

APPROVAL <i>slw</i> <i>Bl</i>	REQUEST FOR COMMON COUNCIL ACTION	MEETING DATE AUG 6, 2019
REPORTS & RECOMMENDATIONS	Resolution to Amend the Debt Policy Statement for the City of Franklin	ITEM NUMBER <i>G.26.</i>

Background

The City adopted a Debt Policy in 2008 with Resolution 2008-6481. The Policy was last reviewed in September 2012. No changes were made at that time. No new debt was issued until two years later.

The Policy establishes guidelines with respect to amount of debt outstanding, types of Debt and Structural Features, debt repayment schedules, types of debt issued, credit rating objectives, debt service levy as percent of total levy, defeasance objectives, flexibility for future expenditures, methods of sale, refunding considerations, financial disclosure objectives and Financial Advisor and Bond Counsel reviews.

As the City considers near term (2-4 years) debt issuance plans, how those plans impact the current debt policy is warranted.

Analysis

Here is a look at some of the Debt Policy objectives considering the issuance plan:

The Debt Policy sets a goal of total debt to equalized value at 40% of the state limit. This goal achieves multiple objectives, it keeps debt levels down, strengthens credit ratings, reduced debt service costs in multiple ways (less interest cost on lower total debt outstanding, stronger credit ratings results in lower interest rates, shorter term debt has lower interest rates and tax exempt General Obligation Debt has lower rates compared to other forms of debt.) The debt issuance plans will cause this goal to be tripped for some period of time depending on the City growth in equated values and interest costs related to the debt outstanding.

The policy directs that equipment should be financed with Notes (less than 10 year terms) and major projects with Bonds (10-20 year term). When major projects are limited, keeping 70% of the outstanding debt due within 10 years or less is not difficult to achieve. However, when infrastructure projects some back to back (i.e. TID 5 & 6 and Water & Sewer projects), it will be very difficult to keep more than 30% of outstanding balances within 10 years.

At the end of 2018, 89% of the outstanding debt was due & payable within ten years. (See page 67 of the 2018 Comprehensive Annual Financial Report). The Debt Policy has a goal that at least 70% of the outstanding debt will be payable within ten years. As the 2018 NAN's get refunded and the 2021 issues come on line, it is likely that the City will violate this goal for some period of time. Staff has requested Ehlers to help with this forecast using a tool Ehlers has.

The City currently has an Aa2 bond rating, last reaffirmed in February 2019. Moody's scorecard on the City indicated that we were very near the Aa3 rating than improving to Aa1. With the amount of debt being considered, maintaining that rating will be increasingly difficult. As the rating falls, the cost of new debt rises. This should be considered when evaluating debt issuance.

The Debt Policy has as an objective that “the levy for debt service [be] no greater than 20% of the total tax levy ...” There is no mention of the TID tax levy. Since General Obligation debt (typically issued for TID’s) falls back to the City levy should the TID close without retiring all the GO debt, one might consider including all or a portion of the TID tax levy in the 20% calculation. Using the

December 2018 tax levy as an example:

	Total Levy	Debt Service	Pct
2018 Tax Levy			
City Levy	21,928,317	1,300,000	5.9
TID’s	2,156,858	2,156,858	
Total	24,085,175	3,456,858	14.3
Future			
City	23,000,000	1,100,000	4.7
TID 3	1,100,000	1,100,000	
TID 5	2,900,000	2,900,000	
TID 6	1,000,000	1,000,000	
TID 7	1,100,000	450,000	MRO debt
Total TID’s	6,100,000	5,450,000	
City Total	29,100,000	6,550,000	22.5

While it is highly unlikely that, most or all, of the TID levy would fall back to the City tax levy, to include a portion of the TID levy in the Debt Service calculation would recognize that GO TID debt is a risk to the City.

A look at the 20% of total Tax Levy goal compares across the state with cities of 30-150,000 in population for 2018 reveals that of the 24 cities, half have TID tax levies below 13% and half are above that. One has no TID levy. Five cities (Beloit, Kenosha, LaCrosse, Menomonee Falls and Wausau) have TID levies in excess of 20% of the total levy. This does not include any debt service levy. The bottom five all have TID levies below 8% of total levy. In 2017, Franklin’s TID levy was 10.5% of the total levy.

Lower outstanding debt to equated value also provides financial flexibility when needed to address unforeseen events, such as a natural disaster or public emergency. When debt issuance stacks up, the ability to take advantage of the next opportunity declines.

The current Debt Policy addresses ‘responsible defeasance’. While interest rates stay at these artificially low levels, the defeasance opportunities become more rare. Our Financial Advisor, Ehlers, does stay close to this issue and did recommend a refunding of a 2007 issue in 2016. In that case, the relatively short term remaining on the 2007 issue and low market rates made that refunding possible.

Method of sale. Staff would not recommend any changes to that portion of the policy.

The policy related to refundings – staff would not recommend any changes to that portion of the policy.

The Disclosure elements of the Policy are sound. Staff recently filed a summary of the 2019 Budget on EMMA (Electronic Municipal Market Access) to get information on the 2019 City Budget available to the secondary market. The 2019 Budget book has not been issued as yet, and the lack of that information to the market may be detrimental to the City's perceived position compared to other investment opportunities.

The Finance Committee wanted to look at the Moody's Debt scores and how the debt policy addressed those measures.

Moody's looks at two debt measures, debt to Full Value and Debt to Revenues. The 2018 measures result in the following.

Full Value \$4,022,941,400
Debt \$48,809,970
Operating Revenues -\$30,682,987

Debt to Value = 1.2 – was 0.7 in 2017 – in the middle of the Aa range ($0.75 \leq \# < 1.75$)
Debt to Operating Rev = 1.59 – was 1.02 – in the upper end of the A range ($0.67 \leq \# < 3$)

The 10 year forecast for debt has the Debt to Value rising to 2.7 – which is in the A range and Debt to Operating Rev moving to 3.71 – in the Baa range.

Adjusting for Water debt which is self supporting – the Debt to Value drops to 2.2, still in the A range. Adjusting for the added TID tax revenue of \$2 million – would move the Debt to Operating revenue to 2.88 - at the low end of the Single A range. .

Debt downgrades from Aa2 into the single A group would meaningfully raise debt costs, and further pressure the City's ability to construct projects.

If the City wanted to stay in the Moody's Aa rating range, the Debt Policy should be adjusted to have total debt be less than 1.75% of the State Limit. That would limit GO Debt (excluding self funding Sewer & Water GO Debt) to 35% of the state limit. Likewise, with Moody's Debt to Revenue ratio capped at 0.67, GO Debt (again excluding self-funding Sewer & Water GO Debt) to 1.48 x Revenues in the General, Debt Service and TID Funds.

Recommendation

The 40% of State GO Debt limit was likely set as a bumper to know when the amount of debt outstanding was getting too high. There are times when exceeding that limit may be acceptable. But there will then be a cost to doing so. The Finance Committee recommended a change to the Policy statement by adding:

Current projections indicate that exceedance of the 40% limit is likely, which should cause Common Council to review the situation or modify the policy.

Regarding the credit rating – should the City decide to proceed with the various proposed projects, then there is likely little that can be done to preserve the Aa2 rating. Both the increased size and lengthened maturity of outstanding debt will most likely result in a down grade. This will raise the cost of the new debt issued.

If Debt were held to 1.75% of Equated Value and less than 1.48 x Operating Revenues, then a limit on the percentage of total tax levy may not be needed. There is likely a favorable political element to

having a maximum debt service levy as to total tax levy, but the other ratios that Moody's uses accomplishes a reasonable goal without this added parameter.

Limiting debt service levy to 20% of total tax levy seems very generous if TID and Utility debt service is excluded. In 2002, just after the Library and Police buildings were constructed, and debt service levy was highest, debt service levy was 10.48% of total tax levy. Staff prepared a summary of comparably sized WI cities as to the percentage debt service and TID tax levies were to the total tax levy. The Finance Committee recommended that the Debt Policy explicitly state that TID Debt Service Levy be excluded from the 20% limit.

COMMON COUNCIL ACTION REQUESTED

Motion adopting a Resolution 2019-_____ to amend the Debt Policy Statement for the City of Franklin

STATE OF WISCONSIN : CITY OF FRANKLIN : MILWAUKEE COUNTY

RESOLUTION NO. 2019-_____

A RESOLUTION TO AMEND THE DEBT POLICY STATEMENT FOR THE CITY OF
FRANKLIN

WHEREAS, the City of Franklin has issued debt for many years; and

WHEREAS, the Common Council adopted Resolution 2008-6481 defining a Debt Policy
; and

WHEREAS, the Finance Committee reviewed a Debt Policy Statement Dated September
8, 2008 at the July 23, 2019 Committee meeting recommending certain changes to the Policy
clarifying the definition of Debt Service Levy; and

WHEREAS, the Finance Committee noted that projections of future debt levels will
likely exceed the 40% of State Debt limits with the need to balance that limit with capturing
opportunities for economic development.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Common Council of the
City of Franklin that the Debt Policy Statement dated August 6, 2019 is approved.

