City of Stoughton, 207 S. Forrest, Stoughton WI 53589

RESOLUTION OF THE COMMON COUNCIL

Authorizing the appropriate City Official(s) to pay $550,000 to the Kettle Park West developer in full satisfaction of the commercial phase MRO following the conveyance of approximately 4 acres of additional parkland to the City

Committee Action: Finance Committee Approved 6-0 on April 27, 2021

Fiscal Impact: $550,000 TID No. 7

File Number:	R-67-2021	**Date Introduced:**	May 11, 2021

WHEREAS, the City agreed to issue a Municipal Revenue Obligation ("Commercial Phase MRO") to Kettle Park West, LLC ("Developer"), in the principal amount of Five Hundred Fifty Thousand Dollars ($550,000); and

WHEREAS, the development agreement for the residential phase of the Kettle Park West Development required the Developer to annex approximately 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; and

WHEREAS, 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; and

WHEREAS, the annexation of the 4 acre parcel has been completed and the City expects the 4 acres to be conveyed to the City in the near future; and

WHEREAS, following conveyance of the 4 acre parcel, the City is required to issue the Commercial Phase MRO; and

WHEREAS, the Agreement to Undertake Development states, that once issued, the payments on the Commercial Phase MRO are to be amortized over the remaining number of years that tax increment generated by the District may lawfully be allocated to make payments on the Commercial Phase MRO; and

WHEREAS, the Developer is requesting the City to forego the repayment terms set forth in the Agreement to Undertake Development and pay the entire amount in one lump sum following the conveyance of the aforementioned 4 acre parcel to the City; and

WHEREAS, the City of Stoughton Finance Committee determined sufficient fund balance exists within Tax Increment District No. 7 to accommodate this request and the risk to the City in doing so is minimal.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council of the City of Stoughton authorizes the appropriate City Official(s) to forego the repayment terms set forth in the Agreement to Undertake Development by and between the City of Stoughton and Kettle Park West, LLC as it relates to the $550,000 Commercial Phase Municipal Revenue Obligation and pay the entire amount due in one lump sum following the conveyance of the aforementioned 4 acre parcel to the City.

Council Action: ☐ **Adopted** ☐ **Failed** **Vote** _____

Mayoral Action: ☐ **Accept** ☐ **Veto**

_____

Tim Swadley, Mayor Date

Council Action: _____ ☐ **Override** **Vote** _____

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

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

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 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 which is a good thing.

Respectfully,

Jamin Friedl

BALANCE SHEET FOR STOUGHTON CITY

Period Ending 04/30/2021

GL Number	Description		Balance
Fund 207 - TID #7 FUND			
***** Assets *****			
207-00000-11100	PRIMARY CHECKING	$	621,010.69
207-00000-11302	WISC INVESTMENT FUND	$	301,007.02
207-00000-13010	ACCOUNTS RECEIVABLE	$	2,778.22
207-00000-13070	TAXES RECEIVABLE	$	193,963.73
	Total Assets	$	1,118,759.66
***** Liabilities *****			
207-00000-26000	DEFERRED REVENUE	$	-
	Total Liabilities	$	-
***** 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	$	443,064.54
	Ending Fund Balance	$	1,118,759.66
	Total Liabilities And Fund Balance	$	1,118,759.66

$	922,018	**Cash / Investment Balance**
$	(550,000)	**Phase I MRO**
$	(7,000)	**Year 1 Kettle Restoration**
$	(60,100)	**Year 2 Kettle Restoration**
$	(8,600)	**Year 3 Kettle Restoration**
$	(13,800)	**Year 4 Kettle Restoration**
$	(9,300)	**Year 5 Kettle Restoration**
		Remaining Forecasted 2021 Cash Flow:
$	193,964	**Taxes Receivable**
$	15,842	**Guarantee Receivable**
$	(9,414)	**Remaining Budgeted Expenditures**
$	473,609	**Note A**

Note A - This represents the forecasted 12/31/21 Cash Balance in TID 7 after payment of the $550,000 Commercial Phase MRO, upfront payment of all the Kettle Restoration costs and remaining budgeted activity.

