

**IMPLEMENTATION AGREEMENT TO ENABLE A THIRD-PARTY PROJECT IN
AREA III UNDER DEVELOPMENT AGREEMENT FOXCONN PROJECT**

This **IMPLEMENTATION AGREEMENT TO ENABLE A THIRD-PARTY PROJECT IN AREA III UNDER DEVELOPMENT AGREEMENT FOXCONN PROJECT** (“Agreement”) is made by and among the Village of Mount Pleasant, a Wisconsin municipal corporation (“Village”), Racine County, a Wisconsin municipal corporation (“County” and, together with the Village, the “Municipalities”), SIO International Wisconsin, Inc., a Wisconsin corporation, FEWI Development Corporation, a Wisconsin corporation, AFE, Inc., a Wisconsin corporation (collectively, the “Developer”) (collectively, the foregoing are the “Parties”) as of the Effective Date (as defined below herein).

WITNESSETH:

WHEREAS, the Parties entered into a Development Agreement (Foxconn Project) made as of December 1st, 2017 (the “Development Agreement”) to facilitate establishment of a long-term mutually beneficial relationship to implement a transformational and sustainable high-tech manufacturing and technology ecosystem within and around and/or benefiting the boundaries of the Village’s Tax Incremental District No. 5 (“TID”), which boundaries are identified in the TIF Plan as the TID Area, which include Area I, Area II, Area III and the North Area (for ease of reference, see **Exhibit A**); and

WHEREAS, a specific third party, the identity of which is known by the Parties but is intended to remain confidential at this time (the “3rd Party”), is interested in acquiring and developing all of the land lying south of Braun Road, north of C.T.H. KR, east of the Canadian Pacific Rail right-of-way and west of 90th Street in Area III, as depicted in **Exhibit B** attached hereto (the “Released Area”);

WHEREAS, the Parties agree that the 3rd Party’s business and development of the Released Area would further the goals and intentions of the Project in alignment with the original vision in the Development Agreement and, therefore, the Parties desire to enable the 3rd Party to acquire the Released Area to enable the 3rd Party to develop significant improvements on the Released Area in order to generate additional Tax Increment (the “3rd Party Project”);

WHEREAS, in order to enable the development of the 3rd Party Project, the Parties now desire to enter into this Agreement to identify and agree to the means and methods by which the Municipalities and the Developer will execute and effectuate the respective obligations of the Municipalities and Developer consistent with the Development Agreement and the development of the Project; and

WHEREAS, the Village on March ____, 2023 authorized its representatives to execute this Agreement on behalf of the Village, the County on March 28, 2023 authorized its representatives to execute this Agreement on behalf of the County, and the Developer, on or before the date of execution of this Agreement, authorized its representatives to execute this Agreement on behalf of Developer.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein exchanged, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

PARAGRAPH I – GENERAL PROVISIONS:

1. **Contingency.** The Parties acknowledge and agree that this Agreement and all terms herein are expressly conditioned upon, and will become effective only in the event that all of the following (collectively, the following are referred to as the “Escrow Conditions”) occur on or before October 31, 2023 (the “Escrow Deadline”):

i) the executed deed to the 3rd Party of the Released Area has been deposited into Escrow (as defined in Subsection IV(5) of this Agreement) with the Escrow Agent (as defined in Subsection IV(5) of this Agreement) to be held and released in accordance with the Escrow Agreement (as defined in Subsection IV(5) of this Agreement);

ii) the Municipalities have delivered notice to the Developer that the 3rd Party has entered into acquisition and development agreements with the Municipalities committing to acquire the Released Area no later than October 31, 2023 for the purposes of the 3rd Party Project;

iii) funds equal to the purchase price due for the Released Area, (which is a gross purchase price of \$50,085,000.00 as agreed upon by Developer and the 3rd Party), have been deposited into Escrow; the 3rd Party is ready, willing and able, immediately upon closing of Escrow, to record said deed and take title to the Released Area; and the Escrow Agent has been authorized and directed to close Escrow in accordance with the Escrow Agreement, including but not limited to immediately recording said deed and releasing the sale proceeds, net of usual and customary closing costs as set forth in the Development Agreement, to Developer; and

iv) the Parties’ respective authorized representatives have each approved and signed this Agreement, including all Exhibits requiring signatures, and deposited their respective signed originals with the Escrow Agent to be held and released in accordance with the Escrow Agreement.