Introduced at a regular meeting of the Common Council of the City of Franklin this ____
day of August, 2019.

Passed and adopted at a regular meeting of the Common Council of the City of Franklin
this ____ day of August, 2019.

APPROVED:

Stephen R Olson, Mayor

ATTEST:

Sandra L. Wesolowski, City Clerk

AYES ____ NOES ____ ABSENT ____

STATE OF WISCONSIN : CITY OF FRANKLIN : MILWAUKEE COUNTY

RESOLUTION NO. 2008- 6481

A RESOLUTION TO ESTABLISH A DEBT POLICY STATEMENT FOR THE CITY OF
FRANKLIN

WHEREAS, the City of Franklin has issued debt for many years; and

WHEREAS, it is desirable to have a policy in place as a guide to management of debt
issuances; and

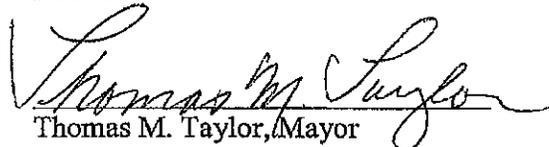
WHEREAS, the Common Council has reviewed a Debt Policy Statement Dated
September 8, 2008 reviewed by the Finance Committee and presented by the Director of Finance
& Treasurer.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Common Council of the
City of Franklin that the Debt Policy Statement dated September 8, 2008 is approved.

Introduced at a regular meeting of the Common Council of the City of Franklin this 8th
day of September, 2008.

Passed and adopted at a regular meeting of the Common Council of the City of Franklin
this 8th day of September, 2008.

APPROVED:


Thomas M. Taylor, Mayor

ATTEST:


Sandra L. Wesolowski, City Clerk

AYES 4 NOES 0 ABSENT 2

Ald. Sohns

Ald. Skowronski

City of Franklin
Finance Department Policy/Procedure

Subject: Debt Policy

Issue Date: September 8, 2008

Source: Director of Finance & Treasurer

Affected

Departments: All

Purpose: Issue debt and manage debt portfolio to ensure that the City maintains a sound debt position and that its credit quality is protected. Recognizing that access to capital markets over the long term is dependent upon the City's unwavering commitment to full and timely repayment of debt.

Policy: The City may issue bonds and notes for purposes of financing its capital improvements program, to refund existing debt and to provide financing for its Tax Incremental Financing Districts. The capital improvements program includes projects to acquire, plan, design, construct, improve and equip all or any part of its facilities or systems, promote economic development or to secure quality of life issues. Tax Incremental Financing Districts are limited areas that have been created to provide infrastructure to promote economic development.

The City will strive to continue to maintain a balanced relationship for financing its capital improvements through using pay as you go financing for its local street repaving program and for major equipment replacement purchases.

The Finance Committee will review each debt offering for compliance with this policy.

Debt Limitations:

Section 67.03 of Wisconsin Statutes requires that general obligation debt outstanding shall not exceed 5% of the equalized valuation of the taxable property within the City. Revenue bonds and notes are not considered debt for purposes of determining compliance with constitutional debt limitations. The City intends to keep outstanding general obligation debt within 40% of the limit prescribed by law and at levels consistent with its credit objectives and long-term financial plan.

2019 projections indicate that exceedance of the 40% limit is likely – which should cause Common Council to review the situation or modify the policy.

Types of Debt and Structural Features:

The City has statutory authority to finance capital improvements through the issuance of debt instruments, including:

- General Obligation Notes
- General Obligation Bonds
- Bond Anticipation Notes
- Revenue Bonds
- State of Wisconsin Capital Financing Programs
- Leases and Land Contracts

The City shall issue General Obligation Notes (maximum ten year maturity) for general capital improvements and shall use General Obligation or Revenue Bonds (maximum twenty year maturity) for Major capital projects, Buildings, Water, Wastewater and Stormwater utility capital financing unless staff demonstrates other authorized debt instruments provide a financial advantage. Staff will consider the useful life of the project assets being financed and the long-range financial and credit objectives when determining the final maturity structure of any debt issue. The City will issue debt on a fixed rate basis and intends to maintain 70% of the debt due within ten years.

The City may also issue debt on behalf of for-profit or non-profit corporations when doing so would promote economic development or secure quality of life issues. Prior to issuing such debt, the corporation shall provide substantive proof acceptable to the City that no budget appropriation shall be required to repay the debt. The City shall not issue debt on behalf of a non-profit corporation if doing so would prevent the City from issuing “bank qualified” debt for its own purposes without compensation from the non-profit corporation to cover the additional debt service cost.

Capital lease financing shall be considered only if verifiable operating savings when properly discounted outweigh the lease financing costs. Written justification detailing the explanation of factors considered including a cash flow analysis reviewed by Staff and submitted to the Finance Committee for consideration and approval before any lease is entered into.

Credit Objectives:

The City will seek to maintain or improve its current credit rating with Moody's: General (Aa2). The City will strive to maintain good relations with the rating agency and keep them informed of significant developments that could affect the City's credit rating.

In order to achieve its credit rating objective, the City recognizes the need to integrate the debt policy with its capital improvement program and long-range financial plans. The following objectives will be used to maintain debt service requirements at an affordable level and enhance the credit quality of the City:

- Levy for debt service no greater than 20% of the total tax levy with an effort to maintain the levy at a proportionate even level for tax rate stabilization.(Excluding TID Debt Service Levy).
- Responsible defeasance of general debt or reduction of current year borrowing package in conjunction with the General Fund Balance Policy.
- Flexibility to fund future expenditures necessary to provide essential City services and economic viability.

Method of Sale

The City will normally issue general obligation debt through a competitive bidding process with the exception of Council authorized negotiated sales or State of Wisconsin Capital Financing Programs. Bids will be awarded on a true interest cost (TIC), providing other bidding requirements are satisfied. In the instances in which staff believes competitive bidding produced unsatisfactory bids, the Council may authorize staff to negotiate the sale of the securities.

Negotiated sales of general obligation debt will be considered in circumstances when the complexity of the issue requires specialized expertise (such as advanced refunding to restructure debt service), when time to complete a sale is critical or when a negotiated sale would result in substantial cost savings. Negotiated sales of debt will also be considered for revenue bonds, bond anticipation notes, leases and land contracts when the complexity of the project, revenue source for debt service, or security for the debt makes it likely that a negotiated sale would result in a financial advantage to the City.

Debt sold directly to the State of Wisconsin will be used when the City undertakes capital projects to maintain permit compliance, pollution control, or stormwater control or other issues that are eligible to receive below market rate loans.

Refundings

Periodic reviews of outstanding debt will be undertaken to determine any refunding opportunities. Refunding will be considered (within federal tax law constraints) if and when there is a net economic benefit of the refunding.

In general, advance refundings for economic savings will be considered when net present value savings of at least 2% of the refunded debt can be

achieved. Current refundings that produce net present value savings of less than 2% savings may be considered when there is a compelling public policy or long-range financing policy objective.

Disclosure

The City is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional investors, bond insurers, other units of government, and the general public to share clear, comprehensible, and accurate financial information.

The Finance Department will provide continuing disclosure in compliance with continuing disclosure certifications made at the time of each debt issuance.

Financial Advisor and Bond Counsel

Selection of bond counsel and financial advisor will undergo periodic review.

Policy Established: September 8, 2008 Resolution 2008-6481

Policy Review Date: September 2012

\\finance\finance policies\151-06-001 Debt Policy

ISSUER COMMENT

12 July 2019

RATING

General Obligation (or GO Related)¹

Aa2 No Outlook

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City of Franklin, WI

Annual Comment on Franklin

Issuer Profile

The City of Franklin is located along the western shore of Lake Michigan in Milwaukee County in southeastern Wisconsin, approximately 10 miles southwest of Milwaukee. The county has a population of 956,586 and a high population density of 3,960 people per square mile. The county's median family income is \$59,763 (3rd quartile) and the May 2019 unemployment rate was 3.3% (2nd quartile)². The largest industry sectors that drive the local economy are health services, manufacturing, and retail trade.

Credit Overview

Franklin has a very good credit position, and its Aa2 rating is slightly higher than the median rating of Aa3 for cities nationwide. The key credit factors include a healthy financial position, a strong wealth and income profile and a healthy tax base. It also reflects a small debt burden and a moderate pension liability.

Finances: The financial position of Franklin is healthy and is relatively favorable with respect to the assigned rating of Aa2. The cash balance as a percent of operating revenues (73.6%) is far above the US median, and saw an impressive increase between 2014 and 2018. Moreover, the city's fund balance as a percent of operating revenues (26.5%) is slightly beneath the US median.

Economy and Tax Base: Overall, Franklin has a strong economy and tax base, which are comparable to its Aa2 rating. The median family income equals an excellent 144.3% of the US level. Additionally, the full value per capita (\$112,439) is roughly equivalent to other Moody's-rated cities nationwide, and grew materially from 2014 to 2018. Lastly, the total full value (\$4 billion) is considerable compared to the US median.

