

***Territory Project Plan Amendment to  
Tax Incremental District No. 1  
Within the  
VILLAGE OF WALES, WISCONSIN***



*September 5, 2007*

*Joint Review Board Organizational Meeting Held:*

*June 26, 2007*

*Public Hearing Held:*

*June 26, 2007*

*Adopted by Plan Commission:*

*June 26, 2007*

*Adoption by Village Board:*

*September 4, 2007*

*Anticipated Consideration of Approval by Joint Review Board:*

*September 24, 2007*



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# Tax Incremental District No. 1 Territory & Project Plan Amendment

## Village of Wales Officials

### *Village Board*

Jeffery A. Flaws	Village President
Wanda Gossa	Village Trustee
Robin Haynes	Village Trustee
Wolfgang Henschik	Village Trustee
David Lang	Village Trustee
Eugene Mayernick	Village Trustee
Lyle Orwig	Village Trustee

### *Village Staff*

Gail Powell	Village Clerk - Treasurer
James W. Hammes	Village Attorney
Timothy Kronquist	Special Village Counsel

### *Plan Commission*

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Jeffery Flaws	Larry Rigden
Wanda Gosa	Jeff Roth
Ken Mace	Alan Theis
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Cary Tessmann	Waukesha Technical College District
Susan Graham	Kettle Moraine (Delafield) School District
Jeff Roth	Public Member

# TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	4
MAP OF ORIGINAL DISTRICT BOUNDARY WITH TERRITORY AMENDMENTS .....	9
MAP SHOWING EXISTING USES & CONDITIONS WITHIN THE TERRITORY TO BE ADDED .....	10
PRELIMINARY LIST OF PARCELS WITHIN THE TERRITORY TO BE ADDED TO THE EXISTING DISTRICT.....	11
EQUALIZED VALUE TEST .....	12
MAP SHOWING PROPOSED IMPROVEMENTS AND USES WITHIN THE TERRITORY TO BE ADDED .....	14
DETAILED LIST OF ADDITIONAL PROJECT COSTS.....	15
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 .....	17
ESTIMATE OF ADDITIONAL TERRITORY TO BE DEVOTED TO RETAIL BUSINESS .....	25
PROPOSED CHANGES IN ZONING ORDINANCES.....	25
PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND VILLAGE OF WALES ORDINANCES.....	25
RELOCATION .....	26
ORDERLY DEVELOPMENT OF THE VILLAGE OF WALES .....	26
A LIST OF ESTIMATED NON-PROJECT COSTS .....	26
OPINION OF ATTORNEY FOR THE VILLAGE OF WALES ADVISING WHETHER THE PLAN IS COMPLETE AND COMPLIES WITH WISCONSIN STATUTES, SECTION 66.1105 .....	27
EXHIBIT A - CALCULATION OF THE SHARE OF PROJECTED TAX INCREMENTS ESTIMATED TO THE PAID BY THE OWNERS OF PROPERTY IN THE OVERLYING TAXING JURISDICTIONS .....	28

# 1

## EXECUTIVE SUMMARY

### **DESCRIPTION OF ORIGINAL DISTRICT AND PROPOSED TERRITORY AMENDMENT**

#### Original District Purpose and Reason for Amendment.

The District was created as a “Mixed Use District” in 2006 based upon a finding that at least 50%, by area, of the real property within the District is suitable for a combination of commercial and residential uses within the meaning of Wisconsin Statutes Section 66.1105(2)(cm).

To facilitate development within areas adjacent to the District, the Village desires to amend its boundaries to add territory.

According to the original Project Plan, the District was formed for the following purposes:

“The Village of Wales intends that tax increment financing (TIF) will be used to assure that a combination of private commercial and residential development occurs within the District consistent with the Village’s development objectives. The development will be accomplished by installing public improvements and making necessary related expenditures in order to promote development within the District. The most significant public expenditure will be the installation of sanitary sewer to service the entire tax incremental district. Currently the Village of Wales does not provide sanitary sewer service to any of its residents and/or business’. The installation of sanitary sewer services to the area will compliment, and make feasible, the goal to increase the tax base and to provide for and preserve employment opportunities within the Village.”

The District is generally located at the intersections of STH 18 and STH 83, and encompasses the area just to the Southwest of the intersection and the area Southeast and Northeast of the intersection. The general boundaries of the area in consideration for addition to the district include the parcel of land located at the northwest quadrant of the Hwy’s 18 and 83 intersection.

A map, located within this plan, identifies the Territory to be added and its geographic relationship to the existing District’s boundaries.

- Estimated Total Project Expenditures. The Village anticipates making project expenditures of approximately \$7,313,920 to undertake projects identified in the original project plan document. The Expenditure Period of this District terminates on July 10, 2021. It is anticipated that the development of the northwest quadrant of the Hwy. 83 and 18 intersections will require improvements to be made. The project cost anticipated by the development is \$80,000. The projects to be undertaken pursuant to the original Project Plan are expected to be financed with G.O. Community Development Bonds in 2010, Taxable G.O. Community Development Bonds in 2012 and Municipal Revenue Obligations issued in 2012 which will be issued by the Village, however, the Village may use other alternative financing methods which may provide overall lower costs of financing, preserve debt capacity, mitigate risk to the Village, or provide other advantages as determined by the Village Board. A discussion and listing of other

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possible financing mechanisms, as well as a summary of project financing by phase is located within this plan.

- Economic Development. As a result of the amendment of this District, the Village projects that additional land and improvements value totaling \$7,500,000 will be created as a result of new development, redevelopment, and appreciation in the value of existing properties. This additional value will be a result of the improvements made and projects undertaken within the amendment area(s) and within the original District boundaries. A table detailing assumptions as to the timing of new development and redevelopment, and associated values is located within this plan. In addition, the amendment of the District is expected to result in further economic benefits as detailed in the Summary of Findings hereafter.
- Expected Termination of District. TID No. 1 has a maximum statutory life of 20 years, and must close not later than 2027, resulting in a final collection of increment in budget year 2027. Pre-amendment cash flow projections anticipate total cumulative revenues that will exceed total liabilities by the year 2024, enabling the District to close four years earlier than its maximum life. Based on the Economic Feasibility Study located within this Plan, amendment of the District would shift the projected closure year from 2027 to 2024.

