

**PROJECT PLAN**

**TAX INCREMENTAL DISTRICT NO. 99**

**CITY OF MILWAUKEE**

**(Joy Farms)**

**Public Hearing Held:**

**Redevelopment Authority Adopted :**

**Common Council Adopted:**

**Joint Review Board Approval:**

## **I. DESCRIPTION OF PROJECT**

### **A. Introduction**

Section 66.1105(4)(d), Wis. Stats. Requires the "preparation and adoption of a proposed project plan for each tax incremental district." This Project Plan is submitted in accordance with this statutory requirement.

### **B. District Boundaries & Compliance with Statutory Eligibility Criteria**

The Joy Farms Tax Incremental District ("District" or "TID") is comprised of two properties. The District is shown in Map No. 1, "Boundary and Existing Land Use," and described more precisely in Exhibit 1, "Boundary Description." The area consists solely of contiguous, whole units of property as are assessed for general tax purposes and which are bounded on one side by the Menomonee river. A complete list of properties in the District is provided in Exhibit 2, "Property Characteristics."

The District contains property totaling 28.05 acres (1,221,989 square feet), exclusive of wetlands, public streets and alleys. 86% (1,221,989 square feet) of the real property located within the District is suitable for industrial sites, as defined in Section 66.1105(4)(gm)(4a) and Section 66.1101 and has been zoned for industrial use and will remain zoned industrial for the use of the life of the District. Exhibit 2 illustrates how the properties in the District meet the statutory criteria for Tax Incremental Districts.

Per Wisconsin Statute 66.1105 (5)(b) the percentage of territory within the District that will be devoted to retail business at the end of the maximum expenditure period is estimated by the City to be 0%.

All wetlands in the area are excluded from the District.

### **C. Project Plan Goals and Objectives**

Goals and objectives for the District are:

1. To provide a \$2.45 million cash grant to assist in the construction of a new water main line and a new sanitary sewer main adjacent to the development site. These improvements will be constructed in conjunction with the development of a 325,000 square foot manufacturing, distribution and office building with associated surface parking.
2. Increase the tax base of the City by developing vacant property and bringing a new employer to the City.
3. Create and retain jobs in the City and region.
4. Provide funding necessary to make public infrastructure improvements.

#### **D. Existing Land Uses and Conditions in the District**

As discussed above, the District consists of 28.05 acres and contains 34,165 square feet within seven underutilized buildings. There is one occupied residential property within the District that will be vacated and demolished to make way for the new development.

The District is bounded on the north and east by North 115<sup>th</sup> Street, on the west by the Menomonee River and on the south by the property line.

## **II. PROJECT PLAN PROPOSALS**

### **A. Section 66.1105(4)(f), Wisconsin Statutes, requires that a Project Plan for a Tax Incremental District shall include:**

“...a statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided in subsection (2)(f)1.k., outside the district, an economic feasibility study, a detailed list of estimated project costs, and a description of the methods of financing all estimated project costs and the time when the costs or monetary obligations related thereto are to be incurred. The plan shall also include a map showing existing uses and conditions of real property in the district; a map showing proposed improvements and uses in the district; proposed changes of zoning ordinances, master plan, if any, map building codes and city ordinances; a list of estimated non-project costs; and a statement of a proposed method for the relocation of any persons displaced. The plan shall indicate how creation of the tax incremental district promotes the orderly development of the city.”

### **B. Compliance with Statutory Requirements**

The statements, maps and exhibits are provided in compliance with the statutory requirements.

1. “Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements.”
  - a. This plan includes public improvements including a sanitary sewer and water main line described in general below (collectively, the “Project”). The specific kind, number, and locations of public improvements will be based on detailed final plans, specifications and budget estimates as approved by the Department of City Development for project and site development.
    1. Sanitary Sewer Project (\$2.2 million): Construct approximately 4250 of linear feet of a new sanitary sewer main adjacent to the development site and within one half mile of the District’s boundaries.

2. Water Main Line Project (\$250,000): Construct 913 linear feet of a new water main line adjacent to the development site and within one half mile of the District’s boundaries.

b. The number and location of proposed public works and improvements are shown in Map No. 3, “Proposed Uses and Improvements.”

2. “Detailed List of Estimated Project Costs”

Funds generated from the District will be used for providing an annual grant to Wes Land II LLC(the “Developer”) to offset project costs associated with the Project. City will make payments to the Developer equal to 100% of the incremental taxes actually collected from the District, less an annual administration charge, until such time as an amount up to \$2,450,000, is repaid at an interest rate of 5.5% , up to fourteen years (the “Monetary Obligation”). See the Term Sheet, attached as Exhibit 7, “Term Sheet.”

The costs included in this subsection and detailed in Table “A” which follows are, without limitation hereof because of enumeration, claimed as eligible Project Costs as defined under Section 66.1105(2)(f) and , if appropriate, in any Agreement(s) presently or subsequently entered into by and between the City of Milwaukee, and/or eligible, designated developer(s), which agreements are incorporated herein by reference, provided further that such expenditures are necessitated by this Project Plan.

Table A  
Lists of Estimated Project Costs

<b>A</b>	<b>Capital:</b> Sanitary Sewer Project, Water Main Line Project and cash grant to Developer (Monetary Obligation)	\$2,450,000
	<b>Other:</b> <b>Administration (\$7,500/year up to 11 years)</b>	\$ 82,500
	Total Estimated Project Costs, excluding financing	\$2,532,500
<b>B</b>	<b>Financing:</b> Interest payment on bonds (Incl. capitalized interest)	\$ 670,527

3. “Description of Timing and Methods of Financing”

a. Estimated Timing of Project and Financing Costs

All expenditures for the Sanitary Sewer Project and Water Main Line Project are expected to be incurred in 2019-2020.

- i. Annual payments to Developer will be repaid pursuant to the Monetary Obligation, using incremental taxes generated annually in the District.

