



800N East Washington RFP response- Financial Information

02.15.13

Table of Contents

13:	<i>Financial Strategy</i>
14:	<i>Estimate of Value Calculations</i>
15:	<i>Estimated Annual Property Tax Payments (for life of TIF)</i>
16:	<i>Details of Potential TIF Investment</i>
17:	<i>Developer Guarantee Proposals</i>
18:	<i>Terms of TIF Investment</i>
19:	<i>Financing Component Breakdown (by Building)</i>
20:	<i>Sources of Funds and Potential Commitments</i>
21:	<i>Monthly cash flows for first 3 years</i>
22:	<i>Annual Cash Flows for term of TIF (Minimum 10 years)</i>

Attachment (Financing Spreadsheet)

13: Financial Strategy:

Land purchase price to be \$16/s.f..

A lease arrangement with the City of Madison to allow construction to begin earlier than 2014 is desired and Developer requests additional discussion with Staff regarding this element.

Project will be financed through a combination of private developer equity, equity from the sale of New Markets Tax Credits, TIF, and conventional debt.

NMTC:

The project meets or exceeds the following eligibility guidelines for NMTC awards:

- CDE Fund
- Qualified Census Tract
- 80% rule
- Permanent Jobs
- Catalytic effect on Community
- Other City funding Sources considered (gap apparent)
- Brownfield Site
- Local enterprise Zone
- Site is designated as a "Food Desert"

Involvement of Randy Roth and the Endeavour Group as a component of the Development team has strengthened the position of the project for NMTC. The inclusion of the Grocery Store as an anchor tenant is very much desired by NMTC allocatees and Chase has been identified as the primary investor due to the strength of the project and their history with similar scale projects (see attached letter of interest).

As with all financing tools, there is a risk of not receiving these credits. In the unlikely event that occurs, developer would explore other financing options as well as discuss with City Staff alternatives, including, but not limited to, a longer phase-in of project components.

TIF:

Additionally, the development team is requesting City of Madison assistance in the form of Tax Incremental Financing to support the gap created by the structured parking component and additional sustainable elements as the City deems desired or appropriate.

A more detailed analysis of the proposed TIF request is in Sections 16 and 18 of this booklet.



ANCHOR TENANT:

Metcalfe's Market will enter into a long term lease for their component and this is viewed very favorably by lenders and future commercial tenants due to Metcalfe's stability, continuing success, service to the Community, and credit history.

COMMERCIAL TENANTS:

Several additional commercial tenants have expressed interest in the space given the amenities and features afforded tenants by both this project and the adjacent Constellation project.

OVERALL VIABILITY OF PROJECT:

Project concept as presented has many positive elements that greatly increase its viability:

- Anchor tenant in place
- Very strong Neighborhood rapport with Development team, especially Metcalfe's grocery
- No significant hurdles with City plans
- Development team experience with District and site conditions
- Adjacent development by Gebhardt (Constellation) strengthens Developer's and lender's position on the Constellation and desire for additional investment in District.
- Positive pre-leasing performance by the Constellation
- Lenders are still in a position where a project like this is very much desired, particularly considering the strengths of the project, developer, anchor tenant and neighborhood support. The caveat to this is that an unanticipated humanitarian, market, or currency crisis could alter these amenable conditions quickly.

In addition, there are a number of variables that affect the financing and City TIF involvement:

- NMTC- We do not anticipate any issues at this time with acquiring NMTC for this project. The final amount of allocated credits will affect potential gaps elsewhere. Additional information on NMTC should be available in April of 2013.
- Sustainable and other program goals. We would like to discuss with Staff and the Neighborhood in detail what the achievable goals are for this project, and what the project can realistically support. We are attempting, through private partnerships and the involvement of Sustain Dane, to provide resources to achieve many of these goals, but would welcome additional discussions on how to achieve a true sustainable showcase for the City.
- A discussion regarding the relationships between TIF, sustainability, building height, and density is also desired with City Staff.
- We feel that discussions regarding program, sustainability, and TIF would be of a high priority to assist in locking the other pieces of the project into place.
- Development team would request an approach similar to the Constellation, in which all parties, working very well together, can quickly identify potential issues and determine and implement solutions that are satisfactory to all.

