

May 17, 2019

Project Plan for the Creation of Tax Incremental District No. 7



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Consideration for Approval by the Joint Review Board:	June 10, 2019

Tax Incremental District No. 7 Creation Project Plan

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SECTION 1: Executive Summary

Description of District

Type of District, Size and Location

Tax Incremental District (“TID”) No. 7 (the “TID” or “District”) is proposed to be created by the City of Franklin (“City”) as a blighted area district. A map of the proposed District boundaries is located in Section 3 of this plan.

Estimated Total Project Expenditures.

The City anticipates making total project expenditures of approximately \$23 million to undertake the projects listed in this Project Plan. The City anticipates completing the projects in one or more phases. The Expenditure Period of this District is 22 years from the date of adoption of the authorizing Resolution of the Common Council (the “Creation Resolution”). The projects to be undertaken pursuant to this Project Plan are expected to be financed with General Obligation Debt and developer funding recovered through a Municipal Revenue Obligation issued by the City, however, the City may use other alternative financing methods which may provide overall lower costs of financing, preserve debt capacity, mitigate risk to the City, or provide other advantages as determined by the Common Council. A discussion and listing of other possible financing mechanisms, as well as a summary of total project financing, is located in Section 10 of this plan.

Economic Development

As a result of the creation of this District, the City projects that additional land and improvements value of approximately \$47 million will be created as a result of new development, redevelopment, and appreciation in the value of existing properties. This additional value will be a result of the improvements made and projects undertaken within the District. A table detailing assumptions as to the timing of new development and redevelopment and associated values is located in Section 10 of this Plan. In addition, creation of the District is expected to result in other economic benefits as detailed in the Summary of Findings hereafter.

Expected Termination of District

Based on the Economic Feasibility Study located in Section 10 of this plan, this District would be expected to generate sufficient tax increments to recover all project costs by the year 2041; 6 years earlier than the 27 year maximum life of this District.

Summary of Findings

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

1. **That “but for” the creation of this District, the development projected to occur as detailed in this Project Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City.** In making this determination, the City has considered the following information:

- The City was provided with the developer’s sources and uses proforma for the initial proposed development project. Their review has concluded that a public investment of approximately \$14 million is required to enable the development to occur in the manner and quality desired by the City, while providing the developer a fair and reasonable return on their investment.
- Some of the sites proposed for development and redevelopment have remained vacant for years due to lack of adequate infrastructure and its close proximity to the Milwaukee County landfill. Given that the sites have not developed as would have been expected under normal market conditions, it is the judgment of the City that the use of Tax Incremental Financing (“TIF”) will be required to provide the necessary infrastructure and inducements to encourage development on the sites consistent with that desired by the City.
- In order to make the areas included within the District suitable for development and redevelopment, the City will need to make a substantial investment to pay for the costs of: right-of-way and easement acquisition, site preparation, installation of utilities; installation of streets and related streetscape items; development incentive payments, loans, and other associated costs. Due to the extensive initial investment in public infrastructure that is required in order to allow development and redevelopment to occur, the City has determined that development and redevelopment of the area will not occur solely as a result of private investment. Accordingly, the City finds that absent the use of TIF, development and redevelopment of the area is unlikely to occur.
- The area proposed for Tax Increment District No. 7 is currently located within Tax Increment District No. 5. The City has determined that the project costs necessary for the development and redevelopment of the area will not be recoverable within the remaining life of TID No. 5, therefore TID No 7 is proposed as an overlay of TID No 5.

2. **The economic benefits of the Tax Incremental District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements.** In making this determination, the City has considered the following information:

- As demonstrated in the Economic Feasibility Section of this Project Plan, the tax increments projected to be collected are more than sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.
- The development expected to occur within the District would create approximately 265 residential units, providing housing opportunities for workers. Meeting the City’s need for apartment housing as identified in both the Moegenburg study provided by the developer and the Milaniphy & Associates study engaged by the City.

3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.**

- If approved, the District’s creation would become effective for valuation purposes as of January 1, 2019. As of this date, the values of all existing development would be frozen and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they currently are now. Taxes levied on any additional value established within the District due to new construction, renovation or appreciation of property values occurring after January 1, 2019 would be collected by the TID and used to repay the costs of TIF-eligible projects undertaken within the District.

- Since the development expected to occur is unlikely to take place or in the same manner without the use of TIF (see Finding #1) and since the District will generate economic benefits that are more than sufficient to compensate for the cost of the improvements (see Finding #2), the City reasonably concludes that the overall benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the “but for” test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the District is not created. As required by Section 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and can be found in Appendix A of this plan.
4. In consultation with its Attorney and Special Legal Counsel, the City has concluded that not less than 50% by area of the real property within the District is a blighted area within the meaning of Wisconsin Statutes Section 66.1105(2)(ae)1., in that not less than 50 percent by area of the real property within the District is a "blighted area", within the meaning of § 66.1105(2)(ae)1.b. of the Wisconsin Statutes, including, but not limited to, that it currently is an "area which is predominantly open", that the area "consists of land upon which buildings or structures have been demolished" and "which because of obsolete platting" and the prior "deterioration of structures or of site improvements", "substantially impairs or arrests the sound growth of the community".
 5. Based upon the findings, as stated above, the District is declared to be a blighted area District based on the identification and classification of the property included within the District.
 6. The project costs relate directly to promoting the elimination of blight consistent with the purpose for which the District is created.
 7. The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
 8. The equalized value of taxable property of the District, plus the value increment of all existing tax incremental districts within the City, does not exceed 12% of the total equalized value of taxable property within the City.
 9. The City estimates that none of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1.
 10. The Project Plan for the District in the City is feasible, and is in conformity with the master plan of the City.

