

**CITY OF WHITEWATER
COMMON COUNCIL AGENDA**

**Joint Meeting between Common Council and Community
Development Authority**

Monday, July 11, 2011 – 5:30 p.m.
City of Whitewater Municipal Building Community Room
312 W. Whitewater Street Whitewater, Wisconsin

1. **Discussion and Possible Direction regarding General Economic Development Program(s) for City of Whitewater.**
2. **Presentation on History of TIF 4 and Discussion regarding TIF 4.**
3. **Adjournment.**

Anyone requiring special arrangements is asked to call the Office of the City Manager / City Clerk at least 24 hours prior to the meeting.

Items denoted with asterisks will be approved on the Consent Agenda unless any council member requests that it be removed for individual discussion.

April 28, 2005

Kevin Brunner
City Manager
City of Whitewater
312 Whitewater Street
Whitewater, WI 53190

Dear Kevin,

Find below the proposals concerning Amendments to the TID # 4 as passed by the CDA at its Board Meeting on Monday, April 25, 2005.

1.

Moved by Stewart; seconded by Otto:

That the Waters Edge North project be removed from TID # 4 at a value of approximately \$6,538,600.00 to benefit all taxing entities. This proposal is subject to further review by the City and Ehlers & Associates to demonstrate needed cash flow projections.

Passed 5-1

2.

Moved by Marshall; seconded by Scherer:

That TID #4 Amendment include funds, not to exceed \$1.1 Million, for extension of utilities to the planned Fairhaven Development Site. This proposal is subject to further review by the City and Ehlers & Associates and with the understanding that the new development would be included on the tax rolls.

Passed: 6-0

Respectfully submitted,

Gene Hackbarth
Director
Whitewater Community Development Authority

Final as approved by CDA April 25, 2005

TIF #4 - Project Plan Amendment

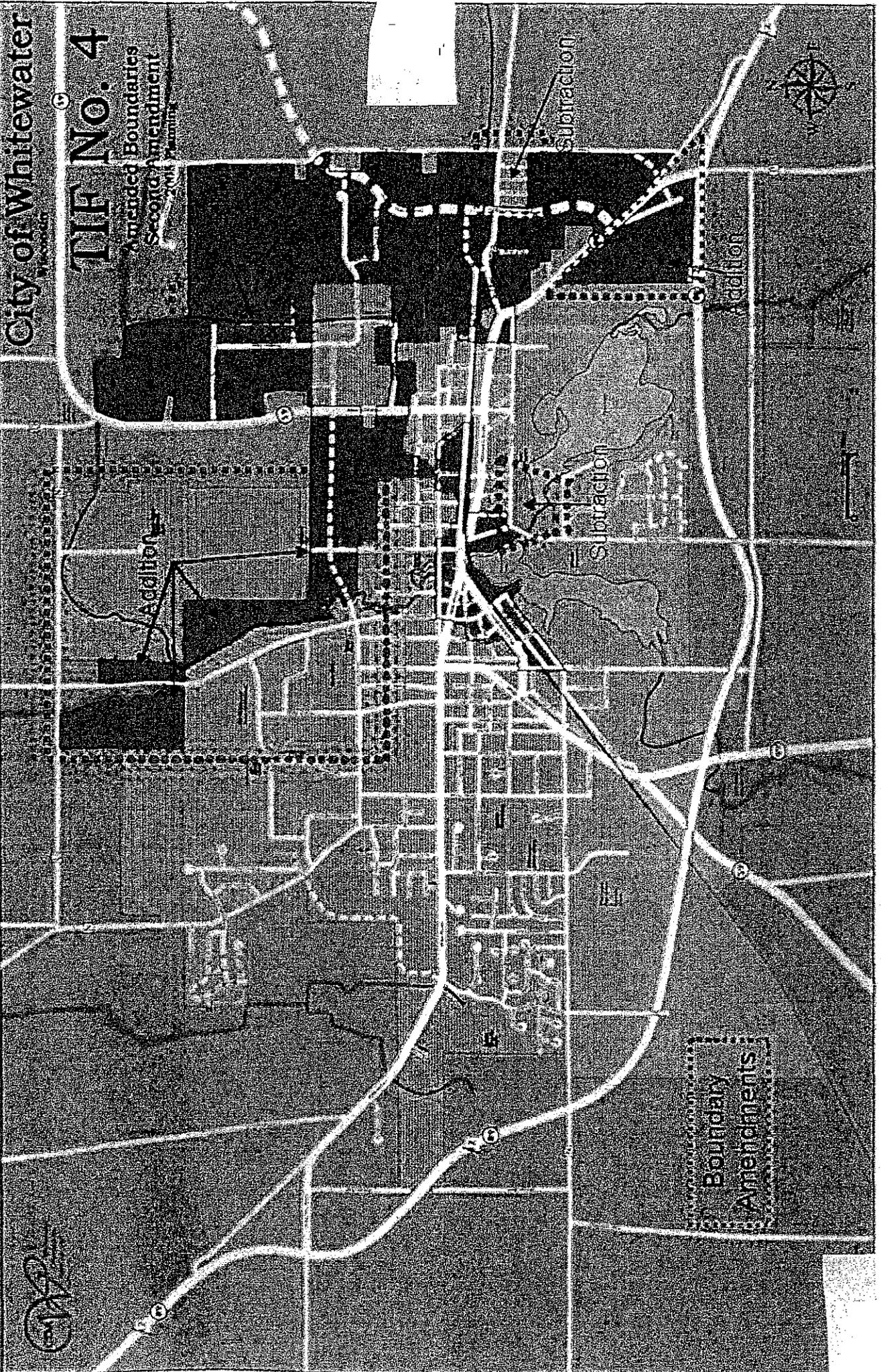
April 25, 2005

<u>Downtown Revitalization</u>		2,950,555
Downtown Building Acquisition/Demolition	800,000	
Downtown Building Façade Grant/Loan Program	200,000	
Downtown Parking	250,000	
Reconstruction - Fremont St.(North to Center) & North St.(Fremont to George)	400,700	
Burial of overhead utilities	275,000	
Whitewater/Main/Wisconsin St. (Novak's to Floral Villa)	315,000	
Center St. alley (Fourth St to Center)		
Reconstruction - Intersection (Main, Milwaukee, Wisconsin)	325,000	
Downtown Revitalization Group Administration	384,855	
<u>Business Park Development</u>		2,275,400
Grading/filling of lots	100,000	
East Main Street extension construction	502,000	
Morraine View Parkway Ph 1 (Bluff Rd to E. Main)	512,700	
Morraine View Parkway Ph 2 (E. Main to Corporate Dr.)	624,700	
Business Incubator Development	500,000	
Bluff Road - Lot realignment and utility relocation	36,000	
<u>Brownfield Redevelopment</u>		1,033,500
Alpha Cast - Brownfield Grant match	100,000	
Site Remediation	100,000	
Site Acquisition	200,000	
Business Relocation	300,000	
Starin Road Extension - Whitewater Creek to Jefferson St	333,500	
<u>Developer Incentives</u>	1,500,000	1,500,000
<u>TIF Administration</u>	571,335	571,335
<u>Fairhaven Project</u> - Infrastructure improvements		\$ 1,100,000
Grand Total		9,430,790

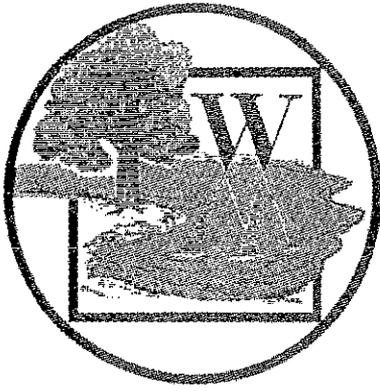
City of Whitewater

TIF No. 4

Amended Boundaries
Second Amendment
2016 Planning



Boundary
Amendments



CITY OF WHITEWATER

Education - Industry - Agriculture

Office of City Manager
312 W. Whitewater Street
P.O. Box 178
Whitewater, Wisconsin 53190
<http://www.ci.whitewater.wi.us>

Telephone: (262) 473-0500 ext. 200

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April 6, 2006

Mr. David Yochum, Exec. Director
Fairhaven Retirement Community
435 W. Starin Road
Whitewater, WI 53190

Dear David:

Please find attached an original copy of the development agreement between the City of Whitewater and Fairhaven Corporation for the Prairie Village Project. This agreement was unanimously approved by the Whitewater Common Council at its April 4, 2006 meeting.

The City of Whitewater looks forward to working with Fairhaven on the Prairie Village project and greatly appreciates Fairhaven's investment in Whitewater's future.

If you have any questions, please always feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Kevin M. Brunner". The signature is written in a cursive, flowing style.

Kevin M. Brunner,
City Manager

cc- Attorney Mark Olm
City Attorney Wallace McDonell
Neighborhood Services Director Bruce Parker
Public Works Director Dean Fischer

April 4, 2006

**DEVELOPMENT AGREEMENT BETWEEN THE CITY OF WHITEWATER,
AND FAIRHAVEN, CORPORATION (PRAIRIE VILLAGE DEVELOPMENT)**

THIS AGREEMENT entered into this 5th day of April, 2006, by and between the City of Whitewater, hereinafter at times referred to as "City", a Wisconsin municipal corporation, and Fairhaven Corporation hereinafter at times referred to as "Fairhaven" or "Developer."

WITNESSETH THAT:

WHEREAS, §66.1105, Wisconsin Statutes, provides the authority and establishes procedures by which the City of Whitewater may undertake development projects within areas of the City of Whitewater and finance such projects through the use of tax incremental financing; and

WHEREAS, on May 17, 2005 the City adopted a Project Plan for Tax Incremental District No. 4 as amended, for the benefit of development within the City of Whitewater; and

WHEREAS, the resolution amending Tax Incremental District No. 4, City of Whitewater, found that not less than 50% of the area of the real property within TID No. 4 is suitable for industrial sites and zoned for industrial use within the meaning of §66.1101 of the Wisconsin Statutes and at least 50% of the real property within said district will remain zoned for industrial use for the life of the district; and

WHEREAS, the project described in this Agreement would serve to rehabilitate the area; and

WHEREAS, §66.1337 and §66.1331, Wis. Stats., empower cities to assist development projects by lending or contributing funds and performing other actions of a character which the City is authorized to perform; and

WHEREAS, the City has determined that the development of a senior residential community at the location set forth herein would be desirable for the City and that the development more fully described in this Agreement will promote the revitalization and economic stability of Tax Increment District No. 4, and

WHEREAS, the Developer has indicated to the City that it is interested in investing in the development of this area, and the City has determined that the Developer is qualified to conduct this development project.

NOW, THEREFORE, the parties agree as follows:

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EXHIBITS

- Exhibit A – Real Estate Description
- Exhibit B – General Development Plan
- Exhibit C – Cash Flow Performance Analysis
- Exhibit D – Phase 1 Probable Construction Costs

ARTICLE I

DEFINITIONS

Section 1: A. The following terms as used herein shall have the following meanings:

- 1) “Assessed value” has the meaning set forth in §70.32 Wis. Stats.
- 2) “City” means City of Whitewater.
- 3) “Developer” means Fairhaven Corporation, and its successors and assigns.
- 4) Deleted.

- 5) "Project", "Development", or "Development Project" means the proposed Fairhaven Corporation "Prairie Village" development and building project as set forth in Article II and Exhibits A and B attached hereto.
- 6) "Property" means the real estate owned by Fairhaven Corporation upon which the Development will occur.
- 7) "Payment in lieu of tax", or "PILOT", means a payment to the City calculated yearly which is the difference between the taxes paid upon the assessed value of the development and the guaranteed tax amounts set forth in Article II, Section 4.B.
- 8) "Project Area" refers to the real estate depicted on the map attached hereto and incorporated by reference as Exhibit B (labeled General Development Plan).
- 9) "Public Facilities and Improvements", or "Public Improvements", means those infrastructure improvements and other improvements which will be dedicated to the City after construction in accordance with the terms of this Agreement.
- 10) "Term of this Agreement" means that period of time from the date this agreement is entered into until January 1, 2019.
- 11) "Substantial Completion" shall mean that Developer has sufficiently completed the project so that a Certificate of Occupancy has been issued by the City of Whitewater Building Inspector.

ARTICLE II

DEVELOPER OBLIGATIONS

Section 1. Project Description. Developer has plans to finance and construct the following development. The values and completion dates set forth below are estimates only and shall not be binding on the Developer.

Year 2006	Building Market Value	Land Value	End of Year Total
Two (2) Duplexes	\$350,000	\$590,000	\$ 940,000
TOTAL COMPLETION YEAR 2006:			\$940,000
Year 2007			
Ten (10) Duplexes	\$1,802,500		1,802,500
Club House	250,000		250,000
TOTAL COMPLETION YEAR 2007:			\$2,992,500
Year 2008			
Fourteen(14)Duplexes	\$2,599,205		\$2,599,205
RCAC	\$4,500,000		\$4,500,000
TOTAL COMPLETION YEAR 2008:			\$10,001,705
Year 2009			
Sixteen(16)Duplexes	\$3,059,636		\$3,059,636
TOTAL COMPLETION YEAR 2009:			\$13,151,341
Year 2010			
Fourteen(14)Duplexes	\$2,757,497		\$2,757,497
TOTAL COMPLETION YEAR 2010:			\$15,908,038
Year 2011			
Sixteen(16)Duplexes	\$3,245,967		\$3,245,967

TOTAL COMPLETION YEAR 2011:		\$19,154,805
Year 2012		
Ten(10) Duplexes	\$2,089,592	\$2,089,592
TOTAL COMPLETION YEAR 2012:		\$21,244,397
Year 2013		
Ten(10) Duplexes	\$2,152,279	\$2,152,279
TOTAL COMPLETION YEAR 2013:		\$23,396,676
TOTAL		\$23,396,676

It is acknowledged by the parties that Fairhaven hereby commits to construct and pay for all of the improvements set forth in Exhibit B except for the buildings and except for the improvements the City has agreed to pay for and construct. Fairhaven will make its best efforts to construct the buildings set forth on Exhibit B but Fairhaven shall have the right to make decisions concerning whether or not to construct the buildings and the timing of the construction. Fairhaven will complete the improvements it has committed to herein (excluding the buildings) by 11/01/08.

Section 2. Plan Approval.

A. Developer shall, prior to commencing construction of any phase of the Project, obtain approval of the City Plan Commission of the design, site, and landscape plans for the Project, which shall be in compliance with all codes and requirements of the City.

Section 3. Financing.

A. Developer warrants that the City will not, in any way, be obligated in any manner to arrange, guarantee, or otherwise participate in obtaining financing for the Project. Developer plans to utilize bank financing for the construction loan and permanent financing.

Section 4. Payment in Lieu of Taxes.

A. Beginning with the year 2006 (01/01/06 assessment with first PILOT payment, if any, due 02/15/07), the Developer shall make a payment to the City in lieu of taxes in the amount of the difference between any shortfall in the amount of taxes owed as shown on the tax bill, as compared to the Guaranteed Tax amount for each year as set forth in Article II, Section 4.B. below. For example, if the tax on the development for the year 01/01/08 is \$38,000, the Developer would be required to make a PILOT to the City in the amount of \$1,600 by 02/15/09. Said PILOT payment shall be due by February 15 of the subsequent year.

B. The Guaranteed tax amount, which is based on the attached Exhibit C, for each year to calculate the PILOT payment amount, if any, will be as follows:

01/01/06	\$ 34,760
01/01/07	\$ 39,600
01/01/08	\$ 39,600

01/01/09	\$ 39,600
01/01/10	\$ 39,600
01/01/11	\$ 139,600
01/01/12	\$ 171,000
01/01/13	\$ 251,140
01/01/14	\$ 308,220
01/01/15	\$ 377,960

C. The guarantee tax amount requirement shall expire after the January 1, 2015 assessment and February 15, 2016 PILOT payment, if any.

Section 5. Miscellaneous Construction Provisions

- A. Engineering Plans and Specifications. The Developer shall prepare (or cause to be prepared) and submit to the City the Engineering Plans and Specifications for the public facilities and improvements it is constructing, which shall be subject to the approval of the Director of Public Works.
- B. Contractors. The Developer shall engage qualified contractors for the installation of all Public Facilities and Improvements for which the Developer is responsible. Before hiring contractors, the Developer shall provide their names, addresses, and phone numbers to the Director of Public Works for approval or shall assure that such contractors are considered qualified by the Director of Public Works. The Developer shall be solely

responsible for all work performed under the Developer's contract(s) with contractors.

C. Construction of Project. Upon City approval of the Engineering Plans and Specifications and after satisfaction of appropriate conditions of Final Plat approval, Developer shall be solely responsible for the construction of all Developer's required Public Facilities and Improvements on and adjacent to the Project Area, which shall be in substantial compliance with the approved Engineering Plans and Specifications, prior to the acceptance of the Public Facilities and Improvements by the City. Developer shall reimburse the City for all processing and professional review costs and fees for land use approvals, building permits, and other similar permits and entitlements in force and effect on a City-wide basis at the time an application is submitted for one of those permits for all aspects of the project other than Phase 1 which the City is building. Developer shall also reimburse the City for all engineering, inspection, planning, administrative, fiscal and legal costs attributed to review and inspection of the Project, in accordance with Section 18.04.090 of the City Code of Ordinances for all aspects of the project other than Phase 1 which the City is building. The City typically will contract with a qualified third party to complete inspections; inspection costs shall be billed at a rate equal to actual City contract costs. In the event City staff

instead completes inspections, inspection costs associated with this Project shall be billed at a rate commensurate with the City's actual personnel costs.

- D. Lands for Public Dedication. Developer shall be responsible for completing all required Public Facilities and Improvements on lands proposed to be dedicated to the public before the City shall accept such lands. Developer shall grade, topsoil, and seed all lands to be dedicated to the public in accordance with the Engineering Plans and Specifications, except for those hard-surfaced areas within public road rights-of-way. Hard-surfaced areas shall be finished with road and sidewalk improvements in accordance with the Engineering Plans and Specifications.
- E. Street Lights. Developer shall, in locations approved by the Director of Public Works, install public street lights.
- F. Utility Extension to and within Property. Developer shall be responsible for all required public and private utility extensions to service the Property, except for Phase 1 which the City is building; all planned sanitary sewer, water main, storm sewer lines, gas lines, electric lines, and telecommunications facilities within the Property; and shall provide all required easements for such utilities. All utilities must be underground. All sewer and water laterals and private utility mains and lines in public road rights-of-way shall be installed before street surfacing, curbing, and

sidewalk installation. No opening of new pavement shall be allowed for a period of five years from initial placement, unless approved by the Director of Public Works in an emergency situation. Developer shall extend all planned public sewer, water, and storm sewer mains within the Property up to the edges of the Property, in accordance with the approved Engineering Plans and Specifications.

- G. Adherence to Grading Plan. Grading of the Property and individual lots shall adhere to the City-approved Grading, Utility, and Erosion Control Plan, including grading of stormwater basins and stormwater conveyance routes. No window or door opening on any lot which includes a stormwater conveyance route or basin, or which is adjacent to a lot or outlot including a stormwater conveyance route or basin, shall be less than two feet above the projected high water elevation in the basin or conveyance route.
- H. Approval of Public Facilities and Improvements. Upon completion of the Public Facilities and Improvements in accordance with the Engineering Plans and Specifications, Developer shall furnish the City with reproducible mylar and digital "as built" sets of plans showing all public improvements for the Project, including stormwater management improvements. Digital copies shall be in Microstation format or AutoCAD format, and shall be referenced horizontally to SEWRPC coordinates and vertically to USGS

datum. The Director of Public Works shall approve and accept the Public Facilities and Improvements in writing. Upon such approval, Developer shall dedicate all improvements located within dedicated public rights-of-way through a "Request for Dedication of Facilities to the City of Whitewater", unless otherwise instructed by the Director of Public Works. For purposes of dedication of improvements, stormwater management improvements located within storm sewer easements and the storm sewer/drainage easements established in favor of the City of Whitewater as set forth on the Final Plat shall be considered as being located within a dedicated right-of-way.

- I. Street Sign Fee. The City shall install at the intersection of all public streets a street name sign of a design specified by the Director of Public Works. The City shall also install regulatory signs along all streets as necessary. Developer shall be responsible for reimbursing the City for all costs associated with the purchase and installation of required street signs within 60 days of being provided with written notice of the cost from the Director of Public Works.
- J. Water and Sewer Charges. Developer shall pay all water and sewer connection fees as required by City ordinance.
- K. Other Governmental Permits. Developer may apply from time to time for other permits and approvals as may be required by other

governmental or quasi-governmental agencies having jurisdiction over the Project in connection with the development of, or provision of services to, the Project. The City shall cooperate with Developer in its efforts to obtain such permits and approvals, and provide any documents or certificates reasonably required.

Section 6. Multi-Use Trail System Improvements

A. As part of this project, Developer would have an obligation to pay \$36,328 for parkland acquisition (based upon a total of 152 dwelling units times \$239 per dwelling unit) and \$85,424 for parkland development (based upon a total of 152 units times \$562 per dwelling unit). In lieu of payment of these required parkland acquisition and development fees to the City, the Developer agrees to construct a 10' multi-use asphalt trail system (approximately 4250 lineal feet in length) from the entrance to the Development Project on Fremont Street to the other entrance to the Development Project on County Highway 'U' as depicted in the General Development Plan (Exhibit B). This multi-use trail (including the two public trail stubs that connect to the main trail) shall be constructed according to City specifications and AASHTO standards and will be completed by the Developer no later than October 1, 2008. The Developer shall provide the route and detailed plans and specification for the trail and its structures, and said plans and

specifications and route shall be approved by the City of Whitewater Public Works Director prior to construction. The estimated 4,250 foot length of the trail shall not limit the Developer's obligation to construct the trail as set forth above even if the trail is longer than 4,250 feet.

- B. The public gazebo, the river observation deck, and the boardwalk over the wetland areas depicted in the General Development Plan (Exhibit B) will also be constructed by the Developer and will be completed by October 1, 2008 unless the completion date is changed by mutual agreement of the two parties.
- C. Upon completion of the multi-use trail system, Developer will dedicate these improvements to the City. The City will be responsible thereafter for maintenance and upkeep of the multi-use trail system. The City will not be responsible for snow, ice or plant or tree debris (leaves, etc.) removal on the trail. Fairhaven may at its option perform this type of maintenance on the trail systems. In areas where the public trail parallels Burr Oak Trail, Fairhaven shall be responsible for the removal of snow and ice and other debris.
- D. Fairhaven will be responsible to obtain any necessary state and federal approvals for all aspects of the trail system, including the gazebo, the observation deck and the boardwalk.

Section 7. Failure to Comply with Completion Schedule of Multi-Use Trail System Improvements.

Developer agrees that time is of the essence as to substantial completion of the multi-use trail and its structures and subject to the default and remedy provisions contained herein in Article IV.

Section 8. Equal Opportunity.

Developer hereby agrees, on behalf of itself and its successors and assigns, that it will not intentionally permit the sale, lease, or use of the Property or facilities within the Project Area by any party who would act or permit unlawful discrimination or restriction in contradiction of §111.321, Wis. Stats.

Section 9. Restriction on Use.

Developer agrees that it shall not, cause or permit the Project Area or any portion thereto (except the assisted living care center as provided below) to be or become tax exempt unless condemned by the United States or some other governmental entity. The only exception shall be that the Developer may attempt to cause the assisted living care center to become tax exempt after 2019. This obligation, as well as the other obligations of this Agreement, shall be binding upon all of the Developer's successors and assigns. Developer further agrees it will place a restriction on any deed conveying the Property prohibiting any use of the Property which would cause the Project Area or any portion thereof to become tax

exempt, except as provided for herein. Developer also agrees that the project, other than the assisted living care center, shall be restricted to individual lifetime lease occupancy of each duplex, or cooperative ownership and lease, or condominium ownership, by senior citizens or for limited others as may be allowed for senior housing projects under associated state and federal rules.

Section 10. Obligation to Maintain and Repair.

Maintenance of Property. Developer shall, during the term of this Agreement, keep and maintain the Property in good repair and working order and will make or cause to be made from time to time all repairs necessary thereto (including external and structural repairs) and renewals and replacements thereof so as to maintain in the City an operational, habitable, and marketable residential development, ordinary wear and tear and obsolescence excepted, and shall keep and maintain such casualty insurance upon the property as is customarily held in developments of like sizes and characters. All insurance policies required under this Section shall be taken out and maintained with insurance companies authorized to do business in the State of Wisconsin.

Section 11. Damage.

- A. If the Project, or any portion of it shall be damaged or partially or totally destroyed while the Developer owns all or any part thereof, Developer shall promptly repair, rebuild, or

restore that property which it owns and which has been damaged or destroyed in a manner consistent with the Project Plan. In the happening of such an event, Developer shall promptly give written notice thereof to the City. If said net proceeds of the property insurance are insufficient to restore the property in a manner consistent with the Project Plan, it shall be the responsibility of Developer to complete the restoration.

- B. Subordination. The City agrees that, upon presentment of a written request from Developer's lender, it will subordinate its interests in the covenants provided for herein to those of the lender. However, such subordination shall not affect Developer's obligations hereunder irrespective of any action of its lender.

Section 12. Liquidated Damages/Penalty Clause.

Developer agrees to provide, at the time this Development Agreement is entered into, a refundable deposit to the City in the form of a performance bond or irrevocable letter of credit in the amount of \$25,000.00. The deposit shall be forfeited to the City in the event of a default by Developer from any of the terms of this Agreement, which shall constitute compensation to City for expenses incurred as a result of Developer's breach. Developer's obligations for a deposit shall be released by the City upon

completion of the Development Project by Developer by formal acceptance of same by City, which shall take place within thirty (30) days of the substantial completion of the project.

Section 13. Assignment. Developer shall have the right to assign or transfer all or any portion of its interests, rights, or obligations under this agreement or in the property or any portion thereof, subject to the approval of the City, which approval shall not be unreasonably withheld. The express assumption of Fairhaven's obligations under this Agreement by its transferee or assignee shall thereby relieve Fairhaven of any responsibility for the expressly assumed obligation. The transferee shall assume all of Fairhaven's rights and obligations hereunder which relate to the transferred Property.

ARTICLE III CITY OBLIGATIONS AND MISCELLANEOUS PROVISIONS.

Section 1. City Obligations:

A. As part of this project, the City will cause to be designed, and will construct in 2006 the following Public Improvements, which at times will be referred to as Phase 1: 1) A Sanitary Sewer/Forcemain along Fremont Street to serve the Development Project and surrounding area; 2) A Sanitary Sewer Lift Station to serve the Development Project and surrounding area; 3) A 15" Sanitary Sewer Main from the lift station located on the Development Project to its terminus with County Highway "U"; 4) A 12" Water Main from the

entrance to the Development Project on Fremont Street (to be located within the new 60' public street right-of-way) to its terminus with County Highway "U"; and 5) Approximately 850 feet of approximately 29' wide (back of curb to back of curb) Street (with curb/gutter, sidewalk, street lighting and asphalt surface) from the entrance to the Development Project on County Highway "U" to the storm sewer crossing as shown in the General Development Plan (Exhibit B). The City will further construct a street intersection at Burr Oak Trail and County Highway "U" according to the specifications required by Jefferson County.

- B. The City's maximum payment obligation concerning the above improvements to be constructed by it under Article III, Section 1.A. 3), 4), 5) shall be One Million One Hundred Four Thousand Seven Hundred Fifty and 00/100 (\$1,104,750.00). This contribution is based on the estimates set forth in Exhibit D. If the construction costs are less than the One Million One Hundred Four Thousand Seven Hundred Fifty and 00/100 (\$1,104,750.00), the City shall pay the difference as an additional contribution to Developer's project costs. The difference shall be determined after the completion of the above improvements and upon a final determination of the costs thereof. If required by the City, Developer shall agree to

have the City let the contracts by its public bidding process for the portion of the construction done in whole or part with City funds. The City shall have the right to determine the appropriate and legal method of contributing the difference to the project. Developer shall be responsible for all costs over and above One Million One Hundred Four Thousand Seven Hundred Fifty and 00/100 (\$1,104,750.00) for the construction of the improvements to be constructed by the City (excluding the Fremont Street Sanitary Sewer/Forcemain and sanitary sewer lift station.)

- C. In addition to the City's commitment to pay One Million One Hundred Four Thousand Seven Hundred Fifty and 00/100 (\$1,104,750.00) in this Agreement, the City will pay for one-half of the total cost of the Fremont Street Sanitary Sewer/Forcemain and Sanitary Sewer Lift Station described above in Article III 1. A-D (2) and will specially assess the remaining one-half of the total cost to the benefiting property owners, including the Developer. This assessment will be calculated on an area-wide basis. It is estimated that the Developer's assessment will be \$33,895 (actual cost will be determined by reasonable and customary methods) based upon a cost of \$630 per acre (based upon a developable Project Area of 53.8 acres). The term of the special assessment repayment

by the benefiting property owners will be five years at an interest rate 1% above the State of Wisconsin Trust Fund rate as set on the date of the completion of the construction of these public improvements.

- D. The City shall have the right to include as part of its One Million One Hundred Four Thousand Seven Hundred Fifty and 00/100 (\$1,104,750.00) contribution charges for engineering, inspection, planning, administrative, fiscal, and legal costs attributable to the project. The City may contract with qualified third parties to complete work. In the event City staff completes any work associated with the project, such costs shall be billed at a rate commensurate with the City's actual personnel costs.

Section 2. Miscellaneous Obligations:

- A. The cost of all site grading, which is not part of the City's construction commitment herein, including grading that is required for the public improvements whether on or off the development property, shall be the responsibility of the Developer.
- B. It is agreed that the City of Whitewater will plant street trees in accordance with its general policies on planting street trees. Developer shall be responsible for the cost of the purchase and

planting of said street trees not included in Phase 1. No street trees will be required along County Highway "U" at this time.

- C. Developer shall be responsible for the cost of the entrance monument signs and will be responsible for any and all maintenance and repair of said signs.
- D. The two roundabout areas in the Burr Oak Trail right-of-way shall be constructed so that said area rises to a greater elevation than the surrounding street. The roundabout shall be landscaped. Landscaping in the roundabout area shall be subject to the approval of the city forester. Developer shall be responsible for the maintenance and replacement of the landscaping within the roundabout areas.
- E. Any responsibilities related to any future road extending from the Property to the property to the west of the Project Area will be addressed in the future depending on the nature of the development to the west of the Property. The parties to this Agreement are not committing to any financial or other responsibilities relating to said roadway. The City will erect barricades at the end of platted road segments that terminate but are expected to be constructed in the future. Said barricades shall be considered part of the cost of construction of the roadway.

- F. Notwithstanding the dedication of storm water improvements, including detention basin areas, Developer shall be responsible for the routine maintenance of these areas. Routine maintenance shall include mowing, maintenance and replacing of landscaping as required, keeping the surface area of the storm water facilities free of trash and other debris, and any dredging necessary to keep said areas functional. The City may take further actions to maintain the functionality of stormwater facilities serving the development beyond such work defined as “routine maintenance” and charge the cost of said maintenance to Developer at its discretion.
- G. The Developer shall make a “request for dedication of facilities” to the City of Whitewater for all Public Improvements which are to be made pursuant to this Agreement, whether they are built by the City of Whitewater or Developer when the construction of said improvements are complete.
- H. Developer will cooperate with the City in applying for any grant such as a stewardship grant which may include use for credit purposes or otherwise the multi-use trail system, the gazebo and lookout area as a contribution to the overall grant project. This may include providing the documentation of the

cost and design documents for said trail system as well as a letter of support for the project.

- I. It is acknowledged that while the multi-use trail system, gazebo and observation deck are being constructed and dedicated to the City in lieu of park land fees, it is understood that if the cost of installation of said improvements exceeds what would have been Developer's park land dedication and park land improvement fees, Developer will not receive a refund or credit for said excess costs.
- J. The City agrees to construct the sanitary sewer main which will serve the development project on a route that passes through the Brotoloc property and then proceeds to the Property.
- K. The City of Whitewater shall substantially complete the 2006 public improvements by 12/31/06, however, if the lift station is not completed by 10/01/06, the parties shall cooperate in developing a system whereby sewage can be pumped from a manhole until said lift station is completed.
- L. Developer shall pay all of the cost of the public and private improvements except as set forth in this agreement. Developer shall pay its share of the costs of the improvements within 15 days of receiving a written request for payment from the City for any of the work completed.

M. The City will install street lights on Burr Oak Trail and Developer shall be responsible for the purchase and installation cost of the street lights except for those provided for in Phase 1.

N. Utility Extension to and within Property. Developer shall be responsible for all required private utility extensions to service the property; and shall provide all required easements for such utilities. All sewer and water laterals and private utility mains and lines in public road rights-of-ways shall be installed before street surfacing, curbing, and sidewalk installation. No opening of new pavement shall be allowed for a period of five years from initial placement unless approved by the Director of Public Works.

ARTICLE IV

DEFAULT AND REMEDIES

Section 1.

Notice and Right to Cure. A party shall be in default under this Agreement if such party shall fail to carry out or fulfill one or more of its obligations hereunder and such failure shall continue for a period of thirty (30) days following receipt of written notice from the other party specifying such failure; provided, however, that if the nature of the default is such that it cannot be cured within thirty (30) days, a party shall not be in default if it immediately undertakes steps to cure the default after receipt of notice and then

diligently and in good faith prosecutes the curing of such default to its conclusion.

Section 2. General Remedies. If a party does not cure or undertake to cure a default within the time period set forth in Section 1 above, the non-defaulting party may pursue the remedies provided for in this Agreement or otherwise available at law or in equity.

Section 3. Enforced Delay in Performance for Causes Beyond the Control of Parties.

For the purposes of any provisions of this Agreement, neither the City, the Developer nor any successor in interest shall be considered in breach or default of its obligations with respect to the beginning and completion of any phase of construction or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault, or negligence including, but not restricted to, acts of God, forces majeure, acts of the public enemy, acts of adjoining property owners, fires, floods, epidemics, quarantine restrictions, strikes, embargoes, unavailable materials, breach of contracts by contractors or subcontractors, and unusually severe weather or delays of subcontractors due to such causes, it being the purpose and intent of this provision that in the event of the occurrence of any such enforced delay, the time or times of performance of any of the obligations of the City or the Developer

with respect to construction of the improvements shall be extended for the period of the enforced delay as determined in good faith; provided that the party seeking the benefit of the provisions of this Section shall, within thirty (30) days after the beginning of any such enforced delay, have first notified the other party thereof of the cause or causes thereof and requested an extension for the period of the enforced delay. In the event a delay is caused by unavailable materials or breach of contracts by contractors or subcontractors, the party shall make a reasonable effort to procure performance and the other party agrees to grant a sufficient extension to permit such procurement. It is expressly understood that this provision does not require Developer to construct the buildings set forth in Article II, Section 1.

Section 4. Rights and Remedies Cumulative. The rights and remedies of the parties, whether provided by law or provided by this Agreement, shall be cumulative, and the exercise of any one or more of such remedies shall not preclude the exercise at the same time or different times of any such other remedies for the same event of default or breach or of any remedies for any other event of default or breach by Developer. No waiver made by City with respect to the performance or manner or time of any obligation of Developer under this Agreement shall be considered a waiver of any rights of City to enforce any other obligations of Developer.

ARTICLE V.

ADDITIONAL PROVISIONS

Section 1. Changes. Parties to this Agreement may, from time to time, require changes in the scope of the Agreement. Such changes, which are mutually agreed upon by and between the Developer and the City shall be incorporated in written amendments to this Agreement.

