



11333 N Cedarburg Road
Mequon, WI 53092
P: 262-236-2902
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www.ci.mequon.wi.us

Department of Community Development

**Economic Development Board
May 31, 2016
7:30 AM
North Conference Room
Mequon City Hall
11333 N Cedarburg Road**

AGENDA

1. Call to Order, Roll Call.
2. Approval of Meeting Minutes: May 3, 2016
3. TIF No. 3: Town Center Incentive Amendment Request for Outpost Natural Foods located at 7590 W Mequon Road
Discuss & Recommend
4. Staff Updates
5. Announcements
Next Meeting is June 28, 2016
6. Adjourn

Dated: May 26, 2016

/s/ Tim Carr, Chairman

.....
Notice is hereby given that a quorum of other governmental bodies may be present at this meeting to present, discuss and / or gather information about a subject over which they have decision making responsibility, although they will not take formal action thereto at this meeting.

Any questions regarding this agenda may be directed to the Dept. of Community Development office at 262-236-2902, Monday through Friday, 8:00 a.m. – 4:30 p.m.

Persons with disabilities requiring accommodations for attendance at this meeting should contact the City Clerk's Office at 262-236-2914, twenty-four (24) hours in advance of the meeting.



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**Economic Development
Board May 3rd 2016
7:30 AM
North Conference Room
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11333 N Cedarburg**

Minutes

1. Call to Order, Roll Call.

Members present: Tim Carr, Jim Baka, Gloria Rosenberg, Jon Safran, Mason Holbrook, Rick Shneyder, Alt. John Wirth, Alt. Connie Pukaite

Staff and City Representatives Present:

Kim Tollefson, Director of Community Development

Ms. Tollefson introduced new board member Jon Safran. All members introduced themselves.

2. Approval of meeting minutes from March 23, 2016

Ald. Wirth made a correction to the minutes on page 2 in which he clarified his intention of researching other economic development departments in neighboring suburbs to inquiry how they run their economic development staffing (not just their board).

Ald. Wirth made a motion to approve the meeting minutes from March 23, 2016.

Ms. Rosenberg seconded the motion.

A voice vote was called. All voted aye (7-0)

3. TIF No.3: Town Center Incentive Request for “The Reserve” Redevelopment Site located at 6729-6835 W. Mequon Road.

Ms. Tollefson introduced Robert Bach from P2 Development and Jim Mann from Ehlers. She stated that Mr. Bach is developing an 81-unit multi-family apartment complex south of Mequon Road to the rear of where Ivana’s Trunk was located in the Town Center (TC) zoning. This proposed development has been through all the necessary approvals from both Planning Commission and Common Council and has started construction on the site. Full valuation is expected by 2018, with a partial valuation in 2017. The incentive request was evaluated against the Fast Track Formula.

In this specific case the estimated project cost is \$10M and that is an improvement value beyond \$9.7M. The applicant would be eligible for about \$876,000 based on the Fast Track Formula, but when the Common Council approved the opportunity for incentives in the Fast Track Formula in Town Center, there was a total of only \$3M allocated for developer incentives. It is almost at full execution of those dollars, so \$250,000 is currently

available for this application. The payback period and the estimated annual tax revenue at \$250,000, it will be just under two years of a payback period.

Ms. Tollefson stated Jim Mann from Ehlers helps the City vet through the pro forma of the project and helps to ensure that the City is in compliance with the TID and looks out for the City's best financial health in the TID. In this particular case, there will be a substantial overall net benefit from the \$10M project coming into the TIF district. Ms. Tollefson reminded the board that like the other TIF incentives provided in TC, it is not suggested to provide 100% of return on that tax revenue each year, but rather to structure the payback period over 3 years and splitting the percentage. This is coming in about 48/52% split with a payback of 3 years. This allows the City to take some of those dollars in the first initial three years and fuel the TIF. Mr. Bach will receive around \$83,000 over those three years. Ms. Tollefson indicated that the estimated tax revenue would be about \$175,000.

