

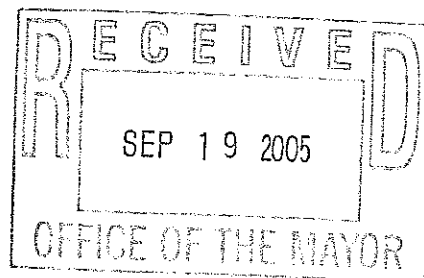


**Overture Center**  
FOR THE ARTS

201 State Street, Madison, WI 53703

September 19, 2005

Dave Cieslewicz, Mayor  
Mayor's Office  
403 City-County Building  
Madison, WI 53709



Re: Preparation for September 19, 2005 Meeting

Dear Mayor Cieslewicz:

The purpose of this letter is to provide responses to questions you posed in a letter to the Board of Madison Cultural Arts District dated September 14, 2005. Each of your questions is restated below, followed by our response.

**1. Status of Proposal**

According to a letter dated September 2, 2005 from Overture Development Corporation, the \$7.5 million backstop participation related to a refinancing of the Overture bonds referenced in that letter expired on August 31. That letter further states that Overture Development Corporation would entertain a request to pursue further discussions regarding such refinancing. In light of MCAD's presentation to the Board of Estimates on August 29, we would like to know whether MCAD has made such a request to ODC. Without such a request, and consequently an offer to discuss, the Board of Estimates meeting cannot be fruitful.

ANSWER: MCAD made a request on September 12 and received a response on September 14, 2005 from Jerry Frautschi. Mr. Frautschi has offered the City and MCAD a 4-year backstop for the Series B debt totaling \$5 million, with a cap of \$2.5 million in any one year. This offer must be acted on by the City and MCAD no later than October 31, 2005, and the refinancing transaction must close no later than December 31, 2005. See the attached letter.

**2. Assumptions**

What are the assumptions upon which the September 9, 2005 pro-forma provided by the Overture Center are based with regard to wage and benefits increases? Also, the September 9 pro-forma has revised revenues in the Artist Fees and Grants and Gifts lines. What is the rationale and basis for such adjustments as compared to an earlier pro-forma provided on August 11?

ANSWER: Both the September 9 and August 11 versions of our budget for 2006 assume wage and salary increases of 2%, after taking into account step and longevity increases. Benefit costs were computed using percentages of salary expense provided by the City.

The September 9 budget anticipates increases of 37% and 76% in natural gas and electricity expenses, respectively. The August 11 version of our budget anticipated smaller utility cost increases. The amounts budgeted for utilities in the September 9 pro-forma are based on more recent and, we believe, more accurate projections.

The September 9 budget anticipates revenue from ticket sales during 2006 of \$5,071,000, compared to \$4,801,000 in the August 11 version. The September 9 estimate is based on an event-by-event analysis of ticket sales as a percentage of total capacity during the 2004-2005 season in Overture Hall. We anticipate selling 78% of all available seats in Overture Hall during 2006, compared to 81% during our 2004-2005 season. The estimate of ticket sales we provided in the August 11 version of our budget was based on experience in the Civic Center. The September 9 estimate is more current and, in our opinion, more accurate than the August 11 estimate.

### 3. Operating Subsidy

MCAD's August 29 presentation to the Board of Estimates included the statement that Overture Center does not require any additional operating subsidy in the foreseeable future beyond the current sources of revenue, and in particular, that no additional city subsidy is needed for the operation of the facility. However, the August 11 pro-forma received from the Overture Center reflected negative balances offset by the application of cash reserves as follows:

Year	Balance
2006	(\$137,000)
2007	(\$328,572)
2008	(\$370,960)

Then, starting in 2009, there would be insufficient cash reserves to offset the following negative balances:

Year	Balance
2009	(\$347,350)
2010	(\$266,217)
2011	(\$217,729)
2012	(\$176,088)

However, the revised pro-forma received September 9th has a variety of revenue and expenditure revisions that appear to resolve these deficits. What has changed between August 11 and September 9 that provides a basis for such re-estimates?

ANSWER: As described in our response to Question 2, above, the September 9 version of our budget updates our estimates of revenue from ticket sales and utility expenses for 2006. Revenue from ticket sales is assumed to increase at 4% per year over the period

2007 – 2012. Expenses are assumed to increase between 3% and 5% per year during the same period.

Our September 9 budget projects small surpluses during 2006, 2007, and 2008, followed by several years of larger surpluses. Of course, these projected surpluses are estimates. They will be affected by variances between budgeted and actual ticket sales, utility costs, and many other factors. At this point, however, the amounts in our September 9 budget reflect our best estimates of growth in ticket sale revenue and changes in operating costs.

The MCAD board and staff will do all that we can to achieve budgets during this period that are balanced. We project that such surpluses, if they occur, will be used to augment our capital reserve.

#### **4. Rents**

Looking at various line items of rent increase projections in Overture's pro-forma, we notice that rents are projected to increase at a rather modest rate. What is the rationale for such increases, and is there room for a more aggressive rate of growth?

ANSWER: Theater rents for Overture Center by commercial (non-resident) organizations were \$2.00 per seat in 2004. The MCAD board raised rental rates by 4% effective July 1, 2005. We anticipate another 4% rental rate increase effective July 1, 2006. Alternately, commercial promoters may pay a percentage of box office revenue in rent. The average total rent received during the year July 1, 2004 – June 30, 2005 from the six largest commercial renters was \$3.11 per seat.

When our rental rate structure was developed in 2003, our rates were the highest charged by any performing arts center in Wisconsin. Our rate increases since then have exceeded the U.S. CPI for all urban consumers as determined by the U.S. Department of Labor. We would therefore be reluctant to raise our commercial rates to an even higher rate.

#### **5. Outside Rentals**

Rentals of Overture facilities to non-tenant entities show a rather modest rate of increase? What is the plan for marketing these facilities, and might greater growth be generated through aggressive marketing?

ANSWER: Since opening one year ago, we have successfully marketed the non-theater spaces in Overture Center to weddings and other private parties, and we will continue to do so.

Our efforts to market theater spaces in Overture Center have been, and will continue to be, constrained by scheduling the needs of our resident tenants. Overture Hall had 24 open dates (mostly Monday and Tuesday evenings) between September 18, 2004 and May 31, 2005, while there were 71 open dates between June 1 and August 31, 2005. Staff is

currently examining a revised rate schedule to generate additional summer/off-season usage.

