

SUMMARY OF TERMS

INCREASED BORROWING FOR THE NORTH AVENUE ECONOMIC DEVELOPMENT FUND AND A LOAN TO NEW COVENANT HOUSING CORP FOR THE BOULEVARD COMMONS PROJECT, IN TID No. 40

Project Background	In September, 2000 the Common Council approved the Project Plan for TID No. 40 (Plan.) The Plan provided for streetscape and other public improvements along with the North Avenue Economic Development Fund (NAEDF, “the Fund.”) The Fund finances business development loans and grants in the TID. The original authorization of approximately \$500,000 was disbursed and in May, 2005 the Common Council approved \$400,000 of additional borrowing for the Fund and \$185,000 of that authorization is committed.
Demand for Funds	The Boulevard Commons project has a projected investment of nearly \$6 million. The development will build 23 residential units and approximately 7,000 s.f. of commercial space. According to the developer, the commercial space will create approximately 20 jobs. It is likely that there will be requests for additional Fund dollars such as a contemplated redevelopment of the Finney Library building at Sherman Boulevard and North Avenue.
Current Proposal	The Redevelopment Authority and the Department of City Development request authority to borrow up to an additional \$300,000 for the Fund. New Covenant Housing Corp requests a loan of \$286,906 for Boulevard Commons.
Loan Agreement	The loan from the City will have a maximum term of approximately 20 years (January 1, 2028) at an annual rate of 4.5%. The loan will be subordinate to a first mortgage loan. After a 15-year rental-compliance period, and after New Covenant pays off the first mortgage, New Covenant will sell units for owner-occupancy. As each unit is sold, New Covenant will share proceeds with the City on a 50-50 basis, until the City is paid in full (approximately \$555,000 at 15 years; approximately \$692,000 at 20 years.) New Covenant net proceeds after expenses are estimated at \$850,000.
Project Budget	The budget for Boulevard Commons is \$5.9 million.
Developer	New Covenant Housing Corporation, Inc.
City Contribution	\$286,906 for commercial build-out including façade improvements.
Disbursements	Payment to New Covenant will be made subject to the terms and conditions outlined in Exhibit A to the RACM/City Cooperation Agreement that was approved by the Common Council on May 3, 2005. A copy of Exhibit A is attached to this term sheet. Disbursements are made after the project is completed, with a partial holdback until the development is leased.
Maximum Term of the TID	The proposed additional borrowing will not affect the maximum term of District No. 40, which is scheduled to retire in 2020.

Exhibit A

Administration of the North Avenue Economic Development Fund

The North Avenue Economic Development Fund (NAEDF, "the Fund") provides incentives to development projects that are located within Tax Incremental District (TID) No. 40. The TID is along West North Avenue between the Canadian Pacific railway on the east and North Sherman Boulevard on the west. The Fund's purpose is to increase the district's tax base and create new jobs by financing business development loans and façade grants. Grantees are reimbursed for eligible pre-approved fund-related expenses. Funds are not disbursed until all conditions of the Grant Agreement have been fulfilled.

Eligible Applicants: For profit and not-for-profit developers and/or retail and commercial businesses and property owners are eligible.

Eligible Activities: The North Avenue Economic Development Fund can assist with:

- Site acquisition
- Predevelopment activities (architectural, legal, survey, accounting, marketing)
- Environmental remediation
- New construction and rehabilitation
- Brownfield cleanup including Phase I and Phase II environmental site assessments.
- Hard costs of construction/rehabilitation.

Ineligible Activities: Unless approved on an exception basis:

- Home-based businesses
- Educational uses such as day care centers and charter schools
- Currency exchanges, check-cashing agencies and non-bank financial retail outlets
- Taverns, tattoo parlors, liquor stores, gun shops, and pawnshops.
- The Redevelopment Authority (RACM) and the Common Council reserve the right to exclude other activities that, in their opinion, do not benefit the community and/or do not meet the objectives of this fund.
- Projects that do not add tax base to the TID.

Other Considerations:

- Funds will not be made if the applicant (meaning investors, partners, board members) is (a) delinquent in City of Milwaukee Property Taxes for any owned property, or (b) if there are unabated Building Inspection or Health Department Orders on the subject property, unless the proposed development will abate the orders, or (c) if the applicant has been convicted of unabated code violations for a property located in City of Milwaukee.
- Appraisals (or related documentation) that demonstrating an increase in the real estate and personal property (if appropriate) values are required.
- The amount of funding is based on a "but for" analysis.
- Minimum funding availability is \$5,000.
- The applicant shall provide detailed evidence of at least a one-for-one match in the form of expenses for vendor/contractor invoices, lien waivers, copies of cancelled checks, and other documentation that may be required by Department of City Development (DCD) staff.
- Applicant is eligible for one open loan/grant at a time; business and construction must be complete before submitting another application.

Approvals:

The RACM Board and the Common Council will approve loans and grants on a case-by-case basis, using the following criteria:

- Number of jobs the proposed redevelopment will create.
- Growth of the tax base.
- Blight removal.
- Quality of construction/rehab including the exterior appearance of the improvements.
- Economic feasibility.
- Quality of the business plan
- Applicant's prior experience.

Rescission:

Applicants acknowledge:

- Construction/project completion must be within 12 months of RACM and Common Council approval.
- RACM reserves the right to rescind a commitment if the project completion deadline passes or if, in the opinion of the Assistant Executive Director/Secretary, the applicant will not complete the project in a timely fashion.

Development Agreements:

The applicant will enter into a Development Agreement with RACM. The Development Agreement will outline the terms and conditions for release of monies from the Fund.

Design Review:

The Redevelopment Authority and DCD reserve the right to make funds contingent on a pproval of exterior building facades, the site plan, and other architectural features.

Project Start-up and Cost Eligibility:

Unless approved by the Commissioner of DCD or the Assistant Executive Director/Secretary of RACM, eligible match dollars cannot be spent prior to submittal of an application. On an exception basis, DCD may accept a letter of intent to apply, but it must provide sufficient detail to enable a preliminary determination of project eligibility. All costs incurred by the applicant prior to the receipt of a fully executed grant contract are incurred at the risk of the applicant.

Applicant Responsibilities During Grant Period:

- Complete and submit to DCD job verification forms for each job created.
- Submit to DCD all agreed upon progress reports.
- Submit to DCD all required evidence of project implementation as described in the grant contract.