

# **CITY OF MADISON**

## **REQUEST FOR PROPOSALS**



RFP #: 8966-0-2020-BG

Title: Owl Creek Property

City Agency: Economic Development Division, Office of Real Estate  
Services

Due Date: Monday, August 24th, 2020  
2:00 PM CST

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## 1 NOTICE TO PROPOSERS

### 1.1 Summary

The City of Madison Economic Development Division, Office of Real Estate Services (“City”) is soliciting Proposals from qualified vendors for Owl Creek Property. Vendors submitting Proposals (“Proposers”) are required to read this Request for Proposals (“RFP”) in its entirety and follow the instructions contained herein.

### 1.2 Important Dates

Deliver Proposals no later than the due time and date indicated below. The City will reject late Proposals:

Issue Date: Monday, August 3, 2020  
Questions Due Date: Monday, August 10, 2020  
Answers Posted Date: Wednesday, August 12, 2020  
Due Date: Monday, August 24th, 2020, 2:00 PM CST

### 1.3 Format

Submit Technical and Cost Proposals (Form D) in separate, distinct parts within the proposal package.

Electronic proposal in a PDF format stored on a common media (CD, DVD, or flash drive), identical in content and sequence to hardcopy proposals submitted.

Cost Proposal (Form D): One Copy  
Electronic Proposal: One (1) complete copy. Cost and Technical Proposals should be separate files.

The City will not consider illegible Proposals.

Elaborate proposals (i.e., expensive artwork) beyond that sufficient to present a complete and effective proposal, are not necessary or desired.

Complete and return Forms A through E to City of Madison Purchasing Services by Monday, August 24th, 2020, 2:00 PM CST.

### 1.4 Labeling

All proposals must be clearly labeled:

Proposer’s Name and Address
RFP #: 8966-0-2020-BG
Title: Owl Creek Property
Due: Monday, August 24th, 2020, 2:00 PM CST

All email correspondence must include RFP #8966-0-2020-BG in the subject line.

### 1.5 Delivery of Proposals

Delivery of hard copies to: City of Madison Purchasing Services  
City County Building, Room 407  
210 Martin Luther King Jr. Blvd.  
Madison, WI 53703

Delivery of electronic copy to: via email to [bids@cityofmadison.com](mailto:bids@cityofmadison.com)  
or on a commonly used media with the hard copies.

Proposals must be delivered as instructed. Deliveries to other City departments and/or locations may result in disqualification.

Note: When mailing your response via a third party delivery service, the outside of the packaging MUST be clearly marked with the RFP name and number. This ensures that the bid can be delivered to the correct purchasing agent without having to open the bid.

### 1.6 Appendix A: Standard Terms & Conditions

Proposers are responsible for reviewing this attachment prior to submission of their Proposals. City of Madison Standard Terms and Conditions are the minimum requirements for the submission of Proposals.

### 1.7 Appendix B: Sample Contract for Purchase of Services

Proposers are responsible for reviewing this attachment prior to submission of their Proposals. The Sample Contract for Purchase of Services shall serve as the basis of the contract resulting from this RFP. The terms of this template contract shall become contractual obligations following award of the RFP. By submitting a proposal, Proposers affirm their willingness to enter into a contract containing these terms.

### 1.8 Affirmative Action Notice

If Contractor employs 15 or more employees and does aggregate annual business with the City of \$50,000 or more for the calendar year in which the PO and/or Contract is in effect, Contractor shall file, within thirty (30) days from the PO/Contract effective date and BEFORE RELEASE OF PAYMENT, an Affirmative Action Plan designed to ensure that the Contractor provides equal employment opportunity to all and takes affirmative action in its utilization of applicants and employees who are women, minorities and/or persons with disabilities. A sample affirmative action plan, Request for Exemption forms, and instructions are available at: [www.cityofmadison.com/civil-rights/contract-compliance/vendors-suppliers/forms](http://www.cityofmadison.com/civil-rights/contract-compliance/vendors-suppliers/forms) or by contacting a Contract Compliance Specialist at the City of Madison Affirmative Action Division at (608) 266-4910. Vendors must register for an account to complete the required forms online, here: <https://elam.cityofmadison.com/citizenaccess>

Contractor shall also allow maximum feasible opportunity to small business enterprises to compete for any subcontracts entered into pursuant to this PO/Contract.

Job postings: All contractors who employ 15 or more employees (regardless of the dollar amount of this contract or their annual aggregate business with the City) must notify the City of all external job openings at locations in Dane County, Wisconsin, and agree to interview candidates referred by the City or its designated organization. Job posting information is available at: <http://www.cityofmadison.com/civil-rights/programs/referrals-and-interviews-for-sustainable-employment-raise-program>. Instructions for contractors: [http://www.cityofmadison.com/civil-rights/documents/RalSE\\_Job\\_Posting\\_Instructions.pdf](http://www.cityofmadison.com/civil-rights/documents/RalSE_Job_Posting_Instructions.pdf)

The complete set of Affirmative Action requirements for this purchase can be found in **paragraph 20 of Appendix A – Standard Terms and Conditions** and, if applicable, in **Section 13 of Appendix B – Sample Contract for Purchase of Services**.

### 1.9 Multiple Proposals

Multiple Proposals from Proposers are permitted; however, each must fully conform to the requirements for submission. Proposers must sequentially label (e.g., Proposal #1, Proposal #2) and separately package each Proposal. Proposers may submit alternate pricing schemes without having to submit multiple Proposals.

### 1.10 City of Madison Contact Information

The City of Madison Real Estate is the procuring agency: Andy Miller  
City of Madison Real Estate  
PH: (608) 261-9983  
[acmiller@cityofmadison.com](mailto:acmiller@cityofmadison.com)

The City of Madison Purchasing Services administers the procurement function: Brittany Garcia  
Purchasing Services  
City-County Bldg, Room 407  
210 Martin Luther King, Jr. Blvd.  
Madison, WI 53703-3346  
PH: (608) 243-0529  
FAX: (608) 266-5948  
[bids@cityofmadison.com](mailto:bids@cityofmadison.com)

For questions regarding Affirmative Action Plans please contact: Contract Compliance  
Department of Civil Rights  
City-County Bldg., Room 523  
210 Martin Luther King, Jr. Blvd.  
Madison, WI 53703  
PH: (608) 266-4910  
[dcr@cityofmadison.com](mailto:dcr@cityofmadison.com)

The City employs spam filtering that occasionally blocks legitimate emails, holding them in “quarantine” for four calendar days. The contacts listed in this RFP will acknowledge all emails received. Proposers not receiving acknowledgement within twenty-four hours shall follow-up via phone with specific information identifying the originating email address for message recovery.

### 1.11 Inquiries and Clarifications

Proposers are to raise any questions they have about the RFP document without delay. Direct all questions, *in writing*, to the Purchasing Services administrator listed in Section 1.10.

Proposers finding any significant ambiguity, error, conflict, discrepancy, omission, or other deficiency in this RFP document shall immediately notify the Buyer and request clarification. In the event that it is necessary to provide additional clarification or revision to the RFP, the City will post addenda – see 1.12 below. Proposers are strongly encouraged to check for addenda regularly.

Proposals should be as responsive as possible to the provisions stated herein. Exceptions are not permitted. The City of Madison reserves the right to disqualify any and all bids that are non-responsive or that include exceptions.

### 1.12 Addenda

In the event that it is necessary to provide additional clarification or revision to the RFP, the City will post addenda to its Proposals distribution websites – see 1.13 below. It is the Proposers responsibility to regularly monitor the websites for any such postings. Proposers must acknowledge the receipt of any addenda on Form B. Failure to retrieve addenda and include their provisions may result in disqualification.

### 1.13 Bid Distribution Networks

The City of Madison posts all Request for Proposals, addenda, tabulations, awards and related announcements on two distribution networks – VendorNet and DemandStar. The aforementioned documents are available **exclusively** from these websites. It is the Proposers responsibility to regularly monitor the bid distribution network for any such postings. Proposers failure to retrieve such addenda and

incorporate their appropriate provisions in their response may result in disqualification. Both sites offer free registration to City Proposers.

State of Wisconsin VendorNet System: [State of Wisconsin and local agencies bid network. Registration is free. http://vendornet.state.wi.us/vendornet](http://vendornet.state.wi.us/vendornet)

DemandStar by Onvia: National bid network – Free subscription is available to access Proposals from the City of Madison and other Wisconsin agencies, participating in the Wisconsin Association of Public Purchasers (WAPP). A fee is required if subscribing to multiple agencies that are not included in WAPP.

Bid Opportunities: [www.cityofmadison.com/finance/purchasing/bidDemandStar.cfm](http://www.cityofmadison.com/finance/purchasing/bidDemandStar.cfm)

Home Page: [www.demandstar.com](http://www.demandstar.com)

To Register: [www.onvia.com/WAPP](http://www.onvia.com/WAPP)

#### 1.14 Local Vendor Preference

The City of Madison has adopted a local preference purchasing policy granting a scoring preference to local suppliers. Only suppliers registered as of the bid's due date will receive preference. Learn more and register at the City of Madison website: [www.cityofmadison.com/business/localPurchasing](http://www.cityofmadison.com/business/localPurchasing).

#### 1.15 Oral Presentations/Site Visits/Meetings

Proposers may be asked to attend meetings, make oral presentations, inspect City locations or make their facilities available for a site inspection as part of this RFP process. Such presentations, meetings or site visits will be at the Proposers expense.

#### 1.16 Acceptance/Rejection of Proposals

The City reserves the right to accept or reject any or all proposals submitted, in whole or in part, and to waive any informalities or technicalities, which at the City's discretion is determined to be in the best interests of the City. Further, the City makes no representations that a contract will be awarded to any proposer responding to this request. The City expressly reserves the right to reject any and all proposals responding to this invitation without indicating any reasons for such rejection(s).

The City reserves the right to postpone due dates and openings for its own convenience and to withdraw this solicitation at any time without prior notice.

#### 1.17 Withdrawal or Revision of Proposals

Proposers may, without prejudice, withdraw Proposals submitted prior to the date and time specified for receipt of Proposals by requesting such withdrawal before the due time and date of the submission of Proposals. After the due date of submission of Proposals, no Proposals may be withdrawn for a period of 90 days or as otherwise specified or provided by law. Proposers may modify their Proposals at any time prior to opening of Proposals.

#### 1.18 Non-Material and Material Variances

The City reserves the right to waive or permit cure of nonmaterial variances in the offer if, in the judgment of the City, it is in the City's best interest to do so. The determination of materiality is in the sole discretion of the City.

### 1.19 Public Records

Proposers are hereby notified that all information submitted in response to this RFP may be made available for public inspection according to the Public Records Law of the State of Wisconsin or other applicable public record laws. Information qualifying as a “trade secret”—defined in State of Wisconsin Statutes—may be held confidential.

Proposers shall seal separately and clearly identify all information they deem to be “trade secrets,” as defined in the State of Wisconsin Statutes. Do not duplicate or co-mingle information, deemed confidential and sealed, elsewhere in your response.

#### S. 19.36(5)

(5) TRADE SECRETS. An authority may withhold access to any record or portion of a record containing information qualifying as a trade secret as defined in s. 134.90(1)(c).

#### s. 134.90(1)(c)

(c) “Trade secret” means information, including a formula, pattern, compilation, program, device, method, technique or process to which all of the following apply:

1. The information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.
2. The information is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

The City cannot ensure that information will not be subject to release if a request is made under applicable public records laws. The City cannot consider the following confidential: a bid in its entirety, price bid information, or the entire contents of any resulting contract. The City will not provide advance notice to Proposers prior to release of any requested record.

To the extent permitted by such laws, it is the intention of the City to withhold the contents of Proposals from public view—until such times as competitive or bargaining reasons no longer require non-disclosure, in the City’s opinion. At that time, all Proposals will be available for review in accordance with such laws.

### 1.20 Usage Reports

Annually, the successful Proposers shall furnish to City Purchasing usage reports summarizing the ordering history for each department served during the previous contract year. The report, at a minimum, must include each and every item or service ordered during the period, its total quantities and dollars by item/service and in total. The City reserves the right to request usage reports at any time and request additional information, if required, when reviewing contract activity.

### 1.21 Partial Award

Unless otherwise noted, it will be assumed that Proposers will accept an order for all or part of the items/services priced.

### 1.22 Tax Exempt

The City of Madison as a municipality is exempt from payment of federal excise taxes (Registration Number 39-73-0411-K) and State of Wisconsin taxes per Wisconsin statute 77.54(9a). Federal Tax ID #39-6005507. A completed Wisconsin Department of Revenue Form S-211 (R.2-00) can be found on the City website. Our tax-exempt number is ES 42916.

### 1.23 Cooperative Purchasing

Bidders may choose to extend prices offered on bids to other municipalities. Under Wisconsin Statutes, a municipality is defined as a county; city; village; town; school district; board of school directors; sewer district; drainage district; vocational, technical and adult education district; or any other public or quasi-public corporation, officer, board or other body having the authority to award public contracts. This is known as “cooperative” or “piggyback” purchasing, a practice common amongst units of government. The City is not responsible for any contract resulting from a cooperative purchase using this RFB as a basis; they are made solely between the bidders and third party unit of government.

#### 1.24 Proposers Responsibility

Proposers shall examine this RFP and shall exercise their judgment as to the nature and scope of the work required. No plea of ignorance concerning conditions or difficulties that exist or may hereafter arise in the execution of the work under the resulting contract, as a consequence of failure to make necessary examinations and investigations, shall be accepted as an excuse for any failure or omission on the part of the Proposers to fulfill the requirements of the resulting contract.



## 2 DESCRIPTION OF SERVICES/COMMODITIES

Over the next 2-3 years, the City plans to sell up to 46 vacant residential lots it owns within the Owl's Creek Subdivision on the City's southeast side. The City has issued this Request for Proposals (RFP) to solicit qualifications and proposals from potential buyers and developers for the purchase and development of the first phase of these lots ("Phase 1"). Phase 1 includes a total of twenty-two (22) lots. Respondents may bid on as many or as few lots as they would like. Developers that are selected will be required to construct single-family, owner occupied homes on the lots purchased. Financial assistance may be available for qualified low-moderate income buyers of completed homes.

The complete RFP can be obtained by contacting Andy Miller at [acmillier@cityofmadison.com](mailto:acmillier@cityofmadison.com) or by going to:

- <http://www.cityofmadison.com/finance/purchasing/bidDemandStar.cfm> or
- [www.vendornet.state.wi.us](http://www.vendornet.state.wi.us) or
- [www.demandstar.com](http://www.demandstar.com) or
- <https://product.costar.com/home/>

The bid identifier is RFP-# 8966-0-2020-BG.

## 2.1 BACKGROUND ON OWL CREEK NEIGHBORHOOD

Owl Creek is a residential subdivision on Madison's southeast side composed of single-family homes, duplexes, four-plexes, and vacant lots. The subdivision was created at the housing market peak in 2008 and development stalled not long thereafter due to market forces. In 2014, the City purchased the remaining vacant lots with the goal of guiding future development in the neighborhood. The City used six of those vacant lots to expand Owl Creek Park and accommodate additional park features including a reservable picnic shelter, playground, basketball court, drinking fountain, benches and accessible path.

## 2.2 SUBJECT PROPERTY DETAILS

Available lots are shown on the chart below and the map at the end of this RFP. The following twenty-two (22) lots, all in Owl's Creek Subdivision Plat, will be sold through this Phase 1 RFP. The remaining lots are anticipated to be sold in a future RFP process:

Lot #	Address	Square Feet	Zoning
13	5008 Great Gray Dr	11,882	TR-C3
14	5002 Great Gray Dr	13,839	TR-C3
15	4210 Crested Owl Ln	24,310	TR-C3
16	4218 Crested Owl Ln	23,530	TR-C3
17	4226 Crested Owl Ln	11,335	TR-C3
18	4234 Crested Owl Ln	10,736	TR-C3
21	5002 Meinders Rd	9,977	TR-C3
22	5016 Meinders RD	9,924	TR-C3
23	4243 Crested Owl Ln	9,290	TR-C3
24	5001 Great Gray Dr	11,502	TR-C3
25	4202 Valor Way	9,000	TR-C3
76	4402 Crested Owl Ln	10,333	TR-C3
78	4432 Valor Way	7,507	TR-C3
79	4426 Crested Owl Ln	9,027	TR-C3
80	4420 Crested Owl Ln	9,027	TR-C3
81	4408 Crested Owl Ln	12,646	TR-C3
82	4402 Crested Owl Ln	13,063	TR-C3
83	4338 Crested Owl Ln	8,917	TR-C3
84	4332 Crested Owl Ln	8,640	TR-C3
86	4320 Crested Owl Ln	9,244	TR-C3
87	4314 Crested Owl Ln	10,234	TR-C3
88	5001 Meinders Rd	9,324	TR-C3

The City expects to sell available lots directly to the builders constructing the homes or to purchasers that will use a third party builder. The selected buyer(s) will be responsible for all aspects of project development, including obtaining all necessary permits and approvals, architectural design, construction, all needed site work and landscaping, and the ultimate sale of completed homes.

## 2.3 ADDITIONAL REQUIRED AND DESIRED CONDITIONS

- The selected buyer will be required to execute a Land Use Restriction Agreement ("LURA") at closing which will require they construct single-family homes to be owner-occupied for a minimum

of ten (10) years. A penalty of \$50,000 per violation shall be imposed for any buyer that builds rental housing.

- Homes shall be completed and a certificate of occupancy shall be issued within one (1) year of the selected buyer purchasing the lots from the City.
- A residential construction industry typical new construction warranty shall be furnished for each home constructed for a period of one year after closing date.

As the Owl Creek Neighborhood is developed during a number of phases, the City desires a neighborhood rooted in the best traditions of neighborhood planning and design including:

- High quality architecture and building materials to maintain the over-all value of the development;
- Buildings that relate to the street and the adjacent properties to better create a sense of community;
- Energy improvements and sustainability features that help create long-term affordability;
- Sustainability
- Relative affordability through efficient design.

## 2.4 CONTENTS OF PROPOSALS

**NOTE: Brevity is encouraged. Responses should be no more than a total of three (3) pages.**

### 1) FIRM PROFILE

- a) Provide a brief history of your firm/team's experience.

**Please Note: The City of Madison has adopted a local preference purchasing policy that would grant a five percent scoring preference to local vendors. Proposers seeking to obtain local preference status must meet specific criteria and register online at:**

<https://www.cityofmadison.com/business/localpurchasing/>

**To qualify your company must be registered at time of proposal submission.**

- b) Provide your firm/team structure, their roles and their relevant experience, and a single point of contact including name, phone number, and address.

Provide the name and the background of the person that will have primary responsibility for project management at Owl Creek.

### 2) EXPERIENCE

- a) Provide your firm/team's experience in the turn-key construction and sale of 1,200 to 2,500 s.f. entry- and mid-level priced homes.
- b) Describe your firm/team's experience in outreach and work with emerging and minority-owned businesses.
- c) Describe your firm/team's experience with building sustainable homes including homes constructed that received green building certification. Provide specific examples.

### 3) REFERENCES

List three clients for which you have completed similar homes.

**4) PROPOSAL**

- a) Describe the services you intend to provide including but not limited to, buyer assistance normally provided by a realtor, buyer assistance with traditional mortgage financing and design/construction services. Indicate the team member with primary responsible for the service.
- b) Describe your commitment to hiring Emerging, Minority-, and Women-Owned Business Enterprise subcontractors or your willingness to make bidding available to those subcontractors. <https://www.cityofmadison.com/civil-rights/contract-compliance/targeted-business-enterprise-programs/targeted-business-enterprise>
- c) Describe how you would foster participation by minority or disadvantaged persons through apprenticeship or job training partnerships.

**5) FINANCIAL INFORMATION**

- a) Provide both a price per lot, and a price per square foot that will be paid to the City upon closing. A recent appraisal is attached.
- b) Provide financial/bank references.
- c) At the request of the City, the teams shall make available for review by City staff or agent copies of the builders financial statements.

**2.5 Selection and Evaluation Process**

Preference will be given to proposals that demonstrate they will provide benefit to the community in the following areas:

- Building wealth in and with communities of color
- Are themselves or will employ local businesses (as defined by [Local Preference Purchasing Policy \(Legislative File Number 05943--version 2\)](#))
- Create local jobs
- Construct sustainable, energy and resource-efficient homes
- Work with programs designed to provide lower income residents the opportunity to own a home

Evaluation of responses to the RFP will be based upon the following criteria:

1. Company Profile and Experience (50%)
  - a. Experience building entry-mid priced homes
  - b. Experience building sustainable, energy-efficient homes
  - c. Financial strength of buyer/developer
  - d. Size of buyer/developer; small- and mid-sized enterprises preferred
  - e. Experience/approach assisting homebuyers
    - i. Working with first-time and/or low-income buyers; connecting them with assistance/education resources
2. Competitiveness of Financial Compensation (Price per Square Foot of Land) (30%)
3. Identification of employment opportunities for minority and disadvantaged persons (15%)
4. Local Preference (5%)

City staff will review all proposals to ensure that the required items are included. The Selection Committee will include:

1. City Staff
2. The District Alder

The Selection Committee will evaluate all of the qualifications per the selection criteria factors stated in this section. Potential buyers/developers may also be selected for an interview with the Selection Committee to further determine how a proposal will meet the above selection criteria. Selected teams will enter into direct negotiations with City Staff for the purchase and sale agreement, which will require approval of the Common Council.

### **3 REQUIRED INFORMATION AND CONTENT OF BIDS**

- Form A – Signature Affidavit
- Form B – Receipt Forms and Submittal Checklist
- Form C – Contractor Profile Information
- Form D – Cost Proposal.

Form E – References



## Form A: Signature Affidavit

**RFP #: 8966-0-2020-BG Owl's Creek Property**

*This form must be returned with your response.*

In signing Proposals, we certify that we have not, either directly or indirectly, entered into any agreement or participated in any collusion or otherwise take any action in restraint of free competition; that no attempt has been made to induce any other person or firm to submit or not to submit Proposals, that Proposals have been independently arrived at, without collusion with any other Proposers, competitor or potential competitor; that Proposals have not been knowingly disclosed prior to the opening of Proposals to any other Proposers or competitor; that the above statement is accurate under penalty of perjury.

The undersigned, submitting this Proposals, hereby agrees with all the terms, conditions, and specifications required by the City in this Request for Proposals, declares that the attached Proposals and pricing are in conformity therewith, and attests to the truthfulness of all submissions in response to this solicitation.

Proposers shall provide the information requested below. Include the legal name of the Proposers and signature of the person(s) legally authorized to bind the Proposers to a contract.

---

COMPANY NAME

---

SIGNATURE

---

DATE

---

PRINT NAME OF PERSON SIGNING



# Form B: Receipt of Forms and Submittal Checklist

## RFP #: 8966-0-2020-BG Owl's Creek Property

*This form must be returned with your response.*

Proposers hereby acknowledge the receipt and/or submittal of the following forms:

Forms	Initial to Acknowledge SUBMITTAL	Initial to Acknowledge RECEIPT
Description of Services/Commodities	N/A	
Form A: Signature Affidavit		
Form B: Receipt of Forms and Submittal Checklist		
Form C: Vendor Profile		
Form D: Cost Proposal		
Form E: References		
Appendix A: Standard Terms & Conditions	N/A	
Appendix B: Contract for Purchase of Services	N/A	
Appraisal Report	N/A	
Map of Property	N/A	
Addendum #		
Addendum #		

\_\_\_\_\_  
VENDOR NAME

\_\_\_\_\_  
COMPANY NAME





# Form C: Vendor Profile

## RFP #: 8966-0-2020-BG Owl's Creek Property

*This form must be returned with your response.*

### COMPANY INFORMATION

COMPANY NAME (Make sure to use your complete, legal company name.)			
FEIN	(If FEIN is not applicable, SSN collected upon award)		
CONTACT NAME (Able to answer questions about proposal.)	TITLE		
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
ADDRESS	CITY	STATE	ZIP

### AFFIRMATIVE ACTION CONTACT

If the selected contractor employs 15 or more employees and does aggregate annual business with the City of \$50,000 or more, the contractor will be required to file an Affirmative Action Plan and comply with the City of Madison Affirmative Action Ordinance, Section 39.02(9)(e), within thirty (30) days contract signature. Vendors who believe they are exempt based on number of employees or annual aggregate business must file a request for exemption. Link to information and applicable forms: <https://www.cityofmadison.com/civil-rights/contract-compliance/vendors-suppliers>

CONTACT NAME	TITLE		
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
ADDRESS	CITY	STATE	ZIP

### ORDERS/BILLING CONTACT

Address where City purchase orders/contracts are to be mailed and person the department contacts concerning orders and billing.

CONTACT NAME	TITLE		
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
ADDRESS	CITY	STATE	ZIP

### LOCAL VENDOR STATUS

The City of Madison has adopted a local preference purchasing policy granting a scoring preference to local suppliers. Only suppliers registered as of the bid's due date will receive preference. Learn more and register at the City of Madison website.

CHECK ONLY ONE:

- Yes**, we are a local vendor **and** have registered on the City of Madison website under the following category: \_\_\_\_\_ [www.cityofmadison.com/business/localPurchasing](http://www.cityofmadison.com/business/localPurchasing)
- No**, we are not a local vendor or have not registered.





## Form D: Cost Proposal

**RFP #: 8966-0-2020-BG Owl Creek Property**

*This form must be returned with your response.*

Prepare the fee proposal as all inclusive, not-to-exceed, fixed fees:

- All Inclusive – Covers all direct and indirect necessary expenses including but not limited to; travel, telephone, copying and other out-of-pocket expenses.
- Not To Exceed – The actual fees shall not exceed the amount specified in fee proposal.
- Fixed Fee – All prices, rates, fees and conditions outlined in the proposal shall remain fixed and valid for the entire length of the contract and any/all renewals.

Any pricing increases or additions must be agreed upon in writing by both parties.

Provide both a price per lot, and a price per square foot that will be paid to the City upon closing.

Price per lot	\$
Price per square foot	\$

---

COMPANY NAME



# Form E: References

## RFP #: 8966-0-2020-BG Owl Creek Property

*This form must be returned with your response.*

REFERENCE #1 – CLIENT INFORMATION			
COMPANY NAME	CONTACT NAME		
ADDRESS	CITY	STATE	ZIP
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
CONTRACT PERIOD	YEAR COMPLETED	TOTAL COST	
DESCRIPTION OF THE PERFORMED WORK			

REFERENCE #2 – CLIENT INFORMATION			
COMPANY NAME	CONTACT NAME		
ADDRESS	CITY	STATE	ZIP
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
CONTRACT PERIOD	YEAR COMPLETED	TOTAL COST	
DESCRIPTION OF THE PERFORMED WORK			

REFERENCE #3 – CLIENT INFORMATION			
COMPANY NAME	CONTACT NAME		
ADDRESS	CITY	STATE	ZIP
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
CONTRACT PERIOD	YEAR COMPLETED	TOTAL COST	
DESCRIPTION OF THE PERFORMED WORK			

COMPANY NAME



## CITY OF MADISON

1. **General.** Throughout this document, "City of Madison," "City" and "Purchasing" shall be synonymous and mean the City of Madison. The words "bid" and "proposal" are synonymous, as are the words "bidder," "proposer" and "contractor." The phrases "request for proposal," "invitation for bids," "request," "invitation," and "solicitation" shall also be synonymous.  
As applied to the winning or selected bidder, the words "bid," "proposal," and "contract" are synonymous.
2. **Entire Agreement, Order of Precedence.** These standard terms and conditions shall apply to any Purchase Order issued as a result of this Request for Bid/Proposal, except where expressly stated otherwise in the RFP or in a written instrument covering this purchase signed by an authorized representative of the City and the Contractor, in a form approved by the City Attorney (a "Separate Contract"). If such a separate contract is executed it shall constitute the entire agreement and no other terms and conditions, whether oral or written, shall be effective or binding unless expressly agreed to in writing by the City.  
If a Separate Contract is not executed, these Standard Terms and Conditions, the City's request for proposals, the version of the vendor's bid that was accepted by the City, and the City's Purchase Order (if any) shall constitute a contract and will be the entire agreement.  
**Order of Precedence:** If there is a conflict between this Section A and any terms in the vendor's accepted bid or proposal, this Section A shall control unless the parties expressly agree to another order of precedence, in writing. If there is a conflict between this Section A and a Separate Contract, the terms and conditions of the Separate Contract shall control.
- I. TERMS FOR SUBMISSION OF BIDS: The following section applies to the bid/selection process only.**
3. This invitation for bids does not commit the City to award a contract, pay any costs incurred in preparation of bids, or to procure or contract for services or equipment. The City may require the bidder to participate in negotiation and to submit such additional price or technical or other revisions to his or her bids as may result from negotiation. The bidder shall be responsible for all costs incurred as part of his or her participation in the pre-award process.  
The City reserves the right to accept or reject any or all bids submitted, in whole or in part, and to waive any informalities or technicalities which at the City's discretion are determined to be in the best interests of the City. Further, the City makes no representations that a contract will be awarded to any offeror responding to this request. The City expressly reserves the right to reject any and all bids responding to this invitation without indicating any reasons for such rejections(s).  
The City reserves the right to postpone due dates and openings for its own convenience and to withdraw this solicitation at any time without prior notice.
4. **Addenda.** Changes affecting the specifications will be made by addenda. Changes may include, or result in, a postponement in the bid due date. Bidders are required to complete the Bidder Response Sheet, acknowledging receipt of all parts of the bid, including all addenda.
5. **Price Proposal.** All bidders are required to identify the proposed manufacturer and model, and to indicate the proposed delivery time on the attached Proposal Form. Failure to do so may cause the bid to be considered not responsive. If desired, the bidder may include product literature and specifications. The price quoted will remain firm throughout each contract period. Any price increase proposed shall be submitted sixty (60) calendar days prior to subsequent contract periods and shall be limited to fully documented cost increases to the bidder which are demonstrated to be industry-wide.
6. **Price Inclusion.** The price quoted in any bid shall include all items of labor, materials, tools, equipment, and other costs necessary to fully complete the furnishing and delivery of equipment or services pursuant to the specifications attached thereof. Any items omitted from the specifications which are clearly necessary for the completion of the project shall be considered a portion of the specifications although not directly specified or called for in these specifications.
7. **Pricing and Discount.**
  - a. Unit prices shown on the bid/proposal or contract shall be the price per unit of sale (e.g., gal., cs., doz., ea., etc.) as stated on the bid/proposal or contract. For any given item, the quantity multiplied by the unit price shall establish the extended price. If an apparent mistake exists in the extended price, the unit price shall govern in the bid/proposal evaluation and contract administration.
  - b. In determination of award, discounts for early payment will only be considered when all other conditions are equal. Early payment is defined as payment within fifteen (15) days providing the discount terms are deemed favorable. All payment terms must allow the option of Net 30.
8. **F.O.B. Destination Freight Prepaid.** Bid prices must include all handling, transportation and insurance charges. Failure to bid FOB Destination Freight Prepaid may disqualify your bid.
9. **Award.**
  - a. The City will have sole discretion as to the methodology used in making the award. Where none is specified, the award will be made to the lowest responsible bidder in compliance with the specifications and requirements of this solicitation.
  - b. The right is reserved to make a separate award of each item, group of items or all items, and to make an award in whole or in part, whichever is deemed in the best interest of the City.
10. **Responsiveness and Responsibility.** Award will be made to the responsible and responsive bidder whose bid is most advantageous to the City with price and other factors considered. For the purposes of this project, responsiveness is defined as the bidder's conformance to the requirements of the solicitation. Being not responsive includes the failure to furnish information requested.  
Responsibility is defined as the bidder's potential ability to perform successfully under the terms of the proposed contract. Briefly, a responsible bidder has adequate financial resources or the ability to obtain said resources; can comply with required delivery taking into

account other business commitments; has a satisfactory performance record; has a satisfactory record of integrity and business ethics; and has the necessary organization, experience and technical skills.

The City reserves the right to refuse to accept any bid from any person, firm or corporation that is in arrears or is in default to the City, or has failed to perform faithfully any previous contract with the City. If requested, the bidder must present within five (5) working days evidence satisfactory to the City of performance ability and possession of necessary facilities, financial resources, adequate insurance, and any other resources required to determine the bidder's ability to comply with the terms of this solicitation document.

11. Cancellation.

- a. The City reserves the right to cancel this bid, in whole or in part, at any time for any reason. The City may, in its sole discretion and without any reason, cancel or terminate any contract or purchase order awarded as a result of this bid, in whole or in part, without penalty, by providing ten (10) days written notice thereof to the contractor.
- a. In the event the Bidder shall default in any of the covenants, agreements, commitments, or conditions and any such default shall continue unremedied for a period of ten (10) days after written notice to the Bidder, the City may, at its option and in addition to all other rights and remedies which it may have, terminate the Agreement and all rights of the Bidder under the Agreement.
- b. Failure to maintain the required certificates of insurance, permits, licenses and bonds will be cause for contract termination. If the Bidder fails to maintain and keep in force the insurance, if required, the City shall have the right to cancel and terminate the contract without notice.

**II. CONDITIONS OF PURCHASE: The following section applies to purchases/contracts after the award. See Paragraphs 1 & 2 for applicability and order of precedence.**

12. Specifications.

- a. All bidders must be in compliance with all specifications and any drawings provided with this solicitation. Exceptions taken to these specifications must be noted on your bid.
- b. When specific manufacturer and model numbers are used, they are to establish a design, type, construction, quality, functional capability and/or performance level desired. When alternates are bid/proposed, they must be identified by manufacturer, stock number, and the bidder/proposer is responsible for providing sufficient information to establish equivalency. The City shall be the sole judge of equivalency. Bidders are cautioned to avoid bidding alternates which do not meet specifications, which may result in rejection of their bid/proposal.

13. Regulatory Compliance.

- a. Seller represents and warrants that the goods or services furnished hereunder, including all labels, packages, and container for said goods, comply with all applicable standards, rules and regulations in effect under the requirements of all Federal, State and local laws, rules and regulations as applicable, including the Occupational Safety and Health Act (OSHA), as amended, with respect to design, manufacture or use for their intended purpose of said goods or services. Seller shall furnish Material Safety Data Sheets (MSDS) whenever applicable.
- b. If it is determined by the City that such standards are not met, the seller agrees to bear all costs required to meet the minimum standards as stated above for the equipment/products furnished under this contract.

14. Warranty. Unless otherwise specifically stated by the bidder, products shall be warranted against defects by the bidder for ninety (90) days from the date of receipt. If bidder or manufacturer offers warranty that exceeds 90 days, such warranty shall prevail.

15. Ownership of Printing Materials. All artwork, camera-ready copy, negative, dies, photos and similar materials used to produce a printing job shall become the property of the City. Any furnished materials shall remain the property of the City. Failure to meet this requirement will disqualify your bid.

16. Item Return Policy. Bidder will be required to accept return of products ordered in error for up to twenty-one (21) calendar days from date of receipt, with the City paying only the return shipping costs. Indicate in detail on the Bidder Response Sheet, your return policy.

17. Payment Terms and Invoicing. The City will pay properly submitted vendor invoices within thirty (30) days of receipt, providing good and/or services have been delivered, installed (if required), and accepted as specified.

- a. Payment shall be considered timely if the payment is mailed, delivered, or transferred within thirty (30) days after receipt of a properly completed invoice, unless the vendor is notified in writing by the agency of a dispute before payment is due.
- b. Invoices presented for payment must be submitted in accordance with instructions contained on the purchase order, including reference to purchase order and submittal to the correct address for processing. Invoice payment processing address is shown on the upper middle section of the purchase order. Send invoices to Accounts Payable address on the purchase order. Do not send invoices to Purchasing or ship to address.
- c. Bidders, proposers shall include discounts for early payment as a percent reduction of invoice. Invoice discounts shall be determined where applicable, from the date of acceptance of goods and/or the receipt of invoice, whichever is later. Discounts for early payment terms stated on the bid/proposal must be shown plainly on the invoice; discounts for early payment not shown on the invoice will be taken.
- d. Invoices submitted not in accordance with these instructions will be removed from the payment process and returned within ten (10) days.

18. F.O.B. Destination Freight Prepaid. Unless otherwise agreed in writing, the vendor shall bear all handling, transportation and insurance charges. Title of goods shall pass upon acceptance of goods at the City's dock.

