

July 2, 2019

Project Plan for the Creation of Tax Incremental District No. 37 (Aviation Plaza Redevelopment)



Organizational Joint Review Board Meeting:	June 28, 2019
Public Hearing:	July 2, 2019
Approval by Plan Commission:	July 2, 2019
Adoption by Common Council:	July 23, 2019
Approval by the Joint Review Board:	July 24, 2019

Tax Incremental District No. 37 Creation Project Plan

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SECTION 1: Executive Summary

Description of District

Tax Incremental District (“TID”) No. 37 (“District”) is a proposed district in need of rehabilitation or conservation consisting of five parcels and approximately 27 acres collectively referred to as the Aviation Plaza center located northwest of the intersection of W. South Park Ave. and S. Koeller Street and abutting Interstate 41. The existing commercial building in the District contains approximately 117,000 sq. ft. of retail space with Rogan’s Shoes as the only current occupant following the closure of the J.C. Penny store in 2015. Mineshaft Oshkosh LLC, Extreme Customs LLC, and Rogan’s Shoes Inc. (collectively, “Developer”) have submitted a plan to redevelop the properties located within the District. The Developer’s plan includes construction of a new 35,600 sq. ft. building that will operate as a Mineshaft restaurant and family entertainment facility, and renovation of the existing commercial building (“Project”). A portion of the renovated building would continue to be occupied by Rogan’s Shoes with most of the remaining space to be occupied by Extreme Customs, a technology and automotive firm specializing in online sales of custom rims and tires. The Extreme Customs facilities will include retail, office, product installation, and warehousing space. General Development Plans and Specific Implementation Plans were approved for Extreme Customs on February 12, 2019 (Resolution 19-91) and Mineshaft on May 28, 2019 (Resolution 19-319). The District will be created to pay incentives to reimburse the Developer for costs incurred related to the rehabilitation of public and private infrastructure and improvements. The Project represents an estimated \$22.8 million investment in the site with approximately \$500,000 to be funded with a WEDC Idle Sites Grant, \$1.89 million with a development incentive funded by the District, and the balance from private investment.

Authority

The City is creating the District under the provisions of Wis. Stat. § 66.1105.

Estimated Total Project Cost Expenditures

The City anticipates making total expenditures of approximately \$4.84 million (“Project Costs”) to undertake the projects listed in this Project Plan (“Plan”). Project Costs include an estimated \$1.89 million in development incentives, \$2.75 million for additional public infrastructure improvements, and an estimated \$200,000 in District administrative expense.

Incremental Valuation

The City projects that an incremental increase in land and improvements value of approximately \$12.4 million will result from the Project. Creation of this additional value will be made possible by the Project Costs made within the District. Assumptions as to the development timing and associated values are included in Section 10 of this Plan.

Expected Termination of District

Based on the Economic Feasibility Study located within Section 10 of this Plan, the City anticipates that the District will generate enough tax increment to pay all Project Costs by the year 2036, reflecting 16 years of tax increment collections, and 18 years of total elapsed time. A total of 7 years of tax increment collections would be needed to repay the development incentive amount included in the Plan, with the remaining years funding potential City infrastructure projects. If necessary, the District would be

permitted to remain open for up to 29 years, allowing for up to a total of 27 years of tax increment collection.

Summary of Findings

As required by Wis. Stat. § 66.1105, and as documented in this Plan and the exhibits contained and referenced herein, the following findings are made:

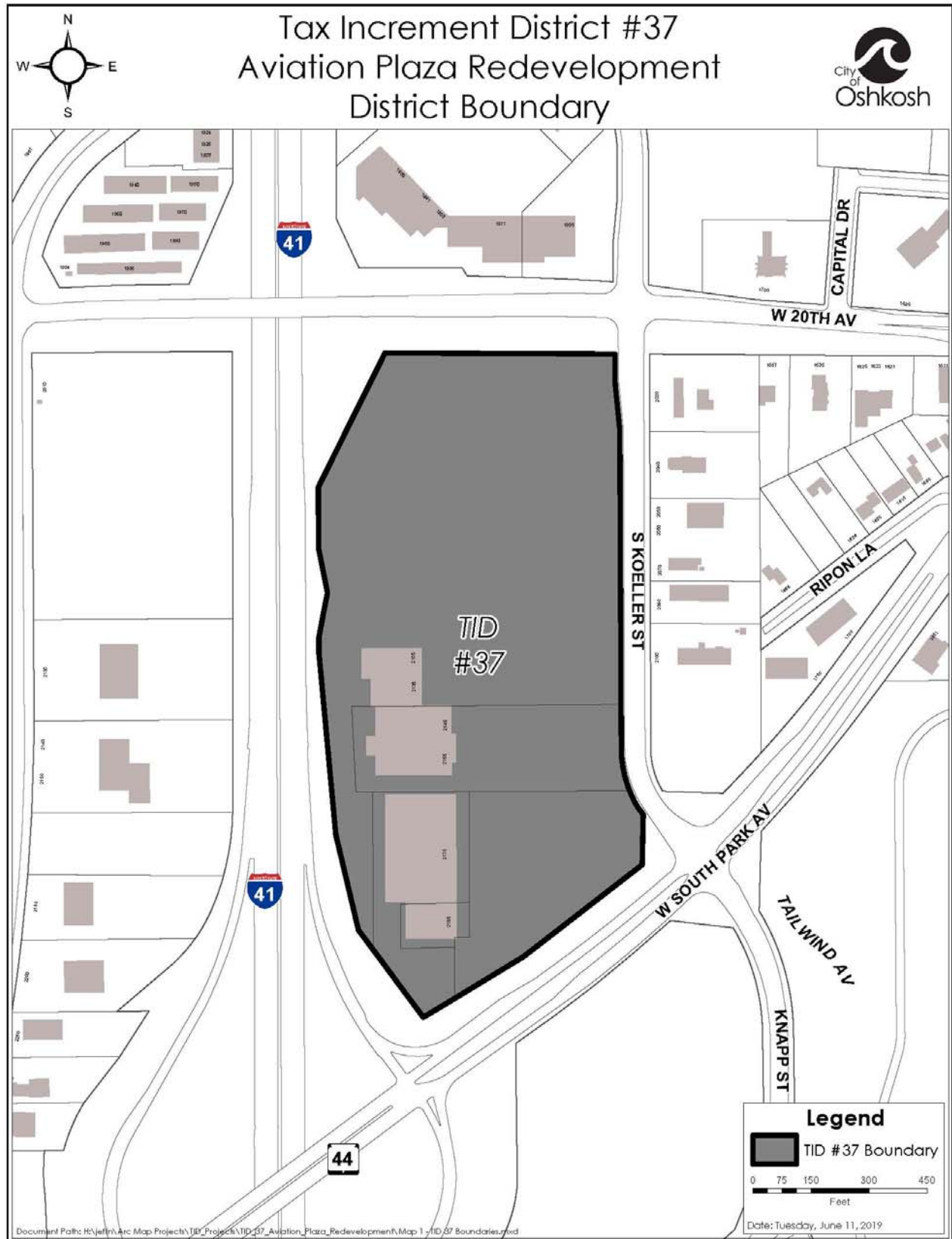
1. **That “but for” the creation of this District, the development projected to occur as detailed in this Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City.** In reaching this determination, the City has considered that the commercial building in the District has remained largely vacant and underutilized since 2015 with current occupancy of 17%. Deterioration of the building and site improvements, as well as the need to rehabilitate public infrastructure serving the site, have presented an impediment to leasing and redevelopment. The City does not have funds available to pay for the costs of rehabilitating the public infrastructure and will require the Developer to provide the funding less that portion expected to be paid from a WEDC Idle Sites Grant. The requirement to fund the public infrastructure rehabilitation as well as the additional costs the Developer will incur to address the on-site costs related to deteriorating site and building improvements make it unlikely that the Project will proceed as proposed with the use of tax incremental financing. The City therefore finds it to be reasonable and necessary to use tax incremental financing to reimburse the Developer for the cost of the public infrastructure rehabilitation and certain other on-site costs that will need to be made to allow the Project to proceed.
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.** In making this determination, the City has considered that in addition to the incremental value expected to be created, the Project will provide increased employment opportunities and space to accommodate retail and service businesses that will support residents and workers in the area.
3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.** As required by Wis. Stat. § 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 prepared and can be found in Appendix A of this plan. However, because the Project would not occur without the use of tax incremental financing, these tax increments would not be paid but for creation of the District. Accordingly, the City finds that the benefits expected to be realized as set forth in this Plan outweigh the value of the tax increments to be invested in the Project.
4. Not less than 50% by area of the real property within the District is in need or rehabilitation or conservation as defined by Wis. Stat. § 66.1337(2m)(a) and as further detailed in Section 5 of the Plan.
5. Based on the foregoing finding, the District is designated as a district in need of rehabilitation or conservation.

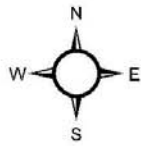
6. The Project Costs relate directly to the rehabilitation or conservation of property in the District, consistent with the purpose for which the District is created.
7. Improvements to be made in the District are likely to significantly enhance the value of substantially all of the other real property in the District.
8. The equalized value of taxable property in the District, plus the incremental value 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. That there are no parcels to be included within the District that were annexed by the City within the three-year period preceding adoption of this Resolution.
10. That approximately 75% 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).
11. The Plan for the District is feasible and is in conformity with the Master Plan of the City.

SECTION 2: Type and General Description of District

The District is a proposed district in need of rehabilitation or conservation consisting of five parcels and approximately 27 acres collectively referred to as the Aviation Plaza center located northwest of the intersection of W. South Park Ave. and S. Koeller Street and abutting Interstate 41. The existing commercial building in the District contains approximately 117,000 sq. ft. of retail space with Rogan's Shoes as the only current occupant following the closure of the J.C. Penny store in 2015. The Developer has submitted a plan to redevelop the properties located within the District. The Developer's plan includes construction of a new 35,600 sq. ft. building that will operate as a Mineshaft restaurant and family entertainment facility, and renovation of the existing commercial building. A portion of the renovated building would continue to be occupied by Rogan's Shoes with most of the remaining space to be occupied by Extreme Customs, a technology and automotive firm specializing in online sales of custom rims and tires. The Extreme Customs facilities will include retail, office, product installation, and warehousing space. General Development Plans and Specific Implementation Plans were approved for Extreme Customs on February 12, 2019 (Resolution 19-91) and Mineshaft on May 28, 2019 (Resolution 19-319). The District will be created to pay incentives to reimburse the Developer for costs incurred related to the rehabilitation of public and private infrastructure and improvements. The Project represents an estimated \$22.8 million investment in the site with approximately \$500,000 to be funded with a WEDC Idle Sites Grant, \$1.89 million with a development incentive funded by the District, and the balance from private investment.

