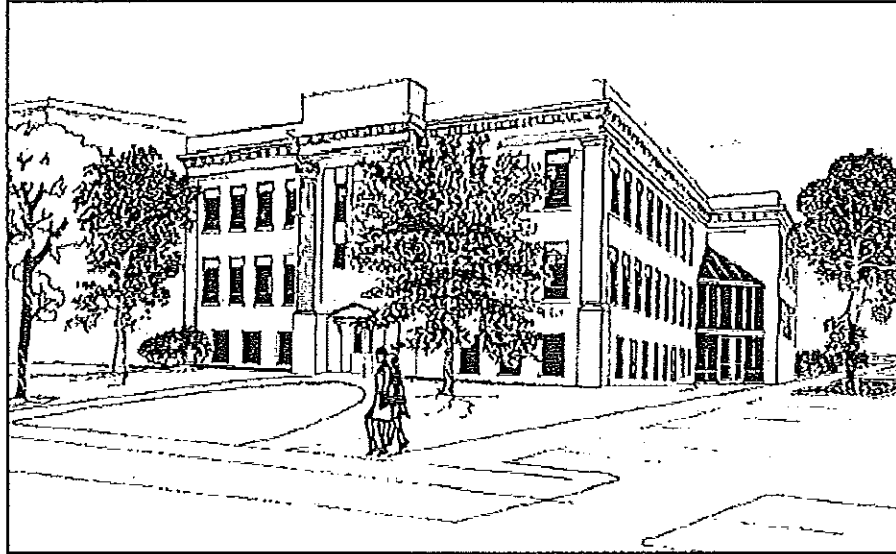


TAX INCREMENT DISTRICT #28

# BEACH BUILDING REDEVELOPMENT PROJECT PLAN



**Planning Services Division**

May, 2016

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**TAX INCREMENT DISTRICT #28**

**PROJECT PLAN**

**CITY OF OSHKOSH**

PLAN COMMISSION

May 3, 2016

COMMON COUNCIL

June 14, 2016

JOINT REVIEW BOARD

June 21, 2016

PREPARED BY:

Department of Community Development

May, 2016

**Plan Summary**  
**City of Oshkosh**  
**Tax Increment District #28 Project Plan**

District Name: City of Oshkosh Tax Increment District #28 Beach Building Redevelopment

TID Type: Blighted Area

Purpose: Redevelop and renovate the 36,000 square foot Orville Beach building at 240 Algoma Blvd. Specifically this building will be renovated into 3 commercial office spaces on the first floor, and 22 residential units split amongst the second and third floors.

Max. Life of TID: 27 Years, but developer projections show that district could be closed after 20 years.

Location: 240 Algoma Boulevard, Oshkosh, Wisconsin.

Size: Approximately 1.69 acres

Parcels: 1

Estimated District Base Value: \$575,000

Estimated District Value at Closure: \$1,519,137

Estimated Future Increment Value \$944,137

Proposed Costs: \$3.3 million total in private project costs. \$292,831 in paygo financing projected over 20 years.

Project Financing: Private equity and loans.

Economic Feasibility: Economic feasibility is based on rehabilitation and redevelopment of the vacant office space into higher-end apartments and modern commercial business space.

## **Introduction**

Wisconsin's Tax Incremental Financing law provides a mechanism that enables cities and villages to rehabilitate blighted areas, improve business areas, create mixed-use development, and/or develop industrial sites. The intent is to defray the cost of improvements in a designated Tax Incremental District (TID) by using tax revenues or increments generated from new development to pay for project improvements in the district. The value increment is the difference between the certified base value of the TID at the time of creation and the increased value of the property in subsequent years until the TID is dissolved. It is the value increment generated from new development that is used to retire the debt incurred by the City in implementation of project activities.

Under Tax Incremental Financing, the tax increment generated from private investment in a TID is applied entirely to the retirement of debt incurred by the municipality in order to make the area attractive to investment or reinvestment. When the cost of improvements has been recovered and the debt service attributable to the district has been retired, the TID is dissolved and all taxing jurisdictions benefit on the same shared basis as before the creation of the TID. If the TID has been successful, each of the taxing jurisdictions should receive a much larger share of property taxes generated from the new development that came about as a direct result of the creation of the TID.

Tax incremental financing laws provide benefits to all taxing entities, City, County, Public Schools, and Technical College, by promoting development of new taxable value which otherwise would not occur. It provides a tool for municipalities to make reasonable levels of investment using local financing sources to meet identified needs and fill legitimate public purpose roles. The law also recognizes that since municipalities do not share the investment risk with other tax entities, they are entitled within a prescribed period of time, to receive all new tax revenues of the TID as the source of paying off all public investment costs. All other taxing entities receive benefits in the future from the increased tax base generated as a result of the City's investment in the TID.

## **Purpose**

The primary purpose of this TID is to facilitate redevelopment and rehabilitation of the vacant Orville Beach Memorial Manual Training School office building at 240 Algoma Boulevard into a mixed-use modern commercial/residential apartment complex and retail/service business center including three commercial units on the first floor and 22 higher end apartments on the second and third floors complete with modern finishes, technology and amenities. The overall goal of the redevelopment project is to provide a new active life and full-time residents within the Oshkosh center city, furthering downtown redevelopment efforts. The anticipated project cost is estimated at \$3.3 million with renovations being the most significant cost due to many years of vacancy and deferred maintenance that essentially require a complete gut and remodel of the interior to bring the facility back to a competitive use.

In this case, TIF is intended to be used to offset the negative cash flow outcome from year 1 to year 5 thereby facilitating a rate of return on the investment to redevelopment and rehabilitate the Beach Building at 4.91% as opposed to the rate of return of 0.48% that would be realized without TIF paygo assistance.

## **Project Plan Activities**

### **Project Overview**

The developers intend to rehabilitate the Beach Building located at 240 Algoma Blvd in Oshkosh, Wisconsin. Specifically, this building will be renovated into 3 commercial office spaces on the first floor, and 22 residential

units split amongst the second and third floors. Renovation is required due to many years of deferred maintenance with little to no funds invested back into the facility in previous years.

### **Boundaries/Legal Description**

ALL OF BEACH BUILDING CONDOMINIUM, A PART OF LOTS 13, 15, 17 AND 23 OF BLOCK G OF LEACH'S MAP OF 1894, LOCATED IN THE SOUTHWEST ¼ OF THE NORTHWEST ¼ OF SECTION 24, TOWNSHIP 18 NORTH, RANGE 16 EAST, SEVENTH WARD, CITY OF OSHKOSH, WINNEBAGO COUNTY, WISCONSIN BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING FROM THE WEST ¼ CORNER OF SAID SECTION 24; THENCE N01°17'08"W, 1,010.65 FEET ALONG THE WEST LINE OF THE NORTHWEST ¼ OF SAID SECTION, THENCE N88°42'32"E, 34.00 FEET TO THE INTERSECTION OF THE EAST RIGHT-OF-WAY LINE OF JACKSON STREET AND NORTH RIGHT-OF-WAY LINE OF ALGOMA BOULEVARD; THENCE S54°36'37"E, 417.74 FEET ALONG THE NORTH RIGHT-OF-WAY LINE OF ALGOMA BOULEVARD TO THE SOUTHWESTERLY CORNERS OF BEACH BUILDING CONDOMINIUM AND LOT 15 OF BLOCK G OF LEACH'S MAP OF 1894 AND POINT OF BEGINNING; THENCE N27°08'56"E, 222.48 FEET; THENCE S61°48'46"E, 77.56 FEET; THENCE N28°41'02"E, 28.29 FEET; THENCE S61°44'56"E, 8.00 FEET; THENCE N28°15'04"E, 64.30 FEET TO THE SOUTHWESTERLY CORNER OF LOT 19 OF SAID BLOCK G; THENCE S59°36'37"E, 98.50 FEET ALONG THE SOUTHERLY LINE OF SAID LOT 19 TO THE SOUTHEASTERLY CORNER OF SAID LOT 19; THENCE S34°24'38"W, 15.83 FEET ALONG THE WESTERLY LINE OF LOT 13 OF SAID BLOCK G; THENCE S58°07'30"E, 55.59 FEET; THENCE S47°12'10"E, 9.91 FEET TO A POINT ON THE NORTHERLY LINE OF LOT 17 OF SAID BLOCK G; THENCE S59°34'46"E, 5.62 FEET ALONG THE NORTHERLY LINE OF SAID LOT 17; THENCE S31°18'33"W, 88.20 FEET; THENCE N58°41'27"W, 4.98 FEET; THENCE S31°18'33"W, 10.30 FEET; THENCE S58°41'27"E, 4.99 FEET; THENCE S31°18'33"W, 38.85 FEET; THENCE S58°36'28"E, 14.99 FEET; THENCE S32°12'15"W, 182.49 FEET TO THE SOUTHEASTERLY CORNER OF SAID LOT 17, ALSO BEING THE NORTHERLY RIGHT-OF-WAY LINE OF ALGOMA BOULEVARD; THENCE N54°36'37"W, 245.88 FEET ALONG SAID NORTHERLY RIGHT-OF-WAY LINE OF ALGOMA BOULEVARD TO THE POINT OF BEGINNING. SAID AREA CONTAINS 73,455 SQUARE FEET OR 1.686 ACRES, MORE OR LESS.

The proposed boundaries of the TID are shown in Exhibit # 1 in Appendix A. Exhibit # 2 in Appendix A identifies the parcel information for the TID.

### **Name of District**

The district is identified as City of Oshkosh Tax Increment District #28 (TID #28) – Beach Building Redevelopment.

### **Creation Date**

The date of creation for the capture of all new taxable value created within TID # 28 shall be January 1, 2016. The value established as of this date shall be used as the base for computing any increments that will accrue in the tax base for the district.

### **Project Costs and Improvements**

Overall costs to implement this project plan are estimated at \$3,294,714 with TIF contributing \$292,831 of the project costs as pay-go based on improvement value. The development group is proposing to bring in approximately \$1.5 million or 45% equity into the project and finance the remaining 55%. Table 1 below identifies the total project costs and sources of funding to implement this plan. Exhibit # 6 in Appendix A shows the proposed improvements.

Table 1 Overall Project Costs Sources and Uses		
Use (Commercial and Housing)	Amount	
Acquisition and Renovation	\$3,294,714	
Source (Financing of Improvements)		
Equity	\$1,201,883	36.5%
Bank Financing	\$1,800,000	54.6%
<b>TIF Paygo Funding</b>	\$292,831	8.9%

### **Administrative Expenses**

Administration related expenses include an estimate for administrative, planning, professional, organizational and legal costs. Components of these costs include cost of salaries and employee benefits for City employees engaged in the planning, engineering, implementing and administration activities in connection with this Tax Increment District. The cost of supplies and materials, contract and outside consultant services, and those costs of city departments such as the City Attorney, Public Works, Finance, Community Development, and Transportation. The Department of Revenue also charges a set up fee and annual certification fee that will be paid from the tax increment.

### **Method of Financing**

Implementation of improvements in this project plan will be financed through a "Pay-As-You-Go TIF Note." With an initial base value of \$575,000 and assuming the assessed value will increase at a rate of 1% per year, over 20 years, the total increment will be \$944,137. Applying the 75% rule, the total note from the city due to the developer would be in the amount of \$292,831. Additionally, \$1,800,000 has been secured through Verve Mortgage and another \$1,494,714 in funding will be contributed from the project developers. The cost for the entire project will total \$3,294,714.

### **Master Plan, Zoning, Building, and Other Code Considerations**

With the exception of a Conditional Use Permit (CUP) for mixed residential/commercial use, no changes are necessary to implement this Project Plan.

### **Economic Feasibility/Expectations for Development**

In March 2016, a Market Study and Investment Analysis Report for the redevelopment of the Beach Building was prepared by Invista Analytics, LLC (IA) to provide a market study of the present rental availability in the near downtown neighborhood that might likely serve both the University of Wisconsin - Oshkosh and the young professional segment in downtown Oshkosh. This information was then utilized to create an operational proforma and investment analysis for the operation of a mixed-use renovation and re-use of the Orville Beach Memorial Training School building located at 240 Algoma Blvd in Oshkosh, Wisconsin.

To evaluate the rental potential of the residential units, IA acquired the *Apartment Data - 4 or more Units* excel database<sup>1</sup> from the city of Oshkosh Assessor's *File Downloads* webpage. This data set was then limited to those properties that fell within a 1 mile driving distance of 240 Algoma Blvd and that had been constructed since the year 2000, including the 100 N Main Apartments and the Anthem Apartments. The data was then submitted to an econometric quantile regression model<sup>2</sup> that used all of the covariates to predict the rents. The resultant model

parameters were then used along with the covariate data for the subject property units to arrive at an expected rent for the macro, one-bedroom, and two-bedroom units to be rented. The model resulted in estimates of \$569, \$704, and \$802 per month respectively for the macro, one and two bedroom units. These estimates then represent the predicted monthly rent one might expect to pay given the particulars of the units that would be available assuming they are of roughly similar quality as the comparable properties. The developers plan, however, calls for much higher finish levels than many of the comparable units. Because of this the developers have chosen to start with monthly rents of \$550, \$700, and \$900 respectively.

To determine the base valuation of the property, the developers purchased the property on 12/22/2015 from an unrelated seller that was not under pressure to sell with normal financing conditions for the purchase price of \$575,000. Thus it is concluded that the transaction was an arm's-length sale and by definition the base market value should then be the purchase price of \$575,000. Completed project valuation, a modified income approach was employed and the year 1 figures suggest a valuation of \$1,245,000 upon completion of the project.

Potential income was determined by documenting the expected maximum revenue assuming the building is at full occupancy equating to rent of the commercial space at \$9 per square foot annually and rent of the residential space at \$550, \$700 and \$900 for the macro, 1 bedroom and 2 bedroom units respectively. From this we find that the first floor commercial space would bring in \$68,850 at full occupancy while the second and third floor residential units will bring in \$193,200 annually at full occupancy for a total annual income of \$262,050.

Total expenses for the project reach a little under \$3.3 million. Of those, approximately \$2.63 million are allowable expenses for historic tax credits and \$2.59 million are allowable TIF expenses. On the funding side, the developers have secured a funding commitment from Verve credit union in the amount of \$1.8 million. The remaining \$1.49 million will be contributed as cash from the developers. With the assumption that the project being completed by November or December 2016 and that the assessor will apply the new assessed value before the first of the year, 2017. Thus the full value of the project will be on the 2017 tax year assessment and the increment can be paid out in the fall of 2018. We assume the assessed value will increase at a rate of 1% per year and that the base value will be \$575,000. Thus over 20 years of payout, the total increment will be \$390,444. Applying the 75% rule the total note from the city due to the developer would be in the amount of \$292,831. With a 2.5% interest rate, this note can be paid down over 20 years.

The operational proforma with TIF assistance starts with a negative cash flow in the first year of \$(22,531) in part due to the ramping up of occupancy in the first year and the lack of increment payment. The next several years still also show a negative cash flow up until the fifth year but by the tenth year, we see a positive cash flow of \$27,239. The "without" TIF picture is much more bleak. Under this scenario the developers do not see any positive cash flow until the ninth year, and even then the returns are modest at best being only approximately \$3,225.

To calculate the return on investment in the form of an internal rate of return (IRR), we first must arrive at an effective amount of cash the developers are putting into the transaction. The developers are bringing \$1,494,714 into this project. However, the developers will also be receiving 20% federal and 20% state historical tax credits on the estimated \$2.6 million of allowable expenses. This results in roughly \$1.05 million worth of credits however it is anticipated that the developers will be forced to spread out their use of these credits over many years reducing the value of these credits given the principal of the future time-value of money. To estimate a value of these credits, it is assumed that if the developers will need to bring in an equity partner they would provide 93 cents on the dollar for the federal credits and 60 cents on the dollar for the state credits equating to an estimate of the tax credits to be worth \$805,753. Thus the effective net cash is the difference, or \$688,960.



Before the IRR can be calculated, an assumed reversion at the end of year ten must be calculated. To do this the NOI from year eleven is used and divided by a terminal cap rate. An 11% loaded cap rate is used and then subtract off the presumed mill rate of 2.45%, then rounding down (which provides more presumed value) we arrive at a non-loaded cap rate of 8%. This results in a valuation of \$2.175 million in the TIF scenario. However after 10 years there would still be \$1,088,099 left to pay off on the mortgage debt. Thus a net reversion of \$1,087,155 is used in addition to the year 10 net cash flow. This leads to a 10 year Internal Rate of Return of 4.91%. A similar calculation without TIF leads to an IRR of 0.48%, which from a development prospective is not financially feasible and a disincentive to move forward with redevelopment without any outside financial incentives, which in this case is both the Historic Tax Credit and TIF assistance.

The City Assessor has reviewed the Market Study, Investment Analysis Report, data provided and estimates that the redevelopment project will assess at approximately \$1,500,000 with a tax increment of \$940,000, assuming \$575,000 base value. Table 3 illustrates the tax increment projection based on this anticipated value and values the future increment at \$390,440 over the 20 year duration of the paygo agreement for the project.

### **Promotion of Orderly Development**

Implementation of this Project Plan promotes orderly development through the renovation and preservation of a prominent, historical, building located near the downtown region of the City of Oshkosh. Redevelopment will reduce depreciation of the property while increasing revenue generated through property taxes. This project will provide new commercial space, employment opportunities, and address the public demand for more available housing in between the University of Wisconsin-Oshkosh campus and the downtown region of the city. Implementation of this project plan accurately reflects the opinion of the general public. According to public survey data collected in 2014 and 2015, over 75% of respondents listed “assisting businesses with economic development” and “increasing efforts to improve the quality of housing” as top priorities for the city to promote. Additionally, this project is supported in the Downtown Action plan, specifically, item 6.8 which outlined both long and short-term goals to increase residential and housing development opportunities in the downtown area.

### **Proposed Uses and Existing Conditions**

The proposed use of the property will change from an office use to a mixed-use commercial/residential apartment complex and retail/service business center including commercial units on the first floor and high-end apartments on the second and third floors after establishment of the TID. The existing and proposed land uses within the TID are identified on Exhibits #3 and 4 in Appendix A.

