

August 10, 2017

Project Plan for the Creation of Tax Incremental District No. 9



Organizational Joint Review Board Meeting Held:	Scheduled for September 5, 2017
Public Hearing Held:	Scheduled for September 5, 2017
Approval by Plan Commission:	Scheduled for September 5, 2017
Adoption by Common Council:	Scheduled for September 25, 2017
Approval by the Joint Review Board:	TBD

Tax Incremental District No. 9 Creation Project Plan

City of Verona Officials

Common Council

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Luke Diaz	Council Member
Elizabeth Doyle	Council Member
Sarah Gaskell	Council Member
Jack Linder	Council Member
Mac McGilvray	Council Member
Heather Reekie	Council Member
Brad Stiner	Council Member
Evan Touchett	Council Member

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Jeff Mikorski	City Administrator
Adam Sayre	Director of Planning & Development
Brian Lamers	City Finance Director
Ellen Clark	City Clerk
Theran Jacobson	Director of Public Works

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Joint Review Board

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Adam Gallagher	Dane County
Tim Casper	Madison Area Technical College District
Dean Gorrell	Verona Area School District
Gary Rockweiler	Public Member



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SECTION 1: Executive Summary

Description of District

Type of District, Size and Location

Tax Incremental District (“TID”) No. 9 (the “TID” or “District”) is a proposed blighted area TID comprising 14.283 acres located near the intersection of West Verona Avenue and Legion Street. (A map of the proposed District boundaries is found in Section 3 of this plan). The District will be formed to pay the cost of public infrastructure and to provide incentives necessary to allow redevelopment to occur. The initial project precipitating creation of the TID is “Sugar Creek Commons,” a planned nine-acre mixed use development to be located at the southwest corner of West Verona Avenue and Legion Street. The project will include a 90-room hotel with restaurant, two mixed use buildings with approximately 23,495 sq. ft. of retail space and 94 apartment units, and three multi-family residential buildings with a total of approximately 149 units. The project will result in redevelopment of several vacant or underutilized commercial and residential buildings. As a result of this redevelopment project, the City expects that there is potential for additional redevelopment to occur in the area north of West Verona Avenue and east of Rita Avenue.

Estimated Total Project Expenditures.

The City anticipates making total project expenditures of approximately \$9.3 million to undertake the projects listed in this Project Plan. The projects include approximately \$1.85 million for installation of public infrastructure needed to support redevelopment in the area and an estimated \$6.8 million in development incentives. (\$5.4 million for Sugar Creek Commons, and an estimated \$1.4 million for potential additional redevelopment projects). In addition to the foregoing, the City anticipates incurring an additional \$588,500 in costs related to interest on long term debt, finance related expenses and administrative expense. The Expenditure Period for this District will terminate twenty-two years from the date of creation. With the exception of development incentives which the City anticipates structuring as “pay as you go” obligations, Projects to be undertaken pursuant to this Project Plan are expected to be financed with general obligation debt issued by the City, 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 total project financing, is located in Section 10 of this plan.

Economic Development

The City projects that additional land and improvements value of approximately \$40 million will be created because of redevelopment made possible by creation of the District. This additional value will be a result of the improvements made and projects undertaken within the District. Approximately \$31.2 million of this total will result from completion of the Sugar Creek Commons project with anticipated completion of all phases by January 1, 2021. The plan assumes an additional \$8.75 million in value will be realized over the same timeframe due to likely redevelopment of the area located to the northeast of West Verona Avenue and Rita Avenue. A table detailing assumptions as to the timing of new development and associated values is located in Section 10 of this Plan. In addition, creation of the District is expected to result in other economic benefits as detailed in the Summary of Findings hereafter.

Expected Termination of District

Based on the Economic Feasibility Study located in Section 10 of this plan, this District would be expected to generate sufficient tax increments to recover all project costs by the year 2031; fourteen years earlier than the 27-year maximum life of this District.

Summary of Findings

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

1. **That “but for” the creation of this District, the development projected to occur as detailed in this Project Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City.** In making this determination, the City has considered the following information:
 - Due to costs associated with environmental contamination, and acquisition and demolition of existing structures, the City has determined that private redevelopment is not likely to occur in the area. Specifically, the City has determined that it will be necessary to invest TIF funds to offset a portion of the extraordinary development costs to make private redevelopment of the site economically feasible.
 - To make the areas included within the District suitable for redevelopment, the City will also need to make a substantial investment to pay for the costs of: right-of-way and easement acquisition; watermain and sanitary sewer improvements; and intersection improvements. Due to the initial and ongoing investment in public infrastructure that will be required to allow redevelopment to occur, the City has determined that redevelopment of the area will not occur solely because of private investment.
2. **The economic benefits of the Tax Incremental District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements.** In making this determination, the City has considered the following information:
 - As demonstrated in the Economic Feasibility Section of this Project Plan, the tax increments projected to be collected are more than sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.
 - The development expected to occur within the District would create approximately 255 residential units, providing housing opportunities for workers.
3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.**
 - If approved, the District’s creation would become effective for valuation purposes as of January 1, 2017. As of this date, the values of all existing development would be frozen and the property taxes collected on this base value would continue to be distributed amongst the various taxing entities as they currently are now. Taxes levied on any additional value established within the District due to new construction, renovation or appreciation of property values occurring after January 1, 2017 would be collected by the TID and used to repay the costs of TIF-eligible projects undertaken within the District.

