

July 27, 2016

# Project Plan

## Tax Incremental District No. 30



Organizational Joint Review Board Meeting Held:	August 2, 2016
Public Hearing Held:	August 2, 2016
Consideration for Approval by Plan Commission:	August 2, 2016
Consideration for Adoption by Common Council:	August 23, 2016
Consideration for Approval by the Joint Review Board:	September 6, 2016

# Project Plan

## Tax Incremental District No. 30

### City of Oshkosh Officials

#### Common Council

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Caroline Panske

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Ben Stepanek

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City Manager

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Planning Director

Finance Director

City Clerk

City Attorney

#### Plan Commission

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Edward Bowen

Thomas Fojtik, Chair

Ben Krumenauer

John Hinz

Donna Lohry

Karl Nollenberger

Kathleen Propp

Jeffrey Thoms

Robert Vajgrt

#### Joint Review Board

Mark Rohloff, City Manager

Mark Harris, County Executive

Melissa Kohn, Director – Oshkosh Campus

Allison Garner, School Board President

City Representative

Winnebago County

Fox Valley Technical College District

Oshkosh Area School District

Public Member



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# SECTION 1: Executive Summary

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## Description of District

### Type of District, Size and Location

Tax Incremental District No. 30 (the “TID” or “District”) is a proposed one acre district in need of rehabilitation or conservation located in downtown Oshkosh at the intersection of Washington and State Street. The proposed District will be created to help support a proposed renovation of the Fraternal Reserve Association Building located at 105 Washington Avenue involving conversion of roughly 29,100 sq. ft. of vacant commercial space to twenty residential apartment units. The District also includes a public parking lot currently owned by the City which will be partially converted to enclosed private parking, and an additional commercial building located at 300 State Street which could potentially be rehabilitated in the future. A map of the proposed District boundaries is located in Section 3 of this plan.

### Estimated Total Project Expenditures

The City anticipates making total Project Cost expenditures of approximately \$680,000 to facilitate rehabilitation of 105 Washington Avenue including an estimated \$530,000 for development incentives, \$88,000 for parking lot reconstruction and the balance for administrative expense and payment of interest on funds expected to be advanced to the District to cover necessary expenditures prior to establishment of the District’s increment revenue stream. No specific Project Costs are identified for 300 State Street, however, the City would expect to make available appropriate development incentives or other assistance at the time a rehabilitation project is proposed without further amending this Plan.

### Economic Development

As a result of the creation of this District, the City projects that additional land and improvements value of approximately \$1.3 million will be created as a result of the rehabilitation project and subsequent economic appreciation. This additional value will be a direct result of the improvements made and projects undertaken within the District. A table detailing assumptions as to the timing of development and associated values is located in Section 10 of this Plan. In addition, creation of the District is expected to result in other economic benefits as detailed in the Summary of Findings hereafter.

### Expected Termination of District

Based on the Economic Feasibility Study located in Section 10 of this Plan, this District would be expected to remain open for 25 years of its 27 year maximum statutory life.

## Summary of Findings

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

1. **That “but for” the creation of this District, the development projected to occur as detailed in this Project Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City.** In making this determination, the City has considered the following information:
  - The economics associated with rehabilitation projects which typically involve additional costs such as abatement of hazardous materials, utility relocations, use of high end finishes needed to

attract tenants, provision of adequate off-street parking through the construction of garages, and other similar costs. As such, the City believes that these sites are not likely to be redeveloped under normal market conditions without public investment and participation.

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

- As demonstrated in the Economic Feasibility Section of this Project Plan, the tax increments projected to be collected are sufficient to pay for the cost of the development incentives and other related Project Costs needed to facilitate the desired rehabilitation work.
- The rehabilitation expected to occur within the District will create 20 residential units, providing housing opportunities for City residents.
- It is expected that the rehabilitation project will create a 0.5 Full-Time Equivalent (FTE) position for property management and another 0.5 FTE position for property maintenance.

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

- If approved, the District's creation would become effective for valuation purposes as of January 1, 2016. As of this date, the values of all existing real and personal property within the District would be frozen and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they currently are now. Taxes levied on any additional value established within the District due to new construction, renovation or appreciation of property values occurring after January 1, 2016 would be collected by the TID and used to repay the costs of TIF-eligible projects undertaken within the District.
- Since the development expected to occur is unlikely to take place or in the same manner without the use of TIF (see Finding #1) and since the District will generate economic benefits that are more than sufficient to compensate for the cost of the improvements (see Finding #2), the City reasonably concludes that the overall benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the "but for" test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the District is not created. As required by Section 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and can be found in Appendix A of this plan.

**4. Not less than 50% by area of the real property within the District is in need of rehabilitation or conservation work within the meaning of Wisconsin Statutes Section 66.1337(2m)(b).**

**5. Based upon the finding stated above the District is declared to be a District In Need of Rehabilitation of Conservation based on the identification and classification of the property included within the District.**

**6. The Project Costs relate directly to promoting rehabilitation or conservation consistent with the purpose for which the District is created.**

7. The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
8. The equalized value of taxable property of the District, plus the value increment of all existing tax incremental districts within the City, does not exceed 12% of the total equalized value of taxable property within the City.
9. The City estimates that 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 Sections 66.1105(5)(b) and 66.1105(6)(am)1.
10. The Project Plan for the District in the City is feasible, and is in conformity with the master plan of the City.

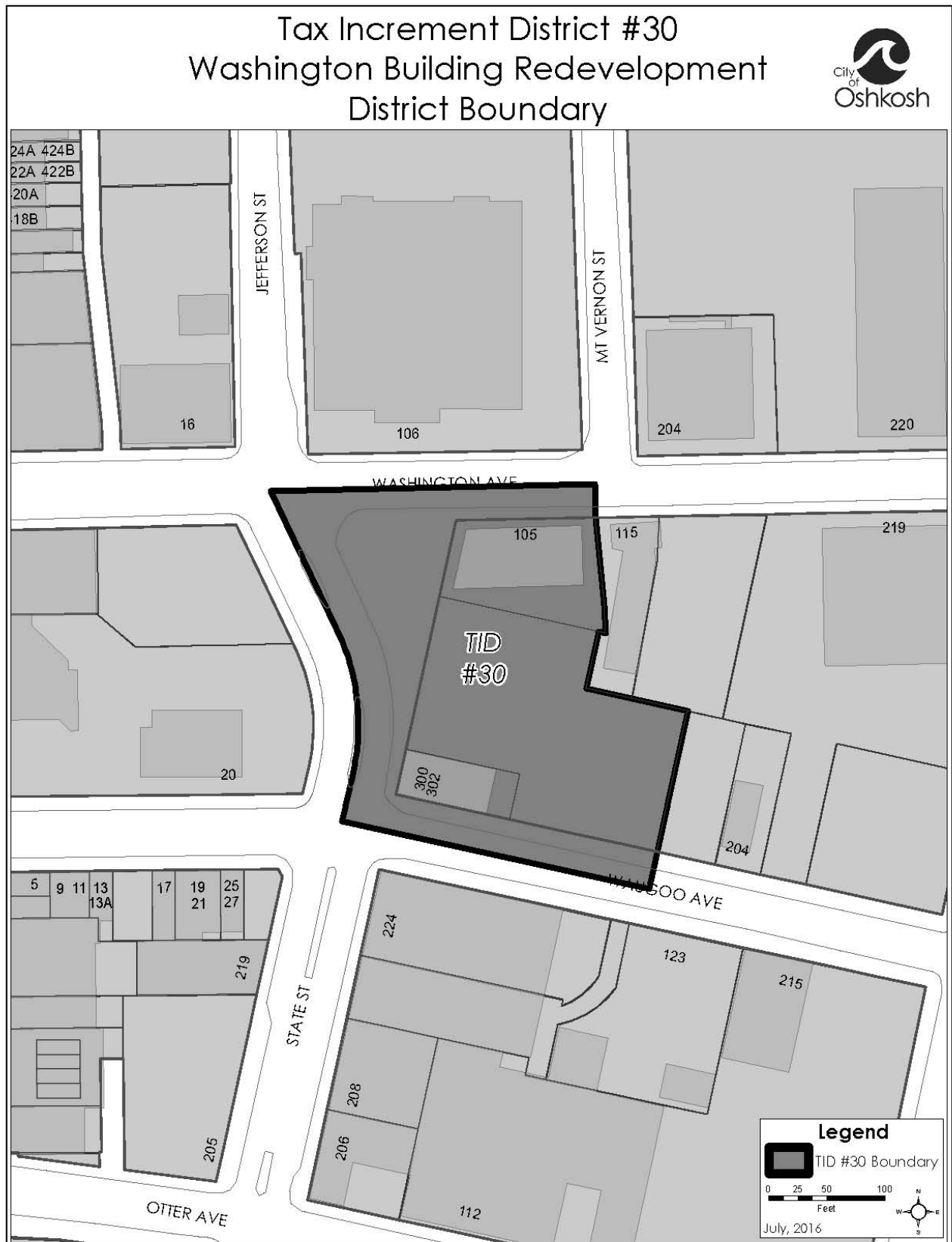
## SECTION 2: Type and General Description of District

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The District, comprising one acre in downtown Oshkosh at the intersection of Washington and State Street, is being created by the City under the authority provided by Wisconsin Statute Section 66.1105 and will be classified as a district “in need of rehabilitation or conservation” based on a finding that at least 50%, by area, of the real property within the District meets that condition as defined in Wisconsin Statute Section 66.1337(2m)(a). The preliminary parcel list included in Section 5 to this Plan identifies those parcels meeting those criteria. Collectively, these parcels represent 100% of the total District area.

Creation of the District is intended to facilitate achievement of the City’s project goals and desired outcomes for this area by providing the means to pay the necessary costs needed to incentivize the developer to undertake the rehabilitation project. A preliminary map of the proposed District boundary can be found in Section 3 of this Plan.

