



VILLAGE OF JOHNSON CREEK
MEETING NOTICE
125 Depot Street, Johnson Creek, WI

Agenda

SPECIAL VILLAGE BOARD MEETING
September 19, 2012
125 Depot St
5:30 p.m.

Special Meeting requested by Trustees David Blend and Greg Schopp per Village Code §8.2(B)

1. Call to Order; Roll Call
2. Pledge of Allegiance
3. Statement of Public Notice
4. Public Comment (limited to two minutes per person)
5. Discussion and Recommendation Tax Increment District #3 - Amendment 5
Distressed TID Declaration- *pgs 1-10*
6. Discussion and Recommendation Tax Increment District #2 - Amendment 5
Donor TID Declaration – *pgs 11-23*
7. Next Village Board Meeting - Monday – September 24, 2012
8. Adjourn

N/A Not adopt/approve
A Adopt/approve

N.B. Page numbers relate to Board/Committee members packets

NOTICE: It is possible that members of, and possibly a quorum of, other governmental bodies of the Village may be in attendance at the meeting above to gather information. No action will be taken by any governmental body at the meetings above other than by the governmental body specifically referred to in the above notice.

Requests from persons with hearing or sight disabilities who need assistance to participate in this meeting should be made to the Village Clerk's Office at (920) 699-2296 with as much advance notice as possible.

Agenda Posting Information	
Date	
Time	am/pm
Initials	

**Tax Increment District #3
Amendment #5
Distressed TID Declaration
Village of Johnson Creek, WI**

Prepared For:

Village of Johnson Creek
125 Depot Street
Johnson Creek, WI 53038

Prepared By:

vierbicher
planners engineers advisors



999 Fourier Drive, Suite 201
Madison, WI 53717
(608) 826-0532

DRAFT:

September 14, 2012

Tax Increment District #3 Created: September 25, 1995
Amendment #1 Adopted: November 4, 1999
Amendment #2 Adopted: December 7, 2000
Amendment #3 Adopted: September 5, 2002
Amendment #4 Adopted: August 10, 2009
Amendment #5 Adopted: _____

Acknowledgements

Village Board

Michelle Kaltenberg, President
Fred Albertz
David Blend
Rory Holland
Greg Schopp
Tim Semo

Plan Commission

Michelle Kaltenberg, Chair
David Blend
Barry Hemphill
Gary Gavin
CJ O'Neil
Chad Chapman
Nick Ansay

Village Staff

Mark Johnsrud, Village Administrator
Joan Dykstra, Clerk/Treasurer

Joint Review Board

Michelle Kaltenberg – Village of Johnson Creek
Dennis Heling – Jefferson County
Michael Garvey – Johnson Creek School District
Lynn Forseth – Madison Area Technical College
Ray Schumacher – At-Large Member

Vierbicher Associates, Inc.

Ben Zellers, Project Manager

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Attachment #1: TID No. 3 Tax Increment Revenue

Attachment #2: TID No. 3 Cash Flow

Appendix B: Resolutions, Notices, Minutes, and Other Attachments

Attachment #1: Timetable

Attachment #2: Public Hearing Notices to Taxing Jurisdictions

Attachment #3: Plan Commission Public Hearing Minutes

Attachment #4: Village Board Public Hearing Minutes

Attachment #5: Plan Commission Resolution

Attachment #6: Village Board Resolution

Attachment #7: Joint Review Board Approval Resolution

Attachment #8: Affidavits of Publication

Attachment #9: Attorney Opinion Letter

Attachment #10: JRB Meeting Minutes

1 Introduction

This is amendment No. 5 to Tax Incremental District (TID) No. 3. Amendments No. 1, No. 2, and No. 4 were to the TID No. 3 Project Plan; amendment No. 3 was to the TID No. 3 Project Plan and boundary.

The Village of Johnson Creek Plan Commission has considered and recommended that the Village Board amend the TID No. 3 Project Plan to designate the TID as a Distressed Tax Incremental District. Declaring TID No. 3 a distressed district has become necessary mainly due to a decline in property values, and resulting property tax collections, due to the recession. The decline in demand for new development on vacant parcels within TID No. 3 is also a contributing factor. §66.1105(4e) allows municipalities to designate a TID as distressed if the municipality finds that the project costs exceed the amount of revenues that the municipality expects the district to generate to pay off such costs during the life of the district. Declaring TID No. 3 distressed allows it to remain open for an additional 10 years. However, the TID may not:

1. Amend its project plan to add any new project costs.
2. Become part of a district with overlapping boundaries.
3. Expend any funds outside of the TID boundary.
4. Add any new territory to the TID boundary.
5. Become a donor district.
6. Make any expenditures after its expenditure period.

Any increment that exceeds the TID's annual expenditures must be used to retire any debt of the TID or establish a reserve used only to retire debt of the distressed TID.

TID No. 3 is currently operating with a deficit. If the TID were to close in its otherwise mandated closing year of 2023, it would, according to current projections, end its life with an estimated \$1.6 million deficit. Amendment of the TID to declare it distressed will allow it to pay off the anticipated deficit by extending the life of the TID by up to 10 years and allowing other TIDs to donate revenue to TID No. 3 for up to 10 years beyond when the donor district would otherwise be required to close.

Amendment No. 5 for TID No. 3 in the Village of Johnson Creek has been prepared in compliance with Wisconsin Statutes Chapter 66.1105 (4)(h). This amendment to TID No. 3 shall be attached to, and become part of, the original TID No. 3 Project Plan adopted by resolution of the Johnson Creek Village Board.