Section 2. Approvals in Writing. Whenever under this Agreement approvals, authorizations, determinations, satisfactions, or waivers are authorized or required, such approvals, authorizations, determinations, satisfactions or waivers shall be effective and valid only when given in writing, signed by the duly authorized representative of the party, and delivered to the party to whom it is directed at the address specified in Section 3 hereunder. Whenever under this Agreement the consent, approval or waiver of the City is required or the discretion of City may be exercised, the City Manager shall have the authority to act, as the case may be. Whenever any approval is required by the terms of this Agreement and request or application for such approval is duly made, such approval shall not be unreasonably withheld.

Section 3. Notices and Demands. A notice, demand, or other communication under this Agreement by any party to any other party shall be sufficiently given or delivered if it is dispatched by registered or

certified mail, postage prepaid, return receipt requested, or delivered personally to:

(a) In the case of Fairhaven Corporation:
Fairhaven Corporation
c/o David G. Yochum, Exec. Director
P. O. Box 29
Whitewater, WI 53190

With copy to:
Mark T. Olm, Esq.
Olm & Associates
522 West Main Street
P.O. Box 37
Whitewater, WI 53190-0037

(b) In the case of the City:
City of Whitewater
Attn: Kevin Brunner, City Manager
P. O. Box 178
Whitewater, WI 53190

With copy to:
Wallace K. McDonell, Esq.
454 W. Main Street
Whitewater, WI 53190

Section 4. No Liability of City. City shall have no obligation or liability to the lending institution, architect, contractor, or subcontractor, or any other party retained by Developer in the performance of its obligations and responsibilities under the terms and conditions of this Agreement. Developer specifically agrees that no representations, statements, assurances, or guarantees will be made by Developer to any third party or by any third party which are contrary to this provision.

Section 5. Completeness of Agreement. This Agreement and any addition or Supplementary documents or documentation incorporated herein by specific reference contains all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement or any part hereof shall have any validity or bind any of the parties hereto.

Section 6. Matters to be Disregarded. The titles of the several sections, subsections, and paragraphs set forth in this Agreement are inserted for convenience of reference only and shall be disregarding in construing or interpreting any of the provisions of this Agreement.

Section 7. Severability. If any provision of this Agreement is held invalid, the remainder of this Agreement shall not be affected thereby, and such remainder shall then continue to conform to the requirements of applicable laws and the Project Plan.

Section 8. Recording of Agreement. The Agreement and any and all subsequent modifications thereof or additions thereto may, upon being duly executed, be recorded by either party with the Register of Deeds for Jefferson County, Wisconsin.

Section 9. Successors and Assigns. The terms of this Agreement shall be binding upon and inure to the benefit of the parties hereto as well as their respective successors, transferees, and assigns. Any transfer of any party's interest under this Agreement or real

property described in Exhibit A shall not release the transferor from its obligations hereunder.

Section 10. Covenant Running with the Land. This Agreement, which may be recorded, shall be deemed to be, and interpreted as, a covenant running with the land as described in Exhibit A.

Section 11. Ambiguities Not Construed. The Developer has had substantial input concerning the terms of this agreement, and therefore, any ambiguities will not be construed against the City on the basis that its attorney drafted this Agreement.

Dated this 5th day of April, 2006.

FAIRHAVEN CORPORATION

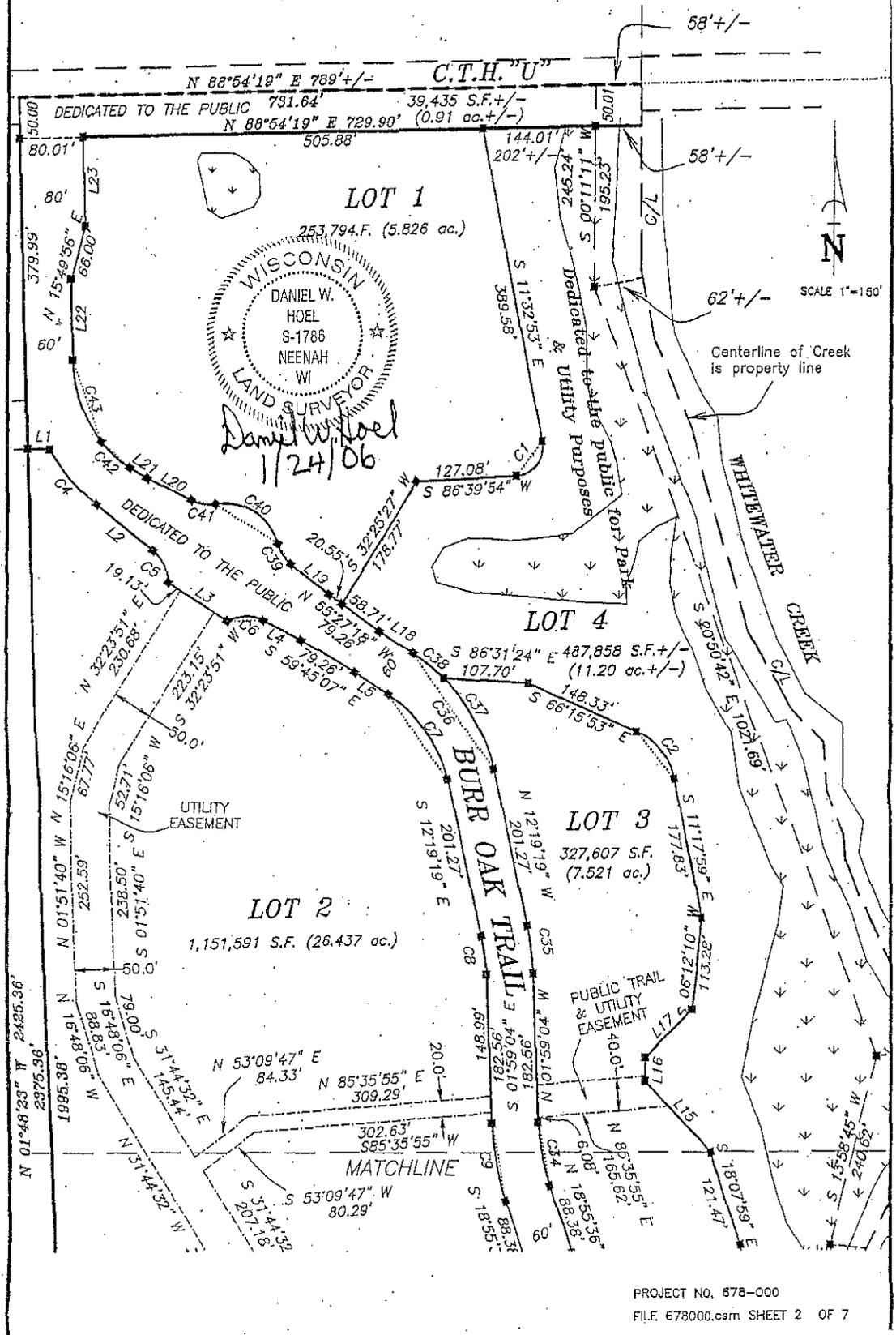
By: James K. Caldwell 4/4/06
James K. Caldwell, President Date

CITY OF WHITEWATER

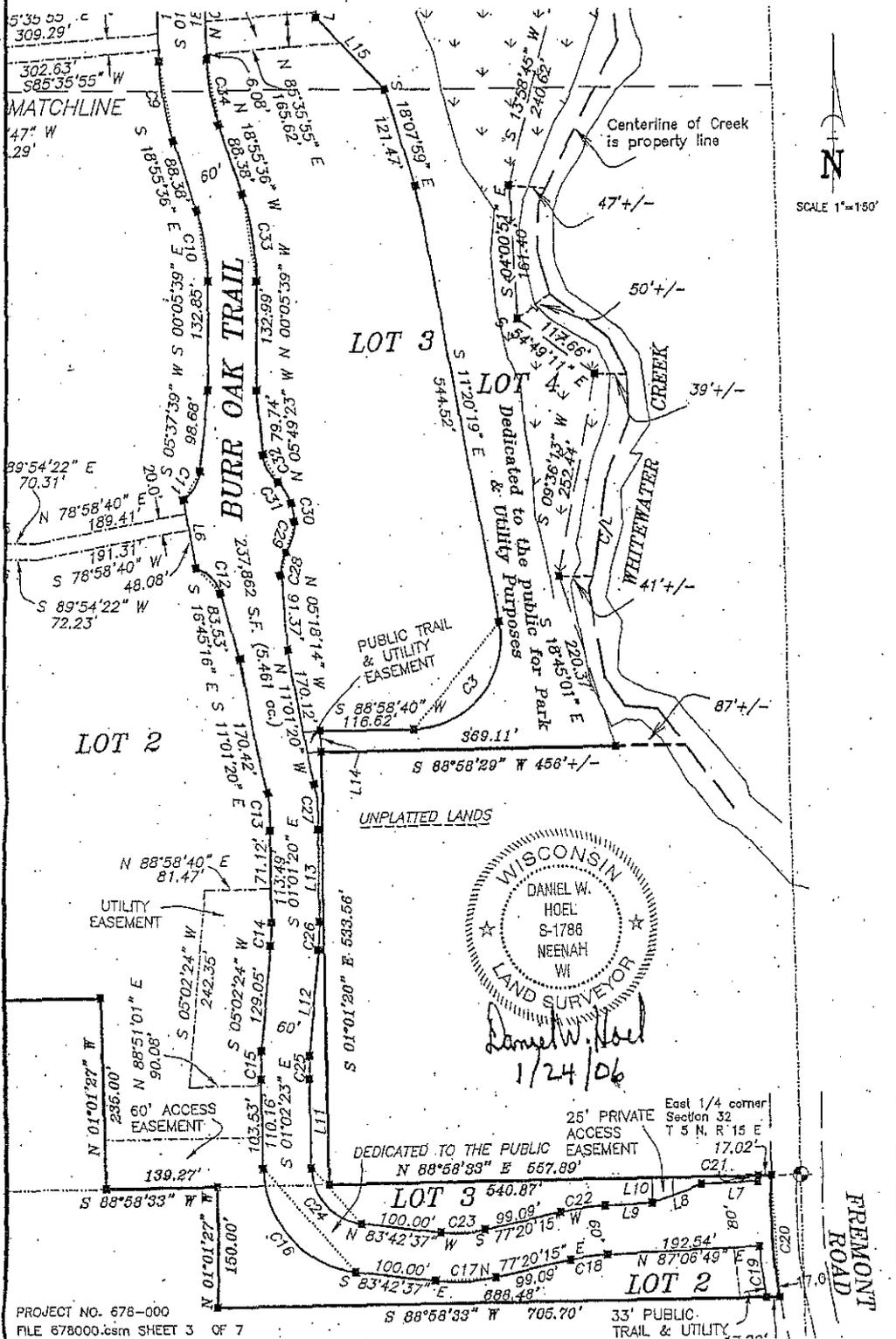
By: Kevin Brunner 4/5/06
Kevin Brunner, City Manager Date

By: Michele R. Smith 4/5/06
Michele R. Smith, City Clerk Date

Part of the 1/2 of the Northeast 1/4 and part of the North 1/2 of the Southeast 1/4, all being part of Section 32, Township 5 North, Range 15 East, City of Whitewater, Jefferson County, Wisconsin



Part of the 1/2 of the Northeast 1/4 and part of the North 1/2 of the Southeast 1/4, all being part of Section 32, Township 5 North, Range 15 East, City of Whitewater, Jefferson County, Wisconsin



PROJECT NO. 678-000
 FILE 678000.csm SHEET 3 OF 7
 THIS INSTRUMENT WAS DRAWN BY

FREMONT ROAD

Surveyor's Certificate:

I, Daniel W. Hoel, a Registered Wisconsin Land Surveyor, do hereby certify:

that I have surveyed, mapped, divided and dedicated at the direction of all that part of the East 1/2 of the Northeast 1/4 and part of the North 1/2 of the Southeast 1/4 all being part of Section 32, Township 5 North, Range 15 East, City of Whitewater, Jefferson County, Wisconsin, more fully described as follows:

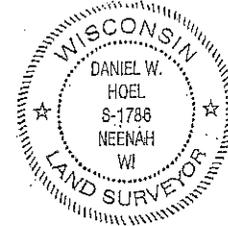
Commencing at the North 1/4 corner of said Section 32; thence North 88 degrees 54 minutes 19 seconds East, along the North line of said Northeast 1/4, a distance of 1330.51 feet to the point of beginning; thence continuing North 88 degrees 54 minutes 19 seconds East, along said north line, 731.64 feet to a meander corner being South 88 degrees 54 minutes 19 seconds West 58 feet more or less from the centerline of the Whitewater River; thence the following courses along a meander line; Thence South 00 degrees 11 minutes 11 seconds West, 245.24 feet; Thence South 20 degrees 50 minutes 42 seconds East, 1021.69 feet; Thence South 13 degrees 58 minutes 45 seconds West, 240.62 feet; Thence South 04 degrees 00 minutes 51 seconds East, 161.40 feet; Thence South 54 degrees 49 minutes 11 seconds East, 117.66 feet; Thence South 09 degrees 36 minutes 13 seconds East, 252.44 feet; Thence South 18 degrees 45 minutes 01 seconds East, 220.37 feet to a point being South 88 degrees 58 minutes 29 seconds West, 87 feet more or less from the centerline of the Whitewater River said point being the termination of said meander line; Thence South 88 degrees 58 minutes 29 seconds West, 369.11 feet; Thence South 01 degrees 01 minutes 20 seconds East, 533.56 feet; Thence North 88 degrees 58 minutes 33 seconds East, along the south line of said Northeast 1/4, a distance of 557.89 feet; thence along the westerly right of way of Fremont Road, 150.51 feet along the arc of a curve to the left, having a radius of 687.80 feet and a chord which bears South 04 degrees 05 minutes 16 seconds East, a distance of 150.21 feet; Thence South 88 degrees 58 minutes 33 seconds West, 705.70 feet; Thence North 01 degrees 01 minutes 27 seconds West, 150.00 feet; Thence South 88 degrees 58 minutes 33 seconds West, along the south line of said Northeast 1/4, a distance of 139.27 feet; Thence North 01 degrees 01 minutes 27 seconds West, 235.00 feet; Thence South 88 degrees 58 minutes 33 seconds West, 453.22 feet; thence North 01 degrees 48 minutes 23 seconds West, along the west line of the East 1/2 of said Northeast 1/4, a distance of 2425.36 feet to the point of beginning. Containing 2,498,147 square feet +/- (57.35 acres +/-). Including lands lying between the meander line and the center line of the Whitewater River.

That I have fully complied with Chapter 236.34 of the Wisconsin Statutes and with the City of Whitewater's Subdivision Ordinance in surveying, dividing, mapping and dedicating the same.

That this map is a correct representation of all exterior boundaries of the land surveyed and the division thereof.

Given under my hand this 24 day of January, 2006.

Daniel W. Hoel Registered Wisconsin Land Surveyor S-1786
Revised 01-26-06



This Certified Survey Map is contained wholly within the property described in the following recorded instruments:

Owners of Record:	Recording Information:	Parcel Number:
Fairhaven Corporation	Document No. 1150002	292-0515-3211-000 292-0515-3214-000 292-0515-3241-000(part of)

EXHIBIT B

Exhibit on File in City Clerk's Office

City of Whitewater Tax Increment District No. 4 Cash Flow Proforma Analysis

Assumptions	
Annual Inflation During Life of TID.....	2.50%
2005 gross tax rate(per \$1000 equal. value) - Jefferson County.....	\$18.70
2005 gross tax rate(per \$1000 equal. value) - Walworth County.....	\$20.18
Investment rate for Investment Proceeds.....	3.00%
Data above dashed line are actual	

Background Data						Revenues		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Val. Date	TIF District Valuation	Value of Exempt Computers	Inflation Increment	Increment	TIF Increment Over Base	Tax Revenue	Investment Proceeds	Total Revenues
	(January 1) Base Value	(December 31)		(1)		(2)		
1990	\$21,728,300							
2005	\$21,713,400							
2003	\$77,704,300	\$1,045,000		\$276,900	\$57,297,900			\$0
2004	\$77,981,200	\$1,172,100		\$13,555,000	\$70,980,000			\$0
2005	\$91,538,200	\$1,172,100	\$2,288,405	(\$13,686,390)	\$59,616,915	\$1,174,607	\$9,050	\$1,183,657
2006	\$80,158,215	\$1,172,100	\$2,003,955	\$10,042,000	\$71,662,870	\$1,432,376	\$5,508	\$1,437,884
2007	\$92,204,170	\$1,172,100	\$2,305,104	\$10,160,500	\$84,128,475	\$1,203,069	\$5,678	\$1,208,747
2008	\$104,669,775	\$1,172,100	\$2,616,744	\$11,389,205	\$98,134,424	\$1,444,766	\$2,643	\$1,447,409
2009	\$118,675,724	\$1,172,100	\$2,966,893	\$10,059,636	\$111,160,953	\$1,693,249	\$0	\$1,693,249
2010	\$131,702,253	\$1,172,100	\$3,292,556	\$2,757,497	\$117,211,006	\$1,965,271	\$0	\$1,965,271
2011	\$137,752,306	\$1,172,100	\$3,443,808	\$3,245,967	\$123,900,781	\$2,223,241	\$5,020	\$2,228,260
2012	\$144,442,081	\$1,172,100	\$3,611,052	\$2,089,592	\$129,601,425	\$2,340,750	\$17,790	\$2,358,540
2013	\$150,142,725	\$1,172,100	\$3,753,568	\$2,152,279	\$135,507,272	\$2,470,331	\$32,168	\$2,502,500
2014	\$156,048,572	\$1,172,100	\$3,901,214		\$139,408,487	\$2,581,528	\$51,297	\$2,632,825
2015	\$159,949,787	\$1,172,100	\$3,998,745		\$143,407,231	\$2,696,677	\$73,333	\$2,770,010
2016	\$163,948,531	\$1,172,100	\$4,098,713		\$147,505,944	\$2,774,457	\$99,172	\$2,873,629
2017	\$168,047,244	\$1,172,100	\$4,201,181		\$151,707,126	\$2,854,182	\$123,425	\$2,977,606
				\$42,481,940	\$52,062,186	\$28,854,503	\$425,082	\$27,279,585

1990 TID Inception

2012 Final Year to incur TIF related costs.

2017 Maximum legal life of TID (27 Years)

(1) Per City and Developer Agreement

(2) Tax Revenue based on \$18.70 for Jefferson County Developer Portion and \$20.18 for Walworth County City Portion

City of Whitewater Tax Increment District No. 4 Cash Flow Proforma Analysis

FINAL		FINAL	
\$3,300,000		\$318,622	
G.O. Promissory Notes Dated October 15, 2005		State Trust Fund Loan Dated December 5, 2005	
Amount for Projects.....	\$3,256,000	Amount for Projects.....	\$318,622
Reoffering Premium.....	(\$27,351)	Capitalized Interest.....	\$0
Cost of Issuance.....	\$39,781	Cost of Issuance.....	\$0
Amount Available for D/S....	\$31,570	Rounding.....	\$0

Example Future Issue	
\$5,195,000	
G.O. Promissory Notes Dated September 1, 2007	

Val. Date	Expenditures										TID Status			
	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)
	Existing Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Combined Debt Service	Annual Balance	Year End Cumulative Balance <i>(December 31)</i>	Cost Recovery
		<i>(9/1)</i>	<i>(3/1 & 9/1)</i> <i>avg = 3.59%</i>		<i>(3/15)</i>	<i>(3/15)</i> <i>avg = 4.25%</i>		<i>(9/1)</i>	<i>(3/1 & 9/1)</i> <i>avg = 5.00%</i>					
2003														
2004														
2005	\$1,301,725										\$1,301,725	(\$118,068)	\$301,655	
2006	\$1,328,988		\$103,227	\$103,227							\$1,432,214	\$5,670	\$183,587	
2007	\$1,043,938	\$100,000	\$117,600	\$217,600	\$31,103	\$17,251	\$48,355				\$1,309,892	(\$101,145)	\$88,111	
2008	\$971,200	\$200,000	\$114,500	\$314,500	\$36,101	\$12,253	\$48,355		\$259,750	\$259,750	\$1,593,805	(\$146,396)	(\$58,284)	
2009	\$952,840	\$290,000	\$108,000	\$398,000	\$37,669	\$10,685	\$48,355		\$259,750	\$259,750	\$1,658,945	\$34,304	(\$23,980)	
2010	\$958,300	\$410,000	\$97,560	\$507,560	\$39,270	\$9,084	\$48,355		\$259,750	\$259,750	\$1,773,965	\$191,306	\$167,326	
2011	\$686,680	\$425,000	\$82,800	\$507,800	\$40,939	\$7,415	\$48,355	\$300,000	\$259,750	\$559,750	\$1,802,585	\$425,676	\$593,002	
2012	\$753,655	\$445,000	\$67,500	\$512,500	\$42,664	\$5,691	\$48,355	\$320,000	\$244,750	\$564,750	\$1,879,260	\$479,280	\$1,072,283	
2013	\$741,310	\$460,000	\$51,480	\$511,480	\$44,492	\$3,862	\$48,355	\$335,000	\$228,750	\$563,750	\$1,864,895	\$637,605	\$1,709,888	
2014	\$778,020	\$475,000	\$34,920	\$509,920	\$46,383	\$1,971	\$48,354	\$350,000	\$212,000	\$562,000	\$1,898,294	\$734,530	\$2,444,418	
2015	\$411,390	\$495,000	\$17,820	\$512,820				\$790,000	\$194,500	\$984,500	\$1,908,710	\$861,300	\$3,305,718	
2016	\$410,190							\$1,500,000	\$155,000	\$1,655,000	\$2,065,190	\$809,439	\$4,114,156	Expenditures Recovered
2017	\$407,940							\$1,600,000	\$80,000	\$1,680,000	\$2,087,940	\$889,666	\$5,003,822	Expenditures Recovered
	\$10,746,175	\$3,300,000	\$795,407	\$4,095,407	\$318,622	\$68,214	\$386,836	\$5,195,000	\$2,154,000	\$7,349,000	\$22,577,418			

Per City Financials

City of Whitewater Tax Increment District No. 4 Cash Flow Proforma Analysis

Assumptions	
Annual Inflation During Life of TID.....	2.50%
2005 gross tax rate (per \$1000 equal. value) - Jefferson County.....	\$18.70
Investment rate for Investment Proceeds.....	3.00%
Data above dashed line are actual	

Background Data							Revenues		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Val. Date	TIF District Valuation	of Exempt Computers Value	Inflation Increment	Increment	TIF Increment Over Base	Tax Rate	Tax Revenue	Investment Proceeds	Total Revenues
	(January 1) Base Value	(December 31)		(1)					
1990	\$0								\$0
2005	\$0								\$0
2003				\$0	\$0	\$18.70			\$0
2004				\$0	\$0	\$18.70			\$0
2005			\$0	\$0	\$0	\$18.70	\$0	\$0	\$0
2006			\$0	\$940,000	\$940,000	\$18.70	\$0	\$0	\$0
2007	\$940,000		\$23,500	\$2,052,500	\$3,016,000	\$18.70	\$0	\$0	\$0
2008	\$3,016,000		\$75,400	\$7,099,205	\$10,190,605	\$18.70	\$17,578	\$0	\$17,578
2009	\$10,190,605		\$254,765	\$3,059,636	\$13,505,006	\$18.70	\$56,399	\$0	\$56,399
2010	\$13,505,006		\$337,625	\$2,757,497	\$16,600,128	\$18.70	\$190,564	\$0	\$190,564
2011	\$16,600,128		\$415,003	\$3,245,967	\$20,261,098	\$18.70	\$252,544	\$2,141	\$254,685
2012	\$20,261,098		\$506,527	\$2,089,592	\$22,857,218	\$18.70	\$310,422	\$5,594	\$316,016
2013	\$22,857,218		\$571,430	\$2,152,279	\$25,580,927	\$18.70	\$378,883	\$9,944	\$388,827
2014	\$25,580,927		\$639,523		\$26,220,451	\$18.70	\$427,430	\$14,075	\$441,505
2015	\$26,220,451		\$655,511		\$26,875,962	\$18.70	\$478,363	\$18,074	\$496,437
2016	\$26,875,962		\$671,899		\$27,547,861	\$18.70	\$490,322	\$21,778	\$512,100
2017	\$27,547,861		\$688,697		\$28,236,557	\$18.70	\$502,580	\$37,141	\$539,721
			\$4,839,881	\$23,396,676			\$3,105,086	\$108,748	\$3,213,834

1990 TID Inception
 2012 Final Year to incur TIF related costs.
 2017 Maximum legal life of TID (27 Years)

(1) Per Developer Agreement

TID #4

2005 G.O. NOTES-(10/15/05)
 Source Of Fund: TID # 4
 Orig Issue:\$3,300,000; Ave Int=3.5537

TID #4

FAIRHAVEN BREAKOUT
 1:175MM OF 3:3MM
 0.356

Due Date	Principal	Interest	Total
3/1/06		44,426.67	44,426.67
9/1/06	0.00	58,800.00	58,800.00
3/1/07		58,800.00	58,800.00
9/1/07	100,000.00	58,800.00	158,800.00
3/1/08		57,250.00	57,250.00
9/1/08	200,000.00	57,250.00	257,250.00
3/1/09		54,000.00	54,000.00
9/1/09	290,000.00	54,000.00	344,000.00
3/1/10		48,780.00	48,780.00
9/1/10	410,000.00	48,780.00	458,780.00
3/1/11		41,400.00	41,400.00
9/1/11	425,000.00	41,400.00	466,400.00
3/1/12		33,750.00	33,750.00
9/1/12	445,000.00	33,750.00	478,750.00
3/1/13		25,740.00	25,740.00
9/1/13	460,000.00	25,740.00	485,740.00
3/1/14		17,460.00	17,460.00
9/1/14	475,000.00	17,460.00	492,460.00
3/1/15		8,910.00	8,910.00
9/1/15	495,000.00	8,910.00	503,910.00
Total	3,300,000.00	795,406.67	4,095,406.67

Due Date	Principal	Interest	Total
3/1/06		15,815.89	15,815.89
9/1/06	0.00	20,932.80	20,932.80
3/1/07		20,932.80	20,932.80
9/1/07	35,600.00	20,932.80	56,532.80
3/1/08		20,381.00	20,381.00
9/1/08	71,200.00	20,381.00	91,581.00
3/1/09		19,224.00	19,224.00
9/1/09	103,240.00	19,224.00	122,464.00
3/1/10		17,365.68	17,365.68
9/1/10	145,960.00	17,365.68	163,325.68
3/1/11		14,738.40	14,738.40
9/1/11	151,300.00	14,738.40	166,038.40
3/1/12		12,015.00	12,015.00
9/1/12	158,420.00	12,015.00	170,435.00
3/1/13		9,163.44	9,163.44
9/1/13	163,760.00	9,163.44	172,923.44
3/1/14		6,215.76	6,215.76
9/1/14	169,100.00	6,215.76	175,315.76
3/1/15		3,171.96	3,171.96
9/1/15	176,220.00	3,171.96	179,391.96
Total	1,174,800.00	283,164.77	1,457,964.77

City of Whitewater Tax Increment District No. 4 Cash Flow Proforma Analysis

FINAL - DEVELOPER PORTION
\$1,100,000
G.O. Promissory Notes
Dated October 15, 2005

Val. Date	Expenditures					TID Status		
	(k) Existing Debt Service	(l) Principal (9/1)	(m) Interest (3/1 & 9/1)	(n) Debt Service	(o) Combined Debt Service	(p) Annual Balance	(q) Year End Cumulative Balance (December 31)	(r) Cost Recovery
2003								
2004								
2005					\$0			
2006			\$34,760	\$34,760	\$34,760	(\$34,760)	(\$34,760)	
2007			\$39,600	\$39,600	\$39,600	(\$39,600)	(\$74,360)	
2008			\$39,600	\$39,600	\$39,600	(\$22,022)	(\$96,382)	
2009			\$39,600	\$39,600	\$39,600	\$16,799	(\$79,583)	
2010			\$39,600	\$39,600	\$39,600	\$150,964	\$71,382	
2011		\$100,000	\$39,600	\$139,600	\$139,600	\$115,085	\$186,467	
2012		\$135,000	\$36,000	\$171,000	\$171,000	\$145,016	\$331,483	
2013		\$220,000	\$31,140	\$251,140	\$251,140	\$137,687	\$469,170	
2014		\$285,000	\$23,220	\$308,220	\$308,220	\$133,285	\$602,455	Expenditures Recovered
2015		\$360,000	\$12,960	\$372,960	\$372,960	\$123,477	\$725,932	Expenditures Recovered
2016					\$0	\$512,100	\$1,238,032	Expenditures Recovered
2017					\$0	\$539,721	\$1,777,754	Expenditures Recovered
	\$0	\$1,100,000	\$336,080	\$1,436,080	\$1,436,080			

Per City Financials

City of Whitewater Tax Increment District No. 4 Cash Flow Proforma Analysis

		FINAL \$2,200,000 G.O. Promissory Notes Dated October 15, 2005			FINAL \$318,622 State Trust Fund Loan Dated December 8, 2005			Example Future Issue \$5,195,000 G.O. Promissory Notes Dated September 1, 2007						
Expenditures											TID Status			
Val. Date	(k) Existing Debt Service	(l) Principal (9/1)	(m) Interest (3/1 & 9/1)	(n) Debt Service	(o) Principal (3/15)	(p) Interest (3/15) avg = 4.25%	(q) Debt Service	(r) Principal (9/1)	(s) Interest (3/1 & 9/1) avg = 5.00%	(t) Debt Service	(u) Combined Debt Service	(v) Annual Balance	(w) Year End Cumulative Balance (December 31)	(x) Cost Recovery
2003														
2004														
2005	\$1,301,725										\$1,301,725		\$301,655	
2006	\$1,328,988		\$68,467	\$68,467							\$1,397,454	(\$118,068)	\$183,587	
2007	\$1,043,938	\$100,000	\$78,000	\$178,000	\$31,103	\$17,251	\$48,355				\$1,270,292	\$40,430	\$224,016	
2008	\$971,200	\$200,000	\$74,900	\$274,900	\$36,101	\$12,253	\$48,355		\$259,750	\$259,750	\$1,554,205	(\$60,502)	\$163,514	
2009	\$952,840	\$290,000	\$68,400	\$358,400	\$37,669	\$10,585	\$48,355		\$259,750	\$259,750	\$1,619,345	(\$122,112)	\$41,403	
2010	\$958,300	\$410,000	\$57,960	\$467,960	\$39,270	\$9,084	\$48,355		\$259,750	\$259,750	\$1,734,365	\$18,747	\$60,150	
2011	\$686,680	\$325,000	\$43,200	\$368,200	\$40,939	\$7,415	\$48,355	\$300,000	\$259,750	\$559,750	\$1,662,985	\$42,146	\$102,296	
2012	\$763,655	\$310,000	\$31,500	\$341,500	\$42,664	\$5,691	\$48,355	\$320,000	\$244,750	\$564,750	\$1,662,985	\$310,781	\$413,078	
2013	\$741,310	\$240,000	\$20,340	\$260,340	\$44,492	\$3,862	\$48,355	\$335,000	\$228,750	\$563,750	\$1,708,260	\$334,460	\$747,538	
2014	\$778,020	\$190,000	\$11,700	\$201,700	\$46,383	\$1,971	\$48,354	\$350,000	\$212,000	\$562,000	\$1,613,755	\$500,120	\$1,247,658	
2015	\$411,390	\$135,000	\$4,860	\$139,860				\$790,000	\$194,500	\$984,500	\$1,590,074	\$601,453	\$1,849,112	
2016	\$410,190							\$1,500,000	\$155,000	\$1,655,000	\$1,535,750	\$738,037	\$2,587,149	
2017	\$407,940							\$1,600,000	\$80,000	\$1,680,000	\$2,065,190	\$296,559	\$2,883,708	Expenditures Recovered
	\$10,746,175	\$2,200,000	\$459,327	\$2,659,327	\$318,622	\$68,214	\$386,836	\$5,195,000	\$2,154,000	\$7,349,000	\$21,141,338	\$350,172	\$3,233,880	Expenditures Recovered

City of Whitewater Tax Increment District No. 4 Cash Flow Proforma Analysis

Assumptions	
Annual Inflation During Life of TID.....	2.50%
2005 gross tax rate (per \$1000 equal. value) - Walworth County.....	\$20.18
Investment rate for Investment Proceeds.....	3.00%
Data above dashed line are actual	

Background Data							Revenues		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Val. Date	TIF District Valuation	of Exempt Computers Value	Inflation Increment	Increment	TIF Increment Over Base	Tax Rate	Tax Revenue	Investment Proceeds	Total Revenues
	(January 1) Base Value	(December 31)		(1)					
1990	\$21,728,300								
2005	\$21,713,400								
2003	\$77,704,300	\$1,045,000		\$276,900	\$57,297,900				\$0
2004	\$77,981,200	\$1,172,100		\$13,555,000	\$70,980,000	\$20.50			\$0
2005	\$91,536,200	\$1,172,100	\$2,288,405	(\$13,666,390)	\$59,616,915	\$20.18	\$1,174,607	\$9,050	\$1,183,657
2006	\$80,158,215	\$1,172,100	\$2,003,955	\$9,102,000	\$70,722,870	\$20.18	\$1,432,376	\$5,508	\$1,437,884
2007	\$91,264,170	\$1,172,100	\$2,281,604	\$8,108,000	\$81,112,475	\$20.18	\$1,203,069	\$6,720	\$1,209,790
2008	\$101,653,775	\$1,172,100	\$2,541,344	\$4,290,000	\$87,943,819	\$20.18	\$1,427,188	\$4,905	\$1,432,093
2009	\$108,485,119	\$1,172,100	\$2,712,128	\$7,000,000	\$97,655,947	\$20.18	\$1,636,850	\$1,242	\$1,638,092
2010	\$118,197,247	\$1,172,100	\$2,954,931		\$100,610,878	\$20.18	\$1,774,706	\$1,804	\$1,776,511
2011	\$121,152,178	\$1,172,100	\$3,028,804		\$103,639,683	\$20.18	\$1,970,697	\$3,069	\$1,973,766
2012	\$124,180,983	\$1,172,100	\$3,104,525		\$106,744,207	\$20.18	\$2,030,328	\$12,392	\$2,042,720
2013	\$127,285,507	\$1,172,100	\$3,182,138		\$109,926,345	\$20.18	\$2,091,449	\$22,426	\$2,113,875
2014	\$130,467,645	\$1,172,100	\$3,261,691		\$113,188,036	\$20.18	\$2,154,098	\$37,430	\$2,191,528
2015	\$133,729,336	\$1,172,100	\$3,343,233		\$116,531,269	\$20.18	\$2,218,314	\$55,473	\$2,273,787
2016	\$137,072,569	\$1,172,100	\$3,426,814		\$119,958,084	\$20.18	\$2,284,135	\$77,614	\$2,361,749
2017	\$140,499,384	\$1,172,100	\$3,512,485		\$123,470,568	\$20.18	\$2,351,601	\$86,511	\$2,438,112
			\$37,642,058	\$28,665,510			\$23,749,417	\$324,146	\$24,073,563

