



Garver Feed Mill Proposals – Staff and Committee Questions
Alternative Continuum of Care (“ACC”)

1. What is the source of Developer Equity of \$5,673,555?

ACC has a current portfolio of approximately 700 housing units located throughout Wisconsin, Minnesota, and Iowa. In order to provide the various types of services and care to the residents, ACC employs almost 650 persons. Wage rates run from entry level to highly skilled Nursing, Physical Therapy, and Social Work. Current development plans project ACC will reach 1,000 units in the next several years. Employment opportunities will also grow proportionally.

To build and operate a portfolio of this size, ACC uses a variety of short and long term debt funds, as well as internally and externally generated equity funding. The latter comes from a variety of sources, depending on the location and type of property being developed. For the Garver site, ACC intends to use a mix of owner equity and funds invested by outside groups.

With regard to the latter, ACC has already obtained the investment commitment for its current growth forecasted over next several years. This includes the Garver property. Equity investors tend to prefer to be less visible. Therefore, providing details of who they are and how much will be invested would not be appropriate at this juncture. ACC will, if selected, provide additional investment documentation to support the equity committed to the transaction. Suffice it to say, ACC would not have grown to the current size without being able to access the debt and equity markets. ACC has a solid track record of development and operation of specialized health care properties.

2. Will the lender agree to the City’s stated requirements for the ground lease?

ACC understands and agrees with the concept of the ground lease. This concept is not new in the marketplace. Dimension Development, LLC, the Financial Consultant on the ACC team, has recently completed two similar transactions with the City of Madison Community Development Authority (“CDA”). In those transactions the CDA retained ownership of the land, through a ground lease, and Dimension Development arranged long term debt and equity investment for the redevelopment of roughly \$25 million of CDA owned rental housing.

ACC assumes that the City will use similar leasing structures for the Garver transaction. In particular, the understanding of the need for lenders and investors to have the ability to protect their investments, while at the same time recognizing the existence of a ground lease. Assuming similar City provisions in the Garver lease, ACC does not envision difficulty in locating lenders who will be able to accommodate the City needs.





3. What progress has been made in securing the Kessenich site?

ACC has been in discussion with the owners of the Kessenich site since before the Garver RFP was submitted. ACC will provide feedback to you with our progress.

ACC is interested in the Kessenich site not only to facilitate easier and better access to the Garver site, but also to provide additional development opportunities for the Graver redevelopment concept. By being able to have access to the Kessenich site, ACC can better manage what needs to be located on the interior of the Garver site. This would serve to reduce traffic interior to the Garver site, as well as offer additional economic development and employment opportunities to establishments that would be better located on Fair Oaks Avenue.

4. What is the alternate proposal for site access if Kessenich's cannot be secured?

ACC will use the proposed access through the North Plat as was discussed in the RFP. While that is not the preferred access, it would work for the ACC Garver redevelopment concept.

5. Who is the proposed day care operator?

At this stage of discussions, ACC would prefer not to disclose the day care provider. The proposed provider has asked to keep our discussions about their intentions confidential at this time. ACC believes that a day care provider would be valuable on either the Garver or Kessenich site. Moreover, ACC intends to secure a provider that will be able to offer daycare to at least second shift employees who either live or work in the adjacent neighborhoods.

6. Provide the Committee with market analysis indicating that there is a need for the type of product being proposed by ACC?

ACC has commissioned a third party market study to support its own internal market analysis. The full report will be completed in the next several days but is not available at this time. While the report contains proprietary information, ACC will share relevant portions with City staff, most likely next week, but certainly well in advance of any final committee deliberations.

Although the full report is not yet available, based on preliminary data, it appears that the Capture Rate (e.g. the percentage of the eligible population that would need to live in Garver for the Garver units to be fully occupied) is likely to be in the 2.0% range. Target market households total about 4,900. There are only about 460 existing comparable units in the target market.

As referenced above, ACC has roughly 700 units of older adult housing under operation at present. About one half of that total is in Madison. ACC understands the local market by virtue of its current Madison operations. In those operations, ACC occupancy is consistently at or above the average occupancy rates reported by NIC MAP, a third





party source for seniors housing data. The National Investment Center for Seniors Housing and Care, or NIC, reports an average occupancy of 88.3% for skilled nursing, 90.5% for Seniors Housing including assisted living, memory care and independent living.

Consistently high occupancy in a product that has high turnover due to health care needs of the residents is an important fact. In typical rental housing, residents are required to adhere to specific lease terms—usually annual. This gives the owner a security for a much longer timeframe before having to work on replacement tenants. Older adult housing is geared primarily to persons with health care needs. These individuals are motivated by the unplanned events that typically dictate their housing/care needs. A natural part of serving the older adult population is the increasing level of care needed up to and including the eventual passing of the resident. To maintain high occupancy in that market segment suggests that ACC has good market acceptance, and is able to fill units, on short notice, as the unplanned vacancies occur. That reputation will carry over to the Garver site.

It is also important to note that the ACC concept for Garver provides for a “continuum of care”. Residents who move in as “independent”, may well over time see a need for supportive services from ACC staff and would have the opportunity to transfer to an environment on-site to provide the care needed. The resident would not need to leave friends and familiar surroundings.

ACC does not intend to operate a Skilled Nursing Facility on the Garver site. Only Independent, Assisted and Memory care units will be located at Garver. ACC does own and operate a 100 bed Skilled Nursing Facility in the Grandview Commons neighborhood, and can easily accommodate Garver residents who would need to relocate to that facility.

ACC will have employees on site 24 hours per day, 365 days per year. Full food service preparation will also be located on the Garver site. If you visit the ACC web site (www.oakparkplace.com), you can review the full complement of life style services that ACC provides. The concept for the Garver site is to create an older adult “community” inside of an existing City of Madison neighborhood. Proximity to the Olbrich Gardens, City Parks, Lake Monona, and the North Plat, allows residents of the Garver site to be linked to established neighborhoods. We pick locations where we can integrate into the neighborhood and become a community within a community.

The Garver site is not located directly on a busy thoroughfare. This is an important positive feature of the site. The City intention to keep the north Plat essentially undeveloped is also a very positive feature of the Garver site. Providing green space, walking paths, quiet settings, secure surroundings, and visually relaxing views, are key aspects in locating the ideal older adult housing development. The Garver site has all of these features. There are things to see, things to visit, things to do, and things to simply watch. The setting is quite and secure. These are all significant “pluses” for the site.





Many of the residents of the site will not drive regularly, in part due to the fact that ACC has a very robust transportation program to take residents where the need to go. This allows pooling of transportation needs. It reduces traffic and noise on the site. Proximity to the City bike path also allows alternate transportation opportunities for the residents so inclined.

7. Address surface parking stalls and identify how the number of stalls provided on the project was determined.

Preliminary plans provide for 268 stalls on site. About 100 of those are covered or underground. The remainder are surface. The respective housing types on site have different parking requirements. The following is a matrix showing the make-up of the 268 total stalls:

Assisted Living	1 stall per 10 units	3
Independent Living	1 stall per unit (minimum)	102
Memory Care Staff	1 stall per staff for busiest shift	15
Community Space (10,000 sq. ft.) (1 person per 15 sq ft)	20% of the patrons (Minimum)	133
Total Parking Spaces required		253
Total Provided		268

Total Bike stalls of 113 will be identified on various locations.

