

TAX INCREMENT DISTRICT #2
Amendment #3
JOINT REVIEW BOARD
9915 39th Avenue
Pleasant Prairie, WI
September 16, 2008
1:30 p.m.

A Meeting of the Joint Review Board for Pleasant Prairie Village Tax Increment District #2, Amendment #3 was held on Tuesday, September 16, 2008. Meeting called to order at 1:30 p.m. by Michael Pollocoff, Village Administrator. Also present were David Fountain, Kenosha Unified School District; David Geersten, Kenosha County; Mark Zlevor, Gateway Technical College; Douglas Snow, independent member, Kathy Goessl, Finance Director and Jane Romanowski, Village Clerk.

- 1. Call to Order**
- 2. Roll Call**
- 3. Minutes of Meeting – August 25, 2008**

SNOW MOVED TO APPROVE THE MINUTES OF THE AUGUST 25, 2008 MEETING OF THE TID #2 JOINT REVIEW BOARD AS PRESENTED IN THEIR WRITTEN FORM; SECONDED BY FOUNTAIN; MOTION CARRIED 5-0.

- 4. Review and approval of Amendment No. 3 of the Village of Pleasant Prairie Tax Incremental District #2.**

Mike Pollocoff:

If there are any questions on the project plan or I can give you a brief description of what is included in there. This TIF District has been – this is our third amendment. The first one was a combination of boundaries from the original TIF #3 and TIF #2 into one TIF District and TIF #3 was originally the area west of the Interstate. Subsequently, we made another amendment to the project plan where we funded the broadband fiber installation throughout the corporate park to get that up and running and there was no increase in the project cost. We just deleted some projects we knew we weren't going to have.

This amendment is composed of a number of things but primarily, the largest by far is the Uline project where the district will be undertaking to assist Uline in their development of 200 acres, and in that development we are going to be funding the site improvements for sewer, water, storm sewer, grading and paving on the site. We are also going to be funding the relocation of a 24 inch gas main the bisects the site along with relocation of a 345kv power line that is the main feed between Wisconsin and Illinois as far as an electrical grid. We will be moving that off the site and at this time we do not know where we are going to move it exactly, that is really set by the Public Service Commission, and we are looking at either putting it right along

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CTH U adjacent to Uline's property line or we are also in discussions with the Town of Bristol about working on some agreement where we would relocate it over there.

Doug Snow:

There are costs associated in this plan with moving that line and that is a projected cost but until we know where it will be moved we don't know if we will have to acquire land or what the public utility commission will require. Right?

Mike Pollocoff:

Right. What we did is we had an engineer give us a cost per pole from a monopole and it is basically \$125,000 per pole with the exception of those on the corners and those are about \$550,000 per pole. It also pays We Energies for a certain amount of time that they will have to shut the Pleasant Prairie Power Plant down when the switch over is made since it is the main feed and there is also included in part of the estimate an estimate of land acquisition. One of the things we are working on is to see if we can get this to go down the public right-of-way so there is no land acquisition. But we will come up with this and really at the end of the day it is up to ATC as it is their power line. We Energies turned all those over to ATC a few years back. They'll approve it and take it to the Public Service Commission for a certificate of public necessity and that is when we really will have a handle on what it would be.

Doug Snow:

Is there any possibility that the development of the project could be held up because the power line has not been moved?

Mike Pollocoff:

That is a possibility. We are going to try to make sure that doesn't happen because there is a third warehouse distribution facility . . .

Doug Snow:

That is the one that is 750,000 additional just to the west of the existing 1,000,000?

Mike Pollocoff:

Right. And we are also looking to get this thing relocated because it runs through the Abbott campus as well and that one is following shortly behind this. We need it out of the way for both of them. Up to this point, ATC has not been fighting us on it and they are going to work with us all they can but we cannot be messing with anybody's property rights when they site these things so that is a little bit more of an open expenditure as far as specifically when it is going to happen. We are going to target to make this happen fairly quickly.

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Dave Fountain:

So it may be you will not have to purchase land here?

Mike Pollocoff:

Right. We might get this number down so those land acquisition estimates come out.

