

CITY OF WATERLOO, WISCONSIN

Project Plan for the Creation of Tax Incremental District No. 3



Welcome to the

City of Waterloo, Wisconsin

Preserving the past for a successful future

March 30, 2012

<i>Organizational Joint Review Board Meeting Held:</i>	<i>April 5, 2012</i>
<i>Public Hearing Held:</i>	<i>April 5, 2012</i>
<i>Adopted by Plan Commission:</i>	<i>April 5, 2012</i>
<i>Adopted by Common Council:</i>	<i>April 19, 2012</i>
<i>Consideration for Approval by the Joint Review Board:</i>	<i>April 24, 2012</i>

Tax Incremental District No. 3 Creation Project Plan

City of Waterloo Officials

Common Council

Robert H. Thompson	Mayor
Todd C. Forman	Aldersperson, Ward 1
William G. Springer	Aldersperson, Ward 2
Laura Cotting	Aldersperson, Ward 3
Erin Sievert	Aldersperson, Wards 4 & 5
Jeni Quimby	Aldersperson, At Large
Chris Abell	Aldersperson
Dale Van Holten	Aldersperson

City Staff

Mo Hansen	City Clerk
Timothy Fenner	City Attorney

Plan Commission

Erin Sievert	Eric Seidl
Michael Lannov	Robert Crosby
Vern Butzine	John Lichtenheld
	Mayor Robert Thompson; Chair

Joint Review Board

Mo Hansen	City Representative
Dennis Heling	Jefferson County
Lynn Forseth	Madison Area Technical College District
Connie Schiestl	Waterloo School District
Bill Dovi	Public Member

TABLE OF CONTENTS

EXECUTIVE SUMMARY	4
TYPE & GENERAL DESCRIPTION OF DISTRICT	7
MAP OF PROPOSED DISTRICT BOUNDARY	8
MAP SHOWING EXISTING USES AND CONDITIONS	9
PRELIMINARY PARCEL LIST & ANALYSIS.....	10
EQUALIZED VALUE TEST	11
STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND OTHER PROJECTS	12
MAP SHOWING PROPOSED IMPROVEMENTS AND USES	17
DETAILED LIST OF PROJECT COSTS	18
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.....	20
ANNEXED PROPERTY	28
ESTIMATE OF PROPERTY TO BE DEVOTED TO RETAIL BUSINESS.....	28
PROPOSED CHANGES IN ZONING ORDINANCES.....	28
PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND CITY OF WATERLOO ORDINANCES	28
RELOCATION.....	29
ORDERLY DEVELOPMENT AND/OR REDEVELOPMENT OF THE CITY OF WATERLOO ..	29
A LIST OF ESTIMATED NON-PROJECT COSTS	29
OPINION OF ATTORNEY FOR THE CITY OF WATERLOO ADVISING WHETHER THE PLAN IS COMPLETE AND COMPLIES WITH WISCONSIN STATUTES, SECTION 66.1105	30
EXHIBIT A - CALCULATION OF THE SHARE OF PROJECTED TAX INCREMENTS ESTIMATED TO BE PAID BY THE OWNERS OF PROPERTY IN THE OVERLYING TAXING JURISDICTIONS	31

1

EXECUTIVE SUMMARY

DESCRIPTION OF DISTRICT

- Type of District, Size and Location. Tax Incremental District (“TID”) No. 3 (the “District”) is proposed to be created as an industrial 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 \$2,140,000 to undertake the projects listed in this Project Plan. The City anticipates completing the projects in three phases. The Expenditure Period of this District is 15 years from the date of adoption of the Creation Resolution by the Common Council. The projects to be undertaken pursuant to this Project Plan are expected to be financed with advances from the City, GO debt issued by the City and Municipal Revenue Obligations 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 \$7,400,000 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 2032, the maximum 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 City.** In making this determination, the City has considered the following information:

- The sites proposed for development and/or redevelopment have remained vacant for ___ years due to lack of adequate infrastructure, environmental contamination, obsolete platting and ownership by multiple parties. 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 TIF will be required to provide the necessary infrastructure and inducements to encourage development on the sites consistent with that desired by the City.
 - In order to make the areas included within the District suitable for development and/or redevelopment, the City 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, grants and loans, and other associated costs. Due to the extensive initial investment in public infrastructure that is required in order to allow to occur, the City has determined that development and/or redevelopment of the area will not occur solely as a result of private investment. Accordingly, the City finds that absent the use of tax incremental financing (“TIF”), development and/or redevelopment of the area is unlikely to occur.
 - Due to its geographic location and market conditions, the City has seen little growth or new investment in the community. Net new construction within the City for the period of 2008 to 2011 has averaged only 0.59%. Absent the use of Tax Increment Financing (TIF), this trend is likely to continue. Use of TIF will provide the City 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 City has considered the following information:
- As demonstrated in the Economic Feasibility Section of this Project Plan, the tax increments projected to be collected are more than sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.
 - The development expected to occur is likely to generate approximately 60 jobs over the life of the District at rates of \$15 to \$25 per hour. (Source: City Staff)
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, 2012. 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, 2012 would be collected by the Tax Increment 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 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 suitable for industrial sites and zoned for industrial use within the meaning of Section 66.1101 of the Wisconsin Statutes. Any real property within the District that is found suitable for industrial sites and is zoned for industrial use at the time of the creation of the District will remain zoned for industrial use for the life of the District.
 5. Based upon the findings, as stated above, the District is declared to be an industrial District based on the identification and classification of the property included within the district.
 6. The project costs relate directly to promoting industrial 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 City, does not exceed 12% of the total equalized value of taxable property within the City.
 9. The City estimates that none of the territory within the District will be devoted to retail business at the end of the District’s maximum expenditure period, pursuant to Sections 66.1105(5)(b) and 66.1105(6)(am)1 of the Wisconsin Statutes.
 10. The Project Plan for the District in the City is feasible, and is in conformity with the master plan of the City.

