TERM SHEET
Madison Bicycle Center ("Bike Center")
Judge Doyle Project
September 29, 2017

Operator/Vendor/Tenant:	Madison Freewheel Bicycle Co. ("Tenant'') 1804 S. Park Street #6 Madison, WI 53713 Web Site: http://freewheelbikes.org/
Landlord:	City of Madison ("City")
Landlord Contact:	City of Madison Office of Real Estate Services
Premises:	210 South Pinckney Street (Additional addressing required). See Exhibit A. As defined in Exhibit A, the Bicycle Center plus the Retail Area equals the Premises. Landlord's shall demise, prepare and deliver the Premises to the following condition, and ready for tenant improvements.

a) Meters for electric, gas and water;
b) Bathroom/locker room interior walls;
c) Heating/cooling with delivery systems;
d) Lighting;
e) Ceiling is unpainted underside of precast planks;
f) Electrical switches and outlets;
g) Fire and life safety system will be coordinated with overall garage system;
h) Bicycle washing station, including the plumbing connection in the Bicycle Center;
i) Thermally broken aluminum storefront framing for the Retail Area;
j) Plumbing, including two washrooms/two showers in the Bicycle Center;
k) Demising wall to separate the Bicycle Center area from the Retail Area;
l) Bicycle Center sign and any related electrical connections and mounting points for the exterior sign;
m) Doors and hardware;
n) Concrete slab floor;
o) Bicycle racks;
p) Aurora Key Scan card access system;
q) Lockers;

r) Benches for changing area;
s) Security cameras

The above-referenced improvements will remain the City's property at the end of the lease term.

Floor Plan: The City and Tenant will mutually agree upon the layout of the floor plan of the Premises, and the tenant improvements. The final floor plan will become part of the lease agreement.

Rentable Area: 2,819 Rentable Square Feet

Base Lease Term: Three (3) Years

Commencement Date: Upon issuance of the certificate of occupancy from the City of Madison (Earliest Date: Spring 2019; Latest Date: Summer 2020, depending upon construction plans)

Rent Commencement Date: On the Commencement Date.

Lease Rate: Base rent shall be $1.00 per year during the Base Lease Term.

Tenant Improvements: Tenant will pay for the following "Tenant Improvements":

a) Furniture, fixtures and equipment for the Retail Area;
b) Ceiling grid and tile in the Retail Area;
c) Signage for the Retail Area any related electrical connections and mounting points for the exterior sign;
d) Drywall and paint of the Retail Area's walls;
e) Any accent site lighting in the Retail Area;
f) Architectural plans and permits for tenant's improvements in the Retail Area;
g) Tenant build-out plan shall be approved by the City in writing and incorporated in the final floor plan.

At the end of the lease term, any fixed Tenant Improvements to the Premises shall remain on site.

Option to Extend: Tenant shall have the right to extend the lease for two (2) consecutive five (5) year terms. The rental rates will be determined after the review of the Tenant's audited financial statements and tax statements ("Tenant's Financial Statements") for each year of the Base Lease Term or First Option Period. The Tenant's Financial Statements need to be provided to the City

	when Tenant provides written notice of its desire to extend its lease. Notice to the City must be in writing two hundred seventy (270) days in advance of the expiration of the Base Lease Term or First Option Period. City will deliver a written proposal to Tenant after reviewing. In the event the City is not pleased with the performance of the Tenant, for whatever reason in its sole discretion, then the City will provide written notice to Tenant denying any option(s) to extend the lease. .
Security Deposit:	$2,500 payable on the execution of the lease.
Operating Expenses:	The lease will be structured as a modified gross lease. Tenant will be responsible for these costs related to the Premises: all electricity, heating, and air conditioning utilities; water, sewer and storm water service; telephone, internet and data charges; assessments; commercial liability, worker's compensation, employer's liability, umbrella and property insurance premiums; snow removal.
Tenant Maintenance:	In addition, Tenant is responsible at its cost for the maintenance of its Tenant Improvements and the following: Aurora Keyscan system; access cards; exterior and interior signs; maintenance to the security camera system; replacement of light bulbs and ballasts, Bicycle racks; lockers; benches; and personal property taxes.
Janitorial:	Tenant shall be responsible at its cost to keep the Premises clean and attractive in appearance at all times. Showers, bathrooms and changing areas to be cleaned daily. Tenant is responsible for all waste and recycling removal on a daily basis or more frequently as needed, at its cost. Tenant is responsible for unclogging toilets, sinks and drains in the Premises.
City Maintenance:	City will maintain and repair the structure, including but not limited to the slab floor; exterior walls; heating, ventilating and air conditioning system; window frames; doors; fire alarm system; sprinkler system; electrical and plumbing systems.
Signage:	The facility shall be named and signed "Madison Bicycle Center". Additional signing can be added such as "Operated by ….". All signage must be approved by the City in writing, and comply with

the City of Madison Sign Ordinance. Tenant shall pay for the cost to maintain any signage.