4. “Economic Feasibility Study”

The Economic Feasibility Study for the District, is attached hereto as **Exhibit 4**. The study establishes the dollar value of the Project Costs which, based on certain assumptions and a reasonable margin of safety, can be financed with the revenues projected to be generated by the District. Based upon the anticipated tax incremental revenue to be generated by the projects, the District is financially feasible and is likely to be retired on or before the year 2033. Should incremental revenues be generated in excess of those currently anticipated, they may be used to more rapidly repay the Monetary Obligation.

5. “Map Showing Existing Uses and Conditions.”

Please refer to **Map No. 1, “Boundary and Existing Land Use,”** and **Map No. 2, “Structure Condition”** and **Exhibit 3, “Parcel Owners”** in the Exhibits Section which follows.

6. “Map Showing Proposed Uses and Improvements”

Please refer to **Map No. 3, “Proposed Uses and Improvements,”** in the Exhibits Section which follows.

7. “Proposed Change of Zoning Ordinances, Master Plan Building Codes and City Ordinances.”

Please refer to **Map No. 4, “Existing Zoning,”** in the Exhibits Section which follows. The proposed project is consistent with the existing zoning, and the existing master plan, map, building codes, and other city ordinances. The project should not require amendments to their provisions.

8. “List of Estimated Non-Project Costs.”

Estimated costs to construct the private 325,000 square foot industrial building and associated parking are shown in **Exhibit 5**.

9. “Proposed Method for Relocation.”

This Plan does not anticipate the acquisition of property by the City of Milwaukee or by the Redevelopment Authority. Accordingly, no relocation activities or expenditures for relocation payments or services are provided herein.

10. “Statement Indicating How District Creation Promotes Orderly City Development.”

The District falls within the Northwest Side Plan Area. The Northwest Side Plan was adopted in 2008 and is one of the 14 Area Plans that make up the City of Milwaukee’s Comprehensive Plan and serves as a guide for land use, development, and zoning decisions. In general, the plan supports the continued growth of industrial uses in the Northwest Side. The Plan recommends promoting commercial/industrial development on vacant parcels in the vicinity of the Good Hope Road and Fond du Lac interchange.

In 2017, the Common Council adopted the Granville Strategic Action Plan and Land Use Study as an amendment to the Northwest Side Plan. While the Granville Plan focused on the area north of Good Hope Road, it did include a market study and recommendations relevant to the larger area. The plan noted the shrinking demand for retail uses nationally and locally, and the resulting oversupply of vacant retail space, and called for prioritizing attracting modern manufacturing uses to the area that provided family supporting jobs for residents of the Northwest Side.

The Project Plan for the District anticipates the redevelopment of an underutilized and mostly vacant site into a 325,000 square foot manufacturing, distribution and office building with associated surface parking. The project adds employment opportunities during and after construction as well as added tax base at completion.

11. “Opinion of the City Attorney”

Please refer to **Exhibit 6**

12. Term Sheet for Development Agreement

The City and Developer shall enter into a Development Agreement for the Project, which is consistent with the Term Sheet attached as **Exhibit 7**.

## **APPENDIX**

### **List of Exhibits**

- Map 1: Boundary and Existing Land Use
- Map 2: Site and Structure Condition
- Map 3: Proposed Uses and Improvements
- Map 4: Existing Zoning
- Exhibit 1: Boundary Description
- Exhibit 2: Property Characteristics
- Exhibit 3: Parcel Owners
- Exhibit 4: Economic Feasibility Analysis
- Exhibit 5: Non-Project Costs
- Exhibit 6: Opinion of the City Attorney
- Exhibit 7: Term Sheet for Development Agreement

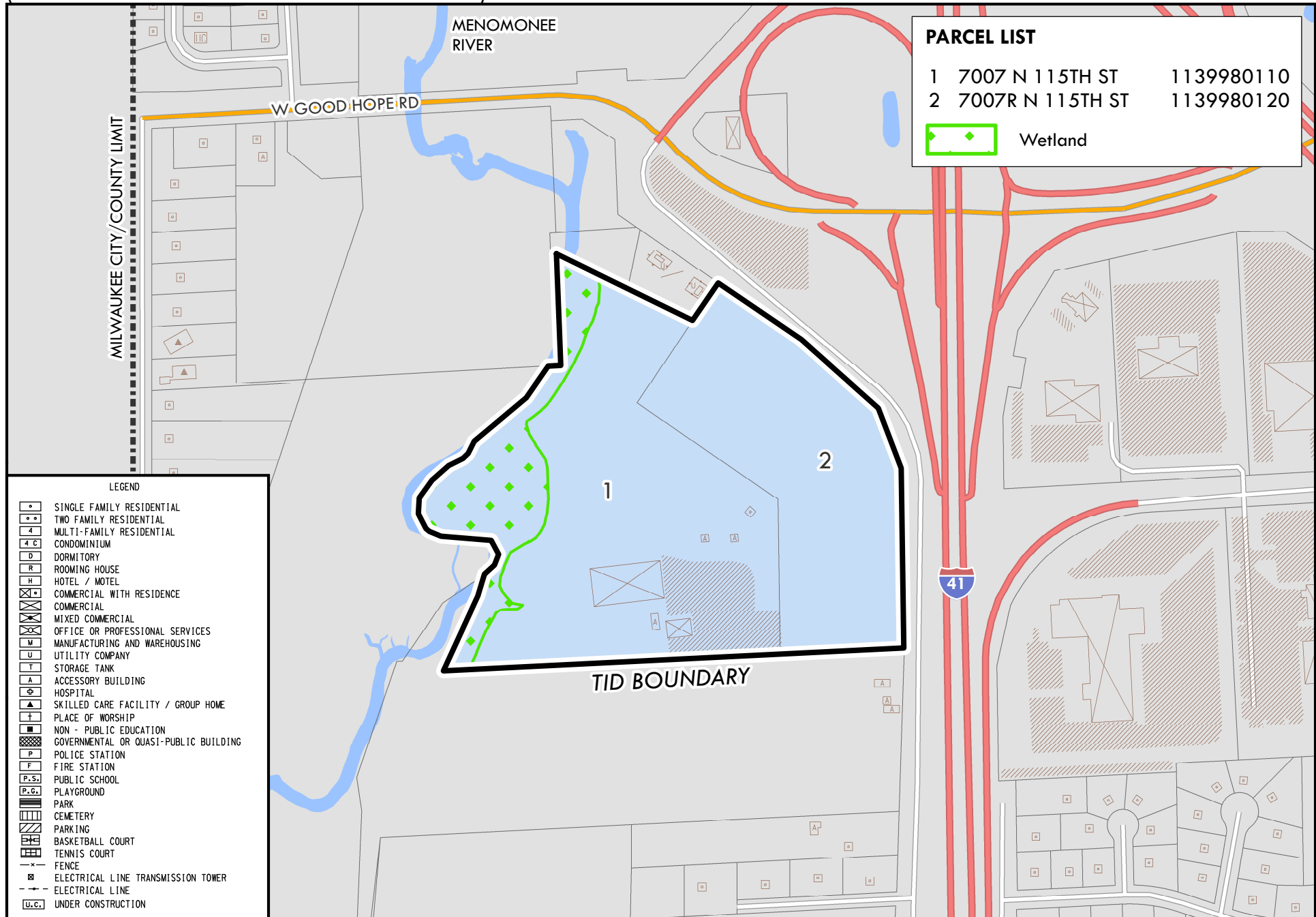
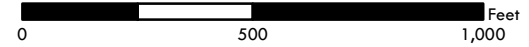
# TID 99: JOY FARMS

