

April 24, 2017

Project Plan for the Creation of Tax Incremental District No. 32 (Granary Rehabilitation)



Organizational Joint Review Board Meeting:	May 2, 2017
Public Hearing:	May 2, 2017
Approval by Plan Commission:	May 2, 2017
Adoption by Common Council:	May 23, 2017
Approval by the Joint Review Board:	May 30, 2017



Tax Incremental District No. 32 Creation Project Plan

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SECTION 1: Executive Summary

Description of District

Type of District, Size and Location

Tax Incremental District (“TID”) No. 32 (the “TID” or “District”) is a proposed 0.45-acre district in need of rehabilitation or conservation, located at the northeast and southwest corners of the intersection of West 6th Avenue and Nebraska Street. Creation of the District is intended to facilitate rehabilitation of the historic H.P. Schmidt Mill building, subsequently the site of *The Granary* restaurant. The building, which has sat idle for a decade, would be renovated to create 5,459-sq. ft. of office space on the first and second floors. The non-original addition to the main mill structure would be renovated into a 4,059-sq. ft. brewpub and restaurant. A future build out of the third floor of the main mill structure for use as office space is projected to occur in 2021. The project also includes construction of a new parking lot on the southwest lot on the corner of West 6th Avenue and Nebraska Street and milling with overlay and curb on a portion of 5th Avenue to facilitate additional on-street parking. A map of the proposed District boundaries can be found in Section 3 of this plan.



Estimated Total Project Expenditures.

The City anticipates making total Project Cost expenditures of approximately \$710,000 to facilitate rehabilitation of the main mill structure, the addition and the parking lot. The estimated expenditures include \$661,806 in projected development incentives to be made on a “pay as you go” basis, and \$47,500 for administrative expenses that will be incurred over the life of the District.

Economic Development

The City projects that additional land and improvement value of approximately \$1.68 million will result from the rehabilitation project and subsequent economic appreciation. This additional value will be a result of the improvements made and projects undertaken within the District. A table detailing assumptions as to the redevelopment timing and associated values is included 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 22-years. The statutory maximum life of the District would be 27-years.

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:

- At the City’s request, Ehlers completed a limited independent review of the developer’s sources and uses, and cash flow proforma for project. The developer’s projected return on investment over 10 years without TIF assistance is 1.95%, and improves to 4.72% with TIF assistance in a present value amount of \$369,105. (Projected future value payments of \$661,806). Both return on investment numbers are at a level that would not attract interest in the project from a typical investor. The developer has cited their interest in being a participant in the City’s redevelopment efforts in this area and a commitment to the community as their motivation for involvement in the project. Based on Ehlers review, TIF assistance in the amount requested is warranted as the projected return on investment will still be below market even with assistance.
- The structure has suffered from a lack of maintenance over the past decade. Significant water penetration has occurred leading to mold issues that will require remediation. The age of the structure, current condition and fact that the site has been vacant and underutilized for more than a decade suggest that absent the use of TIF, redevelopment is unlikely to occur.

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

- As demonstrated in the Economic Feasibility Section of this Project Plan, the tax increments projected to be collected are sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.
- The developer has reported that the proposed office space tenant has hired eight new full-time employees in anticipation of an expanded office, and that the restaurant is expected to create the equivalent of 10 full-time jobs upon opening.

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, 2017. As of this date, the values of all existing development would be frozen and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they currently are now. Taxes levied on any additional value established within the District due to new construction, renovation or appreciation of property values occurring after January 1, 2017 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.

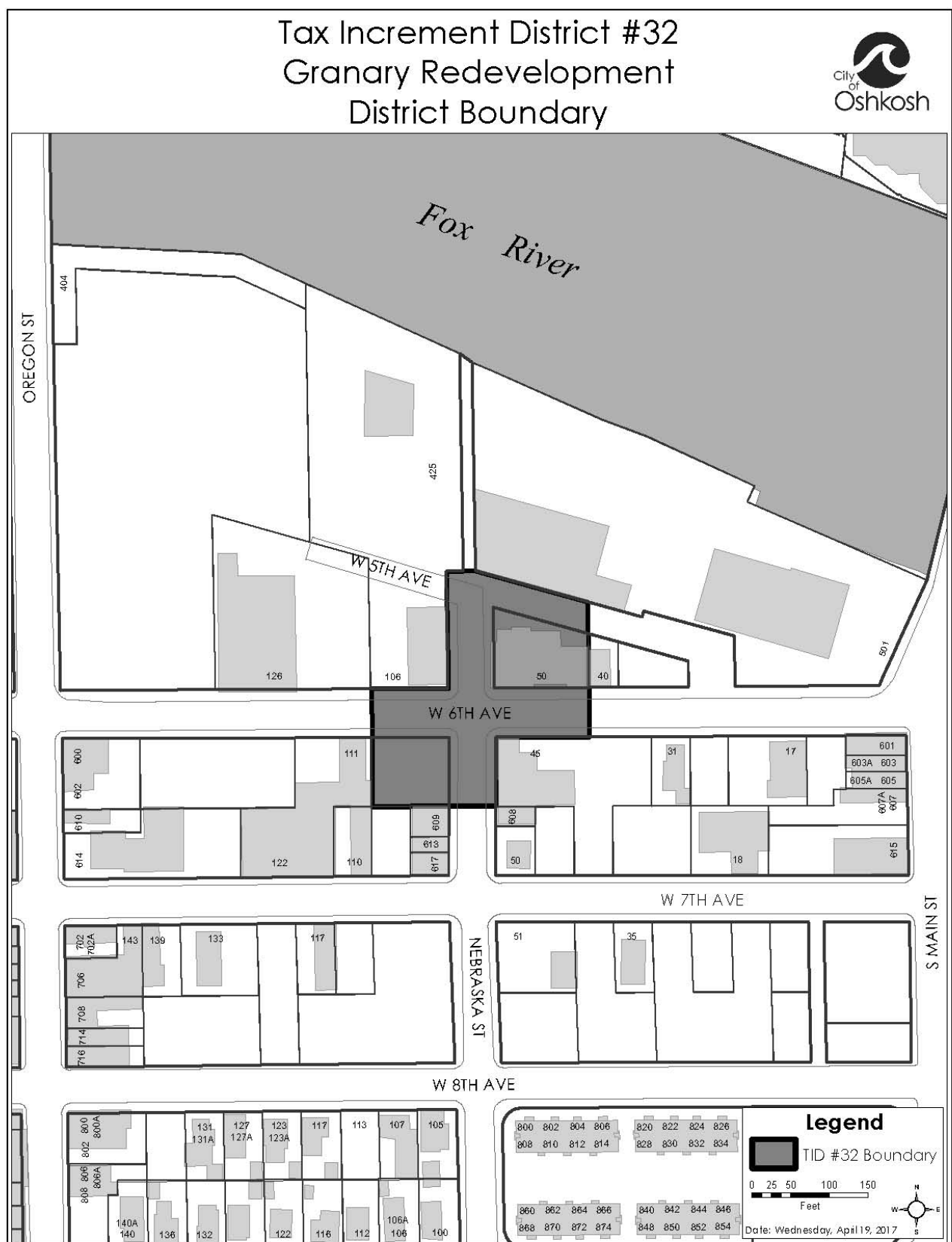
4. Not less than 50% by area of the real property within the District is in need of rehabilitation or conservation work within the meaning of Wisconsin Statutes Section 66.1337(2m)(b).
5. Based upon the findings, as stated above, the District is declared to be a district in need of rehabilitation or conservation based on the identification and classification of the property included within the District.
6. The project costs relate directly to promoting the rehabilitation of the area 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

The District, comprising 0.45 acres located at the northeast and southwest corners of the intersection of West 6th Avenue and Nebraska 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)(b). The preliminary parcel list included in Section 5 to this Plan identifies those parcels meeting those criteria. Collectively, these parcels represent 53.33% of the total District area.

Creation of the District is intended to facilitate rehabilitation of the historic H.P. Schmidt Mill building. A preliminary map of the proposed District boundary can be found in Section 3 of this Plan.

