



Village of Grafton, Wisconsin

Tax Incremental District No. 2
Project Plan Amendment

Tax Incremental District No. 2 Project Plan Amendment

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	4
TYPE & GENERAL DESCRIPTION OF DISTRICT	7
MAPS OF CURRENT VILLAGE TIF DISTRICT BOUNDARIES AND IDENTIFICATION OF PROPOSED DONOR AND RECIPIENT DISTRICTS	8
MAP SHOWING EXISTING USES & CONDITIONS.....	11
EQUALIZED VALUE TEST	11
STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND OTHER PROJECTS	11
MAPS SHOWING PROPOSED IMPROVEMENTS AND USES.....	11
DETAILED LIST OF PROJECT COSTS.....	11
ANNEXED PROPERTY.....	20
PROPOSED CHANGES IN ZONING ORDINANCES.....	20
PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND VILLAGE OF GRAFTON ORDINANCES	20
RELOCATION	20
ORDERLY DEVELOPMENT OF THE VILLAGE OF GRAFTON.....	21
A LIST OF ESTIMATED NON-PROJECT COSTS	21
OPINION OF ATTORNEY FOR THE VILLAGE OF GRAFTON ADVISING WHETHER THE PLAN IS COMPLETE AND COMPLIES WITH WISCONSIN STATUTES, SECTION 66.1105 22	
EXHIBIT A - CALCULATION OF THE SHARE OF PROJECTED TAX INCREMENTS ESTIMATED TO BE PAID BY THE OWNERS OF PROPERTY IN THE OVERLYING TAXING JURISDICTIONS	24

1

EXECUTIVE SUMMARY

DESCRIPTION OF ORIGINAL DISTRICT AND PROPOSED AMENDMENT

- Original District Purpose. Tax Incremental District (“TID”) No. 2 (the “District” or “Donor District”) is an existing industrial district created by resolution of the Village Board adopted on June 3, 1996. The Village created the District to assure that high quality industrial office and related private development would occur in this District, with the objective of providing and preserving employment opportunities, promoting growth, and facilitating rehabilitation and conservation of lands needing infrastructure, roadways, sewers and platting consistent with the Village's Master Plan.
- Prior Amendments. The District was previously amended on September 26, 2006 to allow for the undertaking of additional projects made possible by changes in the TIF law approved in 2004 that re-opened and extended the expenditure periods of existing Tax Incremental Finance Districts whose expenditure periods had previously elapsed.
- Proposed Amendment. The purpose of this Amendment is to allow the District to share surplus increments with Tax Incremental District No. 3 (the “Recipient District”) under the provisions of Wisconsin Statutes 66.1105(6)(f).
- Estimated Total Project Expenditures. The additional project costs to be incurred under this amendment are limited to the sharing of surplus increment with the Recipient District. It is expected that the District will generate approximately \$3,360,000 in increment that can be shared with the Recipient District during the eligible sharing period.
- Economic Development. Authorizing the District to share increment with the Recipient District will provide additional resources needed to assist the Recipient District in accomplishing the economic development goals set forth in its Project Plan. In addition to providing cash flow needed to pay for existing Project Cost obligations of the Recipient District, it will improve the likelihood that the area referred to as the “lumber yard” site in the downtown area will be successfully redeveloped.
- Expected Termination of District. The Donor District has a maximum statutory life of 23 years, and must close not later than June 3, 2019, resulting in a final collection of increment in budget year 2020. Based on preliminary 2009 revenues and expenditures, cumulative revenues will exceed total liabilities at the end of the 2009 budget year. Based on the Economic Feasibility Study located in Section 10 of this Plan, amendment of the District would shift the projected closure year from 2009 to 2020.

SUMMARY OF FINDINGS

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

- 1. That “but for” amendment of the Donor District’s Project Plan, the economic development objectives of the Recipient District’s Project Plan will not be achieved.** In evaluating the appropriateness of the proposed amendment, the Joint Review Board must consider “(w)hether the development expected in the tax incremental district would occur without the use of tax incremental financing” customarily referred to as the “but for” test. Since the purpose of this amendment is solely to allow for the sharing of the Donor District’s increment with the Recipient District, this test cannot be applied in the conventional way. The Joint Review Board has previously concluded, in the case of both the Donor District and the Recipient District, that the “but for” test was met. As demonstrated in the Economic Feasibility section of this Project Plan Amendment, the Recipient District will not recover its Project Costs without the receipt of shared increment from the Donor District. This would create a significant financial burden for Village taxpayers, and since all taxing jurisdictions will ultimately share in the benefit of the redevelopment projects and increased tax base, it is appropriate for all taxing jurisdictions to continue to share in the costs to implement them. Accordingly, the Village finds that it is reasonable to conclude the “but for” test continues to be satisfied. *Finding Required by Wisconsin Statutes 66.1105(4m)(c)1.a.*
- 2. The economic benefits of amending the Donor District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements.** Tax increment collections in the Donor District are already sufficient to pay for the cost of all improvements made in the District, thus allowing for this District to become a donor. *Finding Required by Wisconsin Statutes 66.1105(4m)(c)1.b.*
- 3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.** Given that the Recipient District will not achieve all of the objectives of its Project Plan without the ability to share in the surplus increments of the Donor District (see finding # 1), and since the District is generating economic benefits that have already compensated for the improvements made (see Finding #2), the Village reasonably concludes that the overall additional benefits that will be received by amending the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. *Finding Required by Wisconsin Statutes 66.1105(4m)(c)1.c.*
- 4. Not less than 50%, by area, of the real property within the District is suitable for industrial sites within the meaning of Wisconsin Statutes 66.1101 and has been zoned for industrial use.** *Finding Required by Wisconsin Statutes 66.1105(4)(gm)4.a.*
- 5. Improvement of the area has, and is likely to enhance significantly the value of substantially all of the other real property in the District.** *Finding Required by Wisconsin Statutes 66.1105(4)(gm)4.b.*
- 6. Project costs incurred have related directly to promoting industrial development, consistent with the purpose for which the District was created.** *Finding Required by Wisconsin Statutes 66.1105(4)(gm)4.bm.*