## MAP 1: BOUNDARY AND EXISTING LAND USE

(All wetlands in the area are excluded from the District)

Prepared by the Dept. of City Development Planning Division, 3/27/2019  
 Source: City of Milwaukee Information Technology Management Division

N



### PARCEL LIST

1	7007 N 115TH ST	1139980110
2	7007R N 115TH ST	1139980120



Wetland

### LEGEND

- SINGLE FAMILY RESIDENTIAL
- TWO FAMILY RESIDENTIAL
- MULTI-FAMILY RESIDENTIAL
- CONDOMINIUM
- DORMITORY
- ROOMING HOUSE
- HOTEL / MOTEL
- COMMERCIAL WITH RESIDENCE
- COMMERCIAL
- MIXED COMMERCIAL
- OFFICE OR PROFESSIONAL SERVICES
- MANUFACTURING AND WAREHOUSING
- UTILITY COMPANY
- STORAGE TANK
- ACCESSORY BUILDING
- HOSPITAL
- SKILLED CARE FACILITY / GROUP HOME
- PLACE OF WORSHIP
- NON - PUBLIC EDUCATION
- GOVERNMENTAL OR QUASI-PUBLIC BUILDING
- POLICE STATION
- FIRE STATION
- PUBLIC SCHOOL
- PLAYGROUND
- PARK
- CEMETERY
- PARKING
- BASKETBALL COURT
- TENNIS COURT
- FENCE
- ELECTRICAL LINE TRANSMISSION TOWER
- ELECTRICAL LINE
- UNDER CONSTRUCTION

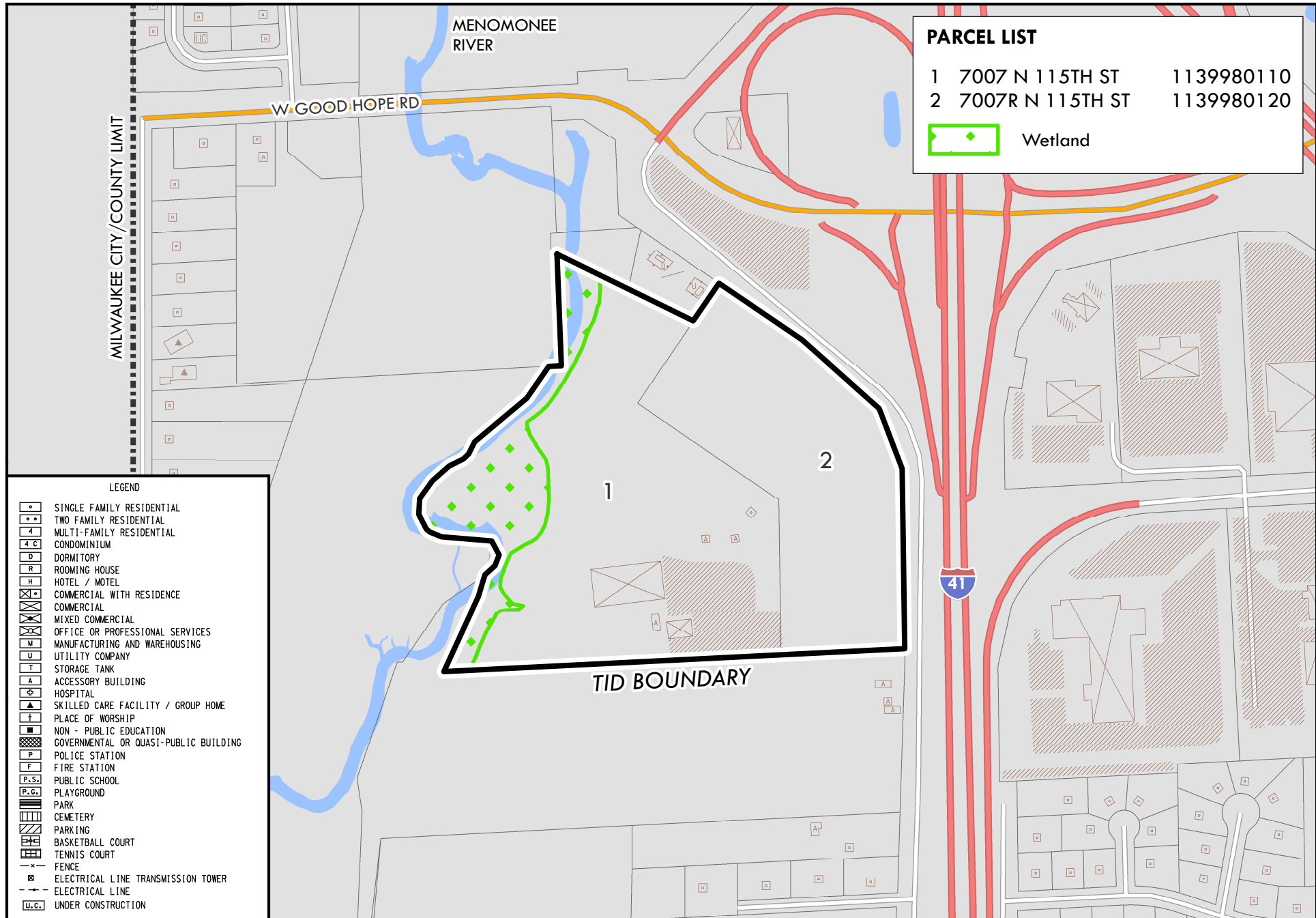
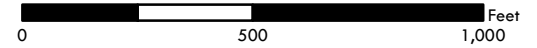