1990 TID Inception
 2012 Final Year to incur TIF related costs.
 2017 Maximum legal life of TID (27 Years)

(1) Per City's Project Plan

City of Whitewater Tax Increment District No. 4 Cash Flow Proforma Analysis

Assumptions	
Annual Inflation During Life of TID.....	2.50%
2005 gross tax rate (per \$1000 equal. value) - Walworth County.....	\$20.18
Investment rate for Investment Proceeds.....	3.00%
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Background Data							Revenues		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Val. Date	TIF District Valuation	of Exempt Computers Value	Inflation Increment	Increment	TIF Increment Over Base	Tax Rate	Tax Revenue	Investment Proceeds	Total Revenues
	(January 1) Base Value	(December 31)		(1)					
1990	\$21,728,300								
2005	\$21,713,400								
2003	\$77,704,300	\$1,045,000		\$276,900	\$57,297,900				\$0
2004	\$77,981,200	\$1,172,100		\$13,555,000	\$70,980,000	\$20.50			\$0
2005	\$91,536,200	\$1,172,100	\$2,288,405	(\$13,666,390)	\$59,616,915	\$20.18	\$1,174,607	\$9,050	\$1,183,657
2006	\$80,158,215	\$1,172,100	\$2,003,955	\$9,102,000	\$70,722,870	\$20.18	\$1,432,376	\$5,508	\$1,437,884
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2008	\$101,653,775	\$1,172,100	\$2,541,344	\$4,290,000	\$87,943,819	\$20.18	\$1,427,188	\$4,905	\$1,432,093
2009	\$108,485,119	\$1,172,100	\$2,712,128	\$7,000,000	\$97,655,947	\$20.18	\$1,636,850	\$1,242	\$1,638,092
2010	\$118,197,247	\$1,172,100	\$2,954,931		\$100,610,878	\$20.18	\$1,774,706	\$1,804	\$1,776,511
2011	\$121,152,178	\$1,172,100	\$3,028,804		\$103,639,683	\$20.18	\$1,970,697	\$3,069	\$1,973,766
2012	\$124,180,983	\$1,172,100	\$3,104,525		\$106,744,207	\$20.18	\$2,030,328	\$12,392	\$2,042,720
2013	\$127,285,507	\$1,172,100	\$3,182,138		\$109,926,345	\$20.18	\$2,091,449	\$22,426	\$2,113,875
2014	\$130,467,645	\$1,172,100	\$3,261,691		\$113,188,036	\$20.18	\$2,154,098	\$37,430	\$2,191,528
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2016	\$137,072,569	\$1,172,100	\$3,426,814		\$119,958,084	\$20.18	\$2,284,135	\$77,614	\$2,361,749
2017	\$140,499,384	\$1,172,100	\$3,512,485		\$123,470,568	\$20.18	\$2,351,601	\$86,511	\$2,438,112
				\$37,642,058	\$28,665,510		\$23,749,417	\$324,146	\$24,073,563

1990 TID Inception
 2012 Final Year to incur TIF related costs.
 2017 Maximum legal life of TID (27 Years)

(1) Per City's Project Plan

City of Whitewater Tax Increment District No. 4 Cash Flow Proforma Analysis

		<i>FINAL</i> \$2,200,000 G.O. Promissory Notes Dated October 15, 2005			<i>FINAL</i> \$318,622 State Trust Fund Loan Dated December 5, 2005			<i>Example Future Issue</i> \$5,195,000 G.O. Promissory Notes Dated September 1, 2007						
Expenditures												TID Subs		
Val. Date	(k) Existing Debt Service	(l) Principal	(m) Interest	(n) Debt Service	(o) Principal	(p) Interest	(q) Debt Service	(r) Principal	(s) Interest	(t) Debt Service	(u) Combined Debt Service	(v) Annual Balance	(w) Year End Cumulative Balance	(x) Cost Recovery
		(9/1)	(3/1 & 9/1)		(3/15)	(3/15) avg = 4.25%		(9/1)	(3/1 & 9/1) avg = 5.00%				(December 31)	
2003														
2004														
2005	\$1,301,725										\$1,301,725	(\$118,068)	\$301,655	\$183,587
2006	\$1,328,988		\$68,467	\$68,467							\$1,397,454	\$40,430	\$183,587	\$224,016
2007	\$1,043,938	\$100,000	\$78,000	\$178,000	\$31,103	\$17,251	\$48,355				\$1,270,292	(\$60,502)	\$183,587	\$163,514
2008	\$971,200	\$200,000	\$74,900	\$274,900	\$36,101	\$12,253	\$48,355		\$259,750	\$259,750	\$1,554,205	(\$122,112)	\$183,587	\$41,403
2009	\$952,840	\$290,000	\$68,400	\$358,400	\$37,669	\$10,685	\$48,355		\$259,750	\$259,750	\$1,619,345	\$18,747	\$183,587	\$60,150
2010	\$958,300	\$410,000	\$57,960	\$467,960	\$39,270	\$9,084	\$48,355		\$259,750	\$259,750	\$1,734,365	\$42,146	\$183,587	\$102,296
2011	\$686,680	\$325,000	\$43,200	\$368,200	\$40,939	\$7,415	\$48,355	\$300,000	\$259,750	\$559,750	\$1,662,985	\$310,781	\$183,587	\$413,078
2012	\$753,655	\$310,000	\$31,500	\$341,500	\$42,664	\$5,891	\$48,355	\$320,000	\$244,750	\$564,750	\$1,708,260	\$334,460	\$183,587	\$747,538
2013	\$741,310	\$240,000	\$20,340	\$260,340	\$44,492	\$3,862	\$48,355	\$335,000	\$228,750	\$563,750	\$1,613,755	\$500,120	\$183,587	\$1,247,658
2014	\$778,020	\$190,000	\$11,700	\$201,700	\$46,383	\$1,971	\$48,354	\$350,000	\$212,000	\$562,000	\$1,590,074	\$601,453	\$183,587	\$1,849,112
2015	\$411,390	\$135,000	\$4,860	\$139,860				\$790,000	\$194,500	\$984,500	\$1,535,750	\$738,037	\$183,587	\$2,587,149
2016	\$410,190							\$1,500,000	\$155,000	\$1,655,000	\$2,065,190	\$296,559	\$183,587	Expenditures Recovered
2017	\$407,940							\$1,600,000	\$80,000	\$1,680,000	\$2,087,940	\$350,172	\$183,587	Expenditures Recovered
	\$10,746,175	\$2,200,000	\$459,327	\$2,659,327	\$318,622	\$68,214	\$386,836	\$5,195,000	\$2,154,000	\$7,349,000	\$21,141,338			

City of Whitewater
Prairie Village Phase 1-City Contract
Opinion of Probable Construction Cost

March 16, 2006

Item	Quantity	Unit	Unit Cost	Total Cost	Sub-Total
Sanitary Sewer Construction:					
15" Sanitary Sewer	2700	LF	\$60.00	\$162,000.00	
8" Sanitary Sewer	400	LF	\$50.00	\$20,000.00	
15"x4" Wye	8	EA	\$300.00	\$2,400.00	
4" Lateral	320	LF	\$40.00	\$12,800.00	
4' DIA Manholes	12	EA	\$2,500.00	\$30,000.00	
Granular Backfill	3000	T	\$7.00	\$21,000.00	
					\$248,200.00
Water Main Construction:					
12-inch Water Main	4600	LF	\$50.00	\$230,000.00	
8-inch Water Main	300	LF	\$45.00	\$13,500.00	
Connect to Existing WM	1	EA	\$1,500.00	\$1,500.00	
12-inch Valve	8	EA	\$1,250.00	\$10,000.00	
8-inch Valve	8	EA	\$900.00	\$7,200.00	
Fire Hydrant	8	EA	\$2,500.00	\$20,000.00	
Granular Backfill	1500	T	\$7.00	\$10,500.00	
					\$292,700.00
Storm Sewer Construction:					
12-inch Storm Sewer	500	LF	\$40.00	\$20,000.00	
18-inch Storm Sewer	450	LF	\$45.00	\$20,250.00	
24-inch Culvert	120	LF	\$60.00	\$7,200.00	
Precast Inlet	12	EA	\$1,000.00	\$12,000.00	
4-FT MH	5	EA	\$1,400.00	\$7,000.00	
					\$66,450.00
Street Construction:					
Unclassified Excavation	3000	CY	\$8.00	\$24,000.00	
Undercut Excavation and Backfill	1000	CY	\$15.00	\$15,000.00	
Base Course (12-inches)	2500	T	\$7.50	\$18,750.00	
30-IN Concrete Curb and Gutter	2500	LF	\$9.00	\$22,500.00	
Truck Apron - Roundabout	1600	SQ FT	\$12.00	\$19,200.00	
Sidewalk (5 feet)	10000	SF	\$2.75	\$27,500.00	
Concrete Driveway Apron	200	SF	\$5.00	\$1,000.00	
Asphalt Pavement (2.75-inch binder)	600	T	\$35.00	\$21,000.00	
Landscaping/Irrigation - Circle & Boulevard	1	LS	\$15,000.00	\$15,000.00	
CTH U Improvements	1	LS	\$50,000.00	\$50,000.00	
Street Tree Allowance	50	EA	\$150.00	\$7,500.00	
Street Light Allowance	1	LS	\$20,000.00	\$20,000.00	
Site Restoration	1	LS	\$20,000.00	\$20,000.00	
Erosion Control	1	LS	\$10,000.00	\$10,000.00	
Traffic Control	1	LS	\$5,000.00	\$5,000.00	
					\$276,450.00
Subtotal					\$883,800.00
25% Contingencies and Technical Services					\$220,950.00
Total					\$1,104,750.00

Notes:

Rock Excavation is excluded.

5/3/05

5/3 - pp 41 - 43

V31-202

Resolution introduced by Councilmember Stewart, who moved its adoption. Seconded by Councilmember Torres. AYES: Stauffer, Bilgen, Hixson, Torres, Stewart. NOES: Kienbaum. ABSENT: Uselman. ADOPTED: May 3, 2005.

Kevin Brunner, City Manager

Michele R. Smith, City Clerk

APPROVAL OF CONTRACT WITH STRAND ASSOCIATES OF MADISON, WI FOR ENGINEERING SERVICES FOR GAULT, CLARK AND CAINE STREETS. Public Works Director Dean Fischer stated engineering for these streets are necessary to set the grades of the streets and for the developer to work with in setting the grades for his development. Public Works recommends council to accept the contract with Strand Associates for engineering services for Caine, Clark, and Gault Streets not to exceed \$16,600.

Brunner commented to have the neighborhood involved with the design of the streets.

Moved by Bilgen and seconded by Stewart to approve the contract with Strand Associates of Madison, WI for engineering services for Gault, Clark and Caine Streets, not to exceed \$16,000. AYES: Stewart, Kienbaum, Torres, Hixson, Bilgen, Stauffer. NOES: None. ABSENT: Uselman.

APPROVAL OF PURCHASE OF NEW TRUCK FOR WASTEWATER UTILITY. Public Works Director Dean Fischer stated only two bids were received. Recommendation to except the low bid from Havill-Spoerl in the amount of \$24,550.00.

Stewart commented it would be nice to go with a local business, costing \$650.00 more.

Moved by Stewart and seconded by Torres to approve the bid from Havill-Spoerl of Fort Atkinson, WI for a 2006 model ¾ ton 4x4 pickup truck in the amount of \$24,550.00. AYES: Stewart, Torres, Hixson, Bilgen, Stauffer. NOES: Kienbaum. ABSENT: Uselman.

APPROVAL OF EMPLOYEE PERSONNEL MANUAL. City Manager Kevin Brunner stated last meeting there were a number of issues which were addressed. Most were typographical errors. Part-time and full-time workers will read rules and sign. Seasonal worker / part-time positions would be advertised.

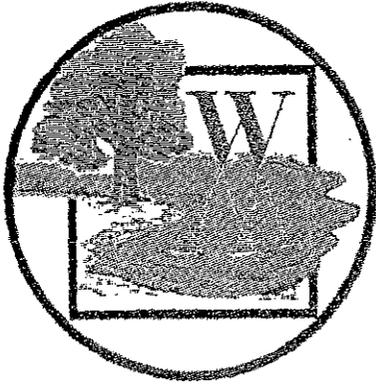
Bilgen thanked Mary Fenzl, Kevin Brunner and others for working on the employee handbook.

Moved by Stewart and seconded by Bilgen to approve the employee personnel manual. AYES: Stauffer, Bilgen, Hixson, Torres, Kienbaum, Stewart. NOES: None. ABSENT: Uselman.

REVIEW OF PROPOSED TIF 4 PROJECTS. City Manager Kevin Brunner stated the CDA had a long discussion regarding the TIF 4 projects. Two items that were discussed were removing the Waters Edge North project from TID at a value of approximately \$6,538,600.00 benefiting taxing entities. This is subject for further review by the City and Ehlers & Associates. The second item is an amendment including funds, not to exceed \$1.1 million for extension of utilities planned for Fairhaven Development site. Again, further review by City and Ehlers & Associates. Brunner discussed the Downtown Revitalization - \$2,950,555, Business Park Development - \$2,275,400, Brownfield Redevelopment \$1,033,500 which would be to relocate the salvage yard, too. The Developer Incentives - \$1,500,000 regarding grants and loans to bring businesses to Whitewater and make improvements to existing buildings. The TIF Administration - \$571,335 and Fairhaven Project - \$1,100,000 which includes 92 duplexes with 46 buildings and up to 60 assisted living units.



Brunner stated each project would come to council before spending any money. There have been five boundary changes to the city. The 17 acres east of the city off of Hwy. 12 is only the Community Church parcel. The rest of the property is not included as the map states. There are two areas to be subtracted, (1) Walton Bluff Ridge Subdivision, \$5.115 million dollars being there is sufficient cash flow to pay therefore, no TIF money is needed and (2) \$6,538,600 for Waters Edge North. These will bring over \$11,000,000 to the tax rolls.



CITY OF WHITEWATER

Education - Industry - Agriculture

Office of City Manager
312 W. Whitewater Street
P.O. Box 178

Whitewater, Wisconsin 53190
<http://www.ci.whitewater.wi.us>

Telephone: (262) 473-0500 ext. 200
Fax: (262) 473-0509

March 9, 2005

Mr. David Yochum, Exec. Director
Fairhaven Retirement Community
435 W. Starin Road
Whitewater, WI 53190

Dear David:

During our last conversation regarding the proposed Fairhaven senior community project west of Fremont Street, you indicated that without the requested tax incremental funding, this project would not be financially feasible. You further, I believe, stated that Fairhaven would be willing to produce a financial proforma from your advisors indicating such to be the case. This is an important issue because it would serve to substantiate the "but for" legal requirement for TIF projects.

As you know, city staff is preparing its final recommendations for the 2nd amendment to the Whitewater TID #4 Project Plan. As part of the preparation of this recommendation, the City is working with its financial advisory firm of Ehlers and Associates to ensure that all proposed projects meet TIF legal and financial requirements. I would like to request that you share the financial proformas that you may have completed for the proposed Fairhaven senior community project with Ehlers and Associates for their review and analysis. The confidentiality of your financial information can be maintained under this arrangement as opposed to direct submittal to the City of CDA, which could lead to such becoming a matter of public record.

Ehlers and Associates have indicated that it would charge a modest fee for this requested analysis and report to the City. However, since this is a proposed Fairhaven project and would directly benefit your organization, it is appropriate that funding for such work be borne by Fairhaven.

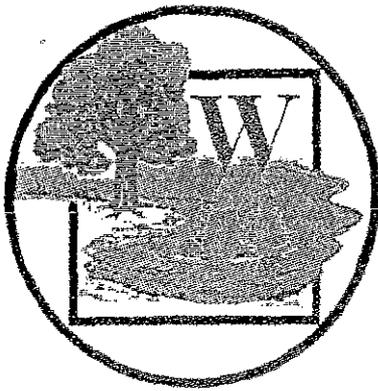
Our advisor at Ehlers and Associates is Phillip Cosson. Mr. Cosson can be reached at (262) 785-1810 or via e-mail at phil@ehlers-inc.com.

If you have any questions regarding this request, please feel free to contact me.

Sincerely,

Kevin M. Brunner,
City Manager

Cc-Phillip Cosson, Ehlers and Associates



CITY OF WHITEWATER

Education - Industry - Agriculture

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Fax: (262) 473-0509

March 7, 2005

Mr. David Yochum, Exec. Director
Fairhaven Retirement Community
435 W. Starin Road
Whitewater, WI 53190

Dear David:

Please find attached a copy of the redevelopment agreement between the City of De Pere and St. Norbert College that I promised I would forward to you.

Please note that Article IV, Section 4 of this agreement addresses the provision to maintain this property as taxable for the duration of the agreement which was executed in 1999 and terminates in 2019. The City of Whitewater would expect a similar provision in any development agreement with Fairhaven that may be negotiated for the proposed senior community project west of Fremont Road.

Personally, as city manager, I would prefer a much longer duration than the termination date of Whitewater TID #4 for the period of time that the Fairhaven senior project would remain taxable. With the City facing probable property tax limitations imposed by the State of Wisconsin in the near future, it is imperative that we maintain a strong and growing tax base.

The City plans on reviewing its proposed second amendment to TID #4 in early April with the CDA and City Council. I am enclosing a draft timetable that we intend on following for this amendment process. I will keep you and Fairhaven informed of important meetings that will be held to discuss possible TID #4 projects, including the proposed Fairhaven senior community.

If you have any questions, please always feel free to contact me.

Sincerely,

Kevin M. Brunner
City Manager

REDEVELOPMENT AGREEMENT BETWEEN THE CITY OF DE PERE,
THE REDEVELOPMENT AUTHORITY OF THE CITY OF DE PERE,
AND ST. NORBERT COLLEGE

THIS AGREEMENT is entered into on this _____ day of _____, _____ by and between the City of De Pere, a Wisconsin municipal corporation ("City"), the Redevelopment Authority of the City of De Pere, Wisconsin, a public body corporate and politic ("RDA") and St. Norbert College Inc., a Wisconsin Non-Profit Corporation ("St. Norbert").

WITNESSETH THAT:

WHEREAS, Section 66.46, Wisconsin Statutes, provides the authority and establishes procedures by which the City of De Pere may undertake redevelopment projects within blighted areas of the City of De Pere and finance such projects through the use of tax incremental financing; and

WHEREAS, on August 26, 1996, the City adopted a Project Plan for the West Side Redevelopment Project and a resolution creating "Tax Incremental District No. 5, City of De Pere" as and for the benefit of such West Side Redevelopment Project; and

WHEREAS, in the resolution creating Tax Incremental District No. 5, the Common Council found that not less than 50% of the area included in the West Side Redevelopment Project District was in need of rehabilitation or conservation work, and that the project described in this Agreement would serve to rehabilitate the area; and

WHEREAS, Section 66.435(5) and Section 66.43(13)(a), Wis. Stats. empower cities to assist redevelopment projects by lending or contributing funds and performing other actions of a character which the City is authorized to perform for other purposes; and

WHEREAS, RDA and City have determined that the development of a 46 room Executive Inn facility in Tax Incremental District No. 5 would be desirable for the City and that the development more fully described in this agreement will promote the revitalization and

economic stability of Tax Increment District No. 5 and;

WHEREAS, St. Norbert has contacted RDA and City to express interest in investing in the redevelopment of this neighborhood, and RDA has determined that St. Norbert is qualified to conduct this redevelopment project.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1. The following terms as used herein shall have the following meanings:

- a) "City" means the City of De Pere.
- b) "Project", "Redevelopment", or "Redevelopment Project" means the proposed St. Norbert Executive Inn facility building project, more fully depicted in the conceptual drawing, attached hereto and incorporated by reference as Exhibit A.
- c) "Project Area" refers to the real estate depicted on and shown on the plat map attached hereto and incorporated by reference as on Exhibit B.
- d) "Term of this Agreement" means that length of time, pursuant to the limitations set out in § 66.46, Wis. Stats., until Tax Incremental District No. 5 is terminated; but in no event later than August 26, 2019.
- e) "Substantial completion" shall mean that St. Norbert has sufficiently completed construction of the Project, so that a Certificate of Occupancy has been issued by the City of De Pere Building Inspector.

ARTICLE II

THE REDEVELOPMENT PROJECT

Section 1. Project Description. St. Norbert agrees to finance and construct an Executive Inn facility of not less than 46 rooms as shown in Exhibit A on the property described in Exhibit B and below as follows:

Parcel Numbers:

WD - 684

WD - 219

WD - 218

WD - 217

WD - 216

Section 2. Legal Plan Approval. St. Norbert, prior to commencing construction, shall obtain the approval of the RDA and City of the design, site, and landscape plans for the Project, which plans shall be in compliance with all codes and requirements of the City of De Pere and RDA. Should either the RDA or City not give architectural approval, St. Norbert may terminate this Agreement without a forfeiture of its bond under Article IV, Section 6.

ARTICLE III

CITY AND RDA OBLIGATIONS

Section 1. Site Acquisition.

A. RDA agrees that, at its sole expense, it will acquire all the properties needed in the Project Area described above for the Project, utilizing its powers of eminent domain, if necessary, including the relocation of existing occupants. However, RDA shall not be responsible for any relocation benefits to which St. Norbert may be entitled upon the

acquisition of St. Norbert owned properties. St. Norbert therefore shall waive all rights they may have to relocation assistance and shall execute all such documents necessary to effectuate such waiver.

B. Alley Vacation

City and RDA has at their sole expense, vacated the public alley adjacent to the project area including all unused easements therein in accordance with Wis. Stats. § 80.32. Any relocation of utilities from said alleyway made necessary by the project shall be the sole responsibility of and at the sole expense of St. Norbert.

C. High Voltage Transmission Lines

The City and RDA agree, at their sole expense, to contract for the relocation underground of the overhead high voltage transmission lines along Third Street between College and Main Avenues.

D. Grant Street Streetscape

City warrants and represents that it shall submit application for Federal Surface Multi-Modal Improvement grant funds for the construction of the Grant Street from Third to Sixth Streets Streetscape concept design approved by the City and RDA. Should City be successful and be awarded such grant funds as are sufficient to pay for 80% of such streetscape project costs, from a point beginning at but not including the intersection of Grant and Third Streets to the City Community Center at 600 Grant Street, City shall not levy special assessments for such improvements against the project area or other properties owned by St. Norbert in the redevelopment area except as provided herein.

St. Norbert hereby stipulates and agrees that when the street

improvements are made in substantial accordance with the approved streetscape concept plan to the intersection of Third and Grant Streets, lots WD-217, WD-216, WD-686, WD-668, and WD-694, all of which are owned by St. Norbert, will be benefitted by said improvements. St. Norbert further agrees to pay such amount as is assessed against said parcels by resolution of the City Common Council for the installation of the aforementioned public improvements, based upon a front foot price, as are specially assessed against the same. St. Norbert hereby waives its rights to a public hearing on the levy special assessments and such other rights including the right to appeal under § 66.60(12) Wis. Stats., granted under § 66.60 Wis. Stats. and consents to the levy of said special assessments upon the aforementioned properties.

Pursuant to § 5.02(2) De Pere Municipal Code, City agrees that the resolution levying such special assessments shall provide for an installment period of at least sixty (60) months in which St. Norbert may pay for such assessments. Interest on the unpaid assessment balance shall accrue at the rate established by the City Common Council as of the date of the assessment resolution.

If the City is not successful in receiving federal grant funds as specified above, the City makes no representations or warranties concerning whether the streetscape improvements will be implemented or, if implemented, how or if such improvements will be assessed to the benefitting properties. However, the current condition of Grant Street from Third to Sixth Streets, necessitates that street improvements be made. Should grant funding not be awarded, City shall meet with property owners abutting said portion of Grant Street to discuss the extent of and payment of such street

improvements.

Section 2. Transfer of Site to Owner.

RDA shall transfer the project area to St. Norbert by warranty deed, free and clear of all encumbrances, excepting reasonable and customary easements and restrictions of record, or before May 1, 2000 unless otherwise agreed in writing. Any request for an extension of the closing date shall not be unreasonably withheld.

Section 3. Demolition and Site Clearance.

City shall be responsible for all site clearance and demolition activities and costs, including any asbestos inspection and/or remediation required by State Statutes or Wisconsin Administrative Codes. St. Norbert shall be responsible for all aforementioned (Article III Section 1.B) alley utility (including telephone, electric, gas and cable) relocations required as a result of the Project as provided in article III, section 1.B.

Section 4. Access To / Entry Upon Site.

RDA has acquired title to two Parcels in the Project area (Parcel # WD-684 and Parcel # WD-219) which are not currently owned by St. Norbert. Should St. Norbert wish to enter upon such property, City and RDA shall, upon reasonable notice, permit St. Norbert or its agent(s) to enter upon said property prior to transfer of such property to St. Norbert to make such studies or take such samples of the site as are reasonable and customarily obtained on projects such as this.

Further, St. Norbert shall have right of access to these Parcels to carry out the activities described in this Agreement, including preliminary site improvement activities necessary for development of the project.

St. Norbert agrees to hold the City and RDA, and their respective agents, officials, employees, or officers, harmless for any and all injury that may occur to St. Norbert or its agent(s) or employee(s) or to third parties as a result of such access.

Section 5.

A. Engineered Fill

St. Norbert has determined that the geotechnical soil condition on the project area is less than favorable for a development such as this. As such, City and RDA agree to pay 44% of the costs attributable to the necessary use of engineered fill sufficient to stabilize the footing and foundation of the project. Payment of said amount by the City/RDA shall be conditioned upon verification of the necessity for and amount of engineered fill needed/used.

B. Environmental Warranties and Indemnities.

The City and RDA make no representations whatsoever concerning the environmental history, condition or status of the Project Area. Further, St. Norbert acknowledges that neither City and or RDA have not conducted any environmental Audit or study of the Project Area. That being said St. Norbert is satisfied with their own information and knowledge concerning such past use(s) of the property that it will not require the City or RDA to complete such a Phase 1 study thereof. St. Norbert may conduct a Phase 1 or 2 Environmental Inspection and Audit at their own and sole discretion to determine the extent, if any, of any environmental contamination therein. Should the Phase 1 or 2 Environmental Audit reveal such adverse environmental conditions on parcels WD-684 or WD-219, St. Norbert may, at its option but after conferring with the other party, terminate this Agreement. Such termination notice shall be served upon City and RDA within Sixty (60) days of St. Norbert being given access to enter upon the subject property for testing purposes. Should St. Norbert not terminate this Agreement as provided herein, St. Norbert agrees to fully defend, indemnify, and save harmless the City of De Pere and RDA from any encumbrances or claims which may be made against them in accordance with Article V, Section 1.

A. St. Norbert Owned Properties

St. Norbert acknowledge that the RDA purchase of properties currently owned by St. Norbert (WD-218, WD-217 and WD-216) done with the sole intent of transfer of those properties from RDA back to St. Norbert, is of financial benefit to St. Norbert. Therefore, and in consideration of this benefit, St. Norbert agrees to fully indemnify the City, RDA and their respective officials, employees and agents in accordance with Article V, Section 1 hereunder for any and all environmental claims presented against and in connection with said properties.

ARTICLE IV

DEVELOPER OBLIGATIONS

Section 1. Financing. St. Norbert warrants that neither City nor RDA will, in any way, be obligated in any manner to arrange, guarantee, or otherwise participate in obtaining financing for the Project. St. Norbert warrants that at the time-of signing this agreement it has secured sufficient funding either through donations or dedication of institutional funds so as to construct the hotel facility according to the requirements herein.

Section 2. Construction Parameters.

A. Projects.

(1) St. Norbert warrants that the project shall be a 46 room Executive Inn facility of approximately 29,600 square feet in size, and shall be of first class quality construction, including first class amenities therein, with a substantially all brick exterior and which shall further follow the design,

site and landscape plans approved by the RDA.

(2) St. Norbert represents that, at the completions of the project, it expects the total value of the hotel facility to be at least three million five hundred thousand dollars (\$3,500,000). However, a valuation of the project less than the represented amount shall not, by itself, be considered a default by St. Norbert under this Agreement.

B. Construction Schedule. Unless feasible sooner and mutually agreed upon, St. Norbert shall commence construction of the project within one hundred eighty (180) days of receiving title to the project area from the RDA.

St. Norbert agrees that construction shall proceed with all deliberate speed and that the Project shall be substantially completed no later than twelve (12) months following commencement of construction.

C. Failure to Comply with Completion Schedule.

St. Norbert agrees that time is of the essence as to substantial completion and, notwithstanding the grace periods set forth in Article VII (unless the construction schedules are extended by mutual agreement of all parties), and subject to default and remedy provisions contained herein in Article VII, if the project is not substantially completed by the timelines set forth above, then City shall, in addition to other remedies available in law or equity, be entitled to forfeiture of the deposit from the defaulting St. Norbert under Article IV, Section 6.

D. Certificate of Occupancy. St. Norbert is required to obtain a Certificate of Occupancy from the City Building Inspector.

Section 3. Equal Opportunity. St. Norbert hereby agrees, on behalf of itself and its successors and assigns, that it will not permit the sale, lease, or use of the property

or facilities within the Project Area by any party who would act or permit unlawful discrimination or restriction in contravention of Wis. Stats. § 111.321.

Section 4. Restrictions on Use. St. Norbert agrees that it shall not, during the term of this Agreement, cause or permit the Project Area or any portion thereto to be or become tax exempt unless condemned by the United States or some other governmental entity. This obligation, as well as the other obligations of this Agreement, shall be binding upon all of the St. Norbert successors and assigns. St. Norbert further agrees it will place a restriction in any deed conveying the property during the duration of this Agreement prohibiting any use of the property during the term of this Agreement which would cause the Project Area or any portion thereof to become tax exempt.

Section 5. Obligation to maintain and Repair. St. Norbert shall, during the term of this Agreement, keep and maintain the Project Area in good repair and working order and will make or cause to be made from time to time all repairs necessary thereto (including external and structural repairs) and renewals and replacements thereof so as to maintain in the City an operational, habitable, and marketable Executive style inn, ordinary wear and tear and obsolescence excepted, and shall keep and maintain such casualty insurance upon the property as is customarily held in developments of like sizes and characters.

All insurance policies required under this Section shall be taken out and maintained with insurance companies authorized to do business in the State of Wisconsin. To assume the respective risks undertaken, said policies of insurance may be written without deductible amounts but with co-insurance features and the exceptions and exclusions comparable to those in similar policies carried by other companies similarly situated, all

of which must be approved by City, which approval shall not be unreasonably withheld. Certification of co-insurance shall be filed with City prior to St. Norbert commencing of construction of the Project and each such policy of insurance shall contain a provision that the insurance company shall give City at least thirty (30) days prior written notice of cancellation, non-renewal, or material change during the term of this contract. In the even of the proposed cancellation or non-renewal of any policy by an insurance company, St. Norbert shall secure adequate replacement insurance policies prior to the effective date of such cancellation.

If the Project, or any portion of it shall be damaged or partially or totally destroyed while in St. Norbert ownership, St. Norbert shall promptly repair, rebuild, or restore that property which it owns and has been damaged or destroyed in a manner consistent with the project plan. In the happening of such an event, St. Norbert shall promptly give written notice thereof to City. If said net proceeds are insufficient to restore the property in a manner consistent with the Project Plan, it shall be the responsibility of St. Norbert to complete the restoration.

Section 6. Liquidated Damages /Penalty Clause. St. Norbert agrees to provide, at the time this development agreement is entered into, a refundable deposit to City and RDA in the form of a performance bond or an irrevocable letter of credit in the amount of \$10,000.00. The deposit shall become forfeit to RDA and City in the event of a default by St. Norbert from any of the terms of this Agreement, which shall constitute compensation to City for expenses incurred as a result of St. Norbert's breach. St. Norbert's obligations for such deposit shall be released by

RDA and City upon completion of the Project by St. Norbert by formal acceptance of same by RDA and City, which shall take place within thirty (30) days of substantial completion of the project.

ARTICLE V

INDEMNIFICATION

Section 1. Claims, Injury, and Property Damage.

St. Norbert agrees to protect, defend, indemnify, and hold City and RDA, its officers, agents, and employees, free and harmless from and against any and all losses, penalties, damages, settlements, costs, charges, professional fees, attorney fees, including those imputed to the City Attorney, or other expenses or liabilities of every kind and character in connection with, or arising directly or indirectly out of, this Agreement and/or arising out of the operations and construction of this Development Project. This requirement shall apply with equal force to work performed by St. Norbert, its architect, contractor, or any subcontractor, or any other party directly or indirectly employed or retained by St. Norbert. Without limiting the generality of the foregoing, any and all such claims, etc. relating to personal injury, death, damage to property, defects in materials or workmanship, actual or alleged infringement of any patent, trademark, copyright (or application for any thereof), or of any other tangible or intangible personal or property right, or any actual or alleged violation of any applicable statute, ordinance, administrative order, rule or regulation, or decree of any court, shall be included in the indemnity hereunder. Owner further agrees to investigate, handle, respond to, provide defense for, and defend any such claims, etc. at its sole expense and agrees to bear

all other costs and expenses related thereto, even if it (claims, etc.) is groundless, false, or fraudulent. St. Norbert agrees that City will, if City deems appropriate, provide any additional reasonable defense to any claim hereunto, the full cost of which shall be borne by St. Norbert.

Notwithstanding the foregoing, St. Norbert shall have no obligation to indemnify or defend City or RDA, and shall have no liability to City or RDA for any losses, penalties, damages, settlements, costs, charges, professional fees, attorney fees (including those imputed to the City Attorney) or other expenses or liabilities of every kind or character in connection with, or arising directly or indirectly out of, the actions, negligence or misconduct of City, RDA, or their respective officers, agents, employees, contractors, or consultants.

ARTICLE VI

NOT FOR SPECULATION

St. Norbert represents and agrees that its acquisition of the parcels in the Project Area and its undertakings pursuant to this Agreement will be for the sole and express purpose of the redevelopment of the property consistent with the Project Plan and the terms and conditions of this Agreement and are not for the speculation in land holdings. Accordingly, St. Norbert agrees, for itself, its successors and assigns, that, except only by way of security for and only for the purpose of obtaining the financing necessary to perform its obligations with respect to making the improvements on the property under this Agreement, St. Norbert has not made and will not make or suffer, cause or permit to be made prior to the substantial completion of the improvements described in the Plan, any

total or partial sale, assignment, conveyance or lease, or any trust or power or transfer in any other mode or form of or with respect to this Agreement, the Parcels, the Redevelopment, or any interest of St. Norbert therein or in this Agreement or any other agreement related to the Redevelopment without the prior written approval of the City. This provision shall not, however, restrict St. Norbert entering into leases prior to substantial completion for the purpose of leasing portions of the Project after its completion.

ARTICLE VII

DEFAULT AND REMEDIES

Section 1. Notice and Right to Cure. A party shall be in default under this Agreement if such party shall fail to carry out or fulfill one or more of its obligations hereunder and such failure shall continue for a period of thirty (30) days following receipt of written notice from the other party specifying such failure; provided, however, that if the nature of the default is such that it cannot be cured within thirty (30) days, a party shall not be in default if it immediately undertakes steps to cure the default after receipt of notice and then diligently and in good faith prosecutes the curing of such default to its conclusion.

Section 2. Remedy. If a party does not cure or undertake to cure a default within the time periods set forth in Section 1, above, the non-defaulting party may pursue the remedies provided for in this Agreement or otherwise available at law or in equity.

