



May 1, 2015 [4th DRAFT]

Project Plan for the Creation of Tax Incremental District No. 1



Organizational Joint Review Board Meeting Held:	April 22, 2015
Public Hearing Held:	April 22, 2015
Adoption by Plan Commission:	April 22, 2015
Adoption by Town Board:	Scheduled for May 18, 2015
Approval by the Joint Review Board:	Scheduled for June 4, 2015



Tax Incremental District No. 1 Creation Project Plan

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SECTION 1: Executive Summary

Authority

The Town of Salem, being a Town with a population greater than 3,500, along with an equalized valuation in excess of \$500 million, has the authority to create Tax Incremental Districts in accordance with the provisions of Wisconsin Statutes Sections 60.23 and 66.1105. Furthermore, and as required, the Town will extend sanitary sewer service to the proposed District prior to use or operation of the improvements to be installed within it.

Description of District

- **Type of District, Size and Location**

Tax Incremental District No. 1 (the “TID” or “District”) is a proposed industrial TID for the planned Salem Business Park. Its boundaries include approximately 81 acres located one half mile to the west of STH 83 and north of CTH C. A map of the proposed TID boundaries is located in Section 3 of this plan.

- **Estimated Total Project Expenditures**

The Town anticipates making total TID eligible project expenditures of approximately \$6,046,000 to undertake the projects listed in this Project Plan. These expenditures include all public infrastructure necessary to develop the Business Park, including roadways, grading, water mains, sanitary sewer mains and storm water management improvements. The Town expects to install these improvements in 2015 and early 2016. The Expenditure Period of this District is 15 years from the date of adoption of the Resolution of the Town Board creating the District, however, to comply with the requirements of Wisconsin Statutes 60.23(32)(f)2., the Town will make no further expenditures after 10 years unless it first obtains approval of the Joint Review Board to do so. The Town expects to finance initial construction of the public improvements with \$4,885,000 in debt proceeds and a \$1,600,000 contribution from the Kenosha Area Business Alliance (“KABA”).

- **Economic Development**

The Business Park is expected to include approximately 66 usable acres subdivided into twelve lots ranging in size from 3.35 to 8.26 usable acres. Over a ten year build out period, the Town expects to see the creation of approximately \$40.4 million in new value as a result of the creation of this District. This additional value will be a result of the improvements made and projects undertaken within the District. 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 found in Section 10 of this plan, the TID is expected to require collection of tax increments for nineteen of its twenty available years to recover all project costs.

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 Town.** In making this determination, the Town has considered the following information:

- In order to make the areas included within the District suitable for development the Town will need to make a substantial initial investment in public infrastructure. The Town has determined that development of the area will not occur solely as a result of private investment. Accordingly, the Town finds that absent the use of TIF, development of the area as a Business Park is unlikely to occur.

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

- As demonstrated in the Economic Feasibility Section of this Project Plan, the tax increments projected to be collected are sufficient to pay for the proposed project costs. On this basis alone, the finding is supported.
- The development expected to occur is likely to generate approximately 450 jobs over the life of the District, with an average wage of \$17.50 per hour (*source: Bureau of Labor Statistics Wages Report for the Lake County – Kenosha County Metropolitan Division dated May, 2013, and the Kenosha Area Business Alliance*).

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, 2015. 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, 2015 would be collected by the TID and used to repay the costs of 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 Town 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 Wisconsin Statutes 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 suitable for industrial sites and zoned for industrial use within the meaning of Wisconsin Statutes Section 66.1101. Any real property within the District that is found suitable for industrial sites and is zoned for industrial use at the time of the creation of the District will remain zoned for industrial use for the life of the District.
5. Based upon the findings, as stated above, the District is declared to be an industrial district based on the identification and classification of the property included within the District.
6. The project costs relate directly to promoting industrial development in the District consistent with the purpose for which the District is created.
7. The equalized value of taxable property of the District, plus the value increment of all existing tax incremental districts within the Town, does not exceed 12% of the total equalized value of taxable property within the Town.
8. The improvement of such area is likely to enhance significantly the value of substantially all of the other real property in the District.
9. The Town estimates that approximately none 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 Town is feasible, and is in conformity with the master plan of the Town.

