

MEMORANDUM

TO: Finance Committee

FR: Dan Rolfs, Real Estate Development Manager

DATE: May 12, 2026

SUBJECT: **JOBS TIF REQUEST – Realta Fusion, Inc.**

TIF Law “But For” Requirement

TIF Law requires that projects requesting TIF assistance meet a statutory “but for” requirement (i.e. “but for” TIF, the project could not proceed.)

City of Madison TIF Policy establishes that the City determines the “but for” through gap analysis, wherein Developers must numerically demonstrate that the project could not be financed without TIF assistance.

Jobs TIF - Gap Analysis Waiver Requirements

In 2014, the City adopted amendments to the TIF Policy that introduced the “Jobs TIF” program. Jobs TIF may provide 40% of the TIF generated by a project to an Employer that meets criteria for a gap analysis waiver. The Employer must retain and/or create at least 100 jobs and be soliciting financial incentives from other competing communities.

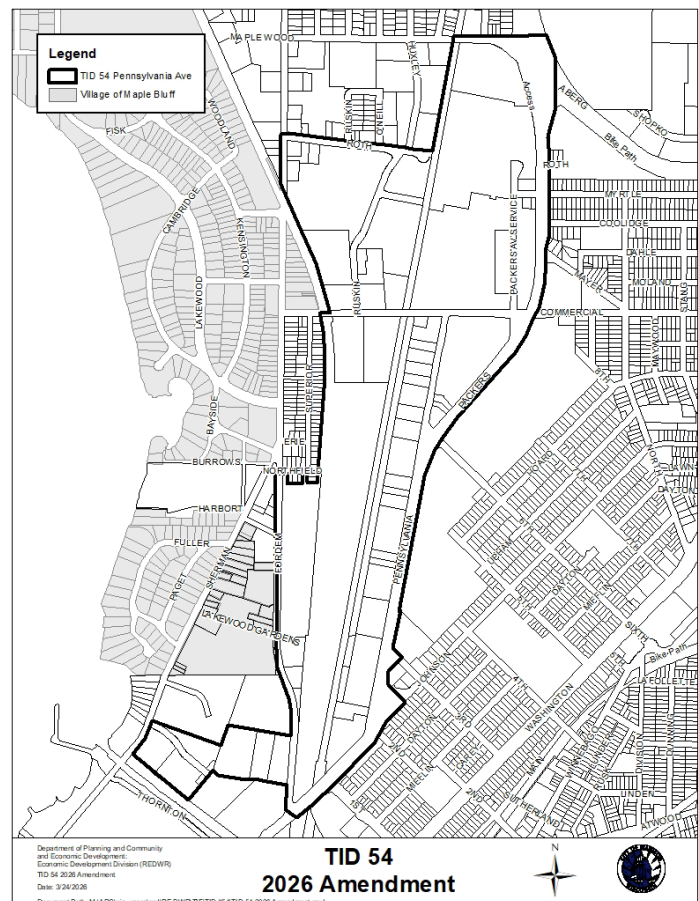
910 Mayer Ave: Background

The former Oscar Mayer facility was utilized by Oscar Mayer from 1919 through June 2017 when it was shuttered. It was originally purchased as the first expansion of the Oscar Mayer brand by the founder, Oscar F. Mayer in 1919. Oscar Mayer was eventually purchased by Kraft Foods. Following a 2015 merger of Kraft Foods and the E.J. Heinz Co, the facility was closed in 2017, and the production lines moved to other locations. Since then, the massive facility has been largely vacant.

In 2020, the City of Madison adopted the “Oscar Mayer Special Area Plan”, which calls for the continuation of employment uses on a portion of the Oscar Mayer property. A large portion of the property; however, has remained vacant since the adoption of this plan.

In 2023, the City of Madison created TID 54 (see Figure 1) to provide assistance to several residential housing projects in and around the former Oscar Mayer site. This TID can be used to support business development projects as well.

Figure 1



Realta Fusion, Inc.: Background

Realta Fusion, Inc. (“Employer”) was formed in 2022, as a result of work from its founders at UW-Madison. Realta is researching the development and production of compact, scalable, modular fusion reactors.