Recognizing the need to amend TID No. 3 Project Plan, the Village Board authorized the Village Plan Commission to proceed with the process to prepare the amendment to declare TID No. 3 as distressed on July 9, 2012. Amendment No. 5 for TID No. 3 was introduced at the Johnson Creek Plan Commission meeting on August 16, 2012. The Plan Commission reviewed the proposed amendment and scheduled a Public Hearing for September 20, 2012. Notice of the Public Hearing was published September 5, 2012 and September 12, 2012. The public hearing was held on September 20, 2012, after which the Plan Commission recommended the Village Board adopt the amendment declaring TID No. 3 distressed. The Village Board held a public hearing on October 22, 2012 concerning the designation of TID No. 3 as distressed, after which the Board adopted this amendment by resolution. Amendment No. 5 to the TID No. 3 Project

Plan, in conjunction with the Original Project Plan and amendments No. 1 through No. 4, will be used as the official Plan for the District.

The TID No. 3 Project Plan Amendment No. 5, including all financial information that is part of this Amendment, has been reviewed and approved by a Joint Review Board (JRB) as required by Wisconsin Statutes. The JRB held its initial meeting on September 11, 2012, appointing Ray Schumacher as the at-large member and Michael Garvey as chair, and reviewed the proposed distressed TID designation and the TID's financial projections. Its final meeting was held on November 8, 2012, where it approved, by resolution, the Village Board's designation of TID No. 3 as distressed.

2 Distressed TID Requirements

As required by Wisconsin Statutes Chapter 66.1105 (5)(b), a copy of the Amendment will be submitted to the Wisconsin Department of Revenue and used as the basis for the certification of the amendment of Tax Incremental District No. 3.

As required by §66.1105(4e), TID No. 3 has met the following requirements to be classified as a Distressed TID:

1. It was created before October 1, 2008.
2. The TID has not been amended after October 1, 2009.
3. The projected TID No. 3 revenue is insufficient to pay incurred project costs and debt during the TID's regular 27-year lifespan.
4. The Plan Commission, Village Board, and Joint Review Board have all approved resolutions amending the TID, finding that the TID's financial status merits the distressed designation.
5. Both the Plan Commission **and** Village Board have held a public hearing concerning the distressed TID designation.

3 Financial Analysis

Projections prepared by PFM Group, the Village's financial advisor, show that TID No. 3 is projected to close with a deficit of about \$1.6 million if the TID is not declared distressed, which means that projected TID income is insufficient to pay incurred project costs. The following chart shows projected revenue from tax increment and other sources, existing principal and interest obligations, administrative expenses, the district's annual surplus/deficit, and the TID's cumulative surplus/deficit. TID No. 3's mandated close is in 2023; declaring the TID distressed allows the TID to stay open up to 10 additional years to pay off its obligations. While the Village may expend funds that have been budgeted in the original project plan and its amendments, no additional project costs may be added to TID No. 3 via any Project Plan amendments, and the TID's expenditure period will remain the same, even with the potential for 10 additional years of TID life.

TID No. 3 will be allowed to receive excess tax increments from donor districts. Other districts that are amended to become donors to TID No. 3 may remain open up to 10 additional years or until TID No. 3 closes, whichever is sooner.

Table 1: TID No. 3 Financial Status

Year	Tax Increment Revenue	Special Assessment Revenue	Total Available Funds	Principal & Interest	Admin. Exp.	Annual Surplus (Deficit)	Cumulative Surplus (Deficit)	Potential TID No. 2 Donations**
2012	\$ 1,119,984	\$158,346	\$1,278,331	\$ 1,256,122	\$106,864	\$(84,655)	\$(1,921,675)	\$158,886
2013	\$ 1,156,082	\$168,857	\$1,324,939	\$ 1,205,061	\$102,821	\$17,057	\$(1,943,052)	\$380,464
2014	\$ 999,581	\$162,047	\$1,161,628	\$ 1,245,853	\$102,821	\$(187,046)	\$(2,168,959)	\$339,627
2015	\$ 999,581	\$188,225	\$1,187,806	\$ 1,247,804	\$102,821	\$(162,819)	\$(2,375,157)	\$333,820
2016	\$ 999,581	\$179,762	\$1,179,343	\$ 1,240,747	\$102,821	\$(164,225)	\$(2,586,885)	\$0
2017	\$ 999,581	\$187,791	\$1,187,372	\$ 1,276,382		\$(89,009)	\$(2,727,632)	\$450,191
2018	\$ 999,581	\$194,995	\$1,194,576	\$ 1,245,882		\$(51,307)	\$(2,833,492)	\$446,097
2019	\$ 999,581	\$184,876	\$1,184,457	\$ 1,248,029		\$(63,572)	\$(2,953,734)	\$439,058
2020	\$ 999,581	-	\$999,581	\$ 887,286		\$112,294	\$(2,900,514)	\$436,427
2021	\$ 999,581	-	\$999,581	\$ 888,554		\$111,027	\$(2,847,497)	\$421,270
2022	\$ 999,581	\$958,000*	\$1,957,581	\$ 732,873		\$1,224,708	\$(1,679,739)	\$1,178,542
2023	\$ 999,581		\$999,581	\$ 884,000		\$115,581	\$(1,597,753)	\$1,365,754
2024	\$ 999,581		\$999,581			\$999,581	\$(630,127)	\$1,365,754
2025	\$ 999,581		\$999,581			\$999,581	\$369,453	\$1,365,754
2026	\$ 999,581		\$999,581			\$999,581	\$1,369,034	\$1,365,754
2027	\$ 999,581		\$999,581			\$999,581	\$2,368,615	\$1,365,754
2028	\$ 999,581		\$999,581			\$999,581	\$3,368,196	\$1,365,754
2029	\$ 999,581		\$999,581			\$999,581	\$4,367,777	\$1,365,754
2030	\$ 999,581		\$999,581			\$999,581	\$5,367,358	\$1,365,754
2031	\$ 999,581		\$999,581			\$999,581	\$6,366,939	\$1,365,754
2032	\$ 999,581		\$999,581			\$999,581	\$7,366,520	\$1,365,754
2033	\$ 999,581		\$999,581			\$999,581	\$8,366,101	

* This amount is attributable to reserve fund liquidation, not special assessment revenue.