19. Tax Exemption. The City of Madison is exempt from the payment of Federal Excise Tax and State Sales Tax. **The City Tax Exempt number is ES 42916.** Any other sales tax, use tax, imposts, revenues, excise, or other taxes which are now, or which may hereafter be imposed by Congress, the State of Wisconsin, or any other political subdivision thereof and applicable to the sale of material delivered as a result of the bidder's bid and which, by terms of the tax law, may be passed directly to the City, will be paid by the City.

20. Affirmative Action.

**A. The following language applies to all successful bidders employing fifteen (15) or more employees (MGO 39.02(9)(c):**

The Contractor agrees that, within thirty (30) days after the effective date of this Contract, Contractor will provide to the City of Madison Department of Civil Rights (the "Department"), certain workforce utilization statistics, using a form provided by the City.

If the Contract is still in effect, or if the City enters into a new Agreement with the Contractor, within one year after the date on which the form was required to be provided, the Contractor will provide updated workforce information using a second form, also to be furnished by the City. The second form will be submitted to the Department no later than one year after the date on which the first form was required to be provided.

The Contractor further agrees that, for at least twelve (12) months after the effective date of this Contract, it will notify the Department of each of its job openings at facilities in Dane County for which applicants not already employees of the Contractor are to be considered. The notice will include a job description, classification, qualifications, and application procedures and deadlines, shall be provided to the City by the opening date of advertisement and with sufficient time for the City to notify candidates and make a timely referral. The Contractor agrees to interview and consider candidates referred by the Department, or an organization designated by the Department, if the candidate meets the minimum qualification standards established by the Contractor, and if the referral is timely. A referral is timely if it is received by the Contractor on or before the date stated in the notice.

The Department will determine if a contractor is exempt from the above requirements (Sec. 20.A.) at the time the Request for Exemption in 20.B.(2) is made.

**B. Articles of Agreement, Request for Exemption, and Release of Payment:**

The "ARTICLES OF AGREEMENT" beginning on the following page, apply to all contractors, unless determined to be exempt under the following table and procedures:

NUMBER OF EMPLOYEES	LESS THAN \$50,000 Aggregate Annual Business with the City*	\$50,000 OR MORE Aggregate Annual Business with the City*
14 or less	Exempt**	Exempt**
15 or more	Exempt**	Not Exempt

\*As determined by the Finance Director

\*\*As determined by the Department of Civil Rights

(1) Exempt Status: In this section, "Exempt" means the Contractor is exempt from the Articles of Agreement in section 20.B.(5) of this Contract and from filing an Affirmative Action plan as required by Section IV of the Articles of Agreement. The Department of Civil Rights ("Department") makes the final determination as to whether a contractor is exempt. If the Contractor is not exempt, sec. 20.B.(5) shall apply and Contractor shall select option A. or B. under Article IV therein and file an Affirmative Action Plan.

(2) Request for Exemption – Fewer Than 15 Employees: (MGO 39.02(9)(a)2.) Contractors who believe they are exempt based on number of employees shall submit a Request for Exemption on a form provided by the Department within thirty (30) days of the effective date of this Contract.

(3) Exemption – Annual Aggregate Business: (MGO 39.02(9)(a)c.): The Department will determine, at the time this Contract is presented for signature, if the Contractor is exempt because it will have less than \$50,000 in annual aggregate business with the City for the calendar year in which the contract is in effect. **CONTRACTORS WITH 15 OR MORE EMPLOYEES WILL LOSE THIS EXEMPTION AND BECOME SUBJECT TO SEC. 20.B.(5) UPON REACHING \$50,000 OR MORE ANNUAL AGGREGATE BUSINESS WITH THE CITY WITHIN THE CALENDAR YEAR, BEGINNING IN 2019.**

(4) Release of Payment: (MGO 39.02(9)(e)1.b.) All non-exempt contractors must have an approved Affirmative Action plan meeting the requirements of Article IV below on file with the Department within thirty (30) days of the effective date of this Contract and prior to release of payment by the City. Contractors that are exempt based on number of employees agree to file a Request for Exemption with the Department within thirty (30) days of the effective date and prior to release of payment by the City.

(5) Articles of Agreement:

ARTICLE I

The Contractor shall take affirmative action in accordance with the provisions of this Contract to insure that applicants are employed, and that employees are treated during employment without regard to race, religion, color, age, marital status, disability, sex, sexual orientation, gender identity or national origin and that the employer shall provide harassment-free work environment for the realization of the potential of each employee. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training including apprenticeship insofar as it is within the control of the Contractor. The Contractor agrees to post in conspicuous places available to employees and applicants notices to be provided by the City setting out the provisions of the nondiscrimination clauses in this Contract.

ARTICLE II

The Contractor shall in all solicitations or advertisements for employees placed by or on behalf of the Contractors state that all qualified or qualifiable applicants will be employed without regard to race, religion, color, age, marital status, disability, sex, sexual orientation, gender identity or national origin.

### ARTICLE III

The Contractor shall send to each labor union or representative of workers with which it has a collective bargaining Agreement or other Contract or understanding a notice to be provided by the City advising the labor union or workers representative of the Contractor's equal employment opportunity and affirmative action commitments. Such notices shall be posted in conspicuous places available to employees and applicants for employment.

### ARTICLE IV

(This Article applies to non-public works contracts.)

The Contractor agrees that it will comply with all provisions of the Affirmative Action Ordinance of the City of Madison (MGO 39.02) including the Contract compliance requirements. The Contractor warrants and certifies that one of the following paragraphs is true (check one):

- A. Contractor has prepared and has on file an affirmative action plan that meets the format requirements of Federal Revised Order No. 4, 41 CFR part 60-2, as established by 43 FR 51400 November 3, 1978, including appendices required by City of Madison ordinances or it has prepared and has on file a model affirmative action plan approved by the Madison Common Council.
- B. Within thirty (30) days after the effective date of this Contract, Contractor will complete an affirmative action plan that meets the format requirements of Federal Revised Order No. 4, 41 CFR Part 60-2, as established by 43 FR 51400, November 3, 1978, including appendices required by City of Madison ordinance or within thirty (30) days after the effective date of this Contract, it will complete a model affirmative action plan approved by the Madison Common Council.
- C. Contractor believes it is exempt from filing an affirmative action plan because it has fewer than fifteen (15) employees and has filed, or will file within thirty (30) days after the effective date of this Contract, a form required by the City to confirm exempt status based on number of employees. If the City determines that Contractor is not exempt, the Articles of Agreement will apply.
- D. Contractor believes it is exempt from filing an affirmative action plan because its annual aggregate business with the City for the calendar year in which the contract is in effect is less than fifty thousand dollars (\$50,000), or for another reason listed in MGO 39.02(9)(a)2. If the City determines that Contractor is not exempt, the Articles of Agreement will apply.

### ARTICLE V

(This Article applies only to public works contracts.)

The Contractor agrees that it will comply with all provisions of the Affirmative Action Ordinance of the City of Madison, including the Contract compliance requirements. The Contractor agrees to submit the model affirmative action plan for public works Contractors in a form approved by the Director of Affirmative Action.

### ARTICLE VI

The Contractor will maintain records as required by Section 39.02(9)(f) of the Madison General Ordinances and will provide the City's Department of Affirmative Action with access to such records and to persons who have relevant and necessary information, as provided in Section 39.02(9)(f). The City agrees to keep all such records confidential, except to the extent that public inspection is required by law.

### ARTICLE VII

In the event of the Contractor's or subcontractor's failure to comply with the Equal Employment Opportunity and Affirmative Action provisions of this Contract or Sections 39.03 and 39.02 of the Madison General Ordinances, it is agreed that the City at its option may do any or all of the following:

- A. Cancel, terminate or suspend this Contract in whole or in part.
- B. Declare the Contractor ineligible for further City contracts until the Affirmative Action requirements are met.
- C. Recover on behalf of the City from the prime Contractor 0.5 percent of the Contract award price for each week that such party fails or refuses to comply, in the nature of liquidated damages, but not to exceed a total of five percent (5%) of the Contract price, or ten thousand dollars (\$10,000), whichever is less. Under public works contracts, if a subcontractor is in noncompliance, the City may recover liquidated damages from the prime Contractor in the manner described above. The preceding sentence shall not be construed to prohibit a prime Contractor from recovering the amount of such damage from the noncomplying subcontractor.

### ARTICLE VIII

(This Article applies to public works contracts only.)

The Contractor shall include the above provisions of this Contract in every subcontract so that such provisions will be binding upon each subcontractor. The Contractor shall take such action with respect to any subcontractor as necessary to enforce such provisions, including sanctions provided for noncompliance.

### ARTICLE IX

The Contractor shall allow the maximum feasible opportunity to small business enterprises to compete for any subcontracts entered into pursuant to this Contract. (In federally funded contracts the terms "DBE, MBE, and WBE" shall be substituted for the term "small business" in this Article.)

21. Nondiscrimination. During the term of this Contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, marital status, age, color, sex, handicap, national origin or ancestry, income level or source of income, arrest record or conviction record, less than honorable discharge, physical appearance, sexual orientation, gender identity, political beliefs



or student status. Contractor further agrees not to discriminate against any subcontractor or person who offers to subcontract on this Contract because of race, religion, color, age, disability, sex, sexual orientation, gender identity or national origin.

22. Prevailing Wage. Where applicable under federal law, the Contractor warrants that prevailing wages will be paid to all trades and occupations.
23. **Indemnification.** The Contractor shall be liable to and hereby agrees to indemnify, defend and hold harmless the City of Madison, and its officers, officials, agents, and employees against all loss or expense (including liability costs and attorney's fees) by reason of any claim or suit, or of liability imposed by law upon the City or its officers, officials, agents or employees for damages because of bodily injury, including death at any time resulting therefrom, sustained by any person or persons or on account of damages to property, including loss of use thereof, arising from, in connection with, caused by or resulting from the acts or omissions of Contractor and any of Contractor's subcontractors in the performance of this agreement, whether caused by or contributed to by the negligence of the City or its officers, officials, agents or employees.
24. Insurance.  
The Contractor will insure, and will require each subcontractor to insure, as indicated, against the following risks to the extent stated below. The Contractor shall not commence work under this Contract, nor shall the Contractor allow any Subcontractor to commence work on its Subcontract, until the insurance required below has been obtained and corresponding certificate(s) of insurance have been approved by the City Risk Manager.
- a. Commercial General Liability - The Contractor shall procure and maintain during the life of this contract, Commercial General Liability insurance including, but not limited to, products and completed operations, bodily injury, property damage, personal injury, and products and completed operations (unless determined to be inapplicable by the Risk Manager) in an amount not less than \$1,000,000 per occurrence. This policy shall also provide contractual liability in the same amount. Contractor's coverage shall be primary and list the City of Madison, its officers, officials, agents and employees as additional insureds. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain insurance meeting the above criteria, applying on a primary basis and listing the City of Madison, its officers, officials, agents and employees as additional insureds.
  - b. Automobile Liability - The Contractor shall procure and maintain during the life of this contract Business Automobile Liability insurance covering owned, non-owned and hired automobiles with limits of not less than \$1,000,000 combined single limit per accident. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain insurance covering each subcontractor and meeting the above criteria.
  - c. Worker's Compensation - The Contractor shall procure and maintain during the life of this contract statutory Workers' Compensation insurance as required by the State of Wisconsin. The Contractor shall also carry Employers Liability limits of at least \$100,000 Each Accident, \$100,000 Disease – Each Employee, and \$500,000 Disease – Policy Limit. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain such insurance, covering each subcontractor.
  - d. Professional Liability - The Contractor shall procure and maintain professional liability insurance with coverage of not less than \$1,000,000. If such policy is a "claims made" policy, all renewals thereof during the life of the contract shall include "prior acts coverage" covering at all times all claims made with respect to Contractor's work performed under the contract. This Professional Liability coverage must be kept in force for a period of six (6) years after the services have been accepted by the City.
  - e. Acceptability of Insurers - The above-required insurance is to be placed with insurers who have an A.M. Best rating of no less than A- (A minus) and a Financial Category rating of no less than VII.
  - f. Proof of Insurance, Approval. The Contractor shall provide the City with certificate(s) of insurance showing the type, amount, effective dates, and expiration dates of required policies prior to commencing work under this Contract. Contractor shall provide the certificate(s) to the City's representative upon execution of the Contract, or sooner, for approval by the City Risk Manager. If any of the policies required above expire while this Contract is in effect, Contractor shall provide renewal certificate(s) to the City for approval. Certificate Holder language should be listed as follows:  
City of Madison  
ATTN: Risk Management, Room 406  
210 Martin Luther King, Jr. Blvd.  
Madison, WI 53703
- The Contractor shall provide copies of additional insured endorsements or insurance policies, if requested by the City Risk Manager. The Contractor and/or Insurer shall give the City thirty (30) days advance written notice of cancellation, non-renewal or material changes to any of the above-required policies during the term of this Contract.
25. Work Site Damages. Any damage, including damage to finished surfaces, resulting from the performance of this contract shall be repaired to the Owner's satisfaction at the Contractor's expense.
26. Compliance.
- a. Regulations. The Contractor shall give all notices and comply with all laws, ordinances, rules, regulations and lawful orders of any public authority bearing on the performance of the work.
  - b. Licensing and Permits. The Contractor selected under this bid shall be required to demonstrate valid **possession of appropriate required licenses and will** keep them in effect for the term of this contract. The Contractor shall also be required, when appropriate, to obtain the necessary building permits prior to performing work on City facilities.
27. Warranty of Materials and Workmanship.
- a. The Contractor warrants that, unless otherwise specified, all materials and equipment incorporated in the work under the Contract shall be new, first class, and in accordance with the Contract Documents. The Contractor further warrants that all workmanship shall be first class and in accordance with the Contract Documents and shall be performed by persons qualified in their respective trades.
  - b. Work not conforming to these warranties shall be considered defective.

c. This warranty of materials and workmanship is separate and independent from and in addition to any other guarantees in this Contract.

28. Replacement of Defective Work or Materials. Any work or material found to be in any way defective or unsatisfactory shall be corrected or replaced by the Contractor at its own expense at the order of the City notwithstanding that it may have been previously overlooked or passed by an inspector. Inspection shall not relieve the Contractor of its obligations to furnish materials and workmanship in accordance with this contract and its specifications.
29. Reservation of the Right to Inspect Work. At any time during normal business hours and as often as the City may deem necessary, the Contractor shall permit the authorized representatives of the City to review and inspect all materials and workmanship at any time during the duration of this contract, provided, however, the City is under no duty to make such inspections, and any inspection so made shall not relieve the Contractor from any obligation to furnish materials and workmanship strictly in accordance with the instructions, contract requirements and specifications.
30. Sweatfree Procurement of Items of Apparel. If this bid results in the procurement of \$5,000 or more in garments or items of clothing, any part of which is a textile, or any shoes/ footwear, then Sec. 4.25 of the Madison General Ordinances, "Procurement of Items of Apparel", is hereby incorporated by reference and made part of this contract. See Section 4.25(2) at [www.municode.com](http://www.municode.com) for applicability specifics. The contractor shall follow labor practices consistent with international standards of human rights, meaning that, at a minimum, contractor shall adhere to the minimum employment standards found in Section 4.25 and shall require all subcontractors and third-party suppliers to do the same. For purposes of sec. 4.25, "Subcontractor" means a person, partnership, corporation or other entity that enters into a contract with the contractor for performance of some or all of the City-contracted work and includes all third-party suppliers or producers from whom the contractor or its contractors obtains or sources goods, parts or supplies for use on the city contract and is intended to include suppliers at all level of the supply chain. The standards in Sec. 4.25 shall apply in all aspects of the contractor's and subcontractor's operations, including but not limited to, manufacture, assembly, finishing, laundering or dry cleaning, (where applicable), warehouse distribution, and delivery. Contractor acknowledges that by entering into this contract, Contractor shall be subject to all of the requirements and sanctions of sec. 4.25 of the Madison General Ordinances.
- The sanctions for violating Sec. 4.25 under an existing contract are as follows:
- a. Withholding of payments under an existing contract.
  - b. Liquidated damages. The contractor may be charged liquidated damages on an existing contract of two thousand dollars (\$2,000) per violation, or an amount equaling twenty percent (20%) of the value of the apparel, garments or corresponding accessories, equipment, materials, or supplies that the City demonstrates were produced in violation of the contract and/or this ordinance per violation; whichever is greater.
  - c. Termination, suspension or cancellation of a contract in whole or in part.
  - d. Nonrenewal when a contract calls for optional renewals.
  - e. Nonrenewal for lack of progress or impossible compliance. The City reserves the right to refuse to renew the contract that calls for optional renewals, when the contractor cannot comply with the minimum standard under (4)(b) and the noncompliance is taking place in a country where:
    - (1) Progress toward implementation of the standards in this Ordinance is no longer being made; and
    - (2) Compliance with the employment standards in the Ordinance is deemed impossible by the City and/or any independent monitoring agency acting on behalf of the City. Such determination shall be made in the sole opinion of the City and may be based upon examination of reports from governmental, human rights, labor and business organizations and after consultation with the relevant contractors and sub-contractors and any other evidence the City deems reliable.
  - f. Disqualification of the contractor from bidding or submitting proposals on future City contracts, or from eligibility for future city procurements as defined in sub. (2), whether or not formal bidding or requests for proposals are used, for a period of one (1) year after the first violation is found and for a period of three (3) years after a second or subsequent violation is found. The disqualification shall apply to the contractor who committed the violation(s) whether that be under the same corporate name, or as an individual, or under the name of another corporation or business entity of which he or she is a member, partner, officer, or agent.
- The exercise by the City of any or all of the above remedies, or failure to so exercise, shall not be construed to limit other remedies available to the City under this Contract nor to any other remedies available at equity or at law.
31. Local Purchasing. The City of Madison has adopted a local preference purchasing policy granting a 5 percent request for proposal and 1 percent request for bid scoring preference to local vendors.
- To facilitate the identification of local suppliers, the City has provided an on-line website as an opportunity for suppliers to voluntarily identify themselves as local, and to assist City staff with their buying decisions. Proposers seeking to obtain local preference are required to register on the City of Madison online registration website. Only vendors registered as of the bid due date will receive preference. Additional information is available at: [www.cityofmadison.com/business/localPurchasing](http://www.cityofmadison.com/business/localPurchasing).
32. Weapons Prohibition. Contractor shall prohibit, and shall require its subcontractors to prohibit, its employees from carrying weapons, including concealed weapons, in the course of performance of work under this Contract, other than while at the Contractor's or subcontractor's own business premises. This requirement shall apply to vehicles used at any City work site and vehicles used to perform any work under this Contract, except vehicles that are an employee's "own motor vehicle" pursuant to Wis. Stat. sec. 175.60(15m). This section does not apply to employees who are required to carry a weapon under the express terms of the Contract (such as armed security guard services, etc.).
33. Software & Technology Purchases.
- a. Software Licenses. All software license agreements shall include the City's mandatory legal terms and conditions as determined by the City Attorney. Please be advised that no City employee has the authority to bind the City by clicking on an End User License Agreement (EULA) or any other click-through terms and conditions without being specifically authorized by the City's Chief Information Officer through procedures approved by the City Attorney and Risk Manager. All legal documents associated with the purchase or download of software must be reviewed by the City Attorney and may only be signed by an individual authorized to do so.

- b. Network Connection Policy. If this purchase includes software support, software maintenance, network services, and/or system development services and will require a Network Connection the City Network (as defined in the following link), the City's Network Connection Policy found at this link: [www.cityofmadison.com/attorney/documents/posNetworkConnection.doc](http://www.cityofmadison.com/attorney/documents/posNetworkConnection.doc) is hereby incorporated and made a part of the Contract and Contractor agrees to comply with all of its requirements.

34. Ban the Box - Arrest and Criminal Background Checks.

This provision applies to service contracts of more than \$25,000 executed by the City on January 1, 2016 or later, unless exempt by Sec. 39.08 of the Madison General Ordinances (MGO).

- a. Definitions. For purposes of this requirement, "Arrest and Conviction Record" includes, but is not limited to, information indicating that a person has been questioned, apprehended, taken into custody or detention, held for investigation, arrested, charged with, indicted or tried for any felony, misdemeanor or other offense pursuant to any law enforcement or military authority.

"Conviction record" includes, but is not limited to, information indicating that a person has been convicted of a felony, misdemeanor or other offense, placed on probation, fined, imprisoned or paroled pursuant to any law enforcement or military authority.

"Background Check" means the process of checking an applicant's arrest and conviction record, through any means.

- b. Requirements. For the duration of any contract awarded under this RFP, the successful contractor shall:

- (1) Remove from all job application forms any questions, check boxes, or other inquiries regarding an applicant's arrest and conviction record, as defined herein.
- (2) Refrain from asking an applicant in any manner about their arrest or conviction record until after a conditional offer of employment is made to the applicant in question.
- (3) Refrain from conducting a formal or informal background check or making any other inquiry using any privately or publicly available means of obtaining the arrest or conviction record of an applicant until after a conditional offer of employment is made to the applicant in question.
- (4) Make information about this ordinance available to applicants and existing employees, and post notices in prominent locations at the workplace with information about the ordinance and complaint procedure, using language provided by the City.
- (5) Comply with all other provisions of Sec. 39.08, MGO.

- c. Exemptions: This section does not apply when:

- (1) Hiring for a position where certain convictions or violations are a bar to employment in that position under applicable law, or
- (2) Hiring a position for which information about criminal or arrest record, or a background check is required by law to be performed at a time or in a manner that would otherwise be prohibited by this ordinance, including a licensed trade or profession where the licensing authority explicitly authorizes or requires the inquiry in question.

To be exempt under sec. C.1. or 2. above, contractor must demonstrate to the City that there is a law or regulation that requires the background check in question. If so, the contractor is exempt from this section for the position(s) in question.



## INSTRUCTIONS FOR CONTRACTOR

DO NOT ATTACH TO CONTRACT

**Your contract *MUST* include the following information,  
or it will not be signed by the City.**

- Check one box at top of Page 1 for the type of business entity.
- Sections 3 & 4 will be completed by the City and should be complete before you sign.
- Put a name in Sec. 7.A. – person responsible for administering the contract.
- Affirmative Action:** Check the appropriate box in Sec. 13.B., Article IV and complete the appropriate online form for the box you have checked:

**All contractors:**

Access the online forms for Affirmative Action compliance at this link: [www.cityofmadison.com/civil-rights/contract-compliance/vendors-suppliers/forms](http://www.cityofmadison.com/civil-rights/contract-compliance/vendors-suppliers/forms). If you do not already have an approved, current Affirmative Action Plan on file with the City of Madison, read the “*Instructions for Completing City of Madison Affirmative Action Plan*” at the above link. This will direct you to register for an account. If you already have an account you may click on the link for “*Affirmative Action Plan for Vendors and Suppliers*” to proceed. If you have never filed a plan or request for exemption, you must create an account in our online system. If you are exempt under Article IV, Sections C or D you will still need to create an account and go through some steps to confirm your exemption. Register for an account here: <https://elam.cityofmadison.com/citizenaccess>.

Affirmative Action Questions? Contact Dept. of Civil Rights, Contract Compliance: (608) 266-4910.

- Complete Sec. 15 – Official Notices. This is the name/job title/address of the person at your organization to receive legal notices under the contract.
- Signature line. A person with authority to bind the organization should sign, date, and print name and job title where shown on the signature page. Contractor signs first, City signs last.
- Print, sign and return three (3) complete, signed hard copies to the address for the City in Sec. 15 (Notices) unless otherwise instructed. (Under some circumstances, the City will accept a signed, scanned PDF of the entire contract. Please ask if you want to use this method.)
  - Make sure all exhibits/attachments are labeled and attached after the signature page, unless otherwise instructed.
  - Double-sided is OK, but all attachments should begin on a new page.
  - City will sign last, and will send you one hard copy with original signatures unless otherwise agreed.
- Enclose CERTIFICATE OF INSURANCE (C.O.I.) showing proof of insurance required by Sec. 27.

**Insurance Instructions:**

Certificate Holder: City of Madison  
Attn: Risk Manager  
210 Martin Luther King Jr. Blvd. Room 406  
Madison, WI 53703

Proof of all insurance required in the contract must be shown. Use City's certificate at this link: [www.cityofmadison.com/finance/documents/CertInsurance.pdf](http://www.cityofmadison.com/finance/documents/CertInsurance.pdf)

**Insurance delivery options:** (a) enclose hard copy of certificate with hard copies of contract mailed to the address in Section 15 of the contract, or (b) email certificate to City Risk Manager Eric Veum at: [eveum@cityofmadison.com](mailto:eveum@cityofmadison.com) and cc: your City contact person on the email. Call Eric Veum at (608) 266-5965 with insurance questions.

***Failure to complete these steps will result in contract not being signed.***

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**City of Madison**  
**CONTRACT FOR PURCHASE OF SERVICES**

1. **PARTIES.**

This is a Contract between the City of Madison, Wisconsin, hereafter referred to as the "City" and \_\_\_\_\_ hereafter referred to as "Contractor."

The Contractor is a:     Corporation         Limited Liability Company         General Partnership         LLP  
(to be completed by contractor)  Sole Proprietor     Unincorporated Association     Other: \_\_\_\_\_.

2. **PURPOSE.**

The purpose of this Contract is as set forth in Section 3.

3. **SCOPE OF SERVICES AND SCHEDULE OF PAYMENTS.**

Contractor will perform the following services and be paid according to the following schedule(s) or attachment(s):

List all attachments here by name, and attach and label them accordingly.

**Order of Precedence:** In the event of a conflict between the terms of this Contract for Purchase of Services and the terms of any document attached or incorporated herein, the terms of this Contract for Purchase of Services shall control and supersede any such conflicting term.

4. **TERM AND EFFECTIVE DATE.**

This Contract shall become effective upon execution by the Mayor, (or the Purchasing Agent, if authorized) on behalf of the City of Madison, unless another effective date is specified in the Attachment(s) incorporated in Section 3, however in no case shall work commence before execution by the City of Madison. The term of this Contract shall be insert dates or reference attachments as needed.

5. **ENTIRE AGREEMENT.**

This Contract for Purchase of Services, including any and all attachments, exhibits and other documents referenced in Section 3 (hereafter, "Agreement" or "Contract") is the entire Agreement of the parties and supersedes any and all oral contracts and negotiations between the parties. If any document referenced in Section 3 includes a statement that expressly or implicitly disclaims the applicability of this Contract for Purchase of Services, or a statement that such other document is the "entire agreement," such statement shall be deemed rejected and shall not apply to this Contract.

6. **ASSIGNABILITY/SUBCONTRACTING.**

Contractor shall not assign or subcontract any interest or obligation under this Contract without the City's prior written approval. All of the services required hereunder will be performed by Contractor and employees of Contractor.

7. **DESIGNATED REPRESENTATIVE.**

- A. Contractor designates \_\_\_\_\_ as Contract Agent with primary responsibility for the performance of this Contract. In case this Contract Agent is replaced by another for any reason, the Contractor will designate another Contract Agent within seven (7) calendar days of the time the first terminates his or her employment or responsibility using the procedure set forth in Section 15, Notices.
- B. In the event of the death, disability, removal or resignation of the person designated above as the Contract agent, the City may accept another person as the Contract agent or may terminate this Agreement under Section 25, at its option.

8. **PROSECUTION AND PROGRESS.**

- A. Services under this Agreement shall commence upon written order from the City to the Contractor, which order will constitute authorization to proceed; unless another date for commencement is specified elsewhere in this Contract including documents incorporated in Section 3.
- B. The Contractor shall complete the services under this Agreement within the time for completion specified in Section 3, the Scope of Services, including any amendments. The Contractor's services are completed when the City notifies the Contractor in writing that the services are complete and are acceptable. The time for completion shall not be extended because of any delay attributable to the Contractor, but it may be extended by the City in the event of a delay attributable to the City, or in the event of unavoidable delay caused by war, insurrection, natural disaster, or other unexpected event beyond the control of the Contractor. If at any time the Contractor believes that the time for completion of the work should be extended because of unavoidable delay caused by an unexpected event, or because of a delay attributable to the City, the Contractor shall notify the City as soon as possible, but not later than seven (7) calendar days after such an event. Such notice shall include any justification for an extension of time and shall identify the amount of time claimed to be necessary to complete the work.
- C. Services by the Contractor shall proceed continuously and expeditiously through completion of each phase of the work.
- D. Progress reports documenting the extent of completed services shall be prepared by the Contractor and submitted to the City with each invoice under Section 24 of this Agreement, and at such other times as the City may specify, unless another procedure is specified in Section 3.
- E. The Contractor shall notify the City in writing when the Contractor has determined that the services under this Agreement have been completed. When the City determines that the services are complete and are acceptable, the City will provide written notification to the Contractor, acknowledging formal acceptance of the completed services.

9. **AMENDMENT.**

This Contract shall be binding on the parties hereto, their respective heirs, devisees, and successors, and cannot be varied or waived by any oral representations or promise of any agent or other person of the parties hereto. Any other change in any provision

of this Contract may only be made by a written amendment, signed by the duly authorized agent or agents who executed this Contract.

10. **EXTRA SERVICES.**

The City may require the Contractor to perform extra services or decreased services, according to the procedure set forth in Section 24. Extra services or decreased services means services which are not different in kind or nature from the services called for in the Scope of Services, Section 3, but which may increase or decrease the quantity and kind of labor or materials or expense of performing the services. Extra services may not increase the total Contract price, as set forth in Section 23, unless the Contract is amended as provided in Section 9 above.

11. **NO WAIVER.**

No failure to exercise, and no delay in exercising, any right, power or remedy hereunder on the part of the City or Contractor shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No express waiver shall affect any event or default other than the event or default specified in such waiver, and any such waiver, to be effective, must be in writing and shall be operative only for the time and to the extent expressly provided by the City or Contractor therein. A waiver of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition.

12. **NONDISCRIMINATION.**

During the term of this Contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, marital status, age, color, sex, handicap, national origin or ancestry, income level or source of income, arrest record or conviction record, less than honorable discharge, physical appearance, sexual orientation, gender identity, political beliefs or student status. Contractor further agrees not to discriminate against any subcontractor or person who offers to subcontract on this Contract because of race, religion, color, age, disability, sex, sexual orientation, gender identity or national origin.

13. **AFFIRMATIVE ACTION.**

**A. The following language applies to all contractors employing fifteen (15) or more employees (MGO 39.02(9)(c):**

The Contractor agrees that, within thirty (30) days after the effective date of this Contract, Contractor will provide to the City of Madison Department of Civil Rights (the "Department"), certain workforce utilization statistics, using a form provided by the City.

If the Contract is still in effect, or if the City enters into a new Agreement with the Contractor, within one year after the date on which the form was required to be provided, the Contractor will provide updated workforce information using a second form, also to be furnished by the City. The second form will be submitted to the Department no later than one year after the date on which the first form was required to be provided.

The Contractor further agrees that, for at least twelve (12) months after the effective date of this Contract, it will notify the Department of each of its job openings at facilities in Dane County for which applicants not already employees of the Contractor are to be considered. The notice will include a job description, classification, qualifications, and application procedures and deadlines, shall be provided to the City by the opening date of advertisement and with sufficient time for the City to notify candidates and make a timely referral. The Contractor agrees to interview and consider candidates referred by the Department, or an organization designated by the Department, if the candidate meets the minimum qualification standards established by the Contractor, and if the referral is timely. A referral is timely if it is received by the Contractor on or before the date stated in the notice.

The Department will determine if a contractor is exempt from the above requirements (Sec. 13.A.) at the time the Request for Exemption in 13.B.(2) is made.

**B. Articles of Agreement, Request for Exemption, and Release of Payment:**

**The "ARTICLES OF AGREEMENT" beginning on the following page, apply to all contractors, unless determined to be exempt under the following table and procedures:**

NUMBER OF EMPLOYEES	LESS THAN \$50,000 Aggregate Annual Business with the City*	\$50,000 OR MORE Aggregate Annual Business with the City*
14 or less	Exempt**	Exempt**
15 or more	Exempt**	Not Exempt

\*As determined by the Finance Director

\*\*As determined by the Department of Civil Rights

(1) **Exempt Status:** In this section, "Exempt" means the Contractor is exempt from the Articles of Agreement in section 13.B.(5) of this Contract and from filing an Affirmative Action plan as required by Section IV of the Articles of Agreement. The Department of Civil Rights ("Department") makes the final determination as to whether a contractor is exempt. If the Contractor is not exempt, sec. 13.B.(5) shall apply and Contractor shall select option A. or B. under Article IV therein and file an Affirmative Action Plan.

(2) **Request for Exemption – Fewer Than 15 Employees:** (MGO 39.02(9)(a)2.) Contractors who believe they are exempt based on number of employees shall submit a Request for Exemption on a form provided by the Department within thirty (30) days of the effective date of this Contract.

(3) **Exemption – Annual Aggregate Business:** (MGO 39.02(9)(a)c.): The Department will determine, at the time this Contract is presented for signature, if the Contractor is exempt because it will have less than \$50,000 in annual aggregate business with the City for the calendar year in which the contract is in effect. CONTRACTORS WITH 15 OR MORE

EMPLOYEES WILL LOSE THIS EXEMPTION AND BECOME SUBJECT TO SEC. 13.B.(5) UPON REACHING \$50,000 OR MORE ANNUAL AGGREGATE BUSINESS WITH THE CITY WITHIN THE CALENDAR YEAR, BEGINNING IN 2019.

(4) Release of Payment: (MGO 39.02(9)(e)1.b.) All non-exempt contractors must have an approved Affirmative Action plan meeting the requirements of Article IV below on file with the Department within thirty (30) days of the effective date of this Contract and prior to release of payment by the City. Contractors that are exempt based on number of employees agree to file a Request for Exemption with the Department within thirty (30) days of the effective date and prior to release of payment by the City.

(5) Articles of Agreement:

ARTICLE I

The Contractor shall take affirmative action in accordance with the provisions of this Contract to insure that applicants are employed, and that employees are treated during employment without regard to race, religion, color, age, marital status, disability, sex, sexual orientation, gender identity or national origin and that the employer shall provide harassment-free work environment for the realization of the potential of each employee. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training including apprenticeship insofar as it is within the control of the Contractor. The Contractor agrees to post in conspicuous places available to employees and applicants notices to be provided by the City setting out the provisions of the nondiscrimination clauses in this Contract.

ARTICLE II

The Contractor shall in all solicitations or advertisements for employees placed by or on behalf of the Contractors state that all qualified or qualifiable applicants will be employed without regard to race, religion, color, age, marital status, disability, sex, sexual orientation, gender identity or national origin.

ARTICLE III

The Contractor shall send to each labor union or representative of workers with which it has a collective bargaining Agreement or other Contract or understanding a notice to be provided by the City advising the labor union or workers representative of the Contractor's equal employment opportunity and affirmative action commitments. Such notices shall be posted in conspicuous places available to employees and applicants for employment.

ARTICLE IV

(This Article applies to non-public works contracts.)

The Contractor agrees that it will comply with all provisions of the Affirmative Action Ordinance of the City of Madison (MGO 39.02) including the Contract compliance requirements. The Contractor warrants and certifies that one of the following paragraphs is true (**check one**):

- A. Contractor has prepared and has on file an affirmative action plan that meets the format requirements of Federal Revised Order No. 4, 41 CFR part 60-2, as established by 43 FR 51400 November 3, 1978, including appendices required by City of Madison ordinances or it has prepared and has on file a model affirmative action plan approved by the Madison Common Council.
- B. Within thirty (30) days after the effective date of this Contract, Contractor will complete an affirmative action plan that meets the format requirements of Federal Revised Order No. 4, 41 CFR Part 60-2, as established by 43 FR 51400, November 3, 1978, including appendices required by City of Madison ordinance or within thirty (30) days after the effective date of this Contract, it will complete a model affirmative action plan approved by the Madison Common Council.
- C. Contractor believes it is exempt from filing an affirmative action plan because it has fewer than fifteen (15) employees and has filed, or will file within thirty (30) days after the effective date of this Contract, a form required by the City to confirm exempt status based on number of employees. If the City determines that Contractor is not exempt, the Articles of Agreement will apply.
- D. Contractor believes it is exempt from filing an affirmative action plan because its annual aggregate business with the City for the calendar year in which the contract is in effect is less than fifty thousand dollars (\$50,000), or for another reason listed in MGO 39.02(9)(a)2. If the City determines that Contractor is not exempt, the Articles of Agreement will apply.

ARTICLE V

(This Article applies only to public works contracts.)

The Contractor agrees that it will comply with all provisions of the Affirmative Action Ordinance of the City of Madison, including the Contract compliance requirements. The Contractor agrees to submit the model affirmative action plan for public works Contractors in a form approved by the Director of Affirmative Action.

