

Project Plan
Tax Incremental District No. 14
in the
CITY OF DE PERE, WISCONSIN



September 11, 2018

(anticipated approval schedule)

Organizational Joint Review Board Meeting Held.....August 20, 2018
Public Hearing Held.....August 27, 2018
Adopted by Planning Commission.....August 27, 2018
Adopted by City Council.....September 18, 2018
Approved by Joint Review Board.....September 19, 2018

Prepared by:



Robert W. Baird & Co.
Public Finance
777 E. Wisconsin Ave.
Milwaukee, WI 53202
800.792.2473

Table of Contents

TABLE OF CONTENTS.....	2
CITY OF DE PERE OFFICIALS.....	3
INTRODUCTION AND DESCRIPTION OF DISTRICT.....	4
SUMMARY OF FINDINGS.....	5
MAP OF PROPOSED DISTRICT BOUNDARY.....	8
MAPS SHOWING EXISTING USES AND CONDITIONS.....	9
PRELIMINARY PARCEL LIST & ANALYSIS.....	11
EQUALIZED VALUATION TEST.....	11
STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PROJECTS.....	12
MAPS SHOWING PROPOSED IMPROVEMENTS AND USES.....	13
DETAILED LIST OF PROJECT COSTS.....	15
ECONOMIC FEASIBILITY.....	15
METHOD OF FINANCING AND TIMING OF WHEN COSTS ARE TO BE INCURRED.....	16
ANNEXED PROPERTY.....	18
PROPOSED CHANGES IN ZONING ORDINANCES.....	18
PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND CITY ORDINANCES.....	18
RELOCATION.....	18
ORDERLY DEVELOPMENT OF THE CITY.....	19
A LIST OF ESTIMATED NON-PROJECT COSTS.....	19
CITY ATTORNEY OPINION.....	19
Exhibit A: CASH FLOW PROFORMA ANALYSIS.....	20
Exhibit B: CITY ATTORNEY OPINION.....	21
Exhibit C: TID #14 BOUNDARY DESCRIPTION.....	22
DISCLAIMER.....	23

City of De Pere Officials

Common Council

Michael Walsh	Mayor
James Boyd	Aldersperson – District 1
Lawrence Lueck	Aldersperson – District 1
Jonathon Hansen	Aldersperson – District 2
Ryan Jennings	Aldersperson – District 2
Scott Crevier	Aldersperson – District 3
Dean Raasch	Aldersperson – District 3
Daniel Carpenter	Aldersperson – District 4
Casey Nelson	Aldersperson – District 4

City Staff

Lawrence Delo	City Administrator
Judith Schmidt-Lehman	City Attorney
Kimberly Flom	Development Services Director
Shana Ledvina	City Clerk-Treasurer
Joseph Zegers	Finance Director

Planning Commission

Michael Walsh, Mayor	Amy Kunding
James Boyd, Aldersperson	Grant Schilling
Lawrence Lueck, Aldersperson	Steven Taylor
Derek Beiderwieden	

Joint Review Board

Michael Walsh, Mayor	City Representative
Chad Weininger	Brown County
Bob Matthews	Northeast WI Technical College
Dawn Foeller	Unified School District of De Pere
Bill Patzke	Public Member

Introduction and Description of District

The City plans to use Tax Incremental Financing ("TIF") as a successful economic development programming tool by providing public improvements to encourage and promote industrial, commercial and residential development. The goal is to increase the tax base, to provide for and preserve employment opportunities within the City, and to create and enhance tourism opportunities with the area and region. The City works with developers and property owners to provide infrastructure improvements and incentives for development. Public infrastructure and property improvements will be financed by a combination of TIF increments and debt financing.

Tax Incremental District No. 14 (the "TID") is being created to redevelop 428 N. Superior Street (Irwin School) an existing building located near our downtown. The building, constructed in 1924 and later renovated into offices in the late 1980's, has been vacant for 10+ years. The Irwin School is listed on both the state and national historic registers and is also part of the North Michigan Street/North Superior Street Historic District. A developer which specializes in residential development with a particular niche for adaptive reuse of historic buildings is interested in acquiring the property and renovating the structure into apartments and then building townhomes on the balance of the property. This redevelopment would be a great fit for this neighborhood block as the City sees a demand for housing. The project helps fill that need while preserving a historic and character-filled building that has been a neighborhood fixture.

