

May 10, 2022

Mr. Patrick Schloss, Mr. Shaun Mueller
City of West Allis
7525 W. Greenfield Ave.
West Allis, WI 53214

RE: Letter of Intent – Development Agreement – 6771 W. National Avenue

The purpose of this Letter of Intent is to outline the principal terms and conditions of a development agreement (the “Development Agreement”) to be entered into by and between Baum Revision, LLC or its affiliate entity (“Developer”) and the City of West Allis, WI (“City”) for the redevelopment of the Kearney & Trecker building at 6771 W. National Ave, West Allis, WI (the “Building” or “Project”).

Developer and City agree to be bound by the following terms:

1. **Exclusive Negotiation Period.** As a condition to Developer's agreement to proceed and expend significant resources and due diligence costs in connection with the Project, City agrees not to enter into negotiations with any third party for the development of the Project for a period of not less than ninety (90) days from the date hereof to allow time to finalize and execute the Development Agreement (the “Exclusive Negotiation Period”). During the Exclusive Negotiation Period, City and Developer agree to work in good faith to negotiate the terms of a prospective Development Agreement. After the last day of the Exclusive Negotiation Period, if, after good faith efforts, City and Developer have not been able to reach agreement on the Development Agreement, City shall have the right to enter into negotiations for the development of the Project with any other person or entity without further obligation or liability to Developer.
2. **Due Diligence Period and Condition of Title:** During the Exclusive Negotiation Period, Developer may do any of the following at its own cost and at its own discretion:
 - a. Conduct due diligence investigations on the Project to determine whether the Project is feasible.
 - b. Conduct and order surveys and examine the Project and any improvements thereon, including, but not limited to, the physical condition of the Project and any improvements, the availability of access, water, sewer and other utilities and services on the Project and the costs of securing same, the existence of hazardous or toxic substances or pollutants, and the zoning and applicable governmental regulations, statutes and ordinances pertaining to the Project, at any time, with any persons whom it shall designate, including without limitation of the foregoing, appraisers, contractors, engineers and soil testing personnel.
 - c. Order a current commitment for title insurance (the “Title Commitment”) for the Project disclosing all matters of record which relate to the title to the Project, and a legible copy of each of the instruments and documents referred to in the Title Commitment. The parties will work together to resolve any issues disclosed on the Title Commitment, and the City acknowledges that the inability to satisfactorily resolve any title objections may impair the future development of the Project.

The parties agree that the following terms are not binding and none of the terms thereof shall be enforceable against any party unless a definitive Development Agreement is fully executed and delivered to the parties. In no event shall City or Developer have any obligation to each other under this Letter of

Intent to purchase, sell or finance the Property. During the Exclusive Negotiation Period, Developer and City shall endeavor to create a Development Agreement with terms similar to the following:

1. **Project:** Developer shall renovate the building to standards to be determined through Developer's plans and specifications that will be developed and submitted to the National Park Service (NPS) in conjunction with the historic tax credit process. This will include a complete renovation of the buildings core and shell and interior improvements as determined by prospective tenant plans/leasing and NPS requirements.
2. **Acquisition:** City shall convey fee simple title to the Project to Developer for the purchase price of \$1.00.
3. **Project Budget:** Developer shall further research and detail the project budget (as provided for in Developer's Proposal).
4. **Form of Assistance/Financial Incentives/Financial Structure:**
 - a. The City will support an application by the developer to First-Ring Industrial Redevelopment Enterprise, Inc. or other regional or national new market tax credit allocateCity will consider providing Developer with TIF funds that shall effectively function as a "master lease" providing for an annual rental income for a period of seven years following the project placed in service date ("Annual TIF Income"). The amount of the Annual TIF Income shall be determined and finalized during the Exclusive Negotiation Period. The mechanics of the Annual TIF Income shall be further discussed and documented, but shall conceptually function to provide the project with a fixed amount of income that will be reduced by any income received from tenants. This will allow the project to be financed by tax credit investors and lenders.
 - b. During the Exclusive Negotiation Period, Developer shall be responsible for securing letters of interest/support from prospective lenders to provide financing for the project and to participate in a leveraged loan structure as required by the NMTC financing. Developer will be responsible for bringing the balance of capital required outside of the net NMTC and HTC equity.
 - c. Developer shall provide a complete pro forma exhibiting the need for public participation. Parties will review the financial need proposed by the Developer for the Project and develop plan that will work to attract private financing and equity. The City may consider solutions that align with the pro forma and could involve public resources structured in the form of as grants, loans, lease structures, etc. and may involve a variety of different financial sources to advance the project. Use of Tax Increment Financing may be considered by the City.
5. **Historical Approval:** The parties shall endeavor to have the Project approved by Wisconsin State Historical Preservation Office and the National Park Service so that Developer can secure and use Historic Tax Credits as a form of financing for the project as contemplated in the Developer's Proposal.
6. **Adjacent Parcel & Shared Parking:** The parties agree to work during the Exclusive Negotiation Period to determine the uses for the adjacent land parcel and a form of shared parking between the Building and that parcel or the conveyance of additional land for sufficient parking for Developer's Project.

Preliminary Project Sources and Uses

Sources and Uses Summary

Uses of Capital

Building Acquisition	\$1.00
Project Hard Costs (incl. contingency)	\$11,437,139.40
Project Soft Costs	\$1,977,690.21
NMTC/HTC CDE Fees & Trans Costs	\$627,000.00
Total Uses of Capital	\$14,041,830.61

Sources of Capital

NMTC Net Equity at \$14MM Allocatio:	\$4,381,051.15
HTC Federal Equity at \$12.4MM QRE	\$1,988,157.68
HTC State Equity at \$12.4MM QRE	\$2,236,677.39
Leveraged Loan (Bank Debt) + Equity	\$5,435,944.39
Total Sources of Capital	\$14,041,830.61

The parties hereby agree that these terms are acceptable by providing signature below:

DEVELOPER:
BAUM REVISION, LLC

BY: _____
NAME: Scott Goldman
ITS: Manager of Manager

CITY:
City of West Allis, Wisconsin

BY: _____
NAME:
ITS: