

## SETTLEMENT AGREEMENT

This Agreement is by and between Walgreen Co. ("Walgreens"), a corporation organized and existing under the laws of the State of Illinois and registered and authorized to conduct business in the State of Wisconsin, and the City of Milwaukee, Wisconsin (the "City"), a municipal corporation organized and existing under the laws of the State of Wisconsin.

1. Definitions. In this Agreement:

(a) Collectively, the "Properties" mean the land and improvements with the following parcel numbers and located at the addresses indicated within the City of Milwaukee, Wisconsin:

- (1) 349-1106-110-6 2727 West North Avenue;
- (2) 215-9989-113-4 5183 North 91st Street;
- (3) 387-0755-110-8 3522 West Wisconsin Avenue;
- (4) 226-1181-000-1 6727 West Hampton Avenue;
- (5) 141-0814-000-4 6442 North 76th Street;
- (6) 245-0216-110-1 2200 West Capitol Drive;
- (7) 033-0351-000-0 8484 West Brown Deer Road;
- (8) 470-4051-000-8 2424 West Forest Home Avenue;
- (9) 690-0941-000-7 6292 South 27th Street;
- (10) 434-2381-000-X 2625 West National Avenue;
- (11) 507-0938-100-5 618 West Oklahoma Avenue;
- (12) 108-0481-100-7 9040 West Good Hope Road;
- (13) 623-9842-111-1 4730 South 27th Street;
- (14) 526-9938-111-X 9100 West Beloit Road;
- (15) 514-0303-100-7 6000 West Oklahoma Avenue;
- (16) 469-3271-000-5 1433 West Burnham Street;
- (17) 316-187-1000 2938 North Oakland Avenue; and
- (18) 533-1101-000-6 3233 South 27th Street.

(b) Individually, "Subject Parcel" means any one of the parcels listed in Section 1(a).

(c) "2010/2011 Case" means the action pending in the Milwaukee County Circuit Court titled *Walgreen Co. v. City of Milwaukee*, Case No. 11-CV-12120.

(d) "2012 Case" means the action for which a judgment has been entered in Milwaukee County Circuit Court entitled *Walgreen Co. v. City of Milwaukee*, Case No.

13-CV-6716 which may be appealed to the Court of Appeals pending execution of this Agreement and payment of the refund described in Section 2 of this Agreement.

(e) "2013 Case" means an action that may be filed in Milwaukee County Circuit Court by Walgreens against the City arising out of the claim served by Walgreen Co. in January of 2014 relating to the 2013 assessments of the Properties.

(f) "Circuit Court" means the Circuit Court for Milwaukee County.

(g) "Court of Appeals" means the Wisconsin Court of Appeals.

(h) A "tax year" means a year in which an assessment is made as of January 1, with taxes based on the assessment payable in the year following the year.

(i) "Oshkosh Appeal" means the action pending in the Court of Appeals titled *Walgreen Co. v. City of Oshkosh*, Appeal No. 2013-AP-2818, Winnebago County Circuit Court Case No. 2010-CV-1391.

(j) "Little Chute Appeal" means the action pending in the Court of Appeals titled *Walgreen Co. v. Village of Little Chute*, Appeal No. 2014-AP-294, Outagamie County Circuit Court Case No. 2011-CV-948.

(k) "Final and Conclusive Appellate Determination" means a final decision or order of the Wisconsin Supreme Court or a final decision or order of the Court of Appeals to which one of the following apply:

- (1) The time for filing a petition for review to the Wisconsin Supreme Court has run and no petition for review was filed;
- (2) One or more petitions for review have been filed and each petition for review has been denied.

2. Refund of Taxes. The City shall remit a refund payable to Reinhart Boerner Van Deuren S.C. Trust Account, or to another account designated by Walgreens in writing, pursuant to Wis. Stat. § 74.37, in the amount of \$3,737,541, consisting of refunds equal to \$878,160 for 2010, \$878,204 for 2011, \$979,790 for 2012, and \$1,001,386 for 2013 (all figures rounded to nearest dollar), representing partial refunds of property taxes previously paid by Walgreens based on the property tax assessments of the Properties for the tax years 2010, 2011, 2012 and 2013. The parties agree that no portion of these amounts constitute interest.

