



## CITY OF MERRILL

### COMMON COUNCIL

AGENDA • WEDNESDAY AUGUST 23, 2017

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**Special Meeting**

**City Hall Council Chambers**

**4:30 PM**

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- I. Call to Order
- II. Public Comment Period
- III. Resolutions:
  1. A Resolution approving Merrill Area Housing Authority request to continue and adjust Payment in Lieu of Taxes and support of renovation program. This resolution was referred from the August 8<sup>th</sup>, 2017 Common Council meeting.
  2. A Resolution approving the Project Plan and establishing the boundaries for the creation of Tax Increment District No. 12, City of Merrill, Wisconsin. The Redevelopment Authority recommends approval.
  3. A Resolution approving an amendment to the Project Plan and Boundaries of Tax Increment District #8, City of Merrill, Wisconsin. The Redevelopment Authority recommends approval.
- IV. Adjournment

William N. Heideman, CMC, WCMC  
City Clerk

The Merrill City Hall is accessible to the physically disadvantaged. If special accommodations are needed, please contact the Merrill City Hall at (715) 536-5594.

**RESOLUTION NO. \_\_\_\_\_****A RESOLUTION APPROVING MERRILL AREA HOUSING AUTHORITY  
REQUEST TO CONTINUE AND ADJUST PAYMENT IN LIEU OF TAXES AND  
SUPPORT OF RENOVATION PROGRAM**

WHEREAS, there exists a program entitled Section 42 Low Income Housing Tax Credits which is administered in the State of Wisconsin by the Wisconsin Housing and Economic Development Authority (“WHEDA”) whose purpose is to provide development of rental units for low income households, and

WHEREAS, the Merrill Area Housing Authority is renovating and redeveloping 102 units of affordable housing currently known as Park Place Apartments and Westgate Apartments in connection with an allocation of Section 42 Low Income Housing Tax Credits it has received from WHEDA and has requested the City of Merrill to support the renovation and redevelopment of Park Place Apartments and Westgate Apartments, and

WHEREAS, City Council finds that the redevelopment of affordable rental housing within the City will be beneficial to the City of Merrill and its residents, and

WHEREAS, in connection with WHEDA’s allocation of tax credits and the redevelopment, Merrill Area Housing Authority will transfer federal income tax ownership of Park Place Apartments and Westgate Apartments to the entity formed to receive the tax credits from WHEDA, Park Place & Westgate, LLC (the “LLC”), by leasing the land, buildings and other improvements constituting the apartment projects to the LLC pursuant to a capital lease, and

WHEREAS Merrill Area Housing Authority is the sole member of the managing member of the LLC and the property manager of the apartment projects, with the exception of compliance associated with the Section 42 Low Income Housing Tax Credits, and as such, notwithstanding the transfers of ownership of the improvements to the LLC as described above, continues to exercise exclusive control and authority over the operation of the apartment projects, and

WHEREAS upon completion of the redevelopment, the project will consist of 54 units of affordable housing known as Park Place Apartments, 38 units of

affordable housing known as Stonebridge Apartments and 10 units of affordable housing known as Westgate Apartments, and

WHEREAS, the current payment in lieu of taxes for Park Place Apartments PILOT is now shelter rent less utilities x 10% will remain the same, and

WHEREAS, the payment in lieu of taxes for Westgate Apartments PILOT is now shelter rent less utilities x 10% and will remain the same, and

WHEREAS, the payment in lieu of taxes for Stonebridge Apartments PILOT is proposed to be shelter rent less utilities x 10%.

NOW, THEREFORE, BE IT RESOLVED, BY THE COMMON COUNCIL, OF THE CITY OF MERRILL this 8<sup>th</sup> day of August, 2017, that it supports the Merrill Area Housing Authority's allocation of tax credits and hereby authorizes the Mayor to execute all documents necessary to accomplish those purposes, including the PILOT Agreement in the form of Exhibit A attached hereto.

Recommended by:

CITY OF MERRILL, WISCONSIN

Moved: \_\_\_\_\_

\_\_\_\_\_  
William R. Bialecki  
Mayor

Passed: \_\_\_\_\_

\_\_\_\_\_  
William N. Heideman  
City Clerk

Attachment: Resolution on Merrill Area Housing Authority PILOT (2702 : Resolution on Merrill Area Housing Authority PILOT)

## PILOT AGREEMENT

This PILOT Agreement (“**Agreement**”) is entered into effective \_\_\_\_\_, 2017, by and among the City of Merrill, Wisconsin (the “**City**”), Park Place & Westgate, LLC, a Wisconsin limited liability company (the “**Company**”) and Merrill Area Housing Authority, a public body, corporate and politic, organized and existing under the laws of the State of Wisconsin (the “**Housing Authority**”).

### RECITALS

WHEREAS, the Housing Authority has approval from the Department of Housing and Urban Development to own and operate 102 units of subsidized housing to be located at 215 Grand Avenue, 1705 – 1707 - 1709 Water Street and 307 West Main Street, Merrill, Wisconsin 54452 (referred to herein as the “**Project**”); and

WHEREAS, the Housing Authority has received an allocation of Federal Low Income Housing Tax Credits for the rehabilitation and redevelopment of the Project; and

WHEREAS, in order to raise debt and equity capital for the substantial rehabilitation, construction and redevelopment of the Project, the Housing Authority anticipates transferring federal income tax ownership of the Project to the Company by leasing the entire Project to the Company in 2017 pursuant to a capital lease (such lease to include the land described on Exhibit A attached hereto and made a part hereof); and

WHEREAS, the Housing Authority is the sole member of the managing member of the Company and the property manager of the Project (with the exception of compliance associated with the Federal Low Income Housing Tax Credits), and, as such, exercises exclusive control and authority over the operation of the Project; and

WHEREAS, the Housing Authority has loaned substantial sums to the Company in connection with the acquisition and rehabilitation/construction of the Project, and has a right of first refusal to acquire the Project for a nominal sum following expiration of the fifteen (15)-year low-income housing tax period (the “**Compliance Period**”); and

WHEREAS, the Company is obligated to operate the Project as affordable housing in compliance with HUD and Internal Revenue Code restrictions and requirements, and the Housing Authority is solely responsible for ensuring that such restrictions and requirements are satisfied by the Company throughout the Compliance Period; and

WHEREAS, the Company will not generate material positive cash flow in excess of its fixed expenses, fees and debt obligations; and

WHEREAS, the parties have determined, based upon the foregoing RECITALS, that the Project constitutes property of the Housing Authority that is exempt from taxation under Section 70.11(18) of the Wisconsin Statutes and which may be subject to a payment in lieu of taxes (“**PILOT**”) imposed by the City, as provided in Section 66.1201(22) of the Wisconsin Statutes;

NOW, THEREFORE, acknowledging the receipt of sufficient consideration, the parties agree as follows:

1. Term of PILOT Agreement. The Company shall make a PILOT to the City with respect to the Project for each calendar year beginning in 2018 and ending in the final calendar year of the Project's Compliance Period, now estimated to be calendar year 2034. As required by Section 66.1201(22) of the Wisconsin Statutes, such PILOT shall not exceed the amount that would be levied as the annual tax of the City upon the Project.

2. Computation of PILOT. The PILOT for each calendar year shall be ten percent (10%) of the difference between (a) one hundred percent (100%) of the tenant's portion of the collected rents for all of the residential rental units in the Project for such calendar year; and (b) one hundred percent (100%) of the electricity, water, sewer and fuel bills incurred by the Company with respect to the Project for such calendar year. The amounts under clauses (a) and (b) above shall be based upon the financial statements of the Company for the prior calendar year.

3. Payment of PILOT. The Company shall make the PILOT within the time periods applicable to properties that are not exempt from property taxation, as provided in Section 74.11 of the Wisconsin Statutes.

4. Obligation of Company and Housing Authority. The Housing Authority shall cause the Company to rehabilitate and operate the Project as affordable rental housing throughout the Compliance Period in accordance with the income, rent and other restrictions and limitations imposed by HUD and the Internal Revenue Code.

5. Obligations of City. The City shall furnish or cause to be furnished to the Company and/or Project tenants such services or facilities as are furnished to other property owners and residents of the City on the same basis as such City services are ordinarily provided. The City shall also, to the extent permitted by applicable law, apply or modify existing City codes and ordinances to permit the Housing Authority and the Company to operate the Project as described above throughout the Compliance Period.

6. Miscellaneous. This Agreement cannot be unilaterally amended, modified or terminated by any party hereto. Each party hereby represents to and for the benefit of the other party that the person executing this Agreement on the signature page on behalf of such party has been duly authorized to execute this Agreement, and that this Agreement has been duly authorized and approved by such party. The benefits of this Agreement shall not be assigned by the Company or the Housing Authority without City's consent. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof. This Agreement shall be governed by the laws of the State of Wisconsin. This Agreement may be signed by facsimile or in counterparts.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto duly execute this PILOT Agreement effective as of the date first set forth above.

**CITY OF MERRILL**

By: \_\_\_\_\_  
Name: William R. Bialecki  
Its: Mayor

By: \_\_\_\_\_  
Name: William N. Heideman  
Its: City Clerk

By: \_\_\_\_\_  
Name: Thomas N. Hayden  
Its: City Attorney

**MERRILL AREA HOUSING AUTHORITY,**  
a public body, corporate and politic, organized and existing under the laws of the State of Wisconsin

By: \_\_\_\_\_  
Name: Paul Russell, Executive Director

**PARK PLACE & WESTGATE, LLC,**  
a Wisconsin limited liability company  
By: Park Place and Westgate MM, LLC  
Its: Managing Member  
By: Merrill Area Housing Authority,  
a public body, corporate and politic, organized and existing under the laws of the State of Wisconsin  
Its: Sole Member

By: \_\_\_\_\_  
Name: Paul Russell, Executive Director

Attachment: Park Place-Westgate PILOT Agreement (2702 : Resolution on Merrill Area Housing Authority PILOT)

**EXHIBIT A**

**PROJECT**

102 apartment units located at \_\_\_\_\_, Merrill, Wisconsin 544492 more particularly described as:

Attachment: Park Place-Westgate PILOT Agreement (2702 : Resolution on Merrill Area Housing Authority PILOT)



## City of Merrill

Kathy Unertl, Finance Director

1004 East 1st Street • Merrill, Wisconsin • 54452

Phone: 715.536.5594 • Fax: 715.539.2668

e-mail: [Kathy.Unertl@ci.merrill.wi.us](mailto:Kathy.Unertl@ci.merrill.wi.us)

Date: August 17<sup>th</sup>, 2017

To: Mayor Bill Bialecki  
Alderspersons

From: Kathy Unertl, Finance Director/City Comptroller

RE: Request for Potential PILOT (Payment in lieu of property taxes) –  
**Park Place & Westgate LLC**

- There is a separate PILOT fiscal projection prepared by the developer. The fiscal projection is comparable to the current PILOT.

Recent PILOT payments amounts were:

| <u>For</u> | <u>Amount</u> |
|------------|---------------|
| 2013       | \$23,952      |
| 2014       | \$21,278      |
| 2015       | \$20,255      |
| 2016       | \$22,536      |

Note: The HUD-55267 form for the 2016 Park Place is provided for your information.

- There is separate legal analysis prepared by Quarles & Brady for your review.
- The Wisconsin Department of Revenue PR-230 form – Property Tax Exemption Request is attached. A completed form is required by March 1<sup>st</sup>, 2018 (and every then every even-numbered year into the future).

HUD-52267

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
LOW-RENT HOUSING PROGRAM**

**COMPUTATION OF PAYMENTS IN LIEU OF TAXES**

TYPE OF PROJECT(S)  
 LHA Owned Rental Housing  
 LHA Owned HomeOwnership

FOR FISCAL YEAR ENDED:  
12/31/16

NAME OF LOCAL HOUSING AUTHORITY  
MERRILL HOUSING AUTHORITY - **PARK PLACE**

CONTRACT NUMBER  
C-732

ADDRESS  
215 GRAND AVENUE MERRILL, WI 54452

PROJECT NUMBER (5)  
WID1700109D

**COMPUTATION OF SHELTER RENT CHARGED**

|   |            |            |
|---|------------|------------|
| 1. Dwelling Rental (Account 3110) .....                             | 306,792.00 |            |
| 2. Excess Utilities (Account 3120) .....                            | 1,413.00   |            |
| 3. Nondwelling Rental (Account 3190) .....                          | 900.00     |            |
| Homebuyers Monthly Payments for:                                    |            |            |
| 4. Earned Home Payments (Account 7712) .....                        |            |            |
| 5. Nonroutine Maintenance Reserve (Account 7714) .....              |            |            |
| 6. Total Rental or Homebuyers Payments Charged (Lines 1 to 5) ..... |            | 308,105.00 |
| 7. Total Utilities Expense (Accounts in 4300 group) .....           |            | 83,748.58  |
| 8. SHELTER RENT CHARGED (Line 6 minus Line 7) .....                 |            | 225,356.42 |

**COMPUTATION OF SHELTER RENT COLLECTED** (To be completed only if Cooperation Agreement provides for payment of PILOT on basis of Shelter Rent Collected)

|  |  |  |
|--|--|--|
| 9. Accounts Receivable (Account 1122 or 1124) at beginning of fiscal year  |  |  |
| 10. Total of Lines 8 and 9 .....   |  |  |
| Deductions:  |  |  |
| 11. Collection Losses (Account 4570) during current fiscal year .....      |  |  |
| 12. Accounts Receivable (Account 1122 or 1124) at end of fiscal year ..... |  |  |
| 13. SHELTER RENT COLLECTED (Line 10 minus total of Lines 11 & 12)          |  |  |

**COMPUTATION OF APPROXIMATE FULL REAL PROPERTY TAXES**

| TAXING DISTRICTS<br>(1) | ASSESSABLE VALUE<br>(2) | TAX RATE<br>(3) | AMOUNT<br>(4) |
|-------------------------|-------------------------|-----------------|---------------|
|                         |                         |                 |               |
|                         |                         |                 |               |
|                         |                         |                 |               |
|                         |                         |                 |               |
|                         |                         |                 |               |
|                         |                         |                 |               |

14. Approximate Full Real Property Taxes (Total of amounts in Col. (4) ) .....

**PAYMENTS IN LIEU OF TAXES**

|  |           |
|--|-----------|
| 15. 10% of Line 6 or Line 13, whichever is applicable <sup>1/</sup> (see instructions on reverse side) ..... | 22,535.64 |
| 16. PAYMENTS IN LIEU OF TAXES (Line 15 or Line 14, whichever is lesser) .....                                | 22,535.64 |

Were any expenses incurred for the project(s) during the fiscal year for services or facilities which the local taxing body should have furnished under the terms of the Cooperation Agreement?  YES  NO. If the answer is "yes" will such expenses be deducted from PILOT or otherwise collected from the applicable taxing body?  YES  NO. If the answer is "no," attach a statement showing the amount of such expenses incurred and the reason for not collecting.

<sup>1/</sup> If the percentage specified in the Cooperation Agreement or the Contract with HUD is lower, such lower percentage shall be used.

|   |   |
|---|---|
| <p><b>PREPARED BY:</b></p> <p>Name <i>Hawkins Ash CPAs LLP</i></p> <p>Title Accountant      Date 02/05/15</p> | <p><b>APPROVED BY:</b></p> <p>Name</p> <p>Title      Date</p> |
|---|---|

Replaces HUD-52267 and HUD-52267a which are obsolete

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Attachment: PILOT-Finance Director-Comptroller (2702 : Resolution on Merrill Area Housing Authority PILOT)

STATE OF WISCONSIN



PROPERTY TAX EXEMPTION REQUEST

Wisconsin Statutes require completion of this form – in its entirety – to be eligible for exemption from the Wisconsin property tax. Failure to do so may result in denial of exemption. The completed form and any attachments must be filed with the assessor of the taxation district in which the property is located by March 1 to be eligible for exemption for the current assessment year. Refer to Stat., Sec. 70.11 and the *Wisconsin Property Assessment Manual* for additional information regarding property tax exemption.

SECTION 1 – APPLICANT INFORMATION

|   |   |   |
|---|---|---|
| 1. Applicant Name   |   | Date<br>/    /  |
| 2. Applicant is <input type="checkbox"/> Sole proprietorship <input type="checkbox"/> WI Chapter 181 corporation <input type="checkbox"/> WI unincorporated nonprofit association<br><input type="checkbox"/> Other (please explain):   |   |   |
| 3. Contact person:<br><br>Address:<br><br>Telephone number(s):<br>Email:<br>Relationship to applicant:  | 4. Registered agent:<br><br>Address:<br><br>Telephone number(s):<br>Email:  |   |
| 5. Mailing address and phone number of Applicant if different than Contact Person:  |   |   |
| 6. Identify each organizational officer, the officer's address, the telephone number and the position held within the requesting organization. Use the space provided on page 4 or attach additional pages as necessary.  |   |   |
| 7a. Please identify the use of the property:  |   |   |
| <input type="checkbox"/> Agricultural Fair<br><input type="checkbox"/> YMCA/YWCA<br><input type="checkbox"/> Cemetery<br><input type="checkbox"/> Farmer's Temple<br><input type="checkbox"/> Held for Public Interest<br><input type="checkbox"/> Industrial Development Agencies<br><input type="checkbox"/> Sports/Entertainment<br><input type="checkbox"/> Mental/Physical Disabled Camp<br><input type="checkbox"/> Local Exposition<br><input type="checkbox"/> Educational<br><input type="checkbox"/> Women's Club | <input type="checkbox"/> Library<br><input type="checkbox"/> Fire Company<br><input type="checkbox"/> Lions Camp<br><input type="checkbox"/> Archaeological Site<br><input type="checkbox"/> Housing<br><input type="checkbox"/> Waste Treatment<br><input type="checkbox"/> Humane Society<br><input type="checkbox"/> Railroad Historic Society<br><input type="checkbox"/> Historic/Architectural<br><input type="checkbox"/> Religious<br><input type="checkbox"/> Historical Society | <input type="checkbox"/> Rehabilitation<br><input type="checkbox"/> Military<br><input type="checkbox"/> Bible Camp<br><input type="checkbox"/> Art Gallery<br><input type="checkbox"/> Disability Camps<br><input type="checkbox"/> Radio Station<br><input type="checkbox"/> Youth Hockey<br><input type="checkbox"/> Youth Baseball Association<br><input type="checkbox"/> Dependent & Development Disability<br><input type="checkbox"/> Professional Sport/Entertainment Stadium<br><input type="checkbox"/> Other (please explain in the "Additional information" box on page 4) |
| 7b. Identify the precise statutory reference and language supporting the exemption.   |   |   |
| 8. State the organization's purpose, mission, and primary goal:   |   |   |
| 9. Describe the services provided by the organization:  |   |   |
| 10. List the primary beneficiaries of the services:   |   |   |
| 11. Is there a fee charged, or revenue earned, for services provided? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If Yes, what is the amount of the fee charged or revenue earned?  |   |   |
| 12. Do you provide any free service? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If Yes, explain:   |   |   |

Attachment: PILOT-Finance Director-Comptroller (2702 : Resolution on Merrill Area Housing Authority PILOT)

13. What percent of recipients receive free service (on an annual basis)? \_\_\_\_\_ %

14. Do you provide service to anyone at below market or reduced rates?  Yes  No  
If Yes, explain: \_\_\_\_\_

15. What percentage of annual recipients receive services at below or reduced rates? \_\_\_\_\_ %

16. Are you under any obligation to provide services to those who cannot pay?  Yes  No  
If Yes, explain: \_\_\_\_\_

17. Does Applicant receive any subsidies, grants, or low or no interest loans to operate or otherwise provide its services?  Yes  No  
If Yes, identify sources and amounts and how monies are applied or used. \_\_\_\_\_

18. How much of Applicant's annual gross income or revenue is derived from donations? \$ \_\_\_\_\_  
What percentage is that of Applicant's total annual income or revenue? \_\_\_\_\_ %

**SECTION 2 – SUBJECT PROPERTY INFORMATION**

19. Property for which exemption is being applied ("Subject Property"):  
Address: \_\_\_\_\_  
Tax parcel number: \_\_\_\_\_ Number of acres: \_\_\_\_\_  
Legal description: \_\_\_\_\_

20. Estimated fair market value of Subject Property: \$ \_\_\_\_\_  
If based on an independent appraisal, identify the appraiser and the purpose of the appraisal below.  
Appraiser: \_\_\_\_\_ as of \_\_\_\_ / \_\_\_\_ / \_\_\_\_  
Purpose of Appraisal: \_\_\_\_\_

21. Owner of Subject Property:  
If Owner is different from Applicant, explain and identify the relationship between Applicant and Owner. \_\_\_\_\_

22. Date Owner acquired Subject Property: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

23. Person or entity from whom Owner acquired Subject Property: \_\_\_\_\_

24. Date Owner first began using and occupying Subject Property: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

25. Date Applicant first began using and occupying the Subject Property: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

26. Explain precisely how Applicant actually uses the Subject Property. \_\_\_\_\_

27. Explain in detail why Applicant feels the Subject Property qualifies for property tax exemption. Finally, describe precisely how applicant and the Subject Property fit within that statutory language. \_\_\_\_\_

**SECTION 3 – TENANT INFORMATION**

28. Identify all persons and entities other than Owner who have the right to use and occupy any part of the Subject Property. Include all tenants, licensees, and concessionaires of the Subject Property. Use the space provided on page 4 or attach additional pages as necessary. For each, include:  
a. Name of tenant or occupant.  
b. Their mailing address and phone number.  
c. Their interest in the Subject Property.  
d. A precise and detailed explanation of how they actually use the Subject Property.  
e. The date from which they began occupancy of the Subject Property.  
f. The monthly rate or fee they pay to use or occupy the Subject Property.  
g. An explanation of how rent or other fees they pay to use and occupy the Subject Property are used and applied.  
h. The portion of the Subject Property they use or occupy.  
Indicate number of users other than owner, if there are no other users, enter "None". Number of other users: \_\_\_\_\_

29. Identify the percentage of the Subject Property that is used or occupied by persons other than owner. \_\_\_\_\_ %

30. Was the subject Property used in an unrelated trade or business for which the Owner was subject to taxation under section 511 to 515 of the Internal Revenue Code?  Yes  No  
If Yes, explain: \_\_\_\_\_

Attachment: PILOT-Finance Director-Comptroller (2702 : Resolution on Merrill Area Housing Authority PILOT)

**SECTION 4 – ATTACHMENTS**

**31. ATTACH COPIES OF THE FOLLOWING DOCUMENTS:**

**A. Documents regarding applicant, owner, tenant(s), or occupant(s) of the Subject Property (where applicable):**

1. Proof of non-profit status (e.g. Determination Letter under I.R.C. 501(c)(3)).
2. Partnership Agreement, Association Documents, Articles of Incorporation, Charter and By-laws, including any amendments thereto.
3. Latest annual report filed with State Department of Financial Institutions.
4. Curriculum of educational courses offered.
5. Part II of Form 1023 (Application for Recognition of Exemption) filed with the Internal Revenue Service.
6. Form 990 (Return of Organization Exempt from Income Tax).
7. Form 990T (Exempt Organization Business Income Tax Return).
8. Ordination papers for the occupants if the Subject Property is to be considered eligible as housing for pastors and their ordained assistants, members of religious order and communities, or ordained teachers.
9. Leases and subleases affecting the Subject Property or any part thereof, including all amendments thereto.
10. Concessionaire agreements, license agreements, and other documents regarding the use of occupancy of the Subject Property or any part thereof, including all amendments thereto.
11. Covenants, restrictions, rules and regulations (recorded or unrecorded), and all amendments thereto, affecting use or occupancy of the Subject Property or title thereto and all amendments thereto.
12. Mortgages (recorded or unrecorded) affecting the Subject Property.
13. Copy of the documents listed in 1 through 12 above as the same relate to any tenant or occupant of the property.
14. Any other information that would aid in determining exempt status.