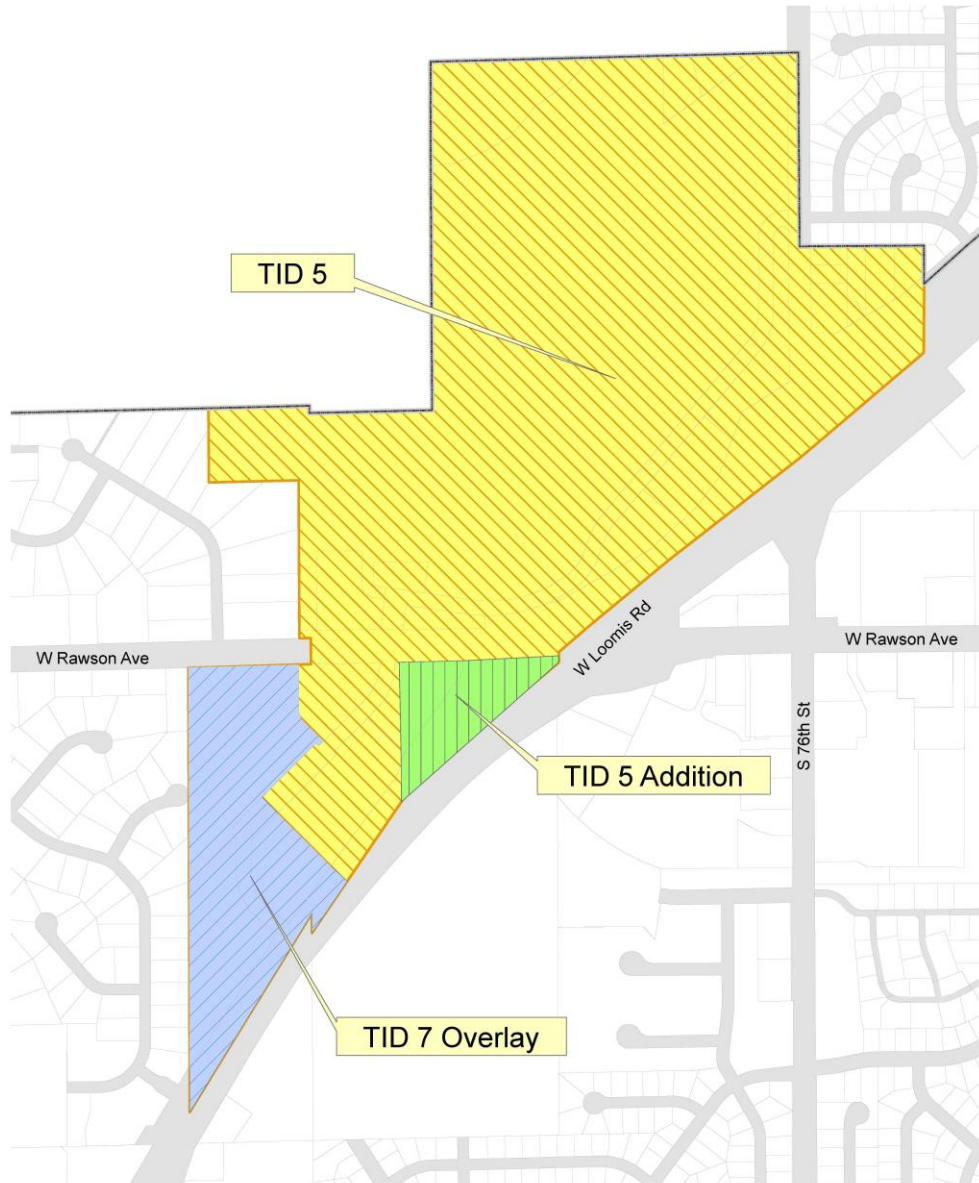
SECTION 2: Type and General Description of District

The District is being created by the City under the authority provided by Wisconsin Statute Section 66.1105. The District is created as a “Blighted Area District” based upon a finding by the City in consultation with its Attorney and Special Legal Counsel that at least 50%, by area, of the real property within the District is blighted. In Section 5 of this Plan, the City has identified those properties within the District that meet the criteria of “blighted areas” as defined in Wisconsin Statutes Section 66.1105(2)(a)1 and relies on these characterizations as the basis for making the above finding.