ARTICLE VI

The Contractor will maintain records as required by Section 39.02(9)(f) of the Madison General Ordinances and will provide the City's Department of Affirmative Action with access to such records and to persons who have relevant and necessary information, as provided in Section 39.02(9)(f). The City agrees to keep all such records confidential, except to the extent that public inspection is required by law.

ARTICLE VII

In the event of the Contractor's or subcontractor's failure to comply with the Equal Employment Opportunity and Affirmative Action provisions of this Contract or Sections 39.03 and 39.02 of the Madison General Ordinances, it is agreed that the City at its option may do any or all of the following:

- A. Cancel, terminate or suspend this Contract in whole or in part.
- B. Declare the Contractor ineligible for further City contracts until the Affirmative Action requirements are met.
- C. Recover on behalf of the City from the prime Contractor 0.5 percent of the Contract award price for each week that such party fails or refuses to comply, in the nature of liquidated damages, but not to exceed a total of five percent (5%) of the Contract price, or ten thousand dollars (\$10,000), whichever is less. Under public works contracts, if a subcontractor is in noncompliance, the City may recover liquidated damages from the prime Contractor in the manner described above. The preceding sentence shall not be construed to prohibit a prime Contractor from recovering the amount of such damage from the noncomplying subcontractor.

ARTICLE VIII

(This Article applies to public works contracts only.)

The Contractor shall include the above provisions of this Contract in every subcontract so that such provisions will be binding upon each subcontractor. The Contractor shall take such action with respect to any subcontractor as necessary to enforce such provisions, including sanctions provided for noncompliance.



ARTICLE IX

The Contractor shall allow the maximum feasible opportunity to small business enterprises to compete for any subcontracts entered into pursuant to this Contract. (In federally funded contracts the terms "DBE, MBE, and WBE" shall be substituted for the term "small business" in this Article.)

14. **SEVERABILITY.**

It is mutually agreed that in case any provision of this Contract is determined by any court of law to be unconstitutional, illegal or unenforceable, it is the intention of the parties that all other provisions of this Contract remain in full force and effect.

15. **NOTICES.**

All notices to be given under the terms of this Contract shall be in writing and signed by the person serving the notice and shall be sent registered or certified mail, return receipt requested, postage prepaid, or hand delivered to the addresses of the parties listed below:

FOR THE CITY:

\_\_\_\_\_  
(Department or Division Head)

FOR THE CONTRACTOR:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

16. **STATUS OF CONTRACTOR/INDEPENDENT/TAX FILING.**

It is agreed that Contractor is an independent Contractor and not an employee of the City, and that any persons who the Contractor utilizes and provides for services under this Contract are employees of the Contractor and are not employees of the City of Madison.

**Contractor shall provide its taxpayer identification number (or social security number) to the Finance Director, 210 Martin Luther King Jr. Blvd, Room 406, Madison, WI 53703, prior to payment.** The Contractor is informed that as an independent Contractor, s/he may have a responsibility to make estimated tax returns, file tax returns, and pay income taxes and make social security payments on the amounts received under this Contract and that no amounts will be withheld from payments made to this Contractor for these purposes and that payment of taxes and making social security payments are solely the responsibility and obligation of the Contractor. The Contractor is further informed that s/he may be subject to civil and/or criminal penalties if s/he fails to properly report income and pay taxes and social security taxes on the amount received under this Contract.

17. **GOODWILL.**

Any and all goodwill arising out of this Contract inures solely to the benefit of the City; Contractor waives all claims to benefit of such goodwill.

18. **THIRD PARTY RIGHTS.**

This Contract is intended to be solely between the parties hereto. No part of this Contract shall be construed to add, supplement, amend, abridge or repeal existing rights, benefits or privileges of any third party or parties, including but not limited to employees of either of the parties.

19. **AUDIT AND RETAINING OF DOCUMENTS.**

The Contractor agrees to provide all reports requested by the City including, but not limited to, financial statements and reports, reports and accounting of services rendered, and any other reports or documents requested. Financial and service reports shall be provided according to a schedule (when applicable) to be included in this Contract. Any other reports or documents shall be provided within five (5) working days after the Contractor receives the City's written requests, unless the parties agree in writing on a longer period. Payroll records and any other documents relating to the performance of services under the terms of this Contract shall be retained by the Contractor for a period of three (3) years after completion of all work under this Contract, in order to be available for audit by the City or its designee.

20. **CHOICE OF LAW AND FORUM SELECTION.**

This Contract shall be governed by and construed, interpreted and enforced in accordance with the laws of the State of Wisconsin. The parties agree, for any claim or suit or other dispute relating to this Contract that cannot be mutually resolved, the venue shall be a court of competent jurisdiction within the State of Wisconsin and the parties agree to submit themselves to the jurisdiction of said court, to the exclusion of any other judicial district that may have jurisdiction over such a dispute according to any law.

21. **COMPLIANCE WITH APPLICABLE LAWS.**

The Contractor shall become familiar with, and shall at all times comply with and observe all federal, state, and local laws, ordinances, and regulations which in any manner affect the services or conduct of the Contractor and its agents and employees.

22. **CONFLICT OF INTEREST.**

- A. The Contractor warrants that it and its agents and employees have no public or private interest, and will not acquire directly or indirectly any such interest, which would conflict in any manner with the performance of the services under this Agreement.
- B. The Contractor shall not employ or Contract with any person currently employed by the City for any services included under the provisions of this Agreement.

23. **COMPENSATION.**

It is expressly understood and agreed that in no event will the total compensation under this Contract exceed \$\_\_\_\_\_.

24. **BASIS FOR PAYMENT.**

A. **GENERAL.**

- (1) The City will pay the Contractor for the completed and accepted services rendered under this Contract on the basis and at the Contract price set forth in Section 23 of this Contract. The City will pay the Contractor for completed and approved "extra services", if any, if such "extra services" are authorized according to the procedure established in this section. The rate of payment for "extra services" shall be the rate established in this Contract. Such payment shall be full compensation for services rendered and for all labor, material, supplies, equipment and incidentals necessary to complete the services.
- (2) The Contractor shall submit invoices, on the form or format approved by the City and as may be further specified in Section 3 of this Contract. The City will pay the Contractor in accordance with the schedule, if any, set forth in Section 3. The final invoice, if applicable, shall be submitted to the City within three months of completion of services under this Agreement.
- (3) Should this Agreement contain more than one service, a separate invoice and a separate final statement shall be submitted for each individual service.
- (4) Payment shall not be construed as City acceptance of unsatisfactory or defective services or improper materials.
- (5) Final payment of any balance due the Contractor will be made upon acceptance by the City of the services under the Agreement and upon receipt by the City of documents required to be returned or to be furnished by the Contractor under this Agreement.
- (6) The City has the equitable right to set off against any sum due and payable to the Contractor under this Agreement, any amount the City determines the Contractor owes the City, whether arising under this Agreement or under any other Agreement or otherwise.
- (7) Compensation in excess of the total Contract price will not be allowed unless authorized by an amendment under Section 9, AMENDMENT.
- (8) The City will not compensate for unsatisfactory performance by the Contractor.

B. **SERVICE ORDERS, EXTRA SERVICE, OR DECREASED SERVICE.**

- (1) Written orders regarding the services, including extra services or decreased services, will be given by the City, using the procedure set forth in Section 15, NOTICES.
- (2) The City may, by written order, request extra services or decreased services, as defined in Section 10 of this Contract. Unless the Contractor believes the extra services entitle it to extra compensation or additional time, the Contractor shall proceed to furnish the necessary labor, materials, and professional services to complete the services within the time limits specified in the Scope of Services, Section 3 of this Agreement, including any amendments under Section 9 of this Agreement.
- (3) If in the Contractor's opinion the order for extra service would entitle it to extra compensation or extra time, or both, the Contractor shall not proceed to carry out the extra service, but shall notify the City, pursuant to Section 15 of this Agreement. The notification shall include the justification for the claim for extra compensation or extra time, or both, and the amount of additional fee or time requested.
- (4) The City shall review the Contractor's submittal and respond in writing, either authorizing the Contractor to perform the extra service, or refusing to authorize it. The Contractor shall not receive additional compensation or time unless the extra compensation is authorized by the City in writing.

25. **DEFAULT/TERMINATION.**

- A. In the event Contractor shall default in any of the covenants, agreements, commitments, or conditions herein contained, and any such default shall continue unremedied for a period of ten (10) days after written notice thereof to Contractor, the City may, at its option and in addition to all other rights and remedies which it may have at law or in equity against Contractor, including expressly the specific enforcement hereof, forthwith have the cumulative right to immediately terminate this Contract and all rights of Contractor under this Contract.
- B. Notwithstanding paragraph A., above, the City may in its sole discretion and without any reason terminate this Agreement at any time by furnishing the Contractor with ten (10) days' written notice of termination. In the event of termination under this subsection, the City will pay for all work completed by the Contractor and accepted by the City.

26. **INDEMNIFICATION.**

The Contractor shall be liable to and hereby agrees to indemnify, defend and hold harmless the City of Madison, and its officers, officials, agents, and employees against all loss or expense (including liability costs and attorney's fees) by reason of any claim or suit, or of liability imposed by law upon the City or its officers, officials, agents or employees for damages because of bodily injury, including death at any time resulting therefrom, sustained by any person or persons or on account of damages to property, including loss of use thereof, arising from, in connection with, caused by or resulting from the Contractor's and/or Subcontractor's acts or omissions in the performance of this Agreement, whether caused by or contributed to by the negligence of the City, its officers, officials, agents, or its employees.

27. **INSURANCE.**

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

Commercial General Liability

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

Automobile Liability

The Contractor shall procure and maintain during the life of this Contract Business Automobile Liability insurance covering owned, non-owned and hired automobiles with limits of not less than \$1,000,000 combined single limit per accident. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain insurance covering each subcontractor and meeting the above criteria.

Worker's Compensation

The Contractor shall procure and maintain during the life of this Contract statutory Workers' Compensation insurance as required by the State of Wisconsin. The Contractor shall also carry Employers Liability limits of at least \$100,000 Each Accident, \$100,000 Disease – Each Employee, and \$500,000 Disease – Policy Limit. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain such insurance, covering each subcontractor.

Professional Liability

The Contractor shall procure and maintain professional liability insurance with coverage of not less than \$1,000,000. If such policy is a "claims made" policy, all renewals thereof during the life of the Contract shall include "prior acts coverage" covering at all times all claims made with respect to Contractor's work performed under the Contract. This Professional Liability coverage must be kept in force for a period of six (6) years after the services have been accepted by the City.

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

**Proof of Insurance, Approval.** The Contractor shall provide the City with certificate(s) of insurance showing the type, amount, effective dates, and expiration dates of required policies prior to commencing work under this Contract. Contractor shall provide the certificate(s) to the City's representative upon execution of the Contract, or sooner, for approval by the City Risk Manager. If any of the policies required above expire while this Contract is still in effect, Contractor shall provide renewal certificate(s) to the City for approval. Certificate Holder language should be listed as follows:

City of Madison  
ATTN: Risk Management, Room 406  
210 Martin Luther King, Jr. Blvd.  
Madison, WI 53703

The Contractor shall provide copies of additional insured endorsements or insurance policies, if requested by the City Risk Manager. The Contractor and/or Insurer shall give the City thirty (30) days advance written notice of cancellation, non-renewal or material changes to any of the above-required policies during the term of this Contract.

28. **OWNERSHIP OF CONTRACT PRODUCT.**

All of the work product, including, but not limited to, documents, materials, files, reports, data, including magnetic tapes, disks of computer-aided designs or other electronically stored data or information (the "Documents"), which the Contractor prepares pursuant to the terms and conditions of this Contract are the sole property of the City. The Contractor will not publish any such materials or use them for any research or publication, other than as expressly required or permitted by this Contract, without the prior written permission of the City. The grant or denial of such permission shall be at the City's sole discretion.

The Contractor intends that the copyright to the Documents shall be owned by City, whether as author (as a Work Made For Hire), or by assignment from Contractor to City. The parties expressly agree that the Documents shall be considered a Work Made For Hire as defined by Title 17, United States Code, Section 101(2).

As further consideration for the City entering into this Contract, the Contractor hereby assigns to City all of the Contractor's rights, title, interest and ownership in the Documents, including the right to procure the copyright therein and the right to secure any renewals, reissues and extensions of any such copyright in any foreign country. The City shall be entitled to the sole and exclusive benefit of the Documents, including the copyright thereto, and whenever required by the City, the Contractor shall at no additional compensation, execute all documents of assignment of the full and exclusive benefit and copyright thereof to the City. Any subcontractors and other independent Contractors who prepare portions of the Documents shall be required by the Contractor to execute an assignment of ownership in favor of the City before commencing work.

29. **BAN THE BOX - ARREST AND CRIMINAL BACKGROUND CHECKS.** (Sec. 39.08, MGO. Applicable to contracts exceeding \$25,000.)

A. **DEFINITIONS.**

For purposes of this section, "Arrest and Conviction Record" includes, but is not limited to, information indicating that a person has been questioned, apprehended, taken into custody or detention, held for investigation, arrested, charged with, indicted or tried for any felony, misdemeanor or other offense pursuant to any law enforcement or military authority.

"Conviction record" includes, but is not limited to, information indicating that a person has been convicted of a felony, misdemeanor or other offense, placed on probation, fined, imprisoned or paroled pursuant to any law enforcement or military authority.

"Background Check" means the process of checking an applicant's arrest and conviction record, through any means.

B. **REQUIREMENTS.** For the duration of this Contract, the Contractor shall:

- (1) Remove from all job application forms any questions, check boxes, or other inquiries regarding an applicant's arrest and conviction record, as defined herein.
- (2) Refrain from asking an applicant in any manner about their arrest or conviction record until after conditional offer of employment is made to the applicant in question.
- (3) Refrain from conducting a formal or informal background check or making any other inquiry using any privately or publicly available means of obtaining the arrest or conviction record of an applicant until after a conditional offer of employment is made to the applicant in question.
- (4) Make information about this ordinance available to applicants and existing employees, and post notices in prominent locations at the workplace with information about the ordinance and complaint procedure using language provided by the City.
- (5) Comply with all other provisions of Sec. 39.08, MGO.

C. **EXEMPTIONS:** This section does not apply when:

- (1) Hiring for a position where certain convictions or violations are a bar to employment in that position under applicable law, or
- (2) Hiring a position for which information about criminal or arrest record, or a background check is required by law to be performed at a time or in a manner that would otherwise be prohibited by this ordinance, including a licensed trade or profession where the licensing authority explicitly authorizes or requires the inquiry in question.

To be exempt under sec. C.(1) or (2) above, Contractor must demonstrate to the City that there is a law or regulation that requires the hiring practice in question. If so, the contractor is exempt from this section for the position(s) in question.

30. **WEAPONS PROHIBITION.**

Contractor shall prohibit, and shall require its subcontractors to prohibit, its employees from carrying weapons, including concealed weapons, in the course of performance of work under this Contract, other than while at the Contractor's or subcontractor's own business premises. This requirement shall apply to vehicles used at any City work site and vehicles used to perform any work under this Contract, except vehicles that are an employee's "own motor vehicle" pursuant to Wis. Stat. sec. 175.60(15m).

31. **IT NETWORK CONNECTION POLICY.**

If this Contract includes services such as software support, software maintenance, network services, and/or system development services and will require a Network Connection the City Network (as defined in the following link), the City's Network Connection Policy found at this link: <http://www.cityofmadison.com/attorney/documents/posNetworkConnection.doc> is hereby incorporated and made a part of this Contract and Contractor agrees to comply with all of its requirements.

32. **AUTHORITY.**

Contractor represents that it has the authority to enter into this Contract. If the Contractor is not an individual, the person signing on behalf of the Contractor represents and warrants that he or she has been duly authorized to bind the Contractor and sign this Contract on the Contractor's behalf.

33. **COUNTERPARTS, ELECTRONIC SIGNATURE AND DELIVERY.**

This Contract may be signed in counterparts, each of which shall be taken together as a whole to comprise a single document. Signatures on this Contract may be exchanged between the parties by facsimile, electronic scanned copy (.pdf) or similar technology and shall be as valid as original; and this Contract may be converted into electronic format and signed or given effect with one or more electronic signature(s) if the electronic signature(s) meets all requirements of Wis. Stat. ch. 137 or other applicable Wisconsin or Federal law. Executed copies or counterparts of this Contract may be delivered by facsimile or email and upon receipt will be deemed original and binding upon the parties hereto, whether or not a hard copy is also delivered. Copies of this Contract, fully executed, shall be as valid as an original.

IN WITNESS WHEREOF, the parties hereto have set their hands at Madison, Wisconsin.

**CONTRACTOR:**

\_\_\_\_\_  
(Type or Print Name of Contracting Entity)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name and Title of Person Signing)

Date: \_\_\_\_\_

**CITY OF MADISON, WISCONSIN  
a municipal corporation:**

By: \_\_\_\_\_  
Satya Rhodes-Conway, Mayor

Date: \_\_\_\_\_

**Approved:**

\_\_\_\_\_  
David P. Schmiedicke, Finance Director

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Maribeth Witzel-Behl, City Clerk

Date: \_\_\_\_\_

**Approved as to Form:**

\_\_\_\_\_  
Eric T. Veum, Risk Manager

Date: \_\_\_\_\_

\_\_\_\_\_  
Michael Haas, City Attorney

Date: \_\_\_\_\_

**For City Use Only: SIGNATURE INSTRUCTIONS FOR CONTRACTS SIGNED BY MAYOR/CLERK:**

Obtain contractor's signature first. Route this contract & all of its attachments for City signatures using the City Clerk's Contract Routing Database. Include 1 copy of authorizing resolution & 1 copy of the Certificate of Insurance.

**NOTE: Certain service contracts may be executed by the designee of the Finance Director on behalf of the City of Madison:**

By: \_\_\_\_\_  
Mary Richards, Procurement Supervisor

Date: \_\_\_\_\_

MGO 4.26(3) and (5) authorize the Finance Director or designee to sign purchase of service contracts when all of the following apply:

- (a) The funds are included in the approved City budget.
- (b) An RFP or competitive process was used, or the Contract is exempt from competitive bidding under 4.26(4)(a).
- (c) The City Attorney has approved the form of the Contract.
- (d) The Contract complies with other laws, resolutions and ordinances.
- (e) The Contract is for a period of 1 year or less, OR not more than 5 years AND the average cost is not more than \$100,000 per year, AND was subject to competitive bidding. (If over \$50,000 and exempt from bidding under 4.26(4)(a), regardless of duration of the Contract, the Common Council must authorize the Contract by resolution and the Mayor and City Clerk must sign, per 4.26(5)(b).)

Emergency Service contracts may also be signed by the designee of the Finance Director if the requirements of MGO 4.26(3)(c) are met.

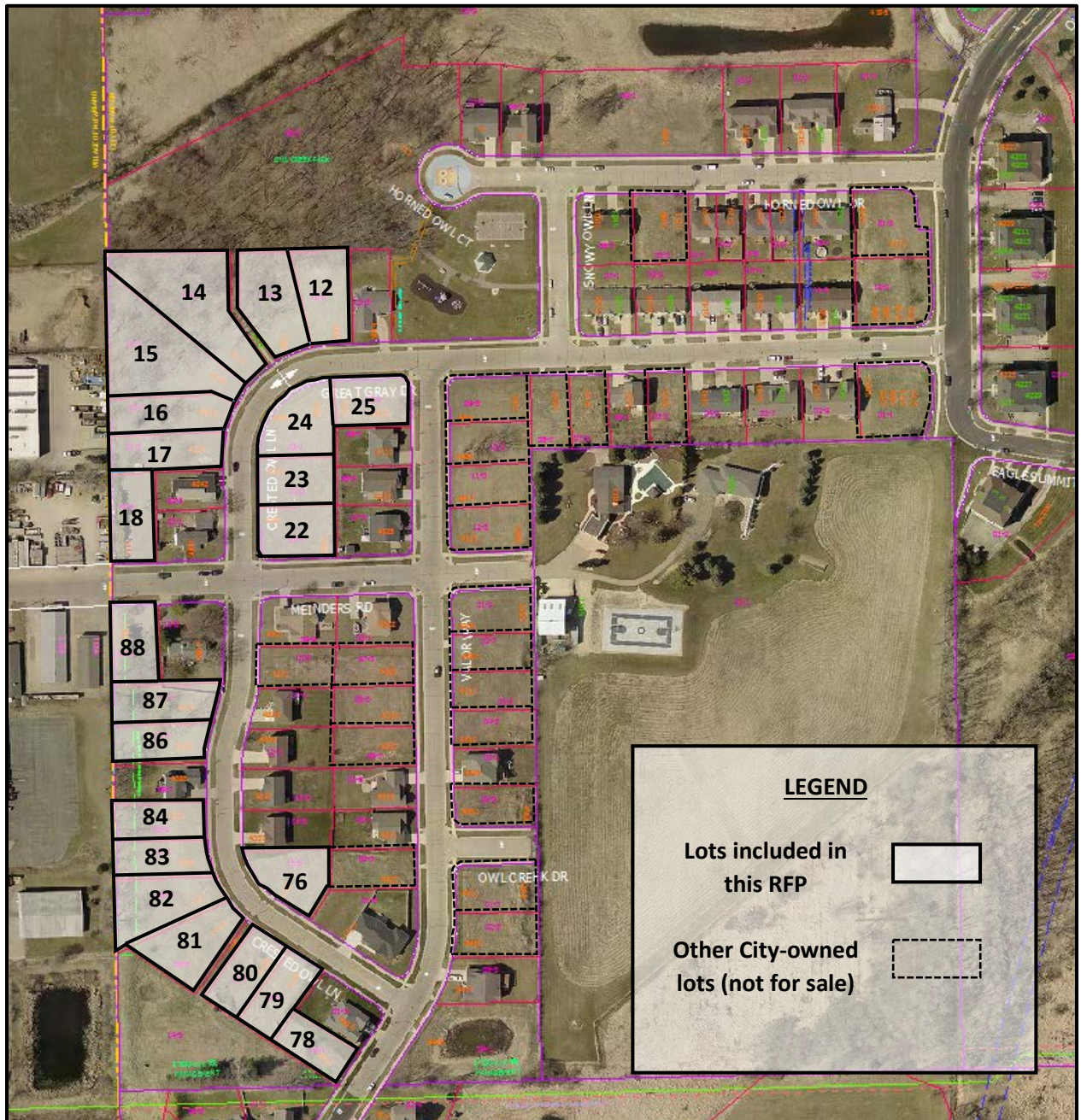
**For City Use Only: SIGNATURE INSTRUCTIONS FOR CONTRACT TO BE SIGNED BY FINANCE (PURCHASING):**

Obtain contractor's signature first. Attach the contractor-signed contract with all attachments/exhibits and the certificate of insurance to the requisition in MUNIS.



# MAP OF PROPERTY

Owl's Creek Subdivision Lots Included in this RFP





*Appraisal • Brokerage • Consulting  
Development • Litigation Support*

## **APPRAISAL REPORT**

---

### **45 VACANT RESIDENTIAL LOTS IN THE OWL'S CREEK SUBDIVISION**

**Owned By:**

City of Madison EDD

**Located In:**

Madison, Wisconsin 53718

## **PREPARED FOR**

---

Ms. Maria LoPiccolo  
Real Estate Agent  
Economic Development Division  
Office of Real Estate Services  
**CITY OF MADISON**  
P.O. Box 2983  
Madison, Wisconsin 53701

## **PREPARED BY**

---

Andrew G. Bussen, MAI  
Casey G. Rice  
**BUSSEN COMPANY**  
2001 W. Beltline Highway  
Suite 101  
Madison, Wisconsin 53713  
(608) 310-7570

[abussen@bussencompany.com](mailto:abussen@bussencompany.com)

May 29, 2018

Ms. Maria LoPiccolo  
Real Estate Agent  
Economic Development Division  
Office of Real Estate Services  
**City of Madison**  
P.O. Box 2983  
Madison, Wisconsin 53701



2001 W. Beltline Hwy  
Suite 101  
Madison, WI 53713  
608.310.7575

[www.bussencompany.com](http://www.bussencompany.com)

**RE: 45 Vacant Residential Lots in the Owl's Creek Subdivision**  
**Owned by:** City of Madison EDD  
**Located in:** City of Madison, Dane County, Wisconsin 53718

Dear Maria:

As requested, the above-captioned property has been valued using generally accepted appraisal principles and practices. This is an Appraisal Report that is intended to comply with the appraisal development and reporting requirements set forth under Standard 1 and Standards Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice (USPAP)*, and the Appraisal Institute. This report has also been prepared in accordance with the terms of engagement for this assignment.

#### **PROPERTY DESCRIPTION**

The Owl's Creek Subdivision is located south of the Beltline Highway, East of US Highway 51, and West of Interstate Highway 39/90 on what can generally be described as Madison's southeast side. Although it is specifically located in the City of Madison, the property's geographical location is more continuous with the Village of McFarland, which is located a short distance south and west of the subject lots.

The subdivision plat was recorded in November of 2005 and contains approximately 39 acres including approximately 13 acres of outlots (open space) dedicated to the public. Owl's Creek includes a total of 89 residential lots and five outlots. Most of the lots are zoned for single-family use, although various lots on the northeastern portion of the plat have zoning that allows for duplexes and four-units.

As of the writing of this report, 38 lots have been developed in the subdivision, most of which happened prior to the 2008 real estate crisis. This includes 14 duplexes and 24 single family homes. The City of Madison also converted six lots into a community park at the corner of Great Gray Drive and Snowy Owl Lane in 2014. This leaves a total of 45 remaining vacant lots which have not yet been developed. These 45 vacant lots represent the property that is the subject of this appraisal (the "subject property"). Specifically, the subject property includes three four-unit lots, one duplex lot, and 41 single-family lots.

The Owl's Creek subdivision essentially got caught up in the real estate crisis of 2008 and was subsequently foreclosed upon by Dane County for back taxes. AnchorBank ended up purchasing the undeveloped property via Sheriff's sale and subsequently sold the remaining 51 lots to the City of Madison in November of 2014. These 51 lots were transferred by Special Warranty Deed #5113679 for a total consideration of \$510,000 or \$10,000 per lot. After the sale, the City of Madison converted 6 of these lots into the aforementioned public park, leaving 45 vacant lots today. Although development has not yet resumed in the subdivision, the City of Madison is reportedly working towards potentially selling off the property to a developer.



### EXHIBIT B





Time: 3/28/2018 8:36:36 AM

Session: C:\Users\remgl\Desktop\GT Viewer.gts

City of Madison, WI - GIS/Mapping data

Printed By: remgl

Disclaimer: The City makes no representation about the accuracy of these records and shall not be liable for any damages

-  Vacant City Lots
-  Improved Residential Lot

**Please Note:** This exhibit was provided by the property owner (City of Madison). The subject property includes the 45 vacant lots outlined in **black**.

**PROPERTY DESCRIPTION (CONTINUED)**

Also to be noted, the City of Madison has reportedly expressed interest in potentially acquiring the neighboring 15-acre parcel at 5102 Meinders Road and subdividing it as a potential addition to Owl's Creek.

**APPRAISAL PREMISE AND VALUATION SCENARIOS**

Consistent with the terms of the engagement for this assignment, this appraisal provides an opinion of the "as-is" market value of the subject property in aggregate. In essence, the "as-is" value of the 45 lots in bulk is a function of the discounted present value of the appraisers' projections of lot values and holding costs over an estimated absorption/selloff timeline, in conjunction with a review of sales of development land proposed for residential subdivision development. This appraisal also provides segregated market values for each of the 45 subject lots. However, this scenario does not account or adjust for costs of achieving this combined value, and thus, does not represent market value to a single purchaser. Rather, the valuation of these individual lot prices is most applicable for application in the Subdivision Development Approach.

Based upon investigation and analysis of available information, the concluded opinions of value are summarized as follows:

Concluded Individual Lot Values in the Owl's Creek Subdivision											
45 Vacant Residential Lots "As-Is" as of April 26, 2018											
Lot #	SF	Value	\$/SF	Lot #	SF	Value	\$/SF	Lot #	SF	Value	\$/SF
29	11,590	\$100,000	\$8.63	40	12,874	\$100,000	\$7.77	41	13,280	\$100,000	\$7.53
33	9,571	\$70,000	\$7.31	23	9,290	\$41,800	\$4.50	76	10,333	\$43,900	\$4.25
45	7,240	\$38,000	\$5.25	79	9,027	\$40,600	\$4.50	60	9,374	\$42,200	\$4.50
48	7,214	\$37,900	\$5.25	22	9,924	\$44,700	\$4.50	84	8,640	\$41,000	\$4.75
47	7,223	\$37,900	\$5.25	88	9,324	\$37,300	\$4.00	83	8,917	\$42,400	\$4.75
49	9,239	\$41,600	\$4.50	87	10,234	\$43,500	\$4.25	82	13,063	\$49,000	\$3.75
50	8,567	\$40,700	\$4.75	86	9,244	\$41,600	\$4.50	81	12,646	\$47,400	\$3.75
51	8,582	\$40,800	\$4.75	71	7,646	\$38,200	\$5.00	80	9,027	\$40,600	\$4.50
52	9,327	\$42,000	\$4.50	68	8,002	\$40,000	\$5.00	78	7,507	\$37,500	\$5.00
13	11,882	\$47,500	\$4.00	67	8,144	\$40,700	\$5.00				
14	13,839	\$51,900	\$3.75	66	8,286	\$41,400	\$5.00				
15	24,310	\$60,800	\$2.50	53	8,984	\$44,900	\$5.00				
16	23,530	\$58,800	\$2.50	54	7,865	\$43,300	\$5.50				
17	11,335	\$45,300	\$4.00	55	7,800	\$42,900	\$5.50				
18	10,736	\$45,600	\$4.25	56	7,800	\$42,900	\$5.50				
21	9,977	\$37,400	\$3.75	58	8,272	\$41,400	\$5.00				
25	9,000	\$40,500	\$4.50	59	9,702	\$46,100	\$4.75				
24	11,502	\$46,000	\$4.00	63	8,713	\$43,600	\$5.00				

VALUATION SCENARIO	DATE OF VALUE	OPINION OF VALUE
"As-is" fee simple market value 45 vacant residential lots in bulk	April 26, 2018	\$1,350,000

Please note that the sum of the individual market values in the preceding chart is **\$2,141,600** while the concluded market value in bulk is **\$1,350,000**. This equates to an approximate 37% value discount for all 45 subject lots in bulk as-if sold to a single purchaser.

Ms. Maria LoPiccolo  
May 29, 2018  
Page Four

This appraisal is subject to the Assumptions and Limiting Conditions which are discussed in greater depth in this report. If any questions arise concerning this report, please do not hesitate to contact the undersigned.

Sincerely,

**BUSSEN COMPANY**



Andrew G. Bussen, MAI  
Wisconsin Certified General Appraiser #657-010



Casey G. Rice  
Staff Appraiser

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**ADDENDA**

- Engagement Letter
- Appraiser License and Qualifications

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## EXECUTIVE SUMMARY

---

- Subject Property:** 45 Vacant Residential Lots in the Owl's Creek Subdivision  
Owned by: City of Madison EDD  
Located in: City of Madison, Dane County, Wisconsin 53718
- Subject Description:** The Owl's Creek Subdivision is located south of the Beltline Highway, East of US Highway 51, and West of Interstate Highway 39/90 on what can generally be described as Madison's southeast side. Although it is specifically located in the City of Madison, the property's geographical location is more continuous with the Village of McFarland, which is located a short distance south and west of the subject lots.
- The subdivision plat was recorded in November of 2005 and contains approximately 39 acres including approximately 13 acres of outlots (open space) dedicated to the public. Owl's Creek includes a total of 89 residential lots and five outlots. Most of the lots are zoned for single-family use, although various lots on the northeastern portion of the plat have zoning that allows for duplexes and four-units.
- As of the writing of this report, 38 lots have been developed in the subdivision, most of which happened prior to the 2008 real estate crisis. This includes 14 duplexes and 24 single family homes. The City of Madison also converted six lots into a community park at the corner of Great Gray Drive and Snowy Owl Lane in 2014. This leaves a total of 45 remaining vacant lots which have not yet been developed. These 45 vacant lots represent the property that is the subject of this appraisal (the "subject property"). Specifically, the subject property includes three four-unit lots, one duplex lot, and 41 single-family lots.
- The Owl's Creek subdivision essentially got caught up in the real estate crisis of 2008 and was subsequently foreclosed upon by Dane County for back taxes. AnchorBank ended up purchasing the undeveloped property via Sheriff's sale and subsequently sold the remaining 51 lots to the City of Madison in November of 2014. These 51 lots were transferred by Special Warranty Deed #5113679 for a total consideration of \$510,000 or \$10,000 per lot. After the sale, the City of Madison converted 6 of these lots into the aforementioned public park, leaving 45 vacant lots today. Although development has not yet resumed in the subdivision, the City of Madison is reportedly working towards potentially selling off the property to a developer. Also to be noted, the City of Madison has reportedly expressed interest in potentially acquiring the neighboring 15-acre parcel at 5102 Meinders Road and subdividing it as a potential addition to Owl's Creek.
- Zoning:** SR-V1 – Suburban Residential – Varied District 1 (four-unit lots)  
SR-C3 – Suburban Residential – Consistent District 3 (duplex lots)  
TR-C3 – Traditional Residential – Consistent District 3 (SF lots)
- Highest and Best Use:** Residential development including single-family homes on 41 lots, a duplex on one lot, and four-unit buildings on three lots.



EXECUTIVE SUMMARY (CONTINUED)

**Effective Date of Value:** April 26, 2018 (as-is)

**Date of Report:** May 29, 2018

**Appraisal Premise and Valuation Scenarios:**

Consistent with the terms of the engagement for this assignment, this appraisal provides an opinion of the “as-is” market value of the subject property in aggregate. In essence, the “as-is” value of the 45 lots in bulk is a function of the discounted present value of the appraisers’ projections of lot values and holding costs over an estimated absorption/selloff timeline, in conjunction with a review of sales of development land proposed for residential subdivision development. This appraisal also provides segregated market values for each of the 45 subject lots. However, this scenario does not account or adjust for costs of achieving this combined value, and thus, does not represent market value to a single purchaser. Rather, the valuation of these individual lot prices is most applicable for application in the subdivision development approach.

**Value Indications:** The concluded value indications for each approach developed are summarized as follows:

VALUATION APPROACH	VALUE INDICATION
Subdivision development approach	\$1,350,000
Bulk sales comparison approach	\$1,350,000

**Opinions of Value:** Based upon the development of the applicable approaches to value, the concluded opinions of value are summarized as follows:

Concluded Individual Lot Values in the Owl's Creek Subdivision 45 Vacant Residential Lots "As-Is" as of April 26, 2018											
Lot #	SF	Value	\$/SF	Lot #	SF	Value	\$/SF	Lot #	SF	Value	\$/SF
29	11,590	\$100,000	\$8.63	40	12,874	\$100,000	\$7.77	41	13,280	\$100,000	\$7.53
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49	9,239	\$41,600	\$4.50	87	10,234	\$43,500	\$4.25	82	13,063	\$49,000	\$3.75
50	8,567	\$40,700	\$4.75	86	9,244	\$41,600	\$4.50	81	12,646	\$47,400	\$3.75
51	8,582	\$40,800	\$4.75	71	7,646	\$38,200	\$5.00	80	9,027	\$40,600	\$4.50
52	9,327	\$42,000	\$4.50	68	8,002	\$40,000	\$5.00	78	7,507	\$37,500	\$5.00
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21	9,977	\$37,400	\$3.75	58	8,272	\$41,400	\$5.00				
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24	11,502	\$46,000	\$4.00	63	8,713	\$43,600	\$5.00				

EXECUTIVE SUMMARY (CONTINUED)

VALUATION SCENARIO	DATE OF VALUE	OPINION OF VALUE
"As-is" fee simple market value 45 vacant residential lots in bulk	April 26, 2018	\$1,350,000

Please note that the sum of the individual market values in the preceding chart is **\$2,141,600** while the concluded market value in bulk is **\$1,350,000**. This equates to an approximate 37% value discount for all 45 subject lots in bulk as-if sold to a single purchaser.

---

## PREMISE OF THE APPRAISAL

---

### REPORT ORGANIZATION

This report is designed to inform the reader of all factors influencing the property's value in a clear and concise manner. The **executive summary** and **premise of the appraisal** sections provide an overview of the property and general information. The **property description** section presents more specific information directly related to the property. The **market analysis** and **highest and best use** sections establish the marketability of the subject and premise upon which the property is valued. The **valuation section** develops the applicable approaches to value to satisfy the Scope of Work and intended use and user(s) of the appraisal.

