City of Stoughton
Tax Incremental Financing Application

Please complete this application, along with such additional documentation and information you wish to supplement this application.

APPLICANT INFORMATION

Name: FloClaire Group LLC

Mailing Address: 821 E. Washington Ave. Ste 200, Madison, WI 53703

Phone: (608) 577-9387 Email: richard.m@floclaire.com

Legal Entity (check one): ____ Individual(s) ____ Corporation ✓ LLC ____ Partnership

____Other: _____

If not a Wisconsin corporation / partnership / LLC, state where organized: _____

Will a new entity be created for ownership (check one)? ____ Yes ✓ No

Principals of existing or proposed corporation / partnership / LLC and extent of ownership interests (add more pages, if necessary):

Name	Address	Title	Interest
Richard T. Muma	821 E Washington Ave. Ste 200, Madison, WI 53703	Founder/CEO	100

DEVELOPMENT TEAM

Developer: FloClaire Group LLC Architect: Ramaker Architects

Surveyor: Ramaker Architects Contractor: Ideal Builders Inc.

Other Members (add more pages, if necessary): FloClaire Advisory Board

Describe the Applicant and Development Team's background, expertise, and experience in developing similar projects:

See next page

FLOCLAIRE GROUP DEVELOPMENT TEAM

FloClaire Group has been formulating, manufacturing and distributing premium, high-performance hair products for over two decades. These hair products are manufactured with proprietary formulas under the Ultimate Argan Oil® and Ultimate Cheveux® brands infused with our proprietary hair growth blend, Biotic Essence Complex™. Our products are sulphate free, paraben free, mineral oil free and NO animals have been used at any stage in the development of these products.

OUR VISION

"Our vision at FloClaire Group is to be a global leader in the beauty industry, recognized for our exceptional products, outstanding customer service, and commitment to innovation. We aspire to transform the way people perceive and care for their hair and skin, inspiring confidence, and self-expression. By fostering a culture of excellence, creativity, and collaboration, we aim to continually push boundaries and set new industry standards. Through sustainable practices and social responsibility, we strive to make a positive impact on individuals, communities, and the environment. Our vision is to empower individuals worldwide to embrace their unique beauty and embrace a lifestyle of self-care and self-love."

RAMAKER

Ramaker is a multi-discipline architecture & engineering firm, with a nationwide presence. They are headquartered in Sauk City, Wisconsin and perform work locally and across the nation. For over three decades, Ramaker has provided full-service Architectural & Engineering services to abroad spectrum of clients with workforce of experienced architectural and engineering staff, enabling them to offer all services in-house.

IDEAL BUILDERS

Ideal Builders is a premium construction company with over two decades experience that provides clients with high-quality, general contracting and construction management services for commercial projects across a range of industries. They're committed to providing the best construction experience possible by being provider of superior service to their commercial construction clients, subcontractors, and associates.

FLOCLAIRE ADVISORY BOARD

1. JEFFREY BARTZEN

Attorney Bartzen, a resident of Stoughton and a graduate of the University of Wisconsin – Madison Law School, has more than 30 years legal experience, specializing in commercial real estate and business work. Jeff has been recognized as one of America's Best Lawyers®, representing not only business leaders and developers, but also lenders, brokers, intellectual property developers, and other professionals.

2. CHAD HOFFMAN

In addition to his current responsibilities as Market Development Director at the Wisconsin Economic Development Corporation, Chad is Chair of the Wisconsin District Export Council (DEC) for a second 2-year term. DEC members are appointed by the US Secretary of Commerce and provide expert advice to Wisconsin companies to assist them to grow their exports sales. Previously Chad served as VP of Global Trade and Investment at the Milwaukee 7 where he managed the Global Cities Initiative, a joint project between the Brookings Institution and JP Morgan Chase. Prior to this, Chad was Director of an SBDC International Trade Center (ITC) where he provided export assistance to companies in the Chicagoland area and also served on the board of the International Trade Association of Greater Chicago (ITA/GC). In total, Chad has more than 22 years of international experience in multiple industries, and is a Certified Global Business Professional (CGBP).

