

CITY OF WAUKESHA

TAX INCREMENTAL
FINANCE DISTRICT 24

LES PAUL CENTER
MIXED USE

June 2015

TAX INCREMENTAL FINANCE DISTRICT 24

LES PAUL CENTER MIXED USE

STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PROJECTS

In Tax Incremental District No. 24 in the City of Waukesha the area is suitable for mixed use development. The areas within the boundaries are suitable for both residential and commercial development. The properties in the district have been or will be zoned for commercial and residential development or are shown on the Land Use Plan as commercial and residential. The City of Waukesha is creating the district predominantly for the purpose of stimulating mixed use development in the district. There are vacant lands in the district which the City expects to develop in a mixed use way. Some of the vacant land is expected to be developed as residential but it will not exceed 35% of the total land in the district. The district is also expected to result in the development of commercial and residential property, improvements to infrastructure and an increase in the property tax base to relieve the tax burden of residents and homeowners. Development incentives will be available to projects that meet the goals of the district and would not occur but for tax incremental financing.

Les Paul Parkway (STH 164/59) is a heavily traveled state highway that wraps around the southern portion of the City of Waukesha. In the past this highway has been an informal growth boundary for the City. The City has now started to grow beyond the bypass in some areas. As a result there are lands that don't have ready access to utilities. This has resulted in development costs that are higher than the market is willing to bare.

There has been one project identified in the district to date that has requested TIF assistance. The property is at the southeast corner of STH 59 and Saylesville Rd. The property is zoned commercial and the developer has requested assistance to extend utilities and the abutting roadway as well as assistance offsetting the cost of wetland mitigation. By extending the utilities the City will be in a better position to serve additional development to the west in the future. This utility extension is expected to spur additional development in the area.

TIF assistance is needed in some cases to make new mixed use development and redevelopment economically feasible in Waukesha. Making these utility extensions and the roadway connection as well as assisting with wetland mitigation causes this project or most any development project to the west unfeasible because of the cost. But for TIF assistance this development would not be occurring in Waukesha.

Projects in the district include expenses related to new mixed use development and infrastructure improvements. These expenses will include:

1. On and off site infrastructure improvements to storm water facilities, sewer facilities, water facilities roads and sidewalks.
2. Site preparation and improvements including wetland mitigation.

3. Developer incentives.
4. Environmental testing.
5. Environmental remediation.

These projects are TID expenses that will be paid partially or in full through developer incentives. It is anticipated that the expenses will be bonded for and paid for at the time the cost is incurred and recovered when increment is generated.

Projects above and beyond the projects listed may arise during the life of the district. The City will evaluate each project on its merits and determine whether it meets the “but for” TID test. If the project furthers the goals and objectives of the district and meets the “but for” statutory test the City may provide TIF assistance to the project.

ECONOMIC FEASIBILITY STUDY & CURRENT CONDITIONS

This economic feasibility study takes three major factors into account to determine the amount of tax increment that a tax increment district will generate to pay for projects in the district. These three factors are: Private growth within the district, property value inflation rate and overall tax rate before property tax credit. For this report, at least two of the three factors have been projected somewhat conservatively. For example, this report is using a 0% percent annual inflation rate for property values for the next 9 years. Also, the tax rate is being figured at a rate that does not increase but remains at the 2014 rate of \$21.78 per \$1,000 of equalized value even though it has been as high as \$34.25 in 1992.

In this case there are several extraordinary costs that would in themselves make the project financially infeasible for the developer and future developers to the west of the intersection. Those costs include costs for site preparation and improvements, potential environmental testing and remediation, wetland mitigation as well as on and off site infrastructure and utility extensions.

In the event the base value of the district falls below the value at the inception of the TID, the City will seek to redetermine the base value of the district through the State of Wisconsin Department of Revenue. This redetermination would abide by all governing state statutes.

The City has considerable margin for new debt to accommodate any future borrowing. See table below:

Equalized Valuation (2014) as certified by Wisconsin Department of Revenue	\$5,546,910,300
Legal Debt Percentage Allowed	5.00%
Legal Debt Limit	\$277,345,515
Direct Bonded Indebtedness**	\$128,975,000
Unused Margin of Indebtedness	\$148,370,515
Percent of Legal Debt Incurred	46.50%
Percentage of Legal Debt Available	53.50%
As of December 31, 2014	

PROJECTIONS & ASSUMPTIONS

At this time the City of Waukesha has not identified any additional projects beyond the one listed earlier. This plan is only a guide for making future decisions on capitol outlays in that many factors could change that would affect the numbers projected in this section, either positively or negatively. Professional financial counseling will be used before money is borrowed. The City has no intentions of borrowing money or doing any improvements in this district until developer's agreements are made that guarantee increment.

