

MEMORANDUM

STARKWEATHER, LLC, OR ITS ASSIGNS **TID #55 DEVELOPMENT AGREEMENT TERM SHEET**

April 8, 2025

The purpose of this Term Sheet ("Term Sheet") is to outline the principal terms and conditions of a TID #55 development agreement ("Agreement") by and between the City of Madison ("City") and Starkweather, LLC or its assigns ("Developer") to assist in the development of approximately 25 acres of land to be subdivided into thirteen lots, with Lots 1 through 5, 7 and 8, and Lots 11 and 12 to be sold to buyers for the purpose of constructing either market-rate and/or affordable housing and Lots 6, 9, 10 and 13 to be sold to the City for the purposes of encouraging the development of either market-rate or affordable housing (the "Project") at the property generally located at 3450 Milwaukee Street (commonly known as Voit Farm) in a proposed Tax Incremental District (TID) #55 in the City of Madison (the "Property").

The terms incorporated into the Agreement will be as follows:

1. The Project. Developer agrees to do all of the following:
 - a. Purchase the Property for approximately \$8,260,000 (Eight Million Two Hundred Sixty Thousand Dollars), \$8,000,000 of which the City acknowledges the Developer incurred in August 2024.
 - b. Consistent with Attachment A – Preliminary Plat of Starkweather Plat (the "Preliminary Plat"), Subdivide the property into approximately thirteen (13) lots for development, plus all necessary outlots for stormwater management, park dedication and other required purposes (the "Outlots"), representing Lots 1 through 13. The parties understand that the configuration of Lot 10 and Outlot 6 reflected on the Preliminary Plat may change.
 - c. Install infrastructure including roads, water, stormwater, sanitary sewer and all required City infrastructure to the lot lines of Lots 1 through 13, at Developer's cost, estimated at approximately \$10,550,000.
 - d. Use best efforts to sell Lots 1 through 5, Lots 7 and 8, and Lots 11 and 12 to buyers that shall construct market rate and/or affordable housing in conformance with adopted City plans. Lot pricing shall conform to the schedule set forth in Section 4 – Lot Sales Price Schedule.
 - e. Execute a Purchase and Sale Agreement between Developer and the City of Madison in the amount of approximately \$1,863,000 (One Million Eight Hundred Sixty-Three Thousand Dollars) for the City purchase of Lots 9 and 10.
 - f. Execute a Purchase and Sale Agreement between Developer and the City of Madison in the amount of approximately \$2,302,000 (Two Million Three Hundred Two Thousand Dollars) for the City purchase of Lots 6 and 13.
2. Form of TIF Assistance to Buyers. The City shall create a TID 55 Project Plan and Boundary in 2025, which shall include the Property, and allocate \$3,887,000 (Three Million Eight Hundred Eighty-Seven Thousand Dollars) of TIF assistance in the TID 55 Project Plan to be provided to prospective buyers for Lots 1 through 8 and Lots 11 through 13 ("Buyers").

Buyers may make a formal TIF Application for TIF assistance toward the purchase of said lots provided they can demonstrate to the City that the maximum sale price for each respective lot, set forth in the Lot Sale Price Schedule in Section 4 (the "Maximum Sale Price") causes a financial gap,

such that, “but for” TIF assistance the project could not be constructed. TIF assistance to Buyers shall be in the form of 0% loans for the purposes of constructing the Buyers’ projects (the “TIF Loans”). Per the City’s TIF Policy, the individual TIF Loans to respective Buyers shall not exceed 55% of the net present value of tax increments generated by the Buyer’s project. The TIF Loans will be repaid either through tax increment or a guaranty payment set forth in the TIF Loan Agreement between the City and the Buyers. The TIF Loans to the Buyers shall conform to all applicable City ordinances, Wis. Stat. § 66.1105, and City of Madison TIF Policy.

3. City Purchase of Lots 6, 9, 10 and 13. Sale to Non-Profit Buyers. As set forth in Section 1, the City shall allocate in the TID 55 Project Plan, \$4,165,000 (Four Million One Hundred Sixty-Five Thousand Dollars) for the City’s purchase of Lots 6, 9, 10, and 13 from Developer. This figure represents the City’s appraisal of fair market value for entitled, unimproved land with street, sanitary sewer, and stormwater infrastructure for these four lots. Developer previously negotiated purchase offers with two non-profit buyers (“Non-Profit Buyers”) to purchase Lots 9 and 10 and construct affordable housing on Lots 9 and 10. The City shall not be bound by any purchase offers between Developer and Non-Profit Buyers, but Seller shall have no obligation to terminate such purchase offers prior to closing of the sale of Lots 9 and 10 to the City. The City may choose to execute purchase offers on identical terms with one or both Non-Profit Buyers. However, the City reserves the right to renegotiate the terms of the purchase offers with the Non-Profit Buyers, including unconditional right to terminate negotiations and not execute purchase offers with one or both Non-Profit Buyers if negotiations are unsuccessful.
4. Maximum Sale Price. Except for Lots 6, 9, 10 and 13, Developer may sell individual lots to Buyers, at a price not exceeding the Maximum Sale Price set forth below. If Developer sells lots at a price that exceeds the Maximum Sale Price, the City shall only recognize the Maximum Sale Price in the calculation of Buyer’s financial gap for the purpose of providing Buyers with TIF assistance.