Under Wisconsin Statutes certain findings must be made relative to proposed areas being included in a TID. Not less than 50% of the area must either be found to be “blighted” or “is in need of rehabilitation or conservation work” within the meaning of 66.1337 (2m)(a).

The proposed area within this TID appears to meet the above criteria. The area exhibits signs of blight (both physical and economic) through obsolescence and deterioration of the existing interior and exterior of the structure potentially resulting from deferred maintenance and lack of investment by multiple property owners (structure is currently a 9-unit condominium) that requires significant coordinated investment to modernize the facility and bring it up to market standards relative to a high end apartment complex and competitive commercial space. Economically, the property has been a blighting through its underutilization and vacancy, as evidenced by an ongoing declining trend in fair market values that hit a high of \$3,061,300 in 2008 to a fair market value of

only \$575,000 in 2016. It can be assumed that this trend would continue to drop as the structure retains less value over time and further deteriorates requiring costly improvements.

Proposed land use and zoning in the area is consistent with the goals and objectives of the City's Comprehensive Plan and in that regard the existing C-3 zoning will be retained.

**Non-Project Costs**

It is anticipated there will be no non-project costs related to implementing this Project Plan.

**Relocation**

Relocation of individuals or businesses will not be required to implement this Project Plan.

## Findings and Report to the Joint Review Board

More than 50 percent of the property is blighted within the definition of Section 66.1105(2)(a) of Wisconsin Statutes. Declining property value trends have negatively impacted return on investment projections to the extent solo development of the property is no longer economically feasible without both TIF assistance and the State and Historic Tax Credit. The project plan, with TIF assistance, is feasible and in conformity with the City's Comprehensive Plan and the equalized value of taxable property within the proposed district and all current City Tax Increment Districts does not exceed 12% of the total equalized value of taxable property within the city.

The project is not financially feasible without the use of TIF assistance, or the Historic Tax Credit as demonstrated by the low internal rate of return of less than 1% whereas stabilized development projects are typically in the 6%-12% range depending on risk and complexity.

The project will provide more economic benefits as measured by increases in property tax values and property tax increment through redevelopment of a functionally obsolete and underutilized structure within the district which should adequately compensate the residents of the overlying taxing jurisdictions for any costs associated with improvements within the district. The project will expand residential and retail space near the downtown area, create employment opportunities, and increase revenue generated through property and sales taxation. Additionally this project fulfills goals outlined in the City of Oshkosh Downtown Action Plan and draws support from 75% of the general public which indicated in both the 2014 and 2015 public surveys to support economic development and expand housing opportunities near the downtown area while also preserving the historical façade of the building that resides on the property.

The appropriate use of public dollars will be ensured through a combination of strict financial tracking of the development process, public hearings, project review, project approval, and the adoption of a resolution by the Oshkosh Common Council before final review which will be conducted by the Joint Review Board to approve the TID creation resolution.

# TABLE 2 - Tax Increment Projection Worksheet

TID 28: Beach Building Redevelopment TID

240 Algoma TIF Assumptions	
TIF Base Value of Site	\$ 575,000
Completed Project Value	\$1,245,000
Project Value Appreciation	1.0%
Interest Rate on Loan	2.5%
Original Loan Principal	\$ 292,831

Project Year	Levy Year	Tax Year	Value of		Equivalized Tax Rate	Project		Tax Proceeds Allocation		Loan Principal Outstanding	Interest Paid	Principal Paid	Total Prin. & Int.
			Project	Increment		Tax Proceeds	Increment	Tax Entities	Increment				
1	2015	2016	769,600	-	24.54	15,882	-	15,882	-	292,831	7,320.8	-	-
2	2016	2017	1,245,000	670,000	24.54	30,546	15,438	14,108	16,438	300,152	7,503.8	7,504	16,438
3	2017	2018	1,257,450	682,450	24.54	30,852	16,744	14,108	16,744	291,217	7,280.4	7,280	16,744
4	2018	2019	1,270,025	695,025	24.54	31,160	17,052	14,108	17,052	281,754	7,043.8	7,044	17,052
5	2019	2020	1,282,725	707,725	24.54	31,472	17,364	14,108	17,364	271,745	6,798.6	6,794	17,364
6	2020	2021	1,295,552	720,552	24.54	31,786	17,679	14,108	17,679	261,175	6,529.4	6,529	17,679
7	2021	2022	1,308,508	733,508	24.54	32,104	17,997	14,108	17,997	250,026	6,250.6	6,251	17,997
8	2022	2023	1,321,593	746,593	24.54	32,425	18,318	14,108	18,318	238,280	5,957.0	5,957	18,318
9	2023	2024	1,334,809	759,809	24.54	32,750	18,642	14,108	18,642	225,919	5,648.0	5,648	18,642
10	2024	2025	1,348,157	773,157	24.54	33,077	18,969	14,108	18,969	212,925	5,323.1	5,323	18,969
11	2025	2026	1,361,638	786,638	24.54	33,408	19,300	14,108	19,300	199,279	4,982.0	4,982	19,300
12	2026	2027	1,375,255	800,255	24.54	33,742	19,634	14,108	19,634	184,961	4,624.0	4,624	19,634
13	2027	2028	1,389,007	814,007	24.54	34,079	19,972	14,108	19,972	169,950	4,248.8	4,249	19,972
14	2028	2029	1,402,897	827,897	24.54	34,420	20,312	14,108	20,312	154,227	3,855.7	3,856	20,312
15	2029	2030	1,416,926	841,926	24.54	34,764	20,657	14,108	20,657	137,771	3,444.3	3,444	20,657
16	2030	2031	1,431,095	856,095	24.54	35,112	21,004	14,108	21,004	120,588	3,014.0	3,014	21,004
17	2031	2032	1,445,406	870,406	24.54	35,463	21,355	14,108	21,355	102,568	2,564.2	2,564	21,355
18	2032	2033	1,459,860	884,860	24.54	35,818	21,710	14,108	21,710	83,777	2,094.4	2,094	21,710
19	2033	2034	1,474,459	899,459	24.54	36,176	22,068	14,108	22,068	64,161	1,604.0	1,604	22,068
20	2034	2035	1,489,204	914,204	24.54	36,538	22,430	14,108	22,430	43,697	1,092.4	1,092	22,430
21	2035	2036	1,504,096	929,096	24.54	36,903	22,795	14,108	22,795	22,359	559.0	559	22,795
22	2036	2037	1,519,137	944,137	24.54	37,272	23,164	14,108	23,164	123	3.1	3	23,164
													392,442

\$944,137 value added after TID Closure

## TABLE 3 - Tax Increment by Taxing Jurisdiction

TID 28: Beach Building Redevelopment TID

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.

Revenue Year	City	County	School District	Vocational School	Total
	37.527%	20.817%	36.729%	4.279%	
2016	\$ 6,169	\$ 3,422	\$ 6,038	\$ 703	\$ 16,438
2017	\$ 6,284	\$ 3,486	\$ 6,150	\$ 716	\$ 16,744
2018	\$ 6,399	\$ 3,550	\$ 6,263	\$ 730	\$ 17,052
2019	\$ 6,516	\$ 3,615	\$ 6,378	\$ 743	\$ 17,364
2020	\$ 6,634	\$ 3,680	\$ 6,493	\$ 756	\$ 17,679
2021	\$ 6,754	\$ 3,746	\$ 6,610	\$ 770	\$ 17,997
2022	\$ 6,874	\$ 3,813	\$ 6,728	\$ 784	\$ 18,318
2023	\$ 6,996	\$ 3,881	\$ 6,847	\$ 798	\$ 18,642
2024	\$ 7,118	\$ 3,949	\$ 6,967	\$ 812	\$ 18,969
2025	\$ 7,243	\$ 4,018	\$ 7,089	\$ 826	\$ 19,300
2026	\$ 7,368	\$ 4,087	\$ 7,211	\$ 840	\$ 19,634
2027	\$ 7,495	\$ 4,158	\$ 7,336	\$ 855	\$ 19,972
2028	\$ 7,622	\$ 4,228	\$ 7,460	\$ 869	\$ 20,312
2029	\$ 7,752	\$ 4,300	\$ 7,587	\$ 884	\$ 20,657
2030	\$ 7,882	\$ 4,372	\$ 7,715	\$ 899	\$ 21,004
2031	\$ 8,014	\$ 4,445	\$ 7,843	\$ 914	\$ 21,355
2032	\$ 8,147	\$ 4,519	\$ 7,974	\$ 929	\$ 21,710
2033	\$ 8,281	\$ 4,594	\$ 8,105	\$ 944	\$ 22,068
2034	\$ 8,417	\$ 4,669	\$ 8,238	\$ 960	\$ 22,430
2035	\$ 8,554	\$ 4,745	\$ 8,372	\$ 975	\$ 22,795
Total	\$ 146,520	\$ 81,278	\$ 143,405	\$ 16,707	\$ 390,440

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

# Appendix A

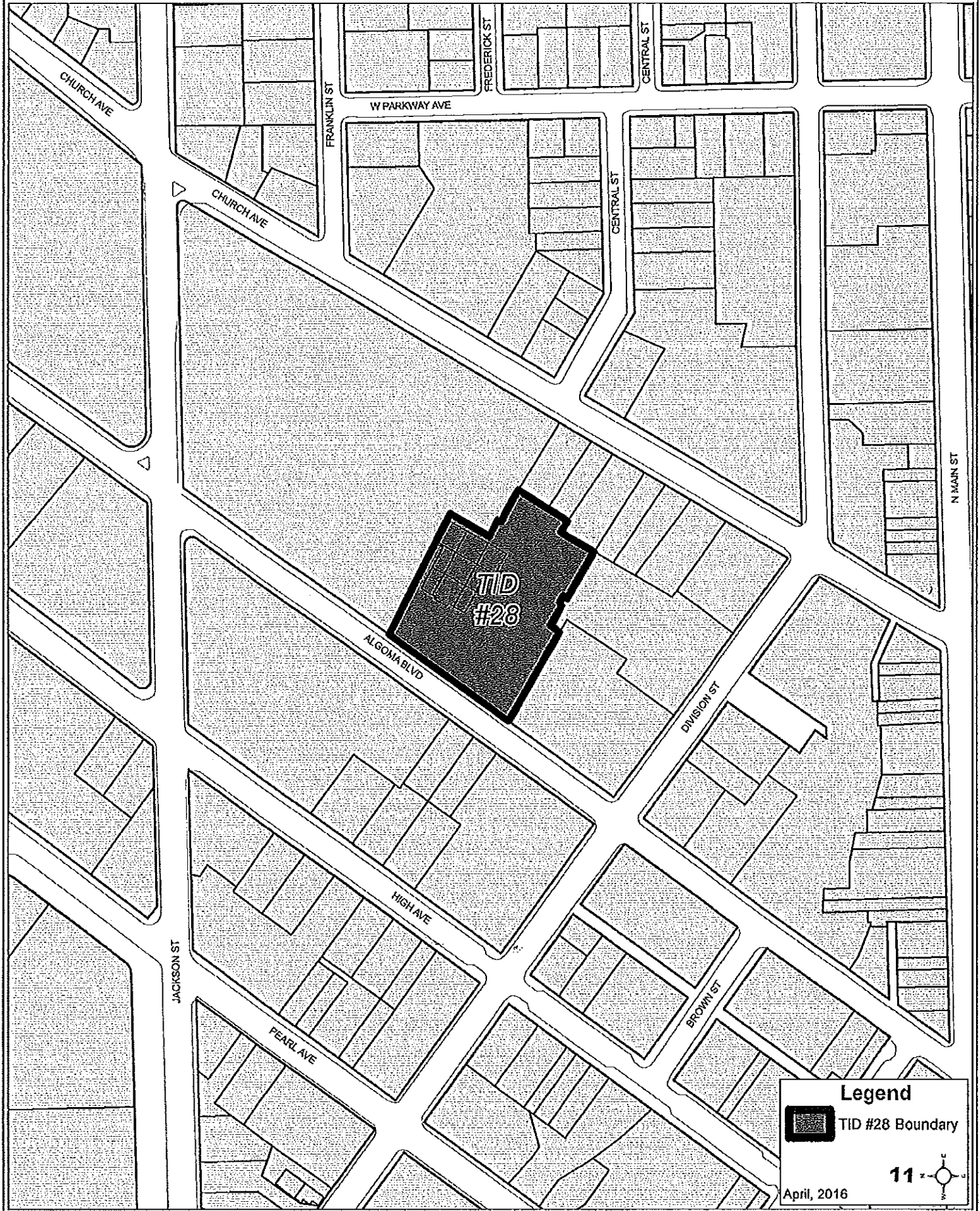
## Exhibits

# Tax Increment District #28 - Beach Building Redevelopment





## Map 1 - District Boundary

OSHKOSH  
OR PERATA



### Legend

 TID #28 Boundary

11 

April, 2016

# Tax Increment District #28 - Beach Building Redevelopment


## Map 2 - Parcel Identification (See Table)



OSHKOSH  
CITY PLANNING DEPARTMENT



### Legend

 TID #28 Boundary

April, 2016

12



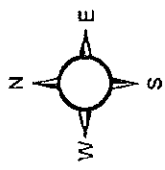
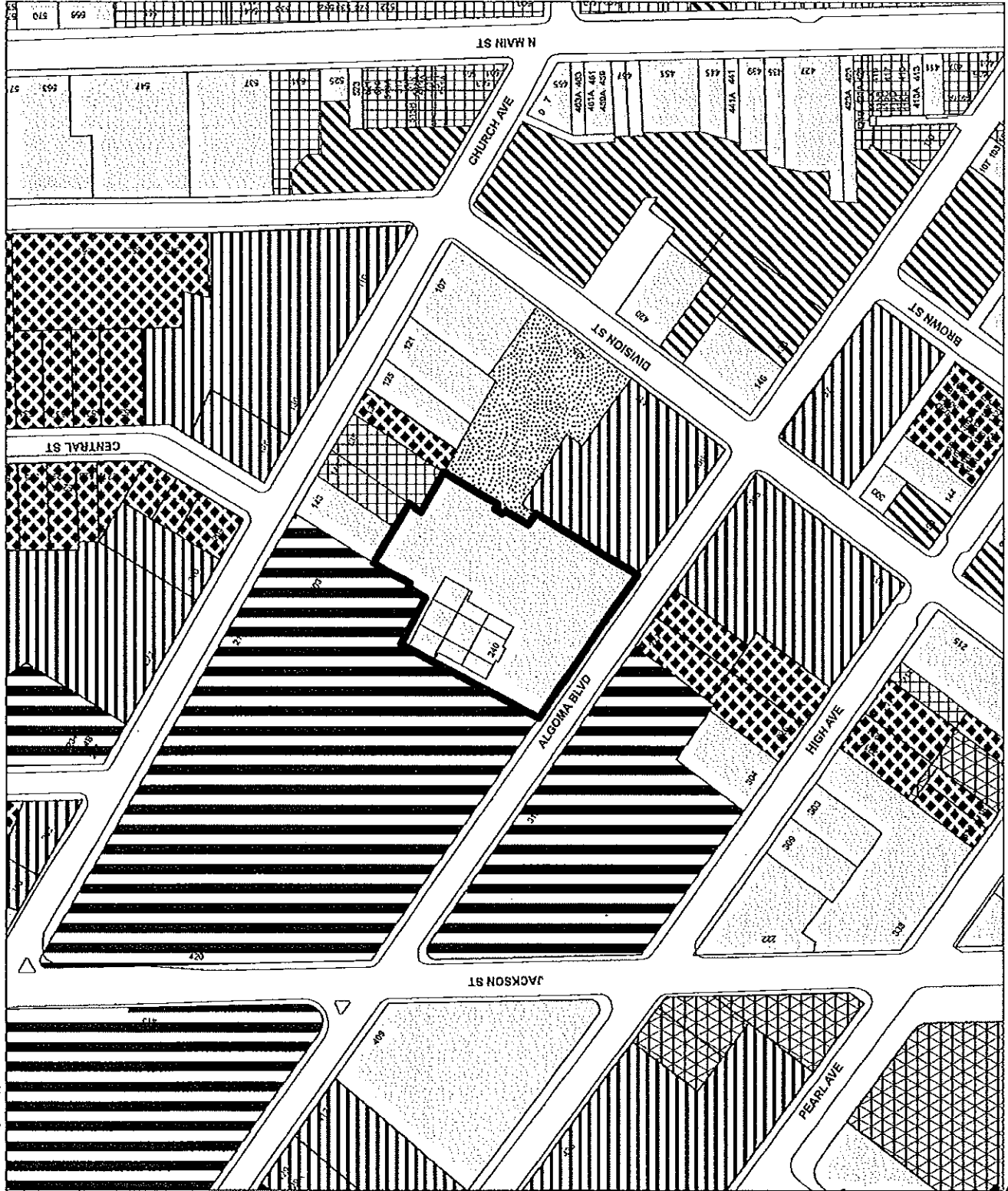


