



February 11, 2019

Economic Development Division  
City of Madison  
215 Martin Luth King, Jr. Blvd, 3<sup>rd</sup> Floor  
P.O. Box 2983  
Madison, WI 53701-2983

Re: Modified Revised Response to City of Madison RFP for the Development of 1402 S Park Street.

Dear Selection Committee,

Welton Enterprises, Inc. is pleased to provide detail on several modifications to the revised response to the Truman Olson RFP as submitted on January 15, 2019.

In the following you will find more information on the modifications to the conceptually named 'Truman Commons' mixed-use development, including:

- 1) A detailed description of modifications to the design concept and land use, and
- 2) The requested proforma and site purchase price for the modified project.

Please do not hesitate to contact us should you have any further questions.

All the Best,

A handwritten signature in black ink, appearing to read 'Paul Molinaro'.

Paul Molinaro  
Vice President  
Welton Enterprises, Inc.

## **Design Concept/Land Uses**

The Development Team modified the revised proposal to meet several concerns that were brought up during various meetings, including:

- 1) The concept that the grocery store project could be contingent upon approvals required for the affordable housing, specifically the need to obtain competitive tax credits. The modified proposal would allow for the grocery store project to break ground independently of the approval of tax credits for the affordable housing project.
- 2) The timeline to get approvals and secure the tax credits for the affordable housing could delay the construction and opening of the grocery store. The modified proposal would allow for ground breaking on the grocery store as soon as approvals can be granted from the City thus greatly reducing or eliminating grocery service downtime to the neighborhood.
- 3) The financial feasibility of the project due to the required TIF assistance in large part due to the parking structure needed to provide sufficient parking for a successful project. The modified proposal requires significantly less TIF assistance with the elimination of the parking structure.
- 4) Discussions with end users that a 40,000 square foot store is potentially cost prohibitive and larger than necessary to provide a full-service grocery store that will meet the needs of the neighborhood. The modified proposal provides an appropriately sized grocery store for the operator to meet financial parameters and offer full-service to the neighborhood.

In consideration of the above the Development Team modified the revised proposal that was submitted and presented on January 15, 2019. The new modified conceptual development is described below.

### **The Development of The Truman Olson Site**

The overall development concept includes a full-service grocery store and affordable/workforce housing.

- An approximately 30,000 square foot full service grocery store located on the Park Street frontage,
- 90 stalls of surface parking dedicated to the grocery store,
- 52 units of workforce housing including market rate and affordable apartments and townhomes (totaling approximately 60,000 square feet) to provide a diversity of housing options located in one 4-story building on the western edge of the site, and
- 70 stalls of parking dedicated (including underground parking) to the workforce/affordable housing.

## Exhibit A

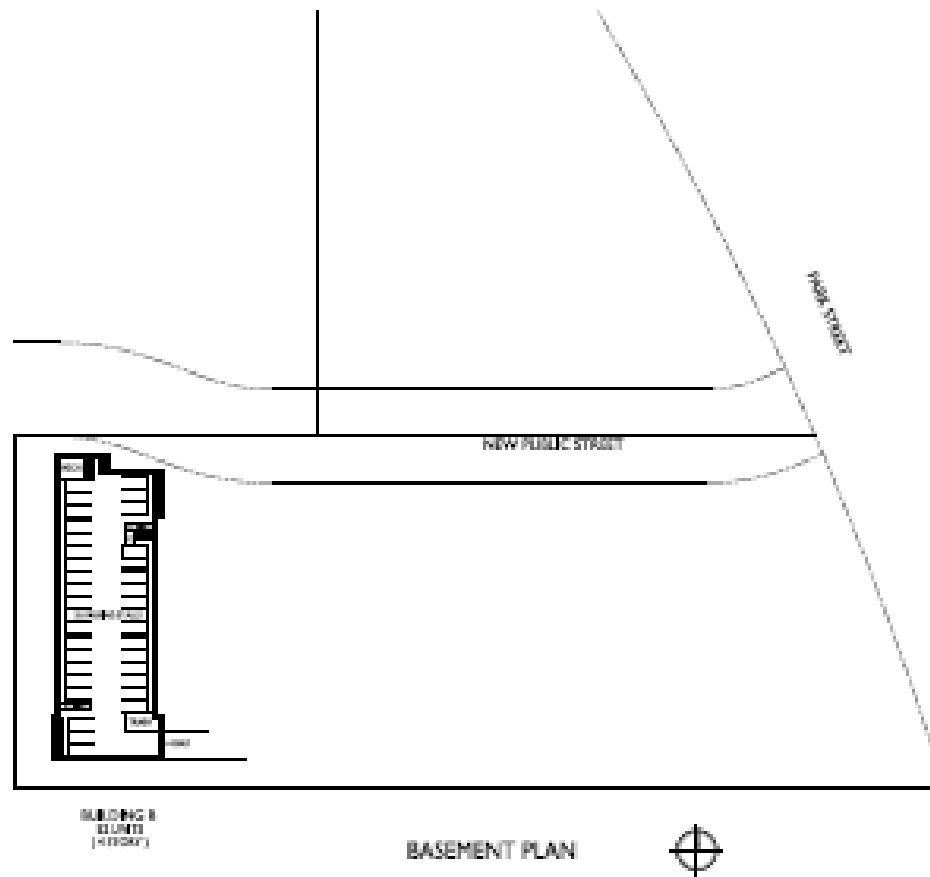
### Site Plans

(Additional design work in progress)



