



March 20, 2019 (DRAFT)

Project Plan for the Creation of Tax Incremental District No. 14

CITY OF SUPERIOR, WISCONSIN

Organizational Joint Review Board Meeting Held:	Scheduled for: March 20, 2019
Public Hearing Held:	Scheduled for: March 20, 2019
Consideration for Approval by Plan Commission:	Scheduled for: March 20, 2019
Consideration for Adoption by Common Council:	Scheduled for: April 16, 2019
Consideration for Approval by the Joint Review Board:	Scheduled for: TBD

Tax Incremental District No. 14 Creation Project Plan

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SECTION 1: Executive Summary

Description of District

Type of District, Size and Location

Tax Incremental District (“TID”) No. 14 (the “TID” or “District”) is proposed to be created by the City of Superior (“City”) as a blighted area district. A map of the proposed District boundaries is located in Section 3 of this plan.

Estimated Total Project Expenditures.

The City anticipates making total project expenditures of approximately \$1,625,000 to undertake the projects listed in this Project Plan. The City anticipates completing the projects in two or more phases. The Expenditure Period of this District is 22 years from the date of adoption of the authorizing Resolution of the Common Council (the “Creation Resolution”). The projects to be undertaken pursuant to this Project Plan are expected to be financed primarily with Tax Increment Grants (“Pay as you Go” Financing) issued by the City, however, the City may use other alternative financing methods which may provide overall lower costs of financing, preserve debt capacity, mitigate risk to the City, or provide other advantages as determined by the Common Council. A discussion and listing of other possible financing mechanisms, as well as a summary of total project financing, is located in Section 10 of this plan.

Economic Development

As a result of the creation of this District, the City projects that additional land and improvements value of approximately \$7,750,000 will be created as a result of new development, redevelopment, and appreciation in the value of existing properties. This additional value will be a result of the improvements made and projects undertaken within the District. A table detailing assumptions as to the timing of new development and redevelopment and associated values is located in Section 10 of this Plan. In addition, creation of the District is expected to result in other economic benefits as detailed in the Summary of Findings hereafter.

Expected Termination of District

Based on the Economic Feasibility Study located in Section 10 of this plan, this District would be expected to generate sufficient tax increments to recover all project costs by the year 2037; 4 years earlier than the 27 year maximum life of this District.

Summary of Findings

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

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

- The City has conducted an independent review of the intended developer's phase one sources and uses proforma for the initial proposed redevelopment project. This review has concluded that a public investment of approximately \$1,200,000 (\$800,000 of tax increment and \$400,000 of a development grant) is required to enable the development to occur in the manner desired by the City, while providing the developer a fair and reasonable return on their investment.
- All but one of the sites proposed for redevelopment have remained vacant for years and consists of land upon which buildings or structures have been demolished and which because of obsolete platting, diversity of ownership, deterioration of structures, and need for a vacation of streets and alleys to make a suitable project site. Much of the site was obtained by the City through tax deeds and the City caused the demolition of the structures such as the Old Palace Theatre, the Odyssey Tavern, the End Zone Tavern and Mama's Bar.
- Given that the sites have not developed as would have been expected under normal market conditions, it is the judgment of the City that the use of Tax Incremental Financing ("TIF") will be required to provide the necessary inducements to encourage development on the sites consistent with that desired by the City.
- In order to make the areas included within the District suitable for redevelopment, the City will need to make a substantial investment to pay for the costs of: site preparations, soil correction, below grade foundations, including excavation and filling, underground utilities, storm water drainage, parking improvements, curb and gutter, sidewalks, and engineering plans, soil tests and related costs in preparing for such work in order to allow for redevelopment to occur within the District. Due to the extensive initial investment in public infrastructure and/or rehabilitation that is required in order to allow redevelopment to occur, the City has determined that redevelopment of the area will not occur solely as a result of private investment. Accordingly, the City finds that absent the use of TIF, redevelopment of the area is unlikely to occur.

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

- As demonstrated in the Economic Feasibility Section of this Project Plan, the tax increments projected to be collected are more than sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.

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

- If approved, the District's creation would become effective for valuation purposes as of January 1, 2019. As of this date, the values of all existing development would be frozen and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they currently are now. Taxes levied on any additional value established within the District due to new construction, renovation or appreciation of property values occurring after January 1, 2019 would be collected by the TID and used to repay the costs of TIF-eligible projects undertaken within the District.
- Since the development expected to occur is unlikely to take place or in the same manner without the use of TIF (see Finding #1) and since the District will generate economic benefits that are more than sufficient to compensate for the cost of the improvements (see Finding #2), the City

reasonably concludes that the overall benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the “but for” test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the District is not created. As required by Section 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and can be found in Appendix A of this plan.

