

**PROJECT PLAN FOR  
TAX INCREMENTAL FINANCING DISTRICT NO. 108  
(5th and Michigan)**

**CITY OF MILWAUKEE**

**Public Hearing Held: April 15, 2021**

**Redevelopment Authority Adopted:**

**Common Council Adopted:**

**Joint Review Board Adopted:**

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## I. DESCRIPTION OF THE PROJECT

### A. Introduction

Section 66.1105(4)(d), Wisconsin Statutes, requires the “preparation and adoption...of a proposed project plan for each tax incremental district.” This Project Plan is submitted in fulfillment of this requirement and the related provisions of section 66.1105, Wisconsin Statutes.

Section 66.1105 (2)(f) 1.n., permits that Project Plan to fund projects located outside, but within one half-mile of the district’s boundary.

### B. District Boundaries and Compliance with Statutory Eligibility Criteria

The 5th and Michigan (“District” or “TID”) is comprised of one property at 501 West Michigan Street, totaling 127,718 SF (the “Property”) in the City of Milwaukee (“City”). The District is shown in **Map No. 1, “Boundary and Existing Land Use,”** and described more precisely in **Exhibit 1, “Boundary Description.”** 100% of the real property located within the District was found to be in need of rehabilitation or conservation work within the meaning of Section 66.1105(4)(gm) of the Wisconsin Statutes. **Exhibit 2, “Property Characteristics,”** illustrates how the property in the District meets the statutory criteria for Tax Incremental Districts. 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% and, therefore, is below the 35% threshold described in Wisconsin Statute 66.1105 (5)(b).

### C. Project Background

The Property includes an apr. 350,000 SF office building built in 1978. Most recently, the Property was occupied by a company named Assurant. However, they closed their operations in downtown Milwaukee in 2016 and the building has been unoccupied since.

In 2010, the City adopted the Downtown Area Plan Update. The plan places an emphasis on increasing the “employment density throughout the entire Downtown,” which this Project will help accomplish. In addition, this Project will provide additional activity along the future route of The Hop streetcar system, a catalytic project in the plan, and will help better connect the Station Plaza and Wisconsin Avenue Strategy catalytic projects from the plan.

<https://city.milwaukee.gov/DCD/Planning/PlansStudies/AreaPlans/DowntownPlan>

Milwaukee Tool (“Company”) is proposing to invest at least \$30,000,000 to renovate the building into new office space for at least 1,210 employees (the “Initial Project”). The Company may also decide to expand the Property by adding at least three stories or 150,000 SF of new space to the Property to create space for up to an additional 790 employees (the “Expansion”). The Initial Project and Expansion shall be known collectively as the “Project.”

The Company has been located in the Milwaukee area since World War 1 and is currently headquartered in Brookfield, WI. Originally known as the Milwaukee Electric Tool Company, the Company invented electric tools such as the right-angle drill (1949) and the Sawsall® reciprocating saw (1951). In 2005, the Company was acquired by Techtronic Industries (TTI) and broadened its product line from mostly electric tools to battery powered and hand tools for all trades, tool storage systems and construction safety equipment. As a result, over the past fifteen years, their annual sales have grown from \$425M to over \$5B and employment has grown from 250 to 2,000 over that same time period. The Company expects continued growth in sales and employment, and is therefore, proposing the Project to meet their future space needs and help to attract and retain employees.

The City is proposing to provide an initial \$12,100,000 grant (the “Initial Grant”) to the Company from this District for purchasing and renovating an approximately 350,000 SF building in the City and locating at least 1,210 employees at the facility. A subsequent grant of up to \$7,900,000 (the “Subsequent Grant”) may be provided to the Company from the District for additional employment beyond the initial 1,210 employees in the event that Company completes the Expansion. The Initial Grant and Subsequent Grant are further described in the attached Term Sheet, **Exhibit 6, “5th and Michigan Term Sheet.”**

#### D. Project Plan Goals and Objectives

More detailed goals and objectives of this Project Plan are to:

- Attract family-supporting jobs to the City.
- Eliminate a blighting influence in downtown Milwaukee.
- Increase the tax base of the City by redeveloping a property in need of rehabilitation or conservation.
- Assist in implementing catalytic projects, as set forth in the Downtown Area Plan Update.

#### E. Existing Land Uses and Conditions in the District

The District is currently comprised of one property assessed at \$4,000,000 in 2020. The Property in the District is zoned C9F(A) (Office and Service).

## II. PLAN PROPOSALS

The following statements, maps and exhibits are provided in compliance with Section 66.1105(4)(f) of the Wisconsin Statutes.

#### A. “Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements.”

Funds generated from the District will be used for the following purposes:

Initial Grant (\$12,100,000): In an effort to attract jobs to the District, provide an initial \$12,100,000 grant to the Company for purchasing and renovating an approximately 350,000 SF building in the City and locating at least 1,210 employees at the facility, per the attached Term Sheet, **Exhibit 6, “5th and Michigan Term Sheet.”**

Subsequent Grant (\$7,900,000): In an effort to attract additional jobs to the District, a subsequent grant of up to \$7,900,000 may be provided to the Company for additional employment beyond the initial 1,210 employees (at \$10,000 per employee, up to 2,000 total employees) in the event that Company completes the Expansion. After the City is fully reimbursed by tax increment generated by the Project for the Initial Grant and associated debt service costs and after completion of the Expansion, the Subsequent Grant would be provided to the Company via annual payments to the Company of 100% of the incremental taxes generated from the Property (less annual expenses of \$7,500) until the full Subsequent Grant (plus 4.5% interest) is paid to the Company (the “Monetary Obligation”). These annual payments will last over a period not to exceed 20 years from the creation of the tax incremental district, per the attached Term Sheet, **Exhibit 6, “5th and Michigan Term Sheet.”**

#### B. “Detailed List of Estimated Project Costs.”

The costs included in this subsection and detailed in Table B which follows are, without limitation because of enumeration, eligible project costs as defined under Section 66.1105(2)(f) and, if appropriate, in any cooperation agreement(s) entered into by and between the City of Milwaukee,

Redevelopment Authority of the City of Milwaukee and eligible designated companies or developer(s), provided further that such expenditures are necessitated by this Project Plan.

These costs and costs estimates are more fully described as follows:

#### Capital Costs

The District shall fund an estimated \$20,000,000 in the form of TID Capital Project Costs enumerated in further detail in **Table A** of this Plan.

<b>TABLE A: TID Capital Project Costs</b>	
Initial Grant to Company	\$12,100,000
Subsequent Grant to Company (Monetary Obligation)	\$7,900,000
<b>TOTAL Capital Project Costs</b>	<b>\$20,000,000</b>

#### Other Costs

This category of Project Costs includes estimates for administrative, professional, organizational and legal costs.

