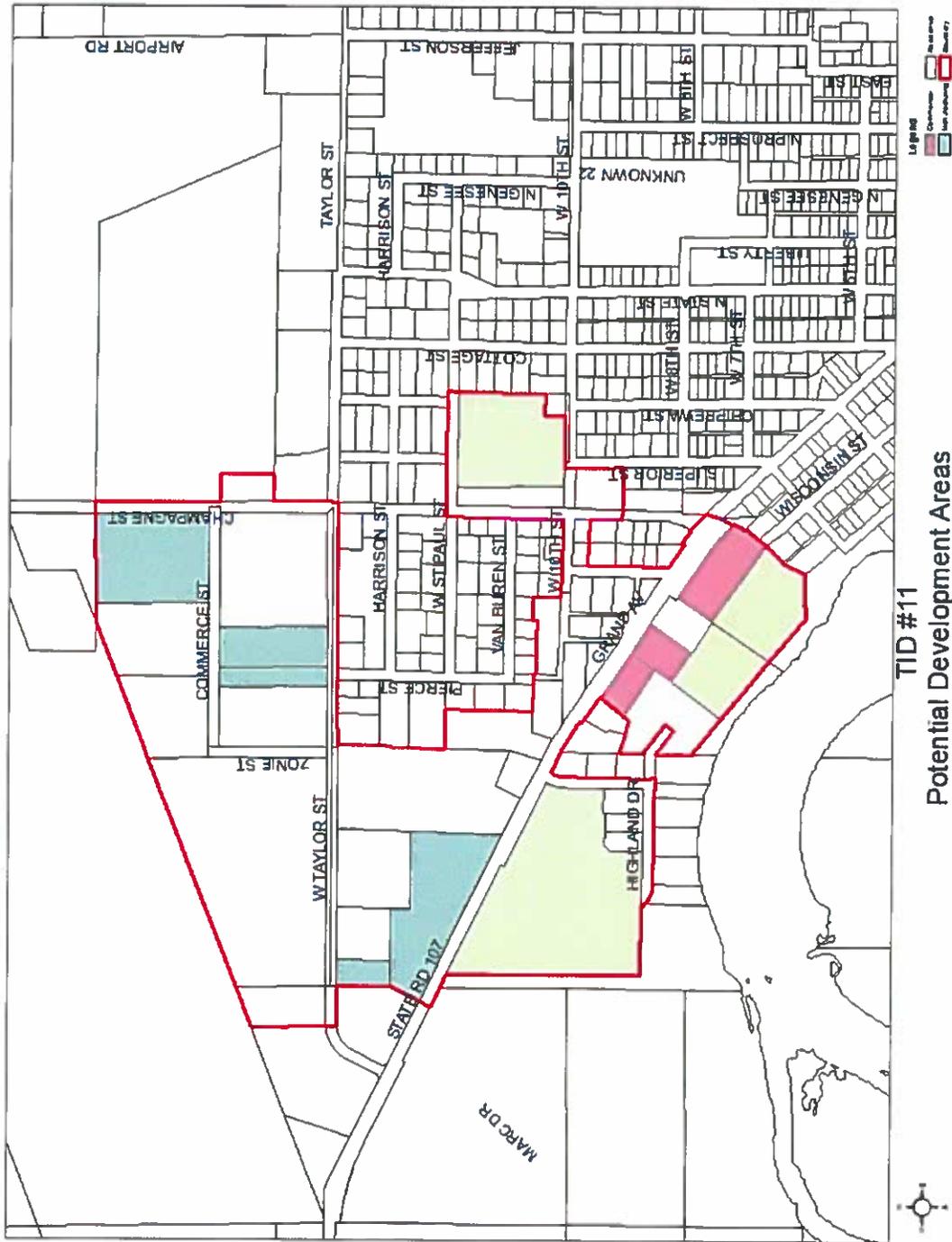
With all projects the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, apparatus necessary for public works, legal and other consultant fees, testing, environmental studies, permits, updating City ordinances and plans, judgments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

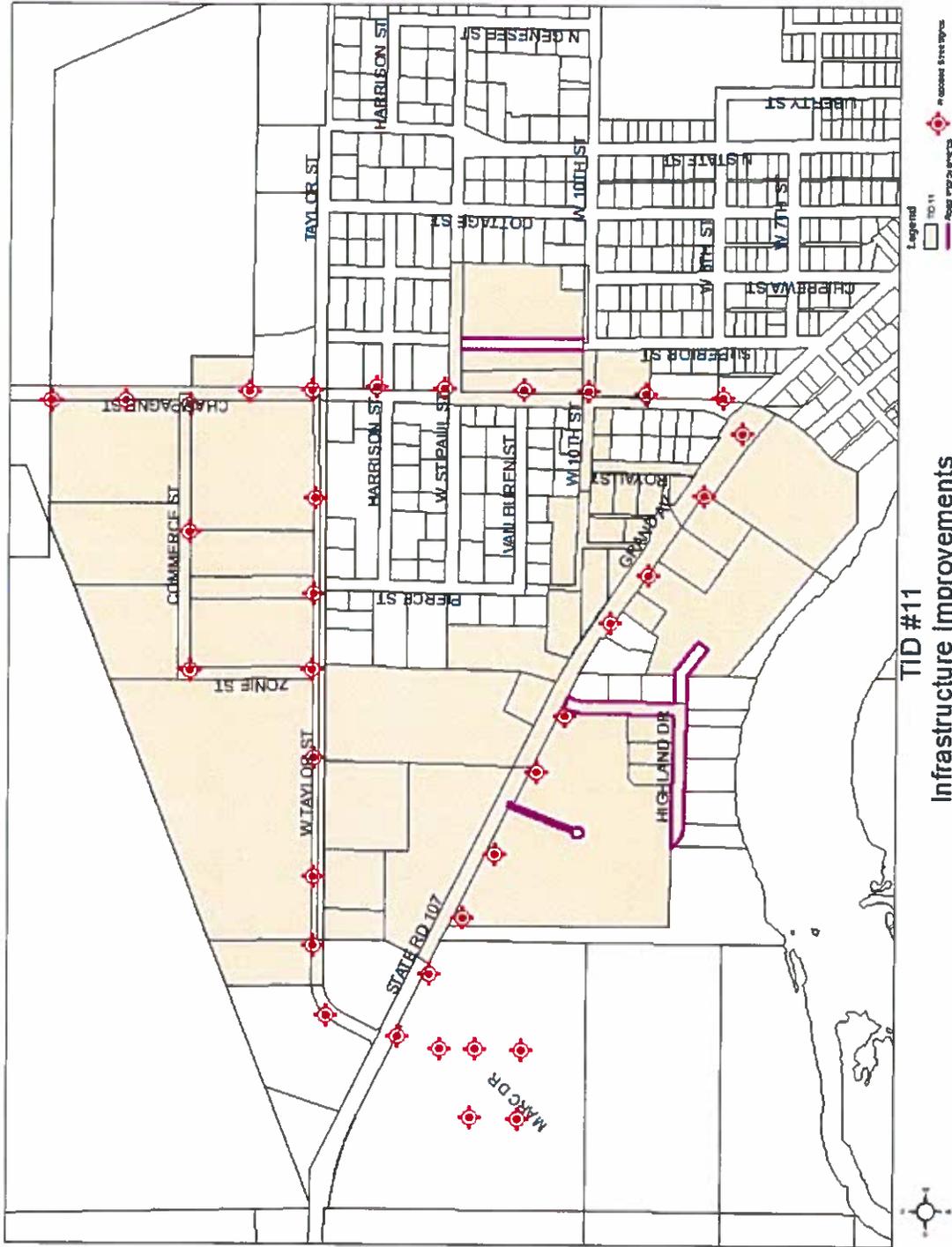
In the event any of the public works project expenditures are not reimbursable out of the special TIF fund under Wisconsin Statutes Section 66.1105, in the written opinion of counsel retained by the City for such purpose or a court of record so rules in a final order, then such project or projects shall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

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

Project Costs are any expenditure made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the City and as outlined in this Plan. Project Costs will be diminished by any income, special assessments or other revenues, including user fees or charges. To the extent the costs benefit the municipality 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. Prorations of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments.

