OFFICIAL NOTICE AND AGENDA

of a meeting of a City Board, Commission, Department, Committee, Agency, Corporation, Quasi-Municipal Corporation, or sub-unit thereof.

Meeting of the:	**FINANCE COMMITTEE**
Date/Time:	**January 28, 2025, at 5:15 PM**
Location:	**City Hall (407 Grant Street) - Council Chambers**
Members:	Michael Martens (C), Gary Gisselman (VC), Becky McElhaney, Chad Henke, Vicki Tierney

FINANCE COMMITTEE AGENDA ITEMS

1 Minutes of the previous meeting (01/14/2025).
2 Discussion and possible action authorizing the issuance and sale of up to $922,476 Sewer System Revenue Bonds, Series 2025, and providing for other details and covenants with respect thereto.
3 Discussion and possible action on approval of the First Amendment to the Master Partnership Agreement between Community Infrastructure Partners, LLC Agreement.
4 Discussion and possible action regarding Tax Increment District Number Three Project Plan Amendment.
5 Discussion and possible action regarding Tax Increment District Number Eight Project Plan Amendment.
6 Discussion and possible action regarding Tax Increment District Number Seven Project Plan Amendment.
7 **CLOSED SESSION** pursuant to Section 19.85(1)(e) of the Wisconsin Statutes for deliberating or negotiating the purchase of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session regarding discussion and possible action on Appraisal Review Report and Offering Price Report for Parcel 1, 1200 West Wausau Avenue, of Project ID 6999-00-16, West Wausau Avenue, Stevens Drive to North 10th Avenue.
RECONVENE into Open Session, to take action on Closed Session item.

Adjourn

Michael Martens, Chairperson

NOTICE: It is possible that a quorum of members of other committees of the Common Council of the City of Wausau may be in attendance at the above-mentioned meeting. No action will be taken by any such groups.

Members of the public who do not wish to appear in person may view the meeting live over the internet, live by cable TV, Channel 981, and a video is available in its entirety and can be accessed at https://tinyurl.com/WausauCityCouncil. Any person wishing to offer public comment who does not appear in person to do so, may e-mail kody.hart2@ci.wausau.wi.us with "Finance Committee Public Comment" in the subject line prior to the meeting start. All public comment, either by email or in person, will be limited to items on the agenda at this time. The messages related to agenda items received prior to the start of the meeting will be provided to the Chair.

This Notice was posted at City Hall and transmitted to the Daily Herald newsroom 01/24/2025 at 4:30 PM.

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 (ADA), the City of Wausau will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs or activities. If you need assistance or reasonable accommodations in participating in this meeting or event due to a disability as defined under the ADA, please call the ADA Coordinator at (715) 261-6590 or ADAServices@ci.wausau.wi.us to discuss your accessibility needs. We ask your request be provided a minimum of 72 hours before the scheduled event or meeting. If a request is made less than 72 hours before the event the City of Wausau will make a good faith effort to accommodate your request.

FINANCE COMMITTEE

Date and Time: Tuesday, January 14, 2025, at 5:15 p.m., Council Chambers
Members Present: Michael Martens (C), Gary Gisselman (VC), Becky McElhaney, Chad Henke, Vicki Tierney
Others Present: Eric Lindman, Jeremy Kopp, Anne Jacobson, Rick Rubow

Noting the presence of a quorum Chairperson Martens called the meeting to order at 5:15 p.m.

Minutes of the previous meeting (12/10/2024).
Motion by Gisselman, seconded by Henke, to approve. Motion carried 5-0

Discussion and possible action approving Cintas Corporation contract for janitorial supplies.
Motion by Tierney, seconded by Henke, to approve. Motion carried 5-0.

Discussion and possible action approving of pay rate for Community Service Officer (CSO) II for the Wausau Police Department.
Motion by McElhaney, seconded by Gisselman, to approve. Motion carried 5-0.

Discussion and possible action on sale of Wausau Fire Department Ladder 2 and budget modification for potential replacement.
Tierney questioned the age of the new replacement equipment. It was stated the replacement equipment was new. Tierney further questioned the different options for purchase and questioned the best option. It was stated the two options outlined were the best for meeting the needs of the department. Tierney questioned the selling price of the current equipment to be sold. It was stated this is a rare situation in which the equipment could be sold for more than it was purchased.

Martens questioned if the replacement equipment would be comparable to the current equipment. It was stated the new equipment options would meet the needs of the department. Martens questioned the next steps to facilitate the sale and purchases. It was stated the city would need to sell the current equipment to purchase the new equipment or purchase the new equipment and sell the current equipment to backfill that purchase.

Gisselman stated a preference for guaranteeing the sale of the current equipment prior to purchase of the new equipment to ensure the funding is available to make this budget neutral.

Martens stated agreement with Gisselman and noted that the current equipment is in high demand likely selling quickly. It was also questioned if this sale would be in line with the ordinances governing the sale of capital from the city. It was stated that this would be in line with ordinance.

Motion by Gisselman, seconded by Henke, to approve the sale of the fire apparatus through Brindlee Mountain Fire Apparatus. Motion carried 5-0.

Discussion and possible action on approval of the First Amendment to the Master Partnership Agreement between Community Infrastructure Partners, LLC Agreement.
McElhaney questioned the differences in the amendment. It was stated there would be three times the services of the current agreement and this would account for the increase in service. McElhaney further questioned employee pay rates and hours for the contractors. It was stated the contract was for a cost not to exceed.

Martens stated that a cost to not exceed would ensure that additional funds would not need to be expended.

Motion by Henke, seconded by Martens, to approve. Motion failed 2-3 with Gisselman, McElhaney, and Tierney opposed.

McElhaney stated more information about the details of the agreement would be needed to support the motion and requested that this be brought back to the next committee meeting for consideration. It was stated it was important to have this information to have buy in from residents and answer questions.

McElhaney requested reconsideration of this item.

Discussion and possible action on contract assessment services for real property between the City of Wausau and City of Schofield for years 2026-2030.
Motion by Tierney, seconded by McElhaney, to approve. Motion carried 5-0.

Discussion and Possible action regarding budget modification for the repair and reopening of 28th Avenue from Madonna Drive to West Wausau Avenue from June 2025 through April 2026.
Tierney stated this repair did not guarantee that this length of road would remain open for any length of time due to the challenges with this area terrain which could wash out the road with heavy rain and water run-off.

McElhaney questioned previous support from the Infrastructure & Facilities Committee. It was stated constituents had asked for this to be considered with multiple petitions.

Henke stated there was a need to have constituent voices heard for this to be considered and for the process of consideration to be held.

Gisselman questioned the reasoning of the petition. It was stated the petition asked for the road to be reopened and not remain closed due to concerns on the detour route.

Henke stated support for this item in the Infrastructure & Facilities Committee but stated opposition in the Finance Committee as the city could make this expenditure for a project that is slated to only last a year. It was stated the road would still reopen when the road is scheduled for reconstruction in 2026.

Motion by Henke, seconded by McElhaney, to approve the budget modification to reopen 28th Avenue. Motion failed 0-5, with Martens, Gisselman, McElhaney, Henke, and Tierney in opposition.

Discussion and possible action to approve reclassification of Fire Marshal (Grade 14) to Divisions Chief - Inspections-Community Risk Reduction (Grade 13).
Motion by McElhaney, seconded by Tierney, to approve. Motion carried 5-0.

Discussion and possible action amending the Employee Handbook Section 5.15.5 – Clothing and Equipment.
Motion by Gisselman, seconded by Henke, to approve. Motion carried 5-0.

Discussion and possible action approving Preventive Maintenance Program Agreement with Schindler Elevator Corporation.
Henke questioned if this is a continuation of a service that had been provided in the past. It was stated the previous contract had expired and this was continuing that service.

Tierney questioned the premium package offering in the contract. It was stated this package continues the service that meets the needs for the city's elevator equipment.

Motion by Gisselman, seconded by Henke, to approve. Motion carried 5-0.

CLOSED SESSION pursuant to Section 19.85(1)(e) of the Wisconsin Statutes for deliberating or negotiating the purchase of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session regarding possible action on sales study for real estate acquisition and the Nominal Payment Parcel Report for West Wausau Avenue, Stevens Drive to North 10th Avenue, Project ID 6999-00-16 .

Motion by Henke, seconded by Tierney, to move into closed session.
Roll Call Vote - Yes: McElhaney, Gisselman, Tierney, Henke, Martens; No: None. Motion carried 5-0.

CONVENED into Closed Session.

Adjourn
Motion by Gisselman, seconded by Tierney, to adjourn the meeting. Motion carried. Meeting adjourned at 6:16 p.m.

For full meeting video on YouTube: https://www.youtube.com/watch?v=fyp93wksIcM

RESOLUTION NO. 25-0114

RESOLUTION AUTHORIZING THE ISSUANCE AND
SALE OF UP TO $922,476 SEWER SYSTEM REVENUE BONDS, SERIES 2025,
AND PROVIDING FOR OTHER DETAILS AND
COVENANTS WITH RESPECT THERETO

WHEREAS, the City of Wausau, Marathon County, Wisconsin (the "Municipality") owns and operates a Sewer System (the "System") which is operated for a public purpose as a public utility by the Municipality; and

WHEREAS, pursuant to a resolution adopted by the Governing Body on November 14, 2017 (the "2017D Resolution"), the Municipality has heretofore issued its Sewer System Revenue Bonds, Series 2017D, dated December 5, 2017 (the "2017D Bonds"), which are payable from the income and revenues of the System; and

WHEREAS, pursuant to a resolution adopted by the Governing Body on September 10, 2019 (the "2019C Resolution"), the Municipality has heretofore issued its Sewer System Revenue Bonds, Series 2019C, dated October 1, 2019 (the "2019C Bonds"), which are payable from the income and revenues of the System; and

WHEREAS, pursuant to a resolution adopted by the Governing Body on June 9, 2020 (the "2020C Resolution"), the Municipality has heretofore issued its Sewer System Revenue Bonds, Series 2020C, dated June 24, 2020 (the "2020C Bonds"), which are payable from the income and revenues of the System; and

WHEREAS, pursuant to a resolution adopted by the Governing Body on November 26, 2024 (the "2024 Resolution"), the Municipality has heretofore issued its Sewer System Revenue Bonds, Series 2024, dated December 11, 2024 (the "2024 Bonds"), which are payable from the income and revenues of the System; and

WHEREAS, the 2017D Bonds, the 2019C Bonds, the 2020C Bonds and the 2024 Bonds shall collectively be referred to as the "Prior Bonds"; and

WHEREAS, the 2017D Resolution, the 2019C Resolution, the 2020C Resolution and the 2024 Resolution shall collectively be referred to as the "Prior Resolutions"; and

WHEREAS, certain improvements to the System are necessary to meet the needs of the Municipality and the residents thereof, consisting of the construction of a project (the "Project") assigned Clean Water Fund Program Project No. 4138-08 by the Department of Natural Resources, and as described in the Department of Natural Resources approval letter for the plans and specifications of the Project, or portions thereof, issued under Section 281.41, Wisconsin Statutes, assigned No. S-2023-0771 and dated January 24, 2024 and No. S-2023-0771A and dated October 3, 2024 by the DNR; and

WHEREAS, under the provisions of Chapter 66, Wisconsin Statutes any municipality may, by action of its governing body, provide for purchasing, acquiring, constructing, extending, adding to, improving, operating and managing a public utility from the proceeds of bonds, which bonds are to be payable only from the revenues received from any source by such utility, including all rentals and fees; and

WHEREAS, the Municipality deems it to be necessary, desirable and in its best interest to authorize and sell sewer system revenue bonds of the Municipality payable solely from the revenues of the System, pursuant to the provisions of Section 66.0621, Wisconsin Statutes, to pay the cost of the Project; and

WHEREAS, the Prior Resolutions permit the issuance of additional bonds on a parity with the Prior Bonds upon certain conditions, and those conditions have been met; and

WHEREAS, other than the Prior Bonds, no bonds or obligations payable from the revenues of the System are now outstanding.

NOW, THEREFORE, be it resolved by the Governing Body of the Municipality that:

Section 1. Definitions. The following terms shall have the following meanings in this Resolution unless the text expressly or by implication requires otherwise:

(a) "Act" means Section 66.0621, Wisconsin Statutes;

(b) "Bond Registrar" means the Municipal Treasurer which shall act as Paying Agent for the Bonds;

(c) "Bonds" means the $922,476 Sewer System Revenue Bonds, Series 2025, of the Municipality dated their date of issuance, authorized to be issued by this Resolution;

(d) "Bond Year" means the twelve-month period ending on each May 1;

(e) "Current Expenses" means the reasonable and necessary costs of operating, maintaining, administering and repairing the System, including salaries, wages, costs of materials and supplies, insurance and audits, but shall exclude depreciation, debt service, tax equivalents and capital expenditures;

(f) "Debt Service Fund" means the Sewer System Revenue Bond and Interest Special Redemption Fund of the Municipality, which shall be the "special redemption fund" as such term is defined in the Act;

(g) "Financial Assistance Agreement" means the Financial Assistance Agreement by and between the State of Wisconsin by the Department of Natural Resources and the Department of Administration and the Municipality pursuant to which the Bonds are to be issued and sold to the State, substantially in the form attached hereto and incorporated herein by this reference;

(h) "Fiscal Year" means the twelve-month period ending on each December 31;

(i) "Governing Body" means the Common Council, or such other body as may hereafter be the chief legislative body of the Municipality;

(j) "Gross Earnings" means the gross earnings of the System, including earnings of the System derived from sewer charges imposed by the Municipality, all payments to the Municipality under any wastewater treatment service agreements between the Municipality and any contract users of the System, and any other monies received from any source including all rentals and fees, any tax incremental district revenues or other revenues of the Municipality pursuant to Section 9 appropriated by the Governing Body to the System, and any special assessments levied and collected in connection with the Project;

(k) "Municipal Treasurer" means the Treasurer of the Municipality who shall act as Bond Registrar and Paying Agent;

(l) "Municipality" means the City of Wausau, Marathon County, Wisconsin;

(m) "Net Revenues" means the Gross Earnings of the System after deduction of Current Expenses;

(n) "Parity Bonds" means bonds payable from the revenues of the System other than the Bonds but issued on a parity and equality with the Bonds pursuant to the restrictive provisions of Section 11 of this Resolution;

(o) "Prior Bonds" means the 2017D Bonds, the 2019C Bonds, the 2020C Bonds and the 2024 Bonds, collectively;

(p) "Prior Resolutions" means the 2017D Resolution, the 2019C Resolution, the 2020C Resolution and the 2024 Resolution, collectively;

(q) "Project" means the Project described in the preamble to this Resolution. All elements of the Project are to be owned and operated by the Municipality as part of the System as described in the preamble hereto;

(r) "Record Date" means the close of business on the fifteenth day of the calendar month next preceding any principal or interest payment date;

(s) "System" means the entire Sewer System of the Municipality specifically including that portion of the Project owned by the Municipality and including all property of every nature now or hereafter owned by the Municipality for the collection, transmission, treatment, storage, metering and disposal of domestic, industrial and public sewage, including all improvements and extensions thereto made by the Municipality while any of the Bonds and Parity Bonds remain outstanding, including all real and personal property of every nature comprising part of or used or useful in connection with such Sewer System and including all appurtenances, contracts, leases, franchises, and other intangibles;

(t) "2017D Bonds" means the Municipality's Sewer System Revenue Bonds, Series 2017D, dated December 5, 2017;

(u) "2017D Resolution" means a resolution adopted by the Governing Body on November 14, 2017 authorizing the issuance of the 2017D Bonds;

(v) "2019C Bonds" means the Municipality's Sewer System Revenue Bonds, Series 2019C, dated October 1, 2019;

(w) "2019C Resolution" means a resolution adopted by the Governing Body on September 10, 2019 authorizing the issuance of the 2019C Bonds;

(x) "2020C Bonds" means the Municipality's Sewer System Revenue Bonds, Series 2020C, dated June 24, 2020;

(y) "2020C Resolution" means a resolution adopted by the Governing Body on June 9, 2020 authorizing the issuance of the 2020C Bonds;

(z) "2024 Bonds" means the Municipality's Sewer System Revenue Bonds, Series 2024, dated December 11, 2024; and

(aa) "2024 Resolution" means a resolution adopted by the Governing Body on November 26, 2024 authorizing the issuance of the 2024 Bonds.

Section 2. Authorization of the Bonds and the Financial Assistance Agreement. For the purpose of paying the cost of the Project (including legal, fiscal, engineering and other expenses), there shall be borrowed on the credit of the income and revenue of the System up to the sum of $922,476; and fully registered revenue bonds of the Municipality are authorized to be issued in evidence thereof and sold to the State of Wisconsin Clean Water Fund Program in accordance with the terms and conditions of the Financial Assistance Agreement, which is incorporated herein by this reference and the Mayor and City Clerk of the Municipality are hereby authorized, by and on behalf of the Municipality, to execute the Financial Assistance Agreement.

Section 3. Terms of the Bonds. The Bonds shall be designated "Sewer System Revenue Bonds, Series 2025" (the "Bonds"); shall be dated their date of issuance; shall be numbered one and upward; shall bear interest at the rate of 2.200% per annum; shall be issued in denominations of $0.01 or any integral multiple thereof; and shall mature on the dates and in the amounts as set forth in Exhibit B of the Financial Assistance Agreement and in the Bond form attached hereto as Exhibit A as it is from time to time adjusted by the State of Wisconsin based upon the actual draws made by the Municipality. Interest on the Bonds shall be payable commencing on May 1, 2025 and semiannually thereafter on May 1 and November 1 of each year. The Bonds shall not be subject to redemption prior to maturity except as provided in the Financial Assistance Agreement.

The schedule of maturities of the Bonds is found to be such that the amount of annual debt service payments is reasonable in accordance with prudent municipal utility practices.

Section 4. Form, Execution, Registration and Payment of the Bonds. The Bonds shall be issued as registered obligations in substantially the form attached hereto as Exhibit A and incorporated herein by this reference.

The Bonds shall be executed in the name of the Municipality by the manual signatures of the Mayor and City Clerk, and shall be sealed with its official or corporate seal, if any.

The principal of, premium, if any, and interest on the Bonds shall be paid by the Municipal Treasurer, who is hereby appointed as the Municipality's Bond Registrar.

Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America by the Bond Registrar. Payment of principal of the final maturity on the Bond will be payable upon presentation and surrender of the Bond to the Bond Registrar. Payment of principal on the Bond and each installment of interest shall be made to the registered owner of each Bond who shall appear on the registration books of the Municipality, maintained by the Bond Registrar, on the Record Date and shall be paid by electronic transfer or by check or draft of the Municipality (as directed by the registered owner) and if by check or draft, mailed to such registered owner at his or its address as it appears on such registration books or at such other address may be furnished in writing by such registered owner to the Bond Registrar.

Section 5. Security for the Bonds. The Bonds, together with interest thereon, shall not constitute an indebtedness of the Municipality nor a charge against its general credit or taxing power. The Bonds, together with interest thereon, shall be payable only out of the Debt Service Fund hereinafter continued, and shall be a valid claim of the registered owner or owners thereof only against such Debt Service Fund and the revenues of the System pledged to such fund, on a parity with the pledge granted to the holders of the Prior Bonds. Sufficient revenues are hereby pledged to said Debt Service Fund, and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Prior Bonds, the Bonds and any Parity Bonds as the same becomes due.

Section 6. Funds and Accounts. In accordance with the Act, for the purpose of the application and proper allocation of the revenues of the System, and to secure the payment of the principal of and interest on the Prior Bonds, the Bonds and Parity Bonds, certain funds of the System which were created and established by the 2017D Resolution are hereby further continued and shall be used solely for the following respective purposes:

(a) Sewer System Operation and Maintenance Fund (the "Operation and Maintenance Fund"), which shall be used for the payment of Current Expenses.

(b) Sewer System Revenue Bond and Interest Special Redemption Fund (the "Debt Service Fund"), which shall be used for the payment of the principal of, premium, if any, and interest on the Prior Bonds, the Bonds and Parity Bonds as the same becomes due. The Reserve Account provided by the 2017D Resolution and 2019C Resolution within the Debt Service Fund is not pledged to the payment of principal of or interest on the 2020C Bonds, the 2024 Bonds or the Bonds, and moneys in the Reserve Account shall under no circumstances be used to pay principal of or interest on the 2020C Bonds, the 2024 Bonds or the Bonds.

(c) Sewer System Depreciation Fund (the "Depreciation Fund"), which shall be used to provide a proper and adequate depreciation account for the System.

(d) Sewer System Surplus Fund (the "Surplus Fund"), which shall first be used when necessary to meet requirements of the Operation and Maintenance Fund including the one month reserve, the Debt Service Fund including the Reserve Account, and the Depreciation Fund. Any money then remaining in the Surplus Fund at the end of any Fiscal Year may be used only as permitted and in the order specified in Section 66.0811(2), Wisconsin Statutes. Money thereafter remaining in the Surplus Fund may be transferred to any of the funds or accounts created or continued in this section.

Section 7. Application of Revenues. After the delivery of the Bonds, the Gross Earnings of the System shall be deposited as collected in the Revenue Fund and shall be transferred monthly to the funds listed below in the following order of priority and in the manner set forth below:

(a) to the Operation and Maintenance Fund, in an amount equal to the estimated Current Expenses for such month and for the following month (after giving effect to available amounts in said Fund from prior deposits);

(b) to the Debt Service Fund, an amount equal to one-sixth (1/6) of the next installment of interest coming due on the Prior Bonds, the Bonds and any Parity Bonds then outstanding and an amount equal to one-twelfth (1/12) of the installment of principal of the Prior Bonds, the Bonds and any Parity Bonds coming due during such Bond Year (after giving effect to available amounts in said Fund from accrued interest, any premium or any other source), and any amount required by the 2017D Resolution and the 2019C Resolution or a future resolution authorizing the issuance of additional Parity Bonds to fund the Reserve Account;

(c) to the Depreciation Fund, an amount determined by the Governing Body to be sufficient to provide a proper and adequate depreciation account for the System; and

(d) to the Surplus Fund, any amount remaining in the Revenue Fund after the monthly transfers required above have been completed.

Transfers from the Revenue Fund to the Operation and Maintenance Fund, the Debt Service Fund, the Depreciation Fund and the Surplus Fund shall be made monthly not later than the tenth day of each month, and such transfer shall be applicable to monies on deposit in the Revenue Fund as of the last day of the month preceding. Any other transfers and deposits to any fund required or permitted by subsection (a) through (d) of this Section, except transfers or deposits which are required to be made immediately or annually, shall be made on or before the tenth day of the month. Any transfer or deposit required to be made at the end of any Fiscal Year shall be made within sixty (60) days after the close of such Fiscal Year. If the tenth day of any month shall fall on a day other than a business day, such transfer or deposit shall be made on the next succeeding business day.

It is the express intent and determination of the Governing Body that the amounts transferred from the Revenue Fund and deposited in the Debt Service Fund shall be sufficient in any event to pay the interest on the Prior Bonds, the Bonds and any Parity Bonds as the same accrues and the principal thereof as the same matures, and to fund the Reserve Account as required in connection with the 2017D Bonds, the 2019C Bonds and any future bonds secured thereby.

Section 8. Deposits and Investments. The Debt Service Fund shall be kept apart from monies in the other funds and accounts of the Municipality and the same shall be used for no purpose other than the prompt payment of principal of and interest on the Prior Bonds, the Bonds and any Parity Bonds as the same becomes due and payable. All monies therein shall be deposited in special and segregated accounts in a public depository selected under Chapter 34, Wisconsin Statutes and may be temporarily invested until needed in legal investments subject to the provisions of Section 66.0603(1m), Wisconsin Statutes. The other funds herein created or continued (except the Sewer System CWFP Project Fund) may be combined in a single account in a public depository selected in the manner set forth above and may be temporarily invested until needed in legal investments subject to the provisions of Section 66.0603(1m), Wisconsin Statutes.

Section 9. Service to the Municipality. The reasonable cost and value of services rendered to the Municipality by the System by furnishing sewer services for public purposes shall be charged against the Municipality and shall be paid in monthly installments as the service accrues, out of the current revenues of the Municipality collected or in the process of collection, exclusive of the revenues derived from the System; that is to say, out of the tax levy of the Municipality made by it to raise money to meet its necessary current expenses. The reasonable cost and value of such service to the Municipality in each year shall be equal to an amount which, together with other revenues of the System, will produce in each Fiscal Year Net Revenues equivalent to not less than the annual principal and interest requirements on the Prior Bonds, the Bonds, any Parity Bonds and any other obligations payable from the revenues of the System then outstanding, times the greater of (i) 110% or (ii) the highest debt service coverage ratio required with respect to any obligations payable from revenues of the System then outstanding. However, such payment out of the tax levy shall be subject to (a) approval of the Public Service Commission, or successors to its function, if applicable, (b) yearly appropriations therefor, and (c) applicable levy limitations, if any; and neither this Resolution nor such payment shall be construed as constituting an obligation of the Municipality to make any such appropriation over and above the reasonable cost and value of the services rendered to the Municipality and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Section 10. Operation of System; Municipality Covenants. It is covenanted and agreed by the Municipality with the owner or owners of the Bonds, and each of them, that the Municipality will perform all of the obligations of the Municipality as set forth in the Financial Assistance Agreement.

Section 11. Additional Bonds. The Bonds are issued on a parity with the Prior Bonds as to the pledge of revenues of the System. No bonds or obligations payable out of the revenues of the System may be issued in such manner as to enjoy priority over the Bonds. Additional obligations may be issued if the lien and pledge is junior and subordinate to that of the Bonds. Parity Bonds may be issued only under the following circumstances:

(a) Additional Parity Bonds may be issued for the purpose of completing the Project and for the purpose of financing costs of the Project which are ineligible for payment under the State of Wisconsin Clean Water Fund Program. However, such additional Parity Bonds shall be in an aggregate amount not to exceed 20% of the face amount of the Bonds; or

(b) Additional Parity Bonds may also be issued if all of the following conditions are met:

(1) The Net Revenues of the System for the Fiscal Year immediately preceding the issuance of such additional bonds must have been in an amount at least equal to the maximum annual interest and principal requirements on all bonds outstanding payable from the revenues of the System, and on the bonds then to be issued, times the greater of (i) 1.10 or (ii) the highest debt service coverage ratio to be required with respect to the Additional Parity Bonds to be issued or any other obligations payable from the revenues of the System then outstanding. Should an increase in permanent rates and charges, including those made to the Municipality, be properly ordered and made effective during the Fiscal Year immediately prior to the issuance of such additional bonds or during that part of the Fiscal Year of issuance prior to such issuance, then Net Revenues for purposes of such computation shall include such additional revenues as a registered municipal advisor, an independent certified public accountant, consulting professional engineer or the Wisconsin Public Service Commission may calculate would have accrued during the prior Fiscal Year had the new rates been in effect during that entire immediately prior Fiscal Year.