Mr. Mann explained that they look at two components when evaluating:

1. Sunk Cost – this is the individual parcel's portion of the original TID expenses. Mr. Mann stated that this is a 2 acre site that represents about 1.75% of the total TID district (which is about \$85,000 of the original TID public improvements expenses that this project is supposed to cover). The development incentive request of the \$250,000 leaves a significant addition to the bottom line of the TID. This project cuts about 1/3 of that hole back out. This is very positive to the cash flow of the overall TID.

Mr. Mann answered Ald. Wirth that the Schaffer project is not yet included and once it comes through the TID will no longer be in the hole. If the Schaffer project does not go through there is about \$600,000 in the hole. There is a lot of time left and other projects could be included. He added that if the projects that are currently proposed all move forward (The Reserve, the Schaffer project, the Dermond project), then the TID close date could move forward. He said the things have turned the corner and they are moving in a positive direction for the TID.

Mr. Bach stated that they build projects and maintain ownership of them. They use very high quality products. They expect this project to be a premier apartment building in Ozaukee County. They are incorporating many amenities; indoor pool, large community center, 140 stall underground parking garage, 5,000 sq. ft. social gathering on the second floor deck with fire pit and areas to cook out. He stated that their market is young professionals and snow birds. The high end quality apartments include 10' ceilings, 8' doors and high end finishings.

Mr. Bach stated that the rents will be between \$1,350 - \$2,000.

- 15 - 1 bedrooms, smallest unit is 881 sq. ft
- 64 - 2 bedroom units
- 12 - 3 bedroom units, largest is 1975 sq. ft.

Mr. Safran asked about the demand for apartments being realistic.

Mr. Bach stated that they have done two market surveys and the findings are that the demand goes beyond everything that has been approved for the TC area.

Ald. Wirth made a motion to approve the incentive request.

Mr. Baka seconded the motion.

A voice vote was called. All voted Aye, vote passed 7-0

Ms. Tollefson stated that a Town Center workshop for the Common Council is being planned and she will let the EDB know the date once it is confirmed. A portion of that workshop is an overall view and prospective of the TIF and the financial health of the TID.

She stated that even if ¾ of the projected potential value of the Schaffer project indicated was to deliver (about \$26.8M), the TID would be in the black. The final year of construction for the Schaffer project and full valuation is expected in 2019.

Part of the workshop conversation will focus on what some of the other potential goals or interests of the TID are if there is continued increment (Logeman Center, gateway features).

4. Staff Updates

Ms. Tollefson stated the following projects are on the agenda for Planning Commission and/or Common Council this month:

- Oriole Lane conservation subdivision. There will be some neighborhood protest. It is proposed to be 9 single family condominium conservation subdivision. It is a constrained site due to wetlands and specimen trees. The developer has gone through many revisions. They appear to be in compliance with the DNR at this time. They have preserved all 22 specimen trees.

Ald. Pukaite stated this is a great deal of controversy because this site is perceived as the last green space buffer between the neighborhood and commercial area and the neighboring residents are opposed.

- Ms. Tollefson is bringing to Public Welfare the City's partnership with Ozaukee HOME Consortium. It is a four county program in which the federal dollars are targeted towards home ownership opportunities.

Over the past 10-12 years there has been about \$12M of HUD dollars allocated to the program with about \$1M of that to Ozaukee County.

- Neumann Companies, Highlander Estates is seeking street tree and landscape plan approval for Phase I of their new subdivision.
- Cyclebar is seeking conditional use grant for a spin fitness studio at Mequon Pavilions.

Mr. Carr stated that the barber shop next door is upset about being put out of business.

