

**Project Plan
for the Creation of
Tax Incremental District No. 9
in the
CITY OF SUN PRAIRIE, WISCONSIN**



March 29, 2007 **[FINAL]**

Organizational Joint Review Board Meeting Held:	March 13, 2007
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Tax Incremental District No. 9 Creation Project Plan

City of Sun Prairie Officials

Elected Officials

Joe Chase	Mayor
John Bogle	Council Member
Michael Bruhn	Council Member
Bill Clausius	Council Member
Jonathan J. Freund	Council Member
Hariah H. Hutkowski	Council Member
Richard Wanless	Council Member
Zachary Weber	Council Member

City Staff

Diane J. Hermann-Brown	City Clerk
Bill Burns	Finance Director
Patrick Cannon	Administrator
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Plan Commission

Joe Chase, Mayor (Chair)	Michael Bruhn
Richard Batlings (Vice Chair)	Kurt Kneiss
JoAnn Orfan (Secretary)	Marilyn Penn
John Bogle	David Stackhouse
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Joint Review Board

Zachary Weber, Chair	City Representative
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Caren Diedrich	Sun Prairie Area School District
Matt Harms	Public Member

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STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS

Tax Incremental District No. 9 (the "District") is being created by the City of Sun Prairie under the authority provided by Wisconsin Statute Section 66.1105. The District is created as a "Mixed Use District" based upon a finding that at least 50%, by area, of the real property within the District is suitable for a combination of industrial and commercial uses within the meaning of Wisconsin Statute Section 66.1105(2)(cm). The proposed projects to be undertaken relate directly to promoting mixed-use development in the District consistent with the purpose for which the District is created.

The District is located in the western portion of the City, bounded generally by USH 151 on the north and west, Reiner Road on the east, and on the south by a line located just south of Capitol Drive encompassing the existing industrial area. A map showing the proposed boundaries of the District is found in Section 14 on page 29.

The City of Sun Prairie intends that tax increment financing (TIF) will be used to assure that a combination of private industrial and commercial development, expansion and redevelopment occurs within the District consistent with the City's development objectives. This will be accomplished by acquiring land, installing public improvements, and making necessary related expenditures, to promote development within the District. Securing and preparing land for a 24-hour health care facility is the primary objective, as well as increasing the tax base and providing for and preserving employment opportunities within the City.

The following is a list of public works projects that the City expects to implement in conjunction with this District. Any costs directly or indirectly related to the public works are considered "project costs" and eligible to be paid with tax increment revenues of the District. A map showing the general location of the proposed projects is found in Section 16 on page 31.

- **ACQUISITION/DEMOLITION.** The City plans to acquire underutilized land within the District and demolish existing structures to facilitate development and redevelopment. The City will incur costs related to acquisition, demolition, platting or re-platting and resale of the property to private developers. These costs may include land writedown expenses that the City will not recover through land sale revenues.
- **SITE GRADING.** Some of the property in the District will require grading to make it suitable for industrial and commercial or redevelopment.
- **SEWER SYSTEM IMPROVEMENTS.** The City will need to install sanitary sewer mains and related appurtenances to allow development and redevelopment to occur. Only two properties within the District are presently serviced with sanitary sewer.
- **WATER SYSTEM IMPROVEMENTS.** The City will need to install water mains and related appurtenances to allow development and redevelopment to occur. Only two properties within the District are presently serviced with public water.

- **STORM SEWER SYSTEM IMPROVEMENTS.** Development and redevelopment of the area will cause storm water runoff. To avoid problems in the District and adjacent areas, a storm water collection and retention system will be installed.
- **STREETS.** The City will construct and reconstruct streets in the District to service the developing properties and to provide improved access to properties in the existing industrial area which will promote redevelopment or expansion.
- **LANDSCAPING.** The City may provide landscaping such as berms, street trees, lighting and other facilities to attract high quality development to the area.
- **RELOCATION COSTS.** In the event any property is acquired for the projects, expenses including the cost of a relocation plan, director, staff, publications, appraisals, land and property acquisition costs and relocation benefits as required by Wisconsin Statutes Sections 32.19 and 32.195 are considered eligible project costs.
- **ENVIRONMENTAL AUDITS AND REMEDIATION.** There are no environmental problems known to exist within the proposed District. If, however, it becomes necessary to evaluate properties, the costs related to all environmental audits and remediation will be considered eligible project costs.
- **CASH GRANTS (DEVELOPMENT INCENTIVES).** The City may enter into agreements with property owners, lessees, or developers of land located within the District for the purpose of sharing costs to encourage the desired kind of improvements and assure tax base is generated sufficient to recover project costs. No cash grants will be provided until a developer agreement is executed with the recipient of the cash grant.
- **ADMINISTRATIVE/PROFESSIONAL COSTS.** These include but are not limited to a portion of the salaries of City administrative staff, public works employees, private consultants, and others involved with the projects throughout the project plan implementation. Audit expenses and any expenses associated with dissolving the district are also considered eligible costs.
- **ORGANIZATIONAL COSTS.** These costs include but are not limited to fees of the financial consultant, attorney, engineers, surveyors, mapmakers and other contracted services.
- **FINANCE COSTS.** Interest, financing fees, redemption premiums, and other financing fees are included as project costs.

With all projects, the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, apparatus necessary for the public works, legal and other consultant fees, testing, environmental studies, permits, updating City ordinances and plans, judgments or claims for damages and other expenses are included as project costs.

In the event any of the public works project expenditures are not reimbursable out of the special TIF fund under Wisconsin Statute Section 66.1105, in the written opinion of nationally recognized bond counsel retained by the City for such purpose or a court of record so rules in a final order, then such project or projects shall be deleted from this Project Plan (the "Plan") and

the remainder of the projects hereunder shall be deemed the entirety of the projects for purposes of this Plan.

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

Project costs are any expenditures made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the City and as outlined in this Plan. Project costs will be reduced by any income, including land sales, special assessments, user fees or other charges. To the extent the project costs benefit the municipality outside the District, a proportionate share of the cost is not a project cost. Costs identified in this Plan are preliminary estimates made prior to design considerations and are subject to change after planning is completed. Any pro-rating of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments.

2

EQUALIZED VALUE TEST

The following calculations demonstrate that the City is in compliance with s.66.1105(4)(gm)4.c. Wis. Stats., which requires that the equalized value of the taxable property in the proposed District, plus the value increment of all existing Tax Incremental Districts, does not exceed 12% of the total equalized value of taxable property within the City.