4. Not less than 50% by area of the real property within the District is a blighted area within the meaning of Wisconsin Statutes Section 66.1105(2)(ae)1.
5. Based upon the findings, as stated above, the District is declared to be a blighted area district based on the identification and classification of the property included within the District.
6. The project costs relate directly to promoting the elimination of blight consistent with the purpose for which the District is created.
7. The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
8. The equalized value of taxable property of the District, plus the value increment of all existing tax incremental districts within the City, does not exceed 12% of the total equalized value of taxable property within the City.
9. The City estimates that approximately none of the territory within the District will be devoted to retail business at the end of the District’s maximum expenditure period, pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1.
10. The Project Plan for the District in the City is feasible, and is in conformity with the master plan of the City.

SECTION 2: Type and General Description of District

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

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

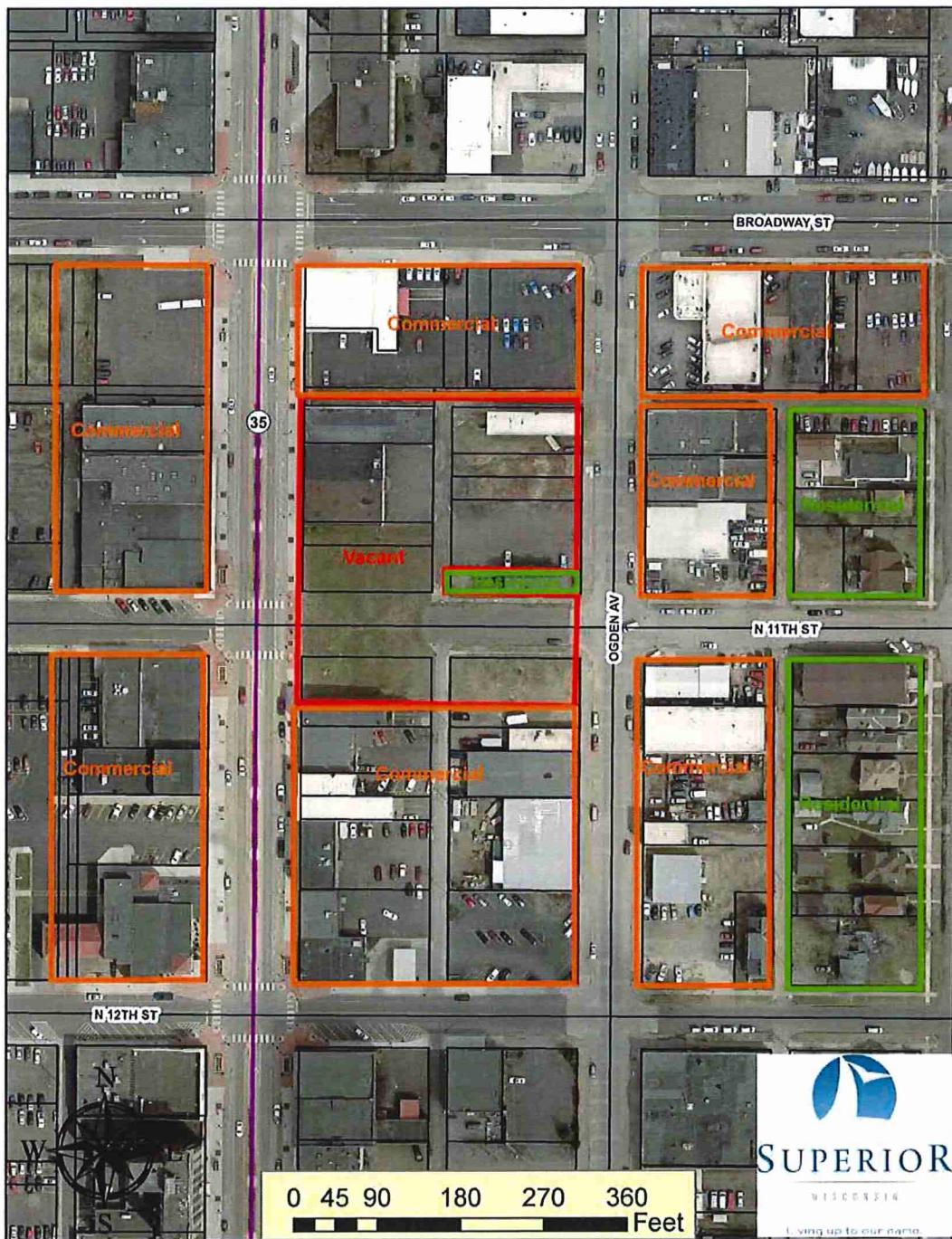
project costs included in this Plan relate directly to the elimination of blight and are consistent with the purpose for which the District is created.