**B. Documents regarding the Subject Property:**

1. Survey of the Subject Property. This includes certified survey maps and subdivision maps and plats.
2. An Appraisal of the Subject Property.
3. Deeds or instruments of conveyance by which organization acquired interest in the Subject Property.
4. Any other information that would aid in determining exempt status.

**SECTION 5 – AFFIDAVIT**

*Under penalties of perjury, I, on behalf of the above-named organization/Applicant, hereby certify that I am authorized to sign and submit this application, and that the information and documents submitted herewith are true and correct to the best of my knowledge and belief.*

|           |                          |      |
|-----------|--------------------------|------|
| Title     | Telephone<br>(    )    – | Date |
| Signature | Name (printed)           |      |

STATE OF WISCONSIN  
 COUNTY OF: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
 Notary Public  
 My Commission expires on \_\_\_\_\_

(Seal)

*Note: The following text is an excerpt from Stat., Sec. 70.11. Refer to current Wisconsin Statutes for the complete language or sections applicable to the exemption of property from taxation.*

**70.11 Property exempted from taxation.** The property described in this section is exempted from general property taxes if the property is exempt under sub. (1), (2), (18), (21), (27) or (30); if it was exempt for the previous year and its use, occupancy or ownership did not change in a way that makes it taxable; if the property was taxable for the previous year, the use, occupancy or ownership of the property changed in a way that makes it exempt and its owner, on or before March 1, files with the assessor of the taxation district where the property is located a form that the department of revenue prescribes or if the property did not exist in the previous year and its owner, on or before March 1, files with the assessor of the taxation district where the property is located a form that the department of revenue prescribes. Except as provided in subs. (3m)(c), (4)(b), (4a) (f), and (4d), leasing a part of the property described in this section does not render it taxable if the lessor uses all of the leasehold income for maintenance of the leased property, construction debt retirement of the leased property or both and if the lessee would be exempt from taxation under this chapter if it owned the property. Any lessor who claims that leased property is exempt from taxation under this chapter shall, upon request by the tax assessor, provide records relating to the lessor's use of the income from the leased property.

Additional information:

Attachment: PILOT-Finance Director-Comptroller (2702 : Resolution on Merrill Area Housing Authority PILOT)

**Park Place & Westgate, LLC**  
**Estimate of Annual Payment in Lieu of Taxes**

|  | <u>Westgate</u>     | <u>Park Place</u>    | <u>Stone Bridge</u>  | <u>Total</u>         |
|--|---------------------|----------------------|----------------------|----------------------|
| Avg dwelling rental                                | \$ 195.00           | \$ 288.00            | \$ 288.00            |                      |
| No of units  | <u>10</u>           | <u>54</u>            | <u>38</u>            | <u>102</u>           |
| Avg monthly rental                                 | \$ 1,950.00         | \$ 15,552.00         | \$ 10,944.00         | \$ 28,446.00         |
| No of months                                       | <u>12</u>           | <u>12</u>            | <u>12</u>            | <u>12</u>            |
| Estimated dwelling rental                          | \$ 23,400.00        | \$ 186,624.00        | \$ 131,328.00        | \$ 341,352.00        |
| Estimated vacancy rate                             | <u>3%</u>           | <u>3%</u>            | <u>3%</u>            | <u>3%</u>            |
| Estimated net dwelling rental                      | \$ 22,698.00        | \$ 181,025.00        | \$ 127,388.00        | \$ 331,111.00        |
| Excess utilities                                   | 98.00               | 529.00               | 373.00               | 1,000.00             |
| Non dwelling rental                                | 118.00              | 635.00               | 447.00               | 1,200.00             |
| <b>Total rental or homebuyers payments charged</b> | <u>\$ 22,914.00</u> | <u>\$ 182,189.00</u> | <u>\$ 128,208.00</u> | <u>\$ 333,311.00</u> |
| Total utilities expense                            | <u>1,351.00</u>     | <u>53,524.00</u>     | <u>37,665.00</u>     | <u>92,540.00</u>     |
| Shelter rent charged                               | \$ 21,563.00        | \$ 128,665.00        | \$ 90,543.00         | \$ 240,771.00        |
| PILOT %  | <u>10%</u>          | <u>10%</u>           | <u>10%</u>           | <u>10%</u>           |
| Estimated PILOT                                    | <u>\$ 2,156</u>     | <u>\$ 12,867</u>     | <u>\$ 9,054</u>      | <u>\$ 24,077</u>     |

This is an estimate only based on current occupancy of the Westgate and Park Place properties. Actual results will differ

Attachment: PILOT-Projected Fiscal (2702 : Resolution on Merrill Area Housing Authority PILOT)

## Subject to Attorney Client Privilege

## Memorandum



August 17, 2017

**To:** City of Merrill, Wisconsin  
**From:** Quarles & Brady LLP  
**Climat:** City of Merrill  
 650232.00027  
**Re:** Property Tax Exemption and PILOT Agreement- Property of Merrill Area Housing Authority/Park Place

ISSUES

The City of Merrill, Wisconsin (the "City") has asked (i) whether certain property owned by the Merrill Area Housing Authority (the "Housing Authority") that will be leased to Park Place & Westgate, LLC (the "Company") is exempt from property taxation, and (ii) the legal status of a proposed PILOT Agreement between the City, the Company and the Housing Authority.

ASSUMPTIONS

For purposes of the advice set forth herein, we assume the following facts:

1. The Merrill Area Housing Authority (the "Housing Authority"), a Wisconsin public body corporate and politic, is a housing and community development authority under Wis. Stat. §66.1335(4). Under Wis. Stat. §66.1335(4), the Authority has all "the powers, duties and functions" set out in Wis. Stat. §66.1201 (the "Housing Authorities Law"). Wis. Stat. §66.1335(4) further provides that as to all housing projects initiated by a community development authority, it shall proceed under Wis. Stat. §§ 66.1201. With respect to its housing projects, the Authority is operated in accordance with the Housing Authorities Law.

2. The Housing Authority is renovating and redeveloping 54 units of affordable housing currently known as Park Place Apartments and 10 units of affordable housing currently known as Westgate Apartments, and constructing 38 units of affordable housing to be known as Stonebridge Apartments, located at 215 Grand Avenue, 1705 – 1707 - 1709 Water Street and 307 West Main Street, Merrill, Wisconsin 54452. Collectively, these 102 units of affordable housing are referred to herein as the "Apartment Complex."

3. The Housing Authority is the current fee owner of the Apartment Complex and fee ownership of the Apartment Complex will not be transferred by the Housing Authority.

QBV47644892.1

Attachment: PILOT-Legal Analysis (2702 : Resolution on Merrill Area Housing Authority PILOT)

## Memorandum

4. The Housing Authority has received an allocation of Federal low income housing tax credits under Section 42 of the Internal Revenue Code (the "Code") for the rehabilitation and redevelopment of the Apartment Complex.

5. In connection with the allocation of tax credits and the redevelopment and construction, the Housing Authority will transfer federal income tax ownership of the Property to Park Place & Westgate, LLC, a Wisconsin limited liability company (the "Company"), by leasing the entire Apartment Complex to the Company pursuant to a capital lease (the "Lease," the current proposed form of which is attached hereto as Appendix 1) (such lease to include the land described on Exhibit A to the Capital Lease).

6. The residential units in the Apartment Complex will be rented to persons or families who lack the amount of income necessary, as determined by the Housing Authority on behalf of the Company, to enable them, without financial assistance, to live in decent, safe and sanitary dwellings, without overcrowding.

7. The Company will not have the right to assign its rights under the Lease without the Housing Authority's consent unless: (a) the assignee assumes, in full and in a written instrument reasonably satisfactory to the Housing Authority, all of the obligations of the Company set forth in the Lease; (b) Tenant remains fully liable for all of its obligations under this Lease; (c) the assignee's proposed use of the Apartment Complex is compatible with the permitted uses as set forth in the Lease; and (d) the assignee is, in the Housing Authority's reasonable judgment, sufficiently creditworthy.

8. The managing member of the Company is Park Place and Westgate MM LLC, a Wisconsin limited liability company (the "Managing Member"). The sole member of the Managing Member is the Housing Authority.

9. The Managing Member will exercise exclusive control and authority over the Company (with the exception of ensuring compliance with Section 42 of the Code) and operation of the Apartment Complex pursuant to the Company's operating agreement.

10. The Housing Authority will act as the manager and administrator of the Apartment Complex pursuant to a property management subcontract agreement to be entered into between the Housing Authority and the Company (the "Management Agreement," the proposed form of which is attached hereto as Appendix 2). Under the Management Agreement, the Housing Authority will be responsible for: (a) marketing and renting the Apartment Complex to qualified persons of low income at qualified rents; (b) contracting for all utility services, trash collection, snow removal and maintenance and repairs; (c) collecting rents and paying Apartment Complex operating expenses from a Housing Authority bank account; (d) all aspects of tenant and community relations arising from operation of the Apartment Complex; (e) maintaining compliance with all federal, state and local laws, other than Section 42 of the Code; (f) preparing operating budgets; and (g) performing all other services reasonably necessary for the care, protection, management, maintenance and operation of the Apartment Complex.

11. The Company has granted the Housing Authority a right of first refusal to acquire the Company's interest in the Apartment Complex after the federal low income housing tax

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credit compliance period. Under the right of first refusal, the Housing Authority will have the contractual right to acquire the Apartment Complex for a nominal sum for 24 months following the end of the 15-year compliance period under Section 42 of the Code and thus, prevent the Company from selling its interest in the Apartment Complex to a third party during this time. A copy of the proposed form of the Right of First Refusal is attached hereto as Appendix 3.

12. It is not expected that the Company will generate material positive cash flow in excess of its fixed expenses, fees and debt obligations.

CONCLUSIONS

Based upon the facts and assumptions set forth above and for the reasons set forth below and subject to the qualification in the final paragraph of this Memo, there is a reasonable basis upon which the City can treat the Apartment Complex as exempt from general property tax under Wis. Stat. §70.11(18) because: (1) the Apartment Complex is “property of” the Housing Authority within the meaning of Wis. Stat. §§66.1201(22) and 70.11(18), and (2) the leasing restrictions imposed by the flush language of Wis. Stat. §70.11 will not apply. We note that notwithstanding the foregoing, the Apartment Complex should be subject to payments in lieu of taxes imposed by the City under the Cooperation Agreement, the PILOT Agreement and under the authority granted in Wis. Stat. §66.1201(22), provided the PILOT Agreement is entered into.

DISCUSSION

A. “Property Of”

Wis. Stat. §70.11(18) exempts from general property taxes the “[p]roperty of housing authorities exempt from taxation under s. 66.1201(22).” [Emphasis Added] Wis. Stat. §66.1201(22) provides as follows:

TAX EXEMPTION AND PAYMENTS IN LIEU OF TAXES. The *property of* an authority is public property used for essential public and governmental purposes and the property and an authority are exempt from all taxes of the state or any state public body, except that the city in which a project or projects are located may fix a sum to be paid annually in lieu of taxes by the authority for the services, improvements or facilities furnished to the property of the authority by the city. The amount paid in lieu of taxes may not exceed the amount that would be levied as the annual tax of the city upon the project. [Emphasis Added]

The critical phrase “property of” a housing authority is not expressly defined in the Wisconsin Statutes. In construing this property tax exemption, it is important to note what the statute does *not* say: it does not say that the Apartment Complex must be “owned” by a housing authority. Numerous property tax exemptions are expressly conditioned on ownership. See Wis. Stat. §§ 70.11(4), (4m), (5), (7), (9), (10m), (12), (13), (16), (17), (20), (22), (25) and (28) (describing various properties exempt from taxation). If the Wisconsin legislature had intended to limit the housing authority exemption to properties “owned” by a housing authority, it could have easily used words such as property “exclusively owned by” or “owned and used” by a housing authority in Wis. Stat. §§ 66.1201(22) and 70.11(18). By using broader statutory

## Memorandum

language for the exemption, a strong argument exists that the legislature intended “property of” a housing authority to include properties other than just those which a housing authority holds legal title to.

Even if the phrase “property of” is deemed ambiguous, it is well settled that ambiguous statutory provisions are to be interpreted in the manner that best achieves the intent of the legislature. Verdoljak v. Mosinee Paper Corp., 200 Wis.2d 624 (1996); State v. Olson, 175 Wis.2d 628 (1993). As stated by the Wisconsin Supreme Court, “[t]he cardinal rule in all statutory interpretation, as this Court has often said, is to discern the intent of the legislature. The Court will ascertain that intent by examining the language of the statute, as well as its scope, history, context, subject matter and purpose.” Scott v. First State Insurance Company, 155 Wis.2d 608, 612 (1990)

The intent of the legislature is plainly stated. Wis. Stat. §66.1201(2) provides that, among other things, the purpose of the Housing Authorities Law is to provide safe and sanitary dwellings for persons of low income. In furtherance of this purpose, Wis. Stat. §66.1201(9) expressly authorizes housing authorities to engage in a variety of activities that foster low income housing including arranging or contracting for the furnishing of services or facilities in connection with a housing project or the occupants of a housing project and leasing housing units to low income persons. In the present case, the Housing Authority proposes to do these things in connection with its operation of the Apartment Complex. Rehabilitation, construction and operation of the Apartment Complex will help to alleviate the shortage of low income housing in the City. The Housing Authority’s activities with respect to the Apartment Complex and its tenants are described in the applicable statute as activities to be undertaken by housing authorities. Accordingly, these facts should be sufficient to make the Apartment Complex “property of” the Housing Authority for purposes of Wis. Stat. §66.1201(22) and 70.11(18).

If the phrase “property of” is equated with ownership, arguably the Housing Authority should be deemed the “owner” of the Apartment Complex under applicable Wisconsin property tax law. There are three contemporary Wisconsin Supreme Court decisions that address the issue of whether property is “owned” by an exempt entity for Wisconsin property tax purposes where the incidents of beneficial ownership are divided between the exempt entity and a non-exempt entity under a ground lease. See Mitchell Aero, Inc. v. City of Milwaukee, 42 Wis.2d 656; Gebhardt v. City of West Allis, 89 Wis.2d 103 (1979); City of Franklin v. Crystal Ridge, Inc., 180 Wis.2d 561 (1994). These cases establish that: (1) mere “paper title” does not constitute ownership for property tax purposes, and (2) each exemption case must be decided on its own facts “in the context of the purpose of the determination.” Mitchell Aero, 42 Wis.2d at 662.

In the case at hand, the Housing Authority will make all decisions and enter into all contracts related to the day-to-day operation of the Apartment Complex during the term of the Management Agreement, it is anticipated that substantially all of the operating cash flow from the Apartment Complex will be applied by the Company to pay Apartment Complex operating expenses or debt service, and the Apartment Complex will be operated solely to achieve the public purposes for which the Housing Authority was created. In contrast, if the Company were the true owner, the Development would be operated to maximize cash flow. Further, under Mitchell Aero, the determination of what combination of rights less than the whole bundle will

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constitute ownership must be determined in each case in the context of the purpose of the determination. In this case, the “purpose of the determination” is whether the Apartment Complex is the type of project that is consistent with the objectives of Wis. Stat. §66.1201. The Apartment Complex is property dedicated to an avowed public use and is intended to alleviate the shortage of safe and sanitary dwellings for persons of low income in the City. Accordingly, the public purpose of the Apartment Complex adds additional support for the proposition that for Wisconsin property tax purposes, the incidents of ownership of the Apartment Complex lie with the Housing Authority. There are factors, however, that would indicate that the Company has the incidents of ownership in the Apartment Complex, including the following: (1) the Company will have complete and exclusive possession and control of the Apartment Complex during the term of the Lease; (2) the Lease term, anticipated to be 65 years with two options to renew for periods of 15 years for each option, will constitute most, if not all, of the useful life of the Apartment Complex, and (3) the Company is required to maintain the property and bears the risk of loss with respect to the improvements located or to be located on the land comprising the Apartment Complex. Accordingly, it is not free from doubt that the Housing Authority would be considered the “owner” of the Apartment Complex if the phrase “property of” in Wis. Stat. §§70.11(18) and 1201(22) is equated with ownership.

**B. Leasing Restriction**

Under certain circumstances, property that is exempt from general property tax under Wis. Stat. §70.11 will be taxable if it is leased. Specifically, the introductory phrase to Wis. Stats. §70.11 provides in part as follows:

PROPERTY EXEMPTED FROM TAXATION. The property described in this section is exempted from general property taxes . . . Except as provided in subs. (3m)(c), (4)(b), (4a)(f) and (4d), leasing a part of the property described in this section does not render it taxable if the lessor uses all of the leasehold income for maintenance of the leased property, construction debt retirement of the leased property or both and, except for residential housing, if the lessee would be exempt from taxation under this chapter if it owned the property. . . . [Emphasis Added]

Under a technical interpretation of this language, the Company must use all of the income from the Apartment Complex for maintenance of the leased property, construction debt retirement of the leased property or both. Typically, in syndicated low-income housing investments such as that involved in this case, the operating agreement of the Apartment Complex entity (such as the Company) will provide for distributions that would allow cash flow in excess of that required for operations to be distributed for a number of different items that would not involve maintenance of the property or construction debt retirement. Accordingly, under a technical interpretation of the law, if the Company, in any year, uses leasehold income for anything other than the statutorily allowed purposes, the Apartment Complex would not be exempt from property tax under Wis. Stat. §70.11(18). However, Wis. Stat. §66.1201(22) also contains a property tax exemption for property of a housing authority and arguably is the primary source of the tax exemption for property of a housing authority since Wis. Stat. §70.11(18) simply states that property of housing authorities that is exempt under Wis. Stat. §66.1201(22) is exempt under Wis. Stat. §70.11. No leasing restrictions are contained in Wis. Stat. §66.1201.

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To apply a strict interpretation of the leasing restriction found in Wis. Stat. §70.11 under the facts of this case arguably frustrates and defeats the legislative purpose of granting tax exemptions to housing authorities. The provisions of the Housing Authorities Law explicitly state that the Wisconsin legislature desires that low-income persons be afforded an opportunity to have a safe and decent place to live. The Housing Authority will provide shelter to low-income individuals through its operation of the Apartment Complex. In addition, Wis. Stat. §1201(22) grants property tax exemption to “property of” an authority and contains no leasing restrictions. Accordingly, while the law is uncertain on this issue, there is a reasonable basis on which to conclude that the leasing restrictions of Wis. Stat. §70.11 should not apply to property of a housing authority that is exempt under Wis. Stat. §§70.11(18) and 66.1201.

C. Payments in Lieu of Taxes

The Housing Authority currently operates under a Cooperation Agreement (attached hereto as Appendix 4), dated May 11, 1965, between the City and the Housing Authority which governs the operations of “Projects” (as defined in the Cooperation Agreement) by the Housing Authority. Among other things, the Cooperation Agreement obligates the City to exempt from property tax and the Housing Authority to make payments in lieu of property taxes (“Payments in Lieu of Taxes”) under the Cooperation Agreement) on any Project so long as either: (1) the Project is owned by a public body or governmental agency and is used for low-income housing purposes, (2) any contract between the Housing Authority and the PHA for loans or annual contributions, or both, in connection with the Project remains in force and effect, or (3) any bonds issued in connection with such Project or any monies due to the PHA in connection with such Project remain unpaid. The Payment in Lieu of Taxes is equal to (1) 10% of Shelter Rent charged by the Housing Authority, or (2) the amount permitted to be paid by applicable state law in effect on the date such payment is made, whichever is lower. The Cooperation Agreement defines “Shelter Rent” to mean the total of all charges to all tenants of a Project for dwelling rents and non-dwelling rents (excluding all other income of the Project), less the cost to the Housing Authority of dwelling and non-dwelling utilities. Finally, the Cooperation Agreement states that the agreement remains in full force and effect with respect to each Project so long as the beneficial title to such Project is held by the Housing Authority or any other public body or governmental agency.

In a document entitled “Merrill Area Housing Authority Board of Directors,” signed by the Executive Director of the Housing Authority (on September 11, 2016) and the Finance Director of the (on September 14, 2016) City (the “MAHA Resolution”) (attached hereto as Appendix 5), the Board of Directors sets forth that the Housing Authority operates under the Cooperation Agreement which provides for Payments in Lieu of Taxes and the Housing Authority intends to maintain this status after conversion of the Apartment Complex to Project-Based Rental Assistance (Section 8 contracts) under a Rental Assistance Demonstration (“RAD”) CHAP commitment.

The Company has submitted a proposed PILOT Agreement (the “PILOT Agreement”) (attached hereto as Appendix 6) to the City to be entered into between the City, the Company and the Housing Authority, pursuant to which the Company will make a payment in lieu of taxes

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(“PILOT”) beginning in 2018 and ending in the final calendar year of the Apartment Complex’s required 15-year compliance period under Section 42 of the Code. The amount of the PILOT for each calendar year would be equal to 10% of the difference between (1) 100% of the tenant’s portion of collected rents for residential units in the Apartment Complex for such calendar year, and (2) 100% fo the electricity, water, sewer and fuel bills incurred by the Company with respect to the Apartment Complex for such calendar year.

Several questions arise related to the Cooperation Agreement and the PILOT Agreement. First, does the Cooperation Agreement apply to the Company and the Apartment Complex when being operated by the Company? It is unclear whether the Cooperation Agreement continues to apply to the Apartment Complex after the Lease is executed and the Apartment Complex is converted under the RAD. Under paragraph 3 of the Cooperation Agreement, Payments in Lieu of Taxes continue so long as a “Project” is owned by a public body such as the Housing Authority. However, paragraph 9 of the Cooperation Agreement provides that it remains in full force and effect with respect to a Project so long as the Housing Authority holds beneficial title to the Project. As discussed above, the law is not clear as to whether the Housing Authority would be considered the “owner” of or the holder of “beneficial title” to the Apartment Complex following transfer of the Apartment Complex pursuant to the Lease. Regardless, arguably the Housing Authority and the City have agreed and ratified the terms of the Cooperation Agreement and intend that it continue to apply to the Apartment Complex following transfer of the Apartment Complex under the Lease as evidenced by the MAHA Resolution.

