

RESOLUTION NO. 2022-73

**RESOLUTION OF THE VILLAGE BOARD OF THE VILLAGE OF CALEDONIA
AUTHORIZING THE VILLAGE OF CALEDONIA TO ENTER INTO A
DEVELOPMENT AGREEMENT WITH CORNERSTONE DEVELOPMENT OF S.E.
WISCONSIN, LLC FOR PARCELS LOCATED IN TID #5, WEST OF WATERS EDGE RD.**

WHEREAS, the Village of Caledonia created Tax Incremental District No. 5 ("TID 5") as a "rehabilitation – conservation" district; and

WHEREAS, Cornerstone Development of S.E. Wisconsin, LLC ("Cornerstone") has proposed to construct 30 single-family homes on parcels of land in TID 5, west of Water's Edge Dr. in the Village with an estimated completion value of \$15 Million;

WHEREAS, this project adheres to the project plan as stated in the adopted TID 5 plan by providing a five-acre park in the TID 5 boundary and provides for 5 Mile Road to extend from Water's Edge Drive to the current endpoint of 5 Mile near N. Pointe Drive providing improved vehicular circulation and access;

WHEREAS, in order to induce Cornerstone to develop these parcels, which Cornerstone would not do but for an incentive, and in order to render the project financially viable for Cornerstone, the Village is willing to extend to Cornerstone certain development incentives in exchange for Cornerstone's commitment to developing the Property, all according to the terms and conditions set forth herein;

NOW, THEREFORE, BE IT RESOLVED by the Caledonia Village Board that the Development Agreement between the Village of Caledonia and Cornerstone as set forth in **Exhibit A**, attached hereto and incorporated herein (the "Development Agreement"), is hereby authorized and approved subject to any changes deemed necessary and appropriate by the Village Administrator and Village Attorney; and the Village President and Village Clerk are authorized to execute said agreement, and the Village Administrator and Development Director are authorized to take such actions necessary in furtherance thereof; and

Adopted by the Village Board of the Village of Caledonia, Racine County, Wisconsin, this 11 day of July, 2022.

VILLAGE OF CALEDONIA

By: James R. Dobbs
James R. Dobbs, President

Attest: Joslyn Hoeffert
Joslyn Hoeffert, Clerk

**TAX INCREMENTAL DISTRICT NO. 5
DEVELOPMENT AGREEMENT
BETWEEN THE VILLAGE OF CALEDONIA AND
CORNERSTONE DEVELOPMENT OF S.E. WISCONSIN, LLC
FOR THE GLEN IN CALEDONIA**

THIS DEVELOPMENT AGREEMENT (the "Agreement") is entered into as of _____ by and between **CORNERSTONE DEVELOPMENT OF S.E. WISCONSIN, LLC**, a Wisconsin limited liability company, its successors and/or assigns ("Developer"), and the **VILLAGE OF CALEDONIA, WISCONSIN**, a Wisconsin municipal corporation ("Village"), collectively the "Parties".

RECITALS

Village and Developer acknowledge the following:

A. Village is the Owner of that certain real property legally described in Exhibit A, attached hereto (the "Property").

B. The Property is located within the boundaries of Tax Incremental District No. 5, Village of Caledonia, Wisconsin (the "District"). Pursuant to Wis. Stat. § 66.1105 (the "Tax Increment Law"), the Village adopted a project plan for redevelopment within the District on June 17, 2019, (the "Project Plan").

C. Developer plans to construct 30 single family homes on the Property, with an estimated completion value of not less than \$15,000,000 (the "Project"). It is acknowledged that development of the Project as described in this recital is consistent with the Project Plan. Developer has provided to the Village various plans for styles of homes and has demonstrated to the satisfaction of the Village that Developer will produce a quality project compatible with area neighborhoods.

D. The development of the Project would not occur without the financial participation of the Village as set forth in this Agreement. The Village has performed a sensitivity analysis with respect to Developer's financial pro forma for the Project (the "Pro-Forma"), and has confirmed that Developer's assumptions are reasonable and that the Village's financial participation is necessary to provide a market-rate return and to attract private investment consistent with the Project Plan.

E. The Village, pursuant to Village Board action dated _____, has approved this Agreement and authorized its execution by the proper Village officials on the Village's behalf.

F. Developer has approved this Agreement and authorized its execution by an appropriate representative on its behalf.

AGREEMENTS

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

ARTICLE I DEFINITIONS

All capitalized terms used, and not otherwise defined herein, shall have the following meanings unless a different meaning clearly appears from the context:

1. "Adjoining Village Property" means the approximate 3 acre park section within the Property, to be included within the Plat and conveyed to the Village for dedication as a public park;
2. "Agreement" means this Development Agreement, as the same may hereinafter be from time to time modified, amended or supplemented in accordance with its terms;
3. "Commencement Date" means July 1, 2023;
4. "Completion Date" means January 1, 2028;
5. "Developer" means Cornerstone Development of S.E. Wisconsin, LLC, a Wisconsin limited liability company, or a controlled affiliated entity;
6. "District" means Tax Incremental District No. 5, Village of Caledonia, Wisconsin;
7. "Fees" means all fees due to the Village for the Project under applicable Village ordinances (other than fees described under Section IV(F) below) which Fees shall be determined consistent with the Village's published schedule of fees;
8. "Make Up Payment" shall have the meaning under Article IV below;
9. "Minimum Guaranteed Assessed Value" shall have the meaning under Article IV below;
10. "Pro-Forma" means Developer's financial pro-forma for the Project provided by Developer dated _____, 2022, which is submitted subject to its treatment as a trade secret exempt from public records requirements;
11. "Project" means construction of 30 single family homes on the Property, pursuant to the plans to be approved by Village, a preliminary depiction of which is attached hereto as Exhibit B (the "Plans") with a value creation, upon completion, of at least \$15 million;
12. "Project Base Value" means the equalized value of the Property on the date on which the District was created, which is \$368,800. The Project Base Value shall be included within the Minimum Guaranteed Value (and shall not be deducted therefrom);
13. "Project Plan" means the project plan adopted by the Village on June 17, 2019;