### PURPOSE, INTENDED USE AND INTENDED USER(S) OF THE APPRAISAL

The **purpose** of this appraisal is to provide an opinion of the market value of the fee simple interest in the subject property on an "as-is" basis. Without prior written approval from the authors, the **intended use** of this report is limited to internal decision making regarding the potential sale of the subject property.

According to the Request for Bids (RFB) document, this appraisal is being prepared for "negotiating purposes under a willing buyer and seller transaction". All other uses are expressly prohibited. Reliance on this report by anyone other than the client for a purpose not set forth above is prohibited. The authors' responsibility is limited to the **client and intended user**, noted as being the City of Madison's Office of Real Estate Services.

### DEFINITION OF MARKET VALUE

**MARKET VALUE** is defined by the 2018-2019 Edition of the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP) as "a type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal."

Therefore, complying with USPAP 2018-2019, and per the Letter of Engagement, my working definition of market value is taken from Part 323.2(g) of FDIC Rules and Regulations, presented as follows:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- e. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

This definition is taken from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National



## PREMISE OF THE APPRAISAL (CONTINUED)

Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of the Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Valuation Guidelines, dated October 24, 1994.

### **SUM OF THE RETAIL VALUES**

**Sum of the retail values** is defined in The Dictionary of Real Estate Appraisal, 6<sup>th</sup> Ed. (2015) as:

“The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units although sold together in a single transaction; it is simply the total of the individual market value conclusions.”

The **sum of the retail values** refers to the aggregate retail market value of the finished lots, allowing for a reasonable exposure and absorption period. This scenario does not account or adjust for the costs of achieving this combined value, and thus, does not represent market value to a single purchaser, unless specifically stated otherwise. A **sum of the retail values** is not presented as part of the concluded opinions of value. However, the intended user of this appraisal could extract this information by calculating the summation of the individual lot values, as presented in this report.

### **PROPERTY RIGHTS APPRAISED**

As requested by the client, the property rights appraised are those associated with the fee simple interest. **Fee simple estate** is defined in The Dictionary of Real Estate Appraisal, 6<sup>th</sup> Ed. (2015) as:

“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

### **SCOPE OF WORK**

This report has been prepared in conformance with The Uniform Standards of Professional Appraisal Practice (USPAP) 2018-2019, which has an effective date of January 1, 2018. The revisions to USPAP have effectively removed the classification of appraisals as either “Limited” or “Complete” in terms of the development of the appraisal process. However, the scope of work will be, to a degree, defined within these terms as a basis for understanding the approach and methodology taken by the appraiser. The scope of this appraisal required collecting primary and secondary data relative to the subject property. This data has been analyzed and confirmed, leading to the concluded opinion of value set forth in this report. This report includes the development of the sales comparison approach and subdivision development approach to value.

This appraisal is presented in an Appraisal Report Format that is intended to comply with the appraisal development requirements in accordance with Standard 1 and the appraisal reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. The appraisal process has been developed consistent with the terms of the engagement for this assignment.

## PREMISE OF THE APPRAISAL (CONTINUED)

The scope of work also included the following development and reporting process:

### **APPRAISAL DEVELOPMENT AND REPORTING PROCESS**

Preparation of this appraisal included:

- An inspection of the subject property
- Reviewing the subdivision plat map
- Reviewing city and county records for information on taxes and assessments
- Inspecting the subject property's surrounding neighborhood
- Gathering and confirming improved sales from immediate and competing neighborhoods
- Inspecting comparable properties utilized in the analysis
- Analyzing supply and demand conditions in the area
- Applying the traditional approaches (sales comparison approach and subdivision development approach) to arrive at an indication of value for the subject property.

### **LEGAL DESCRIPTION**

The "subject property" includes 45 platted lots in the Owl's Creek Subdivision. Each lot has its own individual assigned parcel number and legal description. However, please note that a current Title Insurance Policy has not been provided to the appraiser in order to verify a legal description of each lot and parcel number, as well as the presence of any easements, encumbrances and/or encroachments that may exist as of the effective date of value. Therefore, this appraisal and the legal description for each lot/parcel are subject to verification by review of a current Title Insurance Policy, if/when available. For reference purposes, the parcel numbers for the 45 vacant subject lots are presented below in the format provided by the City of Madison (the client and property owner).

251-0710-274-1301-3	251-0710-274-1201-5
251-0710-274-1312-0	251-0710-274-1812-0
251-0710-274-1401-1	251-0710-274-1811-2
251-0710-274-1305-5	251-0710-274-1810-4
251-0710-274-1405-3	251-0710-274-1710-6
251-0710-274-1408-7	251-0710-274-1707-3
251-0710-274-1407-9	251-0710-274-1706-5
251-0710-274-1409-5	251-0710-274-1705-7
251-0710-274-1410-2	251-0710-274-1501-9
251-0710-274-1411-0	251-0710-274-1502-7
251-0710-274-1412-8	251-0710-274-1503-5
251-0710-274-1116-6	251-0710-274-1504-3
	251-0710-274-1506-9
251-0710-274-1117-4	251-0710-274-1601-7
251-0710-274-1118-2	251-0710-274-1702-3
251-0710-274-1119-0	251-0710-274-1715-6
251-0710-274-1120-7	251-0710-274-1602-5
251-0710-274-1121-5	251-0710-274-1808-9
251-0710-274-1124-9	251-0710-274-1807-1
251-0710-274-1204-9	251-0710-274-1806-3
251-0710-274-1203-1	251-0710-274-1805-5
251-0710-274-1202-3	251-0710-274-1804-7
251-0710-274-1803-9	251-0710-274-1802-1

**OWNERSHIP AND SALES HISTORY**

The subject property is owned by City of Madison EDD. This entity purchased 51 vacant lots from AnchorBank in November of 2014 for \$510,000 or \$10,000 per lot. The City of Madison subsequently converted six lots into a public park, leaving the 45 vacant lots that are the subject of this appraisal. It is our understanding, based upon a review of documents at the Register of Deeds Office, that there have been no arm's-length transfers of the subject parcels in the three years prior to the effective date of the appraisal. To the best of our knowledge, the subject lots are not currently listed for sale on either an individual basis or in bulk.

**ASSESSMENT AND TAX INFORMATION**

The 45 subject parcels are owned by the City of Madison and are therefore tax-exempt at this time. We would expect appropriate assessments to be made if the lots were to be sold off to a developer and/or private individual. Property tax projections are discussed in further detail in the subdivision development approach presented later in this report.

**EXPOSURE TIME**

Exposure time is defined within the USPAP, Statement 6, as:

“The estimated length of the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.”<sup>1</sup>

Exposure time is best established upon the experience of recent comparable sales. If the property is purchased for investment purposes and is appropriately priced, an exposure time of around **one year or less** is concluded to identify a buyer for the aggregate subject property (45 lots in bulk) based upon the appraisers' concluded opinion of value.

It is noted that the 4<sup>th</sup> *Quarter 2017 PwC Real Estate Investor Survey* indicates a typical marketing period for National Development Land ranging from 6 to 36 months with an average of 16 months (or 1.33 years). None of the “bulk acreage” sales used in the sales comparison approach section indicated an exposure time. The most probable buyer is a single-family residential subdivision developer or potentially a larger home builder. Based on the remaining 45 residential lots, the overall absorption timeline for the aggregate development is estimated to be around 2.5± years through approximately the end of 2020 or into early 2021, which will be discussed in greater depth in this report.

**DATE OF INSPECTION, EFFECTIVE DATE(S) OF VALUE AND DATE OF REPORT**

The effective date of value on an “as-is” basis is April 26, 2018 which coincides with the date of physical inspection of the property by Andrew G. Bussen, MAI. Casey Rice, Staff Appraiser at Bussen Company, was also present during the inspection. The date of the report is May 29, 2018.

**COMPLIANCE AND COMPETENCY PROVISION**

We are aware of the compliance and competency provisions of USPAP, and within our understanding of those provisions the authors of this report comply with all mandatory requirements. Andrew G. Bussen, MAI, a Certified General Appraiser in the State of Wisconsin (#657) and Casey Rice, Staff Appraiser at Bussen Company inspected the subject property and conducted the primary research, analysis, and writing of the appraisal report.

<sup>1</sup> Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition, Appraisal Standards Board of The Appraisal Foundation

## PREMISE OF THE APPRAISAL (CONTINUED)

This is an Appraisal Report that is intended to comply with the development and reporting requirements set forth under Standard 1 and Standards Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice (USPAP)*, and the Appraisal Institute. This appraisal has also been prepared in accordance with the terms of the engagement letter for this assignment.

### **PREVIOUS APPRAISAL DISCLOSURE**

The appraisers have performed no other services, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment.

### **SOURCES OF INFORMATION**

The following sources were contacted to obtain relevant information:

<b>SOURCE</b>	<b>INFORMATION</b>
City of Madison	Subject property information
Multiple Listing Service (MLS)	Comparable information and statistical market data
City of Madison and Dane County	Comparable and subject property information
Dane County Register of Deeds	Verification of comparable plats, lot sales and absorption
Appraisers' Internal Files	Market data, absorption statistics, proprietary information
PwC 4 <sup>th</sup> Quarter 2017	National Development Land Market Investment Indices
<a href="http://www.realtyrates.com">www.realtyrates.com</a>	Investment Indices

### **EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS**

**Extraordinary Assumption:** An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions... Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP 2018-2019)

The next section outlines any **Extraordinary Assumptions and Limiting Conditions** utilized in the analysis.

### **PERSONAL PROPERTY, FIXTURES, AND INTANGIBLE ITEMS**

No personal property, fixtures or intangible items are included in this appraisal.

### **UNAVAILABILITY OF INFORMATION**

All information necessary to develop a reliable and credible opinion of value of the subject property was available, with the exception of the lack of availability of a current Title Insurance Policy.

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## ■ ASSUMPTIONS AND LIMITING CONDITIONS ■

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### **GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

The legal description is located in the addenda and is assumed to be correct. The analysis assumes that this description accurately represents the subject property. A current Title Insurance Policy has not been provided to the appraiser. If further verification is required, review of a current Title Insurance Policy is suggested.

We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. The property is appraised as though free and clear, under responsible ownership, and competent management.

The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.

Unless otherwise noted herein, it is assumed that there are no encroachments, zoning restrictions or restrictive covenants existing that adversely impact the marketability and/or the value of the subject property.

The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.

Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.

This report shall be used for its intended purpose only and by the parties to whom it is addressed. Possession of the report does not include the right of publication.

The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.

The opinions of value and all conclusions shall apply as of the dates shown herein.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the authors. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.

This report must be used in its entirety. Reliance on any portion of the report independent of others may lead the reader to erroneous conclusions regarding the property values. No portion of the report stands alone without approval from the authors.

The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program (if applicable).

Income and expense information provided by the owner, representatives, or third parties, is assumed to be current and accurate.

The liability of Bussen Company and its employees is limited to the client only and only up to the amount of the fees actually collected by Bussen Company in conjunction with this assignment. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.

## ASSUMPTIONS AND LIMITING CONDITIONS (CONTINUED)

The appraisers assume that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in case of lawsuit (brought by lender, partner, or part owner in any form of ownership, tenant, or any other party), any and all awards, settlements, or cost, regardless of outcome the client will hold Bussen Company completely harmless.

The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials, which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the presence of such materials. Therefore, irrespective of any degree of fault, Bussen Company and its partners, agents, and employees, shall not be liable for costs, expenses, damages, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids, or gasses, waste materials or other irritants, contaminants, or pollutants.

The appraisers assume no responsibility for determining if the subject property complies with the Americans with Disabilities Act (ADA), which prescribes specific building standards which may be applied differently to different buildings, depending on such factors as building age, historical significance, amenability to improvement, and costs of renovation. Bussen Company, its partners, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties, or diminution in value resulting from non-compliance. Except as otherwise noted herein, this appraisal assumes that the subject complies with all ADA standards appropriate to the subject improvements; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the necessary renovation costs, time period needed for renovation, and penalties for non-compliance (if any) were known today, appropriate deductions would be made to the value conclusions reported herein. As the subject property is being constructed under current building codes, the improvements are assumed to conform to the Americans with Disabilities Act.

Soil conditions are assumed adequate for residential house construction in addition to condominium, multi-family, commercial and/or mixed-use buildings.

### **EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS**

Considering that all of the infrastructure for the subdivision has already been installed, one could argue that there would be no infrastructure costs associated with the continued development of the subject lots. However, some of the vacant lots appeared to need some additional final grading and maintenance to fully prepare them for residential development. Therefore, we have projected a relatively minimal expense for this category in year one of the discounted cash flow analysis (as presented in the subdivision development approach). Considering that actual cost estimates for this expense were not provided to the appraisers, projecting this expense is a fairly subjective task. Although our estimate for these expenses is relatively minimal, the appraisers reserve the right to revise the value conclusions contained herein if additional information surfaces regarding potential hard and soft costs for the continued development and holding costs associated with the 45 subject lots.

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Acceptance of and/or use of this report constitutes acceptance of all of the foregoing **General Assumptions and Limiting Conditions** and **Extraordinary Assumptions and Limiting Conditions**.

# MADISON AREA OVERVIEW

## INTRODUCTION

The subject property is located within the City of Madison, Dane County, Wisconsin. The City of Madison, and in particular the subject's immediate area, is heavily dependent upon and directly influenced by metropolitan Madison's surrounds. Therefore, an overview of metropolitan Madison provides a basis for an understanding of the area dynamics, insofar as they might affect the subject property. This section will present an overview of metropolitan Madison and its influences that would affect the subject property.

## MARKET AREA OVERVIEW: MADISON AREA AND DANE COUNTY

Dane County is located in south central Wisconsin covering approximately 1,200 square miles and containing 27 cities and villages. Outside of Madison and the surrounding communities, Dane County is primarily agricultural in nature. Approximately ½ of the County's residents live outside of Madison, though many commute for employment and education.

## LOCATION MAP



Madison is Wisconsin's second largest city, the State Capital, home of the University of Wisconsin, and the County Seat for Dane County. It is located in the middle of Dane County and occupies a physically attractive setting on rolling topography set among four major lakes. Nearby cities include Milwaukee (77 miles); Chicago (150 miles); Dubuque (95 miles); Green Bay (132 miles); and Minneapolis (250 miles).

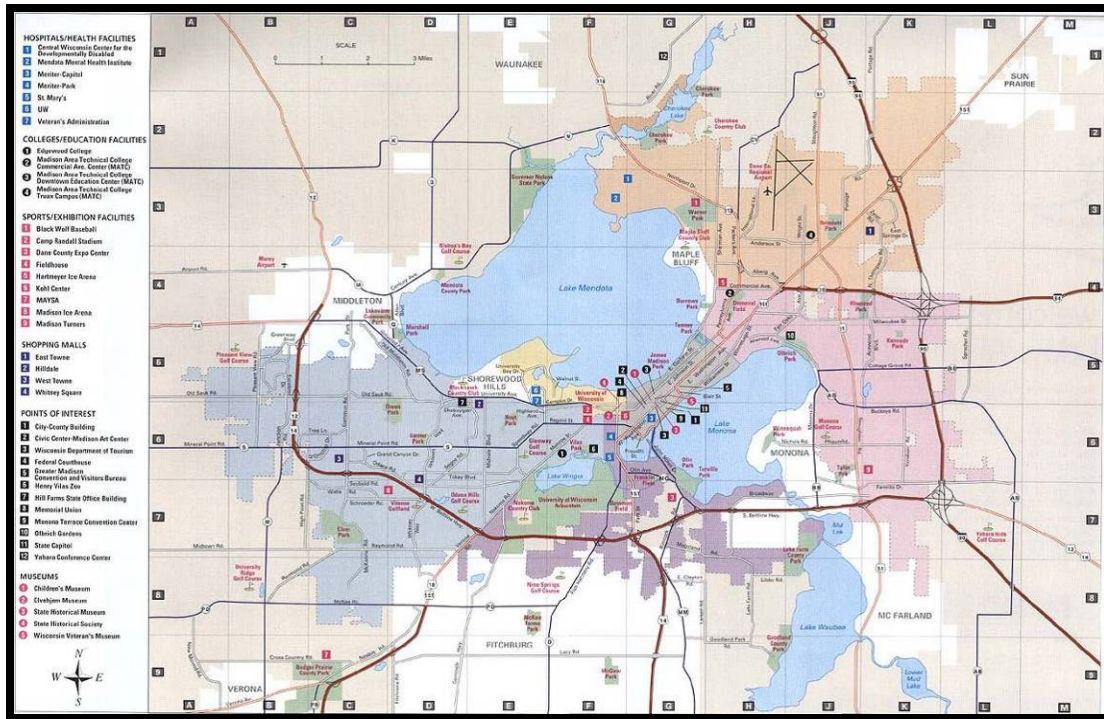
Similar to other metropolitan areas throughout the country, Madison's growth rate has trailed the county growth rate. This is largely due to the relative lack of developable land in Madison compared to neighboring communities and the nationwide trend of people moving to the surrounding towns located near the urban fringe.



**TRANSPORTATION**

Madison and Dane County have good transportation linkages to these larger, nearby markets. Madison is located at the hub of a network of federal and state highways serving southern Wisconsin. Routes passing through Madison and Dane County include Interstate Highways 39/90/94; U.S. Highways #12, #14, #18, #51 and #151 and State Highways #19, #30, #69, #73, #78, #92 and #113.

**MADISON AREA MAP**



Automobile access throughout the Madison area is average. The city lacks an efficient cross-town freeway system. The east-west arterial streets that run through Madison ultimately have to be routed through the Isthmus between Lakes Mendota and Monona. This 10 block wide stretch of land is densely developed with its earliest construction dating back to the mid-1800s. Therefore, cross-town traffic attempting to travel east-to-west or vice versa through Madison can sometimes experience congestion when going through the *isthmus* area. In order to compensate for this poor traffic pattern, the City of Madison and Dane County constructed the Beltline Highway system to ring the city. The Beltline Highway around the east, south, and west sides of the city provides much more efficient traffic circulation in these peripheral areas.

Dane County Regional Airport/Truax Field, an FAA-certified airport owned and operated by Dane County, provides air service to surrounding regions. It is the second largest commercial airport in the State of Wisconsin, second only to Mitchell Field in Milwaukee. Dane County Regional Airport serves nearly 1.7 million commercial passengers each year and has approximately 100 daily commercial flights. Major air carriers include Delta, United, American Eagle, Frontier, and various air-links to international hubs in Minneapolis, Chicago, and Detroit.

Four inter-city bus lines provide daily scheduled services between Madison and major Wisconsin and Midwestern cities. Rail freight service is provided to Madison businesses by the Chicago and Northwestern Railroads, the Soo/Milwaukee Railroad, and the Wisconsin and Southern Railroads. The closest Amtrak passenger rail service is from Columbus, Wisconsin approximately 35 miles to the northeast and Milwaukee, Wisconsin, approximately 75 miles to the east.



## MADISON AREA OVERVIEW (CONTINUED)

The Madison area has an excellent city-owned bus system that provides the community with a high level of public transit service. The Madison Metro is a national leader in seat-miles per capita provided to its service area. The Madison Metro is designed to service physically disabled persons and has a fringe benefit bus-pass program that offers employers the opportunity to include bus fare as an employee benefit. In 2007, the Madison Metro system added five GM hybrid-electric buses, the first vehicles of their kind to be used in a Wisconsin Transit System. In 2010, fourteen additional hybrid busses were acquired, which now make up 10% of their entire fleet. The city's transportation links, along with the relatively small size of the area, allow for relatively easy commutes to area employment centers.

### **POPULATION**

An analysis of the area's population, including age distribution, employment, and educational levels, indicates past, present, and probable future effects of these demographic changes as they relate to Dane County, the city of Madison, and ultimately the subject property. The overall population base for Madison and Dane County has grown steadily over the past decade. This growth is projected to continue. A population and projected growth summary for the city of Madison and Dane County are illustrated in the following table.

Area	1980 Census	1990 Census	2000 Census	2010 Census	2020 Projection	2030 Projection
Madison	170,616	190,766	208,054	233,209	245,079	264,850
Dane County	323,545	367,085	426,526	488,073	527,534	579,976
Aggregate Growth/Period	N/a	11.81%	9.06%	12.09%	5.09%	8.07%
	N/a	13.46%	9.78%	14.38%	8.09%	9.94%

*Source: U.S. Census Bureau and Dane County Regional Planning Commission*

### **GOVERNMENT**

The City of Madison is the State Capitol of Wisconsin. Dane County includes 8 cities, 19 villages and 34 towns. The City of Madison has over 50 committees, boards, and commissions to assist in the decision-making processes. The County Board has 37 supervisors and a county executive. The Madison Common Council governs the City of Madison and has 20 alder persons and an elected Mayor. The county also has over 65 committees, boards, and commissions to address countywide issues.



City government is directed by the mayor, who is the chief executive officer of the city, and by the Madison Common Council. The City of Madison offers full service government with full time police and fire protection. In addition to city government, county government has an impact on the area. The county's largest responsibilities are building and maintaining highways and operating welfare programs. In summary, the full range of services offered by the City of Madison and Dane County, help foster a more stable environment. This has a positive influence on the subject property.

**EMPLOYMENT SECTOR**

During the twenty years prior to January 2009 monthly unemployment in both Dane County and the City of Madison had exceeded 4% for only three months. However, in the wake of the economic downturn nationwide, which has affected most every metropolitan area in the country, Madison has not been immune to the recession. Dane County had a March 2018 unemployment rate of 2.2% (preliminary) as compared to 2.5% one year prior (March 2017). Similarly, the Madison MSA had a March 2018 unemployment rate of 2.4% as compared to 2.6% in March 2017. For comparison purposes, the state of Wisconsin had a March 2018 unemployment rate of 3.2% as compared to 3.7% in March 2017.

Madison’s economic base is generally diversified. Much of the area’s historical growth has been attributable to Madison being a governmental center and to the presence of the State’s largest university. While government related employment still has a strong influence on the economy, the areas high tech resources and excellent quality of life have attracted numerous private firms, world-class health care and a number of insurance company headquarters. Major private industries in the metro area are medical and insurance related. The Madison area is home to four hospitals and over 100 clinics and urgent care centers. Three insurance companies, including CUNA Mutual, American Family and General Casualty (subsidiary of QBE North America) have headquarters in the area, while numerous others have significant offices here, including National Guardian Life, Farm Bureau Life, WEA Insurance Trust and Sentry Insurance. A burgeoning industry that will continue to be a major employment force is the R&D market. With the university and two research parks dedicated to research firms, the area is attractive locally, nationally and globally for firms looking to tap into an excellent, high-tech market.

The largest employers in the Madison area (excluding government entities) are as follows:

EMPLOYER	# OF EMPLOYEES (FT/PT)	PRODUCT TYPE OR DESCRIPTION
1) Epic Systems	9,400	Medical Software
2) UW Hospital & Clinics	5,497 / 4,235	Health Care Software
3) SSM Health Care of Wisconsin	4,248 / 2,354	Medical
4) American Family Ins.	3,955 / 44	Insurance
5) UW Medical Foundation	3,486 / 770	Educational research
6) WPS Health Solutions	1,995 / 32	Insurance
7) Covance	1,970 / 93	Research
8) UnityPoint Health-Meriter	945 / 1,967	Medical
9) CUNA Mutual Group	1,533 / 120	Insurance
10) PPD	1,250 / 0	Research
11) TDS Telecom	1,145 / 11	Telecommunications
12) Stoughton Trailers, LLC	1,000 / 2	Transportation Equipment
13) Great Lakes Higher Ed Corp	884 / 18	Financial
14) Zimbrick Inc.	767 / 139	Automobile Dealership
15) Promega	800 / 14	Science Equipment
16) ETC (Electronic Theatre Controls Inc.)	775 / 14	Lighting/Controls Manufacturing
17) Exact Sciences Corp.	755 / 11	Biomedical
18) Alliant Energy	710 / 82	Energy Provider
19) Madison Gas & Electric	680 / 6	Energy Provider
20) Group Health Cooperative	609 / 151	Health Care Insurance Provider
21) J.H. Findorff & Son, Inc.	650 / 10	Construction
22) Spectrum Brands Holdings	606 / 30	Consumer Products
23) Hy-Vee	312 / 881	Grocery
24) Charter Communications	582 / 0	Telecommunications
25) GE Healthcare	550 / 5	Healthcare

**Source:** 2017 Book of Lists “In Business: Madison” magazine and Bureau of Labor Statistics

### **GOVERNMENT EMPLOYMENT**

Diversity and stability characterize the Madison and Dane County economies. About one-quarter of the greater Madison's workforce or more than 88,100 residents are employed in local, state, and federal government jobs. The State of Wisconsin provides over 30,000 of those jobs. The State is followed by the University of Wisconsin (21,796), the Madison Metropolitan School District (6,545), the Federal Government (5,300), University of Wisconsin-hospitals and clinics (5,122), and University of Wisconsin Medical Foundation (2,150). Government jobs account for the largest percentage of employment (over 25%) in Dane County, followed by services and wholesale and retail trade.



### **RESEARCH / HI-TECH**

High-tech companies have grown rapidly in the area, more than doubling since 1980. Although less visible, manufacturing growth has also been impressive. Overall, the area is not reliant to any one industry and will not be affected by a slump in any particular segment. Companies specializing in high-tech industry are playing an increasing role in the Madison area economy. Biotechnology, medical/biomedical researchers, microelectronics software and other computer-related firms dominate Dane County's research community. These high technology companies include more than 400 businesses and employ more than 22,000 people.

Research activity on the University of Wisconsin-Madison campus is a major stimulus for growth in high-tech industries. The University of Wisconsin-Madison has the highest research budget of any University in the nation related to non-classified research. The University maintains numerous resources for businesses interested in accessing research facilities and programs. Grants, venture capital, and loans are available to help businesses further their research and development goals. Research is taking place in the fields of medicine, genetic engineering, robotics, highway planning, agriculture, aviation and aeronautics, and zoology, among others.



### **AGRICULTURE**

Agriculture plays a role in the area's economy. Dane County Farmers own and manage approximately 66% of the county's land. Diversified farming contributes greatly to Madison's stability and continued prosperity. Dane County ranks first in the state for total value of agricultural products sold, and it ranks fifth for total dairy production within the state. Leading agricultural products include corn, alfalfa, tobacco, oats, eggs, cattle, hogs, and dairy products. Dairy products are the most profitable commodities in Dane County's agricultural sector. Madison is currently making excellent progress toward its goal of becoming the center for the world dairy industry. It now hosts the nation's premier annual dairy event, the World Dairy Expo.



### **EDUCATION**

Dane County is served by 16 public school districts and 22 private schools. The Madison school district is the largest in Dane County. The University of Wisconsin-Madison is consistently ranked in the top ten of the nation's educational institutions. The University of Wisconsin-Madison is the flagship of the state's university system and plays a major role in both Madison and Dane County. It is a major employer in the area, and it attracts over 40,000 students in its undergraduate, graduate, and specialty schools. The University also attracts businesses and capital with its research in science and engineering.



Madison is also the home of other important state educational programs. Madison Area Technical College (Madison College or MATC) is part of the highly regarded Wisconsin vocation, technical and adult education system. The MATC district encompasses the counties of Dane, Columbia, Jefferson, Sauk, and Marquette, providing instruction for nearly 40,000 students.

### **RECREATIONAL AND CULTURAL**

Dane County and the City of Madison have over 29,000 acres dedicated for public use. The focal point of recreational activities in the Madison area is centered on sporting and cultural functions related to the University of Wisconsin-Madison and the chain of lakes inter-connected by the Yahara River. These lakes include Mendota, Monona, Waubesa, Kegonsa, and Upper and Lower Mud lakes.

Other recreational facilities in Dane County include 15 public golf courses, 182 camping sites, more than 150 miles of hiking trails, over 150 miles of bike trails, public hunting grounds, snowmobile trails, downhill and cross-country skiing facilities, over 50 named lakes, and more than 400 miles of streams and rivers.



The City of Madison is host to the annual Ironman Wisconsin race event, attracting athletes from around the globe. This race features a 2.4-mile swim in Lake Monona, a 112-mile bike ride through rural Dane County, and a 26.2-mile run through downtown Madison. Other activities include the Dane County Farmers Market, the Madison Marathon, the Madison Paddle & Portage, among other events, many of which are centered on the State Capitol concourse and the lakeshore areas.

The Monona Terrace Convention Center, which has been based upon a Frank Lloyd Wright design, draws meetings and conventions locally, regionally, and nationally. This facility is located fronting Lake Mendota off of the Capitol Square concourse. Its construction has fueled greater demand for products, services, and real estate in the downtown area.

**SUMMARY**

Madison and the Dane County area have historically been regarded as having a high quality of life and stable economic base. The areas strong economy, employment base, governmental influence, and growing housing market are all indicators of a strong and healthy local economy. Madison has been recognized as a premier location by the following publications:

- Money Magazine – “Best Place to Live in America, 1996, 1998, and 2006”
- Money Magazine – “Middleton – Best Place to Live in America, 2007”
- Sports Illustrated – “#1 Best College Sports Town, 2009”
- Midwest Living – “#1 Best Midwest Food Town, 2009”
- Men’s Health Magazine – “Healthiest City for Men, 2003 and 2011”
- Men’s Health – “Most Educated City in America, September 2011”
- Huffington Post – “Best City for Educated Workers, September 2011”
- Kiplinger’s – “Best Cities for Young Adults, 2012”
- Livability.com – “Top 10 Foodie City, April 2013”
- MarketWatch – “#5 High Tech Jobs, June 2013”
- Nerdwallet – “#2 Best City for Recreational Activities, August 2013”
- Prevention Magazine, “#8 Happiest, Healthiest Cities in America, September 2013”
- The Atlantic Cities – “#9 Top 25 Tech Hot Spots, October 2013”
- Livability.com – “# 5 Best Places to Live, November 2013”
- Forbes – “#3 in 15 Best Cities for Young Adults, January 2014”
- Nerdwallet – “#1 Greenest City in America, April 2014”
- Forbes – “#5 Cities Winning the Battle for Information Jobs, May 2014”
- Livability.com – “#1 Best Places to Live 2015”
- USAA Magazine – “One of the Ten Best Cities for Military Retirement, December 2014”
- National Geographic – “One of the Top 10 Happiest Cities, January 2015”
- Livability.com – “#3 Healthiest City, April 2015”
- Livability.com – “#3 Best Places to Live 2016”
- WalletHub – “#7 Best Metro Area for STEM Professionals, January 2016”
- U-Haul – “#4 U.S. Growth City, February 2016”
- Livability.com – “#2 Best City for Parks, May 2016”
- Move.org – “#10 Best City for 20-Somethings, August 2016”
- Livability.com – “#8 Best Places to Live 2017”

Madison and Dane County’s strong economies have had a positive effect on the real estate market as a whole. Occupancy levels for commercial and multi-family properties are considered to be strong, with market rent levels being stable to increasing. The Dane County area



has seen some of the lowest vacancy levels and highest rental increases in the state. We expect these economic indicators to remain strong for the foreseeable future.

Dane County is well known for its high quality of life and stable economic base. The Madison area is home to the State Capitol, the University of Wisconsin and several large companies that have created a diversified economy. Overall, the area is not reliant to any one industry and will not be affected by a slump in any particular segment. The highly educated population is continuing its steady growth. Madison’s strong economy has had a positive effect on its real estate market. Overall, the long-term prospects for the county and its real estate market conditions are positive.

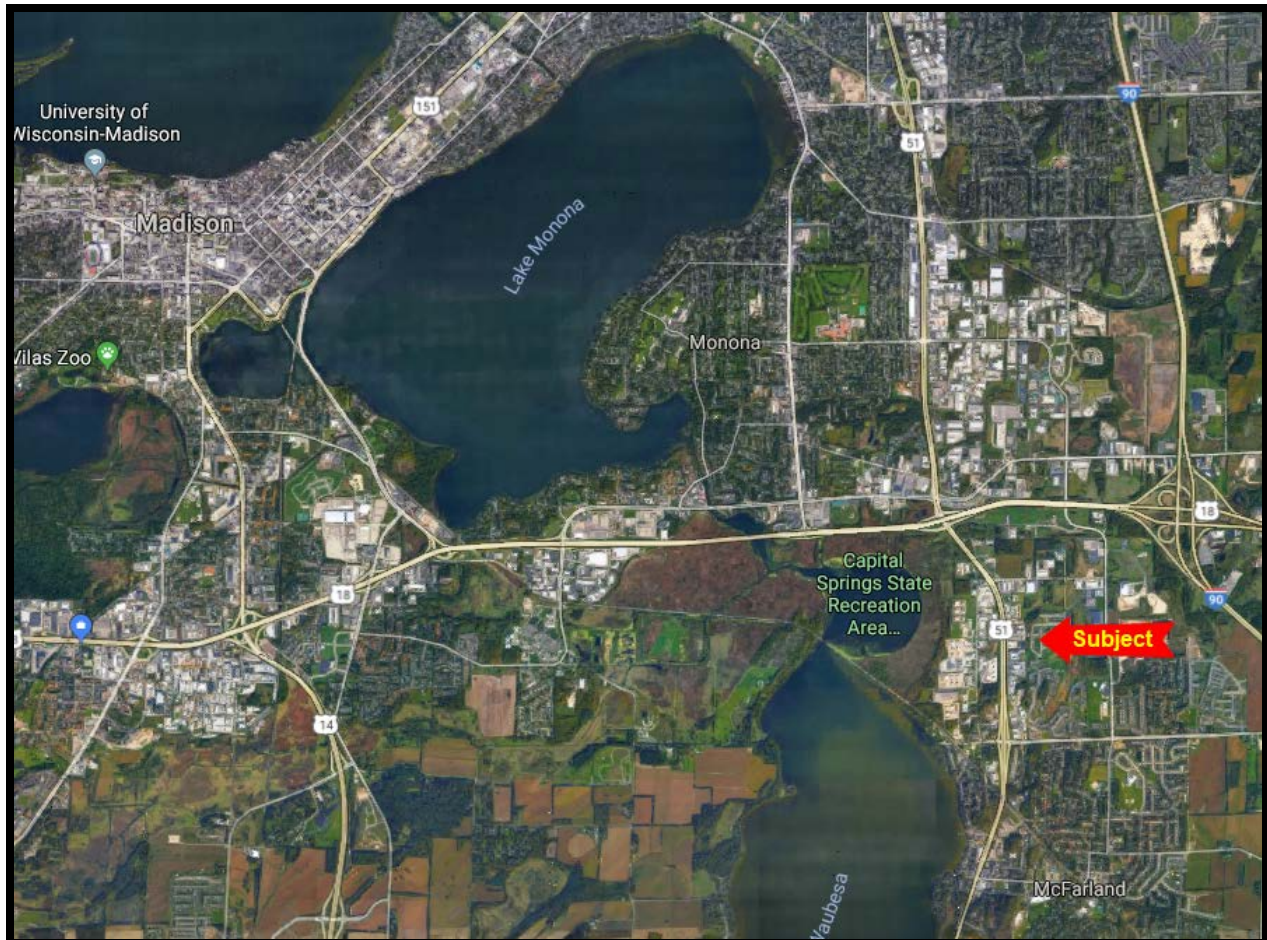


## NEIGHBORHOOD OVERVIEW

### GENERAL LOCATION DESCRIPTION

The subject property includes 45 vacant lots that make up a portion of Owl's Creek, a partially completed residential subdivision located on the City of Madison's southeast side in the Marsh Road Neighborhood plan area. Specifically, the property is located approximately 1 mile south of the Beltline Highway, ¼-mile east of US Highway 51, and 1 mile west of Interstate 39/90. Owl's Creek is bordered by the Liberty Place Subdivision to the south and primarily industrial uses to the north and west. The neighboring 15-acre parcel to the east is improved with two residential homes and has a considerable amount of surplus land that is poised for potential future residential development. Although it is specifically located in the City of Madison, the subject's immediate neighborhood is more continuous with the Village of McFarland, which is located a short distance to the south and west of the property.

### EXPANDED AREA MAP



As can be seen in the above map, the subject property has a convenient location in relation to the overall Madison area. The Beltline and Interstate Highways provide quick access to both the east and west sides of Madison. As previously noted, the subject's location is in close proximity to the Village of McFarland. Commercial properties lining US Highway 51 to the west are located within the Village, as are the residential neighborhoods located south of Siggelkow Road (approximately ½-mile south of the subject property). However, the Madison Commerce Park and Marsh Road Industrial Subdivision are located just northeast of the subject and are contained within the City of Madison.



