

THIS AGREEMENT is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2010 (the "Agreement"), by and between the City of Stoughton, a Wisconsin municipal corporation (the "City"), the Redevelopment Authority of the City of Stoughton (the "RDA"), Movin' Out Stoughton LLC, a Wisconsin limited liability company ("Project Owner") and Movin' Out Development LLC, (the "Developer"), a Wisconsin limited liability company.

### RECITALS

A. The RDA and Developer (by assignment from Movin' Out, Inc.) have entered into that certain Commercial Offer to Purchase, dated April 1, 2010, and the addendum thereto, also dated April 1, 2010 (collectively, the "Offer") regarding the purchase by Developer from the RDA of certain real property located at 623 Eighth Street, Stoughton, Wisconsin, as more specifically described in the document attached hereto as Attachment A (the "Property").

B. Developer, Project Owner and the City have entered into or are simultaneously entering into an agreement relating to the development of the Property entitled Agreement to Undertake Development in Tax Increment District No. 5 (Movin' Out Development LLC) (hereafter the "TID Agreement").

C. The parties anticipate that the RDA will acquire the Property from its current owner and convey the Property to the Project Owner pursuant to the Offer (after an assignment of the Offer from Developer). The City, RDA, Project Owner and Developer wish to enter into this Agreement concerning preservation of the taxable status of the Property, and intend to record this Agreement with the Dane County Register of Deeds at or before the time the RDA conveys the Property to the Project Owner.

D. The City has provided and shall continue to provide public health, safety, fire and police protection, streets and street maintenance, snow removal, and other governmental services ("Municipal Services") with respect to the Property that are funded by property taxes.

Drafted by and after recording return to:

Matthew P. Dregne  
Stafford Rosenbaum LLP  
P.O. Box 1784  
Madison, WI 53701-1784

Parcel Identification Number(s)

NOW, THEREFORE, in consideration of the Recitals, and the mutual promises, obligations and benefits provided under this Agreement and the TID Agreement, the receipt and adequacy of which are hereby acknowledged, Developer, the Project Owner, the RDA and the City agree as follows:

1. Recitals Incorporated. The recitals stated above are incorporated in this Agreement by reference.

2. Definitions. As used in this Agreement, the following terms, when having an initial capital letter, shall mean:

(a) Tax Increment Guarantee Period. The time during which the Developer guarantees the Tax Increment pursuant to Section 4 (a) of the TID Agreement. Upon repayment of the sums due the City under the TID Agreement, the Tax Increment Guarantee Period shall expire.

(b) Equalized Value. The meaning set forth in section 6 of this Agreement.

(c) Tax Incremental Base. The value of the Property, as equalized by the Wisconsin Department of Revenue, on the date as of which the District was created.

(d) Value Increment. The Equalized Value of the Property in any year minus the Tax Incremental Base.

(e) Property. The Property Described in Exhibit A.

3. Representations and Warranties by Developer. Developer and Project Owner represent and warrant that Developer and Project Owner: (1) are Wisconsin limited liability companies organized and existing under the laws of the State of Wisconsin; (2) are in good standing with the Wisconsin Department of Financial Institutions; (3) have taken all action necessary to enter into this Agreement; and, (4) have duly authorized the individual signer of this Agreement to do so.

4. Tax Status of the Property. The Property shall be subject to property taxation during the Tax Increment Guarantee Period and during such period shall not be exempt from property taxation, in full or in part, except as required by law. During the Tax Increment Guarantee Period, Developer and Project Owner shall take all reasonable actions to assure that the Property shall not be exempt from property taxation, in full or in part, except as required by law. During the Tax Increment Guarantee Period, Developer and Project Owner shall not submit any request or application for property tax exemption of the Property, in full or in part, challenge the status of the Property as fully subject to property taxation, or seek

any ruling by a court or any statutory change that would entitle the Property to exemption, in full or part.

5. Payment for Municipal Services If Property Becomes Tax Exempt. If, notwithstanding the terms of Section 4 above, in any year (the “Valuation Year”) the Property is exempt from property taxation, in full or in part, Developer shall pay the City, as a payment for Municipal Services provided by the City with respect to the Property (“Payment for Municipal Services”), the difference between (1) the amount of property taxes, if any, on the Property, actually received by the City from Developer for the Valuation Year, and (2) the amount of property taxes on the Property that the City would have received for the Valuation Year if the Property were fully subject to property taxation. The City shall send Developer an invoice for the Payment for Municipal Services due. One-half of the Payment for Municipal Services shall be due on January 31 of the year after the Valuation Year. The balance of the Payment for Municipal Services shall be due on July 31 of the year after the Valuation Year. Each payment shall be deemed made when actually received by the City. Any payment made by check shall not be deemed made until the check has cleared all banks. Any amount due that is not paid on time shall bear interest in the same manner and at the same rate as provided by law for unpaid property taxes. The Payment for Municipal Services shall constitute payment for Municipal Services provided with respect to the Property during the Valuation Year. The City and Developer acknowledge and agree that this Payment for Municipal Services would constitute a reasonable and appropriate means of carrying out the intent of the parties and would fairly and reasonably compensate the City for the Municipal Services provided during the Valuation Year.