3. 2014 Assessments. The City shall set the 2014 assessments of the Properties as shown on **Exhibit A** and in no event shall the cumulative value of the 2014 assessments of the Properties exceed \$43,200,000. If the cumulative value of the 2014 assessments of the Properties exceeds \$43,200,000, then Walgreens shall have the right to file a claim for refund for any taxes paid with respect to the 2014 assessments of the Properties in excess of \$43,200,000 and the City shall grant any such claim for refund. Walgreens shall not object to the 2014 assessment of any of the Subject Parcels so long

as the City has set the 2014 assessments of the Properties consistent with this Section 3.

4. 2015 Assessments. Except as provided in this Section 4, the City shall assess the Properties as of January 1, 2015 according to the terms of Section 3 and Walgreens shall not object to those assessments.

(a) Section 3 of the Agreement shall not apply to the 2015 assessments if there is a change in the market value of the fee simple interest of any Subject Parcel related to any physical change or alteration to any of the Properties occurring during 2014 including, but not limited to, fire damage or construction of an addition. In such an event, the City may assess the Properties to account for such physical change and Walgreens may object to those assessments.

(b) Section 3 of the Agreement shall not apply to the 2015 assessments of the Properties, if a Final and Conclusive Appellate Determination has been issued in either the Little Chute Appeal or the Oshkosh Appeal before November 1, 2015. In such an event, the City may assess the fair value of the Properties by issuing a notice of assessment or notice of changed assessment and Walgreens may object to those assessments. The City shall waive any statute of limitations arguments related to late-filed objections which directly result from the operation of this Section 4(b).

(c) If the City increases or decreases the 2015 assessments of the Subject parcels such that the assessments do not comport with Section 3, pursuant to subsections (a) or (b) above or otherwise, then Walgreens shall have the right to object to the 2015 assessment(s) of the Subject Parcels that do not comport with Section 3.

(d) Notwithstanding the other provisions of this term, even if the City assesses the Properties according to the terms of Section 3, Walgreens may nonetheless object to the 2015 assessment for up to six of the Subject Parcels whose assessments comply with the terms of Section 3 as of May 1, 2015. Any such objection filed under this Section 4(d), shall be withdrawn by Walgreens if, by November 1, 2015, both of the following conditions are satisfied: (i) a Final and Conclusive Appellate Determination has not been issued in both the Little Chute Appeal and the Oshkosh Appeal and (ii) the City has not altered the 2015 assessment of the Subject Parcel to which the objection pertains.

(e) Any of notice of assessment or notice of changed assessment issued pursuant to Sections 4(a) or 4(b) shall be mailed to:

Walgreen Co.  
C/O Don M. Millis/Jessica H. Polakowski  
Reinhart Boerner Van Deuren, s.c.  
Suite 600  
22 E Mifflin Street  
Madison, WI 53703

5. Waiver of Costs. Each party waives all claims for costs.

6. Time of Payments. The City shall pay the refund of taxes provided in Section 2 of this Agreement in full no later than June 30, 2014.

7. Interest. Walgreens waives interest under Wis. Stat. § 74.37(5). However, interest shall accrue on the unpaid balance of the total refund amount in Section 2 of this Agreement at the rate of 4.25% per annum beginning on July 1, 2014.

8. Stipulation for Dismissal. No later than ten days after Walgreens receives payment in full of the refund of taxes provided in Section 2 of this Agreement, the parties shall take the following actions:

(a) With respect to the 2010/2011 Case, the parties shall enter into a stipulation substantially identical to Exhibit B to this Agreement, signed by their respective attorneys, for the dismissal of the 2010/2011 Case, but the parties agree that the Court in the 2010/2011 case shall retain jurisdiction to enforce this Agreement for all of the years at issue, 2010 through 2015.

(b) With respect to the 2012 Case, Walgreens shall take the steps required by Wis. Stat. § 809.18 to dismiss the 2012 Case. The parties agree that any breach of this Agreement with respect to the refunds attributable to the 2012 assessments can be enforced by filing a motion with the Court in the 2010/2011 Case.

(c) With respect to the 2013 Case, Walgreens agrees that it shall not commence a suit arising out of the 2013 assessments of the Properties, unless the City breaches this Agreement with respect to the refunds attributable to the 2013 assessments. In the event of such breach, (i) the parties agree that this Agreement can be enforced by the Court in the 2010/2011 case; and (ii) that Walgreens may file a Circuit Court action (I) within 90 days of a Board of Review adjudication as to the 2013 assessments; or (II) within 80 days following receipt of a timely served notice of disallowance by the City.

