

## MEMORANDUM

### ODANA APARTMENTS, LLC OR ITS ASSIGNS TIF FINANCIAL ASSISTANCE TERM SHEET

MAY 11, 2026

The purpose of this Term Sheet (“Term Sheet”) is to outline the principal terms and conditions of a tax incremental financing (TIF) loan agreement (“Loan Agreement”) to be executed by and between the City of Madison (“City”) and Odana Apartments, LLC, a Wisconsin limited liability company, or its assigns (“Developer”). The purpose of the loan is to assist in the construction of Odana Apartments, consisting of approximately 227 units of multi-family affordable housing and approximately 132 structured parking stalls (the “Project”) at the property located at 5559 Odana Road & 5542 Medical Circle in a proposed Tax Incremental District (TID) #57, to be created in 2026, in the City of Madison (the “Property”).

The terms incorporated into the loan documents will be as follows:

1. The Project. Developer agrees to develop on the Property all of the following:
  - a. Construction of approximately 227 units of affordable housing. The Developer agrees to set aside 100% of the units for occupancy by households whose income is at or below 80% of the area median income (AMI) as defined by Section 42 of the Internal Revenue Code, with an average AMI of less than or equal to 60% using the average income set aside, and consistent with the income restrictions under the Wisconsin Housing and Economic Development Authority’s Low-Income Housing Tax Credit Program, and subject to the Land Use Restriction described in Section 23 of this Term Sheet.
  - b. Approximately 132 structured parking stalls
2. Form of Assistance. TIF assistance shall be provided in the form of a 0% interest loan (the “TIF Loan”) from the City to CDA Housing, Inc. (“CDA”) and then loaned to Developer, or its assigns, in the amount of Two Million Dollars (\$2,000,000) to the Developer for the purposes of funding TIF eligible project costs, as defined in Wis. Stat. §66.1105 (the “TIF Law”), incurred for constructing the Project. The TIF Loan is to be repaid either through the tax increment generated on the Property or a guaranty payment pursuant to Section 11 herein.
3. Evidence of Financing, Audit and Clawback Provision. Prior to the TIF Loan closing, Developer shall provide evidence of bank financing, grant funds and/or equity in the aggregate amount of not less than \$76,192,579 for Project (“Financing”).

Financing shall be evidenced in the form of (i) a bank commitment letter and evidence that Developer has met all of the lender’s conditions of financing such as commercial pre-leasing requirements, if any; (ii) a letter of intent from a tax credit investor; and/or (iii) a grant award letter from a nonprofit or governmental entity.

Equity investment shall be evidenced by paid invoices or other documentation of prepaid project costs paid by Developer and/or a financial statement demonstrating Developer’s financial capacity to invest equity in the Project. The Developer’s Equity investment may include equity from the sale of Low-Income Housing Tax Credits, a cash contribution from the tenant that will occupy the Project, the Developer’s contribution of land or cash via a sponsor note, and a deferred developer’s fee. In aggregate, Developer’s equity investment, as established through financing documents, shall not be less than the amount of the TIF Loan at closing.

After closing, the TIF Loan shall be used solely for the purpose of funding the TIF eligible portion of the total project costs as stated in the TIF Application. The total project costs estimated therein at approximately \$78,192,579 ("Project Cost"). Upon completion of the Project, defined as issuance of a certificate of occupancy for all elements of the Project ("Completion"), Developer shall provide the City with a cost certification of the total Project Cost and Financing ("Audit"), to the City's satisfaction, for the City's review and approval. If the City does not approve the Developer's Audit of Project Cost, the City may request additional information from the Developer and may perform its own audit of Developer's books and records related to Project Cost and Financing. In the event that the financing gap for Project (which is equal to the amount of the TIF Loan) is reduced by a lesser Project Cost as established by the Audit, ("Audited Actual Cost") and/or an increase, as established by the Audit, in Financing ("Audited Actual Financing"), the following formula shall apply to determine the clawback payment due to the City ("Clawback"):

The Clawback shall be calculated as follows:

1. "Cost Savings" for the Project = \$78,192,579 minus the Audited Actual Cost; and
2. "Financing Increase" = Audited Actual Financing minus \$76,192,579.

If the sum of (1) Cost Savings and (2) Financing Increase is a negative number, there shall be no Clawback. If the sum is a positive number, Developer shall pay the City Fifty Percent (50%) of such positive number as a Clawback.

Developer's payment of the Clawback shall be applied as a payment to the tax increment guaranty under Sections 9 and 11 below and shall reduce the outstanding amount of the TIF Loan pursuant to Sections 9 and 11 below.