6. Calculation of Property Taxes As If Property Were Not Exempt – During Tax Increment Guarantee Period. During the Tax Increment Guarantee Period, if it becomes necessary to calculate the amount of property taxes on the Property that the City would have received if the Property were fully subject to property taxation, this amount shall be calculated as follows: (1) The fair market value of the Property as of January 1 of the Valuation Year shall be determined, in the same manner as provided by law for property that is fully taxable (after taking into consideration Section 70.32(1g) of the Wisconsin Statutes), by the City Assessor or, if the City Assessor is unable or unwilling to do so, by a competent and impartial appraiser selected by the City in its sole discretion; (2) the fair market value, as so determined, shall be divided by the average assessment ratio for the year for residential property in the City, as determined by the Wisconsin Department of Revenue (for purposes of this Agreement the result shall be the “Equalized Value”); and (3) the Equalized Value shall be multiplied by the mil rate at which taxable property in the City is taxed for all taxing jurisdictions under Wisconsin law. The amount so calculated shall be deemed the amount of property taxes on the Property that City would have received if the Property fully taxable.

7. Calculation of Property Taxes As If Property Were Not Exempt – After Tax Increment Guarantee Period. Following the Tax Increment Guarantee Period, if it becomes necessary to calculate the amount of property taxes on the Property that the City would have received if the Property were fully subject to property taxation, this amount shall be calculated as follows: (1) The fair market value of the Property as of January 1 of the Valuation Year shall be determined, in the same manner as provided by law (after taking into consideration Section 70.32(1g) of the Wisconsin Statutes) for property that is fully taxable, by the City Assessor or, if the City Assessor is unable or unwilling to do so, by a competent and impartial appraiser selected by the City in its sole discretion; (2) the fair market value, as so determined, shall be divided by the Equalized Value; and (3) the resulting amount shall be multiplied by the City of Stoughton net mil rate at which taxable property in the City is taxed to levy City of Stoughton ad valorem taxes. The amount so calculated after multiplication by the percentage share shall be deemed the amount of property taxes on the Property that the City would have received if the Property were fully taxable.

8. Binding Effect of Calculation; Dispute Resolution. The amount of any Payment for Municipal Services, determined as provided in this Agreement, shall be binding on the parties unless determined to be excessive in an arbitration proceeding conducted in accordance with chapter 788, Wisconsin Statutes, or any successor statute, by a single arbitrator, chosen by mutual agreement of the Parties or, if they do not agree, by the Circuit Court for Dane County, Wisconsin, on application of either party. The arbitrator shall be an assessor or appraiser licensed by the State of Wisconsin with at least ten years experience in the valuation of commercial property. Any demand for arbitration shall be made within thirty days after an invoice for Payment of Municipal Services is sent by the City to Developer. If a demand for arbitration is not made within that time, the parties shall be deemed to have waived arbitration. The party demanding arbitration shall bear all the costs of arbitration. Chapter 788, Wisconsin Statutes, or any successor statute, shall govern the arbitration proceeding, except that Developer and the City each waive any right to trial by jury. Any other dispute between the parties arising out of, related to, or connected with this Agreement shall be arbitrated in the same manner.

9. Special Assessment If Any Required Payment for Municipal Services Is Not Timely Made. Any Payment for Municipal Services that is not made when due shall entitle the City to levy a special assessment against the Property for the amount due, plus interest. Developer hereby consents to the levy of any such special assessment, and pursuant to Wis. Stat. § 66.0703(7)(b), waives any right to notice of or any hearing on any such special assessment.

10. Indemnification. In the event of any arbitration hereunder, the successful party shall indemnify and pay the unsuccessful party for all amounts of reasonable attorneys' fees,

expert fees and any other reasonable expenses incurred by the successful party in enforcing this Agreement.

11. Remedies. The City shall have all remedies provided by this Agreement, and provided at law or in equity, necessary to cure any default or remedy any damages under this agreement.

12. Term of Agreement. The term of this Agreement shall begin on the date the Agreement is signed by both parties and shall continue unless terminated by mutual written agreement. Notwithstanding the foregoing, in the event the use of the Property changes from a residential use to any industrial, commercial or any other type of use, this Agreement shall automatically terminate and be of no further force or effect.