Example Proforma - City Borrowing

City of Waukesha
Tax Increment District No. 24
 Cash Flow Proforma Analysis



Assumptions	
Annual Inflation During Life of TID:	0.00%
2014 Gross Tax Rate (per \$1000 Equalized Value):	\$21.78
Annual Adjustment to tax rate:	0.00%
Investment rate:	0.50%
Data above dashed line are actual	

Example New Issue	
Taxable G.O. Promissory Notes	\$1,370,000
Amount for Projects	\$1,200,000
Dated October 1, 2015	
Capitalized Interest	\$130,515
Cost of Issuance (est.)	\$36,135
Rounding	\$3,530
Less: Vesting Premium	\$0

Year	Background Data				
	(a) TIF District Valuation (Member 1)	(b) Value of Exempt Computers (Member 1)	(c) Construction Increment (1)	(d) TIF Increment Over Base	(e) Tax Rate
2015	\$1,370,000	\$0	\$0	\$0	\$21.78
2016	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2017	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2018	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2019	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2020	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2021	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2022	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2023	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2024	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2025	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2026	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2027	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2028	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2029	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2030	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2031	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2032	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2033	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2034	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
2035	\$1,370,000	\$0	\$15,500,000	\$15,500,000	\$21.78
			\$15,500,000		