In the event that the Escrow Conditions are not met on or before the Escrow Deadline, this Agreement, and the exhibits attached hereto, shall become null and void.

2. **Capitalized Terms; Recitals.** Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in the Development Agreement. The Recitals set forth above are incorporated into this Agreement as if fully restated here.

3. **Municipal Debt and Municipal Debt Agreements.** The Municipalities represent that they have incurred debt to pay costs and fees for the TID as specifically permitted by the Development Agreement, including the Village’s Tax Increment Revenue Bonds (TID 5) dated October 4, 2018 (the “TID Bonds”), the Village’s Sewer System Revenue Bonds, Series 2021, dated June 9, 2021 (the “Sewer Bonds”), the County’s Taxable General Obligation Refunding

Bonds, Series 2019B, dated November 12, 2019 (the “County Bonds”), and that they will incur similar debt in the future to pay for costs and fees for the TID as specifically stated and expressly permitted under the Development Agreement and to refund such debt (“General TID Municipal Debt”). The parties agree that the Development Agreement only allows General TID Municipal Debt to be incurred for certain purposes and in certain amounts, if the payments for that debt have priority over payments due, or that may become due, to Developer under the Development Agreement and the Flow of Funds Chart from Developer Available Tax Increment and Area II/III Available Tax Increment; this permitted debt is the “Priority Municipal Debt”.

The Municipalities represent that, in order to sell the Priority Municipal Debt, they entered into certain agreements with bondholders and the State of Wisconsin (collectively, the “Municipal Debt Agreements”), pursuant to which the Municipalities agreed to (a) pledge Tax Increment in the TID to the payment of the Priority Municipal Debt and (b) promised not to amend certain aspects of the Development Agreement, such as Subsection V(6), until all of the Priority Municipal Debt was paid in full or defeased. The Municipalities represent and warrant that this Agreement is not prohibited by, and does not violate or breach, the Municipal Debt Agreements. The Municipalities represent that they did not enter into any pledges of the Tax Increment from Area I, Area II, and/or Area III that would alter the agreed priority of payments due to the Developer or payments of the Priority Municipal Debt as provided in the Development Agreement and in this Agreement. This Agreement is not intended to, and does not, alter the pledge of Tax Increment under the Municipal Debt Agreements.

The Parties intend for the Tax Increment generated on the Released Area to be allocated towards, *inter alia*, Priority Municipal Debt and, therefore, the Municipalities agree to allocate the Released Area Available Tax Increment from Land and the Released Area Available Tax Increment from Improvements (both as defined in this Agreement) in accordance with this Agreement. The Parties agree that this Agreement does not alter the Priorities currently set forth in the Flow of Funds Chart in the Development Agreement; rather, this Agreement clarifies and authorizes the distribution of the sale proceeds from the sale of the Released Area to the 3rd Party and the priority of the uses of the “Released Area Available Tax Increment” (as defined in the following paragraph). This Agreement does not expand the purposes for which Priority Municipal Debt can be incurred nor increase the amount of permissible Priority Municipal Debt. Developer expressly retains all accounting rights under the Development Agreement, and the right to confirm that the General TID Municipal Debt, the Priority Municipal Debt and TID expenditures meet and comply with the definitions and terms set forth in the Development Agreement and this Agreement, and that proper credits were provided to Developer. Developer and Municipalities agree to cooperate in refinancing the Priority Municipal Debt, provided that such aligns with the terms and intentions of the Development Agreement and this Agreement.