**ADDITIONAL AREA MAP AND AERIAL OVERVIEW**



**SURROUNDING DEVELOPMENTS**

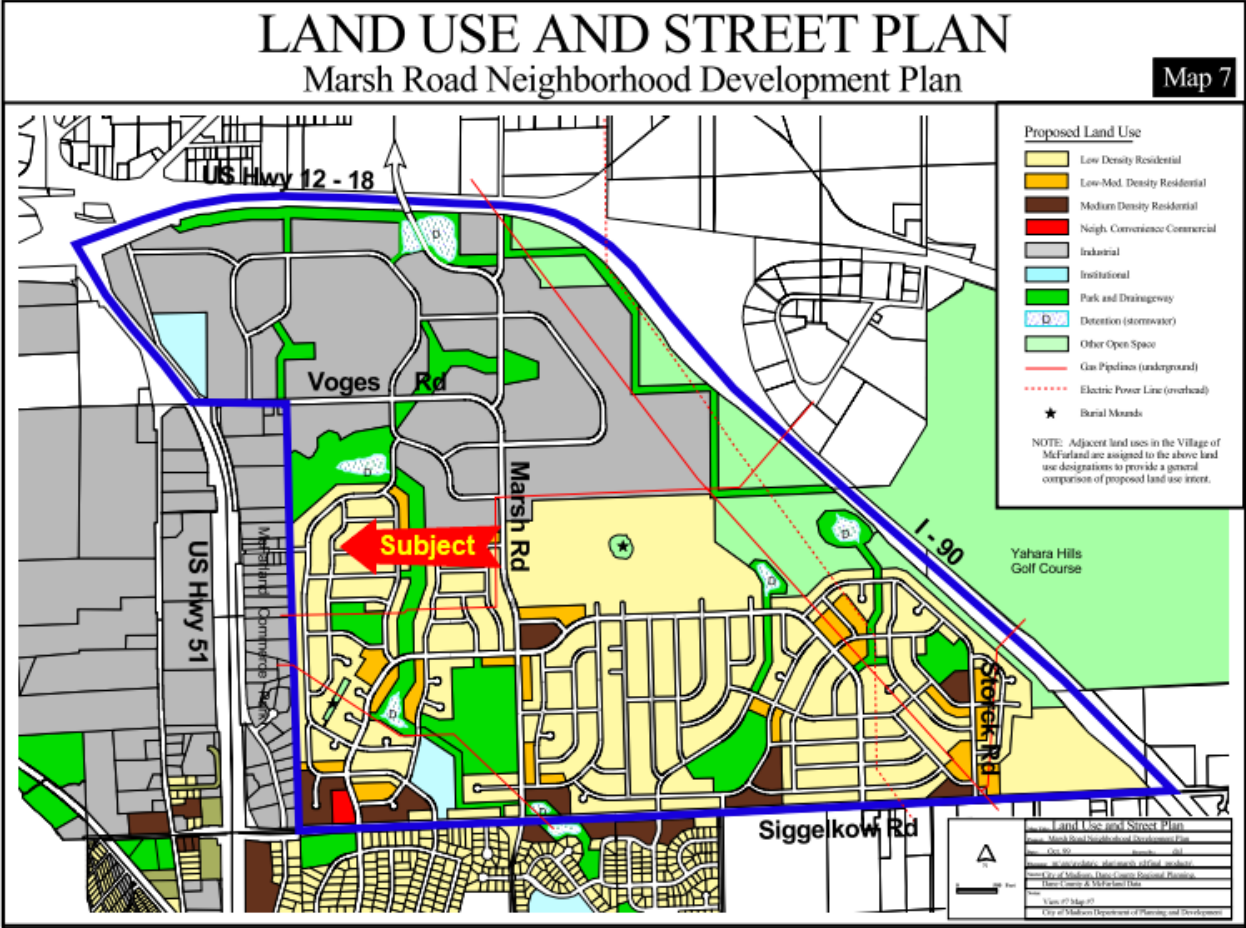
Other nearby competing residential developments and commercial developments which can generally be classified as demand generators are summarized in the following points:

- The preceding map includes **approximately 5 larger residential subdivisions within an approximate one-mile radius of Owl's Creek**. Many of these subdivisions are already completely developed, but the existing housing stock in these subdivisions will indirectly compete with homes that could be constructed on the subject lots.
- It is our understanding that the City of Madison has potential plans of acquiring the neighboring 15-acre property and subdividing it as a potential addition to the Owl's Creek neighborhood.
- The **Madison Commerce Park** and the **Marsh Road Industrial Subdivision** are business/industrial parks located northeast of the subject near the intersection of the Beltline Highway and Interstate Highway 39/90.
- The Owl Creek Park was established in 2005 as a wooded outlot to the Owl's Creek Subdivision. It was subsequently expanded in 2014 when the City of Madison converted six lots into additional park space which now includes a picnic shelter, playground, basketball court, and an accessible path.

NEIGHBORHOOD OVERVIEW (CONTINUED)

- The Veterans Memorial Park is located just south of Owl's Creek as part of the Liberty Place subdivision. In addition, the William McFarland Park is located southeast of the subject along Marsh Road.

**MARSH ROAD NEIGHBORHOOD DEVELOPMENT PLAN**



**SUMMARY AND CONCLUSIONS**

As discussed throughout this section, the subject property is located south of the Beltline Highway between US Highway 51 and Interstate Highway 39/90 in the City of Madison, but generally has the feel of being in the Village of McFarland. The Owl's Creek Subdivision is surrounded by other competing residential developments, but also benefits from efficient transportation linkages and demand generators for potential employment. As will be discussed in greater depth in the market analysis and other sections of this report, the Owl's Creek subdivision had been negatively impacted by the decline in housing demand and affordability since late-2008, and has only been partially completed. The continued development of this subdivision has not yet been resumed, but appears to be imminent with the City of Madison working towards potentially selling off the lots to a developer.

Nevertheless, paired with the continued improvement of the overall housing market, the subject's strategic location as a function of the characteristics noted above should bode well for the potential future velocity of demand and interest as a developing residential subdivision, assuming competitive lot and housing pricing and acceptable to aggressive marketing.



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## PROPERTY DESCRIPTION

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**Subject Property:** 45 Vacant Residential Lots in the Owl's Creek Subdivision  
Owned by: City of Madison EDD  
Located in: City of Madison, Dane County, Wisconsin 53718

**Subject Description:** The Owl's Creek Subdivision is located south of the Beltline Highway, East of US Highway 51, and West of Interstate Highway 39/90 on what can generally be described as Madison's southeast side. Although it is specifically located in the City of Madison, the property's geographical location is more continuous with the Village of McFarland, which is located a short distance south and west of the subject lots.

The subdivision plat was recorded in November of 2005 and contains approximately 39 acres including approximately 13 acres of outlots (open space) dedicated to the public. Owl's Creek includes a total of 89 residential lots and five outlots. Most of the lots are zoned for single-family use, although various lots on the northeastern portion of the plat have zoning that allows for duplexes and four-units.

As of the writing of this report, 38 lots have been developed in the subdivision, most of which happened prior to the 2008 real estate crisis. This includes 14 duplexes and 24 single family homes. The City of Madison also converted six lots into a community park at the corner of Great Gray Drive and Snowy Owl Lane in 2014. This leaves a total of 45 remaining vacant lots which have not yet been developed. These 45 vacant lots represent the property that is the subject of this appraisal (the "subject property"). Specifically, the subject property includes three four-unit lots, one duplex lot, and 41 single-family lots.

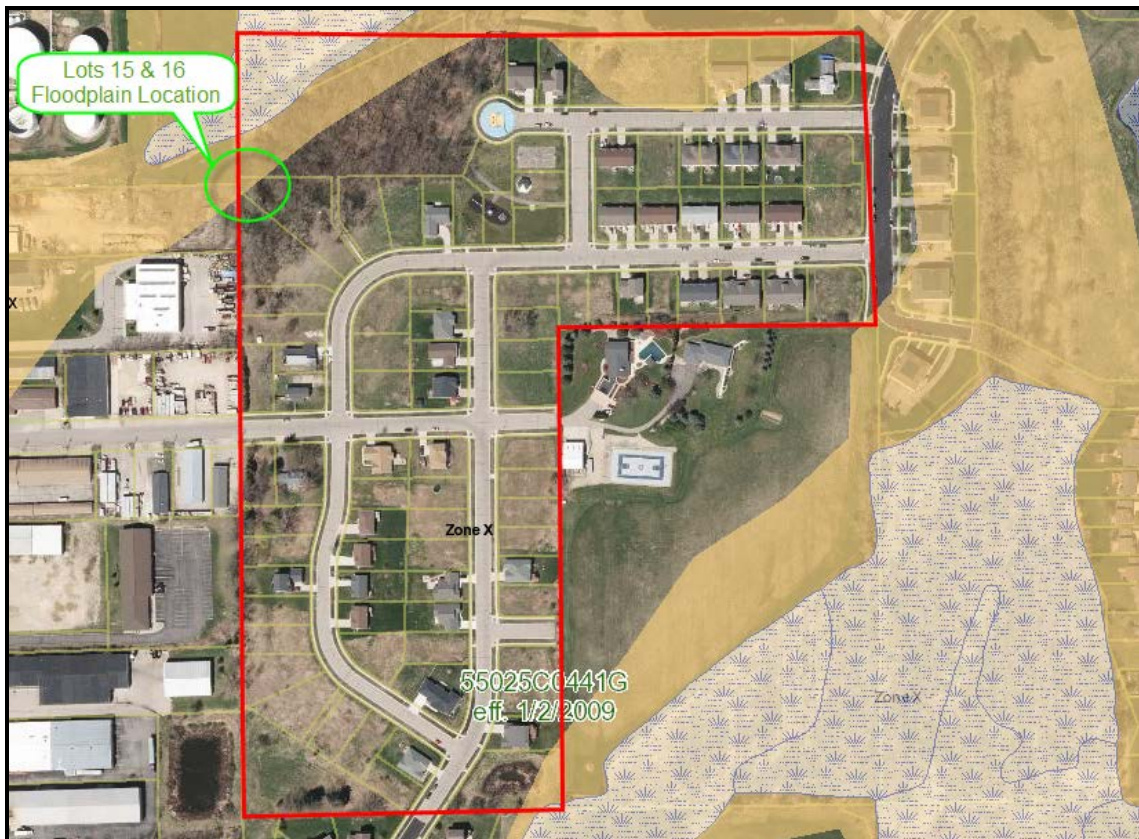
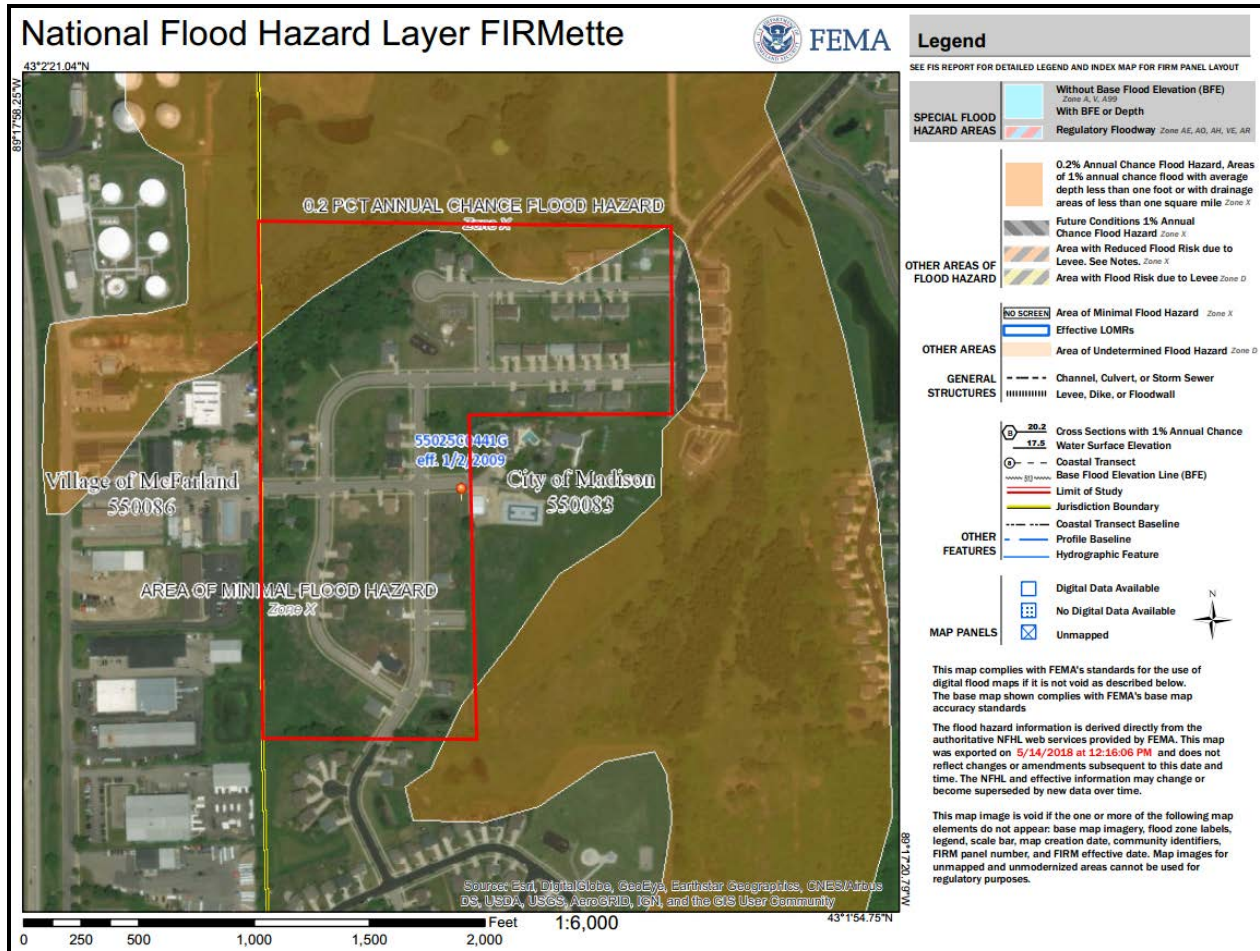
The Owl's Creek subdivision essentially got caught up in the real estate crisis of 2008 and was subsequently foreclosed upon by Dane County for back taxes. AnchorBank ended up purchasing the undeveloped property via Sheriff's sale and subsequently sold the remaining 51 lots to the City of Madison in November of 2014. These 51 lots were transferred by Special Warranty Deed #5113679 for a total consideration of \$510,000 or \$10,000 per lot. After the sale, the City of Madison converted 6 of these lots into the aforementioned public park, leaving 45 vacant lots today. Although development has not yet resumed in the subdivision, the City of Madison is reportedly working towards potentially selling off the property to a developer. Also to be noted, the City of Madison has reportedly expressed interest in potentially acquiring the neighboring 15-acre parcel at 5102 Meinders Road and subdividing it as a potential addition to Owl's Creek.

**Zoning:** SR-V1 – Suburban Residential – Varied District 1 (four-unit lots)  
SR-C3 – Suburban Residential – Consistent District 3 (duplex lots)  
TR-C3 – Traditional Residential – Consistent District 3 (SF lots)

**Soils & Earthwork:** A detailed soils study was not provided. Based on the subject's existing and surrounding uses, it is assumed that soil conditions are stable and suitable. If questions arise, further research is advised.

**Floodplain:** The Owl's Creek Subdivision is located within Flood Insurance Rate Map (FIRM) 55025C0441G issued by FEMA, as outlined in the images on the following page:

PROPERTY DESCRIPTION (CONTINUED)



## PROPERTY DESCRIPTION (CONTINUED)

As can be seen in the preceding maps, all of the subject lots lie outside the nearby floodplain, with the exception of Lots 15 and 16. Small portions of these two lots are located in Zone X, which is defined as the "0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile". However, this flood hazard area is relatively minimal and is located at the rear of the sites in a location that would likely be outside the building footprint. Therefore, it is assumed that development on these two sites would not be affected by this minimal amount of floodplain area.

**Utilities:** It is our understanding that the 45 subject lots are served by all municipal utilities.

**Encumbrances:** Typical public utility easements are assumed to exist on the lots. The inspection of the property indicated no apparent adverse easements or encroachments on or across the subject lots. Therefore, it appears that the property is free and clear of any easements/encumbrances having a negative impact on value. However, we are not legal experts in easement or title issues. If questions should arise regarding easements, encroachments, or other encumbrances, the reader is advised to contact proper counsel or seek other qualified professional assistance.

The following pages contain **Subject Photographs** and various exhibits associated with the subject property.



SUBJECT PHOTOGRAPHS



**View Looking Northeast from Meinders Road across Lots 49-52  
(Owl Creek Park in the Background)**



**View Looking Southeast from Meinders Road across Lots 53-56**

SUBJECT PHOTOGRAPHS (CONTINUED)



**View Looking Southwest from Meinders Road along Valor Way towards Lots 66-68**



**View Looking West from the Intersection of Meinders Road and Valor Way  
(Main Entrance to the Neighborhood from US Highway 51)**



SUBJECT PHOTOGRAPHS (CONTINUED)



**Looking Southeast across Lots 59-60 from the Corner of Valor Way and Owl Creek Drive**



**View Looking West across Lots 63 and 76 from Valor Way**

SUBJECT PHOTOGRAPHS (CONTINUED)



**View Looking Southwest across the Area Containing Lots 79-84 on Crested Owl Drive**



**View Looking Northeast across Lots 22-25 from Crested Owl Lane & Meinders Road**



SUBJECT PHOTOGRAPHS (CONTINUED)



**View Looking Northwest across the Area Containing Lots 16-18 from Crested Owl Drive**



**View Looking North across Lots 13-14 from Great Gray Drive**



SUBJECT PHOTOGRAPHS (CONTINUED)



**View Looking South from Great Gray Drive – Lot 45**



**View Looking Southeast from Great Gray Drive – Lot 41 (Four-Unit Lot)**

SUBJECT PHOTOGRAPHS (CONTINUED)



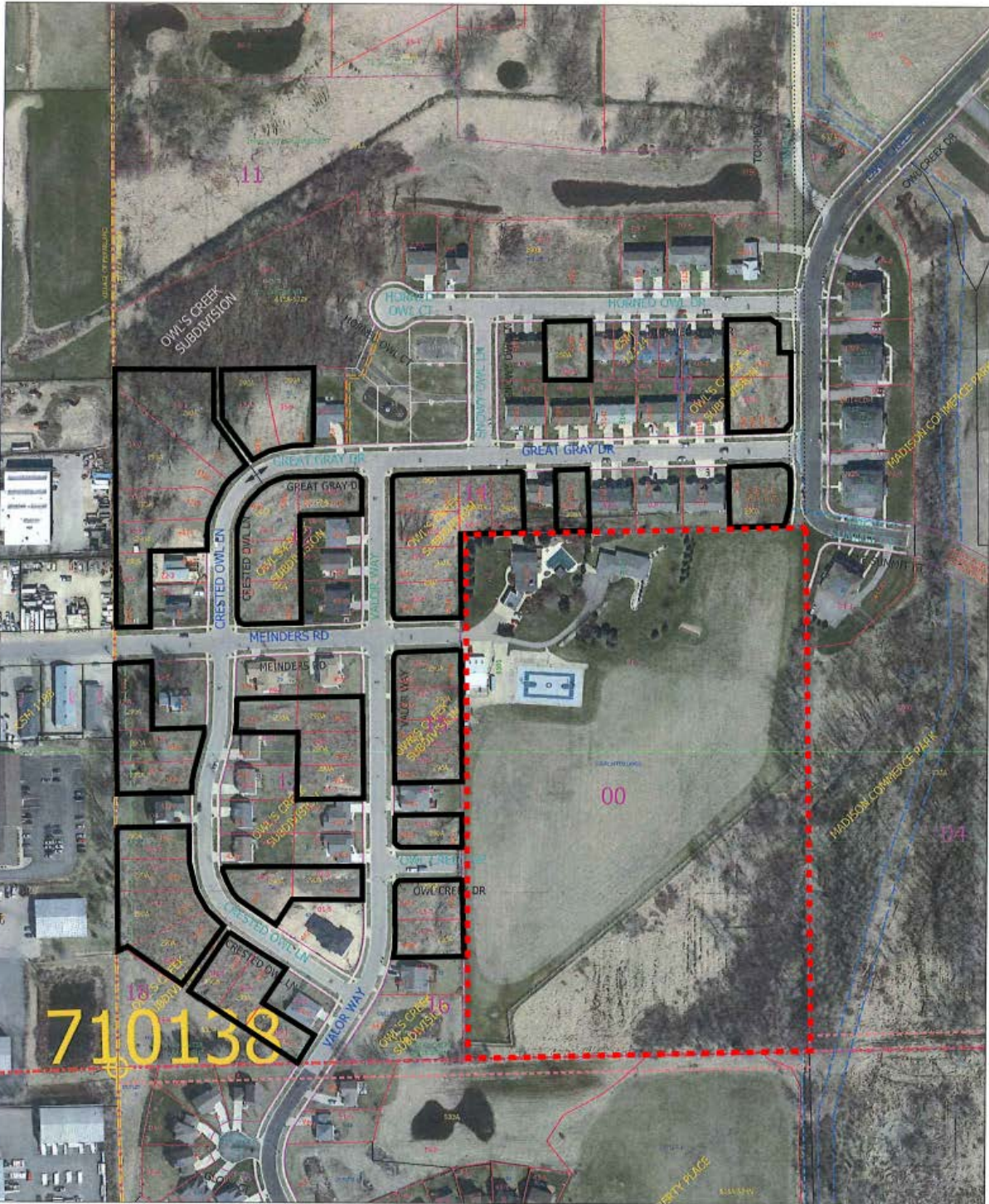
**View Looking South across Lots 29 and 40 from Horned Owl Drive (Four-Unit Lots)**



**View Looking South from Horned Owl Drive – Lot 33 (Duplex Lot)**



EXHIBIT B



Time: 3/28/2018 8:36:36 AM

Session: C:\Users\remgl\Desktop\GT Viewer.gts

City of Madison, WI - GIS/Mapping data

Printed By: remgl

Disclaimer: The City makes no representation about the accuracy of these records and shall not be liable for any damages

- Vacant City Lots
- - - - Improved Residential Lot

**Please Note:** This exhibit was provided by the property owner (City of Madison). The subject property includes the 45 vacant lots outlined in **black**.

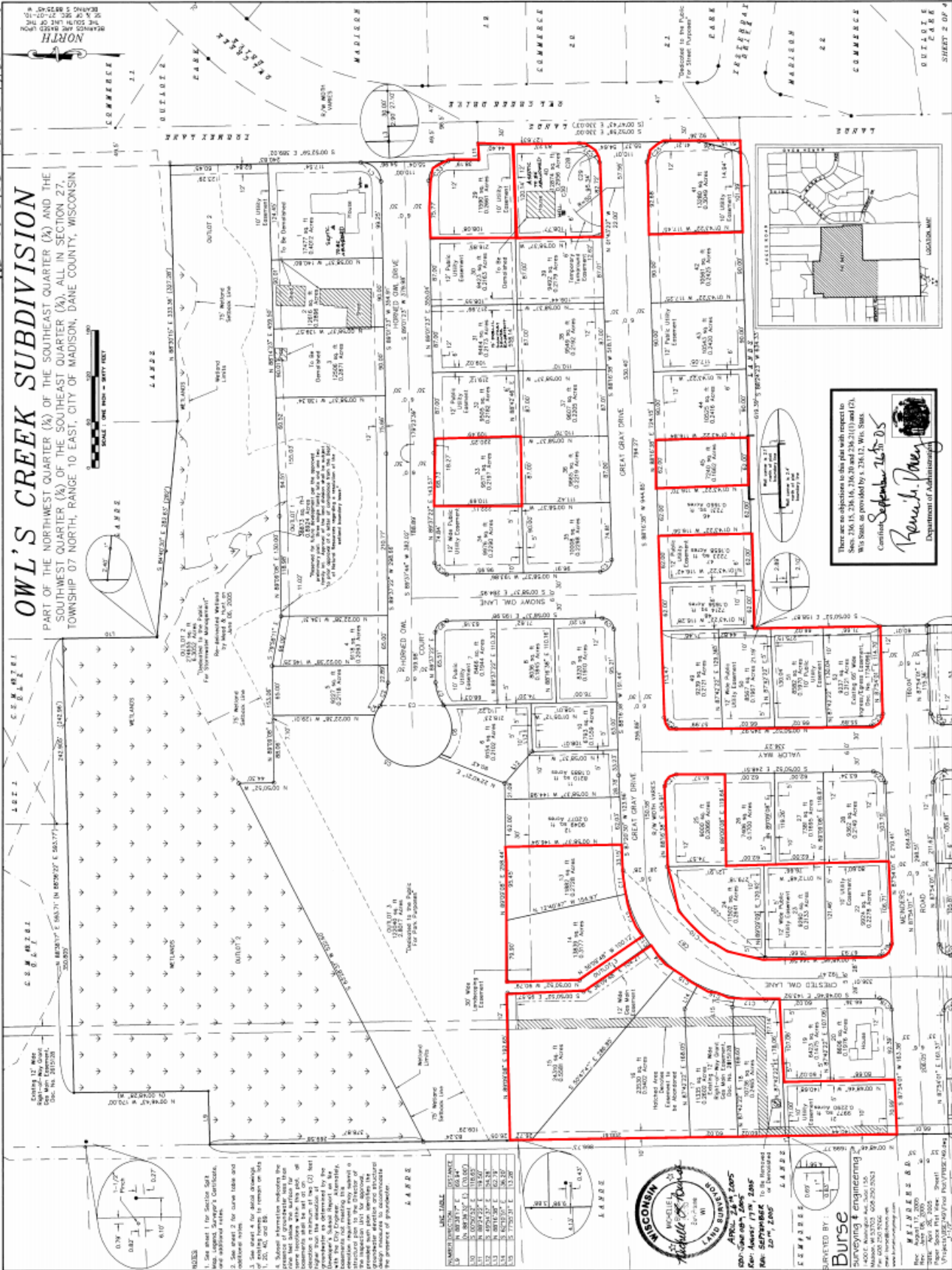


# PLAT MAP (NORTHERN PORTION)

VOL 58-093B PLATS PAGE 478

## OWL'S CREEK SUBDIVISION

PART OF THE NORTHWEST QUARTER (¼) OF THE SOUTHWEST QUARTER (¼) AND THE SOUTHWEST QUARTER (¼) OF THE SOUTHEAST QUARTER (¼), ALL IN SECTION 27, TOWNSHIP 07 NORTH, RANGE 10 EAST, CITY OF MADISON, DANE COUNTY, WISCONSIN



**NOTES**

1. See sheet 1 for Section 5/4.
2. See adjacent Surveyor's Certificate.
3. See sheet 2 for curve table and other information.
4. Survey information indicates the location of a minimum of two (2) feet of utility easement. All utility easements are shown on this plat. Utility easements are shown on this plat. Utility easements are shown on this plat.

**AREA TABLE**

NO.	DESCRIPTION	AREA (ACRES)
1	Lot 1	0.1000
2	Lot 2	0.1000
3	Lot 3	0.1000
4	Lot 4	0.1000
5	Lot 5	0.1000
6	Lot 6	0.1000
7	Lot 7	0.1000
8	Lot 8	0.1000
9	Lot 9	0.1000
10	Lot 10	0.1000
11	Lot 11	0.1000
12	Lot 12	0.1000
13	Lot 13	0.1000
14	Lot 14	0.1000
15	Lot 15	0.1000
16	Lot 16	0.1000
17	Lot 17	0.1000
18	Lot 18	0.1000
19	Lot 19	0.1000
20	Lot 20	0.1000
21	Lot 21	0.1000
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25	Lot 25	0.1000
26	Lot 26	0.1000
27	Lot 27	0.1000
28	Lot 28	0.1000
29	Lot 29	0.1000
30	Lot 30	0.1000
31	Lot 31	0.1000
32	Lot 32	0.1000
33	Lot 33	0.1000
34	Lot 34	0.1000
35	Lot 35	0.1000
36	Lot 36	0.1000
37	Lot 37	0.1000
38	Lot 38	0.1000
39	Lot 39	0.1000
40	Lot 40	0.1000
41	Lot 41	0.1000
42	Lot 42	0.1000
43	Lot 43	0.1000
44	Lot 44	0.1000
45	Lot 45	0.1000
46	Lot 46	0.1000
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87	Lot 87	0.1000
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89	Lot 89	0.1000
90	Lot 90	0.1000
91	Lot 91	0.1000
92	Lot 92	0.1000
93	Lot 93	0.1000
94	Lot 94	0.1000
95	Lot 95	0.1000
96	Lot 96	0.1000
97	Lot 97	0.1000
98	Lot 98	0.1000
99	Lot 99	0.1000
100	Lot 100	0.1000

**WISCONSIN**  
**LAND SURVEYORS**  
**BOARD**  
**APPROVED**  
**FOR AWARD 7/17/2005**  
**BY SURVEYOR**  
**20th, 2005**

**CONVEYED BY:**  
**Burse**  
**Surveying & Engineering**  
 14200 Algonquin Rd., Suite 135  
 Madison, WI 53720  
 Tel: 608.257.7200  
 Fax: 608.257.7202  
 www.burseinc.com

**RECEIVED BY:**  
**WISCONSIN**  
**LAND SURVEYORS**  
**BOARD**  
**APPROVED**  
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**FOR AWARD 7/17/2005**  
**BY SURVEYOR**  
**20th, 2005**

There are no objections to this plat with respect to Sections 236.15, 236.16, 236.20 and 236.21(1) and (2), Wis. Stats. as provided by s. 236.12, Wis. Stats.  
 Certified September 14, 2005  
 Pamela M. Mey  
 Department of Administration



# MARKET ANALYSIS

## **INTRODUCTION**

This section will analyze supply and demand considerations applicable to the subject property, which includes 45 vacant residential lots. The sales comparison approach will analyze and estimate an approximate price/value for each lot, in addition to analyzing the value of undeveloped bulk land.

The most appropriate methodology to project a likely absorption period for selloff of lots is to compare the subject development to the rates of absorption in other residential developments in the Madison area. Specifically, we have analyzed developing subdivisions in McFarland, Fitchburg, and the east side of Madison. We have researched recorded deeds at the Dane County Register of Deeds specific to each comparable development summarized below to determine a market-oriented rate of lot selloff. Other factors that could affect absorption will also be discussed.

## **ANALYSIS OF MADISON AREA SUBDIVISIONS AND PROJECTED ABSORPTION**

Through each successive year up until approximately 2012, the absorption patterns in area-wide subdivisions steadily deteriorated in terms of lot sales and absorption patterns. However, as will be expanded upon later in this section, selling patterns related to the existing housing supply (i.e., improved properties) began to recover since 2012. Vacant lot sales took somewhat longer to recover, but now have strong demand in the local marketplace.

We have considered home and lot sales over the past 24 months (since May of 2016) as tracked in competing subdivisions based upon research through MLS and the Dane County Register of Deeds. The following chart shows a sampling of competing subdivisions in the Madison/McFarland/Fitchburg area.

Also note that this analysis may use interchangeable terms related to lot sales and absorption patterns versus turn-key housing development on improved lots. The rationale is that a newly-constructed home is essentially a vacant lot sale to a builder or an individual with a building contract. This type of scenario is fairly common in the Madison area and is typically utilized by larger home builders such as Veridian Homes. In this scenario there is an implied allocation of the turn-key housing contract to the underlying lot. Assuming that hard and soft construction costs can be isolated, the difference between costs and selling price are the remaining two components of production, being land cost/value and profit margin.

<b>Sampling of Subdivision Absorption Rates in East Madison, McFarland, and Fitchburg over the last 24 Months</b>					
<b>Subdivision Name</b>	<b>Houses Sold/Pending</b>	<b>Lots Sold</b>	<b>Houses sold per Month</b>	<b>Lots Sold per Month</b>	<b>Total Per Month</b>
Juniper Ridge	0.00	81.00	0.00	3.38	3.38
Prairie Place / Ridge View	0.00	21.00	0.00	2.63	2.63
Park View Estates	6.00	13.00	0.26	0.57	0.83
The Meadowlands	19.00	44.00	0.79	1.83	2.63
North Addition to Grandview Commons	4.00	86.00	0.17	3.58	3.75
4th Addition to Westlawn Estates	2.00	37.00	0.08	1.54	1.63
Stoner Prairie	0.00	29.00	0.00	2.90	2.90
<b>Total</b>	<b>31.00</b>	<b>311.00</b>	<b>1.30</b>	<b>16.42</b>	<b>17.73</b>
Range	2 to 19	13 to 86	0.00 to 0.79	0.57 to 3.58	0.83 to 3.75
Mean	4.43	44.43	0.19	2.35	2.53
Median	2.00	37.00	0.08	2.63	2.63

The above chart indicates that the competing subdivisions had absorption rates between 0.83 and 3.75 combined lots and housing units per month for over the past 24 months. The overall mean is 2.53 units per month and the median is 2.63 units per month.



**OBSERVATIONS RELATED TO MARKET ABSORPTION DATA FROM OTHER PLATS**

It is interesting to note that the two highest absorption indicators are Juniper Ridge (3.38 units per month) and the North Addition to Grandview Commons (3.75 units per month), both of which are Veridian Homes developments. It is our general opinion that the Veridian Homes developments tend to sell off at a faster rate due more in-part to Veridian Homes' marketing plan and flexible options with regard to locations, neighborhood amenities and effective planning. Veridian Homes has been very successful at marketing "neighborhoods" as opposed to pure housing product, and it is our opinion that their business plan for developing residential subdivisions has generally been more successful than many other competing developers.

Other observations and factors to be considered when analyzing this data are summarized in the following points:

- Subdivisions with lower or mid-priced lots typically have faster absorptions than subdivisions with higher-priced lots.
- Faster rates of absorption could represent the seasonal nature of more sales in the Spring/Summer months versus winter.
- Faster rates of absorption could represent more sales to builders with discounts for multiple-lot purchases.
- Slower absorptions could reflect the opposite conditions of the above points. In addition, aggressive pricing (high or low) and the amount of marketing will impact the amount of traffic to a respective development and influence rates of absorption.
- Building contracts are also not necessarily reflected in the data. Also to be considered is that it was observed through a review of recorded Warranty Deeds that select lots sold and re-sold a few months later in scenarios where builders purchased the lots and then transferred them to end-users as part of turn-key home building packages.

It is important to note that during the 5-year period from 2008 through 2012, lot absorption in the greater Madison area slowed significantly. Prior to 2008 it was not uncommon to see absorption/selloff patterns more commonly in the three to five lots/units per month range as compared to current trend of around one to three lots/units per month as summarized in the chart on the previous page. Absorption rates have been increasing in recent years with the recovery of the overall housing market.

**CONCLUSION – ABSORPTION / LOT SELLOFF PROJECTIONS FOR THE SUBJECT LOTS**

Based upon the market data, we will project a unit selloff pattern as follows:

Year	2018/2019	2019/2020	2020/2021	Total
Current Inventory	18	18	9	45
Total	18	18	9	45
Lots per month	1.50	1.50	1.50	

While some of the absorption comparables have indicated absorption rates for vacant lots of over 3 units per month, it is our opinion that these Veridian Homes subdivisions are generally superior to the subject property. Therefore, the appraisers project a slightly lower absorption rate for the subject at **1.50 units per month / 18 units per year** over the holding and selloff period through approximately the end of 2020 or into early 2021. This is obviously a subjective estimate and projection, but is based upon the rationale that the current housing market appears to be reaching peak levels which may not be sustainable long-term.

## MARKET ANALYSIS (CONTINUED)

In addition, the impact of discounting out 3 years and increased holding costs, balanced by higher lot values, are deemed to reflect a combination of variables that result in a value indication (via DCF) that is mutually supported by the information contained in the sales comparison approach applicable to bulk acreage/subdivision land sales and offerings when analyzed on a “per acre” and “per developable lot” basis.