Exhibit A

Site Plans



## Exhibit A

### Site Plans

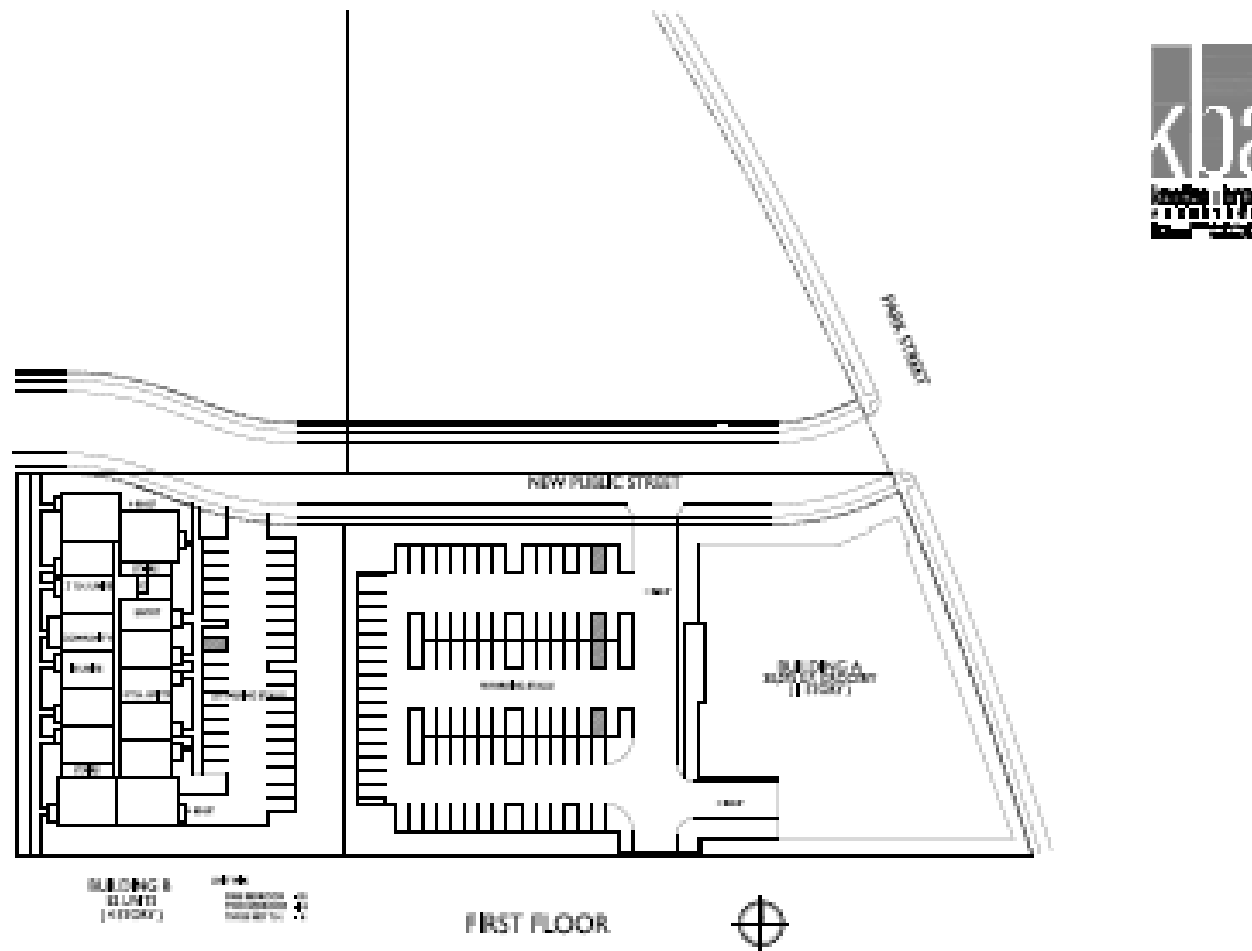