14: Estimate of Value Calculations:

We are estimating value based on market demand for office space and terms from Metcalfe's Market for the Anchor tenant location.

Apartment numbers are based rental market conditions (current and projected vacancies, number of units to come online in the next 3-5 years, and employment and economic projections) as well as performance of the Constellation project.

NOTE: A cap rate of 8% is used as a multiplier for value assumptions.

See attached Spreadsheet

15: Estimated Annual Property Tax Payments (for life of TID)

NOTE: A comparison of 22 and 27 year TID durations is included.

See attached Spreadsheet



16: Details of Potential TIF Investment

Requested TIF support will be used for the following components of the project:

- Brownfield remediation (Urban infill)
- Structured parking (Parking to serve events at Breese Stevens Field)
- Higher Standards of Design and Sustainability

Developer is requesting the following:

- The 800N block of East Washington is removed from TID 36 and a new TID created for this block with a full 27 year cycle

Proposed project meets or exceeds Adopted Policy Goals of the City of Madison for use of TIF Policy (adopted in 2009):

SECTION 4: TIF GOALS, OBJECTIVES AND STRATEGIES

Goal 1: Support Economic Development

- (1) Job Creation in High-Need Areas.
 - ii. Stagnation or decline in property values
 - iii. Commercial and/or industrial vacancy
- (2) Job Creation Through New Business Development.
- (3) Job Creation Through Attraction, Retention, Expansion of Existing Business.
- (4) Mixed-Use or Industrial Projects Linked to Workforce Housing

for family size for rental housing and 100% of Dane County median income for owner-occupied housing. By adopting this income standard, it is the intent of the Common Council to encourage the development of mixed-income affordable housing, which should include housing units at low and very low-income levels.

Strategies to Support Neighborhood Revitalization:

Goal 2: Support Neighborhood Revitalization, Including Downtown

- (1) High-Need TIDs. Improved conditions in blighted area TIDs in "high need" areas that demonstrate a significant and substantial combination of the following examples of physical deterioration: (a) Deteriorating or obsolete building stock
 - (b) Stagnation or decline in property values
 - (f) Land upon which buildings or structures have been demolished and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise substantially impairs or arrests the sound growth of the community.
- (4) Higher Standards of Building Design, Materials.
- (5) Urban In-fill. Urban in-fill projects that either increase or decrease density consistent with the City comprehensive plan.
- (6) Affordable or Workforce Housing (rental or owner-occupied)
 - (c) Dane County Median Income. The affordable housing units shall be made available to income certified households at or below 80% of the Dane County median income, adjusted

- (1) Improve the public infrastructure.
- (2) Upon demonstrating the "but for", provide TIF assistance to private development projects that:
 - a) Provide a variety of housing choices, through renovation and rehabilitation of existing buildings and higher-density new construction in selected areas to increase the number and diversity of downtown residents.
 - (b) Stimulate the rehabilitation or removal of deteriorated or dilapidated buildings and the creation of mixed-use in-fill redevelopment.
 - (d) When feasible, provide assistance to businesses that create a significant number of living wage jobs. TIF Loan policies in Section 4, paragraphs (1) through (8), (10) through (13) and (16) and the job creation guaranty in Goal 2: (3), (4) and (5) shall apply.
 - (e) Provide transportation linkages and other urban amenities.
 - (f) Increase the supply and variety of high-quality, home ownership opportunities.
 - (g) Increase (or decrease, when appropriate), residential densities at selected locations as identified in the adopted City of Madison comprehensive plan.
 - (h) Encourage the development of higher concentrations and mixes of commercial, retail, business and professional office uses, with parking and Transportation Demand Management (TDM), within mixed-use projects.



17: Developer Guarantee Proposals

Developer Guarantees will be consistent with City of Madison TIF Policy (adopted in 2009). Developer will explore other options with staff if required or deemed necessary or appropriate.