7. **That the valuation test set forth in Wisconsin Statutes 66.1105(4)(gm)4.c. is inapplicable to this Amendment since no territory is being added to the District.**
Finding Required by Wisconsin Statutes 66.1105(4)(gm)4.c.
8. **Any real property within the District that is found suitable for industrial sites and is zoned for industrial use will remain zoned for industrial use for the life of the District.**
Finding Required by Wisconsin Statutes 66.1105(4)(gm)5.
9. **Declares that the District is an industrial district based on the identification and classification of the property included within the District.** *Finding Required by Wisconsin Statutes 66.1105(4)(gm)6.*
10. **The Project Plan for the District, as Amended, remains feasible and in conformity with the Master Plan of the Village.** *Finding Required by Wisconsin Statutes 66.1105(4)(g).*

2

TYPE & GENERAL DESCRIPTION OF DISTRICT

The Donor District was created by resolution of the Village Board on June 3, 1996 under the authority provided by Wisconsin Statutes Section 66.1105. The District's valuation date, for purposes of establishing base value, was January 1, 1996.

The District is an "Industrial District," created on a finding that at least 50%, by area, of the real property within the District was zoned and suitable for industrial sites within the meaning of Wisconsin Statutes Section 66.1101. Since this amendment does not add any territory to the District, the District remains in compliance with this provision. Any real property within the District that was found suitable for industrial sites and was zoned for industrial use at the time of the creation of the District, or at the time its boundaries were amended, will remain zoned for industrial use for the life of the District.

Wisconsin Statutes Section 66.1105(4)(h)2. provides authority for a Village to amend the boundaries of an existing Tax Increment District for purposes of adding and/or subtracting territory up to a total of four times during the life of the District. The boundaries of the Donor District have not been previously amended. Since this amendment does not involve the addition or subtraction of territory from the District, it is not counted against the number of available amendments.

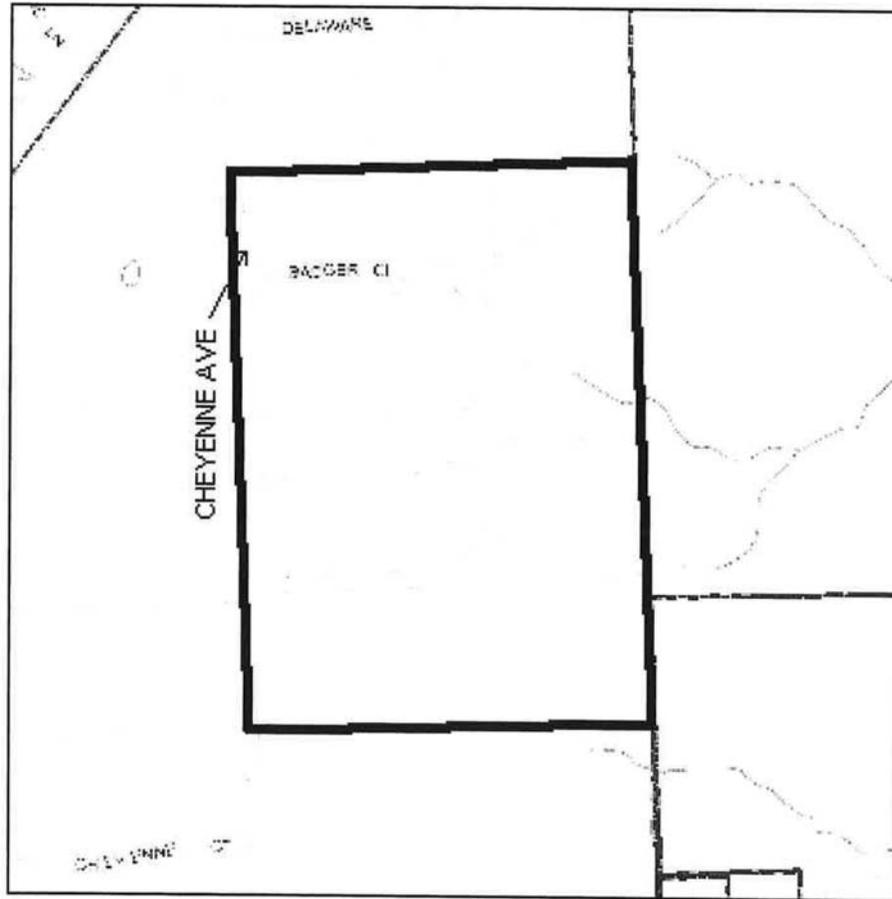
This Project Plan Amendment supplements, and does not supersede or replace any component of the original Project Plan, or any component of previously adopted Project Plan Amendments, unless specifically stated. All components of the original Project Plan, and its previously adopted Project Plan Amendments, remain in effect.