Section 3. Enforced Delay in Performance for Causes Beyond the Control of Parties. For the purposes of any provisions of this Agreement, neither no party, nor

any successor in interest, shall be considered in breach or default of its obligations with respect to the beginning and completion of any phase of construction or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault, or negligence including, but not restricted to, acts of God, forces majeure, acts of the public enemy, acts of adjoining property owners, fires, floods, epidemics, quarantine restrictions, strikes, embargoes, unavailable materials, breach of contracts by contractors or subcontractors, and unusually severe weather or delays of subcontractors due to such causes, it being the purpose and intent of this provisions that in the event of the occurrence of any such enforced delay, the time or times of performance of any of the obligations of St. Norbert with respect to construction of the improvements shall be extended for the period of the enforced delay as determined in good faith by City; provided that the party seeking the benefit of the provisions of this Section shall, within thirty (30) days after the beginning of any such enforced delay, have first notified the other party thereof and of the cause or causes thereof and requested an extension for the period of the enforced delay. In the event a delay is caused by unavailable materials or breach of contracts by contractors or subcontractors, St. Norbert shall make a reasonable effort to procure performance and City agrees to grant a sufficient extension to permit such procurement by St. Norbert.

Section 4. Rights and Remedies Cumulative. The rights and remedies of the parties, whether provided by law or provided by this Agreement, shall be cumulative, and the exercise of any one or more of such remedies shall not preclude the exercise at the same time or different times of any such other

remedies for the same event of default of breach or of any remedies for any other event of default or breach by St. Norbert. No waiver made by City with respect to the performance or manner or time of any obligation of St. Norbert under this Agreement shall be considered a waiver of any rights of City to enforce any other obligations St. Norbert.

ARTICLE VIII

OTHER PROVISIONS

- Section 1. Changes. The parties to this Agreement may, from time to time, require changes in the scope of the Agreement. Such changes, which are mutually agreed upon by and between St. Norbert and RDA shall be incorporated in written amendments to this Agreement.
- Section 2. Approvals in Writing. Whenever under this Agreement approvals, authorizations, determinations, satisfactions, or waivers are authorized or required, such approvals, authorizations, determinations, satisfactions or waivers shall be effective and valid only when given in writing, signed by the duly authorized office of City and/or RDA, and delivered to the party to whom it is directed at the address specified in Section 4 hereunder. Whenever under this Agreement the consent, approval or waiver of City or RDA is required or the discretion of City or RDA may be exercised, the Mayor and/or the Chair of the RDA shall have the authority to act, as the case may be. Whenever any approval is required by the terms of this Agreement and request or application for such approval is duly made, such approval shall not be unreasonably withheld.
- Section 3. Inspection of Records. City shall, until one (1) year after a Certificate of Occupancy is issued for the Project, the right to inspect any

and all records, contracts, financial statements, ledgers or written documents which relate to, and are generated by, the responsibilities and obligations of St. Norbert under the terms of this Agreement. This right of inspection shall apply to not only those records and documents that are within the physical control and custody of St. Norbert, but also any records, statements, and documents that may be within the custody and control of third parties or generated by third parties in the performance of the obligations and responsibilities hereunder, including, but not necessary limited to, the architect, contractor, and all subcontractors.

Section 4. Notices and Demands. A notice, demand, or other communication under this Agreement by any party to any other party shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally and:

- A. In the case of St. Norbert College:
Vice President of Business & Finance
St. Norbert College
100 Grant Street
De Pere, WI 54115
with a copy to:
Attorney Tom Olejniczak
231 S. Adams Street
P.O. Box 23200
Green Bay, WI 54305-3200

- B. In the case of the RDA:
Redevelopment Authority for the City of De Pere
Attention: Ted Penn, Chair

De Pere City Hall
335 S. Broadway
De Pere, WI 54115

C. In the case of the City:

City of De Pere
Attention: City Administrator
De Pere City Hall
335 S. Broadway
De Pere, WI 54115

- Section 5. No Liability of City. City shall have no obligation or liability to the lending institution, architect, contractor, or subcontractor, or any other party retained by St. Norbert in the performance of its obligations and responsibilities under the terms and conditions of this Agreement. St. Norbert specifically agrees that no representations, statements, assurances, or guarantees will be made by St. Norbert to any third party or by any third party which are contrary to this provisions.
- Section 6. Completeness of Agreement. This Agreement and any addition or Supplementary documents or documentation incorporated herein by specific reference contains all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement or any part hereof shall have any validity or bind any of the parties hereto.
- Section 7. Matters to be Disregarded. The titles of the several sections, subsections, and paragraphs set forth in this Agreement are inserted for convenience of reference only and shall be disregarding in construing or interpreting any of the provisions of this Agreement.
- Section 8. Severability. If any provisions of this Agreement is held invalid, the

remainder of this Agreement shall not be effected thereby, and such remainder would then continue to conform to the requirements of applicable laws and the Project Plan.

Section 9. Recording of Agreement. The Agreement and any and all subsequent modifications thereof or additions thereto shall, upon being duly executed, be recorded by St. Norbert with the Register of Deeds for Brown County, Wisconsin.

Section 10. Successors and Assigns. The terms of this Agreement shall be binding upon and inure to the benefit of the parties hereto as well as their respective successors, transferees, and assigns. Any transfer of any party's interest under this Agreement or real property described in Exhibit A shall not release the transferor from its obligations hereunder.

Section 11. Covenant Running with the Land. This Agreement, which will be Attached to the deed as part of the conveyance, shall be deemed to be, and interpreted as, a covenant running with the land as described in Exhibit A which shall terminate pursuant to the limitations set out in Section 66.46, Wis. Stats., until Tax Incremental District No. 5 is terminated; but in no event later than August 26, 2019.

Dated this ____ day of _____,

ST. NORBERT COLLEGE

BY:

Michael J. Walsh
Mayor

David G. Minten
Clerk-Treasurer

City of De Pere

BY:

Redevelopment Authority of the City of
De Pere
BY:

Theodore J. Penn
Chairman

Donald Clancy
Secretary
004210b.wpd

Fairhaven Corporation
Request for
Tax Increment Financing
December, 2004

Fairhaven, a retirement community located on 10 acres of land between Starin Road and North Street in Whitewater is seeking to develop an additional campus on the north side of Whitewater near the intersection of County U and Fremont Road.

Fairhaven's present campus is utilized as a Continuing Care Retirement Community which serves the surrounding Whitewater area. We have approximately 230 employees working 150 FTE positions. Our resident population is 245 spaced through 100 apartments (CBRF Licensed), 46 Assisted Living Units (CBRF), a Memory Care Residence (Hearthstone – CBRF) of 24 private rooms and an 84 bed Medicare and Medicaid certified Health and Rehabilitation Center (Skilled Nursing Facility).

The additional campus will consist of two areas:

- 1) Assisted Living Facility (Residential Care Apartment Complex) initially developed for 30 beds with the potential of 30 additional units)
- 2) 92 units of Independent Duplex patio homes (46 structures) with a community room.

The location of the project lends itself to a prairie theme since it is bordered on the south and west by the University of Wisconsin Prairie and Woods and on the east by the Whitewater Creek. The initial plans are to connect to the walking and biking trails that will be extended to the property and provide a walking path around the perimeter of the property that will be open to the public and connect with the University trail system.

This project opens the north side of Whitewater to future development and expansion. It will provide a buffer between the rural setting of the University Prairie and possible more dense residential development or industrial development along the County U corridor. The Fairhaven property provides a conduit for utilities that have the potential to service significant acreage on the south and north sides of County U.

When Fairhaven began planning for this project the project seemed feasible. As time as gone on and prices have escalated the project has seemed to be more tenuous due to increased construction costs and the additional infrastructure required to provide a public street and utility extension to the north and west of the Fairhaven property. Since the land is long and the main entrance will be off of County U, the utilities must be constructed in their entirety rather than phasing development as units are built.

Unless Fairhaven is able to reduce its costs of infrastructure we will be forced to consider smaller sizing for the Assisted Living Units to reduce costs. At present we would like the Assisted Living Units to be 580-650 sq. ft. The costs may force us to reduce the size of these individual rooms to 500 sq. ft. thus reducing the therapeutic space.

TIF Financing

In addition, we have projected the development of 92 duplex units at this time. Additional financial assistance will allow us to consider some areas to be single family homes and thus provide for greater diversity in the community's appearance and ambiance.

The first phase of the project anticipates the development of the Assisted Living Facility and 14 duplex units on the property closest to County U. As the project matures, additional streets and paths will be added to make a public connection to Fremont Road.

Inclusion of this project in the TID will allow the public portions of this project to be completed in a timely manner rather than waiting for the complete development of the project. This will complement the city's desire to extend the bike/walk path and provide handicapped access to the north side of the prairie and woods which is not currently available.

Extension of the TID will also benefit the city since financing the lift station and utility extension will be immediate rather than having to wait for assessments or future development.

Fairhaven Projects eligible for inclusion in the TID will include:

Infrastructure (Utility Extension) -	1,802,274
Public Street Construction -	594,559
Multi-purpose trail within the publicly dedicated land -	60,288
Park Equipment (seating, etc) -	27,050
Storm Water Detention -	<u>101,438</u>
TOTAL	2,585,609

The initial phase of this project will consist of approximately the following:

Land	600,000
Infrastructure cost	2,000,000
30-unit Assisted Living	4,200,000
14 duplexes	<u>2,200,000</u>
Total of Phase 1	9,000,000

The remaining phases in today's dollars would amount to approximately the following:

Infrastructure	2,200,000
78 duplexes	11,100,000
30-unit Assisted Living	<u>4,200,000</u>
TOTAL	\$17,500,000

The total of all phases in 2004 dollars equals \$26,500,000.

Based on the above projected increments of improvements in Phase 1, Fairhaven requests TID benefits to Fairhaven Corporation in the amount of \$1,350,000. This is based on a projected increment of \$9 million x \$22 per thousand taxes for an approximate revenue stream of about \$200,000 per year. Using the remaining life of the TID #4 of 12 years, this will allow borrowing capacity of about \$1,800,000. We would like to request the benefit of \$1,350,000 to help offset infrastructure costs that will benefit the greater expanded service area along with

TIF Financing

some publicly dedicated improvements. Also, it will allow the advantage of a higher quality development and services to the greater Whitewater community.

Upon future phase completion, we would request a credit of 75% of the revenue stream created by the Fairhaven increment as a credit back towards future real estate tax assessments during the remaining life of the TID.

“But for” the benefit of the TID funds, this project does not cash flow as presently envisioned. Without these funds we will have to either lower the quality of development (more density and/or smaller units) or abandon the Project and resell the land.

We believe that with the assistance of the TID, we can put together a quality development that will enhance living life styles as well as expand the range of medical services available in our community.



MEETING MINUTES

Fairhaven Retirement Community

11/02/04

04-497

Project

Date

Project Number

Whitewater, WI

1:00 pm

2:00 pm

Project Location

Start Time

Adjournment Time

Site Development Planning

City Hall Whitewater, WI

Patrick Del Ponte

Type of Meeting

Meeting Location

Originator

Participants:

Patrick Del Ponte – Hoffman

Lynn Binnie – Fairhaven

Dean Fischer-City of Whitewater

Charlie Fredrickson - Hoffman

Jim Caldwell –Fairhaven

Mark Fisher-Strand Associates

Norm Hanson - Welch-Hanson

Kevin Brunner-City of Whitewater

Mark Roffers – Vandewalle &

David Yochum – Fairhaven

Bruce Parker-City of Whitewater

Associates

1. Meeting purpose.

- 1.1. To make sure the master plan concept is heading in the right direction prior to submittal of the GDP and finalizing financial feasibility.

2. Goals and objectives of Fairhaven for the property.

- 2.1. The facilities will expand and compliment the existing Fairhaven campus with additional Independent and Assisted Living.
- 2.2. Fairhaven design directives.
 - 2.2.1. Incorporate conservation and sustainable site design strategies.
 - 2.2.2. Preserve natural amenities.
 - 2.2.3. Create buffer to Brotoloc property.
 - 2.2.4. Avoid connectivity to the future neighborhood development to the west.

3. Site plan features

- 3.1. A land swap will be completed with the UW-Whitewater to gain access to Fremont Road.
- 3.2. A public road will extend through the entire site from County Highway U to Fremont Road.
- 3.3. Roundabouts or similar traffic calming features are desired so the street will not be a thoroughfare.
- 3.4. A utility easement will be obtained from the Brotoloc property for sanitary sewer.
- 3.5. 46 duplex buildings, 92 living units, one story, will be located on eyebrows.
- 3.6. The RCAC (assisted living) will be 30 units on one story, expandable to 60 units.
- 3.7. A multi-use trail will be provided along the Whitewater River and County Highway U.
- 3.8. Public utilities will be extended through the site from Fremont Road to the Northwest corner of the property.
- 3.9. A community building for residents of the duplexes is planned.
- 3.10. The project will be constructed in phases over a 10 year period.
- 3.11. Phase One would start in 2005, subsequent phases would occur as units are leased.
- 3.12. Fairhaven would like to phase the construction of the public road.
- 3.13. Fairhaven would like to create a separate identity for the senior living community and would prefer not to be connected to the property to the west.
- 3.14. Independent duplexes would be a life lease, Fairhaven would retain ownership.
- 3.15. The property and units will be taxable.
- 3.16. Assisted living units will be owned by Fairhaven.
- 3.17. Fairhaven would like to dedicated parkland in lieu of payment of park fees. Parkland dedication is currently calculated based on 152 units, which equates to about 3.5 acres.
- 3.18. Fairhaven has about 11 to 12 acres east of multi-use trail; approximately 50% of this area is wetland.

- 3.19. Independent units would not necessarily have basements. Mark Roffers noted that basements are atypical in these types of senior developments.
- 3.20. Front loaded garages and larger side-yards were used in eyebrows with steeper grades.

4. City Reaction/Comments

- 4.1. The public road connection to Fremont would need to be paved by the time Phase 3 units are completed. In the meantime a graveled access is acceptable.
- 4.2. The phasing plan will be part of the GDP, General Development Plan, and submittal. Flexibility will be allowed. Less flexibility will be allowed if the project is part of a TID.
- 4.3. Improvements within the park area can be reimbursed through the city. The cost of the path vs. the number of units being built would be needed by the City. The RCAC units are considered for the purpose of computation.
- 4.4. Make sure fire/emergency vehicles can fit on private streets, including eyebrows.
- 4.5. Verify if private road on south end of site is less than 1000' in length.
- 4.6. Along public street try to get more rear loaded garages. Kevin Brunner mentioned that Fond du Lac Lutheran Home had constructed some nice, 4 unit, senior homes.
- 4.7. A street/sidewalk connection to any future neighborhood development to the west is negotiable and will not be required as long as there are provisions for a future connection.
- 4.8. The sidewalk and multi-use path will be combined from south end of the first residential eyebrow to Fremont. Where the sidewalk and multi-use path splits, it should be south of the first residential eyebrow and should be differentiated with contrasting materials. Norm Hanson recommended a crosswalk identification system that is embedded in the concrete. He will forward the data to the City.
- 4.9. Walking path will be asphalt paved. Sidewalk will be concrete. Multi-use paths should be 10' wide per City standard.
- 4.10. Walking should be considered on the North side of the street off Fremont Road. This was considered but concern was raised with the proximity to the Brotoloc property.
- 4.11. Sidewalks on one (West) side of public street are acceptable.
- 4.12. Roundabouts are a good feature. Consider "modified" circle with low vegetation on the interior.
- 4.13. Consider a median style entrance at Fremont Road and CTH U.
- 4.14. Public street acceptable at 28' face to face with restricted parking.
- 4.15. Developer to purchase street lighting. Lighting will be coordinated with WE Energies.
- 4.16. Adjust water loop south to extend to the southern most walking trail.
- 4.17. Wetland setbacks. 50' from the wetlands per the City stormwater ordinance. Some encroachment of the walking paths would be allowed. This should be verified with the DNR and County requirements also.
- 4.18. Welch-Hanson should obtain a copy of the most recent Stormwater Ordinance.
- 4.19. High water mark setbacks 75'.
- 4.20. Fairhaven would be reimbursed for "upland" property used for Parkland.
- 4.21. Plan was well received.
- 4.22. A meeting was scheduled with the City Administrator and Fairhaven representatives for Wednesday, December 8th to discuss ways in which the City can assist with financing.

5. Timeline to start construction

- 5.1. Fairhaven should schedule a meeting with the neighbors prior to the plan commission meeting, including those who currently are located in the adjoining Town.
- 5.2. Plan Commission meets the 2nd Monday in January.
- 5.3. Could do an informational meeting to the Plan Commission prior to application/submittal of the GDP.

- 5.4. Kevin Brunner suggested that the City Council be informed of the project. Most important will be to address the property tax status and life lease plans.
- 5.5. Rezoning to PCD and GDP could be concurrent 6 to 8 weeks.
- 5.6. Mark Roffers would draft the Development Agreement. Need escrow for utility work.
- 5.7. After the Development Agreement is in place, then the design work on the lift station can start unless funds are escrowed or bonds provided for these services.
- 5.8. It will take approximately 7 to 8 months to design and construct the lift station.
- 5.9. Specific Implementation Plan (SIP) for phase one and overall stormwater for entire site 2 to 4 weeks.
- 5.10. Street binder and sidewalks need to be installed prior to occupancy but after building permits.

This meeting report is the originators interpretation of the events, discussions and transactions which took place during the meeting. Please advise the originator immediately of any corrections to these minutes.

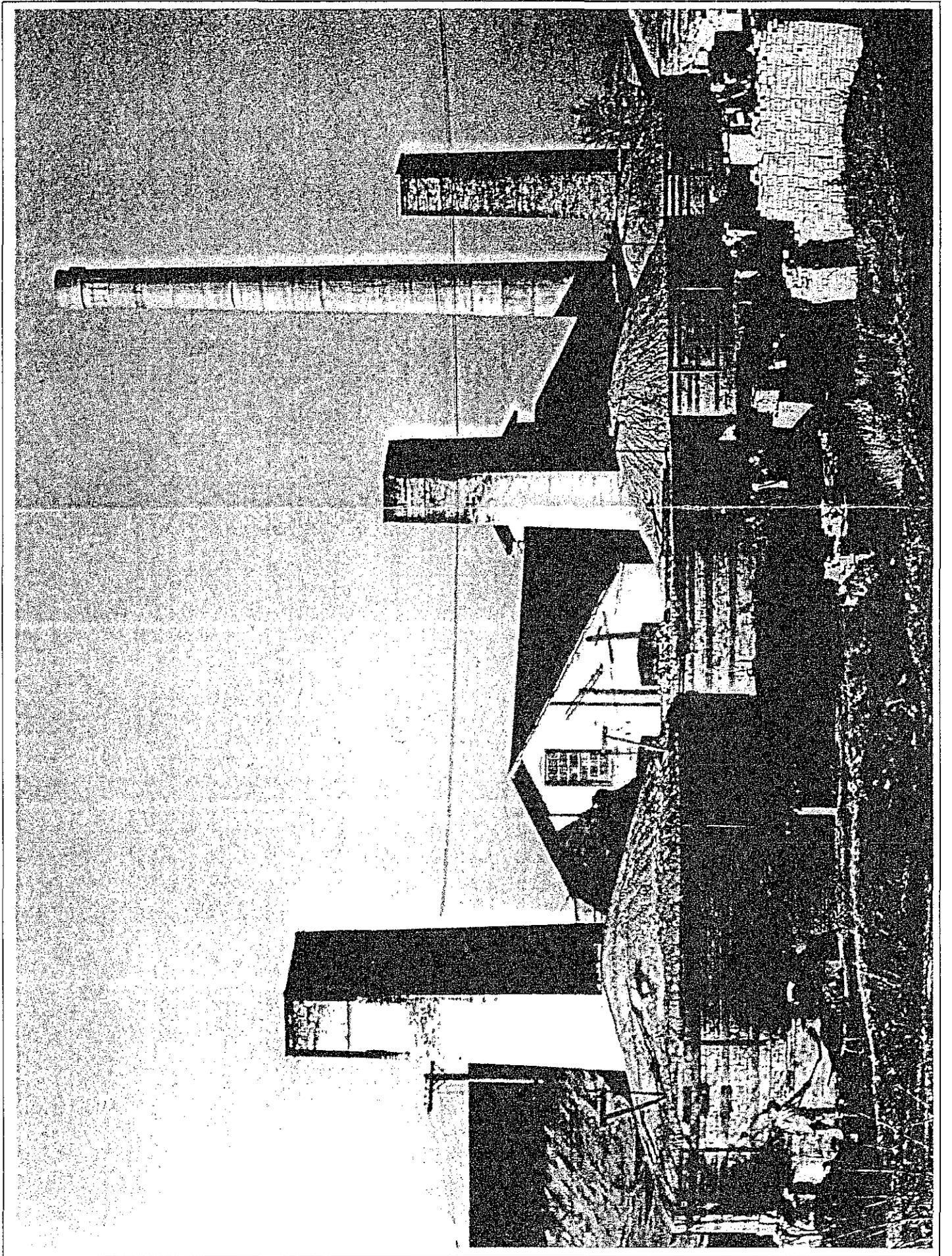
pjd

18. Vandewalles provided slope and grades standards of multiuse paths. Walking paths need to be sensitive to the needs of the elderly.
19. Multiuse trails do not need to be illuminated.
20. Walking trails connecting to UWW Friars Woods and UWW Nature Preserve would be a plus.
21. A private park with a shelter, toilet facilities and small playground similar to the Kawalski development in the City would be nice. City park funds may be available for these amenities
22. Separation of the multiuse trail from the UWW public road access would be acceptable. An easement to cross the Brotoloc Property would be needed for this option. Fairhaven needs to consider the occupants of the Brotoloc CBRF and their tendency to wander off in this decision.
23. The City does not envision a canoe put-in along the Whitewater River frontage.
24. A pumping station and force main is needed to serve areas beyond the Fairhaven property. CTH U is the approximate sanitary service boundary to the north. The system would be capable of serving lands to the west of the Fairhaven property and possibly some land north of CTH U.
25. The City requires a sanitary sewer easement from the proposed pumping station location, near the Brotoloc property, north to the northwest corner of the Fairhaven property along CTH U for future extension.
26. The sanitary line shall be in a 20' wide easement. If combined with the water main, a 30' easement.
27. A sanitary and water main stub for the future neighborhood to the west needs to be planned.
28. City has prepared preliminary design and cost estimates for prorated sanitary assessment. Preliminary invert elevation information of the sanitary is available.
29. A 12 to 15" diameter sanitary sewer line is required. Anything upsizing beyond a 10" diameter sanitary will be reimbursed by the City.
30. Public water main must be extended to the Northwest corner of the Fairhaven property along CTH U for future extension. Any upsizing beyond 8" will be reimbursed. The City acknowledges that this will be a dead end line for some time.
31. Public water main needs to be in the public right of way or an easement.
32. Design and construction of offsite improvements would begin after the execution of a developers agreement.
33. Fairhaven would need to negotiate an easement for the utilities and multipurpose trail on the Brotoloc property. The force main will need an area easement. A temporary easement will be needed for construction.
34. The cost for offsite improvements has not been included in any budget.
35. Strand will design offsite improvements across Brotoloc property.
36. The City is open to narrowing of street standards to minimize impervious surfaces. 28' face to face of curb for public streets would be acceptable.
37. Mountable curb section would be acceptable. A 1' wide concrete edge could be considered, disadvantage is that it does not contain vehicles.
38. The City will maintain public streets.
39. With a well-developed interconnected walking path network, sidewalks can be modified.
40. One sidewalk on one side of the public street would be acceptable. This sidewalk should be illuminated year around, presumably from the streetlights.
41. Provide good connectivity to the future neighborhood to the west.
42. City would maintain sidewalk for snow removal.
43. The initial cost of streetlights is the responsibility of the developer. Contact WE Energies to design campus lighting. City maintains.
44. The timing of the south street connection to Fremont Road will depend on the phasing plan.
45. This project will be a PCD, Planned Community Development District. Current zoning is AT-Agricultural Transition.
46. Approval Process
 - a. Rezone property. Need a couple sets of plans.
 - b. Bring concept to the Plan Commission informally.
 - c. Make a GDP (General Development Plan) and rezoning submittal.
 - d. Make a SIP (Specific Implementation Plan) submittal for first phase to develop.
 - e. Prepare a detailed development agreement
 - f. Council approval

47. Will need to obtain Chapter 30 permit from DNR.
48. Hoffman should forward boundary survey and borings to Strand Associates.
49. The City's draft storm water ordinance draft is available at the city offices.
50. One access off CTH U should be feasible. CTH "U" speed limit is 45 mph. Must get approval from Jefferson County.

This meeting report is the originators interpretation of the events, discussions and transactions which took place during the meeting. Please advise the originator immediately of any corrections to these minutes.

pjd



North Jefferson Street Redevelopment Area

Concept Plan

Whitewater Community Development Authority

City of Whitewater
Common Council

Jim Allen
Jan Bilgen-Craggs
Marilyn Kienbaum
Tom Kolda
Michael Scott
Jim Stewart
Joe Wightman

Michael D. Stumpf, CEcD
Director

December 2003

Whitewater CDA
Board of Directors

Jim Allen
Donna Henry
Tom Kolda
Tom Lange
Alan Marshall
Tom Miller
Rod Scherrer

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Introduction

Over the past several years, the City of Whitewater and the Whitewater Community Development Authority have made a concerted effort to eliminate and redevelop blighted properties within the city. These have included brownfield sites such as the former Hawthorn Melody Dairy (now Water's Edge Condominiums). Other sites have ranged from dilapidated buildings to the new Cravath Lakefront Park. They include public projects, private developments, and public-private partnerships.

The largest remaining brownfield area in the city is located at the north end of Jefferson Street. This is an older part of the city with a history of industrial use. The former Alpha Cast Foundry site is known to be contaminated, while contamination is suspected on the scrap yard to the north.

The residential neighborhood abutting this area has suffered from the presence of these industrial uses, and later from the proximity of the abandoned foundry buildings. Since the foundry buildings were demolished in 1998-99, there has been some private re-investment within the neighborhood. The Whitewater

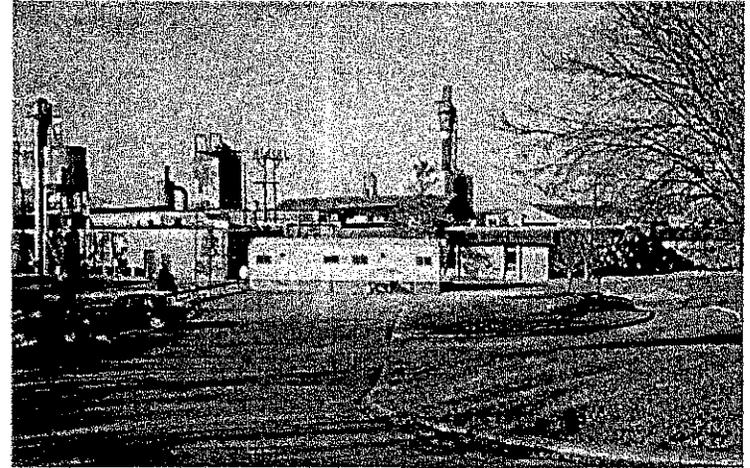
CDA proposes to build on this by now undertaking clean-up and redevelopment of the area.

North Jefferson Street Redevelopment Area

The Whitewater CDA is proposing to create a redevelopment district consisting of six properties at the north end of Jefferson Street. Four of these (the city garage, the former foundry, a vacant lot on the east side of Jefferson Street, and the Hospital Hill Recreation Area) are already owned by the City of Whitewater. The remaining properties are a vacant lot immediately south of the foundry site, and the Kienbaum scrap yard north of the foundry site.

The Redevelopment District, established under Wisconsin State Statutes (beginning on 66.1301) grants the Whitewater CDA authority to:

- a) conduct planning for the Redevelopment District;
- b) enter into contracts related to the redevelopment;
- c) acquire and dispose of real property; and



Alpha Cast Foundry, approximately 1983-4

- d) borrow money used to carry out redevelopment activities.

Bonds issued by the CDA for the purposes of redevelopment would be tax-exempt and would not be included in calculation of the city's debt capacity.

While establishing a Redevelopment District will give the CDA the power to acquire property through condemnation, the CDA does not intend to exercise this authority.

Environmental Tax Incremental Financing

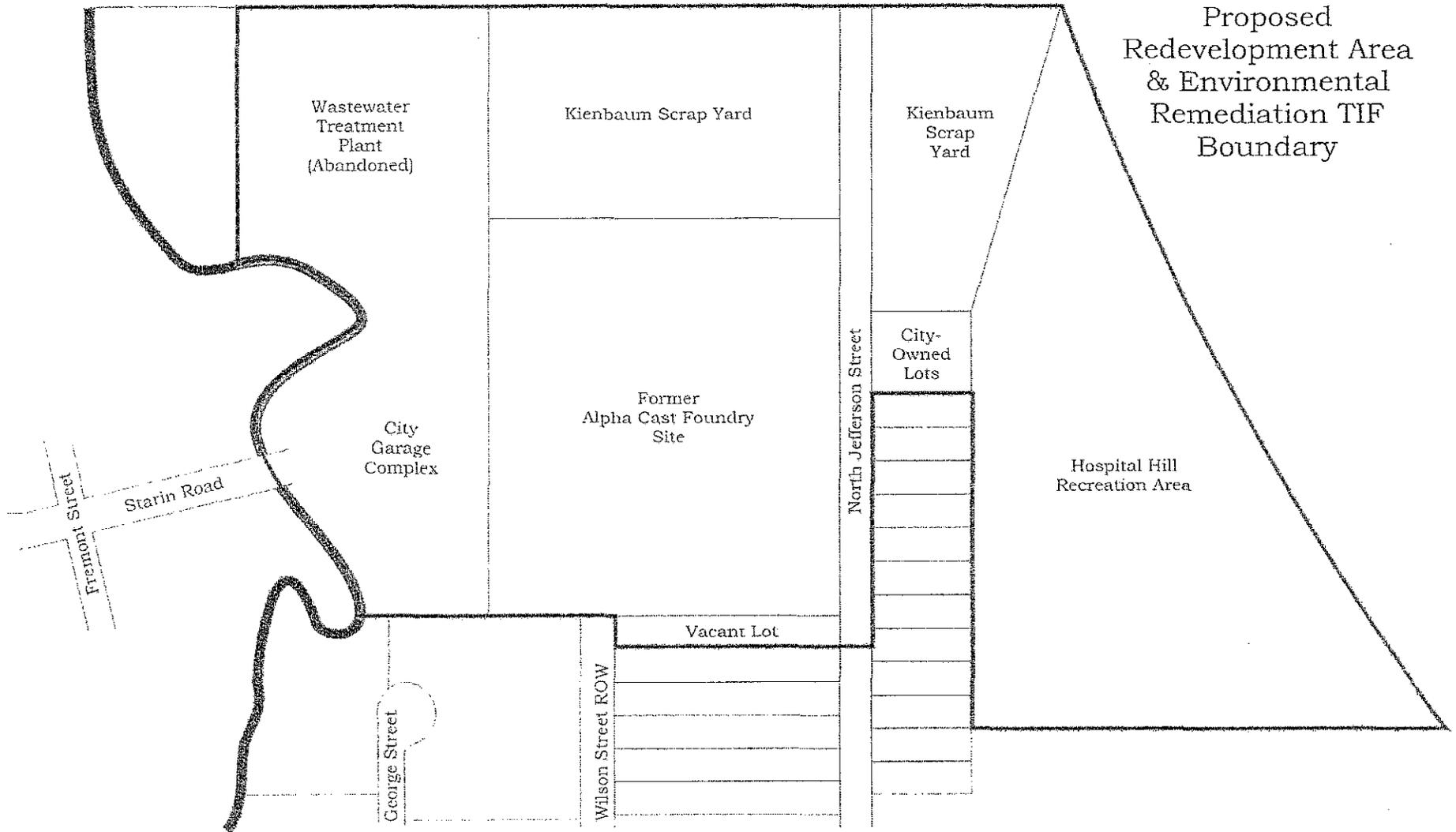
While there may be an opportunity to defray costs by securing grant funds, and a private developer will

be responsible for those redevelopment costs specifically related to new construction, a large portion of the total project cost must be funded through municipal sources. The Whitewater CDA proposes to

establish an Environmental Remediation Tax Incremental Financing District (ER TIF) under Wisconsin State Statute 66.1106.

Within an ER TIF, the increase in property tax collections within the

district, due to redevelopment, may be used to repay bonds issued to acquire property, conduct environmental investigations, and perform any required remediation activities.



History

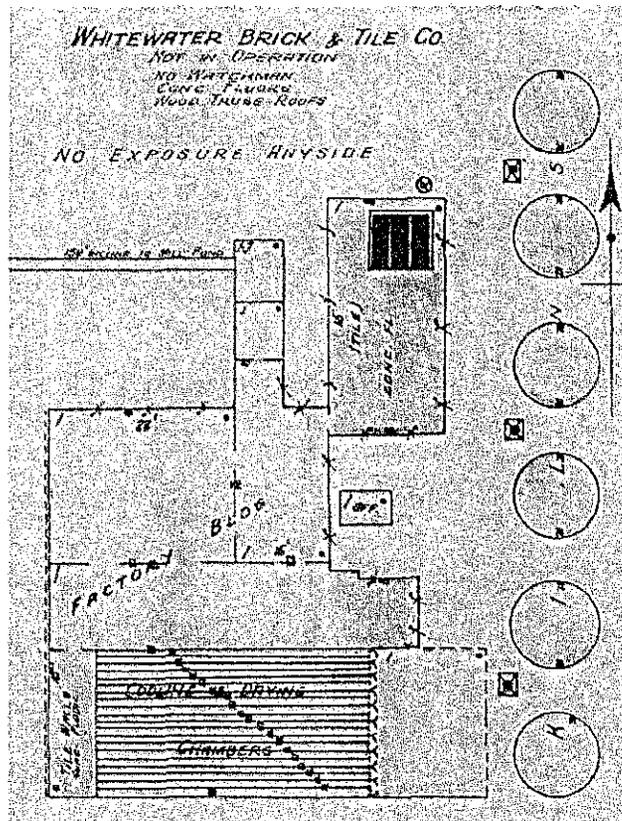
It might seem surprising, looking at the area now, to learn that a number of industrial uses stretched north from Whitewater's downtown along the banks of Whitewater Creek. Much of this area gradually changed to residential uses by the 1960's, with the exception being at the north end of Jefferson Street. Here, industrial uses actually increased in intensity during the 1900's.

Brickyard/Foundry Site

A brickyard was in operation at the north end of Jefferson Street, a few hundred feet south of the Jefferson County line, at least as early as the 1860's. Whitewater Brick & Tile Company operated on this site until closing in the 1920's.

In 1939 the former brickyard was converted to a grey iron foundry. That operation was expanded more than once, including a final time in 1982. Shortly after this final expansion the owner, Alpha Cast, filed for bankruptcy. The property was abandoned and was allowed to decay until 1998.

During the years in which the Alpha Cast property stood vacant, it was subject to an emergency removal action by the U.S. Environmental Pro-



1924 Sanborn Map

Alpha Cast demolition



tection Agency. Several barrels of industrial chemicals were removed from the site. The building itself became blighted and a safety hazard within the community. In 1997 the city, with the assistance of the CDA, asked Walworth County to acquire the property through tax foreclosure and to transfer it to the City of Whitewater. In 1998 the city budgeted funds to begin demolition of the building.

City Garage Site

In 1940, about the same time that the foundry operation began, the City of Whitewater constructed a waste water treatment plant along Whitewater Creek, west of the foundry site. This began the city's use of that property as a base for public works. The site has continued to be used for the city garage complex after the treatment plant was closed in the early 1980's.