STEP 1. Calculation of Maximum Equalized Property Value Allowed within Tax Incremental Districts in the City of Sun Prairie

Equalized Value (as of January 1, 2006)		Maximum Allowable TID Property Value
\$2,296,727,600	X 12% =	\$275,607,312

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

Tax Incremental Districts	Equalized Value
TID No. 6 Increment	\$ 7,777,600
TID No. 7 Increment	\$25,084,900
TID No. 8 Increment	<u>\$29,348,200</u>
Total Existing Increment	\$62,210,700
Proposed Base Value of New District	<u>\$9,058,239</u>
Total Existing Increment Plus Proposed Base Value	\$71,268,939

The equalized value of the increment of existing Tax Incremental Districts within the City, plus the base value of the proposed District, totals \$71,268,939. This value is less than the maximum of \$275,607,312 in equalized value that is permitted for the City of Sun Prairie. The City is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

3

ECONOMIC FEASIBILITY STUDY

The City of Sun Prairie, located in Dane County is a community of approximately 25,180 in population.

Charts I and II on the following page project, respectively, the City's equalized value, and the full faith and credit borrowing capacity of the City. Equalized valuation projections were made using two methods. The first projects the future valuation of the City using the average annual percentage of valuation growth experienced between 2002 and 2006. This method is identified as the percentage method. The second method projects the future valuation based upon the average annual increment between 2002 and 2006. This method is identified as the straight-line method. Chart II projects the General Obligation ("G.O.") borrowing capacity of the City utilizing the straight-line valuation projection and considering the existing debt of the City. The chart demonstrates that the City will have sufficient G.O. debt capacity during the implementation period of the District, if it chooses to use G.O. debt to finance projects.

In addition to G.O. notes and bonds, the City can issue revenue bonds to be repaid from revenues of the sewer and/or water systems, including revenues paid by the City that represent service of the system to the City. 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 City must demonstrate to bond underwriters its ability to repay revenue debt with the assigned rates.

Special assessments may be levied against benefited properties to pay part of the street, curb, gutter, sewer and water extension costs. The City 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 City's G.O. debt limit.

The City also has the authority to issue Lease Revenue Bonds through its Community Development Authority ("CDA") should this financing vehicle be useful in accomplishing the objectives of the Plan. These obligations are secured by lease payments to be made by the City and are not to be counted against the City's G.O. debt limit.

Based on the economic characteristics and the financing resources of the City, all projects outlined in this Plan can be financed and are feasible.

EQUALIZED VALUATION PROJECTION City of Sun Prairie, Wisconsin

CHART I

[---PERCENTAGE METHOD---]

[---STRAIGHT LINE METHOD---]

HISTORICAL DATA

2002	1,390,448,400		2002	1,390,448,400	
2003	1,541,944,300		2003	1,541,944,300	
2004	1,915,760,000		2004	1,915,760,000	
2005	2,125,566,500		2005	2,125,566,500	
2006	2,296,727,600	16.29%	2006	2,296,727,600	16.29%

Straight Line Method Value Increment

\$226,568,800

PROJECTED VALUATIONS

2007	2,670,973,140	16.29%	2007	2,523,297,400	9.86%
2008	3,106,200,978	16.29%	2008	2,749,867,200	8.98%
2009	3,612,348,013	16.29%	2009	2,976,437,000	8.24%
2010	4,200,970,335	16.29%	2010	3,203,006,800	7.61%
2011	4,885,507,071	16.29%	2011	3,429,576,600	7.07%
2012	5,681,587,213	16.29%	2012	3,656,146,400	6.61%
2013	6,607,366,457	16.29%	2013	3,882,716,200	6.20%
2014	7,684,042,181	16.29%	2014	4,109,286,000	5.84%
2015	8,936,136,038	16.29%	2015	4,335,855,800	5.51%

CHART II

BUDGET YEAR	EQUALIZED VALUE	GROSS DEBT LIMIT	DEBT BALANCE	NET BORROWING CAPACITY
2007	2,296,727,600	114,836,380	45,678,794	69,157,586
2008	2,523,297,400	126,164,870	41,567,626	84,597,244
2009	2,749,867,200	137,493,360	37,418,132	100,075,228
2010	2,976,437,000	148,821,850	32,876,775	115,945,075
2011	3,203,006,800	160,150,340	27,369,167	132,781,173
2012	3,429,576,600	171,478,830	21,855,263	149,623,567
2013	3,656,146,400	182,807,320	16,434,970	166,372,350
2014	3,882,716,200	194,135,810	11,718,239	182,417,571
2015	4,109,286,000	205,464,300	6,830,000	198,634,300
2016	4,335,855,800	216,792,790	3,290,000	213,502,790
2017	4,562,425,600	228,121,280	2,065,000	226,056,280
2018	4,788,995,400	239,449,770	1,155,000	238,294,770
2019	5,015,565,200	250,778,260	585,000	250,193,260
2020	5,242,135,000	262,106,750		262,106,750
2021	5,468,704,800	273,435,240		273,435,240
2022	5,695,274,600	284,763,730		284,763,730
2023	5,921,844,400	296,092,220		296,092,220
2024	6,148,414,200	307,420,710		307,420,710
2025	6,374,984,000	318,749,200		318,749,200
2026	6,601,553,800	330,077,690		330,077,690
2027	6,828,123,600	341,406,180		341,406,180
2028	7,054,693,400	352,734,670		352,734,670
2029	7,281,263,200	364,063,160		364,063,160
2030	7,507,833,000	375,391,650		375,391,650

PROJECTED REVENUE

Exhibits 1 and 2 on the following pages estimate the TIF revenues that will be available to retire the debt incurred to finance project costs. These Exhibits project revenues sufficient to retire the debt proposed to finance all projects of the District, and assumes the following:

- New development, expansions and redevelopment will occur at the times specified, and at the values shown on Exhibit 1.
- The current estimated equalized base value of the District is \$9,058,239.
- Valuations are projected to increase 3% each year reflecting ordinary inflation of property values within District.
- The equalized tax rate in 2007 (for 2008 budget year) is projected to be \$21.15 per thousand. It is projected to remain constant throughout the remaining life of the District.