(2) The payments required to be made into the funds enumerated in Section 6 of this Resolution must have been made in full.

(3) The additional bonds must have principal maturing on May 1 of each year and interest falling due on May 1 and November 1 of each year.

(4) The proceeds of the additional bonds must be used only for the purpose of providing extensions or improvements to the System, or to refund obligations issued for such purpose.

Section 12. Sale of Bonds. The sale of the Bonds to the State of Wisconsin Clean Water Fund Program for the purchase price of up to $922,476 and at par, is ratified and confirmed; and the officers of the Municipality are authorized and directed to do any and all acts, including executing the Financial Assistance Agreement and the Bonds as hereinabove provided, necessary to conclude delivery of the Bonds to said purchaser, as soon after adoption of this Resolution as is convenient. The purchase price for the Bonds shall be paid upon requisition therefor as provided in the Financial Assistance Agreement, and the officers of the Municipality are authorized to prepare and submit to the State requisitions and disbursement requests in anticipation of the execution of the Financial Assistance Agreement and the issuance of the Bonds.

Section 13. Application of Bond Proceeds. The proceeds of the sale of the Bonds shall be deposited by the Municipality into a special fund designated as "Sewer System CWFP Project Fund." The Sewer System CWFP Project Fund shall be used solely for the purpose of paying the costs of the Project as more fully described in the preamble hereof and in the Financial Assistance Agreement. Moneys in the Sewer System CWFP Project Fund shall be disbursed within three (3) business days of their receipt from the State of Wisconsin and shall not be invested in any interest-bearing account.

Section 14. Amendment to Resolution. After the issuance of any of the Bonds, no change or alteration of any kind in the provisions of this Resolution may be made until all of the Bonds have been paid in full as to both principal and interest, or discharged as herein provided, except: (a) the Municipality may, from to time, amend this Resolution without the consent of any of the owners of the Bonds, but only to cure any ambiguity, administrative conflict, formal defect, or omission or procedural inconsistency of this Resolution; and (b) this Resolution may be amended, in any respect, with a written consent of the owners of not less than two-thirds (2/3) of the principal amount of the Bonds then outstanding, exclusive of Bonds held by the Municipality; provided, however, that no amendment shall permit any change in the pledge of revenues derived from the System or the maturity of any Bond issued hereunder, or a reduction in the rate of interest on any Bond, or in the amount of the principal obligation thereof, or in the amount of the redemption premium payable in the case of redemption thereof, or change the terms upon which the Bonds may be redeemed or make any other modification in the terms of the payment of such principal or interest without the written consent of the owner of each such Bond to which the change is applicable.

Section 15. Defeasance. When all Bonds have been discharged, all pledges, covenants and other rights granted to the owners thereof by this Resolution shall cease. The Municipality may discharge all Bonds due on any date by irrevocably depositing in escrow with a suitable bank or trust company a sum of cash and/or bonds or securities issued or guaranteed as to principal and interest of the U.S. Government, or of a commission, board or other instrumentality of the U.S. Government, maturing on the dates and bearing interest at the rates required to provide funds sufficient to pay when due the interest to accrue on each of said Bonds to its maturity or, at the Municipality's option, if said Bond is prepayable to any prior date upon which it may be called for redemption, and to pay and redeem the principal amount of each such Bond at maturity, or at the Municipality's option, if said Bond is prepayable, at its earliest redemption date, with the premium required for such redemption, if any, provided that notice of the redemption of all prepayable Bonds on such date has been duly given or provided for.

Section 16. Rebate Fund. Unless the Bonds are exempt from the rebate requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the Municipality shall establish and maintain, so long as the Bonds and any Parity Bonds are outstanding, a separate account to be known as the "Rebate Fund." The sole purpose of the Rebate Fund is to provide for the payment of any rebate liability with respect to the Bonds under the relevant provisions of the Code and the Treasury Regulations promulgated thereunder (the "Regulations"). The Rebate Fund shall be maintained by the Municipality until all required rebate payments with respect to the Bonds have been made in accordance with the relevant provisions of the Code and the Regulations.

The Municipality hereby covenants and agrees that it shall pay to the United States from the Rebate Fund, at the times and in the amounts and manner required by the Code and the Regulations, the portion of the "rebate amount" (as defined in Section 1.148-3(b) of the Regulations) that is due as of each "computation date" (within the meaning of Section 1.148-3(e) of the Regulations). As of the date of this Resolution, the provisions of the Regulations specifying the required amounts of rebate installment payments and the time and manner of such payments are contained in Sections 1.148-3(f) and (g) of the Regulations, respectively. Amounts held in the Rebate Fund and the investment income therefrom are not pledged as security for the Bonds or any Parity Bonds and may only be used for the payment of any rebate liability with respect to the Bonds.

The Municipality may engage the services of accountants, attorneys or other consultants necessary to assist it in determining the rebate payments, if any, owed to the United States with respect to the Bonds. The Municipality shall maintain or cause to be maintained records of determinations of rebate liability with respect to the Bonds for each computation date until six (6) years after the retirement of the last of the Bonds. The Municipality shall make such records available to the State of Wisconsin upon reasonable request therefor.

Section 17. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Municipality and the owner or owners of the Bonds, and after issuance of any of the Bonds no change or alteration of any kind in the provisions of this Resolution may be made, except as provided in Section 14, until all of the Bonds have been paid in full as to both principal and interest. The owner or owners of any of the Bonds shall have the right in addition to all other rights, by mandamus or other suit or action in any court of competent jurisdiction, to enforce such owner's or owners' rights against the Municipality, the Governing Body thereof, and any and all officers and agents thereof including, but without limitation, the right to require the Municipality, its Governing Body and any other authorized body, to fix and collect rates and charges fully adequate to carry out all of the provisions and agreements contained in this Resolution.

Section 18. Continuing Disclosure. The officers of the Municipality are hereby authorized and directed, if requested by the State of Wisconsin, to provide to the State of Wisconsin Clean Water Fund Program and to such other persons or entities as directed by the State of Wisconsin such ongoing disclosure regarding the Municipality's financial condition and other matters, at such times and in such manner as the Clean Water Fund Program may require, in order that securities issued by the Municipality and the State of Wisconsin satisfy rules and regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended and as it may be amended from time to time, imposed on brokers and dealers of municipal securities before the brokers and dealers may buy, sell, or recommend the purchase of such securities.

Section 19. Conflicting Resolutions. All ordinances, resolutions (other than the Prior Resolutions), or orders, or parts thereof heretofore enacted, adopted or entered, in conflict with the provisions of this Resolution, are hereby repealed and this Resolution shall be in effect from and after its passage. In case of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control as long as any of the respective Prior Bonds are outstanding.

Passed: January 28, 2025

Approved: January 28, 2025

____
Doug Diny
Mayor

Attest:

____
Kaitlyn A. Bernarde
City Clerk

EXHIBIT A

(Form of Municipal Obligation)

REGISTERED NO. _____	UNITED STATES OF AMERICA STATE OF WISCONSIN MARATHON COUNTY CITY OF WAUSAU	REGISTERED $_________

SEWER SYSTEM REVENUE BOND, SERIES 2025

Final Maturity Date	Date of Original Issue
May 1, 2044	_____, 20__

REGISTERED OWNER: STATE OF WISCONSIN CLEAN WATER FUND PROGRAM

FOR VALUE RECEIVED the City of Wausau, Marathon County, Wisconsin (the "Municipality") hereby acknowledges itself to owe and promises to pay to the registered owner shown above, or registered assigns, solely from the fund hereinafter specified, the principal sum of an amount not to exceed ________________________ DOLLARS ($_________) (but only so much as shall have been drawn hereunder, as provided below) on May 1 of each year commencing May 1, 2026 until the final maturity date written above, together with interest thereon (but only on amounts as shall have been drawn hereunder, as provided below) from the dates the amounts are drawn hereunder or the most recent payment date to which interest has been paid, at the rate of 2.200% per annum, calculated on the basis of a 360-day year made up of twelve 30-day months, such interest being payable on the first days of May and November of each year, with the first interest being payable on May 1, 2025.

The principal amount evidenced by this Bond may be drawn upon by the Municipality in accordance with the Financial Assistance Agreement entered by and between the Municipality and the State of Wisconsin by the Department of Natural Resources and the Department of Administration including capitalized interest transferred (if any). The principal amounts so drawn shall be repaid in installments on May 1 of each year commencing on May 1, 2026 in an amount equal to an amount which when amortized over the remaining term of this Bond plus current payments of interest (but only on amounts drawn hereunder) at Two and 200/1000ths percent (2.200%) per annum shall result in equal annual payments of the total of principal and the semiannual payments of interest. The State of Wisconsin Department of Administration shall record such draws and corresponding principal repayment schedule on a cumulative basis in the format shown on the attached Schedule A.

Both principal and interest hereon are hereby made payable to the registered owner in lawful money of the United States of America. On the final maturity date, principal of this Bond shall be payable only upon presentation and surrender of this Bond at the office of the Municipal Treasurer. Principal hereof and interest hereon shall be payable by electronic transfer or by check or draft dated on or before the applicable payment date (as directed by the registered owner) and if by check or draft, mailed from the office of the Municipal Treasurer to the person in whose name this Bond is registered at the close of business on the fifteenth day of the calendar month next preceding such interest payment date.

This Bond shall not be redeemable prior to its maturity, except with the consent of the registered owner.

This Bond is transferable only upon the books of the Municipality kept for that purpose at the office of the Municipal Treasurer, by the registered owner in person or its duly authorized attorney, upon surrender of this Bond, together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Municipal Treasurer, duly executed by the registered owner or its duly authorized attorney. Thereupon a replacement Bond shall be issued to the transferee in exchange therefor. The Municipality may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or interest hereof and for all other purposes. This Bond is issuable solely as a negotiable, fully-registered bond, without coupons, and in denominations of $0.01 or any integral multiple thereof.

This Bond is issued for the purpose of providing for the payment of the cost of constructing improvements to the Sewer System of the Municipality, pursuant to Article XI, Section 3, of the Wisconsin Constitution, Section 66.0621, Wisconsin Statutes, and a resolution adopted January 28, 2025, and entitled: "Resolution Authorizing the Issuance and Sale of Up to $922,476 Sewer System Revenue Bonds, Series 2025, and Providing for Other Details and Covenants With Respect Thereto" and is payable only from the income and revenues of the Sewer System of the Municipality (the "Utility"). The Bonds are issued on a parity with the Municipality's Sewer System Revenue Bonds, Series 2017D, dated December 5, 2017, Sewer System Revenue Bonds, Series 2019C, dated October 1, 2019, Sewer System Revenue Bonds, Series 2020C, dated June 24, 2020 and Sewer System Revenue Bonds, Series 2024, dated December 11, 2024, as to the pledge of income and revenues of the Utility. This Bond does not constitute an indebtedness of said Municipality within the meaning of any constitutional or statutory debt limitation or provision.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen, and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law; and that sufficient of the income and revenue to be received by said Municipality from the operation of its Utility has been pledged to and will be set aside into a special fund for the payment of the principal of and interest on this Bond.

IN WITNESS WHEREOF, the Municipality has caused this Bond to be signed by the signatures of its Mayor and City Clerk, and its corporate seal to be impressed hereon, all as of the date of original issue specified above.

CITY OF WAUSAU,
WISCONSIN

(SEAL)

By:___________________________
Doug Diny
Mayor

By:___________________________
Kaitlyn A. Bernarde
City Clerk

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

____

____

____

(Please print or typewrite name and address, including zip code, of Assignee)

Please insert Social Security or other identifying number of Assignee

____

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing

____

Attorney to transfer said Bond on the books kept for the registration thereof with full power of substitution in the premises.

Dated:________________

____

NOTICE: The signature of this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature(s) guaranteed by

____

SCHEDULE A

$922,476

CITY OF WAUSAU, WISCONSIN
SEWER SYSTEM REVENUE BONDS, SERIES 2025

Amount of Disbursement	Date of Disbursement	Series of Bonds	Principal Repaid	Principal Balance

SCHEDULE A (continued)

PRINCIPAL REPAYMENT SCHEDULE

Date	Principal Amount
May 1, 2026	$39,633.54
May 1, 2027	40,505.47
May 1, 2028	41,396.59
May 1, 2029	42,307.32
May 1, 2030	43,238.08
May 1, 2031	44,189.32
May 1, 2032	45,161.48
May 1, 2033	46,155.04
May 1, 2034	47,170.45
May 1, 2035	48,208.20
May 1, 2036	49,268.78
May 1, 2037	50,352.69
May 1, 2038	51,460.45
May 1, 2039	52,592.58
May 1, 2040	53,749.61
May 1, 2041	54,932.11
May 1, 2042	56,140.61
May 1, 2043	57,375.71
May 1, 2044	58,637.97

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Tucson
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January 21, 2025

<u>VIA EMAIL AND UPS</u>

Ms. Maryanne A. Groat
Finance Director/Treasurer
City of Wausau
407 Grant Street
Wausau, WI 54403

Re: Bond Resolution - $922,476 City of Wausau Sewer System Revenue Bonds, Series 2025 (Clean Water Fund Loan) (the "Revenue Bonds")

Dear Maryanne:

Enclosed for consideration at the January 28, 2025 Common Council meeting is a copy of a **Resolution** authorizing the execution of the Financial Assistance Agreement and the issuance of the Revenue Bonds to the State of Wisconsin Clean Water Fund Program. A copy of the draft Financial Assistance Agreement provided by DNR should be distributed to the Common Council along with the Resolution.

If you have not already done so, please include the title of this Resolution on the agenda for the meeting. Please then post the agenda in <u>at least three</u> public places and provide it to the official newspaper of the City (or if the City has no official newspaper, to a news medium likely to give notice in the area) and to any other requesting media <u>at least twenty-four hours</u> prior to the meeting (see Section 19.84(1)(b), Wisconsin Statutes). **If the meeting will be a virtual meeting, please be sure to include on the agenda and the notices the dial-in number or other information necessary for the public and the media to access and monitor the meeting.** The enclosed **Certificate of Compliance with Open Meeting Law** must be completed in connection with the meeting at which this Resolution is adopted.

QB\94202807.1

Unless the Common Council has adopted special rules regarding the adoption of borrowing resolutions, a vote of at least a majority of the members of the Common Council is necessary to adopt this Resolution. We have enclosed an **Excerpts of Minutes** form for you to complete which records the vote on the Resolution.

We are also enclosing a **Municipal Information Questionnaire** and **Tax Matters Questionnaire**. Please review, correct, if necessary, complete and return them to us.

Please return one executed copy of the Resolution, the Excerpts of Minutes, the Certificate of Compliance with Open Meeting Law and the Questionnaires to us by an overnight delivery service so that we receive them no later than **Monday, February 3**. A copy of the Resolution should be incorporated into the minutes of the January 28, 2025 meeting.

Finally, we are enclosing a **Notice** regarding the adoption of the resolution authorizing the issuance and sale of the Revenue Bonds which you should provide to the City's official newspaper to be published as a class 1 notice as soon as possible after adoption of the Resolution. Please forward an Affidavit of Publication (which must be signed by a representative of the newspaper) for the Notice to us once it has been published.

If you have any questions regarding these documents or any other matter, please do not hesitate to call me at (414) 277-5790.

Very truly yours,

QUARLES & BRADY LLP

Bridgette Keating /TAB

Bridgette J. Keating

BJK:JPL:TAB
Enclosures
#940025.00120

cc: Kaitlyn A. Bernarde (w/enc. via email)
Kody Hart (w/enc. via email)
Season Welle (w/enc. via email)
Anne Jacobson, Esq. (w/enc. via email)
Eric Lindman (w/enc. via email)
Ben Brooks (w/enc. via email)
Thomas Niksich (w/enc. via email)
Joe Kafczynski (w/enc. via email)
Phil Cosson (w/enc. via email)
Brian Roemer (w/enc. via email)
Aaron Heintz (w/enc. via email)
Katherine C. Miller (w/enc. via email)
Jessica Fandrich (w/enc. via email)
Rachel Liegel (w/enc. via email)
Andrea Ceron (w/enc. via email)
Amy Johnson (w/enc. via email)
Michelle Brietzman (w/enc. via email)
Jacob P. Lichter (w/enc. via email)
Tracy Berrones (w/enc. via email)

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Phoenix
St. Louis
San Diego
Tampa
Tucson
Washington, D.C.

January 21, 2025

VIA EMAIL

Ms. Maryanne A. Groat
Finance Director/Treasurer
City of Wausau
407 Grant Street
Wausau, WI 54403

Scope of Engagement Re: Proposed Issuance of $922,476 City of Wausau (the "City") Sewer System Revenue Bonds, Series 2025 (Clean Water Fund Loan)

Dear Maryanne:

We are pleased to be working with you again as the City's bond counsel.

The purpose of this letter is to set forth the role we propose to serve and responsibilities we propose to assume as bond counsel in connection with the issuance of the above-referenced bonds (the "Bonds") by the City.

Role of Bond Counsel

Bond counsel is engaged as a recognized independent expert whose primary responsibility is to render an objective legal opinion with respect to the authorization and issuance of municipal obligations. As bond counsel we will: examine applicable law; prepare authorizing and closing documents; consult with the parties to the transaction, including the City's financial advisor (if any), prior to the issuance of the Bonds; review certified proceedings; and undertake such additional duties as we deem necessary to render the opinion. As bond counsel, we do not advocate the interests of the City or any other party to the transaction. We assume that the parties to the transaction will retain such counsel as they deem necessary and appropriate to represent their interests in this transaction.

Subject to the completion of proceedings to our satisfaction, we will render our opinion that:

QB\94208772.1

1) the City has authority to issue the Bonds for the purpose in question and has followed proper procedures in doing so;

2) the Bonds are valid and binding obligations of the City according to their terms; and,

3) the interest paid on the Bonds will be excludable from gross income for federal income tax purposes (subject to certain limitations which may be expressed in the opinion).

The opinion will be executed and delivered by us in written form on the date the Bonds are exchanged for their purchase price (the "Closing") and will be based on facts and law existing as of its date. Upon delivery of the opinion, our responsibilities as bond counsel will be concluded with respect to this financing; specifically, but without implied limitation, we do not undertake (unless separately engaged) to provide any post-closing compliance services including any assistance with the City's continuing disclosure commitment, ongoing advice to the City or any other party concerning any actions necessary to assure that interest paid on the Bonds will continue to be excluded from gross income for federal income tax purposes, or participating in an Internal Revenue Service, Securities and Exchange Commission or other regulatory body survey or investigation regarding or audit of the Bonds.

In rendering the opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation.

The services we will provide under this engagement are strictly limited to legal services. We are neither qualified nor engaged to provide financial advice and we will make no representation about the desirability of the proposed plan of finance, the feasibility of the projects financed or refinanced by the Securities, or any related matters.

Diversity of Practice; Consent to Unrelated Engagements

Because of the diversity of practice of our firm, the firm may be asked to represent other clients in matters adverse to the City, for example, in zoning, licensing, land division, real estate, property tax or other matters which are unrelated to our bond counsel work. Ethical requirements require that we obtain the City's consent to such representations. We do not represent you in legal matters regularly, although we may be called upon for special representation occasionally, and our bond counsel work does not usually provide us information that will be disadvantageous to you in other representations. We do not believe that such representations of others would adversely affect our relationship with you, and we have found that local governments generally are agreeable to the type of unrelated representation described above. Your approval of this letter will serve to confirm that the City consents and agrees to our representation of other present or future clients in matters adverse to the City which are not substantially related to the borrowing and finance area or any other area in which we have agreed to serve it. We agree, however, that your prospective consent to conflicting representation contained in this paragraph shall not apply in any instance where, as a result of our representation of the City, we have obtained proprietary or other confidential information, that, if known to the other client, could be used by that client to your material disadvantage. We will not disclose to the other client(s) any confidential information received during the course of our representation of the City. If you have any questions or would like to discuss this consent further, please call us.

We also want to advise you that from time to time we represent the purchaser of the Bonds, the State of Wisconsin, and various departments and agencies of the State (collectively, the "State") or other bond market participants such as the City's financial advisor, if any. In past and current transactions that are not related to the issuance of the Bonds and our role as bond counsel to the City, we may have served or be serving as bond counsel or other counsel to the State or the City's financial advisor. We may also be asked to represent the State or the City's financial advisor in future transactions that are not related to the issuance of the Bonds or our role as bond counsel to the City. Your approval of this letter will serve to confirm that the City consents to our firm undertaking representations of this type.

As bond counsel, we will not assume or undertake responsibility for the preparation of an Official Statement or other disclosure document with respect to the Bonds, nor are we responsible for performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document. However, if a disclosure document is prepared and adopted or approved by the City, we will either prepare or review any description therein of: i) Wisconsin and federal law pertinent to the validity of the Bonds and the tax treatment of interest paid thereon and (ii) our opinion.

Fees

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing, (ii) the duties we will undertake pursuant to this letter, (iii) the time we anticipate devoting to the financing, and (iv) the responsibilities we assume, we estimate that our fee as bond counsel would be approximately $12,300, including all expenses. Such fee and expenses may vary: (i) if the principal amount of Bonds actually issued differs significantly from the amount stated above, (ii) if material changes in the structure of the financing occur, or (iii) if unusual or unforeseen circumstances arise which require a significant increase in our time, expenses or responsibility. If at any time we believe that circumstances require an adjustment of our original fee estimate, we will consult with you. It is our understanding that the City is responsible for our fee.

If, for any reason, the financing is not consummated or is completed without the rendition of our opinion as bond counsel, we will expect to be compensated at our normal hourly rates for time actually spent, plus out-of-pocket expenses. Our fee is usually paid either at the Closing out of proceeds of the Bonds or pursuant to a statement rendered shortly thereafter. We customarily do not submit any statement until the Closing unless there is a substantial delay in completing the financing.

Limited Liability Partnership

Our firm is a limited liability partnership ("LLP"). Because we are an LLP, no partner of the firm has personal liability for any debts or liabilities of the firm except as otherwise required by law, and except that each partner can be personally liable for his or her own malpractice and for the malpractice of persons acting under his or her actual supervision and control. As an LLP we are required by our code of professional conduct to carry at least $10,000,000 of malpractice insurance; currently, we carry coverage with limits substantially in excess of that amount. Please call me if you have any questions about our status as a limited liability partnership.

Conclusion and Request for Signed Copy

If the foregoing terms of this engagement are acceptable to you, please so indicate by returning a copy of this letter dated and signed by an appropriate officer, retaining the original for your files. If we do not hear from you within thirty (30) days, we will assume that these terms are acceptable to you, but we would prefer to receive a signed copy of this letter from you.

We are looking forward to working with you and the City in this regard.

Very truly yours,

QUARLES & BRADY LLP

Bridgette Keating /TAB

Bridgette J. Keating

BJK:JPL:TAB
#940025.00120
cc: Kaitlyn A. Bernarde (via email)
Kody Hart (via email)
Season Welle (via email)
Anne Jacobson, Esq. (via email)
Eric Lindman (via email)
Ben Brooks (via email)
Thomas Niksich (via email)
Joe Kafczynski (via email)
Jacob P. Lichter (via email)
Tracy Berrones (via email)

Accepted and Approved:

CITY OF WAUSAU

By:________________________

Its:________________________
Title

Date:________________________

MUNICIPAL INFORMATION QUESTIONNAIRE

Prepared and Submitted By:
Maryanne A. Groat
Finance Director/Treasurer

1. Official Name of Government Unit: City of Wausau
2. County: Marathon County
3. Employer I. D. #: 39-6005648
4. Address: 407 Grant Street, Wausau, WI 54403

   Phone Number: 715-261-6500 Fax Number: 715-261-6626
5. Contact Person: Maryanne A. Groat, Finance Director/Treasurer 715-261-6645
6. Date/Time/Place of Regular Meetings: Second and fourth Tuesday, 6:30 p.m. in City Council Chambers
7. Does Municipality have an official or corporate seal? ☒ **YES** ☐ **NO**
8. Name of Official Newspaper, if any: Wausau Daily Herald

   ☐ **WEEKLY** ☒ **DAILY** What day: N/A
9. Class and form of government (i.e., mayor/ council plan, etc). Mayor/council plan Second Class
10. Administrators and Officers: ***(Please complete with official names (including middle initials) as used to sign legal documents.)***

Name	Elected or Appointed?	Date Term of Office Expires
Doug Diny Mayor	Elected	04/2026
Kaitlyn A. Bernarde City Clerk kaitlyn.bernarde@ci.wausau.wi.us	N/A	N/A
Kody Hart Deputy City Clerk Kody.Hart2@ci.wausau.wi.us	N/A	N/A
Maryanne A. Groat Finance Director/Treasurer maryanne.groat@ci.wausau.wi.us	N/A	N/A
Season Welle Assistant Finance Director Season.Welle@ci.wausau.wi.us	N/A	N/A

Anne Jacobson
City Attorney
407 Grant Street
Wausau WI 54403
Phone Number: 715-261-6590 Fax Number: 715-261-6808
anne.jacobson@ci.wausau.wi.us

11. Number of Common Council members? 11 ***(Please attach current list)***

12. Are there any special resolutions or ordinances in effect (other than Wisconsin's Open Meeting law) regarding meeting notices, quorum requirements, etc.? ☐ YES ☐ NO
If yes, please provide detail. ______

13. Are there any proceedings now pending with respect to a change in the form of government or the detachment of territory? ☐ YES ☐ NO
If yes, please provide detail. ______

14. Has the governing body or electors adopted any charter ordinances under electors adopted any charter ordinances under Section 66.0101, Wis. Stats. or direct legislation under Section 9.20, Wis. Stats. restricting borrowing by the City or are any proceedings for such purposes now pending? ☐ YES ☐ NO
If yes, please provide detail. ______

15. Is there any litigation pending or threatened with respect to the corporate existence, organization, or boundaries of the government unit or the right of title of any officer of the government unit to his or her respective office? ☐ YES ☐ NO
If yes, please provide detail. ______

16. Are there any resolutions in effect which require any officers other than the mayor and clerk, to execute bonds or notes or other documents evidencing indebtedness? *If yes, please provide detail.* ______ ☐ YES ☐ NO

17. Other than the attached, are there any other facts or circumstances which could have an impact on the issuance of the bonds or notes in question (e.g., debt policy or litigation other than as set forth above, annexations, etc)? ☐ YES ☐ NO

If yes, please discuss. ____

____

Prepared and submitted by:

____

Maryanne A. Groat
Finance Director/Treasurer

Signed on:____________________

CITY OF WAUSAU, WISCONSIN
DEBT MANAGEMENT POLICIES ON TAX EXEMPT DEBT

The City of Wausau recognizes the foundation of any well-managed debt program is a comprehensive debt policy. A debt policy provides the financial management tools to guide the Council with the City's overall debt financing structure.