- Town Center parking is being discussed and strategies are being worked on for some additional parking options. This is not an actionable item but is being discussed internally and with the developer and business owners.
- The Schaffer project has had the environmental work done. The Development Agreement (DA) has been delivered. The City is the owner of the property and is requesting of the DNR that no further investigation is necessary. It is a matter of monitoring it now. Most of the contamination are soil management issues so now an action plan needs to be put into place on how to deal with those soils. The contaminated areas happen to align with the developer's concept plan where parking lots were intended.

Mr. Safran asked if the hotel is still a viable part of the plan.

Ms. Tollefson answered that is still included in the overall plan. Ms. Schaffer has been asked to show an alternative plan in the PUD and she has suggested that the alternative would be an additional apartment complex. The hotel is part of phase II. The PUD

approval will be crafted with standards that the hotel would need to meet to be implemented.

Mr. Carr stated that he feels there is demand in town that would support a hotel.

Ms. Tollefson stated that because the site was sold for \$1 it was made clear that there is no intention of further incentives being offered through the TIF or otherwise. This relates to the environmental work as well in that the developer is responsible for those costs. The public improvements will also be the developer's responsibility.

- The Logeman Center has the last tenant (the Historical Society) moving out. There are about two weeks of work still to do. There are many options and ideas of what will be done with this space and this will also be discussed at the TC workshop.

There was a causal discussion among the EDB members about big box businesses going into neighboring communities (Ikea going into Oak Creek, Walmart wanting to come to Mequon) and the preference from the residents of Mequon and the Common Council not to allow those types of businesses here.

Ms. Rosenberg suggested that the tenants of TC should have maps at their counters to give out as well as have a map shown when advertising.

5. Announcements

Ms. Tollefson stated that there were two other incentives slated for today. One is OutPost; they will be asking for an amendment to their development agreement that granted the incentive to them. The request is for an additional \$30,000. They prefer to meet on May 31st.

The second one is in the business park with MLG.

This is on a 12 acre site with a local owner and local resident and would be a great asset to the business park.

The next meeting is scheduled for either May 24th or May 31st.

Mr. Baka made a motion to adjourn.
Ms. Rosenberg seconded the motion.

The meeting adjourned 8:49 am.



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DEPARTMENT OF COMMUNITY DEVELOPMENT

MEMORANDUM

To: Economic Development Board
From: Kim Tollefson, Director of Community Development
Date: May 31, 2016
Subject: Outpost Natural Foods Town Center TID Incentive Amendment Request

Background: Outpost Natural Foods, has submitted a request for an amendment to the incentive authorized under the Town Center TID Fast Track Formula. Under the TC TID project plan, qualifying development projects allow for receivership of a financial incentive for redevelopment efforts. The following outlines the criteria:

- New construction value of \$3M beyond the current improvement value.
- The payback period is 15 years or less.
- The maximum incentive allowed is the “gap”, which is defined as the removal base improvement value plus the cost of site demolition and repair and a 5% incentive.

Amendment: Outpost Natural Food’s application for an amendment shows the following:

- A total new construction value of \$4,266,310.
- A total actual cost to Outpost Natural Foods, for the eligible expenditures, of \$166,815 compared to the estimated cost of \$137,517.
- A total eligible incentive under the Fast Track Formula of \$328,515 vs \$299,214 estimated at time of agreement.

At the time of original approval, the City considered options related the percentage split between the City and applicant. The limit of return in any given year is 30%. The proposed amendment maintains the cap on the 30% of actual gap, but allows flexibility as the tax rate or assessed value changes over the course of the 13 year of installments in order to address years of shortfall. Staff is supportive of the flexibility given the cost of site repairs and the maintenance of the 30% limit in any given year.

Staff Summary: The application complies with the conditions to receive an incentive and meets the policy goals and objectives of the Town Center Zoning and Town Center TID project plan.

AMENDMENT TO DEVELOPMENT AGREEMENT
Draft June ____, 2016

This Amendment to Development Agreement is made as of the __ day of June, 2016, by and among the City of Mequon, Wisconsin, a Wisconsin municipal corporation (“City”) and Outpost Natural Foods Cooperative, a Wisconsin cooperative (“Owner/Developer”).