We anticipate a slight decrease in the usage of Overture Hall next year when the Capitol Theater opens. The increase in available theater space will provide some potential for additional rental to promoters. Our plans for marketing these spaces include working with the Greater Madison Convention and Visitors Bureau to make spaces in the facility available to a wider range of commercial uses during the summer months. This is a new venture, and as the Civic Center had no experience with this kind of marketing, we cannot now predict its success.

## **6. Fundraising**

What assumptions have been made with regard to fundraising projections between now and 2012? What is the detailed fundraising plan that will be utilized?

ANSWER: MCAD has undertaken corporate and individual sponsorship programs and will continue to promote these opportunities. A full-time employee has been hired to solicit sponsorships. Through its supporting organization 201 State Foundation, we have begun soliciting major charitable gifts to Overture Center. So far during 2005, these efforts have generated contributions of approximately \$300,000. Finally, the Ovation Fund seeks other contributions in support of Overture Center programming. We intend to continue each of these development efforts in the coming years.

It should be noted that Ovation Fund and other charitable gifts are usually restricted by contributors for use in specific programs and activities. These funds may not be available to support general operations, or to pay debt service. In any case, only preliminary fundraising plans can be developed until the refinancing and ownership issues are resolved.

## **7. Capital Replacements**

MCAD's August 29th presentation at BOE indicated that the proceeds of the proposed refinancing would be used to provide for needed future capital replacements.

What assumptions have been made with regard to capital replacements? Is there a schedule or estimates of when certain capital assets will need to be replaced or will require major repairs?

ANSWER: Because Overture Center has not yet completely opened, we have no historical basis for estimating this facility's cost of major repairs and improvements. However, the experience of other public venues can serve as a guide. Prudent management, as reflected in an examination of the capital budgets for Monona Terrace, suggests setting aside in early years an annual amount equal to 1% of total construction costs to cover major repairs and improvements in future years. In the case of Overture Center, this reasoning implies that we should plan to set aside approximately \$2 million per year in a capital reserve.

## 8. Refinancing Model

Earlier discussions of this proposal have been supported by a financing proforma prepared for ODC. Past versions of that model involved MCF and others. What is the latest version of this model as proposed today?

ANSWER: The basic financial assumptions in the cash flow model reviewed by City staff in April/May 2005 remain unchanged. The proposal to have the Madison Community Foundation take over the endowment from MCAST will not occur. The advantages of such a change did not prove to be valid. Therefore, the endowment will continue to be the responsibility of the Madison Cultural Arts Support Trust. A copy of the cash flow model is attached.

## 9. Terms (Loan) and Structure

The City is being asked to backstop a \$27,000,000 loan. What are the terms involved? What corpus preservation requirements are there? Including, what are the terms of the proposed firewalls? In what form would the Frautschi guarantee be memorialized? How will investments be managed? By whom? Will this be the same structure as that in place since 2000? What are the costs associated with the investment structure?

ANSWER: The Series B loan amount is proposed at \$27.7 million. The bank proposals remain as presented in May 2005, which were developed with City staff, subject to the following changes since that time:

1. Series B loan term of six years.
2. A mortgage on the real estate of \$40 million.
3. A sliding scale to be applied to the \$1.4 million operating subsidy payment to allow MCAD to receive operating subsidy payments from MCAST on a sliding scale when MCAST asset values are between \$100 million and \$104 million.

The other terms including corpus preservation remain unchanged from the earlier term sheet.

The firewalls have been modified to reflect Jerry Frautschi's proposed back-stop of \$5.0 million over the first four years of the loan, with a cap equal to the City's maximum obligation of \$2.5 million in any one year. The firewall diagram is attached.

Mr. Frautschi's guarantee would be memorialized in the form of an enforceable pledge.

The endowment is owned by the Madison Cultural Arts Support Trust, a support trust of the Madison Community Foundation, created to provide financial support for the Madison Cultural Arts District with Jerry Frautschi's gift. In accordance with the lenders' covenants, MCAST will adopt an investment strategy, to be approved by the lenders, and will oversee the investment consultant(s) and individual money managers. The investment costs will be determined based on the investment policy, asset allocation, and the active/passive management philosophy adopted. The cash flow model has a

placeholder for those investment related costs, but MCAST will seek to be as efficient as possible in order to maximize the return on assets.

## **10. Growth Assumptions and Projections**

What fund growth assumptions are being made as they relate to: (a) generating a sufficient return to pay debt service on bonds; (b) generating a capital subsidy; (c) generating an operating reserve and/or maintenance reserve? What happens if the investment return or fund balance are insufficient to support the Series A (\$85-90M?) debt?

ANSWER: The cash flow model requires an 8.25% annual rate of return on the endowment in MCAST to meet the debt service obligations on Series A and Series B loans, and to provide an annual distribution to MCAD of \$1.4 million through 2036. An annual return that varies between approximately 6.85% and 8.25% would cover debt service and a smaller distribution to MCAD. For example, an annual return of 7.55% would permit an annual distribution to MCAD of \$700,000. An annual return of 6.85% would cover debt service, but would provide no distributions to MCAD.

If the return is insufficient to meet Series A debt service, the bonds go into default. The City is not a guarantor of the Series A debt. The lenders would then work with ODC to develop a work-out agreement. Ultimately, the lenders would have the right to foreclose on the property.

## **11. End of Term**

What happens at the conclusion of the term of the proposed refinancing structure? What is the projected balance owed? What are the fund growth needs to pay the bonds off at the end of that term?

ANSWER: The purpose of the refinancing is to provide an important period of time for the building construction to be completed and for MCAD, in cooperation with the City, County and State, to prepare its strategic plan, stabilize the operations of the completed facility and begin to build a facility endowment. The City is being asked to provide a moral obligation pledge as collateral for the Series B bonds for the next six years. The plan is not intended to pay the bonds off in 2011 at the end of the initial Series B term. The terms of the Series B loan would be renegotiated at that point, and the extent of City involvement, if any, determined at that time.

The remaining Series B principal will be approximately \$24.2 million at the end of the initial term and all of the Series A principal will remain. However, if the desire is to pay the bonds off and eliminate the operating subsidy revenue stream in 2011, the endowment fund balance will have to grow by approximately \$3.5 million over the six year period, which would mean an additional .5 to .75% interest earned on an annual basis in addition to the return needed to meet the debt service and operating subsidy payment obligations.

## 12. Endowment's Performance

What is the historic performance of the Overture endowment fund since inception? What is the endowment's current balance?

ANSWER: The MCAST endowment has increased approximately 7% over the past 5 years. The balance in the MCAST endowment as of September 1, 2005 is \$107,108,000.

