Dave Ehlinger

From: Kathy Grosso <grossoproperties@gmail.com>
Sent: Thursday, March 30, 2023 3:55 PM
To: Dave Ehlinger
Subject: Re: GIP-Glacier Moraine LLC - property valuation and related line of credit

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

We will be starting construction on building number 5, in April.... followed by building number 6, of the eight buildings on the property.

On Thu, Mar 30, 2023, 1:39 PM Dave Ehlinger <DEhlinger@cityofstoughton.com> wrote:

> Kathy,
>
> I have attached two PDF documents to this email.
>
> - The first is Section I (Buyer's Obligations) of the purchase agreement for the business park property that was purchased in March 2020.
> - The second are my work papers for the decreases to date on the line of credit that is held by the City of Stoughton, currently at $424,880.
>
> The increased assessed value for any new construction that may have occurred during calendar year 2022 won't be known until approximately August 2023.
>
> Based upon the current projections, it appears that the City of Stoughton would need to draw on the letter of credit on 12/15/2024.
>
> I don't know what was constructed during 2022 or what you intend to construct in 2023. However, I think we would both agree that
>
> - you would rather have revenue producing buildings for which the City would then get tax incremental revenue,
> - as opposed to having the City draw on your line of credit as a one-time revenue source which would result in less cash available for your operations.

As such, you may want to keep this in mind regarding possible new construction of buildings during calendar year 2023, which would be the final construction year that would affect the line of credit calculations.

If you have any questions, please feel free to contact me.

Thanks,

Dave

David P. Ehlinger, CPA

Director of Finance/Comptroller

City of Stoughton

207 S. Forrest St.

Stoughton, WI 53589

Desk (608) 873-6691

City Hall (608) 873-6677

Fax (608) 873-5519

DEhlinger@cityofstoughton.com <<< Please note new email address

www.cityofstoughton.com <<< Please note new website URL

H. CITY OBLIGATIONS.

1. City Improvements. The City shall complete the City Improvements on or before July 31, 2020. The City's failure to complete the City Improvements by July 31, 2020 shall, at Buyer's option, obligate the City to repurchase the Property from the Buyer at a price of One Hundred Eighty Thousand and no/100 Dollars ($180,000.00) plus Buyer's closing costs (not including any bank or legal fees) as shown on the settlement statement prepared by the Title Company for Closing.

2. Cooperation. Upon the execution of this Agreement by both parties, Buyer may commence any proceedings that are necessary to obtain any government approvals necessary for Buyer to develop the Property for Buyer's Intended Use. The City agrees that it will, in its capacity as the current owner of the Property, cooperate with Buyer to the extent necessary for Buyer to apply for governmental permits or approvals. However, nothing in this Agreement is intended to relieve, nor shall it be construed as relieving, or in any way satisfying other obligations, procedures or requirements pertaining to the future zoning, division or development of the Property. This Agreement does not bind the City to approve any land division, zoning or other application or development activity for the Property. Buyer agrees to comply with all applicable City of Stoughton plans, policies and ordinances relating to applications for zoning, land division, development or other approvals.

3. Casualty. The City assumes all risks and liability for damage to or injury occurring to the Property by fire, storm, accident, or any other casualty or cause until the Closing has been consummated. If, prior to Closing, the Property suffers any damage from fire or other casualty equal to or in excess of Twenty-Five Thousand and no/100 Dollars ($25,000.00), Buyer may either at or prior to Closing (a) terminate this Agreement, in which event the Deposit shall be refunded to Buyer, and neither party shall have any further right or obligation hereunder, or (b) consummate the Closing. If the Property suffers any damage less Twenty-Five Thousand and no/100 Dollars ($25,000.00) prior to the Closing, Buyer agrees that it will consummate the Closing and accept the assignment of the proceeds of any insurance covering such damage and there shall be no other reduction in the Purchase Price.

I. BUYER'S OBLIGATIONS.

1. Buyer Guarantee to City. Buyer guarantees that, by not later than December 15, 2024, the combination of Actual Tax Increment and Projected Actual Tax Increment (together the "Combined Actual Tax Increment") will be not less than $550,000. If, by December 15, 2024, the Combined Actual Tax Increment is less than $550,000, then the City shall be entitled to draw on the Letter of Credit the difference between $550,000 and the Combined Actual Tax Increment.

2. Letter of Credit.

(a) Buyer shall provide an irrevocable letter of credit issued pursuant to Chapter 405 of the Wisconsin Statutes to the City prior to the closing date to secure Buyer's tax increment guarantee obligation under Section I.1 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 December 31, 2024. 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 Buyer pursuant to the guarantee obligation in Section I. 1.of this Agreement; and (3) the letter of credit.

