

Term Sheet

This TERM SHEET is entered into as of this ___ day of _____, _____ by and between **FOX RUN 3, LLC** (“Developer”) and **CITY OF WAUKESHA** (the “City”) regarding the redevelopment of the approximately 13.42 acres of land located at 2250-2360 W. St. Paul Ave. in Waukesha, Wisconsin (the “Property”).

The purpose of this Term Sheet is to set forth the economic terms on which the parties might be willing to enter into an agreement regarding the development of the Property and does not purport to identify all matters that may be covered by a written development agreement to be drafted by the parties’ respective counsel. It is possible that negotiations will not result in a binding agreement. The parties acknowledge that there is not yet any binding agreement or obligation upon the parties with respect to the development of the Property and that this term sheet does not in any way create any legally binding obligation on the parties.

1. Project. The project shall consist of a mixed use development including office, commercial and residential facilities similar to the conceptual plan attached hereto as Exhibit A (the “Concept Plan”).

2. City Contribution.

- a. The City would provide grant funds (the “City Contribution”) to Developer to offset the extraordinary costs of redeveloping the site.
- b. The City Contribution shall be contributed as follows:
 - i. The City shall contribute an estimated \$3,700,000 based on a completed valuation of \$32,340,379 structured as a “pay as you go” TIF. The City Contribution shall vary pro-rata depending on the completed value and date of completion. The City would reimburse the Developer an estimated \$3,700,000 (subject to qualified TIF cost limitations) as it is earned between the year of district creation and 2031 in the form of a payment representing the excess tax increment generated by the district. This reimbursement will consist of the increment generated by the district less the City’s cost of administration for the district, and 5% of the increment. If the developer is paid the estimated \$3,700,000 in pay as you go funds earlier than 2031, the agreement will be considered satisfied and the City may choose to close the district at that time. In calendar year 2031 the agreement will be concluded, and the developer will have no further opportunities to receive pay as you go funds even if the developer has not earned the entire \$3,700,000.
- c. The financial assistance described above would be contingent on the successful creation of a new Tax Incremental Finance District and approval of a development agreement by the Common Council.

3. Developer Obligations. In connection with the City Contribution, Developer would do the following:

- a. Multifamily Community. Developer would commence construction of the multi-family community on or before 12/31/2020 and is estimated to be completed by 6/30/2022.
- b. Office/Commercial/Retail. Developer would commence construction of the building improvements on or before 12/31/2020 and is estimated to be completed by 6/30/2022.
- c. Infrastructure. Developer would install the infrastructure improvements required to service the Property, which improvements would include water lines, gas lines, sewer lines/assessments water retention facilities, private roadways, and other items typical of such development. The developer will also pay the required impact fees related to the developments.
- d. Commercial or Residential Development. Developer would guaranty that construction of commercial or residential buildings on the exterior outlot would commence no later than 12/31/2021 and that the Commercial Development would be completed no later than 12/31/2024.

4. Projected Valuations. Developer expects that the overall development would have a completed additional incremental value in excess of \$32,340,379. Developer will also make a payment in lieu of taxes if the tax increment collected falls below the City's administration costs for the district in any given year. Developer will also guarantee value beyond life of the TID as negotiated in the final development agreement.

5. Further Conditions: The Development Agreement shall contain such additional provisions and assurances as are customarily contained in similar agreements with the City. The Developer will pay Ehlers Financial Advisors on behalf of the City to review the development proformas to verify the project meets the statutorily required "but for" test. If this 3rd party review reveals the project does not meet the required "but for" test then no development agreement will be executed by the parties. The parties will negotiate look back provisions as part of the final development agreement that may include but are not limited to, construction cost verification, income verification, IRR verification and certain guarantees of value. The agreement shall also contain provisions disallowing tax assessment challenges during the life of the TID and developer agreement, so long that there is a mutually agreed upon calculation method in place for the improvements as they relate to the development value. The agreement will also contain provisions guaranteeing a level of taxable value for some period beyond the life of the district with payment in lieu of taxes if the value is below that level.

6. Tax Exempt Status: The Development Agreement shall contain additional provisions restricting tax exempt status on this property without an agreed to payment in lieu of taxes.

7. **Successors and Assigns:** The Development Agreement may be assigned to the successors and assigns of the Developer.

CITY OF WAUKESHA

By: _____

Print: _____

Title: _____

FOX RUN 3, LLC

By: _____

Print: John Hawkins

Title: Member

DRAFT

Exhibit A - Conceptual Plan

Project Summary

The project includes the redevelopment of 13.42 acres at the corner of St. Paul and Sunset Ave. The developer, Fox Run 3, LLC has the property currently under contract and intends to redevelop the land into a mixed use development including residential and potential for retail, office, or other commercial space.