SECTION 2: Type and General Description of District

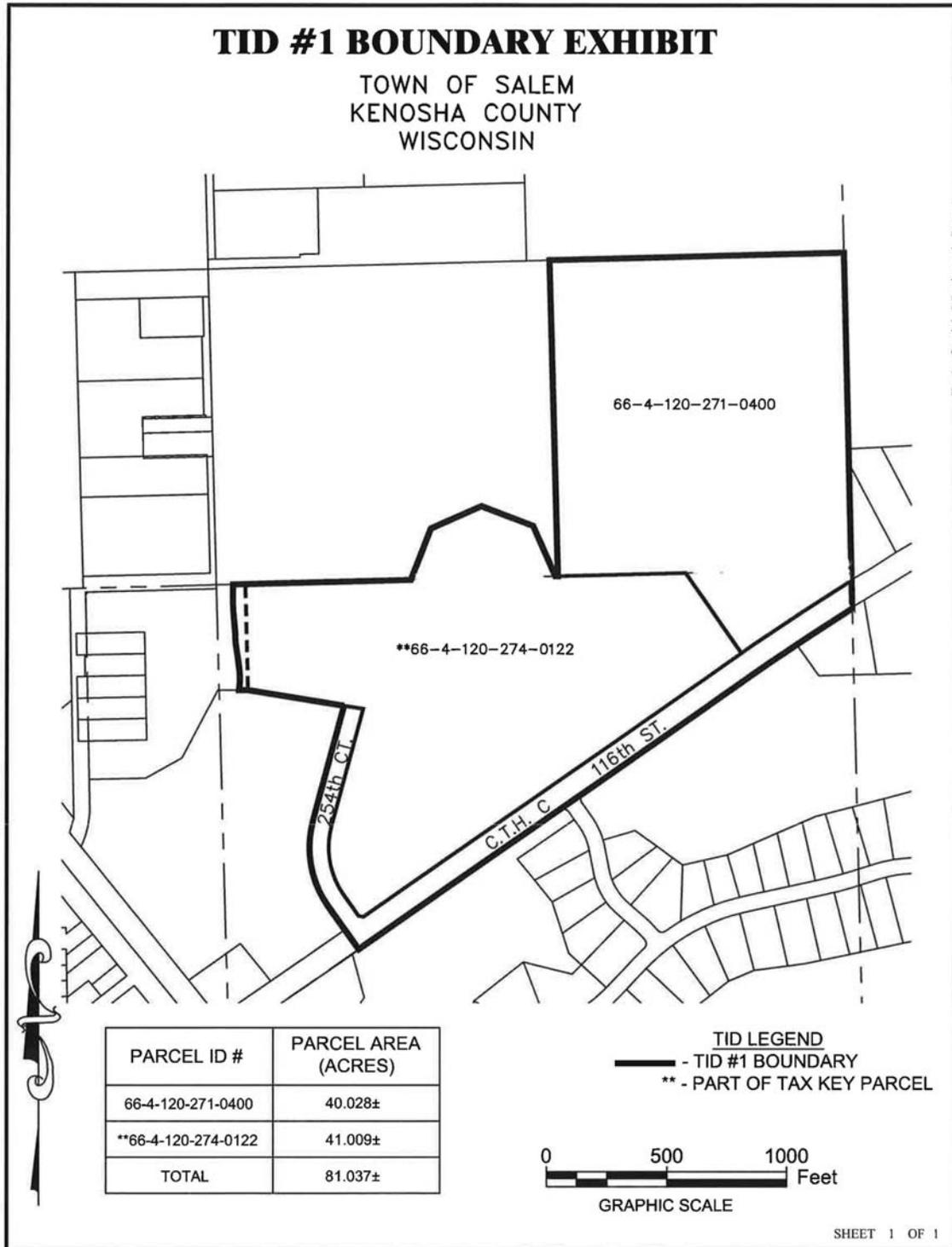
The Town of Salem, being a Town with a population greater than 3,500, along with an equalized valuation in excess of \$500 million, has the authority to create Tax Incremental Districts in accordance with the provisions of Wisconsin Statutes Sections 60.23 and 66.1105. Furthermore, and as required, the Town will extend sanitary sewer service to the proposed District prior to use or operation of the improvements to be installed within it.

This District is created as an “Industrial District” based upon a finding that at least 50%, by area, of the real property within the District is zoned and suitable for industrial sites within the meaning of Wisconsin Statutes Section 66.1101 (See Section 5 of this plan for a breakdown of District parcels by class and calculation of compliance with the 50% test).

A map depicting the boundaries of the District is found in Section 3 of this Plan. A map depicting the proposed uses of the District is found in Section 8 of this plan. The Town intends that TIF will be used to assure that industrial, distributor and related private development locates in this District. This will be accomplished by installing public improvements, and making necessary related expenditures, to promote industrial development within the District. The goal is to increase the tax base and to provide for and preserve employment opportunities within the Town. The project costs included in this Plan relate directly to promoting industrial development in the District consistent with the purpose for which the District is created.