REVENUE AND EXPENDITURE REPORT FOR STOUGHTON CITY
PERIOD ENDING 04/30/2021
% Fiscal Year Completed: 32.88

GL NUMBER	DESCRIPTION	2021 AMENDED BUDGET	YTD BALANCE 04/30/2021 NORMAL (ABNORMAL)
Revenues			
207-00000-41110	PROPERTY TAXES	770,000.00	762,485.69
207-00000-42190	TAX INCREMENT GUARANTEE	33,000.00	15,842.14
207-00000-48110	INTEREST	2,800.00	47.54
TOTAL REVENUES		805,800.00	778,375.37
Expenditures			
207-57120-50850	ADMINSTRATION	5,000.00	585.83
207-57310-50340-30600000	OPERATING EXPENSES	5,000.00	0.00
207-57342-50820	CAPITAL-INFRASTRUCTURE	200,000.00	0.00
207-59230-50930	TRANSFER TO DEBT FUND	334,725.00	334,725.00
TOTAL EXPENDITURES		544,725.00	335,310.83
TOTAL REVENUES - FUND 207		805,800.00	778,375.37
TOTAL EXPENDITURES - FUND 207		544,725.00	335,310.83
NET OF REVENUES & EXPENDITURES		261,075.00	443,064.54

Proposed TID Project Cost Estimates

City of Stoughton, Wisconsin

Tax Increment District # 7

Estimated Project List

Project ID	Project Name/Type	On-Site 2020	On-Site TBD	Off-Site 2023 - 2026	Off-Site TBD	Other Annual	Other TBD	Total (Note 1)
On-Site Projects								
1	Stormwater Management	313,200						313,200
2	Mass Grading and Site Restoration	609,800						609,800
3	Collector Streets	1,325,026						1,325,026
4	Engineering, Geo-Tech Investigation	449,605						449,605
5	Contingency	189,958						189,958
6	City Plan Review, Inspection and Testing	112,411						112,411
On-Site Projects - Future (contingent upon available future increment)								
1	Parks and Recreations		200,000					200,000
2	Wetland Restoration		100,000					100,000
3	Engineering, Geo-Tech Investigation		40,000					40,000
4	Contingency		30,000					30,000
Off-Site Projects - 1/2 mile radius projects (contingent upon available future increment)								
1	Collector Streets			2,828,250	200,000			3,028,250
2	Stormwater Management			661,250				661,250
3	Water, Sanitary and Storm Sewer			310,500	1,100,000			1,410,500
4	Land Acquisition				700,000			700,000
5	Engineering, Geo-Tech Investigation				165,000			165,000
6	Contingency				165,000			165,000
Other Costs								
1	District Administrative					80,000		80,000
2	Origination Fees					30,000	10,000	40,000
3	Interest					1,400,000	500,000	1,900,000
Total Projects		3,000,000	370,000	3,800,000	2,330,000	1,510,000	510,000	11,520,000

Notes:

Note 1 Project costs are estimates and are subject to modification

Development Assumptions

City of Stoughton, Wisconsin

Tax Increment District # 7

Development Assumptions

Construction Year		Actual	Phase I Retail	Phase I Senior Housing	Phase I Hotel	Phase II Single Family	Phase II Traditional Neighborhood	Phase II Multi-Family	Phase II Condos	Annual Total	Construction Year	
1	2015	10,174,500								10,174,500	2015	1
2	2016	7,252,000								7,252,000	2016	2
3	2017	5,510,000								5,510,000	2017	3
4	2018	1,259,900								1,259,900	2018	4
5	2019			12,500,000						12,500,000	2019	5
6	2020				7,592,200	2,265,000	1,760,000	625,000		12,242,200	2020	6
7	2021		1,758,200			3,300,000	1,550,000	900,000		7,508,200	2021	7
8	2022		750,000			5,900,000	8,055,000	900,000		15,605,000	2022	8
9	2023		500,000			4,000,000	5,100,000	900,000		10,500,000	2023	9
10	2024					3,400,000	4,800,000	900,000	585,000	9,685,000	2024	10
11	2025					4,100,000	3,300,000	900,000	1,350,000	9,650,000	2025	11
12	2026					3,500,000	1,750,000	900,000	1,350,000	7,500,000	2026	12
13	2027					3,070,000			1,350,000	4,420,000	2027	13
	Totals	24,196,400	3,008,200	12,500,000	7,592,200	29,535,000	26,315,000	6,025,000	4,635,000	113,806,800		

Notes:

