PROJECT PLAN for TAX INCREMENTAL DISTRICT NUMBER 13 CITY OF RACINE (State & Main)

City Plan Commission of the City of Racine Wisconsin

Prepared by
Department of City Development

in conformance with the provisions of Section 66.1105, Wisconsin Statutes, as amended.

APPROVALS:

City Plan Commission:

December 28, 2005

Common Council, City of Racine:

January 17, 2006

Standing Joint Review Board:

January 27, 2006

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I. DESCRIPTION OF PROJECT

A. Introduction

Wisconsin state law allows cities and villages to create Tax Increment Districts (TIDs) to provide financial assistance for new development and redevelopment. In TIDs the expense of public improvements and other redevelopment activities that are essential for the new development may be paid with the property taxes resulting from the new development. Over the years, Racine has created a number of TIDs. The City of Racine now proposes to use the Tax Increment Law to provide financing for the redevelopment of 141 Main Street, a former brownfield property. The redevelopment project proposes the construction of a four-story mixed use building on the site that will include 23 condominium units on the fourth floor, 84 apartments on the first, second and third floors, and 17,000 square feet of ground floor retail space.

Section 66.1105(4)(d), Wisconsin Statutes, requires the "preparation and adoption by the planning commission of a proposed project plan for each tax incremental district." This project plan is submitted in fulfillment of this requirement and the related provisions of section 66.1105, Wisconsin Statutes.

B. District Boundaries

Tax Incremental District Number 13 (TID 13) is composed of one parcel that is located in the northern part of Racine's downtown, near the Root River. The District is shown on Map No. 1, "Project Area Boundary," and described more precisely as follows:

Begin at a point which is the intersection of the center line of Lake Avenue and the south line of State Street, travel thence; westerly along the south line of State Street to the west line of Main Street travel thence; northerly along said line to a point 63.5 feet north of the north line of Second Street, travel thence; easterly 359 feet more or less to a point 213.88 feet north of the north State Street travel thence; southerly to the point of beginning of this description. Said land being in the City of Racine, Racine County, Wisconsin.

As required by the TID Law, the area consists solely of whole units of property "as are assessed for general tax purposes and which are bounded on one or more sides by railroad rights-of-way, highways or rivers." Additional information regarding the property is provided in Exhibit 1, "Property Characteristics."

The District contains property totaling approximately 1.3 acres. The entire District is "blighted" and "in need of conservation and rehabilitation". Exhibit 1 illustrates how the property in the District meets the statutory criteria for Tax Incremental Districts.

District is an overlay on two existing Tax Incremental Districts, TID No, 6 and TID No. 7. Maps 7 and 8 illustrate the location of this District within those existing Districts.

II. PLAN PROPOSALS

A. Statutory Requirements

Section 66.1105(4)(f), Wisconsin Statutes, requires that a project plan for a Tax Incremental District as adopted by a planning commission and submitted to the local legislative body shall include:

"... a statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided in subsection (2)(f)1.k., outside the district, an economic feasibility study, a detailed list of estimated project costs, and a description of the methods of financing all estimated project costs and the time when the costs or monetary obligations related thereto are to be incurred. The plan shall also include a map showing existing uses and conditions of real property in the district; a map showing proposed improvements and uses in the district; proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances; a list of estimated non-project costs; and a statement of a proposed method for the relocation of any persons to be displaced. The plan shall indicate how creation of the tax incremental district promotes the orderly development of the city."

The plan shall also include an opinion of the City Attorney or of any attorney retained by the City advising whether such plan is complete and complies with Section 66.1105(4)(f), Wisconsin Statutes.

B. Compliance with Statutory Requirements

The following statements, maps and exhibits are provided in compliance with the statutory requirements.

- 1."Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements."
- a. In January 2005, the firm of Gorman & Company informed the City of Racine that it intended to construct a mixed commercial and residential development at the intersection of State Street and Main Street. The development was to be a catalytic development, consistent with the recently updated Downtown Plan. At that time, Gorman & Company alerted the city that financial assistance would be needed for the project. However, Gorman pursued sources of assistance from agencies other than the city and did obtain affordable housing tax credits for residents 55 years of age or older for part of the residential development.

Following further financial analysis, Gorman informed the city that the project was not feasible without additional financial assistance. The city began negotiations with Gorman that produced a termsheet for a development agreement under which the project can proceed. The city approved the development agreement termsheet on [date]. The city resolution and the termsheet are provided in Appendix A of this plan.

The termsheet provides for Gorman & Company to receive financial assistance in the form of "pay as you go" tax increment financing. The City of Racine through the Redevelopment Authority will pledge the tax increment resulting from the project to the development for a period of 20 years, and will issue a Municipal Revenue Obligation (MRO) contract to the Gorman & Company in the amount of \$1.8 million. Gorman & Company will use the MRO to secure private financing. These provisions are set out more completely in the termsheet.

The proposed \$1.8 million in financial assistance to Gorman & Company is to be provided from the City of Racine through the Redevelopment Authority pursuant to the provision of the Tax Increment Law in sec. 66.1105 (2) (f) 1. h., Wisconsin Statutes.

- b. The number and location of the proposed public works and improvements are shown on Map No. 6, titled "Proposed Improvements", and are listed below:
- 1. Financial assistance to the developer of up to \$1.8 million, but not more than that amount or the actual increment resulting from the project over the period of 20-22 years.
- 2. Reconstruction of portions of Main Street and State Street adjacent to the project to provide curb parking and pedestrian enhancements. Recently completed comparable work on the opposite legs of the State and Main intersection has cost approximately \$170,000.
 - 2."Detailed List of Estimated Project Costs"

Table 1 provides a detailed list of the estimated project costs.

Table 1
<u>List of Estimated Project Costs</u>¹

a.	Municipal Revenue Obligation.	\$1,800,000
b.	Street Improvements.	\$170,000
c.	Other: administrative, professional, organizational and legal.	\$30,000
	Total Estimated Project Costs, excluding financing.	\$2,000,000
d.	Financing.	NA

3. "Description of Timing and Methods of Financing"

a. Estimated Timing of Project and Financing Costs

The Summary of Project Costs (Schedule "A" below) identifies the year in which actual expenditures described in this plan are expected to be incurred. The estimates presented are subject to change as actual circumstances during the project execution period may require.

Schedule A
<u>Estimated Timing of Project Costs</u>*

Year	Estimated Project Cost	Cumulative Total
2006	\$1,800,000**	\$1,800,000
2007	\$200,000	\$2,000,000

^{*}The Tax Increment Law has accounting and reporting requirements for active TIDs. The city will charge to the district an estimated \$609/year in the period from 2007-2028 for these costs and an estimated \$2,700 to close out the district

b. Estimated Method of Financing Project Costs

Table 2 displays the funding sources for each of the proposed project costs listed in Table 1. It distinguishes between project costs that will be recovered through tax increment financing and "non-project" costs that are covered through other sources of funds such as the developer's resources, or state or federal grants, or project income.

As previously noted, the MRO commits the stream of tax incremental

^{**}This is the face value of the MRO to be issued to the developer in 2006. Increments will be paid out throughout the life of the district.

¹ The City of Racine and Redevelopment Authority of the City of Racine reserve the right to make only those improvements and to undertake only those activities that are deemed economically feasible and appropriate during the course of project implementation and which are commensurate with positive growth in the tax increment.

revenues to the project and will secure a loan arranged by the developer. As a result, the City of Racine is not borrowing for the project and has no financing expenses related to the district.

Table 2
Project and Non-Project Costs

		Project Costs	Non-Project Costs	Total
a.	Private Development – four story mixed use building	NA	\$19,173,636	\$19,173,636
b.	Municipal Revenue Obligation.	\$1,800,000	NA	\$1,800,000
c.	Street Improvements.	\$170,000	NA	\$170,000
d.	Other: administrative, professional, organizational and legal	\$30,000	NA	\$30,000
	Total Estimated Project Costs, excluding financing	\$2,000,000	\$19,173,636	\$21,173,636
e.	Financing:	NA		NA

4. "Economic Feasibility Study"

Exhibit 2 charts the District's tax incremental revenue from 2007 through 2034, the district's maximum allowable lifespan under the TID Law. Increments are projected based on the schedule for construction and sales of units in the developer's proforma statement, dated September 2005. Unit values were reviewed and judged to reasonable by the Racine City Assessor. Conservative assumptions were applied to the forecast. In particular, a declining tax rate, to reflect state imposed expenditure restraint, was assumed.

Exhibit 2 forecasts that the TID will recover its costs by year 22, 2028, and can be closed out at that time.

5. "Map Showing Existing Uses and Conditions"

Please refer to Map No. 2, "Existing Land Use," and Map No. 3, "Existing Conditions,".

6. "Map Showing Proposed Improvements"

Please refer to Map No. 5, "Proposed Land Use", and Map No. 6, "Proposed Improvements."