Debt and Pensions: Overall, the debt and pension liabilities of Franklin are low, though they are slightly unfavorable in comparison to the assigned rating of Aa2. The net direct debt to full value (1.2%) is on par with the US median, and remained stable between 2014 and 2018. Furthermore, the Moody's-adjusted net pension liability to operating revenues (1.2x) favorably is slightly under the US median.

Management and Governance: Wisconsin cities have an institutional framework score³ of "A", which is moderate. The sector's major revenue source, property tax revenue, is subject to a cap that restricts cities from increasing their operating property tax levies except to capture amounts represented by net new construction growth. Revenues and expenditures tend to be predictable. Across the sector, fixed and mandated costs are generally high. Expenditures are somewhat flexible, as collective bargaining is allowed for public safety employees but is curbed for non-public safety employees. Many cities utilize tax increment districts to attract

economic development, often issuing debt to fund initial infrastructure in undeveloped areas. While tax increment districts are ultimately expected to generate revenues sufficient to cover initial city outlay, cities are exposed to economic downturns which could halt development.

Sector Trends - Wisconsin Cities

Wisconsin cities will continue to benefit from an improving state economy. The overall economy continues to experience steady growth but remains dependent on manufacturing. Property tax revenues will remain stable or will slightly improve due to increased construction activity and development within tax increment districts. Most Wisconsin cities participate in the Wisconsin Retirement System, which continues to be relatively well-funded. Overall, fixed costs are manageable and not a pressure for cities.

EXHIBIT 1

Key Indicators ⁴ ₅ Franklin

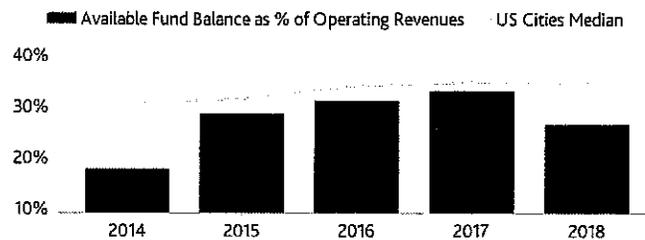
	2014	2015	2016	2017	2018	US Median	Credit Trend
Economy / Tax Base							
Total Full Value	\$3,589M	\$3,649M	\$3,729M	\$3,888M	\$4,022M	\$1,904M	Improved
Full Value Per Capita	\$99,936	\$101,077	\$103,139	\$107,148	\$112,439	\$94,106	Improved
Median Family Income (% of US Median)	140%	140%	140%	144%	144%	111%	Stable
Finances							
Available Fund Balance as % of Operating Revenues	17.6%	28.4%	31.0%	33.0%	26.5%	34.6%	Improved
Net Cash Balance as % of Operating Revenues	39.3%	36.9%	35.1%	40.8%	73.6%	39.6%	Improved
Debt / Pensions							
Net Direct Debt / Full Value	1.1%	1.0%	0.8%	0.7%	1.2%	1.1%	Stable
Net Direct Debt / Operating Revenues	1.31x	1.21x	1.13x	1.02x	1.59x	0.84x	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	0.4%	0.6%	0.8%	0.8%	0.9%	1.9%	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	0.51x	0.73x	1.04x	1.15x	1.15x	1.56x	Weakened
	2014	2015	2016	2017	2018	US Median	
Debt and Financial Data							
Population	35,920	36,103	36,155	36,295	35,779	N/A	
Available Fund Balance (\$000s)	\$5,065	\$8,176	\$8,579	\$9,298	\$8,125	\$8,028	
Net Cash Balance (\$000s)	\$11,281	\$10,613	\$9,722	\$11,498	\$22,598	\$9,530	
Operating Revenues (\$000s)	\$28,721	\$28,760	\$27,713	\$28,198	\$30,683	\$23,172	
Net Direct Debt (\$000s)	\$37,712	\$34,677	\$31,445	\$28,860	\$48,810	\$19,139	
Moody's Adjusted Net Pension Liability (3-yr average) (\$000s)	\$14,779	\$21,100	\$28,765	\$32,398	\$35,191	\$35,448	

Source: Moody's Investors Service

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

EXHIBIT 2

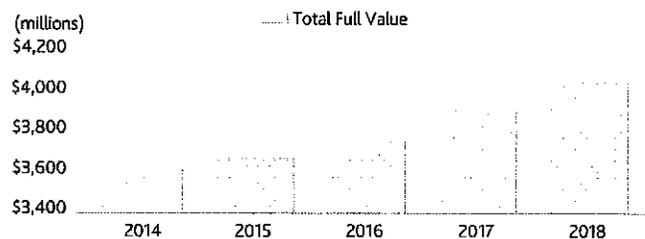
Available fund balance as a percent of operating revenues increased from 2014 to 2018



Source: Issuer financial statements; Moody's Investors Service

EXHIBIT 3

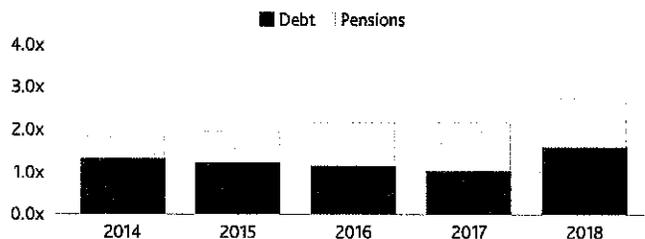
Full value of the property tax base increased from 2014 to 2018



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

EXHIBIT 4

Moody's-adjusted net pension liability to operating revenues increased from 2014 to 2018



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

Endnotes

- 1 The rating referenced in this report is the issuer's General Obligation (GO) rating or its highest public rating that is GO-related. A GO bond is generally backed by the full faith and credit pledge and total taxing power of the issuer. GO-related securities include general obligation limited tax, annual appropriation, lease revenue, non-ad valorem, and moral obligation debt. The referenced ratings reflect the government's underlying credit quality without regard to state guarantees, enhancement programs or bond insurance.
- 2 The demographic data presented, including population, population density, per capita personal income and unemployment rate are derived from the most recently available US government databases. Population, population density and per capita personal income come from the American Community Survey while the unemployment rate comes from the Bureau of Labor Statistics.

The largest industry sectors are derived from the Bureau of Economic Analysis. Moody's allocated the per capita personal income data and unemployment data for all counties in the US census into quartiles. The quartiles are ordered from strongest-to-weakest from a credit perspective: the highest per capita personal income quartile is first quartile, and the lowest unemployment rate is first quartile.

- 3 The institutional framework score assesses a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See [US Local Government General Obligation Debt \(December 2016\) methodology report](#) for more details.
- 4 For definitions of the metrics in the Key Indicators Table, [US Local Government General Obligation Methodology and Scorecard User Guide \(July 2014\)](#). Metrics represented as N/A indicate the data were not available at the time of publication.
- 5 The medians come from our most recently published local government medians report, [Medians - Tax base growth underpins sector strength, while pension challenges remain \(May 2019\)](#) which is available on Moodys.com. The medians presented here are based on the key metrics outlined in Moody's GO methodology and the associated scorecard.