SECTION 8: Maps Showing Proposed Improvements and Uses





SECTION 9: Detailed List of Project Costs

All costs are based on 2016 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2016 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 amending the Plan.

Proposed TIF Project Cost Estimates

City of Merrill, Wisconsin

Tax Increment District No. 11

Estimated Project List

| Project ID | Project Name/Type | Phase I 2016-2017 | Phase II 2018-2019 | Phase III 2020-2022 | Phase IV 2023-2025 | Ongoing | Total (Note 1) |
|-----------------------|--|----------------------|-----------------------|------------------------|-----------------------|---------------|------------------|
| 1 | Boundary & Plan Amendments | 10,000 | 10,000 | 10,000 | 10,000 | | 40,000 |
| 2 | Development Incentives | 500,000 | 500,000 | 500,000 | 500,000 | | 2,000,000 |
| 3 | Real Estate Acquisition | 250,000 | | | | | 250,000 |
| 4 | Relocation Costs | 5,000 | | | | | 5,000 |
| 5 | Demolition | 20,000 | | | | | 20,000 |
| 6 | Environmental Remediation | | | 25,000 | | | 25,000 |
| 7 | Telecommunication Infrastructure | | | 25,000 | | | 25,000 |
| 8 | Engineering | 25,000 | 20,000 | 10,000 | | | 55,000 |
| 9 | Street Improvements and Lighting ^{Note 2} | 150,000 | 125,000 | 200,000 | | | 475,000 |
| 10 | Sanitary Sewer Improvements | 50,000 | 50,000 | | | | 100,000 |
| 11 | Water System Improvements ^{Note 2} | 75,000 | 50,000 | | | | 125,000 |
| 12 | Stormwater System Improvements | 25,000 | 25,000 | | | | 50,000 |
| 13 | Redevelopment Planning | 15,000 | 15,000 | | | | 30,000 |
| 14 | Administration | | | | | 37,500 | 37,500 |
| Total Projects | | 1,125,000 | 795,000 | 770,000 | 510,000 | 37,500 | 3,237,500 |

Notes:

Note 1 Project costs are estimates and are subject to modification.

Note 2 A portion of denoted project costs may be outside of but within 1/2 mile of the District.

SECTION 10: Economic Feasibility Study, Financing Methods, and the Time When Costs or Monetary Obligations Related Are to Be Incurred

The information and exhibits contained within this Section demonstrate that the proposed District is economically feasible insofar as:

- The City has available to it the means to secure the necessary financing required to accomplish the projects contained within this Plan. A listing of “Available Financing Methods” follows.
- The City expects to complete the projects in one or multiple phases, and can adjust the timing of implementation as needed to coincide with the pace of private development and/or redevelopment. 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 be incurred is included.
- The development anticipated to occur as a result of the 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 and/or redevelopment expected to occur, 2) a projection of tax increments to be collected resulting from that development and/or redevelopment and other economic growth within the District, and 3) a 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. The Wisconsin State Constitution limits the principal amount of G.O. debt that the community may have outstanding at any point in time to an amount not greater than five percent of its total equalized value (TID IN). As of the date of this plan, the City has a G.O. debt limit of \$18,575,535, of which \$8,730,588 is currently unused and could be made available to finance Project Costs.

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 form of lease revenue bond 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 the its various 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.

Plan Implementation

Projects identified will provide the necessary anticipated governmental services to the area. A reasonable and orderly sequence is outlined on the following page. 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 City reserves the right to alter the implementation of this Plan to accomplish this objective.

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.

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 and Financing Timeline

| City of Merrill, Wisconsin | | | | | |
|---|------------------------|---------------------------|---------------------------|---------------------------|------------------|
| Tax Increment District No. 11 | | | | | |
| Estimated Financing Plan | | | | | |
| Projects | Taxable G.O. Bond 2016 | G.O. Promissory Note 2016 | G.O. Promissory Note 2018 | G.O. Promissory Note 2020 | Totals |
| Development Incentives | 500,000 | | | | 500,000 |
| Real Estate Acquisition | 250,000 | | | | 250,000 |
| Relocation | 5,000 | | | | 5,000 |
| Demolition | 20,000 | | | | |
| Environmental Remediation | | | | 25,000 | 25,000 |
| Telecommunication Infrastructure | | | | 10,000 | 10,000 |
| Engineering | | 25,000 | 20,000 | 25,000 | 70,000 |
| Street Improvements, and Lighting | | 150,000 | 125,000 | 200,000 | 475,000 |
| Sanitary Sewer Improvements | | 50,000 | 50,000 | | 100,000 |
| Water System Improvements | | 75,000 | 50,000 | | 125,000 |
| Stormwater System Improvements | | 25,000 | 25,000 | | 50,000 |
| Redevelopment Planning | | 15,000 | 15,000 | | 30,000 |
| Total Project Funds | 775,000 | 340,000 | 285,000 | 260,000 | 835,000 |
| Estimated Finance Related Expenses | | | | | |
| Municipal Advisor | 12,500 | 5,000 | 5,000 | | 22,500 |
| Bond Counsel | 7,500 | | | 5,000 | 12,500 |
| Rating Agency Fee | 10,000 | | | | 10,000 |
| Paying Agent | 1,000 | 0 | 0 | 0 | 1,000 |
| Underwriter Discount | 8,450 | 0.00 | 0.00 | 0.00 | 8,450 |
| Capitalized Interest | 29,575 | 8,850 | | | 38,425 |
| Total Financing Required | 84,025 | 353,850 | 290,000 | 265,000 | 1,752,875 |
| Rounding | 975 | 150 | 0 | 0 | 1,125 |
| Net Issue Size | 845,000 | 354,000 | 290,000 | 265,000 | 1,754,000 |

Notes:
 1. Development incentives expected to be provided in 2018, 2020 and 2023 are shown in cash flow as PAYGO incentives

