

Term Sheet

This TERM SHEET is entered into as of this ___ day of _____, _____ by and between **WHITE ROCK MF, LLC** (“Developer”) and **CITY OF WAUKESHA** (the “City”) regarding the redevelopment of 2.3 acres of land as shown in Exhibit A located along White Rock Avenue, and Elm Street. 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 low income tax credit multi-family residential development which includes a 4-story, 52-unit building at the southwest corner of White Rock Avenue and E. Moreland Boulevard and a 2-story, 20-unit building on the southeast corner of White Rock Avenue and E. Moreland Boulevard, similar to the conceptual plan attached hereto as Exhibit A (the “Concept Plan”).

2. City Contribution.

- a. The City would provide financial assistance (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 \$1,786,421 based on a completed increased assessed valuation (incremental value) of \$5,600,000 structured as a “pay as you go” TIF. The City would reimburse the Developer an estimated \$1,786,421 (subject to qualified TIF cost limitations) as it is earned between the year of district creation and 2041 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 10% of the increment. If the developer is paid the estimated \$1,786,421 in pay as you go funds earlier than 2041, the agreement will be considered satisfied and the City may choose to close the district at that time. In calendar year 2041 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 \$1,786,421.
- c. The financial assistance described above would be contingent on the 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 Building 1.** Developer would commence construction of the 4-story, 52-unit building multi-family building on or before April 30, 2020 and is estimated to be completed by December 31, 2021.
- b. **Multifamily Building 2.** Developer would commence construction of the 2-story, 20-unit building multi-family building on or before April 30, 2020 and is estimated to be completed by December 31, 2021.
- 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 drives and parking lots, and other items typical of such development. The developer will also pay the required impact fees related to the developments.

4. **Projected Valuations.** Developer expects that the overall development would have a completed additional incremental value in excess of \$5,600,000. 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 may 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. 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.

By: _____
Print: _____
Title: _____

By: _____
Print: _____
Title: _____

DRAFT

Exhibit A - Conceptual Plan

Project Summary

The project includes the redevelopment of 2.3 acres of land located at the Southwest and Southeast corner of White Rock Avenue and E. Moreland Boulevard in Waukesha, Wisconsin (the "Property"). The developer, Bear Development, LLC has the property currently under contract and intends to redevelop the land with 72 units of multi-family housing.

The project area contains the following parcels:

- 1430 White Rock Avenue (Parcel Number 1003048)
- 1421 White Rock Avenue (Parcel Number 1003047)
- 1412 White Rock Avenue (Parcel Number 1003049)
- 702 Elm Street (Parcel Number 1003050)
- The parcel located at the northeast corner of White Rock Avenue and Niagara Street (Parcel Number 1003950)
- The parcel located at the southeast corner of Eales Avenue and White Rock Avenue (Parcel Number 1003046)

These parcels will be combined with a Certified Survey Map that will create two parcels; a 1.2 acre parcel on the southwest corner of White Rock Avenue and E. Moreland Boulevard and a 1.1 acre parcel on the southeast corner of White Rock Avenue and E. Moreland Boulevard

The multi-family development will include 2 buildings:

- Multi-Family Building 1: A 4-story, 52-unit building at the southwest corner of White Rock Avenue and E. Moreland Boulevard. This 18,276 square foot building will include a first-floor parking garage with 42 spaces and a surface parking lot. There is a mix of 1, 2, and 3 bedroom units, a club room, fitness center and leasing office.
- Multi-Family Building 2: A 2-story, 20-unit building on the southeast corner of White Rock Avenue and E. Moreland Boulevard. This 15,354 square foot building will include garage spaces for 10 of the units and surface lot parking for the remaining units and visitors. There is a mix of 1, 2, and 3 bedroom units, each with their own entrance. Residents will have access to the amenities in Building 1.

Conceptual Site Layout



SEPT 17, 2019
1"=60' @ 11x17

JLA ARCHITECTS
FRAME PARK COMMONS
 CONCEPTUAL MASTERPLAN