# SECTION 3: Preliminary Maps of Proposed District Boundary

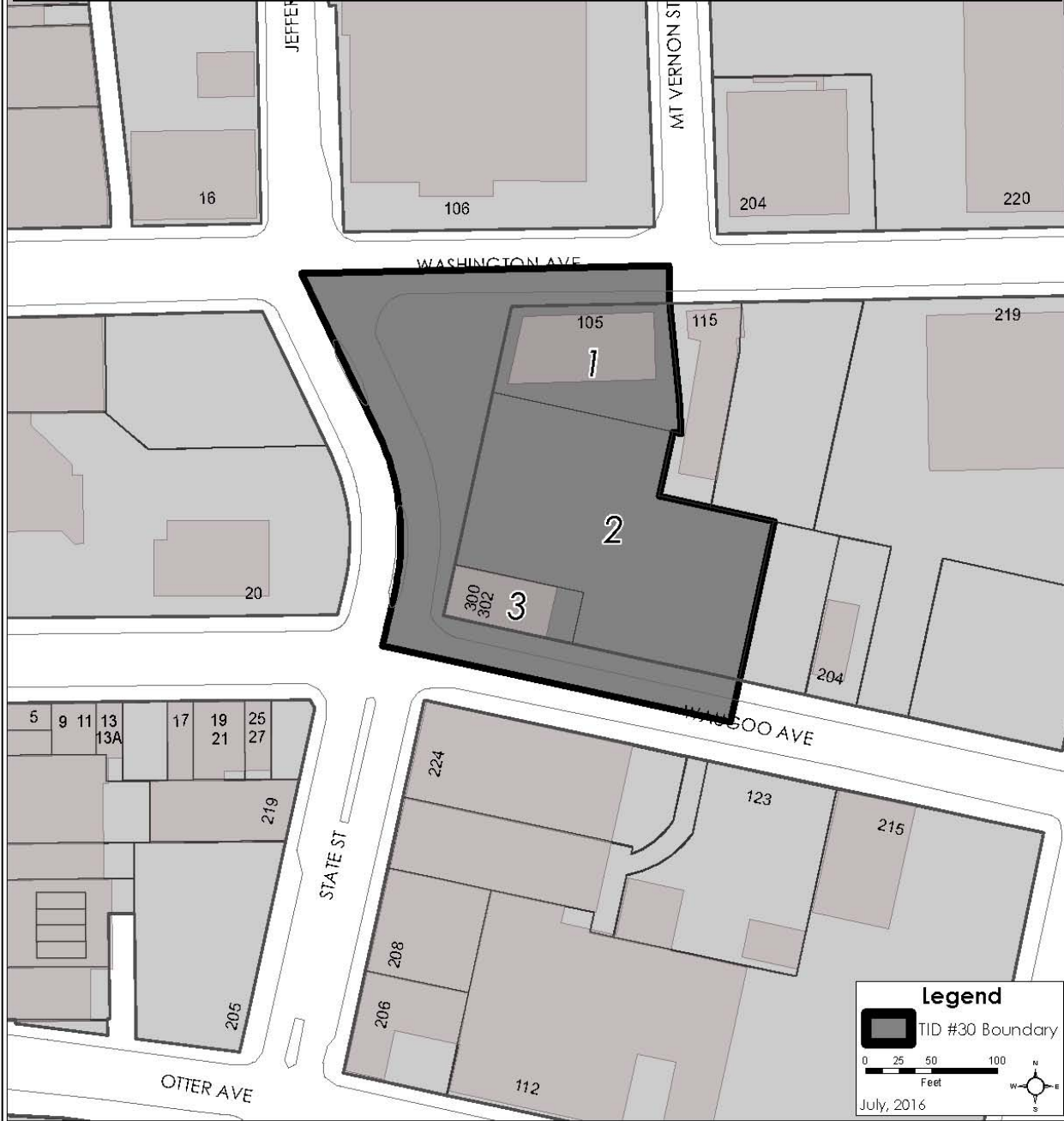




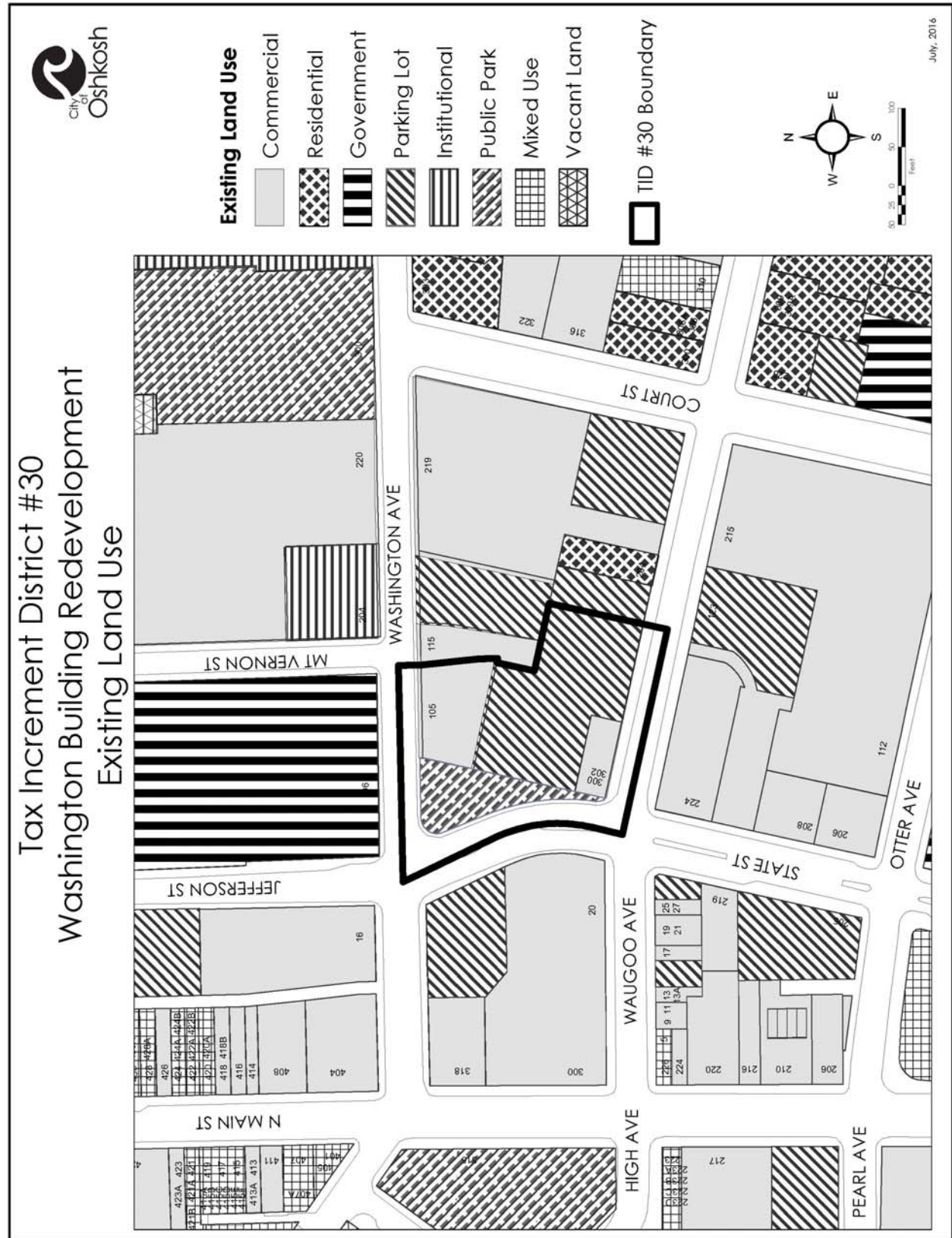
# Tax Increment District #30 Washington Building Redevelopment Parcel Identification



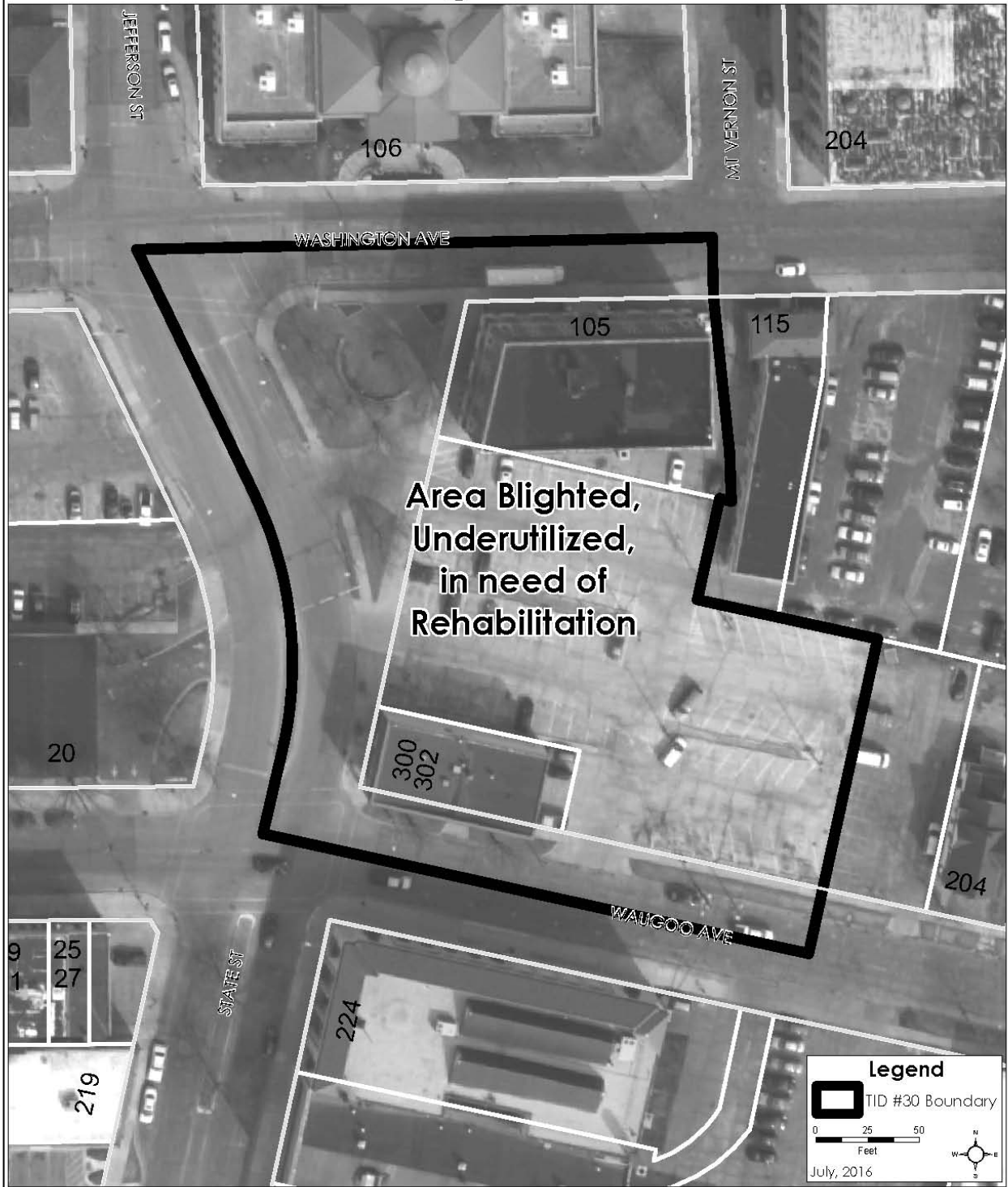
Tax Increment #30 - Washington Building Redevelopment - Parcel Identification												
Map ID	Parcel #	Owner	Local Address	Land Value	Improv. Value	Total Value	Equalized Value	Class	Description	Dwelling Units	Census Tract	Zoning
1	02-0088-0000	DISCOVERY PROPERTIES LLC	105 WASHINGTON AVE	\$42,000	\$398,000	\$440,000	\$440,000	B	WASHINGTON BUILDING	0	5	C-3DO
2	02-0062-0000	CITY OF OSHKOSH	0 STATE ST	\$0	\$0	\$0	\$0	4	STATE STREET PARKING LOT	0	5	C-3DO
3	02-0064-0000	KIECKHAFER REV TRUST H A/P D	300 STATE ST	\$16,100	\$105,900	\$122,000	\$122,000	B	ADVANCE OFFICE SYSTEMS	0	5	C-3DO
<b>TOTALS:</b>				<b>\$58,100</b>	<b>\$503,900</b>	<b>\$562,000</b>	<b>\$562,000</b>					



# SECTION 4: Maps Showing Existing Uses and Conditions



# Tax Increment District #30 Washington Building Redevelopment Existing Conditions



SECTION 5:  
Preliminary Parcel List and Analysis

City of Oshkosh, Wisconsin															
Tax Increment District # 30															
Base Property Information															
Property Information				Assessment Information <sup>1</sup>				Equalized Value <sup>2</sup>				District Classification		Comments	
Parcel Number	Street Address	Owner	Acreage	Land	Imp	PP	Total	Equalized Value Ratio	Land	Imp	PP	Total	Blighted	Rehab/Conservation	
200880000	105 Washington Avenue	Discovery Properties LLC	0.2393	42,000	398,000	0	440,000	100.13%	41,945	397,483	0	439,429		0.2393	Existing Bldg. to be Converted to 20 Residential Units
200620000	0 State Street	City of Oshkosh	0.7206	0	0	0	0	100.13%	0	0	0	0		0.7206	Existing Public Parking to be Converted to Partial Private Use
200640000	300 State Street	Kieckhafer Rev Trust H A/P D	0.0918	16,100	105,900	0	122,000	100.13%	16,079	105,763	0	121,842		0.0918	Potential Future Rehabilitation Project
			<b>Total Acreage</b>	58,100	503,900	0	562,000		58,025	503,246	0		0	1.0517	
												0.00%	100.00%		
												<b>Estimated Base Value</b>		<b>561,270</b>	

NOTES:

<sup>1</sup>Assessed valuations listed are preliminary January 1, 2016.

<sup>2</sup>Ratio shown is for January 1, 2015. Ratio for 2016 not yet available.

## SECTION 6: Equalized Value Test

The following calculations demonstrate that the City expects to be in compliance with Wisconsin Statutes Section.66.1105(4)(gm)4.c. which requires that the equalized value of the taxable property in the proposed District, plus the value increment of all existing tax incremental districts, does not exceed 12% of the total equalized value of taxable property within the City. The equalized value of the increment of existing tax incremental districts within the City, plus the base value of the proposed District, totals \$246,105,970. This value is less than the maximum of \$449,237,400 in equalized value that is permitted for the City of Oshkosh. The City therefore anticipates that it will be in compliance with the statutory equalized valuation test and may proceed with creation of this District.

City of Oshkosh, Wisconsin			
Tax Increment District # 30			
Valuation Test Compliance Calculation			
District Creation Date	9/1/2016		
	Valuation Data	Percent	Valuation Data
	Currently Available	Change	Est. Creation Date
	2015		
Total EV (TID In)	3,743,645,000		3,743,645,000
12% Test	449,237,400		449,237,400
Increment of Existing TIDs			
TID #7	140,981,300		140,981,300
TID #10	568,200		568,200
TID #11	266,200		266,200
TID #12	3,972,600		3,972,600
TID #13	10,624,400		10,624,400
TID #14	18,070,500		18,070,500
TID #15	7,736,900		7,736,900
TID #16	5,095,700		5,095,700
TID #17	11,724,400		11,724,400
TID #18	13,335,400		13,335,400
TID #19	9,302,100		9,302,100
TID #20	0		0
TID #21	5,700,300		5,700,300
TID #23	0		0
TID #24	8,327,900		8,327,900
TID #25	9,838,800		9,838,800
TID #26	0		0
TID #27	0		0
Total Existing Increment	245,544,700		245,544,700
Projected Base of New or Amended District	561,270		561,270
Total Value Subject to 12% Test	246,105,970		246,105,970
Compliance	<b>PASS</b>		<b>PASS</b>

## SECTION 7:

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

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Project Costs are any expenditure made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the City as outlined in this Plan.

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

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

## Property, Right-of-Way and Easement Acquisition

### Property Acquisition

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

### Acquisition of Rights-of-Way

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

### Acquisition of Easements

The City may need to acquire temporary or permanent easements to allow for installation and maintenance of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire easement rights are eligible Project Costs.

