

AGENDA

JOINT REVIEW BOARD CITY OF FRANKLIN

TAX INCREMENTAL DISTRICT NO. 10

February 16, 2026 at 6:00 PM

The meeting will be held at the Franklin City Hall, Hearing Room, located at 9229 West Loomis Road

1. Call to order.
2. Roll call.
3. Appointments (as needed):
 - a. Public member.
 - b. Chairperson.
4. Review responsibilities of the Joint Review Board.
5. Review and discuss draft Project Plan.
6. Set next meeting date to consider approval of the TID.
7. Adjourn.

NOTICE OF PUBLIC HEARING AND JOINT REVIEW BOARD MEETING CITY OF FRANKLIN, WISCONSIN

NOTICE IS HEREBY GIVEN that the City of Franklin will hold a Joint Review Board meeting on February 16, 2026, at 6:00 PM.

The meeting will be held at the Franklin City Hall, Hearing Room, located at 9229 W Loomis Rd.

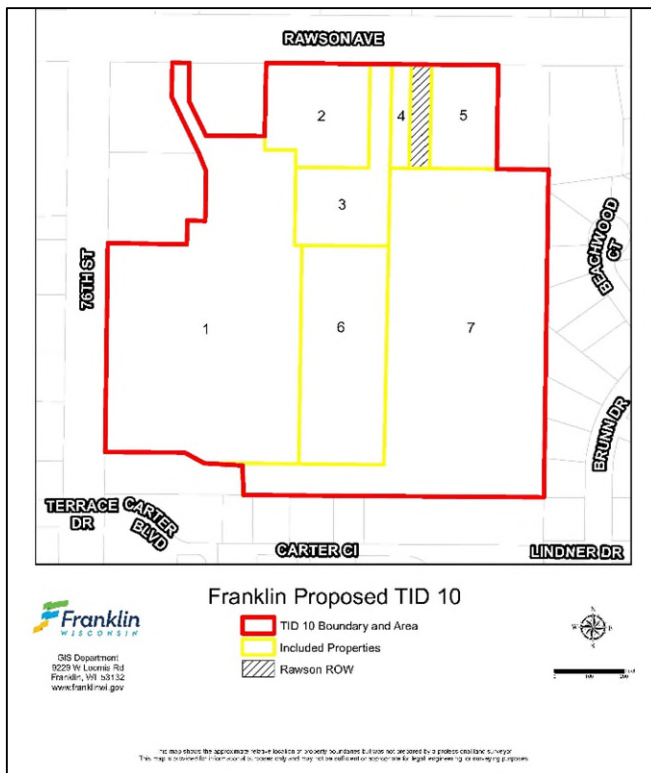
The purpose of the meeting is to organize the Joint Review Board for consideration of the City's proposal to create Tax Incremental District No. 10.

NOTICE IS HEREBY GIVEN that the Plan Commission of the City of Franklin will hold a public hearing on February 19, 2026, at 6:00 PM.

The meeting will be held at the Franklin City Hall, Common Council Chambers, located at 9229 W Loomis Rd.

The hearing will be held to provide the public with a reasonable opportunity to comment on the proposed creation of Tax Incremental District No. 10, its proposed boundaries, and its proposed Project Plan.

The District's proposed boundary is identified on the map included in this Notice.



Based on the existing condition of properties within the proposed District boundary, the City expects to designate the District as a blighted area.

Projects to be undertaken within the District and costs to be incurred (Project Costs) will be for the purpose of eliminating or reducing blight and may include payment of cash grants as development incentives to owners, lessees, or developers of land located within the District, professional services and organizational costs, administrative costs, financing costs and other costs as may be necessary to implement the District's Project Plan. Projects may be undertaken within the District's proposed boundary and in areas located in the City within $\frac{1}{2}$ mile of that boundary.

All interested parties will be given a reasonable opportunity to comment on the proposed creation of the District, its proposed boundaries, and its proposed Project Plan. A copy of the proposed District Project Plan, including a description of the proposed boundaries, is available for public inspection and will be provided on request during normal business hours at the office of the City Clerk at the Franklin City Hall, located at 9229 W Loomis Rd.

By Order of the City of Franklin, Wisconsin

Published February 4, 2026 & February 11, 2026



Creation of Tax Increment District No. 10

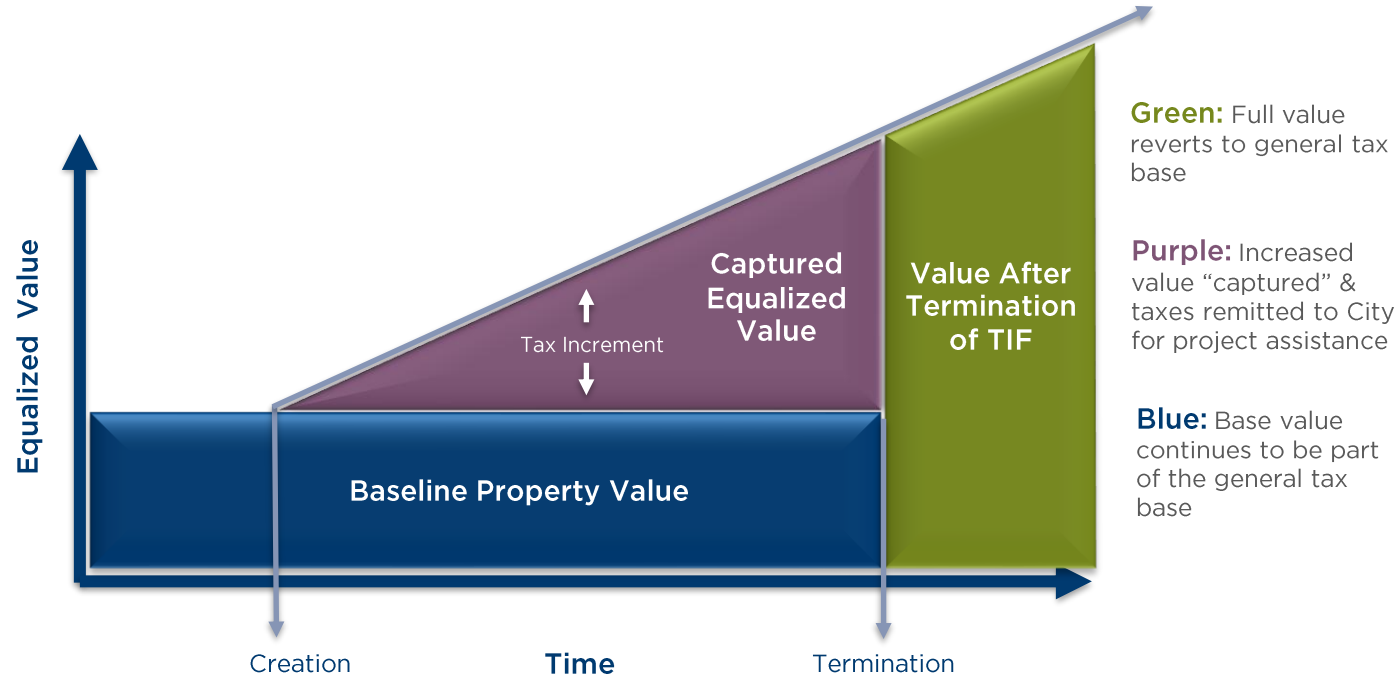
City of Franklin, WI

February 16, 2026 Initial Joint Review Board Meeting

What is Tax Increment Financing?

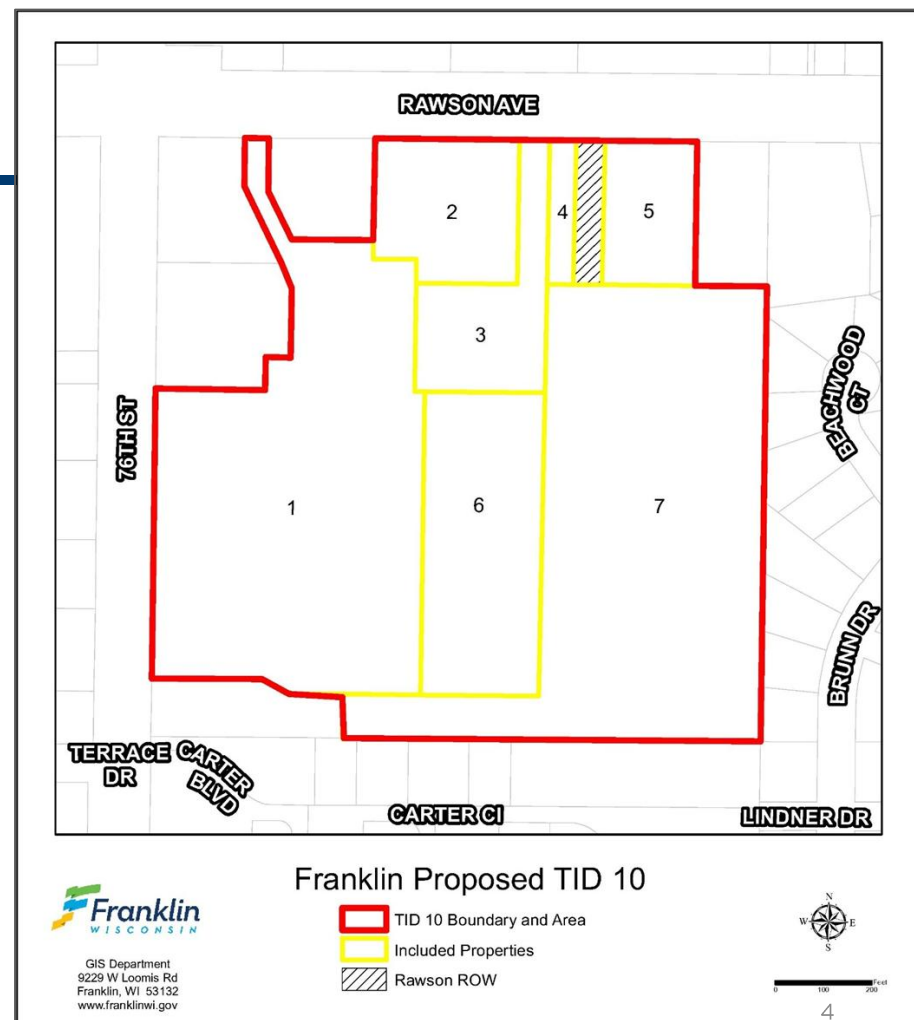
- Key acronyms:
 - ✓ TIF = Tax Increment Financing (*the tool*)
 - ✓ TID = Tax Increment District (*where the tool is used - boundary*)
- Economic development tool
- Allows municipalities to capture incremental **property tax revenue** from **growth** in defined area & use it to **benefit** that area

TIF Fundamentals



Proposed TID Boundary

- Type: Blighted
- Total Acreage:
 - ✓ 30.31
 - ✓ 0.18 acres of Wetland excluded
 - ✓ 0.41 acres of ROW included
 - ✓ 24.57 acres designated as Blighted