“Released Area Available Tax Increment” shall mean an amount equal to (i) the annual Tax Increment generated in the immediately preceding calendar year by the Released Area, and which is actually received by the Village prior to the Collection Date in any year, plus any Tax Increments from the Released Area from prior calendar years received by the Village prior to the Collection Date in that year, but after the Collection Date of the prior year; plus (ii) any payments similar in nature to the Makeup Payment that are received by the 3rd Party or from any other owner of the Released Area or a portion thereof.

4. **Net Sale Proceeds Reimburse Developer Advance and Special Assessments.** The Parties agree that the net sale proceeds (see Subsection I(1)(iii) of this Agreement) that are actually received by Developer from the 3rd Party's acquisition of the Released Area shall be considered and accounted for as partial reimbursement of the Developer Advance consistent with Subsection IV(15)(e) of the Development Agreement.

PARAGRAPH II – OBLIGATIONS OF THE MUNICIPALITIES AS IMPLEMENTED WITH RESPECT TO THE 3RD PARTY PROJECT

1. **Developer Acquisition Rights in Released Area.** Upon satisfaction of the Escrow Conditions, the Escrow Agent shall immediately close Escrow and, *inter alia*, record the Release attached hereto as **Exhibit C** in accordance with the Escrow Agreement, which irrevocably, absolutely and forever releases the Developer Acquisition Rights with respect to the Released Area. As stated, the Municipalities' right to record **Exhibit C** is expressly conditioned upon satisfaction of the Escrow Conditions, which includes the Developer receiving one hundred percent of the sale proceeds from the sale of the Released Area to the 3rd Party, net of usual and customary closing costs as identified on the Flow of Funds Chart, and subject to Subsection I(1) of this Agreement.

2. **Tax Increment From Released Area.** As more particularly set forth in the remainder of this Section, the Parties intend for the Released Area Available Tax Increment to be allocated to Priority Municipal Debt and to the payment of the following costs of the TID (collectively referred to as the "Cost of Village Services and Facilities"): (i) annual Village public safety (fire and police) operating and capital costs which were made eligible project costs under the TIF Law by Act 58; (ii) annual administrative expenses for the TID, both (i) and (ii) as further defined and limited in the Development Agreement; and (iii) annual public safety and public transit costs due from the Village to the City of Racine which were made eligible project costs under the TIF Law by Act 58, to the same extent as defined in the Development Agreement and in the exhibits incorporated therein. (For additional reference, the Cost of Village Services and Facilities is reflected in Flow of Funds Chart under the Second Priority and the Third Priority in the column labeled Developer Available Tax Increment (from Area 1 Only).)

The Released Area Available Tax Increment From Land and the Released Area Available Tax Increment From Improvements shall be, on a priority basis, applied as follows (see **Exhibit E** attached hereto and incorporated herein):

(a) first, to twelve percent (12%) of the principal and interest installment payments due on Priority Municipal Debt (for purposes of this paragraph, Priority Municipal Debt shall not include any portion of the County Bonds used to fund Acquisition Costs for property in Area I, Area II or Area III that is being paid by Area I Special Assessments or Area II/III Special Assessments);

(b) second, to twelve percent (12%) of the Cost of Village Services and Facilities;

(c) third, to twelve percent (12%) of an accumulation of an aggregate of three years of outstanding debt service payments for Priority Municipal Debt, which shall be maintained in the TID Account referred to in the Fifth Priority in column 1 of the Flow of Funds Chart (for purposes of this paragraph, Priority Municipal Debt shall not include any portion of the County Bonds used to fund Acquisition Costs for property in Area I, Area II or Area III that is being paid by Area I Special Assessments or Area II/III Special Assessments); then

(d) fourth, subject to the following paragraph of this Agreement, any remaining Released Area Available Tax Increment may be used in any manner consistent with TIF Law and the TIF Plan.