3. DR. KEENAN GRENELL

Dr. Keenan Grenell is an influential voice at the intersection of entrepreneurship, economic development, politics, diversity & wealth creation ecosystems. Named One of The 10 People to Know in Manufacturing in Southeast Wisconsin in 2021 by the Milwaukee Business Journal, Dr. Grenell is the CEO of Global Capital Group, LLC an entrepreneurship and economic development consulting firm located in Wauwatosa, Wisconsin. Under his leadership, the firm has provided market research, analysis, and strategy planning for Fortune 500 companies, local governments, non-profits, small businesses, and institutions of higher learning. Dr. Grenell is the Executive Director of the Manufacturing Diversity Institute (MDI) a 2016 Small Business Administration (SBA) National Growth Accelerator Award winner, and a 2022 recipient of the Wisconsin Department of Administration's Diverse Business Assistance Grant Program. Through MDI, Dr. Grenell helps to prepare individuals from under-served communities to succeed in manufacturing careers and businesses. Dr. Grenell currently serves as the Administrator for the Business Connection Module of The Business Council (TBC). TBC is a Milwaukee, Wisconsin based 501(c)3 which assist minority-owned businesses by fostering collaborations and accessing corporate chains. As Administrator, Dr. Grenell developed, oversees, and delivers the Module's curriculum for participating minority business enterprises and participating corporations.

4. JOHN MILLIGAN

John Milligan has over 3 decades of experience in Cosmetics, OTC & Beauty products at both brand and global manufacturing level. His leadership Style is as coach and mentor both for teams to be self-sustaining, using situational leadership styles for a customized approach and achieving performance outcomes. His skill at being able to build a vision yet also deal in tactical situations with fluidity creates empathy and alignment across teams, all with a real-world humility. His international work has built a cross functional network of connections and influencers which have shaped his empathy for culture and diversity to deliver meaningfully unique concepts to businesses that have continued resonance in a dynamic industry plus an agility for the speed at which issues and trends emerge. As a leader and coach, he believes his role is to ensure focus remains on the team's capabilities, not their deficiencies. He consciously recruits for diversity so that teams have a complementary blend of skills vs excellence in one area alone. This builds greater and more inspired teams that celebrate their collective journey and not just the hero in the team.

5. PATRICK OBUKOWHO

Patrick Obukowho earned a B.S. degree in Chemistry from Chicago State University. He was with Luster Products in Chicago before joining Croda in 1994 as an Application Specialist. He later became the Research Manager / Personal Care Applications for several years while at Croda. He was then promoted to Executive Program Manager - Ethnic Product Development. Mr. Obukowho's work has resulted in several publications and patents. He has over 20 years of experience in the personal care industry and is a recognized industry expert on Ethnic Hair Care and Skin Care Product formulation and raw material evaluation. In September 2005, Mr. Obukowho founded Advantage Research Lab, LLC, a consulting firm for the personal care industry, specializing in the art and science of ethnic hair and skin care product development. Mr. Obukowho has been an invited speaker at numerous conferences, both domestic and international. He lectures for the Society of Cosmetic Chemist on Ethnic Product Formulation /Chemistry. He is also a member of the ASK THE EXPERT with the Society of Cosmetic Chemist. Patrick is one of the most respected formulators, technical problem solvers, teacher and mentor for chemists, marketers and managers in the ethnic personal care industry. Patrick is most recognized for his work on relaxers but has skills in all product categories. He is professional, dedicated and results oriented.

CITY GOALS OF TAX INCREMENTAL FINANCING

The City has established goals for the use of tax incremental financing. Please indicate which goals you believe the proposed project advances. Select all that apply. *If checked as applicable, please describe in further detail how the goal will be achieved.*

☑ Whether the proposed tax increment district or project assists in the implementation of the City's Comprehensive Plan. *Please describe*: The FloClaire Group Project will help to accomplish goals in the City's Comprehensive Plan by 1. Creating industrial development in the Industrial Park North 2. Creating new jobs within the City of Stoughton at the proposed manufacturing facility.

☐ Whether the proposed tax increment district or project would eliminate blight, redevelop underused lands, or provide suitable sites for industrial, commercial or residential development. *Please describe* _____

☑ Whether the proposed tax increment district or project would increase employment opportunities. *Please describe* The proposed manufacturing facility will create aproximately 20 well paying jobs within the first three years of operation (phase 1).

