

C i t y o f B e r l i n , W I



Tax Increment Financing Feasibility Study

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Tax Increment District Feasibility

Introduction

Tax Increment Financing (TIF) enables a municipality to create a district where property taxes from new growth and property value inflation are set aside to pay for improvements that will lead to private investment and higher assessed values within the district. It is a mechanism that allows all property taxing jurisdictions to cooperate and contribute to the investments in improving an area. When a district is closed the property in the district fully returns to the tax roll, boosting property tax collections for all districts.

The City of Berlin has made strategic use of Tax Increment Financing in the past, creating 14 Tax Increment Districts (TIDs) since they were first allowed by the state legislature in 1975. Half of the districts have been successfully closed out, returning increased property values to the tax rolls. Creation of a 15th district would place it behind just 5 other municipalities in the state (Milwaukee, Madison, Janesville, Oshkosh, and Manitowoc) in the number of TIDs that have been created (through October 2006). This report analyzes the prospects for creating a new TID for Downtown Berlin with the intent of encouraging Downtown redevelopment and investment in public infrastructure improvements.

Because funding future improvements is often difficult given borrowing limits and the need for responsible property tax use, the focus of this report is on developer driven investments. In other words, each stage of investment will be matched with known future developments. By taking this approach, the necessary investments will see quick and substantial returns in the form of increment created by new construction. If the phasing and investment timing laid out in this report is used as a guideline, and an emphasis is placed on securing development in conjunction with public investment, then the use of the TIF district should yield the consistent revenues needed to make the financing of future projects feasible. To that end, the structure of the document is intended to present all of the feasibility considerations in manner which will clearly show how the economic projections will coalesce to create a flow of revenues which address the necessary costs and capitalize on developer investment.

SECTION 1: Requirements

There are two primary statutory requirements which must be met in order to create a legal and viable TID. The first is the “12% Test.” Wisconsin Statute §66.1105(4)(gm)4.c states that the equalized value of all existing and proposed Tax Increment Districts cannot exceed 12% of the total equalized value of taxable property within the municipality. Environmental Remediation TIDs do not count against the 12% test. This test is not related to the economic feasibility of a new TID, but is simply a prerequisite to any TID creation. Table 1 uses values contained in the Wisconsin Department of Revenue’s 2007 TIF Value Limitation Report. It does not include TID #3, which was recently closed.

The DOR’s value limitation report, which is issued in mid-August every year, summarizes the status of municipal TIDs, and calculates how much of a municipality’s value is in TIDs. Right now, without the recently closed TID #3, the City of Berlin has 6.4% of its total \$238,442,900 equalized value in a TID, and could add \$13,332,148 in value to a new TID before reaching 12% of its municipal value. It should be noted that these values are from 2007 and could change after August 15 when the 2008 values are available.

The TID proposed in this document does not yet have firm boundaries or a base value because the individual parcel data has not been compiled. However, as mentioned above, the City has approximately \$13,000,000 available for the creation of a new TID. It is also known that the real estate within the BID boundary is approximately \$13,000,000 in value as of 2007. Therefore, at this time it is anticipated that the new TID could potentially be as large as the BID boundaries or just slightly smaller. The BID boundary also corresponds well with the

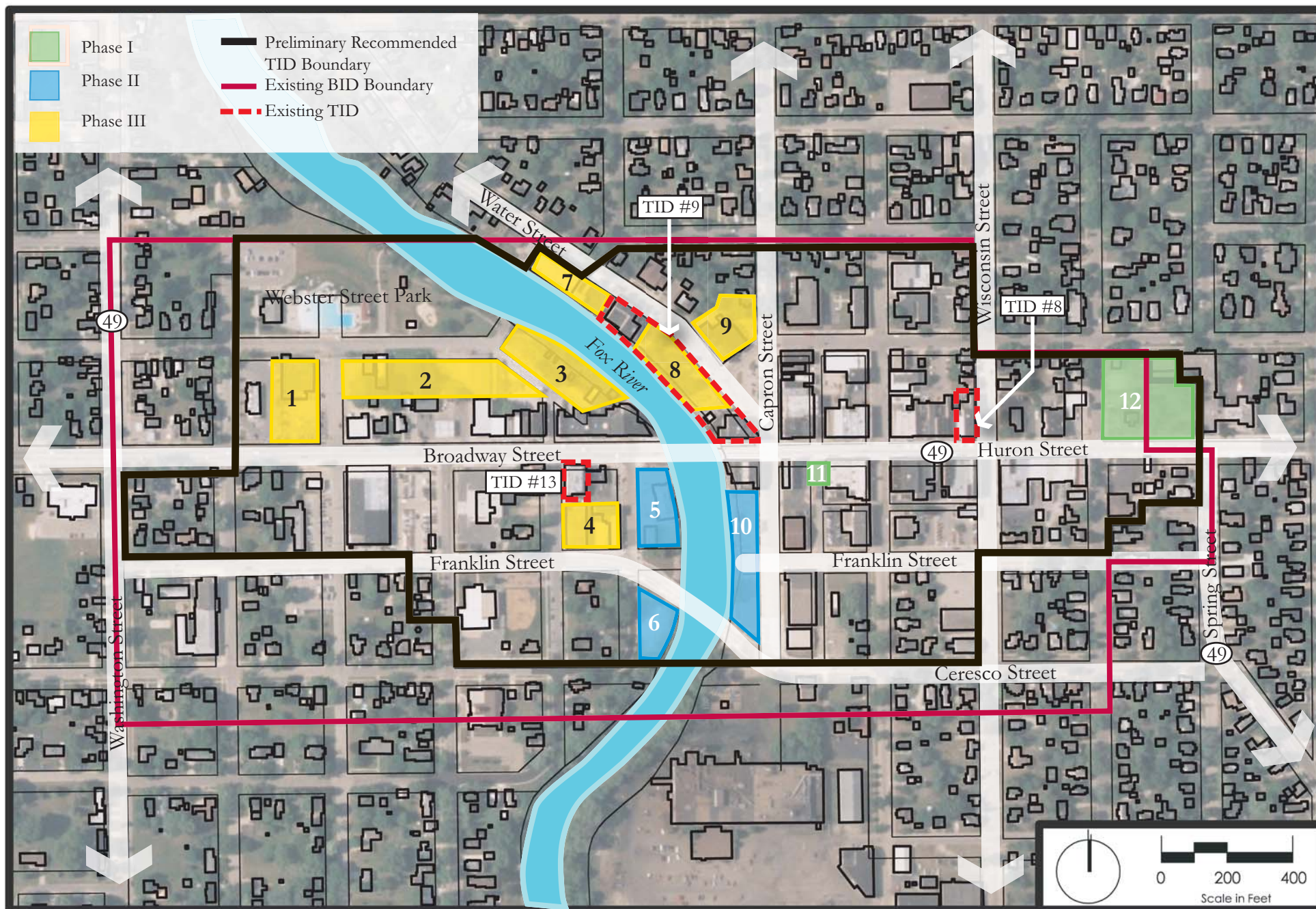
targeted areas of redevelopment making it a logical guideline for the TID creation. The map on page 6 shows both the current BID boundary and the anticipated TID boundary.

The secondary statutory requirement is the classification of the TID. In order to meet state requirements every TID must be classified as either a blight remediation, conservations/rehabilitation, industrial, or mixed use. For the Downtown Berlin TID, the district is recommended to be classified as a blight-elimination TID.

This distinction was chosen for three reasons. First, blight remediation TIDs have a 27 year lifespan which will provide adequate time to implement the projects presented in this document. Second, blight-elimination TIDs can be recipients of excess revenues from other TIDs, which could be useful given the large amount of public improvements envisioned. However, the City of Berlin is already transferring excess revenue to other TIF districts so in the immediate future it is unlikely they would begin transferring money to the new TID. Third, it is anticipated the Berlin CDA could become involved in the project for reasons discussed later. For the CDA to be engaged in this project their work must be carried out in a defined redevelopment area. By establishing this TID as a blight remediation district, a few additional criteria can be met allowing the designation of a redevelopment area to occur at the same time.

In order to make this classification the condition of “blight” must be documented in at least 50% of the properties within the district which requires one of these two general conditions must be met:

- 1) The condition and character of structures, buildings, or improvements results in conditions that are detrimental to public health, safety, morals and welfare.
- 2) A large open area that includes land where buildings have been demolished and contains conditions that impair or arrest the sound growth of the community.



SECTION 2: Tax Incremental District Boundary

The determination of the district boundary was made with specific goals and needs in mind. In particular, the district had to be large enough to ensure significant property appreciation increment and also encompass enough potential redevelopment sites to ensure a well coordinated and cohesive effort.

Because all of the potential redevelopment sites fall within the BID boundary, and the BID contains approximately the same property value as the allowable City limit, the BID boundary was used as a starting point for creating the district. As shown on the map on page 6, the TID boundary is slightly smaller than the BID because the pockets of residential present within the BID boundary were excluded. The resulting district is large enough to capture all of the major redevelopment sites and contains enough value to see fairly large increases from appreciation and new construction projects. Based upon the known value of the BID, it is anticipated that the proposed TID boundary will not exceed the \$13,000,000 of value which is legally available for the district. In fact, for all of the calculations done in this report a base value of \$12,000,000 was assumed.

As seen on the previous map the new district has two existing TIDs within its boundaries; TID No. 8 and TID No 9. When it is created, the new district will be overlaid on top of the existing districts; meaning those parcels will exist in both the old and new TIDs. When this occurs, the increment present in the existing TIDs will be capped as of January 1, 2009, and all future increment will accrue only to the new district. When the existing TID closes the deference between their current base value and the value set at the creation of the new district will return to all taxing jurisdictions.

It is important to include the existing TID parcels in the new district because the public improvements discussed in this document may

need to occur on those parcels. If the existing TIDs were not included in the new district, some of the improvements may not be able to occur on those parcels because not all of the current projects were included in the original TIF project plan.