Tax Increment #28 - Beach Building Redevelopment - Parcel Identification

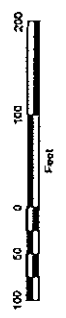
Map ID	Parcel #	Owner	Local Address	Land Value	Improvement Value	Total Value	Equalized Value	Class	Description	Dwelling Units	Census Tract	Zoning
1	07-0142-0800	240 ALGOMA BLVD LLC	240 ALGOMA BLVD 100	\$25,700	\$42,200	\$67,900	\$67,900	B	DUNBARVIN WI INC	0	5	C-3
2	07-0142-0400	240 ALGOMA BLVD LLC	240 ALGOMA BLVD 101	\$55,100	\$75,300	\$130,400	\$130,400	B	OSHKOSH CENTRAL CR UNION	0	5	C-3
3	07-0142-0500	240 ALGOMA BLVD LLC	240 ALGOMA BLVD 102	\$22,000	\$30,100	\$52,100	\$52,100	B	TODD STEVENS ASSOC.	0	5	C-3
4	07-0142-0600	240 ALGOMA BLVD LLC	240 ALGOMA BLVD 200	\$29,400	\$30,900	\$60,300	\$60,300	B	WINNEBAGO COUNTY DA	0	5	C-3
5	07-0142-0700	240 ALGOMA BLVD LLC	240 ALGOMA BLVD 201	\$33,100	\$29,000	\$62,100	\$62,100	B	WINNEBAGO COUNTY DA	0	5	C-3
6	07-0142-0800	240 ALGOMA BLVD LLC	240 ALGOMA BLVD 202	\$22,000	\$20,600	\$42,600	\$42,600	B	MULTI OFFICES-WINNEBAGO CTY DA	0	5	C-3
7	07-0142-0900	240 ALGOMA BLVD LLC	240 ALGOMA BLVD 203	\$22,000	\$21,100	\$43,100	\$43,100	B	WINNEBAGO COUNTY DA	0	5	C-3
8	07-0142-1000	240 ALGOMA BLVD LLC	240 ALGOMA BLVD 204	\$25,700	\$25,400	\$51,100	\$51,100	B	WINNEBAGO COUNTY DA	0	5	C-3
9	07-0142-1100	240 ALGOMA BLVD LLC	240 ALGOMA BLVD 300	\$132,200	\$127,800	\$260,000	\$260,000	B	BEACH BUILDING OFFICE CONDOS	0	5	C-3
TOTALS:				\$967,200	\$402,400	\$769,600	\$769,600					

# Tax Increment District #28 - Beach Building Redevelopment

## Map 3 - Existing Land Use

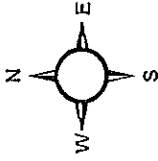
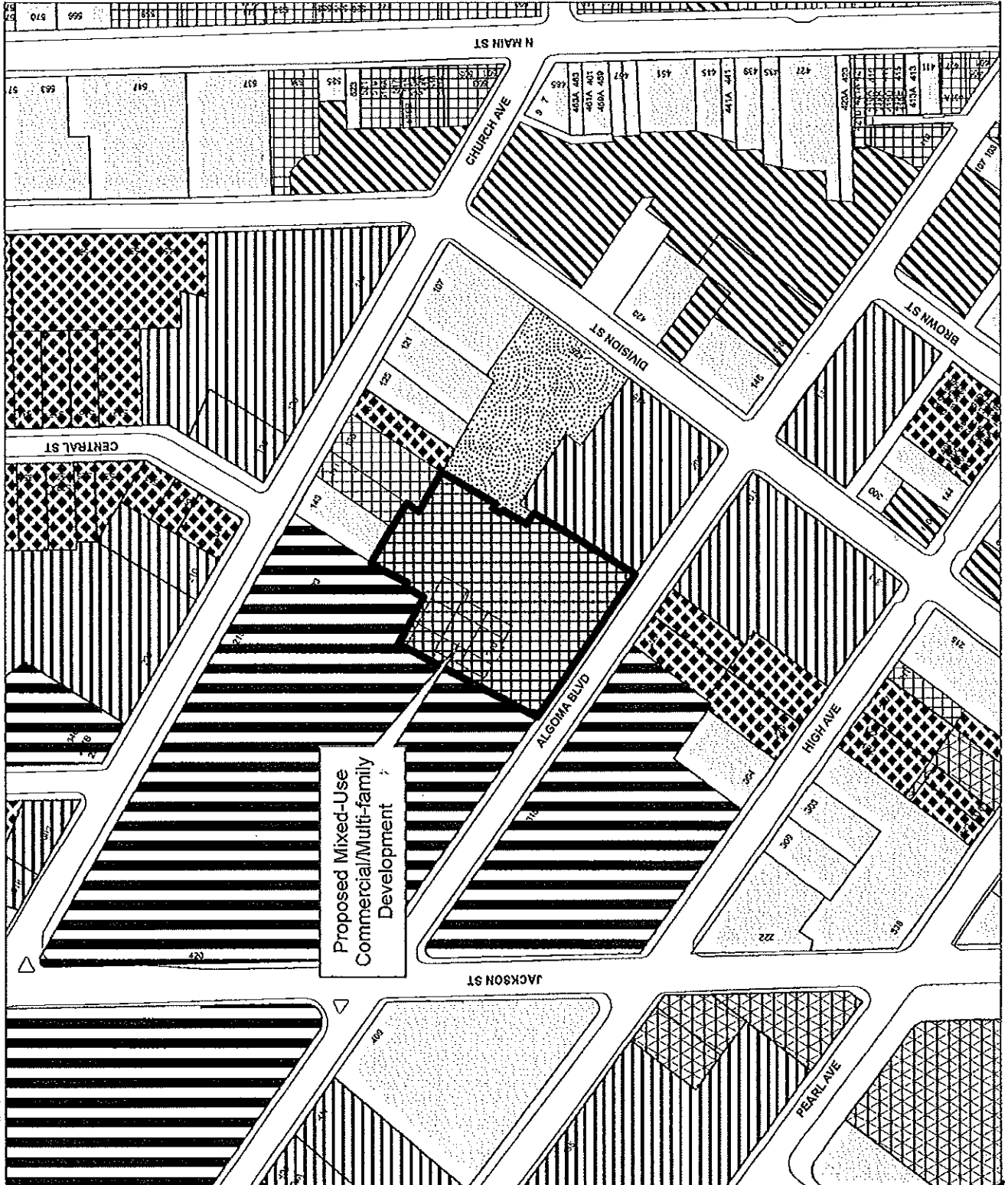


- Existing Land Use**
- Commercial
  - Industrial
  - Infrastructure
  - Residential
  - Government
  - School
  - Institutional
  - Public Park
  - Mixed Use
  - Vacant Land
- TID #28 Boundary

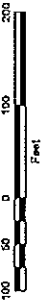


Tax Increment District #28 - Beach Building Redevelopment

Map 4 - Proposed Land Use



- Proposed Land Use**
- Commercial
  - Industrial
  - Infrastructure
  - Residential
  - Government
  - School
  - Institutional
  - Public Park
  - Mixed Use
  - Vacant Land
- TID #28 Boundary

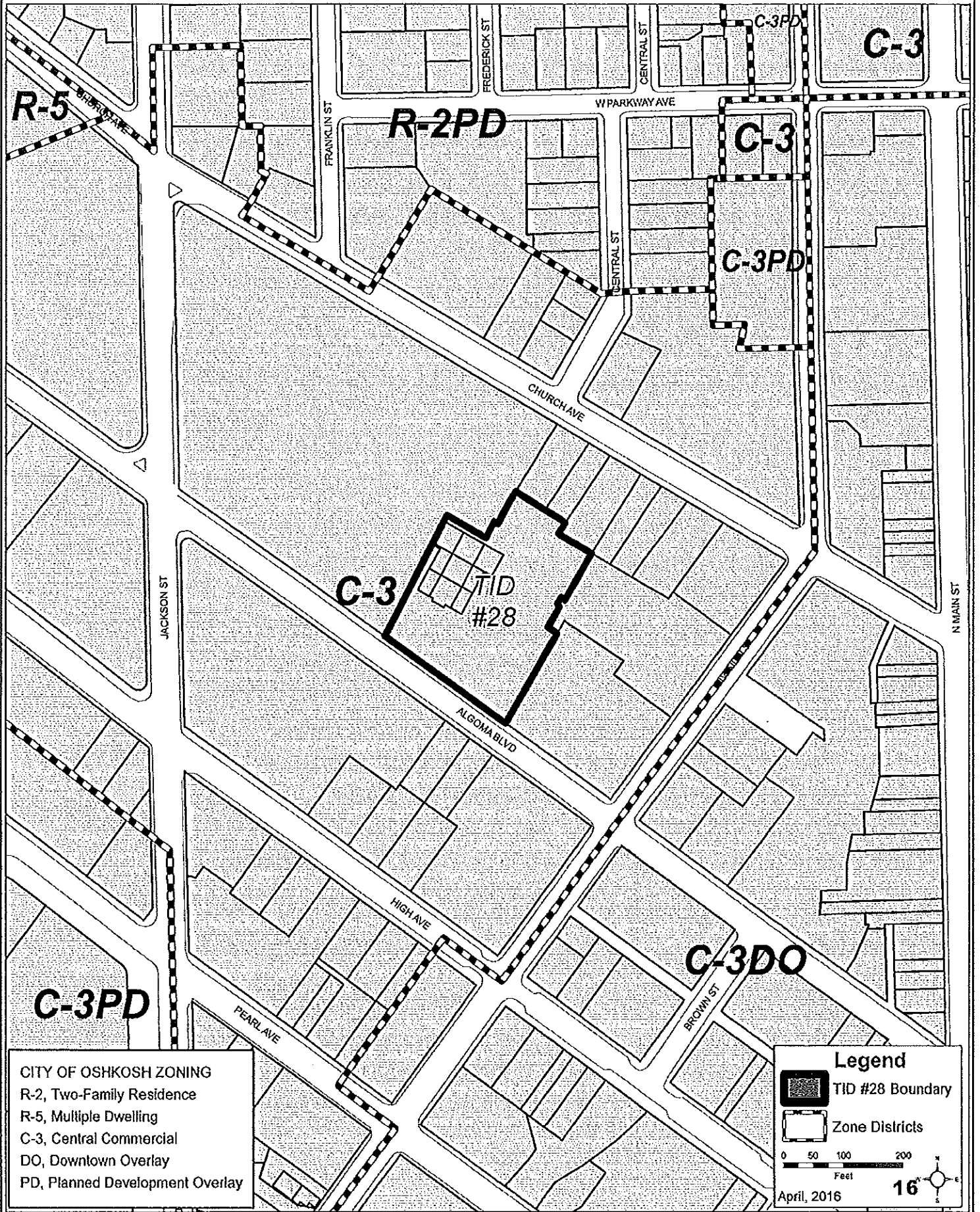


# Map 5 - Existing & Proposed Zoning

## Tax Increment District #28 - Beach Building Redevelopment



OSHKOSH  
WISCONSIN



CITY OF OSHKOSH ZONING  
R-2, Two-Family Residence  
R-5, Multiple Dwelling  
C-3, Central Commercial  
DO, Downtown Overlay  
PD, Planned Development Overlay

**Legend**

- TID #28 Boundary
- Zone Districts

0 50 100 200  
Feet

April, 2016 **16**

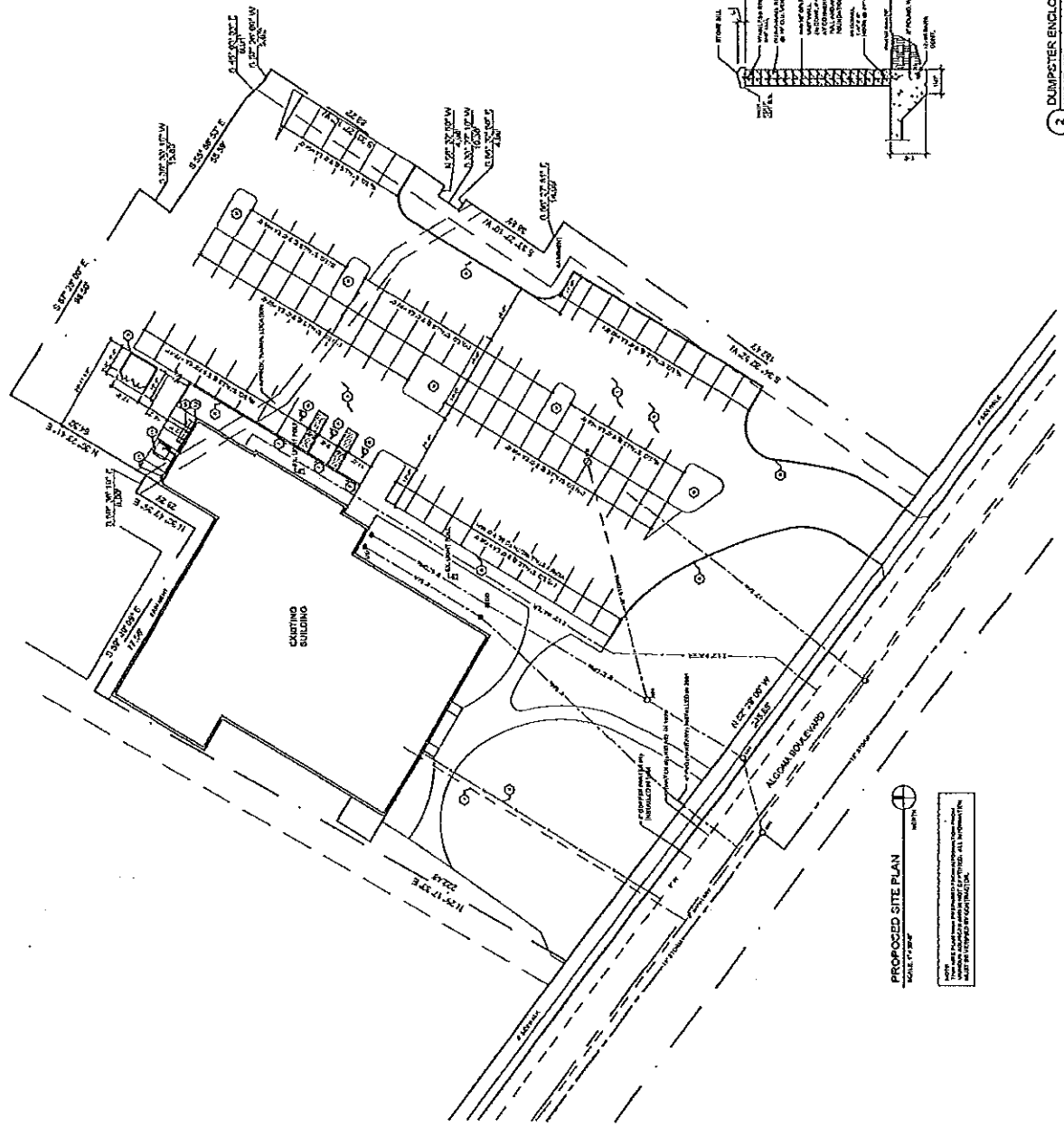


**GENERAL SITE PLAN NOTES:**

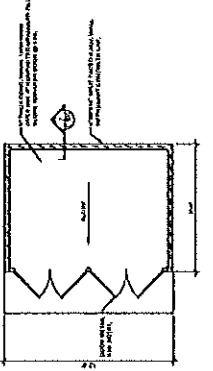
1. THIS SITE PLAN AND ALL INFORMATION CONTAINED HEREIN IS THE PROPERTY OF WESENBERG ARCHITECT LLC. IT IS TO BE USED ONLY FOR THE PROJECT AND SITE SPECIFICALLY IDENTIFIED HEREIN. ANY REUSE OR MODIFICATION OF THIS INFORMATION WITHOUT THE WRITTEN CONSENT OF WESENBERG ARCHITECT LLC IS STRICTLY PROHIBITED.
2. THE CLIENT HAS PROVIDED ALL NECESSARY INFORMATION AND PERMITS FOR THE PREPARATION OF THIS SITE PLAN. THE CLIENT IS RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL, STATE, AND FEDERAL AUTHORITIES.
3. THE CLIENT HAS PROVIDED ALL NECESSARY INFORMATION AND PERMITS FOR THE PREPARATION OF THIS SITE PLAN. THE CLIENT IS RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL, STATE, AND FEDERAL AUTHORITIES.
4. THE CLIENT HAS PROVIDED ALL NECESSARY INFORMATION AND PERMITS FOR THE PREPARATION OF THIS SITE PLAN. THE CLIENT IS RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL, STATE, AND FEDERAL AUTHORITIES.
5. THE CLIENT HAS PROVIDED ALL NECESSARY INFORMATION AND PERMITS FOR THE PREPARATION OF THIS SITE PLAN. THE CLIENT IS RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL, STATE, AND FEDERAL AUTHORITIES.

**SITE PLAN KEYNOTES:**

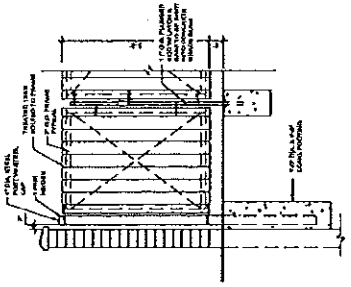
1. ALL DIMENSIONS ARE IN FEET AND INCHES (FRACTIONS OF AN INCH ARE TO THE NEAREST 1/8").
2. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
3. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
4. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
5. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
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7. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
8. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
9. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
10. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.