2

TYPE & GENERAL DESCRIPTION OF DISTRICT

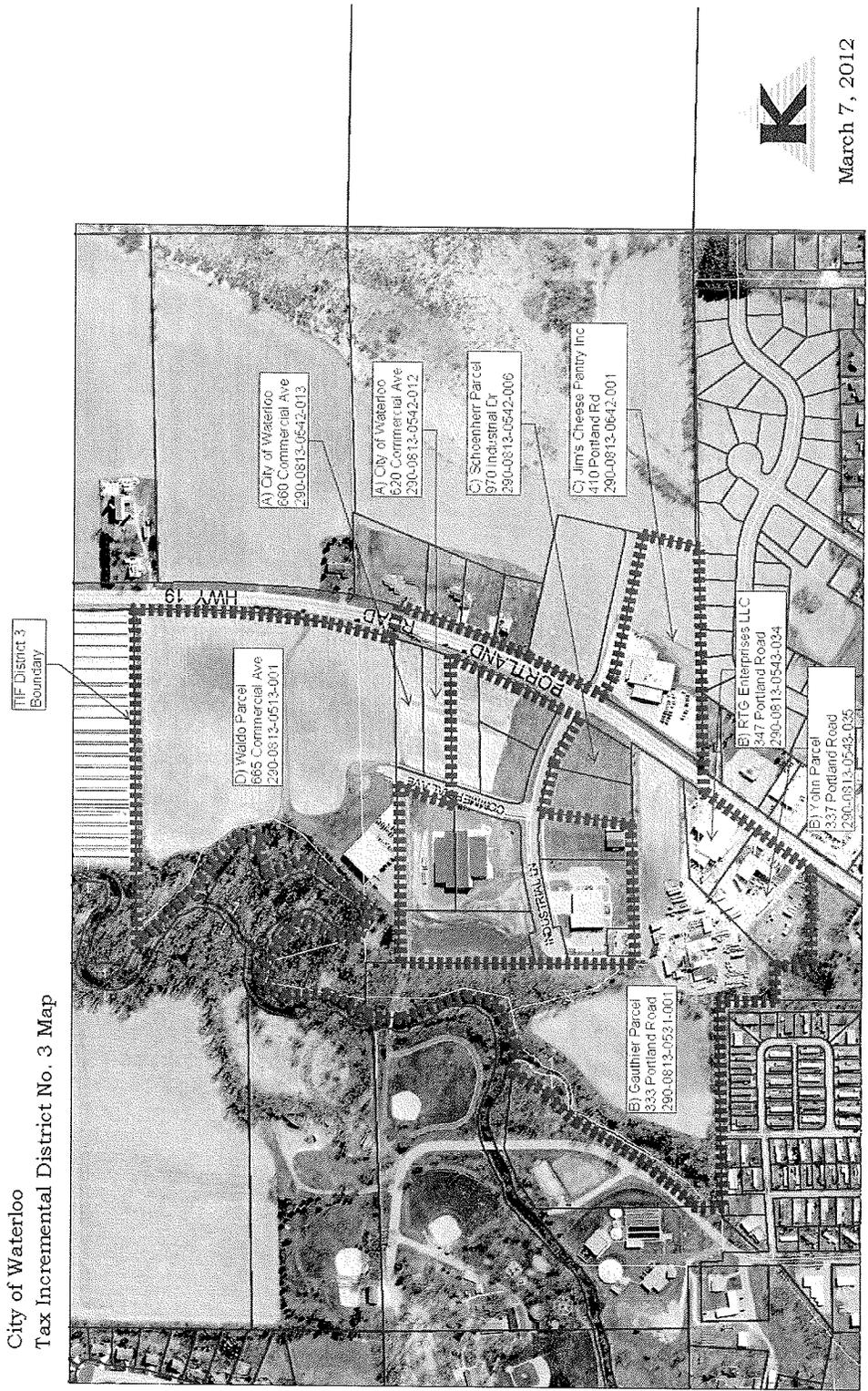
TID No. 3 is being created by the City of Waterloo under the authority provided by Wisconsin Statute Section 66.1105. This District is created as an "Industrial District" based upon a finding that at least 50%, by area, of the real property within the District is zoned and suitable for industrial sites within the meaning of Wisconsin Statute Section 66.1101 (See Section 5 of this plan for a breakdown of District parcels by class and calculation of compliance with the 50% test).

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 of Waterloo intends that tax increment financing (TIF) will be used to assure that industrial, distributor and related private development locates in this District. This will be accomplished by installing public improvements, and making necessary related expenditures, to promote industrial development 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 promoting industrial development in the District 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 an industrial District based on the identification and classification of the property included within the district.