It should be noted that although the creation of this TID will use the majority of the remaining TID capacity, only the value of the increment above the base value counts against capacity after the initial year. Therefore, if after year one the TID has only seen minor appreciation increases the City will essentially regain all of its capacity to create another TID district. However, as time passes, and the increment value increases due to inflation and new construction, the available TID capacity will decrease.

SECTION 3: Revenues

In order to evaluate the economic feasibility of the TID, it is necessary to project the amount of increment, and then by extension revenue, that can reasonably be generated from the district as well as the costs incurred by the municipality to foster the necessary improvements. A TID is economically feasible if the tax incremental revenues projected to be generated over the life of the TID are greater than all project and financing costs. A “Blight Elimination” TID, which has a 27-year lifespan, is assumed for this analysis. The components which determine the projected revenues include:

1. The expected increase in *property valuation* due to appreciation and the impact of general economic conditions on the TID.
2. The expected increase in property valuation due to *new construction* encouraged by the TID.
3. Changes in the *full value tax rate*.
4. The *timing* of expected TID revenues (discussed in later section)

Appreciation

Appreciation of property values is a very broad measure based on the general conditions within the estimated TID boundary. Trends in the assessed values of both land and buildings must be taken into account, as well as the expected change in appreciation due to projects which create marked improvements in the profitability and aesthetic quality of a place. In the case of Berlin, a 3% appreciation rate will be assumed for future land and improvement values.

To arrive at a 3% rate of appreciation the past trends in assessed values were considered for the real estate within the BID boundary and the City as a whole. In the case of the BID boundary, real estate value within the BID was provided for the years of 1988 and 2007. By using these two values an average yearly appreciation rate of 2.1% was calculated for the property within the BID boundary. This rate does not mean that

every year saw an increase of 2.1%, but that over the last 20 years the average yearly appreciation has been 2.1%.

In order to compare the downtown area to the City as a whole, recent Department of Revenue reports were used to calculate the increase in assessed value for the City as a whole. This calculation revealed an average yearly appreciation rate of 3.8% for the past 3 years.

In order to compare the effect of downtown redevelopment and public improvement projects on the historic rates of appreciation, two case studies were chosen where downtowns used TIF to finance needed public improvement projects which led to an increase in the rate of appreciation.

Stoughton, TID #4

This on-going project involves redevelopment of the downtown. The process started with preparation of a Downtown Redevelopment Plan. The plan is an effort by the City of Stoughton, in partnership with downtown businesses, to stimulate continued redevelopment of the downtown and investment of public and private resources.



Upon completion of the Downtown Redevelopment Plan, the City created a Tax Increment District to help fund downtown planning, new infrastructure and revolving loan funds for facade improvements. The City is currently implementing the plan that includes

reconstruction of streets and sidewalks. Since the creation of the district in 1999 the area within the TID has seen an average yearly appreciation rate of 5.9%.

Mazomanie, TD #5

In 2005, two exciting developments were in the works in downtown Mazomanie: the redevelopment of a strip of historic downtown buildings and a donation by a wealthy former resident for a downtown park. The creation of the park was used to kick off a comprehensive downtown revitalization process.



The process began with the creation of a downtown TIF District to generate a financing mechanism for public improvement and promote further investment. A Dane County grant was also secured to take rough park design plans to final construction plans that incorporated the Village's history and influence of the railroad. The grant also allowed funds for the design and mapping of a trail route to connect the downtown park to nearby destinations like Walking Iron Park, Lake Marion, Wisconsin Heights School, and to the nearby Village of Black Earth. Since the construction of the park and related downtown improvements, the value in the TID has appreciated by over 12% in two years, resulting in an average yearly appreciation of 6.8%.

Given the historic appreciation rates and the two case studies above, it is felt that using a 3% annual appreciation rate is a safe prediction in

light of the public improvements planned in the area. Using that 3% rate, the overall expected increment increase due to inflation was calculated. Considering an approximate base value of \$12,000,000, and assuming no new construction over the 27-year life of the TID, natural appreciation will result in approximately \$14.5 million of new value increment by 2035, the final year of the district.

New Construction

New development within the TID is usually the main driver of TID revenues. Some of the new construction value will come from projects that are already in the development process in the Downtown Berlin area, and some of the increment generated by new development is projected to occur in the future as downtown revitalization spurs construction.

Although future construction will be critical to the economic success of this TID, the use of speculative TIF, or spending ahead of development, should be minimized in order to avoid negative impacts on the City's general fund. Economic conditions can vary greatly over the life of a TID, and making all the desired improvements in the early years can lead to financial difficulties if economic circumstances change. In other words, it is best that public improvements within the TID occur in conjunction with private investment to ensure funds to pay for them will be available.

Using the market analysis portion of this report, as well as a site visit to determine potential redevelopment locations, a series of future projects were identified which will capitalize on future retail, housing, and office opportunities. Each project fills some need identified in the market analysis, and is located on a parcel which is currently unused or under utilized. Although exact locations and type of projects may change, this list of new construction represents the potential in Berlin given market and site constraints. Table 2 on the following page details the expected value of those projects, and the Map on page 6 displays the anticipated location of

Table 2: Future Infill Development Estimates

Area	Use	Year	Current Value	Net Increase in Value (2008 \$)
1	Mixed-Use	2021	\$466,600	\$3,600,000
2	Residential: 10 Small SF @ \$180,000	2018 - 2022	\$732,100	\$1,100,000
3	Residential: 20 Units @ \$120,000	2012	\$17,900	\$2,400,000
4	Residential: 12 Units @ \$100,000	2019	\$172,800	\$1,100,000
5	Mixed-Use	2013	\$322,300	\$2,700,000
6	Residential: 5 Townhomes @ \$170,000	2016	\$3,800	\$900,000
7	Residential: 5 Townhomes @ \$170,000	2023	\$350,500	\$500,000
8	Residential: 6 Townhomes @ \$170,000	2014	\$33,100	\$1,000,000
9	Residential: Apartments 10 Units @ \$120,000	2018	\$118,800	\$1,100,000
10	Mixed-Use	2009	\$0	\$4,000,000
11	Bank	2008	\$27,000	\$400,000
12	Retail	2009	\$130,400	\$3,500,000

those projects. In total, the projected new construction totals approximately \$22.0 million in potential increment.

Full Value Tax Rate

The third variable to consider in projecting TID revenues is the full value tax rate (Table 4-2). The full value tax rate is adjusted annually based on property valuation and the amount of funds required by all taxing jurisdictions to support their adopted annual budgets. Table 3 summarizes the historic full value tax rate in the City between 2000 and 2007 (mill rate shown for the year the taxes are collected).

The full value rate vacillated between 2000 and 2005, with minor increases and decreases in the rate. In 2006 and 2007 the tax rate dropped. Given the pressures on state government to cap property tax rate increases, it may be safe to assume that municipalities will take the maximum each year in the foreseeable future.

Table 3: Full Value Tax Rate

Year	Mill Rate	% Change
1999	\$25.27	
2000	\$25.69	1.66%
2001	\$25.29	-1.56%
2002	\$24.67	-2.45%
2003	\$24.63	-0.16%
2004	\$25.08	1.83%
2005	\$24.19	-3.55%
2006	\$22.72	-6.08%
2007	\$22.55	

Source: WI Dept. of Revenue

Continued pressure on shared revenue money suggests that further relief will not be forthcoming. For our purposes, a tax rate of \$22.55 per \$1,000 with 0% change will be used in this to project TID revenues (this is the equalized rate for taxes collected in 2007, not

including any property taxes collected by the State). An increase in the full value tax rate would result in an increase in tax increment for the District.

Total Revenue Generation

Given all of the increment increases mentioned above, it is projected that the TID will generate approximately **\$18.5 million** of revenue (calculated using total increment multiplied by the tax rate) through appreciation of existing property, new construction, and future appreciation of new construction.

SECTION 4: Costs

As mentioned in the previous section, the determination of projected revenues and projected costs is critical in determining the economic feasibility of a TIF district. In order to generate the substantial revenues listed in the previous section, there will be a corresponding cost to provide the various public improvements and developer incentives needed to attracting future development and foster a positive business environment. The following tables break down the anticipated costs for the life of the TID. Each cost is tied to a specific project or program which will occur in one or all of the development phases. The specifics of each phase will be detailed in the following section.

It should be noted that except for the reconstruction and streetscaping of E. Huron Street and Broadway Street, all of the other public improvement projects are assumed to be 100% financed by the expected TIF revenues. However, there is the possibility that grants can be secured which will pay portions of necessary capital costs. If this occurs, the anticipated costs will decrease, but the benefit from those costs will remain unchanged. To that end, the following cost projections should be considered a worst case scenario where the City will receive no additional grant funding to offset project costs.

Public Improvements

The investment in public improvements acts as a catalyst for future development by creating a sense of place and improving the image of the downtown area. The public improvement costs listed below include all potential capital projects as well as the matching funds necessary to secure transportation enhancement (TE) grants for the reconstruction and streetscaping of the “main street” corridor—E. Huron St. and Broadway St. TE grants are state provided funds for the aesthetic enhancement of roadways and streetscaping. It should be noted that because “Main Street” in downtown Berlin is also HWY 49, the reconstruction of E. Huron St. and

Broadway St. must correspond with the planned reconstruction of HWY 49 by the DOT. At this point, that reconstruction is not scheduled to occur within the next six year capital improvement cycle. Therefore, the funds for matching grants should be secured and held until the DOT reconstruction is scheduled, and exact timing is known.

The improvement costs are estimated for Commercial Street and Capron Street from Ceresco Street to Broadway Street and a small stretch of Water Street just north of Broadway Street. Stream bank stabilization and river walk costs are estimated for the same areas.