EXHIBIT 1 - DEVELOPMENT ASSUMPTIONS

		Tax Increment District No. 9 Development Assumptions¹				
Const. Year	Value Loss from Demo & Exempt ²	Retail Service Development	Office Building	Future Commercial Development	Future Industrial Development	Annual Total
2007	(164,800)	400,000	600,000			835,200
2008		900,000	5,580,000	1,000,000		7,480,000
2009						0
2010						0
2011						0
2012				6,000,000	1,500,000	7,500,000
2013					1,500,000	1,500,000
2014					1,500,000	1,500,000
2015					1,500,000	1,500,000
2016					1,500,000	1,500,000
2017						0
2018						0
2019						0
2020						0
2021						0
2022						0
2023						0
2024						0
2025						0
2026						0
TOTAL	(164,800)	1,300,000	6,180,000	7,000,000	7,500,000	21,815,200

NOTES:
¹ Development assumptions taken from City provided worksheet dated 2-8-2007 (except future Industrial development)
² Loss in value associated with demolition of a home on parcel 0810-141-9932-2 and parcel 0810-144-8001-3 becoming exempt upon acquisition by the City.

EXHIBIT 2 – TAX INCREMENT REVENUE PROJECTIONS

							
Tax Increment District No. 9 Increment Projection							
Type of District		Mixed Use		Estimated Base Value		9,058,239	
Anticipated Creation Date		3/27/2007		Property Appreciation Factor		3.00%	
End of Expenditure Period		3/27/2022		Tax Rate Adjustment Factor		0.00%	
Latest Termination Date		3/27/2027		Discount Rate for NPV Calculation		6.00%	
Construction Year	Value Added	Valuation Year	Inflation Increment	Valuation Increment	Revenue Year	Tax Rate	Tax Increment
1	2007	835,200				21.15	0
2	2008	7,480,000	2008	271,747	1,106,947	21.15	0
3	2009	0	2009	304,956	8,891,903	2009	23,413
4	2010	0	2010	538,504	9,430,407	2010	188,072
5	2011	0	2011	554,659	9,985,066	2011	199,462
6	2012	7,500,000	2012	571,299	10,556,366	2012	211,194
7	2013	1,500,000	2013	588,438	18,644,804	2013	223,277
8	2014	1,500,000	2014	831,091	20,975,895	2014	394,355
9	2015	1,500,000	2015	901,024	23,376,919	2015	443,660
10	2016	1,500,000	2016	973,055	25,849,974	2016	494,444
11	2017	0	2017	1,047,246	28,397,220	2017	546,752
12	2018	0	2018	1,123,664	29,520,884	2018	600,628
13	2019	0	2019	1,157,374	30,678,258	2019	624,395
14	2020	0	2020	1,192,095	31,870,352	2020	648,875
15	2021	0	2021	1,227,858	33,098,210	2021	674,089
16	2022	0	2022	1,264,693	34,362,904	2022	700,059
17	2023	0	2023	1,302,634	35,665,538	2023	726,808
18	2024	0	2024	1,341,713	37,007,251	2024	754,360
19	2025	0	2025	1,381,965	38,389,216	2025	782,739
20	2026	0	2026	1,423,424	39,812,640	2026	811,969
21			2027	1,466,126	41,278,766	2027	842,076
22							
		21,815,200	19,463,566		Future Value of Increment		9,890,628
					Net Present Value of Increment		4,418,057

CASH FLOW

Exhibit 3 summarizes the District's cash position throughout its potential life. It shows revenues, expenses and balances by year.

Revenues include tax increments from Exhibit 2, capitalized interest, land sales, and interest earned investing year-end balances. This Exhibit is based on the same assumptions as used for Exhibit 2.

Expenditures represent payments for contract agreements with developers, and principal and interest payments on this District's share of debt issued to finance projects listed in the Plan. The tentative proposed issues are identified as follows:

Issue No.	Year	Description	Amount
1	2007	Note Anticipation Notes (NAN) (Taxable)	\$7,700,000
2	2007	Note Anticipation Notes (NAN) (Taxable)	\$1,325,000
3	2007	G.O. Community Development Bonds (Non-Taxable)	\$1,330,000
4	2008	G.O. Community Development Bonds (Taxable)	\$3,500,000
5	2012	G.O. Community Development Bonds (Non-Taxable)	\$ 850,000

The 2008 Taxable G.O. Community Development Bonds (Issue No. 4) will refund the 2007 Taxable Note Anticipation Notes (Issues No. 1 & 2) less proceeds received from the sale of land. Total estimated project costs for the District are \$10,740,000 with an estimated \$6,571,119 in land sale revenues. Net project costs of \$4,168,881, plus costs of financing, are expected to be recovered with tax increments. The sum of the bond and note issues in the table above do not total net project costs, reflecting the fact that Issue No. 3 is a refunding, that land sale revenues will be applied to reduce project costs, and that costs of issuance are included in the totals. The chart below further identifies how each of the above referenced financings will be used to provide short and long term funding for the projects to be undertaken.

Revenues anticipated will be sufficient to meet all obligations in a timely manner and produce a \$460,388 accumulated surplus by the year 2026.