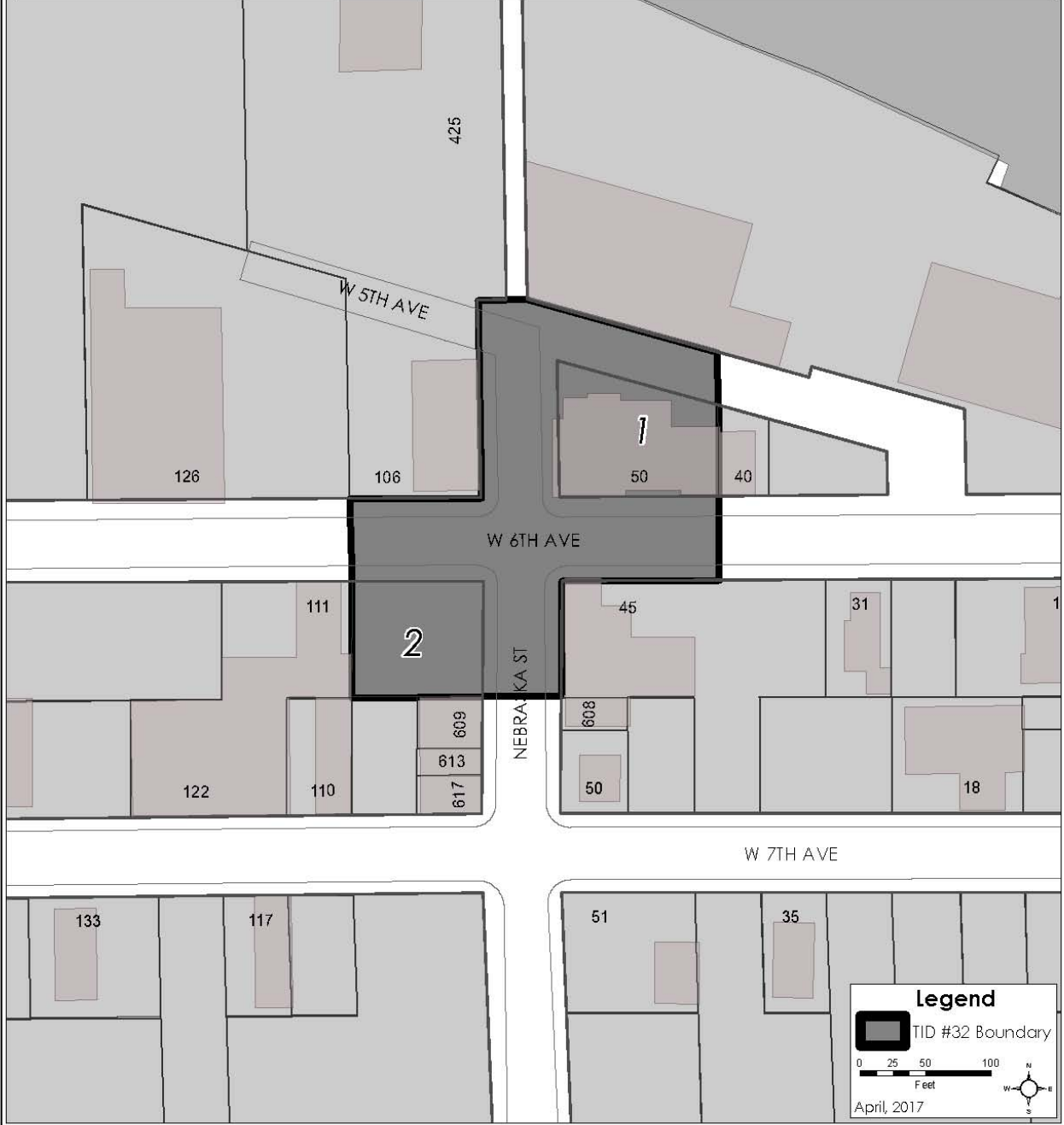
SECTION 3: Preliminary Maps of Proposed District Boundary



Tax Increment District #32 Granary Redevelopment Parcel Identification



Tax Increment #32 - Granary 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	03-0010-0000	50 WEST 6TH STREET LLC	50 W 6TH AVENUE	\$31,700	\$274,400	\$306,100	\$306,800	B	GRANARY	0	12	RMU-PD
2	03-0019-0000	CITY OF OSHKOSH REDEVELOPMENT AUTHORITY	0 W 6TH AVENUE	\$0	\$0	\$0	\$0	4	VACANT	0	12	UMU
TOTALS:				\$31,700	\$274,400	\$306,100	\$306,800					



Tax Increment District #32 Granary Redevelopment Existing Conditions



SECTION 5: Preliminary Parcel List and Analysis

City of Oshkosh, WI												
Tax Increment District #32												
Base Property Information												
Property Information ²				Assessment Information ¹			Equalized Value			District Classification		
Parcel Number	Street Address	Owner	Acreage	Land	Imp	Total	Equalized Value Ratio ²	Land	Imp	Total	Blighted	Rehab/ Conservation ³
03-0010-0000	50 W 6TH AVE	50 WEST 6TH STREET LLC	0.240	31,700	274,400	306,100	99.76%	31,776	275,060	306,836		0.240
03-0019-0000	0 W 6TH AVE	REDEVELOPMENT AUTH CITY OF OSHKOSH	0.210	0	0	0	199.76%	0	0	0		
Anticipated 1-1-2017 Reduction in Value Based on Sale												
			Total Acreage	31,700	274,400	306,100		31,776	275,060		0	0.240
											0.00%	53.33%
											110,000	

NOTES:

¹Property and assessment information per City of Oshkosh Parcel Viewer on 4-12-2017.

²Equalization ratio as of January 1, 2016 as published by the Wisconsin Department of Revenue.

³Properties within the District meet the definition of requiring "rehabilitation or conservation work" as set forth in Wis. Stat. § 66.1337(2m)(a)1. - "Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements."

SECTION 6: Equalized Value Test

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

The equalized value of the increment of existing tax incremental districts within the City, plus the base value of the proposed District, totals \$264,138,900. This value is less than the maximum of \$453,147,036 in equalized value that is permitted for the City of Oshkosh. The City therefore expects to be in compliance with the statutory equalized valuation test and may proceed with creation of this District.

City of Oshkosh, WI			
Tax Increment District #32			
Valuation Test Compliance Calculation			
District Creation Date	7/1/2017		
	Valuation Data Currently Available 2016	Percent Change	Valuation Data Est. Creation Date
Total EV (TID In)	3,776,225,300		3,776,225,300
12% Test	453,147,036		453,147,036
Total Existing Increment	<u>264,138,900</u>		<u>0</u>
Projected Base of New District	110,000		110,000
Total Value Subject to 12% Test	<u>264,248,900</u>		<u>110,000</u>
Compliance	PASS		PASS

SECTION 7:

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

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

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.

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.

Streets and Streetscape

Street Improvements

There are inadequate street improvements serving areas of the District. To allow redevelopment to occur, the City may need to construct and/or reconstruct streets, highways, alleys, access drives and parking areas. Eligible Project Costs include, but are not limited to: excavation; removal or placement of fill; construction of road base; asphalt or concrete paving or repaving; installation of curb and gutter; installation of sidewalks and bicycle lanes; installation of culverts, utility relocation, street lighting;

installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.

Streetscaping and Landscaping

To attract redevelopment consistent with the objectives of this Plan, the City may install amenities to enhance development sites, rights-of-way and other public spaces. These amenities include, but are not limited to: landscaping; lighting of streets, sidewalks, parking areas and public areas; installation of planters, benches, clocks, tree rings, trash receptacles and similar items; and installation of brick or other decorative walks, terraces and street crossings. These and any other similar amenities installed by the City are eligible Project Costs.

RDA Type Activities

Contribution to Redevelopment Authority

As provided for in Wisconsin Statute Sections 66.1105(2)(f)1h 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.

Projects Outside the Tax Increment District

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

of-way adjacent to the District's boundaries: amenities to enhance public spaces such as landscaping; lighting of streets, sidewalks, parking areas and public areas; installation of planters, benches, tree rings, trash receptacles; and installation of brick or other decorative walks, terraces and street crossings.

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

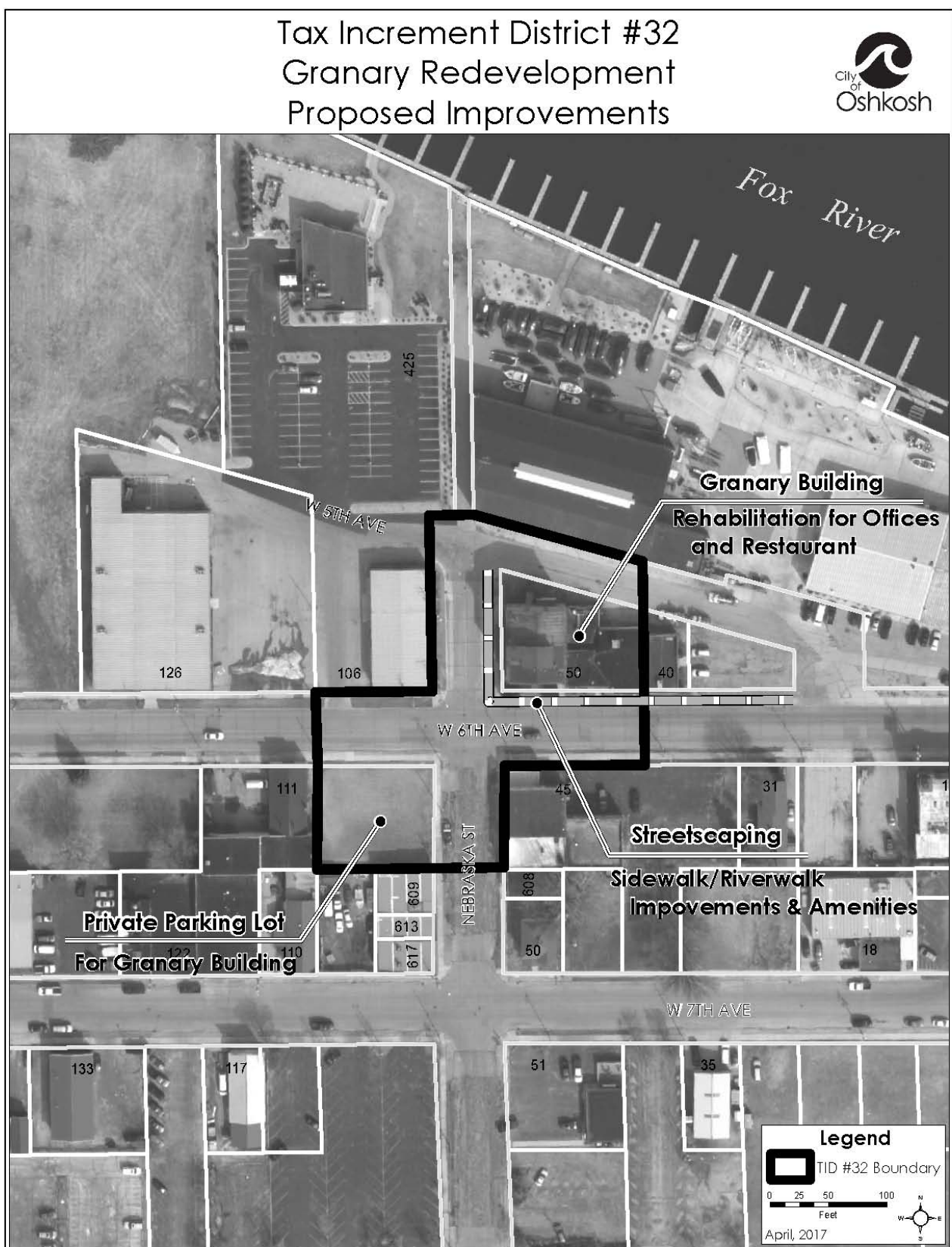
Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken under this Plan are eligible Project Costs.