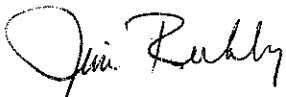
## 13. Interest Rates

What would be the impact on the refinancing of the market returning to historic interest rates?

ANSWER: The cash flow model is based on historic interest rates.

We appreciate this opportunity to respond to your questions.

Sincerely,



Jim Ruhly, Chair  
Madison Cultural Arts District

cc: Michael May  
Dean Brassler  
Anne Zellhoefer  
George Austin

**OVERTURE REFINANCING PLAN I**  
**Dated 09/17/2005 7/19/05**

blue cells are manual inputs  
 black cells are formula driven

green cells are copied from MCAD projection  
 purple cells show where MCAD projections are held constant

Presentation to City of Madison, Scenario 5 (Use CapInt Account to pay interest on Series '01 issue until CapInt is depleted)  
 Refinance a portion of Series 2001 Convertible Adjustable Rate Bonds ("Series A Bonds") with 2005 Taxable Borrowing ("Series B")

Series B is structured as a 25-year loan with an interest rate of LIBOR + 130 bps

Madison Cultural Arts Support Trust (MCAST) Cash Flow (\$000s)																				
734 Ending MCAST Endowment Balance in 2036																				
REVENUES																				
Investment earnings from MCAST Endowment	8,519	8,859	8,993	8,967	8,938	8,907	8,873	8,837	8,797	8,755	8,709	8,659	8,606	8,548	8,496	8,449	8,347	8,269	8,186	8,096
<b>TOTAL REVENUE</b>	8,519	8,859	8,993	8,967	8,938	8,907	8,873	8,837	8,797	8,755	8,709	8,659	8,606	8,548	8,496	8,449	8,347	8,269	8,186	8,096
EXPENSES																				
LARA Grant to Cultural Arts District (MCAD)	705	5,125	7,200	7,205	7,210	7,215	7,215	7,220	7,220	7,220	7,225	7,225	7,230	7,230	7,230	7,230	7,230	7,230	7,230	7,225
MCAST Expenses (to be negotiated)	696	700	711	709	706	704	701	698	695	692	688	684	680	676	671	665	660	653	647	640
Operational grants to Cultural Arts District (MCAD)	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
<b>TOTAL EXPENSES</b>	2,801	7,225	9,311	9,314	9,316	9,318	9,319	9,320	9,321	9,322	9,323	9,324	9,325	9,326	9,327	9,328	9,329	9,330	9,331	9,332
<b>ANNUAL MCAST CASH FLOW</b>	5,718	1,633	(318)	(347)	(378)	(412)	(443)	(482)	(518)	(557)	(604)	(650)	(699)	(757)	(815)	(877)	(943)	(1,014)	(1,091)	(1,169)
<b>ESTIMATED MCAST GROSS INVESTMENT RETURN</b>	8,275%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%	8,23%
MCAST Expenses (as % of beginning MCAST Endowment Balance)	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Madison Cultural Arts Support Trust (MCAST) Balance Sheet (\$000s)																				
734 Ending MCAST Endowment Balance in 2036																				
ASSETS																				
Beginning	107,140	107,703	109,336	109,219	108,672	108,294	107,882	107,439	106,957	106,439	105,882	105,278	104,627	103,928	103,171	102,356	101,479	100,536	99,522	98,451
Transfer to Madison Children's Museum (April 2005)	4,750																			
Transfer to ODC as Pre-LARA Grant for expenses thru 7/05	405																			
<b>Annual MCAST Cash Flow</b>	5,718	1,633	(318)	(347)	(378)	(412)	(443)	(482)	(518)	(557)	(604)	(650)	(699)	(757)	(815)	(877)	(943)	(1,014)	(1,091)	(1,169)
<b>Ending MCAST Endowment Balance</b>	107,140	107,703	109,336	109,019	108,672	108,294	107,882	107,439	106,957	106,439	105,882	105,278	104,627	103,928	103,171	102,356	101,479	100,536	99,522	98,451
Madison Cultural Arts District (MCAD) Cash Flow (\$000s)																				
734 Ending MCAST Endowment Balance in 2036																				
REVENUES																				
Earned Income (from "Summary")	5,744	10,049	6,514	6,759	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967
Earnings from MCAD Reserves	89	84	88	93	97	91	95	103	111	119	127	135	144	153	162	172	181	191	202	212
Unearned Income (from "Summary")	265	258	265	269	283	283	283	283	283	283	283	283	283	283	283	283	283	283	283	283
Annual Campaign "Ovation Fund" / 205 State Fund	30	35	40	45	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50
Earnings on Former Civic Center Endowment	125	130	130	140	150	153	156	159	162	166	171	176	179	183	187	190	194	198	202	202
City of Madison Operating Subsidy	1,526	1,359	1,582	1,606	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630
MCAST Subsidy	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
LARA Grant: MCAST to MCAD (reduced by DSRF earnings)	705	5,125	7,200	7,205	7,210	7,215	7,215	7,220	7,220	7,220	7,225	7,225	7,230	7,230	7,230	7,230	7,230	7,230	7,230	7,225
<b>TOTAL REVENUE</b>	9,769	18,635	17,220	17,517	17,787	17,789	17,796	17,812	17,833	17,854	17,862	17,875	17,892	17,905	17,918	17,931	17,945	17,959	17,969	17,969
EXPENSES																				
Payroll (from "Summary")	3,888	4,511	4,453	4,566	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703
Purchased Services (from "Summary")	3,870	7,375	4,141	4,313	4,494	4,494	4,494	4,494	4,494	4,494	4,494	4,494	4,494	4,494	4,494	4,494	4,494	4,494	4,494	4,494
Supplies (from "Summary")	532	466	412	418	436	436	436	436	436	436	436	436	436	436	436	436	436	436	436	436
Payments to the City of Madison (from "Summary")	52	68	70	72	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74
Fixed Assets (from "Summary")	80	172	11	15	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Existing Debt Retirement	22	17	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PILOT Payment	231	490	464	478	478	478	478	478	478	478	478	478	478	478	478	478	478	478	478	478
Rent expense due to ODC / Series A	100	3,200	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100
Rent expense due to ODC / Series B (reduced by DSRF earnings)	602	1,924	2,098	2,101	2,107	2,111	2,113	2,118	2,120	2,119	2,121	2,124	2,125	2,126	2,127	2,128	2,128	2,128	2,128	2,128
<b>TOTAL EXPENSES</b>	9,377	18,184	16,761	17,068	17,412	17,416	17,418	17,422	17,424	17,425	17,429	17,429	17,431	17,430	17,430	17,431	17,433	17,430	17,430	17,428
<b>ANNUAL CASH FLOW</b>	392	451	438	449	375	373	378	390	399	411	425	434	445	461	475	488	500	512	529	541
<b>ESTIMATED MCAD GROSS INVESTMENT RETURN</b>	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%