1. Development assumptions taken from Developer estimates.

Increment Revenue Projections

City of Stoughton, WI

Tax Increment District #7

Tax Increment Projection Worksheet

Type of District	Mixed Use	
District Creation Date	November 11, 2014	
Max Life (Years)	20	
Expenditure Period/Termination	15	11/11/2029
Extension Eligibility/Years	Yes	3
Eligible Recipient District	No	

Base Value	1,111,800
Appreciation Factor	0.00%
Rate Adjustment Factor	0.00%

	Construction Year	Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue Year	Tax Rate	Tax Increment
1	2015	10,174,500	2016	0	10,174,500	2017	$23.79	**242,013**
2	2016	7,252,000	2017	0	17,426,500	2018	$23.87	**415,963**
3	2017	5,510,000	2018	0	22,936,500	2019	$22.96	**526,673**
4	2018	1,259,900	2019	0	24,196,400	2020	$22.58	**546,394**
5	2019	12,500,000	2020	0	36,696,400	2021	$22.58	**828,665**
6	2020	12,242,200	2021	0	48,938,600	2022	$22.58	**1,105,114**
7	2021	7,508,200	2022	0	56,446,800	2023	$22.58	**1,274,661**
8	2022	15,605,000	2023	0	72,051,800	2024	$22.58	**1,627,048**
9	2023	10,500,000	2024	0	82,551,800	2025	$22.58	**1,864,155**
10	2024	9,685,000	2025	0	92,236,800	2026	$22.58	**2,082,858**
11	2025	9,650,000	2026	0	101,886,800	2027	$22.58	**2,300,771**
12	2026	7,500,000	2027	0	109,386,800	2028	$22.58	**2,470,133**
13	2027	4,420,000	2028	0	113,806,800	2029	$22.58	**2,569,944**
14	2028	0	2029	0	113,806,800	2030	$22.58	**2,569,944**
15	2029	0	2030	0	113,806,800	2031	$22.58	**2,569,944**
16	2030	0	2031	0	113,806,800	2032	$22.58	**2,569,944**
17	2031	0	2032	0	113,806,800	2033	$22.58	**2,569,944**
18	2032	0	2033	0	113,806,800	2034	$22.58	**2,569,944**
19	2033	0	2034	0	113,806,800	2035	$22.58	**2,569,944**
	Totals	**113,806,800**		**0**			**Future Value of Increment**	**33,274,056**

Notes:

Actual results will vary depending on development, inflation of overall tax rates.

Cash Flow – Phase II

City of Stoughton, Wisconsin

Tax Increment District # 7

Cash Flow Projection - Phase II Only

Year	Projected Revenues			Expenditures				Balances			Year
	Tax Increments	Interest Earnings/ (Cost)	Total Revenues	Phase II MRO	Capital Outlay	Admin.	Total Expenditures	Annual	Cumulative	Principal Outstanding	
2020	0		0			5,000	5,000	(5,000)	(5,000)		2020
2021	0		0			5,000	5,000	(5,000)	(10,000)		2021
2022	105,005		105,005	402,059		5,000	407,059	(302,054)	(312,054)		2022
2023	234,849		234,849	402,059	690,000	5,000	1,097,059	(862,210)	(1,174,264)		2023
2024	570,299		570,299	402,059	661,250	5,000	1,068,309	(498,010)	(1,672,274)		2024
2025	796,116		796,116	402,059	310,500	5,000	717,559	78,557	(1,593,717)		2025
2026	1,014,819		1,014,819	402,059	2,138,250	5,000	2,545,309	(1,530,490)	(3,124,208)		2026
2027	1,232,732		1,232,732	1,224,204		5,000	1,229,204	3,528	(3,120,680)		2027
2028	1,402,094		1,402,094	1,154,910		5,000	1,159,910	242,184	(2,878,496)		2028
2029	1,501,905		1,501,905			5,000	5,000	1,496,905	(1,381,591)		2029
2030	1,501,905		1,501,905			5,000	5,000	1,496,905	115,313		2030
2031	1,501,905		1,501,905			5,000	5,000	1,496,905	1,612,218		2031
2032	1,501,905		1,501,905			5,000	5,000	1,496,905	3,109,123		2032
2033	1,501,905		1,501,905			5,000	5,000	1,496,905	4,606,028		2033
2034	1,501,905		1,501,905			5,000	5,000	1,496,905	6,102,932		2034
2035	1,501,905		1,501,905			5,000	5,000	1,496,905	7,599,837		2035
Total	15,869,246	0	15,869,246	4,389,409	3,800,000	80,000	8,269,409				Total

Notes:

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

Exhibit A:

Calculation of the Share of Projected Tax Increments Estimated to be Paid by the Owners of Property in the Overlying Taxing Jurisdictions

Estimated portion of taxes that owners of taxable property in each taxing jurisdiction overlaying district would pay by jurisdiction.