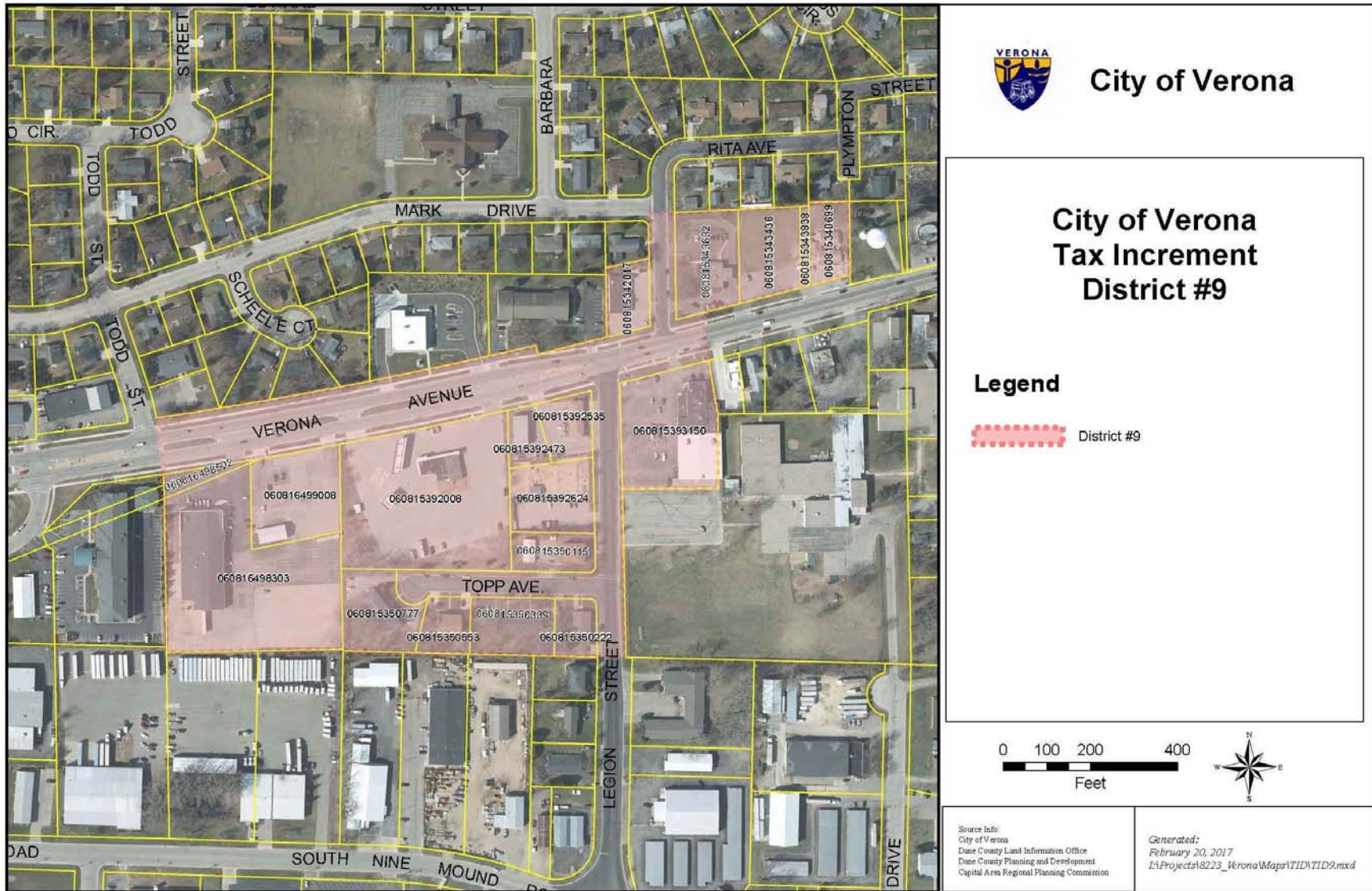
- Since the development expected to occur is unlikely to take place or in the same manner without the use of TIF (see Finding #1) and since the District will generate economic benefits that are more than sufficient to compensate for the cost of the improvements (see Finding #2), the City reasonably concludes that the overall benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the “but for” test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the District is not created. As required by Section 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and can be found in Appendix A of this plan.
4. Not less than 50% by area of the real property within the District is a blighted area within the meaning of Wisconsin Statutes Section 66.1105(2)(ae)1.
 5. Based upon the findings, as stated above, the District is declared to be a blighted area district based on the identification and classification of the property included within the District.
 6. The project costs relate directly to promoting the elimination of blight consistent with the purpose for which the District is created.
 7. The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
 8. The equalized value of taxable property of the District, plus the value increment of all existing tax incremental districts within the City, does not exceed 12% of the total equalized value of taxable property within the City.
 9. The City estimates that less than 35% of the territory within the District will be devoted to retail business at the end of the District’s maximum expenditure period, pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1.
 10. The Project Plan for the District in the City is feasible, and is in conformity with the master plan of the City.