Projected Financing Plan

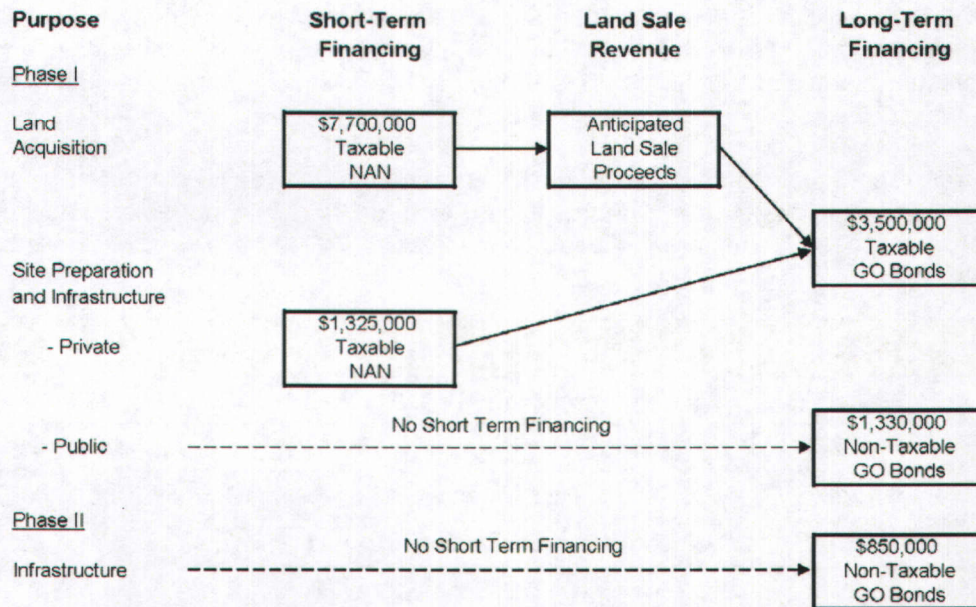


EXHIBIT 3 – PROJECTED CASH FLOW



Tax Increment District No. 9 Cash Flow Proforma



Projected TID Closure

Year	Revenues					Phase I Expenditures						Phase II	Total	Annual	Cumulative	Principal	Year
	Projected	Capitalized	Interest	Land Sales ¹	Total	Issue #1		Issue #2		Issue #3	Issue #4	Issue #5	Expend.	Balance	Balance	Balance	
	Tax	Interest ¹	Earnings		Revenues	Taxable NAN	Projected	Taxable NAN	Projected	GO Bonds	Taxable GO	GO Bonds				(Excluding	
	Increment		4.00%			March 07	Payments ²	June 07	Payments ²	June 07	March 08	March 12				NAN's)	
2007	0	275,947	0	0	275,947	226,294	226,294	39,750	39,750	9,903			275,947	0	0	1,330,000	2007
2008	0	148,837	0	300,000	448,837	442,750	57,267	79,500	26,500	59,418	89,419		232,605	216,233	216,233	4,830,000	2008
2009	23,413	244,315	8,649	0	276,377	7,921,375	0	1,364,750	0	59,418	214,606		274,024	2,353	218,586	4,830,000	2009
2010	188,072	107,303	8,743	0	304,119	0	0	0	0	59,418	214,606		274,024	30,095	248,681	4,830,000	2010
2011	199,462	0	9,947	0	209,409	0	0	0	0	59,418	311,646		371,064	(161,655)	87,026	4,730,000	2011
2012	211,194	0	3,481	271,622	486,297	0	0	0	0	59,418	305,721	17,219	382,358	103,939	190,965	5,480,000	2012
2013	223,277	0	7,639	0	230,916	0	0	0	0	59,418	299,786	41,325	400,529	(169,613)	21,352	5,380,000	2013
2014	394,355	0	854	0	395,210	0	0	0	0	59,418	293,841	41,325	394,584	626	21,977	5,280,000	2014
2015	443,660	0	979	0	444,539	0	0	0	0	108,353	287,876	41,325	437,554	6,985	28,963	5,130,000	2015
2016	494,444	0	1,159	0	495,603	0	0	0	0	106,216	315,829	41,325	463,370	32,233	61,196	4,945,000	2016
2017	546,752	0	2,448	0	549,200	0	0	0	0	104,063	346,488	41,325	491,876	57,324	118,520	4,720,000	2017
2018	600,628	0	4,741	0	605,369	0	0	0	0	101,896	360,133	41,325	503,353	102,016	220,536	4,470,000	2018
2019	624,395	0	8,821	0	633,216	0	0	0	0	99,713	362,505	41,325	503,543	129,673	350,210	4,205,000	2019
2020	648,875	0	14,008	0	662,883	0	0	0	0	97,518	359,051	138,945	595,514	67,369	417,578	3,830,000	2020
2021	674,089	0	16,703	0	690,792	0	0	0	0	144,208	417,930	134,170	696,308	(5,516)	412,062	3,330,000	2021
2022	700,059	0	16,482	0	716,541	0	0	0	0	139,778	447,908	129,365	717,051	(509)	411,553	2,780,000	2022
2023	726,808	0	16,462	0	743,271	0	0	0	0	135,323	474,730	124,530	734,583	8,688	420,241	2,180,000	2023
2024	754,360	0	16,810	0	771,170	0	0	0	0	179,713	546,800	119,665	846,178	(75,008)	345,233	1,430,000	2024
2025	782,739	0	13,809	0	796,548	0	0	0	0	197,383	515,625	114,775	827,783	(31,235)	313,998	655,000	2025
2026	811,969	0	12,560	0	824,529	0	0	0	0	213,888	0	134,250	348,138	476,391	790,388	330,000	2026
2027	842,076	0	31,616	0	873,691	0	0	0	0	209,674	0	128,088	337,762	535,930	1,326,318	0	2027
Total	\$9,890,628	\$776,403	\$195,812	\$571,622	\$11,434,464	\$8,590,419	\$283,562	\$1,484,000	\$66,250	\$2,263,554	\$6,164,499	\$1,330,281	\$10,108,146	\$1,326,318			

NOTES:

¹ The following capitalized interest is assumed; 6 months for March 2007 NAN, 6 months for June 2007 NAN, 20 months for June 2007 GO Bonds (Tax Exempt), and 23 months for March 2008 (Taxable)

² Of a projected \$6,299,497 in land sale revenues expected in 2007 and 2008, \$300,000 is retained for TIFD cash flow purposes and the balance applied to downsize takeout of the Taxable NAN's. Land sale revenue projections taken from City TIF proforma da

³ Assumes a total of \$5,708,089 in land sale revenues will be applied to make a partial call on the Taxable NAN on the 10-1-2007 call date. Further assumes the Taxable NAN will be refunded on 4-1-2008 applying an additional \$291,408 in land sale revenue

⁴ Assumes NAN refunded on 4-1-2008.

4

DETAILED LIST OF PROJECT COSTS

All costs are based on 2007 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2007 and the time of construction. The City also reserves the right to increase certain project costs to the extent others are reduced or not implemented, without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

This Plan is not meant to be a budget nor an appropriation of funds for specific projects, but a framework within which to manage projects. All costs included in the Plan are estimates based on best information available. The City retains the right to delete projects or change the scope and/or timing of projects implemented as they are individually authorized by the City Council, without amending the Plan.

PROPOSED TIF PROJECT COST ESTIMATES

 City of Sun Prairie Proposed Tax Increment District No. 9 Project Costs		
PROJECT LIST	PHASE I PROJECTS 2007	PHASE II PROJECTS 2012
Land Acquisition		
Land Costs	7,329,472	
Prof. Services - Land Assembly, Subdivison & Resale	70,528	
Subtotal	7,400,000	
New Development Sites - Site Improvements		
Improvements Within Public Right-of-Way		
General (Mobilization, Excavation & Restoration)	466,500	
Watermain	108,380	
Sanitary Sewer	81,550	
Street Construction	266,050	
Contingencies	143,392	
Engineering	159,128	
On-Site Improvement Costs		
Stormwater Management	250,000	
Demolition	150,000	
Grading & Site Prep	875,000	
Subtotal	2,500,000	
Capital Drive/Terra Court Improvements		
General (Mobilization, Excavation & Restoration)		67,000
Watermain		124,790
Sanitary Sewer		92,860
Street Reconstruction		348,100
Contingencies		98,101
Engineering		109,149
Subtotal		840,000
TOTAL ESTIMATED PROJECT COSTS	9,900,000	840,000
 EHLERS & ASSOCIATES INC.	TOTAL OF PHASES I & II	10,740,000

5

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

PLAN IMPLEMENTATION

Projects identified will provide the necessary anticipated governmental services to the area. A reasonable and orderly sequence is outlined on the following page. However, public debt and expenditures should be made at the pace private development occurs to assure increment is sufficient to cover expenses.