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

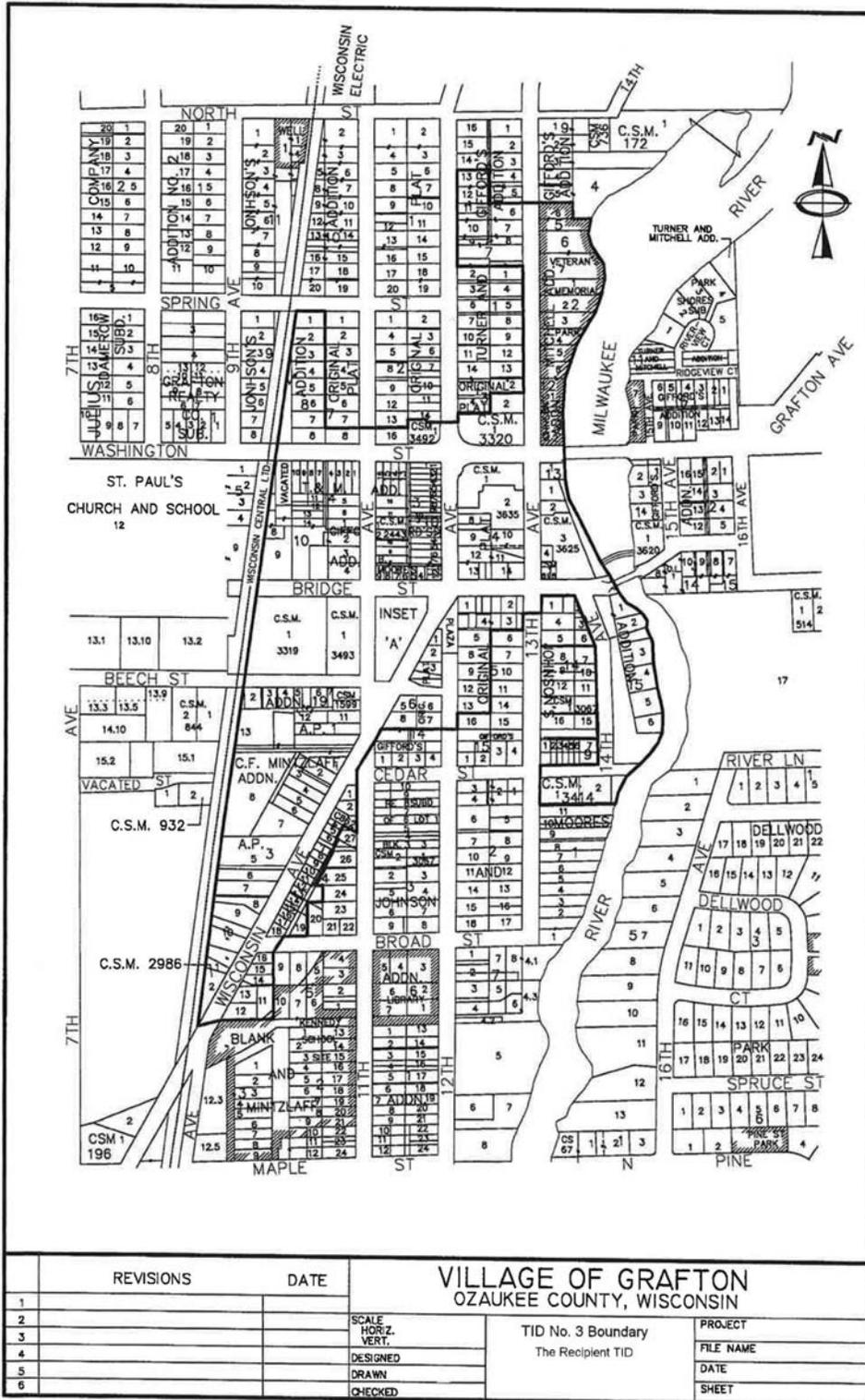
3

**MAPS OF CURRENT VILLAGE TIF DISTRICT BOUNDARIES AND
IDENTIFICATION OF PROPOSED DONOR AND RECIPIENT DISTRICTS**

Maps Found on Following Pages



TID No. 2 Boundary
Donor TID



REVISIONS		DATE	VILLAGE OF GRAFTON OZAUQUE COUNTY, WISCONSIN		
1			SCALE HORZ. VERT.	TID No. 3 Boundary The Recipient TID	PROJECT
2		DESIGNED			FILE NAME
3		DRAWN			DATE
4		CHECKED			SHEET
5					
6					

4

MAP SHOWING EXISTING USES & CONDITIONS

A map depicting the *Existing Uses and Conditions* of property within the Donor District was last prepared in conjunction with the September 26, 2006 amendment to the District's Project Plan. A copy of that Project Plan Amendment is on file with the Village Clerk. Since the scope of this Amendment is limited to authorizing sharing of increment, no changes to the map are necessary.

5

EQUALIZED VALUE TEST

No additional territory will be added to the District. Demonstration of compliance with the equalized value test is not required for this Amendment.

6

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

This amendment provides the authority for the Donor District to allocate surplus increments with the Recipient District. No other additional project costs are involved, and the *Statement of Kind, Number and Location of Proposed Public Works and Other Projects* as documented in the September 26, 2006 Project Plan Amendment remains in effect.

7

MAPS SHOWING PROPOSED IMPROVEMENTS AND USES

Maps depicting the *Proposed Improvements and Uses* within the Donor District were last prepared in conjunction with the September 26, 2006 amendment to the District's Project Plan. A copy of that Project Plan Amendment is on file with the Village Clerk. Since the scope of this Amendment is limited to authorizing sharing of increment, no changes to these maps are necessary.