Equalized Value Test

- Total EV in the proposed TID plus value of increment of existing TIDs cannot exceed the 12% limit
- City would be at 5.17% following creation of TID No. 10

City of Franklin, Wisconsin

Tax Increment District No. 10

Valuation Test Compliance Calculation

Calculation of City Equalized Value Limit

City TID IN Equalized Value (Jan. 1, 2025)	\$ 7,245,524,200
TID Valuation Limit @ 12% of Above Value	\$ 869,462,904

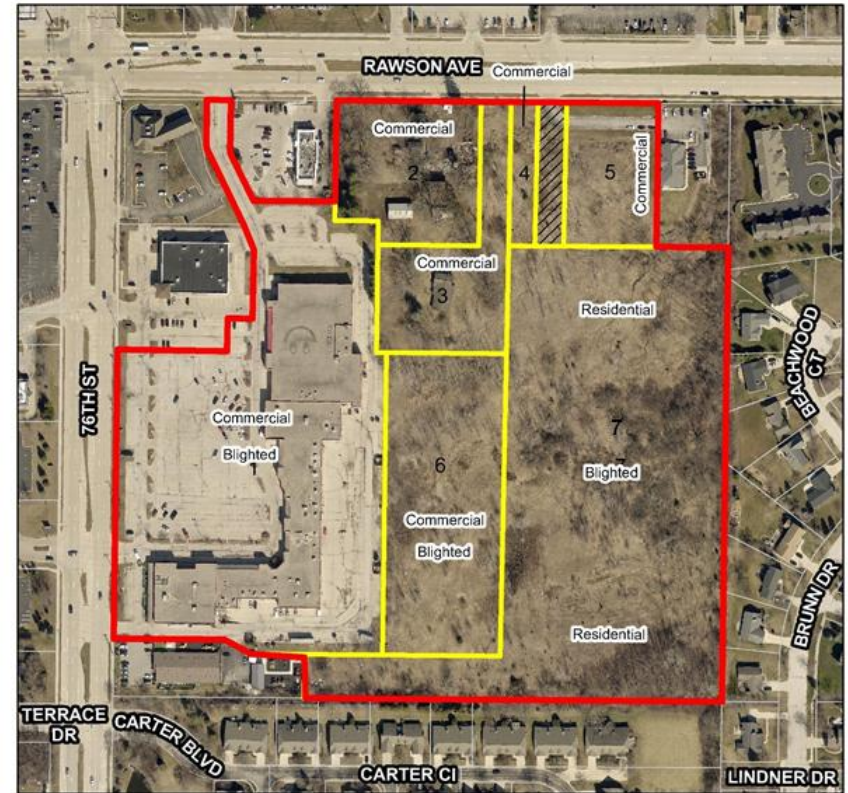
Calculation of Value Subject to Limit

Estimated Base Value of Territory to be Included in District	\$ 7,035,700
Plus: Assumed change for Jan. 1, 2026 assessment	\$ -
Incremental Value of Existing Districts (Jan. 1, 2025)	\$ 367,669,000
Less: Value of Parcels Removed from District	\$ -
Less: Value of Underlying TID Parcels	\$ -
Total Value Subject to 12% Valuation Limit	\$ 374,704,700
Total Percentage of TID IN Equalized Value	5.17%
Residual Value Capacity of TID IN Equalized Value	\$ 494,758,204

Blighting Conditions

To be considered a Blighted TID, at least 50% of land area in proposed TID boundary must be designated as blighted

- 81% is Blighted, includes:
 - ✓ The Orchard View Shopping Center, specifically the Poth's General Site (Map Reference #1)
 - ✓ 13 acres of vacant land, east of the shopping center (Map Reference #6 & #7)
- See Appendix B in the Project Plan for complete blight findings and photos



Development Assumptions

- Poths General, Proposed 292 Residential units to be constructed in 2026 & 2027
- Potential future commercial development and potential relocation of Dollar General (not depicted in tables)

Construction Year	Actual	Poths General - Apartments ¹		Net Out Base ²	Annual Total	Construction Year	
		Units	Total Value	Total Value			
Estimated Value per		\$158,000					
1	2026	146	23,068,000	(3,789,100)	19,278,900	2026	1
2	2027	146	23,068,000		23,068,000	2027	2
3	2028		0		0	2028	3
4	2029		0		0	2029	4
5	2030		0		0	2030	5
6	2031		0		0	2031	6
7	2032		0		0	2032	7
8	2033		0		0	2033	8
9	2034		0		0	2034	9
10	2035		0		0	2035	10
11	2036		0		0	2036	11
12	2037		0		0	2037	12
13	2038		0		0	2038	13
14	2039		0		0	2039	14
15	2040		0		0	2040	15
16	2041		0		0	2041	16
17	2042		0		0	2042	17
18	2043		0		0	2043	18
19	2044		0		0	2044	19
20	2045		0		0	2045	20
21	2046		0		0	2046	21
22	2047		0		0	2047	22
23	2048		0		0	2048	23
24	2049		0		0	2049	24
25	2050		0		0	2050	25
26	2051		0		0	2051	26
27	2052		0		0	2052	27
Totals		0	292	46,136,000	0	(3,789,100)	42,346,900

Proposed Poth's General Site Plan



Project List & Development Incentive

PAYGO development incentive proposed:

- 90% of the tax increment generated by the Project (cap: \$15M)
- To be memorialized in a development agreement, separate approval from TID creation process
- See also City's third-party proforma (attached as Appendix A of Project Plan)

City of Franklin, Wisconsin

Tax Increment District No. 10

Detailed List of Estimated Project Costs

Project ID	Project Name/Type	Est. Cost	Totals
1	Development Incentives		
	Land By Label	15,000,000	15,000,000
2	Ongoing Planning & Administrative Costs	705,000	705,000
Total Projects		<u>15,705,000</u>	<u>15,705,000</u>

Projected Incremental Value

Type of District	Blighted Area		Base Value	7,035,700
District Creation Date	March 17, 2026		Economic Change Factor	0.00%
Valuation Date	Jan 1,	2026	Apply to Base Value	
Max Life (Years)	27		Base Tax Rate	\$ 16.50
End of Expenditure Period	22	3/17/2048	Rate Adjustment Factor	-0.50%
Revenue Periods/Final Year	27	2054		
Extension Eligibility/Years	Yes	3		
Eligible Recipient District	Yes			

Construction	Valuation	Economic	Total	Revenue		
Year	Value Added	Year	Change	Increment	Year	Tax Rate ¹
1 2026	19,278,900	2027	0	19,278,900	2028	\$16.42
2 2027	23,068,000	2028	0	42,346,900	2029	\$16.34
3 2028	0	2029	0	42,346,900	2030	\$16.26
4 2029	0	2030	0	42,346,900	2031	\$16.18
5 2030	0	2031	0	42,346,900	2032	\$16.10
6 2031	0	2032	0	42,346,900	2033	\$16.02
7 2032	0	2033	0	42,346,900	2034	\$15.93
8 2033	0	2034	0	42,346,900	2035	\$15.86
9 2034	0	2035	0	42,346,900	2036	\$15.78
10 2035	0	2036	0	42,346,900	2037	\$15.70
11 2036	0	2037	0	42,346,900	2038	\$15.62
12 2037	0	2038	0	42,346,900	2039	\$15.54
13 2038	0	2039	0	42,346,900	2040	\$15.46
14 2039	0	2040	0	42,346,900	2041	\$15.39
15 2040	0	2041	0	42,346,900	2042	\$15.31
16 2041	0	2042	0	42,346,900	2043	\$15.23
17 2042	0	2043	0	42,346,900	2044	\$15.16
18 2043	0	2044	0	42,346,900	2045	\$15.08
19 2044	0	2045	0	42,346,900	2046	\$15.00
20 2045	0	2046	0	42,346,900	2047	\$14.93
21 2046	0	2047	0	42,346,900	2048	\$14.86
22 2047	0	2048	0	42,346,900	2049	\$14.78
23 2048	0	2049	0	42,346,900	2050	\$14.71
24 2049	0	2050	0	42,346,900	2051	\$14.63
25 2050	0	2051	0	42,346,900	2052	\$14.56
26 2051	0	2052	0	42,346,900	2053	\$14.49
27 2052	0	2053	0	42,346,900	2054	\$14.41
Totals	42,346,900		0		Future Value of Increment	17,225,891

Notes:

1) Tax rate shown is actual 2025/2026 rate per DOR Form PC-202 (Tax Increment Collection Worksheet).

Cash Flow Projection

Year	Projected Revenues			Projected Expenditures			Balances			Year
	Tax Increments	Interest Earnings	Total Revenues	MRO #1 Land by Label ² \$14,868,802	Ongoing Planning & Administration	Total Expenditures	Annual	Cumulative	Liabilities Outstanding	
2026			0			0	0	0	0	2026
2027			0			0	0	0	0	2027
2028	316,588		316,588	181,429	115,000	296,429	20,159	20,159	14,687,373	2028
2029	691,922		691,922	519,230	115,000	634,230	57,692	77,851	14,168,143	2029
2030	688,462		688,462	516,116	115,000	631,116	57,346	135,197	13,652,027	2030
2031	685,020		685,020	603,018	15,000	618,018	67,002	202,199	13,049,009	2031
2032	681,595		681,595	599,935	15,000	614,935	66,659	268,859	12,449,074	2032
2033	678,187		678,187	596,868	15,000	611,868	66,319	335,177	11,852,206	2033
2034	674,796		674,796	593,816	15,000	608,816	65,980	401,157	11,258,390	2034
2035	671,422		671,422	590,780	15,000	605,780	65,642	466,799	10,667,610	2035
2036	668,065		668,065	587,758	15,000	602,758	65,306	532,106	10,079,852	2036
2037	664,724		664,724	584,752	15,000	599,752	64,972	597,078	9,495,100	2037
2038	661,401		661,401	581,761	15,000	596,761	64,640	661,718	8,913,339	2038
2039	658,094		658,094	578,784	15,000	593,784	64,309	726,027	8,334,555	2039
2040	654,803		654,803	575,823	15,000	590,823	63,980	790,008	7,758,732	2040
2041	651,529		651,529	572,876	15,000	587,876	63,653	853,661	7,185,855	2041
2042	648,272		648,272	569,945	15,000	584,945	63,327	916,988	6,615,911	2042
2043	645,030		645,030	567,027	15,000	582,027	63,003	979,991	6,048,883	2043
2044	641,805		641,805	564,125	15,000	579,125	62,681	1,042,671	5,484,759	2044
2045	638,596		638,596	561,237	15,000	576,237	62,360	1,105,031	4,923,522	2045
2046	635,403		635,403	558,363	15,000	573,363	62,040	1,167,071	4,365,159	2046
2047	632,226		632,226	555,504	15,000	570,504	61,723	1,228,794	3,809,656	2047
2048	629,065		629,065	552,659	15,000	567,659	61,407	1,290,201	3,256,997	2048
2049	625,920		625,920	549,828	15,000	564,828	61,092	1,351,292	2,707,170	2049
2050	622,790		622,790	547,011	15,000	562,011	60,779	1,412,072	2,160,159	2050
2051	619,676		619,676	544,209	15,000	559,209	60,468	1,472,539	1,615,950	2051
2052	616,578		616,578	541,420	15,000	556,420	60,158	1,532,697	1,074,530	2052
2053	613,495		613,495	538,645	15,000	553,645	59,849	1,592,546	535,885	2053
2054	610,427		610,427	535,885	15,000	550,885	59,543	1,652,089	(0)	2054
Totals	17,225,891	0	17,225,891	14,868,802	705,000	15,573,802				Totals

Notes:

1.) Admin fees are per the City's proforma

2.) MRO is not to exceed \$15 million per draft Development Agreement

PROJECTED CLOSURE YEAR

LEGEND:

END OF EXP. PERIOD

Timeline

- Initial Joint Review Board: February 16, 2026
- Public Hearing: February 19, 2026
- Plan Commission: February 19, 2026
- City Council: March 17, 2026
 - ✓ Creation Date
- Final Joint Review Board: TBD

January 22, 2026

PROJECT PLAN

City of Franklin, Wisconsin

Tax Incremental District No. 10

Poths General Redevelopment Site



Prepared by:

Ehlers
N19W24400 Riverwood Drive,
Suite 100
Waukesha, WI 53188

BUILDING COMMUNITIES. IT'S WHAT WE DO.