Lot Sale Price Schedule

Lot Sales Proposed		Number of Units	Maximum Sale Price ¹
Lot 1	72	\$	1,534,000
Lot 2	88	\$	1,875,000
Lot 3	104	\$	2,215,000
Lot 4	150	\$	3,195,000
Lot 5	120	\$	2,556,000
Lot 6	15	\$	1,118,000
Lot 7	110	\$	2,343,000
Lot 8	110	\$	2,343,000
Lot 9	18	\$	1,863,000
Lot 10	11	\$	(Lot 9 reflects total price for Lots 9 & 10 collectively)
Lot 11	120	\$	2,556,000
Lot 12	110	\$	2,343,000
Lot 13	14	\$	1,184,000
Total Sales	1,042	\$	25,125,000

Total Sales	\$ 25,125,000	
Less: City Land Banking Purchases	\$ (4,165,000)	+
Total Non-City Lot Sales - Starkweather	\$ 20,960,000	
No. of Units - Non-City Lots ²	984	
Max. Sales Per Unit	\$ 21,300	

Notes:

Yellow = Lots to be purchased by City

¹City shall recognize only the Maximum Sale Price for each lot as indicated on the chart, for the purposes of determining TIF assistance. The Maximum Sale Price includes land acquisition cost, infrastructure and soft cost.

² City land-banking of Lots 6, 9, 10 and 13 reduces the number of forecasted units from 1,042 to 984.

5. TID 55 Expenditure Period. In conformance to TIF statute, the TID 55 expenditure period shall expire upon the 15-year anniversary of the TID’s creation date, defined as the date of Common Council

adoption of an authorizing resolution to create TID 55. After this date, no further TIF assistance shall be made to Buyers, Non-Profit Buyers or any other entity or project.

6. Capital Budget Authorization. Funding for the Four Million One Hundred Sixty-Five Thousand Dollars (\$4,165,000) for the City's purchase of Lots 6, 9, 10 and 13 is contingent upon Common Council providing budget authorization and authorizing the City's execution of purchase and sales agreement (or agreements).
7. TID 55 Project Plan and Boundary. The City shall not make TIF funds available until the date of an approval of a TID 55 Project Plan and Boundary by the TIF Joint Review Board, estimated to occur by August 30, 2025.
8. No TID 55 Project Plan Certification. In the event that the TID #55 Project Plan (the "Project Plan Amendment") is not certified by DOR on or about April 30, 2026, the City shall have the option to extend the agreement until such time that it secures DOR certification in 2027.
9. Intentionally omitted.
10. Accessibility (MGO 39.05). Developer shall submit a written assurance of compliance with Madison General Ordinance 39.05.
11. Equal Opportunity. Developer shall comply with all applicable local, state and federal provisions concerning Equal Opportunity.
12. Ban the Box. Developer shall comply with Madison General Ordinance 39.08 related to job applicant arrest and conviction records.
13. Material Changes. At the time of Closing, if any material adverse changes to the size, use, land sale price or ownership of the Project or Property stated herein, including any changes to the public right of way, infrastructure or land configuration as evidenced in Attachment A – Preliminary Plat of Starkweather Plat have been made, without prior consent of the City, this Agreement shall be subject to reconsideration by the City. Following Closing, any material change made to the final plat of the Project without consent of the City shall be subject to reconsideration by the City with the possibility of nullifying the City's TIF participation set forth in this Term Sheet. 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 lots within the Project to address current market conditions except that the total land Maximum Sale Price shall not exceed \$25,125,000 (Twenty-Five Million One Hundred Twenty-Five Thousand Dollars) as indicated in Section 4 (for example, the combination of two adjacent lots into one lot but the aggregate sale price should equal the sum of the sales prices for both lots).
14. Project Completion. Developer shall guarantee that the construction of the Project will be completed within 30 months of Closing (the "Completion Date") unless another date is mutually agreed by Developer and City. Project completion shall be evidenced by the City Engineer's acceptance of the work conducted on the Project as contemplated by the Contract for the Construction of Public Improvements between Developer and City for the Project. Failure to complete the Project by the Completion Date, as may be extended, shall nullify the City's TIF participation set forth in Sections 2 and 8.
15. Environmental Assessment. Developer shall provide the City an environmental assessment of the Property which is acceptable to City staff.
16. Automatic Expiration. The Agreement shall be null and void if the Closing and commencement of construction on the Project, as evidenced by issuance of permits required to begin street work,

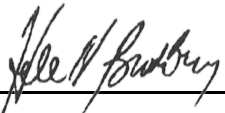
installation of infrastructure and rough grading (the “Commencement Date”), do not occur by May 1, 2026. Notwithstanding any other provision of the Agreement, this Agreement shall terminate December 31, 2035.

If the terms and conditions outlined above are acceptable to Starkweather, LLC or its assigns, please so 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 the City and Starkweather, LLC or its assigns, unless and until the terms and conditions are approved by the City’s Common Council and is executed between the Mayor, City Clerk and Developer or its assigns.

ACCEPTANCE

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

STARKWEATHER, LLC

By:  _____

4.8.2025

Date

PART OF LOTS 21 AND 22 AND ALL OF LOT 23, SAUPOHO PLAT AS RECORDED IN VOLUME 4, PAGE 94, ADOJUMENT NUMBER 342008, DANE COUNTY REGISTRY AND ALSO PART OF THE NORTHEAST QUARTER, THE SOUTHWEST QUARTER OF SECTION 05 AND PART OF SECTION 06 AND THE NORTHEAST QUARTER AND THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 04, ALL IN TOWNSHIP 07 NORTH, RANGE 10 EAST, CITY OF MADISON, DANE COUNTY WISCONSIN.