8

DETAILED LIST OF PROJECT COSTS

This amendment provides the authority for the Donor District to allocate surplus increments with the Recipient District. No other additional project costs are involved, and the *Statement of Kind, Number and Location of Proposed Public Works and Other Projects* as documented in the September 26, 2006 Project Plan Amendment remains in effect.

9

ECONOMIC FEASIBILITY STUDY & A DESCRIPTION OF THE METHODS OF FINANCING AND THE TIME WHEN SUCH COSTS OR MONETARY OBLIGATIONS RELATED THERETO ARE TO BE INCURRED

This Project Plan Amendment allows the Donor District to allocate positive tax increments to the Recipient District. The authority for this Amendment is Wisconsin Statutes 66.1105(6)(f) which provides for the allocation of increments providing that the following are true:

- The Donor District, the positive tax increments of which are to be allocated, and the Recipient District have the same overlying taxing jurisdictions.
- The allocation of tax increments is approved by the Joint Review Board.
- The Donor District is able to demonstrate that it has sufficient revenues to first satisfy all of its current-year debt service and project cost obligations, and has sufficient surplus revenues to pay for some of the eligible costs of the Recipient District.
- The Recipient District was created upon a finding that not less than 50 percent, by area, of the real property within the District is blighted or in need of rehabilitation, or the project costs in the District are used to create, provide, or rehabilitate low-cost housing or to remediate environmental contamination.

The Donor District and Recipient District have the same overlapping tax jurisdictions, and the Recipient District was created on a finding that not less than 50 percent, by area, of the real property within the District was blighted. The Exhibits following this section demonstrate that the Donor District is generating sufficient tax increments to pay for its project costs, and that surplus increments remain that can be allocated to pay some of the project costs of the Recipient District. Accordingly, the statutory criteria under which this amendment can be approved are met.

Summary of Exhibits

- **Exhibit 1 – Donor District Development Assumptions.** The Donor District is fully developed, with the exception of one remaining available lot. The Exhibit 1 table identifies the historical increment growth of the District, and provides an estimate of the increment values for construction years 2008 through 2010, after which no further significant development is anticipated. These projections of additional development value are used to provide the basis for projecting future tax increment collections in Exhibit 2.
- **Exhibit 2 – Donor District Projection of Tax Increment Collections.** Exhibit 2 provides both historical and projected tax increment collections through the allowable remaining life of the District based on the development assumptions outlined in Exhibit 1. The projection further assumes that:

- The Village's "interim" equalized rate used for purposes of calculating the TIF levy, currently \$18.67 per thousand of equalized value, is projected to decline by 2% during each of the next four levy cycles, and remain constant at \$17.22 thereafter. The assumption of a declining rate in the short-term is intended to model the effects of ongoing limitations on the amounts of property tax that the Village and the County may levy (the Village's equalized rate has declined from \$21.28 in 2005, the year prior to levy limits taking effect, to the current rate of \$18.67).
- That existing property values within the District, and any additional value generated in the future, will appreciate at an average of 1% per year.

The District has a maximum statutory life of 23 years, ending on June 3, 2019 with a final collection of tax increment in budget year 2020.

- **Exhibit 3 – Donor District Projected Cash Flow.** Exhibit 3 analyzes projected revenues and expenditures of the District to assess its fund balance position. The analysis starts with the District's audited 2008 year end fund balance of \$629,502, and considers the additional tax increment revenue expected to be collected (per Exhibits 1 and 2), other revenues sources, and remaining projected expenditures. Including a final 2010 principal and interest payment on its allocated share of the Village's 2003 General Obligation Refunding Bonds, the District has approximately \$500,000 outstanding in remaining Project Cost liabilities. No additional Project Cost expenditures are presently anticipated, indicating that the District presently has sufficient fund balance, net of its remaining liabilities, to begin sharing increment immediately with the Recipient District. If the Donor District remains open through its statutorily allowed maximum life, the cash flow analysis projects that approximately \$3,360,000 in tax increments could be shared with the Recipient District.
- **Exhibit 4 – Recipient District Projected Cash Flow Prior to Sharing.** Exhibit 4 presents a similar analysis of projected revenues and expenditures for the Recipient District, and indicates that the District is expected to experience a negative fund balance by the year 2012, with a final ending deficit of \$7.7 million. The analysis considers only the existing development and obligations in place, with the exception of an assumed redevelopment of the "lumber yard" site in the downtown area. That redevelopment, expected to occur for modeling purposes in the 2010 and 2011 construction seasons, is expected to generate \$500,000 in land sale revenues, and \$10,500,000 in additional property value. The cash flow forecast assumes that the Village will need to invest \$1,050,000 to allow for the redevelopment to occur, and includes repayment of a bond for that purpose. Since the additional tax increments generated would exceed the bond payments, redevelopment of the site is beneficial to the cash flow position of the Recipient District, and an important component of the District's overall Project Plan objectives. Given the magnitude of the forecasted fund balance deficit (\$7.7 million), it will not be possible for the Recipient District to recover its Project Costs without implementation of this sharing amendment. This would create a significant financial burden for Village taxpayers, and since all taxing jurisdictions will ultimately share in the benefit of the District's redevelopment projects, it is appropriate for them to share in the costs to implement them. It is also noted that in addition to requiring shared increment from Tax Increment District No. 2, the Recipient District will also need to receive shared funds from Tax Increment District No. 5, another eligible donor district.