RECITALS

(i) Agreement. Owner/Developer and City entered into a Development Agreement dated as of August 5, 2013 (the “Development Agreement”), regarding the Outpost Natural Foods store with an address of 7590 W. Mequon Road, Mequon, Wisconsin, as more fully described on Exhibit A to the Development Agreement (“Property”). A Memorandum of the Development Agreement was recorded in the Ozaukee County Register of Deed’s Office on October 25, 2013, as Document No. 994832 (“Memorandum”). All capitalized terms not otherwise defined herein shall have the meaning in the Development Agreement.

(ii) Completion. Owner/Developer completed construction of the Project and opened for business in May of 2014, in advance of the required Project Completion Date.

(iii) Draft MRO. The Development Agreement contained an Exhibit H, which was the draft of the Municipal Revenue Obligation (“MRO”) which was to be finalized and formally issued, when the Project was complete and the final Project Costs were known. This Amendment is intended to finalize and adopt the final MRO, and authorize the issuance of the finalized MRO to Outpost.

(iv) “True-up of Actual Gap Costs. The Development Agreement also contained as Exhibit D, a list of the Fast Track Incentive and Fast Track Improvements “Gap Costs” which formed the basis of the MRO amount, with formulas for adjusted finalization of those numbers in the “true-up” calculation as described in the first and third paragraphs of section 4(d)(vii) of the Development Agreement. This Amendment is intended to finalize and revise Exhibit D with actual costs, adjusted by the allowed formula.

(v) Completion of Certification. All of the actual Project Costs were submitted to the City, and to the City’s Financial Advisor, who have certified to the completeness and correctness of those costs, as required in the first paragraph of section 4(d)(vii) of the Development Agreement.

(vi) Correction of Formula. In the course of making the calculations for the final MRO, it became apparent to Outpost that, even though Outpost built the Project as required in the Development Agreement, in the timetable required therein, and achieved the expected assessed value of the Project, one portion of the formula for the calculation of the MRO unexpectedly operated to prevent Outpost from achieving the total amount of the MRO Outpost expected from fully complying with the Development Agreement, and Outpost has requested a small change in the formula to allow Outpost to receive the full amount of the Fast Track Incentive stated in the Development Agreement.

(vii) Reconciliation of Too Early Payment. The Development Agreement contemplated, in section 4(d)(vi), that the 13 annual payments were only to begin after the Project was completed and fully assessed; a payment in an earlier year of only partial assessment, would use up one of the 13 annual payments without giving the benefit of the full assessment. The Exhibit H MRO draft attached to the Development Agreement stated that the first payment would be made in 2016, to accomplish the same purpose, and the schedule of payments in that draft showed a first payment in 2016, for that reason. Outpost received an MRO payment in December of 2015 of \$4,209.33, based on the partially completed assessment of the Project on January 1 of 2014, therefore denying Outpost the opportunity to have the full 13 tax years of recovery which was intended in section 4(d)(vii) of the Development Agreement, and which this Amendment seeks to restore.

Therefore, in consideration of the recitals and mutual agreements herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Recitals. All the Recitals set forth above are confirmed.
2. Exhibit D. Revised Exhibit D attached to this Amendment, shall replace the original Exhibit D on the Development Agreement. Revised Exhibit D now shows the actual Fast Track Improvement Cost Breakdown, actual 2015 full real property assessment and actual 2015 full personal property assessment, and the recalculation of the final Incentive, based on the formulas for adjustment contained in the original Exhibit D. The original estimate of total Fast Track Incentive to be paid to Outpost over 13 years of full assessment was \$299,214 as shown in the original Exhibit D; the actual Incentive amount based on the formulas in Exhibit D is \$328,515, as shown on Revised Exhibit D, due to increases in the cost of the specific line items of costs of the Fast Track Improvements, as allowed by the "true-up" formula in the third paragraph of section 4(d)(vii) of the Development Agreement.
3. Exhibit H. Revised Exhibit H attached to this Amendment, shall replace the original Exhibit H on the Development Agreement, and an original of this Revised Exhibit H shall be signed by the City and delivered to the Owner/Developer, as the final evidence of the Municipal Revenue Obligation for the Project, based on actual final Fast Track Improvement Costs.
4. 30% Test. The final paragraph of section 4(d)(vii) of the Development Agreement is amended to read as follows (NOTE: Added test is underlined, Deleted text is ~~Struck through~~):

