



800 SOUTH BLOCK
EAST WASHINGTON

PROGRESS LETTER

09.25.14



Gebhardt Development, in conjunction with StartingBlock Madison and T Presents are pleased to submit this summary update for the redevelopment of the 800 South block of East Washington Avenue.

Having been involved in recent developments in the Capitol East District, we are confident we can continue expanding the vision and goals for the District with the proposed mix of local visionaries who can positively impact the future of the City.

The City of Madison and MNA have invested an enormous amount of energy and resources to develop Planning guidelines for the District. This proposal would not be possible if it weren't for these visions and efforts and we are confident that the proposed development exceeds the expectations of the Neighborhood, goals and requirements of the Capitol BUILD plan, Neighborhood Plan, Urban Design District 8, and the TE zoning district, as well as the goals of elected officials in the immediate and adjacent districts.

As detailed in the following summary, all involved parties and their respective areas of expertise are aligned with the City of Madison, Staff, and Policy to create a development which represents the ideals, goals, and vision of the Capitol East District.

We sincerely thank you for your consideration and look forward to continuing the process.

Respectfully,

Otto Gebhardt III
Gebhardt Development

The proposed site is unique for the City of Madison. It is currently vacant, sited on the gateway to Downtown along the most well traveled street in the City. A former car dealership, it has no existing structures and presents a blank slate to implement the vision of the District and Development team.

Project consists of the following objectives:
A half block mixed-use sustainable development containing StartingBlock Madison, a 1500 seat performing arts venue, professional office, educational and retail uses, and structured parking.

As demonstrated on other projects, we believe the best solution to this site is an urban, integrated, active, and sustainable project. What is proposed will activate the street during the day and evening and will not have a sizable component sitting vacant throughout the day.

Multiple internal users will utilize the music venue space for events, lectures, seminars, demonstrations, etc., creating a vibrant and visible presence and enhancing the District as a destination.

This project creates additional opportunities for interaction and integration among the tenants, adjacent businesses, and community by embracing the streets and unique qualities afforded the community with StartingBlock Madison and T Presents as anchor tenants.

Proposed Development Components:

-StartingBlock Madison: 45,000 to 55,000 s.f.

(plus space programmed for future expansion of up to 80,000 s.f.)

-T Presents Performing Arts Venue: 1500 seats, adaptable spaces: 16,000 - 20,000 s.f.

-Commercial and Retail Space: 12,000 - 20,000 s.f.

-Education: 40,000 - 45,000 s.f.

-Parking Structure: 425 stalls

Total occupied s.f.: 113,000 - 140,000 s.f.

StartingBlock Madison

45,000 - 55,000 s.f.; *(plus space programmed for expansion of up to 80,000 s.f. total)*

Strong economies depend on vibrant entrepreneurial and startup communities. According to the Kauffman Foundation, startups are responsible for all net new job growth nationwide, adding three million new jobs each year. The region has many of the components to grow as a startup hotspot with Madison's world-class research university and dynamic technical college, an educated and talented workforce, and high quality of life.

Madison already boasts a growing number of seasoned as well as first-time entrepreneurs creating jobs in high-growth industries such as technology, biotech and healthcare; and has a maturing entrepreneurial community that includes the peer-to-peer networking group of Capital Entrepreneurs; the prototyping hackerspace of Sector67; and the successful accelerator of gener8tor.

Madison also has a long history of growing successful economic and entrepreneurial infrastructure. For example, the the MGE Innovation Center incubator created in the University Research Park in 1989 was a revolutionary project with a tremendous impact on the growth of biotech and IT companies. More recently, a grant to the UW from the Kaufmann Foundation in 2007 helped play a role in fostering an environment that led to the inception of a number of initiatives which are still helping shape the local entrepreneurial ecosystem.

These include Capital Entrepreneurs, the Forward Technology Festival, MERLIN Mentors and a host of other groups and startup companies.

What Madison needs next is to bring its existing components together and build a strong, interconnected entrepreneurial ecosystem so that our startups can grow faster, better and stronger. Cities with successful entrepreneurial hubs, such as San Francisco, Boston and Chicago as well as smaller cities like Boulder and Austin, have found that entrepreneurs need places to gather, collaborate and support each other as well as to access funders, advisors and educational programming.

Building a place with a critical mass of entrepreneurial creativity and resources will support a pipeline of startups, accelerate job creation and help Madison retain talent and businesses.