☑ Whether the proposed tax increment district or project would increase the property tax base. *Please describe* The 2023 assessed value of the 4.4 acre land parcel for the proposed project is $265,800.00. If sufficient TIF funds are obtained to move the project forward, the estimated phase 1 assessed value would be around $3,000,000.00 creating a significant tax revenue in perpetuity for the City of Stoughton. Phase 2 of the project is expected to cost a further $3,000,000.00 in property value further increasing the tax base.

☐ Whether the proposed tax increment district or project would increase the availability of a range of workforce housing options, including affordable housing. *Please describe* _____

☑ Whether the proposed tax increment district or project would include sustainability measures that will promote a healthy environment, including measures to reduce climate change impacts. *Please describe* The proposed will include 1. solar power generation through the installation of solar panels on the building roof 2. Reverse osmosis waste water management 3. E.V charging stations 4. Bike racks 5. Low water toilets 6. Energy efficient electrical systems design. 7. Choice of green ingredients in manufacturing.

☐ Whether the proposed tax increment district or project would encourage unsubsidized private development. *Please describe* _____

PROJECT AND PROPERTY INFORMATION

Address and / or Parcel Number(s) of proposed development: _____

Overall Project Summary and Objectives (include information describing the current and proposed zoning and uses of the site; description of end users; estimated jobs created; anticipated value created; consistency with TID project plan, City Comprehensive Plan, zoning ordinance, subdivision ordinance, and other City ordinances and policies as applicable; whether there has been or will be outreach to the public or neighborhood):

FloClaire proposes to build a 30,000 SF light industrial production facility at 521 Glacier Moraine Drive. The site is currently a vacant and improved development parcel measuring 4.43 acres. The current zoning is Planned Industrial (PI). The project complies with current zoning and no zoning changes are proposed.

Once complete, the development will house a production facility for hair and skin health and beauty products. The end users will include FloClaire's production and administrative staff, as well as their guests and vendors. FloClaire proposes this as the first of at least two phases of facilities development. The Phase I development will create between 20-25 jobs distributed between production, research and development and administrative staff.

The total Phase I project budget is app. $5MM, of which $3-4MM is slated for hard construction; $1MM for production equipment and fixtures; construction soft costs, and project soft costs.

Phase II development is expected to provide an additional $5MM investment in a 55,000 SF expansion to the Phase I facility. The Phase II expansion will create 15-20 additional jobs focused primarily in production and research and development. FloClaire proposes to include a greenhouse and hydroponic growing system within the Phase II development, wherein the natural ingredients for FloClaire's products can be grown on site. The Phase I development will allow FloClaire to access the additional development funds to privately support Phase II construction and will serve as model for sustainable, environmentally-conscious and community-focused growth.

FloClaire's project aligns with the City's stated Comprehensive Plan goals to foster industrial development within Business Park North. Both the Comprehensive Plan and the TID project plan describe job creation as a goal, which FloClaire honors through its own job creation targets. The project accelerates development on an otherwise vacant parcel. The project increases the tax base both through the initial $5MM Phase I investment and the anticipated Phase II $3MM investment. Additionally, the project will encourage unsubsidized development by providing the asset base required to access the Phase II development funds.

For a project that contains housing, describe whether the project would increase the availability of a range of workforce housing options, including affordable housing. If the project will not increase the availability of affordable housing, explain why it does not, and explain whether the project could include affordable housing if the City provides additional TIF support.

N/A

Describe whether the project would include sustainability measures that will promote a healthy environment, including measures to reduce climate change impacts.

FloClaire proposes to include a solar array sized to provide most of the electrical needs for the production facility. Electrical vehicle charging stations will be provided to reduce emissions and support employees who seek environmentally-friendly options. The building itself will include plenty of windows to allow natural daylighting, both to reduce electrical lighting loads and for staff comfort and well-being. Bike racks will be installed to promote low-impact transport options for staff.

Additional Sustainability Features
In addition to the energy efficiency and water treatment systems, FloClaire proposes to build an on-site greenhouse and hydroponic growing system as part of its Phase II development. These in-house agricultural systems will allow FloClaire to source its natural products from its own doorstep, and will serve as an innovative model for sustainable, locally-supported industry. FloClaire anticipates expanding the solar array and reverse osmosis system to support the increased production capacity, as well as installing additional electric vehicle charging stalls for the expanding staff.