Table 4: Public Improvement Costs

Project	Cost	Phase
Bury Power Lines	\$150,000	3
Roads & Streetscaping -not incl. Huron and Broadway	\$2,000,000	3
Park Improvements	\$100,000	3
River walk & Stream bank Stabilization	\$980,000	2 & 3
Utilities Reconstruction	\$250,000	3
Grant Matching Funds for Huron and Broadway	\$300,000	All
TOTAL	\$3,780,000	

The river walk and stream bank stabilization project is one of the central improvements necessary to spur development along the riverfront. Because of its importance and costs, a more detailed discussion of the project and a full cost analysis is included in attachment 1.

Downtown Programming

The investments in downtown programming are intended to create and foster a positive business environment and help aid downtown businesses, current and future, in targeted niche creation and product diversification. The programming elements should also include funding for façade improvement and the potential for a revolving loan fund which could be used for façade or business improvement programs. The purpose and anticipated goals of the workshop and

improvement programs are detailed further in the Market Analysis.

Table 5: Downtown Programming Costs

Project	Cost	Phase
Downtown Façade/Building Improvement Program	\$200,000	1
Business Assistance Workshops	\$20,000	1
Downtown Events & Marketing	\$60,000	All
TOTAL	\$280,000	

Private Developer Assistance

As a partner in the future redevelopment and revitalization of Downtown Berlin, the City will encounter the need to provide some level of assistance to potential developers. This assistance can be viewed as an investment in the future value increment of the TIF district.

To project the cost of developer assistance this report uses the assumption of a 10% allocation rule. This means that 10% of the \$22 million of new construction value projected in this document will be provided as assistance and incentives for developers. Although this general rule is used to provide a logical measure of the overall cost of developer assistance, not every project will demand the same level of funding. The exact amount of assistance should be determined on a case by case basis depending on overall value of a project, the needs of the developer, and a project's impact on public benefits. The table below shows the anticipated total costs of developer assistance.

Table 6: Private Developer Assistance

Project	Cost	Phase
Developer Assistance	\$2,200,000	All
TOTAL	\$2,200,000	

Professional and Consulting Services

Every public improvement project will require the assistance of professionals and consultants to provide services such as engineering, legal, permitting, planning, and design. To estimate

these costs this report uses the industry standard of 15% of the total capital improvement costs as a proxy for anticipated professional fees. In this TIF plan there are \$3.48 million of anticipated public improvement costs. Although each individual project will require a different level of professional services, 15% of these improvement costs should provide a reliable estimation.

Table 7: Professional and Consulting Services

Project	Cost	Phase
Professional Services	\$522,000	All
TOTAL	\$522,000	

Other Miscellaneous Costs

Other costs will also be required during the life of the TID. In particular, administration costs, organization costs, and financing costs will be required. The administration costs will provide the City staff and time required to execute the TID creation and downtown development program. The organization costs are primarily comprised of submittal fees and other professional costs, and the financing costs are the interest payments resulting from anticipated debt issues. Overall the miscellaneous costs are expected to total approximately \$7.8 million dollars.

Total Expected Costs

The summation of all of the above expected costs results in a total cost estimate of **\$15.3 million***.

SECTION 5: Cash Flow and Timing

The cash flow of the TID is tied to the timing of expected revenue and anticipated costs. As mentioned, the City should avoid speculative TIF expenditures by linking spending to actual income. Even if TID revenues would eventually be sufficient to pay for incurred costs, extra interest expenditures can be avoided by matching costs with revenue year by year. In addition, there is a lag between construction, assessment, and property tax collection that delays revenues from projects, so a district can take several years to generate revenue, even if there are projects in the near future.

To help balance expenditures with anticipated revenues the first 20 years of the TID were broken into three phases which control initial costs, and develop the revenues necessary to carry out the most costly improvements later in the life of the TID. Each phase is described below and the corresponding costs and revenues are shown in the graphic on page 15. Also, all projects correspond to the map on page 6.

Although some initial investment is likely to be necessary in order to create an environment which is attractive to future developers, these phases only represent suggested scheduling of costs over the life of the TID. Because the focus of this project is on developer driven investment, the timing and scheduling of costs should be modified to correspond with known developer investment. If this is done successfully, all investment will see quick returns through increased increment due to new construction..

Phase I: Improving Downtown Building Stock and Retail Vitality (Years One—Five)

Because of initial debt constraints and the need to cultivate revenues to finance later projects, the first phase of redevelopment is focused on low cost downtown improvements which will provide a foundation for future projects.

The spending focus in Phase I will be on creating and initiating programs, such as façade improvement, building improvement, and

business assistance, which will enhance the downtown aesthetic quality and business environment. These improvements may not themselves produce dramatic value increases within the district, but they will help create vitality and send the signal that the community is invested in the redevelopment processes. Therefore, these initial steps can be viewed as an investment in spurring and attracting future development interest in downtown. This process should also stress the continued presence and contribution of other groups in the life and vitality of downtown.

Other spending in Phase I will include developer assistance and payments towards site preparation for later redevelopment projects. The budgeted cost of Phase I is approximately \$680,000.

It is anticipated that Phase I will also see the development of at least two projects, valued at a total of \$3.9 million, not including appreciation. These developments will serve to provide the initial value increase which will be necessary to jump start substantial TID revenues.

Phase II: Core River Area (Years Six—Ten)

Capitalizing on the momentum created in Phase I, Phase II will focus on higher cost projects with the expectation of higher valued improvements. Phase II will be focused on the three parcels (area 5, 6, and 10) surrounding the river between Broadway and Franklin Street.

The primary focus of this area will be the river walk and stream bank stabilization improvements. Because this core river area comprises approximately 50% of the total river front area scheduled for improvements, half of the anticipated river front improvement costs (\$675,000) will occur in this phase. In addition to the large scale public improvement, this phase will also see costs associated with developer assistance, professional and consulting services, and the beginning of matching grant funds. Together it is anticipated that Phase II costs will total approximately \$1.7 million. Because the

matching grant funding is intended to be used for streetscape and reconstruction of Huron/Broadway St., those improvements could begin anytime a sufficient level of matching funds is secured.

The higher level of costs in Phase II will in turn provide more anticipated value increase due to new construction. The value of the anticipated construction is just over \$7.5 million, not including appreciation. It should be noted that the development of this core area is not constrained to occurring during Phase II. If there is developer interest, and the necessary commitments for future value increases can be established, the redevelopment of the Core River Area could occur at some point during Phase I as well.

Phase III: Aesthetic and Residential Improvement (Years Eleven—Twenty)

The final phase is anticipated to last considerably longer than the first two because of the multitude of redevelopment projects projected to occur during that time period. As a result of the longer time frame and the numerous improvements, the costs during the Phase III are also higher than the previous two. Total costs of Phase III are anticipated to include the remainder of the river bank project, streetscaping and road improvements along streets other than Huron/Broadway, park improvements, matching grant funding, developer incentives, and other small downtown projects. In total Phase III costs total just over \$4.45 million. These costs are high, but if revenues develop as expected before to this point, there will be substantial TID surplus available prior to Phase III. The costs of Phase III can also be distributed throughout the 10 year time frame in order to avoid a single large debt issue.

The projected new construction during Phase III is also substantial. Most of the residential projects would occur during this time period to ensure downtown amenities have been developed to a point where downtown housing is an attractive option. In total, improvements

made during Phase III are estimated to total approximately \$10.6 million not including appreciation.

The graphic on the following page represents each phase and includes a more detailed delimitation of costs and improvement revenues.

Phases of Redevelopment

Phase I

Improving Downtown Building Stock
and Retail Vitality
Years One—Five

Costs

- Downtown Building Improvement Program - \$200,000
- Business Assistance Workshop - \$20,000
- Developer Incentives - \$390,000
- Site Preparation and Land Assembly - \$50,000
- Downtown Marketing - \$20,000

TOTAL COSTS: \$680,000

Increment Value

- Initial Retail Development (Area 12) - \$3,500,000
- National Bank Improvement (Area 11) - \$400,000
- Appreciation Increase - \$1,890,000

TOTAL INCREMENT: \$5,790,000

Phase II

Core River Area
Years Six—Ten

Costs

- Targeted River Improvement - \$675,000
- Professional Services - \$101,000
- Developer Incentives - \$752,000
- Matching Grant Funding - \$150,000
- Downtown Marketing - \$20,000

TOTAL COSTS: \$1,698,000

Increment Value

- Mixed Use Infill Development (Area 10) - \$4,000,000
- Residential Improvements (Area 6) - \$846,000
- Mixed Use Infill Development (Area 5) - \$2,677,000
- Appreciation Increase - \$3,900,000

TOTAL INCREMENT: \$11,423,000

Phase III

Aesthetic and Residential Improvement
Years Eleven—Twenty

Costs

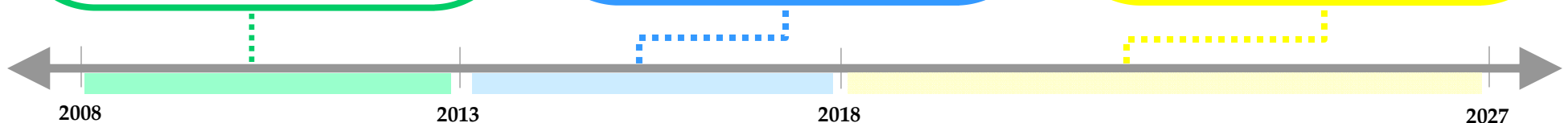
- Roads and Streetscaping (non-main streets) - \$2,000,000
- Remaining River Improvement - \$305,000
- Bury Power Lines and Reconstruct Utilities - \$400,000
- Park Improvements - \$100,000
- Professional Services - \$421,000
- Developer Incentives - \$1,058,000
- Matching Grant Funding - \$150,000
- Downtown Marketing - \$20,000

TOTAL COSTS: \$4,454,000

Increment Value

- Mixed Use Infill Development (Area 1) - \$3,530,000
- Remaining Residential Improvements (Area 2,3,4,7,8,9) - \$7,045,000
- Appreciation Increase - \$14,000,000

TOTAL INCREMENT: \$24,575,000



SECTION 6: Financing

All of the expenditures discussed in the previous sections are dependent on the ability of the City to provide financing. Fortunately, this financing can come from a variety of sources. As the projects begin and the need for public improvements arise, the following methods of financing can be used to balance City responsibility with debt constraints and long term profitability.