Performance Standards: City and Tenant shall negotiate prior to the execution of the lease performance standards, default conditions and cure provisions. Tenant shall remain in good standing with the State of Wisconsin Department of Financial Institutions during the lease term.

Capitalization Requirements: Tenant shall maintain an operating reserve of $10,000 per year, and an approved line of credit for $10,000 during the lease term.

Use: Tenant shall operate a bicycle center at the Premises, to be called the Madison Bicycle Center, which shall contain the following elements:

a) Secured, indoor parking for 150 bicycles.

b) Bicycle Center members shall be able to access the bicycle parking area 24 hours/day with a pass card reader or similar access system.

c) Membership shall be managed and accounted for by the Tenant. Membership revenue shall be the property of the Tenant. Accounts and pricing of memberships will be subject to annual review by the City. The City and Tenant will negotiate the terms relating to membership during the lease negotiations.

d) Tenant will make bicycle rentals available on-site and/or make information available regarding bicycle rental locations in the area.

e) Two changing areas, two showers and lockers: Lockers for personal items shall be provided for members of the Bicycle Center, and changing areas must be in locker rooms or in individual unisex changing rooms.

f) Staffed presence in peak seasons (spring, summer and fall) then limited hours in winter. The details regarding days and times of operation shall be agreed to during lease negotiations.

g) On-site bicycle mechanics with the ability to offer repair and tune-up services to Bicycle Center members and the public.

h) Bicycle Wash Station: Cleaning dirt, salt, and road debris from bicycles is especially important for winter cyclists when roads are often less clear.

i) A retail bicycle shop, high quality used bicycles, new/used parts and accessories.

In the Bicycle Center area, the tenant shall install a vending machine that sells basic bicycling supplies and accessories such as tubes, tire levels, locks, lights, water bottles etc.

j) Self-service bicycle maintenance station in the Bicycle Center: A bicycle-stand, basic secured tools, and a pump shall be made available to cyclists. Non-members shall have access to the maintenance station during staffed Bicycle Center hours.

k) Restrooms: Available to members 24 hours/day.

l) Bicycling information: Information regarding bicycle routes, paths, B-Cycle, bicycle rental etc., must be publicly available.

m) Classes to include topics such as basic maintenance, bicycle safety, touring and winter riding.

Optional Features:

a) Bicycle Share: Tenant may choose to coordinate with B-Cycle, or other providers, to provide bicycle share access and support.

b) Social functions for members.

Marketing: Tenant shall present to the City a comprehensive marketing plan of the Bicycle Center to include details on social media, its own web-site, and pamphlet information available in downtown Madison locations.

Tenant Reporting: Tenant shall provide the City with quarterly membership sale and usage reports of Bicycle Center.

Assignment of Lease: Not without City's written approval.

Relationship of Parties:

It is agreed that Tenant is the lessee of the City and, in its operation of the Madison Bicycle Center, an independent contractor and not an employee or representative of the City, and that any persons who Tenant utilizes and provides for services under this Lease are employees of Tenant and are not employees of the City. In addition, it is agreed that by granting Tenant the right to use the Premises for the purposes set forth herein, that the City is not granting Tenant the right to sell or distribute any City goods or services nor is there a community of interest, as that term is defined at Wis. Stat. Sec. 135.02(1), between the City and Tenant arising from this Lease. The Parties both acknowledge that this Lease does not create a dealership under Wis. Stat. Ch. 135

Insurance:

1. Required Insurance. The Tenant will insure, and will require each subcontractor to insure, as indicated, against the following risks to the extent stated below. The Tenant shall not commence work under this Lease, nor shall the Tenant allow any Subcontractor to commence work on its Subcontract, until the insurance required below has been obtained and corresponding certificate(s) of insurance have been approved by the City Risk Manager.

a) Commercial General Liability. During the life of this Lease, the Tenant shall procure and maintain Commercial General Liability insurance including, but not limited to, bodily injury, property damage, personal injury, products and completed operations in an amount not less than $1,000,000 per occurrence. This policy shall also provide contractual liability in the same amount and shall extend coverage to Tenant's volunteers. Tenant's coverage shall be primary and noncontributory, and list the City of Madison, its officers, officials, agents and employees as additional insureds. Tenant shall require all subcontractors under this Agreement (if any) to procure and maintain insurance meeting the above criteria, applying on a primary and noncontributory basis and listing the City of Madison, its officers, officials, agents and employees as additional insureds.

b) Worker's Compensation. During the life of this Lease, the Tenant shall procure and maintain statutory Workers' Compensation insurance as required by the State of Wisconsin. The Tenant shall also carry Employers Liability limits of at least $100,000 Each Accident, $100,000 Disease - Each Employee, and $500,000 Disease - Policy Limit. Tenant shall require all subcontractors under this Agreement (if any) to procure and maintain such insurance.

c) Umbrella Liability. During the life of this Lease, the Tenant shall procure and maintain Umbrella Liability coverage at least as broad as the underlying Commercial General Liability and Employers Liability with minimum limits of $2,000,000 per occurrence and aggregate.

d) Property Insurance. Tenant shall be solely responsible for carrying personal property insurance sufficient to cover loss of all personal property on the Premises. The City shall not be liable for any damage to or loss of property of Tenant or others located on the Premises except to the extent such damage or loss was caused by the City's sole negligence or willful act.