**City of Franklin WI
General Obligation Debt Summary**

Fund	Borrowed	Balance Dec-19	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Government												
New Loans			2,055,000	25,000,000	-	11,660,000	-	2,000,000	-	10,000,000	-	-
Principal Payments			665,000	985,000	1,655,000	10,985,000	2,645,000	3,220,000	3,760,000	4,175,000	4,390,000	7,480,000
Interest Payments			2,877,127	3,645,498	3,582,898	3,699,968	3,706,569	3,559,046	3,407,368	3,176,374	2,905,717	2,959,349
Total	\$	\$ 52,365,000	3,542,127	4,610,498	5,237,898	14,664,968	6,353,569	6,779,046	7,167,368	7,351,374	7,295,717	10,439,349
Total City Loan Balance	\$	\$ 52,365,000	53,755,000	77,790,000	76,135,000	76,810,000	74,165,000	72,945,000	69,185,000	75,010,000	70,620,000	63,140,000
Water												
New Loans				18,500,000								
Principal Payments			71,750	77,250	777,750	793,200	828,600	869,100	900,550	930,000	960,000	1,010,000
Interest Payments			32,818	30,950	816,750	784,913	751,950	717,413	681,300	643,388	603,900	562,725
Total			104,568	108,200	1,594,500	1,578,113	1,580,550	1,586,513	1,581,850	1,573,388	1,563,900	1,572,725
Water Loan Balance	\$	\$ 1,138,200	1,066,450	19,489,200	18,711,450	17,918,250	17,089,650	16,220,550	15,320,000	14,390,000	13,430,000	12,420,000
Sewer												
New Loans				3,000,000								
Principal Payments			1,275,272	1,306,669	1,438,639	1,471,802	1,505,575	1,550,181	1,590,638	1,631,968	1,679,193	1,717,334
Interest Payments			416,514	384,730	484,914	447,046	408,357	368,600	327,644	285,579	242,271	197,811
Total			1,691,786	1,691,399	1,923,553	1,918,848	1,913,932	1,918,781	1,918,282	1,917,547	1,921,464	1,915,145
Sewer Loan Balance	\$	\$ 17,555,341	16,280,069	17,973,400	16,534,561	15,062,759	13,557,184	12,007,003	10,416,365	8,784,397	7,105,204	5,367,870
Total City												
New Loans			2,055,000	46,500,000	-	11,660,000	-	2,000,000	-	10,000,000	-	-
Principal Payments			2,072,022	2,348,919	3,871,589	13,250,002	4,979,175	5,639,281	6,251,188	6,736,968	7,029,193	10,207,334
Interest Payments			3,326,459	4,061,178	4,884,562	4,931,927	4,868,676	4,645,059	4,416,332	4,105,341	3,751,888	3,719,885
Total			5,338,481	6,410,097	8,756,151	18,181,929	9,848,051	10,284,340	10,667,520	10,842,309	10,781,081	13,927,219
Total Loan Balance	\$	\$ 71,058,541	71,101,519	115,252,600	111,381,011	109,791,009	104,811,834	101,172,553	94,921,365	98,184,397	91,155,204	80,947,870
Debt Limit Review												
Growth			130,826,000	89,834,000	68,723,000	58,128,000	47,084,000	47,555,000	48,030,000	48,510,000	48,996,000	49,486,000
Equalized Value	\$	\$ 4,360,868,000	4,491,694,000	4,581,528,000	4,650,251,000	4,708,379,000	4,755,463,000	4,803,018,000	4,851,048,000	4,899,558,000	4,948,554,000	4,998,040,000
State Debt Limit			218,043,400	224,584,700	229,076,400	232,512,550	235,418,950	237,773,150	240,150,900	242,552,400	244,977,900	247,427,700
Internal Debt Limit			87,217,360	89,833,880	91,630,560	93,005,020	94,167,580	95,109,260	96,060,360	97,020,960	97,991,160	98,971,080
*** Exceeds City Policy Debt Limit				***	***	***	***	***	***	***	***	***
Includes Interfund Advances												

*** Exceeds City Policy Debt Limit
L:\41803 VOL1 Finance\Debt Service\GO Debt Summary.xlsx\2020

**City of Franklin WI
General Obligation Debt Summary**

Fund	Borrowed	Balance Dec-19	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
City												
New Loans			-	5,000,000	-	2,000,000	-	2,000,000	-	10,000,000	-	-
Principal Payments			1,387,500	1,570,000	1,097,500	1,152,500	1,125,000	1,090,000	1,075,000	1,002,500	905,000	1,190,000
Interest Payments			199,131	300,013	351,788	313,019	363,051	321,788	368,851	328,906	739,788	692,725
Total payments			1,586,631	1,870,013	1,449,288	1,465,519	1,488,051	1,411,788	1,443,851	1,331,406	1,644,788	1,882,725
Loan Balance		7,225,000	5,837,500	9,267,500	8,170,000	9,017,500	7,892,500	8,802,500	7,727,500	16,725,000	15,820,000	14,630,000
TID 3	North End of S 27th St											
New Loans			-									
Principal Payments			665,000	985,000	985,000	390,000						
Interest Payments			80,175	55,725	26,475	5,850						
Total			745,175	1,020,725	1,011,475	395,850						
TID3 Loan Balance		\$ 3,005,000	2,340,000	1,375,000	390,000	-	-	-	-	-	-	-
TID 5	Bailpark Commons											
New Loans			2,055,000			9,660,000						
Principal Payments			-		510,000	10,030,000	1,525,000	1,550,000	1,730,000	1,920,000	2,030,000	2,140,000
Interest Payments			830,201	929,022	921,372	1,019,442	1,097,843	1,042,495	981,984	912,678	835,230	750,918
Total			830,201	929,022	1,431,372	11,049,442	2,622,843	2,592,495	2,711,984	2,832,678	2,865,230	2,890,918
TID5 Loan Balance		\$ 24,255,000	26,310,000	26,310,000	25,800,000	25,430,000	23,905,000	22,355,000	20,625,000	18,705,000	16,675,000	14,535,000
TID 6	Bear Development											
New Loans			-									
Principal Payments			-		160,000	215,000	370,000	570,000	765,000	885,000	985,000	1,125,000
Interest Payments			280,950	342,450	339,250	331,750	320,050	300,250	276,450	244,925	209,463	172,575
Total			280,950	342,450	499,250	546,750	690,050	870,250	1,041,450	1,129,925	1,194,463	1,297,575
TID6 Loan Balance		\$ 9,865,000	9,865,000	9,705,000	9,705,000	9,490,000	9,120,000	8,550,000	7,785,000	6,900,000	5,915,000	4,790,000
TID 7	Veno Village - including Interfund Advance											
New Loans			-									
Principal Payments			298,301	298,301	298,301	298,301	298,301	298,301	265,000	270,000	275,000	3,015,000
Interest Payments			298,301	298,301	298,301	298,301	298,301	298,301	290,954	280,521	269,774	211,356
Total			298,301	298,301	298,301	298,301	298,301	298,301	555,954	550,521	544,774	3,226,356
TID7 Loan Balance		\$ 8,015,000	8,015,000	8,015,000	8,015,000	8,015,000	8,015,000	7,915,000	7,650,000	7,380,000	7,105,000	4,090,000
TID 8												
New Loans				20,000,000								
Principal Payments			-			350,000	750,000	1,000,000	1,000,000	1,100,000	1,100,000	1,200,000
Interest Payments			450,000	450,000	900,000	892,125	867,375	828,000	783,000	735,750	686,250	634,500
Total			450,000	450,000	900,000	1,242,125	1,617,375	1,828,000	1,783,000	1,835,750	1,786,250	1,834,500
TID8 Loan Balance		\$ -	20,000,000	20,000,000	19,650,000	19,650,000	18,900,000	17,900,000	16,900,000	15,800,000	14,700,000	13,500,000

**Debt Service Tax Levy to Total Tax Levy
Budget Year 2018**

2018 TAX LEVY						
CITY	DEBT SERVICE	TOTAL	% DEBT SVC TO TOTAL	TID Tax Levy	Total Tax Levy	PCT Debt Service & TID to Total Levy
APPLETON	5,241,380	42,425,098	12.4%	4,376,517	46,801,615	20.6%
BELOIT	4,850,000	15,043,527	32.2%	8,299,896	23,343,423	56.3%
BROOKFIELD	4,100,000	38,001,000	10.8%	2,882,403	40,883,403	17.1%
EAU CLAIRE	4,074,060	40,061,181	10.2%	4,074,060	44,135,241	18.5%
FOND DU LAC	7,705,067	26,164,517	29.4%	2,573,160	28,737,677	35.8%
FRANKLIN	1,300,000	21,027,849	6.2%	2,471,104	23,498,953	16.0%
GREEN BAY	9,174,100	53,734,186	17.1%	8,084,172	61,818,358	27.9%
GREENFIELD	4,316,095	24,173,612	17.9%	1,788,243	25,961,855	23.5%
JANESVILLE	8,993,651	35,489,610	25.3%	6,126,582	41,616,192	36.3%
KENOSHA	11,885,544	64,647,831	18.4%	20,447,798	85,095,629	38.0%
LA CROSSE	7,000,000	34,447,486	20.3%	12,140,298	46,587,784	41.1%
MANITOWOC	6,086,014	15,327,782	39.7%	2,735,353	18,063,135	48.8%
MENOMONEE FALLS	2,357,000	23,513,000	10.0%	6,412,929	29,925,929	29.3%
NEW BERLIN	7,090,100	25,550,392	27.7%	-	25,550,392	27.7%
OAK CREEK	850,000	20,261,131	4.2%	3,297,056	23,558,187	17.6%
OSHKOSH	11,166,600	37,861,700	29.5%	7,294,767	45,156,467	40.9%
RACINE	17,404,776	54,322,250	32.0%	2,897,461	57,219,711	35.5%
SHEBOYGAN	3,196,889	23,324,477	13.7%	3,388,756	26,713,233	24.7%
SUN PRAIRIE	6,460,924	22,173,272	29.1%	3,240,566	25,413,838	38.2%
WAUKESHA	14,110,288	61,419,460	23.0%	5,485,490	66,904,950	29.3%
WAUSAU	4,123,000	24,462,367	16.9%	6,939,977	31,402,344	35.2%
WAUWATOSA	4,783,725	41,946,785	11.4%	6,512,213	48,458,998	23.3%
WEST ALLIS	3,920,432	41,173,414	9.5%	2,777,255	43,950,669	15.2%
WEST BEND	2,971,253	19,294,911	15.4%	4,100,089	23,395,000	30.2%
Total	153,160,898	805,846,838		128,346,145		
Average	6,381,704		19.3%			30.3%
Median	5,045,690		17.5%			29.3%
Lowest	850,000		4.2%			15.2%
Highest	17,404,776		39.7%			56.3%