18: Terms of TIF Investment

In order to make the project financially feasible, the TIF application would be submitted concurrent with the Land use applications. The following terms would apply, with additional discussion to occur as project progresses:

- 1: TIF assistance shall be provided in the form of a zero interest (0%) loan from the City to Developer. TIF Loan becomes a grant when tax increment recovered from the Project and/or cash payments by Developer are sufficient to repay the TIF Loan and the City's associated borrowing costs.
- 2: The City's expenditure in providing the TIF Loan shall be repaid by Developer through tax increments generated by the Project and/or cash payments by Developer. Developer shall guaranty the City's receipt of increment revenue.
3. Developer shall comply with Madison General Ordinance 4.20 that requires Borrower to provide a living wage.
- 4: No equity participation payments (gross sale proceeds) shall be made by Developer to City
- 5: Equity equal to or exceeding TIF amount shall be a combination of NMTC equity and private cash sources and as required by lender.

If selected, Gebhardt Development is requesting additional discussions on the following items:

- Additional TIF assistance would be requested by the developer in order to assist with more intensive sustainability goals.
 - More extensive Rooftop farm
 - Ground source Heat pump systems
 - HVAC Heat reclamation systems (at Grocery Store)
 - Other items as determined through conversations with Staff, Neighborhood, elected officials, and potential tenants.
- The relationships between building height, increment, existing ordinances, and TIF would like to be explored by the developer with City Staff.
- The current project program contains elements that are complementary to the MSCC. We would welcome a discussion of the appropriateness of this project to house the MSCC if staff deems appropriate.
- The proposed site/remediation work as presented by BT2 and City Engineering. The Developer would like to assess what is proposed and how alternate cost effective solutions could be implemented.
- Potential 2013 ownership and title transfer options from City to Developer.

19: Financing Component Breakdown (by Building)

Project will be considered as one entity phased in accordance with construction requirements (staging, material storage, etc.), tenant commitments, and required infrastructure improvements.

The following general conditions would apply:

- TIF would be utilized for structured parking, site, infrastructure, and additional sustainable elements
- NMTC would be utilized for the Grocery, Commercial, and Residential portions of the project.
- Other potential funds acquired through grants or donations would be utilized for remediation, energy, and sustainable elements.

A more detailed analysis will be provided if Developer's team is selected and when additional variables are resolved between City Staff and Developer.

20: Sources of Funds and Potential Commitments

See attached Spreadsheet and letter from NMTC allocatee and BMO Harris



21: Monthly cash flows for first 3 years

See attached Spreadsheet

22: Annual Cash Flows for term of TIF (Minimum 10 years)

Note: Assumption of project stabilization at Year 4

See attached Spreadsheet

END

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Otto Gebhardt III'.

Otto Gebhardt III, Gebhardt Development



Transmittal
800N East Washington RFP response

02.15.13

Contents

- 1: *12 (twelve) copies of RFP booklet*
- 2: *Scaled envelope of Financial Calculations and Information*
- 3: *Flash Drive with PDF version of RFP booklet*

Cordially,

Otto Gebhardt III, Gebhardt Development

Total Land Area (All Phases)	196060	s.f.	4.5 A
Phase I Land Area	196060	s.f.	

Address or Tax Parcel I.D.	Date Acquired	Acquisition Price
70913302168		16 \$/s.f.
70913302025		16 \$/s.f.
TOTAL LAND ACQUISITION COST		\$3,136,960

Project Component	Gross Finished Area (SF)	Net Leaseable Area (SF)
Commercial	54,000	52,000
Retail	12,000	10,700
Residential	239,000	232,000
Grocery	49,000	49,000
TOTAL	354,000	343,700

Project Component	Number of Underground Stalls	Number of Structured Stalls	Number of Surface Stalls	Other (Define)	TOTAL
Commercial		42	0		42
Retail		185	0		185
Residential		120	0		120
Grocery			172		172
Other					
TOTAL		351	172		523

dedicated to apartments

5. DETAILED PROJECT COST

Land Cost	
Acquisition	\$3,136,960
Relocation	\$0
Demolition/Remediation	\$100,000
Total Land Cost	\$3,236,960

Coordinate with City/EPA Grant

Hard Cost		
Commercial/Office Component	\$5,940,000	x \$90/s.f.
Residential Component	\$28,680,000	x \$120/s.f.
Grocery	\$8,330,000	x \$170/s.f. - includes buildout
Parking Structure	\$7,426,600	x 14,200/stalls
Total Hard Cost	\$50,376,600	