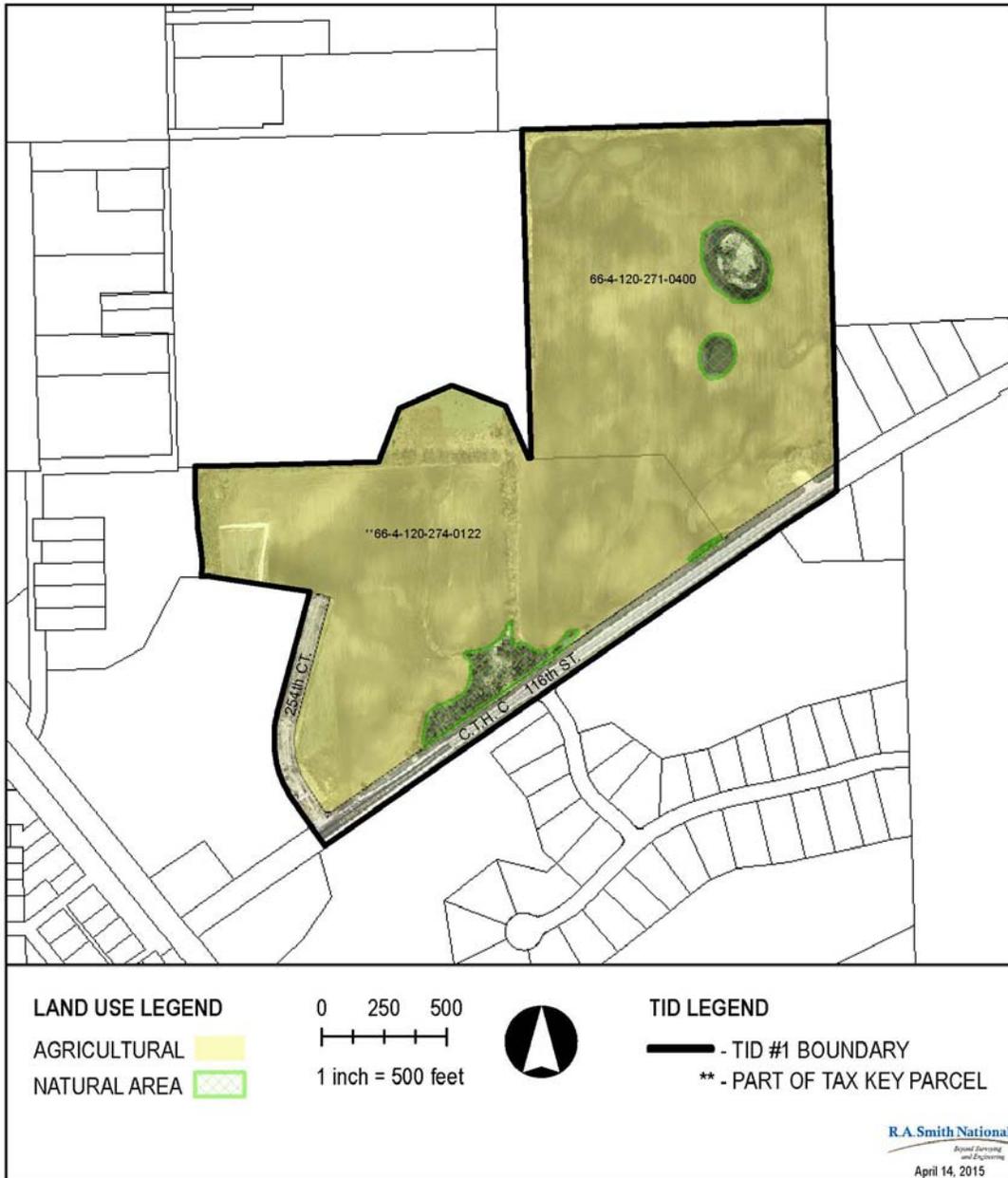
Based upon the findings, as stated within this Plan, the District is declared to be an industrial District based on the identification and classification of the property included within the district.

SECTION 3:
 Preliminary Map of Proposed District Boundary



SECTION 4: Map Showing Existing Uses and Conditions

TID #1 EXISTING LAND USE EXHIBIT TOWN OF SALEM KENOSHA COUNTY WISCONSIN



SECTION 5:
Preliminary Parcel List and Analysis

Town of Salem														
Tax Increment District # 1														
Base Property Information														
				Assessment Information				Equalized Value				District Classification	Comments	
Parcel Number	Owner	Acreage	Municipally Owned	Land	Imp	PP	Total	Equalized Value Ratio	Land	Imp	PP	Total	Industrial (Zoned and Suitable)	
66.4.120.274.0122	Attic Self Storage LM Inc	41.09		14,600			14,600	94.97%	15,373	0	0	15,373	41.09	Agriculture. 48.11 acre parcel will be subdivided prior to Town Board approval of TID creation.
66.4.120.271.0400	Town of Salem	40.00	X	<u>14,200</u>			<u>14,200</u>	94.97%	<u>14,952</u>	<u>0</u>	<u>0</u>	<u>14,952</u>	<u>40.00</u>	Commercial
Total Acreage		81.09		28,800	0	0	28,800		30,325	0	0		81.09	
												100.00%		
												Estimated Base Value 30,325		

SECTION 6: Equalized Value Test

The following calculations demonstrate that the Town 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 Town.

The equalized value of the increment of existing tax incremental districts within the Town, plus the estimated equalized base value of the proposed District, totals \$30,325. This value is less than the maximum of \$118,844,100 in equalized value that is permitted for the Town of Salem. The Town is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

Town of Salem	
Tax Increment District # 1	
Valuation Test Compliance Calculation	
Creation Date	5/18/2015
	Valuation Data
	Currently Available
	2014
Total EV (TID In)	990,367,500
12% Test	118,844,100
Increment of Existing TIDs	
Total Existing Increment	0
Projected Base of New or Amended District	30,325
Total Value Subject to 12% Test	30,325
Compliance	PASS

SECTION 7: Statement of Kind, Number and Location of Proposed Public Works and Other Projects

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

Property, Right-of-Way and Easement Acquisition

Property Acquisition for Development

In order to promote and facilitate development the Town may acquire property within the District. The cost of property acquired, and any costs associated with the transaction, are eligible Project Costs. Following acquisition, other Project Costs within the categories detailed in this Section may be incurred in order to make the property suitable for development. Any revenue received by the Town 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 Town to acquire property and make it suitable for development 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 Town may need to acquire property to allow for installation of streets, driveways, sidewalks, utilities, stormwater management practices and other public infrastructure. Costs incurred by the Town to identify, negotiate and acquire rights-of-way are eligible Project Costs.