SECTION 3: Preliminary Maps of Proposed District Boundary

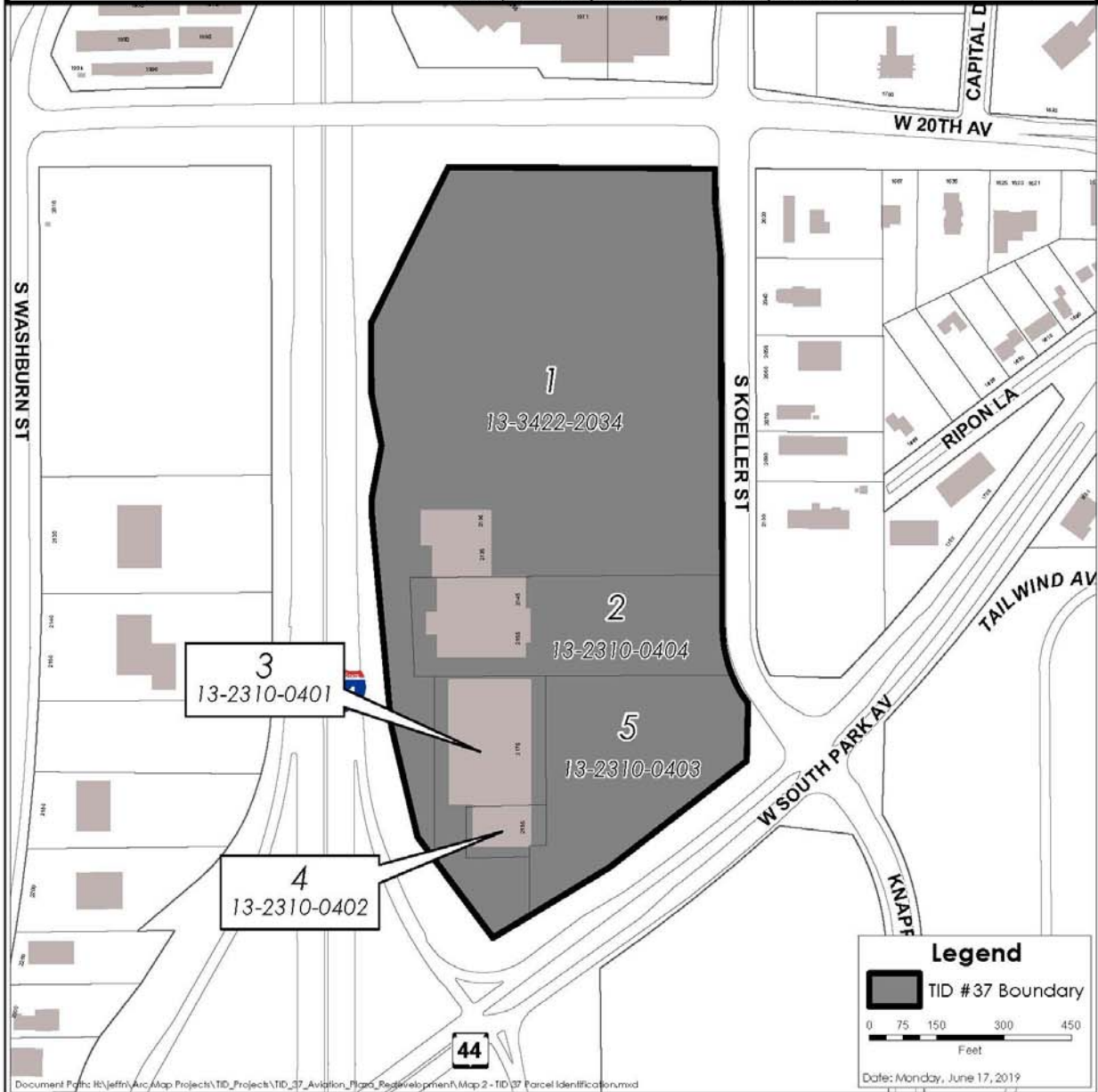




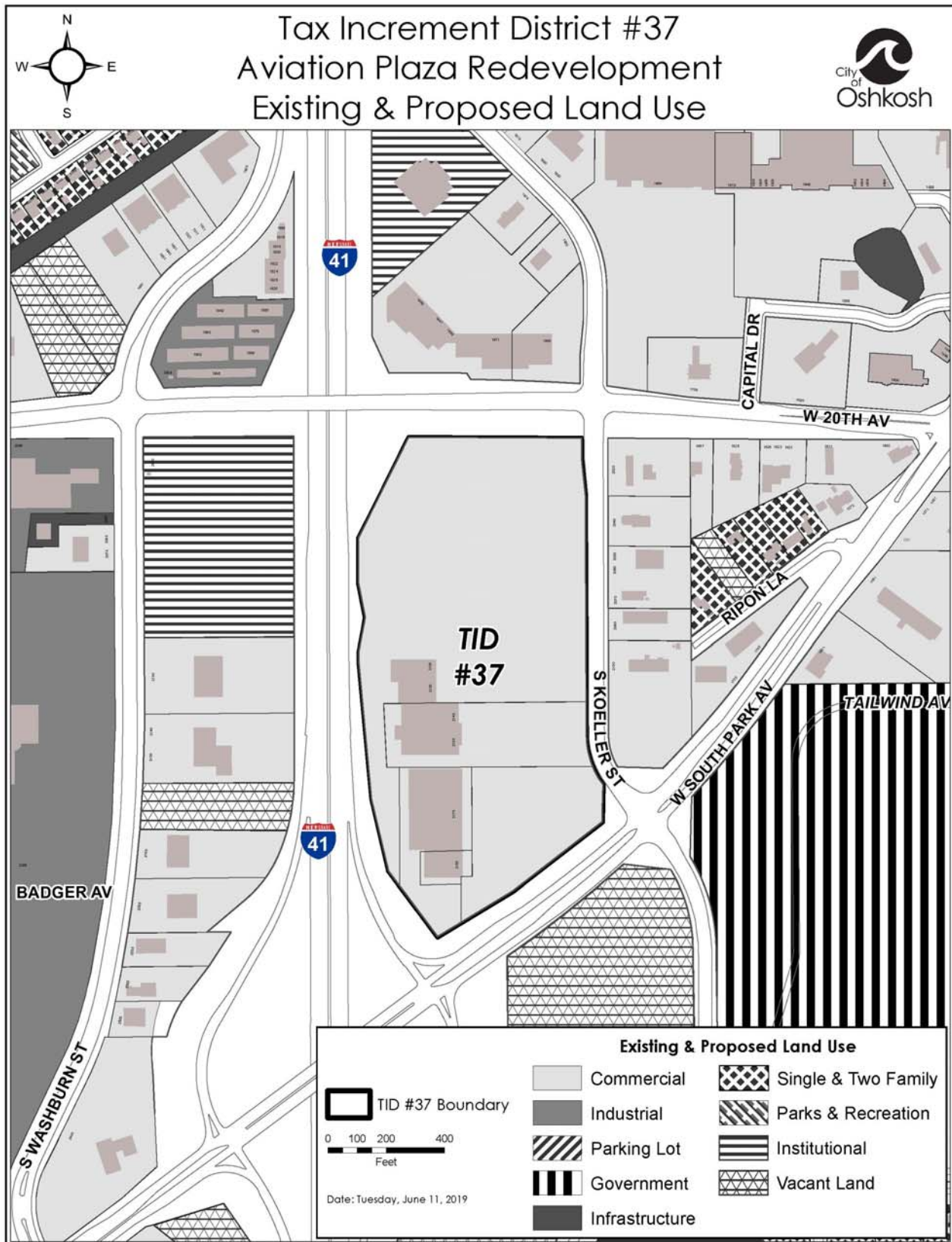
Tax Increment District #37 Aviation Plaza Redevelopment Parcel Identification

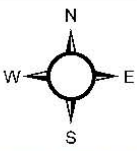


Tax Increment District #37 - Aviation Plaza Redevelopment Parcel Identification											
Map ID	Parcel #	Owner	Local Address	Land Value	Improv. Value	Total Value	Equalized Value	Class	Dwelling Units	Census Tract	Zoning
1	13-3422-2034	MASTERS OSHKOSH LLC	2041 S KOELLER ST	\$ 1,745,700	\$ 529,300	\$2,275,000	\$2,458,396	B	0	13	SMU-PD
2	13-2310-0404	ROGAN STORES OSHKOSH LLC	2145 S KOELLER ST	\$ 625,900	\$ 639,700	\$1,265,600	\$1,367,625	B	0	13	SMU-PD
3	13-2310-0401	PHOENIX REALTY LLC	2175 S KOELLER ST	\$ 399,100	\$1,275,700	\$1,674,800	\$1,809,812	B	0	13	SMU-PD
4	13-2310-0402	PHOENIX REALTY LLC	2185 S KOELLER ST	\$ 75,200	\$ 367,300	\$ 442,500	\$ 478,172	B	0	13	SMU-PD
5	13-2310-0403	PHOENIX REALTY LLC	S KOELLER ST	\$ 569,000	\$ 54,500	\$ 623,500	\$ 673,763	B	0	13	SMU-PD
TOTALS:				\$3,414,900	\$2,866,500	\$6,281,400	\$6,787,768				



SECTION 4: Maps Showing Existing Uses and Conditions





Tax Increment District #37 Aviation Plaza Redevelopment Existing Conditions



SECTION 5: Preliminary Parcel List and Analysis

The following table identifies the parcels to be included in the District. The entirety of the District is an area in need of rehabilitation or conservation as defined in Wis. Stat. § 66.1337(2m)(e). Specifically, the District consists of land where:

1. Plans for a program of voluntary repair and rehabilitation of buildings or other improvements will be carried out. As part of the Project, the existing commercial building located in the District, which is deteriorating and has a 17% occupancy rate, will be rehabilitated to accommodate the relocation of Extreme Customs LLC's operations to the building.
2. Installation, construction or reconstruction of utilities and other improvements is necessary for carrying out the objectives of an urban renewal project. As part of the Project, deteriorating public infrastructure and private site improvements, which have presented an impediment to leasing and redevelopment, will be rehabilitated.

City of Oshkosh, Wisconsin												
Tax Increment District # 37												
Base Property Information ¹												
Property Information					Assessment Information			Equalized Value				District Classification
Map ID #	Parcel Number	Street Address	Owner	Acreage	Land	Imp	Total	Equalized Value Ratio	Land	Imp	Total	In Need of Rehabilitation/ Conservation
1	13-3422-2034	2041 S KOELLER ST	MASTERS OSHKOSH LLC	16.43	1,745,700	529,300	2,275,000	92.54%	1,886,427	571,969	2,458,396	16.43
2	13-2310-0404	2145 S KOELLER ST	ROGAN STORES OSHKOSH LLC	3.53	625,900	639,700	1,265,600	92.54%	676,356	691,269	1,367,625	3.53
3	13-2310-0401	2175 S KOELLER ST	PHOENIX REALTY LLC	2.38	399,100	1,275,700	1,674,800	92.54%	431,273	1,378,539	1,809,812	2.38
4	13-2310-0402	2185 S KOELLER ST	PHOENIX REALTY LLC	0.45	75,200	367,300	442,500	92.54%	81,262	396,909	478,172	0.45
5	13-2310-0403	0 S KOELLER ST	PHOENIX REALTY LLC	3.79	569,000	54,500	623,500	92.54%	614,869	58,893	673,763	3.79
Total Acreage 26.58					3,414,900	2,866,500	6,281,400		3,690,188	3,097,579	6,787,767	26.58 100.00%
									Estimated Base Value 6,787,767			

Notes:

¹Assessed values as of 1-1-2019 per City Assessor. Equalization ratio reflects estimated 1-1-2019 ratio as provided by City Assessor.

SECTION 6: Equalized Value Test

The following calculations demonstrate that the City expects to be in compliance with Wis. Stat. § 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 \$154,498,067. This value is less than the maximum of \$488,841,912 in equalized value that is permitted for the City.

City of Oshkosh, Wisconsin	
Tax Increment District # 37	
Valuation Test Compliance Calculation	
District Creation Date	7/23/2019
	Valuation Data Currently Available 2018
Total EV (TID In)	4,073,682,600
12% Test	488,841,912
Increment of Existing TIDs	147,710,300
Projected Base of New or Amended District	6,787,767
Total Value Subject to 12% Test	<u>154,498,067</u>
Compliance	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 as outlined in this Plan. Project Costs will be diminished by any income, special assessments or other revenues, including user fees or charges, other than tax increments, received or reasonably expected to be received in connection with the implementation of the Plan. If Project Costs incurred benefit territory outside the District, a proportionate share of the cost is not a Project Cost. Costs identified in this Plan are preliminary estimates made prior to design considerations and are subject to change after planning, design and construction is completed. With all Project Costs, 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. The following is a list of public works and other tax incremental financing eligible Project Costs that the City expects to make, or may need to make, in conjunction with the implementation of the District's Plan. The map found in Section 7 of this Plan along with the Detailed List of Project Costs found in Section 9 provide additional information as to the kind, number and location of potential Project Costs.

Public Improvements

Sanitary Sewer, Water System and Stormwater Management Improvements

The Project may require that the City make improvements to its sanitary sewer collection system, water distribution system and stormwater management system. To the extent that improvements are necessitated by, or provide a benefit to, the Project the City may allocate the cost, or a portion of the costs, to the District. Any costs incurred by the City for improving the its utility systems that benefit the Project are eligible Project Costs. Costs for such improvements may be made within the District, or outside the District as permitted under Wis. Stat. § 66.1105(2)(f)1.k.

Sidewalks and Multi-Use Trails

The Project may require the City to install or improve sidewalks or multi-use trails to promote connectivity to the District and to improve pedestrian safety. To the extent that improvements are necessitated by, or provide a benefit to, the Project the City may allocate the cost, or a portion of the costs, to the District. Any costs incurred by the City for installing improving sidewalks or multi-use trails that benefit the Project are eligible Project Costs. Costs for such improvements may be made within the District, or outside of but within ½ mile of the District's boundary as permitted under Wis. Stat. § 66.1105(2)(f)1.n.

Community Development

Cash Grants (Development Incentives)

The City may enter into agreements with property owners, lessees, or developers of land located within the District for 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.

Miscellaneous

Professional Service and Organizational Costs

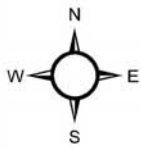
The costs of professional services rendered, and other costs incurred, in relation to the creation, administration and termination of the District, and the undertaking of the projects contained within this Plan, are eligible Project Costs. Professional services include but are not limited to: architectural; 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 relating to the implementation of the Plan.

SECTION 8: Map Showing Proposed Improvements and Uses





Tax Increment District #37 Aviation Plaza Redevelopment Existing & Proposed Land Use



SECTION 9: Detailed List of Project Costs

The following list identifies the Project Costs that the City currently expects to incur in implementing the District's Plan. All projects identified, and related costs reflect the best estimates available as of the date of preparation of this Plan. All costs are preliminary estimates and may increase or decrease. Certain Project Costs listed may become unnecessary, and other Project Costs not currently identified may need to be made. (Section 7 details the general categories of eligible Project Costs). Changes in Project Cost totals or the types of Project Costs to be incurred will not require that this Plan be amended. This Plan is not meant to be a budget nor an appropriation of funds for specific Project Costs, but a framework within which to manage Project Costs.

City of Oshkosh, Wisconsin					
Tax Increment District # 37					
Detailed List of Project Costs					
<u>Project Name/Type</u>	<u>Mineshaft</u>	<u>Extreme</u>	<u>Rogan's</u>	<u>General</u>	<u>Total</u>
	2022-2027	Customs 2022-2027	2022-2027	District Costs 2019-2047	
Development Incentives ¹					
Sewer & Water Reimbursement	62,998	169,320	136,876		369,194
Stormwater Reimbursement	147,392	105,697	85,445		338,534
Other On-Site Improvements Reimbursement	227,232				227,232
Drive Apron & Curb Reimbursement	171,240				171,240
Building Improvements Reimbursement		87,724			87,724
Development Wide Stormwater Reimbursement				515,616	515,616
Estimated Interest on Incentive	63,595	37,888	23,221		178,559
Public Infrastructure				2,750,000	2,750,000
TIF Administrative Expenses				200,256	200,256
Total Projects	<u>672,457</u>	<u>400,629</u>	<u>245,542</u>	<u>3,465,872</u>	<u>4,838,355</u>
Notes:					
¹ Incentive amount 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.					