Second, can the Cooperation Agreement exempt the Apartment Complex from property tax? The Cooperation Agreement provides that the City will not levy property tax on “Projects” covered by the agreement. A “Project” can only be treated as exempt from property tax if it meets statutory requirements for exemption. A taxing jurisdiction such as the City cannot agree by contract to exempt from property tax any property that does not meet statutory requirements. Accordingly, if the City treats the property as exempt and a court subsequently finds the property to be taxable, the Cooperation Agreement is null and void.

Third, is amount of the PILOT under the PILOT Agreement consistent with the requirements of the Cooperation Agreement? The answer to this question is dependent on what is included in Shelter Rent under the Cooperation Agreement. Under the PILOT Agreement, the payment is based on 10% of actual rent collected from tenants (which presumably excludes any government subsidy payments such as Section 8 payments). Under the Cooperation Agreement, the payment is based on 10% of charges to tenants for dwelling rents. It is not clear whether this included any subsidy payments or not. The City should review prior year determinations of Payments in Lieu of Taxes to determine how rent was calculated in order to determine if basis of the PILOT will be similar.

In the final analysis, it is not clear whether the Cooperation Agreement continues to apply to the Apartment Complex due to the ambiguity of the definition of “Project” in the Cooperation Agreement and whether the MAHA Resolution is sufficient to ratify and amend the provisions of the Cooperation Agreement so that it does continue to apply. Moreover, no contractual arrangement will entitle a property to exemption if it does not otherwise satisfy statutory requirements for exemption. Notwithstanding, parties can voluntarily enter into an agreement

**Memorandum**

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for payments in lieu of taxes absent the existence of an agreement such as the Cooperation Agreement. The PILOT Agreement is a separate and distinct agreement and the Company is agreeing to make the PILOT. This should be true whether the Cooperation Agreement continues in full force and effect. The amount of the PILOT is apparently consistent with the Payment In Lieu of Taxes that the City would receive for the Apartment Complex under the Cooperation Agreement, assuming that Shelter Rent for purposes of determining the Payment in Lieu of Taxes under the Cooperation Agreement includes only actual rent paid by tenants and not total rent which would include any governmental subsidy payments. In addition, the PILOT is limited so that it does not exceed the amount that would be levied as the annual property tax by the City. Wis. Stat. §66.12011(22) allows a housing authority to make payments in lieu of taxes provided the payment does not exceed what actual real estate taxes would be on the property. Thus, the PILOT Agreement should be enforceable against the Company, regardless of the applicability of the Cooperation Agreement.

\* \* \*

The law is uncertain with respect to the issues addressed in this memo. Accordingly, the conclusions contained herein are not free from doubt and there can be no absolute assurance that the conclusions expressed herein would be followed if the issues were to be litigated.

Attachment: PILOT-Legal Analysis (2702 : Resolution on Merrill Area Housing Authority PILOT)

City of Merrill  
Meeting of Redevelopment Authority (RDA)

Tuesday, August 8<sup>th</sup>, 2017 at 6:00 p.m.  
City Hall Common Council Chambers

RDA Present: Bill Bialecki, Ryan Schwartzman, Tim Haight, Jill Laufenberg, Karen Karow, Clyde Nelson, and Tony Kusserow

Others: Alderpersons Kandy Peterson and Mary Ball, City Clerk Bill Heideman, City Administrator Dave Johnson, City Attorney Tom Hayden, Finance Director Kathy Unertl, Public Works Director Rod Akey, City Building Inspector Darin Pagel, Ken Maule from Lincoln County Economic Development Corp. (LCEDC), Dewey Pfister, Lori Anderson Malm, and representatives of Merrill Renewal Properties

**Call to Order:** Bialecki called the meeting to order at 6:00 p.m.

**Consider approval of meeting minutes from August 1<sup>st</sup>, 2017:**

Motion (Karow/Laufenberg) to approve the meeting minutes from August 1<sup>st</sup>.

**Public Comment:** None.

**Public Hearings:** Motion (Schwartzman/Laufenberg) to open the public hearings. Carried at 6:02 p.m. The public hearings included:

- the proposed project plan, boundaries and creation of Tax Incremental District No. 12 (Weinbrenner factory area)
- the proposed amendment of boundaries and project plan for Tax Incremental District No. 8 (West side area)

RDA Secretary Kathy Unertl provided the following TID Plan overviews:

**TID No. 8 changes:**

- Three parcels being deleted
  - two owned by Trinity Lutheran Church (Laundromat & parking lot)
  - vacant land (6.9 acres) along the Wisconsin River (Merrill Area Development Corp/Merrill Renewal Properties) - to TID No. 12
- Project expenses include water and sewer utility infrastructure for Mitchell Metal Products (within ½ mile of TID No. 8 boundary) – manufacturing addition

**TID No. 12 creation:**

- Mixed-Use TID including Weinbrenner Shoe Outlet, factory/parking lot, two houses, River Bend Trail, and the vacant land along Wisconsin River (parcel from TID No. 8)
- Instead of two tax parcels related to Weinbrenner factory and parking lot, there are actually five tax parcels. Final TID Plan will include all these parcels as identified by Lincoln County Tax Lister and Lincoln County Abstract.
- Potential TID expenditures include:
  - separation of Polk St. streetlights from Weinbrenner parking lot lighting;
  - potential future TID cash development incentive for Weinbrenner parking lot improvements;
  - various potential street infrastructure improvements (including street lighting) within ½ mile of the TID boundary; and
  - potential TID cash development incentives or infrastructure improvements if the Wisconsin River parcel is developed in the future.

Unertl reported that if there were future expansion(s) of the Weinbrenner factory, potential TID cash development incentive(s) would need to be included within an amended TID No. 12 plan.

**There were no public comments on the proposed TID plans.** Motion (Schwartzman/Laufenberg) to close the public hearings. Carried at 6:07 p.m.

**Consideration of resolution designating proposed boundaries and approving a project plan for Tax Increment District No. 12, City of Merrill, Wisconsin:**

**Motion (Schwartzman/Karow) to adopt the resolution designating proposed boundaries and approving a project plan for Tax Increment District No. 12, City of Merrill, Wisconsin. Carried.**

**Consideration of resolution designating proposed amended boundaries and approving a project plan for Tax Increment District No. 8, City of Merrill, Wisconsin:**

**Motion (Schwartzman/Kusserow) to adopt the resolution designating proposed amended boundaries and approving a project plan for Tax Increment District No. 8, City of Merrill, Wisconsin. Carried.**

**Next RDA meeting:** Tuesday, August 29<sup>th</sup> at 8:00 a.m. instead of the week after Labor Day weekend.

**Adjournment:** Motion (Schwartzman/Karow) to adjourn at 6:08 p.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING THE PROJECT PLAN AND ESTABLISHING THE  
BOUNDARIES FOR AND THE CREATION OF  
TAX INCREMENTAL DISTRICT NO. 12,  
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. 12 (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 or of an attorney retained by the City 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 August 8, 2017 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 and

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF MERRILL, WISCONSIN this 23<sup>rd</sup> day of August, 2017, that:

1. The boundaries of the District that shall be named "Tax Incremental District No. 12, City of Merrill", are hereby established as specified in Exhibit A of this Resolution.
2. The District is created effective as of January 1, 2017.
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 less than 35% 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.
  - (f) Lands proposed for newly platted residential development comprise no more than 35% of the real property area within the District.
  - (g) 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. 12, 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, 2017, 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

CITY OF MERRILL, WISCONSIN

Moved: \_\_\_\_\_

\_\_\_\_\_  
William R. Bialecki  
Mayor

Passed: \_\_\_\_\_

\_\_\_\_\_  
William N. Heideman  
City Clerk

Attachment: TID12 Resolution (2703 : Resolution creating TID # 12)

EXHIBIT A -

LEGAL BOUNDARY DESCRIPTION OR MAP OF  
TAX INCREMENTAL DISTRICT NO. 12  
CITY OF MERRILL

THIS CAN BE FOUND IN THE PROJECT PLAN

Attachment: TID12 Resolution (2703 : Resolution creating TID # 12)

**PROJECT PLAN**

THIS WILL BE HANDED OUT SEPARATELY

Attachment: TID12 Resolution (2703 : Resolution creating TID # 12)

**CONSERVATION SUBDIVISION ORDINANCE  
OR  
TRADITIONAL NEIGHBORHOOD DEVELOPMENT DESIGNATION**

**66.1027 Traditional neighborhood developments and conservation subdivisions. (1) DEFINITIONS.** In this section:

(a) “Conservation subdivision” means a housing development in a rural setting that is characterized by compact lots and common open space, and where the natural features of land are maintained to the greatest extent possible.

(b) “Extension” has the meaning given in s. 36.05 (7).

(c) “Traditional neighborhood development” means a compact, mixed-use neighborhood where residential, commercial and civic buildings are within close proximity to each other.

**MAP OF HOUSING DENSITY**

3. Notwithstanding subd. 1., project costs may include any expenditures made or estimated to be made or monetary obligations incurred or estimated to be incurred by the city for newly platted residential development only for any tax incremental district for which a project plan is approved before September 30, 1995, or for a mixed-use development tax incremental district to which one of the following applies:

a. The density of the residential housing is at least 3 units per acre.

b. The residential housing is located in a conservation subdivision, as defined in s. 66.1027 (1) (a).

c. The residential housing is located in a traditional neighborhood development, as defined in s. 66.1027 (1) (c).

THIS WILL BE HANDED OUT SEPARATELY



July 24, 2017

# Project Plan for the Creation of Tax Incremental District No. 12

## CITY OF MERRILL, WISCONSIN

|  |                                |
|--|--------------------------------|
| Organizational Joint Review Board Meeting Held:        | Scheduled for: August 8, 2017  |
| Public Hearing Held:                                   | Scheduled for: August 8, 2017  |
| Consideration for Approval by Redevelopment Authority: | Scheduled for: August 8, 2017  |
| Consideration for Adoption by Common Council:          | Scheduled for: August 22, 2017 |
| Consideration for Approval by the Joint Review Board:  | Scheduled for: TBD             |



# Tax Incremental District No. 12 Creation Project Plan

## City of Merrill Officials

### Common Council

|                  |              |
|------------------|--------------|
| William Bialecki | Mayor        |
| Paul Russell     | Aldersperson |
| Pete Lokemoen    | Aldersperson |
| Ryan Schwartzman | Aldersperson |
| Kandy Peterson   | Aldersperson |
| John Burgener    | Aldersperson |
| Mary Ball        | 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 |
| Clyde Nelson             | Tim Haight       |
| Tony Kusserow            |                  |

### Joint Review Board

|                     |   |
|---------------------|---|
| Mayor Bill Bialecki | City Representative                     |
| Bob Weaver          | Lincoln County                          |
| Roxanne Lutgen      | Northcentral Technical College District |
| Brian Dasher        | Merrill Area School District            |
| Ryan Schwartzman    | Public Member                           |



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Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)

## SECTION 1: Executive Summary

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### Description of District

#### Type of District, Size and Location

Tax Incremental District (“TID”) No. 12 (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 \$1,270,000 to undertake the projects listed in this Project Plan. The City anticipates completing the projects in multiple 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 through various methods including debt issued by the City, 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 \$3,950,000 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 end of the 20 year maximum life of this District.

### 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. 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, façade, grants and loans, and other associated costs. The City will also incur substantial costs to add capacity to its Wastewater Treatment Plan (or construct a new well, install a lift station, etc.) in order to allow for development and/or redevelopment to occur within the District. 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, 2017. 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, 2017 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 21% (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.; or, located in a conservation subdivision as defined in Wisconsin Statutes Section 66.1027(1)(a).; or, is located in a traditional neighborhood development as defined in Wisconsin Statutes Section n 66.1027(1)(c).

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 less than 35% 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

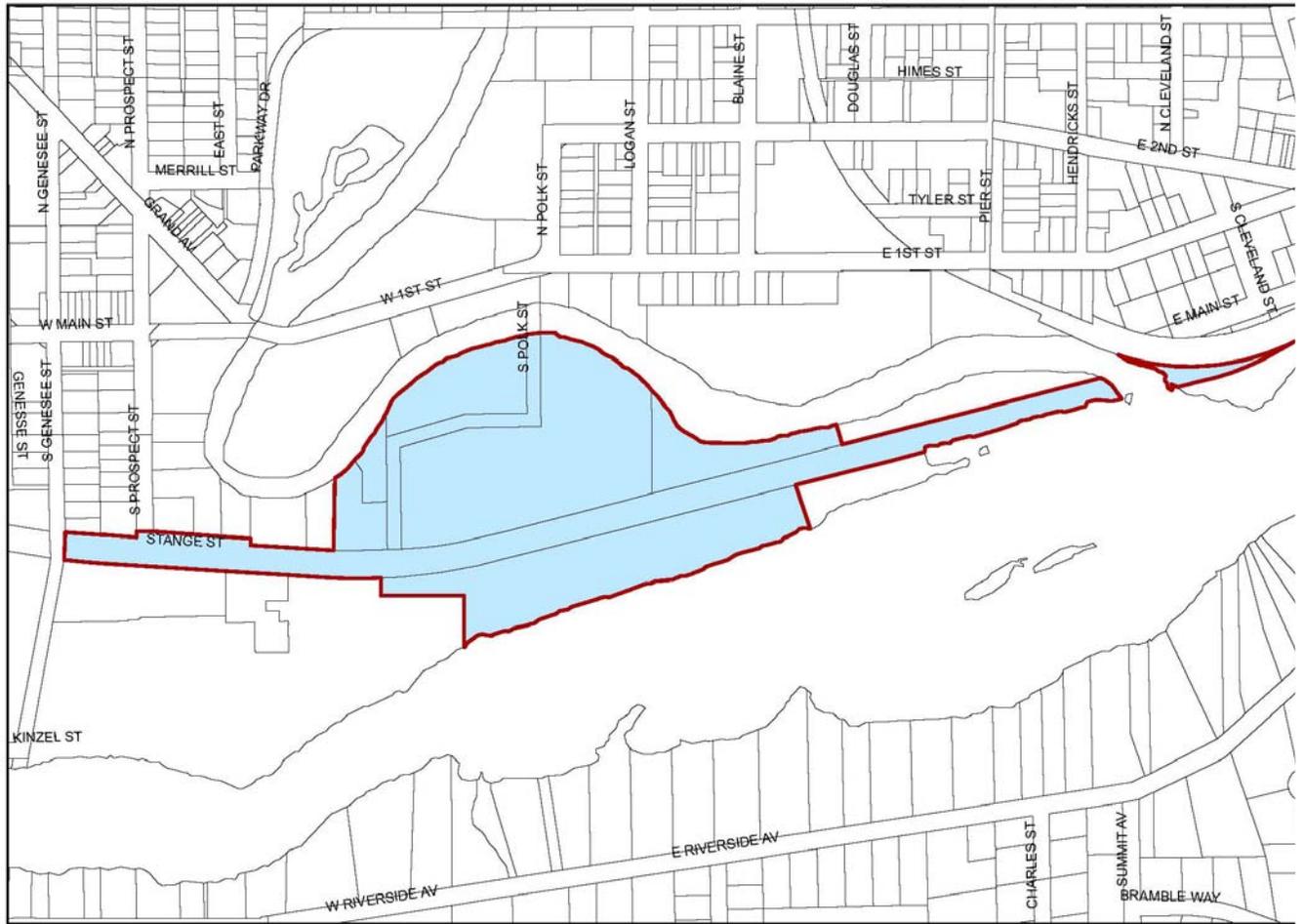
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The District is being created by the City under the authority provided by Wisconsin Statutes Section 66.1105. The District is created as a “Mixed Use District” based upon a finding that at least 50%, by area, of the real property within the District 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 21% of the area of the District (*Fill in percent, even if 0. May not exceed 35%*). 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.; or, be located in a conservation subdivision as defined in Wisconsin Statutes Section 66.1027(1)(a).; or, be located in a traditional neighborhood development as defined in Wisconsin Statutes Section 66.1027(1)(c).

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



TID 12  
City of Merrill

Legend

- T
- B

Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)



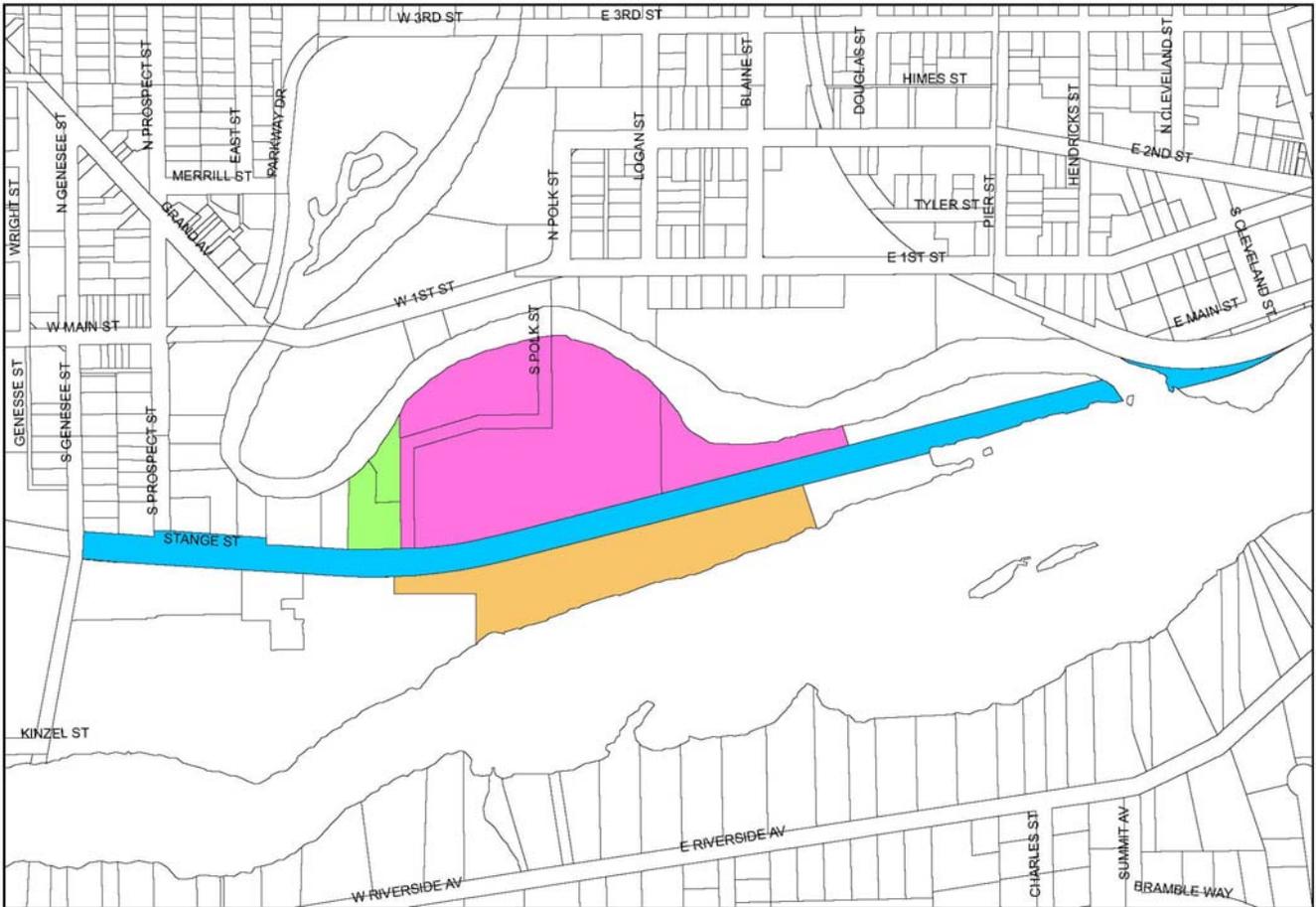


TID 12  
City of Merrill

Legend  
□ Border

Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)

# SECTION 4: Map Showing Existing Uses and Conditions



N  
W E  
S  
1 inch = 455 feet

TID 12  
Existing Use

**Legend**  
 Vacant Public Residential Industrial

Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)

# SECTION 5: Preliminary Parcel List and Analysis

| Merrill<br>Tax Incremental District No. 12<br>Preliminary Parcel List |                            |                              |                            |                       |                      |                                   |                           |                       |                               |                      |                        |                                   |                   |   |  |  |  |              |
|---|----------------------------|------------------------------|----------------------------|-----------------------|----------------------|-----------------------------------|---------------------------|-----------------------|-------------------------------|----------------------|------------------------|-----------------------------------|-------------------|---|--|--|--|--------------|
| MAP REF. #  | STREET ADDRESS             | OWNER                        | ASSESSED VALUE - PERS PROP | ASSESSED VALUE - LAND | ASSESSED VALUE - IMP | TOTAL ASSESSED VALUE (LAND & IMP) | ASSESSMENT CLASSIFICATION | LAND RATIO (BY CLASS) | IMPROVEMENTS RATIO (BY CLASS) | EQUALIZED VALUE      | PARCEL ACREAGE         | CURRENT ZONING                    | ACTUAL USE        | ACRES ZONED AND SUITABLE FOR INDUSTRIAL USE | ACRES ZONED OR PLANNED FOR COMMERCIAL/BUSINESS USE | ACRES ZONED OR PLANNED FOR NEWLY PLATTED RESIDENTIAL DEVELOPMENT | ACRES SUITABLE FOR MIXED USE DEVELOPMENT | MISC//NOTES  |
| 251-3106-141-0036   | Pending CSM/Rezoning       | City of Merrill              |                            | 0                     | 0                    | 0                                 | 7 - Other                 | 110.92%               | 110.92%                       | 0                    | 3.000                  | Industrial                        | Parking Lot       | 3.000                                       | 0.000  | 0.000  | 0.000                                    | CSM/Rezoning |
| 251-3106-141-0068   | 108 S. Polk St. (Outlet)   | Weinbrenner Shoe             | 820                        | 14,400                | 87,700               | 102,100                           | 3 - Manufacturing         | 110.92%               | 110.92%                       | 92,048               | 2.080                  | Industrial                        | Outlet Store      | 2.080                                       | 0.000  | 0.000  | 0.000                                    |              |
| 251-3106-141-0067   | 108 S. Polk St. (Factory)  | City/Weinbrenner for PP      | 1,360,300                  | 0                     | 0                    | 0                                 | 7 - Other                 | 110.92%               | 110.92%                       | 0                    | 9.630                  | Industrial                        | Manufacturing     | 9.630                                       | 0.000  | 0.000  | 0.000                                    |              |
| 251-3106-141-0040   | 200 S. Polk St.            | Leske, James/Cynthia         |                            | 9,700                 | 91,000               | 100,700                           | 1 - Residential           | 110.92%               | 110.92%                       | 90,786               | 0.530                  | Residential                       | Residential       | 0.000                                       | 0.000  | 0.000  | 0.000                                    |              |
| 251-3106-141-0039   | 208 Stange St.             | Hull, Gerald/Sandra          |                            | 15,600                | 106,600              | 122,200                           | 1 - Residential           | 110.92%               | 110.92%                       | 110,169              | 1.040                  | Residential                       | Residential       | 0.000                                       | 0.000  | 0.000  | 0.000                                    |              |
| 251-3106-141-0074   | Stange St/River Bend Trail | City of Merrill              |                            | 0                     |                      | 0                                 | 7 - Other                 | 110.92%               | 110.92%                       | 0                    | 9.230                  | Public                            | Street/Trail      | 0.000                                       | 0.000  | 0.000  | 0.000                                    | Street/Trail |
| 251-3106-142-0105   | WI River Frontage          | Merrill Area Dev Corp (MADC) |                            | 41,400                |                      | 41,400                            | 2 - Commercial            | 110.92%               | 110.92%                       | 37,324               | 6.900                  | Industrial                        | Vacant            | 0.000                                       | 0.000  | 6.900  | 0.000                                    |              |
| SUBTOTAL PERSONAL PROPERTY >  |                            |                              | 1,361,120                  |                       |                      |                                   |                           |                       | 100.00%                       | 1,361,120            | NA                     | NA                                | Personal Property | NA  | NA   | NA   | NA                                       |              |
|   |                            |                              |                            |                       |                      |                                   |                           |                       |                               | 1,691,448            | 32.410                 |                                   |                   | 14.710                                      | 0.000  | 6.900  | 0.000                                    |              |
|   |                            |                              |                            |                       |                      |                                   |                           |                       |                               | ESTIMATED BASE VALUE | TOTAL DISTRICT ACREAGE |                                   |                   | TOTAL INDUSTRIAL ACREAGE                    | TOTAL COMMERCIAL ACREAGE                           | TOTAL RESIDENTIAL ACREAGE  | TOTAL MIXED USE ACREAGE                  |              |
|   |                            |                              |                            |                       |                      |                                   |                           |                       |                               | As of January 1      | 2017                   | Percent of Total District Acreage |                   | 45.387%                                     | 0.000%   | 21.290%  | 0.000%                                   |              |

Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)

## 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 \$30,117,848. This value is less than the maximum of \$44,059,344 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.

| <b>City of Merrill, Wisconsin</b>            |                     |
|--|---------------------|
| <b>Tax Increment District # 12</b>           |                     |
| <b>Valuation Test Compliance Calculation</b> |                     |
| District Creation Date                       | 1/1/2017            |
|  | Valuation Data      |
|  | Currently Available |
|  | 2016                |
| Total EV (TID In)                            | 367,161,200         |
| 12% Test                                     | 44,059,344          |
| Increment of Existing TIDs                   |                     |
| TID #3                                       | 20,691,100          |
| TID #4                                       | 6,793,500           |
| TID #5                                       | 537,300             |
| TID #6                                       | 0                   |
| TID #7                                       | 401,300             |
| TID #8                                       | 0                   |
| TID #9                                       | 0                   |
| TID #10                                      | 3,200               |
| TID #11                                      |                     |
| Total Existing Increment                     | 28,426,400          |
| Projected Base of New or Amended District    | 1,691,448           |
| Total Value Subject to 12% Test              | 30,117,848          |
| Compliance                                   | <b>PASS</b>         |

## 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 intends to 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

There have been no known environmental studies performed within the proposed District. If, however, it becomes necessary to evaluate any land or improvement within the District, any cost incurred by the City related to environmental audits, testing, and remediations 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 are necessitated by the implementation of the Project Plan are eligible Project Costs. The improvements to the wastewater treatment facilities, although not within the ½ mile radius, is an eligible project cost under Section 66.1105(2)(f)1 k.