Notwithstanding the above, and with the exception of the final Payment, no Scheduled Payment of the Fast Track Incentive may exceed 30% of the Available Tax Increment generated by the Property and the Personal Property, charged on the real and personal property tax bill issued in the prior year (the "30% Limit"). Therefore, if there is insufficient Available Tax Increment in any year, to pay the Scheduled Payment out of 30% of the Available Tax Increment, the deficiency shall

be deemed a "Shortfall" except as provided in section 12 below. If in a later year, 30% of the Available Tax Increment is greater than the regularly Scheduled Payment, the amount in excess of the Scheduled Payment but not exceeding the 30% Limit, shall be paid to Owner/Developer for the oldest Shortfall first, to the extent such amounts are available and until all Shortfalls are paid. Provided that the total Available Tax Increment generated by the Property during the term of this Agreement is in excess of the total amount of the MRO, the final year payment shall be a balloon payment equal to the total amount of the MRO less any payments made pursuant to the terms of this Agreement. Any "Shortfall" remaining, as a result of insufficient funds existing from the total Available Tax Increment collected during the term of the Agreement, as of the end of the currently scheduled life of TID No. 3 shall be discharged and extinguished, and shall cease to be an obligation of TID No. 3. No Fast Track Incentive obligation of TID No. 3, whether for Scheduled Payments or any Shortfall, shall survive this Agreement.

5. 13 Full Assessment Years. The Development Agreement and MRO are amended to provide that the payment made in 2015 based on the 2014 partial assessment, shall not count as one of the 13 Scheduled Payments, and that the final Scheduled Payment shall be reduced by the \$4,209.33 received in 2015.

6. Miscellaneous. Upon adoption and signing of this Amendment, and the issuance of the revised MRO, the parties agree that there are no defaults under the Development Agreement, and the Development Agreement as amended by this Amendment, shall be deemed to be in full force and effect. Owner/Developer shall record an amendment to the Memorandum, acknowledging the execution of this Amendment.

Dated at Mequon, Wisconsin this _____ Day of _____, 2016.

CITY OF MEQUON

Daniel Abendroth, Mayor

William H. Jones, Jr., Clerk-Adminisitrator

OWNER/DEVELOPER:

OUTPOST NATURAL FOODS COOPERATIVE

By: _____
Pam Mehnert, General Manager

REVISED EXHIBIT D
RECONCILIATION OF FAST TRACK INCENTIVE
AND FAST TRACK IMPROVEMENTS "GAP COSTS"

The Fast Track Incentive Formula shall be calculated as the sum of the Base Improvement Value plus the actual final cost of the Fast Track Improvements.

1. The Base Improvement Value is \$161,700.00
 Composed of \$124,500 plus \$37,200, the assessed value of the improvements on the Property as of May 14, 2013, the date the City Council approved the Fast Track Incentive.