4. Tax Credit Approval. TIF assistance to the Project is contingent upon Developer receiving an award of Section 42 Low-Income Housing Tax credits ("LIHTC") from Wisconsin Housing and Economic Development Authority ("WHEDA") in 2026. Prior to closing of the TIF Loan, Developer shall provide the City with a copy of its LIHTC Online Application ("LOLA") provided to WHEDA. The City reserves the right to amend TIF Assistance to the Project in the event that the financial information provided in the LOLA demonstrates that the financing gap for the Project is less than presented in Developer's TIF Application.
5. Disbursement Method. At closing, the City shall disburse the TIF Loan to a title company to be held in escrow. In order to facilitate the City's review of project cost to confirm eligibility under Wisconsin TIF Law (Wis. Stats. s. 66.1105) and Developer's progress toward SBE bidding goals as set forth in Section 13 herein, the City and Developer shall enter into a Disbursement Agreement that authorizes no less than three (3) disbursements of TIF funds, including a final 20% of total TIF funds retained until 80% project completion confirmation by the Department of Civil Rights ("DCR") that Developer has complied with the applicable provisions of MGO 39.02 (9). TIF funds shall be disbursed upon the City's receipt and satisfactory review of a detailed draw request from Developer provided on or about no less than three (3) disbursement dates, to a title company. CDA shall have the right to lend a portion of the TIF Loan proceeds to the project in phases, secured by one or more notes and mortgages as approved by the City Attorney.

All funds not spent or remaining in escrow after Completion of the Project shall be returned to the City.

6. 2026 Capital Budget Authorization. Funding for the Two Million Dollars (\$2,000,000) TIF Loan is contingent upon the City of Madison Common Council doing the following: (1) adopting a resolution authorizing the City's execution of the TIF Loan document (the "Authorizing Resolution") ; and (2) adopting a 2026 Capital Budget authorizing the expenditure of funds stated herein. Following

approval of the Authorizing Resolution, the Developer may commence construction on the Project, at Developer's own risk, and subject to Sections 7 and 26.

7. TID 57 Creation and Project Plan. The City shall create the district and the Project Plan for TID 57 to authorize the \$2,000,000 TIF expenditure for the TIF Loan (the "Project Plan"). The City shall not make TIF funds available until the date the TIF Joint Review Board approves the Project Plan and Boundary for TID 57. Developer may commence construction in accordance with Section 6 and 26, but all construction shall be at its own risk.
8. No TID Creation and Project Plan. In the event that the creation of a TID #57 Boundary and Project Plan (the "Project Plan") is not approved by the TIF Joint Review Board of the City of Madison and certified by DOR on or about April 30, 2027, then Developer shall have the option to either terminate the agreement, or to accept the TIF Loan as a conventional loan, amortized over ten years, together with the costs of issuance and interest on the unpaid principal balance at a rate equal to the rate of the City's borrowing, plus one hundred basis points, with payments of principal and interest, which shall be made quarterly (the "Conventional Loan").

In the event the creation of a TID Boundary and Project Plan is not certified by DOR on or about April 30, 2027, Developer shall be obligated to repay the TIF Loan in accordance with the terms of the Conventional Loan. The City shall make its best effort to secure TID certification as soon as possible thereafter. If the City is able to secure certification, then the Conventional Loan balance shall revert back to a TIF Loan on the terms described herein.

9. Method of Payment and Tax Increment Guaranty. The City's expenditure in providing the TIF Loan for the Project shall be repaid by Developer through tax increments generated by the Project and/or cash payments by Developer and guaranty payments. A schedule of the annual increment guaranty and projected increment used to calculate the TIF Loan is attached as Exhibit A ("Increment Schedule") and shall be attached to the Loan Agreement.
10. Sale to Tax Exempt Entity – PILOT Payment. Developer shall be prohibited from selling or transferring the Property prior to the Developer's repayment of the TIF Loan without the prior written consent of the City (except for transfers made pursuant to foreclosure of senior loan on the Project). If Developer sells or transfers the Property to a tax-exempt entity ("Buyer"), whereupon such ownership renders the Property as property tax-exempt, Buyer shall pay the City an annual payment in lieu of taxes (PILOT) in the amount of property tax last levied as of the date of sale to Buyer, frozen, through 2053. The City of Madison shall share said PILOT in proportion with the overlying taxing jurisdictions. Buyer shall execute a PILOT Agreement and a mortgage in favor of the City in the amount of the PILOT payments ("Buyer's Mortgage") at the time of Buyer's acquisition of the Property. The Buyer's Mortgage and PILOT Agreement shall be released and terminated by the City upon the closure of TID 57. This obligation will be secured by a land use restriction terminable upon closure of TID 57.
11. Security and Corporate Guaranty. The TIF Loan shall be evidenced by notes executed by CDA, or its assigns, to the City of Madison in the amount of Two Million Dollars (\$2,000,000) bearing zero percent (0%) interest (together the "Note"). CDA shall loan the proceeds to Developer and Developer shall execute a note to evidence the loan from CDA to it (the "Second Note") and also a subordinate mortgage in favor of CDA. CDA will assign its interest in the Second Note and Mortgage to the City of Madison securing payment of the TIF Loan (the "Mortgage"). Developer shall deliver to the City the fully executed Second Note, endorsed to the City, to be held by the City in the event of default. The City agrees, if necessary, to execute a subordination of mortgage in a form approved by the City Attorney and acceptable to Developer's lender(s) and said subordinated Mortgage shall be in the second mortgage position. Developer and its assigns shall cause to be provided a corporate