## 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:

- **That “but for” amendment of this District, the additional development projected to occur within the amendment areas as detailed in this Project Plan: would not occur in the manner at the values, or within the timeframe desired by the Village.** In making this determination, the Village has considered the following information:
  - In order to make the amendment areas suitable for development, the Village will need to make a substantial investment to pay for the costs of: improvements to access Hwy. 83 and 18, and also the installation of sanitary sewer to the area. Due to the extensive initial investment in public infrastructure that is required in order to allow development to occur, the Village has determined that development of the amendment area will not occur solely as a result of private investment. Accordingly, the Village finds that absent the use of TIF, development of the amendment area is unlikely to occur.
- 2. **The economic benefits of amending the Tax Incremental District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements.** In making this determination, the Village has considered the following information:
  - As demonstrated in the Economic Feasibility Section of this Project Plan, the total tax increments projected to be collected are more than sufficient to pay for the actual and proposed Project Costs within the original District and the amendment areas. On this basis alone, the finding is supported.
  - The additional development expected to occur will produce a number of jobs based on the anticipated retail development.

3. **The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions.** Since the development expected to occur within the Amendment areas is unlikely to take place without the use of TIF (see Finding #1) and since the District will generate economic benefits that are more than sufficient to compensate for the cost of the improvements (see Finding #2), the Village reasonably concludes that the overall benefits of the District outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. It is further concluded that since the “but for” test is satisfied, there would, in fact, be no foregone tax increments to be paid in the event the Amendment does not proceed. As required by Section 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been made and can found in Appendix A of this plan.

## **SUMMARY AND CONCLUSIONS**

Based upon the above, Ehlers & Associates, Inc. conclude that:

- It is likely that the development of the commercial area would not occur to the same value extent without the assistance from a tax increment district;
  - Based upon the above information and attached analysis, the creation of a tax increment district would spur \$7,500,000 development.
  - The assumptions would result in a TID #1, created in 2006, being in a position to close 4 years earlier than previously identified.
4. Not less than 50% by area of the real property within the District (to include the Territory incorporated by this Amendment) is suitable for a combination of commercial and residential uses, defined as “mixed-use development” within the meaning of Section 66.1105(2)(cm) of the Wisconsin Statutes. In the existing District, lands proposed for newly platted residential development comprise approximately 25% of the area of the District. To the extent that project costs will be incurred by the Village for newly platted residential development, the residential development will have a density of at least 3 units per acre. In the amendment area of the District, lands proposed or developed for newly platted residential development comprise 0% by area of the real property within the District . Project Costs related to newly platted residential development are eligible expenditures based on the finding that the development; has a residential housing density of at least 3 units per acre as defined in Section 66.1105(3)(a), Wisconsin Statutes.
5. Based upon the findings as stated above, and the original findings as stated in the Creation Resolution, that the District remains a mixed-use district based on the identification and classification of the property included within the district.
6. The Project Costs as amended relate directly to promoting mixed-use development in the District consistent with the purpose for which the District is created.
7. The improvements to be made within the Territory incorporated by this Amendment are likely to enhance significantly the value of substantially all of the other real property in the Amendment Area.

8. The equalized value of the taxable property within the Territory to be incorporated by this Amendment, plus the current value increment of all existing tax incremental districts within the Village, to include this District, does not exceed 12% of the total equalized value of taxable property within the Village.
9. The Village estimates that approximately 100% of the territory added to District will be devoted to retail business at the end of the District's maximum expenditure period. This finding is made to fulfill the reporting requirement as contained in Section 66.1105(5)(b) of the Wisconsin Statutes.
10. The Project Plan for the District, as amended, is feasible, and is in conformity with the Master Plan of the Village.

## 2

### TYPE & GENERAL DESCRIPTION OF DISTRICT

Tax Incremental District No. 1 (the “District”) was created under the authority provided by Wisconsin Statutes Section 66.1105 as a mixed-use district on July 10, 2006, by resolution of the Village Board. The District’s valuation date, for purposes of establishing base value, was January 1, 2006.

The existing District is a “Mixed Use District” based upon a finding that at least 50%, by area, of the real property within the District was suitable for a combination of commercial and residential uses within the meaning of Wisconsin Statutes Section 66.1105(2)(cm). The District will remain in compliance with this finding after the addition of the Territory identified in this Amendment. The District will also remain in compliance with the prohibition that no more than 35% of the area of the District be allocated for newly-platted residential development. To the extent that the Village has incurred, or may incur, Project Costs for newly platted residential development, the residential development will have a density of at least 3 units per acre as defined in s.66.1105(3)(a), Wisconsin Statutes. The Preliminary Parcel list found within this plan provides a calculation demonstrating continued compliance with both the 50% test and the 35% test.

Based on the original district territory, greater than 50% of the land area was suitable for residential and commercial development. The proposed addition of the territory, based upon its zoning as B-2 under the Village’s Zoning Code, would not negatively shift the balance of commercial to residential properties in the district. Upon proceeding with the creation of a district, a more accurate percentage calculation will occur.

As you will note, the addition of the territory will further assist the district in meeting all of its financial obligations. Without the assistance of the TID undertaking the Sanitary Sewer projects, the development on the Northwest Quadrant of the Hwy’s 18 and 83 would likely occur at a significantly diminished overall taxable value.

To facilitate development within areas adjacent to the District, the Village desires to amend its boundaries to add territory.

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 TID No. 1 have not previously been amended.