### Relocation Costs

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

## Site Preparation Activities

### Environmental Audits and Remediation

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

### Demolition

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

### Site Grading

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

## RDA Type Activities

### Contribution to Redevelopment Authority

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

### Revolving Loan/Grant Program

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

## Miscellaneous

### Cash Grants (Development Incentives)

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

### Professional Service and Organizational Costs

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

### Administrative Costs

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

### Financing Costs

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

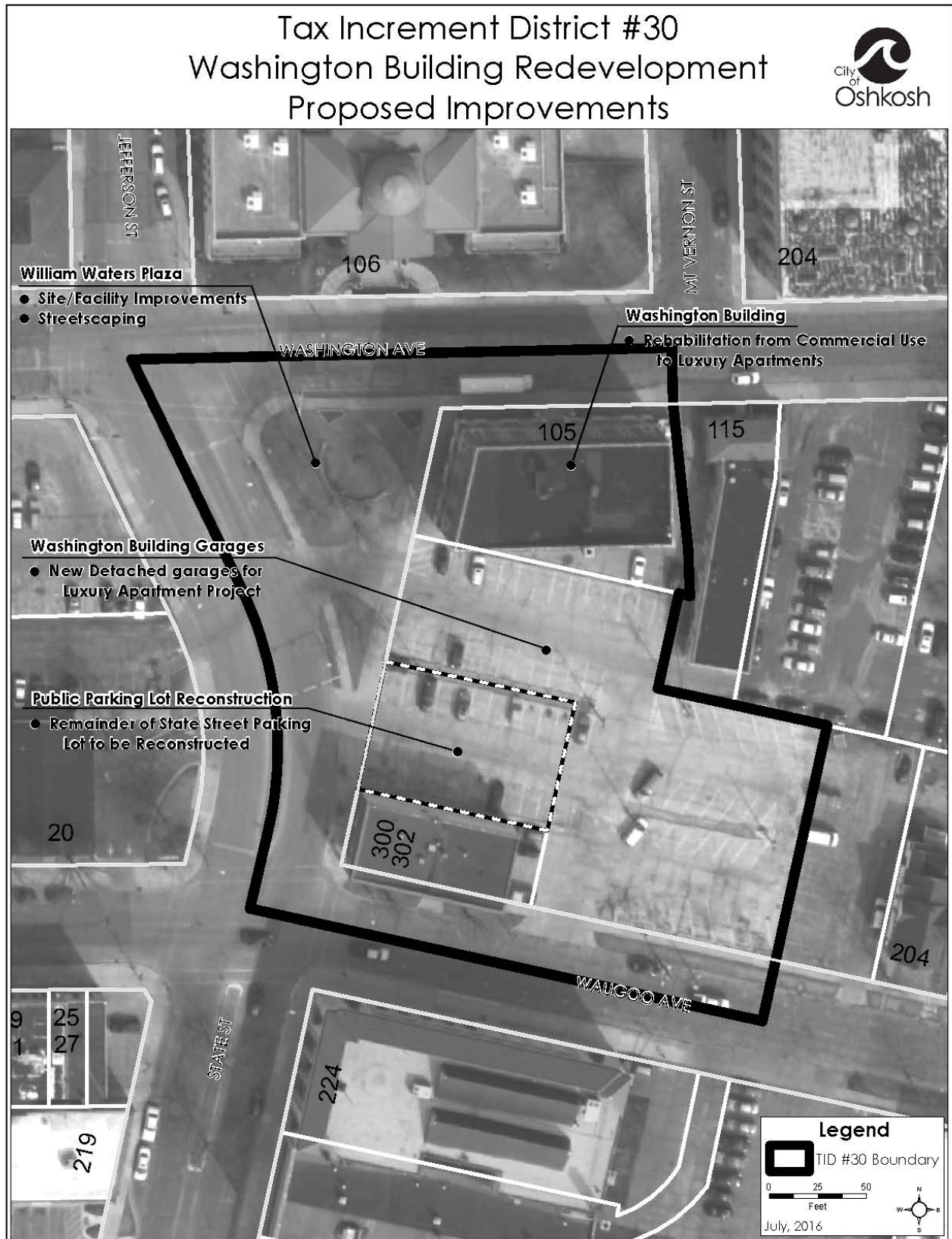
With all Projects the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, apparatus necessary for public works, legal and other consultant fees, testing, environmental studies, permits, updating City ordinances and plans, judgments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

In the event any of the Project Cost expenditures included in this Plan are determined not to be reimbursable out of the TIF fund by counsel retained by the City for purposes of making such determination, or a court of record so rules in a final order, then such Project Cost is deleted from this Plan and the remainder of the Projects shall be deemed the entirety of the Projects for purposes of this Plan.

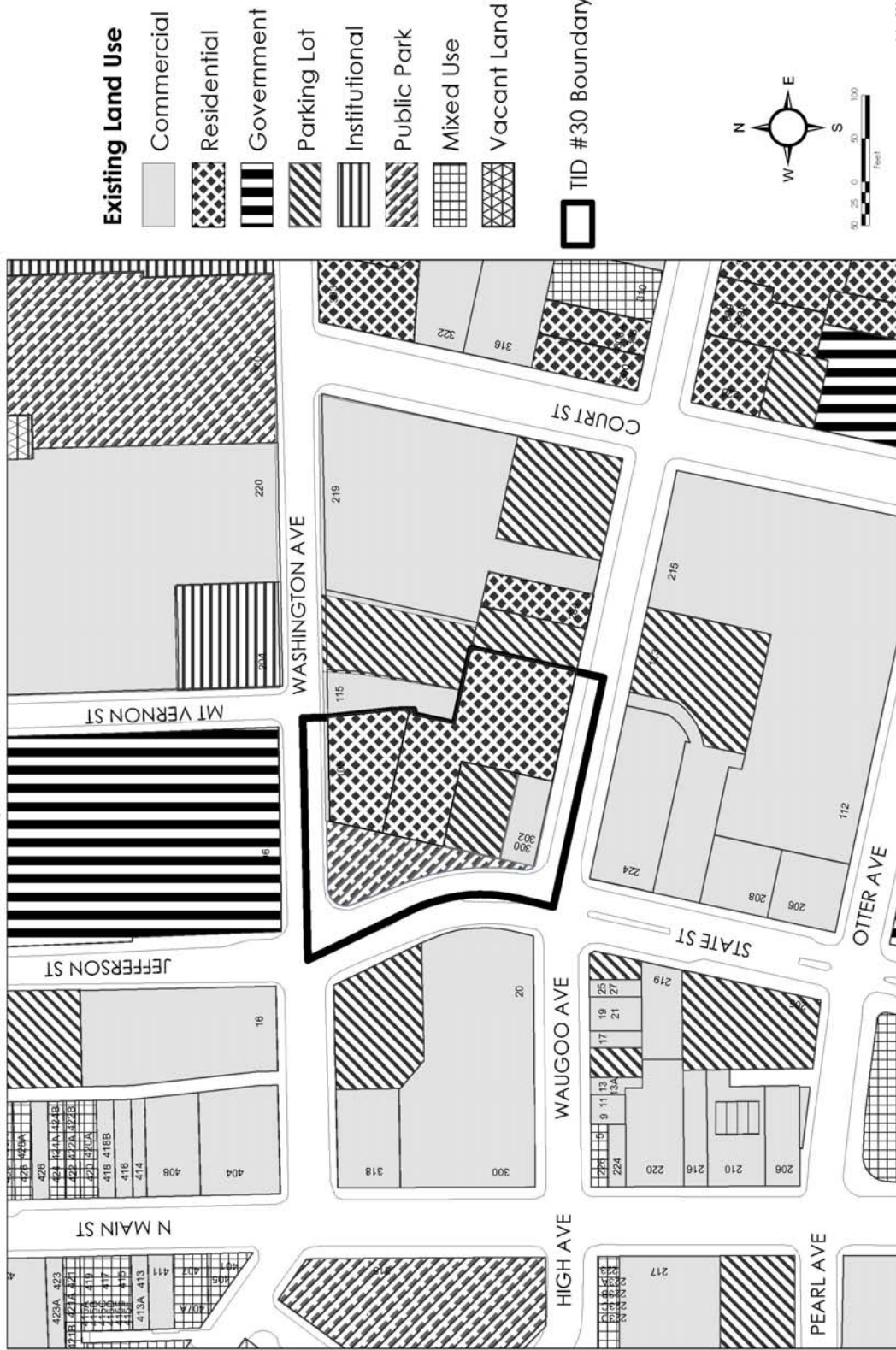
**The City reserves the right to implement only those projects that remain viable as the Plan period proceeds.**



# SECTION 8: Maps Showing Proposed Improvements and Uses



# Tax Increment District #30 Washington Building Redevelopment Proposed Land Use



## SECTION 9: Detailed List of Project Costs

All costs are based on 2016 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2016 and the time the expenditure is made. The City also reserves the right to increase certain Project Costs to the extent others are reduced or not implemented without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

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

### Proposed TIF Project Cost Estimates

City of Oshkosh, Wisconsin				
Tax Increment District # 30				
Estimated Project List				
Project ID	Project Name/Type	Total	Projected Year	
1	Parking Lot Reconstruction <sup>1</sup>	88,000	2016	
2	Development Incentive <sup>2</sup>	530,739	2018 - 2042	
3	Administrative Expense <sup>3</sup>	36,000	2016 - 2042	
4	Interest on Advances <sup>3</sup>	24,162	2018 - 2037	
Total Projects		<u>678,901</u>		
<b>Notes:</b>				
<sup>1</sup> Reflects City contribution requested by developer and listed within the "Tax Incremental Financing Policy and Application" dated April 30, 2016.				
<sup>2</sup> Projected incentive amount based on 25 years of tax increment after recovering all other City costs.				
<sup>3</sup> Calculated by Ehlers.				

## SECTION 10: Economic Feasibility Study, Financing Methods, and the Time When Costs or Monetary Obligations Related are to be Incurred

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

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

### Available Financing Methods

To the extent Project Costs cannot be paid from cash on hand, the following is a list of the types of debt obligations that the City could utilize to raise the capital needed to finance Project Costs or to pay commitments to developers.

#### General Obligation (G.O.) Bonds or Notes

The City may issue G.O. Bonds or Notes to finance the cost of projects included within this Plan. The Wisconsin State Constitution limits the principal amount of G.O. debt that the City may have outstanding at any point in time to an amount not greater than five percent of its total equalized value. As of December 31, 2015 the City had approximately \$41.8 million in unused G.O. debt capacity available.

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

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

## Tax Increment Revenue Bonds

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

## Utility Revenue Bonds

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

## Special Assessment "B" Bonds

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

## Plan Implementation

The City anticipates making total Project Cost expenditures of approximately \$680,000 to support rehabilitation of 105 Washington Avenue including an estimated \$530,000 for development incentives, \$88,000 for public parking lot reconstruction and the balance for administrative expense and payment of interest on funds expected to be advanced to the District to cover necessary expenditures prior to establishment of the District's increment revenue stream. The City expects to incur the development incentive obligation through a development agreement to be entered into in 2016, with payments to be made on a "pay as you go" basis through the life of the District. The City would also incur the cost for parking lot reconstruction in 2016 and expects to advance funds for this purpose with recovery of the advanced amounts and accrued interest over time. No specific Project Costs are identified for 300 State Street, however, the City would expect to make available appropriate development incentives or other assistance at the time a rehabilitation project is proposed without further amending this Plan. It is important to note that this Plan does not constitute approval of any particular projects. Based on the 27 year maximum life of the District and corresponding 22 year expenditure period, it can be expected that economic conditions will change throughout the District's life and will alter the projections contained in this Plan. Decisions to undertake specific Projects through the life of the District must be made in the context of the current financial position of the TID and forecasts updated to reflect the best information available at that time.

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

## Development Assumptions

City of Oshkosh, Wisconsin						
Tax Increment District # 30						
Development Assumptions						
Construction Year		Actual	20 Unit Apt. Building <sup>1</sup>	Annual Total	Construction Year	
1	2016		856,287	856,287	2016	1
2	2017			0	2017	2
3	2018			0	2018	3
4	2019			0	2019	4
5	2020			0	2020	5
6	2021			0	2021	6
7	2022			0	2022	7
8	2023			0	2023	8
9	2024			0	2024	9
10	2025			0	2025	10
11	2026			0	2026	11
12	2027			0	2027	12
13	2028			0	2028	13
14	2029			0	2029	14
15	2030			0	2030	15
16	2031			0	2031	16
17	2032			0	2032	17
18	2033			0	2033	18
19	2034			0	2034	19
20	2035			0	2035	20
21	2036			0	2036	21
22	2037			0	2037	22
23	2038			0	2038	23
24	2039			0	2039	24
25	2040			0	2040	25
26	2041			0	2041	26
27	2042			0	2042	27
Totals		0	856,287	856,287		

**Notes:**  
<sup>1</sup>Projected valuation as estimated by developer and listed within the "Tax Incremental Financing Policy and Application" dated April 30, 2016. Converted to equalized value by Ehlers.

# Increment Revenue Projections

City of Oshkosh, Wisconsin									
Tax Increment District # 30									
Tax Increment Projection Worksheet									
Type of District	Rehabilitation		Base Value	561,270					
District Creation Date	September 1, 2016		Appreciation Factor	1.00%		* Apply to Base Value			
Valuation Date	Jan 1,	2016	Base Tax Rate	\$25.95					
Max Life (Years)	27		Rate Adjustment Factor						
Expenditure Period/Termination	22	9/1/2038	Discount Rate	2.05%					
Revenue Periods/Final Year	27	2044							
Extension Eligibility/Years	Yes	3							
Recipient District	Yes								

Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate <sup>1</sup>	Tax Increment	NPV Calculation	
1	2016	856,287	2017	5,613	861,900	2018	\$25.95	22,365	21,916
2	2017	0	2018	14,232	876,131	2019	\$25.95	22,735	43,746
3	2018	0	2019	14,374	890,505	2020	\$25.95	23,108	65,489
4	2019	0	2020	14,518	905,023	2021	\$25.95	23,484	87,142
5	2020	0	2021	14,663	919,686	2022	\$25.95	23,865	108,705
6	2021	0	2022	14,810	934,495	2023	\$25.95	24,249	130,174
7	2022	0	2023	14,958	949,453	2024	\$25.95	24,637	151,548
8	2023	0	2024	15,107	964,560	2025	\$25.95	25,029	172,827
9	2024	0	2025	15,258	979,819	2026	\$25.95	25,425	194,008
10	2025	0	2026	15,411	995,230	2027	\$25.95	25,825	215,090
11	2026	0	2027	15,565	1,010,795	2028	\$25.95	26,229	236,071
12	2027	0	2028	15,721	1,026,515	2029	\$25.95	26,637	256,951
13	2028	0	2029	15,878	1,042,393	2030	\$25.95	27,049	277,728
14	2029	0	2030	16,037	1,058,430	2031	\$25.95	27,465	298,401
15	2030	0	2031	16,197	1,074,627	2032	\$25.95	27,885	318,968
16	2031	0	2032	16,359	1,090,986	2033	\$25.95	28,310	339,429
17	2032	0	2033	16,523	1,107,508	2034	\$25.95	28,739	359,783
18	2033	0	2034	16,688	1,124,196	2035	\$25.95	29,172	380,028
19	2034	0	2035	16,855	1,141,051	2036	\$25.95	29,609	400,164
20	2035	0	2036	17,023	1,158,074	2037	\$25.95	30,051	420,190
21	2036	0	2037	17,193	1,175,267	2038	\$25.95	30,497	440,105
22	2037	0	2038	17,365	1,192,633	2039	\$25.95	30,947	459,909
23	2038	0	2039	17,539	1,210,172	2040	\$25.95	31,402	479,600
24	2039	0	2040	17,714	1,227,886	2041	\$25.95	31,862	499,177
25	2040	0	2041	17,892	1,245,778	2042	\$25.95	32,326	518,641
26	2041	0	2042	18,070	1,263,848	2043	\$25.95	32,795	537,991
27	2042	0	2043	18,251	1,282,099	2044	\$25.95	33,269	557,226
<b>Totals</b>		<b>856,287</b>		<b>425,813</b>		<b>Future Value of Increment</b>		<b>744,966</b>	

**Notes:**  
<sup>1</sup>Tax rate is actual rate for 2015/16 taken from the City's Tax Increment Worksheet (DOR Form PC-202).