A map depicting the boundaries of the District is found in Section 3 of this Plan. A map depicting the proposed uses of the District is found in Section 8 of this plan. The City intends that TIF will be used to assure that private development occurs within the District consistent with the City’s development and redevelopment objectives. This will be accomplished by installing public improvements and making necessary related expenditures to promote development and redevelopment within the District. The goal is to increase the tax base and to provide for and preserve employment opportunities within the City. The project costs included in this Plan relate directly to the elimination of blight and are consistent with the purpose for which the District is created.

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

SECTION 3: Preliminary Map of Proposed District Boundary



SECTION 4:
Map Showing Existing Uses and Conditions



SECTION 5: Preliminary Parcel List and Analysis

City of Franklin, Wisconsin

Tax Increment District # 7

Base Property Information

Base Property Information					Assessment Information				Equalized Value				District Classification		
Parcel Number	Street Address	Owner	Acreage	Part of Existing TID? ...Indicate TID #	Land	Imp	PP	Total	Equalized Value Ratio	Land	Imp	PP	Total	Blighted	Rehab/ Conservation
754 9001 000			2.80	5	392,600	6,500		399,100	100.20%	391,813	6,487	0	398,300	2.8	
754 9002 000			18.58	5	682,200			682,200	100.20%	680,832	0	0	680,832	18.58	
754 9008 000			3.49	5	392,600	6,500		399,100	100.20%	391,813	6,487	0	398,300	3.49	
Total Acreage			24.87		1,467,400	13,000	0	1,480,400		1,464,458	12,974	0		24.87	0
													100.00%	0.00%	
													Estimated Base Value 1,477,432		

SECTION 6: Equalized Value Test

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

The equalized value of the increment of existing tax incremental districts within the City, plus the base value of the proposed District, totals \$100,351,432. This value is less than the maximum of \$482,752,968 in equalized value that is permitted for the City of Franklin. The City is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

City of Franklin, Wisconsin				
Tax Increment District # 7				
Valuation Test Compliance Calculation				
District Creation Date	5/23/2019			
	Valuation Data Currently Available 2018	Dollar Charge	Percent Change	Valuation Data Est. Creation Date
Total EV (TID In)	4,022,941,400			4,022,941,400
12% Test	482,752,968			482,752,968
Increment of Existing TIDs				
TID #3	51,181,600			51,181,600
TID #4	46,431,200			46,431,200
TID #5	1,261,200			1,261,200
				0
				0
				0
Total Existing Increment	98,874,000			98,874,000
Projected Base of New or Amended District	1,477,432			1,477,432
Total Value Subject to 12% Test	100,351,432			100,351,432
Compliance	PASS			PASS

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SECTION 7:

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

The following is a list of public works and other TIF-eligible projects that the City expects to implement in conjunction with this District. Any costs necessary or convenient to the creation of the District or directly or indirectly related to the public works and other projects are considered "Project Costs" and eligible to be paid with tax increment revenues of the District.

Property, Right-of-Way and Easement Acquisition

Property Acquisition for Development and Redevelopment

In order to promote and facilitate development and redevelopment the City may need to assist with the acquisition of property within the District. The cost of property acquired, and any costs associated with the transaction, are eligible Project Costs. Following acquisition, other Project Costs within the categories detailed in this Section may be incurred in order to make the property suitable for development and/or redevelopment. Any revenue received by the City from the sale of property acquired pursuant to the execution of this Plan will be used to reduce the total project costs of the District. If total Project Costs incurred by the City to assist with the acquisition of property and make it suitable for development and/or redevelopment exceed the revenues or other consideration received from the sale or lease of that property, the net amount shall be considered "real property assembly costs" as defined in Wisconsin Statutes Section 66.1105(2)(f)1.c., and subject to recovery as an eligible Project Cost.

Property Acquisition for Conservancy

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

Acquisition of Rights-of-Way

The City may need to assist with the acquisition of property to allow for installation of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire rights-of-way are eligible Project Costs.

Acquisition of Easements

The City may need assist with the acquisition of temporary or permanent easements to allow for installation and maintenance of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire easement rights are eligible Project Costs.

Relocation Costs

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

Site Preparation Activities

Environmental Audits and Remediation

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

Demolition

In order to make sites suitable for development and redevelopment, the City may assist in costs related to demolition and removal of structures or other land improvements, to include abandonment of wells or other existing utility services.

Site Grading

Land within the District may require grading to make it suitable for development and/or redevelopment, to provide access, and to control stormwater runoff. The City may need to assist in the removal and disposition of excess material, or bring in fill material to provide for proper site elevations. Expenses incurred by the City for site grading are eligible Project Costs.

