

TAX INCREMENTAL DISTRICT DEVELOPMENT AGREEMENT

THIS TAX INCREMENTAL DISTRICT DEVELOPMENT AGREEMENT (“**Agreement**”) is entered into as of March 16, 2026 (the “**Effective Date**”) by and between the CITY OF SHEBOYGAN (the “**City**”), a Wisconsin municipal corporation, and TIMBERWOOD MEADOWS, LLC, a Wisconsin limited liability company (the “**Developer**”).

RECITALS

A. The City has created Tax Incremental District No. 23 (“**District**”) as a rehabilitation tax increment district under the City’s proposed project plan (the “**Project Plan**”) in order to finance various project costs within the District subject to approvals by the City’s Common Council and the Joint Review Board for the District pursuant to Wis. Stat. § 66.1105 (the “**TI Act**”).

B. The City currently owns the land located within the boundaries of the District shown in **Exhibit A** attached hereto and incorporated herein by reference (the “**City Property**”), and the City intends to convey portions of the City Property to Developer in phases pursuant to the terms of this Agreement.

C. Developer, pursuant to the terms and conditions of this Agreement, is obligated to, among other things, develop the portions of the City Property conveyed to Developer pursuant to the terms of this Agreement (the “**Property**”) primarily for multi-family and single-family residential use with some commercial and retail use as set forth in the **Exhibit B** attached hereto and incorporated herein by reference (collectively, the “**Project**”).

D. The Project will consist of five (5) phases (each a “**Phase**” and, collectively, the “**Phases**”) as set forth in **Exhibit B**.

E. Developer acknowledges that but for the MRO (as defined below) and the conveyances of the portions of the City Property by the City as provided in this Agreement, Developer would not move forward with the Project.

F. The City believes it is appropriate to use tax increments from the District to provide for, among other things, the construction of the City Improvements (as defined below) and the MRO for the benefit of the District to facilitate development and redevelopment within the District and to provide financing for portions of such improvements and redevelopment.

G. The City further believes that the Project, as described in this Agreement, is in the best interests of the City and its residents and is reasonably consistent with the public purposes and the development expectations of the City, including, but not limited to, expanding housing, tax base and employment opportunities within the City.

NOW, THEREFORE, the City and Developer, in consideration of the terms and conditions contained in this Agreement and for other good and valuable consideration, the receipt of which is hereby acknowledged, each agrees as follows:

AGREEMENT

ARTICLE I – REQUIRED INFORMATION; TERMINATION

1.1 Required Information. Developer shall be deemed to have committed a Default under this Agreement and the City shall have no obligations under this Agreement and shall have the right to terminate this Agreement in accordance with the provisions of Section 1.2 below, if the Required Information (as defined below) and the Commencement Notice (as defined below) for any Phase has not been timely provided by Developer to the City in form and substance reasonably acceptable to the City.

The deadlines for Developer to provide the Required Information and the Commencement Notice for Phase I is May 1, 2026, for Phase II is June 1, 2028, for Phase III is January 1, 2032, for Phase IV is January 1, 2037 and for Phase V is January 1, 2042.

For each Phase, Developer shall provide to the City the following required information related to such Phase (collectively, the “**Required Information**”) and such other documentation as the City may request, both in form and in substance acceptable to the City:

(a) A schedule for the construction of Developer Improvements (as defined below) and identifying the following for such Phase:

(i) Intended commencement and completion date,

(ii) Reasonably estimated costs associated with the construction, and

(iii) Reasonably estimated value, upon completion, of the intended improvements to be constructed on the Property.

(b) An estimated cost breakdown and construction budget summary listing the intended cost of each improvement and construction expense for such Phase, including, without limitation, all hard costs and soft costs, and the cost breakdown and budget shall be certified in writing by Developer and Developer’s general contractor.

(c) Documentation confirming that Developer has complied with all necessary federal, state, county, and municipal laws, ordinances, rules, regulations, directives, orders, and requirements necessary to obtain the governmental approvals relating to such Phase. Developer shall also provide copies of all approvals by all applicable government bodies and agencies (including, without limitation, municipal or state issued building permits for such Phase).

(d) A copy of the final construction plans and complete specifications for the intended construction related to such Phase that are consistent with the provisions of this Agreement (the “**Final Plans**”). The Final Plans for such Phase must be certified as final and complete and be signed by Developer, the consulting engineer, architect and the general contractor (as applicable) and approved by the City in writing.

(e) All documents authorizing the construction and financing of such Phase and directing the appropriate officer of Developer to execute and deliver all agreements, documents and contracts required to be executed by Developer in connection with the transactions which are the subject of this Agreement (including, without limitation, authorizing resolutions of Developer).

On or before the Effective Date, Developer shall provide the City with all documents authorizing the appropriate officer of Developer to execute and deliver this Agreement (including, without limitation, authorizing resolutions of Developer).

1.2 Termination Rights. If Developer notifies the City in writing of Developer's election not to proceed with any Phase or Developer fails to fully and timely provide the Required Information or the Commencement Notice for any Phase (as determined in the sole discretion of the City), such Developer notification or failure shall be deemed an election by Developer to not proceed (a "**Not to Proceed Election**") with any and all Phases of the Project that have not been commenced or completed at the time of the Not to Proceed Election. Upon the occurrence of a Not to Proceed Election: (a) the City shall have no obligation to perform any act under this Agreement (including, without limitation, issuing the MRO, completing any City Improvements or making any payment on the MRO) with regard to such Phase and any or all successive Phases, and (b) all provisions in this Agreement related to such Phase and any or all successive Phases shall be deemed null and void and removed from this Agreement.

If, for example, a Not to Proceed Election occurs after the commencement of Phase I and after the commencement of Phase II, and the Not to Proceed Election is related to Phase III, then the City will have no obligation to perform any act under this Agreement with regard to Phase III, Phase IV or Phase V (including, without limitation, making any City Improvements or payment of any amounts on the MRO related to the portion of the Property impacted by Phase III, Phase IV or Phase V) but this Agreement shall remain in full force and effect with regard to Phase I and Phase II (and the portions of the Property on which the Developer Improvements for Phase I and Phase II were made) and the City shall remain obligated to perform all acts under this Agreement with regard to Phase I and Phase II, subject to the terms set forth herein. Notwithstanding the previous sentence and for the avoidance of any doubt, if a Default occurs, then the City shall not be obligated to perform any act under this Agreement (including, without limitation, making any City Improvements, conveying any portion of the Property or making any payment on the MRO – regardless of the Phase impacted by such Default). Moreover, and for the avoidance of any doubt, after a Not to Proceed Election or a Default in which the City terminates this Agreement, the City may enter into another development agreement(s) or other written agreement(s) with another developer(s) to complete any or all such Phases of the Project that have not been completed at such time.

ARTICLE II – CONVEYANCE OF PROPERTY

2.1 Property to be Conveyed. Subject to the terms and conditions set forth in this Agreement (including, without limitation, ARTICLE I above), the City agrees to convey the Property and all improvements thereon to Developer in phases as set forth in this Agreement.

The portion of the Property to be conveyed by the City to Developer shall relate to the Phase of the Project for which Developer has provided a Commencement Notice.

2.2 General Terms and Conditions. Each conveyance that transfers any portion of the Property to Developer shall be subject to the following terms and conditions:

(a) Each portion of the Property conveyed by the City to Developer shall be conveyed by special warranty deed in the form and substance attached hereto as **Exhibit C** (the “**Special Warranty Deed**”) with good and marketable title, free and clear of all liens, security interests, mortgages or encumbrances of any kind, except for municipal and zoning ordinances and agreements entered into under them, recorded easements, recorded building and use restrictions and covenants, the property tax exemption restriction and transfer restriction set forth in this Agreement (see Sections 2.4, 9.2 and 9.3 below) and the permitted encumbrances on the Property as set forth on **Exhibit D** attached hereto (collectively, the “**Permitted Encumbrances**”);

(b) Title to each portion of the Property shall be insured by a policy of title insurance, or a binding commitment for such a title policy, that covers all of the Property and will be effective as of the Closing Date (as hereinafter defined) and insure the quality of title of the subject property as provided in Section 2.2(a) above but subject to standard title insurance exceptions;

(c) Developer shall be responsible for paying all costs related to evidence of title in the form of a commitment for an owner’s policy of title insurance with a gap endorsement, on a current ALTA form issued by a title insurer selected by the City. Further, Developer shall be responsible for obtaining any additional endorsements and paying for all premiums and costs associated with the owner’s policy (and lender’s policy, as applicable) of title insurance covering the property being acquired in such amounts as may be determined by Developer. Each party hereto shall promptly execute and deliver to the other such other documents, certifications and confirmations as may be reasonably required and designated by the title insurer to issue the policies of title insurance described above;

(d) The taxes, assessments and utilities, if any, will be prorated on the Closing Date;

(e) The closing for the conveyance of any portion of the Property shall be on **the later to occur of**: (1) the thirtieth (30th) calendar day following a written request from Developer to the City for such conveyance; (2) the thirtieth (30th) calendar day after Developer provides all of the Required Information and a Commencement Notice for the applicable Phase of the Project; (3) the thirtieth (30th) calendar day after Developer has received all of the necessary governmental approvals for the Developer Improvements on such portion of the Property; or (4) another date agreed to by the parties in writing (the “**Closing Date**”), provided, in all respects, that there is no Event of Default existing under this Agreement;

(f) Developer may request that the City convey all or any portion of the Property related to a given Phase of the Project in one or more transactions; provided if Developer requests the Property related to a given Phase of the Project be conveyed in more than one transaction, then at the closing of any subsequent transaction (after the first conveyance of Property related to a given Phase of the Project), Developer shall pay all costs, fees and expenses incurred by the City related to such subsequent transaction(s) (including, without limitation, all attorneys' fees, costs and expenses), but, for the avoidance of any doubt, if Developer is in Default at any time prior to a subsequent transaction, the City shall have no obligation to transfer such Property or to perform any other City obligations under this Agreement; and

(g) If the City conveys all or any portion of the Property to Developer, all or such portion of the Property (as applicable) is being conveyed "AS-IS, WHERE-IS" and "WITH ALL FAULTS," and the City is making no representations or warranties, express or implied, with respect to the condition of the subject property or improvements. Developer agrees that Developer is relying exclusively upon Developer's own inspection of the portion of the Property being conveyed and all improvements thereon. **DEVELOPER HEREBY WAIVES ANY AND ALL CLAIMS AGAINST THE CITY, THE CITY'S OFFICERS, OFFICIALS, MANAGERS, EMPLOYEES, ATTORNEYS, AGENTS AND REPRESENTATIVES, INCLUDING, WITHOUT LIMITATION, CLAIMS BASED IN TORT (INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE, STRICT LIABILITY AND STRICT RESPONSIBILITY), IN CONTRACT, IN WARRANTY, IN EQUITY OR UNDER ANY STATUTE, LAW OR REGULATION ARISING DIRECTLY OR INDIRECTLY OUT OF ANY CONDITION OF THE PROPERTY OR IMPROVEMENTS THEREON, EXCEPT TO THE EXTENT SUCH CLAIMS ARISE SOLELY OUT OF THE FRAUD OR INTENTIONAL MISCONDUCT OF THE CITY.**

2.3 Consideration. At the time of the closing of each conveyance of a part of the Property by the City to Developer, Developer shall pay to the City a purchase price for such part of the Property in the amount of one dollar (\$1.00).

2.4 Property Tax Exemption Restriction. The Special Warranty Deed shall include a covenant affecting the portion of the Property conveyed to Developer (and running with the land for the life of the District) that prohibits all current and future owners or users of (including any other party with an interest – whether ownership, leasehold or otherwise – in) all or any portion of the Property from using or permitting the use of all or any portion of the Property in any manner which would render the Property exempt from property taxation.

2.5 Subsequent Conveyance by Developer. For the avoidance of any doubt, Developer may convey all or any portion of the Property to any third party, subject to the provisions in Sections 2.4 above and 9.2 below. Notwithstanding the preceding sentence or the conveyance of all or any portion of the Property to a third party or third parties, Developer at all times shall remain fully responsible for all obligations of Developer under this Agreement (including, without limitation all guaranty obligations) and the previous sentence in no way modifies any representations, warranties, covenants or agreements of Developer under this

Agreement (including, without limitation, the representations, warranties, covenants or agreements set forth in Sections 9.2 or ARTICLE XIII below).