** The projected yearly surplus available from TID No. 2 to donate to TID No. 3.

As is apparent from the chart above, the final principal and interest payment is scheduled to take place in the last regular year of the TID. Once principal and interest obligations are paid off, the TID is expected to recover quickly from its projected deficit. Projections have been compiled with conservative assumptions that property values will decline next year and remain steady thereafter, with no new construction or property value inflation. The tax rate from 2011 is assumed to be the same throughout the remaining life of the TID.

The ability of the Village to refinance existing TID debt to more favorable terms is contingent upon being able to illustrate that the TID will be able to handle payments for the remainder of its life. The TID's current financial condition makes refinancing virtually impossible, when, conversely, the TID would be able to pay off its debt faster if it was able to refinance to a lower interest rate. Allowing up to 10 additional years for the TID to pay off its debts will also allow it to refinance to a lower interest rate, which may eliminate the currently projected deficit at the end of 2023.

Please see Appendix A for more detail on TID No. 3 financial status.

4 Impact on Taxing Jurisdictions

Taxing Districts overlying TID No. 3 in the Village of Johnson Creek include Jefferson County, the Johnson Creek School District, Madison Area Technical College, and the State of Wisconsin. Declaring TID No. 3 distressed has the following impacts on overlying jurisdictions:

1. This amendment allows the Village to transfer surplus revenue from TIDs that have amended to become donor districts to TID No. 3.
2. The lives of donor TIDs may be extended by up to 10 years to donate funds to TID No. 3.
3. The maximum life of TID No. 3 may be extended by up to 10 years.
4. Taxing jurisdictions will forgo additional revenue for each year TID No. 3 and any donor TIDs remain open beyond their otherwise-mandated closing dates. Current projections anticipate that TID No. 3 would stay open an additional two years without any donations, however, the Village will still have up to 10 years if projections prove too optimistic.

A Supporting Financial Analysis

Appendix A – TID No. 3 Supporting Financial Analysis

Attachment #1: TID No. 3 Tax Increment Revenue

Attachment #2: TID No. 3 Cash Flow

Village of Johnson Creek TID NO.3 Increment Revenues

Base Value **701,400**
 Inflation Factor 0.00%
 Tax Rate Adjustment Factor 0.00%

	Construction Year	Jan 1 Valuation Year	Revenue Collection Year	Inflation	New Construction Value	Total Increment Value	Tax Rate	Tax Increment Revenue
1	1994	1995	1996					
2	1995	1996	1997		\$ 372,300	\$ 372,300	29.15	\$ 10,853
3	1996	1997	1998		318,100	690,400	25.91	17,888
4	1997	1998	1999		3,804,700	4,495,100	26.00	116,879
5	1998	1999	2000		9,141,300	13,636,400	25.63	349,555
6	1999	2000	2001		4,082,700	17,719,100	27.45	486,380
7	2000	2001	2002		1,061,600	18,780,700	25.29	475,034
8	2001	2002	2003		1,424,900	20,205,600	25.80	521,257
9	2002	2003	2004		4,994,700	25,200,300	24.47	616,743
10	2003	2004	2005		4,706,700	29,907,000	23.87	713,900
11	2004	2005	2006		3,539,900	33,446,900	20.25	677,413
12	2005	2006	2007		5,659,100	39,106,000	18.85	737,049
13	2006	2007	2008		2,485,600	41,591,600	18.68	777,036
14	2007	2008	2009		3,228,800	44,820,400	18.79	842,107
15	2008	2009	2010		(736,400)	44,084,000	19.24	848,383
16	2009	2010	2011		17,656,200	61,740,200	20.17	1,245,034
17	2010	2011	2012		(8,067,200)	53,673,000	20.87	1,119,984
18	2011	2012	2013	0	1,729,900	55,402,900	20.87	1,156,082
19	2012	2013	2014	0	(7,500,000)	47,902,900	20.87	999,581
20	2013	2014	2015	0		47,902,900	20.87	999,581
21	2014	2015	2016	0		47,902,900	20.87	999,581
22	2015	2016	2017	0		47,902,900	20.87	999,581
23	2016	2017	2018	0		47,902,900	20.87	999,581
24	2017	2018	2019	0		47,902,900	20.87	999,581
25	2018	2019	2020	0		47,902,900	20.87	999,581
26	2019	2020	2021	0		47,902,900	20.87	999,581
27	2020	2021	2022	0		47,902,900	20.87	999,581
28	2021	2022	2023	0		47,902,900	20.87	999,581
29	2022	2023	2024	0		47,902,900	20.87	999,581
30	2023	2024	2025	0		47,902,900	20.87	999,581
31	2024	2025	2026	0		47,902,900	20.87	999,581
32	2025	2026	2027	0		47,902,900	20.87	999,581
33	2026	2027	2028	0		47,902,900	20.87	999,581
34	2027	2028	2029	0		47,902,900	20.87	999,581
35	2028	2029	2030	0		47,902,900	20.87	999,581
36	2029	2030	2031	0		47,902,900	20.87	999,581
37	2030	2031	2032	0		47,902,900	20.87	999,581
38	2031	2032	2033	0		47,902,900	20.87	999,581
Totals					\$ 47,902,900			\$ 30,703,195