### Water System Improvements

There are inadequate water distribution facilities serving areas of the District. To allow development and/or redevelopment to occur, the City may 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 are necessitated by the implementation of the Project Plan are eligible Project Costs.

## Stormwater Management System Improvements

Development and/or redevelopment within the District will cause stormwater runoff and pollution. To manage this stormwater runoff, the City may 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 are necessitated by the implementation of the Project Plan are eligible Project Costs.

## Electric Service

In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade electric services. Relocation may require abandonment and removal of existing poles or towers, installation of new poles or towers, or burying of overhead electric lines. Costs incurred by the City to undertake this work are eligible Project Costs.

## Gas Service

In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade gas mains and services. Costs incurred by the City to undertake this work are eligible Project Costs.

## Communications Infrastructure

In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade infrastructure required for voice and data communications, including, but not limited to: telephone lines, cable lines and fiber optic cable. Costs incurred by the City to undertake this work are eligible Project Costs.

## Streets and Streetscape

### Street Improvements

There are inadequate street improvements serving areas of the District. To allow development and/or redevelopment to occur, the City may need to construct and/or reconstruct streets, highways, alleys, access drives and parking areas. Eligible Project Costs include, but are not limited to: excavation; removal or placement of fill; construction of road base; asphalt or concrete paving or repaving; installation of curb and gutter; installation of sidewalks and bicycle lanes; installation of culverts, box culverts and bridges; rail crossings and signals; utility relocation, to include burying overhead utility lines; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.

### Streetscaping and Landscaping

In order to attract development and/or redevelopment consistent with the objectives of this Plan, the City may install amenities to enhance development sites, rights-of-way and other public spaces. These amenities include, but are not limited to: landscaping; lighting of streets, sidewalks, parking areas and public areas; installation of planters, benches, clocks, tree rings, trash receptacles and similar items; and

installation of brick or other decorative walks, terraces and street crossings. These and any other similar amenities installed by the City are eligible Project Costs.

## 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:

- *Street and utility infrastructure*

### 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.

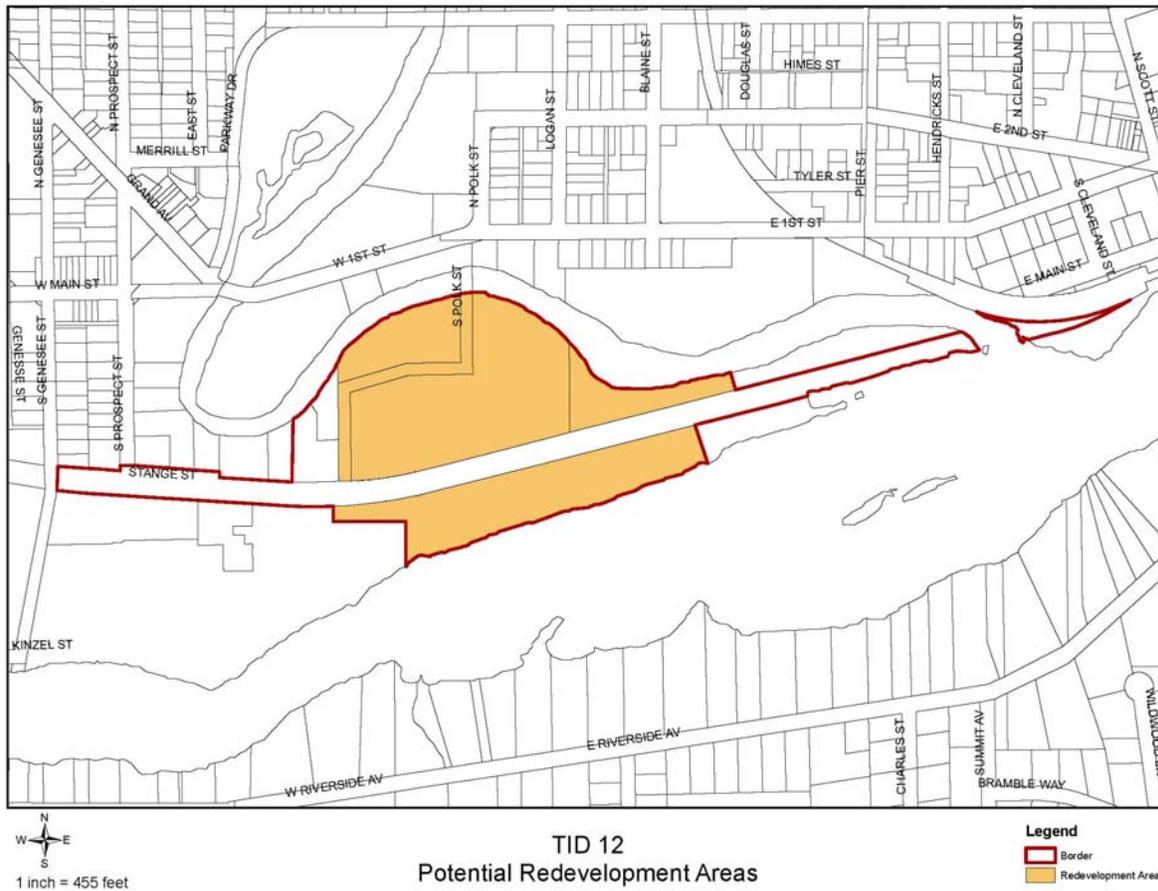
With all projects the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, apparatus necessary for public works, legal and other consultant fees, testing, environmental studies, permits, updating City ordinances and plans, judgments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

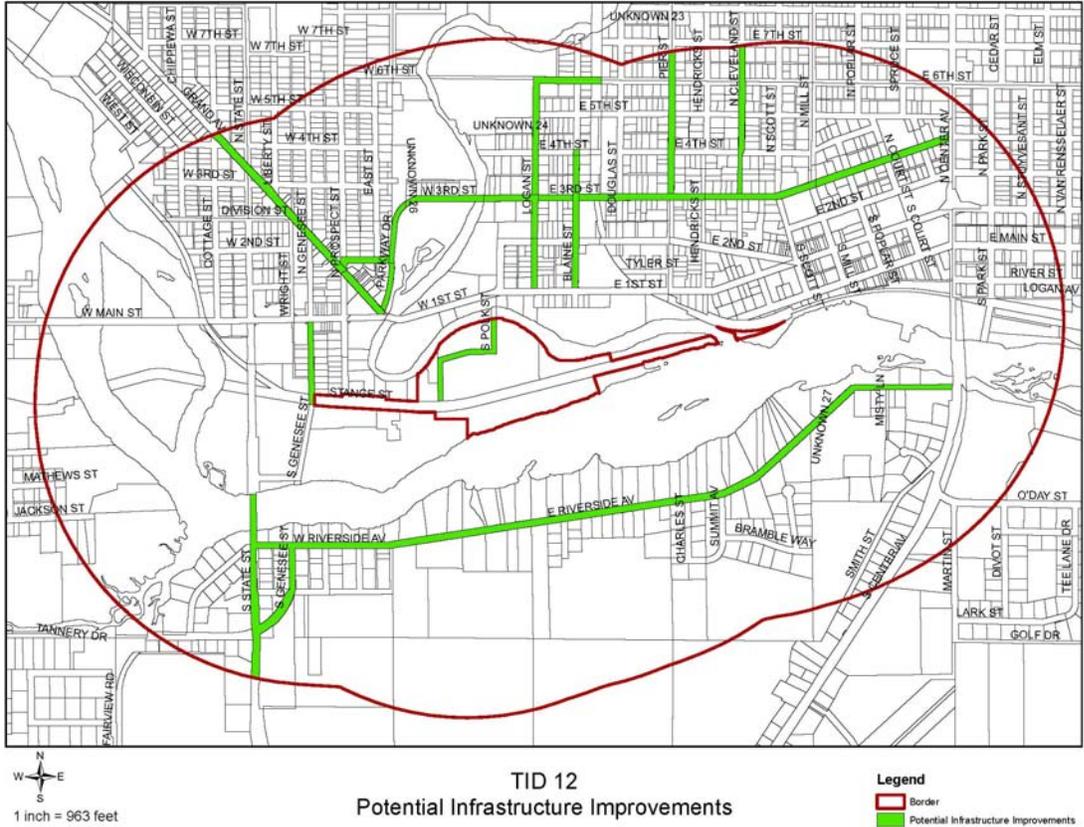
**The City reserves the right to implement only those projects that remain viable as the Plan period proceeds.**

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.





Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)



Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)

## SECTION 9: Detailed List of Project Costs

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All costs are based on 2017 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2017 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 # 12 |   |                      |                       |                        |                       |                  |
| Estimated Project List      |   |                      |                       |                        |                       |                  |
| Project ID                  | Project Name/Type                               | Phase I<br>2017/2018 | Phase II<br>2019/2020 | Phase III<br>2021/2022 | Phase IV<br>2023-2025 | Total (Note 1)   |
| 1                           | TID Boundary & Plan Amendments                  | 10,000               |                       | 10,000                 |                       | 20,000           |
| 2                           | Development Incentives                          |                      | 100,000               |                        | 100,000               | 200,000          |
| 3                           | Real Estate Acquisitions*                       |                      |                       | 25,000                 |                       | 25,000           |
| 4                           | Environmental Remediation                       |                      | 25,000                |                        |                       | 25,000           |
| 5                           | Engineering Services                            | 10,000               | 10,000                | 10,000                 |                       | 30,000           |
| 6                           | <b>Street Improvements (Including Lighting)</b> | 200,000              | 150,000               | 100,000                | 150,000               | 600,000          |
| 7                           | <b>Sanitary Sewer Improvements</b>              |                      | 35,000                | 50,000                 | 35,000                | 120,000          |
| 8                           | <b>Water System Improvements</b>                |                      | 50,000                | 50,000                 | 35,000                | 135,000          |
| 9                           | <b>Stormwater System Improvements</b>           |                      | 35,000                | 50,000                 | 30,000                | 115,000          |
| 10                          |   |                      |                       |                        |                       | 0                |
| <b>Total Projects</b>       |   | <u>220,000</u>       | <u>405,000</u>        | <u>295,000</u>         | <u>350,000</u>        | <u>1,270,000</u> |

Notes:

Note 1 Project costs are estimates and are subject to modification

Note 2 Projects 6 - 10 may occur within 1/2 mile of TID boundaries

Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)

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

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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

The following is a list of the types of obligations the City may choose to utilize based on current statutory authorities.

#### 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 \$18,358,060, of which \$4,031,232 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.

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

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

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

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

Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)

# Implementation and Financing Timeline

| City of Merrill, Wisconsin         |                                  |                                  |                                  |                                  |                  |
|------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|------------------|
| Tax Increment District # 12        |                                  |                                  |                                  |                                  |                  |
| Estimated Financing Plan           |                                  |                                  |                                  |                                  |                  |
|                                    | State Trust<br>Fund Loan<br>2017 | State Trust<br>Fund Loan<br>2019 | State Trust<br>Fund Loan<br>2021 | State Trust<br>Fund Loan<br>2024 | Totals           |
| Projects                           |                                  |                                  |                                  |                                  |                  |
| 2017/2018                          | 220,000                          |                                  |                                  |                                  | 220,000          |
| 2019/2020                          |                                  | 405,000                          |                                  |                                  | 405,000          |
| 2021/2022                          |                                  |                                  | 295,000                          |                                  | 295,000          |
| 2023 - 2025                        |                                  |                                  |                                  | 350,000                          | 350,000          |
| Total Project Funds                | <u>220,000</u>                   | <u>405,000</u>                   | <u>295,000</u>                   | <u>350,000</u>                   | <u>1,270,000</u> |
| Estimated Finance Related Expenses |                                  |                                  |                                  |                                  |                  |
| Municipal Advisor                  | 2,500                            | 5,000                            | 2,500                            | 3,500                            |                  |
| Total Financing Required           | 222,500                          | 410,000                          | 297,500                          | 353,500                          |                  |
| Rounding                           | 0                                | 0                                | 0                                | 0                                |                  |
| Net Issue Size                     | <b>222,500</b>                   | <b>410,000</b>                   | <b>297,500</b>                   | <b>353,500</b>                   | <b>1,283,500</b> |
| Notes:                             |                                  |                                  |                                  |                                  |                  |

Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)

## Development Assumptions

| City of Merrill, Wisconsin<br>Tax Increment District # 12<br>Development Assumptions |      |                  |                   |                |                  |                   |    |
|--|------|------------------|-------------------|----------------|------------------|-------------------|----|
| Construction Year  |      | Weinbrenner      | WI River Frontage | Other          | Annual Total     | Construction Year |    |
| 1  | 2017 | 1,100,000        |                   |                | 1,100,000        | 2017              | 1  |
| 2  | 2018 |                  |                   | 200,000        | 200,000          | 2018              | 2  |
| 3  | 2019 |                  |                   |                | 0                | 2019              | 3  |
| 4  | 2020 |                  |                   | 200,000        | 200,000          | 2020              | 4  |
| 5  | 2021 |                  | 750,000           |                | 750,000          | 2021              | 5  |
| 6  | 2022 |                  |                   | 200,000        | 200,000          | 2022              | 6  |
| 7  | 2023 |                  | 750,000           |                | 750,000          | 2023              | 7  |
| 8  | 2024 |                  |                   |                | 0                | 2024              | 8  |
| 9  | 2025 |                  | 750,000           |                | 750,000          | 2025              | 9  |
| 10   | 2026 |                  |                   |                | 0                | 2026              | 10 |
| 11   | 2027 |                  |                   |                | 0                | 2027              | 11 |
| 12   | 2028 |                  |                   |                | 0                | 2028              | 12 |
| 13   | 2029 |                  |                   |                | 0                | 2029              | 13 |
| 14   | 2030 |                  |                   |                | 0                | 2030              | 14 |
| 15   | 2031 |                  |                   |                | 0                | 2031              | 15 |
| 16   | 2032 |                  |                   |                | 0                | 2032              | 16 |
| 17   | 2033 |                  |                   |                | 0                | 2033              | 17 |
| 18   | 2034 |                  |                   |                | 0                | 2034              | 18 |
| 19   | 2035 |                  |                   |                | 0                | 2035              | 19 |
| 20   | 2036 |                  |                   |                | 0                | 2036              | 20 |
| Totals   |      | <u>1,100,000</u> | <u>2,250,000</u>  | <u>600,000</u> | <u>3,950,000</u> |                   |    |

Notes:

Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)

# Increment Revenue Projections

| City of Merrill, Wisconsin<br>Tax Increment District # 12<br>Tax Increment Projection Worksheet |                 |          |  |                          |         |  |  |  |  |  |  |  |
|---|-----------------|----------|--|--------------------------|---------|--|--|--|--|--|--|--|
| Type of District  | Mixed Use       |          |  | Base Value               | 0       |  |  | <input checked="" type="checkbox"/> <b>Apply to Base Value</b> |  |  |  |  |
| District Creation Date  | January 1, 2017 |          |  | Appreciation Factor      | 1.00%   |  |  |  |  |  |  |  |
| Valuation Date  | Jan 1,          | 2017     |  | Base Tax Rate            | \$32.20 |  |  |  |  |  |  |  |
| Max Life (Years)  | 20              |          |  | Rate Adjustment Factor   |         |  |  |  |  |  |  |  |
| Expenditure Period/Termination  | 15              | 1/1/2032 |  | Tax Exempt Discount Rate |         |  |  |  |  |  |  |  |
| Revenue Periods/Final Year  | 20              |          |  | 2038                     |         |  |  |  |  |  |  |  |
| Extension Eligibility/Years   | Yes             |          |  | 3                        |         |  |  |  |  |  |  |  |
| Recipient District  | No              |          |  |                          |         |  |  |  |  |  |  |  |
|   |                 |          |  | Taxable Discount Rate    | 1.50%   |  |  |  |  |  |  |  |

| Construction Year | Valuation Year | Inflation Increment | Total Increment | Revenue Year   | Tax Rate  | Tax Increment                    | Tax Exempt NPV Calculation | Taxable NPV Calculation |           |           |
|-------------------|----------------|---------------------|-----------------|----------------|-----------|----------------------------------|----------------------------|-------------------------|-----------|-----------|
| 1                 | 2017           | 1,100,000           | 2018            | 0              | 1,100,000 | 2019                             | \$32.20                    | 35,420                  | 35,420    | 34,897    |
| 2                 | 2018           | 200,000             | 2019            | 11,000         | 1,311,000 | 2020                             | \$32.20                    | 42,214                  | 77,634    | 75,872    |
| 3                 | 2019           | 0                   | 2020            | 13,110         | 1,324,110 | 2021                             | \$32.20                    | 42,636                  | 120,271   | 116,646   |
| 4                 | 2020           | 200,000             | 2021            | 13,241         | 1,537,351 | 2022                             | \$32.20                    | 49,503                  | 169,773   | 163,287   |
| 5                 | 2021           | 750,000             | 2022            | 15,374         | 2,302,725 | 2023                             | \$32.20                    | 74,148                  | 243,921   | 232,115   |
| 6                 | 2022           | 200,000             | 2023            | 23,027         | 2,525,752 | 2024                             | \$32.20                    | 81,329                  | 325,250   | 306,494   |
| 7                 | 2023           | 750,000             | 2024            | 25,258         | 3,301,009 | 2025                             | \$32.20                    | 106,293                 | 431,543   | 402,267   |
| 8                 | 2024           | 0                   | 2025            | 33,010         | 3,334,019 | 2026                             | \$32.20                    | 107,355                 | 538,898   | 497,567   |
| 9                 | 2025           | 750,000             | 2026            | 33,340         | 4,117,360 | 2027                             | \$32.20                    | 132,579                 | 671,477   | 613,520   |
| 10                | 2026           | 0                   | 2027            | 41,174         | 4,158,533 | 2028                             | \$32.20                    | 133,905                 | 805,382   | 728,901   |
| 11                | 2027           | 0                   | 2028            | 41,585         | 4,200,119 | 2029                             | \$32.20                    | 135,244                 | 940,626   | 843,714   |
| 12                | 2028           | 0                   | 2029            | 42,001         | 4,242,120 | 2030                             | \$32.20                    | 136,596                 | 1,077,222 | 957,961   |
| 13                | 2029           | 0                   | 2030            | 42,421         | 4,284,541 | 2031                             | \$32.20                    | 137,962                 | 1,215,184 | 1,071,646 |
| 14                | 2030           | 0                   | 2031            | 42,845         | 4,327,386 | 2032                             | \$32.20                    | 139,342                 | 1,354,526 | 1,184,771 |
| 15                | 2031           | 0                   | 2032            | 43,274         | 4,370,660 | 2033                             | \$32.20                    | 140,735                 | 1,495,261 | 1,297,338 |
| 16                | 2032           | 0                   | 2033            | 43,707         | 4,414,367 | 2034                             | \$32.20                    | 142,143                 | 1,637,404 | 1,409,351 |
| 17                | 2033           | 0                   | 2034            | 44,144         | 4,458,511 | 2035                             | \$32.20                    | 143,564                 | 1,780,968 | 1,520,812 |
| 18                | 2034           | 0                   | 2035            | 44,585         | 4,503,096 | 2036                             | \$32.20                    | 145,000                 | 1,925,968 | 1,631,724 |
| 19                | 2035           | 0                   | 2036            | 45,031         | 4,548,127 | 2037                             | \$32.20                    | 146,450                 | 2,072,417 | 1,742,089 |
| 20                | 2036           | 0                   | 2037            | 45,481         | 4,593,608 | 2038                             | \$32.20                    | 147,914                 | 2,220,331 | 1,851,911 |
| <b>Totals</b>     |                | <b>3,950,000</b>    |                 | <b>643,608</b> |           | <b>Future Value of Increment</b> |                            | <b>2,220,331</b>        |           |           |

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).

Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)

# Cash Flow

| City of Merrill, Wisconsin  |                    |                           |               |                      |                               |           |          |                               |           |           |                               |                      |           |                               |          |                      |           |           |                    |           |         |            |                       |           |      |
|-----------------------------|--------------------|---------------------------|---------------|----------------------|-------------------------------|-----------|----------|-------------------------------|-----------|-----------|-------------------------------|----------------------|-----------|-------------------------------|----------|----------------------|-----------|-----------|--------------------|-----------|---------|------------|-----------------------|-----------|------|
| Tax Increment District # 12 |                    |                           |               |                      |                               |           |          |                               |           |           |                               |                      |           |                               |          |                      |           |           |                    |           |         |            |                       |           |      |
| Cash Flow Projection        |                    |                           |               |                      |                               |           |          |                               |           |           |                               |                      |           |                               |          |                      |           |           |                    |           |         |            |                       |           |      |
| Year                        | Projected Revenues |                           |               |                      | Expenditures                  |           |          |                               |           |           |                               |                      |           |                               |          |                      | Balances  |           |                    | Year      |         |            |                       |           |      |
|                             | Tax Increments     | Interest Earnings/ (Cost) | Other Revenue | Total Revenues       | State Trust Fund Loan 222,500 |           |          | State Trust Fund Loan 410,000 |           |           | State Trust Fund Loan 297,500 |                      |           | State Trust Fund Loan 353,500 |          |                      | Other     | Admin.    | Total Expenditures |           | Annual  | Cumulative | Principal Outstanding |           |      |
|                             |                    |                           |               | Dated Date: 10/01/17 | Principal                     | Est. Rate | Interest | Dated Date: 06/01/19          | Principal | Est. Rate | Interest                      | Dated Date: 06/01/21 | Principal | Est. Rate                     | Interest | Dated Date: 06/01/24 | Principal | Est. Rate | Interest           |           |         |            |                       |           |      |
| 2017                        |                    |                           |               | 0                    |                               |           |          |                               |           |           |                               |                      |           |                               |          |                      |           |           |                    |           | 0       | 0          | 0                     | 222,500   | 2017 |
| 2018                        |                    |                           |               | 0                    |                               |           |          |                               |           |           |                               |                      |           |                               |          |                      |           |           |                    |           | 0       | 0          | 0                     | 222,500   | 2018 |
| 2019                        | 35,420             |                           |               | 35,420               | 4,283                         | 4.00%     | 12,954   |                               |           |           |                               |                      |           |                               |          |                      |           |           |                    |           | 17,237  | 18,183     | 18,183                | 628,217   | 2019 |
| 2020                        | 42,214             |                           |               | 42,214               | 8,509                         | 4.00%     | 8,729    | 16,986                        | 4.00%     | 12,938    |                               |                      |           |                               |          |                      |           |           |                    |           | 47,161  | (4,947)    | 13,235                | 602,722   | 2020 |
| 2021                        | 42,636             |                           |               | 42,636               | 8,849                         | 4.00%     | 8,388    | 14,203                        | 4.00%     | 15,721    |                               |                      |           |                               |          |                      |           |           |                    |           | 47,161  | (4,525)    | 8,711                 | 879,670   | 2021 |
| 2022                        | 49,503             |                           |               | 49,503               | 9,203                         | 4.00%     | 8,034    | 14,771                        | 4.00%     | 15,152    | 14,993                        | 4.00%                | 9,467     |                               |          |                      |           |           |                    |           | 71,620  | (22,118)   | (13,407)              | 840,703   | 2022 |
| 2023                        | 74,148             |                           |               | 74,148               | 9,572                         | 4.00%     | 7,666    | 15,362                        | 4.00%     | 14,562    | 13,059                        | 4.00%                | 11,400    |                               |          |                      |           |           |                    |           | 71,621  | 2,527      | (10,880)              | 802,710   | 2023 |
| 2024                        | 81,329             |                           |               | 81,329               | 9,954                         | 4.00%     | 7,283    | 15,976                        | 4.00%     | 13,947    | 13,581                        | 4.00%                | 10,878    |                               |          |                      |           |           |                    |           | 71,619  | 9,710      | (1,171)               | 1,116,699 | 2024 |
| 2025                        | 106,293            |                           |               | 106,293              | 10,353                        | 4.00%     | 6,885    | 16,616                        | 4.00%     | 13,308    | 14,125                        | 4.00%                | 10,335    | 22,039                        | 4.00%    | 11,155               |           |           |                    |           | 104,816 | 1,477      | 306                   | 1,053,566 | 2025 |
| 2026                        | 107,355            |                           |               | 107,355              | 10,767                        | 4.00%     | 6,471    | 17,280                        | 4.00%     | 12,643    | 14,690                        | 4.00%                | 9,770     | 19,935                        | 4.00%    | 13,258               |           |           |                    |           | 104,815 | 2,541      | 2,847                 | 990,894   | 2026 |
| 2027                        | 132,579            |                           |               | 132,579              | 11,197                        | 4.00%     | 6,040    | 17,971                        | 4.00%     | 11,952    | 15,277                        | 4.00%                | 9,182     | 20,733                        | 4.00%    | 12,461               |           |           |                    |           | 104,814 | 27,765     | 30,612                | 925,716   | 2027 |
| 2028                        | 133,905            |                           |               | 133,905              | 11,645                        | 4.00%     | 5,593    | 18,690                        | 4.00%     | 11,233    | 15,888                        | 4.00%                | 8,571     | 21,562                        | 4.00%    | 11,632               |           |           |                    |           | 104,814 | 29,091     | 59,703                | 857,931   | 2028 |
| 2029                        | 135,244            |                           |               | 135,244              | 12,111                        | 4.00%     | 5,127    | 19,438                        | 4.00%     | 10,486    | 16,524                        | 4.00%                | 7,935     | 22,425                        | 4.00%    | 10,769               |           |           |                    |           | 104,815 | 30,429     | 90,132                | 787,433   | 2029 |
| 2030                        | 136,596            |                           |               | 136,596              | 12,596                        | 4.00%     | 4,642    | 20,215                        | 4.00%     | 9,708     | 17,185                        | 4.00%                | 7,275     | 23,321                        | 4.00%    | 9,872                |           |           |                    |           | 104,814 | 31,782     | 121,914               | 714,116   | 2030 |
| 2031                        | 137,962            |                           |               | 137,962              | 13,099                        | 4.00%     | 4,138    | 21,024                        | 4.00%     | 8,900     | 17,872                        | 4.00%                | 6,587     | 24,254                        | 4.00%    | 8,939                |           |           |                    |           | 104,814 | 33,149     | 155,062               | 637,867   | 2031 |
| 2032                        | 139,342            |                           |               | 139,342              | 13,623                        | 4.00%     | 3,614    | 21,865                        | 4.00%     | 8,059     | 18,587                        | 4.00%                | 5,872     | 25,225                        | 4.00%    | 7,969                |           |           |                    |           | 104,815 | 34,527     | 189,589               | 558,567   | 2032 |
| 2033                        | 140,735            |                           |               | 140,735              | 14,168                        | 4.00%     | 3,070    | 22,739                        | 4.00%     | 7,184     | 19,330                        | 4.00%                | 5,129     | 26,234                        | 4.00%    | 6,960                |           |           |                    |           | 104,814 | 35,922     | 225,511               | 476,096   | 2033 |
| 2034                        | 142,143            |                           |               | 142,143              | 14,735                        | 4.00%     | 2,503    | 23,649                        | 4.00%     | 6,275     | 20,104                        | 4.00%                | 4,356     | 27,283                        | 4.00%    | 5,911                |           |           |                    |           | 104,815 | 37,328     | 262,839               | 390,325   | 2034 |
| 2035                        | 143,564            |                           |               | 143,564              | 15,324                        | 4.00%     | 1,913    | 24,595                        | 4.00%     | 5,329     | 20,908                        | 4.00%                | 3,551     | 28,374                        | 4.00%    | 4,820                |           |           |                    |           | 104,814 | 38,750     | 301,589               | 301,124   | 2035 |
| 2036                        | 145,000            |                           |               | 145,000              | 15,937                        | 4.00%     | 1,300    | 25,579                        | 4.00%     | 4,345     | 21,744                        | 4.00%                | 2,715     | 29,509                        | 4.00%    | 3,685                |           |           |                    |           | 104,814 | 40,186     | 341,775               | 208,355   | 2036 |
| 2037                        | 146,450            |                           |               | 146,450              | 16,575                        | 4.00%     | 663      | 26,602                        | 4.00%     | 3,322     | 22,614                        | 4.00%                | 1,845     | 30,689                        | 4.00%    | 2,504                |           |           |                    |           | 104,814 | 41,635     | 383,410               | 111,875   | 2037 |
| 2038                        | 147,914            |                           |               | 147,914              |                               |           |          | 27,666                        | 4.00%     | 2,258     | 23,519                        | 4.00%                | 941       | 31,917                        | 4.00%    | 1,277                |           |           |                    |           | 87,577  | 60,337     | 443,747               | 28,773    | 2038 |
| Total                       | 2,220,331          | 0                         | 0             | 2,220,331            | 222,500                       |           | 105,016  | 410,000                       |           | 188,471   | 300,000                       |                      | 115,809   | 353,500                       |          | 111,212              | 0         | 0         |                    | 1,776,584 |         |            |                       | Total     |      |

Notes: Projected TID Closure

Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)

## 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

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Pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1, the City estimates less than 35% 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

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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

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It is not anticipated there will be a need to relocate persons or businesses in conjunction with this Plan. In the event relocation or the acquisition of property by eminent domain becomes necessary at some time during the implementation period, the City will follow applicable 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.

### Examples would include:

A public improvement made within the District that also benefits property outside the District. That portion of the total project costs allocable to properties outside of the District would be a non-project cost.

A public improvement made outside the District that only partially benefits property within the District. That portion of the total project costs allocable to properties outside of the District would be a non-project cost.

Projects undertaken within the District as part of the implementation of this Project Plan, the costs of which are paid fully or in part by impact fees, grants, special assessments, or revenues other than tax increments.

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

SECTION 18:  
Opinion of Attorney for the City of Merrill Advising Whether  
the Plan is Complete and Complies with Wisconsin  
Statutes 66.1105

---

July 24, 2017

**SAMPLE**

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

**RE: City of Merrill, Wisconsin Tax Incremental District No. 12**

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 Wisconsin Statutes Section 66.1105(4)(f).

Sincerely,

Attorney Thomas Hayden  
City of Merrill

# Exhibit A: Calculation of the Share of Projected Tax Increments Estimated to be Paid by the Owners of Property in the Overlying Taxing Jurisdictions

| Estimated portion of taxes that owners of taxable property in each taxing jurisdiction overlaying district would pay by jurisdiction.  |                   |              |                 |                   |         |              |         |           |         |        |           |  |  |
|--|-------------------|--------------|-----------------|-------------------|---------|--------------|---------|-----------|---------|--------|-----------|--|--|
| Statement of Taxes Data Year:  |                   | 2015         |                 | Percentage        |         |              |         |           |         |        |           |  |  |
| County   | 2,025,921         |              |                 | 17.09%            |         |              |         |           |         |        |           |  |  |
| Municipality   | 5,990,227         |              |                 | 50.53%            |         |              |         |           |         |        |           |  |  |
| Technical College  | 442,994           |              |                 | 3.74%             |         |              |         |           |         |        |           |  |  |
| School District  | 3,395,604         |              |                 | 28.64%            |         |              |         |           |         |        |           |  |  |
| <b>Total</b>   | <b>11,854,746</b> |              |                 |                   |         |              |         |           |         |        |           |  |  |
| Revenue Year   | County            | Municipality | School District | Technical College | Total   | Revenue Year |         |           |         |        |           |  |  |
| 2019   | 6,053             | 17,898       | 10,145          | 1,324             | 35,420  | 2019         |         |           |         |        |           |  |  |
| 2020   | 7,214             | 21,331       | 12,092          | 1,577             | 42,214  | 2020         |         |           |         |        |           |  |  |
| 2021   | 7,286             | 21,544       | 12,213          | 1,593             | 42,636  | 2021         |         |           |         |        |           |  |  |
| 2022   | 8,460             | 25,014       | 14,179          | 1,850             | 49,503  | 2022         |         |           |         |        |           |  |  |
| 2023   | 12,672            | 37,467       | 21,238          | 2,771             | 74,148  | 2023         |         |           |         |        |           |  |  |
| 2024   | 13,899            | 41,096       | 23,295          | 3,039             | 81,329  | 2024         |         |           |         |        |           |  |  |
| 2025   | 18,165            | 53,710       | 30,446          | 3,972             | 106,293 | 2025         |         |           |         |        |           |  |  |
| 2026   | 18,347            | 54,247       | 30,750          | 4,012             | 107,355 | 2026         |         |           |         |        |           |  |  |
| 2027   | 22,657            | 66,992       | 37,975          | 4,954             | 132,579 | 2027         |         |           |         |        |           |  |  |
| 2028   | 22,884            | 67,662       | 38,355          | 5,004             | 133,905 | 2028         |         |           |         |        |           |  |  |
| 2029   | 23,113            | 68,339       | 38,738          | 5,054             | 135,244 | 2029         |         |           |         |        |           |  |  |
| 2030   | 23,344            | 69,022       | 39,126          | 5,104             | 136,596 | 2030         |         |           |         |        |           |  |  |
| 2031   | 23,577            | 69,713       | 39,517          | 5,155             | 137,962 | 2031         |         |           |         |        |           |  |  |
| 2032   | 23,813            | 70,410       | 39,912          | 5,207             | 139,342 | 2032         |         |           |         |        |           |  |  |
| 2033   | 24,051            | 71,114       | 40,311          | 5,259             | 140,735 | 2033         |         |           |         |        |           |  |  |
| 2034   | 24,292            | 71,825       | 40,714          | 5,312             | 142,143 | 2034         |         |           |         |        |           |  |  |
| 2035   | 24,534            | 72,543       | 41,122          | 5,365             | 143,564 | 2035         |         |           |         |        |           |  |  |
| 2036   | 24,780            | 73,269       | 41,533          | 5,418             | 145,000 | 2036         |         |           |         |        |           |  |  |
| 2037   | 25,028            | 74,001       | 41,948          | 5,473             | 146,450 | 2037         |         |           |         |        |           |  |  |
| 2038   | 25,278            | 74,741       | 42,368          | 5,527             | 147,914 | 2038         |         |           |         |        |           |  |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">379,444</td> <td style="text-align: center;">1,121,938</td> <td style="text-align: center;">635,979</td> <td style="text-align: center;">82,970</td> <td style="text-align: center;">2,220,331</td> <td colspan="2"></td> </tr> </table> |                   |              |                 |                   |         |              | 379,444 | 1,121,938 | 635,979 | 82,970 | 2,220,331 |  |  |
| 379,444  | 1,121,938         | 635,979      | 82,970          | 2,220,331         |         |              |         |           |         |        |           |  |  |
| <p>Notes:</p> <p>The projection shown above is provided to meet the requirements of Wisconsin Statute 66.1105(4)(i)4.</p>  |                   |              |                 |                   |         |              |         |           |         |        |           |  |  |

Attachment: TID 12 Project Plan - Creation - 2017.7.24 (2703 : Resolution creating TID # 12)



City of Merrill  
 Redevelopment Authority  
 Kathy Unertl, RDA Secretary  
 1004 East 1st Street • Merrill, Wisconsin • 54452  
 Phone: 715.536.5594 • Fax: 715.539.2668  
 e-mail: Kathy.Unertl@ci.merrill.wi.us

Date: August 14<sup>th</sup>, 2017

To: Mayor Bill Bialecki  
 Alderpersons

From: Kathy Unertl, Finance Director/RDA Secretary

RE: Corrected TID No. 12 Parcel List – Weinbrenner Factory Area

Glad that we caught some historical tax parcel issues and have now resolved.

- Lincoln County Tax Lister Ellen Ronsman and Lincoln County Abstract have reviewed the land records information related to the Weinbenner Factory properties that the City of Merrill is selling to Weinbrenner Shoe Company.
- Instead of two (2) tax parcels as the draft TID No. 12 plan listed, there are actually five (5) separate tax parcels involved. The following is the revised list of the parcels being included in TID No. 12, as well as map showing the locations of the five factory-related tax parcels.

Notes:

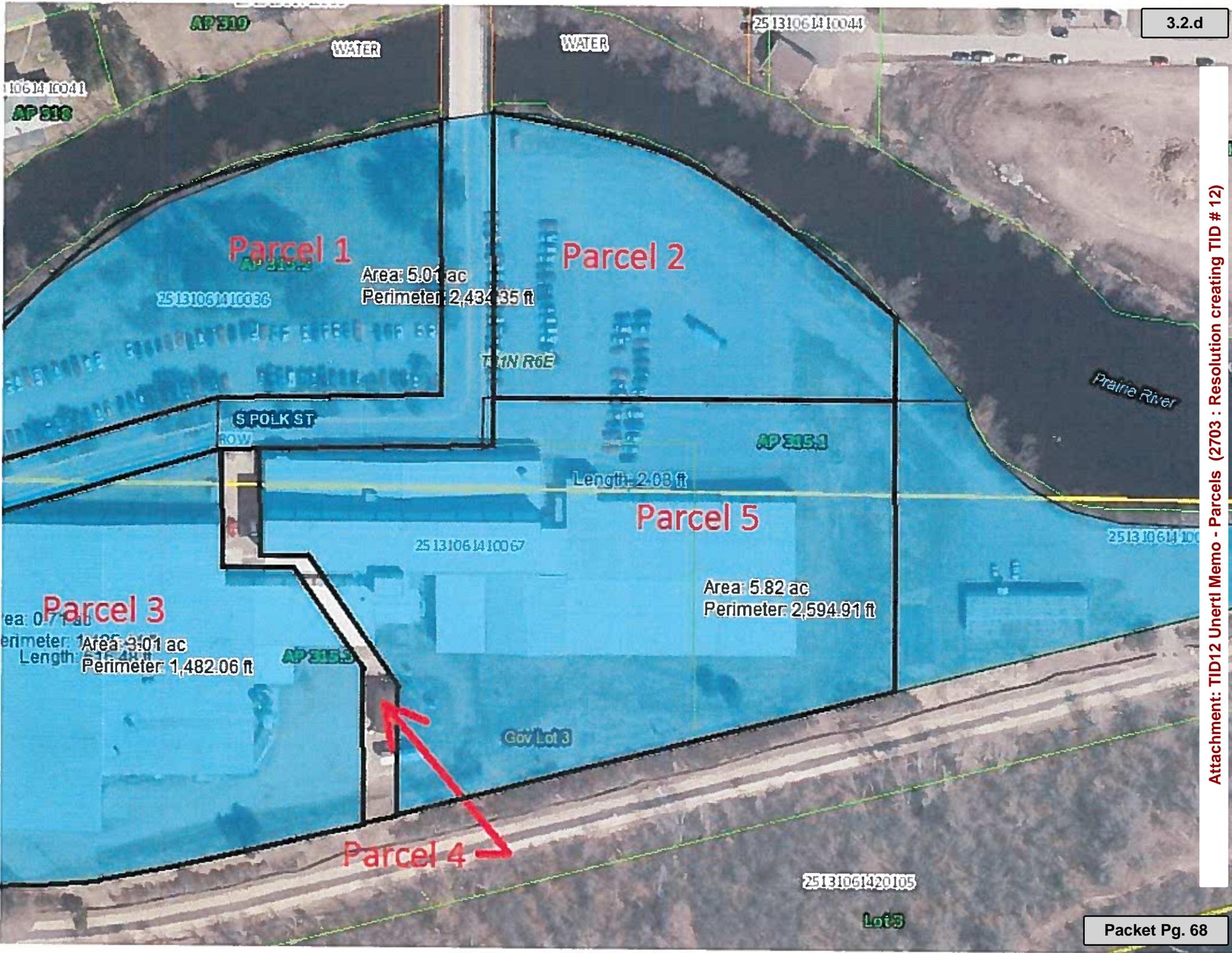
Parcel 1 is a new Certified Survey Map (CSM) which splits the factory parking lot from other City of Merrill tax parcel properties that are on the north side of the Prairie River. This new tax parcel should also be rezoned from Residential to Industrial.