SECTION 2: Type and General Description of District

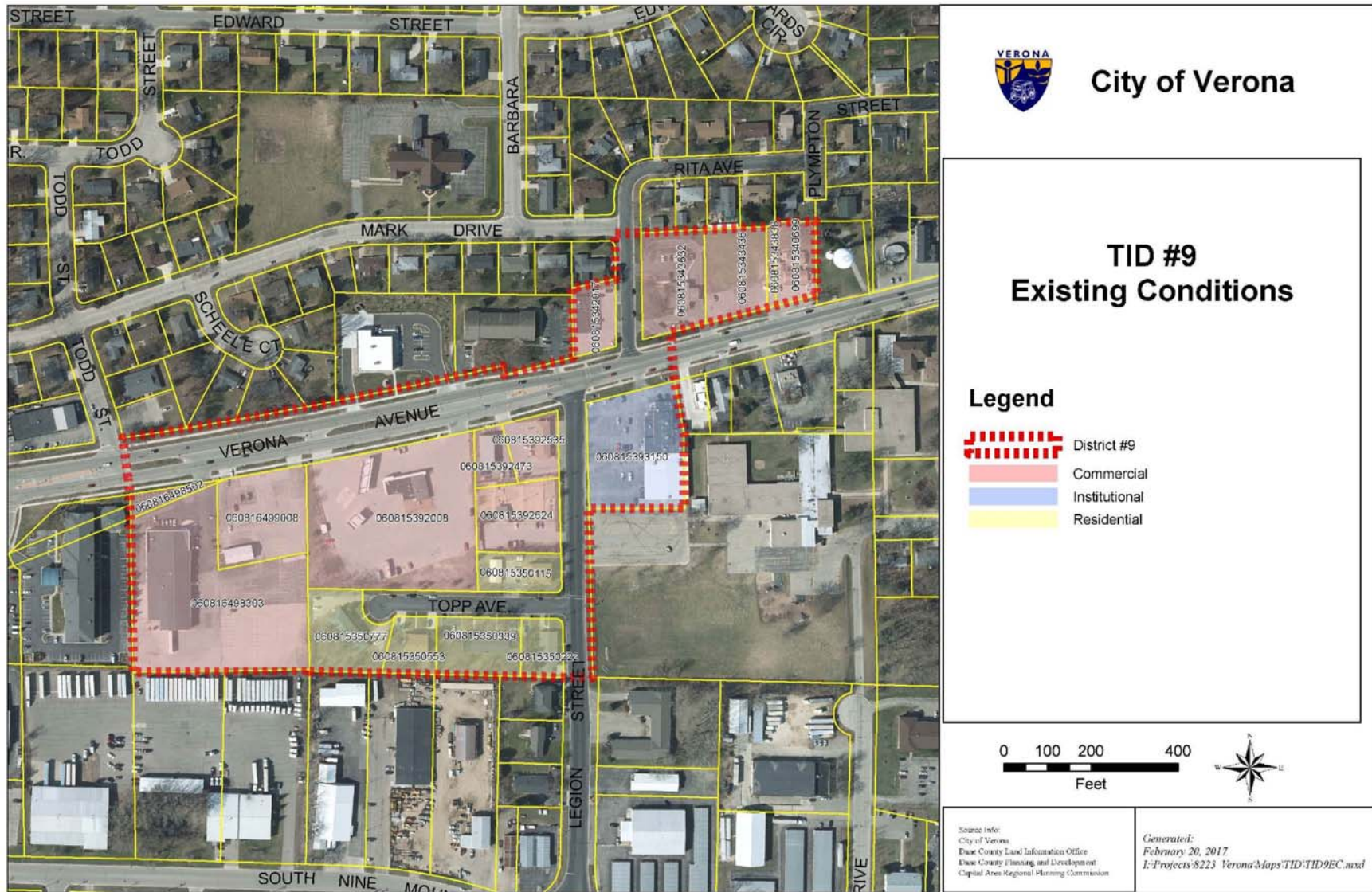
Tax Incremental District (“TID”) No. 9 (the “TID” or “District”) is a proposed blighted area TID comprising 14.283 acres located near the intersection of West Verona Avenue and Legion Street. (A map of the proposed District boundaries is found in Section 3 of this plan). The District will be formed to pay the cost of public infrastructure and to provide incentives necessary to allow redevelopment to occur. The initial project precipitating creation of the TID is “Sugar Creek Commons,” a planned nine-acre mixed use development to be located at the southwest corner of West Verona Avenue and Legion Street. The project will include a 90-room hotel with restaurant, two mixed use buildings with approximately 23,495 sq. ft. of retail space and 94 apartment units, and three multi-family residential buildings with a total of approximately 149 units. The project will result in redevelopment of several vacant or underutilized commercial and residential buildings. As a result of this redevelopment project, the City expects that there is potential for additional redevelopment to occur in the area north of West Verona Avenue and east of Rita Avenue.

The City intends that TIF will be used to assure that private development occurs within the District consistent with the City’s redevelopment objectives. This will be accomplished by installing public improvements and making necessary related expenditures to promote redevelopment within the District. The goal is to increase the tax base and to provide for and preserve employment opportunities within the City. The Project Costs included in this Plan relate directly to the elimination of blight and are consistent with the purpose for which the District is created.