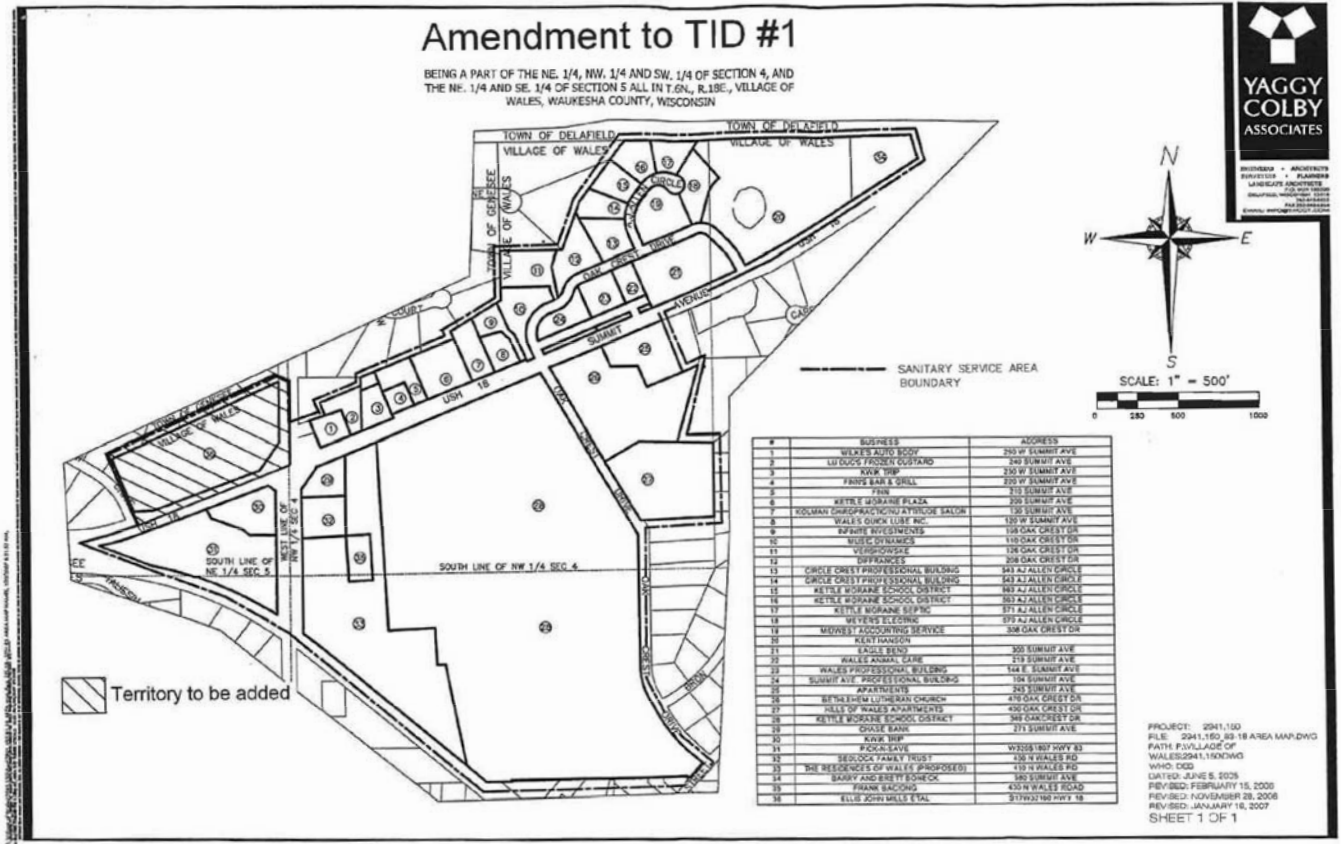
The District is generally located at the intersections of STH 18 and STH 83, and encompasses the area just to the Southwest of the intersection and the area Southeast and Northeast of the intersection. The general boundaries of the area in consideration for addition to the district include the parcel of land located at the northwest quadrant of the Hwy’s 18 and 83 intersection. The boundaries are depicted on the map found in Section 3 of this Plan.

Based upon the findings as stated above, and the original findings as stated in the Creation Resolution, that the District remains a mixed-use district based on the identification and classification of the property included within the district.



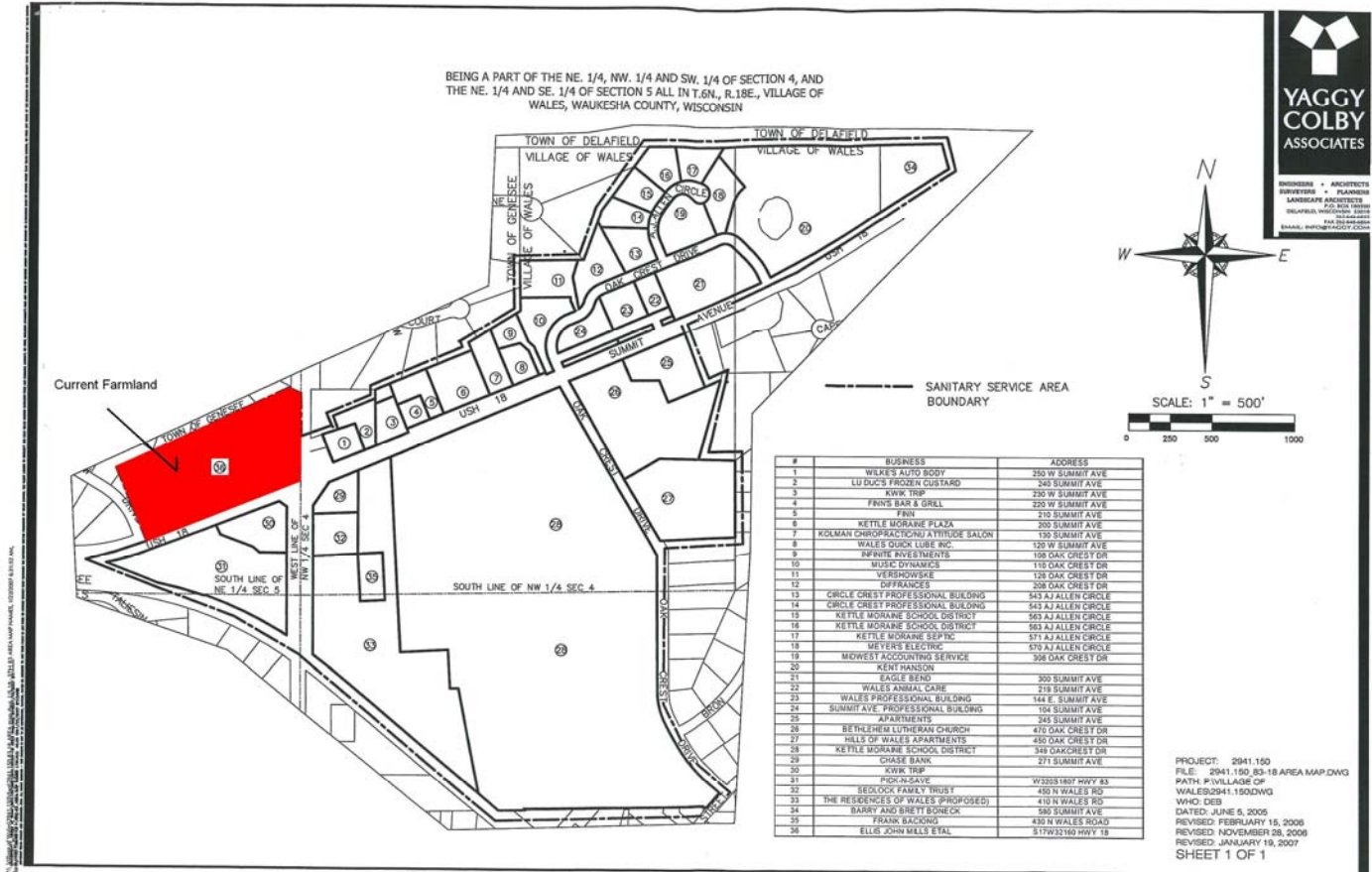
# 3

## MAP OF ORIGINAL DISTRICT BOUNDARY WITH TERRITORY AMENDMENTS



# 4

## MAP SHOWING EXISTING USES & CONDITIONS WITHIN THE TERRITORY TO BE ADDED



**5**

**PRELIMINARY LIST OF PARCELS WITHIN THE TERRITORY TO BE  
ADDED TO THE EXISTING DISTRICT**

**VILLAGE OF WALES - TID 1 AMENDMENT - 2007**

**Preliminary Parcel List**

PARCEL NO.	ASSESSED VALUE - PERS PROP	ASSESSED VALUE - LAND	ASSESSED VALUE - IMP	2006 TOTAL ASSESSED VALUE	PARCEL ACREAGE
WLSV-1457996		109,585	275,000	384,585	