The Irwin School property is located on city parcel number ED-477 with an assessed valuation of \$574,200. Renovation of the school into 8 condominiums is estimated at cost of \$1,800,000 and the construction of 12 townhomes is estimated at cost of \$2,700,000. Estimated assessed valuation of the property following renovation would be \$5,074,200. The developer is requesting TID assistance of approximately \$1,500,000 which would be financed through a taxable general obligation debt borrowing. TID Assistance would be provided in the form of site assembly and a series of developer grant payments at specific project milestones. Due to the costs of renovating a historic structure, the project does not financially perform without the TID assistance. The developer needs to put up significant upfront capital for the development of the historic school structure and residential units inside.

The TID is being created as a "Blight or Rehabilitation District" The primary focus of this district is to promote redevelopment and rehabilitation of an historic existing structure and property for housing demand. The maximum life of the TID is 27 years from the date of adoption of the Creation

Resolution by the City Common Council and can be extended an additional 3 years with Joint Review Board approval.

The expenditure period is 22 years, and the City anticipates various public improvement project cost expenditures identified in the project plan of approximately \$1,500,000 during the TID's expenditure period. The City is including in these project costs a contingency amount to cover any unanticipated costs that may occur related to public infrastructure needs, financing costs, capitalized interest and administrative and organization costs.

As a result of the creation of this TID, the City projects a preliminary and conservative cash flow analysis indicating \$2.7M in increments. The TID increment will primarily be used to pay the debt service costs of the TID, with very little, if any, increment available as direct project incentives, unless the TID exceeds projections. The City projects land and improvement values (incremental value) of approximately \$4.5M will be created in the TID by the end of 2020. This additional value will be a result of the improvements made and projects undertaken with the TID.

Maps depicting the boundaries and existing uses and conditions of the TID are found in the respective mapping sections of this project plan.

Summary of Findings

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

1. That "but for" the creation of this TID, the development projected as detailed in this Project Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City. In making this determination, the City has considered the following information:
 - Development within the TID has not occurred at the pace anticipated by the City. Infrastructure and other development related expenses are not likely to be borne exclusively by private developers; therefore, the City has concluded that public investment will be required to fully achieve the City's objectives for this area.
 - To achieve its objectives, the City has determined that it must take an active role in encouraging development by making appropriate public expenditures in the area. Without the availability of tax increment financing, these expenditures are

unlikely to be made. Enhancement of this area will complement existing venues in the neighborhood, promote housing, and benefit, not only the City, but all overlapping taxing jurisdictions. Accordingly, the costs to implement the needed projects and programs are appropriately funded through tax increment financing.

- In order to make the area included within the TID suitable for development, the City will need to make a substantial investment to pay for the costs of some or all of the projects listed in the project plan. Due to the public investment that is required, the City has determined that development of the area will not occur at the pace or levels desired solely as a result of private investment.
2. The economic benefits of the Tax Incremental District, as measured by increased housing and property values, are sufficient to compensate for the cost of the improvements. In making this determination, the City has considered the following information:
 - As demonstrated in the Economic Feasibility Section of this Project Plan, the tax increments projected to be collected and the debt issuance will be more than sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.
 3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.
 - Since the development expected to occur is unlikely to take place without the use of Tax Incremental Financing (see Finding #1) and since the TID will generate economic benefits that are more than sufficient to compensate for the cost of the improvements (see Finding #2), the City reasonably concludes that the overall benefits of the TID outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the "but for" test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the TID is not created.
 4. The improvements to be made within the TID are likely to significantly enhance the value of substantially all other real property in the neighborhood surrounding the TID.

City of De Pere
TID #14 Project Plan

5. The equalized value of taxable property of the TID does not exceed 12% of the total equalized value of taxable property within the City.
6. The Project Plan for the TID is feasible and is in conformity with the master plan of the City.
7. 0.0% of territory within the TID will be devoted to retail business. See map for reference on next page.
8. The TID is being created by the City as a Blight or Rehabilitation District. This project plan has met the definition and requirements for a Blight and Rehabilitation District. 50% or more of the proposed district's area has a structure or building that is because of age and obsolescence is in need of blight elimination and rehabilitation.