2. Acceptability of Insurers. The above-required insurance is to be placed with insurers who have an A.M. Best rating of no less than A~ (A minus) and a Financial Category rating of no less than VII.

3. Proof of Insurance, Approval. The Tenant shall provide the City with certificate(s) of insurance showing the type, amount, class of operations covered, effective dates, and expiration dates of required policies prior to commencing work under this Lease. Tenant shall provide the certificate(s) to the City's representative upon execution of the Lease, or sooner, for approval by the City Risk Manager. The Tenant shall provide copies of additional insured endorsements or insurance policies, if requested by the City Risk Manager.

4. Notice of Change in Policy. The Tenant and/or Insurer shall give the City thirty (30) calendar days' advance written notice of

cancellation, non- renewal or material changes to any of the above-required policies during the term of this Lease.

5. Insufficient Coverage. In the event of expiration, material change, or cancellation of insurance required by this Lease, Tenant shall immediately cease use of the Premises and the provision of the services under this Lease until such time as proof of the required insurance is provided to the City Risk Manager consistent with the requirements of this Section.

Indemnification:

1. Indemnification. The Tenant shall be liable to and hereby agrees to indemnify, defend and hold harmless the City of Madison, and its officers, officials, agents, and employees against all loss or expense (including liability costs and attorney's fees) by reason of any claim or suit, or of liability imposed by law upon the City or its officers, officials, agents or employees for damages because of bodily injury, including death at any time resulting therefrom, sustained by any person or persons or on account of damages to property, including loss of use thereof, arising from, in connection with, caused by or resulting from the acts or omissions of the Tenant or its officers, officials, agents, employees, volunteers, assigns, guests, invitees, sublessees or subcontractors, in the performance of the lease, whether caused by or contributed to by the negligence of the City of Madison, or their officers, officials, agents, or employees. This paragraph will survive termination, assignment or transfer of the lease.

2. Hazardous Substances; Indemnification. Tenant represents and warrants that its use of the Premises will not generate any hazardous substance, and it will not store or dispose on the Premises nor transport to or over the Premises any hazardous substance in violation of any applicable federal, state or local law, regulation or rule. Tenant further agrees to hold the City harmless from and indemnify the City against any release of such hazardous substance and any damage, loss, or expense or liability resulting from such release including all attorneys' fees, costs and penalties incurred as a result thereof except any release caused by the sole negligence or intentional acts of the

City, its employees or agents. “Hazardous substance” shall be interpreted broadly to mean any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, hazardous or toxic radioactive substance, or other similar term by any federal, state or local environmental law, regulation or rule presently in effect or promulgated in the future, as such laws, regulations or rules may be amended from time to time; and it shall be interpreted to include, but not be limited to, any substance which after release into the environment will or may reasonably be anticipated to cause sickness, death or disease or damage to or loss of use of real or personal property.

Liens:

The Tenant shall not suffer or permit any construction or mechanics’ liens to be filed, or if filed, to remain uncontested, against the fee of the Premises, nor against the Tenant’s leasehold interest in the Premises, by reason of work, labor services or materials supplied or claimed to have been supplied to the Tenant anyone holding the leased Premises or any part thereof through or under the Tenant; and nothing contained herein shall be deemed or construed in any way as constituting the consent or request of the City, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration or repair of or to the leased Premises or any part thereof, nor as giving the Tenant any right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanics’ or construction liens against the fee of the leased Premises. If any such lien is filed, the Tenant shall immediately cause the same to be discharged or released or shall upon request provide adequate and acceptable security or bond to protect the City’s interest.

If any such construction or mechanics’ lien shall at any time be filed against the leased Premises, the Tenant covenants that it will promptly take and diligently prosecute appropriate action to have the same discharged by payment, bonding or otherwise, and that it will hold the City free and harmless of and from any and all liability to any contractor, subcontractor, materialman, laborer or any other person relating to or arising because of any improvements or

alterations on or to the leased Premises, and that it will also defend on behalf of the City, at the Tenant's sole cost and expense, any action, suit or proceeding which may be brought for the enforcement of any such lien, and that it will pay any damages and discharge any judgments entered therein. Upon the Tenant's failure to do any of the foregoing things, the City may take such action as may be reasonably necessary to protect the City's interest, in addition to any other right or remedy which it may have; and any amount paid by the City in connection with such action shall be repaid by the Tenant to the City upon demand, together with interest thereon at the rate of five percent (5%) per annum.

Non-Binding: This Term Sheet is a proposal of terms only and is not intended to constitute a binding agreement, unless a written lease is prepared and signed by both parties. The parties acknowledge that this letter does not address all the essential terms of the agreement which will be subject to further negotiation.