Development Assumptions

City of Merrill, Wisconsin

Tax Increment District No. 11

Development Assumptions

| Construction Year | Acquisition / Demolition | Lokemoen Site | Kienitz Site | Industrial Park | Hwy. 107 Commercial | Annual Total | Construction Year |
|-------------------|--------------------------|------------------|------------------|------------------|---------------------|-------------------|-------------------|
| 1 2016 | (50,000) | 2,750,000 | | | | 2,700,000 | 2016 |
| 2 2017 | | | 500,000 | | | 500,000 | 2017 |
| 3 2018 | | 2,750,000 | | | 275,000 | 3,025,000 | 2018 |
| 4 2019 | | | 500,000 | | | 500,000 | 2019 |
| 5 2020 | | 2,750,000 | | 500,000 | | 3,250,000 | 2020 |
| 6 2021 | | | 500,000 | | | 500,000 | 2021 |
| 7 2022 | | | | | 250,000 | 250,000 | 2022 |
| 8 2023 | | | 500,000 | | | 500,000 | 2023 |
| 9 2024 | | | | | | 0 | 2024 |
| 10 2025 | | | | 1,000,000 | | 1,000,000 | 2025 |
| 11 2026 | | | | | | 0 | 2026 |
| 12 2027 | | | | | 275,000 | 275,000 | 2027 |
| 13 2028 | | | | | | 0 | 2028 |
| 14 2029 | | | | | | 0 | 2029 |
| 15 2030 | | | | 1,000,000 | | 1,000,000 | 2030 |
| 16 2031 | | | | | | 0 | 2031 |
| 17 2032 | | | | | | 0 | 2032 |
| 18 2033 | | | | | | 0 | 2033 |
| 19 2034 | | | | | | 0 | 2034 |
| 20 2035 | | | | 500,000 | | 500,000 | 2035 |
| Totals | (50,000) | 8,250,000 | 2,000,000 | 3,000,000 | 800,000 | 14,000,000 | |

Increment Revenue Projections

| City of Merrill, Wisconsin | | | | | | | | | |
|------------------------------------|--------------|-----------|--------------------------|------------|--|---------------------|--|--|--|
| Tax Increment District No. 11 | | | | | | | | | |
| Tax Increment Projection Worksheet | | | | | | | | | |
| Type of District | Mixed Use | | Base Value | 14,198,225 | | | | | |
| District Creation Date | May 10, 2016 | | Appreciation Factor | 0.00% | | Apply to Base Value | | | |
| Valuation Date | Jan 1, | 2016 | Base Tax Rate | \$31.91 | | | | | |
| Max Life (Years) | 20 | | Rate Adjustment Factor | 0.00% | | | | | |
| Expenditure Period/Termination | 15 | 5/10/2031 | Tax Exempt Discount Rate | 2.00% | | | | | |
| Revenue Periods/Final Year | 20 | 2037 | Taxable Discount Rate | 3.50% | | | | | |
| Extension Eligibility/Years | Yes 3 | | | | | | | | |
| Recipient District | No | | | | | | | | |

| Construction Year | Value Added | Valuation Year | Inflation Increment | Total Increment | Revenue Year | Tax Rate | Tax Increment | Tax Exempt NPV Calculation | Taxable NPV Calculation |
|-------------------|-------------------|----------------|---------------------|-----------------|----------------------------------|----------|------------------|----------------------------|-------------------------|
| 1 2016 | 2,700,000 | 2017 | 0 | 2,700,000 | 2018 | \$31.91 | 86,156 | 84,466 | 83,242 |
| 2 2017 | 500,000 | 2018 | 0 | 3,200,000 | 2019 | \$31.91 | 102,111 | 182,612 | 178,564 |
| 3 2018 | 3,025,000 | 2019 | 0 | 6,225,000 | 2020 | \$31.91 | 198,637 | 369,792 | 357,723 |
| 4 2019 | 500,000 | 2020 | 0 | 6,725,000 | 2021 | \$31.91 | 214,592 | 568,042 | 544,727 |
| 5 2020 | 3,250,000 | 2021 | 0 | 9,975,000 | 2022 | \$31.91 | 318,298 | 856,334 | 812,726 |
| 6 2021 | 500,000 | 2022 | 0 | 10,475,000 | 2023 | \$31.91 | 334,253 | 1,153,141 | 1,084,640 |
| 7 2022 | 250,000 | 2023 | 0 | 10,725,000 | 2024 | \$31.91 | 342,230 | 1,451,073 | 1,353,630 |
| 8 2023 | 500,000 | 2024 | 0 | 11,225,000 | 2025 | \$31.91 | 358,185 | 1,756,780 | 1,625,640 |
| 9 2024 | 0 | 2025 | 0 | 11,225,000 | 2026 | \$31.91 | 358,185 | 2,056,493 | 1,888,451 |
| 10 2025 | 1,000,000 | 2026 | 0 | 12,225,000 | 2027 | \$31.91 | 390,094 | 2,376,506 | 2,164,996 |
| 11 2026 | 0 | 2027 | 0 | 12,225,000 | 2028 | \$31.91 | 390,094 | 2,690,245 | 2,432,190 |
| 12 2027 | 275,000 | 2028 | 0 | 12,500,000 | 2029 | \$31.91 | 398,870 | 3,004,751 | 2,696,155 |
| 13 2028 | 0 | 2029 | 0 | 12,500,000 | 2030 | \$31.91 | 398,870 | 3,313,090 | 2,951,194 |
| 14 2029 | 0 | 2030 | 0 | 12,500,000 | 2031 | \$31.91 | 398,870 | 3,615,383 | 3,197,608 |
| 15 2030 | 1,000,000 | 2031 | 0 | 13,500,000 | 2032 | \$31.91 | 430,779 | 3,935,459 | 3,454,736 |
| 16 2031 | 0 | 2032 | 0 | 13,500,000 | 2033 | \$31.91 | 430,779 | 4,249,258 | 3,703,169 |
| 17 2032 | 0 | 2033 | 0 | 13,500,000 | 2034 | \$31.91 | 430,779 | 4,556,904 | 3,943,201 |
| 18 2033 | 0 | 2034 | 0 | 13,500,000 | 2035 | \$31.91 | 430,779 | 4,858,518 | 4,175,116 |
| 19 2034 | 0 | 2035 | 0 | 13,500,000 | 2036 | \$31.91 | 430,779 | 5,154,218 | 4,399,188 |
| 20 2035 | 500,000 | 2036 | 0 | 14,000,000 | 2037 | \$31.91 | 446,734 | 5,454,857 | 4,623,701 |
| Totals | 14,000,000 | | 0 | | Future Value of Increment | | 6,890,073 | | |

Notes:
 Actual results will vary depending on development, inflation of overall tax rates.
 NPV calculations represent estimated amount of funds that could be borrowed (including project cost, capitalized interest and issuance costs).

SECTION 11: Annexed Property

There are no lands proposed for inclusion within the District that were annexed by the City on or after January 1, 2004.

SECTION 12: Estimate of Property to Be Devoted to Retail Business

Pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1, the City estimates that 1.9% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 13: Proposed Zoning Ordinance Changes

The City does not anticipate that the District will require any changes in zoning ordinances.

SECTION 14: 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.

SECTION 15: Relocation

It is 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 Wisconsin Statutes Section chapter 32.

SECTION 16: Orderly Development and/or Redevelopment of the City of Merrill

The District contributes to the orderly development and/or redevelopment of the City by providing the opportunity for continued growth in tax base, job opportunities and general economic activity.

SECTION 17: 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 TIF funds. The City does not expect to incur any non-project costs in the implementation of this Project Plan.