**City of De Pere
TID #14 Project Plan**

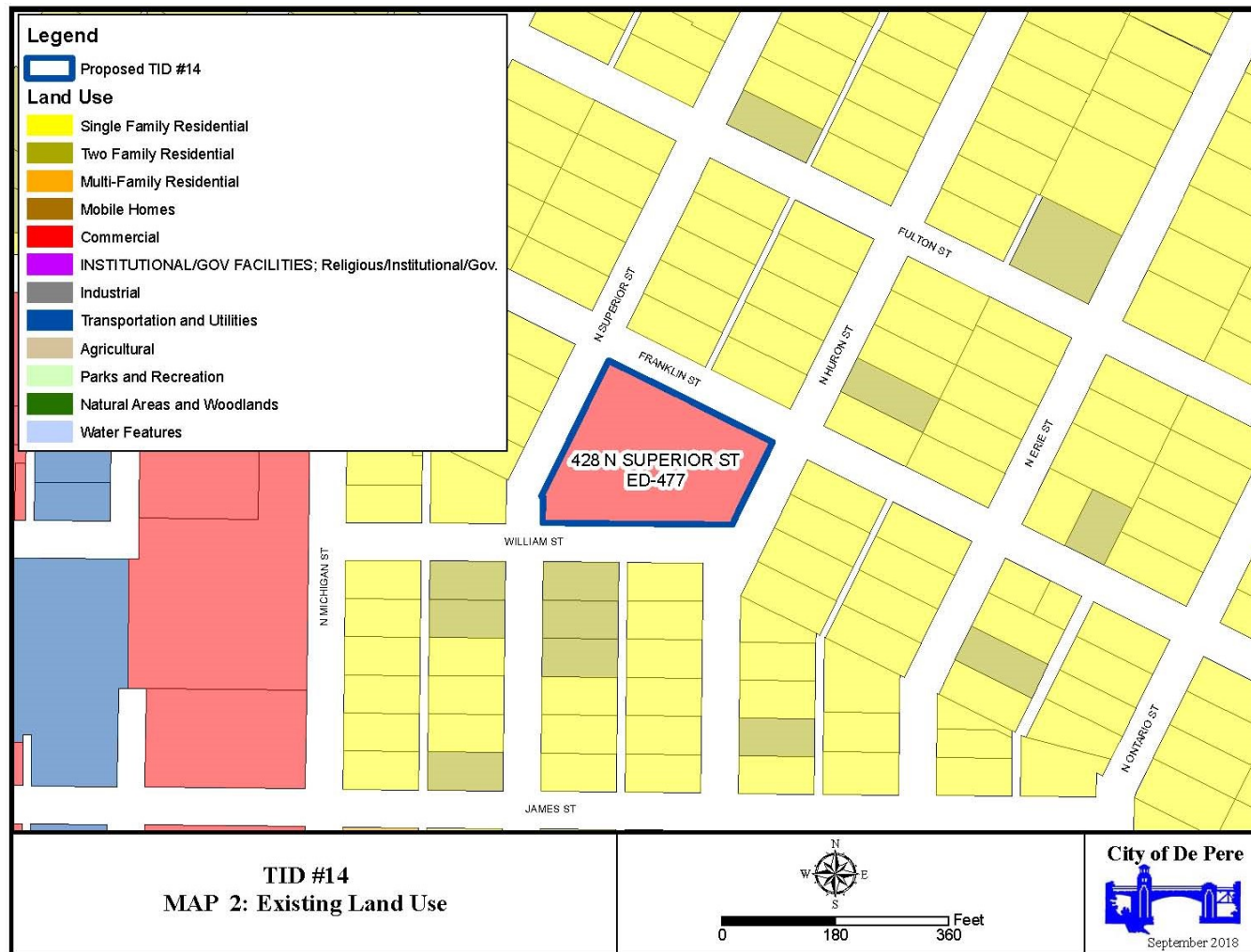
Map of Proposed District Boundary

Current Map is reflective of the 01/01/2018 parcel list.

