

TERM SHEET

(Joy Farms– TID 99)

PROJECT

Western Building Products Inc. (“Western” or the “Company”) is one of the largest distributors of millwork products in the Midwest. Currently headquartered in Wauwatosa, Wisconsin, they employ 200 people in two facilities with over 340,000 square feet in office, warehouse and production space. They provide world-class quality millwork products and services together with outstanding customer service in the constructions, commercial and remodeling markets.

Western prides themselves in the quality of the products they carry and the manufacturers they work with. They inventory the broadest array of millwork products anywhere, including a wide assortment of moldings, stair parts, windows, columns, and an extensive offering of interior, and fire-rated doors, available in a variety of designs and wood species, with the option of unfinished, prefinished or painted finish.

In addition, Western brands and sells their own exterior door systems, combining the best available sill and frame components with name brand wood, steel or fiberglass doors, sidelights and transoms, affordably priced and backed by the best warranty in the industry. Almost unlimited entry door system choices are available with factory finishing options in paint and stain, and a wide selection of decorative glass.

Western is a 100% employee owned company. As a 100% employee owned business, their workforce is committed to offering the best products and customer service available. The employees actively participate, as owners, in the business and share in 100% of the profits.

The cornerstone of Western is the passionate belief that all employees should own the company that they work for. The competition has employees, while Western has employee owners with very low turnover and very high motivation. As a result, they have the most experienced and dedicated people in the industry.

Western is considering investing in a warehouse and office building to be the home to their 200 employees, with the potential of adding 20-30 additional full-time positions, at their new headquarters in the City of Milwaukee on an approximately thirty-two acre site at the Joy Farms Site located at 115th Street and Good Hope Road, (the “Development Site”) with an initial investment of approximately \$18 million. The scope of the initial investment is comprised of the following: (a) approximately 300,000 square feet of warehouse space, and (b) 25,000 square feet of office space.

Currently, the Development Site is not serviced with either a Public Sanitary Sewer Main or Public Water Main Line. To support development at the Development Site, City proposes the installation and construction of an approximately 4250 of linear feet of a new Public Sanitary Sewer Main and an approximately 913 of linear feet of a new Public Water Main Line (collectively, the "Project"). The Company or its affiliate or designee will carry out the construction of the Public Water Main Line Project on behalf of the Company and the City will carry out the construction of the Public Sanitary Sewer Main Project.

A preliminary site plan of the development is attached as Exhibit A.

The City proposes to assist the Company in the following ways:

- City Infrastructure-Public Sanitary Sewer Main. The City will construct approximately 4250 of linear feet of a new public sanitary sewer main at a cost not to exceed \$2.2 million adjacent to the Development Site as identified on Exhibit A (the "Public Sanitary Sewer Main Project").
- City Infrastructure-Public Water Main Line. City will enter into an Out of Program Agreement with the Company to construct approximately 913 of linear feet of a new public water main line at a cost not to exceed \$250,000 abutting the Development Site as identified on Exhibit A (the "Public Water Main Line Project").
- Monetary Obligation. The Company will advance and City will reimburse Company for actual costs up to, but not to exceed, \$2.2 million for the Public Sanitary Sewer Main Project and for actual costs up to, but not to exceed, \$250,000 for the Public Water Main Line Project, which, together is a total amount of actual costs not to exceed \$2,450,000 (the "Monetary Obligation"). The Monetary Obligation will bear annual interest at 5.5% and will be repaid as further provided herein.

The City intends to create a new Tax Incremental District No. 99 (Joy Farms) (the "TID") to fund the above costs, as set forth in the TID Project Plan. The Company's decision to proceed with the Project and construction of the warehouse and office building will depend upon creation of the TID.

APPROXIMATE PROJECT DEVELOPMENT SCHEDULE

Commence Construction:	4 th Quarter of 2019
Substantial Completion:	First Quarter of 2021

DESIGN REVIEW

Plans and specifications for the Project shall be subject to the reasonable review and approval of City's Commissioner of Public Works (the "DPW Commissioner") and review of the design of the warehouse and office building shall be subject to the reasonable review of the Commissioner of City Development (the "Commissioner"). City and the Company shall cooperate in the design of the infrastructure improvements of the Project, warehouse and office building. The parties anticipate the preparation of a Certified Survey Map for the Project when plans, specifications and the designs are finalized.

PARTIES

The City and the Company shall enter into a development agreement incorporating and setting forth in greater detail the provisions of this Term Sheet.

