

MEMORANDUM

Item # 44

Joe's Copy
BioLink

TO: Board of Estimates
FR: Joe Gromacki, TIF Coordinator
DATE: March 23, 2009
RE: Gap Analysis Report Concerning \$2 Million TIF Assistance for BioLink Incubator

Executive Summary

Staff's preliminary analysis concludes that the proposed BioLink incubator has a funding gap of \$2.0 million for the 21,000 SF proposal and \$2.5 million for the 31,000 SF version. Provided that the Common Council wishes to proceed further to fund TIF assistance to either version of this project, the following underwriting issues and recommendations should be considered:

and if adopted, provided to the City to its satisfaction.

1. Unsecured Mortgage – Terms of EDA First Mortgage

Using the applicant's highest possible estimated value of \$4.1 million for the 31,000 SF proposal, EDA will take a first position of \$3.5 million. That leaves the City approximately \$600,000 of collateral to cover a \$2.0 million transaction (including donated land and \$1.4 million construction loan). Similarly, the 21,000 SF project would generate a value somewhere between about \$1.4 and \$2.8 million. Either way, the City's TIF loan would be unsecured.

Moreover, EDA's first mortgage contains clawback provisions that are at this time unknown to the City. Staff is uncertain if the City would be required to repay the EDA's \$3.5 million grant in the event of a default on the EDA grant agreement.

- City get a 1st on the land. per EDA.

Recommendation: Funding shall be contingent upon the City's review of the terms and conditions contained in the EDA grant agreement and mortgage. City accepts that its mortgage interest is unsecured.

- to the City's satisfaction

2. Need for Working Capital to Fund Perpetual Operating Deficits

- to the City's satisfaction

The business plan states that \$930,000 of EDA funds, if approved, could cover the operating deficit in Years 1 and 2 but not thereafter. The project cannot sustain itself financially without approximately \$3.5 of working capital funds (in addition the \$2 million TIF loan). Although \$930,000 of EDA funds may be used to cover this deficit in years 1 and 2, beginning in Year 3 the project forecasts a perpetual operating loss averaging \$200,000 per year with no source of working capital. By TIF Law, such deficits are ineligible for TIF assistance.

The business plan indicates that 58% or \$351,000 of the estimated \$605,000 annual operating expense is dedicated to the employment of officers to manage the facility. This is a cost that is uncharacteristic of a real estate project and contributes to the ongoing deficit.

Recommendation: Any TIF loan shall be contingent upon applicant providing evidence that a working capital line of credit, corporate sponsorship, or other form of funding to address the operating deficit is in place prior to disbursement of TIF funds and the City of Madison shall be held harmless for fiscal responsibility for such deficits. In addition, the City shall require that project be 50% pre-leased prior to disbursing TIF funds.

\$3.6 m First in \$930k w/c over time \$310

3. Potential to "Flip" Project to Third Party

- to the City's satisfaction

On several occasions and in the business plan, it has been stated that the project may "flip" i.e. transfer from MDC to an un-named third party. The University Research Park and other entities have been suggested and in some cases approached. The EDA mortgage states that such a transfer could require MDC to repay either the \$2.5 million (21,000 SF facility) or the \$3.5 million (31,000 SF facility) EDA grant.

*UW not a co-applicant
3/30/09 per Michael Gay
and Tim Cooley.*

Recommendation: The TIF Loan Agreement shall include a clawback wherein the property shall not transfer without the written approval of the City of Madison. In the event of a default of this provision, MDC shall repay the City's TIF loan. Again, the City of Madison should be held harmless from any default or repayment of the EDA grant.

→ to the City's Satisfaction

4. Non-Recourse Loan

The applicant desires a non-recourse TIF loan, meaning MDC will be held harmless for the indebtedness throughout the life of the loan and there will be no increment guaranty. The City of Madison does not provide non-recourse loans.

Recommendation: The loan shall require a corporate guaranty with default and remedy provisions. Applicant shall be required to provide a nominal increment guaranty (approximately \$30,000 for the 21,000 SF facility or \$60,000 for the 31,000 SF facility).