- **Exhibit 5 – Recipient District Projected Cash Flow After Sharing.** Exhibit 5 demonstrates that with the receipt of shared increment from the Donor District (as well as from Tax Incremental District No. 5, as an additional donor district), the Recipient District can successfully recover all Project Costs by 2027, at which time an estimated \$54.2 million in additional property value will be released from TIF and contribute to the tax base of all overlapping jurisdictions.

Exhibit 1 - DONOR DISTRICT (TID NO. 2) DEVELOPMENT ASSUMPTIONS

		<i>Village of Grafton, WI</i> Tax Increment District No. 2 GRAFTON BUSINESS PARK Development Assumptions				
Construction Year	Actual ¹	Brooks Stevens/New Village Hall ²	Aurora/Old Village Land ²	MPI Coin ²	Final Available Lot	Annual Total
1996	192,700					192,700
1997	5,198,000					5,198,000
1998	2,483,100					2,483,100
1999	1,908,500					1,908,500
2000	1,734,600					1,734,600
2001	188,400					188,400
2002	884,900					884,900
2003	372,300					372,300
2004	(947,800)					(947,800)
2005	253,400					253,400
2006	(650,300)					(650,300)
2007	635,300					635,300
2008		(1,050,000)	400,000	1,810,500		1,160,500
2009						0
2010					1,500,000	1,500,000
2011						0
2012						0
2013						0
2014						0
2015						0
2016						0
2017						0
2018						0
TOTALS	12,253,100	(1,050,000)	400,000	1,810,500	1,500,000	14,913,600

NOTES:
¹ Actual increment values as published by the Wisconsin Dept. of Revenue.
² Estimated 2008 construction values for projects shown provided by Village staff.

Exhibit 2 - DONOR DISTRICT (TID NO. 2) PROJECTION OF TAX INCREMENT COLLECTIONS

Village of Grafton, WI

Tax Increment District No. 2
GRAFTON BUSINESS PARK
Tax Increment Projection Worksheet

Type of District: Ind (Pre 10-1-04)

Actual Creation Date: 6/3/1996

Valuation Date: Jan. 1, 1996

Maximum Life (In Years): 23

Expenditure Period (In Years): 18

Revenue Periods/Final Rev Year: 23 | 2020

End of Expenditure Period: 6/3/2014

Latest Termination Date: 6/3/2019

Eligible for Extension/No. of Years: No | 0

Eligible Recipient District: No

Actual Base Value: 522,100

Pre-Amendment Base Value (Actual): NA

Property Appreciation Factor: 1.00%

Current Tax Rate (Per \$1,000 EV): \$18.67

Tax Rate Adjustment Factor (Next 2 Years): -2.00%

Tax Rate Adjustment Factor (Following 2 Years): -2.00%

Tax Rate Adjustment Factor (Thereafter): 0.00%

Discount Rate 1 for NPV Calculation: 5.00%

Discount Rate 2 for NPV Calculation: 7.00%

Apply Inflation Factor to Base?

Net Present Value Calculation

	Construction	Value	Valuation	Inflation	Valuation	Revenue	Tax	Tax	Cumulative @	Cumulative @
	Year	Added	Year	Increment	Increment	Year	Rate	Increment	5.00%	7.00%
1	1996	192,700	1997		192,700	1998		0		
2	1997	5,198,000	1998		5,390,700	1999		0		
3	1998	2,483,100	1999		7,873,800	2000		0		
4	1999	1,908,500	2000		9,782,300	2001	22.85	223,510		
5	2000	1,734,600	2001		11,516,900	2002	22.36	257,518		
6	2001	188,400	2002		11,705,300	2003	22.38	261,928		
7	2002	884,900	2003		12,590,200	2004	21.97	276,590		
8	2003	372,300	2004		12,962,500	2005	21.28	275,829		
9	2004	(947,800)	2005		12,014,700	2006	19.39	232,986		
10	2005	253,400	2006		12,268,100	2007	18.79	230,462		
11	2006	(650,300)	2007		11,617,800	2008	19.06	221,385		
12	2007	635,300	2008		12,253,100	2009	18.67	228,809	217,914	213,840
13	2008	1,160,500	2009	127,752	13,541,352	2010	18.30	247,808	442,683	430,286
14	2009	0	2010	140,635	13,681,987	2011	17.93	245,374	654,646	630,584
15	2010	1,500,000	2011	142,041	15,324,027	2012	17.58	269,326	876,222	836,052
16	2011	0	2012	158,461	15,482,489	2013	17.22	266,669	1,085,164	1,026,183
17	2012	0	2013	160,046	15,642,535	2014	17.22	269,426	1,286,214	1,205,713
18	2013	0	2014	161,646	15,804,181	2015	17.22	272,210	1,479,668	1,375,232
19	2014	0	2015	163,263	15,967,444	2016	17.22	275,022	1,665,814	1,535,297
20	2015	0	2016	164,895	16,132,339	2017	17.22	277,862	1,844,926	1,686,435
21	2016	0	2017	166,544	16,298,884	2018	17.22	280,731	2,017,270	1,829,144
22	2017	0	2018	168,210	16,467,093	2019	17.22	283,628	2,183,101	1,963,894
23	2018	0	2019	169,892	16,636,985	2020	17.22	286,554	2,342,665	2,091,127
		14,913,600		1,723,385						