Acquisition of Easements

The Town 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 Town to identify, negotiate and acquire easement rights are eligible Project Costs.

Relocation Costs

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

Site Preparation Activities

Environmental Audits and Remediation

There have been no known environmental studies performed within the proposed District. If, however, it becomes necessary to evaluate any land or improvement within the District, any cost incurred by the Town related to environmental audits, testing, and remediation are eligible Project Costs.

Demolition

In order to make sites suitable for development the Town may incur costs related to demolition and removal of structures or other land improvements, to include abandonment of wells or other existing utility services.

Site Grading

Land within the District may require grading to make it suitable for development, to provide access, and to control stormwater runoff. The Town may need to remove and dispose of excess material, or bring in fill material to provide for proper site elevations. Expenses incurred by the Town for site grading are eligible Project Costs.

Utilities

Sanitary Sewer System Improvements

There are no sanitary sewer facilities serving the District. To allow development to occur, the Town will need to construct sanitary sewer infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: collection mains; manholes and cleanouts; service laterals; force mains; interceptor sewers; pumping stations; lift stations; wastewater treatment facilities; and all related appurtenances. To the extent sanitary sewer projects undertaken within the District provide direct benefit to land outside of the District, the Town 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 Town 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 no water distribution facilities serving the District. To allow development to occur, the Town will need to construct water system infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: distribution mains; manholes and valves; hydrants; service laterals; pumping stations; wells; water treatment facilities; storage tanks and reservoirs; and all related appurtenances. To the extent water system projects undertaken within the District provide direct benefit to land outside of the District, the Town 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 Town construct, alter, rebuild or expand water system infrastructure located outside of the District. That portion of the costs of water system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

Stormwater Management System Improvements

Development within the District will cause stormwater runoff and pollution. To manage this stormwater runoff, the Town will need to construct stormwater management infrastructure within the District. Eligible Project Costs include, but are not limited to, construction, alteration, rebuilding or expansion of: stormwater collection mains; inlets, manholes and valves; service laterals; ditches; culvert pipes; box culverts; bridges; stabilization of stream and river banks; and infiltration, filtration and detention Best Management Practices (BMP's). To the extent stormwater management system projects undertaken within the District provide direct benefit to land outside of the District, the Town 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 Town construct, alter, rebuild or expand

stormwater management infrastructure located outside of the District. That portion of the costs of stormwater management system projects undertaken outside the District which are necessitated by the implementation of the Project Plan are eligible Project Costs.

Electric Service

In order to create sites suitable for development, the Town 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 Town to undertake this work are eligible Project Costs.

Gas Service

In order to create sites suitable for development, the Town may incur costs to provide, relocate or upgrade gas mains and services. Costs incurred by the Town to undertake this work are eligible Project Costs.

Communications Infrastructure

In order to create sites suitable for development, the Town 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 Town to undertake this work are eligible Project Costs.

Streets and Streetscape

Street Improvements

To allow development to occur, the Town will need to construct or reconstruct streets and highways. Eligible Project Costs include, but are not limited to: excavation; removal or placement of fill; construction of road base; asphalt or concrete paving or repaving; installation of curb and gutter; installation of sidewalks and bicycle lanes; installation of culverts, box culverts and bridges; rail crossings and signals; utility relocation, to include burying overhead utility lines; street lighting; installation of traffic control signage and traffic signals; pavement marking; right-of-way restoration; installation of retaining walls; and installation of fences, berms, and landscaping.

Streetscaping and Landscaping

In order to attract development consistent with the objectives of this Plan, the Town 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 Town are eligible Project Costs.

Miscellaneous

Cash Grants (Development Incentives)

The Town 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 Town executes a developer agreement with the recipient of the cash grant. Any payments of cash grants made by the Town 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 Town 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 Town 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 Town 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 Town for such purpose or a court of record so rules in a final order, then such project or projects shall be deleted herefrom and the remainder of the projects hereunder shall be deemed the entirety of the projects for purposes of this Project Plan.

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

Project Costs are any expenditure made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the Town 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. Prorations of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments.

SECTION 8: Map Showing Proposed Improvements and Uses

TID #1 PROPOSED IMPROVEMENTS EXHIBIT

TOWN OF SALEM
KENOSHA COUNTY
WISCONSIN



SECTION 9: Detailed List of Project Costs

All costs are based on 2015 prices and are preliminary estimates. The Town reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2015 and the time of construction. The Town 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 Town retains the right to delete projects or change the scope and/or timing of projects implemented as they are individually authorized by the Town Board, without amending the Plan.