# 6

## EQUALIZED VALUE TEST

The following calculations demonstrate that the Village is in compliance with s.66.1105(4)(gm)4.c. Wis. Stats., which requires that the equalized value of the Territory to be added to the District, plus the value increment of the District being amended, plus the value increment of all other existing Tax Incremental Districts ("TIDs"), does not exceed 12% of the total equalized value of taxable property within the Village.

The equalized value of the Territory to be incorporated by this Amendment, plus the increment value of TID No. 1, plus the value of all other existing Tax Incremental Districts within the Village, totals \$1,485,985. This value is less than the maximum of \$40,820,460 in equalized value that is permitted for the Village of Wales. The Village is therefore in compliance with the statutory equalized valuation test and may proceed with amendment of this District.

### STEP 1. Calculation of Maximum Equalized Property Value Allowed within Tax Incremental Districts in the Village of Wales

Equalized Value (as of January 1, 2007)		Maximum Allowable TID Property Value
\$340,170,500	X 12% =	\$40,820,460

### STEP 2. Calculation of Equalized Property Value Currently Located and Proposed to be Located within Tax Incremental Districts

Tax Incremental Districts	2007 Increment Value
TID No. 1 Increment	\$1,101,400
Proposed Base of Additional Territory	\$ <u>384,585</u>
<b>Total Existing Increment Plus Proposed Base</b>	<b>\$1,485,985</b>

## 7

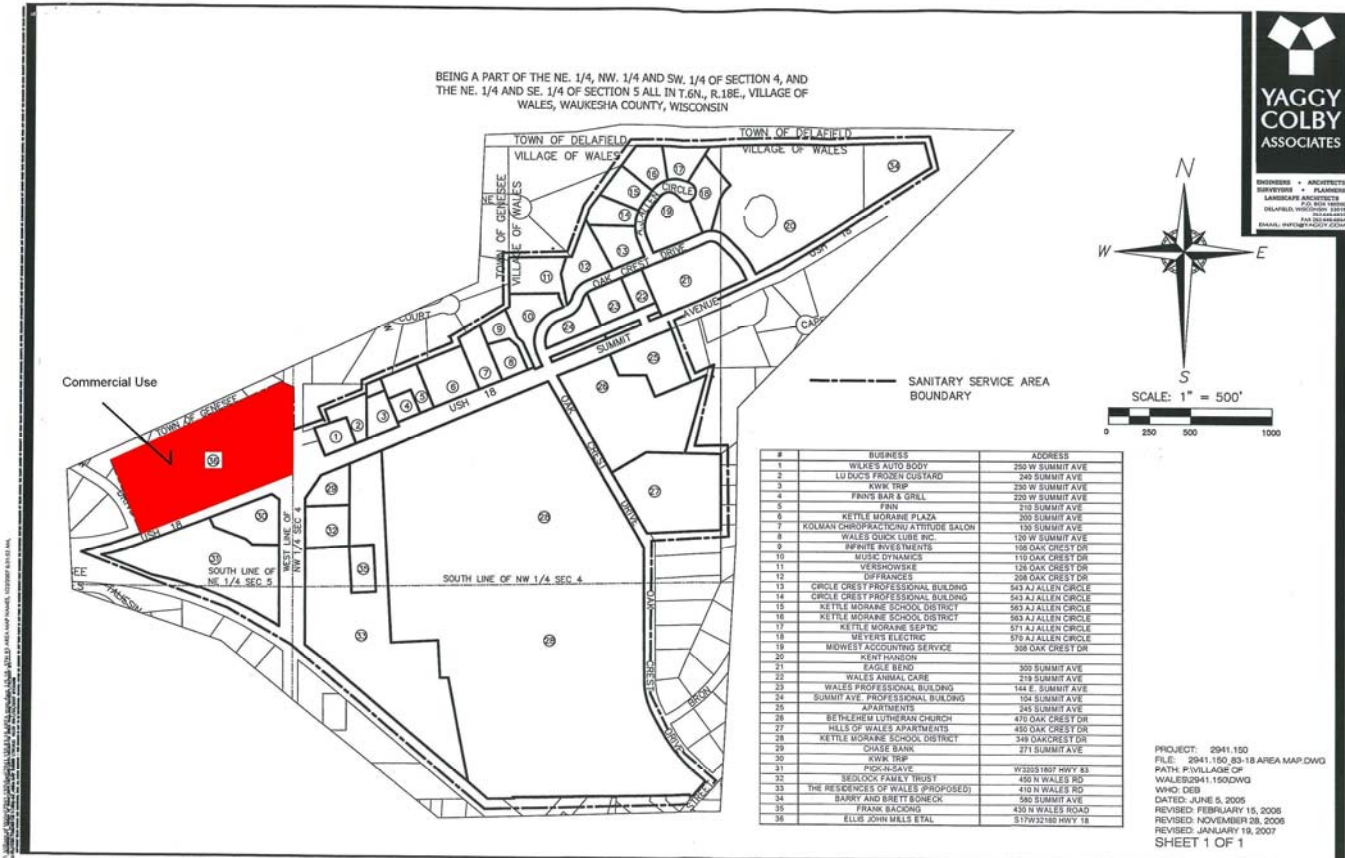
### STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND OTHER PROJECTS

The following is a list of public works and other projects that the Village expects to implement, within the Territory to be incorporated by this Amendment. Any costs directly or indirectly related to the public works and other projects are considered "Project Costs" and eligible to be paid with tax increment revenues of the District.

- Street and access improvements \$80,000.

# 8

## MAP SHOWING PROPOSED IMPROVEMENTS AND USES WITHIN THE TERRITORY TO BE ADDED



## 9

### DETAILED LIST OF ADDITIONAL PROJECT COSTS

This Section contains information relative to the specific projects and expenditures that the Village anticipates it will undertake or make, as found in the original project plan document. There are no additional projects contemplated to be included in the Tax Increment District plan, other than those originally identified.