7. "Proposed Change of Zoning Ordinances, Master Plan, Building Codes and City Ordinances"

The property is currently zoned B-4 "Central Business District" a very broad use district that is intended to accommodate both residential uses and other uses that are characteristic of the downtown area of the city. (Section 114-506, et seq., Racine Code of Ordinances.) The B-4 district permits a wide range of uses by right, including residential units located above the first floor. Residential use on the ground floor can be accommodated by a conditional use permit, which has been granted for the ground floor units in this project.

The property is within the downtown design review area (Section 114-822, *et seq.*, RCO.). The design of the building has been reviewed and approved by the Downtown Area Design Review Commission.

Off-street parking is not required in the B-4 zoning district. (Section 114-1147, RCO.) However, there is ample space in the proposed building and on an adjacent surface lot for off-street parking.

The redevelopment is fully consistent with the recommendations of the updated Downtown Plan.

8. "Proposed Method for Relocation"

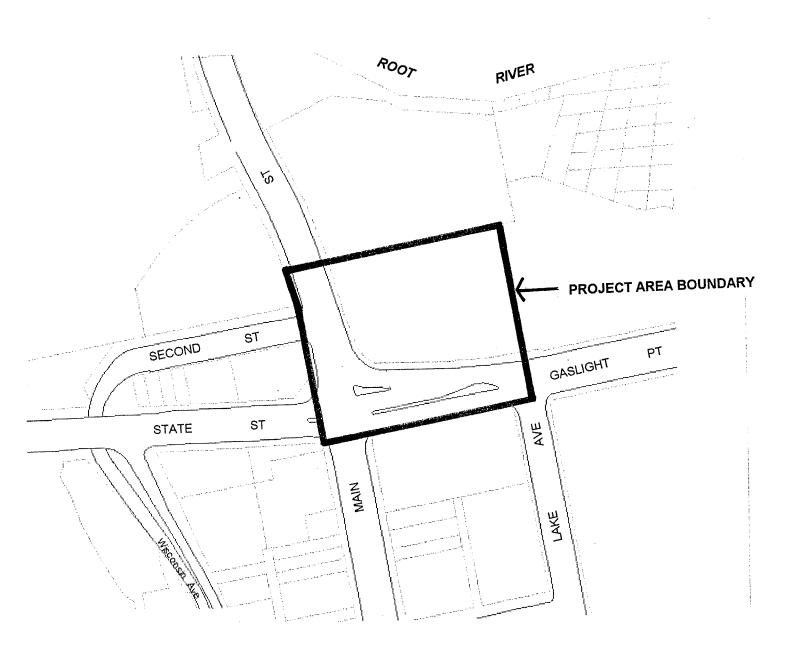
None of the property to be affected by this Plan is currently occupied. Therefore, no relocation is anticipated and no provision for relocation activities or expenditures for relocation payments is included. Should the acquisition of occupied property requiring relocation be necessary, the cost and method of relocation will be included in a revised Redevelopment Plan and associated Relocation Plan prepared pursuant to sec. 66.1333 and sec. 32.05, Wis. Stats. The costs of such activities will be eligible for reimbursement through tax increment revenues should such revenues be generated during the statutory life of the District.

9. "Statement Indicating How District Creation Promotes Orderly City Development"

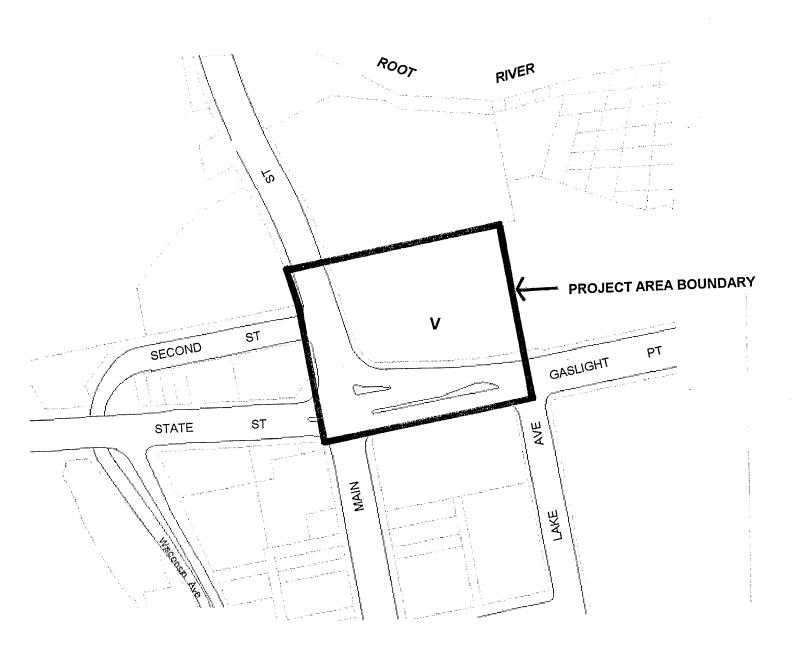
District creation is consistent with and will help implement the Downtown Plan, approved by the City Plan Commission on May 25, 2005 and adopted by the Common Council on June 7, 2005 as a component of Racine's Comprehensive Plan.

10. "Opinion of the City Attorney"

Please refer to the letter of the City Attorney in the Exhibits section.