#### Financing Costs

Financing costs include estimated gross interest expenses on the Monetary Obligation to repay the Company. Estimates of interest are based on interest rates as set forth in the Economic Feasibility Analysis, attached as **Exhibit 4, “Feasibility Study.”** The City reserves the right to prepay the Monetary Obligation to Company, which could require issuance of general obligation debt, as described in the Term Sheet, attached as **Exhibit 6, “5th and Michigan Term Sheet.”**

**TABLE B: Lists of Estimated Project Costs**

<u>Capital:</u>	
Initial Grant to Company	\$12,100,000
Subsequent Grant to Company (Monetary Obligation)	\$7,900,000
<u>Other:</u>	
Administration (\$147,500 + \$7,500 x 7 years)	\$200,000
Total Estimated Project Costs, excluding financing	\$20,200,000
<u>Financing:</u>	
Interest	\$10,400,000

#### C. “Description of Timing and Methods of Financing.”

All expenditures for the Project Costs are expected to be incurred during the period from 2021-2041.

The City may proceed to fund any or all of the Initial Grant using general obligation bonds or notes, or Redevelopment Authority revenue bonds to be issued in amounts which can be supported using tax increments in the District.

The annual cash grants to the Company for the Monetary Obligation will be paid from incremental taxes generated annually in the District.

D. “Economic Feasibility Study.”

The Economic Feasibility Study for this District is attached to this Project Plan as **Exhibit 4, “Feasibility Study.”** The study establishes the dollar value of the Project Costs which, based on certain general 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 District, the District is financially feasible and is likely to be retired on or before year 2040, the 19th year of the District. Accordingly, the District is determined to be feasible.

E. “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.

F. “Map Showing Proposed Uses and Improvements.”

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

G. “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 Plan is consistent with the existing zoning, which is C9F(A) (Office and Service). The proposed Project Plan is in accordance with the existing master plan, map, building codes, and other city ordinances. The proposed Project Plan should not require amendments to their provisions, but such amendments could be made if necessary without further amendment to this Project Plan.

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

There are no Non-Project Costs.

I. “Proposed Method for Relocation.”

This Project Plan does not anticipate the acquisition of property by the City of Milwaukee. Accordingly, no relocation activities or expenditures for relocation payments or services are provided herein. Should the acquisition of property by condemnation and relocation be necessary, the cost and method of relocation will be included in a redevelopment plan and associated relocation plan prepared in cooperation with the Redevelopment Authority, pursuant to Section 66.1333 and Section 32.05 of the Wisconsin Statutes. The costs of such activities will be eligible for reimbursement through tax increment revenues should such revenues be generated during the statutory life of the District.

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

The creation of the District will provide a means to continue the revitalization of Milwaukee, consistent with the objectives of the Downtown Area Plan Update, adopted in 2010. The District will also facilitate the redevelopment of a property in need of rehabilitation or conservation and increase employment opportunities in Milwaukee.

K. “Opinion of the City Attorney.”

Please refer to **Exhibit 5, “Letter from the City Attorney.”**

**EXHIBIT 1**  
**Boundary Description**

Beginning at a point at the intersection of the north line of West Clybourn Street and the east line of North 6th Street;

Thence, north along the east line of North 6th Street to its intersection with the south line of West Michigan Street;

Thence, east along the south line of West Michigan Street to its intersection with the west line of North 5th Street;

Thence, south along the west line of North 5th Street to its intersection with the north line West Clybourn Street;

Thence, west along the north line of West Clybourn Street to the point of beginning and more particularly depicted in Map 1 of this Project Plan.

## EXHIBIT 2

### Property Characteristics

Findings substantiating that not less than 50%, by area, of the real property within the proposed district is in need or rehabilitation or conservation within the meaning of Section 66.1105(4)(gm)4.a Wisconsin Statutes.

Parcel No.	Address	Taxkey	Owner Name	Land Assessment	Improvement Assessment	Total Assessment	Lot SF	In Need of Rehabilitation or Conservation SF	Vacant SF	Retail SF
1	501 WEST MICHIGAN STREET	361-0814-122	F STREET 501 LLC	\$100	\$3,999,900	\$4,000,000	127,718	127,718	0	0

<b>TOTAL:</b>	<b>\$100</b>	<b>\$3,999,900</b>	<b>\$4,000,000</b>	<b>127,718</b>	<b>127,718</b>	<b>0</b>	<b>0</b>
<b>PERCENTAGE:</b>				<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>



**EXHIBIT 3**  
**Parcel Owners**

<b>Parcel No.</b>	<b>Address</b>	<b>Taxkey</b>	<b>Owner Name</b>
1	501 WEST MICHIGAN STREET	361-0814-122	F STREET 501 LLC

## **EXHIBIT 4**

### **ECONOMIC FEASIBILITY STUDY FOR THE 5TH AND MICHIGAN TID (NO. 108)**

#### **Background:**

The City of Milwaukee is proposing to create the 5th and Michigan Tax Incremental District No. 108 (the “District”) to fund an Initial Grant to the Company of \$12,100,000 and a Subsequent Grant/Monetary Obligation to the Company of up to \$7,900,000. The Initial Grant will be City-financed and paid back from actual incremental tax revenue, while the Subsequent Grant/Monetary Obligation will be Company-financed and paid annually from actual future incremental tax revenue.

The District is comprised of one property totaling 127,718 SF of land (the “Property”).

#### **Current Property Valuation:**

The assessment of the Property as of 1/1/2020 was \$4,000,000 and thus, that is the estimated base value of the proposed District with a base year of 2021. The current Property is completely unoccupied.

#### **Anticipated Future Value of the District:**

The Property includes an apr. 350,000 SF office building built in 1978 with an attached apr. 850 stall parking structure (note that the building has an apr. 50,000 SF basement, so for the purposes of this feasibility study, only the 300,000 SF on floors 1-5 will be considered). The Assessor’s Office classifies the building as a Class A office building, however, it has not been renovated in many years and its current condition is closer to a Class B office building. The Company will be spending apr. \$30m renovating the Property and adding amenities which will ensure that it is a Class A office building. The building can also support an expansion of adding four floors (50,000 SF each) to the existing building structure. The Company may move forward with building all or a portion the allowable expansion, which would be all new Class A construction.

Recent and nearby new construction or renovated office buildings, offer good comparables, such as:

- Global Water Center (247 West Freshwater Way), which is a 98,035 SF Class B office building that was converted from warehouse space in 2013. In 2020 it was assessed at \$13,024,600 (\$132/SF). However, this property does not include parking.
- 1254-1320 North Martin Luther King Jr. Drive (main tenant of Spectrum) is an 189,063 SF office building with a 2020 assessment of \$29,501,900 (\$156/SF). This building was renovated into office space in the 1990s and is considered Class B space, with limited on-site parking.
- 1433-75 North Water Street (main tenant of Bader Rutter) is a 141,917 SF office building that is a combination of new construction (2016) and renovation of existing space with a 2020 assessment of \$22,529,600 (\$158/SF). This building was a combination of rehab and new construction and is considered Class B space, with limited on-site parking.
- The Manpower Headquarters (201 West Cherry Street), completed in 2007 near Schlitz Park, is a 280,000 SF Class A office building with a 2020 assessment of \$66,729,300 (\$238/SF). It has an attached parking structure.
- The Zurn Headquarters (511 West Freshwater Way), completed in 2016 at the Reed Street Yards in Walker’s Point, is a 53,199 SF Class B office building with a 2020 assessment of \$16,688,000 (\$313/SF). This property has adjacent surface parking.

