

***Territory & Project Plan Amendment to
Tax Incremental District No. 2
Within the
CITY OF PRINCETON, WISCONSIN***



April 9, 2009

<i>Joint Review Board Organizational Meeting Held:</i>	<i>April 14, 2009</i>
<i>Public Hearing Held:</i>	<i>April 14, 2009</i>
<i>Adopted by Plan Commission:</i>	<i>April 14, 2009</i>
<i>Adopted by Common Council:</i>	<i>April 14, 2009</i>
<i>Anticipated to be Considered for Approval by Joint Review Board:</i>	<i>April 29, 2009</i>



EHLERS
LEADERS IN PUBLIC FINANCE

Prepared by: EHLERS & ASSOCIATES, INC.
375 Bishops Way, Suite 225, Brookfield, WI 53005-6202
(262) 785-1520 fax: (262) 785-1810 www.ehlers-inc.com

Tax Incremental District No. 2 Territory & Project Plan Amendment

City of Princeton Officials

Common Council

Matthew Schneider	Mayor
Ron Raasch	Council Member
Jasper Kallenbach	Council Member
Patricia Garro	Council Member
Greg Hardt	Council Member
Bob Bartol	Council Member
Dave Bednarek	Council Member

City Staff

Joshua Schoemann	City Administrator – Clerk - Treasurer
Ludwig Wurtz	City Attorney

Plan Commission

Paul Schlaefer	Arwin Moldenhauer
Patti Garro	Mary Ernest
Matthew Schneider	Orville Krueger

Joint Review Board

Joshua Schoemann	City Representative
Dan Priske	Green Lake County
Bonnie Baerwald	Moraine Park Technical College District
Jeff McCartney	Princeton School District
Bob Mosolf	Public Member

TABLE OF CONTENTS

EXECUTIVE SUMMARY	5
TYPE & GENERAL DESCRIPTION OF DISTRICT	9
MAP OF ORIGINAL DISTRICT BOUNDARY, WITH TERRITORY AMENDMENT AREA IDENTIFIED ..	10
MAP SHOWING EXISTING USES & CONDITIONS WITHIN THE TERRITORY TO BE ADDED.....	11
PRELIMINARY LIST OF PARCELS WITHIN THE TERRITORY TO BE ADDED TO THE EXISTING DISTRICT & ANALYSIS	12
EQUALIZED VALUE TEST	13
STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND OTHER PROJECTS	14
MAP SHOWING PROPOSED IMPROVEMENTS AND USES WITHIN THE TERRITORY TO BE ADDED	19
DETAILED LIST OF ADDITIONAL PROJECT COSTS.....	21
ECONOMIC FEASIBILITY STUDY & A DESCRIPTION OF THE METHODS OF FINANCING AND THE TIME WHEN SUCH COSTS OR MONETARY OBLIGATIONS RELATED THERETO ARE TO BE INCURRED.....	23
ANNEXED PROPERTY	31
ESTIMATE OF ADDITIONAL TERRITORY TO BE DEVOTED TO RETAIL BUSINESS.....	31
PROPOSED CHANGES IN ZONING ORDINANCES	32
PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND CITY OF PRINCETON ORDINANCES	32
RELOCATION.....	32
ORDERLY DEVELOPMENT AND/OR REDEVELOPMENT OF THE CITY OF PRINCETON.....	33
A LIST OF ESTIMATED NON-PROJECT COSTS	33
OPINION OF ATTORNEY FOR THE CITY OF PRINCETON ADVISING WHETHER THE PLAN IS COMPLETE AND COMPLIES WITH WISCONSIN STATUTES, SECTION 66.1105	34
EXHIBIT A - CALCULATION OF THE SHARE OF PROJECTED TAX INCREMENTS ESTIMATED TO THE PAID BY THE OWNERS OF PROPERTY IN THE OVERLYING TAXING JURISDICTIONS	35

1 EXECUTIVE SUMMARY

DESCRIPTION OF ORIGINAL DISTRICT AND PROPOSED TERRITORY AMENDMENT

- Original District Purpose. Tax Incremental District (“TID”) No. 2 (“District”) is an existing industrial district, which was created by a resolution of the Common Council adopted on September 25, 2001.
- Additional Amendments.
 - The District has not been previously amended.

Purpose of this Amendment.

- To further facilitate development and/or redevelopment within areas adjacent to the District, the City desires to amend its boundaries to add territory. The area proposed to be included in the district through this amendment encompasses approximately 17 acres. A map, located in Section 3 of this plan, identifies the Territory to be added and its geographic relationship to the existing District’s boundaries.
- Estimated Total Project Expenditures. The City anticipates making project expenditures of approximately \$2,105,000 to undertake projects in the amendment areas as listed in this Project Plan. It is anticipated that the remaining and additional projects will be completed in three phases. The Expenditure Period of this District terminates on September 25, 2019. The remaining and additional projects to be undertaken pursuant to this Project Plan are expected to be financed with General Obligation Debt issued between 2009 and 2012, however, the City may use other alternative financing methods which may provide overall lower costs of financing, preserve debt capacity, mitigate risk to the City, or provide other advantages as determined by the Common Council. A discussion and listing of other possible financing mechanisms, as well as a summary of project financing by phase is located in Section 10 of this plan.
- Economic Development. As a result of the amendment of this District, the City projects that additional land and improvements value of approximately \$8,500,000 could be created as a result of new development, redevelopment, and appreciation in the value of existing properties. This additional value will be a result of the improvements made and projects undertaken within the amendment area. A table detailing assumptions as to the timing of new development and redevelopment, and associated values is located in Section 10 of this plan. In addition, the amendment of the District is expected to result in further economic benefits as detailed in the Summary of Findings hereafter.