Primary objectives of the policy are to:

- Establish the appropriate use of debt.
- Find alternative methods to pay debt service costs other than property tax.
- Minimize the City's debt service and issuance costs.
- Retain the highest practical credit rating.
- Provide complete financial reporting and disclosure.
- Maintain level and affordable annual debt service payments.

The City Council has adopted this policy, by resolution, to provide general guidelines for the debt management structure of the City. Situations and conditions may occur requiring a variation from the policy. These variations must be clearly communicated to the Council and citizens prior to deliberation on such debt policy changes.

POLICIES

CAPITAL PLANNING

The City's long term capital and financing plan will be documented in a multi-year Capital Improvement Plan. The plan will be submitted to the Common Council for consideration and adoption as part of the annual budget process. Individual departments will prepare an annual multi-year plan, and assist in the coordination of the overall city-wide plan. The capital plan will represent a one year, capital improvement budget and a five-year, long term capital plan. The capital plan will contain a comprehensive description of the sources and uses of funds, and a forecast of future debt issuance. The plan will examine the long range implications of future debt issues on debt outstanding, annual principal and interest requirements, and the general property tax levy required for debt service payments.

USES OF DEBT AND OTHER FORMS OF BORROWING

The City may use long term financing for the acquisition, maintenance, replacement, or expansion of capital assets and infrastructure. The City will not issue long term debt to fund current operations. Financing options allowed under State of Wisconsin Statutes, including but not limited to: general obligation bonds and notes, State Trust Fund Loans, utility mortgage revenue bonds, capital or secured equipment leases, tax increment bonds, special obligation bonds and bond anticipation notes may be considered.

LENGTH OF DEBT AND TIMING OF BOND ISSUES

Debt will be structured to provide for the shortest repayment period, while minimizing large fluctuations in property tax or other revenue requirements for debt retirement. The amortization period will be based upon a fair allocation of costs to current and future beneficiaries of the capital and infrastructure assets, and to revenue streams used to finance the annual debt service payments. Generally, the City issues promissory notes with a ten (10) year amortization for general capital improvement projects. Tax increment financing projects, and significant facility projects may warrant a longer term debt schedule, but in most cases no to exceed a twenty year repayment schedule. Call features may be included if appropriate and financially feasible. Under no situations will the financing term exceed the useful life or average useful lives of the assets to be financed. To help protect the City's bond rating, bond sales will be scheduled in an orderly schedule to assure the markets of the stability of the City's financial decisions.

CAPITALIZED INTEREST

The City will generally not capitalize interest on its general fixed assets and infrastructure assets. Capitalized interest will be considered an increased cost of the project for proprietary fund assets for which borrowing is used as a financing mechanism.

DEBT CAPACITIES

Utilizing the City's debt capacity will be used only after other financing options have been exhausted. Such debt issuance must comply with all other requirements of the debt policy The increased use of debt shall not negatively impact the City's credit rating.

DEBT GUARANTEES AND ENHANCEMENTS

The City may consider, on an individual basis, the use of bond insurance or other debt enhancements when it proves cost effective or otherwise desirable. Such guarantees could consider the commitment of assets, and other resources to secure the City's financial position. Fiscal analysis must indicate areas of risk and show that revenues are sufficient to cover annual debt requirements. Selection of credit enhancements will be recommended by the financial advisor and finance director.

CONDUIT FINANCING

Conduit financing is debt issued by the City of Wausau to finance a project of a non-city third party . The City may sponsor conduit financing for those activities (economic and industrial development, housing, health facilities, etc.) that have a general public purpose and are consistent with the City's overall goals. Unless a compelling public policy rationale exists, such conduit financing will not in any way pledge the City's faith and credit. Information regarding the financial feasibility of the project and financial capacity of the company may be reviewed by the City prior to the approval of such financing.

CREDIT RATING

The City of Wausau seeks to maintain the highest possible credit rating for all categories of debt that can be achieved without compromising the City's operational objectives. The City recognizes that its credit rating can be impacted by conditions of the economy which are out of its control.

FINANCIAL DISCLOSURE

Every financial report and bond prospectus will follow the City's commitment to complete and full disclosure in conformance with industry requirements. The City's intent is to provide necessary information to constituents, council members, investors, departments, financial institutions, rating agencies, grantors, governmental agencies, and other interested parties. This includes, but is not limited to, meeting the Securities and Exchange Commission Rule 15c2-12 secondary disclosure requirements.

DEBT LIMITS

The City will maintain outstanding debt in an amount not exceeding one-half of the City's aggregate statutory borrowing limit prescribed by State Statute 67.03(1)(a), in order to maintain a borrowing appropriate with our credit rating objectives, and the City's desire to preserve its financial flexibility by maintaining an adequate unused margin to be available for extreme emergencies.

PAY AS YOU GO FINANCING

The City will strive to provide pay as you go financing at levels appropriate to the current years capital improvement budget. Using combinations of current year's property tax levy and previously unspent funds, the City will also commit an annual contribution of general property tax dollars equal to or greater than the previous years commitment.

INDEPENDENCE, METHOD AND AWARD OF SALE

The City will select a method of sale that is most appropriate in light of the City's financial position, the market environment, project specific needs, and other related conditions. Unless specific situations exist,, the City will issue its debt obligations through a competitive sale. Award of the sale will be based on the True Interest Cost Method (TIC). Under certain situations, it may be appropriate to seek financing through other methods such as negotiated sale, or private placement. All such alternative methods of sale will receive prior approval from the Finance Committee and Common Council. The financial advisor shall maintain complete independence from the underwriting process.

REFUNDING PRACTICES

Periodic reviews of all outstanding debt will be performed to determine refunding opportunities. Refunding will be considered when there is a net economic benefit, (as measured in "present value"), of the refunding, to improve restrictive debt covenants, or to improve debt structure.

ARBITRAGE

The City's bond counsel will prepare a nonarbitrage certificate with each tax-exempt issue. It is the responsibility of the Finance Department to assure compliance with the most current arbitrage regulations. The City will segregate bond fund investments or, at a minimum, maintain monthly allocations of commingled bond investments. The City will plan projects carefully in advance to determine the applicability of the rebate exceptions and if necessary, will have rebate calculations performed annually during the construction period, and no less often than on a five year basis thereafter, until the bonds mature.

TO: Finance Committee & City Council

FROM: Eric Lindman, P.E.
Director of Public Works & Utilities

DATE: January 28, 2025

SUBJECT: CIP Contract Amendment

I wanted to add some clarity and answer some questions regarding the Community Infrastructure Partners (CIP) Contract Amendment resolution in front of you for approval. As you all know, we entered into a Master Partnership Agreement with CIP to replace our lead service lines on February 16, 2024. That agreement is for five years with the understanding that it needs to come before the Council every year for approval to continue in the succeeding year. The reason for the annual review is to give the City Council the opportunity to assess both the performance of the CIP team delivering on its goals as specified in the Agreement and evaluate the annual funding award from the Department of Natural Resource (DNR) and what that means from a financial perspective.

As was demonstrated and discussed before the Council in the December 2024 meeting, the Year 1 performance of the program exceeded expectations by all accounts, including delivering 10% more lines than contracted. Despite all of that, the DNR has proven to be difficult and rigid. The manifestation of that has been their reluctance to approve the existing fee structure with CIP, not for any legal or regulatory reason as has been substantiated by the Godfrey Kahn legal team, but because it is different from traditional engineering contracts and their typical way of doing business. As a result, they have asked the City and CIP to make a series of amendments to the contract to close on the funding awards for years 2024 & 2025. It is important to note two significant items:

1. The work for the 2024 season is already complete and this amendment impacts fees already incurred and paid by the City. Not passing this resolution means we need to use our own funds to pay these fees outside of DNR funding and we lose the principal forgiveness loans that have been allocated to the city for this project.
2. These language changes do not make any changes to the cost of the project or what CIP will be paid. The cost and fees paid to CIP will remain the same that the City already approved back in February 2024, these language changes are simply due to the preference of the DNR. The fees in the contract are now set up as a fixed fee not-to-exceed amount rather than a cost-plus-fee contract, this remains advantageous to the city. As an example in 2024 CIP has calculated their total Time & Materials cost and it is about $1.3 million, the city has a Not-to-Exceed cost of $750k and no risk of change orders for the CIP fee due to the established Agreement.

I would also highlight the City has received a significant amount of principal forgiveness loans for both 2024 and 2025. In perspective, the city will complete $20 million worth of work for $8 million. Not signing this amendment gives up the principal forgiveness loans, placing an excessive additional burden on the city.

The challenge with the timing of the annual review is it depends on when the DNR establishes the funding allocation each year. This is typically late in the year which minimizes the time to make approval on the funding allocation, begin work for the following year, establish necessary interim financing if needed and determine source of debt repayment. Currently the city is considering the best options for debt repayment. The advantage of the DNR funding is the allocation of the principal forgiveness loans, loans we do not have to pay back. **In years 2024 and 2025 the city has secured $20 million with only $8 million for loan repayment, the city is completing $20 million worth of work for $8 million.**

The following table highlights required changes by the DNR and provides an explanation and clarification related to the change explaining these changes are not required by any state or federal rule but are a "preference" of the DNR:

#	Provision	Explanation
1	Elimination of KPIs	Despite our desire to have Key Performance Indicators as a means of holding CIP accountable to delivering on the things most important to the City in the delivery of this work, the DNR's position is that "you don't need KPI's to replace lead service lines". This is an acceptable structure per federal and state regulations, however the DNR will require an additional funding source for the performance-based fees if the City does not accept this change.
2	Eliminate the Manager's Base fee as "Direct Cost Mark Up" and structure as Time and Materials	A "Direct Cost Mark Up" fee structure is allowable per state and Federal regulations on all professional services contracts. Despite this, DNR's preference based on familiarity with traditional engineering contracts is a Time and Materials fee structure. Were CIP to charge us on a T&M basis from the beginning for year 1, their fees would have been north of $1.3M not counting any expenses incurred, which is standard for T&M contracts. As it stands, their fees for Year 1 were $499,747 (base fee and GR's) and an additional $251,407 that could only be earned by meeting their KPIs, meaning that was fully at risk. That total not-to-exceed was $751,154 creating a savings of ~$565k. While this amendment adapts to the T&M structure, CIP is honoring and will continue to honor their fees through the same not-to-exceed total, so in effect Wausau won't be paying anything above what the "Direct Cost Mark Up" structure would amount to. The other important thing to keep in mind is that in order to meet the requirements of a T&M structure, CIP has to provide rates. Those rates have been compared against other professional services firms, however as previously mentioned, CIP is honoring the not-to-exceed based on a cost-plus construct, rendering rates largely irrelevant other than meet the DNR's preference type of contract.

Conclusion:
In summary to what was stated above this amendment has the following impacts:

1. **These changes are necessary to move forward with the closing of DNR funding so Wausau can be reimbursed (including the principal forgiveness funds) for all expenses paid to-date and can begin construction for 2025 as soon as weather allows.**
2. **Despite the change in fee structure, <u>there are NO changes in total compensation to CIP</u> or total cost to Wausau from this amendment. CIP has honored the Not-to-Exceed amount from the original agreement.**
3. **If this amendment isn't passed, the City will need to find an alternative source of funding to pay the $751,000 owed to CIP for services already rendered and paid in 2024 as well as their fees to date for 2025.**

I hope this summary addresses any questions and concerns that may be circulating. All of this is in the service of adjusting the original agreement with CIP to meet the preferences of the DNR in order to close our loan, despite there being no legal, regulatory or provisional requirement to do so. Further, every economic and performance-based provision of the original contract that was approved by the Council is preserved in this amended contract. Lastly, 2024 performance conclusively demonstrated that operating under the original contract with CIP yielded results that not only exceeded the goals of the program but demonstrated that this type of partnership can deliver in the best interests of the community on both a time-sensitive and critical public health initiative. This type of project delivery also allows the city to heavily leverage principal forgiveness funding to complete work that is now being required by federal regulations.

FIRST AMENDMENT TO THE

MASTER PARTNERSHIP AGREEMENT

THIS FIRST AMENDMENT (this "Amendment") to the MASTER PARTNERSHIP AGREEMENT is made and entered into as of December [•], 2024 (the "Effective Date") by and among COMMUNITY INFRASTRUCTURE PARTNERS, LLC, a Delaware limited liability company (the "Manager") and the CITY OF WAUSAU, a municipal entity created by the State of Wisconsin, and its municipal water authority, WAUSAU WATER WORKS (collectively, the "City"). The City or the Manager or both may be referred to herein as a "Party" or the "Parties."

WHEREAS, the Parties previously entered into that certain Master Partnership Agreement, dated as of February 16, 2024 (the "Prior Agreement"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms as set forth in the Prior Agreement; and

WHEREAS, the Parties desire to amend the terms of the Prior Agreement as provided herein to better align with Safe Drinking Water Loan Program funding requirements as relayed by the Wisconsin Department of Natural Resources.

NOW THEREFORE, in consideration of the mutual promises contained in this Amendment, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Definitions. Section 2.2 of the Prior Agreement is hereby amended by deleting all of the following definitions in their entirety: "Local Business Utilization KPI", "LSL Cost KPI", "LSL Implementation Schedule KPI", "Target Class Business Utilization KPI", and "Training Individuals and Businesses KPI".

2. LSL Professional Services. Section 2.2 of the Prior Agreement is hereby amended by deleting the definition of "LSL Professional Services" and substituting the following therefor:

"'LSL Professional Services" means service fees and costs of engineering, architectural, legal, accounting, and other professional services provided by the Manager for a Project including, but not limited to, those services described in Wis. Admin. Code NR § 166.07(1)(s) (2024)."

3. General Scope of Construction Period Work. Section 5.1 of the Prior Agreement is hereby deleted in its entirety and the following shall be substituted therefor:

"Section 5.1 General Scope of Construction Period Work. Following the City's acknowledgement of a Final Project Book each year, the Manager shall deliver Notice to the City regarding any changes to the Construction Commencement Date and/or the Scheduled Substantial Completion Date for the applicable Budgeted Projects as stated in the Project Book. The Manager shall ensure qualified subcontractors perform and implement the construction means, methods, techniques, sequences, and procedures necessary or desirable for the correct, prompt and orderly prosecution and completion of the Work and the Budgeted Projects. For the avoidance of doubt, Manager will not be directly providing any construction work, but instead will provide LSL Professional Services."

4. Engagement of Certifier. Section 5.2 of the Prior Agreement is hereby deleted in its entirety and the following shall be substituted therefor:

"Section 5.2 Engagement of Certifier. Promptly following the execution of this Agreement, the City and the Manager shall agree upon and the Manager shall engage a firm or an individual (the "Certifier") appropriately qualified to inspect the construction Work performed and to advise the City whether or not such Work is performed in accordance with the applicable standards. Either Party may, upon thirty (30) days' Notice to the other Party, request that the Certifier be replaced by another mutually acceptable Person qualified to act in such capacity; provided that, unless agreed to b the Manager and accompanied by any necessary adjustment to the Scheduled Substantial Completion Date and the applicable Project Book(s), the Certifier shall not be replaced with respect to any Budgeted Project if such replacement would delay the completion or increase the cost of such Budgeted Project."

5. Base Fee. Section 6.2 of the Prior Agreement is hereby deleted in its entirety and the following shall be substituted therefor:

"Section 6.2 Base Fee. In addition to the reimbursement of Direct Costs under Section 6.1, the Manager's base fee for each Project ("Base Fee") shall be structured as a time and materials based fee and paid by the City to the Manager. The scope of LSL Professional Services is detailed in Schedule 4. The Base Fee is to address a set of non-construction oversight and management activities taken related to capital improvements to address LSL and, to the extent possible, shall be illustrated in each Annual Plan and Project Book to maximize eligibility for financial assistance under Wis. Admin. Code ch. NR 166 and applicable Wisconsin and federal law. The Base Fee will be invoiced and paid monthly. Monthly invoices from the Manager are to demonstrate performance of tasks eligible for the Base Fee and will be based on actual time and materials costs incurred by the Manager pursuant to the scope of LSL Professional Services work detailed in Schedule 4. For the avoidance of doubt, the Base Fee does not include (i) the actual Project costs of Subcontractors directly relating to the planning, construction, installation and Acceptance of a Project, or (ii) the actual Program costs of Subcontractors directly relating to the implementation of the SocioEconomic Development Plan set forth on Schedule 2 attached hereto."

6. Performance-Based Fee. Section 6.3 of the Prior Agreement is hereby deleted in its entirety and is hereby substituted with the words "Intentionally Omitted."

7. General Requirements and Conditions. Section 6.4 of the Prior Agreement is hereby deleted in its entirety and is hereby substituted with the words "Intentionally Omitted."

8. KPI Certification. Section 6.5(a)(2) of the Prior Agreement is hereby deleted in its entirety and is hereby substituted with the words "Intentionally Omitted."

9. Not to Exceed Value. The following shall be inserted as Section 6.8 to the Prior Agreement:

"Section 6.8 Not to Exceed Value. The Parties agree that in no event shall the aggregate amount (excluding Interim Financing Costs) payable to the Manager for LSL Professional Services pursuant to this Agreement exceed the annual sums outlined in Schedule 4 for each year. The amounts in Schedule 4 shall be determined as part of each Final Annual Plan (as described in

Section 3.1 of this Agreement). The updated Schedule 4 shall made a part of this Agreement by contract amendment following completion of each Final Annual Plan."

10. Key Performance Indicators. The Prior Agreement shall be amended by deleting Schedule 3 thereto in its entirety and is hereby substituted with the words "Schedule 3 Intentionally Omitted."

11. Not to Exceed Value Schedule. The Prior Agreement shall be amended by attaching the following as Schedule 4 thereto:

"Schedule 4 – Not To Exceed Values for LSL Professional Services

2024	$751,154
2025	$1,951,194
2026	*
2027	*
2028	*

* Years 2026, 2027, and 2028 shall be updated as part of the Final Annual Plan for the corresponding year and made a part of this Schedule pursuant to Section 6.8."

12. Scope of Work. The Prior Agreement shall be amended by attaching the following as Schedule 5 thereto:

"**Schedule 5 – Scope of Work**

The Manager, in coordination with any subcontractors, will provide professional services for the Program directly related to the program management of replacing lead service lines in the City of Wausau including inventory verification, engineering, contractor procurement, community outreach and stakeholder engagement, construction management, procuring of water filters and test kits, inspection, data management and financing.

The Manager will provide the LSL Professional Services through the following roles and associated tasks, which may be amended from time to time:

Program Manager – will provide program management and data management service while overseeing day to day operations within the program office and providing supervision in the field to ensure all construction and third party certification activities are being performed within the parameters of their respective contracts. Estimated hours: Oct 2023 – Dec 2024 = 2,531; 2025 = 2,080; 2026 [•]. 2024 Hourly rate: $200.

Deputy Program Manager – will provide program management and data management service and providing supervision in the field to ensure all construction and third party certification activities are being performed within the parameters of their respective contracts. Estimated hours: Oct 2023 – Dec 2024 = 0; 2025 = 1,907; 2026 [•]. 2024 Hourly rate: $150.

Operations Executive – will provide management of entire team including engineering, construction management, inspection and contractor firms, inclusive of the overall operations plan for the Program. Estimated hours: Oct 2023 – Dec 2024 = 1,323; 2025 = 1,664; 2026 [•]. 2024 Hourly rate: $250.

Finance Executive – will provide managing services related to all financial components of the Program including leading intent to apply submissions and applications to WDNR and the closing process while ensuring the City is in compliance with all state and federal regulations related to Lead and Copper Rule Improvements (LCRI) and the Bipartisan Infrastructure Law. Estimated hours: Oct 2023 – Dec 2024 = 815; 2025 = 832; 2026 [•]. 2024 Hourly rate: $300.

Program Executive – will provide oversight of the delivery of the entire program ensuring all aspects of the Program are on track with the goals of the City, contract and compliance with LCRI and developing and implementing strategies in concert with City leadership to ensure the Program delivers on its goals within established timeframes and budgets. Estimated hours: Oct 2023 – Dec 2024 = 425; 2025 = 832; 2026 [•]. 2024 Hourly rate: $400.

Outreach and Engagement Coordinator – will provide oversight of outreach and engagement firms providing door-to-door canvassing, communication materials and stakeholder engagement. Estimated hours: Oct 2023 – Dec 2024 = 300; 2025 = 1,664; 2026 [•]. 2024 Hourly rate: $150."

13. <u>No Other Amendments</u>. Except as amended by the terms above, the Prior Agreement shall survive this Amendment and continue in full force and effect without amendment, modification or waiver.

14. <u>Counterparts</u>. This Amendment may be executed in one or more counterparts and by exchange of electronic (PDF) copies of original or facsimile signatures, all of which shall be taken together and shall constitute one and the same agreement.

[*Remainder of page intentionally left blank; Signature page follows*]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date first printed above.

MANAGER:

Community Infrastructure Partners, LLC

By: ______________________________
Name: ______________________________
Title: ______________________________

CITY:

City of Wausau

By: ______________________________
Doug Diny, Mayor

Attested to By: ______________________________
Name: ______________________________
Title: ______________________________

Wausau Water Works

By: ______________________________
Name: ______________________________
Title: ______________________________

MASTER PARTNERSHIP AGREEMENT

FOR A COMMUNITY-BASED PUBLIC PRIVATE PARTNERSHIP FOR LEAD SERVICE LINE REPLACEMENT AND RELATED INFRASTRUCTURE WORK

BETWEEN

CITY OF WAUSAU,

WAUSAU WATER WORKS

AND

COMMUNITY INFRASTRUCTURE PARTNERS LLC

February 16, 2024

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MASTER PARTNERSHIP AGREEMENT

THIS MASTER PARTNERSHIP AGREEMENT ("this Agreement") is entered into as of February 16, 2024 (the "Effective Date"), by and between the CITY OF WAUSAU, a municipal entity created by the state of Wisconsin, and its municipal water authority, WAUSAU WATER WORKS (collectively, "the City"), and COMMUNITY INFRASTRUCTURE PARTNERS LLC, a Delaware limited liability company (the "Manager"). The City or the Manager or both may be referred to herein as a "Party" or the "Parties."

WITNESSETH

WHEREAS, the City desires to augment and expand the capabilities of its Public Works Department to address lead service water lines that exist in its community;

WHEREAS, in 2023, the Manager responded to a Request for Professional Qualifications to deliver a comprehensive community-based delivery system model for lead service line replacement and associated infrastructure work;

WHEREAS, the City has accepted the Manager's Statement of Qualifications as implemented by this Agreement;

WHEREAS, the City believes that the community-based public private partnership delivery model (the "Program") provides significant advantages through (a) performance-based structure that shifts delivery risk from the City to the Manager; (b) resources to focus on accessing private property; (c) access to a large base of skilled subcontractors in the region that can maximize pricing efficiencies by combining economies of scale and increasing competition in the marketplace; and (d) greater construction capacity to manage program scale;

WHEREAS, the Manager and the City have agreed to enter into this Agreement with respect to the planning, design, construction, installation, management, maintenance, repair, replacement and inspection of Projects (hereinafter defined);

WHEREAS, the Parties acknowledge that there are significant opportunities for public benefit in the development, implementation and use of lead service line replacement and associated infrastructure management in and around the City; and

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties do covenant and agree as follows:

ARTICLE I.
THIS AGREEMENT

Section 1.1 Purpose. The purpose of this Agreement is to establish the terms and conditions pursuant to which the Manager shall (a) work with the City to develop and agree upon an Annual Plan (as defined below) setting forth the scope of Work (as defined below) to be completed within each such plan, (b) develop community and stakeholder outreach programs to provide access to private property, and (c) create workforce and contractor development programs to ensure sufficient capacity to replace all lead service lines throughout the City in an accelerated manner.

Section 1.2 Term. The term of this Agreement shall commence on the Effective Date and end on December 31, 2029, unless extended by mutual written agreement of the Parties or terminated earlier pursuant to the terms of this Agreement (the "Term").

Section 1.3 Entire Agreement. This Agreement, including the schedules attached hereto, (a) constitutes the entire and complete agreement with respect to the Work and the Budgeted Projects (as defined below) and (b) supersedes all prior or contemporaneous understandings, arrangements and commitments, whether oral or written, relating to the subject matter hereof. The descriptions of any such agreements herein, in each and every case, are subject entirely to the actual terms of those agreements as executed.

ARTICLE II.
DEFINITIONS AND GENERAL PROVISIONS

Section 2.1 Terms Generally. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation/' except as the context may otherwise require. The words "agree," "agreement," "approval" and "consent" shall be deemed to be followed by the phrase "which shall not be unreasonably withheld or unduly delayed" except as the context may otherwise require. The word "or" is not exclusive. The phrase "sole cost and expense," when used with respect to a cost or expense to be paid by the Manager, means that no portion of the amount payable shall be paid by the City apart from the Project Book Prices (as such term is defined below). Words in the singular number include words in the plural and vice versa unless the context of the usage of such term clearly indicates otherwise.