# TID 99: JOY FARMS

## MAP 2: STRUCTURE CONDITIONS

Prepared by the Dept. of City Development Planning Division, 3/26/2019  
 Source: City of Milwaukee Information Technology Management Division

N



**PARCEL LIST**

1	7007 N 115TH ST	1139980110
2	7007R N 115TH ST	1139980120

Wetland

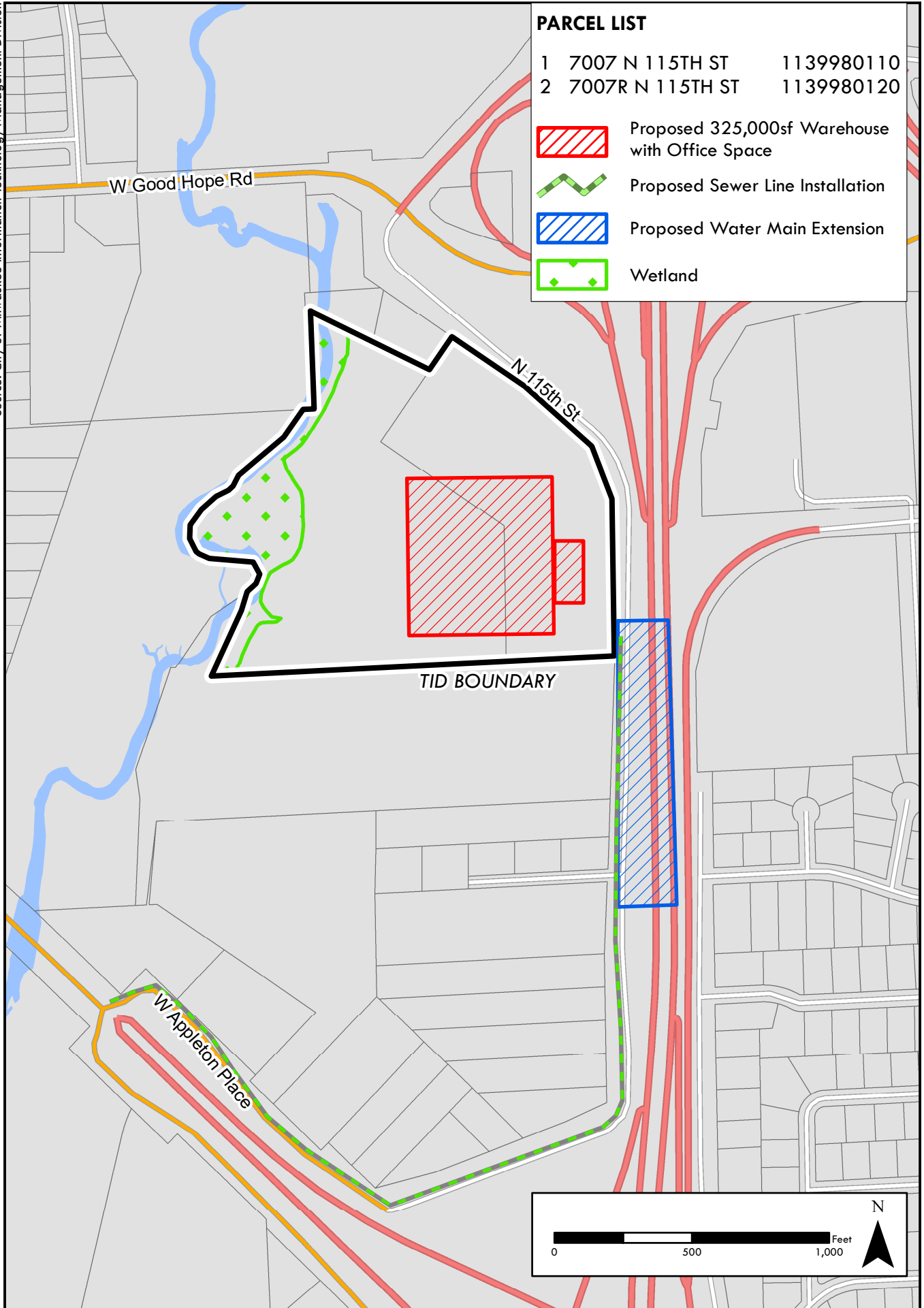
**LEGEND**

	SINGLE FAMILY RESIDENTIAL
	TWO FAMILY RESIDENTIAL
	MULTI-FAMILY RESIDENTIAL
	CONDOMINIUM
	DORMITORY
	ROOMING HOUSE
	HOTEL / MOTEL
	COMMERCIAL WITH RESIDENCE
	COMMERCIAL
	MIXED COMMERCIAL
	OFFICE OR PROFESSIONAL SERVICES
	MANUFACTURING AND WAREHOUSING
	UTILITY COMPANY
	STORAGE TANK
	ACCESSORY BUILDING
	HOSPITAL
	SKILLED CARE FACILITY / GROUP HOME
	PLACE OF WORSHIP
	NON - PUBLIC EDUCATION
	GOVERNMENTAL OR QUASI-PUBLIC BUILDING
	POLICE STATION
	FIRE STATION
	PUBLIC SCHOOL
	PLAYGROUND
	PARK
	CEMETERY
	PARKING
	BASKETBALL COURT
	TENNIS COURT
	FENCE
	ELECTRICAL LINE TRANSMISSION TOWER
	ELECTRICAL LINE
	UNDER CONSTRUCTION