- Expected Termination of District. TID No. 2 has a maximum statutory life of 23 years, and must close not later than September 25, 2024, resulting in a final collection of increment in budget year 2025. Based on the Economic Feasibility Study located in Section 10 of this Plan, amendment of the District, cash flow projections indicate that the entire available life of the District will be required to retire current and projected District liabilities.

SUMMARY OF FINDINGS

As required by s.66.1105 Wis. Stats., and as documented in this Project Plan Amendment and the exhibits contained and referenced herein, the following findings are made:

1. **That “but for” amendment of this District, the additional development projected to occur within the amendment areas as detailed in this Project Plan: 1) would not occur; or 2) would not occur in the manner at the values, or within the timeframe desired by the City.** In making this determination, the City has considered the following information:
 - The sites proposed for development and/or redevelopment have remained vacant for several years due to lack of adequate infrastructure, antiquated and energy inefficient buildings, possible environmental contamination, obsolete platting and ownership by multiple parties. Given that the sites have not developed as would have been expected under normal market conditions, it is the judgment of the City that the use of TIF will be required to provide the necessary infrastructure and inducements to encourage development on the sites consistent with that desired by the City.
 - In order to make the amendment areas suitable for development and/or redevelopment, the City will need to make a substantial investment to pay for the costs of: property, right-of-way and easement acquisition; site preparation; installation or improvements of utilities; installation of or improvements to streets and related streetscape items; development incentive payments; and other associated costs. Due to the extensive initial investment in public infrastructure that is required in order to allow development and/or redevelopment to occur, the City has determined that development and/or redevelopment of the amendment area will not occur solely as a result of private investment. Accordingly, the City finds that absent the use of TIF, development and/or redevelopment of the amendment area is unlikely to occur.
 - Due to its geographic location and market conditions, the City has seen little growth or new investment in the community. Net new construction within the City for the period of 2005 to 2007 has averaged only 0.63%. Absent the use of Tax Increment Financing (TIF), this trend is likely to continue. Use of TIF will provide the City with the means to stimulate new development in the amendment area.
2. **The economic benefits of amending the Tax Incremental District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements.** In making this determination, the City has considered the following information:

-
- As demonstrated in the Economic Feasibility Section of this Project Plan, the total tax increments projected to be collected are more than sufficient to pay for the actual and proposed Project Costs within the original District and the amendment areas. On this basis alone, the finding is supported.
 - The initial phase of development expected to occur in the amendment area(s) is likely to generate fifteen new jobs in the District.
3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.**
- If approved, the boundary amendment would become effective for valuation purposes as of January 1, 2009. As of this date, the values of all existing development would be frozen and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they currently are now. Taxes levied on any additional value established within the amendment area due to new construction, renovation or appreciation of property values occurring after January 1, 2009 would be collected by the Tax Increment District and used to repay the costs of TIF-eligible projects undertaken within the District.
 - Given that additional development is not likely to occur without the use of tax incremental financing (see finding # 1), and since the District will generate additional economic benefits that are more than sufficient to compensate for the additional cost of the improvements (see Finding #2), the City reasonably concludes that the overall additional benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the “but for” test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the District is not amended. As required by Section 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and is found in Appendix A of the Project Plan.
4. Not less than 50% by area of the real property within the territory being added to the District is suitable for industrial sites within the meaning of Section 66.1101 of the Wisconsin Statutes and has been zoned and suitable for commercial and industrial use. Any real property within the District that was found suitable for industrial sites and was zoned for industrial use at the time of the creation of the District will remain zoned and suitable for industrial use for the life of the District. Additionally, any real property within the Territory incorporated by this Amendment that is found suitable for industrial sites and is zoned for industrial use at the time of the Amendment of the District will remain zoned for industrial use for the remaining life of the District.
5. Based upon the findings, as stated above, and the original findings as stated in the Creation Resolution, the District remains declared an industrial district based on the identification and classification of the property included within the district.
6. The Project Costs of the District relate directly to promoting commercial and industrial development in the District consistent with the purpose for which the District was created.
7. The improvements to be made within the Territory incorporated by this Amendment are likely to enhance significantly the value of substantially all of the other real property in the District.
-

8. The equalized value of the taxable property within the Territory to be added to the District by this amendment, plus the value increment of all other existing tax incremental districts within the City, does not exceed 12% of the total equalized value of taxable property within the City.
9. The City estimates that approximately 10% to 15% of the territory within the District, as amended, will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Sections 66.1105(5)(b) of the Wisconsin Statutes.
10. The Project Plan for the District, as amended, is feasible, and is in conformity with the Master Plan of the City.