Village of Johnson Creek TID No. 3 Cash Flow

TID No. 3
Fund Balance

Year	Tax Increment Revenue	Reserve Fund Liquidation	Special Assessment Revenue	Total Available Funds	Existing Principal	Existing Interest	Existing P&I	Admin. Exp.	Annual Surplus (Deficit)	Cumulative Surplus (Deficit)	Principal Outstanding	Year
2005	\$ 13,980		\$ 830,758	\$ 1,544,659	\$ 474,115	\$ 544,917	\$ 1,019,032	\$ 65,287	460,340	(1,801,000)	\$ 15,083,140	2005
2006	\$ 677,413		719,660	1,397,072	520,973	532,003	1,052,976	69,226	274,870	(1,943,052)	14,562,167	2006
2007	\$ 757,949		696,020	1,433,069	619,565	530,065	1,149,630	81,749	201,690	(2,168,959)	13,942,602	2007
2008	\$ 777,036		145,974	923,010	708,881	469,911	1,178,792	86,575	(342,357)	(2,375,157)	13,233,721	2008
2009	\$ 842,107		158,142	1,000,249	776,142	450,574	1,226,716	79,868	(306,335)	(2,586,885)	12,457,579	2009
2010	\$ 848,383		152,988	1,001,371	813,353	420,873	1,234,226	90,600	(923,455)	(1,921,675)	11,644,226	2010
2011	\$ 1,245,034		164,328	1,409,363	803,065	388,292	1,191,357	82,750	135,256	(1,801,000)	10,841,161	2011
2012	\$ 1,119,984		158,346	1,278,331	857,486	398,636	1,256,122	106,864	(84,655)	(1,943,052)	9,983,675	2012
2013	\$ 1,156,082		168,857	1,324,939	882,750	322,311	1,205,061	102,821	17,057	(1,943,052)	9,100,925	2013
2014	\$ 999,581		162,047	1,161,628	916,175	329,678	1,245,853	102,821	(187,046)	(2,168,959)	8,184,750	2014
2015	\$ 999,581		188,225	1,187,806	946,175	301,629	1,247,804	102,821	(162,819)	(2,375,157)	7,238,575	2015
2016	\$ 999,581		179,762	1,179,343	969,600	271,147	1,240,747	102,821	(69,009)	(2,586,885)	6,268,975	2016
2017	\$ 999,581		187,791	1,187,372	1,039,600	236,782	1,276,382		(89,009)	(2,727,632)	5,229,375	2017
2018	\$ 999,581		194,995	1,194,576	1,048,025	197,857	1,245,882		(51,307)	(2,833,492)	4,181,350	2018
2019	\$ 999,581		184,876	1,184,457	1,091,450	156,579	1,248,029		(63,572)	(2,953,734)	3,089,900	2019
2020	\$ 999,581		-	999,581	769,875	117,411	\$ 887,286		112,294	(2,900,514)	2,320,025	2020
2021	\$ 999,581		-	999,581	798,300	90,254	\$ 888,554		111,027	(2,847,497)	1,521,725	2021
2022	\$ 999,581	958,000	-	1,957,581	671,725	61,148	\$ 732,873		1,224,708	(1,679,739)	-	2022
2023	\$ 999,581		-	999,581	850,000	34,000	\$ 884,000		115,581	(1,597,753)	-	2023
2024	\$ 999,581		-	999,581					999,581	(630,127)	9,983,675	2024
2025	\$ 999,581		-	999,581					999,581	369,453	10,353,128	2025
2026	\$ 999,581		-	999,581					999,581	1,369,034	11,722,162	2026
2027	\$ 999,581		-	999,581					999,581	2,368,615	14,090,777	2027
2028	\$ 999,581		-	999,581					999,581	3,368,196	17,458,973	2028
2029	\$ 999,581		-	999,581					999,581	4,367,777	21,826,750	2029
2030	\$ 999,581		-	999,581					999,581	5,367,358	27,194,108	2030
2031	\$ 999,581		-	999,581					999,581	6,366,939	33,561,047	2031
2032	\$ 999,581		-	999,581					999,581	7,366,520	40,927,567	2032
2033	\$ 999,581		-	999,581					999,581	8,366,101	49,293,668	2033
	\$ 17,113,216	\$ 958,000	\$ 4,292,770	\$ 22,363,986	\$ 14,707,255	\$ 5,820,067	\$ 20,527,322	\$ 1,074,203	\$ 762,461			

Note--Cumulative deficit assumes a 2% interest on fund advances

**Tax Increment District #2
Amendment #5
Donor TID Declaration
Village of Johnson Creek, WI**

Prepared For:

Village of Johnson Creek
125 Depot Street
Johnson Creek, WI 53038

Prepared By:



999 Fourier Drive, Suite 201
Madison, WI 53717
(608) 826-0532

DRAFT:

September 14, 2012

Tax Increment District #2 Created: July 7, 1994
Amendment #1 Adopted: August 3, 1995
Amendment #2 Adopted: December 7, 2000
Amendment #3 Adopted: September 5, 2002
Amendment #4 Adopted: August 10, 2009
Amendment #5 Adopted: _____

Acknowledgements

Village Board

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Joint Review Board

Michelle Kaltenberg – Village of Johnson Creek
Dennis Heiling – Jefferson County
Michael Garvey – Johnson Creek School District
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Vierbicher Associates, Inc.

Ben Zellers, Project Manager

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Appendix A: TID No. 2 Supporting Financial Analysis

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Appendix B: Resolutions, Notices, Minutes, and Other Attachments

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- Attachment #10: JRB Meeting Minutes

1 Introduction

This is amendment No. 5 to Tax Incremental District (TID) No. 2. Amendments No. 1, No. 3, and No. 4 amended the TID No. 2 Project Plan, while amendment No. 2 amended the Project Plan and boundary.

The Village of Johnson Creek Plan Commission has considered and recommended that the Village Board amend the TID No. 2 Project Plan to designate the TID as a donor district to TID No. 3, which has been declared distressed. §66.1105(4e)(d)3. allows municipalities to designate a TID as a donor district to a distressed TID. While amendment No. 4 designated TID No. 2 as a donor district, it only enabled TID No. 2 to donate funds to TID No. 3 through 2014. This amendment allows the Village to share surplus tax increment with TID No. 3 until the earlier of the following occurs: TID No. 3 terminates or TID No. 2 has existed for 10 years after the district would otherwise have had to terminate. The extended donation period is allowed by statute due to TID No. 3 having been declared distressed.

While TID No. 2 is projected to have a deficit of about \$460,000 at the end of 2012, it is in better financial condition than TID No. 3, and is projected to have a surplus of about \$2 million at the end of its regular 27-year lifespan in 2022 if no further expenditures are made. Amending TID No. 2 to enable the TID to donate funds to TID No. 3 may allow TID No. 3 to close after 27 years while not resulting in TID No. 2 having to use any of the 10 additional years it is allowed to stay open as a donor district to a distressed TID.