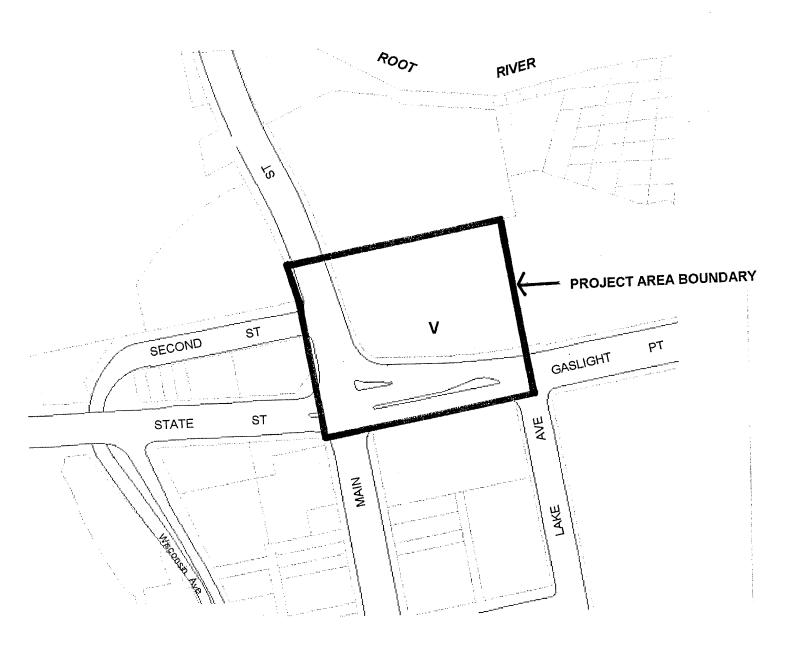


MAP 1. PROJECT BOUNDARY AREA



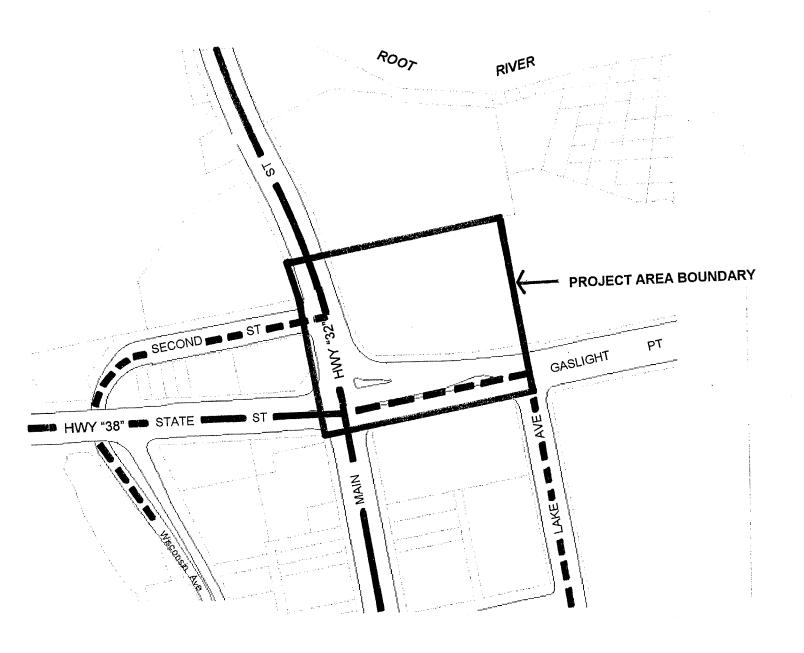
MAP 2. EXISTING LAND USE

LEGEND V VACANT LAND



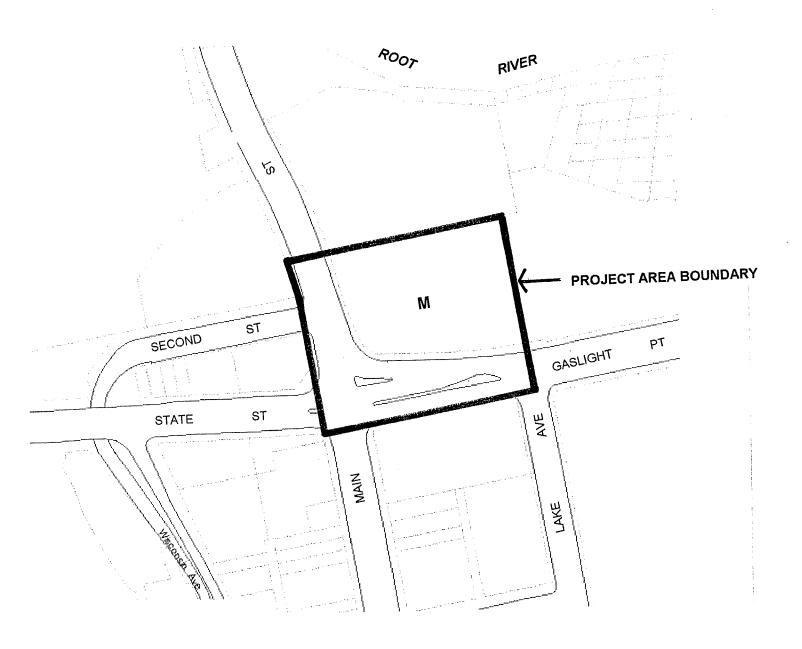
MAP 3. EXISTING CONDITIONS

LEGEND V VACANT LAND



MAP 4. TRAFFIC CIRCULATION

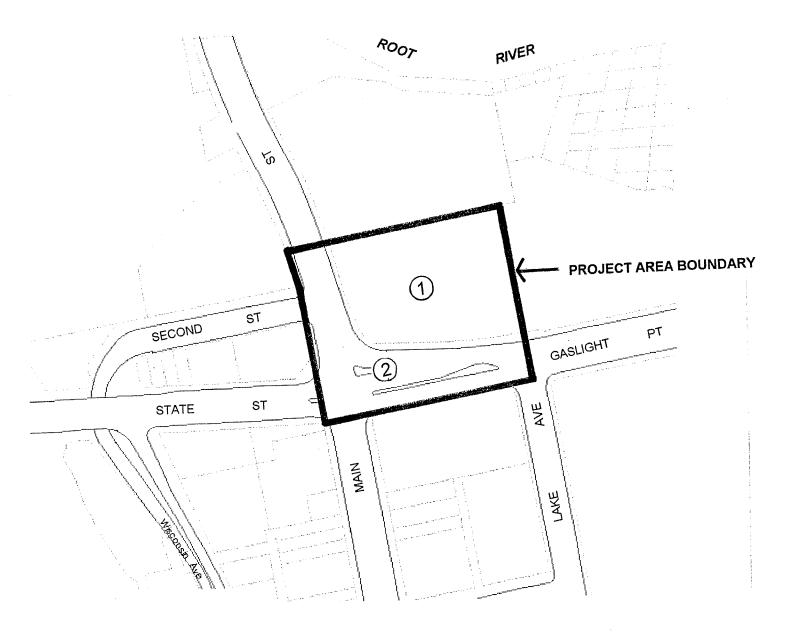
LEGEND
STATE HIGHWAY & BUS ROUTE
ARTERIAL



MAP 5. PROPOSED LAND USE

LEGEND

M MIXED USE DEVELOPMENT

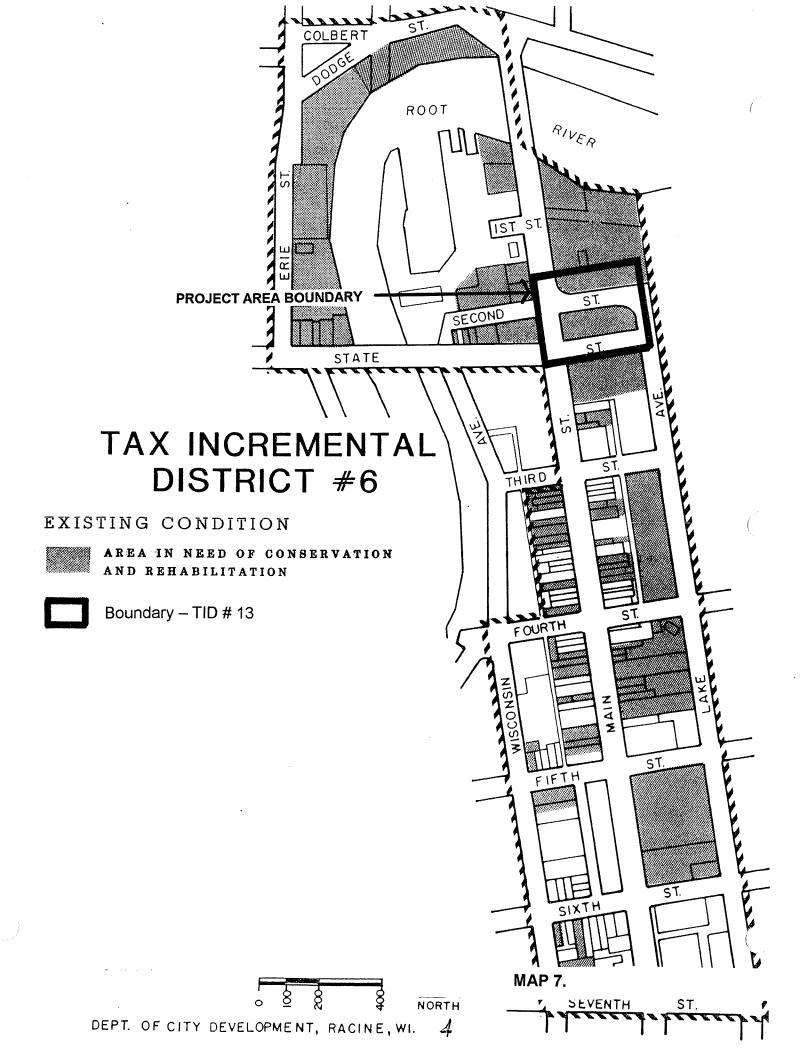


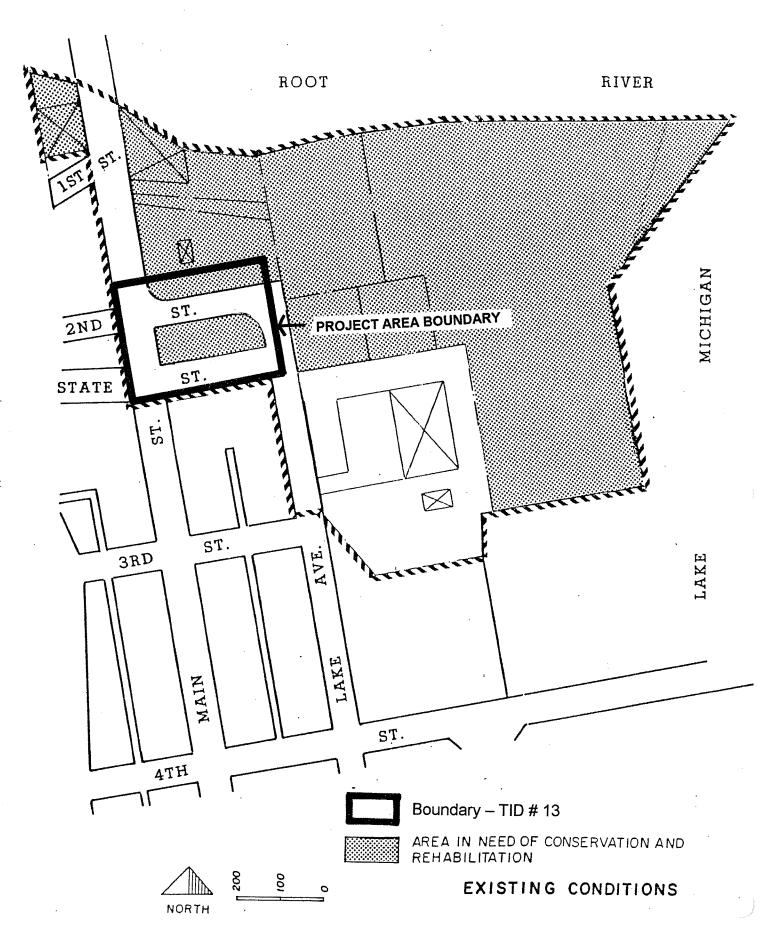
MAP 6. PROPOSED IMPROVEMENTS

legend

- 1 Grant to developer
- 2 Intersection modifications and pedestrian enhancements

Refer to section $\rm I\!I.B.$ on pages 3-4 for the description of the improvements.





