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

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Date: April 22, 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 requesting the entire amount be paid in one lump sum as opposed to using 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.

Forward Development's reasoning for this request is laid out below.

1. "But For Test" – The but for test indicated that $5,000,000 was needed to move the project forward. The Council at that time chose to push the $550,000 as an incentive to achieve the assessment values.
2. Project Sources and Uses – The $550,000 of costs did not go away so FDG needed to finance that portion themselves. Debt financing was not available because it had already been maximized for construction and other purposes. Therefore, FDG needed to go to outside investors to obtain unsecured notes (i.e. could not be collateralized as it is based on a future event). The interest rate on the unsecured notes is 12%, and they are still outstanding today.
3. Anticipated Payments – In the original project plan, the $550,000 was shown as a lump sum payment. The MRO was written differently, FDG assumes this is because the City wanted the flexibility to pay it over and extended timeframe if needed. However, FDG believes the City is required per the previous TIF agreement (Phase 1) and the current TIF agreement (Phase 2) to set aside the funds if available to make this payment. Therefore, FDG believes that once the priority payments, prior to FDG's payment being made, the funds can't be used for any other purpose.
4. Amount Set Aside for the Excess TIF – Currently, the cash within the TID exceeds $900,000 after all payments have been made and therefore $550,000 is available and must be set aside for KPW.
5. 2020 Budgeted Amount – When the project amendment was approved, it showed the payment of the $550,000 over 3 years instead of the lump sum as originally projected. The intent wasn't to show the payment not being made in a lump sum, it was just showing the payment based on cash projected (i.e. an estimate). We are a year later in the schedule (i.e. KPW deferred the payment request because of the park dedication and annexation issue) so the 1st two payments are available and the tax receipts exceeded the projections. So therefore, the cash is available sooner than projected.

Respectfully,

Jamin Friedl

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

LANGUAGE IN THE ORIGINAL AGREEMENT TO UNDERTAKE DEVELOPMENT

C.3. Municipal Revenue Obligation. Following the completion of the Site Grading, Developer may provide to the City a written request for issuance of a Municipal Revenue Obligation, which request shall include Developer's certification of the cost of the Site Grading and documentation of Developer's payments to contractors for the Site Grading work. Within forty-five days after submittal of a complete written request for issuance of the Municipal Revenue Obligation with the required certification and documentation, the City shall issue a Municipal Revenue Obligation to Developer, in the principal amount of the lesser of (1) the cost of the Site Grading work or (2) Five Hundred Fifty Thousand Dollars ($550,000), in the form attached hereto as Attachment E, under the following terms and conditions:

(a) The Municipal Revenue Obligation shall not bear interest.

(b) Any payment on the Municipal Revenue Obligation which is due on any Payment Date shall be payable solely from and only to the extent that the City has received as of such Payment Date Excess Tax Increment, and such Excess Tax Increment has been appropriated by the Common Council to payment of the Municipal Revenue Obligation.

(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 be 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.

(d) The City covenants and agrees that Excess Tax Increment held by the City as of a given Payment Date shall not be appropriated for any other use, if not appropriated for the Municipal Revenue Obligation due as of such Payment Date, until the City has paid the Municipal Revenue Obligation payment due on the Payment Date in that year (including the Scheduled Payment Amount plus any additional amounts deferred from prior years and payable on that Payment Date), or until said Municipal Revenue Obligation has been paid. The District shall not be terminated until the Municipal Revenue Obligation has been paid, or until the District must be terminated by law, whichever first occurs.

D. 3. Allocation of Actual Tax Increment. Actual Tax Increment shall be applied as follows:

(a) In 2015 and 2016, all Actual Tax Increment shall be allocated to the City to pay City Administrative Costs and other project costs related to the District.

(b) In 2017 through 2033, or until the District is terminated, whichever is sooner, Actual Tax Increment shall be allocated as follows:

(1) First, to pay City Administrative Costs.

(2) Second, to pay Annual Debt Service on City Borrowing for reimbursing Developer for the Stormwater Management Improvements.

(3) Third, to pay Annual Debt Service on City Borrowing for reimbursing Developer for the Off-Site Public Improvements.

(4) Fourth, "Excess Tax Increment" shall be available for payment of the Municipal Revenue Obligation referred to in Section C.3 of this Agreement. For purposes of this Agreement, "Excess Tax Increment" shall mean Actual Tax Increment remaining each year after paying Annual Debt Service on City Borrowing each year. Excess Tax Increment remaining after the City has paid the Municipal Revenue Obligation payment due on the Payment Date in a given year (including the Scheduled Payment Amount plus any additional amounts deferred from prior years and payable on that Payment Date) may be used by the City to pay any District project costs it may chose, in its discretion.