Amendment No. 5 for TID No. 2 in the Village of Johnson Creek has been prepared in compliance with Wisconsin Statutes Chapter 66.1105 (4)(h). This amendment to TID No. 2 shall be attached to, and become part of, the original TID No. 2 Project Plan adopted by resolution of the Johnson Creek Village Board.

Recognizing the need to amend TID No. 2 Project Plan, the Village Board authorized the Village Plan Commission to proceed with the process to prepare the amendment to declare TID No. 2 a donor district on July 9, 2012. Amendment No. 5 for TID No. 2 was introduced at the Johnson Creek Plan Commission meeting on August 16, 2012. The Plan Commission reviewed the proposed amendment and scheduled a Public Hearing for September 20, 2012. Notice of the Public Hearing was published September 5, 2012 and September 12, 2012. The public hearing was held on September 20, 2012, after which the Plan Commission recommended the Village Board adopt the amendment enabling TID No. 2 to donate funds to TID No. 3. The Village Board adopted this amendment by resolution on October 22, 2012. Amendment No. 5 to the TID No. 2 Project Plan, in conjunction with the Original Project Plan and amendments No. 1 through No. 4, will be used as the official Plan for the District.

The TID No. 2 Project Plan Amendment No. 5, including all financial information that is part of this Amendment, has been reviewed and approved by a Joint Review Board (JRB) as required by Wisconsin Statutes. The JRB held its initial meeting on September 11, 2012, appointing Ray Schumacher as the at-large member and Michael Garvey as chair, and reviewed the proposed TID amendment and the TID's financial projections. Its final meeting was held on November 8, 2012 where it approved, by resolution, the Village Board's resolution amendment of TID No. 2.

As required by Wisconsin Statutes Chapter 66.1105 (5)(b), a copy of the Amendment will be submitted to the Wisconsin Department of Revenue and used as the basis for the certification of the amendment of Tax Incremental District No. 2.

2 Financial Analysis

Projections prepared by PFM Group, the Village's financial advisor, show that TID No. 2 is projected to close with a surplus of about \$3 million if no donations or further expenditures are made. Other than 2016, when a balloon principal payment is due, TID No. 2 is projected to have an annual surplus for each of its remaining years of life.

The following chart shows projected revenue from tax increment and other sources, existing principal and interest obligations, administrative expenses, the district's annual surplus/deficit, and the TID's cumulative surplus/deficit.

Table 1: TID No. 2 Financial Status

Year	Tax Increment Revenue	Special Assessment Revenue	Total Available Funds	Existing Principal & Interest	Admin. Exp.	Annual Surplus (Deficit)	Cumulative Surplus (Deficit)
2012	\$ 1,269,157	\$56,615	\$1,325,772	\$1,084,886	\$82,000	\$158,886	\$(463,114)
2013	\$ 1,365,754	\$50,705	\$1,416,459	\$953,995	\$82,000	\$380,464	\$(82,650)
2014	\$ 1,365,754	\$11,426	\$1,377,180	\$955,553	\$82,000	\$339,627	\$256,977
2015	\$ 1,365,754	\$10,471	\$1,376,225	\$960,405	\$82,000	\$333,820	\$590,797
2016	\$ 1,365,754	\$9,514	\$1,375,268	\$2,260,780	\$82,000	\$(967,512)	\$(376,715)
2017	\$ 1,365,754	\$8,557	\$1,374,311	\$924,120		\$450,191	\$73,476
2018	\$ 1,365,754	\$7,598	\$1,373,352	\$927,255		\$446,097	\$519,573
2019	\$ 1,365,754	\$6,639	\$1,372,393	\$933,335		\$439,058	\$958,630
2020	\$ 1,365,754	\$5,678	\$1,371,432	\$935,005		\$436,427	\$1,395,057
2021	\$ 1,365,754	\$4,716	\$1,370,470	\$949,200		\$421,270	\$1,816,327
2022	\$ 1,365,754	\$762,753*	\$2,128,507	\$949,965		\$1,178,542	\$2,994,870
2023	\$ 1,365,754		\$1,365,754			\$1,365,754	\$4,360,623
2024	\$ 1,365,754		\$1,365,754			\$1,365,754	\$5,726,377
2025	\$ 1,365,754		\$1,365,754			\$1,365,754	\$7,092,131
2026	\$ 1,365,754		\$1,365,754			\$1,365,754	\$8,457,885
2027	\$ 1,365,754		\$1,365,754			\$1,365,754	\$9,823,639
2028	\$ 1,365,754		\$1,365,754			\$1,365,754	\$11,189,392
2029	\$ 1,365,754		\$1,365,754			\$1,365,754	\$12,555,146
2030	\$ 1,365,754		\$1,365,754			\$1,365,754	\$13,920,900
2031	\$ 1,365,754		\$1,365,754			\$1,365,754	\$15,286,654
2032	\$ 1,365,754		\$1,365,754			\$1,365,754	\$16,652,408

* \$759,000 of this amount is attributable to reserve fund liquidation, not special assessment revenue.

TID No. 2 may continue to spend funds on projects and items that have been budgeted for in previously approved amendments. TID No. 2 must address its own obligations in each of the above years prior to donating any funds to TID No. 3. Projections show up to \$3 million may be available for TID No. 2 to donate to TID No. 3 before TID No. 2's regular closing year in 2022. If the Village is able to donate the full \$3 million that is projected as a surplus in the chart above, the TID would likely not need to stay open past 2022. The only reason TID No. 2 may stay open past 2022 to donate excess funds to TID No. 3.

3 Impact on Taxing Jurisdictions

Taxing Districts overlying TID No. 2 in the Village of Johnson Creek include Jefferson County, the Johnson Creek School District, Madison Area Technical College, and the State of Wisconsin. Declaring TID No. 2 a donor district has the following impacts on overlying jurisdictions:

1. This amendment allows the Village to transfer surplus revenue from TID No. 2 to TID No. 3.
2. The life of TID No. 2 TID may be extended by up to 10 years to donate funds to TID No. 3.
3. The transfer of surplus revenue from TID No. 2 to TID No. 3 may lengthen the life of TID No. 2 and shorten the life of TID No. 3.