Exhibit A

Site Plans

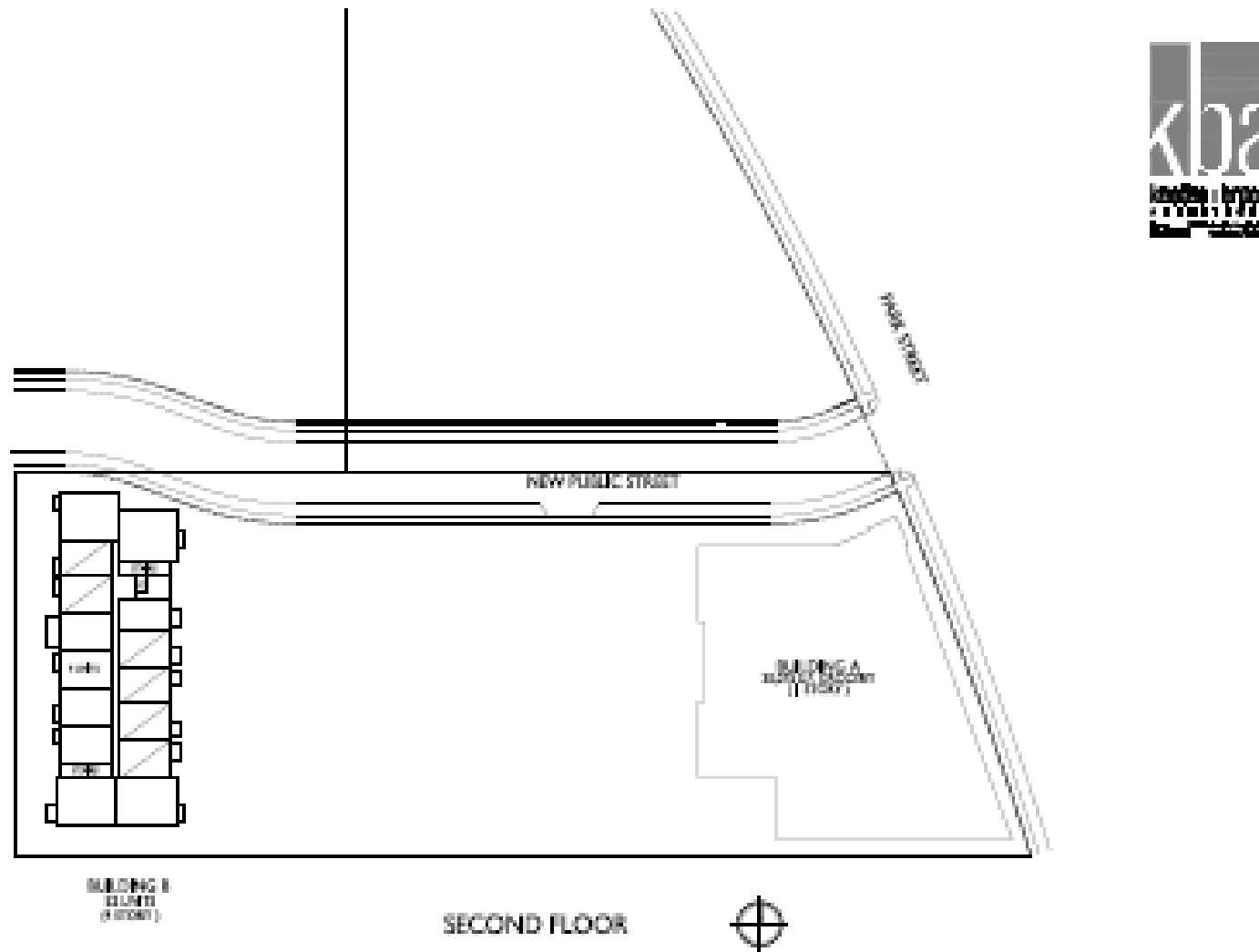
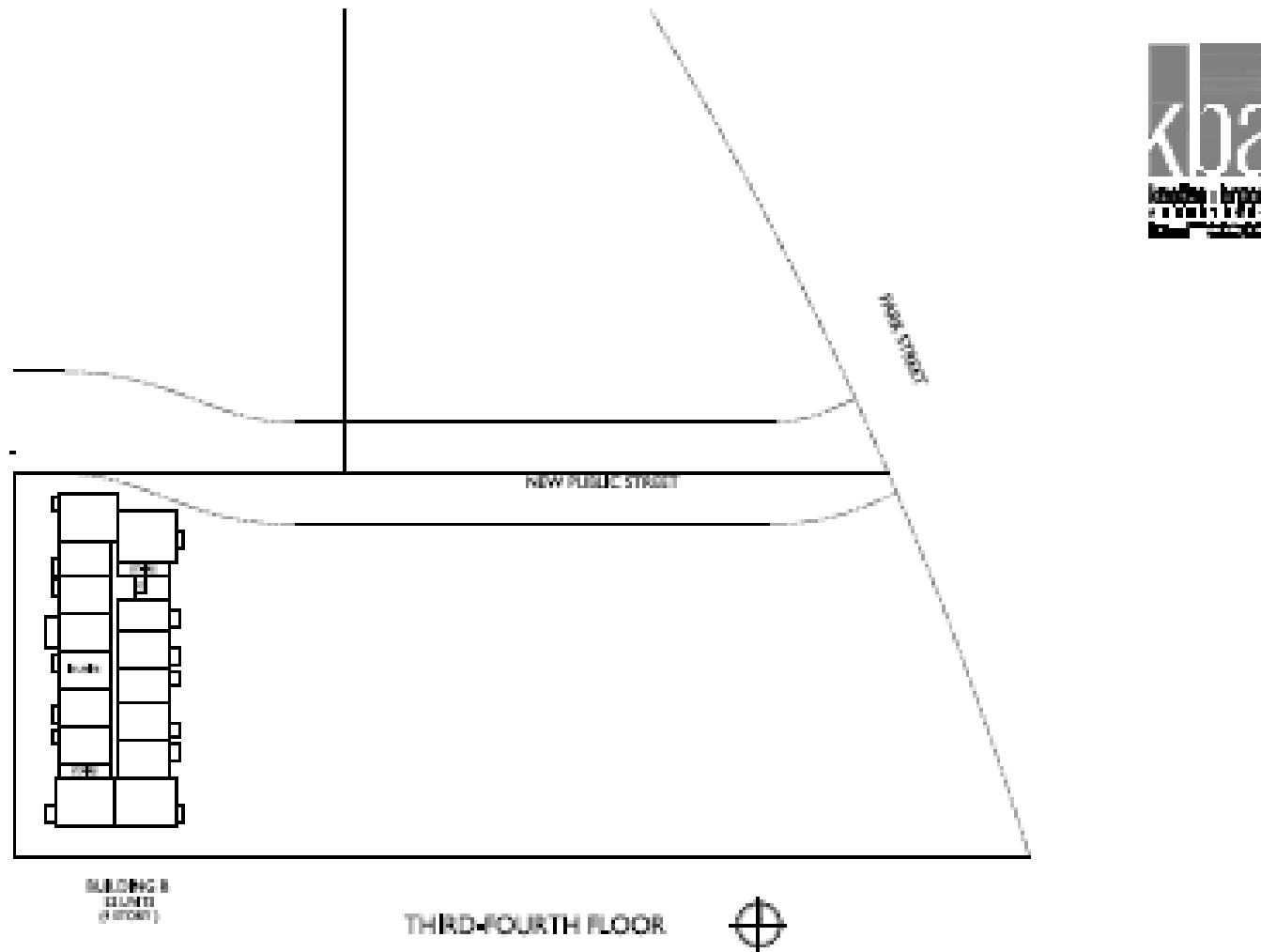