Utilities

Sanitary Sewer System Improvements

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

Water System Improvements

There are inadequate water distribution facilities serving areas of the District. To allow development and redevelopment to occur, the City may need to assist in the cost or reimburse a developer to construct, alter, rebuild or expand water system infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: distribution mains; manholes and valves; hydrants; service laterals; pumping stations; wells; water treatment facilities; storage tanks and reservoirs; and all related appurtenances. To the extent water system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand water system infrastructure located outside of the District. That portion of the costs of water system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

Stormwater Management System Improvements

Development and redevelopment within the District will cause stormwater runoff and pollution. To manage this stormwater runoff, the City may need to assist with the cost or reimburse a developer to construct, alter, rebuild or expand stormwater management infrastructure within the District. Eligible

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

Electric Service

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

Gas Service

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

Communications Infrastructure

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

Streets and Streetscape

Street Improvements

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

Streetscaping and Landscaping

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

CDA Type Activities

Contribution to Community Development

As provided for in Wisconsin Statutes Sections 66.1105(2)(f)1.h and 66.1333(13), the City may provide funds to its CDA to be used for administration, planning operations, and capital costs, including but not limited to real property acquisition, related to the purposes for which it was established in furtherance of any redevelopment or urban renewal project. Funds provided to the CDA for this purpose are eligible Project Costs.

Revolving Loan/Grant Program

To encourage private redevelopment consistent with the objectives of this Plan, the City, through its CDA, may provide loans or **matching** grants to eligible property owners in the District. Loan or **matching** grant recipients will be required to sign an agreement specifying the nature of the property improvements to be made. Eligible improvements will be those that are likely to improve the value of the property, enhance the visual appearance of the property and surrounding area, correct safety deficiencies, or as otherwise specified by the CDA in the program manual. Any funds returned to the CDA from the repayment of loans made are not considered revenues to the District, and will not be used to offset District Project Costs. Instead, these funds may be placed into a revolving loan fund and will continue to be used for the program purposes stated above. Any funds provided to the CDA for purposes of implementing this program are considered eligible Project Costs.

Miscellaneous

Cash Grants (Development Incentives)

The City may enter into agreements with property owners, lessees, or developers of land located within the District for the purpose of sharing costs to encourage the desired kind of improvements and assure tax base is generated sufficient to recover project costs. No cash grants will be provided until the City executes a developer agreement with the recipient of the cash grant. Any payments of cash grants made by the City are eligible Project Costs.

Projects Outside the Tax Increment District

Pursuant to Wisconsin Statutes Section 66.1105(2)(f)1.n, the City may undertake projects or reimburse a developer for projects within territory located within one-half mile of the boundary of the District provided that: 1) the project area is located within the City's corporate boundaries and 2) the projects are approved by the Joint Review Board. The cost of projects completed outside the District pursuant to this section are eligible project costs, and may include any project cost that would otherwise be eligible if undertaken within the District. The City intends to make or reimburse for the following project cost expenditures outside the District: Street Improvements, street amenities, sanitary sewer improvements, storm sewer improvements, water system improvements parking facilities and improvements to methane gas collection systems.

Professional Service and Organizational Costs

The costs of professional services rendered, and other costs incurred, in relation to the creation, administration and termination of the District, and the undertaking of the projects contained within this Plan, are eligible Project Costs. Professional services include, but are not limited to: architectural; environmental; planning; engineering; legal, audit; financial; and the costs of informing the public with respect to the creation of the District and the implementation of the Plan.

Administrative Costs

The City may charge to the District as eligible Project Costs reasonable allocations of administrative costs, including, but not limited to, employee salaries. Costs allocated will bear a direct connection to the time spent by City employees in connection with the implementation of the Plan.

Financing Costs

Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken under this Plan are eligible Project Costs.

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

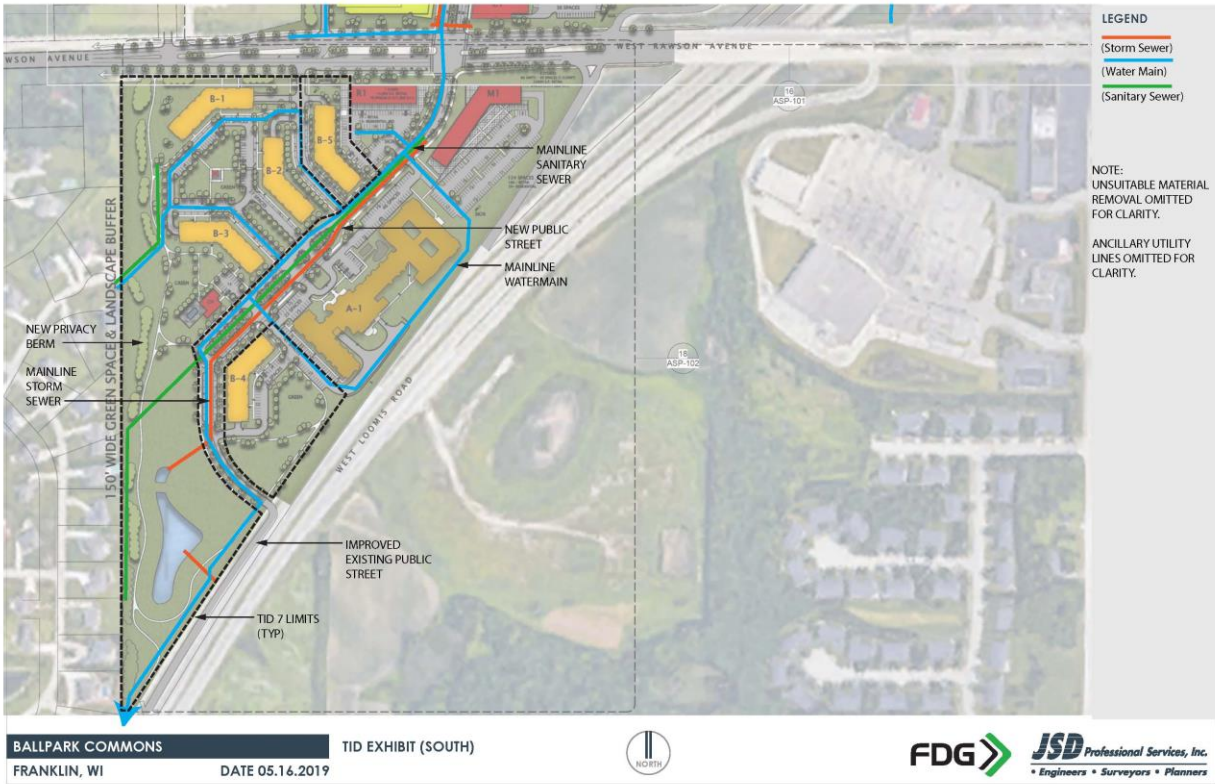
In the event any of the public works project expenditures are not reimbursable out of the special TIF fund under Wisconsin Statutes Section 66.1105, in the written opinion of counsel retained by the City for such purpose or a court of record so rules in a final order, then such project or projects shall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