Total Levy and TID Levy from 2017 Statement of Taxes on WI DOR web site

Debt Service levy pulled from Budget Book on City web site

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**Debt Service Tax Levy to Total Tax Levy
Budget Year 2018**

2018 TAX LEVY

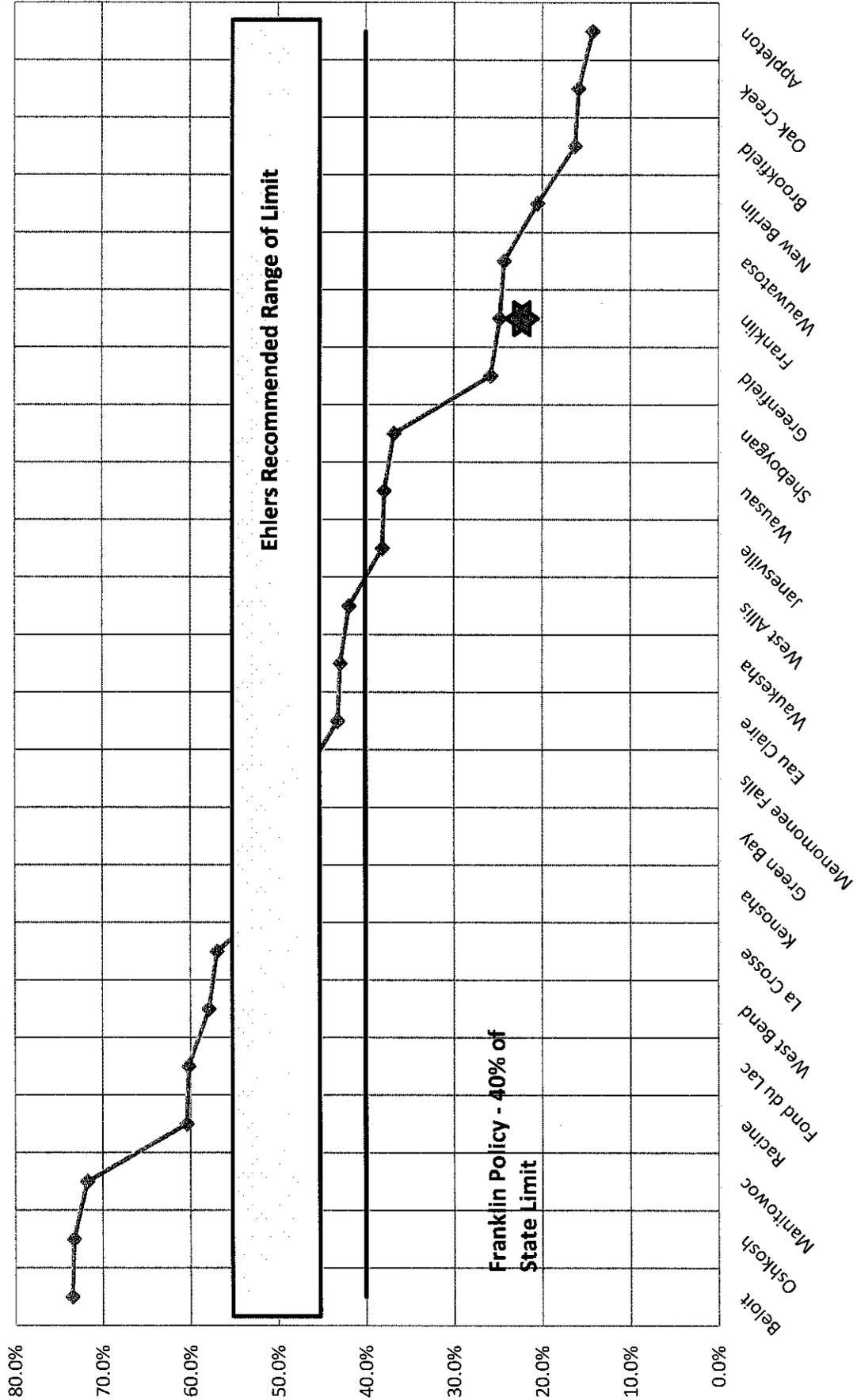
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FRANKLIN	1,300,000	21,027,849	6.2%	2,471,104	23,498,953	16.0%
WEST ALLIS	3,920,432	41,173,414	9.5%	2,777,255	43,950,669	15.2%
MENOMONEE FALLS	2,357,000	23,513,000	10.0%	6,412,929	29,925,929	29.3%
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Total Levy and TID Levy from 2017 Statement of Taxes on WI DOR web site

Debt Service levy pulled from Budget Book on City web site

L:\41803 VOL1 Finance\MISC\[2018 Municipality Tax Levy Comparisons.xlsx]Sheet1

General Obligation Debt % of State Limit - 2012



Source: Municipal Facts 2014 - WISTAX

◆ % of State Limit — Franklin Debt Policy Limit

APPROVAL <i>slw</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE August 6, 2019
REPORTS AND RECOMMENDATIONS	A Resolution Authorizing Certain Officials to Execute a Second Amendment to Tax Incremental District No. 5 Development Agreement Between the City of Franklin and BPC Master Developer, LLC (Developer), Ballpark Commons – Franklin, Wisconsin (Project). The Common Council may enter closed session pursuant to Wis. Stat. § 19.85(1)(e), to deliberate upon a Second Amendment to Tax Incremental District No. 5 Development Agreement Between the City of Franklin and BPC Master Developer, LLC (Developer), the negotiation of the Amendment to Agreement terms and the investing of public funds in relation thereto, for competitive and bargaining reasons, and to reenter open session at the same place thereafter to act on such matters discussed therein as it deems appropriate	ITEM NUMBER <i>G.27.</i>

Attached is a draft amendment to development agreement which at the time of this writing remains under review and negotiation by the developer and consultants and City staff and consultants. Also attached is a draft Resolution.

COUNCIL ACTION REQUESTED

A motion to enter closed session pursuant to Wis. Stat. § 19.85(1)(e), to deliberate upon a Second Amendment to Tax Incremental District No. 5 Development Agreement Between the City of Franklin and BPC Master Developer, LLC (Developer), the negotiation of the Amendment to Agreement terms and the investing of public funds in relation thereto, for competitive and bargaining reasons, and to reenter open session at the same place thereafter to act on such matters discussed therein as it deems appropriate.

**SECOND AMENDMENT TO TAX INCREMENTAL DISTRICT NO. 5
DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF FRANKLIN AND
BPC MASTER DEVELOPER, LLC (Developer)**

BALLPARK COMMONS – FRANKLIN, WISCONSIN (Project)

THIS SECOND AMENDMENT TO THE DEVELOPMENT AGREEMENT (the “**Amendment**”) is entered into as of August ____, 2019, by and between **BPC MASTER DEVELOPER, LLC**, a Wisconsin limited liability company (“**Developer**”) and the **CITY OF FRANKLIN, WISCONSIN**, a Wisconsin municipal corporation (“**City**”).

RECITALS

City and Developer acknowledge the following:

A. Pursuant to Wis. Stat. § 66.1105 (the “**Tax Increment Law**”), the City adopted a plan for redevelopment (the “**Project Plan**”) within Tax Increment District No. 5 in the City of Franklin, Wisconsin (the “**District**”).

B. The Project Plan and District were approved in September, 2016, and the Planned Development District was approved in April, 2016 (collectively, and as amended from time to time, the “**Master Development Plan**”).

C. The City and Developer executed a Development Agreement dated February 19, 2018 with regard to the District, which was amend by that certain First Amendment dated [**December __, 2018**] (collectively, the “**Agreement**”).

D. Developer has begun constructing a mixed-use development consisting of a stadium, sports village, senior housing, restaurants, retail buildings, a hotel and offices.

E. The City and the Developer desire to amend the Agreement to, among other things, expand the Project to include senior housing, but to exclude apartments from the District and the Project.

F. The District’s boundaries have been expanded to include additional real property depicted as “TIF 5 Amendment” on the attached **Exhibit A**.

G. The City and the Developer desire to amend the Agreement to, among other things, acknowledge the inclusion of certain real property depicted as “TIF 7” on **Exhibit A** attached hereto (the “**Apartment Land**”), formally located within the District, into a new Tax Increment District No. 7 (the “**Blight District**”). The Tax Increment associated with the Apartment Land as of January 1, 2019 will stay within the District, but thereafter the Apartment Land’s Tax Increment within the District shall be fixed at its January 1, 2019 value. All new Tax Increment related to the Apartment Land created after January 1, 2019 will be included in the Blight District.

H. The City and the Developer desire to amend the Agreement to, among other things, provide the Developer with Additional Funds (as hereinafter defined) for the completion of the TIF Improvements associated with the Project and associated with improvements within the Blight District.

I. The development of the Project would not occur without the financial participation of the City as set forth in this Amendment.

J. The City, pursuant to Common Council action dated [_____], 2019, has approved this Amendment and authorized its execution by the proper City officials on the City's behalf.