Exhibit A

Site Plans



# Truman Commons PROFORMA - Grocery

Year	1	2	3	4	5	6	7	8	9	10
Revenue	615,000.00	627,300.00	639,846.00	652,642.92	665,695.78	679,009.69	692,589.89	706,441.69	720,570.52	734,981.93
Less: Commercial NNN Expenses	(165,000.00)	(168,300.00)	(171,666.00)	(175,099.32)	(178,601.31)	(182,173.33)	(185,816.80)	(189,533.14)	(193,323.80)	(197,190.27)
NOI	450,000.00	459,000.00	468,180.00	477,543.60	487,094.47	496,836.36	506,773.09	516,908.55	527,246.72	537,791.66
Less: Misc. Partnership Expenses	(5,000.00)	(5,000.00)	(5,000.00)	(5,000.00)	(5,000.00)	(5,000.00)	(5,000.00)	(5,000.00)	(5,000.00)	(5,000.00)
Less: Debt Service	(339,765.00)	(339,765.00)	(339,765.00)	(339,765.00)	(339,765.00)	(339,765.00)	(339,765.00)	(339,765.00)	(339,765.00)	(339,765.00)
Cash Flow	105,235.00	114,235.00	123,415.00	132,778.60	142,329.47	152,071.36	162,008.09	172,143.55	182,481.72	193,026.65
Equity	1,453,318									
Return on Equity	7.24%	7.86%	8.49%	9.14%	9.79%	10.46%	11.15%	11.84%	12.56%	13.28%

<u>Commercial</u>	<u>SF</u>	<u>Rent/SF</u>	<u>NNN</u>	<u>Gross Rent</u>	Total <u>Annual Rent</u>
Grocery	30,000	\$15.00	\$5.50	\$20.50	\$615,000.00
				Subtotal	\$615,000.00

Total Revenue      \$615,000.00



# Truman Commons

## Grocery Sources & Uses

## Other Assumptions

### Hard Cost

	Grocery
Land Cost	700,000
Site Work	601,192
Grocery Shell	3,458,625
Grocery TI	600,000
Construction Mgmt	15,000
Contingency/Misc	161,245
Hard Cost Subtotal	5,536,062

### Soft Costs

	Total
Permanent Finance Fees (1 pt)	46,000
Legal	25,000
Design & Engineering	125,000
Construction Interest	125,000
Construction Loan Costs (1/2)	22,500
Commercial Brokers Fees	285,788
Misc. & Reserve Account	50,000
Soft Costs Subtotal	679,288

Hard and Soft Cost Subtotal 6,215,349

Development Fee 372,921

**Total Development Cost 6,588,270**

Less: TIF (775,000)

**Cost Less TIF 5,813,270**

### Mortgage Assumptions

Equity	1,453,318
Loan AMT	4,359,953
AM	25
I/YR	6.08%
PMT	28,314
Annual PMT	339,765