SECTION 18:

Opinion of Attorney for the City of Merrill Advising Whether
the Plan is Complete and Complies with Wisconsin
Statutes 66.1105



CITY OF MERRILL

Office of the City Attorney

Thomas N. Hayden, City Attorney
1004 East First Street • Merrill, Wisconsin • 54452
Phone (715) 539-3510 • FAX (715) 536-0514
e-mail: tom.hayden@ci.merrill.wi.us

April 28, 2016

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

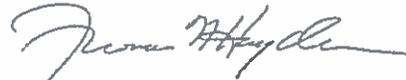
RE: **City of Merrill, Wisconsin Tax Incremental District No. 11 Creation**

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(4)(f) of Wisconsin Statutes.

Very truly yours

CITY OF MERRILL



Thomas N. Hayden, City Attorney

TNH:ku

CC: Kathy Unertl, Finance Director/RDA Secretary

"Focusing on the Future"
An equal opportunity/affirmative action employer

**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 portion of taxes that owners of taxable property in each taxing jurisdiction overlying district would pay by jurisdiction. | | | | | | |
|---|--|-------------------|--|------------|--|--|
| Statement of Taxes Data Year: | | 2014 | | Percentage | | |
| County | | 2,001,535 | | 16.90% | | |
| Technical College | | 417,692 | | 3.53% | | |
| Municipality | | 5,896,682 | | 49.79% | | |
| School District | | 3,528,327 | | 29.79% | | |
| Total | | 11,844,236 | | | | |

| Revenue Year | County | Technical College | Municipality | School District | Total | Revenue Year |
|--------------|------------------|-------------------|------------------|------------------|------------------|--------------|
| 2018 | 14,559 | 3,038 | 42,893 | 25,665 | 86,156 | 2018 |
| 2019 | 17,255 | 3,601 | 50,836 | 30,418 | 102,111 | 2019 |
| 2020 | 33,567 | 7,005 | 98,892 | 59,173 | 198,637 | 2020 |
| 2021 | 36,263 | 7,568 | 106,835 | 63,926 | 214,592 | 2021 |
| 2022 | 53,789 | 11,225 | 158,465 | 94,819 | 318,298 | 2022 |
| 2023 | 56,485 | 11,788 | 166,409 | 99,572 | 334,253 | 2023 |
| 2024 | 57,833 | 12,069 | 170,380 | 101,948 | 342,230 | 2024 |
| 2025 | 60,529 | 12,632 | 178,323 | 106,701 | 358,185 | 2025 |
| 2026 | 60,529 | 12,632 | 178,323 | 106,701 | 358,185 | 2026 |
| 2027 | 65,921 | 13,757 | 194,209 | 116,207 | 390,094 | 2027 |
| 2028 | 65,921 | 13,757 | 194,209 | 116,207 | 390,094 | 2028 |
| 2029 | 67,404 | 14,066 | 198,578 | 118,821 | 398,870 | 2029 |
| 2030 | 67,404 | 14,066 | 198,578 | 118,821 | 398,870 | 2030 |
| 2031 | 67,404 | 14,066 | 198,578 | 118,821 | 398,870 | 2031 |
| 2032 | 72,797 | 15,192 | 214,464 | 128,327 | 430,779 | 2032 |
| 2033 | 72,797 | 15,192 | 214,464 | 128,327 | 430,779 | 2033 |
| 2034 | 72,797 | 15,192 | 214,464 | 128,327 | 430,779 | 2034 |
| 2035 | 72,797 | 15,192 | 214,464 | 128,327 | 430,779 | 2035 |
| 2036 | 72,797 | 15,192 | 214,464 | 128,327 | 430,779 | 2036 |
| 2037 | 75,493 | 15,754 | 222,408 | 133,079 | 446,734 | 2037 |
| | <u>1,164,340</u> | <u>242,981</u> | <u>3,430,240</u> | <u>2,052,511</u> | <u>6,890,073</u> | |

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

**JOINT REVIEW BOARD
RESOLUTION APPROVING THE CREATION OF
TAX INCREMENTAL DISTRICT NO. 11,
CITY OF MERRILL**

5

WHEREAS, the City of Merrill (the "City") seeks to create Tax Incremental District No. 11 (the "District"); and

WHEREAS, Wisconsin Statutes Section 66.1105 requires that a Joint Review Board (the "JRB") shall convene to review the proposal; and

WHEREAS, the JRB consists of one representative chosen by the School District; one representative chosen by the Technical College District; and one representative chosen by the County, all of whom have the power to levy taxes on property within the District; and one representative chosen by the City and one public member; and

WHEREAS, the public member and JRB's chairperson were selected by a majority vote of the other JRB members before the public hearing was held, under Wisconsin Statutes Sections 66.1105 (4)(a) and (e), and

WHEREAS, all JRB members were appointed and the first JRB meeting was held within 14 days after the notice was published under Wisconsin Statutes Sections 66.1105 (4)(a) and (e); and

WHEREAS, the JRB has reviewed the public record, planning documents, the resolution adopted by the Redevelopment Authority approving the boundaries of the District and adopting the Project Plan, and the resolution passed by the Common Council approving the creation of the District under Wisconsin Statutes Section 66.1105 (4)(gm), and

WHEREAS, project costs benefitting the District are to be made outside of, but within a one-half mile radius of the District, pursuant to Wisconsin Statutes Section 66.1105(2)(f)1.n, as identified in the project plan; and

WHEREAS, the JRB has considered whether, and concluded that, the District meets the following criteria:

1. The development expected in the District would not occur without the use of tax increment financing and the creation of a tax incremental district.
2. The economic benefits of the District, as measured by increased employment, business and personal income and property value, are sufficient to compensate for the cost of the improvements.
3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing districts.

NOW, THEREFORE, BE IT RESOLVED that the JRB approves the creation of this District.

BE IT FURTHER RESOLVED that in the judgment of the JRB, the development described in the Project Plan, the information provided by the City, and the public record and planning documents relating to the District, would not occur without the creation of the District.

Passed and adopted this _____ day of _____, 2016.

Joint Review Board

Representing

Lincoln County

Merrill Area School District

Northcentral Technical College District

City of Merrill

Public Member

Merrill TIDs - Fiscal Status and Future Directions

6

TIDs - Fiscal Status

- Tax Increment is only being generated by TIDs No. 3, 4, and 5
- There will be Tax Increment based upon 1/1/2016 valuations for TID No. 7, as well as an increase in TID No. 4 related to Pine Ridge Plaza

Tax Increment Sharing - TID No. 3 to "Blighted Area" TIDs

- \$500,000 was transferred to TIDs No. 6, No. 7, and No. 8 (2015 Audit)
- Will be amending TID No. 3 (Sharing) and No. 9 Plans during 2016

TIF Borrowing

- Proposed \$831,864 to reimburse TID prior-year major expenditures
- Anticipate both Taxable and Tax-Exempt borrowing to facilitate 2016 developments and for TIF infrastructure improvements