Tax Incremental District No. 12  
 Revid Parcel List - All five Weinbrenner Factory parcels

| MAP REF. #                   | PARCEL NO.            | STREET ADDRESS             | OWNER                        | ASSESSED VALUE - PERS PROP | ASSESSED VALUE - LAND | ASSESSED VALUE - IMP | TOTAL ASSESSED VALUE (LAND & IMP) | ASSESSMENT CLASSIFICATION | PARCEL ACREAGE | CURRENT ZONING | ACTUAL USE        | ACRES ZONED OR PLANNED FOR NEWLY PLATTED RESIDENTIAL DEVELOPMENT | ACRES VACANT FOR PRECEDING 7 YEARS |
|------------------------------|-----------------------|----------------------------|------------------------------|----------------------------|-----------------------|----------------------|-----------------------------------|---------------------------|----------------|----------------|-------------------|--|------------------------------------|
| 251-3106-141-0079            | 34-0003-000-174-01-02 | Parking Lot - Front        | Weinbrenner Shoe Company     |                            | 0                     | 0                    | 0                                 | 3 - Manufacturing         | 2.422          | Industrial     | Parking Lot       | 0.000  | 2.422                              |
| 251-3106-141-0080            | 34-0003-000-174-01-03 | Parking Lot - NE           | Weinbrenner Shoe Company     |                            | 0                     | 0                    | 0                                 | 3 - Manufacturing         | 1.900          | Industrial     | Parking Lot       | 0.000  | 1.900                              |
| 251-3106-141-0068            | 34-0003-000-174-01-02 | 108 S. Polk St. (Outlet)   | Weinbrenner Shoe Company     | 820                        | 14,400                | 87,700               | 102,100                           | 3 - Manufacturing         | 2.000          | Industrial     | Outlet Store      | 0.000  | 0.000                              |
| 251-3106-141-0077            | 34-0001-000-174-01-03 | 108 S. Polk St. (Parcel 3) | Weinbrenner Shoe Company     | 1,360,300                  | 0                     | 0                    | 0                                 | 3 - Manufacturing         | 3.000          | Industrial     | Factory           | 0.000  | 0.000                              |
| 251-3106-141-0081            | 34-0003-000-174-01-05 | 108 S. Polk St. (Parcel 4) | Weinbrenner Shoe Company     |                            | 0                     | 0                    | 0                                 | 3 - Manufacturing         | 0.500          | Industrial     | Factory           | 0.000  | 0.000                              |
| 251-3106-141-0082            | 34-0003-000-174-01-06 | 108 S. Polk St. (Parcel 5) | Weinbrenner Shoe Company     |                            | 0                     | 0                    | 0                                 | 3 - Manufacturing         | 4.300          | Industrial     | Factory           | 0.000  | 0.000                              |
| 251-3106-141-0040            | 34-0003-000-184-00-00 | 200 S. Polk St.            | Leske, James/Cynthia         |                            | 9,700                 | 91,000               | 100,700                           | 1 - Residential           | 0.530          | Residential    | Residential       | 0.000  | 0.000                              |
| 251-3106-141-0039            | 34-0003-000-180-00-00 | 208 Stange St.             | Hull, Gerald/Sandra          |                            | 15,600                | 106,600              | 122,200                           | 1 - Residential           | 1.040          | Residential    | Residential       | 0.000  | 0.000                              |
| 251-3106-141-0074            | 34-0003-000-171-01-00 | River Bend Trail           | City of Merrill              |                            | 0                     |                      | 0                                 | 7 - Other                 | 9.230          | Public         | Linear Park       | 0.000  | 9.230                              |
| 251-3106-142-0105            | 34-0005-000-255-05-00 | WI River frontage          | Merrill Area Dev Corp (MADC) |                            | 41,400                |                      | 41,400                            | 1 - Residential           | 6.900          | Industrial     | Vacant            | 6.900  | N/A                                |
| SUBTOTAL PERSONAL PROPERTY > |                       |                            |                              | 1,361,120                  |                       |                      |                                   |                           | NA             | NA             | Personal Property | NA   | NA                                 |
|                              |                       |                            |                              |                            |                       |                      |                                   |                           | 31.822         |                |                   | 6.900  | 13.552                             |

Attachment: TID12 Unertl Memo - Parcels (2703 : Resolution creating TID # 12)



Attachment: TID12 Unertl Memo - Parcels (2703 : Resolution creating TID # 12)

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING AN AMENDMENT TO THE PROJECT PLAN AND  
BOUNDARIES OF TAX INCREMENTAL DISTRICT NO. 8,  
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. 8 (the "District") was created by the City on September 27, 2011 as a blighted area district; and

WHEREAS, the City now desires to amend the Project Plan and boundaries of the District in accordance with the provisions of Wisconsin Statutes Section 66.1105 (the "Tax Increment Law"); and

WHEREAS, such amendment will cause territory to be subtracted from the District, adding to the tax base of the City and all overlapping taxing jurisdictions; and

WHEREAS, such amendment will also modify the categories, locations or costs of the Projects to be undertaken, providing incentives and opportunities for additional private development and redevelopment; and

WHEREAS, such amendment will also allow for the District to incur project costs outside of, but within ½ mile of, the boundaries of the District as permitted under Wisconsin Statutes Section 66.1105(2)(f)1.n.; and

WHEREAS, an amended Project Plan for the District (the "Amendment") 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 amendment of the District promotes the orderly development of the City;

- k. An opinion of the City Attorney or of an attorney retained by the City 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 owners of all property in the proposed district, 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 August 8, 2017 held a public hearing concerning the proposed amendment to the Project Plan and boundaries 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 amended district, adopted the Project Plan, and recommended to the Common Council that it amend the Project Plan and boundaries for the District.

WHEREAS, in accordance with the procedures specified in the Tax Increment Law, before the Common Council may amend any tax incremental district, the Redevelopment Authority must designate the boundaries of such amended District and approve the Project Plan amendment for such District and submit its recommendation concerning the amendment of the District and the Project Plan to the Common Council;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF MERRILL, WISCONSIN this 23<sup>rd</sup> day of August, 2017, that:

1. The boundaries of the District that shall be named "Tax Incremental District No. 8, City of Merrill", are hereby amended as specified in Exhibit A of this Resolution.
2. The territory being subtracted from the District shall no longer be part of the District effective as of January 1, 2017.
3. The Common Council finds and declares that:
  - (a) Not less than 50% by area of the real property within the District, as amended, is a blighted area within the meaning of Wisconsin Statutes Section 66.1105(2)(a)1.
  - (b) Based upon the findings, as stated in 3.a. above, and the original findings as stated in the resolution creating the District, the District remains a blighted area district based on the identification and classification of the property included within the District; and
  - (c) The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
  - (e) The City estimates that less than 35% of the territory within the District, as amended, 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 of the District relate directly to promoting the elimination of blight of the area consistent with the purpose for which the District was created.
- 4. The amended Project Plan for "Tax Incremental District No. 8, 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, 2017, pursuant to the provisions of Wisconsin Statutes Section 66.1105(5)(b) and to pay the fee(s) associated with such determination.

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 Wisconsin Statutes Section 70.65e, pursuant to Wisconsin Statutes.

Recommended by: Redevelopment Authority

CITY OF MERRILL, WISCONSIN

Moved: \_\_\_\_\_

\_\_\_\_\_  
William R. Bialecki  
Mayor

Passed: \_\_\_\_\_

\_\_\_\_\_  
William N. Heideman  
City Clerk

Attachment: TID 8 Resolution (2704 : Resolution amending TID #8)

EXHIBIT A -

**LEGAL BOUNDARY DESCRIPTION OR MAP OF  
TAX INCREMENTAL DISTRICT NO. 8  
CITY OF MERRILL**

THIS CAN BE FOUND IN THE PROJECT PLAN

Attachment: TID 8 Resolution (2704 : Resolution amending TID #8)

EXHIBIT B -

PROJECT PLAN

THIS WILL BE HANDED OUT SEPARATELY

Attachment: TID 8 Resolution (2704 : Resolution amending TID #8)



July 24, 2017

# Project Plan for the Territory & Project Plan Amendment of Tax Incremental District No. 8

## CITY OF MERRILL, WISCONSIN

|  |                                |
|--|--------------------------------|
| Organizational Joint Review Board Meeting Held:        | Scheduled for: August 8, 2017  |
| Public Hearing Held:                                   | Scheduled for: August 8, 2017  |
| Consideration for Approval by Redevelopment Authority: | Scheduled for: August 8, 2017  |
| Consideration for Adoption by Common Council:          | Scheduled for: August 22, 2017 |
| Consideration for Approval by the Joint Review Board:  | Scheduled for: TBD             |



# Tax Incremental District No. 8 Territory & Project Plan Amendment

## City of Merrill Officials

### Common Council

|                  |              |
|------------------|--------------|
| William Bialecki | Mayor        |
| Paul Russell     | Aldersperson |
| Pete Lokemoen    | Aldersperson |
| Ryan Schwartzman | Aldersperson |
| Kandy Peterson   | Aldersperson |
| John Burgener    | Aldersperson |
| Mary Ball        | 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 |
| Clyde Nelson             | Tim Haight       |
| Tony Kusserow            |                  |

### Joint Review Board

|                     |   |
|---------------------|---|
| Mayor Bill Bialecki | City Representative                     |
| Bob Weaver          | Lincoln County                          |
| Roxanne Lutgen      | Northcentral Technical College District |
| Brian Dasher        | Merrill Area School District            |
| Ryan Schwartzman    | Public Member                           |



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Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)

## SECTION 1: Executive Summary

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### Description of District

#### Type of District, Size and Location

Tax Incremental District (“TID”) No. 8 (the “TID” or “District”) is an existing blighted area district, which was created by a resolution of the City of Merrill (“City”) Common Council adopted on September 27, 2011 (the “Creation Resolution”).

#### Amendments

The District was previously amended on September 24, 2013 and September 22, 2015, whereby resolutions were adopted to add additional territory to the District, and to amend the list of projects to be undertaken. These amendments were the first and second of four territory amendments permitted for this District.

#### Purposes of this Amendment

This amendment will cause territory to be subtracted from the District, adding to the tax base of the City and all overlapping taxing jurisdictions. A map, located in Section 3 of this plan, identifies the Territory to be removed and its geographic relationship to the existing District’s boundaries.

This amendment will modify the categories, locations or costs of the Projects to be undertaken, providing incentive and opportunities for additional private development and redevelopment.

This amendment will allow for the District to incur project costs outside of, but within ½ mile of, the boundaries of the District as permitted under Wisconsin Statutes Section 66.1105(2)(f)1.n.

### Summary of Findings

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

Since the purpose of this amendment is solely to subtract property, these tests cannot be applied in the conventional way. The Joint Review Board has previously concluded that these tests have been met. Accordingly, the City finds that it is reasonable to conclude these tests continue to be satisfied.

1. **That “but for” amendment of this District, the additional development projected to occur within the amendment areas 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:

- That “but for” amendment of the District’s Project Plan, the economic development objectives will not be achieved. In evaluating the appropriateness of the proposed amendment, the Joint Review Board must consider “whether the development expected in the tax incremental district would occur without the use of tax incremental financing,” customarily referred to as the “but for” test. Since the purpose of this amendment is solely to subtract property, this test cannot be applied in the conventional way. The Joint Review Board has previously concluded that the “but

for” test was met. Accordingly, the City finds that it is reasonable to conclude the “but for” test continues to be satisfied. *Finding Required by Wisconsin Statutes Section 66.1105(4m)(c)1.a.*

2. **The economic benefits of amending 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:
  - Tax increment collections are expected to be sufficient to pay for the cost of all improvements made in the District. *Finding Required by Wisconsin Statutes Section 66.1105(4m)(c)1.b.*
3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.**
  - Given that it is likely that the District is expected to generate additional economic benefits that are more than sufficient to compensate for the cost of the improvements, as previously determined by the Joint Review Board, 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 Project Plan is not amended. *Finding Required by Wisconsin Statutes Section 66.1105(4m)(c)1.c.*
4. Not less than 50% by area of the real property within the District, as amended, is a blighted area within the meaning of Wisconsin Statutes Section 66.1105(2)(ae)1.
5. Based upon the findings, as stated above, and the original findings as stated in the Creation Resolution, the District remains declared a blighted area District based on the identification and classification of the property included within the District.
6. The Project Costs of the District relate directly to promoting the elimination of blight consistent with the purpose for which the District was created.
7. The improvements to be made within the territory incorporated by this Amendment are likely to enhance significantly the value of substantially all of the other real property in the District.
8. The City estimates that less than 35% of the territory within the District, as amended, 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.
9. The Project Plan for the District, as amended, is feasible, and is in conformity with the Master Plan of the City.

## SECTION 2: Type and General Description of District

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The District was created under the authority provided by Wisconsin Statutes Section 66.1105 on September 27, 2011 by resolution of the Common Council. The District's valuation date, for purposes of establishing base value, was January 1, 2011.

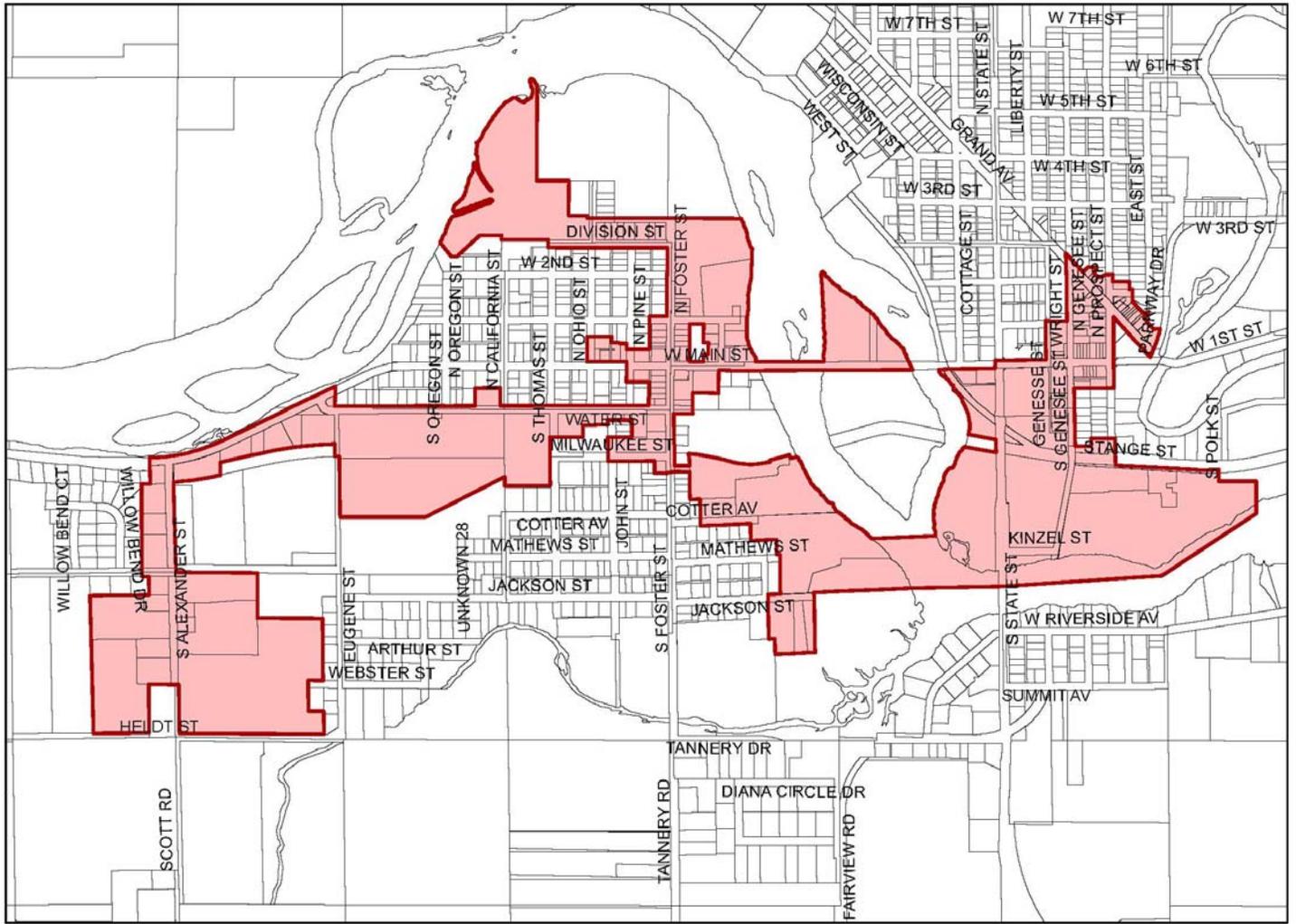
The existing District is a "Blighted Area District," created on a finding that at least 50%, by area, of the real property within the District was blighted. The District will remain in compliance with this finding after the subtraction of the Territory identified in this Amendment.

Wisconsin Statutes Section 66.1105(4)(h)2. provides authority for a City to amend the boundaries of an existing Tax Increment District for purposes of adding and/or subtracting territory up to a total of four times during the life of the District. The boundaries of the District have been amended twice prior to this Amendment.

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

The purpose of the Amendment is to remove specified parcels from the District and also to provide for the undertaking of additional expenditures. A map depicting the boundaries of the District is found in Section 3 of this Plan. Based upon the findings as stated above, and the original findings as stated in the Creation Resolution, the District remains a blighted area District based on the identification and classification of the property included within the District.

# SECTION 3: Preliminary Maps of Original District Boundary and Territory Amendment Area Identified

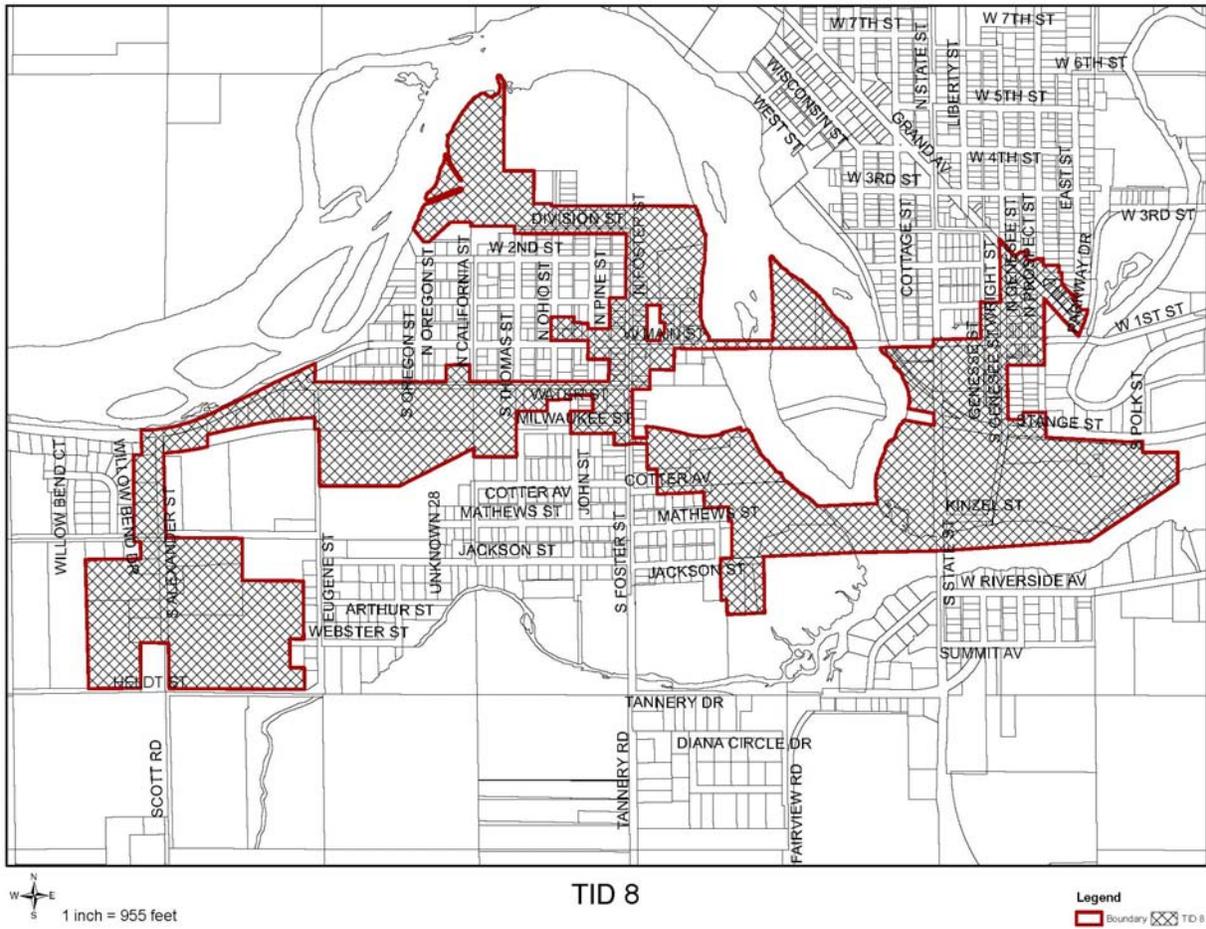



  
 1 inch = 955 feet

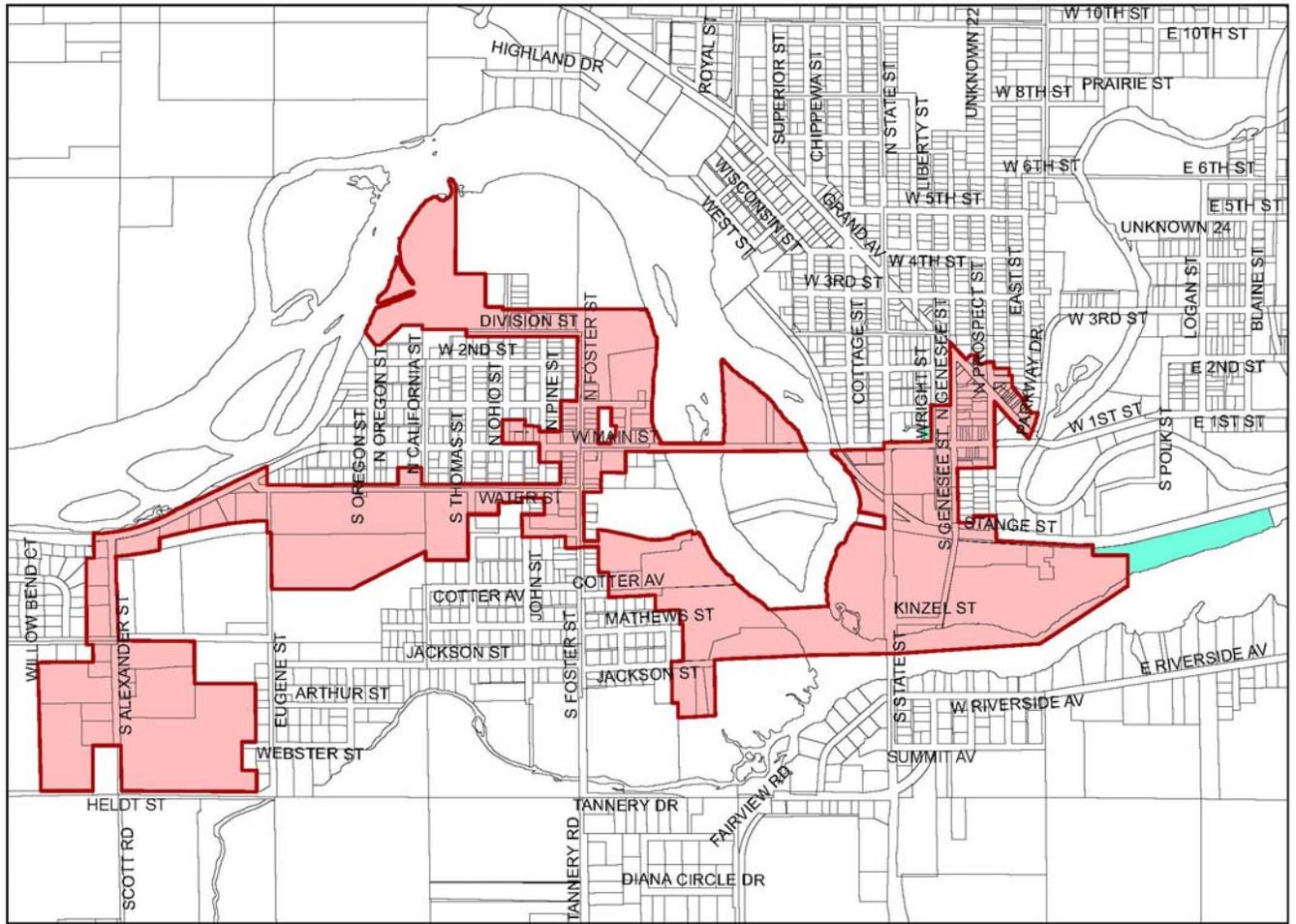
TID 8

**Legend**  
 Boundary
  TID 8

Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)



Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)