KEY DATES

Organizational Joint Review Board Meeting Held:	Scheduled for February 16, 2026
Public Hearing Held:	Scheduled for February 19, 2026
Action by Plan Commission:	Scheduled for February 19, 2026
Action by Common Council:	Scheduled for March 17, 2026
Action by the Joint Review Board:	Scheduled for TBD

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SECTION 1:

Executive Summary

DESCRIPTION OF DISTRICT

Tax Incremental District (“TID”) No. 10 (“District”) is a proposed Blighted Area District comprising approximately 30 acres located to the southeast of S. 76th Street and W Rawson Avenue. The District will be created to pay the cost of development incentives and other ongoing administrative costs related to redevelopment of the Orchard View Shopping Center and adjoining parcels (“Project”). The initial development will consist of a 292-unit market rate multifamily development to be constructed by Land by Label (“Developer”) named Poths General, honoring the legacy of the historic Poths General Store that previously stood on the site. Additionally, the Developer plans to build a new Dollar Tree store within the district, to replace the existing Dollar Tree building that will be demolished by the Developer as a part of the multifamily development. There is also opportunity for future commercial development in the District. In addition to the incremental property value that will be created, the City expects the Project to provide employment opportunities, increased income and sales tax collection, development of housing, increased commercial activity, and other benefits to the local economy resulting from the purchase of goods and services related to construction and operation of the Project.

AUTHORITY

The City is creating the District under the provisions of Wis. Stat. § 66.1105.

ESTIMATED TOTAL PROJECT COST EXPENDITURES

The City anticipates making total expenditures of approximately \$15.7 million (“Project Costs”) to undertake the projects listed in this Project Plan (“Plan”). Project Costs include an estimated \$15 million for development incentives, and \$705,000 for ongoing administrative expenses.

INCREMENTAL VALUATION

The City projects that new land and improvements value of approximately \$42 million will result from the Project. Creation of this additional value will be made possible by the Project Costs made within the District. A table detailing assumptions as to the development timing and associated values is included in the Economic Feasibility Study located within this Plan.

EXPECTED TERMINATION OF DISTRICT

Based on the Economic Feasibility Study located within Section 9 of this Plan, the City anticipates that the District will generate sufficient tax increment to pay all Project Costs within its allowable 27 year life.

SUMMARY OF FINDINGS

As required by Wis. Stat. § 66.1105, and as documented in this Plan and the exhibits contained and referenced herein, the following findings are made:

1. That “but for” the creation of this District, the development projected to occur as detailed in this Plan: 1) would not occur; or 2) would not occur in the manner, at the values, or within the timeframe desired by the City. The City engaged SB Friedman Development Advisors to evaluate the Developer’s request for tax incremental financing assistance and to provide an opinion as to whether the Project requires it to proceed. The following excerpt taken from the Friedman report summarizes the conclusions. The City has relied on this report to conclude that but for the receipt of the requested assistance, the Project will not proceed. (A full copy of the Friedman report is attached as Appendix A).

FINANCIAL BUT-FOR TEST

- Based on SB Friedman's analysis of the Developer's financial pro forma, we've determined that the assumptions are reasonable based on comparable projects and current market conditions.
- Without assistance, the Project would achieve returns substantially below expected market returns as stated by Land by Label and as observed by SB Friedman on other recent development projects in the region.
- Therefore, it is our conclusion that this Project would not occur, as presented, but-for the financial assistance requested by the Developer.

2. The economic benefits of the District, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the cost of the improvements. In making this determination, the City has considered the following benefits that will result from the Project:
 - a. Creation of 292 housing units, providing housing for workers and families that will support the local economy.
 - b. Redevelopment of a blighted site, providing new housing and commercial uses that will generate significantly more economic activity than present uses in the District.
 - c. The short-term economic benefit in terms of employment and purchase of materials and services related to construction of the Project.

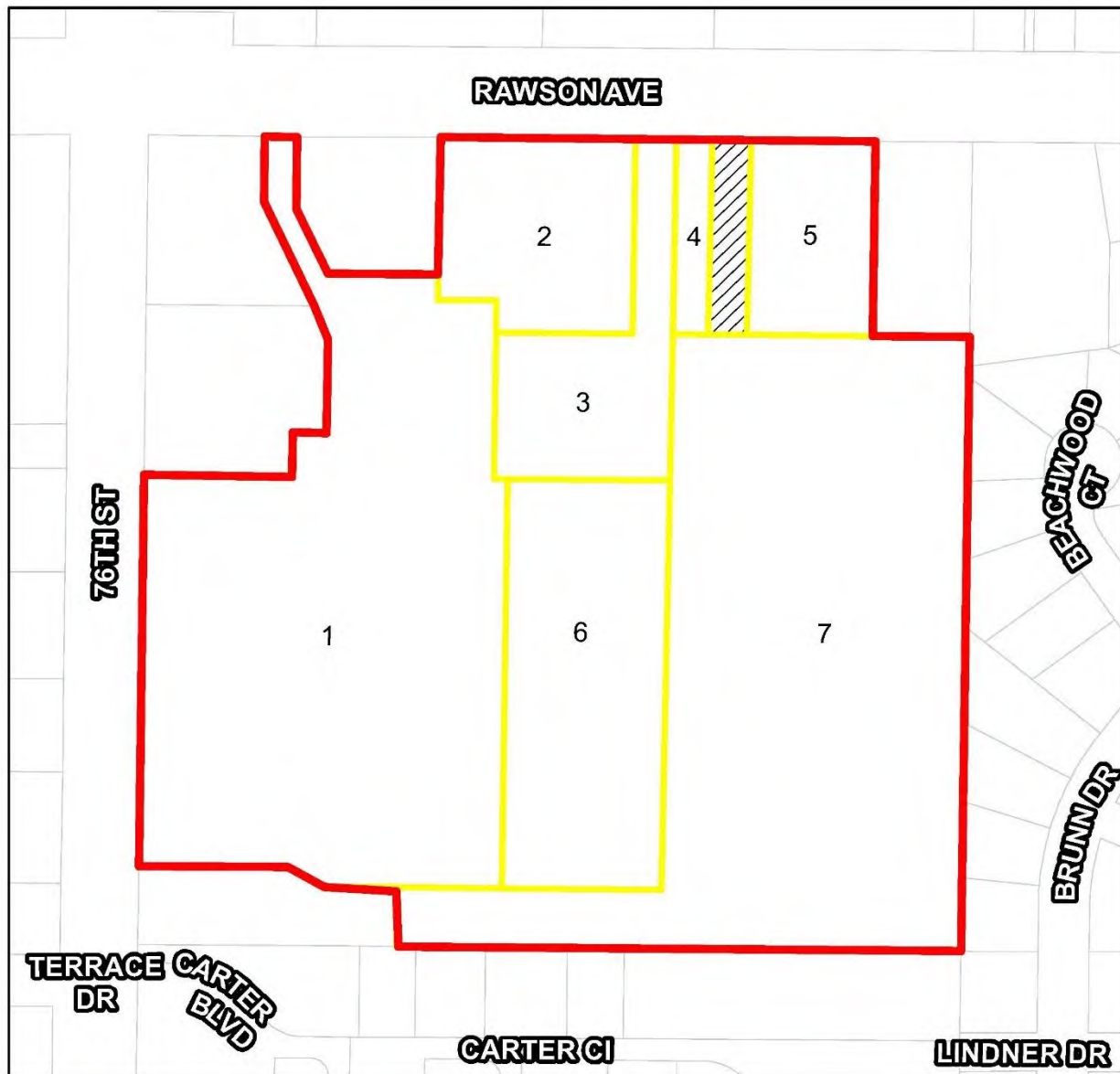
- d. The long-term economic benefit resulting from increased employment associated with uses to be established in the District.
3. The benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing jurisdictions. As required by Wis. Stat. § 66.1105(4)(i)4., a calculation of the share of projected tax increments estimated to be paid by the owners of property in the overlying taxing jurisdictions has been prepared and can be found in this Plan. However, because the Project would not occur without the use of tax incremental financing, these tax increments would not be paid but for creation of the District. Accordingly, the City finds that the benefits expected to be realized as set forth in this Plan outweigh the value of the tax increments to be invested in the Project.
 4. Not less than 50% by area of the real property within the District is a blighted area as defined by Wis. Stat. § 66.1105(2)(ae)1.
 5. Based on the foregoing finding, the District is designated as a blighted area district.
 6. The Project Costs relate directly to the elimination of blight in the District, consistent with the purpose for which the District is created.
 7. Improvements to be made in the District are likely to significantly enhance the value of substantially all of the other real property in the District.
 8. The equalized value of taxable property in the District, plus the incremental value of all existing tax incremental districts within the City does not exceed 12% of the total equalized value of taxable property within the City.
 9. The City estimates that less than 35% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period, pursuant to Wis. Stat. § 66.1105(5)(b).
 10. The Plan for the District is feasible and is in conformity with the Master Plan of the City.

SECTION 2:

Preliminary Map of Proposed District Boundary

Map Found on Following Page.

To the extent District boundaries include wetlands identified on a map prepared under Wis. Stat. § 23.32, the wetlands are excluded from the District.