2

TYPE & GENERAL DESCRIPTION OF DISTRICT

Tax Incremental District No. 2 (the “District”) was created under the authority provided by Wisconsin Statutes Section 66.1105 on September 25, 2001 by resolution of the Common Council. The District’s valuation date, for purposes of establishing base value, was January 1, 2001.

The existing District is an “Industrial District,” created on a finding that at least 50%, by area, of the real property within the District was zoned and suitable for industrial sites within the meaning of Wisconsin Statutes Section 66.1101. The District will remain in compliance with this finding after the addition of the Territory identified in this Amendment. The Preliminary Parcel list found in Section 5 of this plan provides a calculation demonstrating continued compliance with the 50% test.

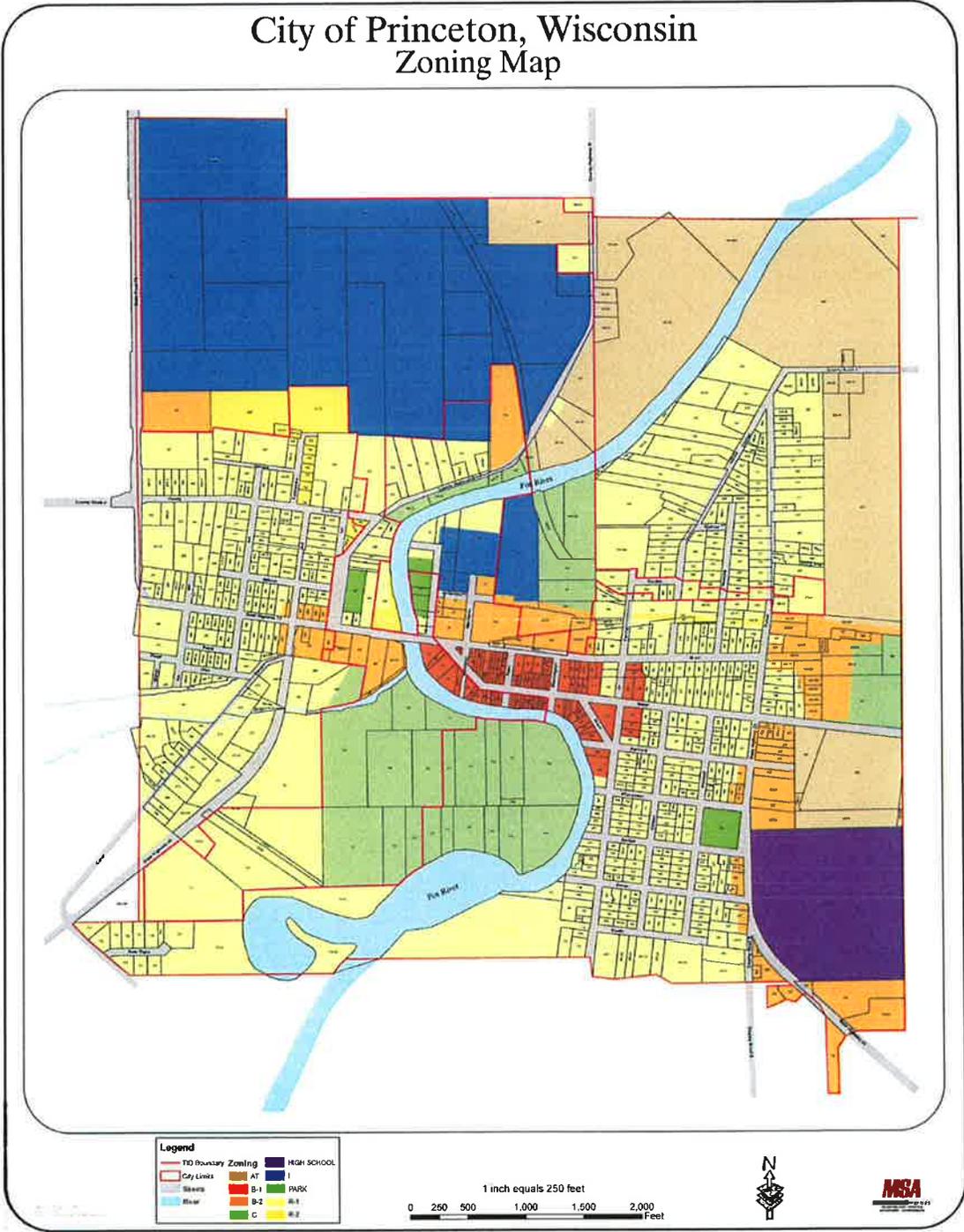
Wisconsin Statutes Section 66.1105(4)(h)2. provides authority for a City to amend the boundaries of an existing Tax Increment District for purposes of adding territory up to a total of four times during the life of the District. The boundaries of TID No. 2 have not previously been amended. This Project Plan Amendment supplements, and does not supersede or replace any component of the original Project Plan. All components of the original Project Plan remain in effect.