**PROPOSED SITE PLAN**  
 SCALE: 1/8" = 1'-0"



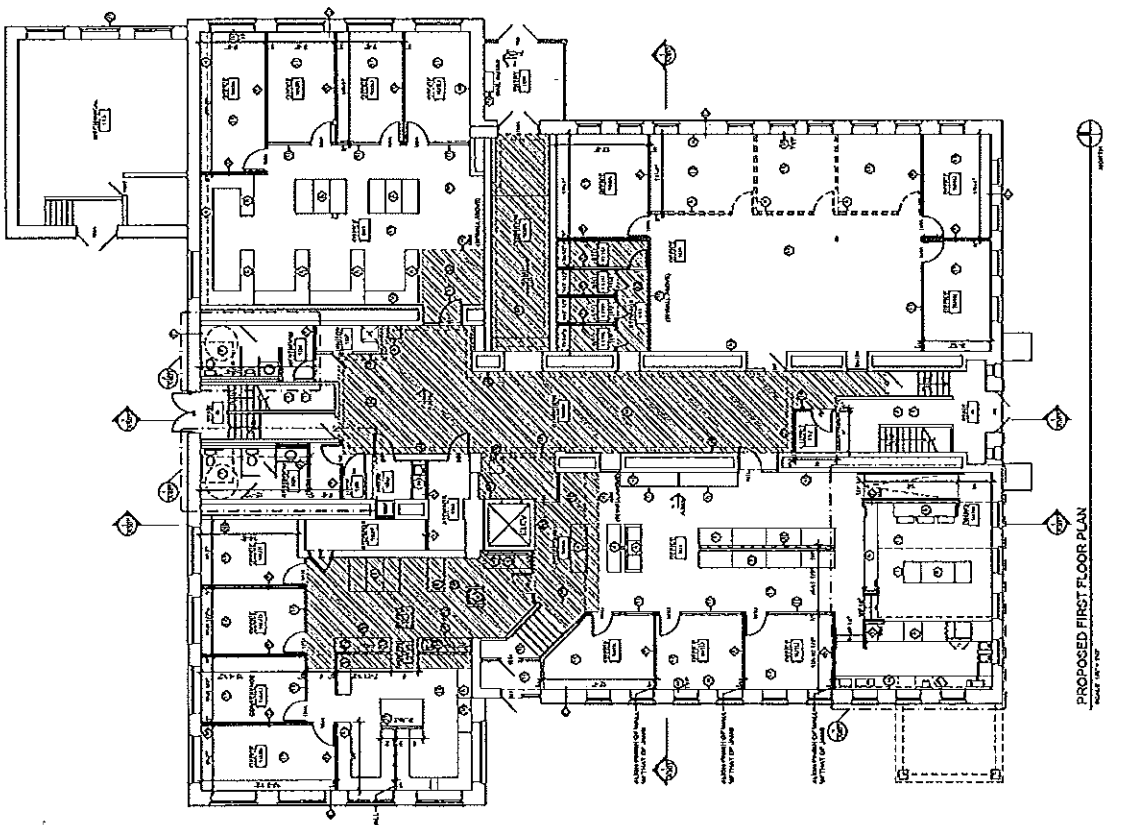
**1 DUMPSTER ENCLOSURE**  
 SCALE: 1/8" = 1'-0"



**2 DUMPSTER ENCLOSURE DOOR DETAIL**  
 SCALE: 1/8" = 1'-0"

- NEW WORK FLOOR PLAN WORK NOTES:**
1. PROVIDE FLOOR PLAN FOR ALL NEW WORK, INCLUDING ALL NEW ROOMS, WALLS, DOORS, AND FINISHES.
  2. PROVIDE FLOOR PLAN FOR ALL EXISTING WORK, INCLUDING ALL EXISTING ROOMS, WALLS, DOORS, AND FINISHES.
  3. PROVIDE FLOOR PLAN FOR ALL REMOVED WORK, INCLUDING ALL REMOVED ROOMS, WALLS, DOORS, AND FINISHES.
  4. PROVIDE FLOOR PLAN FOR ALL CHANGED WORK, INCLUDING ALL CHANGED ROOMS, WALLS, DOORS, AND FINISHES.
  5. PROVIDE FLOOR PLAN FOR ALL ADDED WORK, INCLUDING ALL ADDED ROOMS, WALLS, DOORS, AND FINISHES.
  6. PROVIDE FLOOR PLAN FOR ALL DELETED WORK, INCLUDING ALL DELETED ROOMS, WALLS, DOORS, AND FINISHES.
  7. PROVIDE FLOOR PLAN FOR ALL MODIFIED WORK, INCLUDING ALL MODIFIED ROOMS, WALLS, DOORS, AND FINISHES.
  8. PROVIDE FLOOR PLAN FOR ALL RELOCATED WORK, INCLUDING ALL RELOCATED ROOMS, WALLS, DOORS, AND FINISHES.
  9. PROVIDE FLOOR PLAN FOR ALL ENLARGED WORK, INCLUDING ALL ENLARGED ROOMS, WALLS, DOORS, AND FINISHES.
  10. PROVIDE FLOOR PLAN FOR ALL REDUCED WORK, INCLUDING ALL REDUCED ROOMS, WALLS, DOORS, AND FINISHES.
  11. PROVIDE FLOOR PLAN FOR ALL REFINISHED WORK, INCLUDING ALL REFINISHED ROOMS, WALLS, DOORS, AND FINISHES.
  12. PROVIDE FLOOR PLAN FOR ALL REPAIRED WORK, INCLUDING ALL REPAIRED ROOMS, WALLS, DOORS, AND FINISHES.
  13. PROVIDE FLOOR PLAN FOR ALL REPLACED WORK, INCLUDING ALL REPLACED ROOMS, WALLS, DOORS, AND FINISHES.
  14. PROVIDE FLOOR PLAN FOR ALL REINSTALLED WORK, INCLUDING ALL REINSTALLED ROOMS, WALLS, DOORS, AND FINISHES.
  15. PROVIDE FLOOR PLAN FOR ALL REWORKED WORK, INCLUDING ALL REWORKED ROOMS, WALLS, DOORS, AND FINISHES.
  16. PROVIDE FLOOR PLAN FOR ALL RECONSTRUCTED WORK, INCLUDING ALL RECONSTRUCTED ROOMS, WALLS, DOORS, AND FINISHES.
  17. PROVIDE FLOOR PLAN FOR ALL REBUILT WORK, INCLUDING ALL REBUILT ROOMS, WALLS, DOORS, AND FINISHES.
  18. PROVIDE FLOOR PLAN FOR ALL REERECTED WORK, INCLUDING ALL REERECTED ROOMS, WALLS, DOORS, AND FINISHES.
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  30. PROVIDE FLOOR PLAN FOR ALL REERECTED WORK, INCLUDING ALL REERECTED ROOMS, WALLS, DOORS, AND FINISHES.

- GENERAL FLOOR PLAN NOTES:**
1. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
  2. ALL FINISHES ARE TO BE AS NOTED.
  3. ALL MATERIALS ARE TO BE AS NOTED.
  4. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE BUILDING CODES.
  5. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE MECHANICAL, ELECTRICAL, AND PLUMBING CODES.
  6. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE ENERGY CODES.
  7. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE ENVIRONMENTAL CODES.
  8. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE SAFETY CODES.
  9. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE HEALTH CARE CODES.
  10. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE EDUCATION CODES.
  11. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE CORRECTIONAL CODES.
  12. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE JUVENILE CORRECTION CODES.
  13. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE MENTAL HEALTH CODES.
  14. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE SUBSTANCE ABUSE CODES.
  15. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE ADDICTION CODES.
  16. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE REHABILITATION CODES.
  17. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE TREATMENT CODES.
  18. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE RECOVERY CODES.
  19. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE SUPPORT CODES.
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  23. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE ACTIVITIES CODES.
  24. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERVENTIONS CODES.
  25. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE THERAPIES CODES.
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  30. ALL WORK IS TO BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE THERAPIES CODES.



**PROPOSED FIRST FLOOR PLAN**  
SCALE: 1/4" = 1'-0"

- WALL TYPES:**
- | SYMBOL   | DESCRIPTION        |
|----------|--------------------|
| [Symbol] | CONCRETE           |
| [Symbol] | CMU                |
| [Symbol] | GLASS              |
| [Symbol] | WOOD               |
| [Symbol] | METAL              |
| [Symbol] | PLASTER            |
| [Symbol] | STUCCO             |
| [Symbol] | TILE               |
| [Symbol] | CEILING            |
| [Symbol] | FLOOR              |
| [Symbol] | ROOF               |
| [Symbol] | FOUNDATION         |
| [Symbol] | RETENTION WALL     |
| [Symbol] | SCREENING WALL     |
| [Symbol] | SMOKE WALL         |
| [Symbol] | GLASS WALL         |
| [Symbol] | GLASS CURTAIN WALL |
| [Symbol] | GLASS PARTITION    |
| [Symbol] | GLASS DOOR         |
| [Symbol] | GLASS WINDOW       |
| [Symbol] | GLASS SKYLIGHT     |
| [Symbol] | GLASS ROOF         |
| [Symbol] | GLASS FLOOR        |
| [Symbol] | GLASS BALCONY      |
| [Symbol] | GLASS PORCH        |
| [Symbol] | GLASS PATIO        |
| [Symbol] | GLASS TERRACE      |
| [Symbol] | GLASS VERANDA      |
| [Symbol] | GLASS PERGOLA      |
| [Symbol] | GLASS GALLERY      |
| [Symbol] | GLASS LOBBY        |
| [Symbol] | GLASS RECEPTION    |
| [Symbol] | GLASS WAITING      |
| [Symbol] | GLASS OFFICE       |
| [Symbol] | GLASS CONFERENCE   |
| [Symbol] | GLASS BOARDROOM    |
| [Symbol] | GLASS MEETING      |
| [Symbol] | GLASS SEMINAR      |
| [Symbol] | GLASS LECTURE      |
| [Symbol] | GLASS THEATRE      |
| [Symbol] | GLASS AUDITORIUM   |
| [Symbol] | GLASS CONCERT      |
| [Symbol] | GLASS OPERA        |
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| [Symbol] | GLASS THEATRE      |
| [Symbol] | GLASS AUDITORIUM   |
| [Symbol] | GLASS CONCERT      |
| [Symbol] | GLASS OPERA        |
| [Symbol] | GLASS BALLETT      |
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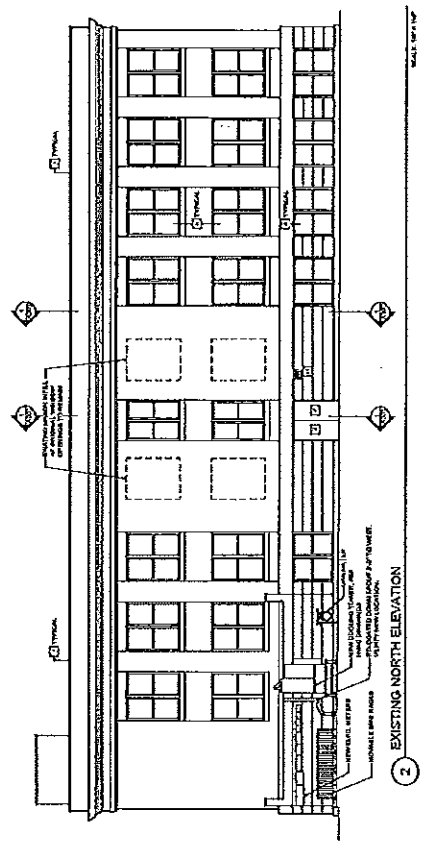
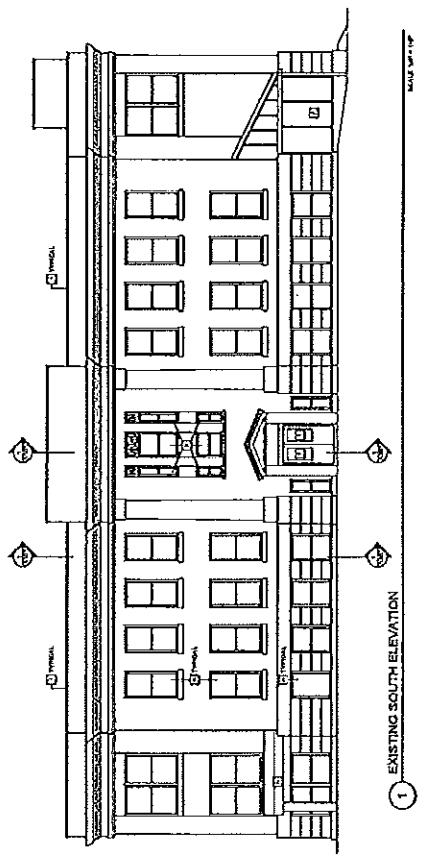




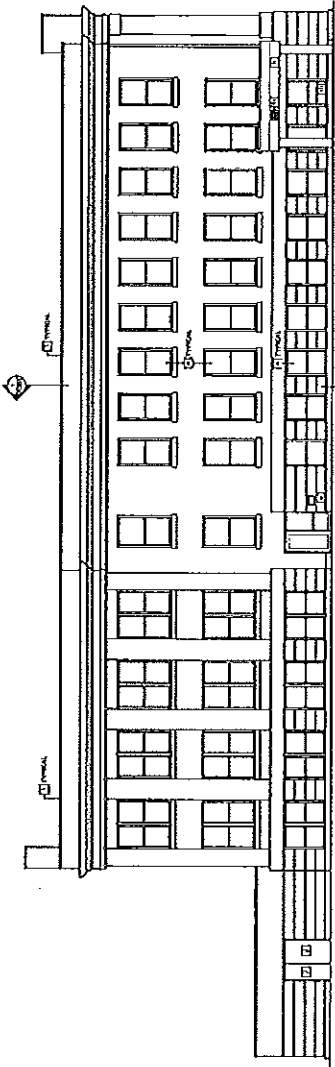




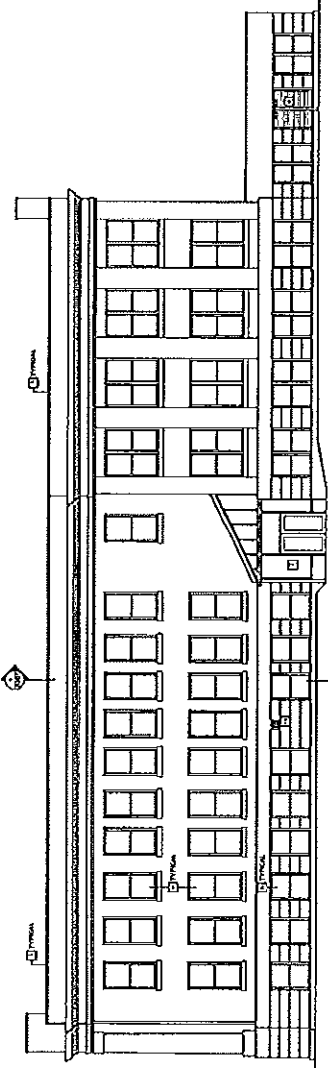
- KEY TO ELEVATIONS:**
- 1 PAINT SURFACES (EXISTING AND NEW)
  - 2 METAL CLADDING (EXISTING AND NEW)
  - 3 PAINT SURFACES (EXISTING AND NEW)
  - 4 METAL CLADDING (EXISTING AND NEW)
  - 5 PAINT SURFACES (EXISTING AND NEW)
  - 6 METAL CLADDING (EXISTING AND NEW)
  - 7 PAINT SURFACES (EXISTING AND NEW)
  - 8 METAL CLADDING (EXISTING AND NEW)
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  - 15 PAINT SURFACES (EXISTING AND NEW)
  - 16 METAL CLADDING (EXISTING AND NEW)
  - 17 PAINT SURFACES (EXISTING AND NEW)
  - 18 METAL CLADDING (EXISTING AND NEW)
  - 19 PAINT SURFACES (EXISTING AND NEW)
  - 20 METAL CLADDING (EXISTING AND NEW)



- KEY TO ELEVATIONS:**
- 1 NEW BRICKS (WOODSHEDS EXCEPT)
  - 2 NEW BRICKS (WOODSHEDS EXCEPT)
  - 3 NEW BRICKS (WOODSHEDS EXCEPT)
  - 4 NEW BRICKS (WOODSHEDS EXCEPT)
  - 5 NEW BRICKS (WOODSHEDS EXCEPT)
  - 6 NEW BRICKS (WOODSHEDS EXCEPT)
  - 7 NEW BRICKS (WOODSHEDS EXCEPT)
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1 EXISTING WEST ELEVATION

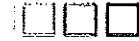


2 EXISTING EAST ELEVATION

## Appendix B

### Tax Incremental Financing Application

# 240 Algoma Blvd. LLC – The Beach Building



PO Box 1099 • Oshkosh, WI 54903 • Phone: (920) 410-6200 • Fax: (920) 230-4910  
E-Mail: chet.wesenberg@cwarchitect.net

Date: 3/25/2016

**RE: Summary Letter – 240 Algoma Blvd. TIF Application**  
C/O: Mark Rohloff  
City Manager – Oshkosh, WI

215 Church Avenue  
Oshkosh, WI 54903

Dear Mr. Mark Rohloff:

It is with great pleasure that I present to you today the next Central City Redevelopment project that will be a significant contributor to the communities' effort to revitalize Downtown Oshkosh. The semi-abandoned Orville Beach Memorial Building, situated at 240 Algoma Boulevard, could be the new location for 22 luxury apartments & 10,000 Sq. Ft of Class-A Commercial space with your help. The property has been secured, the plans are drawn up, financial modeling complete and we are writing you today to request that a TIF be created to make this project viable, and to help us take the next steps.

**Name of Developer & Owner:** Eric Hoopman & Chet Wesenberg (Co-Developers / Co-Owners)

**Description of Site/Building:** The Orville Beach Memorial Manual Training School consists of 30,000 Sq. Ft. of vacant office space and sits on a parcel of roughly 73,000 Sq. Ft. in Downtown Oshkosh.

**Current & Proposed Uses:** Renovation of the Orville Beach Memorial Manual Training School from 30,000 Sq. feet of vacant commercial space to a mixed use commercial/residential modern apartment complex and office center.

**Description of End Users:** With fiber broadband connections and a modern urban feel, we feel this space will be uniquely positioned to draw young professionals to the residential units. Roughly 6,000 Sq. Ft. of the commercial space will be utilized as business incubator space. A coffee shop will take up another 1,500 Sq. Ft. of space, while the remaining 2,500 Sq. Ft. will envision being utilized by an attorney or another professional that would benefit from close proximity to City Hall or the Courthouse building.

**Project Start & End Dates:** Construction could start as soon as May 2016 and is targeted to be completed by November 2016.

**Description of Public Benefit (Job Creation):** With fiber broadband connections and a modern urban feel, we feel this space will be uniquely positioned to draw professionals from many of the downtown businesses and surrounding communities to become residents of our downtown fabric. Full-time professional residents will support downtown business expansion and contribute positively to our Urban Revitalization efforts. The multi-million dollar redevelopment costs will bring immediate impact to construction revenue in Oshkosh providing for dozens of local businesses and families in 2016. Our property management and maintenance teams at BlackTeak will grow by 1 FTE as well as we bring online this project and at other development opportunities in the central city. We also estimate the coffee shop will provide 8 new half-time jobs.