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.

Section C.3. (d) states as follows: "The City covenants and agrees that Excess Tax Increment held by the City as of a given Payment Date shall not be appropriated for any other use, if not appropriated for the Municipal Revenue Obligation due as of such Payment Date, until the City has paid the Municipal Revenue Obligation payment due on the Payment Date in that year (including the Scheduled Payment Amount plus any additional amounts deferred from prior years and payable on that Payment Date), or until said Municipal Revenue Obligation has been paid."

Section D. 3 (b) (4) states as follows: "Excess Tax Increment remaining after the City has paid the Municipal Revenue Obligation payment due on the Payment Date in a given year (including the Scheduled Payment Amount plus any additional amounts deferred from prior years and payable on that Payment Date) may be used by the City to pay any District project costs it may chose, in its discretion."

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.

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

Stoughton Finance Committee – April 13, 2021 Meeting
Kettle Park West – Summary of Key Items

KPW Position: The Excess TIF Payment was always intended to be paid from excess cash in the TID. KPW requests that a payment of $550,000 be made from the excess cash.

Background Information on the "Excess TIF Payment"

- Original TIF request was for $5,000,000
- Council was concerned about sufficient increment to pay the debt so ~$4,447,000 was approved
- An "Excess TIF Payment" was agreed to if certain conditions were met
- Costs incurred by KPW exceeded planned costs and all costs have been paid
- All conditions for payment have been met
- Tax increment and payments have exceeded the original targets/plan and thus cash is available
- Original intent was to pay with excess cash not per the language in the MRO

Key Supporting Documentation

Exhibit A - The Agreement to Undertake Development between The City of Stoughton and Kettle Park West, LLC dated June 9, 2015 states that: Excess Tax Increment remaining after payment of the MRO may be used by the City to pay any District project it chooses, in its discretion (Section D3(b)(4) on pages 13 and 14)

Exhibit B - The approved Project Plan for TIF District #7 from 2014 contains a chart which shows Estimated Cash Flow for the Phase I Full Build Out which shows a $550,000 developer cash grant in 2023 (lump sum payment).

Exhibit C - The TIF Agreement between The City of Stoughton and Kettle Park West, LLC dated October 1, 2020 amends Section D3 of the Commercial Phase Development Agreement and states that: Actual Tax Increment that remains after paying city administrative costs, wetland restoration costs and payment of Commercial Phase TIF borrowing **shall be** made available for the payment of the Commercial Phase MRO. (Paragraph 6(iv))

Exhibit D - The Project Plan for the Project Plan Amendment of TID No. 7 by Ehlers dated April 29, 2020 contains a chart on page 25 which shows a total of $550,000 in Phase I MRO Expenditures from 2020 through 2022.

All supporting documentation is consistent with available excess cash being paid to KPW.

Exhibit A

service schedule when City Borrowings are finalized. It is further understood and agreed that this paragraph shall not preclude the City from any refinancing or restructuring of City Borrowing in order to take advantage of any increased cash flow to the District or lower interest rates.

2. Developer Guarantees to City.

(a) *Guarantee of Tax Increment.* Developer acknowledges and agrees that the Tax Increment received by the City from the District is intended to be sufficient to pay the Annual Debt Service on the City Borrowing. It is further agreed that the Annual Debt Service on the City Borrowing be paid from Tax Increment generated by the District, and/or capitalized interest available under the City Borrowing, in accordance with Wis. Stat. sec. 66.1105.

(b) *Guarantee of Sufficient Actual Tax Increment to Pay Annual Debt Service.* Developer guarantees that, beginning in the calendar year 2018, the Actual Tax Increment will be sufficient to fully pay the Annual Debt Service on City Borrowing. If, in any calendar year beginning with calendar year 2018, the Actual Tax Increment received by the City and allocated as described in Section D. 3 is insufficient to pay the Annual Debt Service due that year, then Developer shall be required to pay to the City, and the City shall be entitled to draw on the Letter of Credit, the amount by which the Actual Tax Increment is insufficient to pay the Annual Debt Service due that year. Withdrawals on the Letter of Credit may be made at any time within 30 days before or after the due date of an Annual Debt Service Payment, and Developer's due date for making any required payment on Developer's guarantee, to avoid withdrawals on the Letter of Credit or interest charges, shall be 31 days before the due date of an Annual Debt Service payment. The City shall provide Developer with written notice of any insufficiency in the Actual Tax Increment 45 days prior to the due date of an Annual Debt Service payment, or as soon thereafter as the amount of the insufficiency is known to the City.