ARTICLE III – COMMENCEMENT NOTICE AND DEVELOPER IMPROVEMENTS

3.1 Commencement Notice. On or before commencement of construction of a given Phase, Developer shall provide a written notice to the City of Developer's intention to commence construction for a given Phase (each a "**Commencement Notice**"). A Commencement Notice for a given Phase shall be delivered by Developer to the City on or before the following dates:

- (a) May 1, 2026 for Phase I;
- (b) June 1, 2028 for Phase II;
- (c) January 1, 2032 for Phase III;
- (d) January 1, 2037 for Phase IV; and
- (e) January 1, 2042 for Phase V.

To be effective, the applicable Commencement Notice shall be accompanied by, or Developer shall have previously delivered to the City, all of the Required Information for such Phase. If Developer does not timely provide the Commencement Notice and all of the Required Information to the City for a given Phase, Developer will be deemed to not be ready to develop that Phase or any subsequent Phase or Phases and be in Default under this Agreement. If Developer does not timely cure any and all such Default(s) within thirty (30) calendar days after the City provides Developer written notice of such Default(s), then the City shall have the ability to exercise all remedies available in this Agreement, in equity and at law (including, without limitation, terminating this Agreement as set forth in Section 1.2 above).

3.2 Developer Improvements. If Developer timely delivers the Commencement Notice and the Required Information applicable to a given Phase, Developer shall undertake, at Developer's own expense, the improvements on the applicable Property set forth in final plans and specifications for the applicable Phase submitted by Developer and approved by the City consistent with applicable City ordinances (the "**Final Plans**") and the following additional obligations and work on the Property pursuant to the terms and conditions of this Agreement (collectively, the "**Developer Improvements**"):

- (a) On or before January 1, 2029, the land and improvements on the Property shall have an assessed value of at least Eighteen Million Dollars (\$18,000,000.00);
- (b) On or before January 1, 2034, the land and improvements on the Property shall have an assessed value of at least Ninety-Seven Million Dollars (\$97,000,000.00);

(c) On or before January 1, 2038, the land and improvements on the Property shall have an assessed value of at least One Hundred Eighty Million Dollars (\$180,000,000.00);

(d) On or before January 1, 2043, the land and improvements on the Property shall have an assessed value of at least Three Hundred Sixteen Million Dollars (\$316,000,000.00);

(e) On or before January 1, 2047, the land and improvements on the Property shall have an assessed value of at least Three Hundred Seventy Million Dollars (\$370,000,000.00);

(f) By closing on a conveyance of a portion of the Property for a particular Phase, Developer hereby agrees to complete the applicable Developer Improvements for the applicable Phase in a timely fashion and consistent with the Final Plans related thereto (as such Final Plans may be subsequently modified by mutual agreement of the City and Developer);

(g) Except for the City Improvements to be performed by the City and set forth in ARTICLE V below, Developer shall install, or have installed on the Property for each Phase:

(i) landscaping, including trees, shrubs, seeding or sod related to the improvements on the Property;

(ii) all electric, gas, telephone and cable services on the Property for the use and operation of the various lots on the Property and all street lighting;

(iii) all sanitary sewer, water laterals and the like, on the Property for the use and operation of the various lots on the Property, as well as connections of such laterals to sewer and water mains installed by the City;

(iv) all storm water drainage systems and facilities on the Property for the use and operation of the various lots on the Property, including drain tiles, pipes, detention ponds and retention ponds; and

(v) all erosion control measures related to the development of the Property;

(h) Developer shall be responsible for all costs related to the work to be performed by Developer under this Agreement, including, but not limited to, all engineering, inspections, materials, labor, water, sanitary sewer, impact fees and permit and license fees related to the Project; and

(i) Developer agrees to utilize sustainable building practices whenever practical, including, but not limited to: installation of photovoltaic systems; use of sustainable or recycled building materials; insulation, air sealing, and fenestration in compliance with Wisconsin IECC standards; adequate wiring and conduit for addition

of electric vehicle charging stations; and installation of high-efficiency building systems and electric appliances. The City shall cooperate with Developer to leverage available incentives or subsidies wherever (and to the extent) possible.

The obligations on Developer under this Agreement shall be deemed covenants running with the land and shall be applicable to Developer's successors and assigns and all other persons or entities acquiring any interest in the Property during the term of the District.

3.3 Time of Performance. Developer shall commence construction of each of the Phases on the Property within a reasonable time after delivering the Commencement Notice and Required Information to the City, and the applicable Developer Improvements shall be completed and available for occupancy as soon as reasonably possible but in no event after the applicable deadlines set forth in Section 3.5 below.

3.4 Developer's Irrevocable Letters of Credit. Contemporaneously with the conveyance by the City of a portion of the Property to Developer, Developer shall provide to the City irrevocable letters of credit from an FDIC-insured financial institution in an amount equal to Twelve Thousand Five Hundred Dollars (\$12,500.00) for each acre of land (rounded to the nearest acre) conveyed by the City to Developer. By way of example only, if the City conveys between 39.50 and 40.49 acres of land, Developer will provide a Five Hundred Thousand Dollar (\$500,000.00) irrevocable letter of credit, and if the City conveys between 40.50 and 41.49 acres, Developer will provide a Five Hundred Twelve Thousand Five Hundred Dollar (\$512,500.00) irrevocable letter of credit. Each irrevocable letter of credit shall be in the form and substance of the form irrevocable letter of credit attached hereto as **Exhibit E**, but, in any event, as approved by the City in the City's sole discretion. The purpose of each irrevocable letter of credit is to ensure reimbursement payments to the City as compensation for the City's cost of acquiring such Property, in the event Developer does not timely and substantially complete the Developer Improvements on the Property. The City shall have the right to draw on each irrevocable letter of credit pursuant to the terms of such irrevocable letter of credit at any time after there is a Default by Developer under this Agreement beyond all applicable cure periods.

The City will release and surrender the applicable irrevocable letter of credit (or any portion thereof) upon Developer's completion of the applicable Developer Improvements on such portion of the Property (with such completion to be evidenced by the City's issuance of a certificate of occupancy). Further, in the event the contemplated Developer Improvements for a given portion of the Property include multiple improvements or buildings, the applicable irrevocable letter of credit then outstanding and held by City shall be released in part on a pro-rata basis based on the following schedule:

Phase	Developer Improvements	Acres	Letter of Credit	Number of Buildings	Partial Release of Letter of Credit per Completed Building
I	\$18,000,000	15	\$187,500	28	\$6,700
II	\$79,000,000	50	\$625,000	104	\$6,000
III	\$83,000,000	27	\$337,500	28	\$12,100

IV	\$136,000,000	80	\$1,000,000	176	\$5,700
V	\$54,000,000	28	\$350,000	14	\$25,000

The City and Developer agree that: (a) the contemplated Developer Improvements shown in the chart above represent the current, anticipated development plan for the Property, and if the number of buildings in a given Phase change (as agreed to in writing by the City and Developer), the City and Developer will modify the partial release of the applicable letter of credit accordingly to account for the changed number of buildings in a given Phase, (b) the partial release of a letter of credit per completed building shown in the chart above is rounded to the nearest \$100.00 and the last partial release for each letter of credit may be in an amount less than the amount listed in the chart above, and (c) partial releases of any letter of credit held by the City shall not occur more than once every calendar quarter (January-March, April-June, July-September and October-December). Each letter of credit shall be terminated upon the City's release of all amounts ensured by such letter of credit.

3.5 Progress and Quality of Work. Upon commencement of the Developer Improvements for a given Phase, Developer shall proceed to the full completion of all of the Developer Improvements for such Phase with due diligence and without delay or interruption with the exception of force majeure events, if any, as defined in Section 19.10. Subject to the foregoing, completion of each Phase (as evidenced by Developer receiving all certificates of occupancy and applicable governmental approvals for all Developer Improvements related to such Phase) shall occur on or before the following dates:

- (a) December 31, 2029 for Phase I;
- (b) December 31, 2033 for Phase II;
- (c) December 31, 2037 for Phase III;
- (d) December 31, 2042 for Phase IV; and
- (e) December 31, 2046 for Phase V.

All work to be performed by or on behalf of Developer related to the Project shall be performed in a good and workmanlike manner, consistent with the prevailing industry standards for such work in the area of the City.

3.6 Compliance Obligations. All of the Developer Improvements shall be completed in accordance with all applicable laws, regulations, ordinances and building and zoning codes, and Developer, at Developer's sole cost, shall obtain and maintain all necessary permits and licenses for the Developer Improvements.

3.7 Indemnification and Insurance Required of Private Contractors. Developer hereby expressly agrees to indemnify and hold the City harmless from and against all claims, costs and liability related to any damage to the Property or injury or death to persons caused by

Developer's performance of the Developer Improvements or any other work required of Developer under this Agreement, unless the cause is due to the willful misconduct by the City.

3.8 Compliance with Law. Developer shall comply with all applicable laws, ordinances, and regulations in effect at the time of final approval and any time thereafter when fulfilling its obligations under this Agreement. When necessary to protect the public health, safety or welfare, Developer shall be subject to any applicable laws, ordinances and regulations that become effective after approval of this Agreement and the Effective Date.

3.9 Payment of Taxes. Developer shall timely pay and discharge all taxes, assessments and other governmental charges upon the Property when due.

3.10 Time is of the Essence. Time is of the essence with reference to Developer's obligation to commence and complete the Developer Improvements. Developer acknowledges that the timely performance of its respective work under this Agreement is critical to the collection of the tax increment upon which the parties are relying for the performance of their respective obligations under this Agreement.

3.11 Reconstruction. Until the District is closed, in the event of any casualty, loss or damage to the improvements on the Property (that are still owned by Developer at the time of such casualty, loss or damage), Developer (or by an entity affiliated with Developer in any way or with a common owner(s) or member(s) as Developer or any entity affiliated with Developer in any way), Developer shall proceed diligently with the repair and replacement of such improvements on the Property affected by such a loss or damage and restore such improvements to at least the condition and quality that such improvements were in, and with an equalized value at least equal to the equalized value, immediately prior to the casualty, loss or damage (each an "**Uncured Casualty Loss**"). In no event shall Developer take longer than one hundred eighty (180) calendar days after the date of a casualty, loss or damage to restore the affected improvements, unless Developer can demonstrate (and the City agrees) that the level of casualty, loss or damage prevented Developer from completing the repairs and replacements within such time from using diligent efforts. If Developer fails to timely comply with all of the requirements in this Section 3.11, Developer shall be in Default under this Agreement as to all Phases of the Project and the City shall be entitled to the remedies provided in this Agreement and any other remedies available in equity or applicable law.

ARTICLE IV – DEVELOPER GUARANTY AND OBLIGATIONS

4.1 Guarantied Value. The parties anticipate that the Property (which includes, for the avoidance of any doubt, all land and improvements) will have an equalized value for purposes of real property assessment ("**Equalized Value**") of not less than the following amounts (each an "**Anticipated Equalized Value**" and, collectively, the "**Anticipated Equalized Values**"):

- (a) By January 1, 2030, Eighteen Million Dollars (\$18,000,000.00);
- (b) By January 1, 2034, Ninety-Seven Million Dollars (\$97,000,000.00);

- (c) By January 1, 2038, One Hundred Eighty Million Dollars (\$180,000,000.00);
- (d) By January 1, 2043, Three Hundred Sixteen Million Dollars (\$316,000,000.00); and
- (e) By January 1, 2047, Three Hundred Seventy Million Dollars (\$370,000,000.00).