Based on those comparables and the inclusion of an attached parking structure, it is assumed that the renovation of the existing 300,000 SF building will be assessed at \$45,000,000 (\$150/SF) upon stabilization in 2024.

For the purposes of this feasibility study, it is assumed that a 150,000 SF (three stories at 50,000 SF each) expansion to the building is completed in 2026. The assessed value of the expansion is assumed to be \$30,000,000 (\$200/SF). Blended together, the expanded building would be assessed at \$75,000,000 (\$166/SF).

### **Anticipated District Cash Flow:**

Attached as Tables 1 and 2 are cash flow forecasts for the proposed District. Basic parameters of this forecasts are:

- Base Value: \$4,000,000
- Tax Rate: 2.771%
- Interest Rate: 4.0% (City Debt)
- Interest Rate: 4.5% (Monetary Obligation)
- Annual Appreciation: 1.00%
- City Financed Costs/Initial Grant: \$12,100,000
- Company Financed Costs/Subsequent Grant: \$7,900,000
- Admin Costs: \$147,500 + \$7,500 annually for Subsequent Grant

There are two scenarios shown in the forecast. If there is no expansion and only the Initial Grant is released (Table 1), the District is able to amortize the Project Costs in an estimated 18 years. If the expansion occurs as assumed above and the entire Subsequent Grant is also released (Table 2), the District is able to amortize the Project Costs in an estimated 19 years. Given these estimates, the proposed District is determined to be feasible and capable of amortizing the Project Costs within the statutory life of the proposed District.

Table 1: 5th and Michigan (Only Initial \$12.1m, No Expansion)

No.	Assessment	Budget	Base	Projected	TID	Incremental	Cumulative	City	Company	Cash flow	Cum. Cash Flow	After reserving	TID
	Year	Year	Value	Value	Incremental Value	Revenue	Incremental Rev.	Debt	Loan			for remaining debt	
1	2021	2022	4,000,000	4,000,000	0	0	0	(489,900)	-	(489,900)	(489,900)	(17,904,234)	
2	2022	2023	4,000,000	11,250,000	7,250,000	200,898	200,897.50	(489,900)	-	(289,003)	(778,903)	(17,703,336)	No
3	2023	2024	4,000,000	22,500,000	18,500,000	512,635	713,532.50	(489,900)	-	22,735	(756,168)	(17,190,701)	No
4	2024	2025	4,000,000	45,000,000	41,000,000	1,136,110	1,849,642.50	(489,900)	-	646,210	(109,958)	(16,054,591)	No
5	2025	2026	4,000,000	45,450,000	41,450,000	1,148,580	2,998,222.00	(1,226,510)	-	(77,931)	(187,888)	(14,906,012)	No
6	2026	2027	4,000,000	45,904,500	41,904,500	1,161,174	4,159,395.70	(1,226,510)	-	(65,337)	(253,225)	(13,744,838)	No
7	2027	2028	4,000,000	46,363,545	42,363,545	1,173,894	5,333,289.53	(1,226,510)	-	(52,616)	(305,841)	(12,570,944)	No
8	2028	2029	4,000,000	46,827,180	42,827,180	1,186,741	6,520,030.70	(1,226,510)	-	(39,769)	(345,611)	(11,384,203)	No
9	2029	2030	4,000,000	47,295,452	43,295,452	1,199,717	7,719,747.68	(1,226,510)	-	(26,793)	(372,404)	(10,184,486)	No
10	2030	2031	4,000,000	47,768,407	43,768,407	1,212,823	8,932,570.23	(1,226,510)	-	(13,688)	(386,092)	(8,971,664)	No
11	2031	2032	4,000,000	48,246,091	44,246,091	1,226,059	10,158,629.41	(1,226,510)	-	(451)	(386,543)	(7,745,605)	No
12	2032	2033	4,000,000	48,728,552	44,728,552	1,239,428	11,398,057.58	(1,226,510)	-	12,918	(373,625)	(6,506,176)	No
13	2033	2034	4,000,000	49,215,837	45,215,837	1,252,931	12,650,988.43	(1,226,510)	-	26,421	(347,204)	(5,253,246)	No
14	2034	2035	4,000,000	49,707,996	45,707,996	1,266,569	13,917,556.99	(1,226,510)	-	40,058	(307,146)	(3,986,677)	No
15	2035	2036	4,000,000	50,205,076	46,205,076	1,280,343	15,197,899.63	(1,226,510)	-	53,832	(253,314)	(2,706,334)	No
16	2036	2037	4,000,000	50,707,126	46,707,126	1,294,254	16,492,154.10	(1,226,510)	-	67,744	(185,570)	(1,412,080)	No
17	2037	2038	4,000,000	51,214,198	47,214,198	1,308,305	17,800,459.52	(1,226,510)	-	81,795	(103,774)	(103,774)	No
18	2038	2039	4,000,000	51,726,340	47,726,340	1,322,497	19,122,956.39	-	-	1,322,497	1,218,722	1,218,722	YES
19	2039	2040	4,000,000	52,243,603	48,243,603	1,336,830	20,459,786.63	-	-	1,336,830	2,555,553	2,555,553	YES
20	2040	2041	4,000,000	52,766,039	48,766,039	1,351,307	21,811,093.57	-	-	1,351,307	3,906,860	3,906,860	YES
21	2041	2042	4,000,000	53,293,699	49,293,699	1,365,928	23,177,021.98	-	-	1,365,928	5,272,788	5,272,788	YES
22	2042	2043	4,000,000	53,826,636	49,826,636	1,380,696	24,557,718.08	-	-	1,380,696	6,653,484	6,653,484	YES
23	2043	2044	4,000,000	54,364,903	50,364,903	1,395,611	25,953,329.53	-	-	1,395,611	8,049,096	8,049,096	YES
24	2044	2045	4,000,000	54,908,552	50,908,552	1,410,676	27,364,005.50	-	-	1,410,676	9,459,772	9,459,772	YES
25	2045	2046	4,000,000	55,457,637	51,457,637	1,425,891	28,789,896.63	-	-	1,425,891	10,885,663	10,885,663	YES
26	2046	2047	4,000,000	56,012,214	52,012,214	1,441,258	30,231,155.07	-	-	1,441,258	12,326,921	12,326,921	YES
27	2047	2048	4,000,000	56,572,336	52,572,336	1,456,779	31,687,934.50	-	-	1,456,779	13,783,701	13,783,701	YES
						31,687,934		(17,904,234)	-	13,783,701			

Annual appreciation	1.010
Interest rate	4.00%
Base Value	4,000,000
Projected Initial Value	45,000,000
Expansion Value	-
Initial Property Tax rate	2.771%
City Financed Costs	12,247,500
Developer Financed Costs	-
Total Costs	12,247,500
Annual Expenses	0