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.

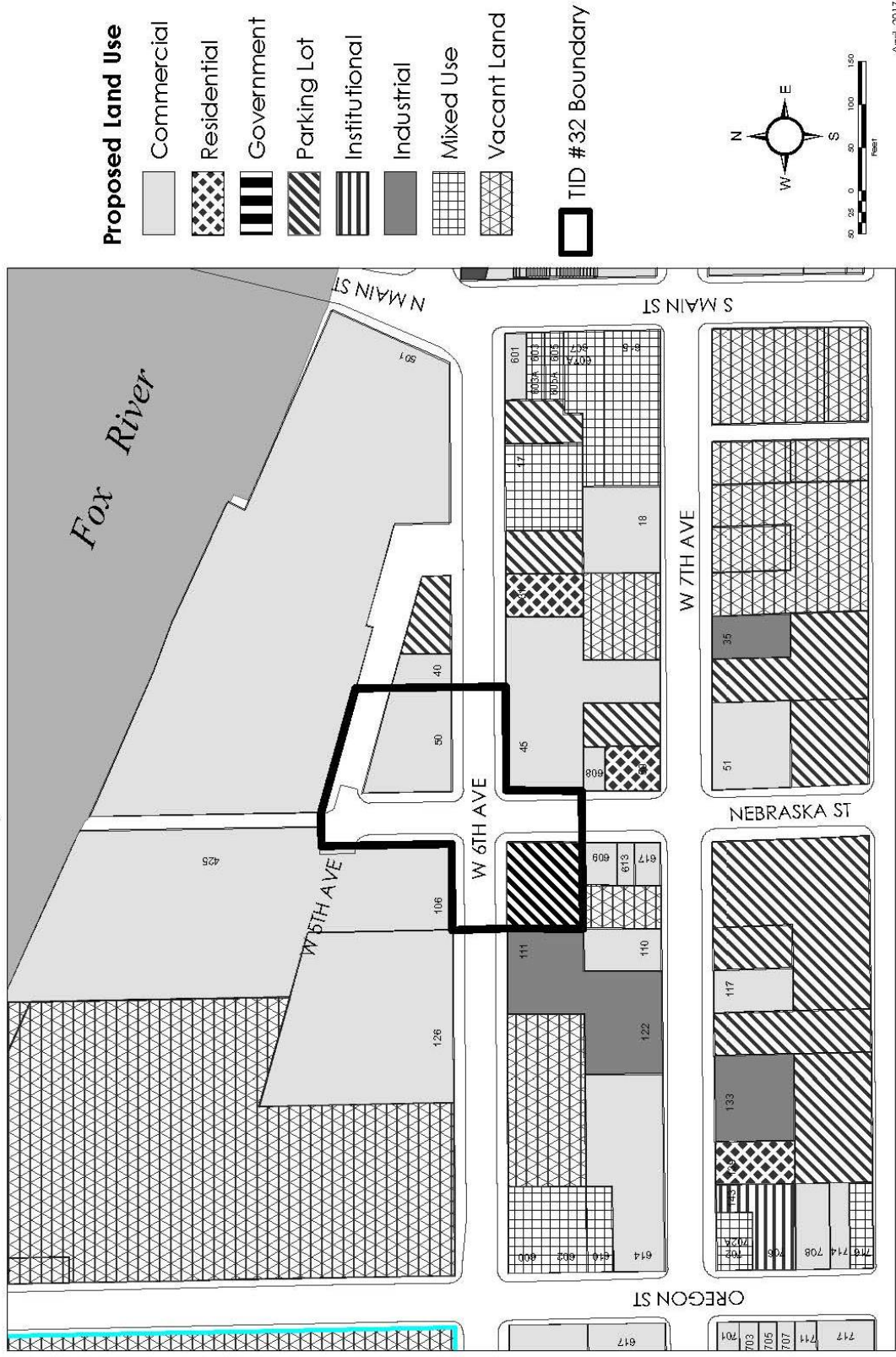
In the event any of the Project Cost expenditures included in this Plan are determined not to be reimbursable out of the TIF fund by counsel retained by the City for purposes of making such determination, or a court of record so rules in a final order, then such Project Cost is deleted from this Plan 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:
Map Showing Proposed Improvements and Uses



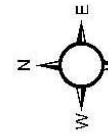
Tax Increment District #32 Granary Redevelopment Proposed Land Use



Proposed Land Use

- Commercial
- Residential
- Government
- Parking Lot
- Institutional
- Industrial
- Mixed Use
- Vacant Land

TID #32 Boundary



April, 2017

SECTION 9: Detailed List of Project Costs

All costs are based on 2017 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2017 and the time of construction. The City also reserves the right to increase certain project costs to the extent others are reduced or not implemented without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

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

Proposed TIF Project Cost Estimates

City of Oshkosh, WI			
Tax Increment District #32			
Estimated Project List			
Project ID	Project Name/Type	Projected Year	Estimated Cost
1	Development Incentive Payments	2019 - 2038	661,806
2	Administrative Expense	2017 - 2042	47,500
3			
4			
5			
Total Projects			<u>709,306</u>

SECTION 10:

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

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

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

Available Financing Methods

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, 2016, the City had approximately \$48.6 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 (RDA). Tax Increment Revenue Bonds and Lease Revenue Bonds are not general obligations of the City and therefore do not count against the City's statutory borrowing capacity. To the extent tax increments collected are insufficient to meet the annual debt service requirements of the revenue bonds, the City may be subject to either a permissive or mandatory requirement to appropriate on an annual basis a sum equal to the actual or projected shortfall.

Utility Revenue Bonds

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

Special Assessment "B" Bonds

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

Plan Implementation & Timeline

The City anticipates making total Project Cost expenditures of approximately \$710,000 to facilitate rehabilitation of the main mill structure, the addition and the parking lot. The estimated expenditures include \$661,806 in projected development incentives to be made on a "pay as you go" basis, and \$47,500 for administrative expenses that will be incurred over the life of the District. Expenditures are expected to be made in the timeframes identified on the Detailed List of Project Costs included in Section 9, and will be paid from tax incremental revenues of the District as those revenues are received. While the City could borrow funds in the implementation of this Plan, it does not expect to do so. The City expects to advance funds to the District as needed to pay the costs of professional and other services related to creation of the District and its administration during the District's initial two years when no increment will be generated. These advances will be repaid as funds become available. Development incentive payments will be made only following receipt of associated tax increment revenue from the Project, and will be limited to no more than 90% of the available increment.

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, WI Tax Increment District #32 Development Assumptions ¹							
Construction Year	Actual	Brew Pub & Office Space ²	Third Floor Buildout	Additional Lot	Personal Property	Annual Total	Construction Year
1 2017		929,500		30,000	75,000	1,034,500	2017 1
2 2018					(15,000)	(15,000)	2018 2
3 2019					(15,000)	(15,000)	2019 3
4 2020					(15,000)	(15,000)	2020 4
5 2021			326,474		(15,000)	311,474	2021 5
6 2022					(15,000)	(15,000)	2022 6
7 2023						0	2023 7
8 2024						0	2024 8
9 2025						0	2025 9
10 2026						0	2026 10
11 2027						0	2027 11
12 2028						0	2028 12
13 2029						0	2029 13
14 2030						0	2030 14
15 2031						0	2031 15
16 2032						0	2032 16
17 2033						0	2033 17
18 2034						0	2034 18
19 2035						0	2035 19
20 2036						0	2036 20
Totals	0	929,500	326,474	30,000	0	1,285,974	

Notes:
¹Assumptions as to incremental value and timing taken from Invista Analytics, LLC report dated 4-10-2017.
²Projected initial building valuation of \$1,039,500 less estimated \$110,000 TID base value.