As a condition to entering into this Agreement, the City requires that Developer guaranty a minimum Equalized Value for the Property related to a given Phase. By executing this Agreement, Developer, Luke Pelton and Cody Pelton (collectively, the “**Guarantors**”) each hereby jointly and severally guaranties that, on and after the following dates (each a “**Guarantied Value Date**” and, collectively, the “**Guarantied Value Dates**”), the Equalized Value of the land and improvements on the Property shall at all times on and after the most recent Guarantied Value Date during the life of the District be at least equal to the following amounts (each a “**Guarantied Value**” and, collectively, the “**Guarantied Values**”):

- (v) For Phase I, on or before January 1, 2030, the Equalized Value of the Property related to Phase I only shall be at least Eight Million Dollars (\$8,000,000.00, the “**Phase I Threshold**”);
- (w) For Phase II, on or before January 1, 2031, the Equalized Value of the Property related to Phase II only shall be at least Ten Million Dollars (\$10,000,000.00, the “**Phase II Threshold**”), except that Developer may include up to Three Million Dollars (\$3,000,000.00) of excess Equalized Value of the Property related to Phase I (Equalized Value in excess of the Phase I Threshold for Phase I improvements on the Property as set forth in (v) above) to apply to the Phase II Threshold;
- (x) For Phase III, on or before the third (3rd) anniversary of the first January 1 immediately succeeding Developer’s delivery of the Commencement Notice for Phase III, the Equalized Value of the Property related to Phase III only shall be at least Sixteen Million Dollars (\$16,000,000.00, the “**Phase III Threshold**”), except that Developer may include up to Seven Million Dollars (\$7,000,000.00) of excess Equalized Value of the Property related to Phase II (Equalized Value in excess of the Phase II Threshold for Phase II improvements on the Property as set forth in (w) above) to apply to the Phase III Threshold;
- (y) For Phase IV, on or before the third (3rd) anniversary of the first January 1 immediately succeeding Developer’s delivery of the Commencement Notice for Phase IV, the Equalized Value of the Property related to Phase IV only shall be at least Nineteen Million Dollars (\$19,000,000.00, the “**Phase IV Threshold**”), except that Developer may include up to Seven Million Dollars (\$7,000,000.00) of excess Equalized Value of the Property related to Phase III (Equalized Value in

excess of the Phase III Threshold for Phase III improvements on the Property as set forth in (x) above) to apply to the Phase IV Threshold; and

- (z) For Phase V, on or before the third (3rd) anniversary of the first January 1 immediately succeeding Developer's delivery of the Commencement Notice for Phase V, the Equalized Value of the Property related to Phase V only shall be at least Sixteen Million Dollars (\$16,000,000.00, the "**Phase V Threshold**"), except that Developer may include up to Seven Million Dollars (\$7,000,000.00) of excess Equalized Value of the Property related to Phase IV (Equalized Value in excess of the Phase IV Threshold for Phase IV improvements on the Property as set forth in (y) above) to apply to the Phase V Threshold.

If either: (i) the Equalized Value of the Property is less than the Anticipated Equalized Value on the applicable date or dates provided in (a) through (e) of this Section 4.1 above, or (ii) the Equalized Value of the Property related to a given Phase is less than the most recent Guaranteed Value on or after the most recent Guaranteed Value Date, Developer shall be in Default under this Agreement. For a Default related to the Equalized Value of the Property being less than the Anticipated Equalized Value on the applicable date or dates provided in (a) through (e) of this Section 4.1 above, the City may terminate all rights of Developer under this Agreement with regard to any Phase currently in process or successive Phase(s) and enter into another development agreement(s) or other written agreement(s) with another developer(s) to complete any or all such uncompleted Phases of the Project. Notwithstanding the previous sentence, the City may permit, in the City's sole discretion, Developer to complete all or any portion of the Developer Improvements under construction at the time of such Default.

4.2 Failure to Construct. If Developer provides a Commencement Notice as required by Section 3.1 above but does not timely complete construction of the applicable Phase as herein provided, then Developer shall pay to the City all sums incurred by the City with regard to the preparation and drafting of this Agreement and all other sums (including, without limitation, Priority Project Costs) not recoverable from Tax Increments (as defined below). All repayments shall be completed within thirty (30) calendar days after Developer's non-performance or Default under this Agreement (after all applicable cure periods).

4.3 Guaranty Obligations. If on or any time after the most recent Guaranteed Value Date, whether as a result of an Uncured Casualty Loss or otherwise, the Equalized Value of the improvements on the Property for a given Phase or Phases is less than the most recent Guaranteed Value for such portion of the Property after including all permitted adjustments as a result of excess Equalized Value as set forth in Subsections 4.1(w) through 4.1(z) above (each a "**Shortfall Event**"), then Developer and each Guarantor shall owe the City an amount equal to the difference between (a) the Tax Increment the City otherwise would have received if the Equalized Value of the subject Property would have equaled the most recent Guaranteed Value for a given Phase, and (b) the Tax Increment received by the City on such Property in the year a Shortfall Event occurs (such difference between (a) and (b) being referred to herein as the "**Tax Increment Shortfall**"). If a Tax Increment Shortfall is owed to the City, then unless and until the Equalized Value of the improvements on the Property for a given

Phase or Phases increases to at least the most recent Guaranteed Value, for each January 1 following a Shortfall Event, that the Equalized Value of the subject Property is less than the most recent Guaranteed Value, Developer and/or each Guarantor, shall pay to the City an amount equal to the Tax Increment Shortfall for such calendar year. If and when the Equalized Value of the improvements on the Property for a given Phase as of any January 1 is equal to or greater than the most recent Guaranteed Value for a given Phase: (i) the Default related to non-compliance with the most recent Guaranteed Value requirement for such Property related to such Phase shall be deemed cured, (ii) no further January 1 assessment valuations shall occur or be required, and (iii) no Tax Increment Shortfall payment obligation shall be incurred for such year or any year thereafter, unless a new Shortfall Event occurs. If a Tax Increment Shortfall continues through the closing of the District, no further Equalized Value assessment calculations shall occur and no further Tax Increment Shortfall payment obligations of Developer shall arise after the District is closed. Developer agrees that it shall not, and hereby waives any right to, during the life of the District, challenge the assessed value of all or any portion of the Property or the improvements on the Property below the applicable Guaranteed Value for the Property related to such Phase.

4.4 Payment of Tax Increment Shortfall. Any Tax Increment Shortfall payment due to the City may, at the City's discretion, be deducted from any MRO payment (otherwise due to Developer) from the City during the year in which the Tax Increment Shortfall payment obligation arises. If the Tax Increment Shortfall payment exceeds the amount of such MRO payment, Developer and each of the Guarantors shall pay to the City an amount equal to the difference between such MRO payment and the Tax Increment Shortfall. If there is no MRO payment due Developer for such year, Developer and each of the Guarantors shall pay to the City the full amount of the Tax Increment Shortfall for such year. Any Tax Increment Shortfall payment due to the City from Developer and each Guarantor pursuant to this Agreement shall be made within thirty (30) calendar days after written request for payment by the City.

ARTICLE V – CITY IMPROVEMENTS

5.1 City Work. Within thirty (30) calendar days after receipt of the applicable Commencement Notice and the Required Information for a given Phase, the City shall commence designing the City Improvements (as hereinafter defined) related to the Phase for which the Commencement Notice and Required Information is provided. The City shall make, at its own expense, the improvements and perform the work listed on the attached **Exhibit F** (the “City Improvements”) within the construction schedule provided in **Exhibit F** and pursuant to the terms of this Agreement. If the City Improvements are not completed within the timeframes provided in **Exhibit F**, respectively, solely as a result of acts or omissions by the City (for example and for the avoidance of any doubt, force majeure events are not acts or omissions by the City), the City shall not be in default under this Agreement but any performance dates applicable to Developer Improvements that require the specific City Improvements (or any of them) to be complete shall be automatically extended for the same period of time as the delay of the completion of the City Improvements.

5.2 Third Party Approvals. The City represents to Developer that the City has obtained or will be able to obtain all federal, state and county approvals required to commence and complete construction of the City Improvements.

ARTICLE VI – ACCESS; INSPECTIONS AND CONTRACTORS

6.1 Access and Inspections. Developer hereby grants to the City, its agents, employees, officials, representatives, contractors and consultants the right to enter upon any and all portions of the Property at all reasonable times before the City's issuance of a certificate of occupancy on a given portion of the Property, for the purposes of facilitating the City Improvements and the City's inspection of a given portion of the Property and the applicable Developer Improvements related to such portion of the Property and the Project.

6.2 Inspections for City's Benefit Only. Each inspection conducted by the City or the City's agents shall be deemed to have been for the City's own benefit and shall in no way be construed to be for the benefit of or on behalf of Developer. Developer shall not (and hereby waives any right to) rely in any way upon such inspections, appraisals or determinations of the City.

6.3 Contractors and Consulting Engineers. At any time, the City shall have the right to retain consulting engineers and architects to perform services for the City (which shall be at the City's expense, unless the City must perform inspections as a result of Developer's failure to comply with the Final Plans, then such expenses will be at Developer's sole expense), including, without limitation:

- (a) to make periodic inspections for the purpose of assuring that construction is in accordance with the Final Plans and the requirements;
- (b) to advise the City of the anticipated cost of, and a time for, the completion of the construction work; and
- (c) to review and advise the City of any proposed changes in the construction of the Developer Improvements or the Project.

The City's selection of, and reliance upon, the consulting engineers and architects shall not give rise to any liability on the part of the City for the acts or omissions of the consulting engineers or architects or their employees or agents.

Contractors selected for the Project shall be qualified in the City to perform the work, shall be licensed to do business in the State of Wisconsin, shall have experience in providing the type of work and materials required of Developer Improvements, and shall have a good reputation for diligent performance of their obligations under their respective contracts.

ARTICLE VII – MUNICIPAL REVENUE OBLIGATION

7.1 Municipal Revenue Obligation. Pursuant to the terms of this Agreement, the City agrees to issue to Developer, within ninety (90) calendar days after the City's receipt of the

Commencement Notice and all Required Information for Phase I, a non-interest-bearing municipal revenue obligation (the “**MRO**”).

The amount paid under the MRO applicable to Phase I (the “**Phase I MRO**”) shall equal the lesser of: (a) the sum of all payments made by the City on the Phase I MRO during the life of the District but in no event after the Final Payment Date (as defined below), and (b) One Million Six Hundred Thousand Dollars (\$1,600,000.00).

Within ninety (90) calendar days after the City’s receipt of the Commencement Notice and all Required Information for Phase II, the City shall issue a separate MRO for Phase II (the “**Phase II MRO**”) stating that the amount paid under the MRO for Phase II only shall equal the lesser of: (c) the sum of all payments made by the City on the Phase II MRO during the life of the District but in no event after the Final Payment Date, and (d) Fifteen Million Eight Hundred Thousand Dollars (\$15,800,000.00).

Within ninety (90) calendar days after the City’s receipt of the Commencement Notice and all Required Information for Phase III, the City shall issue a separate MRO for Phase III (the “**Phase III MRO**”) stating that the amount paid under the MRO for Phase III only shall equal the lesser of: (e) the sum of all payments made by the City on the Phase III MRO during the life of the District but in no event after the Final Payment Date, and (f) Sixteen Million Six Hundred Thousand Dollars (\$16,600,000.00).

Within ninety (90) calendar days after the City’s receipt of the Commencement Notice and all Required Information for Phase IV, the City shall issue a separate MRO for Phase IV (the “**Phase IV MRO**”) stating that the amount paid under the MRO for Phase IV only shall equal the lesser of: (g) the sum of all payments made by the City on the Phase IV MRO during the life of the District but in no event after the Final Payment Date, and (h) Twenty-Seven Million Two Hundred Thousand Dollars (\$27,200,000.00).

Within ninety (90) calendar days after the City’s receipt of the Commencement Notice and all Required Information for Phase V, the City shall issue a separate MRO for Phase V (the “**Phase V MRO**”) stating that the amount paid under the MRO for Phase V only shall equal the lesser of: (i) the sum of all payments made by the City on the Phase V MRO during the life of the District but in no event after the Final Payment Date, and (j) Ten Million Eight Hundred Thousand Dollars (\$10,800,000.00).

Notwithstanding any provision herein to the contrary, if the Equalized Value of the Property is less than the Anticipated Equalized Value on any of the dates provided in Sections 4.1(a) through 4.1(e) above, the Developer shall be a Default under this Agreement and the City may (x) terminate all rights of Developer under this Agreement with regard to any Phase currently in process or successive Phase(s), (y) enter into another development agreement(s) or other written agreement(s) with another developer(s) to complete any or all such partially complete or incomplete Phases of the Project, and (z) amend the MRO applicable to the Phase for which such Default occurs to equal the lesser of: (i) the sum of all payments made by the City on the MRO for such Phase during the life of the District but in no event after the Final Payment Date, and (ii) twenty percent (20%) of the Equalized Values (as determined as of the date of such Default) of the portions of the Property for which the Developer installed

“fully-completed Developer Improvements” for such Phase as of the time of such Default. For the avoidance of any doubt, a “**fully-completed Developer Improvement**” means a Developer Improvement that has received a certificate of occupancy from the City and all other required governmental approvals (from the City, state or otherwise) and, further, any Developer Improvement that is not a fully-completed Developer Improvement as of the time of such Default shall not be included in the 20% of the Equalized Values calculation referenced in (ii) above.