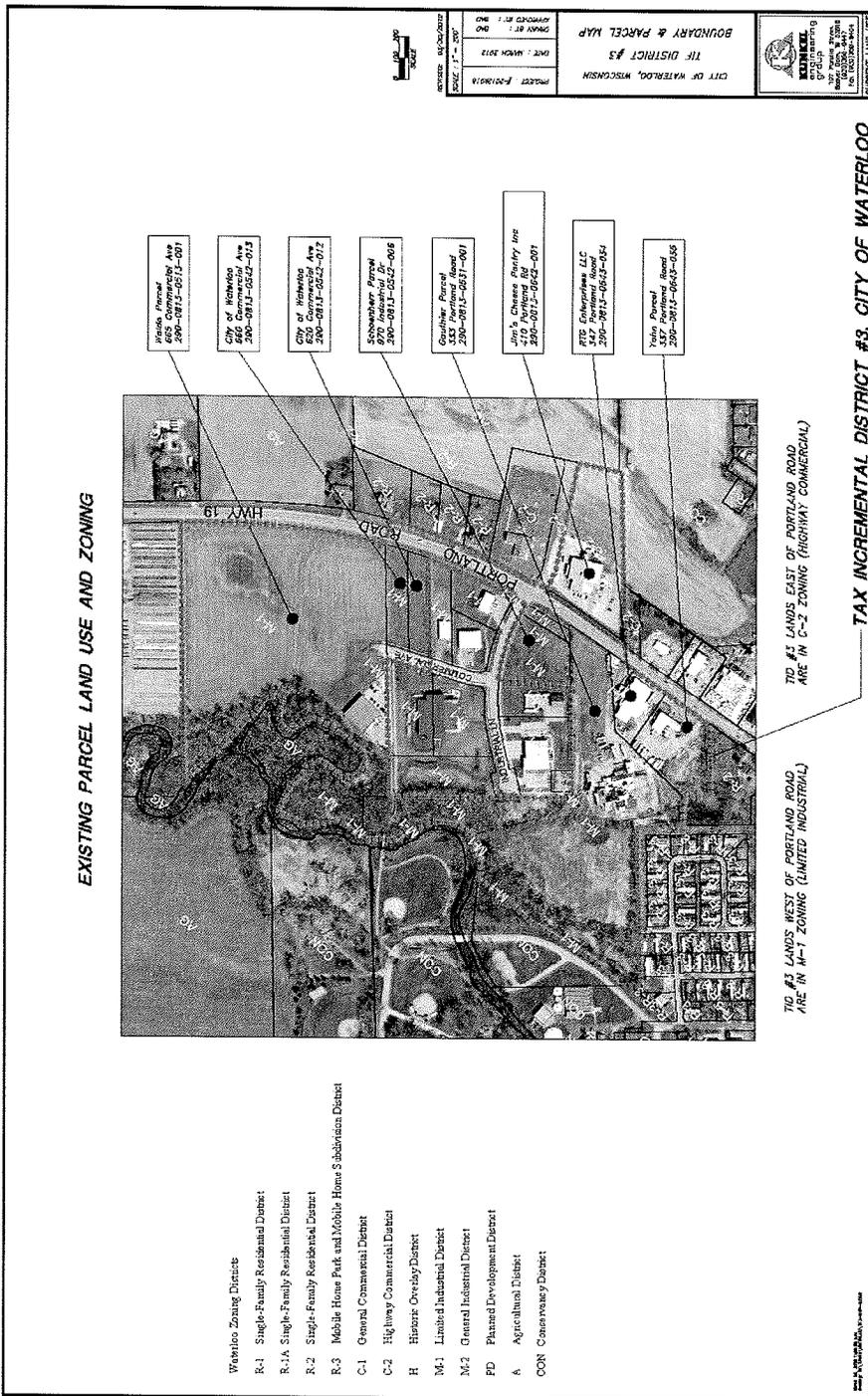
3

MAP OF PROPOSED DISTRICT BOUNDARY



4

MAP SHOWING EXISTING USES AND CONDITIONS



5

PRELIMINARY PARCEL LIST & ANALYSIS

MAP REF. #	PARCEL NO.	STREET ADDRESS	OWNER	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
ORIGINAL DISTRICT AREA DATA															
	29008130531031	333 Portland Rd	James Gauthier		53,600	103,200	156,800	3 - Manufacturing	99.81%	99.81%	157,100	17.870	M-1	Industrial	17.870
	29008130531001	665 Commerical Ave	Larry Waldo		154,500	462,200	596,700	3 - Manufacturing	99.81%	99.81%	597,800	25.230	M-1	Industrial	25.230
	29008130543034	347 Portland Rd	RTG Enterprise LLC		31,700	65,800	97,300	3 - Manufacturing	99.81%	99.81%	97,500	1.830	M-1	Industrial	1.830
	29008130543035	337 Portland Rd	Thomas Yohn		38,900	77,900	116,800	3 - Manufacturing	99.81%	99.81%	117,000	2.910	M-1	Industrial	2.910
	29008130533037	820 Commercial Ave	City of Waterloo		24,683	0	24,683	Exempt			24,750	1.087	M-1	Industrial	1.087
	29008130533038	660 commercial Ave	City of Waterloo		22,413	0	22,413	Exempt			22,455	1.085	M-1	Industrial	1.085
	29008130542001	410 Portland Rd	James Peschel		45,400	476,500	521,900	3 - Manufacturing	99.81%	99.81%	522,900	4.625	C-2	Food Packaging	4.625
	29008130542006	970 Industrial Ln	Scott Schoenherr		22,500	0	22,500	3 - Manufacturing	99.81%	99.81%	22,500	1.896	M-1	Industrial	1.896
							0								
							0								
							0								
			SUBTOTAL PERSONAL PROPERTY >	0						0.00%		NA	NA	Personal Property	NA
											1,561,985	56.533			56.533



ESTIMATED BASE VALUE TOTAL DISTRICT ACREAGE TOTAL INDUSTRIAL ACREAGE

As of January 1 2011 Percent of Total District Acreage **100.000%**

6

EQUALIZED VALUE TEST

The following calculations demonstrate that the City 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 City.