# Cash Flow

City of Oshkosh, Wisconsin												
Tax Increment District # 30												
Cash Flow Projection												
Year	Projected Revenues			Expenditures				Balances			Year	
	Tax Increments	Advance From Other City Funds	Total Revenues	Municipal Revenue Obligation <sup>1</sup>	Repayment of City Advance <sup>2</sup>	City Contrib. to Parking Lot Renovation	Admin.	Total Expenditures	Annual	Cumulative		Advance Outstanding
2016		98,000	98,000			88,000	10,000	98,000	0	0	98,653	2016
2017		1,000	1,000				1,000	1,000	0	0	101,646	2017
2018	22,365		22,365	15,774	5,591		1,000	22,365	0	0	97,088	2018
2019	22,735		22,735	16,051	5,684		1,000	22,735	0	0	93,346	2019
2020	23,108		23,108	16,331	5,777		1,000	23,108	0	0	89,436	2020
2021	23,484		23,484	16,613	5,871		1,000	23,484	0	0	85,354	2021
2022	23,865		23,865	16,899	5,966		1,000	23,865	0	0	81,095	2022
2023	24,249		24,249	17,187	6,062		1,000	24,249	0	0	76,654	2023
2024	24,637		24,637	17,478	6,159		1,000	24,637	0	0	72,028	2024
2025	25,029		25,029	17,772	6,257		1,000	25,029	0	0	67,211	2025
2026	25,425		25,425	18,069	6,356		1,000	25,425	0	0	62,199	2026
2027	25,825		25,825	18,369	6,456		1,000	25,825	0	0	56,987	2027
2028	26,229		26,229	18,672	6,557		1,000	26,229	0	0	51,570	2028
2029	26,637		26,637	18,978	6,659		1,000	26,637	0	0	45,942	2029
2030	27,049		27,049	19,287	6,762		1,000	27,049	0	0	40,098	2030
2031	27,465		27,465	19,599	6,866		1,000	27,465	0	0	34,034	2031
2032	27,885		27,885	19,914	6,971		1,000	27,885	0	0	27,744	2032
2033	28,310		28,310	20,232	7,077		1,000	28,310	0	0	21,221	2033
2034	28,739		28,739	20,554	7,185		1,000	28,739	0	0	14,461	2034
2035	29,172		29,172	20,879	7,293		1,000	29,172	0	0	7,457	2035
2036	29,609		29,609	21,207	7,402		1,000	29,609	0	0	204	2036
2037	30,051		30,051	28,843	208		1,000	30,051	0	0	0	2037
2038	30,497		30,497	29,497			1,000	30,497	0	0		2038
2039	30,947		30,947	29,947			1,000	30,947	0	0		2039
2040	31,402		31,402	30,402			1,000	31,402	0	0		2040
2041	31,862		31,862	30,862			1,000	31,862	0	0		2041
2042	32,326		32,326	31,326			1,000	32,326	0	0		2042
2043	32,795		32,795					0	32,795	32,795		2043
2044	33,269		33,269					0	33,269	66,064		2044
<b>Total</b>	<b>744,966</b>	<b>99,000</b>	<b>843,966</b>	<b>530,739</b>	<b>123,162</b>	<b>88,000</b>	<b>36,000</b>	<b>777,901</b>				<b>Total</b>

**Notes:**

<sup>1</sup>Equal to 100% of increment generated by rehabilitation project less annual administrative expense and amounts paid to recover prior City advances.

<sup>2</sup>Assumes the City will charge a 2% cost of funds on advanced amounts and will allocate 25% of the annual increment collected to repay the advance.

Projected TID Closure



## **SECTION 11: Annexed Property**

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

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

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Pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1, 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.

## **SECTION 13: Proposed Zoning Ordinance Changes**

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The proposed Plan is in general conformance with the City of Oshkosh's present zoning and no changes are anticipated to the Plan area's C-3 zoning to implement the Plan.

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

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The proposed Plan is in general conformance with the City of Oshkosh's Comprehensive Plan identifying the area as appropriate for mixed downtown development. All development within the District will be required to conform to the State Building Codes and will be subject to the City's permitting and inspection procedures. The proposed Plan conforms to all relevant State and local ordinances, plans, and codes, thus, no changes to the existing regulations are proposed or needed.

## **SECTION 15: Relocation**

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Where the relocation of individuals and business operations would take place as a result of the City's acquisition activities occurring within the District, relocation will be carried out in accordance with the relocation requirements set forth in Chapter 32 of the Wisconsin Statutes and the Federal Uniform Relocation Assistance and Real Property Acquisitions Policy Act of 1970 (P.L. 91-646) as applicable.

## SECTION 16: Orderly Development of the City of Oshkosh

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Creation of the District and the implementation of the projects in its Plan will promote the orderly redevelopment of the City of Oshkosh by preserving, rehabilitating and reusing existing structures. By utilizing the provisions of the Tax Increment Finance Law, the City can stabilize property values and attract new investment that results in increased tax base. Development of new uses in the District will add to the tax base and will generate positive secondary impacts in the community such as additional housing opportunities and increased employment opportunities.

## SECTION 17: List of Estimated Non-Project Costs

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

### Examples would include:

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

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

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

The City does not anticipate making any non-project costs in connection with the implementation of this Plan.



August 11, 2016

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

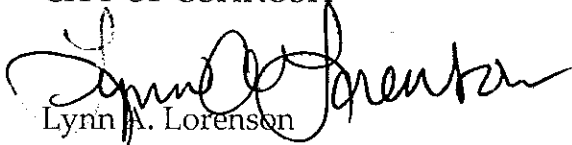
Dear Mr. Burich:

I reviewed the project plan for, City of Oshkosh Tax Increment District # 30 Washington Building pursuant to Section 66.1105(4)(f) of the Wisconsin Statutes. I find that the plan includes a statement listing the kind, number, and location of proposed public improvements. It also includes an economic feasibility study, a detailed list of estimated project costs, and a description of the method of financing all estimated project costs, the time when the costs are to be incurred, and a list of estimated non-project costs. The plan contains maps of existing uses and conditions of real property, as well as, proposed improvements and uses. The plan shows any proposed changes in zoning of the real property in the district, and any proposed changes in the City's master plan, map or other municipal codes required or proposed as part of the district. The plan includes a statement of the proposed method for relocation of any persons to be displaced. 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 Wis. Stat. § 66.1105.

Sincerely,

CITY OF OSHKOSH

  
Lynn A. Lorensen  
City Attorney

LL/ah

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

Estimated portion of taxes that owners of taxable property in each taxing jurisdiction overlaying district would pay by jurisdiction.						
Statement of Taxes Data Year:		2014				
				Percentage		
Winnebago County	19,340,255			19.73%		
City of Oshkosh	40,840,022			41.67%		
Oshkosh Area School District	33,943,225			34.63%		
Fox Valley Technical College	3,890,900			3.97%		
<b>Total</b>	<b>98,014,402</b>					
				Fox Valley		
	Winnebago		Oshkosh Area	Technical		
Revenue Year	County	City of Oshkosh	School District	College	Total	Revenue Year
2018	4,413	9,319	7,745	888	22,365	2018
2019	4,486	9,473	7,873	902	22,735	2019
2020	4,560	9,628	8,002	917	23,108	2020
2021	4,634	9,785	8,133	932	23,484	2021
2022	4,709	9,944	8,265	947	23,865	2022
2023	4,785	10,104	8,398	963	24,249	2023
2024	4,861	10,266	8,532	978	24,637	2024
2025	4,939	10,429	8,668	994	25,029	2025
2026	5,017	10,594	8,805	1,009	25,425	2026
2027	5,096	10,761	8,943	1,025	25,825	2027
2028	5,176	10,929	9,083	1,041	26,229	2028
2029	5,256	11,099	9,225	1,057	26,637	2029
2030	5,337	11,271	9,367	1,074	27,049	2030
2031	5,419	11,444	9,511	1,090	27,465	2031
2032	5,502	11,619	9,657	1,107	27,885	2032
2033	5,586	11,796	9,804	1,124	28,310	2033
2034	5,671	11,975	9,952	1,141	28,739	2034
2035	5,756	12,155	10,102	1,158	29,172	2035
2036	5,842	12,337	10,254	1,175	29,609	2036
2037	5,930	12,521	10,407	1,193	30,051	2037
2038	6,018	12,707	10,561	1,211	30,497	2038
2039	6,107	12,895	10,717	1,229	30,947	2039
2040	6,196	13,085	10,875	1,247	31,402	2040
2041	6,287	13,276	11,034	1,265	31,862	2041
2042	6,379	13,470	11,195	1,283	32,326	2042
2043	6,471	13,665	11,357	1,302	32,795	2043
2044	6,565	13,862	11,521	1,321	33,269	2044
	<u>146,997</u>	<u>310,408</u>	<u>257,988</u>	<u>29,573</u>	<u>744,966</u>	
Notes:						
The projection shown above is provided to meet the requirements of Wisconsin Statute 66.1105(4)(i)4.						

Appendix A  
Tax Increment Financing Application

# 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: Discovery Properties, LLC

Mailing Address: 230 Ohio St #200, Oshkosh WI 54902

Primary Contact #: 920 230 3802 Cell #: 920 379 9989

E-mail: mgoudreau@discovery-properties.com FAX #: 920 426 4606

Attorney: Jason Hirschberg

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>Mike Goudreau</u>	<u>230 Ohio St #200, Oshkosh WI 54902</u>	<u>co-owner</u>	<u>50%</u>
<u>Randy Schmiedel</u>	<u>230 Ohio St #200, Oshkosh WI 54902</u>	<u>co-owner</u>	<u>50%</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: \_\_\_\_\_



Date: 6/1/2016

**RE: Summary Letter 105 Washington Ave. TIF Application**

C/O: Mark Rohloff

City Manager – Oshkosh, WI

215 Church Avenue

Oshkosh, WI 54903

Dear Mr. Mark Rohloff:

We humbly submit for your review a project that we believe will significantly contribute to the downtown revitalization efforts and hope that the community might view this project favorably enough to utilize Tax Incremental Financing to help bring this project to fruition. We are proposing to renovate the semi-abandoned Washington Building, located at 105 Washington Avenue, into 20 new high-end apartments. In addition, we propose to acquire a portion of the city-owned parking lot adjacent to our building so that we can provide 20 garage units as well as recondition and landscape the entire parking lot, including a large portion that the city would retain for public use. This historic renovation and updating of public space will serve to remove blight and repurpose a building that has significantly fallen out of use due to substantial deferred maintenance and hope that you will support our efforts.

**Name of Developer & Owner:** Discovery Properties, LLC ( Mike Goudreau and Randy Schmiedel Co-Developers / Co-Owners)

**Description of Site/Building:** The Fraternal Reserve Association Building consists of 29,100 Sq. Ft. of vacant office space and sits on a parcel of roughly 10,424 Sq. Ft. located at 105 Washington Avenue. The adjacent parking lot to the south is roughly 31,400 Sq. Ft.

**Current & Proposed Uses:** The most recent use was as office space however has sat vacant the past several years. We are proposing to turn it into market-rate apartment units.

**Description of End Users:** With our planned high-end finishes and price-points, we are anticipating possibly young professional or more mature tenants or empty-nesters that might be looking to downsize from home ownership and take advantage of all the amenities vibrant downtown living has to offer.

**Project Start & End Dates:** Deconstruction and some construction efforts have already begun. We are anticipating a late fall early winter 2016 completion date.

**Description of Public Benefit (Job Creation):** The 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.

**Overview of Private Sector Funding and Total Development Costs:** Choice Bank will be our private financing partner for the project providing a \$2,025,000 loan. An as of yet to be determined private equity partner will provide an estimated \$723,000 and receive the benefit of the historic tax credits. Finally, Discovery Properties will make a capital investment in the amount of \$1 million to cover the roughly \$3.8 million total project development costs.

**Summary of Increment Projections and TIF Assistance Requested:** Over the next 26 years, we estimate \$628,144 of additional tax increment to be generated by this project. We are requesting the full 75% of the increment, or \$471,858, as a PayGo note to be paid over the course of the 25-year payback period.

**The 'But For' Provision:** The Washington building is listed on the National Park Service's Register of Historical Places. As a historical preservation project, significant additional expenses have been identified to accommodate unique requirements to maintain as much of the historical fabric as possible. While we will be obtaining tax credits that will help in offsetting these costs, without TIF assistance we estimate that this project would yield a -13.68% 10-year internal rate of return. Even with the TIF assistance requested, the 10-year internal rate of return is only -4.22%. We initially undertook this project believing the historic tax credits would be enough to help overcome the increased cost of renovating an old building. However, after deconstruction, we have now found that this is no-

where near the case in this project. While we both are thankful that this community has aided our efforts to grow a thriving business enterprise, and while we both believe in the central city revitalization efforts this project exemplifies and in maintaining historical buildings, we have come to realize that we will be taking a loss on this project even with TIF assistance. However, we seriously question whether we can continue to move forward without TIF now that we fully understand the total development costs.

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

Best regards,

A handwritten signature in cursive script, appearing to read "Mike Goudreau", written in black ink.

Mike Goudreau



# Tax Incremental Financing Policy and Application

## Project/Property Summary:

Overall Project Summary and Objectives: Renovation of the Fraternal Reserve Association Building located at 105 Washington Ave from a roughly 29,100 sq ft vacant commercial office space to 20 high end residential apartment units. In addition we will acquire a portion of the city owned lot on which 20 new garage units will be constructed. The lot will be repaved and substantial landscaping will be installed. The city will retain approximately 28% of the refurbished lot for public use.