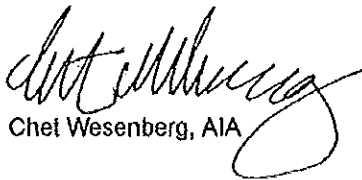
**Overview of Private Sector Funding and Total Development Costs:** Verve Credit Union will be our private financing partner for the project providing a \$1,800,000 loan, with Eric Hoopman & Chet Wesenberg making capital investments in the collective amount of \$1,494,714 to cover the \$3,294,714 total project development costs.

**Summary of Increment Projections and TIF Assistance Requested:** Over the next 20 years, we estimate \$390,442 of additional tax increment to be generated by this project. We are requesting the full 75% of the increment, or \$292,831, as a PayGo note to be paid over the course of the 20-year payback period.

The 'But For' Provision: The Beach building is listed on the National Park Service's Register of Historical Places. As a historical preservation project, significant additional expenses will be incurred to accommodate additional requirements to maintain as much of the historical content as possible. While we will be obtaining that will help in offsetting these costs, without TIF assistance we estimate that this project would yield a 0.48% 10-year internal rate of return on the project. Even with the TIF assistance requested, the 10-year internal rate of return is only 4.91%. To be perfectly frank, many investors would shy away from a 4.91% rate of return, let alone the 0.48% we estimate without TIF. However, both Eric and myself believe in the central city revitalization efforts this project exemplifies and in maintaining historical buildings and thus are willing to move forward with your assistance.

Again, we strongly feel this with the City's collaboration, together we can move forward with this project that benefit the entire city. Please feel free to contact me with any questions or clarifications that might be needed.

Best regards,



Chet Wesenberg, AIA

# Tax Incremental Financing Policy and Application

Please complete and submit the following information to the City of Oshkosh for a more detailed review of the feasibility of your request for Tax Incremental Financing (TIF) assistance. The application is comprised of five parts:

1. Applicant Information
2. Project/Property Information
3. Project Narrative
4. Project Budget/Financial Information
5. Buyer Certification and Acknowledgement.

Where there is not enough space for your response or additional information is requested, please use an attachment. Use attachments only when necessary and to provide clarifying or additional information.

The Department of Community Development (DCD) reviews all applications for TIF assistance. Failure to provide all required information in a complete and accurate manner could delay processing of your application and DCD reserves the right to reject or halt processing the application for incomplete submittals.

For further information please refer to the "City of Oshkosh Tax Incremental Financing Policy" document.

## Applicant Information:

Legal Name: 240 Algoma Blvd. LLC

Mailing Address: PO Box 1099 Oshkosh, WI 54903

Primary Contact #: Chet Wesenberg Cell #: (920) 410-6200

E-mail: chet.wesenberg@cwarchitect.net FAX #: \_\_\_\_\_

Attorney: Brian Hamill

Legal Entity: Individual(s) \_\_\_\_\_ Joint Tenants \_\_\_\_\_ Tenants in Common \_\_\_\_\_ Corporation \_\_\_\_\_  
 LLC  Partnership \_\_\_\_\_ Other \_\_\_\_\_

If not a Wisconsin corporation/partnership/LLC, state where organized: \_\_\_\_\_

Will a new entity be created for ownership? Yes  No \_\_\_\_\_

Principals of existing or proposed corporation/partnership/LLC and extent of ownership interest.

Name:	Address:	Title:	Interest:
<u>Eric Hoopman</u>	<u>PO Box 211 Oshkosh, WI 54903</u>	<u>Co-Owner</u>	<u>80%</u>
<u>Chet Wesenberg</u>	<u>146 Algoma Blvd. Suite E Oshkosh, WI 54901</u>	<u>Co-Owner</u>	<u>20%</u>

Is any owner, member, stockholder, partner, officer or director of any previously identified entities, or any member of the immediate family of any such person, an employee of the City of Oshkosh? Yes \_\_\_\_\_ No

If yes, give the name and relationship of the employee: \_\_\_\_\_

Have any of the applicants (including the principals of the corporation/partnership/LLC) ever been charged or convicted of a misdemeanor or felony? Yes \_\_\_\_\_ No

If yes, please furnish details: \_\_\_\_\_

# Tax Incremental Financing Policy and Application

## Project/Property Summary:

Overall Project Summary and Objectives: Renovation of the Orville Beach Memorial Manual Training School from 36,000 Sq. feet of vacant commercial space to a mixed use commercial residential modern apartment complex and retail center.

Current and Proposed Uses: Currently vacant office space with dated finishes last remodeled in the 1980s. We are proposing 22 high end end apartments will provide a new life and full-time residents to further downtown redevelopment efforts complete with modern finishes, technology & amenities on the 2nd and 3rd floor. The first floor will house 3 commercial units.

Description of End Users: The apartments will be higher end in finishes and price which will ultimately draw more young professionals as tenants. Benefiting the college community by bringing in more young professional housing and getting away from more "student housing". The commercial space will house a business incubator and a coffee shop. The third space we envision an attorney or other professional service that might benefit from close proximity to City Hall or the courthouse.

### Property Summary:

Parcel/Land Area: 73,454 SF  
Building Area: 36,000 SF  
# of Dwelling Units: 22  
# of Stories: 3  
# of Parking Spaces: 75

Describe any zoning changes that will be needed:  
Change from Commercial Office to Residential / Commercial Mix

Identify any other approvals, permits or licenses (i.e. Liquor License, Health Department, etc):

None

Describe briefly what the project will do for the property and neighborhood:

With fiber broadband connections & a modern urban feel, we feel this space will be uniquely positioned to draw professionals from many of the downtown businesses such as DealerSocket, 4 Imprint and Silver Star brands to become residents of our downtown fabric. Full-time professional residents will support downtown business expansion and contribute positively to our Urban Revitalization efforts.



# Tax Incremental Financing Policy and Application

## Project/Property Summary:

Project Timetable	Date
Final Plan/Specification Preparation:	<u>5/10/2016</u>
Bidding and Contracting:	<u>4/1/2016</u>
Firm Financing Approval:	<u>3/1/2016</u>
Construction/Rehabilitation:	<u>6/1/2016 -10/15/2016</u>
Landscaping/Site Work:	<u>9/1/2016</u>
Occupancy/Lease Up:	<u>10/15/2016</u>

## Development Team

Developer: Eric Hoopman & Chet Wesenberg

Architect: Chet Wesenberg

Surveyor: \_\_\_\_\_

Contractor: Eric Hoopman & Chet Wesenberg

Other Members: \_\_\_\_\_

Describe Team expertise and experience in developing similar projects:

Chet Wesenberg has put his stamp on some of the most progressive pieces of architecture in Oshkosh. FloorQuest, Assurance Title & DealerFire (531 North Main)

Eric Hoopman, with Black Teak Properties has been responsible for many redevelopment efforts in Downtown Oshkosh including: 146 Algoma Blvd, 531 North Main, 415 N Main Apartments, etc.

Other current Team projects in development:

Just finished 531 North Main Street and are currently evaluating other Downtown development opportunities.

Financial ability of the applicant to complete the project:

100%

Full and part-time jobs to be created by the proposed project including estimated salary:

We anticipate 1 FTE to manage and perform maintenance. (\$36K salary) The coffee shop may employ 8 half-time employees at \$22K salary.

## Professional Studies

**Market Studies:** Applications for commercial and residential projects must include a comprehensive market study. The market study must identify target markets, analysis of competition, demographics, market rents, letters of intent/interest from prospective tenants, or for housing developments, sale prices or rental rates of comparable properties.

**Appraisal:** All projects that involve the transfer of land must include a recent appraisal. Projects that include land as a form of equity or collateral must also submit a recent appraisal. The appraisal must value the property "as is", and the impact on value must be considered for such items as demolition, environmental remediation, relocation of utilities, lease buy-outs, and other work necessary to make the site developable. The property must be valued assuming that the highest and best use is the proposed use.

# Tax Incremental Financing Policy and Application

**Project Budget/Financial Information:**

**Sources and Uses of Funds**

Identify the sources of funds used to finance the project. Typical sources include equity, lender financing, mezzanine financing, government financing, other anticipated types of public assistance, and any other types or methods of financing.

Uses of Funds	Amount (\$)	\$ per SF of Building Area
Land Acquisition: _____	\$575,000	\$15.97 / SF
Demolition: _____	\$78,000	\$2.17 / SF
Environmental Remediation: _____	\$500	\$0.01 / SF
Site Clearance and Preparation: _____	\$5,000	\$0.14 / SF
Soft Costs/ Fees: _____	\$656,214	\$18.23 / SF
Soft Cost Contingency: _____	\$40,000	\$1.11 / SF
Hard Construction Costs: _____	\$1,940,000	\$53.89 / SF
Total Project Costs: _____	\$3,294,714	\$91.52 / SF

Sources of Funds		% of total project costs
<b>Equity</b>		
Developer Equity: _____	\$ \$1,494,714	45 %
Other Equity:( _____ ) \$ _____		%
Total Equity: _____	\$ _____	%
<b>Loans</b>		
Construction Financing: _____	\$ _____ % _____ mos.	
Permanent Financing: _____	\$ 1,800,000 4.25 % 20 yrs.	55 %
TIF Assistance _____	\$ 292,831 (paygo)	8.9 (paygo) %
Other: ( _____ ) \$ _____		%
Total Sources of Funds _____	\$ \$3,294,714	100%

**Financing**

Source	Amount	Terms: Years/Interest	Contact Information
Equity:	Eric Hoopman & Chet Wesenberg	Cash + TIF	eric@hoopman.co   (702) 629-8880
Loans	1: Verve Credit Union	4.25% / 20 Year Amortization	John Hill - jhill@verveacu.com   (p) 920.230.3021
	2: _____		
	3: _____		
	4: _____		

# Tax Incremental Financing Policy and Application

**Supplemental Information:**

Detailed Pro Forma (must correspond to line items for Uses of Funds on previous page)

Land Acquisition	\$ 575,000
Demolition	\$ 78,000
<b>Site Clearance and Preparation</b>	
Infrastructure	\$ _____
Utilities/removal	\$ _____
Utilities/relocation	\$ 5000
Utilities/installation	\$ _____
Hazardous Materials Removal	\$ 500
Other(_____)	\$ _____
<b>Total Site Clearance and Preparation</b>	<b>\$658,500</b>
<b>Soft Costs/Fees</b>	
Project Management (_____%)	\$ 100,000
General Contractor (_____%)	\$ 132,800
Architect/Engineer (_____%)	\$ 97,000
Developer Fee (10 _____%)	\$ 235,330
Appraisal	\$ 1,500
Soil Testing	\$ -
Market Study	\$ 1,000
Legal/Accounting	\$ 5,000
Insurance	\$ 8,303
Title/Recording/Transfer	\$ 1,500
Building Permit	\$ 8,000
Mortgage Fees	\$ 2,000
Construction Interest	\$ 39,807
Commissions	\$ _____
Marketing	\$ 5,000
Real Estate Taxes	\$ 18,974
Other Taxes	\$ _____
Other (_____)	\$ _____
Other (_____)	\$ _____
<b>Sub-total Soft Costs/Fees</b>	<b>\$ 656,214</b>
Soft Cost Contingency	\$ 40,000

# Tax Incremental Financing Policy and Application

## Supplemental Information:

### Pro Forma Income and Expense Schedule

Applicants whose projects involve the rental of commercial, retail, industrial, or living units must submit project pro formas that identify income and expense projections on an annual basis for a minimum five-year to a maximum eleven-year period. If you expect a reversion of the asset after a holding period please include that in your pro forma as well. Please check with city staff to determine the time period needed for the pro forma. Identify all assumptions (such as absorption, vacancies, debt service, operational costs, etc.) that serve as the basis for the pro formas. Two sets of pro formas are to be submitted. The first set should show the project without TIF assistance and the second set with TIF assistance.

For owner-occupied industrial and commercial projects, detailed financial information must be presented that supports the need for financial assistance (see below).

### Analysis of Financial Need

Each application must include financial analyses that demonstrate the need for TIF assistance. Two analyses must be submitted: one WITHOUT TIF assistance and one WITH TIF assistance. The applicant must indicate the minimum return or profit the applicant needs to proceed with the project and rationale for this minimum return or profit. The analyses will necessarily differ according to the type of project that is being developed.

**Rental Property:** For projects involving rental of space by the developer to tenants (tenants include offices, retail stores, industrial companies, and households), an internal rate of return on equity must be computed with and without TIF assistance based on the pro forma of income and expense prepared for the **Income and Expense Schedule** below. The reversion at the end of the ten-year holding period must be based on the capitalized 11th year net operating income. The reversionary value is then added to the 10th year cash flow before discounting to present value. State all assumptions to the analyses.

**For Sale Residential:** Show profit as a percent of project cost (minus developer fee and overhead and minus sales commissions and closing costs, which should be subtracted from gross sales revenue). Other measure of profitability may be submitted, such as profit as a percent of sales revenue.

**Mixed Use Commercial / For-Sale Residential:** Provide either separate analyses for each component of the project or include in the revenue sources for the for-sale portion, the sale value of the commercial component based on the net operating income of the commercial space at stabilization. Indicate how the sale value was derived.

**Owner-Occupied Commercial:** For projects, such as "big-box" retail projects, provide copies of the analyses that the company needs to meet or exceed the company's minimum investment threshold(s) for proceeding with the project.

**Competitive Projects:** In instances where the City is competing with other jurisdictions for the project (e.g., corporate headquarters, new manufacturing plant), present detailed analyses that demonstrate the capital and operating cost differential between the proposed location(s) in Oshkosh and locations that are seriously being considered by the applicant.

# Tax Incremental Financing Policy and Application

## Supplemental Information:

### Revenue Projections - Rental Project

		Year 1	Year 2	>>Year 11
Income	rent per sf (or avg.)	\$ 9	\$ 9.27	\$ 12.10
Commercial Rent		\$ 68,850	\$ 70,916	\$ 92,529
Commercial Expense Recoveries		\$ -	\$ -	\$ -
Residential Rent		\$ 193,200	\$ 197,064	\$ 235,510
Other Revenue (Laundry)		\$ 4,000	\$ 4,040	\$ 4,418
<b>Gross Potential Income</b>		<b>\$ 266,050</b>	<b>\$ 272,020</b>	<b>\$ 332,457</b>
Commercial Vacancy	12 then 10 %	\$ 8,262	\$ 7,092	\$ 9,253
Residential Vacancy	7 %	\$ 13,524	\$ 13,794	\$ 16,486
<b>Effective Gross Income (EGI)</b>		<b>\$ 244,264</b>	<b>\$ 251,133</b>	<b>\$ 306,718</b>
<b>Expenses</b>				
Maintenance & Repairs		\$ 34,540	\$ 34,885	\$ 38,154
Real Estate Taxes		\$ 18,882	\$ 30,546	\$ 33,408
Insurance		\$ 8,496	\$ 8,581	\$ 9,385
Management Fee		\$ 17,098	\$ 17,269	\$ 18,887
Professional Fees		\$ 4,248	\$ 4,290	\$ 4,692
Other Expense (Utilities)		\$ 28,320	\$ 28,603	\$ 31,283
Other Expense (Advertising)		\$ 14,656	\$ 14,802	\$ 16,189
<b>Total Expenses</b>		<b>\$ 126,240</b>	<b>\$ 138,978</b>	<b>\$ 151,998</b>
<b>Net Operating Income (NOI)</b>		<b>\$ 118,024</b>	<b>\$ 112,155</b>	<b>\$ 154,720</b>
Capital Expenses (reserves, tenant improvements, commissions)		\$ 6,800	\$ 6,868	\$ 7,511
Debt Service		\$ 133,755	\$ 133,755	\$ 133,755
<b>Net Cash Flow (before depreciation)</b>		<b>\$ (22,531)</b>	<b>\$ (28,467)</b>	<b>\$ 13,454</b>
<b>Reversion in Year 10</b>				
Year 11 NOI before Debt & Capital Expenses		\$ 154,720		
Capitalization Rate		8 %		
<b>Gross Reversion</b>		<b>\$ 1,934,000</b>		

# Tax Incremental Financing Policy and Application

**Supplemental Information:**

**Revenue Projects – For-Sale Project**

**Gross Sales Revenue**

Housing Units	Unit Type*	Number	Price/Unit	
	_____	_____	\$ _____	\$ _____
	_____	_____	\$ _____	\$ _____
	_____	_____	\$ _____	\$ _____
	_____	_____	\$ _____	\$ _____
	_____	_____	\$ _____	\$ _____
	_____	_____	\$ _____	\$ _____
	_____	_____	\$ _____	\$ _____

**Total Housing Sales:** \$ \_\_\_\_\_

*\*affordable units if any*

**Housing Unit Upgrades:** \$ \_\_\_\_\_

Commercial Space	Unit Type	Size-sf	Price per sf	
	_____	_____	_____	\$ _____
	_____	_____	_____	\$ _____
	_____	_____	_____	\$ _____

**Total Commercial Sales:** \$ \_\_\_\_\_

**Total Gross Sales Revenue** \$ \_\_\_\_\_

**Cost of Sales**

Commissions	_____ %	\$ _____
Marketing	_____ %	\$ _____
Closing	_____ %	\$ _____
Other Costs (_____)	_____ %	\$ _____

**Total Costs of Sales** \_\_\_\_\_ % \$ \_\_\_\_\_

**Net Sales Revenue** \$ \_\_\_\_\_

# **Tax Incremental Financing Policy and Application**

## **Attachments:**

### **Summary Letter**

Provide a summary of the project in the form of a letter addressed to the City Manager. The letter should not exceed two (2) pages in length and should include only the following essential information about the project:

- Description of site or building
- Current and proposed uses
- Description of end users
- Project start and end dates
- Profitability
- Description of public benefits, including job creation.
- Overview of private-sector financing
- Amount of TIF assistance requested
- Summary of increment projections
- Name of developer and owner
- Total development costs
- Statement regarding why TIF is essential and why the “but for” provision will be met.

**Note:** In the “but for” discussion you must clearly describe why TIF is needed to help this project and why the project will not/cannot proceed without such support. Failure to clearly provide the “but for” explanation will delay action on your application.