TAX INCREMENTAL DISTRICT NO. 7

EXHIBITS

Exhibit <u>Title</u>

Exhibit 1 **Property Characteristics**

Exhibit 2 Tax Increment Calculation

Attachment 1 City Assessor's Letter

Attachment 2 City Attorney's Letter

Appendix A Redevelopment Authority Resolution 06-05 and Project Termsheet

TAX INCREMENT DISTRICT NO. 13 PROPERTY CHARACTERISTICS **EXHIBIT 1**

Map #	Map # Tax Parcel #	Address	Owner	Land Value	Land Value Improvements	Total	Acres	Vacant	Vacant Rlight or Rebah
1	00021007	141 Main Street	Johnson Redevelopment Corp. \$ 284,300	\$ 284,300	€9	\$284.300	130	130	1 30
Total:							1 30	1 30	130
	**************************************						25:-		2

Parcel is identified by tax parcel number on Map 1, Project Area Boundary, in this Exhibit.

Therefore, the current parcel has not been vacant for "an entire 7-year period immediately preceeding" the creation of the district, Note: The current parcel is vacant. Until 2000, it was a part of a larger parcel that contained an office building and parking lots. per sec. 66.1105 (4) (gm) 1., Wis. Stats.

The current parcel is also the site of groundwater and soil contamination. A part of the property is subject to a conditional closure letter from the Wis. Dept. of Natural Resource regarding benzene contamination. Sources: Racine City Development, December 2005 Sources: Racine City Assessor, Racine Geographic Information System, Racine Department of City Development, December 2005

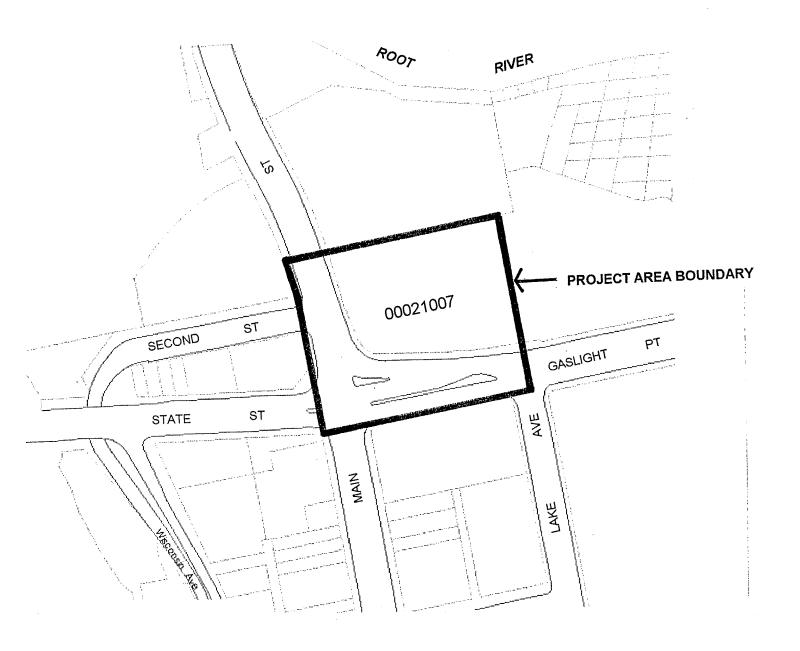


EXHIBIT 1

MAP 1. PROJECT BOUNDARY AREA

Legend

00021007 - Tax Parcel Number

		Annual Total	5,928,116 1,976,039 0 0 0 0 0 0 0 0 0 0 0 0	7,904,154
				0 ity of Racine. 11/18/05. ie Gorman Project.
Sine ent District	State & Main 4ssumptions 1			0 vvided by Gorman Co. & C e in full value created by th
City of Racine Proposed Tax Increment District	Gorman & Co. Project @ State & Main Development Valuation Assumptions ¹	6 Retail Units	735,000 245,000	980,000 0 0 0 NOTES: **NOTES:** **Development assumption numbers provided by Gorman Co. & City of Racine. 11/18/05. **2 Represents estimated taxable increase in full value created by the Gorman Project.
	9	84 Rental Units	2,217,740	2,956,987 NOTES: 1 Develop 2 Repress
		23 Condo Units	2,975,375	3,967,167 EHLERS
		Const. Year	2006 2007 2008 2009 2010 2011 2012 2014 2014 2015 2014 2016 2017 2016 2020 2020 2022 2023 2024 2023	TOTAL

			Scenario 1	Scenario 1	io 1			
	Bi	Base Value 2		0	Infle	Inflation Factor		2.00%
					Tax	Tax Rate Adjustment Factor	actor	See Worksheet
	Construction	Valuation	Revenue	Inflation	Value	Valuation	Тах	Tax
	Year	Year	Year	Increment	Added	Increment	Rate	Increment
	2006	2007	2008	0	5,928,116	5.928.116	21.73	128 844
	2007	2008	2009	118,562	1,976,039	8,022,716	21.20	170,094
	2008	2009	2010	160,454	0	8,183,171	20.69	169,269
	2009	2010	2011	163,663		8,346,834	20.18	168,474
	2010	2011	2012	166,937		8,513,771	19.70	167,709
	2011	2012	2013	1/0,2/5		8,684,046	19.23	166,974
	2013	2013	2015	177 166		8,857,727	18.77	
	2014	2015	2016	180.698		9,034,882	18.33	165,587 D
	2015	2016	2017	184,312		9.399.891	17.48	
	2016	2017	2018	187,998		9,587,889	17.07	
	2017	2018	2019	191,758		9,779,646	16.68	
	2018	2019	2020	195,593		9,975,239	16.30	
	2019	2020	2021	199,505		10,174,744	15.93	162,066
	5050	2021	2022	203,495		10,378,239	15.57	
	2021	2022	2023	207,565		10,585,804	15.22	161,091
	2023	2023	2024	211,/16		10,797,520	14.88	160,639
	2024	2025	2026	220,269		11,013,470	14.55	160,209
	2025	2026	2027	224,675		11,458,414	13.91	159,416
	2026	2027	2028	229,168		11,687,583	13.61	159.052
	2027	2028	2029	233,752		11,921,334	13.31	158,708
	2028	2029	2030	238,427		12,159,761	13.03	158,386
	2029	2030	2031	243,195		12,402,956	12.75	158,083
	2030	2031	2032	248,059		12,651,015	12.47	157,800
	2031	2032	2033	253,020		12,904,036	12.21	157,537
	2032	2033	2034	258,081		13,162,116	0.00	0
	EHLERS	Totals			7 904 154		***************************************	1 100 001
Ste.	A ASSOCIATES INC				1,504,134			4,196,261

Tax rate used is projected 2007 levy rate for collection in 08 based upon PC 202 Worksheet Methodology after accounting for estimated Levy Limit Impacts.

Base Value not yet provided by City. Needs to be completed prior to finalization.

City of Racine, SAMPLE, Pay As You Go Developer Bond Gorman Project (100% Allocation)
Subject to amendment one final assessment is known
Revenue Projection and Loan Repayment Assuming \$1,800,000 Principal
NOTE: PAYMENT OF THIS Municipal Revenue Obligation is strictly confinent upon 11D increment being available from Devektoment Site and in no way constitutes a general obligation of the City.

				Total Principal & Interest	125,844	167,019	166,117	164,398	163,580	162,788	161,280	160,564	159,871	159,202	157,931	157,328	156,747	156,185	155,123	154,620	133,736	0 0		0	0	٥	3,170,060	
		atisfaction		Principal Paid	28,344	51,861	54,330	59,847	62,919	66,216	73,547	77,611	81,963	86,622	96,935	102,634	108,723	115,229	129,598	137,519	125.576	0 0	, 0	٥	0	0	1,800,000	
		Estimated :Year of MRO Satisfaction		Interest Paid	97,500	115,158	111.787	104,551	100,661	96.571	87.733	82,953	77,908	72,580	60,995	54,695	48,023	40,956	25,525	17,101	8.162	0 0	, 0	0	0	0	1,503,798	3,178,222
Example	On 15 TS 15 KIEFT	Esti		Acrued Interest	97,500	115,158	111.787	104,551	100,661	96,571	87,733	82,953	806,77	72,580	60,995	54,695	48,023	33.467	25,525	17,101	6.162	0 0	0	٥	٥	0		
ш	This financial forecast is based on prelimante y financials and prelimante sond assumptions that are subject to change. The forecast like all forecasts like all forecasts like all to broceasts to based on predictions has are may not materialize as demonstrated. The forecast is useful when compared to others made consistantly but with different assumptions.			Principal Principal Outeranding	1,800,000	1,771,656	1,719,795	1,608,476	1,548,629	1,485,710	1,349,740	1,276,193	1,198,581	1,116,618	938,391	841,456	738,822	630,099	392,692	263,095	125,576	0 0	. 0	0	0	0		
	This preif cassus cassus chan chan chan chan chan chan chan chan			Administration Cost	3,000	3.00%	3,152	3,311	3,394	3,479	3,655	3.747	3,840	3,936	4,136	4,239	4,345	4,454	4,679	4,796	4.916						81,550	eveloper
	2006 0 2.00% 22.53 Per Schedule 6.50% 01-Jan-08 01-Nov-08 01,800,000			Issuance Cost	15,000			\	\	\	\																15,000	Total Payments to Developer
ns:	å			Tax Increment	128,844	170,094	169.269	167,709	166,974	166,267	164,935	164270	163,711	163,138	162,066	161,567	161,091	160,209	159,802	159,416	159,052	158.386	158,083	157,800	157,537	0	4,196,261	Ţ
Basic Assumptions:			Equalized	Tax Rate	21.73	2120	20.69	19.70	19.23	18.77	17.90	17.48	17.07	16.68	15.93	18:51	15.22	14.88	14,23	13.91	13.51	13.03	12.75	12.47	12.21	0.00		
	Jue ars per thousand) n e payment date Oue To Razing		TID Project Area	Current	5.928,116	8,022,716	8,346,834	8,513,771	8,684,046	9.034.882	9,215,579	9,399,891	9,587,889	9,779,646	10,174,744	10,378,239	10,585,804	11,013,478	11,228,740	11,458,414	11,567,583	12,159,761	12,402,956	12,651,015	12,904,036	13,162,116		
	Base year TID 1 Site Base Value Appreciation factor Initial tax rate (Dollars per thousand) Tax rate increment Interest rate on loan Interest starte on loan Finishers starte compare Compared to a payment date Depreciated Value Due To Razing Organia Nan principal	•		Tax Year	2008	2009	2017	2012	2013	2015	2016	2017	2018	2019	2021	2022	2023	2025	2026	2027	2028	2030	2031	2032	2033	2034		
			Asmi	Lovy Year	2007	2008	2010	2011	2012	2013	2015	2016	2017	2018	2020	2021	2022	2024	2025	2026	2028	2029	2030	2031	2032	2033	Totals	