Developer Financed TIF

There are other mechanisms available which would not count against the City's constitutional debt capacity and would still allow for the payment of project costs. "Developer-Financed TIF" is one of these options. Developer-Financed TIF is where the developer borrows funds instead of the City, and then the developer is reimbursed using TIF revenues. This type of arrangement is created on a case-by-case basis through the use of developer agreements. The previously identified developer assistance costs can include, but is not limited to, the repayment of developer assumed debt.

Municipal General Obligation Debt

Municipal general obligation (GO) debt is a common method of financing TIF related expenditures, but is also subject to some significant constraints. The State of Wisconsin requires that municipalities carry no more than 5% of their equalized value in debt. The City of Berlin has further strengthened these requirements by imposing a self-defined cap on debt which is below the State limit. Because of these constraints there is a very limited amount of space available for future GO debt issues.

One of the intents of the phases discussed in the previous section, is to allow the City to issue a bond for Phase I costs and still remain within their determined debt limit. As the project moves forward, municipal GO debt issues can be determined given the future conditions and successes of past expenditures.

Community Development Authority (CDA)

Another financing option is for the CDA to issue bonds instead of the City. This is beneficial because the CDA bonds do not count against the City's debt limit. The only constraint on the use of CDA issued bonds is that they must be used for projects within a redevelopment area. As mentioned in an earlier section, it is the goal of this process to create both the blighted TID and redevelopment area simultaneously in order to allow the use of CDA bonds. The repayment of these bonds would come from future TID revenues.

Revenue Bonds

The City may utilize revenue bonds repaid from fees for services charged by the City. Common examples of such revenue are charges for sewer and water usage. There is no statutory limit on the amount of revenue bonds that can be issued; however, the City must demonstrate the ability to repay the debt from anticipated revenues. A further factor that could potentially limit revenues is that utility rates may be regulated by the Wisconsin Public Service Commission.

Special Assessments

Some project costs could potentially be paid through special assessments levied on properties directly benefiting from the improvements. To finance these projects, this process generally uses debt issues which are repaid by the revenue generated by the special assessment. Infrastructure improvements such as streets, curbs, gutters, and sewer and water extensions are commonly paid through special assessments. The City currently does not have authority to levy special assessments on existing infrastructure. Therefore, this method of payment is not likely to be feasible for improvements made within the TID.

SECTION 7: Discussion of Financial Projections

Attachments 2 through 8 contain detailed financial projections for a Downtown TID (see map on page 6 for proposed boundary). The boundary encompasses 12 proposed redevelopment sites. The chart on page 10 listed the potential land uses of the sites, along with the increase in value (the increment) associated with each site. The financial projections take those projects and determine how much tax revenue would be generated over the TID's 27 year lifespan, which, in turn, dictates how much the City will be able to spend within the district. A discussion of each individual spreadsheet follows.

Attachment #2: Planned Project Costs

The potential project costs are shown in this attachment. These are the aggregated costs discussed previously throughout this chapter. It should be noted that because no design or engineering has actually been conducted, public improvements costs are subject to change.

TID statutes discuss specific categories of expenditures; those categories are included in this attachment even if there are no anticipated expenditures for Berlin at this time. For example, no costs have been included for property assembly or relocation under "Real Property Assembly Costs". The City may elect to include such costs in the final TID Project Plan, if desired. Further discussion of the project cost categories can be found in the appendix.

Attachment #3: Financing Summary

This sheet shows borrowings that are necessary for implementing the above projects. The scenario shows three borrowings, which are staggered to pay for the projects in each of the phases, as tax money is available from TID increments. The projections show 100% municipal borrowing but if developer-financed TIF mechanisms were used or grants obtained these borrowings could be substantially less.

Attachment #4: Debt Service Plan

Attachment #4 shows the details of the bond issues that would be necessary to carry out the work outlined in Attachment #2. Right now, three borrowings are shown. The City should issue borrowings as it sees fit, to best match up projects with anticipated cash flow as the TID moves forward. Years are assigned to each borrowing which correspond with each phase. However, the actual date of issue will be determined by future conditions. A 4.5% interest rate is assumed; the actual rate will depend upon markets at the time of the issue and what projects are included in the issuances.

The City does not necessarily need to issue debt itself — there are alternative financing mechanisms that can be utilized so that any debt incurred does not count against the City's borrowing limit.

Attachment #5: Tax Increment Pro Forma

This attachment generates an estimate of TIF revenue, based upon inflation of previous assessed values, new construction, and the anticipated tax rate. The amount of revenue generated largely depends upon new construction. TIF revenue will go towards supporting projects within the district. For this scenario, it is assumed that land values will not increase significantly as a result of redevelopment. It is assumed that the mill rate will stay at roughly the same as it was for 2007. A 3% property appreciation rate is assumed, which is slightly above the 2.1% appreciation rate for the area since 2000. Construction value is assumed to increase at 3.5% per year.

Attachment #6: Tax Increment Cash Flow

Attachment #5 shows the estimated cash flow of the district. Because tax revenue does not appear until 2 years after property is assessed, there is always a lag in revenue generation at the start of the TID. This sheet takes into account the loan debt service and the amount of revenue being generated by inflation and new construction in

order to generate an annual balance of the TIF account.

Attachment #7: Analysis of Impact on Overlying Jurisdictions

This sheet shows the impact of a TID on all jurisdictions that levy property taxes. When a TID closes, the new property value is “released” from the TID back on to the regular property tax rolls, resulting in an increase in the annual tax collections when the TID is closed.

Attachment #8: Increment Matrix

This attachment shows details of the projects that are anticipated in the TIF increment for new construction in Attachment #5. It associates projects with areas on the “Redevelopment Scenarios” in the map on page 6, and shows the timing and projected increment if the projects are constructed. This matrix of projects is an optimistic projection, and would necessitate selective involvement and assistance from the City in making some of the projects happen.

SECTION 8: Other Funding Sources

There are other potential funding sources for Downtown Berlin aside from utilizing TIF funds. Various state agencies have grant programs that the Downtown could take advantage of. Grant funding is often limited and competitive between communities, and the maximum grant amount is not often awarded. Information in this section was summarized from various state and federal websites. All programs have some amount of local funding match that is required. If a TID is created, it could provide matching funds to any of the programs discussed below.

The following list of grants is not appropriate for every project discussed in this document. However, the potential exists for any of these grants to be utilized in some element of the downtown redevelopment. To that end, each project should be analyzed and considered based on its distinct goals. The characteristics of each project should then be matched to the grant program which best addresses the project’s goals and implementation. This process of carefully targeting specific grants for each project should increase the City’s competitiveness and ability to secure additional funding.

Local Transportation Enhancements (TE)

The TE Program funds projects that enhance surface transportation, providing funding for measures that go beyond typical road projects. The program funds activities like: bicycle/pedestrian facilities, acquisition of scenic easements, landscaping and beautification, mitigation of water pollution due to highway runoff, and transportation museums, among other things. The program reimburses entities for up to 80% of the cost of an approved project, which must remain under public ownership.

Administering State Agency: Department of Transportation

Potential Funding Amount: \$200,000-\$1,000,000

Transportation Economic Assistance (TEA)

Grants to governing bodies, private businesses, and consortiums for road, rail, harbor and airport projects that help attract employers to Wisconsin, or encourage business and industry to remain and expand in the state. The goal of the TEA program is to attract and retain business firms in Wisconsin and thus create or retain jobs. The businesses cannot be speculative and local communities must assure that the number of jobs anticipated from the proposed project will materialize within three years from the date of the project agreement and remain after another four years.

Administrating State Agency: Department of Transportation

Potential Funding Amount: \$1,000,000

DNR Knowles-Nelson Stewardship Grants

The Wisconsin Department of Natural Resources provides funding for projects which promote outdoor, nature based recreation. Projects with the potential to receive these funds include, land acquisition, habitat rehabilitation, and shoreline enhancements including stabilization. These grants must receive 50% matching funds.

Administrating State Agency: Wisconsin Department of Natural Resources

Potential Funding Amount: variable

Urban Nonpoint Source and Storm Water Grants (UNPS and SW)

Governmental units are eligible for grants to improve urban water quality by limiting or ending sources of urban nonpoint source (run-off) pollution. Funded projects are site-specific and targeted to address high-priority problems in urban project areas. Two types of programs are available for UNPS & SW projects: Planning Grants (30% match) and Construction Grants (50% match).

Administrating State Agency: Wisconsin Department of Natural Resources

Potential Funding Amount: \$85,000—Planning; \$200,000—Construction



Wisconsin Waterfront Initiative

Seven state agencies are collaborating to review waterfront revitalization plans and provide a coordinated response on technical and financial assistance available from the various agencies. The participating agencies include: Commerce, Tourism, DNR, DOT, Historical Society, State Trust Fund, and DOA. The program goal is to help utilize an undervalued asset and enhance community vitality. The redevelopment effort should eliminate blighting influences, put nontaxable parcels to work, create a destination, diversify local economy and positively impact surrounding area. Municipalities with existing waterfront redevelopment plans can participate.

Administrating State Agency: Department of Commerce (DOC)

Potential Funding Amount: Unknown

Community-Based Economic Development Program (CBED)

This program funds a variety of activities: economic development planning, businesses and entrepreneur assistance, local economic development projects, creation a revolving loan fund for business assistance, and regional economic development projects/activities.