2. The Fast Track Improvements Cost Breakdown shall be the following:

	<u>Actual</u>	<u>Estimate</u>
1. Well abandonment	1,500	3,132
2. Building Demolition	20,760	21,924
3. Fill and rough grade	83,620	62,640
4. Excavate, fill with slurry, and compact bad fill	34,252	43,380
5. Asbestos Removal	2,360	2,738
6. Engineering	10,550	3,700
7. Supervision and General Contractor fee (soft costs)	13,773	allowed
Total:	\$166,815	137,514

3. The "Total Gap" is $(\$161,700 + 166,815)$ \$328,515 299,214

4. New Development Value

	<u>Actual</u>	<u>Estimate</u>
New Real Property value (2015 Full Assessment)	\$2,973,200	\$3,066,249
New Personal Property value (2015 Full Assessment)	\$1,293,110	\$1,200,000
Total:	\$4,266,310	\$4,266,249

5. New Improvement Value \$4,266,310 \$4,104,549

6. Incentive= GAP \$328,515 \$ 299,214

Initials:

_____ (for City)

_____ (for Owner/Developer)

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New Personal Property value (2015 Full Assessment)	\$1,293,110	\$1,200,000
Total:	\$4,266,310	\$4,266,249
5. New Improvement Value	\$4,266,310	\$4,104,549
6. Incentive= GAP	\$328,515	\$ 299,214

Initials:

_____ (for City)

_____ (for Owner/Developer)

REVISED EXHIBIT H
FORMAL MRO
MUNICIPAL REVENUE OBLIGATION

REGISTERED
No.

United States of America

Up to: \$328,515.00

State of Wisconsin
County of Ozaukee
City of Mequon

Municipal Development Revenue Obligation, Series 2013

Maturity Date	Issue Date
[insert when final]	[insert when final]

REGISTERED OWNER: OUTPOST NATURAL FOODS COOPERATIVE
PRINCIPAL AMOUNT: \$328,515.00
INTEREST RATE: 0%

THE CITY OF MEQUON, WISCONSIN (the "Municipality"), for value received, hereby acknowledges itself to owe and promises to pay to the registered owner hereinabove identified, or registered assigns as hereinafter provided, on the Maturity Date, solely from the revenues hereinafter specified, the Principal (all as defined in the Development Agreement by and between the Municipality and Outpost Natural Foods Cooperative of August 7, 2013, as amended by the Amendment to Development Agreement dated ___, 2016) in the amounts and on the dates hereinafter provided.

The Principal Amount evidenced by this Municipal Revenue Obligation shall be paid to the Registered Owner or its registered assigns, at such times, upon such conditions, and as further provided in the Development Agreement approved as to its substance by the Mequon Common Council on May 14, 2013, and executed by the Parties on August 7, 2013, as amended by the Amendment to Development Agreement dated ___, 2016 (together, the "Development Agreement") by and between the Municipality, and Outpost Natural Foods Cooperative (the "Developer"). This Municipal Revenue Obligation is issued in consideration of the obligations of the City in the Development Agreement, which shall be controlling in the event there is any inconsistency between it and this certificate evidencing the Municipal Revenue Obligation, or in the event there is any ambiguity in this document. The initial Payment Schedule is attached hereto as Exhibit A, and each Payment is calculated to be 1/13th of the Principal amount hereunder. It is understood that the Payment Schedule may be modified from time to time by mutual consent of the parties to reflect the timing and pace of revenue received, as more fully described in the Development Agreement. Such subsequent modifications to the Payment Schedule shall be attached to and become part of this Municipal Revenue Obligation.

Payment of each installment of Principal shall be made on Payment Dates (as defined below) to the registered owner hereof (or its registered assigns), whose name shall appear on the registration books of the Municipality maintained by the Treasurer of the Municipality, who

serves as registrar and paying agent (the "Registrar"), by check or draft of the Registrar mailed to such registered owner at his address as it appears on such registration books or at such other address as may be furnished in writing by such registered owner to the Registrar.