Doug Snow:

The current Uline plan which is on Map 10, Page 33, shows the 1 million square foot warehouse. That construction and anything to the east is not contingent upon the moving of the power lines. Is that true?

Mike Pollocoff:

Right. Not for the power line. We need to move the gas main.

Doug Snow:

But not the power line to get the first phase of their project done. Right?

Mike Pollocoff:

Right.

Doug Snow:

So we are not under pressure to have the power lines moved to get the first phase of what they are doing done?

Mike Pollocoff:

Right.

Doug Snow:

O.K.

Mike Pollocoff:

Which is the good news. You can kind of see on that map there are three pedestals that are located between the existing building and that shaded out line of the 750,000 square foot building.

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Doug Snow:

So under the current development plan for that those are going to be – there will be a fence or something – they are going to stay where they are and then we move them and then obviously when Uline decides to do that expansion that they have, we will have to have them moved by then. Right?

Mike Pollocoff:

Right.

Doug Snow:

Do they assume any of those costs as part of their development or do we have to assume all that cost?

Mike Pollocoff:

Of the relocation?

Doug Snow:

Right.

Mike Pollocoff:

Yes, that is what that item is as part of the relocation.

Doug Snow:

O.K.

Mike Pollocoff:

We needed that to make the deal go because otherwise it made the project costs too high for them, and again we wanted to get this done as part of the commitment we made with Abbott that we would locate that power line because it really messes up the Abbott site as well.. One of the things we are looking at is relocating them to CTH U and then turning CTH U into a boulevard so if you drive through LakeView Corporate Park now, if you look at 80th Street on either side of STH 165, it is a boulevard and there are monopole pedestals that are in the island and it works out perfect.

Doug Snow:

Which one is CTH U? Is that 136th Avenue?

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Mike Pollocoff:

Right. But that is not in the Village at this time so we are having discussions with Bristol to see what we can do – and Kenosha County. So there are a lot of people involved in it but those discussions are not anywhere near done. We are just getting going on them.

The other items that have changed – land acquisition. Land acquisition was primarily the two book stores, the military museum, the fireworks stand, the mink farm – we had an estimate of originally about \$13 million – I think it was \$12.7 if I am not mistaken – and this number here reflects what our actual court settlements have been. So what the court orders have been on those that we did litigate with, this number is finished so that represents an increase in the project as well.

The other part has been project increases just from inflation from 1999 to this point in time as it has been awhile.

Doug Snow:

On the fiber, is that fiber going to be laid by Time Warner? We have to build it but then ...

Mike Pollocoff:

No, we have already given them the money so they have committed . . .

Doug Snow:

. . . to do the build out.

Mike Pollocoff:

Yes, so they have got that network – it is not exactly – it is going to fit basically for Uline's needs but they will run the fiber optics and make sure it is redundant for them as well as Abbott and we are out of it and they will have to maintain it.

Doug Snow:

When does that agreement with Time Warner expire?

Mike Pollocoff:

Seven years.

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Doug Snow:

Seven years from now?

Mike Pollocoff:

Yes. Any other questions on the project plan?

Doug Snow:

On page 7, there is a summary of an economic feasibility study where it says total project costs have increased by \$25 million – \$11 million of that is the Uline site improvements and the rest of it is either because the estimates were a little bit off, like site acquisition costs, inflation, things like that. Where there any other items that are significant?

Mike Pollocoff:

There is almost \$11.5 million for Uline; there is \$4.5 million for the power lines; \$700,000 for the gas line relocation. I think the others things would be trueing up actual costs to reflect current market prices for improvements.

Doug Snow:

What is lumped under other?

Mike Pollocoff:

Under other costs?

Doug Snow:

Yes. Just in general.

Kathy Goessl:

I know part of it is the site, the Nitto Denko site, that was actually trueed up in their costs and there is one other thing but I cannot remember what is in that line item.