Soft Cost	
Developer Fee (6.0%)	\$3,022,596
A+E Fees (4.0%)	\$2,015,064
Contingency (3.0%)	\$1,511,298
Interest & Loan Fees	\$325,770
Construction Overhead (included)	\$0
Soils/Geotech Testing	\$94,000
Appraisal	\$55,000
Legal	\$170,000
Site Engineering	\$77,000
Building Permits	\$60,000
Taxes/Insurance	\$50,000
Performance Bond (1%)	\$503,766
Parks Fees	\$87,000
Accounting	\$14,000
Surveying	\$12,000
Build outs (\$30/s.f. allowances)	\$1,980,000
Broker Fees	\$80,000
Other (Printing)	\$15,000
Other (Model)	\$11,200
Total Soft Cost	\$10,083,694

Grocery Build out included in construction cost

TOTAL PROJECT COST	\$63,697,254
---------------------------	---------------------

6. RENTS

RENTS	Lease Type (Net, 3-Net, etc.)	Base Rent (per SF)	CAM (per SF)	Gross Rent/SF
Commercial	Triple Net	\$18.00	\$4.00	\$22.00
Retail	Triple Net	\$19.00	\$4.00	\$23.00
Grocery	Triple Net	\$19.00	incl.	\$19.00
Residential		\$1.45	incl.	\$1.45
Parking	Per Stall	\$70		
Other				

HOUSING UNIT MIX	No. of Units
Rental Housing Units	
Market Units	181
Affordable Units (20%)	45
Total Rental Units	226
Owner Occupied	22
Live/Work	14
Total Units	262

7. SOURCES OF CAPITAL

Value Assumptions – Rental	Proposed Value	EsL NOI @ Stabilization	Cap Rate
Total Project (Stabilized Year 4)	\$41,264,510	\$3,301,161	8.00%
Total Estimated Value	\$41,264,510		

Sources of Funds- RFP

SOURCES AND USES (GAP)	Proposed
Project Cost	\$63,697,254.00
NMTC	\$4,800,000
MGE Grant	\$150,000
Remediation Grants	\$150,000
Developer Equity	\$3,100,000
Total non TIF Equity	\$8,050,000
Equity Required- 77% LTV	\$15,924,314
Equity from non TIF Sources	\$8,050,000
GAP (TIF Request)	\$7,874,314
Financed Amount	\$49,046,886

NOTE: Gap amount is affected by many variables- desired sustainable and program elements, building height, available grants, etc..

RENTAL CASH FLOW

Vacancy Assumptions (%)	First Year	Second Year	Third Year	RESIDENTIAL
Residential	20.00%	7.00%	4.00%	3.00%
Retail/Commercial	20.00%	7.00%	4.00%	3.00%
Parking	20.00%	7.00%	4.00%	3.00%