The equalized value of the increment of existing tax incremental districts within the City, plus the base value of the proposed District, totals \$12,638,923. This value is less than the maximum of \$23,948,763 in equalized value that is permitted for the City of Waterloo. The City is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

<i>City of Waterloo, WI</i>			
Tax Increment District No. 3			
Valuation Test Compliance Calculation			
Anticipated Creation Date: 4/19/2012 Property Appreciation Factor: 1.00%	Valuation Data		Estimated Valuation Data Establishing Base Value
	Currently Available	Establishing 12% Limit Based on Anticipated Creation Date	
	ACTUAL	ESTIMATED	ESTIMATED
As of January 1,	2011	2012	2013
Total Equalized Value (TID IN)	197,597,100	199,573,071	
Limit for 12% Test	23,711,652	23,948,769	
Increment Value of Existing TID's			
TID No. 1 Increment	5,648,600	5,705,086	Percentage Increase in Base Value at Which EV Test will Fail 716.90%
TID No. 2 Increment	5,303,200	5,356,232	
Total Existing Increment	10,951,800	11,061,318	
Projected Base Value of New District	1,561,985	1,577,605	1,593,381
Existing TID New Construction Factor			
TOTAL VALUE SUBJECT TO TEST/LIMIT	12,513,785	12,638,923	12,654,699
COMPLIANCE	PASS	PASS	PASS



1ST DRAFT

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 City expects to implement in conjunction with this District. Any costs necessary or convenient to the creation of the District or directly or indirectly related to the public works and other projects are considered "project costs" and eligible to be paid with tax increment revenues of the District.

PROPERTY, RIGHT-OF-WAY AND EASEMENT ACQUISITION

- **PROPERTY ACQUISITION FOR DEVELOPMENT AND/OR REDEVELOPMENT.** In order to promote and facilitate development and/or 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 development and/or redevelopment. Any revenue received by the City from the sale of property acquired pursuant to the execution of this Plan will be used to reduce the total project costs of the District. If total Project Costs incurred by the City to acquire property and make it suitable for development and/or redevelopment exceed the revenues or other consideration received from the sale or lease of that property, the net amount shall be considered "real property assembly costs" as defined in State 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 remediation are eligible Project Costs.
- **DEMOLITION.** In order to make sites suitable for development and/or redevelopment, the City may incur costs related to demolition and removal of structures or other land improvements, to include abandonment of wells or other existing utility services.
- **SITE GRADING.** Land within the District may require grading to make it suitable for development and/or redevelopment, to provide access, and to control stormwater runoff. The City may need to 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.** To allow development and/or 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; and all related appurtenances. To the extent sanitary sewer projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand sanitary sewer infrastructure located outside of the District. That portion of the costs of sanitary sewer system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs. The improvements to the wastewater treatment facilities, although not within the ½ mile radius, is an eligible project cost under Section 66.1105(2)(f)1 k.
- **WATER SYSTEM IMPROVEMENTS.** To allow development and/or 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; and all related appurtenances. To the extent water system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand water system infrastructure located outside of the District. That portion of the costs of water system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.
- **STORMWATER MANAGEMENT SYSTEM IMPROVEMENTS.** Development and/or 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; and infiltration, filtration and detention Best Management Practices (BMP's). To the extent stormwater management system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand stormwater management infrastructure located outside of the District. That portion of the costs of stormwater management system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

- **ELECTRIC SERVICE.** In order to create sites suitable for development and/or 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 development and/or 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 development and/or 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 development and/or 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; utility relocation, to include burying overhead utility lines; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.
- **STREETSCAPING AND LANDSCAPING.** In order to attract development and/or 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.

PROGRAM ACTIVITIES

- **REVOLVING LOAN/GRANT PROGRAM.** To encourage private redevelopment consistent with the objectives of this Plan, the City will provide loans and/or matching grants for use on properties 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, attract desired tenants, enhance the visual appearance of the property and surrounding area or correct safety deficiencies. Any funds provided 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: Street and Utility improvements along Portland Road.
- **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 the 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.