The Development Incentives noted on the above table consist of payments that will be made to reimburse the Developer for the following specific work items:

- Sewer and Water Reimbursement – Upgrading the water and sanitary laterals on site that are currently not in compliance with City or State code.
- Stormwater Reimbursement – Upgrading the entire 26 acre site's stormwater management system to meet City and State code.
- Other On-Site Improvements Reimbursements – Engineering, geotechnical testing, relocating and installing utilities, and restoration related to the utility improvements.

- Drive Apron and Curb Reimbursement – Reconstructing the drive apron and curb in the right of way to meet City code.
- Building Improvements Reimbursement – Building renovations include replacing the HVAC system, replacing interior and exterior concrete and masonry that is beyond repair, replacing part of the fire protection piping for the system, updating the plumbing fixtures and equipment, and ensuring the electrical service meets the needs of the business.
- Development-Wide Stormwater Reimbursement – The required stormwater management facility for the entire Aviation Plaza site will be located on the Mineshaft property due to the topography of the site. Funds may be reimbursed for constructing a stormwater management facility that provides the quality and quantity stormwater requirements that Extreme Customs, Rogan’s, and the Mineshaft are required to provide per City and State code.

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

This Section includes a forecast of the valuation increases expected within the District, the associated tax increment collections, a summary of how Project Costs would be financed, and a projected cash flow demonstrating that the District is economically feasible.

Key Assumptions

The Project Costs the City plans to make are expected to create \$12.4 million in incremental value by January 1, 2021. The development Project estimated valuations and timing are included in **Table 1**. Assuming the City's current equalized TID Interim tax rate of \$25.11 per thousand of equalized value, and no economic appreciation or depreciation, the Project would generate \$8,307,870 in incremental tax revenue over the 27-year term of the District as shown in **Table 2**.

City of Oshkosh
Tax Increment District No. 37
Development Assumptions¹

Construction Year		Base Value of Improvements ²	Mineshaft	Extreme Customs	Rogan's	Annual Total	Construction Year	
1	2019	(3,097,579)	5,500,000	4,300,000	1,750,000	8,452,421	2019	1
2	2020		3,950,000			3,950,000	2020	2
3	2021					0	2021	3
4	2022					0	2022	4
5	2023					0	2023	5
6	2024					0	2024	6
7	2025					0	2025	7
8	2026					0	2026	8
9	2027					0	2027	9
10	2028					0	2028	10
11	2029					0	2029	11
12	2030					0	2030	12
13	2031					0	2031	13
14	2032					0	2032	14
15	2033					0	2033	15
16	2034					0	2034	16
17	2035					0	2035	17
18	2036					0	2036	18
19	2037					0	2037	19
20	2038					0	2038	20
21	2039					0	2039	21
22	2040					0	2040	22
23	2041					0	2041	23
24	2042					0	2042	24
25	2043					0	2043	25
26	2044					0	2044	26
27	2045					0	2045	27
Totals		(3,097,579)	9,450,000	4,300,000	1,750,000	12,402,421		

Notes:

¹Estimate of valuation increase within District resulting from construction of restaurant building and renovations to be made to existing commercial building. Assumptions as to value and timing taken from information received from Developer dated 6-6-2019.

²Reflects existing valuation of land and improvements within the District as of January 1, 2019. This value is subtracted to calculate the projected incremental value. (The numbers shown to the right of this column reflect total value).

Table 1 – Development Assumptions

City of Oshkosh

Tax Increment District No. 37

Tax Increment Projection Worksheet

Type of District	Blighted Area	Base Value	6,787,767
District Creation Date	July 23, 2019	Appreciation Factor	0.00%
Valuation Date	Jan 1, 2019	Base Tax Rate	\$25.11
Max Life (Years)	27	Rate Adjustment Factor	
Expenditure Period/Termination	22 7/23/2041	Tax Exempt Discount Rate	0.00%
Revenue Periods/Final Year	27 2047	Taxable Discount Rate	0.00%
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
1 2019	8,452,421	2020	0	8,452,421	2021	\$25.11	212,204
2 2020	3,950,000	2021	0	12,402,421	2022	\$25.11	311,372
3 2021	0	2022	0	12,402,421	2023	\$25.11	311,372
4 2022	0	2023	0	12,402,421	2024	\$25.11	311,372
5 2023	0	2024	0	12,402,421	2025	\$25.11	311,372
6 2024	0	2025	0	12,402,421	2026	\$25.11	311,372
7 2025	0	2026	0	12,402,421	2027	\$25.11	311,372
8 2026	0	2027	0	12,402,421	2028	\$25.11	311,372
9 2027	0	2028	0	12,402,421	2029	\$25.11	311,372
10 2028	0	2029	0	12,402,421	2030	\$25.11	311,372
11 2029	0	2030	0	12,402,421	2031	\$25.11	311,372
12 2030	0	2031	0	12,402,421	2032	\$25.11	311,372
13 2031	0	2032	0	12,402,421	2033	\$25.11	311,372
14 2032	0	2033	0	12,402,421	2034	\$25.11	311,372
15 2033	0	2034	0	12,402,421	2035	\$25.11	311,372
16 2034	0	2035	0	12,402,421	2036	\$25.11	311,372
17 2035	0	2036	0	12,402,421	2037	\$25.11	311,372
18 2036	0	2037	0	12,402,421	2038	\$25.11	311,372
19 2037	0	2038	0	12,402,421	2039	\$25.11	311,372
20 2038	0	2039	0	12,402,421	2040	\$25.11	311,372
21 2039	0	2040	0	12,402,421	2041	\$25.11	311,372
22 2040	0	2041	0	12,402,421	2042	\$25.11	311,372
23 2041	0	2042	0	12,402,421	2043	\$25.11	311,372
24 2042	0	2043	0	12,402,421	2044	\$25.11	311,372
25 2043	0	2044	0	12,402,421	2045	\$25.11	311,372
26 2044	0	2045	0	12,402,421	2046	\$25.11	311,372
27 2045	0	2046	0	12,402,421	2047	\$25.11	311,372
Totals	12,402,421		0		Future Value of Increment		8,307,870

Notes:

¹Tax rate shown is actual rate for 2018/19 levy taken from DOR Form PC-202 (Tax Increment Collection Worksheet).

Table 2 – Tax Increment Projection Worksheet

Financing and Implementation

Expected District Project Costs consist of development incentives in an estimated amount of \$1.89 million, \$2.75 million for additional public infrastructure improvements and an estimated \$200,000 in District administrative expense. Project Costs will be paid from tax increment as it is received, and the City's obligation to make development incentive payments will be limited to tax increment generated by the Project and subject to annual appropriation. The City will advance funds as needed to pay District administrative expenses prior to the availability of tax increments. To the extent public infrastructure improvements are required prior to the availability of tax increment to cash fund them, the City may advance funds to the District, or may issue debt to finance the costs.

Based on the cash flow exhibit (**Table 3**), the City anticipates that the District will generate enough tax increment to pay all Project Costs by the year 2036, reflecting 16 years of tax increment collections, and 18 years of total elapsed time. A total of 7 years of tax increment collections would be needed to repay the development incentive amount included in the Plan, with the remaining years funding potential City infrastructure projects. If necessary, the District would be permitted to remain open for up to 29 years, allowing for up to a total of 27 years of tax increment collection. The projected early closure is based on the various assumptions noted in this Plan and will vary dependent on actual Project Costs incurred and the actual amount of tax increments collected.

Cash Flow

City of Oshkosh													
Tax Increment District No. 37													
Cash Flow Projection													
Year	Projected Revenues		Projected Expenditures					Balances			Year		
	Tax Increments	Total Revenues	Municipal Revenue Obligation (MRO) ¹ 1,709,540			Public Infrastructure	TIF Admin.	Total Expenditures	Annual	Cumulative		MRO Principal Outstanding	
2019		0						15,000	15,000	(15,000)	(15,000)		2019
2020		0						5,000	5,000	(5,000)	(20,000)		2020
2021	212,204	212,204						5,100	5,100	207,104	187,104	1,709,540	2021
2022	311,372	311,372	235,359	2.625%	44,875			5,202	285,437	25,935	213,039	1,474,181	2022
2023	311,372	311,372	241,537	2.625%	38,697			5,306	285,541	25,831	238,870	1,232,643	2023
2024	311,372	311,372	247,878	2.625%	32,357			5,412	285,647	25,725	264,595	984,766	2024
2025	311,372	311,372	254,384	2.625%	25,850			5,520	285,755	25,617	290,212	730,381	2025
2026	311,372	311,372	261,062	2.625%	19,173			5,631	285,865	25,506	315,719	469,319	2026
2027	311,372	311,372	267,915	2.625%	12,320			5,743	285,978	25,394	341,112	201,404	2027
2028	311,372	311,372	201,404	2.625%	5,287	300,000		5,858	512,549	(201,178)	139,935	0	2028
2029	311,372	311,372				300,000		5,975	305,975	5,396	145,331	0	2029
2030	311,372	311,372				300,000		6,095	306,095	5,277	150,608	0	2030
2031	311,372	311,372				300,000		6,217	306,217	5,155	155,763	0	2031
2032	311,372	311,372				300,000		6,341	306,341	5,031	160,793	0	2032
2033	311,372	311,372				300,000		6,468	306,468	4,904	165,697	0	2033
2034	311,372	311,372				300,000		6,597	306,597	4,774	170,471	0	2034
2035	311,372	311,372				300,000		6,729	306,729	4,642	175,114	0	2035
2036	311,372	311,372				350,000		6,864	356,864	(45,492)	129,622	0	2036
2037	311,372	311,372						7,001	7,001	304,371	433,992	0	2037
2038	311,372	311,372						7,141	7,141	304,231	738,223	0	2038
2039	311,372	311,372						7,284	7,284	304,088	1,042,310	0	2039
2040	311,372	311,372						7,430	7,430	303,942	1,346,252	0	2040
2041	311,372	311,372						7,578	7,578	303,793	1,650,046	0	2041
2042	311,372	311,372						7,730	7,730	303,642	1,953,688	0	2042
2043	311,372	311,372						7,884	7,884	303,487	2,257,175	0	2043
2044	311,372	311,372						8,042	8,042	303,330	2,560,505	0	2044
2045	311,372	311,372						8,203	8,203	303,169	2,863,673	0	2045
2046	311,372	311,372						8,367	8,367	303,005	3,166,678	0	2046
2047	311,372	311,372				0		8,534	8,534	302,837	3,469,515	0	2047
Total	8,307,870	8,307,870	1,709,540		178,559		2,750,000	200,256	4,838,355				Total

Notes:
¹Assumes allocation of 90% of increment to MRO payment. Incentive amounts, payment percentages and term 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.

Table 3

SECTION 11: Annexed Property

A tax incremental district cannot include annexed territory unless at least three years have elapsed since the annexation, or certain other requirements are met. None of the property within the proposed District boundary was annexed during the past three years.

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

Pursuant to Wis. Stat. § 66.1105(5)(b), the City estimates that 75% 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's current zoning ordinances. Individual properties may require rezoning at the time of development.

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's Comprehensive Plan identifying the area as appropriate for commercial land uses. Development within the District will be required to conform to 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. 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. Should implementation of this Plan require relocation of individuals or business operations, relocations will be handled in compliance with Wis. Stat. Chapter 32 and Wis. Admin. Code ADM 92.

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 through elimination of blight and the provision of appropriate financial incentives that will create opportunities for mixed use development. Through use of tax increment financing, the City can attract new investment that results in increased tax base. Development will occur in an orderly fashion in accordance with approved plans so that the Projects will be compatible with adjacent land uses. 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 space to accommodate retail and service businesses that will support residents and workers in the area.

SECTION 17: List of Estimated Non-Project Costs

Non-project costs are public works projects which only partly benefit the District. Costs incurred that do not benefit the District may not be paid with tax increments. Examples of non-project costs are:

- 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.

At present, the City has not identified any non-project costs other than those costs expected to be paid from the WEDC Idle Sites grant which are not included within this Plan. To the extent: 1) improvements are made within the District that benefit property outside the District; or 2) improvements are made outside the District that will only partially benefit the District; the City will apportion those costs based on a reasonable allocation of the benefit. The costs related to benefit received by properties outside the District are non-project costs.

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



June 26, 2019

H. Allen Davis
Director of Community Development
City of Oshkosh
215 Church Avenue
Oshkosh, WI 54903-1130

Dear Mr. Davis:

I reviewed the project plan for, City of Oshkosh Tax Increment District #37 Aviation Plaza Redevelopment, 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 within and outside the District. 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, will 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

A handwritten signature in cursive script, appearing to read 'Lynn A. Lorensen'.