The purpose of the Territory Amendment is to facilitate development within areas adjacent to the existing District. The amendment to the District boundaries and the Project Plan will enable the City to install additional public improvements, and to make additional necessary related expenditures that will create development and/or redevelopment opportunities consistent with the original purposes for which the District was created.

A map depicting the boundaries of the District is found in Section 3 of this Plan. Based upon the findings as stated above, and the original findings as stated in the Creation Resolution, the District remains an industrial district based on the identification and classification of the property included within the district.

4

MAP SHOWING EXISTING USES & CONDITIONS WITHIN THE TERRITORY TO BE ADDED



6 EQUALIZED VALUE TEST

The following calculations demonstrate that the City is in compliance with s.66.1105(4)(gm)4.c. Wis. Stats., which requires that the equalized value of the Territory to be added to the District, plus the value increment of the District being amended, plus the value increment of all other existing Tax Incremental Districts (“TIDs”), does not exceed 12% of the total equalized value of taxable property within the City.

The equalized value of the Territory to be incorporated by this Amendment, plus the increment value of TID No. 2, plus the value of all other existing Tax Incremental Districts within the City, totals \$3,413,318. This value is less than the maximum of \$7,773,432 in equalized value that is permitted for the City of Princeton. The City is therefore in compliance with the statutory equalized valuation test and may proceed with amendment of this District.

<i>City of Princeton, WI</i>				
Tax Increment District No. 2 Amendment				
Valuation Test Compliance Calculation				
Anticipated Creation Date: 8/1/2008 Property Appreciation Factor: 5.00%	Valuation Data	Valuation Data	Valuation Data	Estimated Valuation
	Currently Available	Establishing 12% Limit Based on Anticipated Creation Date	Establishing 12% Limit Based on Anticipated Creation Date	Data Establishing Base Value
	ACTUAL	ESTIMATED	ESTIMATED	
As of January 1,	2008	2009	2010	
Total Equalized Value (TID IN)	64,773,600	68,017,530		
Limit for 12% Test	7,773,432	8,162,104		
Increment Value of Existing TID's				
TID No. 2 Increment	1,415,400	1,486,170		
Total Existing Increment	1,415,400	1,486,170		
Projected Base Value of New District	1,997,918	2,097,814		
Existing TID New Construction Factor				
TOTAL VALUE SUBJECT TO TEST/LIMIT	3,413,318	3,583,984		3,688,874
COMPLIANCE	PASS	PASS		PASS
				Percentage Increase in Base Value at Which EV Test will Fail 218.23%



7 STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND OTHER PROJECTS

This project plan amendment is not intended to eliminate, reduce or change the scope of any of the project costs identified in the original project plan.

The following is a list of public works and other projects that the City has implemented, or expects to implement, within the original District or within the Territory to be incorporated by this Amendment. Any costs directly or indirectly related to the public works and other projects are considered "Project Costs" and eligible to be paid with tax increment revenues of the District.

PROPERTY, RIGHT-OF-WAY AND EASEMENT ACQUISITION

- **PROPERTY ACQUISITION FOR DEVELOPMENT AND/OR REDEVELOPMENT.** In order to promote and facilitate development and/or redevelopment the City may acquire property within the District. The cost of property acquired, and any costs associated with the transaction, are eligible Project Costs. Following acquisition, other Project Costs within the categories detailed in this Section may be incurred in order to make the property suitable for development and/or redevelopment. Any revenue received by the City from the sale of property acquired pursuant to the execution of this Plan will be used to reduce the total project costs of the District. If total Project Costs incurred by the City to acquire property and make it suitable for development and/or redevelopment exceed the revenues or other consideration received from the sale or lease of that property, the net amount shall be considered "real property assembly costs" as defined in State Statutes Section 66.1105(2)(f)1.c., and subject to recovery as an eligible Project Cost.
- **PROPERTY ACQUISITION FOR CONSERVANCY.** In order to promote the objectives of this Plan, the City may acquire property within the District that it will designate for conservancy. These conservancy objectives include: preserving historic resources or sensitive natural features; protection of scenic and historic views; maintaining habitat for wildlife, maintaining adequate open space; reduction of erosion and sedimentation by preserving existing vegetation; and providing adequate areas for management of stormwater. The cost of property acquired for conservancy, and any costs associated with the transaction, are eligible Project Costs.
- **ACQUISITION OF RIGHTS-OF-WAY.** The City may need to acquire property to allow for installation of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire rights-of-way are eligible Project Costs.
- **ACQUISITION OF EASEMENTS.** The City may need to acquire temporary or permanent easements to allow for installation and maintenance of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the City to identify, negotiate and acquire easement rights are eligible Project Costs.

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

SITE PREPARATION ACTIVITIES

- **ENVIRONMENTAL AUDITS AND REMEDIATION.** There have been no known environmental studies performed within the proposed District. If, however, it becomes necessary to evaluate any land or improvement within the District, any cost incurred by the City related to environmental audits, testing, and remediation are eligible Project Costs.
- **DEMOLITION.** In order to make sites suitable for development and/or redevelopment, the City may incur costs related to demolition and removal of structures or other land improvements, to include abandonment of wells or other existing utility services.
- **SITE GRADING.** Land within the District may require grading to make it suitable for development and/or redevelopment, to provide access, and to control stormwater runoff. The City may need to remove and dispose of excess material, or bring in fill material to provide for proper site elevations. Expenses incurred by the City for site grading are eligible Project Costs.