Future Value of Increment: 5,183,626

EHLERS
LEADERS IN PUBLIC FINANCE

Exhibit 3 - DONOR DISTRICT (TID NO. 2) PROJECTED CASH FLOW



Village of Grafton, WI

Tax Increment District No. 2

GRAFTON BUSINESS PARK

Cash Flow Pro Forma



Projected Increment Available for Sharing
with Recipient TIDs

Year	Revenues ¹					Expenditures						Balances		Project Cost Principal Outstanding	Year	
	Tax Increments	Investment Earnings	Intergov Revenues	Developer Guaranty ²	Total Revenues	G.O. Refunding Bonds \$2,090,000 Dated 12-15-2003			Project Costs	Other Financing Uses ³	Rypmt of Developer Advances	Increment Available for Share	Total Expenditures			Annual
		1.00%				Prin (12/1)	Est. Rate	Interest								
2007															542,438	2007
2008	221,386	21,876	6,530		249,792				20,195	142,533		162,728	87,064	629,502		2008
2009	228,809	0	6,530	41,118	276,457	137,700	3.000%	8,549	13,670	7,853	193,352	903,460	(627,003)	2,500	142,500	2009
2010	247,808	25			247,833	142,500	3.100%	4,418	1,000			247,833	1	2,500	0	2010
2011	245,374	25			245,399				1,000			244,400	(1)	2,500	0	2011
2012	269,326	25			269,351				1,000			268,351	0	2,500	0	2012
2013	266,669	25			266,694				1,000			265,694	0	2,500	0	2013
2014	269,426	25			269,451				1,000			268,451	(0)	2,500	0	2014
2015	272,210	25			272,235				1,000			271,234	1	2,500	0	2015
2016	275,022	25			275,047				1,000			274,047	(0)	2,500	0	2016
2017	277,862	25			277,887				1,000			276,887	0	2,500	0	2017
2018	280,731	25			280,756				1,000			279,756	(0)	2,500	0	2018
2019	283,628	25			283,653				1,000			282,653	(0)	2,500	0	2019
2020	286,554	25			286,579				1,000			285,579	0	2,500	0	2020
Total	3,424,805	22,151	13,060	41,118	3,501,134	280,200		12,966	44,865	150,386	193,352	3,359,304	4,041,073	(539,938)		

Projected TID Closure

NOTES:

¹ 2008 figures from Village CAFR, 2009 figures from Village budget (except tax increments).

² Guaranty payment from MPI Coin development. Project completed in 2008. Additional guaranty payments for 2010+ not shown pending confirmation of final project value.

³ For 2009, Other Financing Uses is budget figure less scheduled P&I payment on 2003 G.O. Refunding Bonds.

⁴ Year end 2007 and 2008 fund balances per 2008 Village CAFR.

Exhibit 4 - RECIPIENT DISTRICT (TID NO. 3) PROJECTED CASH FLOW PRIOR TO SHARING



**Projected Cash Flow with Anticipated BAN
Refinancing - NO INCREMENT SHARING**



Year	Revenues ¹							Expenditures								Balances		Project Cost Principal Outstanding	Year	
	Tax Increments	Investment Earnings	Intergov. Revenues	Other Sources ²	Misc. Revenues	TID 2 Share	TID 5 Share	Total Revenues	Existing Long Term Debt P&I	BAN Principal	BAN Interest	Refund 2006B & 2007C BANs	Refund 2005C & 2006A BANs	2010 TxbI Bond (Dev. Incent)	Project Costs	Other Financing Uses ³	Total Expenditures			Annual
2007		1.00%					0										0	1,903,702		2007
2008	490,149	67,090	7,158	132,129	5,330		701,856							628,327	981,633	1,609,960	(908,104)	995,598		2008
2009	599,917	50,000	33,744	5,320,508	95,644		6,099,812	780,953	4,800,000	214,020				342,000	53,390	6,190,363	(90,551)	905,048	16,425,000	2009
2010	599,388	9,050		1,169,626	500,000		2,278,065	780,846			176,797	186,528	0	1,213,944		2,358,114	(80,049)	824,998	16,096,000	2010
2011	588,081	8,250		121,668			717,999	849,681			143,673	151,580	73,500	1,000		1,219,433	(501,434)	323,564	15,682,000	2011
2012	678,051	3,236		123,767			805,054	862,148			143,673	151,580	63,000	1,000		1,221,401	(416,347)	(92,783)	15,238,000	2012
2013	765,184	0		125,924			891,109	913,016			143,673	151,580	63,000	1,000		1,272,269	(381,160)	(473,943)	14,724,000	2013
2014	776,460	0		130,756			907,216	976,055			143,673	151,580	63,000	1,000		1,335,308	(428,091)	(902,034)	14,125,000	2014
2015	787,849	0		135,796			923,645	1,036,030			143,673	151,580	63,000	1,000		1,395,283	(471,638)	(1,373,672)	13,440,000	2015
2016	799,351	0		141,052			940,403	1,110,115			143,673	151,580	63,000	1,000		1,469,368	(528,964)	(1,902,636)	12,650,000	2016
2017	810,969	0		146,535			957,503	1,124,570			143,673	151,580	63,000	1,000		1,483,823	(526,319)	(2,428,955)	11,810,000	2017
2018	822,702	0		152,253			974,955	971,275			143,673	151,580	163,000	1,000		1,430,528	(455,572)	(2,884,528)	10,985,000	2018
2019	834,553	0		158,217			992,770	968,540			339,173	243,896	157,000	1,000		1,709,609	(716,839)	(3,601,366)	9,835,000	2019
2020	846,522	0		164,438			1,010,960	964,415			354,385	291,825	151,000	1,000		1,762,625	(751,665)	(4,353,031)	8,575,000	2020
2021	858,612	0		170,926			1,029,537	958,600			368,160	282,938	145,000	1,000		1,755,698	(726,160)	(5,079,192)	7,260,000	2021
2022	870,822	0		177,693			1,048,514	956,395			380,554	322,288	139,000	1,000		1,799,236	(750,722)	(5,829,914)	5,835,000	2022
2023	883,154	0		184,750			1,067,904	852,178			391,460	406,688	133,000	1,000		1,784,325	(716,421)	(6,546,335)	4,350,000	2023
2024	895,609	0		192,112			1,087,721	845,828			400,829	387,638	127,000	1,000		1,762,294	(674,573)	(7,220,908)	2,810,000	2024
2025	908,189	0		199,790			1,107,979				408,610	416,663	121,000	1,000		947,273	160,707	(7,060,201)	2,010,000	2025
2026	920,895	0		207,798			1,128,693				463,441	441,988	115,000	1,000		1,021,429	107,264	(6,952,937)	1,085,000	2026
2027	933,728	0		207,798			1,141,526				523,643	439,344	159,000	1,000	790,912	1,913,898	(772,372)	(7,725,309)	0	2027
Total	15,670,184	137,626	40,902	9,363,535	600,974	0	25,813,221	14,950,643	4,800,000	214,020	4,956,431	4,632,433	1,861,500	2,201,271	1,825,935	35,442,232	(9,629,011)			