→ to the City's Satisfaction

5. Lack of Management Experience – Unclear Role of Orbitec

The applicant, MDC, has no verifiable experience in managing a business incubator of any kind. Further, the business plan reflects a vague administrative role for Orbitec through a \$70,000 annual consulting contract but does not provide information as to why Orbitec was chosen and by whom, or any information concerning this company's ability to take on the financial and management responsibility of the incubator.

City staff have requested but have not received financial statements from Orbitec that would demonstrate the company's ability to assist in management.

Recommendation: TIF funds shall be provided upon receipt of a letter of intent indicating 1) Orbitec's management responsibilities, 2) its intent to lease space in the BioLink facility and 3) its intent to enter into a consulting/management contract with MDC.

→ to the City's Satisfaction

6. Estimate of Required TIF Policy Exceptions

Approval of this proposal would require several exceptions to current TIF Policy:

1. The 50% Rule (estimated between 500% to 700% of TIF)
2. "But for" standard. (Only the language pertaining to exhausting all other financing sources, the probability of economic success.)
3. Equity Greater or Equal to TIF (No equity in project.)
4. No Application Fee (Doesn't have it)
5. Self-Supporting Projects (TID supports project, not project)
6. Simultaneous Land Use, TIF Application (There is no land use application)
7. Term Sheet (Insufficient time to provide a term sheet for BOE and Council consideration)
8. Equity Participation Payment (would need to be waived)

Recommendation: Council would have to adopt the above TIF Policy exceptions pursuant to providing this TIF assistance.

~~No~~
Sanborn
Konkel
Rummel
Weber

~~15-4~~
15-4



City of Madison
TIF Assistance Application

Commercial and Office Rental Projects
Amended March 2008

Amended
TIF App
3-20-09

Date: 3/18/09 Project Name: Bio-Ag Incubator, "BioLink" _____

Borrower: Madison Development Corporation _____

NOTICE REGARDING LOBBYING ORDINANCE: If you are seeking approval of a development that has over 40,000 square feet of non-residential space, or a residential development of over 10 dwelling units, or if you are seeking assistance from the City with a value of \$10,000 (this includes grants, loans, TIF or similar assistance), then you likely are subject to Madison's lobbying ordinance, Section 2.40 MGO. You are required to register and report your lobbying. Please consult the City Clerk for more information. Failure to comply with the lobbying ordinance may result in fines of \$1,000 to \$5,000.

NOTICE REGARDING BEST VALUE CONTRACTING ORDINANCE: If the amount of City of Madison financial assistance contributes to a project where construction costs are greater than or equal than \$221,000 assistance (or some other amount established annually by the City of Madison), Madison General Ordinance 3.10(7) requires that the general contractor must be pre-qualified by the City Engineer and must participate in a Class A apprenticeship program for each trade or classification in which it employs workers. For more information contact City Engineering at (608) 266-4751.

NOTICE CONCERNING PROJECT START— Wisconsin TIF Law (Wis. Stats. 66.1105) requires that the City demonstrate that "but for" TIF financial assistance, the project wouldn't otherwise occur. Therefore, the City of Madison shall not provide TIF financial assistance to a project that starts prior to adoption of a TIF loan funding resolution by the Common Council.

1. INSTRUCTIONS

Complete the application or attach your own to the cover and signature pages, but in all cases you must provide the information requested in the format presented herein and sign the application. **An electronic version of the application and spreadsheet is available upon request. Mail or deliver Application and attachments to:**

Joe Gromacki, TIF Coordinator
Madison Municipal Building, LL-100
215 Martin Luther King, Jr. Blvd
Madison, WI 53701-2983 Phone: (608) 267-8724 FAX: (608) 267-8739
email: jgromacki@cityofmadison.com

2. APPLICATION REVIEW PROCESS

- (a) **Initial Meeting(s) with TIF Staff**—The Applicant/Company shall meet with TIF staff to discuss the project and City requirements.
- (b) **TIF Team Feasibility Determination**—Upon submission of a completed TIF Loan Application, the TIF Coordinator and a team of City staff (TIF Team) conduct a thorough analysis of the project to determine the feasibility of TIF assistance.
- (c) **TIF Team Finding**—The TIF Team meets with the Applicant to share its findings.
- (d) **Common Council Introduction, Adoption**—If there is City support for the project, the TIF Coordinator may introduce a resolution to the Madison Common Council recommending TIF assistance. The resolution is referred to the Board of Estimates for consideration. Upon the Board's approval, the resolution is reported back to the Common Council for consideration and adoption.