A Supporting Financial Analysis

Appendix A – TID No. 2 Supporting Financial Analysis

Attachment #1: TID No. 2 Tax Increment Revenue

Attachment #2: TID No. 2 Cash Flow

Village of Johnson Creek TID No. 2 -Projected Growth

Base Value 11,378,800
 Inflation Factor 0.00%
 Tax Rate Adjustment Factor 0.00%

	Construction Year	Jan 1 Valuation Year	Revenue Collection Year	Inflation	New Construction Value	Total Increment Value	Tax Rate	Tax Increment Revenue
1	1994	1995	1996		585,100	585,100	29.15	17,057
2	1995	1996	1997		2,823,300	3,408,400	29.15	99,359
3	1996	1997	1998		1,523,000	4,931,400	25.91	127,771
4	1997	1998	1999		5,184,800	10,116,200	26.00	263,064
5	1998	1999	2000		2,806,100	12,922,300	25.64	331,280
6	1999	2000	2001		1,299,800	14,222,100	27.45	390,389
7	2000	2001	2002		2,348,300	16,570,400	25.29	419,125
8	2001	2002	2003		8,001,700	24,572,100	25.80	633,902
9	2002	2003	2004		11,379,700	35,951,800	24.47	879,872
10	2003	2004	2005		2,753,700	38,705,500	23.87	923,927
11	2004	2005	2006		7,709,600	46,415,100	20.25	940,062
12	2005	2006	2007		9,731,900	56,147,000	18.85	1,058,228
13	2006	2007	2008		1,564,000	57,711,000	18.68	1,078,187
14	2007	2008	2009		3,985,900	61,696,900	18.79	1,159,190
15	2008	2009	2010		8,145,700	69,842,600	19.24	1,344,099
16	2009	2010	2011		(12,240,400)	57,602,200	20.17	1,161,589
17	2010	2011	2012		3,219,600	60,821,800	20.87	1,269,157
18	2011	2012	2013	0	4,629,200	65,451,000	20.87	1,365,754
19	2012	2013	2014	0		65,451,000	20.87	1,365,754
20	2013	2014	2015	0		65,451,000	20.87	1,365,754
21	2014	2015	2016	0		65,451,000	20.87	1,365,754
22	2015	2016	2017	0		65,451,000	20.87	1,365,754
23	2016	2017	2018	0		65,451,000	20.87	1,365,754
24	2017	2018	2019	0		65,451,000	20.87	1,365,754
25	2018	2019	2020	0		65,451,000	20.87	1,365,754
26	2019	2020	2021	0		65,451,000	20.87	1,365,754
27	2020	2021	2022	0		65,451,000	20.87	1,365,754
28	2021	2022	2023	0		65,451,000	20.87	1,365,754
29	2022	2023	2024	0		65,451,000	20.87	1,365,754
30	2023	2024	2025	0		65,451,000	20.87	1,365,754
31	2024	2025	2026	0		65,451,000	20.87	1,365,754
32	2025	2026	2027	0		65,451,000	20.87	1,365,754
33	2026	2027	2028	0		65,451,000	20.87	1,365,754
34	2027	2028	2029	0		65,451,000	20.87	1,365,754
35	2028	2029	2030	0		65,451,000	20.87	1,365,754
36	2029	2030	2031	0		65,451,000	20.87	1,365,754
37	2030	2031	2032	0		65,451,000	20.87	1,365,754
Totals					65,451,000			39,411,335

Village of Johnson Creek
TID No. 2 - Financing Plan

TID No. 2
Fund Balance

Year	Tax Incremental Revenue	Reserve Fund Liquidation	Special Assessment Revenue	Total Available Funds	Existing Principal	Existing Interest	Existing P&I	Admin. Exp.	Annual Surplus (Deficit)	Cumulative Surplus (Deficit)	Principal Outstanding	Year
2005	\$ 923,927		\$ 134,340	\$ 1,058,267	\$ 599,012	\$ 629,272	\$ 1,228,284	\$ 76,229	(246,247)		\$ 13,550,593	2005
2006	\$ 940,062		119,883	1,059,946	653,650	607,207	1,260,857	74,707	(275,618)		12,896,944	2006
2007	\$ 1,058,228		100,777	1,159,005	711,681	582,537	1,294,219	91,302	(226,515)		12,185,262	2007
2008	\$ 1,078,187		92,896	1,171,083	615,675	534,481	1,150,156	110,099	(89,172)		11,569,587	2008
2009	\$ 1,159,190		73,469	1,232,659	641,720	560,991	1,202,711	95,667	(65,719)		10,927,867	2009
2010	\$ 1,344,099		68,440	1,412,539	767,821	535,191	1,303,012	81,295	28,231		10,160,046	2010
2011	\$ 1,161,589		62,521	1,224,110	626,422	391,309	1,017,731	72,616	133,763	(622,000)	9,533,624	2011
2012	\$ 1,269,157		56,615	1,325,772	658,624	426,263	1,084,886	82,000	158,886	(463,114)	8,875,000	2012
2013	\$ 1,365,754		50,705	1,416,459	635,000	318,995	953,995	82,000	380,464	(82,650)	8,240,000	2013
2014	\$ 1,365,754		11,426	1,377,180	655,000	300,553	955,553	82,000	339,627	256,977	7,585,000	2014
2015	\$ 1,365,754		10,471	1,376,225	680,000	280,405	960,405	82,000	333,820	590,797	6,905,000	2015
2016	\$ 1,365,754	759,000	9,514	1,375,268	2,020,000	240,780	2,260,780	82,000	(967,512)	(376,715)	4,885,000	2016
2017	\$ 1,365,754		8,557	1,374,311	725,000	199,120	924,120		450,191	73,476	4,160,000	2017
2018	\$ 1,365,754		7,598	1,373,352	755,000	172,255	927,255		446,097	519,573	3,405,000	2018
2019	\$ 1,365,754		6,639	1,372,393	790,000	143,335	933,335		439,058	938,630	2,615,000	2019
2020	\$ 1,365,754		5,678	1,371,432	825,000	110,005	935,005		436,427	1,395,057	1,790,000	2020
2021	\$ 1,365,754		4,716	1,370,470	875,000	74,200	949,200		421,270	1,816,327	915,000	2021
2022	\$ 1,365,754		3,753	2,128,507	915,000	34,965	949,965		1,178,542	2,994,870	--	2022
2023	\$ 1,365,754			1,365,754					1,365,754	4,360,623	--	2023
2024	\$ 1,365,754			1,365,754					1,365,754	5,726,377	--	2024
2025	\$ 1,365,754			1,365,754					1,365,754	7,092,131		2025
2026	\$ 1,365,754			1,365,754					1,365,754	8,457,885		2026
2027	\$ 1,365,754			1,365,754					1,365,754	9,823,639		2027
2028	\$ 1,365,754			1,365,754					1,365,754	11,189,392		2028
2029	\$ 1,365,754			1,365,754					1,365,754	12,555,146		2029
2030	\$ 1,365,754			1,365,754					1,365,754	13,920,900		2030
2031	\$ 1,365,754			1,365,754					1,365,754	15,286,654		2031
2032	\$ 1,365,754			1,365,754					1,365,754	16,652,408		2032
	\$ 22,591,978	\$ 759,000	\$ 828,000	\$ 24,178,977	\$ 14,149,605	\$ 6,141,864	\$ 20,291,469	1,011,915		\$ 2,875,593		