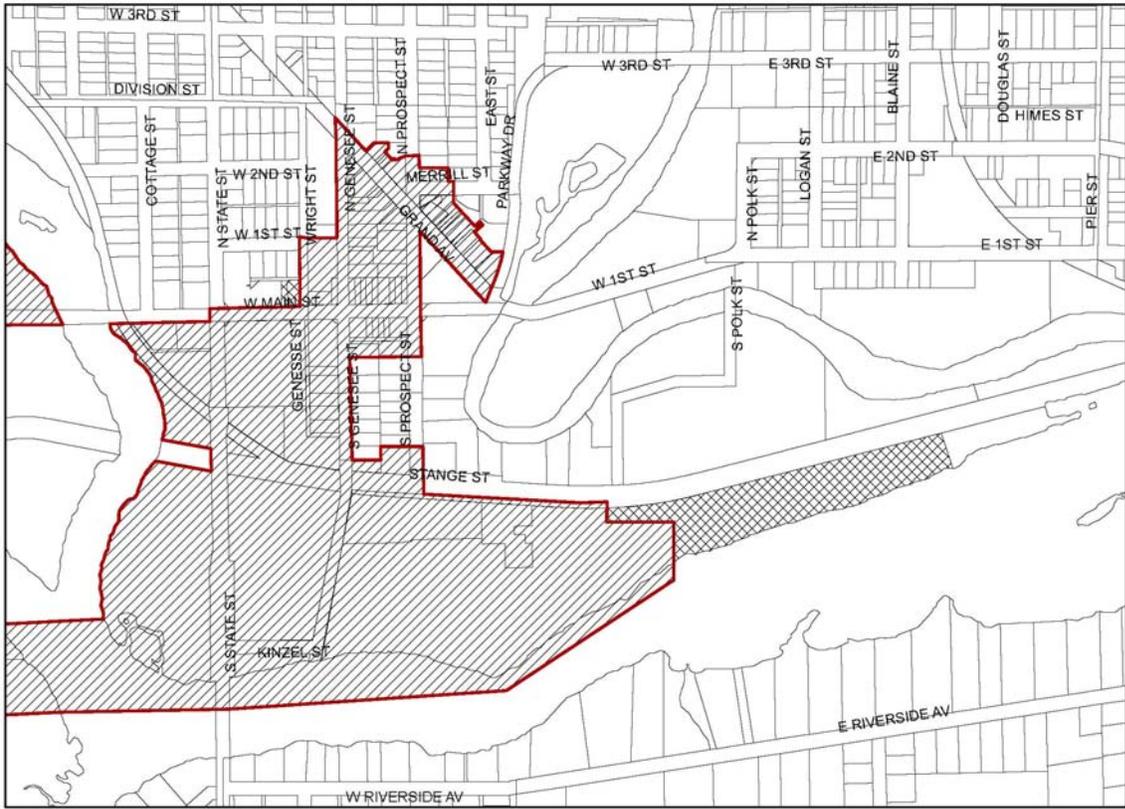


1 inch = 1,022 feet

TID 8 Deleted Parcels

Legend  
 Boundary Parcels DeletedParcels TID\_8

Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)

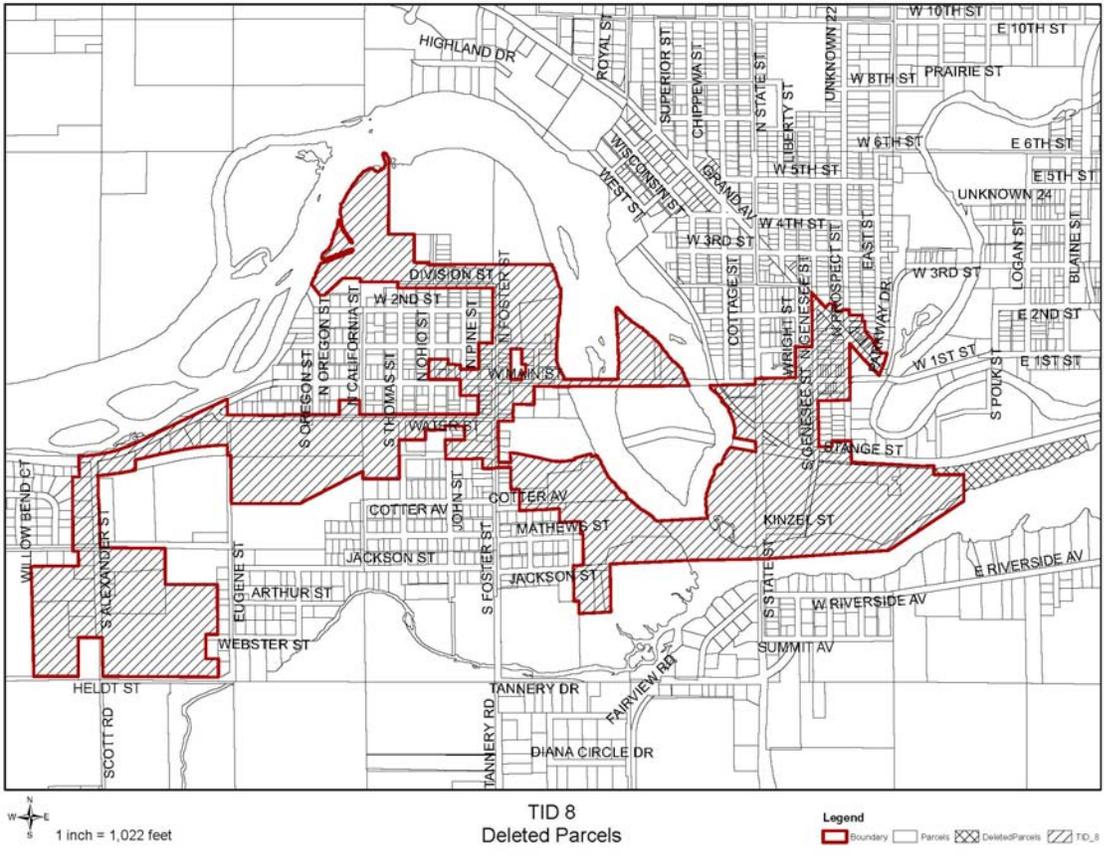


1 inch = 470 feet

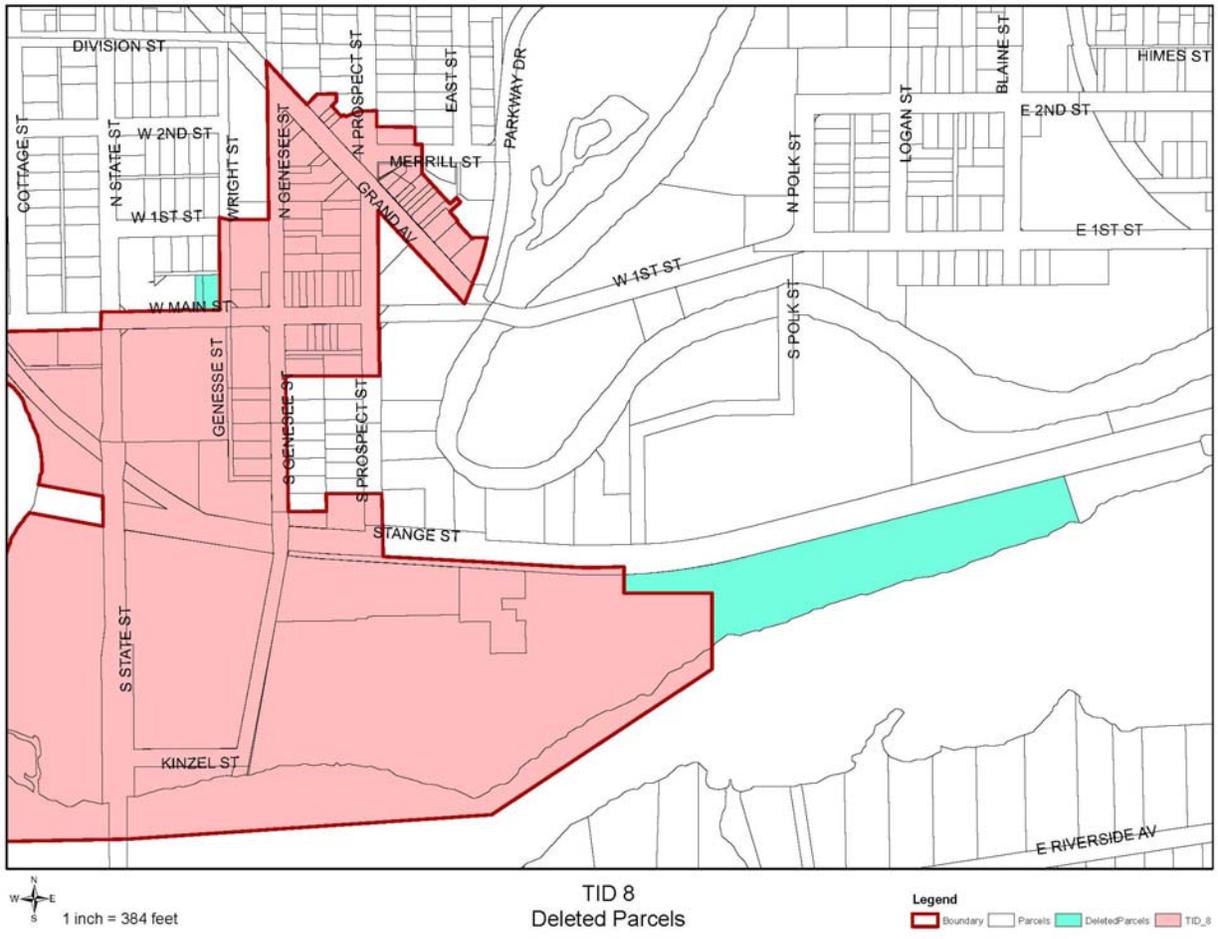
TID 8 Deleted Parcels

Legend  
 Boundary Parcels DeletedParcels TID\_8

Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)

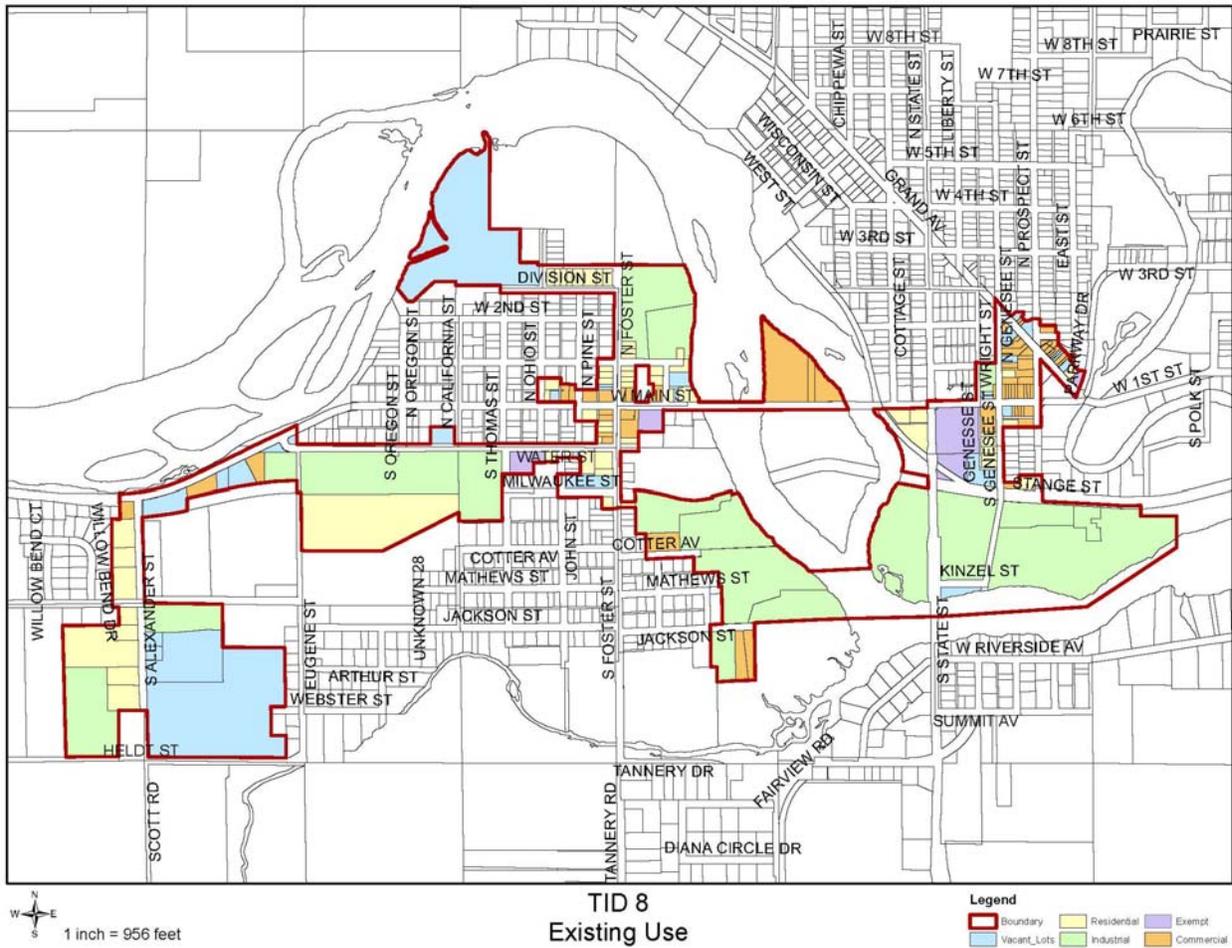


Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)



Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)

# SECTION 4: Map Showing Existing Uses and Conditions Within The Territory Remaining



Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)

# SECTION 5: Preliminary Parcel List and Analysis – Subtracted Property

*Merrill*  
Tax Incremental District No. 8  
Deleted Parcel List - 2011 Valuations

| MAP REF. #                   | STREET ADDRESS       | OWNER                         | ASSESSED VALUE - PERS PROP | ASSESSED VALUE - LAND | ASSESSED VALUE - IMP | TOTAL ASSESSED VALUE (LAND & IMP) | ASSESSMENT CLASSIFICATION | LAND RATIO (BY CLASS) | IMPROVEMENTS RATIO (BY CLASS) | EQUALIZED VALUE      | PARCEL ACREAGE         | CURRENT ZONING | ACTUAL USE        |
|------------------------------|----------------------|-------------------------------|----------------------------|-----------------------|----------------------|-----------------------------------|---------------------------|-----------------------|-------------------------------|----------------------|------------------------|----------------|-------------------|
| 251-3106-113-0031            | 604 W. Main St.      | Trinity Lutheran Church, Inc. | 3,600                      | 7,900                 | 47,700               | 55,600                            | 2 - Commercial            | 110.92%               | 110.92%                       | 50,128               | 0.700                  | Commercial     | Commercial        |
| 251-3106-113-0032            | W. Main St. Frontage | Trinity Lutheran Church, Inc. |                            | 17,900                | 0                    | 17,900                            | 2 - Commercial            | 110.92%               | 110.92%                       | 16,138               | 0.170                  | Commercial     | Commercial        |
| 251-3106-142-0105            | W/ River Frontage    | Merrill Area Dev Corp (MADC)  |                            | 41,400                | 0                    | 41,400                            | 2 - Commercial            | 110.92%               | 110.92%                       | 37,325               | 6.900                  | Industrial     | Vacant            |
| SUBTOTAL PERSONAL PROPERTY > |                      |                               | 3,600                      |                       |                      |                                   |                           |                       | 100.00%                       | 3,600                | NA                     | NA             | Personal Property |
|                              |                      |                               |                            |                       |                      |                                   |                           |                       |                               | 107,192              | 7.770                  |                |                   |
|                              |                      |                               |                            |                       |                      |                                   |                           |                       |                               | ESTIMATED BASE VALUE | TOTAL DISTRICT ACREAGE |                |                   |

Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)

## SECTION 6: Equalized Value Test

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

## SECTION 7: Statement of Kind, Number and Location of Proposed Public Works and Other Projects

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The following is a list of public works and other TIF-eligible projects that the City has implemented, or expects to implement, within the original District or within the Territory to be incorporated by this Amendment. Any costs 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 intends to 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

There have been no known environmental studies performed within the proposed District. If, however, it becomes necessary to evaluate any land or improvement within the District, any cost incurred by the City related to environmental audits, testing, and remediations 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

To allow development and/or redevelopment to occur, the City may construct, alter, rebuild or expand sanitary sewer infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: collection mains; manholes and cleanouts; service laterals; force mains; interceptor sewers; pumping stations; lift stations; wastewater treatment facilities; and all related appurtenances. To the extent sanitary sewer projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand sanitary sewer infrastructure located outside of the District. That portion of the costs of sanitary sewer system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs. The improvements to the wastewater treatment facilities, although not within the ½ mile radius, are an eligible project cost under Section 66.1105(2)(f)1 k.

#### Water System Improvements

To allow development and/or redevelopment to occur, the City may construct, alter, rebuild or expand water system infrastructure within the District. Eligible Project Costs include, but are not limited to,

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

### Stormwater Management System Improvements

Development and/or redevelopment within the District will cause stormwater runoff and pollution. To manage this stormwater runoff, the City may construct, alter, rebuild or expand stormwater management infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: stormwater collection mains; inlets, manholes and valves; service laterals; ditches; culvert pipes; box culverts; bridges; stabilization of stream and river banks; and infiltration, filtration and detention Best Management Practices (BMP's). To the extent stormwater management system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand stormwater management infrastructure located outside of the District. That portion of the costs of stormwater management system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

### Electric Service

In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade electric services. Relocation may require abandonment and removal of existing poles or towers, installation of new poles or towers, or burying of overhead electric lines. Costs incurred by the City to undertake this work are eligible Project Costs.

### Gas Service

In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade gas mains and services. Costs incurred by the City to undertake this work are eligible Project Costs.

### Communications Infrastructure

In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade infrastructure required for voice and data communications, including, but not limited to: telephone lines, cable lines and fiber optic cable. Costs incurred by the City to undertake this work are eligible Project Costs.

### Streets and Streetscape

#### Street Improvements

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

lines; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.

### Streetscaping and Landscaping

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

## 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:

- Street and Utility improvements

### 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, site preparation, legal and other consultant fees, testing, environmental studies, permits, updating City ordinances and plans, judgments or claims for damages, and other expenses are included as Project Costs.

In the event any of the public works project expenditures are not reimbursable out of the special tax increment finance fund under Wisconsin 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 Amendment.

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





## SECTION 9: Detailed List of Additional Project Costs

---

This Section contains information relative to the specific projects and expenditures that the City anticipates it will undertake or make within the Territory to be incorporated into the District by this Amendment. Details with respect to the added projects can also be found within this Section.

All costs are based on 2017 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2017 and the time of construction. The City also reserves the right to increase certain Project Costs to the extent others are reduced or not implemented without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

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

## Proposed TIF Project Cost Estimates

| City of Merrill, Wisconsin |                                    |  |                       |                        |                  |                  |
|----------------------------|------------------------------------|--|-----------------------|------------------------|------------------|------------------|
| Tax Increment District # 8 |                                    |  |                       |                        |                  |                  |
| Estimated Project List     |                                    |  |                       |                        |                  |                  |
| Project ID                 | Project Name/Type                  | Phase I<br>2017/2018   | Phase II<br>2019/2020 | Phase III<br>2021-2024 | Phase IV<br>2025 | Total (Note 1)   |
| 1                          | TID Boundary & Plan Amendments     | 10,000   | 10,000                | 10,000                 | 10,000           | 40,000           |
| 2                          | Development Incentives             | 100,000  | 100,000               | 100,000                | 100,000          | 400,000          |
| 3                          | TIF Housing Roof Loans             | 25,000   | 25,000                | 25,000                 | 25,000           | 100,000          |
| 4                          | Real Estate Acquisitions           | 150,000  | 50,000                | 50,000                 | 50,000           | 300,000          |
| 5                          | Relocation Costs                   | 2,500  | 2,500                 | 2,500                  | 2,500            | 10,000           |
| 6                          | Demolition                         | 50,000   | 50,000                | 50,000                 | 50,000           | 200,000          |
| 7                          | Parking Improvements               |  | 100,000               |                        |                  | 100,000          |
| 8                          | Environmental Remediation          | 25,000   | 10,000                | 10,000                 | 10,000           | 55,000           |
| 9                          | Pedestrian Path & Amenities        |  | 75,000                |                        |                  | 75,000           |
| 10                         | Stormwater System Improvements     |  | 25,000                |                        |                  | 25,000           |
| 11                         | Telecommunication Infrastructure   |  | 50,000                |                        |                  | 50,000           |
| 12                         | <b>Sanitary Sewer Improvements</b> | 15,000   |                       | 25,000                 |                  | 40,000           |
| 13                         | <b>Water System Improvements</b>   | 15,000   |                       | 25,000                 |                  | 40,000           |
| 14                         | Redevelopment Planning             | 10,000   | 10,000                | 40,000                 | 10,000           | 70,000           |
| 15                         | <b>Street Improvements</b>         | 15,000   | 150,000               | 100,000                |                  | 265,000          |
| Total Projects             |                                    | <u>417,500</u>   | <u>657,500</u>        | <u>437,500</u>         | <u>257,500</u>   | <u>1,770,000</u> |
| Notes:                     |                                    |  |                       |                        |                  |                  |
| Note 1                     |                                    | Project costs are estimates and are subject to modification                            |                       |                        |                  |                  |
| Note 2                     |                                    | Projects 12, 13 & 15 are outside the boundaries, but within 1/2 mile of TID 8 boundary |                       |                        |                  |                  |

Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)

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

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The information and exhibits contained within this Section demonstrate that the District, as amended by the subtraction of Territory, will remain economically feasible.

### 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 \$18,358,060, of which \$4,031,232 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 its Redevelopment Authority (RDA). Tax Increment Revenue Bonds and Lease Revenue Bonds are not general obligations of the City and therefore do not count against the City’s statutory borrowing capacity. To the extent tax increments collected are insufficient to meet the annual debt service requirements of the revenue bonds, the City may be subject to either a permissive or mandatory requirement to appropriate on an annual basis a sum equal to the actual or projected shortfall.

#### Utility Revenue Bonds

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

revenues other than tax increments to repay a portion of the bonds, the City must reduce the total eligible Project Costs in an equal amount.