14. "Property" means that certain real property to be described in a Plat, and which is currently described in Exhibit A, attached hereto, containing approximately 18.54 acres. When the Plat is recorded, Exhibit A will be substituted with the Plat description. The Plat will contain the 30 single family lots and the Adjoining Village Property;

15. "Tax Increment" means tax increments (as defined by the Tax Increment Law) collected from the Property and paid to the Village;

16. "Tax Increment Law" means Wis. Stats. sec. 66.1105;

17. "Term" means the term of this Agreement, which shall continue from the date of full execution of this Agreement until the date when the District is terminated; and

18. "Village" means the Village of Caledonia, Wisconsin.

ARTICLE II REPRESENTATIONS AND WARRANTIES

A. Representations and Warranties of Village. The Village makes the following representations and warranties:

1. The Village is a municipal corporation of the State of Wisconsin and has the power to enter into this Agreement and carry out its obligations hereunder.

2. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in the breach of, the terms, conditions or provision of any law, ordinance, charter, contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Village is now a party or by which it is bound, or constitutes a default under any of the foregoing.

3. The execution, delivery and the consummation of the transactions contemplated hereby have been duly authorized and approved by the Village and no other or further acts or proceedings of the Village are required for its enforcement. This Agreement constitutes the legal, valid and binding agreement and obligations of the Village, enforceable against it in accordance with its respective terms, except as enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally and by general principals of equity.

B. Representations and Warranties of Developer. The Developer makes the following representations and warranties:

1. Developer is a Wisconsin limited liability company and has the power to enter into this Agreement and carry out its obligations hereunder and is in good standing under the laws of the State of Wisconsin.

2. The implementation of the Project would not be undertaken by Developer, and, in the opinion of Developer, would not be economically feasible within the reasonably foreseeable future, without the assistance to Developer provided for in this Agreement.

3. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement by Developer is prevented, limited by or conflicts with or results in the breach of, the terms, conditions or provision of any law, ordinance, charter, contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

4. The execution, delivery and the consummation of the transactions contemplated hereby have been duly authorized and approved by the Developer and no other or further acts or proceedings of the Developer are required with respect thereto. This Agreement constitutes the legal, valid and binding agreement and obligations of the Developer, enforceable against it in accordance with its respective terms, except as enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally and by general principals of equity.

ARTICLE III CLOSING

The Parties agree that the closing of the sale (the "Closing") of the Property to Developer by Village shall take place within 30 days of the last to occur of the following:

1. Amendment of the Village comprehensive plan, approval of the Plat of the Property and plan approval by the Village, so as to allow construction of the Project.

2. Amendment of the Village zoning, so as to allow construction of the Project under the zoning category of R-4.

3. Confirmation of Village approved plans and specifications to construct sanitary sewer facilities, water facilities and public road access to enable and serve the Project, so as to allow construction of the Project.

4. Issuance of any permits or approvals by any other relevant authority to allow construction of the Project.

Should the Closing not occur by the intended Closing date of December 31, 2022, the Parties acknowledge that all of the dates specified in Article IV below shall each be advanced by one year.

**ARTICLE IV
DEVELOPER ACTIVITIES AND OBLIGATIONS**

A. Developer shall purchase the Property at Closing, as provided herein, for \$1,000,000.

B. Following the Closing, Developer shall construct the Project in accordance with all applicable Village zoning and building codes, ordinances and regulations, including any contained in additional agreements by the Parties. Developer warrants and represents to the Village that the Project will contain 30 single family homes, full development value creation on the Project shall be not less than \$15,000,000 and that the development will generate a full fair market value of the Project in the following amounts:

1. not less than \$1,000,000 by January 1, 2023;
2. not less than \$1,500,000 by January 1, 2024;
3. not less than \$5,500,000 by January 1, 2025;
4. not less than \$11,500,000 by January 1, 2026;
5. not less than \$ 14,500,000 by January 1, 2027;
6. not less than \$15,000,000 by January 1, 2028 (the "Completion Date") and thereafter during the Term of this Agreement.

The amounts set forth above are defined as "Minimum Guaranteed Values" as of the dates set forth above, unless deferred pursuant to Article III, above.

C. For the year 2025 and thereafter ending at the end of the year in which the full fair market value reaches \$15,000,000, Developer guarantees that the ad valorem property taxes assessed against the Property shall be based on not less than the Minimum Guaranteed Value as set forth in Article IV(B) above, multiplied by the relevant assessment ratio. Developer agrees that, in the event that the property taxes to be paid with respect to the Property for any year covered by this Agreement are based on a value less than the amount of the relevant Guaranteed Minimum Value, the Village may submit a bill to Developer for the difference (a "Make Up Payment"). Such billing shall be submitted to Developer by the Village Treasurer by March 1 of the relevant year and, shall be paid in full by Developer, without interest thereon, by March 31 of that year. By way of example, should the assessment ratio be 98% and the mill rate be \$21.07 per \$1,000 of assessed value for tax year 2025, the amount of ad valorem property taxes required under this Agreement for tax year 2025 would be \$113,567. If the value for tax year 2025 instead be \$5,000,000, the assessment ratio be 98%, and the mill rate be \$21.07 per \$1,000 of assessed value, the amount of ad valorem real estate taxes for tax year 2025 would be \$103,243 and the Make Up Payment would be \$10,324, billable by March 1, 2026 and fully payable by March 31, 2026.