guaranty of Bear Development, LLC guaranteeing the TIF Loan to the Project and annual payment of the increment payments reflected in the Increment Schedule.

12. Satisfaction. The TIF Mortgage and Agreement shall be satisfied and the Note and Guaranty cancelled via a recordable release upon full payment of the TIF Loan.
13. Affirmative Action MGO 39.02 (9). Developer and its contractors/subcontractors shall comply with all applicable provisions of the Madison General Ordinance (MGO) 39.02 (9), concerning contract compliance requirements. Prior to commencing construction, Developer shall contact the City's Affirmative Action Division to assure that Developer is in compliance with the aforementioned requirements. Developer shall assist and actively cooperate with the Affirmative Action Division in obtaining the compliance of contractors and subcontractors with such applicable provisions of the Madison General Ordinance. Developer shall allow maximum feasible opportunity to small business enterprises to compete for any contracts entered into pursuant to the contract. The Developer understands that it is obligated to meet the goal set by the Department of Civil Rights or show best efforts to meet the goal based on documented evidence of efforts.

Furthermore, in order to ensure compliance with the above provisions, Developer and its contractor agree to the following:

- a. The general contractor provides a schedule of values as soon as reasonably possible following the execution of this Term Sheet.
- b. A meeting shall take place before loan closing to set affirmative action goals for the Project. Additional meetings may be scheduled at the request of DCR and must be held within 10 days of the request.
- c. At 80% completion, the goal is either met, signed contracts establish that the goal will be met, or documented good faith efforts are shown as to why the goal is not met.

For the purposes of this paragraph, "completion" shall mean expenditure of total project costs as described in the TIF Application.

14. Accessibility (MGO 39.05). Developer shall submit a written assurance of compliance with Madison General Ordinance 39.05.
15. Equal Opportunity. Developer shall comply with all applicable local, state and federal provisions concerning Equal Opportunity.
16. Ban the Box. Developer shall comply with Madison General Ordinance 39.08 related to job applicant arrest and conviction records.
17. Material Changes. At the time of Closing on the TIF Loan, if any material adverse changes to the size, use or ownership of the Project or Property stated in the TIF Application, including any changes to the number or rent of the affordable units, have been made, this TIF Loan commitment shall be subject to reconsideration by the City. Following Closing, any material change to the Project made without consent of the City shall subject the TIF Loan to immediate repayment. Notwithstanding the foregoing, the City acknowledges that the Developer may, with the prior approval of the City, which approval may not be unreasonably withheld, reconfigure the size and use of the Project to address current market conditions (for example, the number and configuration of parking stalls may be increased or decreased, and certain space designated for office use may be converted to retail use).

18. Project Completion. Developer shall guarantee that the Project attains Completion (as defined in Section 3) by June 30, 2029. Failure to attain Completion by said date will require payment under the increment guaranty in Sections 9 and 11.
19. Property Insurance. Prior to funding, evidence shall be provided that a property insurance policy of the proper type and amount of coverage to protect the City's participation has been obtained. The policy shall name the City of Madison as an additional insured.
20. Title Insurance. At least thirty (30) days prior to closing, Developer shall provide a commitment for a title insurance policy of the proper type and amount of coverage to the City. The City shall receive a lender's policy on a form to be approved by the City Attorney, which will require, among other things, an updated survey of the Property. Developer shall be responsible for all lending costs and fees.
21. Environmental Assessment. Developer shall provide the City an environmental assessment of the Property which is acceptable to City staff. Developer providing said environmental assessment does not modify the Developer's indemnification obligations described in Section 22.
22. Indemnification.
  - a. Developer shall be liable to and hereby agrees to indemnify, save harmless and defend the City, its officers, officials, agents and employees against all loss or expense (including liability costs and reasonable attorney's fees) arising from any and all claims, demands, liabilities and causes of action of whatever kind or nature related to the Property, to the extent occasioned in whole or in part by any act or omission of Developer or its officers, members agents, contractors, subcontractors, invitees or employees, which may now or hereafter be made against them, whether caused by or contributed to by the negligent acts of the City, its agents or employees.
  - b. Developer shall enter into an environmental indemnification agreement with the City, which will include the following:
    - i. Representations and warranties from Developer regarding Developer's knowledge of the presence of pollutants on the property, history of pollutants on the property, and any existing or possible legal proceedings or actions related to pollutants on the Property.
    - ii. Agreement by Developer to indemnify and save the City harmless from all causes of action, suits, claims, demand, judgments and liabilities arising from pollutants on the Property, failure to perform abatement, removal, etc., or other liabilities otherwise arising from environmental laws with respect to the Property.
    - iii. Agreement by Developer to timely comply with all applicable environmental laws.
  - c. The indemnification provisions described in this Section will survive termination of the Loan Agreement and shall be in addition to any other rights and remedies of the City.
23. Land Use Restriction Agreement (LURA) & Period of Affordability. This Project will have a 40-year affordability period evidenced by a Land Use Restriction Agreement recorded in the first position,