This Municipal Revenue Obligation has been issued to provide additions and improvements to a project owned and operated by the Developer, and is payable only from available Tax Increment herein described, which available Tax Increment has been set aside as a special fund for that purpose and identified as the "Special Redemption Fund." This Municipal Revenue Obligation is issued pursuant to a resolution adopted on May 14, 2013, by the Common Council of the Municipality, and does not constitute an indebtedness of the Municipality within the meaning of any constitutional or statutory limitation or provision. Reference is hereby made to said resolution and to the Development Agreement or a more complete statement of the revenues from which and conditions under which this Municipal Revenue Obligation is payable and the general covenants and provisions pursuant to which this Municipal Revenue Obligation has been issued. Capitalized terms used herein shall have the meaning given to them in the Development Agreement.

Any Payments on this Municipal Revenue Obligation which are due on any Payment Date shall be payable solely from and only to the extent that the Municipality shall have received as of such Payment Date Available Tax Increment, as defined in the Development Agreement. For the purpose of this Municipal Revenue Obligation, "Available Tax Increment" means the portion of the real property taxes, and Personal Property taxes generated with respect to the Property and Personal Property, as defined in the Development Agreement, generated from the Property and Personal Property, which is remitted to the City as tax increment for TID No. 3, by July 31 of each year, commencing as of the first July 31 following Completion of Construction of the Project, pursuant to the Section 66.1105 Wis. Stats. (the "Act"). The Municipality agrees that all Available Tax Increment will be used to make Payments on this Municipal Revenue Obligation only and shall not be used to make payments on any other obligation, but subject to the exception below.

For purposes of this Municipal Revenue Obligation, a "Payment Date" shall mean September 1 of each year, commencing on September 1, 2016. Notwithstanding anything to the contrary in this Municipal Revenue Obligation, on each of the Payment Dates, the Municipality shall pay to the Owner or its registered assigns, 30% of the Available Tax Increment, up to the scheduled Payment amount shown on Exhibit A. To the extent that on any Payment Date the Municipality is unable to make a Payment from 30% of the Available Tax Increment at least equal to the scheduled Payment due on such date as a result of having received, as of such date, insufficient Available Tax Increment, such failure shall not constitute a default under this Municipal Revenue Obligation and, except as provided below, the Municipality shall have no obligation under this Municipal Revenue Obligation, or otherwise, to subsequently pay any such deficiency unless the deficiency is the direct result of the failure of the Municipality or the county to timely remit the proper amount of Tax Increment, in which case, such deficiency shall be paid promptly upon remittance by the County. If there is insufficient Available Tax Increment in any year, to pay the scheduled Payment out of 30% of the Available Tax Increment, it shall be deemed a "Shortfall." If in a later year, 30% of the Available Tax Increment is greater than the regularly scheduled Payment, any remaining amounts shall be paid to Owner for any Shortfall, until all

Shortfalls are paid. Notwithstanding the above, in the last two years of TID No. 3, the 30% Limit shall not apply, so that the Owner in those years will receive the full Payment scheduled for those years, as well as any remaining Shortfall, out of the full Available Tax Increment. In the final year, there shall be a balloon payment consisting of the Scheduled Payment plus any remaining Shortfall payment provided, however, that sufficient funds exist from the total Available Tax Increment collected during the term of this Agreement. **In no case, however, shall the term of this Municipal Revenue Obligation and the Municipality's obligation to make payments hereunder, extend beyond _____, the expiration of TIF No. 3 of the Municipality. This Municipal Revenue Obligation shall terminate and the Municipality's obligation to make any payments under this Municipal Revenue Obligation shall be discharged, and the Municipality shall have no obligation and incur no liability to make any payments hereunder after _____.**

The City makes no representation or covenant, express or implied, that the Tax Increment or other revenues will be sufficient to pay, in whole or in part, that amounts which are or may become due and payable hereunder.