The foregoing shall not prohibit the Developer from contesting, in good faith, the assessed value of any portion of the Property, provided that the assessed value of the Property exceeds the amount specified in Article IV(B) above, as determined as required in Article IV(C), above.

D. In the event Developer has made any Make Up Payments during the period in which annual Minimum Guaranteed Values are required and, in the further event Village subsequently receives one or more annual tax collections based on Project values in excess of \$15,000,000, such additional tax collection shall be paid to Developer, without interest, annually, until Developer's Make Up Payments have been reimbursed. Village shall not terminate the District on a date earlier than required by law, if Developer has previously made any Make Up Payment that has not been fully reimbursed.

E. Developer shall obtain a building permit and commence construction of at least 2 buildings in the Project by not later than July 1, 2023 and substantially complete construction of the Project in accordance with all zoning approvals and the Plans, on or before the Completion Date. Copies of the Village-approved Plans will be retained at the offices of the Village. If landscaping cannot be completed due to seasonality, certificates of occupancy shall be issued, with landscaping to be finished during the following growing season. The Village Building Inspector shall not issue a certificate of occupancy for a building if the building does not conform to the Plans, subject to any changes to the Plans that may have been approved by the Village. Representative architecture for buildings in the Project is included in Exhibit C, attached hereto.

F. For improvements that will be dedicated to the public as provided below (the "Public Improvements"), Developer will complete the installation of the Public Improvements in accordance with approved Village Plans and Specifications, and will dedicate same to the Village in accordance with Village inspection and acceptance procedures. The Public Improvements shall at all times be subject to Village inspection and approval and the Village or other relevant public entity shall not be required to accept conveyance of any Public Improvements unless the Public Improvements have been constructed in a good and workmanlike manner and in accordance with the Village-approved plans and specifications for the Public Improvements. Following approval by the Village, or other relevant public entity, of the completed Public Improvements, the Public Improvements shall be conveyed to the Village or other relevant public entity, to the extent appropriate. The Developer shall provide to the Village, or other relevant public entity, from the Developer and all contractors and consultants involved in connection with the construction and installation of the Public Improvements, a one-year warranty against defects in construction, materials and workmanship, in a form reasonably acceptable to the Village or other relevant public entity.

1. Village shall promptly prepare and provide to Developer all requirements for the Plans and Specifications for the following, to be owned and maintained by Village following installation by Developer and dedication by Developer to the Village. The final version of the Plans and Specifications shall be prepared by Developer and submitted to Village for approval.

- a) Extension of 5 Mile Road and construction of all other public roadways within the Property, including grading and including creation of the detention pond, and:
- b) Providing public water service in all public streets.
- c) Providing public sanitary and storm sewer service in all public streets.
- d) Providing public park on Adjoining Village property.

Following obtaining all required approvals and Closing, the Developer will obtain bids for the cost to install the foregoing improvements and submit them to Village for approval. Following approval, Developer will install the improvements described above, and shall be reimbursed by Village to the maximum extent of \$2,700,000 as work progresses. Reimbursable expenses shall consist of all hard and soft costs (engineering, inspection, fees or other customary municipal charges). Developer reimbursement shall be not more frequent than monthly and any request shall be accompanied by evidence of paid invoices and lien waivers from contractors performing such work. Payment to Contractors and reimbursement from Village will be subject to a five percent (5%) retainage until fully completed and accepted for dedication to the Village or other relevant authority, as applicable. Any costs incurred by Developer under this subparagraph IV(F) 1 in excess of \$2,700,000 shall be reimbursed to Developer as provided in Article V.

2. Developer may also prepare plans and specifications for enhancement of the Adjoining Village Property and may submit same to Village for approvals. If approved by Village, Developer may install such enhancements at Developer's expense. This provision is not a component of any reimbursement obligation. Any such enhancements shall be owned by Village upon installation.

3. Developer may also prepare a contract for maintenance by Developer of the Adjoining Village Property and may submit same to Village for approval. If approved by Village, Developer shall maintain the Adjoining Village Property, which shall be funded annually by Village.

G. The Developer shall arrange for funding for all non-reimbursable costs of the Project. Developer will provide evidence to the reasonable satisfaction of the Village that Developer has secured sufficient debt and equity financing commitments to enable the Project to proceed to completion.

H. The Developer shall pay the Village a per unit fee consistent with the Village's currently published schedule of fees as a condition to the Village's issuance of each building permit and to provide for inspections for each building in the Project. Upon reasonable notice to Developer, such fee may be reasonably and uniformly adjusted, from time to time, to account for the Village's actual anticipated costs to process the building permit and provide inspections.

I. The Developer shall pay, at the time of conveyance of the Property to Developer by Village, all reasonable and actual third-party fees incurred by the Village to review and approve infrastructure for the Project, including professional fees.

J. Developer shall not transfer ownership or use of any portion of the Property to any entity which would render that portion of the Property exempt from ad valorem taxes, without the prior written consent of the Village. The provision in the previous sentence shall run with the Property in perpetuity.

**ARTICLE V
VILLAGE ACTIVITIES AND OBLIGATIONS**

A. The Village shall, within 30 days of execution of this Agreement, provide to Developer a standard title commitment for the Property, in the amount of \$1,000,000. Said commitment shall be brought up to the date of Closing, by Village. Within 20 days of receipt of any title commitment from Village, Developer shall notify Village of any objection it has to the status of title and Village shall have 90 days thereafter to cure any objection.