Fusion power:

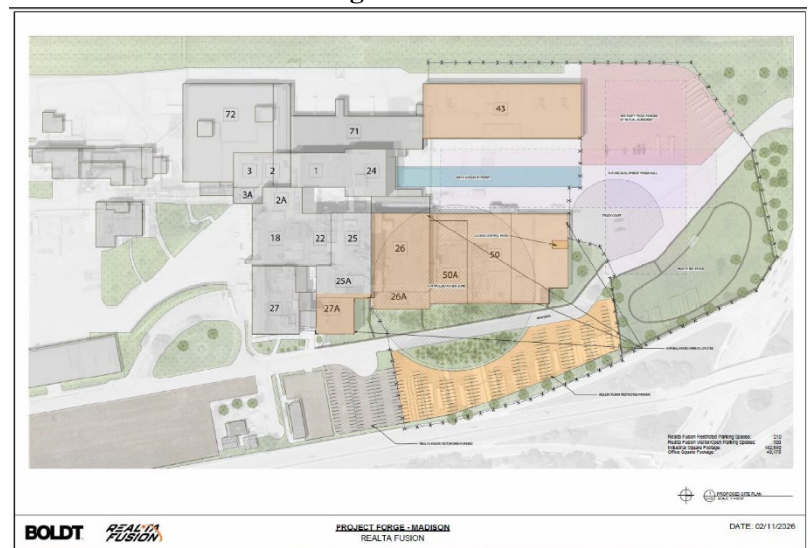
Fusion power is the method of electric power generation from heat released by nuclear fusion reactions. In fusion, two light atomic nuclei combine to form a heavier nucleus and release energy. This type of nuclear power is different from nuclear fission, where two heavier nuclei are split apart, releasing energy. Fission power is used in conventional nuclear reactors. Fusion power is the same process used by the sun and other similar stars to create energy. The fusion reaction in a star utilizes gravity to provide the conditions necessary for fusion to occur. The gravity of a star heats fuel into plasma, which leads to a fusion reaction.

Scientists have labored for decades to generate the conditions necessary for fusion to occur in a controlled environment. One of the areas of research focused on achieving these conditions is through magnetic confinement fusion. Magnetic confinement fusion uses a magnetic field to contain the superheated plasma, setting conditions necessary for nuclear fusion. The University of Wisconsin – Madison has been involved with fusion research for decades, including on the magnetic devices necessary to allow a controlled fusion reaction to occur. These magnetic devices, referred to as magnetic mirrors, are projected to make a controlled, contained fusion reaction feasible. If successful, this would allow the production of fusion devices that would potentially solve much of the world’s energy needs. When this happens, it will have profound implications for the local economy, to say nothing of the global impacts. Fusion is a source of energy with an almost limitless source of fuel, and none of the negative impacts of fossil fuels. Nuclear fusion does not have the negative downsides of nuclear fission, namely long-lived radioactive waste from spent fuel or nuclear accidents from a meltdown.

Realta Fusion, Inc. Project:

Utilizing the magnetic mirror concept, Realta Fusion, Inc has developed high performance computing tools to model an axisymmetric magnetic mirror energy system, with the goal of designing, developing and delivering a fusion pilot plant by the mid-2030’s. Realta’s fusion models have been validated by the WHAM device¹. Realta is proposing to redevelop and occupy 205,000 square feet in the former Oscar Mayer building. This includes office space, research and development space, and manufacturing space.

Figure 2



¹ WHAM – The WHAM Device is the “Wisconsin High temperature-superconducting Axisymmetric Mirror”. The WHAM Device was designed to integrate 50 years of mirror physics with modern advances in superconducting magnets and new techniques for stabilizing plasmas required for nuclear fusion to occur in axisymmetric magnetic mirrors.

