

**DEVELOPMENT AGREEMENT
BETWEEN MAYFAIR HOTEL, LLC AND
THE CITY OF WAUWATOSA**

THIS DEVELOPMENT AGREEMENT is made as of the 25th day of October, 2018, by and between the City of Wauwatosa, Wisconsin, a municipal corporation (the "City") and Mayfair Hotel, LLC, a Wisconsin limited liability company (the "Developer").

RECITALS

WHEREAS, Developer, or Developer's affiliate, has secured a long term ground lease for certain real property in the City of Wauwatosa, Wisconsin located at 2300 North Mayfair Road, as more particularly described on **Exhibit A**, which is attached hereto and incorporated herein by this reference ("Property"); and

WHEREAS, Developer, or Developer's affiliate, intends to demolish and remove much of the existing building located on the Property, formerly known and used as the South Office Tower at Mayfair Mall, with the exception of the post-tensioned concrete frame and supporting foundations and footings, in order to reconstruct a building within that frame which would then be used as a four-star full service hotel with approximately 196 rooms, to include a destination restaurant and banquet/meeting facilities; and

WHEREAS, The 80,232 square foot (1.84 acre) site is to be improved into an upscale, four-star full service hotel, to be branded as a Renaissance Hotel by Marriott. The 12-story, 178,292 square foot hotel will feature approximately 196 high-end hotel rooms, a 9,000 square foot chef driven destination restaurant, rooftop meeting space, expansive ballroom and other meeting space, along with enhanced landscaping and outdoor patios for dining ("Project"); and

WHEREAS, the Wauwatosa Common Council approved a Term Sheet for Development Agreement with the Developer ("Term Sheet") on November 7, 2017, and an Amended Term Sheet for Development Agreement with the Developer ("Amended Term Sheet") on October 16, 2018, attached hereto as **Exhibit B**, which serves as a formal agreement to fund the project, with conditions as described, and further authorized the creation and execution of this Development Agreement and related transactions necessary to implement its terms; and

WHEREAS, Wauwatosa Tax Incremental District No. 12 ("TIF District") has been fully approved and created and the Property is located therein; and

WHEREAS, the Project supports the City of Wauwatosa Comprehensive Plan 2008-2030 adopted December 16, 2008 ("Master Development Plan") as evidenced by the actions of the Wauwatosa Common Council and the creation of the TIF District; and

WHEREAS, on May 15, 2018, the Wauwatosa Common Council approved the issuance of a Conditional Use Permit for construction of the Project, as described above, with specified conditions as illustrated in the Common Council Resolution R-18-82, attached hereto as **Exhibit C**; and

WHEREAS, the parties enter into this Development Agreement for the purpose of setting forth certain rights, duties and obligations of the parties with respect to the Property and Project; and

WHEREAS, the Project does not require additional zoning approval from the City of Wauwatosa.

AGREEMENTS

NOW, THEREFORE, in consideration of the recitals and mutual agreements herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. PROJECT OVERVIEW

Developer, or Developer's affiliate, has committed to the construction of the Project, an upscale, four-star full service hotel serviced by one of the top hotel brands in the world on the 80,232 square foot (1.84 acre) site. The Project will include a 12-story, 178,292 square foot hotel that will feature approximately 196 high-end hotel rooms, a chef driven destination restaurant, rooftop meeting space/outdoor space, expansive ballroom and other meeting space, along with enhanced landscaping and outdoor patios for dining.

SECTION 2. PLANS

The City, including, without limitation, the City's engineer, has received or expects to receive the following plans (collectively, the "Plans") related to Developer's development of the Project that are subject to approval by the appropriate City staff:

- a. Site Plan by Pinnacle Engineering Group dated 10/3/18;
- b. Civil Engineering Plans prepared by Pinnacle Engineering Group dated 10/3/18 (the "Civil Engineering Plans");
- c. Design Review Board plans, including building elevations, prepared by Kahler Slater dated 7/13/18 (the "Architectural Plans");
- d. Landscape Plan prepared by New Eden Landscape Architecture dated 7/13/18 and 8/17/18;
- e. Lighting Plan prepared by Lightswitch dated 9/20/18;
- f. Building materials board to be prepared by Kahler Slater; and
- g. Civil Specifications Sheet by Pinnacle Engineering Group dated 10/3/18.

In addition to the above, Developer has committed to best efforts on designing substantial sustainability features and standards consistent with the program established for Leadership in Energy and Environmental Design which would make the Project eligible for certification under that program if applied for by the Developer ("LEED-eligible"). Such LEED-eligible features are specifically described in **Exhibit H** attached hereto.

The City represents, warrants and covenants that it and every instrumentality or officer of the City shall review the Plans in a timely manner in order to determine whether such Plans are acceptable and sufficient for approval.

SECTION 3. COMMUNITY IMPACT

The City has determined that the proposed development of the Project will be a benefit to the City and will not have negative effects on the environment, abutting property values, the character of the surrounding neighborhood, demand for service and infrastructure and traffic safety, provided that the items in this Development Agreement are complied with by the Developer.

As contemplated by Wauwatosa's Comprehensive Plan, the most important opportunities for the City are redeveloping and/or enhancing significant corridors and key sites throughout the City such as North Avenue, the County Grounds, the District at Burleigh, and Mayfair Road. The efforts of the Project will increase tax base and will provide opportunities to better integrate mixed use and mixed residential developments into existing neighborhoods to improve the livability and walkability of the City.

As stated by the Comprehensive Plan, the Project will help unify the corridor, and coordinated improvements in traffic circulation and pedestrian and bicycle connections will increase the corridor's appeal for both local residents and regional visitors. The incorporation of high-density, mixed-use redevelopment projects will help advance these initiatives by providing nodes of concentrated activity and integrating people with jobs, services, and shopping in a pedestrian friendly environment.

Another key strategy for maintaining the viability of the Mayfair Road corridor is to promote a balance of retail, service, and office uses, particularly along the southern portion of Mayfair Road. The completion of the Project will help mitigate traffic, create a more vibrant and attractive corridor, and provide important locations for businesses that complement existing and future uses in the Regional Medical Center campus, Research Park, and in and around the District at Burleigh area. For example, extended stay hotels or temporary housing arrangements for traveling employees or people staying in the City for hospital treatment are appropriate businesses for Mayfair Road.

SECTION 4. PUBLIC APPROVALS

On January 16, 2018, the Common Council of the City (the "Common Council") approved the subdivision of existing parcel(s) via Certified Survey Map number 9002, which CSM created the parcel on which the Project is to be constructed.

On November 7, 2017, the Common Council approved the Term Sheet, and the Amended Term Sheet on October 16, 2018 (**Exhibit B**), which contemplated this Agreement and the transactions contemplated herein. The Common Council by that action has approved the execution of this Development Agreement, issuance of the Municipal Revenue Obligation ("MRO") (as defined in paragraph 18.c., below) and all other agreements and/or transactions that require its approval. As shown on **Exhibit B**, Developer has acknowledged and agreed to the terms contained therein, which terms form the basis of this Agreement.

The TIF Project Plan ("Project Plan") required to carry out this Agreement, was approved by the Wauwatosa Joint TIF Review Board on January 11, 2018.

The Wauwatosa Common Council approved the issuance of a Conditional Use Permit for construction of the Project, as described above, on May 15, 2018, with specified conditions as illustrated in Common Council Resolution number R-18-82, attached hereto as **Exhibit C**.