Revenues		
(f) Tax Revenue	(g) Investment Proceeds	(h) Total Revenues
\$0	\$0	\$0
\$0	\$652	\$652
\$0	\$439	\$439
\$0	\$723	\$723
\$337,660	\$7	\$337,667
\$337,660	\$577	\$338,237
\$337,660	\$1,147	\$338,807
\$337,660	\$1,720	\$339,380
\$337,660	\$2,299	\$339,959
\$337,660	\$2,887	\$340,547
\$337,660	\$3,488	\$341,148
\$337,660	\$4,078	\$341,738
\$337,660	\$5,787	\$343,447
\$337,660	\$7,504	\$346,164
\$337,660	\$9,230	\$348,890
\$337,660	\$10,965	\$351,625
\$337,660	\$12,708	\$354,368
\$337,660	\$14,429	\$357,180
\$337,660	\$16,229	\$359,980
\$337,660	\$17,989	\$362,780
\$337,660	\$19,788	\$365,568
\$337,660	\$21,488	\$368,328
\$337,660	\$23,148	\$371,068
\$337,660	\$24,788	\$373,788
\$337,660	\$26,428	\$376,488
\$337,660	\$28,068	\$379,168
\$337,660	\$29,708	\$381,828
\$337,660	\$31,348	\$384,468
\$337,660	\$32,988	\$387,088
\$337,660	\$34,628	\$389,688
\$337,660	\$36,268	\$392,268
\$337,660	\$37,908	\$394,828
\$337,660	\$39,548	\$397,368
\$337,660	\$41,188	\$399,888
\$337,660	\$42,828	\$402,388
\$337,660	\$44,468	\$404,868
\$337,660	\$46,108	\$407,328
\$337,660	\$47,748	\$409,768
\$337,660	\$49,388	\$412,188
\$337,660	\$51,028	\$414,588
\$337,660	\$52,668	\$416,968
\$337,660	\$54,308	\$419,328
\$337,660	\$55,948	\$421,668
\$337,660	\$57,588	\$423,988
\$337,660	\$59,228	\$426,288
\$337,660	\$60,868	\$428,568
\$337,660	\$62,508	\$430,828
\$337,660	\$64,148	\$433,068
\$337,660	\$65,788	\$435,288
\$337,660	\$67,428	\$437,488
\$337,660	\$69,068	\$439,668
\$337,660	\$70,708	\$441,828
\$337,660	\$72,348	\$443,968
\$337,660	\$73,988	\$446,088
\$337,660	\$75,628	\$448,188
\$337,660	\$77,268	\$450,268
\$337,660	\$78,908	\$452,328
\$337,660	\$80,548	\$454,368
\$337,660	\$82,188	\$456,388
\$337,660	\$83,828	\$458,388
\$337,660	\$85,468	\$460,368
\$337,660	\$87,108	\$462,328
\$337,660	\$88,748	\$464,268
\$337,660	\$90,388	\$466,188
\$337,660	\$92,028	\$468,088
\$337,660	\$93,668	\$469,968
\$337,660	\$95,308	\$471,828
\$337,660	\$96,948	\$473,668
\$337,660	\$98,588	\$475,488
\$337,660	\$100,228	\$477,288
\$337,660	\$101,868	\$479,068
\$337,660	\$103,508	\$480,828
\$337,660	\$105,148	\$482,568
\$337,660	\$106,788	\$484,288
\$337,660	\$108,428	\$485,988
\$337,660	\$110,068	\$487,668
\$337,660	\$111,708	\$489,328
\$337,660	\$113,348	\$490,968
\$337,660	\$114,988	\$492,588
\$337,660	\$116,628	\$494,188
\$337,660	\$118,268	\$495,768
\$337,660	\$119,908	\$497,328
\$337,660	\$121,548	\$498,868
\$337,660	\$123,188	\$500,388
\$337,660	\$124,828	\$501,888
\$337,660	\$126,468	\$503,368
\$337,660	\$128,108	\$504,828
\$337,660	\$129,748	\$506,268
\$337,660	\$131,388	\$507,688
\$337,660	\$133,028	\$509,088
\$337,660	\$134,668	\$510,468
\$337,660	\$136,308	\$511,828
\$337,660	\$137,948	\$513,168
\$337,660	\$139,588	\$514,488
\$337,660	\$141,228	\$515,788
\$337,660	\$142,868	\$517,068
\$337,660	\$144,508	\$518,328
\$337,660	\$146,148	\$519,568
\$337,660	\$147,788	\$520,788
\$337,660	\$149,428	\$521,988
\$337,660	\$151,068	\$523,168
\$337,660	\$152,708	\$524,328
\$337,660	\$154,348	\$525,468
\$337,660	\$155,988	\$526,588
\$337,660	\$157,628	\$527,688
\$337,660	\$159,268	\$528,768
\$337,660	\$160,908	\$529,828