Except as otherwise provided herein, payments on the MRO will equal the Available Tax Increment in each year appropriated by the City’s Common Council until and including the earlier of the date this Agreement is terminated, the date the District is terminated, the Final Payment Date and the date the MRO is paid in full. “**Available Tax Increment**” means an amount equal to eighty percent (80%) of the difference between the Tax Increment actually received by the City in each year less the following (collectively, the “**Priority Project Costs**”): (i) all debt service payments incurred or to be incurred by the City in a given year for work performed or to be performed with regard to the Project or the Property; (ii) the amount of the City’s administrative expenses, including, but not limited to, reasonable charges for the time spent by City employees in connection with the negotiation and implementation of this Agreement, (iii) professional service costs, including, but not limited to, those costs incurred by the City for outside architectural, planning, engineering, inspections, financial consulting and legal advice (including, without limitation, attorneys’ costs and fees) and services related to the negotiation and implementation of this Agreement, and (iv) other eligible project costs previously incurred by the City in preparation for this Project or to be incurred by the City with regard to the Property or the Project (including, without limitation, the City Improvements, site preparation costs and expenses and other costs and expenses related to the Property or the Project) to the extent such eligible project costs are not directly financed by the debt service referenced in (i) above.

Notwithstanding any provision herein to the contrary, the City agrees to limit the amount of Priority Project Costs that can be reimbursed to the City out of Available Tax Increment prior to the eighty percent (80%) split to the Developer for each Phase of the Project as follows:

Phase	Priority Project Cost Cap
I	\$4,725,000
II	\$4,725,000
III	\$2,925,000
IV	\$10,225,000
V	\$1,625,000

For the avoidance of any doubt, Priority Project Cost amounts for a given Phase that exceed the Priority Project Cost cap amounts set forth in the table above, may be reimbursed out of Available Tax Increment but such amounts will not have priority over the applicable MRO payment to Developer and will need to be reimbursed out of the twenty percent (20%) split of Available Tax Increment retained by the City after the eighty percent (80%) split of Available Tax Increment payment is made to Developer.

Any Priority Project Cost not paid due to insufficient Tax Increment shall be carried forward and paid from Tax Increment in the next year, or if necessary, following years until fully paid. For the purposes of this Agreement, “**Tax Increment**” shall have the meaning given under Wis. Stat. § 66.1105(2)(i) but shall be limited to the Tax Increment attributable to the land and improvements on the Property for a given Phase that the Developer has installed Developer Improvements under this Agreement.

Provided that Developer is not in Default under this Agreement, the City shall, subject to annual appropriation of such payment by the City’s Common Council, pay the Available Tax Increment, if any, to the holder of an MRO or a designated assign of such holder for a given Phase in one annual payment, on or before October 31st of each year commencing on October 31, 2029, and continuing to (and including) the earlier of the date such MRO is paid in full or October 31, 2051 (each, a “**Payment Date**”). Notwithstanding the previous sentence, in the event that Developer is in Default on a Payment Date, payment by the City may be suspended until all outstanding Defaults are cured.

To the extent that on any Payment Date the City is unable to make all or part of a payment of principal due on the MRO for a given Phase from such Available Tax Increment due to an absence of adequate Available Tax Increment, non-appropriation by the City’s Common Council or otherwise, such failure shall not constitute a default by the City under the MRO for such Phase. The amount of any such deficiency shall be deferred without interest. The deferred principal shall be due on the next Payment Date on which the City has the ability to payout Available Tax Increment. The term of the MRO for each applicable Phase of the Project and the City’s obligation to make payments hereunder shall not extend beyond the earlier of October 31, 2051 (the “**Final Payment Date**”) or the date the MRO for such Phase is paid in full. If the MRO for a given Phase has not been paid in full by the Final Payment Date, then the City shall have no obligation to make further payments on the MRO for such Phase. Upon the earlier of the date the MRO for a given Phase is paid in full and the Final Payment Date, the MRO for such Phase shall terminate and the City’s obligation to make any payments under the MRO for such Phase shall be fully discharged, and the City shall have no obligation and incur no liability to make any payments hereunder or under the MRO for such Phase, after such date.

The MRO for a given Phase shall not be payable from or constitute a charge upon any funds of the City, and the City shall not be subject to any liability thereon or be deemed to have obligated itself to pay thereon from any funds except the Available Tax Increment which has been appropriated for that purpose, and then only to the extent and in the manner herein specified. The MRO for a given Phase is a special, limited revenue obligation of the City and shall not constitute a general obligation of the City. The City will use good faith efforts to annually appropriate the Available Tax Increment for the MRO for such Phase, until the earlier of the Final Payment Date, the termination of this Agreement or the MRO for such Phase, or the payment in full of the MRO for such Phase as provided herein. If Available Tax Increment is received by the City earlier than the first Payment Date, the applicable portion of such increment shall be retained by the City and applied to the first payment subject to appropriation by the City Common Council. Developer shall not have the right to assign the MRO for a given Phase except as set forth therein. Interests in the MRO for a given Phase may not be split, divided or apportioned.

7.2 MRO Form. The MRO for each Phase shall be substantially in the form attached to this Agreement as Exhibit G (which is incorporated herein by reference) and shall be payable in accordance with the terms and conditions set forth in this Agreement and the MRO for a given Phase. In the event of a conflict between the terms of this Agreement and the terms of the MRO for a given Phase, the terms in this Agreement shall prevail. The principal payments shall be payable solely from the Available Tax Increment appropriated by the City. On or about each Payment Date under the MRO for a given Phase, the City shall provide to Developer an accounting identifying the Available Tax Increment, the amount of the payment being made on such Payment Date, and, if applicable, the remaining principal balance due on the MRO for a given Phase after the application of such payment.

7.3 Issuance of MRO and Payment Limitation. Provided that Developer is not in Default under this Agreement beyond the applicable cure period (if any) throughout the term of this Agreement, the City will deliver the MRO for a given Phase to Developer within the timeframes provided in Section 7.1 above. Notwithstanding the previous sentence, in the event that Developer is in Default prior to the City's issuance of the MRO for a given Phase, the City shall not be required to deliver the MRO for such Phase to Developer until a reasonable time after, but in no event less than thirty (30) calendar days after, all such Defaults are cured, provided each Default is cured within the applicable cure period for such Default. If the City does not timely provide the MRO for a given Phase to Developer, Developer shall make a written request to the City to deliver the executed MRO for a given Phase within thirty (30) calendar days after the date of such written request by Developer. The total amount of principal to be paid under the MRO for a given Phase shall in no event exceed *the lesser of*: (a) the sum of all payments made by the City on the MRO for such Phase during the life of the District but in no event after the Final Payment Date, and (b) the applicable amounts set forth in Section 7.1 above, as applicable. The City's obligation to make payments on the MRO for a given Phase is conditioned on the requirement that Developer is not in Default under this Agreement. For the avoidance of any doubt, upon the occurrence of a Default, the City may suspend all payments until the Default is cured and, upon the expiration of all applicable cure periods for such Default, the City may exercise any and all available remedies. For the avoidance of any doubt, upon the occurrence of a Not to Exceed Election, the City shall continue to make payments on the MRO with regard to the Phase or Phases that precede the Not to Exceed Election, provided that Developer is not in Default under this Agreement.

7.4 Payment of Priority Project Costs and Repayment Schedule. From the Tax Increment received by the City each year, the City shall first pay the outstanding Priority Project Costs up to the applicable Priority Project Cost cap for each Phase. The estimated repayment schedule of the MRO for a given Phase shall be set forth in Schedule 1 to the MRO for such Phase. The City reserves the right to modify the repayment schedule for an MRO based upon market conditions, applicable Priority Project Costs and the actual and projected Available Tax Increment generated from the Project for such Phase. The Available Tax Increment for a given Phase held by the City each year shall be applied to the payment of principal due on the MRO for a given Phase in accordance with the payment schedules set forth in such MRO until a maximum payout has been made (which equals the Available Tax Increment for a given year), subject to appropriation by the City's Common Council.

ARTICLE VIII – ASSIGNMENTS AND CHANGES OF CONTROL

8.1 Assignments and Change of Control. This Agreement and the MRO shall not be assignable by Developer without the prior written consent of the City (which may be withheld by the City for any reason). The ownership or control of Developer shall not be transferred to any person or entity without the prior written consent of the City (which may be withheld by the City for any reason). The prohibition on the transfer of ownership or control shall not be applicable in the event of the death of a member and the interest being transferred is the deceased member's interest. The term “**ownership or control**” shall mean twenty percent (20%) or more of the Ownership Interests in Developer. For the purposes of this Agreement, “**Ownership Interests**” shall mean the members' rights to share in distributions and other economic benefits of Developer, the members' rights to participate in decision making, or both. The current members of Developer are identified on **Exhibit H** attached hereto and incorporated herein by reference.

In the event this Agreement is assigned by Developer, such assignee shall execute all documents required by the City to confirm that such assignee is bound by the terms of this Agreement and agrees to perform all of Developer's obligations set forth in this Agreement. Further, in the event this Agreement is assigned by Developer, Developer agrees to remain jointly and severally liable for all obligations of the Developer (whether to be completed by itself or its assign) under this Agreement.

Notwithstanding any provision herein to the contrary, this Agreement and the MRO may be collaterally assigned to a mortgage lender financing the development and completion of the Project.

ARTICLE IX – ZONING, LAND USE AND RESTRICTIVE COVENANT

9.1 Zoning Compliance. The Project shall comply with all applicable zoning ordinance and land use guidelines applicable to the Property and shall be subject to the payment of any applicable impact fees in the amounts applicable at the time each required permit is issued, unless otherwise provided herein. Nothing in this Agreement shall obligate the City to grant variances, re-zoning, exceptions or conditional use permits related to the Project.

9.2 Tax Status/Restrictive Covenant. Without the prior written consent of the City (which may be withheld for any reason), Developer shall not use or permit the use of any of the Property in any manner which would render such Property exempt from property taxation during the life of the District. Further, Developer will not challenge or contest any assessment on the Property by the City, including, but not limited to, filing any objection under Wis. Stat. Section 70.47, Wis. Stat. Section 74.37, or any Department of Revenue related assessment proceeding with regard to an assessed value of the Property for a given Phase in an amount less than the Guaranteed Value for such Phase (as set forth in Section 4.1 above). Developer agrees to record a deed restriction or restrictive covenant against the portions of the Property prior to any sale or leasing of any of the Property to make any subsequent purchasers or users of any portion of the Property subject to this provision and designate a proportionate Guaranteed Value to such portion of the Property being sold, leased or otherwise transferred in relation to all of the Property related

to such Phase and Guaranteed Value. The deed restriction or restrictive covenant shall permit, but shall not obligate, the City to enforce such deed restriction or restrictive covenant and shall be in form and in substance acceptable to the City. This provision and the deed restriction or restrictive covenant shall continue to be applicable until the termination of the District. However, Developer shall not have a continuing obligation for compliance with this provision as to any portion of the Property in which Developer no longer maintains an interest (whether as owner, tenant, occupant or otherwise) provided that Developer has timely recorded the deed restriction or restrictive covenant as approved by the City.

9.3 Land Dedications, Transfers and Easements for City Improvements.

Developer agrees to make such land dedications and to grant such temporary or permanent easements as are required by the City for the construction and maintenance of the City Improvements. Any requests for easements or dedications shall require Developer's consent and shall not materially interfere with the construction or operation of the Developer Improvements or the long-term development plans of Developer. All documentation for such dedications or easements shall be in form and substance acceptable to the City and Developer. Developer agrees to cooperate with the City if the City desires to prepare certified survey maps or other documentation as deemed appropriate by the City to facilitate the implementation and documentation of such dedications and easements and to adjust the lot lines of the Property, in a manner reasonably acceptable to the City and Developer.

ARTICLE X – DEFAULTS

10.1 Default. Any one or more of the following shall constitute a “**Default**” under this Agreement.

(a) Developer fails to timely or fully perform, or comply with, any one or more of its obligations or any of the terms or conditions of this Agreement or any document related hereto or referenced herein that is applicable to Developer (including, without limitation, the untimely delivery of the Required Information or Commencement Notice for a given Phase, completion of the Developer Improvements or any default under any other agreement related to the Project).

(b) Any representation or warranty made by Developer in this Agreement, any document related hereto or referenced herein or any financial statement, budget or Project cost delivered by Developer pursuant to this Agreement shall prove to have been false in any material respect as of the time when made or given;

(c) Developer (or any permitted successor or assign of Developer) or any Guarantor shall:

(i) become insolvent or generally not pay, or be unable to pay, or admit in writing its inability to pay, its debts as they mature,

(ii) make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its assets,

(iii) become the subject of an “order for relief” within the meaning of the United States Bankruptcy Code, or file a petition in bankruptcy, for reorganization or to effect a plan, or other arrangement with creditors,

(iv) have a petition or application filed against it in bankruptcy or any similar proceeding, or have such a proceeding commenced against it, and such petition, application or proceeding shall remain undismissed for a period of ninety (90) calendar days or more, or such party, shall file an answer to such a petition or application, admitting the material allegations thereof,

(v) apply to a court for the appointment of a receiver or custodian for any of its assets or properties, or have a receiver or custodian appointed for any of its assets or properties, with or without consent, and such receiver shall not be discharged within sixty (60) calendar days after his appointment, or

(vi) adopt a plan of complete liquidation of its assets.