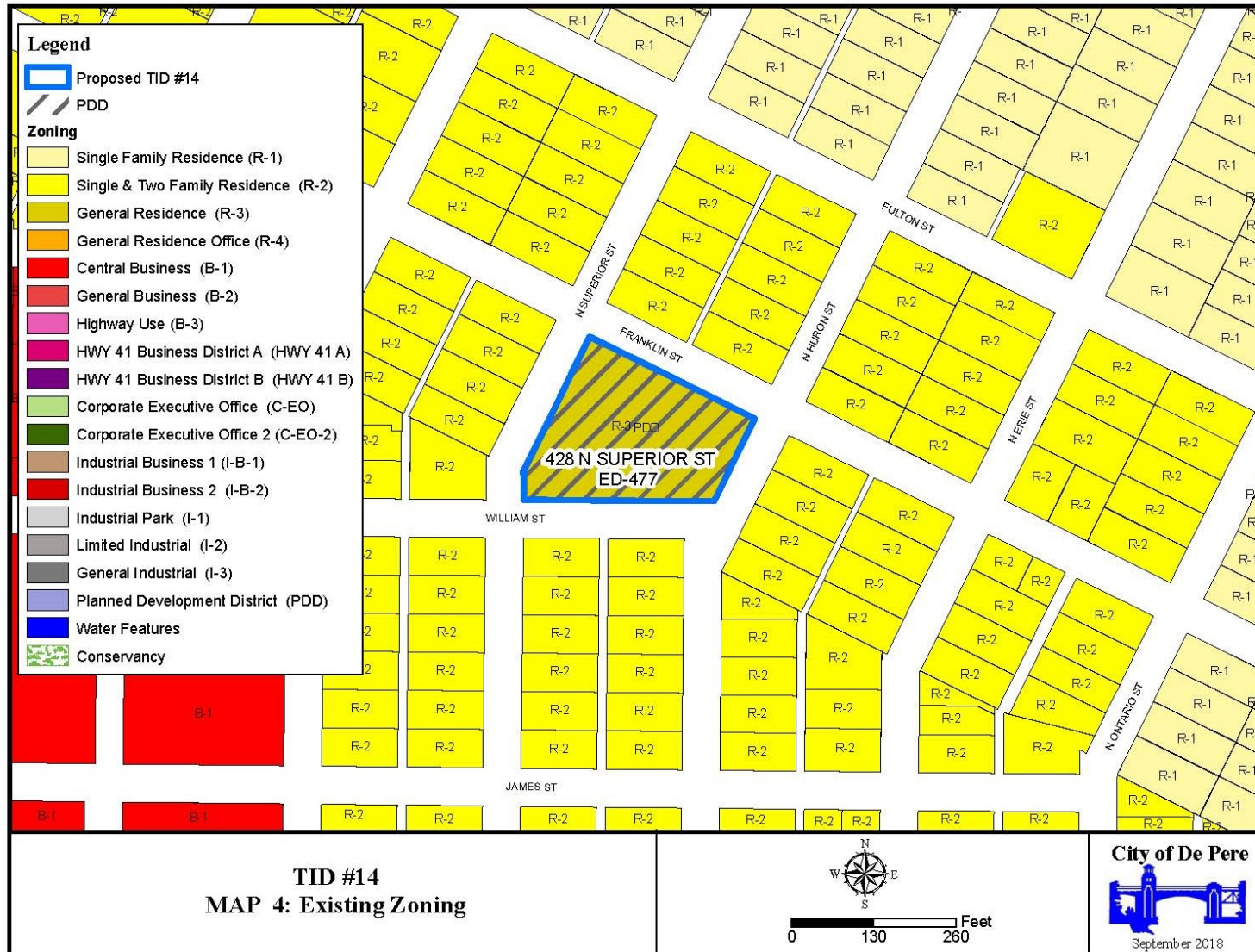


Maps Showing Existing Uses and Conditions

Current Maps are reflective of the 01/01/2018 parcel list.



City of De Pere
TID #14 Project Plan



Preliminary Parcel List and Analysis

As of the 01/01/2018 parcel list.

Parcel Number: ED-477

Valuation: \$574,200

Equalized Valuation 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 taxable property in the proposed TID, plus the value increment of any existing Tax Incremental Districts, does not exceed 12% of the total equalized value of taxable property within the City. With TID#14, the value increment of all existing Tax Increment Districts will be approximately 7.04%.

Valuation Test Compliance Calculation

2017 Equalized Valuation (TID IN)	\$ 2,117,615,700
Limit for 12% Test	\$ 254,113,884
Increment Value of Existing TIDs	\$ 148,533,200
Projected Base Value of New TID	<u>\$ 574,200</u>
Total Value Subject to Test	\$ 149,107,400
Compliance (\$149,107,400 < \$254,113,884)	Meets Requirement