Current and Proposed Uses: The building most recently was used as office space however sat vacant for the past several years falling into foreclosure. The building will be renovated into 20 high-end apartment units. The city-owned lot has been used for public parking. Roughly 72% of the lot will turn private and house garages while the remaining portion will stay public parking.

Description of End Users: The high-end finishes proposed along with unique views and close proximity to a host of downtown amenities are likely to draw young professionals or possibly near to retirement individuals looking to potentially downsize or get out of the responsibility of home ownership.

### Property Summary:

Parcel/Land Area: 41,814 SF  
Building Area: 29,100 SF  
# of Dwelling Units: 20  
# of Stories: 5  
# of Parking Spaces: 31 & 20 Garages

Describe any zoning changes that will be needed:

Proposed use is consistent with present C-3 zoning

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>May 15</u>
Bidding and Contracting:	<u>May 30</u>
Firm Financing Approval:	<u>June 10</u>
Construction/Rehabilitation:	<u>Aug</u>
Landscaping/Site Work:	<u>July - Aug</u>
Occupancy/Lease Up:	<u>Sept</u>

## Development Team

Developer: Mike Goudreau and Randy Schmiedel

Architect: Excel

Surveyor: Martenson & Eisle

Contractor: RH Design

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

Describe Team expertise and experience in developin imilar projects:

Discovery Properties owns over 90 rental properties in Ushkosh. Mr Goudreau and Mr. Schmiedel recently were involved with the Riverfront senior apartments along with numerous other developments in Oshkosh.

Other current Team projects in development:

Currently considering other development oportunities

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:

This development is likely to create an additional 0.5 FTE for management of the property and another 0.5 FTE for the maintenance and general upkeep.

## 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: _____	\$214,399	\$7.37 / SF
Demolition: _____	\$108,200	\$3.72 / SF
Environmental Remediation: _____	\$31,000	\$1.07 / SF
Site Clearance and Preparation: _____	\$30,000	\$1.03 / SF
Soft Costs/ Fees: _____	\$591,557	\$20.33 / SF
Soft Cost Contingency: _____	\$40,000	\$1.37 / SF
Hard Construction Costs: _____	\$2,873,935	\$98.76 / SF
Total Project Costs: _____	\$3,889,091	\$133.65 / SF

### Sources of Funds

% of total project costs

#### Equity

Developer Equity: _____	\$ 1,033,788	26.6	%
Other Equity:( HTC Equity investor ) _____	\$ 742,845	19.1	%
Total Equity: _____	\$ _____	_____	%

#### Loans

		Rate	Term	
Construction Financing: _____	\$ _____	_____ %	_____ mos.	
Permanent Financing: _____	\$ 2,025,000	4.5 %	25 yrs.	52.1 %

#### TIF Assistance

TIF Assistance _____	\$ 471,858 (paygo)	(12.1)	%
Other: ( City Lot Reconciliation ) _____	\$ 87,458	2.2	%

<b>Total Sources of Funds</b> _____	\$ 3,889,091	100%
-------------------------------------	--------------	------

### Financing

Source	Amount	Terms: Years/Interest	Contact Information
Equity: _____	Discovery Properties	Cash	mgoudreau@discovery-properties.com
Loans	1: Choice Bank	25 years @ 4.5%	920-267-8050
	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)

<b>Land Acquisition</b>	\$ 214,399
<b>Demolition</b>	\$ 108,200
<b>Site Clearance and Preparation</b>	
Infrastructure	\$ _____
Utilities/removal	\$ _____
Utilities/relocation	\$ 30,000
Utilities/installation	\$ _____
Hazardous Materials Removal	\$ 31,000
Other(_____)	\$ _____
<b>Total Site Clearance and Preparation</b>	<b>\$383,599</b>
<b>Soft Costs/Fees</b>	
Project Management (_____%)	\$ _____
General Contractor (_____%)	\$ _____
Architect/Engineer (_____%)	\$ 106,700
Developer Fee (_____%)	\$ 312,004
Appraisal	\$ 4,800
Soil Testing	\$ _____
Market Study	\$ 4,000
Legal/Accounting	\$ 15,000
Insurance	\$ 2,500
Title/Recording/Transfer	\$ 5,000
Building Permit	\$ 16,821
Mortgage Fees	\$ 2000
Construction Interest	\$ 56,000
Commissions	\$ _____
Marketing	\$ 5,000
Real Estate Taxes	\$ 10,733
Other Taxes	\$ _____
Other (Historic Tax Credit Consultants)	\$ 51,000
Other (_____)	\$ _____
<b>Sub-total Soft Costs/Fees</b>	<b>\$ 591,557</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.)	\$ _____	\$ _____	\$ _____
Commercial Rent		\$ _____	\$ _____	\$ _____
Commercial Expense Recoveries		\$ _____	\$ _____	\$ _____
Residential Rent		\$ 211,008	\$ 214,608	\$ 247,008
Other Revenue (Garage rent _____)		\$ 27,600	\$ 28,069	\$ 32,668
<b>Gross Potential Income</b>		<b>\$ 238,608</b>	<b>\$ 232,727</b>	<b>\$ 268,209</b>
Commercial Vacancy	_____ %	\$ _____	\$ _____	\$ _____
Residential Vacancy	5 yr 1 then 4.1 %	\$ 11,930	\$ 9,950	\$ 11,467
<b>Effective Gross Income (EGI)</b>		<b>\$ 226,678</b>	<b>\$ 232,727</b>	<b>\$ 268,209</b>
<b>Expenses</b>				
Maintenance & Repairs		\$ 17,490	\$ 17,665	\$ 19,320
Real Estate Taxes		\$ 10,733	\$ 31,832	\$ 34,814
Insurance		\$ 12,000	\$ 12,120	\$ 13,255
Management Fee		\$ 14,520	\$ 14,665	\$ 16,039
Professional Fees		\$ 3,700	\$ 3,737	\$ 4,087
Other Expense (utilities & trash _____)		\$ 29,040	\$ 29,330	\$ 32,078
Other Expense (advertising _____)		\$ 7,210	\$ 7,282	\$ 7,964
<b>Total Expenses</b>		<b>\$ 94,693</b>	<b>\$ 116,631</b>	<b>\$ 127,558</b>
<b>Net Operating Income (NOI)</b>		<b>\$ 131,985</b>	<b>\$ 116,096</b>	<b>\$ 140,651</b>
Capital Expenses (reserves, tenant improvements, commissions)		\$ 3,000	\$ 3,030	\$ 3,314
Debt Service		\$ 135,067	\$ 135,067	\$ 135,067
<b>Net Cash Flow (before depreciation)</b>		<b>\$ (6,083)</b>	<b>\$ (22,001)</b>	<b>\$ 2,270</b>
<b>Reversion in Year 10</b>				
Year 11 NOI before Debt & Capital Expenses		\$ 140,651		
Capitalization Rate		8 %		
Gross Reversion		\$ 1,758,138		

# 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 Michael Cardman Date 4-30-16

## Appendix B

# Market Study and Investment Analysis Report (Investa-Analytics)



Page

**105 WASHINGTON AVE  
MARKET STUDY and  
INVESTMENT ANALYSIS REPORT**

**APRIL 29, 2016**

**Prepared Exclusively For:**

**Mr. Michael Goudreau and Mr. Randy Schmiedel  
Discovery Properties, LLC**

**Prepared By:**

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

member of



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## INTRODUCTION / OBJECTIVE

Invista Analytics, LLC (IA) has been engaged to provide a market study of the present rental availability in the downtown Oshkosh neighborhood that might likely serve a demographic that would desire higher-end finishes and amenities summarizing both rental rates and occupancies. This information was then utilized to create an operational proforma and investment analysis for the operation of a residential re-use of the Fraternal Reserve Association Building located at 105 Washington Avenue in Oshkosh, Wisconsin. This roughly 29,100 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.

As part of this project, the developers seek to acquire a portion of the adjacent 0.72 acre parking lot located to the south of the Washington building which is presently owned by the City of Oshkosh. The developers intend to refurbish this parking lot and add 20 garage units to service the tenants of the newly renovated apartment building.

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 in order to estimate the potential increment generated. Two different proformas, with and without TIF, were created 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 Washington Building at 105 Washington Ave in Oshkosh, Wisconsin. Specifically this building will be renovated into four residential units on each of the five floors.

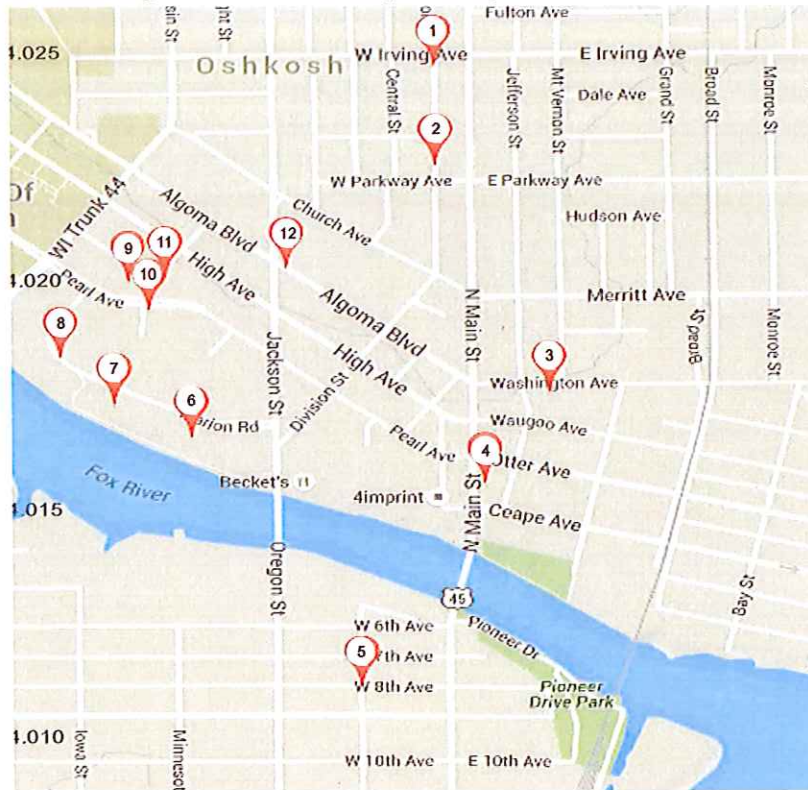
To evaluate the rental potential of the residential units, IA acquired the *Apartment Data - 4 or more Units* excel database<sup>1</sup> from the city of Oshkosh Assessor's *File Downloads* web page. This data set was then limited to those properties that fell within a 1 mile driving distance of 105 Washington Ave and that had been constructed since the year 2000. After careful inspection it was noted that both the 100 N Main Apartments, the Anthem Apartments, and the soon to be in-service Beach Building were not included in this file and thus 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.

Careful inspection noted that properties 1 and 5 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. Property 2 is a low-income housing apartment complex and thus serves potential tenants not similar to the target of the subject property. Similarly subject property 6 is a senior living apartment structure which also would not likely serve the demographic targeted by this development.

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 April 10, 2016

**Figure 1: Potential Comparable Apartment Locations**



For each of the remaining comparable subject properties an on-line 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 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. In this case we used the middle of the ranges as the 'typical' rental rate. The data generated from this exercise is displayed in the table on the following 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 with the exception of parking. While several of the units offer underground parking, the rents used in the analysis were the base rate which includes surface lot parking. Thus the model sought to estimate the expected rent at the subject property without the garages that will be available.

Given the Beach building has yet to be placed in service, a weighting was applied to each property to carry out the estimation. The Beach building units received a weight of 0.25, while all the other properties received at weight of 1.0. 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 one, two and three bedroom units to be rented. The model resulted in estimates of \$722, \$903, and \$1,027 per month respectively for the one, two and three bedroom units.

These estimates 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 with outside lot parking. The developers intend to secure the adjoining parking lot to the subject site from the City of Oshkosh and build 20 garage units, 10 each of single and two car garages to service the subject property tenants. A number of the comparable properties offered underground parking for additional fees. The rates are given in the data table on the following page. It was noted that these parking options are leased per stall.

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

Comparable Apartment Data																
	Concord Place 151 Dawes		100 N Main		Morgan Crossing 495 Pearl		Anthem 431 Marion		Fox Point Apts 210 Dawes		Radford Place 500 Marion		Beach Bldg 240 Algoma		Washington Bldg 105 Washington	
Map Ind	9	4	10	6	11	8	12	3								
Ave Sq Ft	695	799	715	965	682	900	403	775								
Bed	2	2	2	3	1	2	0	1								
Bath	2	2	2	2	1	1	1	2								
Parking	UnderG	UnderG	UnderG	UnderG	lot	lot	lot	garage								
\$ / Pk Stall	50	75	25	50	NA	NA	NA	garage								
Laundry	on site	in unit	in unit	in unit	on site	in unit	on site	in unit								
Heat/Gas	no	yes	no	no	yes	yes	yes	no								
Water	yes	yes	yes	yes	yes	yes	yes	no								
Electric	no	no	no	no	no	yes	no	yes								
4+ Story	no	yes	no	yes	no	no	no	no								
Fitness	no	yes	yes	yes	no	no	no	yes								
Cable	yes	yes	yes	no	no	no	no	no								
Internet	yes	no	yes	yes	no	no	yes	yes								
Rent	650	799	689	900	650	850	550	700								
Source	http://alexandorbishop.com/residential/pdf/concordplacebrochure.pdf	http://www.100northmain.com/amenities.php	http://www.apartments-morgan-crossing.com/morgan-crossing-apartments-oshkosh-wi/skxk275/	http://accmanagementgroup.com/rental/overview.php?propertyID=142	http://www.foxpointapt.com/	http://www.apartments.com/radford-village-oshkosh-wi/rchcmtd/	prior analysis	developer								

Map Ind = Map Number indicator on Figure 1. Ave Sq Ft is taken to be the average square footage for the type of unit for a given complex. 4+ Story is an indicator whether the complex has 4 or more stories which would potentially create some desirable views in the higher stories. Fitness is an indicator for whether the complex offers fitness facilities that are included in the rent. Rents are taken to be the average rent for the apartment type.