Table 2: 5th and Michigan (Initial \$12.1m and Subsequent \$7.9m)

													After reserving		
Assessment		Budget	Base	Projected	TID	Incremental	Cumulative	Incremental	City	Company				for remaining debt	TID
No.	Year	Year	Value	Value	Incremental Value	Revenue	Incremental Rev.	Revenue (less annual exp)	Debt	Loan	Cash flow	Cum. Cash Flow	Surplus/(deficit)	Payoff	
1	2021	2022	4,000,000	4,000,000	0	0	0	0	(489,900)	-	(489,900)	(489,900)	(30,555,957)		
2	2022	2023	4,000,000	11,250,000	7,250,000	200,898	200,898	200,898	(489,900)	-	(289,003)	(778,903)	(30,355,059)	No	
3	2023	2024	4,000,000	22,500,000	18,500,000	512,635	713,533	512,635	(489,900)	-	22,735	(756,168)	(29,842,424)	No	
4	2024	2025	4,000,000	45,000,000	41,000,000	1,136,110	1,849,643	1,136,110	(489,900)	-	646,210	(109,958)	(28,706,314)	No	
5	2025	2026	4,000,000	45,450,000	41,450,000	1,148,580	2,998,222	1,148,580	(1,226,510)	-	(77,931)	(187,888)	(27,557,735)	No	
6	2026	2027	4,000,000	75,000,000	71,000,000	1,967,410	4,965,632	1,967,410	(1,226,510)	-	740,900	553,011	(25,590,325)	No	
7	2027	2028	4,000,000	75,750,000	71,750,000	1,988,193	6,953,825	1,988,193	(1,226,510)	-	761,682	1,314,694	(23,602,132)	No	
8	2028	2029	4,000,000	76,507,500	72,507,500	2,009,183	8,963,007	2,009,183	(1,226,510)	-	782,673	2,097,366	(21,592,950)	No	
9	2029	2030	4,000,000	77,272,575	73,272,575	2,030,383	10,993,390	2,030,383	(1,226,510)	-	803,873	2,901,239	(19,562,567)	No	
10	2030	2031	4,000,000	78,045,301	74,045,301	2,051,795	13,045,186	2,051,795	(1,226,510)	-	825,285	3,726,524	(17,510,771)	No	
11	2031	2032	4,000,000	78,825,754	74,825,754	2,073,422	15,118,607	2,073,422	(1,226,510)	-	846,911	4,573,435	(15,437,350)	No	
12	2032	2033	4,000,000	79,614,011	75,614,011	2,095,264	17,213,872	2,095,264	(1,226,510)		868,754	5,442,189	(13,342,085)	No	
13	2033	2034	4,000,000	80,410,151	76,410,151	2,117,325	19,331,197	2,109,825	(1,226,510)	(1,419,463)	(536,148)	4,906,041	(11,232,260)	No	
14	2034	2035	4,000,000	81,214,253	77,214,253	2,139,607	21,470,804	2,132,107	(1,226,510)		(1,226,510)	3,679,531	(9,100,153)	No	
15	2035	2036	4,000,000	82,026,395	78,026,395	2,162,111	23,632,915	2,154,611	(1,226,510)	(2,154,611)	(1,226,510)	2,453,021	(6,945,542)	No	
16	2036	2037	4,000,000	82,846,659	78,846,659	2,184,841	25,817,756	2,177,341	(1,226,510)	(1,226,510)	(1,226,510)	1,226,510	(4,768,201)	No	
17	2037	2038	4,000,000	83,675,126	79,675,126	2,207,798	28,025,554	2,200,298	(1,226,510)	(2,200,298)	(1,226,511)	(0)	(2,567,903)	No	
18	2038	2039	4,000,000	84,511,877	80,511,877	2,230,984	30,256,538	2,223,484		(2,223,484)	0	0	(344,419)	No	
19	2039	2040	4,000,000	85,356,996	81,356,996	2,254,402	32,510,940	2,246,902		(344,419)	1,902,483	1,902,483	1,902,483	YES	
20	2040	2041	4,000,000	86,210,566	82,210,566	2,278,055	34,788,995	2,270,555			2,270,555	4,173,038	4,173,038	YES	
21	2041	2042	4,000,000	87,072,672	83,072,672	2,301,944	37,090,939	2,294,444			2,294,444	6,467,482	6,467,482	YES	
22	2042	2043	4,000,000	87,943,398	83,943,398	2,326,072	39,417,010	2,318,572			2,318,572	8,786,053	8,786,053	YES	
23	2043	2044	4,000,000	88,822,832	84,822,832	2,350,441	41,767,451	2,342,941			2,342,941	11,128,994	11,128,994	YES	
24	2044	2045	4,000,000	89,711,061	85,711,061	2,375,053	44,142,505	2,367,553			2,367,553	13,496,548	13,496,548	YES	
25	2045	2046	4,000,000	90,608,171	86,608,171	2,399,912	46,542,417	2,392,412			2,392,412	15,888,960	15,888,960	YES	
26	2046	2047	4,000,000	91,514,253	87,514,253	2,425,020	48,967,437	2,417,520			2,417,520	18,306,480	18,306,480	YES	
27	2047	2048	4,000,000	92,429,396	88,429,396	2,450,379	51,417,816	2,442,879			2,442,879	20,749,359	20,749,359	YES	
						51,417,816		51,305,316	(17,904,234)	(12,651,723)	20,749,359				

Annual appreciation	1.010
Interest rate	4.00%
Base Value	4,000,000
Projected Initial Value	45,000,000
Expansion Value	75,000,000
Initial Property Tax rate	2.771%
City Financed Costs	12,247,500
Developer Financed Costs	7,900,000
Total Costs	20,147,500
Annual Expenses	7,500

**EXHIBIT 5**  
**Letter from the City Attorney**

**EXHIBIT 6**  
**5th and Michigan Term Sheet**

**FINAL**  
**5<sup>th</sup> & MICHIGAN TERM SHEET**  
**(5<sup>th</sup> & MICHIGAN – TID 108)**

**PROJECT**

Milwaukee Tool (the “Company”) is proposing to purchase 501 West Michigan Street (the “Property”) and expend at least \$30,000,000 to renovate the approximately 350,000 SF building for at least 1,210 employees (the “Initial Project”). The Company may also decide to expand the Property by adding at least three stories or 150,000 SF of new space to the Property to create additional space for up to an additional 790 employees (the “Expansion”). The Initial Project and Expansion shall be known collectively as the “Project” throughout this term sheet.