SECTION 5. PUBLIC IMPROVEMENTS AND BIKE SHARE

a. A Performance Bond or other surety for the Improvements Developer is obligated to perform, in a format approved by the City Attorney, is required. An Engineer's Opinion of Probable Cost for the Improvements Developer is obligated to perform must be provided by Developer or approved representative to the City's Engineering Department. The Engineering Department will confirm the surety amount and add 15% to the estimate for as-built review to establish a total surety amount. The City must be in receipt of the surety prior to the start of work within the right of way. If desired, the surety can be partially released as evidence of work completed is provided and as approved by the City Engineer at a maximum frequency of quarterly. As-built drawings shall be submitted for private utility laterals and tie-back rods installed in the public right of way. Surety will not be released in full until final acceptance and receipt of two hard copies and one electronic copy of the AutoCAD files of the as-built plans as approved by the City Engineer.

b. If the public bike-share system in the City of Wauwatosa is designed to include a station located at the Project, Developer will permit the installation of said public bike-share station on its property, or on public property near or adjacent to the Project, which station must be consistent with the capacity and other characteristics recommended or anticipated in the overall system design. If the location of such station is on Developer's property, its location shall be determined in coordination with the Developer, which may approve such location in its reasonable discretion and after reviewing the proposed location with the private property land owner(s). If such station is installed, Developer shall be responsible for 100% of the cost of such station, to a maximum of \$75,000. In the event the cost of such station exceeds \$75,000.00, then the City shall

be responsible for all of the cost above \$75,000.00 and shall pay such amounts within fifteen (15) days of Developer presenting invoices for such amounts. The City, or its agents, agree to maintain any such bike-share station and related equipment in first class condition at no cost to Developer, subject to ordinary wear and tear, casualty and acts of God.

SECTION 6. DEVELOPMENT COSTS

The total costs for construction of the Project are anticipated to be \$54,762,341 (the "Budgeted Costs") as shown on the attached **Exhibit D**. Project Costs eligible for reimbursement under the TIF Project Plan shall include any such costs described in the Project Plan or within sec. 66.1105, Wis. Stats, and are anticipated to total not less than \$16,492,173 ("Eligible Project Costs"), as further described on **Exhibit E**.

SECTION 7. TIF FINANCIAL ASSISTANCE AND FUNDING CONDITIONS

a. Subject to the terms and conditions of this Agreement, the City, in order to reimburse the developer for Developer Funded Expenditures (as defined below), at its cost and expense, shall grant and issue the MRO and deliver the same to Developer on the date of the Land Closing (as defined in paragraph 18.b., below) in the aggregate undiscounted amount of \$13,843,674, without additional interest, and otherwise substantially in form and substance as shown on **Exhibit F**. For purposes of this section, "Developer Funded Expenditures" shall be any of those budgeted costs described as Eligible Project Costs, presented to the City by the Developer and attached as **Exhibit E**, hereto. The TIF District is scheduled to expire by April 15, 2047 (such date, as may be extended from time-to-time, shall be referred to herein as the "TIF District Expiration Date"). All obligations for payment of the MRO shall expire on the TIF District Expiration Date. The Tax Increments (as defined in paragraph 18.d., below) identified on **Exhibit G** are projected to be generated from the Project.

b. Prior to the first Payment Date (defined below), Developer shall provide the City with a breakdown of Developer Funded Expenditures incurred by Developer, which shall include, but not be limited to, not less than Eight Million, Eight Hundred Thousand Dollars (\$8,800,000) in expenditures for leasehold acquisition, site preparation, demolition, reconstruction, related professional services, and other Eligible Project Costs, plus the costs of financing these expenditures (which is also an Eligible Project Cost), for a total of not less than Thirteen Million, Eight Hundred Forty-Three Thousand, Six-Hundred Seventy Four Dollars (\$13,843,674). The City shall, pursuant to the customary and routine annual appropriation of such payment by the Common Council, pay to the holder of the MRO the Available Tax Increment (as defined in paragraph 18.a., below), in one annual payment, within thirty (30) days after the Developer has paid in full the annual real property taxes on the Property (each, a "Payment Date"), until the Developer Funded Expenditures are reimbursed to Developer. On each Payment Date, the City shall pay to the holder of the MRO, the Available Tax Increment, provided that such payments shall be made pursuant to the customary and routine annual appropriation by the Common Council. No payment shall be made by the City on the MRO if (i) the Developer is in default under this

Agreement or (ii) real property taxes on the Property are delinquent. To the extent that on any Payment Date the City is unable to make a payment from such Available Tax Increment due to an actual absence of Available Tax Increment, such failure shall not constitute a default under the MRO, provided the City, including, without limitation, the City's officers and the Common Council, acts in good faith. The amount of such deficiency shall continue to accrue and be deferred and shall be due together with the then current amount due on the next Payment Date on which the City has Available Tax Increment, but which shall be paid in an amount equal to One Hundred Percent (100%) of the annual gross tax increment revenues received by the City from the Property notwithstanding anything to the contrary in this Agreement including the definition in paragraph 18.a., below, until such deficiency has been paid in full. If such deficiency has not been paid in full by the TIF District Expiration Date, then the City shall have no obligation to pay such deficiency. In no case, however, shall the term of the MRO and the City's obligation to make payments hereunder, extend beyond the TIF District Expiration Date. Upon expiration of the TIF District, the MRO shall expire and the City's obligation to make any payments under the MRO shall be discharged, and the City shall have no obligation to make any payments hereunder after such date.

c. The MRO shall not be payable from or constitute a charge upon any funds of the City, and the City shall not be deemed to have obligated itself to pay thereon from any funds except the Available Tax Increment, and then only to the extent and in the manner herein specified. The City shall not appropriate, and shall not allow to be appropriated, the Available Tax Increment for any other purpose than this MRO until said MRO has been paid in full to the holder of the MRO or has expired as provided herein, and the City shall use good faith and best efforts to cause the Common Council to annually appropriate the Available Tax Increment for the MRO, pursuant to its custom and routine, until the TIF District Expiration Date or payment in full of the MRO to the holder of the MRO as provided herein.

d. Notwithstanding anything to the contrary in this Agreement or the MRO, Developer shall have the right, but not the obligation, to assign the MRO and this Agreement to a member of Developer, an entity or person that is affiliated with or is a partner or member in Developer, an entity that Developer is affiliated with or is a partner or member in, an investor in the Project, or a lender financing the Project or the MRO for collateral purposes only, but only upon documents that are reasonably satisfactory to the City, as evidenced by agreement of the Mayor and the City Attorney.

e. Since Developer expects to commence construction of the Project during 2018, and since the Project is expected to be placed in service during the calendar year 2019 or 2020, it will likely be assessed as a partially completed building on January 1 of 2020, the first tax bill will be issued for the Project in December of 2020, payable by the end of January of 2021, so the first payment likely to be made under the MRO will be on or after January 1 of 2021.

f. The City hereby covenants that, as long as any portion of the Thirteen Million, Eight Hundred Forty-Three Thousand, Six-Hundred Seventy Four Dollars (\$13,843,674) amount of the MRO remains outstanding, then: (i) the City shall take no action to terminate or dissolve the

TIF District prior to the TIF District Expiration Date; (ii) each year, City staff shall include the payment of the entire Available Tax Increment in the applicable annual budget recommendation for the following year; (iii) if City staff's proposed annual budget does not in any year provide for the appropriation of Available Tax Increment sufficient to make the payment due on the MRO in that year, the City shall notify Developer of that fact at least thirty (30) days prior to the date such budget is presented to the Common Council for final approval; (iv) funds in the special fund of the TIF District attributable to the Available Tax Increments generated by the Property shall not be used for any other purposes, including, without limitation, the payment of any other project costs of the TIF District until the City has paid in full and satisfied the MRO; (v) within seven (7) business days after the City becomes aware of the Available Tax Increment for a given year, the City shall provide such information to Developer and the City shall provide any and all supporting documentation and information related thereto and requested by the Developer within five (5) business days of such request.