SECTION 3: Preliminary Map of Proposed District Boundary



SECTION 4: Map Showing Existing Uses and Conditions



SECTION 5: Preliminary Parcel List and Analysis

City of Verona, WI																	
Tax Increment District #9																	
Base Property Information																	
Property Information				Assessment Information ²				Equalized Value				Planned Demo		District Classification			
Parcel Number	Street Address	Owner	Acreage ¹	Land	Imp	PP	Total	Equalized Value Ratio ³	Land	Imp	PP	Total	Demo Parcel	Projected Value Loss	Blighted	Deterioration of Structures or Site Improvements ⁴	Environmental Contamination ⁵
0608-164-9830-3	513 W. Verona Avenue	St. Vincent de Paul	2.980	0	0	513	513	94.31%	0	0	544	544			2.98		x
0608-164-9842-2	513 W. Verona Avenue	St. Vincent de Paul	0.141	0	0			94.31%	0	0	0	0			0.14		x
0608-164-9850-2	509 W. Verona Avenue	Verona West LLC	0.001	0	0			94.31%	0	0	0	0			0.00		x
0608-164-9900-8	509 W. Verona Avenue	Verona West LLC	0.959	395,500	50,300		445,800	94.31%	419,362	53,335	0	472,696	x	(53,335)	0.96		x
0608-153-9200-8	507 W. Verona Avenue	Redelco, Inc.	2.917	698,500	0		698,500	94.31%	740,643	0	0	740,643	x	0	2.92	x	x
0608-153-5077-7	518 Topp Avenue	Augusta Realty Inc.	0.698	190,400	319,000		509,400	94.31%	201,887	338,246	0	540,134	x	(338,246)	0.698	x	
0608-153-5055-3	514 Topp Avenue	William & Judith Niederberger	0.335	107,600	142,000		249,600	94.31%	114,092	150,567	0	264,659	x	(150,567)	0.335	x	
0608-153-5033-9	508 Topp Avenue	Augusta Realty Inc.	0.591	194,600	314,800		509,400	94.31%	206,341	333,793	0	540,134	x	(333,793)	0.591	x	
0608-153-5022-2	114 Legion Street	Richard Petersen	0.296	71,200	157,900		229,100	94.31%	75,496	167,427	0	242,922					
0608-153-5011-5	501 Topp Avenue	All State Real Estate Consultants Inc.	0.400	125,000	136,500		261,500	94.31%	132,542	144,735	0	277,277	x	(144,735)	0.400	x	
0608-153-9262-4	100 Legion Street	Knox Real Estate LLC	0.709	208,500	21,300		229,800	94.31%	221,079	22,585	0	243,665	x	(22,585)	0.709	x	
0608-153-9247-3	503 W. Verona Avenue	Knox Real Estate LLC	0.256	110,900	109,700	98,808	319,408	94.31%	117,591	116,319	104,769	338,679	x	(221,088)	0.256	x	
0608-153-9253-5	501 W. Verona Avenue	Badger-Wash Verona	0.381	163,800	106,000	27,930	297,730	94.31%	173,683	112,395	29,615	315,693	x	(142,010)	0.381	x	
0608-153-9315-0	415 W. Verona Avenue	Sugar River United Methodist Church	1.352	0	0		0	94.31%	0	0	0	0					
0608-153-4201-7	500 W. Verona Avenue	Betty M Pechan	0.362	147,700	113,700	6,394	267,794	94.31%	156,611	120,560	6,780	283,951			0.362	x	
0608-153-4363-2	420 W. Verona Avenue	Old National Bank	0.774	333,700	48,600	28,720	411,020	94.31%	353,833	51,532	30,453	435,818					
0608-153-4343-6	420 W. Verona Avenue	SMS Main Street LLC	0.657	288,900	0		288,900	94.31%	306,330	0	0	306,330					
0608-153-4383-8		SMS Main Street LLC	0.085	0	0		0	94.31%	0	0	0	0					
0608-153-4069-9	410 W. Verona Avenue	SMS Main Street LLC	0.388	176,700	94,800	31,215	302,715	94.31%	187,361	100,520	33,098	320,979			0.388	x	
Total Acreage 14.283				3,213,000	1,614,600	193,580	5,021,180		3,406,850	1,712,014	205,259			(1,406,360)	11.118		77.84%
												Estimated Base Value 5,324,123					

3,750,751

Notes:

¹Parcel acreage taken from <https://dcimapapps.countyofdane.com/dcmviewer/>.

²Assessed values shown are as of January 1, 2016.

³January 1, 2016 assessment ratio as published by the Wisconsin Department of Revenue.

⁴Sites on which set deteriorating buildings or site improvements which "substantially impairs or arrests the sound growth of the community" in accordance with Wis. Stat. § 66.1105(2)(ae)1.b.

⁵Closed contaminated sites subject to further remediation activity on occurrence of site disturbance. This condition "substantially impairs or arrests the sound growth of the community" in accordance with Wis. Stat. § 66.1105(2)(ae)1.b.

SECTION 6: Equalized Value Test

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

The equalized value of the increment of existing tax incremental districts within the City, plus the base value of the proposed District, totals \$104,819,100. This value is less than the maximum of \$320,381,172 in equalized value that is permitted for the City of Verona. The City is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

City of Verona, WI			
Tax Increment District #9			
Valuation Test Compliance Calculation			
District Creation Date	9/25/2017		
	Valuation Data Currently Available 2017	Percent Change	Valuation Data Est. Creation Date
Total EV (TID In)	2,669,843,100		2,669,843,100
12% Test	320,381,172		320,381,172
Increment of Existing TIDs			
TID #4	28,724,800		28,724,800
TID #6	76,094,300		76,094,300
Total Existing Increment	104,819,100		104,819,100
Projected Base of New or Amended District	5,324,123		5,324,123
Total Value Subject to 12% Test	110,143,223		110,143,223
Compliance	PASS		PASS

SECTION 7:

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

Project Costs are any expenditure made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the City and as outlined in this Plan. Project Costs will be diminished by any income, special assessments or other revenues, including user fees or charges. To the extent the costs benefit the municipality 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's of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments.

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

Property, Right-of-Way and Easement Acquisition

Property Acquisition for Development or Redevelopment

To promote and facilitate redevelopment the City may acquire property within the District. The cost of property acquired, and any costs associated with the transaction, are eligible Project Costs. Following acquisition, other Project Costs within the categories detailed in this Section may be incurred to make the property suitable for 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 or redevelopment exceed the revenues or other consideration received from the sale or lease of that property, the net amount shall be considered "real property assembly costs" as defined in Wisconsin Statutes Section 66.1105(2)(f)1.c., and subject to recovery as an eligible Project Cost.