After the Priority Municipal Debt has been fully repaid or defeased, the Released Area Available Tax Increment From Land and the Release Area Available Tax Increment From Improvements shall be, on a priority basis, applied as follows:

(e) first, to twelve percent (12%) of the Cost of Village Services and Facilities; then

(f) second, the Released Area Available Tax Increment From Land and the Released Area Available Tax Increment From Improvements remaining after the payment of the amounts payable under Subsection II(2)(e) of this Agreement above shall be split as follows: (i) twelve percent (12%) of the remaining amount shall be paid to Developer to the extent necessary to reimburse Makeup Payments actually made by Developer and not otherwise reimbursed until Developer has been fully reimbursed for all Makeup Payments actually made; and (ii) the remaining eighty-eight percent (88%) may be used in any manner consistent with TIF Law and the TIF Plan.

The “Released Area Available Tax Increment From Land” shall mean that portion of the Released Area Available Tax Increment attributable to land, and the “Released Area Available Tax Increment From Improvements” shall mean that portion of the Released Area Available Tax Increment attributable to buildings and improvements accessory thereto for which any certificate of occupancy has been issued. While the Released Area Available Tax Increment From Land shall be immediately allocated in accordance with Section II(2) of this Agreement, the Parties acknowledge and agree that the Released Area Available Tax Increment From Improvements shall only be allocated in accordance with Section II(2) of this Agreement in the years following the year in which a certificate of occupancy (or a partial or temporary certificate of occupancy) has been issued with respect to any particular building and improvements accessory thereto.

The payments to be made to Developer under this Agreement shall be deemed Developer Incentive Payments under the Development Agreement and shall be subject to the same terms and conditions applicable to the Developer Incentive Payments as set forth in the Development Agreement, including, but not limited to, Subsection IV(12)(e) of the Development Agreement; provided, however, that the last sentence of Subsection IV(12)(e) shall not apply with respect to this Agreement.

For clarification, this Agreement shall not impact the Priorities set forth in the Flow of Funds Chart with respect to repayment of any and all other amounts due to Developer under the Development Agreement.

PARAGRAPH III –DEVELOPER RIGHTS AND OBLIGATIONS AS IMPLEMENTED WITH RESPECT TO THE 3RD PARTY PROJECT

1. **Release of Certain Developer Acquisition Rights.** Simultaneously with the execution of this Agreement, Developer shall sign and deliver the Release of Rights in Certain Land in Area III Defined as Released Area attached hereto as **Exhibit C** (the “Release”) to the Escrow Agent to be held in Escrow pursuant to the Escrow Agreement. After the Escrow Conditions have been met, the Escrow Agent shall be permitted to record the Release with the Racine County Register of Deeds fully, unconditionally, irrevocably, absolutely and forever releasing Developer’s Developer Acquisition Rights in and to the Released Area.

2. **Visual Barrier Agreement; 3rd Party Project Cooperation.**

a. Notwithstanding anything in the Development Agreement or in this Agreement to the contrary, a tree-line/hedgerow shall be constructed and maintained, at no cost to Developer, along the northern border of the Released Area (other than at access points) in order to screen the view of, and noises emanating from, the 3rd Party Project and any other buildings, structures, roadways, and/or parking areas located on the Released Area in accordance with the Visual Barrier Agreement attached hereto as **Exhibit D**.

b. Developer and the Municipalities hereby agree to reasonably cooperate in enabling the 3rd Party Project, including, but not necessarily limited to, entering into further agreements as needed, and upon reasonable and agreed upon terms, to enable utilities to serve the 3rd Party Project; provided, however, that in no event shall Developer incur any costs associated with such. Developer specifically consents to the granting of the electric transmission line easement described below (“Transmission Line Easement”) on the following conditions:

i) The grantee of the Transmission Line Easement shall pay \$56,550.00 per acre of land that is included in the Transmission Line Easement. (By way of example only, if the land encumbered by the Transmission Line Easement is 6.25 acres, the grantee shall pay \$56,550.00 times 6.25 acres or \$353,437.50.) Said amount shall be paid to and held by the Municipalities and shall be credited as a partial payment towards the next Area II/III Special Assessments that will become due and owing by Developer under the Development Agreement in 2024;

ii) The form and substance of the Transmission Line Easement shall be in substantial accordance with **Exhibit G-1** attached hereto; and

iii) The location of the Transmission Line Easement, and the equipment installed subject thereto, shall be located and constructed substantially as depicted on **Exhibit G-2**, which location shall be confirmed in an ALTA survey and provided to Developer prior to recording of the Transmission Line Easement.