### Sources of Equity

Welton Equity	1,453,318
Total Equity	1,453,318

## Truman Commons Workforce/Affordable Cash Flow

INFLATION		1.02	1.03				
YEAR	INCOME	EXPENSE	NOI	1ST	CASH	DCR	CASH
1	527,087	297,772	229,315	199,698	29,618	1.15	29,618
2	537,629	306,705	230,924	199,698	31,226	1.16	31,226
3	548,381	315,906	232,475	199,698	32,778	1.16	32,778
4	559,349	325,383	233,966	199,698	34,268	1.17	34,268
5	570,536	335,144	235,391	199,698	35,694	1.18	35,694
6	581,946	345,199	236,748	199,698	37,050	1.19	37,050
7	593,585	355,555	238,031	199,698	38,333	1.19	38,333
8	605,457	366,221	239,236	199,698	39,538	1.20	39,538
9	617,566	377,208	240,358	199,698	40,661	1.20	40,661
10	629,918	388,524	241,393	199,698	41,696	1.21	41,696
11	642,516	400,180	242,336	199,698	42,638	1.21	42,638
12	655,366	412,185	243,181	199,698	43,483	1.22	43,483
13	668,474	424,551	243,923	199,698	44,225	1.22	44,225
14	681,843	437,288	244,555	199,698	44,858	1.22	44,858
15	695,480	450,406	245,074	199,698	45,376	1.23	45,376
16	709,389	463,918	245,471	199,698	45,773	1.23	45,773
17	723,577	477,836	245,741	199,698	46,044	1.23	46,044
18	738,049	492,171	245,878	199,698	46,180	1.23	46,180
19	752,810	506,936	245,874	199,698	46,176	1.23	46,176
20	767,866	522,144	245,722	199,698	46,024	1.23	46,024

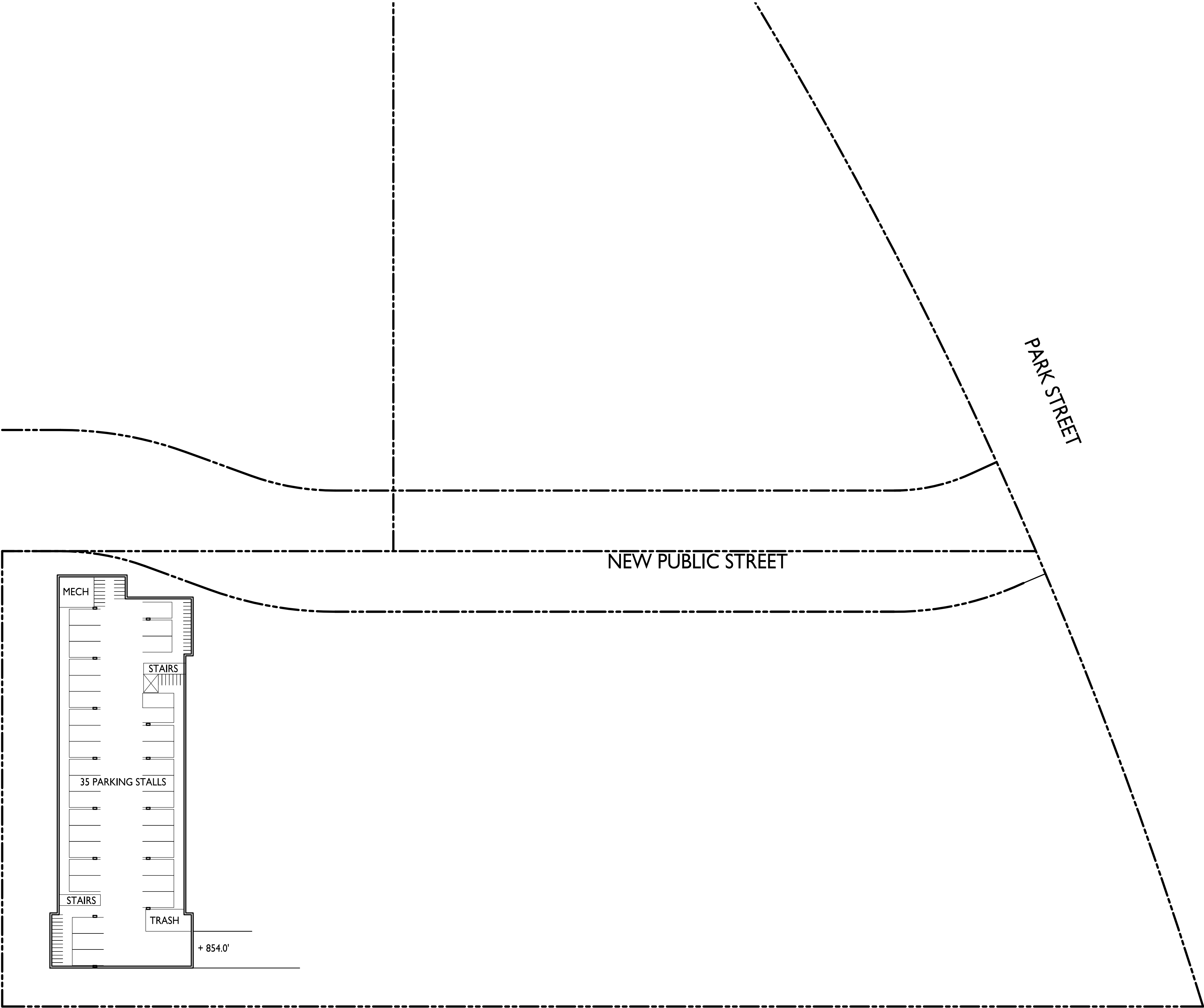
Truman Commons Workforce/Affordable Sources & Uses			
SOURCES			
LIHTC EQUITY	6,300,000	15.00%	
1ST MORTGAGE	3,100,000		
TIF PROCEEDS	200,000		
MADISON AFFORDABLE	1,200,000		
DANE COUNTY/AHP	300,000		
TOTAL 3RD PARTY	11,100,000		
DEFERRED FEE	163,800		
TOTAL SOURCES	11,263,800		
TOTAL USES	11,269,447		
SURPLUS/(GAP)	-5,647		