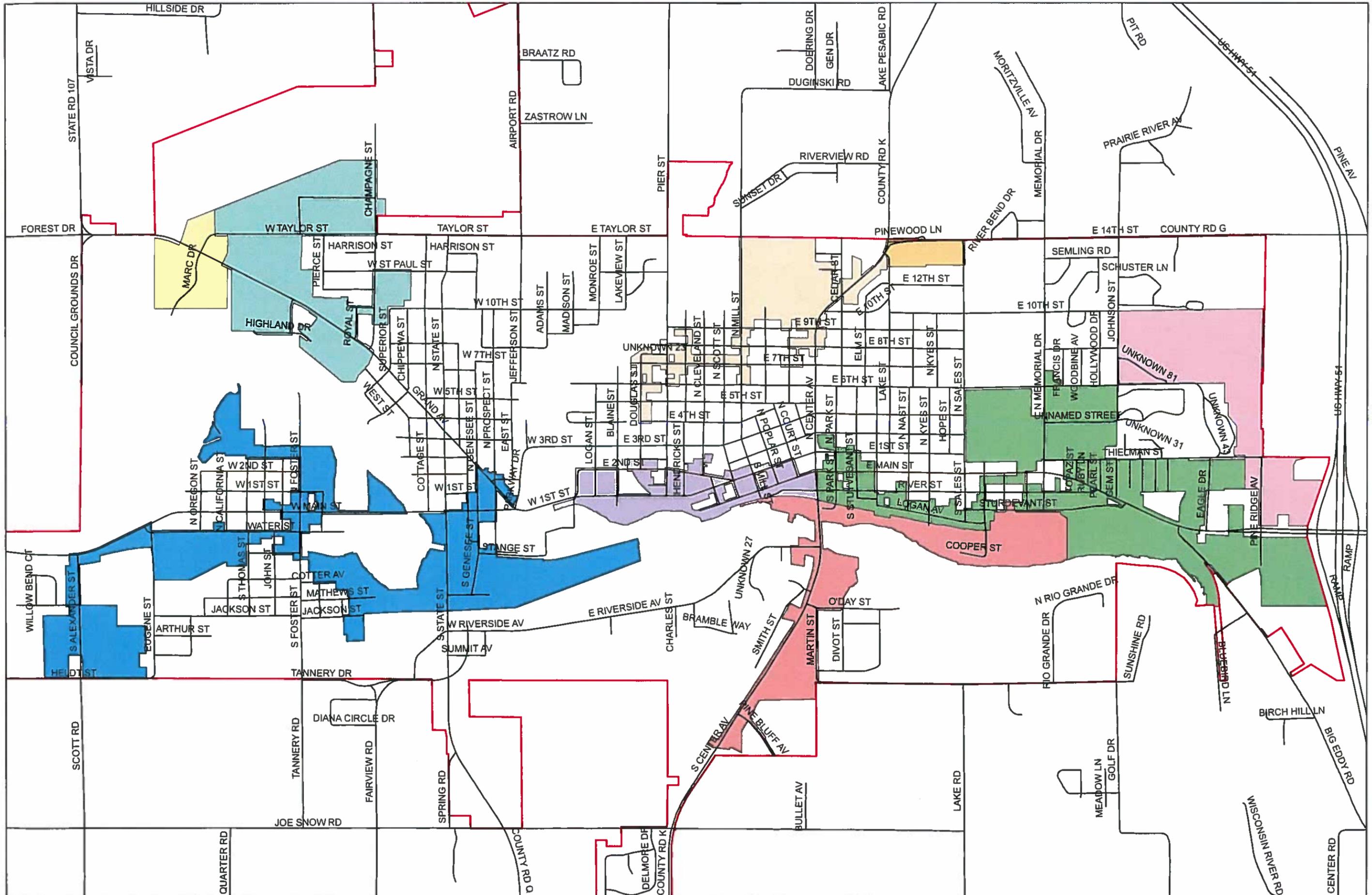
TIF Strategic

- Developers are looking for vacant developable properties (i.e. without "blighted" buildings and/or environmental contamination)
- Need Lincoln County to proceed with Delinquent Tax Foreclosure process as soon as three (3) years tax delinquent status
- City/Redevelopment Authority reviewing "blighted" commercial properties that require public-sector ownership to facilitate redevelopment opportunities
- Redevelopment Authority will be considering potential TIF Loan Program to facilitate environmental/demo of commercial/manufacturing buildings that are adversely impacting the sale of properties for redevelopment
- As quality low-to-moderate income rental housing improvements are built, City management anticipates expanded residential house challenges and are preliminary reviewing keeping TID No. 3 active an additional year solely for housing-related improvements

Prepared by: Kathy Unertl, Merrill Finance Director/RDA Secretary

Merrill TIDs - 2016 Developments/Activities

- No. 3** -About \$150,000 to extend utilities to new NorTrax development (within 1/2 mile of TID boundary) - estimated \$3.5 million valuation
- Grandstand, arena, and utility improvements at Merrill Festival Grounds underway & City planning new Enrichment Center/Expo Hall
- No. 4** -Valuation as of 1/1/2016 will be higher with Church Mutual Insurance remodeling former Wal-Mart space in Pine Ridge Plaza
- No. 5** -Overlay of TID No. 11 will facilitate apartment development on 17 acre parcel that has only been generating about \$1,700 in property taxes
- No. 6** -Kindhearted Home Care new building under construction on former Lincoln House site - 120 S. Mill St. - estimated \$500,000 valuation
- No. 7** -Trying again to close out former dry cleaner site at 806 N. Center Ave.
- Sawmill Brewery now open in former WI DNR ranger station
- No. 8** -Two new buildings will be under construction - Nelson's Power House with estimated \$1.2 million valuation (S. State St./Kinzel St.)
- Former Wire Products demolished and pending redevelopment planning
- City will be receiving title to the former dip tank area (former Hurd Windows & Doors - 201 S. Prospect St.) and anticipate WI DNR Ready for Reuse Grant
- Adjacent to No. 8** -Merrill Housing Authority/Horizon Design Build Manager awarded HUD grant and WHEDA tax credits for Park Place modernization and new apartments
- No. 9** -Environmental remediation complete and demo starting at former Page Milk (\$231,000) with 33% Idle Sites Grant offset (WEDC)
- Demo complete on former Anson-Gilkey property & ready for redevelopment
- City will be making improvements to S. Park St. and the River Bend Trail Foundation will be making improvements to Rotary Park/AGRA Pavilion
- No. 10** -Future redevelopment objective is multi-family residential
- No. 11** -Finalizing City of Merrill purchase of land and development agreement to facilitate construction of Phase 1 (36 new apartments)



