

PROJECT PLAN

for the creation of

Tax Incremental District No. 3
(a mixed-use district)

in the

VILLAGE OF SOLON SPRINGS
DOUGLAS COUNTY, WISCONSIN

<i>Organizational Joint Review Board Meeting Held:</i>	<i>March 16, 2011</i>
<i>Public Hearing Held:</i>	<i>March 16, 2011</i>
<i>Adoption by Plan Commission:</i>	<i>March 16, 2011</i>
<i>Adoption by Village Board:</i>	<i>April 4, 2011</i>
<i>Approval by Joint Review Board:</i>	<i>April 6, 2011</i>



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Tax Incremental District No. 3 Creation Project Plan

Village of Solon Springs Officials

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James Ohm	Trustee
Michael Blaylock	Trustee
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Brad Theien	Public Member

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1. EXECUTIVE SUMMARY

DESCRIPTION OF DISTRICT

- Type of District, Size and Location. TID No. 3 (the "District") is proposed to be created as a mixed-use district. A map of proposed District boundaries is located in Section 3 of this Project Plan.
- Estimated Total Project Expenditures. The Village anticipates making total project expenditures of approximately \$357,000 to undertake the projects listed in this Project Plan. The Village anticipates completing the projects in two phases. The Expenditure Period of this District is 15 years from the date of adoption of the Creation Resolution by the Village Board. Some of the projects to be undertaken pursuant to this Project Plan are expected to be financed with general obligations issued by the Village, however, the Village may use other alternative financing methods which may provide overall lower costs of financing, preserve debt capacity, mitigate risk to the Village, or provide other advantages as determined by the Village Board. A discussion and listing of other possible financing mechanisms, as well as a summary of project financing by phase is located in Section 10 of this Project Plan.
- Economic Development. As a result of the creation of this District, the Village projects that additional land and improvements value of approximately \$1,100,000 will be created as a result of new development and appreciation in the value of current vacant land. 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 associated values is located in Section 10 of this Project 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 Project Plan, this District would be expected to generate sufficient tax increments to recover all project costs by the year 2030, or the maximum statutory life of this District.

SUMMARY OF FINDINGS

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

1. **That "but for" the creation of this 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 Village.** In making this determination, the Village has considered the following information:

- The Village has conducted an independent review of the intended developer's sources and uses proforma for the proposed development. This review has concluded that a public investment of approximately \$120,000 is required to enable the development to occur in the manner desired by the Village, while providing the developer a fair and reasonable return on their investment.
- The sites proposed for development have remained vacant for many years due to lack of adequate infrastructure. Given that the sites have not developed as would have been expected under normal market conditions, it is the judgment of the Village that the use of TIF will be required to provide the necessary infrastructure and inducements to encourage development on the sites consistent with that desired by the Village.
- In order to make the areas included within the District suitable for development, the Village will need to make a substantial investment to pay for the costs of: property, right-of-way and easement acquisition, site preparation, installation of utilities, installation of streets and related streetscape items, development incentive payments, and other associated costs. Due to the extensive initial investment in public infrastructure that is required in order to allow development to occur, the Village has determined that development of the area will not occur solely as a result of private investment. Accordingly, the Village finds that absent the use of TIF, development of the area is unlikely to occur.
- Due to its geographic location and market conditions, the Village has seen little growth or new investment in the community. Equalized valuation growth within the Village for the period of 2006 to 2010 has averaged only 0.61%. Absent the use of TIF, this trend is likely to continue. Use of TIF will provide the Village with the means to stimulate new development.

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 Village 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.

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 creation would become effective for valuation purposes as of January 1, 2011. 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, 2011, would be collected by the District 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 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 Village 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 found in Appendix A of this Project Plan.
4. Not less than 50% by area of the real property within the District is suitable for a combination of industrial and commercial uses, defined as "mixed-use development" within the meaning of Section 66.1105(2)(cm) of the Wisconsin Statutes.
5. Based upon the findings, as stated above, the District is declared to be a mixed-use district based on the identification and classification of the property included within the district.
6. The project costs relate directly to promoting mixed-use development in the District 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 Village, does not exceed 12% of the total equalized value of taxable property within the Village.
9. The Village estimates that approximately 60% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Sections 66.1105(5)(b) and 66.1105(6)(am)1 of the Wisconsin Statutes.
10. The Project Plan for the District in the Village is feasible, and is in conformity with the master plan of the Village.