SECTION 8. ADJUSTMENT OF REIMBURSEMENT FOR DEVELOPMENT COSTS AND DEVELOPER-FUNDED EXPENDITURES

If Developer's Total Development Costs (currently represented as approximately \$54,762,341) are less than the final budget for such items approved by the City, the City and Developer shall share equally in those cost savings. Developer will have the right to move funds between the line items in the overall project budget, except that the Developer overhead and fees shall remain fixed at an overall percentage equal to or less than the Total Development Costs shown in the attached project budget through 24 months after certificate of occupancy and landscaping expenditures shall not be fungible in this manner. In the event that there are construction savings or interest reserve available after certificate of occupancy has been issued, they may be used for operating expenses including interest and/or hotel upgrades which will be documented and submitted to the City. In the event of any savings in the Total Development Costs, the TIF funds payable pursuant to paragraph 6, above, shall be reduced by 50% of said savings; provided, however that Developer shall be credited for expenditures pursuant to paragraph 5.c., above, as though they were expenditures for Eligible Project Costs. If sufficient unpaid TIF funds do not remain at that time, Developer shall pay such amount to the City within 90 days of determination. Said funds shall be applied to the special fund for the new TID for uses consistent with the Project Plan. Any such amount which remains unpaid after 90 days shall be levied as a special charge against the property pursuant to sec. 66.0627, Wis. Stats. If Developer's costs exceed the final approved budget for such items, Developer shall be responsible for all cost overruns.

SECTION 9. PARTICIPATION IN ADDITIONAL EARNINGS

The purpose of providing tax incremental financing is to eliminate any funding gap related to construction of the Project that could not be repaid through anticipated revenues in the future. This amount is calculated by determining a projected Internal Rate of Return ("IRR") on equity invested in the Project in order to assure financial viability of the Project, or by a cash-on-cash ("COC") basis, which evaluates the long term viability of an equity investment. Developer is satisfied that the projected IRR and COC calculations in the confidential letter report from Ehlers

Associates, Inc., dated October 23, 2017, for this development are sufficient to make the project financially viable. If (a) within ten (10) years of execution of the Development Agreement the MRO has not been fully repaid to Developer and within ten (10) years of execution of the Development Agreement Developer or Developer's affiliate sells a controlling interest in the Project to a third party pursuant to an arms-length transaction, and the Developer or an affiliate of the Developer no longer manages the Project, and if the value of the Project as part of said transaction results in an IRR calculation in which the Developer's 10-year IRR is more than 600 basis points above the original 2017 projection set forth in the confidential letter report submitted to the City by Michael Harrigan of Ehlers on October 23, 2017, or (b) at a point 10 years after execution of the Development Agreement and the MRO has not been fully repaid to Developer and a COC analysis shows an annual average COC return following project stabilization of more than 600 basis points above the original 2017 projection, then the City shall have no further obligation to make payments for reimbursement of Developer Funded Expenditures as described in paragraph 7, above. Should payments made under paragraph 7, above, result in full repayment of the MRO prior to the end of the ten-year period described herein, Developer shall have no further obligation to the City under this paragraph.

SECTION 10. DEVELOPER REPRESENTATIONS AND WARRANTIES

Developer hereby represents and warrants to the City that:

a. Developer covenants and warrants to the City that the Project contemplated by this Agreement will contain a four-star full service hotel with approximately 196 rooms, to include a destination restaurant and banquet/meeting facilities. Notwithstanding anything to the contrary set forth in this Agreement, the City agrees that this Agreement does not prohibit or restrict Developer from making non-material changes or adding additional amenities to the Project, subject to any applicable zoning restriction, and with respect to such improvements, any necessary municipal approval process.

b. Developer to maintain a full-service upscale hotel flag for period during which MRO is outstanding consistent with the terms of the Franchise Term Sheet dated July 31, 2017 with Marriott Hotels International, Inc., relevant provisions of which have been provided to the City on a confidential basis for review and confirmation.

c. Developer shall maintain a restricted capital reserve account as outlined on the Franchise Term sheet referenced above and governed by an appropriate financial institution. Developer will provide the City Attorney, on a confidential basis, the loan documentation necessary to verify this provision. Such information may be shared with other staff and agents of the City as appropriate, while maintaining the necessary confidentiality from public disclosure.

d. Developer will provide the City Assessor with actual construction-related costs during buildout and initial operation of the Hotel, as well as the necessary income and expense information annually for the accurate valuation of the Project during the life of the TIF District, consistent with the type and quantity of information that is customarily provided to the City's Assessor for like properties, which information shall be kept confidential and shall not be

disclosed, except to the extent expressly required by applicable laws. In addition, Developer consents to City officials providing such information as is available in other records of the City to the Assessor for the purpose of accurately valuing the property.

e. Landscaping and exterior features of the Hotel property shall be maintained in the same or better condition as that required on the overall Mayfair Mall property consistent with the terms of the Ground lease between Developer and the owner of Mayfair Mall.

f. As contemplated by the Amended Term Sheet, Developer shall give additional consideration to cooperate to maximize public access to hotel amenities, including rooftop event space.

g. During the life of the TID, Developer will not challenge the value of the property through the assessment process to a value below \$27,000,000 beginning on January 1, 2022, the first full year of service for the Project.

h. The Developer shall enter into a restrictive covenant in customary form requiring any owner of the Project to make payments in lieu of taxes, in an amount equal to the amount of property taxes which would otherwise be payable to all taxing jurisdictions, in the event that all or any portion of the Project site becomes tax exempt during the life of the TID and for 20 years thereafter.

i. Developer is a limited liability company duly formed and validly existing and is qualified to do business in and in good standing in the State of Wisconsin and all other jurisdictions in which failure to do so would have a material adverse effect on its business or financial condition;

j. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized and approved by all necessary limited liability company action of Developer and constitute the valid and binding obligations of Developer enforceable in accordance with their respective terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium, general principles of equity and other similar laws of general application affecting the enforceability of creditors' rights generally; and

k. The execution, delivery, and performance of Developer's obligations pursuant to this Agreement will not violate or conflict with Developer's articles of organization or operating agreement or any indenture, instrument or agreement by which Developer is bound, nor, to Developer's knowledge, does it violate or conflict with any law applicable to Developer or the Project.

SECTION 11. CITY REPRESENTATIONS AND WARRANTIES

The City hereby warrants and represents to the Developer that:

a. The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized and approved by the City, and

no other or further acts or proceedings of the City or its officials are necessary to authorize and approve the execution, delivery, and performance of this Agreement, and the matters contemplated hereby, except the annual appropriation by the Common Council, but only with respect to the MRO and the obligations of the City thereunder;

b. This Agreement, the exhibits, documents, and instruments associated herewith and made a part hereof, have, if applicable, been duly executed and delivered by the City and constitute the legal, valid, and binding agreement and obligation of the City, enforceable against the City in accordance with their respective terms.

SECTION 12. MAINTENANCE OF PROPERTY

The Project shall be maintained in accordance with the City's Property Maintenance Code. Trash and refuse shall be deposited in sealed containers dedicated to trash collection and shall be collected at a commercially reasonable frequency. Developer shall eliminate, or cause to be eliminated, significant, prominent damage to the Project and any health hazards or nuisances within thirty (30) days (or such other period of time as reasonably necessary or determined to be appropriate by the City's Building Inspector or Health Officer) from delivery of written notice by the City to the Developer explaining such hazard or nuisances. In the event that the City determines that the Project is not in compliance with the terms of this Section, following written notice from the City to the Developer and an adequate opportunity to cure as described in the notice, the City may take corrective action and assess the costs of such action as a special charge against the Project. Nothing herein shall be deemed in any way to limit enforcement action otherwise available to the City under the Wauwatosa Municipal Code or other applicable law.