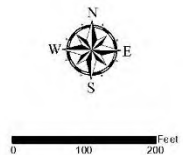


Franklin Proposed TID 10



GIS Department
9229 W Loomis Rd
Franklin, WI 53132
www.franklinwi.gov

- TID 10 Boundary and Area
- Included Properties
- Rawson ROW



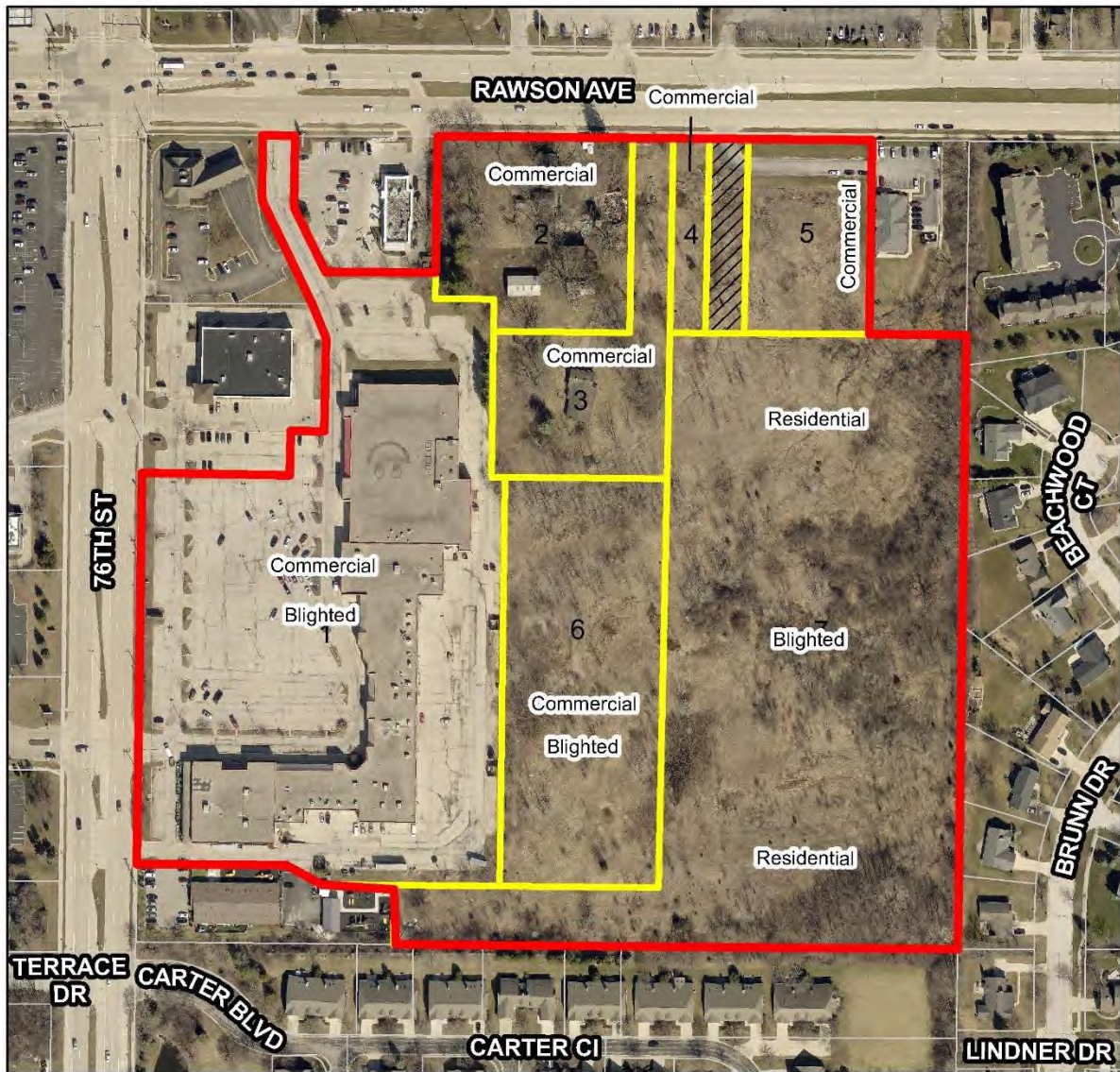
This map shows the approximate relative location of property boundaries but was not prepared by a professional land surveyor.
This map is provided for informational purposes only and may not be sufficient or appropriate for legal, engineering, or surveying purposes.

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SECTION 3:

Map Showing Existing Uses and Conditions

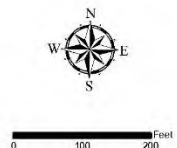
Map Found on Following Page.



GIS Department
9229 W Loomis Rd
Franklin, WI 53132
www.franklinwi.gov

Franklin Proposed TID 10 Existing Uses

- TID 10 Boundary and Area
- Included Properties
- Rawson ROW



This map shows the approximate relative location of property boundaries but was not prepared by a professional land surveyor.
This map is provided for informational purposes only and may not be sufficient or appropriate for legal, engineering, or surveying purposes.

Blaisdel - 12/29/2025
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SECTION 4:

Preliminary Parcel List and Analysis

Map Reference Number	Parcel Number	Address	Owner	Acres	Acres
					Blighted
N/A	ROW Areas			0.41	
1	756 9993 021	7178 S 76TH ST	INITECH, LLC	10.10	10.10
2	756 9993 013	7401 W RAWSON	FRANKLIN RAWSON, LLC	1.97	
3	756 9993 005	7401 W RAWSON	FRANKLIN RAWSON, LLC	1.83	
4	756 9993 019	7295 W RAWSON	FRANKLIN RAWSON, LLC	0.38	
5	756 9993 018	7255 W RAWSON	FRANKLIN RAWSON, LLC	1.31	
6	756 9993 016	0 W RAWSON AV	INITECH, LLC	3.59	3.59
7	756 9993 012	0 W RAWSON AV	INITECH, LLC	10.71	10.88
TOTALS				30.31	24.57
Percentage of TID Area Designated as Blighted (at least 50%)					81%
Percentage of TID Area Not Designated as Blighted					19%
Total Area					100%
Wetland Acreage Removed from District Boundaries					0.18

Calculation of Estimated Base Value ¹						
Parcel	Assessed Value			Equalized Value ²		
	Land	Improvement	Total	Land	Improvement	Total
756 9993 021	2,931,600	1,648,300	4,579,900	3,230,100	1,816,100	5,046,200
756 9993 013	138,500	7,700	146,200	152,600	8,500	161,100
756 9993 005	138,800	1,400	140,200	152,900	1,500	154,400
756 9993 019	86,300	0	86,300	95,100	0	95,100
756 9993 018	575,500	0	575,500	634,100	0	634,100
756 9993 016	598,200	0	598,200	659,100	0	659,100
756 9993 012	259,300	0	259,300	285,700	0	285,700
TOTALS	4,728,200	1,657,400	6,385,600	5,209,600	1,826,100	7,035,700
1) Estimated based on values as of January 1, 2025. Actual base value will be as of January 1, 2026.						
2) Calculation based on aggregate assessment ratio of 90.76%.						

Blighted Area:

The District will be designated as a blighted area. Under the definition of blighted area found at Wis. Stat. § 66.1105(2)(ae), qualifying criteria includes: “An area, including a slum area, in which the structures, buildings or improvements, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of these factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare”; or “An area which is predominantly open and which consists primarily of an abandoned highway corridor, as defined in § 66.1333(2m)(a), or that consists of land upon which buildings or structures have been demolished and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community.”

Specific blighting conditions include the following parcels:

- The Orchard View Shopping Center, specifically the Poth’s General Site (see Map Reference #1).
- 13 acres of vacant land, east of the shopping center (Map Reference #6 & #7).

A total of 25 acres, or 81% of the District area, is blighted, meeting the requirement that at least 50% of the area be blighted.

See Appendix B for the Blight Designation Narrative & Photos.

SECTION 5:

Equalized Value Test

The following calculations demonstrate that the City expects to be in compliance with Wis. Stat. § 66.1105(4)(gm)4.c., which requires that the equalized value of the taxable property in the proposed District, plus the value increment of all existing tax incremental districts, does not exceed 12% of the total equalized value of taxable property within the City.

The equalized value of the increment of existing tax incremental districts within the City, plus the base value of the proposed District, totals \$374,704,700. This value is less than the maximum of \$869,462,904 in equalized value that is permitted for the City.

City of Franklin, Wisconsin		
Tax Increment District No. 10		
Valuation Test Compliance Calculation		
<u>Calculation of City Equalized Value Limit</u>		
City TID IN Equalized Value (Jan. 1, 2025)	\$	7,245,524,200
TID Valuation Limit @ 12% of Above Value	\$	869,462,904
<u>Calculation of Value Subject to Limit</u>		
Estimated Base Value of Territory to be Included in District	\$	7,035,700
Plus: Assumed change for Jan. 1, 2026 assessment	\$	-
Incremental Value of Existing Districts (Jan. 1, 2025)	\$	367,669,000
Less: Value of Parcels Removed from District	\$	-
Less: Value of Underlying TID Parcels	\$	-
Total Value Subject to 12% Valuation Limit	\$	374,704,700
Total Percentage of TID IN Equalized Value		5.17%
Residual Value Capacity of TID IN Equalized Value	\$	494,758,204

SECTION 6:

Statement Listing the Kind, Number and Location of All Proposed Public Works or Improvements Within the District

Project Costs are any expenditure made, estimated to be made, or monetary obligations incurred or estimated to be incurred as outlined in this Plan. Project Costs will be diminished by any income, special assessments or other revenues, including user fees or charges, other than tax increments, received or reasonably expected to be received in connection with the implementation of the Plan. If Project Costs incurred benefit territory outside the District, a proportionate share of the cost is not a Project Cost. Costs identified in this Plan are preliminary estimates made prior to design considerations and are subject to change after planning, design and construction is completed.

The following is a list of tax incremental financing eligible Project Costs that the City expects to make, or may need to make, in conjunction with the implementation of the District's Plan. The map found in Section 7 of this Plan along with the Detailed List of Project Costs found in Section 8 provide additional information as to the kind, number and location of potential Project Costs.

Community Development

Cash Grants (Development Incentives)

The City may enter into agreements with property owners, lessees, or developers of land located within the District for sharing costs to encourage the desired kind of improvements and assure tax base is generated sufficient to recover Project Costs. No cash grants will be provided until the City executes a developer agreement with the recipient of the cash grant. Any payments of cash grants made by the City are eligible Project Costs.

Miscellaneous

Professional Service and Organizational Costs

The costs of professional services rendered, and other costs incurred, in relation to the creation, administration and termination of the District, and the undertaking of the projects contained within this Plan, are eligible Project Costs. Professional services include but are not limited to: architectural; environmental; planning; engineering; legal; audit; financial; and the costs of informing the public with respect to the creation of the District and the implementation of the Plan.

Administrative Costs

The City may charge the District as eligible Project Costs reasonable allocations of administrative costs, including, but not limited to, employee salaries. Costs allocated will bear a direct connection to the time spent by City employees relating to the implementation of the Plan.