Section 2.2 Definitions. The following are definitions of certain terms used in this Agreement.

"Acceptance" or "Accepted" means the ultimate acceptance of all of the Work in each Completed Project by the City.

"Affiliate" means, when used with reference to a specified Person, any Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person.

"Agreement" shall have the meaning ascribed to it in the first paragraph of this Agreement, as the same may be amended from time to time in accordance with the terms herein.

"Applicable Laws" means (a) every applicable federal, state or City law, code, rule, constitution, mandate, statute, regulation, Permit, ordinance, municipal charter provision, and (b) any interpretation or administration of any of the foregoing by any Governmental Authority, in each case, which applies to the activities or Parties under this Agreement, whether now or hereafter in effect.

"Application for Payment" shall have the meaning specified in Section 6.5.

"Authorized Representative" means the City's Authorized Representative and/or the Manager's Authorized Representative as the context of the usage of such term may require.

"Billing Month" means each calendar month in each Billing Year.

"Billing Year" means a Fiscal Year comprised of twelve (12) calendar months ending on December 31 of a given year, except that (a) the first Billing Year shall commence upon the Effective Date and end on December 31 next thereafter and (b) the last Billing Year shall end concurrently with the end of the Term or, if applicable, on the date of termination of this Agreement.

"Budgeted Project" shall have the meaning set forth in Section 3.1.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday, which is not a legal holiday in the City.

"Certifier" means the person or firm engaged to verify to the City the Manager's performance of Work in accordance with the requirements of this Agreement.

"Change in Law" means (a) the enactment, adoption, promulgation, modification or repeal, after the Effective Date, of any Applicable Law or any change in interpretation thereof by any Governmental Authority or (b) the imposition, after the Effective Date, of any conditions on the issuance, modification or renewal of any Permit which, in either event, (1) adversely affects the Manager's performance of the Work or increases the Manager's costs to perform the Work, (2) adversely affects the City's ability to perform its obligations hereunder, or (3) imposes requirements on the applicable Party that are more burdensome than the most stringent requirements that (A) are in effect on the Effective Date or (B) have been accepted by the Manager in any applications for Permits.

The enactment into law after the Effective Date of any Applicable Law establishing a fee, charge, levy or assessment, or the increase of same, which was not in effect as of the Effective Date, shall be considered a Change in Law under this Agreement. The enactment into law after the Effective Date of any federal, City or state tax law imposing or changing the rate of income taxation upon the Manager or the owners of the Manager shall not be considered a Change in Law or any other Uncontrollable Circumstance under this Agreement. Changes in local tax law directly affecting the costs or timing of the Work may constitute a Change in Law.

"City Cause" means any material breach, failure, nonperformance or noncompliance by the City with the terms and provisions of this Agreement for any reason (other than Uncontrollable Circumstance or Manager Cause) or any act or omission of any officer, agent, employee, subcontractor or independent contractor of the City (other than the Manager or the Certifier) which, prevents or materially delays, either individually or cumulatively, (i) the City's performance of its obligations under this Agreement, (ii) the Manager's performance of its obligations under this Agreement, (iii) prevents or materially delays the Work on the relevant Budgeted Project, (iv) causes a material increase in the Manager's actual project costs for such Project or (v) deprives the Manager of any of its material rights under this Agreement.

"City Indemnified Parties" shall have the meaning set forth in Section 7.1.

"Change Order" shall have the meaning set forth in Section 5.6.

"Change Order Proposal" shall have the meaning set forth in Section 5.6.

"Compensable Change Order(s)" means a change to the Work, the cost thereof or the schedule for a Budgeted Project that arises from (a) an Uncontrollable Circumstance, or (b) City Cause.

"Completed Project" shall mean a Project for which the Certifier has confirmed the project is Substantially Complete.

"Construction Commencement Date" means, with respect to each Budgeted Project, the earlier of (a) the date on which construction activities begin at the applicable Project Site and (b) the date on which the Manager commences acquiring equipment or materials for use at the Project Site.

"Construction Season" shall be defined as the period during each calendar year commencing on approximately May 1 and ending on approximately November 1.

"Construction Work" means Work contracted for by the Manager which is subject to competitive bidding requirements, and not Work contracted for professional services.

"Contractor" means any firm engaged by the Manager that provides Work but does not include vendors or suppliers for Manager's overhead, administrative, general requirements or insurance. Notwithstanding the foregoing, this term shall refer to general contractors, prime contractors, subcontractors, and vendors contracted for implementation of the Program, and including software, job cost accounting, project controls, outreach, marketing/communications, contractor/workforce development vendors.

"Direct Costs" means the costs incurred and paid or payable by the Manager in connection with the performance of the Work proposed in each Project Book and the Program. These costs shall include all costs associated with Contractors and Subcontractors directly working on Work related to the Program.

"Effective Date" means the date of the execution of this Agreement by the Parties.

"Emergency" means an incident beyond the reasonable control of the Manager and Contractors requiring immediate action on the part of the Manager, which incident, if not immediately addressed, may reasonably be expected to result in imminent and substantial damage, injury or loss.

"Engineer" means a qualified engineer selected and engaged by Manager who has demonstrated experience in the area of civil engineering, planning, surveying, permitting, LSL replacements and water engineering.

"Environmental Litigation" means any lawsuit, filed in a court, arising out of soil or groundwater contamination, air contamination, or surface water contamination with recognized pollutants, whether initiated by federal or state governmental entity or by a private party.

"Final Project Book" shall have the meaning specified in Section 4.3.

"Fiscal Year" means each year of this Agreement commencing on January 1 and ending on the immediately succeeding December 31.

"Governmental Authority" means any federal, state, regional, municipal, city, or local government, any political subdivision thereof, or any other governmental, public or statutory instrumentality, authority, body, agency, commission, or court having jurisdiction over, as applicable, the Program, the Project(s), the Project Site(s), or the transactions with respect to the development, construction, installation, management, operation or maintenance of the City's drinking water system.

"Interim Financing" means a debt of the City incurred to temporarily finance the Work of the Manager until permanent financing is obtained from annual grant funding or other sources.

"Interim Financing Costs" means the net interest, fees, and charges associated with the City issuing Interim Financing to the Manager, including attorney's fees.

"Invitation to Bid" means a written invitation to prospective suppliers to submit a bid on materials or services.

"Key Performance Indicators" or "KPIs" shall mean a quantifiable measure of performance over time for a specific objective. Annual KPIs are measured in twelve-month segments during the Term of this Agreement and Semi-Annual KPIs are measured in six-month segments during the Term of this Agreement Term.

"Local Business" means a business entity located in the state of Wisconsin.

"Local Business Utilization KPI" shall mean the Semi-Annual KPI as set out by Schedule 3 which is earned if the Manager awards at least fifty percent (50%) of Construction Work to Local Businesses.

"LSL" shall mean Lead Service Lines.

"LSL Cost KPI" shall mean the Annual KPI as set out by Schedule 3 which is structured as a not-to-exceed value per LSL replaced. The not-to-exceed value shall be determined annually in each Annual Plan in negotiations with the City. If the Manager delivers the scope at or less than agreed upon not-to-exceed value per LSL replaced, then the Manager earns this KPI. Any savings below the agreed upon per LSL not-to-exceed value shall be utilized by the Manager to replace additional LSLs.

"LSL Implementation Schedule KPI" shall mean the Annual KPI as set out by Schedule 3 which is earned if the Manager replaces a minimum number of LSLs each year, as determined annually in each Annual Plan in negotiations with the City, and adjusted in each Project Book if funding availability differs from what was initially projected.

"LSL Professional Services" means engineering, architectural, legal, and other professional services related to LSL replacement under this Agreement, which may include services outlined in Wis. Admin. Code NR § 166.07(1)(q).

"Losses" means any and all debts, claims, obligations and other liabilities, monetary damages, fines, fees, assessments, impositions, interest obligations, losses. costs, expenses (including amounts paid in settlement, interest, court costs, costs of investigators, fees and expenses of attorneys, accountants, financial advisors, engineers and other experts, and other expenses of litigation) and any and all out-of-pocket costs incurred by the City for the procurement of similar services to cover any default by the Manager.

"Manager" shall have the meaning ascribed to it in the first paragraph of this Agreement identifying the Parties hereto.

"Manager Cause" means (a) any material breach, failure, nonperformance or noncompliance by the Manager with the terms and provisions of this Agreement for any reason except to the extent such breach, failure, nonperformance or noncompliance is caused by the occurrence or continuing effect of an Uncontrollable Circumstance or City Cause, or (b) any material breach, failure, nonperformance, noncompliance, negligence or willful misconduct of any agent, officer, or employee of the Manager which prevents or, individually or cumulatively, materially interferes with or delays the City's performance of its obligations.

"Master Project List" means a list prepared by the Manager and updated monthly documenting (a) all Proposed Projects, which are prioritized based on their relative value to the Program, as determined in Manager's reasonable discretion; (b) a schedule for the replacement and Substantial Completion of the Proposed Projects; and (c) an estimate of the number of LSL replacements.

"Material Change Order" shall have the meaning set forth in Section 5.6.

"Monthly Status Report" shall have the meaning set forth in Section 5.5.

"Notice" means written notice from the Authorized Representative of the applicable Party to the other, all in accordance with Section 10.3 and the timeframes and other applicable requirements of this Agreement.

"Permits" means all actions, reviews, approvals, consents, waivers, exemptions, variances, franchises, orders, permits, authorizations, rights, licenses, filings, zoning changes, and entitlements which are required under Applicable Law to be obtained or maintained by any Person with respect to either or both of the subject Project or the Work.

"Person" means, without limitation, any individual, person, firm, corporation, company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority, and other entities.

"Posting Notice" shall mean an automatic and concurrent electronic notification (by email) to be generated and transmitted to all Parties each time information or data has been posted to a Project Dataroom.

"Program" shall have the meaning specified in the Recitals to this Agreement.

"Project" shall mean a Proposed Project, Budgeted Project, or Completed Project, as the context requires.

"Project Book" means a document setting forth, with respect to each Budgeted Project included therein:

(a) its location and scope of Work (as defined below);

(b) the LSLs and related improvements to be constructed or installed on the Project Site;

(c) the proposed Construction Commencement Date and the Scheduled Substantial Completion Date (as defined below);

(d) the estimated number of LSLs to be replaced;

(e) the Manager's estimated Project Book Price;

(f) the Manager's estimated annualized compensation for the Work for each such Project;

(g) specifications for the scope of Work for each such Project;

(h) a list of proposed Contractors and Subcontractors for each such Project; and

(i) a list of the anticipated Permits required for each such Project.

"Project Book Amendment" shall have the meaning set forth in Section 4.4.

"Project Book Price" means the total price to fully replace the full LSL project bundle within a given Project Book.

"Project Dataroom" means the virtual data room maintained by the Manager (or a Contractor engaged by it) for each Project.

"Project Site" means, with respect to each Budgeted Project, the geographic area specified in the Project Book.

"Proposed Project" means a group of LSLs proposed to be replaced pursuant to the Program.

"Schedule" means a schedule to this Agreement which is incorporated into and shall be a part of this Agreement, unless the context or usage of such term clearly indicates a reference to another document.

"Scheduled Substantial Completion Date" shall, to the extent applicable, be the date anticipated for Substantial Completion of a Budgeted Project as stated in the applicable Project Book or as changed by Notice from the Manager in accordance with Section 5.1, as such Scheduled Substantial Completion Date may be extended pursuant to this Agreement.

"Section" means a section of this Agreement, unless the context or usage of such term clearly indicates a reference to another agreement or statute.

"Site Owner" shall mean the owner of real property where a Project is located.

"Subcontractor" means any firm engaged by a Contractor that provides Work but does not include vendors or suppliers for Manager's overhead, administrative, general requirements or insurance.

"Substantially Complete" or "Substantial Completion" means that all of the Work with respect to a Project is sufficiently complete such that it is capable of functioning, as reasonably determined by the Certifier.

"Target Class Business" shall mean a business entity that is small business, a minority-owned business, a woman-owned business, a veteran owned-business, or a union business.

"Target Class Business Utilization KPI" shall mean the Semi-Annual KPI as set out by Schedule 3 which is earned if the Manager awards a negotiated percentage of Construction Work to Target Businesses.

"Term" shall have the meaning specified in Section 1.2.

"Training Individuals and Businesses KPI" shall mean the Annual KPI as set out by Schedule 3 which is earned if the Manager implements a Workforce or Contractor Development Program and achieves the quantifiable goals set out in Schedule 2 for each year or determined annually in each Annual Plan in negotiation with the City.

"Uncontrollable Circumstance" means any act, event or condition that:

(a) prevents or, individually or in the aggregate, materially delays the Manager or the City from fulfilling its obligations hereunder, or

(b) materially increases the cost of performing the applicable Party's obligations under this Agreement, to the extent such act, event or condition is due to circumstances beyond the reasonable control of the Party asserting an Uncontrollable Circumstance; provided, however, such act, event or condition shall not be the result of such Party's failure to perform its obligations hereunder in accordance with the terms and conditions of this Agreement.

(1) Subject to said terms and conditions, the following acts, events or conditions are examples, but not limitations, of what may qualify as an Uncontrollable Circumstance:

(A) an act of God, hurricane, tornado, severe storm, tsunami, severe flood, epidemic, pandemic, severe earthquake, severe fire, explosion or landslide, act of a public enemy, terrorism, war, blockade, insurrection, riot, restraint of government and people, civil disturbance, sabotage or similar occurrence;

(B) the order, injunction or judgment of any Governmental Authority, including any exercise of the power of eminent domain, police power, condemnation or other taking by or on behalf of any public, quasi-public or private entity; excepting decisions interpreting federal, City, state or local tax laws; provided, so long as such order, injunction or judgment did not arise from the negligence or the willful misconduct of the Manager. For the avoidance of doubt, neither the contesting in good faith of any such order, injunction or judgment nor the reasonable failure to so contest shall constitute or be construed as negligence or the willful misconduct of the Manager;

(C) the suspension, termination, interruption, denial, failure to issue, modification, or failure of renewal of any Permit; so long as such act, event or condition did not arise from the negligence or willful misconduct of the Party relying thereon and that neither the contesting in good faith of any such order nor the reasonable failure to so contest shall be construed as negligence or willful misconduct of such Party;

(D) a Change in Law;

(E) any subsurface or latent physical condition (including the presence or discovery of protected species, archaeological objects, unusual geological conditions or hazardous waste, but excluding such materials brought to a Project Site by the Manager), which shall prevent, or require redesign or change in, the construction of, or adversely affect the Work completion schedule for, the relevant Budgeted Project;

(F) the failure of any Contractor to furnish services, materials, supplies, utilities or equipment on or before the dates agreed to, or the failure of any Subcontractor to procure labor or transportation in the open market; provided (i) such failure is the result of an act, event or condition outside of the Manager's reasonable control and not due to the negligence or willful misconduct of the Manager, (ii) such failure materially and adversely affects the Manager's ability to perform its obligations and (iii) the Manager is not reasonably able to obtain substitute services, materials, supplies, utilities, equipment, labor or transportation at comparable cost on or before the agreed upon dates;

(G) any labor strike, walkout, work stoppage or slowdown or similar industrial or labor action by the employees of the Manager or any of its Contractors performing Work on a Budgeted Project which directly results in a material delay in the performance of the Work, unless the final adjudication by a court of competent jurisdiction finds that such event was principally caused by the Manager's breach of any applicable collective bargaining agreement;

(H) the failure of the Certifier to perform its obligations other than as a result of Manager Cause; and

(I) Any interference by the Site Owner, or any officer, agent, employee, subcontractor or independent contractor of the Site Owner, with the development or maintenance of a Project, or damage to a Project caused by the Site Owner or any Person permitted on the Project Site by the Site Owner, or the failure of the Site Owner properly to maintain or protect the Project Site.

(2) None of the following acts, events or conditions shall constitute an Uncontrollable Circumstance under this Agreement:

(A) any act, event or condition which is caused by the negligence or willful misconduct or interference of (i) the Manager, any of its Affiliates or (ii) the City, its subcontractors, agents or employees; provided, however, if the affected Party is the Manager, then a Change in Law resulting from an enactment of an Applicable Law by the City shall nevertheless constitute an Uncontrollable Circumstance;

(B) reasonably anticipated weather conditions in the geographic area of the City, other than those listed in (1)(A) of this definition or other prolonged, severe weather conditions; and

(C) changes in the financial condition of the City, the Manager, Affiliates or any contractor or subcontractor or supplier affecting the affected Party's ability to perform its obligations under this Agreement.

(3) The City may not assert the occurrence of an Uncontrollable Circumstance in order to excuse or delay the making of any payment due pursuant to this Agreement. In the event that the City is excused from the timely performance of any obligation hereunder because of the occurrence of an Uncontrollable Circumstance, the Manager shall be entitled to submit a Material Change

Order, the need for which is directly attributable to the City's excused or delayed performance as a consequence of such Uncontrollable Circumstance.

"Warranty Period" means, with respect to a given Project, the period beginning upon Substantial Completion of that Project and lasting one (1) year thereafter.

"Work" means all the duties, obligations and activities the Manager is responsible for performing or causing to be performed with respect to each Project.

Section 2.3 Data Sharing and Notifications.

Section 2.3.1 Project Dataroom. As a general rule, all documents with respect to the Program and the Projects shall be posted to the Project Dataroom maintained by the Manager when and as they are ready for delivery to the other Party. So long as the City has provided to the Manager the names and valid email addresses for its Authorized Representatives and the Certifier, the Manager shall provide, or cause the Project Dataroom operator to provide to the City, its Authorized Representatives and the Certifier, at all times, full and complete access to the Project Dataroom, including the right and ability to view, print and download the information therein.

Section 2.3.2. Posting Notification. Each Party shall, promptly upon posting any document or information to the Project Dataroom, deliver or cause to be delivered to the other Parties (including their respective Authorized Representatives) a Posting Notice.

Section 2.3.3. Confidentiality and Disclosure. The Parties acknowledge and agree that, given the novel and innovative nature of the Program, (i) information contained in the Project Dataroom is intended to be of a confidential and proprietary nature, and (ii) access by, and disclosure of information in the Project Dataroom to, third parties (other than the Certifier or the Engineer) could either impair the future ability of the City, the Manager or its Affiliates to obtain information in a similar or different project or manner or could cause substantial harm to the competitive position of the City and/or the Manager or its Affiliates in similar or different endeavors. The City and the Manager will provide prompt Notice to each other of any requests from third parties (other than the Certifier or the Engineer) for information from or access to the Project Dataroom. The Parties further agree that in the event that use of the Project Dataroom as contemplated herein causes an enhanced risk of the disclosure to third parties (other than the Certifier or the Engineer) of confidential or proprietary information posted in the Project Dataroom, the Parties will collaborate in an effort to either make appropriate modifications to the requirements of the Project Dataroom or consider alternative means of communicating information under this Agreement intended to maintain the confidentiality of such information. Nothing herein shall prevent, impede or limit the City from complying with its obligations under Applicable Law with respect to the disclosure of information.

Section 2.3.4 Public Records. Notwithstanding anything in this Section 2.3, or any other part of this Agreement, the Manager understands that the City is bound by the Wisconsin Public Records Law, Wis. Stat. §19.21, et. seq. pursuant to Wis. Stat. §19.36(3), and that the City may be obligated to produce, to a third (3rd) party, the records of Manager that are "produced or collected" by Manager under this Agreement ("Records"). Manager is therefore obligated to retain such Records and produce them to the City to the extent it is required under the Wisconsin Public Records Law. Manager's failure to maintain and produce Records as required by this Section 2.3.4 shall constitute a material breach of this Agreement, and Manager agrees to hold the City, and its officers, elected officials and employees, harmless from liability due to such breach, and shall indemnify the City, its officers, elected officials and employees, from any damages or costs, including reasonable attorney's fees, due to Contractor's failure to comply with this Section 2.3.4. Manager's records and other documents produced in the ordinary course of its business are not subject to such disclosure.

Section 2.3.5 Public Meetings. With regard to any public information or public participation meetings held by Manager, including, but not limited to, Project Bid Contractor Information Sessions, the Manager will share relevant details with the City and the City will post notice as required by Wis. Stat. §19.84. Additionally, there shall be provided on the City's official website, the posting of such meetings on the City's calendar. The City shall provide a link to the Manager's website on the City's website, as well as posting regular updates on this project. The Manager shall post regular updates to the Manager's website on this project.

ARTICLE III.
ANNUAL PLANNING

Section 3.1 Preparation and Contents of the Annual Plan.

(a) Preparation of the Annual Plan. During the one (1) year period prior to each Construction Season (or, with respect to the first Construction Season, within one hundred twenty (120) days following the Contract Date), representatives of the City and the Manager shall, not less than on a monthly basis, meet to discuss (a) the Proposed Project(s) contemplated to be initiated during the upcoming Construction Season, and (b) the workforce and/or contractor development requirements contemplated for the upcoming Construction Season. Based on such discussions between the Parties, not less than one hundred twenty (120) days prior to the start of each Construction Season (or, in the case of the first Billing Year, within one hundred twenty (120) days after the Contract Date), the Manager shall prepare a draft of the Annual Plan.

(b) Contents of the Annual Plan. The draft Annual Plan, which shall be substantially in the form attached hereto as Schedule 1, shall set forth:

(1) For each Proposed Project anticipated to be initiated during the upcoming Construction Season:

(A) the proposed Project Site;

(B) the total number of LSLs to be replaced within the City's utility service area once such Proposed Project is Substantially Complete and Accepted;

(C) the anticipated Construction Commencement Date;

(D) the anticipated date of Acceptance;

(E) the budget for each such Annual Plan ("Annual Plan Budget"); and

(F) based on the Annual Plan Budget, the estimated Base Fee and Deferred Compensation Fee (as such terms are defined below).

(2) An anticipated project schedule for the applicable Construction Season with respect to each Budgeted Project.

(3) Proposed community outreach and stakeholder engagement activities for the upcoming calendar year.

(4) Proposed workforce and/or contractor development activities for the upcoming Construction Season.

The Manager acknowledges and agrees that City will rely on such Annual Plan in determining the amount of the aggregate funding needed for development and construction of the Proposed Project(s) for each applicable Construction Season. The scope of each Annual Plan will be developed in alignment with the expected incoming funding from the Infrastructure Investment and Jobs Act, Pub. L. No. 117-58 (2021), commonly known as the "Bipartisan Infrastructure Law," administered through Wisconsin Department of Natural Resources ("WDNR") and any other funding sources available to the City. Accordingly, in preparing the Annual Plan, the Manager shall use good faith estimates based on its current understanding of the relevant facts and circumstances for each Proposed Project.

If the Parties cannot agree on the Annual Plan Budget for one or more Proposed Project(s), the City may elect, by delivering Notice to the Manager's Authorized Representative, to (A) extend the date for approval of the Annual Plan, or (B) remove the Proposed Project(s) from the Annual Plan.

Each Proposed Project specified for implementation during a particular Construction Season, as set forth and approved in an Annual Plan, shall be deemed to be a "Budgeted Project" for purposes of this Agreement.

Section 3.2 Review and Approval of the Annual Plan. The City and the Manager shall collaborate in good faith to finalize each Annual Plan by no later than January 31 in each Fiscal Year, and in any event, prior to the start of each Construction Season. Each final Annual Plan, together with any changes, modifications or amendments thereto from time to time (the "Final Annual Plan"), shall be mutually acceptable to and executed by the Manager and the City. Upon execution thereof, a copy of each Final Annual Plan shall be attached as an exhibit to this Agreement.

Section 3.3 Amendment of Final Annual Plan. The Final Annual Plan for a Construction Season may only be amended, modified or supplemented with the prior written consent of the City and the Manager.

ARTICLE IV.
PROJECT PLANNING AND PRE-CONSTRUCTION

Section 4.1 Development of Project Books. Not less than fifteen (15) months prior to the start of each Construction Season, the Manager and the City shall meet to review and discuss all Proposed Projects under the Program. By no later than twelve (12) months prior to the start of each Construction Season, the Manager and the City shall develop a list of Proposed Projects they agree to submit for implementation, pursuant to the process set forth in Section 4.3 below. Subject to the terms of Section 4.2 below, for each such Proposed Project, the Manager and the City shall cooperate in good faith to agree upon a list of Budgeted Projects and to finalize each Project Book therefor in accordance with the process set forth Section 4.4 below by no later than ten (10) months prior to the start of each Construction Season.

(a) Competitive Pricing for Subcontracted Construction Work. Prior to submitting a Project Book to the City, the Manager shall conduct a public competitive pricing process for Subcontractors for all Construction Work expected to cost greater than $25,000 relating to construction of the Budgeted Projects. The lowest bid responding to the Invitation to Bid by a responsible bidder shall be selected, unless all bids are rejected. The Manager shall make such bid submissions available to the City by no later than the time the Manager submits the proposed Project Book for the City's review.

(b) Permits and Licenses. The Manager shall secure or set forth the process to secure all Permits necessary to construct the relevant Budgeted Projects. The City shall exercise all commercially reasonable efforts to assist the Manager in obtaining these Permits. Manager may submit and the City may review a particular Project Book prior to the obtaining of all required Permits; provided, however, the City's review of such Project Book shall not relieve or otherwise diminish the Manager's obligation to secure Permits prior to the performance of the Work for which such Permits are required.

(c) Access to Project Site. The Manager shall obtain, or cause to be obtained, any and all access rights, servitudes, easements and rights-of-way necessary to construct the relevant Budgeted Projects from all Persons (other than the City), including all utility providers. The City shall exercise all reasonable efforts to assist the Manager in obtaining such necessary access rights, servitudes, easements and rights-of-way, including, but not limited to, from the City.

(d) Agreements with Site Owners. Manager is responsible for obtaining all access and/or easement agreements from any Site Owner to conduct the Work for a particular Project, as deemed necessary in the Manager's reasonable discretion.