The City of Milwaukee (“City”) proposes to assist the Company in the following ways:

- Initial Grant (\$12,100,000). The City is proposing to create a tax incremental district (the “TID”) to provide an initial \$12,100,000 grant (the “Initial Grant”) to the Company for opening an approximately 350,000 SF building in the City and locating or relocating at least 1,210 employees at the facility.
- Subsequent Grant (\$7,900,000). A subsequent grant of up to \$7,900,000 plus 4.5% interest calculated as described below (the “Subsequent Grant”) may be provided to the Company for additional employment beyond the initial 1,210 employees (at \$10,000 per employee, up to 2,000 total employees) in the event that Company completes the Expansion. After the City is fully reimbursed by tax increment generated by the Project for the Initial Grant and associated debt service costs and after completion of the Expansion, the Subsequent Grant would be provided to the Company via annual payments to the Company of 100% of the incremental taxes generated from the Property until the full Subsequent Grant (plus 4.5% interest) is paid to the Company (the “Monetary Obligation”). These annual payments will last over a period not to exceed 20 years from the creation of the tax incremental district.

**APPROXIMATE DEVELOPMENT SCHEDULE**

Commence the Initial Project by September 1, 2021.

Expend at least \$15,000,000 in renovation costs for the Initial Project by December 31, 2022.

Substantial Completion of the Initial Project by December 31, 2024.



## **DESIGN REVIEW**

Plans and specifications for the Project shall be subject to the reasonable review and approval of City's Commissioner of City Development (the "DCD Commissioner") and the City's Commissioner of Public Works.

## **PARTIES**

City and Company (or Company's successors or assigns) and the Redevelopment Authority of the City of Milwaukee.

## **COMPANY'S OBLIGATIONS**

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

- A. Company shall purchase the Property and substantially complete the Initial Project, including obtaining necessary building permits for the construction of Initial Project, and substantially complete construction of the Initial Project by December 31, 2024.
- B. Company shall enter into a Human Resources Agreement with City, in a form customary for projects subject to Milwaukee Code of Ordinances Chapters 355 and 370, that will require Company to utilize certified Small Business Enterprises ("SBE") for 25% of construction and supply costs and 18% of professional services (architecture, engineering, etc.) costs on the construction of the Initial Project and the Expansion and utilize unemployed and underemployed residents, pursuant to City's Residents Preference Program ("RPP"), for no less than 40% of total onsite construction "worker hours" expended on construction of the Initial Project and the Expansion. City and Company shall agree upon a schedule of anticipated SBE and RPP percentages over the life of the Initial Project and Expansion as required by MCO 355-13-5. If Company is unable to meet the RPP requirements, Company and the City's Office of Equity and Inclusion ("OEI") shall cooperate consistent with MCO 355-7-2-a to attempt to resolve such shortfall. Prior to commencement of the Initial Project, Company or its representatives and the OEI shall meet and confer to determine the eligible project costs subject to the SBE requirements. If Company does not meet the required SBE and RPP percentages set forth in this subsection, then pursuant to MCO Section 355-13-5, a portion of the Initial Grant shall be repaid and/or a portion of the Monetary Obligation withheld until the percentages are met or may be withheld completely if the percentages are never met. The portion of the Initial Grant repaid and the portion of the Monetary Obligation withheld under this subsection shall be equal to the total amount for which Company is eligible multiplied by that percentage of the SBE and RPP

requirements which the Company failed to meet, but in no event in excess of 100% of the total amount for which the Company is eligible.

- C. Company shall meet or exceed its employment projections, as outlined below.
- D. Company shall enter into a standard payment in lieu of taxes (“PILOT”) agreement with City agreeing to make PILOT payments to City for the full property tax rate in the event that the Property, or any portion of it, becomes exempt from the payment of real property taxes during the original term of the TID. PILOT payments shall be due until termination of the TID or through the year of the 2040 tax levy, payable in 2041, whichever occurs later.

In addition to the above obligations, Company, which is currently engaged with Milwaukee-based high schools in a variety of ways, shall continue to support opportunities that advance Milwaukee students’ interest in and preparation for careers at the Company or in fields that utilize Company’s products.

### **INITIAL GRANT**

The City is proposing to fund the Initial Grant of \$12,100,000 out of the TID to partially offset the costs of the Initial Project and employing at least 1,210 employees at the Property according to the below Initial Grant Employment Projections.

#### **Initial Grant Earned**

The Initial Grant will be considered earned upon the Company purchasing the Property and entering into contracts for expending at least an initial \$15,000,000 in renovations to the Property by December 31, 2022 with a commitment to invest at least another \$15,000,000 in renovations by December 31, 2024, which dates shall be extended by Force Majeure.

#### **Initial Grant Payment**

The Initial Grant will be paid to the Company upon City’s receipt of evidence, deemed reasonably satisfactory by the DCD Commissioner, showing that the Initial Grant has been earned as described above.

#### **Initial Grant Employment Projections**

A full-time employee means any regular full-time position with Company or any affiliate, contractor or consultant of Company where an employee is required, as a condition of employment, to work at least 35 hours per week and at least 1,820 hours per year, including paid leave and holidays, and for which the employee receives pay that is equal to at least 150% of the federal minimum wage (“FTE”). FTEs must work at the Property in the City, or if working exclusively from home, must be a resident of the City. For FTEs that work some of their time at the Property and some of their time remotely, at least 60% of their time must be worked at the Property or at the FTE’s residence in the City. Hours of part-time employees may be converted to FTEs by dividing their combined hours for a given year by 1,820 hours per FTE.

Company shall provide City such reasonable documentation and certifications to substantiate its number of FTEs at the Property annually by March 1st for the previous fiscal year as of December 31st. The first such annual reporting shall be due by March 1, 2022, for the period of April 30, 2021 through March 1, 2022 (“Year 1”). Notwithstanding the foregoing, for all subsequent years, the annual report shall be due on March 1 for the immediate preceding fiscal year of January 1 through December 31.

If the Company does not meet the total employment projections shown below (the “Initial Grant Employment Projections”) for each year of the Initial Grant Employment Projections, then, subject to prior written notice from City and no less than a 12-month opportunity to cure, the Initial Grant must be repaid on a pro rata basis of \$10,000/FTE for the shortfall. Any repayment requirement arising from an Initial Grant Employment Projection shortfall shall only be applied in the first year that the shortfall occurs and remains uncured and shall not occur in any subsequent year; for instance if employment in Year 4 is 750 FTEs at the end of a 12-month cure period, Company shall make a one-time repayment to the City of \$2,000,000 = [(950 - 750) x \$10,000], and if employment in Year 5 is 750 FTEs at the end of a 12-month cure period, Company shall make an additional one-time repayment to the City of \$1,500,000 = {[1,100 – 750) x \$10,000] less the \$2,000,000 repaid for the Year 4 shortfall}. Seventy-five percent of any amounts repaid by Company to the City under this paragraph shall be added to the amount of the Monetary Obligation and shall be refundable to Company under the following section, but no interest shall accrue on such repaid amounts.