It is anticipated developer agreements between the City 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 public improvements are made should be adjusted in accordance with development and execution of developer agreements. The City 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 City reserves the right to use alternate financing solutions for the projects as they are implemented.

BOND ISSUE SIZING

 City of Sun Prairie Proposed Tax Increment District No. 9 Bond Issue Sizing					
PROJECT LIST	Interim Financing		Long-Term Financing		Tax Exempt GO (Ind Area Imp)
	Taxable NAN (Land Purchase)	Taxable NAN (Site Imp on Lots)	Tax Exempt GO (Public ROW Imp)	Taxable GO (NAN Takeout)	
	PHASE I PROJECTS Mar-07	PHASE I PROJECTS Jun-07	PHASE I PROJECTS Jun-07	PHASE I PROJECTS Mar-08	PHASE II PROJECTS Mar-12
Land Acquisition & Related Expenses	7,400,000				
Refinance Note Anticipation Note (NAN)					
Par Amount to Refund				9,025,000	
Less Land Sale Proceeds Applied to Downsize				(5,999,497)	
Subtotal				3,025,503	
New Development Sites - Site Improvements					
Improvements Within Public Right-of-Way			1,225,000		
On-Site Improvement Costs		1,275,000			
Subtotal		1,275,000	1,225,000		
Capital Drive/Terra Court Improvements					840,000
TOTAL ESTIMATED PROJECT COSTS TO BE FINANCED	7,400,000	1,275,000	1,225,000	3,025,503	840,000
Financing Expenses					
Fees (Advisory, Bond Counsel, Discount, Rating)	70,848	22,482	34,475	61,320	27,432
Capitalized Interest	226,294	39,750	99,030	411,328	
Subtotal	297,242	62,232	133,505	472,648	27,432
TOTAL CAPITAL REQUIRED	7,697,242	1,337,232	1,358,505	3,498,151	867,432
Less Rounding/Interest Earnings	2,758	(12,232)	(28,505)	1,849	(17,432)
NET BOND SIZE	7,700,000	1,325,000	1,330,000	3,500,000	850,000
					

Proposed Maturity Schedule

Issue No.	Year	Description	Amount
1	2007	Note Anticipation Notes (NAN) (Taxable)	\$7,700,000

These projects are anticipated to be financed as identified above, issued under authority of Wisconsin Statutes Chapter 67.

Year	Phase I Expenditures				
	Proposed Taxable Note Anticipation Note Dated 3-27-07; Callable 10-1-07				Proj NAN Pymts With Payoffs ^o
	Prin (4/1)	Rate	Interest	Total	
	Estimated Rate is 2-8-2007 MMD "A" +25BP				
2007			226,294	226,294	226,294
2008			442,750	442,750	57,267
2009	7,700,000	5.750%	221,375	7,921,375	
Total	\$7,700,000		\$890,419	\$8,590,419	\$283,562

Proposed Maturity Schedule

Issue No.	Year	Description	Amount
2	2007	Note Anticipation Notes (NAN) (Taxable)	\$1,325,000

These projects are anticipated to be financed as identified above, issued under authority of Wisconsin Statutes Chapter 67.

Year	Phase I Expenditures				
	Proposed Taxable Note Anticipation Note Dated 6-1-07; Callable 12-1-07				Proj NAN Pymts With Payoffs*
	Prin (6/1)	Rate	Interest	Total	
	Estimated Rate is Mar 07 NAN Est. Rate +25BP				
2007			39,750	39,750	39,750
2008			79,500	79,500	26,500
2009	1,325,000	6.000%	39,750	1,364,750	
Total	\$1,325,000		\$159,000	\$1,484,000	\$66,250

Proposed Maturity Schedule

Issue No.	Year	Description	Amount
3	2007	G.O. Community Development Bonds (Non-Taxable)	\$1,330,000

These projects are anticipated to be financed as identified above, issued under authority of Wisconsin Statutes Chapter 67.

Year	Phase I Expenditures			
	Proposed G.O. Community Dev Bonds			
	Dated 6-1-07			
	Prin (2/1)	Rate	Interest	Total
Est. Rate 2-16-07 MMD "AA" +50BP				
2007			9,903	9,903
2008		4.140%	59,418	59,418
2009		4.150%	59,418	59,418
2010		4.170%	59,418	59,418
2011		4.180%	59,418	59,418
2012		4.190%	59,418	59,418
2013		4.200%	59,418	59,418
2014		4.230%	59,418	59,418
2015	50,000	4.260%	58,353	108,353
2016	50,000	4.290%	56,216	106,216
2017	50,000	4.320%	54,063	104,063
2018	50,000	4.350%	51,896	101,896
2019	50,000	4.380%	49,713	99,713
2020	50,000	4.400%	47,518	97,518
2021	100,000	4.420%	44,208	144,208
2022	100,000	4.440%	39,778	139,778
2023	100,000	4.470%	35,323	135,323
2024	150,000	4.500%	29,713	179,713
2025	175,000	4.520%	22,383	197,383
2026	200,000	4.540%	13,888	213,888
2027	205,000	4.560%	4,674	209,674
Total	\$1,330,000		\$933,554	\$2,263,554

Proposed Maturity Schedule

Issue No.	Year	Description	Amount
4	2008	G.O. Community Development Bonds (Taxable)	\$3,500,000

The proposed 2008 Taxable G.O. Community Development Bonds would be issued to refund the two series of 2007 Taxable Note Anticipation Notes. The Bonds would be issued under authority of Wisconsin Statutes Chapter 67.