THIS IS NOT A SURVEY



Tax Incremental Districts
City of Merrill

Legend

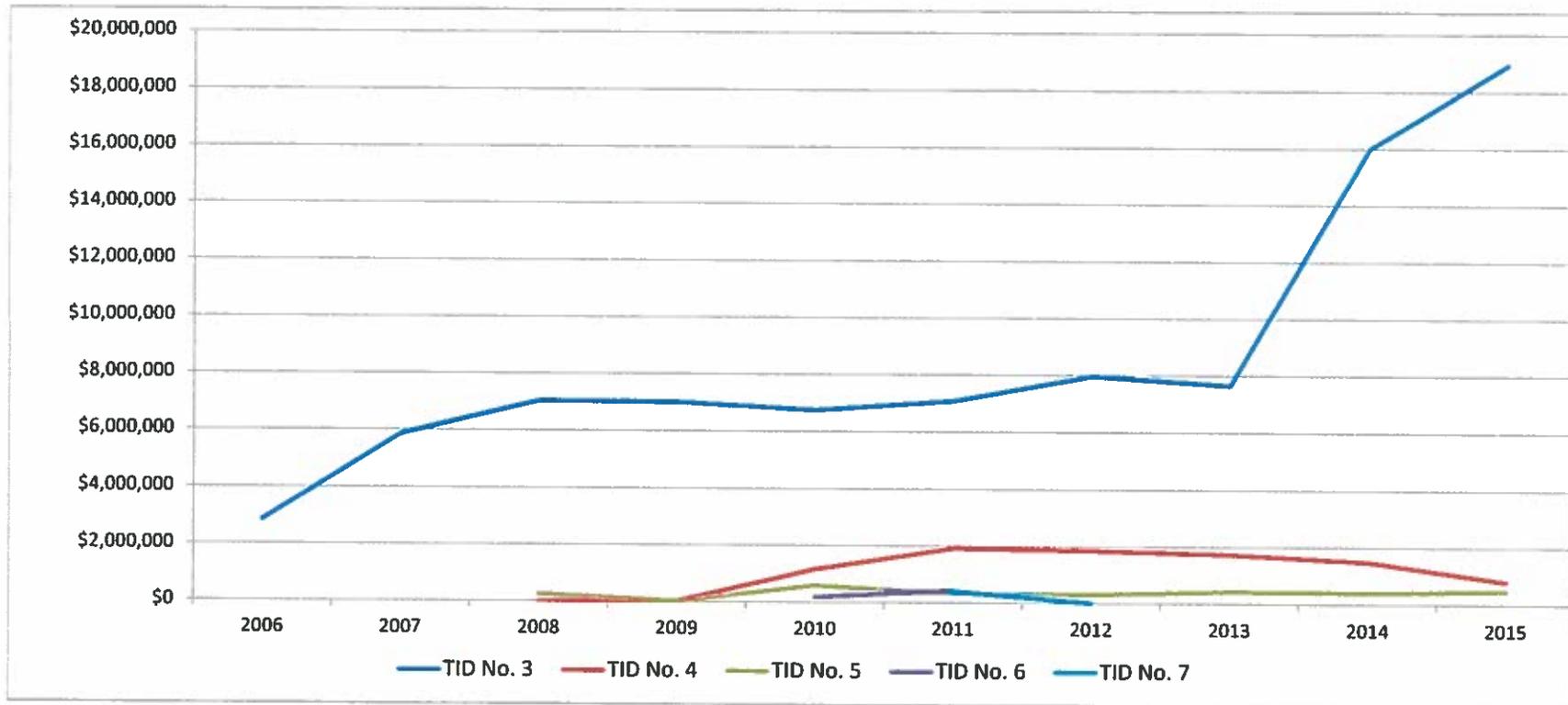
| | | | | |
|-------|-------|-------|--------|------------|
| TID 3 | TID 5 | TID 7 | TID 9 | TID 11 |
| TID 4 | TID 6 | TID 8 | TID 10 | City Limit |

City of Merrill

Tax Incremental Districts (TIDs)

| | <u>TID Type</u> | <u>Created</u> | <u>Geographic Area</u> |
|------------|-----------------|----------------|---|
| TID No. 3 | Mixed Use | 09/13/2005 | East side to N. Center Ave. |
| TID No. 4 | Mixed Use | 09/11/2007 | N. Pine Ridge/Thielman St. Area |
| TID No. 5 | Mixed Use | 09/11/2007 | Hwy 107/Taylor St. Area |
| TID No. 6 | "Blighted Area" | 05/12/2009 | Central Downtown to Prairie River Middle School |
| TID No. 7 | "Blighted Area" | 08/11/2009 | N. Center Ave. to Douglas St. Area |
| TID No. 8 | "Blighted Area" | 09/27/2011 | Westside Downtown to Alexander St. |
| TID No. 9 | "Blighted Area" | 09/24/2013 | Wisconsin Riverfront/S. Center Ave. Area |
| TID No. 10 | "Blighted Area" | 09/22/2015 | Highway G - former Fox Point Area |
| TID No. 11 | Mixed Use | 05/10/2016 | Hwy 107 Area to East of Champagne St. (Part is overlay on TID No. 5) |

City of Merrill - Tax Increment District (TID) Value Increment by TID District



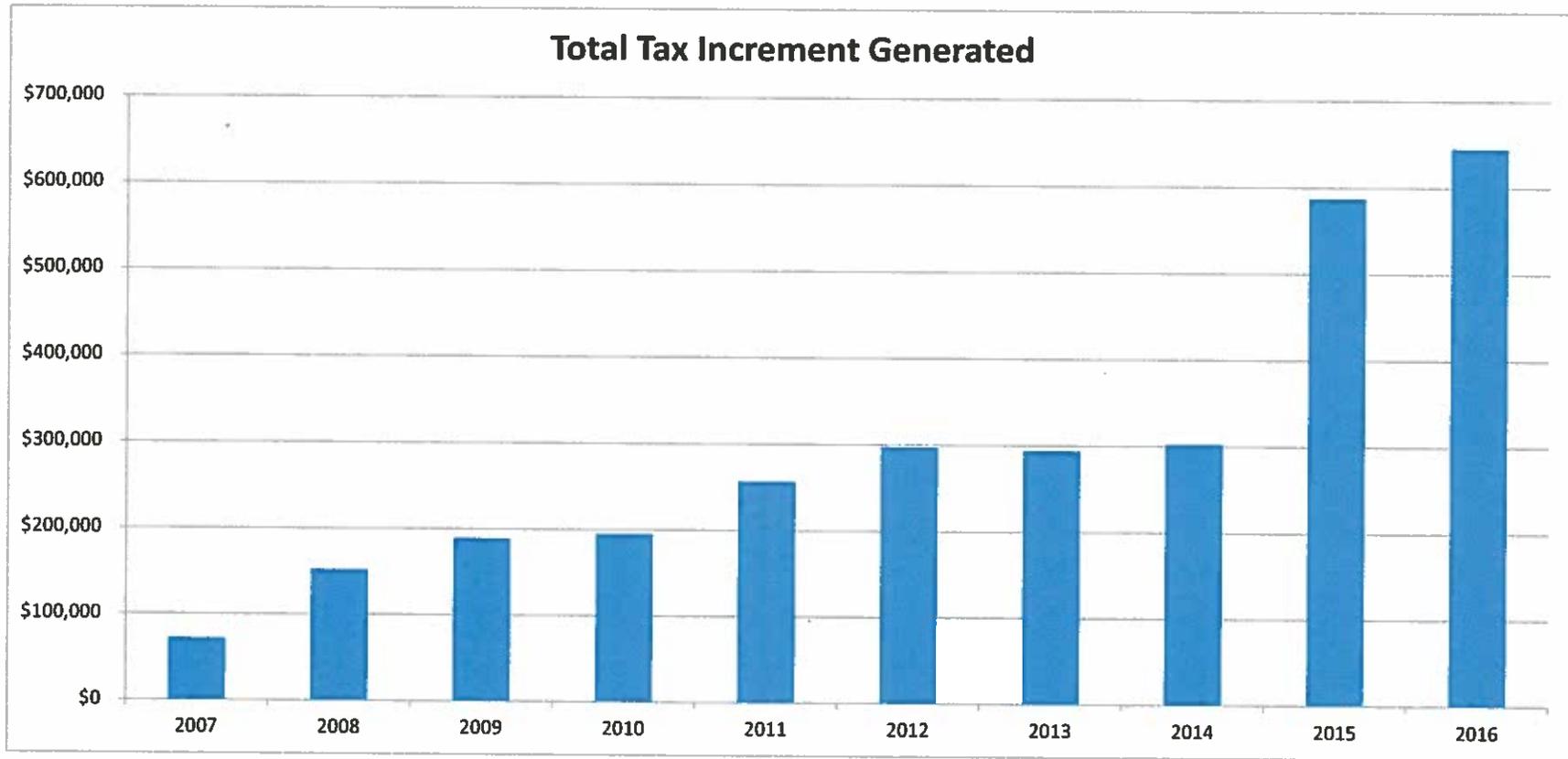
| Assessment Year | Tax Levy Year | TID Total Increment | TID No. 3 | TID No. 4 | TID No. 5 | TID No. 6 | TID No. 7 | TID No. 8 | TID No. 9 | TID No. 10 Split - No. 7 |
|-----------------|---------------|---------------------|--------------|-------------|-----------|-----------|-----------|-----------|-----------|--------------------------|
| 2005 | 2006 | \$0 | | | | | | | | |
| 2006 | 2007 | \$2,856,600 | \$2,856,600 | | | | | | | |
| 2007 | 2008 | \$5,653,400 | \$5,853,400 | | | | | | | |
| 2008 | 2009 | \$7,292,800 | \$7,036,900 | \$5,200 | \$250,700 | | | | | |
| 2009 | 2010 | \$7,045,600 | \$7,000,100 | \$23,300 | \$22,200 | | | | | |
| 2010 | 2011 | \$8,679,800 | \$6,735,000 | \$1,163,600 | \$597,500 | \$183,700 | | | | |
| 2011 | 2012 | \$10,171,500 | \$7,085,400 | \$1,916,500 | \$327,700 | \$442,700 | \$399,200 | | | |
| 2012 | 2013 | \$10,140,000 | \$7,968,500 | \$1,856,900 | \$306,300 | | \$8,300 | | | |
| 2013 | 2014 | \$9,819,800 | \$7,658,800 | \$1,735,300 | \$425,700 | | | | | |
| 2014 | 2015 | \$17,890,400 | \$15,999,300 | \$1,495,300 | \$395,800 | | | | | |
| 2015 | 2016 | \$20,233,700 | \$18,938,800 | \$812,200 | \$482,700 | | | | | |