10 year cash flow

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Flow										
Gross Rent - Residential	\$4,036,800	\$4,157,904	\$4,282,641	\$4,411,120	\$4,543,454	\$4,679,758	\$4,820,150	\$4,964,755	\$5,113,697	\$5,267,108
Less: Vacancy	-890,360	-829,053	-171,306	-132,334	-136,304	-140,393	-144,605	-148,943	-153,411	-158,013
EGI - Residential	\$3,229,440	\$3,866,851	\$4,111,335	\$4,278,787	\$4,407,150	\$4,539,365	\$4,675,545	\$4,815,812	\$4,960,287	\$5,109,095
Gross Rent - Retail	\$246,100	\$253,483	\$261,087	\$268,920	\$276,988	\$285,297	\$293,856	\$302,672	\$311,752	\$321,105
Less: Vacancy	-89,220	-17,744	-10,443	-8,068	-8,310	-8,559	-8,816	-9,080	-9,353	-9,633
EGI Commercial	\$196,880	\$235,739	\$250,644	\$260,853	\$268,678	\$276,738	\$285,041	\$293,592	\$302,400	\$311,472
Gross Rent - Commercial	\$1,186,000	\$1,221,880	\$1,258,836	\$1,306,901	\$1,345,109	\$1,386,492	\$1,428,087	\$1,470,929	\$1,515,057	\$1,560,509
Less: Vacancy	-239,200	-86,232	-80,753	-89,207	-90,383	-94,595	-92,843	-94,128	-94,452	-94,815
EGI Commercial	\$956,800	\$1,145,648	\$1,218,083	\$1,267,694	\$1,305,725	\$1,344,897	\$1,385,244	\$1,426,801	\$1,469,605	\$1,513,693
Gross Rent - Grocery	\$931,000	\$958,930	\$987,698	\$1,017,329	\$1,047,849	\$1,079,284	\$1,111,663	\$1,145,013	\$1,179,363	\$1,214,744
Less: Vacancy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EGI Commercial	\$931,000	\$958,930	\$987,698	\$1,017,329	\$1,047,849	\$1,079,284	\$1,111,663	\$1,145,013	\$1,179,363	\$1,214,744
Gross Rent: Parking	\$38,988	\$40,158	\$41,362	\$42,603	\$43,881	\$45,198	\$46,554	\$47,950	\$49,389	\$50,870
Less: Vacancy	-7,798	-82,811	-1,654	-1,278	-1,316	-1,356	-1,397	-1,439	-1,482	-1,526
EGI - Parking	\$31,190	\$37,347	\$39,708	\$41,325	\$42,565	\$43,842	\$45,157	\$46,512	\$47,907	\$49,344
Laundry, Vending, Other Income	\$52,500	\$54,075	\$55,697	\$57,369	\$59,089	\$60,862	\$62,698	\$64,566	\$66,505	\$68,501
Effective Gross Income (EGI)	\$4,466,810	\$5,339,660	\$5,675,468	\$5,906,027	\$6,083,208	\$6,265,704	\$6,453,675	\$6,647,285	\$6,846,704	\$7,052,105
Less: Operating Expenses										
Residential	\$1,787,866	\$1,841,502	\$1,896,747	\$1,953,650	\$2,012,259	\$2,072,627	\$2,134,806	\$2,198,850	\$2,264,815	\$2,332,760
Commercial	\$476,754	\$491,067	\$505,759	\$520,973	\$536,602	\$552,701	\$569,282	\$586,360	\$603,951	\$622,069
Parking	\$119,191	\$122,767	\$126,450	\$130,243	\$134,151	\$138,175	\$142,320	\$146,590	\$150,988	\$155,517
Total Expenses	\$2,383,822	\$2,455,336	\$2,528,956	\$2,604,866	\$2,683,012	\$2,763,503	\$2,846,408	\$2,931,800	\$3,019,754	\$3,110,347
Net Operating Income	\$2,082,989	\$2,884,324	\$3,146,512	\$3,301,161	\$3,400,196	\$3,502,201	\$3,607,267	\$3,715,485	\$3,826,950	\$3,941,758
Less: Debt Service	-\$2,809,888	-\$2,809,888	-\$2,809,888	-\$2,809,888	-\$2,809,888	-\$2,809,888	-\$2,809,888	-\$2,809,888	-\$2,809,888	-\$2,809,888
Cash Flow	-\$726,899	\$74,436	\$336,624	\$491,273	\$590,308	\$692,313	\$797,379	\$905,598	\$1,017,062	\$1,131,671

800N RFP Response

Gebhardt Development

21. 3 year monthly cash flow

02.15.13

YEAR 1	J	F	M	A	M	J	J	A	S	O	N	D
	-\$121,150	-\$121,150	-\$72,690	-\$72,690	-\$60,575	-\$65,915	-\$48,460	-\$45,431	-\$38,258	-\$38,258	-\$30,287	-\$22,036
YEAR 2	J	F	M	A <td>M</td> <td>J <td>J <td>A <td>S <td>O <td>N <td>D</td> </td></td></td></td></td></td>	M	J <td>J <td>A <td>S <td>O <td>N <td>D</td> </td></td></td></td></td>	J <td>A <td>S <td>O <td>N <td>D</td> </td></td></td></td>	A <td>S <td>O <td>N <td>D</td> </td></td></td>	S <td>O <td>N <td>D</td> </td></td>	O <td>N <td>D</td> </td>	N <td>D</td>	D
	-\$18,609.00	-\$14,887.20	-\$12,406.00	-\$10,633.71	-\$9,304.50	-\$8,270.67	-\$6,203.00	\$107.00	\$981.00	\$1,428.00	\$1,585.00	\$1,777.00
YEAR 3	J	F	M	A <td>M</td> <td>J <td>J <td>A <td>S <td>O <td>N <td>D</td> </td></td></td></td></td></td>	M	J <td>J <td>A <td>S <td>O <td>N <td>D</td> </td></td></td></td></td>	J <td>A <td>S <td>O <td>N <td>D</td> </td></td></td></td>	A <td>S <td>O <td>N <td>D</td> </td></td></td>	S <td>O <td>N <td>D</td> </td></td>	O <td>N <td>D</td> </td>	N <td>D</td>	D
	\$836,583.00	\$13,463.32	\$15,299.23	\$16,829.15	\$17,714.89	\$19,799.00	\$22,438.87	\$24,041.64	\$28,048.58	\$42,072.88	\$56,097.17	\$69,559.00