Multifamily Community

The multi-family development will include 3 buildings of 24 units per building. Each building would have underground parking as well as surface parking. They will be 2 story buildings, ranging from 1 to 2 bedroom units. The units will range from 624-1126 square feet with rents ranging from \$953 to \$1,573 a month.

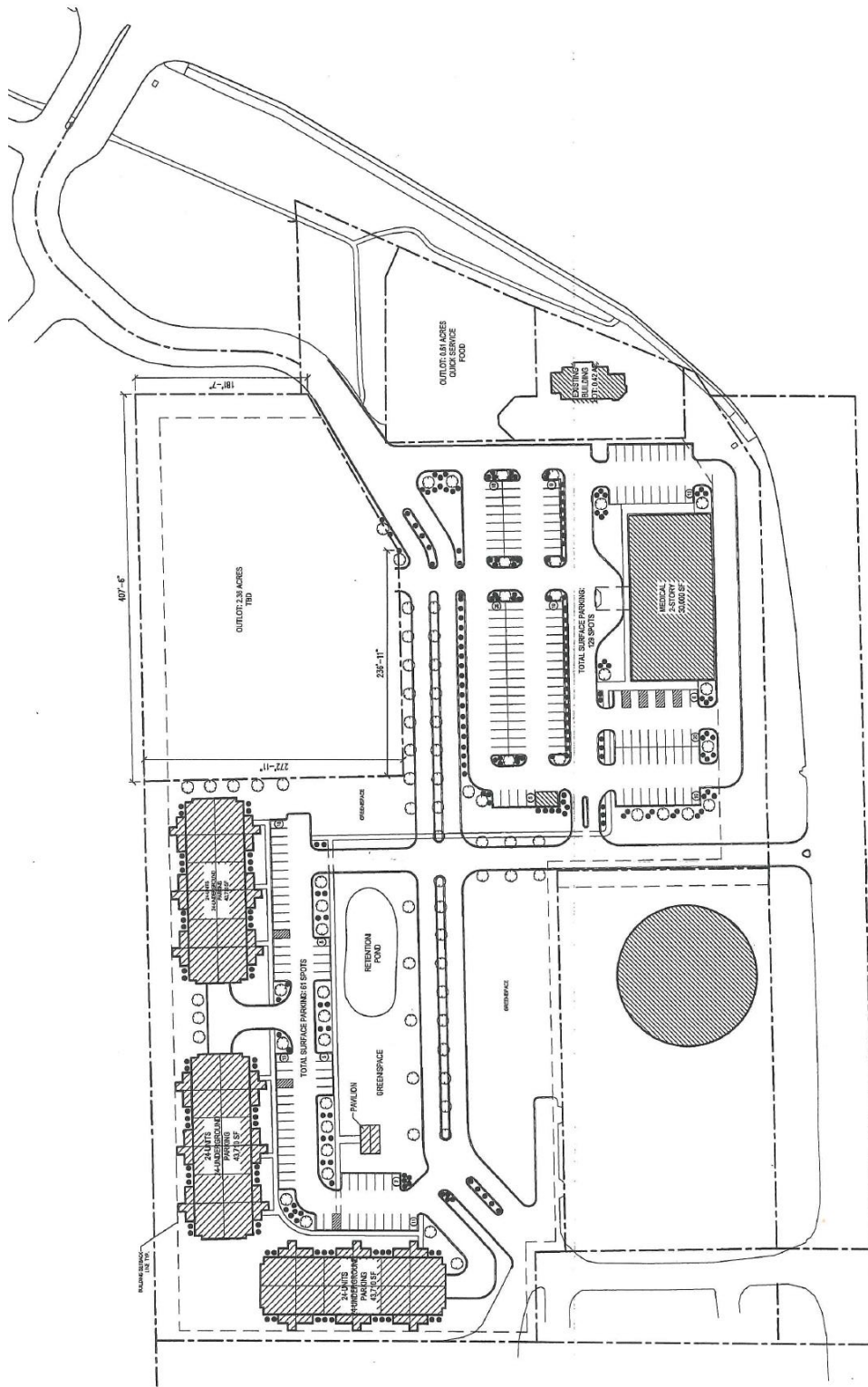
Office/Commercial/Retail

The current plan is to develop the southern most lot of the development into a 30,000 square foot medical office building.

Commercial Development

The current use for this lot is current undefined. There is potential for a retail, financial, restaurant, or additional residential units.

Conceptual Site Layout



1 PRELIMINARY SITE PLAN
 PUD SITE: 13.46 AC
 1/8" = 1'-0"