CITY OF STOUGHTON
FINANCE DEPARTMENT
207 S Forrest, Stoughton, WI 53589

(608) 873-6677 www.ci.stoughton.wi.us

Date: April 8, 2021

To: Finance Committee

From: Jamin Friedl

Subject: Release of KPW Phase I Municipal Revenue Obligation

The development agreement for the commercial phase of the Kettle Park West development entitles the developer to receive a TIF-funding Municipal Revenue Obligation (the "Commercial Phase MRO") to pay the cost of site grading work within that phase, up to $550,000. When issued, the Commercial Phase MRO is payable over the remaining life of the TIF District, without interest.

The Commercial Phase MRO has not yet been issued. Instead, the developer assigned it to the City to secure the developer's park-dedication related obligations. The development agreement for the residential phase of the Kettle Park West Development required the developer to annex about 4 acres of land in the town of Rutland to the City, and to convey that land to the City as an addition to the 6.3 acres already dedicated for park purposes. The Commercial Phase MRO was assigned to the City to protect the City in the event the 4 acres is not annexed and conveyed to the City.

The annexation of the 4 acre parcel has been completed. We expect the 4 acres to be conveyed to the City shortly. Once that has occurred, we will issue the Commercial Phase MRO to the developer.

Forward Development is planning to request the entire amount be paid in one lump sum as opposed to following the amortization schedule laid out below. Any changes to the payment schedule as described in the Second Amended and Restated Agreement to Undertake Development must be approved by City Council.

Respectfully,

Jamin Friedl

LANGUAGE IN THE SECOND AMENDED AND RESTATED AGREEMENT TO UNDERTAKE DEVELOPMENT

(c) For purposes of the Municipal Revenue Obligation, a "Payment Date" shall mean each of the Scheduled Payment Dates set forth on a schedule to be prepared by the City and attached to the Municipal Revenue Obligation when issued. The scheduled payment dates shall be prepared such that the payments on the Municipal Revenue Obligation are amortized over the remaining number of years that tax increment generated by the District may lawfully he allocated to make payments on the Municipal Revenue Obligation. On each of the Payment Dates, the City shall pay to Developer the Excess Tax Increment, up to the Scheduled Payment Amount shown on the schedule attached to the Municipal Revenue Obligation, together with such additional amounts, if any, deferred from prior years as may be payable on the Payment Date as provided under the terms of the Municipal Revenue Obligation, that has been appropriated for that purpose by the Common Council in accordance with the requirements for revenue obligations.

LANGUAGE IN THE OCTOBER 1, 2020 TIF AGREEMENT

1. <u>Allocation of Actual Tax Increment</u>. Beginning in 2020 and continuing through 2035, the City, subject to annual appropriations and pursuant to the terms contained in this Agreement, shall, annually, distribute Actual Tax Increment as follows:

i) First, to the City for the payment of Administrative Costs.

ii) Second, to the City to pay the cost of wetland restoration work on Outlot 1 of the CSM.

iii) Third, for the payment of the Commercial Phase TIF Borrowing.

iv) Fourth, Actual Tax Increment that remains after paying (i), (ii) and (iii) above shall be made available for payment of the Commercial Phase MRO.

v) Fifth, to pay any City borrowing incurred to finance the construction of improvements to Oak Opening Drive and Deer Point Drive in the Town of Rutland.

vi) Sixth, Actual Tax Increment that remains after paying (i), (ii), (iii), (iv) and (v) above shall be made available for payment of the Residential Phase MRO. For purposes of this Agreement, Actual Tax Increment that remains after paying (i), (ii), (iii), (iv) and (v) above shall be referred to as "Available Tax Increment."

vii) Seventh, Actual Tax Increment that remains after paying (i), (ii), (iii), (iv), (v) and (vi) above shall be allocated to the City to pay for the construction of the Jackson Street force main and the extension of a water main along S.T.H. 138.

viii) Finally, after the payments are made pursuant to subsections (i) through (vii) immediately above, any remaining Actual Tax Increment shall be used by the City at its discretion, including to pay the cost of constructing the intersection of S.T.H. 138 and Oak Opening Drive.