**OVERTURE REFINANCING PLAN I**  
**Dated 05/14/2005**

blue cells are manual inputs  
 black cells are formula driven

green cells are copied from MCAD protection  
 purple cells show where MCAD protections are held constant

Presentation to City of Madison, Scenario 5 (Use CapInt Account to pay Interest on Series '01 Issue until CapInt is depleted)  
 Refinance a portion of Series 2001 Convertible Adjustable Rate Bonds ("Series A Bonds") with 2005 Taxable Borrowing ("Series B")

Series B is structured as a 25-year loan with an interest rate of LIBOR + 130 bps

Madison Cultural Arts District (MCAD) Balance Sheet (\$000s)	7/31/03	Ending MCAD Endowment Balance In 2036	7/31/03	7/31/04	7/31/05	7/31/06	7/31/07	7/31/08	7/31/09	7/31/10	7/31/11	7/31/12	7/31/13	7/31/14	7/31/15	7/31/16	7/31/17	7/31/18	7/31/19	7/31/20	7/31/21	7/31/22	7/31/23
<b>ASSETS</b>																							
Beginning MCAD Reserve Balance	660	1,052	1,503	1,962	2,411	2,786	3,159	3,537	3,927	4,325	4,736	5,161	5,595	6,040	6,501	6,976	7,464	7,964	8,477	8,977	9,406	9,806	10,206
Annual Cash Flow	392	451	488	469	376	373	370	390	399	411	423	434	445	461	475	488	500	512	529	541	559	577	591
Ending MCAD Reserve Balance	660	1,052	1,503	1,962	2,411	2,786	3,159	3,537	3,927	4,325	4,736	5,161	5,595	6,040	6,501	6,976	7,464	7,964	8,477	8,977	9,406	9,806	10,206

Overture Development Corporation Cash Flow (\$000s)	7/31/03	7/31/04	7/31/05	7/31/06	7/31/07	7/31/08	7/31/09	7/31/10	7/31/11	7/31/12	7/31/13	7/31/14	7/31/15	7/31/16	7/31/17	7/31/18	7/31/19	7/31/20	7/31/21	7/31/22	7/31/23		
<b>REVENUES</b>																							
PRELARA Grant from MCAST / MCF	405																						
Capitalized Interest Account (for interest thru 3/05)	3,450																						
Rental Income: MCAD to ODC / Series A	100	3,300	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100
Rental Income: MCAD to ODC / Series B less DSRF Income	602	1,824	2,098	2,101	2,107	2,111	2,113	2,118	2,120	2,119	2,121	2,124	2,125	2,127	2,126	2,126	2,127	2,128	2,128	2,128	2,128	2,128	2,128
Earnings on DSRF (used to reduce Rental Income: MCAD to ODC / Series B)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL REVENUE</b>	4,357	6,127	7,498	7,201	7,207	7,211	7,213	7,218	7,220	7,219	7,221	7,224	7,225	7,227	7,226	7,226	7,227	7,227	7,228	7,228	7,228	7,228	7,228

EXPENSES	7/31/03	7/31/04	7/31/05	7/31/06	7/31/07	7/31/08	7/31/09	7/31/10	7/31/11	7/31/12	7/31/13	7/31/14	7/31/15	7/31/16	7/31/17	7/31/18	7/31/19	7/31/20	7/31/21	7/31/22	7/31/23		
<b>Series 2001 Bonds</b>																							
Series '01 Principal Amortization (assume July 1 payment)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Series '01 Interest Expense (see rates above)	3,045	3,520	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400
Series '01 Letter of Credit Fee	660	528	528	528	528	528	528	528	528	528	528	528	528	528	528	528	528	528	528	528	528	528	528
Series '01 Remarketing Fee (1.0% of outstanding par)	102	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88
Series '01 Agent Bank Fee	18.0	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18
Series '01 Trustee Fee	2.5	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Series '01 Rating Agency Fee	3.5	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
<b>Series B Borrowing</b>																							
Series B Principal (assume July 1 payment)	0	375	485	470	505	540	580	620	660	705	755	805	860	915	975	1,040	1,110	1,180	1,255				
Series B Interest Expense (LIBOR + 130 bps)	387	1,434	1,679	1,622	1,391	1,558	1,523	1,485	1,444	1,401	1,354	1,305	1,252	1,196	1,136	1,072	1,003	931	853				
Series B Annual Expenses	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15				
<b>ODC Administrative Expenses</b>	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50
<b>TOTAL EXPENSES</b>	4,483	6,034	7,188	7,191	7,197	7,203	7,208	7,210	7,211	7,214	7,214	7,215	7,217	7,216	7,216	7,217	7,218	7,218	7,218	7,218	7,218	7,218	7,218

ANNUAL CASH FLOW	7/31/03	7/31/04	7/31/05	7/31/06	7/31/07	7/31/08	7/31/09	7/31/10	7/31/11	7/31/12	7/31/13	7/31/14	7/31/15	7/31/16	7/31/17	7/31/18	7/31/19	7/31/20	7/31/21	7/31/22	7/31/23		
<b>INTEREST AND RELATED EXPENSES</b>																							
Series '01 Base Interest Rate	3,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Series '01 Letter of Credit Fee	0.65%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	
Series '01 Remarketing Fee	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	
<b>ESTIMATED ALL-IN-BORROWING COST</b>	3.75%	4.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	
<b>ESTIMATED GROSS ODC INVESTMENT RETURN</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

**OVERTURE REFINANCING PLAN I**  
**Dated 05/4/2005**

blue cells are manual inputs  
 black cells are formula driven

green cells are copied from MACD protection  
 purple cells show where MACD protections are held constant

**Presentation to City of Madison, Scenario 5 (Use CapInt Account to pay interest on Series '01 Issue until CapInt is depleted)**  
**Refinance a portion of Series 2001 Convertible Adjustable Rate Bonds ("Series A Bonds") with 2005 Taxable Borrowing ("Series B")**

Series B is structured as a 25-year loan with an interest rate of LIBOR + 130 bps

Overture Development Corporation Balance Sheet (\$000s) 683 Ending ODC Endowment Balance in 2036