Increment Revenue Projections

City of Oshkosh, WI										
Tax Increment District #32										
Tax Increment Projection Worksheet										
Type of District	Rehabilitation		Base Value	110,000		<input checked="" type="checkbox"/> Apply to Base Value				
District Creation Date	July 1, 2017		Appreciation Factor	1.00%						
Valuation Date	Jan 1,	2017	Base Tax Rate	\$26.98						
Max Life (Years)	27		Rate Adjustment Factor							
Expenditure Period/Termination	22	7/1/2039	Tax Exempt Discount Rate	3.00%						
Revenue Periods/Final Year	27	2045	Taxable Discount Rate	4.50%						
Extension Eligibility/Years	Yes	3								
Recipient District	Yes									
Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate ¹	Tax Increment	Tax Exempt NPV Calculation	Taxable NPV Calculation	
1 2017	1,034,500	2018		1,034,500	2019	\$26.98	27,914	27,101	26,712	
2 2018	-15,000	2019	11,445	1,030,945	2020	\$26.98	27,818	53,322	52,186	
3 2019	-15,000	2020	11,409	1,027,354	2021	\$26.98	27,721	78,691	76,478	
4 2020	-15,000	2021	11,374	1,023,728	2022	\$26.98	27,623	103,234	99,642	
5 2021	311,474	2022	11,337	1,346,539	2023	\$26.98	36,334	134,576	128,798	
6 2022	-15,000	2023	14,565	1,346,105	2024	\$26.98	36,322	164,995	156,690	
7 2023	0	2024	14,561	1,360,666	2025	\$26.98	36,715	194,848	183,669	
8 2024	0	2025	14,707	1,375,372	2026	\$26.98	37,112	224,144	209,765	
9 2025	0	2026	14,854	1,390,226	2027	\$26.98	37,513	252,895	235,008	
10 2026	0	2027	15,002	1,405,228	2028	\$26.98	37,917	281,109	259,424	
11 2027	0	2028	15,152	1,420,381	2029	\$26.98	38,326	308,796	283,040	
12 2028	0	2029	15,304	1,435,684	2030	\$26.98	38,739	335,967	305,883	
13 2029	0	2030	15,457	1,451,141	2031	\$26.98	39,156	362,631	327,978	
14 2030	0	2031	15,611	1,466,753	2032	\$26.98	39,578	388,796	349,349	
15 2031	0	2032	15,768	1,482,520	2033	\$26.98	40,003	414,473	370,019	
16 2032	0	2033	15,925	1,498,445	2034	\$26.98	40,433	439,669	390,012	
17 2033	0	2034	16,084	1,514,530	2035	\$26.98	40,867	464,394	409,349	
18 2034	0	2035	16,245	1,530,775	2036	\$26.98	41,305	488,657	428,052	
19 2035	0	2036	16,408	1,547,183	2037	\$26.98	41,748	512,465	446,142	
20 2036	0	2037	16,572	1,563,755	2038	\$26.98	42,195	535,827	463,638	
21 2037	0	2038	16,738	1,580,492	2039	\$26.98	42,647	558,752	480,559	
22 2038	0	2039	16,905	1,597,397	2040	\$26.98	43,103	581,247	496,925	
23 2039	0	2040	17,074	1,614,471	2041	\$26.98	43,563	603,320	512,754	
24 2040	0	2041	17,245	1,631,716	2042	\$26.98	44,029	624,979	528,063	
25 2041	0	2042	17,417	1,649,133	2043	\$26.98	44,499	646,232	542,869	
26 2042	0	2043	17,591	1,666,724	2044	\$26.98	44,973	667,086	557,189	
27 2043	0	2044	17,767	1,684,492	2045	\$26.98	45,453	687,548	571,038	
Totals	1,285,974		398,518		Future Value of Increment		1,043,606			

Notes:
¹Tax rate shown is actual TID Interim Rate for the 2016/17 levy per DOR Form PC-202 (Tax Increment Collection Worksheet).

Cash Flow

City of Oshkosh, WI											
Tax Increment District #32											
Cash Flow Projection											
Year	Projected Revenues			Expenditures				Balances			Year
	Tax Increments	Interest Earnings/ (Cost) 1.00%	Total Revenues	Pay As You Go (PAYGO) Developer Obligation ¹		Admin.	Total Expenditures	Annual	Cumulative	Principal Outstanding	
				Dev. Incentive Payments	Present Value 5.75%						
2017			0		0	10,000	10,000	(10,000)	(10,000)		2017
2018		(100)	(100)		0	1,500	1,500	(1,600)	(11,600)		2018
2019	27,914	(116)	27,798	25,123	23,757	1,500	26,623	1,175	(10,425)		2019
2020	27,818	(104)	27,714	25,036	46,144	1,500	26,536	1,178	(9,247)		2020
2021	27,721	(92)	27,629	24,949	67,241	1,500	26,449	1,180	(8,067)		2021
2022	27,623	(81)	27,543	24,861	87,120	1,500	26,361	1,182	(6,886)		2022
2023	36,334	(69)	36,265	32,700	111,846	1,500	34,200	2,065	(4,821)		2023
2024	36,322	(48)	36,274	32,690	135,220	1,500	34,190	2,084	(2,737)		2024
2025	36,715	(27)	36,688	33,044	157,562	1,500	34,544	2,144	(593)		2025
2026	37,112	(6)	37,106	33,401	178,918	1,500	34,901	2,205	1,612		2026
2027	37,513	16	37,529	33,761	199,330	1,500	35,261	2,267	3,880		2027
2028	37,917	39	37,956	34,126	218,841	1,500	35,626	2,331	6,210		2028
2029	38,326	62	38,388	34,494	237,490	1,500	35,994	2,395	8,605		2029
2030	38,739	86	38,825	34,865	255,315	1,500	36,365	2,460	11,065		2030
2031	39,156	111	39,267	35,241	272,352	1,500	36,741	2,526	13,591		2031
2032	39,578	136	39,713	35,620	288,636	1,500	37,120	2,594	16,185		2032
2033	40,003	162	40,165	36,003	304,201	1,500	37,503	2,662	18,847		2033
2034	40,433	188	40,621	36,389	319,077	1,500	37,889	2,732	21,579		2034
2035	40,867	216	41,083	36,780	333,295	1,500	38,280	2,802	24,381		2035
2036	41,305	244	41,549	37,175	346,885	1,500	38,675	2,874	27,255		2036
2037	41,748	273	42,020	37,573	359,873	1,500	39,073	2,947	30,203		2037
2038	42,195	302	42,497	37,975	372,286	7,500	45,475	(2,978)	27,224		2038
2039	42,647	272	42,919				0	42,919	70,143		2039
2040	43,103	701	43,804				0	43,804	113,947		2040
2041	43,563	1,139	44,703				0	44,703	158,650		2041
2042	44,029	1,587	45,615				0	45,615	204,266		2042
2043	44,499	2,043	46,541				0	46,541	250,807		2043
2044	44,973	2,508	47,481				0	47,481	298,289		2044
2045	45,453	2,983	48,436				0	48,436	346,724		2045
Total	1,043,606	12,424	1,056,030	661,806		47,500	709,306				Total

Notes:

¹Percentage, term and interest rate shown for purposes of establishing economic feasibility only. The City has not agreed to terms or conditions with the proposed developer as to any public participation in the project.

Projected TID Closure

SECTION 11: Annexed Property

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

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

Pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1, the City estimates that 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

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 RMU-PD (Riverfront Mixed Use – Planned Development) and UMU (Urban Mixed Use) zoning.

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

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

Implementation of this Plan will not require relocation of individuals or business operations. If relocation were to become necessary, it 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

Creation of the District and the implementation of the projects in its Plan will promote the orderly development of the City of Oshkosh by eliminating blight and encouraging redevelopment of an underutilized site. 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 increased employment opportunities and increased demand for retail, service and hospitality related services.

SECTION 17: List of Estimated Non-Project Costs

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

Examples would include:

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

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

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

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

SECTION 18:
Opinion of Attorney for the City of Oshkosh Advising
Whether the Plan is Complete and Complies with
Wisconsin Statutes 66.1105



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

May 16, 2017

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 #32 Granary Rehabilitation, 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 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 identifies 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 specifies 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/tw

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:					2015	Percentage	
Winnebago County					19,019,113	19.58%	
City of Oshkosh					40,658,289	41.85%	
School District of Oshkosh Area					33,555,438	34.54%	
Fox Valley Technical College					3,910,234	4.03%	
Revenue Year	Winnebago County	City of Oshkosh	School District of Oshkosh Area	Fox Valley Technical College	Total	Revenue Year	
2019	5,465	11,683	9,642	1,124	27,914	2019	
2020	5,446	11,643	9,609	1,120	27,818	2020	
2021	5,427	11,602	9,576	1,116	27,721	2021	
2022	5,408	11,561	9,542	1,112	27,623	2022	
2023	7,114	15,207	12,551	1,463	36,334	2023	
2024	7,111	15,202	12,546	1,462	36,322	2024	
2025	7,188	15,367	12,682	1,478	36,715	2025	
2026	7,266	15,533	12,819	1,494	37,112	2026	
2027	7,344	15,701	12,958	1,510	37,513	2027	
2028	7,424	15,870	13,098	1,526	37,917	2028	
2029	7,504	16,041	13,239	1,543	38,326	2029	
2030	7,585	16,214	13,381	1,559	38,739	2030	
2031	7,666	16,388	13,525	1,576	39,156	2031	
2032	7,749	16,565	13,671	1,593	39,578	2032	
2033	7,832	16,743	13,818	1,610	40,003	2033	
2034	7,916	16,923	13,966	1,628	40,433	2034	
2035	8,001	17,104	14,116	1,645	40,867	2035	
2036	8,087	17,288	14,268	1,663	41,305	2036	
2037	8,174	17,473	14,421	1,680	41,748	2037	
2038	8,261	17,660	14,575	1,698	42,195	2038	
2039	8,350	17,849	14,731	1,717	42,647	2039	
2040	8,439	18,040	14,889	1,735	43,103	2040	
2041	8,529	18,233	15,048	1,754	43,563	2041	
2042	8,620	18,428	15,209	1,772	44,029	2042	
2043	8,712	18,625	15,371	1,791	44,499	2043	
2044	8,805	18,823	15,535	1,810	44,973	2044	
2045	8,899	19,024	15,700	1,830	45,453	2045	
	<u>204,322</u>	<u>436,791</u>	<u>360,485</u>	<u>42,008</u>	<u>1,043,606</u>		

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

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: _____

Mailing Address: _____

Primary Contact #: _____ Cell #: _____

E-mail: _____ FAX #: _____

Attorney: _____

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:
-------	----------	--------	-----------

_____	_____	_____	_____
_____	_____	_____	_____

Tim Hess 240 Algoma Blvd Suite A Member / owner 25%

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: _____

50 W 6th St LLC □□□□□□

Date: 4/10/2017

RE: Summary Letter Granary 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 revitalization efforts of Oshkosh's south shore and hope that the community might view this project favorably enough to utilize Tax Incremental Financing to help make financially feasible the development of a 5,459 square foot office space and a separate 4,059 square foot brewpub and restaurant. In addition, we propose to acquire a redevelopment authority owned lot adjacent to our building so that we can provide additional parking to service the tenants as well as remill and overlay a portion of W 5th Ave adjacent to the building. This building has sat vacant for the past decade and will continue to fall into disrepair without the immediate action we are proposing. This locally 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: 50 W 6th Street, LLC (Andy Dumke, Cal Schultz, Chet Wesenberg, and Tim Hess Co-Developers / Co-Owners)

Description of Site/Building: The H. P. Schmidt Mill building consists of 9,200 Sq. Ft. of vacant space that was most recently used as a night club and then a restaurant before this. The building rests upon a roughly 10,500 Sq. Ft. parcel. A semi-adjacent 4,186 Sq. Ft. lot provides parking for this building as well as a connecting office space owned by Mr Kurt Koeppler & Mrs Peggy Hirschberg.