Section 4.2 Termination of Budgeted Projects Prior to Final Project Book. Either the City or Manager shall have the right to terminate or defer consideration of a Budgeted Project prior to the City's review of the Project Book in accordance with Section 4.4 for the relevant Budgeted Project (in which case, the proposed Project Book shall be modified accordingly).

Section 4.3 Submission of Project Books. The Manager will submit to the City for review one or more Project Books. Unless otherwise specified in a submittal, a reasonable time for review and comment by the City shall mean ten (10) Business Days after its receipt of a Project Book for review and comment. Failure by the City to deliver comments in writing to Manager within ten (10) Business Days after its receipt of a Project Book shall constitute a waiver of any comments or objections thereto; provided, however, that if, within such ten (10) Business Day period, the City notifies the Manager in writing that additional review time is required, a failure of the City to provide comments shall not constitute a waiver unless such failure continues for an additional five (5) Business Days.

Section 4.4 City Review of Project Books. Upon the later to occur of completion of review by the City of each Project Book, and confirmation of the availability of funds sufficient to pay the sum of the estimated Project Book Prices for Projects included in such Project Book, each Project described therein shall constitute a "Budgeted Project" and thereafter such Project Book shall be referred to as a "Final Project Book." Manager shall thereafter proceed to implement the Budgeted Project(s) reflected therein in accordance with Article V. The Manager shall not be required to commence Work on a Budgeted Project unless the Manager shall determine, based upon such assurances or certifications from the City as Manager shall reasonably require, that adequate funds are available from the sources provided for herein for the Project Book Price for each Budgeted Project in the Final Project Book.

Section 4.5 Amendment of Final Project Book. A Final Project Book and a Budgeted Project may only be amended, modified or supplemented by written agreement of the City and the Manager or pursuant to a Change Order as authorized by this Agreement (each a "Project Book Amendment").

ARTICLE V.
CONSTRUCTION

Section 5.1 General Scope of Construction Period Work. Following the City's acknowledgement of a Final Project Book, the Manager shall deliver Notice to the City regarding any changes to the Construction Commencement Date and/or the Scheduled Substantial Completion Date for the applicable Budgeted Projects as stated in the Project Book. The Manager shall be responsible for selection, management and implementation of all construction means, methods, techniques, sequences, and procedures necessary or desirable for the correct, prompt and orderly prosecution and completion of the Work and the Budgeted Projects.

Section 5.2 Engagement of Certifier. Promptly following execution of this Agreement, the City and the Manager shall agree upon and the Manager shall engage a firm or an individual (the "Certifier") appropriately qualified to inspect the construction Work performed, to advise the City whether or not such Work is performed in accordance with the applicable standards and to issue applicable KPIs for Projects that have achieved Substantial Completion. Either Party may, upon thirty (30) days' Notice to the other Party, request that the Certifier be replaced by another mutually acceptable Person qualified to act in such capacity; provided that, unless agreed to by the Manager and accompanied by any necessary adjustment to the Scheduled Substantial Completion Date and the applicable Project Book(s), the Certifier shall not be replaced with respect to any Budgeted Project if such replacement would delay the completion or increase the cost of such Budgeted Project.

Section 5.3 Project Site; Access Roads and Utilities.

(a) Site of Construction. Each Budgeted Project shall be constructed on the relevant Project Site described or depicted in the Final Project Book.

(b) Access Roads and Utilities. If needed, the City will assist the Manager to obtain from the applicable municipality(ies) appropriate provision for roads, utilities and utility distribution systems within each Project Site. The Manager shall be responsible (i) for any damage, destruction, loss, or injury to roads, utilities and utility distribution systems within each Project Site caused by its negligence or willful misconduct in the performance of Work, (ii) for obtaining all necessary electricity service connections required for construction, installation and Substantial Completion of the relevant Budgeted Project, and (iii) with the cooperation of the City, for obtaining and maintaining all necessary taps into sewer and water lines. The cost of all such systems, design and construction shall be included in the Project Book Price.

The Manager shall be responsible for notifying all affected utility companies prior to performing any Work that could impact the relevant utility service or infrastructure and shall cooperate with the utility providers in connection with such Work. The Manager shall cooperate with the owners of any underground utilities or overhead utility lines in order to minimize the disruption of these utility operations to the extent reasonably practicable. In the event of interruption to utility services as a result of accidental breakage, or as a result of being exposed or unsupported, the Manager shall promptly notify the proper authority and shall cooperate in the restoration of the service.

Section 5.4 Construction.

(a) Minimization of Interference.

(1) Public Convenience and Safety. The Manager shall at all times conduct the Work in a manner to create the least practicable interference and obstruction to all forms of traffic, the Site Owner and the general public, residents and tenants at or adjacent to the relevant Project Site, shall take commercially reasonable steps to minimize noise, any objectionable or unpleasant odors, dust, vibrations, inconvenience and disruption to such Persons, and shall comply with Applicable Laws governing construction activities.

(2) Preservation, Protection and Restoration of Property. The Manager shall exercise reasonable care to protect the property of others from injury or loss arising from the Work. The Manager shall, to the extent practicable, keep each Project Site clean of dirt, debris, rubbish and waste materials arising out of the Work. At the completion of the Work, the Manager shall promptly remove all dirt, debris, rubbish and waste materials arising out of

the Work from and about the Project Site, including any material laydown, staging, storage or work force area, which shall be returned in a clean, neat, and workmanlike condition.

(b) Discovery of Contamination. If, during construction, any Contractor encounters unexpected contamination or potential contamination such as, but not limited to: underground storage tanks, soil that is discolored or has an odor, or free product, the Contractor shall immediately take steps to ensure that the contamination is contained and protected and shall notify Manager. Manager shall deliver Notice to the City and the applicable Site Owner. Manager, City and such Site Owner shall determine the most appropriate next steps which may include:

(1) Notification of the WDNR;

(2) A decision whether the contamination can be removed, so as to allow the project to continue;

(3) A decision to terminate, modify, or continue with construction; and/or

(4) A Compensable Change Order for appropriate adjustments in the Project Book Price and Scheduled Substantial Completion Date.

The Manager shall not be compelled without its consent to continue with construction of the Project without a Compensable Change Order.

(c) Environmental Litigation: Defense. In the event that the performance of all or any part of the Work on a Project or under the Program gives rise to Environmental Litigation where the City and/or Manager are named as defendants, each party shall be responsible for its own defense and liabilities.

(d) Employees and Workmanship.

(1) Qualified Employees. Other than supervised apprentices or participants in workforce or contractor development/training programs, only personnel trained and skilled in the task assigned to them may be employed on any portion of the Work.

(2) Licensed Employees. When Applicable Laws require that certain personnel be licensed, then all such personnel employed on the Work shall be so licensed.

(3) Methods and Quality.

(A) All workmanship shall be of the standards set forth in the Project Book for such Budgeted Project. Recommendations of the manufacturers of specified materials shall be considered as a part of such specifications.

(B) Materials shall be accurately assembled and set, and when so required in good construction, shall be true to line, even, square, plumb, level, and regularly spaced and coursed.

(4) Supervision. The Manager shall ensure appropriate and adequate supervision at each Project Site at all times during the progress of the Work.

(5) Safety. The Manager shall require all legally mandated precautions to prevent injury or damage to persons and property in or about the Budgeted Project and each Project Site through until the applicable Project becomes a Completed Project.

(6) Emergencies. In the event of any Emergency affecting the safety of persons, the Work or property (including the Project Site and property immediately adjacent thereto), absent specific instructions or authorizations from the City if time or circumstances do not permit, the Manager shall take whatever reasonable measures are necessary under such circumstances to prevent or mitigate threatened damage, injury or loss. The Manager shall, as expeditiously as reasonably practicable after the occurrence of such Emergency, give Notice to the City of such Emergency providing reasonable details thereof. If the Manager reasonably believes the Emergency required additional Work which was actually performed, the Manager may submit to the City a written statement describing in reasonable detail (a) the Work performed, (b) the cost of such Work and (c) the effect of the Work, if any, on the Project Book Price as set forth in the Project Book, or on the guarantees, warranties or obligations of the Manager under this Agreement, and shall be entitled to a Compensable Change Order with respect to such Work.

Section 5.5 Construction Management, Monitoring and Review; Inspections; Acceptance.

(a) Work Progress: Monthly Status Report. Beginning with the Construction Commencement Date of a Budgeted Project, the Manager shall, on a monthly basis, prepare and submit to the City a written report (the "Monthly Status Report") containing the status of planning, procurement and construction activities for each Budgeted Project, including an updated project schedule therefor.

(b) Monthly Meetings. The Manager shall meet with the City's Authorized Representatives monthly or on such other periodic basis as the Parties shall determine in order to review the Monthly Status Report, discuss problems and corrective actions planned, and generally keep the City up to date on all material issues related to the Projects. The Manager may request that representatives of the City at particular monthly meetings include such senior officials of the City as the Manager believes may be helpful in addressing particular issues or problems.

(c) Inspections. After receiving written permission from Site Owners setting forth reasonable hours of access, the City, its agents and Authorized Representative shall be granted access to each Project Site at reasonable times in order to monitor or inspect the Project Site of each Budgeted Project. Any such inspections or visits shall be conducted in a manner to minimize interference with the Work.

(d) Acceptance. At such time the Certifier confirms in writing to the City that each Project is Substantially Complete, the Manager shall no longer have any obligations with respect to such Project, except to satisfy warranty claims under Section 5.5(e) below.

(e) Warranty. The Manager warrants to the City that materials and equipment furnished under this Agreement will be as provided by the Project Book for each Project and new unless the applicable Project Book requires or permits otherwise. The Manager further warrants that the Work will conform to the requirements of this Agreement and will be free from defects, except for those inherent in the quality of the Work or permitted by this Agreement or the applicable Project Book. Work, materials, or equipment not conforming to these requirements may be considered defective. The Manager's warranty excludes remedy for damage or defect caused by abuse, alterations to the Work not executed by the Manager, improper or insufficient maintenance, improper operation, or normal wear and tear and normal usage. If required by the Certifier, the Manager shall furnish satisfactory evidence as to the kind and quality of materials and equipment. Notwithstanding any other provision of this Agreement, it is agreed that the Manager does not expressly or impliedly warrant the adequacy, sufficiency, or suitability of the plans, specifications, specified materials, or equipment, or other documents including in each applicable Project Book, including, without limitation, any specified sole source or brand-named products, equipment, or materials. Other than the express warranty contained in this Section 5.5(e) and in Section 10.1, the Manager makes no other warranty whether express or implied. The duration of all warranties of any kind from the Manager to the City shall be for the duration of the Warranty Period. The Manager agrees to assign to the City at the time of final completion of each applicable Project any and all manufacturer's warranties relating to materials and labor used therein and further agrees to perform the Work in such manner so as to preserve any and all such manufacturer's warranties.

Section 5.6 Change Orders. Either Party may propose changes, improvements or additions to a Budgeted Project (each, a "Change Order") at any time prior to Substantial Completion of such Budgeted Project. Manager may make changes that do not constitute Material Change Orders without Notice to the Owner.

(a) Material Change Orders. Any Party proposing a Material Change Order (as defined below) shall submit Notice of the proposed Material Change Order to the other Party in advance for review and approval. For purposes hereof, a "Material Change Order" means any Change Order which will, or can reasonably be expected to:

(1) change the quality, integrity, durability or reliability of such Budgeted Project; or

(2) substantially modifies the cost or schedule for a Budgeted Project from what is set forth in the Project Book therefor.

If the Manager proposes a Material Change Order, then it shall prepare and submit a proposed Project Book Amendment describing any resulting adjustment to the Project Book Price and/or Scheduled Substantial Completion Date.

If the City proposes a Material Change Order, then it shall submit to the Manager a Notice (a "Change Order Proposal"), which shall describe in reasonable detail the proposed Material Change Order, and within ten (10) Business Days after receipt thereof (or such longer time period as may reasonably be required), the Manager shall prepare and provide to the City a proposed Project Book Amendment as described above. The City shall have ten (10) Business Days to approve and execute or reject such Project Book Amendment, and failure of the City to act within such l0-day period shall be deemed to be an approval of the Project Book Amendment and the applicable Change Order proposal.

A Site Owner may propose Change Orders as long as the City, the Manager and the Site Owner agree to the modification of the Project and as to how the costs of such Change Order are to be borne.

Disputes arising out of this Section 5.6 shall be resolved in accordance with Section 10.15 provided, however, that the Manager shall not be required to proceed with any Material Change Order proposed by the City unless adequate provision, including adequate funding, is made for the direct impact, if any, of such Change Order on the Project Book Price, and/or Scheduled Substantial Completion Date. If the City and the Manager cannot agree as to the terms of "adequate provision" as described in the preceding sentence, and if the City insists upon proceeding with the particular Material Change Order, the Manager may terminate the applicable Budgeted Project as if for an Uncontrollable Circumstance in accordance with the provisions of Section 5.6(d).

(b) Compensable Change Orders.

If an Emergency, an Uncontrollable Circumstance or City Cause results or is reasonably expected to result in a material alteration of the Work, the Manager's costs thereof or the time to construct a Budgeted Project in such fashion as otherwise to require a Material Change Order, the Manager shall (i) be entitled to an adjustment to any or both of (A) the Project Book Price and (B) the Scheduled Substantial Completion Date, and (ii) propose a Compensable Change Order to the City. The proposed Compensable Change Order may propose (a) suspension of the Budgeted Project; (b) termination of the Budgeted Project; and/or (c) modification of the Budgeted Project, in each case with a non-binding estimate of the impacts to the financial, construction, or schedule and obligations of the Manager and a reasonable date by which the Manager requires a response from the City, and, in the case of a suspension, a description of the circumstances under which the Budgeted Project could resume. The City shall provide timely a written response to the proposed Compensable Change Order, indicating its order of preference among or between the alternative courses of action outlined in the proposed Compensable Change Order.

(c) Resolution of Compensable Change Orders.

The Manager shall provide in writing the fixed price to (i) implement the City's preferred course of action or, (ii) if a fixed price cannot be provided on the basis of then-current information, to prepare a concept proposal with respect to the Compensable Change Order. If the City approves concept proposal for the Compensable Change Order, the Manager shall furnish a more detailed plan within fifteen (15) Business Days thereafter or such other period of time on which the Parties may mutually agree. The more detailed plan may include fixed prices where known, or may include a compensation structure based on agreed to labor rates and material mark-ups. As a guiding principle, the cost of the Compensable Change Order should reflect the original Project Book Price plus a reasonable incremental cost to address the Uncontrollable Circumstance or City Cause, plus a markup of twelve and one half percent (12.5%) for the Manager on the incremental costs.

The Compensable Change Order proposal shall describe in reasonable detail the appropriate revisions (i) to the Work and the standards, requirements and specifications, for the relevant Budgeted Project, (ii) of any obligation of either Party under this Agreement, and (iii) to the relevant Scheduled Substantial Completion Date, resulting from the Compensable Change Order (including the time periods for preparation, review and approval of said proposal). If, within ten (10) Business Days following receipt of the Manager's proposed price, or such other period of time on which the Parties may mutually agree, the City notifies the Manager that the City wishes to proceed with such Compensable Change Order, the items and obligations referred to above shall be revised, as applicable, in accordance with the Manager's proposal, and the Parties shall either execute the Compensable Change Order or prepare documentation for the City's next committee/commission agenda, if required. The Manager shall proceed with any Compensable Change Order pursuant to this Section 5.6(c) only upon receiving the City's written authorization; provided, however, the Manager is authorized, notwithstanding the provision of this paragraph, to proceed with any work necessary to address an Emergency.

(d) Failure of Parties to Agree to Compensable Change Order Terms. If the City and the Manager cannot agree to the terms of the Manager's proposal for a Compensable Change Order, or if the City elects not to proceed with a Change Order resulting from the occurrence of an Uncontrollable Circumstance or fails to provide sufficient funds therefor, the Manager may suspend Work on the Budgeted Project in part or in whole, and/or terminate such Budgeted Project, and such dispute shall be resolved in accordance with Section 10.15.

ARTICLE VI.
COMPENSATION

Section 6.1 Actual Program Costs. The City shall pay and reimburse the Manager, on a monthly basis, the Direct Costs.

Section 6.2 Base Fee. The Manager's base fee for each Project ("Base Fee") shall be structured as a cost-plus fee and paid by the City to the Manager as a markup of the sum of the actual Direct Costs payable by the City in accordance with this section, as such costs are incurred and invoiced by the Manager to the City. The Base Fee is to address a set of actions taken to make capital improvement to address LSL and to the extent possible, shall be illustrated in each Annual Plan and Project Book to maximize eligibility for financial assistance under Wis. Admin. Code ch. NR 166 and applicable Wisconsin and federal law. The Base Fee will be invoiced and paid monthly and will be a seven and one half percent (7.5%) markup of the sum of the Direct Costs. For the avoidance of doubt, the Base Fee does not include (i) the actual Project costs of Subcontractors directly relating to the planning, construction, installation and Acceptance of a Project, or (ii) the actual Program costs of Subcontractors directly relating to the implementation of the Socio Economic Development Plan set forth on Schedule 2 attached hereto.

Section 6.3 Performance-Based Fee. The Key Performance Indicators (KPIs) set forth on Schedule 3 are performance-based cost-plus fees. These fees will be derived and applied to all Direct Costs. The Manager's achievement of each of the KPIs set forth on Schedule 3 shall earn a corresponding fee in the amount of one percent (1%) Direct Costs, for a maximum of a five percent (5%) cumulative Performance-Based Fee. The details for goals and implementation of each KPI are set forth in Schedule 3. Within thirty (30) days following the end of each KPI reporting period, discussed below, the Manager shall prepare and deliver to the City a detailed report summarizing its performance and achievement with respect to the goals set forth in Schedule 3. If and to the extent the KPIs are earned by the Manager with respect to any KPI reporting period, then the amount due shall be invoiced by the Manager in its next monthly Application for Payment.

(a) Reporting Period for Annual KPIs. The LSL Cost KPI, LSL Implementation Schedule KPI, Training Individuals and Businesses KPI shall be calculated and submitted by the Manager to the City within thirty (30) days after the end of each Construction Season.

(b) Reporting Period for Semi-Annual KPIs. The Local Business Utilization KPI and the Target Class Business Utilization KPI shall be calculated and submitted by the Manager to the City within one hundred thirty (30) days following each June 30 and December 31 during the Term.

Section 6.4 General Requirements & Conditions. The manager shall be entitled to General Requirements and Conditions reimbursement equal to two and one half percent (2.5%) of Direct Costs which shall include the Manager's expenses associated with the program such as personnel (whether as an employee, consultant or otherwise), overhead, administrative and other internal costs of the Manager.

Section 6.5 Method of Payment by the City. With respect to items to be paid with City funds or funds administered by the City, the following procedures shall govern:

(a) Application for Payment. On or before the eighth (8th) day of each Billing Month, the Manager shall submit to the City's Authorized Representative an application signed by the Manager ("Application for Payment") for the Direct Costs of each Project that has proceeded to construction pursuant to Article V, in each instance for the immediately preceding Billing Month. Each Application for Payment shall include:

(1) the Certifier's certification that the materials, supplies and labor incorporated in the applicable Project are in a percentage consistent with the Manager's Application for Payment for the applicable Billing Month;

(2) the Certifier's certification of KPIs delivered on a Project that has achieved Substantial Completion;

(3) for the applicable Billing Month, lien waivers from each Contractor for each Project, and which lien waivers shall set forth the amounts to be received from said disbursements, the official capacity of the signatory to the waivers, the name and address of the Project, and be property acknowledged. Each such lien waiver, whether partial or final, must stipulate that all lien rights are waived with respect to the total amount disbursed up to and including the last date upon which labor or material was supplied and for which payment was made; and

(4) a sworn Contractor's statement, setting forth the names and addresses of all current and/or future Subcontractors and materialmen for the applicable Project including the labor to be furnished by such Subcontractors and the amounts of all subcontracts, the previous payments made on all subcontracts, the amounts due on all subcontracts for the current Application for Payment and the balance due on all subcontracts thereafter. The foregoing shall be delivered to the City on form AIA G702 or as an attachment to the Application for Payment.

(b) General Payment Requirements. The City shall make payment for all amounts submitted for the immediately preceding Billing Month and documented in accordance with the preceding Section 6.5(a). These amounts shall include actual direct costs, the Base Fees earned and payable to the Manager, and if applicable, the Performance-Based Fee earned and payable to the Manager.

The City shall review each Application for Payment and, within ten (10) Business Days following the receipt thereof, either (a) approve such Application for Payment in the amount requested, in which case payment shall be made in thirty (30) days or (b) notify the Manager in writing of any reasons then known for withholding its approval of all or any portion of such application. In the latter case, the City shall pay the portion of the Application for Payment approved and the Manager shall resubmit the portions not approved (corrected to remove any deficiencies stated in writing by the City).

If the City shall determine that, for specified reasons, the Manager is not entitled to all or any portion of the payment sought, (a) the City shall approve that portion of the Application for Payment that is not in dispute and (b) when the grounds for withholding approval for payment have been cured to the City's reasonable satisfaction, any amount withheld shall be paid promptly by the City.

The Manager shall comply with Wis. Stat. § 66.0135 and pay Contractors no later than seven (7) days of receipt of payment by the Manager from the City.

The Manager shall include in its agreements with Contractors, including suppliers and manufacturers of equipment, the provisions and requirements of this Agreement as applicable to their part of the Work included under this Agreement, together with such provisions as may be required pursuant to Applicable Law. Nothing contained in this Agreement creates any contractual relationship between the Manager and any Subcontractor.

Section 6.6 Interim Financing. Time is of the essence in creating the Program and performing the Work. To avoid foreseeable delay, the Manager shall begin Work and administering the Program prior to the City's receipt of annual grant funding or other funding sources, subject to reimbursement from the City for costs expended by the Manager, as more particularly set forth in this Section 6.6 below.

If the Manager is required to begin Work and administering the Program prior to the City's receipt of annual grant funding or other funding sources, the Manager shall advance the costs for such Work and Program administration, which costs shall be deemed Interim Financing subject to a flat annual interest rate of eight percent (8%) for Interim Financing Costs incurred by the Manager. The City shall repay the Manager for the Interim Financing and accrued Interim Financing Costs on a monthly basis within thirty (30) days of the date of each Manager's invoice therefor. In the alternative, the City may prepay the Manager's specified costs of performing the Work and administering the Program prior to the City's receipt of annual grant funding or other funding sources.

The Parties shall endeavor for any Interim Financing to be reimbursed to the City through annual grant funding to the City in accordance with applicable Wisconsin law, specifically Wis. Admin. Code ch. NR 166.

Section 6.7 Reconciliation. Following the end of each Billing Year, the Manager shall deliver to the City an annual reconciliation and settlement statement, together with an invoice setting forth any amounts due the Manager in accordance with this Section.

ARTICLE VII.
INDEMNIFICATION AND INSURANCE

Section 7.1 Manager Indemnification. The Manager shall indemnify, hold harmless and defend the City and the City's agents, officers, and employees (collectively, the "City Indemnified Parties"), from and against any and all Losses on account of any negligence, recklessness, or willful misconduct (including any act of fraud) of the Manager. The Manager shall not be required to reimburse, defend, or indemnify the City Indemnified Parties for loss or claim due to the negligence or willful misconduct of such City Indemnified Parties. The Manager shall promptly notify the City of the assertion of any claim against which the City Indemnified Parties are indemnified hereunder, shall defend the City Indemnified Parties against any such claim, and shall have the right to settle such claim without the approval of the City Indemnified Parties. The City agrees that it shall promptly notify the Manager of the assertion of any claims against which the City Indemnified Parties seek to be indemnified hereunder; provided, however, that the failure to give such notice shall not affect the Manager's indemnification obligation hereunder, except insofar as the failure to provide such notice increases the amount of the particular Losses. The extent of the Manager's indemnification shall not be limited in any way as to the amount of any insurance limits contained in any insurance policy procured or provided in connection with this Agreement.

The indemnification provided by the Manager to the City pursuant to this Section 7.1 shall not run to any Site Owner and shall not extend to any loss based upon a claim of any Site Owner other than a claim caused by the negligence, recklessness, or willful misconduct (including any act or fraud) of the Manager.

Section 7.2 Insurance. The Manager shall maintain insurance of the types and in the amounts described in this Agreement and meeting the requirements specified in Schedule 1 attached hereto. The Manager shall cause the Contractor to secure and maintain insurance as part of their contracts with the Manager in accordance with Schedule 1. Such Contractor insurance, except for professional errors and omissions policies and workers compensation policies, shall name the City as an additional insured. The City may permit the Manager to arrange for a "contractor controlled insurance program" in order to satisfy some its insurance obligations hereunder, which coverage shall be as specified in the applicable Project Book for a Budgeted Project.

ARTICLE VIII.
CONTRACT EXTENSION

Section 8.1 Extension Period. If any LSLs remain within the City at the expiration of the Term, the City may, upon mutual agreement of the Parties, extend the Term for additional periods (each such period, an "Extension Period"). If the City exercises its option under this Section 8.1 the City shall deliver Notice to the Manager's Authorized Representative as soon as reasonably practicable, but at least thirty (30) days prior to expiration of the Term, whereupon this Agreement shall be extended on the same terms and conditions to facilitate completion of the Project(s) underway as of the date of such Notice of the applicable Extension Period.

ARTICLE IX.
REGIONALIZATION

Section 9.1 Regional LSL Professional Services. The Parties agree to allow the Manager to make available to other Wisconsin municipal and local governmental entities the extension of LSL Professional Services at a per LSL line cost. The Parties recognize the difficulty of administrating a Program and seek to develop a regional hub of LSL Professional Services. Upon request to either the City or the Manager for LSL Professional Services by another municipal or local governmental entity in Wisconsin, the City agrees to enter into agreements under Wis. Stat. §§ 66.0131 and 66.0301, if necessary and subject to Wausau Common Council approval, with the other municipal and local governmental entities to facilitate the receipt and/or furnishing of LSL Professional Services under the terms of this Agreement. In no circumstance may the City enter into an intergovernmental agreement with another municipality or local governmental entity to facilitate the receipt and/or furnishing of LSL

Professional Services under the terms of this Agreement without written consent of the Manager, which consent may not be unreasonably withheld or delayed.