UTILITIES

- **SANITARY SEWER SYSTEM IMPROVEMENTS.** There are adequate sanitary sewer facilities serving the District. To allow development and/or redevelopment to occur, the City may construct, alter, rebuild or expand sanitary sewer infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: collection mains; manholes and cleanouts; service laterals; force mains; interceptor sewers; pumping stations; lift stations; wastewater treatment facilities; and all related appurtenances. To the extent sanitary sewer projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand sanitary sewer infrastructure located outside of the District. That portion of the costs of sanitary sewer system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.
- **WATER SYSTEM IMPROVEMENTS.** There are adequate water distribution facilities serving the District. To allow development and/or redevelopment to occur, the City may construct, alter, rebuild or expand water system infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: distribution mains; manholes and valves; hydrants; service laterals; pumping stations; wells; water treatment facilities; storage tanks and reservoirs; and all related appurtenances. To the extent water system projects undertaken within the District provide direct benefit to

land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand water system infrastructure located outside of the District. That portion of the costs of water system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

- **STORMWATER MANAGEMENT SYSTEM IMPROVEMENTS.** Development and/or redevelopment within the District will cause stormwater runoff and pollution. To manage this stormwater runoff, the City may construct, alter, rebuild or expand stormwater management infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: stormwater collection mains; inlets, manholes and valves; service laterals; ditches; culvert pipes; box culverts; stabilization of stream and river banks; and infiltration, filtration and detention Best Management Practices (BMP's). To the extent stormwater management system projects undertaken within the District provide direct benefit to land outside of the District, the City will make an allocation of costs based on such benefit. Those costs corresponding to the benefit allocated to land within the District, and necessitated by the implementation of the Project Plan, are eligible Project Costs. Implementation of the Project Plan may also require that the City construct, alter, rebuild or expand stormwater management infrastructure located outside of the District. That portion of the costs of stormwater management system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.
- **ELECTRIC SERVICE.** In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade electric services. Relocation may require abandonment and removal of existing poles or towers, installation of new poles or towers, or burying of overhead electric lines. Costs incurred by the City to undertake this work are eligible Project Costs.
- **GAS SERVICE.** In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade gas mains and services. Costs incurred by the City to undertake this work are eligible Project Costs.
- **COMMUNICATIONS INFRASTRUCTURE.** In order to create sites suitable for development and/or redevelopment, the City may incur costs to provide, relocate or upgrade infrastructure required for voice and data communications, including, but not limited to: telephone lines, cable lines and fiber optic cable. Costs incurred by the City to undertake this work are eligible Project Costs.

STREETS AND STREETScape

- **STREET IMPROVEMENTS.** There are adequate streets serving the District. To allow development and/or redevelopment to occur, the City may need to construct and/or reconstruct streets, alleys, access drives and parking areas. Eligible Project Costs include, but are not limited to: excavation; removal or placement of fill; construction of road base; asphalt or concrete paving or repaving; installation of curb and gutter; installation of sidewalks and bicycle lanes; installation of culverts, box culverts and bridges; rail crossings and signals; utility relocation, to include burying overhead utility lines; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.

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

CDA TYPE ACTIVITIES

- **CONTRIBUTION TO COMMUNITY DEVELOPMENT AUTHORITY.** As provided for in Wisconsin Statutes Sections 66.1105(2)(f)1.h and 66.1333(13), the City may provide funds to its CDA to be used for administration, planning and operations related to the purposes for which it was established in furtherance of any redevelopment or urban renewal project. Funds provided to the CDA for this purpose are eligible Project Costs.
- **REVOLVING LOAN/GRANT PROGRAM.** To encourage private redevelopment consistent with the objectives of this Plan, the City, through its CDA, may provide loans and/or matching grants to eligible property owners in the District. Loan and/or matching grant recipients will be required to sign an agreement specifying the nature of the property improvements to be made. Eligible improvements will be those that are likely to improve the value of the property, enhance the visual appearance of the property and surrounding area, correct safety deficiencies, or as otherwise specified by the CDA in the program manual. Any funds returned to the CDA from the repayment of loans made are not considered revenues to the District, and will not be used to offset District Project Costs. Instead, these funds will be placed into a revolving loan fund and will continue to be used for the program purposes stated above. Any funds provided to the CDA for purposes of implementing this program are considered eligible Project Costs.