Describe the request for tax increment financing.

We are requesting $700,000.00 in TIF funds and benefits from the City. We believe the average TIF benefit provided by municipalities is approximately 17% of construction costs. FloClaire is flexible on structuring the TIF benefit but will need to show their lender approximately $500,000.00 in upfront funds which the lender can book as developer equity or down payment funds.

1. Land at no cost, with claw back in the event facility not built valuing $3,000,000. Claw back could be money or land itself if nothing is constructed.
2. MRO (municipal revenue obligations) from the City. Amount to be determined
3. Forgiveness of property taxes for a specified duration.

"BUT FOR" TEST

Why is the requested TIF funding needed? Explain why the project cannot proceed without such support? In addition, provide a complete description of the sources and uses of funding for the project. If land will be purchased for the project, please describe the purchase price, and supply any appraisal or other documentation available that provides information relating to the fair market value of the property. If you are paying more than fair market value for the property, please explain why.

But-For Test
The TIF funding provides the necessary funds during Phase I development to secure industrial bond financing on borrowing terms that can be supported during the Phase I activation. These funds will help pay for infrastructure, site preparation including storm water run off. Once Phase I is up and running at capacity, the asset and business value of the new facility will allow FloClaire to access Phase II funds without requiring additional TIF support. The TIF dollars reduce the permanent debt load to a supportable level in today's high interest rate climate.

A project sources/uses is included with this application.

The anticipated purchase price of the land is $265,800. *For which the developer is seeking a waiver*. The Business Park North sites are owned by the City of Stoughton, who sets their purchase price at a value presumed to be fair and supportive of future development. A copy of the City's listing sheet is included with this application

What economic benefits will result due to the development?

FloClaire proposes an initial $5MM Phase I investment to be followed with an additional investment of at least $5MM during Phase II development. Upon full build-out of both phases, FloClaire's production facility will create between 45-50 new jobs that span production, administration and research and development, thereby attracting employees across a variety of interests and skills. The Phase II development will serve as a model of locally-sourced production, through an innovative hydroponic growing facility. FloClaire already enjoys a global market, and expects that it's hydroponic facility will attract future customers, vendors and business owners from around the world to tour both the facility and the Stoughton community.

Anticipated Timeline
The project timeline below is indexed to the project phases shown in the 'Uses' page of the project pro forma:
January 2024 - February 2024: Application phase
March 2024 - May 2024: Due diligence, plan production, construction scoping and bidding
June 2024 - May 2025: Construction phase
June 2025 - July 2025: Financing conversion phase, building activation, production start

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What non-economic benefits will the development provide to the community?

The FloClaire facility will act as a showcase for sustainable energy efficient systems and green resources utilization. The facility will furthermore serve as a magnet and inspiration for future development and investment in the Stoughton municipality.

The facility will also serve as a welcome addition to Business Park North and will attract additional clean development, along with the families and households that accompany new well paying jobs and opportunities. FloClaire's commitment to sustainability and environmental responsibility resolves the tension between economic growth and community care, and will serve as an example for others to follow both locally and throughout FloClaire's global market.

FILING REQUIREMENTS

You must provide all the following items with your signed application:

- **Reimbursement Agreement**: Provide a signed Reimbursement Agreement in the form approved by the City.
- **Site Map**: Provide a map that shows the location of the site and its immediate surroundings.
- **Project Renderings**: Provide preliminary architectural drawings, plans, and renderings for the project.
- **Analysis of Financial Need:** Each application must include financial analyses that demonstrate the need for TIF assistance, including project budgets, proformas describing sources and uses of funds, and revenue projections.
- **Project Timeline:** An outline of the timeline envisioned for the project to completion.

The City may require additional documentation, including but not limited to market studies, appraisals, and / or other documents.

AGREEMENT

By signing this application, Applicant agrees to the following:

- The information submitted is correct.
- I understand that the City reserves the right to approve or not approve this application, in the City's sole discretion.

Richard Muma Sr.	**Founder & CEO**
Applicant Printed Name	Applicant Title
	January 1, 2024
Applicant Signature	Date