B. The Village shall convey the Property to Developer, at Closing, for \$1,000,000, and in consideration of the Agreement, to facilitate the Project. Prior to conveyance, Developer shall prepare a Plat placing the Property into individual parcels and placing the Adjoining Village Property into a separate single parcel. Village shall permanently dedicate the Adjoining Village Property for passive park use, upon conveyance by Developer.

C. The Village shall cooperate with Developer throughout the development and construction of the Project and the Term of this Agreement and shall reasonably and promptly review and/or process all submissions, applications and inspections in accordance with applicable Village ordinances.

D. The Parties have agreed that all fees for the Project (collectively, the "Fees") due to the Village under applicable Village ordinances (other than the fees described in Subsection IV(E) above) shall be determined consistent with the Village's published schedule of fees.

E. In the event Developer's reimbursement entitlements exceed \$2,700,000, Village shall reimburse such excess, without interest from Tax Increments received, commencing in 2025, at the rate of 20% of Tax Increments, per year, until paid in full.

**ARTICLE VI
NO PARTNERSHIP OR VENTURE**

Developer, and its successors and/or assigns and/or owners of the Property and their contractors or subcontractors shall be solely responsible for the completion of the Project by Developer. Nothing contained in this Agreement shall create or effect any partnership, venture or relationship between the Village 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.

**ARTICLE VII
CONFLICT OF INTEREST**

No member, officer or employee of the Village, during his/her tenure or for one year thereafter, will have or shall have had any interest, direct or indirect in this Agreement or any proceeds thereof, unless such member or officer abstained from any participation in the Village review and process of the Project and the Agreement from the point of time when a potential conflict of interest arose and thereafter

**ARTICLE VIII
WRITTEN NOTICES**

All notices required or permitted by this Agreement shall be in writing and shall be deemed to have been given (i) upon delivery to an officer or designated representative of the person entitled to such notice, if hand delivered, or (ii) two business days following deposit in the United States mail, postage prepaid, or with a nationally recognized overnight commercial carrier that will certify as to the date and time of delivery, air bill prepaid, or (iii) upon transmission if by facsimile or email, and each such communication or notice shall be addressed as follows, unless and until any of such Parties notifies the other in accordance with this Article of a change of address:

If to the Village: Village of Caledonia
5043 Chester Lane
Racine, WI 53402
Attention: Village Administrator and Village Clerk
And e-mail: as noted on Village's website

If to the Developer: Cornerstone Development of S.E. Wisconsin, LLC,
or its permitted assignee
N63 W23849 Main Street
Sussex, WI 53089
And e-mail: jw@cornerstonedevelopment.com

Any email notice will be effective only when a hard copy of the notice is sent by mail, e-mail, messenger or personal delivery, as noted above.

**ARTICLE IX
DEFAULT**

A. The occurrence of any one or more of the following events shall constitute a default by Developer hereunder ("Default"):

1. Developer fails to pay any amounts when due under this Agreement and further fails to pay such amount on or before ten days following written notice of such failure; or

2. Any material representation or warranty made by Developer pursuant to this Agreement proves to have been false in any material respect as of the time when made or given; or

3. Following closing, if Developer materially breaches or fails to perform timely or observe timely any of its covenants or obligations under this Agreement (other than relating to the payment of money), and such failure shall continue for thirty (30) days following notice therefrom the Village (or such longer period of time as is otherwise expressly set forth herein or as is reasonably necessary to cure the default as long as the Developer has commenced the cure of the default within the thirty (30) day period, is diligently pursuing the cure of the default and as long as the default is cured not later than one hundred twenty (120) days

following the notice thereof from the Village or such longer period of time as is reasonably agreed to by the Village); or

4. Developer:

a) makes a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its/his assets; or

b) becomes the subject of an "order for relief" within the meaning of the United States Bankruptcy Code, or files a petition in bankruptcy, for reorganization or to effect a plan or other arrangement with creditors; or

c) has a petition or application filed against it in bankruptcy or any similar proceeding, or has such a proceeding commenced against it and such petition, application or proceeding shall remain undismissed for a period of ninety (90) days or Developer shall file an answer to such a petition or application, admitting the material allegations thereof; or

d) applies to a court for the appointment of a receiver or custodian for any of its/his assets or properties, with or without consent, and such receiver shall not be discharged within ninety days after his appointment; or

e) adopts a plan of complete liquidation of its/his assets; or

f) shall cease to exist.

B. The Village shall be deemed to be in default in the event it materially breaches or fails to perform timely or observe timely any of its covenants or obligations under this Agreement, and such failure shall continue for thirty (30) days following notice therefrom from Developer (or such longer period of time as is otherwise expressly set forth herein or as is reasonably necessary to cure the default as long as the Village has commenced the cure of the default within the thirty (30) day period, is diligently pursuing the cure of the default and as long as the default is cured not later than one hundred twenty (120) days following the notice thereof from Developer or such longer period of time as is reasonably agreed to by the Developer).

C. Upon the occurrence of any Default by either party, upon ten (10) days' notice, without further demand or action of any kind by the nondefaulting party and except as expressly set forth below, the nondefaulting party may, at its option, pursue any or all rights and remedies available at law or in equity. The Village's rights shall include, but not be limited to temporary suspension of any payment of any Village payments under this Agreement during the continuance of any Default by Developer, or Village performance of any Developer obligation under this Agreement. Upon the cure of any such Default on the part of Developer, then, if and to the extent the Village suspended any payments, the Village shall promptly distribute to Developer any payments so suspended and promptly resume payments of amounts due under this Agreement and continue such payments as provided in this Agreement.