MISCELLANEOUS

- **CASH GRANTS (DEVELOPMENT INCENTIVES).** The City may enter into agreements with property owners, lessees, or developers of land located within the District for the purpose of sharing costs to encourage the desired kind of improvements and assure tax base is generated sufficient to recover Project Costs. No cash grants will be provided until the City executes a developer agreement with the recipient of the cash grant. Any payments of cash grants made by the City are eligible Project Costs.
- **PROFESSIONAL SERVICE AND ORGANIZATIONAL COSTS.** The costs of professional services rendered, and other costs incurred, in relation to the creation, administration and termination of the District, and the undertaking of the projects contained within this Plan, are eligible Project Costs. Professional services include, but are not limited to: architectural; environmental; planning; engineering; legal, audit; financial; and the costs of informing the public with respect to the creation of the District and the implementation of the Plan.

-
- **ADMINISTRATIVE COSTS.** The City may charge to the District as eligible Project Costs reasonable allocations of administrative costs, including, but not limited to, employee salaries. Costs allocated will bear a direct connection to the time spent by City employees in connection with the implementation of the Plan.
 - **FINANCING COSTS.** Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken under this Plan are eligible Project Costs.

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

In the event any of the public works project expenditures are not reimbursable out of the special tax increment finance fund under Wisconsin Statute Section 66.1105, in the written opinion of nationally recognized bond counsel retained by the City of Princeton for such purpose or a court of record so rules in a final order, then such project or projects shall be deleted herefrom and the remainder of the projects hereunder shall be deemed the entirety of the projects for purposes of this Project Plan Amendment (this "Plan").

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

Project Costs or any expenditures made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the City and listed in this Plan or the original Project Plan. To the extent the costs benefit the City of Princeton outside the District, a proportionate share of the cost is not a project cost. Costs identified in this Plan are preliminary estimates made prior to design considerations and are subject to change after planning is completed. Proration of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments. 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 by the City in connection with the implementation of this Plan.

9

DETAILED LIST OF ADDITIONAL PROJECT COSTS

This Section contains information relative to the specific projects and expenditures that the City anticipates it will undertake or make within the Territory to be incorporated into the District by this Amendment.

All costs are based on 2009 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2009 and the time of construction. The City also reserves the right to increase certain Project Costs to the extent others are reduced or not implemented, without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

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

PROPOSED TIF PROJECT COST ESTIMATES

City of Princeton, WI
 Tax Increment District No. 2 Amendment
 Project List



	Phase I Year	Phase II Year	Phase III Year
Projects			
Property Purchase	700,000		300,000
Demolition of Buildings & Structures		100,000	100,000
Environmental Evaluation & Remediation		35,000	125,000
Relocation & Extension of Streets & Utilities		120,000	120,000
Re-Plating Parcels & Surveying		17,500	17,500
Overall Site Grading & Landscaping		57,500	57,500
Business Relocation (if needed)		15,000	15,000
Development Incentives		100,000	100,000
TIF creation & Administration	20,000	52,500	52,500
Subtotal Needed for Projects	720,000	497,500	887,500

PLAN IMPLEMENTATION

Projects identified will provide the necessary anticipated governmental services and/or development incentives to the additional Territory. It is anticipated these expenditures will be undertaken over several phases and a period of several years. The first phase of financing is planned to place during 2009. However, public debt and expenditures should be made at the pace private development occurs to assure increment is sufficient to cover expenses. The order and timing in which expenditures are made will be adjusted in accordance with development and execution of developer agreements. The City reserves the right to alter the implementation of this Plan to accomplish this objective. In any event, all additional Project Costs are to be incurred within the period specified in Section 66.1105(6)(am) of the Wisconsin Statutes.

It is anticipated developer agreements between the City and property owners will be in place prior to major public expenditures. These agreements can provide for development guarantees or a payment in lieu of development. To further assure contract enforcement these agreements might include levying of special assessments against benefited properties.

Interest rates projected are based on current market conditions. Municipal interest rates are subject to constantly changing market conditions. In addition, other factors such as the loss of tax-exempt status of municipal bonds or broadening the purpose of future tax-exempt bonds would affect market conditions. Actual interest expense will be determined once the methods of financing have been approved and securities issued.

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

DEVELOPMENT ASSUMPTIONS

 City of Princeton, WI 					
Tax Increment District No. 2 Amendment Development Assumptions					
Construction Year	Actual	Development Area Phase I	Development Area Phase II	Development Area Phase III	Annual Total
2001	62,400				62,400
2002	628,100				628,100
2003	(346,000)				(346,000)
2004	282,500				282,500
2005	486,200				486,200
2006	274,400				274,400
2007	27,800				27,800
2008					0
2009		750,000			750,000
2010			1,000,000		1,000,000
2011					0
2012				3,000,000	3,000,000
2013				2,500,000	2,500,000
2014				750,000	750,000
2015				500,000	500,000
2016					0
2017					0
2018					0
2019					0
2020					0
2021					0
2022					0
2023					0
2024					0
TOTALS	1,415,400	750,000	1,000,000	6,750,000	9,915,400

NOTES:

INCREMENT REVENUE PROJECTIONS

City of Princeton, WI

**Tax Increment District No. 2 Amendment
Tax Increment Projection Worksheet**

Ind (Pre 10-1-04)	9/25/2001
Actual Creation Date	Jan. 1, 2001
Valuation Date	23
Maximum Life (in Years)	18
Expenditure Period (in Years)	23 to 2025
Revenue Periods/Final Rev Year	9/25/2019
End of Expenditure Period	9/25/2024
Latest Termination Date	No
Eligible for Extension/No. of Years	0
Eligible Recipient District	No

