



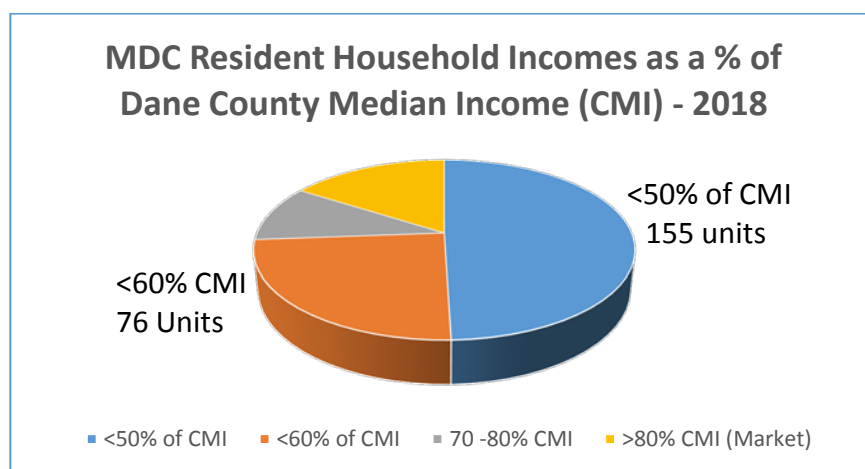
2018 Annual Membership Meeting Message from Board Chair Ron Trachtenberg

Madison Development Corporation's mission is to provide quality, affordable housing for City of Madison and Dane County residents and to provide financing for hard to finance small and start-up neighborhood businesses as well as to high tech, high growth companies.

In late 2017 we celebrated our 40th Anniversary at a breakfast at the Madison Club. Keynote speakers included Erik Iverson, new Managing Director of WARF, and Mayor Paul Soglin. We also recognized Roger Ganser, our first MDC President and founder of Venture Investors, and Ralph & Erica Kauten, our first MDC Venture Champions. Both have been champions for capitalizing our growing the entrepreneurial community in Madison. We also created a 40th Anniversary Report and a video which are now live on our website. Finally, because we were able to raise over \$40,000 for our anniversary, there was no budget impact thanks to the generous sponsors.

In early 2018, Madison business leaders identified the lack of affordable housing as the number one economic stability issue in the City. Both the United Way of Dane County and a local Economic Stability Council, made up of business and community leaders, are putting together plans to address this issue. They are both considering creating Affordable Housing Funds to provide financing for non-profit developers in Dane County. This is a resource that MDC would welcome as we continue to grow.

Because of our strong balance sheet, MDC has continued to grow our housing portfolio. In 2017 we grew from 207 affordable housing units to 253 units upon completion of the 46 unit Mifflander in May. The building was fully rented as of July 1, 2017 and has remained full since then. In early 2018, MDC acquired all of the units of Heartland Housing's share of the 641 W Main Limited Partnership. This increased MDC's number of units from 253 to 313 as of February 1, 2018



MDC is committed to keeping our units affordable. Of our total portfolio of 313 units as of May 31, 2018, 155 were rented to Household (HH) Incomes under 50% of the County's Median Income (CMI), 76 units were rented to HH under 60%, 32 units to HHs between 70% & 80%, and only 50 units (16% of our portfolio) were rented above 80% CMI, or at market rate

Across our entire housing portfolio, we continue to see strong demand and we are near 100% occupancy rate. This is due to our great property management team at MDC led by our Director of Property Management, Cashton Laufenberg, our Facilities Manager, Harry Irwin and our Leasing Manager Sara Gussine.

Our **Business Lending Programs** have been challenged due to the changes at the Federal level with Housing and Urban Development (HUD) funding. This impacted both our City of Madison CDBG Funds as well as our SSBIC Funds through WHEDA.

The **City of Madison's CDBG** (Community Development Block Grant) funding was the catalyst for MDC's creation in 1977. The City provides dollars for our Business Loan Program (BLP) - which is focused on financing hard to finance businesses in the City. We closed on 2 loans totaling \$225,000 in 2017. We also continued to service 45 loans in our portfolio. Combined, our BLP companies created 120 fulltime and 152 part time positions in 2017. In 2018, we have already added 6 new companies to our BLP portfolio by lending out \$570,000, of which 2 of these were Woman Business Enterprises (WBEs), and 1 is a Minority Business Enterprise (MBE). In 2017 we were also able to finance 2 additional companies for \$150,000 from our Dane County Development Corporation (DCDC) Fund, which is funded by local banks. In 2018, DCDC funded 4 more companies totaling \$250,000 of which 2 are WBEs.

For 2017, our **MDC Venture Debt Fund** invested in 5 new high tech companies totaling \$975,000. MDC's portion of this is \$87,000. One of these companies (Grocer Key) created 54 Full Time and 100 Part Time positions, of which all are eligible for health insurance benefits. 60% of Grocer Key's employees are black, Hispanic or native American, and more than 50% were unemployed.

In early 2017, MDC's Venture Debt Fund had secured a commitment of \$2 million of US Treasury SSBIC Funding from WHEDA for 3 years. Unfortunately, WHEDA's SSBIC Funding was pulled by HUD mid 2017, so MDC lost this funding. Our MDC team was able to bring in \$500,000 quickly to replace some of these funds. However, the demand for our Venture Funding continues to grow. Thanks to our current investors, our 2018 Venture Debt new investments include 7 new companies totaling \$1.5 million of financing from our MDC Venture Debt Fund.

Madison Development Corporation has been selected by the **City of Madison** to act as the loan manager and overseer of the technical assistance providers for the new City of Madison Cooperative Enterprise Development Program. This program is run by our VP of Lending, Dave Scholtens. Our first Co-Op Loan was to Union Cab for \$50,000 to buy vehicles which will allow them to transport passengers with disabilities.

On the Board level we welcomed Anne Neujahr Morrison in 2017. Anne is employed by Urban Land Interests. Anne serves on the City of Madison's Housing Strategy Committee as well as on MDC's Housing Committee.

On behalf of our Board of Directors, thank you for your membership and continued support of Madison Development Corporation.

Ron Trachtenberg, Chair
Madison Development Corporation Board of Directors