Cash Flow Analysis of Year 4 stabilization

Income		Annual
Rent - Com-Retail		\$1,528,547
Rent - Residential		\$4,278,787
Parking		\$41,325
Other Income		\$57,368
Total Income		\$5,906,027
Expenses		
Advertising		\$35,000
Ap/Furn/Corp		\$60,000
Bad Debt		\$12,000
Bank Charges		\$25,000
Cleaning		\$70,000
Fire Ex.		\$10,000
General Maint.		\$200,000
Insurance		\$50,000
Legal/Prof.		\$15,000
Lock		\$5,500
Management		\$354,362
Painting		\$85,000
Pest Contr.		\$2,400
Real Estate Tax		\$89,560
Rental Fees		\$50,000
Res. Mgr.		\$35,000
Snow/Grounds		\$40,000
Supplies		\$50,000
Trash		\$60,000
Utilities		\$280,000
Water/Sewer		\$55,000
Water Softener		\$10,000
		<i>numbers to be adjusted based on final program</i>
Total Op. Exp.		\$2,383,822
Net Op. Profit		\$3,522,205

Debt Service						
Cost	\$63,697,254	Principal	Rate	Years	Monthly	Annual
1st	77%	49,046,686	4.00%	30	(234,157)	(2,809,888)
					(234,157)	(2,809,888)

800 N. Block EW Project Costs		total square feet
Budget Items - Site Work and Parking	Amount	
Cost		
Plangs/Sitework Total	\$5,996,283	
Parking Structure	\$7,426,600	
Envelope	\$16,103,677	
Mechanical	\$7,556,490	
Electrical	\$5,037,660	
Plumbing	\$5,037,660	
Elevators	\$700,600	
FFE	\$2,518,830	
Total	\$50,376,600.00	
Parking Structure	\$7,426,600.00	523 stalls
Total building without parking	\$42,950,000.00	354,000 s.f.
		\$14,200.00 per stall
Building \$/s.f.	\$121.32	buildings only
Site Work	\$5,996,283	see below
		<i>Additional or reduced sustainable design elements will adjust number</i>
		<i>Discussions with City Engineering can adjust this number</i>

Estimate: poor soil condition cost impact							
	Qty	Load kips/each	total kips	tons	pile capacity -		
interior columns inc slabs	140	1,070	149,800	74,900	90	832	
exterior columns	100	560	56,000	28,000	90	638	
for slabs	43	1,070	46,010	23,005	90	256	
for townhome slabs	50	450	22,500	11,250	90	125	
totals	333		230,810	145,405	360	1,741	total piles
						44	if avg/each
						76,587	total LF
						60	\$/LF
						\$4,696,213	\$/total
Pile Caps (4x4x2)	333	columns	550	\$/ea		\$183,150	
Grade beams	4740 #	3'wide x 2' deep	48	\$/#		\$227,520	
Excavation, export, disposal of contaminated soils due to caps, beams, and slab thickness						\$500,000	
Structural Slab (12" with heavy reinforcing) vs typical 8"						\$293,000	
Seismic class D - special requirements for elevator and mechanical systems						\$237,400	
						total	\$5,996,283

Site and Parking Costs	
Site work (Soils)	\$5,996,283
Parking Structure	\$7,426,600
Total Site Work	\$13,422,883

TID 36 Projections (Property Tax Payments)

Current tax revenue (600 Block)	\$0
Projected Value (Cap rate of 8)	\$41,264,510
Projected yearly taxes	\$699,560 .02217 tax rate