K. Developer has approved this Amendment and authorized its execution by the appropriate representatives on its behalf.

AGREEMENTS

In consideration of the RECITALS and the terms and conditions set forth herein, the parties agree and covenant as follows:

1. Recitals. The terms and provisions of the above recitals are hereby incorporated by reference. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Agreement.

2. Excess Costs. Attached hereto as **Exhibit B** is a breakdown of the remaining TIF Improvements that are underway and the TIF Improvement Budget and are subject to lien rights under state law or by contract, including the lienable hard costs and soft items to complete each line item. The cost of the TIF Improvements associated with the Project have exceeded the initial TIF Improvement Budget. As provided in the Agreement, the Developer is responsible for funding all the costs of the TIF Improvements over and above the TIF Improvement Budget (including hard and soft costs, and referred to herein as the "Excess Costs"). However, the City has agreed to provide additional funding for the TIF Improvements not to exceed Five Million Two Hundred Thousand and No/100 Dollars in accordance with this Amendment in exchange for Developer's covenants contained herein and in exchange for the covenants contained in the District 7 Agreement, as hereinafter defined. As used herein, the term "Remaining TIF Improvements" means those certain TIF Improvements which are listed in the attached **Exhibit B**, which Developer represents and warrants is a true and complete list of the TIF Improvements which are not yet complete as of June 6, 2019, including but not limited to TIF Improvements which will be located within the Blight District. Developer also represents and warrants that the information contained in **Exhibit B** is true and correct as of July 31, 2019 and that **Exhibit B** includes, to the best of Borrower's knowledge, all of the lienable work associated with TIF Improvements.

3. Remaining TIF Improvements. The Remaining TIF Improvements are "TIF Improvements," as defined by the Agreement. The Developer hereby agrees to promptly undertake the completion of the Remaining TIF Improvements. As is more fully provided for below, the City agrees to make up to a maximum amount of Five Million Two Hundred Thousand and NO/100 Dollars (\$5,200,000) available to the Developer to complete the Remaining TIF

Improvements, which may include construction, labor and materials, design, architect, construction/project management and engineering fees and costs (“Additional Funds”). Additional Funds may not be used to pay development fees (whether paid to Developer, its affiliates or other third parties) or legal fees. The obligation of the City to pay Additional Funds associated with completion of the Remaining TIF Improvements, requires that Developer satisfy the conditions in Section 8. Notwithstanding anything contained herein to the contrary and subject to the City’s obligations hereunder, the Developer remains solely responsible for the completion of the TIF Improvements and the Excess Costs.

4. Updated Project Phases. The Developer and the City hereby agree to the updated Project phases and schedule with Exhibit A-1 attached hereto which hereby replaces Exhibit A-1 to the Agreement in its entirety. Notwithstanding anything contained in the Agreement to the contrary, Developer agrees to promptly notify the City in writing in the event that Developer reasonably anticipates that it will be unable to satisfy the Commencement Dates and Completion Dates set forth in Exhibit A-1.

5. Updated Project Increment. The Developer hereby re-affirms the commitment to create the new assessed value in the District. In light of the creation of the Blight District and the updated Project phases in Exhibit A-1, the first sentence of Article I.B. of the Agreement shall be replaced in its entirety with: “Developer agrees to create at least (i) Twenty Million Dollars (\$20,000,000) of new assessed value as the result of the construction of the Project on or before January 1, 2019, (ii) Fifty Million Dollars (\$50,000,000.00) of new assessed value as a result of the construction of the Project on or before January 1, 2020, (iii) Ninety-Four Million (\$94,000,000.00) of new assessed value as a result of construction of the Project on or before January 1, 2021, (iv) One Hundred Twelve Million Dollars (\$112,000,000.00) of new assessed value as a result of the Project on or before January 1, 2023, and to maintain such assessed values until the GO Bonds have been paid in full or defeased.” [By signing below, Guarantor acknowledges and agrees that in the event of a violation of the foregoing covenant, the City may demand that Developer or Michael E. Zimmerman pay any shortfall on the regularly scheduled principal and interest payments on the GO Bonds caused by such violation in accordance with the terms of the Agreement and the Guaranty.

6. Removal of Certain Apartment Increment from the District. Developer agrees that the Tax Increment created on the Apartment Land after January 1, 2019 shall be removed from the District and transferred to the Blight District. Therefore, the contemplated apartments to be built on the Apartment Land in the Blight District and their associated Tax Increment created after January 1, 2019 shall no longer be a part of the Project nor the District. The City and Developer agree that, however, that the senior housing built within the District is considered part of the Project. Attached hereto as Exhibit C is an undated Schedule showing the anticipated revenue and expenses from the Project which hereby replaces Exhibit C to the Agreement in its entirety.

7. Additional GO Bonds. The City agrees that, upon satisfaction of the conditions in Section 8 below, the City will provide the Developer with an additional Five Million Two Hundred Thousand and No/100 Dollars (\$5,200,000.00) in Additional Funds for completion of the Remaining TIF Improvements. The Developer acknowledges and agrees that Three Million Two Hundred Thousand and No/100 US Dollars (\$3,200,000.00) of the Additional Funds are being provided on the basis of Tax Increment from TID 5 (the “TID 5 Additional Funds”) and the

remaining Two Million and No/100 US Dollars (\$2,000,000.00) (the “TID 7 Additional Funds”) of the Additional Funds are being provided on the basis of Tax Increment in District 7 pursuant to a separate Development Agreement by and between the City and Mandel Group, Inc. (the “District 7 Agreement”). The TID 5 Additional Funds will be raised using general obligation bonds and the definition of “GO Bonds” as contained in this Amendment and the Agreement shall include any and all bonds issued, re-issued or refinanced by the City as part of the TID 5 Additional Funds. The Additional Funds may only be spent on eligible Project costs that comply with the Tax Increment Law and this Agreement. In particular, Developer hereby covenants and agrees to spend TID 7 Additional Funds on Remaining TIF Improvements either within District 7 or within ½ mile of District 7 as required by Wis. Stat. §66.1105(2)(f)(1)(m) (“Eligible TID 7 Project Costs”). Subject to Developer’s satisfaction or the City’s waiver of the conditions set forth in Section 8 below, the Additional Funds will be made available to Developer no later than November 1, 2019. The Additional Funds are considered part of the Project Costs.

8. Disbursement. The City and Developer agree that as of August 1, 2019, [\$600,000] of the City’s original GO Bonds (not counting the Additional Funds) remain to be disbursed. The Additional Funds shall be disbursed to Developer through the Disbursing Agreement established under the Agreement. The City’s obligation to provide the Developer with the Additional Funds to pay Excess Costs are conditioned upon all of the following:

A. GMP Contract. The Developer shall have provided the City with Guaranteed maximum price contract(s) (“GMPs”) (with final engineering drawings for the Remaining TIF Improvements, to the reasonable satisfaction of the City. Except for City requested changes to the Approved Plans, any change orders or costs resulting in GMPs in excess of the amounts set forth in Exhibit B shall be considered additional Excess Costs that shall be solely the responsibility of the Developer to fund.

B. Proof of Funds to Complete. The Developer shall, in support of a request for Additional Funds provide:

(i) evidence, to the City's reasonable satisfaction, that all the TIF Improvements have been substantially completed; and

(ii) reasonable evidence of the lien free completion of all the TIF Improvements to be paid with the Additional Funds including final lien waivers from all contractors working on the TIF Improvements, including but not limited to those receiving the Additional Funds other than street lights and shared parking associated with the performance village.

C. Proof of Project Ready Incremental Development. With respect to the TID 5 Additional Funds only, the Developer shall have provided the City with evidence that a golf driving range facility (the “LUXE”) (and an approximately 11,000 square foot medical office and outpatient building (the “MOSH”) (are ready for development, meaning Developer has been issued building permits for such projects to evidence that that these projects are proceeding.

D. The City’s inspecting engineer or architects shall have reasonably approved the disbursements. There shall be no event of default under the District 7 Agreement.

The City’s obligation to provide the Developer with the TID 5 Additional Funds is

conditioned upon satisfaction of all of the items 8A, 8B, 8C and 8D above.

The City's obligation to provide the Developer with the TID 7 Additional Funds is conditioned upon satisfaction of all of the items 8A, 8B and 8D above and a building permit shall have been pulled for the construction of the apartments on the Apartment Land; provided, however, that in no event shall the TID 7 Additional Funds be disbursed to Developer prior to September 1, 2019.

The Developer shall be solely responsible for the payment of any amounts in excess of original GO Bond amounts and Additional Funds to be disbursed necessary to complete the TIF Improvements. Furthermore, in the event Developer fails to satisfy the conditions set forth in this Section 8, then Developer shall be solely responsible for the costs of the Remaining TIF Improvements until such conditions are satisfied.