Current & Proposed Uses: The most recent use was as a night club and then restaurant before that, however has sat vacant the past decade. We are proposing to turn it into office space and a brewpub and restaurant.

Description of End Users: Given the local prominence of the now closed Granary restaurant, we anticipate that many locals will again be interested to try out the revived brewpub and restaurant. The proposed operators presently run one of the most successful similar type establishments in Oshkosh.

The office will be occupied by a local professional firm that has seen significant growth over the past decade and is looking to expand its current footprint in Oshkosh.

Project Start & End Dates: Initial demolition efforts will begin shortly to further understand the challenges and refine the budget. We are anticipating an August 1 completion date for the Office space and a September 15 completion date for the restaurant.

Description of Public Benefit (Job Creation): The professional office firm just hired 8 new full-time employees in anticipation of an expanded office while the restaurant is expected to create the equivalent of 10 full-time jobs upon opening.

Overview of Private Sector Funding and Total Development Costs: We anticipate Verve credit union to be our private financing partner for the project providing a \$800,112 loan as well as monetizing the TIF municipal revenue obligation. In addition, our LLC will contribute \$393,384 worth of cash and equity participation into the project.

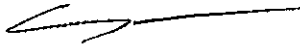
Summary of Increment Projections and TIF Assistance Requested: Over the next 26 years, we estimate the tax increment to exceed \$1,600,000 with this project. We are requesting the full 90% of the increment, or \$369,105 of net present value as a PayGo note to be paid over the course of the 25-year payback period.

The 'But For' Provision: As with any preservation of a historical building, the H. P. Schmidt Mill has many significant challenges that have been exacerbated by the obvious lack of any maintenance over the past decade. Moreover, significant water penetration has occurred leading to substantial mold issues that were noted before we purchased the building. While we have taken preliminary mediation steps, a significant amount of remediation remains, especially considering we intend to re-open a portion of the building as a restaurant. While the landmark's commission has designated the property as a locally significant structure, two independent surveys commissioned for the City of Oshkosh both determined the building does not qualify for listing in the National Register of Historic Places, and thus do not qualify for any assistance in the form of Historic Tax Credits. Therefore we are left with the challenge to bring back into service a locally significant building, which comes with the challenges one typically faces with buildings well beyond 100 years old, without any other means of covering the financial gap that exists in making this a financially feasible project.

Our analysis has determined that without TIF assistance, not only would we have to bring in \$679,000 of cash or equity up front, which would be more than 63% of the completed project's value, but that doing so would only result in an internal rate of return of 1.95%. With the projected TIF assistance we anticipate an internal rate of return of 4.72%. We would point out that this rate of return is extremely small relative to many project that we see. In fact, staff from the City of Madison report their typical IRR in TIF deals range from 12 to 15%. In this case, however, we are interested in continuing to see the inspirational revival efforts of this city continue and would be willing to proceed with the 4.72% return in hopes that this will continue to spur the momentum the city has gained.

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,



Andy Dumke

Tax Incremental Financing Policy and Application

Project/Property Summary:

Overall Project Summary and Objectives: _____

Current and Proposed Uses: _____

Description of End Users: _____

<p>Property Summary: Parcel/Land Area: _____ SF Building Area: _____ SF # of Dwelling Units: _____ # of Stories: _____ # of Parking Spaces: _____</p>
--

Describe any zoning changes that will be needed:

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

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

Tax Incremental Financing Policy and Application

Project/Property Summary:

Project Timetable

Date

Final Plan/Specification Preparation: _____

Bidding and Contracting: _____

Firm Financing Approval: _____

Construction/Rehabilitation: _____

Landscaping/Site Work: _____

Occupancy/Lease Up: _____

Development Team

Developer: _____

Architect: _____

Surveyor: _____

Contractor: _____

Other Members: _____

Describe Team expertise and experience in developing similar projects:

Other current Team projects in development:

Financial ability of the applicant to complete the project:

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

Professional Studies

8 full time positions.

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:	_____	_____
Demolition:	_____	_____
Environmental Remediation:	_____	_____
Site Clearance and Preparation:	_____	_____
Soft Costs/ Fees:	_____	_____
Soft Cost Contingency:	_____	_____
Hard Construction Costs:	_____	_____
Total Project Costs:	_____	_____

Sources of Funds	% of total project costs		
Equity			
Developer Equity:	\$ _____		_____ %
Other Equity:(_____)	\$ _____		_____ %
Total Equity:	\$ _____		_____ %
Loans			
Construction Financing:	\$ _____	_____ %	_____ mos.
Permanent Financing:	\$ _____	_____ %	_____ yrs. _____ %
TIF Assistance	\$ _____		_____ %
Other: (_____)	\$ _____		_____ %
Total Sources of Funds	\$ _____		100%

Financing Source Amount	Terms: Years/Interest	Contact Information
Equity: _____		
Loans	1: _____	
	2: _____	
	3: _____	
	4: _____	

Tax Incremental Financing Policy and Application

Supplemental Information:

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

Land Acquisition \$ _____

Demolition \$ _____

Site Clearance and Preparation

Infrastructure \$ _____

Utilities/removal \$ _____

Utilities/relocation \$ _____

Utilities/installation \$ _____

Hazardous Materials Removal \$ _____

Other(_____) \$ _____

Total Site Clearance and Preparation

Soft Costs/Fees

Project Management (_____%) \$ _____

General Contractor (_____%) \$ _____

Architect/Engineer (_____%) \$ _____

Developer Fee (_____%) \$ _____

Appraisal \$ _____

Soil Testing \$ _____

Market Study \$ _____

Legal/Accounting \$ _____

Insurance \$ _____

Title/Recording/Transfer \$ _____

Building Permit \$ _____

Mortgage Fees \$ _____

Construction Interest \$ _____

Commissions \$ _____

Marketing \$ _____

Real Estate Taxes \$ _____

Other Taxes \$ _____

Other (_____) \$ _____

Other (_____) \$ _____

Sub-total Soft Costs/Fees \$ _____

Soft Cost Contingency \$ _____

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		\$ _____	\$ _____	\$ _____
Other Revenue (_____)		\$ _____	\$ _____	\$ _____
Gross Potential Income		\$ _____	\$ _____	\$ _____
Commercial Vacancy	_____ %	\$ _____	\$ _____	\$ _____
Residential Vacancy	_____ %	\$ _____	\$ _____	\$ _____
Effective Gross Income (EGI)		\$ _____	\$ _____	\$ _____
Expenses				
Maintenance & Repairs		\$ _____	\$ _____	\$ _____
Real Estate Taxes		\$ _____	\$ _____	\$ _____
Insurance		\$ _____	\$ _____	\$ _____
Management Fee		\$ _____	\$ _____	\$ _____
Professional Fees		\$ _____	\$ _____	\$ _____
Other Expense (_____)		\$ _____	\$ _____	\$ _____
Other Expense (_____)		\$ _____	\$ _____	\$ _____
Total Expenses		\$ _____	\$ _____	\$ _____
Net Operating Income (NOI)		\$ _____	\$ _____	\$ _____
Capital Expenses (<i>reserves, tenant improvements, commissions</i>)		\$ _____	\$ _____	\$ _____
Debt Service		\$ _____	\$ _____	\$ _____
Net Cash Flow (before depreciation)		\$ _____	\$ _____	\$ _____
Reversion in Year 10				
Year 11 NOI before Debt & Capital Expenses		\$ _____		
Capitalization Rate		_____ %		
Gross Reversion		\$ _____		

Tax Incremental Financing Policy and Application

Supplemental Information:

Revenue Projects – For-Sale Project

Gross Sales Revenue

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

Total Housing Sales: \$ _____

**affordable units if any*

Housing Unit Upgrades: \$ _____

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

Total Commercial Sales: \$ _____

Total Gross Sales Revenue \$ _____

Cost of Sales

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

Total Costs of Sales _____ % \$ _____

Net Sales Revenue \$ _____

Tax Incremental Financing Policy and Application

Attachments:

Summary Letter

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

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

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

Project Narrative

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

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

Tax Incremental Financing Policy and Application

Filing Requirements, Notes, Certification and Agreement:

Filing Requirements

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

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

Notes

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

Agreement

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

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

Applicant Name  _____ Date _____

**H. P. SCHMIDT MILL BUILDING
MARKET STUDY and
INVESTMENT ANALYSIS REPORT**

APRIL 10, 2017

Prepared Exclusively For:

50 West 6th Street, LLC

Prepared By:

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

member of

ASA
AMERICAN STATISTICAL
ASSOCIATION

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INTRODUCTION / OBJECTIVE

Invista Analytics, LLC (IA) has been engaged to provide a market study of commercial rental rates of properties in Oshkosh, and specifically what an investment property in the third ward, is likely to command. This information, along with the current proposed lease rates were utilized to create an operational proforma and investment analysis for the development of the H. P. Schmidt Mill building located at 50 West 6th Avenue in Oshkosh, Wisconsin.

The original mill portion of the building contains 3 stories and a basement. In 1984, developers converted the entire building into *The Granary* restaurant. However, this renovation only refurbished the first and second floors of the original mill structure. The third floor substantially remains as it was left in 1984, with only scuttle-hole access. The proposed development plan calls for substantially renovating the first and second floors to provide approximately 5,459 square-feet of office space. The non-original addition to the main mill structure will be renovated into a 4,059 square foot brewpub and restaurant.