Mike Pollocoff:

I think the other increase would be the roadways and storm sewers that reflect an increase of \$1.8, almost \$1.9 million from the original project plan. The municipal water has increased by upsizing the elevated storage facilities from 750,000 gallons to 1,000,000 gallons plus increasing the size of the infrastructure in that area to accommodate Abbott as well as Uline. The Abbott infrastructure isn't constructed yet but we plan for the fire protection needs to require

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a bigger main to be able to fill the towers faster to obtain the fire protection levels required. Administration also reflects a significant increase of the project and primarily that is legal having to do with Abbott and as well as the book store acquisitions. So you can see that is an increase from \$913,000 to \$3 million. But the remaining other item I believe is the truing up the cost from that work that took place in the TIF District between the Interstate and STH 31. As Kathy said, the Nitto America site, SC Johnson site, Jelly Belly, as that grading took place.

Doug Snow:

Then on page 8, which has the amount of change by year, you've got a couple of large jumps in 2017 and 2019 and that is revenue from selling pieces of property? That is a projection obviously.

Mike Pollocoff:

Right.

Doug Snow:

And those could move up if that land is sold sooner. Right?

Mike Pollocoff:

Right. We are going to try and sell it sooner but we are not going to bet on it.

Doug Snow:

On page 10, where there is a listing of the taxing districts and the mill rates. What are the assumptions of the Village mill rates through the completion of the TIF District?

Mike Pollocoff:

I believe we are assuming 5 percent for the Village mill rate? Yes it is here on page 8.

Doug Snow:

Page 8 has the mill rate built into it?

Mike Pollocoff:

No. It shows the logic and how we are increasing the Village mill rate. No it is not on page 8. The Village Treasurer is grabbing her file so we can answer the question which was posed concerning the Village mill rate.

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Doug Snow:

While we are waiting on that, on pages 13 and 14 and so forth where we talk about the promissory notes that the Village issues, has any of the recent financials issues in the financial markets nationally affected either the rates or the ability to get those bonds sold?

Mike Pollocoff:

Not that I have been seeing. We are not planning on doing any financing right away here.

Dave Geersten

We haven't had any issues and one thing that is on the horizon is they are rebasing bond ratings so that might give you a better bond rating to help with new issuances. I have read a couple things that have affected some entities but none that I have seen that would affect Pleasant Prairie.

Doug Snow:

I think if you were a brokerage house you would have a hard time raising money these days.

Mike Pollocoff:

We know that Standards and Poor's and Moody's have indicated that once we get the Uline project up and running then they would come back and take another look at our rating which I took to be good as once they actually saw something was coming out of the ground.

Doug Snow:

Right.

Dave Geersten:

I think the last issue we did we got the normal amount of bids but that was earlier this year.

Kathy Goessl:

I have the answer for what is in other. It is the traffic signals on the Frontage Road for \$400,000. And the other question was?

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Mike Pollocoff:

What we based the Village's mill rate on.

Doug Snow:

The projected revenue that we will see from tax revenue that will go to pay off the bond. What are we assuming the increase in the mill rate is going to be from the Village over the life of this project?

Kathy Goessl:

The mill rate is basically going to stay stable in terms of – it is around \$17 or \$18 or something like that – it is going to stay that way. With the value increasing, to keep it the same is more conservative and brings less money into the thing than it coming down. I don't have a TID Plan – is there a schedule in there?

Doug Snow:

So you are assuming the mill rate that we have this year which is \$3.18 will stay the same through the life of this plan?

Kathy Goessl:

Yes, we basically had it stable throughout the remaining life.

Doug Snow:

Good and conservative.

Mike Pollocoff:

Any other questions?

Doug Snow:

Any way we could get the County mill rate to go down?

Dave Geersten:

If we did that too much then you would have less flowing in. It is going down unfortunately.

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Mike Pollocoff:

We have done that in the previous five years. Our mill rate has gone down and it has actually made it difficult.

5. Consider Resolution #08-01 Approving Amendment No. 3 to Project Plan for Tax Incremental District #2.

GEERSTEN MOVED TO ADOPT RESOLUTION #08-01 APPROVING AMENDMENT NO. 3 TO PROJECT PLAN FOR TAX INCREMENTAL DISTRICT #2; SECONDED BY SNOW; MOTION CARRIED 5-0.

6. Adjournment.

ZLEVOR MOVED TO ADJOURN THE MEETING; SECONDED BY GEERSTEN MOTION CARRIED 6-0 AND MEETING ADJOURNED AT 1:45 P.M.