ITEM	TOTAL	9% BASIS	4% BASIS
LAND	200,000	0	0
EXISTING STRUCTURE	0	0	0
SITE WORK	358,600	358,600	
LANDSCAPING	0	0	
OTHER CONSTRUCTION	8,026,008	7,838,508	
SUBTOTAL CONST	8,384,608	8,384,608	
HARD CONTINGENCY	419,230	419,230	
GENERAL REQUIREMENTS	Inc. Above	Inc. Above	
OVERHEAD	Inc. Above	Inc. Above	
PROFIT	Inc. Above	Inc. Above	
TOTAL GMP	8,803,838	8,803,838	
ARCHITECT - DESIGN	225,000	225,000	
ARCHITECT - SUPERVISION	0	0	
BUILDING PERMIT	5,000	5,000	
STATE PLAN REVIEW	3,500	3,500	
BUILDER'S RISK INSURANCE	20,000	20,000	
LABOR AND PERFORMANCE BO	0	0	
CIVIL/ALTA	22,000	22,000	
ENGINEERING TOPO	2,500	2,500	
ENGINEERING GEO	5,000	5,000	
CONST INSURANCE	10,000	10,000	
CONST INTEREST	217,322	217,322	
CONSTRUCTION LOAN FEE	85,000	85,000	
CONSTRUCTION LOAN LEGAL	10,000	10,000	
CONSTRUCTION MONITORING	20,000	20,000	
PERM LOAN FEE	10,000	0	
PERM LOAN LEGAL	10,000	0	
CONST LOC	26,412	26,412	
CONST PERIOD RE TAX	10,000	10,000	
IMPACT FEES	50,000	50,000	
RELOCATION EXPENSES	0	0	
APPRAISAL	5,000	5,000	
MARKET STUDY	5,000	0	
CAPITAL NEEDS	0	0	
ENVIRONMENTAL	2,500	2,500	
CONSTRUCTION SURVEY	5,000	5,000	
COMPLETION SURVEY	5,000	0	
RENT UP MARKETING	25,000	0	
GREEN BUILT CERTS	3,640	3,640	
WHEDA APP	2,000	0	
WHEDA COMPLIANCE FEE	5,000	0	
WHEDA CREDIT FEE	20,000	0	
COST CERT	15,000	15,000	
TITLE/RECORDING	10,000	10,000	
FF&E	40,000	40,000	
LEGAL - MISC	10,000	10,000	
LEGAL - REAL ESTATE	10,000	10,000	
SOFT CONTINGENCY	10,000	10,000	
PARTNERSHIP LEGAL	20,000	0	
TAX OPINION	0	0	
TRANSITION RESERVE	0	0	
OPERATING RESERVE	148,886	0	
DEBT SERVICE RESERVE	99,849	0	
DEVELOPER FEE	1,092,000	1,092,000	
TOTAL SOFT	2,265,608	1,914,874	
TOTAL COSTS	11,269,447	10,718,712	0