### **Project Narrative**

Provide an in-depth overview of the project in narrative format. The narrative must include a description of the following aspects of the project:

- Current condition of the site and historical overview that includes the size and condition of any existing structures, environmental conditions, and past uses of the site.
- Proposed use(s) of project (e.g. industrial, commercial, retail, office, residential for sale or for rental, senior housing, etc.)
- Construction information about the project including: size of any existing structure to be demolished or rehabbed; size of any new construction: types of construction materials (structural and finish); delineation of square foot allocation by use; total number and individual square footage of residential units: type of residential units (e.g. for-sale, rental, condominium, single-family, etc); number of affordable residential units; number and type of parking spaces; and construction phasing.
- If in an existing TID or redevelopment area, confirm that this project is consistent with the goals and objectives in the Project or Redevelopment Plan.
- A summary of the proposed “green” features to be included in the project. All projects that receive TIF assistance are encouraged to include environmentally friendly features.

# Tax Incremental Financing Policy and Application

## Filing Requirements, Notes, Certification and Agreement:

### Filing Requirements

You must provide all of the following items with your signed application:

1. **Fee:** An application fee of 1% of the requested TIF assistance or \$10,000, whichever is greater. This fee is to cover City costs associated with evaluating the TIF application and does not cover the use of outside consultants, which if required will be paid for by the applicant. Make your check payable to the City of Oshkosh.
2. **Site Maps:** Provide a map that shows the location of the site. Also provide a map that focuses on the project and its immediate surroundings. Both maps should be no larger than 11x17 inches. Larger maps will be required for projects presented to the Plan Commission, Redevelopment Authority, or Common Council.
3. **Project Renderings:** Provide preliminary architectural drawings, plans and renderings for the project. These drawings should be no larger than 11x17 inches. Larger maps will be required for projects presented to the Plan Commission, Redevelopment Authority, or Common Council.

### Notes

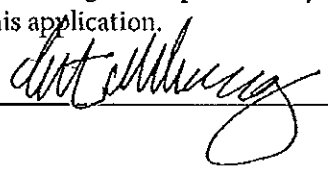
- The City charges an administrative fee of 5% of the annual tax increment revenue.
- If the project requires planning and zoning approvals, you must make these applications concurrent with this request.

### Agreement

I, by signing this application, agree to the following:

1. I have read and will abide by all the requirements of the City for Tax Incremental Financing.
2. The information submitted is correct.
3. I agree to pay all costs involved in the legal and fiscal review of this project. These costs may include, but not be limited to, bond counsel, outside legal assistance, and outside financial assistance, and all costs involved in the issuance of the bonds or loans to finance the project.
4. I understand that the City reserves the right to deny final approval, regardless of preliminary approval or the degree of construction completed before application for final approval.
5. The undersigned authorizes the City of Oshkosh to check credit references and verify financial and other information.
6. The undersigned also agrees to provide any additional information as may be requested by the City after filing of this application.

Applicant Name \_\_\_\_\_



Date 3/16/2016



## Appendix C

# Market Study and Investment Analysis Report



**240 ALGOMA BLVD LLC  
MARKET STUDY and  
INVESTMENT ANALYSIS REPORT**

**MARCH 15, 2016**

**Prepared Exclusively For:**

**Mr. Eric Hoopman and Mr. Chet Wesenberg  
240 Algoma Blvd, LLC**

**Prepared By:**

**Timothy M Hess, PhD  
Invista Analytics, LLC**

member of



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<b>Return On Investment .....</b>	<b>10</b>

## INTRODUCTION / OBJECTIVE

Invista Analytics, LLC (IA) has been engaged to provide a market study of the present rental availability in the near downtown neighborhood that might likely serve both the University of Wisconsin - Oshkosh and the young professional segment in downtown Oshkosh. This information was then utilized to create an operational proforma and investment analysis for the operation of a mixed-use renovation and re-use of the Orville Beach Memorial Training School building located at 240 Algoma Blvd in Oshkosh, Wisconsin. This 36,034 Sq Ft building is listed on the National Park Service Register of Historic Places and as such qualifies this project for Historic Tax Credit incentives.

Additionally, the developers of this project are requesting Tax Incremental Financing (TIF) through the City of Oshkosh. Thus Invista Analytics sought to provide reasoning for methods of valuation for both the existing building and the completed project. Two different proformas were generated to evaluate the effect of the potential TIF funding mechanism. Finally, return on investment metrics were calculated on the with TIF and without TIF investment scenarios.

### *Source of Information*

In many instances in this report IA was required to seek outside sources of information including assessment data from the City of Oshkosh, financing terms, capitalization rates, among other metrics. In all cases we sought to document the sources of information and any assumptions used. While much of the information was provided by the developers, these terms should be reviewed to be sure they align with any potential changes the developer may have in securing potential funding. It is also recommended that any reader also perform his/her own investment analysis.

This report should be acceptable for external investing and/or lending purposes. Invista Analytics will be available to answer any questions related to these market findings, operational proforma and investment analyses.

## MARKET STUDY

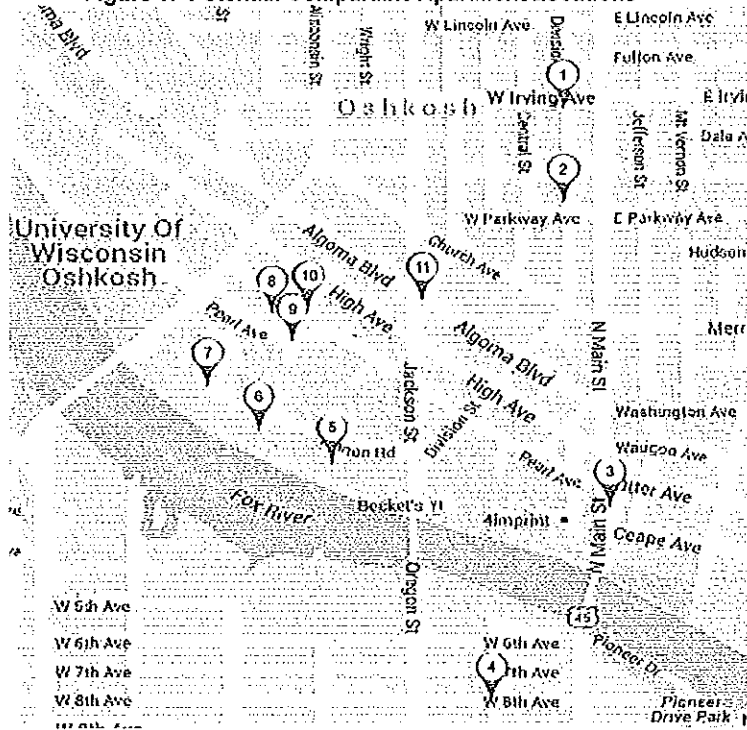
The developers intend to renovate the Orville Beach building at 240 Algoma Blvd in Oshkosh, Wisconsin. Specifically this building will be renovated into 3 commercial office spaces on the first floor, and 22 residential units split amongst the second and third floors. The developers own a fair number of similar commercial buildings in and around the downtown area of Oshkosh that presently command an average of \$9 per square foot per annum and feel comfortable with this rate for the first floor spaces for this project.

To evaluate the rental potential of the residential units, IA acquired the *Apartment Data - 4 or more Units* excel database<sup>1</sup> from the city of Oshkosh Assessor's *File Downloads* webpage. This data set was then limited to those properties that fell within a 1 mile driving distance of 240 Algoma Blvd and that had been constructed since the year 2000. After careful inspection it was noted that both the 100 N Main Apartments and the Anthem Apartments were not included in this file and thus subsequently added to our comparison set.

The locations of all potential comparable properties found through this search process are displayed in Figure 1 on the following page.

1. [http://www.ci.oshkosh.wi.us/assessor/assets/downloads/Apartments\\_4up.xls](http://www.ci.oshkosh.wi.us/assessor/assets/downloads/Apartments_4up.xls) accessed March 10, 2010

Figure 1: Potential Comparable Apartment Locations



Careful inspection noted that properties 1, 2, and 4 above are townhouse developments. While these might well compete for potential tenants, the overall living experience was determined to be different enough to not consider these in the determination of potential rent. Similarly subject property 6 is a senior living apartment structure which also would not likely serve the demographic targeted by this development.

For each of the remaining comparable subject properties an online search was conducted to obtain information on the characteristics of the types of offerings, amenities and rental rates for each of the properties. Most of the properties had their own website that contained all of the

Comparable Apartment Data														
	Concord Place 151 Dawes		100 N Main		Morgan Crossing 495 Pearl		Anthem 431 Marlon		Fox Point Apts 210 Dawes		Radford Place 500 Marlon		Beach Bldg 240 Algoma	
Map Ind	8	9	3	4	5	6	7	10	11	12	13	14	15	
Sq Ft	695	950	799	1111	715	937	965		692	695	900	403	700.6	852.5
Beds	1	2	1	2	1	2	2		1	2	2	0	1	2
Baths	1	2	1	2	1	2	2		1	1	1	1	1	1
Parking	covered	covered	covered	covered	lot	lot	lot		lot	lot	lot	lot	lot	lot
Laundry	on site	on site	in unit	in unit	in unit	in unit	in unit		on site	on site	in unit	on site	on site	on site
Heat	no	no	yes	yes	no	no	no		yes	yes	yes	yes	yes	yes
Water	yes	yes	no	no	yes	yes	yes		yes	yes	yes	yes	yes	yes
Elect	no	no	no	no	no	no	no		no	no	yes	no	no	no
High	no	no	yes	yes	no	no	yes		no	no	no	no	no	no
Fitness	no	no	yes	yes	yes	yes	yes		no	no	no	no	no	no
Rent	650	830	799	969	689	859	900		650	738	850			
Source	<a href="http://alexanderkrislep.com/residential/pdf/concordplacebrochure.pdf">http://alexanderkrislep.com/residential/pdf/concordplacebrochure.pdf</a>	<a href="http://www.100northmain.com/rentals.php">http://www.100northmain.com/rentals.php</a>	<a href="http://www.apartments.com/morgan-crossing-apartments-oshkosh-wi/sld275/">http://www.apartments.com/morgan-crossing-apartments-oshkosh-wi/sld275/</a>	<a href="http://www.accommanagementgroup.com/rental/overview.php?propertyID=142">http://www.accommanagementgroup.com/rental/overview.php?propertyID=142</a>	<a href="http://www.foxpointapts.com/">http://www.foxpointapts.com/</a>	<a href="http://www.apartments.com/radford-drive-usage-oshkosh-wi/richant0/">http://www.apartments.com/radford-drive-usage-oshkosh-wi/richant0/</a>								

information needed. Two had the information listed on the third party website, apartments.com. For both the 100 N Main and Anthem properties, a range of rents were given for their room types. It was assumed that the higher ends of these ranges represented either rooms with scenic views; i.e. either facing the river or being on the top floors. The units in the Beach building would have neither of these amenities. Thus in these situations we recorded the lowest end of the rental ranges provided under the assumption that these rates would represent rooms most similar to the subject property. The data generated from this exercise is displayed in the table at the bottom of the previous page.

The data was then submitted to an econometric quantile regression model<sup>2</sup> that used all of the covariates to predict the rents. The resultant model parameters were then used along with the covariate data for the subject property units to arrive at an expected rent for the macro, one-bedroom, and two-bedroom units to be rented. The model resulted in estimates of \$569, \$704, and \$802 per month respectively for the macro, one and two bedroom units.

These estimates then represent the predicted monthly rent one might expect to pay given the particulars of the units that would be available assuming they are of roughly similar quality as the comparable properties. The developers plan, however, calls for much higher finish levels than many of the comparable units. Because of this the developers have chosen to start with monthly rents of \$550, \$700, and \$900 respectively. These monthly rents will be utilized in all subsequent analyses.

## PROPERTY VALUATION

Any proposed TIF assistance requested from the developers will be subject to the city's 75% rule which states that at most 75% of the net present value of the increment generated by the project shall be made available to the project. To calculate this increment we need both the present (base) value of the building as it exists now and the value of the project upon completion.

### *Base Valuation*

According to the City of Oshkosh Assessor's Frequently Asked Questions webpage<sup>3</sup> the value of a property is to be determined by determining the price a typical buyer would pay for it in its present condition. In other words, market value is defined as the amount a typical, well-informed purchaser would be willing to pay for a property. The seller and buyer must be unrelated, the seller must be willing, but not under pressure to sell, and the buyer must be willing, but not under any obligation to buy. The property must be on the market for a reasonable length of time, the payment must be in cash or its equivalent, and the financing must be typical for that type of property. If all of these conditions were present, this would be a market value, arm's-length sale.

The developers purchased the property on 12/22/2015 from an unrelated seller that was not under pressure to sell with normal financing conditions. Thus we conclude the transaction was an arm's-length sale. By definition then the base market value should then be the purchase price of \$575,000.

### *Completed Project Valuation*

To arrive at a valuation for the completed project we employed a modified income approach. With this approach, one simply takes the Net Operating Income (NOI) of a property and divides by the appropriate cap rate to arrive at a valuation. However, when arriving at a valuation for a tax assessment purpose, one needs to factor the property tax out of the NOI calculation or risk running into a circular argument.

To carry out our calculations we utilized the excel spreadsheet provided by the City of Oshkosh Assessor. However, an error was noted in the formula for the NOI. The original spread

2. Koerber, Roger (2005). *Quantile Regression*. Cambridge University Press. ISBN 0-521-60827-9

3. <http://opa.ci.oshkosh.wi.us/pl/forms/fnlframe.aspx?mode=content/faq.htm> accessed March 10, 2016

sheet took the formula for NOI to be

$$\text{NOI} = \text{EXPENSE} - \text{TAXES.}$$

We instead employed the formula

$$\text{NOI} = \text{EGI} - (\text{EXPENSE} - \text{TAXES})$$

which factors the taxes out of the calculation. Then the modified NOI is divided by a loaded cap rate. Following the assessor's lead, we employed a loaded cap rate of 11%. Data for the effective gross income (EGI) and other values can be found on the Profit and Loss Proforma with TIF on page 8.

	YEAR 1	PCT	YEAR 2	PCT	> YEAR 11	PCT
EGI	244,264		251,133		306,718	
EXPENSE	126,240	51.68%	138,978	55.34%	151,998	49.56%
TAXES	18,882		30,546		33,408	
NOI	136,906	56.05%	142,702	56.82%	188,128	61.34%
CAP RATE	11.00%		11.00%		11.00%	
VALUE	1,244,600		1,297,300		1,710,300	
TAX VALUE	769,594		1,245,000		1,361,638	

TAX VALUE = Calculation of projected property tax expense capitalized at 2.45% effective tax rate

The year 1 figures would suggest a valuation of \$1,245,000 upon completion of the project. Subsequent analyses in this report use this figure.

## INVESTMENT ANALYSIS

### Potential Income

We first document the expected maximum revenue assuming the building is at full occupancy. Again, the developers plan to rent the commercial space at \$9 per square foot annually. This will include utilities and common area maintenance. The residential space will be rented at \$550, \$700 and \$900 for the micro, 1 bedroom and 2 bedroom units respectively.

Maximum Rental Income Potential			
1st Floor	Sq Ft	ann rent/sf	Subtotal (monthly)
Unit 1	4,000	9	3,000
Unit 2	1,650	9	1,238
Unit 3	2,000	9	1,500
Subtotal			5,737.5
2nd Floor	No Units	Rent Per	Subtotal
Micro	3	550	1,650
1 Bed/1 Bath	4	700	2,800
2 Bed/1 Bath	4	900	3,600
Subtotal			8,050
3rd Floor	No Units	Rent Per	Subtotal
Micro	3	550	1,650
1 Bed/1 Bath	4	700	2,800
2 Bed/1 Bath	4	900	3,600
Subtotal			8,050
Monthly Total			\$21,837.50
Annual Total			\$262,050.00
Residential Annual			\$193,200.00
Commercial Annual			\$68,850.00

From this we find that the first floor commercial space would bring in \$68,850 at full occupancy while the second and third floor residential units will bring in \$193,200 annually at full occupancy.

### Budget and Funding

Next we look at the detailed budget and source of income. The table below lists all expected expenses. The columns labeled TIF and HTC represent an indicator as to whether each expense is allowable for reimbursement for either the TIF funding mechanism or historical tax credits. Total expenses for the project reach a little under \$3.3 million. Of those, approximately \$2.63 million are allowable expenses for historic tax credits and \$2.59 million are allowable TIF expenses.

Detailed Project Budget				
	Amount	TIF	HTC	Notes
<b>Acquisition &amp; Site Prep</b>				
Land Acquisition	575,000			
Demolition	78,000	1	1	
Utilities/relocation	5,000	1	1	
Hazardous Materials Removal	500	1	1	
<b>Subtotal</b>	<b>\$658,500</b>			
<b>Soft Costs/Fees</b>				
General Contractor (12%)	232,800	1	1	(WHEDA allows 14%)
Architect/Engineer	97,000	1	1	3.5K per Res Unit + 20K Comm
Developer Fee (10%)	235,330	1	1	(WHEDA allows 12 - 15%)
Appraisal	1,500			
Market Study	1,000			
Legal/Accounting	5,000			
Insurance	8,303			
Title/Recording/Transfer	1,500			
Building Permit	8,000			
Mortgage Fees	2,000			
Construction Interest	39,807		1	1.8M @ 3.95 for 6 mo
Marketing	5,000			
Real Estate Taxes	18,974		0.25	13 days in 2015 + 2016
Soft Cost Contingency	40,000			
<b>Subtotal</b>	<b>\$696,214</b>			
<b>Hard Costs</b>				
Commercial Space Build-out	400,000	1	1	
Residential Units Build-out	1,540,000	1	1	
<b>Subtotal</b>	<b>\$1,940,000</b>			
<b>Total Project Costs</b>	<b>\$3,294,714</b>			
Hist Tax Credit Allowable Costs	2,633,180			
TIF Allowable Costs	2,588,630			
<b>Source of Funding</b>				
Permanent Financing	1,800,000			Verve Mortgage
Other Cash Funds	1,494,714			(cash from developers)
<b>Total Source of Funds</b>	<b>3,294,714</b>			

On the funding side, the developers have secured a funding commitment from Verve credit union in the amount of \$1.8 million. The remaining \$1.49 million will be contributed as cash from the developers.