Mark Johnsrud

From: David Anderson [ANDERSOND@pfm.com]
Sent: Thursday, September 13, 2012 12:46 PM
To: Mark Johnsrud
Subject: Referendum Aid Impact
Attachments: Referendum_State_Aid_Impact.pdf; July1213_genaid.pdf

Mark,

You have requested that we estimate the impact on the property tax rate assuming the construction of a referendum approved new school building with and without the TIDs being in place. My calculations and assumptions are contained in this e-mail. However, I would strongly recommend that you coordinate this information with the School District. It would be in everyone's best interest to be on the same page at the public hearing. If the District is assuming a different methodology, we should at least understand and explain the difference so that the public has as accurate of an understanding as possible about this complicated topic.

Attached is the analysis previously sent to you showing the status quo for state aids with and without the TIDs in place. As Dr. Garvey indicated at the Joint Review Board meeting, the additional revenues generated by the levy on the incremental tax base is offset by the loss in state aids.

Since the debt service for a new building is included in the same calculation as the other equalization aids, I believe that the same conclusion would be reached related to the debt service payments on a new building and that the same tax rate would be required with or without the TIDs in place.

Assume that the debt payments for the new building are \$1 million per year. Based upon the current expenditures per student, the only portion of the equalization aids impacted is the tertiary aid. With the current TIDs in place the impact on the tax levy and rate would be as follows:

Amount needed for Debt Service	\$1,000,000
LESS amount of tertiary aid	36,413 (tertiary percentage of aid multiplied by \$1,000,000)
Equals Amount to Levy	963,587
Divided by TID Out Tax base	372,983,076 (May DPI estimate used in equalization aid calculation)
Equals Debt tax rate per \$1,000 value	2.583

If the TIDs had not been in place, the calculation would have been as follows:

Amount needed for Debt Service	\$1,000,000
PLUS loss of tertiary aid	258,789 (tertiary percentage of aid multiplied by \$1,000,000)
Equals Amount to Levy	1,258,789
Divided by TID IN Tax base	487,249,076 (May DPI estimate)
Equals Debt tax rate per \$1,000 value	2.583

According to these calculations, the rate per thousand paid by the taxpayer would be the same whether or not the TIDs were in place. Once again, I want to emphasize that it is extremely important that you coordinate this information with the School District. If the District is assuming a different methodology, we need to understand it prior to next Thursday's public hearing. I would be happy to meet with you, Dr. Garvey and/or anyone else to review this information.

Thank you.

David Anderson
 Senior Managing Consultant
 Public Financial Management
 115 South 84th Street
 Suite 315
 Milwaukee, WI 53214
 414-771-2700

Electronic mail sent through the Internet is not secure. Therefore, we cannot

9/17/2012

WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION
JULY 1 2012-13 GENERAL AID
 USING 11-12 MEMBS, 2011 SCHOOL AID (MAY 12 CERT) VALUES, 11-12 BUDGET DATA
Johnson Creek 2730

PART A: 2011-12 AUDITED MEMBERSHIP

A1 3RD FRI SEPT 11 MEMBERSHIP* (include Youth Challenge)
 A2 2ND FRI JAN 12 MEMBERSHIP* (include Youth Challenge)
 A3 TOTAL (A1 + A2)
 A4 AVERAGE (A3/2) (ROUNDED)
 A5 SUMMER 11 FTE EQUIVALENT*
 A6 FOSTER GROUP + PARTTIME FTE EQUIVALENT
 A7 AID MEMBERSHIP (A4 + A5 + A6) (higher of A1 or A2, + A5 + A6 for Milwaukee)

* Ch 220 Resident Inter FTE counts only 75%.