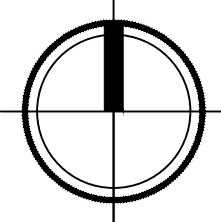


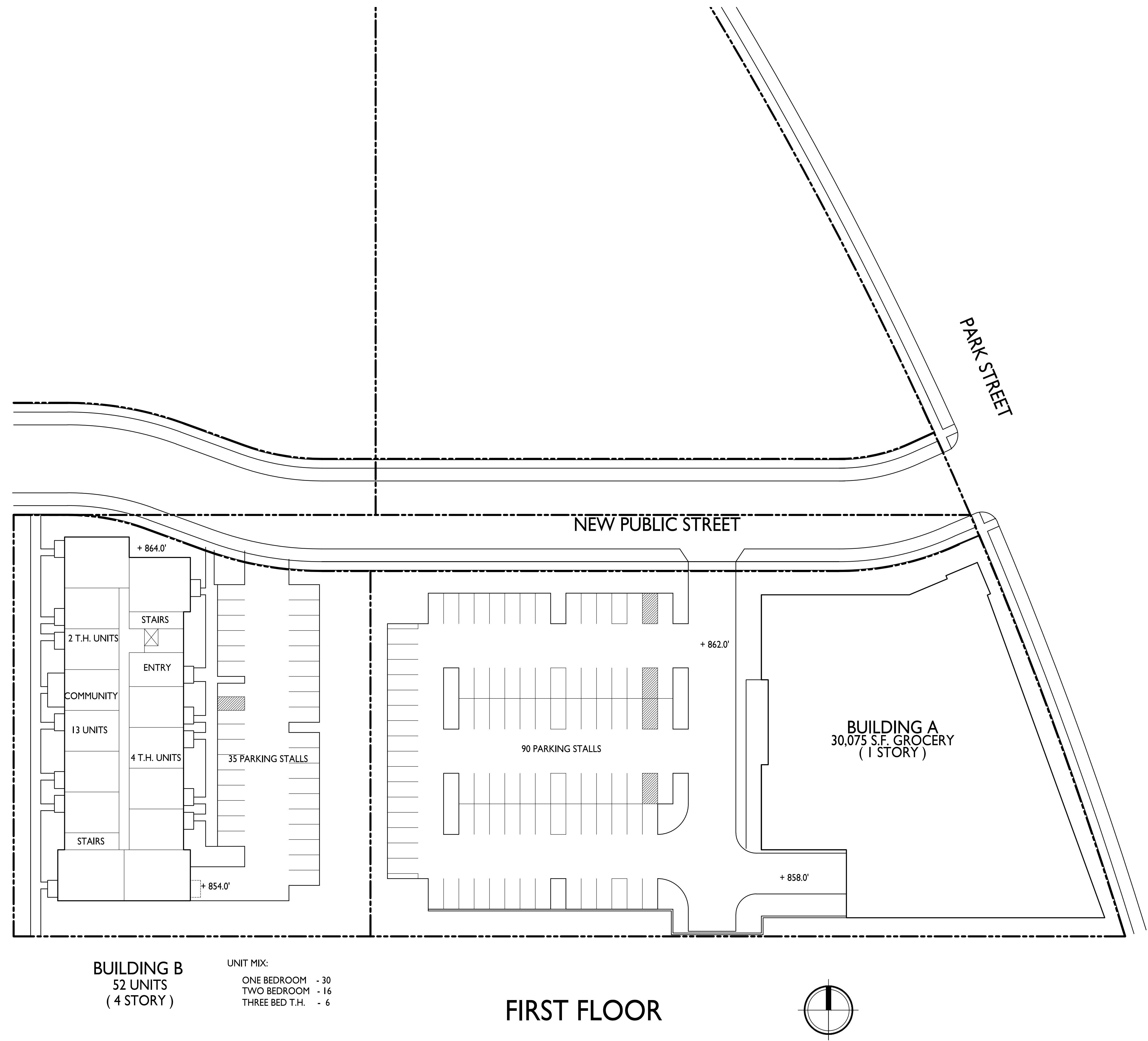


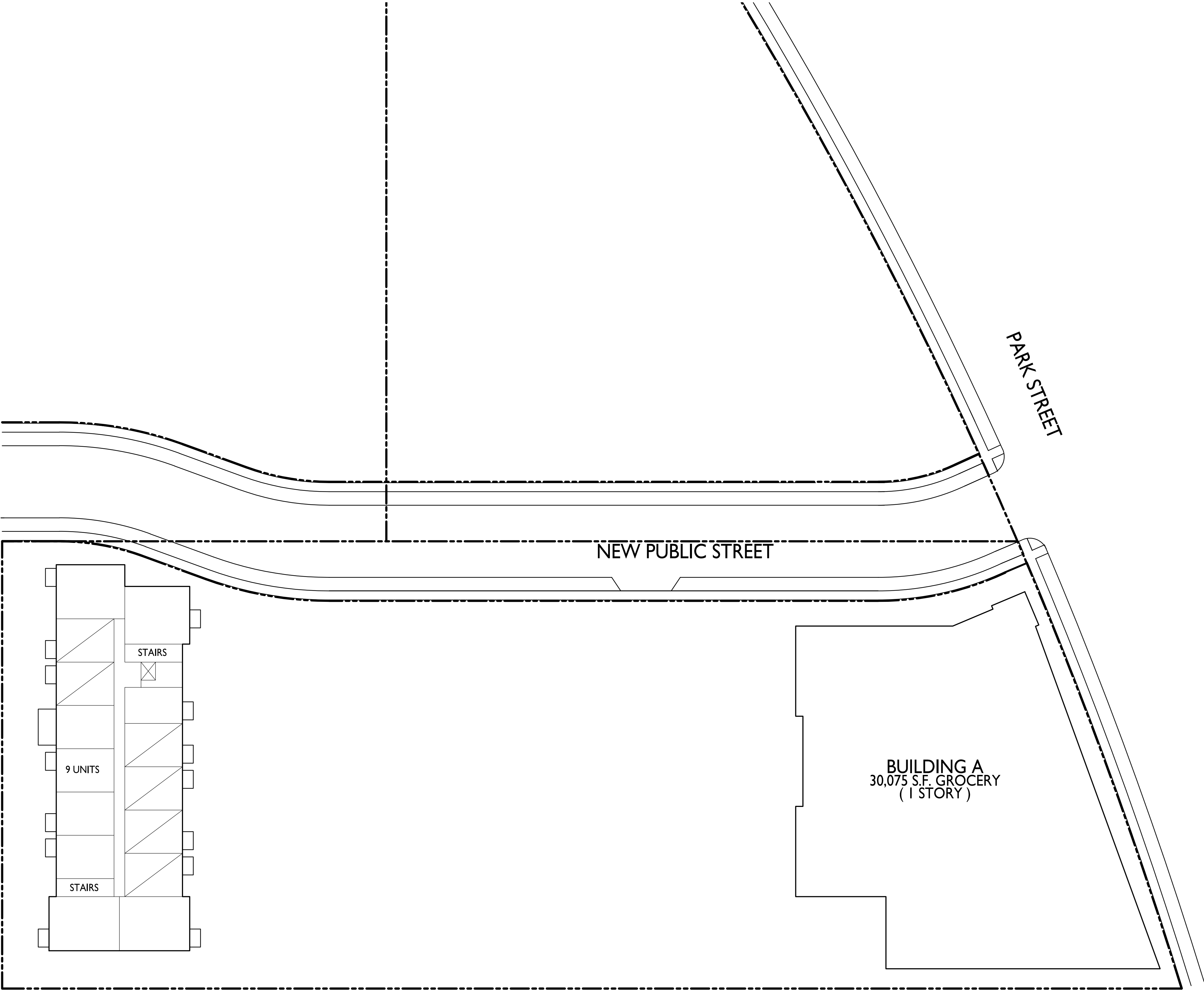


BUILDING B  
52 UNITS  
( 4 STORY )

BASEMENT PLAN