### **STATISTICS RELATED TO ANNUAL APPRECIATION AND AVERAGE SALE AND LISTING PRICES**

To reflect annual appreciation rates on an overall basis, we have looked at statistics from the Madison, McFarland, and Fitchburg markets as extracted from MLS. We ran a statistical summary of single-family residential lot sales in these municipalities, which include all lots contained in the MLS system. We also limited the analysis to lots under \$100,000, which essentially eliminates a handful of larger or more unique rural or commercial lots and removes these lots from the analysis so as to not skew the statistics as presented below:

<b>MLS Market Statistics for Lot Sales Under \$100,000 - Madison, McFarland, &amp; Fitchburg</b>										
Year	Total Listed	Num Sold	Pct Sold	Avg List Price Sold	Avg Sale Price Sold	% Change from Previous Year	Sale Price/List Price Ratio	Avg DOM Sold	Avg List Price Unsold	Pct Expired
2018	37	18	48.65%	\$89,983	\$85,643	3.81%	95.18%	205	\$76,433	10.81%
2017	133	40	30.08%	\$85,085	\$82,499	5.75%	96.96%	298	\$58,967	38.35%
2016	59	44	74.58%	\$79,443	\$78,014	11.34%	98.20%	232	\$76,590	86.44%
2015	116	37	31.90%	\$73,897	\$70,068	11.97%	94.82%	238	\$82,521	60.34%
2014	117	35	29.91%	\$66,080	\$62,579	-10.74%	94.70%	287	\$70,864	33.33%
2013	36	34	94.44%	\$75,764	\$70,111	7.61%	92.54%	595	\$74,091	97.22%
2012	122	70	57.38%	\$70,922	\$65,150	5.48%	91.86%	470	\$68,307	65.57%
2011	127	54	42.52%	\$69,021	\$61,767	-11.21%	89.49%	454	\$75,220	96.85%

As can be seen in the above chart, the average selling price had been decreasing in the few years leading up to 2012. However, lot selling prices have been steadily increasing since 2012, with the exception of 2014 when a considerable decrease was noted. This could be a sign of a relative supply/demand equilibrium price point, although the average selling price has continued to increase since these years to a 2018 price of \$85,643. It is also interesting to note the steep increases of over 11% in both 2015 and 2016. Considering these large increases, it is understandable that lot selling prices have levelled off to a more sustainable growth rate in the past 1.5 years.

In addition, statistics related to housing sales are summarized in the following table:

<b>MLS Market Statistics for Single-Family Home Sales - Madison, McFarland, &amp; Fitchburg</b>										
Year	Total Listed	Num Sold	Pct Sold	Avg List Price Sold	Avg Sale Price Sold	% Change from Previous Year	Sale Price/List Price Ratio	Avg DOM Sold	Avg List Price Unsold	Pct Expired
2018	1213	855	70.49%	\$310,434	\$309,457	3.76%	99.69%	41	\$339,939	4.62%
2017	3427	3049	88.97%	\$300,266	\$298,239	6.97%	99.32%	36	\$387,531	11.96%
2016	3332	2982	89.50%	\$282,230	\$278,811	6.24%	98.79%	40	\$374,382	13.24%
2015	3599	3061	85.05%	\$267,385	\$262,444	4.13%	98.15%	48	\$327,053	16.87%
2014	3386	2528	74.66%	\$258,095	\$252,044	3.83%	97.66%	56	\$308,031	23.74%
2013	3481	2801	80.47%	\$248,852	\$242,743	2.88%	97.55%	58	\$281,608	22.41%
2012	3212	2326	72.42%	\$244,680	\$235,939	-1.36%	96.43%	83	\$276,762	33.75%
2011	3209	1869	58.24%	\$250,281	\$239,192	-0.56%	95.57%	89	\$272,678	42.10%

As can be seen in the preceding chart, the average home selling price had been slightly decreasing through 2012. Since then, the average sale price has been increasing steadily to



## MARKET ANALYSIS (CONTINUED)

the 2018 figure of \$309,457. The increases since 2013 have been relatively strong, ranging as high as 6.97% and averaging around 4.63%.

Based upon the above statistics, it would appear that existing homes in the Madison/McFarland/Fitchburg area are selling at a much faster rate than vacant lots. However, the appraisers have observed a trend whereby developers are selling off small groupings of lots in subdivisions to a homebuilder, who then constructs a residence and sells the property as a package to the end user. This creates a scenario whereby the individual homebuyer does not purchase the lot directly from the developer. Instead, subdivision developers appear to be marketing their lots to homebuilders who, in turn, construct a build-to-suit home for the end user or construct a new home which is then listed on the open market as a single-family residence.

In addition, the appraisers have observed a trend in recent years whereby average selling prices for vacant lots have been steadily increasing, indicating higher demand and/or a lower supply. This is supported by the observation that many platted but undeveloped subdivisions are now beginning to develop. In essence, there is an approximate supply/demand equilibrium point to-be-reached where prices approach a level that stimulates buyers to make acquisitions. The price/value level of this "equilibrium point" is never really known, yet we have made the observation of this trend. Lot sale comparables from the subject's market area will be analyzed in greater depth in the sales comparison approach.

An analysis of project feasibility will be presented next in the highest and best use analysis. The market analysis section has formed a base foundation from which to develop a highest and best use analysis.

**INTRODUCTION**

The highest and best use of an improved property is defined as that reasonable and most probable use that will support its highest present value. The highest and best use, or most probable use, must be legally permissible, physically possible and maximally productive. The highest and best use concept is based upon traditional appraisal theory and reflects the attitudes of typical buyers and sellers who recognize that value is predicated on future benefits. The analysis and conclusions of highest and best use is discussed below.

**LEGAL CONSIDERATIONS**

The legal factors influencing the highest and best use of the subject property are primarily government regulations such as zoning and building codes. Density limits and allowed uses have already been generally established by the approval of the Owl's Creek Subdivision plat as recorded at the Dane County Register of Deeds. Existing improvements, which consist of streets, underground utilities, and other infrastructure off-site, are assumed to conform to all applicable regulations. Based on legal considerations, the stated highest and best use is supportable.

**PHYSICAL AND LOCATION CONSIDERATIONS**

The physical and location characteristics of the property were discussed earlier. Factors influencing the use of the property include: (1) location; (2) lot size and shape; (3) soils; (4) abutting uses; and (5) amenities.

The aggregate property is suitably acceptable for residential development. The site is located in a developing area on the City of Madison's southeast side near US Highway 51, the Beltline Highway, and Interstate 39/90, and has all necessary services available. Based upon the above general discussion, physical and location considerations support the stated highest and best use.

**MARKETABILITY**

The major factor requiring consideration relates to the supply and demand conditions that influence the competitive position of the subject property. Supply and demand factors and the subject's competitive position have been previously discussed in the market analysis section of the report. As the housing market has strengthened in recent years, the subject property should be able to capture at least its proportionate share or greater of lot sales. This is, of course, contingent upon pricing levels that are reflective of the market and an aggressive marketing campaign, given the perceived level of competition for housing options in the Madison area. Based upon these observations and the support presented in the market analysis section of this report, the subject's highest and best uses are supported as stated.

**FINANCIAL FEASIBILITY**

The financial feasibility of the Owl's Creek subdivision has been reviewed utilizing a comparison of the concluded sum of the individual market values of the existing lots against anticipated development expenses, including land acquisition and selling/holding costs (as discussed later in the subdivision development approach).

A comparison of the approaches provides an indication of total profit available upon sellout of the development based upon the conclusions contained within this report. The following charts provide a recapitulation of this analysis as segregated by the ownership entities, upon which the "as-is" valuation premises are established under the market value premise as developed in the subdivision development approach.

## HIGHEST AND BEST USE (CONTINUED)

A supportive check of the overall profit margin as a result of the cash flow projections presented in the subdivision development approach is summarized in the following chart:

SUPPORTIVE CROSS – CHECK OF THE VALUE SCENARIOS AS A TEST OF FINANCIAL FEASIBILITY	
45 REMAINING VACANT LOTS IN THE OWL’S CREEK SUBDIVISION	
Total Revenues	\$2,227,855
<u>Total Costs*</u>	<u>\$1,692,291</u>
Net Cash	\$535,564
% Profit on Initial Acquisition**	39.67%
Annualized	15.87%

\* - Includes land acquisition and selling/holding costs

\*\* - Profit margin is reflected in the discount factor applied in the cash flows. Profit margin also reflects an aggregate project return and does not reflect the impact on equity as a function of time (i.e., timeline for holding costs to realize the level of entrepreneurial profit anticipated and projected).

In the opinion of the appraiser, the most relevant figure in this chart is the annualized percentage of profit on the initial land acquisition, which is **15.87%**.

Looking ahead to the subdivision development approach, statistics are presented as extracted from investor survey data. Data from PriceWaterhouseCoopers (PwC) indicate a range quoted by developers from 10.00% to 20.00%, with an average of 15.40%, while the range indicated from RealtyRates.com for “Site-Built Residential” for less than 100 units ranged significantly from 13.32% to 43.53%, with an average of 28.57%. These two sources (PwC and RealtyRates.com) are generally consistent and supportive of the trends noted from the projections and resulting profit margin and IRR developed by the appraiser.

These figures are not adjusted for the effects of compounding. In addition, the assumption behind these calculations is that there is not borrowing costs built-in (financial leverage) associated with the acquisition costs or the future infrastructure costs. This assumption does not necessarily reflect the reality of how a typical developer would analyze this property, for most would purchase the property with financial leverage and fund the infrastructure with bank lending. However, the appraisers have been instructed by reviewers and underwriters to specifically ignore the costs of borrowing and building financing into the holding costs (i.e., interest carry) as part of the valuation process.

This projected feasibility is contingent upon the development process being managed efficiently, absorption of lots remaining stable or as projected, and the acquisition cost of the property on an “as-is” basis remaining consistent with the appraisers’ projections so as to allow for an adequate rate of return on the initial investment in the land acquisition. It is concluded that, under the right acquisition scenario, this development can be financially feasible, assuming competent management of the development process, availability of financing for acquisition and/or development costs and effective management of holding costs.

The final test of highest and best use is whether the existing and proposed uses represent the maximally productive uses of the property. There is no evidence or indication that any alternative uses would provide greater economic value or financial return. In fact, there are few, if any, alternative uses allowable under the existing zoning that are consistent with physical and locational factors, none of which suggest greater economic potential. Based on the above discussion, the stated highest and best use is concluded to represent the maximally productive use of the property.

**CONCLUSION**

Legal, physical, market and financial considerations, and maximally productive use theory have been analyzed to evaluate the highest and best uses of the property. This analysis is presented to evaluate the type of use that will generate the greatest level of future benefits possible from the property. Based on consideration of relevant factors, the subject's highest and best use is confirmed as residential development with predominantly single-family homes. However, based on a review of the City of Madison's zoning code, we note that three of the subject lots could potentially be developed with four-unit buildings and a fourth subject lot could potentially be developed with a duplex. These uses maximize the attainable densities and are concluded to represent the highest and best use for these four specific lots.

### **INTRODUCTION**

The appraisal process is designed to evaluate all factors that influence value. The market analysis and highest and best use sections have detailed current market conditions and discussed the effect of legal, physical and market considerations that determine the most probable use of the property.

The next part of the appraisal process deals directly with the valuation of the property. The market value of the subject property will be estimated utilizing the sales comparison approach and the subdivision development approach.

### **VALUATION SCENARIOS DEVELOPED**

The **sales comparison approach** is developed to estimate the **market value** of each of the subject lots, allowing for a reasonable exposure and absorption period. This scenario does not account or adjust for costs of achieving the total value of the lots in aggregate, and thus, does not represent market value to a single purchaser. Rather, the valuation of these individual lot prices is most applicable for application in the subdivision development approach.

A **sum of the retail values** is not presented as part of the concluded opinions of value. However, the intended user of this appraisal could extract this information by calculating the summation of the individual lot values in each grouping of lots, as presented in this report.

The **subdivision development approach** is developed to provide an opinion of value on an “as-is” basis as a function of projected inflows and outflows of funds as a function of lot sales and expenses (holding costs). This scenario reflects the value to a single purchaser of all of the lots in bulk and accounts for the impact of an absorption period and costs necessary to realize sellout.

In addition, a **sales comparison approach** is presented as a supportive cross-check for bulk land sales purchased for subdivision development. The indicated prices paid for comparable bulk land on a price per developable lot and price per acre basis provides a test of reasonableness to determine if the cash flow models developed in the subdivision development approach are representative of the actions of buyers and sellers in the marketplace for bulk acreage development land.

### **PRESENTATION**

The sales comparison approach will be developed next to opine the value of the individual lots. These values will then be applied in the subdivision development approach.

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# SALES COMPARISON APPROACH: VALUATION OF THE INDIVIDUAL LOTS

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## **INTRODUCTION**

In this section, we will develop opinions of the market value for the 45 subject lots. As previously discussed, 41 of these lots can be categorized as single-family lots, three can be categorized as four-unit building lots, and one can be categorized as a duplex lot. The market value of these lots will be estimated by comparing recent sales of finished residential lots located in the subject's market area. The analysis of the underlying lot values is based upon the following parameters and considerations, with limitations noted in the analysis:

- The fully developed lots within the Owl's Creek Subdivision are improved with predominantly entry-level homes that have been selling for anywhere between \$140,000 and \$250,000. The predominant range of selling prices has been around the \$200,000 mark, which represents the low end of the market for newer construction homes. Assuming the rest of the subdivision will be developed with similar lower-priced homes, we perceive the inherent value of subject lots to also be at or near the low end of the market. Therefore, we have projected values for the subject lots near the low end of the comparable ranges.

An analysis and summary of lot sales in the Madison area is presented on the following page, with comparables noted in East Madison, Fitchburg, McFarland, and Sun Prairie. While some of the comparables are located in different geographical locations, these were chosen due to their similarities in physical and economic characteristics. Please note that additional information regarding these subdivisions is contained in our files and is available for review, upon request. The data contained in this section was based upon extensive and time-consuming research of public records applicable to each platted subdivision at the Dane County Register of Deeds as well as local MLS research.

## **COMPARABLE ANALYSIS TO ESTABLISH SINGLE - FAMILY LOT PRICING / VALUES**

In comparing one subdivision to another, or one lot to another, adjustments are typically made for differences in sale dates, terms of the sale, and physical and location characteristics. However, due to the complexity of site characteristics and the individual circumstances involving each comparable, supporting direct adjustment is difficult and subjective. Therefore, general analysis of subdivision characteristics and trends reflecting market behavior are utilized to evaluate the comparables relative to the subject. The analysis establishes general adjustment and value parameters.

## **SUMMARY OF THE DATA OBTAINED AT THE DANE COUNTY REGISTER OF DEEDS**

Through extensive research within the Dane County Register of Deeds system, we have selected eight comparable subdivisions located in the Madison area. All of these comparable subdivisions had considerable development activity over the past two years. Three of the subdivisions are located in the McFarland area, three are located in the East Madison/Cottage Grove area, one is located in Fitchburg, and one is located in Sun Prairie. As previously noted, comparables with different geographical locations were selected due to having other relevant similarities with the subject. For each comparable subdivision, the following information is included:

- Residential lots that have sold since April/May of 2016 (2-year period).
- New constructed homes/residences that have sold (essentially lot sales).
- Used homes/residences that have sold since April/May of 2016.

Also note the following color-coding that has been applied in this analysis:

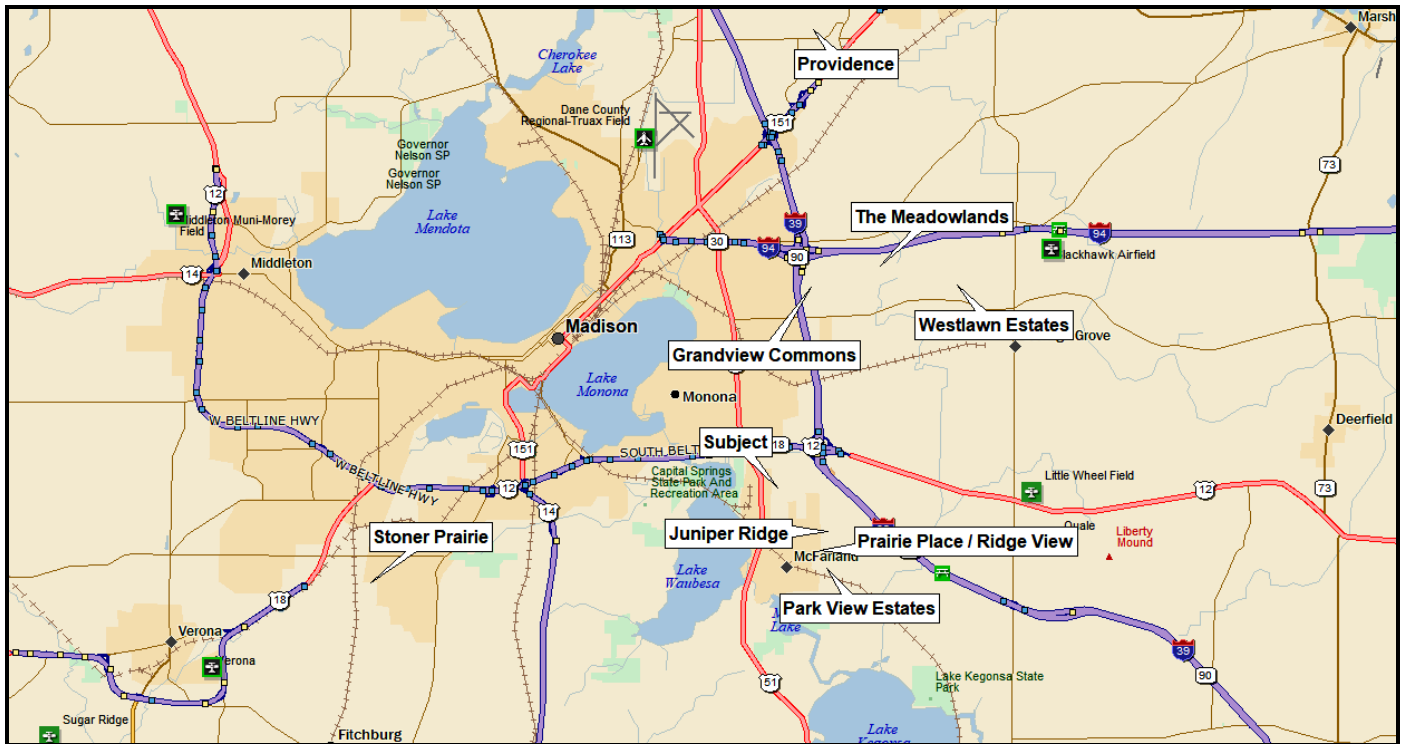
Key for Summary Charts
Lot Sales
New Home Sales
Used Home Sales

## SALES COMPARISON APPROACH - VALUATION OF THE LOTS (CONTINUED)

For reference purposes, the lot sales are also summarized in the following chart:

Subdivision	# of Lot Sales	Min Price	Max Price	Avg. Price	Min SF	Max SF	Avg. SF	Min \$/SF	Max \$/SF	Avg. \$/SF
Juniper Ridge	81	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Prairie Place / Ridge View	21	\$79,900	\$95,100	\$85,576	7,123	11,586	9,465	\$7.76	\$11.63	\$9.18
Park View Estates	13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
The Meadowlands	44	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
North Addn to Grandview Commons	86	\$85,000	\$85,000	\$85,000	16,816	17,000	16,954	\$5.00	\$5.05	\$5.01
4th Addn to Westlawn Estates	37	\$108,000	\$115,000	\$114,114	11,820	19,835	14,748	\$5.70	\$9.73	\$7.84
Stoner Prairie	29	\$105,000	\$105,000	\$105,000	10,000	25,169	12,814	\$4.17	\$10.50	\$8.62
Providence	24	\$42,000	\$75,900	\$51,075	6,880	9,684	7,606	\$5.11	\$8.72	\$6.73

In addition, a map showing the location of these comparable subdivisions in relation to the subject property is presented below:







## SALES COMPARISON APPROACH - VALUATION OF THE LOTS (CONTINUED)

NORTH ADDN TO GRANDVIEW COMMONS				
Price	Sale Date	Lot #	Sq. Ft.	Price/SF
\$204,665	4/19/2016	780	(improved)	N/A
\$320,000	5/5/2016	853	(improved)	N/A
\$288,000	5/17/2016	868	(improved)	N/A
\$260,100	5/18/2016	852	(improved)	N/A
\$251,000	5/25/2016	830	(improved)	N/A
\$209,900	5/25/2016	783	(improved)	N/A
\$278,900	6/3/2016	819	(improved)	N/A
\$210,600	6/9/2016	781	(improved)	N/A
\$220,400	6/14/2016	782	(improved)	N/A
\$257,000	6/15/2016	810	(improved)	N/A
\$260,200	6/17/2016	821	(improved)	N/A
\$280,504	6/20/2016	808	(improved)	N/A
\$374,300	6/27/2016	866	(improved)	N/A
\$284,900	7/26/2016	913	(improved)	N/A
\$304,900	7/27/2016	855	(improved)	N/A
\$266,200	7/29/2016	812	(improved)	N/A
\$218,900	8/1/2016	777	(improved)	N/A
\$223,100	8/2/2016	778	(improved)	N/A
\$280,000	8/4/2016	844	(improved)	N/A
\$293,500	8/4/2016	811	(improved)	N/A
\$378,200	8/24/2016	809	(improved)	N/A
\$268,000	9/14/2016	831	(improved)	N/A
\$259,800	9/16/2016	832	(improved)	N/A
\$298,200	9/21/2016	869	(improved)	N/A
\$264,900	9/21/2016	845	(improved)	N/A
\$299,300	10/5/2016	854	(improved)	N/A
\$256,000	10/12/2016	820	(improved)	N/A
\$85,000	11/16/2016	761	16,816	\$5.05
\$85,000	11/16/2016	762	17,000	\$5.00
\$85,000	11/16/2016	763	17,000	\$5.00
\$85,000	11/16/2016	764	17,000	\$5.00
\$217,700	11/16/2016	773	(improved)	N/A
\$232,200	11/21/2016	774	(improved)	N/A
\$288,800	11/22/2016	843	(improved)	N/A
\$217,900	12/23/2016	776	(improved)	N/A
\$254,900	3/1/2017	877	(improved)	N/A
\$285,500	3/21/2017	916	(improved)	N/A
\$269,900	3/21/2017	818	(improved)	N/A
\$306,102	3/31/2017	891	(improved)	N/A
\$279,900	4/4/2017	882	(improved)	N/A
\$284,900	4/5/2017	857	(improved)	N/A
\$221,448	5/3/2017	775	(improved)	N/A
\$315,144	5/3/2017	856	(improved)	N/A
\$289,900	5/12/2017	867	(improved)	N/A
\$221,769	5/26/2017	798	(improved)	N/A
\$313,386	6/7/2017	887	(improved)	N/A
\$219,900	6/16/2017	797	(improved)	N/A
\$256,791	6/23/2017	875	(improved)	N/A
\$270,500	6/27/2017	876	(improved)	N/A
\$215,527	6/30/2017	769	(improved)	N/A
\$222,225	7/6/2017	770	(improved)	N/A
\$286,000	7/10/2017	817	(improved)	N/A
\$284,900	7/10/2017	892	(improved)	N/A
\$303,459	7/10/2017	879	(improved)	N/A
\$326,456	7/18/2017	883	(improved)	N/A
\$330,020	7/21/2017	873	(improved)	N/A
\$289,645	8/4/2017	878	(improved)	N/A
\$329,980	8/8/2017	888	(improved)	N/A
8/14/2017	8/14/2017	858	(improved)	N/A
\$266,356	8/25/2017	872	(improved)	N/A
\$246,048	9/26/2017	795	(improved)	N/A
\$234,144	9/26/2017	796	(improved)	N/A
\$261,779	10/6/2017	871	(improved)	N/A
\$226,900	10/18/2017	794	(improved)	N/A
\$314,900	10/18/2017	884	(improved)	N/A
\$226,900	10/19/2017	793	(improved)	N/A
\$313,344	10/26/2017	909	(improved)	N/A
\$265,668	11/2/2017	849	(improved)	N/A
\$285,877	11/6/2017	846	(improved)	N/A
\$309,916	11/7/2017	861	(improved)	N/A
\$260,387	11/16/2017	850	(improved)	N/A
\$215,000	11/20/2017	779	(improved)	N/A
\$293,014	11/22/2017	848	(improved)	N/A
\$339,215	11/30/2017	903	(improved)	N/A
\$279,833	12/13/2017	847	(improved)	N/A
\$229,900	12/27/2017	792	(improved)	N/A
\$304,900	12/28/2017	889	(improved)	N/A
\$335,900	1/4/2018	910	(improved)	N/A
\$224,097	1/5/2018	791	(improved)	N/A
\$278,653	1/30/2018	870	(improved)	N/A
\$270,000	1/30/2018	912	(improved)	N/A
\$270,791	2/6/2018	929	(improved)	N/A
\$300,000	2/12/2018	874	(improved)	N/A
\$309,900	2/26/2018	863	(improved)	N/A
\$339,693	3/2/2018	924	(improved)	N/A
\$292,018	3/13/2018	864	(improved)	N/A
\$336,607	3/15/2018	885	(improved)	N/A
\$351,995	4/10/2018	862	(improved)	N/A
\$234,900	4/17/2018	785	(improved)	N/A
\$234,900	4/27/2018	786	(improved)	N/A

4TH ADDITION TO WESTLAWN ESTATES				
Price	Sale Date	Lot #	Sq. Ft.	Price/SF
\$110,000	5/4/2016	296	18360	\$5.99
\$115,000	6/27/2016	341	15505	\$7.42
\$114,000	6/28/2016	340	14893	\$7.65
\$115,000	7/1/2016	326	13533	\$8.50
\$113,000	7/8/2016	379	19610	\$5.76
\$405,000	7/11/2016	312	(improved)	N/A
\$108,000	7/21/2016	311	12021	\$8.98
\$113,000	9/1/2016	377	19835	\$5.70
\$453,371	9/12/2016	313	(improved)	N/A
\$115,000	10/5/2016	329	11820	\$9.73
\$115,000	10/11/2016	325	13840	\$8.31
\$113,000	10/25/2016	339	14423	\$7.83
\$115,000	12/16/2016	328	14076	\$8.17
\$115,000	3/23/2017	327	13940	\$8.25
\$111,000	5/3/2017	337	16242	\$6.83
\$115,000	5/15/2017	323	13956	\$8.24
\$110,000	6/6/2017	336	13527	\$8.13
\$115,000	6/15/2017	324	14815	\$7.76
\$115,000	7/11/2017	366	14100	\$8.16
\$115,000	7/14/2017	348	13403	\$8.58
\$115,000	7/14/2017	352	13500	\$8.52
\$115,000	7/21/2017	372	13428	\$8.56
\$115,000	7/27/2017	351	14536	\$7.91
\$115,000	8/8/2017	354	16024	\$7.18
\$112,000	8/21/2017	338	15924	\$7.03
\$495,000	9/22/2017	320	(improved)	N/A
\$115,000	9/29/2017	362	16685	\$6.89
\$115,000	10/20/2017	369	12739	\$9.03
\$115,000	10/24/2017	347	15287	\$7.52
\$115,000	12/20/2017	364	15598	\$7.37
\$428,000	2/8/2018	314	(improved)	N/A
\$115,000	3/5/2018	353	14250	\$8.07
\$115,000	3/5/2018	365	14318	\$8.03
\$115,000	3/5/2018	367	14100	\$8.16
\$115,000	3/5/2018	368	14798	\$7.77
\$115,000	3/6/2018	349	14216	\$8.09
\$115,000	3/8/2018	373	16326	\$7.04
\$115,000	3/8/2018	370	12684	\$9.07
\$115,000	5/1/2018	346	13870	\$8.29

STONER PRAIRIE				
Price	Sale Date	Lot #	Sq. Ft.	Price/SF
\$105,000	7/21/2017	47	10004	\$10.50
\$105,000	7/21/2017	46	10004	\$10.50
\$105,000	9/1/2017	39	10002	\$10.50
\$105,000	9/1/2017	40	10002	\$10.50
\$105,000	9/1/2017	2	12404	\$8.47
\$105,000	9/27/2017	16	25169	\$4.17
\$105,000	10/13/2017	6	13722	\$7.65
\$105,000	10/13/2017	7	13600	\$7.72
\$105,000	10/13/2017	14	13600	\$7.72
\$105,000	10/13/2017	15	13212	\$7.95
\$105,000	10/13/2017	8	13600	\$7.72
\$105,000	10/13/2017	18	12500	\$8.40
\$105,000	10/13/2017	19	14401	\$7.29
\$105,000	10/13/2017	20	14400	\$7.29
\$105,000	10/13/2017	11	13600	\$7.72
\$105,000	10/13/2017	23	12800	\$8.20
\$105,000	12/20/2017	45	10004	\$10.50
\$105,000	1/9/2018	13	13600	\$7.72
\$105,000	1/19/2018	4	20351	\$5.16
\$105,000	2/9/2018	10	13600	\$7.72
\$105,000	2/9/2018	21	16670	\$6.30
\$105,000	2/13/2018	25	12737	\$8.24
\$105,000	2/13/2018	41	10002	\$10.50
\$105,000	4/6/2018	34	11062	\$9.49
\$105,000	4/6/2018	42	10002	\$10.50
\$105,000	4/10/2018	31	10000	\$10.50
\$105,000	4/10/2018	35	10000	\$10.50
\$105,000	4/10/2018	37	10000	\$10.50
\$105,000	4/10/2018	44	10553	\$9.95

PROVIDENCE (LOTS ONLY)				
Price	Sale Date	Lot #	Sq. Ft.	Price/SF
\$47,500	7/19/2016	131	7,754	\$6.13
\$46,000	9/8/2016	136	7,696	\$5.98
\$45,000	9/29/2016	129	7,816	\$5.76
\$46,000	10/5/2016	132	7,741	\$5.94
\$46,000	10/5/2016	134	7,719	\$5.96
\$45,500	10/17/2016	128	7,848	\$5.80
\$44,000	11/14/2016	130	7,783	\$5.65
\$42,000	3/16/2017	86	6,941	\$6.05
\$48,000	3/31/2017	98	6,950	\$6.91
\$49,900	4/19/2017	78	7,398	\$6.75
\$42,000	5/15/2017	48	8,220	\$5.11
\$42,000	5/15/2017	49	6,987	\$6.01
\$42,000	5/15/2017	50	7,345	\$5.72
\$42,000	5/15/2017	87	6,944	\$6.05
\$42,000	5/15/2017	88	6,948	\$6.04
\$60,000	10/17/2017	5	7,201	\$8.33
\$60,000	10/17/2017	62	8,261	\$7.26
\$60,000	10/17/2017	95	7,489	\$8.01
\$75,900	10/31/2017	76	9,589	\$7.92
\$60,000	11/29/2017	60	6,969	\$8.61
\$60,000	1/12/2018	63	6,880	\$8.72
\$60,000	4/3/2018	65	6,888	\$8.71
\$60,000	4/3/2018	94	7,489	\$8.01
\$60,000	4/12/2018	77	9,684	\$6.20

**ANALYSIS OF THE MLS (MULTIPLE-LISTING SERVICE) DATA IN RELATION TO THE SUBJECT LOTS**

The comparable subdivisions include 335 total lot sales since April/May of 2016 that range from 6,880 square feet to 25,169 square feet. The range of selling prices is from \$42,000 to \$115,000 or from \$4.17 to \$11.63 per square foot. Some trends related to this data include the following:

- There is a clear trend of increasing selling prices per square foot as the site sizes decrease.
- The range of selling prices per square foot in each subdivision can vary significantly. This is not surprising, since characteristics such as slope (for an exposed or walkout lower level), corner versus interior, shape, backing to greenspace, etc. can all influence the marketability, demand and appeal of these lots.
- There have been numerous turn-key constructed homes or resales in these subdivisions. These sales have been included in statistics presented as it relates to overall demand and absorption, but have not been included in this specific lot valuation analysis. If construction costs and profits were known, the lot value could be extracted from these sales. However, this analysis was not performed.

**AVERAGE LOT SALE PRICES AND MLS STATISTICS**

We also ran a statistical summary of single-family residential lot sales in the Madison, McFarland, and Fitchburg areas, which includes all lots contained in the MLS system. We also limited the analysis to lots under \$100,000, which only eliminates a handful of larger or more unique rural or commercial lots, yet removes these lots from the analysis so as to not skew the statistics as presented below:

<b>MLS Market Statistics for Lot Sales Under \$100,000 - Madison, McFarland, &amp; Fitchburg</b>										
<b>Year</b>	<b>Total Listed</b>	<b>Num Sold</b>	<b>Pct Sold</b>	<b>Avg List Price Sold</b>	<b>Avg Sale Price Sold</b>	<b>% Change from Previous Year</b>	<b>Sale Price/List Price Ratio</b>	<b>Avg DOM Sold</b>	<b>Avg List Price Unsold</b>	<b>Pct Expired</b>
2018	37	18	48.65%	\$89,983	\$85,643	3.81%	95.18%	205	\$76,433	10.81%
2017	133	40	30.08%	\$85,085	\$82,499	5.75%	96.96%	298	\$58,967	38.35%
2016	59	44	74.58%	\$79,443	\$78,014	11.34%	98.20%	232	\$76,590	86.44%
2015	116	37	31.90%	\$73,897	\$70,068	11.97%	94.82%	238	\$82,521	60.34%
2014	117	35	29.91%	\$66,080	\$62,579	-10.74%	94.70%	287	\$70,864	33.33%
2013	36	34	94.44%	\$75,764	\$70,111	7.61%	92.54%	595	\$74,091	97.22%
2012	122	70	57.38%	\$70,922	\$65,150	5.48%	91.86%	470	\$68,307	65.57%
2011	127	54	42.52%	\$69,021	\$61,767	-11.21%	89.49%	454	\$75,220	96.85%

As can be seen in the above chart, the average selling price had been decreasing in the few years leading up to 2011. However, lot selling prices have been steadily increasing since 2011, with the exception of 2014 which indicated a decrease. This could be a sign of a relative supply/demand equilibrium price point, although the average selling price has continued to increase since these years to a 2018 price of \$85,643. It is also interesting to note the steep increases of over 11% in both 2015 and 2016. Considering these large increases, it is understandable that lot selling prices have levelled off to a more sustainable growth rate in the past 1.5 years.

**CONCLUSION – ALLOCATED VALUES APPLIED TO THE 41 SINGLE-FAMILY RESIDENTIAL LOTS**

In order to develop the discounted cash flow analyses presented in the subdivision development approach, a value is applied to each of the 45 residential lots that are included as part of the subject property. Lot values will be estimated based upon the trends discussed above related to the comparable lot sales data.

The estimated lot values were applied based upon the following trends and observations:

- The remaining lot sizes in the subject plat range significantly from around 7,214 square feet to over 24,310 square feet. However, most lots are less than 10,000 square feet, with an average lot size of 10,191 square feet across all 45 lots. Across just the 41 single-family lots, the average lot size is 10,031 square feet.
- Based upon the trends from the comparable lot sales, we would expect there to be a varying range of values for the subject lots as a function of the varying lot sizes. As an example, the largest lots at the subject have been applied values as low as \$2.50 per square foot, while the smallest lots have been applied unit values as high as \$5.50 per square foot.
- A valuation issue that is difficult to quantify is related to the observed increasing value per square foot as a function of the decreasing site size. This is consistent with general economic theory related to the diminishing marginal returns associated with an increasing site size. However, this also works in the inverse, where a size can, in essence, become “too small” to support development and render the inherent value per square foot to be decreasing with a smaller site size. Nevertheless, all of the subject lots are larger than 7,000 square feet, which is certainly large enough to have some flexibility in building options.
- For example, a lot that is 24,310 square feet at \$2.50 per square foot equals a value of \$60,800. This overall lot value is near the top end of range of values assigned to the 41 single-family lots. However, at \$2.50 per square foot, this unit value is slightly below the bottom end of the comparable range, but reflects the decreasing value per square foot with a larger site size, which is evident in the comparable lot sales data. At 24,310 square feet, this lot is larger than most of the comparable lots, of which only two were over 20,000 square feet.
- It is the appraisers’ opinion that if a lot is “buildable” and can substantiate a turn-key house value between \$200,000 and \$250,000, the underlying lot value contribution should be around 20% of the total price/value, or between approximately \$40,000 and \$50,000.