Lynn A. Lorensen
City Attorney

LL/tw

City Attorney
City Hall, 215 Church Avenue P.O. Box 1130 Oshkosh, WI 54903-1130 920.236.5115 <http://www.ci.oshkosh.wi.us>

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

Estimated Portion of Taxes that Owners of Taxable Property in Each Taxing Jurisdiction Overlying District Would Pay by Jurisdiction ¹						
DOR Form PC-202		2018/19	Percentage			
Winnebago County		749,693	20.22%			
City of Oshkosh		1,482,441	39.98%			
Oshkosh Area School District		1,320,217	35.60%			
Fox Valley Technicial College		156,024	4.21%			
Revenue Year	Winnebago County	City of Oshkosh	Oshkosh Area School District	Fox Valley Technicial College	Total	Revenue Year
2021	42,900	84,830	75,547	8,928	212,204	2021
2022	62,948	124,472	110,851	13,100	311,372	2022
2023	62,948	124,472	110,851	13,100	311,372	2023
2024	62,948	124,472	110,851	13,100	311,372	2024
2025	62,948	124,472	110,851	13,100	311,372	2025
2026	62,948	124,472	110,851	13,100	311,372	2026
2027	62,948	124,472	110,851	13,100	311,372	2027
2028	62,948	124,472	110,851	13,100	311,372	2028
2029	62,948	124,472	110,851	13,100	311,372	2029
2030	62,948	124,472	110,851	13,100	311,372	2030
2031	62,948	124,472	110,851	13,100	311,372	2031
2032	62,948	124,472	110,851	13,100	311,372	2032
2033	62,948	124,472	110,851	13,100	311,372	2033
2034	62,948	124,472	110,851	13,100	311,372	2034
2035	62,948	124,472	110,851	13,100	311,372	2035
2036	62,948	124,472	110,851	13,100	311,372	2036
2037	62,948	124,472	110,851	13,100	311,372	2037
2038	62,948	124,472	110,851	13,100	311,372	2038
2039	62,948	124,472	110,851	13,100	311,372	2039
2040	62,948	124,472	110,851	13,100	311,372	2040
2041	62,948	124,472	110,851	13,100	311,372	2041
2042	62,948	124,472	110,851	13,100	311,372	2042
2043	62,948	124,472	110,851	13,100	311,372	2043
2044	62,948	124,472	110,851	13,100	311,372	2044
2045	62,948	124,472	110,851	13,100	311,372	2045
2046	62,948	124,472	110,851	13,100	311,372	2046
2047	62,948	124,472	110,851	13,100	311,372	2047
Total	1,679,537	3,321,112	2,957,681	349,541	8,307,870	

Notes:
¹The projection shown above is provided to meet the requirements of Wis. Stat. § 66.1105(4)(i)4.

TIF APPLICATION

May 2, 2019

Mr. Mark Rohloff
Oshkosh City Manager
215 Church Ave
Oshkosh, WI 54901

RECEIVED

MAY 2 2019

COMMUNITY DEVELOPMENT

Dear Mr Rohloff,

On behalf of the property owners of the Aviation Plaza center, please accept this request for tax increment assistance that we believe to be needed in order to bring the overall project to fruition. As you well know, the aviation plaza sits mostly vacant today. In 2015, JC Penny closed down their store leaving Rogan's shoes the only operation to remain open. In total the site has approximately 116,668 square feet of retail space available, however with only Rogan's in operation, only 16.7% of the space is being utilized.

Our plan includes the construction of a new 35,600 sf building that will house a new Mineshaft restaurant and family entertainment facility. We anticipate this venture will bring in 10,000 - 12,000 customers per week. In addition, the JC Penny/Miles Kimball site will be substantially renovated to house Extreme Customs, a growing technology/automotive firm that specializes in online sales of custom rims and tires. The new facility will house a retail space, a fair amount of office space, a shop for local installation of products, and substantial warehouse space.

As you are aware, the redevelopment of this site is made difficult by several factors. First, the site has zoning restrictions due to the proximity to the adjacent airport limiting the potential uses. Next, the site was originally developed as one single parcel. A single water and sewer lateral comes in off of Koeller St and served the original Walmart facility, the adjacent strip mall, what now serves as the Rogan's shoes store, and the old JC Penny/Miles Kimball buildings. Public Service Commission rules no longer allow a shared water lateral. Should the proposed development occur, or any other development for that matter, the non-conforming laterals must be corrected, such that each building or separate parcel will need its own water laterals. We will also have to address stormwater for the site, however, the department of public works have also requested of us to provide increased capacity than minimally required in an effort to aid in the overall Stringham Creek water management.

We anticipate the projects starting mid-June. The Extreme Customs renovation and the Rogan's Shoes water laterals should be completed by November of this year. We further anticipate the construction of the Mineshaft facility to be completed by April of 2020.

The total development investment in the Mineshaft facility and associated site improvements is approximately \$16.1 Million. The Mineshaft team has \$8 million in financing committed. They are contributing just short of \$3.9 million in land and equity and bringing \$2.75 million on cash. Extreme customs will make an overall investment of approximately \$5.75 million and has arranged financing through Hometown bank, while Rogan's will invest approximately \$262K in site infrastructure improvements. Overall, we have identified \$2,359,290 in public and site improvement costs. We have applied for \$500,000 of assistance through the WEDC Idle Sites grant, leaving \$1,859,290 in TIF eligible expenses. We are requesting \$1,704,760 in TIF assistance, in part to keep the total payback within 10 years.

An investment analysis was conducted on the Mineshaft development plan and found that the 10 year internal rate of return without TIF was 12.52%. With TIF it is 15.11%. While the IRR in part, paints the picture of need, more importantly the TIF assistance reduces the amount of cash needed to complete the project. Given the banks limitation of \$8 million in financing, the development team must bring in roughly 50% in equity to make this happen without TIF. In contrast, more typical development scenarios like apartments or commercial office space might only require 20%-30% equity.

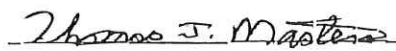
The overall redevelopment of this site will provide substantial public benefit. As a major gateway entry point to the city, this site was listed as a goal for redevelopment in the City's Central Corridors plan. The Mineshaft facility will be a major draw bringing in 10,000 - 12,000 patrons weekly. Experience from the Hartford locations suggests that many of these patrons will draw from the surrounding region. The Mineshaft facility may add well over 100 new jobs. Extreme Customs will retain 32 existing jobs in Oshkosh and add an addition 10 in the next year which include full benefits. Also, the increased stormwater capacity above the site requirements will benefit neighboring site and those downstream of the Stringham creek basin.

We project this development will add roughly \$14 million in increment and that the requested incentive can be paid back in 10 years.

In order to make this overall site redevelopment work TIF assistance will be needed. For the Mineshaft project, the extreme additional site cost would require the development team to bring in 50% equity stake without assistance. Moreover, without TIF the 10 year rate of return is 12.5%. Consistent with the presentation given to the Common Council by Ehlers in the June 2017 TIF workshop, the required return should reflect the risk proposed. Given the equity position requirements and the risk associated with restaurant/entertainment facilities, we find 12.5% is insufficient to proceed. For Extreme Customs, the redevelopment costs surpass 90% of the fair market value of the existing land and buildings. These extraordinary costs make the redevelopment financially prohibitive without the TIF assistance.

We greatly appreciate the support and assistance your staff has provided in helping us understand the site issues and putting together the requisite materials for requesting TIF assistance. We strongly believe that the redevelopment we are proposing will be a substantial benefit to the city and again affirm that without TIF assistance these projects would not move forward. Please feel free to contact any of us with any questions you may have. We look forward to working together with the city to return this site back to the economic center we know it can be.

Sincerely,



Mineshaft Oshkosh



Extreme Customs



**ROGAN SHOES, INC.
1750 Ohio Street
Racine, Wisconsin 53405
262-637-3613**

April 29, 2019

**Mr. Mark Rohloff
Oshkosh City Manager
215 Church Avenue
Oshkosh, Wisconsin 54901**

Re: Aviation Plaza

Dear Mr. Rohloff:

As you are aware, Rogan's Shoes is the owner of one of the parcels at Aviation Plaza. Our property is between the parcels proposed for the Mineshaft and Extreme Rims redevelopments.

We are writing to request tax increment assistance for the Aviation Plaza developments. We fully support the redevelopments proposed by Mineshaft and Extreme Rims.

Rogan's Shoes is willing to invest approximately \$262,000 for installation of a new water line, shared sanitary sewer line with Custom Rims and a shared storm water infrastructure at Aviation Plaza provided that we receive TIF assistance.


We understand that both Mineshaft and Custom rims have indicated that TIF assistance is necessary for their respective redevelopments to occur. Through the years, Rogan's Shoes has witnessed the death of Aviation Plaza as a shopping destination. This occurred despite the fact that Aviation Plaza is in a highly visible location. Except for our store, Aviation Plaza's buildings are either empty or have been torn down. That, together with the appearance of the empty and vacant portions of Aviation Plaza, unequivocally sends a message of deterioration and blight.

Furthermore, there has not been any conventionally financed redevelopment at Aviation Plaza over the many years that vast portions of Aviation Plaza have been empty. In our view, the marketplace has clearly indicated that TIF financing is necessary for redevelopment to take place at Aviation Plaza, as we believe that a non-TIF financed redevelopment would have already occurred at Aviation Plaza if such a redevelopment was viable.

We appreciate the consideration of this request.

Very truly yours,

Rogan Shoes, Inc.

A handwritten signature in black ink, appearing to read "P. Rogan", written over a faint, illegible typed name.

Patrick A. Rogan
President

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: _____	\$3,250,000	_____
Demolition: _____		
Environmental Remediation: _____		
Site Clearance and Preparation: _____		
Soft Costs/ Fees: _____	\$1,082,822	_____
Soft Cost Contingency: _____	\$140,000	_____
Hard Construction Costs: _____	\$8,055,786	_____
Total Project Costs: _____	\$16,101,413	_____

Sources of Funds

% of total project costs

Equity

Developer Equity:	\$ 3,894,463	_____	24	%
Other Equity: (Cash _____)	\$ 2,752,403	_____	17	%
Total Equity:	\$ 6,646,866	_____	41	%

Loans

	Rate	Term		
Construction Financing:	\$ 8,000,000	5.375 %	12 mos.	50 %
Permanent Financing:	\$ 8,000,000	5.25 %	20 yrs.	50 %

TIF Assistance

Other: (WEDC - ISG)	\$ 1,237,710	_____	8	%
Total Sources of Funds	\$16,101,413	_____	100%	

Financing

Source	Amount	Terms: Years/Interest	Contact Information
Equity:	_____		
Loans	1: _____	BMO Harris Bank	(262) 783 1094
	2: _____		
	3: _____		
	4: _____		

Tax Incremental Financing Policy and Application

Project Timetable

	Date
Final Plan/Specification Preparation: _____	May 2019
Bidding and Contracting _____	May 2019
Firm Financing Approval: _____	April 2019
Construction/Rehabilitation: _____	July 2019 - April 2020
Landscaping/Site Work: _____	July 2019 - April 2020
Occupancy/Lease Up: _____	April 2020

Development Team

Developer: _____ Tom Masters _____
 Architect: _____ Keller Structures _____
 Surveyor: _____
 Contractor: _____ Keller Structures _____

Other Members: _____

Describe Team expertise and experience in developing similar projects:

Mr Masters has several decades of experience operating the Hartford Mineshaft location along with the Fox and Hounds. Keller Structures has significant experience building various commercial buildings.

Other current Team projects in development:

None

Financial ability of the applicant to complete the project:

Ownership team has cash and equity required to bring project to completion after financing commitment.

BMO Harris bank has provided a letter of commitment for financing.

History of use of other city or government financial incentives:

A part of this project the Aviation plaza team has requested assistance through the WEDC Idle Sites Grant program.

Professional Studies

Market Studies: Applications for commercial and residential projects may at the option of the city be required to include a comprehensive market study. The market study should 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 may at the option of the city 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

**Please attach additional pages if necessary*

Overall Project Summary and Objectives:

We seek to open a 35,600 square foot restaurant and entertainment facility, address storm water management issues as part of the Aviation Plaza group, redo the surface parking, address PSC requirements for laterals, and generally redevelop the northern most parcel of Aviation Plaza.

Current and Proposed Uses:

Currently a single commercial building that is approximately 20,000 sq feet sits vacant. This building has 2 units. We intend to use the larger unit as a support facility for the new 35,600 restaurant/gaming facility. The remaining unit we intend make into a condominium and sell, or possibly lease.

Description of End Users:

The Mineshaft restaurant and family entertainment center will provide low cost meals in a family oriented dining environment. In addition, approximately half of the facility will be used for a large game room and private party rooms.

Property Summary:

Parcel/Land Area: _____ SF
Building Area: _____ SF
of Dwelling Units: _____
of Stories: _____
of Parking Spaces: _____

Describe any zoning changes that will be needed:
No zoning changes

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

Will need liquor license and health department approval to open the restaurant.

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

Construction of the new building and updating the parking lot and landscaping will substantially improve the appearance of the site. The storm water management capabilities will improve the overall management of the Stringham creek water shed. We anticipate the entertainment facility to draw approximately 10 to 12,000 visitors to the site substantially improving the viability of other commercial enterprises with the increased traffic.

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 or call the Economic Development Division at 920.235.5055

Applicant Information:

Legal Name: Mineshaft Oshkosh, LLC

Mailing Address: PO Box 270422

Primary Contact #: 262 224 0652 Cell #: _____

E-mail: heidi@mineshaftrestaurant.com 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:
<u>Tom Masters</u>	<u>5488 Pleasant Hill Road Hartford WI</u>	<u>Managing member</u>	<u>100%</u>
_____	_____	_____	_____
_____	_____	_____	_____

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

If yes, give the name and relationship of the employee: _____

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

If yes, please furnish details: _____

Forty-seven years ago Mr Masters was convicted of a felony drug possession charge. The charge was subsequently pardoned by the Governor of the State of Wisconsin.