Acquisition of Rights-of-Way

The City may need to acquire property to allow for installation of streets, driveways, sidewalks, utilities, stormwater management practices or 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

If 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

To make sites suitable for 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 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 inadequate sanitary sewer facilities serving areas of the District. To allow redevelopment to occur, the City may need to 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; 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 inadequate water distribution facilities serving areas of the District. To allow redevelopment to occur, the City may need to 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; 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

Redevelopment within the District will cause stormwater runoff and pollution. To manage this stormwater runoff, the City may need to 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; 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

To create sites suitable for 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

To create sites suitable for 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

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

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

CDA Type Activities

Contribution to Community Development Authority (CDA)

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 operations, and capital costs, including but not limited to real property acquisition, related to the purposes for which it was established in furtherance of any redevelopment or urban renewal project. Funds provided to the 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 or grants to eligible property owners in the District. Loan or 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 may be placed into a revolving loan fund and will continue to be used for the program purposes stated above. Any funds provided to the 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

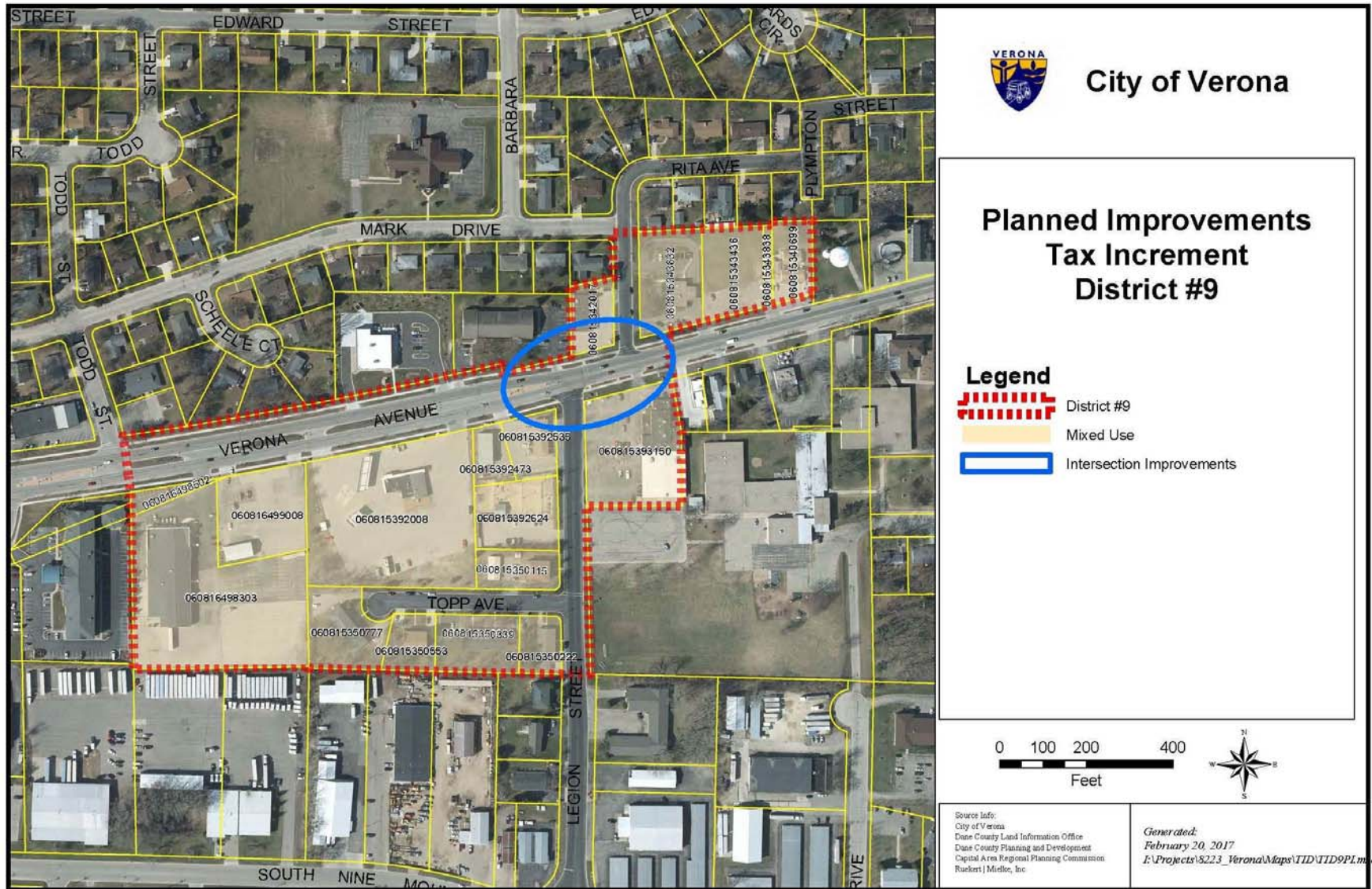
Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken under this Plan are eligible Project Costs.

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

In the event any of the public works project expenditures are not reimbursable out of the special TIF fund under Wisconsin Statutes Section 66.1105, in the written opinion of counsel retained by the City for such purpose or a court of record so rules in a final order, then such project or projects shall be deleted here from and the remainder of the projects hereunder shall be deemed the entirety of the projects for purposes of this Project Plan.

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

SECTION 8: Map Showing Proposed Improvements and Uses



SECTION 9: Detailed List of Project Costs

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

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

Proposed TIF Project Cost Estimates

City of Verona, WI				
Tax Increment District #9				
Estimated Project List				
Project	Phase I 2018	Phase II 2021	Ongoing 2017-2035	Total
ID Project Name/Type				
1 Infrastructure Improvements ¹				0
Verona Ave./Rita/Locust Intersection				0
Traffic Impact Analysis	50,000			50,000
Design	150,000			150,000
Construction (Signals/Lights/Pavement/ROW & Misc.)	650,000	350,000		1,000,000
Water Main Improvements	350,000			350,000
Sanitary Sewer Improvements	300,000			300,000
2 Development Incentives ^{2&3}			6,825,810	6,825,810
3 Finance Related Expense ²	56,125	33,525		89,650
4 Administration ²			90,000	90,000
5 Interest on Long Term Debt ²	310,800	98,000		408,800
6				0
7				0
8				0
9				0
Total Projects	1,866,925	481,525	6,915,810	9,264,260
Notes:				
¹ Estimate provided by City staff.				
² Estimate provided by Ehlers.				
³ \$5,396,585 of total shown is for Sugar Creek Commons. Will be reduced by \$650,000 if WEDC grant is secured.				