# TID 99: JOY FARMS

## MAP 3: PROPOSED USES AND IMPROVEMENTS

Prepared by the Dept. of City Development Planning Division, 5/24/2019  
Source: City of Milwaukee Information Technology Management Division

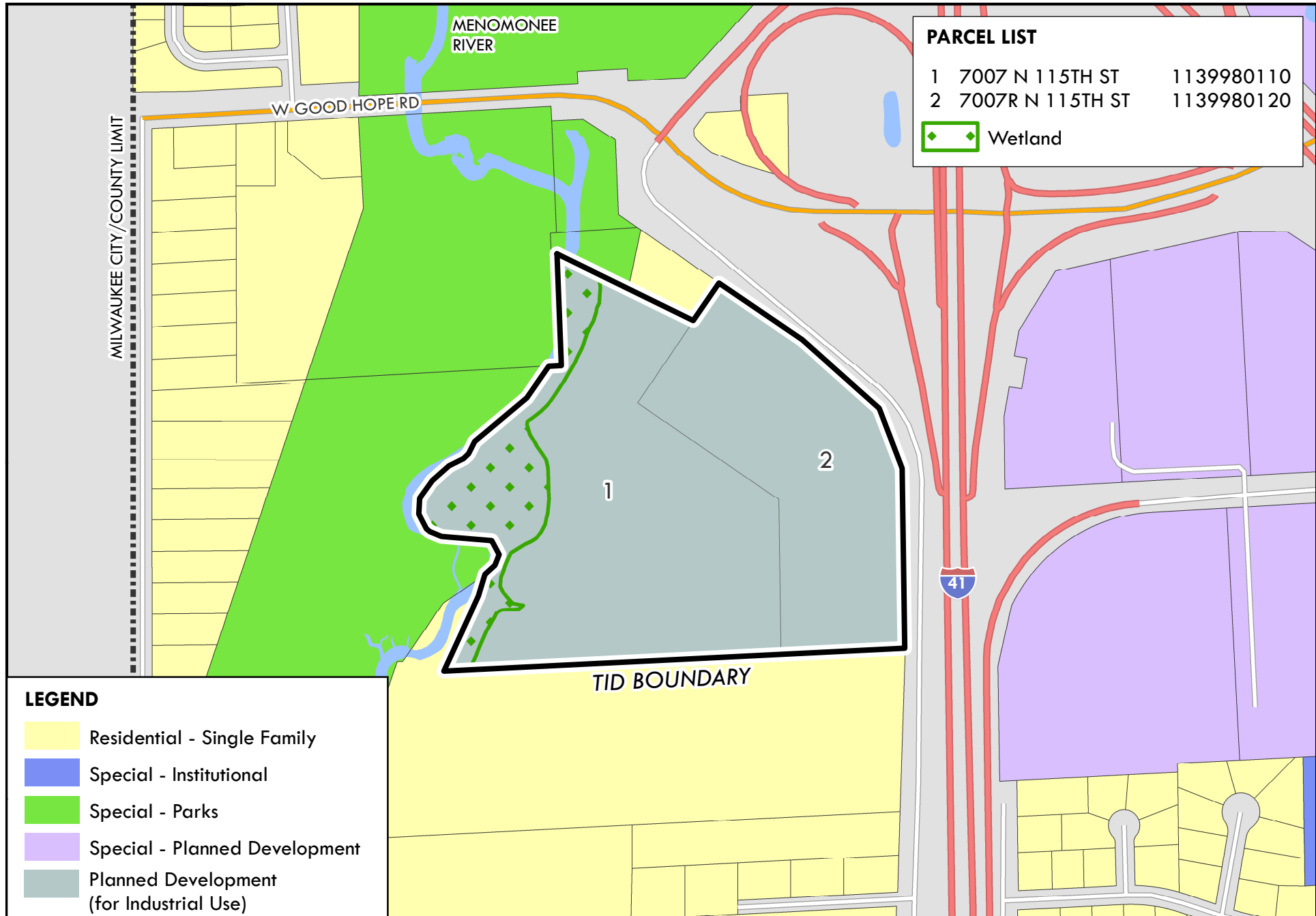
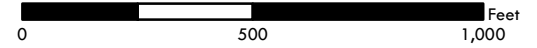


# TID 99: JOY FARMS

## MAP 4: EXISTING ZONING

Prepared by the Dept. of City Development Planning Division, 4/2/2019  
 Source: City of Milwaukee Information Technology Management Division

N



PARCEL LIST		
1	7007 N 115TH ST	1139980110
2	7007R N 115TH ST	1139980120
Wetland		

LEGEND	
	Residential - Single Family
	Special - Institutional
	Special - Parks
	Special - Planned Development
	Planned Development (for Industrial Use)