Scrap Yard Site

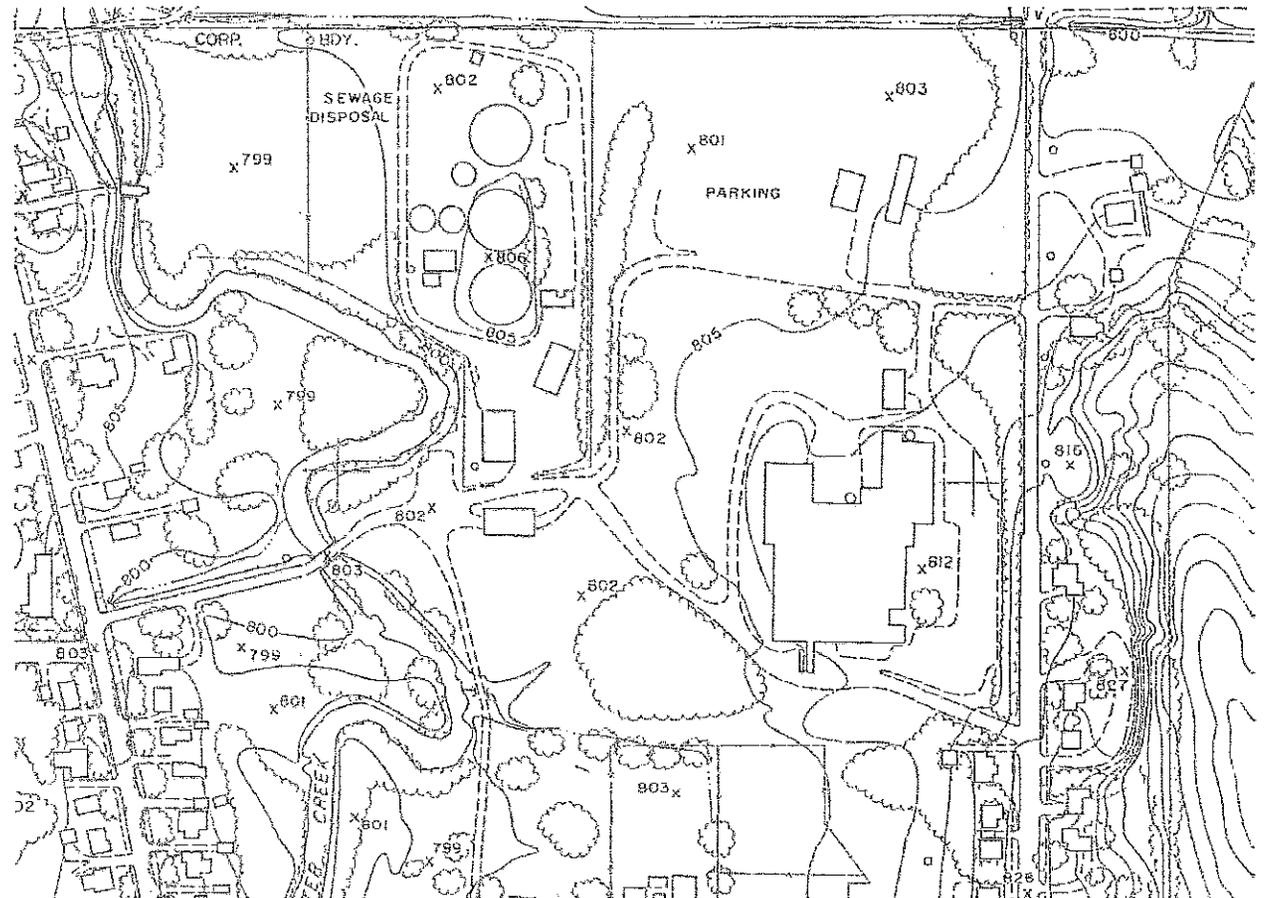
Aerial photos indicate that the scrap yard operation came into being sometime between 1956 and 1963. Prior to that time it does not appear that there had been any disturbance to the ground. The scrap yard has been operated continuously since that time.

Residential Lot

The single residential lot proposed for inclusion in the Redevelopment District is currently vacant. There had been a house on the lot until 2000, when it was destroyed in a fire.

Hospital Hill & City Lots

Hospital Hill is named for a small hospital operated on the site until the 1930's. A portion of the hill (a massive drumlin) was mined in the 1980's to cover a closed landfill off-site. The property does not get much use, as there are no facilities on site. Past discussions and planning have pointed to the opportunity to construct an overlook, make use of the slopes for winter sports, or otherwise develop recreational uses on the site.



1965 Base Map of the City of Whitewater

Site Characteristics

To a larger than normal extent, physical characteristics within the Redevelopment District will dictate the patterns of development. These characteristics include drainage patterns, possible wetlands, steep slopes, fill sites, known or suspected environmental contamination, and existing infrastructure.

Neighborhood

The neighborhood immediately surrounding the Redevelopment District is predominantly low-density residential and open space. A single row of lots line the east side of Jefferson Street across from the foundry site. These date from the 1950's or earlier. South of the foundry site, similar small single-family homes are constructed on narrow, but very deep lots.

The land to the east of Hospital Hill is undeveloped and used for agricultural purposes. West of Whitewater Creek there is an older residential neighborhood, as well as Starin Park. The University of Wisconsin - Whitewater campus lies to the west of this.

Most of the property north of the Redevelopment District is owned by the City of Whitewater. There are

three large tracts in this area. The first, located along the creek, was purchased in 1999 to expand the Whitewater Creek Conservancy Area. Next to this, north of both the city garage and scrap yard, is a privately-owned parcel. These two properties have restricted development opportunities due to extensive wetlands. The final property, north of the scrap yard and Hospital Hill, is a former landfill that was closed in the 1980's.

Hydrology

Aerial photo evidence dating back to 1937 suggests that the foundry and city garage properties may have been extensively excavated and filled over the last sixty years. These activities may have significantly altered the area's original hydrology.

The earliest photo shows a small pond in the northeast corner of the garage site, which appears to have been filled at the time the wastewater treatment plant was constructed. In 1963 it appears that the southern portion of the garage property was extensively graded (and now, if not before, completely lies within the flood plain of Whitewater Creek).

An area of disturbance shows up in the northwest corner of the foundry site during the period in which it was a brickyard. In 1950, there appears to be a basin three to four acres in size, located immediately west of the foundry buildings. This may be due to excavation for fill to use on other portions of the site, as the buildings were expanded in about this time frame. The size of this pond has shrunk considerably by the time of the 1956 aerial photo. There is no indication of a pond on the site in the 1965 base map of the city, which features topography at five-foot intervals. Still, what appears to be a small pond can be detected in aerial photos up to 1990, and there is a depression on the ground in that location.

There is a constructed drainageway located on county line, which conveys water from areas east of Hospital Hill and from the north part of the Redevelopment District into Whitewater Creek. Other drainage channels appear in earlier aerial photography, but have apparently been filled.

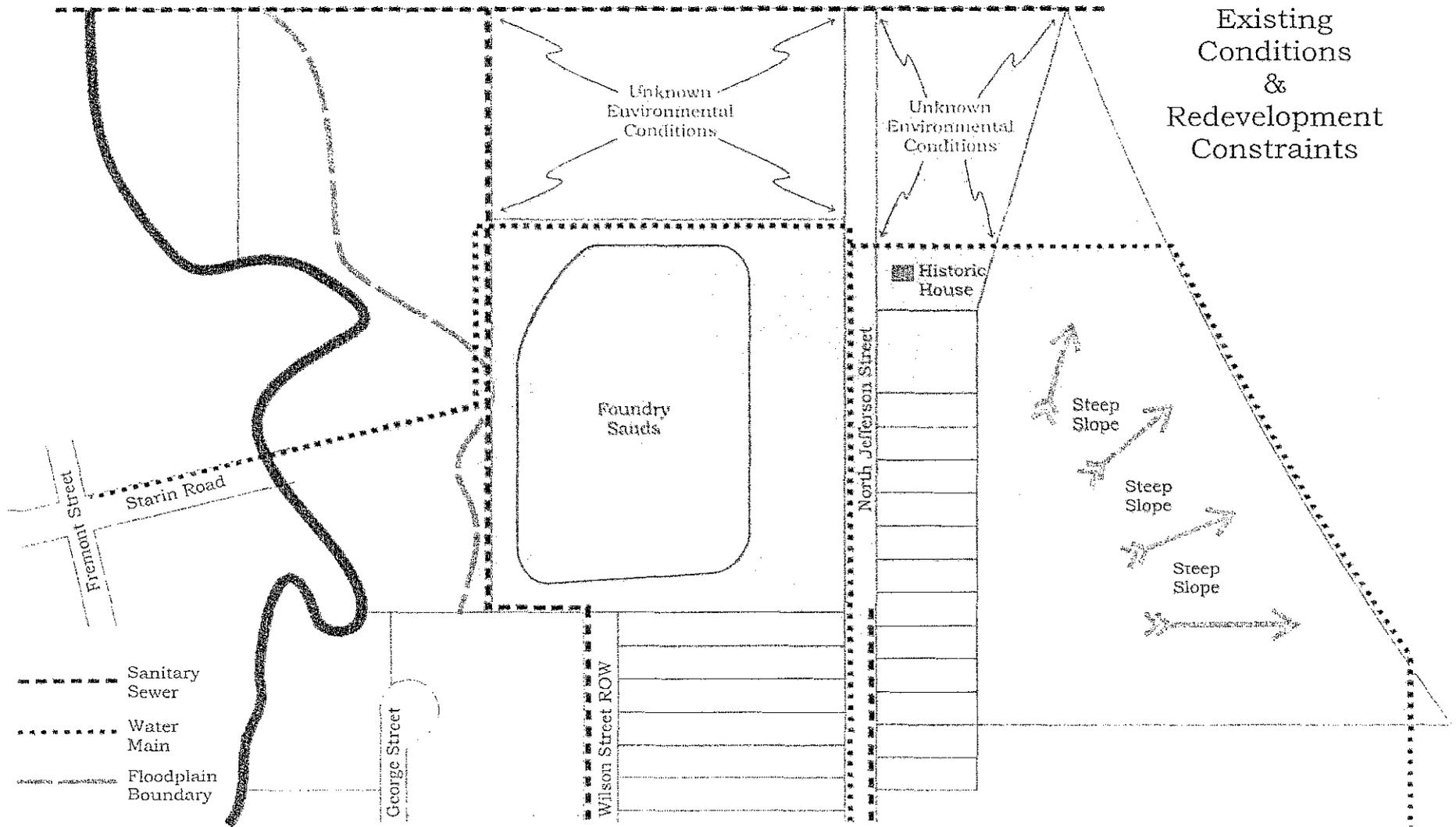
Hospital Hill creates a divide between watersheds in the Redevelopment District. Generally, to the

east of Hospital Hill, water flows east into an agricultural ditch, then north and west into Whitewater Creek. About four-fifths of the Redevelopment District slopes more-or-less due west towards Whitewater

Creek. The proximity of the creek is a significant concern with regard to any environmental contamination on the site, although there has been no evidence to date of any actual

contamination of its waters.

Close to two-thirds of the city garage property is located within the 100-year flood plain of Whitewater Creek. This includes most of the



southern half of the property where some garage buildings are located.

Wetlands

No wetlands have been mapped on any portion of the Redevelopment District. In walking the site, indicator species were noticed growing east of the garage buildings, in a low area abutting the foundry property. This location would be within the floodplain boundary. There are extensive wetlands located to the north of the Redevelopment District both within the Whitewater Creek Conservancy Area and on the single, large, privately-owned parcel to the north of the garage and scrap yard.

Grades

As noted earlier, parcels within the Redevelopment District have been subject to extensive excavation and filling over the history of their use. Filling has been documented on the foundry site through test borings conducted in 2000. Debris, including concrete and scrap metal, can be seen along the west edge of the foundry site, where the grade abruptly drops about five feet to the city garage site.

There is little significant variation in grade across the entire portion of the Redevelopment District lying west of Jefferson Street. It appears



2000 Aerial Photo

that much of this land may have been graded in the past.

The grade across the district begins to rise rapidly on the eastern edge of the foundry property up to the top of Hospital Hill. At the southeast corner of the foundry site, there is about a seventy foot rise in elevation proceeding due east 300 feet to the top of Hospital Hill. As a result of the steep grade, North Jefferson Street is perched ten feet above the

grade of the foundry site in this corner. The road gradually descends to the same grade about two-thirds of the distance north along the foundry site frontage. Houses on the east side of the road are situated above the level of the road.

Hospital Hill is a drumlin with a north-south orientation. The most gradual grades can be found on the north side, with both the east and west slopes being too steep to allow development.

Improvements

There are several man-made improvements within the Redevelopment District, including structures, utilities, and transportation improvements. Some of the earlier structures have been removed, including most of the old waste water treatment plant, all of the brick yard and foundry buildings, and a house on the lot immediately south of the foundry property.

As noted before, there are several buildings associated with the city garage complex. The oldest of these are located within the flood plain of Whitewater Creek. The newest garage building was constructed in 2002. At least one of these buildings lies within the future alignment of Starin Road, and will be removed when the road is constructed. The remaining buildings are metal-sided, and in general, the garage complex does not have an attractive appearance. This will necessitate extensive screening at the time the district is redeveloped.

The only other buildings located within the Redevelopment District are associated with the scrap yard. The small shop buildings used in the operation are neither attractive, nor do they have any cultural significance. The city may want to evaluate whether one could be re-

modeled and used in a future park, or simply remove them all.

A two-story, brick house dating from the late 1800's is the most architecturally and historically significant structure within the district. This is located on the southwestern portion of the scrap yard property, on the east side of Jefferson Street. This house should be retained, and either grant or loan funds should be made available to restore some of its original character.



Whitewater Creek Path

Infrastructure

North Jefferson Street is currently the primary means of access into the Redevelopment District. This road is in generally good condition, and is constructed with curb and storm sewer across approximately half of the foundry site frontage (350± feet). North to the county line, there is no curb or storm sewer.

Starin Road extends from the Fremont Road intersection to Whitewater Creek. A bridge has been constructed across Whitewater Creek to allow access to the city garage. Starin Road is planned to continue across the Redevelopment District and further east to connect to State Highway 59, linking the UW-Whitewater campus to the business park.

In 2001 the City of Whitewater completed the first segment of the Whitewater Creek Path, running from North Street in the downtown area to Starin Park and the campus. This path will extend further north as new development occurs. To the south, it is ultimately planned to extend into the Kettle Moraine State Forest, linking to Whitewater Lake and the Ice Age Trail. An east-west path linking the campus and business park will intersect with the Whitewater Creek Path in the Redevelopment District. This amenity

should add to the marketability of the redevelopment project.

The Redevelopment District is well-served by water mains, including all of the Jefferson Street frontage to be redeveloped, and the future alignment of Starin Road.

An interceptor sewer enters the foundry site from the Wilson Street right-of-way, jogging to the west, then running up the east lot line of the city garage complex. It connects to a larger interceptor constructed on the county line. A local sewer extends from the south up Jefferson Street to the foundry site. This sewer is too shallow to serve development further to the north.

Markers indicate the presence of a natural gas line running along the southern property line of the city garage and foundry properties. Electricity is located on Jefferson Street, and to the city garage.

Environmental Contamination

The Redevelopment District contains one known brownfield, as well as the potential for others. The Alpha Cast Foundry site was thoroughly investigated through the Wisconsin Department of Natural Resource's Brownfield Environmental Assessment Program (BEAP). No investigation has occurred at the scrap yard site.

In 1987, First Wisconsin National Bank contracted with Ayres and Associates to characterize the wastes on a portion of the site. According to the firm:

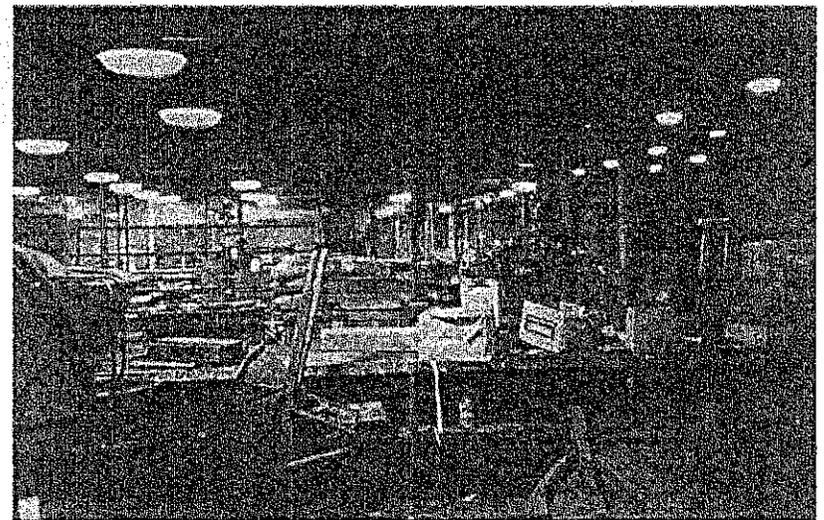
"Three sample areas were found to be contaminated to a degree that some form of remediation activity may be required... 1) a transformer station where polychlorinated biphenyl (PCB) contaminated soil was found, 2) a drum storage area at the southwest corner of the building where high levels of phenolics and volatile organic compounds were measured, and 3) groundwater downgradient of the property where high concentrations of heavy metals and methylene chloride were detected." (Property Transfer Environmental Audit, Alpha Cast Foundry, Whitewater, Wisconsin, June 1988)

Follow-up testing of the groundwater did not result in significant detects of contaminants. The foundry sand disposal area on the north side of the property was not included in the initial assessment.

In 1988 a U.S. Environmental Protection Agency (EPA) Technical

Assistance Team conducted a site assessment and determined that conditions at the foundry site "presented a substantial and imminent threat to human health and the environment. By 1992, repeated break-ins and vandalism had caused spills of stored chemicals, prompting the Whitewater Police Department to contact the Wisconsin Department of Natural Resources, which in turn contacted the US EPA.

In August of 1992 an Emergency Removal Action was begun, conducted by Reidel Environmental Services. Drums, PCB-containing light ballasts, an underground storage tank, and contaminated soils



Alpha Cast Foundry, 1982

(from the transformer location noted in 1988) were removed from the site. The smokestack and ash were removed and the action was completed in August of 1993.

The Wisconsin DNR followed up this action with an expanded site investigation in 1995, noting:

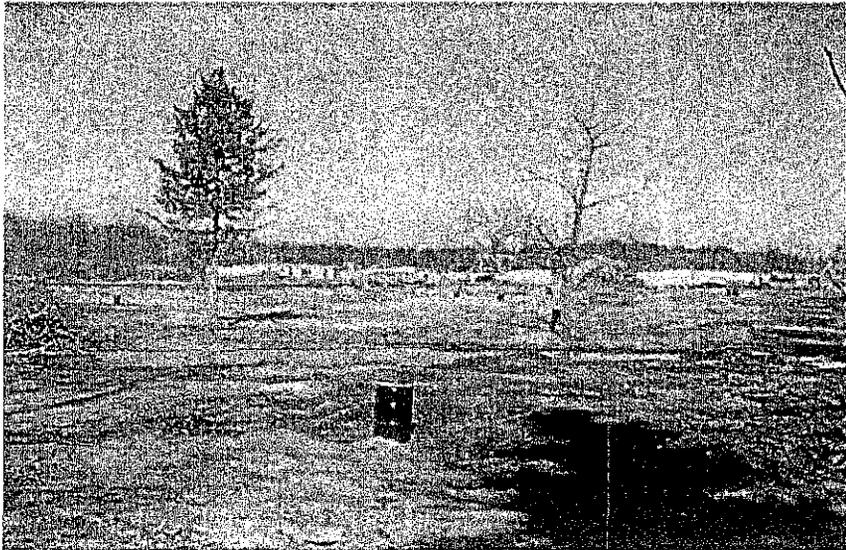
“The Alpha Cast II site contains much foundry sand and debris from the historical foundry operations. Some areas within the foundry sand are known to contain elevated levels of metals and PAH’s, however the

concerns are below levels of public health concern. Physical hazards exist onsite within and protruding from the foundry waste left onsite. The U.S. EPA removal action conducted at the site has eliminated the imminent environmental and human health risk posed by the site. Some degree of risk remains at the site. The ecological and physical hazard risk remaining can likely be managed through source and erosion control and access restriction.” (Expanded Site Inspection Report for Alpha Cast II, U.S. EPA ID# WID066857731, February 21, 1995)

At the time the Wisconsin DNR began its environmental investigation in 1998-99, the City of Whitewater contracted with Kienbaum Excavating to demolish the crumbling foundry buildings. Balestrieri

Environmental was first hired to remove asbestos from the building. An underground storage tank discovered during demolition was removed from the site.

The Wisconsin DNR conducted both phase 1 and 2 environmental investigations of the entire Alpha Cast Foundry site as well as the southern portion of the city garage property. The final report noted “concentrations of arsenic, chromium, lead, SVOC’s and benzene exceeding non-industrial direct contact standards. are contained in the foundry sands distributed throughout much of the Alpha Cast site.” Only manganese and bis(2-ethylhexyl)phthalate were detected in ground water samples. The Wisconsin DNR recommended two alternative strategies for remediating the contamination on the property, to either 1) develop a management plan under solid waste regulations to cap the site, 2) if the property is to be redeveloped, to remove the foundry sand fill.



Foundry site during investigation, 1999

Redevelopment Concept

The Whitewater CDA has examined the existing commercial and residential markets within the region, assessed development constraints in the Redevelopment District, participated in numerous discussions with city staff, the CDA Board, the Plan and Architectural Review Board, and private parties. The following redevelopment concept is the result of these discussions.

Land Use

A variety of land uses have been considered for the properties within the Redevelopment District. The majority of the district will accommodate municipal functions including new park space and an expansion of the city garage. The remainder of the site will be redeveloped with residential uses.

Residential Uses

At the core of the district, the former Alpha Cast Foundry site will contain a mix of single-family and one- to four-unit residential buildings. About fifty units may be constructed on the site, which will result in a density of approximately four to five units per acre.

The CDA is recommending that a quarter to a third of the units be single-family homes. At a minimum, these should be constructed along the Jefferson Street frontage of the former foundry and on a portion of the city-owned lot on the east side of Jefferson Street. This will maintain the character of the existing neighborhood and transition to higher-density uses further into the site.

Multi-family units (up to four-unit buildings) should be constructed on the western portion of the site. There is a strong preference that at least some portion of these be developed for owner-occupants. The southern and western fringes of the developable area back up to open space and should be ideal for the owner-occupied housing market.

While these units are anticipated to serve the lower-cost end of the housing spectrum, quality design elements should never-the-less be required. Garages facing the street yard should be recessed behind the main portion of the houses. All garages on multi-family buildings should face to the side or rear, and not to the street. All buildings

should be designed with street facades having visual interest.

City Garage

The City of Whitewater has a need for additional land for its garage operation. While some of this land may eventually be used for more buildings, the primary need at the moment is for a basin for snow storage. The garage location is convenient to the downtown, where most of the collected snow originates.

Snow is currently stored in the southwest corner of the Redevelopment District, however, this is both a flood plain and very close to Whitewater Creek. The city is aware of concerns about salt and chemicals being carried into the creek, and would prefer to have a basin designed for its snow storage needs. This plan envisions a substantial expansion of the garage complex to the east onto the existing scrap yard site.

Park and Recreational Uses

Given the many environmental constraints within the Redevelopment District, open space and recreational uses are recommended for a substantial portion of it.

A little over half of the area of the existing scrap yard will become a new city park. "Jefferson Park" may contain several uses unsuitable for other parks within the city. Some discussion has already occurred with a group wanting to create a skate-boarding park. Other uses might include miniature golf, batting cages, and putting greens. These uses compliment the existing use of the closed landfill just to the north by a model airplane club.

Jefferson Park is envisioned as a fill location for some of the foundry sands that must be excavated from the residential redevelopment site. This offers the opportunity to create some attractive berming and contouring of the landscape, that could work hand-in-hand with some of the proposed uses. Any foundry sands deposited on site must be capped. Clay is a suitable material, as would be the concrete pad of a skate-boarding park.

The southern portion of the city garage complex will be cut off by an extension of Starin Road. The majority of this area is also located in a flood plain. Open space is the most appropriate use for this area.

An opportunity exists to mine the Hospital Hill Recreation Area for fill material to use on the Alpha Cast site. Two goals may be achieved by

doing so. Firstly, it would provide an opportunity to lower the grade at the location where Starin Road is to pass through the site. Secondly, it may allow the hill to be sculpted so as to create a winter recreation site.

Infrastructure.

Streets and utilities will need to be extended to serve the Redevelopment District. It is expected that a portion of the cost of these extensions will be paid for by the City of Whitewater, while those directly serving the redevelopment site will be borne by the developer. Existing infrastructure will be re-used to the extent possible.

Transportation Networks

Starin Road is included in the city's long-range plans as an east-west arterial street extending from the University of Wisconsin - Whitewater campus to State Highway 59 and the Whitewater Business Park. Whitewater Creek has already been partially bridged to provide access to the city garage.

The city has included construction of the segment of Starin Road between the creek and Jefferson Street in its Capital Improvements Program as a 2008 project. This will likely need to be moved up to meet

the timeline of the proposed redevelopment, however, that redevelopment may also provide opportunities to defray the city's cost.

Starin Road should be constructed with two twelve-foot driving lanes and two five-foot bicycle lanes; a profile identical to that of the existing street.

Jefferson Street is in a sound condition up to the north line of the Alpha Cast site. Curbing and storm sewers will be required beginning where they currently end along the Alpha Cast frontage.

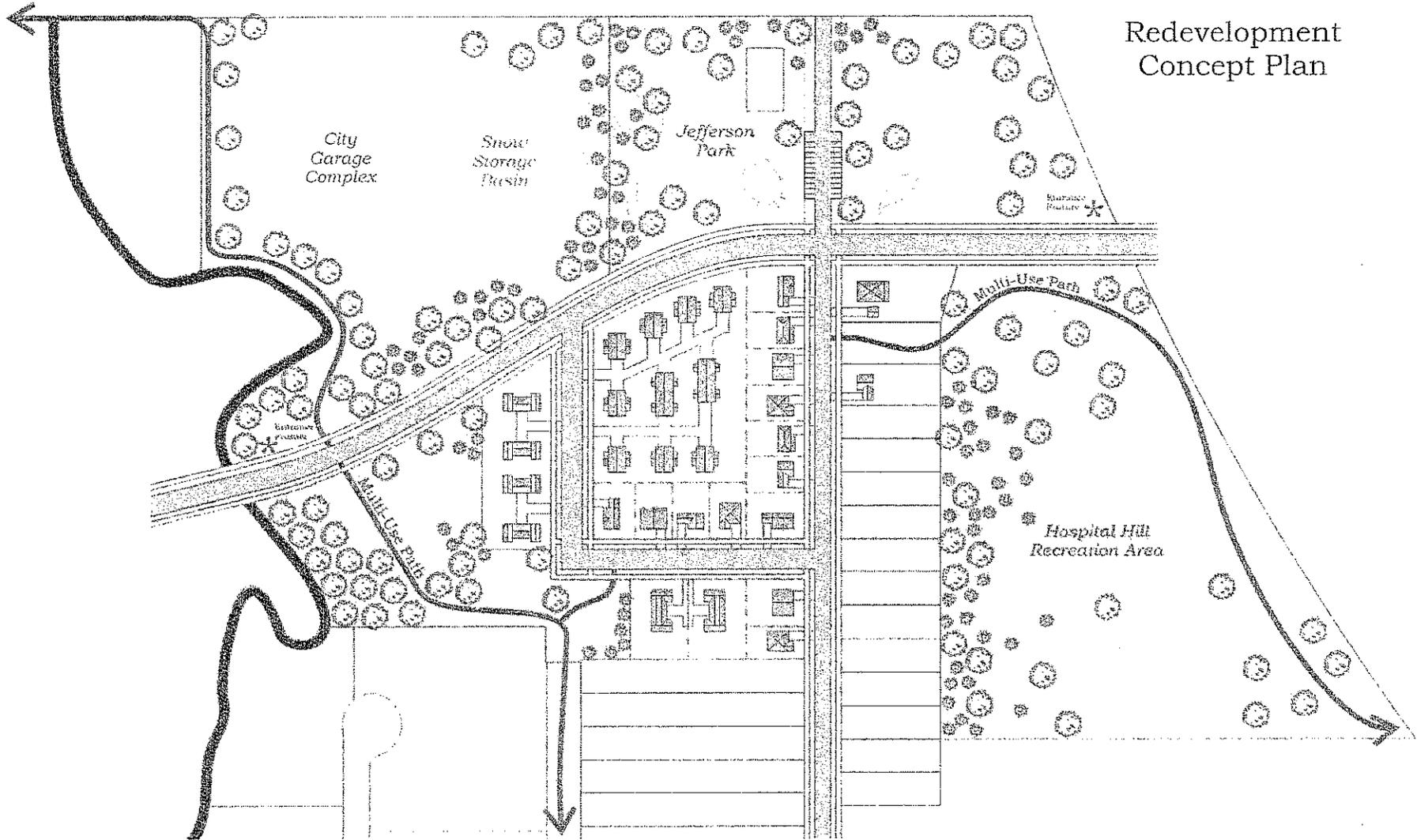
North of the intersection with Starin Road, Jefferson Street will enter the new park. Here, there will be an opportunity to reconstruct a portion of the street as a parking lot serving the park. The right-of-way cannot be abandoned, as it provides the only public access to the only privately-held parcel north of the Redevelopment District.

The new development that occurs should be served by a network of public streets. The concept plan shows two new streets providing a connection between Starin Road and Jefferson Street, forming a new "block" on which the redevelopment will occur. As depicted, this road system would total about 800 feet in length.

In 2002 the City of Whitewater completed its first multi-use trail linking the downtown to the University. This trail runs up the Wilson Street right-of-way and across a corner of the Alpha Cast property as well as

through a significant part of the city garage property. The popularity of this trail contributes to the marketability of the redevelopment site. The redevelopment project should incorporate the trail, providing a

connection to the east. A portion of the city-owned lot on the east side of Jefferson Street will allow a connection to be made to the Hospital Hill Recreation Area.



The city's Subdivision Ordinance and Sidewalk Ordinance require that sidewalks be installed on all new streets or when reconstructing existing streets. This requirement should be enforced in the Redevelopment District. On top of the desire to create a walkable neighborhood, this location is likely to see significant foot traffic due to its "hub" location between the campus, downtown, and business park.

Water Mains and Sanitary Sewers

Some extension of sanitary sewers and water mains would be necessary to serve the development concept shown here. A new water main would need to be constructed west from Jefferson Street into the site. For fire protection purposes, a hydrant might be required near the intersection of Starin Road and the new road. In total, no more than about 500 feet of main would be required, however, due to environmental concerns, it may be necessary to sheath the mains.

New sanitary sewers would need to be extended into the from the inter-

ceptor sewer running along the lot line between the city garage and the foundry site. It is estimated that 1300 feet of new sewer will be required to serve the development.

Landscaping

This project will be characterized by massive amounts of earthwork that will excavate foundry sands and re-distribute them on site, re-fill the foundry site to enable redevelopment, create many new berms and at least one basin, encapsulate the foundry sands with clay, and contour Hospital Hill. In the process, much of the existing vegetation will be destroyed. Fortunately, the majority of this is made up of undesirable species such as buckthorn, honeysuckle, and similar species.

In re-planting the site, a concerted effort should be made to use native species that are tolerant of the sub-surface conditions that will be created. (For example, the new park will have an impermeable layer of clay just below the surface, and

vegetation within the snow storage basin must be salt-tolerant.) A similar, but broad mix of plants should be used throughout the Redevelopment District.

A key goal in landscaping will be to screen the city garage complex both from the new park and from Starin Road. The newly-created berms will help to meet this goal.

Starin Road, once fully extended to Highway 59, will be a "front door" road into the community. Two transition points will exist within the Redevelopment District. At the east end, the parks on either side of the road help to create a gateway into the new neighborhood. It would be appropriate to have some landscape feature to enhance this impression. Similarly, where Starin Road crosses Whitewater Creek there is a transition made into one of Whitewater's stately older historic neighborhoods, as well as Starin Park. This provides an opportunity for a second "gateway" feature.

Environmental Remediation

As noted earlier, redevelopment of the former foundry site will require excavation of the foundry sands scattered across much of its surface. These range in dept from a few inches to as much as sixteen feet. Once excavated, the material must be encapsulated. The first priority should be to recycle the material as road base for extension of Starin Road. It is expected that there will be a significant quality of remaining

material. This can be deposited on the portion of the existing scrap yard to sculpt the site's contours, as described in the preceding redevelopment concept, and subsequently capped with a layer of clay.

An environmental investigation of the scrap yard will need to be performed. No information is currently available on this site, however, contamination is expected to be found. Given the nature of the operation,

petroleum-based contamination is the most likely concern. The speculative nature of this concern makes it somewhat difficult to provide any estimate of remediation costs for the scrap yard property. Contaminated soils on the scrap yard property will likely need to be removed from the site.

No contamination is suspected on the remaining properties within the Redevelopment District.

Cost Estimates and Financing

The city's engineer, Strand Associates, has provided an estimate of probable costs for continued investigation and remediation of the foundry site and scrap yard. Additional estimates for construction of roads and utilities are based on prior experience with city bidding.

In summary, investigation and remediation of the brown-field sites is expected to cost about \$1.5 million. This would include excavation and subsequent filling and re-grading of the foundry and scrap yard sites, encapsulating fill deposited on the future park site (clay cap, concrete pad for skate park, and asphalt parking lot), construction of the snow storage basin on the expanded city garage site, and construction of the base for Starin Road using recycled foundry sands.

Additional improvements to the new park and construction of the Starin Road extension are expected to cost another \$400,000. Much of this amount has already been budgeted through the city's Capital Improvements Program and through funds set aside for a new skate park.

Conservatively, \$6 million in taxable increment is expected to be constructed on the redevelopment site. An additional \$315,000 will be invested in public infrastructure within the development. The Whitewater CDA has proposed to create an Environmental Remediation Tax Increment Financing District to fund the cost of investigation, acquisition, and remediation of the brownfield properties within the Redevelopment District. If the full cost of investigation, acquisition, and remediation were funded by issuing an ER TID bond, the annual payment on a twenty-year note (assuming a 5.00% rate with fees included) would be approximately \$120,000. It is estimated that the annual increment on a \$6 million base would be approximately \$124,000.

North Jefferson Street Redevelopment Area Estimated Remediation and Development Costs

Environmental Remediation TIF District

Property Acquisition - Scrap Yard	\$250,000
Property Acquisition - Vacant Lot	\$25,000
Environmental Investigation - Scrap Yard	\$50,000
Environmental Remediation - Foundry Site	\$500,000
Environmental Remediation - Scrap Yard	\$300,000
Park Improvements (skate park slab, parking lot)	\$100,000
Engineering Services	\$100,000
Lab Fees	\$45,000
Contingencies (10%)	\$122,500
	<u>\$1,492,500</u>

City of Whitewater - Capital Improvements Program or Other Sources

Starin Road Extension	\$280,000
Park Improvements (landscaping, fixtures, misc.)	\$100,000
	<u>\$380,000</u>

Private Development

New Roads (\$150/LF)	\$127,500
Jefferson Street Improvements (\$50/LF)	\$20,000
Water Main Extensions (\$60/LF)	\$30,000
Sanitary Sewer Extensions (\$85/LF)	\$110,500
Path Construction (\$20/LF)	\$24,000
New Construction (Housing)	\$6,000,000

North Jefferson Street Redevelopment Area
Projected Construction Timeline and Increment Generation

Project Year	Single-Family		Multi-Family		Total Value Increment	Total Property Tax Increment	Tax Year
	Units Constructed	Value Increment	Units Constructed	Value Increment			
2004	0	\$0		\$0	\$0	\$0	2005
2005	3	\$390,000	4	\$440,000	\$830,000	\$17,264	2006
2006	4	\$520,000	8	\$880,000	\$1,400,000	\$46,384	2007
2007	4	\$520,000	8	\$880,000	\$1,400,000	\$75,504	2008
2008	3	\$390,000	8	\$880,000	\$1,270,000	\$101,920	2009
2009		\$0	10	\$1,100,000	\$1,100,000	\$124,800	2010

If the redevelopment project were to commence in 2004, the CDA would not expect to see any construction begin on-site until 2005. The first tax collections would then be realized in the 2006 budget year. Build-out is estimated to occur over a five-year period, thus, the full tax increment would not be realized until 2010. Bridge financing will be necessary to fund the first few years' payment of principal and interest. It can be expected that tax collections will increase over time due to inflation. Using an annual rate of infla-

tion of 2%, over \$185,000 per year would be collected in 2030, ten years after completion of the project. The TIF debt could be retired as early as 2028.