### TIF Funding

We assume that the project will be completed by November or December 2016 and that the assessor will apply the new assessed value before the first of the year, 2017. Thus the full value of the project will be on the 2017 tax year assessment and the increment can be paid out in the fall of 2018. We assume the assessed value will increase at a rate of 1% per year and that the base value will be \$575,000. Thus over 20 years of payout, the total increment will be \$390,444. Applying the 75% rule the total note from the city due to the developer would be in the amount of \$292,831. With a 2.5% interest rate, this note can be paid down over 20 years. (See TIF Note payoff schedule on the following page.)



<b>240 Algoma TIF Assumptions</b>	
TIF Base Value of Site	\$ 575,000
Completed Project Value	\$ 1,245,000
Project Value Appreciation	1.0%
Interest Rate on Loan	2.5%
Original Loan Principal	\$ 292,831

Project Year	Levy Year	Tax Year	Value of		Equalized Tax Rate	Project		Tax Proceeds Allocation		Loan Principal		Interest		Principal Paid	Total Prin & Int
			Project	Increment		Tax Proceeds	Tax Entities	Increment	Outstanding	Accrued	Interest	Interest	Paid		
1	2015	2016	769,600	-	24.54	18,882	18,882	18,882	-	292,831	7,320.8	-	-	-	-
2	2016	2017	1,245,000	670,000	24.54	30,545	30,545	14,108	16,438	300,152	7,503.8	7,504	8,935	8,935	16,438
3	2017	2018	1,257,450	682,450	24.54	30,852	30,852	14,108	16,744	291,217	7,280.4	7,280	9,463	9,463	16,744
4	2018	2019	1,270,025	695,025	24.54	31,160	31,160	14,108	17,052	281,754	7,043.8	7,044	10,009	10,009	17,052
5	2019	2020	1,282,725	707,725	24.54	31,472	31,472	14,108	17,364	271,745	6,793.6	6,794	10,570	10,570	17,364
6	2020	2021	1,295,552	720,552	24.54	31,786	31,786	14,108	17,679	261,175	6,529.4	6,529	11,149	11,149	17,679
7	2021	2022	1,308,508	733,508	24.54	32,104	32,104	14,108	17,997	250,026	6,250.6	6,251	11,746	11,746	17,997
8	2022	2023	1,321,593	746,593	24.54	32,425	32,425	14,108	18,318	238,280	5,957.0	5,957	12,361	12,361	18,318
9	2023	2024	1,334,809	759,809	24.54	32,750	32,750	14,108	18,642	225,919	5,648.0	5,648	12,994	12,994	18,642
10	2024	2025	1,348,157	773,157	24.54	33,077	33,077	14,108	18,969	212,925	5,323.1	5,323	13,646	13,646	18,969
11	2025	2026	1,361,638	786,638	24.54	33,408	33,408	14,108	19,300	199,279	4,982.0	4,982	14,318	14,318	19,300
12	2026	2027	1,375,255	800,255	24.54	33,742	33,742	14,108	19,634	184,961	4,624.0	4,624	15,010	15,010	19,634
13	2027	2028	1,389,007	814,007	24.54	34,079	34,079	14,108	19,972	169,950	4,248.8	4,249	15,723	15,723	19,972
14	2028	2029	1,402,897	827,897	24.54	34,420	34,420	14,108	20,312	154,227	3,855.7	3,856	16,457	16,457	20,312
15	2029	2030	1,416,926	841,926	24.54	34,764	34,764	14,108	20,657	137,771	3,444.3	3,444	17,212	17,212	20,657
16	2030	2031	1,431,095	856,095	24.54	35,112	35,112	14,108	21,004	120,558	3,014.0	3,014	17,990	17,990	21,004
17	2031	2032	1,445,406	870,406	24.54	35,463	35,463	14,108	21,355	102,568	2,564.2	2,564	18,791	18,791	21,355
18	2032	2033	1,459,860	884,860	24.54	35,818	35,818	14,108	21,710	83,777	2,094.4	2,094	19,616	19,616	21,710
19	2033	2034	1,474,459	899,459	24.54	36,176	36,176	14,108	22,068	64,161	1,604.0	1,604	20,464	20,464	22,068
20	2034	2035	1,489,204	914,204	24.54	36,538	36,538	14,108	22,430	43,697	1,092.4	1,092	21,338	21,338	22,430
21	2035	2036	1,504,096	929,096	24.54	36,903	36,903	14,108	22,795	22,359	559.0	559	22,236	22,236	22,795
22	2036	2037	1,519,137	944,137	24.54	37,272	37,272	14,108	23,164	123	3.1	3	22,123	22,123	23,164
															390,442

### **Operational Proforma**

The operational proforma, both with and without TIF assistance can be found on the following two pages. The following assumptions were used to generate these:

- Commercial rental income will increase on average of 3% per year.
- Residential rental income will increase on average of 2% per year.
- Laundry facilities income will increase by 1% per year.
  
- The first year the commercial vacancy rate will be 12%, then each subsequent year will have a 10% vacancy rate.
- The residential vacancy rate will hold constant at 7% per year.
  
- Expenses including Maintenance and Repairs, Insurance, Management Fees, Professional Fees, Utilities and Trash, and Advertising will all increase by 1% per year.
- The first year will be taxed under the present assessment however subsequent years will start at 2.45% of the \$1,245,000 value and increase by 1% per year in accordance with the TIF note payout schedule.
  
- Capital reserves will increase by 1% per year.
- Debt service will be fixed over the first 10 years with a 20 year amortization schedule and a 4.25% interest rate offered through Verve credit union.

Estimated expenses were arrived by taking averages of over 288 apartment units across 8 different multi-unit complexes the developers are involved with within the Oshkosh / Neenah area. It is anticipated that the proposed development can be run with comparable efficiencies.

The proforma with the TIF assistance starts with a negative cash flow in the first year of \$-22,531 in part due to the ramping up of occupancy in the first year and the lack of increment payment. The next couple of years still show a negative cash flow up until the fifth year. By the tenth year we see a positive cash flow of \$27,239.

The "without" TIF picture is much more bleak. Under this scenario the developers do not see any positive cash flow until the ninth year, and even then the returns are modest at best.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
<b>240 Algoma Blvd - Profit and Loss With TIF</b>											
<b>Income</b>											
Income rent per sf (3%+)	\$9,00	\$9,27	\$9,55	\$9,83	\$10,13	\$10,43	\$10,75	\$11,07	\$11,40	\$11,74	\$12,10
Commercial Rent	\$68,850	\$70,946	\$73,043	\$75,234	\$77,491	\$79,816	\$82,211	\$84,677	\$87,217	\$89,834	\$92,529
Commercial Expense Recoveries	\$193,200	\$197,064	\$201,005	\$205,025	\$209,126	\$213,308	\$217,575	\$221,926	\$226,365	\$230,892	\$235,510
Residential Rent (2%+)	\$4,000	\$4,040	\$4,080	\$4,121	\$4,162	\$4,204	\$4,246	\$4,289	\$4,331	\$4,375	\$4,418
Other Revenue: Laundry (13%+)	\$0	\$16,438	\$16,744	\$17,052	\$17,364	\$17,679	\$17,997	\$18,318	\$18,642	\$18,969	\$19,300
TIF Recapture	\$266,050	\$283,458	\$294,873	\$301,433	\$308,144	\$315,007	\$322,028	\$329,209	\$336,555	\$344,070	\$351,757
<b>Gross Potential Income</b>	\$8,262	\$7,092	\$7,304	\$7,523	\$7,749	\$7,982	\$8,221	\$8,463	\$8,722	\$8,983	\$9,253
Commercial Vacancy (12% then 10%)	\$13,524	\$13,794	\$14,070	\$14,352	\$14,639	\$14,932	\$15,230	\$15,535	\$15,846	\$16,162	\$16,485
Residential Vacancy (7%)	\$244,264	\$267,572	\$273,498	\$279,858	\$285,756	\$292,094	\$298,876	\$305,207	\$311,988	\$318,924	\$326,018
<b>Effective Gross Income (EGI)</b>	\$34,540	\$34,885	\$35,234	\$35,587	\$35,942	\$36,302	\$36,665	\$37,032	\$37,402	\$37,776	\$38,154
<b>Expenses</b>											
Maintenance & Repairs	\$18,882	\$30,546	\$30,852	\$31,160	\$31,472	\$31,786	\$32,104	\$32,425	\$32,750	\$33,077	\$33,408
Real Estate Taxes	\$8,496	\$8,581	\$8,667	\$8,753	\$8,841	\$8,929	\$9,019	\$9,109	\$9,200	\$9,292	\$9,385
Insurance	\$17,098	\$17,269	\$17,442	\$17,617	\$17,793	\$17,971	\$18,150	\$18,332	\$18,515	\$18,700	\$18,887
Management Fee	\$4,248	\$4,290	\$4,333	\$4,377	\$4,420	\$4,465	\$4,509	\$4,554	\$4,600	\$4,646	\$4,692
Professional Fees	\$28,320	\$28,603	\$28,889	\$29,178	\$29,470	\$29,765	\$30,062	\$30,363	\$30,667	\$30,973	\$31,283
Utilities & Trash	\$14,656	\$14,802	\$14,950	\$15,100	\$15,251	\$15,403	\$15,557	\$15,713	\$15,870	\$16,029	\$16,189
Advertising	\$126,240	\$130,978	\$140,368	\$141,771	\$143,189	\$144,621	\$146,067	\$147,528	\$149,003	\$150,493	\$151,998
<b>Total Operating Expenses</b>	\$118,024	\$128,594	\$133,130	\$137,787	\$142,567	\$147,478	\$152,509	\$157,679	\$162,985	\$168,431	\$174,020
<b>Net Operating Income (NOI)</b>	\$6,800	\$6,868	\$6,937	\$7,006	\$7,076	\$7,147	\$7,218	\$7,291	\$7,363	\$7,437	\$7,511
Capital Reserves	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755
Debt Service (20yr @ 4.25%)											
<b>Net Cash Flow (before depreciation)</b>	-\$22,531	-\$12,029	-\$7,561	-\$2,974	\$1,736	\$6,571	\$11,536	\$16,633	\$21,867	\$27,239	\$32,754

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
<b>Income</b>											
Income rent per sf (3%+)	\$9,00	\$9,27	\$9,55	\$9,83	\$10,13	\$10,43	\$10,75	\$11,07	\$11,40	\$11,74	\$12,10
Commercial Rent	\$68,850	\$70,916	\$73,043	\$75,234	\$77,491	\$79,816	\$82,211	\$84,677	\$87,217	\$89,834	\$92,529
Commercial Expense Recoveries											
Residential Rent (2%+)	\$193,200	\$197,064	\$201,005	\$205,025	\$209,126	\$213,308	\$217,575	\$221,926	\$226,365	\$230,892	\$235,510
Other Revenue: Laundry (1%+)	\$4,000	\$4,040	\$4,080	\$4,121	\$4,162	\$4,204	\$4,246	\$4,289	\$4,331	\$4,375	\$4,418
TIF Recapture	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Gross Potential Income</b>	<b>\$266,050</b>	<b>\$272,020</b>	<b>\$278,129</b>	<b>\$284,381</b>	<b>\$290,780</b>	<b>\$297,328</b>	<b>\$304,031</b>	<b>\$310,891</b>	<b>\$317,913</b>	<b>\$325,100</b>	<b>\$332,457</b>
Commercial Vacancy (12% then 10%)	\$8,262	\$7,092	\$7,304	\$7,523	\$7,749	\$7,982	\$8,221	\$8,468	\$8,722	\$8,983	\$9,253
Residential Vacancy (7%)	\$13,524	\$13,794	\$14,070	\$14,352	\$14,639	\$14,932	\$15,230	\$15,535	\$15,846	\$16,162	\$16,486
<b>Effective Gross Income (EGI)</b>	<b>\$244,264</b>	<b>\$251,133</b>	<b>\$256,754</b>	<b>\$262,506</b>	<b>\$268,392</b>	<b>\$274,415</b>	<b>\$280,580</b>	<b>\$286,889</b>	<b>\$293,346</b>	<b>\$299,954</b>	<b>\$306,718</b>
<b>Expenses</b>											
Maintenance & Repairs	\$34,540	\$34,885	\$35,234	\$35,587	\$35,942	\$36,302	\$36,665	\$37,032	\$37,402	\$37,776	\$38,154
Real Estate Taxes	\$18,882	\$30,546	\$30,852	\$31,160	\$31,472	\$31,786	\$32,104	\$32,425	\$32,750	\$33,077	\$33,408
Insurance	\$8,496	\$8,581	\$8,667	\$8,753	\$8,841	\$8,929	\$9,019	\$9,109	\$9,200	\$9,292	\$9,385
Management Fee	\$17,098	\$17,269	\$17,442	\$17,617	\$17,793	\$17,971	\$18,150	\$18,332	\$18,515	\$18,700	\$18,887
Professional Fees	\$4,248	\$4,290	\$4,333	\$4,377	\$4,420	\$4,465	\$4,509	\$4,554	\$4,600	\$4,646	\$4,692
Utilities & Trash	\$28,320	\$28,503	\$28,689	\$29,172	\$29,470	\$29,765	\$30,062	\$30,363	\$30,667	\$30,973	\$31,283
Advertising	\$14,656	\$14,802	\$14,950	\$15,100	\$15,251	\$15,403	\$15,557	\$15,713	\$15,870	\$16,029	\$16,189
<b>Total Operating Expenses</b>	<b>\$126,240</b>	<b>\$138,978</b>	<b>\$140,368</b>	<b>\$141,771</b>	<b>\$143,189</b>	<b>\$144,621</b>	<b>\$146,067</b>	<b>\$147,528</b>	<b>\$149,003</b>	<b>\$150,493</b>	<b>\$151,998</b>
<b>Net Operating Income (NOI)</b>	<b>\$118,024</b>	<b>\$112,155</b>	<b>\$116,386</b>	<b>\$120,734</b>	<b>\$125,203</b>	<b>\$129,794</b>	<b>\$134,513</b>	<b>\$139,361</b>	<b>\$144,343</b>	<b>\$149,461</b>	<b>\$154,720</b>
Capital Reserves	\$6,800	\$6,868	\$6,937	\$7,006	\$7,076	\$7,147	\$7,218	\$7,291	\$7,363	\$7,437	\$7,511
Debt Service (20yr @ 4.25%)	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755	\$133,755
<b>Net Cash Flow (before depreciation)</b>	<b>-\$22,531</b>	<b>-\$28,467</b>	<b>-\$24,305</b>	<b>-\$20,026</b>	<b>-\$15,628</b>	<b>-\$11,107</b>	<b>-\$6,460</b>	<b>-\$1,684</b>	<b>\$3,225</b>	<b>\$8,270</b>	<b>\$13,454</b>

**Return on Investment**

To calculate the return on investment in the form of an internal rate of return (IRR), we first must arrive at an effective amount of cash the developers are putting into the transaction. As shown in the detailed budget table, the developers are bringing \$1,494,714 into this project. However, the developers will also be receiving 20% federal and 20% state historical tax credits on the estimated \$2.6 million of allowable expenses. This results in roughly \$1.05 million worth of credits. However, there are very few entities with the capability to utilize this much credit in a single year, thus the developers will be forced to spread out their use of these credits over many years reducing the value of these credits given the principal of the future time-value of money.

To estimate a value of these credits we spoke with 2 tax credit brokers. Vickie Holland, with Dimension Development, LLC based out of Madison, WI, suggested a good estimate if the developers were to bring in an equity partner would be 93 cents on the dollar for the federal credits and 60 cents on the dollar for the state credits. These estimates were confirmed by Donald Bernards, CPA and tax credit broker with Baker Tilly, again based out of Madison. Using this estimate of value, we estimate the tax credits to be worth \$805,753. Thus the effective net cash is the difference, or \$688,960.

Return on Investment Metrics						
	With TIF			Without TIF		
Initial Cash Outlay	1,494,714			1,494,714		
Historic Tax Credits	1,053,272			1,053,272		
HTC Present Value	805,753			805,753		
Net Effective Cash	688,960			688,960		
	Net Cash Flow	Reversion	Total	Net Cash Flow	Reversion	Total
Year 0	-688,960		-688,960	-688,960		-688,960
Year 1	-22,531		-22,531	-22,531		-22,531
Year 2	-12,029		-12,029	-28,467		-28,467
Year 3	-7,561		-7,561	-24,305		-24,305
Year 4	-2,974		-2,974	-20,026		-20,026
Year 5	1,736		1,736	-15,628		-15,628
Year 6	6,571		6,571	-11,107		-11,107
Year 7	11,536		11,536	-6,460		-6,460
Year 8	16,633		16,633	-1,684		-1,684
Year 9	21,867		21,867	3,225		3,225
Year 10	27,239	1,087,155	1,114,394	8,270	845,902	854,172
Yr 11 NOI	174,020			154,720		
Terminal Cap Rate	8.00%			8.00%		
Gross Reversion	2,175,254			1,934,002		
Mortgage Payoff	1,088,099			1,088,099		
Net Reversion	1,087,155			845,902		
	10yr IRR => 4.91%			10yr IRR => 0.48%		

Before we can calculate the IRR we need to calculate an assumed reversion at the end of year ten. To do this we use the NOI from year eleven and divide by a terminal cap rate. We again follow the lead of the assessor and use the 11% loaded cap rate and subtract off the presumed mill rate of 2.45%, then rounding down (which provides more presumed value) we arrive at a non-loaded cap rate of 8%. This results in a valuation of \$2.175 million in the TIF scenario. However after 10 years there would still be \$1,088,099 left to pay off on the mortgage. Thus a net reversion of \$1,087,155 is used in addition to the year 10 net cash flow. This leads to a 10 year Internal Rate of Return of 4.91%. A similar calculation without TIF leads to an IRR of 0.48%, again, a very bleak prospect for this investment.