SECTION 13. NOTICES

All communications or notices required or permitted under this Agreement shall be in writing and shall be deemed to have been given (i) upon delivery to the person or entity entitled to such notice, if hand delivered, or (ii) two business days following deposit in the United States mail, postage prepaid, or with a nationally recognized overnight commercial carrier that will certify as to the date and time of delivery, airbill prepaid, (iii) upon transmission if by facsimile (with confirmation of accepted transmission), or (iv) by electronic mail or such other means of electronic communication as is agreed and acceptable to both parties, and each such communication or notice shall be addressed to the following individuals or their successors,, unless and until any of such parties notifies the other in accordance with this paragraph of a change in contact name or address:

To Developer: Mayfair Hotel, LLC
 c/o HKS Holdings LLC
 172 North Broadway, Suite 200
 Milwaukee, WI 53202
 Attn: Kyle Strigenz

Facsimile No.: N/A
E-mail: *KAStrigenz@gmail.com*

With a Copy to: Davis & Kuelthau, s.c.
111 East Kilbourn Avenue, Suite 1400
Milwaukee, WI 53202
Attn: Robert W. Habich
Brian C. Randall

Facsimile No. 414-276-9369
E-mail: *RHabich@dkattorneys.com*
BRandall@dkattorneys.com

To the City: City of Wauwatosa
7725 West North Avenue
Wauwatosa, WI 53213
Attn: Director of Development

Facsimile No.: (414) 471-8492
E-mail: *penders@wauwatosa.net*

With a Copy to: City of Wauwatosa
7725 West North Avenue
Wauwatosa, WI 53213
Attn: City Attorney

Facsimile No.: (414) 471-8414
E-mail: *akesner@wauwatosa.net*

SECTION 14. WAIVER

No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any other provision, nor shall it be deemed or constitute a continuing waiver unless expressly provided for by written amendments to this agreement.

SECTION 15. MISCELLANEOUS

a. The provisions of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

b. No waiver, amendment, or variation in the terms of this Agreement shall be valid unless in writing and signed by the City and Developer, and then only to the extent specifically set forth in writing.

c. All agreements, representations, warranties, covenants, liabilities and obligations made in this Agreement and in any document delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement.

d. This Agreement and the documents executed pursuant to this Agreement contain the entire understanding of the parties with respect to the subject matter hereof. There are no restrictions, promises, warranties, covenants or undertakings other than those expressly set forth in this Agreement and the documents executed in connection with this Agreement. This Agreement and the documents executed in connection herewith supersede all prior negotiations, agreements and undertakings between the parties with respect to the subject matter hereof.

e. This Agreement is intended solely for the benefit of Developer and the City and no third party (other than successors and assigns) shall have any rights or interest in any provisions of this Agreement, or as a result of any action or inaction of the City. Without limiting the foregoing, no approvals given pursuant to this Agreement by Developer or the City or any person acting on behalf of any of them, shall be available for use by any contractor or other person in any dispute relating to construction of the Development.

f. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Wisconsin applicable to contracts made and wholly performed within such state.

g. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Facsimile or "PDF" signatures shall be deemed original signatures for all purposes of this agreement.

h. Any provision of this Agreement that is prohibited or unenforceable shall, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement.

i. Time is of the essence of each and every obligation or agreement contained in this Agreement.

j. If any party is delayed or prevented from timely performing any act required under this Agreement, by reason of fire, earthquake, war, terrorist act, flood, riot, strikes, labor disputes or shortages, governmental restrictions, judicial order, public emergency, acts of God, or other causes beyond the reasonable control of the party obligated to perform, then performance of such act shall be excused for the period of such delay and the time for the performance of any such act shall be extended for a period equivalent to such delay.

k. The headings in this Agreement are for reference only and are not intended to modify any of the terms and conditions of this Agreement.

l. Nothing contained in this Agreement is intended to or has the effect of releasing Developer from compliance with all applicable laws, rules, regulations and ordinances in addition to compliance with all terms, conditions and covenants contained in this Agreement.

m. This Agreement is the product of negotiation among all of the parties hereto and no term, covenant or provision herein or the failure to include a term, covenant or provision shall be construed against any party hereto solely on the basis that one party or the other drafted this Agreement or any term, covenant or condition contained herein.

SECTION 16. TRANSFER OF PROPERTY AND ASSIGNMENT

a. Until a certificate of occupancy is issued for space within the Project, Developer shall not, without the City's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed, sell, convey, or otherwise transfer the Property, except that Developer may at any time, with or without the City's consent: (i) enter into leases for all or portions of the Property; (ii) mortgage the Property as security for the Project's financing; (iii) convey the Property to an entity that Developer is a partner or member in as long as such entity assumes all of Developer's obligations under this Agreement; and (iv) convey some or all of the Property to an entity that develops or occupies an improvement consistent with the purposes of the Project as long as such entity assumes all of the Developer's obligations under this Agreement. Except as otherwise expressly set forth in this Agreement, until a certificate of occupancy is issued for space within the Project, Developer shall not, without the City's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed, assign this Agreement. Developer may, with the City's consent, which shall not be unreasonably withheld, assign, pledge, sell, convey, or otherwise transfer the MRO to an investor in the Project.

b. Upon the issuance of a certificate of occupancy for space within the Project, or at such earlier time as consented to in writing by the City, and notwithstanding anything to the contrary in this Agreement, Developer may freely (i) transfer, sell, exchange, mortgage, lease and convey the Property or the MRO, (ii) assign this Agreement, and, (iii) assign the MRO, and, notwithstanding anything to the contrary set forth in this Agreement, in any such event, Developer shall not have any further obligation or liability under the Agreement. Notwithstanding anything to the contrary set forth herein, under no circumstances shall Developer's lenders be bound by the terms and conditions regarding transferability or assignment of this Agreement as described in this paragraph.

SECTION 17. FEDERAL, STATE & LOCAL LAWS

Developer shall construct and operate the Project in compliance with all applicable Federal, State and local laws, rules, regulations and ordinances.

SECTION 18. ADDITIONAL DEFINITIONS

a. "Available Tax Increment" means: an amount equal to Ninety-Five Percent (95%) of the annual gross tax increment revenues (net of reduction for reimbursement of the City's actual

administrative costs) actually received by the City that are generated in the immediately preceding calendar year by the Property until the year following the fifth (5th) year in which Tax Increment is received on the full value of the Property and, thereafter, Ninety-Two and One-Half Percent (92.5%) of the annual gross tax increment revenues (net of reduction for reimbursement of the City's actual administrative costs) actually received by the City that are generated by the Property until the year following the tenth (10th) year in which Tax Increment is received on the full value of the Property and, thereafter, Ninety Percent (90%) of the annual gross tax increment revenues (net of reduction for reimbursement of the City's actual administrative costs) actually received by the City that are generated by the full value of the Property.

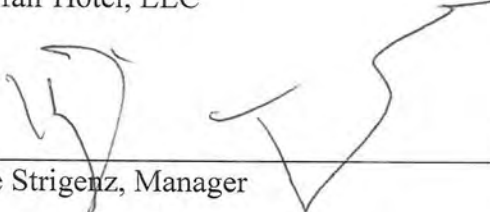
- b. "Land Closing" means: The closing of the acquisition of the Property by Developer.
- c. "MRO" means: the Municipal Revenue Obligation issued by the City, in substantially the form as is attached hereto as **Exhibit F** and incorporated herein by this reference.
- d. "Tax Increment" means "Tax Increment" as that term is defined in Section 66.1105(2)(i) of the Wisconsin Statutes.
- e. "TIF District" means: Wauwatosa Tax Incremental District No. 12.

Signatures on the following pages. The remainder of this page left blank.

IN WITNESS WHEREOF, the parties have caused the Agreement to be signed this 25th
day of October, 2018.

DEVELOPER:

Mayfair Hotel, LLC

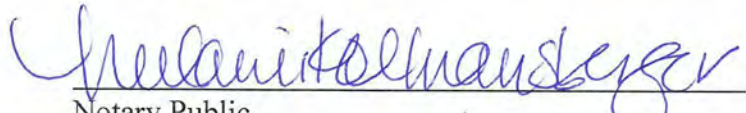
By: 

Kyle Strigenz, Manager

STATE OF WISCONSIN)
COUNTY OF Milwaukee) ss

Personally came before me this 25 day of October, 2018, the above-named
Kyle Strigenz, to me known to be Manager of Mayfair Hotel, LLC and to me known to be the
person who executed the foregoing instrument and acknowledged the same.