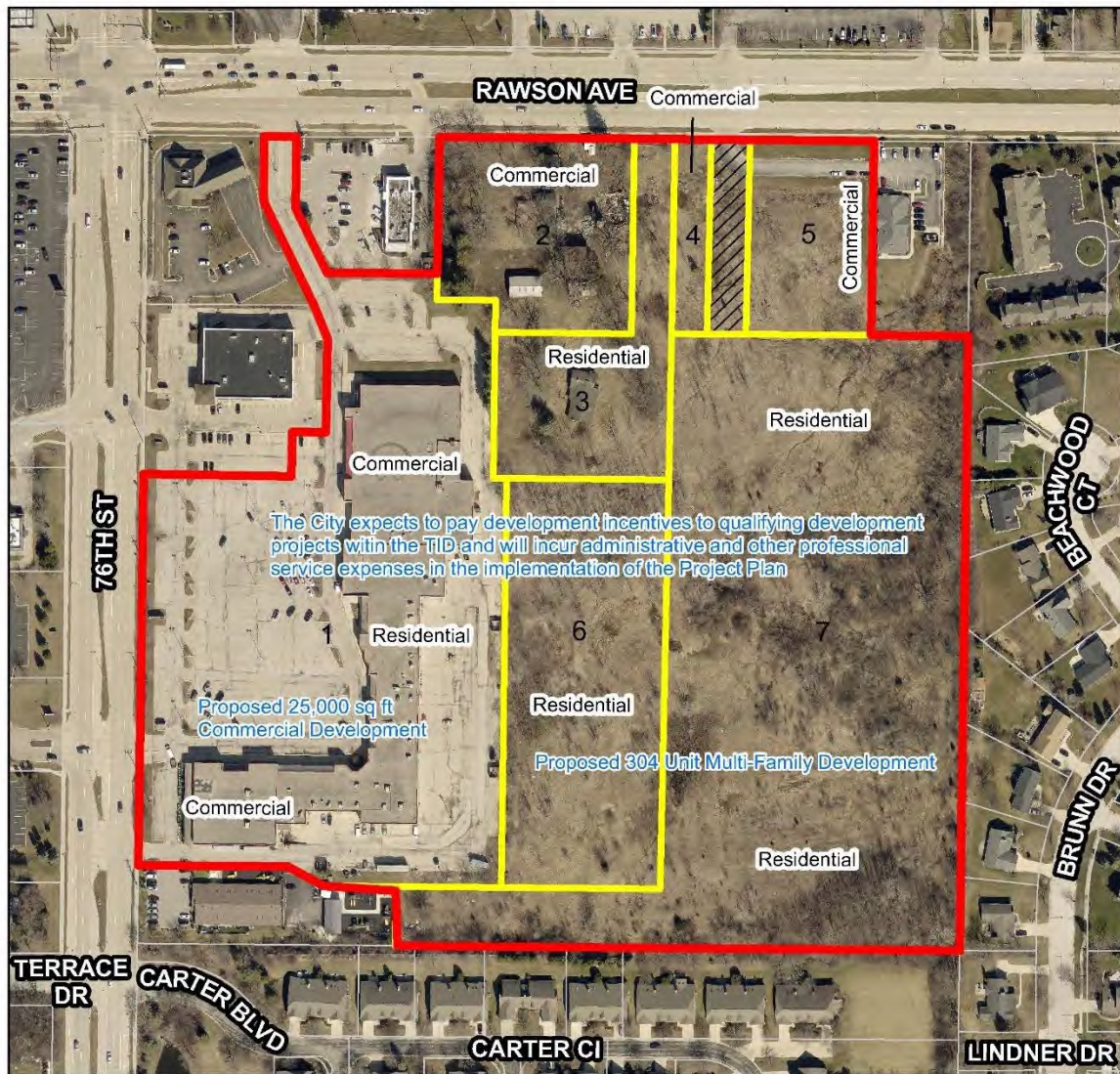
Financing Costs

Interest expense, debt issuance expenses, redemption premiums, and any other fees and costs incurred in conjunction with obtaining financing for projects undertaken under this Plan are eligible Project Costs.

SECTION 7:

Map Showing Proposed Improvements and Uses

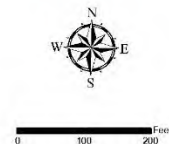
Map Found on Following Page.



GIS Department
9229 W Loomis Rd
Franklin, WI 53132
www.franklinwi.gov

Franklin Proposed TID 10 Future Uses

- TID 10 Boundary and Area
- Included Properties
- Rawson ROW



This map shows the approximate relative location of property boundaries but was not prepared by a professional land surveyor.
This map is provided for informational purposes only and may not be sufficient or appropriate for legal, engineering, or surveying purposes.

BFausel - 12/22/2025
I:\Projects\Finance\TID_10\TID_10_Nov_17_2025_Future_Uses_with_Vet

Proposed
Poth's
General
Site Plan
Map



GARDEN STYLE (B-J)

25 UNIT BUILDING (3)

7(21) - JR 1BR @562-685
6(18) - 1BR @ 750-864
10(30) - 2BR @1089-1171
2(6) - 3BR @ 1400-1480
8 GARAGE STALLS (24)
8 SURFACE STALLS (24)

21 UNIT BUILDING (5)

5(25) - JR 1BR @562-685
6(30) - 1BR @ 754-864
8(40) - 2BR @1089-1188
2(10) - 3BR @ 1400-1480
8 GARAGE STALLS (40)
8 SURFACE STALLS (40)

GS UNIT MIX

16 - JR 1BR @540-630 9%
78 - 1BR @ 540-865 43%
70 - 2BR @1089-1185 39%
16 - 3BR @ 1406-1482 9%

180 UNITS

GS PARKING
64 ATTACHED GARAGE
50 DETACHED GARAGE
64 SLAB
121 SURFACE
299 STALLS/180 UNITS = 1.66

MID RISE BUILDING (A)

11 - JR 1BR @ 549	10%
50 - 1 BR @708-714	44%
41 - 2BR @1089-1185	36%
10 - 3BR @ 1407-1482	9%
112 UNITS	

MID RISE PARKING

113 COVERED STALLS
65 SURFACE STALLS
178 TOTAL STALLS/112 UNITS
1.59 STALLS/UNIT

TOTAL SITE MIX

TOTAL ONE MAX
27 - JR 1BR @ 540-655 9%
128 - 1 BR @750 44%
111 - 2BR @1089-1185 38%
26 - 3BR @ 1407-1482 9%
292 UNITS

TOTAL RES PARKING

TOTAL BEST PARKING
227 COVERED STALLS
250 SURFACE STALLS
477 TOTAL STALLS/292 UNITS
1.63 STALLS/UNIT

1 SITE PLAN
1" = 50'-0"

© 2025 **RINKA+**

PROPOSED SITE PLAN

SCALE: 1" = 50'-0"

POTHS GENERAL - FRANKLIN MASTERPLAN
PROJECT #: 23103 | 09/30/25

SECTION 8:

Detailed List of Estimated Project Costs

The following list identifies the Project Costs that the City currently expects to incur in implementing the District’s Plan. All projects identified and related costs reflect the best estimates available as of the date of preparation of this Plan. All costs are preliminary estimates and may increase or decrease. Certain Project Costs listed may become unnecessary, and other Project Costs not currently identified may need to be made. (Section 6 details the general categories of eligible Project Costs). Changes in Project Cost totals or the types of Project Costs to be incurred will not require that this Plan be amended. This Plan is not meant to be a budget nor an appropriation of funds for specific Project Costs, but a framework within which to manage Project Costs.

City of Franklin, Wisconsin			
Tax Increment District No. 10			
Detailed List of Estimated Project Costs			
Project ID	Project Name/Type	Est. Cost	Totals
1	Development Incentives		
	Land By Label	15,000,000	15,000,000
2	Ongoing Planning & Administrative Costs	705,000	705,000
Total Projects		15,705,000	15,705,000

SECTION 9:

Economic Feasibility Study, Description of the Methods of Financing Estimated Project Costs and the Time When Related Costs or Monetary Obligations are to be Incurred

This Section includes a forecast of the valuation increases expected within the District, the associated tax increment collections, a summary of how Project Costs would be financed, and a projected cash flow demonstrating that the District is economically feasible.

Key Assumptions

The Project Costs the City plans to make are expected to create \$42 million in incremental value by 2054. Estimated valuations and timing for construction of the Project are included in **Table 1**. Assuming the City's current equalized TID Interim tax rate of \$16.50 per thousand of equalized value, declining at -0.5% annually, and no economic appreciation or depreciation, the Project would generate \$17 million in incremental tax revenue over the 27-year term of the District as shown in **Table 2**.

City of Franklin, Wisconsin

Tax Increment District No. 10

Development Assumptions

Construction Year		Actual	Poths General - Apartments ¹		Net Out Base ²		Annual Total	Construction Year	
			Units	Total Value	Total Value				
Estimated Value per			\$158,000						
1	2026		146	23,068,000	(3,789,100)		19,278,900	2026	1
2	2027		146	23,068,000			23,068,000	2027	2
3	2028			0			0	2028	3
4	2029			0			0	2029	4
5	2030			0			0	2030	5
6	2031			0			0	2031	6
7	2032			0			0	2032	7
8	2033			0			0	2033	8
9	2034			0			0	2034	9
10	2035			0			0	2035	10
11	2036			0			0	2036	11
12	2037			0			0	2037	12
13	2038			0			0	2038	13
14	2039			0			0	2039	14
15	2040			0			0	2040	15
16	2041			0			0	2041	16
17	2042			0			0	2042	17
18	2043			0			0	2043	18
19	2044			0			0	2044	19
20	2045			0			0	2045	20
21	2046			0			0	2046	21
22	2047			0			0	2047	22
23	2048			0			0	2048	23
24	2049			0			0	2049	24
25	2050			0			0	2050	25
26	2051			0			0	2051	26
27	2052			0			0	2052	27
Totals		0	292	46,136,000	0	(3,789,100)	42,346,900		

Notes:

- 1.) Developer plans to build 292 units, \$158,00 AV per Unit, in 2026 and 2027
- 2.) No value assumed for Dollar General or other expected Commercial development.