(b) Beginning on December 15, 2021, and annually thereafter until December 15, 2024, the amount of the required letter of credit may be reduced by the Combined Actual Tax Increment as of that date.

J. NOTICES.

All notices or directions desired or required to be given under this Agreement shall be in writing and personally delivered, sent by commercial overnight courier, email or confirmed facsimile transmission and directed as follows:

If to Buyer:
GIP-Glacier Moraine LLC
PO Box 159
Cottage Grove, WI 53527
Telephone: 608.577.0779
Email: grossoproperties@gmail.com

If to the City:
City of Stoughton
207 S. Forrest Street
Stoughton, WI 53589
Attn: Tim Swadley
Telephone: 608.873.6677
Email: tswadley@ci.stoughton.wi.us

With a copy to:
Stafford Rosenbaum, LLP
222 West Washington Avenue, Suite 900
Madison, Wisconsin 53701-1784
Attention: Matthew Dregne
Telephone: 608.259.2618
Email: mdregne@staffordlaw.com

Notices personally delivered shall be deemed received when given. Notices sent by email or confirmed facsimile transmission shall be deemed received when given, if prior to 5 PM, recipient's local time, on a business day, otherwise on the next occurring business day. Notices or demands sent by commercial overnight courier shall be deemed received on the next business day following deposit.

City of Stoughton
TID #6 -- Grosso Valuation
Last Updated 12/14/2022

	Construction Year	Value Added	Valuation Year	Increment	Revenue Year	Mill Rate		Tax Increment	Mill Rate Change
1	2015	$ -	2016	$ -	2017	$ 23.7900		$ -	
2	2016	$ -	2017	$ -	2018	$ 23.8696		$ -	0.33%
3	2017	$ -	2018	$ -	2019	$ 22.9622		$ -	-3.80%
4	2018	$ -	2019	$ -	2020	$ 22.5816		$ -	-1.66%
5	2019	$ -	2020	$ -	2021	$ 22.1444		$ -	-1.94%
6	2020	$ 355,500	2021	$ 355,500	2022	$ 20.6422		$ 7,338.30	-6.78%
7	2021	$ 158,400	2022	$ 513,900	2023	$ 18.0426		$ 9,272.09	-12.59%
8	2022	$ -	2023	$ 513,900	2024	$ 17.7720	A	$ 9,133.01	-1.50%
9	2023	$ -	2024	$ 513,900	2025	$ 17.5054	A	$ 8,996.02	-1.50%
10	2024	$ -	2025	$ 513,900	2026	$ 17.2428		$ 8,861.08	-1.50%
11	2025	$ -	2026	$ 513,900	2027	$ 16.9842		$ 8,728.16	-1.50%
12	2026	$ -	2027	$ 513,900	2028	$ 16.7294		$ 8,597.24	-1.50%
13	2027	$ -	2028	$ 513,900	2029	$ 16.4785		$ 8,468.28	-1.50%
14	2028	$ -	2029	$ 513,900	2030	$ 16.2313		$ 8,341.25	-1.50%
15	2029	$ -	2030	$ 513,900	2031	$ 15.9878		$ 8,216.14	-1.50%
16	2030	$ -	2031	$ 513,900	2032	$ 15.7480		$ 8,092.89	-1.50%
17	2031	$ -	2032	$ 513,900	2033	$ 15.5118		$ 7,971.50	-1.50%
18	2032	$ -	2033	$ 513,900	2034	$ 15.2791		$ 7,851.93	-1.50%
19	2033	$ -	2034	$ 513,900	2035	$ 15.0499		$ 7,734.15	-1.50%
20	2034	$ -	2035	$ 513,900	2036	$ 14.8242		$ 7,618.14	-1.50%
		$ 513,900						$ 125,220.16	

Reduction in LOC:

Valuation Year	Value Added	LOC Reduction	LOC Balance	Reduction Date
2021	$ 355,500	$ 99,235	$ 450,765	12/15/2021
2022	$ 158,400	$ 25,985	$ 424,780	12/15/2022
2023	$ -	$ -	$ 424,780	12/15/2023
2024	$ -	$ -	$ 424,780	12/15/2024
	$ 513,900	$ 125,220		

12/15/2024 Draw on LOC $ 424,779.84

Minimum Forecasted Incremental Revenue by 12/31/24 $ 550,000

Capital Improvements (P&I)	
Principal	$ 2,617,931
Interest	$ 379,640
	$ 2,997,571
Developable Acres	24.50
Cost to Recover / Acre	$ 122,350
Grosso	$ 542,010
	$ 550,000

S:\Finance\TIF\TIF 6-Business Park Expansion\Valuation Materials\Grosso revised Taxes