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

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

SECTION 8: Maps Showing Proposed Improvements and Uses





SECTION 9: Detailed List of Project Costs

All costs are based on 2019 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2019 and the time of construction. However, for increases in excess of 25% over the cost of inflation of total project costs, the City would pursue an amendment to the Plan in accordance with the amendment procedures specified in Wisconsin Statutes Section 66.1105(4)(h), which include review by the Joint Review Board. The City also reserves the right to increase certain project costs to the extent others are reduced or not implemented, without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

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

Proposed TIF Project Cost Estimates

City of Franklin, Wisconsin				
Tax Increment District # 7				
Estimated Project List				
	Phase I 2019	Phase I 2019	Ongoing 2019-2041	Total (Note 1)
1 TIF Creation and Administration	30,000		345,000	375,000
2 Loan to Developer	4,500,000			4,500,000
3 Developer Incentive PAYGO (Future Value)		14,952,000		14,952,000
4 Infrastructure Costs within the district and within 1/2 mile	3,200,000			3,200,000
Total Projects	<u>7,730,000</u>	<u>14,952,000</u>	<u>345,000</u>	<u>23,027,000</u>

Notes:

Note 1 Project costs are estimates and are subject to modification
Developer Incentive NPV at 5.5% \$8.9 million

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

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

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

Available Financing Methods

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

General Obligation (G.O.) Bonds or Notes

The City may issue G.O. Bonds or Notes to finance the cost of projects included within this Plan. The Wisconsin State Constitution limits the principal amount of G.O. debt that the community may have outstanding at any point in time to an amount not greater than five percent of its total equalized value (TID IN). As of the date of this plan, the City has a G.O. debt limit of \$201,147,070, of which \$154,697,100 is currently unused and could be made available to finance Project Costs.

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

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

Tax Increment Revenue Bonds

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

Utility Revenue Bonds

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

Special Assessment "B" Bonds

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

Plan Implementation

Projects identified will provide the necessary anticipated governmental services to the area. A reasonable and orderly sequence is outlined on the following page. However, public debt and expenditures should be made at the pace private development and redevelopment occurs to assure increment is sufficient to cover expenses.

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

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

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

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

Implementation and Financing Timeline

City of Franklin, Wisconsin			
Tax Increment District # 7			
Estimated Financing Plan			
	Taxable G.O. Note 2019	Taxable G.O. Bond 2020	Municipal Revenue Obligation (MRO) 2019
Projects			
TIF Creation			
Takeout of 2020 NAN			
Loan to Developer	4,500,000		
Additional Infrastructure (Half Mile radius)		3,200,000	14,952,000
Developer Incentive			
Total Project Funds	4,500,000	3,200,000	14,952,000
Funds on Hand from NAN		0	
Funds on Hand from Fund Balance			
Estimated Finance Related Expenses			
Municipal Advisor	28,500	17,700	
Bond Counsel	12,000	12,000	
Disclosure Counsel (if engaged)	7,200	7,200	0
Rating Agency Fee	12,500	12,500	
Paying Agent	850	850	
Underwriter Discount	10.00 45,850	12.50 43,000	0
Debt Service Reserve Fund			
Reserve Funds			
Capitalized Carrying Costs		176,676	
Total Financing Required	4,606,900	3,469,926	14,952,000
Estimated Interest	2.00% (22,500)	2.00% (32,000)	0
Assumed spend down (months)	3	6	
Rounding	600	2,074	0
Net Issue Size	4,585,000	3,440,000	14,952,000
Notes:			

