



May 29, 2019

To: Members of the City of Madison Finance Committee & Madison City Council

From: Otto Gebhardt, Gebhardt Development

RE: Points of clarification from meeting of 5/28/19

Greetings,

The Gebhardt Development project team would like to clarify a few points that arose in the meeting of the Finance Committee on May 28, 2019.

First, regarding the separation of the lobbies between the affordable housing units and the market rate units, as currently designed all users have access to the main lobby in order to access the amenities in the building. A change can be easily implemented to have the main lobby serve all units, making a secondary lobby for a service elevator that serves all units as well.

Second, we have had conversations with JP Cullen, who at the city's request, has researched modifications to the podium extensively and we have been told by their project manager as recently as 5/28/19 that structural enhancements to the podium to serve the Gebhardt proposed design would take 4 months, all materials required for the modifications are available and those modifications could be started immediately. Delivery of the garage and the podium is expected to take place at the end of October, leaving time to implement the changes and not impact the delivery of the parking facility.

Third, regarding Gebhardt Developments use of Union labor, the Gebhardt Building was 100% union labor and the Galaxie was close to 100% union labor with the only exception being a non-union paint and drywall contractor on phase II of the project that was a minority owned business. The Constellation was also a 100% union labor project.

Finally, we look forward to reviewing further information from the assessor regarding the estimated assessment of the project. As we stated in our presentation at the meeting, we believe with a project that has essentially the same amount of market rate units, 41 additional affordable units compared to the other projects and 22,000 square feet of commercial office space the assessment should be closer to \$40M.

In closing we've provided a proposal that provides the highest number of affordable units, the largest tax base to the City of Madison and the largest up-front payment for the podium and the air rights. We ask for your consideration as we believe we offer the shortest payback to the parking utility and maximum tax base for the City of Madison.

Sincerely,

Otto Gebhardt III, Gebhardt Development