Providing entrepreneurs the space and support to get started; At StartingBlock Madison, Madison's entrepreneurs will literally find the "starting blocks" needed for success:

- Affordable, flexible office and co-working space
- Peer networking and mentoring
- Access to peers, mentors, investment and professional advisors (sponsors)
- Accelerator programs (i.e., gener8tor)
- Collaboration, meeting and conference space
- Educational programming, workshops and community- building events
- Sector67 hackerspace

By growing a vibrant, interconnected entrepreneurial ecosystem from our existing entrepreneurial community, StartingBlock Madison will be a place where entrepreneurs can:

- Turn innovative ideas into profitable businesses and accelerate job creation;
- Grow our innovation culture into a startup hub;
- Propel our technology, healthcare and creative digital sectors; and
- Spark our next generation of dreamers and inventors.



T Presents Madison
16,000 - 20,000 s.f.

T Presents is an independent concert and event promotion company founded in 2012 that presents bands and artists at all stages of their careers. T exclusively books venues in New York, Maryland, Missouri, and Iowa and promotes or co-promotes events all over the country in clubs and theaters.

Believing that artists and fans connect best in an intimate environment, promoting club shows is the cornerstone of the T Presents philosophy. T Presents works to make its venues affordable and friendly for the fans and comfortable for the artists that play there.

Upon securing a Madison location, T Presents will relocate its main office from Brooklyn, NY to Madison. Toffer Christensen, a Madison native, will oversee all operations at the Madison location and will book shows and events in conjunction with a national promoter.

Tenant currently in negotiations with development team:

-Technology oriented private college

40,000- 45,000 s.f.

A Madison based private college desires to relocate to this development. Students and activities at the college complement the uses of both StartingBlock Madison and TOBO and will contribute to the activity and integration of the development and Corridor.

Other Uses:

Commercial and Retail Space

12,000 - 20,000 s.f.

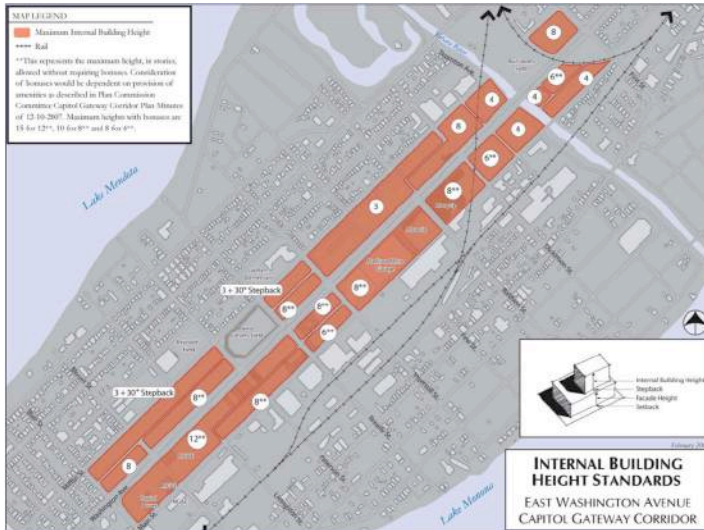
These spaces will complement and enhance the activities at StartingBlock Madison and T Presents and will generate additional activity and commerce in the Corridor, benefitting the adjacent business neighborhoods, and the City of Madison.

Commercial and retail tenants are being developed and placed in conjunction with the Galaxie and Constellation project to enhance and complement the Corridor.

Structured Parking

Parking will be for users of development, and most importantly, for patrons of the music venue. We believe it is critically important to provide sufficient parking to support the venue to assist in the long term success as well being considerate to adjacent neighborhoods.

There are approx. 450 parking spaces proposed on 4 levels for the development. In addition, by keeping the parking structure floor plates flat and providing speed ramps to access above grade levels, the internal parking structure can be repurposed at a future date for additional office, research, or another market driven use when additional public transportation infrastructure is in place.



Master Plan Compliance

Proposed uses are consistent with the BUILD and neighborhood plans which provide the highest and best use for the site.

