

ANSWERS TO SUBMITTED PUBLIC QUESTIONS

TID 5 UPDATE | March 22, 2022

Village of Mount Pleasant and Racine County | Committees of the Whole

LOCAL DEVELOPMENT

WHAT WILL HAPPEN IF FOXCONN FAILS TO MEET ITS OBLIGATIONS UNDER THE LOCAL DEVELOPMENT AGREEMENT, INCLUDING ITS OBLIGATIONS TO MAKE TAX PAYMENTS, BASED ON AN ASSESSED VALUATION OF \$1.4 BILLION IN AREA 1 FOR THE LIFE OF THE TID, AS WELL AS THE REQUIREMENT TO FUND ALL COSTS OF LAND ACQUISITIONS THROUGH SPECIAL ASSESSMENT PAYMENTS?

To-date, **Foxconn has met all of its financial obligations** under the local development agreement, including:

- \$60M Cash Contribution (2017)
- Annual Property Tax Payments: 2019, 2020, 2021 totaling >\$11M as of January 2022 and another \$4M, to be paid as of July 2022
- Annual Special Assessment Payments: 2019, 2020, 2021 totaling -\$22M

In addition to the Valuation Guaranty, Tax Payments and Special assessments, the Village and County have key protections in place for local taxpayers:

- The Village retains ownership of land, including 100 acres in Area I, 471 acres in Area II and all of Area III.
- 40% of the debt issued by local governments is covered by a moral obligation pledge backed by the State of Wisconsin.

If Foxconn were to default on its financial obligations at some point in the future, the Village would seek compensation to the fullest legal extent, including taking possession of land and assets currently owned by Foxconn, assessed at more than \$520M.

DOES MOUNT PLEASANT INTEND TO PAY THE \$100 MILLION GRANT OWED TO FOXCONN UNDER THE DEVELOPMENT AGREEMENT BEGINNING IN 2023? IF YES, FROM WHAT FUNDS WILL THAT MONEY BE PAID? IF NOT, WHAT IS THE BASIS FOR DENYING THOSE PAYMENTS TO FOXCONN?

Foxconn is no longer eligible to receive the \$100M conditional grant. One of the conditions of the grant was meeting the job creation requirements of the original state contract, which has been superseded.

LAND ACQUISITION / DEVELOPMENT

HAS THE VILLAGE BEEN CONSISTENT IN OFFERING THE SAME PRICE - 140% OF FAIR MARKET VALUE FOR HOMES AND \$50,000 AN ACRE FOR VACANT LAND - TO ALL RESIDENTIAL PROPERTY OWNERS WITHIN THE TID?

Yes. As it has since the beginning of the Foxconn project, the Village has endeavored to reach voluntary agreements with all property owners to acquire the property necessary for public infrastructure improvements. For property owners living within the project area, that has included 140% of Fair Market Value for their home, as well as \$50,000 an acre for vacant land, in addition to eligible relocation expenses.

WHAT ABOUT THE PROPERTY AT THE CORNER OF HIGHWAY H AND DURAND? WHAT ABOUT THE ERICKSON PROPERTY, WHICH WAS ACQUIRED FOR \$1.6M FOR 1.5 ACRES OF FRONTAGE?

Each of these properties were zoned commercial and paid for at the appraised fair market value.

WHAT IS THE STATUS OF THE MAHONEY PROPERTY?

The Village has worked diligently to reach voluntary agreements with property owners wherever possible and has succeeded in nearly every instance. Where the Village has initiated acquisition, it has offered \$50K an acre for vacant land and 140% of fair market value for homes, plus the full package of relocation benefits.

The Village made an offer, consistent with that formula, to Mr. and Mrs. Mahoney. As it has offered in the past, the Village would welcome the opportunity to inform citizens and taxpayers in Mount Pleasant of the offers made by Mr. and Mrs. Mahoney, and made by the village, but will not do so without the consent of Mr. and Mrs. Mahoney and their legal counsel. They have declined that consent.

The Village has not received an offer from Mr. or Mrs. Mahoney or their legal counsel since 2019, but based on the inquiry from their legal counsel this month, the Village has invited them to submit an offer.

THE ELECTRIC SUBSTATION HAS BEEN COMPLETED FOR MORE THAN 18 MONTHS. WHEN ARE THE “TEMPORARY” ELECTRIC POLES IN AREA I GOING TO BE REMOVED?

In the fully developed areas of the TID, permanent lighting poles have already been installed. The only area of the TID with remaining temporary lighting poles are those that are currently under active development. (The lighting poles - permanent or temporary - are unrelated to the electric substation).

STAFFING

WHAT HAVE BEEN CLAUDE LOIS'S RESPONSIBILITIES IN 2020, 2021 AND 2022?

Through a contract between the Village and Kapur & Associates, Claude Lois has served as Project Director for the Village of Mount Pleasant since immediately prior to the creation of the TID in 2017.

Through his work, the Village has acquired and developed thousands of acres, overseen more than \$500 million in private investment in TID#5 and managed major public infrastructure investments, which remains ongoing. In addition, Claude has successfully secured and managed significant new business investment in the TID in the last year, including Ashley Capital's \$48 million investment in the North Area and the 12-acre Endeavor project, which will break ground in 2022.

Mr. Lois also continues to play a key role in efforts to attract other new business to the TID, including the effort to recruit Intel to the TID, becoming a finalist for one of the biggest investments in American history.

HAS MR. LOIS'S TITLE OR RESPONSIBILITIES WITH THE VILLAGE CHANGED?

Claude Lois was named "Project Director" for the Village of Mount Pleasant in 2017, prior to creation of the TID. His title had not changed prior to March 2022.

In March, the Mount Pleasant Village Board voted to approve an updated agreement with Kapur & Associates to better reflect the updated needs of the Village as it continues to manage TID 5, which now exceeds \$520 million in value. Through the updated agreement, TID 5 will be served by a team of professionals at Kapur & Associates. Claude Lois will continue to be one of the professionals providing support to TID 5.

As a result of this change:

- The Village will no longer be required to provide office space, equipment or support services to any contracted employee through Kapur, enabling the Village to continue growing its own staff.
- The Village will gain access to the expertise of additional Kapur associates, including those in the fields of: economic development, land use planning and implementation, infrastructure planning and implementation, civil engineering, surveying, and fiscal and property tax planning, in addition to project management and administrative services.

FOR MORE INFORMATION VISIT

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