## EXHIBIT 1

### Boundary Description

Part of the Northwest 1/4 of Section 19, Township 8 North, Range 21 East, in the City of Milwaukee, Milwaukee County, Wisconsin, which is bounded and described as follows: Commencing at the Northeast corner of said 1/4 Section; thence South 00° 45'49" East along the East line of said 1/4 Section 1817.31 feet to a point; thence South 87° 06' 53" West 100.06 feet to a point on the West line of North 115th Street and the beginning of lands hereinafter described; thence South 87°06'53" West 1467.94 feet to a point on the East line of Lands described in Document No. 09836313; thence North 22°06'53" East along said East line 240.56 feet to a meander corner, said corner being 21 feet more or less South 22°06'53" West from the Menomonee River; thence North 69°40'19" East along a meander line 85.28 feet to a point; thence North 25°14'55" East along a meander line 80.85 feet to a point; thence North 04°25'14" East along a meander line 110.13 feet to a point; thence North 53°45'22" West along a meander line 68.93 feet to a point; thence North 77°24'50" West along a meander line 242.26 feet to a point; thence North 52°28'49" East along a meander line 421.90 feet to a point; thence North 44°05'26" East along a meander line 179.02 feet to a point; thence North 18°47'21" East along a meander line 272.41 feet to a point; thence North 10°39'16" West along a meander line 118.34 feet to a meander corner, said corner being 25 feet more or less South 63°20'23" West from the Menomonee River; thence South 63°20'23" East 388.65 feet to a point; thence North 34°10'16" East 141.31 feet to a point on the Southwesterly line of North 115<sup>th</sup> Street; thence South 55°20'06" East along said line 320.93 feet to a point; thence South 49°01'18" East along said line 322.26 feet to a point; thence South 21°35'12" East along said line 210.33 feet to a point; thence South 00°49'45" East along said line 567.93 feet to the point of beginning. Together with land lying between said meander line and the Menomonee River.

## EXHIBIT 2

### Property Characteristics

Parcel	Tax Key #	Address	Site Square Footage	Owner	Suitable for Industrial Sites
1	1139980110	7007 N. 115 <sup>th</sup> Street	700,445	The Stevens Family of Wisconsin II LLC	700,445
1*	1139980110	7007 N. 115 <sup>th</sup> Street	195,149	The Stevens Family of Wisconsin II LLC	
2	1139980120	7007R N. 115 <sup>th</sup> Street	521,544	Stevens Family LTD Partnership	521,544
Total			1,417,138		86%

\*Wetland

**EXHIBIT 3**

**Parcel Owners**

<b><u>Parcel Number</u></b>	<b><u>Tax Key</u></b>	<b><u>Low</u></b>	<b><u>High</u></b>	<b><u>Dir</u></b>	<b><u>Street</u></b>	<b><u>ST</u></b>	<b><u>Owner Name</u></b>
1	1139980110	7007	7007	N	115th	ST	The Stevens Family of Wisconsin II LLC
2	1139980120	7007	7007	N	115th	ST	Stevens Family LTD Partnership

**EXHIBIT 4**

**Economic Feasibility Study For:  
Joy Farms**

**TID Feasibility Joy Farms**

No.	Levy	Budget Year	Base Value	Projected Value	TID Incremental Value	Increment	Developer Financed Loan	Total		After reserving for remaining debt Surplus/(deficit)	TID Payoff
	Assessment Year							Cash flow	Cum. Cash Flow		
1	2019	2020	595,300					-	-	(3,614,647)	No
2	2020	2021	595,300					-	-	(3,614,647)	No
3	2021	2022	595,300	11,750,000	11,154,700	301,177	(283,177)	18,000	18,000	(3,313,470)	No
4	2022	2023	595,300	11,867,500	11,272,200	304,349	(286,349)	18,000	36,000	(3,009,121)	No
5	2023	2024	595,300	11,986,175	11,390,875	307,554	(289,554)	18,000	54,000	(2,701,567)	No
6	2024	2025	595,300	12,106,037	11,510,737	310,790	(292,790)	18,000	72,000	(2,390,777)	No
7	2025	2026	595,300	12,227,097	11,631,797	314,059	(296,059)	18,000	90,000	(2,076,719)	No
8	2026	2027	595,300	12,349,368	11,754,068	317,360	(299,360)	18,000	108,000	(1,759,359)	No
9	2027	2028	595,300	12,472,862	11,877,562	320,694	(302,694)	18,000	126,000	(1,438,665)	No
10	2028	2029	595,300	12,597,590	12,002,290	324,062	(306,062)	18,000	144,000	(1,114,603)	No
11	2029	2030	595,300	12,723,566	12,128,266	327,463	(309,463)	18,000	162,000	(787,140)	No
12	2030	2031	595,300	12,850,802	12,255,502	330,899	(312,899)	18,000	180,000	(456,241)	No
13	2031	2032	595,300	12,979,310	12,384,010	334,368	(316,368)	18,000	198,000	(121,873)	No
14	2032	2033	595,300	13,109,103	12,513,803	337,873	(319,873)	18,000	216,000	216,000	<b>YES</b>
15	2033	2034	595,300	13,240,194	12,644,894	341,412		341,412	557,412	557,412	<b>YES</b>
16	2034	2035	595,300	13,372,596	12,777,296	344,987		344,987	902,399	902,399	<b>YES</b>
17	2035	2036	595,300	13,506,322	12,911,022	348,598		348,598	1,250,997	1,250,997	<b>YES</b>
18	2036	2037	595,300	13,641,385	13,046,085	352,244		352,244	1,603,241	1,603,241	<b>YES</b>
19	2037	2038	595,300	13,777,799	13,182,499	355,927		355,927	1,959,169	1,959,169	<b>YES</b>
20	2038	2039	595,300	13,915,577	13,320,277	359,647		359,647	2,318,816	2,318,816	<b>YES</b>
						5,933,463	(3,614,647)	2,318,816			

Annual appreciation	1.010
Interest Rate	5.50%
Base Value	595,300
Property Tax rate	2.700%
Issuance Costs	24,500
Project Costs	2,450,000

NPV @5.5%      \$2,577,881.94



## **EXHIBIT 5**

### **Non-Project Costs**

Western Building Products, Inc. proposes to construct a 325,000 square foot industrial, distribution and office building with associated surface parking at a cost of approximately \$18,000,000.

