

Term Sheet

This TERM SHEET is entered into as of this ____ day of June 2019 by and between **CAMPBELL CAPITAL GROUP, LLC** (“Developer”) and **CITY OF WAUKESHA** (the “City”) regarding the development of the approximately 4.21 acres of vacant land located at the southeast E. St. Paul Ave., and southwest of NW Barstow St. 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 preliminary 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, drainage, utilities, floodplain mitigation, and environmental remediation.
- b. The City Contribution would be contributed as follows:
 - i. \$1,500,000 would be paid to Developer at the time of commencement of construction of the multi-family portion of the project but no earlier than January 3, 2020. As used herein, the phrase “commencement of construction” shall mean the groundbreaking of the relevant work by a third-party contractor hired by Developer.
 - ii. The City shall contribute \$3,250,000 structured as a “pay as you go” TIF. The City would reimburse the Developer up to \$3,250,000 (subject to qualified TIF cost limitations) as it is earned between the year of district creation and 2033 in the form of a payment representing the excess tax increment generated by the mixed-use building consisting of 186 residential units and approximately 2,000sf of commercial space. This reimbursement will consist of the increment generated by the district less the City’s cost of debt service, 10% of the increment and administration. If the developer is paid a total of \$3,250,000 in pay as you go funds earlier than 2033 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.
- d. There will be no additional financial assistance provided beyond what it is outlined above if developer incurs additional or unexpected development costs.

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

- a. **Mixed Use Building.** Developer would commence construction of the mixed use building on or before 1st qtr of 2020 and would be completed by January 1, 2021. If the assessed value of this mixed-use building does not reach \$30,500,000, 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. **Site Preparation.** Developer will make all other portions of the site development ready with the exception of lot 4 of CSM [REDACTED]
- c. **Property Conveyance.** Developer will convey lot 4 of CSM [REDACTED] to the City of Waukesha at purchase of the property. The Developer will convey lot 2 of CSM [REDACTED] to the City of Waukesha for Park purposes once site preparation is complete.
- d. **Repayment.** The City Contribution, plus interest and fees, will be repaid through tax increment or payment in lieu of taxes as set forth in the TIF District Approval and the Development Agreement.

4. **Projected Valuations.** Developer expects that the mixed use development would have a completed value in excess of \$30,500,000 by January 1 of 2022. Developer will make payment in lieu of taxes each year that the guaranteed assessed value is 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 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 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 that are entirely or partially owned or created by the Developer or with City approval. Developer may sell the project/property prior to the closure of termination of the developer agreement with the approval of the City.

CITY OF WAUKESHA

By: _____
Print: _____
Title: _____

CAMPBELL CAPITAL LLC

By: _____
Print: _____
Title: _____

DRAFT

Exhibit A - Preliminary Plan

Project Summary

The proposed project is a Class "AA" apartment development that will consist of 186 luxury apartments within a four/five-story building, with an attached seven-level parking garage. This design conceals the parking structure and focuses on views of the Fox River and the historic buildings that display the downtown skyline. The development will include 2,100 sf of commercial space.

The Developer will offer sophisticated interior unit features: controlled access entry gates, a two-story clubhouse/leasing center, resort style pool, state-of-the-art fitness room and a private courtyard. This project will be developed as a rental community; however, it will also be built with a level of design and finishes appropriate for potential conversion to condominium as the market may dictate in the future.

