

TERM SHEET  
Schuette Building Renovation  
804 Jay Street or 914 S 8<sup>th</sup> Street

*The terms and conditions described in this agreement are part of a related development agreement between the parties, each element of which is consideration for the other elements and an integral aspect of the proposed agreements (defined below). This Term Sheet does not constitute an offer or a legally binding obligation of any party, or any other party in interest, nor does it constitute an offer of securities. The transactions contemplated by the Term Sheet are subject to conditions to be set forth in a definitive agreement, including without limitation a development agreement and other supporting documentation. Until publicly disclosed by the parties, this Term Sheet is strictly confidential and may not be shared by any party without the prior written consent of all parties unless otherwise required by Wisconsin law.*

1. Property Description
  - a. Tax Parcel 000-230-120
  - b. 2016 Total Assessed Value: \$213,300
2. Potential Parties:
  - a. Doneff's Schuette Building, LLC (Developer)
    - i. It is understood that the Developer's entities involved in the project may change in order to meet the requirements of Historic Preservation Tax Credits, Brownfields RLF, or other public financing program requirements.
  - b. City of Manitowoc (City)
3. Development Description:
  - a. Renovation of the property in accordance with the development plans submitted for the WEDC Community Development Investment (CDI) Grant and related Development Agreement with the City with the following modification:
    - i. The second and third stories will be renovated into 17 apartment units instead of "whitebox" commercial tenant spaces.
  - b. The total project cost is now \$7.2 million, increased from \$5.4 million at the time of the CDI Grant award.
  - c. Projected assessed value is \$2.9 million upon stabilization (income approach)
4. Development Timetable:
  - a. Not defined.
5. City Assistance (subject to all required approvals and documentation):
  - a. Tax Incremental Financing
    - i. Contingent upon **creation of new TIF District** that includes the property.
    - ii. Up to \$700,000 cash grant based on a guaranteed assessed value increase of at least \$2.7 million upon project completion.
    - iii. Uses of funds to include public or private utility or other infrastructure improvements, building construction, site preparation, architectural or engineering design fees, or other eligible building improvement related costs.
    - iv. Funds to be repaid to City if performance on minimum assessed value is not met.

- b. Brownfields Revolving Loan
    - i. Loan of up to \$400,000 contingent upon eligibility approval of borrower, site, and project activities.
      - 1. Terms may include deferred interest and/or repayment.
      - 2. Terms must be approved by the Brownfields Advisory Committee.
      - 3. Loan amount must be approved by EPA (petroleum versus hazardous materials).
      - 4. The property may need to be transferred to a different LLC because it was purchased initially by Developer without a Phase 1 EA.
    - ii. Eligible activities include removal/abatement of hazardous materials such as asbestos and lead based paint.
    - iii. Davis-Bacon wages must be applied to all activities paid by these funds and may extend to other parts of the project.
  - c. Downtown Revolving Loan
    - i. Loan of up to \$35,000 per job created (via commercial tenants) contingent upon approvable loan application.
      - 1. \$749,000 available.
      - 2. Terms may include deferred interest and/or repayment.
      - 3. Terms must be approved by the Community Development Authority.
    - ii. Use of loan funds for construction of building improvements including façade renovation.
    - iii. Loan subject to applicable program requirements including job creation, underwriting, collateralization, matching funds, and approval by the Community Development Authority.
    - iv. Davis-Bacon wages must be applied to all construction if these funds are utilized.
  - d. Community Development Investment Grant
    - i. \$250,000 already awarded and available to the project
  - e. Parking
    - i. City to cooperate with Developer on the provision of parking – possible City actions include:
      - 1. Sale or exchange of property within the project site block.
      - 2. Provision of leasable parking spaces in existing City parking facilities.
      - 3. Provision of leasable parking spaces in future City parking facilities.
6. Following Common Council authorization of this term sheet, a development agreement consistent with the terms and conditions herein shall be executed by the Mayor and Clerk subject to technical, legal changes.

*[Signature Page Follows]*

**City of Manitowoc**

**Doneff's Schuette Building, LLC**

\_\_\_\_\_  
Justin M. Nickels, Mayor

\_\_\_\_\_  
Anton Doneff

\_\_\_\_\_  
Deborah Neuser, Clerk

\_\_\_\_\_  
attest

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Signature Page to Term Sheet

DRAFT