\$337,660	\$162,548	\$530,868
\$337,660	\$164,188	\$531,888
\$337,660	\$165,828	\$532,888
\$337,660	\$167,468	\$533,868
\$337,660	\$169,108	\$534,828
\$337,660	\$170,748	\$535,768
\$337,660	\$172,388	\$536,688
\$337,660	\$174,028	\$537,588
\$337,660	\$175,668	\$538,468
\$337,660	\$177,308	\$539,328
\$337,660	\$178,948	\$540,168
\$337,660	\$180,588	\$540,988
\$337,660	\$182,228	\$541,788
\$337,660	\$183,868	\$542,568
\$337,660	\$185,508	\$543,328
\$337,660	\$187,148	\$544,068
\$337,660	\$188,788	\$544,788
\$337,660	\$190,428	\$545,488
\$337,660	\$192,068	\$546,168
\$337,660	\$193,708	\$546,828
\$337,660	\$195,348	\$547,468
\$337,660	\$196,988	\$548,088
\$337,660	\$198,628	\$548,688
\$337,660	\$200,268	\$549,268
\$337,660	\$201,908	\$549,828
\$337,660	\$203,548	\$550,368
\$337,660	\$205,188	\$550,888
\$337,660	\$206,828	\$551,388
\$337,660	\$208,468	\$551,868
\$337,660	\$210,108	\$552,328
\$337,660	\$211,748	\$552,768
\$337,660	\$213,388	\$553,188
\$337,660	\$215,028	\$553,588
\$337,660	\$216,668	\$553,968
\$337,660	\$218,308	\$554,328
\$337,660	\$219,948	\$554,668
\$337,660	\$221,588	\$554,988
\$337,660	\$223,228	\$555,288
\$337,660	\$224,868	\$555,568
\$337,660	\$226,508	\$555,828
\$337,660	\$228,148	\$556,068
\$337,660	\$229,788	\$556,288
\$337,660	\$231,428	\$556,488
\$337,660	\$233,068	\$556,668
\$337,660	\$234,708	\$556,828
\$337,660	\$236,348	\$556,968
\$337,660	\$237,988	\$557,088
\$337,660	\$239,628	\$557,188
\$337,660	\$241,268	\$557,268
\$337,660	\$242,908	\$557,328
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\$337,660	\$249,468	\$557,368
\$337,660	\$251,108	\$557,328
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\$337,660	\$256,028	\$557,088
\$337,660	\$257,668	\$556,968
\$337,660	\$259,308	\$556,828
\$337,660	\$260,948	\$556,668
\$337,660	\$262,588	\$556,488
\$337,660	\$264,228	\$556,288
\$337,660	\$265,868	\$556,068
\$337,660	\$267,508	\$555,828
\$337,660	\$269,148	\$555,568
\$337,660	\$270,788	\$555,288
\$337,660	\$272,428	\$554,988
\$337,660	\$274,068	\$554,668
\$337,660	\$275,708	\$554,328
\$337,660	\$277,348	\$553,968
\$337,660	\$278,988	\$553,588
\$337,660	\$280,628	\$553,188
\$337,660	\$282,268	\$552,768
\$337,660	\$283,908	\$552,328
\$337,660	\$285,548	\$551,868
\$337,660	\$287,188	\$551,388
\$337,660	\$288,828	\$550,888
\$337,660	\$290,468	\$550,368
\$337,660	\$292,108	\$549,828
\$337,660	\$293,748	\$549,268
\$337,660	\$295,388	\$548,688
\$337,660	\$297,028	\$548,088
\$337,660	\$298,668	\$547,468
\$337,660	\$300,308	\$546,828
\$337,660	\$301,948	\$546,168
\$337,660	\$303,588	\$545,488
\$337,660	\$305,228	\$544,788
\$337,660	\$306,868	\$544,068
\$337,660	\$308,508	\$543,328
\$337,660	\$310,148	\$542,568
\$337,660	\$311,788	\$541,788
\$337,660	\$313,428	\$540,988
\$337,660	\$315,068	\$540,168
\$337,660	\$316,708	\$539,328
\$337,660	\$318,348	\$538,468
\$337,660	\$320,000	\$537,588
\$337,660	\$321,648	\$536,668
\$337,660	\$323,288	\$535,728
\$337,660	\$324,928	\$534,768
\$337,660	\$326,568	\$533,788
\$337,660	\$328,208	\$532,788
\$337,660	\$329,848	\$531,768
\$337,660	\$331,488	\$530,728
\$337,660	\$333,128	\$529,668
\$337,660	\$334,768	\$528,588
\$337,660	\$336,408	\$527,488