9. Developer Guaranty and Collateral. Attached hereto as Exhibit C shows the anticipated schedule showing all principal and interest payments due on the GO Bonds (excluding the GO Bonds associated with the Additional Funds) as of the date of this Amendment (the "Current Payment Schedule"). Exhibit C shows the underwriting for this Amendment, including the anticipated schedule showing all principal and interest payments due on the GO Bonds (including the TID 5 Additional Funds). In the event the Project does not generate sufficient Tax Increment to reimburse the City for required payments due under GO Bonds (the "Shortfall"), the Developer and Michael E. Zimmerman's (the "Guarantor") (hereby re-affirm their covenants in the Agreement and the Continuing Guaranty (Unlimited) dated February 17, 2019 (the "Guaranty") (respectively, to pay a Shortfall on the regularly scheduled principal and interest payments on the GO Bonds shown on Exhibit C to the extent required under such Guaranty. In the event that Developer or Guarantor make any Shortfall payments, then notwithstanding anything to the contrary contained in the Development Agreement, as long as there is a reserve of at least One million seven hundred thousand dollars (\$1,700,000), Tax Increments after payment of the City's GO Bonds be agreed to, shall be used to reimburse Developer and/or Guarantor for such Shortfall pays in the following order, until such Shortfall has been fully reimbursed: immediately after payment of the TIF Administrative Fee and immediately before any payment toward the Reserve.

10. Second Mortgage. The City Mortgage provided for in Article I.F. of the Agreement shall be released upon execution of the District 7 Agreement.

11. PILOT. The City has determined that the real property listed in Exhibit E (the "Stadium Property")¹ and/or its associated buildings and improvements, are exempt from ad valorem property taxes. The Developer will be requesting that the real property listed in Exhibit E-1 (the "Landfill Property")² and/or its associated buildings and improvements, also be exempt from ad valorem property taxes. Developer agrees to enter into a PILOT agreement making any exempt property in the District, but not in the Blight District, whether determined as exempt currently or in the future, subject to a PILOT agreement. The PILOT agreement shall specify a payment in lieu of taxes based on a value of \$840,000 for the Landfill Property and \$3,800,000 for

¹ Exhibit needed

² Exhibit needed but \$9,700.00 per acre is agreed.

the Stadium Property, subject to annual increases equal to the annual [percentage increase in the City's ad valorem taxes][percentage value increase in revalued assessed property] during such calendar year. The PILOT agreement shall continue in perpetuity as long as the subject properties remain exempt but shall provide that at the end of the District's life, as may be extended, then all taxing jurisdictions, including but not limited to Milwaukee County, shall commence receiving their legal share of ad valorem taxes which would have been levied upon and received from such property in the event the property was not exempt. Notwithstanding anything in the Tax Increment Law to the contrary, Developer, its successors and assigns agrees that any PILOT payments made in the District shall be considered "Tax Increment" as defined herein and in the Tax Increment Law for purposes of this Agreement. Therefore, all PILOT payments in the District shall be deposited by the City into the TID No. 5 fund used by the City to pay for Project Costs in the District. The Developer may contest, in good faith, the assessed value of any portion of the Property in accordance with Article III of the Development with the Shortfall based on the new the values set forth in Section 5 above.

12. Claims. Upon completion of the Remaining TIF Improvements, the Developer agrees to investigate any claims it may have against its contractors, engineers, architects or subcontractors for the cost overruns associated with the TIF Improvements, over and above the TIF Improvement Budget, be they claims in contract or tort (for negligence or otherwise) ("Claims"). Developer agrees to use commercially reasonable efforts to recover any of the Additional Funds advanced by the City to pay for the Remaining TIF Improvements directly attributable to such Claims and hereby agrees to assign to the City any moneys directly attributable to such Claims recovered from its contractors, engineers, architects or subcontractors, less the costs of collection, in accordance with this Section 12. City agrees to provide its full cooperation, or upon the written request of the City, the Developer agrees to assign any such Claims, to the extent assignable, to the City, in which case the City may pursue such claim on the Developer's behalf and with the full cooperation of the Developer.

13. Miscellaneous.

A. Exhibit F to the Agreement is hereby replaced with the attached Exhibit A.

B. A Memorandum of this Amendment shall be recorded in the office of the Register of Deeds of Milwaukee County, Wisconsin in a form in substantial conformance with the attached Exhibit D.

C. Exhibit H to the Agreement is attached hereto as Exhibit H.

D. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original, pdf. or faxed form and the parties adopt any signatures received by electronic delivery or a receiving fax machine as original signatures of the parties.

E. In the event of a conflict between the terms and conditions of the Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall control.

F. Except as specifically modified or amended herein, all other terms and conditions of the Agreement shall remain in full force and effect.

G. The parties represent that the execution of this Amendment has been properly authorized and that the persons signing this Amendment have been properly authorized to sign this Amendment on behalf of the parties.

H. All exhibits referenced herein are incorporated herein by reference.

I. Nothing contained in this Agreement shall create or effect any partnership, venture or relationship between the City and Developer, its successors and/or assigns and/or owners of the Property, or any contractor or subcontractor employed by Developer, its successors and/or assigns and/or owners of the Property, in the construction of the Project.

J. Initially capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement.

[Signature pages follow]

IN WITNESS WHEREOF, this Amendment is executed as of the date first above written.

DEVELOPER:

BPC Master Developer, LLC

By: BPC Master Developer Manager, LLC,
Its Manager

By: _____
Michael E. Zimmerman, Manager

Date: _____

The undersigned hereby executes this Agreement in his individual capacity as Guarantor under that certain Continuing Guaranty (Unlimited) dated February 17, 2018, and hereby affirms that said Guaranty applies to the Agreement as modified by this Amendment and affirms is his obligations under said guaranty are being incurred in the in the interest of his marriage and family.

Michael E. Zimmerman

STATE OF WISCONSIN)
)ss.
MILWAUKEE COUNTY)

Personally appeared before me this ____ day of _____, 2019, the above-named Michael E. Zimmerman, the Manager of BPC Master Developer Manager, LLC, the Manager of BPC Master Developer, LLC, to me known to be the persons who executed the foregoing agreement both individually and on behalf of the BPC Master Developer, LLC and by its authority.

Notary Public State of Wisconsin
My commission expires: _____

City of Franklin, Wisconsin

By: _____
Stephen R. Olson, Mayor

Attest: _____
Sandra L. Wesolowski, City Clerk

STATE OF WISCONSIN)
)ss.
MILWAUKEE COUNTY)

Personally appeared before me this ____ day of _____, 2018, the above-named Stephen R. Olson, Paul Rotzenberg and Sandra L. Wesolowski, Mayor, Director of Finance and Treasurer, and City Clerk, respectively, of the City of Franklin, Wisconsin, to me known to be the persons who executed the foregoing agreement on behalf of the City and by its authority.

Notary Public State of Wisconsin
My commission expires: _____

Approved as to form:

Jesse A. Wesolowski, City Attorney

Approved as to appropriations:

By: _____
Paul Rotzenberg, Director of Finance and Treasurer

This instrument was drafted by:
Matthew K. Impola, Esq., Bruce A. Keyes, Esq.,
Douglas S. Buck, Esq. and Jesse A. Wesolowski, Esq.

EXHIBIT A

EXHIBIT A-1

Updated Project Schedule

EXHIBIT B

UPDATED BUDGET

DRAFT_NEED VERIFICATION

EXHIBIT C

TID 5 UPDATED CASH FLOW

EXHIBIT D

MEMORANDUM OF AMENDMENT

EXHIBIT E

LIST OF EXEMPT PROPERTIES

The Baseball Stadium Property
Part of Tax Key 744-1003-000

EXHIBIT E-1

LIST OF PROPERTIES TO BE REQUESTED TO BE EXEMPT

The Rock (Landfill)
Part of Tax Key 744-1003-000

EXHIBIT H
CONTINGENT PAYMENT

STATE OF WISCONSIN

CITY OF FRANKLIN

MILWAUKEE COUNTY

Draft 8/2/19

RESOLUTION NO. 2019-_____

A RESOLUTION AUTHORIZING CERTAIN OFFICIALS TO EXECUTE A SECOND
AMENDMENT TO TAX INCREMENTAL DISTRICT NO. 5 DEVELOPMENT
AGREEMENT BETWEEN THE CITY OF FRANKLIN AND BPC MASTER
DEVELOPER, LLC (DEVELOPER)
BALLPARK COMMONS – FRANKLIN, WISCONSIN (PROJECT)

WHEREAS, Developer has begun constructing a mixed-use development consisting of a stadium, sports village, senior housing, restaurants, retail buildings, a hotel and offices, and consistent with the Project Plan for the Territory & Project Plan Amendment of Tax Incremental District No. 5 previously approved by the Common Council and the Joint Review Board, the Developer plans within the expanded boundaries to include senior housing, but to exclude apartments and the increment upon such apartments development land shall be fixed at its January 1, 2019 value and thereafter accrue to a new Tax Incremental District No. 7 (the “Blight District”); and

WHEREAS, the City desires to encourage economic development, eliminate blight, expand its tax base and create new jobs within the City, the District and upon the Property, and the City finds that the development of the Project and the fulfillment of the terms and conditions of the Development Agreement and a Second Amendment to the Development Agreement will further such goals, are in the vital and best interests of the City and its residents, and will serve a public purpose in accordance with state and local law.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Common Council of the City of Franklin, Wisconsin, that the Second Amendment to Tax Incremental District No. 5 Development Agreement Between the City of Franklin and BPC Master Developer, LLC, [in such form and content as annexed hereto] [in such form and content as directed by the Common Council at its meeting on August 6, 2019] [in such form and content as annexed hereto, with the changes as directed by the Common Council at its meeting on August 6, 2019], [subject to technical and/or minor changes which may be approved by the Economic Development Director, the Director of Finance and Treasurer, Special Counsel and the City Attorney], be and the same is hereby approved.