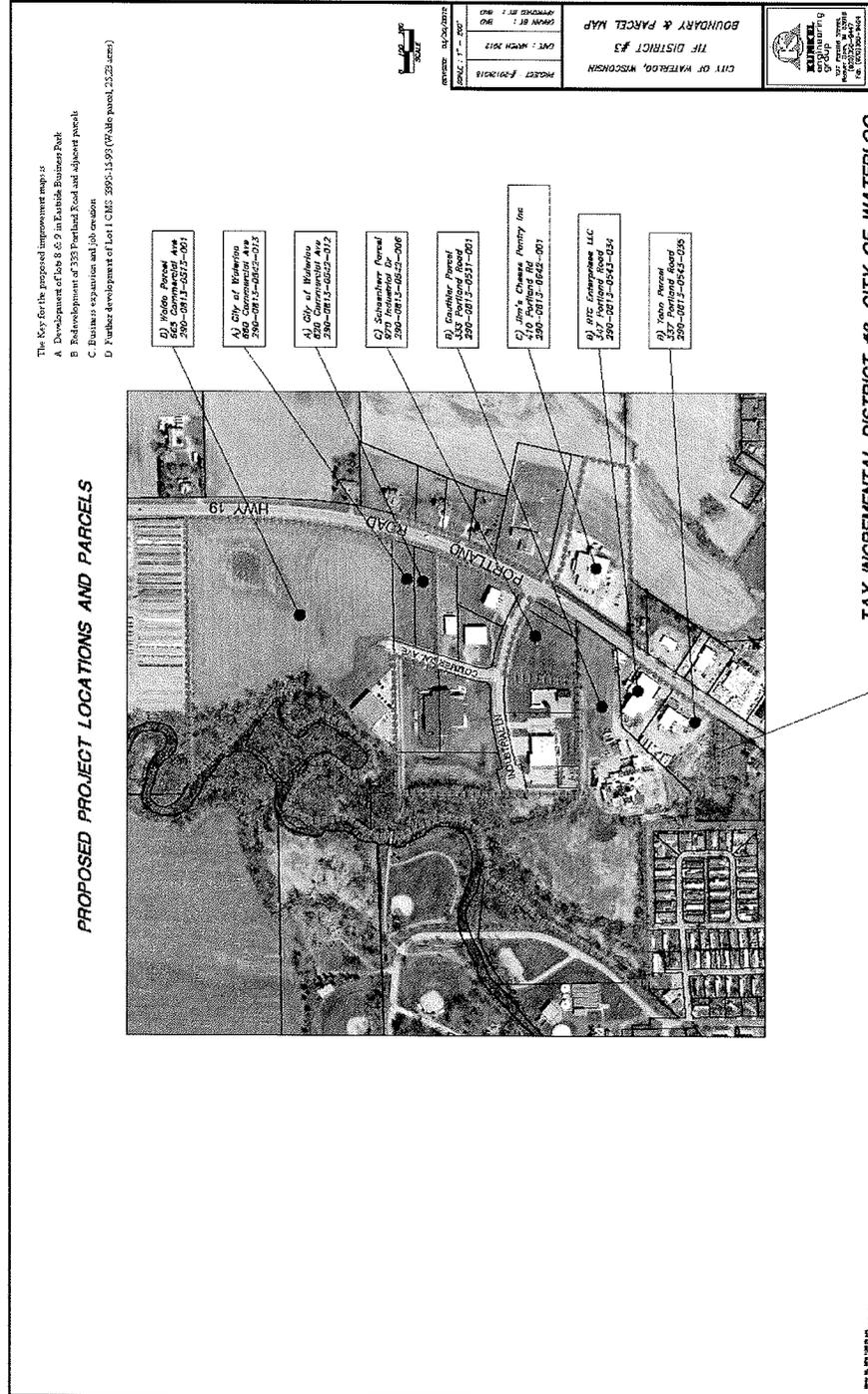
In the event any of the public works project expenditures are not reimbursable out of the special TIF fund under Wisconsin Statute Section 66.1105, in the written opinion of nationally recognized bond counsel retained by the City for such purpose or a court of record so rules in a final order, then such 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 "Plan").

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

Project costs are any expenditures 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. Proration of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments.

8

MAP SHOWING PROPOSED IMPROVEMENTS AND USES



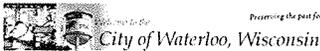
9

DETAILED LIST OF PROJECT COSTS

All costs are based on 2012 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2012 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

		<i>City of Waterloo, WI</i> Tax Increment District No. 3 Project List			
1ST DRAFT		Phase I	Phase II	Phase III	
		<u>2012</u>	<u>2013/2014</u>	<u>2016</u>	
Projects					
	Lot 8 & 9 - Eastside Business Park - Cash Grant	162,000			
	Lot 8 & 9 - Eastside Business Park - Municipal Fees/Charges	5,000			
	TID #3 Creation Costs	14,500			
	Environmental Remediation - 333 Portland Rd & Adjacent	20,000			
	Business Expansion & Job Creation - Loans & Cash Grants		200,000		
	Engineering - Portland Road & Adjacent		40,000		
	Street & utilities - 333 Portland Rd & Adjacent		750,000		
	Loans & Cash Grants 333 Portland Rd & Adjacent		100,000		
	Engineering - (Waldo Parcel)			50,000	
	Streets & Utilities - (Waldo Parcel)			800,000	
	Subtotal Needed for Projects	<u>201,500</u>	<u>1,090,000</u>	<u>850,000</u>	

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

General Obligation (G.O.) Bonds or Notes

The City may issue G.O. Bonds or Notes to finance the cost of Projects included within this Plan. 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 22 provide a calculation of the City's current and projected G.O. debt capacity. Tables 1 and 2 project, respectively, the City's equalized value, and the full faith and credit borrowing capacity of the City. Equalized valuation projections were made using two methods. The first projects future valuation of the City using the average annual percentage of valuation growth experienced between 2007 and 2011. This method is identified as the percentage method. The second method projects the future valuation based upon the average annual value change between 2007 and 2011. This method is identified as the straight-line method. Table 2 projects the G.O. borrowing capacity of the City utilizing the straight-line valuation projection and considering the existing debt of the City,

demonstrating that the City will have sufficient G.O. debt capacity during the implementation period of the District to finance projects using this method if it chooses.

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

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

Tax Increment Revenue Bonds

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

Utility Revenue Bonds

The City can issue revenue bonds to be repaid from revenues of the sewer and/or water 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.

