

Letter of Intent

This Letter of Intent is executed as of this ____ day of _____, 2021 by and between Developer and the City of Waukesha (the "City") and is intended to set forth the possible terms upon which the parties hereto may be willing to enter into a Development Agreement for the Property. This Letter of Intent shall not be deemed to be a binding contract or to create any binding obligations upon either party, and neither party shall have any obligations regarding the property defined below unless and until a definitive Development Agreement is negotiated, approved by the parties' respective legal counsel, approved by the City Common Council, and executed by both parties.

1. Developer: Sherman Associates Development LLC and/or its permitted successors and assigns.
2. Property: Approximately 3.38 acres of land near the intersection of Delafield Street and Buena Vista Avenue at 318 Delafield Street, 200-310 Delafield Street, and Randal Street (PID#s WAKC1305461, WAKC1305460, and WAKC1306990) in Waukesha, WI.
3. Minimum Improvements: The project will include the construction of approximately 100 - 120 senior (55+) market rate apartments, indoor and outdoor parking, and related site improvements. A concept plan is attached as Exhibit A.
4. Developer Conditions:
 - a. Land use approvals.
 - b. Standard due diligence contingency.
 - c. Acquisition of property currently owned by the City of Waukesha.
 - d. Execution of the Development Agreement.
 - e. Provide estimate target for assessed value at completion.
 - f. Payment of \$68,750 in earnest money by August 31, 2021
5. City Conditions:
 - a. City creation and approval of a new Planned Unit Development (PUD) zoning overlay district.
 - b. City approval of Construction Plans.
 - c. Execution of the Development Agreement.
6. Development and Construction Schedule: The City and Developer shall work toward executing the Development Agreement by July-August 2021. Depending on the TIF assistance requested, this may need to be delayed an additional 30 days if the TID 29 Project Plan needs to be amended. Closing on the project is anticipated to occur on or about April 2022. Construction shall commence by May 2022 and is expected to be completed by September 2023. For the purpose hereof, "Commence" shall mean beginning of physical improvement to the Property, including grading, excavation, or other physical site preparation work; and "Completed" shall mean that the Minimum Improvements are sufficiently complete for the issuance of a Certificate of Occupancy. The project schedule is estimated to be as follows:

<i>Preliminary Design & City Developer Selection</i>	<i>May 2021</i>
<i>City/Sherman Kickoff Meeting</i>	<i>Jun 2021</i>
<i>Sign Development Agreement</i>	<i>Jul-Aug 2021</i>
<i>Due Diligence (title, environmental, assessment) & SD Drawings</i>	<i>Jul to Aug 2021</i>
<i>Earnest Money Paid</i>	<i>Aug 2021</i>
<i>Design Development & City Approvals (120 days)</i>	<i>Aug to Dec 2021</i>
<i>CDs & Secure Financing (90 days)</i>	<i>Dec to Mar 2022</i>
<i>Permitting</i>	<i>Mar to Apr 2022</i>
<i>Transfer Land & Start Construction</i>	<i>Apr 2022</i>
<i>Project Opening</i>	<i>Sep 2023</i>

7. Purchase Price: No greater than \$1,375,000. City acknowledges that reducing the Purchase Price may be a potential source of Project Assistance. The City and Developer will establish a mutually agreeable final Purchase Price in the Development Agreement.

8. Project Assistance:
 - a. Subject to all terms and conditions of the Development Agreement, Phase II may receive up to 95 percent of available tax increment for a period of not more than 20 years, provided a financing gap is demonstrated through a proforma review by the City's third party consultant.
 - b. It is expected that there may be an additional financing gap. Developer will investigate additional sources of project funds and cost saving measures in order to minimize or close the project gap. The City will work with Developer in identifying and supporting applications to other potential funding sources.
 - c. The project budget does not currently include costs for environmental remediation. Developer will investigate additional sources of project funds and cost saving measures in order to minimize or close the project gap. The City will work with the Developer in identifying and supporting applications to other potential funding sources.

9. Miscellaneous:
 - a. No transfer of Property or Development Agreement without City consent, which consent rights will be subject to investor and lender requirements and will not be unreasonably withheld.
 - b. Developer covenants to maintain customary insurance.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

SHERMAN ASSOCIATES DEVELOPMENT LLC

By: _____

Its: _____

CITY OF WAUKESHA

By: _____

Its: Mayor