AMORTIZATION OPTIONS

PROPOSED
KPW Phase I MRO Amortization Schedule
Remaining tid No. 7 Expenditure Period

	Annual Payment *	Principal Balance
2021	$ 61,111.11	$ 488,888.89
2022	$ 61,111.11	$ 427,777.78
2023	$ 61,111.11	$ 366,666.67
2024	$ 61,111.11	$ 305,555.56
2025	$ 61,111.11	$ 244,444.45
2026	$ 61,111.11	$ 183,333.34
2027	$ 61,111.11	$ 122,222.23
2028	$ 61,111.11	$ 61,111.12
2029	$ 61,111.12	$ -

PROPOSED
KPW Phase I MRO Amortization Schedule
Remaing Life of the TID No. 7

	Annual Payment *	Principal Balance
2021	$ 39,285.71	$ 510,714.29
2022	$ 39,285.71	$ 471,428.58
2023	$ 39,285.71	$ 432,142.87
2024	$ 39,285.71	$ 392,857.16
2025	$ 39,285.71	$ 353,571.45
2026	$ 39,285.71	$ 314,285.74
2027	$ 39,285.71	$ 275,000.03
2028	$ 39,285.71	$ 235,714.32
2029	$ 39,285.71	$ 196,428.61
2030	$ 39,285.71	$ 157,142.90
2031	$ 39,285.71	$ 117,857.19
2032	$ 39,285.71	$ 78,571.48
2033	$ 39,285.71	$ 39,285.77
2034	$ 39,285.77	$ -

***** - Payments will be issued by the City on November 1st of each year

BALANCE SHEET FOR STOUGHTON CITY
Period Ending 03/31/2021

Fund 207 TID #7 FUND

GL Number	Description	Balance
*** Assets ***		
207-00000-11100	PRIMARY CHECKING	614,175.45
207-00000-11302	WISC INVESTMENT FUND	300,999.52
207-00000-13010	ACCOUNTS RECEIVABLE	9,842.49
207-00000-13070	TAXES RECEIVABLE	193,963.73
Total Assets		**1,118,981.19**
*** Liabilities ***		
207-00000-26000	DEFERRED REVENUE	15,842.14
Total Liabilities		**15,842.14**
*** Fund Balance ***		
207-00000-39000	FUND BALANCE	675,695.12
Total Fund Balance		**675,695.12**
Beginning Fund Balance		**675,695.12**
Net of Revenues VS Expenditures		**427,443.93**
Ending Fund Balance		**1,103,139.05**
Total Liabilities And Fund Balance		**1,118,981.19**

Approved by State Board of Accounts for the Stoughton City, 2014

REVENUE AND EXPENDITURE REPORT FOR STOUGHTON CITY
PERIOD ENDING 03/31/2021
% Fiscal Year Completed: 24.66

FUND ACCOUNT	DESCRIPTION	2021 AMENDED BUDGET	YTD BALANCE 03/31/2021 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 03/31/2021 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 207 - TID #7 FUND						
Revenues						
207 41110	PROPERTY TAXES	770,000.00	762,485.69	0.00	7,514.31	99.02
207 42190	TAX INCREMENT GUARANTEE	33,000.00	0.00	(246.85)	33,000.00	0.00
207 48110	INTEREST	2,800.00	38.07	10.65	2,761.93	1.36
TOTAL REVENUES		805,800.00	762,523.76	(236.20)	43,276.24	94.63
Expenditures						
207 50340	OPERATING EXPENSES	5,000.00	0.00	0.00	5,000.00	0.00
207 50820	CAPITAL-INFRASTRUCTURE	200,000.00	0.00	0.00	200,000.00	0.00
207 50850	ADMINSTRATION	5,000.00	354.83	354.83	4,645.17	7.10
207 50930	TRANSFER TO DEBT FUND	334,725.00	334,725.00	334,725.00	0.00	100.00
TOTAL EXPENDITURES		544,725.00	335,079.83	335,079.83	209,645.17	61.51
Fund 207 - TID #7 FUND:						
TOTAL REVENUES		805,800.00	762,523.76	(236.20)	43,276.24	94.63
TOTAL EXPENDITURES		544,725.00	335,079.83	335,079.83	209,645.17	61.51
NET OF REVENUES & EXPENDITURES		261,075.00	427,443.93	(335,316.03)	(166,368.93)	163.72