Year	Phase I Expenditures			
	Proposed Taxable G.O. Bonds (NAN Takeout)			
	Dated 3-1-08			
	Prin (2/1)	Rate	Interest	Total
	Est. Rate 2-16-07 MMD "AA" +225BP			
2008			89,419	89,419
2009		5.890%	214,606	214,606
2010		5.900%	214,606	214,606
2011	100,000	5.920%	211,646	311,646
2012	100,000	5.930%	205,721	305,721
2013	100,000	5.940%	199,786	299,786
2014	100,000	5.950%	193,841	293,841
2015	100,000	5.980%	187,876	287,876
2016	135,000	6.010%	180,829	315,829
2017	175,000	6.040%	171,488	346,488
2018	200,000	6.070%	160,133	360,133
2019	215,000	6.100%	147,505	362,505
2020	225,000	6.130%	134,051	359,051
2021	300,000	6.150%	117,930	417,930
2022	350,000	6.170%	97,908	447,908
2023	400,000	6.190%	74,730	474,730
2024	500,000	6.220%	46,800	546,800
2025	500,000	6.250%	15,625	515,625
Total	\$3,500,000		\$2,664,499	\$6,164,499

Proposed Maturity Schedule

Issue No.	Year	Description	Amount
5	2012	G.O. Community Development Bonds (Non-Taxable)	\$850,000

These projects are anticipated to be financed as identified above, issued under authority of Wisconsin Statutes Chapter 67.

Year	Phase II Expenditures			
	Proposed G.O. Community Dev Bonds			
	Dated 3-1-12			
Year	Prin (2/1)	Rate	Interest	Total
	Est. Rate 2-16-07 MMD "AA" +100BP			
2012			17,219	17,219
2013		4.640%	41,325	41,325
2014		4.650%	41,325	41,325
2015		4.670%	41,325	41,325
2016		4.680%	41,325	41,325
2017		4.690%	41,325	41,325
2018		4.700%	41,325	41,325
2019		4.730%	41,325	41,325
2020	100,000	4.760%	38,945	138,945
2021	100,000	4.790%	34,170	134,170
2022	100,000	4.820%	29,365	129,365
2023	100,000	4.850%	24,530	124,530
2024	100,000	4.880%	19,665	119,665
2025	100,000	4.900%	14,775	114,775
2026	125,000	4.920%	9,250	134,250
2027	125,000	4.940%	3,088	128,088
Total	\$850,000		\$480,281	\$1,330,281

6

ESTIMATE OF PROPERTY TO BE DEVOTED TO RETAIL BUSINESS

Pursuant to Section 66.1105(5)(b) of the Wisconsin State Statutes the City estimates that 15% of the territory within the District will be devoted to retail business when the District closes.

7

PROPOSED CHANGES IN ZONING ORDINANCES

The City of Sun Prairie anticipates that the District will require some changes in the zoning map for selected parcels as development moves forward.

8

PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND CITY OF SUN PRAIRIE ORDINANCES

It is expected that this Plan will be complementary to the City's Master Plan. There are no proposed changes to the master plan, map, building codes or other City ordinances for the implementation of this Plan. However, the City reserves the right to consider and adopt changes that are consistent with this project plan should the need arise.

9

ANNEXED PROPERTY

There are no lands proposed for inclusion within the District that were annexed by the City on or after January 1, 2004.

10 RELOCATION

It is not anticipated that 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 City 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 City 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 City 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 CITY OF SUN PRAIRIE

Creation of the District promotes the orderly development of this area in the City of Sun Prairie. The specific purpose of the District is twofold. First, the District will help to finance the assemblage of land that will provide enough area with the correct infrastructure improvements for the building of office, health care and commercial uses. The land is currently zoned Suburban Office and is underutilized and essentially tax-exempt except for a small portion of taxes paid by the two churches. Redevelopment into the proposed uses will create new tax increments that will generate significant revenues that will benefit the entire region. In addition, the types of uses that are being recruited will serve the regional population providing quality office, healthcare and commercial uses that are not currently in existence on the west side of the City of Sun Prairie at the time of the writing of this plan.

The second purpose of the District is to provide for future redevelopment of prime highway frontage just west of the church properties. As stated in the Introduction, some of these uses have been in this area for over 20 years. In fact, the first use has already relocated to the Sun Prairie Business Park. The types of uses on this typically highway-commercial frontage can be relocated to other appropriate areas that contain similar-type businesses. Redevelopment into uses that are more conducive to the type of infill currently taking place on this side of Sun Prairie would more appropriately meet the Comprehensive Plan's objectives and goals and, thus, contribute to the orderly development of the City of Sun Prairie.

It is important to the City to encourage the development and redevelopment of this area with higher and better uses for this vacant or underutilized property. Redevelopment will provide economic stimulus to this area and will create jobs, increase the tax base and contribute to the

overall development of this part of the City. Without the use of tax increment financing to purchase and influence development of lands at the interchange, this opportunity for the community will likely be lost due to market pressure for uses that are not consistent with the City's adopted plan for the area and that will not provide the community benefits of the 24 hour medical facility. Due to the need for a site with ready access and high visibility from US 151, the failure to secure the subject lands may result in the exclusion of said 24-hour health care facility or other similar uses from the community.

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A LIST OF ESTIMATED NON-PROJECT COSTS

The City does not anticipate incurring any non-project costs in the execution of this Project Plan. "Non-project" costs are public works projects that only partly benefit the District, or are not eligible to be paid with tax increments. An example of a cost that is partially "non-project" is an interceptor sewer that serves property both in and out of the district. Other examples of costs not eligible to be paid with TIF funds are those amounts that are special assessed to property owners or paid with user fees.