NOTES:

- ¹ 2008 figures from Village CAFR, 2009 figures from Village budget (except tax increments).
- ² Includes bond proceeds and developer guarantee payments for the Bridgewater, Brew Pub, Cary - 12th Ave. Office Building and Direct Development projects.
- ³ For 2009, Other Financing Uses is budget figure less scheduled P&I payment on debt service allocated to TID. 2027 figure is repayment of funds advanced by the City from the Capital Projects Fund.
- ⁴ Year end 2007 and 2008 fund balances per 2008 Village CAFR.

Projected TID Closure

Exhibit 5 - RECIPIENT DISTRICT (TID NO. 3) PROJECTED CASH FLOW AFTER SHARING



Village of Grafton, WI

Tax Increment District No. 3
DOWNTOWN REDEVELOPMENT
Cash Flow Pro Forma

**Projected Cash Flow with Anticipated BAN
Refinancing and Implementation of Sharing
with TIDs No. 2 & No. 5**



Year	Revenues ¹								Expenditures								Balances		Project Cost Principal Outstanding	Year	
	Tax Increments	Investment Earnings	Intergov. Revenues	Other Sources ²	Misc. Revenues	TID 2 Share	TID 5 Share	Total Revenues	Existing Long Term Debt P&I	BAN Principal	BAN Interest	Refund 2006B & 2007C BANs	Refund 2005C & 2006A BANs	2010 TxbI Bond (Dev. Incent)	Project Costs	Other Financing Uses ³	Total Expenditures	Annual			Cumulative ⁴
2007		1.00%					0										0	1,903,702		2007	
2008	490,149	67,090	7,158	132,129	5,330		701,856								628,327	981,633	1,609,960	(908,104)	995,598	2008	
2009	599,917	50,000	33,744	5,320,508	95,644	542,337	20,000	6,662,149	780,953	4,800,000	214,020				342,000	53,390	6,190,363	471,786	1,467,385	16,425,000	2009
2010	599,388	14,674		1,169,626	500,000	99,915	20,000	2,403,603	780,846			176,797	186,528	0	1,213,944		2,358,114	45,489	1,512,874	16,096,000	2010
2011	588,081	15,129		121,668		244,400	20,000	989,277	849,681			143,673	151,580	73,500	1,000		1,219,433	(230,156)	1,282,718	15,682,000	2011
2012	678,051	12,827		123,767		268,351	20,000	1,102,996	862,148			143,673	151,580	63,000	1,000		1,221,401	(118,404)	1,164,314	15,238,000	2012
2013	765,184	11,643		125,924		265,694	20,000	1,188,446	913,016			143,673	151,580	63,000	1,000		1,272,269	(83,823)	1,080,491	14,724,000	2013
2014	776,460	10,805		130,756		268,451	20,000	1,206,472	976,055			143,673	151,580	63,000	1,000		1,335,308	(128,835)	951,656	14,125,000	2014
2015	787,849	9,517		135,796		271,234	20,000	1,224,395	1,036,030			143,673	151,580	63,000	1,000		1,395,283	(170,887)	780,769	13,440,000	2015
2016	799,351	7,808		141,052		274,047	195,462	1,417,720	1,110,115			143,673	151,580	63,000	1,000		1,469,368	(51,647)	729,121	12,650,000	2016
2017	810,969	7,291		146,535		276,887	564,899	1,806,580	1,124,570			143,673	151,580	63,000	1,000		1,483,823	322,758	1,051,879	11,810,000	2017
2018	822,702	10,519		152,253		279,756	785,716	2,050,946	971,275			143,673	151,580	163,000	1,000		1,430,528	620,418	1,672,297	10,985,000	2018
2019	834,553	16,723		158,217		282,653	793,668	2,085,814	968,540			339,173	243,896	157,000	1,000		1,709,609	376,205	2,048,503	9,835,000	2019
2020	846,522	20,485		164,438		285,579	801,699	2,118,723	964,415			354,385	291,825	151,000	1,000		1,762,625	356,098	2,404,601	8,575,000	2020
2021	858,612	24,046		170,926			809,811	1,863,394	958,600			368,160	282,938	145,000	1,000		1,755,698	107,697	2,512,297	7,260,000	2021
2022	870,822	25,123		177,693			59,738	1,133,375	956,395			380,554	322,288	139,000	1,000		1,799,236	(665,861)	1,846,436	5,835,000	2022
2023	883,154	18,464		184,750				1,086,368	852,178			391,460	406,688	133,000	1,000		1,784,325	(697,957)	1,148,479	4,350,000	2023
2024	895,609	11,485		192,112				1,099,206	845,828			400,829	387,638	127,000	1,000		1,762,294	(663,088)	485,391	2,810,000	2024
2025	908,189	4,854		199,790				1,112,833				408,610	416,663	121,000	1,000		947,273	165,560	650,952	2,010,000	2025
2026	920,895	6,510		207,798				1,135,202				463,441	441,988	115,000	1,000		1,021,429	113,774	764,726	1,085,000	2026
2027	933,728	7,647		207,798				1,149,173				523,643	439,344	159,000	1,000	790,912	1,913,898	(764,725)	0	0	2027
Total	15,670,184	352,639	40,902	9,363,535	600,974	3,359,304	4,150,993	33,538,531	14,950,643	4,800,000	214,020	4,956,431	4,632,433	1,861,500	2,201,271	1,825,935	35,442,232	(1,903,702)			

