

RESOLUTION NO. 2023-59

RESOLUTION BY THE EXECUTIVE COMMITTEE AUTHORIZING (I) AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH MICROSOFT CORPORATION, (II) SECOND IMPLEMENTATION AGREEMENT WITH THE VILLAGE OF MOUNT PLEASANT, SIO INTERNATIONAL WISCONSIN, INC., FEWI DEVELOPMENT CORPORATION, AND AFE, INC., AND (III) AMENDMENT TO DEVELOPMENT AGREEMENT WITH SIO INTERNATIONAL WISCONSIN, INC., FEWI DEVELOPMENT CORPORATION, AND AFE, INC.

To the Honorable Members of the Racine County Board of Supervisors:

WHEREAS, the Village of Mount Pleasant, Wisconsin (“Village”) created its Tax Incremental District No. 5 (“TID 5”) pursuant to Section 66.1105, Wisconsin Statutes, as amended by 2017 Wisconsin Act 58; and

WHEREAS, Racine County and the Village have entered into a Development Agreement (“Foxconn Development Agreement”) with SIO International Wisconsin, Inc., FEWI Development Corporation, and AFE, Inc. (collectively, “Foxconn”) pursuant to which the Village, County, and Foxconn agreed to undertake certain investments and incur certain obligations in connection with a redevelopment project within TID 5; and

WHEREAS, pursuant to Resolution No. 2022-104, Racine County authorized entry into an Implementation Agreement with the Village and Foxconn to facilitate Foxconn’s release of all acquisition rights to approximately 315 acres of property located within Area III of TID 5; and

WHEREAS, Resolution No. 2022-104 further authorized entry into a Tax Incremental District No. 5 Development Agreement Between the Village of Mount Pleasant and Racine County and Microsoft Corporation (“Microsoft”), whereby Microsoft committed to the development of a data center campus and related improvements thereon the Area IIIB Property with an estimated total development cost of not less than One Billion Dollars (\$1,000,000,000) (collectively, the “Microsoft Project”) on the terms and conditions of a Purchase and Sale Agreement, including a purchase price of Fifty Million Eighty Five Thousand Dollars (\$50,085,000.00); and

WHEREAS, Microsoft wishes to expand the scope of the Microsoft Project through purchase of an additional approximately 1030 acres of land within Area II and Area III of TID 5 including 630 acres to be acquired from the Village for a purchase price of approximately Ninety Nine Million Five Hundred Forty Thousand Dollars (\$99,540,000.00) and 400 acres to be acquired from a private party; and

WHEREAS, expansion of the Microsoft Project is in furtherance of the goals and intentions of the Foxconn Development Agreement to implement a transformational and sustainable high-tech manufacturing and technology ecosystem within and around and/or benefitting the boundaries of TID 5, the total of which has been designated an Electronics and Information Technology Manufacturing Zone by the Wisconsin Economic Development Corporation.

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4 **NOW, THEREFORE, BE IT RESOLVED:** the Racine County Board of Supervisors
5 hereby approves and authorizes entry into:

- 6
7 1. Amendment to the Tax Incremental District No. 5 Development Agreement
8 Between the Village of Mount Pleasant and Racine County and Microsoft
9 Corporation, Exhibit A, which shall include the following key terms:
10 a. Microsoft will provide the Village of Mount Pleasant and Racine County a
11 guaranty of an assessed value of at least \$1.4 billion for the land and
12 improvements it owns in Area II and Area III as of January 1, 2028;
13 b. In any year after January 1, 2028, that Area II and III are assessed at less
14 than \$1.4 billion, Microsoft will pay the shortfall in property taxes up to a
15 \$15,000,000 annual cap;
16 c. If Microsoft fails to commence construction of at least one (1) building in
17 each of Area IIIA, Area IIIB, and Area II with one (1) additional building in
18 any of Area II, Area IIIA, or Area IIIB for a total of at least four (4) buildings
19 by agreed upon dates, the Village of Mount Pleasant or Racine County
20 may elect to repurchase undeveloped lands in such expanded project
21 area at Microsoft's acquisition price, except that such repurchase option
22 shall terminate when both of the following have occurred: (i) an aggregate
23 minimum guaranteed value of \$3 billion is achieved for Area II, Area IIIA,
24 and Area IIIB; and (ii) vertical construction of improvements within Area II
25 has commenced.
26 2. Second Implementation Agreement to Enable a Third-Party Project in TID 5
27 Under Development Agreement Foxconn Project, Exhibit B, which shall include
28 the following key terms:
29 a. Foxconn shall execute absolute, irrevocable releases of its acquisition
30 rights in Area II land east of Wisconn Valley Way – approximately 800
31 acres – and the Area IIIA land – approximately 230 acres.
32 3. Amendment to the Foxconn Development Agreement, Exhibit C, which shall
33 include the following key terms:
34 a. Elimination of the \$100 million conditional grant;
35 b. Removal of all obligations related to the Generational 10.5 TFT-LCD
36 Fabrication Facility and related investments in capital expenditures and
37 equipment, the ZLD, job creation or maintenance, and the sharing of any
38 WEDC reports, but Foxconn shall remain liable to cause the value
39 increment for Area I to be not less than \$1.4 billion and to pay makeup
40 payments;
41 c. Once the existing priority municipal debt is fully repaid or defeased, the
42 makeup payments will no longer be required from Foxconn.
43

44 **BE IT FURTHER RESOLVED** by the Racine County Board of Supervisors that any
45 two of the County Executive, the County Clerk and/or the County Board Chairman are
46 authorized to execute any contracts, agreements, amendments, or other documents,
47 including, but not limited to the Amendment to the Tax Incremental District No. 5
48 Development Agreement Between the Village of Mount Pleasant and Racine County and
49 Microsoft Corporation, Exhibit A, and Second Implementation Agreement to Enable a Third-
50 Party Project in TID 5 Under Development Agreement Foxconn Project, Exhibit B, and
51 Amendment to the Foxconn Development Agreement, Exhibit C, necessary to carry out the
52 intent of this resolution, subject to any nonsubstantive changes deemed necessary and
53 appropriate by the Corporation Counsel.

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4 Respectfully submitted,

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6 **EXECUTIVE COMMITTEE**

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8 1st Reading _____

9
10 2nd Reading _____

11 _____
12 Thomas E. Roanhouse, Chairman

13 **BOARD ACTION**

14 Adopted _____

15 For _____

16 Against _____

17 Absent _____

18 _____
19 Tom Kramer, Vice-Chairman

20 _____
21 Robert N. Miller, Secretary

22 VOTE REQUIRED: Majority

23 _____
24 Jason Eckman

25 Prepared by:
26 Corporation Counsel

27 _____
28 Robert D. Grove

29 _____
30 Donald J. Trottier

31 _____
32 Melissa Kaprelian

33 _____
34 Scott Maier

35 _____
36 Tom Rutkowski

37
38
39 **The foregoing legislation adopted by the County Board of Supervisors of
40 Racine County, Wisconsin, is hereby:**

41 **Approved:** _____

42 **Vetoed:** _____

43
44 **Date:** _____,

45
46 _____
47 **Jonathan Delagrave, County Executive**