Development Assumptions

City of Franklin, Wisconsin						
Tax Increment District # 7						
Development Assumptions						
South of Rawson						
Construction Year		Actual	Apartments	Total	Construction Year	
1	2019		23,704,119	23,704,119	2019	1
2	2020		23,704,119	23,704,119	2020	2
3	2021			0	2021	3
4	2022			0	2022	4
5	2023			0	2023	5
6	2024			0	2024	6
7	2025			0	2025	7
8	2026			0	2026	8
9	2027			0	2027	9
10	2028			0	2028	10
11	2029			0	2029	11
12	2030			0	2030	12
13	2031			0	2031	13
14	2032			0	2032	14
15	2033			0	2033	15
16	2034			0	2034	16
17	2035			0	2035	17
18	2036			0	2036	18
19	2037			0	2037	19
20	2038			0	2038	20
21	2039			0	2039	21
22	2040			0	2040	22
23	2041			0	2041	23
24	2042			0	2042	24
25	2043			0	2043	25
26	2044			0	2044	26
27	2045			0	2045	27
Totals		0	<u>47,408,238</u>	<u>47,408,238</u>		

Notes: Development Values provided by Assessor 2/2019

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Increment Revenue Projections

City of Franklin, Wisconsin										
Tax Increment District # 7										
Tax Increment Projection Worksheet										
Type of District	Blighted Area		Base Value	1,477,432		<input checked="" type="checkbox"/> Apply to Base Value				
District Creation Date	May 23, 2019		Appreciation Factor	0.00%						
Valuation Date	Jan 1,	2019	Base Tax Rate	\$24.05						
Max Life (Years)	27		Rate Adjustment Factor	-1.00%						
Expenditure Period/Termination	22	5/23/2041	Tax Exempt Discount Rate							
Revenue Periods/Final Year	27	2047	Taxable Discount Rate	1.50%						
Extension Eligibility/Years	Yes	3								
Recipient District	Yes									
Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate	Tax Increment	Tax Exempt NPV Calculation	Taxable NPV Calculation	
1	2019	23,704,119	2020	0	23,704,119	2021	\$24.05	570,146	570,146	561,720
2	2020	23,704,119	2021	0	47,408,238	2022	\$23.81	1,128,889	1,699,036	1,657,490
3	2021	0	2022	0	47,408,238	2023	\$23.57	1,117,600	2,816,636	2,726,270
4	2022	0	2023	0	47,408,238	2024	\$23.34	1,106,424	3,923,061	3,768,726
5	2023	0	2024	0	47,408,238	2025	\$23.10	1,095,360	5,018,421	4,785,506
6	2024	0	2025	0	47,408,238	2026	\$22.87	1,084,407	6,102,827	5,777,241
7	2025	0	2026	0	47,408,238	2027	\$22.65	1,073,563	7,176,390	6,744,550
8	2026	0	2027	0	47,408,238	2028	\$22.42	1,062,827	8,239,217	7,688,033
9	2027	0	2028	0	47,408,238	2029	\$22.19	1,052,199	9,291,416	8,608,278
10	2028	0	2029	0	47,408,238	2030	\$21.97	1,041,677	10,333,092	9,505,857
11	2029	0	2030	0	47,408,238	2031	\$21.75	1,031,260	11,364,352	10,381,327
12	2030	0	2031	0	47,408,238	2032	\$21.54	1,020,947	12,385,299	11,235,235
13	2031	0	2032	0	47,408,238	2033	\$21.32	1,010,738	13,396,037	12,068,110
14	2032	0	2033	0	47,408,238	2034	\$21.11	1,000,630	14,396,668	12,880,471
15	2033	0	2034	0	47,408,238	2035	\$20.90	990,624	15,387,292	13,672,824
16	2034	0	2035	0	47,408,238	2036	\$20.69	980,718	16,368,010	14,445,660
17	2035	0	2036	0	47,408,238	2037	\$20.48	970,911	17,338,921	15,199,461
18	2036	0	2037	0	47,408,238	2038	\$20.27	961,202	18,300,122	15,934,695
19	2037	0	2038	0	47,408,238	2039	\$20.07	951,590	19,251,712	16,651,820
20	2038	0	2039	0	47,408,238	2040	\$19.87	942,074	20,193,786	17,351,282
21	2039	0	2040	0	47,408,238	2041	\$19.67	932,653	21,126,439	18,033,515
22	2040	0	2041	0	47,408,238	2042	\$19.48	923,326	22,049,765	18,698,945
23	2041	0	2042	0	47,408,238	2043	\$19.28	914,093	22,963,858	19,347,985
24	2042	0	2043	0	47,408,238	2044	\$19.09	904,952	23,868,811	19,981,039
25	2043	0	2044	0	47,408,238	2045	\$18.90	895,903	24,764,713	20,598,501
26	2044	0	2045	0	47,408,238	2046	\$18.71	886,944	25,651,657	21,200,754
27	2045	0	2046	0	47,408,238	2047	\$18.52	878,074	26,529,731	21,788,173
Totals		47,408,238	0	0	Future Value of Increment	26,529,731				