	01/01/04	03/31/05	06/30/05	09/30/05	12/31/05	03/31/06	06/30/06	09/30/06	12/31/06	03/31/07	06/30/07	09/30/07	12/31/07	03/31/08	06/30/08	09/30/08	12/31/08	03/31/09	06/30/09	09/30/09	12/31/09
<b>ASSETS</b>																					
Debt Service Reserve Fund (earnings calculated according to Series 2001 Base Interest Rate)																					
Beginning DSRF Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Earnings on DSRF (used to reduce debt service on series B)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from DSRF to offset Bonded Income: MACD to ODC / Series B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending DSRF Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Beginning ODC Endowment Balance	0	74	167	187	197	207	217	227	237	247	257	267	277	287	297	307	317	327	337	347	347
Annual ODC Cash Flow	74	93	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Ending ODC Endowment Balance	74	167	177	187	197	207	217	227	237	247	257	267	277	287	297	307	317	327	337	347	347
<b>LIABILITIES</b>																					
Convertible Adjustable Redevelopment Bonds, Series 2001																					
Beginning Balance	115,000	115,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000
Principal Payments	27,000	27,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000
Series B (2005 Borrowing)																					
Beginning Balance	27,000	27,000	26,625	26,220	25,785	25,315	24,810	24,270	23,690	23,070	22,410	21,705	20,950	20,145	19,285	18,370	17,395	16,355	15,245	14,065	14,065
Transfer to DSRF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Series B Principal Payments	27,000	26,625	26,220	25,785	25,315	24,810	24,270	23,690	23,070	22,410	21,705	20,950	20,145	19,285	18,370	17,395	16,355	15,245	14,065	14,065	14,065
Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>SERIES B LOAN RATE</b>																					
LIBOR (Series '01 Base Interest Rate + 5 bps)	3.05%	4.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%	5.05%
Spread	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
<b>ESTIMATED ALL-IN-BORROWING COST</b>	4.35%	5.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%
<b>OTHER</b>																					
'01 Capitalized Interest Account	12/31/04	1/31/05	2/28/05	3/31/05	4/30/05	5/31/05	6/30/05	7/31/05	8/31/05	9/30/05	10/31/05	11/30/05	12/31/05	1/30/06	2/28/06	3/28/06	4/28/06				
Beginning Balance	4,453	4,160	3,895	3,602	3,319	3,026	2,742	2,449	2,156	1,873	1,580	1,296	1,003	719	445	162					
Interest Expense	293	265	233	204	174	145	116	87	58	29	0	0	0	0	0	0	0	0	0	0	0
Transfer to Redeem Bonds																					
Ending Balance	4,453	4,160	3,895	3,602	3,319	3,026	2,742	2,449	2,156	1,873	1,580	1,296	1,003	719	445	162					

**OVERTURE REFINANCING PLAN I**  
**Dated 05/4/2005**

Presentation to City of Madison, Scena  
 Refinance a portion of Series 2001

Series B is structured as a 25-year 1

**Madison Cultural Arts Support Trust (MCAST) Cse**

**REVENUES**

Investment earnings from MCAST Endowment	8,000	7,896	7,786	7,667	7,540	7,403	7,256	6,259	5,196	4,043	2,811	1,486
<b>TOTAL REVENUE</b>	<b>8,000</b>	<b>7,896</b>	<b>7,786</b>	<b>7,667</b>	<b>7,540</b>	<b>7,403</b>	<b>7,256</b>	<b>6,259</b>	<b>5,196</b>	<b>4,043</b>	<b>2,811</b>	<b>1,486</b>

**EXPENSES**

LARA Grant to Cultural Arts District (MCAD)	7,225	7,215	7,215	7,210	7,205	7,205	17,400	17,300	17,400	17,300	17,300	17,300
MCAST Expenses (to be negotiated)	632	624	615	606	596	585	573	495	411	319	222	117
Operational Grants to Cultural Arts District (MCAD)	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
<b>TOTAL EXPENSES</b>	<b>9,257</b>	<b>9,239</b>	<b>9,230</b>	<b>9,216</b>	<b>9,201</b>	<b>9,190</b>	<b>19,273</b>	<b>19,195</b>	<b>19,211</b>	<b>19,019</b>	<b>18,922</b>	<b>18,817</b>

<b>ANNUAL MCAST CASH FLOW</b>	<b>(1,257)</b>	<b>(1,343)</b>	<b>(1,444)</b>	<b>(1,549)</b>	<b>(1,661)</b>	<b>(1,787)</b>	<b>(12,117)</b>	<b>(12,935)</b>	<b>(14,015)</b>	<b>(14,977)</b>	<b>(16,111)</b>	<b>(17,332)</b>
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<b>ESTIMATED MCAST GROSS INVESTMENT RETURN</b>	<b>8.23%</b>	<b>8.23%</b>	<b>8.23%</b>	<b>8.23%</b>	<b>8.23%</b>	<b>8.23%</b>	<b>8.23%</b>	<b>8.23%</b>	<b>8.23%</b>	<b>8.23%</b>	<b>8.23%</b>	<b>8.23%</b>
<b>MCAST Expenses (as % of beginning MCAST Endowr</b>	<b>0.65%</b>	<b>0.65%</b>	<b>0.65%</b>	<b>0.65%</b>	<b>0.65%</b>	<b>0.65%</b>	<b>0.65%</b>	<b>0.65%</b>	<b>0.65%</b>	<b>0.65%</b>	<b>0.65%</b>	<b>0.65%</b>

**Madison Cultural Arts Support Trust (MCAST) Balanc**

**ASSETS**

Beginning	97,262	96,004	94,662	93,217	91,669	90,007	89,220	76,103	63,168	49,153	34,176	18,865
Transfer to Madison Children's Museum (p												
Transfer to ODC as PreLARA Grant for eq												
Annual MCAST Cash Flow	(1,257)	(1,343)	(1,444)	(1,549)	(1,661)	(1,787)	(12,117)	(12,935)	(14,015)	(14,977)	(16,111)	(17,332)
Ending MCAST Endowment Balance	96,004	94,662	93,217	91,669	90,007	89,220	76,103	63,168	49,153	34,176	18,865	734