9. Responsibility for Fees and Expenses of Attorneys and Experts. Each party shall be solely responsible for the fees of its attorneys and experts.

10. No Representations. Each party acknowledges and agrees that no representation or promise not expressly contained in this Agreement has been made by the opposing party or any of its employees, attorneys, agents, or representatives. Each party acknowledges that it is not entering into this Agreement on the basis of any such representation or promise, express or implied.

11. Binding on Successors. This Agreement shall be binding upon and inure to the benefit of each of the parties and their respective heirs, successors, and assigns.

12. Governing Law. This Agreement shall be governed and interpreted by the laws of the State of Wisconsin.

13. Interpretation of Agreement. The parties acknowledge that this Agreement is the product of joint negotiations. If any dispute arises concerning the interpretation of this Agreement:

(a) Neither party shall be deemed the drafter of this Agreement for purposes of its interpretation; and

(b) The parties shall attempt in good faith to resolve the dispute.

14. Representation By Counsel; Reliance. Each party acknowledges that it has been represented throughout all negotiations leading up to this Agreement by attorneys of its choice and that its attorneys have approved this Agreement. Each party represents that in entering into this Agreement, the party has relied on its own judgment and on the advice of its attorneys, and that no statements or representations made by the other party or any of its agents, except statements or representations expressly made in this Agreement, have influenced or induced the party to sign this Agreement.

15. No Assignment or Transfer. Walgreens represents and warrants that it has not assigned or transferred to anyone and will not assign or transfer to anyone any of the claims in the 2010/2011 Case, the 2012 Case or the 2013 Case.

16. Entire Agreement. This Agreement states and constitutes the entire agreement of the parties concerning its subject matter and supersedes all prior or contemporaneous agreements (written or oral), representations, negotiations, and discussions concerning its subject matter, including but not limited to, all agreements (written or oral), representations, negotiations, and discussions made in the course of negotiation of the 2010/2011 Case, the 2012 Case or the 2013 Case and the 2014 and 2015 assessments.

17. Use of this Agreement. This Agreement shall not be filed with the Court in the 2010/2011 Case, the 2012 Case or the 2013 Case or in any other case or proceeding, except for the purpose of enforcing this Agreement. This Agreement and any part of this Agreement shall not be admissible in any future judicial or administrative proceeding, except for the purpose of enforcing this Agreement.

18. No Admissions of Liability or Concerning Assessments or Fair Market Value. This Agreement is the settlement of disputed claims. By entering into this Agreement, the City does not admit any liability to Walgreens for any of the claims asserted in the 2010/2011 Case, the 2012 Case or the 2013 Case or Walgreens' objections to the assessments, and the payments made under this Agreement shall not be construed as an admission of any such liability. Neither party makes an admission about the assessments or the fair market value of the Properties as of January 1, 2010, January 1, 2011, January 1, 2012, January 1, 2013 or any other date nor any other admission concerning the assessment of Walgreens' Properties. In addition, none of the agreed-upon values or assessments as of January 1, 2014, and January 1, 2015 shall be admissible in any proceeding or assessment challenge in any subsequent year, except for the purpose of enforcing this Agreement.

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

20. Amendments or Modifications. This Agreement may not be amended,

modified or altered in any manner whatsoever, except by a further written agreement duly authorized and signed by the parties.

21. Authorization to Sign Agreement. Each person signing this Agreement on behalf of either party represents and warrants that the person holds the position indicated beneath the person's signature and that the person has the requisite corporate or other authority to sign this Agreement on behalf of the party. Each party represents that entry into this Agreement is not in contravention of any agreement or undertaking to which the party is bound.

22. Reading of Agreement. Each person signing this Agreement on behalf of either party acknowledges that the person has read this Agreement, that the person understands the terms and conditions of this Agreement, that the person (if other than an attorney for the party) has been advised by legal counsel concerning this Agreement, and that the person freely and voluntarily signs this Agreement.

23. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

[REMAINDER OF PAGE INTENTIONALLY BLANK; SIGNATURE PAGE FOLLOWS]

Dated: \_\_\_\_\_, 2014.

**WALGREEN CO.**

BY: Reinhart Boerner Van Deuren s.c.  
22 East Mifflin Street, Suite 600  
Madison, WI 53703

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Don M. Millis  
State Bar No. 1015755  
Jessica Hutson Polakowski  
State Bar ID 1061368  
Joshua D. Taggatz  
State Bar ID 10814778

Dated: \_\_\_\_\_, 2014.