BE IT FURTHER RESOLVED, that the Mayor, the Director of Finance and Treasurer and the City Clerk be and the same are hereby authorized to execute and deliver the Second Amendment to Tax Incremental District No. 5 Development Agreement.

BE IT FINALLY RESOLVED, that the City Clerk be and is hereby directed to obtain the recording of a Memorandum of Amendment in a form in substantial conformance with [Exhibit D] of the Second Amendment to Tax Incremental District No. 5 Development Agreement in the Office of the Register of Deeds for Milwaukee County, Wisconsin.

RESOLUTION NO. 2019-_____

Page 2

Introduced at a regular meeting of the Common Council of the City of Franklin this _____ day of _____, 2019.

Passed and adopted at a regular meeting of the Common Council of the City of Franklin this _____ day of _____, 2019.

APPROVED:

ATTEST:

Stephen R. Olson, Mayor

Sandra L. Wesolowski, City Clerk

AYES _____ NOES _____ ABSENT _____

APPROVAL <i>slw PR</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE 8/6/19
Bills	Vouchers and Payroll Approval	ITEM NUMBER <i>H.</i>

Attached are vouchers dated July 12, 2019 through August 1, 2019 Nos. 174464 through Nos. 174924 in the amount of \$ 5,479,873.71. Included in this listing are EFT's Nos. 4069 through Nos. 4083, Library vouchers totaling \$ 22,398.62, Tourism vouchers totaling \$ 11,047.65 and Water Utility vouchers totaling \$ 122,882.25. Voided check in the amount of \$ (924.00) are separately listed.

Vouchers approved at the Council meeting dated July 16,2019 that are included in this distribution.

Dorner Inc	Rawson Drainage	\$378,158.56
General Fire Equip	Squad Equip Installation	\$7,079.65
Geographic Mkting	Jun'19 GIS	\$9,776.87
The Hartford	LTD Premium	\$8,522.64
Lakeside Eng	S 68 th -Loomis-Puetz	\$15,404.45
MADACC	3QTR19 Operating Exp	\$6,866.77
Paragon Dev System	Computers	\$7,140.00
Quarles & Brady	Ballpark Commons Prof'l Svcs	\$5,617.50
Quorum Architects	Roof, HVAC & Fascia	\$21,701.50
R&R Insurance	LWMMI / Workers Comp	\$57,686.00
Tyler Technologies	Assessor Maintenance / Services	<u>\$16,160.00</u>
TOTAL		\$534,113.94

Early release disbursements dated July 12, 2019 through July 31, 2019 in the amount of \$ 1,891,371.93 are provided on a separate listing and are also included in the complete disbursement listing. These payments have been released as authorized under Resolution 2013-6920.

The net payroll dated July 19, 2019 is \$ 405,646.19 previously estimated at \$ 417,000.00. Payroll deductions dated July 9, 2019 are \$ 420,320.74 previously estimated at \$ 416,000.00.

The net payroll dated August 2, 2019 is \$ 377,885.15 previously estimated at \$ 384,000.00. Payroll deductions dated August 2, 2019 are \$ 203,045.43 previously estimated at \$ 210,000.00.

The estimated payroll for August 16, 2019 is \$ 384,000.00 with estimated deductions and matching payments of \$ 410,000.00.

Attached is a list of property tax investments EFT Nos. 274 dated July 12, 2019 through August 1, 2019 in the amount of \$9,000,000.00. These payments have been released as authorized under Resolution 2013-6920.

Approval to release payment to Wrayburn Consulting for various project consulting for the Planning Department in the amount of \$ 2,520.00 once it has been approved for payment.

COUNCIL ACTION REQUESTED

Motion approving the following:

- City vouchers with an ending date of August 1, 2019 in the amount of \$ 5,479,873.71 and
- Payroll dated July 19, 2019 in the amount of \$ 405,646.19 and payments of the various payroll deductions in the amount of \$ 420,320.74 plus City matching payments and
- Payroll dated August 2, 2019 in the amount of \$ 377,885.15 and payments of the various payroll deductions in the amount of \$ 203,045.43 plus City matching payments and
- Estimated payroll dated August 16, 2019 in the amount of \$ 384,000.00 and payments of the various payroll deductions in the amount of \$ 410,000.00, plus City matching payments and
- Property Tax investments with an ending date of July 31, 2019 in the amount of \$9,000,000.00 and
- Approval to release payment to Wrayburn Consulting in the amount of \$ 2,520.00.

ROLL CALL VOTE NEEDED

APPROVAL <i>slw</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE 08/6/19
LICENSES AND PERMITS	MISCELLANEOUS LICENSES	ITEM NUMBER L1.

See attached listing from meeting of August 6, 2019.

COUNCIL ACTION REQUESTED



414-425-7500

**License Committee
Agenda*
Aldermen's Room
August 6, 2019 5:40 p.m.**

1.	Call to Order & Roll Call	Time:		
2.	Applicant Interviews & Decisions			
License Applications Reviewed		Recommendations		
Type/ Time	Applicant Information	Approve	Hold	Deny
Operator 2018-2019 New 5:45 p.m.	Waraxa, Aimee E 2835 S 130 th St New Berlin, WI 53151 Hideaway Pub & Eatery			
Operator 2019-2020 Renewal	Waraxa, Aimee E 2835 S 130 th St New Berlin, WI 53151 Hideaway Pub & Eatery			
Review of Class B Combination and Restaurant License 5:50 p.m.	QT Pizza LLC dba Rounding Third Pizzeria 7119 S 76 th St Susan Toetz, Agent			
Operator 2019-2020 New 5:55 p.m.	Dauenhauer, Megan E 411 W Swan Cercle #2914 Oak Creek, WI 53154 Bowery Bar & Grill			
Operator 2019-2020 New	Cullen, Heather M 4332 N 94 th St Apt 204 Wauwatosa, WI 53222 Chili's Grill & Bar			
Operator 2019-2020 New	Damask, Angela M 3260 S 7 th St Milwaukee, WI 53215 Mulligan's Irish Pub & Grill			
Operator 2019-2020 New	Elsharef, Rajab R 8906 S Pond View Dr Oak Creek, WI 53154 Walgreens #05884			
Operator 2019-2020 New	Escamilla, Justice D 3163 W Briarwood Dr Franklin, WI 53132 Pick 'n Save #6360			
Operator 2019-2020 New	Fay, Alan D 2855 S Herman St Milwaukee, WI 53207 Franklin Lions Club/St Martins Fair			
Operator 2019-2020 New	Gernhauser, Madeline A 1124 Sundance Lane Racine, WI 53402 Milwaukee Burger Company			

Operator 2019-2020 New	Grabarczyk, Gloria J 7467 S 69 th St Franklin, WI 53132 Franklin Lioness Club/St Martins Fair			
Operator 2019-2020 New	Klafka, Taylor I 4785 S 82 nd St Greenfield, WI 53220 Rawson Pub			
Operator 2019-2020 New	Kukla Lewis, Tracy 7640 S Mission Ct Franklin, WI 53132 Franklin Lioness Club/St Martins Fair			
Operator 2019-2020 New	Kuklinski, Kim T 7555 Parkview Rd #26 Greendale, WI 53129 Kwik Trip #287			
Operator 2019-2020 New	Pamela J LeHouillier 6456 W River Pointe Dr Franklin, WI 53132 Franklin Lioness Club			
Operator 2019-2020 New	Linder, David P 4007 W Acre Ave Franklin, WI 53132 Franklin Lions Club/St Martins Fair			
Operator 2019-2020 New	Nelson, Benjamin L N51W16426 Fair Oak Parkway Menomonee Falls, WI 53051 Polish Center of Wisconsin			
Temporary Class B Beer	Franklin Little League Person in Charge: Heather Herling Location: 8900 S 76 th St Date of Event: 08/10/2019			
Temporary Class B Beer	Franklin Lions Club Person in Charge: David Lindner Location: St Martin's Fair Dates of Event: 9/1/2019 to 9/2/2019			
Temporary Class B Beer	Franklin Lioness Club Person in Charge: Gloria Grabarczyk Location: St Martin's Fair Dates of Event: 9/1/2019 to 9/2/2019			
3.	Adjournment			
				Time

*Notice is given that a majority of the Common Council may attend this meeting to gather information about an agenda item over which they have decision-making responsibility. This may constitute a meeting of the Common Council per State ex rel. Badke v. Greendale Village Board, even though the Common Council will not take formal action at this meeting.