EQUALIZED VALUATION PROJECTION



Ensuring the path for a successful future

City of Waterloo, Wisconsin

City of Waterloo, WI



EHLERS
LEADERS IN PUBLIC FINANCE

Projection of General Obligation Debt Borrowing Capacity

1ST DRAFT

Table 1 - Projection of Growth in Equalized Value (TID IN)

----PERCENTAGE METHOD----			--STRAIGHT LINE METHOD--		
HISTORICAL DATA					
2007	202,696,800		2007	202,696,800	
2008	203,681,200		2008	203,681,200	
2009	203,494,800		2009	203,494,800	
2010	202,107,600		2010	202,107,600	
2011	197,597,100	-0.63%	2011	197,597,100	-1,274,925
PROJECTED VALUATIONS					
2012	196,354,251	-0.63%	2012	196,322,175	-0.65%
2013	195,119,220	-0.63%	2013	195,047,250	-0.65%
2014	193,891,956	-0.63%	2014	193,772,325	-0.65%
2015	192,672,412	-0.63%	2015	192,497,400	-0.66%
2016	191,460,539	-0.63%	2016	191,222,475	-0.66%
2017	190,256,288	-0.63%	2017	189,947,550	-0.67%
2018	189,059,611	-0.63%	2018	188,672,625	-0.67%
2019	187,870,461	-0.63%	2019	187,397,700	-0.68%
2020	186,688,791	-0.63%	2020	186,122,775	-0.68%

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
2012	197,597,100	9,879,855	4,435,854	5,444,001
2013	196,322,175	9,816,109	3,957,775	5,858,334
2014	195,047,250	9,752,363	3,523,633	6,228,730
2015	193,772,325	9,688,616	3,073,151	6,615,465
2016	192,497,400	9,624,870	2,611,121	7,013,749
2017	191,222,475	9,561,124	2,122,082	7,439,042
2018	189,947,550	9,497,378	1,626,510	7,870,868
2019	188,672,625	9,433,631	1,121,103	8,312,528
2020	187,397,700	9,369,885	775,000	8,594,885
2021	186,122,775	9,306,139	390,000	8,916,139
2022	184,847,850	9,242,393		9,242,393
2023	183,572,925	9,178,646		9,178,646
2024	182,298,000	9,114,900		9,114,900
2025	181,023,075	9,051,154		9,051,154
2026	179,748,150	8,987,408		8,987,408
2027	178,473,225	8,923,661		8,923,661
2028	177,198,300	8,859,915		8,859,915
2029	175,923,375	8,796,169		8,796,169
2030	174,648,450	8,732,423		8,732,423
2031	173,373,525	8,668,676		8,668,676
2032	172,098,600	8,604,930		8,604,930
2033	170,823,675	8,541,184		8,541,184

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 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 & FINANCING TIMELINE

1ST DRAFT	Cash	Municipal Revenue	G.O. Bond		Total Project
	Financed	Obligation (MRO)			Costs
	2012/Phase I	2012-2014/Phase II	2013-2014/Phase II	2016/Phase III	All Phases
Projects					
Lot 8 & 9 - Eastside Business Park - Cash Grant	162,000		0	0	162,000
Lot 8 & 9 - Eastside Business Park - Municipal Fees/Charges	5,000		0	0	5,000
TID #3 Creation Costs	14,500		0	0	14,500
Environmental Remediation - 333 Portland Rd & Adjacent	20,000		0	0	20,000
Business Expansion & Job Creation - Loans & Cash Grants		200,000	0	0	200,000
Engineering - Portland Road & Adjacent		0	40,000	0	40,000
Street & utilities - 333 Portland Rd & Adjacent		0	750,000	0	750,000
Loans & Cash Grants 333 Portland Rd & Adjacent		100,000	0	0	100,000
Engineering - (Waldo Parcel)		0	0	50,000	50,000
Streets & Utilities - (Waldo Parcel)		0	0	800,000	800,000
Subtotal Needed for Projects	201,500	300,000	790,000	850,000	2,141,500
Finance Related Expenses					
Financial Advisor			12,441	13,108	
Bond Counsel (Estimate)			6,000	6,000	
Rating Agency Fee			7,500	7,500	
Paying Agent (if Term Bonds)			675	675	
Max. Underwriter's Discount		0	8,950	9,700	
Capitalized Interest			67,846	83,124	
Total Financing Required	201,500	300,000	893,412	970,107	
<i>Estimated Interest Earnings</i>			0.25%	0.25%	
<i>Assumed Spend Down (Months)</i>			6	6	
Rounding			2,001	336	
NET ISSUE SIZE			895,000	970,000	

DEVELOPMENT ASSUMPTIONS

City of Waterloo, WI



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



EHLERS
LEADERS IN PUBLIC FINANCE

<u>Construction</u> <u>Year</u>	<u>Lots 8 & 9 East</u> <u>Side Business</u> <u>park</u>	<u>333 Portland</u> <u>Road</u>	<u>Lot 1 (Waldo</u> <u>Parcel)</u>	<u>Annual</u> <u>Total</u>
2012	600,000			600,000
2013	500,000			500,000
2014				0
2015		1,225,000		1,225,000
2016			1,225,000	1,225,000
2017		1,225,000		1,225,000
2018			2,625,000	2,625,000
2019				0
2020				0
2021				0
2022				0
2023				0
2024				0
2025				0
2026				0
2027				0
2028				0
2029				0
2030				0
TOTALS	1,100,000	2,450,000	3,850,000	7,400,000

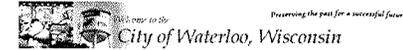
NOTES: Development assumptions provided by City Staff 3/14/2012.