#### Proposed District Amendment

TID #1 was created as a Mixed Use District under §66.1105, Wisconsin Statutes on July 10, 2006. Based on the original district territory, greater than 50% of the land area was suitable for residential and commercial development. The proposed addition of the territory, based upon its zoning as B-2 under the Village's Zoning Code, would not negatively shift the balance of commercial to residential properties in the district. Upon proceeding with the creation of a district, a more accurate percentage calculation will occur.

#### Proposed District Projects

It is anticipated that the Wisconsin Department of Transportation will require the development to undertake improvements to the intersection of Hwys. 18 & 83. The anticipated cost of these projects is \$80,000

#### Proposed Private Development (Development Assumptions)

With the construction of the improvements identified in the original TID plan, the following development assumptions have been utilized in gauging the tax increment that could develop:

- |                                   |             |
|-----------------------------------|-------------|
| 1. Northwest Quadrant Development |             |
| a. Phase I                        | \$2,500,000 |
| b. Phase II                       | 2,500,000   |
| c. Phase III                      | 2,500,000   |

<b>Total</b>	<b>\$7,500,000</b>
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As you will note, the addition of the territory will further assist the district in meeting all of its financial obligations. Without the assistance of the TID undertaking the Sanitary Sewer projects, the development on the Northwest Quadrant of the Hwy's 18 and 83 would likely occur at a significantly diminished overall taxable value.

## PROPOSED TIF PROJECT COST ESTIMATES

## Village of Wales

**EHLERS**  
& ASSOCIATES INC

### Proposed Tax Increment District No. 1

#### Project Costs<sup>1</sup>

PROJECT LIST	Phase Ia Projects 2008	Phase I Projects 2010	Phase II Dev Projects 2012	Phase II MRO 2012
Infrastructure additions and improvements <sup>1</sup>				
Sanitary Sewer		3,950,000		
Legal Engineering & Contingency		750,000		
Land Acquisition		40,000		
Impact Fee to Waukesha County		80,000		
Oversizing Main		0		
Project Contingency (7% Cost Increase for 3 Years)		888,920		
Subtotal	0	5,708,920	0	0
Development Project Reimbursement				
Well & Fire Suppression Cistern			600,000	
Public Roadway	80,000		30,000	
Secondary Fire Protection Access			25,000	
Site Grading & Preparation			220,000	
Temporary Holding Tank			75,000	
Off Site Road Cuts			50,000	
Development Incentive			0	500,000
Subtotal	80,000	0	1,000,000	500,000
TIF Creation, general consulting and administration costs		25,000		
Subtotal	0	25,000	0	0
<b>TOTAL ESTIMATED PROJECT COSTS</b>	<b>80,000</b>	<b>5,733,920</b>	<b>1,000,000</b>	<b>500,000</b>
Financing Expenses				
Fees (Advisory, Bond Counsel, Discount, Rating)	0	115,500	0	0
Capitalized Interest (2.5 Years)	0	0		
Subtotal		115,500	0	0
<b>TOTAL CAPITAL REQUIRED</b>	<b>80,000</b>	<b>5,849,420</b>	<b>1,000,000</b>	<b>500,000</b>
Less Rounding/Interest Earnings		(74,420)	0	0
<b>NET BOND SIZE</b>	<b>80,000</b>	<b>5,775,000</b>	<b>1,000,000</b>	<b>500,000</b>

#### NOTES:

<sup>1</sup> Source of project cost information City Engineers



## **10** 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

The information and exhibits contained within this Section demonstrate that the District, as proposed to be amended by the addition of Territory, will remain economically feasible insofar as:

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

### **AVAILABLE FINANCING METHODS**

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

#### General Obligation (G.O.) Bonds or Notes

The Village may issue G.O. Bonds or Notes to finance the cost of Projects included within this Plan. Wisconsin Statutes limit the principal amount of G.O. debt that a community may have outstanding at any point in time to an amount not greater than five-percent of its total equalized value (including increment values). The tables on page 20 provide a calculation of the Village’s current and projected G.O. debt capacity. Tables 1 and 2 project, respectively, the Village’s equalized value, and the full faith and credit borrowing capacity of the Village. Equalized valuation projections were made using two methods. The first projects future valuation of the Village using the average annual percentage of valuation growth experienced between 2003 and 2007. This method is identified as the percentage method. The second method projects the future valuation based upon the average annual increment between 2003 and 2007. This method is identified as the straight-line method. Table 2 projects the G.O. borrowing capacity of the Village utilizing the straight-line valuation projection and considering the existing debt of the

Village, demonstrating that the Village will have sufficient G.O. debt capacity during the implementation period of the District to finance projects using this method if it chooses.

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

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

#### Tax Increment Revenue Bonds

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

#### Utility Revenue Bonds

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

#### Special Assessment “B” Bonds

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

1	2008	G.O. Notes	\$80,000
2	2010	G.O. Community Development Bonds	\$5,775,000
3	2012	Taxable G.O. Community Development Bonds	\$1,000,000
4	2012	Municipal Revenue Obligation	\$500,000

## EQUALIZED VALUATION PROJECTION

### VILLAGE OF WALES

Tax Based Equalized Valuation Projections - TID In

Table 1

#### PERCENTAGE METHOD

#### STRAIGHT LINE METHOD

#### HISTORICAL DATA

2003	210,266,700		2003	210,266,700	
2004	242,611,800		2004	242,611,800	
2005	283,559,100		2005	283,559,100	
2006	312,624,500		2006	312,624,500	
2007	340,170,500	15.45%	2007	340,170,500	15.45%

Straight Line Method Value Increment

\$32,475,950

#### PROJECTED VALUATIONS

2008	392,710,251	15.45%	2008	372,646,450	9.55%
2009	453,364,832	15.45%	2009	405,122,400	8.71%
2010	523,387,587	15.45%	2010	437,598,350	8.02%
2011	604,225,442	15.45%	2011	470,074,300	7.42%
2012	697,548,804	15.45%	2012	502,550,250	6.91%
2013	805,286,073	15.45%	2013	535,026,200	6.46%
2014	929,663,496	15.45%	2014	567,502,150	6.07%
2015	1,073,251,164	15.45%	2015	599,978,100	5.72%
2016	1,239,016,125	15.45%	2016	632,454,050	5.41%