(d) The City fails to timely or fully perform, or comply with, any one or more of its obligations or any of the terms or conditions of this Agreement or any document related hereto or referenced herein that is applicable to the City.

For the avoidance of any doubt, the occurrence of a Not to Proceed Election shall not be a Default under this Agreement.

ARTICLE XI – REMEDIES

11.1 Remedies. In the event of a Default, the non-defaulting party shall provide written notice to defaulting party of the Default (the “**Default Notice**”); however, Developer shall not be entitled to a Default Notice or a right to cure in the event the Default occurs under Subsection 10.1(c) above.

(a) The Default Notice shall provide the defaulting party at least thirty (30) calendar days to cure a Default; however, the 30-day period shall be extended to the period of time reasonably necessary to cure the Default (in the event that such 30-day period is not sufficient time to reasonably cure such Default), if the defaulting party promptly commences activities to cure the Default in good faith and diligently pursues such activities to fully cure the Default but in no event shall the period of time to cure the Default exceed ninety (90) calendar days from the date of the Default Notice, unless otherwise agreed to by the parties in writing.

(b) In the event the Default is not fully and timely cured by Developer, the City shall have all of the rights and remedies available in law or in equity, including, but not limited to, all or any of the following rights and remedies, and the exercise or implementation of any one or more of these rights and remedies shall not bar the exercise or implementation of any other rights or remedies of the City provided for under this Agreement:

(i) The City may refuse to issue any permits to Developer for the construction of Developer Improvements or any other improvements on the Property;

(ii) The City may recover from Developer all damages, costs and expenses, including, but not limited to, attorneys' fees incurred by the City related to or arising out of each Default and the drafting and negotiation of this Agreement;

(iii) The City may terminate or postpone its obligation to perform any one or more of its obligations under this Agreement, including, but not limited to, conveying any portion of the City Property to Developer or making any payment obligations under any MRO issued pursuant to this Agreement; or

(iv) The City may terminate this Agreement in whole, as applicable, or partially, to the extent permitted herein (including, without limitation Section 1.2 above).

ARTICLE XII – DEVELOPER REMEDIES FOR A DEFAULT BY CITY

12.1 Written Notice. In the event of a Default by the City, Developer shall provide written notice to the City of such Default and the actions necessary to cure the Default, to the extent known by Developer.

12.2 Cure Period. The notice shall provide the City at least thirty (30) days to cure the Default; however, the 30-day cure period may be extended to the period of time reasonably necessary to cure such Default, if the City promptly commences activities to cure the Default in good faith and diligently pursues such activities to fully cure the Default, but in no event shall the period of time to cure the Default exceed ninety (90) days from the date of Developer's notice.

12.3 Default by City Not Fully and Timely Cured. In the event the Default is not fully and timely cured by the City, subject to Section 19.11 below, Developer shall have all of the rights and remedies available in law or in equity, however, the City shall not be liable for any punitive or consequential damages, the MRO shall only be paid out of Available Tax Increment and Developer may not perform any acts required to be performed by the City under applicable law.

ARTICLE XIII– DEVELOPER REPRESENTATIONS AND WARRANTIES

13.1 Developer Representations and Warranties. Developer represents and warrants that:

(a) it is a Wisconsin limited liability company duly formed and validly existing in its state of origin, has the power and all necessary licenses, permits and franchises to own its assets and properties and to carry on its business, and is in good standing in the State of Wisconsin, its state of origin and all other jurisdictions in which

failure to do so would have a material adverse effect on its business or financial condition;

(b) it has full authority to execute and perform this Agreement and has obtained all necessary authorizations (whether by official board resolution or action, unanimous written consent in lieu of a meeting or otherwise) to enter into, execute and deliver this Agreement;

(c) the execution, delivery, and performance of Developer's obligations pursuant to this Agreement will not violate or conflict with its articles of organization, operating agreement or any indenture, instrument or agreement by which it is bound, nor will the execution, delivery, or performance of its obligations pursuant to this Agreement violate or conflict with any law applicable to Developer or the Project;

(d) this Agreement constitutes (and any instrument or agreement that it is required to give under this Agreement when delivered will constitute) legal, valid, and binding obligations of Developer enforceable against it in accordance with their respective terms;

(e) subject to the terms of this Agreement, it shall not at any time challenge or contest any assessment on the Property by the City including, but not limited to, filing any objection under Wis. Stat. Section 70.47, Wis. Stat. Section 74.37, or any Department of Revenue related assessment proceeding with regard to an assessed value of the Property that is at or below the Guaranteed Value; and

(f) it will pay and discharge all taxes, assessments and other governmental charges upon the Property when due.

13.2 Developer Covenants. Developer covenants that during construction of the Developer Improvements and prior to the issuance of a certificate of occupancy and other approvals and requirements in this Agreement, Developer will:

(a) expeditiously complete the development and construction of any and all Phases which it commences in a good and workmanlike manner and in accordance with all applicable statutes, ordinances and regulations, any restrictions of record and any Final Plans provided to the City regarding the Project;

(b) not make or consent to any material modifications to the Final Plans without the prior written consent of the City;

(c) discharge all claims for labor performed and materials, equipment, and services furnished in connection with the construction of any and all Phases which it commences; but nothing contained in this Agreement shall require Developer to pay any claims for labor, services or materials which it, in good faith, disputes and is currently and diligently contesting;

(d) take all reasonable steps to forestall claims of construction liens against the Property (or any part thereof or right or interest appurtenant thereto) or any personal property and fixtures located or used in connection with the Property;

(e) take reasonable steps to forestall any threatened litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against such party which if successful against it would be reasonably likely to limit or impact the viability or completion of the Project (provided, however, that nothing herein shall prevent Developer from contesting any such action in good faith);

(f) maintain, at all times during construction on the Property, a policy of builder's risk completed value and non-reporting form of contractor's multiple perils and public liability, extended coverage, vandalism and malicious mischief hazard insurance covering the Property in at least the amount of the full replacement value of the improvements on the Property;

(g) timely pay and discharge all taxes, assessments and other governmental charges upon the Property when due; provided, however, that this provision shall not preclude such party from contesting in good faith such taxes, assessments or charges;

(h) deliver to the City's outside counsel, from time to time as a confidential trade secret and not allowing such evidence to become public records, evidence of the costs incurred by Developer related to the construction of the Phases; and

(i) provide to the City, promptly upon the City's request, any information deemed reasonably necessary by the City related to an MRO for a given Phase and the performance of such party under this Agreement to enable the City to timely and accurately complete any accounting or reporting requirements applicable to the City related to the transactions under this Agreement and each MRO issued in relation to this Agreement.

13.3 Developer's Execution Representations and Warranties. The person(s) signing this Agreement on behalf of Developer represent and warrant that he or she has full power and authority to execute this Agreement on behalf of Developer and to bind Developer to the terms and conditions of this Agreement.

13.4 Repeating Representations. On each Payment Date, Developer shall recertify in writing the representations, warranties and covenants set out in Sections 13.1 and 13.2 above as being true and correct as of each Payment Date.

13.5 Developer Cooperation. Developer warrants that it shall exercise all reasonable diligence and expend all reasonable efforts to undertake its obligations under this Agreement. Developer shall further work with the City in good faith to coordinate construction of the Developer Improvements so not to interfere with the City's performance of its obligations hereunder.

ARTICLE XIV CITY REPRESENTATIONS

14.1 City Representations and Warranties. The City represents that:

(a) The City is a body politic of the State of Wisconsin with full power and authority to enter into this Agreement and that all statutory procedures and requirements have been followed, fulfilled and satisfied in connection with the approval of this Agreement and the authorization of all City obligations required by this Agreement; and

(b) The individuals signing this Agreement on behalf of the City have full authority to do so and upon such execution by such individuals, this Agreement will constitute (and any instrument or agreement that the City is required to give under this Agreement when executed and delivered will constitute) legal, valid and binding obligations of the City enforceable against it in accordance with their respective terms.

ARTICLE XV– SUCCESSORS AND ASSIGNS

15.1 Successors and Assigns; Assignment. This Agreement shall be binding upon the successors and assigns of the parties hereto; however, this provision shall not constitute an authorization of Developer to assign or transfer its rights and obligations under this Agreement. Except as expressly provided for in Section 8.1 above, this Agreement shall not be assigned by Developer without the prior written consent of the City, which consent may be withheld for any reason.

ARTICLE XVI – TERMINATION

16.1 Termination. This Agreement shall not terminate until the earlier of:

- (a) termination by the City of the District pursuant to §66.1105(7) of the TI Act,
- (b) all MROs issued pursuant to this Agreement being paid in full, or
- (c) termination of the Agreement by the City pursuant to the terms of this Agreement;

however, Developer agrees that the termination of this Agreement shall not cause a termination of the rights and remedies of the City under this Agreement.

ARTICLE XVII – NOTICES

17.1 Any notice given under this Agreement shall be deemed effective when: (a) personally delivered in writing; or (b) a commercially recognized overnight delivery service provides confirmation of delivery and addressed as follows:

If to the City:

If to Developer:

EXECUTION VERSION

City of Sheboygan
Attention: City Administrator
828 Center Avenue, Suite 300
Sheboygan, WI 53081

Timberwood Meadows, LLC
Lucas J. Pelton
400 Viking Drive
Reedsburg, WI 53959

City of Sheboygan
Attention: City Attorney
828 Center Avenue, Suite 210
Sheboygan, WI 53081

with a copy to:

with a copy to:

Brion T. Winters, Esq.
von Briesen & Roper, s.c.
411 E. Wisconsin Ave., Ste 1000
Milwaukee, WI 53202

Cross, Jenks, Mercer & Maffei LLP
Attn: Robert K. Ginther, Esq.
221 Third Avenue, PO Box 556
Baraboo, WI 53913

ARTICLE XVIII – APPLICABLE LAW

18.1 This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Wisconsin. Any litigation related to this Agreement shall be brought in the state courts of the State of Wisconsin and the parties hereto agree to submit to the jurisdiction and venue of the Circuit Court for Sheboygan County, Wisconsin.

ARTICLE XIX – MISCELLANEOUS

19.1 Entire Agreement. This Agreement and all of the documents referenced herein or related hereto (and as any of the aforementioned documents have been or may be amended, extended or modified) embody the entire agreement between the parties relating to the transactions contemplated under this Agreement and all agreements, representations or understanding, whether oral or written, that are prior or contemporaneous to this Agreement are superseded by this Agreement.

19.2 Amendment. No amendment, modification or waiver of any provision of this Agreement, nor consent to any departure by a party from any provision of this Agreement shall in any event be effective unless it is in writing and signed by each of the parties hereto, and then such waiver or consent shall be effective only in the specific instance and for the specific purposes for which it is given by the respective party.

19.3 No Vested Rights Granted. Except as provided by law, or as expressly provided in this Agreement, no vested rights in connection with the Project shall inure to Developer nor does the City warrant by this Agreement that Developer is entitled to any required approvals, permits or the like with regard to the Project.

19.4 Invalid Provisions. The invalidity or unenforceability of a particular provision of this Agreement shall not affect the other provisions, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

19.5 Headings. The article and section headings of this Agreement are inserted for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

19.6 No Waiver; Remedies. No failure on the part of the City to exercise, and no delay in exercising, any right, power or remedy under this Agreement shall operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise of the right or the exercise of any other right. The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by law.

19.7 No Third-Party Beneficiaries. This Agreement is solely for the benefit of the named parties hereto and their permitted assignees, and nothing contained in this Agreement shall confer upon anyone other than such parties any right to insist upon or enforce the performance or observance of any of the obligations contained in this Agreement.

19.8 No Joint Venture. The City is not a partner, agent or joint venture of or with Developer.

19.9 Recording of a Memorandum of this Agreement Permitted. A memorandum of this Agreement may be recorded by the City on all or a portion of the Property in the office of the Register of Deeds for Sheboygan County, Wisconsin, and, upon request of the City, Developer shall execute and deliver to the City a memorandum of this Agreement for recording purposes.

19.10 Force Majeure. If any party is delayed or prevented from timely performing any act required under this Agreement by reason of extraordinary and uncommon matters beyond the reasonable control of the party obligated to perform, including (but not limited to) fire, earthquake, war, terrorist act, pandemic, epidemic, flood, riot, quarantine restrictions, strike, lockout, supply shortages, labor shortages, freight embargo, power outages, extreme weather or other similar causes or acts of God, 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; provided, however, that the time for performance shall not be extended by more than ninety (90) calendar days unless agreed to in writing by the parties hereto. Notwithstanding any provision herein to the contrary, the City, in its sole and absolute discretion, may allow up to a six (6) month extension on the deadlines set forth in Section 1.1 and 3.2 above should reasonable delays occur as a result of environmental remediation issues, supply chain issues, labor supply issues or material cost increases. Any such approved delay by the City will be evidenced in writing and provided to Developer, and without any written evidence approving such delay, the other provisions of this Agreement shall control and the immediately preceding sentence shall not apply.