City of Madison TIF Application

- (e) **Meetings with Affirmative Action Concerning Prevailing and Living Wage**—Applicant shall contact the City of Madison Affirmative Action office at (608) 27-8759 to set up an introductory meeting regarding compliance with these ordinances.
- (f) **Closing Documents Drafted**—Upon Common Council adoption, the funding process, including drafting of the loan and regulatory agreement, mortgage and security documents may begin.

3. KEY TIF POLICIES

You are encouraged to read TIF Policy. You may review the City of Madison TIF Objectives and Policy document located on the City Department of Planning, Community and Economic Development website:

<http://www.cityofmadison.com/planning/tidmaps/TIFPOLICY.pdf>[cityofmadison.com/](http://www.cityofmadison.com/)

Here are a few key TIF Policies to keep in mind:

Equity Investment—Per TIF Policy 3.1(b) TIF assistance shall not exceed the amount of equity provided by the Developer. Equity is defined as cash, un-leveraged value in land or prepaid costs attributable to the project.

50% Rule—Per TIF Policy 3.1 (c) No more than 50% of the net present value of TIF generated by a private development project shall be made available to that project as gap financing.

Ineligible TIF Costs—Per TIF Law, TIF may not fund operating deficits, lease-up expenses or other such operating expenditures in addition to other costs prohibited by TIF Law or reimburse the IZ Waiver and/or Park Dedication fees.

Equity Participation Payment—Per TIF Policy 3.1(i) an equity participation payment shall be required for both commercial and/or residential rental projects based upon the following formula:

- 1) **Commercial/Residential Rental Formula**—Upon sale of the property to an unrelated third party, the payment to the City shall be the percentage of TIF in the total project financing multiplied by the gross sale proceeds of the project on a date certain, capped at the total amount of TIF assistance provided to the project.

4. PROJECT DATA

Land Assembly—List the address or tax parcel number(s) for total land assemblage for all phases but allocate only that portion of the land area and assemblage cost required to construct the first phase of the project.

Total Land Area (All Phases)	114,483 SF
Phase I Land Area	114,483 SF

Address or Tax Parcel I.D.	Date Acquired	Acquisition Price
5402 World Dairy Drive	future	\$0
PIN 071022104104		
TOTAL LAND ACQUISITION COST		\$0

Project Components—If there is more than one building or land use component to be constructed in Phase I, identify each component (by land use, address, or name, etc.), its gross finished area for each of the uses, if applicable.

Project Component	Gross Finished Area (SF)	Net Leaseable Area (SF)
Commercial	31,000	30,000
Retail		
Other		
Other		
Other		
TOTAL	31,000	30,000

PARKING					
Project Component	Number of Underground Stalls	Number of Structured Stalls	Number of Surface Stalls	Other (Define)	Subtotal
Commercial			50		50
Retail					
Other					
Other					
Other					
TOTAL			50		50

5. DETAILED PROJECT COST

Land Cost	
Acquisition	\$0
Relocation	
Demolition/Remediation	
Total Land Cost	\$0

Hard Cost	
Commercial/Office Component	\$4,845,000
Parking Structure & Landscaping/signage	\$200,000
Total Hard Cost	\$5,045,000