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

SECTION 3: Preliminary Map of Proposed District Boundary



SECTION 4: Map Showing Existing Uses and Conditions



SECTION 5: Preliminary Parcel List and Analysis

Base Property Information		Property Information		Assessment Information		Equalized Value		District Class	
Map Ref #	Parcel Number	Street Address	Owner	Acreage	Land	Imp	PP	Total	Equalized Value Ratio
1	06-806-00210-00	1014 Tower Avenue	O & B Properties LLP	0.15	33,500	0	0	33,600	96.35%
2	06-806-00208-00	1020 Tower Avenue	O & B Properties LLP	0.28	60,900	0	0	60,900	96.35%
3	06-806-00207-01	1026 Tower Avenue	City of Superior	0.08	0	0	0	0	96.35%
4	06-806-00207-00	1028 Tower Avenue	City of Superior	0.16	0	0	0	0	96.35%
5	06-806-00318-00	1102 Tower Avenue	City of Superior	0.16	0	0	0	0	96.35%
6	06-806-00302-00	Vacant	City of Superior	0.16	0	0	0	0	96.35%
7	06-806-00206-01	1029 Ogden Avenue	City of Superior	0.08	0	0	0	0	96.35%
8	06-806-00204-00	Vacant	O & B Properties LLP	0.24	31,500	0	0	31,500	96.35%
9	06-806-00203-00	1019 Ogden Avenue	O & B Properties LLP	0.08	10,500	0	0	10,500	96.35%
10	06-806-00202-00	1017 Ogden Avenue	O & B Properties LLP	0.08	4,100	0	0	4,100	96.35%
11	06-806-00200-00	1013 Ogden Avenue	City of Superior	0.16	0	0	0	0	96.35%

SECTION 6: Equalized Value Test

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

The equalized value of the increment of existing tax incremental districts within the City, plus the base value of the proposed District, totals \$59,296,226. This value is less than the maximum of \$207,767,892 in equalized value that is permitted for the City of Superior. The City is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

City of Superior, Wisconsin	
Tax Increment District # 14	
Valuation Test Compliance Calculation	
District Creation Date	4/16/2019
Valuation Data	
Currently Available	
2018	
Total EV (TID In)	1,731,399,100
12% Test	207,767,892
Increment of Existing TIDs	
TID #7	12,598,700
TID #8	18,678,900
TID #9	19,348,400
TID #11	3,317,100
TID #12	0
TID #13	5,207,200
Total Existing Increment	<u>59,150,300</u>
Projected Base of New or Amended District	145,926
Less Value of Any Underlying TID Parcels	0
Total Value Subject to 12% Test	<u>59,296,226</u>
Compliance	PASS

SECTION 7:

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

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

Property, Right-of-Way and Easement Acquisition

Property Acquisition for Redevelopment

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

Property Acquisition for Conservancy

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

Acquisition of Rights-of-Way

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

Acquisition of Easements

The City may need 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 City to identify, negotiate and acquire easement rights are eligible Project Costs.

Relocation Costs

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

Site Preparation Activities

Environmental Audits and Remediation

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

Demolition

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

Site Grading

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

Utilities

Sanitary Sewer System Improvements

There are inadequate sanitary sewer facilities serving areas of the District. To allow redevelopment to occur, the City 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 City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. The improvements to the wastewater treatment facilities, although not within the $\frac{1}{2}$ mile radius, is an eligible project cost under Section 66.1105(2)(f)1 k.

Water System Improvements

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

Stormwater Management System Improvements

Redevelopment within the District will cause stormwater runoff and pollution. To manage this stormwater runoff, the City 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; and infiltration, filtration and detention Best Management Practices (BMP's). To the extent stormwater management system projects undertaken

within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs.

Electric Service

In order to create sites suitable for redevelopment, the City 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 City to undertake this work are eligible Project Costs.

Gas Service

In order to create sites suitable for redevelopment, the City may incur costs to provide, relocate or upgrade gas mains and services. Costs incurred by the City to undertake this work are eligible Project Costs.

Communications Infrastructure

In order to create sites suitable for redevelopment, the City 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 City to undertake this work are eligible Project Costs.

Streets and Streetscape

Street Improvements

There are inadequate street improvements serving areas of the District. To allow redevelopment to occur, the City 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; rail crossings and signals; 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 redevelopment consistent with the objectives of this Plan, the City 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 City are eligible Project Costs.

