



COMMUNITY DEVELOPMENT

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PROPOSED TERM SHEET BETWEEN STERLING INVESTMENT REAL ESTATE, LLC AND CITY OF WAUKESHA REGARDING W. MAIN ST., WAUKESHA WI

1. Developer: Sterling Investment Real Estate, LLC, a Wisconsin Limited Liability Corporation owned and controlled by Marcus Felker and Robert Felker.
2. Project: Construction of a new building on West Main St. that includes 4 stories of residential units and 2 levels of parking as approved by the Plan Commission. The Developer has represented that the additional net taxable real estate value of the project will be in excess of \$12,000,000. Developer has represented that the project will cost \$13,038,775 to construct.
3. City Financial Assistance: The financial assistance listed below is contingent on both verification of final project costs and the approval of a development agreement by the Common Council. The City shall provide financial assistance in the following forms:
 - a. The City will provide \$1,000,000 according to the following requirements
 - i. Receipt of all documents necessary to verify final project costs prior to payment request.
 - ii. Payment made within 60 days of certificate of occupancy for all residential units but not earlier than January 2, 2018
 - b. The City will provide additional grant funds on an annual basis to an accumulative maximum of \$300,000 with the following requirements and schedule:
 - i. The city has realized enough increment to pay all debt service and fees related to this development.
 - ii. There are no outstanding PILOT payments.
 - iii. Payment schedule as follows:

1. September 1, 2021	\$100,000
2. September 1, 2022	\$100,000
3. September 1, 2023	\$100,000
4. City Obligations: The City will:
 - a. The City will draft a development agreement for the project that will require the approval of the Finance Committee and Common Council.
5. Developer Obligations:
 - a. Complete project in accordance with approved plans.
 - b. Developer shall guarantee a minimum total real estate assessed value of \$7,893,900 on January 1, 2018 and a minimum total real estate assessed value of \$13,000,000 on January 1, 2019. In the event that the assessed real estate value falls below this amount in any year during the life of the TID the Developer agrees to pay in lieu of taxes based on an assessment of \$13,000,000 at a minimum tax rate of \$22.09 per \$1,000 of value. If the current year tax rate is higher than \$22.09 then the payment in lieu of taxes will be based on that higher rate. If Developer fails to make the payment



described in this paragraph, Developer consents to the City placing a special Charge for the unpaid amount upon the Developer's next subsequent property tax bill, pursuant to sec. 66.0627, Wis. Stats.

- c. Developer will provide City with copy of contract and/or change orders between developer and chosen general contractor related to the improvement and construction of the property in order to verify the total cost of constructing the project.
6. Adjustment of reimbursement for project expenses: If Developer's total costs for completion of the Project are less than \$13,038,775, the TIF assistance shall be reduced by 50% of the amount of the difference. Developer may utilize project savings as an opportunity to reinvest in upgrades to the project, which savings shall not count toward this obligation described above, provided that the utilization of such savings for upgrades is approved by the City. If the Developer's costs exceed the final approved GMP, Developer shall be responsible for all overruns.
7. Tax Exempt Covenant: The Development Agreement will include a covenant requiring any owner of the Project to make payments in lieu of taxes in the event that all or any portion of the Project site becomes tax exempt prior to tax year 2048. The covenant shall permit a tenant to make any payments in lieu of taxes so required. The covenant shall be binding upon any successor owner of the Project through an Acceptance of Assignment and Obligations Agreement providing that any assignee shall be bound by, and fulfill the terms of, the Development Agreement.
8. Recording: A short-form Memorandum shall be recorded providing notice that the property is subject to the terms of a Development Agreement between the Developer and the City.
9. Further Conditions: The Development Agreement shall contain such additional provisions and assurances as are customarily contained in similar agreements with the City.

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