

# DRAFT

## TERM SHEET

June 2, 2004 (Version 2)

### HOLT PLAZA REDEVELOPMENT PROJECT

#### **PROJECT:**

The Holt Plaza Redevelopment Project (“Project”) shall consist of the total redevelopment and reconstruction of approximately 20.56 acres. The Project includes demolition of existing buildings and site work to accommodate the construction of a new 75,975 square foot Pick N’ Save Store; a new 102,733 square foot Home Depot home improvement center with a 27,988 square foot garden center, and a new 12,000 square foot mid-box space (the “Redevelopment Work”). In addition, approximately 19,000 square feet of additional retail space will be along the Holt Avenue frontage.

#### **DEVELOPER:**

**Mifflin Care Center, Inc.** (“Developer”) is the current owner of Holt Plaza (“Property”) and will undertake the Project and the Redevelopment Work, with the exception of the Home Depot home improvement store and garden center which will be constructed by Home Depot.

It is anticipated that all of the Property will be redeveloped by 2006. The Redevelopment Work is described on **Exhibit A** attached hereto and incorporated herein.

#### **DEVELOPMENT SCHEDULE:**

The schedule for the Project and the Redevelopment Work reflects the incremental nature of redeveloping this type of retail center. Construction of the Pick N’ Save Store will commence in 2004 and the store will be open for business in [January of 2005]. The 12,000 square foot mid-box space, in-line with the Pick N’ Save store, will be completed by [December of 2005]. Demolition of existing buildings will commence in 2004. A ground lease will be executed between Developer and Home Depot providing for the construction of the home improvement center and garden center. Construction of the Home Depot will commence in 2005 and the store will be open for business in [September of 2005]. Approximately 4,000 square feet of retail space on an outlot at 3rd Street and Holt Avenue will be constructed by the [end of 2005]. Two added outlots, which will be improved with approximately 15,000 square feet of retail space, are planned along the Holt

Avenue and Chase Avenue frontage and will be completed by the end of 2006.

**TAX  
INCREMENT  
DISTRICT:**

The City of Milwaukee (“City”) has adopted a Tax Incremental District (“TID”) Project Plan to assist in funding certain improvements necessary for the construction of the Project. The TID shall be known as TID No. 55 (Holt Plaza).

**PROJECT  
FUNDING:**

Developer will advance all funding for the design, engineering, construction and administration of the Project, including the City Contribution, as set forth below. Any costs in excess of the current Project budget will be the sole responsibility of Developer.

**PROJECT  
IMPLEMENTATION:**

Developer, City and the Redevelopment Authority of the City of Milwaukee (“RACM”) will enter into a Cooperation, Reimbursement and Redevelopment Agreement providing for implementation of the Project in accordance with this Term Sheet.

**CITY  
CONTRIBUTION:**

The City Contribution will consist of a limited and conditional Monetary Obligation to reimburse Developer an amount equal to TID No. 55 Project Costs, including administration costs of \$140,000, in the maximum amount of [\$2,140,000,] plus interest at a rate equal to the actual rate of interest on Developer’s construction loan during the period when the construction loan remains outstanding and thereafter at the rate of 5% per annum, calculated based upon a 360-day year consisting of twelve 30-day months, (the “Interest Rate”), but in no event more than the tax incremental revenue actually received by City from TID No. 55, less an amount not to exceed \$7,000 per annum for the annual audit of TID No. 55. The Monetary Obligation will be deemed “earned” by Developer upon completion of the Redevelopment Work. Payments are to be made annually but only in an amount equal to the tax incremental revenue actually received by City each year from TID No. 55, less an amount not to exceed \$7,000 per annum for the annual audit of TID No. 55. 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. The City shall have the right to prepay the Monetary Obligation at any time, without penalty.

**INTEREST:**

The Interest Rate shall be applicable for installments covering the entire Monetary Obligation. Interest shall accrue on all funding advanced by Developer for TID No. 55 Project Costs, from the date that expenditures set forth in the approved development budget for the Project and the Development Work exceed [\$16,846,651] and are approved in writing or deemed approved by RACM.

**MAXIMUM TERM:**

The maximum term of TID No. 55 shall be December 31, 2021, at which time any unpaid principal and interest on City's Monetary Obligation shall be extinguished, provided that any tax incremental revenue received from the 2021 levy for the 2022 collection year or 2022 City budget shall be applied to the Monetary Obligation, if not previously paid in full. City may not otherwise terminate TID No. 55 unless the Monetary Obligation is paid in full, or a Material Disturbance exists, as provided below.

**MATERIAL  
DISTURBANCE:**

If the Redevelopment Work is not substantially completed by December 31, 2005, subject to force majeure, or if, following completion of the Project, less than \_\_\_\_% of the Project is used for commercial purposes and such failure continues for any 12-month period during the life of TID No. 55, then, following a reasonable opportunity to cure, future payments on the Monetary Obligation shall terminate.

**ACTIONS  
APPROVALS AND  
SUBMISSIONS:**

The Cooperation, Contribution and Redevelopment Agreement shall be consistent with the Development Incentive Zone applicable to the Project and shall address:

- A. Developer securing all necessary permits, licenses, consents, and approvals ("Approvals") for the Redevelopment Work to be done by Developer and Home Depot securing all necessary Approvals for the construction work to be done by Home Depot (including, but not limited

- to, any Approval for signage, demolition, and construction);
- B. RACM staff review and approval of all plans and specifications for, and the development budget for, the Project and all Redevelopment Work (including plans and specifications for Redevelopment Work to be done by Home Depot);
  - C. RACM staff review and approval of the lease and operating agreement between Mifflin Care Center Inc. and Roundy's Inc., including the term thereof, (and any amendment thereto) for the Pick N'Save; and
  - D. RACM staff review and approval of the lease and operating agreement between Mifflin Care Center Inc. and Home Depot, including the term thereof, (and any amendment thereto) for the Home Depot home improvement store and garden center; and
  - E. Compliance with such other customary terms and conditions that may be set forth in the Cooperation, Contribution and Redevelopment Agreement, including provision for PILOT payments under certain circumstances in the event that the Project becomes tax-exempt and the Developer filing an annual financial statement for the Developer and the Project with City and RACM certified by Developer's chief executive officer.

**HUMAN  
RESOURCE  
REQUIREMENTS:**

Developer shall enter into an Emerging Business Enterprise Agreement to utilize EBEs, as defined in Chapter 360, Milwaukee Code of Ordinances, for not less than 18% of the combined site improvement and construction cost of the Project work performed by Developer. Developer shall use best efforts to utilize unemployed residents of the Community Development Block Grant area for up to 21% of the total Project hours deemed eligible pursuant to Residents Preference Program guidelines.

**GENERAL:**

This Term Sheet does not constitute an agreement with Developer. The terms set forth herein, and other provisions customary for a transaction of this sort, shall be incorporated in the Cooperation, Contribution, and Redevelopment Agreement to be entered into by and among Developer, City and RACM.

TOG/kg  
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