While this provides security and protection for a tenant's vehicle, it does not provide the potential additional storage that a garage would provide. On the other hand, the detached garage may not provide the same convenience that underground parking provides. After reviewing comparable storage unit facilities in the Oshkosh market, it is recommended that the single car garages be rented at \$80 per month and the two car garages be rented at \$150 per month.

These rents, for both the residential units and the adjacent garages will be utilized in all subsequent analyses.

## PROJECT 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*

The present assessed value of the building at 105 Washington is \$440,000. While the developers purchased the subject property for \$212,000 in May of 2014, this was a foreclosure purchase and therefore not an 'arms-length' sale. Thus we cannot find any substantive reason to use something other than the present assessment of \$440,000.

### *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.

In this case we factor the taxes out by removing the taxes from the expenses and arrive at an Adjusted NOI via the formula

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

Then the adjusted NOI is divided by a loaded cap rate. Following the assessor's lead from prior analyses, 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 12.

Modified Income Approach Calculation for Assessment Valuation						
	Year 1		Year 2		Year 11	
	Amount	Percent	Amount	Percent	Amount	Percent
EGI	226,678		232,727		268,209	
Expense	94,693	41.77%	116,631	50.11%	127,558	47.56%
Taxes	10,733		31,832		34,814	
Adjusted NOI	142,718	62.96%	147,928	63.56%	175,465	65.42%
Loaded CAP RATE	11.00%		11.00%		11.00%	
Valuation	1,297,400		1,344,800		1,595,100	
Valuation from Taxes	437,457		1,297,400		1,418,947	

The year 1 figures would suggest a valuation of \$1,297,400 upon completion of the project. Subsequent analyses in this report use this figure.



## LOT CONSTRUCTION ANALYSIS

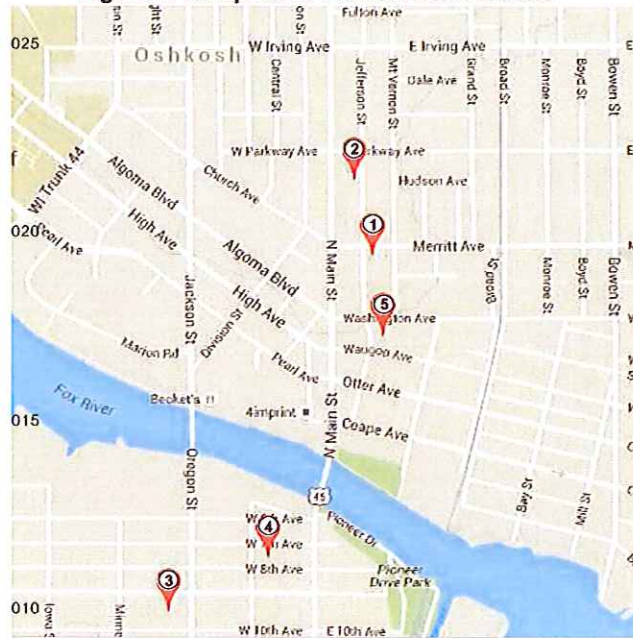
As previously indicated, the developers are seeking to acquire a portion of the city owned lot, located just south of the Washington building on parcel 0200620000, in order to provide additional surface lot parking along with detached garage units to service tenants of the subject property. The city will also retain a portion of the lot for public use. However, from an efficiency standpoint, it would seem to make sense that if substantial work is to be done on this lot, that both portions, i.e. that to be acquired by the developers, and the portion to be retained by the city, be updated at the same time. In what follows we attempt to provide a reasonable attempt at accounting for the costs and benefits to both the developers and the city.

To find a valuation of the potential acquisition of a portion of the lot by the developers we first found some comparable privately-owned properties with asphalt paving parking lots located on them. The table below provides details on the comparable lots found on the City Assessor's website including square footage and total assessments. Figure 2 below provides a map of the comparable lots along with the subject property.

Comparable Parking Lots					
Owner	Map Ind	parcel	Sq Ft	Asmt	Asmt/SF
Fox River Development	1	0400610000	15,600	39,000	2.500
J West Rentals	2	0401630000	7,440	18,600	2.500
Burns Oregon St LLC	3	0900700000	16,200	41,700	2.574
M & D Enterprises	4	0300890000	13,500	40,000	2.963
<b>Total</b>			<b>52,740</b>	<b>139,300</b>	<b>2.641</b>
Subject Property					
City of Oshkosh	5	0200620000	31,390	$31,390 \times 2.641 =$	<b>\$82,901</b>

From these comparables we find an average assessment of \$2.64 per square foot. Applying this to the subject property with a total of 31,390 square feet results in a total valuation of \$82,901 for the entire lot.

Figure 2: Comparable Private Lot Locations



Next we downloaded the GIS image of the lot off of the Assessor's website and loaded the image into CAD. Using the dimensions provided on the image, we calibrated the scale. Inset rectangles were overlaid to calculate the overall area (See Figure 3a on the following page). The total estimated area via this method was 32,160.45 Sq Ft, which was within 2.5% of what was listed on the assessor's data. Moreover, the intent of the use of the image was to find relative areas, thus even though this method found a slightly greater area, so long as the same method is used throughout, the relative areas might all be equally inflated and thus factor out, making the potential discrepancy irrelevant for this purpose.

The developers are proposing that the city retain the south east section (red area in Figure 3b) of the lot adjacent to the building located on 300 State Street. Direct access would be provided off of State street along with a shared access from the south off of Waugoo Avenue (green area Figure 3b). The developers propose splitting this shared access evenly with the City. In this case the city would end up retaining 8,944.4 square feet of the parking lot or approximately 27.8% while the developers would acquire the remaining 72.2% of the lot. Using these percentages the value of the portion of the lot that the developers would obtain would then be \$59,845.

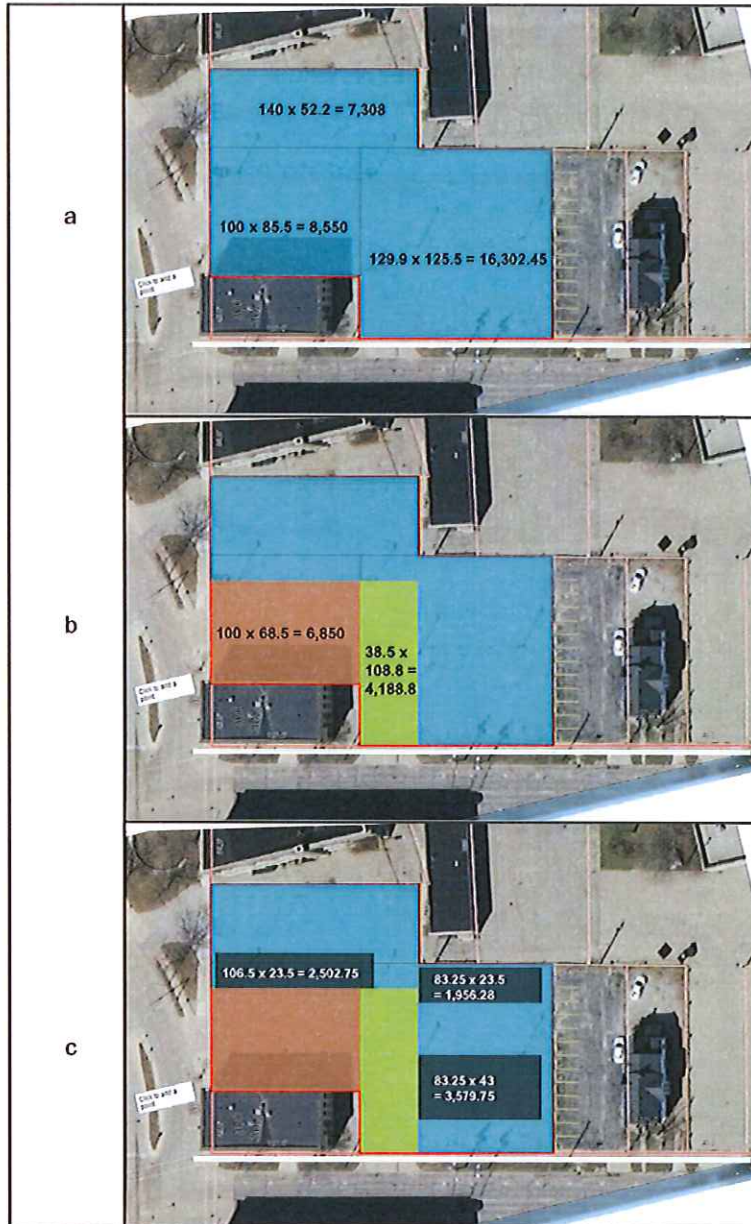
Lot Valuation and Paving Costs				
	Total Lot	City	Shared	Garages
Area (Sq Ft)	32,160.45	6,850.00	4,188.80	8,038.88
Region	Blue - Fig 3a	Red - Fig 3b	Green - Fig 3b	Grey - Fig 3c
Notes			50/50 split	
	Entire Lot		Lot - Garages	
	City	Discovery	City	Discovery
Area Retained	8,944.40	23,216.05	8,944.40	15,177.17
Proportion Area Retained	27.81%	72.19%	37.08%	62.92%
Value Retained/Acquired	23,056	59,845	147,276	249,903
Discovery Net Loss	147,276 - 59,845 = \$87,431			

The developers are proposing to repave the entire lot and provide landscaping such that the lot is up to modern engineering standards, including both the area to be retained by the city and the area to be acquired by the developers. IA reviewed the developers costs associated with the project and identified only those cost attributable to the repaving and landscaping. Without the developers fees, this totaled roughly \$397,000. To calculate the amount of that attributable to the portion the city will retain, we estimated the total area minus the area of the garages to be built (grey in Figure 3c). Removing this, the city's portion would be 37.1% of the total area to be completed. Thus the value of the work to be completed on the portion of the lot the city will retain under this plan is \$147,276.

Under this scenario, while the developers stand to gain from the acquisition of a portion of the land, the costs associated with the completion of the city's portion of the lot results in a net loss of \$87,431.

The developers are requesting that the City of Oshkosh contribute this amount for the completion of this work. The subsequent analyses assume this will be the case.

**Figure 3: Lot Area Calculations**



**OVERALL INVESTMENT ANALYSIS**

***Potential Income***

We first document the expected maximum revenue assuming the building and the garages are at full occupancy. The table on the following page utilizes the predicted rents for the apartment units and garages along with the number of each. In total the developers could anticipate a maximum annual income of \$238,608 assuming these rents and full occupancy.

Maximum Rental Income Potential			
Unit Type	No Units	Ave Rent/Mo	Subtotal
1 Bed/1 Bath	4	722	2,888
2 Bed/1 Bath	14	903	12,642
3 Bed/1 Bath	2	1,027	2,054
<b>Subtotal</b>			<b>17,584</b>
Garage Units	No Units	Ave Rent/Mo	Subtotal
1 Car	10	80	800
2 Car	10	150	1,500
<b>Subtotal</b>			<b>2,300</b>
<b>Monthly Total</b>			<b>\$19,884</b>
<b>Annual Total</b>			<b>\$238,608</b>
<b>Residential Annual</b>			<b>\$211,008</b>
<b>Garage Annual</b>			<b>\$27,600</b>

Data published by the CoStar Group on multi-family vacancy rates over the past five years in Oshkosh shows a general downward trend with rates in 2010 as high as 5.17% in the fourth quarter, while the fourth quarter of 2015 was 3.08%. The five year average was 4.1% during this period.

#### ***Budget and Funding***

Next we look at the detailed budget and sources of income. The table on the next page lists all expected expenses separated out for the building and the parking lot/garage component of the project. 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. Note the historic tax credits are only applicable to the building costs while the TIF can apply to both components of the project. We employed the Wisconsin Housing and Economic Development Authority's criterion for allowable expenses for the TIF basis estimation.

Total expenses for the project reach a little under \$3.9 million. Of those, approximately \$2.44 million are allowable expenses for historic tax credits and \$3.29 million are allowable TIF expenses.

On the funding side, the developers have secured a funding commitment from Choice Bank in the amount of \$2.025 million. In addition, the developers plan to sell the tax credits to raise initial capital to fund this project.

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 \$742,845. With the city contributing towards the lot build-out, the developers will then bring \$1,033,788 in cash to complete the project.

Detailed Project Budget						
Amount						
	Building	Parking Lot	Combined	TIF	HTC	Notes
<b>Acquisition &amp; Site Prep</b>						
Land Acquisition	214,399					
Demolition	108,200			1	1	
Utilities/relocation	30,000			1	1	
Hazardous Materials Removal	31,000			1	1	
<b>Subtotal</b>	<b>\$383,599</b>	<b>\$0</b>	<b>\$383,599</b>			
<b>Soft Costs/Fees</b>						
General Contractor				1	1	GC built into Hard Costs
Architect/Engineer	76,900	29,800	106,700	1	1	
Developer Fee (10%)	240,682	71,321	312,004	1	1	WHEDA allows 12 - 15%
Appraisal	4,800		4,800			
Market Study	4,000		4,000			
Historic Tax Consultant	51,000		51,000			
Legal/Accounting	15,000		15,000			
Insurance	2,500		2,500			
Title/Recording/Transfer	5,000		5,000			
Building Permit	10,821	6,000	16,821			
Mortgage Fees	2,000		2,000			
Construction Interest	56,000		56,000		1	1.8M @ 3.95 for 6 mo
Marketing	5,000		5,000			
Real Estate Taxes	10,733		10,733		1.25	3/16/15 - 6/10/16
Soft Cost Contingency	40,000		40,000			
<b>Subtotal</b>	<b>\$524,436</b>	<b>\$107,121</b>	<b>\$631,557</b>			
<b>Hard Costs</b>						
HTC Allowable	1,887,372		1,887,372	1	1	
HTC Non-Allowable	273,350	713,213	986,563	1		
<b>Subtotal</b>	<b>\$2,160,722</b>	<b>\$713,213</b>	<b>\$2,873,935</b>			
<b>Total Project Costs</b>	<b>\$3,068,757</b>	<b>\$820,334</b>	<b>\$3,889,091</b>			
Hist Tax Credit Allowable Costs	2,443,570					
TIF Allowable Costs	3,292,639					
<b>Source of Funding</b>						
Permanent Financing	2,025,000		2,025,000			Choice Bank
Proceeds from HTC Sale	742,845		742,845			
Lot Reconciliation Funds		87,458	87,458			From City of Oshkosh
Other Cash Funds	300,911	732,876	1,033,788			Cash from Developers
<b>Total Source of Funds</b>	<b>3,068,757</b>	<b>820,334</b>	<b>3,889,091</b>			

### TIF Funding

We assume that the project will be completed by November 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 \$440,000. Thus over 25 years of proposed payout, the total increment will be \$629,144. Applying the 75% rule the total note from the city due to the developer would be in the amount of \$471,858. With a 2.05% interest rate, this note can be paid down over 25 years. (See TIF Note payoff schedule on the following page.)