PROJECT COSTS PAID BY INCREMENT

ADMINISTRATION

Creation of the tax district, development of the project plan, coordination of the projects through completion, and over-all supervision of the district will be administered by the Planning and Finance Staff.

CAPITALIZATION AND INTEREST

In order to prevent a shortfall in debt service repayment in the early years when revenues are nonexistent or small, bond issues will be capitalized. Interest will vary as to time of issue, length of issue, and interest rates.

PLANNING, LEGAL AND CONSULTING

Creation of the tax district, development of the project plan and development of the individual plans are the responsibility of the Planning Staff and Engineering Staff. Financial assistance, accounting, auditing and legal will be coordinated by Planning Staff with assistance from City Finance staff and consulting services.

DEVELOPMENT INCENTIVES AND CASH GRANTS

The City may provide development incentives including cash grants to promote commercial and residential development and job creation in the district. Any party receiving a development incentive will be required to agree to a development agreement outlining the terms and performance expected from the project.

When determining the amount of developer incentives for each project proposed the following will be taken into consideration:

- Can the increment generated from the project cover the debt service the City would incur as a result of the incentive? At this time the City anticipates a pay as you go TID where the developer is reimbursed for extraordinary costs incurred to redevelop the site.
- Will the project extend the life of the district?
- Does the project create family supporting job opportunities?
- Does the project meet the “but for” test?
- Does the project further the goals and objectives of the project plan?

INFRASTRUCTURE IMPROVEMENTS

Utilities are not readily available in this area of the City. To allow for future development the City will extend utilities and roadways as needed to serve the properties in the district.

Project	Estimated Total Cost	Cost Paid by TIF	Interim Method of Financing	Time of Cost Incurrence
Planning, Legal and Consulting			G.O.B. / G.C.F.	Life of the District
Administration			G.O.B. / G.C.F.	Life of the District
Development Incentives & Cash Grants	\$ 1,200,000.00	\$ 1,200,000.00	G.O.B. / G.C.F.	2015-2037
Public Infrastructure			G.O.B. / G.C.F.	2015-2037
Total Project Costs	\$ 1,200,000.00	\$ 1,200,000.00		
Financing Costs and Interest			G.O.B. / G.C.F.	Life of the District
Capitalized Interest			G.O.B. / G.C.F.	2015-2037
Total Project Costs with Financing Costs and Interest	\$ 1,200,000.00	\$ 1,200,000.00		

METHODS OF FINANCING

The City of Waukesha intends to issue bonds to finance the on and off site infrastructure projects in this district. Please refer to the included proformas for details regarding repayment schedule for said bond.

Certain developer incentives will not require bonding if they are a “pay as you go” scenario. City of Waukesha expenses for Planning, Legal, Consulting and Administration will be paid first before the Developer incentive is repaid in that type of scenario.