Administrating State Agency: DOC

Potential Funding Amount: \$10,000-\$100,000 (depending on project)

HOPE VI Main Street Program

The HOPE VI Main Street program is intended to provide assistance to small communities for the purpose of developing affordable housing for low income families in connection with an existing main street redevelopment project. Eligible activities include:

- New construction, reconfiguration, or rehab of affordable housing within the Main Street area
- Architectural and engineering work
- Tax credit syndication
- Moving expenses for displaced residents

- Management improvements necessary for proper development of the project
- Leveraging other resources from any source except other HOPE IV grants
- Necessary supportive services (only up to 15 percent of grant)

Administrating Agency: U.S. Department of Housing and Urban Development

Potential Funding Amount: \$1,000,000

Community Development Block Grant

Community Development Block Grant (CDBG) funds are federal funds that are administered by the state for “non-entitlement” (smaller) cities in the state. There are many different programs within the overall CDBG program, but all must comply with the federal requirements that accompany the funds. To be awarded funds, projects must meet one of three National Objectives for the program. They are:

1. The project principally benefits low and moderate-income persons,
2. The project eliminates slum and blight.
3. The proposed activity meets an urgent local need (typically catastrophic events).

Public Facilities (CDBG-PF)

(CDBG-PF) is a versatile financing tool for general purpose local units of government in need of funds to undertake needed infrastructure and public building projects (excluding buildings for the conduct of government). The Program is designed to enhance the vitality of a community by undertaking public investment that contributes to its overall community and economic development. Eligible activities are things such as streets, sidewalks, public utility system improvements, downtown improvements, community centers, and libraries.

Administrating State Agency: DOC

Potential Funding Amount: \$750,000

Small Cities Housing Program

Housing proposals will be funded in order to upgrade the quality and expand the supply of decent, safe, and sanitary housing for low and moderate income (LMI) households. Successful programs have included residential rehabilitation (including accessibility improvements for persons with disabilities); conversion of commercial property to residential units; assistance to LMI renters to become homeowners; and small public facilities projects.

Administrating State Agency: DOC

Potential Funding Amount: \$650,000

Planning Grant (CDBG-PLNG)

This program provides funds for four different types of planning activities:

1. Regional Economic Development: intended to encourage multi-county and regional approaches to addressing economic development issues.
2. Community Planning Grants are available for community wide planning or to develop strategies more narrowly focused on specific existing neighborhoods, including business districts that are in, or are in danger of, decline or deterioration.
3. Site Specific Planning Grants are available to help plan for the use or reuse of a specific site, for example, the adaptive reuse of a former hospital or school building, or potential use of a parcel of land. Eligible activities include community assessments, needs analysis and prioritization; strategy development; preliminary design; and actions to organize, survey and engage affected residents, stakeholders or beneficiaries.
4. Functional planning grants are available to help communities assess and develop specific responses to broader needs that exist within the community. Among the potential targets for these grants are implementation strategies for comprehensive plans; affordable housing;

energy conservation; accessibility; historic preservation; small business assistance; flood mitigation; telecommunications services; or response plans to plant closings, natural disasters or other emergencies.

Administrating State Agency: DOC

Potential Funding Amount: \$15,000-\$25,000 (depending on grant type)

Public Facilities for Economic Development (CDBG-PFED)

The CDBG-PFED Program helps underwrite the cost of municipal infrastructure necessary for business development that retains or creates employment opportunities. There are requirements on job creation associated with the grant.

Administrating State Agency: DOC

Potential Funding Amount: \$750,000

Brownfields

The state has a number of brownfield grants and loan programs available for communities to rehabilitate and redevelop brownfields, most of which are administered by the Department of Commerce or the Department of Natural Resources (DNR). The departments collaborate on a "Financial Resource Guide for Cleanup and Redevelopment" available on line that covers all of the programs. Some of the most popular programs are listed below.

Blight Elimination and Brownfield Redevelopment Program (BEBR)

BEBR grants may be used for brownfields redevelopment or associated environmental remediation activities. Eligible costs are determined during a review of the grant application. However, grant funds are typically be used for the following activities:

- The environmental investigation, remediation or groundwater monitoring of the site
- The removal of underground storage tanks or hazardous waste containers

- The acquisition cost of the brownfield site
- Site clearance, building demolition or building renovation
- Asbestos and lead paint abatement
- Infrastructure improvement

Administrating State Agency: DOC

Potential Funding Amount: \$1,250,000

Site Assessment Grants (SAG)

SAG is a program that provides funding to local governments to conduct initial investigation of known or suspected environmentally contaminated property. Funding activities are typically:

- Phase I Environmental Site Assessments
- Phase II Environmental Site Assessments
- Site Investigation
- Demolition
- Asbestos removal
- Removal of abandoned containers and underground storage tanks

Administrating State Agency: DNR

Potential Funding Amount: \$2,000-\$100,000

EPA Brownfields Grants

The US EPA provides grants to:

- Inventory, characterize, assess and conduct cleanup and redevelopment planning related to brownfield sites (either a single site or many sites within a community)
- Initiate cleanup activities at brownfield sites

Administrating State Agency: United States Environmental Protection Agency

Potential Funding Amount: \$200,000

ATTACHMENT 1: BUDGET SUMMARY

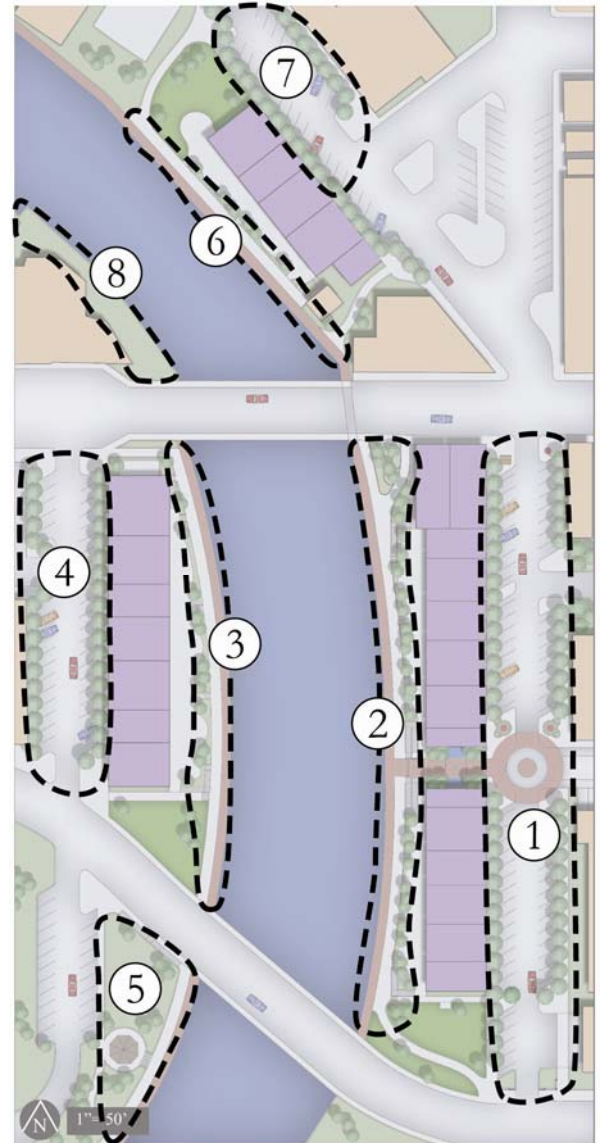
City of Berlin Fox River Downtown Development Concept

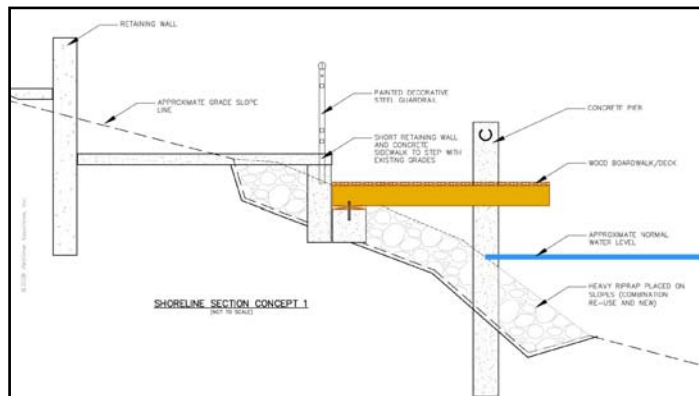
April 30, 2008

The following construction budget opinions are based on the concept developed in May, 2007 as a senior thesis project by UW Madison student Charles Langfeldt. The drawings in the three-page final document were scaled for approximate areas and amenities noted and included and adjusted for feasibility/constructability.

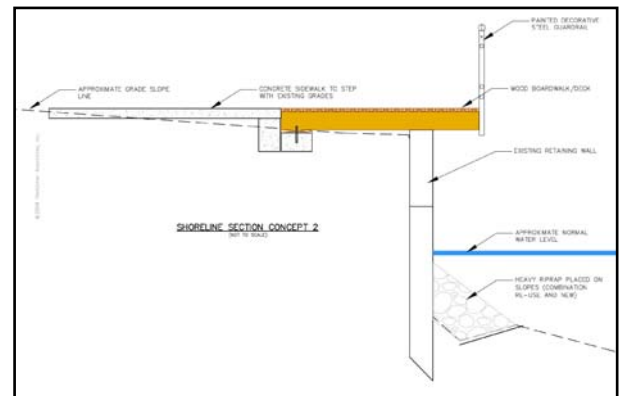
AREA 1	
Street reconstruction	\$665,000
For the north-south street: Approximately 550-feet in length and 65-feet wide; two-way street, angled-on-street parking, asphalt paving, street lighting, street trees, tree grates, primarily gray "picture-framed" concrete sidewalk with approximately 3-ft wide decorative colored and textured concrete pavement accent (e.g. in a brick or stone pattern); decorative benches; decorative waste receptacles; portable flower planters; miscellaneous landscaping; decorative bollards; decorative concrete traffic circle; business directory sign; minimal stormwater inlets and piping; typical existing concrete/asphalt removals.	
ADD approx. for water main, sanitary sewer and up to 14 laterals for future buildings	\$110,000
ADD to bury overhead lines (near riverfront – what can be seen from photo)	\$80,000
SUBTOTAL	\$855,000