ARTICLE X.
MISCELLANEOUS

Section 10.1 Representations, Warranties and Covenants of the Manager. Manager represents and warrants to the City and agrees and covenants with the City as of the Effective Date as follows:

(a) All copies of documents, contracts and agreements that Manager has furnished to the City are true and correct in all material respects.

(b) Manager has paid, and will pay when due, all federal, state and local taxes, provided, however, that the City and the Manager will work collaboratively to minimize sales tax on purchases of materials where possible, and will promptly prepare and file returns for accrued taxes prior to any taxes becoming delinquent..

(c) Manager will timely pay, or cause to be paid, for all work performed and materials furnished for the Project.

(d) No statement of fact by Manager contained in this Agreement and no statement of fact furnished, or to be furnished, by Manager to the City pursuant to this Agreement contains, or will contain, any untrue statement of a material fact or omits, or will omit, to state a material fact necessary in order to make the statements herein or therein contained for misleading at the time when made.

(e) Manager is a Delaware limited liability company duly formed and validly existing, in good standing, and has the power and all necessary licenses, permits and franchises to own its assets and properties and to carry on its business. Manager is duly licensed or qualified to do business and in good standing in Wisconsin.

(f) The execution, delivery and performance of this Agreement have been duly authorized by all necessary action of Manager and constitute the valid and binding obligations of Manager enforceable in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium, general principles of equity, and other similar laws of general application affecting the enforceability of creditors' rights generally.

(g) The execution, delivery, and performance of Manager's obligations pursuant to this Agreement will not violate or conflict with any of Manager's organizational documents or any indenture, instrument or agreement by which Manager is bound, nor will the execution, delivery, or performance of Manager's obligations pursuant to this Agreement violate or conflict with any law applicable to Manager or the Program.

(h) No default, or event which with the giving of notice or lapse of time or both would be a default, exists under this Agreement, and Manager is not in default (beyond any applicable cure or grace period) of any of its obligations under any other agreement or instrument entered into in connection with the Program.

Section 10.2 Representations and Warranties of the City. The City represents and warrants to Manager that:

(a) The City is a municipal corporation and political subdivision organized under the laws of the State of Wisconsin. Wausau Water Works is a water and sewer utility serving the City and overseen by the Wausau Waterworks Commission.

(b) The City has the authority to enter into this Agreement and carry out its obligations hereunder pursuant to the authority granted to it by the Wisconsin Constitution and State law.

(c) The City will cooperate with Manager throughout the term of this Agreement and shall use its best efforts to promptly review and/or process all submissions and applications in accordance with applicable City ordinances and policies.

(d) The parties below on behalf of the City have been fully authorized to execute this Agreement on behalf of the City. When executed and delivered to Manager, this Agreement shall constitute a legal, valid and binding obligation of the City, enforceable in accordance with its terms.

Section 10.3 Notices. All notices hereunder must be in writing and must be sent by United States registered or certified mail (postage prepaid) or by an independent overnight courier service, addressed to the addresses specified below:

Notices to Manager:

Community Infrastructure Partners, LLC

Attn: Sean Agid

with a copy to:
Godfrey & Kahn, S.C.
1 East Main St, Suite 500
Madison, WI 53703
Attn: Mike Wittenwyler

Notices to the City:

City of Wausau
407 Grant Street
Wausau, WI 54403
Attn: City Clerk

Wausau Water Works
407 Grant Street
Wausau, WI 54403
Attn: Eric Lindman

with a copy to:
City of Wausau
407 Grant Street
Wausau, WI 54403
Attn: City Attorney

Notices given by mail are deemed delivered within (3) three business days after the party sending the notice deposits the notice in the United States Post Office. Notices delivered by courier are deemed delivered on the next business day after the party delivering the notice timely deposits the Notice with the courier for overnight (next day) delivery.

Section 10.4 No Personal Liability. Under no circumstances shall any alderperson, council member, officer, official, director, attorney, employee or agent of the City or the Manager have any personal liability arising out of this Agreement, and no party shall seek or claim any such personal liability.

Section 10.5 Waiver; Amendment. No waiver, amendment, or variation in the terms of this Agreement shall be valid unless in writing and signed by the City and Manager, and then only to the extent specifically set forth in writing. Nothing contained in this Agreement is intended to or has the effect of releasing Manager from compliance with all applicable laws, rules, regulations and ordinances in addition to compliance with all terms, conditions and covenants contained in this Agreement.

Section 10.6 Entire Agreement. This Agreement and the documents executed pursuant to this Agreement contain the entire understanding of the parties with respect to the subject matter hereof. There are no restrictions, promises, warranties, covenants or undertakings other than those expressly set forth in this Agreement and the documents executed in connection with this Agreement. This Agreement and the documents executed in connection herewith supersede all prior negotiations, agreements and undertakings between the parties with respect to the subject matter hereof.

Section 10.7 No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of Manager and the City, and no third party (other than successors and assigns) shall have any rights or interest in any provision of this Agreement, or as a result of any action or inaction of the City in connection therewith.

Section 10.8 Severability. If any covenant, condition, provision, term or agreement of this Agreement is, to any extent, held invalid or unenforceable, the remaining portion thereof and all other covenants, conditions, provisions, terms, and agreements of this Agreement will not be affected by such holding, and will remain valid and in force to the fullest extent by law.

Section 10.9 Governing Law. This Agreement is governed by, and must be interpreted under, the internal laws of the State of Wisconsin. Any suit arising or relating to this Agreement must be brought in Marathon County, Wisconsin.

Section 10.10 Time is of the Essence; Deadlines. Time is of the essence with respect to this performance of every provision of this Agreement in which time of performance is a factor. In the event a deadline herein falls on a non-business day, the deadline shall be deemed to fall on the next following business day.

Section 10.11 Relationship of Parties. This Agreement does not create the relationship of principal and agent, or of partnership, joint venture, or of any association or relationship between the City and Manager.

Section 10.12 Captions and Interpretation. The captions of the articles and sections of this Agreement are to assist the parties in reading this Agreement and are not a part of the terms of this Agreement. Whenever required by the context of this Agreement, the singular includes the plural and the plural includes the singular.

Section 10.13 Counterparts/Electronic Signature. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which counterparts collectively shall constitute one instrument representing the agreement among the parties. Facsimile signatures and PDF email signatures shall constitute originals for all purposes.

Section 10.14 Termination.

(a) Termination by the Manager. If the Work is stopped during the Construction Season for a cumulative period of 14 days through no fault of the Manager, the Manager may, upon seven additional days' written notice to the City, terminate the Agreement and recover from the City payment for Work executed including a twelve and one half percent (12.5%) termination fee and reimbursement of the Manager's costs incurred by reason of such termination.

(b) Termination by the City for Cause.

(1) The City may terminate the Agreement if the Manager:

(A) refuses or fails to supply enough properly skilled workers or proper materials;

(B) fails to make payment to Contractors for materials or labor in accordance with the respective agreements between the Manager and the Contractors;

(C) disregards Applicable Law of a Governmental Authority; or

(D) is otherwise guilty of substantial breach of a material provision of this Agreement.

(2) When any of the above reasons exist, the City may without prejudice to any other rights or remedies of the City and after giving the Manager seven days' written notice, terminate this Agreement, and:

(A) take possession of the Project Site(s) and of all materials thereon owned by the Manager, with the cost of such materials being reimbursed by the City to the Manager within thirty (30) days, and;

(B) finish the Work by whatever reasonable method the City may deem expedient.

(3) When the City terminates the Agreement for one of the reasons stated in Section 10.14(b), the Manager shall not be entitled to receive further payment until the Work is finished.

(4) If the unpaid balance of the Base Fees and Performance-Based Fees exceeds costs of finishing the Work, such excess shall be paid to the Manager. This obligation for payment shall survive termination of the Agreement.

(c) Termination by the City for Convenience. The City may, at any time, terminate the Agreement for the City's convenience and without cause. In the event of a termination under this Section 10.14(c), the Manager shall be paid the value of the Direct Costs incurred as of the date of termination as determined pursuant to the terms of the Agreement (including materials stored off-site if approved by the City, fabricated items, specialty orders not able to be cancelled and re-stocking fees), less sums received by the Manager, plus a payment that shall include a termination fee of twelve and one half percent (12.5%) of the value of the Direct Costs as of the date the City terminates and reimbursement of the Manager's costs incurred by reason of such termination. For example, if the Manager has incurred Direct Costs of $100,000 as of the date the City terminates under this Section 10.14(c), and the City has submitted $10,000 for such Direct Costs, the Manager would be entitled to $102,500.

Section 10.15 Dispute Resolution.

(a) Definition of Claims. A Claim is a demand or assertion by one of the parties seeking, as a matter of right, payment of money, or other relief with respect to the terms of the Agreement. The term "Claim" also includes other disputes and matters in question between the City and the Manager arising out of or relating to the Agreement. The responsibility to substantiate Claims shall rest with the party making the Claim.

(b) Notice of Claims. Claims by either the City or the Manager must be initiated by written notice to the other party. Claims by either party must be initiated within 21 days after occurrence of the event giving rise to such Claim or within 21 days after the claimant first recognizes the condition giving rise to the Claim, whichever is later. The notice initiating such Claim shall clearly set out the specific matter of complaint, and the impact or damages which may occur or have occurred as a result thereof, to the extent the impact or damages can be assessed at the time of the notice. If the impact or damages cannot be assessed as of the date of the notice, the notice shall be amended at the earliest date this is reasonably possible.

(c) Continuing Contract Performance. Pending final resolution of a Claim, the Manager shall proceed diligently with performance of the Agreement and the City shall continue to make payments in accordance with the Agreement.

(d) Mediation.

(1) Claims, disputes, or other matters in controversy arising out of or related to the Agreement, shall be subject to mediation as a condition precedent to binding dispute resolution.

(2) The Parties shall endeavor to resolve their Claims by mediation which, unless the parties mutually agree otherwise, shall be administered in accordance with the American Arbitration Association's Construction Industry Mediation Procedures in effect on the date of the Agreement. A request for mediation shall be made in writing, delivered to the other party to the Agreement, and filed with the person or entity administering the mediation. The request may be made concurrently with the filing of binding dispute resolution proceedings but, in such event, mediation shall proceed in advance of binding dispute resolution proceedings, which shall be stayed pending mediation for a period of 60 days from the date of filing, unless stayed for a longer period by agreement of the parties or court order. If an arbitration is stayed pursuant to this Section, the parties may nonetheless proceed to the selection of the arbitrator(s) and agree upon a schedule for later proceedings.

(3) The Parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in the place where the Project is located, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

(e) Binding Dispute Resolution. For any Claim that is not resolved by mediation, the method of binding dispute resolution shall be litigation in a court of competent jurisdiction in the county in which the Project is located.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date first printed above.

MANAGER:

Community Infrastructure Partners, LLC

By: Shawn Kerachsky
Name: Shawn Kerachsky
Title: President/CEO

CITY:

City of Wausau

By: Katie Rosenberg
Katie Rosenberg, Mayor

Attested to
By: Kaitlyn A. Bernarde
Name: Kaitlyn A. Bernarde
Title: City Clerk

Wausau Water Works

By: Katie Rosenberg
Name: Katie Rosenberg
Title: Mayor & President of Wausau Waterworks

Attachments:

- Schedule 1 - Insurance
- Schedule 2 - Socio Economic Development Implementation Plan
- Schedule 3 - KPIs
- Application for Payment

Schedule 1 - Insurance

Manager's Insurance Coverage

Insurance Requirements: The Manager shall provide the City with evidence of the Manager's commercial insurance coverage for the following exposures:

(a) Commercial General Liability Coverage at least as broad as Insurance Services Office Commercial General Liability Form, including coverage for Products Liability, Completed Operations, Contractual Liability and Explosion, Collapse, Underground coverage:
   (i.) $1,000,000 each Occurrence limit
   (ii.) $1,000,000 Personal and Advertising Injury limit
   (iii.) $2,000,000 general aggregate (other than Products-Completed Operations) per project
   (iv.) $2,000,000 Products-Completed Operations aggregate
   (v.) $50,000 Fire Damage limit – any one fire
   (vi.) $5,000 Medical Expense limit – any one person
   (vii.) Products-Completed Operations coverage must be carried for two years after Acceptance.

(b) Professional Liability
   (1) Limits
      (i.) $1,000,000 each claim
      (ii.) $2,000,000 annual aggregate
   (2) Must continue coverage for 2 years after Acceptance.

(c) Auto Liability Coverage as least as broad as Insurance Services Office Business Automobile Form, with minimum limits of $1,000,000 combined single limit per accident for Bodily Injury and Property Damage, provided on a Symbol #1 0 "Any auto" basis.

(d) Worker's Compensation and Employer's Liability if required by Wisconsin State Statute. Must carry coverage for Statutory Worker's Compensation and an Employer's Liability with limits of:
   (i.) $100,000 Each Accident
   (ii.) $500,000 Disease-Policy Limit
   (iii.) $100,000 Disease-Each Employee
   (iv.) Employer's Liability limits must be sufficient to meet umbrella liability insurance requirements.

(e) Umbrella Liability Coverage at least as broad as the underlying Commercial General Liability, Automobile Liability, and Employer's Liability, with a minimum limit of $2,000,000 each occurrence and $2,000,000 aggregate, and a maximum self-insured retention of $10,000. The Umbrella Liability must be primary and non-contributory to any insurance or self-insurance carried by the City.

(f) Additional Provisions

(i.) All insurance must be primary and non-contributory to any insurance or self-insurance carried by City.

(ii.) All sub-professionals shall be required to obtain the above coverages as applicable. The insurance shall be as broad and with the same limits and coverages (including waivers of subrogation) as those required per Manager requirements.

(iii.) Insurance is to be placed with insurers who have an A.M. Best rating of no less than A- and a Financial Size Category rating of no less than Class VII, and who are authorized as an admitted insurance company in the State of Wisconsin.

(iv.) The following must be named as additional insureds on all liability policies: City of Wausau, and its officers, council members, agents, employees and authorized volunteers. On the Commercial General Liability Policy, the additional insured coverage must be ISO form CG 20 10 07 04 and also include Products-Completed Operations additional insured coverage per ISO form CG 20 37 07 04 or their equivalents for a minimum of 2 years after acceptance of work. This does not apply to Worker's Compensation policies or Professional Liability policy.

(v.) Waivers of subrogation in favor of the City must be endorsed onto the Worker's Compensation, Commercial General Liability, Automobile Liability, and Umbrella Liability coverages.

(vi.) Any deductible or self-insured retention must be declared to the City.

(vii.) Prior to execution of the Contract, the Manager shall file with the City a certificate of insurance signed by the insurer's representative evidencing the coverage required by this Agreement. In addition, form CG 20 10 07 04 for ongoing work exposure and form CG 20 37 07 04 for products-completed operations exposure must also be provided or its equivalent on the Commercial General Liability coverage.

Special Provisions for Insurance:

1. The Manager shall forward to the City, a certificate(s) of insurance indicating the Manager's insurance and any special provisions required under the foregoing provisions. Such certificate(s) shall be in a form satisfactory to the City and shall list the various coverages and limits. Insurance companies providing the coverage must be acceptable to the City, rated A.M. Best and carry at least an "A-" Rating VIII. In addition to the aforementioned provisions; such insurance policies shall include an endorsement (provided such endorsement is reasonably commercially available) stating that such polices shall not be changed or canceled and that they will be automatically renewed upon expiration and continued in full force and effect until Substantial Completion and Acceptance of all Work covered by the Agreement, unless the City is given thirty (30) days written notice before any change or cancellation is made effective.

2. The Manager's initial and subsequent certificates of insurance shall include a description of the Project and the assigned Project number. Prior to beginning any project work, the Manager's insurance requirements as outlined must be submitted and approved in writing.

3. Manager's insurance shall be procured from insurance or indemnity companies acceptable to the City and licensed and authorized to conduct business in the State of Wisconsin. The City's approval or failure to disapprove insurance furnished by the Manager or any Contractor shall not release such parties of full responsibility for liability for damage and accidents.

4. If at any time the above required materially significant insurance policies should be canceled, terminated or modified so that the insurance is not in full-force and effect as required herein, Manager shall be considered in default of its obligations under the Agreement, and shall have ten (10) business days to cure such default to the City's reasonable satisfaction.

5. The Manager shall require each Contractor and Subcontractor, at all tiers, to provide evidence of insurance coverage required. Such coverage shall remain in full force and effect during the performance of activities under this Agreement.

Schedule 2 - Socio Economic Development Implementation Plan

The Manager shall develop a Socio Economic Development Plan (the "S/E Plan") during the Term, and will submit it to the City by May 31, 2024. The S/E Plan will be aligned with the goals and objectives of the Program and will have the following components:

1. Contractor Capacity Development Program. The Manager will define a plan to forge innovative partnerships, to facilitate the building of a labor force within the City for low barrier-to-entry construction and skilled trades.

2. Outreach and Inclusion Program. Increase the participation of Target Class Businesses (defined to mean a business entity that is small business, a minority-owned business, a woman-owned business, a veteran owned-business, or a union business) across all service areas and phases of the Program and meet a minimum of twenty-five percent (25%) participation goals. The plan will define several efforts to be conducted in order to meet the goals, which may include:

   (a) Hosting outreach event(s) to increase awareness of opportunities for Target Class Businesses under the Program;

   (b) Participating in conferences, fairs and outreach events related to Target Class Businesses;

   (c) Advertising requirements, opportunities and support services available to Subcontractors from Target Class Businesses.

   (d) Establishing a transfer of technology plan that educates and trains Target Class Businesses in specialized technical areas, such as sustainability, green infrastructure, stormwater management technologies and practices;

   (e) Developing a pre-qualified pool of Subcontractors;

   (f) Tailoring project contracts and structures so as to recognize the qualifications of Target Class Business Subcontractors and maximize their ability to participate;

   (g) Incorporating local preference clauses in contracts and the bundling and earmarking of contracts for Target Class Business inclusion; and

   (h) Participate in small business job fair(s) within the City.

3. Mentor Development Program (Mentor Protege). Enhance the local City workforce by developing a mentor-protege network to enhance the protege firms' skill levels so they can compete for significant work and increase their participation by leading and filling significant roles for the Work being performed hereunder. The Manager shall develop a network of protégé firms and integrate them into the activities carried out and the opportunities provided.

4. Stakeholder & Community Engagement Program. Provide up-to-date information to City residents and provide a forum to facilitate information exchange and to coordinate

activities pertaining to the development of the Program. The Manager shall define the plan to meet with community organizations based in the City's area each Fiscal Year during the Term to provide an update on the Program.

Schedule 3 – Key Performance Indicators

1. **LSL Cost KPI** – This KPI will be structured as a not-to-exceed price per LSL replaced. The exact cost will be set each year in the Annual Plan. During the annual planning process a detailed budget will be agreed upon by the City and the Manager. If the Manager delivers the scope at or less than the agreed upon budget, then the Manager has earned the performance-based fee for this KPI. Any savings below the agreed upon budget will be used to replace more LSLs.

2. **LSL Implementation Schedule KPI** – This KPI will be tied to replacing a minimum number of lines in a given year, as determined by the agreed upon Annual Plan and adjusted in the Project Book(s) if expected funding availability changes. It will be the Manager's responsibility to develop an outreach program that generates property owner participation to ensure homeowners and tenants allow access to homes to enable replacement of their lead pipes.

3. **Local Business Utilization KPI** – This KPI will be tied to at least fifty percent (50%) of dollars spent on Construction Work must be awarded to Local Businesses.

4. **Target Class Business Utilization KPI** – This KPI will be tied to a percentage of dollars spent on Construction Work awarded to Target Class Businesses. The following percentages will be the KPI thresholds:

   - Year 1 (contract execution to December 31, 2024) = 20%
   - Year 2 (January 1, 2025 – December 31, 2025) = 30%
   - Years 3 & beyond (beginning January 1, 2026) = 40%

5. **Training Individuals and Businesses KPI** – The purpose of this KPI is to develop contractor capacity that enables the City to remove all ~8,000 LSLs within a five-year period. To accomplish this the Manager may work in partnership with LiUNA, Wisconsin Laborers' Council District and other organizations to create a workforce development program that trains individuals capable of replacing lead service lines so existing businesses can hire capable employees. Another service the Manager will explore is establishing a contractor development program and recruit existing businesses, such as residential plumbers, that trains them for LSL replacement. For Year 1, the Manager will be awarded this KPI by either recruiting one (1) residential plumber (individual or firm) into the program and/or launching an LSL replacements program within Wisconsin with LiUNA and/or Wisconsin Laborer's Council District. The KPI metrics for subsequent years will be determined in alignment with each annual plan depending on the volume of lines expected to be replaced each year.

EquiFlow Wausau- Workforce Development Plan

2025 Construction Season

Introduction

Coming off of a highly successful first year of the Equiflow Lead Free Wausau program which saw the replacement of 629 lines, the focus shifts to the 2025 construction season which envisions tripling that volume and replacing upwards of 1,800 lines pending both financial award from the DNR and approval of the City Council. The capacity necessary to meet this requirement in 2025 as well as the remaining three years of the program will be taxed and as a result it is imperative that an extensive workforce development effort take place to ensure there are enough laborers and plumbers to sustain productivity and quality levels and maintain current price points. The following workforce development plan outlines our comprehensive strategy for recruiting, training, and certifying both laborers and plumbers to ensure they possess the necessary skills to achieve the goals and objectives of the EquiFlow program.

Objectives

There are four (4) pillars to the EquiFlow workforce development plan. They are as follows:

1. **Recruitment**

The ability to attract a diverse pool of candidates that align with the goals and objectives of the program is a critical step to ensuring that capacity needs can be met. Developing and successfully executing a robust recruiting strategy is critical, while at the same time not over recruiting to the point where there are not viable opportunities for people coming out of the program. Wausau has a robust pipeline of potential sources for recruits, including but not limited to:

- High Schools, including technical and vocational schools
- Juvenile and adult reentry programs
- Refugee resettlement groups
- Unemployed and underemployed individuals
- Career transitioning individuals

The ability to identify these individuals in order to educate them on the opportunity is also a critical step in the process. Those efforts bear a striking similarity to some of the tactics employed as part of the community outreach and engagements efforts aimed at driving resident participation in the program to ultimately sign the consent form, such as:

- Community Outreach- leveraging existing communication channels and materials to drive awareness in the community
- Online Platforms- Leverage the program and city websites as well as job boards (Indeed, Glassdoor) and social media (LinkedIn, Facebook) to advertise positions.
- Educational Institutions- Work with high schools and vocational schools to integrate into their communication channels
- Job Fairs- Host and participate in local job fairs targeting labor sectors at community events, schools, churches, etc.

- Existing governmental and non-governmental organizations- work with existing organizations that are currently working with the identified populations to assist with both communication as well as identifying prospective candidates.

2. Training

Providing the necessary classroom and technical training to meet the requirements of the roles, inclusive of any licensing and/or certifications is necessary to ensure that the work is completed from a compliance and quality perspective. Leveraging the current relationship with LiUNA, we have developed a customized lead service line curriculum that identifies pertinent classes from their existing catalog that a prospective recruit would need to complete in order to meet the baseline requirements of either a laborer, plumber or a equipment operator, while also identifying electives and advanced skills that would position them to pursue the plumbing track if that was so desired.

Year	Course Name	Hours		Notes	Required for Apprenticeship LiUNA	LSR Track
Required Core Courses						
1	Intro Lead Service Line Replacement	0		Required Seminar Course - Does not count toward 400hrs [Online or Hybrid Course?]		X
1	First Aid/CPR/AED	8		*Must be completed before starting Field Work	X	X
1	OSHA 30	30		*Must be completed before starting Field Work	X	X
1	Basic Transit and Level	80		Pre-Requisite for Pipelaying and Construction Plan Reading		X
1	Pipelaying Principles and Trench Protection	120		Basic Transit and Level required; Pre-Requisite for Advanced Pipelaying		X
1	Traffic Control and Flagging	8			X	X
Required Core Courses						
2	General Construction	40		***LiUNA reps & members come [illegible] about t[illegible]ir experience and benefits of the Union and profession*		X
2	Hazardous Waste Worker	40			X	X
2	Transition to Trainer	8			X	X
2	Foreman Preparedness	40		***[illegible]is h[illegible] ensure [illegible] trainees are good at speaking to people		X
2	Elective - Category 1	#				
Minimum of 400 hrs in class complete apprenticeship		374		hrs are required through the coure courses Need Minimum of 36 hrs of Elective Hours to complete program		
Category 1 Electives (Must choose at least 1)						
	Hoisting/Rigging & Hand Signal	40				
	Construction Plan Reading	40				
Category 2 Electives						
Recommended	GPS and Total Station	32				
Recommended	Rough Terrain Forklift	8				
Recommended	Small Gas Engines	16		***Does this help them know how to fix their equipment in the field?		
Advanced Studies						
Advanced Studies	Welding and Cutting	40				
Advanced Studies	Advanced Pipelaying	40		Pipelaying Principles and Trench Protecion Required		

Mapped out from a timing perspective, the year one requirements, inclusive of First Aid and OSHA 30 training would take just over six weeks to complete. From there, recruits would need to complete an additional 362 hours of training over two years as part of the overall 400-hour requirement. Classes can be completed as a combination of in person and on-line as offered. This classwork also happens in parallel to completing their 4,000 hours of required on-the-job apprenticeship (described below).

3. Partnerships

Incorporating partnerships into the workforce development plan is critical and multi-dimensional as those partnerships span recruiting, training and placement. As previously described, there are multiple channels that can serve as robust sources for recruiting potential candidates for the program. From a training perspective, partnerships with the trade unions as well as other resources that exist at the city, county and state level can also play a key role in leveraging processes, systems and funding that already exists so that the program is not recreating the proverbial wheel. Lastly, partnerships with firms that are either already working on the Equiflow program or doing relevant work elsewhere in the community is critical towards providing opportunities for candidates to gain their apprenticeship hours. As the program scales to 1,800 lines per year or more in years two through five, there should be no shortage of opportunities for recruits to be integrated into existing crews that are performing the work. We will work with successful bidders during the planning period for each construction season in order to appropriately resource plan and ensure that we maximize the opportunity to integrate the workforce participants.