The city may have an opportunity to defray its costs by seeking grant funds from state and federal sources. Both the Wisconsin DNR and Department of Commerce offer grants to defray investigation costs. The DNR has a grant program to convert brownfields into green space and public facilities. Commerce has

a grant to aid in clean-up of contaminated sites for economic development purposes. The U.S. EPA has programs for both assessment and remediation.

There may be an opportunity to realize some proceeds from sale of the development site. Given the history of the property, however, this is not likely to be a substantial sum, and should not be considered in preparing initial cost estimates.

Project Timeline

Adopt Concept Plan -----	February 2004
Create Redevelopment District-----	April 2004
Create Environmental Remediation TIF District -----	April 2004
Commence Environmental Investigation -----	April 2004
Acquire Properties -----	July 2004
Complete Environmental Investigations -----	October 2004
Advertise for Development Partner-----	October 2004
Identify Development Partner -----	December 2004
Adopt Environmental Remediation Plan-----	December 2004
Re-Plat and Re-Zone -----	December 2004
Secure Project Financing-----	January 2005
Commence Environmental Remediation -----	April 2005
Commence Construction on Private Improvements -----	June 2005
Complete Environmental Remediation -----	October 2005
Complete Construction of Private Improvements -----	October 2009
Retire Debt-----	February 2028

Alpha Cast Site

1. Environmental – Concentrations of arsenic, chromium, lead, SVOC's, and benzene, exceeding non-industrial direct contact standards, are contained in the foundry sands distributed throughout much of the Alpha Cast site. Only manganese and bis(2-ethylhexyl)phthalate were detected in ground water samples.
2. DNR Recommendations – 1) develop a management plan under solid waste regulations to cap the site, or 2) remove the foundry sand fill.
3. Cost Estimates – Strand provided an estimated cost of \$450,000 to \$600,000 for removing the foundry sands and filling the site. To be safe, add another 25% for a range of \$550,000 to \$750,000.
4. Scrap Yard – There is the potential to expand the project to include the scrap yard to the north. No environmental assessment work has been completed on this property. We do not have an estimate for its acquisition cost.
5. Potential funding sources include
 - a. state grants (most likely limited to investigation costs)
 - b. environmental remediation TIF (acquisition, investigation, clean-up, site restoration)
 - c. general fund and/or utility funds
 - d. CDA funds
 - e. developer contributions

Alpha Cast Site Remediation

Project Scope

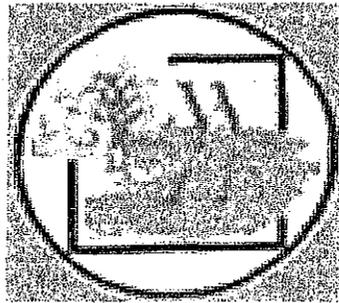
Foundry sands tainted with heavy metals will be removed and used as road base for the Starin Road extension. The remainder will be placed in berms on the north side of new road, creating a buffer from the scrap yard. The site will be back-filled using fill material excavated from Hospital Hill. This may allow for Hospital Hill to be graded and contoured for sledding. The future right-of-way for Starin Road, extending to the east, will also be excavated.

As a result of the remediation and back-filling of the site, road bases will be created for Starin Road and an internal road on the site, and the site finished to a rough grade that will permit its redevelopment.

Excavation, back-filling, grading, topsoil replacement, seeding	\$530,000
Engineering Fees	95,000
Lab Fees	43,000
Geotechnical Fees	2,000
Subtotal	\$670,000
Contingency (15%)	\$105,000
Total	\$775,000

Redevelopment of the site is expected to create a value increment in a range from \$4 million to \$6 million, producing an annual tax increment of about \$85,000 to \$130,000. This would be sufficient to retire the debt in 9 years

**Project Plan
for the Boundary & Project Plan Amendment to
Tax Incremental District No. 4
Within the
CITY OF WHITEWATER, WISCONSIN**



May 9, 2005
With May 12, 2005 revisions

<i>Joint Review Board Organizational Meeting, Public Hearing Held, & Plan Commission Adopted:</i>	<i>May 9, 2005</i>
<i>Adopted by City Council:</i>	<i>May 17, 2005</i>
<i>Anticipated approval by Joint Review Board:</i>	<i>May 23, 2005</i>



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Tax Incremental District No. 4 Project Plan & Boundary Amendment

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Jan Bilgen Craggs	Council Member
Kim Hixson	Council Member
Marilyn Kienbaum	Council Member
Craig Stauffer	Council Member
Jim Stewart	Council Member
Greg Torres	Council Member
Peter Uselman	Council Member

City Staff

Kevin Brunner	City Manager
Gene Hackbarth	Community Development Director
Michele Smith	City Clerk
Doug Saubert	Finance Director
Theresa A. Lee	City Treasurer
Dean Fischer	Public Works Director
Harrison & McDonell	City Attorney

Plan Commission

Bruce Parker	Building & Plumbing Inspector, Zoning & Building & Code Enforcement Director
Richard Gilpatrick	Chair
Roni Telfer	Park Board Representative
Harriet Kaluva	Member
Kristine Zaballos	Member
Thomas Miller	Member
Jason Widenhoeft	Member
Kim Hixson	Council Representative

Community Development Authority

Tom Miller	Chair
Alan Marshall	Vice Chair
Jim Stewart	Member
Marilyn Kienbaum	Member
Jeff Knight	Member
Rod Scherer	Member
Tom Otto	Member

Joint Review Board

Dean Fischer	City Representative
Tracy Schulze	Walworth County
Mark Zlveor	Gateway Technical College District
Dan McCrea	Whitewater School District
Richard Gilpatrick	Public Member
Dennis Heling (non-voting)	Jefferson County (not majority county)

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1

STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS

The City of Whitewater created Tax Incremental District No. 4 (the "District") in 1990 under authority of Wisconsin §66.1105 primarily to promote the orderly development of the City. The addition, construction of streets and utilities were needed in order to provide incentives for industrial recruitment and growth, as well as to stimulate private sector development throughout the TID. The new development, which has occurred as a result of the projects undertaken within the District boundaries, has provided the City with additional tax base and provided employment opportunities.

The Project Plan and boundaries were amended in 1996. The primary purpose for the amendment was to expand the Whitewater Business Park in order to allow for continued industrial growth, stimulate job creation and tax base expansion and diversification. In addition, infrastructure needed to be constructed, business recruitment incentives needed to be put in place, and downtown improvements were needed to assist in retail and commercial expansion as well as blight elimination.

The Project Plan was amended earlier in 2005. The City determined that it would continue to benefit the overall community to expand its economic base by amending the Project Plan to provide for the undertaking of additional expenditures. In order to promote additional development, the City's second amendment to the District included additional projects.

The City's original intent was to create a tax incremental district to assure that high quality industrial, distributor, and related private development would be located in the District. The goal was also to provide and preserve employment opportunities within the City, promote growth, and to provide rehabilitation and conservation of lands currently lacking adequate infrastructure, roadways, sewers, and platting consistent with the City's Master Plan. To date, the City has yet to complete all of the projects proposed in the original Project Plan. A summary of the projects found in the original Project Plan and first amendment, along with the related cost estimates, can be found in the original and amended Project Plan.

To further the goals contained in the original creation Project Plan, the City of Whitewater now finds it desirable to amend the District's boundaries to add Additional Territory, and subtract property to add same back to the tax roll for the benefit of the taxpayers of the overlapping jurisdictions of the City, and to amend the Project Plan to provide for the undertaking of additional expenditures. A map of the District boundary and the areas to be incorporated by amendment can be found within this Project Plan.

Pursuant to Section 66.1105(4)(h), Wisconsin Statutes, a City may amend the boundaries of a tax increment finance district to either add or subtract property from the original District. Up to four boundary amendments are allowed during the life of the District. This amendment will be the second boundary amendment of Tax Incremental District No. 4.

The following is a list of additional public expenditures that the City expects to implement in conjunction with the Amendment of the District. Any costs directly or indirectly related to the public works are considered "project costs" and are eligible to be paid with tax increment revenues of the District.

See Page sixteen of this plan for a full list of projects.

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

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

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

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

2 EQUALIZED VALUE TEST

The following calculations demonstrate that the City is in compliance with s.66.1105(4)(gm)4.c. Wis. Stats., which requires that the equalized value of the Additional Territory, plus the value increment of the District being amended, plus the value of all other existing Tax Incremental Districts ("TIDs"), does not exceed 12% of the total equalized value of taxable property within the City.

STEP 1. Calculation of Maximum Equalized Property Value Allowed within Tax Incremental Districts in the City of Whitewater

Equalized Value (as of January 1, 2004)		Maximum Allowable TID Property Value
\$498,043,900	X 12% =	\$59,765,268

STEP 2. Calculation of Equalized Property Value Currently Located and Proposed to be Located within Tax Incremental Districts

Tax Incremental Districts	Equalized Value
TID No. 1 Increment <i>closed prior to plan adoption</i>	\$0
TID No. 2 Increment <i>closed prior to plan adoption</i>	\$0
TID No. 3 Increment	\$ 1,915,500
TID No. 4 Increment	<u>\$56,252,900</u>
Proposed Base of Additional Territory	\$ 485,100
Proposed Territory Reductions	(\$11,653,800)
Total Existing Increment Plus Proposed Base	\$46,999,700

The equalized value of the base of the Additional Territory, minus the proposed territory reductions and the closing of Districts No. 1 and No. 2, plus the value of all other existing Tax Incremental Districts within the City, totals \$46,999,700. This value is less than the maximum of \$59,765,268 in equalized value that is permitted for the City of Whitewater. The City is therefore in compliance with the statutory equalized valuation test and may proceed with amendment of this District.

3

ECONOMIC FEASIBILITY STUDY

The City of Whitewater, is located in both Jefferson and Walworth County, is a community of approximately 13,887 in population.

The charts and exhibits on the following pages demonstrate that the City will be able to obtain the funds necessary to implement the updated and amended projects in this Plan and that the revenue from the District will be sufficient to pay for them. Charts I and II on the following page project, respectively, the City's equalized value, and the full faith and credit borrowing capacity of the City. Equalized valuation projections were made using two methods. The first projects the future valuation of the City using the average annual percentage of valuation growth experienced between 2000 and 2004. The second method projects the future valuation based upon the average annual increment between 2000 and 2004. This method is identified as the straight-line method. Chart II projects the general obligation borrowing capacity of the City utilizing the straight-line valuation projection and considering the existing debt of the City.

In addition to general obligation bonds, the City can issue mortgage revenue bonds to be repaid from revenues of the sewer and/or water systems, including revenues paid by the City that represent service of the system to the City. There is no 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 underwriters its ability to repay revenue debt with the assigned rates.

Special assessments may be levied against benefited properties to pay part of the street, curb, gutter, sewer and water extension costs. 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 general obligation ("G.O.") debt limit.

The City also has the authority to issue Lease Revenue Bonds through a Community Development Authority ("CDA") should this financing vehicle be useful in accomplishing the objectives of the Plan. These obligations are secured by lease payments to be made by the City and are not to be counted against the City's G.O. debt limit.

Based on the economic characteristics and the financing resources of the City, all projects outlined in this Plan can be financed and are feasible.

EQUALIZED VALUATION PROJECTION City of Whitewater, Wisconsin

CHART I

[---PERCENTAGE METHOD---]				[---STRAIGHT LINE METHOD---]			
HISTORICAL DATA							
2000	374,811,500			2000	374,811,500		
2001	402,017,100			2001	402,017,100		
2002	433,566,200			2002	433,566,200		
2003	468,035,600			2003	468,035,600		
2004	498,043,900	8.22%		2004	498,043,900	8.22%	
Straight Line Method Value increment				\$30,808,100			
PROJECTED VALUATIONS							
2005	538,981,241	8.22%		2005	528,852,000	6.19%	
2006	583,283,478	8.22%		2006	559,660,100	5.83%	
2007	631,227,193	8.22%		2007	590,468,200	5.50%	
2008	683,111,702	8.22%		2008	621,276,300	5.22%	
2009	739,260,923	8.22%		2009	652,084,400	4.96%	
2010	800,025,399	8.22%		2010	682,892,500	4.72%	
2011	865,784,487	8.22%		2011	713,700,600	4.51%	
2012	936,948,726	8.22%		2012	744,508,700	4.32%	
2013	1,013,962,398	8.22%		2013	775,316,800	4.14%	

CHART II

BUDGET YEAR	EQUALIZED VALUE	GROSS DEBT LIMIT	NET BORROWING CAPACITY
2005	498,043,900	24,902,195	24,902,195
2006	528,852,000	26,442,600	26,442,600
2007	559,660,100	27,983,005	27,983,005
2008	590,468,200	29,523,410	29,523,410
2009	621,276,300	31,063,815	31,063,815
2010	652,084,400	32,604,220	32,604,220
2011	682,892,500	34,144,625	34,144,625
2012	713,700,600	35,685,030	35,685,030
2013	744,508,700	37,225,435	37,225,435
2014	775,316,800	38,765,840	38,765,840
2015	806,124,900	40,306,245	40,306,245
2016	836,933,000	41,846,650	41,846,650
2017	867,741,100	43,387,055	43,387,055
2018	898,549,200	44,927,460	44,927,460
2019	929,357,300	46,467,865	46,467,865
2020	960,165,400	48,008,270	48,008,270
2021	990,973,500	49,548,675	49,548,675
2022	1,021,781,600	51,089,080	51,089,080
2023	1,052,589,700	52,629,485	52,629,485
2024	1,083,397,800	54,169,890	54,169,890
2025	1,114,205,900	55,710,295	55,710,295
2026	1,145,014,000	57,250,700	57,250,700
2027	1,175,822,100	58,791,105	58,791,105
2028	1,206,630,200	60,331,510	60,331,510
2029	1,237,438,300	61,871,915	61,871,915
2030	1,268,246,400	63,412,320	63,412,320
2031	1,299,054,500	64,952,725	64,952,725

PROJECTED REVENUE

Exhibit 1 estimates the TIF revenues that will be available to retire the debt incurred to finance project costs. This Exhibit also projects revenues sufficient to retire the debt proposed to finance all projects of the District. This Exhibit is based on the following assumptions:

- The base value of the District is \$21,728,300
- Tax base will be generated as of January 1 each year as follows:

2006	\$ 3,420,000
2007	\$15,708,000
2008	\$ 6,702,000
2009	\$ 6,040,000
2010	\$ 1,750,000

See schedule on page eleven of this plan for tax base estimates provided by the City Staff. In addition to the City's estimates, the schedule above includes \$7,000,000 for the Alpha Cast Development and \$6,500,000 for the Fairhaven Development, which are included in the analysis for this plan.

- The equalized tax rate in 2005 is projected to be \$20.50 per thousand. It is projected to remain constant throughout the pro forma.
- Valuations are projected to increase 2.5% each year reflecting ordinary inflation of property values within District.

DEVELOPMENT ASSUMPTIONS

CITY OF WHITEWATER

4/26/2005

TID #4 DEVELOPMENT ASSUMPTIONS

CONSTRUCTION

YEAR	DEVELOPMENT	ESTIMATED VALUE
2005	Bank Expansion	\$ 300,000.00
	Walton's Pine Bluff (2nd Phase)	\$ 2,020,000.00
	Whitewater Hotel	\$ 250,000.00
	Main Street Buildings	\$ 100,000.00
	Business Park Development	\$ 500,000.00
	Center/First Bldg. Renovation	\$ 250,000.00
	TOTAL	\$ 3,420,000.00
2006	East Towne Development	\$ 4,218,000.00
	Walton's Pine Bluff(2nd Phase)	\$ 3,040,000.00
	Whitewater Hotel	\$ 250,000.00
	Main Street Buildings	\$ 700,000.00
	Business Park Development	\$ 500,000.00
	TOTAL	\$ 8,708,000.00
2007	East Towne Development	\$ 912,000.00
	Walton's Pine Bluff (2nd Phase)	\$ 2,040,000.00
	Bluff Road Commercial Development	\$ 250,000.00
	Business Park Development	\$ 500,000.00
	TOTAL	\$ 3,702,000.00
2008	Walton's Pine Bluff (2nd Phase)	\$ 2,040,000.00
	Bluff Road Commercial	\$ 250,000.00
	Coburn Companies Expansion	\$ 1,500,000.00
	Business Park Development	\$ 500,000.00
	TOTAL	\$ 4,290,000.00

City of Whitewater TID #4

Historic and Projected Growth

Base Value
21,728,300
Base Value After Amendment
21,713,400

Base Year
1990

Inflation Factor
2.5%

Construction Year	Valuation Year	Revenue Year	Inflation Increment	Decrease Boundaries**	Alpha Cast Development	Fairhaven Development	Projected New Development*	Valuation Increment	Tax Rate	Tax Increment
13	2002	2003	2004	-			-	55,976,000	20.50	1,147,508
14	2003	2004	2005				276,900	56,252,900	20.50	1,153,184
15	2004	2005	2006	1,949,530			3,000,000	61,202,430	20.50	1,254,650
16	2005	2006	2007	2,072,896	(11,653,800)		3,420,000	55,041,526	20.50	1,128,351
17	2006	2007	2008	1,918,873		1,750,000	5,250,000	72,668,399	20.50	1,489,702
18	2007	2008	2009	2,359,545		1,750,000	1,250,000	81,729,944	20.50	1,675,464
19	2008	2009	2010	2,586,084		1,750,000		90,356,027	20.50	1,852,299
20	2009	2010	2011	2,801,736		1,750,000		94,907,763	20.50	1,945,609
21	2010	2011	2012	2,915,529				97,823,292	20.50	2,005,377
22	2011	2012	2013	2,988,417				100,811,710	20.50	2,066,640
23	2012	2013	2014	3,063,128				103,874,837	20.50	2,129,434
24	2013	2014	2015	3,139,706				107,014,543	20.50	2,193,798
25	2014	2015	2016	3,218,199				110,232,742	20.50	2,259,771
26	2015	2016	2017	3,298,654				113,531,395	20.50	2,327,394
27	2016	2017	2018	3,381,120				116,912,515	20.50	2,398,707
Totals					(11,653,800)	7,000,000	6,500,000	23,396,900		\$ 27,025,688

* Projected new development was provided by City and CDA Staff.

** Reductions include Water's Edge and Pine Bluff as provided by City and CDA Staff.

CASH FLOW

Exhibit 2 summarizes the District's cash position throughout its potential life. It shows revenues, expenses and balances by year. Revenues include tax increments from Exhibit 1, capitalized interest, and interest earned investing year-end balances. This Exhibit is based on the same assumptions as used for Exhibit 1.

Expenditures represent payments for contract agreements with developers, and principal and interest payments on this District's share of debt issued to finance projects listed in the Plan. The tentative proposed issues are identified, for the purpose of analyzing the cash position associated with this amendment, as follows:

Issue No.	Year	Description	Amount
1	2007	GO Bonds	8,210,000
2	2009	GO Notes Or State Trust Fund Loan	1,530,000

Revenues anticipated will be sufficient to meet all obligations in a timely manner and produce a \$502,408 accumulated surplus by the year 2018.

City of Whitewater
TID No. 4 (Amendment No. 3) - Includes Revenue Sharing, Capital Projects From Amendments No. 2 & No. 3, and the Reduction in the TID Boundaries.

Year - End	TID No. 4 Debt (P & I)*	Proposed 2005 Issue		Proposed 2007 Issue**		Proposed 2009 Issue**		Share Revenue With TID 3	Total TID No. 4 Expenses	Capitalized Interest	Revenue Sharing TID 1 & 2	TID No. 4 Available Revenue***	Yearly Cash Flow Available	Cummulative Cash Flow
Year		Principal	Est. Int.	Principal	Est. Int.	Principal	Est. Int.							
2004	1,337,701								(1,337,701)		383,926	1,531,434	193,733	193,733
2005	1,301,724		18,900						(1,320,624)	18,900	0	1,172,084	(148,540)	45,194
2006	1,328,988		37,800						(1,366,788)	67,800	0	1,322,450	(44,338)	855
2007	1,043,937		37,800		205,250				(1,288,987)	205,250	0	1,333,601	46,614	47,470
2008	971,200	50,000	37,800	0	410,500				(1,469,500)		0	1,489,702	20,202	67,672
2009	952,840	50,000	36,550	150,000	410,500		42,075	25,682	(1,666,647)		0	1,675,484	8,817	76,489
2010	958,300	70,000	33,300	200,000	403,000	100,000			(1,848,750)		0	1,852,299	3,549	80,037
2011	686,680	75,000	30,150	450,000	383,000	125,000	78,650		(1,838,480)		0	1,945,809	167,129	187,166
2012	753,655	80,000	28,775	500,000	370,500	150,000	71,775		(1,952,705)		0	2,005,377	52,672	239,839
2013	741,310	90,000	23,175	575,000	345,500	150,000	63,525		(1,988,510)		0	2,066,640	78,130	317,969
2014	778,020	95,000	19,125	575,000	316,750	200,000	55,275		(2,039,170)		0	2,129,434	90,264	408,233
2015	411,390	100,000	14,850	1,000,000	288,000	200,000	44,275		(2,058,515)		0	2,193,798	135,283	543,516
2016	410,190	115,000	10,350	1,150,000	238,000	200,000	33,275		(2,156,815)		0	2,259,771	102,956	646,472
2017	407,940	115,000	5,175	1,390,000	180,500	200,000	22,275		(2,320,390)		0	2,327,394	6,504	652,976
2018	0			2,220,000	111,000	205,000	11,275		(2,547,275)		0	2,396,707	(150,568)	502,408
TOTAL	12,083,875	840,000	330,750	8,210,000	3,672,500	1,530,000	506,550	25,682	(27,199,357)	291,950	383,926	27,701,765		

* Existing Debt Service.
 ** Assumes the financing of all capital projects listed in TID No. 4 Amendment No. 3 (project list dated 4/26/05).
 *** Revenue includes existing increment and projected new development - See Attached.

4

DETAILED LIST OF NEW AND AMENDED PROJECT COSTS

A detailed listing of the projects that the City may undertake within the Additional Territory is found on the following page. All costs are based on 2005 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2005 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.

As was discussed in the original creation Project Plan, it is important to note that this Plan is not meant to be a budget, nor an appropriation of funds for specific projects, but a framework with 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 City Council, without further amending this Plan.

PROPOSED TIF PROJECT COST ESTIMATES

Final as approved by CDA April 25, 2005

TIF #4 - Project Plan Amendment

April 25, 2005

<u>Downtown Revitalization</u>		2,950,555
Downtown Building Acquisition/Demolition	800,000	
Downtown Building Façade Grant/Loan Program	200,000	
Downtown Parking	250,000	
Reconstruction - Fremont St. (North to Center) & North St. (Fremont to George)	400,700	
Burial of overhead utilities	275,000	
Whitewater/Main/Wisconsin St. (Novak's to Floral Villa)	315,000	
Center St. alley (Fourth St to Center)		
Reconstruction - Intersection (Main, Milwaukee, Wisconsin)	325,000	
Downtown Revitalization Group Administration	384,855	
<u>Business Park Development</u>		2,275,400
Grading/filling of lots	100,000	
East Main Street extension construction	502,000	
Morraine View Parkway Ph 1 (Bluff Rd to E. Main)	512,700	
Morraine View Parkway Ph 2 (E. Main to Corporate Dr.)	624,700	
Business Incubator Development	500,000	
Bluff Road - Lot realignment and utility relocation	36,000	
<u>Brownfield Redevelopment</u>		1,033,500
Alpha Cast - Brownfield Grant match	100,000	
Site Remediation	100,000	
Site Acquisition	200,000	
Business Relocation	300,000	
Starin Road Extension - Whitewater Creek to Jefferson St	333,500	
<u>Developer Incentives</u>	1,500,000	1,500,000
<u>TIF Administration</u>	571,335	571,335
<u>Fairhaven Project</u> - Infrastructure improvements		\$ 1,100,000
	Grand Total	9,430,790

5

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

PLAN IMPLEMENTATION

Projects identified will provide the necessary anticipated governmental services and/or development incentives to the Additional Territory. It is anticipated these improvements will be made during 2005. However, public debt and expenditures should be made at the pace private development occurs to assure increment is sufficient to cover expenses. 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. In any event, all additional project costs are to be incurred within the period specified in Section 66.1105(6)(am) of the Wisconsin Statutes.

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

The order in which 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 issued.

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

**Issue No. 1
General Obligation Bonds
\$8,210,000**

Proposed Maturity Schedule

The 2007 2008 projects are anticipated to be financed with General Obligation Bonds to be issued under authority of Wisconsin Statutes Chapter 67. The interest rate used for this is 5%.

YEAR	PRINCIPAL	INTEREST	TOTAL
2007		205,250	\$205,250
2008		410,500	\$410,500
2009	150,000	410,500	\$560,500
2010	200,000	403,000	\$603,000
2011	450,000	393,000	\$843,000
2012	500,000	370,500	\$870,500
2013	575,000	345,500	\$920,500
2014	575,000	316,750	\$891,750
2015	1,000,000	288,000	\$1,288,000
2016	1,150,000	238,000	\$1,388,000
2017	1,390,000	180,500	\$1,570,500
2018	2,220,000	111,000	\$2,331,000
TOTAL	\$8,210,000	\$3,672,500	\$11,882,500

Issue No. 2
General Obligation Notes or State Trust Fund Loan
\$1,530,000

Proposed Maturity Schedule

The 2009 projects are anticipated to be financed with General Obligation Notes or State Trust Fund Loan to be issued under authority of Wisconsin Statutes Chapter 67. The interest rate used for this is 5.5%.

YEAR	PRINCIPAL	INTEREST	TOTAL
2009		42,075	\$42,075
2010	100,000	84,150	\$184,150
2011	125,000	78,650	\$203,650
2012	150,000	71,775	\$221,775
2013	150,000	63,525	\$213,525
2014	200,000	55,275	\$255,275
2015	200,000	44,275	\$244,275
2016	200,000	33,275	\$233,275
2017	200,000	22,275	\$222,275
2018	205,000	11,275	\$216,275
TOTAL	\$1,530,000	\$506,550	\$2,036,550

6 ESTIMATE OF ADDITIONAL TERRITORY TO BE DEVOTED TO RETAIL BUSINESS

Pursuant to Section 66.1105(5)(b)(6)(am)1 of the Wisconsin State Statutes the City estimates that 25% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

7 ADDITIONAL TERRITORY - ANNEXED PROPERTY

Properties proposed for inclusion within the District were annexed by the City on or after January 1, 2004. To satisfy the requirements of s.66.1105(4)(gm)1. Wis. Stats., the City pledges to pay to the Towns of Whitewater (Walworth County) and Coldsprings (Jefferson County) for the next five years an amount equal to the property taxes levied on the annexed properties by the Town at the time of annexation.

8 A LIST OF ESTIMATED NON-PROJECT COSTS

Anticipated construction by private parties within the Additional Territory only: \$23,120,000

9 PROPOSED CHANGES IN ZONING ORDINANCES

The City of Whitewater anticipates that a portion of the Additional Territory will be rezoned prior to development. No other changes in the zoning ordinances are anticipated by the City of Whitewater at this time.

10

PROPOSED CHANGES IN MASTER PLAN, BUILDING CODES AND CITY OF WHITEWATER ORDINANCES

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

11

RELOCATION

It is anticipated there will be a need to relocate business in conjunction with this Plan. In the event relocation becomes necessary at some time during the implementation period, the City of Whitewater will take the following steps and actions.

Before negotiations begin for the acquisition of property or easements, all property owners will be provided an informational pamphlet prepared by the Wisconsin Department of Commerce and if any person is to be displaced as a result of the acquisition, they will be given a pamphlet on "Relocation Rights". The City of Whitewater will provide each owner a full narrative appraisal, a map showing the owners of all property affected by the proposed project and a list of all or at least ten neighboring landowners to whom offers are being made.

The City of Whitewater will file a relocation plan with the Department of Commerce and shall keep records as required in Wisconsin Statute Section 32.27.

12

ORDERLY DEVELOPMENT OF THE CITY OF WHITEWATER

Incorporation of the Additional Territory to the District contributes to the orderly development of the City by providing the opportunity for continued growth in tax base, job opportunities, brownfield redevelopment, downtown revitalization and business park development.

13

PRELIMINARY PARCEL LIST FOR ADDITIONAL TERRITORY TO BE ADDED TO THE EXISTING DISTRICT BOUNDARY AND PARCELS TO BE REMOVED FROM EXISTING DISTRICT

Additional Parcels to be Added to District

Parcel	Owner	Land	Improvements	Value
WSS-60	City of Whitewater	\$0.00	\$0.00	\$0.00
WSS-61C	City of Whitewater	\$0.00	\$0.00	\$0.00
WUP-33A	Kienbaum Iron and Metal	\$29,300.00	\$22,300.00	\$51,600.00
WUP-33	City of Whitewater	\$0.00	\$0.00	\$0.00
WUP-35	City of Whitewater	\$0.00	\$0.00	\$0.00
CSM-A-762	Carl Keinbaum	\$54,700.00	\$44,600.00	\$99,300.00
CSM-A-762	Bently S. Kienbaum	\$46,000.00	\$63,800.00	\$109,800.00
WUP-18	Roger Kutz	\$11,200.00	\$0.00	\$11,200.00
WUP-18D	City of Whitewater	\$0.00	\$0.00	\$0.00
WUP-14	Kiligora Trust	\$18,200.00	\$15,400.00	\$33,600.00
W-10-3	Community Church	\$3,000.00	\$0.00	\$3,000.00
05-15-32-11-000	Fairhaven Corp.	\$0.00	\$0.00	\$0.00
05-15-32-14-000	Fairhaven Corp.	\$0.00	\$0.00	\$0.00
05-15-32-14-001	CDM Farms LLP	\$0.00	\$0.00	\$0.00
05-15-33-22-002	Phyllis Thayer McKenzie	\$10,000.00	\$0.00	\$10,000.00
05-15-33-23-000	LSP - Whitewater Limited	\$29,700.00	\$10,000.00	\$39,700.00
05-15-33-23-001	Gerald R. Thayer	\$30,300.00	\$75,500.00	\$105,800.00
05-15-33-24-001	City of Whitewater	\$0.00	\$0.00	\$0.00
05-15-33-31-001	City of Whitewater	\$0.00	\$0.00	\$0.00
05-15-33-32-000	City of Whitewater	\$0.00	\$0.00	\$0.00
05-15-33-32-002	City of Whitewater	\$0.00	\$0.00	\$0.00
05-15-33-32-003	City of Whitewater	\$0.00	\$0.00	\$0.00
05-15-33-33-000	City of Whitewater	\$0.00	\$0.00	\$0.00
05-15-33-34-001	City of Whitewater	\$0.00	\$0.00	\$0.00
05-15-34-31-000	Lurvey	\$4,100.00	\$0.00	\$4,100.00
05-15-34-34-000	Lurvey	\$3,000.00	\$0.00	\$3,000.00
05-15-34-42-000	Johnson	\$8,400.00	\$0.00	\$8,400.00
05-15-34-43-000	Johnson	\$5,600.00	\$0.00	\$5,600.00
		\$253,500.00	\$231,600.00	\$485,100.00
				\$0.00
				\$0.00