Figure 1 - Front elevation and overhead view of site



The plan calls for the construction of a new parking lot on the south-west lot on the corner of W 6th Ave and Nebraska St. to service both tenants, in addition to milling with overlay and curb a portion of 5th avenue to facilitate additional on-street parking. A future build-out of the third floor of the office space is estimated to occur in year 5 of the plan.

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

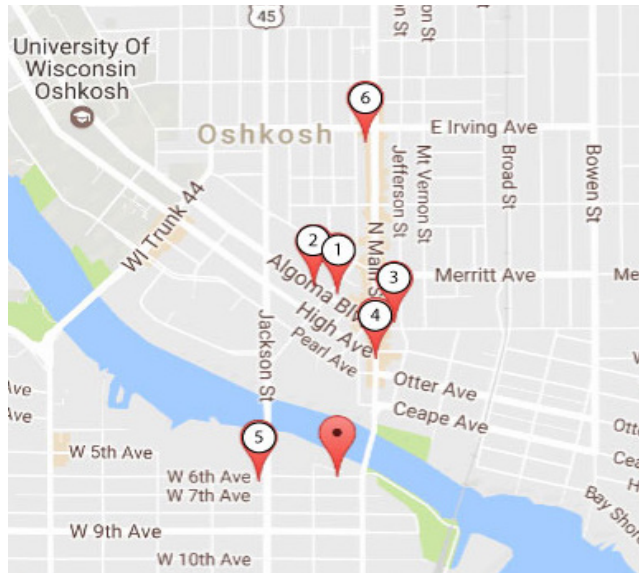
In many instances in this report IA was required to seek outside sources of information including assessment data from the City of Oshkosh, construction cost estimates from the general contractor, financing terms, capitalization rates, among other metrics. In all cases we sought to document the sources 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.

ABBREVIATED MARKET STUDY

To assess the potential market rents within the downtown / south-shore area, IA conducted a comprehensive web search of available commercial space for lease within one mile of our subject property location. Websites included typical real estate agencies including realtor.com, firstweber.com, coldwellhomes.com, and oshkoshrealty.com. In addition, individual developer and property management sites were also searched including blackteak.com, alexanderbish-op.com, allieddevelopment.biz, and schwabproperties.com. Properties were considered as potential comparisons if they were constructed of either stone, brick or masonry and had between 1,500 and 10,000 square feet of space available for lease. This search resulted in six potential comparable properties, which are displayed on the map below.

Figure 2 - Comparable Commercial Properties for Lease



For each property we recorded the modified gross asking rent along with the salient features that distinguish each of the properties. The results are in the table below.

Available Commercial Space						
	Rate / SF	Sq Ft	Source	Parking	Utilities	Furnished
1 - 146 Algoma - Suite C	\$9.00	2187	www.blackteak.com	None	Not Included	No
2 - 240 Algoma Blvd	\$9.00	500 - 2500	www.blackteak.com	5 - 25	Not Included	No
3 - 16 Washinton Ave	\$9.60	5000	MLS # 50154082	30 stalls	Not Included	No
4 - 217 N Main St	\$12.00	5825	MLS # 50092395	add	Included	No
5 - 601 Oregon St ¹	\$13.68	7000	MLS # 50141734	8	Not included	Yes
6 - 683 N Main	\$6.80	1500	MLS # 50148375	Shared	Not included	No

1. Original listing offered as NNN lease. To adjust, estimated taxes was incorporated into a per square foot rate.

The developer is proposing to lease 5,459 square feet of office space at a modified gross net rate of \$14.07 per square foot. The brewpub has a potential tenant willing to lease the space at \$13.30 per square foot per annum. Both of these lease rates appear to be higher than the typical lease rate of the comps listed on the previous page. Thus we are comfortable with the claim that the potential TIF financing is not simply being used to lower the lease rates for the tenants.

PROJECT VALUATION

The City of Oshkosh TIF policy states that at most 90% of the increment created within the TIF district can be made available to assist any deserving development when the pay-as-you-go funding mechanism is used. In order to calculate the potential assistance, we must estimate the value of the property both at the time of the TIF district creation, as well as the value of the completed project. The difference between these two valuations is then the increment created.

Base Valuation

While not an arms-length sale, the developer purchased the property from the U.S. Small Business Administration for \$50,000 in May of 2015. Prior to this, the US-SBA conducted an auction of the building in January of 2015. Records show the auction lasted for one week with a starting bid of \$100,000. No bids were placed on the property at this time. Records from the auction showed that the property was in need of extensive mold remediation. This was likely the reason for the lack of bids on the property at auction. While a portion of the remediation was taken care of by the developer after purchase, there is still extensive remediation work to be done.

In addition to the remediation, the building needs extensive work before one could even obtain occupancy. Both roofs have extensive damage and allow water in. The HVAC units have all been sitting unused for the past 10 years and are now completely unservicable. Most every window is cracked or broken. Even with the partial remediation that was completed on the building, we estimate it's present value to be \$110,000.

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

$$NOI = EGI - (EXPENSE - TAXES).$$

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 10.5%. Data for the effective gross income (EGI) and other values can be found on the Profit and Loss Proforma with TIF on page 12. Using this approach results in a completed project valuation of \$1,069,500.

Modified Income Approach Calculation for Assessment Valuation								
	Year 1		Year 2		Year 6		Year 11	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
EGI	129,492		129,492		170,935		176,611	
Expense	25,554	19.73%	21,529	16.63%	50,077	29.30%	61,230	34.67%
Taxes	8,364		4,047		30,539		39,901	
Adjusted NOI	112,302	86.73%	112,010	86.50%	151,397	88.57%	155,281	87.92%
Loaded CAP RATE	10.50%		10.50%		10.50%		10.50%	
Valuation	1,069,500		1,066,800		1,441,900		1,478,900	
Valuation from Taxes	310,000		150,000		1,131,907		1,478,900	

It is anticipated that work will begin mid-way through year 5 to finish off the 3rd floor of the mill building to provide yet another floor of office floor space for the tenant. Using the same income approach we estimate the value of the entire project to be \$1,441,900 upon completion of this work.

OVERALL INVESTMENT ANALYSIS

Potential Income

We first document the expected maximum revenue given the proposed rates each of the prospective tenants have tentatively agreed to. The table below summarizes the rates and potential annual income upon completion of the renovations. In total the developers could anticipate a maximum annual income of \$130,800.

Maximum Rental Income Potential				
Unit Type	Sq Ft	Rent/sf	Monthly Rent	Annual Rent
Office Space	5459	14.07	6,400	76,800
Brew Pub	4059	13.30	4,500	54,000
Total				\$130,800

Budget and Funding

Next we look at the detailed budget and sources of income. The table on the following page lists all expected expenses of the initial build-out for each space, the associated equipment for the restaurant, and the exterior and common areas. Including a 10% contingency, we anticipate hard costs of \$1,101,751. Adding soft costs and site acquisition, the total estimated cost of this project is \$1,562,601 under the TIF scenario.

On the funding side the developers anticipate bringing roughly \$393K to the project in the form of cash investment and equity. Given our estimates of valuation and increment, 90% of the net present value of the increment over the 27 year proposed TIF time frame would be approximately \$369K using 5.75% discount rate if we monetize the municipal revenue obligation note. This would then leave approximately \$800K remaining that the developer would look to finance. Initial conversations with Verve credit union have been met with favorable reactions to the prospect of providing this long term financing.

We further estimate the cost to build-out of the third floor of office space to be \$325,000. At this point we anticipate the developer refinancing the original note and adding 80% of the \$325K to the primary note on the project. The remaining 20%, or \$65K, will be from a cash investment on the part of the developer.

Detailed Project Budget			
	Amount		
	w/ TIF	w/o TIF	Notes
Acquisition & Site Prep			
Land Acquisition	110,000	110,000	
Lot Acquisition	7,500	7,500	
Subtotal	\$117,500	\$117,500	
Soft Costs/Fees			
General Contractor	110,175	110,175	
Architect/Engineer	55,088	55,088	
Developer Fee (6%)	82,621	82,621	
Appraisal	4,000	4,000	
TIF Application	10,000		
TIF Consulting / Market Study	18,000		
Legal/Accounting	4,000	4,000	
Insurance	2,500	2,500	
Title/Recording/Transfer	3,000	3,000	
Building Permit	10,821	10,821	
Mortgage Fees	2,500	2,500	
Construction Interest	6,301	6,301	
Real Estate Taxes	4,344	4,344	4/1/2017 - 8/15/2017
Soft Cost Contingency	30,000	30,000	
Subtotal	\$343,350	\$315,350	
Hard Costs			
Brew Pub	265,853	265,853	
Office Space	351,083	351,083	
Resteraunt Equipment	126,315	126,315	
Exterior/Parking Lot	258,341	258,341	
Contingency (10%)	100,159	100,159	
Subtotal	\$1,101,751	\$1,101,751	
Total Project Costs	\$1,562,601	\$1,534,601	
Source of Funding			
Permanent Financing	800,112	855,600	
TIF Monitization Note	369,106		
Equity by developer	393,384	679,001	
Total Source of Funds	1,562,601	1,534,601	

TIF Funding

We assume that the project will be completed by September 2017 and that the assessor will apply the new assessed value before the first of the year, 2018. Thus the full value of the project will be on the 2018 tax year assessment and the increment can be paid out in the fall of 2019. We assume the assessed value will increase at a rate of 1% per year and that the base value will be \$110,000. Adding the estimated \$325K cost to build out the third floor in year five to the present budget of \$1.562 million results in an overall project cost of \$1.887 million. The net present value of the 90% of the increment is \$369K or 19.5% of the total estimated project costs. This is significantly below the 25% cap in the City of Oshkosh TIF policy. (See TIF Note payoff schedule on the following page.)