Statement of Kind, Number and Location of Proposed Projects

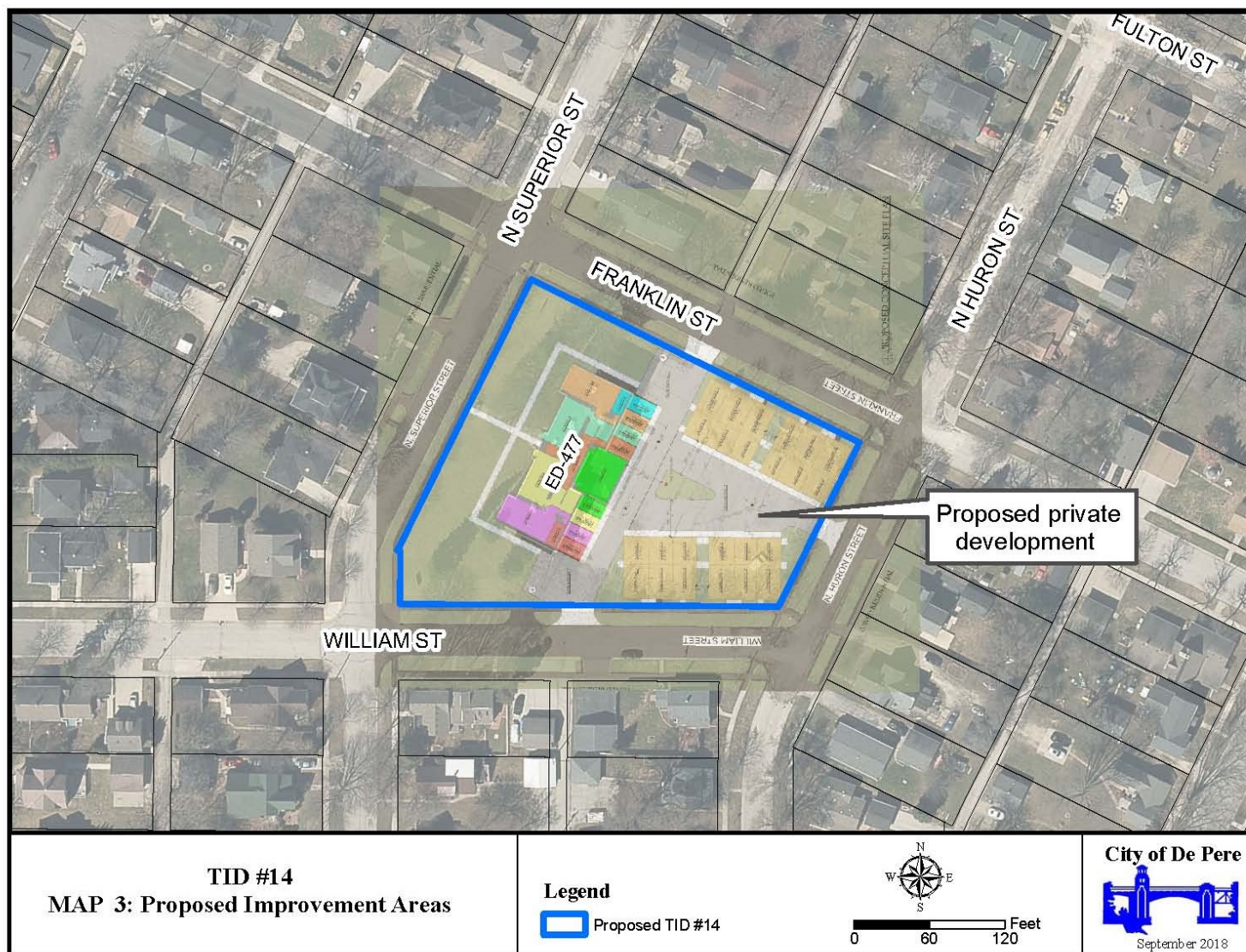
The City expects to implement the following public project improvements in conjunction with this TID. Any costs including eligible administrative costs necessary or convenient to the creation of the district or directly or indirectly related to the public works and other projects are considered "project costs" and eligible to be paid with tax increment revenues of the TID.