PROPOSED ZONING, MASTER PLAN, BUILDING CODE, MAP AND/OR CITY ORDINANCE CHANGES

The majority of the properties are currently zoned B-1 PUD (Commercial Planned Unit Development), T-1, I, P-1, C-1 and Rs-3. Changes in the zoning, master plan or map are not anticipated on these properties. The lands zoned T-1 (Temporary) will be rezoned into a permanent residential zoning category when a request is received from the property owner. Rezoning may require a modification to the City’s adopted master plan. If changes to the City’s master plan, building code, map or ordinances are made they will comply with all applicable City and State requirements.

NON-PROJECT COSTS

All costs relative to the project have been included in the cost estimates previously referred to therefore, there are no estimated non-project costs. Legal, planning, auditing, consulting, engineering and bonding costs are listed in the table of project costs.

RELOCATION FOR DISPLACED PERSONS OR BUSINESSES

There are no plans to displace persons or businesses by TIF projects at this time as the proposed project at the southeast corner of STH 59 and Saylesville Rd. involves a vacant land. However, if someone should be displaced by a future project, the City will follow the State of Wisconsin relocation practices as is presently done for any municipal project.

CREATION OF THE DISTRICT PROMOTES ORDERLY DEVELOPMENT

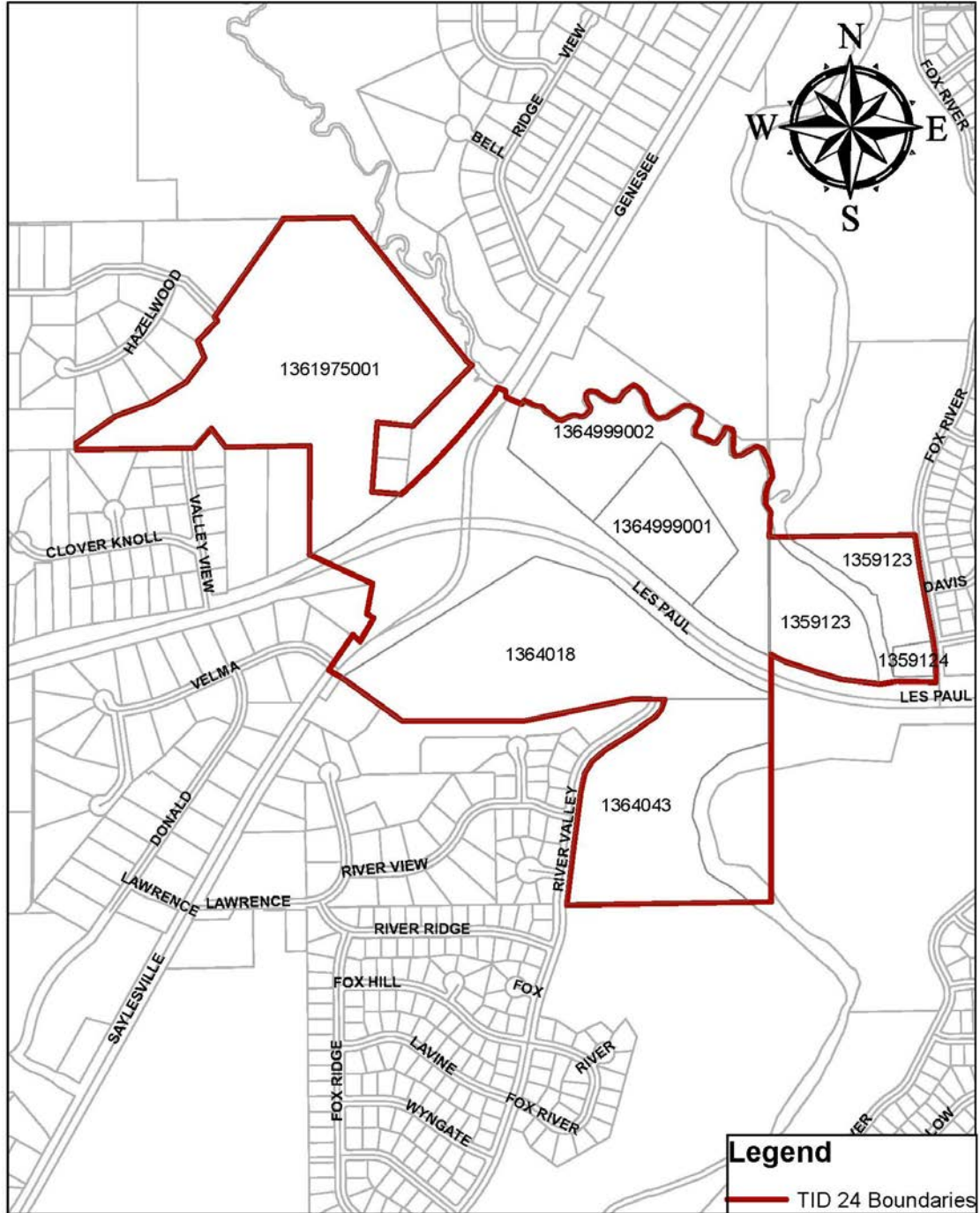
To attract private development, a City might need to make certain incentives available. Often the anticipated tax benefits to the City are not great enough to justify the public expenditures. In these instances, the city would have to find some other means of financing the incentives, but some might never occur or some might be put off for many years. As a result, private investments do not occur, and the affected area remains underutilized or vacant and a burden on the tax base of the City. TIF was designed to remedy this situation. TIF is a financing tool created by the Wisconsin legislature in 1975 that allows a City to use taxes generated by new or improved properties in the defined district to pay for the public improvements and provide incentives which attract new development and improvements.