	Year 1	Year 2 (2022)	Year 3 (2023)	Year 4 (2024)	Year 5 (2025)	Year 6 (2026 & forward)
Total Projected FTEs for Initial Grant	450	650	800	950	1,100	1,210

#### **SUBSEQUENT GRANT AND MONETARY OBLIGATION**

In the event that Company constructs the Expansion, Company will advance construction costs of the Expansion and, if the Subsequent Grant is earned either fully or partially, City will have the Monetary Obligation to reimburse up to \$7,900,000 in project costs (as such amount may be increased to refund Company 75% of any shortfalls paid under the previous section). Notwithstanding the foregoing, however, the amount of the Monetary Obligation will be \$10,000 per FTE relocated or created as part of the Expansion, up to a maximum of 2,000 FTEs. The Monetary Obligation for the Subsequent Grant shall not occur until the Company’s baseline commitment of 1,210 FTEs under the Initial Grant has been met and the Expansion has occurred. If and when the Company has added more than 1,210 FTEs at the Property and substantially completed the Expansion, then in consideration of each additional FTE in excess of 1,210, the City shall disburse to Company an amount

equal to the product of the actual number of new FTEs added at or relocated to the Property each year multiplied by \$10,000; provided, however, that the Property has generated enough tax incremental revenue to cover the Monetary Obligation and that in no event shall the Monetary Obligation exceed the Subsequent Grant (as such amount may be increased to refund Company 75% of any shortfalls paid under the previous section).

The Monetary Obligation consists of a limited and conditional obligation to repay Company an amount up to \$7,900,000, plus interest on the outstanding balance of the Monetary Obligation (except for those amounts repaid by Company to City for job shortfalls as described above) at 4.5% per year for up to 20 years from the creation of the TID. Payments on the Monetary Obligation are to be made annually, less annual expenses of \$7,500. City may, at any time or from time to time, without notice, penalty, or fee, prepay all or any portion of the Monetary Obligation. Upon Company adding or relocating a total of 2,000 FTEs and the Monetary Obligation has reached \$7,900,000 (as increased to refund Company 75% of any shortfalls paid under the previous section), City shall then pay to Company any interest earned as final payment of the Subsequent Grant.

Interest shall not begin to accrue until substantial completion of the Expansion. City will deposit the incremental tax revenue from the Property, less the amount needed to repay the City's debt service on the Initial Grant and City's annual expenses of \$7,500, into a special fund established for the TID. After substantial completion of the Expansion, such amount shall be used to disburse the Subsequent Grant to Company as described herein.

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 disbursements of tax incremental revenue from the Property collected in the TID shall be subject to annual appropriation. If not appropriated, City shall not expend such tax incremental revenue for any other TID project costs or for any other purpose. City agrees to negotiate, in good faith, terms and conditions within the definitive agreement which are reasonably acceptable to Company and its lender as it pertains to this paragraph.

### **Monetary Obligation Earned**

Upon substantial completion of the Expansion, Company shall submit to the DCD Commissioner a certification reasonably detailing project costs incurred for the Expansion (together with copies of records, invoices and/or AIA documentation evidencing such expenditures). Interest will begin to accrue on the balance of the Monetary Obligation as of the date of substantial completion of the Expansion.

### **Term of Payments**

City's payments of the Monetary Obligation will terminate: (i) at the time the Subsequent Grant is fully paid to the Company; or (ii) with the payment derived from the 2040 tax levy, payable in 2041, whichever occurs first.

## **OTHER ENTITLEMENTS OR APPROVALS**

City will work with Company to secure, on an expedited basis, any zoning changes, right-of-way vacations, right-of-way dedications and any other approvals, entitlements, permits and/or inspections required for the Project and Expansion, including adding a driveway off of North 5th Street for a new drop off area near the front door of the Property.

## **FORCE MAJEURE**

All milestones for commencement, renovation costs, substantial completion, opening and all other targets for Company operations and employment shall be subject to “Force Majeure.” Force Majeure delays due to circumstances beyond the Company’s control shall be excused for the period of the delay plus a reasonable time to recover from such delay.

## **GENERAL**

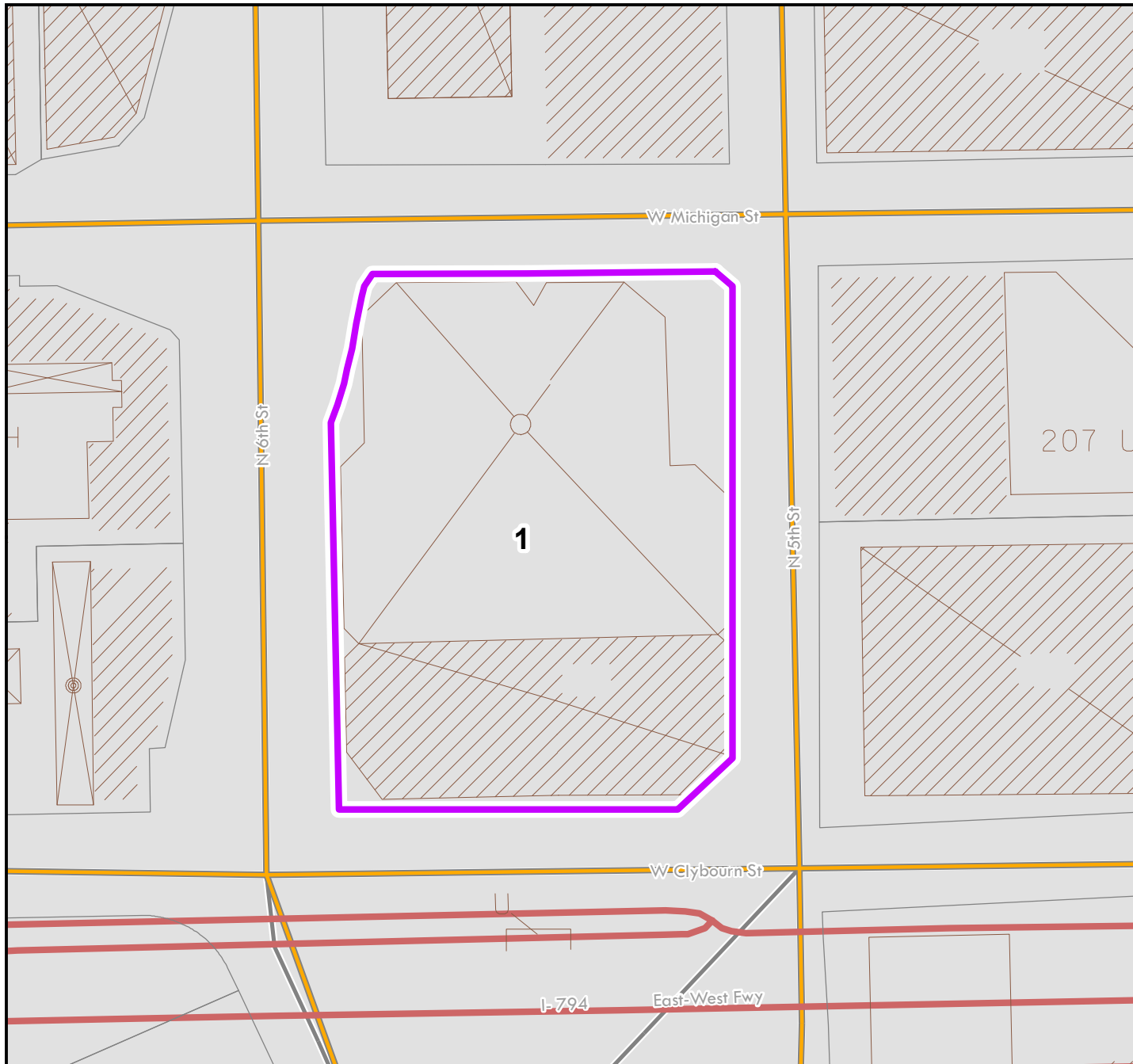
This Term Sheet does not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this sort, shall be incorporated into a Cooperation, Contribution and Redevelopment Agreement; a Human Resources Agreement; a PILOT Agreement and any other documents, instruments 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 City, the DCD Commissioner will be authorized under these agreements to exercise such discretion and grant such approvals.