SECTION 10:

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

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

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

Available Financing Methods

General Obligation (G.O.) Bonds or Notes

The City may issue G.O. Bonds or Notes to finance the cost of projects included within this Plan. The Wisconsin State Constitution limits the principal amount of G.O. debt that the community may have outstanding at any point in time to an amount not greater than five percent of its total equalized value (TID IN). As of January 1, 2018, the City will have \$51,168,566 in General Obligation debt outstanding, representing 38% of its available capacity. The remaining \$82.3 million in unused limit could be made available to finance Project Costs.

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

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

Tax Increment Revenue Bonds

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

Utility Revenue Bonds

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

Special Assessment "B" Bonds

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

Plan Implementation

Projects identified will provide the necessary anticipated governmental services to the area. A reasonable and orderly sequence is outlined on the following page. However, public debt and expenditures should be made at the pace redevelopment occurs to assure increment is sufficient to cover expenses.

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.

The order in which public improvements are made should 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.

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 or other obligations are issued.

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

Implementation and Financing Timeline

City of Verona, WI				
Tax Increment District #9				
Estimated Financing Plan				
	G.O. Promissory Note 2018	G.O. Promissory Note 2021	Cash Funded	Totals
Projects				
Environmental Remediation ¹				0
Infrastructure Improvements	1,500,000	350,000		1,850,000
Development Incentives			6,825,810	6,825,810
Administration	35,000		55,000	90,000
Interest on Long Term Debt			408,800	408,800
Total Project Funds	1,535,000	350,000	7,289,610	9,174,610
Estimated Finance Related Expenses²				
Municipal Advisor	17,800	10,000		27,800
Bond Counsel	9,000	7,500		16,500
Rating Agency Fee	12,000	11,500		23,500
Paying Agent	675	675		1,350
Underwriter Discount	10.00 16,650	10.00 3,850		20,500
Capitalized Interest	74,925			
Total Financing Required	1,666,050	383,525		
Estimated Interest	0.75% (2,878)	0.75% (656)		
Assumed spend down (months)	3	3		
Rounding	1,828	2,131		
Net Issue Size	1,665,000	385,000		9,264,260
Notes:				
¹ A potential State grant, if received, would reduce the TID supported environmental remediation costs by \$650,000 to \$1,646,565.				
² The 2018 and 2020 financing shown includes cost as if the debt was issued stand alone. It would be expected that the City would include these amounts within its overall annual capital improvements borrowings, which would reduce costs of issuance to the proportion of the TID related borrowing to the overall issue size.				

Development Assumptions

City of Verona, WI										
Tax Increment District #9										
Development Assumptions ^{1&2}										
Construction Year	Actual	Hotel (Site A) ¹	Mixed Use (Site B) ¹	Mixed Use (Site C) ¹	Residential (Sites D, E & F) ¹	NE Area ²	Demo Loss & Base Adj. ¹	Annual Total	Construction Year	Construction Year
1	2017		1,018,100	909,300	916,900			1,442,399	2017	1
2	2018		7,756,900	4,720,700				16,677,067	2018	2
3	2019				5,668,100			18,332,567	2019	3
4	2020					8,750,000		3,534,467	2020	4
5	2021							0	2021	5
6	2022							0	2022	6
7	2023							0	2023	7
8	2024							0	2024	8
9	2025							0	2025	9
10	2026							0	2026	10
11	2027							0	2027	11
12	2028							0	2028	12
13	2029							0	2029	13
14	2030							0	2030	14
15	2031							0	2031	15
16	2032							0	2032	16
17	2033							0	2033	17
18	2034							0	2034	18
19	2035							0	2035	19
20	2036							0	2036	20
21	2037							0	2037	21
22	2038							0	2038	22
23	2039							0	2039	23
24	2040							0	2040	24
25	2041							0	2041	25
26	2042							0	2042	26
27	2043							0	2043	27
Totals	0	8,775,000	5,630,000	6,585,000	13,870,000	8,750,000	(3,623,500)	39,986,500		

Notes:
¹Assumed valuations and timing taken from developer's proforma dated July 15, 2017.
²Assumed valuations provided by City staff.

Increment Revenue Projections

City of Verona, WI										
Tax Increment District #9										
Tax Increment Projection Worksheet										
Type of District	Blighted Area		Base Value	5,324,123						
District Creation Date	September 25, 2017		Appreciation Factor	0.00%		Apply to Base Value				
Valuation Date	Jan 1,	2017	Base Tax Rate	\$21.78						
Max Life (Years)	27		Rate Adjustment Factor							
Expenditure Period/Termination	22	9/25/2039								
Revenue Periods/Final Year	27	2045								
Extension Eligibility/Years	Yes	3	Tax Exempt Discount Rate	4.00%						
Recipient District	Yes		Taxable Discount Rate	5.50%						

Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate ¹	Tax Increment	Tax Exempt NPV Calculation	Taxable NPV Calculation	
1	2017	1,442,399	2018	0	1,442,399	2019	\$21.78	31,414	27,927	26,752
2	2018	16,677,067	2019	0	18,119,466	2020	\$21.78	394,618	365,247	345,294
3	2019	18,332,567	2020	0	36,452,033	2021	\$21.78	793,877	1,017,756	952,717
4	2020	3,534,467	2021	0	39,986,500	2022	\$21.78	870,853	1,706,004	1,584,299
5	2021	0	2022	0	39,986,500	2023	\$21.78	870,853	2,367,780	2,182,955
6	2022	0	2023	0	39,986,500	2024	\$21.78	870,853	3,004,104	2,750,402
7	2023	0	2024	0	39,986,500	2025	\$21.78	870,853	3,615,953	3,288,266
8	2024	0	2025	0	39,986,500	2026	\$21.78	870,853	4,204,270	3,798,090
9	2025	0	2026	0	39,986,500	2027	\$21.78	870,853	4,769,959	4,281,335
10	2026	0	2027	0	39,986,500	2028	\$21.78	870,853	5,313,891	4,739,387
11	2027	0	2028	0	39,986,500	2029	\$21.78	870,853	5,836,903	5,173,560
12	2028	0	2029	0	39,986,500	2030	\$21.78	870,853	6,339,799	5,585,099
13	2029	0	2030	0	39,986,500	2031	\$21.78	870,853	6,823,352	5,975,182
14	2030	0	2031	0	39,986,500	2032	\$21.78	870,853	7,288,308	6,344,930
15	2031	0	2032	0	39,986,500	2033	\$21.78	870,853	7,735,380	6,695,401
16	2032	0	2033	0	39,986,500	2034	\$21.78	870,853	8,165,258	7,027,602
17	2033	0	2034	0	39,986,500	2035	\$21.78	870,853	8,578,601	7,342,484
18	2034	0	2035	0	39,986,500	2036	\$21.78	870,853	8,976,047	7,640,951
19	2035	0	2036	0	39,986,500	2037	\$21.78	870,853	9,358,206	7,923,857
20	2036	0	2037	0	39,986,500	2038	\$21.78	870,853	9,725,667	8,192,015
21	2037	0	2038	0	39,986,500	2039	\$21.78	870,853	10,078,995	8,446,193
22	2038	0	2039	0	39,986,500	2040	\$21.78	870,853	10,418,734	8,687,120
23	2039	0	2040	0	39,986,500	2041	\$21.78	870,853	10,745,405	8,915,487
24	2040	0	2041	0	39,986,500	2042	\$21.78	870,853	11,059,512	9,131,949
25	2041	0	2042	0	39,986,500	2043	\$21.78	870,853	11,361,538	9,337,126
26	2042	0	2043	0	39,986,500	2044	\$21.78	870,853	11,651,948	9,531,606
27	2043	0	2044	0	39,986,500	2045	\$21.78	870,853	11,931,188	9,715,948
Totals	39,986,500		0		Future Value of Increment		22,120,372			

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

Cash Flow

City of Verona, WI																			
Tax Increment District #9																			
Cash Flow Projection																			
Year	Projected Revenues			Expenditures										Balances			Year		
	Tax Increments	Proceeds From Long Term Debt	Total Revenues	General Obligation Note ¹ 1,665,000 Dated Date: 05/01/18 Prin (5/1) Est. Rate Interest			General Obligation Note ¹ 385,000 Dated Date: 05/01/20 Prin (5/1) Est. Rate Interest			Development Incentives ² SW Area NE Area		Infrastructure Improvements	Finance Related Expense ³	Admin.	Total Expenditures	Annual		Cumulative	Principal Outstanding ⁴
2017			0											25,000	25,000	(25,000)	(25,000)	5,396,585	2017
2018		1,665,000	1,665,000											5,000	1,561,125	103,875	78,875	7,061,585	2018
2019	31,414		31,414			74,925			0	0				5,000	79,925	(48,511)	30,364	7,061,585	2019
2020	394,618	385,000	779,618	160,000	3.000%	47,550			140,301	0	350,000		33,525	5,000	736,376	43,242	73,605	8,575,509	2020
2021	793,877		793,877	165,000	3.000%	42,675		23,100	279,404	95,282				5,000	610,460	183,416	257,022	8,035,824	2021
2022	870,853		870,853	175,000	3.000%	37,575	35,000	4.000%	14,700	313,511	95,282			5,000	676,067	194,785	451,807	7,417,031	2022
2023	870,853		870,853	180,000	3.000%	32,250	35,000	4.000%	13,300	314,805	95,282			5,000	675,636	195,217	647,024	6,791,945	2023
2024	870,853		870,853	185,000	3.000%	26,775	40,000	4.000%	11,800	312,536	95,282			5,000	676,392	194,460	841,484	6,159,128	2024
2025	870,853		870,853	190,000	3.000%	21,150	40,000	4.000%	10,200	314,205	95,282			5,000	675,836	195,017	1,036,500	5,519,642	2025
2026	870,853		870,853	195,000	3.000%	15,375	40,000	4.000%	8,600	315,986	95,282			5,000	675,242	195,610	1,232,111	4,873,374	2026
2027	870,853		870,853	205,000	3.000%	9,375	45,000	4.000%	6,900	310,511	95,282			5,000	677,067	193,785	1,425,896	4,217,582	2027
2028	870,853		870,853	210,000	3.000%	3,150	45,000	4.000%	5,100	312,780	95,282			5,000	676,311	194,542	1,620,437	3,554,521	2028
2029	870,853		870,853				50,000	4.000%	3,200	470,317	95,282			5,000	623,799	247,054	1,867,491	2,938,922	2029
2030	870,853		870,853				55,000	4.000%	1,100	468,142	95,282			5,000	624,524	246,329	2,113,820	2,320,498	2030
2031	870,853		870,853							510,217	95,282				605,499	265,354	2,379,174	1,714,999	2031
2032	870,853		870,853							510,217	95,282				605,499	265,354	2,644,528	1,109,501	2032
2033	870,853		870,853							510,217	95,282				605,499	265,354	2,909,882	504,002	2033
2034	870,853		870,853							313,439	95,282				408,720	462,132	3,372,015	95,282	2034
2035	870,853		870,853								95,282				95,282	775,571	4,147,586	0	2035
2036	870,853		870,853								0				0	870,853	5,018,438	0	2036
2037	870,853		870,853								0				0	870,853	5,889,291	0	2037
2038	870,853		870,853								0				0	870,853	6,760,144	0	2038
2039	870,853		870,853								0				0	870,853	7,630,996	0	2039
2040	870,853		870,853								0				0	870,853	8,501,849	0	2040
2041	870,853		870,853								0				0	870,853	9,372,702	0	2041
2042	870,853		870,853								0				0	870,853	10,243,554	0	2042
2043	870,853		870,853								0				0	870,853	11,114,407	0	2043
2044	870,853		870,853								0				0	870,853	11,985,260	0	2044
2045	870,853		870,853								0				0	870,853	12,856,112	0	2045
Total	22,120,372	2,050,000	24,170,372	1,665,000		310,800	385,000		98,000	5,396,585	1,429,225	1,850,000	89,650	90,000	11,314,260				Total