**Madison Cultural Arts District (MCAD) Cash Flow (\$0**

**REVENUES**

Earned Income (from "Summary")	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967	6,967
Earnings from MCAD Reserves	223	234	246	257	269	282	295	308	321	335	349	363
Unearned Income (from "Summary")	283	283	283	283	283	283	283	283	283	283	283	283
Annual Campaign "Overture Fund" / 201 State f	50	50	50	50	50	50	50	50	50	50	50	50
Earnings on Former Civic Center Endowment	706	210	214	219	223	227	232	237	241	246	251	256
City of Madison Operating Subsidy	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630
MCAST Subsidy	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
LARA Grant: MCAST to MCAD (reduced by OSF ar	7,225	7,215	7,210	7,205	7,200	7,200	17,400	17,300	17,400	17,300	17,300	17,300
<b>TOTAL REVENUE</b>	<b>17,984</b>	<b>17,989</b>	<b>18,005</b>	<b>18,016</b>	<b>18,027</b>	<b>18,044</b>	<b>28,256</b>	<b>28,174</b>	<b>28,232</b>	<b>28,211</b>	<b>28,230</b>	<b>28,249</b>

**EXPENSES**

Payroll (from "Summary")	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703	4,703
Purchased Services (from "Summary")	4,694	4,694	4,694	4,694	4,694	4,694	4,694	4,694	4,694	4,694	4,694	4,694
Supplies (from "Summary")	436	436	436	436	436	436	436	436	436	436	436	436
Payments to the City of Madison (from "Summary")	74	74	74	74	74	74	74	74	74	74	74	74
Fixed Assets (from "Summary")	20	20	20	20	20	20	20	20	20	20	20	20
Existing Debt Retirement	0	0	0	0	0	0	0	0	0	0	0	0
PILOT Payment	478	478	478	478	478	478	478	478	478	478	478	478
Rent expense due to ODC / Series A	5,100	5,100	5,100	5,100	5,100	5,100	17,400	17,300	17,400	17,300	17,300	17,300
Rent expense due to ODC / Series B (reduced by D	2,421	2,414	2,411	2,407	2,403	2,401	0	0	0	0	0	0
<b>TOTAL EXPENSES</b>	<b>17,445</b>	<b>17,448</b>	<b>17,445</b>	<b>17,442</b>	<b>17,407</b>	<b>17,406</b>	<b>27,604</b>	<b>27,604</b>	<b>27,604</b>	<b>27,504</b>	<b>27,504</b>	<b>27,504</b>

<b>ANNUAL CASH FLOW</b>	<b>558</b>	<b>571</b>	<b>589</b>	<b>604</b>	<b>620</b>	<b>638</b>	<b>652</b>	<b>670</b>	<b>688</b>	<b>706</b>	<b>725</b>	<b>745</b>
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<b>ESTIMATED MCAD GROSS INVESTMENT RETURN</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
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Numbers preliminary; subject to change

OVERTURE REFINANCING PLAN I  
 Dated 05/14/2005

Presentation to City of Madison, Scene  
 Refinance a portion of Series 2001

Series B is structured as a 25-year 1  
 Madison Cultural Arts District (MCAD) Balance Sheet

ASSETS	10/105	10/676	11/265	11/869	12/489	13/128	13/779	14/449	15/137	15/843	16/568	17/300
Beginning MCAD Reserve Balance	9,567	10,105	10,676	11,265	11,869	12,489	13,128	13,779	14,449	15,137	15,843	16,568
Annual Cash Flow	538	571	589	604	620	638	652	670	688	706	725	745
Ending MCAD Reserve Balance	10,105	10,676	11,265	11,869	12,489	13,128	13,779	14,449	15,137	15,843	16,568	17,300

Overture Development Corporation Cash Flow (\$00)

REVENUES	10/105	10/676	11/265	11/869	12/489	13/128	13/779	14/449	15/137	15/843	16/568	17/300
PreLARA Grant from MCAST / MCF												
Capitalized Interest Account for Interest thru 3/06												
Rental Income: MCAD to ODC / Series A	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100
Rental Income: MCAD to ODC / Series B less DSRF	2,421	2,414	2,411	2,407	2,403	2,400	2,397	2,393	2,389	2,385	2,381	2,377
Earnings on DSRF (used to reduce Rental Inco)	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL REVENUE</b>	<b>7,221</b>	<b>7,214</b>	<b>7,211</b>	<b>7,207</b>	<b>7,203</b>	<b>7,200</b>	<b>7,197</b>	<b>7,193</b>	<b>7,189</b>	<b>7,185</b>	<b>7,181</b>	<b>7,177</b>

EXPENSES

Series 2001 Bonds	10/105	10/676	11/265	11/869	12/489	13/128	13/779	14/449	15/137	15/843	16/568	17/300
Series '01 Principal Amortization (assume July)	0	0	0	0	0	0	0	0	0	0	0	0
Series '01 Interest Expense (see rates above)	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400
Series '01 Letter of Credit Fee	528	528	528	528	528	528	528	528	528	528	528	528
Series '01 Remarking Fee (.10% of outstandi)	88	88	88	88	88	88	88	88	88	88	88	88
Series '01 Agent Bank Fee	18	18	18	18	18	18	18	18	18	18	18	18
Series '01 Trustee Fee	2	2	2	2	2	2	2	2	2	2	2	2
Series '01 Rating Agency Fee	4	4	4	4	4	4	4	4	4	4	4	4

Series B Borrowing

Series B Principal (assume July 1 payment)	10/105	10/676	11/265	11/869	12/489	13/128	13/779	14/449	15/137	15/843	16/568	17/300
Series B Principal	1,335	1,415	1,505	1,600	1,700	1,810	1,930	2,050	2,180	2,320	2,470	2,630
Series B Interest Expense (LIBOR + 130 bps)	771	684	591	492	388	276	155	30	0	0	0	0
Series B Annual Expenses	15	15	15	15	15	15	15	15	15	15	15	15

ODC Administrative Expenses	10/105	10/676	11/265	11/869	12/489	13/128	13/779	14/449	15/137	15/843	16/568	17/300
TOTAL EXPENSES	7,211	7,204	7,201	7,197	7,193	7,191	7,189	7,187	7,185	7,183	7,181	7,179

ANNUAL CASH FLOW

INTEREST AND RELATED EXPENSES	10/105	10/676	11/265	11/869	12/489	13/128	13/779	14/449	15/137	15/843	16/568	17/300
Series '01 Base Interest Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Series '01 Letter of Credit Fee	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Series '01 Remarking Fee	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
<b>ESTIMATED ALL-IN-BORROWING COST</b>	<b>5.70%</b>	<b>5.70%</b>	<b>5.70%</b>	<b>5.70%</b>	<b>5.70%</b>	<b>5.70%</b>	<b>5.70%</b>	<b>5.70%</b>	<b>5.70%</b>	<b>5.70%</b>	<b>5.70%</b>	<b>5.70%</b>