No remedy shall be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, and/or now

or hereafter existing at law or in equity. No failure or delay on the part of any party in exercising any right or remedy shall operate as a waiver thereof nor shall any single or partial exercise of any right preclude other or further exercise thereof or the exercise of any other right or remedy.

Notwithstanding the foregoing, the Village shall not terminate this Agreement or pursue, exercise or claim any rights or remedies arising out of a Default by Developer hereunder, except injunctive relief, specific performance or the temporary suspension of Village payments unless Developer, its mortgage lender or their designees have not commenced commercially reasonable efforts to cure any such Default within 60 days after receipt of written notice from the Village to Developer and its mortgage lender that if such efforts to cure such Default are not so commenced, then the Village intends to pursue its other rights and remedies hereunder, including, without limitation, the right to terminate this Agreement.

D. In the event of a Default by either party, all reasonable fees, costs and expenses incurred in furtherance of this Project by the nondefaulting party, including reasonable attorney's fees, in connection with the enforcement of this Agreement shall be paid by the defaulting party, including without limitation the enforcement of the nondefaulting party's rights in any bankruptcy, reorganization or insolvency proceeding.

E. Prior to litigation or termination of this Agreement for reasons other than enumerated under Article IX.A4., as a condition precedent to bringing litigation, any party deeming itself aggrieved under this Agreement shall be obligated to request nonbinding mediation of the dispute. Mediation shall proceed before a single mediator. The Parties shall agree upon a mediator and, if they fail to do so within 30 days, either party may apply to Circuit Court for Racine County for the designation of a mediator. In the event the Parties do not accept the mediator's recommendation, the aggrieved party may then commence an action. However, the Parties shall agree to alternative dispute resolution if ordered by the County.

ARTICLE X MISCELLANEOUS

A. Developer shall have in effect at all times, all permits, approvals and licenses as may be required by any governmental authority or, to the extent reasonably prudent or customary for similarly situated business operations, any non-governmental entity in connection with the development, construction, management and operation of the Project.

B. Developer shall maintain the following insurance policies issued by insurers licensed in the State of Wisconsin, with Best's A ratings and in the financial size category as insurers of similar projects, with such policies (the "Insurance Policies") covering loss by perils, hazards, liabilities and other risks and casualties and in such amounts as may be reasonably required by the Village:

1. Following completion of construction of the Project, "all risks" property insurance insuring against such risks as are insured against by Developers of similar projects, in amounts equal to 100% replacement cost of all buildings, improvements, fixtures, equipment and other real and personal property owned by Developer and constituting the Project with an extended replacement cost endorsement; and

2. During the construction of the Project, builder's risk insurance in form and amounts reasonably satisfactory to the Village; and

3. During the term of this Agreement, commercial general liability insurance covered under a comprehensive general liability policy including contractual liability in amounts maintained by Developers of similar projects, and insuring against bodily injury, including personal injury, death and property damage; and

4. Such other insurance as may be reasonably requested by the Village.

Each Insurance Policy shall require the insurer to provide at least thirty (30) days prior written notice to the Village of any material change or cancellation of such policy. The Village shall be named as an additional insured/loss payee on all policies of insurance except worker's compensation insurance.

C. The prevailing party shall be entitled to collect all costs and expenses associated with the enforcement of its rights against the other under this Agreement, including without limitation the enforcement of such rights in any bankruptcy, reorganization or insolvency proceeding involving Developer. Any and all such fees, costs and expenses incurred by the prevailing party which are to be paid by the other, shall be paid by on demand.

D. Developer hereby indemnifies, defends, covenants not to sue and holds the Village harmless from and against all loss, liability, damage and expense, including attorneys' fees, suffered or incurred by the Village in any way in connection with the Project, including without limitation: (a) the failure of Developer or its contractors, subcontractors, agents, employees, or invitees (while under control of Developer) to comply with any environmental law, rule, regulation or ordinance, or any order of any regulatory or administrative authority with respect thereto; (b) any release by Developer or its contractors, subcontractors, agents, employees, or invitees (while under control of Developer) of petroleum products or hazardous materials or hazardous substances on, upon or into the Project; (c) any and all damage to natural resources or real property or harm or injury to persons resulting from any failure by the Developer and/or its contractors, subcontractors and/or agents to comply with any law, rule, regulation or ordinance or any release of petroleum products or hazardous materials or hazardous substances as described in clauses (a) and (b) above; (d) any violation by Developer at the Project of any environmental law, rule, regulation or ordinance; (e) claims arising under the Americans With Disabilities Act or similar laws, rules, regulations or ordinances; (f) the failure by Developer to comply with any term or condition of this Agreement; (g) injury to or death of any person at the Project; injury to any property caused by or at the Project; and (h) the failure of Developer to maintain, repair or replace, as needed, any portion of the Project; except, in each of the foregoing instances described in (a) through (h) above, to the extent negligently or willfully and wrongfully caused by the Village or its agents, employees, contractors or representatives.

The terms "hazardous substances" means any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials, including without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes,"

"hazardous materials," "toxic substances" under any applicable federal or state or local laws or regulations.

Except as caused, in whole or in part, by negligence or wrongful act or omission of the Village, if the persons or property of others sustain loss, damage or injury resulting directly or indirectly from the negligence or wrongful act or omission of Developer or its contractors, subcontractors or materialmen in their performance of this Agreement or from Developer's failure to comply with any of the provisions of this Agreement or of law, Developer shall indemnify and hold the Village harmless from any and all claims and judgments for damages, and from costs and expenses to which the Village may be subjected or which it may suffer or incur by reason thereof, provided; however, that the Village shall provide to Developer promptly, in writing, notice of the alleged loss, damage or injury.