Notes:

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

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Cash Flow

City of Franklin, Wisconsin																			
Tax Increment District # 7																			
Cash Flow Projection																			
Year	Projected Revenues						Expenditures								Balances			Year	
	Tax Increments	Interest Earnings/ (Cost)	Capitalized Interest	Loan Payment from Developer	Bond Proceeds	Total Revenues	Taxable G.O. Note 4,585,000 Dated Date: 06/01/19		Taxable G.O. Bond 3,440,000 Dated Date: 09/01/19		Municipal Revenue 14,952,000 Dated Date:	Project Costs	Issuance Expenses	Admin.	Total Expenditures	Annual	Cumulative		Principal Outstanding & MRO
2019		1.25%				0	3/1		0	3/1				15,000	15,000	(15,000)	(15,000)		2019
2020						0		213,805	213,805	176,676		3,200,000	50,250	15,000	3,655,731	78,769	63,769	19,537,000	2020
2021	570,146	54,500	176,676	337,500	3,220,324	3,734,500		171,044	171,044	176,676	459,000			15,000	821,720	72,926	136,695	19,078,000	2021
2022	1,128,889	1,709		270,000		1,400,598		171,044	171,044	176,676	765,000			15,000	1,127,720	272,878	409,573	18,313,000	2022
2023	1,117,600	5,120		270,000	0	1,392,720		171,044	171,044	176,676	816,000			15,000	1,178,720	214,000	623,573	20,937,000	2023
2024	1,106,424	7,795		270,000		1,384,219		171,044	171,044	176,676	816,000			15,000	1,178,720	205,499	829,073	20,121,000	2024
2025	1,095,360	10,363		270,000	0	1,375,724		171,044	171,044	176,676	816,000		0	15,000	1,278,720	97,004	926,076	19,205,000	2025
2026	1,084,407	11,576		376,700		1,472,683	165,000	168,157	333,157	172,216	816,000			15,000	1,436,373	36,310	962,386	18,124,000	2026
2027	1,073,563	12,030		379,800		1,465,392	170,000	162,235	332,235	167,646	816,000			15,000	1,430,881	34,512	996,898	17,038,000	2027
2028	1,062,827	12,461		377,450		1,452,738	175,000	156,006	331,006	162,936	816,000			15,000	1,424,942	27,796	1,024,694	15,947,000	2028
2029	1,052,199	12,809		4,269,350		5,334,357	4,075,000	76,406	4,151,406	158,156	816,000			15,000	5,265,562	68,795	1,093,489	10,931,000	2029
2030	1,041,677	13,669				1,055,345				152,044	816,000			15,000	1,108,044	(52,698)	1,040,791	9,990,000	2030
2031	1,031,260	13,010				1,044,270				145,856	720,000			15,000	1,030,856	13,414	1,054,205	9,120,000	2031
2032	1,020,947	13,178				1,034,125				138,341	720,000			15,000	1,048,341	(14,216)	1,039,989	8,225,000	2032
2033	1,010,738	13,000				1,023,738				129,486	720,000			15,000	1,064,486	(40,748)	999,240	7,305,000	2033
2034	1,000,630	12,491				1,013,121				119,206	720,000			15,000	1,104,206	(91,085)	908,155	6,335,000	2034
2035	990,624	11,352				1,001,976				106,231	720,000			15,000	1,091,231	(89,255)	818,900	5,365,000	2035
2036	980,718	10,236				990,954				93,131	720,000			15,000	1,128,131	(137,177)	681,724	4,345,000	2036
2037	970,911	8,522				979,432				77,321	720,000			15,000	1,137,321	(157,889)	523,835	3,300,000	2037
2038	961,202	6,548				967,750				60,194	720,000			15,000	1,170,194	(202,444)	321,391	2,205,000	2038
2039	951,590	4,017				955,607				40,431	720,000			15,000	1,150,431	(194,824)	126,567	1,110,000	2039
2040	942,074	1,582				943,656				20,631	720,000			15,000	1,145,631	(201,975)	(75,408)	0	2040
2041	932,653	(943)				931,710								15,000	15,000	916,710	841,302		2041
2042	923,326	10,516				933,843								0	0	933,843	1,775,145		2042
2043	914,093	22,189				936,283								0	0	936,283	2,711,427		2043
2044	904,952	33,893				938,845								0	0	938,845	3,650,273		2044
2045	895,903	45,628				941,531								0	0	941,531	4,591,804		2045
2046	886,944	57,398				944,341								0	0	944,341	5,536,145		2046
2047	878,074	69,202				947,276								0	0	947,276	6,483,421		2047
Total	26,529,731	473,849	176,676	7,090,800	3,220,324	37,491,381	4,585,000	1,631,829	6,216,829	3,440,000	2,803,881	14,952,000	3,200,000	50,250	345,000	31,007,960			Total

Notes: Interest rate estimates on 2020 NAN 109/18 Taxable scale Plus 1.0%
Interest rate estimates on 2025 NAN takeout 10/9/18 Taxable scale Plus 2.0%

Projected TID Closure

Version F

SECTION 11: Annexed Property

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

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

Pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1, the City estimates that none of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 13: Proposed Zoning Ordinance Changes

The City anticipates that a portion of the District may be rezoned prior to development.