PARAGRAPH IV - MISCELLANEOUS PROVISIONS

1. **Notices.** The notice parties and addresses for Developer under this Agreement and Subsection IX(6) of the Development Agreement shall be as set forth below:

To Developer: SIO International Wisconsin, Inc.
Attn: Legal Department
611 E. Wisconsin Ave.
Milwaukee, WI 53202

FEWI Development Corporation
Attn: Legal Department
611 E. Wisconsin Ave.
Milwaukee, WI 53202

AFE, Inc.
Attn: Legal Department
611 E. Wisconsin Ave.
Milwaukee, WI 53202

Notices required hereunder to be made to the Developer Notice Officer shall be made to:

FEWI Development Corporation
Attn: Robert Berry
611 E. Wisconsin Ave.
Milwaukee, WI 53202

2. **Authority.** The signatories to this Agreement represent that, on behalf of each of the parties hereto, they have full right, power and authority to enter into this Agreement and to consummate the transactions contemplated herein, and that the consent of no other party is needed to make the terms of this Agreement fully effective. This Agreement and each instrument to be executed pursuant hereto or in connection herewith, will, when executed and delivered out of the Escrow, be valid and enforceable in accordance with its terms against each party signing.

3. **Execution in Counterparts.** This Agreement may be signed in any number of counterparts with the same effect as if the signature thereto and hereto were upon the same instrument.

4. **Severability.** If any provision of this Agreement shall be held or declared to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

5. **Recording.** This Agreement, *inter alia*, is being signed and placed in an escrow (“Escrow”) pursuant to the escrow agreement attached hereto as **Exhibit F** (“Escrow Agreement”) and only to be executed and released from that Escrow when all of the Escrow Conditions are met. If the Escrow Conditions are not met on or before October 31, 2023, or such extended date as the parties hereto agree to in writing, then this Agreement and all Exhibits attached hereto, including but not limited to **Exhibit C** and **Exhibit D** attached hereto, shall have no force and effect and become null and void. However, if the Escrow Conditions are met by the date required herein, the date of meeting those conditions shall be the “Effective Date” of this Agreement, which the agent for the Escrow (“Escrow Agent”) shall insert here: _____. At the time of recording, the entire Release attached hereto as **Exhibit C** shall be recorded by the Village in the office of the Racine County Register of Deeds.

6. **Headings.** The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

7. **Announcements.** No Parties to this Agreement shall, without the prior written approval of the other Parties, which may not be unreasonably withheld, make any press release or other public announcement concerning the transactions contemplated by this Agreement, except as and to the extent that such party shall be so obligated by law, in which case the other parties shall be advised and the Parties shall cause a mutually agreeable release or announcement to be issued. The Parties specifically acknowledge and agree that notices for and discussion at open meetings of the decision-making bodies of the Municipalities to approve this Agreement are required to comply with applicable open meetings laws; provided, however, that the Municipalities shall provide Developer with copies of any such notices in advance of any such meetings. The Parties further acknowledge that no party hereto is responsible for the form or content of press releases or other public announcements of the 3rd Party.

[Remainder of page intentionally left blank – signature pages follow]

IN WITNESS WHEREOF, the parties to this Agreement have caused this instrument to be signed and sealed by duly authorized representative of Developer, the Village of Mount Pleasant and Racine County this _____ day of _____, 2023.

VILLAGE OF MOUNT PLEASANT:

By: _____
David DeGroot, Village President

Countersigned:

By: _____
Stephanie Kohlhagen, Village Clerk/Treasurer

Approved as to form this ____ day of _____, 2023.

By: _____
Alan Marcuvitz, Attorney for the Village

RACINE COUNTY:

By: _____
Jonathan Delagrave, County Executive

By: _____
Thomas E. Roanhouse, County Board Chair

Countersigned:

By: _____
Wendy M. Christensen, County Clerk

Certified to be correct as to form this ____ day of _____, 2023.