Negative Amoritzation Added

NOTE. Actual amount of loan may be less but not more than amount identified above. Actual to be determined based upon actual verified costs. Also, amount of costs to be deducted from increment prior to payment of MRO is still to be determined. Figures used here are estimated only......

City of Racine, WI

Proposed District @ State & Main





Year Tax Earnings Dated 1-1-08 Prin (2/1) Page 1-1-06 Dated 3-1-06 Balance Balance Balance 2005 2006 2006 0.00<		Projected	Plus Interest Proposed PAYG Note to Developer	Proposed F	'AYG Note to	Developer		\$200 K Cit	\$200 K City Advance		Clim	Annual TID	Cumulative	
Vezar Increment on Find Ball Prin (11/1) Int Total Prin (21/1) Rate Int Total of Adv 2006 2006 128,844 28,344 97,500 125,844 4,500% 9,000 29,000 3,000 2008 170,094 51,861 117,185 167,179 4,500% 9,405 218,405 3,000 2011 186,474 56,988 117,789 10,723 10,723 249,226 3,231 2012 166,974 66,974 166,974 66,974 10,273 11,726 272,172 288,233 3,334 2012 166,974 66,974 167,209 4,500% 11,726 11,216 260,452 3,231 2012 166,974 66,974 167,209 12,248 12,248 12,248 12,248 13,277 3,479 2012 166,974 66,974 167,209 167,200 11,270 222,442 3,479 2012 166,974 66,974			Earnings	_	Dated 1-1-08			Dated	3-1-06		Balance	Balance	Balance	
2006 170,094 17,509 125,844 97,500 125,844 97,500 125,844 97,500 125,844 97,500 125,844 97,500 125,844 97,500 125,844 97,500 125,844 97,500 125,844 97,500 125,844 97,500 125,844 97,500 125,844 125,158	Year	- 1	on Fnd Bai	Prin (11/1)	Ξ	Total	Prin (2/1)	Rate	Int	Total	of Adv			
2006 126 844 97500 125 844 97500 125 844 97500 125 844 97500 125 844 97500 125 844 97500 125 844 97500 125 844 97500 125 844 97500 125 844 97500 125 844 97500 125 844 97500 125 844 97500 125 844 97500 125 847 145 128 167 179 167 171 4500% 9,000 9,000 200,000 2010 168,289 168,289 168,249 106,521 16,204 10,270 10,270 10,270 3,015 2011 168,270 66,216 166,216 16,206 11,720 11,726 28,642 3,311 2014 166,274 166,276 16,278 12,278 122,472 3,347 2015 166,287 166,274 16,280 16,206 11,720 11,726 28,220 3,347 2016 166,387 166,287 16,280 16,280 122,422 3,347 2017	2005													1000
2007 128 844 97,500 125,844 4,500% 9,000 9,000 209,000 2008 128 844 51,844 4,500% 9,000 9,000 209,000 2010 189,288 11,518 167,019 4,500% 9,000 209,000 3,100 2011 189,289 54,330 11,778 166,174 4,500% 10,273 248,286 3,107 2012 168,474 56,984 10,651 16,284 4,500% 11,720 24,282 3,112 2013 166,744 50,000 11,720 11,216 11,216 26,000 3,117 2014 16,574 12,248 4,500% 11,720 12,724 3,147 2015 16,587 96,217 16,202 4,500% 11,720 27,172 3,479 2016 16,587 77,511 16,388 16,288 16,288 4,500% 11,716 11,216 260,452 3,371 2016 16,386 77,381 <t< td=""><td>2006</td><td></td><td></td><td></td><td></td><td>0</td><td></td><td>4.500%</td><td>C</td><td>C</td><td>200 000</td><td></td><td>C</td><td>2002</td></t<>	2006					0		4.500%	C	C	200 000		C	2002
2008 128 844 28 344 97 500 125 844 4 500% 9,405 9,405 218,405 3,000 2008 169,269 51,861 117,178 167,019 4,500% 9,405 9,405 218,405 3,005 2011 169,269 56,388 108,255 166,244 4,500% 10,733 249,236 3,311 2012 166,374 66,216 9,671 166,388 10,685 11,725 238,642 3,311 2013 166,374 66,216 9,671 167,898 11,276 238,642 3,311 2014 166,287 16,288 16,260 17,280 12,248 12,248 24,223 3,479 2015 16,287 16,288 16,288 16,268 17,381 16,288 3,475 3,479 2016 16,287 16,288 16,288 16,288 16,288 3,475 3,479 2017 16,288 16,288 16,288 16,288 16,288 3,475	2007					0		4.500%	000,6	000'6	209,000		0 0	2007
2000 170,094 51,861 115,158 167,019 4.500% 9,828 9,828 228,233 3,075 2010 169,286 51,861 115,158 167,107 160,200 10,270 10,270 10,273 249,286 3,152 2011 168,284 106,255 164,388 10,586 10,270 10,273 10,733 249,286 3,331 2012 165,787 66,216 86,774 164,388 162,004 1,270 272,172 3,344 2014 166,587 66,216 86,774 162,021 4,500% 1,278 12,248 224,220 3,474 2015 165,887 162,021 162,021 4,500% 12,789 12,712 3,474 2016 165,887 162,021 162,024 4,500% 17,780 12,789 3,474 2017 161,310 77,411 81,963 162,021 4,500% 13,375 310,594 3,474 2018 163,314 163,314 <t< td=""><td>2008</td><td>128,844</td><td></td><td>28,344</td><td>97,500</td><td>125,844</td><td></td><td>4.500%</td><td>9.405</td><td>9,405</td><td>218.405</td><td>3 000</td><td>3 000</td><td>2008</td></t<>	2008	128,844		28,344	97,500	125,844		4.500%	9.405	9,405	218.405	3 000	3 000	2008
2010 169,269 54,330 111,787 166,117 4,500% 10,270 10,270 28,504 3,152 2011 168,474 56,988 108,255 165,244 4,500% 10,273 10,270 28,504 3,511 2013 166,274 66,216 100,661 163,580 4,500% 11,216 272,172 3,347 2014 166,277 66,216 96,571 162,788 4,500% 11,216 272,172 3,479 2015 166,287 66,216 96,571 162,788 4,500% 11,216 272,172 3,479 2016 166,267 66,21 160,564 4,500% 12,248 28,420 3,479 2017 164,305 16,666 16,564 4,500% 13,377 13,47 3,479 2018 164,305 16,664 4,500% 15,375 13,47 3,479 3,479 2019 162,303 160,564 4,500% 15,375 13,47 3,47 3,47	2009	170,094		51,861	115,158	167,019		4.500%	9,828	9,828	228,233	3,075	6,075	2002
2011 168,474 56,988 108,255 165,244 4,500% 10,733 10,733 249,236 3,231 2012 167,709 59,847 104,551 164,398 4,500% 11,216 260,422 3,311 2014 166,267 62,116 96,571 162,788 4,500% 11,224 224,212 3,349 2015 166,267 66,216 96,571 162,788 12,248 12,248 284,420 3,479 2015 164,310 77,611 82,953 161,280 4,500% 12,799 12,248 3,479 3,479 2016 164,310 77,611 82,953 161,280 4,500% 13,775 13,977 3,479 3,479 3,479 2018 165,687 16,087 15,00% 15,990 13,977 13,977 3,479 3,479 3,479 2018 165,587 161,280 4,500% 15,990 15,990 37,038 4,136 4,500% 15,990 37,044 4,	2010	169,269		54,330	111,787	166,117		4.500%	10,270	10,270	238,504	3,152	9.227	2010
2012 167,709 59,847 104,551 164,338 4,500% 11,216 260,452 3,311 2013 166,974 66,216 96,571 162,788 4,500% 11,720 272,172 3,394 2014 166,974 66,216 96,571 162,788 4,500% 17,720 17,720 274,79 3,479 2015 166,987 69,754 92,267 162,021 4,500% 17,799 277,19 3,479 2016 164,935 77,908 161,280 4,500% 17,799 12,799 297,219 3,479 2017 164,310 77,611 82,783 160,283 160,284 4,500% 17,799 17,799 3,474 2018 166,280 159,202 4,500% 15,560 15,560 3,544 3,566 2020 162,591 161,280 4,500% 17,418 17,418 4,434 4,336 2021 161,091 1108,723 156,747 4,500% 16,666 16	2011	168,474		56,988	108,255	165,244		4.500%	10,733	10,733	249,236	3,231	12,458	2011