4. **Placement**

In advance of completing their apprenticeship hours, we will proactively work with recruits on securing permanent employment. The most direct and obvious path towards permanent employment is through their sponsoring firm, however that may not be a fit for myriad reasons whether it be personal preference of either the recruit or the firm, long-term prospects and financial stability of the firm, a desire for something different from the recruit or any number of other reasons. With that in mind it is important to develop an ecosystem of potential employers for recruits that complete their apprenticeship hours. That ecosystem will consist of a variety of construction firms across the trades spectrum as well as local to regional to national engineering firms as well as public sector agencies. Additionally, there may be an interest in working in different geographic markets. Our ability to leverage the national partnerships with the various unions will allow us to tap into and potentially facilitate the desire for transience from a subset of the recruits. While that may not be perceived as a direct benefit to the local community, it is a more long-term facing strategy that addresses the seasonality of the work, the fact that there will be significant pockets of labor shortages throughout the country and the fact that Wausau is on a track to complete this body of work over a relatively short period of time and thus preparing recruits for long-term careers if there is a tighter labor market once this work is completed will give them a degree of optionality.

Conclusion

This workforce development plan aims to ensure that Wausau and the EquiFlow program are equipped with enough qualified and local laborers to not only complete all of the requisite work on schedule, but also on budget. The biggest threat to the latter is a dearth of qualified contractors, which would ultimately drive up the cost due to scarcity of resources to complete it. By focusing on targeted recruitment, comprehensive training, and strategic partnerships, we can ensure that Wausau meets its goal of being lead free by 2029, and doing so in a manner that identifies, values and incorporates as many local residents and businesses into the program as possible.

TO: FINANCE COMMISSION
FROM: MARYANNE GROAT
DATE: January 23, 2025
RE: Tax Increment District Three Plan Amendment

Tax Increment District Three expenditure period ends in 2026. The 2025 budget anticipated a project plan amendment to add the following projects:

- Fulton Street 1st to N 7th St - Water and Sewer $900,000
- 1st Street River Drive, McIndoe St to 300' of Fulton Water and Sewer $130,000
- Mall Grid Street and related infrastructure $4,450,000
- Demolition of the Water Plant $1,850,000
- Second Street Short Street to Dekalb Street including Water and Sewer $300,000
- Parking Ramp Improvements $600,000
- Parking McIndoe Street, 4th St to Franklin St $238,000

Eric Lindman is also proposing to add Lead Service line replacement in the plan for 2026 construction. The staff have identified 1,927 laterals that fall within Tax Increment Districts. They still need to identify the quantities by the individual districts to develop costs for the project plan.

Pursuant to Wisconsin Statutes we recommend beginning the Project Plan Amendment Process:

- Finance Committee Plan Review 2/25/2025
- Economic Development Committee meeting plan review 3/4/2025
- Plan Commission 3/18/2025
- Joint Review Board 3/18/2025
- Council 3/25/2025
- Joint Review Board final consideration after 3/25/2025

This would complete the consideration prior to the start of the construction season.

Copies of the 2025 TID 3 budget are attached.

TAX INCREMENT DISTRICT NUMBER THREE FUND

MISSION:

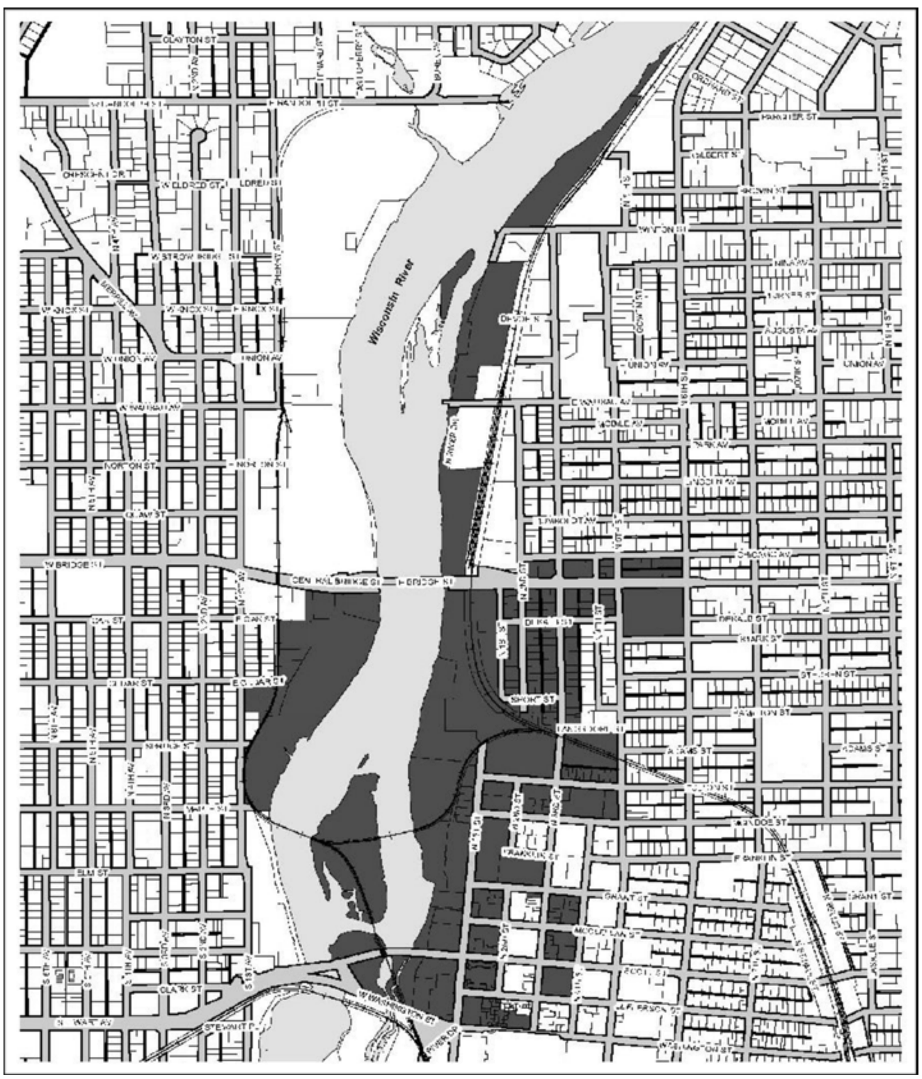
To fund enhancements within the District including: the Central Business District, Pick'n Save area and River's Edge.

RESPONSIBILITIES:

This fund accounts for the receipt of district increment, and other program income generated from the project. These funds are applied to capital costs and debt service.

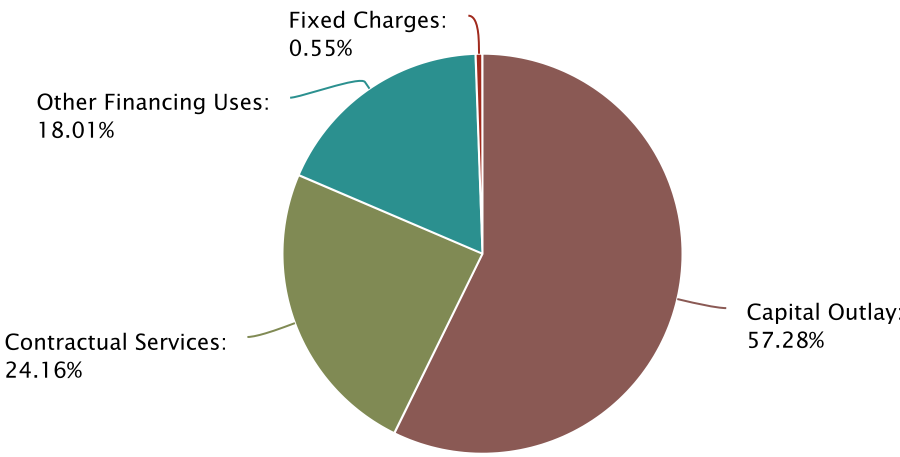
DISTRICT FACTS:

Creation Date:	September 1, 1994
Last Date Project Costs Incurred:	September 1, 2026
Mandated Final Dissolution Date:	September 1, 2031



TAX INCREMENT DISTRICT NUMBER THREE FUND

BUDGET:



BUDGET SUMMARY

	2023 Actual	2024 Adopted Budget	2024 Modified Budget	2024 Estimated Actual	2025 Department Request	2025 Executive Recommended	2025 Adopted
Personal Services	$ 12,937	$ -	$ -	$ -	$ -	$ -	$ -
Contractual Services	99,156	591,000	591,000	39,979	2,006,000	2,006,000	2,856,000
Supplies and Expense	133	250	250	471	-	-	-
Fixed Charges	65,337	150	150	65,780	65,150	65,150	65,150
Debt Service	49,372	-	-	-	-	-	-
Grants, Contributions, Indemnities and Other	41,783	-	-	90,000	-	-	-
Capital Outlay	1,212,368	3,207,000	3,749,196	1,848,574	6,773,000	6,773,000	6,773,000
Other Financing Uses	1,841,954	2,149,693	2,149,693	2,101,399	2,128,848	2,128,848	2,128,848
Total Expenses	**$ 3,323,040**	**$ 5,948,093**	**$ 6,490,289**	**$ 4,146,203**	**$ 10,972,998**	**$ 10,972,998**	**$ 11,822,998**
Taxes	$ 3,159,210	$ 3,492,851	$ 3,743,543	$ 3,618,197	$ 3,003,104	$ 3,003,104	$ 3,003,104
Intergovernmental Revenues	478,056	330,376	330,376	374,658	581,428	581,428	581,428
Miscellaneous Revenue	88,423	59,700	59,700	92,000	88,000	88,000	88,000
Other Financing Sources	1,250,000	2,750,000	2,750,000	-	7,350,000	7,350,000	7,650,000
Total Revenue	**$ 4,975,689**	**$ 6,632,927**	**$ 6,883,619**	**$ 4,084,855**	**$ 11,022,532**	**$ 11,022,532**	**$ 11,322,532**

TAX INCREMENT DISTRICT NUMBER THREE FUND

BUDGET HIGHLIGHTS AND ORGANIZATIONAL CHANGE:

TID 3 expenditure period ends September 2026. In addition to administration and debt service the budget includes the following projects:

2025 PROJECTS

Remediation Costs	$ 450,000
Water Plant Demolition	1,850,000
Rivers Edge Trail - Winton Street to the North	500,000
1st St, River Dr McIndoe St to 300 N of Fulton	260,000
2nd Street, Short Street to Dekalb Street	300,000
Fulton Street N 1st Street to N 7th Street	875,000
Redevelopment Planning	100,000
Parking - McIndoe St, 4th St to Franklin St	238,000
Mall Street Extensions	4,450,000
Jefferson Ramp Improvements	600,000
	$ 9,623,000

BUDGETARY HISTORY:

		Increase (Decrease) From The Previous Year			Increase (Decrease) From The Previous Year	
Year	**Expenses**	**Dollar**	**Percent**	**Revenues**	**Dollar**	**Percent**
2025	$ 11,822,998	$ 5,874,905	98.77%	$ 11,322,532	$ 4,689,605	70.70%
2024	5,948,093	4,052,695	213.82%	6,632,927	2,345,133	54.69%
2023	1,895,398	(1,117,537)	(37.09%)	4,287,794	920,838	27.35%
2022	3,012,935	206,791	7.37%	3,366,956	30,374	0.91%
2021	2,806,144	(4,318,500)	(60.61%)	3,336,582	(3,060,988)	(47.85%)
2020	7,124,644	(1,542,833)	(17.80%)	6,397,570	1,783,256	38.65%
2019	8,667,477	(4,511,277)	(34.23%)	4,614,314	459,054	11.05%
2018	13,178,754	(66,952)	(0.51%)	4,155,260	(6,318,339)	(60.33%)
2017	13,245,706	6,506,018	96.53%	10,473,599	3,630,448	53.05%
2016	6,739,688	(305,445)	(4.34%)	6,843,151	241,157	3.65%

DISTRICT FUTURE OBLIGATIONS:

The District is currently retiring nine debt issues.

	Amount Borrowed	Repaid	Balance 12/31/2024
1995 State Trust Fund Loan	$ 75,000	$ 75,000	$ -
1996 General Obligation Bonds	757,555	757,555	-
Mirman Promissory Note	300,000	300,000	-
McDevco Promissory Note	1,146,447	1,146,447	-
1997 General Obligation Note	4,000,000	4,000,000	-
1998 General Obligation Bonds	856,402	856,402	-
2001 General Obligation Note	475,800	475,800	-
2001 State Trust Fund Loan	1,617,503	1,617,503	-
2002 State Trust Fund Loan	2,415,665	2,415,665	-
2003 State Trust Fund Loan	2,617,794	2,617,794	-
2003 State Trust Fund Loan	5,057,592	5,057,592	-
2003 State Trust Fund Loan	3,908,949	3,908,949	-
2003D General Obligation Note	3,285,000	3,285,000	-
2004A General Obligation Note	643,534	643,534	-
2004 General Obligation Refunding Bond	13,445,000	13,445,000	-
2005B General Obligation Note	2,000,000	2,000,000	-
2007 General Obligation Note	1,396,190	1,396,190	-
2008 General Obligation Note	270,000	270,000	-
2009 General Obligation Note	320,000	320,000	-
2010A General Obligation Note	1,580,447	1,580,447	-
2012A General Obligation Note - Taxable	2,725,000	2,725,000	-
2012B General Obligation Note Refunding	6,280,000	6,280,000	-
2014B General Obligation Bonds	1,185,000	685,000	500,000
2015B General Obligation Bonds	1,420,000	715,000	705,000
2015C General Obligation Bonds - Taxable	2,655,000	1,295,000	1,360,000
2016B General Obligation Bond	3,315,000	1,370,000	1,945,000
2016C Taxable Note	2,556,832	2,306,429	250,403
2017B General Obligation Bond	6,405,000	2,520,000	3,885,000
2020D Promissory Note	1,175,000	455,000	720,000
2023C General Obligation Taxable Note	1,250,000	195,000	1,055,000
Foundation Loan - Housing	600,000	600,000	-
Foundation Loan - Scott Street Property	1,609,779		1,609,779
Foundation Loan	1,530,000	1,530,000	-
Foundation Loan - Savo Supply	358,000	358,000	-
Foundation Loan - Riverfront Property Acquisition	750,000	750,000	-
	$ 79,983,489	**$ 67,953,307**	**$ 12,030,182**

TAX INCREMENT DISTRICT NUMBER THREE FUND

SCHEDULE OF MATURITIES

Year	Principal	Interest	Total
2025	1,780,403	348,445	2,128,848
2026	3,189,779	343,078	3,532,857
2027	1,635,000	197,408	1,832,408
2028	1,695,000	142,210	1,837,210
2029	1,445,000	91,970	1,536,970
2030	1,375,000	48,601	1,423,601
2031	910,000	13,650	923,650
	12,030,182	**1,185,362**	**13,215,544**

DISTRICT VALUATIONS:

Year	Valuation	% Increase	Increment
1994	$ 9,719,600		
1995	10,989,700	13.07%	
1996	10,100,700	(8.09%)	$ 40,926
1997	10,195,800	0.94%	10,998
1998	10,596,400	3.93%	13,909
1999	11,130,900	5.04%	25,163
2000	11,377,100	2.21%	40,161
2001	17,246,000	51.59%	47,151
2002	21,877,500	26.86%	78,603
2003	25,324,400	15.76%	206,394
2004	37,527,900	48.19%	296,392
2005	46,201,500	23.11%	632,340
2006	54,013,600	16.91%	831,571
2007	61,948,100	14.69%	992,593
2008	122,085,200	97.08%	1,207,183
2009	116,758,800	(4.36%)	1,922,136
2010	115,776,400	(0.84%)	1,913,174
2011	113,527,400	(1.94%)	1,962,727
2012	107,384,900	(5.41%)	1,919,739
2013	106,038,900	(1.25%)	1,764,433
2014	113,066,800	6.63%	1,752,528
2015	119,919,400	6.06%	1,868,669
2016	123,438,200	2.93%	2,108,433
2017	128,565,800	4.15%	2,214,368
2018	146,621,800	14.04%	2,324,996
2019	143,102,900	(2.40%)	2,771,677
2020	145,034,800	1.35%	2,646,873
2021	154,854,600	6.77%	2,580,791
2022	173,650,900	12.14%	2,926,879
2023	200,046,200	15.20%	3,159,210
2024	166,980,900	(16.53%)	

OUTSTANDING CITY DEVELOPMENT OBLIGATIONS:

The Wausau Common Council approved the acquisition and lease of a downtown city block from the Resurrection Parish. The purchased portion of the block is to be used for parking including but not limited to a parking lot or mixed use parking ramp. The City entered into a 10 year lease with four 10 year renewal options at an annual rent of $1. This portion of the property shall be developed by the City into 20 parking stalls and a public park or similar green space.

TAX INCREMENT DISTRICT NUMBER THREE FUND

TAX INCREMENT DISTRICT NUMBER THREE FUND CASH FLOW PROJECTIONS:

	Uses of Funds				
Year	Total Annual Debt Service Existing Issues	2025 Debt Issue	Administrative, Consulting Services and Other Costs	Developer Incentives	Capital Expenditures
Actual					
1994					$ 92,361
1995	172,413				2,002,575
1996	2,038,966		13,210		260,893
1997	185,232		48,599		1,456,671
1998	4,047,263		585		127,328
1999	510,334		1,095		
2000	249,696				73,791
2001	1,820,137			750,000	110,878
2002	250,875		157	791,372	5,278,537
2003	956,762		21,834	1,758,625	14,642,438
2004	15,106,609			2,652,480	950,004
2005	2,533,076			132,520	98,129
2006	2,975,010				1,301,728
2007	3,122,630		49,012		1,941,789
2008	2,439,384				932,630
2009	2,413,435		27,371		408,872
2010	2,461,237		48,007		2,016,086
2011	2,614,684		54,560	174,000	4,694,503
2012	8,485,562		46,258	275,000	771,262
2013	2,815,752		54,239	1,000	1,291,332
2014	2,627,195		71,919		2,267,481
2015	2,224,813		132,683		4,476,374
2016	2,123,431		219,116	1,420,079	6,968,324
2017	3,052,086		571,498	82,384	2,915,824
2018	3,435,523		122,044	499,999	3,671,051
2019	3,253,789		92,553	2,190,767	2,303,850
2020	3,589,286		1,036,777		3,182,065
2021	2,680,994		13,287		10,773
2022	2,977,785		10,208		5,134
2023	1,891,519		176,093	41,783	1,213,835
Estimated					
2024	2,101,399		65,150		1,996,714
2025	2,128,848		71,150		9,623,000
2026	3,532,857	250,000	35,000		
2027	1,832,407	1,100,000	35,000		
2028	1,837,210	1,200,000	35,000		
2029	1,536,970	1,967,000	35,000		
2030	1,423,601	1,967,000	35,000		
2031	923,650	1,967,000	35,000		
2032	-				
	$ 98,372,420	**$ 8,451,000**	**$ 3,157,405**	**$ 10,770,009**	**$ 77,086,232**

TAX INCREMENT DISTRICT NUMBER THREE FUND

Sources of Funds							
Debt Proceeds	Other Income	Advance From Other	Donated Funds Increment	Grant & Donation Income	Tax Increment	Annual Surplus (Deficit)	Accumulated Balance
		$ 92,361					
2,196,447		237,495				258,954	258,954
757,555	25,705			2,000,000	40,926	511,117	770,071
4,000,000	31,128				10,998	2,351,624	3,121,695
856,402	119,437				13,909	(3,185,428)	(63,733)
	10,490				25,163	(475,776)	(539,509)
	22,339				40,161	(260,987)	(800,496)
2,093,303	39,970	750,000	392,198		47,151	641,607	(158,889)
2,415,665	38,331	2,669,163	690,243	791,372	78,603	362,436	203,547
16,399,335	580,182	1,012,805	686,173	1,258,625	206,394	2,763,855	2,967,402
14,088,534	69,500	1,034,594	679,709		296,392	(2,540,364)	427,038
2,000,000	244,642	957,397	710,142	11,000	632,340	1,791,796	2,218,834
	249,334	1,109,287	696,683		831,571	(1,389,863)	828,971
1,396,190	211,985	1,020,075	849,518		992,593	(643,070)	185,901
270,000	224,667		2,481,850		1,207,183	811,686	997,587
320,000	258,562		685,107	21,023	1,922,136	357,150	1,354,737
1,580,447	173,737		693,115	122,763	1,913,174	(42,094)	1,312,643
	186,335			1,247,316	1,962,727	(4,141,369)	(2,828,726)
9,005,000	235,408			113,927	1,919,739	1,695,992	(1,132,734)
1,108,000	150,646			166,538	1,764,433	(972,706)	(2,105,440)
1,595,000	92,960			383,456	1,752,528	(1,142,651)	(3,248,091)
4,075,000	167,081			1,428,463	1,868,669	705,343	(2,542,748)
8,414,779	88,236		1,434,277	1,152,337	2,108,433	2,467,112	(75,636)
6,405,000	806,414		1,321,470	1,666,750	2,214,368	5,792,210	5,716,574
	241,020		1,300,537	1,154,650	2,324,996	(2,707,414)	3,009,160
	285,414		1,119,579	36,200	2,771,677	(3,628,089)	(618,929)
1,235,573	432,586		1,222,708	626,257	2,646,873	(1,644,131)	(2,263,060)
	698,927			182,728	2,580,791	757,392	(1,505,668)
	471,827				2,926,879	405,579	(1,100,089)
1,250,000	418,993			147,680	3,159,210	1,652,653	552,564
	466,658				3,618,197	(78,408)	474,156
7,400,000	669,428			250,000	3,003,104	(500,466)	(26,310)
	379,000				3,000,000	(438,857)	(465,167)
	379,000				3,000,000	411,593	(53,574)
	379,000				3,000,000	306,790	253,216
	379,000				3,000,000	(159,970)	93,246
	379,000				3,000,000	(46,601)	46,645
	379,000				3,000,000	453,350	499,995
						-	
$ 88,862,230	$ 9,985,942	$ 8,883,177	$ 14,963,309	$ 12,761,085	$ 62,881,318		

TO: FINANCE COMMISSION
FROM: MARYANNE GROAT
DATE: January 23, 2025
RE: Tax Increment District Eight Plan Amendment

Tax Increment District Eight expenditure period ends in 2034. We are proposing to add the purchase of the MBX West River Front property and lead service line replacement to the project plan for property owners within the district and the 1/2mile boundary for future year budgets. The list is attached. The 2025 budget anticipated the MBX purchase.

Eric Lindman is also proposing to add Lead Service line replacement in the plan for 2026 construction. The staff have identified that 1,927 laterals fall within Tax Increment Districts. They still need to identify the quantities by the individual districts to develop costs for the project plan.

Pursuant to Wisconsin Statutes we recommend beginning the Project Plan Amendment Process:

- Finance Committee Plan Review 2/25/2025
- Economic Development Committee meeting plan review 3/4/2025
- Plan Commission 3/18/2025
- Joint Review Board 3/18/2025
- Council 3/25/2025
- Joint Review Board final consideration after 3/25/2025

Copies of the 2025 TID 8 budget are attached.

TAX INCREMENT DISTRICT NUMBER EIGHT FUND

MISSION:

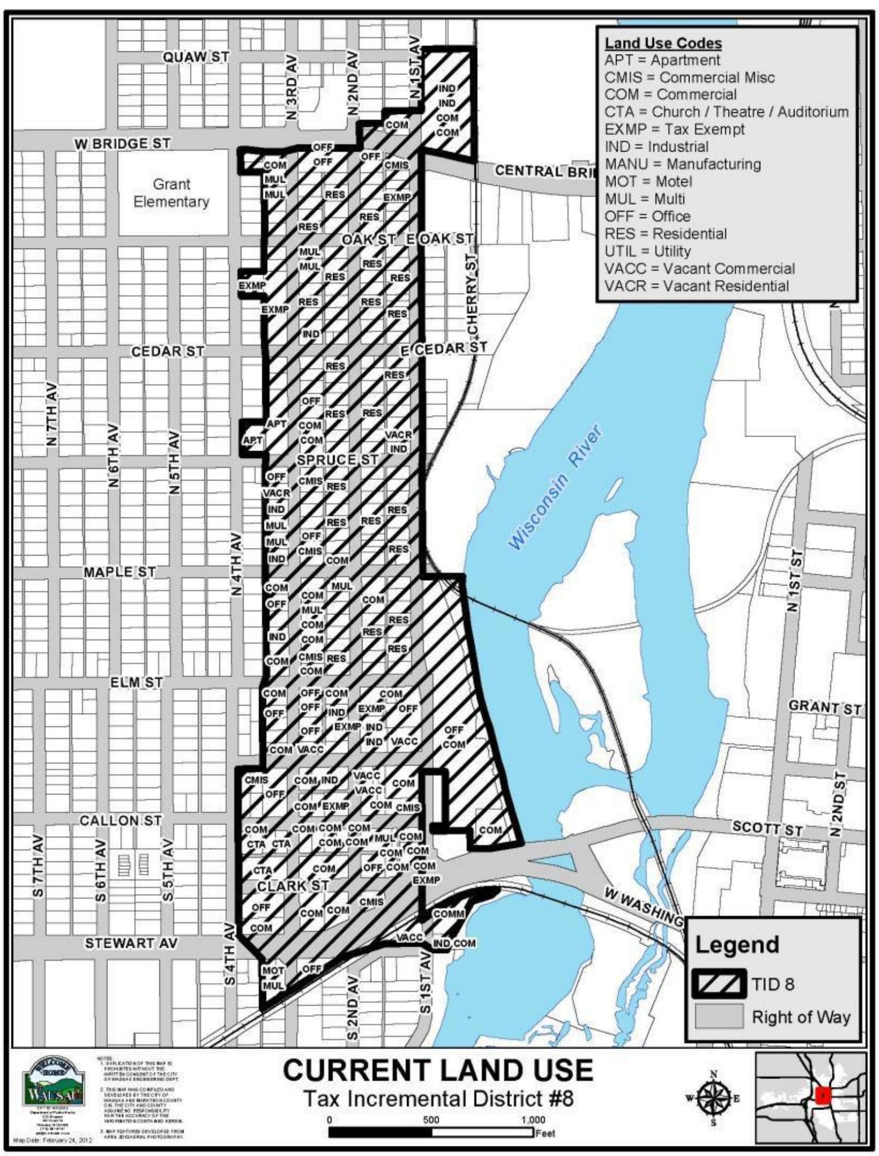
To fund public infrastructure, support economic development and blight elimination within the district. This district will complement the efforts of Tax Increment District Number Three located on the east side of the river.