19.11 Immunity. Nothing contained in this Agreement constitutes a waiver of any immunity available to the City under applicable law.

19.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement, it being understood that all parties need not sign the same counterpart. This Agreement may also be executed by remote electronic means, via DocuSign, Eversign, or similar platform. The exchange of copies of this Agreement and of signature pages by facsimile transmission (whether directly from one facsimile device to another by means of a dial-up connection or whether mediated by the worldwide web), by electronic mail in “portable document format” (“.pdf”), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by a combination of such means, shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of an original Agreement for all purposes. Signatures of the parties transmitted by facsimile or other electronic means shall be deemed to be their original signatures for all purposes. Upon request by a party, the parties hereto shall provide a wet-ink, original signed version of this Agreement to such party for its records.

19.13 Recitals. The RECITALS set forth above are true, accurate and incorporated herein by reference.

~~#40781457v18~~[#40781457v20](#)

EXECUTION VERSION

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

CITY: CITY OF SHEBOYGAN

By: _____

Name: Ryan Sorenson, City Mayor

Attest: _____

Name: Meredith DeBruin, City Clerk

STATE OF WISCONSIN)
) I
SHEBOYGAN COUNTY)

Personally came before me this _____ day of March, 2026, the above-named Ryan Sorenson and Meredith DeBruin, the City Mayor and the City Clerk of the City of Sheboygan, respectively, to me known to be the persons who executed the foregoing instrument and acknowledged the same.

Notary Public, Wisconsin
My commission _____

DEVELOPER: TIMBERWOOD MEADOWS, LLC

By: _____

Name: Lucas J. Pelton

Title: Manager

STATE OF WISCONSIN)
) I
SHEBOYGAN COUNTY)

Personally came before me this _____ day of March, 2026, the above-named Lucas J. Pelton, the Manager of Timberwood Meadows, LLC to me known to be the person who executed the foregoing instrument and acknowledged the same.

Notary Public, Wisconsin

My commission _____

ACKNOWLEDGED AND AGREED TO BY THE UNDERSIGNED GUARANTORS FOR PURPOSES OF THE GUARANTY PROVIDED IN ARTICLE IV OF THIS AGREEMENT AND WE AGREE THAT SUCH GUARANTY IS DONE IN THE INTEREST OF OUR MARRIAGE AND FAMILY.

GUARANTORS:

Lucas J. Pelton

Cody K. Pelton

MARITAL PURPOSE STATEMENT AND SPOUSAL CONSENT:

My spouse, Lucas J. Pelton or Cody K. Pelton, as applicable, has agreed to personally guarantee obligations under this Agreement to the City. I consent to this act by my spouse and acknowledge that such act was done in the interests of our marriage and family, but by signing below I am not becoming personally liable as a guarantor.

Catherine M. Pelton, Spouse of Lucas J. Pelton

Amy B. Pelton, Spouse of Cody K. Pelton

LIST OF EXHIBITS

Exhibit A City Property

Exhibit B Project

Exhibit C Special Warranty Deed

Exhibit D Permitted Encumbrances for Property

Exhibit E Irrevocable Letter of Credit

Exhibit F City Improvements

Exhibit G MRO

Exhibit H Members of Developer

EXHIBIT A
CITY PROPERTY

~~(Deleted)~~ East Quarter (SW ¼) of the Northeast Quarter (NE ¼) of Section Sixteen (16), Township Fourteen (14) North, Range Twenty-three (23) East, Town of Wilson, Sheboygan County, Wisconsin.

And

The Southeast Quarter (SE ¼) of the Northeast Quarter (NE ¼) of Section Sixteen (16), Township Fourteen (14) North, Range Twenty-three (23) East, Town of Wilson, Sheboygan County, Wisconsin. EXCEPTING THEREFROM the following: Commencing at the East Quarter (E ¼) corner of said Section Sixteen (16); thence North Five Hundred Eighty (580.00) feet to the point of beginning; thence continuing North Four Hundred Fifty-two (452.00) feet; thence South Fifty-nine (59) degrees Twenty-two (22) minutes West Two Hundred Seventy-nine and Three Hundredths (279.03) feet; thence South Sixty-three (63) degrees Thirty-five (35) minutes East Fifty-four (54) feet; thence South Zero (00) degrees Thirty (30) minutes West Two Hundred Three (203.00) feet; thence East Two Hundred Ten and Thirty-one Hundredths (210.31) feet to the point of beginning, more particularly described and set forth as Lot 1 of that certain Certified Survey Map recorded as Document No. 1372997, in Volume 10 of Certified Survey Maps, on Page 339, in the Office of the register of Deeds for Sheboygan County, Wisconsin, on June 1, 1993, at 10:49 a.m.

For informational use only:

Tax Key #59030-458900 and 59030-458910

Property Address: Vacant Land on Moenning Road, Sheboygan, WI 53081

(1) Tax Key No. 59281471041

The Southwest 1/4 of the Northwest 1/4 of Section 10, Township 14 North, Range 23 East, in the Town of Wilson, Sheboygan County, Wisconsin; AND the Southeast 1/4 of the Northwest 1/4 of Section 10, Township 14 North, Range 23 East, in the Town of Wilson, Sheboygan County, Wisconsin; EXCEPT the South 208.71 feet of the West 208.71 feet thereof; AND FURTHER EXCEPTING the following parcel: Commencing at the West 1/4 corner of said Section 10; thence North 01°09'49" West, along the West line of the Northwest 1/4 of Section 10, 208.71 feet to the point of beginning; thence from said point of beginning, continuing North 01°09'49" West, along the West line of the Northwest 1/4 of Section 10, 475.50 feet; thence East 2,610.75 feet to a 1" iron pipe set on the East line of the Northwest 1/4 of Section 10; thence South 01°11'39" East, along said East line, 684.22 feet to a 2" iron pipe found at the center of Section 10; thence West, along the South line of the Northwest 1/4 of Section 10, 2,402.40 feet to a 1" iron pipe set; thence North 01°09'49" West, 208.71 feet to a 1" iron pipe set; thence West 208.71 feet to the point of beginning.

(2) Tax Key No. 59281471042

Part of the South 1/2 of the Northwest 1/4 of Section 10, Township 14 North, Range 23 East, in the Town of Wilson, Sheboygan County, Wisconsin: Commencing at the West 1/4 corner of said Section 10; thence North 01°09'49" West along the West line of the Northwest 1/4 of said Section 10, 208.71 feet to the point of beginning; thence from said point of beginning, continuing North 01°09'49" West, along the West line of the Northwest 1/4 of Section 10, 475.50 feet; thence East 2,610.75 feet to a 1" iron pipe set on the East line of the Northwest 1/4 of Section 10; thence South 01°11'39" East, along said East line, 684.22 feet to a 2" iron pipe found at the center of Section 10; thence West, along the South line of the Northwest 1/4 of Section 10, 2,402.40 feet to a 1" iron pipe set; thence North 01°09'49" West, 208.71 feet to a 1" iron pipe set; thence West 208.71 feet to the point of beginning.

(3) Tax Key No. 59281471043

That part of the following not in the Sanitary District the Northwest 1/4 of the Southwest 1/4 of Section 10, Township 14 North, Range 23 East, Town of Wilson, Sheboygan County, Wisconsin, EXCEPTING THEREFROM Certified Survey Map recorded in Volume 24 of Certified Survey Maps, at Pages 12/13, as Document No.1862020.

(4) Tax Key No. 59281471044

The Northeast 1/4 of the Southwest 1/4 of Section 10, Township 14 North, Range 23 East, Town of Wilson, Sheboygan County, Wisconsin.

(5) Tax Key No. 59281471045

That part of the following in the Sanitary District the Northwest 1/4 of the Southwest 1/4 of Section 10, Township 14 North, Range 23 East, Town of Wilson, Sheboygan County, Wisconsin.

(6) Tax Key No. 59281471046

That part of the following in the Sanitary District (North Parcel) the North 1/2 of the Southwest 1/4 of the Southwest 1/4 of Section 10, Township 14 North, Range 23 East, Town of Wilson, Sheboygan County, Wisconsin, EXCEPTING THEREFROM the following: Commencing 9-1/2 rods South of the Northwest corner of said premises; thence running South 9 rods; thence East 20 rods; thence North 9 rods; and thence West 20 rods to the place of beginning.

(7) Tax Key No. 59281471047

That part of the following not in the Sanitary District the North 1/2 of the Southwest 1/4 of the Southwest 1/4 of Section 10, Township 14 North, Range 23 East, Town of Wilson, Sheboygan County, Wisconsin, EXCEPTING THEREFROM the following: Commencing 9-1/2 rods South of the Northwest corner of said premises; thence running South 9 rods; thence East 20 rods; thence North 9 rods; and thence West 20 rods to the place of beginning.

(8) Tax Key No. 59281471048

The North 1/2 of the Southeast 1/4 of the Southwest 1/4 of Section 10, Township 14 North, Range 23 East, Town of Wilson, Sheboygan County, Wisconsin.

(9) Tax Key No. 59281471049

That part of the following in the Sanitary District (South Parcel) the North 1/2 of the Southwest 1/4 of the Southwest 1/4 of Section 10, Township 14 North, Range 23 East, Town of Wilson, Sheboygan County, Wisconsin, EXCEPTING THEREFROM the following: Commencing 9-1/2 rods South of the Northwest corner of said premises; thence running South 9 rods; thence East 20 rods; thence North 9 rods; and thence West 20 rods to the place of beginning.

(10) Tax Key Nos. 59281470988, 59281470989, 59281470990, 59281472509 and 59281472510

EXECUTION VERSION

The South $\frac{1}{2}$ of the South $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the West $\frac{1}{2}$ of the West $\frac{1}{2}$ of the Southeast $\frac{1}{4}$,
all in the Section 10, Township 14 North, Range 23 East, in the City of Sheboygan (formerly
Town of Wilson), County of Sheboygan, State of Wisconsin.

EXHIBIT B

PROJECT

PHASE	HOUSING TYPE	HOUSING UNITS	ANTICIPATED EQUALIZED VALUE
Phase I			
	Single-Family (Detached)	20	\$7,600,000
	Single-Family (Attached)	8	\$2,400,000
	Multi-family (10-30 units/building)	56	\$8,000,000
	Multi-Family (>30 units/building)	0	\$0
Phase I Totals		84	\$18,000,000
Phase II			
	Single-Family (Detached)	73	\$27,740,000
	Single-Family (Attached)	62	\$18,100,000
	Multi-family (10-30 units/building)	56	\$8,000,000
	Multi-Family (>30 units/building)	126	\$25,160,000
Phase II Totals		317	\$79,000,000
Phase III			
	Single-Family (Detached)	0	\$0
	Single-Family (Attached)	96	\$28,500,000
	Multi-family (10-30 units/building)	56	\$9,500,000
	Multi-Family (>30 units/building)	227	\$45,000,000
Phase III Totals		379	\$83,000,000
Phase IV			
	Single-Family (Detached)	151	\$60,500,000
	Single-Family (Attached)	30	\$9,500,000
	Multi-family (10-30 units/building)	88	\$14,000,000
	Multi-Family (>30 units/building)	245	\$52,000,000
Phase IV Totals		514	\$136,000,000
Phase V			
	Single-Family (Detached)	0	\$0
	Single-Family (Attached)	32	\$9,500,000
	Multi-family (10-30 units/building)	56	\$10,000,000
	Multi-Family (>30 units/building)	132	\$34,500,000
Phase V Totals		220	\$54,000,000
Project Totals		1514	\$370,000,000

EXHIBIT C
SPECIAL WARRANTY DEED

[SEE ATTACHED]

DOCUMENT NO.	SPECIAL WARRANTY DEED	
This Special Warranty Deed is made between the City of Sheboygan, Wisconsin (“Grantor”) and Timberwood Meadows, LLC (“Grantee”). WITNESSETH: Grantor, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, conveys to Grantee and its successors and assigns forever the following described real estate: All of Grantor’s right, title and interest in and to the real property described in <u>Schedule A</u> attached hereto and incorporated herein by reference, together with all hereditaments and appurtenances thereunto belonging or in any way appertaining. This is not homestead property. EXEMPT FROM REAL ESTATE TRANSFER TAX PER WIS. STATS. § 77.25 (2).		THIS SPACE RESERVED FOR RECORDING DATA NAME AND RETURN ADDRESS Brion T. Winters, Esq. von Briesen & Roper, s.c. 411 E. Wisconsin Ave., Suite #1000 Milwaukee, WI 53202 Parcel Identification Number

Grantor warrants that title is good, indefeasible in fee simple and free and clear of encumbrances, arising by, through or under Grantor, except municipal and zoning ordinances (and agreements entered into under them), recorded easements, recorded building and use restrictions, covenants and the restrictions set forth in a “Tax Incremental District Development Agreement” between Grantor and Grantee dated as of March 16, 2026, taxes and assessments levied in 202[] which are not yet due and payable and subsequent years and those encumbrances set forth on Schedule B, attached hereto and incorporated herein by this reference.