Developer, its successors and/or assigns and/or owners of the Property, its successors and/or assigns and/or owners of the Property, or any contractor or subcontractor retained by Developer, its successors and/or assigns and/or owners of the Property, shall indemnify and save harmless the Village, its officers, agents and employees, and shall defend the same, from and against any and all liability, claims, loss, damages, interest, actions, suits, judgments, costs, expenses, and attorneys' fees, to whomsoever owed and by whomsoever and whenever brought or obtained, which in any manner results from or arises in connection with:

(i) The negligent or willfully wrongful performance of this Agreement by Developer, its successors and/or assigns and/or owners of the Property, or any contractor or subcontractor retained by Developer, its successors and/or assigns and/or owners of the Property;

(ii) The negligent or willfully wrongful construction of Developer Improvements by Developer, its successors and/or assigns and/or owners of the Property, or any contractor or subcontractor retained by Developer, its successors and/or assigns and/or owners of the Property;

(iii) The negligent or willfully wrongful operation of Developer Improvements by Developer, its successors and/or assigns and/or owners of the Property, or any contractor or subcontractor retained by Developer, its successors and/or assigns and/or owners of the Property, during construction of the Project;

(iv) The violation by Developer, its successors and/or assigns and/or owners of the Property, or any contractor or subcontractor retained by Developer, its successors and/or assigns and/or owners of the Property, of any law, rule, regulation, order or ordinance; or

(v) The infringement by Developer, its successors and/or assigns and/or owners of the Property, or any contractor or subcontractor retained by Developer, its successors and/or assigns and/or owners of the Property, of any patent, trademark, trade name or copyright.

E. As used herein, the term "Force Majeure" shall mean any accident, breakage, war, insurrection, civil commotion, riot, pandemic, act of terror, act of God or the elements, governmental action (except for governmental action by the Village with respect to obligations of the Village under this Agreement), alteration, strike or lockout, picketing (whether legal or illegal),

inability of a party or its agents or contractors, as applicable, to obtain fuel or supplies, unusual weather conditions, or any other cause or causes beyond the reasonable control of such party or its agents or contractors, as applicable. No party to this Agreement shall be in Default hereunder for so long as such party or its agents or contractors, if applicable, are prevented from performing any of its obligations hereunder due to a "Force Majeure" occurrence.

F. Nothing contained in this Agreement is intended to or has the effect of releasing Developer, its successors and/or assigns and/or owners of the Property, from compliance with all applicable laws, rules, regulations and ordinances in addition to compliance with all terms, conditions and covenants contained in this Agreement.

G. Prior to substantial completion of the Project, this Agreement may not be assigned by the Developer without the Village's consent, which may be granted or withheld in the Village's sole discretion, provided, however, Developer may assign this Agreement to an entity that controls, is controlled by, or is under common control with, Developer without the consent of the Village, in which event Developer will continue to be bound by this Agreement. Notwithstanding the foregoing, the Developer may collaterally assign this Agreement to the Developer's lender for the Project without the consent of the Village. In the event that any such lender forecloses on its collateral and proceeds to develop the Property, the Village shall fulfill its obligations hereunder, provided that such lender, or the party purchasing the Property at a foreclosure sale, assumes in writing all of the obligations of the Developer hereunder.

H. In the event of fire, damage or any other casualty to any part of the Project, Developer agrees, at its cost and expense, to rebuild, repair and replace the Project to substantially the condition or better than existed immediately prior to the casualty. The fair market value of the Project following reconstruction and/or repair by Developer must be substantially similar to the fair market value of the Project immediately prior to the casualty. Developer shall not be relieved of any of its obligations under the terms of this Agreement as a result of any fire, damage or any other casualty or during the period of repair or rebuilding or replacement of the Project. This obligation to repair, rebuild or replace shall remain in effect for a period expiring upon the date of the expiration and closure of the District.

I. If the State laws regarding ad valorem taxation are amended or modified during the term of this Agreement such that the projected Tax Increments from the Property are materially reduced, i.e., seven percent (7%) or more, and there are no corresponding amendments or modifications to the Tax Increment Law to compensate for such reduction, the Parties agree to work in good faith to consider amendments to this Agreement toward the end of rendering the respective positions of the Parties generally equivalent to the positions set forth herein.

J. In the event that any term or provision of this Agreement is determined to be invalid or unenforceable for any reason, then the other terms and provisions of this Agreement shall not be affected thereby and said terms and provisions shall remain in full force and effect.

K. A Memorandum of Agreement shall be recorded in the office of the Register of Deeds of Racine County, Wisconsin, prior to the recording of any mortgages securing any construction loan, or any other mortgage on the Project, it being understood by the Parties that

this Agreement will run with the land and will be binding upon the Project and any owner of all or any portions of the Project and their successors and assigns in a form in substantial conformance with the attached Exhibit E.

L. This Agreement shall be construed pursuant to the laws of the State of Wisconsin. Except as otherwise specifically and expressly set forth in this Agreement, the venue for any disputes arising under this Agreement shall be the Circuit Court for Milwaukee County. The prevailing party shall be entitled to its costs, including its reasonable attorneys' fees, incurred in any litigation.

M. The Term of this Agreement shall continue from the date of full execution of this Agreement until the earlier to occur of (a) the date when all required payments to Developer have been paid by the Village in full, or (b) the date when the District, as it may be extended, is terminated.