IRWIN SCHOOL PROPERTY RENOVATION DEVELOPER ASSISTANCE
LOCATION: ENTIRE TID

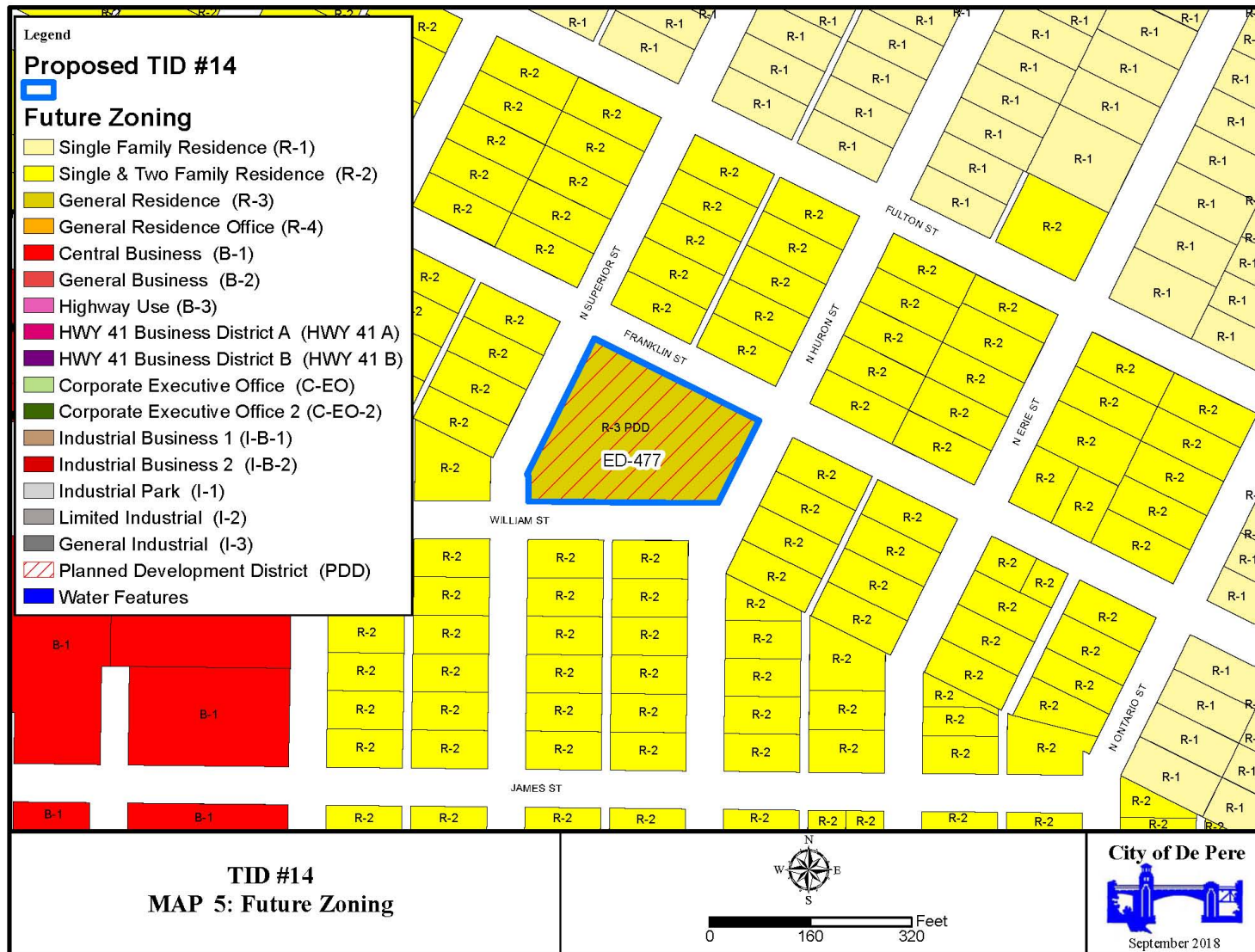
TOTAL: \$1,500,000

DESCRIPTION: Renovation of Irwin school into 8 condominiums and the construction of 12 townhomes on the balance of the property to meet a City need for housing and the preservation of a historic and character-filled building that has been a neighborhood fixture.

Maps Showing Proposed Improvements and Uses



City of De Pere
TID #14 Project Plan



Detailed List of Project Costs

IRWIN SCHOOL PROPERTY RENOVATION DEVELOPER ASSISTANCE	\$1,500,000
Total	\$1,500,000

The renovation cost is based on current prices and preliminary estimates. The City reserves the right to increase this cost to reflect inflationary increases and other uncontrollable circumstances between creation of the TID and the time of construction. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

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

The Plan authorizes the expenditure of funds for project costs within a 1/2 mile radius of the TID boundary.

Economic Feasibility

The information and exhibits contained within this project plan demonstrate that the proposed TID is economically feasible insofar as:

- The City has available to it the means to secure the necessary financing required to accomplish the projects contained within this Plan. A listing of "Method of Financing and Timing of When Costs are to be Incurred" follows.
- The development anticipated to occur as a result of the implementation of this Plan will generate sufficient tax increments to pay for the cost of the projects. This Plan identifies the following: 1) the development expected to occur, 2) a projection of tax increments to be collected resulting from that development and other economic growth within the TID, and 3) a cash flow model demonstrating that the projected tax

increment collections and all other revenues available such as debt issuance will be sufficient to pay all Project Costs.

In order to evaluate the economic feasibility of TID#14 it is necessary to project the amount of tax revenue that can be reasonably generated over the legal life of the TID. Included in Exhibit A is a proforma analysis of TID#14. The proforma analyzes expenses based on project plan costs of TID#14 against projected TID revenue. Tax revenue is conservatively estimated. Cash received from future TID#14 tax increments will be used to fund project costs and implementation of this Plan will also require that the City issue debt obligations to provide direct or indirect financing for the Projects to be undertaken. In 2046, the final year of revenue collection for the TID, it is projected to have repaid all expenditures and is left with a positive surplus balance.