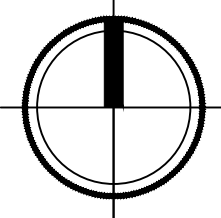


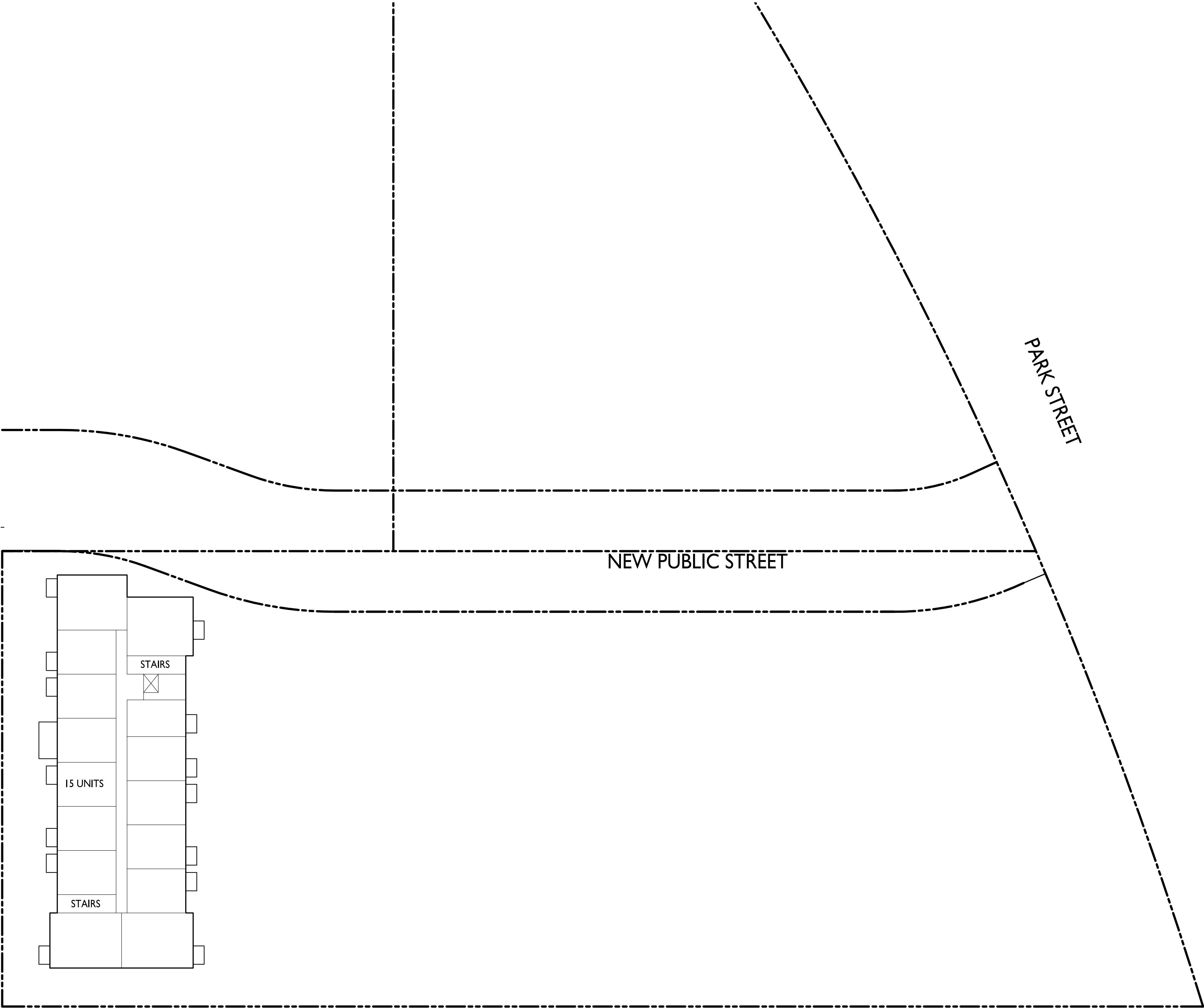




BUILDING B  
52 UNITS  
(4 STORY)

SECOND FLOOR





BUILDING B  
52 UNITS  
(4 STORY)

THIRD-FOURTH FLOOR