Project Overview:

The Project, further defined herein, is located at 910 Mayer Ave (the “Property”) in Tax Incremental District (TID) #54 shown in Figure 1. The Project consists of:

- **Office Space:** up to 5 floors of the northern office tower commonly referred to as Building 27A, with a maximum total of approximately 50,000 SF.
- **R&D Space:** Multiple floors in multiple buildings (Buildings 26A, 26, 50 and 50A), up to a maximum total of 110,000 SF.
- **Manufacturing Space:** Approximately 45,000 SF in Building 43 for manufacturing / assembly / fabrication purposes.
- **Site Area:** Subject to all necessary approvals, conversion of portions of the existing parking areas at the Property to create usable open and/or green space for Employer’s employees, visitors and guests, as well as refurbishment of certain parking and drive areas, lighting improvements, fence repairs, etc.

On May 12, 2026, the owner of the Property, OM Station, LLC (“Developer”) submitted a Jobs TIF Application requesting \$2.8M in Jobs TIF. This represents 40% of the TIF generated by the proposed redevelopment and renovation of a portion of the Property. The Property is shown in Figure 2, with the buildings Realta proposes to occupy as part of the Project.

JOBS FIGURES

Realta is proposing to create and retain the jobs outlined in the table below. The Payment numbers (“Payment One”, “Payment Two”, etc.) refer to the six specific payments outlined in this TIF report below:

Payment One Total Jobs Created / Retained:	0
Payment Two Total Jobs Created / Retained:	50
Payment Three Total Jobs Created / Retained:	100
Payment Four Total Jobs Created / Retained:	100
Payment Five Total Jobs Created / Retained:	150
Payment Six Total Jobs Created / Retained:	200

Jobs Created	Salary/Wage Range	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
Management	\$182,000	3	0	3	5	5	16
Sales	\$132,510	0	0	0	0	5	5
Lab	\$100,464	0	0	5	10	20	35
Manufacturing	\$80,371	0	5	5	10	10	30
Other (Research)	\$137,238	5	19	12	15	20	71
Other (Specify							
Totals		8	24	25	40	60	157

Jobs Retained	Salary/Wage Range	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
Management	\$175,000	9	9	9	9	9	9
Sales							
Lab							
Manufacturing							
Other (Research)	\$148,000	34	34	34	34	34	34
Other (Specify)							
Totals		43	43	43	43	43	43

TIF Report

The following TIF Report is provided in compliance with Section 3.1 (8) of TIF Goals, Objectives and Process and Section 1 (9) of TIF Loan Underwriting Policy, adopted by the Common Council on February 25, 2014:

(a) **Amount Requested:** \$2,800,000

Based upon the signed term sheet with the Developer and Employer, the Jobs TIF Loan will be disbursed as follows:

Payment 1: The first payment ("Payment One") shall be Four Hundred Eighty Thousand Dollars (\$480,000). Payment One shall be disbursed upon the Premises creating a net new property value of Seventeen Million Five Hundred Thousand Dollars (\$17,500,000) as evidenced by the Assessed Value by the City of Madison Assessor's Office, and the Project receiving a Certificate of Occupancy ("COO") from the City of Madison. These conditions must be completed by June 20, 2029, or the City may terminate the TIF Loan Agreement.

Payment 2: The second payment ("Payment Two") shall be Four Hundred Eighty Thousand Dollars (\$480,000). Payment Two shall be disbursed upon all of the conditions prerequisite for Payment One, the Premises creating additional net new property value of Thirteen Million Dollars (\$13,000,000) as evidenced by the Assessed Value by the City of Madison Assessor's Office and the creation or retention of fifty (50) FTE jobs as described in Section 2. The total combined net new property value required for Payment One and Payment Two shall be not less than Thirty Million Five Hundred Thousand Dollars (\$30,500,000).

Payment 3: The third payment ("Payment Three") shall be Two Hundred Forty Thousand Dollars (\$240,000). Payment Three shall be disbursed upon all of the conditions prerequisite for Payment Two, and the creation or retention of an additional fifty (50) FTE jobs as described in Section 2 of this TIF Loan Agreement. The total jobs created or retained as a prerequisite to Payment Three shall be One Hundred (100).