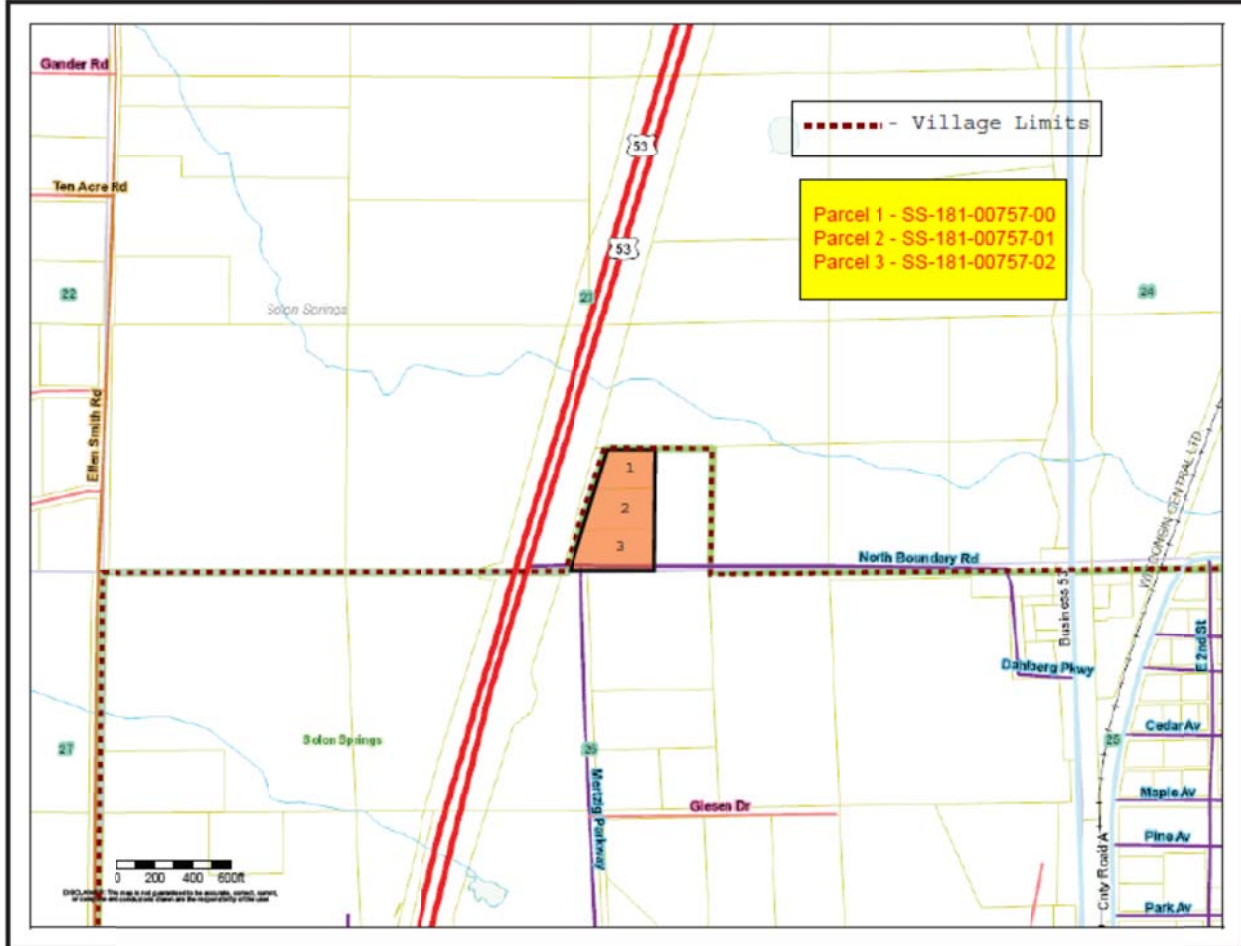
2. TYPE & GENERAL DESCRIPTION OF DISTRICT

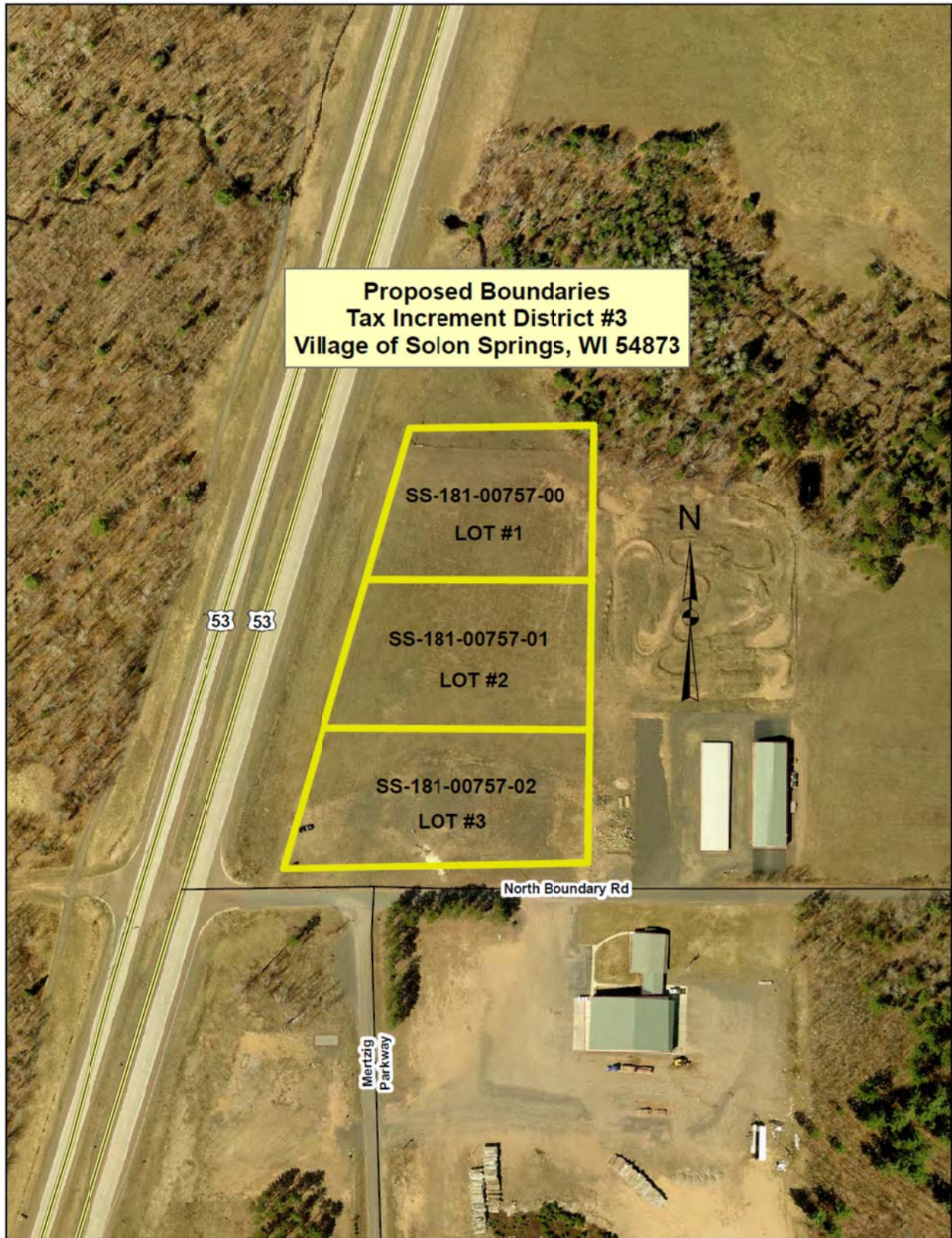
The District is being created by the Village of Solon Springs under the authority provided by Wisconsin Statutes, Section 66.1105. The District is created as a "Mixed Use District" based upon a finding that at least 50%, by area, of the real property within the District is suitable for a combination of industrial and commercial uses as defined within the meaning of Wisconsin Statute, Section 66.1105(2)(cm) (See Section 5 of this Project Plan for a breakdown of District parcels by class and calculation of compliance with the 50% test). Lands proposed for newly platted residential development comprise 0% of the area of the District.

A map depicting the boundaries of the District is found in Section 3 of this Project Plan. A map depicting the proposed uses of the District is found in Section 8 of this Project Plan. The Village of Solon Springs intends that tax increment financing (TIF) will be used to assure that a combination of private industrial and commercial development occurs within the District consistent with the Village's development objectives. This will be accomplished by installing public improvements, and making necessary related expenditures, to promote development within the District. The goal is to increase the tax base and to provide for and preserve employment opportunities within the Village. The project costs included in the Project Plan relate directly to promoting mixed-use development in the District and are consistent with the purpose for which the District is created.

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