Table 2

BUDGET YEAR	EQUALIZED VALUE	GROSS DEBT LIMIT	DEBT BALANCE	NET BORROWING CAPACITY
2008	340,170,500	17,008,525	214,747	16,793,778
2009	372,646,450	18,632,323	76,915	18,555,408
2010	405,122,400	20,256,120	75,976	20,180,144
2011	437,598,350	21,879,918	76,654	21,803,264
2012	470,074,300	23,503,715	75,000	23,428,715
2013	502,550,250	25,127,513	80,000	25,047,513
2014	535,026,200	26,751,310	80,000	26,671,310
2015	567,502,150	28,375,108	85,000	28,290,108
2016	599,978,100	29,998,905	90,000	29,908,905
2017	632,454,050	31,622,703	95,000	31,527,703
2018	664,930,000	33,246,500	100,000	33,146,500
2019	697,405,950	34,870,298	105,000	34,765,298
2020	729,881,900	36,494,095	105,000	36,389,095
2021	762,357,850	38,117,893	115,000	38,002,893
2022	794,833,800	39,741,690	120,000	39,621,690
2023	827,309,750	41,365,488	125,000	41,240,488
2024	859,785,700	42,989,285	130,000	42,859,285
2025	892,261,650	44,613,083		44,613,083
2026	924,737,600	46,236,880		46,236,880
2027	957,213,550	47,860,678		47,860,678
2028	989,689,500	49,484,475		49,484,475
2029	1,022,165,450	51,108,273		51,108,273
2030	1,054,641,400	52,732,070		52,732,070
2031	1,087,117,350	54,355,868		54,355,868
2032	1,119,593,300	55,979,665		55,979,665

## **PLAN IMPLEMENTATION**

Projects identified will provide the necessary anticipated governmental services and/or development incentives to the additional Territory. It is anticipated these expenditures will be made during 2007. However, public debt and expenditures should be made at the pace private development occurs to assure increment is sufficient to cover expenses. The order in which expenditures are made should be adjusted in accordance with development and execution of developer agreements. The Village reserves the right to alter the implementation of this Plan to accomplish this objective. In any event, all additional Project Costs are to be incurred within the period specified in Section 66.1105(6)(am) of the Wisconsin Statutes.

It is anticipated developer agreements between the Village and property owners will be in place prior to major public expenditures. These agreements can provide for development guarantees or a payment in lieu of development. To further assure contract enforcement these agreements might include levying of special assessments against benefited properties.

The order in which expenditures are made should be adjusted in accordance with development and execution of developer agreements. The Village reserves the right to alter the implementation of this Plan to accomplish this objective.

Interest rates projected are based on current market conditions. Municipal interest rates are subject to constantly changing market conditions. In addition, other factors such as the loss of tax-exempt status of municipal bonds or broadening the purpose of future tax-exempt bonds would affect market conditions. Actual interest expense will be determined once the methods of financing have been approved and securities issued.

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

## IMPLEMENTATION & FINANCING TIMELINE

This Section contains information relative to the specific projects and expenditures that the Village anticipates it will undertake or make, as found in the original project plan document. There are no additional projects contemplated to be included in the Tax Increment District plan, other than those originally identified.

## Village of Wales

**EHLERS**  
& ASSOCIATES INC

### Proposed Tax Increment District No. 1

#### Project Costs<sup>1</sup>

PROJECT LIST	Phase Ia Projects 2008	Phase I Projects 2010	Phase II Dev Projects 2012	Phase II MRO 2012
Infrastructure additions and improvements <sup>1</sup>				
Sanitary Sewer		3,950,000		
Legal Engineering & Contingency		750,000		
Land Acquisition		40,000		
Impact Fee to Waukesha County		80,000		
Oversizing Main		0		
Project Contingency (7% Cost Increase for 3 Years)		888,920		
Subtotal	0	5,708,920	0	0
Development Project Reimbursement				
Well & Fire Suppression Cistern			600,000	
Public Roadway	80,000		30,000	
Secondary Fire Protection Access			25,000	
Site Grading & Preparation			220,000	
Temporary Holding Tank			75,000	
Off Site Road Cuts			50,000	
Development Incentive			0	500,000
Subtotal	80,000	0	1,000,000	500,000
TIF Creation, general consulting and administration costs		25,000		
Subtotal	0	25,000	0	0
<b>TOTAL ESTIMATED PROJECT COSTS</b>	<b>80,000</b>	<b>5,733,920</b>	<b>1,000,000</b>	<b>500,000</b>
Financing Expenses				
Fees (Advisory, Bond Counsel, Discount, Rating)	0	115,500	0	0
Capitalized Interest (2.5 Years)	0	0		
Subtotal		115,500	0	0
<b>TOTAL CAPITAL REQUIRED</b>	<b>80,000</b>	<b>5,849,420</b>	<b>1,000,000</b>	<b>500,000</b>
Less Rounding/Interest Earnings		(74,420)	0	0
<b>NET BOND SIZE</b>	<b>80,000</b>	<b>5,775,000</b>	<b>1,000,000</b>	<b>500,000</b>

#### NOTES:

<sup>1</sup> Source of project cost information City Engineers

## INCREMENT REVENUE PROJECTIONS

- Contained below is the amended district with the proposed territory added projection.

# Village of Wales

## Proposed Amendment to Mixed Use Tax Increment District No. 1

### Projected Increment Value - Amended Area Only

Base Value <sup>1,2</sup>		384,585		Inflation Factor		2.50%		
Proposed Mixed Use District					Tax Rate Adjustment Factor 1st 5 years		-3.00%	
Construction Year	Valuation Year	Revenue Year	Inflation Increment	Value Removed	Value Added "Cow Corner"	Valuation Increment	Tax Rate <sup>3</sup>	Tax Increment
2	2007	2008	2009	9,615		9,615	15.62	150
3	2008	2009	2010	9,855	(275,000)	2,244,470	15.15	34,000
4	2009	2010	2011	65,726		2,500,000	14.69	70,681
5	2010	2011	2012	129,870		2,500,000	14.25	106,045
6	2011	2012	2013	195,616			7,635,682	13.83
7	2012	2013	2014	200,507			7,836,188	13.83
8	2013	2014	2015	205,519			8,041,708	13.83
9	2014	2015	2016	210,657			8,252,365	13.83
10	2015	2016	2017	215,924			8,468,289	13.83
11	2016	2017	2018	221,322			8,689,611	13.83
12	2017	2018	2019	226,855			8,916,466	13.83
13	2018	2019	2020	232,526			9,148,992	13.83
14	2019	2020	2021	238,339			9,387,331	13.83
15	2020	2021	2022	244,298			9,631,629	13.83
16	2021	2022	2023	250,405			9,882,035	13.83
17	2022	2023	2024	256,665			10,138,700	13.83
18	2023	2024	2025	263,082			10,401,782	13.83
19	2024	2025	2026	269,659			10,671,441	13.83
20	2025	2026	2027	276,401			10,947,842	13.83
Totals			3,722,842	(275,000)	7,500,000	2,119,504		

NET PRESENT VALUE OF INCREMENT @ 5.5%

1,181,424

NOTES:

<sup>1</sup> Base Value provided by the Village

<sup>2</sup> 12% test - Total Village Equalized Value \$283,559,100 allows for \$34,027,092 within TIF.