166,974 62,919 100,661 163,580 4,500% 11,720 17,729 272,172 3,394 166,587 66,216 96,267 162,788 4,500% 12,799 3,666 164,935 73,547 87,733 161,280 4,500% 13,375 13,375 310,594 3,666 164,935 73,547 87,733 161,280 4,500% 13,375 13,375 310,594 3,666 164,935 77,5611 82,983 161,280 159,271 13,375 13,375 13,375 310,594 3,666 163,138 163,138 161,280 159,202 159,203 15,269 15,269 3,440 163,138 162,280 159,202 159,202 15,260 15,260 15,260 15,260 163,138 162,534 102,634 102,634 102,634 102,634 102,634 163,138 161,567 102,634	2012	167,709		59,847	104,551	164,398		4.500%	11,216	11,216	260,452	3,311	15,769	2012
2014 166,287 66,216 96,571 162,788 4,500% 12,248 12,248 284,420 3,479 2015 165,587 69,734 92,667 162,788 4,500% 12,248 12,248 284,20 3,479 2016 165,587 7,547 77,341 16,207 16,200% 13,375 310,594 3,566 2017 164,310 77,611 82,983 160,564 4,500% 13,977 310,594 3,566 2018 163,711 81,962 77,908 159,871 4,500% 14,606 339,176 3,479 2019 163,188 86,622 72,580 159,202 4,500% 15,960 15,960 339,176 3,449 2019 162,780 91,902 15,202 4,500% 15,903 16,408 3,346 2021 162,009 96,335 66,930 157,331 4,500% 17,418 17,418 4,434 2022 161,091 115,229 4,500% 16,4	2013	166,974		62,919	100,661	163,580		4.500%	11,720	11,720	272,172	3,394	19,163	2013
2015 165,587 69,754 92,267 162,021 4,500% 12,799 12,799 297,219 3,566 2016 164,935 77,814 87,733 16,1280 4,500% 12,799 12,799 3,565 2017 164,935 77,611 82,935 166,264 4,500% 14,606 333,176 3,547 2018 163,138 86,622 72,580 159,202 4,500% 16,606 339,176 3,447 2020 162,630 91,605 66,950 158,202 4,500% 15,263 15,263 36,439 3,936 2021 162,630 91,605 66,950 158,202 4,500% 15,950 15,833 4,035 36,439 3,936 2021 162,634 17,318 17,418 4,500% 16,400 34,439 3,936 4,536 2022 161,091 108,723 46,025 156,147 4,500% 19,020 44,474 4,239 2024 160,639 15,223<	2014	166,267		66,216	96,571	162,788		4.500%	12,248	12,248	284,420	3,479	22,642	2014
2016 164,935 73,547 87,733 161,280 4,500% 13,375 13,375 310,594 3,655 2017 164,310 77,611 82,953 160,664 4,500% 13,977 324,571 3,747 2019 163,711 81,965 72,580 159,202 4,500% 15,950 15,950 370,389 3,844 2019 165,767 106,569 158,555 4,500% 15,950 15,950 370,389 4,036 2021 165,767 102,634 56,995 157,328 4,500% 16,960 16,040 4,136 2022 161,667 106,839 115,229 40,956 156,185 4,500% 19,020 441,644 4,500 2024 160,639 112,178 33,467 156,485 156,086 19,020 441,644 4,500 2024 160,639 112,178 23,487 156,485 156,086 19,020 441,644 4,500 2024 160,639 156,185	2015	165,587		69,754	92,267	162,021		4.500%	12,799	12,799	297,219	3,566	26,208	2015
2017 164,310 77,611 82,953 160,564 4.500% 13,977 324,571 3,747 2018 163,138 81,963 77,611 82,953 160,564 4.500% 14,606 339,176 3,840 2019 163,138 86,622 72,800 159,871 4.500% 14,606 339,176 3,936 2021 162,066 96,935 60,995 157,328 4.500% 17,418 40,474 4,239 2022 161,567 102,634 54,695 157,328 4.500% 17,418 40,474 4,236 2022 161,667 102,634 45,609 157,328 4.500% 17,418 40,474 4,236 2024 106,639 102,634 45,609 15,724 4.500% 17,418 40,474 4,236 2024 160,639 15,748 45,00% 15,748 45,00% 41,529 45,00% 2024 160,639 16,80% 15,40% 16,00% 15,00% 13,	2016	164,935		73,547	87,733	161,280		4.500%	13,375	13,375	310,594	3,655	29,864	2016
2018 163,711 81,963 77,908 159,871 4.500% 14,606 339,176 3,840 2019 163,138 86,622 72,580 159,202 4.500% 15,263 354,439 3,936 2020 162,590 91,605 66,950 157,531 4.500% 15,960 370,389 4,035 2021 162,590 97,605 16,695 157,331 4.500% 16,668 387,056 4,136 2022 161,691 102,634 54,695 157,331 4.500% 17,418 404,474 4,236 2024 160,639 157,324 45,00% 18,201 18,201 44,54 4,345 2024 160,639 156,747 45,00% 19,020 19,020 44,54 4,345 2025 160,639 156,747 45,00% 19,020 19,020 44,54 4,50 2026 156,440 156,44 156,44 45,00% 19,020 19,020 46,50% 46,50% 46,50%	2017	164,310		77,611	82,953	160,564		4.500%	13,977	13,977	324,571	3,747	33,610	2017
2019 163.138 86,622 72,580 159,202 4.500% 15,263 15,263 354,439 3,936 2020 162,580 91,605 66,935 158,555 4.500% 15,950 15,950 370,389 4,035 2021 162,686 102,634 54,695 157,328 4.500% 17,418 17,418 404,474 4,239 2024 161,667 102,639 157,328 4.500% 19,020 14,1696 4,454 2024 160,639 122,178 33,467 155,44 4.500% 19,020 44,696 4,454 2025 160,209 122,178 33,467 155,423 4.500% 19,876 461,572 4,565 2026 159,802 155,123 4,500% 20,771 20,771 482,343 4,656 2028 159,416 17,101 154,620 15,00% 22,082 22,682 22,682 22,682 22,682 22,682 22,682 22,682 22,733 350,489	2018	163,711		81,963	806'22	159,871		4.500%	14,606	14,606	339,176	3,840	37,450	2018
2020 162,590 91,605 66,950 158,555 4,500% 15,950 370,389 4,035 2021 162,590 91,605 66,950 15,931 4,500% 15,950 370,389 4,035 2022 162,606 96,935 157,338 15,00% 17,418 10,474 4,239 2022 161,091 108,723 46,925 156,185 4,500% 19,020 44,474 4,239 2024 160,639 115,229 40,956 156,185 4,500% 19,020 441,696 4,454 2024 160,639 122,178 33,467 155,644 4,500% 19,876 461,572 4,565 2024 159,802 125,576 1,56,185 4,500% 20,771 482,343 4,679 2025 159,416 17,101 156,620 133,738 4,500% 21,705 21,705 20,433 4,679 2028 159,052 8,162 133,733 8,500 4,500% 22,682 <td< td=""><td>2019</td><td>163,138</td><td></td><td>86,622</td><td>72,580</td><td>159,202</td><td></td><td>4.500%</td><td>15,263</td><td>15,263</td><td>354,439</td><td>3,936</td><td>41,387</td><td>2019</td></td<>	2019	163,138		86,622	72,580	159,202		4.500%	15,263	15,263	354,439	3,936	41,387	2019
2021 162,066 96,935 60,995 157,931 4,500% 16,668 16,668 367,056 4,136 4,136 2022 161,667 102,634 54,695 157,328 4,500% 17,418 404,474 4,239 2023 161,091 102,634 54,695 156,747 4,500% 19,020 19,020 441,696 4,5345 2024 160,639 122,178 33,467 155,644 4,500% 19,020 19,020 441,696 4,454 2025 160,039 122,178 33,467 155,644 4,500% 21,705 461,572 4,565 2025 159,802 125,416 17,101 154,629 4,500% 21,705 21,705 504,38 4,796 2028 159,052 8,162 133,738 4,500% 22,682 226,730 226,730 226,730 226,730 226,730 226,343 46,994 2029 158,386 158,386 157,000 4,500% 22,682 226,433<	2020	162,590		91,605	66,950	158,555		4.500%	15,950	15,950	370,389	4,035	45,421	2020