Notary Public
My Commission Expires: 5/17/2022

CITY:

CITY OF WAUWATOSA, WISCONSIN

By: Cheryl Berdan
Cheryl Berdan, Acting Mayor

By: Carla A. Ledesma
Carla Ledesma, City Clerk

By: 
John Ruggini, Finance Director

Approved as to Form and Execution

Eileen Miller Carter
Eileen Miller Carter, Assistant City Attorney

[illegible]

Personally came before me this 25 day of October, 2018, the above-named Cheryl Berdan, Carla Ledesma and John Ruggini, to me known to be the Acting Mayor, City Clerk and Finance Director, respectively, of the City of Wauwatosa, Wisconsin, and to me known to be the persons who executed the foregoing instrument and acknowledged the same.

Notary Public
My Commission: 2-15-19

EXHIBIT A

Legal Description

PARCEL 1:

LOT 2 OF CERTIFIED SURVEY MAP NO. 9002, RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR MILWAUKEE COUNTY, WISCONSIN ON FEBRUARY 15, 2018, AS DOCUMENT NO. 10752690, BEING A DIVISION OF PART OF PARCEL 2 OF CERTIFIED SURVEY MAP NO. 2228, BEING A PART OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 17, TOWNSHIP 7 NORTH, RANGE 21 EAST, IN THE CITY OF WAUWATOSA, MILWAUKEE COUNTY, WISCONSIN.

Parcel 2:

TOGETHER WITH NON-EXCLUSIVE RECIPROCAL UTILITY EASEMENTS CONTAINED IN AN INSTRUMENT BY AND BETWEEN FROEDERT-MAYFAIR, INC. AND P.A. BERGNER CO., OF ILLINOIS DATED OCTOBER 15, 1986, RECORDED OCTOBER 17, 1987, IN REEL 1977, IMAGES 781-811 INCLUSIVE, AS DOCUMENT NO. 5975279; AS AMENDED BY DOCUMENT NO. 6086672 AND DOCUMENT NO. 6876387, OVER AND ACROSS: PARCEL 1 OF CERTIFIED SURVEY MAP NO. 4827 BEING A DIVISION OF PARCEL 2 OF CERTIFIED SURVEY MAP NO. 4004 AND PART OF THE SOUTHWEST 1/4 OF SECTION 17, TOWNSHIP 7 NORTH, RANGE 21 EAST, IN THE CITY OF WAUWATOSA, MILWAUKEE COUNTY, WISCONSIN, RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR MILWAUKEE COUNTY, IN REEL 1974, IMAGES 1-3 INCLUSIVE AS DOCUMENT NO. 5973150.

Parcel 3:

TOGETHER WITH NON-EXCLUSIVE RECIPROCAL PARKING EASEMENTS AND CROSS EASEMENTS FOR INGRESS AND EGRESS CONTAINED OR REFERRED TO IN DOCUMENT NO. 5975279 AS AMENDED BY DOCUMENT NO'S. 6086672 AND 6876387.

EXHIBIT B

Accepted Amended Term Sheet for Development

DRAFT Term Sheet MODIFIED DRAFT
October 4, 2018

**TERM SHEET FOR DEVELOPMENT AGREEMENT
BETWEEN MAYFAIR HOTEL LLC AND CITY OF WAUWATOSA
REGARDING MAYFAIR MALL HOTEL,
2300 NORTH MAYFAIR ROAD, WAUWATOSA, WISCONSIN**

1. **Developer:** Mayfair Hotel LLC
2. **Description of Project:** A hotel with destination restaurant, to be located at 2300 North Mayfair Road in the City of Wauwatosa (the "Project"). The Developer has represented that the estimated net taxable value of the Project will be in excess of \$27,000,000.
3. **City Financial Assistance:** The City shall provide financial assistance in the form of a reimbursement for Developer-Funded Expenditures (defined below).
4. **City Obligations:**
 - (a) Fund the reimbursement for the Developer-Funded Expenditures as provided below.
 - (b) Seek approval for creation of Wauwatosa Tax Increment District ("TID") Number 12 to include the site upon which the Project is to be constructed, as well the parcels at [others?] and other developable parcels near and around these locations. The creation of the TID is subject to standard approvals by Wauwatosa Community Development Authority, Common Council, and Joint Review Board (see attached preliminary schedule) to reimburse the "Developer-Funded Expenditures."
 - (c) Cooperate to structure the TID funding so as to minimize negative income tax or other impacts on Developer.
5. **Developer Obligations:**
 - (a) Obtain all necessary zoning, permits, and approvals and complete construction of the Project in accordance with plans approved by City. To the extent any public improvements are included within the scope of work for the Project, complete the installation of same per City specifications and dedicate same to the City upon completion.
 - (b) Complete Project in accordance with approved plans.
6. **Funding for Developer -Funded Expenditures:** Except as potentially modified by paragraphs 8 or 9, below, the City will pay an amount equal to 95% of the increment (minus any administrative costs) generated annually by the Developer's project from the first year increment is generated until the year following the fifth year in which increment is received on the full value of the project, 92.5% of said increment for the second five years in which increment is received on the full value, and 90% for all years thereafter until such time as the obligation is

DRAFT Term Sheet MODIFIED DRAFT
October 4, 2018

paid in full. This payment will be calculated solely from the Tax payments actually received from the developer, less any administrative costs, and from no other funds of the City. Annual payments may be made up to 45 days after the tax liability for that year has been paid in full by Developer, until a total aggregate undiscounted amount of \$13,843,674 has been paid.

7. Eligible Project Costs: Project costs suitable for reimbursement through TID funding ("Eligible Project Costs") are described in the chart below. The City will engage a construction expert to review actual expenses vs. budgeted construction and design expenses. Cost of said expert shall be an eligible TID administrative expense.

Eligible Project Costs	Total
Land Costs	\$100,000
Site preparation	\$1,265,196
Demolition	\$1,554,012
Reconstruction	\$5,976,848
Related Professional Costs	\$2,565,702
Financing Costs	\$5,030,415
Total Eligible Project Costs	\$16,492,173

8. Adjustment of Reimbursement for Development Costs and Developer-Funded Expenditures: If Developer's Total Development Costs (currently represented as approximately \$54,762,341) are less than the final budget for such items approved by the City, the City and Developer shall share equally in those cost savings. Developer will have the right to move funds between the line items in the overall project budget, except that the Developer overhead and fees shall remain fixed at an overall percentage equal to or less than the Total Development Costs shown in the attached project budget through 24 months after certificate of occupancy and landscaping expenditures shall not be fungible in this manner. In the event that there are construction savings or interest reserve available after certificate of occupancy has been issued, they may be used for operating expenses including interest and/or hotel upgrades which will be documented and submitted to the City. In the event of any savings in the Total Development Costs, the TIF funds payable pursuant to paragraph 6, above, shall be reduced by 50% of said savings; provided, however that Developer shall be credited for expenditures pursuant to paragraph 11, below, as though they were expenditures for Eligible Project Costs. If sufficient unpaid TIF funds do not remain at that time, Developer shall pay such amount to the City within 90 days of determination. Said funds shall be applied to the special fund for the new TID for uses consistent with the Project Plan. Any such amount which remains unpaid after 90 days shall be levied as a special charge against the property pursuant to Sec. 66.0627, Wis. Stats. If Developer's costs exceed the final approved budget for such items, Developer shall be responsible for all cost overruns.