THIS MUNICIPAL REVENUE OBLIGATION SHALL NOT BE PAYABLE FROM OR CONSTITUTE A CHARGE UPON ANY FUNDS OF THE MUNICIPALITY, AND THE MUNICIPALITY SHALL NOT BE SUBJECT TO ANY LIABILITY HEREON OR BE DEEMED TO HAVE OBLIGATED ITSELF TO PAY HEREON FROM ANY FUNDS EXCEPT THE AVAILABLE TAX INCREMENT, AND THEN ONLY TO THE EXTENT AND IN THE MANNER HEREIN SPECIFIED.

Notwithstanding anything contained herein, amounts due pursuant to this Municipal Revenue Obligation shall not be paid to Developer unless no MRO Default (as defined in the Development Agreement) shall have occurred, and the Certificate defined in paragraph 2 of the Development Agreement has been issued, confirming that all conditions precedent of the Development Agreement have been satisfied.

As provided in the Development Agreement, this Municipal Revenue Obligation is subject to optional prepayment at the election of the Municipality, in whole or in part with written notice to the holder.

Upon sale of the Property as defined in the Development Agreement, this Municipal Revenue Obligation is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the principal office of the Registrar in Wisconsin, but only in the manner, subject to the limitations and upon payment of the charges provided in the authorizing resolution, and upon surrender and cancellation of this Municipal Revenue Obligation. Upon such transfer a new Municipal Revenue Obligation of the same installments and for the same aggregate Principal Amount will be issued to the transferee in exchange therefor. This Municipal Revenue Obligation is issuable in fully registered form only in an amount up to the Principal Amount stated herein.

The Municipality and the Registrar may deem and treat the registered owner as the absolute owner hereof for the purpose of receiving payment of or on account of Principal hereof,

and for all other purposes and neither the Municipality nor the Registrar shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist, happen and be performed precedent to and in the issuance of this Municipal Revenue Obligation have been done, have existed, have happened and have been performed in due time, form and manner as required by the constitution and statutes of the State of Wisconsin.

This Municipal Revenue Obligation shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

IN WITNESS WHEREOF the City of Mequon, Wisconsin, by its Common Council, has caused this Municipal Revenue Obligation to be executed with the duly authorized facsimile signature of its Mayor and with the duly authorized facsimile signature of its Clerk and its official seal or a facsimile thereof to be impressed or reproduced hereon, as of the [insert final date].

CITY OF MEQUON, WISCONSIN
[SEAL]

By: _____
Daniel Abendroth, Mayor

By: _____
William H. Jones, Jr., Clerk

CERTIFICATE OF AUTHENTICATION

This Municipal Revenue Obligation is that described in the within-mentioned Resolution and is the Redevelopment Project Revenue Obligation, Series 2013 of the City of Mequon, Wisconsin.

CITY OF MEQUON, WISCONSIN

By: _____
Lee Szymborski
Treasurer and Bond Registrar

Date of Authentication:

_____, 2016

[FORM OF ASSIGNMENT]

For value received (the undersigned does) hereby sell, assign and transfer unto _____, the within-mentioned registered Municipal Revenue Obligation and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Bond Registrar with full power of substitution in the premises.

Bondholder

NOTE: The signature on this assignment must correspond with the name as it appear upon the face of the within Municipal Revenue Obligation in every particular, without alteration or enlargement or any change whatever.

Dated:

Signature guaranteed:

NOTE: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in the Medallion Signature Program.

EXHIBIT A
City of Mequon, Wisconsin
Municipal Development Revenue Obligation
Series 2013
Initial Payment Schedule

September 1, 2016	\$25,270.38
September 1, 2017	\$25,270.38
September 1, 2018	\$25,270.38
September 1, 2019	\$25,270.38
September 1, 2020	\$25,270.38
September 1, 2021	\$25,270.38
September 1, 2022	\$25,270.38
September 1, 2023	\$25,270.38
September 1, 2024	\$25,270.38
September 1, 2025	\$25,270.38
September 1, 2026	\$25,270.38
September 1, 2027	\$25,270.38
September 1, 2028	\$25,270.38 (less \$4,209.33 received in 2015)