2022 161,567 102,634 54,695 157,328 4.500% 17,418 404,474 4,239 2023 161,091 108,723 48,023 156,747 4.500% 17,418 404,474 4,239 2024 161,091 108,723 48,023 156,747 4.500% 19,020 441,696 4,454 2024 160,209 122,178 33,467 155,644 4.500% 19,020 441,696 4,454 2025 160,209 122,178 33,467 155,644 4.500% 20,771 482,343 4,679 2026 159,802 125,123 4.500% 20,771 20,771 482,343 4,679 2027 159,405 17,101 154,620 4.500% 21,705 20,4048 4,796 2028 158,086 16,500 4.500% 22,682 22,682 526,730 22,344 2030 158,083 157,089 4.500% 22,41 54,289 0 103,511 1 <t< td=""><td>2021</td><td>162,066</td><td></td><td>96,935</td><td>60,995</td><td>157,931</td><td></td><td>4.500%</td><td>16,668</td><td>16,668</td><td>387,056</td><td>4,136</td><td>49,557</td><td>2021</td></t<>	2021	162,066		96,935	60,995	157,931		4.500%	16,668	16,668	387,056	4,136	49,557	2021
2023 161,091 108,723 48,023 156,747 4.500% 18,201 18,201 422,675 4,345 2024 160,639 115,229 40,956 156,185 4.500% 19,020 19,020 441,696 4,454 2025 160,209 122,178 33,467 155,644 4.500% 20,771 20,771 482,343 4,565 2026 159,802 129,598 25,525 155,123 4.500% 20,771 482,343 4,679 2027 159,416 17,101 154,620 4.500% 21,705 20,771 482,343 4,679 2028 159,462 20,771 20,771 482,343 4,679 4,796 2028 158,708 21,705 21,705 504,048 4,796 2029 158,708 4,500% 22,682 22,682 256,730 25,314 1 2030 158,308 158,088 4,500% 23,703 350,433 64,994 2031 157,800 </td <td>2022</td> <td>161,567</td> <td></td> <td>102,634</td> <td>54,695</td> <td>157,328</td> <td></td> <td>4.500%</td> <td>17,418</td> <td>17,418</td> <td>404,474</td> <td>4,239</td> <td>53,796</td> <td>2022</td>	2022	161,567		102,634	54,695	157,328		4.500%	17,418	17,418	404,474	4,239	53,796	2022
2024 160,639 115,229 40,956 156,185 156,185 4.500% 19,020 19,020 441,696 4,454 2025 160,209 122,178 33,467 155,644 4.500% 20,771 482,343 4,565 2026 159,802 129,802 25,525 155,123 4.500% 20,771 482,343 4,679 2027 159,416 137,519 17,101 154,620 4.500% 21,705 21,705 504,048 4,796 2028 159,416 125,576 8,162 133,738 4.500% 22,682 526,730 25,314 1 2029 158,062 20,000 4.500% 22,682 526,730 25,314 1 2030 158,386 20,000 4.500% 22,682 526,730 322,349 2031 158,083 20,000 4.500% 22,682 526,730 322,349 2032 157,800 4.500% 2,241 54,289 0 103,511 1	2023	161,091		108,723	48,023	156,747		4.500%	18,201	18,201	422,675	4,345	58,141	2023
2025 160,209 122,178 33,467 155,644 4.500% 19,876 461,572 4,566 2026 159,802 129,598 25,525 155,123 4.500% 20,771 482,343 4,679 2027 159,802 129,598 25,525 155,123 4.500% 21,705 21,705 504,048 4,796 2028 159,416 137,519 17,101 154,620 4.500% 22,705 22,682 526,730 25,314 1 2029 158,708 0 0 0 200,000 4.500% 22,682 526,730 25,314 1 2030 158,386 0 0 0 4.500% 22,682 526,730 322,384 2031 158,083 0 0 175,000 4.500% 22,682 190,769 191,203 2032 157,800 4.500% 22,00% 2.241 54,289 0 103,511 1 2033 157,537 0 1,800,00<	2024	160,639		115,229	40,956	156,185		4.500%	19,020	19,020	441,696	4,454	62,594	2024
2026 159,802 129,598 25,525 155,123 4.500% 20,771 20,771 482,343 4,679 4,679 2027 159,416 137,519 17,101 154,620 4.500% 21,705 21,705 504,048 4,796 2028 159,416 137,519 17,101 154,620 4.500% 22,682 22,682 526,730 25,314 1 2029 158,708 0 0 0 200,000 4.500% 22,682 526,730 25,314 1 2029 158,708 0 0 0 4.500% 22,682 526,730 25,314 1 2030 158,083 0 0 0 4.500% 4.500% 190,769 191,203 (32,34) 2032 157,800 4.500% 2.241 54,289 0 103,511 1 2033 157,537 0 2.241 54,289 0 103,511 1 2034 0 0	2025	160,209		122,178	33,467	155,644		4.500%	19,876	19,876	461,572	4,565	67,159	2025
2027 159,416 137,519 17,101 154,620 4,500% 21,705 21,705 504,048 4,796 2028 159,052 125,576 8,162 133,738 4,500% 22,682 22,682 526,730 25,314 1 2029 158,708 0 0 0 200,000 4,500% 23,703 350,433 (64,994) 2030 158,386 0 0 4,500% 4,500% 190,769 191,203 (32,384) 2031 158,083 157,800 4,500% 4,500% 2,241 54,289 0 103,511 1 2032 157,837 0 2,241 54,289 0 103,511 1 2034 157,537 0 1,800,000 1,503,798 3,303,798 577,048 954,096 954,096 954,096	2026	159,802		129,598	25,525	155,123		4.500%	20,771	20,771	482,343	4,679	71,838	2026
2028 159,052 125,576 8,162 133,738 4.500% 22,682 226,730 256,730 25,314 1 2029 158,708 203,703 23,703 223,703 350,433 (64,994) 1 2030 158,386 158,386 190,769 191,203 (32,384) (32,384) 2031 158,083 157,800 4.500% 4.500% 2,241 54,289 0 103,511 1 2033 157,537 0 1,800,000 1.503,798 3.303,798 577,048 954,096 954,096 0	2027	159,416		137,519	17,101	154,620		4.500%	21,705	21,705	504,048	4,796	76,634	2027
2029 158,708 0 0 200,000 4.500% 23,703 323,703 350,433 (64,994) 2030 158,386 190,769 191,203 (32,384) (32,384) (32,384) 2031 158,083 157,800 4.500% 4.500% 2,241 54,289 0 103,511 1 2033 157,537 0 1.503,798 3.303,798 577,048 577,048 954,096 954,096 955,097	2028	159,052		125,576		133,738		4.500%	22,682	22,682	526,730	25,314	101,948	2028
2030 158,386 190,769 190,769 190,769 191,203 (32,384) 2031 158,083 150,000 4.500% 8,604 49,807 (521) 2032 157,800 52,048 4.500% 2,241 54,289 0 103,511 10 2033 157,537 0 157,537 0 0 157,537 26 4,196,261 0 1,800,000 1,503,798 3303,798 577,048 377,048 954,096 954,096 954,097 365,097	2029	158,708		0	0	0	200,000	4.500%	23,703	223,703	350,433	(64,994)	36,953	2029
2031 158,083 8,604 49,807 (521) (521) (523 157,800 1.50,000 1.50,3798 1.50,000 1.50,3798 1.50,000 1.50,3798 1.50,000 1.50,3798 1.50,000 1.50,3798 1.50,000 1.50,000 1.50,3798 1.50,000	2030	158,386					175,000	4.500%	15,769	190,769	191,203	(32,384)	4,569	2030
2032 157,800	2031	158,083					150,000	4.500%	8,604	158,604	49,807	(521)	4,049	2031
2033 157,537 157,537 157,537 157,537 0 2034 0 4,196,261 0 1,800,000 1,503,798 577,048 377,048 954,096 265,097	2032	157,800					52,048	4.500%	2,241	54,289	0	103,511	107,560	2032
2034 0 0 4,196,261 0 1,800,000 1,503,798 3,303,798 577,048 954,096 3,565,09	2033	157,537										157,537	265,097	2033
4,196,261 0 1,800,000 1,503,798 3,303,798 577,048 377,048 954,096	2034	0					******			0		0		2034
	Total	4,196,261		1,800,000	-	3,303,798	577,048		377.048	954.096		265.097		