**EXHIBIT 6**

**Opinion of the City Attorney**

**GRANT F. LANGLEY**  
City Attorney

**MIRIAM R. HORWITZ**  
**ADAM B. STEPHENS**  
**MARY L. SCHANNING**  
**JAN A. SMOKOWICZ**  
Deputy City Attorneys



Milwaukee City Hall Suite 800 • 200 East Wells Street • Milwaukee, Wisconsin 53202-3551  
Telephone: 414.286.2601 • TDD: 414.286.2025 • Fax: 414.286.8550

SUSAN E. LAPPEN  
PATRICIA A. FRICKER  
HEIDI WICK SPOERL  
GREGG C. HAGOPIAN  
JAY A. UNORA  
KATHRYN Z. BLOCK  
KEVIN P. SULLIVAN  
THOMAS D. MILLER  
ROBIN A. PEDERSON  
JEREMY R. MCKENZIE  
PETER J. BLOCK  
JENNY YUAN  
ALLISON N. FLANAGAN  
HEATHER H. HOUGH  
ANDREA J. FOWLER  
PATRICK J. MCCLAIN  
NAOMI E. GEHLING  
CALVIN V. FERMIN  
BENJAMIN J. ROOVERS  
ELLENY B. CHRISTOPOULOS  
RACHEL S. KENNEDY  
TYRONE M. ST. JUNIOR  
HANNAH R. JAHN  
SAVEON D. GRENELL  
JULIE P. WILSON  
GREGORY P. KRUSE  
KIMBERLY A. PRESCOTT  
SHEILA THOBANI  
KATRYNA C. RHODES  
NICOLE F. LARSEN  
JAMES M. CARROLL  
WILLIAM G. DAVIDSON  
MEIGHAN M. ANGER  
ALEXANDER R. CARSON  
Assistant City Attorneys

May 24, 2019

Rocky Marcoux, Commissioner  
Department of City Development  
809 North Broadway, 2<sup>nd</sup> Floor  
Milwaukee, WI 53202

Re: Project Plan for Tax Incremental District No. 99  
(Joy Farms)


Dear Commissioner Marcoux:

Pursuant to your request, we have reviewed the Project Plan for the above-referenced Tax Incremental District No. 99.

Based upon that review, it is our opinion that the Plan is complete and complies with the provisions of Wis. Stat. § 66.1105(4)(f).

Very truly yours,

  
GRANT F. LANGLEY  
City Attorney

  
RACHEL S. KENNEDY  
Assistant City Attorney



5/31/19

## TERM SHEET

(Joy Farms– TID 99)

### PROJECT

Western Building Products Inc. (“Western” or the “Company”) is one of the largest distributors of millwork products in the Midwest. Currently headquartered in Wauwatosa, Wisconsin, they employ 200 people in two facilities with over 340,000 square feet in office, warehouse and production space. They provide world-class quality millwork products and services together with outstanding customer service in the constructions, commercial and remodeling markets.

Western prides themselves in the quality of the products they carry and the manufacturers they work with. They inventory the broadest array of millwork products anywhere, including a wide assortment of mouldings, stair parts, windows, columns, and an extensive offering of interior, and fire-rated doors, available in a variety of designs and wood species, with the option of unfinished, prefinished or painted finish.

In addition, Western brands and sells their own exterior door systems, combining the best available sill and frame components with name brand wood, steel or fiberglass doors, sidelights and transoms, affordably priced and backed by the best warranty in the industry. Almost unlimited entry door system choices are available with factory finishing options in paint and stain, and a wide selection of decorative glass.

Western is a 100% employee owned company. As a 100% employee owned business, their workforce is committed to offering the best products and customer service available. The employees actively participate, as owners, in the business and share in 100% of the profits.

The cornerstone of Western is the passionate belief that all employees should own the company that they work for. The competition has employees, while Western has employee owners with very low turnover and very high motivation. As a result, they have the most experienced and dedicated people in the industry.

Western is considering investing in a warehouse and office building to be the home to their 200 employees, with the potential of adding 20-30 additional full-time positions, at their new headquarters in the City of Milwaukee on an approximately thirty-two acre site at the Joy Farms Site located at 115<sup>th</sup> Street and Good Hope Road, (the “Development Site”) with an initial investment of approximately \$18 million. The scope of the initial investment is comprised of the following: (a) approximately 300,000 square feet of warehouse space, and (b) 25,000 square feet of office space.

Currently, the Development Site is not serviced with either a Sanitary Sewer or Water Main Line. To support development at the Development Site, City proposes the installation and construction of an approximately 4250 of linear feet of a new Sanitary Sewer and an approximately 913 of linear feet of a new Water Main Line (collectively, the "Project"). The Company or its affiliate or designee will carry out the construction of the Water Main Line Project on behalf of the Company and the City will carry out the construction of the Sanitary Sewer Project.

A preliminary site plan of the development is attached as Exhibit A.

The City proposes to assist the Company in the following ways:

- City Infrastructure-Sanitary Sewer. The City will construct approximately 4250 of linear feet of a new sanitary sewer main at a cost not to exceed \$2.2 million adjacent to the Development Site as identified on Exhibit A (the "Sanitary Sewer Project").
- City Infrastructure-Water Main Line. City will enter into an Out of Program Agreement with the Company to construct approximately 913 of linear feet of a new water main line at a cost not to exceed \$250,000 abutting the Development Site as identified on Exhibit A (the "Water Main Line Project").
- Monetary Obligation. The Company will advance and City will reimburse Company for actual costs up to, but not to exceed, \$2.2 million for the Sanitary Sewer Project and for actual costs up to, but not to exceed, \$250,000 for the Water Main Line Project, which, together is a total amount of actual costs not to exceed \$2,450,000 (the "Monetary Obligation"). The Monetary Obligation will bear annual interest at 5.5% and will be repaid as further provided herein.