**CITY OF MILWAUKEE**

BY: GRANT F. LANGLEY  
City Attorney  
800 City Hall  
200 East Wells Street  
Milwaukee, WI 53202

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Vincent D. Moschella  
State Bar No. 1016845  
Margaret C. Daun  
State Bar ID 1041181

## EXHIBIT A: 2014 ASSESSMENTS

Parcel #	Primary Address	2014 Assessment
349-1106-110-6	2727 West North Avenue	\$2,069,700
215-9989-113-4	5183 North 91st Street	\$2,184,500
387-0755-110-8	3522 West Wisconsin Avenue	\$2,308,200
226-1181-000-1	6727 West Hampton Avenue	\$2,294,400
141-0814-000-4	6442 North 76th Street	\$2,372,600
245-0216-110-1	2200 West Capitol Drive	\$2,354,900
033-0351-000-0	8484 West Brown Deer Road	\$2,294,500
470-4051-000-8	2424 West Forest Home Avenue	\$2,435,500
690-0941-000-7	6292 South 27th Street	\$2,005,600
434-2381-000-X	2625 West National Avenue	\$2,900,800
507-0938-100-5	618 West Oklahoma Avenue	\$2,268,800
108-0481-100-7	9040 West Good Hope Road	\$2,536,800
623-9842-111-1	4730 South 27th Street	\$2,526,600
526-9938-111-X	9100 West Beloit Road	\$2,128,500
514-0303-100-7	6000 West Oklahoma Avenue	\$2,460,900
469-3271-000-5	1433 West Burnham Street	\$2,774,300
316-1871-000-1	2938 North Oakland Avenue	\$2,988,900
533-1101-000-6	3233 South 27th Street	\$2,294,500



**EXHIBIT B**

STATE OF WISCONSIN                      CIRCUIT COURT                      MILWAUKEE COUNTY  
CIVIL DIVISION, BRANCH 14

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WALGREEN CO.,

Plaintiff,

v.

Case No. 11-CV-12120  
Money Judgment - 30301

CITY OF MILWAUKEE,

Defendant.

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**STIPULATION AND ORDER FOR DISMISSAL**

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IT IS STIPULATED by the parties, through their respective counsel, as follows:

1. This action involves the City of Milwaukee (the "City's") 2010 and 2011 assessments of the properties with the following parcel numbers and address (collectively the "Properties"):

349-1106-110-6 2727	West North Avenue;
215-9989-113-4 5183	North 91st Street;
387-0755-110-8 3522	West Wisconsin Avenue;
226-1181-000-1 6727	West Hampton Avenue;
141-0814-000-4 6442	North 76th Street;
245-0216-110-1 2200	West Capitol Drive;
033-0351-000-0 8484	West Brown Deer Road;
470-4051-000-8 2424	West Forest Home Avenue;
690-0941-000-7 6292	South 27th Street;
434-2381-000-X	2625 West National Avenue;
507-0938-100-5 618	West Oklahoma Avenue;
108-0481-100-7 9040	West Good Hope Road;
623-9842-111-1 4730	South 27th Street;
526-9938-111-X	9100 West Beloit Road;

514-0303-100-7 6000 West Oklahoma Avenue;  
469-3271-000-5 1433 West Burnham Street;  
316-187-1000 2938 North Oakland Avenue; and  
533-1101-000-6 3233 South 27th Street.

2. This action shall be dismissed with prejudice and without costs and fees to any party.

3. The parties have entered into a separate Settlement Agreement resolving, among other things, the claims raised in this action. This Court shall retain jurisdiction and competency over the issues presented in Settlement Agreement. Any party may reopen this matter by motion to this Court in the event of a violation or alleged violation of this Stipulation or of the Settlement Agreement.

IT IS FURTHER STIPULATED that an Order to this effect may be entered immediately, without further notice to either party.

Dated: \_\_\_\_\_, 2014.

**WALGREEN CO.**

BY: Reinhart Boerner Van Deuren s.c.  
22 East Mifflin Street, Suite 600  
Madison, WI 53703

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Don M. Millis  
State Bar No. 1015755  
Jessica Hutson Polakowski  
State Bar ID 1061368

Dated: \_\_\_\_\_, 2014.

**CITY OF MILWAUKEE**

BY: GRANT F. LANGLEY  
City Attorney  
800 City Hall  
200 East Wells Street  
Milwaukee, WI 53202

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