Town of Salem			
Tax Increment District # 1			
Estimated Project List			
Project ID	Project Name/Type ¹	TID Project Costs	Non-TID Project Costs ²
			Total
1	Clearing/Grubbing & Erosion Control	179,000	179,000
2	Topsoil Strip, Grading & Respread	590,500	590,500
3	Storm Sewer System	787,500	787,500
4	Water Mains, Hydrants, Valves & Services	472,500	472,500
5	Water System Supply & Treatment	500,000	500,000
6	Sanitary Sewers, Manholes & Laterals	410,000	410,000
7	Town Roads (40' Urban Section) & CTH C	799,500	799,500
8	10' Wide Asphalt Multi-Use Trail	111,500	111,500
9	Street Lighting System	155,000	155,000
10	Site Stabilization & Restoration	860,000	860,000
11	Street Trees & Landscape Features	64,000	64,000
12	Business Park Sign Features	50,000	50,000
13	Surveys & Land Divisions	50,000	50,000
14	Design Engineering	465,000	465,000
15	Construction Engineering	551,500	551,500
16	Property Acquisition - Town of Salem Parcel		350,000
17	Property Acquisition - Simon Parcel		1,050,000
			0
Total Projects		<u>6,046,000</u>	<u>1,400,000</u>
			<u>7,446,000</u>
Notes:			
¹ Revised estimated project costs provided by R.A. Smith on 1-8-2014, except land cost numbers provided by P. Casey on 11-14-2014.			
² Land acquisition costs to be paid by KABA.			

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 Town 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 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 development expected to occur, 2) a projection of tax increments to be collected resulting from that development 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

Implementation of this Plan will require that the Town issue debt obligations to provide direct or indirect financing for the Projects to be undertaken. The following is a list of the types of obligations the Town may choose to utilize.

General Obligation (G.O.) Bonds or Notes

The Town 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 the date of this plan, the Town has a G.O. debt limit of \$49,518,375, of which approximately \$21 million could be made available to finance Project Costs after considering other current plans of the Town to finance non-TID projects in the current year.

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

The Town 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 Town’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 Town and, therefore, do not count against the Town’s statutory borrowing capacity.

Tax Increment Revenue Bonds

The Town has the authority to issue revenue bonds secured by the tax increments to be collected. These bonds may be issued directly by the Town 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 Town and therefore do not count against the Town’s statutory borrowing capacity. To the extent tax increments collected are insufficient to meet the annual debt service requirements of the

revenue bonds, the Town 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 Town can issue revenue bonds to be repaid from revenues of its various systems, including revenues paid by the Town that represent service of the system to the Town. 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 Town must demonstrate to bond purchasers its ability to repay revenue debt with the assigned rates. To the extent the Town utilizes utility revenues other than tax increments to repay a portion of the bonds, the Town must reduce the total eligible Project Costs in an equal amount.

Special Assessment “B” Bonds

The Town 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 Town determines that special assessments are appropriate, the Town 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 Town's statutory borrowing capacity. If special assessments are levied, the Town must reduce the total eligible Project Costs under this Plan in an amount equal to the total collected.

Plan Implementation

The Town anticipates installing all public improvements required to develop the Business Park in 2015 or early 2016. Prior to making these expenditures, the Town will enter into a development agreement with KABA, which will own, market and sell the development sites, as well as make a \$1.6 million contribution towards the costs of the public improvements. The Town will finance the balance of the improvements through the issuance of debt. To allow for a term of amortization concurrent with the maximum life of the District, and to further allow debt service payments to be structured as closely as possible to the increment stream once it is established, the Town anticipates first issuing an interest only Note Anticipation Note, or NAN. The NAN would be refinanced with General Obligation Refunding Bonds in the 2017-2019 timeframe over a remaining term that will run concurrent with the maximum life of the District.

Via the development agreement, the Town will also incur a contingent commitment to repay KABA's \$1.6 million infrastructure contribution, to include accrued interest. The obligation of the Town to repay this obligation is contingent on the TID producing sufficient revenue to first satisfy the Town's debt service payments as well as other conditions detailed in the agreement.

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 Town reserves the right to use alternate financing solutions for the projects as they are implemented.

Implementation and Financing Timeline

Town of Salem				
Tax Increment District # 1				
Estimated Financing Plan				
	Note Anticipation Note 2015		G.O. Refunding Bond 2017	Totals
Projects				
Infrastructure	6,046,000			6,046,000
Administrative Cost & Contingency	50,000			50,000
Less KABA Investment	<u>(1,600,000)</u>			<u>(1,600,000)</u>
Total Project Funds	<u>4,496,000</u>		<u>0</u>	<u>4,496,000</u>
Refund 2015 NAN			4,885,000	
Estimated Finance Related Expenses				
Financial Advisor	15,000		26,100	
Bond Counsel	10,000		15,000	
Rating Agency Fee	0		16,000	
Paying Agent	0		675	
Underwriter Discount	34,195	7.00	57,775	15.00
Capitalized Interest ¹	329,738			
Total Financing Required	4,884,933		5,000,550	
Estimated Interest	0.25%	(2,810)	0.25%	(1,018)
Assumed spend down (months)	3		1	
Rounding		2,878		468
Net Issue Size		<u>4,885,000</u>		<u>5,000,000</u>
Notes:				
¹ NAN includes 36 months capitalized interest.				