RDA Type Activities

Contribution to Redevelopment Authority

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

Revolving Loan/Grant Program

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

Miscellaneous

Cash Grants (Development Incentives)

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

Projects Outside the Tax Increment District

Pursuant to Wisconsin Statutes Section 66.1105(2)(f)1.n, the City may undertake projects within territory located within one-half mile of the boundary of the District provided that: 1) the project area is located within the City's corporate boundaries and 2) the projects are approved by the Joint Review Board. The cost of projects completed outside the District pursuant to this section are eligible project costs, and may include any project cost that would otherwise be eligible if undertaken within the District. The City intends to make the following project cost expenditures outside the District: Utility Upgrades & Improvements

Professional Service and Organizational Costs

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

Administrative Costs

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

Financing Costs

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

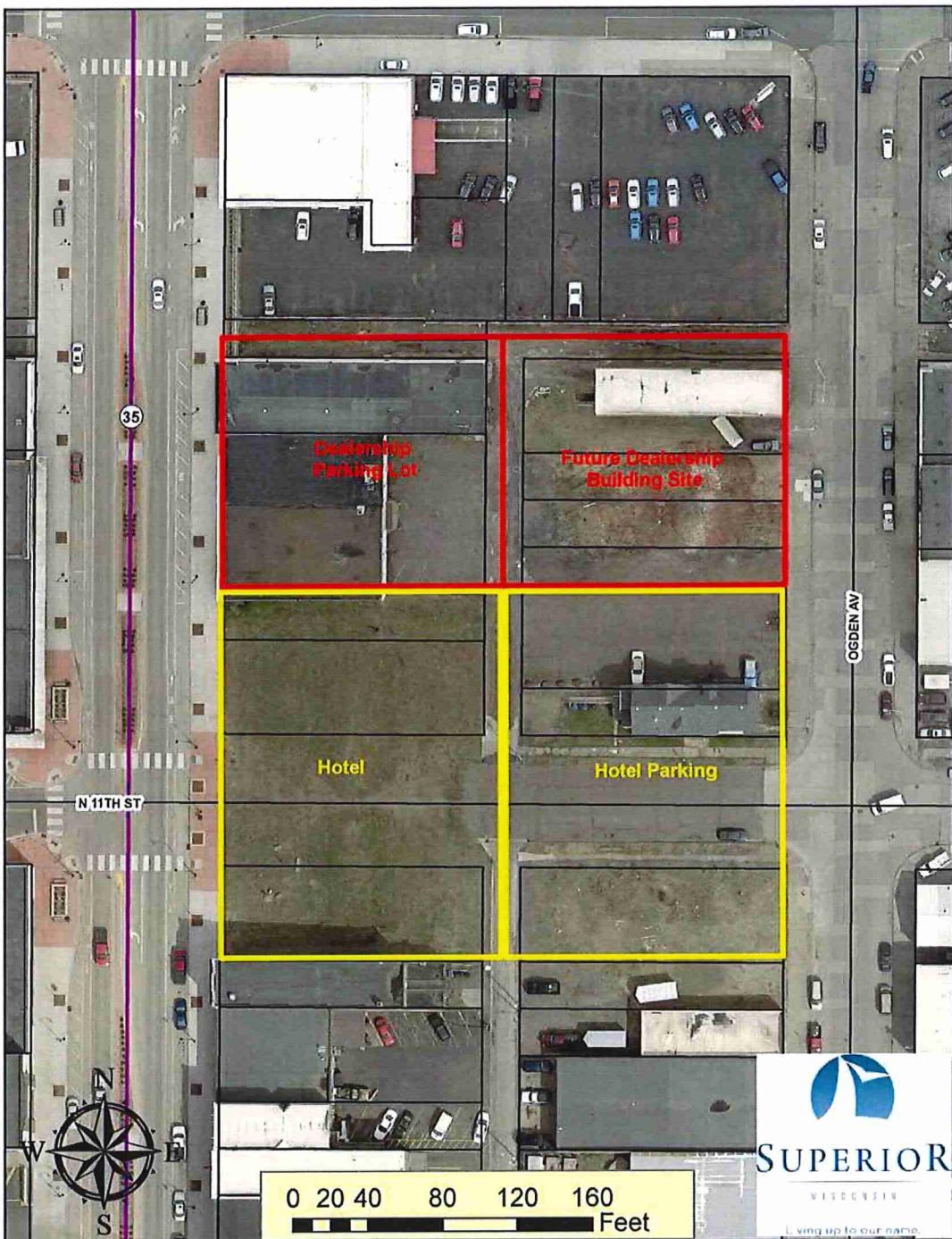
With all projects the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, apparatus necessary for public works, legal and other consultant fees, testing, environmental studies, permits, updating City ordinances and plans, judgments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