Method of Financing and Timing of When Costs are to be Incurred

The city plans to fund project costs with cash received from future TID#14 tax increments. Implementation of this Plan will also require that the City issue obligations to provide direct or indirect financing for the Projects to be undertaken. The following is a list of the types of obligations the City may choose to utilize.

General Obligation (G.O.) Bonds or Notes

The City may issue G.O. Bonds or Notes to finance the cost of Projects included within this Plan. Wisconsin Statutes limit the principal amount of G.O. and State Trust Fund Loan debt that a community may have outstanding at any point in time to an amount not greater than five-percent of its total equalized value (including increment values).

Board of Commissioners of Public Lands State Trust Fund Loans

The City may issue State Trust Fund Loans to finance the cost of Projects included within this Plan. Wisconsin Statutes limit the principal amount of State Trust Fund Loan and GO debt that a community may have outstanding at any point in time to an amount not greater than five-percent of its total equalized value (including increment values).

Bonds Issued to Developers ("Pay as You Go" Financing)

The City may issue a bond to one or more developers who provide financing for projects included in this Plan. Repayment of the amounts due to the developer under the bonds are limited to an agreed percentage of the available annual tax increments collected that result from the improvements made by the developer. To the extent the tax increments collected are insufficient to make annual payments, or to repay the entire obligation over the life of the District, the City's obligation is

limited to not more than the agreed percentage of the actual increments collected. Bonds issued to developers in this fashion are not general obligations of the City and therefore do not count against the City's borrowing capacity.

Federal/State Loan Grant Programs

The State and Federal Government often sponsor grant and loan programs that municipalities may potentially use to supplement TID expenditures or provide financing for capital costs which positively impact the District. These programs include Wisconsin Community Development Block Grants, Rural Development Administration Community Facility Loan/Grants, Transportation Economic Assistance Grants, and Economic Development Administration Grants. These programs require local match funding to insure State and Federal participation in the project.

The actual amount of debt issuance will be determined by the City at its convenience and as dictated by the nature of the projects as they are implemented.

Plan Implementation

Projects identified will provide the necessary anticipated governmental services to the area, and appropriate inducements to encourage development of the area. The City anticipates making total project expenditures of approximately \$1,500,000 to undertake the projects listed in this Project Plan. The Expenditure Period of this District is 22 years from the date of adoption of the Creation Resolution by the Common Council. The projects to be undertaken pursuant to this Project Plan are expected to be financed primarily with debt proceeds. The City reserves the right to alter the implementation of this Plan to accomplish this objective. Interest rates projected are based on current market conditions. Municipal interest rates are subject to constantly changing market conditions. In addition, other factors such as the loss of tax-exempt status of municipal bonds or broadening the purpose of future tax-exempt bonds would affect market conditions. Actual interest expense will be determined once the methods of financing have been approved and securities or other obligations are issued.

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

Annexed Property

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

Proposed Changes in Zoning Ordinances

The City anticipates that the TID will require a change in zoning ordinances to implement this project plan. The current property in the TID is zoned B2 with a Planned Development District (PPD) overlay because the school had been converted to offices in the past. The City is recommending rezoning the property to R3 and then applying for a PDD. The PDD will provide flexibility for the setbacks (unique based on the existing building and proposed townhomes) and will also allow for architectural review of the townhomes to ensure compatibility with the existing neighborhood.

Proposed Changes in Master Plan, Map, Building Codes and Town Ordinances

The City does not anticipate that the TID will require any changes in the master plan, map, building codes, and City ordinances to implement this project plan.

Relocation

The City does not anticipate the need to relocate persons or businesses in conjunction with this Plan. In the event relocation or the acquisition of property by eminent domain becomes necessary at some time during the implementation period, the City will follow applicable state statutes as required in Wisconsin Statutes Chapter 32.

Orderly Development of the City

Creation of the TID will enable the City to undertake projects in furtherance of the stated objectives of its Comprehensive Plan and other planning documents. To this extent, creation of the TID promotes the orderly development of the City.

A List of Estimated Non-Project Costs

Non-Project costs are public works projects that only partly benefit the TID or are not eligible to be paid with tax increment, or costs not eligible to be paid with Tax Incremental Financing funds. Examples would include:

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

The City does not anticipate any non-project costs for the TID.

City Attorney Opinion

Exhibit B contains a signed opinion from the City attorney advising whether the project plan amendment is complete and complies with Section 66.1105(4)(f) of the Wisconsin Statutes.