By: _____
Michael J. Lanzdorf, Corporation Counsel

Reviewed by Finance Director:

By: _____
Gwen Zimmer, Finance Director

SIO INTERNATIONAL WISCONSIN, INC.:

By: _____
Name: _____
Title: Authorized Representative

FEWI DEVELOPMENT CORPORATION:

By: _____
Name: _____
Title: Authorized Representative

AFE, INC.:

By: _____
Name: _____
Title: Authorized Representative

LIST OF EXHIBITS:

EXHIBIT A - TID Area

EXHIBIT B - Released Area

EXHIBIT C - Release of Rights in Certain Land in Area III Defined as Released Area

EXHIBIT D - Visual Barrier Agreement

EXHIBIT E – Flow of funds from Released Area Available Tax Increment From Land and Released Area Available Tax Increment From Improvements

EXHIBIT F – Escrow Agreement

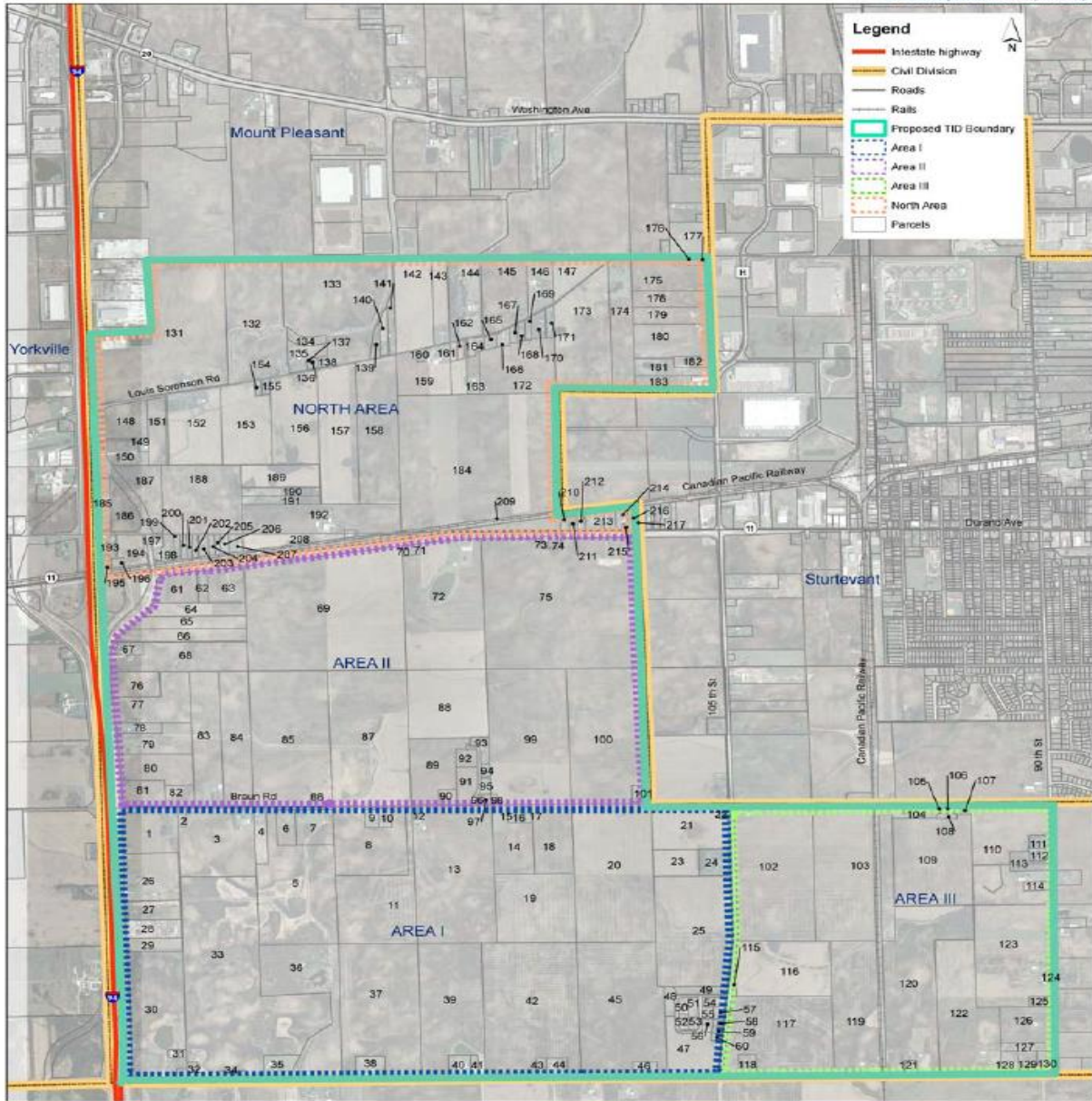
EXHIBIT G-1 – Form of Transmission Line Easement