Actual value of development and timing of development will effect the cash flow projections
(reductions in value or delay in development will lower increment collections)

DRAFT

INCREMENT REVENUE PROJECTIONS

City of Waterloo, WI



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

Type of District	Industrial
Anticipated Creation Date	4/19/2012
Valuation Date	Jan. 1, 2012
Maximum Life (In Years)	20
Expenditure Period (In Years)	15
Revenue Periods/Final Rev Year	19 2032
End of Expenditure Period	4/19/2027
Latest Termination Date	4/19/2032
Eligible for Extension/No. of Years	Yes 3
Eligible Recipient District	No

Projected Base Value	1,561,985
Pre-Amendment Base Value (Actual)	NA
Property Appreciation Factor	1.00%
Current Tax Rate (Per \$1,000 EV)	\$26.13
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	4.00%
Discount Rate 2 for NPV Calculation	6.00%

Apply Inflation Factor to Base?

Net Present Value Calculation

Construction Year	Value Added	Valuation Year	Inflation Increment	Valuation Increment	Revenue Year	Tax Rate	Tax Increment	Cumulative @ 4.00%	Cumulative @ 6.00%	
1	2012	600,000	2013	15,620	615,620	2014	26.13	16,083	14,298	13,504
2	2013	500,000	2014	21,776	1,137,396	2015	26.13	29,714	39,698	37,040
3	2014	0	2015	26,994	1,164,390	2016	26.13	30,420	64,701	59,772
4	2015	1,225,000	2016	27,264	2,416,653	2017	26.13	63,135	114,597	104,279
5	2016	1,225,000	2017	39,786	3,681,440	2018	26.13	96,178	187,684	168,243
6	2017	1,225,000	2018	52,434	4,958,874	2019	26.13	129,551	282,346	249,525
7	2018	2,625,000	2019	65,209	7,649,083	2020	26.13	199,832	422,746	367,805
8	2019	0	2020	92,111	7,741,193	2021	26.13	202,239	559,371	480,735
9	2020	0	2021	93,032	7,834,225	2022	26.13	204,669	692,320	588,552
10	2021	0	2022	93,962	7,928,187	2023	26.13	207,124	821,689	691,486
11	2022	0	2023	94,902	8,023,089	2024	26.13	209,603	947,572	789,756
12	2023	0	2024	95,851	8,118,940	2025	26.13	212,108	1,070,058	883,572
13	2024	0	2025	96,809	8,215,749	2026	26.13	214,637	1,189,239	973,132
14	2025	0	2026	97,777	8,313,526	2027	26.13	217,191	1,305,199	1,058,629
15	2026	0	2027	98,755	8,412,281	2028	26.13	219,771	1,418,023	1,140,244
16	2027	0	2028	99,743	8,512,024	2029	26.13	222,377	1,527,795	1,218,152
17	2028	0	2029	100,740	8,612,764	2030	26.13	225,009	1,634,593	1,292,520
18	2029	0	2030	101,747	8,714,512	2031	26.13	227,667	1,738,497	1,363,508
19	2030	0	2031	102,765	8,817,277	2032	26.13	230,352	1,839,584	1,431,267

7,400,000

1,417,277

Future Value of Increment

3,157,659



1ST DRAFT

CASH FLOW

City of Waterloo, WI

Tax Increment District No. 3
Cash Flow Pro Forma



1ST DRAFT

Year	Revenues					Expenditures										Balances		Project Cost Principal Outstanding	Year						
	Tax Increments	Investment Earnings	Capitalized Interest	Advance from other funds	Total Revenues	G.O. Bond \$895,000			G.O. Bond \$970,000			Capital Projects	Admin	Interest on Advance 1%	Re-pay advance	MRO for Cash Grants	Total Expenditures			Annual	Cumulative				
						8/1/2014	8/1/2016	Prin (3/1)	Est. Rate	Interest	Prin (3/1)											Est. Rate	Interest		
2012		0.50%	0	0	201,500							187,000	14,500							0	0	1,865,000	2012		
2013			0		0															2,015	(2,015)	(2,015)	1,865,000	2013	
2014	16,083		0	67,846	83,929															2,015	81,914	79,899	1,865,000	2014	
2015	29,714	399			30,114		1.530%	33,923												2,015	35,938	(5,824)	74,075	1,865,000	2015
2016	30,420	370		83,124	113,914		1.700%	33,923												2,015	35,938	77,976	152,051	1,865,000	2016
2017	63,135	760			63,895	50,000	2.020%	33,923		2.030%	41,562					5,000				2,015	132,500	(68,605)	83,447	1,815,000	2017
2018	96,178	417			96,595	50,000	2.210%	32,913		2.200%	41,562					5,000				2,015	131,490	(34,895)	48,551	1,765,000	2018
2019	129,551	243			129,793	50,000	2.520%	31,808	30,000	2.520%	41,562					5,000				2,015	160,385	(30,592)	17,960	1,685,000	2019
2020	199,832	90			199,922	50,000	2.870%	30,548	50,000	2.710%	40,806					15,000				2,015	188,369	11,553	29,513	1,585,000	2020
2021	202,239	148			202,386	50,000	3.230%	29,113	50,000	3.020%	39,451					20,000				2,015	190,579	11,807	41,321	1,485,000	2021
2022	204,669	207			204,876	50,000	3.540%	27,498	50,000	3.370%	37,941					20,000				2,015	197,454	7,422	48,743	1,385,000	2022
2023	207,124	244			207,368	50,000	3.760%	25,728	60,000	3.730%	36,256					11,500				1,915	205,399	1,969	50,711	1,275,000	2023
2024	209,603	254			209,857	50,000	3.920%	23,848	65,000	4.040%	34,018					20,000				1,800	214,666	(4,809)	45,902	1,160,000	2024
2025	212,108	230			212,337	50,000	4.060%	21,888	70,000	4.260%	31,392					20,000				1,600	214,880	(2,543)	43,359	1,040,000	2025
2026	214,637	217			214,853	50,000	4.170%	19,858	70,000	4.420%	28,410					20,000				1,400	209,668	5,185	48,545	920,000	2026
2027	217,191	243			217,434	50,000	4.270%	17,773	75,000	4.560%	25,316					20,000				1,200	214,289	3,145	51,690	795,000	2027
2028	219,771	258			220,030	50,000	4.370%	15,638	80,000	4.670%	21,896					20,000				1,000	213,534	6,496	58,185	665,000	2028
2029	222,377	291			222,668	65,000	4.450%	13,453	85,000	4.770%	18,160					20,000				800	227,413	(4,745)	53,440	515,000	2029
2030	225,009	267			225,276	75,000	4.520%	10,561	90,000	4.870%	14,106					20,000				600	235,266	(9,990)	43,450	350,000	2030
2031	227,667	217			227,884	75,000	4.590%	7,171	95,000	4.950%	9,723					20,000				400	232,293	(4,409)	39,041	180,000	2031
2032	230,352	195			230,547	80,000	4.660%	3,728	100,000	5.020%	5,020					20,000				200	233,948	(3,401)	35,640	0	2032
Total	3,157,659	5,049	150,970	201,500	3,515,179	895,000		413,294	970,000		467,180	187,000	14,500			31,065	201,500	300,000			3,479,539	35,640			

