

Dane County Data Exchange LLC

Project:

Borrower currently leases a 15,000 SF office and 20,000 SF warehouse in McFarland, WI (**Fig. 1**). Borrower has proposed to renovate the former Rodeway Inn property and an adjacent lot located at 4916 and 4930 East Broadway, respectively, into a 115,000 square foot office headquarters to be leased and occupied by its Operating Company, Facility Gateway Corp., retaining 45 jobs and creating 80 jobs (**Fig. 2**).

The Project would retain and create jobs within a targeted industrial area, renovate a long-vacant commercial property and is consistent with job creation and blight removal objectives in the Comprehensive Plan and City of Madison TIF Policy

Total project cost is approximately \$4,130,000

Comments:

Borrower is a Subchapter s corporation. Dane County Data Exchange LLC will own and maintain the real property and lease it to Facility Gateway Corp. Borrower intends to break ground in June, 2013



Bank will provide construction financing of \$3,675,000. Borrower is required to reserve \$500,000 of operating capital as condition of loan. Upon completion of construction, the U.S. Small Business Administration (SBA) will provide permanent, fixed-rate, take-out financing of \$1,498,000, subordinated to the bank's permanent first mortgage of \$2,177,000.

Due to the bank's operating capital restriction, Borrower may only invest approximately \$230,000 of the \$455,000 of equity required by the bank and SBA. Borrower requests a \$225,000 TIF Loan, representing approximately 50% of TIF generated by the Project. The bank's appraisal estimates that new headquarters will have a fair market value of \$3,935,000. The proposed TIF Loan will have a third mortgage security interest in the property.



Sources and Uses

| | |
|-----------------------|----------------|
| Bank Loan (Permanent) | \$2,177,000 |
| SBA Loan | \$1,498,000 |
| Borrower Equity | <u>230,000</u> |
| Total Sources | \$3,905,000 |

Uses

| | |
|--------------|---------------|
| Construction | (\$4,130,000) |
| GAP | (\$225,000) |

Fig. 2

Cause of Gap

The \$225,000 of gap is attributable to the construction cost exceeding the amount of financing being leveraged through private sector financing and the requirements of such private sector financing that Facility Gateway maintain sufficient working capital reserves such that additional equity investment in the Project would deplete such reserves. The TIF Loan will be secured by a subordinated third mortgage and the personal guaranty of an individual principal of the Borrower.