EXHIBIT G-2 – Location of Transmission Line Easement and Equipment

Exhibit A

TID Area

Village of Mount Pleasant
Proposed TID Boundary Map



October 2, 2017

Exhibit B

Released Area



Exhibit C

Release of Rights in Certain Land in Area III Defined as Released Area

Exhibit D

Visual Barrier Agreement

Exhibit E

Flow of funds from
Released Area Available Tax Increment From Land and
Released Area Available Tax Increment From Improvements

	Released Area Available Tax Increment From Land and Released Area Available Tax Increment From Improvements
First Priority	<p>Twelve percent (12%) of principal and interest installment payments due on Priority Municipal Debt (for purposes of this paragraph, Priority Municipal Debt shall not include any portion of the County Bonds used to fund Acquisition Costs for property in Area I, Area II or Area III that is being paid by Area I Special Assessments or Area II/III Special Assessments)</p> <p>(for reference, see the First Priority and Second Priority in the column labeled Developer Available Tax Increment (from Area 1 Only) in the Flow of Funds Chart)</p>
Second Priority	<p>Twelve percent (12%) of the Cost of Village Services and Facilities</p> <p>(for reference, see the Second Priority and Third Priority in the column labeled Developer Available Tax Increment (from Area 1 Only) in the Flow of Funds Chart)</p>
Third Priority	<p>To twelve percent (12%) of an accumulation of an aggregate of three years of outstanding debt service payments for Priority Municipal Debt, which shall be maintained in the TID Account referred to in the Fifth Priority in column 1 of the Flow of Funds Chart (for purposes of this paragraph, Priority Municipal Debt shall not include any portion of the County Bonds used to fund Acquisition Costs for property in Area I, Area II or Area III that is being paid by Area I Special Assessments or Area II/III Special Assessments)</p> <p>(for reference, see the Fifth Priority in the column labeled Developer Available Tax Increment (from Area 1 Only) in the Flow of Funds Chart)</p>
After full payment or defeasance of Priority Municipal Debt	
First Priority	<p>Twelve percent (12%) to payments for the Cost of Village Services and Facilities</p> <p>(for reference, see the Second Priority and Third Priority in the column labeled Developer Available Tax Increment (from Area 1 Only) in the Flow of Funds Chart)</p>

Second Priority	Remaining amount split as follows: twelve percent (12%) of the remaining amount shall be paid to Developer to the extent necessary to reimburse Makeup Payments actually made by Developer and not otherwise reimbursed until Developer has been fully reimbursed for all Makeup Payments; and (ii) the remaining eighty-eight percent (88%) may be used in any manner consistent with TIF Law and the TIF Plan
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EXHIBIT F

Escrow Agreement

EXHIBIT G-1

Form of Transmission Line Easement

EXHIBIT G-2

Location of Transmission Line Easement and Equipment

The location of the Transmission Line Easement is depicted in the green, hatch marked area. The locations of the equipment, the lines and structures, within the Transmission Line Easement area are depicted by the blue lines and the blue dots with white borders, respectively.