Projected increase in tax revenue \$699,560

27 year TID Projection 27 years 0.0226 calculated tax rate

	Value	Increment Revenue
	\$0	\$0
2013	\$0	\$0
2014	\$500,000	\$0
2015	\$22,000,000	\$497,200
2016	\$41,264,510	\$932,578
2017	\$42,089,800	\$951,229
2018	\$42,931,596	\$970,254
2019	\$43,790,228	\$989,659
2020	\$44,668,032	\$1,009,452
2021	\$45,559,353	\$1,029,641
2022	\$46,470,540	\$1,050,234
2023	\$47,399,951	\$1,071,239
2024	\$48,347,950	\$1,092,664
2025	\$49,314,909	\$1,114,517
2026	\$50,301,207	\$1,136,807
2027	\$51,307,231	\$1,159,543
2028	\$52,333,376	\$1,182,734
2029	\$52,334,456	\$1,182,759
2030	\$53,381,145	\$1,206,414
2031	\$54,448,768	\$1,230,542
2032	\$55,537,743	\$1,255,153
2033	\$56,648,498	\$1,280,256
2034	\$57,781,468	\$1,305,867
2035	\$58,937,997	\$1,331,978
2036	\$60,118,839	\$1,358,618
2037	\$61,318,156	\$1,385,790
2038	\$62,544,519	\$1,413,506
2039	\$63,795,409	\$1,441,776

\$28,580,407 Total Increment Generated to year 2039

NPV \$13,204,148

Available per City of Madison TIF Policy (50%) \$6,602,074

Amount requested \$7,874,314

Percentage requested for project 59.84% assuming 27 year TID Duration

Comparison with existing TID 36 duration	\$21,648,738 total increment revenue to year 2034
NPV	\$10,001,717
Available per City of Madison TIF Policy (50%)	\$5,000,858.46
Amount requested	\$7,874,314
Percentage requested for project	78.73% assuming 22 year TID Duration

February 14, 2013

Mr. Otto Gebhardt
Gebhardt Development
222 North Street
Madison, WI 53704

Re: 800 E. Washington Block Redevelopment
Madison, WI

Dear Mr. Gebhardt:

Thank you for the opportunity to discuss your potential proposal in response to the City of Madison RFP regarding the 800 E. Washington Redevelopment site.

BMO Harris Bank N.A., and Gebhardt Development have completed many successful financings in the past including, most recently, the financing for the adjacent Constellation Project. We believe your development proposal, which provides a mix of complementary uses, would contribute greatly to the growing vibrancy of the neighborhood.

We look forward to continuing to partner with you in future development opportunities and would be interested in considering a financing proposal for this project as it moves forward.

Please continue to stay in touch with us as your plans progress. If you have any questions, please contact me at 608-252-5826.

Sincerely,



Sarah Locke
Vice President
U.S. Commercial Real Estate
BMO Harris Bank, N.A.

HEALTHY FOOD PARTNERS LLC

Ph 205.259.1743
100 42nd Street South I, Birmingham AL 35222
Cary.neil@newstarted.com

Christopher Gosch at bark design

Dear Mr. Gosch:

Healthy Food Partners, CDE is pleased to inform you that your Madison, Wisconsin based project was included in our 2013 Federal New Market Tax Credit CDE Allocation submittal to the Department of Treasury. We have identified Chase Bank as the credit investor for your project.

Healthy Food Partners, CDE is a collaboration of several national-based banks serving as credit investors, development professionals serving as project identification and community stakeholders interested in promoting healthy food alternatives for underserved markets. Our team has identified over \$100 million in qualified grocery store development projects from Wisconsin, Illinois, Alabama, North Carolina and Florida.

We expect the Department of Treasury Community Development Financial Institution to announce the 2013 NMTC allocation plan in April. Given the priority placed on creating healthy food options through the use of NMTC's, we have every reason to believe that your \$65M project along with our allocation submittal will be funded.

If you or affiliated members would like to schedule a call to discuss our commitment, please feel free to contact me at 205.259.1743. We look forward to assisting in your project in a multitude of ways.

Any commitment by Healthy Food Partners or its affiliates with respect to any debt or equity investment is contingent upon final due diligence with respect to the financial conditions, operations, management and business prospects of your partner organization and the specific Harvey project.

Thank you and I look forward to your project completion.

Cary W Neil



Healthy Food Partners Principal