Soft Cost	
Developer Fee	
Architect Fee	\$175,000
Contingency	\$218,750
Marketing	\$10,000
Interest & Loan Fees	
Architect	
Construction Overhead	\$82,000
Development Fee	
Soils/Geotech Testing	\$3,000
Appraisal	\$3,500
Legal	\$20,000
Engineering	\$5,000
Building Permits	\$20,000
Taxes/Insurance	\$22,000
Accounting	
Surveying	\$3,000
Miscellaneous : conc. & mat. testing	\$7,500
Other (Specify) Environ'l	\$1,500
Other (Specify) Title	\$3,000
Total Soft Cost	\$574,250

TOTAL PROJECT COST	\$5,619,250
---------------------------	--------------------

6. RENTS

RENTS	Lease Type (Net, 3-Net, etc.)	Base Rent (per SF)	CAM (per SF)	Gross Rent/SF
Commercial	All inc.	28	0	28
Retail				
Parking				
Other Lab/Greenhouse	All inc.	34	0	34

7. SOURCES OF CAPITAL

Value Assumptions – Rental	Proposed Value	Est. NOI @ Stabilization	Cap Rate
Office/Commercial			%
Other (Specify)			%
Total Estimated Value	\$4,000,000		%

Leverage Assumptions— Rental	Debt Coverage Ratio (DCR)	Loan to Value %
Office		%
Commercial		%
Other		%
Other (Specify)		%

SOURCES AND USES (GAP)	Proposed
Loan(s)	0
Other Source (Specify) EDA	\$3,570,000
Equity (Do not include Developer Fees!)	0
Total Sources	\$3,570,000
Less: Uses (i.e. Total Cost)	- \$5,619,250
GAP (TIF Request)	\$2,049,250

Cash Flow Analysis

BIO-AG

Year	2011	2012	2013	2014	2015	6	7	8	9	10	11	12	13	14	15
Income	\$ 945,000	\$ 978,075	\$ 1,002,527	\$ 1,027,590	\$ 1,053,280	\$ 1,079,612	\$ 1,106,602	\$ 1,134,267	\$ 1,162,624	\$ 1,191,689	\$ 1,221,482	\$ 1,252,019	\$ 1,283,319	\$ 1,315,402	\$ 1,348,287
Rental	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680
Other	\$ 946,680	\$ 979,755	\$ 1,004,207	\$ 1,029,270	\$ 1,054,960	\$ 1,081,292	\$ 1,108,282	\$ 1,135,947	\$ 1,164,304	\$ 1,193,369	\$ 1,223,162	\$ 1,253,699	\$ 1,284,999	\$ 1,317,082	\$ 1,349,967
GPI	\$ (708,750)	\$ (489,038)	\$ (200,505)	\$ (205,518)	\$ (210,656)	\$ (215,922)	\$ (221,320)	\$ (226,855)	\$ (232,525)	\$ (238,338)	\$ (244,296)	\$ (250,404)	\$ (256,664)	\$ (263,080)	\$ (269,667)
Vacancy	\$ 237,930	\$ 490,717	\$ 803,702	\$ 823,752	\$ 844,304	\$ 865,369	\$ 886,962	\$ 909,094	\$ 931,779	\$ 955,032	\$ 978,865	\$ 1,003,295	\$ 1,028,335	\$ 1,054,002	\$ 1,080,310
Gross Income															