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 retains 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 developing Project Plan or Development Agreement. These costs may include, but not be limited to, bond counsel, outside legal assistance, outside financial assistance, planning, engineering, etc. 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 Thomas J. Masters Date 4/30/2019

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 or call the Economic Development Division at 920.235.5055

Applicant Information:

Legal Name: Extreme Customs, LLC

Mailing Address: 3420 Jackson St Oshkosh WI 54901

Primary Contact #: 866 680 7467 Cell #: _____

E-mail: tyler.reilly@extremecustoms.com 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:
<u>Tyler Reilly</u>	<u>3420 Jackson St Oshkosh WI 54901</u>	<u>Managing member</u>	<u>100%</u>
_____	_____	_____	_____
_____	_____	_____	_____

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

If yes, give the name and relationship of the employee: _____

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

If yes, please furnish details: _____

Tax Incremental Financing Policy and Application

**Please attach additional pages if necessary*

Overall Project Summary and Objectives: _____

We will purchase and renovate the existing JC Penny and Miles Kimbal retail buildings. Renovations include extensive facade improvements, an interior reconfiguration to include a retail space, office space, an auto shop, and warehousing space. We will bring the site laterals into compliance in addition to aiding in the overall site stormwater management.

Current and Proposed Uses: _____

Presently the two retail buildings sit vacant and unused on the site. We propose to operate a custom rims and tires facility that does substantial online sales.

Description of End Users: _____

Extreme Customs is an existing business that has operated on Jackson St in Oshkosh for the past decade. We sell custom rims and tires and associated products and services. Locally we provide installation of our products. However, the majority of our revenue comes from online retail sales. Our team has expertise with automotive products along with technology and marketing skill sets.

Property Summary:

Parcel/Land Area: 288,089 SF
Building Area: 60,485 SF
of Dwelling Units: 0
of Stories: 1
of Parking Spaces: _____

Describe any zoning changes that will be needed: _____

No zoning changes

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

None

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

Renovation of the existing buildings will substantially improve the aesthetic appeal of the overall site.
The storm water management capabilities will improve the overall management of the Stringham creek water shed.

Tax Incremental Financing Policy and Application

Project Timetable

Date

Final Plan/Specification Preparation: _____	May 2019
Bidding and Contracting _____	May 2019
Firm Financing Approval: _____	May 2019
Construction/Rehabilitation: _____	June 2019 - Sept 2019
Landscaping/Site Work: _____	June 2019 - Sept 2019
Occupancy/Lease Up: _____	Oct 2019

Development Team

Developer: _____ Tyler Reilly _____
 Architect: _____ Vision Architecture _____
 Surveyor: _____
 Contractor: _____ CR Structures _____
 Other Members: _____

Describe Team expertise and experience in developing similar projects:

Mr Reilly has operated his present location since 2011. CR Structures has significant experience building and renovating commercial space.

Other current Team projects in development:

None

Financial ability of the applicant to complete the project:

Between the cash reserves, equity, and anticipated financing through Hometown Bank, Mr. Reilly has the financial resources to complete the project.

History of use of other city or government financial incentives:

A part of this project the Aviation plaza team has requested assistance through the WEDC Idle Sites Grant program.

Professional Studies

Market Studies: Applications for commercial and residential projects may at the option of the city be required to include a comprehensive market study. The market study should 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 may at the option of the city 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: _____	\$3,250,000	_____
Demolition: _____		
Environmental Remediation: _____		
Site Clearance and Preparation: _____		
Soft Costs/ Fees: _____		
Soft Cost Contingency: _____		
Hard Construction Costs: _____	\$2,106,896	
Total Project Costs: _____	\$5,356,896	

Sources of Funds

% of total project costs

Equity

Developer Equity:	\$ _____	_____ %
Other Equity: (Cash _____)	\$ 900,000	17 %
Total Equity:	\$ 900,000	17 %

Loans

		Rate	Term	
Construction Financing:	\$ _____	_____ %	_____ mos.	_____ %
Permanent Financing:	\$ 4,240,059	5.25 %	20 yrs.	79 %

TIF Assistance

TIF Assistance	\$ operationalize		0	%
Other: (WEDC - ISG)	\$ 216,837		4	%
Total Sources of Funds	\$5,356,896			100%

Financing

Source	Amount	Terms: Years/Interest	Contact Information
Equity:	_____		
Loans	1: _____	Hometown Bank	Nate Kok nkok@htbwi.com
	2: _____		
	3: _____		
	4: _____		

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:

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Agreement

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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

4/30/19

APPENDIX B

**MINESHAFT OSHKOSH
MARKET STUDY and
INVESTMENT ANALYSIS REPORT**

April 26, 2019
(Updated June 25, 2019)

Prepared Exclusively For:

**Thomas Masters
Masters Oshkosh LLC**

Prepared By:

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

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INTRODUCTION / OBJECTIVE

Invista Analytics, LLC (IA) has been engaged to conduct a market study and investment analysis for a proposed Mineshaft restaurant and family entertainment facility to be constructed within the Aviation Plaza Center in Oshkosh, WI. The Mineshaft restaurant, under the ownership of Thomas Masters, is a 25,000 square foot facility located in the downtown of Hartford, WI. This facility offers approximately 14,400 square feet of restaurant and dining space, along with approximately 5,500 square feet of game room and entertainment space and serves roughly 8,000 - 10,000 guests per week.

Mr. Masters is proposing to open a second mineshaft location within the Aviation Plaza center. This new facility, will be approximately 35,600 square feet, with roughly half of the space dedicated to the dining and food service operations, and the other half dedicated to the game room and entertainment space.

Plans call for the new facility to be located on the old Walmart site that was vacated in 2003. Mr. Masters presently owns the site. However, the development of this site, has a fair number of hindrances to include issues with storm water management, unstable soils, and non-conforming water and sewer laterals that are shared with neighboring parcels. In addition to the site conditions, the financing for this project also poses some unique challenges. Total estimated investment needed to complete the project is \$16.25 million. While the facility in Hartford has a long history, obtaining financing for a new endeavor in a new market makes it such that financial institutions are hesitant to borrow anything more that \$8 million. This makes any additional site costs especially burdensome requiring the investment team to bring in a 50% equity position.

Given the extraordinary costs associated with this site, Mr. Masters, along with the neighboring parcel owners, have approached the City of Oshkosh about the possibility of utilizing Tax Increment Financing to make the redevelopment feasible. While the location of the proposed district is outside the city's intended TIF focus of downtown and/or central city, staff has acknowledged the existence of the extraordinary site conditions and noted that the redevelopment of this site accomplishes a specific goal in the City Center Corridors Plan¹. In addition, the department of public works has requested that the stormwater plan address more capacity than might be required of the Aviation Plaza site alone in an effort to aid in the overall Stringham Creek watershed management. City staff invited the development team to present these findings to the Oshkosh Common Council on February 12, 2019. At this public meeting members of the council suggested that they would be willing to accept and review a formal TIF application for consideration.

Given this ask for financial assistance, Invista Analytics has conducted significant quantitative market research to determine the likely potential increment generated through a bayesian transitional market factor analysis study. We then document the anticipated costs of the project and potential increment generated. A discounted cash flow analysis is conducted to determine a probable valuation of the business. Finally, return on investment metrics were calculated on the with TIF and without TIF investment scenarios.

Figure 1 - Overhead view of site and rendering of front entryway to proposed Mineshaft facility.



1. <https://www.ci.oshkosh.wi.us/PlanningServices/Documents/DRAFTOshkoshCorridorsHQ.pdf> page 29, accessed April 1, 2019

MARKET STUDY SUMMARY

To determine the likely potential income to be generated by the proposed entertainment facility we employed a bayesian transitional market factor analysis. The idea of this approach is to utilize the market factors of both an existing location and the new location to predict the likely impact of bringing a commercial operation into a new market. In this case, the original Mineshaft location in Hartford appears to have achieved maturity as evidenced by its fairly stabilized revenue stream. Specifically over the past three years revenue growth has averaged 1.3%. Thus applying this method, we anticipate finding the stabilized revenue of the new facility.

Methods and Data

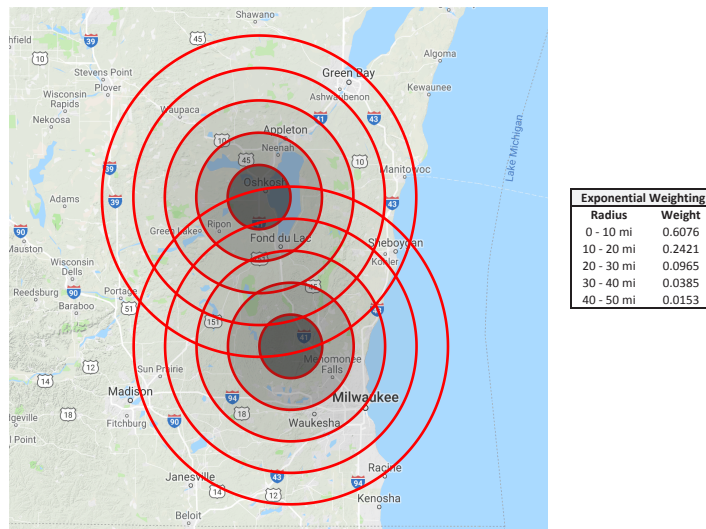
To conduct the analysis Invista Analytics first acquired a relative performance index (RPI) data set from FRANData. The RPI is a semi-blinded metric in that the interpretation of each value is the relative performance of each location relative to the performance of the average location. The description of the franchise from which the data was sampled is as follows:

"National high-volume entertainment and dining venues offering customers fun upbeat atmosphere with interactive video and gaming options for families while serving high quality food and beverages"

The data set included 66 locations across 32 states. One of the locations contained in the data set subsequently closed. Thus for the 65 remaining locations, IA staff collected the following market factor variables.

Exponentiated Probability 50 Mile Population: For each location, concentric rings with 10 mile radii were determined. Esri data was then used to determine the population within each ring. These populations were then weighted using an exponential density function. This method reflects the likelihood that potential customers are more likely to visit the closer they live and/or work to a commercial enterprise. **Figure 2** shows the concentric rings applied to the Oshkosh and Hartford locations with shading representing the exponential weights.

Figure 2 - Concentric 10 mile radius rings around existing Mineshaft location and proposed location in Aviation Plaza.



Relative Retail Ranking: For each location, IA staff contacted either a community development staff member of the municipality or the local economic development entity and asked them to rate the location relative to other retail locations within their respective geographic regions on a scale of 1 to 10, with 1 being the lowest or least desirable retail location, and 10 being the highest or most desirable retail location.

Facility Size: Satellite imagery using Google Maps and/or Bing Maps with respective scales were used to ascertain approximate facility footprint. Google street view, or Bing's Bird's Eye views were used to determine if a facility might in fact have more than one floor, or if the facility was co-located in a strip mall or other multi-tenant facility. In these cases, IA staff

conducted a brief phone interview with facility staff to ascertain approximate size of the facility. In one case, the facility had apparently been closed since the RPI data set was assembled. This record was thus dropped from the analysis data set.

Indirect/Direct Competitor Count (3 mile radius): The Google search engine was employed using the search term "restaurants near <address>". Data was sorted by distance and a count of the number of restaurants within 3 miles was recorded. Staff reviewed the list and identified any facility that appeared to market substantial entertainment offerings that might include a substantial gaming component. These facilities were recorded as direct competitors, while the remaining restaurants were recorded as indirect competitors.

A subset of four facilities were randomly selected from the 65 usable records in the RPI data-set. Two different staff members reviewed all 98 total restaurants located within 3 miles using the Google search results and independently rated each facility as either a direct or indirect competitor. We found an inter-rater reliability of 99% finding agreement on all but one facility.

We then used a bayesian quantile regression analysis to predict the log of the RPI metric given the market factor variables utilizing the *bayesQR* library² in the R statistical computing environment version 3.5.3. Our model allowed for up to 3 way interactions. The prior mean vector of parameters were all set to zero. We employed 1,000 burn-in iterations and 10,000 MCMC runs. The expected value of the posterior distributions of the model parameters were then used along with the market factor data from both the Hartford and Oshkosh locations to predict the RPI for each location.

Results

The resultant predicted RPI values were 1.131 for the Hartford facility and 1.942 for the Oshkosh facility. Given the Hartford location had a total revenue of \$6.061 million dollars, the bayesian estimation would suggest the Oshkosh location would achieve \$10.407 million dollars in revenue after maturity and achieving full market penetration. To assess the potential range of variability of potential revenue, we conducted 1,000 simulations bootstrapping the RPI data locations with replacement. For each simulation we proceeded as before with the bayesian quantile estimation only using 100 burn-in iterations and 1,000 MCMC runs. A 95% prediction interval for the revenue ranged from \$7.25 million dollars up to \$13.22 million dollars.

For context, the average revenue per store for Dave and Buster's Entertainment this past year reported in their April 2, 2019 annual report to the SEC was \$10.457 million³ whereas the average for a Chuck E Cheese franchise location was \$1.167 million⁴. Additionally, underwriters with a local bank independently arrived at revenue threshold intervals of \$8, \$10, and \$12 million when considering potentially financing the project⁵.

OVERALL INVESTMENT ANALYSIS

Budget and Funding

We first consider the detailed budget and sources of income. The table on the next page lists all expected expenses. Specifically we have identified \$1,934,994 total expenses related to site improvement costs including storm water management with additional capacity requested by the city's department of public works, water and sewer laterals, costs associated with poor soil conditions, and curb and gutter and driveway aprons. The total development costs identified surpass \$16.1 million.

On the funding side, we note that the proposed project brings its own unique challenges. While several financial institutions have committed to financing the project, all of them have set their limits at approximately \$8 million. At present, BMO Harris bank has committed to financing \$8 million during the construction phase so long as WBD commits to financing \$4 million through the SBA 504 program upon completion of the project leaving each with \$4 million in loan commitments. Several bankers have noted that this is likely one of the largest, privately financed new market restaurant/entertainment facilities being opened in Wisconsin. Given this limitation in financing, the extra site improvement costs become especially cumbersome.