Payment 4: The fourth payment ("Payment Four") shall be Four Hundred Thousand Dollars (\$400,000). Payment Four shall be disbursed upon all of the conditions prerequisite for Payment Three and the Premises creating additional net new property value of Thirteen Million Dollars (\$13,000,000) as evidenced by the Assessed Value by the City of Madison Assessor's Office. The total combined net new property value required for Payment Four shall be not less than Forty Three Million Five Hundred Thousand Dollars (\$43,500,000). These conditions must be completed by June 20, 2032, or the City will have no obligation to make further payments.

Payment 5: The Fifth payment ("Payment Five") shall be Four Hundred Thousand Dollars (\$400,000). Payment Five shall be disbursed upon all of the conditions prerequisite for Payment Four, the Premises creating additional net new property value of Ten Million (\$10,000,000) as evidenced by the Assessed Value by the City of Madison Assessor's Office and the creation or retention of an additional fifty (50) FTE jobs as described in Section 2. The total combined net new property value required for Payment Five shall be not less than Fifty Three Million Five Hundred Thousand Dollars (\$53,500,000). The total jobs created or retained as a prerequisite for Payment Five shall be not less than One Hundred and Fifty (150).

Payment 6: The sixth payment ("Payment Six") shall be Eight Hundred Thousand Dollars (\$800,000). Payment Six shall be disbursed upon all of the conditions prerequisite for Payment Five and the creation or retention of an additional fifty (50) FTE jobs as described in Section and that the City of Madison Department of Civil Rights ("DCR") has confirmed that Developer has complied with the applicable provisions of MGO 39.02 (9). The total jobs created or retained as a prerequisite for Payment Four shall be not less than Two Hundred (200). These conditions must be completed by June 20, 2035, or any further payments outlined in this TIF Loan Agreement shall be null and void.

This method of disbursement provides additional protection to the City and taxpayers. By requiring that the Project achieve specific values before any funds from the Jobs TIF Loan is disbursed, the City's investment of Jobs TIF will be further secured. This also provides additional insurance that the Jobs TIF recipient creates the jobs that are the basis for the Jobs TIF Loan.

- (b) **Type of Project:** Jobs TIF
- (c) **Analysis Method:** Jobs TIF with Gap Analysis Waiver
- (d) **Tax Credits:** Not Applicable
- (e) **Estimated Assessed Value and Tax Increments:**

The Project

Estimated Value	\$53,500,000
Total Est. Tax Increments	\$17,900,000
Avg. Annual Stabilized Tax Increment	\$900,000
TIF Supportable at 100%	\$7,100,000
Estimated Recovery (yrs)	8 years

(f) **TID Condition:**

TID #54 was created in 2023 as a 27-year blighted area TID. The TID 54 Project Plan as amended authorized approximately \$18.947 million of expenditures. If this TIF Loan is approved, the City will seek approval for an additional amendment to the TID #54 project plan to increase the expenditure limit to \$21.147 million. As of the most recent information from the City Finance Dept, TID #54 has only just begun to generate positive tax increment. Based upon the most recent estimates from the Finance Dept, TID #54 has approximately \$9,022,387 of outstanding debts, while generating approximately \$330,000 of annual incremental revenue. It is typical of newly created districts, such as TID #54, to generate insufficient tax increment in the early years to meet its debt service obligations. Generally, tax increments from TIF generator projects begin to flow into the district in small amounts in the first 2-3 years and then reach full potential in about 4-5 years after its creation, and TID 54 will follow this pattern.

In July 2023, the Common Council approved \$3,465,000 of TIF assistance to Roth Street 1 Limited Partnership (RES-23-00471) for construction of 303 units of multi-family affordable housing and 446 parking stalls. At the same time, the Common Council approved \$2,785,000 of TIF assistance to Roth Street II Limited Partnership (RES-23-00472) for construction of 250 multi-family senior affordable housing units and 289 parking stalls and 1,130 SF of commercial space.

In April 2024, the Common Council approved \$1,669,000 of TIF assistance to Vermillion Madison, LLC (RES-24-00273) for construction of sanitary sewer upgrades associated with the construction of 328 units of market rate housing.

Each of the above projects is recently finished with construction and working on lease up, which means that TID 54 has yet to realize the incremental values associated with each of them. The incremental value in 2026 is \$16.6 million.