### Special Assessment “B” Bonds

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

### Plan Implementation

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

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

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

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

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

## Implementation and Financing Timeline

| City of Merrill, Wisconsin         |                                  |                                  |                                  |                                  |                  |
|------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|------------------|
| Tax Increment District # 8         |                                  |                                  |                                  |                                  |                  |
| Estimated Financing Plan           |                                  |                                  |                                  |                                  |                  |
|                                    | State Trust<br>Fund Loan<br>2017 | State Trust<br>Fund Loan<br>2019 | State Trust<br>Fund Loan<br>2022 | State Trust<br>Fund Loan<br>2025 | Totals           |
| Projects                           |                                  |                                  |                                  |                                  |                  |
| 2017/2018                          | 417,500                          |                                  |                                  |                                  | 417,500          |
| 2019/2020                          |                                  | 657,500                          |                                  |                                  | 657,500          |
| 2021-2024                          |                                  |                                  | 437,500                          |                                  | 437,500          |
| 2025                               |                                  |                                  |                                  | 257,500                          | 257,500          |
| Total Project Funds                | <u>417,500</u>                   | <u>657,500</u>                   | <u>437,500</u>                   | <u>257,500</u>                   | <u>1,770,000</u> |
| Estimated Finance Related Expenses |                                  |                                  |                                  |                                  |                  |
| Municipal Advisor                  | 5,000                            | 7,500                            | 5,000                            | 2,500                            |                  |
| Total Financing Required           | 426,725                          | 671,650                          | 446,925                          | 262,600                          |                  |
| Rounding                           | 0                                | 0                                | 0                                | 0                                |                  |
| Net Issue Size                     | <b>422,500</b>                   | <b>665,000</b>                   | <b>442,500</b>                   | <b>260,000</b>                   | <b>1,790,000</b> |
| Notes:                             |                                  |                                  |                                  |                                  |                  |

Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)

# Development Assumptions

**City of Merrill, Wisconsin**  
**Tax Increment District # 8**  
**Development Assumptions**

| Construction Year |      | 201 S. Prospect St. | Storage Units  | West Side District | Sixth District Redevelop. | Other Future     | Annual Total     | Construction Year |    |
|-------------------|------|---------------------|----------------|--------------------|---------------------------|------------------|------------------|-------------------|----|
| 5                 | 2017 | 300,000             | 225,000        |                    |                           |                  | 525,000          | 2017              | 5  |
| 6                 | 2018 |                     |                | (150,000)          |                           |                  | (150,000)        | 2018              | 6  |
| 7                 | 2019 |                     |                | (50,000)           |                           | 225,000          | 175,000          | 2019              | 7  |
| 8                 | 2020 |                     |                |                    | 125,000                   | 225,000          | 350,000          | 2020              | 8  |
| 9                 | 2021 |                     |                |                    |                           |                  | 0                | 2021              | 9  |
| 10                | 2022 |                     |                | 1,500,000          |                           | 225,000          | 1,725,000        | 2022              | 10 |
| 11                | 2023 |                     |                |                    |                           |                  | 0                | 2023              | 11 |
| 12                | 2024 | 1,000,000           |                |                    |                           |                  | 1,000,000        | 2024              | 12 |
| 13                | 2025 |                     |                |                    |                           |                  | 0                | 2025              | 13 |
| 14                | 2026 |                     |                |                    |                           |                  | 0                | 2026              | 14 |
| 15                | 2027 |                     |                |                    |                           | 225,000          | 225,000          | 2027              | 15 |
| 16                | 2028 |                     |                |                    |                           |                  | 0                | 2028              | 16 |
| 17                | 2029 |                     |                |                    |                           |                  | 0                | 2029              | 17 |
| 18                | 2030 |                     |                |                    |                           |                  | 0                | 2030              | 18 |
| 19                | 2031 |                     |                |                    |                           |                  | 0                | 2031              | 19 |
| 16                | 2032 |                     |                |                    |                           | 225,000          | 225,000          | 2032              | 16 |
| 17                | 2033 |                     |                |                    |                           |                  | 0                | 2033              | 17 |
| 18                | 2034 |                     |                |                    |                           |                  | 0                | 2034              | 18 |
| 19                | 2035 |                     |                |                    |                           |                  | 0                | 2035              | 19 |
| 20                | 2036 |                     |                |                    |                           |                  | 0                | 2036              | 20 |
| 21                | 2037 |                     |                |                    |                           | 225,000          | 225,000          | 2037              | 21 |
| Totals            |      | <u>1,300,000</u>    | <u>225,000</u> | <u>1,300,000</u>   | <u>125,000</u>            | <u>1,350,000</u> | <u>4,300,000</u> |                   |    |

Notes:

Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)

# Increment Revenue Projections

| City of Merrill, Wisconsin<br>Tax Increment District # 8<br>Tax Increment Projection Worksheet |                    |           |  |                          |         |  |                     |  |  |  |
|--|--------------------|-----------|--|--------------------------|---------|--|---------------------|--|--|--|
| Type of District   | Blighted Area      |           |  | Base Value               | 0       |  |                     |  |  |  |
| District Creation Date   | September 27, 2011 |           |  | Appreciation Factor      | 0.00%   |  | Apply to Base Value |  |  |  |
| Valuation Date   | Jan 1,             | 2011      |  | Base Tax Rate            | \$32.20 |  |                     |  |  |  |
| Max Life (Years)   | 27                 |           |  | Rate Adjustment Factor   |         |  |                     |  |  |  |
| Expenditure Period/Termination   | 22                 | 9/27/2033 |  | Tax Exempt Discount Rate | 3.00%   |  |                     |  |  |  |
| Revenue Periods/Final Year   | 27                 | 2039      |  | Taxable Discount Rate    | 4.50%   |  |                     |  |  |  |
| Extension Eligibility/Years  | Yes 3              |           |  |                          |         |  |                     |  |  |  |
| Recipient District   | Yes                |           |  |                          |         |  |                     |  |  |  |

| Construction Year | Valuation Year | Value Added      | Inflation Increment | Total Increment | Revenue Year                     | Tax Rate | Tax Increment | Tax Exempt       | Taxable NPV |           |
|-------------------|----------------|------------------|---------------------|-----------------|----------------------------------|----------|---------------|------------------|-------------|-----------|
|                   |                |                  |                     |                 |                                  |          |               | NPV Calculation  | Calculation |           |
| 1                 | 2015           | 525,000          | 2016                | 0               | 525,000                          | 2017     | \$32.20       | 16,905           | 16,413      | 16,177    |
| 2                 | 2016           | -150,000         | 2017                | 0               | 375,000                          | 2018     | \$32.20       | 12,075           | 27,795      | 27,235    |
| 3                 | 2017           | 175,000          | 2018                | 0               | 550,000                          | 2019     | \$32.20       | 17,710           | 44,002      | 42,754    |
| 4                 | 2018           | 350,000          | 2019                | 0               | 900,000                          | 2020     | \$32.20       | 28,980           | 69,750      | 67,056    |
| 5                 | 2019           | 0                | 2020                | 0               | 900,000                          | 2021     | \$32.20       | 28,980           | 94,749      | 90,311    |
| 6                 | 2020           | 1,725,000        | 2021                | 0               | 2,625,000                        | 2022     | \$32.20       | 84,525           | 165,538     | 155,217   |
| 7                 | 2021           | 0                | 2022                | 0               | 2,625,000                        | 2023     | \$32.20       | 84,525           | 234,265     | 217,329   |
| 8                 | 2022           | 1,000,000        | 2023                | 0               | 3,625,000                        | 2024     | \$32.20       | 116,726          | 326,409     | 299,409   |
| 9                 | 2023           | 0                | 2024                | 0               | 3,625,000                        | 2025     | \$32.20       | 116,726          | 415,869     | 377,954   |
| 10                | 2024           | 0                | 2025                | 0               | 3,625,000                        | 2026     | \$32.20       | 116,726          | 502,724     | 453,117   |
| 11                | 2025           | 225,000          | 2026                | 0               | 3,850,000                        | 2027     | \$32.20       | 123,971          | 592,283     | 529,508   |
| 12                | 2026           | 0                | 2027                | 0               | 3,850,000                        | 2028     | \$32.20       | 123,971          | 679,234     | 602,609   |
| 13                | 2027           | 0                | 2028                | 0               | 3,850,000                        | 2029     | \$32.20       | 123,971          | 763,652     | 672,562   |
| 14                | 2028           | 0                | 2029                | 0               | 3,850,000                        | 2030     | \$32.20       | 123,971          | 845,611     | 739,503   |
| 15                | 2029           | 0                | 2030                | 0               | 3,850,000                        | 2031     | \$32.20       | 123,971          | 925,183     | 803,561   |
| 16                | 2030           | 225,000          | 2031                | 0               | 4,075,000                        | 2032     | \$32.20       | 131,216          | 1,006,952   | 868,443   |
| 17                | 2031           | 0                | 2032                | 0               | 4,075,000                        | 2033     | \$32.20       | 131,216          | 1,086,340   | 930,531   |
| 18                | 2032           | 0                | 2033                | 0               | 4,075,000                        | 2034     | \$32.20       | 131,216          | 1,163,416   | 989,946   |
| 19                | 2033           | 0                | 2034                | 0               | 4,075,000                        | 2035     | \$32.20       | 131,216          | 1,238,246   | 1,046,802 |
| 20                | 2034           | 0                | 2035                | 0               | 4,075,000                        | 2036     | \$32.20       | 131,216          | 1,310,897   | 1,101,209 |
| 21                | 2035           | 225,000          | 2036                | 0               | 4,300,000                        | 2037     | \$32.20       | 138,461          | 1,385,326   | 1,156,149 |
| 22                | 2036           | 0                | 2037                | 0               | 4,300,000                        | 2038     | \$32.20       | 138,461          | 1,457,588   | 1,208,722 |
| 23                | 2037           | 0                | 2038                | 0               | 4,300,000                        | 2039     | \$32.20       | 138,461          | 1,527,745   | 1,259,032 |
| <b>Totals</b>     |                | <b>4,300,000</b> |                     | <b>0</b>        | <b>Future Value of Increment</b> |          |               | <b>2,315,193</b> |             |           |

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).

Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)

# Cash Flow

| City of Merrill, Wisconsin |                    |                           |               |                      |                               |           |          |                               |           |           |                               |                      |           |                               |          |                      |           |                    |          |      |            |                       |          |           |       |
|----------------------------|--------------------|---------------------------|---------------|----------------------|-------------------------------|-----------|----------|-------------------------------|-----------|-----------|-------------------------------|----------------------|-----------|-------------------------------|----------|----------------------|-----------|--------------------|----------|------|------------|-----------------------|----------|-----------|-------|
| Tax Increment District # 8 |                    |                           |               |                      |                               |           |          |                               |           |           |                               |                      |           |                               |          |                      |           |                    |          |      |            |                       |          |           |       |
| Cash Flow Projection       |                    |                           |               |                      |                               |           |          |                               |           |           |                               |                      |           |                               |          |                      |           |                    |          |      |            |                       |          |           |       |
| Year                       | Projected Revenues |                           |               |                      | Expenditures                  |           |          |                               |           |           |                               |                      |           |                               |          |                      | Balances  |                    |          | Year |            |                       |          |           |       |
|                            | Tax Increments     | Interest Earnings/ (Cost) | Other Revenue | Total Revenues       | State Trust Fund Loan 422,500 |           |          | State Trust Fund Loan 665,000 |           |           | State Trust Fund Loan 442,500 |                      |           | State Trust Fund Loan 260,000 |          |                      | Admin.    | Total Expenditures | Annual   |      | Cumulative | Principal Outstanding |          |           |       |
|                            |                    |                           |               | Dated Date: 10/01/17 | Principal                     | Est. Rate | Interest | Dated Date: 06/01/19          | Principal | Est. Rate | Interest                      | Dated Date: 06/01/22 | Principal | Est. Rate                     | Interest | Dated Date: 06/01/25 | Principal | Est. Rate          | Interest |      |            |                       |          |           |       |
| 2017                       | 16,905             |                           |               | 16,905               |                               |           |          |                               |           |           |                               |                      |           |                               |          |                      |           |                    |          |      | 0          | 16,905                | 16,905   | 422,500   | 2017  |
| 2018                       | 12,075             |                           |               | 12,075               |                               |           |          |                               |           |           |                               |                      |           |                               |          |                      |           |                    |          |      | 0          | 12,075                | 28,980   | 422,500   | 2018  |
| 2019                       | 17,710             |                           |               | 17,710               | 8,133                         | 4.00%     | 24,599   |                               |           |           |                               |                      |           |                               |          |                      |           |                    |          |      | 32,732     | (15,022)              | 13,958   | 824,367   | 2019  |
| 2020                       | 28,980             |                           |               | 28,980               | 16,158                        | 4.00%     | 16,575   | 16,986                        | 4.00%     | 12,938    |                               |                      |           |                               |          |                      |           |                    |          |      | 62,656     | (33,676)              | (19,718) | 791,223   | 2020  |
| 2021                       | 28,980             |                           |               | 28,980               | 16,804                        | 4.00%     | 15,928   | 14,203                        | 4.00%     | 15,721    |                               |                      |           |                               |          |                      |           |                    |          |      | 62,656     | (33,676)              | (53,394) | 760,216   | 2021  |
| 2022                       | 84,525             |                           |               | 84,525               | 17,476                        | 4.00%     | 15,256   | 14,771                        | 4.00%     | 15,152    |                               |                      |           |                               |          |                      |           |                    |          |      | 62,656     | 21,870                | (31,524) | 1,175,469 | 2022  |
| 2023                       | 84,525             |                           |               | 84,525               | 18,175                        | 4.00%     | 14,557   | 15,362                        | 4.00%     | 14,562    | 22,364                        | 4.00%                | 14,121    |                               |          |                      |           |                    |          |      | 99,141     | (14,615)              | (46,139) | 1,119,568 | 2023  |
| 2024                       | 116,726            |                           |               | 116,726              | 18,902                        | 4.00%     | 13,830   | 15,976                        | 4.00%     | 13,947    | 19,480                        | 4.00%                | 17,005    |                               |          |                      |           |                    |          |      | 99,141     | 17,585                | (28,554) | 1,065,210 | 2024  |
| 2025                       | 116,726            |                           |               | 116,726              | 19,658                        | 4.00%     | 13,074   | 16,616                        | 4.00%     | 13,308    | 20,259                        | 4.00%                | 16,226    |                               |          |                      |           |                    |          |      | 99,141     | 17,584                | (10,970) | 1,268,677 | 2025  |
| 2026                       | 116,726            |                           |               | 116,726              | 20,444                        | 4.00%     | 12,288   | 17,280                        | 4.00%     | 12,643    | 21,069                        | 4.00%                | 15,416    | 16,210                        | 4.00%    | 8,204                |           |                    |          |      | 123,555    | (6,829)               | (17,799) | 1,193,674 | 2026  |
| 2027                       | 123,971            |                           |               | 123,971              | 21,262                        | 4.00%     | 11,470   | 17,971                        | 4.00%     | 11,952    | 21,912                        | 4.00%                | 14,573    | 14,662                        | 4.00%    | 9,752                |           |                    |          |      | 123,554    | 417                   | (17,382) | 1,117,867 | 2027  |
| 2028                       | 123,971            |                           |               | 123,971              | 22,113                        | 4.00%     | 10,620   | 18,690                        | 4.00%     | 11,233    | 22,788                        | 4.00%                | 13,697    | 15,249                        | 4.00%    | 9,165                |           |                    |          |      | 123,555    | 416                   | (16,966) | 1,039,027 | 2028  |
| 2029                       | 123,971            |                           |               | 123,971              | 22,997                        | 4.00%     | 9,735    | 19,438                        | 4.00%     | 10,486    | 23,700                        | 4.00%                | 12,785    | 15,859                        | 4.00%    | 8,555                |           |                    |          |      | 123,555    | 416                   | (16,551) | 957,033   | 2029  |
| 2030                       | 123,971            |                           |               | 123,971              | 23,917                        | 4.00%     | 8,815    | 20,215                        | 4.00%     | 9,708     | 24,648                        | 4.00%                | 11,837    | 16,493                        | 4.00%    | 7,921                |           |                    |          |      | 123,554    | 416                   | (16,134) | 871,760   | 2030  |
| 2031                       | 123,971            |                           |               | 123,971              | 24,874                        | 4.00%     | 7,858    | 21,024                        | 4.00%     | 8,900     | 25,634                        | 4.00%                | 10,851    | 17,153                        | 4.00%    | 7,261                |           |                    |          |      | 123,555    | 415                   | (15,719) | 783,075   | 2031  |
| 2032                       | 131,216            |                           |               | 131,216              | 25,869                        | 4.00%     | 6,863    | 21,865                        | 4.00%     | 8,059     | 26,659                        | 4.00%                | 9,826     | 17,839                        | 4.00%    | 6,575                |           |                    |          |      | 123,555    | 7,661                 | (8,058)  | 690,843   | 2032  |
| 2033                       | 131,216            |                           |               | 131,216              | 26,903                        | 4.00%     | 5,829    | 22,739                        | 4.00%     | 7,184     | 27,726                        | 4.00%                | 8,759     | 18,553                        | 4.00%    | 5,861                |           |                    |          |      | 123,555    | 7,661                 | (397)    | 594,922   | 2033  |
| 2034                       | 131,216            |                           |               | 131,216              | 27,980                        | 4.00%     | 4,753    | 23,649                        | 4.00%     | 6,275     | 28,835                        | 4.00%                | 7,650     | 19,295                        | 4.00%    | 5,119                |           |                    |          |      | 123,556    | 7,660                 | 7,263    | 495,163   | 2034  |
| 2035                       | 131,216            |                           |               | 131,216              | 29,099                        | 4.00%     | 3,633    | 24,595                        | 4.00%     | 5,329     | 29,988                        | 4.00%                | 6,497     | 20,067                        | 4.00%    | 4,347                |           |                    |          |      | 123,556    | 7,660                 | 14,923   | 391,414   | 2035  |
| 2036                       | 131,216            |                           |               | 131,216              | 30,263                        | 4.00%     | 2,469    | 25,579                        | 4.00%     | 4,345     | 31,188                        | 4.00%                | 5,298     | 20,869                        | 4.00%    | 3,545                |           |                    |          |      | 123,556    | 7,660                 | 22,583   | 283,515   | 2036  |
| 2037                       | 138,461            |                           |               | 138,461              | 31,473                        | 4.00%     | 1,259    | 26,602                        | 4.00%     | 3,322     | 32,435                        | 4.00%                | 4,050     | 21,704                        | 4.00%    | 2,710                |           |                    |          |      | 123,555    | 14,906                | 37,489   | 171,301   | 2037  |
| 2038                       | 138,461            |                           |               | 138,461              |                               |           |          | 27,666                        | 4.00%     | 2,258     | 33,733                        | 4.00%                | 2,753     | 22,572                        | 4.00%    | 1,842                |           |                    |          |      | 90,823     | 47,638                | 85,127   | 87,330    | 2038  |
| 2039                       | 138,461            |                           |               | 138,461              |                               |           |          | 28,773                        | 4.00%     | 1,151     | 35,082                        | 4.00%                | 1,403     | 23,475                        | 4.00%    | 939                  |           |                    |          |      | 90,823     | 47,638                | 132,764  | 0         | 2039  |
| Total                      | 2,315,193          | 0                         | 0             | 2,315,193            | 422,500                       |           | 199,412  | 410,000                       |           | 188,471   | 447,500                       |                      | 172,748   | 260,000                       |          | 81,797               | 0         |                    |          |      | 2,182,428  |                       |          |           | Total |

Notes: Projected TID Closure

Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)

## SECTION 11: Annexed Property

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No territory will be added to the District.

## SECTION 12: Estimate of Remaining Property to be Devoted to Retail Business

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The City estimates that less than 35% of the territory within the District, as amended, will be devoted to retail business at the end of the District's maximum expenditure period. This finding is made to fulfill the reporting requirement as contained in Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1.

## SECTION 13: Proposed Zoning Ordinance Changes

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

## SECTION 14: Proposed Changes in Master Plan, Map, Building Codes and City of Merrill Ordinances

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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

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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

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This amendment 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

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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.

### Examples would include:

A public improvement made within the District that also benefits property outside the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.

A public improvement made outside the District that only partially benefits property within the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.

Projects undertaken within the District as part of the implementation of this Project Plan, the costs of which are paid fully or in part by impact fees, grants, special assessments, or revenues other than tax increments.

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

SECTION 18:  
Opinion of Attorney for the City of Merrill Advising Whether  
the Plan is Complete and Complies with Wisconsin  
Statutes 66.1105

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July 24, 2017

**SAMPLE**

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

**RE: City of Merrill, Wisconsin Tax Incremental District No. 8 Amendment**

Dear Mayor:

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

Sincerely,

Attorney Thomas Hayden  
City of Merrill

Attachment: TID 8 Project Plan - Amend - 2017.7.24 (2704 : Resolution amending TID #8)

# 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<br>overlying district would pay by jurisdiction. |                   |                  |                 |                   |                  |              |
|---|-------------------|------------------|-----------------|-------------------|------------------|--------------|
| Statement of Taxes Data Year:   |                   | 2015             |                 | Percentage        |                  |              |
| County  | 2,025,921         |                  |                 | 17.09%            |                  |              |
| Municipality  | 5,990,227         |                  |                 | 50.53%            |                  |              |
| Technical College   | 442,994           |                  |                 | 3.74%             |                  |              |
| School District   | 3,395,604         |                  |                 | 28.64%            |                  |              |
| Total   | <u>11,854,746</u> |                  |                 |                   |                  |              |
| Revenue Year  | County            | Municipality     | School District | Technical College | Total            | Revenue Year |
| 2017  | 2,889             | 8,542            | 4,842           | 632               | 16,905           | 2017         |
| 2018  | 2,064             | 6,102            | 3,459           | 451               | 12,075           | 2018         |
| 2019  | 3,027             | 8,949            | 5,073           | 662               | 17,710           | 2019         |
| 2020  | 4,953             | 14,644           | 8,301           | 1,083             | 28,980           | 2020         |
| 2021  | 4,953             | 14,644           | 8,301           | 1,083             | 28,980           | 2021         |
| 2022  | 14,445            | 42,711           | 24,211          | 3,159             | 84,525           | 2022         |
| 2023  | 14,445            | 42,711           | 24,211          | 3,159             | 84,525           | 2023         |
| 2024  | 19,948            | 58,982           | 33,434          | 4,362             | 116,726          | 2024         |
| 2025  | 19,948            | 58,982           | 33,434          | 4,362             | 116,726          | 2025         |
| 2026  | 19,948            | 58,982           | 33,434          | 4,362             | 116,726          | 2026         |
| 2027  | 21,186            | 62,643           | 35,509          | 4,633             | 123,971          | 2027         |
| 2028  | 21,186            | 62,643           | 35,509          | 4,633             | 123,971          | 2028         |
| 2029  | 21,186            | 62,643           | 35,509          | 4,633             | 123,971          | 2029         |
| 2030  | 21,186            | 62,643           | 35,509          | 4,633             | 123,971          | 2030         |
| 2031  | 21,186            | 62,643           | 35,509          | 4,633             | 123,971          | 2031         |
| 2032  | 22,424            | 66,304           | 37,585          | 4,903             | 131,216          | 2032         |
| 2033  | 22,424            | 66,304           | 37,585          | 4,903             | 131,216          | 2033         |
| 2034  | 22,424            | 66,304           | 37,585          | 4,903             | 131,216          | 2034         |
| 2035  | 22,424            | 66,304           | 37,585          | 4,903             | 131,216          | 2035         |
| 2036  | 22,424            | 66,304           | 37,585          | 4,903             | 131,216          | 2036         |
| 2037  | 23,662            | 69,965           | 39,660          | 5,174             | 138,461          | 2037         |
| 2038  | 23,662            | 69,965           | 39,660          | 5,174             | 138,461          | 2038         |
| 2039  | 23,662            | 69,965           | 39,660          | 5,174             | 138,461          | 2039         |
|   | <u>395,656</u>    | <u>1,169,872</u> | <u>663,150</u>  | <u>86,515</u>     | <u>2,315,193</u> |              |
| Notes:  |                   |                  |                 |                   |                  |              |
| The projection shown above is provided to meet the requirements of Wisconsin Statute 66.1105(4)(i)4.                                    |                   |                  |                 |                   |                  |              |

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