13. Successors and Assigns. This Agreement is binding on the successors and assigns of the parties, including, but not limited to, any subsequent Owner of the Property, any part of the Property, or any real property interest in the Property or any part of the Property. If at any time the Property has more than one Owner, any Payment for Municipal Services due under this Agreement for any Valuation Year shall be allocated among the Owners in proportion to the fair market value of their property interests as of January 1 of the Valuation Year, as determined under sections 5 and 6 of this Agreement.

14. Recording. The City may record this Agreement with the Register of Deeds for Dane County. Developer shall pay the cost of recording this Agreement.

15. Entire Agreement; Amendments. This Agreement encompasses the entire agreement of the parties regarding the subject matter hereof. Any amendment hereto shall be made in writing, signed by both parties.

16. Severability. If any part of this Agreement is determined to be invalid or unenforceable, the rest of the Agreement shall remain in effect.

17. Waiver. No waiver of any breach of this Agreement shall be deemed a continuing waiver of that breach or a waiver of any other breach of this Agreement.

18. Interpretation of Agreement. The parties acknowledge that this Agreement is the product of joint negotiations. If any dispute arises concerning the interpretation of this Agreement, neither party shall be deemed the drafter of this Agreement for purposes of its interpretation.

19. Notices. Any notice required to be given under this Agreement shall be deemed given when deposited in the United States mail, postage prepaid, to the party at the

address stated below or when actually received by the party, whichever is first. The addresses are:

To City: City Clerk  
City of Stoughton  
381 East Main Street  
Stoughton, WI 53589

To Developer: To the then address of the Owner of record  
as shown in the County recorder's office.

Addresses may be changed by notice given in the manner provided in this section.

20. Governing Law. This Agreement has been negotiated and signed in the State of Wisconsin and shall be governed, interpreted, and enforced in accordance with the laws of the United States and the State of Wisconsin.

Signatures on Following Pages

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

**CITY:**  
CITY OF STOUGHTON

By \_\_\_\_\_  
Donna Olson, Mayor

By \_\_\_\_\_  
City Clerk

ACKNOWLEDGMENT

STATE OF WISCONSIN

COUNTY OF DANE

Personally came before me this \_\_\_\_\_ day of \_\_\_\_\_, 2010, the above-named Donna Olson and \_\_\_\_\_, to me known to be the persons who executed the foregoing instrument and acknowledged the same.

\_\_\_\_\_  
Notary Public, State of Wisconsin  
My Commission: \_\_\_\_\_

REDEVELOPMENT AUTHORITY OF THE  
CITY OF STOUGHTON  
Dane County, Wisconsin

By \_\_\_\_\_  
Dan Kittleson, Chairman

STATE OF WISCONSIN

COUNTY OF DANE

Personally came before me this \_\_\_\_\_ day of \_\_\_\_\_, 2010, the above-named Dan Kittleson, Chairman of the Redevelopment Authority of the City of Stoughton, to me known to be the person and offices who executed the foregoing instrument and acknowledged that he executed the same as such officer by the Redevelopment Authority of the City of Stoughton.

Subscribed and sworn to before me  
This \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Notary Public, State of Wisconsin  
Print Name: \_\_\_\_\_  
My Commission: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_  
Matthew P. Dregne  
City Attorney



**DEVELOPER:**  
MOVIN' OUT STOUGHTON LLC.

By \_\_\_\_\_

ACKNOWLEDGMENT

STATE OF WISCONSIN

COUNTY OF DANE

Personally came before me this \_\_\_\_\_ day of \_\_\_\_\_, 2010, the above-named \_\_\_\_\_, to me known to be the person who executed the foregoing instrument and acknowledged the same.

\_\_\_\_\_  
Notary Public, State of Wisconsin  
My Commission: \_\_\_\_\_

**DEVELOPER:**  
MOVIN' OUT DEVELOPMENT LLC.

By \_\_\_\_\_

ACKNOWLEDGMENT

STATE OF WISCONSIN

COUNTY OF DANE

Personally came before me this \_\_\_\_\_ day of \_\_\_\_\_, 2010, the above-named \_\_\_\_\_, to me known to be the person who executed the foregoing instrument and acknowledged the same.

\_\_\_\_\_  
Notary Public, State of Wisconsin  
My Commission: \_\_\_\_\_

Exhibit A – Description of the Property.  
Exhibit B – Department of Revenue Form PC-202.

This instrument drafted by:  
Matthew P. Dregne  
Stafford Rosenbaum LLP  
P.O. Box 1784  
Madison, WI 53701  
608/256-0226

EXHIBIT A  
DESCRIPTION OF THE PROPERTY

EXHIBIT B  
DEPARTMENT OF REVENUE FORM PC-202