N. This Agreement constitutes the entire Agreement between the Parties, and all provisions of this Agreement shall be deemed to be covenants running with the Property and shall be binding upon successors and assigns for the Term of this Agreement.

O. The Project will require additional submittals by Developer and consideration and approval by the Village Board, upon recommendation of the Plan Commission, of the Project plans and specifications, including comprehensive plan amendment and rezoning to a planned unit development, and Developer agrees to promptly make all submittals necessary in accordance with the Village's Code of Ordinances.

[Signature pages to follow]

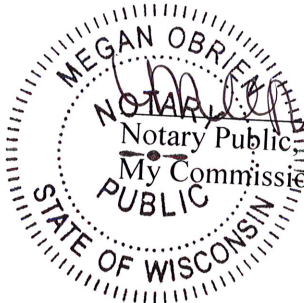
VILLAGE OF CALEDONIA

By: James R. Dobbs
James R. Dobbs, Village President

By: Joslyn M. Hoeffert
Joslyn M. Hoeffert, Village Clerk

STATE OF WISCONSIN }
RACINE COUNTY } ss.

Personally appeared before me this 11 day of JULY, 2022, the above-named James R. Dobbs and Joslyn M. Hoeffert, the Village President and Village Clerk, respectively, of the Village of Caledonia, Wisconsin, to me known to be the persons who executed the foregoing agreement on behalf of the Village and by its authority.



Megan O'Brien
Notary Public, State of Wisconsin
My Commission is permanent. expires 7-12-2025.

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EXHIBIT A
LEGAL DESCRIPTION

All that part of the Southwest 1/4 and Southeast 1/4 of the Southwest 1/4 of Section 16 and the Northeast 1/4 of the Northwest 1/4 of Section 21, all in Town 4 North, Range 23 East, in the Village of Caledonia, Racine County, Wisconsin, now being more particularly bounded and described as follows: Commencing at the South 1/4 Corner of said Section 16; Thence South 89°21'20" West and along the South line of the said Southwest 1/4 of said Section 16, 33.00 feet to a point on the West Right-of-Way line of "Erie Street" and the place of beginning of lands hereinafter described; Thence South 00°27'09" East and along the said West Right-of-Way line, 328.53 feet to a point; Thence South 89°21'20" West and along the North line of "Arlington Heights No. 4" (A Subdivision Plat of Record), 444.96 feet to a point; Thence North 00°27'09" West and along the East line of "Arlington Heights No. 5" (A Subdivision Plat of Record), 328.53 feet to a point on the said South line of the said Southwest 1/4 of said Section 16; Thence South 89°21'20" West and along the said South line of the said Southwest 1/4 Section, 933.93 feet to a point; Thence North 00°24'34" West and along the East line of "Lake Charles Estates" (A Subdivision Plat of Record), 528.00 feet to a point on the South line of Lot 1 of Certified Survey Map No. 3089; Thence North 89°21'20" East and along the said South line and the Easterly extension thereof, 975.73 feet to a point; Thence South 00°28'13" East, 200.00 feet to a point; Thence North 89°21'20" East, 435.60 feet to a point on the East line of the said Southwest 1/4 of said Section 16; Thence South 00°28'13" East and along the said East line, 328.00 feet to the point of beginning of this description.

Said Parcel contains 804,389 Square Feet (or 18.4662 Acres) of land, more or less.

**EXHIBIT C
REPRESENTATIVE ARCHITECTURE**



EXHIBIT D-1 FINANCIAL PROJECTIONS



Village of Caledonia, WI
TID No. 5 - Cornerstone Development
Example TID Revenues and Expenses

EXHIBIT D-1

Rev. Year	Increment Revenue			Share of Admin. Expenses	Expenses				Infrastructure			Total Expenses	Revenues Less Expenditures	Fund Balance		
	E.V. Increment	TID E.V. Mill Rate	Increment Revenue		W.P. Parking Lots 144,000 2.00% 2019	Hyder Property 535,000 2.00%* 2021	Amount Rate Year	Principal Interest	1,700,000 4.00% 2023	NET Amount Rate Year	Principal Interest			Project Fund Balance	Principal Remaining	
1 2021		20.00		4,000		2,880									(80,000)	679,000
2 2022		19.22		4,000		2,880									(86,880)	679,000
3 2023		19.22		4,000		2,880			11,955	7,970		18,835			(150,715)	679,000
4 2024	631,200	19.22	12,129	4,000		2,880			7,970	34,000		48,850			(154,565)	2,319,000
5 2025	1,131,200	19.77	21,737	4,000		2,880			7,370	68,000		88,000			(784,686)	2,319,000
6 2026	5,131,200	19.22	98,600	4,000		2,880			5,770	68,000		180,650			(443,599)	2,219,000
7 2027	11,131,200	19.22	213,895	4,000		2,880			4,120	68,000		209,000			(512,895)	2,089,000
8 2028	14,131,200	19.22	271,542	4,000		2,880			2,900	68,000		172,780			(415,378)	1,897,000
9 2029	14,631,200	19.22	281,150	4,000		2,880			2,155	68,000		174,035			(301,498)	1,805,000
10 2030	14,631,200	19.22	281,150	4,000		1,440			1,830	68,000		167,270			(198,163)	1,700,000
11 2031	14,631,200	19.22	281,150	4,000					840	68,000		177,840			(104,049)	1,585,000
12 2032	14,631,200	19.22	281,150	4,000						68,000		187,000			(10,289)	1,465,000
13 2033	14,631,200	19.22	281,150	4,000						120,000		187,400			93,550	1,340,000
14 2034	14,631,200	19.22	281,150	4,000						63,400		187,600			93,550	1,210,000
15 2035	14,631,200	19.22	281,150	4,000						58,600		187,600			93,550	1,075,000
16 2036	14,631,200	19.22	281,150	4,000						53,600		187,600			94,750	935,000
17 2037	14,631,200	19.22	281,150	4,000						48,400		187,000			94,750	790,000
18 2038	14,631,200	19.22	281,150	4,000						43,000		187,000			94,750	640,000
19 2039	14,631,200	19.22	281,150	4,000						37,400		186,400			95,550	485,000
20 2040	14,631,200	19.22	281,150	4,000						31,600		185,600			96,550	325,000
21 2041	14,631,200	19.22	281,150	4,000						25,600		184,600			97,750	155,000
22 2042	14,631,200	19.22	281,150	4,000						19,400		183,400			94,150	95,409
23 2043	14,631,200	19.22	281,150	4,000						13,000		182,000			115,950	277,150
24 2044	14,631,200	19.22	281,150	4,000						6,200		165,200			277,150	1,513,708
25 2045	14,631,200	19.22	281,150	4,000								4,000			277,150	1,790,858
26 2046	14,631,200	19.22	281,150	4,000								4,000			277,150	2,068,008
27 2047	14,631,200	19.22	281,150	4,000								4,000			277,150	2,345,157
144,000											24,480	535,000	44,910	1,700,000	978,200	