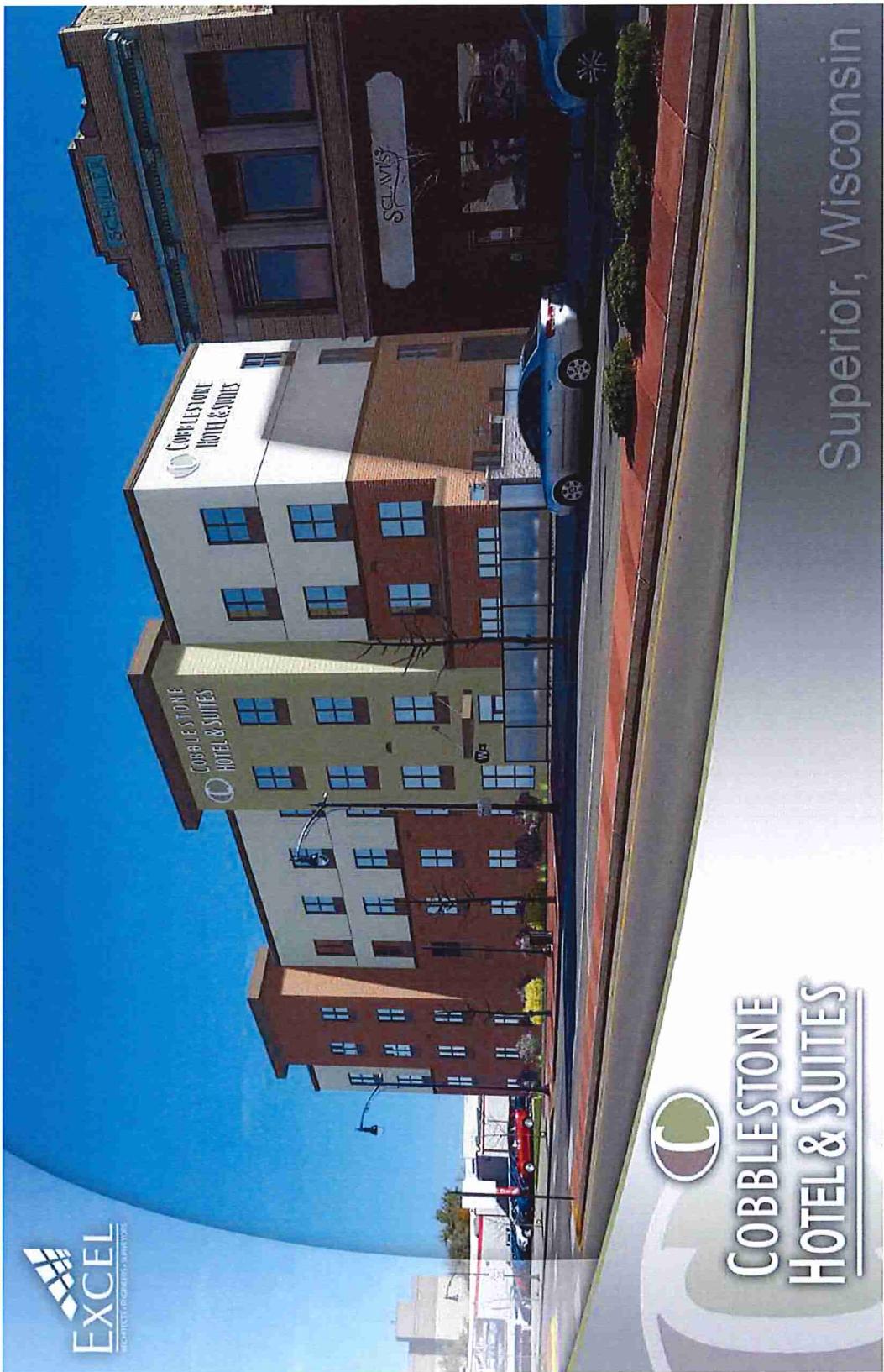
In the event any of the public works project expenditures are not reimbursable out of the special TIF fund under Wisconsin Statutes Section 66.1105, in the written opinion of counsel retained by the City for such purpose or a court of record so rules in a final order, then such project or projects shall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

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

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

SECTION 8: Maps Showing Proposed Improvements and Uses





SECTION 9: Detailed List of Project Costs

All costs are based on 2019 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2019 and the time of construction. The City also reserves the right to increase certain project costs to the extent others are reduced or not implemented without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

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

Proposed TIF Project Cost Estimates

City of Superior, Wisconsin				
Tax Increment District # 14				
Estimated Project List				
Project ID	Project Name/Type	Phase I 2019	Phase II 2025	Phase III 2030
1	Tax Increment Grants (Note 2)	800,000	525,000	
2	Utility Upgrades & Improvements			100,000
3	Acquisition / Demolition	200,000		200,000
4				0
5				0
Total Projects		<u>1,000,000</u>	<u>525,000</u>	<u>100,000</u>
Total (Note 1)				

Notes:

Note 1 Project costs are estimates and are subject to modification

Note 2 Tax Increment Grants include but are not limited to site preparations, soil correction, below grade foundations, including excavation and filling, underground utilities, storm water drainage, parking improvements, curb and gutter, sidewalks, and engineering plans, soil test and related costs in preparing such work.

SECTION 10:

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

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

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

Available Financing Methods

The following is a list of the types of obligations the City may choose to utilize.