Given the above analysis, we have applied a lot value to each platted lot based upon an approximate lot value price ranging from \$2.50 to \$5.50 per square foot. Based upon our internal calculations, the average lot value for the 41 vacant single-family lots is approximately \$4.31 per square foot with an average lot size of 10,031 square feet or \$43,210 per lot. To be noted, the \$4.31 per SF average lot value falls near the low end of the comparable range, as does the total average value of \$43,210 per lot. This is reasonable considering the history and existing development within the Owl’s Creek subdivision, which got caught up in the economic downturn of 2008, leaving 45 vacant lots that have still not been developed. In addition, the improved lots in the Owl’s Creek subdivision were primarily developed with lower-quality homes which have essentially set the stage for future development in the area. These factors all contribute to our lot value conclusions that are near the low end of the comparable range.

As another supportive crosscheck, we have included another table of comparable subdivisions, some of which have lots listed for sale currently. These are presented in the following table:

SALES COMPARISON APPROACH - VALUATION OF THE LOTS (CONTINUED)

Residential Lot Comparables - MLS Listing and Sales Data Since 2016													
No.	Subdivision	# of Lots		Site Size			List Price			Price per SF (avg)	Avg Days on Market	Average Sale Price	Average Sale Price PSF
		Listed	Min	Max	Average	Min	Max	Average					
1	Royster Corners East Madison	36	3,049 SF	8,712 SF	5,131 SF	\$65,500	\$69,500	<b>\$67,388</b>	<b>\$13.13</b>	266	<b>\$69,500</b> (4 lots)	<b>\$10.29</b>	
2	Mosaic Ridge Southwest Madison	9	3,920 SF	6,970 SF	5,275 SF	\$32,900	\$39,900	<b>\$36,566</b>	<b>\$6.93</b>	228	<b>\$39,900</b> (1 lot)	<b>\$7.63</b>	
3	Providence Sun Prairie	0	6,880 SF	18,977 SF	7,921 SF	N/A	N/A	<b>N/A</b>	<b>N/A</b>	N/A	<b>\$49,730</b> (30 lots)	<b>\$5.71</b>	
4	Hawks Valley West Madison	33	6,970 SF	13,068 SF	9,265 SF	\$74,900	\$114,900	<b>\$93,990</b>	<b>\$10.14</b>	366	<b>\$89,725</b> (16 lots)	<b>\$9.03</b>	
5	Ridge View McFarland	4	10,890 SF	11,326 SF	10,999 SF	\$91,900	\$91,900	<b>\$91,900</b>	<b>\$8.36</b>	171	<b>\$89,900</b> (5 lots)	<b>\$8.26</b>	
6	Prairie Place McFarland	0	7,123 SF	9,549 SF	8,509 SF	N/A	N/A	<b>N/A</b>	<b>N/A</b>	N/A	<b>\$89,900</b> (8 lots)	<b>\$9.81</b>	

Looking to these comparable subdivisions, Comparables 1 and 2 represent unique “infill” developments in established areas of the City of Madison and are not located on the leading edge of development. Both of these comparables represent subdivisions that back up to older, relatively inexpensive housing stock, which is similar to the subject property and its proximity to Owl’s Creek subdivision. While the average lot size is relatively small for these two comparables, it is interesting to note the range in average listing prices from \$36,566 to \$67,388 and the range in average selling prices from \$39,900 to \$69,500. These ranges essentially bracket the average assigned lot value for the 41 single-family lots (**\$43,210**).

Comparable 3 is another subdivision within which development was halted when the 2008 housing market crash occurred. Development here has resumed in recent years, but the average selling prices are considerably lower than other subdivisions in Sun Prairie. These first three comparables are useful in illustrating the impact on lot values based on the surrounding housing stock and neighborhood characteristics.

Comparable 4 represents a west Madison subdivision with numerous lots for sale and 16 that have sold in the past two years. However, its west side location is superior to the subject property. Comparables 5 and 6 are located on the leading edge of development on McFarland’s east side. Although these subdivisions are located in close proximity to the subject, they are concluded to be superior due to the newly-developed nature of the surrounding area.

**SMALL MULTI-FAMILY LOT SALES AND APPLIED LOT VALUES**

Recall that the subject property includes four lots on which low-density multifamily development could potentially occur, including three, four-unit lots and one duplex lot. The following page contains a summary of land sales of smaller multi-family lots (generally supporting development of 2 to 22 units). The appraisers’ applied lot values for these four lots are summarized in the following chart. Additional discussion and commentary are provided following the summary charts of sales:

Smaller (Less Than 5 Units) Multi-Family Sites							
Lot #	Value	Use	Size	Value/SF	Units	Units/Acre	Value/Unit
29	\$100,000	3-4 Units	11,590	\$8.63	4	15.0	\$25,000
40	\$100,000	3-4 Units	12,874	\$7.77	4	13.5	\$25,000
41	\$100,000	3-4 Units	13,280	\$7.53	4	13.1	\$25,000
33	\$70,000	Duplex Lot	9,571	\$7.31	2	9.1	\$35,000

SALES COMPARISON APPROACH - VALUATION OF THE LOTS (CONTINUED)

COMPARABLE LAND SALES SUMMARY - SMALL MULTIFAMILY LOTS										
No.	Subdivision	Sale Date	Site Size SF	Acres	Proposed Units	Density (Units/Acre)	Sale Price	Sale Price per SF	Sale Price per Lot	Sale Price per DU
1	810-820 Thompson Dr Oregon, Wisconsin (2 Lots)	Mar-16 and Sep-16	24,350 SF	0.56	4 (2 duplexes)	7.16	\$195,500	\$8.03	\$97,750	\$48,875
2	760 Thompson Dr Oregon, Wisconsin	Apr-16	12,589 SF	0.29	2 (duplex)	6.92	\$97,500	\$7.74	\$97,500	\$48,750
3	830-840 Thompson Dr Oregon, Wisconsin (2 Lots)	Jan-16	23,392 SF	0.54	4 (2 duplexes)	7.45	\$190,000	\$8.12	\$95,000	\$47,500
4	8549-8557 Elderberry Rd Madison, Wisconsin (2 Lots)	Mar-17	27,476 SF	0.63	4 (2 duplexes)	6.34	\$180,000	\$6.55	\$90,000	\$45,000
5	Lot 540 Smith's Crossing Sun Prairie, WI	Active Listing	29,243 SF	0.67	6 (townhomes)	8.94	\$159,900	\$5.47	N/A	\$26,650
6	6002-6014 Driscoll Dr Madison, Wisconsin (4 Lots)	Nov-16	67,818 SF	1.56	16 (4, 4-units)	10.28	\$340,000	\$5.01	N/A	\$21,250
7	5401 Paulson Road Mcfarland, WI	Aug-16	126,307 SF	2.90	22	7.59	\$490,000	\$3.88	N/A	\$22,273

**CONCLUSION – ALLOCATED VALUES APPLIED TO THE FOUR SMALL MULTI-FAMILY LOTS**

There are four smaller multi-family lots associated with the subject property that range from 9,571 to 13,280 square feet. Three of these lots are designated for four-unit buildings, while the fourth is designated for a duplex. The 7 “Small Multi-Family Lot” comparables have sold or are listed between \$21,250 and \$48,875 per developable unit or from \$3.88 to \$8.12 per square foot. Also to be noted, the first four comparables are noted as duplex lots in the Village of Oregon and City of Madison, which sold between \$90,000 and \$97,750 per lot.

The three, four-unit lots associated with the subject property (Lots 29, 40, & 41) have been applied unit values of **\$25,000 per unit** or **\$100,000 in total**. This value indication is consistent with the comparable range for Comparables 5-7, which are most comparable to the subject’s four-unit lots. The implied “per square foot” values range from \$7.53 to \$8.63 which is more consistent with the top end of the comparable range of \$3.88 to \$8.12 per square foot. Considering the higher implied density attainable on these sites in relation to the comparables, our projection near the top end of the range is reasonable.

In addition, the lone duplex lot (Lot 33) has been applied a unit value of **\$35,000 per unit** or **\$70,000 in total** which is also consistent with the overall comparable range. However, this projection is lower than the four duplex lot comparables (Comparables 1-4) due to their superior locations in relation to the subject property.

SALES COMPARISON APPROACH - VALUATION OF THE LOTS (CONTINUED)

**CONCLUDED LOT VALUES**

Based upon the discussion in the market analysis section of this report and the previously discussed comparable data, the assigned residential lot values (in present value figures) are presented in the following table. This lot pricing will then be applied in the subdivision development approach.

Applied Lot Values in Owl's Creek Subdivision (45 total vacant lots)													
2018 Sales	SF	Value	\$/SF		2019 Sales	SF	Value	\$/SF		2020 Sales	SF	Value	\$/SF
29	11,590	\$100,000	\$8.63		40	12,874	\$100,000	\$7.77		41	13,280	\$100,000	\$7.53
33	9,571	\$70,000	\$7.31		23	9,290	\$41,800	\$4.50		76	10,333	\$43,900	\$4.25
45	7,240	\$38,000	\$5.25		79	9,027	\$40,600	\$4.50		60	9,374	\$42,200	\$4.50
48	7,214	\$37,900	\$5.25		22	9,924	\$44,700	\$4.50		84	8,640	\$41,000	\$4.75
47	7,223	\$37,900	\$5.25		88	9,324	\$37,300	\$4.00		83	8,917	\$42,400	\$4.75
49	9,239	\$41,600	\$4.50		87	10,234	\$43,500	\$4.25		82	13,063	\$49,000	\$3.75
50	8,567	\$40,700	\$4.75		86	9,244	\$41,600	\$4.50		81	12,646	\$47,400	\$3.75
51	8,582	\$40,800	\$4.75		71	7,646	\$38,200	\$5.00		80	9,027	\$40,600	\$4.50
52	9,327	\$42,000	\$4.50		68	8,002	\$40,000	\$5.00		78	7,507	\$37,500	\$5.00
13	11,882	\$47,500	\$4.00		67	8,144	\$40,700	\$5.00					
14	13,839	\$51,900	\$3.75		66	8,286	\$41,400	\$5.00					
15	24,310	\$60,800	\$2.50		53	8,984	\$44,900	\$5.00					
16	23,530	\$58,800	\$2.50		54	7,865	\$43,300	\$5.50					
17	11,335	\$45,300	\$4.00		55	7,800	\$42,900	\$5.50					
18	10,736	\$45,600	\$4.25		56	7,800	\$42,900	\$5.50					
21	9,977	\$37,400	\$3.75		58	8,272	\$41,400	\$5.00					
25	9,000	\$40,500	\$4.50		59	9,702	\$46,100	\$4.75					
24	11,502	\$46,000	\$4.00		63	8,713	\$43,600	\$5.00					
<b>Totals</b>	<b>204,664</b>	<b>\$882,700</b>				<b>161,131</b>	<b>\$814,900</b>				<b>92,787</b>	<b>\$444,000</b>	



## SUBDIVISION DEVELOPMENT APPROACH

### INTRODUCTION

The subdivision development approach considers holding costs over an absorption/sell-off period to develop a value indication for the 45 subject lots in bulk. Consideration will also be given to a level of entrepreneurial profit and investor return that can be modeled in the cash flow projections as reflected in the discount rate, resulting internal rate of return and implied profit margin. However, these projections are performed exclusive of financing, and therefore, do not include any interest expense or principal pay-down that would typically be associated with the inflows and outflows of funds associated with this type of property.

### METHODOLOGY AND SCENARIOS DEVELOPED

The **subdivision development approach** is developed to provide an opinion of value on an “as-is” basis as a function of projected inflows and outflows of funds as a function of lot sales and expenses (holding costs). This scenario reflects the value to a single purchaser of all of the lots in bulk and accounts for the impact of an absorption period and costs necessary to realize sellout. This approach includes all 45 subject lots, four of which are designated as smaller multifamily lots.

### LOT SELLOFF (INCOME) AND ABSORPTION PROJECTIONS

The previous section (sales comparison approach) provided an opinion of the lot values in the development on an “as-is” basis assuming they are available for development. In addition, an absorption analysis was discussed previously in the market analysis section. The concluded absorption was projected as follows:

Year	2018/2019	2019/2020	2020/2021	Total
Current Inventory	18	18	9	45
Total	18	18	9	45
Lots per month	1.50	1.50	1.50	

While some of the absorption comparables have indicated absorption rates for vacant lots of over 3 units per month, it is our opinion that these Veridian Homes subdivisions are generally superior to the subject property. Additionally, residential development on the subject property would directly compete with the adjacent Owl’s Creek subdivision, which still has 45 vacant lots to be developed. Therefore, the appraisers project a slightly lower absorption rate for the subject at **1.50 units per month / 18 units per year** over the holding and selloff period through approximately the end of 2020 or into early 2021. This is obviously a subjective estimate and projection, but is based upon the rationale that the current housing market appears to be reaching peak levels which may not be sustainable long-term.

In addition, the impact of discounting out 3 years and increased holding costs, balanced by higher lot values, are deemed to reflect a combination of variables that result in a value indication (via DCF) that is mutually supported by the information contained in the sales comparison approach applicable to bulk acreage/subdivision land sales and offerings when analyzed on a “per developable lot” basis.

As mentioned previously, prior to 2008 it was not uncommon to see absorption/selloff patterns more commonly in the three to five lots/units per month range as compared to the slowing trend of around one to two lots/units per month or less between 2008 and 2012. However, absorption rates have been increasing in recent years with the recovery of the overall housing market.

SUBDIVISION DEVELOPMENT APPROACH (CONTINUED)

In addition, the appraisers have observed a trend in recent years whereby average selling prices for vacant lots have been steadily increasing, indicating higher demand and/or a lower supply. This is supported by the observation that many platted but undeveloped subdivisions are now beginning to develop. In essence, there is an approximate supply/demand equilibrium point to-be-reached where prices approach a level that stimulates buyers to make acquisitions. The price/value level of this “equilibrium point” is never really known, yet we have made the observation of this trend.

The lot pricing (in present value figures) and absorption was presented previously and is summarized in the following chart for reference purposes. This chart forms the basis for the cash flow projections developed for the subject property on an “as-is” basis.

Applied Lot Values in Owl's Creek Subdivision (45 total vacant lots)													
2018 Sales	SF	Value	\$/SF		2019 Sales	SF	Value	\$/SF		2020 Sales	SF	Value	\$/SF
29	11,590	\$100,000	\$8.63		40	12,874	\$100,000	\$7.77		41	13,280	\$100,000	\$7.53
33	9,571	\$70,000	\$7.31		23	9,290	\$41,800	\$4.50		76	10,333	\$43,900	\$4.25
45	7,240	\$38,000	\$5.25		79	9,027	\$40,600	\$4.50		60	9,374	\$42,200	\$4.50
48	7,214	\$37,900	\$5.25		22	9,924	\$44,700	\$4.50		84	8,640	\$41,000	\$4.75
47	7,223	\$37,900	\$5.25		88	9,324	\$37,300	\$4.00		83	8,917	\$42,400	\$4.75
49	9,239	\$41,600	\$4.50		87	10,234	\$43,500	\$4.25		82	13,063	\$49,000	\$3.75
50	8,567	\$40,700	\$4.75		86	9,244	\$41,600	\$4.50		81	12,646	\$47,400	\$3.75
51	8,582	\$40,800	\$4.75		71	7,646	\$38,200	\$5.00		80	9,027	\$40,600	\$4.50
52	9,327	\$42,000	\$4.50		68	8,002	\$40,000	\$5.00		78	7,507	\$37,500	\$5.00
13	11,882	\$47,500	\$4.00		67	8,144	\$40,700	\$5.00					
14	13,839	\$51,900	\$3.75		66	8,286	\$41,400	\$5.00					
15	24,310	\$60,800	\$2.50		53	8,984	\$44,900	\$5.00					
16	23,530	\$58,800	\$2.50		54	7,865	\$43,300	\$5.50					
17	11,335	\$45,300	\$4.00		55	7,800	\$42,900	\$5.50					
18	10,736	\$45,600	\$4.25		56	7,800	\$42,900	\$5.50					
21	9,977	\$37,400	\$3.75		58	8,272	\$41,400	\$5.00					
25	9,000	\$40,500	\$4.50		59	9,702	\$46,100	\$4.75					
24	11,502	\$46,000	\$4.00		63	8,713	\$43,600	\$5.00					
<b>Totals</b>	<b>204,664</b>	<b>\$882,700</b>				<b>161,131</b>	<b>\$814,900</b>				<b>92,787</b>	<b>\$444,000</b>	

**ANNUAL APPRECIATION AND AVERAGE SALE AND LISTING PRICES**

To reflect annual appreciation rates on an overall basis, we have looked at statistics from the Madison, McFarland, and Fitchburg markets as extracted from MLS. We ran a statistical summary of single-family residential lot sales in these municipalities, which include all lots contained in the MLS system. We also limited the analysis to lots under \$100,000, which essentially eliminates a handful of larger or more unique rural or commercial lots and removes these lots from the analysis so as to not skew the statistics as presented below:

MLS Market Statistics for Lot Sales Under \$100,000 - Madison, McFarland, & Fitchburg										
Year	Total Listed	Num Sold	Pct Sold	Avg List Price Sold	Avg Sale Price Sold	% Change from Previous Year	Sale Price/List Price Ratio	Avg DOM Sold	Avg List Price Unsold	Pct Expired
2018	37	18	48.65%	\$89,983	\$85,643	3.81%	95.18%	205	\$76,433	10.81%
2017	133	40	30.08%	\$85,085	\$82,499	5.75%	96.96%	298	\$58,967	38.35%
2016	59	44	74.58%	\$79,443	\$78,014	11.34%	98.20%	232	\$76,590	86.44%
2015	116	37	31.90%	\$73,897	\$70,068	11.97%	94.82%	238	\$82,521	60.34%
2014	117	35	29.91%	\$66,080	\$62,579	-10.74%	94.70%	287	\$70,864	33.33%
2013	36	34	94.44%	\$75,764	\$70,111	7.61%	92.54%	595	\$74,091	97.22%
2012	122	70	57.38%	\$70,922	\$65,150	5.48%	91.86%	470	\$68,307	65.57%
2011	127	54	42.52%	\$69,021	\$61,767	-11.21%	89.49%	454	\$75,220	96.85%

## SUBDIVISION DEVELOPMENT APPROACH (CONTINUED)

As can be seen in the above chart, the average selling price had been decreasing in the few years leading up to 2011. However, lot selling prices have been steadily increasing since 2011, with the exception of 2014 which indicated a decrease. This could be a sign of a relative supply/demand equilibrium price point, although the average selling price has continued to increase since these years to a 2018 price of \$85,643. It is also interesting to note the steep increases of over 11% in both 2015 and 2016. Considering these large increases, it is understandable that lot selling prices have levelled off to a more sustainable growth rate in the past 1.5 years. In addition, statistics related to housing sales are summarized in the following table:

MLS Market Statistics for Single-Family Home Sales - Madison, McFarland, & Fitchburg										
Year	Total Listed	Num Sold	Pct Sold	Avg List Price Sold	Avg Sale Price Sold	% Change from Previous Year	Sale Price/List Price Ratio	Avg DOM Sold	Avg List Price Unsold	Pct Expired
2018	1213	855	70.49%	\$310,434	\$309,457	3.76%	99.69%	41	\$339,939	4.62%
2017	3427	3049	88.97%	\$300,266	\$298,239	6.97%	99.32%	36	\$387,531	11.96%
2016	3332	2982	89.50%	\$282,230	\$278,811	6.24%	98.79%	40	\$374,382	13.24%
2015	3599	3061	85.05%	\$267,385	\$262,444	4.13%	98.15%	48	\$327,053	16.87%
2014	3386	2528	74.66%	\$258,095	\$252,044	3.83%	97.66%	56	\$308,031	23.74%
2013	3481	2801	80.47%	\$248,852	\$242,743	2.88%	97.55%	58	\$281,608	22.41%
2012	3212	2326	72.42%	\$244,680	\$235,939	-1.36%	96.43%	83	\$276,762	33.75%
2011	3209	1869	58.24%	\$250,281	\$239,192	-0.56%	95.57%	89	\$272,678	42.10%

As can be seen in the preceding chart, the average home selling price had been slightly decreasing through 2012. Since then, the average sale price has been increasing steadily to the 2018 figure of \$309,457. The increases since 2013 have been relatively strong, ranging as high as 6.97% and averaging around 4.63%.

Based upon the above statistics, it would appear that existing homes in the Madison/McFarland/Fitchburg area are selling at a much faster rate than vacant lots. However, the appraisers have observed a trend whereby developers are selling off small groupings of lots in subdivisions to a homebuilder, who then constructs a residence and sells the property as a package to the end user. This creates a scenario whereby the individual homebuyer does not purchase the lot directly from the developer. Instead, subdivision developers appear to be marketing their lots to homebuilders who, in turn, construct a build-to-suit home for the end user or construct a new home which is then listed on the open market as a single-family residence.

In addition, the appraisers have observed a trend in recent years whereby average selling prices for vacant lots have been steadily increasing, indicating higher demand and/or a lower supply. This is supported by the observation that many platted but undeveloped subdivisions are now beginning to develop. In essence, there is an approximate supply/demand equilibrium point to-be-reached where prices approach a level that stimulates buyers to make acquisitions. The price/value level of this "equilibrium point" is never really known, yet we have made the observation of this trend.

In the cash flow projections we will project a rolling average increase of 5% per year as applied to the residential lot sale projections. This increase projection of 5% is generally bracketed by the figures presented on the previous page for 2017 and 2018 lot sales and improved home sales. This 5% factor would imply that a lot that is worth, say, \$40,000 would increase to \$42,000 in year two with a 5% annual rate of appreciation. In addition, looking ahead, the projections for discount rates, absorption and holding costs/expenses also account for some degree of risk in the analysis, thereby tempering the impact of an annual rate of appreciation. Therefore, the application of this 5% factor appears to trend with the anticipated direction of market indicators as of the writing of this report.

**DEVELOPMENT EXPENSES**

The projected uses of funds/expenses include the following:

1. **Selling costs** have been estimated at **six percent of sales income**. Typical sales commissions in the area as reported through MLS are usually five to seven percent. The projection of six percent assumes some co-broke and in-house deals with a net effective selling cost (commission) of around six percent.
2. **Infrastructure expenses** were projected at **\$2,500 per lot** or **\$112,500** as a front-end, year one expense. Considering that all of the infrastructure for the subdivision has already been installed, one could argue that there would be no infrastructure costs associated with the subject lots. However, some of the vacant lots appeared to need some additional final grading and maintenance to fully prepare them for residential development. Therefore, we have projected a relatively minimal expense for this category in year one of the analysis.
3. The subject lots are currently tax-exempt as they are owned by the City of Madison. However taxes would likely be levied against a potential buyer of the lots provided they were not also tax-exempt. **Real Estate Taxes** have been estimated as a function of the implied market value in aggregate, assuming that taxes are allocated to each lot roughly as a prorated share of value. This is a difficult and somewhat subjective expense to estimate and project, for assessing entities are generally inconsistent in their methodology and timing of assessments. In addition, if assessments are “ramped up” too quickly, a developer can, in many instances, appeal their assessments of the individual lots and potentially get them reduced based upon the “bulk” nature of selloff of the individual lots. In the final analysis, we have projected taxes based upon a projected tax rate of 2.4% applied to the implied market value of the remaining lots for each year, then multiplied by 50% to account for selloff throughout the year. For year one, the projected property taxes are **\$25,920**, decreasing to **\$12,960** in year two, and decreasing further to **\$3,240** in year three as lot selloff continues.
4. **Title fees and closing costs** were estimated at \$750 per lot.
5. **Common area costs** were estimated at \$250 per lot. Due to a lack of verifiable information, this is a subjective estimate for common area grounds, insurance, and maintenance/upkeep.

Although these costs will likely vary over time as cost sources change due to competitive bidding and inflation, our projections are based upon the most reliable and reasonable data and assumptions available, and are generally in-line with market indicators.

**DISCOUNT RATE APPLIED TO CASH FLOW PROJECTIONS**

The IRR projections are generally based upon investor survey data, with the corresponding profit margins as a result of the development of the cash flow models utilized as a supportive cross-check and test of reasonableness. The National Development Land Market survey as per the *4<sup>th</sup> Quarter 2017 PriceWaterhouseCoopers (PwC) Real Estate Investor Survey* indicated a range quoted by developers from 10.00% to 20.00%, with an average of 15.40%.

We have also reviewed data from RealtyRates.com from the First Quarter 2018. The range indicated for “Site-Built Residential” for less than 100 units ranged significantly from 13.32% to 43.53%, with an average of 28.57%. The range indicated from RealtyRates.com is broader than PwC, and the average is significantly greater. However, looking ahead, these two sources (PwC and RealtyRates.com) are generally supportive of the trends noted from the projections and resulting profit margins and IRR’s developed by the appraisers.

## SUBDIVISION DEVELOPMENT APPROACH (CONTINUED)

In the final analysis, we have applied a discount factor of **20.00%**, which is bracketed by the investor survey data and slightly higher than the PwC average. Discount rates have been relatively stable over the past two years, with the PwC averages ranging between 15.50% and 16.00%. Demand for residential development land appears to have rebounded since the 2008-2012 recession. Looking ahead, the application of this **20.00%** rate results in an implied, annualized profit/rate of return on the initial acquisition cost (i.e., present value) of **15.87%**.

A supportive check of the overall profit margin as a result of the cash flow projections are summarized in the following charts:

<b>SUPPORTIVE CROSS – CHECK OF THE VALUE SCENARIOS AS A TEST OF FINANCIAL FEASIBILITY</b>	
<b>45 REMAINING VACANT LOTS IN THE OWL’S CREEK SUBDIVISION</b>	
Total Revenues	\$2,227,855
<u>Total Costs*</u>	<u>\$1,692,291</u>
Net Cash	\$535,564
% Profit on Initial Acquisition**	39.67%
Annualized	15.87%

\* - Includes land acquisition and selling/holding costs from each scenario

\*\* - Profit margin is reflected in the discount factor applied in the cash flows. Profit margin also reflects an aggregate project return and does reflect the impact on equity as a function of time (i.e., timeline for holding costs to realize the level of entrepreneurial profit anticipated and projected).

In the opinion of the appraiser, the most relevant figure in this chart is the annualized percentage of profit on the initial land acquisition, which is **15.87%**.

Looking ahead to the subdivision development approach, statistics are presented as extracted from investor survey data. Data from PriceWaterhouseCoopers (PwC) indicate a range quoted by developers from 10.00% to 20.00%, with an average of 15.40%, while the range indicated from RealtyRates.com for “Site-Built Residential” for less than 100 units ranged significantly from 13.32% to 43.53%, with an average of 28.57%. These two sources (PwC and RealtyRates.com) are generally consistent and supportive of the trends noted from the projections and resulting profit margin and IRR developed by the appraiser.

These figures are not adjusted for the effects of compounding. In addition, the assumption behind these calculations is that there is not borrowing costs built-in (financial leverage) associated with the acquisition costs or the future infrastructure costs. This assumption does not necessarily reflect the reality of how a typical developer would analyze this property, for most would purchase the property with financial leverage and fund the infrastructure with bank lending. However, the appraisers have been instructed by reviewers and underwriters to specifically ignore the costs of borrowing and building financing into the holding costs (i.e., interest carry) as part of the valuation process.

This projected feasibility is contingent upon the development process being managed efficiently, absorption of lots remaining stable or as projected, and the acquisition cost of the property on an “as-is” basis remaining consistent with the appraisers’ projections so as to allow for an adequate rate of return on the initial investment in the land acquisition. It is concluded that, under the right acquisition scenario, this development can be financially feasible, assuming competent management of the development process, availability of financing for acquisition and/or development costs and effective management of holding costs.

SUBDIVISION DEVELOPMENT APPROACH (CONTINUED)

**CONCLUSION – SUBDIVISION DEVELOPMENT APPROACH**

The subdivision development approach summary is presented below and summarizes the information discussed in this section of the report.

<b>SUBDIVISION DEVELOPMENT APPROACH - MARKET VALUE SCENARIO OWL CREEK SUBDIVISION - 45 VACANT LOTS "AS-IS"</b>			
<b>PERIOD</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>YEAR OF ABSORPTION PERIOD</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>
<b>NUMBER OF LOT SALES</b>	<b>18</b>	<b>18</b>	<b>9</b>
LOT SALES INCOME	\$882,700	\$855,645	\$489,510
<b>TOTAL INCOME</b>	<b>\$882,700</b>	<b>\$855,645</b>	<b>\$489,510</b>
<b>HOLDING COSTS / SELLING EXPENSES</b>			
SALES COMMISSIONS	\$52,962	\$51,339	\$29,371
INFRASTRUCTURE COSTS	\$112,500	\$0	\$0
REAL ESTATE TAXES	\$25,920	\$12,960	\$3,240
TITLE FEES AND CLOSING COSTS	\$13,500	\$13,500	\$6,750
COMMON AREA COSTS/MISC.	\$11,250	\$6,750	\$2,250
<b>TOTAL DEVELOPMENT EXPENSES</b>	<b>\$216,132</b>	<b>\$84,549</b>	<b>\$41,611</b>
<b>NET CASH FLOW</b>	<b>\$666,568</b>	<b>\$771,096</b>	<b>\$447,899</b>
<b>DISCOUNT RATE</b>	20.00%	0.83333	0.69444
<b>DISCOUNTED PRESENT VALUE</b>	<b>\$555,473</b>	<b>\$535,484</b>	<b>\$259,201</b>
<b>PRESENT VALUE SUMMATION</b>		<b>\$1,350,158</b>	
<b>"AS IS" LAND VALUE (ROUNDED)</b>		<b>\$1,350,000</b>	
<b>IMPLIED VALUE PER LOT</b>		<b>\$30,000</b>	

In summary, the indicated value from this approach is presented as follows:

<b>SUBDIVISION DEVELOPMENT APPROACH</b>	<b>VALUE INDICATION</b>
<b>"As-is" market value indication – 45 vacant residential lots in bulk</b>	<b>\$1,350,000</b>



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## SALES COMPARISON APPROACH – BULK LAND VALUE / COMPARISON APPROACH

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### **INTRODUCTION**

Residential development land of the subject's size (in aggregate) and type is typically valued using comparisons on the basis of price per acre. As a secondary method of comparison, a price per developable unit/building lot can also be utilized, for the development density of subdivisions can vary. As an example, a rural subdivision with larger lots and no water and sewer (i.e., individual private wells and septic systems) typically commands a higher price per lot with lower density; however, the gross sellout prices of the lots, combined with less infrastructure costs may yield a similar “price per acre” indication. These value indications will be based upon an analysis of comparable land sales purchased for subdivision development that are located throughout Dane County.

The subject lots contain a total of  $\pm 458,582$  square feet or  $\pm 10.53$  acres. However, this figure does not include any of the public areas (like roadways, parks, greenspace, etc.) that could be allocated to these lots. Unlike the subject lots, sales of bulk development land typically include this “gross acreage” designation. However, in the case of the subject property, the subdivision has already been partially developed and these public areas have already been segregated from the individual lots according to the plat. Considering that the subject lots are not all grouped together within the subdivision, attempting to estimate a gross acreage for comparison to the bulk sales would be a fairly subjective task. Therefore, the only relevant basis for comparison will be based upon a price per developable lot.

In addition, given that we do not know the gross acreage, we cannot reliably segregate a development density for the subject lots. However, recall that the aggregate Owl's Creek plat has approximately  $89\pm$  lots on  $39\pm$  acres, including single-family residential and small multi-family/condominium lots. This would indicate a density of 2.28 lots per acre, which is relatively low density when compared to the comparables. However, given the layout of the plat which includes substantial greenspace/open areas (mostly associated with floodplain areas), the layout of the housing density appears to be higher generally consistent with nearby competing subdivisions.

This approach will be utilized to value the 45 subject lots in bulk, which are completed and improved residential lots that, for the most part, are ready for development. Recall that all of the surrounding roadways and public infrastructure has already been installed throughout the subdivision.

### **PRESENTATION OF COMPARABLE SALES OF DEVELOPMENT LAND**

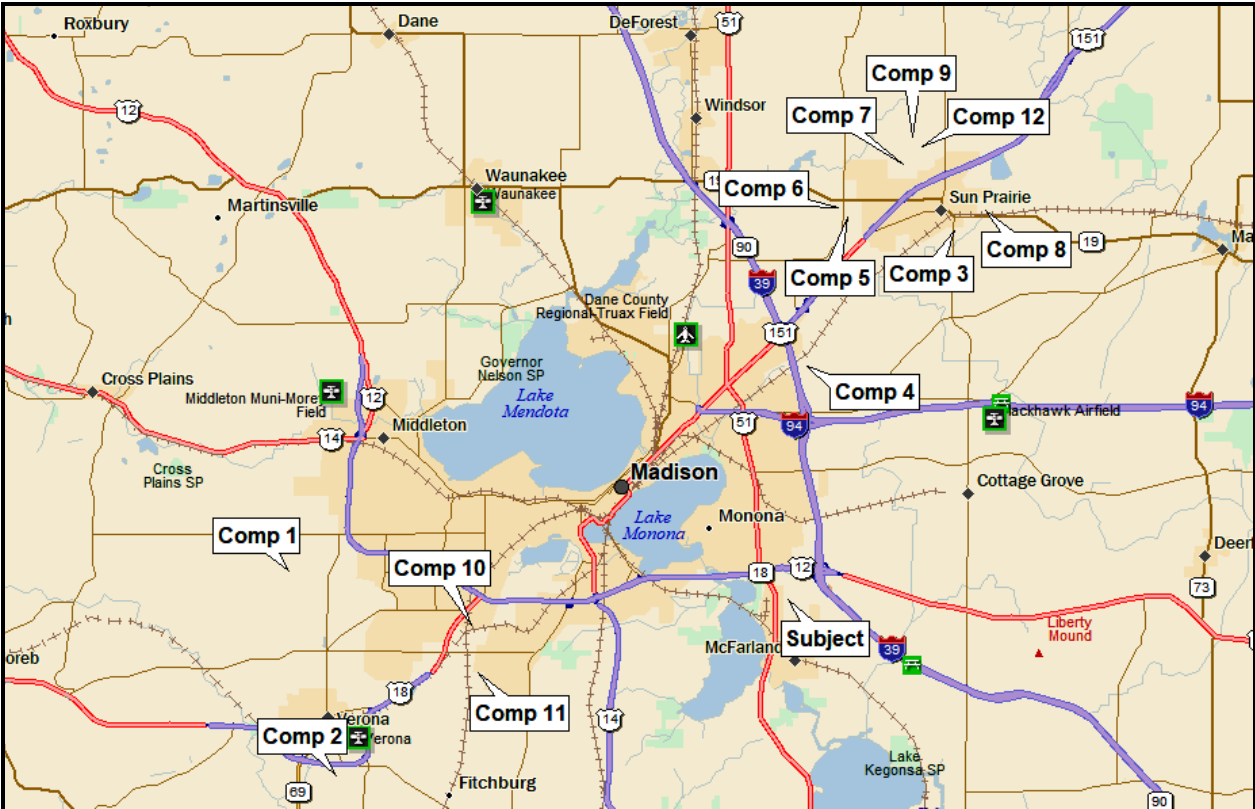
The following page contains a **COMPARABLE LAND SALES SUMMARY**, including one active listing of bulk development land and eleven sales of development land. Please note the following points that are critical in the analysis of these comparables. It is important that the user of this appraisal understands and recognizes the following points:

- The development land comparables transferred between 2013 and 2017, with one active listing.
- The sale prices were verified by review of Warranty Deeds at the Dane County Register of Deeds Office. In addition, verification of the prices paid may be from review of purchase contracts and/or discussions with buyers and/or sellers.