<sup>3</sup> Beginning Tax rate is 2004 collected in 2005 gross rate \*\$16.31) less state rate of .21 lowered by 3% for first 5 years and held constant for remainder of TIF.

<sup>4</sup> Based upon Wales Condominium developer projects provided via e-mail 12/2/05.

<sup>5</sup> Based upon anticipated development in remainder of TIF District

- Contained below is the combined original increment projection with the amended territory added.

Village of Wales

Proposed Amendment to Mixed Use Tax Increment District No. 1

Combined Increment Projection - Original & Amended Territory

Base Value <sup>1,2</sup>	18,664,605	Inflation Factor	2.50%
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Proposed Mixed Use District	Tax Rate Adjustment Factor 1st 5 years	-3.00%
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Construction Year	Valuation Year	Revenue Year	Inflation Increment	Value Removed	Value Added <sup>4</sup>	Value Added <sup>5</sup>	Value Added "Cow Corner"	Valuation Increment	Tax Rate <sup>3</sup>	Tax Increment
1	2006	2007	2008		0			1,101,400	15.62	17,201
2	2007	2008	2009	494,150	10,666,667	500,000		12,762,217	15.15	193,328
3	2008	2009	2010	785,671	2,775,000	2,000,000	2,500,000	20,547,887	14.69	301,931
4	2009	2010	2011	980,312	3,083,333	500,000	2,500,000	27,611,533	14.25	393,553
5	2010	2011	2012	1,156,903	8,610,000	500,000	2,500,000	40,378,436	13.83	558,257
6	2011	2012	2013	1,476,076	0	0		41,854,512	13.83	578,664
7	2012	2013	2014	1,512,978	0	0		43,367,490	13.83	599,582
8	2013	2014	2015	1,550,802	0	0		44,918,293	13.83	621,023
9	2014	2015	2016	1,589,572	0	0		46,507,865	13.83	643,000
10	2015	2016	2017	1,629,312	0	0		48,137,177	13.83	665,526
11	2016	2017	2018	1,670,045	0	0		49,807,222	13.83	688,616
12	2017	2018	2019	1,711,796	0	0		51,519,017	13.83	712,282
13	2018	2019	2020	1,754,591	0	0		53,273,608	13.83	736,541
14	2019	2020	2021	1,798,455	0	0		55,072,063	13.83	761,405
15	2020	2021	2022	1,843,417	0	0		56,915,480	13.83	786,892
16	2021	2022	2023	1,889,502	0	0		58,804,982	13.83	813,015
17	2022	2023	2024	1,936,740	0	0		60,741,722	13.83	839,792
18	2023	2024	2025	1,985,158	0	0		62,726,880	13.83	867,238
19	2024	2025	2026	2,034,787	0	0		64,761,667	13.83	895,370
20	2025	2026	2027	2,085,657	0	0		66,847,324	13.83	924,206

Totals	29,885,924	(275,000)	25,135,000	3,500,000	7,500,000		12,597,422
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NET PRESENT VALUE OF INCREMENT @ 5.5%

6,705,967

NOTES:  
<sup>1</sup> Base Value provided by the Village  
<sup>2</sup> 12% test - Total Village Equalized Value \$283,559,100 allows for \$34,027,092 within TIF.  
<sup>3</sup> Beginning Tax rate is 2004 collected in 2005 gross rate \*\$16.31) less state rate of .21 lowered by 3% for first 5 years and held constant for remainder of TIF.  
<sup>4</sup> Based upon Wales Condominium developer projects provided via e-mail 12/2/05.  
<sup>5</sup> Based upon anticipated development in remainder of TIF District

CASH FLOW

- The tax increment district cash flow utilizes the tax increment revenues of the combined original and amended areas as the tax increment revenue.



REU Connection fee on 119 additional REUs - payable over 5 years at 6.5% Int.

School District Payment for Sewer Service

Village of Wales

Proposed Tax Increment District No. 1

Cash Flow Proforma - Existing & New Territory Addition

Issue #1 (2008 Projects)

G.O. Notes

Issue #2 (2010 Projects)

G.O. Comm Dev Bonds Dated 2-1-10

Issue #3 (2010)

Development Incentive & Taxable Bond

Issue #4 (2010)

Municipal Revenue Obligation

Year	Increment	Interest <sup>1</sup>	Cap. Int.	School	Sewer Fees	TOTAL
					\$595,000	
2006	0	0	0		5,000	0
2007	0	0	0			0
2008	17,201	0				17,201
2009	193,328	500				193,828
2010	301,931	6,047		500,000		807,979
2011	393,553	2,001			119,000	514,554
2012	558,257	4,103			149,940	712,300
2013	578,664	4,364			142,205	725,233
2014	599,582	4,867			134,470	738,920
2015	621,023	5,392			126,735	753,150
2016	643,000	6,000				649,000
2017	665,526	6,547				672,073
2018	688,616	7,206				695,822
2019	712,282	7,788				720,070
2020	736,541	8,352				744,893
2021	761,405	9,039				770,444
2022	786,892	9,937				796,829
2023	813,015	11,012				824,027
2024	839,792	12,078				851,870
2025	867,238	15,149				882,387
2026	895,370	41,471				936,841
2027	924,206	0				924,206
	12,597,422	161,853	0	500,000	672,350	13,931,625

Prin (6/1)	Rate <sup>2</sup>	Interest	TOTAL
	5.000%	550	550
	8.000 5.000%	900	8,900
	8.000 5.000%	1,600	9,600
	8.000 5.000%	3,000	11,000
	8.000 5.000%	2,600	10,600
	8.000 5.000%	2,200	10,200
	8.000 5.000%	1,800	9,800
	8.000 5.000%	1,400	9,400
	8.000 5.000%	1,000	9,000
	8.000 5.000%	600	8,600
	8.000 5.000%	200	8,200
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## **6** ANNEXED PROPERTY

Property (or **Properties**) within the Territory proposed to be included within the District by Amendment was (or **were**) annexed by the Village on or after January 1, 2004. The Village has previously entered into a cooperative boundary agreement with the Town of Genesse pursuant to s.66.0307 Wis. Stats. providing for the annexation of this property (or **these properties**), and is therefore in compliance with s.66.1105(4)(gm)1. Wis. Stats. with respect to inclusion of the annexed property within the District.