General Obligation (G.O.) Bonds or Notes

The City may issue G.O. Bonds or Notes to finance the cost of projects included within this Plan. The Wisconsin State Constitution limits the principal amount of G.O. debt that the community may have outstanding at any point in time to an amount not greater than five percent of its total equalized value (TID IN). As of the date of this plan, the City has a G.O. debt limit of \$86,569,955, of which \$41,753,611 is currently unused and could be made available to finance Project Costs.

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

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

Tax Increment Revenue Bonds

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

Utility Revenue Bonds

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

Special Assessment "B" Bonds

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

Plan Implementation

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

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

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

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

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

Implementation and Financing Timeline

City of Superior, Wisconsin						
Tax Increment District # 14						
Estimated Financing Plan						
	Municipal Revenue Obligation (MRO) 2019	Municipal Revenue Obligation (MRO) 2025	Totals			
Projects						
Phase I	800,000		800,000			
Phase II		525,000	525,000			
Total Project Funds	<u>800,000</u>	<u>525,000</u>	<u>1,325,000</u>			
Estimated Finance Related Expenses						
Municipal Advisor						
Bond Counsel						
Rating Agency Fee						
Paying Agent						
Underwriter Discount	0.00	0	0.00			
Debt Service Reserve						
Capitalized Interest						
Total Financing Required	800,000	525,000				
Estimated Interest	0.00%	0	0.00%			
Assumed spend down (months)	6	6	0			
Rounding	0	0	0			
Net Issue Size	800,000	525,000	1,325,000			
Notes:						
The Municipal Revenue Obligations are projected to be development agreement payments made to property redevelopers who complete redevelopment projects which create new tax increment revenues.						
Generally, the annual developer agreement payments are limited to newly created revenues created by the redevelopment projects.						

Development Assumptions

City of Superior, Wisconsin						
Tax Increment District # 14						
Development Assumptions						
Construction Year	Actual	Superior Hotel Group	Commercial Develop.	Annual Total	Construction Year	
1 2019				0	2019	1
2 2020		5,467,307		5,467,307	2020	2
3 2021				0	2021	3
4 2022				0	2022	4
5 2023				0	2023	5
6 2024				0	2024	6
7 2025		2,286,767		2,286,767	2025	7
8 2026				0	2026	8
9 2027				0	2027	9
10 2028				0	2028	10
11 2029				0	2029	11
12 2030				0	2030	12
13 2031				0	2031	13
14 2032				0	2032	14
15 2033				0	2033	15
16 2034				0	2034	16
17 2035				0	2035	17
18 2036				0	2036	18
19 2037				0	2037	19
20 2038				0	2038	20
21 2039				0	2039	21
22 2040				0	2040	22
23 2041				0	2041	23
24 2042				0	2042	24
25 2043				0	2043	25
26 2044				0	2044	26
27 2045				0	2045	27
Totals	0	5,467,307	2,286,767	7,754,074		

Notes:

1) The development values are net of the projected equalized base value of TID No. 15 (\$145,926).