Actual Base Value	\$3,270,700
Pre-Amendment Base Value (Actual)	NA
Property Appreciation Factor	1.00%
2008 for 2009 (Per \$1,000 EV)	\$22.82
Tax Rate Adjustment Factor (Next 2 Years)	-2.00%
Tax Rate Adjustment Factor (Thereafter)	-1.00%
Discount Rate 1 for NPV Calculation	5.00%
Discount Rate 2 for NPV Calculation	7.00%

Apply Inflation

Type of District
Actual Creation Date
Valuation Date
Maximum Life (in Years)
Expenditure Period (in Years)
Revenue Periods/Final Rev Year
End of Expenditure Period
Latest Termination Date
Eligible for Extension/No. of Years
Eligible Recipient District

Actual
Projected

Construction Year	Value Added	Valuation Year	Inflation Increment	Valuation Increment	Revenue Year	Tax Rate	Tax Increment
7	27,800	2008	0	1,415,400	2009	22.82	32,304
8	0	2009	14,154	1,429,554	2010	22.37	31,574
9	750,000	2010	14,296	2,193,850	2011	21.92	48,087
10	1,000,000	2011	21,938	3,215,788	2012	21.70	69,782
11	0	2012	32,158	3,247,946	2013	21.48	69,775
12	3,000,000	2013	32,479	6,280,425	2014	21.48	134,922
13	2,500,000	2014	62,804	8,843,230	2015	21.48	189,979
14	750,000	2015	88,432	9,681,662	2016	21.48	207,991
15	500,000	2016	96,817	10,278,479	2017	21.48	220,812
16	0	2017	102,785	10,381,263	2018	21.48	223,020
17	0	2018	103,813	10,485,076	2019	21.48	225,250
18	0	2019	104,851	10,589,927	2020	21.48	227,503
19	0	2020	105,899	10,695,826	2021	21.48	229,778
20	0	2021	106,958	10,802,784	2022	21.48	232,076
21	0	2022	108,028	10,910,812	2023	21.48	234,397
22	0	2023	109,108	11,019,920	2024	21.48	236,740
23	0	2024	110,199	11,130,119	2025	21.48	239,108

9,915,400
1,214,719
Future Value of Increment
2,886,497



CASH FLOW

City of Princeton, WI Tax Increment District No. 2 Amendment Cash Flow Pro Forma



Funds On Hand Per Discussion with Administrator

Year	Revenues				Expenditures				Balances		Project Cost Principal Outstanding	Year	
	Tax Increments	Investment Earnings	Other Revenue	Land Sales	Total Revenues	G.O. Bond 7/1/2009	G.O. Bond 7/1/2010	G.O. Bond 7/1/2012	Admin	Total Expenditures			Annual
2008	0	0	0	0	0					0	256,404	55,000	2,180,000
2009	32,304	1,100	175,000	50,000	258,404	33,525	24,875			0	4,717	313,404	2,180,000
2010	31,974	6,268			38,242	32,738	24,250			33,525	(41,163)	318,121	2,180,000
2011	48,087	6,362			54,450	35,000	23,000		3,000	95,613	(43,091)	276,958	2,145,000
2012	69,782	5,539			75,322	35,000	23,000		3,000	118,413	(91,460)	233,867	2,085,000
2013	69,775	4,677			74,453	35,000	21,750		3,000	165,913	(26,830)	142,407	2,025,000
2014	134,922	2,848		50,000	187,770	40,000	20,250		3,000	216,600	(38,050)	113,578	1,910,000
2015	189,979	2,272			192,250	45,000	18,500		3,000	230,300	(23,749)	75,528	1,775,000
2016	207,991	1,511			209,501	55,000	16,750		3,000	235,700	(13,852)	37,927	1,630,000
2017	220,812	1,036			221,848	55,000	15,000		3,000	232,763	(8,994)	28,943	1,315,000
2018	223,020	759			223,779	55,000	13,125		3,000	234,425	(6,596)	20,348	1,145,000
2019	225,250	579			225,829	55,000	11,125		3,000	230,688	(2,778)	17,570	970,000
2020	227,503	407			227,910	55,000	9,000		3,000	231,550	(1,421)	16,149	785,000
2021	229,778	351			230,129	55,000	6,750		3,000	227,013	5,386	21,536	595,000
2022	232,076	323			232,399	55,000	4,500		3,000	222,200	12,627	34,163	400,000
2023	234,397	431			234,827	60,000	4,050		3,000	217,138	20,286	54,449	200,000
2024	236,740	683			237,424	60,000	1,350		3,000	206,963	33,234	87,683	0
2025	239,108	1,089			240,197	60,000	1,350		3,000	206,963	33,234	87,683	0
Total	2,888,497	56,235	175,000	100,000	3,199,731	745,000	520,000	915,000	45,000	3,132,050	32,683		

NOTES: Funds from Carolina Holding Co.

