PLAN COMMISSION RESOLUTION NO. 2-2015

RESOLUTION APPROVING A PROJECT PLAN AMENDMENT FOR TAX INCREMENTAL DISTRICT NO. 5 CITY OF MENASHA, WISCONSIN

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

WHEREAS, Tax Incremental District No. 5 (the "District") was created by the City on September 9, 1998 as an industrial district; and

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

WHEREAS, such amendment will allow for the District to share surplus increments with Tax Incremental District No. 13 under the provisions of Wisconsin Statues Section 66.1105(6)(f); and

WHEREAS, an amended Project Plan for the District (the "Amendment") has been prepared that includes:

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

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

WHEREAS, in accordance with the procedures specified in the Tax Increment Law, the Plan Commission, on June 16, 2015 held a public hearing concerning the proposed amendment to the Project Plan, providing interested parties a reasonable opportunity to express their views thereon.

NOW, THEREFORE, BE IT RESOLVED by the Plan Commission of the City of Menasha that:

1. The boundaries of Tax Incremental District No. 5 remain unchanged as specified in Exhibit A of this Resolution

2. It approves and adopts the amended Project Plan for the District, attached as Exhibit B, and recommends its approval to the Common Council.

3. Amendment of the Project Plan of the District promotes orderly development in the City.

Adopted this 30TH day of JUNE, 2015.

Plan Commission Chair

Secretary of the Plan Commission

July 2, 2015

Tax Incremental District No. 5 Project Plan Amendment to Allow Increment Sharing with Tax Incremental District No. 13

CITY OF MENASHA, WISCONSIN

Organizational Joint Review Board Meeting Held:	June 16 , 2015
Public Hearing Held:	June 16 , 2015
Adoption by Plan Commission:	June 16, 2015
Adoption by Common Council:	Scheduled for consideration on July 6, 2015
Approval by the Joint Review Board:	Scheduled for consideration on July 16, 2015

Tax Incremental District No. 5 Project Plan Amendment

City of Menasha Officials

Common Council

Don Merkes	Mayor
James Taylor	Council President
Rebecca Nichols	Council Member
Wil Krautkramer	Council Member
Mark Langdon	Council Member
Michael Keehan	Council Member
Dan Zelinski	Council Member
Melissa Rollins-Jump	Council Member
Kevin Benner	Council Member

City Staff

Greg Keil	Community Development Director
Peggy Steeno	Director of Administrative Services
Debbie Galeazzi	City Clerk
Pamela Captain	City Attorney

Plan Commission

Gretchen DeCoster	Richard Sturm
Catherin Cruicksharnk	Mark Radtke
Dave Schmidt	Kara Homan
Kevin Benner	Greg Keil
Mayor Donald Merkes	Dan Zelinski

Joint Review Board

Mayor Donald Merkes	City Representative
Mark Harris	Winnebago County
Amy Van Straten	Fox Valley Technical College District
Brian Adesso	Menasha School District
Scott Francis	Public Member

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SECTION 1:
Executive Summary

Description of District

Type of District, Size and Location

Tax Incremental District No. 5 ("TID", "District" or "Donor District") is an existing industrial district created by the City of Menasha on September 9, 1998. A current map of the District boundaries is found in Section 3 of this Plan.

Prior Amendments

Amendments to add additional territory to the District and to modify the list of eligible Project Costs were approved in 2002 and 2005. These amendments were the first and second of four territory amendments permitted for this District. The District's Project Plan was also amended in 2008 to allow it to share surplus increment with Tax Incremental Districts No. 7 and 8.

Purpose of this Amendment

The purpose of this Amendment is to allow the District to share surplus increments with the Tax Incremental District No. 13 ("Recipient TID" or "Recipient District") under the provisions of Wisconsin Statutes Section 66.1105(6)(f). The Recipient TID is a proposed blighted area TID being created for the purpose of facilitating redevelopment on the site of the former Hotel Menasha and adjacent bank building at the corner of Main and Mill Streets. The redevelopment project will include construction of a multi-tenant 109,000 square foot office tower on the site, as well as construction of a 300 stall parking ramp on City owned property located on Broad Street. The process to create the Recipient TID will run concurrent with consideration of this proposed Amendment.