# TID NO. 108: 5TH AND MICHIGAN, MAP 1

## BOUNDARY AND EXISTING LAND USE

Prepared by the Department of City Development Planning Division, 3/22/2021  
Source: DCD Planning Division; Information Technology Management Division

0 0.015 0.03 Miles



### PROPERTY LIST

No.	Taxkey	Property Address
1	361-0814-122	501 W MICHIGAN ST

### MAP LEGEND

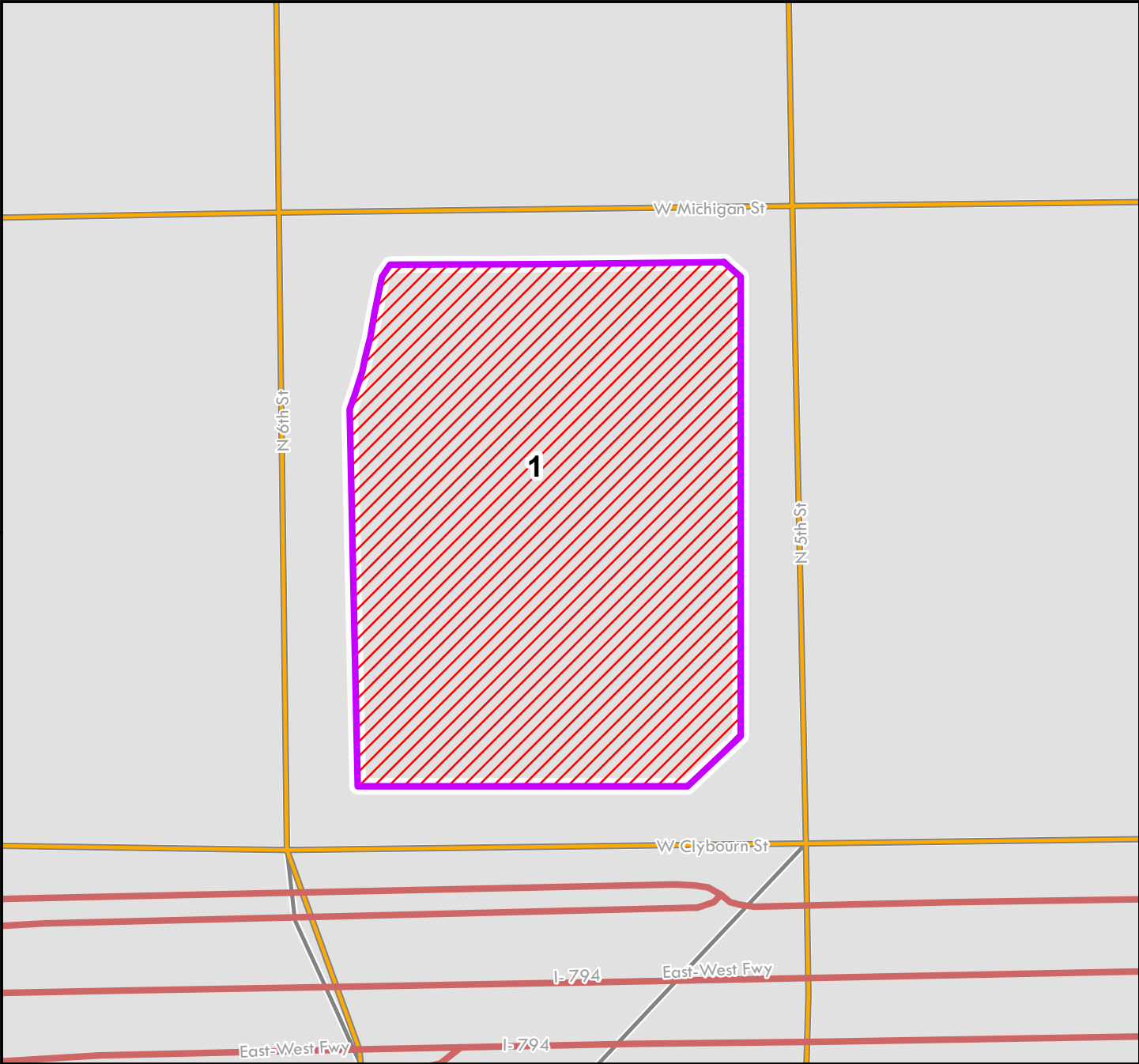
- TID Boundary
- Parcel Boundary

#### Current Land Use

- 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 NO. 108: 5TH AND MICHIGAN, MAP 2