2. D Benoit, D Van den Poel 'bayesQR: A Bayesian Approach to Quantile Regression' *J. Stat Software* **76** (7), 2017

3. <http://ir.daveandbusters.com/annual-reports> Annual Report dated April 2, 2019 page 31. Accessed April 18, 2019

4. <https://cecenterainment.gcs-web.com/sec-filings> Annual Report dated April 8, 2019 page 25. Accessed April 18, 2019

5. Personal conversation with loan officer on April 19, 2019

Detailed Project Budget		
	Amount	Notes
Acquisition & Site Prep		
Land Acquisition	3,250,000	
Subtotal	\$3,250,000	
Soft Costs/Fees		
Developer Fee (5%)	610,348	
Appraisal	5,000	
Professional Services	32,000	
Insurance	6,000	Construction Insurance
Building Permit		In Keller Bid
Mortgage Fees	30,000	BMO & WBD Fees
Construction Interest	134,167	10 Build - loan @ 4.75 for 6 mo
Marketing	35,000	
Real Estate Taxes	56,193	Jan-20
Contingency	140,000	
Subtotal	\$1,048,707	
Hard Costs		
Building	8,238,760	Keller (\$1,934,994 site/TIF Eligible)
Kitchen Equipment	750,000	Edward Don
Bar Equip / Dishes	100,000	
Furniture	400,000	
Electronics/Networking/AV	112,000	
Start up Inventory	200,000	
Decorating	150,000	
Signage	300,000	
Gaming Equipment	1,700,805	Drouillard Int Sales
Subtotal	\$11,951,565	
Total Project Costs	\$16,250,272	
Source of Funding		
Permanent Financing	8,000,000	BMO & WBD
Land & Equity	3,860,348	
WEDC Idle Sites Grant	210,086	
TIF Monetization	1,124,478	
Other Cash Funds	3,055,360	(cash from developers)
Total Source of Funds	16,250,272	

The investment team is contributing the land and the development fee as equity. Further, the city has applied for an Idle Sites Grant through the Wisconsin Economic Development Corporation to help offset the site improvement costs across the entire aviation plaza site. While the total grant award might be \$500,000, the three individual owners have agreed to allocate the proceeds roughly in proportion to the amount of eligible costs each owner will have. The Mineshaft team anticipates \$210,086 in proceeds from the WEDC grant.

The development team anticipated bringing roughly \$3 million in cash to the project. The developer is seeking \$1.124 million in development assistance, of which the details of payback will be discussed in the next section.

TIF Payment Schedule

Invista staff has met with the city assessor on several occasions to discuss the present and future assessed values of the proposed Mineshaft and other Aviation Plaza parcels. The base assessed value of the site as it sits today is \$2,275,000. The new building is likely to add an additional \$201.50 of value per square foot. At 35,600 square feet, we anticipate that the overall site assessment will increase \$7.175 million to a total assessed value of \$9,450,000.

The development incentive payback schedule appears on the following page. We anticipate that approximately \$3.225 million of increment will be added to the site by January 1, 2020,

Mineshaft Oshkosh TIF Assumptions	
TIF Base Value of Site	\$ 2,275,000
Completed Project Value	\$ 9,450,000
Interest Rate on Loan	5.25%
Original Loan Principal	\$ 1,124,478

Payback Year	Valuation Year	Project	Value of Project	Increment	TID Interim Rate/\$1000	Project Tax Proceeds	Tax Proceeds Allocation			Avail Increment	Payment Date	Beginning PAYGO Balance	Acrued Interest ²	Less Payments	Ending Balance
							Tax Entities	Increment	City Fee						
1	2020	5,500,000	3,225,000	25.106	138,083	57,116	80,967	4,000	4,097	1-Nov 2021	1,124,478	84,924	(72,870)	1,124,478	
2	2021	9,450,000	7,175,000	25.106	237,252	57,116	180,136	4,000	14,014	2022	1,136,532	59,668	(162,122)	1,136,532	
3	2022	9,450,000	7,175,000	25.106	237,252	57,116	180,136	4,000	14,014	2023	1,034,078	54,289	(162,122)	1,034,078	
4	2023	9,450,000	7,175,000	25.106	237,252	57,116	180,136	4,000	14,014	2024	926,245	48,628	(162,122)	926,245	
5	2024	9,450,000	7,175,000	25.106	237,252	57,116	180,136	4,000	14,014	2025	812,751	42,669	(162,122)	812,751	
6	2025	9,450,000	7,175,000	25.106	237,252	57,116	180,136	4,000	14,014	2026	693,299	36,398	(162,122)	693,299	
7	2026	9,450,000	7,175,000	25.106	237,252	57,116	180,136	4,000	14,014	2027	567,575	29,798	(162,122)	567,575	
8	2027	9,450,000	7,175,000	25.106	237,252	57,116	180,136	4,000	14,014	2028	435,251	22,851	(162,122)	435,251	
9	2028	9,450,000	7,175,000	25.106	237,252	57,116	180,136	4,000	14,014	2029	295,979	15,539	(162,122)	295,979	
10	2029	9,450,000	7,175,000	25.106	237,252	57,116	180,136	4,000	18,896	2030	149,396	7,843	(162,122)	149,396	
11	2030	9,450,000	7,175,000	25.106	237,252	57,116	180,136	4,000	176,136	2031	-	0	(157,239)	-	

1. Remaining increment after 90% allocation to Mineshaft and city \$4,000 fee borrowed to Rogan's Payback Schedule
2. Acrued interest up until Nov 1 within Calendar time period. First year compounds after 5 months then annually thereafter.

while the full project will be completed by April 2020 such that the full increment will be assessed January 1, 2021.

We calculate the increment available to pay back the note as 90% of the increment generated. Further, we allocate \$4,000 annually for the city for administrative expenses. The remaining increment we propose be allocated to the Rogan's TIF payback (labeled as 'Inc to Rogans' in table). Assuming a 5.25% interest rate on the municipal revenue obligation note, we find the increment generated is sufficient to pay back the note in 10 years.

Operational Proforma

The operational proforma, both with and without TIF assistance can be found on the following two pages. As noted previously, the estimation method predicted an 'as stabilized' revenue of the new location of \$10,407,000. We anticipate this taking 3 years to achieve full market penetration. We anticipate 70% of the full revenue in year 1 and 90% in year 2. We used the relative proportion of revenues seen in the Hartford facility, that being food and beverage accounting for 75% of the total revenue while the game room comprising approximately 25% of revenue. After year 3 we assume a 1.3% annual increase in revenues as seen in the Hartford facility.

For cost of goods sold we used the ratio of cost to revenue found at the Hartford facility. We note the food and beverage cost are slightly higher than industry averages. This is consistent, however, with the strategic plan to offer low priced food to bring customers in knowing that the majority of profitability comes from the gaming operations.

The operating expenses were estimated from actual bids, direct calculations with known rates, or approximate estimates based off of expenses realized at the Hartford location. One expense that might be materially different is the advertising expense. Mr Masters has expressed the desire to substantially increase the marketing budget for the new operation in an effort to achieve market penetration and stabilization. To achieve this, the new operation is proposing a budget of \$400K annually, which is 3.8% of revenue. While this is a meaningful increase from the 3.3% presently spent at the Hartford location, in part this can be attributed to the fact that the operation has already achieved market penetration and maturity. For comparison, Dave and Busters reports a 3.2% expenditure⁶ while Chuck E Cheese reports advertising expenditures of 5.3% of revenue⁷.

The City of Oshkosh TIF policy and application suggests that in the case of Owner-Occupied Commercial projects that the analysis of financial need be based on the company's minimum threshold needed. Through further discussions with city staff, it was determined that this benchmark is rather arbitrary. Rather we will attempt to frame the need based on a 10-year Internal Rate of Return (IRR). In the case of residential or commercial development where the intended approach is to lease out the project, the IRR accurately reflects the return on the passive investment. In this case, given the owner intends to operate an active business, the IRR calculation will reflect both the return on the initial investment of money to start the business, but also the return on the owner's efforts to operate the business. One approach to accurately reflect just the return on initial investment is to agree upon a compensation for the owner's efforts in operating the business. Proceeding forward, we will count this as an expense to the business for the IRR calculation. We anticipate Mr Masters, and his partner, William Masters, each spend roughly 75% effort, or 1.5 total FTE operating this new endeavor. In return, they will be paid 1.7% of the total revenue as a salary. The first year this would work out to a total annual 1.0 FTE salary of \$82,562 and increasing to \$117,946 by year 3 once the operation has achieved operational maturity.

In general, unless based off a direct calculation, it is assumed that operational expenses will increase by 1% annually. Note year 5 we anticipate an additional expense in accounting to assist in the likely look-back clause we anticipate to be included in the development agreement with the city.

We assume the primary financing will be subject to a 5.25% interest rate amortized over 20 years. Further, our experience with lending institutions is that they prefer an amortization schedule to start immediately upon delivery of the TIF note funds despite the likelihood that the TIF district not produce any increment till year two or later. Thus for the TIF monetization we assume a straight 10 year amortization again with a 5.25% interest rate.

6. <http://ir.daveandbusters.com/annual-reports> Annual Report dated April 2, 2019 page 9. Accessed April 18, 2019

7. <https://ccentertainment.gcs-web.com/sec-filings> Annual Report dated April 8, 2019 page 33. Accessed April 18, 2019

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Mineshaft Oshkosh - Profit and Loss With TIF											
Revenue											
Food & Beverage Sales	\$5,463,675	\$7,024,725	\$7,805,250	\$7,906,718	\$8,009,506	\$8,113,629	\$8,219,106	\$8,325,955	\$8,434,192	\$8,543,837	\$8,654,907
Game Room	\$1,821,225	\$2,341,575	\$2,601,750	\$2,645,980	\$2,690,961	\$2,736,708	\$2,783,232	\$2,830,547	\$2,878,666	\$2,927,603	\$2,977,373
Gross Potential Revenue	\$7,284,900	\$9,366,300	\$10,407,000	\$10,552,698	\$10,700,467	\$10,850,337	\$11,002,338	\$11,156,501	\$11,312,858	\$11,471,440	\$11,632,279
Cost of Goods Sold											
Food (41% F&B)	\$2,240,107	\$2,880,137	\$3,200,153	\$3,241,754	\$3,283,897	\$3,326,588	\$3,369,834	\$3,413,641	\$3,458,019	\$3,502,973	\$3,548,512
Beverage (8.1% F&B)	\$442,558	\$569,003	\$632,225	\$640,444	\$648,770	\$657,204	\$665,748	\$674,402	\$683,170	\$692,051	\$701,047
Redemption Merchandise (12.5% GR)	\$227,653	\$293,697	\$325,219	\$330,747	\$336,370	\$342,088	\$347,904	\$353,818	\$359,833	\$365,950	\$372,172
Total Cost of Goods Sold	\$2,910,318	\$3,741,837	\$4,157,597	\$4,212,946	\$4,269,037	\$4,325,880	\$4,383,485	\$4,441,862	\$4,501,022	\$4,560,974	\$4,621,731
Gross Profit	\$4,374,582	\$5,624,463	\$6,249,404	\$6,339,752	\$6,431,430	\$6,524,457	\$6,618,853	\$6,714,639	\$6,811,837	\$6,910,466	\$7,010,548
Operating Expenses											
General Operations											
Real Estate Taxes	\$57,116	\$138,083	\$237,252	\$237,252	\$237,252	\$237,252	\$237,252	\$237,252	\$237,252	\$237,252	\$237,252
Utilities & Trash	\$358,500	\$362,085	\$365,706	\$369,363	\$373,057	\$376,787	\$380,555	\$384,361	\$388,204	\$392,086	\$396,007
Office Equip Leases & Supplies	\$24,000	\$24,240	\$24,482	\$24,727	\$24,974	\$25,224	\$25,476	\$25,731	\$25,989	\$26,248	\$26,511
Advertising	\$400,000	\$404,000	\$408,000	\$412,120	\$416,242	\$420,404	\$424,608	\$428,854	\$433,143	\$437,474	\$441,849
Mgmt Salary (1.7% Rev)	\$123,843	\$159,227	\$176,919	\$179,396	\$181,908	\$184,456	\$187,040	\$189,661	\$192,319	\$195,014	\$197,749
FICA / Work Comp	\$22,552	\$28,995	\$32,217	\$32,668	\$33,125	\$33,589	\$34,060	\$34,537	\$35,021	\$35,512	\$36,010
Insurance	\$47,000	\$47,470	\$47,945	\$48,424	\$48,908	\$49,397	\$49,891	\$50,390	\$50,894	\$51,403	\$51,917
Accounting & Legal	\$7,350	\$3,700	\$3,737	\$3,774	\$5,812	\$3,889	\$3,928	\$3,967	\$4,007	\$4,047	\$4,087
Air/Heat/Refridg/Ice Maintenance	\$25,000	\$25,250	\$25,503	\$25,758	\$26,015	\$26,275	\$26,538	\$26,803	\$27,071	\$27,342	\$27,616
Music/Licensing	\$10,000	\$10,100	\$10,201	\$10,303	\$10,406	\$10,510	\$10,615	\$10,721	\$10,829	\$10,937	\$11,046
Security/Sprinkler Monitoring	\$7,527	\$7,602	\$7,678	\$7,755	\$7,833	\$7,911	\$7,990	\$8,070	\$8,151	\$8,232	\$8,314
Restaurant											
Restaurant Labor (29.3% F&B)	\$1,600,857	\$2,058,244	\$2,286,938	\$2,316,668	\$2,346,785	\$2,377,293	\$2,408,198	\$2,439,505	\$2,471,218	\$2,503,344	\$2,535,888
FICA / Unempl / Work Comp	\$220,438	\$283,420	\$314,911	\$319,005	\$323,152	\$327,353	\$331,609	\$335,920	\$340,287	\$344,710	\$349,192
General Restaurant Supplies	\$104,000	\$105,040	\$106,090	\$107,151	\$108,223	\$109,305	\$110,398	\$111,502	\$112,617	\$113,743	\$114,881
Linen Service	\$25,000	\$25,250	\$25,503	\$25,758	\$26,015	\$26,275	\$26,538	\$26,803	\$27,071	\$27,342	\$27,616
Bussey Dishwasher	\$12,000	\$12,120	\$12,241	\$12,364	\$12,487	\$12,612	\$12,738	\$12,866	\$12,994	\$13,124	\$13,255
Hood Cleaning	\$12,000	\$12,120	\$12,241	\$12,364	\$12,487	\$12,612	\$12,738	\$12,866	\$12,994	\$13,124	\$13,255
Liquor License	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450
Game Room											
Game Room Labor (14.1% GR)	\$256,793	\$330,162	\$366,847	\$373,083	\$379,426	\$385,876	\$392,436	\$399,107	\$405,892	\$412,792	\$419,810
FICA / Unempl / Work Comp	\$35,360	\$45,463	\$50,515	\$51,374	\$52,247	\$53,135	\$54,038	\$54,957	\$55,891	\$56,841	\$57,808
Maintenance & Repairs - Game Room	\$156,000	\$157,560	\$159,136	\$160,727	\$162,334	\$163,958	\$165,597	\$167,253	\$168,926	\$170,615	\$172,321
Total Operating Expenses	\$3,505,786	\$4,240,583	\$4,674,551	\$4,730,484	\$4,789,139	\$4,844,526	\$4,902,655	\$4,961,536	\$5,021,180	\$5,081,595	\$5,142,792
Net Operating Income (NOI)	\$868,796	\$1,383,880	\$1,574,852	\$1,609,268	\$1,642,291	\$1,679,931	\$1,716,198	\$1,753,103	\$1,790,657	\$1,828,871	\$1,867,756
Capital Reserves	\$24,000	\$24,240	\$24,482	\$24,727	\$24,974	\$25,224	\$25,476	\$25,731	\$25,989	\$26,248	\$26,511
Debt Service (20yr @ 5.25%)	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890
TIF Recapture		\$-72,870	-\$162,122	-\$162,122	-\$162,122	-\$162,122	-\$162,122	-\$162,122	-\$162,122	-\$162,122	-\$157,239
TIF Note Debt Service (10yr @ 5.25%)	\$144,780	\$144,780	\$144,780	\$144,780	\$144,780	\$144,780	\$144,780	\$144,780	\$144,780	\$144,780	\$144,780
Net Cash Flow	\$53,126	\$640,840	\$920,821	\$954,993	\$987,768	\$1,025,158	\$1,061,173	\$1,097,823	\$1,135,120	\$1,173,074	\$1,351,594