COMPANY'S OBLIGATIONS

In order to receive the financial assistance described above, Company must fulfill the following obligations:

- A. The Company shall assemble the land through a CSM for the Development Site, obtain building permits for the construction of the warehouse and office building and substantially complete the Project and construction of the warehouse and office building by the first quarter of 2021, subject to force majeure.
- B. The Company shall enter into a Human Resources Agreement with the City that will require the Company to utilize certified Small Business Enterprises ("SBE") for 25% of construction and supply costs and 18% of professional services costs on the Project and utilize unemployed and underemployed residents, pursuant to the City's Resident Preference Program ("RPP"), for no less than 40% of total "worker hours" expended on construction of the Project. If the Company does not meet those anticipated SBE and RPP percentages in accordance with the terms of the Human Resources Agreement, the release of all or a portion of the Monetary Obligation may be withheld until the percentages are met or may be withheld completely if the percentages are never met.
- C. The Company shall enter into a payment in lieu of taxes ("PILOT") agreement with the City agreeing to make PILOT payments to the City for the full property tax rate in the event that the properties or Development Site ever become exempt from the payment of real property taxes during the life of the TID. PILOT payments shall be due until termination of the TID or through the year of 2032 tax levy, payable in 2033, whichever shall occur first.

- D. The Company shall complete or cause to be completed all necessary work to connect houses of affected property owners to the Public Sanitary Sewer Main. The affected property owners are owners of existing houses located on Appleton Place and 115th Street who are required by ordinance to connect to the Public Sanitary Sewer Main as a result of the Project and who choose to timely enter a written agreement with the Company to allow the Company to complete such work. Such work shall include: (a) disconnecting the house of each affected property owner from the existing private onsite wastewater treatment systems and (b) installing and connecting private building laterals from the Public Sanitary Sewer Main to the house of each affected property owner (collectively, the "Private Lateral Project"). The Company shall pay for all costs associated with the Private Lateral Project, including but not limited to the sewer assessments under MCO 12-09.

MONETARY OBLIGATION

Prior to substantial completion of the Project, Private Lateral Project, and warehouse and office building, City will deposit an amount equal to 100% of the tax incremental revenue actually received by City from the TID, less City's annual expenses of \$7,500, into a special fund established for the TID. Upon substantial completion of the Project, Private Lateral Project, and warehouse and office building such amount shall be disbursed to the Company and applied to reduce the principal balance of the Monetary Obligation.

Subsequent to substantial completion of the Project, Private Lateral Project, and warehouse and office building, following the deduction of City's annual expenses (not to exceed \$7,500 per year), 100% of the remaining incremental tax revenue collected from the TID will be allocated to repay the Monetary Obligation. The Monetary Obligation consists of a limited and conditional obligation to repay the Company an amount up to, but not to exceed, \$2,450,000, plus interest on the outstanding balance of the Monetary Obligation at 5.5% per year for up to fourteen years following substantial completion of the Project, Private Lateral Project, and warehouse and office building. Payments on the Monetary Obligation are to be made annually following substantial completion of the Project, Private Lateral Project, and warehouse and office building but only in an amount equal to 100% of tax incremental revenue actually received by the City from the TID (after deduction of City's annual expenses). Interest on the Monetary Obligation shall not begin to accrue until substantial completion of the Project, Private Lateral Project, and warehouse and office building. City may, at any time or from time to time, without notice, penalty, or fee, prepay all or any portion of the Monetary Obligation. In the event that City prepays a portion of the Monetary Obligation, the tax incremental revenue allocated to payment of the Monetary Obligation shall be proportionately reduced to reflect such prepayment. Tax incremental revenue will not be pledged to the payment of the Monetary Obligation, and the Monetary Obligation shall not constitute a general obligation of City or count against its statutory debt limits.

All City payments of tax incremental revenue received by City from the TID shall be subject to annual appropriation. If not appropriated, City shall not expend such tax increments for any other TID project costs.

MONETARY OBLIGATION EARNED

Upon substantial completion of the Project, the Company shall submit a certification detailing project costs theretofore incurred for the Public Water Main Line Project, warehouse and office building, Private Lateral Project, and the City of Milwaukee Department of Public Works shall submit documents detailing project costs theretofore incurred for the Public Sanitary Sewer Main Project (together with copies of records, invoices and/or AIA documentation evidencing such expenditures). The amount of the Monetary Obligation shall be deemed earned upon approval of such certification by the Commissioner of the Department of Public Works (the "DPW Commissioner") or the City Engineer, and interest will begin to accrue on the Monetary Obligation as of the date of substantial completion of the Project, Private Lateral Project, and warehouse and office building.

TERMS OF PAYMENTS

City payments on the Monetary Obligation will terminate: (i) at the time the Monetary Obligation is fully paid; or (ii) with the payment derived from the 2032, payable in 2033, whichever occurs first.

OTHER ENTITLEMENTS OR APPROVALS

The City will work with the Company to secure any zoning changes, right-of-way vacations, right-of-way dedications and any other approvals or entitlements required for 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 into a development agreement, a human resources agreement, a PILOT agreement, an out of program 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 the City, the Commissioner of City Development will be authorized under these agreements to exercise such discretion and grant such approvals.