

**Term Sheet
500 West Florida
Development Agreement**

Project: The “Project” consists of substantial renovation to the existing 500 West Florida building. The improvements to 500 West Florida Street include conversion of a former Coakley Bros. warehouse into a boutique hotel with approximately 100 rooms, spa, and restaurant. Adjacent property will be graded and paved for surface parking and hotel drop off area. A retaining wall will be built to secure the 6th Street Viaduct and improvements to 5th Street will be constructed to maintain and improve the connection to the adjacent property. The total cost of this renovation is approximately \$20 million.

The Development Fund allocation will be used to pay for project costs associated with the construction of a retaining wall in the public right-of-way and the construction of improvements to 5th Street, also in the public right-of-way. The estimated cost for these improvements is \$275,000.

The entire Project will be constructed by the Developer.

Project Budget: Total estimated project costs for the entire Project, are approximately \$20 million. Total city funds to be used will not exceed \$275,000.

Developer: Rider Hotel, LLC

City Contribution: The City shall provide a contribution from the Development Fund in the amount not to exceed \$275,000. Of this total:

- Up to \$275,000 will be funded by the City from the Development Fund, and made available to the Developer to reimburse actual costs incurred for the Retaining Wall and 5th Street Improvements.

Disbursements: Disbursement of City funds will occur only when the following conditions have been met:

- A. A final budget for the Project, including total costs of the retaining wall and the proposed improvements to 5th Street (hard and soft costs) shall have been approved in writing by the Commissioner of the Milwaukee Department of City Development (the “Commissioner”).
- B. The Developer shall have received all federal, state and local agency approvals that are necessary to undertake the construction

of the Project.

- C. The Commissioner shall have approved the final plans and specifications for the Project.
- D. The Commissioner shall have approved all the contracts to be entered into by the Developer to undertake the construction of the retaining wall and 5th Street Improvement.
- E. The architect or engineer shall have certified in writing to the Commissioner that the work that is subject to the draw request has been completed in accordance with the Commissioner-approved plans and specifications, the public improvement costs have been fully substantiated by the Developer on appropriate AIA forms, such as AIA Document G702, and the Department of Public Works has verified through inspection that the improvements have been properly constructed.
- F. The Commissioner shall have received and approved a signed EBE Agreement for the Project.
- G. Payment requests shall be presented to the Commissioner by the Developer no more frequently than once a month and the City Contribution shall be disbursed pursuant to procedures approved by the Commissioner.

Responsibilities:

Developer will construct the entire Project, pay its portion of construction costs, and own, operate and maintain those portions of the project located on its property.

The City will own, operate and maintain the Retaining Wall and 5th Street, both of which will remain in public right-of-way.

Competitive Bidding:

Contracts for work funded by the City shall be competitively bid by the Developer and the contractor chosen by the Developer must be approved by the Commissioner.

Prevailing Wages:

The Developer and Developer's contractors shall pay prevailing wages for construction of the public improvements and agree to provide reports specified by the Commissioner.

Development Agreement:

The City, Developer and RACM shall enter into a development agreement ("Development Agreement") containing terms consistent with this Term Sheet and customary for such development agreements. The Development Agreement may not be collaterally assigned to a third party without the written consent of the Commissioner.

Financial Statements:

Developer shall provide internally generated financial statements for the Project, certified as to accuracy. At its discretion, the City may request independently audited financial statements to be provided within ninety days of the close of any fiscal year. The City shall pledge to hold such records confidential to the greatest extent permitted by law.

Design Review:

The Commissioner shall have the right to approve all plans and specifications for all work funded in whole or in part by the City.

Human Resource Requirements:

The Developer shall enter into an EBE agreement that places a mandatory 18% EBE requirement and a 21% Residents Preference requirement on the public improvement portion of the Project.

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 in one or more agreements, including the Development Agreement mentioned above, among the City, RACM and Developer. The resolution approving the Term Sheet also will provide for the execution of all additional documents and instruments necessary to implement the Project.

All other customary provisions (Comptroller audit rights, DCD Commissioner review and approval of project budget and design, etc.) also will be included in the Development Agreement.

AR 9/17/07