Notes: Projected TID Closure

¹Debt obligation characterizations, structures, assumed rates and timing are illustrations for purposes of assessing feasibility only.

²For SW area, assumes 75% of annual tax increment collection amount after netting out amounts required to make City debt service payments, up to a maximum of \$5,396,585. Payments 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. NE area assumes allocation of 50% of annual tax increment collection for 15 years.

³Estimated finance related costs include (as applicable): underwriting discount; municipal advisor fees; legal fees (bond counsel) and rating fees.

⁴Balance shown includes both City debt obligations and development incentive commitment amounts. (See Note 3. with respect to development incentive payments).

SECTION 11: Annexed Property

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

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

Pursuant to Wisconsin Statutes Sections 66.1105(5)(b) and 66.1105(6)(am)1, the City estimates that less than 35% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 13: Proposed Zoning Ordinance Changes

The City does not anticipate that the District will require any changes in zoning ordinances.

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

Located within the 'New Downtown Overlay District', this site is an important and visible location on the main westerly approach into the downtown area along the West Verona Avenue corridor. The proposed Sugar Creek Commons PD-GDP is compatible with the land use, housing, and transportation goals objectives and policies as articulated in the City of Verona Comprehensive Plan, adopted September 14, 2009. There are no proposed changes to the Master Plan, map, building codes or other City ordinances for the implementation of this Plan.

SECTION 15: Relocation

The City does not plan to acquire land within the District or undertake relocation activities. Should relocation become necessary it will be carried out in accordance with the relocation requirements set forth in Chapter 32 of the Wisconsin Statutes and the Federal Uniform Relocation Assistance and Real Property Acquisitions Policy Act of 1970 (P.L. 91-646) as applicable.

SECTION 16: Orderly Development of the City of Verona

The District contributes to the orderly development of the City by providing the opportunity for continued growth in tax base, job opportunities and general economic activity.

SECTION 17: List of Estimated Non-Project Costs

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

Examples would include:

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

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

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

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

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

August 10, 2017

SAMPLE

Mayor Jon Hochkammer
City of Verona
111 Lincoln Street
Verona, Wisconsin 53593

RE: City of Verona, Wisconsin Tax Incremental District No. 9

Dear Mayor:

As City Attorney for the City of Verona, I have reviewed the Project Plan and, in my opinion, have determined that it is complete and complies with Wisconsin Statutes Section 66.1105(4)(f).

Sincerely,

Stafford Rosenbaum

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

Estimated portion of taxes that owners of taxable property in each taxing jurisdiction overlaying district would pay by jurisdiction.						
Tax Incremental Collection Worksheet Year:		2016				
Dane County		248,134	Percentage			
City of Verona		452,671	14.35%			
Verona School District		951,173	26.19%			
Madison Area Technical College		76,652	55.02%			
Total		<u>1,728,629</u>				
		Madison Area				
		Verona School				
		Technical				
Revenue Year	Dane County	City of Verona	District	College	Total	Revenue Year
2019	4,509	8,226	17,285	1,393	31,414	2019
2020	56,645	103,337	217,137	17,498	394,618	2020
2021	113,956	207,890	436,828	35,203	793,877	2021
2022	125,005	228,047	479,184	38,616	870,853	2022
2023	125,005	228,047	479,184	38,616	870,853	2023
2024	125,005	228,047	479,184	38,616	870,853	2024
2025	125,005	228,047	479,184	38,616	870,853	2025
2026	125,005	228,047	479,184	38,616	870,853	2026
2027	125,005	228,047	479,184	38,616	870,853	2027
2028	125,005	228,047	479,184	38,616	870,853	2028
2029	125,005	228,047	479,184	38,616	870,853	2029
2030	125,005	228,047	479,184	38,616	870,853	2030
2031	125,005	228,047	479,184	38,616	870,853	2031
2032	125,005	228,047	479,184	38,616	870,853	2032
2033	125,005	228,047	479,184	38,616	870,853	2033
2034	125,005	228,047	479,184	38,616	870,853	2034
2035	125,005	228,047	479,184	38,616	870,853	2035
2036	125,005	228,047	479,184	38,616	870,853	2036
2037	125,005	228,047	479,184	38,616	870,853	2037
2038	125,005	228,047	479,184	38,616	870,853	2038
2039	125,005	228,047	479,184	38,616	870,853	2039
2040	125,005	228,047	479,184	38,616	870,853	2040
2041	125,005	228,047	479,184	38,616	870,853	2041
2042	125,005	228,047	479,184	38,616	870,853	2042
2043	125,005	228,047	479,184	38,616	870,853	2043
2044	125,005	228,047	479,184	38,616	870,853	2044
2045	125,005	228,047	479,184	38,616	870,853	2045
	<u>3,175,237</u>	<u>5,792,590</u>	<u>12,171,666</u>	<u>980,879</u>	<u>22,120,372</u>	

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