The law authorizes the City to declare a certain portion of its boundaries as a tax incremental district. The City then provides development incentives, within twenty years, which will attract new development to the district. Tax Incremental District No. 24 is being created to encourage mixed use development and extend utilities and infrastructure to support future development in an underserved area of the City. The extension of utilities and infrastructure will facilitate the construction of new commercial and residential units on these properties. The public infrastructure and utility improvements will aid in the orderly promotion of mixed use development in this area.

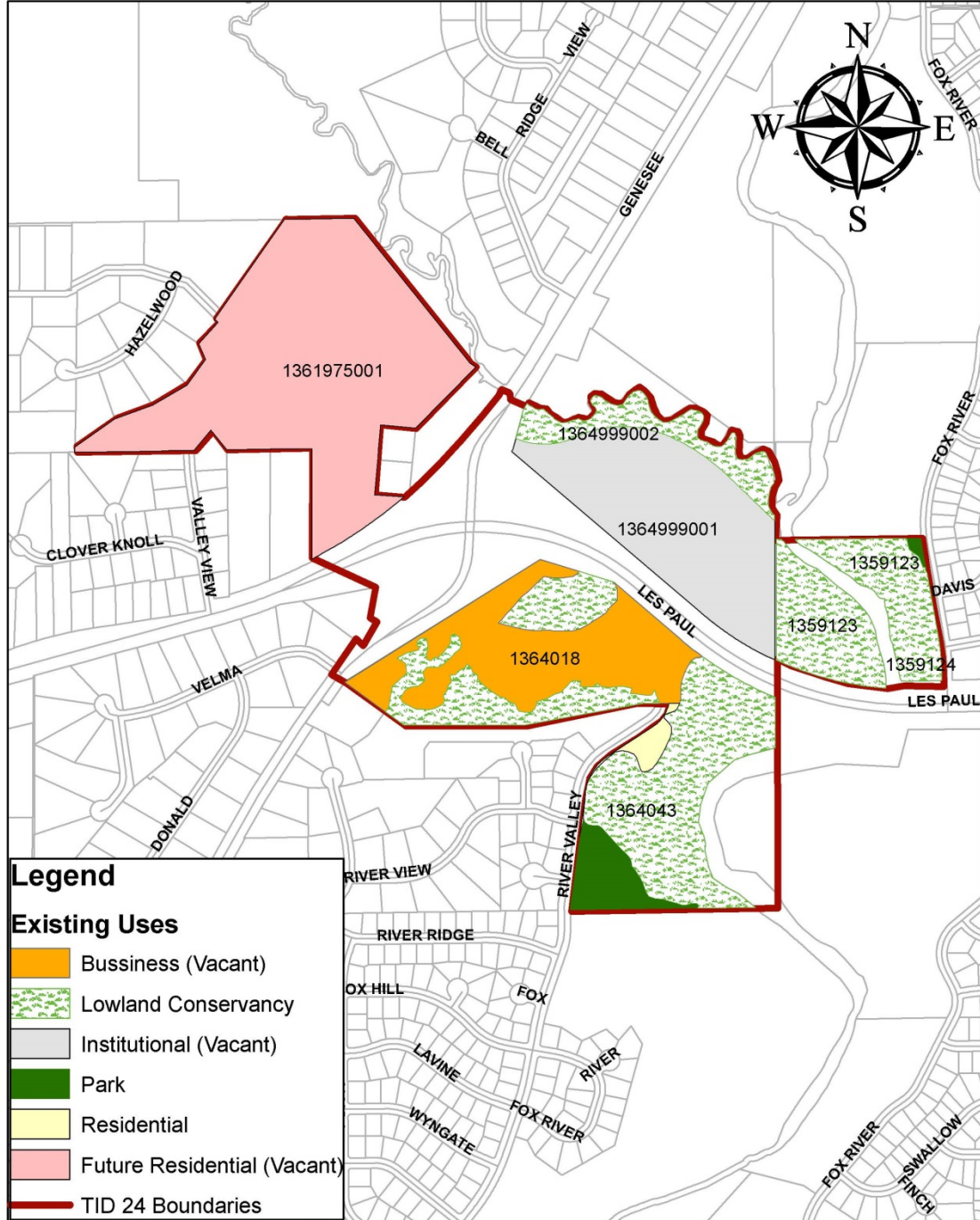
Tax incremental financing is the best tool that the City of Waukesha has to work with to pay for infrastructure improvements, development incentives and cash grants to promote mixed use development in underserved areas of the City. The public infrastructure improvements made in the district will correct existing deficiencies allowing for additional development to occur. This new development results in greater tax base for the city and increased employment opportunities for its residents. At the time this district is created only 3.9% of the City's equalized value is located within Tax Incremental Districts. The creation of this district will minimally impact that percentage and not exceed the 12% statute limitation.