Year Created	2023
Years Remaining to Recover Outstanding Debt	8 years 2034) ²
Years Available to Recover Outstanding Debt (life of TID)	24 years (2050)
Avg. Annual TID Increment (To Date)	\$100,000
Unrecovered Cost ³	\$9,022,387

g) TIF Policy Compliance

Equity — Per City of Madison adopted TIF Underwriting Policy Section 10, TIF assistance shall not exceed the amount of equity provided by the Developer. The table below demonstrates that both Phase 1 and Phase 2 comply with this section of TIF policy in that equity is equal to or exceeds the amount of TIF provided.

Sources of Funding				
Project	Equity	Debt	Grants / Incentives / Awards	Total
Project	\$571,000,000	\$31,000,000	\$31,000,000	\$ 633,000,000

55% Gateway-- The \$2,800,000 Jobs TIF Request is 40% of the net present value of the TIF. This complies with City of Madison TIF Policy Section 8(c)(4)(c).

Self-Supporting Projects—The Project generates tax increment sufficient to repay the TIF loan.

Gap Analysis Waiver – “But For” Standard – The Applicant is in the process of seeking financial incentives for a competing potential Project location in Illinois, thereby meeting the Gap Analysis Waiver requirement of the Jobs TIF Policy. In addition to this competitive consideration, the Property the business is considering has been largely vacant since 2017. One likely reason for continued vacancy is the significant cost of repositioning older buildings such as this from one employment use to another. Realta will invest \$67 million in improvements to just the portion of the facility that they will occupy. These are construction costs and do not include an additional expense for equipment. Given

² Based upon 2023 TID Creation TIF Run. Assumes \$17.1M of incremental revenue from project plan creation TIF run, and an additional \$5.7M of incremental revenue from second (2026) amendment TIF run, inclusive of Realta Fusion, Inc. project. The TID 54 incremental value in 2026 is \$16.6M.

³ Source: City Finance Dept estimates for pre-audited TID 54 as of March 30, 2026.

the added cost of repositioning this building, coupled with the firm's exploration of competing locations, but for this investment of TIF, this project will not move forward.

Guaranty—TIF staff will require that the Employer provide a corporate guaranty of the increment and the loan agreement terms and conditions. The Employer will be required to provide a guaranty of the jobs retained and/or created.

(h) Other Applicable

Job Retention—Employer estimates that 31 jobs will be retained and 169 jobs will be created in the City of Madison over a five-year period. This is further described in the "Jobs Figures" section above.

(i) Amount of TIF to Be Considered

TIF Policy states that employers may receive no more than 40% of TIF as a Jobs TIF applicant with a gap analysis waiver.

Jobs TIF Requested	\$2,800,000	
Jobs TIF Eligible	\$2,800,000	40% of TIF

(j) **Employer's TIF Policy Goals Statement**— TIF Policy requires that Employer provide a statement as to how the project addresses the following TIF Policy Goals:

- 1) Per Sections 1 and 3.4 of "TIF Goals, Objectives and Process", how does the Project meet City and TID's goals?
 - A) Grows the City's property tax base
 - B) Fosters the creation and retention of family-supporting jobs
 - C) Encourages the re-use of obsolete or deteriorating property
 - D) Encourages urban in-fill projects that increase density consistent with the City's Comprehensive Plan
 - E) Assists in the revitalization of historic, architecturally significant or deteriorated buildings or enhancement of historic districts.
 - F) Creates a range of housing types, specifically encouraging affordable housing
 - G) Funds public improvements that enhance development potential and improve City's infrastructure
 - H) Promotes superior design, building materials and sustainability features
 - I) Reserves sufficient increment for public infrastructure in both TID Project Plan and TIF underwriting

Realta Fusion's TIF Policy Goals Statement is as follows:

The proposed Realta Fusion project advances multiple TIF policy goals, particularly those related to growing the tax base, supporting high-quality employment, promoting sustainable development, and funding infrastructure improvements necessary for long-term economic growth.