Development Assumptions

Town of Salem																	
Tax Increment District # 1																	
Development Assumptions ¹																	
Construction Year	Actual	Land value Assignment ²	KABA Acquisition ³	Lot 1 3.35	Lot 2 4.29	Lot 3 5.53	Lot 4 3.98	Lot 5 4.10	Lot 6 6.27	Lot 7 8.26	Lot 8 5.34	Lot 9 5.90	Lot 10 6.42	Lot 11 6.58	Lot 12 6.10	Annual Total	Construction Year
1 2015		(350,000)	1,387,695													1,037,695	2015 1
2 2016				1,993,250	2,552,550											4,545,800	2016 2
3 2017						3,290,350										3,290,350	2017 3
4 2018							2,368,100	2,439,500								4,807,600	2018 4
5 2019									3,730,650							3,730,650	2019 5
6 2020										4,914,700						4,914,700	2020 6
7 2021											3,177,300					3,177,300	2021 7
8 2022												3,510,500				3,510,500	2022 8
9 2023													3,819,900			3,819,900	2023 9
10 2024														3,915,100		3,915,100	2024 10
11 2025															3,629,500	3,629,500	2025 11
12 2026																0	2026 12
13 2027																0	2027 13
14 2028																0	2028 14
15 2029																0	2029 15
16 2030																0	2030 16
17 2031																0	2031 17
18 2032																0	2032 18
19 2033																0	2033 19
20 2034																0	2034 20
Totals	0	(350,000)	1,387,695	1,993,250	2,552,550	3,290,350	2,368,100	2,439,500	3,730,650	4,914,700	3,177,300	3,510,500	3,819,900	3,915,100	3,629,500	40,379,095	

Notes:
¹ Acreage shown represent "net usable acres" as indicated on conceptual site plan for the Salem Business Park prepared by R.A. Smith dated 10-18-2014. Assumes new development will have an average improved per acre value of \$595,000 (per P. Casey 11-5-2014). KABA analysis for the joint Salem - Paddock Lake Site, Version 7 assumed an average improved per acre value of \$665,000. Assumes ten-year buildout with absorption of 6.61 acres per year on average. KABA joint Salem-Paddock Lake Version 7 analysis assumed a nine-year buildout with an average 5.67 acre absorption rate.
² TIF statutes require that upon creation the assessor assign a value to Town owned land within the TID which is expected to be developed. Assumes assigned land value will be equal to proposed purchase price of \$350,000.
³ Estimated increase in land value of Town owned and Simon parcels resulting from KABA acquisition in 2015. Assumes assigned value is equal to total purchase price (\$1,400,000), less current estimated assessed value (\$12,305) of Simon parcel.

Increment Revenue Projections

Town of Salem									
Tax Increment District # 1									
Tax Increment Projection Worksheet									
Type of District	Industrial			Base Value	12,305		Apply to Base Value		
Creation Date	May 18, 2015			Appreciation Factor	0.50%				
Valuation Date	Jan 1,	2015		Base Tax Rate ²	\$19.90				
Max Life (Years)	20			Rate Adjustment Factor	0.00%				
Expenditure Periods/Termination ¹	10	5/18/2025		Tax Exempt Discount Rate	3.50%				
Revenue Periods/Final Year	20	2036		Taxable Discount Rate	4.50%				
Extension Eligibility/Years	Yes	3							
Recipient District	No								

Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate	Tax Increment	Tax Exempt NPV Calculation	Taxable NPV Calculation	
1	2015	1,037,695	2016	0	1,037,695	2017	\$19.90	20,648	19,950	19,759
2	2016	4,545,800	2017	5,188	5,588,683	2018	\$19.90	111,205	123,761	121,593
3	2017	3,290,350	2018	27,943	8,906,977	2019	\$19.90	177,233	283,616	276,902
4	2018	4,807,600	2019	44,535	13,759,112	2020	\$19.90	273,782	522,201	506,485
5	2019	3,730,650	2020	68,796	17,558,557	2021	\$19.90	349,385	816,374	786,849
6	2020	4,914,700	2021	87,793	22,561,050	2022	\$19.90	448,926	1,181,575	1,131,577
7	2021	3,177,300	2022	112,805	25,851,155	2023	\$19.90	514,393	1,585,883	1,509,568
8	2022	3,510,500	2023	129,256	29,490,911	2024	\$19.90	586,818	2,031,519	1,922,210
9	2023	3,819,900	2024	147,455	33,458,266	2025	\$19.90	665,761	2,520,009	2,370,203
10	2024	3,915,100	2025	167,291	37,540,657	2026	\$19.90	746,994	3,049,567	2,851,213
11	2025	3,629,500	2026	187,703	41,357,860	2027	\$19.90	822,949	3,613,243	3,358,314
12	2026	0	2027	206,789	41,564,650	2028	\$19.90	827,064	4,160,580	3,846,004
13	2027	0	2028	207,823	41,772,473	2029	\$19.90	831,199	4,692,052	4,315,026
14	2028	0	2029	208,862	41,981,335	2030	\$19.90	835,355	5,208,120	4,766,095
15	2029	0	2030	209,907	42,191,242	2031	\$19.90	839,532	5,709,229	5,199,899
16	2030	0	2031	210,956	42,402,198	2032	\$19.90	843,730	6,195,813	5,617,097
17	2031	0	2032	212,011	42,614,209	2033	\$19.90	847,949	6,668,293	6,018,326
18	2032	0	2033	213,071	42,827,280	2034	\$19.90	852,188	7,127,078	6,404,198
19	2033	0	2034	214,136	43,041,417	2035	\$19.90	856,449	7,572,565	6,775,299
20	2034	0	2035	215,207	43,256,624	2036	\$19.90	860,732	8,005,139	7,132,195
Totals		40,379,095		2,877,529		Future Value of Increment	12,312,294			

Notes:

¹ Pursuant to Wisconsin Statute Section 60.23(32)(f)2., the Town has elected to limit the expenditure period for this District to 10 years.

