

September 14, 2015

Mayor Paul R. Soglin
Mayor's Office, City of Madison
210 Martin Luther King Jr. Blvd., Room 403
Madison, WI 53703

Dear Mayor, Common Council, and City Negotiating Team for Judge Doyle Square:

As the Common Council weighs whether to accept the Amended & Restated Development Agreement with JDS Development, we feel compelled to point out that little has changed in the final deal to address the concerns raised in our August 10th letter. In particular, we remain concerned by the deal's perpetual parking subsidy because it is not expressly tied to Exact Sciences' tenancy.

It has been made clear that the City's overarching policy goal for the proposed Judge Doyle Square development is to have Exact Sciences locate its headquarters in downtown Madison. We generally agree with the goal of encouraging a major employer to locate downtown. However, we continue to have serious concerns with the final deal: the deal's parking provisions remain flawed, and the deal's structure remains unprecedented and unsustainable.

The final deal also confirms that the free parking subsidy to the developer is not tied to the tenancy of Exact Sciences. Under such a structure, the developer will continue to benefit from the City's substantial subsidy even if the City no longer benefits from Exact Sciences.

We remain supportive of the City using TIF and other public funding mechanisms to make construction of private parking feasible at market rates. But the final deal goes beyond making parking feasible. The proposed lease rate of only \$115,000/year for 650 stalls of underground parking (\$14.75/month/stall) will provide the developer with a *windfall operating profit of nearly \$1 million each year for the next 27 years*. Further, the City will then transfer the underground parking to the developer for a below-market price of only \$4 million (\$6,150/stall), enabling the developer to continue generating windfall profits indefinitely.

We understand that the City intends for the developer's parking profit to be passed along to Exact Sciences, but the final deal does not expressly require that. Instead, the deal structure allows Exact Sciences to terminate its lease in as few as five years while parking assistance to the developer then continues beyond Exact Sciences' tenancy. This will give the developer an advantage when competing for other office tenants – especially for tenants already located downtown. It concerns us that subsidy intended to benefit Exact Sciences could and will certainly be used later to unfairly subsidize space in direct competition with existing downtown office buildings. Such a policy is not fair to all of us who have invested heavily in creating the downtown environment that Exact Sciences wants to be part of. The parking assistance to JDS Development should end if Exact Sciences terminates its lease.

Downtown Madison can benefit from the Exact Sciences project being done in a way that maximizes the development opportunity, but downtown Madison stands to be negatively impacted if the City accepts a flawed solution that compromises critical parking resources and destabilizes the downtown office market.

Sincerely,

Brad Binkowski, Urban Land Interests
Mike Slavish, Hovde Properties
Lee Ferderer, Fiore Companies
Bradley C. Mullins, Mullins Group
Greg Rice, Executive Management Inc.