PART B: 2011-12 GENERAL FUND DEDUCTIBLE RECEIPTS-BUDGET

B1 TOTAL REVENUE & TRNSF IN
 B2 PROP TAX + COMPUTER AID
 B3 GENERAL STATE AID
 B4 NON-DEG IMPACT AID
 B5 REORG SETTLEMENT
 B6 LONG TERM OP BORR. NOTE
 B7 LONG TERM OP BORR. STF
 B8 PROPERTY TAX/EQUAL AID REFUND
 B9 DEDUCTIBLE RECEIPTS

PART C: 2011-12 NET COST OF GENERAL FUND-BUDGET

C1 TOTAL GF EXPENDITURES
 C2 DEBT SRVC TRANSFER
 C3 REORG SETTLEMENT
 C4 REFUND PRIOR YEAR REV
 C5 GROSS COST GEN FUND
 C6 DEDUCTIBLE RECEIPTS
 C7 OPERATIONAL DEBT. INTEREST
 C8 NET COST GENERAL FUND

PART D: 2011-12 NET COST OF DEBT SERVICE FUNDS-BUDGET

D1 TOTAL REVENUE & TRNSF IN
 D2 TRNSF FROM GEN FUND
 D3 PROPERTY TAXES
 D4 PAYMENT IN LIEU OF TAX
 D5 NON-REV RECEIPTS
 D6 DEDUCTIBLE RECEIPTS
 D7 TOTAL EXPENDITURES
 D8 AIDABLE FUND 41 EXP
 D9 REFINANCING
 D10 OPERATIONAL DEBT PAYMENT
 D11 NET COST DEBT SERVICE FUNDS

PART E: 2011-12 SHARED COST-BUDGET

E1 NET COSTS: GEN + DEBT SERV FUNDS (C8 + D11)
 E2 COSTS OF LAWSUIT AND/OR INDIGENT TRANSPORTATION
 E3 IMPACT AID NON-DEDUCTIBLE
 E4 TOTAL SHARED COST FOR EQUALIZATION AID

FTE
 670.00
 666.00
 1,336.00
 668.00
 29.00
 0.00
 697.00

7,420,174.00
 3,646,268.00
 3,256,224.00
 0.00
 0.00
 0.00
 0.00
 0.00
 0.00
 517,682.00
 7,420,174.00
 0.00
 0.00
 0.00
 750.00
 7,419,424.00
 517,682.00
 0.00
 6,901,742.00

48,994.00
 0.00
 48,994.00
 0.00
 0.00
 0.00
 48,993.45
 0.00
 0.00
 0.00
 48,993.45

6,950,735.45
 0.00
 0.00
 0.00
 6,950,735.45

GUARANTEES FOR FINAL ELIGIBILITY:			
	K-12	UHS	K-3
PRIMARY (G1)	1,930,000	5,790,000	2,895,000
SECONDARY (G6)	1,072,395	3,217,185	1,608,593
TERTIARY (G11)	555,348	1,566,044	833,022

JULY 2012

6,950,735.45
 1,000
 697,000.00
 697,000.00
 9,222
 6,427,794
 5,730,734.00

523,001.45

372,983.076
 535,126

1,930,000
 1,345,210,000
 0.00051813
 972,226,924
 503,739.94
 1,072,395
 747,459,315
 0.00766695
 374,476,239
 2,871,090.60
 555,348
 387,077,566
 0.00135115
 14,094,480
 19,043.76

3,393,874.00
 0.00
 0.00
 -49,144.00
 121.00
 0
 3,344,851

***** PART I: 2012-13 JULY 1 ESTIMATED GENERAL AID *****

I1 2012-13 SPECIAL ADJUSTMENT/CHAPTER 220 AID ELIGIBILITY
 I2 A. PARENTAL CHOICE DEDUCT. SPEC ADJUSTMENT 220 AID (MILWAUKEE & RACINE)
 I2 B. PARENTAL CHOICE DEDUCT. SPEC ADJUSTMENT 220 AID (MILWAUKEE & RACINE)
 I2 C. 2011-12 OCT-TO-FINAL ADJUSTMENT, SPEC ADJUSTMENT 220 AID (MILWAUKEE & RACINE)
 I3 12-13 SPEC ADJUSTMENT 220 JULY 1 ESTIMATE (ROUND) (I1+I2A+I2B+I2C)
 I4 2011-12 OCT-TO-FINAL ADJUSTMENT, CHOICE/CHARTER DEDUCTION
 I5A JULY 1 ESTIMATED 2012-13 GEN AID SUBTOTAL (H6+I3+I4)
 I5B 2011-12 OCT-TO-FINAL ADJUSTMENT, ACT 28 ADJ
 I5 2012-13 JULY 1 ESTIMATE GEN AID (I5A+I5B)

THIS IS THE JULY 1 GENERAL AID ESTIMATE FOR THE 2012-13 FISCAL YEAR.
 DISTRICTS ARE REMINDED THAT THE OCTOBER 15 GENERAL AID CERTIFICATION MUST BE USED WHEN SETTING THE FALL, 2012 LEVY.
 COMPUTATIONAL DETAILS EXPLAINING THE NUMBER FOUND IN LINE 11, IF GREATER THAN 0, CAN BE FOUND ON THE "BREAKDOWN OF LINE 11" TAB IN THIS WORKBOOK.
 COLOR-CODING WILL ASSIST DISTRICTS IN IDENTIFYING WHICH AMOUNTS ON PAGE 2 WERE SUMMED TO ARRIVE AT THE NUMBERS APPEARING ON THIS PAGE.

Johnson Creek School District Equalization Aid July 1 2012-13 estimate

Exp per Student	Guaranteed Value	JCSD Value	JCSD Share	State Share	Expense	Total State Aid
First \$1K	1,930,000	535,126	27.73%	72.27%	697,000	503,745
1K-\$9,222	1,072,395	535,126	49.90%	50.10%	5,730,734	2,871,093
>\$9,222	555,348	535,126	96.36%	3.64%	523,000	19,044
					Total Eligibility	3,393,882
					Less Adjustment	(49,144)
					Total Aid	3,344,738

Johnson Creek School District Equalization Aid with addition of May est. TID increment values

Exp per Student	Guaranteed Value	JCSD Value	JCSD Share	State Share	Expense	Total State Aid
First \$1K	1,930,000	699,066	36.22%	63.78%	697,000	444,539
1K-\$9,222	1,072,395	699,066	65.19%	34.81%	5,730,734	1,995,019
>\$9,222	555,348	699,066	125.88%	-25.88%	523,000	(135,347)
					Total Eligibility	2,304,212
					Less Adjustment	(33,365)
					Total Aid	2,270,847

Estimated Reduction in Equalization Aid

1,073,891