TID No. 5 had missed 2009 TID valuation due to switch to WI DOR manufacturing assessment. There was double tax increment for 2010.

TID Value Increment - Historical

Revised: 4/21/2016

City of Merrill - Tax Increment by Tax Year



| Assessment Year | Tax Levy Year | TID Total Increment | TID No. 3 | TID No. 4 | TID No. 5 | TID No. 6 | TID No. 7 | TID No. 8 | TID No. 9 | TID No. 10 Split - No. 7 |
|-----------------|---------------|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------------------|
| 2005 | 2006 | \$0 | | | | | | | | |
| 2006 | 2007 | \$71,932 | \$71,932 | | | | | | | |
| 2007 | 2008 | \$152,359 | \$152,359 | | | | | | | |
| 2008 | 2009 | \$189,122 | \$182,486 | \$135 | \$6,501 | | | | | |
| 2009 | 2010 | \$195,262 | \$194,001 | \$646 | \$615 | | | | | |
| 2010 | 2011 | \$257,181 | \$199,557 | \$34,477 | \$17,704 | \$5,443 | | | | |
| 2011 | 2012 | \$298,127 | \$207,673 | \$56,173 | \$9,605 | \$12,976 | \$11,701 | | | |
| 2012 | 2013 | \$294,107 | \$231,124 | \$53,859 | \$8,884 | | \$241 | | | |
| 2013 | 2014 | \$302,926 | \$236,263 | \$53,531 | \$13,132 | | | | | |
| 2014 | 2015 | \$587,297 | \$525,217 | \$49,087 | \$12,993 | | | | | |
| 2015 | 2016 | \$645,849 | \$604,516 | \$25,925 | \$15,408 | | | | | |

City of Merrill - Tax Increment Districts (TID)

| | 12/31/2015 Fiscal Status | TID No. 3 Transfers | 12/31/2015 Fiscal Status | Borrowing Reimbursement | After Borrowing Revised Fiscal Status |
|-----------|-----------------------------|------------------------|-----------------------------|----------------------------|---|
| TID No. 3 | \$521,280 | (\$500,000) | \$21,280 | \$200,000 | \$221,280 |

Fiscal Status - 12/31/2015 and Pending Borrowing

Wal-Mart Intersection - City paid \$200,000 in Dec. 2015 with additional development incentive pending stormwater resolution

Transfers from TID No. 3 to Other TIDs:

| | Before Transfer 12/31/2015 Fiscal Status | TID No. 3 Transfers | 12/31/2015 Fiscal Status | Borrowing to Reimburse Advances | After Borrowing Revised Fiscal Status |
|--------------|--|------------------------|-----------------------------|--|---|
| TID No. 6 | (\$965,831) | \$250,000 | (\$715,831) | \$146,897 \$94,405 <u>\$241,302</u> | (\$474,529) |
| TID No. 7 | (\$136,833) | \$50,000 | (\$86,833) | | (\$86,833) |
| TID No. 8 | (\$820,112) | \$200,000 | (\$620,112) | \$200,000 \$148,320 \$42,242 <u>\$390,562</u> | (\$229,550) |
| TID No. 9 | (\$103,893) | | (\$103,893) | | (\$103,893) |
| Total | (\$2,026,669) | \$500,000 | (\$1,526,669) | \$631,864 | (\$894,805) |

Lincoln House acquisition - 6/2011
Parking Lot No. 4/Scott St. - Paving in 2015

Potential future DERF (Dry Cleaners) of about \$35,000
Will have TID No. 7 tax increment again in 2017 (Split off TID No. 10)

Hurd - Superseal Development Incentive (Loan forgiven - job creation)
Merrill Area Development Corp. - Asbestos @ 201 S. Prospect St.
Stange St. - Paving (River Bend Trail)

Plan Amendment in 2016 - Idle Sites Grant Projects (WEDC)
- Including potential transfer(s) from TID No. 3

| | 12/31/2015 Fiscal Status | After Borrowing Revised Fiscal Status |
|-------------------------------------|-----------------------------|---|
| TID No. 4 | (\$264,838) | (\$264,838) |
| TID No. 5 | \$13,914 | \$13,914 |
| TID No. 10 | (\$8,491) | (\$8,491) |
| Total Capital Projects Funds | (\$1,764,804) | (\$932,940) |

Mixed Use - Future cash flow improvement due to Church Mutual in former Wal-Mart space (Pine Ridge Plaza)
Merrill Area Development Corp. - Development Incentive - Zastrow's