² Total tax rate for portions of Town located in the Trevor-Wilmot School District.

Cash Flow

Town of Salem																								
Tax Increment District # 1																								
Cash Flow Projection																								
Year	Projected Revenues					Expenditures															Balances			Year
	Tax Increments	KABA Investment ¹	Bond Proceeds	Advance from Town General Fund ²	Total Revenues	Note Anticipation Note 4,885,000 Dated Date: 05/01/15			G.O. Refunding Bond 5,000,000 Dated Date: 03/01/18			KABA Pay Go Note 1,600,000 Dated Date: 05/01/15				Infrastructure	Finance Related Expense	Reimburse Town Advance	Admin.	Total Expenditures	Annual	Cumulative	Debt & Advance Principal Outstanding	
					Prin (5/1)	Est. Rate ³	Interest	Prin (3/1)	Est. Rate ³	Interest	Prin Outs	Rate	Accrued Int	Payments										
2015		1,600,000	4,885,000				54,956				1,600,000	4.00%	64,000		6,046,000	59,195		50,000	6,210,151	274,849	274,849	6,549,000	2015	
2016							109,913				1,664,000	4.00%	66,560					7,500	117,413	(117,413)	157,436	6,615,560	2016	
2017	20,648						109,913				1,730,560	4.00%	69,222					7,650	117,563	(96,914)	60,522	6,684,782	2017	
2018	111,205		5,000,000	233,333	4,885,000	2.25%	54,956			95,001	1,799,782	4.00%	71,991				115,550	7,803	5,158,311	186,228	246,750	7,345,440	2018	
2019	177,233			233,333			0	100,000	1.90%	189,053	1,871,774	4.00%	74,871					7,959	297,012	113,555	360,304	7,567,855	2019	
2020	273,782			233,334			0	100,000	2.00%	187,103	1,946,645	4.00%	77,866		500,000			8,118	795,221	(288,104)	72,200	7,567,357	2020	
2021	349,385						0	150,000	2.25%	184,415	2,024,510	4.00%	80,980					8,281	342,696	6,689	78,889	7,520,623	2021	
2022	448,926						0	150,000	2.55%	180,815	2,105,491	4.00%	84,220	100,000	Second access point			8,446	439,261	9,664	88,554	7,377,796	2022	
2023	514,393						0	250,000	2.75%	175,465	2,089,710	4.00%	83,588	100,000				8,615	534,080	(19,687)	68,866	7,135,027	2023	
2024	586,818						0	285,000	3.00%	167,753	2,073,299	4.00%	82,932	100,000				8,787	561,540	25,278	94,144	6,857,311	2024	
2025	665,761						0	295,000	3.30%	158,610	2,056,231	4.00%	82,249	150,000				8,963	612,573	53,188	147,332	6,519,643	2025	
2026	746,994						0	305,000	3.55%	148,329	1,988,480	4.00%	79,539	200,000					653,329	93,665	240,997	6,120,017	2026	
2027	822,949						0	315,000	3.70%	137,088	1,868,019	4.00%	74,721	200,000					652,088	170,862	411,859	5,706,347	2027	
2028	827,064						0	330,000	3.85%	124,908	1,742,740	4.00%	69,710	200,000					654,908	172,157	584,016	5,273,465	2028	
2029	831,199						0	340,000	3.95%	111,840	1,612,450	4.00%	64,498	200,000					651,840	179,359	763,375	4,826,194	2029	
2030	835,355						0	355,000	4.05%	97,936	1,476,948	4.00%	59,078	200,000					652,936	182,419	945,795	4,359,349	2030	
2031	839,532						0	370,000	4.20%	82,978	1,336,026	4.00%	53,441	200,000					652,978	186,555	1,132,349	3,872,740	2031	
2032	843,730						0	1,655,000	4.35%	66,834	1,189,467	4.00%	47,579	254,246					1,976,080	(1,132,350)	(0)	2,041,920	2032	
2033	847,949					Projected redemption	0		4.50%		982,799	4.00%	39,312	408,127			439,821		847,949	0	(0)	1,265,057	2033	
2034	852,188						0		4.60%		613,984	4.00%	24,559	413,602			438,587		852,188	0	(0)	456,961	2034	
2035	856,449						0		4.70%		224,942	4.00%	8,998	233,939			238,980		472,919	383,530	383,530	0	2035	
2036	860,732						0												0	860,732	1,244,261	0	2036	
Total	12,312,294	1,600,000	9,885,000	700,000	24,497,294	4,885,000	329,738	5,000,000	2,108,125				2,959,914		6,546,000	174,745	1,117,388	132,123	23,253,032	860,732	1,244,261	0	Total	

Notes:

- ¹ Assumes \$3.0M KABA investment in project. Amount shown is \$3.0M less \$1.4M applied to purchase land as a non-TID project cost.
- ² Source is payments to Town from KABA from accumulated KABA land sale revenues to make Town whole for initial sale of Town land at subsidized price (based on \$26,250 per acre Simon land sale purchase price less original \$350,000 sale price).
- ³ Assumes Village of Bayside (Aa2) November 20, 2014 competitive sale results (reoffering yields) plus 1.50%.