NOTES:

- ¹ 2008 figures from Village CAFR, 2009 figures from Village budget (except tax increments).
- ² Includes bond proceeds and developer guarantee payments for the Bridgewater, Brew Pub, Cary - 12th Ave. Office Building and Direct Development projects.
- ³ For 2009, Other Financing Uses is budget figure less scheduled P&I payment on debt service allocated to TID. 2027 figure is repayment of funds advanced by the City from the Capital Projects Fund.
- ⁴ Year end 2007 and 2008 fund balances per 2008 Village CAFR.

Projected TID Closure

10 ANNEXED PROPERTY

No territory will be added or subtracted from the District as a result of this amendment.

11 PROPOSED CHANGES IN ZONING ORDINANCES

The Village of Grafton does not anticipate the need to change any of its zoning ordinances to allow for implementation of this Project Plan amendment.

12 PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND VILLAGE OF GRAFTON ORDINANCES

The Comprehensive Plan 2035's Land Use Plan Map identifies the District area as Business Park, which is consistent with existing and planned land use in the District. No changes to the Comprehensive Plan 2035, Land Use Plan Map, Building Codes, or Ordinances are needed.

13 RELOCATION

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

14

ORDERLY DEVELOPMENT OF THE VILLAGE OF GRAFTON

This project plan amendment will have no impact on the viability of the original District Project Plan as it relates to the orderly development of the Village.

15

A LIST OF ESTIMATED NON-PROJECT COSTS

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

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

The Village does not expect to incur any non-Project Costs in the implementation of this Project Plan.

16

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

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September 3, 2009

Mr. Todd Taves
Executive Vice President/Financial Advisor
Ehlers & Associates, Inc.
375 Bishops Way, Suite 225
Brookfield, Wisconsin 53005-6202

Re: Tax Incremental District No. 2 Project Plan Amendment

Dear Mr. Taves:

At your direction, I have reviewed the Tax Incremental District No. 2 Project Plan Amendment. As you know, my review of the Plan is required by Section 66.1105(4)(f), Wis. Stats. This section requires that a project plan for a tax incremental district include the following information:

1. A statement listing the kind, number and location of all proposed public works or improvements within the district;
2. An economic feasibility study;
3. A detailed list of estimated project costs;
4. A description of the methods of financing all estimated project costs and the time when the related costs or monetary obligations are to be incurred;
5. A map showing the existing uses and conditions of real property in the district;
6. A map showing proposed improvements and uses in the district;
7. Any proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances;

HOUSEMAN & FEIND, LLP

September 3, 2009

Page 2

8. A list of estimated non-project costs;
9. A statement of the proposed method for relocation of any persons to be displaced; and
10. The plan should further indicate how creation of the tax incremental district promotes the orderly development of the village.

My review of the Tax Incremental District No. 2 Project Plan Amendment indicates that it is complete and complies the requirements of Section 66.1105(f), as identified above. Each of the itemized elements set forth above can be found in the Plan. Should you have any further questions or concerns with regard to this matter, or this opinion, please do not hesitate to contact me.

Very truly yours,

HOUSEMAN & FEIND, LLP



Michael P. Herbrand

MPH:cws

cc: Mr. Darrell Hofland, Village Administrator
Mr. Michael Rambousek, Village Planner

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

Estimated Share by Taxing Jurisdiction of Projected Tax Increments to be paid by Owners of Taxable Property in each of the Taxing Jurisdictions Overlying the Tax Increment District (Expected Allocation Amount Only)

<i>Revenue Year</i>	<i>City - Village</i>	<i>County</i>	<i>School District</i>	<i>Tech College</i>	<i>Total</i>
	32.11%	8.73%	49.33%	9.83%	
2009	174,152	47,363	267,518	53,304	542,337
2010	32,084	8,726	49,285	9,820	99,915
2011	78,480	21,344	120,555	24,021	244,400
2012	86,171	23,435	132,369	26,375	268,351
2013	85,318	23,203	131,059	26,114	265,694
2014	86,204	23,444	132,419	26,385	268,451
2015	87,097	23,687	133,791	26,658	271,234
2016	88,001	23,933	135,179	26,935	274,047
2017	88,912	24,181	136,580	27,214	276,887
2018	89,834	24,431	137,995	27,496	279,756
2019	90,764	24,684	139,424	27,781	282,653
2020	91,704	24,940	140,867	28,068	285,579
	904,569	246,008	1,389,522	276,867	2,816,967

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