Mixed Use - Part of area is overlay by new TID No. 11

Newer Blighted Area TID - created in 9/2015

CITY OF MERRILL, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015
(With summarized comparative information as of December 31, 2014)

| | Special Revenue Funds | | Capital Projects Funds | | | | | | | Total Nonmajor Governmental Funds | | |
|--|-----------------------|-------------------|------------------------|------------------|------------------|------------------|-----------------|------------------|------------------|-----------------------------------|---------------------|---------------------|
| | Library | Remedial Action | TIF No. 3 | TIF No. 4 | TIF No. 5 | TIF No. 6 | TIF No. 7 | TIF No. 8 | TIF No. 9 | TIF No. 10 | 2015 | 2014 |
| ASSETS | | | | | | | | | | | | |
| Cash and investments | \$ 483,340 | \$ 187,779 | \$ 22,210 | \$ - | \$ 13,914 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 707,243 | \$ 1,152,714 |
| Receivables | | | | | | | | | | | | |
| Taxes | - | - | 604,516 | 25,925 | 15,408 | - | - | - | - | - | 645,849 | 587,297 |
| Accounts | - | - | - | - | - | 18,423 | - | - | 47,500 | - | 65,923 | - |
| Advance to other funds | - | 269,450 | - | - | - | - | - | - | - | - | 269,450 | 269,450 |
| Due from other governments | - | - | - | - | - | - | - | 71,250 | - | - | 71,250 | 202,706 |
| TOTAL ASSETS | \$ 483,340 | \$ 457,229 | \$ 626,726 | \$ 25,925 | \$ 29,322 | \$ 18,423 | \$ - | \$ 71,250 | \$ 47,500 | \$ - | \$ 1,759,715 | \$ 2,212,167 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS) | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ 4,322 | \$ 930 | \$ - | \$ - | \$ 2,468 | \$ 1,005 | \$ 13,348 | \$ 47,500 | \$ - | \$ 69,573 | \$ 8,758 |
| Deposits | - | - | - | - | - | - | - | 50,000 | - | - | 50,000 | 90,000 |
| Due to other funds | - | - | - | 264,838 | - | 731,786 | 85,828 | 628,014 | 103,893 | 8,491 | 1,822,850 | 1,791,134 |
| Total Liabilities | - | 4,322 | 930 | 264,838 | - | 734,254 | 86,833 | 691,362 | 151,393 | 8,491 | 1,942,423 | 1,889,892 |
| Deferred Inflows of Resources | | | | | | | | | | | | |
| Property taxes | - | - | 604,516 | 25,925 | 15,408 | - | - | - | - | - | 645,849 | 587,297 |
| Fund Balances (Deficits) | | | | | | | | | | | | |
| Nonspendable | | | | | | | | | | | | |
| Long-term advance | - | 269,450 | - | - | - | - | - | - | - | - | 269,450 | 269,450 |
| Restricted for | | | | | | | | | | | | |
| Library endowment | 483,340 | - | - | - | - | - | - | - | - | - | 483,340 | 504,016 |
| TiD project plan | - | - | 21,280 | - | 13,914 | - | - | - | - | - | 35,194 | 399,965 |
| Landfill monitoring | - | 183,457 | - | - | - | - | - | - | - | - | 183,457 | 205,987 |
| Unassigned, reported in | | | | | | | | | | | | |
| Capital projects funds | - | - | - | (264,838) | - | (715,831) | (86,833) | (620,112) | (103,893) | (8,491) | (1,799,998) | (1,644,440) |
| Total Fund Balances (Deficits) | 483,340 | 452,907 | 21,280 | (264,838) | 13,914 | (715,831) | (86,833) | (620,112) | (103,893) | (8,491) | (828,557) | (265,022) |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS) | \$ 483,340 | \$ 457,229 | \$ 626,726 | \$ 25,925 | \$ 29,322 | \$ 18,423 | \$ - | \$ 71,250 | \$ 47,500 | \$ - | \$ 1,759,715 | \$ 2,212,167 |

CITY OF MERRILL, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015
(With summarized comparative information for the year ended December 31, 2014)

| | Special Revenue Funds | | Capital Projects Funds | | | | | | | Total Nonmajor Governmental Funds | | |
|---|-----------------------|-------------------|------------------------|---------------------|------------------|---------------------|--------------------|---------------------|---------------------|-----------------------------------|---------------------|---------------------|
| | Library | Remedial Action | TIF No. 3 | TIF No. 4 | TIF No. 5 | TIF No. 6 | TIF No. 7 | TIF No. 8 | TIF No. 9 | TIF No. 10 | 2015 | 2014 |
| Revenues | | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ 525,218 | \$ 49,087 | \$ 12,993 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 587,298 | \$ 302,926 |
| Special assessments | - | - | - | - | - | 18,423 | - | - | - | - | 18,423 | - |
| Intergovernmental | - | - | 2,590 | 7,133 | 338 | 4,224 | 1,763 | 2,419 | 3,861 | - | 22,328 | 208,713 |
| Miscellaneous | 49,064 | - | 160 | 941 | - | 100 | - | 157,263 | 83,715 | - | 291,243 | 621,048 |
| Total Revenues | 49,064 | - | 527,968 | 57,161 | 13,331 | 22,747 | 1,763 | 159,682 | 87,576 | - | 919,292 | 1,132,687 |
| Expenditures | | | | | | | | | | | | |
| Current | | | | | | | | | | | | |
| Public works | - | 22,530 | - | - | - | - | - | - | - | - | 22,530 | 17,012 |
| Culture and recreation | 69,740 | - | - | - | - | - | - | - | - | - | 69,740 | 72,596 |
| Conservation and development | - | - | 367,307 | 2,910 | 2,912 | 110,961 | 68,848 | 143,331 | 86,219 | - | 782,488 | 820,872 |
| Capital outlay | - | - | 18,733 | 53,621 | - | 183,085 | 13,200 | 213,754 | 45,473 | 8,491 | 536,357 | 745,686 |
| Total Expenditures | 69,740 | 22,530 | 386,040 | 56,531 | 2,912 | 294,046 | 82,048 | 357,085 | 131,692 | 8,491 | 1,411,115 | 1,656,166 |
| Excess of Revenues Over (Under) Expenditures | (20,676) | (22,530) | 141,928 | 630 | 10,419 | (271,299) | (80,285) | (197,403) | (44,116) | (8,491) | (491,823) | (523,479) |
| Other Financing Uses | | | | | | | | | | | | |
| Transfers in | - | - | - | - | - | 250,000 | 50,000 | 200,000 | - | - | 500,000 | - |
| Transfers out | - | - | (514,445) | (33,140) | (2,673) | (21,454) | - | - | - | - | (571,712) | (74,453) |
| Total Other Financing Sources (Uses) | - | - | (514,445) | (33,140) | (2,673) | 228,546 | 50,000 | 200,000 | - | - | (71,712) | (74,453) |
| Net Change in Fund Balances | (20,676) | (22,530) | (372,517) | (32,510) | 7,746 | (42,753) | (30,285) | 2,597 | (44,116) | (8,491) | (563,535) | (597,932) |
| Fund Balances (Deficit) - January 1 | 504,016 | 475,437 | 393,797 | (232,328) | 6,168 | (673,078) | (56,548) | (622,709) | (59,777) | - | (265,022) | 332,910 |
| Fund Balances (Deficit) - December 31 | \$ 483,340 | \$ 452,907 | \$ 21,280 | \$ (264,838) | \$ 13,914 | \$ (715,831) | \$ (86,833) | \$ (620,112) | \$ (103,893) | \$ (8,491) | \$ (828,557) | \$ (265,022) |