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

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

SECTION 15: Relocation

It is not anticipated there will be a need to relocate persons or businesses in conjunction with this Plan. In the event relocation or the acquisition of property by eminent domain becomes necessary at some time during the implementation period, the City will follow applicable Wisconsin Statutes Section chapter 32.

SECTION 16: Orderly Development and Redevelopment of the City of Franklin

The District contributes to the orderly development and redevelopment of the City by providing the opportunity for continued growth in tax base, job opportunities and general economic activity. The development will provide for needed apartment housing as identified in both the Moegenburg study provided by the developer and the Melaniphy & Associates study engaged by the City.

SECTION 17: List of Estimated Non-Project Costs

Non-Project costs are public works projects that only partly benefit the District or are not eligible to be paid with tax increments, or costs not eligible to be paid with TIF funds.

Examples would include:

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

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

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

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

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

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JANE C. KASSIS,
LEGAL SECRETARY

May 17, 2019

Mayor Stephen R. Olson
City of Franklin
9229 West Loomis Road
Franklin, Wisconsin 53132

re: Tax Incremental District No. 7, City of Franklin, Wisconsin

Dear Mayor Olson:

I have reviewed the Project Plan for the Creation of Tax Incremental District No. 7, City of Franklin, Wisconsin. It is my opinion that the Project Plan is complete and in compliance with Wis. Stat. § 66.1105. The Project Plan, additionally, was informed by the Tax Incremental District No. 7 Feasibility Analysis prepared by Ehlers & Associates, Inc. and by the Market Feasibility Study prepared by Melaniphy & Associates, Inc. engaged by the City and the Market Study prepared by Moegenburg Research, Inc. engaged by the Developer. This opinion is provided as required pursuant to Wis. Stat. § 66.1105(4)(f).

Cordially,

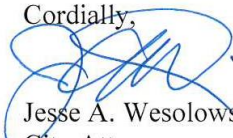

Jesse A. Wesolowski
City Attorney
City of Franklin

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

Estimated portion of taxes that owners of taxable property in each taxing jurisdiction overlaying district would pay by jurisdiction.							
Statement of Taxes Data Year:		2017		Percentage			
County		19,090,000				21.78%	
Special District		6,519,552				7.44%	
Municipality		23,498,953				26.81%	
Franklin School District		33,783,303				38.55%	
Technical College		4,750,585				5.42%	
Total		87,642,393					

Revenue Year	County	Special District	Municipality	Franklin School District	Technical College	Total	Revenue Year
2021	124,188	42,412	152,869	219,773	30,904	570,146	2021
2022	245,891	83,976	302,681	435,150	61,191	1,128,889	2022
2023	243,432	83,136	299,655	430,799	60,579	1,117,600	2023
2024	240,998	82,305	296,658	426,491	59,973	1,106,424	2024
2025	238,588	81,482	293,691	422,226	59,373	1,095,360	2025
2026	236,202	80,667	290,755	418,004	58,779	1,084,407	2026
2027	233,840	79,860	287,847	413,824	58,192	1,073,563	2027
2028	231,502	79,062	284,968	409,685	57,610	1,062,827	2028
2029	229,187	78,271	282,119	405,588	57,034	1,052,199	2029
2030	226,895	77,488	279,298	401,533	56,463	1,041,677	2030
2031	224,626	76,713	276,505	397,517	55,899	1,031,260	2031
2032	222,380	75,946	273,740	393,542	55,340	1,020,947	2032
2033	220,156	75,187	271,002	389,607	54,786	1,010,738	2033
2034	217,954	74,435	268,292	385,711	54,238	1,000,630	2034
2035	215,775	73,691	265,609	381,854	53,696	990,624	2035
2036	213,617	72,954	262,953	378,035	53,159	980,718	2036
2037	211,481	72,224	260,324	374,255	52,627	970,911	2037
2038	209,366	71,502	257,720	370,512	52,101	961,202	2038
2039	207,272	70,787	255,143	366,807	51,580	951,590	2039
2040	205,200	70,079	252,592	363,139	51,064	942,074	2040
2041	203,148	69,378	250,066	359,508	50,554	932,653	2041
2042	201,116	68,685	247,565	355,912	50,048	923,326	2042
2043	199,105	67,998	245,090	352,353	49,548	914,093	2043
2044	197,114	67,318	242,639	348,830	49,052	904,952	2044
2045	195,143	66,645	240,212	345,341	48,562	895,903	2045
2046	193,191	65,978	237,810	341,888	48,076	886,944	2046
2047	191,259	65,318	235,432	338,469	47,595	878,074	2047
	5,778,626	1,973,497	7,113,235	10,226,352	1,438,023	26,529,731	

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