**Water's Edge Parcels to be
Removed from District Boundaries**

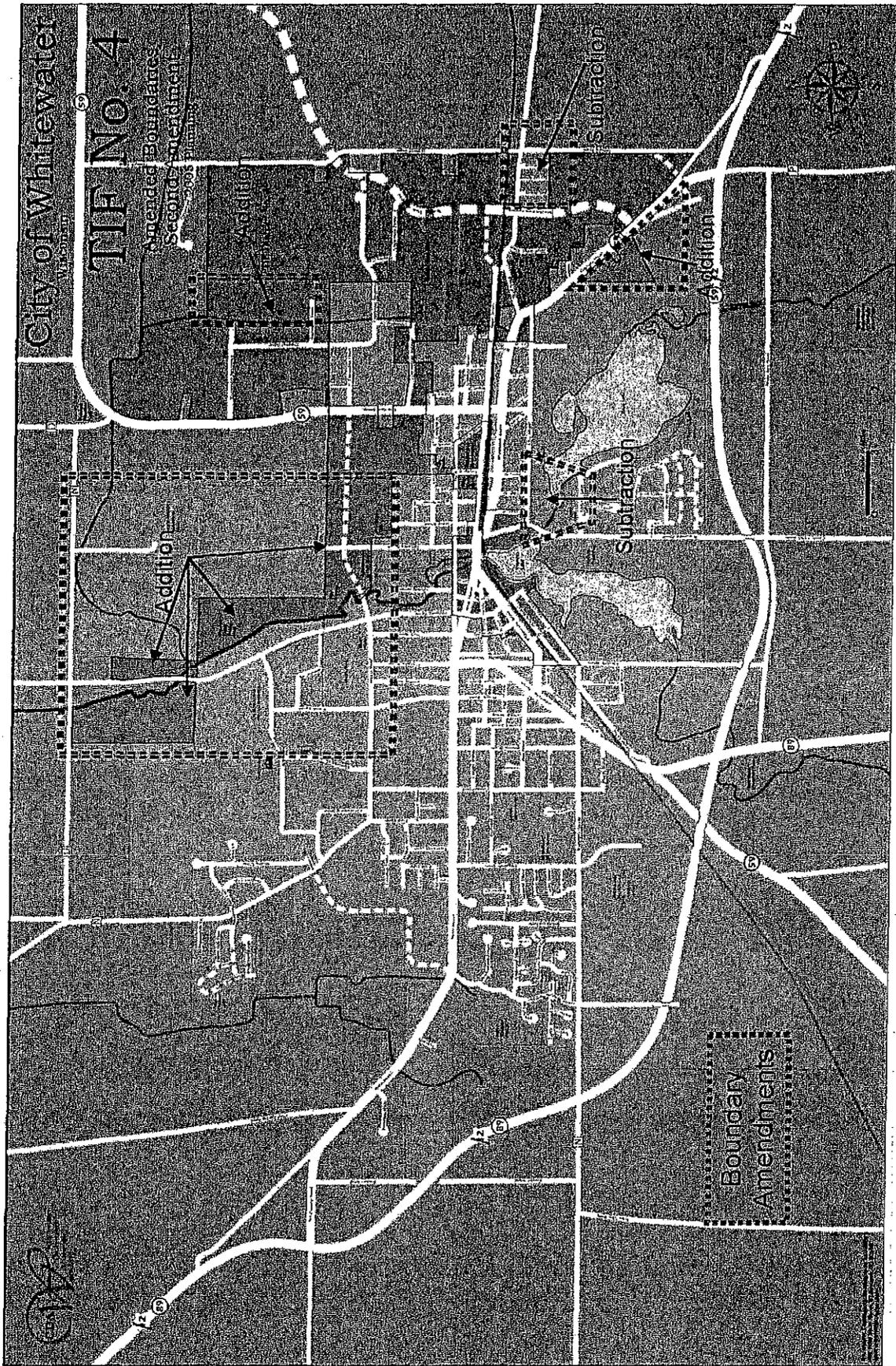
Parcel	Land	Improvements	Value
WE1 -1	\$25,000.00	\$38,000.00	\$63,000.00
WE1 -2	\$25,000.00	\$37,900.00	\$62,900.00
WE1 -3	\$25,000.00	\$58,000.00	\$83,000.00
WE1 -4	\$25,000.00	\$47,000.00	\$72,000.00
WE1 -5	\$25,000.00	\$47,000.00	\$72,000.00
WE1 -6	\$25,000.00	\$58,000.00	\$83,000.00
WE1 -7	\$25,000.00	\$38,000.00	\$63,000.00
WE1 -8	\$25,000.00	\$38,000.00	\$63,000.00
WE1 -9	\$25,000.00	\$38,000.00	\$63,000.00
WE1 -10	\$25,000.00	\$38,000.00	\$63,000.00
WE1 -11	\$25,000.00	\$58,000.00	\$83,000.00
WE1 -12	\$25,000.00	\$47,000.00	\$72,000.00
WE1 -13	\$25,000.00	\$47,000.00	\$72,000.00
WE1 -14	\$25,000.00	\$58,000.00	\$83,000.00
WE1 -15	\$25,000.00	\$37,900.00	\$62,900.00
WE1 -16	\$25,000.00	\$38,000.00	\$63,000.00
WE1 -17	\$25,000.00	\$102,500.00	\$127,500.00
WE1 -18	\$25,000.00	\$103,500.00	\$128,500.00
WE1 -19	\$25,000.00	\$116,600.00	\$141,600.00
WE1 -20	\$25,000.00	\$103,500.00	\$128,500.00
WE1 -21	\$25,000.00	\$90,400.00	\$115,400.00
WE1 -22	\$25,000.00	\$110,200.00	\$135,200.00
WE1 -23	\$25,000.00	\$98,000.00	\$123,000.00
WE1 -24	\$25,000.00	\$108,300.00	\$133,300.00
WE1 -25	\$25,000.00	\$100,000.00	\$125,000.00
WE1 -26	\$25,000.00	\$98,000.00	\$123,000.00
WE1 -27	\$25,000.00	\$110,000.00	\$135,000.00
WE1 -28	\$25,000.00	\$100,000.00	\$125,000.00
WE1 -29	\$25,000.00	\$103,600.00	\$128,600.00
WE1 -30	\$25,000.00	\$110,000.00	\$135,000.00
WE1 -31	\$25,000.00	\$98,000.00	\$123,000.00
WE-1	\$40,000.00	\$203,500.00	\$243,500.00
WE-2	\$40,000.00	\$148,000.00	\$188,000.00
WE-3	\$40,000.00	\$147,700.00	\$187,700.00
WE-4	\$50,000.00	\$192,100.00	\$242,100.00
WE-5	\$40,000.00	\$195,900.00	\$235,900.00
WE-6	\$40,000.00	\$145,900.00	\$185,900.00
WE-7	\$40,000.00	\$141,900.00	\$181,900.00
WE-8	\$40,000.00	\$205,900.00	\$245,900.00
WE-9	\$40,000.00	\$190,000.00	\$230,000.00
WE-10	\$40,000.00	\$154,000.00	\$194,000.00
WE-11	\$40,000.00	\$145,000.00	\$185,000.00
WE-12	\$40,000.00	\$203,000.00	\$243,000.00
WE-13	\$40,000.00	\$221,000.00	\$261,000.00
WE-14	\$40,000.00	\$173,000.00	\$213,000.00
WE-15	\$40,000.00	\$189,000.00	\$229,000.00
WE-16	\$40,000.00	\$181,300.00	\$221,300.00
	\$1,425,000.00	\$5,113,600.00	\$6,538,600.00

**Pine Bluff Parcels to be
Removed from District Boundaries**

Parcel	Land	Improvements	Value
PB1-1	\$25,200.00	\$133,800.00	\$159,000.00
PB1-2	\$30,000.00	\$117,000.00	\$147,000.00
PB1-3	\$33,300.00	\$136,600.00	\$169,900.00
PB1-4	\$30,200.00	\$139,700.00	\$169,900.00
PB1-5	\$33,200.00	\$139,100.00	\$172,300.00
PB1-6	\$30,200.00	\$137,600.00	\$167,800.00
PB1-7	\$33,200.00	\$126,800.00	\$160,000.00
PB1-8	\$34,400.00	\$166,800.00	\$201,200.00
PB1-9	\$30,200.00	\$131,800.00	\$162,000.00
PB1-10	\$33,100.00	\$123,100.00	\$156,200.00
PB1-11	\$33,200.00	\$153,500.00	\$186,700.00
PB1-12	\$33,100.00	\$122,500.00	\$155,600.00
PB1-13	\$30,200.00	\$124,800.00	\$155,000.00
PB1-14	\$30,200.00	\$127,800.00	\$158,000.00
PB1-15	\$5,800.00	\$0.00	\$5,800.00
PB1-16	\$34,000.00	\$77,100.00	\$111,100.00
PB1-17	\$5,800.00	\$0.00	\$5,800.00
PB1-18	\$5,800.00	\$0.00	\$5,800.00
PB1-19	\$5,800.00	\$0.00	\$5,800.00
PB1-20	\$5,800.00	\$0.00	\$5,800.00
PB1-21	\$5,800.00	\$0.00	\$5,800.00
PB1-22	\$5,800.00	\$0.00	\$5,800.00
PB1-23	\$5,800.00	\$0.00	\$5,800.00
PB1-24	\$5,800.00	\$0.00	\$5,800.00
PB1-25	\$31,400.00	\$0.00	\$31,400.00
PB1-26	\$34,800.00	\$79,300.00	\$114,100.00
PB1-27	\$39,000.00	\$131,900.00	\$170,900.00
PB1-28	\$33,400.00	\$54,300.00	\$87,700.00
PB-1	\$30,500.00	\$12,300.00	\$42,800.00
PB-2	\$35,500.00	\$127,500.00	\$163,000.00
PB-3	\$35,500.00	\$126,600.00	\$162,100.00
PB-4	\$33,200.00	\$144,000.00	\$177,200.00
PB-5	\$29,600.00	\$130,400.00	\$160,000.00
PB-6	\$22,600.00	\$152,600.00	\$175,200.00
PB-7	\$23,000.00	\$162,000.00	\$185,000.00
PB-8	\$35,500.00	\$140,000.00	\$175,500.00
PB-9	\$33,200.00	\$121,300.00	\$154,500.00
PB-10	\$35,400.00	\$140,600.00	\$176,000.00
PB-11	\$33,500.00	\$127,000.00	\$160,500.00
PB-12	\$33,200.00	\$127,900.00	\$161,100.00
PB-13	\$33,800.00	\$142,100.00	\$175,900.00
PB-14	\$33,200.00	\$125,200.00	\$158,400.00
	<u>\$1,112,200.00</u>	<u>\$4,003,000.00</u>	<u>\$5,115,200.00</u>

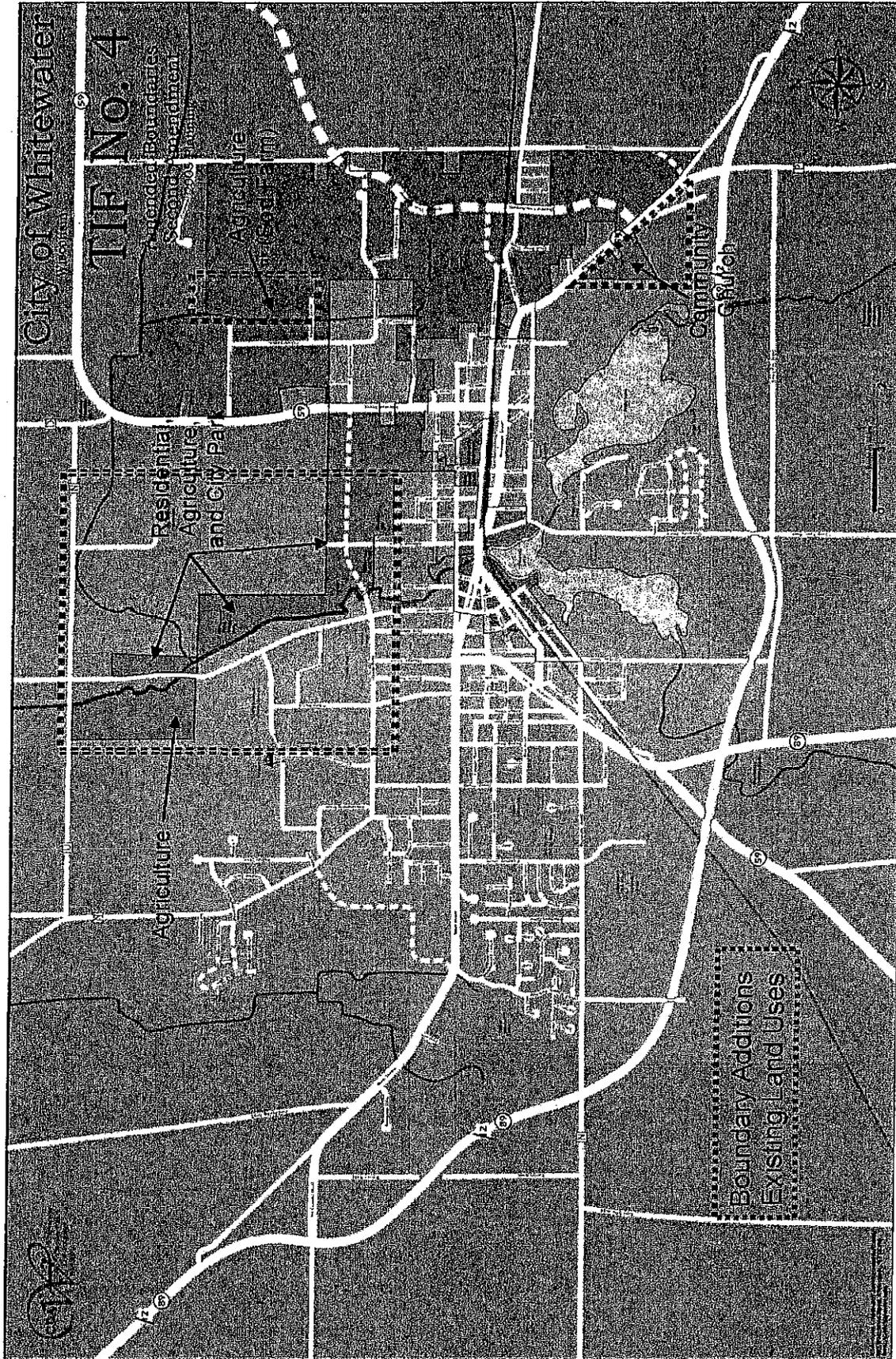
14 MAP OF PROPOSED DISTRICT BOUNDARY

The following map identifies the Additional Territory and its relationship to the existing District's boundaries.



15 MAP SHOWING EXISTING USES & CONDITIONS

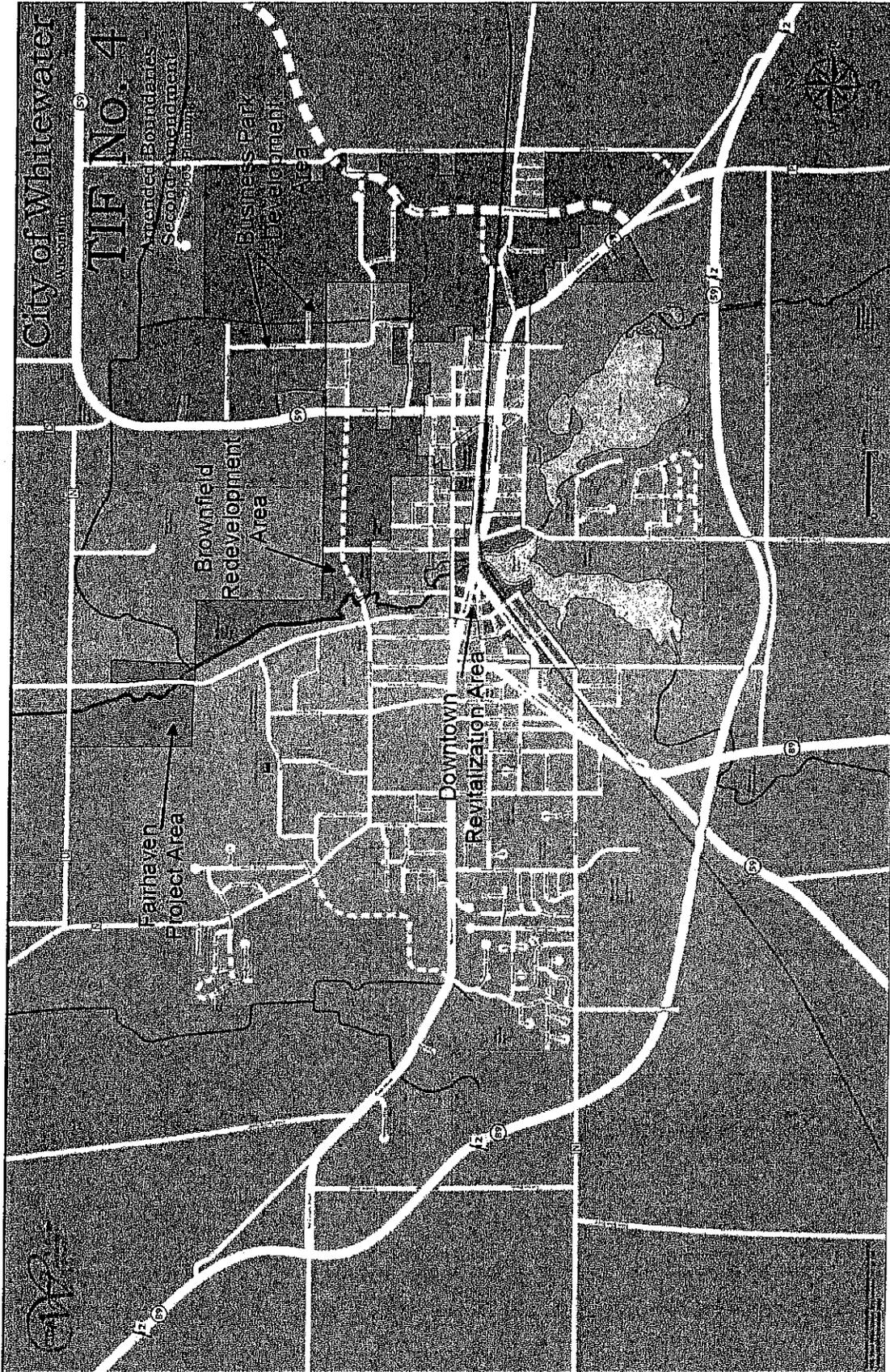
The following map identifies the existing uses and conditions of the Additional Territory.



16

MAP SHOWING PROPOSED PROJECTS & IMPROVEMENTS

The following map identifies the proposed projects and improvements of the Additional Territory.



17

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

Harrison, Williams,
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ANDREW FARR ALLEN
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DAVID C. WILLIAMS
TIMOTHY P. SWATEK

Offices also in:
Lake Geneva

May 12, 2005

Mr. Kevin Brunner
City Manager
P. O. Box 178
Whitewater, WI 53190

Re: City of Whitewater, Wisconsin Tax Incremental District No. 4 Amendment

Dear Kevin:

As City Attorney for the City of Whitewater, I have reviewed the Project Plan Amendment document and various resolutions passed by the City Council, Plan Commission, and Joint Review Board regarding the amendment of Tax Incremental District No. 4 located in the City. In my opinion, the Project Plan is complete and complies with Section 66.1105 of the Wisconsin Statutes.

Yours truly,

HARRISON, WILLIAMS,
MCDONELL & SWATEK, LLP

Wallace K. McDonell

Wallace K. McDonell
(State Bar No. 01008713)

WKM/slm

cc: Philip L. Cosson, V.P.,
Ehlers & Associates, Inc.



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Minutes of the Whitewater TID #4 Joint Review Board- May 9, 2005 Whitewater City Hall Community Room

Members Present-Dean Fischer (City of Whitewater), Tracy Schulze (Walworth County), Dennis Heling (Jefferson County) and Mark Zlveor (Gateway Technical College District)

Excused-Dan McCrea (Whitewater Unified School District)

Others Present-Dawn Gundersen and Phil Cosson (Ehlers and Associates) and Kevin Brunner (City of Whitewater)

In the absence of a chair, the meeting was called to order at 6:15 p.m. by Whitewater City Representative Dean Fischer.

1. **Appointment of Whitewater TID #4 Joint Review Board Chair**-It was moved by Fischer, seconded by Heling to appoint Dan McCrea as Chair of the TID #4 Joint Review Board. Approved Unanimously.
2. **Appointment of Citizen Representative**-It was moved by Fischer, seconded by Schulze to accept the Whitewater City Council recommendation to reappoint Rick Gilpatrick, current chair of the Whitewater Plan Commission, as the citizen member of the TID #4 Joint Review Board. Approved Unanimously.
3. **Review of Joint Review Board Responsibilities**-Phil Cosson of Ehlers and Associates, City TID financial advisors, reviewed the statutory responsibilities of the Joint Review Board. Cosson also briefly reviewed the Whitewater TID #4 Project Plan and Boundary Amendment which was previously sent to all board members.

Cosson also reviewed the effect that the closure of Whitewater TID's #1 and #2 as well the reduction of some areas within the current boundaries of TID #4 will have on the other taxing jurisdictions. Based upon an analysis done by Whitewater Finance Director Doug Saubert, a total of \$30,881,400 in assessed valuation will be added to the tax rolls. Using the 2005 tax rates of each jurisdiction, the following additional property taxes can expect to be generated in 2007: Walworth County-\$145,119; Gateway Technical School-\$44,082; Whitewater Unified School District-\$300,157 and City of Whitewater-\$169,851.

Brunner questioned how the counties would vote on the proposed amendments, since Jefferson County was now included within the proposed new boundaries (proposed Fairhaven senior community development). It was the consensus of the group that each county would have one-half vote on the Joint Review Board.

4. **Scheduling of Next Whitewater TID #4 Joint Review Board Meeting**-It was the consensus of the Board to schedule its next meeting on Monday, May 23, 2005 at 4:00 p.m. at the Whitewater City Hall.

It was then moved by Fischer, seconded by Gilpatrick to adjourn. Approved Unanimously. Meeting adjourned at 6:42 p.m.

Kevin M. Brunner
Secretary to Whitewater TID #4 Joint Review Board

Minutes of the Whitewater TID #4 Joint Review Board- May 23, 2005 Whitewater City Hall 2nd Floor Meeting Room

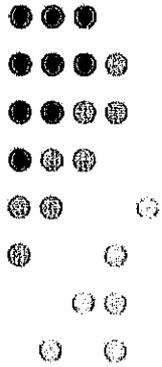
Members Present-Dean Fischer (City of Whitewater), Tracy Schulze (Walworth County), Dennis Heling (Jefferson County), Mark Zlveor (Gateway Technical College District) Dan McCrea (Whitewater Unified School District)

Others Present-Phil Cosson (Ehlers and Associates) and Kevin Brunner (City of Whitewater)

The meeting was called to order at 4:00 p.m. by Chair Dan McCrea.

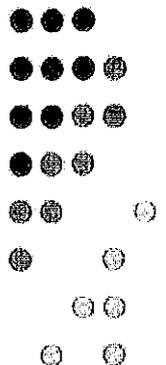
1. **Review of Public Record**-Cosson reviewed the action of the Whitewater Plan Commission, which at its May 9, 2005 meeting approved a resolution designating the proposed boundaries and approving the project plan amendment for Whitewater Tax Increment District #4. The Whitewater Plan Commission held the required public hearing on the proposed TID #4 boundaries and project plan amendment for Whitewater TID on the same date. No persons appeared at the public hearing other than city staff and consultants who presented to the Commission an outline of the plan amendments and the economic impact that these projects are expected to have on TID #4. In addition, it was noted that the Whitewater City Council had unanimously approved a resolution approving the proposed amendment to Whitewater Tax Increment District #4 at its meeting of May 17th.
2. **Consideration of Resolution Approving Proposed Amendment to Whitewater Tax Increment District #4**-It was moved by Fischer, seconded by Gilpatrick to approve the resolution approving the proposed amendment to Whitewater Tax Increment District #4. Ayes- Fischer, Schulze, Heling, Zlveor and Mc Crea. Nays-None. Resolution Approved.
3. **Consideration to Disband Whitewater Tax Increment Joint Review Board**-It was moved by Gilpatrick, seconded by McCrea to formally disband the Whitewater Tax Increment Joint Review Board. Ayes-Fischer, Schulze, Heling, Zlveor and Mc Crea. Motion Approved.
4. **Adjournment**-It was moved by Heling, seconded by Gilpatrick to adjourn. All Ayes. Meeting adjourned at 4:19 p.m.

Kevin M. Brunner
Secretary to Whitewater TID #4 Joint Review Board



Tax Incremental Financing

Wisconsin Legislative Fiscal Bureau
January, 2011



Tax Incremental Financing

Prepared by

Al Runde

Wisconsin Legislative Fiscal Bureau
One East Main, Suite 301
Madison, WI 53703

Tax Incremental Financing

This paper provides general background information on tax incremental financing (TIF) in Wisconsin. Included are a background of the TIF program, a description of the current tax incremental financing law, information about the impact of TIF on local governments, and some summary statistics on participation and growth in TIF valuations and levies.

Historical Background

Tax incremental financing is a mechanism for funding development and redevelopment projects. Although the concept of TIF existed as long ago as the early 1940s, California adopted the first TIF law in 1952. However, the widespread use of TIF did not occur in most states until the 1970s.

Wisconsin enacted its TIF law in 1975. Passage of the law was influenced by a reduced focus on redevelopment financing at the federal level and a state and national recession during 1974 and early 1975. The TIF law was an attempt to counteract that economic downturn by allowing cities and villages to work with the private sector to stimulate economic growth and employment through urban redevelopment projects.

A more general reason for the state's TIF law was a legislative determination that all taxing jurisdictions benefiting from urban redevelopment should share in its cost. Public improvements (such as sewers, streets, and light systems) usually result in an expanded local tax base. Although the cost of these improvements is normally financed entirely out of municipal revenue, it was argued that the county and school and technical college districts also benefit from the expanded tax base. Tax

incremental financing has the effect of making these overlying local taxing jurisdictions share in project costs.

Significant changes to existing TIF law occurred under 2003 Wisconsin Acts 126, 127, and 194. These acts amended the allowable uses of TIF districts and made other changes to state TIF law that will likely extend the life of certain TIF districts and increase the use of TIF districts as a local development tool in the state. The acts also provided for some state level oversight of TIF districts by the Department of Revenue (DOR).

In addition, 2003 Wisconsin Act 231 and 2005 Wisconsin Act 13 provided towns with the limited authority to create TIF districts. Similarly, 2005 Wisconsin Act 357 allowed certain counties with no cities or villages (Florence and Menominee counties) to create TIF districts.

City and Village TIF Authority

City and village governments (town and county TIF authority will be discussed later) may create a TIF district if 50% or more of the proposed district's area is "blighted," in need of rehabilitation or conservation work, or suitable for industrial sites or mixed-use developments. Property that was vacant for the seven years preceding creation of a TIF district cannot comprise more than 25% of the district's area, unless the district is designated as suitable for industrial sites or mixed-use developments. Land acquired through condemnation is excluded from this requirement. An area designated as suitable for industrial sites must be zoned for industrial use both at the time the TIF district is created and throughout the life of the project.

A TIF district may include areas suitable for mixed-use developments. Mixed-use developments may contain a combination of industrial, commercial, and residential use, except that lands proposed for newly-platted residential use may not exceed 35% of the area of real property within the district.

The TIF district boundaries are specifically identified in the district project plan. The boundaries cannot include any annexed territory that was not within the boundaries of the city or village on January 1, 2004, unless one of the following occurs: (a) three years have elapsed since the territory was annexed by the city or village; (b) the city or village enters into a cooperative plan boundary agreement with the town from which the territory was annexed; or (c) the city or town enter into another kind of agreement relating to the annexation. In order for the annexation of non-municipally owned land to be valid, the annexing municipality must pay to the town an amount equal to the property taxes levied on the territory by the town at the time of the annexation for each of the next five years.

Base Value

Once a TIF district has been created, a "tax incremental base value" is established by DOR for property within the district at the time it was created. The base value includes the equalized value of all taxable property and the value of municipally-owned property, as determined by DOR. It does not include municipally-owned property used for certain municipal purposes (such as police and fire buildings and libraries). DOR has the authority to impose a fee of \$1,000 on cities and villages whenever the Department determines or redetermines the tax incremental base of a TIF district.

For districts created or amended on, or after, October 1, 2004, the application for certification of the original or amended tax incremental base must state the percentage of territory within the TIF district that the city or village estimates will be

devoted to retail business at the end of the maximum TIF district expenditure period, if that estimate is at least 35%.

DOR may not certify the incremental base value of a mixed-use development TIF district if DOR determines that any of the following apply: (a) the lands proposed for newly-platted residential use exceed 35% of the real property within the district; or (b) tax increments received by the city or village are used to subsidize residential development and none of the conditions used in determining eligible costs in a mixed-use development apply (see project costs). If DOR certifies the incremental base for a mixed-use development and then determines that these conditions are not met, DOR may not certify the tax incremental base of any other TIF district in that city or village until the Department determines that the mixed-use development district complies with the 35% of real property maximum for residential use and at least one of the conditions used in determining eligible project costs in a mixed-use development is met.

Generally, the base value remains constant until the project terminates. However, a planning commission can adopt an amendment to a TIF project plan at any time, for up to four times during the district's existence, in order to modify the boundaries of that district so as to add contiguous territory served by public works or improvements created as part of that district's project plan or to subtract territory from the district without eliminating the contiguity. The value of taxable property that is added to the existing district is determined by DOR. This value is then added to the original base value of the TIF district. DOR must redetermine the district's tax incremental base on, or before, December 31 of the year in which the changes in the project plan take effect. (However, this would likely occur on the same timetable as DOR's determination of the base of a TIF district). In redetermining the base for these districts, DOR must also subtract from the district's tax incremental base the taxable value of any property being removed from the district by the amended plan and any value of

real property owned by the city or village not previously removed from the district's base value.

An amendment that both adds and subtracts territory to a district is counted as one amendment. However, DOR has the authority to charge the municipality \$2,000 to redetermine the district's incremental tax base under such an amendment.

If DOR determines that all the statutory conditions related to the certification of the incremental base of a mixed-use development district are not met, the planning commission of a city or village may amend its project plan to ensure: (a) the percentage of newly-platted residential use does not exceed 35% of the real property of the district; and (b) at least one of the conditions used in determining eligible costs for mixed-use developments is met (see project costs). Such project amendments could occur even if the amendment would exceed the allowable number of project amendments for such districts.

Tax Increment

The "tax increment" equals the general property taxes levied on the value of the TIF district in excess of its base value (this is the "value increment"). The amount equals the value increment multiplied by the tax rate for all tax jurisdictions--municipal, county, school district, technical college district, and special purpose districts. Therefore, tax increments can only be generated by an increase in the equalized value of taxable property within a TIF district.

DOR is required to charge a municipality a \$150 annual fee for each of its active TIF districts. If a municipality fails to pay this annual fee for one of its TIF districts by May 15th, DOR cannot certify the annual tax increment of that TIF district in that municipality.

Restriction on New TIF Districts

Municipalities are allowed to establish any

number of TIF districts. However, a city or village can only create a new district if there is a finding that the equalized value of the proposed district plus the value increment of all existing districts does not exceed 12% of the total equalized value of property within the city or village. This limit also applies to any proposed amendment to a district that adds territory to the district.

The calculation of the limit is based on the most recent equalized value of taxable property of the proposed district, as certified by DOR, before the date on which a resolution is adopted creating the proposed district. DOR cannot certify the tax incremental base of a district before the Department reviews and approves the findings that the city or village creating the district is within these statutory limitations. In determining whether a newly-created TIF district is in compliance with the 12% limit, DOR must exclude any parcel in that district that is also located in an existing district.

If DOR determines that a local legislative body exceeds the 12% limit, DOR must notify the city or village of its noncompliance in writing. DOR has to provide this written notice no later than December 31st of the year in which DOR receives the completed TIF district application or amendment forms. If DOR notifies a city or village of noncompliance, the city or village must either rescind the approval of the proposed TIF district's project plan resolution or remove parcels from the amended or proposed district's boundaries so that the city or village is in compliance with the 12% limit.

A city or village may simultaneously create a TIF district and adopt an amendment to subtract territory from an existing TIF district, without adopting a resolution containing the 12% limit findings, if all the following occur: (a) the city or village includes with its application to DOR for creation of a TIF district a copy of the amendment to the existing district, which subtracts territory from that district; (b) the city or village provides DOR with certified appraisals which demonstrate the current fair market value of the taxable

property for the district being created and the current fair market value of the property being subtracted from the existing TIF district under the project amendment; (c) the appraisals demonstrate that the taxable property being subtracted from the existing TIF district equals or exceeds the value that DOR believes is necessary to ensure that when the proposed district is created the 12% limit is met; and (d) the city or village certifies that no other TIF districts created under these provisions exist.

Project Plan and Public Hearing

A TIF district must be created through a resolution adopted by the legislative body of a city or village. Before adopting a resolution creating a district, two public hearings are required: one to discuss the proposed district and one to discuss the project plan. The hearings can be held together, but the hearing on the project plan must be held at least 14 days before adopting a resolution and the project plan must be available at this hearing.

Either before or at the same time this resolution is adopted, a district project plan must also be approved by the local legislative body. In addition, before it is adopted, the municipal attorney or a special counsel must review the plan and write a formal opinion advising whether the plan is complete and in compliance with the law.

A resolution creating a TIF district must declare that the district is a blighted area district, a rehabilitation or conservation district, an industrial district, or a mixed-use district, based on the identification and classification of the property included within the district. If the district is not exclusively blighted, rehabilitation or conservation, industrial, or mixed-use, this declaration must be based on which classification is predominant with regard to the area included in the district.

Joint Review Board

A municipality that intends to create a TIF

district or amend a district project plan must convene a joint review board, which can be either a temporary joint review board that is established for a specific district or a standing joint review board that remains in existence as long as a municipality has a district in existence. No TIF district can be created and no plan can be amended unless approved by a majority vote of the board within 30 days after a resolution is adopted. The public notice of all meetings of the joint review board has to be a class one notice and must be published at least five days in advance of the meeting.

The joint review board consists of one member representing each taxing jurisdiction that can levy taxes on property within the TIF district. If more than one of the same type of taxing jurisdiction has the power to levy taxes on property within the TIF district, the one with the greatest value in the district chooses the representative.

In addition, the following requirements relative to the composition of a temporary or standing joint review board apply to TIF districts created after October 1, 2004:

- if a proposed TIF district is located in a union high school district, the school board's seat on the board is held by two representatives, each of whom has one-half of a vote (one each from the union high school and the elementary school district);
- if a proposed TIF district is made up of more than one union high school district or more than one elementary school district, the union high school district or elementary school district with the greatest value within the proposed district chooses the representative;
- the school district representative must be the president of the school board, or his or her designee, who is either the school district's finance director or another person with knowledge of local government finances;

- the county representative must be the county executive or the chairperson of the county board, or the executive's or chairperson's designee, who is either the county treasurer or another person with knowledge of local government finances;

- the city representative must be the mayor or city manager, or his or her designee, who is either the person in charge of administering the city's economic development programs, the city treasurer, or another person with knowledge of local government finances; and

- the technical college district representative must be the district's director or his or her designee, who is either the district's chief financial officer or another person with knowledge of local government finances.

All members of the board must be appointed and the board's first meeting must be held within 14 days after notice of the public hearing on the proposed TIF district or plan amendment. The public member and board chair are selected by a majority of the board members. Administrative support for the board is provided by the affected municipality.

A municipality proposing to create a TIF district must provide the joint review board with the following information and projections regarding the proposed district:

- a. Specific items that constitute the project costs, the total dollar amount of project costs to be paid with tax increments, and the amount of tax increments to be generated over the life of the district.

- b. The equalized value of the value increment when the project costs are paid in full and the district is terminated.

- c. The reasons why the project costs may not or should not be paid by the owners of the property that will benefit from the public improvements within the district.

- d. The share of the projected tax increments estimated to be paid by the owners of taxable property in each of the taxing jurisdictions overlying the district.

- e. The benefits that the owners of taxable property in the overlying taxing jurisdictions will receive to compensate them for their share of the projected tax increments paid.

The board must base its decision on whether or not to approve creation of a TIF district on the following criteria: (a) whether the development expected in the district would occur without the use of TIF; (b) whether the economic benefits of the district, as measured by increased employment, business and personal income, and property values, are sufficient compensation for the improvement costs; and (c) whether the benefits of the proposal outweigh the anticipated loss in tax revenues of overlying taxing districts.

Before the joint review board submits its decision to the city or village, a majority of the joint review board members of a district can request in writing that DOR review the objective facts contained in any of the documents submitted by the city or village relating to a proposed TIF district or proposed district amendment. DOR must make a determination within 10 working days as to whether the information submitted to the board complies with the statutory requirements for those documents or whether any of the information contains a factual inaccuracy. These documents can include the public records, planning documents, and the resolution passed by the city or village that creates or amends a TIF district. The board's request to DOR must specify which particular objective fact or item the board members believe is incomplete or inaccurate.

If DOR determines that the information submitted with a TIF district proposal is not in compliance with what is required by statute or contains a factual inaccuracy, DOR must return the proposal to the city or village. The joint review board must re-

quest, but cannot require, that the city or village that created the TIF district resolve the problems with its proposal and resubmit the proposal to the board. If the city or village resubmits its proposal, the board must review the resubmitted proposal and vote to approve or deny the proposal. The joint review board must inform the city or village of its decision no later than 10 working days after receiving DOR's written response. If the city or village then resubmits a proposal to the joint review board, the board has to inform the city or village of its decision on the resubmitted proposal no later than 10 working days after receiving the city's or village's resubmitted proposal.

For districts created or amended after October 1, 2004, the joint review board's resolution creating a TIF district or amending the project plan of an existing TIF district must contain a positive assertion that, in the board's judgment, the development described in the documents the board has reviewed would not occur without the creation of the district. In addition, for these districts, the board must notify the governing body of every local governmental unit that is not represented on the board, and that has the power to levy taxes on property within the proposed TIF district, prospectively of meetings of the board and of the agendas of each meeting for which notification is given.

Project Costs

The TIF project plan must list and estimate the project costs of improving the district. All project costs to be repaid through the allocation of tax increments must directly relate to the elimination of blight or directly serve to rehabilitate or conserve the area or to promote industrial development, whichever is consistent with the district's purpose. Project costs may include, but are not limited to, costs related to capital development (such as public works or improvements), environmental remediation, removal of lead contamination from buildings and infrastructure, financing, real property assembly, professional services, imputed administrative services, and organizational activities (such as the

cost of preparing environmental impact statements), and any payments made to a town that relate to the property taxes levied on any recently annexed territory to be included in a TIF district. In addition, for districts created before September 30, 1995, expenditures associated with newly-platted residential development are considered eligible costs.