EXHIBIT D-2 FINANCIAL PROJECTIONS



Village of Caledonia, WI
TID No. 5 - Cornerstone Development
Example TID Revenues and Expenses

EXHIBIT D-2

Rev. Year	Increment Revenue		TID E.V. Mill Rate	Increment Revenue	30.00% of Increment Revenue Up To \$ 500,000	Share of Admin. Expenses	W.P. Parking Lots		Expenses		Infrastructure		Total Expenses	Revenues Less Expenditures	Fund Balance	
	E.V. Increment	Mill Rate					144,000 2.00% 2019	Amount Rate Year	Principal	Interest	535,000 2.00%* 2021	Amount Rate Year			Principal	Interest
1 2021		20.00														
2 2022		19.22				4,000		2,880					6,880	(6,880)	180,000	679,000
3 2023		19.22				4,000		2,880	11,955				18,835	(18,835)	(105,715)	679,000
4 2024	531,200	19.22	12,129			4,000	2,880	2,880	7,970			34,000	48,850	(48,850)	(154,565)	2,319,000
5 2025	1,131,200	19.22	21,737			4,000	2,880	2,880	7,370	60,000		68,000	142,250	(130,121)	(281,686)	2,319,000
6 2026	5,131,200	19.22	98,600	29,580		4,000	2,880	2,880	5,770	100,000		68,000	180,650	(158,213)	(443,599)	2,219,000
7 2027	11,131,200	19.22	213,895	64,168		4,000	2,880	2,880	4,120	130,000		68,000	236,580	(139,929)	(583,579)	2,089,000
8 2028	14,131,200	19.22	271,542	81,463		4,000	2,880	2,880	2,900	95,000		68,000	236,948	(23,054)	(606,613)	1,994,000
9 2029	14,631,200	19.22	281,150	84,345		4,000	1,440	2,000	2,155	25,000		68,000	255,498	16,044	(590,589)	1,897,000
10 2030	14,631,200	19.22	281,150	84,345		4,000		105,000	840			68,000	251,615	29,535	(561,054)	1,805,000
11 2031	14,631,200	19.22	281,150	84,345		4,000						68,000	262,185	18,965	(542,089)	1,700,000
12 2032	14,631,200	19.22	281,150	71,754		4,000					115,000	68,000	271,345	9,805	(532,284)	1,585,000
13 2033	14,631,200	19.22	281,150			4,000					120,000	63,400	259,154	21,995	(510,289)	1,465,000
14 2034	14,631,200	19.27	281,150			4,000					125,000	58,600	187,600	93,550	(416,791)	1,340,000
15 2035	14,631,200	19.22	281,150			4,000					130,000	53,600	187,600	93,550	(323,187)	1,210,000
16 2036	14,631,200	19.22	281,150			4,000					135,000	48,400	187,400	93,750	(229,440)	1,075,000
17 2037	14,631,200	19.22	281,150			4,000					140,000	43,000	187,000	94,150	(135,290)	935,000
18 2038	14,631,200	19.22	281,150			4,000					145,000	37,400	186,400	94,750	(40,540)	790,000
19 2039	14,631,200	19.22	281,150			4,000					150,000	31,600	185,600	95,550	55,010	640,000
20 2040	14,631,200	19.22	281,150			4,000					155,000	25,600	184,600	96,550	151,550	485,000
21 2041	14,631,200	19.22	281,150			4,000					160,000	19,400	183,400	97,750	249,309	325,000
22 2042	14,631,200	19.22	281,150			4,000					170,000	13,000	187,000	94,150	343,459	155,000
23 2043	14,631,200	19.22	281,150			4,000					155,000	5,200	165,200	115,950	459,409	
24 2044	14,631,200	19.22	281,150			4,000							4,000	277,150	736,558	
25 2045	14,631,200	19.22	281,150			4,000							4,000	277,150	1,013,708	
26 2046	14,631,200	19.22	281,150			4,000							4,000	277,150	1,290,858	
27 2047	14,631,200	19.22	281,150			4,000							4,000	277,150	1,568,008	
					500,000	108,000	144,000	24,480	44,910	535,000			978,200		1,700,000	

EXHIBIT E
RECORDABLE MEMORANDUM OF THE DEVELOPMENT AGREEMENT