AREA 2	
Boardwalk and Shoreline Restoration	\$277,000
Approximately 400-feet in length; approx. 10-foot width of concrete pavement (assume gray pictured-framed concrete); approx. 430-feet by 8-foot wood boardwalk with concrete sonnetube-type piers (assumes that the existing rip-rap consists of broken concrete slabs will need to be substantially removed to facilitate construction and new/re-used (broken-up) rip-rap placed); approx. 480LF of earth retaining walls (for upper and lower walkways – not river) ; ramps and steps between levels; pathway lighting, benches and waste receptacles - assumes building tenant/developer provided tables and chairs, trees, and landscaping beyond top of the retaining walls; some lawn; some concrete sidewalk pathway (as shown on bottom south of drawing)	
SUBTOTAL	\$277,000





*Boardwalk/Sidewalk/Shoreline Restoration
Concept for Area 2 and portions of Area 3*



*Boardwalk/Sidewalk Concept Portions
Areas 3 and 6*

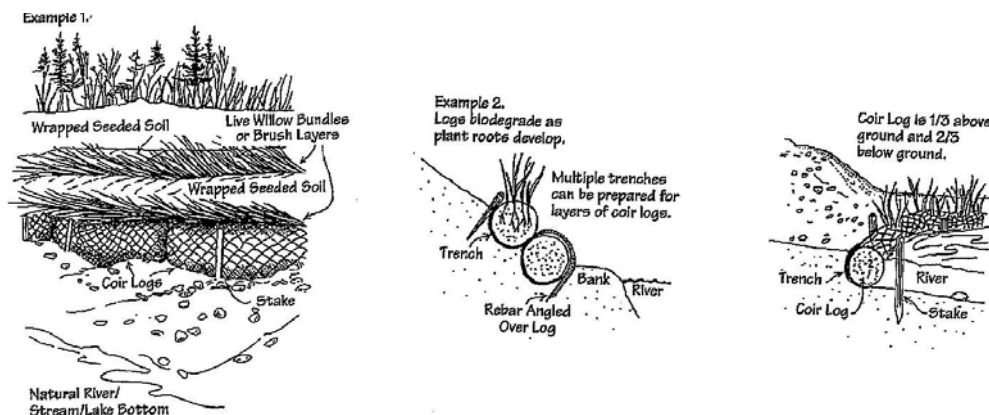
AREA 3	
Boardwalk and Shoreline Restoration	\$258,000
Approximately 550-feet in length; approximately 10-foot width of concrete pavement (assume gray pictured-framed concrete); approximately 525-feet by 8-foot wood boardwalk with concrete sonnetube-type piers (assumes that the existing rip-rap consists of broken concrete slabs will need to be substantially removed to facilitate construction and new rip-rap placed); approximately 600LF of retaining walls; ramps; steps; pathway lighting, benches and waste receptacles - assumes more tenant driven seating and people seating, trees and landscaping on top of the retaining walls; some lawn	
SUBTOTAL	\$258,000

AREA 4	
Street reconstruction	\$375,000
Approximately 300-feet in length and 65-feet wide; two-way street, angled-on-street parking, asphalt paving, street lighting, street trees, tree grates, primarily gray "picture-framed" concrete sidewalk with approximately 3-ft wide decorative colored and textured concrete pavement accent (e.g. in a brick or stone pattern); decorative benches; decorative waste receptacles; portable flower planters; miscellaneous landscaping; decorative bollards; business directory sign; minimal stormwater inlets and piping; typical existing concrete/asphalt removals.	
ADD for approx. water main, sanitary sewer and up to 7 laterals for future buildings	\$60,000
SUBTOTAL	\$435,000

AREA 5	
Boardwalk and Shoreline Restoration	\$140,000
Approximately 200-feet in length; approximately 10-foot width of concrete pavement (assume gray pictured-framed concrete); approximately 200-feet by 8-foot wood boardwalk with concrete sonnetube-type piers (assumes that the existing rip-rap consists of broken concrete slabs will need to be substantially removed to facilitate construction and new rip-rap placed); pathway lighting, benches and waste receptacles; lawn; gazebo	
SUBTOTAL	\$140,000

AREA 6	
Boardwalk and Shoreline Restoration	\$210,000
Approximately 300-feet in length; approximately 10-feet width of concrete pavement (assume gray pictured-framed concrete); approximately 300-feet by 8-foot wood boardwalk with concrete sonnetube-type piers (assumes that the existing rip-rap consists of broken concrete slabs will need to be substantially removed to facilitate construction and new/re-used rip-rap placed); pathway lighting, benches and waste receptacles; lawn; gazebo	
SUBTOTAL	\$210,000

AREA 7	
Street Reconstruction	\$222,000
Approximately 180-feet in length and 65-feet wide; two-way street, angled-on-street parking, asphalt paving, street lighting, street trees, tree grates, primarily gray "picture-framed" concrete sidewalk with approximately 3-ft wide decorative colored and textured concrete pavement accent (e.g. in a brick or stone pattern); decorative benches; decorative waste receptacles; portable flower planters; miscellaneous landscaping; decorative bollards; minimal stormwater inlets and piping; typical existing concrete/asphalt removals.	
SUBTOTAL	\$222,000



Shoreline Vegetative Restoration Concept Option for Area 8

AREA 8	
Shoreline Restoration	\$95,000
Park area vegetative restoration; Approximately 500-feet in length; approximately 10-foot width of concrete pavement (assume gray pictured-framed concrete) approximately 20-ft from top of bank 500 ft long); pathway lighting, benches and waste receptacles; lawn;	
SUBTOTAL	\$95,000

Budget Opinion Assumptions: Amounts are in 2008 dollars (with a contingency). The budget does not include any provision for the building foot prints or the patio areas directly adjacent to the buildings – the pavement, tables, chairs, landscaping and other amenities are by the developer. The budget also assumes acceptable soil conditions, no contamination issues, no major utility upgrades. It should be recognized that Vierbicher Associates, Inc. does not have control over market conditions or contractors methods for determining prices. As such no guarantee can be made that bids or actual costs will vary from this opinion.

Attachment #2 - Planned Project Costs

City of Berlin

TID No. 15

5/7/2008

TID COSTS TO SERVE PROJECT				
	AMOUNT	% Paid By		Costs Allocated to Project
		Project	Other	
A. Capital Costs				
Total Capital Costs	\$0	100%	0%	\$0
B. Infrastructure				
Bury Power Lines	\$150,000	100%	0%	\$150,000
Roads & Streetscaping (not Huron/Broadway Street)	\$2,000,000	100%	0%	\$2,000,000
Park Improvements	\$100,000	100%	0%	\$100,000
Riverwalk & Streambank Stabilization	\$980,000	100%	0%	\$980,000
Utilities Reconstruction	\$250,000	100%	0%	\$250,000
Total Infrastructure	\$3,480,000	100%	0%	\$3,480,000
C. Real Property Assembly Costs				
	\$0	100%	0%	\$0
D. Professional Services				
Design, Permitting, Bidding, Const. Admin.	\$522,000	100%	0%	\$522,000
	\$522,000	100%	0%	\$522,000
E. Relocation Costs				
	\$0	100%	0%	\$0
F. Redevelopment Funds				
Downtown Building Improvement Program	\$200,000	100%	0%	\$200,000
Business Assistance Workshops	\$20,000	100%	0%	\$20,000
Downtown Events & Marketing	\$60,000	100%	0%	\$60,000
Developer Incentives	\$2,200,210	100%	0%	\$2,200,210
	\$2,480,210	100%	0%	\$2,480,210
G. Discretionary Payments				
Misc. Grant Matching Funds (Street scaping match for Huron/Broadway St.) and Site preparation costs	\$350,000	100%	0%	\$350,000
Total Discretionary Payments	\$350,000	100%	0%	\$350,000
H. Administration Costs				
City Staff	\$30,000	100%	0%	\$30,000
Audits	\$30,000	100%	0%	\$30,000
Total Administration Costs	\$60,000	100%	0%	\$60,000
I. Organization Costs				
Department of Revenue Submittal Fee	\$1,000	100%	0%	\$1,000
Professional Fees	\$15,000	100%	0%	\$15,000
City Staff & Publishing	\$2,000	100%	0%	\$5,000
Total Organization Costs	\$18,000	100%	0%	\$18,000
Total Project Costs	\$6,910,210	100%	0%	\$6,910,210
J. Financing Costs				
Interest, Fin. Fees, Less Cap. Interest				\$7,374,041
Plus Capitalized Interest				\$1,039,242
Total Financing Costs				\$8,413,283
TOTAL TID EXPENDITURE				\$15,323,493

Attachment #3 - Financing Summary
City of Berlin
TID No. 15

	Phase 1	Phase 2	Phase 3	
	Loan #1	Loan #2	Loan #3	
TID Activities	Jan-09	Jan-14	Jan-19	Total
A. Capital Costs	\$0	\$0	\$0	\$0
B. Infrastructure	\$0	\$675,000	\$2,805,000	\$3,480,000
C. Real Property Assembly Costs	\$0	\$0	\$0	\$0
D. Professional Services	\$0	\$101,250	\$420,750	\$522,000
E. Relocation Costs	\$0	\$0	\$0	\$0
F. Redevelopment Funds	\$630,000	\$772,390	\$1,077,820	\$2,480,210
G. Discretionary Payments	\$50,000	\$150,000	\$150,000	\$350,000
H. Administration Costs	\$0	\$0	\$0	\$0
I. Organization Costs	\$0	\$0	\$0	\$0
Subtotal	\$680,000	\$1,698,640	\$4,453,570	\$6,832,210
Inflation Factor Cost Adj. @ 5% per year	\$69,700	\$469,303	\$1,813,050	\$2,352,053
Grants	\$0	\$0	\$0	\$0
Reduction for Land Sale Revenue	\$0	\$0	\$0	\$0
Total Cost For Borrowing	\$749,700	\$2,167,943	\$6,266,620	\$9,184,263
Capitalized Interest	\$39,740	\$0	\$0	\$39,740
Financing Fees (2%)	\$17,662	\$48,223	\$137,732	\$203,618
Debt Reserve	\$76,000	\$195,000	\$620,000	\$891,000
Subtotal	\$883,102	\$2,411,166	\$6,886,620	\$10,180,888
Less Interest Earned	\$0	\$0	\$0	\$0
BORROWING REQUIRED	\$883,102	\$2,411,166	\$6,886,620	\$10,180,888