RESPONSIBILITIES:

This fund accounts for the receipt of district increment, and other program income generated from the project. These funds are applied to capital costs and debt service.

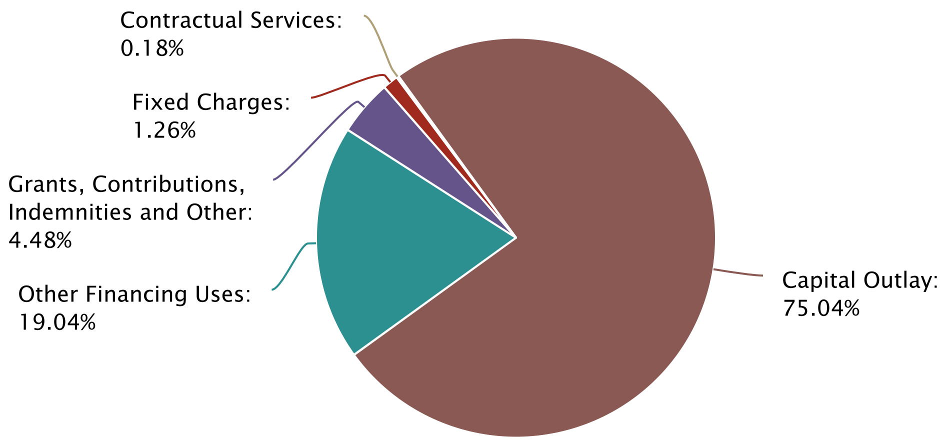
DISTRICT FACTS:

Creation Date:	April 10, 2012
Last Date Project Costs Incurred:	April 10, 2034
Mandated Final Dissolution Date:	April 10, 2039



TAX INCREMENT DISTRICT NUMBER EIGHT FUND

BUDGET:



BUDGET SUMMARY

		2024			2025		
	2023 Actual	Adopted Budget	Modified Budget	Estimated Actual	Department Request	Executive Recommended	Adopted
Personal Services	$ 12,353	$ -	$ -	$ 438	$ -	$ -	$ -
Contractual Services	128,930	80,150	80,150	57,688	10,000	10,000	10,000
Supplies and Expense	474	-	-	8,861	-	-	-
Fixed Charges	110,221	-	-	629	150	150	70,150
Debt Service	42,398	-	-	-	70,000	70,000	-
Grants, Contributions, Indemnities and Other	-	-	-	333,664	250,000	250,000	250,000
Capital Outlay	2,168,725	800,000	800,000	482,508	3,300,000	3,300,000	4,186,500
Other Financing Uses	688,254	1,033,180	1,033,180	1,033,180	1,062,127	1,062,127	1,062,127
Total Expenses	**$ 3,151,355**	**$ 1,913,330**	**$ 1,913,330**	**$ 1,916,968**	**$ 4,692,277**	**$ 4,692,277**	**$ 5,578,777**
Taxes	$ 776,897	$ 1,104,796	$ 1,104,796	$ 1,144,444	$ 1,420,000	$ 1,420,000	$ 1,420,000
Intergovernmental Revenues	223,805	223,796	223,796	223,795	311,963	311,963	311,963
Licenses and Permits	-	-	-	50	-	-	-
Miscellaneous Revenue	307,591	14,148	14,148	123,400	123,400	123,400	123,400
Other Financing Sources	2,565,000	750,000	750,000	325,000	4,023,500	4,023,500	4,186,500
Total Revenue	**$ 3,873,293**	**$ 2,092,740**	**$ 2,092,740**	**$ 1,816,689**	**$ 5,878,863**	**$ 5,878,863**	**$ 6,041,863**

BUDGET HIGHLIGHTS AND ORGANIZATIONAL CHANGE:

2025 Projects Include:

Washington Street Retaining Wall	450,000
Washington Siphon Project	886,500
West Riverfront Land Acquisition	2,500,000
Concrete Repairs	350,000
	4,186,500

2025 Developer Payments:	
Bantr	250,000

TAX INCREMENT DISTRICT NUMBER EIGHT FUND

BUDGETARY HISTORY:

		Increase (Decrease) From The Previous Year			Increase (Decrease) From The Previous Year	
Year	Expenses	Dollar	Percent	Revenues	Dollar	Percent
2025	$ 5,578,777	$ 3,665,447	191.57%	$ 6,041,863	$ 3,949,123	188.71%
2024	1,913,330	(1,294,693)	(40.36%)	2,092,740	(1,129,293)	(35.05%)
2023	3,208,023	2,217,853	223.99%	3,222,033	2,335,899	263.61%
2022	990,170	(345,704)	(25.88%)	886,134	396,994	81.16%
2021	1,335,874	398,992	42.59%	489,140	49,550	11.27%
2020	936,882	(1,352,646)	(59.08%)	439,590	(1,662,999)	(79.09%)
2019	2,289,528	1,692,934	283.77%	2,102,589	1,776,477	544.74%
2018	596,594	354,242	146.17%	326,112	(3,048,390)	(90.34%)
2017	242,352	(2,068,739)	(89.51%)	3,374,502	2,485,309	279.50%
2016	2,311,091	670,866	40.90%	889,193	(776,106)	(46.60%)

VALUATION HISTORY:

Year	Equalized Valuation	Percentage Change
2012	$ 35,408,900	
2013	35,157,500	(0.71%)
2014	40,684,200	15.72%
2015	42,521,400	4.52%
2016	39,478,200	(7.16%)
2017	39,580,000	0.26%
2018	45,036,800	13.79%
2019	44,493,800	(1.21%)
2020	43,117,700	(3.09%)
2021	66,093,100	53.29%
2022	73,516,800	11.23%
2023	91,074,600	23.88%
2024	112,614,100	23.65%

DISTRICT FUTURE OBLIGATIONS:

The district is retiring six debt issues.

	Original Amount Borrowed	Repaid	Balance 12/31/2024
2014 Foundation Loan	$ 190,000	190,000	$ -
2016 Foundation Loan	200,000	200,000	-
2015 A Promissory Note	1,020,000	910,000	110,000
2016 C General Obligation Bond	1,488,168	931,000	557,168
2019 A General Obligation Note	2,335,000	1,160,000	1,175,000
2020 D General Obligation Note	920,000	355,000	565,000
2023 B General Obligation Note	2,565,000	205,000	2,360,000
2024 C General Obligation Note	325,000	-	325,000
	$ 9,043,168	$ 3,951,000	$ 5,092,168

TAX INCREMENT DISTRICT NUMBER EIGHT FUND

SCHEDULE OF MATURITIES

Year	Principal	Interest	Total
2025	897,168	164,959	1,062,127
2026	640,000	142,043	782,043
2027	655,000	120,647	775,647
2028	670,000	98,633	768,633
2029	680,000	76,013	756,013
2030	450,000	55,163	505,163
2031	365,000	37,088	402,088
2032	365,000	21,250	386,250
2033	335,000	7,575	342,575
2034	35,000	525	35,525
	$ 5,092,168	**$ 723,896**	**$ 5,816,064**

TAX INCREMENT DISTRICT NUMBER EIGHT FUND

CASH FLOW PROJECTIONS:

The district anticipates the continuation of a manageable deficit which will be funded by the General Fund.

CITY OF WAUSAU
TAX INCREMENTAL DISTRICT NUMBER EIGHT CASH FLOW PROJECTIONS

		USES OF FUNDS					
	Year	Annual Projected Debt Service	2025 Debt Issue	Administrative Organization & Discretionary Costs	Future Debt	Developer Payments	Capital Expenditures
	Actual						
1	2012			$ 7,801			
2	2013			10,390			7,681
3	2014	372		5,717			235,993
4	2015	8,957		21,155			76,326
5	2016	118,441		139,458		275,000	1,819,722
6	2017	154,714		19,576		57,500	25,496
7	2018	159,542		9,813			124,821
8	2019	350,378		32,270		45,866	1,356,174
9	2020	712,677		496,865		1,559,916	1,254,646
10	2021	750,874		31,074		390,178	107,424
11	2022	702,170		144,683		317,856	17,531
12	2023	688,254		121,755			2,299,168
	Estimated						
13	2024	1,033,180		28,425		333,664	521,700
14	2025	1,062,127		80,150		250,000	4,186,500
15	2026	782,043	460,000	50,000			
16	2027	775,647	460,000	50,000			
17	2028	768,633	460,000	6,000			
18	2029	756,013	460,000	6,000			
19	2030	505,163	460,000	6,000			
20	2031	402,088	460,000	6,000			
21	2032	386,250	460,000	6,000			
22	2033	342,575	460,000	6,000			
23	2034	35,525	460,000	6,000			
24	2035		460,000	6,000			
25	2036			6,000			
TOTAL		**10,495,623**	**$ 4,600,000**	**$ 1,303,132**		**$ 3,229,980**	**$ 12,033,182**

TAX INCREMENT DISTRICT NUMBER EIGHT FUND

SOURCES OF FUNDS				
Net Debt Proceeds	Other Income	Tax Increment	Annual Surplus (Deficit)	Cumulative Balance
			$ (7,801)	$ (7,801)
			(18,071)	(25,872)
190,000	183,660		131,578	105,706
1,020,000	199,366	140,328	1,253,256	1,358,962
755,000	231,968	194,502	(1,171,151)	187,811
	198,481	111,771	52,966	240,777
	195,888	113,098	14,810	255,587
2,767,210	211,879	257,077	1,451,478	1,707,065
967,470	1,172,995	239,784	(1,643,855)	63,210
	254,862	194,635	(830,053)	(766,843)
	514,550	646,578	(21,112)	(787,955)
2,681,111	372,887	776,897	721,718	(66,237)
325,000	347,245	1,144,444	(100,280)	(166,517)
4,186,500	435,363	1,420,000	463,086	296,569
	311,963	1,420,000	439,920	736,489
	311,963	1,420,000	446,316	1,182,805
	311,963	1,420,000	497,330	1,680,135
	311,963	1,420,000	509,950	2,190,085
	311,963	1,420,000	760,800	2,950,885
	311,963	1,420,000	863,875	3,814,760
	311,963	1,420,000	879,713	4,694,473
	311,963	1,420,000	923,388	5,617,861
	311,963	1,420,000	1,230,438	6,848,299
	311,963	1,420,000	1,265,963	8,114,262
	311,963	1,420,000	1,725,963	9,840,225
$ 12,892,291	$ 7,750,737	$ 15,785,823		

TO: FINANCE COMMISSION
FROM: MARYANNE GROAT
DATE: January 23, 2025
RE: Tax Increment District Seven Plan Amendment

Tax Increment District Seven has served as a donor district to Tax Increment District Twelve each year 2023 to 2025. The city has several options to consider going forward:

- Amend the project plan to serve as donor to TID 12 for the years 2026 and 2027.
- Adopt a one-year housing stock extension.
- Terminate the district.

Tax Increment District Twelve is currently responsible for retiring 2 debt issues.

- 2021B which funded the relocation of Wausau Chemical to the business campus.
- 2023B which was the first phase of the mall street grid project.

The cash flow presented below shows the impact with the TID 7 donation ending in 2025. The district will continue to maintain a negative cash balance and rely on advances from the General Fund. The second cash flow which is presented on the second page shows the improvement that one additional year of increment can provide to TID 12 ongoing deficits.

CITY OF WAUSAU

CASH FLOW PROJECTION WO EXTRA INCREMENT

	USES OF FUNDS				SOURCE OF FUNDS						
Year	Existing Debt	Developer Grant	Admin Costs	Capital Expenditures	Debt Proceeds	Other Revenue	Tid 7 Increment	Tax Increment	Net TWALL Increment	Annual Surplus (Deficit)	Cumulative Balance
2017	$0		$96,490	$125,860						($222,350)	($222,350)
2018	38,681		17,793	88,015	4,005,000	11,768				3,872,279	3,649,929
2019	113,992	3,974,984	38,106	684,322		366,239				(4,445,165)	(795,236)
2020	143,553	12,974	29,945	455,051	320,000	57,819				(263,704)	(1,058,940)
2021	4,205,089	1,279,303	92,268	115,409	5,650,000	673				(41,396)	(1,100,336)
2022	121,265	115,537	127,246	670,451		45,577	278,414	323,071		(387,437)	(1,487,773)
2023	774,375	1,927,075	212,019	2,724,232	2,699,275	65,883	1,713,456	377,090		(781,997)	(2,269,770)
ESTIMATED											
2024	902,343	174,407	44,519	988,427			2,162,834	454,658		507,796	(1,761,974)
2025	884,105	160,172	70,150				1,889,854	375,601		1,151,028	(610,946)
2026	1,145,600	12,000	11,150					375,601	27,413	(765,736)	(1,376,682)
2027	745,950	11,967	11,150					375,601	91,745	(301,721)	(1,678,403)
2028	747,015		11,150					375,601	124,391	(258,173)	(1,936,575)
2029	741,968		11,150					375,601	125,937	(251,580)	(2,188,155)
2030	736,060		11,150					375,601	127,197	(244,412)	(2,432,567)
2031	689,675		11,150					375,601	128,469	(196,755)	(2,629,322)
2032	689,405		11,150					375,601	129,754	(195,200)	(2,824,522)
2033	689,853		11,150					375,601	131,051	(194,351)	(3,018,872)
2034	326,755		11,150					375,601	132,362	170,058	(2,848,814)
2035	325,348		11,150					375,601	133,685	172,788	(2,676,026)
2036	323,520		11,150					375,601	135,022	175,953	(2,500,073)
2037			11,150					375,601	136,372	500,823	(1,999,250)
TOTAL	$14,344,552	$7,668,419	$862,336	$5,851,767	$12,674,275	$547,959	$6,044,558	$6,037,635	$1,423,398		

CITY OF WAUSAU

CASH FLOW PROJECTION WITH 2026 INCREMENT

	USES OF FUNDS				SOURCE OF FUNDS						
Year	Existing Debt	Developer Grant	Admin Costs	Capital Expenditures	Debt Proceeds	Other Revenue	Tid 7 Increment	Tax Increment	Net TWALL Increment	Annual Surplus (Deficit)	Cumulative Balance
2017	$0		$96,490	$125,860						($222,350)	($222,350)
2018	38,681		17,793	88,015	4,005,000	11,768				3,872,279	3,649,929
2019	113,992	3,974,984	38,106	684,322		366,239				(4,445,165)	(795,236)
2020	143,553	12,974	29,945	455,051	320,000	57,819				(263,704)	(1,058,940)
2021	4,205,089	1,279,303	92,268	115,409	5,650,000	673				(41,396)	(1,100,336)
2022	121,265	115,537	127,246	670,451		45,577	278,414	323,071		(387,437)	(1,487,773)
2023	774,375	1,927,075	212,019	2,724,232	2,699,275	65,883	1,713,456	377,090		(781,997)	(2,269,770)
ESTIMATED											
2024	902,343	174,407	44,519	988,427			2,162,834	454,658		507,796	(1,761,974)
2025	884,105	160,172	70,150				1,889,854	375,601		1,151,028	(610,946)
2026	1,145,600	12,000	11,150				1,889,854	375,601	27,413	1,124,118	513,172
2027	745,950	11,967	11,150					375,601	91,745	(301,721)	211,451
2028	747,015		11,150					375,601	124,391	(258,173)	(46,721)
2029	741,968		11,150					375,601	125,937	(251,580)	(298,301)
2030	736,060		11,150					375,601	127,197	(244,412)	(542,713)
2031	689,675		11,150					375,601	128,469	(196,755)	(739,468)
2032	689,405		11,150					375,601	129,754	(195,200)	(934,668)
2033	689,853		11,150					375,601	131,051	(194,351)	(1,129,018)
2034	326,755		11,150					375,601	132,362	170,058	(958,960)
2035	325,348		11,150					375,601	133,685	172,788	(786,172)
2036	323,520		11,150					375,601	135,022	175,953	(610,219)
2037			11,150					375,601	136,372	500,823	(109,396)
TOTAL	$14,344,552	$7,668,419	$862,336	$5,851,767	$12,674,275	$547,959	$7,934,412	$6,037,635	$1,423,398		

If the City elects to amend the project plan to contribute future years of increment to TID 12 we would amend the plan following the timetable for TID 3 and TID 8.

If the City wants to terminate the district or extend for housing the Council should act soon. The donation to TID 12 does not prevent Council from considering the housing extension in a future year.

The TWALL project will contribute significant tax base to the city but 80% will be returned to TWall pursuant to the development agreement. The numbers presented are based upon a calculation performed by Ehlers. This report is provided for additional supporting documentation.

MEMORANDUM

TO: Liz Brodek – Development Director

FROM: Keith Dahl - Ehlers

DATE: September 7, 2022

SUBJECT: T. Wall Enterprises Tax Increment Financing Request and Recommendation

The City received a financial assistance request from T. Wall Enterprises (the "Developer") to construct a mixed-use apartment building on the southwest corner at the intersection of Washington Street and North 3rd Street. The Developer requested a Municipal Revenue Obligation (MRO) Note in the principal amount of $6,200,000 to construct a 154-unit apartment and 17,520 square feet of commercial space (the "Project"). The Project would consist of studio, 1, 2, and 3-bedroom units with seven commercial tenant spaces. Construction is proposed to start this fall with an anticipated development cost slightly over $48 million or $312,095 per unit.

This memo has been prepared by Ehlers, at the request of the City, in conjunction with a review of the Project, specifically the budget and pro forma based on general industry standards for construction, land acquisition, and project costs; as well as to ensure that all development costs, rental revenues, and expenditures have been appropriately accounted for and considered. General industry standards for purposes of this memo were determined by review of similar projects within Minnesota and Wisconsin over the last two years.

Based on our review, the requested assistance is more than what is necessary for the project to become financially feasible. **We've concluded an MRO Note in the principal amount of $6,000,000 is supported for the Project.** The tables below provide a synopsis of the sources and uses for the Project with the supported amount of public assistance.

SOURCES	Amount	Pct.	Per Unit
First Mortgage	28,972,000	60.3%	188,130
MRO Note	6,000,000	12.5%	38,961
Equity	13,090,573	27.2%	85,004
TOTAL SOURCES	**48,062,573**	**100%**	**312,095**

USES	Amount	Pct.	Per Unit
Acquisition Costs	500,000	1.0%	3,247
Construction Costs	39,658,478	82.5%	257,523
Professional Services	1,399,307	2.9%	9,086
Financing Costs	2,684,035	5.6%	17,429
Developer Fee	2,403,128	5.0%	15,605
Cash Accounts/Escrows/Reserves	1,417,625	2.9%	9,205
TOTAL USES	**48,062,573**	**100%**	**312,095**

Pro Forma Analysis:

1. Financing – The Developer intends to finance the Project with a first mortgage that is approximately 60% of total development costs. Based on current underwriting conditions and lender sizing constraints, the Developer appears to be maximizing its first mortgage debt. The remaining balance of the total development costs would be covered by equity and a privately financed MRO Mortgage. The proposed financing meets our expectations for a project of its nature.

2. Total Development Costs (TDC) – The TDC is approximately $48 million or $312,095 per unit. Under current market conditions, similar projects have generally ranged between $270,000 and $350,000 per unit so the costs are in line with what we would expect under current market conditions. In addition, the per unit metric referenced does not deduct the cost of commercial space. The total residential development cost is approximately $43.2 million or $280,240 per unit.

3. Acquisition Costs – While the purchase agreement between the owner of land and the Developer is $1,000,000, the land acquisition cost is structured as a partially forgiven Seller Loan with a 2.00% interest rate and a balloon repayment five years from closing on the property. Upon construction completion of the Project, $600,000 of the acquisition cost is forgiven. Thus, we analyzed the acquisition cost being $500,000, or $3,247 per unit. Similar developments have ranged between $7,500 to $15,000 per unit. It appears the land acquisition cost is below the typical range since the land is not being appraised on an income approach or highest and best. The lower acquisition cost benefits the overall financial feasibility of the Project.

4. Developer Fee – The proposed developer fee was $2,993,353 or 6.1% of TDC. For developments requesting City assistance, we'd expect to see a developer fee between 3% to 5%. We reduced the developer fee to 5% of TDC or $2,403,128 for analysis purposes in determining the supportable amount of public assistance.

5. Residential Rents – Proposed market rate rents range between $800 per month for the smallest studio unit to $2,879 per month for a 3-bedroom unit. On a per square foot basis, market rate rents range between $1.88 to $2.25, averaging $1.99. Based on review of a CoStar multi-family market report for Wausau and the surrounding area, the proposed rents appear to be reasonable. On an average per square foot basis, other market rate apartments built within the last two years ranged between $1.64 and $2.12.

6. Commercial Rent – The commercial rents will be structured as triple net leases, meaning the tenant is responsible for paying their respective expenses of the property including property taxes, insurance, and maintenance. The commercial rent that will be collected by the Developer will be $23.00 per square foot for the restaurant tenant, $19.00 per square foot for the smaller retail spaces, and $17.00 per square foot for the larger retail spaces. The proposed triple net rents appear to be reasonable for the market. Other retail spaces built within the last two years in Wausau and the surrounding area have triple net lease rates ranging between $15.00 and $25.00 per square foot.

7. <u>Operating Expenses</u> – The operating expenses on a per unit basis are $1,957, which is well below the typical market range of $3,500 to $4,500 per unit per year. Please note that this per unit expense is before management fees, property taxes, and replacement reserves. While lower than the typical range, the management fee is 6% of the effective gross income (EGI) of the Project. The typical range for management fees range between 3% to 5% of EGI. It appears the lower operating costs before management fees, property taxes, and replacement reserves is reasonable when you factor in the higher management fee.

Available Tax Increment:

The Project is currently contemplated to be located within the City's Tax Increment District (TID) #12 after boundary amendments. In consultation with the City Assessor, it is estimated the market value of the Project will be $24,520,000 ($145,000 per residential unit and $125 per commercial square foot). Based on the estimated market value, it is projected the Project will generate over $623,450 of annual tax increment. Based upon an annual 1.00% inflation factor, 80% of tax increment being available to the Developer, and a financing rate of 5.50%, the Project could support an MRO Mortgage in the maximum principal amount of $6,000,000 over a 21-year term (remaining number of years for the TID). In total, principal and interest, public assistance to the Project would be $10,800,000.

This would leave 20% of the annually collected tax increment available to the City over the remaining term of the TID to reimburse for upfront project expenditures and ongoing administrative costs related to the TID. In total, the future value sum collected by the City over 21 years could be approximately $2,803,718. Attached for reference is a cashflow projection.

Projected Return on Investment:

As part of this analysis, we want to ensure that any public assistance in the project does not result in a return on investment greater than what is typical within the industry. Return on investment (ROI) is a performance measure used to evaluate development projects. There are a few common metrics used; however, the Developer has stated they would like to achieve a 10% average annual cash-on-cash (COC). A typical COC return may range between 9 – 11%.

Average annual COC calculates annual net cash flow against the initial equity investment without consideration of market fluctuations on a future sale value. The calculation is simply net cash flow (after debt service) divided by the total amount of equity invested. Based on current estimates over 21-years, the Developer would achieve a 9.7% average annual COC return in the final year of tax increment assistance.

Recommendation:

Based on our review of the Developer's pro forma and under current market conditions, the Project may not reasonably be expected to occur solely through private investment within the near future. The cost associated with development of the Project is only feasible, in part, through public financial assistance from the City. We conclude an MRO Note in the principal amount of $6,000,000 with an interest rate the lesser of 5.50% or the Developer's actual rate of financing, and payable from 80% of the available tax increment over an anticipated term of 21 years is supported for this project. In total, principal and interest, public assistance to the Project would be $10,800,000.

Please contact Keith Dahl at 651-697-8500 with any questions.

City of Wausau

TID 12

Cash Flow Projection

Year	Projected Revenues			Expenditures			Balances		Year
	Tax Increments	Other Revenue	Total Revenues	MRO 10,800,000 Dated Date: TBD 80% Increment	Remaing Increment - 20%	Total Expenditures	Annual	Cumulative	
2024	0		0		0	0	0	0	2024
2025	137,066		137,066	109,653	27,413	137,066	0	0	2025
2026	458,723		458,723	366,978	91,745	458,723	0	0	2026
2027	623,453		623,453	498,762	124,691	623,453	0	0	2027
2028	629,687		629,687	503,750	125,937	629,687	0	0	2028
2029	635,984		635,984	508,787	127,197	635,984	0	0	2029
2030	642,344		642,344	513,875	128,469	642,344	0	0	2030
2031	648,768		648,768	519,014	129,754	648,768	0	0	2031
2032	655,255		655,255	524,204	131,051	655,255	0	0	2032
2033	661,808		661,808	529,446	132,362	661,808	0	0	2033
2034	668,426		668,426	534,741	133,685	668,426	0	0	2034
2035	675,110		675,110	540,088	135,022	675,110	0	0	2035
2036	681,861		681,861	545,489	136,372	681,861	0	0	2036
2037	688,680		688,680	550,944	137,736	688,680	0	0	2037
2038	695,567		695,567	556,453	139,113	695,567	(0)	(0)	2038
2039	702,522		702,522	562,018	140,504	702,522	0	(0)	2039
2040	709,548		709,548	567,638	141,910	709,548	(0)	(0)	2040
2041	716,643		716,643	573,314	143,329	716,643	(0)	(0)	2041
2042	723,809		723,809	579,048	144,762	723,809	0	(0)	2042
2043	731,048		731,048	584,838	146,210	731,048	0	(0)	2043
2044	738,358		738,358	590,686	147,672	738,358	(0)	(0)	2044
2045	745,742		745,742	527,772	217,969	745,742	(0)	(0)	2045
Total	13,570,402	0	13,565,596	10,800,000	2,803,718	13,605,380			Total

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