The project will significantly grow the City's property tax base by catalyzing substantial private investment in a high-value advanced-technology facility. Realta Fusion anticipates making a meaningful capital investment in building improvements and specialized infrastructure to support fusion energy research and manufacturing. This investment will materially increase the assessed value of the site and generate long-term incremental property tax revenue that would not occur without TIF assistance, given the project's technical complexity, capital intensity, and site-selection competition across multiple states.

The project will foster the creation and retention of family-supporting jobs by establishing a high-wage, knowledge-intensive operation in Madison. The facility is expected to support hundreds of new, permanent jobs over time, with an average annual wage well above local and regional benchmarks. These positions will include scientists, engineers, technicians, and skilled support staff, providing stable, career-track employment and reinforcing Madison's role as a center for advanced research, engineering, and clean-energy innovation.

The proposed development will also encourage the re-use and modernization of existing industrial property, adapting a previously developed site to accommodate next-generation research and manufacturing activities. By reinvesting in an existing location rather than pursuing greenfield development, the project aligns with City objectives to maximize the productivity of already urbanized land and infrastructure.

Consistent with Madison's Comprehensive Plan, the project represents an urban infill investment that increases economic density and employment intensity within the city. The facility will leverage existing transportation networks, utilities, and public services, supporting efficient land use and minimizing outward development pressure. The concentration of high-value economic activity at this site strengthens surrounding employment centers and complements adjacent land uses.

The company's mission-driven focus on clean energy aligns directly with the City's long-term environmental and economic sustainability objectives. The project is centered on the development of zero-carbon fusion energy technology and is expected to incorporate high-efficiency building systems, advanced energy management, and resilient infrastructure design.

Finally, the project will be structured to reserve sufficient tax increment for public infrastructure needs, ensuring that the TID project plan and underwriting appropriately balance private development support with public benefit. The scale and longevity of the anticipated increment provide the City with flexibility to address infrastructure priorities while supporting a transformative economic development project.

While the project does not directly create new housing units or involve historic rehabilitation, it meaningfully advances the City's core economic development, sustainability, and infrastructure goals. Through high-value job creation, substantial private investment, and alignment with Madison's comprehensive planning objectives, the Realta Fusion project represents a strong candidate for TIF support under the City's policy framework.

As staff, from an economic development perspective, it is also important to note that in addition to the tax base and jobs created and retained by this specific project, it is possible that additional businesses which are part of Realta Fusion's supply chain could also decide to expand or locate in Madison, providing additional employment opportunities. Further, as has been seen with other industry sectors, locating Realta Fusion in Madison could spur investment in our community by other fusion businesses in the years ahead.

(k) TIF Policy Exceptions

No exceptions to TIF Policy, project has met the "Gap Analysis Waiver" requirements of the "Jobs TIF" section of TIF Policy.

(l) Known Labor Agreement, Law Violations

None indicated.

Staff Recommendation:

The amount of Jobs TIF (with a gap analysis waiver) provided to an employer is guided by policy rather than empirical data from gap analysis. Policymakers must weigh the eligibility for a gap analysis waiver based upon the number of jobs being created and/or retained and judge whether the TIF Policy Goal Statement submitted by the Employer justifies such a waiver.

Staff recommends proceeding with this TIF investment per the terms and conditions of the TIF authorizing resolution, including the following:

1. The TIF Loan is contingent upon Common Council authorization of an amendment to the 2026 EDD Capital Budget authorizing the funding of a TIF Loan to the project.
2. The TIF Loan is contingent upon the amendment of the Project Plan for TID #54.
3. Realta Fusion, Inc. shall provide a corporate guaranty that tax increment generated by the project shall be sufficient to recover the TIF Loan.
4. A principal of Employer and/or the Employer's corporate entity shall guaranty that not less than 43 jobs shall be retained and 157 jobs shall be created for a five-year period commencing on the date of occupancy of each respective phase. The total number of jobs created and retained shall be not less than 200.
5. On the annual anniversary of each occupancy date, Realta Fusion, Inc. ("Guarantor") shall certify job creation/retention to the City.
6. In the event that job creation and retention is not met, the Guarantor shall pay the City an amount per job for each job below the job creation/retention threshold.