

**SUMMARY TERM SHEET: HARLEY-DAVIDSON PROJECT [5/12/04]**

- Parties:** City of Milwaukee (“City”), Redevelopment Authority of the City of Milwaukee (“RACM”, with City: “Milwaukee”), H-D Milwaukee, LLC (“Developer”)
- Project Site:** 20± acres at Sixth Street and Canal Street
- Sale of Project Site:** Milwaukee will convey the Project Site ( including Traser Yards) to Developer for a Sale Price equal to \$150,000 per acre of the Project Site less the cost of demolition (to be determined by competitive bids).
- Traser Yards Lease:** Developer will lease the Traser Yards to City, for a term ending **February 28, 2006**, at a total base rental of \$1 per year.
- If City has not vacated Traser Yards to Developer **February 28, 2006**, then Developer will have the option:
- (a) to extend the term of the Traser Yards Lease for up to one year, at a base rent of \$10,000 per month, or
  - (b) to “put” the Project Site to Milwaukee, at a Repurchase Price equal to \$150,000 per acre, **or**
  - (c) to sue Milwaukee for Developer’s actual damages as a result of Milwaukee’s failure to vacate the Traser Yards.
- Harley-Davidson Project:** General project description attached.
- Completion deadlines:
- Phase I (Museum, café, retail, etc.): 24 months after the termination of the Traser Yards Lease described below.
- Phase II (Archives or an equivalent portion of Phase III): 24 months after Phase I.
- Phase III (Office / Commercial): 36 months after Phase II
- If phases not completed within the above periods, then Milwaukee shall have an option to repurchase those portions of the Project Site located west of S. 6<sup>th</sup> St. at a cost equal to \$150,000 per acre, **or** shall have the right to sue Developer for City’s actual damages as a result of Developer’s failure to develop the Project.
- Developer will provide a \$7 million bank letter-of-credit which the City may draw on if Phase I (Museum, café, etc.) not completed on time. Amount of letter-of-credit shall be reduced, proportionately, as construction is completed.**
- Project Funding:** Developer will advance all funding for the design, engineering, development, construction, street vacation, utility relocation, and administration of the Project.
- Closing:** TBD
- Zoning and Other Approvals:** The parties will cooperate to apply for all TID, zoning, and other governmental and third-party permits needed for the Project, including, a Redevelopment Plan developed by RACM in consultation with Developer and consistent with Developer’s current conceptual plan for the Project.

**Tax Incremental District:**

Milwaukee intends to create a Tax Incremental District (“TID”) to assist in funding the extraordinary site development costs of the Project, up to a maximum amount of \$7,000,000. The Developer will advance all funds and be repaid only to the extent of TID increments.

TID will be prorated between the project’s Phases:

- Phase I: \$5.3 million
- Phase II: .3 million
- Phase III: 1.4 million

If Phases not completed per schedule, City TID payments will be eliminated for those Phases.

Costs of demolition may be recovered from the TID, after Developer has recovered funding it advanced (max. \$7 million, plus interest).

**Human Resource Requirements:**

Developer shall enter into an Emerging Business Enterprise Agreement to utilize EBEs, for not less than 18% of the combined site improvement and construction cost of the Project.

Developer shall use best efforts to utilize unemployed residents of the Community Development Block Grant area for up to 21% of the total Project hours deemed eligible pursuant to Residents Preference Program guidelines.

**Streets, Riverwalk, and Walkways:**

All streets, riverwalks, and walkway areas within the Project Site (other than South 6<sup>th</sup> Street, and West Canal Street located West of South 6<sup>th</sup> Street) will be owned and maintained by Developer, and open to the public as Developer determines, with all development agreements providing for reasonable public access to the riverwalks, which will be ADA compliant.

**Guaranty**

Developer’s obligations shall be guaranteed by Harley-Davidson Motor Company, Inc.

**HARLEY-DAVIDSON EXPLORING \$95 MILLION, 230,000 FT<sup>2</sup> MIXED-USE DEVELOPMENT AT 6<sup>TH</sup> & CANAL STREETS**

Harley-Davidson Motor Company is evaluating a site at Sixth and Canal Streets near downtown Milwaukee as one of several possible Milwaukee-area locations for its museum development. No final decisions have been made on this or any other site. The company will make a final announcement of the museum location once detailed analyses are complete, necessary approvals are obtained and a site has been acquired. Harley-Davidson remains committed to building a world class museum destination in the Milwaukee area that meets the expectations of enthusiasts and the general public.

A conceptual site plan and preliminary project summary have been prepared to support analysis of the potential site at Sixth and Canal Streets. These documents are intended for internal company purposes, but may also be used by Harley-Davidson employees in confidential discussions with the Department of City Development and the Menomonee Valley Partners Board, with the understanding that these documents are to be kept as confidential and are not to be publicly disclosed without the express consent of Harley-Davidson Motor Company.

Preliminary Project Summary:

Phase I - 110,000 ft <sup>2</sup>	Phase II - 20,000 ft <sup>2</sup>	Phase III - 100,000 ft <sup>2</sup>
Museum, café, retail, supporting offices & technical functions, banquet & restaurant (includes site work & property acquisition)	Archives, restoration shop & additional exhibits	Additional space that could include Harley-Davidson technical training, offices or other functions that would otherwise have to be relocated outside of Milwaukee due to space constraints at the Juneau Ave. facility
Approx. 2 yrs after property acquisition, depending on timing of Traser Yards move (target '06 if move 1 <sup>st</sup> half '05)	Target: open 2 yrs. after museum opening	Target: within 5 yrs. of museum opening (depends on need for additional space; could occur earlier)
Investment: \$60 mm	Investment: \$15 mm	Investment: \$20 mm
Est. 500 on-site construction jobs Museum operations: est. 70 full time & 15 part-time (plus approx. 20 FTE services) Restaurant operations: 300 seat restaurant est. 40-70 jobs	Est. 10 jobs	Based on current density at Juneau Ave. facility, 100,000 ft <sup>2</sup> could be expected to house 280-400 employees