Access to the structured parking is off Livingston and East Main Street.
The newly adopted TE zoning permits the following uses without exception:

- Artist, photographer studio, etc.*
- Insurance office, real estate office, sales office*
- Professional office*
- Clinic - Health*
- Physical, occupational or massage therapy*
- Coffee shop, tea house*
- Parking facility; public*
- Heliport*
- Solar energy systems*

and the following as conditional uses:

- Restaurant*
- Restaurant-tavern*
- Tavern, brewpub*
- Outdoor eating area associated with food & beverage establishment*
- Theater, Assembly Hall, Concert Hall*

COMPLIANCE WITH CITY STATED GOALS:

- The City expects to select a master developer for the entire 800 South block. *Achieved*
- The City is seeking proposals that reflect current market conditions: *Achieved*
- StartingBlock Madison must be a component of the proposed development: *Achieved*

Project Goals:

- Provide a sustainable long term development designed for multimodal transportation options and providing additional amenities to enhance the revitalization of the Capitol East District.
- Music venue sited on 800S block will eliminate issues relating to parking, noise, traffic and proximities to single family homes and public elementary schools.
- Provide construction employment and long term professional employment in the corridor

Benefits to Neighborhood

- No disruption or relocation of any residents, schools, or businesses
- Long desired and more consistent use of a neglected property

Zoning:

As previously outlined in the proposal program, project will be a commercial development with parking on site to accommodate the proposed uses. Project meet the definition of the TE zoning district and complies with UDD8, BUILD, and Neighborhood plans.

Site elements include the following:

Common:

- Structured Parking
- Wide landscaped sidewalks to create a vibrant and active "walkable street".
- Street level design and access based around the scale and needs of bicyclists and people, not cars.

Contextual Relationship

There are no existing businesses or residents that would be displaced or disrupted.

Our proposed development gives priority to the Marquette Neighborhood and Capitol East Corridor experience with emphasis placed on pedestrian and bicycle components, which is critical for the long term success of the District.

The proposed development is very permeable with multiple pedestrian and bicycle access points. We are designating Main and Livingston as the automobile access points, with access from both streets provided internally through the parking structure. Music venue loading and garbage pickups would occur internally in the parking structure to minimize noise or disruption.

This development has the ability to continue with the creation of a new destination oriented center in the Corridor.

The building and environment take advantage of the views of the Capitol, Breese Stevens field, and lakes on the upper levels.

Siting the music venue on this side of East Washington and internally handling loading and parking while displaying active, visible, and vibrant entry points on East Washington and North Livingston creates the maximum amount of positive effects and activities with the minimum amounts of disruption to adjacent non-compatible uses.

Integration:

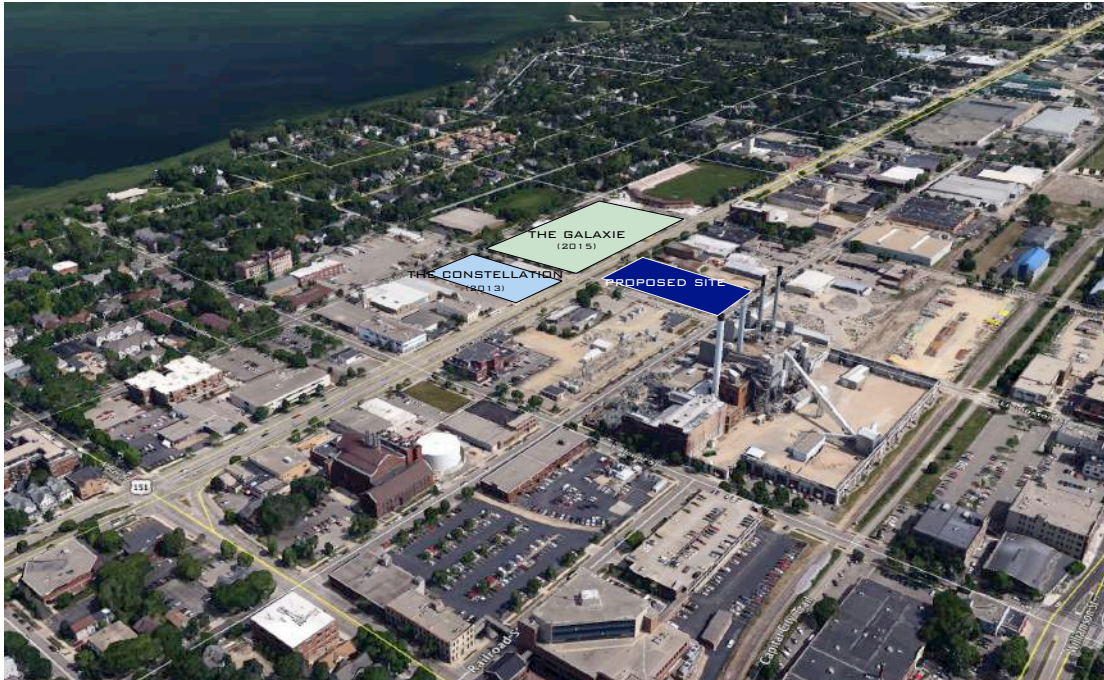
In addition to the creation of pedestrian scaled interactions on the site, the buildings and uses are sited and massed to create an interactive environment with purpose throughout the day, not simply a convenient collection of buildings, which would sit vacant during the day and not contribute to the activity of the District.