NOTES: Prior to undertaking the financing of any project costs, the City should evaluate and determine the most appropriate source of funds, structure and timing for possible issuance of debt based upon proposed development. Changes in timing and value of development will affect the cashflow of the district and may change the ability to finance the projects as presented in this plan during the life of the TID District.

Projected TID Closure

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.

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 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.

13 PROPOSED CHANGES IN ZONING ORDINANCES

The City of Waterloo does not anticipate that the District will require any changes in zoning ordinances and any real property within the District that is found suitable for industrial sites and is zoned for industrial use will remain zoned for industrial use for the life of the District.

14 PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND CITY OF WATERLOO 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 of Waterloo ordinances for the implementation of this Plan.

15 RELOCATION

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

16 ORDERLY DEVELOPMENT AND/OR REDEVELOPMENT OF THE CITY OF WATERLOO

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. The Proposed development complements the City of Waterloo Comprehensive Plan adopted on August 7, 2008.

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

18 **OPINION OF ATTORNEY FOR THE CITY OF WATERLOO
ADVISING WHETHER THE PLAN IS COMPLETE AND
COMPLIES WITH WISCONSIN STATUTES, SECTION 66.1105**



AXLEY BRYNELSON, LLP

.....

Timothy D. Fenner
tfenner@axley.com
608.283.6733

April 18, 2012

VIA EMAIL

Mayor Robert Thompson
City of Waterloo
135 North Monroe Street
Waterloo, WI 53594-1198

Re: City of Waterloo Tax Incremental District No. 3
Our File: 11110.68295

Dear Mayor Thompson:

As City Attorney for the City of Waterloo, I have reviewed the Project Plan and, in my opinion, I have determined that it is complete and complies with Section 66.1105 of the Wisconsin Statutes, as amended. This opinion is provided pursuant to Section 66.1105(4)(f), Wis. Stats.

Sincerely,

AXLEY BRYNELSON, LLP

A handwritten signature in black ink, appearing to read 'Timothy D. Fenner', is written over a horizontal line.

Timothy D. Fenner
TDF/avr

cc: Mr. Mo Hansen
Ehlers & Associates
Attn: Ms/ Dawn Gunderson
Mr. Phil Cosson

F:\AEAFDATA\11110\68295\01031200.DOC

PO Box 1767 • Madison WI 53701-1767 • 2 East Mifflin Street • Suite 200 • Madison WI 53703 • 608.257.5661 • 800.368.5661 • Fax 608.257.5444 • www.axley.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 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</i>	<i>County</i>	<i>School District</i>	<i>Tech College</i>	<i>Total</i>
	37.89%	15.77%	39.80%	6.54%	
2014	6,093	2,536	6,402	1,052	16,083
2015	11,258	4,685	11,828	1,944	29,714
2016	11,525	4,796	12,109	1,990	30,420
2017	23,920	9,954	25,131	4,131	63,135
2018	36,438	15,163	38,283	6,293	96,178
2019	49,082	20,424	51,567	8,477	129,551
2020	75,709	31,504	79,543	13,076	199,832
2021	76,621	31,884	80,501	13,233	202,239
2022	77,542	32,267	81,468	13,392	204,669
2023	78,472	32,654	82,445	13,553	207,124
2024	79,411	33,045	83,432	13,715	209,603
2025	80,360	33,440	84,429	13,879	212,108
2026	81,318	33,838	85,436	14,044	214,637
2027	82,286	34,241	86,453	14,212	217,191
2028	83,263	34,648	87,480	14,380	219,771
2029	84,251	35,059	88,517	14,551	222,377
2030	85,248	35,474	89,564	14,723	225,009
2031	86,255	35,893	90,622	14,897	227,667
2032	87,272	36,316	91,691	15,073	230,352
	1,196,324	497,818	1,256,901	206,616	3,157,659

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