EXHIBIT B
CITY ATTORNEY OPINION

CITY OF DE PERE

335 South Broadway
De Pere, WI 54115
Fax No.: 920/339-4049
Web: <http://www.de-pere.org>



Date: August 21, 2018

City Attorney's Office
(920) 339-4042

The Honorable Michael J. Walsh
Members of the Plan Commission
Members of the De Pere Common Council

RE: City of De Pere Tax Incremental Financing District Number 14 Creation

Dear Mayor, Plan Commission and Common Council Members:

Pursuant to Wis. Stats. §66.1105(4)(f), any tax incremental financing district project plan must include an opinion of the City Attorney or of an attorney retained by the City advising whether the plan is complete and complies with that statutory section. As the duly appointed City Attorney of the City of De Pere and upon a review of the Boundary and Project Plan for Tax Incremental Financing District Number 14 (TID #14) to which this opinion is to be appended, it is my opinion that such plan contains and adequately addresses the prerequisites set forth at Wis. Stats. §66.1105. This opinion is based upon my review of said plan, my review of Wis. Stats. §66.1105, and my experience as a municipal attorney.

It is my further opinion that inasmuch as the project plan is complete and in compliance with the above referenced section, it is in proper form for adoption by the Common Council.

Respectfully submitted,

A handwritten signature in blue ink, reading "Judith Schmidt-Lehman". The signature is fluid and cursive, with the first name "Judith" being more prominent.

Judith Schmidt-Lehman
City Attorney

JSL:amz

J:\Law\TID\2018\TID #14 Creation Atty Opinion Letter.docx

EXHIBIT C
TID #14 BOUNDARY DESCRIPTION

Legal Description

All of Lots 1, 2, 3, 5, 6, 7, 8, and that part of Lot 4 lying north of Williams Street, Block 16, and the vacated alley of Block 16, Irwin's Second Addition to De Pere, being part of Private Claim 31 east side of Fox River, and all of Block 35, Original Plat of De Pere, being part of Private Claim 32 east side of Fox River, City of De Pere, Brown County, Wisconsin, described as follows:

Beginning at the northwesterly corner of said Lot 8, point also being the intersection of the southerly right of way line of Franklin Street and the easterly right of way line of North Superior Street;
thence S63°35'37"E on said southerly right of way line, 291.04 feet more or less to the northeasterly corner of said Lot 1, point also being the intersection of the southerly right of way line of Franklin Street and the westerly right of way line of North Huron Street;
thence S26°17'36"W, on said westerly right of way line, 145.57 feet more or less to the north right of way line of Williams Street;
thence N89°35'09"W, on said north right of way line, 300.76 feet more or less to said easterly right of way line of North Superior Street, point also being the southwest corner of said Block 35;
thence N00°37'38"E, on said easterly right of way line, 41.39 feet more or less to the northwest corner of said Block 35;
thence N63°34'47"W, on said easterly right of way line, 2.70 feet more or less to the southwesterly corner of said Lot 5;
thence N26°20'12"E, on said easterly right of way line, 240.11 feet more or less to the Point of Beginning.

Said described lands contain 62,491 square feet or 1.435 acres more or less.

DISCLAIMER TEXT

As required for all underwriters by the Municipal Securities Rulemaking Board ("MSRB"), Robert W. Baird & Co. Incorporated ("Baird") is hereby providing you with certain disclosures.

Robert W. Baird & Co. Incorporated ("Baird") is providing the information contained herein and/or accompanying materials (the "Content") for discussion or general informational purposes only, in seeking to serve as underwriter for a possible issuance of municipal securities you may be considering.

Municipal Securities Rulemaking Board Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors. The primary role of Baird, as underwriter, is the purchase securities with a view to distribution in an arm's length commercial transaction between you and Baird. In its role as underwriter, Baird has financial and other interests that differ from yours. As part of our services as underwriter, Baird may provide advice concerning the structure, timing, terms, and other similar matters concerning an issuance of municipal securities you are considering. Any such advice, however, would be provided by Baird in the context of serving as an underwriter and not as municipal advisor, financial advisor or fiduciary. Unlike a municipal advisor, Baird as an underwriter does not have a fiduciary duty to the issuer under the federal securities law and is therefore not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests. As underwriter, Baird has a duty to purchase securities from the issuer at a fair and reasonable price but must balance that duty with its duty to sell those securities to investors at prices that are fair and reasonable. As underwriter, Baird will review the official statement applicable to the proposed issuance in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the proposed issuance.

The Content does not include any recommendations or suggestions that you take or refrain from taking any action with regard to an issuance of municipal securities and is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934 or Rule 15Ba1-1 thereunder. You should consult with your own financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent you deem appropriate. The Content is intended to provide information of a factual or educational nature, as well as general information about Baird (including its Public Finance unit) and its experience, qualifications and capabilities.

If you have any questions or concerns about the above disclosures, please contact Baird Public Finance.