Estimated Total Project Expenditures

The additional Project Costs to be incurred under this Amendment are limited to the sharing of $750,000 of surplus increment with the Recipient District via a one-time transfer to be made in 2015. The expenditure period of the District terminates on September 9, 2016.

Economic Development

Authorizing the District to share increments with the Recipient District will provide essential resources needed to allow the Recipient District to accomplish the economic development goals set forth in its Project Plan. Without this assistance, the redevelopment project cannot proceed. The application of the Donor District's surplus increment, as permitted by Wisconsin Statutes, promotes the overall economic development of the City to the benefit of all overlapping taxing jurisdictions.

Expected Termination of District

The District has a maximum statutory life of 23 years, and must close not later than September 9, 2021. Considering only existing increment value and assuming no additional projects are undertaken the anticipated total cumulative revenues will exceed total liabilities by the year 2017, enabling the District to close four years earlier than its maximum life. Based on the Economic Feasibility Study located in Section 10 of this Plan, amendment of the District to allow transfer of $750,000 in funds to the Recipient District will shift the projected closure year from 2017 to 2020.

Summary of Findings

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

1. **That "but for" amendment of the Donor District's Project Plan, the economic development objectives of the Recipient District's Project Plan will not be achieved.** In evaluating the appropriateness of the proposed amendment, the Joint Review Board must consider "whether the development expected in the tax incremental district would occur without the use of tax incremental financing," customarily referred to as the "but for" test. Since the purpose of this amendment is solely to allow for the sharing of the Donor District's increment with the Recipient District, this test cannot be applied in the conventional way. The Joint Review Board has previously concluded, in the case of the Donor District, that the "but for" test was met. The Joint Review Board will be asked to reach this same conclusion with respect to the Recipient District as part of its consideration of that district. As demonstrated in the Economic Feasibility section of this Amendment, the Recipient District will not recover its Project Costs without the receipt of shared increment from the Donor District. This would create a significant financial burden for City taxpayers, and since all taxing jurisdictions will ultimately share in the benefit of the redevelopment project and increased tax base, it is appropriate for all taxing jurisdictions to continue to share in the costs to implement them. Accordingly, the City finds that it is reasonable to conclude the "but for" test is satisfied with respect to the proposed Amendment.

2. **The economic benefits of amending the Donor 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:

   - Approval of the ability to share increment with the Recipient District is necessary to enable that district to realize the economic benefits projected in its Project Plan. Since the Donor District is generating sufficient increment to pay for its Project Costs, and has surplus increment available to pay for some of the Project Costs of the Recipient District, the economic benefits that have already been generated are more than sufficient to compensate for the cost of improvements in the Donor and Recipient Districts.

3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.** Given that it is likely that the Recipient District will not achieve the objectives of its Project Plan without the ability to share in the surplus increments of the Donor District (see finding # 1), and since the District is expected to generate additional economic benefits that are sufficient to compensate for the additional cost of the improvements (see Finding #2), the City reasonably concludes that the overall additional benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the "but for" test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the Project Plan is not amended.

4. The boundaries of the District are not being amended. At the time of creation, and any subsequent additions of territory, not less than 50%, by area, of the real property within the District is suitable for industrial sites and zoned for industrial use within the meaning of Wisconsin Statutes Section 66.1101. Any real property within the District that is found suitable for industrial sites and is zoned for industrial use at the time of the creation of the District, or at the time its boundaries were amended, will remain zoned for industrial use for the life of the District.

5. Based upon the original findings documented in the District's Creation Resolution and in any subsequent resolutions amending the boundaries of the District, the District remains declared an industrial district based on the identification and classification of the property included within it.

6. The Project Costs of the District relate directly to promoting industrial development in the District consistent with the purpose for which the District was created.

7. The improvements of such area are likely to enhance significantly the value of substantially all of the other real property in the District.

8. The amount of territory within the District which the City estimates will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Wisconsin Statutes Section 66.1105(5)(b) will not change as a result of this amendment.

9. The Project Plan for the District, as amended, is feasible, and is in conformity with the Master Plan of the City.

SECTION 2:
Type and General Description of District

The District was created under the authority provided by Wisconsin Statutes Section 66.1105 on September 9, 1998 by resolution of the Common Council. The District's valuation date, for purposes of establishing base value, was January 1, 1998.