105 Washington TIF Assumptions	
TIF Base Value of Site	\$ 440,000
Completed Project Value	\$ 1,297,400
Project Value Appreciation	1.0%
Interest Rate on Loan	2.05%
Original Loan Principal (75% NPV)	\$ 471,858

Project Year	Levy Year	Tax Year	Calendar	Value of		Equalized Tax Rate	Project Tax Proceeds	Tax Proceeds Allocation		Loan Principal Outstanding	Acrued Interest	Interest Paid	Principal Paid	Total Prin & Int
				Project	Increment			Tax Entities	Increment					
1	2015	2016	Sep 16 - Aug 17	440,000	-	24.54	10,795	10,795	-	471,858	9,673	-	-	-
2	2016	2017	Sep 17 - Aug 18	1,297,400	857,400	24.54	31,832	10,795	21,036	481,531	9,871	9,871	11,155	21,036
3	2017	2018	Sep 18 - Aug 19	1,310,374	870,374	24.54	32,150	10,795	21,355	470,366	9,643	9,643	11,712	21,355
4	2018	2019	Sep 19 - Aug 20	1,323,478	883,478	24.54	32,472	10,795	21,676	458,654	9,402	9,402	12,274	21,676
5	2019	2020	Sep 20 - Aug 21	1,336,713	896,713	24.54	32,796	10,795	22,001	446,381	9,151	9,151	12,850	22,001
6	2020	2021	Sep 21 - Aug 22	1,350,080	910,080	24.54	33,124	10,795	22,329	433,531	8,887	8,887	13,441	22,329
7	2021	2022	Sep 22 - Aug 23	1,363,580	923,580	24.54	33,455	10,795	22,660	420,089	8,612	8,612	14,048	22,660
8	2022	2023	Sep 23 - Aug 24	1,377,216	937,216	24.54	33,790	10,795	22,995	406,041	8,324	8,324	14,671	22,995
9	2023	2024	Sep 24 - Aug 25	1,390,988	950,988	24.54	34,128	10,795	23,333	391,370	8,023	8,023	15,309	23,333
10	2024	2025	Sep 25 - Aug 26	1,404,898	964,898	24.54	34,469	10,795	23,674	376,061	7,709	7,709	15,965	23,674
11	2025	2026	Sep 26 - Aug 27	1,418,947	978,947	24.54	34,814	10,795	24,018	360,096	7,382	7,382	16,636	24,018
12	2026	2027	Sep 27 - Aug 28	1,433,137	993,137	24.54	35,162	10,795	24,367	343,460	7,041	7,041	17,326	24,367
13	2027	2028	Sep 28 - Aug 29	1,447,468	1,007,468	24.54	35,514	10,795	24,718	326,134	6,686	6,686	18,032	24,718
14	2028	2029	Sep 29 - Aug 30	1,461,943	1,021,943	24.54	35,869	10,795	25,073	308,102	6,316	6,316	18,757	25,073
15	2029	2030	Sep 30 - Aug 31	1,476,562	1,036,562	24.54	36,227	10,795	25,432	289,344	5,932	5,932	19,500	25,432
16	2030	2031	Sep 31 - Aug 32	1,491,328	1,051,328	24.54	36,590	10,795	25,794	269,844	5,532	5,532	20,263	25,794
17	2031	2032	Sep 32 - Aug 33	1,506,241	1,066,241	24.54	36,956	10,795	26,160	249,581	5,116	5,116	21,044	26,160
18	2032	2033	Sep 33 - Aug 34	1,521,304	1,081,304	24.54	37,325	10,795	26,530	228,537	4,685	4,685	21,845	26,530
19	2033	2034	Sep 34 - Aug 35	1,536,517	1,096,517	24.54	37,698	10,795	26,903	206,693	4,237	4,237	22,666	26,903
20	2034	2035	Sep 35 - Aug 36	1,551,882	1,111,882	24.54	38,075	10,795	27,280	184,027	3,773	3,773	23,507	27,280
21	2035	2036	Sep 36 - Aug 37	1,567,401	1,127,401	24.54	38,456	10,795	27,661	160,519	3,291	3,291	24,370	27,661
22	2036	2037	Sep 37 - Aug 38	1,583,075	1,143,075	24.54	38,841	10,795	28,045	136,149	2,791	2,791	25,254	28,045
23	2037	2038	Sep 38 - Aug 39	1,598,905	1,158,905	24.54	39,229	10,795	28,434	110,895	2,273	2,273	26,160	28,434
24	2038	2039	Sep 39 - Aug 40	1,614,894	1,174,894	24.54	39,621	10,795	28,826	84,735	1,737	1,737	27,089	28,826
25	2039	2040	Sep 40 - Aug 41	1,631,043	1,191,043	24.54	40,018	10,795	29,222	57,646	1,182	1,182	28,041	29,222
26	2040	2041	Sep 41 - Aug 42	1,647,354	1,207,354	24.54	40,418	10,795	29,622	29,605	607	607	29,016	29,622

629,144 <= NPV w/ 0% discount

### **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:

- Residential rental income will increase by \$15 per month for each unit every year which works out to roughly a 1.7% increase.
- Garage rental income will increase by 1.7% per year.
- The first year vacancy rate will be 5% and will hold constant at 4.1% per year thereafter.
- Expenses including Maintenance and Repairs, Insurance, Management Fees, Professional Fees, Utilities and Trash, and Advertising will all increase by 1% per year.
- Year 5 of the professional fees has a one-time increase of \$3,500 for the close out of the relationship with the equity investor for the historic tax credits.
- The first year will be taxed under the present assessment however subsequent years will start at 2.45% of the \$1,297,400 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 25 year amortization schedule and a 4.5% interest rate offered through Choice Bank.

Estimated expenses were arrived by taking averages over the developers rental portfolio in the Oshkosh 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 two years of in part due to the ramping up of occupancy in the first year and the lack of increment payment. By the third year we start to see positive cash flow. By the tenth year we see a positive cash flow of \$23,263.

The "without" TIF picture is much more bleak. Under this scenario the developers do not see any positive cash flow until the eleventh 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>105 Washington Ave - Profit and Loss W/th TIF</b>											
<b>Income</b>											
Residential Rent (1.7%+)	\$211,008	\$214,608	\$218,208	\$221,808	\$225,408	\$229,008	\$232,608	\$236,208	\$239,808	\$243,408	\$247,008
Garage Rent	\$27,600	\$28,069	\$28,546	\$29,032	\$29,525	\$30,027	\$30,538	\$31,057	\$31,585	\$32,122	\$32,668
TIF Recapture	\$0	\$21,036	\$21,355	\$21,676	\$22,001	\$22,329	\$22,660	\$22,995	\$23,333	\$23,674	\$24,018
<b>Gross Potential Income</b>	<b>\$238,608</b>	<b>\$263,714</b>	<b>\$268,109</b>	<b>\$272,516</b>	<b>\$276,934</b>	<b>\$281,364</b>	<b>\$285,806</b>	<b>\$290,259</b>	<b>\$294,725</b>	<b>\$299,203</b>	<b>\$303,694</b>
Vacancy	\$11,930	\$9,950	\$10,117	\$10,284	\$10,452	\$10,620	\$10,789	\$10,958	\$11,127	\$11,297	\$11,467
<b>Effective Gross Income (EGI)</b>	<b>\$226,678</b>	<b>\$253,764</b>	<b>\$257,992</b>	<b>\$262,231</b>	<b>\$266,482</b>	<b>\$270,743</b>	<b>\$275,017</b>	<b>\$279,301</b>	<b>\$283,598</b>	<b>\$287,907</b>	<b>\$292,227</b>
<b>Expenses</b>											
Maintenance & Repairs	\$17,490	\$17,665	\$17,842	\$18,020	\$18,200	\$18,382	\$18,566	\$18,752	\$18,939	\$19,129	\$19,320
Real Estate Taxes	\$10,733	\$31,832	\$32,150	\$32,472	\$32,796	\$33,124	\$33,455	\$33,790	\$34,128	\$34,469	\$34,814
Insurance	\$12,000	\$12,120	\$12,241	\$12,364	\$12,487	\$12,612	\$12,738	\$12,866	\$12,994	\$13,124	\$13,255
Management Fee	\$14,520	\$14,665	\$14,812	\$14,960	\$15,110	\$15,261	\$15,413	\$15,567	\$15,723	\$15,880	\$16,039
Professional Fees	\$3,700	\$3,737	\$3,774	\$3,812	\$7,350	\$3,889	\$3,928	\$3,967	\$4,007	\$4,047	\$4,087
Utilities & Trash	\$29,040	\$29,330	\$29,624	\$29,920	\$30,219	\$30,521	\$30,827	\$31,135	\$31,446	\$31,761	\$32,078
Advertising	\$7,210	\$7,282	\$7,355	\$7,428	\$7,503	\$7,578	\$7,654	\$7,730	\$7,807	\$7,885	\$7,964
<b>Total Operating Expenses</b>	<b>\$94,693</b>	<b>\$116,631</b>	<b>\$117,798</b>	<b>\$118,976</b>	<b>\$123,665</b>	<b>\$121,367</b>	<b>\$122,581</b>	<b>\$123,806</b>	<b>\$125,045</b>	<b>\$126,295</b>	<b>\$127,558</b>
<b>Net Operating Income (NOI)</b>	<b>\$131,985</b>	<b>\$137,132</b>	<b>\$140,194</b>	<b>\$143,256</b>	<b>\$142,816</b>	<b>\$149,376</b>	<b>\$152,436</b>	<b>\$155,495</b>	<b>\$158,554</b>	<b>\$161,612</b>	<b>\$164,670</b>
Capital Reserves	\$3,000	\$3,030	\$3,060	\$3,091	\$3,122	\$3,153	\$3,185	\$3,216	\$3,249	\$3,281	\$3,314
Debt Service (25yr @ 4.5%)	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067
<b>Net Cash Flow</b>	<b>-\$6,083</b>	<b>-\$965</b>	<b>\$2,067</b>	<b>\$5,098</b>	<b>\$4,627</b>	<b>\$11,156</b>	<b>\$14,184</b>	<b>\$17,211</b>	<b>\$20,238</b>	<b>\$23,263</b>	<b>\$26,288</b>



	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
<b>105 Washington Ave - Profit and Loss Without TIF</b>											
<b>Income</b>											
Residential Rent (1.7%+)	\$211,008	\$214,608	\$218,208	\$221,808	\$225,408	\$229,008	\$232,608	\$236,208	\$239,808	\$243,408	\$247,008
Garage Rent	\$27,600	\$28,069	\$28,546	\$29,032	\$29,525	\$30,027	\$30,538	\$31,057	\$31,585	\$32,122	\$32,668
TIF Recapture	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Gross Potential Income</b>	<b>\$238,608</b>	<b>\$242,677</b>	<b>\$246,754</b>	<b>\$250,840</b>	<b>\$254,933</b>	<b>\$259,035</b>	<b>\$263,146</b>	<b>\$267,265</b>	<b>\$271,393</b>	<b>\$275,530</b>	<b>\$279,676</b>
Vacancy	\$11,930	\$9,950	\$10,117	\$10,284	\$10,452	\$10,620	\$10,789	\$10,958	\$11,127	\$11,297	\$11,467
<b>Effective Gross Income (EGI)</b>	<b>\$226,678</b>	<b>\$232,727</b>	<b>\$236,637</b>	<b>\$240,555</b>	<b>\$244,481</b>	<b>\$248,415</b>	<b>\$252,357</b>	<b>\$256,307</b>	<b>\$260,266</b>	<b>\$264,233</b>	<b>\$268,209</b>
<b>Expenses</b>											
Maintenance & Repairs	\$17,490	\$17,665	\$17,842	\$18,020	\$18,200	\$18,382	\$18,566	\$18,752	\$18,939	\$19,129	\$19,320
Real Estate Taxes	\$10,733	\$31,832	\$32,150	\$32,472	\$32,796	\$33,124	\$33,455	\$33,790	\$34,128	\$34,469	\$34,814
Insurance	\$12,000	\$12,120	\$12,241	\$12,364	\$12,487	\$12,612	\$12,738	\$12,866	\$12,994	\$13,124	\$13,255
Management Fee	\$14,520	\$14,665	\$14,812	\$14,960	\$15,110	\$15,261	\$15,413	\$15,567	\$15,723	\$15,880	\$16,039
Professional Fees	\$3,700	\$3,737	\$3,774	\$3,812	\$3,850	\$3,889	\$3,928	\$3,967	\$4,007	\$4,047	\$4,087
Utilities & Trash	\$29,040	\$29,330	\$29,624	\$29,920	\$30,219	\$30,521	\$30,827	\$31,135	\$31,446	\$31,761	\$32,078
Advertising	\$7,210	\$7,282	\$7,355	\$7,428	\$7,503	\$7,578	\$7,654	\$7,730	\$7,807	\$7,885	\$7,964
<b>Total Operating Expenses</b>	<b>\$94,693</b>	<b>\$116,631</b>	<b>\$117,798</b>	<b>\$118,976</b>	<b>\$123,665</b>	<b>\$121,367</b>	<b>\$122,581</b>	<b>\$123,806</b>	<b>\$125,045</b>	<b>\$126,295</b>	<b>\$127,558</b>
<b>Net Operating Income (NOI)</b>	<b>\$131,985</b>	<b>\$116,096</b>	<b>\$118,840</b>	<b>\$121,580</b>	<b>\$120,816</b>	<b>\$127,048</b>	<b>\$129,776</b>	<b>\$132,500</b>	<b>\$135,221</b>	<b>\$137,938</b>	<b>\$140,651</b>
Capital Reserves	\$3,000	\$3,030	\$3,060	\$3,091	\$3,122	\$3,153	\$3,185	\$3,216	\$3,249	\$3,281	\$3,314
Debt Service (25yr @ 4.5%)	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067	\$135,067
<b>Net Cash Flow</b>	<b>-\$6,083</b>	<b>-\$22,001</b>	<b>-\$19,288</b>	<b>-\$16,579</b>	<b>-\$17,374</b>	<b>-\$11,173</b>	<b>-\$8,476</b>	<b>-\$5,783</b>	<b>-\$3,095</b>	<b>-\$410</b>	<b>\$2,270</b>

### Return On Investment

In order to calculate the Internal Rate of Return (IRR) we first 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 \$2.06 million in the TIF scenario. However after 10 years there would still be \$1,471,334 left to pay off on the mortgage. Thus a net reversion of \$587,035 is used in addition to the year 10 net cash flow. This leads to a 10 year Internal Rate of Return of -4.22%. A similar calculation without TIF leads to an IRR of -13.68%, again, a very bleak prospect for this investment.