9. Participation in Additional Earnings: The purpose of providing tax incremental financing is to eliminate any funding gap related to construction of the Project which could not

DRAFT Term Sheet MODIFIED DRAFT
October 4, 2018

be repaid through anticipated revenues in the future. Depending upon the circumstances, this amount can be calculated by determining a projected Internal Rate of Return ("IRR") on equity invested in the Project in order to assure financial viability of the project, or by a cash-on-cash ("COC") basis, which evaluates the long term viability of an equity investment. Developer is satisfied that the projected IRR and COC calculations in the 2017 Feasibility Report for this development is sufficient to make the project financially viable. If (a) within ten (10) years of execution of the Development Agreement the Developer sells a controlling portion of its fee simple interest in the Project to a third party pursuant to an arms-length transaction; and the Developer or an affiliate of the Developer no longer manages the Project the value of the project as part of said transaction results in an IRR calculation in which the Developer's IRR is more than 600 basis points above the original 2017 projection, or (b) at a point 10 years after execution of the Development Agreement a COC analysis shows an annual average COC return following project stabilization of more than 600 basis points above the original 2017 projection, the City shall have no further obligation for reimbursement of Developer Funded Expenses as described in paragraph 6, above.

10. Tax Exempt Covenant: The Developer shall enter into a restrictive covenant in customary form requiring any owner of the Project to make payments in lieu of taxes, in an amount equal to the amount of property taxes which would otherwise be payable to all taxing jurisdictions, in the event that all or any portion of the Project site becomes tax exempt during the life of the TID and for 20 years thereafter. The covenant shall be recorded and shall run with the land for 20 years.

11. Bike Share Station: If the public bike-share system created in the City of Wauwatosa is designed to include a station located at the Project, Developer will permit the installation of said public bike-share station, which station must be consistent with the capacity and other characteristics recommended or anticipated in the overall system design. If such station is installed, Developer shall be responsible for \$75,000 of the cost of such station. The City, or its agents, agree to maintain any such bike-share station and related equipment in first class condition at no cost to Developer.

12. Further Conditions: The Development Agreement shall contain such additional provisions and assurances as are customarily contained in similar agreements with the City and shall provide for tax incremental financing as set forth herein.

13. Project Valuation Information: During construction and prior to Project stabilization, Developer will provide the City Assessor with [see Shannon's descriptions] as necessary to reach an accurate and defensible valuation of the Project for purposes of real and personal property taxation. Following project stabilization, Developer will provide the City Assessor with the necessary income and expense information annually for the accurate valuation of the Project during the life of the TID consistent with the type and quantity of information that is customarily provided to the City's Assessor for like properties.

14. Additional Considerations:

DRAFT Term Sheet MODIFIED DRAFT
October 4, 2018

- a. Developer to maintain hotel flag for period during which MRO is outstanding consistent with the terms of the Franchise Term Sheet dated July 31, 2017 with the hotel brand, relevant provisions of which have been provided to the City on a confidential basis for review and confirmation.
 - b. Maintain a restricted capital reserve account as outlined on the Franchise Term sheet referenced above and governed by the bank. Developer will provide the City Attorney on a confidential basis the loan document to verify this provision.
 - c. During the life of the TID, Developer will not challenge the value of the property through the assessment process to a value below \$27,000,000.
 - d. Landscaping and exterior features of the Hotel property shall be maintained in the same or better condition as that required on the overall Mayfair Mall property consistent with the terms of the Ground lease between Developer and the owner of Mayfair Mall.
 - e. Cooperation pledged to maximizing public access to hotel amenities, including rooftop event space.
 - f. Designated and substantial sustainability features or standards ("LEED-eligible") to be specifically outlined Development Agreement.
-

EXHIBIT C

Conditional Use Permit Approval

Resolution R-18-82, adopted May 15, 2018

CITY OF WAUWATOSA
Resolution

R-18-82

By: Plan Commission

WHEREAS, Mayfair Hotel Holdings, LLC., applied for a Conditional Use in the C2 District at 2300 North Mayfair Road for a hotel and restaurant, and;

WHEREAS, this request was reviewed and recommended by the City Plan Commission to be necessary for the public convenience at that location; located and proposed to be operated in such manner which will protect the public health, safety, and welfare; and was found to be compatible with surrounding uses;

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Wauwatosa, Wisconsin hereby grants a Conditional Use to Mayfair Hotel Holdings, LLC., subject to:

1. Design Review Board approval.
2. Appropriate alcohol licensing. Apply through the clerk's office.
3. Submittal of plans showing adequate sewer capacity, storm water management, and traffic/access improvements subject to approval by the City Engineer.
4. Site plan shall require review and approval from the Engineering Division.
5. Verifying the location of the sanitary sewer and watermain to the west of the existing tower. If in conflict with the building expansion, relocation to City standards is required as is vacating the existing easements and creating new easements with copies provided to the City prior to issuing building permits.
6. Modifications to the Cheesecake Factory parking shall review and approval from the Engineering Division.
7. Cross access easements and shared parking agreements with the surrounding parcels to the north, northeast and east shall be required and provide copies to the City prior to issuing building permits.
8. Under 24.16.0401., a Conditional Use will lapse and have no further effect one year after it is approved by the Common Council, unless a building permit has been issued (if required); the use or structure has been lawfully established; or unless a different lapse of approval period or point of expiration has been expressly established by the Common Council.
9. Obtaining other required licenses, permits, and approvals.

Passed and Dated May 15, 2018

Carla A. Medema
Clerk

Adopted: May 15, 2018

Page:

Journal: 114

Approved May 16, 2018

Matthew J. Healy
Mayor

EXHIBIT D

Budgeted Construction Costs

HKS Holdings, LLC		
Tosa Mayfair Rehab Hotel		
Sources and Uses		
Development Budget/Use of Funds		
		<u>\$/key</u>
Property Acquisition & Entitlements	\$100,000	\$ 510
Hard Construction Costs	\$33,000,000	\$ 168,367
Hotel FFE	\$4,200,000	\$ 21,429
Hotel OSE/MIS	\$1,800,000	\$ 9,184
Hotel Preopening	\$1,300,000	\$ 6,633
Restaurant/Banquet FFE	\$750,000	\$ 3,827
Restaurant/Banquet OSE/MIS	\$1,350,000	\$ 6,888
Restaurant/Banquet Preopening	\$450,000	\$ 2,296
Purchasing Agents	\$150,000	\$ 765
Architects, Design, Engineering	\$1,000,000	\$ 5,102
Interior Architects	\$500,000	\$ 2,551
Third Party Reports	\$75,000	\$ 383
Franchise Application Fee	\$85,000	\$ 434
Technical Service Fees	\$75,000	\$ 383
Utilities Outside GC	\$175,000	\$ 893
Real Estate Taxes	\$250,000	\$ 1,276
Builder's Risk Insurance	\$175,000	\$ 893
Title Company Policy and Fees	\$150,000	\$ 765
Developer Fee	\$2,190,494	\$ 11,176
Post Opening Interest Reserves	\$850,000	\$ 4,337
Interest During Construction	\$914,225	\$ 4,664
Financing Fees	\$547,623	\$ 2,794
Accounting/Legal/Banking, etc.	\$275,000	\$ 1,403
Pre-Opening Marketing and Operations	\$550,000	\$ 2,806
Working Capital per HOA	\$350,000	\$ 1,786
Predevelopment Ground Lease Carry	\$333,333	\$ 1,701
Construction Ground Lease Carry	\$708,333	\$ 3,614
Ramp-up Ground Lease Carry	\$458,333	\$ 2,338
Contingency	<u>\$2,000,000</u>	\$ 10,204
Total Use of Funds	\$54,762,343	\$ 279,400

EXHIBIT E

Anticipated Eligible Project Costs

Eligible Project Costs	Total
Land Costs	\$100,000
Site preparation	\$1,265,196
Demolition	\$1,554,012
Reconstruction	\$5,976,848
Related Professional Costs	\$2,565,702
Financing Costs	\$5,030,415
Total Eligible Project Costs	\$16,492,173

EXHIBIT F

Sample Municipal Revenue Obligation

MUNICIPAL REVENUE OBLIGATION

United States of America

No. _____

\$13,843,674

State of Wisconsin
County of Milwaukee
City of Wauwatosa
Municipal Development Revenue Obligation, Series 20__

Maturity
Date

Issue Date

June 1, 201__

June 1, 201__

REGISTERED OWNER: _____, _____

PRINCIPAL AMOUNT: THIRTEEN MILLION, EIGHT HUNDRED FORTY-THREE THOUSAND, SIX-HUNDRED SEVENTY FOUR DOLLARS (\$13,843,674)

INTEREST RATE: 0%

THE CITY OF WAUWATOSA, WISCONSIN (the "Municipality"), for value received, hereby acknowledges and agrees that it owes, and hereby promises to pay on the installment Payment Dates, to the registered owner hereinabove identified, or registered assigns as hereinafter provided, the Principal Amount, which shall equal that portion of the Eligible Project Costs (as defined in the Development Agreement) in an aggregate undiscounted amount equal to \$13,843,674, in the amounts hereinafter provided, but only in the manner, at the times, from the source of revenue, and to the extent hereinafter provided.