ESTIMATED GROSS ODC INVESTMENT RETURN	10/105	10/676	11/265	11/869	12/489	13/128	13/779	14/449	15/137	15/843	16/568	17/300
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

OVERTURE REFINANCING PLAN I  
Dated 05/4/2005

Presentation to City of Madison, Scena  
Refinance a portion of Series 2001

Series B is structured as a 25-year I  
Overture Development Corporation Balance Sheet (

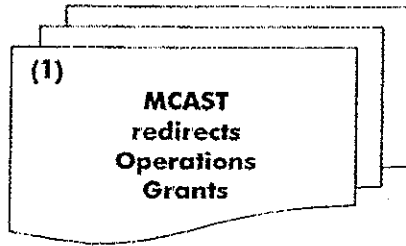
**ASSETS**

	10/01	10/02	10/03	10/04	10/05	10/06	10/07	10/08	10/09	10/10	10/11	10/12	10/13	10/14	10/15	10/16	10/17	10/18	10/19	10/20	10/21	10/22	10/23	10/24	10/25																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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Beginning ODC Endowment Balance	347	357	367	377	387	397	407	416	424	432	439	446	453	460	467	474	481	488	495	502	509	516	523	530	537	544	551	558	565	572	579	586	593	600	607	614	621	628	635	642	649	656	663	670	677	684	691	698	705	712	719	726	733	740	747	754	761	768	775	782	789	796	803	810	817	824	831	838	845	852	859	866	873	880	887	894	901	908	915	922	929	936	943	950	957	964	971	978	985	992	999	1006	1013	1020	1027	1034	1041	1048	1055	1062	1069	1076	1083	1090	1097	1104	1111	1118	1125	1132	1139	1146	1153	1160	1167	1174	1181	1188	1195	1202	1209	1216	1223	1230	1237	1244	1251	1258	1265	1272	1279	1286	1293	1300	1307	1314	1321	1328	1335	1342	1349	1356	1363	1370	1377	1384	1391	1398	1405	1412	1419	1426	1433	1440	1447	1454	1461	1468	1475	1482	1489	1496	1503	1510	1517	1524	1531	1538	1545	1552	1559	1566	1573	1580	1587	1594	1601	1608	1615	1622	1629	1636	1643	1650	1657	1664	1671	1678	1685	1692	1699	1706	1713	1720	1727	1734	1741	1748	1755	1762	1769	1776	1783	1790	1797	1804	1811	1818	1825	1832	1839	1846	1853	1860	1867	1874	1881	1888	1895	1902	1909	1916	1923	1930	1937	1944	1951	1958	1965	1972	1979	1986	1993	2000	2007	2014	2021	2028	2035	2042	2049	2056	2063	2070	2077	2084	2091	2098	2105	2112	2119	2126	2133	2140	2147	2154	2161	2168	2175	2182	2189	2196	2203	2210	2217	2224	2231	2238	2245	2252	2259	2266	2273	2280	2287	2294	2301	2308	2315	2322	2329	2336	2343	2350	2357	2364	2371	2378	2385	2392	2399	2406	2413	2420	2427	2434	2441	2448	2455	2462	2469	2476	2483	2490	2497	2504	2511	2518	2525	2532	2539	2546	2553	2560	2567	2574	2581	2588	2595	2602	2609	2616	2623	2630	2637	2644	2651	2658	2665	2672	2679	2686	2693	2700	2707	2714	2721	2728	2735	2742	2749	2756	2763	2770	2777	2784	2791	2798	2805	2812	2819	2826	2833	2840	2847	2854	2861	2868	2875	2882	2889	2896	2903	2910	2917	2924	2931	2938	2945	2952	2959	2966	2973	2980	2987	2994	3001	3008	3015	3022	3029	3036	3043	3050	3057	3064	3071	3078	3085	3092	3099	3106	3113	3120	3127	3134	3141	3148	3155	3162	3169	3176	3183	3190	3197	3204	3211	3218	3225	3232	3239	3246	3253	3260	3267	3274	3281	3288	3295	3302	3309	3316	3323	3330	3337	3344	3351	3358	3365	3372	3379	3386	3393	3400	3407	3414	3421	3428	3435	3442	3449	3456	3463	3470	3477	3484	3491	3498	3505	3512	3519	3526	3533	3540	3547	3554	3561	3568	3575	3582	3589	3596	3603	3610	3617	3624	3631	3638	3645	3652	3659	3666	3673	3680	3687	3694	3701	3708	3715	3722	3729	3736	3743	3750	3757	3764	3771	3778	3785	3792	3799	3806	3813	3820	3827	3834	3841	3848	3855	3862	3869	3876	3883	3890	3897	3904	3911	3918	3925	3932	3939	3946	3953	3960	3967	3974	3981	3988	3995	4002	4009	4016	4023	4030	4037	4044	4051	4058	4065	4072	4079	4086	4093	4100	4107	4114	4121	4128	4135	4142	4149	4156	4163	4170	4177	4184	4191	4198	4205	4212	4219	4226	4233	4240	4247	4254	4261	4268	4275	4282	4289	4296	4303	4310	4317	4324	4331	4338	4345	4352	4359	4366	4373	4380	4387	4394	4401	4408	4415	4422	4429	4436	4443	4450	4457	4464	4471	4478	4485	4492	4499	4506	4513	4520	4527	4534	4541	4548	4555	4562	4569	4576	4583	4590	4597	4604	4611	4618	4625	4632	4639	4646	4653	4660	4667	4674	4681	4688	4695	4702	4709	4716	4723	4730	4737	4744	4751	4758	4765	4772	4779	4786	4793	4800	4807	4814	4821	4828	4835	4842	4849	4856	4863	4870	4877	4884	4891	4898	4905	4912	4919	4926	4933	4940	4947	4954	4961	4968	4975	4982	4989	4996	5003	5010	5017	5024	5031	5038	5045	5052	5059	5066	5073	5080	5087	5094	5101	5108	5115	5122	5129	5136	5143	5150	5157	5164	5171	5178	5185	5192	5199	5206	5213	5220	5227	5234	5241	5248	5255	5262	5269	5276	5283	5290	5297	5304	5311	5318	5325	5332	5339	5346	5353	5360	5367	5374	5381	5388	5395	5402	5409	5416	5423	5430	5437	5444	5451	5458	5465	5472	5479	5486	5493	5500	5507	5514	5521	5528	5535	5542	5549	5556	5563	5570	5577	5584	5591	5598	5605	5612	5619	5626	5633	5640	5647	5654	5661	5668	5675	5682	5689	5696	5703	5710	5717	5724	5731	5738	5745	5752	5759	5766	5773	5780	5787	5794	5801	5808	5815	5822	5829	5836	5843	5850	5857	5864	5871	5878	5885	5892	5899	5906	5913	5920	5927	5934	5941	5948	5955	5962	5969	5976	5983	5990	5997	6004	6011	6018	6025	6032	6039	6046	6053	6060	6067	6074	6081	6088	6095	6102	6109	6116	6123	6130	6137	6144	6151	6158	6165	6172	6179	6186	6193	6200	6207	6214	6221	6228	6235	6242	6249	6256	6263	6270	6277	6284	6291	6298	6305	6312	6319	6326	6333	6340	6347	6354	6361	6368	6375	6382	6389	6396	6403	6410	6417	6424	6431	6438	6445	6452	6459	6466	6473	6480	6487	6494	6501	6508	6515	6522	6529	6536	6543	6550	6557	6564	6571	6578	6585	6592	6599	6606	6613	6620	6627	6634	6641	6648	6655	6662	6669	6676	6683	6690	6697	6704	6711	6718	6725	6732	6739	6746	6753	6760	6767	6774	6781	6788	6795	6802	6809	6816	6823	6830	6837	6844	6851	6858	6865	6872	6879	6886	6893	6900	6907	6914	6921	6928	6935	6942	6949	6956	6963	6970	6977	6984	6991	6998	7005	7012	7019	7026	7033	7040	7047	7054	7061	7068	7075	7082	7089	7096	7103	7110	7117	7124	7131	7138	7145	7152	7159	7166	7173	7180	7187	7194	7201	7208	7215	7222	7229	7236	7243	7250	7257	7264	7271	7278	7285	7292	7299	7306	7313	7320	7327	7334	7341	7348	7355	7362	7369	7376	7383	7390	7397	7404	7411	7418	7425	7432	7439	7446	7453	7460	7467	7474	7481	7488	7495	7502	7509	7516	7523	7530	7537	7544	7551	7558	7565	7572	7579	7586	7593	7600	7607	7614	7621	7628	7635	7642	7649	7656	7663	7670	7677	7684	7691	7698	7705	7712	7719	7726	7733	7740	7747	7754	7761	7768	7775	7782	7789	7796	7803	7810	7817	7824	7831	7838	7845	7852	7859	7866	7873	7880	7887	7894	7901	7908	7915	7922	7929	7936	7943	7950	7957	7964	7971	7978	7985	7992	7999	8006	8013	8020	8027	8034	8041	8048	8055	8062	8069	8076	8083	8090	8097	8104	8111	8118	8125	8132	8139	8146	8153</