Return on Investment Metrics						
	With TIF			Without TIF		
	Net Cash Flow	Reversion	Total	Net Cash Flow	Reversion	Total
Initial Cash Outlay	-1,033,788		-1,033,788	-1,033,788		-1,033,788
Year 1	-6,083		-6,083	-6,083		-6,083
Year 2	-965		-965	-22,001		-22,001
Year 3	2,067		2,067	-19,288		-19,288
Year 4	5,098		5,098	-16,579		-16,579
Year 5	4,627		4,627	-17,374		-17,374
Year 6	11,156		11,156	-11,173		-11,173
Year 7	14,184		14,184	-8,476		-8,476
Year 8	17,211		17,211	-5,783		-5,783
Year 9	20,238		20,238	-3,095		-3,095
Year 10	23,263	587,035	610,298	-410	286,804	286,394
Yr 11 NOI	164,670			140,651		
Terminal Cap Rate	8.00%			8.00%		
Gross Reversion	2,058,369			1,758,138		
Mortgage Payoff	1,471,334			1,471,334		
Net Reversion	587,035			286,804		
			10yr IRR =>			10yr IRR =>
			-4.22%			-13.68%

## 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 April 29, 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



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## PLAN COMMISSION MINUTES

August 2, 2016

PRESENT: David Borsuk, Ed Bowen, Jeffrey Thoms, John Hinz, Steve Cummings, Donna Lohry, Robert Vajgrt, Karl Nollenberger

EXCUSED: Thomas Fojtik, Kathleen Propp

STAFF: Darryn Burich, Director of Planning Services; David Buck, Principal Planner; Elizabeth Williams, Associate Planner; Brian Slusarek, Zoning Code Enforcement Inspector; Steve Gohde, Assistant Director of Public Works; Deborah Foland, Recording Secretary

In the absence of both the Chair and Vice Chairperson, Mr. Borsuk was appointed Chairperson pro temp. Chairperson Borsuk called the meeting to order at 4:00 pm. Roll call was taken and a quorum declared present.

The minutes of July 19, 2016 were approved as presented. (Nollenberger/Vajgrt)

### I. PUBLIC HEARING AND APPROVAL OF RESOLUTION FOR CREATION OF TAX INCREMENT FINANCING DISTRICT NO. 30 WASHINGTON BUILDING REDEVELOPMENT; DESIGNATION OF BOUNDARIES AND APPROVAL OF PROJECT PLAN

TID No. 30 is being created to facilitate and support the historic rehabilitation of 105 Washington Avenue (aka. Fraternal Reserve Association Building) as an adaptive reuse project from office usage to residential apartments. Specifically, the 5 story 29,100 square foot structure is being rehabilitated to create 20 "higher end" residential apartment units that will rent from \$700-\$1100. The total project costs to facilitate this rehabilitation are approximately \$3.9 million or approximately \$195,000 per unit.

TIF in this instance is being requested as a development incentive to facilitate construction of garages on a portion of the adjacent city parking lot (State Street Lot) as well as being used to offset reconstruction of the remaining parking lot area that will be used for public parking (those actions will require additional Plan Commission and Common Council action as project plan implementation items).

Mr. Burich presented the item and discussed the history of the structure and explained the reason for the creation of the proposed tax increment financing district. He reviewed the subject site and the area to be included within the district boundaries and discussed the area of the parking lot to be used for the garages for the apartment building and the remaining area which would remain as public parking. He also discussed the downtown apartment products available and explained that no higher end units have been developed in this area. He explained the mixed use structures that provide apartment dwelling units over commercial uses on the first floor in the downtown area

and reviewed a map depicting the downtown apartment developments and their location. He discussed the quality of the housing units developed in recent years and the reconstruction of the parking lot which will be rebuilt as part of the TIF project. He also discussed project cost expenditures which would be an estimate of \$530,000 for development incentives for the life of the TIF and \$88,000 for the parking lot reconstruction. He also explained that the reason for the TIF assistance request was to increase the internal rate of return (IRR) which would be close to -14% without the TIF and -4% with the financial incentive. He further discussed the costs to the city to reconstruct the State Street parking lot without the creation of the TID which would be \$700,000 and the success of a high end apartment development which is not feasible in this climate without garage facilities. He continued to discuss the benefits of these types of units in this area as it will bring in higher income households into the downtown vicinity which would assist in the revitalization of this area. He reviewed the site and surrounding area as well as the land use and zoning classifications in this area, the TID boundaries and photos of the subject site.

Mr. Thoms questioned if this area was considered to be blighted.

Mr. Burich responded that there are two different standards for this determination and that this area was considered to be in need of conservation and rehabilitation.

Mr. Thoms then questioned if the area within the TID was all zoned C-3 Central Commercial District.

Mr. Burich responded affirmatively.

Mr. Thoms also questioned what the City's Comprehensive Plan designated for land use in this area.

Mr. Burich responded that the area is designated as downtown or mixed downtown development which includes residential development and is compatible with the City's Comprehensive Plan.

Mr. Thoms inquired about the negative IRR that would result even after the TIF assistance and why the development incentive was not higher to at least increase the IRR to a positive figure.

Mr. Burich replied that it did not appear to be feasible and discussed the values and historic tax credits and that even with financial assistance the developer was not going to be able to achieve a positive IRR figure with this project.

Mr. Thoms inquired about what would occur if the Commission recommends approval for the creation of the TID and the developer decides to not move forward with this project.

Mr. Burich responded that the city could look to capture value to reconstruct the parking lot for public use or just not move forward with the TIF at all.

Mr. Thoms questioned if there was any thought to utilizing two-story parking garages with both public and private use as the garage concept was taking out more public parking and creating private parking for the apartment use.

Mr. Burich indicated that the City did a study and analysis of the parking lot use last year and the average number of stalls utilized was 9.8 on a daily basis which showed the lot was underutilized and there is not the traffic generation in this area to support full use of this parking lot and the remaining public stalls would be adequate for public use.

Mr. Thoms inquired if the parking lot was close enough to the riverwalk for it to be utilized for the purpose of access to the riverwalk area.

Mr. Burich responded that there were several hundred parking stalls closer to the riverwalk that could be utilized for that purpose and the costs for a mixed use parking structure was too high to be feasible. The Parking Utility also reviewed the proposed change to the lot and was supportive of the change to private use for the portion necessary for the garage units.

Mr. Hinz discussed the redevelopment area and if there were any plans in the works for 300/302 Waugoo Avenue as it was part of the TIF district and how this property would be affected by the creation of the district.

Mr. Burich replied that this property was included in the district to balance out the TIF project and would provide a mechanism to potentially redevelop the site without amending the plan.

Ms. Lohry stated that she felt this was a good idea but questioned if it would be conceivable to have some of the parking facilities underground as it would provide a way to create more green space.

Mr. Burich discussed the renovations planned for the William Waters Plaza on the corner of the district which will provide for upgraded green space and that the parking lot reconstruction would require some landscaping features to meet current code requirements.

Mr. Bowen inquired if the parking garages on the site have been approved or would the plans need to come back to the Commission at a later date for approval.

Mr. Burich responded that it is not a planned development but the land disposition would be required to be reviewed by the Commission.

*Mr. Cummings left at 4:25 pm.*

Mike Goudreau, 4482 Harbor Village Drive, Omro, developer for the project, discussed the historic designation of the structure and that they purchased it with the intent to renovate it into apartment units. He discussed the extensive work done to the interior and the high quality of the interior features and that the design of the apartments maintains the integrity of the original structure. He further discussed the challenges presented to the project and that they had anticipated a higher

rate of return however it did not work out. He stated that the type of residents they anticipated to attract such as empty nesters or young professionals were considered while they completed studies on this development however these potential renters will not be interested in renting higher end apartment units without the garage amenity.

Ms. Lohry again questioned if underground parking facilities would be possible.

Mr. Goudreau responded that underground parking facilities were too cost prohibitive and discussed the current and future access points to the parking lot and the areas to be utilized for more green space.

Dennis Ruedinger, 1434 Hazel Street, stated that he was a contractor working on this project and that it was very refreshing to work on such a development as it was not usual to continue to move forward with a project that is not producing positive revenue figures. He continued to discuss the historical feeling of the structure and the need for garages for this development to make it successful.

*Motion by Vajgrt to approve the creation of Tax Increment Financing District #30 Washington Building Redevelopment and designation of boundaries and project plan.*

*Seconded by Thoms. Motion carried 7-0.*

## II. EXTRATERRITORIAL TWO-LOT LAND DIVISION/CERTIFIED SURVEY MAP AT 940 OLD KNAPP ROAD IN THE TOWN OF NEKIMI

The owner/petitioner is requesting a two-lot land division/certified survey map from one existing parcel containing a total of 39.35 acres. Sizes of the proposed lots are as follows:

Lot 1 = 31.39 Acres

Lot 2 = 6.01 Acres

Dedicated right-of-way = 1.95 Acres

Mr. Slusarek presented the item and reviewed the site and surrounding area as well as the land use and zoning classifications in this area. He discussed the purpose of the request and current use of the site and stated that the proposed land division would not alter the existing land use pattern in the area and is consistent with the City's Comprehensive Plan. He reviewed the certified survey map (CSM) and stated that the proposed lots possessed appropriate land area and street frontage.

Mr. Thoms inquired if there were wetlands present on the site.

Mr. Slusarek responded negatively.

Mr. Thoms questioned where the dedication of right-of-way would be located.

Mr. Slusarek displayed on the CSM where the right-of-way dedication was depicted along both street frontages.



**RESOLUTION DESIGNATING PROPOSED BOUNDARIES  
AND APPROVING A PROJECT PLAN  
FOR TAX INCREMENTAL DISTRICT NO. 30,  
CITY OF OSHKOSH, WISCONSIN**

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 Incremental District No. 30 (the "District") is proposed to be created by the City as a district in need of rehabilitation of conservation work within the meanings of Wisconsin Statutes Section 66.1337(2m)(b); and

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

- a. A statement listing of 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

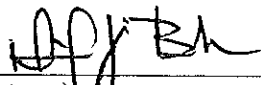
WHEREAS, prior to its publication, a copy of the notice of public hearing was sent to owners of all property in the proposed District, to the chief executive officers of Winnebago County, the Oshkosh Area School District, and the Fox Valley Technical College District, and any other entities having the 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 August 2, 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.

NOW, THEREFORE, BE IT RESOLVED by the Plan Commission of the City of Oshkosh that:

1. It recommends to the Common Council that Tax Incremental District No. 30 be created with boundaries as designated in Exhibit A of this Resolution.
2. It approves and adopts the Project Plan for the District, attached as Exhibit B, and recommends its approval to the Common Council.
3. Creation of the District promotes orderly development in the City.

Adopted this 16th day of August \_\_\_\_\_, 2016.

  
\_\_\_\_\_  
Plan Commission Chair  
DAVID J BORVIK

  
\_\_\_\_\_  
Secretary of the Plan Commission

(CARRIED 7-0 LOST \_\_\_\_\_ LAID OVER \_\_\_\_\_ WITHDRAWN \_\_\_\_\_)

PURPOSE: APPROVE TAX INCREMENT DISTRICT NO. 30 PROJECT PLAN;  
DESIGNATE TAX INCREMENT DISTRICT NO. 30 BOUNDARIES;  
CREATE TAX INCREMENT DISTRICT NO. 30 WASHINGTON  
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. 30 (the "District") is proposed to be created by the City as district in need of rehabilitation or conservation 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 August 2, 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. 30, Washington 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 in need of rehabilitation or conservation work within the of Wisconsin Statutes Section 66.1337(2m)(b).
  - (b) Based upon the finding, as stated in 3(a) above, the District is declared to be a District in need of rehabilitation or conservation 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 rehabilitation or conservation of the area consistent with the purpose for which the District is created.
  - (g) All property within TID #30 was within the City boundaries as of January 1, 2004.
4. The Project Plan for "City of Oshkosh Tax Increment District No. 30, Washington 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. 30 Washington Building Redevelopment.

JOINT REVIEW BOARD  
RESOLUTION APPROVING THE CREATION OF  
TAX INCREMENTAL DISTRICT NO. 30,  
CITY OF OSHKOSH

WHEREAS, the City of Oshkosh (the "City") seeks to create Tax Incremental District No. 30;  
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 resolution 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, project costs benefitting the District are to be made outside of, but within a one-half mile radius of the District, pursuant to Wisconsin Statutes Section 66.1105(2)(f)1.n, as identified in the Project Plan; 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 10 day of September 2016.

Joint Review Board

Representing

Mark J. Harin

Winnebago County

Barbara J. Hennig

Oshkosh Area School District

Melissa Kohn

Fox Valley Technical College District

Ma. A. Fobba

City of Oshkosh

W. Cantz

Public Member