3. Allocation of Actual Tax Increment. Actual Tax Increment shall be applied as follows:

(a) In 2016 and 2017, all Actual Tax Increment shall be allocated to the City to pay City Administrative Costs and other project costs related to the District.

(b) In 2018 through 2034, or until the District is terminated, whichever is sooner, Actual Tax Increment shall be allocated as follows:

(1) First, to pay City Administrative Costs.

(2) Second, to pay Annual Debt Service on City Borrowing for reimbursing Developer for the Stormwater Management Improvements.

(3) Third, to pay Annual Debt Service on City Borrowing for reimbursing Developer for the Off-Site Public Improvements.

(4) Fourth, "Excess Tax Increment" shall be available for payment of the Municipal Revenue Obligation referred to in Section C.3 of this Agreement. For purposes of this Agreement, "Excess Tax Increment" shall mean Actual Tax Increment remaining each year after paying Annual Debt Service on City Borrowing each year. Excess Tax Increment remaining after the City has paid the Municipal Revenue Obligation payment due on the Payment Date in a given year (including the Scheduled Payment Amount plus any additional amounts deferred from prior years and payable on that Payment Date) may be used by the City to pay any District project costs it may chose, in its discretion.

4. Letter of Credit.

(a) Developer shall provide an irrevocable letter of credit issued pursuant to Chapter 405 of the Wisconsin Statutes to the City to secure Developer's tax increment guarantee obligations under Section D.2(b) of this Agreement. The letter of credit shall be in a form acceptable to the City, and shall be issued by an entity that is acceptable to the City, or that has a rating of its long-term unsecured debt not lower than A1 by Moody's Investors Service or A+ by Standard and Poor's. It shall be payable at sight to the City, and shall bear an expiration date not earlier than three years after its initial issuance. The letter of credit shall be payable to the City at any time upon presentation of the following: (1) a sight draft drawn on the issuing bank in an amount to which the City is entitled under this Agreement; (2) an affidavit executed by a person authorized by the City stating that monies are due from Developer pursuant to the guarantee obligations in Section D.2(b); and (3) the letter of credit. After the initial term, Developer shall timely renew the letter of credit for additional terms of not less than one year, so that the amount of the letter of credit is at all times not less than the amount required by this Agreement. The initial and each renewed or replacement letter of credit shall by express language be automatically extended without amendment for a period of one year from its expiration date, unless at least 45 days before such expiration date the issuer of the letter of credit notifies the City in writing that the letter of credit will not be extended for an additional one year period, or notifies the City in writing that the letter of credit will be renewed or replaced by a letter of credit in an amount that is less than the amount required by this Agreement, which amount shall be specified in such written notice. Upon receipt of notice that the letter of credit will not be extended for an additional one year period, or will be extended, renewed or replaced in an amount that is less than the amount required by this Agreement, the City may draw upon the letter of credit an amount sufficient to secure performance of Developer's remaining guarantee obligations.

(b) The amount of the initial and each renewed or replacement letter of credit shall be equal to the total principal and interest payments that remain unpaid on all remaining Annual Debt Service Payments on City Borrowing. For example, based upon the Schedule of Annual Debt Service Payments attached as Attachment B, the amount of the initial letter of credit would be $6,765,224.60. However, the amount of the required letter of credit may be reduced by the amount of the Annual Debt Service that will be paid by Actual Tax Increment that has been created within the District, and allocated to pay Annual Debt Service as provided in Section D.3. The Annual Debt Service payments that will be paid by Actual Tax Increment that has been created within the District shall be calculated by the City, using the actual Value