A city or village may incur project costs to be repaid with tax increments in an area that is within a one-half mile radius of the district's boundaries and within the city or village that created the district. Before the city or village could incur such costs, the joint review board would have to approve of the proposed expenditures.

Project costs that are eligible to be repaid through the allocation of tax increments may also include expenditures associated with newly-platted residential development in a mixed-use development TIF district. However, such costs are only eligible project costs provided one of the following applies: (a) the density of the residential housing is at least three units per acre; (b) the housing is located in a conservation subdivision, as defined by statute; or (c) the housing is located in a traditional neighborhood, as defined by statute.

In addition, for districts created after October 1, 2004, cash grants made by the city or village to owners, lessees, or developers of land that is located within the TIF district can be considered eligible costs if the grant recipient has signed a development agreement with the city or village. However, if the city or village anticipates that the proposed TIF district project costs may include such cash grants, the city or village must include a statement in the public notice of the hearing on the creation of the district indicating that such grants may be made.

Eligible project costs do not include: (a) the cost of constructing or expanding administrative buildings, police and fire facilities, libraries, and community and recreational buildings; (b) the cost of constructing or expanding school buildings; (c) the

cost of constructing or expanding any facility that historically has been financed in that municipality exclusively with user fees; (d) general government operating expenses; (e) expenses unrelated to the planning and development of a TIF district; and (f) costs incurred prior to creation of a TIF district (except costs directly related to planning for the district). Only the share of all other eligible project costs that solely relate to or directly benefit the district can be funded from tax increments.

To implement the project plan, a special fund is created in which all tax increments must be placed. With limited general exceptions (which are described below), the monies in the fund can only be used to finance the district's eligible project costs. Tax increments in excess of the project costs listed and estimated in the project plan cannot be expended. Also, eligible project costs must be reduced by the amount of investment earnings and by the amount of user fees or charges received in connection with the implementation of the TIF project plan.

Expenditure Period

For most TIF districts, expenditures can be incurred until five years prior to the unextended termination date of the district. Costs incurred as a result of condemnation are not subject to these limitations.

Allocation of Tax Increments and Project Termination

Regardless of the time period allowed for TIF district project expenditures, tax increments can only be allocated to the local body creating the district for a specified period. The allocation of increments may occur up until the required termination period for the district, which can vary depending on when a district was created and depending on the type of district.

A TIF district must be terminated when the earliest of the following occurs: (a) all project costs of that district are reimbursed through the receipt

of tax increments; (b) the local government body, by resolution, dissolves the district; (c) 27 years after the district is created for blighted and redevelopment districts created after September 30, 1995, and before October 1, 2004; (d) 23 years after the district is created for districts created after September 30, 1995, and before October 1, 2004, that are established on the finding that 50% or more, by area, of the real property within the district is suitable for industrial sites; (e) 27 years after the district is created for districts created before October 1, 1995; (f) 20 years after the district is created for districts created on or after October 1, 2004, that are established on the finding that 50% or more, by area, of the real property within the district is suitable for industrial sites or mixed-use development; or (g) 27 years after the district is created for districts created on or after October 1, 2004, that are established on the finding that 50% or more, by area, of the real property within the district is a blighted area or in need of rehabilitation or conservation work.

A city or village that has created a TIF district on or after October 1, 2004, can request that the joint review board extend the life of the district for an additional three years. A city or village that has created a blighted or rehabilitation TIF district after September 30, 1995, and before October 1, 2004, can request that the joint review board extend the life of the district for an additional four years.

DOR must be notified of any request for extension at least one year prior to the required termination date of the districts. If DOR is not notified by that date, the request may be denied. Along with any request for an extension, the local body creating the district may provide the joint review board with an independent audit that demonstrates that the district is unable to pay off its project costs within the period required for the district. The joint review board has the authority to deny or approve a request if the request does not include the independent audit. The board must approve the request if the request includes the independent audit. If the joint review board

extends the district's life, the district must be terminated at the earlier of: (a) the end of the extended period; or (b) when all project costs of the district have been reimbursed through the receipt of tax increments.

Donor TIF Districts

A TIF district does not have to be terminated when all project costs have been reimbursed in certain cases where the tax increments of the TIF district (donor) that has paid off its project costs are shifted to pay off project costs of another TIF district (recipient). A donor district may allocate positive tax increments for up to 10 years to another district that has yet to pay off its aggregate project costs under its project plan if the districts were created before October 1, 1995 (or before October 1, 1996, for first class cities), and if the following conditions are met: (a) both districts have the same overlying taxing jurisdictions; and (b) the donor TIF district is able to demonstrate, based on the positive tax increments that are currently generated, that it has sufficient revenues to pay for all project costs that have been incurred under the project plan for that district and sufficient surplus revenues to pay for some of the eligible costs of the recipient TIF district.

Similar authority exists for TIF districts created after September 30, 1995 (or after September 30, 1996, for first class cities). Cities and villages can allocate tax increments among such districts if both districts have the same overlying taxing jurisdictions and the allocation of tax increments is approved by the joint review board. The recipient district may only use the allocation of tax increments from the donor district if the project costs in the recipient district are used to create, provide, or rehabilitate low-cost housing, to remediate environmental contamination, or if the recipient district was created upon a finding that not less than 50%, by area, of the real property within the district is blighted or in need of rehabilitation. These allocations of positive tax increments to a recipient district cannot be made unless the donor district has

first satisfied all of its current-year debt service and project cost obligations. The life of these donor districts may not be extended.

Distressed TIF Districts

2009 Act 310 authorized cities and villages to extend the life of certain TIF districts if the municipality adopts a resolution finding that a TIF district's project costs exceed the expected revenues generated to pay off such costs during the life of the district and declares the district distressed or severely distressed. In addition, such districts can receive positive tax increments from donor districts for an extended period of time. Municipalities have until October 1, 2011, to declare a TIF district distressed or severely distressed and only a TIF district in existence on October 1, 2008, can be declared as such.

Before a municipality can adopt a resolution declaring a TIF district distressed or severely distressed, it must hold a public hearing on the proposed designation and notice of the hearing must be published as required under current law and shall describe the resolution and the potential to extend the life of the distressed and donor TIF districts. Also, the notice must be sent to the chief executives, administrators, or chairpersons of the local governments and school boards with taxing authority over the property located in the distressed TIF district. The clerk of the local legislative body has to certify the resolution and forward a copy and the financial data used by the body in adopting the resolution to DOR and the joint review board. The resolution cannot take effect unless approved by the joint review board.

Following receipt of the distressed or severely distressed TIF district resolution and the financial data, the district's joint review board must evaluate the resolution and data to determine whether the designation of the district as distressed or the sharing of TIF increments is likely to enhance the city or village's ability to pay the project costs within the specified time period. The board can ask DOR to review the information on the distressed TIF district

and project amendment.

Once approved by the joint review board, DOR is required to certify a TIF district as distressed or severely distressed and send a copy of the certification to the overlying taxing jurisdictions. DOR also has authority to assess a \$500 fee on each municipality with a TIF district that is designated as distressed or severely distressed.

The life of a distressed district can be extended and positive tax increments can be allocated for up to ten years beyond the point in time the district would otherwise be required to terminate. Similarly, the life of a donor district could be extended and positive tax increments could be allocated to a distressed district for up to 10 years beyond the point in time the district would otherwise be required to terminate.

A TIF district may be declared severely distressed if the district meets all the requirements necessary to be declared a distressed TIF district and has a value increment in any year that has declined at least 25% from the highest value increment certified by DOR over the course of the district's life. The joint review board of a proposed severely distressed district may request DOR to certify that the district meets the decline in increment value necessary to be declared severely distressed. A severely distressed TIF district could be allocated tax increments and extend its life for up to 40 years after the district is created. In addition, a donor district to a severely distressed district could allocate positive tax increments to that district until the donor district has existed 40 years or the severely distressed district terminates, whichever occurs first.

A distressed or severely stressed TIF district may not do any of the following: (a) amend its project plan to add any new costs; (b) become part of a TIF district with overlapping boundaries; (c) expend funds outside the district's boundaries; (d) become a donor district; (e) add territory to the district; or (f) make an expenditure after its expenditure period, as determined before its designation as a distressed district expires.

Any tax increments allocated to a distressed or severely distressed TIF district that exceed the amount needed to meet the annual expenditures identified in the district project plan must be used to retire any outstanding debt obligations of the district or to establish a reserve to be used only to retire those obligations.

In 2010, five TIF districts were declared distressed and two districts were declared severely distressed.

Affordable Housing Extension

Under 2009 Act 28, a city or village with a TIF district that pays off its project costs can extend the life of the district for one year if the city or village does the following: (a) adopts a resolution that extends the life of the TIF district for a specified number of months and specifies how the city or village intends to improve its housing stock; and (b) forwards a copy of the resolution to DOR, notifying the Department that it must continue to authorize the allocation of tax increments to the district.

If DOR receives such notice, the Department must authorize the allocation of tax increments to the district during the TIF district's extended life, without regard to whether any other statutory requirements would otherwise require termination of the allocation of such increments. If a city or village receives such tax increments, it must use at least 75% of those tax increments to benefit affordable housing within the city or village in which the district exists. Affordable housing is defined as housing for which housing expenses cost no more than 30% of the household's gross monthly income. A household consists of an individual and his or her spouse and all minor dependents. Any remaining portion of the increments must be used by the municipality to improve its housing stock.

School District Capital Improvements

A school board, by two-thirds vote, may create

a capital improvement fund for the purpose of financing the cost of acquiring and improving school sites, constructing or improving school facilities, and major maintenance of school facilities if the following conditions are true: (1) if a TIF district that is located in whole or in part in the school district terminates before the maximum number of years that it could have existed; and (2) the value increment of the TIF district exceeds \$300 million.

In each year that the school board adopts a resolution by a two-thirds vote, until the year after the year in which the TIF district would have been required to terminate, the school district is allowed to deposit the percentage specified in the resolution, up to 100%, of the school district's portion of the positive tax increment of the TIF district into the capital improvement fund. The school board must use the balance of the school district's portion of the positive tax increment to reduce the school property tax levy that otherwise would be imposed. The positive tax increment for each year is calculated by the Department of Revenue. No monies other than the specified tax increment percentage can be deposited in the fund.

Monies cannot be expended or transferred to any other fund from the capital improvement fund without approval by a majority of voters in a school district at referendum on the question. If a referendum is adopted authorizing the use of monies in the capital improvement fund, then the Legislative Audit Bureau must conduct an audit to determine whether the monies have been used only for the purposes approved in the referendum. Also, any school board taking action to establish a capital improvement fund must report to the Governor and to the Joint Committee on Finance, by January 1 of each odd-numbered year, describing the use of the monies deposited in the fund and the effects of that use.

A school district's revenue limit for any year is increased by the amount deposited in the capital improvement fund in that school year. Also, any expenditures from the capital improvement fund are excluded from shared costs for purposes of

calculating equalization aid.

Although there are two general criteria to meet in order to create a capital improvement fund, to date only one TIF district, in the Village of Pleasant Prairie, satisfies the \$300 million value increment threshold.

In May, 2000, the Board of the Kenosha School District adopted a resolution creating a capital improvement fund to utilize the value increment from the Village of Pleasant Prairie's TIF district. No other district in the state has created a capital improvement fund under these provisions. According to District officials, through the 2010 tax year, the District has not used the fund to finance the cost of District facility construction or improvement projects.

Reporting Requirements

Audits of a TIF district must be conducted within 12 months after each of the following occurs: (1) 30% of the project expenditures are made; (2) the end of the expenditure period; and (3) termination of the district. Municipalities must also prepare, and make available to the public, annual reports describing TIF project status, expenditures, and revenues.

Upon notification of termination of a district, DOR and the city or village must agree on a date on which the city or village will provide all of the following information related to the terminated TIF district: (a) a final accounting of all expenditures made by the city or village; (b) the total amount of project costs incurred by the city or village; (c) the total amount of positive tax increments received by the city or village; and (d) the total amount of project costs, if any, not paid with tax increments that became obligations of the city or village after the district was terminated. If a city or village does not send the information within the agreed upon period, DOR is not allowed to certify the tax incremental base of any new or modified TIF district in the city or village unless the information on the terminated district is sent.

State Role

There are a number of statutory procedures (such as public hearing requirements and project plan contents) that a city or village must follow if it chooses to use TIF. DOR, which administers the TIF law at the state level, must ensure that each required procedure is followed.

In addition, DOR has the authority to review the facts contained in the TIF documents submitted by the city or village for the proposed TIF district, if requested to do so by the joint review board.

DOR receives revenues from the fees charged to municipalities when DOR determines or redetermines a TIF district's base value and from the annual fees assessed on the active TIF districts of each municipality. In 2009-10, DOR received \$228,000 in revenue from these fees to cover its administrative costs associated with the TIF program.

The Department of Commerce must issue a biennial report to the Governor and the Legislature as to the social, economic, and financial impacts of TIF projects.

Town TIF Authority

Under 2005 Wisconsin Act 13, towns that have cooperative plans with cities or villages that have plans to annex all or part of the town have authority to create a TIF district. Also, under 2003 Wisconsin Act 231, town governments are provided the authority to create certain industry-specific TIF districts.

TIF Districts in Towns with Cooperative Plans

Under 2005 Act 13, a town government may exercise all the powers of cities and villages relative to state TIF law. If the town board exercises this authority, the board is subject to the same duties

and liabilities as the common council of a city or village board under state TIF law.

A town may only create a TIF district using this authority if all of the following apply: (a) the town enters into a cooperative plan with the city or village, under which part or all of the town will be annexed by the city or village in the future; (b) the city or village into which the town territory will be annexed adopts a resolution approving the creation of the TIF district; and (c) the TIF district is located solely within territory that is to be annexed by a city or village. A town is required to submit a copy of the cooperative plan to which it is a party to DOR along with its application to create a TIF district. Through 2009, one cooperative TIF district has been created by the Town of Madison in Dane County.

Industry-Specific Town TIF Districts

2003 Act 231 provides towns, and the joint review boards of town TIF districts, much of the same authority and the same powers relative to TIF districts that are provided cities and villages. However, the use of this TIF authority by towns is limited to specific types of TIF projects. In addition, towns may not exercise any TIF powers within the extraterritorial zoning jurisdiction of a city or village, unless the city or village adopts a resolution approving the town's exercise of its TIF powers within the extraterritorial zoning jurisdiction. Through 2009, two industry-specific TIF districts have been created.

The TIF district base and increment for these TIF districts are established and certified each year by DOR in the same manner as city or village TIF districts. DOR also has authority to assess a \$1,000 fee for determining or redetermining a town TIF district base.

Allowable Project Types

The only TIF projects for which a town may expend funds or incur obligations for project costs related to an industry-specific district are the fol-

lowing: (a) agricultural projects, identified under the North American Industry Classifications (NAICs) industry numbers as crop production (111), animal production (112), support activities for agriculture (1151), support activities for animal production (1152), and farm product refrigerated warehousing and storage (493120); (b) forestry projects, identified as forestry and logging (113) and support activities for forestry (1153); (c) manufacturing projects, identified as animal slaughtering and processing (31161), wood product (321) and paper manufacturing (322), and ethyl alcohol manufacturing (325193); or (d) tourism projects, including recreational and vacation camps (721214), recreational vehicle parks and campgrounds (721211), race-tracks (711212), dairy product stores (445299), and public golf courses (71391).

Residential development that has a necessary and incidental relationship to each of these allowable project types is also an eligible project type. Eligible project type costs can also include retail development that is limited to retail sale of products produced by an agricultural, forestry, or manufacturing project within the TIF district.

The town board resolution creating an industry-specific TIF district must declare the district to be an agricultural, forestry, manufacturing, or tourism project district, and must identify the NAICs industry numbers of each project activity for which project costs are expended. In addition, the resolution must contain the following findings:

a. that not less than 75%, by area, of the real property in the district is to be used for a single allowable project type, and in accordance with the project type declared for the district in the resolution;

b. that either the equalized value of taxable property of the district plus all existing districts does not exceed 7% of the total equalized value of taxable property within the town or the equalized value of taxable property of the district plus the value increment of all existing districts within the

town does not exceed 5% of the total equalized value of taxable property within the town;

c. that the improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district; and

d. that the project costs of the district are limited and relate directly to promoting agriculture, forestry, manufacturing, or tourism development.

In addition, the resolution must confirm that any real property within the district that is intended for a manufacturing project is zoned industrial and will remain zoned industrial for the life of the district.

Amended TIF Projects

Not more than once during the five years after an industry-specific TIF district is created, the planning commission may adopt an amendment to the town project plan in order to modify the district's boundaries by adding territory to the district that is contiguous to the district and that is served by public works or improvements that were created as part of the district's project plan. Expenditures for project costs that are incurred because of an amendment to a project plan may be made for up to two years after the date on which the town board adopts a resolution amending the project plan.

Annexed Territory

If after January 1 of any year, a city or village annexes town territory that contains part of an industry-specific, town TIF district, DOR shall redetermine the TIF base of the district by subtracting from the district base the value of the taxable property that is annexed from the existing district as of the following January 1. If the annexation becomes effective on January 1 of any year, the redetermination shall be made as of that date. The TIF district base, as redetermined due to annexation, is effective only if it is less than the original TIF district base.

If a city or village annexes territory that is part of an industry-specific, town TIF district, the city or village must pay the portion of the eligible costs that are attributable to the annexed territory. The city or village, and the town, are required to negotiate an agreement on the amount that must be paid.

Allocation of Tax Increments, Expenditure Period, and Project Termination

DOR is required to authorize the allocation of tax increments to the town that created the industry-specific TIF district. The allocation of tax increments shall occur each year until the Department either receives a written notice from the town that a TIF district has been terminated or sixteen years after the tax incremental district is created, whichever is sooner.

Expenditures may be made for an industry-specific, town TIF district project for up to five years after the district is created. Costs incurred as a result of condemnation are not subject to these limitations. Expenditures authorized by the adoption of an amendment to the town TIF project plan may occur for up to two additional years, but may not exceed seven years.

An industry-specific, town TIF district terminates when the earliest of the following occurs: (a) the aggregate tax increments allocated to the district equal the aggregate of all project costs under the project plan and any amendments to the project plan for the district; (b) eleven years after the last expenditure identified in the original, unamended project plan is made; (c) the town board approves a resolution to dissolve the district, at which time the town becomes liable for all unpaid project costs actually incurred which are not paid; or (d) the DOR Secretary determines that tax increments have been used to pay for ineligible costs and orders that the district be terminated.

DOR Review of Industry-Specific TIF Districts

Certain persons may make a written request for

a DOR review of an industry-specific, town TIF district to determine whether money expended, or debt incurred, by the district in the prior year complied with the requirements related to the type of district created and the allowable project costs that can be incurred by such districts. The request must contain the grounds on which the request is based, and must be filed with the Department no later than July 1. The following persons may request such a review: (a) an owner of taxable property that is located in the town that has created the district; (b) an owner of taxable property that is located in a taxing jurisdiction which overlies the town in which the district is located; (c) an owner of taxable property in a city or village that borders the town in which the district is located; (d) a taxing jurisdiction that overlies the town in which the district is located; or (e) a city or village that borders the town in which the district is located.

DOR may deny any request for a review if the Department, based on a review of the request, believes that insufficient grounds exist to support the alleged noncompliance. DOR must send a written notification of its decision to the person who made the request for review and to the town. If DOR grants a request for review, the Department is required to hold a hearing. DOR must send written notification of the hearing to the clerk of the town that created the district, the person who requested the review, the clerk of each overlying taxing jurisdiction, and the clerk of every city or village that borders the town.

The DOR Secretary, or a designee, must preside at the hearing and receive testimony and evidence on all issues that are related to the request for review. Following the hearing, the Secretary shall make a determination as to whether or not the town is in compliance with the statutory requirements relative to allowable project costs for the type of town TIF district created.

If it is determined that the town has made expenditures or incurred debts that are not allowed under the statutes, the DOR Secretary must either

order the town to pay back all ineligible costs to the district's overlying taxing jurisdictions or order the district to be terminated. The pay back of ineligible costs to the overlying taxing jurisdictions would be done on a proportional basis that relates to each jurisdiction's share of the tax increment and would have to be made from funds other than tax increments that were allocated to the town associated with the district. If the Secretary orders the district to be terminated, the town is liable for all unpaid project costs that have been incurred. Any person or unit of government that received a notice of DOR review may appeal the Secretary's decision to the circuit court in Dane County.

County TIF Districts

A county board of a county in which no cities or villages are located (Florence and Menominee counties) may exercise all the powers of cities and villages relative to state TIF law. If the county board exercises this authority, the board is subject to the same duties and liabilities as the common council of a city or village board under state TIF law. A board may not create a TIF district unless the town boards of each town in which the proposed district is to be located adopts a resolution approving the creation of the district. Through 2009, neither eligible county has used its TIF authority.

The makeup of the joint review board of a TIF district created by a county is the same as for other TIF districts. However, the city or village representative would be replaced by a town representative, who would have to be the town board chair or the chair's designee.

Environmental Remediation TIF Districts

1997 Act 27 created a tax increment financing

option for local units of government (cities, villages, towns, and counties) to recover the costs of remediation of environmental pollution. The statutes related to the creation of environmental remediation TIF (ER-TIF) districts were significantly modified under 1999 Wisconsin Act 9 and 2005 Wisconsin Act 418. Through 2009, 15 ER-TIF districts have been created.

An ER-TIF district means a contiguous geographic area within a political subdivision that is defined and created by resolution of the governing body of the political subdivision. The district must consist solely of whole units of property, which are not currently in an active TIF district as assessed for general property tax purposes. Railroad rights-of-way, rivers, or highways may be included in an ER-TIF district only if they are continuously bounded on either side, or on both sides, by whole units of property as assessed for general property tax purposes. An ER-TIF district does not include any area identified as a wetland on a Department of Natural Resources (DNR) wetland map.

In order to create an ER-TIF district, the governing body of that political subdivision must adopt a resolution that does all of the following: (a) describes the boundaries of the district with sufficient definiteness to identify with ordinary and reasonable certainty the territory included within the district; and (b) creates the district as of January 1 of the same calendar year for a resolution adopted before October 1 or as of January 1 of the next subsequent calendar year for a resolution adopted after September 30.

Eligible Properties

1999 Act 9 made several changes to the types of properties that can be included in an ER-TIF district. The Act deleted the requirement that the property on which an environmental remediation tax increment may be used to defray the costs of remediation must be owned by a county or municipality at the time of the remediation. As a result, an ER-TIF district may include private properties. However, only public expenditures are eligible

for reimbursement. Counties and municipalities can also use an ER-TIF to pay the costs of remediating environmental pollution of groundwater regardless of whether or not the county or municipality owns the property above the groundwater. ER-TIF districts may only include contiguous parcels of property and those parcels must be within the political subdivision creating the district.

Base Value

An ER-TIF district base value means the equalized, aggregate value of taxable property that is certified by DOR, as of the January 1 preceding the date on which the ER-TIF district is created. DOR has the authority to assess a \$1,000 fee for determining or redetermining an ER-TIF district base.

DOR may certify the tax increment base prior to completion of the remediation of the contamination. However, prior to DOR certification of the tax increment base, the political subdivision must provide the following: (a) a certificate from DNR indicating that DNR has approved the site investigation report that relates to the affected parcels of property; (b) information on eligible costs already incurred within the district; (c) a DNR-approved, detailed remedial action plan containing cost estimates for anticipated eligible costs within the proposed ER-TIF district and a schedule for completion of the remedial action; (d) a statement from the municipality that all overlying taxing jurisdictions have been notified that the municipality intends to recover the costs of remediating environmental pollution on the property and have been provided a statement of the estimated costs to be recovered; (e) a statement, signed by the chief executive officer of the municipality, that the municipality has attempted to recover the costs of remediating environmental pollution on the property from the person who caused the environmental pollution; and (f) all forms required by DOR that relate to the determination of the ER-TIF tax incremental base.

Eligible Costs

Eligible costs that may be funded from positive environmental remediation tax increments include

capital costs, financing costs, administrative costs, and professional service costs associated with the investigation, removal, containment, or monitoring of, or the restoration of soil, air, surface water, sediments, or groundwater affected by environmental pollution. Eligible costs that can be paid from tax increments specifically include: (a) property acquisition costs; (b) demolition costs, including asbestos removal; (c) the cost of removing and disposing of underground storage tanks or abandoned containers containing hazardous substances; (d) costs associated with groundwater investigations and remediation that are located in the district, but extend beyond the boundaries of the district; and (e) cancellation of delinquent taxes, if the costs have not already been recovered by the municipality creating the district.

Eligible costs must be incurred within 15 years after the district is created. No costs incurred after DNR notification that a remedial action has been completed are considered eligible costs except those costs identified as a required condition of site closure. DNR must certify to DOR when the remediation of contamination at sites identified in the site investigation report is complete.

Eligible costs must be reduced by the following: (1) any amounts received from the person(s) responsible for the discharge of a hazardous substance on the property; (2) the amount of net gain from the sale of the property by the local unit of government; and (3) any amounts received, or reasonably expected to be received, from a local, state, or federal program aimed at remediation of contamination within the district, if these amounts do not have to be reimbursed or repaid.

Allocation of Tax Increments and Project Termination

The ER-TIF tax increment is determined in the same manner as tax increments for regular TIF districts. A municipality may use an ER-TIF increment to pay the eligible costs on property within the district that is not included in a regular TIF district. Tax increments can also be used to fund the costs

of remediating environmental pollution of groundwater without regard to whether the property above the groundwater is owned by the municipality.

An ER-TIF project terminates and tax increments can no longer be used to fund eligible project costs after the shorter of the following periods: (1) 23 years after DOR establishes the ER-TIF district increment base; (2) once all eligible costs associated with the remediation of the pollution have been paid; or (3) the local government, by resolution, dissolves the district. Upon dissolving the district, the political subdivision becomes liable for all unpaid eligible project costs actually incurred that were not paid from tax increments.

Donor ER-TIF Districts

2009 Wisconsin Act 66 allows a local governmental unit to adopt a resolution that allows the tax increments generated from one ER-TIF district to be used to pay the costs of environmental remediation in another ER-TIF district. In order for this to occur, the donor and recipient districts must have been created by the same governmental unit. Also, the joint review board is required to approve a resolution allowing this to occur.

DOR is required to authorize positive tax increments generated by the donor district to the recipient district. The donor district must terminate when the recipient ER-TIF district has received enough tax increments to repay all of the eligible costs for remediation, or 23 years after the donor district was created, whichever is earlier.

Reporting Requirements

A municipality that uses an ER-TIF tax increment to pay eligible costs of remediating environmental pollution is required to do all of the following: (a) annually, by May 1, provide updated reports describing the status of all ER-TIF projects, including revenues and expenditures, and send a copy of the report to all overlying taxing jurisdictions; (b) notify DOR within 10 days after the pe-

riod of certification for a parcel or contiguous parcels of property has expired; and (c) not later than 12 months after the last expenditure is made, provide to all overlying taxing jurisdictions a report that includes an independent certified audit of the project to determine if all financial transactions were made in a legal manner and to determine if the district complied with these reporting requirements.

In addition, not later than 180 days after an ER-TIF district is terminated the local unit of government must provide DOR with all of the following on a form that is prescribed by the Department: (a) a final accounting of project expenditures that were made for the district; (b) the final amount of eligible costs that have been paid for the district; and (c) the total amount of tax increments that have been paid to the municipality. If a municipality does not provide this information, the Department may not certify the tax base of another ER-TIF district for that municipality until the form is sent to the Department.

Impact of TIF on the Net Revenues of Local Governments

K-12 School Districts

Although the school levy for elementary and secondary education makes up a large part of the tax increment (42.6% on average) and this suggests that K-12 school districts fund a major part of TIF project costs, many school districts are not adversely impacted by TIDs since districts are often compensated for the loss in local tax revenues through increases in state aids. From 1977-78 through 1992-93, school districts with TIF districts benefited from the state supplemental aid program, which, when fully funded, would for many school districts replace most of the lost tax revenues with increases in state aid.

State supplemental aid to school districts was computed by calculating equalization aid for each eligible school district twice, once with the TIF value increment included in the district's property wealth and once with the value increment excluded. Since the school equalization aid formula is based on the principal of equalizing tax base (neutralizing the effect of property wealth per pupil on total revenues), state supplemental aid would approximately equal the amount of tax revenue lost to the TIF district.

Although the state supplemental aid program had the potential to fully offset the loss of tax revenue, there are several factors which prevented the full replacement of lost tax revenues for all districts with TIFs. First, school districts with very high per pupil property values (zero-aid school districts) would not benefit from the state supplemental aid program since such districts are not eligible for equalization aid. Second, during the sixteen-year history of supplemental aid payments, the supplemental aid appropriation did not always equal the amounts determined by the aid calculation, resulting in a proration in payments during six years. Also, due to cost concerns and other factors, there was a period of time (1983-84 to 1990-91) when new TIF districts were not allowed to be part of the supplemental aid program. In the last year, payments were made to 212 of the state's 427 school districts.

Although the supplemental aid program was repealed after 1992-93, the funding for the supplemental aid appropriation was transferred to the general equalization aid appropriation, and the equalization aid formula for school districts was modified, beginning in 1993-94, to exclude the incremental value of TIF districts from a school district's equalized property valuation. These changes, for the most part, maintained the same distribution of total aids that existed under the supplemental aids system, since supplemental aids were based on running the equalization formula with and without the TIF value increment. The current method may be more favorable to school districts

with TIF districts since the compensation for the loss of tax revenue is built into the equalization formula and does not depend on the funding of a separate appropriation (where compensation could be prorated). However, collapsing of the separate supplemental aid appropriation into the general equalization aid appropriation does obscure the state's role in compensating school districts for their lost tax base.

WTCS Districts

State general aid to Wisconsin Technical College System (WTCS) districts is also inversely related to a district's equalized value per pupil and, like the current aid formula for K-12 districts, does not include the value increments from TIF districts in measuring equalized value per pupil. However, the aid formula is not as equalizing as that for K-12 districts, and will only partially offset (less than half) the lost revenue from a loss of tax base.

County Governments

Prior to 2004, county governments participated in the shared revenue aid program, which had a tax-base equalizing effect similar to the general school aid formula. The measure of equalized value per capita used for counties in the shared revenue formula excluded the value increments of TIF districts located in the county. Thus, there was the potential for the shared revenue program to offset the loss in potential tax revenues. However, beginning in 2004, the county shared revenue formula was suspended indefinitely, except for utility aid, and counties now receive aid under a new program, named "county and municipal aid." This change ended the equalization aspect of the county aid program.

Municipal Governments

The municipal distribution of the shared revenue program also contained a tax base equalizing aid formula within the aidable revenues component. However, beginning in 2004, the distribution

formulas were suspended indefinitely, except for the utility aid component, and municipalities now receive aid under a new program, named "county and municipal aid." This ended the equalization aspect of the municipal aid program.

When it was in effect, the distribution formula for the aidable revenues component differed from that used for counties by including the TIF value increment in the measure of each municipality's per capita equalized value. As a result, the formation of a TIF district did not lower a municipality's measure of tax base and did not result in additional shared revenue payments due to a lower tax base. The rationale for this differential treatment was that the municipality was the main agent behind the TIF district and used the TIF tax increment to fund redevelopment in the TIF district. Redevelopment is a function usually performed by the municipality.

Although the shared revenue program did not treat a TIF district as a loss of tax base for the municipality, the program did count the TIF tax increment (municipality's share only) as part of the municipality's revenue effort for purposes of the shared revenue payment. Shared revenue payments were positively related to the measure of revenue effort, but the increase in the shared revenue payment would have been less than the tax increment (municipality's share).

Statistics on TIF Usage

Table 1 shows the number of TIF districts that have been established between 1976 and 2009. In addition, the table indicates the number of districts created in each year that have subsequently terminated or dissolved and the number that remain in existence. Of the 1,700 TIF districts that have been created, 37% have been terminated or dissolved and 63% remain in existence. From 2005 to 2007, reflective of several TIF law changes that expanded local TIF authority, the number of TIF

Table 1: Number of TIF Districts*

Year	Number Established	Number Terminated or Dissolved	Number Still in Existence
1976	5	5	0
1977	18	18	0
1978	19	19	0
1979	86	85	1**
1980	74	74	0
1981	55	55	0
1982	24	24	0
1983	40	36	4
1984	20	20	0
1985	28	24	4
1986	27	24	3
1987	30	22	8
1988	45	29	16
1989	40	28	12
1990	39	18	21
1991	37	17	20
1992	45	16	29
1993	41	13	28
1994	75	24	51
1995	85	17	68
1996	61	11	50
1997	73	11	62
1998	45	9	36
1999	50	6	44
2000	67	7	60
2001	54	6	48
2002	48	5	43
2003	50	0	50
2004	37	3	34
2005	110	1	109
2006	82	1	81
2007	80	1	79
2008	66	0	66
2009	44	0	44
Total	1,700	629	1,071

*Includes 15 ER-TIF districts, two town TIFs, and one cooperative district.

**Is a 42-year district that is due to terminate in 2021.

districts created substantially increased. This trend has slowed in recent years, which is likely due to the recent downturn in the state's economy.

Table 2 compares the change in aggregate TIF incremental values to the change in total equalized valuation for cities and villages, from 2001 to 2010. During this period, TIF incremental values have

Table 2: TIF Incremental Value Compared to Total City/Village Equalized Value (In Millions)

	City/Village TIF Incremental Value		City/Village Equalized Value		TIF Incremental Value as a % of City/Village Equalized Value
	Amount	% Change	Amount	% Change	
2001	\$7,518.2		\$192,182.2		3.9%
2002	8,003.7	6.5%	205,679.1	7.0%	3.9
2003	8,587.3	7.3	220,716.4	7.3	3.9
2004	9,596.1	11.7	243,100.2	10.1	3.9
2005	11,362.5	18.4	267,469.4	10.0	4.2
2006	13,206.2	16.2	292,130.6	9.2	4.5
2007	15,493.5	17.3	310,168.1	6.2	5.0
2008	15,911.8	2.7	319,125.1	2.9	5.0
2009	16,071.5	1.0	317,576.8	-0.5	5.1
2010	15,275.0	-5.0	306,854.9	-3.4	5.0
Avg. Annual % Change		8.2%		5.3%	

Table 3: Tax Incremental Levies and Total Tax Levies - Villages and Cities (In Millions)

	Tax Increment Levies		Total Levy Villages and Cities		Tax Increments as a Percent of Total Levy
	Amount	% Change	Amount	% Change	
2000	\$156.6		\$4,510.1		3.5%
2001	185.1	18.2%	4,786.1	6.1%	3.9
2002	192.4	3.9	4,985.8	4.2	3.9
2003	201.8	4.9	5,194.5	4.2	3.9
2004	219.8	8.9	5,567.5	7.2	3.9
2005	243.6	10.8	5,694.5	2.3	4.3
2006	271.0	11.2	5,975.6	4.9	4.5
2007	319.6	17.9	6,333.0	6.0	5.0
2008	334.5	4.7	6,646.0	4.9	5.0
2009	355.5	6.3	6,928.0	4.2	5.1
Avg. Annual % Change		9.5%		4.9%	

grown at a rate faster than the total equalized value and TIF incremental value as a percentage of equalized value has increased. The percentage increase in TIF incremental value was significantly higher in the years immediately following the passage of 2003 Wisconsin Act 126. Due to the downturn in the economy statewide, TIF values as well as over all property values declined in 2010.

Table 3 compares the growth in property tax increments (the levy amount collected by municipalities for TIF project costs) to the total levy in villages and cities for the past ten years. Over this period, tax increments grew at an average, annual rate that was almost double that for the total levy.