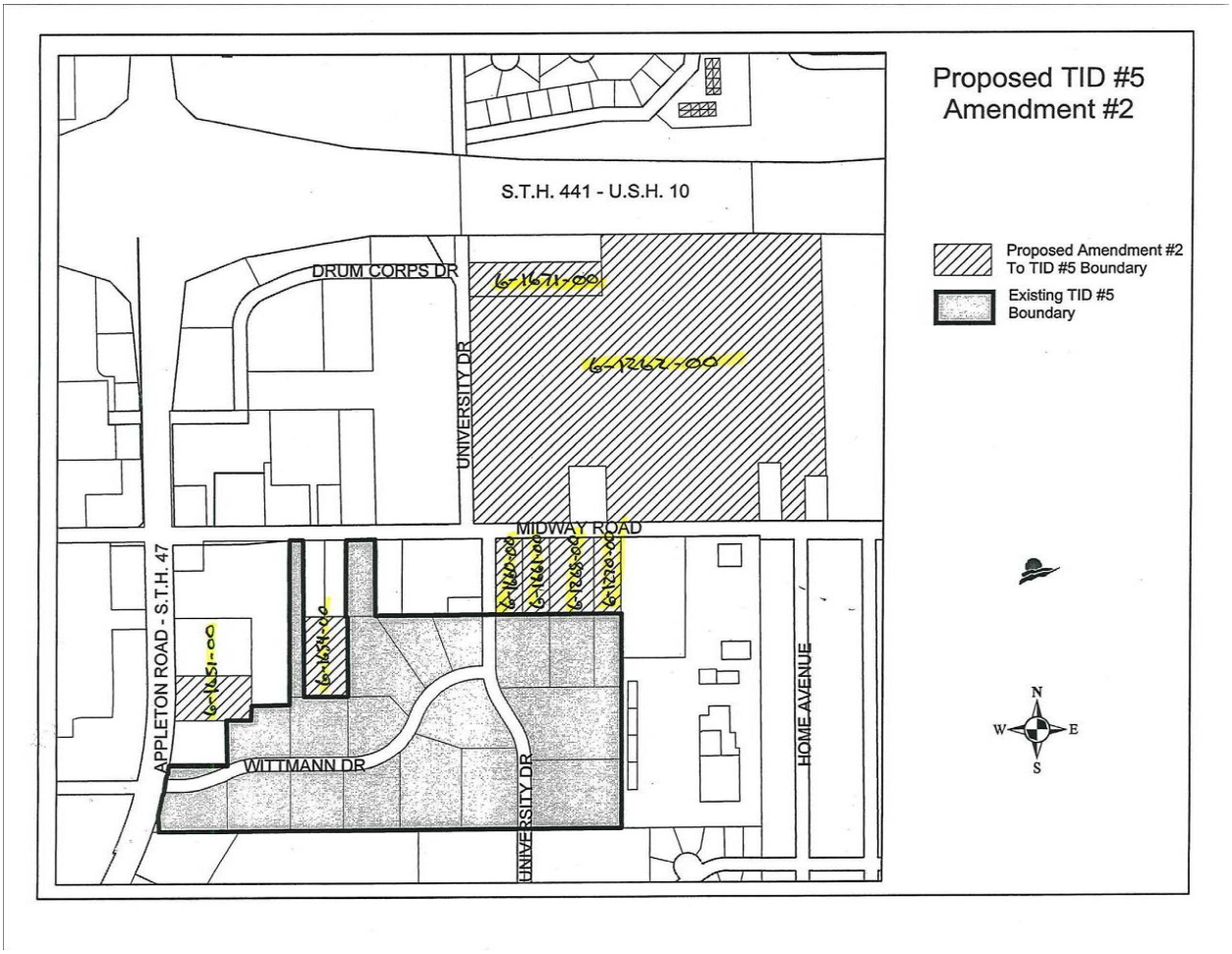
The District is an "Industrial District," created on a finding that at least 50%, by area, of the real property within the District was zoned and suitable for industrial sites within the meaning of Wisconsin Statutes Section 66.1101. Since this amendment does not add any territory to the District, the District remains in compliance with this provision. Any real property within the District that was found suitable for industrial sites and was zoned for industrial use at the time of the creation of the District, or at the time its boundaries were amended, will remain zoned for industrial use for the life of the District.

