



136 North Monroe Street, Waterloo, Wisconsin 53594-1198  
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**RESOLUTION #2013-26**

**ENTERING INTO A TAX INCREMENTAL FINANCING DEVELOPER'S AGREEMENT  
BETWEEN THE CITY OF WATERLOO AND HAWTHORN & STONE DEVELOPMENT INC.  
AND  
ENTERING INTO A LEASE AGREEMENT BETWEEN THE CITY OF WATERLOO AND HAWTHORN &  
STONE DEVELOPMENT INC.  
RELATING TO PRIVATE IMPROVEMENTS AT OR NEAR  
333 WEST MADISON STREET, WATERLOO, WISCONSIN**

**Whereas**, Hawthorn & Stone Development Inc. is seeking to enter into an agreement to provide for construction, occupation and use of an assisted living facility and residential dwelling units at 333 West Madison Street; and

**Whereas**, the Hawthorn & Stone Development Inc. has agreed to the list of terms for a development agreement and a lease agreement as provided by the City Attorney on this night; and

**Whereas**, tax increment generated by the increase in property value produced due to this project will be used to reimburse the City for a developer incentive forwarded to the developer for this project; and

**Now Therefore Be It Resolved**, by the Common Council of the City of Waterloo, Wisconsin, that the City accept the terms as set forth in the list of terms provided on this night, and directs the Mayor, City Attorney and Clerk/Treasurer to finalize and execute a final developer's agreement document and a final lease document subject to the condition that said documents substantially match the list of terms as presented on this night.

**PASSED AND ADOPTED** this 6th day of June 2013.

**City of Waterloo**

Signed: \_\_\_\_\_  
Robert H. Thompson, Mayor

Attest:

\_\_\_\_\_  
Morton J. Hansen, Clerk/Treasurer

SPONSOR(S) – Mayor, Clerk-Treasurer

## DEVELOPMENT AGREEMENT TERM SHEET

1. Parties: City of Waterloo  
Hawthorn & Stone Development, Inc.  
Guarantor: Janice Faga
2. Term: Corresponds to Term of TID #2 as extended by three years
3. Developer Incentives Provided by City
  - (a) \$800,000 Cash Contribution
  - (b) Print Parcel Land Contribution
  - (c) Certain Remediation Costs
  - (d) Certain Floodplain Removal Costs
4. Developer Obligations
  - (a) Acquisition of Residential Parcel
  - (b) Demolition of Structures (Salvage items, etc.)
  - (c) Floodplain resolution and remediation resolution
  - (d) Construction of Project Improvements
5. Financial Projections
  - (a) Project Improvements = Parcel Value \$ \$5,500,000
  - (b) Annual tax increment after Final Completion \$137,124
  - (c) Application of Annual Tax Increment
    - City Debt Service \$102,149 equal payments from 2014 - 2022
    - Developer Subsidy From Generated Increment \$1,306,000 from 2017 – 2034
    - 6/3/2013 Tax Increment Cash Flow
6. Collateral/Surety
  - (a) Developer Subsidy if shortfall in taxes
  - (b) Special Assessment on shortfall if failure to pay Subsidy
  - (c) Letter of Credit covering incentive amount