3. MAPS OF PROPOSED DISTRICT BOUNDARY





4. MAP SHOWING EXISTING USES AND CONDITIONS



The Village is in the process of making the following change to the zoning of the included parcels within the District



5. PRELIMINARY PARCEL LIST & ANALYSIS

Village of Solon Springs, WI

Tax Increment District No. 3

Preliminary Parcel List

MAP REF #	PARCEL NO.	ASSESSED VALUE - PERS PROP	ASSESSED VALUE - LAND	ASSESSED VALUE - IMP	TOTAL ASSESSED VALUE (LAND & IMP)	ASSESSMENT CLASSIFICATION	LAND RATIO (BY CLASS)	IMPROVEMENTS RATIO (BY CLASS)	EQUALIZED VALUE	PARCEL ACREAGE	CURRENT ZONING	ACTUAL USE	ACRES ZONED AND SUITABLE FOR INDUSTRIAL USE	ACRES ZONED OR PLANNED FOR COMMERCIAL/BUSINESS USE	ACRES ZONED OR PLANNED FOR RESIDENTIAL USE (EXISTING OR PLATTED)	ACRES ZONED OR PLANNED FOR NEWLY PLATTED RESIDENTIAL DEVELOPMENT	ACRES SUITABLE FOR MIXED USE DEVELOPMENT	ACRES DECLARED BLIGHTED
1	SS-181-00757-00	0	15,000	€	15,000	2 - Commercial	90.80%	90.80%	16,520	1.500	Industrial	vacant	1.500				1.500	
2	SS-181-00757-01	0	15,000	€	15,000	2 - Commercial	90.80%	90.80%	16,520	1.830		vacant		1.830			1.830	
3	SS-181-00757-02	0	17,500	€	17,500	2 - Commercial	90.80%	90.80%	19,273	2.160		vacant		2.160			2.160	
		0						0.00%		NA	NA	Personal Property	NA	NA	NA	NA	NA	NA
									52,313	5.490			1.500	3.990	4.000	0.000	5.490	0.000
									ESTIMATED BASE VALUE	TOTAL DISTRICT ACREAGE			TOTAL INDUSTRIAL ACREAGE	TOTAL COMMERCIAL ACREAGE	TOTAL EXISTING OR PLATTED RESIDENTIAL	TOTAL NEWLY PLATTED RESIDENTIAL	TOTAL MIXED USE ACREAGE	TOTAL BLIGHTED ACREAGE
									As of January 1	2010			Percent of Total District Acreage	72.678%	0.000%	0.000%	100.000%	0.000%



