

DRAFT (6/20/13)
TERM SHEET

(Schlitz Park – TID No. 41)

PROJECT

The Brewery Works, Inc. (“Developer”) owns certain property within the Schlitz Park office complex including a building at 235 W. Galena Street (the “Building”). In order to attract a tenant to the Building, Developer needs to make certain improvements to West Galena Street and North 2nd Street, private streets in the vicinity of the Building. The proposed tenant will relocate approximately 200 employees to the Building and add 150 new jobs at this location over the first five years of its lease.

In order to assist in securing the Tenant and the job growth in TID No. 41 and in exchange for a public vehicular and pedestrian access easement over the private portions of W. Galena Street and North 2nd Street, the City of Milwaukee (“City”) agrees to fund a grant to be issued by the Redevelopment Authority of the City of Milwaukee (“RACM”) to the Developer in the amount up to \$1.7 million (the “Grant”) to fund the Street Improvements, as defined below.

PARTIES

City of Milwaukee, Redevelopment Authority of the City of Milwaukee and The Brewery Works, Inc.

DEVELOPER OBLIGATIONS

In order to receive the Grant from RACM, the Developer must fulfill the following obligations:

- A. Secure a lease from the tenant (“Tenant”), and provide a copy of such lease to the City, for not less than 77,000 square feet of office space in the Building for a term commencing on or about April 1, 2014, and a term of not less than six years with Tenant initially relocating approximately 250 employees to the Building and increasing employment in the Building by approximately 100 new jobs over the term of the lease.
- B. Design street improvements for West Galena Street from North Martin Luther King Drive to North 2nd Street and for North 2nd Street between West Cherry Street and West Pleasant Street in accordance with the City’s standard specifications for public streets, including street lighting, (the “Street Improvements”), which design shall be consistent with preliminary plans previously submitted to the City and subject to the approval of the City’s Commissioners of Public Works and City Development.

- C. Competitively bid the construction of the Street Improvements per City specifications and procedures and obtain approval from the City's Commissioner of Public Works prior to awarding the contract.
- D. Enter into a Human Resources Agreement in a form customary for projects subject to Ch. 355 of the Milwaukee Code of Ordinances that will require:
 - a. With regard to the design and construction of the Street Improvements, utilization of certified Small Business Enterprises for 25% of construction costs and purchase of services and supplies and for 18% of professional services, utilization of unemployed and underemployed residents for no less than 40% of the total "worker hours" expended on construction, compliance with applicable state and municipal labor standards, payment of prevailing wages, and utilization of apprentices and/or on-the-job trainees and participation in City's First-Source Employment Program; and
 - b. With regard to the base Building improvements, best efforts to utilize certified Small Business Enterprises for 18% of construction and professional services costs and utilization of unemployed and underemployed residents for no less than 21% of the total "worker hours" expended on construction.
- E. Be responsible for all operating and utility costs for the Street Improvements including, but not limited to, street cleaning, electricity costs for street lighting, snow and ice removal, striping and general maintenance.
- F. Grant a public vehicular and pedestrian access easement to the City over West Galena Street from North Martin Luther King Drive to North 2nd Street and for North 2nd Street between West Cherry Street and West Pleasant Street.
- G. Complete construction of the Street Improvements by September 30, 2014.
- H. Guarantee payment of any shortfall between the debt service on any bonds issued to finance the Grant and the tax incremental revenue actually received from the property where the Building is located, as determined by the City's Comptroller. Developer shall also provide a 50/50 joint and several personal guaranty from the Sampson and Grunau Families to cover any such shortfall in the event that the Developer is unable to pay the shortfall. Said guaranty shall expire upon the earlier of 1) the closure of TID No. 41, or 2) full payment of the entire amount of the bonds issued to finance the Grant.
- I. Grant easement(s) to MPS, previously discussed amongst the parties, if still necessary.

PAYMENT OF THE GRANT

The Grant shall be funded by the City and granted by RACM. Payments to Developer shall be made on a monthly basis after construction of the Street Improvements has commenced so long as Developer is in compliance with all of the Developer's Obligations. The Grant shall be paid as a reimbursement for Developer's actual costs for the design and construction of the Street Improvements not to exceed \$1.7 million. Invoices for actual costs shall be submitted to the City's Commissioner of Public Works for review and approval, which review and approval shall not be unreasonably delayed or denied. Only actual design and construction costs for the Street Improvements will be approved for reimbursement. The Grant shall not reimburse for costs related to a

Developer's fee or other such oversight fees payable to Developer for the Street Improvements.

GENERAL

This Term Sheet does not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this sort, shall be incorporated into a development agreement, a human resources agreement and any other documents or agreements necessary to accomplish the objectives described above. In recognition that there may be adjustments of the dates and descriptions herein as well as administrative approvals which will require the exercise of reasonable discretion on behalf of RACM or the City, the Commissioner of City Development and Executive Director of RACM will be authorized under these agreements to exercise such discretion and grant such approvals.