Exhibit B

Estimated Cash Flow: Phase 1 Full Build out

TID Year	Assessment Year	Incremental Assessed Value (Land and Improvements)	Projected Total Incremental AV	Annual Incremental Tax Revenue	Estimated City TID Admin Costs	Tax Increment Available for Debt Service	Cumulative Tax Increment	City GO Bond Debt Service	Developer Cash Grant	Annual Tax Increment Available After DS	Cumulative Tax Increment Available After Debt Service
0	2014										
1	2015										
2	2016	$10,533,020	$ 10,533,020	$ -	$ (15,000)	$ (15,000)	$ (15,000)			$ (15,000)	$ (15,000)
3	2017	$ 6,496,380	$ 17,029,400	$ 242,891	$ (5,000)	$ 237,891	$ 222,891	$ (193,292.13)		$ 44,599	$ 29,599
4	2018	-	$ 17,029,400	$ 392,698	$ (5,000)	$ 387,698	$ 610,589	$ (386,584.26)		$ 1,114	$ 30,713
5	2019		$ 17,029,400	$ 392,698	$ (5,000)	$ 387,698	$ 998,287	$ (386,584.26)		$ 1,114	$ 31,827
6	2020	$ 4,428,700	$ 21,458,100	$ 392,698	$ (5,000)	$ 387,698	$ 1,385,985	$ (386,584.26)		$ 1,114	$ 32,940
7	2021	$ 4,901,900	$ 26,360,000	$ 494,824	$ (5,000)	$ 489,824	$ 1,875,809	$ (386,584.26)		$ 103,240	$ 136,180
8	2022	$ 6,935,600	$ 33,295,600	$ 607,862	$ (5,000)	$ 602,862	$ 2,478,671	$ (386,584.26)		$ 216,277	$ 352,457
9	2023	$ -	$ 33,295,600	$ 767,797	$ (5,000)	$ 762,797	$ 3,241,467	$ (386,584.26)	$ (550,000.00)	$ (173,788)	$ 178,670
10	2024	$ -	$ 33,295,600	$ 767,797	$ (5,000)	$ 762,797	$ 4,004,264	$ (386,584.26)		$ 376,212	$ 554,882
11	2025	$ -	$ 33,295,600	$ 767,797	$ (5,000)	$ 762,797	$ 4,767,060	$ (386,584.26)		$ 376,212	$ 931,094
12	2026	$ -	$ 33,295,600	$ 767,797	$ (5,000)	$ 762,797	$ 5,529,857	$ (386,584.26)		$ 376,212	$ 1,307,306
13	2027	$ -	$ 33,295,600	$ 767,797	$ (5,000)	$ 762,797	$ 6,292,653	$ (386,584.26)		$ 376,212	$ 1,683,519
14	2028	$ -	$ 33,295,600	$ 767,797	$ (5,000)	$ 762,797	$ 7,055,450	$ (386,584.26)		$ 376,212	$ 2,059,731
15	2029	$ -	$ 33,295,600	$ 767,797	$ (5,000)	$ 762,797	$ 7,818,246	$ (386,584.26)		$ 376,212	$ 2,435,943
16	2030	$ -	$ 33,295,600	$ 767,797	$ (5,000)	$ 762,797	$ 8,581,043	$ (386,584.26)		$ 376,212	$ 2,812,155
17	2031	$ -	$ 33,295,600	$ 767,797	$ (5,000)	$ 762,797	$ 9,343,840	$ (386,584.26)		$ 376,212	$ 3,188,368
18	2032	$ -	$ 33,295,600	$ 767,797	$ (5,000)	$ 762,797	$ 10,106,636	$ (386,584.26)		$ 376,212	$ 3,564,580
19	2033	$ -	$ 33,295,600	$ 767,797	$ (5,000)	$ 762,797	$ 10,869,433	$ (386,584.26)		$ 376,212	$ 3,940,792
20	2034	$ -	$ 33,295,600	$ 767,797	$ (5,000)	$ 762,797	$ 11,632,229	$ (386,584.26)		$ 376,212	$ 4,317,005
Total		$ 33,295,600		$ 11,737,229	$ (105,000)	$ 11,632,229		$ (6,765,224.60)	$ (550,000.00)	$ 4,317,004.55	

Use 4.2% Interest rate

Section G Financing

Financing for the proposed project will be done primarily on an upfront or pay-as-you-go basis. The City anticipates using a combination of bonds and internal loans to finance the upfront costs necessary for the project to proceed. With pay-as-you-go financing the developer finances the improvement costs upfront and is reimbursed with future tax increment revenues. TIF borrowing may be done annually or on a project-specific basis and it is not anticipated that the total amount of project costs would be considered for one borrowing. The City may also pursue grant funding to finance a portion of the project costs.

Tables I and III, which is also referenced in the Economic Feasibility Study Section, give a summary of project costs, proposed cash flow schedule, and projected tax increment revenues on an annual basis during the duration of the District. Current projections indicate that all project costs of the district should be financed by tax increment revenue within the twenty year statutorily-required retirement period. The TID Project Plan has been written to enable project costs to be completed in order to encourage new development within the District boundaries. An annual analysis should be made to strategize financing alternatives in consideration of potential shortfalls between tax increments collected and debt service required to pay the bonds. Excess tax increments will be available to cover potential shortfalls with repayment to the City prior to retirement of the District. The City anticipates annually reviewing future expenditures and determining economic feasibility prior to authorizing additional expenditures.