STRUCTURE CONDITION



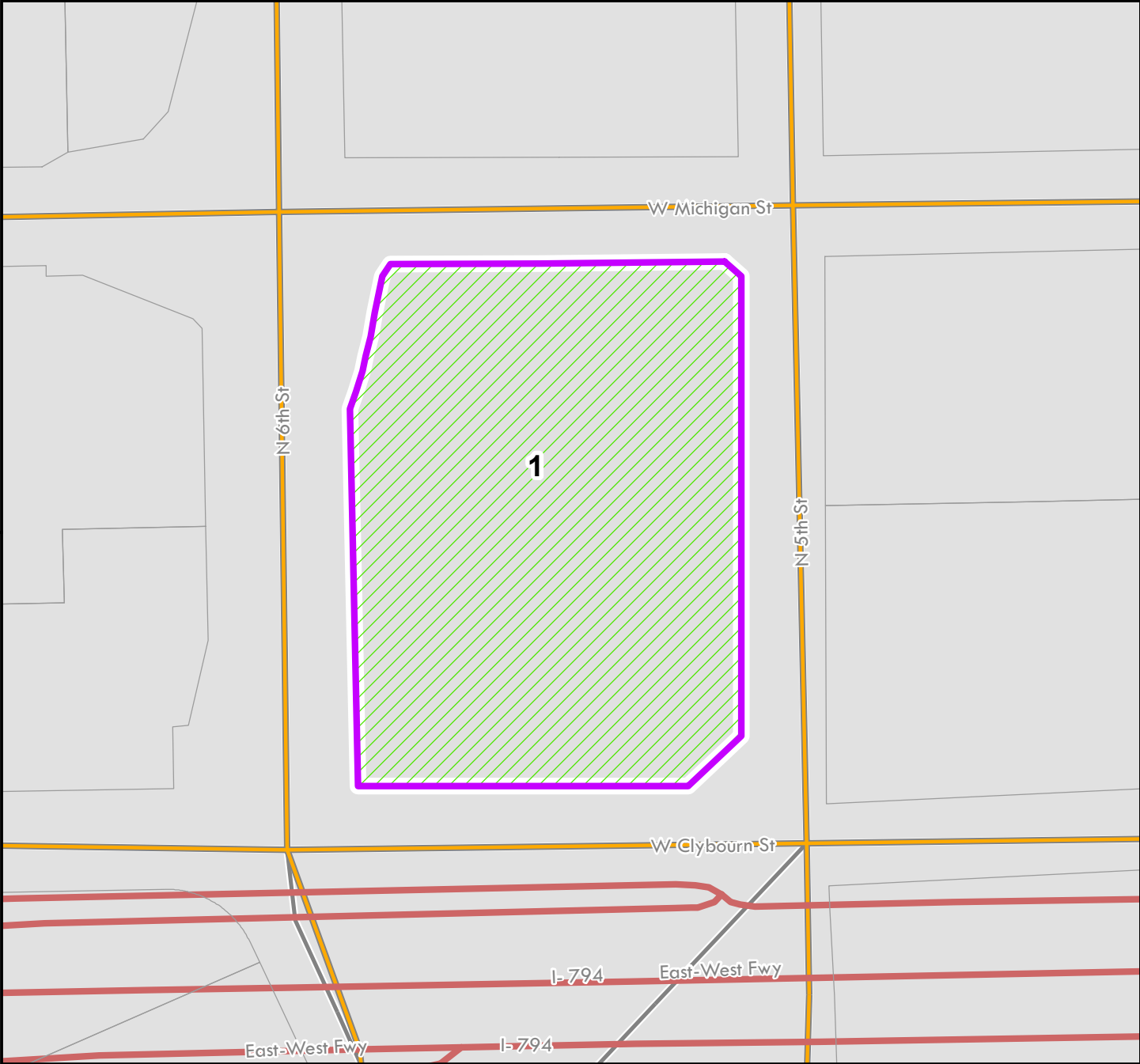
PROPERTY LIST

No.	Taxkey	Property Address
1	361-0814-122	501 W MICHIGAN ST

MAP LEGEND

-  TID Boundary
-  Parcel Boundary
-  In Need of Conservation or Rehabilitation

TID NO. 108: 5TH AND MICHIGAN, MAP 3  
PROPOSED USES AND IMPROVEMENTS



PROPERTY LIST

No.	Taxkey	Property Address
1	361-0814-122	501 W MICHIGAN ST

MAP LEGEND

- TID Boundary
- Parcel Boundary
- Project

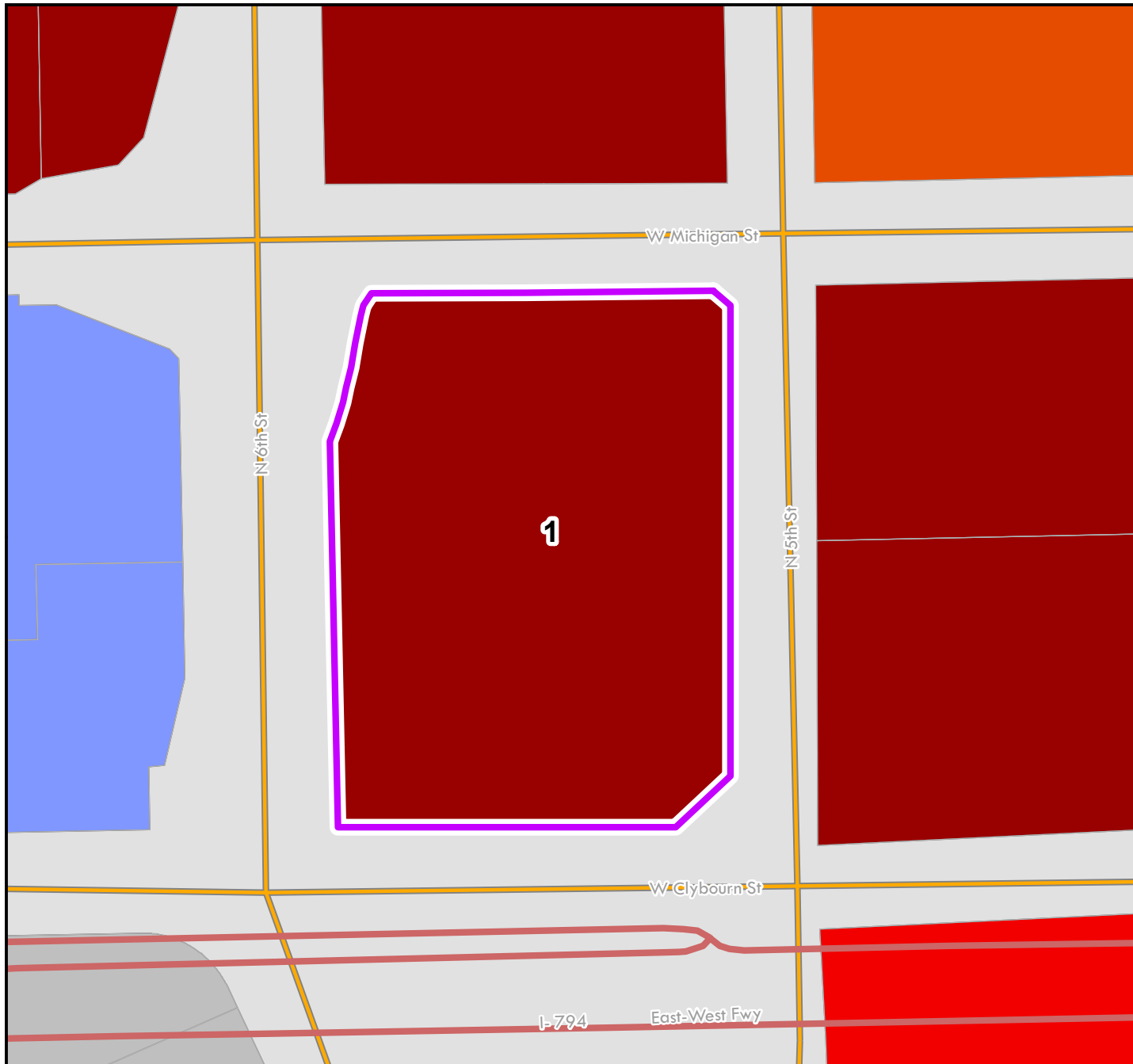


# TID NO. 108: 5TH AND MICHIGAN, MAP 4

## EXISTING ZONING

Prepared by the Department of City Development Planning Division, 3/22/2021  
Source: DCD Planning Division; Information Technology Management Division

0 0.015 0.03 Miles



### PROPERTY LIST

No.	Taxkey	Property Address
1	361-0814-122	501 W MICHIGAN ST

### MAP LEGEND

- TID Boundary
- Parcel Boundary
- Institutional
- Industrial - Light
- Downtown Districts**
- Office and Service
- Mixed Activity
- Major Retail