6. EQUALIZED VALUE TEST

The following calculations demonstrate that the Village is in compliance with s.66.1105(4)(gm)4.c. Wis. Stats., which requires that the equalized value of the taxable property in the proposed 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 Village.

The equalized value of the increment of existing Tax Incremental Districts within the Village, plus the base value of the proposed District, totals \$1,901,413. This value is less than the maximum of \$5,485,764 in equalized value that is permitted for the Village of Solon Springs. The Village is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

<i>Village of Solon Springs, WI</i>			
Tax Increment District No. 3			
Valuation Test Compliance Calculation			
Anticipated Creation Date: 4/4/2011	Valuation Data		Estimated Valuation
Property Appreciation Factor: 0.61%	Currently Available	Establishing 12% Limit Based on Anticipated Creation Date	Data Establishing Base Value
	ACTUAL	ESTIMATED	ESTIMATED
As of January 1,	2010	2011	2011
Total Equalized Value (TID IN)	45,714,700	45,995,667	
Limit for 12% Test	5,485,764	5,519,480	
Increment Value of Existing TID's			
TID No. 2 Increment	1,849,100	1,860,465	
Total Existing Increment	1,849,100	1,860,465	
Projected Base Value of New District	52,313	52,634	
Existing TID New Construction Factor		0	
TOTAL VALUE SUBJECT TO TEST/LIMIT	1,901,413	1,913,099	1,913,099
COMPLIANCE	PASS	PASS	PASS
			Percentage Increase in Base Value at Which EV Test will Fail 6851.77%

7. STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND OTHER PROJECTS

The following is a list of public works and other projects that the Village 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

- **ACQUISITION OF RIGHTS-OF-WAY.** The Village may need to acquire property to allow for installation of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the Village to identify, negotiate and acquire rights-of-way are eligible Project Costs.
- **ACQUISITION OF EASEMENTS.** The Village may need to acquire 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 Village 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 Village related to environmental audits, testing, and remediation are eligible Project Costs.
- **SITE GRADING.** Land within the District may require grading to make it suitable for development, to provide access, and to control stormwater runoff. The Village may need to remove and dispose of excess material, or bring in fill material to provide for proper site elevations. Expenses incurred by the Village for site grading are eligible Project Costs.

UTILITIES

- **SANITARY SEWER SYSTEM IMPROVEMENTS.** There are inadequate sanitary sewer facilities serving the District. To allow development to occur, the Village may need 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; wastewater treatment facilities; and all related appurtenances. To the extent sanitary sewer projects undertaken within the District provide direct benefit to land outside of the District, the Village 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 Village 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.

- **STORMWATER MANAGEMENT SYSTEM IMPROVEMENTS.** Development within the District will cause stormwater runoff and pollution. To manage this stormwater runoff, the Village may need 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; bridges; stabilization of stream and river banks; 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 Village 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 Village 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, the Village may incur costs to provide, relocate or upgrade electric services. 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 Village to undertake this work are eligible Project Costs.
- **GAS SERVICE.** In order to create sites suitable for development, the Village may incur costs to provide, relocate or upgrade gas mains and services. Costs incurred by the Village to undertake this work are eligible Project Costs.
- **COMMUNICATIONS INFRASTRUCTURE.** In order to create sites suitable for development, the Village may incur costs 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 Village to undertake this work are eligible Project Costs.

STREETS AND STREETScape

- **STREET IMPROVEMENTS.** There are inadequate street improvements serving the District. To allow development to occur, the Village may need to construct and/or 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, box culverts and bridges; 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 consistent with the objectives of this Project Plan, the Village may 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 Village are eligible Project Costs.

MISCELLANEOUS

- **CASH GRANTS (DEVELOPMENT INCENTIVES).** The Village 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 Village executes a developer agreement with the recipient of the cash grant. Any payments of cash grants made by the Village are eligible Project Costs.
- **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 Project 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 Project Plan.
- **ADMINISTRATIVE COSTS.** The Village 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 Village employees in connection with the implementation of the Project 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 Project 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 the public works, legal and other consultant fees, testing, environmental studies, permits, updating Village 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 Statute Section 66.1105, in the written opinion of nationally recognized bond counsel retained by the Village 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 Village reserves the right to implement only those projects that remain viable as the Project Plan period proceeds.

Project costs are any expenditures made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the Village and as outlined in this Project 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 Project Plan are preliminary estimates made prior to design considerations and are subject to change after planning is completed. Proration of costs in the Project Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments.

