

MINIMUM ASSESSED VALUE AGREEMENT

(Couture Project)

**MINIMUM ASSESSED VALUE AGREEMENT
(Couture Project)**

This Minimum Assessed Value Agreement (“Agreement”) is made as of the 30th day of April, 2021, by and between The Couture LLC, a Wisconsin limited liability company (“OBLIGOR”) and the City of Milwaukee, a Wisconsin municipal corporation, (“CITY”) in connection with the obligations of OBLIGOR under that certain Amended and Restated Cooperation, Contribution and Redevelopment Agreement for the Couture Project (“Development Agreement”) of even date herewith between OBLIGOR, CITY, The Couture Holdings Group Inc. and the Redevelopment Authority of the City of Milwaukee (“RACM”). OBLIGOR, in order to induce CITY and RACM to enter into the Development Agreement, voluntarily and knowingly enters into this Agreement pursuant to the terms defined herein.

WHEREAS, the capitalized terms used in this Agreement which are not defined herein shall have the meanings set forth in the Development Agreement; and

WHEREAS, OBLIGOR contemplates implementation of the Project pursuant to the terms of the Development Agreement and has authorized the execution of this Agreement; and

WHEREAS, the Common Council of the CITY adopted File No. 141263 on February 10, 2015, and File No. 201062 on December 15, 2020, which approved and amended the Project Plan, created and amended Tax Incremental District No. 82 (East Michigan Street) (“TID No. 82”), and authorized execution of this Agreement; and

WHEREAS, on April 28, 2017, OBLIGOR and CITY entered into a Minimum Assessed Value Agreement which is hereby terminated and replaced with this Agreement for the Project; and

WHEREAS, in order to assist CITY in paying debt service on the general obligation bonds, notes or other obligations issued to fund the Grant and to provide for other matters set forth herein, the parties are entering into this Agreement.

NOW, THEREFORE, OBLIGOR and CITY, in consideration of the mutual promises and covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, mutually agree as follows:

I.

Minimum Valuations

OBLIGOR agrees that, for so long as TID No. 82 is in effect, the aggregate assessed value of the parcels of real estate owned by OBLIGOR and/or its Affiliates for real estate tax purposes and comprising the Project (each a “Project Lot”) shall be the greater of (1) the aggregate assessed value of each Project Lot determined by the CITY’s Assessor’s Office on January 1 of each calendar year (the “Actual Assessed Value” or, collectively, the “Actual Assessed Values”), or (2) the minimum assessed value for such calendar year provided in

EXHIBIT A attached hereto (the “Minimum Assessed Value”). The Minimum Assessed Value shall be prorated among the Project Lots each year in accordance with the relative values of such lots as determined by the CITY’s Assessor’s Office for such year. The Minimum Assessed Value shall be subject to the following terms and conditions:

(a) Assessment Challenges. While this Agreement is in effect, OBLIGOR or its Affiliates may challenge the Actual Assessed Value for their respective Project Lots, provided that (i) OBLIGOR or its Affiliates shall not challenge any Actual Assessed Value that is less than or equal to one hundred ten percent (110%) of the Minimum Assessed Value allocable to the Project Lot for the year in question, and (ii) in no case shall the resulting real estate assessment for a Project Lot be reduced below the Minimum Assessed Value allocable to such Project Lot.

(b) Minimum Valuation Shortfall Obligations. If, for any reason prior to the termination of TID No. 82 by its terms, the Actual Assessed Value for a Project Lot is less than the Minimum Assessed Value for such Project Lot, then the OBLIGOR shall nonetheless pay to CITY within thirty (30) days of written notification from the CITY, in addition to any real estate taxes that would otherwise be due and payable for that year, an amount equal to the Shortfall Obligation (defined below) with respect to such Project Lot. As used herein, the term “Shortfall Obligation” shall be an amount equal to the difference between (i) the real estate taxes that would have been due and payable had real estate taxes for a Project Lot been determined using the Minimum Assessed Value for such Project Lot, and (ii) the actual real estate taxes for a Project Lot that are otherwise due and payable. If any Shortfall Obligation is not promptly satisfied, then the CITY may levy a special assessment or special charge against the Project Lot in question in the amount of such Shortfall Obligation, and OBLIGOR, by execution of this Agreement, shall be deemed to have waived any right to a notice of hearing relating to such special assessment and/or special charge.

(c) Effect of Additional Legal Parcels. In the event OBLIGOR divides the Property into additional lots or condominium units, OBLIGOR may allocate the Minimum Assessed Value among the newly created lots or units, with the exception of any newly created lots or units that are conveyed by OBLIGOR or an Affiliate to CITY or RACM, and require the future owners of such newly created lots or units to reimburse OBLIGOR for any Shortfall Obligations during the life of TID No. 82. However, the legal division of Project into additional separate tax parcels shall not terminate or limit OBLIGOR’s obligations to pay the Shortfall Obligation to CITY as provided in subsection (b) above.

II.

Notices

Any written notice required to be sent to the parties shall be forwarded to the following:

If to CITY:

City of Milwaukee
809 North Broadway
Milwaukee, WI 53202

With a copy to:

City of Milwaukee
City Attorney’s Office
200 East Wells Street, Suite 800

Attn: Commissioner of City Development

Milwaukee, WI 53202

Attn: Real Estate Deputy City Attorney

If to OBLIGOR:

With a copy to:

The Couture LLC
260 East Highland Avenue
Suite 401
Milwaukee, WI 53202
Attn: Rick Barrett

Meissner Tierney Fisher & Nichols, S.C.
111 East Kilbourn Avenue
19th Floor
Milwaukee, WI 53202
Attn: Adam J. Tutaj, Esq.

III.

Term

The term of this Agreement shall commence on the date of the first disbursement of the Grant pursuant to the Development Agreement and terminate upon the earlier of (a) the closure of TID No. 82 or (b) receipt by CITY of sufficient Tax Increments from the Property to pay in full the entire amount of any bonds, notes or other obligations incurred to finance the Grant. Upon termination of this Agreement, CITY shall provide OBLIGOR with a document certifying such termination which OBLIGOR shall record, at its cost, at the Milwaukee County Register of Deeds Office.

IV.

Rules of Construction

Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference only and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.


V.

Binding Effect

This Agreement shall be binding upon OBLIGOR and OBLIGOR's heirs, representatives and assigns for the benefit of CITY and its successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the day and year first above written.

CITY OF MILWAUKEE



Tom Barrett, Mayor



James R. Owczarski, City Clerk

COUNTERSIGNED:

for 

Aycha Sawa, Comptroller

THE COUTURE LLC

By: _____
Richard J. Barrett, Manager

1050-2012-1849:232167

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the day and year first above written.

CITY OF MILWAUKEE


Tom Barrett, Mayor

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COUNTERSIGNED:

Aycha Sawa, Comptroller

THE COUTURE LLC

By: 

Richard J. Barrett, Manager

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EXHIBIT A: Minimum Assessed Value

<u>Year</u>	<u>Minimum Assessed Value</u>
2021	\$1,109,700
2022	\$1,109,700
2023	\$18,531,093
2024	\$38,306,916
2025	\$42,504,949
2026	\$51,058,057
2027	\$58,425,187
2028	\$59,125,388
2029	\$59,716,642
2030	\$60,313,808
2031	\$60,916,946
2032	\$61,526,116
2033	\$62,141,377
2034	\$62,762,791
2035	\$63,390,419
2036	\$64,024,323
2037	\$64,664,566
2038	\$65,311,212
2039	\$65,964,324
2040	\$66,623,967
2041	\$67,290,207