The City intends to create a new Tax Incremental District No. 99 (Joy Farms) (the "TID") to fund the above costs, as set forth in the TID Project Plan. The Company's decision to proceed with the Project and construction of the warehouse and office building will depend upon creation of the TID.

### **APPROXIMATE PROJECT DEVELOPMENT SCHEDULE**

Commence Construction:	4 <sup>th</sup> Quarter of 2019
Substantial Completion:	First Quarter of 2021

### **DESIGN REVIEW**

Plans and specifications for the Project shall be subject to the reasonable review and approval of City's Commissioner of Public Works (the "DPW Commissioner") and review of the design of the warehouse and office building shall be subject to the

reasonable review of the Commissioner of City Development (the "Commissioner"). City and the Company shall cooperate in the design of the infrastructure improvements of the Project, warehouse and office building. The parties anticipate the preparation of a Certified Survey Map for the Project when plans, specifications and the designs are finalized.

## **PARTIES**

The City and the Company shall enter into a development agreement incorporating and setting forth in greater detail the provisions of this Term Sheet.

## **COMPANY'S OBLIGATIONS**

In order to receive the financial assistance described above, Company must fulfill the following obligations:

- A. The Company shall assemble the land through a CSM for the Development Site, obtain building permits for the construction of the warehouse and office building and substantially complete the Project and construction of the warehouse and office building by the first quarter of 2021, subject to force majeure.
- B. The Company shall enter into a Human Resources Agreement with the City that will require the Company to utilize certified Small Business Enterprises ("SBE") for 25% of construction and supply costs and 18% of professional services costs on the Project and utilize unemployed and underemployed residents, pursuant to the City's Resident Preference Program ("RPP"), for no less than 40% of total "worker hours" expended on construction of the Project. If the Company does not meet those anticipated SBE and RPP percentages in accordance with the terms of the Human Resources Agreement, the release of all or a portion of the Monetary Obligation may be withheld until the percentages are met or may be withheld completely if the percentages are never met.
- C. The Company shall enter into a payment in lieu of taxes ("PILOT") agreement with the City agreeing to make PILOT payments to the City for the full property tax rate in the event that the properties or Development Site ever become exempt from the payment of real property taxes during the life of the TID. PILOT payments shall be due until termination of the TID or through the year of 2032 tax levy, payable in 2033, whichever shall occur first.

## **MONETARY OBLIGATION**

Prior to substantial completion of the Project and warehouse and office building, City will deposit an amount equal to 100% of the tax incremental revenue actually received by City from the TID, less City's annual expenses of \$7,500, into a special fund established for the TID. Upon substantial completion of the Project and warehouse and office

building such amount shall be disbursed to the Company and applied to reduce the principal balance of the Monetary Obligation.

Subsequent to substantial completion of the Project and warehouse and office building, following the deduction of City's annual expenses (not to exceed \$7,500 per year), 100% of the remaining incremental tax revenue collected from the TID will be allocated to repay the Monetary Obligation. The Monetary Obligation consists of a limited and conditional obligation to repay the Company an amount up to, but not to exceed, \$2,450,000, plus interest on the outstanding balance of the Monetary Obligation at 5.5% per year for up to fourteen years following substantial completion of the Project and warehouse and office building. Payments on the Monetary Obligation are to be made annually following substantial completion of the Project and warehouse and office building but only in an amount equal to 100% of tax incremental revenue actually received by the City from the TID (after deduction of City's annual expenses). Interest on the Monetary Obligation shall not begin to accrue until substantial completion of the Project and warehouse and office building. City may, at any time or from time to time, without notice, penalty, or fee, prepay all or any portion of the Monetary Obligation. In the event that City prepays a portion of the Monetary Obligation, the tax incremental revenue allocated to payment of the Monetary Obligation shall be proportionately reduced to reflect such prepayment. Tax incremental revenue will not be pledged to the payment of the Monetary Obligation, and the Monetary Obligation shall not constitute a general obligation of City or count against its statutory debt limits.

All City payments of tax incremental revenue received by City from the TID shall be subject to annual appropriation. If not appropriated, City shall not expend such tax increments for any other TID project costs.

### **MONETARY OBLIGATION EARNED**

Upon substantial completion of the Project, the Company shall submit a certification detailing project costs theretofore incurred for the Water Main Line Project and the City of Milwaukee Department of Public Works shall submit documents detailing project costs theretofore incurred for the Sanitary Sewer Project (together with copies of records, invoices and/or AIA documentation evidencing such expenditures). The amount of the Monetary Obligation shall be deemed earned upon approval of such certification by the Commissioner of the Department of Public Works (the "DPW Commissioner") or the City Engineer, and interest will begin to accrue on the Monetary Obligation as of the date of substantial completion of the Project and warehouse and office building.

### **TERMS OF PAYMENTS**

City payments on the Monetary Obligation will terminate: (i) at the time the Monetary Obligation is fully paid; or (ii) with the payment derived from the 2032, payable in 2033, whichever occurs first.

## **OTHER ENTITLEMENTS OR APPROVALS**

The City will work with the Company to secure any zoning changes, right-of-way vacations, right-of-way dedications and any other approvals or entitlements required for the Project.

## **GENERAL**

This Term Sheet does not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this sort shall be incorporated into a development agreement, a human resources agreement, a PILOT agreement, an out of program agreement, and any other documents or agreements necessary to accomplish the objectives described above. In recognition that there may be adjustments of the dates and descriptions herein as well as administrative approvals which will require the exercise of reasonable discretion on behalf of the City, the Commissioner of City Development will be authorized under these agreements to exercise such discretion and grant such approvals.

1050-2019-130:257429



# TID 99: JOY FARMS

## EXHIBIT A: MAP 3 PROPOSED USES AND IMPROVEMENTS

Prepared by the Dept. of City Development Planning Division, 5/24/2019  
Source: City of Milwaukee Information Technology Management Division