Table 1 - Development Assumptions

City of Franklin, Wisconsin

Tax Increment District No. 10

Tax Increment Projection Worksheet

Type of District	Blighted Area	Base Value	7,035,700
District Creation Date	March 17, 2026	Economic Change Factor	0.00%
Valuation Date	Jan 1, 2026	Apply to Base Value	
Max Life (Years)	27	Base Tax Rate	\$ 16.50
End of Expenditure Period	22 3/17/2048	Rate Adjustment Factor	-0.50%
Revenue Periods/Final Year	27 2054		
Extension Eligibility/Years	Yes 3		
Eligible Recipient District	Yes		

Construction		Valuation		Economic	Total	Revenue		Tax Increment
Year	Value Added	Year		Change	Increment	Year	Tax Rate ¹	
1	2026	19,278,900	2027	0	19,278,900	2028	\$16.42	316,588
2	2027	23,068,000	2028	0	42,346,900	2029	\$16.34	691,922
3	2028	0	2029	0	42,346,900	2030	\$16.26	688,462
4	2029	0	2030	0	42,346,900	2031	\$16.18	685,020
5	2030	0	2031	0	42,346,900	2032	\$16.10	681,595
6	2031	0	2032	0	42,346,900	2033	\$16.02	678,187
7	2032	0	2033	0	42,346,900	2034	\$15.93	674,796
8	2033	0	2034	0	42,346,900	2035	\$15.86	671,422
9	2034	0	2035	0	42,346,900	2036	\$15.78	668,065
10	2035	0	2036	0	42,346,900	2037	\$15.70	664,724
11	2036	0	2037	0	42,346,900	2038	\$15.62	661,401
12	2037	0	2038	0	42,346,900	2039	\$15.54	658,094
13	2038	0	2039	0	42,346,900	2040	\$15.46	654,803
14	2039	0	2040	0	42,346,900	2041	\$15.39	651,529
15	2040	0	2041	0	42,346,900	2042	\$15.31	648,272
16	2041	0	2042	0	42,346,900	2043	\$15.23	645,030
17	2042	0	2043	0	42,346,900	2044	\$15.16	641,805
18	2043	0	2044	0	42,346,900	2045	\$15.08	638,596
19	2044	0	2045	0	42,346,900	2046	\$15.00	635,403
20	2045	0	2046	0	42,346,900	2047	\$14.93	632,226
21	2046	0	2047	0	42,346,900	2048	\$14.86	629,065
22	2047	0	2048	0	42,346,900	2049	\$14.78	625,920
23	2048	0	2049	0	42,346,900	2050	\$14.71	622,790
24	2049	0	2050	0	42,346,900	2051	\$14.63	619,676
25	2050	0	2051	0	42,346,900	2052	\$14.56	616,578
26	2051	0	2052	0	42,346,900	2053	\$14.49	613,495
27	2052	0	2053	0	42,346,900	2054	\$14.41	610,427
Totals		42,346,900		0		Future Value of Increment		17,225,891

Notes:

1) Tax rate shown is actual 2025/2026 rate per DOR Form PC-202 (Tax Increment Collection Worksheet).

Table 2 - Tax Increment Projection Worksheet

Financing and Implementation

The City expects to enter into a development agreement to provide the Developer with a pay-as-you go (“PAYGO”) developer incentive up to a cap of \$15 million. (Originally, the term sheet estimated the development incentive cap to be \$17.2 million, as referenced in the analysis by SB Friedman Development Advisors – see Appendix A. With adjustments to the development plan, this cap was reduced, and the findings continue to be justified in the proforma.) The terms include annual PAYGO payments will be equal to 90% of the tax increment generated by the residential portion of the Project.. Payments to the Developer are payable solely from and limited to the tax increment generated, subject to annual appropriation. If the Project achieves financial returns above 17% IRR or 3.00x investor return multiple, the City would be entitled to 25% of excess proceeds, not to exceed \$2.5 million. This summary is intended to provide a general explanation of the District plan of finance. Specific terms and conditions pertaining to development projects will be detailed in related development agreements.

Based on the Project Cost expenditures as included within the cash flow exhibit (**Table 3**), the District is projected to accumulate sufficient funds by the year 2054 to pay off all Project cost liabilities and obligations. The projected closure is based on the various assumptions noted in this Plan and will vary dependent on actual Project Costs incurred and the actual amount of tax increments collected. In particular, the Plan only considers the tax increment to be generated by the residential development. The City expects commercial development and redevelopment to occur within the District. Potential incremental value increases from that commercial development are not quantified but will increase tax increment collections that may permit an earlier closure of the District.

City of Franklin, Wisconsin

Tax Increment District No. 10

Cash Flow Projection

Year	Projected Revenues			Projected Expenditures			Balances			Year
	Tax Increments	Interest Earnings	Total Revenues	MRO #1 Land by Label ² \$14,868,802	Ongoing Planning & Administration	Total Expenditures	Annual	Cumulative	Liabilities Outstanding	
2026			0			0	0	0	0	2026
2027			0			0	0	0	0	2027
2028	316,588		316,588	181,429	115,000	296,429	20,159	20,159	14,687,373	2028
2029	691,922		691,922	519,230	115,000	634,230	57,692	77,851	14,168,143	2029
2030	688,462		688,462	516,116	115,000	631,116	57,346	135,197	13,652,027	2030
2031	685,020		685,020	603,018	15,000	618,018	67,002	202,199	13,049,009	2031
2032	681,595		681,595	599,935	15,000	614,935	66,659	268,859	12,449,074	2032
2033	678,187		678,187	596,868	15,000	611,868	66,319	335,177	11,852,206	2033
2034	674,796		674,796	593,816	15,000	608,816	65,980	401,157	11,258,390	2034
2035	671,422		671,422	590,780	15,000	605,780	65,642	466,799	10,667,610	2035
2036	668,065		668,065	587,758	15,000	602,758	65,306	532,106	10,079,852	2036
2037	664,724		664,724	584,752	15,000	599,752	64,972	597,078	9,495,100	2037
2038	661,401		661,401	581,761	15,000	596,761	64,640	661,718	8,913,339	2038
2039	658,094		658,094	578,784	15,000	593,784	64,309	726,027	8,334,555	2039
2040	654,803		654,803	575,823	15,000	590,823	63,980	790,008	7,758,732	2040
2041	651,529		651,529	572,876	15,000	587,876	63,653	853,661	7,185,855	2041
2042	648,272		648,272	569,945	15,000	584,945	63,327	916,988	6,615,911	2042
2043	645,030		645,030	567,027	15,000	582,027	63,003	979,991	6,048,883	2043
2044	641,805		641,805	564,125	15,000	579,125	62,681	1,042,671	5,484,759	2044
2045	638,596		638,596	561,237	15,000	576,237	62,360	1,105,031	4,923,522	2045
2046	635,403		635,403	558,363	15,000	573,363	62,040	1,167,071	4,365,159	2046
2047	632,226		632,226	555,504	15,000	570,504	61,723	1,228,794	3,809,656	2047
2048	629,065		629,065	552,659	15,000	567,659	61,407	1,290,201	3,256,997	2048
2049	625,920		625,920	549,828	15,000	564,828	61,092	1,351,292	2,707,170	2049
2050	622,790		622,790	547,011	15,000	562,011	60,779	1,412,072	2,160,159	2050
2051	619,676		619,676	544,209	15,000	559,209	60,468	1,472,539	1,615,950	2051
2052	616,578		616,578	541,420	15,000	556,420	60,158	1,532,697	1,074,530	2052
2053	613,495		613,495	538,645	15,000	553,645	59,849	1,592,546	535,885	2053
2054	610,427		610,427	535,885	15,000	550,885	59,543	1,652,089	(0)	2054
Totals	17,225,891	0	17,225,891	14,868,802	705,000	15,573,802				Totals

Notes:

- Admin fees are per the City's proforma
- MRO is not to exceed \$15 million per draft Development Agreement

PROJECTED CLOSURE YEAR

LEGEND:

END OF EXP. PERIOD

Table 3 – Cash Flow

SECTION 10:

Annexed Property

A tax incremental district cannot include annexed territory unless at least three years have elapsed since the annexation, or certain other requirements are met. None of the property within the proposed District boundary was annexed during the past three years.

SECTION 11:

Estimate of Property to Be Devoted to Retail Business

Pursuant to Wis. Stat. § 66.1105(5)(b), the City estimates that less than 35% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

SECTION 12:

Proposed Changes of Zoning Ordinances, Master Plan, Map, Building Codes and City Ordinances

Zoning Ordinances

The proposed Plan is in general conformance with the City's current zoning ordinances. Individual properties may require rezoning at the time of development.

Master (Comprehensive) Plan and Map

The proposed Plan is in general conformance with the City's Comprehensive Plan identifying the area as appropriate for mixed use development.

Building Codes and Ordinances

Development within the District will be required to conform to State Building Codes and will be subject to the City's permitting and inspection procedures. The proposed Plan conforms to all relevant State and local ordinances, plans, and codes. No changes to the existing regulations are proposed or needed.

SECTION 13:

Statement of the Proposed Method for the Relocation of any Persons to be Displaced

Should implementation of this Plan require relocation of individuals or business operations, relocations will be handled in compliance with Wis. Stat. Chapter 32 and Wis. Admin. Code ADM 92.

SECTION 14:

How Creation of the Tax Incremental District Promotes the Orderly Development of the City

Creation of the District and the implementation of the projects in its Plan will promote the orderly development of the City by creating opportunities for mixed use development, rehabilitating and conserving property, eliminating blighted areas, providing necessary public infrastructure improvements, and providing appropriate financial incentives for private development projects. Through use of tax increment financing, the City can attract new investment that results in increased tax base. Development will occur in an orderly fashion in accordance with approved plans so that the Projects will be compatible with adjacent land uses. Development of new uses in the District will add to the tax base and will generate positive secondary impacts in the community such as

- a. Creation of 292 housing units, providing housing for workers and families that will support the local economy.
- b. Redevelopment of a blighted site, providing new housing and commercial uses that will generate significantly more economic activity than present uses in the District.
- c. Short-term economic benefits in terms of employment and purchase of materials and services related to construction of the Project.
- d. Long-term economic benefits resulting from increased employment associated with uses to be established in the District.

SECTION 15:

List of Estimated Non-Project Costs

Non-project costs are public works projects which only partly benefit the District. Costs incurred that do not benefit the District may not be paid with tax increments. Examples of non-project costs are:

- A public improvement made within the District that also benefits property outside the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.
- A public improvement made outside the District that only partially benefits property within the District. That portion of the total Project Costs allocable to properties outside of the District would be a non-project cost.
- Projects undertaken within the District as part of the implementation of this Project Plan, the costs of which are paid fully or in part by impact fees, grants, special assessments, or revenues other than tax increments.

No improvements to be made within the District will benefit property outside the District. Furthermore, there will be no improvements made outside the District that will only partially benefit the District.

SECTION 16:
**Legal Opinion Advising Whether the Plan is Complete
and Complies with Wis. Stat. § 66.1105(4)(f)**

Legal Opinion Found on Following Page.

LEGAL OPINION TO BE INSERTED – NEED WET SIGNATURE & DATED
LEGAL OPINION ON ATTORNEY LETTER HEAD

SAMPLE

Mayor
City of Franklin
9229 W Loomis Rd
Franklin, Wisconsin 53132

RE: Project Plan for Tax Incremental District No. 10

Dear Mayor:

Wisconsin Statute 66.1105(4)f) requires that a project plan for a tax incremental financing district include an opinion provided by the City Attorney advising as to whether the plan is complete and complies with Wisconsin Statute 66.1105.

As City Attorney for the City of Franklin, I have been asked to review the above-referenced project plan for compliance with the applicable statutory requirements. Based upon my review, in my opinion, the Project Plan for the City of Franklin Tax Incremental District No. 10 is complete and complies with the provisions of the Wisconsin Statute 66.1105.

Sincerely,

City Attorney

SECTION 17:

Calculation of the Share of Projected Tax Increments Estimated to be Paid by the Owners of Property in the Overlying Taxing Jurisdictions

The following projection is provided to meet the requirements of Wis. Stat. § 66.1105(4)(i)4.