8. MAP SHOWING PROPOSED IMPROVEMENTS



9. DETAILED LIST OF PROJECT COSTS

All costs are based on 2011 prices and are preliminary estimates. The Village reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2011 and the time of construction. The Village also reserves the right to increase certain project costs to the extent others are reduced or not implemented, without amending the Project Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Project Plan.

This Project 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 Project Plan are estimates based on best information available. The Village retains the right to delete projects or change the scope and/or timing of projects implemented as they are individually authorized by the Village Board, without amending the Project Plan.

PROPOSED TIF PROJECT COST ESTIMATES

		Phase I	Phase II	Ongoing	Totals
		2011	2015		
Projects					
	Development Incentives / Cash Grants	120,000	15,000	40,000	175,000
	Road Construction / Improvements		60,000		60,000
	Sanitary Sewer System Improvements	40,000			40,000
	Storm Water Improvements		40,000		40,000
	Annual Administrative Expenses - Imputed and Direct			42,000	42,000
	Subtotal Needed for Projects	160,000	115,000	82,000	357,000

10. ECONOMIC FEASIBILITY STUDY & A DESCRIPTION OF THE METHODS OF FINANCING AND THE TIME WHEN SUCH COSTS OR MONETARY OBLIGATIONS RELATED THERETO ARE TO BE INCURRED

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

- The Village has available to it the means to secure any necessary financing required to accomplish the projects contained within this Project Plan. A listing of "Available Financing Methods" follows.
- The Village expects to complete the projects in one or more phases, and can adjust the timing of implementation as needed to coincide with the pace of private development. A discussion of the phasing and projected timeline for project completion is discussed under "Project Plan Implementation" within this Section. A table identifying the financing method for each phase and the time at which that financing is expected to incur is included.
- The development anticipated to occur as a result of the implementation of this Project Plan will generate sufficient tax increments to pay for the cost of the projects. Within this Section are tables identifying: 1) the development expected to occur, 2) a projection of tax increments to be collected resulting from that development and other economic growth within the 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 Project Plan will require that the Village issue obligations to provide direct or indirect financing for the Projects to be undertaken. The following is a list of the types of obligations the Village may choose to utilize:

General Obligation (G.O.) Bonds or Notes

The Village may issue G.O. Bonds or Notes to finance the cost of Projects included within this Project Plan. Wisconsin Statutes limit the principal amount of G.O. debt that a community may have outstanding at any point in time to an amount not greater than five-percent of its total equalized value (including increment values). The tables on page 19 provide a calculation of the Village's current and projected G.O. debt capacity. Tables 1 and 2, respectively, project the Village's equalized value, and the full faith and credit borrowing capacity of the Village. Equalized valuation projections were made using two methods. The first projects future valuation of the Village using the average annual percentage of valuation growth experienced between 2006 and 2010. This method is identified as the percentage method. The second method projects the future valuation based upon the average annual increment between 2006 and 2010. This method is identified as the straight-line method. Table 2 projects the G.O. borrowing capacity of the Village utilizing the straight-line valuation projection and considering the existing debt of the Village, demonstrating that the Village will have sufficient G.O. debt capacity during the implementation period of the District to finance projects.

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

The Village may issue a bond or other obligation to one or more developers who provide financing for projects included in this Project 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 Village'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 Village and therefore do not count against the Village's borrowing capacity.

Tax Increment Revenue Bonds

The Village has the authority to issue revenue bonds secured by the tax increments to be collected. These bonds may be issued directly by the Village or as a Lease Revenue Bond by a Community Development Authority (CDA) or by a Redevelopment Authority (RDA). Tax Increment Revenue Bonds and Lease Revenue Bonds are not general obligations of the Village and therefore do not count against the Village's borrowing capacity. To the extent tax increments collected are insufficient to meet the annual debt service requirements of the revenue bonds, the Village 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 Village can issue revenue bonds to be repaid from revenues of the sewer and/or water systems, including revenues paid by the Village that represent service of the system to the Village. There is neither a statutory nor constitutional limitation on the amount of revenue bonds that can be issued; however, the Village must demonstrate to bond underwriters its ability to repay revenue debt with the assigned rates. To the extent the Village utilizes utility revenues other than tax increments to repay a portion of the bonds, the Village must reduce the total eligible Project Costs in an equal amount.

Special Assessment "B" Bonds

The Village 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 Village determines that special assessments are appropriate, the Village 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 Village's G.O. debt limit. If special assessments are levied, the Village must reduce the total eligible Project Costs under this Project Plan in an amount equal to the total collected.