EXHIBIT B

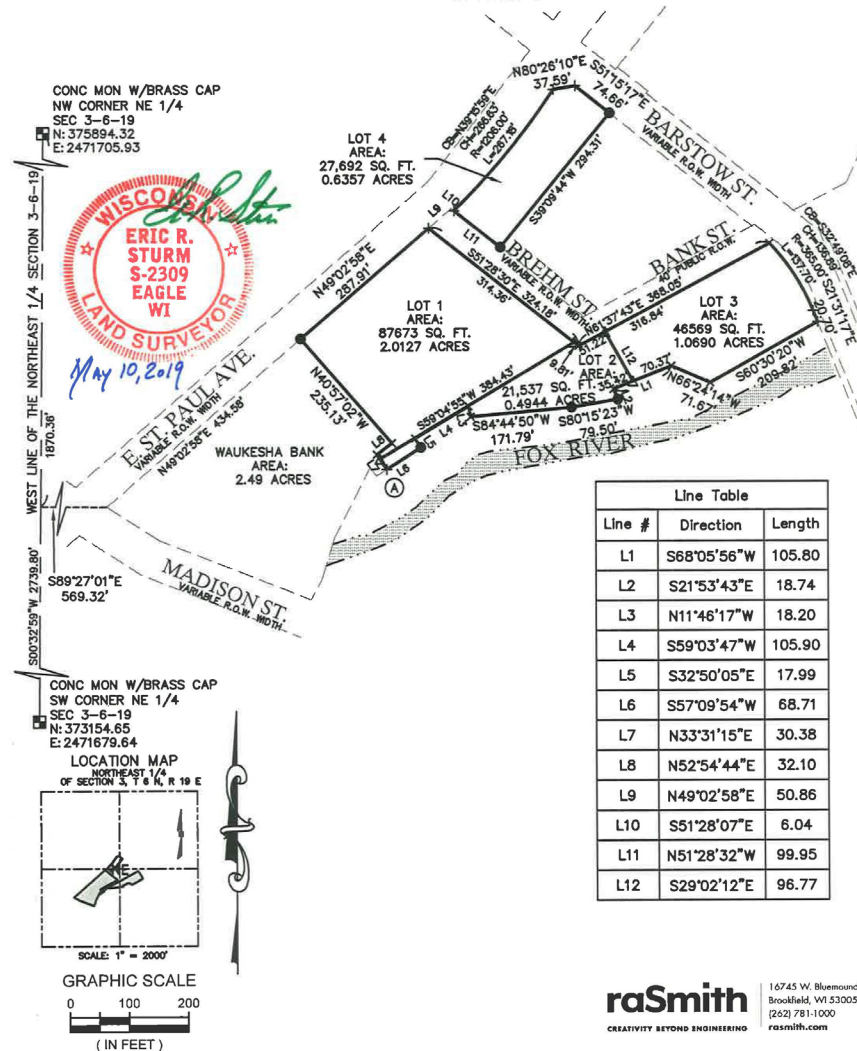
CERTIFIED SURVEY MAP NO. _____

A PART OF THE NORTHEAST, NORTHWEST, SOUTHEAST AND SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 3, TOWNSHIP 6 NORTH, RANGE 19 EAST, IN THE CITY OF WAUKESHA, WAUKESHA COUNTY, WISCONSIN.

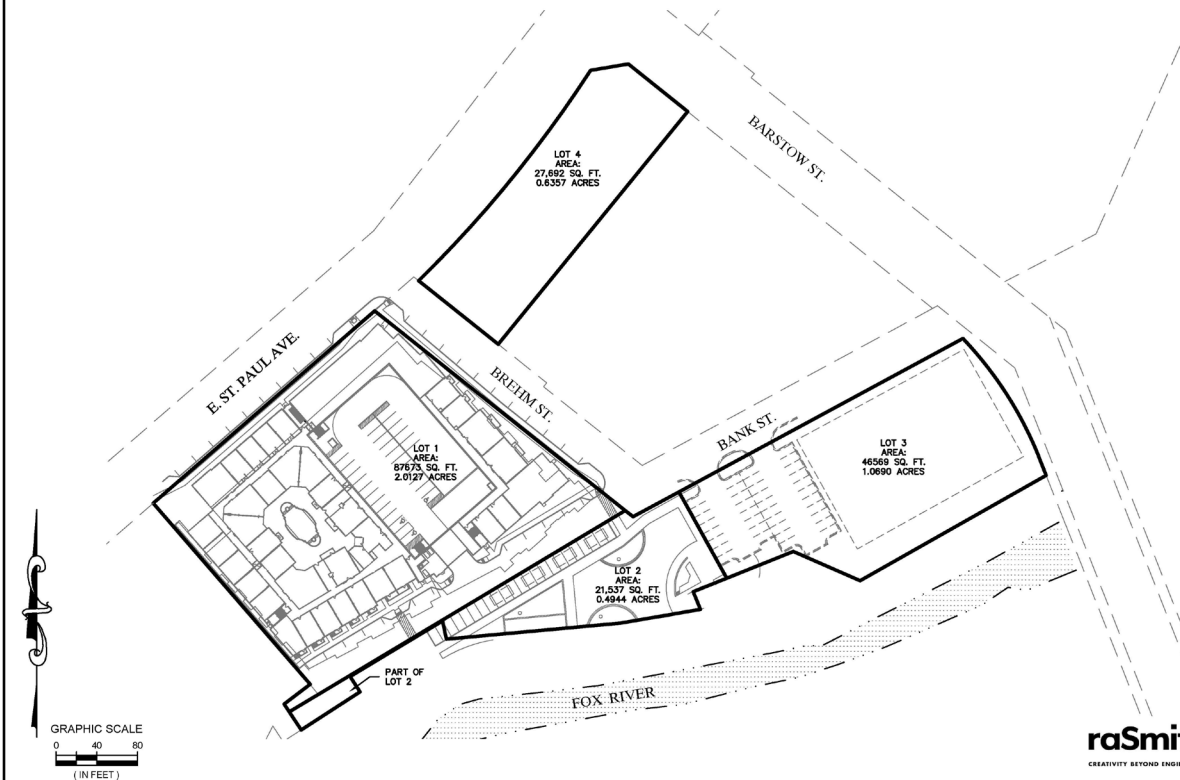
- INDICATES 1" IRON PIPE (FOUND), UNLESS NOTED
- INDICATES SET 1.315" O.D. IRON PIPE AT LEAST 18" IN LENGTH, 1.68 LBS. PER LINEAL FOOT.
- × INDICATES FOUND PK NAIL.
- + INDICATES FOUND CHISELED CROSS.
- △ INDICATES SET PK NAIL.
- Ⓐ DETAIL SHOWN ON PAGE 4.

ALL DIMENSIONS SHOWN ARE MEASURED TO THE NEAREST HUNDREDTH OF A FOOT.
ALL BEARINGS ARE REFERENCED TO THE WEST LINE OF THE NE 1/4 OF SECTION 3, T 6 N, R 19 E, WHICH BEARS NORTH 00°33'13" EAST, WISCONSIN STATE PLANE COORDINATE SYSTEM, SOUTH ZONE.

EASEMENTS AND EXISTING FLOOD PLAIN SHOWN ON PAGES 2 & 3 OF 7.



PROPERTY EXHIBIT



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