Attachment #4 - Debt Service Plan

City of Berlin

TID No. 15

Bond Issue

Principal:		\$883,102	Project Cost:		\$749,700	
Interest:		4.50%	Finance Fees:		\$93,662	
Term:		20 Years	Interest			
# of Principal Payments:		19	Earned:		\$0.00	
Date of Issue:		Jan-09	Capitalized			
Total TID Cost of Loan:		\$1,332,370	Interest:		\$39,740	
YEAR	PRINCIPAL PMNT #	UNPAID PRINCIPAL	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	Apply Surplus to Principal
2008	0	\$0	\$0	\$0	\$0	\$0
2009	0	\$883,102	\$0	\$0	\$0	\$0
2010	0	\$883,102	\$0	\$39,740	\$39,740	\$0
2011	1	\$883,102	\$30,385	\$39,740	\$70,125	\$0
2012	2	\$852,716	\$31,753	\$38,372	\$70,125	\$0
2013	3	\$820,964	\$33,181	\$36,943	\$70,125	\$0
2014	4	\$787,783	\$34,675	\$35,450	\$70,125	\$0
2015	5	\$753,108	\$36,235	\$33,890	\$70,125	\$0
2016	6	\$716,873	\$37,865	\$32,259	\$70,125	\$0
2017	7	\$679,008	\$39,569	\$30,555	\$70,125	\$0
2018	8	\$639,438	\$41,350	\$28,775	\$70,125	\$0
2019	9	\$598,088	\$43,211	\$26,914	\$70,125	\$0
2020	10	\$554,877	\$45,155	\$24,969	\$70,125	\$0
2021	11	\$509,722	\$47,187	\$22,937	\$70,125	\$0
2022	12	\$462,535	\$49,311	\$20,814	\$70,125	\$0
2023	13	\$413,224	\$51,530	\$18,595	\$70,125	\$0
2024	14	\$361,695	\$53,848	\$16,276	\$70,125	\$0
2025	15	\$307,846	\$56,272	\$13,853	\$70,125	\$0
2026	16	\$251,574	\$58,804	\$11,321	\$70,125	\$0
2027	17	\$192,770	\$61,450	\$8,675	\$70,125	\$0
2028	18	\$131,320	\$64,215	\$5,909	\$70,125	\$0
2029	19	\$67,105	\$67,105	\$3,020	\$70,125	\$0
2030	20	\$0	\$0	\$0	\$0	\$0
2031	21	\$0	\$0	\$0	\$0	\$0
2032	22	\$0	\$0	\$0	\$0	\$0
2033	23	\$0	\$0	\$0	\$0	\$0
2034	24	\$0	\$0	\$0	\$0	\$0
2035	25	\$0	\$0	\$0	\$0	\$0
TOTAL			\$883,102	\$489,008	\$1,372,110	\$0

Attachment #4 Continued - Debt Service Plan
City of Berlin
TID No. 15
Bond Issue

Principal		\$2,411,166	Project Cost:		\$2,167,943	
Interest		4.50%	Finance Fees:		\$243,223	
Term		20 Years	Interest			
# of Principal Payments		19	Earned:		\$0.00	
Date of Issue		Jan-14	Capitalized			
Total TID Cost of Loan:		\$3,746,324	Interest:		\$0	
YEAR	Principal Pmnt #	UNPAID PRINCIPAL	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	Apply Surplus to Principal
2008	0	\$0	\$0	\$0	\$0	\$0
2009	0	\$0	\$0	\$0	\$0	\$0
2010	0	\$0	\$0	\$0	\$0	\$0
2011	0	\$0	\$0	\$0	\$0	\$0
2012	0	\$0	\$0	\$0	\$0	\$0
2013	0	\$0	\$0	\$0	\$0	\$0
2014	0	\$2,411,166	\$0	\$0	\$0	\$0
2015	0	\$2,411,166	\$0	\$108,502	\$108,502	\$0
2016	1	\$2,411,166	\$82,962	\$108,502	\$191,464	\$0
2017	2	\$2,328,204	\$86,695	\$104,769	\$191,464	\$0
2018	3	\$2,241,509	\$90,596	\$100,868	\$191,464	\$0
2019	4	\$2,150,913	\$94,673	\$96,791	\$191,464	\$0
2020	5	\$2,056,240	\$98,934	\$92,531	\$191,464	\$0
2021	6	\$1,957,306	\$103,386	\$88,079	\$191,464	\$0
2022	7	\$1,853,921	\$108,038	\$83,426	\$191,464	\$0
2023	8	\$1,745,883	\$112,900	\$78,565	\$191,464	\$0
2024	9	\$1,632,983	\$117,980	\$73,484	\$191,464	\$0
2025	10	\$1,515,003	\$123,289	\$68,175	\$191,464	\$0
2026	11	\$1,391,714	\$128,837	\$62,627	\$191,464	\$0
2027	12	\$1,262,877	\$134,635	\$56,829	\$191,464	\$0
2028	13	\$1,128,242	\$140,693	\$50,771	\$191,464	\$0
2029	14	\$987,548	\$147,025	\$44,440	\$191,464	\$0
2030	15	\$840,524	\$153,641	\$37,824	\$191,464	\$0
2031	16	\$686,883	\$160,555	\$30,910	\$191,464	\$0
2032	17	\$526,329	\$167,780	\$23,685	\$191,464	\$0
2033	18	\$358,549	\$175,330	\$16,135	\$191,464	\$0
2034	19	\$183,219	\$183,219	\$8,245	\$191,464	\$0
2035	20	\$0	\$0	\$0	\$0	\$0
TOTAL			\$2,411,166	\$1,335,158	\$3,746,324	\$0

Attachment #4 Continued - Debt Service Plan
City of Berlin
TID No. 15
Bond Issue

Principal		\$7,024,353	Project Cost:		\$6,266,620	
Interest		4.50%	Finance Fees:		\$757,732	
Term		16 Years	Interest			
# of Principal Payments		15	Earned:		\$0.00	
Date of Issue		Jan-19	Capitalized			
Total TID Cost of Loan:		\$9,472,995	Interest:		\$0	
YEAR	Principal Pmnt #	UNPAID PRINCIPAL	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	Apply Surplus to Principal
2008	0	\$0	\$0	\$0	\$0	\$0
2009	0	\$0	\$0	\$0	\$0	\$0
2010	0	\$0	\$0	\$0	\$0	\$0
2011	0	\$0	\$0	\$0	\$0	\$0
2012	0	\$0	\$0	\$0	\$0	\$0
2013	0	\$0	\$0	\$0	\$0	\$0
2014	0	\$0	\$0	\$0	\$0	\$0
2015	0	\$0	\$0	\$0	\$0	\$0
2016	0	\$0	\$0	\$0	\$0	\$0
2017	0	\$0	\$0	\$0	\$0	\$0
2018	0	\$0	\$0	\$0	\$0	\$0
2019	0	\$7,024,353	\$0	\$0	\$0	\$0
2020	0	\$7,024,353	\$0	\$316,096	\$316,096	\$0
2021	1	\$7,024,353	\$337,968	\$316,096	\$654,064	\$0
2022	2	\$6,686,384	\$353,177	\$300,887	\$654,064	\$0
2023	3	\$6,333,207	\$369,070	\$284,994	\$654,064	\$0
2024	4	\$5,964,137	\$385,678	\$268,386	\$654,064	\$0
2025	5	\$5,578,459	\$403,034	\$251,031	\$654,064	\$0
2026	6	\$5,175,426	\$421,170	\$232,894	\$654,064	\$0
2027	7	\$4,754,256	\$440,123	\$213,942	\$654,064	\$0
2028	8	\$4,314,133	\$459,928	\$194,136	\$654,064	\$0
2029	9	\$3,854,205	\$480,625	\$173,439	\$654,064	\$0
2030	10	\$3,373,580	\$502,253	\$151,811	\$654,064	\$0
2031	11	\$2,871,327	\$524,855	\$129,210	\$654,064	\$0
2032	12	\$2,346,472	\$548,473	\$105,591	\$654,064	\$0
2033	13	\$1,797,999	\$573,154	\$80,910	\$654,064	\$0
2034	14	\$1,224,845	\$598,946	\$55,118	\$654,064	\$0
2035	15	\$625,899	\$625,899	\$28,165	\$654,064	\$0
TOTAL			\$6,398,454	\$3,074,541	\$9,472,995	\$0

Attachment #5 - Tax Increment ProForma
City of Berlin
TID No. 15
5/7/2008

BASE VALUE	\$12,000,000	General Estimate
TAX RATE	0.02255	
INFLATION INCREMENT	3.0%	
ANNUAL CHANGE IN TAX RATE	0.00%	
CONSTRUCTION INFLATION	3.5%	