EQUALIZED VALUATION PROJECTION

<i>Village of Solon Springs, WI</i>					
Projection of General Obligation Debt Borrowing Capacity					
Table 1 - Projection of Growth in Equalized Value (TID IN)					
[---PERCENTAGE METHOD---]			[--STRAIGHT LINE METHOD--]		
HISTORICAL DATA					
2006	44,517,800		2006	44,617,800	
2007	46,751,200		2007	46,751,200	
2008	46,585,200		2008	46,685,200	
2009	49,184,100		2009	49,184,100	
2010	45,714,700	0.61%	2010	45,714,700	274,225
PROJECTED VALUATIONS					
2011	45,995,667	0.61%	2011	45,988,925	0.60%
2012	46,278,360	0.61%	2012	46,263,150	0.60%
2013	46,562,791	0.61%	2013	46,537,375	0.59%
2014	46,848,970	0.61%	2014	46,811,600	0.59%
2015	47,136,908	0.61%	2015	47,085,825	0.59%
2016	47,426,616	0.61%	2016	47,360,050	0.58%
2017	47,718,104	0.61%	2017	47,634,275	0.58%
2018	48,011,384	0.61%	2018	47,908,500	0.58%
2019	48,306,466	0.61%	2019	48,182,725	0.57%
Table 2 - Projection of G.O. Debt Capacity (Based on Straight Line Method)					
BUDGET YEAR	EQUALIZED VALUE	GROSS DEBT LIMIT	DEBT BALANCE	NET BORROWING CAPACITY	
2011	45,714,700	2,285,735	98,725	2,187,010	
2012	45,988,925	2,299,446	64,373	2,235,074	
2013	46,263,150	2,313,158	39,784	2,273,373	
2014	46,537,375	2,325,869	14,201	2,312,668	
2015	46,811,600	2,340,580	0	2,340,580	
2016	47,085,825	2,354,291	0	2,354,291	
2017	47,360,050	2,368,003	0	2,368,003	
2018	47,634,275	2,381,714	0	2,381,714	
2019	47,908,500	2,395,425	0	2,395,425	
2020	47,908,500	2,395,425	0	2,395,425	
2021	47,908,500	2,395,425	0	2,395,425	
2022	47,908,500	2,395,425	0	2,395,425	
2023	47,908,500	2,395,425	0	2,395,425	
2024	47,908,500	2,395,425	0	2,395,425	
2025	47,908,500	2,395,425	0	2,395,425	
2026	47,908,500	2,395,425	0	2,395,425	

PROJECT 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 occurs to assure increment is sufficient to cover expenses.

It is anticipated developer agreements between the Village 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 Village reserves the right to alter the implementation of this Project Plan to accomplish this objective.

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


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

IMPLEMENTATION & FINANCING TIMELINE

<i>Village of Solon Springs, WI</i>			
Tax Increment District No. 3			
Estimated Project Costs & Financing Plan			
	State Trust Fund Loan 2011	State Trust Fund Loan 2015	Total Project Costs All Phases
Projects			
Road Construction / Improvements		60,000	60,000
Sanitary Sewer System Improvements	40,000		40,000
Storm Water Improvements		40,000	40,000
Subtotal Needed for Projects	40,000	100,000	140,000
Finance Related Expenses			
Financial Advisor	0	5,000	
Bond Counsel (Estimate)			
Rating Agency Fee			
Paying Agent (if Term Bonds)			
Max. Underwriter's Discount	\$0.00	\$0.00	
Capitalized Interest			
Total Financing Required	40,000	105,000	
Rounding	0	0	
NET ISSUE SIZE	40,000	105,000	

DEVELOPMENT ASSUMPTIONS

Village of Solon Springs, WI



**Tax Increment District No. 3
Development Assumptions**

Construction Year	SS-181-00757-02	SS-181-00757-01	SS-181-00757-00	Annual Total
2011	650,000 ¹		250,000 ²	900,000
2012				0
2013				0
2014				0
2015				0
2016		200,000 ³		200,000
2017				0
2018				0
2019				0
2020				0
2021				0
2022				0
2023				0
2024				0
2025				0
2026				0
2027				0
2028				0
2029				0
TOTALS	650,000	200,000	250,000	1,100,000

NOTES:

1. Reported value is representative of increment only - base value not included
2. Reported value is representative of increment only - base value not included
3. Reported value is representative of increment only - base value not included

INCREMENT REVENUE PROJECTIONS

Village of Solon Springs, WI

**Tax Increment District No. 3
Tax Increment Projection Worksheet**

Type of District	Mixed Use
Anticipated Creation Date	4/4/2011
Valuation Date	Jan. 1, 2011
Maximum Life (In Years)	20
Expenditure Period (In Years)	15
Revenue Periods/Final Rev Year	19 2031
End of Expenditure Period	4/4/2026
Latest Termination Date	4/4/2031
Eligible for Extension/No. of Years	Yes 3
Eligible Recipient District	No

Projected Base Value	52,313
Pre-Amendment Base Value (Actual)	NA
Property Appreciation Factor	0.00%
Current Tax Rate (Per \$1,000 EV)	\$22.39
Tax Rate Adjustment Factor (Next 2 Years)	0.00%
Tax Rate Adjustment Factor (Following 2 Years)	0.00%
Tax Rate Adjustment Factor (Thereafter)	0.00%
Discount Rate 1 for NPV Calculation	5.00%
Discount Rate 2 for NPV Calculation	7.00%

Apply Inflation Factor to Base?

