

TERM SHEET
MTM REAL ESTATE LLC
SOUTH 59th STREET AND VITS DRIVE

The terms and conditions described herein shall be incorporated into a related development agreement between the parties, each element of which is consideration for the other elements and an integral aspect of the proposed agreements (defined below). This Term Sheet does not constitute an offer or a legally binding obligation of any party, or any other party in interest, nor does it constitute an offer of securities. The transactions contemplated by the Term Sheet are subject to conditions to be set forth in a definitive agreement, including without limitation a development agreement and other supporting documentation. Until publicly disclosed by the parties, this Term Sheet is strictly confidential and may not be shared by any party without the prior written consent of all parties unless otherwise required by Wisconsin law.

1. Property Description
 - a. Tax Parcels 052-447-004-010, 052-447-004-020 and Parts of Tax Parcels 052-449-004-030, 052-449-004-040 (approximately 19.5 acres)
 - b. 2021 Total Assessed Value: \$0

2. Potential Parties:
 - a. MTM Real Estate LLC and/or their designee (Developer)
 - b. City of Manitowoc (City)

3. Development Description:
 - a. Initial construction of an 42,000 square foot manufacturing/warehousing space as shown on the attached concept plan. It is expected that over time the building will be expanded in phases to exceed well over 100,000 square feet.
 - b. Construction cost of the initial phase of the facility is estimated at \$4,000,000.
 - c. Employment at Developer's current facility is approximately 500 jobs (250 at machining and 250 at manufacturing). Based upon current growth projections the new facility will generate an additional 12-15 positions over the next several years. The positions will have wages ranging from \$40,000 to \$60,000 per year.
 - d. Capital for equipment costs for the proposed initial phase of the project are estimated at an additional \$2,500,000 for a total project estimate of \$6,500,000.
 - e. Projected increase in assessed value upon completion of the initial phase is estimated to be \$2,100,000.

4. Development Timetable:
 - a. Construction is projected to start with site preparation in the summer/fall of 2022 and completion in fall/winter of 2023 but this timeline is highly dependent on contractors and supply chain.

5. City Assistance (subject to all required approvals and documentation):
 - a. Tax Incremental Financing
 - i. An approximate \$420,000 (20%) TIF Incentive based upon assessed value increase of \$2,100,000 upon project completion.

- ii. The approximate \$420,000 in pay-go incentive structured in an estimated 12 payments based upon 95% of increment created per year being refunded to the developer starting in 2025.
 - iii. Uses of funds to include public or private utility or other infrastructure improvements, building construction, site preparation, architectural or engineering design fees, or other eligible building improvement related costs.
 - iv. Incentive amount to be reduced or increased based upon the assessed value at project completion to maintain the incentive at 20% of assessed value. Increase/decrease to be accomplished via an adjustment to the pay-go payments. If adjustments in the amount are made, the incentive would still be projected to be paid in 12 installments starting in 2025.
- b. Assistance with Wisconsin Economic Development Corporation (WEDC) and other state incentives
- i. The City shall support the Developer in working with the WEDC and the State of Wisconsin to secure available incentives.
- c. Sale of City Property
- i. Sale of parcels 052-447-004-010, 052-447-004-020 and Parts of Tax Parcels 052-449-004-030, 052-449-004-040 (approximately 19.5 acres) for \$1.
 - ii. Authorize staff to work with the Developer on the sale of the property.
 - iii. Developer shall commence construction within 2 years from the date of the sale of the property.
 - iv. In the event the planned future expansions resulting in a minimum of 100,000 square feet of building area do not occur within 10 years of the sale of the property the Developer shall be required to sell the undeveloped portion of the property back to the City at a cost of \$1.

6. Following Common Council authorization of this term sheet, a development agreement consistent with the terms and conditions herein shall be executed by the Mayor and Clerk subject to technical, legal changes.

City of Manitowoc

MTM Real Estate LLC

Justin M. Nickels, Mayor

Scott Mertens, Owner

Mackenzie Reed-Kadow, Clerk

Date

Date