The total scope of activities is estimated within the project cost estimates in Table I. Any non-tax revenues received may reduce the applicable TIF project expenditure which, in turn, will reduce the total amount of TIF project costs. This reduction will allow the City more flexibility in determining the timeframe for other project expenditures.

to the qualifications stated or referenced herein. Neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of the Residential Phase MROs and no property or other asset of the City, except the above-referenced revenues, is or shall be a source of payment of the City's obligations hereunder and thereunder.

j. The City shall have the right to prepay the outstanding principal balance of the Residential Phase MROs at any time, at par and without penalty.

k. The City's obligation to issue a MRO is conditioned upon satisfaction of the following conditions: (1) the Project Plan for the District must be amended to authorize the provision of $3,000,000 in tax increment funding to Developer pursuant to this Agreement, and to authorize tax increment funding of the construction of a force main in Jackson Street, a water main extension along STH 138, the construction of Oak Opening Drive and Deer Point Drive in the Town of Rutland, and the intersection of Oak Opening Drive and STH 138; and (2) the requirements of Sections 4. a through 4. d. of this Agreement must be satisfied.

6. Allocation of Actual Tax Increment. 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.

This section of this Agreement amends Section D. 3 of the Commercial Phase Development Agreement.

7. **Look Back.** Attached hereto as Exhibit C is a financial pro forma, (the "Original Development Pro Forma"), which shows the *estimated* expenses, revenues and internal rate of return ("IRR") associated with the development of the KPW Meadows Development. Based on the Original Development Pro Forma, the KPW Meadows Development is expected to generate an IRR that will not exceed fifteen percent (15%) (the "Target IRR"). Within sixty (60) days following the fifth (5th) anniversary of the City's acceptance of the Improvements constructed within the final phase of development of the KPW Meadows Development (such 5th anniversary, the "Lookback Date"), the Developer shall submit to the City an updated statement, in the same form and containing the same items of expenses and revenues used in the Original Development Pro Forma, but certifying the *actual* expenses, revenues and IRR generated by the KPW Meadows Development, as of the Lookback Date (the "Updated Development Pro Forma"). If the Updated Development Pro Forma shows that the actual IRR, as of the Lookback Date, is greater than the Target IRR, the Developer shall pay to the City an amount necessary to reduce the actual IRR to the Target IRR (the "Lookback Payment"). If the MRO has not yet been paid in full, then the Lookback Payment shall be deducted from the next installment(s) due to Developer under the MRO until the Lookback Payment has been paid in full. If the Lookback Payment is greater than the next installment(s) due to Developer under the MRO, then Developer shall be required to pay the difference between the Lookback Payment and the next installment(s) due under the MRO directly to the City. If the Updated Development Pro Forma shows that the actual IRR, as of the Lookback Date, is less than the Target IRR, the lookback provision set forth in this paragraph shall be deemed satisfied and no further action shall be required.

8. **Binding Effect.** This Agreement is binding upon the successors and assigns of the City and the Developer; however, this provision shall not constitute an authorization of the Developer to assign or transfer its rights and obligations under this Agreement. This Agreement shall not be assignable by the Developer without the prior written consent of the City, which consent shall not be unnecessarily withheld. The City may condition its consent upon the transferee expressly assuming all of the obligations of the Developer as contained in this Agreement. Notwithstanding the foregoing, the Developer is expressly authorized to make a collateral assignment of this Agreement to Developer's lender, subject to all of the other terms and conditions of this Agreement.

9. **Events of Default.** Failure of the Developer to observe or perform any covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement, within thirty (30) days after receipt of written notice of default from the City, specifying such default, shall be an "Event of Default" under this Agreement, provided, however, that if the nature of the default is such that it cannot reasonably be cured within such thirty (30) -day cure period, then, as long as Developer has promptly commenced and is diligently pursuing a cure, the City shall grant an extension of time to cure the default.

10. **Remedies on Default.** Whenever an Event of Default occurs, the City may suspend making payments to the Developer hereunder, until such time as the Event of Default has been cured.

Exhibit D

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												
								Dated Date:	10/21/15		Dated Date:	04/26/18											
Year	Tax Increments	Interest Earnings/ (Cost)	Intergov. Grants	Developer Guarantees	Misc Revenue	Net Debt Proceeds	Total Revenues	Principal	Rate	Interest	Principal	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