Increment Revenue Projections

City of Superior, Wisconsin									
Tax Increment District # 14									
Tax Increment Projection Worksheet									
Type of District	Blighted Area			Base Value	145,926				
District Creation Date	April 16, 2019			Appreciation Factor	0.00%	<input type="button" value="Apply to Base Value"/>			
Valuation Date	Jan 1,	2019		Base Tax Rate	\$22.32				
Max Life (Years)	27			Rate Adjustment Factor					
Expenditure Period/Termination	22	4/16/2041							
Revenue Periods/Final Year	27	2047							
Extension Eligibility/Years	Yes	3							
Eligible Recipient District	Yes			Tax Exempt Discount Rate					
				Taxable Discount Rate	1.50%				
Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate	Tax Increment	Tax Exempt NPV Calculation	Taxable NPV Calculation
1 2019	0	2020	0	0	2021	\$22.32	0	0	0
2 2020	5,467,307	2021	0	5,467,307	2022	\$22.32	122,057	122,057	115,001
3 2021	0	2022	0	5,467,307	2023	\$22.32	122,057	244,115	228,302
4 2022	0	2023	0	5,467,307	2024	\$22.32	122,057	366,172	339,928
5 2023	0	2024	0	5,467,307	2025	\$22.32	122,057	488,230	449,906
6 2024	0	2025	0	5,467,307	2026	\$22.32	122,057	610,287	558,257
7 2025	2,286,767	2026	0	7,754,074	2027	\$22.32	173,110	783,397	709,658
8 2026	0	2027	0	7,754,074	2028	\$22.32	173,110	956,506	858,820
9 2027	0	2028	0	7,754,074	2029	\$22.32	173,110	1,129,616	1,005,779
10 2028	0	2029	0	7,754,074	2030	\$22.32	173,110	1,302,725	1,150,565
11 2029	0	2030	0	7,754,074	2031	\$22.32	173,110	1,475,835	1,293,212
12 2030	0	2031	0	7,754,074	2032	\$22.32	173,110	1,648,944	1,433,751
13 2031	0	2032	0	7,754,074	2033	\$22.32	173,110	1,822,054	1,572,213
14 2032	0	2033	0	7,754,074	2034	\$22.32	173,110	1,995,163	1,708,629
15 2033	0	2034	0	7,754,074	2035	\$22.32	173,110	2,168,273	1,843,028
16 2034	0	2035	0	7,754,074	2036	\$22.32	173,110	2,341,382	1,975,442
17 2035	0	2036	0	7,754,074	2037	\$22.32	173,110	2,514,492	2,105,898
18 2036	0	2037	0	7,754,074	2038	\$22.32	173,110	2,687,601	2,234,427
19 2037	0	2038	0	7,754,074	2039	\$22.32	173,110	2,860,711	2,361,056
20 2038	0	2039	0	7,754,074	2040	\$22.32	173,110	3,033,820	2,485,814
21 2039	0	2040	0	7,754,074	2041	\$22.32	173,110	3,206,930	2,647,859
22 2040	0	2041	0	7,754,074	2042	\$22.32	173,110	3,380,039	2,770,773
23 2041	0	2042	0	7,754,074	2043	\$22.32	173,110	3,553,149	2,891,871
24 2042	0	2043	0	7,754,074	2044	\$22.32	173,110	3,726,258	3,011,179
25 2043	0	2044	0	7,754,074	2045	\$22.32	173,110	3,899,368	3,128,724
26 2044	0	2045	0	7,754,074	2046	\$22.32	173,110	4,072,477	3,244,532
27 2045	0	2046	0	7,754,074	2047	\$22.32	173,110	4,245,587	3,358,628
Totals	7,754,074		0		Future Value of Increment	4,245,587			

Notes:

Actual results will vary depending on development, inflation of overall tax rates.

NPV calculations represent estimated amount of funds that could be borrowed (including project cost, capitalized interest and issuance costs).

Cash Flow

City of Superior, Wisconsin

Tax Increment District # 14

Cash Flow Projection

Year	Projected Revenues			Expenditures			Balances						
	Tax Increments	Other Revenue	Total Revenues	Municipal Revenue Obligation (MRO) 800,000	Municipal Revenue Obligation (MRO) 525,000	Dated Date: 10/01/25	Acquisition, Demolition & Utility Upgrades and Improvements	Creation, Legal, & Other	Total Expenditures	Annual Expenditures	Cumulative Outstanding	Principal Outstanding	Year
2019	0	0	0				200,000	40,000	40,000	(40,000)	1,325,000	1,325,000	2019
2020	0	0	0					5,000	205,000	(205,000)	(245,000)	1,325,000	2020
2021	122,057	122,057	244,114					5,000	5,000	(5,000)	(250,000)	1,325,000	2021
2022	122,057	122,057	244,114					5,000	33,234	38,823	(161,177)	1,296,766	2022
2023	122,057	122,057	244,114					5,000	73,234	48,823	(112,354)	1,228,531	2023
2024	122,057	122,057	244,114					5,000	73,234	48,823	(63,531)	1,160,297	2024
2025	122,057	122,057	244,114					5,000	93,234	28,823	(34,708)	1,092,062	2025
2026	122,057	122,057	244,114					5,000	173,234		(51,177)	(85,895)	2026
2027	173,110	173,110	346,220				100,000	20,000	5,000	103,866	69,244	924,962	2027
2028	173,110	173,110	346,220					5,000	103,866	69,244		826,096	2028
2029	173,110	173,110	346,220					5,000	103,866	69,244		727,230	2029
2030	173,110	173,110	346,220					5,000	103,866	69,244		628,365	2030
2031	173,110	173,110	346,220					5,000	103,866	69,244		529,499	2031
2032	173,110	173,110	346,220					5,000	103,866	69,244		430,633	2032
2033	173,110	173,110	346,220					5,000	103,866	69,244		331,768	2033
2034	173,110	173,110	346,220					5,000	56,817	116,392	515,114	279,950	2034
2035	173,110	173,110	346,220					5,000	35,631	137,478	652,992	249,319	2035
2036	173,110	173,110	346,220					5,000	35,631	137,478	796,070	218,688	2036
2037	173,110	173,110	346,220					5,000	35,631	137,478	927,549	188,057	2037
2038	173,110	173,110	346,220					5,000	35,631	137,478	1,065,027	157,426	2038
2039	173,110	173,110	346,220					5,000	35,631	137,478	1,202,505	128,794	2039
2040	173,110	173,110	346,220					5,000	35,631	137,478	1,338,984	96,163	2040
2041	173,110	173,110	346,220					5,000	35,631	137,478	1,477,462	65,532	2041
2042	173,110	173,110	346,220					5,000	35,631	137,478	1,614,940	34,901	2042
2043	173,110	173,110	346,220					5,000	35,631	137,478	1,752,418	4,269	2043
2044	173,110	173,110	346,220					5,000	9,269	163,840	1,916,158	(0)	2044
2045	173,110	173,110	346,220					5,000	5,000	168,110	2,084,368	(0)	2045
2046	173,110	173,110	346,220					5,000	5,000	168,110	2,252,477	(0)	2046
2047	173,110	173,110	346,220					5,000	5,000	168,110	2,420,387	(0)	2047
Total	4,245,587	0	4,245,587	800,000	0	525,000	0	300,000	60,000	140,000	2,625,000	Total	