For the without TIF scenario the only change is that TIF recapture and TIF note debt service is removed from the bottom two lines.

The net cash flow upon stabilization at year 3 start is roughly \$921K and \$903K in the TIF and without TIF scenarios respectively, and increase steadily to roughly \$1,178K and \$1,155K by year 10. During the subsequent years the difference between the 2 projections is roughly \$17K that results from the disparity in how the bank finances the TIF note verses how it is likely paid out through the TIF funding mechanism.

	Mineshaft Oshkosh - 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
Revenue											
Food & Beverage Sales	\$5,463,675	\$7,024,725	\$7,805,250	\$7,906,718	\$8,009,506	\$8,113,629	\$8,219,106	\$8,325,955	\$8,434,192	\$8,543,837	\$8,654,907
Game Room	\$1,821,225	\$2,341,575	\$2,601,750	\$2,645,980	\$2,690,961	\$2,736,708	\$2,783,266	\$2,830,547	\$2,878,666	\$2,927,603	\$2,977,373
Gross Potential Revenue	\$7,284,900	\$9,366,300	\$10,407,000	\$10,552,698	\$10,700,467	\$10,850,337	\$11,002,338	\$11,156,501	\$11,312,858	\$11,471,440	\$11,632,279
Cost of Goods Sold											
Food (41% F&B)	\$2,240,107	\$2,880,137	\$3,200,153	\$3,241,754	\$3,283,897	\$3,326,588	\$3,369,834	\$3,413,641	\$3,458,019	\$3,502,973	\$3,548,512
Beverage (8.1% F&B)	\$442,558	\$569,003	\$632,225	\$640,444	\$648,770	\$657,204	\$665,748	\$674,402	\$683,170	\$692,051	\$701,047
Redemption Merchandise (12.5% GR)	\$227,653	\$292,697	\$325,219	\$330,747	\$336,370	\$342,088	\$347,904	\$353,818	\$359,833	\$365,950	\$372,172
Total Cost of Goods Sold	\$2,910,318	\$3,741,837	\$4,157,597	\$4,212,946	\$4,269,037	\$4,325,880	\$4,383,485	\$4,441,862	\$4,501,022	\$4,560,974	\$4,621,731
Gross Profit	\$4,374,582	\$5,624,463	\$6,249,404	\$6,339,752	\$6,431,430	\$6,524,457	\$6,618,853	\$6,714,639	\$6,811,837	\$6,910,466	\$7,010,548
Operating Expenses											
<i>General Operations</i>											
Real Estate Taxes	\$57,116	\$138,083	\$237,252	\$237,252	\$237,252	\$237,252	\$237,252	\$237,252	\$237,252	\$237,252	\$237,252
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Office Equip Leases & Supplies	\$24,000	\$24,240	\$24,482	\$24,727	\$24,974	\$25,224	\$25,476	\$25,731	\$25,989	\$26,248	\$26,511
Advertising	\$400,000	\$404,000	\$408,000	\$412,120	\$416,242	\$420,404	\$424,608	\$428,854	\$433,143	\$437,474	\$441,849
Mgmt Salary (1.7% Rev)	\$123,843	\$129,227	\$134,611	\$139,996	\$145,381	\$150,766	\$156,151	\$161,536	\$166,921	\$172,306	\$177,691
FICA / Work Comp	\$22,552	\$28,995	\$32,217	\$32,668	\$33,125	\$33,589	\$34,060	\$34,537	\$35,021	\$35,512	\$36,010
Insurance	\$47,000	\$47,470	\$47,945	\$48,424	\$48,908	\$49,397	\$49,891	\$50,390	\$50,894	\$51,403	\$51,917
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Bussey Dishwasher	\$12,000	\$12,120	\$12,241	\$12,364	\$12,487	\$12,612	\$12,738	\$12,866	\$12,994	\$13,124	\$13,255
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Maintenance & Repairs - Game Room	\$156,000	\$157,560	\$159,136	\$160,727	\$162,334	\$163,958	\$165,597	\$167,253	\$168,926	\$170,615	\$172,321
Total Operating Expenses	\$3,505,786	\$4,240,583	\$4,674,551	\$4,730,484	\$4,789,139	\$4,848,526	\$4,902,655	\$4,961,536	\$5,021,180	\$5,081,595	\$5,142,792
Net Operating Income (NOI)	\$868,796	\$1,383,880	\$1,574,852	\$1,609,268	\$1,642,291	\$1,679,931	\$1,716,198	\$1,753,103	\$1,790,657	\$1,828,871	\$1,867,756
Capital Reserves	\$24,000	\$24,240	\$24,482	\$24,727	\$24,974	\$25,224	\$25,476	\$25,731	\$25,989	\$26,248	\$26,511
Debt Service (20yr @ 5.25%)	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890	\$646,890
Net Cash Flow	\$197,906	\$712,750	\$903,479	\$937,651	\$970,426	\$1,007,816	\$1,043,831	\$1,080,481	\$1,117,778	\$1,155,732	\$1,194,355

Business Valuation on Reversion

In order to calculate the Internal Rate of Return (IRR) we first need to calculate an assumed reversion at the end of year ten. We performed a 6 year discounted cash flow method with a 20 year residual valuation. It is typical when conducting a valuation on a business to do so based off of projected future revenues after income taxes. Thus we adjust the net operating income from year 11 to include depreciation and interest expenses so that an estimate of income taxes can be calculated. We assume a straight line depreciation of 39 years on the building. The technology, furniture, and food prep equipment have a 5 year depreciation and so will have already been taken.

Discounted Cash Flow Business Valuation						
	Year R+1	Year R+2	Year R+3	Year R+4	Year R+5	Year R+6
Growth Rate		2.2%	2.2%	2.2%	2.2%	2.2%
Net Operating Income	\$1,867,756	\$1,908,847	\$1,950,841	\$1,993,760	\$2,037,623	\$2,082,450
Other Expenses						
Depreciation and Amortization Expense	(205,128)	(205,128)	(205,128)	(205,128)	(205,128)	(205,128)
Interest Expense	(254,426)	(233,319)	(211,076)	(187,637)	(162,938)	(136,910)
	(459,554)	(438,447)	(416,204)	(392,765)	(368,066)	(342,038)
Pre-Tax Net Income	1,408,202	1,470,400	1,534,637	1,600,995	1,669,557	1,740,413
Income Taxes (21% Fed, 7.9% State)	(406,970)	(424,946)	(443,510)	(462,688)	(482,502)	(502,979)
After-Tax Net Income	1,001,232	1,045,454	1,091,127	1,138,307	1,187,055	1,237,433
Adjustments to Determine Cash Flow						
Depreciation and Amortization Expense	205,128	205,128	205,128	205,128	205,128	205,128
Change in Debt	392,464	413,572	435,814	459,253	483,953	509,981
Net Cash Flow to Equity	1,598,824	1,664,154	1,732,070	1,802,689	1,876,136	1,952,542
Present value factor (@ 12.5%)	0.8889	0.7901	0.7023	0.6243	0.5549	0.4933
Present Value Net Cash Flow	\$1,421,177	\$1,314,887	\$1,216,488	\$1,125,410	\$1,041,122	\$963,131
Summary						
Sum of PV Net Cash Flows	\$7,082,215					
Residual Value	\$8,298,304					
Indicated Value	\$15,380,519					
Residual Value						
Cash Flow					1,952,542	
CF Growth rate					4%	
Direct Resid Factor (20 yr)					4.25	
					\$8,298,304	

We assume the new corporate tax rate of 21% for federal and 7.9% for state income taxes. Typically, unless a company is publicly traded, the discount rate, or the return a prospective buyer anticipates is likely to be within the 10 to 25% range. Starting at the minimum, of 10% and then adding premiums for a small business and the risk associated with running a restaurant, a 12.5% Weighted Average Cost of Capital would seem to be a conservative estimate for use resulting in possibly an over estimate of value. Proceeding across time, we use the growth rate from year 10 to year 11 of 2.2% in NOI.

We employed a direct 20 year residual valuation using the 4% growth rate in net cash flow to equity. The formula for the Direct Residual Factor at 20 years is given by

$$DRF = \sum_{i=1}^{20} \frac{1.04^i}{1.125^{i+6}}$$

which resulted in a direct residual factor of 4.25. The sum of the present values of the cash flows totaled \$7,082,215, while the residual value totaled \$8,298,304, resulting in a total indicated value of \$15,380,519.

Return on Investment

Assuming that the aviation plaza group is awarded the idle sites grant through the WEDC, and that the city council and joint review board would approve the TIF incentive, the development team would need to contribute in cash and equity \$6,915,708 to finish the project. If TIF were not used, the team would have to contribute \$8,040,186.

There exists an approximately 20,000 square foot building on the parcel owned by the development team that is split into two units. The team plans to use the 11,500 square foot space to serve as a support facility for the Mineshaft operations. We assume that after the site gets substantially redeveloped, the remaining 8,500 square foot unit could be partitioned and sold. The assessor has valued the building at \$800K as it sits today. We assume a sale with \$500K in proceeds at the end of year 1.

We assume a 5% commission on a business broker. Further, at the end of year 10, the \$8 million note would still have \$5,024,390 left in principal to pay off. Thus after the sale the development team would stand to get \$9,587,103 in proceeds on the sale of the business. Including

Return on Investment Metrics						
	With TIF			Without TIF		
	Net Cash Flow	Reversion	Total	Net Cash Flow	Reversion	Total
Initial Cash Outlay	-6,915,708		-6,915,708	-8,040,186		-8,040,186
Year 1	53,126	500,000	553,126	197,906	500,000	697,906
Year 2	640,840		640,840	712,750		712,750
Year 3	920,821		920,821	903,479		903,479
Year 4	954,993		954,993	937,651		937,651
Year 5	987,768		987,768	970,426		970,426
Year 6	1,025,158		1,025,158	1,007,816		1,007,816
Year 7	1,061,173		1,061,173	1,043,831		1,043,831
Year 8	1,097,823		1,097,823	1,080,481		1,080,481
Year 9	1,135,120		1,135,120	1,117,778		1,117,778
Year 10	1,173,074	9,587,103	10,760,177	1,155,732	9,587,103	10,742,835
Business Valuation	15,380,519			15,380,519		
Broker Commission	769,026			769,026		
Mortgage Payoff	5,024,390			5,024,390		
Net Reversion	9,587,103			9,587,103		
			10yr IRR => 14.69%			10yr IRR => 12.44%

this amount in the year 10 reversion results in a 10 year internal rate of return of 14.69% with the proposed TIF assistance, and 12.44% without TIF assistance.

