

**City of Madison TIF Report**  
 UW Digestive Health Clinic Project (GI Clinic, LLC)  
 October 24, 2011

**Background**

GI Clinic, LLC (“Borrower”) requests \$1.372 million of TIF loan assistance for a privately-owned, 73,000 SF clinic to be leased to UW Hospital and Clinic Authority for a state-of-the-art UW Digestive Health Clinic (“Project”).

The Project is located on Lot 1 of the former Erdman property located at the southwest corner of University Avenue and Whitney Way, within the boundary of the recently-adopted TID #41 (University-Whitney), both depicted on the map at right

The Project has an estimated value of approximately \$24.5 million and is anticipated to retain approximately 35 jobs and create 127 jobs in the City of Madison.



**Payment In Lieu of Tax (PILOT) – Tax Exempt Sale Provision**

As a condition of approval, the City of Madison requires a PILOT payment in the event the project is sold or transferred to a tax-exempt entity. Such PILOT payment is made at the time of sale until 2038. Said sale or transfer shall not occur until the TIF loan assistance provided is recovered through the project’s tax increment payments. The specific PILOT term sheet language is found on sub paragraph 9 of the authorizing resolution.

**Project Data**

Building Area	73,000 SF
Parking Stalls	265 surface stalls

<b><u>COST</u></b>		<b><u>Comments:</u></b>
Land	(4,550,333)	\$30/SF Land in line with market for area.
Infrastructure	(872,667)	TIF-eligible portion of \$2.3 M of total infrastructure cost
Demolition	(624,000)	11 structures must be demolished
<b>Total Land Cost</b>	<b>(6,047,000)</b>	
Hard Construction-Clinic	(13,800,000)	
Parking Construction	--	Surface parking
Soft Cost	(2,015,000)	
<b>TOTAL COST</b>	<b>(21,862,000)</b>	\$230/SF cost in line w/ Meriter-Monona (\$216) and Arbor Gate (\$220)

<b><u>Sources and Uses</u></b>	
Loan	17,250,000
Equity	3,240,000
<b>Total Sources</b>	<b>20,490,000</b>
Less: Uses	(21,862,000)
<b>Gap</b>	<b>(1,372,000)</b>



<b>% of TIF Coverage</b>	
Estimated Value	\$24,468,000
TIF Available @ 50%	\$2,367,000
<b>TIF Request</b>	<b>\$1,372,000</b>
<b>% of TIF</b>	<b>29%</b>

<b>TIF Goal Compliance</b>	
Job Creation, Retention	35 retained, 127 created
Adaptive Re-use	Area 81% blighted
Urban In-fill	Yes

**TIF Policy Exceptions**

None