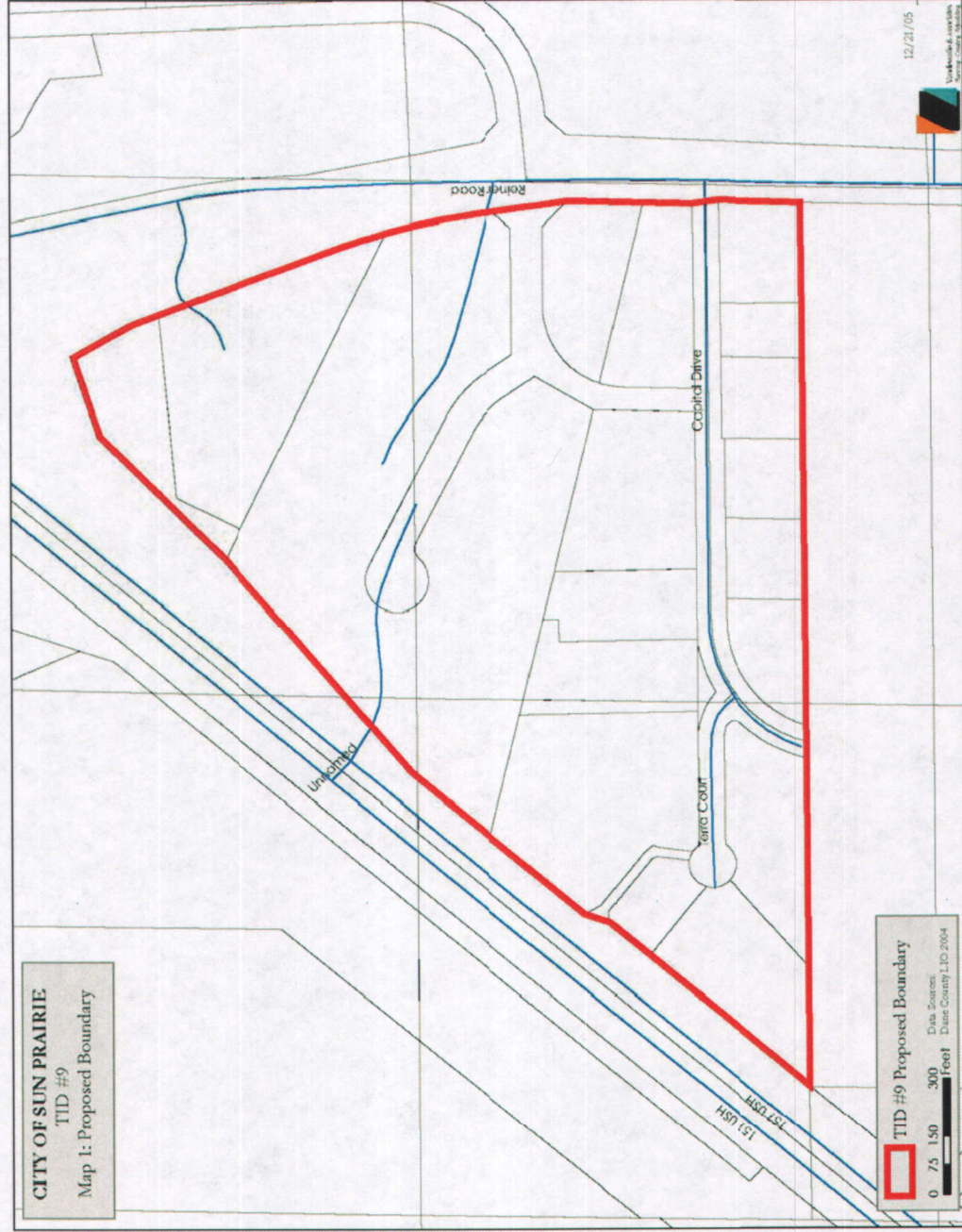
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PRELIMINARY PARCEL LIST

Parcel	Owner	Class	2006 Assessment	2006 Equalized
0810-141-9740-2	WI Conf of 7th Day Adventists	X5	-	-
0810-141-9882-2	Sun Prairie Community Church	X5	-	-
0810-141-9932-2	Sun Prairie Community Church	G2	162,800	159,890
0810-144-8001-3	WI Conf of 7th Day Adventists	G4/X5	2,000	1,964
0810-144-8066-6	Yellow Freight Systems, Inc	G2	355,200	348,851
0810-144-8152-1	Wood, Michael & Harrison, Todd	G2	719,600	706,737
0810-144-8162-9	Renschler, Gordon & Janet	G2	484,600	475,938
0810-144-8191-4	Morauske Jt Rev Tr, Gordon & Rebecca	G2	585,000	574,543
0810-144-8201-1	Morauske Jt Rev Tr, Gordon & Rebecca	G2	233,800	229,621
0810-144-8211-9	Nooyen, Paul & Cynthia	G2	888,600	872,717
0810-144-8412-2	Stokland, David	G2	667,700	655,765
0810-144-8419-2	CMI Investments, LLC	G2	831,600	816,735
0810-144-8441-1	WI DOT	X2	-	-
0810-144-8911-2	Terra Partner, LLC	G2	536,100	526,517
0810-144-8921-0	Terra Court Partners	G2	850,500	835,298
0810-144-8931-8	Gilbert Family TR	G2	2,317,300	2,275,879
0810-144-8941-6	JJ Starr, LLC	G2	588,300	577,784
TOTAL			9,223,100	9,058,239

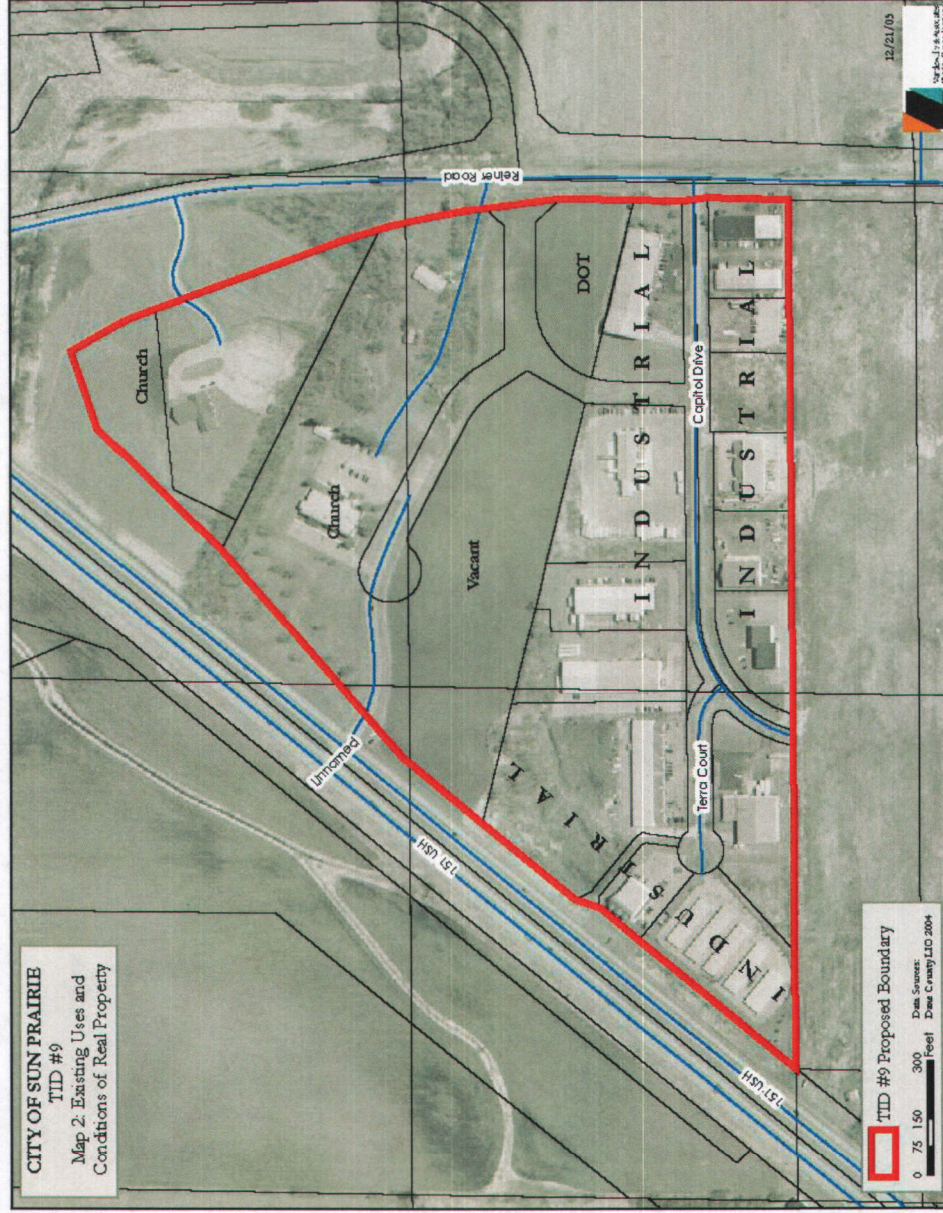
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MAP OF PROPOSED DISTRICT BOUNDARY