X

Net Present Value Calculation

Construction Year	Value Added	Valuation Year	Inflation Increment	Valuation Increment	Revenue Year	Tax Rate	Tax Increment	Cumulative @ 5.00%	Cumulative @ 7.00%	
1	2011	900,000	2012	0	900,000	2013	22.39	20,149	17,405	16,448
2	2012	0	2013	0	900,000	2014	22.39	20,149	33,982	31,819
3	2013	0	2014	0	900,000	2015	22.39	20,149	49,769	46,185
4	2014	0	2015	0	900,000	2016	22.39	20,149	64,805	59,611
5	2015	0	2016	0	900,000	2017	22.39	20,149	79,124	72,159
6	2016	200,000	2017	0	1,100,000	2018	22.39	24,627	95,793	86,492
7	2017	0	2018	0	1,100,000	2019	22.39	24,627	111,667	99,887
8	2018	0	2019	0	1,100,000	2020	22.39	24,627	126,786	112,406
9	2019	0	2020	0	1,100,000	2021	22.39	24,627	141,184	124,106
10	2020	0	2021	0	1,100,000	2022	22.39	24,627	154,897	135,040
11	2021	0	2022	0	1,100,000	2023	22.39	24,627	167,957	145,260
12	2022	0	2023	0	1,100,000	2024	22.39	24,627	180,395	154,810
13	2023	0	2024	0	1,100,000	2025	22.39	24,627	192,241	163,736
14	2024	0	2025	0	1,100,000	2026	22.39	24,627	203,523	172,078
15	2025	0	2026	0	1,100,000	2027	22.39	24,627	214,267	179,874
16	2026	0	2027	0	1,100,000	2028	22.39	24,627	224,500	187,160
17	2027	0	2028	0	1,100,000	2029	22.39	24,627	234,246	193,969
18	2028	0	2029	0	1,100,000	2030	22.39	24,627	243,527	200,333
19	2029	0	2030	0	1,100,000	2031	22.39	24,627	252,367	206,281
		1,100,000		0						

Future Value of Increment 445,117



CASH FLOW

<div style="display: flex; justify-content: space-between; align-items: center;"> Village of Solon Springs, WI </div>																			
<div style="display: flex; justify-content: space-between; align-items: center;"> Tax Increment District No. 3 </div>																			
<div style="display: flex; justify-content: space-between; align-items: center;"> Cash Flow Pro Forma </div>																			
Year	Revenues				Expenditures									Balances		Project Cost Principal Outstanding	Year		
	Tax Increments	Investment Earnings	Other Revenue	Total Revenues	State Trust Fund Loan \$40,000 Dated 6/1/11			State Trust Fund Loan \$105,000 Dated			Other Exp. ¹	Cash Grants	Admin. Expenses	Total Expenditures	Annual			Cumulative	
		0.25%			Prin (3/15)	Est. Rate	Interest	Prin (3/1)	Est. Rate	Interest									
2011		0		0										2,000	2,000	(2,000)	(2,000)	145,000	2011
2012		0		0	1,603	5.000%	1,574							2,000	5,177	(5,177)	(7,177)	143,397	2012
2013	20,149	0		20,149	1,257	5.000%	1,920				12,369			2,000	17,546	2,603	(4,574)	142,140	2013
2014	20,149	0		20,149	1,320	5.000%	1,857				12,369			2,000	17,546	2,603	(1,971)	140,820	2014
2015	20,149	0		20,149	1,386	5.000%	1,791				12,369			2,000	17,546	2,603	632	139,434	2015
2016	20,149	2		20,151	1,455	5.000%	1,722			5,775	12,369		15,000	2,000	38,321	(18,170)	(17,539)	137,979	2016
2017	20,149	0		20,149	1,528	5.000%	1,649				5,775			2,000	23,321	(3,172)	(20,711)	136,451	2017
2018	24,627	0		24,627	1,605	5.000%	1,573	5,174	5.500%	5,775	12,369			2,000	28,496	(3,869)	(24,580)	129,672	2018
2019	24,627	0		24,627	1,685	5.000%	1,492	5,459	5.500%	5,490	12,369		15,000	2,000	43,496	(18,869)	(43,449)	122,528	2019
2020	24,627	0		24,627	1,769	5.000%	1,408	5,759	5.500%	5,190	12,369			2,000	28,495	(3,869)	(47,318)	115,000	2020
2021	24,627	0		24,627	1,858	5.000%	1,320	6,076	5.500%	4,873	12,369			2,000	28,496	(3,870)	(51,188)	107,066	2021
2022	24,627	0		24,627	1,951	5.000%	1,227	6,410	5.500%	4,539	8,677			2,000	24,804	(177)	(51,365)	98,705	2022
2023	24,627	0		24,627	2,048	5.000%	1,129	6,763	5.500%	4,187			15,000	2,000	31,127	(6,500)	(57,866)	89,894	2023
2024	24,627	0		24,627	2,150	5.000%	1,027	7,135	5.500%	3,815				2,000	16,127	8,500	(49,366)	80,609	2024
2025	24,627	0		24,627	2,258	5.000%	919	7,527	5.500%	3,422				2,000	16,127	8,500	(40,866)	70,824	2025
2026	24,627	0		24,627	2,371	5.000%	806	7,941	5.500%	3,008			10,000	2,000	26,127	(1,500)	(42,366)	60,512	2026
2027	24,627	0		24,627	2,489	5.000%	688	8,378	5.500%	2,572				2,000	16,126	8,500	(33,866)	49,645	2027
2028	24,627	0		24,627	2,614	5.000%	563	8,838	5.500%	2,111				2,000	16,126	8,500	(25,365)	38,193	2028
2029	24,627	0		24,627	2,745	5.000%	433	9,325	5.500%	1,625				2,000	16,127	8,499	(16,866)	26,123	2029
2030	24,627	0		24,627	2,882	5.000%	295	9,837	5.500%	1,112				2,000	16,126	8,500	(8,366)	13,404	2030
2031	24,627	0		24,627	3,026	5.000%	151	10,378	5.500%	571				2,000	16,126	8,500	135	0	2031
Total	445,517	2	0	445,518	40,000		23,543	105,000		59,840	120,000		55,000	42,000	445,383	135			