YEAR	PREVIOUS VALUATION	INFLATION INCREMENT	TIF INCREMENT		TOTAL VALUATION	CUMULATIVE INCREMENT	TIF TAX RATE	TIF REVENUE
			Construction	Land				
2008	\$12,000,000	\$0	\$400,000	\$0	\$12,400,000	\$400,000	0.022550	\$0
2009	\$12,400,000	\$372,000	\$3,622,500	\$0	\$16,394,500	\$4,394,500	0.022550	\$0
2010	\$16,394,500	\$491,835	\$0	\$0	\$16,886,335	\$4,886,335	0.022550	\$9,020
2011	\$16,886,335	\$506,590	\$0	\$0	\$17,392,925	\$5,392,925	0.022550	\$99,097
2012	\$17,392,925	\$521,788	\$0	\$0	\$17,914,713	\$5,914,713	0.022550	\$110,188
2013	\$17,914,713	\$537,441	\$7,931,013	\$0	\$26,383,167	\$14,383,167	0.022550	\$121,612
2014	\$26,383,167	\$791,495	\$0	\$0	\$27,174,662	\$15,174,662	0.022550	\$133,378
2015	\$27,174,662	\$815,240	\$1,076,603	\$0	\$29,066,505	\$17,066,505	0.022550	\$324,343
2016	\$29,066,505	\$871,995	\$0	\$0	\$29,938,500	\$17,938,500	0.022550	\$342,192
2017	\$29,938,500	\$898,155	\$0	\$0	\$30,836,655	\$18,836,655	0.022550	\$384,853
2018	\$30,836,655	\$925,100	\$3,661,463	\$0	\$35,423,217	\$23,423,217	0.022550	\$404,517
2019	\$35,423,217	\$1,062,697	\$311,820	\$0	\$36,797,734	\$24,797,734	0.022550	\$424,770
2020	\$36,797,734	\$1,103,932	\$1,874,904	\$0	\$39,776,570	\$27,776,570	0.022550	\$528,198
2021	\$39,776,570	\$1,193,297	\$5,860,112	\$0	\$46,829,979	\$34,829,979	0.022550	\$559,194
2022	\$46,829,979	\$1,404,899	\$2,095,853	\$0	\$50,330,732	\$38,330,732	0.022550	\$626,367
2023	\$50,330,732	\$1,509,922	\$2,490,239	\$0	\$54,330,892	\$42,330,892	0.022550	\$785,423
2024	\$54,330,892	\$1,629,927	\$0	\$0	\$55,960,819	\$43,960,819	0.022550	\$864,366
2025	\$55,960,819	\$1,678,825	\$0	\$0	\$57,639,644	\$45,639,644	0.022550	\$954,570
2026	\$57,639,644	\$1,729,189	\$0	\$0	\$59,368,833	\$47,368,833	0.022550	\$991,326
2027	\$59,368,833	\$1,781,065	\$0	\$0	\$61,149,898	\$49,149,898	0.022550	\$1,029,183
2028	\$61,149,898	\$1,834,497	\$0	\$0	\$62,984,395	\$50,984,395	0.022550	\$1,068,177
2029	\$62,984,395	\$1,889,532	\$0	\$0	\$64,873,927	\$52,873,927	0.022550	\$1,108,340
2030	\$64,873,927	\$1,946,218	\$0	\$0	\$66,820,145	\$54,820,145	0.022550	\$1,149,709
2031	\$66,820,145	\$2,004,604	\$0	\$0	\$68,824,749	\$56,824,749	0.022550	\$1,192,318
2032	\$68,824,749	\$2,064,742	\$0	\$0	\$70,889,491	\$58,889,491	0.022550	\$1,236,206
2033	\$70,889,491	\$2,126,685	\$0	\$0	\$73,016,176	\$61,016,176	0.022550	\$1,281,410
2034	\$73,016,176	\$2,190,485	\$0	\$0	\$75,206,661	\$63,206,661	0.022550	\$1,327,970
2035	\$75,206,661	\$2,256,200	\$0	\$0	\$77,462,861	\$65,462,861	0.022550	\$1,375,927
TOTAL		\$36,138,355	\$29,324,507	\$0				\$18,432,656

Attachment #6 - Tax Increment Cash Flow
City of Berlin
TID No. 15
5/7/2008

YEAR	BEGINING BALANCE	REVENUES					EXPENSES		ANNUAL SURPLUS (DEFICIT)	BALANCE AFTER SURPLUS TO PRINCIPAL
		CAPITAL INTEREST	TIF REVENUES	INTEREST INCOME	OTHER	TOTAL REVENUES	DEBT SERVICE	OTHER EXPENSES		
2008	0	0	0	0	0	0	0	0	0	0
2009	0	0	0	0	0	0	0	0	0	0
2010	0	39,740	9,020	0	0	48,760	39,740	0	9,020	9,020
2011	9,020	0	99,097	406	0	99,503	70,125	0	29,378	38,398
2012	38,398	0	110,188	1,728	0	111,916	70,125	0	41,791	80,189
2013	80,189	0	121,612	3,609	0	125,220	70,125	18,000	37,095	117,284
2014	117,284	0	133,378	5,278	0	138,656	70,125	4,000	64,531	181,816
2015	181,816	108,502	324,343	8,182	0	441,028	178,627	4,000	258,400	440,216
2016	440,216	0	342,192	19,810	0	362,001	261,589	4,000	96,412	536,628
2017	536,628	0	384,853	24,148	0	409,002	261,589	4,000	143,412	680,041
2018	680,041	0	404,517	30,602	0	435,119	261,589	4,000	169,530	849,570
2019	849,570	0	424,770	38,231	0	463,001	261,589	4,000	197,412	1,046,983
2020	1,046,983	0	528,198	47,114	0	575,313	577,685	4,000	(6,372)	1,040,610
2021	1,040,610	0	559,194	46,827	0	606,022	915,653	4,000	(313,632)	726,978
2022	726,978	0	626,367	32,714	0	659,081	915,653	4,000	(260,572)	466,407
2023	466,407	0	785,423	20,988	0	806,412	915,653	4,000	(113,242)	353,165
2024	353,165	0	864,366	15,892	0	880,258	915,653	4,000	(39,395)	313,770
2025	313,770	0	954,570	14,120	0	968,690	915,653	4,000	49,037	362,807
2026	362,807	0	991,326	16,326	0	1,007,652	915,653	4,000	87,999	450,805
2027	450,805	0	1,029,183	20,286	0	1,049,470	915,653	4,000	129,816	580,622
2028	580,622	0	1,068,177	26,128	0	1,094,305	915,653	4,000	174,652	755,274
2029	755,274	76,000	1,108,340	33,987	0	1,218,328	915,653	0	302,674	1,057,948
2030	1,057,948	0	1,149,709	47,608	0	1,197,316	845,529	0	351,788	1,409,736
2031	1,409,736	0	1,192,318	63,438	0	1,255,756	845,529	0	410,228	1,819,964
2032	1,819,964	0	1,236,206	81,898	0	1,318,104	845,529	0	472,575	2,292,539
2033	2,292,539	0	1,281,410	103,164	0	1,384,574	845,529	0	539,046	2,831,585
2034	2,831,585	195,000	1,327,970	127,421	0	1,650,392	845,529	0	804,863	3,636,448
2035	3,636,448	620,000	1,375,927	163,640	0	2,159,568	654,064	0	1,505,503	5,141,951
TOTAL		1,039,242	18,432,656	993,546	0	20,465,445	15,245,493	78,000		

**Attachment #7 - Analysis of Impact on Overlying Jurisdictions
Over Maximum Life of TID
TID No. 15**

	% of Mill Rate by Jurisdiction	Taxes Collected on Base Value Distributed to Taxing Jurisdictions	Taxes Captured by TIF District Not Distributed to Jurisdictions	Annual Taxes Collected After TID	Increase in Annual Tax Collections After TID
School Dist.	36.3%	\$98,137	\$6,684,834	\$530,546	\$432,409
State/Other	7.3%	\$19,793	\$1,348,212	\$107,002	\$87,209
Tech. College	5.6%	\$15,233	\$1,037,609	\$82,351	\$67,118
County	21.9%	\$59,227	\$4,034,347	\$320,189	\$260,962
Local	28.9%	\$78,213	\$5,327,655	\$422,833	\$344,620
Total	100.0%	\$270,602	\$18,432,656	\$1,462,921	\$1,192,318

Attachment #8: Detailed New Construction Estimates

City of Berlin

TID No. 15

5/7/2008

Assessed Year	Total	Totals are less original land & improvement value, except for bank & retail											
		Mixed-Use Area 1 1.53	Residential: 10 Small SF @ \$180,000 Area 2 1.65	Residential: 20 Units @ \$120,000 Area 3 0.95	Residential: 12 Units @ \$100,000 Area 4 0.58	Mixed-Use Area 5 0.76	Residential: 5 Townhomes @ \$170,000 Area 6 0.45	Residential: 5 Townhomes @ \$170,000 Area 7 0.47	Residential: 6 Townhomes @ \$170,000 Area 8 0.64	Residential: Apartments 10 Units @ \$120,000 Area 9 0.62	Mixed-Use Area 10 0.55	Bank Area 11 ?	Retail Area 12 1.53
2008	\$400,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$400,000	\$0
2009	\$3,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,500,000
2010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2011	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2013	\$6,677,700	\$0	\$0	\$0	\$0	\$2,677,700	\$0	\$0	\$0	\$0	\$4,000,000	\$0	\$0
2014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	\$846,200	\$0	\$0	\$0	\$0	\$0	\$846,200	\$0	\$0	\$0	\$0	\$0	\$0
2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2018	\$2,595,680	\$0	\$213,580	\$2,382,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	\$213,580	\$0	\$213,580	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	\$1,240,780	\$0	\$213,580	\$0	\$1,027,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$3,746,980	\$3,533,400	\$213,580	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	\$1,294,780	\$0	\$213,580	\$0	\$0	\$0	\$0	\$0	\$0	\$1,081,200	\$0	\$0	\$0
2023	\$1,486,400	\$0	\$0	\$0	\$0	\$0	\$0	\$499,500	\$986,900	\$0	\$0	\$0	\$0
2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2026	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2027	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2028	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2032	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2033	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2034	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2035	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$22,002,100		\$3,533,400	\$1,067,900	\$2,382,100	\$1,027,200	\$2,677,700	\$846,200	\$499,500	\$986,900	\$1,081,200	\$4,000,000	\$400,000	\$3,500,000
		\$3,600,000	\$1,100,000	\$2,400,000	\$1,100,000	\$2,700,000	\$900,000	\$500,000	\$1,000,000	\$1,100,000	\$4,000,000	\$400,000	\$3,500,000