Given the relatively high equity position required to complete this project in addition to the overall risk associated with a restaurant and entertainment facility, it would seem reasonable to require a rate of return higher than 12.44% in this case before proceeding with the project. Maybe more importantly from the developers' perspective than the rate of return, is the lowering of the extreme amount of cash required to implement this project. Our opinion would be that these two factors, in combination, are sufficient to make the 'but for' finding required for 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 June 25, 2019.

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

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

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

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

Sincerely,



Timothy Hess, PhD



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PLAN COMMISSION MINUTES

July 2, 2019

PRESENT: Lynnsey Erickson, Thomas Fojtik, Michael Ford, Derek Groth, John Hinz, John Kiefer, Justin Mitchell, Thomas Perry, Kathleen Propp

EXCUSED: Lori Palmeri

STAFF: Mark Lyons, Planning Services Manager; Justin Gierach, Engineering Division Manager / City Engineer; Kelly Nieforth, Economic Development Services Manager; Jeff Nau, Associate Planner; Brian Slusarek, Assistant Planner; Steven Wiley, Assistant Planner; Mina Kuss, Recording Secretary

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

The minutes of June 18, 2019 were approved as presented. (Hinz/Kiefer)

VI. PUBLIC HEARING: PROPOSED CREATION OF TAX INCREMENT FINANCING DISTRICT NO. 37 AVIATION PLAZA REDEVELOPMENT PROJECT; DESIGNATION OF BOUNDARIES AND APPROVAL OF PROJECT PLAN

Site Inspections Report: Mr. Fojtik and Mr. Hinz reported visiting the site.

Staff report accepted as part of the record.

Tax Incremental District No. 37 (the "TID" or "District") is a proposed 27 acre in need of rehabilitation or conservation district located in the vicinity of the W. South Park Ave. and S. Koeller Street and abutting Interstate 41. The proposed district is comprised of five parcels owned by the applicants and contain approximately 117,000 sq. ft. of retail space with Rogan's Shoes as the only current occupant following the closure of the J.C. Penny Store in 2015. The former Walmart store was demolished in 2007.

Mr. Lyons presented the item and discussed the purpose of the proposed TID creation. The City anticipates making total expenditures of approximately \$4.84 million to undertake project identified in the Project Plan. Project costs include an estimated \$1.89 million in "pay as you go" development incentives (principal and interest), \$2.75 million for additional public infrastructure improvements and an estimated \$200,000 in administrative costs. The City is projecting that new land and improvements value of approximately \$12.4 million will result from redevelopment activity within the District. The "expected" improvements will occur on the five parcels located in the district. The developers are proposing a mixture of commercial and office uses. The developments are Extreme Customs, Mineshaft and Rogan's Shoes. The developers are anticipating being able to fully develop the district by sometime in 2020. The proposed Plan is in

general conformance with the City of Oshkosh's Comprehensive and the City Center Corridor Plan for South Park Avenue.

Mr. Fojtik opened up technical questions to staff.

Mr. Hinz asked if the TIF would include any potential developments on the east side of the property.

Mr. Lyons explained the TID does account for full reconstruction of the entire area. He said the storm water and utilities are being accounted for if outlot development should take place. He said the storm water management plan is already being sized to be able to accommodate that. He stated they are trying to be forward thinking in this TID.

Mr. Fojtik asked Mr. Lyons to talk about the aviation component of the project and how it limits developments.

Mr. Lyons showed the area of the Airport Zoning Overlay which covers most of the proposed area. He explained the overlay does not permit anything that is deemed an assembly use (hotel, restaurant, etc.).

Mr. Fojtik commented any place a plane may crash.

Mr. Lyons replied correct.

Mr. Mitchell said it states that part of the basis for the request is that city does not have funds available to pay for the cost to rehabilitate the public infrastructure. He asked if the city did not maintain or have a revenue source for updating its' own public infrastructure.

Mr. Lyons explained the public infrastructure is on the private side. He said the Public Service Commission (PSC) requires an independent waterline to each building.

Ms. Nieforth clarified the city's water main is in the right-of-way. She reiterated that PSC requires a private parcel owner to have a lateral off of the city's water main to their site. She explained that is where the city does not have funds, to connect off the water main into the site.

Mr. Mitchell said it states public infrastructure but it is really privately owned.

Todd Taves (Senior Municipal Advisor, Ehlers), said the site has been sitting idle for an extended period of time. He explained the things that have to be done to allow for this site to develop is costly and reconstructing always costs more. He stated it has been determined that to make the project economically viable for the property owners/developers, using the TIF money to address the site conditions that are in impairment is necessary for the site to move forward. He stated it is a combination of the utility cost but also private and public costs in order to make the site attractive.

Mr. Ford asked for confirmation that the Mineshaft would cost \$16 million but could only get \$8 million from the bank. He asked if the Mineshaft would have to put up the rest of the money themselves without the TIF district.

Ms. Nieforth said the city made an effort, applied for a WDC grant and was granted \$500,000. She said they are trying to lower the TIF assistance amount. She explained the applicants are asking for TIF assistance for under ten years which is a goal that Council does have in the TIF policy. She stated the applicants are trying to meet all the goals that Council has set forth.

Mr. Ford asked if there is any type of sensitivity analysis. He said just looking at the revenues, they have a 10 million dollar stream with a range of \$7 to \$13 million. He said he is just curious if there is anything the city looks at with what the impact would be if it were on the lower end of the range.

Mr. Taves replied one of the techniques that the city has used is the concept of pay as you go. He explained rather than the city fronting the money, the developers provide the money and would be reimbursed. He said the impact if there was less value is that the developer would be reimbursed for a longer time which would increase the life of the district. He said it would not cost the city to be out any funds. He said the other thing it would do is to the extent that there are additional infrastructure needs down the road, which is being shown as being cash funded out of the TID after the reimbursements are made to the developer, it would either reduce or delay the ability of the city to access those monies for those types of projects.

Mr. Ford said the main risk to him from a land use decision is that this is for a 35,000 sq. ft. building they are funding via this TIF. He questioned what would happen if the business was not successful.

Ms. Nieforth replied if the building went out of business in two years, the city would still have an updated public infrastructure installed already, laterals installed to each site that would meet code and a storm water facility that would help with the Stringham Creek watershed area. She said there would still be some value to the site though it would not be at its fullest potential but the city could still capture increment to fulfil TIF obligations.

Mr. Mitchell said it is his first time going through one of these. He said during his research, he found that TIFs can create a shadow fund. He asked what kind of oversight does the city have and who determines the distribution.

Mr. Taves replied when the city creates a Tax Increment District, it has to create a special fund typically a special revenue fund. He explained more about the special revenue fund. He said the city's financial statements are audited annually to include those in the Tax Increment Districts. He stated there is also a Joint Review Board involved in this process consisting of members from each taxing jurisdictions. He said one of the requirements for the TIF statute is that a report must be filed annually with the Department of Revenue that accounts for all the revenues and expenditures. The Joint Review Board also meets annually to review the reports for each of the outstanding Tax Increment Districts of the city.

Mr. Mitchell asked who outlines what the funds are used for.

Mr. Taves explained the plan is intended to be the framework for making expenditures but the fact that it is in a Tax Increment District does not change what the Council would otherwise be required to approve. He said all the expenditures go through the same process as any other city expenditure.

Mr. Fojtik opened up the public hearing.

Jason White, 1204 Fairfax Street, said he is with GOEDC and sent a letter this afternoon. He stated the letter confirms support of the TID. He explained how he got directly involved when he met Tyler from Extreme Customs in 2018 and helped identify a new location for Extreme Customs. He explained the process of planning and getting the approval through the city for the site. He believes the TIF needs to go hand in hand with the developments. He said the costs Tyler would incur to stay at the site with aging infrastructure is not possible for them to finance without the TIF. He stated they do believe this does enhance the corridor and improves the city as a whole. He reiterated this cannot happen without the Tax Increment District.

Tom Masters, 22 N. Main Street in Hartford, said he is the owner of the Mineshaft in Hartford and also owns The Fox and Hound in the Holy Hill area. He wanted to address the viability of the restaurant. He said he has been at the Mineshaft for 44 years. He stated they have never had a bad year or a slow year. He explained it is not a bar or club and the entertainment area is a gaming area. He stated he has been at the other restaurant for 17 years and both his restaurants are doing really good.

Tim Hess, 2645 Templeton Place, said he was involved in some of the analytics portions. He said the range of \$7 to \$13 million does mean there is substantial risks. He said they are trying to make it so the developers do not have to bring in a huge amount of money which is hard to do when it is this sort of facility. He pointed out the owners of the properties and a contractor are present to answer any questions.

Mr. Fojtik closed the public hearing.

Motion by Kiefer to approve the project plan and recommending the boundaries to the council and adopting the staff report as the findings.

Seconded by Perry.

Mr. Fojtik asked if there was any discussion about the motion.

Mr. Mitchell stated it lists there are 4.6 million dollars for public infrastructure overall. He asked what percent of public infrastructure is being paid for by the city.

Mr. Lyons replied the public infrastructure cost is \$2.75 million which is public infrastructure cost after development incentives have been paid to the developer.

Mr. Mitchell explained where he was adding his numbers from. He said he is trying to understand the total infrastructure cost and how much the city is paying for.

Ms. Nieforth said it almost has to be broken up into two. She explained there are items the developers have to do to get the development ready which will be in the cash flow sheet. She said those costs will be taken care of at the beginning and then there are other cost the city has identified such as certain public infrastructure cost that benefit the district. She explained the TIF money can't be used for other projects that would not benefit the district directly. She reiterated the \$2.75 million is the cost after the TIF assistance obligation is complete. She said they made sure there are adequate funds for the Stringham Creek watershed issues and connecting the district to other areas on the west side of 41.

Mr. Mitchell said his understanding is that financial support is very important in providing for these public infrastructures just like in residential areas. He asked if the city is paying for all the public infrastructure or if they are sharing the cost with the property owners.

Ms. Nieforth replied there are some costs that are identified on the site that are required to get the site in compliance that the city did not include in the TIF plan. She said the owners will be required to pay those costs. She reiterated this is a pay as you go and the developers would pay for the cost up front. She stated there are costs that would be paid by the property owners that would not be TIF funded.

Mr. Mitchell asked for a rough estimate of percentage the city is paying for regarding the public infrastructure.

Ms. Nieforth said without looking at the numbers that they did not include in the TIF plan, she would not feel comfortable giving a percentage. She stated there is a substantial amount that was not included.

Mr. Lyons commented the developers are trying to stay under ten year which is a benchmark set by Council. He explained when Council looks at TIFs, they really like things that cash flow under ten years. He said the applicant, in looking at the numbers, only asked enough to stay under that ten year window.

Ms. Nieforth asked Mr. Hess what the total TIF request was to the total investment.

Mr. Hess replied \$1.7 million is 7.4% of the overall investment.

Mr. Ford said he wants to ensure that Plan Commission is doing its due diligence and thanked staff for answering his questions.

Ms. Nieforth said it is something the city does when it is working the Ehlers. She said there is a market analysis that the city requires as part of the submittal to ensure the city can meet the TIF obligations should something happen.

Mr. Hinz said typically Oshkosh has not been friendly to restaurants that wants TIFs. He said there have been two that have come through with multi-use developments. He stated the Mineshaft is going to dominate this property as far as what people think of when they think about the property. He said the overlay is going prevent another restaurant coming into the space. He stated this is exactly why we have TIFs because this is a gateway to the city. He said this area has been up for discussion for the last ten years. He commended everyone for working on this.

Mr. Fojtik said this gives a chance to correct some mistakes from the original development in terms of building layout. He said given the long time the area has sat and the aviation overlay restrictions, he feels this is an appropriate step.

Motion carried 9-0.

There being no further business, the meeting adjourned at approximately 5:23 pm. (Hinz/Propp)

Respectfully submitted,

Mark Lyons
Acting Planning Services Manager

(CARRIED 7-0 LOST _____ LAID OVER _____ WITHDRAWN _____)

PURPOSE: APPROVE TAX INCREMENT DISTRICT NO. 37 PROJECT PLAN; DESIGNATE TAX INCREMENT DISTRICT NO. 37 BOUNDARIES; CREATE TAX INCREMENT DISTRICT NO. 37 AVIATION PLAZA REDEVELOPMENT

INITIATED BY: MINESHAFT OSHKOSH, LLC; EXTREME CUSTOMS, LLC; PHOENIX REALTY, LLC; ROGAN’S SHOES, INC.

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. 37 (the “District”) is proposed to be created by the City as a 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)(k) and 66.1105(4)(gm), 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 July 2, 2019 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. 37, Aviation Plaza Redevelopment", are hereby established as specified in Exhibit A of this Resolution.
2. The District is created effective as of January 1, 2019.
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)(a).
 - (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 significantly enhance 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 incremental value 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 75% 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 #37 was within the City boundaries as of January 1, 2004.
4. The attached Project Plan for "City of Oshkosh Tax Increment District No. 37, Aviation Plaza Redevelopment" 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. 37 Aviation Plaza Redevelopment.

**STANDING JOINT REVIEW BOARD
RESOLUTION APPROVING THE CREATION OF
TAX INCREMENTAL DISTRICT NO. 37,
CITY OF OSHKOSH**

WHEREAS, the City of Oshkosh (the "City") seeks to create Tax Incremental District No. 37;
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; or would not occur in the manner, at the values, or within the timeframe desired by the City 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 24 day of July, 2019.

Joint Review Board

Representing

Mark J. Harris

Winnebago County

Oshkosh Area School District

Amy Vanstraten

Fox Valley Technical College District

Mr. A. Follen

City of Oshkosh

C. Bruce Jans

Public Member