DISTRICT BOUNDARIES

TAX INCREMENTAL DISTRICT 24 - LES PAUL TOWN CENTER
Boundaries and Taxkeys

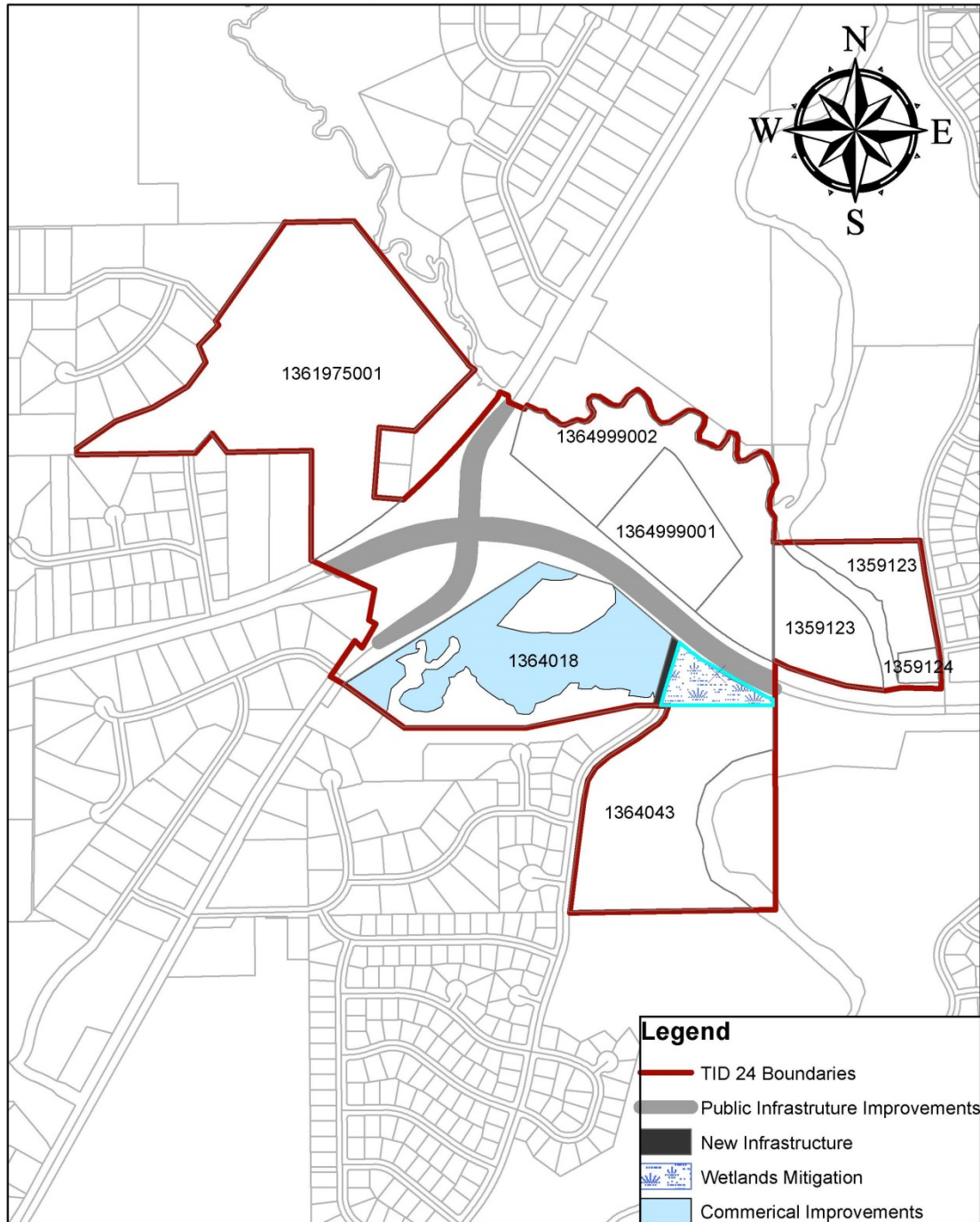


TAX INCREMENTAL DISTRICT 24 - LES PAUL TOWN CENTER
Existing Uses and Conditions



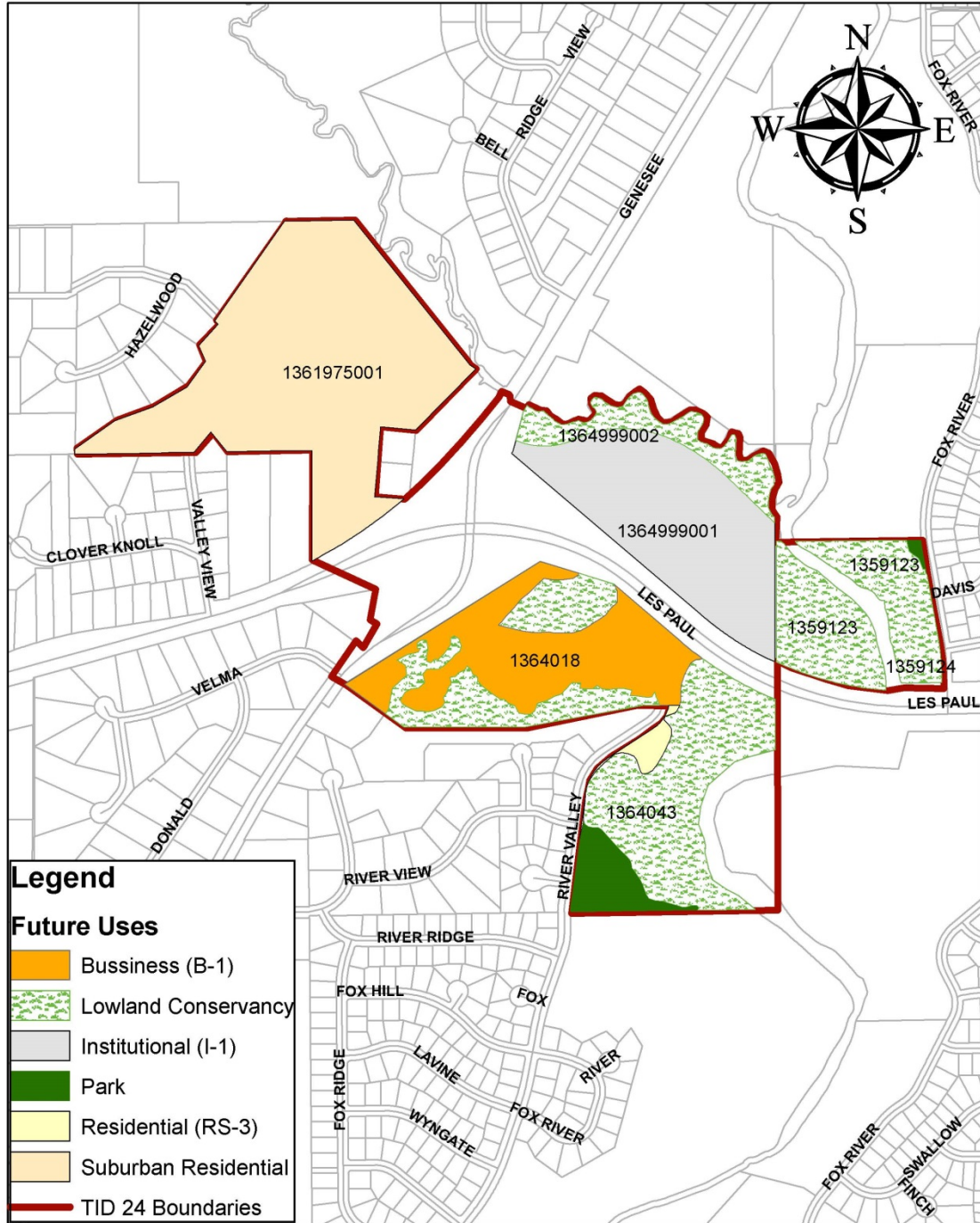
PROPOSED IMPROVEMENTS & USES MAP

TAX INCREMENTAL DISTRICT 24 - LES PAUL TOWN CENTER
Proposed Improvements



FUTURE USES & CONDITIONS MAP

TAX INCREMENTAL DISTRICT 24 - LES PAUL TOWN CENTER
Future Uses and Conditions



ATTORNEY'S OPINION