Thomas J. Kienbaum City Assessor

OFFICE OF CITY ASSESSOR 730 Washington Avenue Racine, Wisconsin 53403 262-636-9119

January 5, 2006

MEMO TO: Brian F. O'Connell

Director of City Development

FROM:

Thomas J. Kienbaum

City Assessor

SUBJECT: Proposed Tax Incremental District No. 13

I have reviewed the Wisconsin Department of Revenue TIF Limitation Report for 2005. The 2005 TIF increment is \$166,262,050 with a total current value of \$205,258,200. With the additional property from the proposed TIF 13 our City will meet the 12% test.

Office of the City Attorney

Daniel P. Wright City Attorney



Guadalupe G. Villarreal Deputy City Attorney

Scott Lewis Assistant City Attorney

Stacey Salvo Paralegal

January 13, 2006

BRIAN O'CONNELL DIRECTOR OF CITY DEVELOPMENT 730 WASHINGTON AVENUE RACINE WI 53403

SUBJECT:

Project Plan for Tax Incremental District Number 13, City of Racine

(141 Main Street)

Dear Mr. O'Connell:

I have reviewed the subject plan and find that it is complete and complies with Wis. Stat. section 66.1105.

Sincerely,

Daniel P. Wright City Attorney

DPW/ld

/dpw/taxdistrict 13 141 main/

CITY OF RACINE, WISCONSIN

REDEVELOPMENT AUTHORITY RESOLUTION 06-05

WHEREAS, State at Main, LLC has requested that the City of Racine provide financial assistance for the redevelopment of 141 Main Street; and

WHEREAS, The Redevelopment Authority can assist the project by issuing a Municipal Revenue Obligation, pursuant to a development agreement with the City of Racine and State at Main, LLC; and

WHEREAS, The Executive Director has presented for approval a proposed termsheet for the development agreement based on the negotiations with <u>State at Main, LLC</u> and City representatives;

NOW, THEREFORE, BE IT RESOLVED, by the Redevelopment Authority of the City of Racine, that its Chairperson and Executive Director are authorized to execute a development agreement and associated documents with <u>State at Main, LLC</u>, and the City of Racine for the redevelopment of 141 Main Street (parcel identification no. 00021007), subject to the following:

- That the terms of the agreement are substantially the same as the terms presented to the Authority on January 12, 2006 in the proposed termsheet dated December 29, 2005;
- That the agreement includes such provisions as the Executive Director and City Attorney shall determine to be necessary and appropriate for such an agreement; and
- That the Common Council also approve the agreement and provide a source of funding sufficient for the development agreement.

FURTHER RESOLVED, that upon approval the agreement and the funding by the Common Council, the Chairperson, Executive Director and City Attorney are authorized and directed to proceed with the execution of the agreement without further action by the Authority, including finalizing specific terms of the agreement and execution of any contract, lease, option, mortgage, bond, and/or deed of sale pursuant to the agreement.

FURTHER RESOLVED, that the Authority recommends that the financial assistance to be provided to <u>State at Main, LLC</u>, under the agreement be provided from the Tax Increment District created for the redevelopment project.

Fiscal Note: TID 13 will provide \$1.8 million in financial assistance for this \$19 million development project.

Adopted on:

January 12, 2006

Seal

By a Vote of

For: Against:

3

Against:

Abstain

Attest:

Brian F. O'Connell, Executive Director

City of Racine / Racine Redevelopment Authority (RDA)

State at Main Development Project

TERM SHEET

Draft 12/29/05

In order to promote the redevelopment of property that has been deemed to be blighted, the City and State at Main LLC, its successors or assigns (the Developer) have agreed (together, the Parties) in principal to the following terms for the development of approximately 1.31 acres of property (the Project)located at 141 Main Street. (See site plan attached.)

In general in exchange for the Developer's commitment to develop a mixed-use Project with approximately 107 residential dwelling units in one building – 84 apartments, 16,800 feet of commercial retail, and 23 condominium units – with a cumulative increase in taxable market value of over \$7,900,000 (less the current equalized value of the site) over two years, the City will agree to use its best efforts to create a Tax Increment District for the project site, and to provide the cash flow from the Tax Increment District to pay approximately \$1.8 million of eligible costs for the development utilizing Tax Increment Funds.

The Developer has agreed to raise its own capital prior to construction start for 100 percent of the costs of the project. The City agrees to provide the developer a Pay As You Go Municipal Revenue Obligation (MRO) in an amount not to exceed \$1.8 million, the payment of which will depend solely on the tax increment revenues generated from the project site that shall be subject to annual appropriation by the City Council. This will never constitute a general obligation of the City.

The following Terms are set forth as a general understanding of each party's obligations and shall serve as the basis for the preparation and execution of a Development Agreement:

Developer Obligations:

- 1.) Developer shall agree to develop the project site with approximately 107 dwelling units in one building as set forth on Exhibit A. Units shall be a mix of one- and two-bedroom apartment homes and one- and two-bedroom condominium homes in accordance with the detailed schedule of units and values set forth on Exhibit B. The Project will contain total taxable value not less than \$7.9 million and shall be installed according to a time table agreed to by the Parties.
- 2.) Developer shall raise 100 percent of the capital needed for both the public and private costs of completing the project.

- 3.) In consideration for the funding of all of the improvements, the Developer shall accept from the City/RDA its MRO in an amount not to exceed \$1.8 million. The Developer understands that the MRO is not a General Obligation of the City and shall be paid only from NET Tax Increment Revenues generated by the project site and shall be subject to annual appropriation by the City Council. Net Increment shall be defined as the gross annual increment less the actual costs of the City or RDA for legal, financial, engineering and administrative expenses. Failure to make payment on the MRO due to a shortfall in TID revenues shall not constitute a default on the part of the City/RDA. In the event that TID revenues are not sufficient to meet full payment of the principal or interest due on the MRO at the end of the Statutory life of the TID, no further payments shall be due from the City. In the event that there are "surplus" revenues above the amount required to pay the MRO, the City shall be entitled to use said revenues for any other statutorily eligible TID expense.
- 4.) Developer shall provide the City's Financial Advisor (Ehlers & Associates) with detailed project proformas in an Excel format to identify profitability in the form of Cash on Cash return, Internal Rate of Return (IRR), and development fee calculation for the project for the purpose of verifying a "land acquisition gap" in financing that must be bridged to achieve a reasonable return on the project. Detail provided by the Developer shall include detailed sources & uses of funds including but not limited to sources of Developer equity, borrowed funds & sales of land or condominium units.
- 5.) Once the Parties agree to reasonable Cash on Cash and IRR based upon estimates provided by the Developer, the Developer agrees to provide the City/RDA with a complete accounting for the project actual revenues and expenses at the end of each year through the end of the full project build out. In year 2007 or when the project site is fully built out, whichever occurs sooner, the City/RDA and its Financial Advisor shall at that point utilize the actual performance data of the project (revenues & expenses) to update the original project proforma. "Full project build out" for the retail portion of the project and the for-sale condominium units shall be achieved when such two phases of the project have been built out to white box specifications. If the return exceeds the amount initially agreed upon by more than ten percent, the Developer agrees to split such excess return 50/50 with the City/RDA via a cash payment at that time. Said payment to the City/RDA shall be used by the City/RDA to prepay that portion of the MRO as is possible thereby reducing the time that the TID would need to remain open.

City Obligations:

1.) City shall use its best efforts to create a Tax Increment District for the purpose of blight elimination which will include the lands identified on Exhibit C. The project plan shall include the following eligible estimated expenditures:

a.	Land	\$500,000
b.	Building	\$13,654,156
c.	GC profit and overhead	\$864,023
d.	Site work	\$859,484
e.	Personal property	\$338,000
f.	Landscaping	\$54,852
g.	Soft costs	\$2,038,386
h.	Financing fees	\$232,225
i.	Reserves	\$307,169
TC	OTAL TID COSTS	\$18,848,295

Verification of the net "gap" in project financing created based upon a reasonable estimated return on investment as determined by the City's financial advisor, Ehlers & Associates.

- 2.) The City or the RDA will issue to the Developer one or more Pay As You Go Municipal Revenue Obligations (MRO) in an aggregate principal amount not to exceed \$1.8 million. Interest on the MRO shall be at the rate of 6.5 percent. The MRO shall never be considered a General Obligation of the City. Its payment shall be made solely from the NET increment available from the Project site. Net Increment shall be defined as the gross annual increment less the actual costs of the City or RDA for legal, financial, engineering and administrative expenses. The final actual amount of the MROs shall be based upon verified costs or \$1.8 million, whichever is less.
- 3.) Interest on the MRO outstanding balance shall begin to accrue the later of (i) January 1, 2008, or (ii) January 1st of the year the first increment revenues are received from the new development. The need for capitalization of interest shall be determined based upon further discussion between City & Developer regarding timing of developer's borrowing & completion of taxable value.
- 4.) City/RDA shall expeditiously provide such information to Developer's lenders as needed for Developer to secure financing.
- 5.) City/RDA shall provide expeditious review of all municipally issued building permits and plan applications to assure timely completion of projects.

- 3. The equalized value of taxable property of the district plus the value increment of all existing districts does not exceed 12 percent of the total equalized value of taxable property within the city; and
- 4. The area is a blighted area and rehabilitation district.
- 5. The project plan for the district is feasible and in conformity with the master plan of the City of Racine.

FURTHER RESOLVED, that the Director of City Development is authorized and directed to submit the district project plan and supporting documentation to the Standing Joint Review Board for review and approval of the district by the Board.

<u>FISCAL NOTE</u>: Implementation of the Project Plan is estimated to cost \$2,000,000.

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