**Exhibit**  
**City of Waterloo**  
**Hawthorn Development Financial**  
**6/3/2013**

Rev Year	Revenues		Expenses		City Portion
	Asset Sale Cash	TIF Revenues	Debt Service	Dev-Fin Payment	
2012	\$0	\$0	\$0	\$0	\$0
2013	\$0	\$0	\$0	\$0	\$0
2014	\$105,000	\$0	\$102,149	\$0	\$2,851
2015	\$105,000	\$0	\$102,149	\$0	\$2,851
2016	\$105,000	\$0	\$102,149	\$0	\$2,851
2017	\$35,000	\$81,906	\$102,149	\$11,000	\$3,757
2018	\$0	\$137,124	\$102,149	\$17,000	\$17,975
2019	\$0	\$138,153	\$102,149	\$18,000	\$18,003
2020	\$0	\$139,189	\$102,149	\$19,000	\$18,039
2021	\$0	\$140,233	\$102,149	\$20,000	\$18,083
2022	\$0	\$141,285	\$102,149	\$21,000	\$18,135
2023	\$0	\$142,344	\$0	\$100,000	\$42,344
2024	\$0	\$143,412	\$0	\$100,000	\$43,412
2025	\$0	\$144,487	\$0	\$100,000	\$44,487
2026	\$0	\$145,571	\$0	\$100,000	\$45,571
2027	\$0	\$146,663	\$0	\$100,000	\$46,663
2028	\$0	\$147,763	\$0	\$100,000	\$47,763
2029	\$0	\$148,871	\$0	\$100,000	\$48,871
2030	\$0	\$149,987	\$0	\$100,000	\$49,987
2031	\$0	\$151,112	\$0	\$100,000	\$51,112
2032	\$0	\$152,246	\$0	\$100,000	\$52,246
2033	\$0	\$153,388	\$0	\$100,000	\$53,388
2034	\$0	\$154,538	\$0	\$100,000	\$54,538
2035	\$0	\$155,697	\$0	\$0	\$155,697
2036	\$0	\$156,865	\$0	\$0	\$156,865
2037	\$0	\$158,041	\$0	\$0	\$158,041
2038	\$0	\$159,227	\$0	\$0	\$159,227
<b>Total</b>	<b>\$350,000</b>	<b>\$3,188,101</b>	<b>\$919,344</b>	<b>\$1,306,000</b>	

TERM SHEET  
GROUND LEASE

1. Parties
  - a. Landlord: City of Waterloo
  - b. Tenant: Hawthorne & Stone Development Inc. or assigns
  - c. Guarantor: Janice Faga
2. Term: through the earlier of: (a) the date Tenant takes title to the Property pursuant to the exercise of the option described below; or (b) June 30, 2014.
3. Rent: \$1.00 per year, triple net.
4. Property: the Print Parcel consisting of approximately 12 acres, subject to an easement reserved by the City of 75-100 feet in width along the river for storm water drainage and public recreational purposes.
5. Rights granted:
  - a. All possessory rights allowed by law, including the rights to:
    - i. Demolish existing improvements
    - ii. Construct new improvements
    - iii. Grade, improve, remediate property
  - b. Right to do testing, investigation of the property.
  - c. Right to seek governmental approvals of the proposed senior housing project.
  - d. Right to seek removal of the Property from the FEMA floodplain maps.
6. Obligations of Tenant.

- a. Comply with laws.
  - b. Maintain liability and, during construction or demolition, builder's risk insurance, naming Landlord as an additional insured.
  - c. Indemnify Landlord for loss to persons or property arising out of Tenant's lease or occupancy of the Property (except to the extent caused by Landlord).
  - d. Deliver to Landlord, as and when received, with all proceeds of salvage received by Tenant in connection with the demolition.
7. Tenant shall have the option to purchase the Property for \$1.00 upon 30 days' notice to Landlord.
- a. Property would be sold as is.
  - b. Closing takes place 30 days after notice of exercise to Landlord.
  - c. Option would continue through the entire term of the Lease.
8. Damage, destruction and condemnation:
- a. If there is major damage/destruction/condemnation, Tenant would have the duty to rebuild to the extent of insurable insurance or condemnation proceeds, and subject to the prior rights of the mortgage lender.
  - b. If Tenant elects not to rebuild, Landlord would be entitled to any available insurance and condemnation proceeds until Landlord has recovered all TIF project costs theretofore expended by Tenant.
9. Early Termination of Lease.

If, prior to the Lease's expiration date, Tenant has determined that it will not proceed with construction of the project because (1) Tenant discovers environmental problems on the Property that would cost more than \$20,000 to remediate, or (2) Tenant reasonably determines that the construction of Tenant's proposed project upon the Property is not feasible because of Tenant's failure to obtain necessary governmental approvals or financing, or (3) Tenant has been unable to cause the Property to be removed from the FEMA floodplain maps, Tenant may terminate the Lease upon ten days' notice to Landlord.

- a. Upon Lease termination, Tenant would be required to return to the City any monies previously paid by the City to Tenant, less funds used in the improvement of the Property during the lease term (e.g., for demolition, grading, raising the elevation).
- b. The Lease also terminates upon closing of Tenant's purchase of the Property pursuant to exercise of the Option. In such event, Tenant would be required to return to the City any monies previously paid by the City to Tenant, less funds used in the improvement of the Property during the lease term (e.g., for demolition, grading, raising the elevation).