Statement of Taxes Data Year:	2019	
		Percentage
County	3,407,401	12.83%
Municipality	9,383,714	35.33%
School District	12,732,298	47.93%
Technical College	1,038,987	3.91%

Revenue Year	County	Municipality	School District	Technical College	Total	Revenue Year
2017	31,045	85,496	116,005	9,466	242,013	2017
2018	53,359	146,947	199,386	16,270	415,963	2018
2019	67,561	186,058	252,453	20,601	526,673	2019
2020	70,091	193,025	261,906	21,372	546,394	2020
2021	106,300	292,743	397,208	32,413	828,665	2021
2022	141,763	390,404	529,720	43,226	1,105,114	2022
2023	163,512	450,300	610,990	49,858	1,274,661	2023
2024	208,716	574,788	779,902	63,642	1,627,048	2024
2025	239,132	658,551	893,555	72,916	1,864,155	2025
2026	267,187	735,812	998,387	81,471	2,082,858	2026
2027	295,141	812,795	1,102,841	89,995	2,300,771	2027
2028	316,866	872,625	1,184,022	96,619	2,470,133	2028
2029	329,670	907,886	1,231,865	100,523	2,569,944	2029
2030	329,670	907,886	1,231,865	100,523	2,569,944	2030
2031	329,670	907,886	1,231,865	100,523	2,569,944	2031
2032	329,670	907,886	1,231,865	100,523	2,569,944	2032
2033	329,670	907,886	1,231,865	100,523	2,569,944	2033
2034	329,670	907,886	1,231,865	100,523	2,569,944	2034
2035	329,670	907,886	1,231,865	100,523	2,569,944	2035
	4,268,367	11,754,745	15,949,432	1,301,513	33,274,056	

Notes:

The projection shown above is provided to meet the requirments of Wisconsin Statute 66.1105(4)(i)4.

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.

AMORTIZATION SCHEDULE

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

COLLATERAL ASSIGNMENT OF MUNICIPAL REVENUE OBLIGATION

FOR VALUE RECEIVED, Kettle Park West, LLC ("Developer") hereby transfers and assigns to the City of Stoughton ("City") all of its right, title and interest in the Municipal Revenue Obligation (the "MRO") to be issued by the City of Stoughton pursuant to that certain Second Amended and restated Agreement to Undertake Development between the City and the Developer, dated June 9, 2015, pursuant to which the Developer is entitled to receive from the City up to Five Hundred and Fifty Thousand Dollars ($550,000).

Developer authorizes the City, after an Event of Default (as defined in the Master Development Agreement dated October 1, 2020 between the City and Developer (the "Master Development Agreement") occurs, to exercise any and every right, benefit or option to under the MRO (including the right to the issuance of the MRO) as Developer could exercise if the undersigned was acting on its own behalf.

Developer hereby warrants and represents that there are no assignments of its rights in and to the MRO prior to or superior to this assignment.

The parties intend herein to establish an absolute present assignment of all of Developer's rights in and to the MRO. Effective after an Event of Default, Developer hereby irrevocably appoints the City as its true and lawful attorney to act under the MRO upon such terms and conditions as the City may determine, with the same rights, powers and benefits as the undersigned would have under such MRO.

Although it is the intention of the parties that this assignment shall be a present assignment, the City shall not exercise any of the rights and powers conferred upon it herein until and unless an Event of Default occurs under the Master Development Agreement.

This assignment shall be construed in accordance with the laws of the State of Wisconsin. This assignment shall inure to the benefit of the City and its successors and assigns and shall bind Developer and its successors and assigns. This assignment shall automatically terminate upon the annexation and conveyance of the Four-acre Parcel to the City, or upon Developer's payment of $445,593.12 to the City as fees in lieu of land dedication, pursuant to the Master Development Agreement.

IN WITNESS WHEREOF, the undersigned has caused the above assignment to be executed as of the 1st day of October 2020.

KETTLE PARK WEST, LLC
By: Forward Development Group, LLC,
Its Manager

By: _____
David M. Jenkins, Manager