Granary TIF Assumptions	
TIF Base Value of Site	\$ 110,000
Completed Project Value	\$ 1,069,500
Restaurant Equipment Value	\$75,000
Project Value Appreciation	1.0%

Project Year	Levy Year	Tax Year	Calendar Yr.	Building	Equipment	Value of Addn Lot	Increment	Equalized Tax Rate	Project Tax Proceeds	Tax Proceeds Allocation Tax Entities	Increment Allocation 10% City	90% Project	NPV 5.75%	
1	2015	2016	2017	310,000				26.98	8,364	8,364	-	0	\$0.00	
2	2016	2017	2018	150,000				26.98	4,047	2,968	1,079	0	\$0.00	
3	2017	2018	2019	1,039,500	75,000	30,000	1,034,500	26.98	30,879	2,968	27,911	25,120	\$21,240.94	
4	2018	2019	2020	1,049,895	60,000	30,300	1,030,195	26.98	30,762	2,968	27,795	25,015	\$41,243.36	
5	2019	2020	2021	1,060,394	45,000	30,603	1,025,997	26.98	30,649	2,968	27,681	24,913	\$60,081.09	
6	2020	2021	2022	1,070,998	30,000	30,909	1,021,907	26.98	30,539	2,968	27,571	24,814	\$77,823.54	
7	2021	2022	2023	1,408,182	15,000	31,218	1,344,400	26.98	39,240	2,968	36,272	32,645	\$99,895.98	
8	2022	2023	2024	1,422,264		31,530	1,343,794	26.98	39,223	2,968	36,256	32,630	\$120,758.85	
9	2023	2024	2025	1,436,486		31,846	1,358,332	26.98	39,616	2,968	36,648	32,983	\$140,700.77	
10	2024	2025	2026	1,450,851		32,164	1,373,015	26.98	40,012	2,968	37,044	33,340	\$159,762.23	
11	2025	2026	2027	1,446,414		32,486	1,368,900	26.98	39,901	2,968	36,933	33,240	\$177,733.22	
12	2026	2027	2028	1,460,878		32,811	1,383,689	26.98	40,300	2,968	37,332	33,599	\$194,910.66	
13	2027	2028	2029	1,475,487		33,139	1,398,626	26.98	40,703	2,968	37,735	33,961	\$211,329.45	
14	2028	2029	2030	1,490,242		33,470	1,413,712	26.98	41,110	2,968	38,142	34,328	\$227,022.96	
15	2029	2030	2031	1,505,145		33,805	1,428,949	26.98	41,521	2,968	38,553	34,698	\$242,023.11	
16	2030	2031	2032	1,520,196		34,143	1,444,339	26.98	41,936	2,968	38,968	35,071	\$256,360.42	
17	2031	2032	2033	1,535,398		34,484	1,459,882	26.98	42,355	2,968	39,388	35,449	\$270,064.05	
18	2032	2033	2034	1,550,752		34,829	1,475,581	26.98	42,779	2,968	39,811	35,830	\$283,161.93	
19	2033	2034	2035	1,566,259		35,177	1,491,437	26.98	43,207	2,968	40,239	36,215	\$295,680.71	
20	2034	2035	2036	1,581,922		35,529	1,507,451	26.98	43,639	2,968	40,671	36,604	\$307,645.92	
21	2035	2036	2037	1,597,741		35,884	1,523,626	26.98	44,075	2,968	41,107	36,997	\$319,081.93	
22	2036	2037	2038	1,613,719		36,243	1,539,962	26.98	44,516	2,968	41,548	37,393	\$330,012.09	
23	2037	2038	2039	1,629,856		36,606	1,556,462	26.98	44,961	2,968	41,993	37,794	\$340,458.67	
24	2038	2039	2040	1,646,154		36,972	1,573,126	26.98	45,411	2,968	42,443	38,199	\$350,443.00	
25	2039	2040	2041	1,662,616		37,341	1,589,957	26.98	45,865	2,968	42,897	38,607	\$359,985.46	
26	2040	2041	2042	1,679,242		37,715	1,606,957	26.98	46,323	2,968	43,356	39,020	\$369,105.55	
												89,829	808,464	
												899,373		

Operational Proforma

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

- The brew pub will maintain a stable rent for the first 5 years then increase by 2% every year thereafter. The first term of this lease would be for 10 years.
- The office tenant lease will be for an initial term of 7 years. It will then increase by 10% at the beginning of each of 2 five year extension periods. For purposes of the proforma however, we assume the third floor is built out at year 5 and that a new lease is negotiated at this point. The third floor would add 2,500 square feet of space and the new lease rate would be \$14.74 per square foot.
- For planning purposes we assume a vacancy / credit loss of 1%.
- Expenses including Maintenance and Repairs, Insurance, Professional Fees, and Common Area Maintenance will all increase by 2% per year.
- Capital reserves will increase by 1% per year.
- Debt service will be fixed over the first 5 years with a 20 year amortization schedule and a 4.5% interest rate offered through Verve. At the beginning of year 6, we assume \$260K or 80% of the \$325K projected cost to complete the third floor will be added to the original note remaining amount. This new amount will be amortized over 15 years at 5%.

The proforma with the TIF assistance starts with a modest cash flow of \$10,374 the first year and rising up to \$25,861 by the end of year 10. Below the “with TIF” proforma is the he “without TIF” proforma. In this scenario, the cash flow does turn out slightly better in the beginning but then loses ground relative to the “with TIF” scenario ultimately ending up with a year 10 cash flow of \$17,134.

Granary - Profit and Loss With TIF											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Income											
Brew Pub	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$55,080	\$56,182	\$57,305	\$58,451	\$59,620	\$60,813
Office Space	\$76,800	\$76,800	\$76,800	\$76,800	\$76,800	\$117,315	\$117,315	\$117,315	\$117,315	\$117,315	\$117,315
Gross Potential Income	\$130,800	\$130,800	\$130,800	\$130,800	\$130,800	\$172,395	\$173,497	\$174,620	\$175,766	\$176,935	\$178,128
Vacancy / Credit Loss (1%)	\$1,308	\$1,308	\$1,308	\$1,308	\$1,308	\$1,724	\$1,735	\$1,746	\$1,758	\$1,769	\$1,781
Effective Gross Income (EGI)	\$129,492	\$129,492	\$129,492	\$129,492	\$129,492	\$170,671	\$171,762	\$172,874	\$174,009	\$175,166	\$176,346
Expenses											
Maintenance & Repairs	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412	\$5,520	\$5,631	\$5,743	\$5,858	\$5,975	\$6,095
Real Estate Taxes	\$8,364	\$4,047	\$30,879	\$30,762	\$30,649	\$30,539	\$39,240	\$39,223	\$39,616	\$40,012	\$39,901
Insurance	\$2,600	\$2,652	\$2,705	\$2,759	\$2,814	\$2,871	\$2,928	\$2,987	\$3,046	\$3,107	\$3,169
Management Fee (2%)	\$2,590	\$2,590	\$2,590	\$2,590	\$2,590	\$3,413	\$3,435	\$3,457	\$3,480	\$3,503	\$3,527
Professional Fees	\$2,500	\$2,550	\$2,601	\$2,653	\$2,706	\$2,760	\$2,815	\$2,872	\$2,929	\$2,988	\$3,047
CAM	\$4,500	\$4,590	\$4,682	\$4,775	\$4,871	\$4,968	\$5,068	\$5,169	\$5,272	\$5,378	\$5,485
Total Operating Expenses	\$25,554	\$21,529	\$48,658	\$48,846	\$49,043	\$50,072	\$59,117	\$59,452	\$60,202	\$60,963	\$61,225
Net Operating Income (NOI)	\$103,938	\$107,963	\$80,834	\$80,646	\$80,449	\$120,599	\$112,645	\$113,422	\$113,807	\$114,203	\$115,122
TIF Note Receipt	\$0	\$0	-\$25,120	-\$25,015	-\$24,913	-\$24,814	-\$32,645	-\$32,630	-\$32,983	-\$33,340	-\$33,240
Capital Reserves	\$4,800	\$4,848	\$4,896	\$4,945	\$4,995	\$5,045	\$5,095	\$5,146	\$5,198	\$5,250	\$5,302
Debt Service (20yr @ 4.5% then 15 yr at 5%)	\$88,765	\$88,765	\$88,765	\$88,765	\$88,765	\$116,431	\$116,431	\$116,431	\$116,431	\$116,431	\$116,431
Net Cash Flow	\$10,374	\$14,351	\$12,292	\$11,951	\$11,603	\$23,937	\$23,763	\$24,475	\$25,161	\$25,861	\$26,628