Wisconsin Statutes Section 66.1105(4)(h)2. provides authority for a City to amend the boundaries of an existing Tax Increment District for purposes of adding and/or subtracting territory up to a total of four times during the life of the District. The boundaries of the Donor District have been amended twice prior to this Amendment. Since this amendment does not involve the addition or subtraction of territory from the District, it is not counted against the number of available boundary amendments.

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

A map depicting the current boundaries of the District is found in Section 3 of this Plan. Based upon the findings stated above, the original findings stated in the Creation Resolution, and the findings contained in any subsequent resolution adding territory to the District, the District remains an industrial district based on the identification and classification of the property included within the District.

SECTION 3:
Map of Current District Boundary



SECTION 4:
Map Showing Existing Uses and Conditions

There will be neither changes to District boundaries nor any changes to the existing uses and conditions within the District as a result of this Amendment. Please refer to the original TID Project Plan and subsequent Project Plan Amendments for prior maps showing the existing uses and conditions of property.

SECTION 5:
Equalized Value Test

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

SECTION 6:
Statement of Kind, Number and Location of Proposed Public Works and Other Projects

This amendment provides the authority for the Donor District to allocate surplus increments with the Recipient District. No other additional Project Costs are involved, and the statement of kind, number and location of proposed public works and other projects as documented in the original Project Plan and subsequent Project Plan Amendments remains in effect.

SECTION 7:
Map Showing Proposed Improvements and Uses

There will be neither changes to District boundaries nor any changes to the existing uses and conditions within the District as a result of this Amendment. Please refer to the original TID Project Plan and subsequent Project Plan Amendments for prior maps showing the proposed improvements and uses of property.

SECTION 8:
Detailed List of Project Costs

This amendment provides the authority for the Donor District to allocate surplus increments with the Recipient District. No other additional Project Costs are involved, and the statement of kind, number and location of proposed public works and other projects as documented in the original Project Plan and subsequent Project Plan Amendments remains in effect.

SECTION 9:

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

This Project Plan Amendment allows the Donor District to allocate positive tax increments to the Recipient District. The authority for this Amendment is Wisconsin Statutes Section 66.1105(6)(f) which provides for the allocation of increments providing that the following are true:

- The Donor District, the positive tax increments of which are to be allocated, and the Recipient District have the same overlying taxing jurisdictions.

- The allocation of tax increments is approved by the Joint Review Board.

- The Donor 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 District.

- The Recipient District was created upon a finding that not less than 50 percent, by area, of the real property within the District is blighted or in need of rehabilitation, or the Project Costs in the District are used to create, provide, or rehabilitate low-cost housing or to remediate environmental contamination.

The Donor District and Recipient District have the same overlapping taxing jurisdictions, and the Recipient District is being created on a finding that not less than 50 percent, by area, of the real property within the District is blighted.

The Exhibits following this section demonstrate that the Donor District is generating sufficient tax increments to pay for its Project Costs, and that surplus increments remain that can be allocated to pay some of the Project Costs of the Recipient District. Accordingly, the statutory criteria under which this amendment can be approved are met.

Projected Cash Flow Prior to Transfer to Recipient District

TIF #5 Fund 457

6/1/2015

TAX YEAR / COLLECTION YEAR	TAX INCREMENT	TIF (TAX) RATE	TIF AMOUNT	EXEMPT COMPUTER AID	OTHER REVENUES	DEBT SERVICE	OTHER EXPENSES	Donor to Other TID's (#7 & #8)	Donor to TIF #13	END OF YEAR FUND BALANCE	REMAINING LIABILITIES[1]
2012/2013	**$10,360,000**	**$27.877**	**$288,809**	**$263,953**	**$1,171,958**	**$235,591**	**$10,146**			**$2,134,454**	
2013/2014	**$10,510,800**	**$28.207**	**$296,480**	**$296,124**	**$608**	**$1,415,855**	**$13,462**	**$109,710**		**$1,188,639**	
2014/2015	**$11,441,200**	**$28.056**	**$320,998**			*$265,500*	*$10,500*	*$18,048*		*$1,215,589*	*$1,660,921*
2015/2016	*$11,441,200*	$28.056	*$320,998*			*$278,064*	*$7,650*	*$24,748*		*$1,226,125*	*$1,399,615*
2016/2017	*$11,441,200*	$28.056	*$320,998*			*$278,714*	*$150*	*$143,173*		*$1,125,086*	*$1,009,068*
2017/2018	*$11,441,200*	$28.056	*$320,998*			*$169,094*	*$150*	*$264,000*		*$1,012,840*	*$597,711*
2018/2019	*$11,441,200*	$28.056	*$320,998*			*$169,094*	*$150*	*$114,500*		*$1,050,094*	*$330,697*
2019/2020	*$11,441,200*	$28.056	*$320,998*			*$169,094*	*$150*	*$9,500*		*$1,192,348*	*$163,376*
2020/2021	*$11,441,200*	$28.056	*$320,998*			*$169,094*	*$150*			*$1,344,102*	*($0)*
						$9,728,308					