Notes:

- 1) The \$200,000 and \$100,000 TID eligible expenditures for Acquisition / Demolition & Utility Upgrades and Improvements are projected to be funded initially with interfund loans which will be repaid with future TID No. 14 revenues.

Projected TID Closure

SECTION 11: Annexed Property

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

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

Pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1, the City estimates that 0% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 13: Proposed Zoning Ordinance Changes

The City does not anticipate that the District will require any changes in zoning ordinances.

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

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

SECTION 15: Relocation

It is anticipated there will be a need to relocate a person in conjunction with this Plan. The City does not anticipate using tax increment funding for any potential relocation expenses.

SECTION 16: Orderly Development and/or Redevelopment of the City of Superior

The District contributes to the orderly development and/or redevelopment of the City by providing the opportunity for continued growth in tax base, job opportunities and general economic activity.

SECTION 17: List of Estimated Non-Project Costs

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

Examples would include:

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

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

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

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

SECTION 18:

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

— CELEBRATING 125 YEARS —

FRYBERGER
— LAW FIRM —

March 6, 2019

DRAFT

Mayor Jim Paine
City of Superior
1316 N. 14th St.
Superior, WI 54880

**RE: City of Superior, Wisconsin
Tax Incremental District No. 14**

Dear Mayor:

As development counsel for the City of Superior, we 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,

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

By _____
Robert E. Tofley

cc: Ehlers & Associates
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FRYBERGER, BUCHANAN, SMITH & FREDERICK, P.A.

DULUTH
302 W. Superior Street, Ste. 700
Duluth, MN 55802
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Superior, WI 54880
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ST. PAUL
380 St. Peter Street, Ste. 710
St. Paul, MN 55102
p: (651) 221-1044
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fryberger.com

Exhibit A:

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

Estimated portion of taxes that owners of taxable property in each taxing jurisdiction overlying district would pay by jurisdiction.						
Statement of Taxes Data Year:			2017		Percentage	
County			7,866,615		19.84%	
Technical College			613,635		1.55%	
Municipality			13,931,065		35.14%	
School District			17,237,369		43.48%	
Total			39,648,684			
Revenue Year	County	Technical College	Municipality	School District	Total	Revenue Year
2021	0	0	0	0	0	2021
2022	24,217	1,889	42,886	53,065	122,057	2022
2023	24,217	1,889	42,886	53,065	122,057	2023
2024	24,217	1,889	42,886	53,065	122,057	2024
2025	24,217	1,889	42,886	53,065	122,057	2025
2026	24,217	1,889	42,886	53,065	122,057	2026
2027	34,346	2,679	60,824	75,260	173,110	2027
2028	34,346	2,679	60,824	75,260	173,110	2028
2029	34,346	2,679	60,824	75,260	173,110	2029
2030	34,346	2,679	60,824	75,260	173,110	2030
2031	34,346	2,679	60,824	75,260	173,110	2031
2032	34,346	2,679	60,824	75,260	173,110	2032
2033	34,346	2,679	60,824	75,260	173,110	2033
2034	34,346	2,679	60,824	75,260	173,110	2034
2035	34,346	2,679	60,824	75,260	173,110	2035
2036	34,346	2,679	60,824	75,260	173,110	2036
2037	34,346	2,679	60,824	75,260	173,110	2037
2038	34,346	2,679	60,824	75,260	173,110	2038
2039	34,346	2,679	60,824	75,260	173,110	2039
2040	34,346	2,679	60,824	75,260	173,110	2040
2041	34,346	2,679	60,824	75,260	173,110	2041
2042	34,346	2,679	60,824	75,260	173,110	2042
2043	34,346	2,679	60,824	75,260	173,110	2043
2044	34,346	2,679	60,824	75,260	173,110	2044
2045	34,346	2,679	60,824	75,260	173,110	2045
2046	34,346	2,679	60,824	75,260	173,110	2046
2047	34,346	2,679	60,824	75,260	173,110	2047
	842,358	65,708	1,491,740	1,845,780	4,245,587	

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