

## Term Sheet

This TERM SHEET is entered into as of this \_\_\_ day of January 2020 by and between WAUKESHA PARKWAY LLC (“Developer”) and CITY OF WAUKESHA (the “City”) regarding the development of the approximately 30 acres of vacant land located at the southeast corner of Les Paul Parkway and Saylesville Road 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, high-density residential and commercial community 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 cost of constructing certain infrastructure improvements, including, but not limited to site grading, roadways, utilities, wetland mitigation and drainage, and extension of River Valley Road to Les Paul Parkway.
- b. The City Contribution shall be contributed as follows:
  - i. The City shall contribute \$6,825,000 structured as a “pay as you go” TIF. The City would reimburse the Developer up to \$6,825,000 (subject to qualified TIF cost limitations) as it is earned between the year of district creation and 2034 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 10% of the increment revenue and administration expenses. If the developer is paid a total of \$6,825,000 in pay as you go funds earlier than 2034 the City may choose to close the district at that time.
- 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 Fall of 2020 and would be completed by December of 2022. If the assessed value of this Multifamily Community does not reach \$29,600,000, the Developer would make a payment in lieu of taxes representing the difference between the taxes paid and the taxes that would have been paid if such value had been achieved, each and every year that the assessed value is not achieved.
- b. Infrastructure. Developer would install the infrastructure improvements required to service the Property. Improvements would include, the extension of River Valley Road, intersection improvements at River Valley Road and Les Paul Parkway, 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.
- c. Commercial Development. Developer would guaranty that construction of commercial building or buildings on the 2 outlots would commence no later than December 31, 2020 and that the Commercial Development would have an assessed value of no less than \$2,000,000 by no later than December 31, 2021. The Developer would make a payment in lieu of taxes representing the difference between the taxes paid and the taxes that would have been paid if guaranteed value had been achieved, each and every year that the guaranteed assessed value is not achieved.

4. **Projected Valuations**. Developer expects that the overall development would have a completed value in excess of \$31,600,000. Specifically, Developer expects that upon stabilization, the multi-family community would have a value of \$29,600,000 by December 31<sup>st</sup>, 2022. Developer also expects that upon completion, the commercial/retail outlots would have a stabilized value of \$2,000,000 by December 31<sup>st</sup> of 2021. Developer will make payment in lieu of taxes each year that the guaranteed assessed value are not met.

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 3<sup>rd</sup> 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 beyond the life of the development agreement.

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

**CITY OF WAUKESHA**

By: \_\_\_\_\_

Print: \_\_\_\_\_

Title: \_\_\_\_\_

**WAUKESHA PARKWAY LLC**

By: \_\_\_\_\_

Print: \_\_\_\_\_

Title: \_\_\_\_\_

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## **Exhibit A - Conceptual Plan**

### **Project Summary**

The proposed development will serve a need we think is not abundantly present in the Waukesha market: new, a high-quality multi-family with luxury-oriented finishes and amenities coupled with carefully selected retail.

#### ***Multifamily Community***

The multifamily portion of the development will consist of two or more three story buildings with a total of approximately 170 dwelling units as shown on the attached site plan attached hereto (the "Preliminary Site Plan"). The buildings will be designed to make use of the existing site topography and provide an attractive, prairie aesthetic to area, in keeping with the natural environment of the land. Our goal is to create a destination community in which people may live and recreate. To that end, the community will have a strong amenity package including a clubhouse, pool, fitness center, hiking trails, playground, and other amenities designed to enhance resident experience.

Units will range in size from 550+ square foot efficiencies, 800+ square foot one-bedroom apartments to 1,480+ square foot three-bedroom units. Every unit will have a private balcony. Kitchens will have granite counter-tops and premium appliances. All units will feature a combination of faux wood floors, carpeted bedrooms, and ceramic tile in bathrooms. Abundant lighting, individualized unit entries, tastefully appointed hallways, and minimum ceiling heights of nine feet are standard. Operable windows and designer window coverings are to be installed throughout. Each unit will have individually controlled and individually monitored utilities.

The Company believes that the units will achieve market-feasible rent rates vis-a-vis other area apartments. The currently projected rents will range from \$790 \$1,200 - \$1,650 per month, depending on the unit.

#### ***Commercial/Retail***

The development will also have at least two commercial/retail outlots as shown on the attached Concept Plan. We anticipate that the outlot nearest Les Paul Parkway will be sold to a gas station/convenience store (e.g. Kwik Trip, Casey's General Store, etc...). The use of the other outlot is undetermined though we suspect it will likely be developed into either a restaurant space or a smaller professional office space such as a dental office or private medical practice.