NOTES:
[1]Includes end of year G.O. debt principal balance outstanding plus sum of remaining planned transfers to TIDs 7, 8 and 13.

Projected Cash Flow Following Transfer to Recipient District

TIF #5 Fund 457

6/1/2015

TAX YEAR / COLLECTION YEAR	TAX INCREMENT	TIF (TAX) RATE	TIF AMOUNT	EXEMPT COMPUTER AID	OTHER REVENUES	DEBT SERVICE	OTHER EXPENSES	Donor to Other TID's (#7 & #8)	Donor to TIF #13	END OF YEAR FUND BALANCE	REMAINING LIABILITIES[1]
2012/2013	**$10,360,000**	**$27.877**	**$288,809**	**$263,953**	**$1,171,958**	**$235,591**	**$10,146**			**$2,134,454**	
2013/2014	**$10,510,800**	**$28.207**	**$296,480**	**$296,124**	**$608**	**$1,415,855**	**$13,462**	**$109,710**		**$1,188,639**	
2014/2015	**$11,441,200**	**$28.056**	**$320,998**			*$265,500*	*$10,500*	*$18,048*	*$750,000*	*$465,589*	*$1,660,921*
2015/2016	*$11,441,200*	$28.056	*$320,998*			*$278,064*	*$7,650*	*$24,748*		*$476,125*	*$1,399,615*
2016/2017	*$11,441,200*	$28.056	*$320,998*			*$278,714*	*$150*	*$143,173*		*$375,086*	*$1,009,068*
2017/2018	*$11,441,200*	$28.056	*$320,998*			*$169,094*	*$150*	*$264,000*		*$262,840*	*$597,711*
2018/2019	*$11,441,200*	$28.056	*$320,998*			*$169,094*	*$150*	*$114,500*		*$300,094*	*$330,697*
2019/2020	*$11,441,200*	$28.056	*$320,998*			*$169,094*	*$150*	*$9,500*		*$442,348*	*$163,376*
2020/2021	*$11,441,200*	$28.056	*$320,998*			*$169,094*	*$150*			*$594,102*	*($0)*
						$9,728,308					

NOTES:
[1]Includes end of year G.O. debt principal balance outstanding plus sum of remaining planned transfers to TIDs 7, 8 and 13.

SECTION 10:
Annexed Property

No territory will be added or subtracted from the District as a result of this amendment.

SECTION 11:
Proposed Zoning Ordinance Changes

The City does not anticipate the need to change any of its zoning ordinances in conjunction with the implementation of this Project Plan amendment. Any real property within the District that is found suitable for industrial sites and is zoned for industrial use will remain zoned for industrial use for the life of the District.

SECTION 12:
Proposed Changes in Master Plan, Map, Building Codes and City of Menasha 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 required for implementation of this Plan Amendment.

SECTION 13:
Relocation

It is not anticipated there will be a need to relocate persons or businesses in conjunction with the implementation of this Plan Amendment. 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 the requirements of Wisconsin Statutes Chapter 32.

SECTION 14:
Orderly Development of the City of Menasha

This Project Plan Amendment will have no impact on the viability of the original District Project Plan or its subsequent Amendments as it relates to the orderly development of the City.

SECTION 15:
List of Estimated Non-Project Costs

Non-Project Costs are costs for projects to be undertaken within the District that will be paid from sources other than tax increments. 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 as amended.

SECTION 16:

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

July 2, 2015

SAMPLE

Mayor Donald Merkes
City of Menasha
140 Main Street
Menasha, Wisconsin 54952

RE: City of Menasha, Wisconsin Tax Incremental District No. 5 Amendment

Dear Mayor:

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

Sincerely,

Attorney Pamela Captain
City of Menasha