It is of paramount importance to provide opportunities for street and pedestrian activities throughout the day. We are proposing a mix of uses that are integrated both vertically with each other and horizontally with the the surrounding business and neighborhood.

This element, combined with ease of transportation options, will provide a dynamic and active addition to the area. We believe the siting of these tenants on the South side of the 800 block eliminates disruptions with families and the elementary school that would occur elsewhere in the corridor and will provide the spaces long desired for employment and forward thinking.

Viewshed:

The proposed project complies with adopted Planning documents with respect to height and setbacks. Because of this, views of the Capitol will be unobstructed by this project, as designated in Urban Design District 8 and BUILD guidelines.



Pedestrian Access

Public space and pedestrian access at street level is an important livability element. Creating a scale that is compatible with the human form and creating paths, gathering areas, and sidewalks with enough room for several people side by side creates an inviting and vibrant streetscape.

Paths at the perimeter of the site and at the mid-block access point give priority to easily navigating through and around the site, enhancing long term successful use.

Bicycle Access

Bicycle access will occur at nodes on E. Washington at Livingston and Paterson streets and at a center access point on East Main.

Referring to Walkscores.com, the area is referred to as a “Biker’s Paradise” with Downtown, Capitol Square, and most of the Isthmus accessible within an 8 minute bicycle ride.

Public Transportation Access- Existing

Current Bus Routes that serve the area:

East Washington:

Routes 6, 14, 15, 25, 29, 27, 56, 57.

Johnson/Gorham:

Routes 2, 5, 9, 10, 27, 28.

offer an additional six routes.

Jenifer/Williamson Street:

Routes 3, 4, 10, 38.

Automobile Access and Parking

Access to structured parking is off E. Main and Livingston streets, with through access between side streets provided within the proposed parking structure.

Additionally, parallel automobile parking is proposed on all streets bordering the site for general use by the neighborhood and patrons.

Lighted intersections occur at Paterson and Livingston



Gebhardt Development will act as the Master Developer for the site

- Gebhardt Development will purchase City owned properties available on the South 800 Block
- StartingBlock Madison will have ownership of a parcel and improvements as designed and submitted through a future CSM by Gebhardt Development.
- StartingBlock Madison's improvements shall be fully integrated with the development of the rest of the site in concept, design, and completion.
- T Presents will purchase a condo unit in the overall development
- Proposed Technology oriented private college and retail tenants will lease space.
- Project will be financed through private equity sources

Land Purchase

If selected Gebhardt Development will submit an offer with the following (but not limited to) contingencies to be satisfied within 240 days of acceptance:

- Tax Incremental Financing from the City of Madison for the construction of structured parking and soil remediation as necessary
 - Certified Survey Map/Plat approval from the City of Madison.
 - Requested Conditional use approvals from the City of Madison
 - Financing acceptable to Developer

 - Title Commitment and an ALTA Owner's Title Insurance Policy in the aggregate amount of the purchase price. Seller will be responsible for the cost of the Title Commitment and Title Policy.
 - Earnest money subject to negotiation
 - Developer is requesting a 240 day option on property in order to remove contingencies as described above.
- If selected, Developer requests to discuss the following items:**
- Purchase Structure and City's ownership timeline**
 - TIF calculations**

Developer Responsibilities

- Provide project Design and Financing
- Construct development to meet previously set goals and uses
- Engage stakeholders and City of Madison through design and entitlement processes
- Secure tenants to meet use and job creation goals of development
- Assume risk of market volatilities

City Responsibilities

- Assistance in securing a brownfield grant for completion of Phase II and any required remediation
- Assistance in securing TIF funding
- Assistance in coordinating project with all applicable departments and reviews



Consultants

Fink Associates, Madison, WI
Carl Fink, P.E.

design studio etc., Madison, WI
Attn: Garret Perry, ASLA

Professional Engineering; Waunakee, WI
Roxanne Johnson, P.E.