## BULK LAND COMPARABLES SUMMARY - BULK ACREAGE TRACTS PURCHASED FOR SUBDIVISION DEVELOPMENT

No.	Location	Sale Date	Grantor/Grantee	Aggregate Land Area	Sales Price Total	# of Lots or Units	Density (Units/Acre)	Price Per Unit	Zoning	Comments
1	1000 Oaks Land 702 South Point Rd NWC of Valley View Rd and South Point Road Madison, Wisconsin	Feb-13	1000 Oaks Land, LLC / Jim and Sue Investment, LLC	92.40 acres	\$1,850,000	304 units	3.29 units/acre	\$6,086	Conservancy, Planned Development and Traditional Residential-C3	This represents the sale of a residential subdivision with all municipal approvals in-place as of the date of sale. Currently used for agriculture. The subdivision is approved for 274 single family homes, 18 duplexes and 12 townhouses. A 19 acre park is located near the center of the parcel. Sale did not include multi-family lots at the north of the subdivision. Veridian Homes reportedly controlled the selling entity and will also be the developer of the subdivision.
2	Cathedral Point Bounded by Range Trail, Locust Drive and US 151 & South Point Road Verona, Wisconsin	Feb-13	Cathedral Point Land, LLC / MREC VH Cathedral Point, LLC	115.00 acres Total plat from marketing literature	\$2,645,100	288 units	2.50 units/acre (approx)	\$9,184	Residential	This represents the sale of a residential subdivision in the process of development as of the date of sale. The subdivision is approved for 301 single family homes, 7 duplexes and one 16-unit multi-family building. On-site development activity for the 20 lot Phase 1 has been completed. Veridian Homes reportedly controlled the selling entity and will also be the developer of the subdivision.
3	Meadow Crossing Hwy N and Sanibel Lane Sun Prairie, Wisconsin	May-13	AnchorBank, Isb / MREC VH MC Investments LLC	90.00 acres (estimated)	\$2,950,000	255 units	2.83 units/acre	\$11,569	Residential	The sale of a residential subdivision in the process of development as of the date of sale. 26 Homes have already been sold. The sale includes 70 readily buildable parcels and 159 undeveloped but platted lots. Land area is from marketing literature. The price was reportedly based upon \$25,000 per improved lot, and \$7,500 per unimproved lot.
4	Village at Autumn Lake Lien Road & Felland Road Madison, Wisconsin	Dec-15	MREC-VH Madison Investors LLC / D&R Investments II LLC & D&R Investments III LLC	135.00 acres	\$3,600,000 (2 deeds)	550 units	4.07 units/acre	\$6,545	TR-P Traditional Residential Planned District	This platted subdivision was sold off by Veridian Homes in two deeded transactions, one of which included 401 residential lots and 10 outlots, while the other included 149 residential lots and 2 outlots. The development is located on Madison's northeast side near Interstate 39/90/94. The development plan shows various multifamily lots and two mixed-use lots, with the vast majority of the sites being single-family residential lots.
5	West Prairie Village 1st Addn. East of N. Grand Ave. Sun Prairie, Wisconsin	Apr-17	SP Land Ventures, LLC / HDP W/PV2 LLC	12.50 acres (estimated)	\$570,000	38 units	3.04 units/acre	\$15,000	PD Planned Development	This represents the sale of 38 platted lots that are part of the 1st Addition to West Prairie Village subdivision. The developer for this subdivision is William Ryan Homes, a national homebuilder with subdivisions in Tampa, Phoenix, Chicago, Milwaukee, and Madison.
6	Ironwood Estates West of N. Grand Ave. Sun Prairie, Wisconsin	Jul-14	AnchorBank FSB / Ironwood Sun Prairie LLC	34.00 acres (estimated)	\$1,200,000	79 units	2.32 units/acre	\$15,190	PD Planned Development	This represents the sale of 79 out of 82 lots in the Ironwood Estates subdivision. Neumann Land Development is the developer for the subdivision, with Tim O'Brien Homes offering move-in-ready home packages on some of the lots.
7	Liberty Square West Addn. Stonehaven Dr., Patriot Way & Liberty Blvd. Sun Prairie, Wisconsin	Dec-14	Hickory Grove IV LLC / American Freedom Development LLC	50.00 acres (estimated)	\$1,075,000	150 units	3.00 units/acre	\$7,167	PD Planned Development	This represents the sale of 150 platted residential lots and 23 outlots known as the Liberty Square West Addition. It is located north of US 151 and west of N Bird Street on Sun Prairie's north side.
8	Gardens at Willowbrook II North of E Main Street (19) Sun Prairie, Wisconsin	Aug-17	AnchorBank FSB / Habitat for Humanity LLC	32.10 acres (useable)	\$700,000	121 units (per listing)	3.77 units/acre	\$5,785	R-1 Residential	119 home sites, 4-acre multifamily site, 2.8 acre-commercial site, 26.2 additional acres of parks and open space. Adjacent to existing Gardens at Willowbrook subdivision.
9	Wellington Trace West of N Bird Street Town of Bristol, Wisconsin	Nov-17	Quamme Brothers LLC / Rock House LLC	34.67 acres (useable)	\$1,075,000	32 units	0.92 units/acre	\$33,594	A-1 Agricultural	This represents a 40-acre agricultural lot which was purchased and platted according to the Wellington Trace subdivision plat. It includes 21 large single-family lots ranging in size from 0.75 acres to 1.33 acres. It is located along N Bird Street just north of the Sun Prairie city limits.
10	Renaissance on the Park North of Crescent Road Fitchburg, Wisconsin	Jun-14	Unity for Community II LLC / Habitat for Humanity of Dane County Inc.	3.80 acres (estimated)	\$367,500	24 units	6.31 units/acre	\$15,313	PDD-SIP Planned Development	This represents the sale of the 24 remaining vacant lots in the Renaissance on the Park subdivision. It includes lots from both the original plat and the First Addition. Lot numbers 34-46, 50-56, and 76-79. The lot sizes are fairly small and bracket approximately 5,000 square feet each.
11	Stoner Prairie East of S Seminole Highway Fitchburg, Wisconsin	Dec-16	O'Brien Family LP / HDP Stoner Prairie LLC	18.50 acres (estimated)	\$2,121,000	47 units	2.54 units/acre	\$45,128	R-L, R-LM Low to Medium Residential	This represents the sale of the Stoner Prairie subdivision plat, which included a total of 47 SF lots and 1 outlot set aside for public space. The subdivision plat was recorded just 6 days prior to the purchase. The average lot size is approximately 13,000 SF.
12	Quamme Land East of N Bird Street Town of Bristol, Wisconsin	offering 2017	QUAMME BROTHERS LLC	39.90 acres	\$1,775,550	120 units (based on 3/acre)	3.00 units/acre (assumed)	\$14,833	A-1 Agricultural	This represents a 40-acre lot currently utilized as farmland, but is marketed as a potential subdivision development. It is located along N Bird Street just north of the Sun Prairie city limits.

**COMPARABLE BULK LAND SALES LOCATION MAP**



- It is also important to note that the consideration given as per these recorded Warranty Deeds may not represent the “total consideration” for it is difficult to verify if options were given and what prices may have been paid for those options. In addition, a buyer may pay for an option to buy at a set price (or escalating over time) and then pursue annexation and/or entitlements to a property. Effectively, when a development tract is transferred it may be based upon a pre-determined price that was set one to three years prior and the “value” as of the date of transfer could be significantly greater. This condition and these variables are difficult to quantify in the adjustment process. However, it is imperative that the reader understands that the sale prices noted are based upon the “most reliable and verifiable” information available.
- The appraisers have also reviewed the subdivision plat maps for each of these properties. The number of lots/units noted in the sales comparison summary is based upon review of the recorded deeds and plats. However, many larger plats have “a handful” of larger lots that are either sold off or designated for multi-family and/or condominium development in addition to Outlots dedicated for parks and/or greenspace. It is difficult to verify the exact number of living units actually or proposed on a specific plat. However, the number of lots/units noted in the summary is based upon the most reliable information available to the appraisers.
- The land areas transferred in aggregate acreage are also based upon review of legal descriptions, the total acreage included in the recorded plats, and estimates based on measurements taken from the Dane County GIS mapping application. However, due to variances, takings of rights-of-way and other variables that could affect the amount of land actually transferred, the land area could also be variable within a small percentage of what is actually noted in the summary.

- The points discussed previously essentially support the rationale that the data presented is quantified and verified to the fullest extent. However, additional data on each comparable could result in minor variations regarding the land areas transferred, number of lots/units, and prices paid if option costs and holding costs are included in the “total consideration.”
- The development density of each comparable is also presented. The development densities range from 0.92 lots/units per acre to 6.31 lots/units per acre. A chart presented later in this section addresses the price/value trends for bulk acreage based upon sales price per acre and per lot/unit as a “matrix” between these variables.
- In summary, the summary of comparables includes prices paid per acre and per unit/lot. These economic indicators are used as a guide in the valuation of the subject property. Although, as discussed above, variations may exist if additional information may become available on each development, the overall trends that can be extracted and analyzed would likely remain consistent.
- The prices paid on a “per acre” and “per unit” basis vary significantly and are a function of development density, location, annexation and stage of the plat approval process (i.e., holding costs and development timeline).
- Also note that Comparables 1-4 represent sales/acquisitions by entities related to Veridian Homes. Veridian Homes is by far the largest builder/developer in Dane County. It is the appraisers’ opinion that the “buying power” and economies of scale associated with Veridian’s development process has allowed them, to some degree, essentially control a fair amount of development in the greater Madison area.
- It is the appraisers’ opinion that Veridian is a builder/developer that may, in effect, realize minimal profit on land as a residual (if allocated in the sale price of turn-key housing development), but likely recognizes an overall profit in the aggregate development of turn-key housing development. Although Veridian Homes offers various housing options, their target-market is typically “starter homes” or an approximate median price range for single-family residences, condominiums, and/or townhome-type development.

#### **COMPARISON TO THE SUBJECT PROPERTY**

The comparable properties have been arrayed as a function of the development density as summarized in the following charts. The upper portion of the chart contains closed sales, while the last entry represents the active listing. The active listing has been arrayed based upon a development density of three lots per acre, which appears to be a typical density for residential development. It also provides a relative basis for comparison on a “per lot” basis.

SALES COMPARISON APPROACH – BULK LAND COMPARISON (CONTINUED)

Comparable	Sale Date	Density	# Acres	# Lots/Units	Price/Acre	Price/Lot/Unit
9	Nov-17	0.92	34.7	32	\$31,010	\$33,594
6	Jul-14	2.32	34.0	79	\$35,294	\$15,190
2	Feb-13	2.50	115.0	288	\$23,001	\$9,184
11	Dec-16	2.54	18.5	47	\$114,649	\$45,128
3	May-13	2.83	90.0	255	\$32,778	\$11,569
7	Dec-14	3.00	50.0	150	\$21,500	\$7,167
12	Offering	3.00	39.9	120	\$44,500	\$14,833
5	Apr-17	3.04	12.5	38	\$45,600	\$15,000
1	Feb-13	3.29	92.4	304	\$20,022	\$6,086
8	Aug-17	3.77	32.1	121	\$21,807	\$5,785
4	Dec-15	4.07	135.0	550	\$26,667	\$6,545
10	Jun-14	6.31	3.8	24	\$96,597	\$15,313

The above chart does not necessarily indicate a clear trend of price/value versus density when comparing and contrasting on a “per acre” or “per unit” basis, most likely due to the variables discussed previously regarding location, density, annexation, approvals, etc. The overall prices paid for the comparables range from \$5,785 to \$45,128 per lot, with a mean of \$15,449 and a median of \$13,201 per lot. The comparables also range from \$20,022 per acre to \$114,649 per acre, with a mean of \$42,785 per acre and a median of \$31,894 per acre.

Recall that the subject property represents 45 fully platted and improved residential lots in the Owl’s Creek subdivision that are essentially ready for development. In addition, public infrastructure has already been completed throughout the subdivision. It should be noted that none of the comparables represent sales of bulk development land whereby public infrastructure has already been installed. However, several of the comparables represent sales of bulk development land that has already been platted. In addition, recall that four of the subject lots could potentially support denser multifamily uses (duplexes or 4-units).

Therefore, in the final analysis we will conclude a value at or near **\$30,000 per lot** to the 45 subject lots, which is reasonably supported within the upper half of the comparable range. This indicates the following:

<b><u>45 EXISTING RESIDENTIAL LOTS (“AS-IS”)</u></b>	
<b>45 Lots @ \$30,000 per lot:</b>	<b>\$1,350,000</b>

**CONCLUSION – SALES COMPARISON APPROACH**

In the final analysis, our concluded value indication for the 45 subject lots, *in bulk*, is presented in the following chart:

BULK SALES COMPARISON APPROACH	VALUE INDICATION
“As-is” market value – 45 vacant residential lots in bulk	<b>\$1,350,000</b>

As mentioned previously, the sales comparison approach is also developed as a supportive cross-check of the subdivision development approach. Looking back, the value indication from the **subdivision development approach** was **\$1,350,000**, which equates to **\$30,000 per lot** across all 45 lots. This indication is well supported within the upper half of the range indicated by the comparable bulk land sales.



## RECONCILIATION OF VALUE INDICATIONS

### INTRODUCTION

The Reconciliation of Value Indications is the final step in the appraisal process and involves the weighing of the individual valuation approaches in relationship to their substantiation by market data, and the reliability of each valuation approach to the subject property.

The values indicated by each approach are summarized as follows:

VALUATION APPROACH	VALUE INDICATION
Subdivision development approach	\$1,350,000
Bulk sales comparison approach	\$1,350,000

The **sales comparison approach** was developed to estimate the **market value** of each of the subject lots, allowing for a reasonable exposure and absorption period. This scenario does not account or adjust for costs of achieving the total value of the lots in aggregate, and thus, does not represent market value to a single purchaser. Rather, the valuation of these individual lot prices is most applicable for application in the subdivision development approach.

A **sum of the retail values** is not presented as part of the concluded opinions of value. However, the intended user of this appraisal could extract this information by calculating the summation of the individual lot values in each grouping of lots, as presented in this report.

The **subdivision development approach** is developed to provide an opinion of value on an “as-is” basis as a function of projected inflows and outflows of funds as a function of lot sales and expenses (holding costs). This scenario reflects the value to a single purchaser of all of the lots in bulk and accounts for the impact of an absorption period and costs necessary to realize sellout.

In addition, the **sales comparison approach** was completed based on bulk land sales purchased for subdivision development and also serves as a supportive cross-check for the subdivision development approach. The indicated prices paid for comparable bulk land on a “price per developable lot” basis provides a test of reasonableness to determine if the cash flow models developed in the subdivision development approach are representative of the actions of buyers and sellers in the marketplace for bulk acreage development land. However, we note here that none of the comparables represented sales of fully completed residential lots that were ready for development and had public infrastructure already installed. Therefore, this approach was given relatively minimal weight in the final reconciliation of value indication.

The two value indications for the subject property are identical at **\$1,350,000**. The subdivision development approach is deemed to have some shortcomings due to the observation that the infrastructure costs and property tax expenses are fairly subjective to project. However, this is balanced by the sales comparison approach including comparable sales of predominantly unimproved development land, which is somewhat less comparable to the subject property as 45 platted and improved lots that are ready for development. In the final analysis we will reconcile the value of the subject property at **\$1,350,000**, which is consistent with both indicators.

Based upon the development of the applicable approaches to value, the concluded opinions of value for the subject property are summarized as follows:

RECONCILIATION OF VALUE INDICATIONS (CONTINUED)

Concluded Individual Lot Values in the Owl's Creek Subdivision 45 Vacant Residential Lots "As-Is" as of April 26, 2018											
Lot #	SF	Value	\$/SF	Lot #	SF	Value	\$/SF	Lot #	SF	Value	\$/SF
29	11,590	\$100,000	\$8.63	40	12,874	\$100,000	\$7.77	41	13,280	\$100,000	\$7.53
33	9,571	\$70,000	\$7.31	23	9,290	\$41,800	\$4.50	76	10,333	\$43,900	\$4.25
45	7,240	\$38,000	\$5.25	79	9,027	\$40,600	\$4.50	60	9,374	\$42,200	\$4.50
48	7,214	\$37,900	\$5.25	22	9,924	\$44,700	\$4.50	84	8,640	\$41,000	\$4.75
47	7,223	\$37,900	\$5.25	88	9,324	\$37,300	\$4.00	83	8,917	\$42,400	\$4.75
49	9,239	\$41,600	\$4.50	87	10,234	\$43,500	\$4.25	82	13,063	\$49,000	\$3.75
50	8,567	\$40,700	\$4.75	86	9,244	\$41,600	\$4.50	81	12,646	\$47,400	\$3.75
51	8,582	\$40,800	\$4.75	71	7,646	\$38,200	\$5.00	80	9,027	\$40,600	\$4.50
52	9,327	\$42,000	\$4.50	68	8,002	\$40,000	\$5.00	78	7,507	\$37,500	\$5.00
13	11,882	\$47,500	\$4.00	67	8,144	\$40,700	\$5.00				
14	13,839	\$51,900	\$3.75	66	8,286	\$41,400	\$5.00				
15	24,310	\$60,800	\$2.50	53	8,984	\$44,900	\$5.00				
16	23,530	\$58,800	\$2.50	54	7,865	\$43,300	\$5.50				
17	11,335	\$45,300	\$4.00	55	7,800	\$42,900	\$5.50				
18	10,736	\$45,600	\$4.25	56	7,800	\$42,900	\$5.50				
21	9,977	\$37,400	\$3.75	58	8,272	\$41,400	\$5.00				
25	9,000	\$40,500	\$4.50	59	9,702	\$46,100	\$4.75				
24	11,502	\$46,000	\$4.00	63	8,713	\$43,600	\$5.00				

VALUATION SCENARIO	DATE OF VALUE	OPINION OF VALUE
"As-is" fee simple market value 45 vacant residential lots in bulk	April 26, 2018	\$1,350,000

Please note that the sum of the individual market values in the preceding chart is **\$2,141,600** while the concluded market value in bulk is **\$1,350,000**. This equates to an approximate 37% value discount for all 45 subject lots in bulk as-if sold to a single purchaser.

## CERTIFICATION

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have performed no other services, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics* and *Standards of Professional Appraisal Practice* of the Appraisal Institute, and the *Uniform Standards of Professional Appraisal Practice*, as set forth by the Appraisal Standards Board of the Appraisal Foundation.
- Andrew G. Bussen, MAI, and Casey G. Rice have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Andrew G. Bussen, MAI has completed the continuing education program for Designated Members of the Appraisal Institute and the State of Wisconsin.



Andrew G. Bussen, MAI  
Certified General Appraiser  
State of Wisconsin License #657-010



Casey G. Rice  
Staff Appraiser

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■ **ADDENDA** ■

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**ENGAGEMENT LETTER**

**APPRAISER LICENSE AND QUALIFICATIONS**



Department of Planning & Community & Economic Development

## Economic Development Division

Matthew B. Mikolajewski, Director

P.O. Box 2983  
Madison, Wisconsin 53701-2983  
Phone: (608) 266-4222  
Fax (608) 261-6126  
[www.cityofmadison.com](http://www.cityofmadison.com)

**Office of Real Estate Services**  
Matt Wachter, Manager

March 28, 2018

Bussen Company  
2001 W Beltline Hwy, Ste 101  
Madison, WI 53713

Re: Appraisal services for the City of Madison-owned lots in the Owl Creek Neighborhood

Andrew,

This is a Request for Bids (“RFB”) to prepare appraisal reports for the properties described below, to be used in the Request for Qualifications (“RFQ”) selection process for the disposal and development of lots, owned by the City of Madison (“City”), and located in the Owl Creek Neighborhood. Please refer to the attached Exhibit A and Exhibit B for more information. The appraisal reports are being prepared for negotiating purposes under a willing buyer and willing seller transaction.

- Forty-five (45) vacant single-family residential lots
- One (1) improved residential lot (privately owned)

**Bid Due:** Please provide bid by **April 11, 2018**.

**Delivery Terms:** Reports will be due on or before **May 30, 2018**. The term of this engagement may be extended past this due date at the City’s option and upon the parties written agreement.

**Award:** The successful bidder will be selected based on timing of delivery, bid price, and the appraiser’s qualifications; however, not necessarily in that order. The City will notify the successful bidder within approximately five (5) days of the proposal due date.

**Contract Terms:** The contents of this RFB, its exhibits, and the City’s standard terms and conditions shall apply to any contract or purchase order issued as a result of this solicitation. The standard terms and conditions can be found in their entirety at <http://www.cityofmadison.com/finance/purchasing/vendor.cfm>. If the final price of the appraisal reports will exceed \$5,000, the following contract form will be used: <http://www.cityofmadison.com/attorney/documents/posContract.doc>.

**Scope:** The appraisals are being prepared for the City’s Office of Real Estate



Services to assist in the determination of market value related to the disposal of real property interests, required for the development of the Owl Creek Neighborhood. The appraisals must be in conformity with the Uniform Standards of Professional Appraisal Practice (“USPAP”), with the exception of any applicable federal, state or local laws that may supersede USPAP rules.

Return Bid To: Maria LoPiccolo  
Economic Development Division  
Office of Real Estate Services  
P.O. Box 2983  
Madison, WI 53701-2983

If you should have any questions regarding this RFB, please feel free to call me at (608) 261-9983. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to be 'ML' or 'MA', written in a cursive style.

Maria LoPiccolo  
Real Estate Agent

# EXHIBIT A

## Tax Parcel Identification Numbers

### City's Vacant Lots

251-0710-274-1301-3	251-0710-274-1201-5
251-0710-274-1312-0	251-0710-274-1812-0
251-0710-274-1401-1	251-0710-274-1811-2
251-0710-274-1305-5	251-0710-274-1810-4
251-0710-274-1405-3	251-0710-274-1710-6
251-0710-274-1408-7	251-0710-274-1707-3
251-0710-274-1407-9	251-0710-274-1706-5
251-0710-274-1409-5	251-0710-274-1705-7
251-0710-274-1410-2	251-0710-274-1501-9
251-0710-274-1411-0	251-0710-274-1502-7
251-0710-274-1412-8	251-0710-274-1503-5
251-0710-274-1116-6	251-0710-274-1504-3
251-0710-274-1116-6	251-0710-274-1506-9
251-0710-274-1117-4	251-0710-274-1601-7
251-0710-274-1118-2	251-0710-274-1702-3
251-0710-274-1119-0	251-0710-274-1715-6
251-0710-274-1120-7	251-0710-274-1602-5
251-0710-274-1121-5	251-0710-274-1808-9
251-0710-274-1124-9	251-0710-274-1807-1
251-0710-274-1204-9	251-0710-274-1806-3
251-0710-274-1203-1	251-0710-274-1805-5
251-0710-274-1202-3	251-0710-274-1804-7
251-0710-274-1803-9	251-0710-274-1802-1

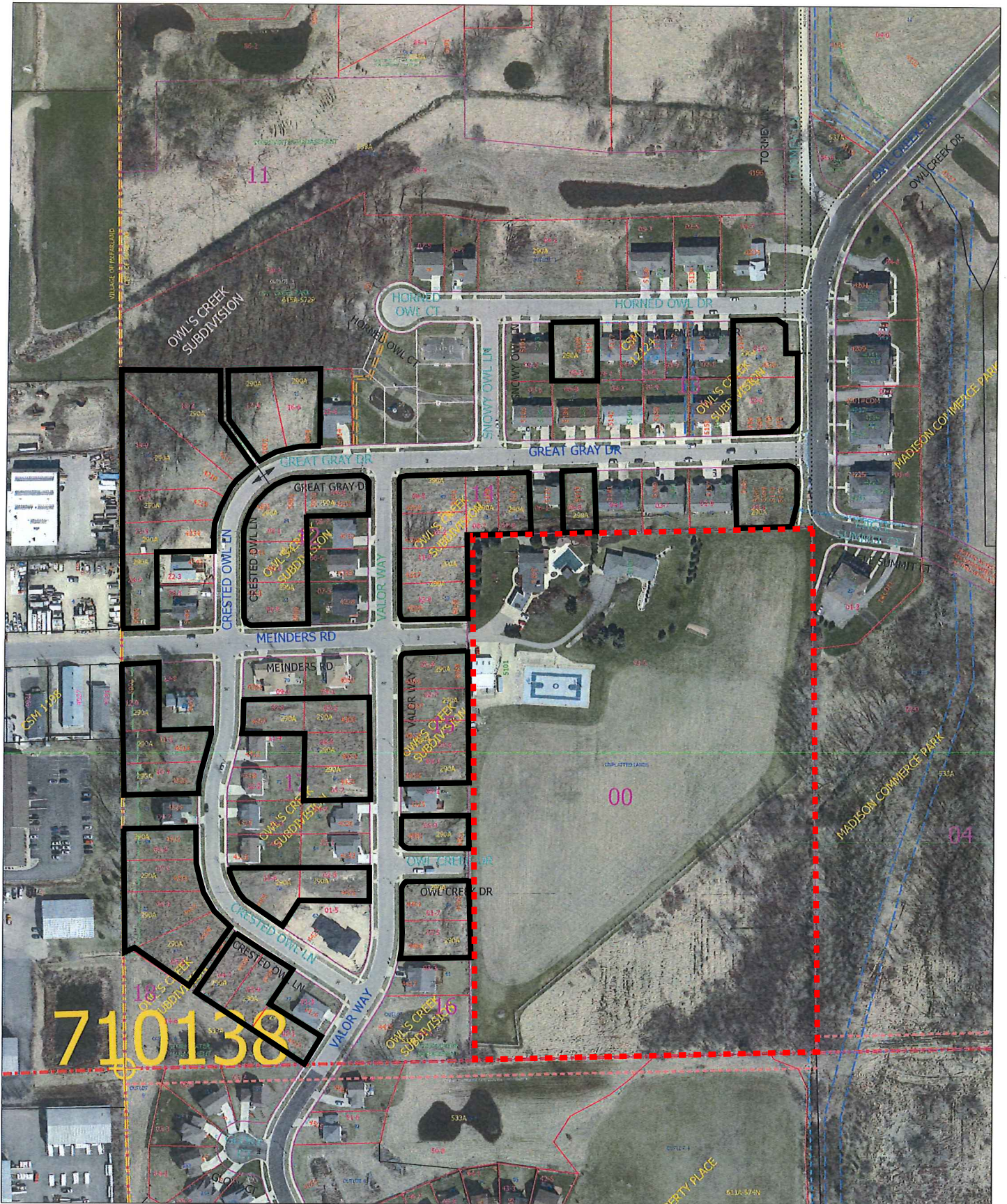
### Improved Residential Lot

251-0710-274-0091-1

Address: 5102 Meinders Rd, McFarland, WI 53558-9815



# EXHIBIT B



Time: 3/28/2018 8:36:36 AM

Session: C:\Users\remgl\Desktop\GT Viewer.gts

City of Madison, WI - GIS/Mapping data

Printed By: remgl

Disclaimer: The City makes no representation about the accuracy of these records and shall not be liable for any damages

— Vacant City Lots

..... Improved Residential Lot



# The State of Wisconsin Department of Safety and Professional Services

*Hereby certifies that*

**ANDREW G BUSSEN**

*was granted a certificate to practice as a*

**CERTIFIED GENERAL APPRAISER ELIGIBLE TO APPRAISE FEDERALLY  
RELATED TRANSACTIONS IS AQB COMPLIANT**

*in the State of Wisconsin in accordance with Wisconsin Law*

*on the 30th day of November in the year 1994.*

*The authority granted herein must be renewed each biennium by the granting authority.*

*In witness thereof, the State of Wisconsin  
Department of Safety and Professional Services  
has caused this certificate to be issued under  
its official seal.*



*Laura E. Gutierrez*  
Secretary

*This certificate was printed on the 28th day of November in the year 2017*

**QUALIFICATIONS  
OF  
ANDREW G. BUSSEN, MAI**

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**EDUCATION**

**UNIVERSITY OF WISCONSIN - MADISON** - Madison, Wisconsin  
**B.B.A., Real Estate and Urban Land Economics**, 12/91

*This program is rated as one of the top real estate education programs in the country.*

**EXPERIENCE**

**BUSSEN COMPANY OF WISCONSIN, INC. (D/B/A BUSSEN COMPANY)**

Madison, Wisconsin (2001-Present)

*President*

Services include commercial real estate appraisal and consulting, real property tax consulting, market and feasibility studies, and expert witness testimony related to the services available.

**PGP VALUATION, INC.**, San Diego, California (2002-2004)

*Manager/Appraiser*

Manager and appraiser; also performed subcontract appraisal services for this company; this company is now part of **Colliers International**

**ERNST & YOUNG LLP**, Milwaukee, Wisconsin and Chicago, Illinois (7/96 - 6/98)

*Valuation Consultant - National Property Tax Group*

Review of real and personal property assessments; preparation and filing of real and personal property returns; research data for use in the preparation of appeals to assessors, Boards of Review, and Tax Appeals Commission level hearings.

**TECHNICAL  
BACKGROUND**

Throughout my employment experience, I have performed appraisals and related services for a variety of income-producing and special purpose property types, including (but not limited to) the following:

- ◆ Office buildings
- ◆ Apartment/multi-family
- ◆ Lodging facilities
- ◆ Retail/shopping centers
- ◆ Churches and schools
- ◆ Tax credit housing
- ◆ Residential Care Apts (RCAC)
- ◆ Triple-net lease properties
- ◆ Limited Partnership Interests
- ◆ industrial/warehouse and distribution facilities
- ◆ health care facilities (including general hospitals, nursing homes, and psychiatric hospitals)
- ◆ corporate headquarters facilities (> 1M SF)
- ◆ subdivision development (including retail, multi- and single-family residential, condominium)
- ◆ highest and best use, market/feasibility studies
- ◆ preparation and filing of real and personal property returns; agency representation in appeals
- ◆ Community-based residential facilities (CBRF)
- ◆ Cold storage facilities
- ◆ Portfolio valuations



## PROFESSIONAL AFFILIATIONS

- ◆ **Member, Appraisal Institute (MAI)**
- ◆ California Certified General Real Estate Appraiser #AG028043
- ◆ California Real Estate Broker
- ◆ Wisconsin Certified General Appraiser #657
- ◆ Wisconsin Real Estate Broker - License #47888
- ◆ Former Director - Wisconsin Chapter of the Appraisal Institute
- ◆ Member - University of Wisconsin Real Estate Alumni Association (WREAA)
- ◆ Member – Wisconsin Realtors Association (WRA)
- ◆ Member - National Association of Realtors (NAR)
- ◆ Former Member - Village of McFarland, Wisconsin Property Tax Appeals Board of Review

## CLIENT RELATIONS

The following is a representative list of clients I have worked with during my career:

- ◆ Alexander Company
- ◆ AMI Capital
- ◆ AnchorBank
- ◆ Associated Bank
- ◆ Bache Funding
- ◆ Banc One
- ◆ Bank of Prairie du Sac
- ◆ Bank of Sun Prairie
- ◆ Bankers' Bank
- ◆ Bemis Manufacturing
- ◆ Capital Markets
- ◆ Capitol Bank
- ◆ City of Madison
- ◆ Ernst & Young LLP
- ◆ Fellowes
- ◆ Fiore Companies
- ◆ U.S. Bank
- ◆ First Business Bank
- ◆ First Federal
- ◆ Fleming Development
- ◆ Hovde Realty
- ◆ Gold's Gym
- ◆ T. Wall Properties
- ◆ Monona State Bank
- ◆ DeWitt, Ross, and Stevens
- ◆ The Rifken Group, Ltd.
- ◆ CB Richard Ellis
- ◆ Wells Fargo RETECHS
- ◆ J.P. Morgan Financial
- ◆ Wisconsin Housing and Economic Development (WHEDA)
- ◆ Wells Fargo
- ◆ Johnson Bank
- ◆ M&I Bank/BMO Harris Bank
- ◆ Ameritas Investment Advisors
- ◆ McFarland State Bank
- ◆ McGrath Associates
- ◆ Murphy & Desmond, S.C.
- ◆ National Guardian Life Insurance Co.
- ◆ Park Bank
- ◆ Orion Financial
- ◆ Abby Bank
- ◆ LaJolla Bank
- ◆ Collateral Mortgage Capital, LLC
- ◆ Snap-on Incorporated
- ◆ State Bank of Mt. Horeb
- ◆ Suburban Capital
- ◆ Wisconsin Bank & Trust
- ◆ Tharaldson Enterprises
- ◆ Urban Land Interests
- ◆ Western Center Properties
- ◆ Prudential Mortgage
- ◆ Finlay Industries
- ◆ EMI (Executive Management, Inc.)
- ◆ Stone House Development
- ◆ The Gialamas Company
- ◆ Cohen Financial
- ◆ State Bank of Cross Plains
- ◆ Allstate Investments, LLC
- ◆ John Hancock
- ◆ Horizon Development
- ◆ WIPFLI, LLP

## REAL ESTATE EDUCATION

### University of Wisconsin – Madison

*Courses attended en route to awarding of Undergraduate Degree:*

- ◆ 550 – The Real Estate Process
- ◆ 551 – Income Property Finance
- ◆ 552 – Residential Finance and Housing Policy
- ◆ 554 – Residential Property Development and Management
- ◆ 556 – Valuation of Real Estate
- ◆ 557 – Urban Economics – Structure & Dynamics
- ◆ 652 – Contemporary Real Estate Analysis

*Seminar(s) attended after Graduation (as sponsored by the University of Wisconsin School of Business Center for Urban Land Economics Research):*

- ◆ Real Estate Investment and Feasibility Analysis
- ◆ Real Estate Capital Markets: REIT's and CMBS

### Appraisal Institute

*Courses and requirements fulfilled en route to awarding of the MAI Designation:*

- ◆ 110 – Appraisal Principles
- ◆ 120 – Appraisal Procedures
- ◆ 310 – Basic Income Capitalization
- ◆ 410 – Standards of Professional Practice, Part A (USPAP)
- ◆ 420 – Standards of Professional Practice, Part B
- ◆ 510 – Advanced Income Capitalization
- ◆ 540 – Report Writing and Valuation Analysis
- ◆ 550 – Advanced Applications
- ◆ Seminar Attendance – Demonstration Appraisal Report Writing Seminar
- ◆ Successful Completion of Demonstration Appraisal Report
- ◆ Experience Credits Awarded for Levels I, II, and III
- ◆ In addition, I have attended numerous seminars and continuing education related to maintaining appraisal and brokerage licenses over the last 20± years

## OTHER

- ◆ Nominated to Madison's *In Business* Magazine's "40 Under 40" Publication in 2006
- ◆ Experience related to appraisal and property tax consulting includes expert witness testimony and/or client representation at various levels of property tax appeal hearings
- ◆ Software proficiency includes Microsoft Word and Excel, ARGUS and other miscellaneous programs
- ◆ Have performed subcontract appraisal work with CB Richard Ellis and PGP Valuation
- ◆ Real estate projects have included spec-home development in desert communities, small income property (multifamily) and office building market repositioning and selloff, and land holdings for future redevelopment along commercial corridors

## REFERENCES

Available Upon Request

**QUALIFICATIONS  
OF  
Casey G. Rice**

---

**EDUCATION**

**UNIVERSITY OF WISCONSIN - MADISON** - Madison, Wisconsin  
**B.B.A., Real Estate and Urban Land Economics, 07/2011**  
*This program is rated as one of the top real estate education programs in the country.*

**EXPERIENCE**

**BUSSEN COMPANY OF WISCONSIN, INC. (D/B/A BUSSEN COMPANY)**

Madison, Wisconsin **(06/2015-Present)**

*Staff Appraiser*

Services include commercial real estate appraisal and consulting; personal property and real property tax consulting and market/feasibility studies.

**MANDEL GROUP, INC. – NEW FOUNTAINS APARTMENTS**

Fitchburg, Wisconsin **(02/2012-06/2015)**

*Assistant Property Manager / Affordable Housing Specialist (06/2013-06/2015)*

Supervised all property operations for 578 units of rental housing, including 120 affordable LIHTC units. Processed all accounts receivable and accounts payable transactions.

*Leasing Manager / Marketing Specialist (02/2013-06/2013)*

Coordinated all leasing activity for the complex and supervised a leasing staff of 3 total agents. Evaluated and updated all property marketing channels.

*Leasing Agent / Customer Service Representative (02/2012-02/2013)*

Guided prospective residents through the leasing process. Provided exceptional customer service to both current and prospective tenants. Processed rental applications and affordable housing certifications.

**PROFESSIONAL  
AFFILIATIONS**

Member - University of Wisconsin Real Estate Alumni Association (WREAA)

**REAL ESTATE  
EDUCATION**

**UNIVERSITY OF WISCONSIN – MADISON, SCHOOL OF BUSINESS**

*Courses attended en route to awarding of Undergraduate Degree:*

- ◆ 306 – The Real Estate Process
- ◆ 312 – Real Estate Law
- ◆ 410 – Real Estate Finance
- ◆ 415 – Real Estate Valuation
- ◆ 420 – Urban Land Economics
- ◆ 611 – Residential Property Development

**AWARDS**

- ◆ **Nathan Brand Award of Excellence in Real Estate Analysis**  
Award received for submitting the best appraisal of a Madison office/retail building for the Real Estate Valuation class at UW-Madison.
- ◆ **2014 Wisconsin Apartment Owners and Managers Association – Assistant Manager of the Year (state-wide)**
- ◆ **2014 Mandel Group, Inc. Associate of the Quarter Award (company-wide)**
- ◆ **2012 Wisconsin Apartment Owners and Managers Association – Leasing Consultant of the Year (state-wide)**

**REFERENCES**

Available Upon Request