Approved by State Board of Accounts for the Stoughton City, 2014

Cash Flow – TID 7 after Amendment

City of Stoughton, WI

Tax Increment District #7

Cash Flow Projection - After Amendment

	Projected Revenues							Expenditures												Balances			
								Note Anticipation Notes, Series 2015 4,775,000			General Obligation Bonds, Series 2018A 4,090,000												
Year	Tax Increments	Interest Earnings/ (Cost)	Intergov. Grants	Developer Guarantees	Misc Revenue	Net Debt Proceeds	Total Revenues	Dated Date: Principal	10/21/15 Rate	Interest	Dated Date: Principal	04/26/18 Rate	Interest	Phase I MRO	Phase II MRO	Capital Expenditures	Professional Services	Admin.	Total Expenditures	Annual	Cumulative	Principal Outstanding	Year
2015	0	745				4,738,194	4,738,939									380,760		3,363	384,123	4,354,816	4,354,816	4,775,000	2015
2016	0	10,200					10,200		1.25%	0						3,308,319	850		3,309,169	(3,298,969)	1,055,847	4,775,000	2016
2017	242,013	8,449					250,462		1.25%	116,059						75,684	1,239	23,678	216,660	33,802	1,089,649	4,775,000	2017
2018	415,963	4,678				4,184,948	4,605,589	4,775,000	1.25%	39,792						679,308	1,460	8,983	5,504,543	(898,954)	190,695	4,640,000	2018
2019	526,673	4,445	1,959	33,510	15,274		581,861				150,000	2.00%	183,149				1,000		334,149	247,712	438,407	4,490,000	2019
2020	546,394	4,384					550,778				210,000	2.00%	123,975	200,000				10,000	543,975	6,803	445,210	4,080,000	2020
2021	828,665	4,452					833,117				215,000	2.00%	119,725	200,000				10,000	544,725	288,392	733,602	3,665,000	2021
2022	1,105,114	7,336					1,112,450				220,000	3.00%	114,275	150,000	402,059			10,000	896,334	216,116	949,718	3,295,000	2022
2023	1,274,661	9,497					1,284,158				225,000	3.00%	107,600		402,059	690,000		10,000	1,434,659	(150,501)	799,217	3,070,000	2023
2024	1,627,048	7,992					1,635,040				235,000	3.00%	100,700		402,059	661,250		10,000	1,409,009	226,031	1,025,248	2,835,000	2024
2025	1,864,155	10,252					1,874,407				240,000	3.00%	93,575		402,059	310,500		10,000	1,056,134	818,273	1,843,521	2,595,000	2025
2026	2,082,858	18,435					2,101,293				245,000	3.00%	86,300		402,059	2,138,250		10,000	2,881,609	(780,316)	1,063,205	2,350,000	2026
2027	2,300,771	10,632					2,311,403				255,000	4.00%	77,525		1,224,204			10,000	1,566,729	744,674	1,807,879	2,095,000	2027
2028	2,470,133	18,079					2,488,212				265,000	4.00%	67,125		1,154,910			10,000	1,497,035	991,177	2,799,056	1,830,000	2028
2029	2,569,944	27,991					2,597,935				280,000	4.00%	56,225					10,000	346,225	2,251,710	5,050,766	1,550,000	2029
2030	2,569,944	50,508					2,620,452				290,000	4.00%	44,825					10,000	344,825	2,275,627	7,326,393	1,260,000	2030
2031	2,569,944	73,264					2,643,208				300,000	3.00%	34,525					10,000	344,525	2,298,683	9,625,076	960,000	2031
2032	2,569,944	96,251					2,666,195				310,000	3.00%	25,375					10,000	345,375	2,320,820	11,945,896	650,000	2032
2033	2,569,944	119,459					2,689,403				320,000	3.13%	15,725					10,000	345,725	2,343,678	14,289,574	330,000	2033
2034	2,569,944	142,896					2,712,840				330,000	3.25%	5,362					10,000	345,362	2,367,478	16,657,052	0	2034
2035	2,569,944	166,571					2,736,515								0			10,000	10,000	2,726,515	19,383,567	0	2035
Total	33,274,056	796,516	1,959	33,510	15,274	8,923,142	43,044,457	4,775,000		155,851	4,090,000		1,255,986	550,000	4,389,409	8,244,071	4,549	196,024	23,660,890				Total

Notes:

- Per 2019 audit

Projected TID Closure