As additional consideration for the conveyance evidenced by this Special Warranty Deed, Grantor and Grantee agree that, prior to the termination of Grantor’s Tax Incremental District No. 23, all current and future owners or users of (including any other party with an interest – whether ownership, leasehold or otherwise – in) all or any portion of the real property conveyed by this Special Warranty Deed shall not be used in such a way as to exempt such real property from property taxation. The foregoing covenant shall run with the land until the termination of Grantor’s Tax Incremental District No. 23.

Dated as of [], 202[].

CITY OF SHEBOYGAN, WISCONSIN

EXHIBIT

By: _____
Name: _____
Title: City Mayor

EXHIBIT

Attest: _____
Name: _____
Title: City Clerk

STATE OF WISCONSIN)
) SS
COUNTY OF SHEBOYGAN)

Personally came before me this ____ day of _____, 202[____], _____
and _____, as City Mayor and City Clerk, respectively, of the City of
Sheboygan, Wisconsin, and to me known to be the person who executed the foregoing
instrument and acknowledged the same in such capacity.

Name: _____
Notary Public, State of Wisconsin
My Commission: _____

This document was drafted by:
Brion T. Winters, Esq.
von Briesen & Roper, s.c.
411 E. Wisconsin Avenue, Suite 1000
Milwaukee, WI 53202

EXECUTION VERSION

Schedule A

Legal Description of Real Property

~~(Deleted)~~ East Quarter (SW ¼) of the Northeast Quarter (NE ¼) of Section Sixteen (16), Township Fourteen (14) North, Range Twenty-three (23) East, Town of Wilson, Sheboygan County, Wisconsin.

And

~~The Southeast Quarter (SE ¼) of the Northeast Quarter (NE ¼) of Section Sixteen (16), Township Fourteen (14) North, Range Twenty-three (23) East, Town of Wilson, Sheboygan County, Wisconsin. EXCEPTING THEREFROM the following: Commencing at the East Quarter (E ¼) corner of said Section Sixteen (16); thence North Five Hundred Eighty (580.00) feet to the point of beginning; thence continuing North Four Hundred Fifty-two (452.00) feet; thence South Fifty-nine (59) degrees Twenty-two (22) minutes West Two Hundred Seventy-nine and Three Hundredths (279.03) feet; thence South Sixty-three (63) degrees Thirty-five (35) minutes East Fifty-four (54) feet; thence South Zero (00) degrees Thirty (30) minutes West Two Hundred Three (203.00) feet; thence East Two Hundred Ten and Thirty-one Hundredths (210.31) feet to the point of beginning, more particularly described and set forth as Lot 1 of that certain Certified Survey Map recorded as Document No. 1372997, in Volume 10 of Certified Survey Maps, on Page 339, in the Office of the register of Deeds for Sheboygan County, Wisconsin, on June 1, 1993, at 10:49 a.m.~~

For informational use only:

Tax Key #59030-458900 and 59030-458910

Property Address: Vacant Land on Moenning Road, Sheboygan, WI 53081

Schedule B

Permitted Encumbrances

The following items are permitted encumbrances in addition to the items identified on the Special Warranty Deed. The number references are for tracking and convenience purposes only and identify the exceptions noted on Schedule B Section Two in the Title Insurance Commitment issued by [] Title Insurance Company as Commitment Number [].

EXHIBIT D

PERMITTED ENCUMBRANCES FOR PROPERTY

- ~~1. Driveway and Well Agreement and Electric Line Easement, dated June 18, 1993 and recorded in Volume 1283 of Records, pages 41/45 on June 24, 1993, as Document No. 1375408.~~
- ~~2. Easement to Wisconsin Telephone Company, dated November 5, 1945 and recorded in Volume W of Contracts, pages 171/172 on January 31, 1946, as Document No. 469205.~~
- ~~3. Possible lien or reassessment pursuant to Sec. 74.485, Wis. Stats, for conversion of land's use from agricultural.~~

[\[SEE ATTACHED\]](#)

EXHIBIT E
IRREVOCABLE LETTER OF CREDIT

[SEE ATTACHED]

IRREVOCABLE LETTER OF CREDIT

Borrower: Timberwood Meadows LLC
 S1930 Glen Valley Dr
 Reedsburg, WI 53959-9652

Lender: Bank of Wisconsin Dells
 Main Branch
 716 Superior St
 PO Box 490
 Wisconsin Dells, WI 53965

Beneficiary: City of Sheboygan
 828 Center Ave
 Sheboygan, WI 53081

NO.: 123456

EXPIRATION DATE. This letter of credit shall expire upon the earlier of the close of business on 10-09-2026 and all drafts and accompanying statements or documents must be presented to Lender on or before that time, or the day that Lender honors a draw under which the full amount of this Letter of Credit has been drawn (the "Expiration Date").

AMOUNT OF CREDIT. Lender hereby establishes at the request and for the account of Borrower, an Irrevocable Letter of Credit in favor of Beneficiary for a sum of Ten Thousand & 00/100 Dollars (\$10,000.00) (the "Letter of Credit"). These funds shall be made available to Beneficiary upon Lender's receipt from Beneficiary of sight drafts drawn on Lender at Lender's address indicated above (or other such address that Lender may provide Beneficiary in writing) during regular business hours and accompanied by the signed written statements or documents indicated below.

WARNING TO BENEFICIARY: PLEASE EXAMINE THIS LETTER OF CREDIT AT ONCE. IF YOU FEEL UNABLE TO MEET ANY OF ITS REQUIREMENTS, EITHER SINGLY OR TOGETHER, YOU SHOULD CONTACT BORROWER IMMEDIATELY TO SEE IF THE LETTER OF CREDIT CAN BE AMENDED. OTHERWISE, YOU WILL RISK LOSING PAYMENT UNDER THIS LETTER OF CREDIT FOR FAILURE TO COMPLY STRICTLY WITH ITS TERMS AS WRITTEN.

DRAFT TERMS AND CONDITIONS. Lender shall honor drafts submitted by Beneficiary under the following terms and conditions: A statement executed by an authorized representative of the City of Sheboygan, and stating that the amount of the invoice(s) presented concurrently with this statement (A) has/have not been paid to the City of Sheboygan, and (B) the City of Sheboygan, has determined in good faith, to be due and owing to the City of Sheboygan, by Timberwood Meadows LLC.

Upon Lender's honor of such drafts, Lender shall be fully discharged of Lender's obligations under this Letter of Credit and shall not be obligated to make any further payments under this Letter of Credit once the full amount of credit available under this Letter of Credit has been drawn.

Beneficiary shall have no recourse against Lender for any amount paid under this Letter of Credit once Lender has honored any draft or other document which complies strictly with this Letter of Credit, and which on its face appears otherwise in order but which is signed, issued, or presented by a party or under the name of a party purporting to act for Beneficiary, purporting to claim through Beneficiary, or posing as Beneficiary without Beneficiary's authorization. By paying an amount demanded in accordance with this Letter of Credit, Lender makes no representation as to the correctness of the amount demanded and Lender shall not be liable to Beneficiary, or any other person, for any amount paid or disbursed for any reason whatsoever, including, without limitation, any nonapplication or misapplication by Beneficiary of the proceeds of such payment. By presenting upon Lender or a confirming bank, Beneficiary certifies that Beneficiary has not and will not present upon the other, unless and until Beneficiary meets with dishonor. Beneficiary promises to return to Lender any funds received by Beneficiary in excess of the Letter of Credit's maximum drawing amount.

USE RESTRICTIONS. All drafts must be marked "DRAWN UNDER Bank of Wisconsin Dells IRREVOCABLE LETTER OF CREDIT NO. 123456 DATED 10-09-2025," and the amount of each draft shall be marked on the draft. Only Beneficiary or Beneficiary's transferee may complete a draft and accompanying statements or documents required by this Letter of Credit and make a draw under this Letter of Credit. This original Letter of Credit must accompany any draft drawn hereunder.

Partial draws are permitted under this Letter of Credit. Lender's honor of a partial draw shall correspondingly reduce the amount of credit available under this Letter of Credit. Following a partial draw, Lender shall return this original Letter of Credit to Beneficiary with the partial draw noted hereon; in the alternative, and in its sole discretion, Lender may issue a substitute Letter of Credit to Beneficiary in the amount shown above, less any partial draw(s).

PERMITTED TRANSFEREES. This Letter of Credit may be transferred by Beneficiary upon prior written notice to Lender of the transfer. The transferee shall be deemed the new Beneficiary of this Letter of Credit and the documents of the transferee, including drafts required under this Letter of Credit, will be processed by Lender (or any intermediary) without the original Beneficiary's intervention and without any further obligation of Lender to the original Beneficiary.

TRANSFEREES REQUIRED DOCUMENTS. When the presenter is a permitted transferee under the "Permitted Transferees" paragraph above (the "Permitted Transferee"), the documents required for a draw shall include all documents required elsewhere in this Letter of Credit, except that such documents may be in the name of and executed by either the original Beneficiary or the presenter permitted by the "Permitted Transferees" paragraph above.

COMPLIANCE BURDEN. Lender is not responsible for any impossibility or other difficulty in achieving strict compliance with the requirements of this Letter of Credit precisely as written. Beneficiary understands and acknowledges: (i) that unless and until the present wording of this Letter of Credit is amended with Lender's prior written consent, the burden of complying strictly with such wording remains solely upon Beneficiary, and (ii) that Lender is relying upon the lack of such amendment as constituting Beneficiary's initial and continued approval of such wording.

NON-SEVERABILITY. If any aspect of this Letter of Credit is ever declared unenforceable for any reason by any court or governmental body having jurisdiction, Lender's entire engagement under this Letter of Credit shall be deemed null and void ab initio, and both Lender and Beneficiary shall be restored to the position each would have occupied with all rights available as though this Letter of Credit had never occurred. This non-severability provision shall override all other provisions in this Letter of Credit, no matter where such provision appears within this Letter of Credit.

GOVERNING LAW. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Wisconsin without regard to its conflicts of law provisions, and except to the extent such laws are inconsistent with the 2007 Revision of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce, ICC Publication No. 600. This Agreement has been accepted by Lender in the State of Wisconsin.

EXPIRATION. Lender hereby agrees with Beneficiary that drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to Lender on or before the Expiration Date unless otherwise provided for above.

Loan No: 123456 - TM LOC Ex

**IRREVOCABLE LETTER OF CREDIT
(Continued)**

Page 2

Dated: October 9, 2025

LENDER:

BANK OF WISCONSIN DELLS

By: _____
Sean Brennan, VP/Commercial Loan Officer

ENDORSEMENT OF DRAFTS DRAWN:

Date	Negotiated By	Amount In Words	Amount In Figures
------	---------------	--------------------	----------------------

EXHIBIT F

CITY IMPROVEMENTS

<u>Date</u>	<u>Responsible Party</u>	<u>Phase</u>	<u>Task</u>
5/1/2026	Developer	1, 2	Provide sewer lateral and water service locations and sizes
6/1/2026	City	1, 2	Complete Site Grading***
10/31/2027	City	All	Sanitary Sewer Service to Property via Southside Interceptor
10/31/2027	City	1, 2	Sanitary Sewer, Storm Sewer, Watermain, Roadway (includes water service and sanitary sewer laterals to building sites). Does not include the roadway identified as 18 th Street.
12/31/2031	Developer	3	Provide sewer lateral and water service locations and sizes
12/31/2032	City	3	Filling/grading, including Regional Stormwater Facilities
12/31/2032	City	3	Sanitary Sewer, Storm Sewer, Watermain, Roadway (includes water service and sanitary sewer laterals to building sites).
12/31/2032	City	-----	18 th Street from Stahl Rd to the north line of Gartman Development
12/31/2036	Developer	4	Provide sewer lateral and water service locations and sizes
12/31/2037	City	4	Filling/grading, including Regional Stormwater Facilities
12/31/2038	City	4	Sanitary Sewer, Storm Sewer, Watermain, Roadway (includes water service and sanitary sewer laterals to building sites).
12/31/2041	Developer	5	Provide sewer lateral and water service locations and sizes
12/31/2042	City	5	Filling/grading, including Regional Stormwater Facilities
12/31/2042	City	5	Sanitary Sewer, Storm Sewer, Watermain, Roadway (includes water service and sanitary sewer laterals to building sites).