Projected TID Closure

- NOTES:**
- "Other Expenses" represents cash contributions made subject to a development agreement with payments to DGI Development Corp. and not to exceed \$120,000 in the aggregate, nor can these payments continue beyond the District's expenditure period.
 - Any annual cash flow shortfalls shall be funded through advances from other Village Funds. These Funds may charge interest against any outstanding balances.

11. ANNEXED PROPERTY

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

12. ESTIMATE OF PROPERTY TO BE DEVOTED TO RETAIL BUSINESS

Pursuant to Sections 66.1105(5)(b) and 66.1105(6)(am)1 of the Wisconsin State Statutes, the Village estimates that 60% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

13. PROPOSED CHANGES IN ZONING ORDINANCES

The Village of Solon Springs anticipates that parcel SS-181-00757-00 of the District will be rezoned industrial from commercial prior to development and subsequent to adoption of a resolution by the Village Board establishing the District.

14. PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND VILLAGE OF SOLON SPRINGS ORDINANCES

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

15. RELOCATION

It is not anticipated there will be a need to relocate any persons or businesses in conjunction with this Project Plan.

In the event relocation or the acquisition of property by eminent domain becomes necessary at some time during the implementation period, the Village will follow applicable state statutes as required in Wisconsin Statutes, Chapter 32.

16. ORDERLY DEVELOPMENT OF THE VILLAGE OF SOLON SPRINGS

The District contributes to the orderly development of the Village by providing the opportunity for continued growth in tax base and job opportunities.

17. A 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 Village does not expect to incur any non-project costs in the implementation of this Project Plan.



**FRYBERGER,
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April 6, 2011

Mr. James P. Cosgrove, Village President
Village of Solon Springs
11523 S. Business 53
Solon Springs, WI 54873

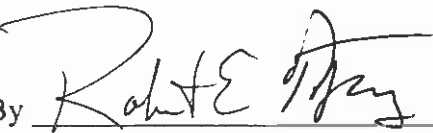
**RE: Village of Solon Springs, Wisconsin
Tax Incremental District No. 3**

Dear Mr. Cosgrove:

As special counsel for development projects for the Village of Solon Springs, I have reviewed the Project Plan and in my opinion, have determined that it is complete and complies with Section 66.1105 of Wisconsin Statutes. This opinion is provided pursuant to Section 66.1105(4)(f), Wisconsin Statutes.

Sincerely,

Fryberger, Buchanan, Smith & Frederick, P.A.

By 
Robert E. Toftey

cc: Village of Solon Springs
Ehlers

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 Share by Taxing Jurisdiction of Projected Tax Increments to be paid by Owners of Taxable Property in each of the Taxing Jurisdictions Overlying the Tax Increment District

<i>Revenue Year</i>	<i>City - Village</i>	<i>County</i>	<i>School District</i>	<i>Tech College</i>	<i>Total</i>
	21.99%	20.01%	52.90%	5.09%	
2013	4,432	4,032	10,659	1,026	20,149
2014	4,432	4,032	10,659	1,026	20,149
2015	4,432	4,032	10,659	1,026	20,149
2016	4,432	4,032	10,659	1,026	20,149
2017	4,432	4,032	10,659	1,026	20,149
2018	5,417	4,929	13,027	1,254	24,627
2019	5,417	4,929	13,027	1,254	24,627
2020	5,417	4,929	13,027	1,254	24,627
2021	5,417	4,929	13,027	1,254	24,627
2022	5,417	4,929	13,027	1,254	24,627
2023	5,417	4,929	13,027	1,254	24,627
2024	5,417	4,929	13,027	1,254	24,627
2025	5,417	4,929	13,027	1,254	24,627
2026	5,417	4,929	13,027	1,254	24,627
2027	5,417	4,929	13,027	1,254	24,627
2028	5,417	4,929	13,027	1,254	24,627
2029	5,417	4,929	13,027	1,254	24,627
2030	5,417	4,929	13,027	1,254	24,627
2031	5,417	4,929	13,027	1,254	24,627
	97,991	89,162	235,678	22,686	445,517

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