Projected TID Closure

SECTION 11: 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 Town estimates that none of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 12: Proposed Zoning Ordinance Changes

The Town does not anticipate that implementation of the District will require any changes to its zoning ordinances. The parcels to be included within the District have been zoned to Business Park (BP1) zoning and have been found to be suitable for industrial development, and will remain zoned for industrial use for the life of the District.

SECTION 13: Proposed Changes in Master Plan, Map, Building Codes and Town of Salem Ordinances

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

SECTION 14: Relocation

It is not anticipated there will be a need to relocate persons or businesses in conjunction with this Plan. In the event relocation or the acquisition of property by eminent domain becomes necessary at some time during the implementation period, the Town will follow applicable Wisconsin Statutes Chapter 32.

SECTION 15: Orderly Development of the Town of Salem

Creation of the District contributes to the orderly development of the Town by providing the opportunity for continued growth in tax base, job opportunities and general economic activity. Specifically, creation of the Salem Industrial Park will address an unmet demand for construction ready industrial development sites within Kenosha County and the region.

SECTION 16: List of Estimated Non-Project Costs

The land required for assembly of the Business Park will be acquired by KABA, which will recover its costs through the sale of lots. The cost of land acquisition is not a Project Cost of the District, nor will the revenues derived from the sale of the land by KABA be considered to be revenues of the District.

The following is a list of the estimated non-project costs included within this Project Plan:

Description of Non-Project Costs	Estimated Cost
Land Acquisition	\$1,400,000
Total	\$1,400,000

SECTION 17:
Opinion of Attorney for the Town of Salem Advising
Whether the Plan is Complete and Complies with
Wisconsin Statutes 66.1105

WANASEK, SCHOLZE, LUDWIG, EKES & ISELIN, S.C.

ATTORNEYS AT LAW

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E-MAIL: Rscholze@btownlaw.com

April 23, 2015

Salem Town Board
9814 Antioch Road
Salem, WI 53168

Dear Board Members:

In re: Town of Salem Tax Incremental District No. 1

As requested, I have reviewed the provisions of the Town's Project Plan for the Creation of Tax Incremental District No. 1 dated April 14, 2015 (the Plan). Based on my review of the Plan, it is my opinion that the Plan is complete and complies with all of the requirements of Section 66.1105(4)(f), Stats.

If you have any questions or concerns, please contact me at your convenience.

Sincerely,

WANASEK, SCHOLZE, LUDWIG, EKES & ISELIN, S.C.



Richard Scholze

RS:
CC: Ehlers & Associates
Patrick Casey
Cynthia Ernest

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

Estimated portion of taxes that owners of taxable property in each taxing jurisdiction overlaying district would pay by jurisdiction.							
Statement of Taxes Data Year:		2013		Percentage			
Kenosha County		4,952,833		31.37%			
UHS Wilmot-Salem Union High School District		3,218,649		20.38%			
Town of Salem		3,594,299		22.76%			
Trevor-Wilmot Consolidated School District		2,455,946		15.55%			
Gateway Technical College		1,567,643		9.93%			
Total		15,789,370		100.00%			

Revenue Year	Kenosha County	UHS Wilmot-Salem Union High School District	Town of Salem	Trevor-Wilmot Consolidated School District	Gateway Technical College	Total	Revenue Year
2017	6,477	4,209	4,700	3,212	2,050	20,648	2017
2018	34,883	22,669	25,315	17,297	11,041	111,205	2018
2019	55,595	36,129	40,345	27,568	17,597	177,233	2019
2020	85,880	55,810	62,324	42,585	27,182	273,782	2020
2021	109,596	71,222	79,534	54,345	34,689	349,385	2021
2022	140,820	91,513	102,194	69,828	44,571	448,926	2022
2023	161,356	104,859	117,097	80,011	51,071	514,393	2023
2024	184,074	119,622	133,583	91,276	58,262	586,818	2024
2025	208,837	135,715	151,554	103,555	66,100	665,761	2025
2026	234,318	152,274	170,046	116,191	74,165	746,994	2026
2027	258,144	167,758	187,337	128,005	81,706	822,949	2027
2028	259,435	168,596	188,273	128,645	82,115	827,064	2028
2029	260,732	169,439	189,215	129,288	82,525	831,199	2029
2030	262,036	170,286	190,161	129,935	82,938	835,355	2030
2031	263,346	171,138	191,111	130,584	83,353	839,532	2031
2032	264,662	171,994	192,067	131,237	83,769	843,730	2032
2033	265,986	172,854	193,027	131,894	84,188	847,949	2033
2034	267,316	173,718	193,993	132,553	84,609	852,188	2034
2035	268,652	174,586	194,962	133,216	85,032	856,449	2035
2036	269,996	175,459	195,937	133,882	85,457	860,732	2036
	<u>3,862,139</u>	<u>2,509,850</u>	<u>2,802,776</u>	<u>1,915,107</u>	<u>1,222,422</u>	<u>12,312,294</u>	

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