Note:

Completion dates for Phases 1-5 above are based on starting design within 30 days following receipt of the appropriate Commencement Notice and Required Information as noted in Article V, Section 5.1 of the Agreement. These completion dates may be delayed if Developer does not provide all notices and information timely.

All filling/grading for Phases 3-5 must be completed prior to start of the appropriate improvement construction.

For the avoidance of any doubt, all private utilities, street lighting, and landscaping are the responsibility of Developer.

***** “Complete Site Grading” means that the City achieves finish grades within two (2) vertical feet of the grading set forth in the “Proposed Master Grading Plan” below. For the avoidance of any doubt, the City is not responsible for final fine grading/topsoil placement as part of the City Improvements for “Complete Site Grading.”**

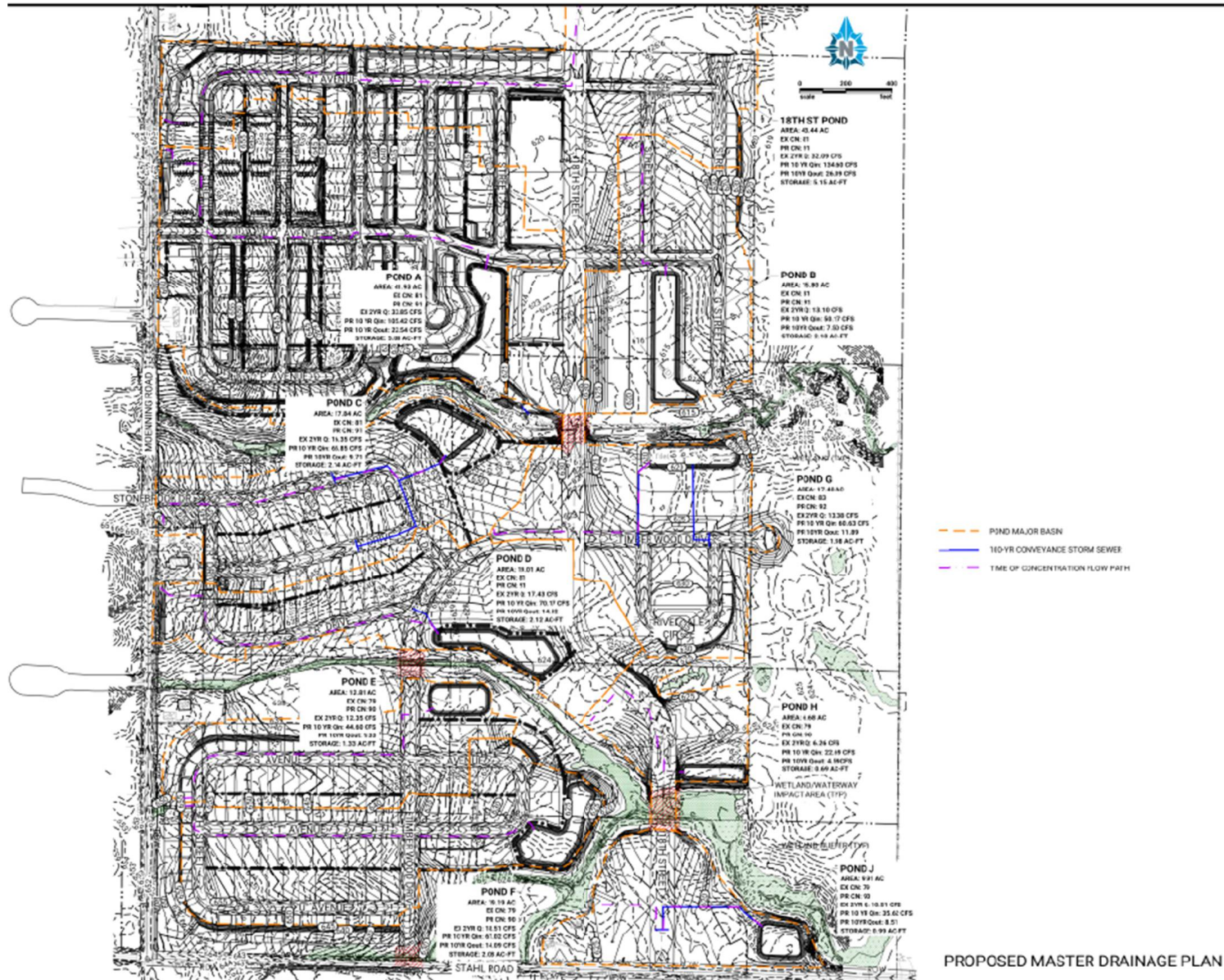


EXHIBIT G

MRO

UNITED STATES OF AMERICA
 STATE OF WISCONSIN
 COUNTY OF SHEBOYGAN
 CITY OF SHEBOYGAN

TAXABLE TAX INCREMENT PROJECT MUNICIPAL REVENUE OBLIGATION (“**MRO**”)

<u>Number</u>	<u>Date of Original Issuance</u>	<u>Amount</u>
_____	_____	Up to \$[_____]

FOR VALUE RECEIVED, the City of Sheboygan, Sheboygan County, Wisconsin (the “**City**”), promises to pay to Timberwood Meadows, LLC (the “**Developer**”), or registered assigns, but only in the manner, at the times, from the source of revenue and to the extent hereinafter provided, the Revenues described below, without interest.

This MRO shall be payable in installments of principal due on October 31 (the “**Payment Dates**”) in each of the years and in the amounts set forth on the debt service schedule attached hereto as Schedule 1.

This MRO has been issued to finance projects within the City’s Tax Incremental District No. 23, pursuant to Article XI, Section 3 of the Wisconsin Constitution and Section 66.0621, Wisconsin Statutes and acts supplementary thereto, and is payable only from the income and revenues herein described, which income and revenues have been set aside as a special fund for that purpose and identified as the “Special Redemption Fund” provided for under the resolution adopted on March 16, 2026, by the Common Council of the City (the “**Resolution**”). This MRO is issued pursuant to the Resolution and pursuant to the terms and conditions of the Tax Incremental District Development Agreement dated as of March 16, 2026 by and between the City and Developer (the “**Development Agreement**”). This MRO is issued in relation to Phase ____ of the Project and is referenced in the Development agreement as the “Phase ____ MRO.” All capitalized but undefined terms herein shall take on the meaning given to such terms in the Development Agreement.

This MRO does not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation or provision. This MRO shall be payable solely from Available Tax Increment generated by Phase ____ of the Property and, to the extent applicable, a portion of Available Tax Increment generated by a prior Phase of the Project as expressly permitted in the Development Agreement and as each are appropriated by the City’s Common Council to the payment of this MRO (the “**Revenues**”). Reference is hereby made to the Resolution and the Development Agreement for a more complete statement of the revenues from which and conditions and limitations under which this MRO is payable and the general

covenants and provisions pursuant to which this MRO has been issued. The Resolution and Development Agreement are incorporated herein by this reference.

If on any Payment Date there shall be insufficient Revenues appropriated to pay the principal due on this MRO, the amount due but not paid shall be deferred. The deferred principal shall be payable on the next Payment Date until the earlier of: (a) the date this MRO is paid in full, and (b) the Final Payment Date (as defined below). The City shall have no obligation to pay any amount of this MRO which remains unpaid after the Final Payment Date. The owners of this MRO shall have no right to receive payment of any deferred amounts, unless there are available Revenues which are appropriated by the City's Common Council to payment of this MRO. The "**Final Payment Date**" is October 31, 2051.

At the option of the City, this MRO is subject to prepayment in whole or in part at any time.

The City makes no representation or covenant (express or implied) that the Available Tax Increment or other Revenues for a given Phase will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder are subject to appropriation, by the City's Common Council, of Tax Increments or other amounts to make payments due on this MRO. In addition, as provided in Sections 7.1 and 7.3 of the Development Agreement, the total amount of principal to be paid shall in no event exceed the lesser of: (a) the sum of all payments made by the City on this MRO during the life of the District but in no event after the Final Payment Date, and (b) _____ Dollars (\$_____). When such amount of Revenues has been appropriated and applied to payment of this MRO, the MRO shall be deemed to be paid in full and discharged, and the City shall have no further obligation with respect hereto. Further, as provided in Sections 7.1, 7.3 and 11.1 of the Development Agreement or otherwise, the City's obligations to make payments on this MRO may be suspended or terminated in the event Developer is in Default under any of the terms and conditions of the Development Agreement, provided payments may be resumed when any such Default is timely cured and any payments missed due to an uncured Default also shall be paid from Available Tax Increment upon timely cure of such Default.

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

This MRO is issued by the City pursuant to, and in full conformity with, the Constitution and laws of the State of Wisconsin.

EXECUTION VERSION

Except as otherwise expressly provided for in the Development Agreement, this MRO may be transferred or assigned, in whole or in part, only upon prior written consent of the City which may be withheld, conditioned or delayed for any reason. Interests in this MRO may not be split, divided or apportioned, except as set forth herein. In order to transfer or assign the MRO, if permitted by the City, the transferee or assignee shall surrender the same to the City either in exchange for a new, fully-registered municipal revenue obligation or for transfer of this MRO on the registration records for the MRO maintained by the City. Each permitted transferee or assignee shall take this MRO subject to the foregoing conditions and subject to all provisions stated or referenced herein.

It is hereby certified and recited that all conditions, things and acts required by law to exist or to be done prior to and in connection with the issuance of this MRO have been done, have existed and have been performed in due form and time.

IN WITNESS WHEREOF, the Common Council of the City of Sheboygan has caused this MRO to be signed on behalf of the City by its duly qualified and acting City Administrator and City Clerk, and its corporate seal to be impressed hereon, all as of the date of original issue specified above.

CITY OF SHEBOYGAN

By:

Name: _____, City Mayor

(SEAL)

Attest:

Name: _____, City Clerk

Schedule 1**Payment Schedule**

Subject to the City's actual receipt of Available Tax Increment and the terms and conditions of the Development Agreement (including, without limitation, the City's right to modify this payment schedule based upon market conditions and the actual and projected Available Tax Increment generated from the Project), the City shall make the following payments on the MRO to Developer:

<u>Payment Date</u>	<u>Payment Amount</u>
October 31, 2029	\$ _____
October 31, 2030	\$ _____
October 31, 2031	\$ _____
October 31, 2032	\$ _____
October 31, 2033	\$ _____
October 31, 2034	\$ _____
October 31, 2035	\$ _____
October 31, 2036	\$ _____
October 31, 2037	\$ _____
October 31, 2038	\$ _____
October 31, 2039	\$ _____
October 31, 2040	\$ _____
October 31, 2041	\$ _____
October 31, 2042	\$ _____
October 31, 2043	\$ _____
October 31, 2044	\$ _____
October 31, 2045	\$ _____
October 31, 2046	\$ _____
October 31, 2047	\$ _____
October 31, 2048	\$ _____
October 31, 2049	\$ _____
October 31, 2050	\$ _____
October 31, 2051	\$ _____
=====	
Total	Up to \$ _____

REGISTRATION PROVISIONS

This MRO shall be registered in registration records kept by the Clerk of the City of Sheboygan, Sheboygan County, Wisconsin, such registration to be noted in the registration blank below and upon said registration records, and this MRO may thereafter be transferred only upon presentation of this MRO together with a written instrument of transfer in form and substance acceptable to the City and duly executed by the registered owner or his/her/its attorney, such transfer to be made on such records and endorsed hereon.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of City Clerk</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT H

Members of Developer

MEMBERS OF DEVELOPER (WITH OWNERSHIP PERCENTAGE):

- (1) Lucas J. Pelton (45%)
- (2) Cody K. Pelton (28%)
- (3) Mark J. Pelton and Shaun K. Pelton, trustees, or their successors in interest, of the Mark J. Pelton and Shaun K. Pelton Revocable Trust dated October 27, 2006 (17%)
- (4) NBT Real Estate, LLC (10%)

Summary report: Litera Compare for Word 11.10.1.2 Document comparison done on 3/13/2026 10:31:12 AM	
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Intelligent Table Comparison: Active	
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Delete	9
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	2
Embedded Excel	0
Format changes	0
Total Changes:	44