Full Spectrum Solar; Madison, WI
Burke O'Neal

Isthmus Surveying; Madison, WI
Paul Spetz

CGC Inc. ; Madison, WI
Dave Staab

Seymour Environmental ; Madison, WI
Robyn Seymour

The core members of the Development and design teams have previously gone through the approval process for the 700N and 800N blocks of East Washington and are intimately familiar with the process and requirements of designing and building in the District.

GEBHARDT DEVELOPMENT

Attn: Otto Gebhardt III 608.245.0753

222 North Street Madison, WI 53704

Otto has been involved in real estate investment and a business owner in Madison, Wisconsin and surrounding communities for more than 21 years. Otto has significant contacts in the Madison real estate and financial markets. He owns and operates numerous companies, including Colonial Management, Inc., which is a property management company that manages approximately 1,200 commercial and residential units in the Madison metro area. Otto has successfully developed and redeveloped several properties in the Madison area and has garnered past recognition from Madison city officials for the quality and viability of his commercial real estate projects. Otto's vision and ability to complete complicated transactions was apparent with the current construction of the Constellation project on the 700N block of East Washington, using a variety of financing instruments and TIF. He owned and managed Quality Fitness, a retail fitness equipment business with headquarters in Madison, for approximately 16 years from 1988 to 2004. Otto has been active in civic and non-profit organizations for his entire professional life.

BARK DESIGN

Attn: Christopher Gosch 608.333.1926

10 North Livingston Street, Madison, WI 53703

Christopher's experience has taken him around the country for retail, commercial, and multi-family housing projects. His ability to create spaces in unexpected and unique ways has been a result of many years of research, listening, and implementing these ideas.

As a former employee of the Alexander Company, Christopher worked on very challenging historic renovation, multi-family, and commercial projects, and as a strong believer in collaboration as a design tool, he has been able to successfully work with building owners, tenants, contractors, and tradespeople to create an enduring, functional, and inspirational built environments.

He is a registered Architect in the State of Wisconsin and is continually exploring new ways to build and live. Work can be viewed at: www.bark-design.com

DRIVEARCHITECTURE

Attn: Alan Curtis 312.218.4176

Chicago, IL

Alan is the founder as well as the managing and design principal of drivearchitecture. His experience encompasses all phases of architecture and interior design from programming through construction administration. Alan's demonstrated expertise is in bringing form to the urban and building planning process as well as being an advocate for responsible and sustainable design initiatives. Alan has been a practicing architect for 40 years and is currently licensed in Illinois, North Carolina, South Carolina, Georgia, Wisconsin, Indiana, New York, Arizona & Colorado. He has been a Licensed Real Estate Broker in Illinois and attended the University of Illinois at Chicago. Among his many volunteer activities he served on various committees of Chicago Chapter of the American Institute of Architects, was on the board of directors of the American Red Cross of Greater Chicago for nine years, including two years at the board chairman. Alan also served on the board of Planned Parenthood of Illinois for two years. For more about Alan go to www.alanscurtis.com



Project Schedule and Phasing

The sequence of the project as managed by Gebhardt Development is as follows:

- 1: Selection by Committee for negotiation of purchase and sales agreement- December 1, 2014
- 2: Outreach to stakeholders in Marquette and TLNA neighborhoods- December 2014
- 3: Successful negotiation of PSA- January 4, 2015
- 4: TIF documentation and application submitted to City of Madison- January 2014
- 5 Continued design development internally and with City Staff and MNA- January- June 2015
- 6: Submittal of documentation for Conditional Use approvals- June 2015
- 7: Construction Start- September 1, 2015
- 8: Music Venue completed- Fall 2016
- 9: StartingBlock Madison Occupancy- Winter 2016

Project complete: Winter 2016

800 SOUTH BLOCK
EAST WASHINGTON
PROGRESS LETTER

MASSING CONCEPTS



10-12 STORIES

450 PARKING STALLS

USES ARE HORIZONTALLY AND
VERTICALLY INTEGRATED



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**RETAIL PRESENCE
AND MULTIPLE ENTRY POINTS
ALONG EAST WASHINGTON
AND NORTH LIVINGSTON**



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