behind only a Land Use Restriction for Low-Income Housing Tax Credits with WHEDA, and if a permanent first mortgage lender is providing financing, then after such lender's permanent first mortgage and related security documents. The Land Use Restriction Agreement will remain in effect even if the Promissory Notes are satisfied before the end of the Period of Affordability.

24. Tenant Selection Plan. Developer shall conform to the City of Madison's Tenant Selection Plan (TSP) requirements for the Project, as described in the City of Madison Affordable Housing Fund Tax Credit RFP program.
25. Operating Agreement and Pro Forma. At least seven days prior to closing, Developer shall provide to the City: (a) a copy of the substantially final Amended and Restated Operating Agreement between the Managing Member, Investor Member, and Special Member(s), if any, of the entity that shall own, manage and control the Property, with the final copy to be delivered at Closing and before the City makes its first disbursement of the TIF Loan proceeds; and (b) the final 30-year operating pro forma for the Project. The final Amended and Restated Operating Agreement between the Managing Member, Investor Member, and Special Member(s) shall be provided within (5) days after closing.
26. Closing Date. Developer agrees to notify the City of its proposed closing date no less than 75 days before the earliest closing date. Developer agrees to notify the City of any significant delays to the previously communicated project closing timeline, e.g., more than 60 days. Developer agrees to close on all major financing sources, including all City financing, concurrently, and prior to starting construction. Developer must request the City's consent to start construction before closing, and the City may approve or deny such request in its sole discretion. Additionally, if the City approves such a request by Developer, the City will only close on the TIF Loan if closing occurs within 60 days of the start of construction.
27. Worker Safety and Wage Compliance. Developer shall, at its sole cost, prominently post and maintain throughout the duration of construction, multi-lingual signage at all Project construction sites in locations reasonably visible and accessible to workers. Such signage shall be in a form approved by the City of Madison and shall include information directing workers to the City's Department of Civil Rights (DCR) or other designated City contact for reporting concerns related to wage payment, or job site safety. Developer shall ensure that its general contractor and all subcontractors comply with this requirement.
28. Automatic Expiration. The Loan Agreement shall be null and void if either of the following occurs: (1) Developer does not close on the TIF Loan by July 1, 2027; or (2) Developer does not commence construction on the Project, as evidenced by issuance of permits for footings and foundations, by September 1, 2027. Upon expiration, the Guaranty shall be of no further force and effect.

If the terms and conditions outlined above are acceptable to Developer, please indicate by signing in the space provided below. While it is the intent of the City to provide the TIF financial assistance in a timely manner, no binding agreement will exist between City and Developer, unless and until these terms and conditions are approved by the City's Common Council and the Loan Agreement and related loan documents are executed between the City and Developer.

**ACCEPTANCE**

The terms and conditions as set forth in this term sheet are acceptable to Odana Apartments, LLC or its assigns. I further certify that I have the full authority to accept these terms and conditions on behalf of Odana Apartments, LLC or its assigns.

Signed: \_\_\_\_\_

\_\_\_\_\_

Name & Title: \_\_\_\_\_

Date

Signed: \_\_\_\_\_

\_\_\_\_\_

Name & Title: \_\_\_\_\_

Date

**EXHIBIT A**  
**Guaranteed Tax Increment**

<u>Tax Year</u>	<u>Guaranteed Tax Increment</u>	<u>Guarantee Payment Due Date</u>
2029	\$ 52,000	August 31, 2030
2030	\$ 278,000	August 31, 2031
2031	\$ 501,000	August 31, 2032
2032	\$ 501,000	August 31, 2033
2033	\$ 502,000	August 31, 2034
2034	\$ 166,000	August 31, 2035

Developer shall receive a credit against the Guaranteed Tax Increments due above for all tax increments generated by the Property and received by the City for tax years 2029 through 2034.