

Re: State Historic Preservation Tax Credit

Should the project not be included in the 2015 allocation, our team is prepared to pursue various types of gap funding strategies that we have utilized previously such as HUD Section 108. In addition, we have been assembling project information and a funding request for \$2.5M as part of the Madison Regional Economic Partnership's application from the U.S. Department of Commerce's Economic Development Administration's *Investing in Manufacturing Communities Partnership* program. The MADREP proposal focuses on supporting regional projects that are economic drivers within the Agriculture, Food and Beverage sector. We have also identified eligibility for \$1,000,000 in additional sources of funding including the state's CDI program but wouldn't be worth pursuing until we have a clearer pathway for control of the site. Should both the state historical tax credit and these other sources materialize, the City contribution to the project could also be reduced.

If selected by the Garver Committee, our team is prepared to complete the Part II application in a timely manner – providing enough time to generate a state response. We positively support the City's effort to complete a response to Part I of the application in order to expedite the process.

We remain confident that most or all of the historical tax credit allocation projected in our financial assumptions will be made available for our project as a result of the economic benefits our plan anticipates providing to the state, regional and local communities. The State now requires that that the Wisconsin Economic Development Corporation competitively awards the historical tax credit allocation based upon an assessment of economic impact.

As emphasized on page 6 of our proposal, the Baum team anticipates significant economic benefits as a result of Garver's restoration as a hub for several second-stage local food processors - an industry of strategic economic importance to both the region and the State of Wisconsin. Positive economic impact is also generated through tourism revenue and room tax collections. In addition to these points, no state historical tax credit applications in 2014 were for the purpose of redevelopment for manufacturing-type users, a distinction that would also enhance the attractiveness of the Baum proposal.

In 2014, about 25% of the state historical tax credit allocations were for residential projects. In general, commercial projects have a more favorable economic impact as a result of the property tax and sales tax revenues generated in addition to the multiplier effect on the local and state economy through ongoing on-site employment creation. The State's newly proposed requirement for applicants to either demonstrate job creation or face the possibility of tax credits being recaptured will also likely limit the pool of total applications.

Given these aforementioned factors, one can reasonably conclude that based upon the strong economic merits of the Baum proposal and use, we would be given exceptional consideration as a top tier candidate for state historical tax credit allocation by the Wisconsin Economic Development Corporation.