The Principal Amount evidenced by this Municipal Revenue Obligation shall be paid to _____ or its registered assigns, at such times, upon such conditions, and as further provided in the Development Agreement dated as of _____, 201__ (the "Development Agreement"), by and between the Municipality and _____, _____ (the "Developer"). This Municipal Revenue Obligation is being issued in consideration of the agreements of the Developer in the Development Agreement.

This Municipal Revenue Obligation and the Municipality's obligation to repay all or any portion of this Municipal Revenue Obligation shall mature on the Maturity Date stated above; provided, however, that notwithstanding anything to the contrary set forth in the Municipal Revenue Obligation or the Development Agreement, the Municipality's obligation to repay all or any portion of this Municipal Revenue Obligation shall not terminate or expire until the earlier of the date that Principal Amount is paid in full to Developer or the TIF District Expiration Date (as defined in the Development Agreement). Payment of each installment of Principal shall be made on Payment Dates (as defined below) to the registered owner hereof (or its registered assigns), whose name shall appear on the registration books of the Municipality maintained by the Treasurer of the Municipality, who serves as registrar and paying agent (the "Registrar"), by check or draft of the Registrar mailed to such registered owner at his address as it appears on such registration books or at such other address as may be furnished in writing by such registered owner to the Registrar.

This Municipal Revenue Obligation has been issued to evidence the obligation of the City to reimburse the Developer for the Eligible Project Costs (as defined in the Development Agreement), and is payable until the Principal Amount (which is equal to the Eligible Project Costs) is paid in full, only from Available Tax Increment herein described that is appropriated by the Common Council for that purpose. The City shall set aside the Available Tax Increment generated by the Property into a special fund the sole purpose of which is to hold the Available Tax Increment generated by the Property and is identified as the "Special Redemption Fund." This Municipal Revenue Obligation is issued pursuant to a resolution adopted on _____, 201_, by the Common Council of the Municipality, and does not constitute an indebtedness of the Municipality within the meaning of any constitutional or statutory limitation or provision. Reference is hereby made to said resolution and to the Development Agreement for a more complete statement of the revenues from which and conditions under which this Municipal Revenue Obligation is payable and the general covenants and provisions pursuant to which this Municipal Revenue Obligation has been issued.

Except as otherwise provided by the Development Agreement, the City hereby covenants that, as long as any portion of the Thirteen Million, Eight Hundred Forty-Three Thousand, Six-Hundred Seventy Four Dollars (\$13,843,674) under the Municipal Revenue Obligation remains outstanding, then: (i) the City shall take no action to terminate or dissolve the TIF District prior to the TIF District Expiration Date; (ii) each year, City staff shall include the payment of the entire Available Tax Increment in the applicable annual budget recommendation for the upcoming year; (iii) if City staff proposed annual budget does not in any year provide for the appropriation of Available Tax Increment sufficient to make the payment due on the Municipal Revenue Obligation in that year, the City shall notify Developer of that fact at least thirty (30) days prior to the date such budget is presented to the Common Council for final approval; (iv) funds in the special fund of the TIF District attributable to the Available Tax Increment generated by the Property shall not be used for any other purposes, including, without limitation, the payment of any other project costs of the TIF District until the City has paid in full and satisfied the Municipal Revenue Obligation; (v) immediately after the City becomes aware of the Available Tax Increment for a given year, the City shall provide such information to Developer and the City shall provide any

and all supporting documentation and information related thereto and requested by the Developer within five (5) business days of such request.

Any payments on this Municipal Revenue Obligation that are due on any Payment Date shall be payable only to the extent that the Municipality shall have received Available Tax Increment as of such Payment Date. For the purpose of this Municipal Revenue Obligation, "Available Tax Increment" shall have the definition contained in the Development Agreement.

For purposes of this Municipal Revenue Obligation, a "Payment Date" shall have the definition contained in the Development Agreement. On each of the Payment Dates, the Municipality shall pay to the holder of this Municipal Revenue Obligation, the Available Tax Increment that has been appropriated for such purpose. To the extent that on any Payment Date the Municipality is unable to make a payment due to an actual absence of Available Tax Increment, such failure shall not constitute a default under this Municipal Revenue Obligation provided the Municipality has acted in good faith. The amount of such deficiency shall continue to accrue and be deferred and shall be due together with the then current amount due on the next Payment Date on which the Municipality has Available Tax Increment, as set forth in paragraph 7.b. of the Development Agreement, and if such deficiency has not been paid in full by the TIF District Expiration Date (as defined in the Development Agreement), then the Municipality shall have no obligation to pay such deficiency. In no case, however, shall the term of this Municipal Revenue Obligation and the Municipality's obligation to make payments hereunder, extend beyond the TIF District Expiration Date. Upon expiration of the TIF District, this Municipal Revenue Obligation shall expire and the Municipality's obligation to make any payments under this Municipal Revenue Obligation shall be discharged, and the Municipality shall have no obligation to make any payments hereunder after the expiration date of the TIF District.

THIS MUNICIPAL REVENUE OBLIGATION SHALL NOT BE PAYABLE FROM OR CONSTITUTE A CHARGE UPON ANY FUNDS OF THE MUNICIPALITY, AND THE MUNICIPALITY SHALL NOT BE SUBJECT TO ANY LIABILITY HEREON OR BE DEEMED TO HAVE OBLIGATED ITSELF TO PAY HEREON FROM ANY FUNDS EXCEPT THE AVAILABLE TAX INCREMENT, AND THEN ONLY TO THE EXTENT AND IN THE MANNER HEREIN SPECIFIED.

THE MUNICIPALITY MAKES NO REPRESENTATION OR COVENANT, EXPRESS OR IMPLIED THAT THE AVAILABLE TAX INCREMENT WILL BE SUFFICIENT TO PAY, IN WHOLE OR IN PART, THE AMOUNTS WHICH ARE OR MAY BECOME DUE AND PAYABLE HEREUNDER.

THE MUNICIPALITY'S PAYMENT OBLIGATIONS HEREUNDER ARE SUBJECT TO FUTURE ANNUAL APPROPRIATION BY THE COMMON COUNCIL OF AVAILABLE TAX INCREMENT TO MAKE PAYMENTS DUE ON THIS MUNICIPAL REVENUE OBLIGATION.

THE MUNICIPAL REVENUE OBLIGATION IS A SPECIAL LIMITED REVENUE OBLIGATION AND NOT A GENERAL OBLIGATION OF THE MUNICIPALITY, AND IS

PAYABLE BY THE MUNICIPALITY ONLY FROM THE SOURCES, TO THE EXTENT, AND SUBJECT TO THE QUALIFICATIONS STATED OR REFERENCED HEREIN. THIS MUNICIPAL REVENUE OBLIGATION IS NOT A GENERAL OBLIGATION OF THE MUNICIPALITY, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE MUNICIPALITY ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THIS MUNICIPAL REVENUE OBLIGATION, AND NO PROPERTY OR OTHER ASSET OF THIS MUNICIPALITY, EXCEPT THE ABOVE-REFERENCED REVENUES ARE OR SHALL BE A SOURCE OF PAYMENT OF THE MUNICIPALITY'S OBLIGATIONS HEREUNDER.