Granary - Profit and Loss Without TIF											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Income											
Brew Pub	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$55,080	\$56,182	\$57,305	\$58,451	\$59,620	\$60,813
Office Space	\$76,800	\$76,800	\$76,800	\$76,800	\$76,800	\$117,315	\$117,315	\$117,315	\$117,315	\$117,315	\$117,315
Gross Potential Income	\$130,800	\$130,800	\$130,800	\$130,800	\$130,800	\$172,395	\$173,497	\$174,620	\$175,766	\$176,935	\$178,128
Vacancy / Credit Loss (1%)	\$1,308	\$1,308	\$1,308	\$1,308	\$1,308	\$1,724	\$1,735	\$1,746	\$1,758	\$1,769	\$1,781
Effective Gross Income (EGI)	\$129,492	\$129,492	\$129,492	\$129,492	\$129,492	\$170,671	\$171,762	\$172,874	\$174,009	\$175,166	\$176,346
Expenses											
Maintenance & Repairs	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412	\$5,520	\$5,631	\$5,743	\$5,858	\$5,975	\$6,095
Real Estate Taxes	\$8,364	\$4,047	\$30,879	\$30,762	\$30,649	\$30,539	\$39,240	\$39,223	\$39,616	\$40,012	\$39,901
Insurance	\$2,600	\$2,652	\$2,705	\$2,759	\$2,814	\$2,871	\$2,928	\$2,987	\$3,046	\$3,107	\$3,169
Management Fee (2%)	\$2,590	\$2,590	\$2,590	\$2,590	\$2,590	\$3,413	\$3,435	\$3,457	\$3,480	\$3,503	\$3,527
Professional Fees	\$2,500	\$2,550	\$2,601	\$2,653	\$2,706	\$2,760	\$2,815	\$2,872	\$2,929	\$2,988	\$3,047
CAM	\$4,500	\$4,590	\$4,682	\$4,775	\$4,871	\$4,968	\$5,068	\$5,169	\$5,272	\$5,378	\$5,485
Total Operating Expenses	\$25,554	\$21,529	\$48,658	\$48,846	\$49,043	\$50,072	\$59,117	\$59,452	\$60,202	\$60,963	\$61,225
Net Operating Income (NOI)	\$103,938	\$107,963	\$80,834	\$80,646	\$80,449	\$120,599	\$112,645	\$113,422	\$113,807	\$114,203	\$115,122
TIF Note Receipt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Reserves	\$4,800	\$4,848	\$4,896	\$4,945	\$4,995	\$5,045	\$5,095	\$5,146	\$5,198	\$5,250	\$5,302
Debt Service (20yr @ 4.5% then 15 yr at 5%)	\$64,955	\$64,955	\$64,955	\$64,955	\$64,955	\$91,819	\$91,819	\$91,819	\$91,819	\$91,819	\$91,819
Net Cash Flow	\$34,183	\$38,160	\$10,982	\$10,745	\$10,499	\$23,736	\$15,731	\$16,457	\$16,790	\$17,134	\$18,000

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 10.5% loaded cap rate and subtract off the presumed mill rate of 2.698% to arrive at a non-loaded cap rate of 7.802%. This results in a valuation of \$1.475 million in the TIF scenario. However after 10 years there would still be \$914,773 left to pay off on the mortgage. After a 5% realtor fee we estimate a net reversion of \$486,952 in addition to the year 10 net cash flow. This leads to a 10 year Internal Rate of Return of 4.72%. A similar calculation without TIF leads to an IRR of 1.95%.

Return on Investment Metrics						
	With TIF			Without TIF		
	Net Cash Flow	Reversion	Total	Net Cash Flow	Reversion	Total
Initial Cash Outlay	-393,384		-393,384	-679,001		-679,001
Year 1	10,374		10,374	34,183		34,183
Year 2	14,351		14,351	38,160		38,160
Year 3	12,292		12,292	10,982		10,982
Year 4	11,951		11,951	10,745		10,745
Year 5	-53,397		-53,397	-54,501		-54,501
Year 6	23,937		23,937	23,736		23,736
Year 7	23,763		23,763	15,731		15,731
Year 8	24,475		24,475	16,457		16,457
Year 9	25,161		25,161	16,790		16,790
Year 10	25,861	486,952	512,814	17,134	680,325	697,459
Yr 11 NOI	115,122			115,122		
Terminal Cap Rate	7.802%			7.802%		
Gross Reversion Bldg	1,475,500			1,475,500		
Mortgage Payoff	914,773			721,400		
5% Realtor Fee	73,775			73,775		
Net Reversion	486,952			680,325		
	10yr IRR => 4.72%			10yr IRR => 1.95%		

The developer considers these rates of return to be substantially different. However, beyond just the rate of return is the amount of up-front cash the developer would need to put into each deal. In the 'with TIF' scenario the developer is putting in \$393K up front, however, in the 'without TIF' scenario the developer would need to bring in over \$679K to make the project work. Combine this with the rates of return and it is clear that this is a project that the developer would not undertake but for the potential TIF assistance.

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 10, 2017.

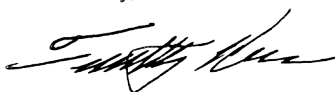
The results presented in this report are the professional opinion of IA and are based on the information available at this time. These opinions infer proper and professional management of the business operation. The opinions also infer that market conditions do not change the information received upon 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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Mr. Nau 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 proposed use which would be a hydraulic repair business which is relocating from their current site on W. 14th Avenue. He discussed the number of employees and hours of operation and that the use would have a minimal traffic generation compared to the previous use. The operations would be conducted within the building with no adverse effects on the neighboring properties. The use is consistent with commercial land use plans and the site is fully developed with no changes proposed to the existing site design. He also discussed outdoor storage which is not proposed but would be required to be screened appropriately if established. He reviewed the parking stalls for the site and the access to the site and stated that the parking stalls were in need of being repainted. The existing roof sign is going to be re-used and he reviewed the site plan and photos of the site. He discussed the monument signage that the petitioner was considering however he has since decided not to install one at this time. Landscaping and storm water management plans are not required for the site as the existing conditions are not being altered. He discussed the removal of some of the windows on the front elevation to enable the installation of overhead doors. He stated that details for a refuse enclosure have not been submitted but will be addressed during the site plan review process and he reviewed the conditions recommended for this request.

There was no discussion on this item.

Motion by Borsuk to approve a conditional use permit for a light industrial use (hydraulic cylinder repair) for property located at 541 W. 10th Avenue with the following conditions:

1. *No outdoor storage of equipment, parts, materials or inoperable vehicles unless a designated storage area is created and provides minimum screening requirements.*
2. *Parking stall striping be repainted within the off-street parking area.*

Seconded by Nollenberger. Motion carried 8-0.

V. PUBLIC HEARING ON PROPOSED CREATION OF TAX INCREMENT FINANCING DISTRICT NO. 32 GRANARY REHABILITATION; DESIGNATION OF BOUNDARIES AND APPROVAL OF PROJECT PLAN

Tax Incremental District No. 32 (the "TID" or "District") is a proposed 0.45 acre district in need of rehabilitation or conservation located in the former "The Granary" restaurant building at 50 W. 6th Avenue. Creation of the District is intended to facilitate rehabilitation of the historic locally Landmarked H.P. Schmidt Mill building, which also includes an adjacent non-original building addition to the east for total building area of about 9,500 square feet. TIF in this case would be used to rehabilitate the structure into a combination of offices for one user in the original building and a brew pub in the addition. The building has sat vacant for a number of years and reflects some deferred maintenance creating a blighting influence in the area.

The City anticipates making total Project Cost expenditures of approximately \$710,000 to facilitate rehabilitation within the District. This total is comprised of \$661,806 in potential "pay as

you go” development incentives for a total project cost of approximately \$1.5 million dollars which includes \$110,000 for acquisition of the property. Hard construction costs are estimated at approximately \$1.1 million. The District also includes a vacant property to the southwest that will be turned into a parking lot. The project also will include rehabilitation of the existing parking lot to the east of and adjacent to 40 W. 6th Avenue as well as improvement to the “alley” to the north of the building which is W. 5th Avenue where additional public parking will be provided.

Ms. Williams presented the item and discussed the purpose of the creation of the District and reviewed the boundaries and photos of the existing structure. She reviewed the site and surrounding area as well as the land use and zoning classifications in this area and discussed the proposed uses for the site. She reviewed the project cost expenditures and stated that the life of the proposed TIF would be 22 to 27 years. She discussed the IRR (Internal Rate of Return) which would be 1.95% without the TIF assistance and 4.74% with the TIF which is generally consistent with the IRR’s of other TIF redevelopment projects. She stated that the proposed plan is in conformance with the City’s zoning designation, redevelopment plans and Comprehensive Plan. She further stated that the development was in character with the other uses in the area and would be coming back before the Plan Commission for review and approval of the General Development Plan and Specific Implementation Plan. She discussed the improvements within the District which would include sidewalks, the riverwalk, building improvements, and improvements to the private parking lot adjacent to the existing structure and the parking lot adjacent to the district.

Mr. Borsuk stated that he was not clear on the amount of money raised during the life of the TIF and questioned if there was a guaranteed increment included as part of the developer’s agreement.

Ms. Williams responded that the TIF project plan and development agreement will be approved together and this would be addressed at that time.

Chet Wesenberg, 240 Algoma Boulevard, stated that he was the architect for the development and was available to answer any questions related to this item.

*Motion by Borsuk to approve the creation of Tax Increment Financing District No. 32 Granary Rehabilitation; designation of boundaries and approval of project plan.
Seconded by Thoms. Motion carried 8-0.*

There being no further business, the meeting adjourned at approximately 4:35 pm. (Hinz/Bowen)

Respectfully submitted,

Elizabeth Williams
Planner

(CARRIED 4-3 LOST _____ LAID OVER _____ WITHDRAWN _____)

PURPOSE: APPROVE TAX INCREMENT DISTRICT NO. 32 PROJECT PLAN;
DESIGNATE TAX INCREMENT DISTRICT NO. 32 BOUNDARIES;
CREATE TAX INCREMENT DISTRICT NO. 32 GRANARY
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. 32 (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 May 2, 2017 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. 32, Granary Redevelopment", are hereby established as specified in Exhibit A of this Resolution.
2. The District is created effective as of January 1, 2017.
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 #32 was within the City boundaries as of January 1, 2004.
4. The Project Plan for "City of Oshkosh Tax Increment District No. 32, Granary 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. 32 Granary Redevelopment.

**JOINT REVIEW BOARD
RESOLUTION APPROVING THE CREATION OF
TAX INCREMENTAL DISTRICT NO. 32,
CITY OF OSHKOSH**

WHEREAS, the City of Oshkosh (the "City") seeks to create Tax Incremental District No. 32;
and

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

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

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

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

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

WHEREAS, 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 30th day of May, 2017.

Joint Review Board

Representing

Mark J. Haner

Winnebago County

[Signature]

Oshkosh Area School District

Melissa Kohn

Fox Valley Technical College District

Ma A. Fobus

City of Oshkosh

[Signature]

Public Member