## DISCLAIMER

The findings presented herein are based upon the information available and received at the time this report was compiled. Invista Analytics (IA) has taken every possible precaution to evaluate this information for its completeness, accuracy and reliability. To the best of its knowledge, IA feels the information and conclusions presented herein are sound and reliable.

It should also be understood that normal economic and marketplace conditions change constantly. IA assumes no responsibility for information that becomes outdated once this report is written; nor is it responsible for keeping this information current after March 15, 2016.

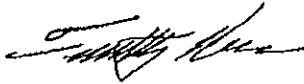
The results presented in this report are the professional opinion of IA and are based on the information available at this time. These opinions infer proper and professional management of the business operation. The opinions also infer that market conditions do not change the information received upon which these opinions are based. IA assumes no responsibility for changes in market conditions.

Furthermore, it is assumed that the reader of this report completely understands its contents, assumptions and recommendations. If the reader does not fully understand the contents contained herein, clarification should be sought from Invista Analytics.

Finally, IA assumes no responsibility should the management of the proposed business venture deviate from any recommendations that may have been provided in this report.

Any further questions about this report should be directed to IA.

Sincerely,



Timothy Hess, PhD



146 Algoma Blvd - Suite H  
Oshkosh, WI 54901

920.203.2177

[www.invista-analytics.com](http://www.invista-analytics.com)

# Appendix D

## Notice of Public Hearing

Publish as a Legal on April 19 & 25

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NOTICE OF PUBLIC HEARING  
BEFORE THE CITY OF OSHKOSH PLAN COMMISSION

Tuesday, May 3, 2016  
4:00 pm, Room 404  
City Hall, Oshkosh, WI

The Plan Commission will hear public comments on the designation of boundaries and Project Plan for proposed Tax Incremental District #28 Beach Building Redevelopment. The primary purpose in creating the district is to facilitate rehabilitation and redevelopment of a vacant office building into a mixed-use commercial/residential apartment complex.

The District is generally located at 240 Algoma Blvd., Oshkosh.

Interested persons are encouraged to attend. The draft Project Plan will be available for review on or about April 26, 2016. For information, call the City of Oshkosh Planning Services Division at 920-236-5059 between 8:00 am – 4:30 pm, Monday thru Friday.

PUBLISHED: April 19 & 25, 2016



# Appendix E

## Attorney's Opinion

CITY HALL  
215 Church Avenue  
P. O. Box 1130  
Oshkosh, Wisconsin  
54902-1130

City of Oshkosh



City Attorney's Office  
Phone: (920) 236-5115  
Fax: (920) 236-5106  
<http://www.ci.oshkosh.wi.us>

May 13, 2016

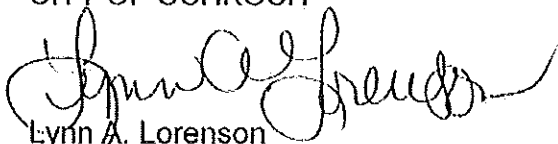
Darryn Burich  
Director of Planning Services  
City of Oshkosh  
215 Church Avenue  
Oshkosh, WI 54903-1130

Dear Mr. Burich:

I have reviewed the project plan for City of Oshkosh Tax Increment District # 28 Beach Building Redevelopment, pursuant to Section 66.1105(4)(f) of Wisconsin Statutes. I find that the plan includes a statement listing the kind, number, and location of proposed public improvements. There are no planned public improvements. It also shows an economic feasibility study, a detailed list of estimated project costs, and a description of the method of financing all estimated project costs, and the time when the costs are to be incurred. The plan contains maps of existing and proposed uses and zoning of the real property in the district and additional details showing proposed improvements in the district. The plan further shows that the district will promote the orderly development within the City, which is consistent with the City's Comprehensive Plan (Master Plan), building codes and other city ordinances in relation to project elements.

Upon adoption of the project plan by the Plan Commission and their submission to the City Council, all requirements of Section 66.1105(4)(f), Wisconsin Statutes, shall be complete and it is, therefore, my opinion that the project plan attached hereto is complete and complies with Sec. 66.1105, Wis. Stats.

Sincerely,  
CITY OF OSHKOSH



Lynn A. Lorensen  
City Attorney

LL/cm

## Appendix F

Plan Commission/Public Hearing  
Minutes of May 3, 2016

**PLAN COMMISSION MINUTES**

**May 3, 2016**

**PRESENT:** David Borsuk, Ed Bowen, Jeffrey Thoms, Thomas Fojtik, John Hinz, Steve Cummings, Kathleen Propp, Gary Gray, Donna Lohry, Robert Vajrt

**EXCUSED:** Karl Nollenberger

**STAFF:** Darryn Burich, Director of Planning Services; David Buck, Principal Planner; Jeffrey Nau, Associate Planner; Brian Slusarek, Zoning Code Enforcement Inspector; Elizabeth Williams, Associate Planner; Deborah Poland, Recording Secretary

Chairperson Fojtik called the meeting to order at 4:00 pm. Roll call was taken and a quorum declared present.

**VII. PUBLIC HEARING ON PROPOSED CREATION OF TAX INCREMENT FINANCING DISTRICT #28 BEACH BUILDING REDEVELOPMENT; DESIGNATION OF BOUNDARIES AND APPROVAL OF PROJECT PLAN**

TID #28 is being proposed to facilitate the adaptive reuse of the vacant Orville Beach Memorial Manual Training School office building at 240 Algoma Boulevard into a mixed-use modern commercial/residential apartment complex and retail/service business center including three commercial units on the first floor and 22 higher end apartments on the second and third floors complete with modern finishes, technology and amenities. The overall goal of the redevelopment project is to provide new active life and full-time residents within the Oshkosh center city, furthering downtown revitalization efforts. The anticipated project cost is estimated at \$3.3 million with renovations being the most significant cost due to many years of vacancy and deferred maintenance that essentially require a complete gut and remodel of the interior to bring the facility back to a competitive new use for the residential component.

Mr. Burich presented the item and discussed the purpose of the proposed TID creation, the rental unit's rates, and the maximum life of the TID, and proposed use. He further discussed the size of the parcel and value of the property and the increment values and project costs as well as the economic feasibility and development costs as far as equity, and financing for this project. He also reviewed the market analysis and project costs with and without the TIF assistance and stated that this project has been reviewed by the City's financial consultants and the project meets all the requirements in the State code for creation of a TID.

Mr. Gray discussed the staff and developer's efforts on this project and stated that he felt there were inconsistencies in the financial information in the project plan and he cannot verify the need for additional money for this development. He further stated that he was not sure if TIF assistance is the correct process for a funding source for this project and would not support it due to what he felt was inaccurate financial information.

Mr. Bowen questioned some of the wording on page 8 relating to the historic tax credits that he felt was incorrect and questioned if the project would be eligible to receive State Historic Tax Credit assistance as State and Federal tax credits may have been utilized in the mid 1980's when the site was redeveloped. He felt that this aspect of the plan needed to be looked into as he did not feel that the Historic Tax Credit assistance could be utilized again to his knowledge. This would change the financial figures if they were not applicable. He also questioned if the soft costs of 10% of the developer's fee was counted as part of the developer's equity in the overall proforma or is it excluded from the number in excess of that.

Mr. Thoms inquired if the developer made any attempt to approach GO-EDC for funding rather than pursue the TIF assistance as this was economic development.

Mr. Burich responded that they did not pursue that avenue that he was aware of and that the application was submitted and staff research completed to determine if the request met the necessary requirements.

Mr. Bowen commented that GO-EDC does not have support for real estate projects and are not focused on redevelopment projects that do not create jobs.

Chet Wesenberg stated that they did not approach GO-EDC for financial assistance for this project.

Mr. Thoms questioned if they contacted Winnebago County for low interest loan assistance.

Mr. Wesenberg responded negatively and stated that the Historic Tax Credits are eligible for this project as they can be re-applied for after five years of receiving assistance and explained their submitted application process. He also discussed the criteria for the program which requires that historic preservation needs to identify what features of the structure which are historic and what can be saved and discussed the process of renovation with this being taken into consideration. He further discussed the approvals received thus far and the entities involved with the approval process.

Mr. Bowen inquired where the coffee shop was located within the development.

Mr. Wesenberg responded that it would be on the first floor where the existing drive through feature of the structure is located and that they already have an entity committed to fill that commercial use. He also discussed some of the other uses that were planned for the first floor commercial space.

Barbara Young stated that the TIF assistance concerns her as taxes are kept at a lower rate for the development which has to be made up by other taxpayers. She also stated that TIF assistance was utilized as an incentive to start projects and this project appears to already be under way as work has already been going on at the site. She felt that favoritism was in play and that developers with deep pockets are the ones that are receiving TIF assistance advantages. She questioned if this project was going to be ceased if the TIF assistance was denied.

Mr. Gray commented that she was claiming that the developer will be paying less taxes and that was not how TIF assistance worked. He explained that the developer will pay the same amount of taxes as any other development and that they will pay the current tax rate for the property and the difference is where these tax dollars are applied. He further explained that with TIF assistance that

the taxes are applied to repay the city for the development rather than going to the school district and other entities that normally receive a portion of the tax payments.

Bernard Pitz, 617 W. Irving Avenue, stated that the building was constructed by his company and that he does not agree with the developer receiving TIF assistance for this project. He discussed his research on the property and that the property taxes were decreased in 2015 by a considerable amount and that the developers are owners that will be moving into the commercial space created. He further discussed the developer's fees and architect's fees that amount to around \$300,000 that are included in the project plan and that the school system and Winnebago County will not receive their portion of the tax payment from this property. He questioned how this TIF assistance can be justified when the school system just passed a referendum for additional taxes to be paid by property owners. He felt that the developer's and architect's fees should be removed from the project plan as it is benefiting the parties that will be occupying the building. He also discussed that TIF assistance is typically sought when the area receiving the TIF assistance is determined to be 50% blighted and City Hall is directly adjacent to this parcel and he does not consider it to be a blighted area. He also stated that TIF assistance was meant to initiate development that would bring in new business and create jobs and increase the tax base and that this proposed TIF does not meet these requirements. He continued to discuss how TIF projects are utilized for economic development purposes and that it was meant to provide funding prior to any work being initiated and that the work on this development has already begun prior to the TID plan even being approved.

Diane Lammers, 131 Church Avenue, stated that she thought that the TID plan should be approved before any construction is started and that work has been underway at this site for some time now. She also commented about the developer receiving a tax break for the next 20 years which she felt was unfair while they are making money from the development and that she disagreed with TIF assistance being granted for this project.

Tim Hess, 2645 Templeton Place, stated that he completed the analysis for this project and discussed its details and stated that from the standpoint of the developers fees, they are applying for allowable fees as things such as the architect's fees are part of the total expense for the development. He discussed the comments relating to the developer's and architect's fees that were claimed to be excessive and their request for \$300,000 and explained the allowable fees related to a TIF project and further explained the hard costs involved with this project. He also explained the substantial fees involved with a historic tax credit project and the developer's fees are in the analysis.

Mr. Bowen questioned if these costs were included in the proforma of the developer equity of \$1,494,714 that the developers are bringing into this project.

Mr. Hess responded affirmatively.

Mr. Borsuk again asked to clarify if the apartments would be market rate units.

Mr. Hess responded affirmatively.

Mr. Gray referenced the table on page 32 of the project plan that contained revenue projections relating to the rental projects and stated that from his calculations, the commercial space rental

amount should be \$90,000 not \$68,000 based on the square footage of the commercial space available.

Mr. Hess responded that 10% is common areas that are not included in this calculation.

Mr. Gray felt that the square footage calculations from floor to floor did not add up correctly.

*Motion by Vajgrt to approve the designated boundaries and Project Plan for TID #28-Beach Building Redevelopment.  
Seconded by Borsuk.*

Mr. Burich requested that an explanation of what activities are occurring on the site now be provided and what will occur if the TIF financing is not approved.

Mr. Wesenberg explained that the project is contingent upon TIF and tax credit assistance and that he was not sure how the project would proceed if these financial aides were not approved as he did not feel the project would go forward without this assistance as they were counting on this to help finance the development.

Mr. Thoms stated that this project did not meet the criteria for the purpose of the creation of a TID and that the developers did not look at alternative financing and that it was difficult to ascertain that the \$300,000 from the TIF assistance would make or break this project at \$3,000,000 and that it was justified.

Mr. Wesenberg commented that he was not sure if other financial avenues to assist with this project were pursued and that his partner was not present to answer these questions.

Mr. Thoms questioned why work has begun on the project if it was contingent upon receiving the assistance that has not yet been approved.

Ms. Wesenberg responded that they cannot determine the full exposure without starting work on the structure as selective demolition was in process as this work must be completed to determine what historic elements remain within the structure. There is work going on but it was nominal to determine the historic fabric.

Mr. Thoms commented that he thought that the developer had to apply for TIF assistance and have it approved prior to any work commencing on the site.

Mr. Burich explained that the TIF is not being used to directly fund any construction activity at the site but as a financial incentive to complete the project.

*Motion by Vajgrt to call the question and end discussion.  
Seconded by Bowen.*

*Motion carried 7-2. (Ayes Borsuk/Bowen/Fojtik/Hinz/Cummings/Propp/Vajgrt). Nays- (Thoms/Lohry)*

## Appendix G

### Common Council Creation Resolution



JUNE 14, 2016

16-305

RESOLUTION

(CARRIED 6-0 LOST \_\_\_\_\_ LAID OVER \_\_\_\_\_ WITHDRAWN \_\_\_\_\_)

PURPOSE: APPROVE TAX INCREMENT DISTRICT NO. 28 PROJECT PLAN;  
DESIGNATE TAX INCREMENT DISTRICT NO. 28 BOUNDARIES;  
CREATE TAX INCREMENT DISTRICT NO. 28 BEACH BUILDING  
REDEVELOPMENT

INITIATED BY: CITY ADMINISTRATION

PLAN COMMISSION RECOMMENDATION: Approved

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

WHEREAS, Tax Increment District No. 28 (the "District") is proposed to be created by the City as a blighted area district in accordance with the provisions of Wisconsin Statutes Section 66.1105 (the "Tax Increment Law"); and

WHEREAS, a Project Plan for the District has been prepared that includes:

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

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

WHEREAS, in accordance with the procedures specified in the Tax Increment Law, the Plan Commission, on May 3, 2016 held a public hearing concerning the project plan and boundaries and proposed creation of the District, providing interested parties a reasonable opportunity to express their views thereon; and

WHEREAS, after said public hearing, the Plan Commission designated the boundaries of the District, adopted the Project Plan, and recommended to the Common Council that it create such District and approve the Project Plan

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Oshkosh that:

1. The boundaries of the District shall be named "City of Oshkosh Tax Increment District No. 28, Beach Building Redevelopment", are hereby established as specified in Exhibit A of this Resolution.
2. The District is created effective as of January 1, 2016.
3. The Common Council finds and declares that:
  - (a) 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)(a)1.
  - (b) Based upon the findings, as stated in 3(a) above, the District is declared to be a blighted area district based on the identification and classification of the property included within the District.
  - (c) The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
  - (d) The equalized value of the taxable property in the District plus the value increment of all other existing tax incremental districts within the City, does not exceed 12% of the total equalized value of taxable property within the City.

- (e) The City estimates that less than 35% 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 Section 66.1105(5)(b).
  - (f) The project costs relate directly to promoting the elimination of blight of the area consistent with the purpose for which the District is created.
  - (g) All property within TID #28 was within the City boundaries as of January 1, 2004.
4. The Project Plan for "City of Oshkosh Tax Increment District No. 28, Beach Building Redevelopment " (attached as Exhibit B) is hereby approved, and the City further finds the Plan is feasible and in conformity with the master plan of the City.

BE IT FURTHER RESOLVED that the Common Council of the City of Oshkosh hereby approves creation of Tax Incremental Financing District No. 28 Beach Building Redevelopment.

## Appendix H

### Joint Review Board Resolution

JOINT REVIEW BOARD  
RESOLUTION APPROVING THE CREATION OF  
TAX INCREMENTAL DISTRICT NO. 28,  
CITY OF OSHKOSH

WHEREAS, the City of Oshkosh (the "City") seeks to create Tax Incremental District No. 28 (the "District"); and

WHEREAS, Wisconsin Statutes Section 66.1105 requires that a Joint Review Board (the "JRB") shall convene to review the proposal; and

WHEREAS, the JRB consists of one representative chosen by the School District; one representative chosen by the Technical College District; and one representative chosen by the County, all of whom have the power to levy taxes on property within the District; and one representative chosen by the City and one public member; and

WHEREAS, the public member and JRB's chairperson were selected by a majority vote of the other JRB members before the public hearing was held, under Wisconsin Statutes Sections 66.1105 (4)(a) and (e), and

WHEREAS, all JRB members were appointed and the first JRB meeting was held within 14 days after the notice was published under Wisconsin Statutes Sections 66.1105 (4)(a) and (e); and

WHEREAS, the JRB has reviewed the public record, planning documents, the minutes adopted by the Plan Commission approving the boundaries of the District and adopting the Project Plan, and the resolution passed by the Common Council approving the creation of the District under Wisconsin Statutes Section 66.1105 (4)(gm); and

WHEREAS, the JRB has considered whether, and concluded that, the District meets the following criteria:

1. The development expected in the District would not occur without the use of tax increment financing and the creation of a tax incremental district.
2. The economic benefits of the District, as measured by increased employment, business and personal income and property value, are sufficient to compensate for the cost of the improvements.
3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing districts.

NOW, THEREFORE, BE IT RESOLVED that the JRB approves the creation of this District.

BE IT FURTHER RESOLVED that in the judgment of the JRB, the development described in the Project Plan, the information provided by the City, and the public record and planning documents relating to the District, would not occur without the creation of the District.

Passed and adopted this 21 day of June, 2016.

**Joint Review Board**

**Representing**

Mark J. Harris

Winnebago County

Madison Kohn

Oshkosh Area School District

Tom Robb

Fox Valley Technical College District

W. Curt J.

City of Oshkosh

Public Member