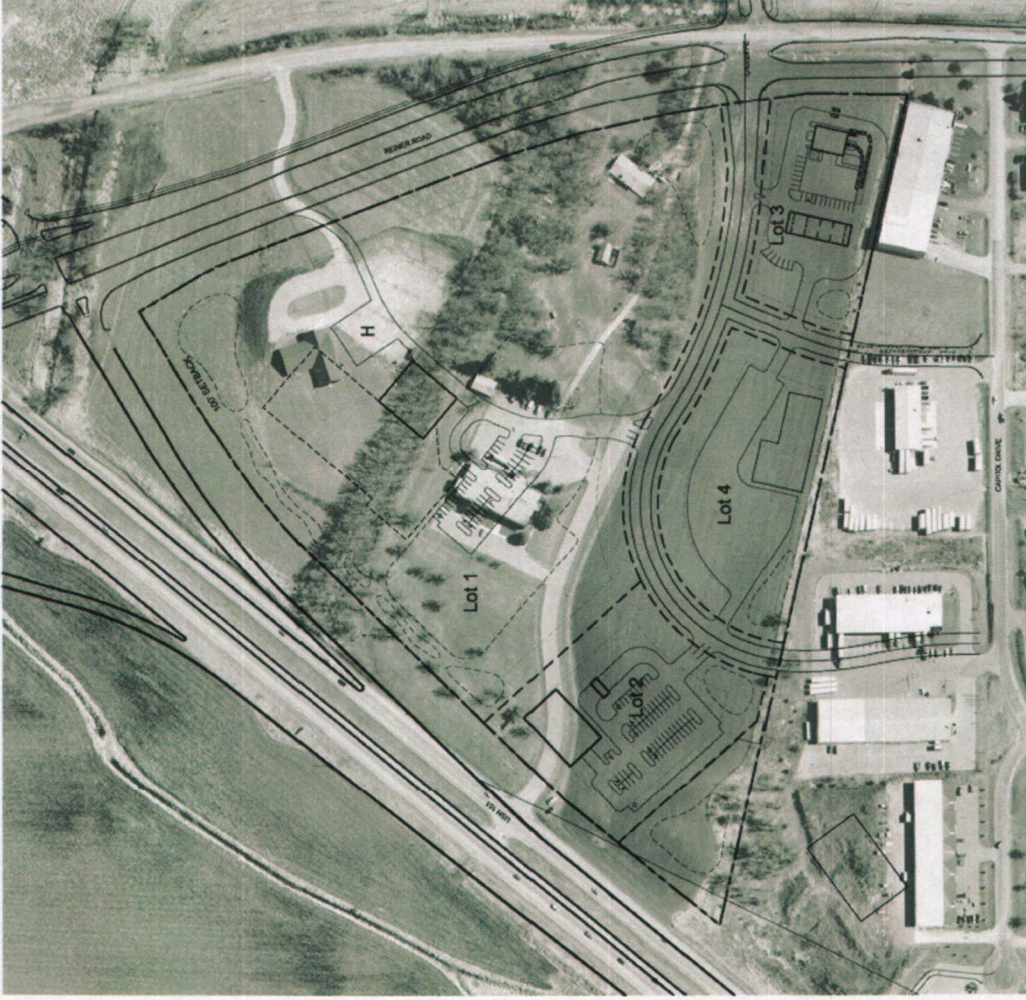
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MAP SHOWING EXISTING USES AND CONDITIONS



16

MAP SHOWING PROPOSED IMPROVEMENTS AND USES



17

**OPINION OF ATTORNEY FOR THE CITY OF SUN PRAIRIE ADVISING
WHETHER THE PLAN IS COMPLETE AND COMPLIES WITH WISCONSIN
STATUTES, SECTION 66.1105**



OFFICE OF THE CITY ATTORNEY

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www.cityofsunprairie.com

March 27, 2007

Mayor Joe Chase
City of Sun Prairie
300 East Main Street
Sun Prairie, WI 53590

RE: City of Sun Prairie Tax Incremental District No. 9

Dear Mayor Chase:

I have reviewed the Project Plan and various Resolutions passed by the City Council, Plan Commission and Joint Review Board regarding Tax Incremental District No. 9, as required by Sec. 66.1105(4)(f), Wis. Stats. It is my opinion that the plan is complete and complies with the requirements of Sec. 66.1105. I agree with the conclusion in the project plan that without the use of tax increment financing to influence the development of land at the interchange, the opportunity for the community to have a 24-hour medical facility at such a highly visible site could be lost. I believe creation of this TIF District will provide the community benefits in the near future as well as in the long term.

Very truly yours,

CITY OF SUN PRAIRIE


Paul F. Evert
City Attorney

PFE/cms