Projected TID Closure

11

ANNEXED PROPERTY

There are no lands within the Territory proposed to be included within the District by Amendment that were annexed by the City on or after January 1, 2004.

12

ESTIMATE OF ADDITIONAL TERRITORY TO BE DEVOTED TO RETAIL BUSINESS

The City estimates that approximately 10% to 15% of the territory within the District, as amended, will be devoted to retail business at the end of the District's maximum expenditure period. This finding is made to fulfill the reporting requirement as contained in Sections 66.1105(5)(b) and 66.1105(6)(am)1 of the Wisconsin Statutes.

13 PROPOSED CHANGES IN ZONING ORDINANCES

The City of Princeton does not anticipate the need to change any of its zoning ordinances in conjunction with the implementation of this Amended Project Plan.

And any real property within the District that is found suitable for industrial sites and is zoned for commercial and industrial use will remain zoned for commercial and industrial use for the life of the District.

14 PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND CITY OF PRINCETON ORDINANCES

It is expected that this Plan will be complementary to the City's Master Plan. There are no proposed changes to the master plan, map, building codes or other City of Princeton ordinances for the implementation of this Plan.

15 RELOCATION

It is not anticipated there will be a need to relocate any persons or businesses in conjunction with this Plan.

In the event relocation or the acquisition of property by eminent domain becomes necessary at some time during the implementation period, the City will follow applicable state statutes as required in Wisconsin Statutes chapter 32.

16

ORDERLY DEVELOPMENT AND/OR REDEVELOPMENT OF THE CITY OF PRINCETON

Incorporation of the Additional Territory to the District contributes to the orderly development and/or redevelopment of the City by providing the opportunity for continued growth in tax base and job opportunities.

17

A LIST OF ESTIMATED NON-PROJECT COSTS

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

- A public improvement made within the District that also benefits property outside the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.
- A public improvement made outside the District that only partially benefits property within the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.
- Projects undertaken within the District as part of the implementation of this Project Plan, the costs of which are paid fully or in part by impact fees, grants, special assessments, or revenues other than tax increments.

18

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



*Princeton on the Fox
Where yesterday meets tomorrow*

CITY OF PRINCETON
OFFICE OF THE CITY ATTORNEY

OPINION OF ATTORNEY

April 21, 2009

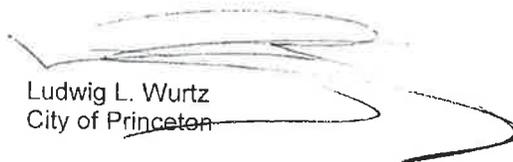
Mayor Matthew Schneider
City of Princeton
438 W. Main Street
P.O. Box 53
Princeton, WI 54968

RE: City of Princeton, Wisconsin Tax Incremental District No. 2 Amendment

Dear Mayor Schneider:

As City Attorney for the City of Princeton, I have reviewed the Project Plan Amendment document and various resolutions passed by the Common Council, Pan Commission and Joint Review Board regarding the amendment of Tax Incremental District No. 2 located in the City of Princeton. In my opinion, the Project Plan is complete and complies with Section 66.1105 of the Wisconsin Statutes.

Sincerely,



Ludwig L. Wurtz
City of Princeton

LLW/ads
CC: Josh Schoemann
Ehlers & Associates, Inc.

201 E. FOND DU LAC STREET, P.O. BOX 603, RIPON, WI 54971 Tel (920) 745-2800 Fax (920)745-2802

EXHIBIT A - CALCULATION OF THE SHARE OF PROJECTED TAX INCREMENTS ESTIMATED TO BE PAID BY THE OWNERS OF PROPERTY IN THE OVERLYING TAXING JURISDICTIONS

Estimated Share by Taxing Jurisdiction of Projected Tax Increments to be paid by Owners of Taxable Property in each of the Taxing Jurisdictions Overlying the Tax Increment District

<i>Revenue Year</i>	<i>City</i>	<i>County</i>	<i>School District</i>	<i>Tech College</i>	<i>Total</i>
	35.88%	21.90%	36.33%	5.88%	
2009	11,591	7,075	11,737	1,901	32,304
2010	11,473	7,003	11,617	1,882	31,974
2011	17,254	10,532	17,472	2,830	48,087
2012	25,039	15,283	25,354	4,107	69,782
2013	25,036	15,282	25,352	4,106	69,775
2014	48,411	29,550	49,021	7,940	134,922
2015	68,166	41,608	69,025	11,180	189,979
2016	74,629	45,553	75,569	12,240	207,991
2017	79,230	48,361	80,228	12,994	220,812
2018	80,022	48,844	81,030	13,124	223,020
2019	80,822	49,333	81,840	13,255	225,250
2020	81,630	49,826	82,659	13,388	227,503
2021	82,447	50,324	83,485	13,522	229,778
2022	83,271	50,828	84,320	13,657	232,076
2023	84,104	51,336	85,163	13,794	234,397
2024	84,945	51,849	86,015	13,932	236,740
2025	85,794	52,368	86,875	14,071	239,108
	1,036,422	632,619	1,049,476	169,980	2,888,497

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