This Municipal Revenue Obligation is subject to optional prepayment at the election of the Municipality, in whole or in part with written notice to the holder, at any time.

This Municipal Revenue Obligation is assignable or transferable by the registered owner hereof, but only with the consent of the Municipality, which shall not be unreasonably withheld, as described in more detail in the Development Agreement, in person or by its attorney duly authorized in writing at the principal office of the Registrar in Wisconsin, but only in the manner, subject to the limitations and upon payment of the charges provided in the authorizing resolution, if any, and upon surrender and cancellation of this Municipal Revenue Obligation. Upon such assignment or transfer a new Municipal Revenue Obligation of the same installments and for the same aggregate Principal Amount will be issued to the assignee or transferee in exchange therefor. This Municipal Revenue Obligation is issuable in fully registered form only in an amount up to the Principal Amount stated herein.

The Municipality and the Registrar may deem and treat the registered owner as the absolute owner hereof for the purpose of receiving payment of or on account of Principal hereof, and for all other purposes and neither the Municipality nor the Registrar shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist, happen and be performed prior to and in connection with the issuance of this Municipal Revenue Obligation have been done, have existed, have happened and have been performed in due time, form and manner as required by the constitution and statutes of the State of Wisconsin.

Capitalized terms not defined herein shall have the meaning given to them in the Development Agreement, if any. In the event of a conflict in any of the terms and provisions of this Municipal Revenue Obligation and the Development Agreement, the terms and conditions of the Development Agreement shall supersede and control.

IN WITNESS WHEREOF the City of Wauwatosa, Wisconsin, by its Common Council, has caused this Municipal Revenue Obligation to be executed with the duly authorized signature of its Mayor and with the duly authorized signature of its Clerk and its official seal to be impressed or reproduced hereon, as of the _____ day of _____, 201_.

[SIGNATURES ON FOLLOWING PAGE]

CITY OF WAUWATOSA, WISCONSIN

[SEAL]

By: _____
_____, Mayor

By: _____
_____, City Clerk

EXHIBIT G

Tax Increment Projections

City of Wauwatosa, Wisconsin

Tax Increment District # 12 - Mayfair Mall Hotel by HKS Holdings, LLC.

Tax Increment Projection Worksheet

Type of District	Rehabilitation		Base Value	35,052,467	Apply to Base Value
District Creation Date	January 1, 2018		Appreciation Factor	1.50%	
Valuation Date	Jan 1,	2018	Base Tax Rate	\$24.19	
Max Life (Years)	27		Rate Adjustment Factor		
Expenditure Period/Termination	22	1/1/2040			
Revenue Periods/Final Year	27	2046			
Extension Eligibility/Years	Yes	3	Tax Exempt Discount Rate	3.25%	
Recipient District	Yes		Taxable Discount Rate	4.75%	

	Construction Year	Hotel Value Added	Non-Hotel Value Added	Valuation Year	Non- Hotel Inflation Increment	Hotel Total Increment	Non-Hotel Total Increment	Revenue Year	Tax Rate	Hotel Tax Increment	Non-Hotel Tax Increment	Total Increment	Tax Exempt NPV Calculation	Taxable NPV Calculation
1	2018	14,487,500	0	2019	0	14,487,500	0	2020	\$24.19	350,453	0	350,453	318,390	304,907
2	2019	16,587,500	0	2020	0	31,075,000	0	2021	\$24.19	751,704	0	751,704	979,824	929,261
3	2020	329,929	0	2021	0	31,404,929	0	2022	\$24.19	759,685	0	759,685	1,627,240	1,531,631
4	2021	2,033,074	1,000,000	2022	0	33,438,004	1,000,000	2023	\$24.19	808,865	24,190	833,055	2,294,870	2,143,914
5	2022	998,357	3,000,000	2023	15,000	34,436,361	4,015,000	2024	\$24.19	833,016	97,123	930,138	2,960,791	2,745,884
6	2023	1,924,222	2,000,000	2024	45,000	36,360,583	6,060,000	2025	\$24.19	879,563	146,591	1,026,154	3,641,790	3,352,668
7	2024	697,270	0	2025	30,000	37,057,853	6,090,000	2026	\$24.19	896,429	147,317	1,043,747	4,314,001	3,943,046
8	2025	803,313	0	2026	0	37,861,166	6,090,000	2027	\$24.19	915,862	147,317	1,063,179	4,979,165	4,518,870
9	2026	821,240	0	2027	0	38,682,406	6,090,000	2028	\$24.19	935,727	147,317	1,083,045	5,637,367	5,080,506
10	2027	933,608	0	2028	0	39,616,014	6,090,000	2029	\$24.19	958,311	147,317	1,105,628	6,290,235	5,629,614
11	2028	748,308	0	2029	0	40,364,322	6,090,000	2030	\$24.19	976,413	147,317	1,123,730	6,934,498	6,163,725
12	2029	883,832	0	2030	0	41,248,154	6,090,000	2031	\$24.19	997,793	147,317	1,145,110	7,572,144	6,684,780
13	2030	904,208	0	2031	0	42,152,361	6,090,000	2032	\$24.19	1,019,666	147,317	1,166,983	8,203,256	7,193,112
14	2031	1,047,856	0	2032	0	43,200,217	6,090,000	2033	\$24.19	1,045,013	147,317	1,192,330	8,829,698	7,690,457
15	2032	823,787	0	2033	0	44,024,004	6,090,000	2034	\$24.19	1,064,941	147,317	1,212,258	9,447,991	8,174,302
16	2033	968,521	0	2034	0	44,992,525	6,090,000	2035	\$24.19	1,088,369	147,317	1,235,686	10,059,997	8,646,369
17	2034	991,070	0	2035	0	45,983,595	6,090,000	2036	\$24.19	1,112,343	147,317	1,259,660	10,665,794	9,106,957
18	2035	1,014,200	0	2036	0	46,997,794	6,090,000	2037	\$24.19	1,136,877	147,317	1,284,194	11,265,464	9,556,357
19	2036	0	0	2037	0	46,997,794	6,090,000	2038	\$24.19	1,136,877	147,317	1,284,194	11,846,258	9,985,378
20	2037	0	0	2038	0	46,997,794	6,090,000	2039	\$24.19	1,136,877	147,317	1,284,194	12,408,770	10,394,944
21	2038	0	0	2039	0	46,997,794	6,090,000	2040	\$24.19	1,136,877	147,317	1,284,194	13,374,568	11,298,271
22	2039	0	0	2040	0	46,997,794	6,090,000	2041	\$24.19	1,136,877	147,317	1,284,194	13,919,374	11,689,265
23	2040	0	0	2041	0	46,997,794	6,090,000	2042	\$24.19	1,136,877	147,317	1,284,194	14,447,031	12,062,530
24	2041	0	0	2042	0	46,997,794	6,090,000	2043	\$24.19	1,136,877	147,317	1,284,194	14,958,079	12,418,868
25	2042	0	0	2043	0	46,997,794	6,090,000	2044	\$24.19	1,136,877	147,317	1,284,194	15,453,041	12,759,048
26	2043	0	0	2044	0	46,997,794	6,090,000	2045	\$24.19	1,136,877	147,317	1,284,194	15,932,423	13,083,802
27	2044	0	0	2045	0	46,997,794	6,090,000	2046	\$24.19	1,136,877	147,317	1,284,194	16,396,716	13,393,830
	Totals	46,997,794	6,000,000		90,000			Future Value of Increment		26,762,920	3,361,563	30,124,483		

Notes:

Actual results will vary depending on development, inflation of overall tax rates.

NPV calculations represent estimated amount of funds that could be borrowed (including project cost, capitalized interest and issuance costs).

EXHIBIT H

“LEED-Eligible” Sustainability Features

Renovation rather than complete demolition of the 12-story building

LED lighting

Low-flow faucets

High-efficiency HVAC systems