Revenue Year	Milwaukee County	Milwaukee County Metro	City of Franklin	Franklin School District	Milwaukee Area Technical	Total	Revenue Year
2028	68,273	26,884	96,975	146,855	17,398	356,385	2028
2029	148,589	58,510	211,055	319,615	37,866	775,635	2029
2030	147,846	58,217	210,000	318,017	37,677	771,756	2030
2031	147,107	57,926	208,950	316,427	37,488	767,898	2031
2032	146,371	57,636	207,905	314,845	37,301	764,058	2032
2033	145,639	57,348	206,866	313,270	37,114	760,238	2033
2034	144,911	57,061	205,831	311,704	36,929	756,437	2034
2035	144,187	56,776	204,802	310,146	36,744	752,654	2035
2036	143,466	56,492	203,778	308,595	36,560	748,891	2036
2037	142,748	56,210	202,759	307,052	36,378	745,147	2037
2038	142,035	55,929	201,745	305,517	36,196	741,421	2038
2039	141,325	55,649	200,737	303,989	36,015	737,714	2039
2040	140,618	55,371	199,733	302,469	35,835	734,025	2040
2041	139,915	55,094	198,734	300,957	35,655	730,355	2041
2042	139,215	54,818	197,741	299,452	35,477	726,703	2042
2043	138,519	54,544	196,752	297,955	35,300	723,070	2043
2044	137,827	54,272	195,768	296,465	35,123	719,455	2044
2045	137,137	54,000	194,789	294,983	34,948	715,857	2045
2046	136,452	53,730	193,815	293,508	34,773	712,278	2046
2047	135,769	53,462	192,846	292,040	34,599	708,717	2047
2048	135,091	53,194	191,882	290,580	34,426	705,173	2048
2049	134,415	52,928	190,923	289,127	34,254	701,647	2049
2050	133,743	52,664	189,968	287,681	34,083	698,139	2050
2051	133,074	52,400	189,018	286,243	33,912	694,648	2051
2052	132,409	52,138	188,073	284,812	33,743	691,175	2052
2053	131,747	51,878	187,133	283,388	33,574	687,719	2053
2054	131,088	51,618	186,197	281,971	33,406	684,280	2054
Totals	3,699,517	1,456,750	5,254,775	7,957,660	942,773	19,311,475	

To: City of Franklin
From: SB Friedman Development Advisors, LLC
Date: December 23, 2025

RE: Poth's General Development Underwriting Analysis

SB Friedman Development Advisors, LLC (SB Friedman) was engaged by the City of Franklin ("City") to conduct a preliminary financial review of a proposed redevelopment of the Orchard View Shopping Center on 76th Street, south of Rawson Avenue ("Site"). The redevelopment of the Site includes 304 residential units located within a three-story apartment building and eight (8) garden style buildings, and 4,000 square feet of retail space ("Project"), as shown in **Figure 1**. The Project is anticipated to cost \$85.8M. The Project will be developed by Land by Label ("Developer").

[illegible]

Throughout 2025, SB Friedman reviewed multiple iterations of the development pro forma and worked with the City and Developer to negotiate terms around the City's participation in the Project. The term sheet, agreed to in principle on July 22nd, included the following (see Exhibit A for full terms):

- Public financial assistance to the Project, not to exceed \$17,200,000.
- The assistance would be provided through municipal revenue obligation (MRO) payments equaling 90% of the incremental property taxes generated by the Project over the 27-year lifetime of a proposed Tax Increment Financing District ("TID").
- The requested MRO payments would be contingent on the Project receiving an occupancy permit from the City and achieving certain occupancy thresholds (Exhibit A Section 1.a.i. and ii.).
- Any cost savings determined after construction would be shared equally between the Developer and City.
- If the Project achieves financial returns above 17% IRR or 3.00x investor return multiple, the City would be entitled to 25% of excess proceeds, not to exceed \$2,500,000.

This memo reflects an analysis conducted on an updated pro forma prepared by the Developer and submitted to SB Friedman on December 17th, 2025. Relative to the assumptions reviewed during the term sheet negotiation, the Project unit count has reduced from 311 to 304 and the commercial SF has increased from 2,800 to 4,000. These changes resulted in the development budget decreasing from \$68.1 million to \$63.5 million, in addition to other marginal changes throughout the Developer's pro forma (e.g., more detailed construction cost estimates).

The purpose of this analysis is to evaluate whether the Project, as presented in the Developer's most recent pro forma, appears to need public financial assistance, at the levels agreed to in principle in July 2025, in order to generate sufficient returns to be financially feasible. **This financial "but-for" test is analytical in nature and is meant to inform a larger policy discussion regarding whether the Project meets desired public objectives.**

Review Process

SB Friedman's review process utilizes an in-depth review of the Project, comparable projects within the surrounding market, and industry data to answer the following questions:

1. Review Project and Site Context
 - a. Where is the project located?
 - b. What is the development program and mix of land uses?
2. Evaluate Development Budget
 - a. What are the project development costs? (land, construction costs, etc.)
 - b. Are project costs in line with industry benchmarks? If not, why?
3. Evaluate Financing Assumptions
 - a. How does the developer intend to finance the project (debt, equity, etc.)?
 - b. Are financing assumptions in line with current market expectations?
4. Evaluate Operating Assumptions
 - a. Are revenue (e.g., rents) and expense assumptions reasonable given target tenant profile, market context and industry benchmarks?
5. Calculate Project Financial Returns
 - a. Is the project achieving a level of financial returns that would make attract sufficient debt and equity investment?
6. Identify Financial Gap
 - a. Is there a demonstrable financial gap that requires public assistance to make the project viable?
7. Identify Drivers of Need for Assistance
 - a. What project components are driving the financial gap?
 - b. Do these drivers align with larger policy goals?

Review of Developer's Model

Key takeaways from SB Friedman's review of the Developer's pro forma are outlined below.

DEVELOPMENT HARD AND SOFT COSTS

- The estimated total development costs (TDC) of the Project are \$85.3 million.
- The Developer estimates hard costs of approximately \$208,764/unit, which is lower than the range of comparable projects reviewed by SB Friedman, including Land by Label's recent project in West Allis.
 - The project is larger in both unit count and gross square footage than other similar projects reviewed, which likely contributes to the lower cost per unit and square footage. It should be noted that most recent iteration of the development pro forma includes detailed construction costs estimates from a construction bid dated 11/7/2025.
- Soft and financing costs are expected to be 8.7% and 5.4% of TDC, respectively, or 14.1% of TDC in aggregate. This is within our benchmark range of 10-15% of TDC.
- The Developer is including a developer fee of 4.1% of TDC, net of acquisition costs, which is below our 5% benchmark.

FINANCING ASSUMPTIONS

- The Developer's permanent financing assumptions, including amortization (30 years), interest rate (5.93%), cap rate (5.75%), and debt coverage ratio (1.25), align with the current financing environment.

OPERATING ASSUMPTIONS

- Average rent is assumed to be \$2.00/SF at stabilization. This rent appears reasonable based on the achievable rents at Velo Village and other comparable projects in Franklin and the surrounding municipalities. Additional details on rent by unit type can be seen below in **Figure 2**.
- The unit sizes proposed in the Project are smaller than recent comparable projects. Smaller unit sizes contribute to the higher per SF rent values for the Project compared to the market, even for unit types with similar chunk rent. Only 3-bedroom units are anticipated to achieve lower per square foot rent and chunk rent than the comps. It appears that 3-bedrooms units are not a common typology within this new construction rental market, and the Project includes only 29 3-bedroom units.

Figure 2. Effective Rent of Comparable Projects

	Studio		1-Bedroom		2-Bedroom		3-Bedroom	
	Chunk	Per SF	Chunk	Per SF	Chunk	Per SF	Chunk	Per SF
Poth's General	\$1,439	\$2.50	\$1,589	\$2.17	\$2,072	\$1.86	\$2,596	\$1.87
Comp Average^[1]	\$1,434	\$2.20	\$1,636	\$2.03	\$2,046	\$1.75	\$2,758	\$1.94

[1] Comparable projects in nearby municipalities were used to supplement data for Studio and 3-Bedroom values

Source: CoStar, Land by Label, SB Friedman

- Stabilized expenses are assumed to be 19.2% of revenue, which is within range of our 20% benchmark.
- The Developer is assuming 3% annual rent and expense escalation, which is at the high end of the range typically observed by SB Friedman in similar projects (2-3%).
- The Developer assumes property taxes per square foot will be \$2.83/SF at stabilization. This value appears reasonable based on the value of comparable projects in Franklin and the assumed tax rate of 16.26 in 2028 as projected in our TIF projection model (tax rate provided by Staff).

- The Developer is assuming \$13/SF NNN in rent from the commercial component which appears conservative based on market data from CoStar (\$17.50/SF) but may be appropriate given the location of the proposed commercial space (set back from 76th Street, which limits visibility).

FINANCIAL GAP WITHOUT ASSISTANCE

- Without assistance, the Project is expected to achieve a leveraged internal rate of return (LIRR) of 7.49%, which is well below the required returns to make a project feasible in the current market.
- The Developer has indicated that their equity investors typically require a return of at least 12% LIRR, which is below the 15% return typically expected in the current market.
- The gap between achievable returns without assistance and expected returns is primarily driven by the relationship between cost of construction and achievable rents within the market.
- At this anticipated financial return, the developer would have a difficult time attracting the necessary investor equity required to complete the Project.

FINANCIAL ASSISTANCE REQUEST

- The Developer's financial assistance request, as noted above, consists of MRO payments equaling 90% of the incremental property taxes generated by the Project over the 27-year lifetime of the proposed TID.
- Based on SB Friedman's projections, which were updated to reflect the change in the development program and tax rate, the Project is estimated to generate approximately \$18 million in incremental property taxes over the 27-year life of the TID. *This value is lower than projections completed in July 2025 due to the reduction in unit count from 311 to 304 and the 2026 Base Tax Rate changing from 17.71 to 16.504 per staff.*
- Key assumptions included in the projections are outlined below:
 - The projections assume the base value of the TID to be \$3,789,100.
 - The added assessed value per unit is assumed to be approximately \$158,000 (2025\$), which is within range of Velo Village and other comparable projects in the surrounding market.
 - Based on discussions with the City, the projections assume 0% value appreciation and a -0.5% annual decline in tax rate over the lifetime of the TID.

PROJECT FINANCIAL RETURNS WITH ASSISTANCE

- With the requested financial assistance, the Project is expected to achieve a financial return of 11.09% LIRR.
- While this is still below the typical return expectations, the Developer indicated the Project can be financed and completed as proposed.

FINANCIAL BUT-FOR TEST

- Based on SB Friedman's analysis of the Developer's financial pro forma, we determined that the assumptions are reasonable based on comparable projects and current market conditions.
- Without assistance, the Project would achieve returns substantially below expected market returns as stated by Land by Label and as observed by SB Friedman on other recent development projects in the region.
- Therefore, it is our conclusion that this Project would not occur, as presented, but-for the financial assistance requested by the Developer.

Limitations of our Engagement

Our deliverables are based on estimates, assumptions and other information developed from research of the market, knowledge of the industry, and meetings with the City and Developer during which we obtained certain information. The sources of information and bases of the estimates and assumptions are stated in the deliverable. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our report, and the variations may be material.

The terms of this engagement are such that we have no obligation to revise analyses or the deliverables to reflect events or conditions that occur subsequent to the date of the deliverable. These events or conditions include, without limitation, economic growth trends, governmental actions, changes in state statute or city ordinance, additional competitive developments, interest rates, and other market factors. However, we will be available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Our deliverables are intended solely for your information, for purposes of reviewing a request for financial assistance, and do not constitute a recommendation to issue bonds or other securities. The deliverable should not be relied upon by any other person, firm or corporation, or for any other purposes. Neither the report nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan, or other agreement or document intended for use in obtaining funds from individual investors without our prior written consent.

We acknowledge that upon submission to the City of Franklin, the report may become a public document within the meaning of the Freedom of Information Act. Nothing in these limitations is intended to block the disclosure of the documents under such Act.



**Letter of Intent for
Tax Incremental Financing
Poths General Redevelopment of Orchard View Shopping Center
City of Franklin
July 17, 2025**

PRIVELEGED & CONFIDENTIAL

Land By Label LLC, a Wisconsin limited liability company (“**LxL**”) is currently working toward the redevelopment of the largely vacant and unsightly Orchard View Shopping Center (the “**Redevelopment**”) near the southeast corner of Rawson and 76th Street in Franklin, Wisconsin (the “**City**”). The Redevelopment is planned as a dynamic mixed-use community featuring a wide range of use categories, including food and beverage purveyors, retail, luxury apartments. The project will be known as “Poths General” (“**Poths General**”). Poths General will require significant infrastructure, including traffic improvements, demolition and disposal of the blighted shopping center and streetscaping (the “**Infrastructure**”) and is not financially feasible without the financial help of the City. Therefore, LxL and City agree to the following terms to facilitate Poths General, which terms are non-binding and remain subject to execution and approval of a mutually agreeable development agreement.

1. **LXL Obligations**

- a. LXL shall complete demolition on the existing shopping center by December 31, 2025 and commence construction on Poths General by April 1, 2026.
- b. LXL shall obtain certificates of occupancy for all of the residential units (the “**Residential Property**”) in Poths General by July 1, 2028 (“**Occupancy Date**”).
- c. LXL shall construct Poths General in accordance with City approved plans and specifications.
- d. LXL shall collaborate and cooperate with City on the creation of a tax incremental financing district for the Redevelopment.
- e. LXL shall obtain debt and/or cash and other equity in the aggregate amount of approximately \$90,800,000 required to construct Poths General (the “**LXL Funds**”) (subject to the City Funds, as defined herein).
- f. LXL will provide a reasonable construction completion guaranty.
- g. LXL shall commence formal marketing efforts on that certain commercial parcel adjacent to 76th Street (the “**Commercial Parcel**”) within 60 days following the later of City’s approval of: (a) tax incremental financing for the project on the terms generally outlined herein and (b) City’s approval of all entitlements, permits and other approvals necessary for the development and construction of Poths General. LXL shall deliver to the City evidence reasonably demonstrating LXL’s marketing efforts for the Commercial Parcel.



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- h. LXL shall use best efforts to develop the Commercial Parcel at a minimum of 25,000 square feet of commercial building space; provided that, City approves such development intensity on the Commercial Parcel.
 - i. LXL Shall grade & hydroseed the Commercial Parcel by May 1, 2026.
 - j. If LXL or an affiliate has not commenced construction on the Commercial Parcel within three (3) years after completion of footings and foundations on Poths General, then the City shall have the right to acquire the Commercial Parcel for \$1.00. Notwithstanding the foregoing, LXL shall have the right to repurchase the Commercial Parcel for \$1.00 if it secures a buyer and/or tenant for the Commercial Parcel, obtains a building permit for the same, and the City has not previously sold and/or leased the Commercial Parcel to another party in an arms-length, third party transaction.
2. City Funds
- a. Municipal Revenue Obligation. To allow LXL to recoup a portion of LXL's Funds expended for Poths General, including the public parks and infrastructure, the City shall provide a municipal revenue obligation (i.e. developer-financed TIF) (the "**MRO**") on the following terms:
 - i. The first MRO payment shall not occur until March 31 following the year a temporary occupancy permit has been issued for the Residential Property and every year after, at which time LXL shall receive percentage of remaining tax increment equal to percentage of occupancy as of January 1 of such year after payment of City Admin Costs (as defined below) (the "**Reduced MRO Payment**") until the Residential Property reaches 90% occupancy for a period of 3 months (the "**Occupancy Threshold**").
 - ii. Once the Residential Property reaches the Occupancy Threshold, LXL shall receive: (a) the difference between 90% of remaining tax increment after City Admin Costs and the Reduced MRO Payment, plus (b) 90% of remaining tax increment after City Admin Costs every year after.
 - iii. Administration fees and City principal and interest, if any, on City interfund advances (the "**City Admin Costs**") shall not exceed \$115,000 withheld from years 1, 2 and 3 and not exceed \$15,000 per year for each subsequent payment.
 - iv. MRO shall be capped at \$17,200,000. The City shall have the right to prepay outstanding amounts due on the MRO subject to a mutually agreeable valuation method.
 - b. Impact Fee Waiver: As part of the Redevelopment, LXL will install significant traffic improvements, if warranted. Accordingly, the City shall waive the transportation impact fee (of what would be collected by the City) up to/equal to the amount of construction costs of the warranted improvements; provided, however, that LXL shall be obligated to pay all other impact fees and connection fees. The foregoing impact fee credit does not apply to the development of the Commercial parcel.

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3. Cost Savings. LXL and the City shall share equally in all cost savings (excluding therefrom construction interest reserves and reasonable capital improvement reserves), within 90 days following the City's issuance of a certificate of occupancy for the last residential unit in Poths General and LXL's construction lender's approval of the release of such funds.
4. Contingent Interest. The City shall have a contingent interest in Poths General, whereby the City shall be entitled to 25% of proceeds above the greater of a 17.00% IRR or 3.00x multiple calculated on investor returns and equity; provided that, the aggregate amount of the contingent interest shall not exceed \$2,500,000.

We believe Poths General is a catalytic redevelopment opportunity representing best-in-class concept and design. The redevelopment of the blighted Orchard View Shopping Center will have a positive impact beyond its boundaries. I look forward to seeing our shared vision brought to life.

AGREED TO IN PRINCIPLE AS OF THE ____ DAY OF JULY, 2025.

John Nelson
City of Franklin
Mayor



Ian B. Martin
Land By Label LLC
Managing Principal





Orchard View Shopping Center Blight Designation Narrative & Photos

Orchard View Shopping Center, located at 7154 S 76th Street, is a mostly vacant, deteriorated shopping center characterized by aging, dilapidated buildings with failing roofs, outdated mechanical systems, inadequate lighting and ventilation, and neglected site improvements that pose fire and safety hazards. The building has been repeatedly graffitied, and several long-vacant spaces have been used over the years for miscellaneous storage, requiring substantial clean-out before they can be safely accessed or reused. The parking lot is severely deteriorated with extensive potholes, crumbling pavement, and non-functioning parking lot lights, creating unsafe conditions and contributing to crime and vandalism. Many utility services to the buildings have been disconnected, rendering the spaces unusable for prospective tenants even when tenant interest exists.

The approximately 13-acres of vacant land east of the shopping center has historically been used as an unregulated dump area for non-structural soil fill, resulting in uneven grades, unstable ground conditions, and pockets of subsurface debris that pose risks to public safety and future development. Former farm ponds on the property have been partially filled with gravel, rubble, and miscellaneous refuse, contributing to unsafe conditions. Furthermore, the absence of functional infrastructure substantially impairs the viability of the site.

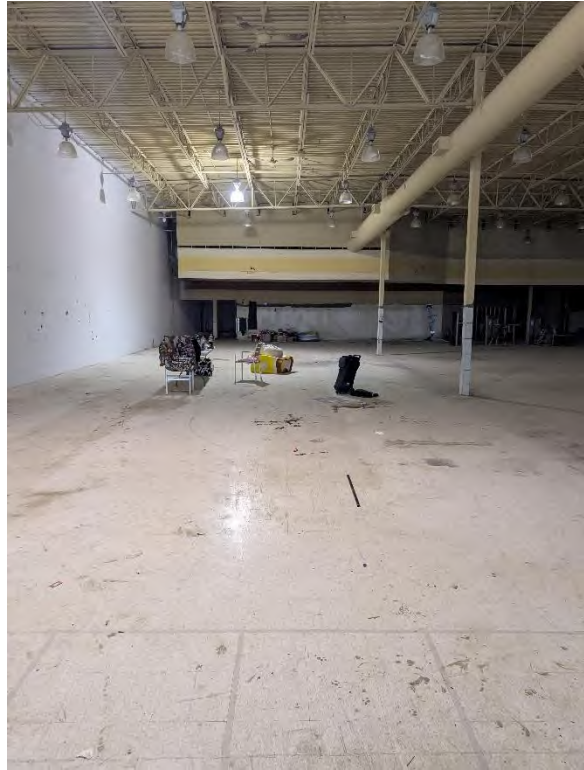
These combined factors create conditions detrimental to public health, safety, and welfare and substantially impair the sound growth of the surrounding community.

The enclosed photos depict the deteriorated state of the property.



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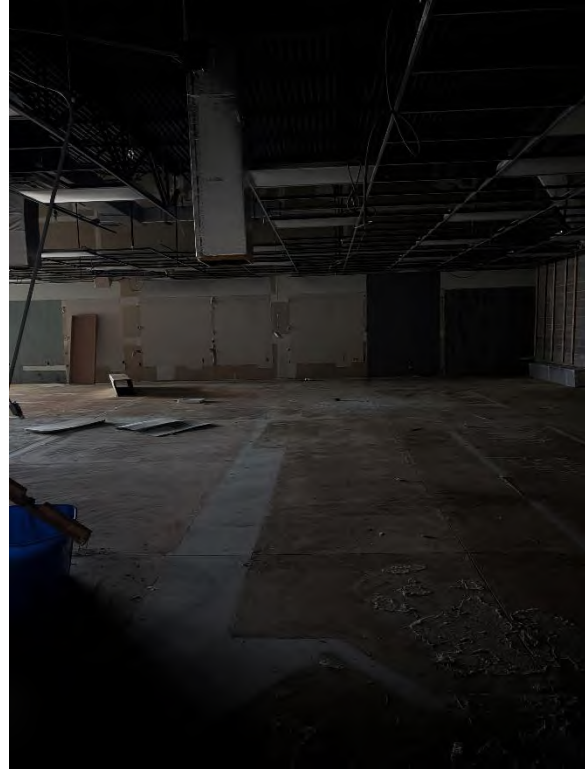
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