

MEMO

To: Dan Rolfs

From: Randall Alexander

RE: Garver Event Center

Date: 01-15-2015

Per your request under financials/real estate committee inquires.

- # 3 The equity required for the project will be funded by the managing member of the LLC as the owner or LLC members
- #4 We have experienced securing debt with an underlying land leases and believe our lender will agree to the Madisons requirements as outlined on page 13 of the R.F.P
- #5 Please refer to item 4 management team of our R.F.P submitted. The Alexander Company Inc or Randall P. Alexander will be the managing member of a single purpose LLC/owner. This LLC will enter into the lease for Garver with the City of Madison. The owner will contract with the event operator for all functions. This contract will not be assignable.

Parking/Site Layout/Egress Egress

The Industry Standard for parking at an event center offering space consistent with the Garver Plan is 2.8 persons per car. This would provide parking for 1,097 patrons(392 stalls x 2.8). Employee parking is estimated at 40 stalls. The utilization rate (occupancy) assumes a maximum capacity of 1,000 patrons at any given time. Additionally, bus transport and valet parking can be utilized as required.

Parking for OBG or City Staff for the use of their adjacent office and storage will be provided on site adjacent to same.

The OBG/city storage building can be located at the east side of the proposal site; see revised site plan attached.

The Sugar Avenue entrance to the site is assumed to be for OBG's exclusive use as an entrance and exit. Egress Egress for the Garver building will occur through a joint driveway via Fair Oaks Ave (existing).

**GARVER EVENT CENTER
MADISON, WI
OPERATING PROFORMA
SCHEDULE A: LEAD INCOME STATEMENT**

	<u>Year 1 *</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
Event Income										
Room Rental Income	\$ 1,206,645	\$ 1,291,110	\$ 1,381,488	\$ 1,478,192	\$ 1,581,665	\$ 1,692,382	\$ 1,810,849	\$ 1,937,608	\$ 2,073,241	\$ 2,218,368
Food & Beverage Income (Gross)	\$ 3,739,852	\$ 4,001,641	\$ 4,281,756	\$ 4,581,479	\$ 4,902,183	\$ 5,245,336	\$ 5,612,509	\$ 6,005,385	\$ 6,425,762	\$ 6,875,565
Alcohol Income (Gross)	\$ 565,787	\$ 605,392	\$ 647,769	\$ 693,113	\$ 741,631	\$ 793,545	\$ 849,093	\$ 908,530	\$ 972,127	\$ 1,040,176
Other Miscellaneous	\$ 2,420	\$ 2,589	\$ 2,771	\$ 2,965	\$ 3,172	\$ 3,394	\$ 3,632	\$ 3,886	\$ 4,158	\$ 4,449
Total Gross Operating Income	\$ 5,514,703	\$ 5,900,733	\$ 6,313,784	\$ 6,755,749	\$ 7,228,651	\$ 7,734,657	\$ 8,276,083	\$ 8,855,408	\$ 9,475,287	\$ 10,138,557
Operating Expenses										
Food & Beverage to 3rd Party (75%)	\$ 3,229,229	\$ 3,455,275	\$ 3,697,144	\$ 3,955,944	\$ 4,232,860	\$ 4,529,160	\$ 4,846,202	\$ 5,185,436	\$ 5,548,416	\$ 5,936,805
Labor Costs (Non Food & Beverage)	\$ 438,109	\$451,253	\$464,790	\$478,734	\$493,096	\$507,889	\$523,125	\$538,819	\$554,984	\$571,633
General & Administrative	\$ 66,102	\$68,085	\$70,128	\$72,232	\$74,398	\$76,630	\$78,929	\$81,297	\$83,736	\$86,248
Operations/Occupancy	\$ 36,951	\$38,060	\$39,202	\$40,378	\$41,589	\$42,837	\$44,122	\$45,445	\$46,809	\$48,213
Utilities	\$ 126,690	\$130,491	\$134,405	\$138,438	\$142,591	\$146,868	\$151,274	\$155,813	\$160,487	\$165,302
Insurance (General Liability)	\$ 52,351	\$53,922	\$55,539	\$57,206	\$58,922	\$60,689	\$62,510	\$64,385	\$66,317	\$68,306
Professional Management Fees	\$ 101,846	\$104,902	\$108,049	\$111,290	\$114,629	\$118,068	\$121,610	\$125,258	\$129,016	\$132,886
Total Operating Expenses	\$ 4,051,279	\$ 4,301,986	\$ 4,569,257	\$ 4,854,220	\$ 5,158,085	\$ 5,482,142	\$ 5,827,772	\$ 6,196,454	\$ 6,589,765	\$ 7,009,394
Net Operating Income	\$ 1,463,424	\$1,598,746	\$1,744,527	\$1,901,528	\$2,070,566	\$2,252,515	\$2,448,310	\$2,658,955	\$2,885,522	\$3,129,163
Building Owner Costs										
Property Taxes	\$ 200,000	\$206,000	\$212,180	\$218,545	\$225,102	\$231,855	\$238,810	\$245,975	\$253,354	\$260,955
Property Insurance	\$ 65,000	\$66,950	\$68,959	\$71,027	\$73,158	\$75,353	\$77,613	\$79,942	\$82,340	\$84,810
Asset Management	\$ 29,268	\$30,147	\$31,051	\$31,982	\$32,942	\$33,930	\$34,948	\$35,997	\$37,076	\$38,189
Replacement Reserves	\$ 35,000	\$36,050	\$37,132	\$38,245	\$39,393	\$40,575	\$41,792	\$43,046	\$44,337	\$45,667
Legal & Accounting	\$ 20,000	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185	\$23,881	\$24,597	\$25,335	\$26,095
Adjusted Net Operating Income	\$ 1,114,156	\$ 1,239,000	\$ 1,373,988	\$ 1,519,873	\$ 1,677,461	\$ 1,847,617	\$ 2,031,265	\$ 2,229,399	\$ 2,443,079	\$ 2,673,447

* First Stabilized Year of Operations.