

Background on Proposed Amendment to Agreement for Harley-Davidson Museum

- Agreement signed in 2005 with Harley-Davidson contemplated three phases of development at museum complex at 6th & Canal Streets.
- First two phases opened in June of 2008 – consisting of main museum, archive facility, conference/reception facility and restaurants.
- Phase III is required to be developed in 2011 – consisting of one or more buildings totaling 100,000 s.f.
- Due to the deep recession especially affecting real estate and H-D's operations (wholesale shipments are expected to be down in 2010 more than 40% from the peak in 2006) H-D is not able to proceed with Phase III and wishes to eliminate the requirement to build it.
- Current agreement gives City two options if Phase III not completed: sue for City's actual damages; or, repurchase portion of museum campus sold to H-D, specifically the parking areas to the west of 6th Street.
- Repurchase would cost \$535,000 and remove the properties from the tax rolls.
- Properties currently assessed at \$1,438,800 and pay approx. \$37,000 annually in taxes.
- Proposed Amendment to Agreement would eliminate Phase III, and have H-D pay City \$550,000 instead.
- Because Phase III will not be developed, reimbursements to H-D from the tax increment district will be reduced from \$7,000,000 to \$5,765,000. H-D advanced all the funding in the TID.
- File will be heard at ZND on Sept. 15th.