## **7** ESTIMATE OF ADDITIONAL TERRITORY TO BE DEVOTED TO RETAIL BUSINESS

The Village estimates that approximately 100% of the territory within the District (to include the Territory to be incorporated by Amendment) will be devoted to retail business at the end of the District's maximum expenditure period. This finding is made to fulfill the reporting requirement as contained in Section 66.1105(5)(b) of the Wisconsin Statutes.

## **8** PROPOSED CHANGES IN ZONING ORDINANCES

The Village of Wales does not anticipate the need to change any of its zoning ordinances in conjunction with the implementation of this Amended Project Plan.

## **9** PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND VILLAGE OF WALES ORDINANCES

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

## **10** 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 becomes necessary at some time during the implementation period, the Village of Wales will take the following steps and actions:

Before negotiations begin for the acquisition of property or easements, all property owners will be provided an informational pamphlet prepared by the Wisconsin Department of Commerce and if any person is to be displaced as a result of the acquisition, they will be given a pamphlet on "Relocation Rights". The Village of Wales will provide each owner a full narrative appraisal, a map showing the owners of all property affected by the proposed project and a list of all or at least ten neighboring landowners to whom offers are being made. The Village of Wales will file a relocation plan with the Department of Commerce and shall keep records as required in Wisconsin Statute Section 32.27.

## **11** ORDERLY DEVELOPMENT OF THE VILLAGE OF WALES

Incorporation of the Additional Territory to the District contributes to the orderly development of the Village by providing the opportunity for continued growth in tax base and job opportunities.

## **12** A LIST OF ESTIMATED NON-PROJECT COSTS

There are no additional projects contemplated to be included in the Tax Increment District plan, other than those originally identified.

13

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

Milwaukee  
•  
Madison  
•  
Oshkosh  
•  
Green Bay  
•  
Sheboygan  
•  
Brookfield

*Davis & Kuelthau, s.c.*

ATTORNEYS AT LAW

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Milwaukee, WI 53202-6613  
Direct Dial: (414) 225-1475  
Direct Fax: (414) 278-3675  
Email: tkronquist@dkattorneys.com

September 4, 2007

Village of Wales  
129 West Main Street  
Post Office Box 47  
Wales, WI 53183

**Re: Amendment No. 1 (Boundary) to Project Plan for Tax Incremental  
District No. 1 of the Village of Wales, Wisconsin**

Ladies and Gentlemen:

We have acted as counsel to the Village of Wales, Wisconsin (the "Village"), in connection with the proposed amendment of the boundaries of Tax Incremental District No. 1 (the "District") of the Village and in the preparation of this opinion for the project plan amendment for the District (the "Amended Project Plan").

In this connection, we have reviewed the Amended Project Plan and such other documents and resolutions from the Village Board, Plan Commission, and Joint Review Board as we have deemed necessary to enable us to render this opinion. We have relied upon the statements of fact set forth in the Amended Project Plan, and the documents attached as exhibits to the Amended Project Plan, and the various resolutions without independent verification. We have not been engaged or undertaken to verify the reasonableness or accuracy of the assumptions, estimates, or financial projections contained in the Amended Project Plan.

Based upon our review, it is our opinion that the Amended Project Plan is complete and complies with Section 66.1105(4)(f) of the Wisconsin Statutes.

We are licensed to practice law in the State of Wisconsin, and our opinion is restricted to matters pertaining to the laws of the State of Wisconsin.

Very truly yours,

Davis & Kuelthau, s.c.

*Davis & Kuelthau, s.c.*

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



### Village of Wales

#### Proposed Mixed Use Tax Increment District No. 1

#### Projected Tax Increment - Existing & New Territory Addition

Base Value <sup>1,2</sup>	18,664,605	Inflation Factor	2.50%
Proposed Mixed Use District		Tax Rate Adjustment Factor 1st 5 years	-3.00%

Construction Year	Valuation Year	Revenue Year	Inflation Increment	Value Added <sup>5</sup>	Valuation Increment	Tax Rate <sup>3</sup>	Tax Increment	
1	2006	2007	2008		1,101,400	15.62	17,201	
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11	2016	2017	2018	1,670,045	0	49,807,222	13.83	688,616
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18	2023	2024	2025	1,985,158	0	62,726,880	13.83	867,238
19	2024	2025	2026	2,034,787	0	64,761,667	13.83	895,370
20	2025	2026	2027	2,085,657	0	66,847,324	13.83	924,206



Totals	29,885,924	35,860,000	12,597,422
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NET PRESENT VALUE OF INCREMENT @ 5.5%

6,705,967

#### NOTES:

<sup>1</sup> Base Value provided by the Village

<sup>2</sup> 12% test - Total Village Equalized Value \$283,559,100 allows for \$34,027,092 within TIF.

<sup>3</sup> Beginning Tax rate is 2004 collected in 2005 gross rate \*(\$16.31) less state rate of .21 lowered by 3% for first 5 years and held constant for remainder of TIF.

<sup>4</sup> Based upon Wales Condominium developer projects provided via e-mail 12/2/05.

<sup>5</sup> Based upon anticipated development in remainder of TIF District

#### Calculation of Increment Share by Taxing Jurisdiction for 2008 - 2027

Village	County	VTAE	School	Total
17.26%	15.17%	8.06%	59.51%	
2,969	2,610	1,386	10,235	17,201
33,373	29,334	15,580	115,040	193,328
52,121	45,813	24,333	179,665	301,931
67,937	59,715	31,717	234,184	393,553
96,369	84,706	44,990	332,192	558,257
99,892	87,802	46,635	344,335	578,664
103,503	90,976	48,321	356,783	599,582
107,204	94,230	50,048	369,541	621,023
110,998	97,564	51,820	382,618	643,000
114,887	100,982	53,635	396,023	665,526
118,872	104,486	55,496	409,762	688,616
122,958	108,077	57,403	423,845	712,282
127,145	111,757	59,358	438,280	736,541
131,438	115,530	61,362	453,076	761,405
135,837	119,397	63,416	468,241	786,892
140,347	123,361	65,521	483,786	813,015
144,969	127,424	67,679	499,720	839,792
149,707	131,588	69,891	516,051	867,238
154,563	135,857	72,158	532,792	895,370
159,541	140,232	74,482	549,950	924,206
2,174,631	1,911,442	1,015,230	7,496,119	12,597,422