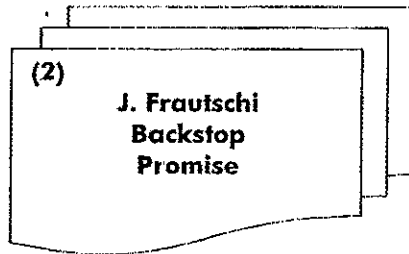
# "FIREWALLS"

**If MCAST investment results fail to provide sufficient funds to make both LARA payments and Operations Grants:**

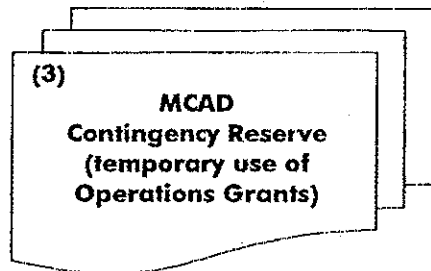
(1) Under the current Operations Grant Agreement, MCAST has discretion not to make MCAD's Operations Grants when MCAST reasonably believes that its assets or earnings cannot support them. This firewall expressly recognizes MCAST's ability to redirect its earnings to LARA payments which covers debt service on Series A and Series B. These decisions are final and the funds are nonrecoverable



(2) Jerry Frautschi has promised to provide a "backstop" of up to \$5 million for the first four years of the Series B refinancing to be called upon if necessary to permit MCAD to make rental payments to ODC. Withdrawals are capped at \$2.5 million in any one year.

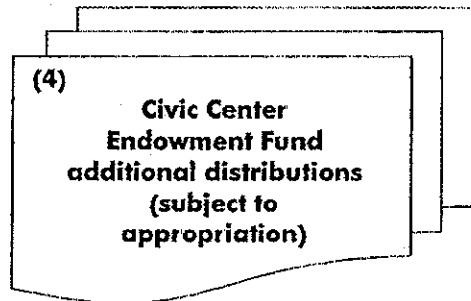


(3) In 2005, MCAD will hold in a contingency reserve account all of its \$1.4 million Operations Grant received from MCAST. Thereafter, MCAD would be required to set aside in that contingency reserve a portion of the funds in excess of \$250,000 annually that it receives as Operations Grants, until that account reaches \$2.5 million. Those funds would be applied to the payment of rent to ODC, if LARA grants are insufficient. When fully funded, the MCAD contingency reserve should be able to cover at least one year's rental payments

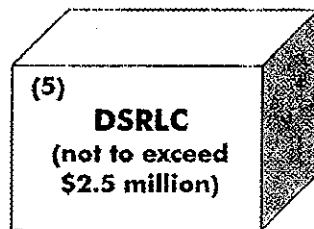


(4) (cont.) Distributions cannot reduce the Fund balance to less than its cumulative contributions (currently \$1.3 million). In the event LARA payments and the MCAD contingency reserve are insufficient to make rental payments, MCAD may apply for a distribution by MCF from this Fund.

(4) An endowment of approximately \$2.7 million is held by the Madison Community Foundation to support programming at the Madison Civic Center. The Fund balance consists of \$1.3 million of contributions and \$1.4 million of undistributed earnings. MCF's policy is to distribute 5% of the value of the Fund annually. Additional distributions are permitted, at MCF's discretion.



(5) A Debt Service Reserve Line of Credit would be established by ODC in the amount of approximately one year's principal and interest, plus the annual loan fee, to secure the Series B portion of the debt. The line of credit could be drawn by ODC as needed to pay principal and interest on the Series B debt.



(6) The City of Madison would offer its promise, in the form of a moral obligation, to include in its next annual budget an appropriation of the amount necessary to replenish a draw on the DSRLC, plus interest, if not repaid by ODC or from other firewalls.