Expenses	2011	2012	2013	2014	2015	6	7	8	9	10	11	12	13	14	15
Property Taxes	\$ 80,000	\$ 82,800	\$ 85,698	\$ 88,697	\$ 91,802	\$ 95,011	\$ 98,356	\$ 101,842	\$ 105,462	\$ 109,219	\$ 113,107	\$ 117,137	\$ 121,309	\$ 125,624	\$ 130,083
Water & Sewer	\$ 15,000	\$ 15,525	\$ 16,068	\$ 16,631	\$ 17,213	\$ 17,815	\$ 18,438	\$ 19,081	\$ 19,744	\$ 20,427	\$ 21,140	\$ 21,873	\$ 22,626	\$ 23,400	\$ 24,193
Gas & Electric	\$ 180,000	\$ 186,300	\$ 192,821	\$ 199,569	\$ 206,554	\$ 213,775	\$ 221,221	\$ 228,892	\$ 236,688	\$ 244,609	\$ 252,655	\$ 260,826	\$ 269,122	\$ 277,544	\$ 286,092
Insurance	\$ 5,000	\$ 5,175	\$ 5,356	\$ 5,544	\$ 5,738	\$ 5,937	\$ 6,140	\$ 6,347	\$ 6,557	\$ 6,770	\$ 6,986	\$ 7,205	\$ 7,427	\$ 7,651	\$ 7,878
Maintenance & Repair	\$ 90,000	\$ 93,150	\$ 96,410	\$ 99,785	\$ 103,277	\$ 106,887	\$ 110,617	\$ 114,467	\$ 118,437	\$ 122,527	\$ 126,737	\$ 131,067	\$ 135,517	\$ 140,087	\$ 144,777
Management	\$ 240,000	\$ 248,400	\$ 257,094	\$ 266,092	\$ 275,406	\$ 284,927	\$ 294,655	\$ 304,591	\$ 314,735	\$ 325,087	\$ 335,647	\$ 346,415	\$ 357,291	\$ 368,274	\$ 379,363
Admin.	\$ 70,000	\$ 72,450	\$ 74,986	\$ 77,610	\$ 80,327	\$ 83,137	\$ 86,039	\$ 89,033	\$ 92,119	\$ 95,297	\$ 98,567	\$ 101,928	\$ 105,380	\$ 108,923	\$ 112,557
Other 1	\$ 20,000	\$ 20,700	\$ 21,425	\$ 22,174	\$ 22,950	\$ 23,761	\$ 24,607	\$ 25,488	\$ 26,404	\$ 27,355	\$ 28,341	\$ 29,362	\$ 30,418	\$ 31,509	\$ 32,635
Other 2	\$ 30,000	\$ 31,050	\$ 32,137	\$ 33,262	\$ 34,426	\$ 35,627	\$ 36,864	\$ 38,137	\$ 39,445	\$ 40,788	\$ 42,166	\$ 43,579	\$ 45,026	\$ 46,508	\$ 48,025
Total Operating	\$ 730,000	\$ 755,550	\$ 781,994	\$ 809,364	\$ 837,692	\$ 867,011	\$ 897,356	\$ 928,764	\$ 961,271	\$ 994,915	\$ 1,029,737	\$ 1,065,778	\$ 1,103,080	\$ 1,141,638	\$ 1,181,647
Replacement reserves	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 748,000	\$ 773,550	\$ 799,994	\$ 827,364	\$ 855,692	\$ 885,011	\$ 915,356	\$ 946,764	\$ 979,271	\$ 1,012,915	\$ 1,047,737	\$ 1,083,778	\$ 1,121,080	\$ 1,159,638	\$ 1,199,647
NOI	\$ (510,070)	\$ (282,833)	\$ 3,707	\$ (3,612)	\$ (11,388)	\$ (19,642)	\$ (28,395)	\$ (37,670)	\$ (47,492)	\$ (57,884)	\$ (68,872)	\$ (80,483)	\$ (92,745)	\$ (105,686)	\$ (119,337)

9. ADDITIONAL QUESTIONS

- What is the legal name of the borrower or borrowing entity?
Madison Development Corporation
- Is the borrower the same entity that will ultimately own the project? If not, please provide the legal name and details concerning the owner members and the structure of ownership.
Yes
- Is the project located in an active tax incremental district?
Yes
- Have you met and discussed the project concept with the district alder and/or the neighborhood association?
Yes
- Do you have site control?
Yes
- Are zoning ordinance or map changes required?
No
- Have you applied for a PUD/GDP?
No
- Will relocation of individuals or businesses be required?
No
- Will the building design be accessible to persons with physical disabilities?
Yes
- Are there any known or suspected environmental hazards on the site based on testing, history or use?
No
- Do you or your proposed investment partner(s) in the proposed project or any other development entity of which you or your partner(s) have an interest, owe back property taxes to the City of Madison? If "Yes", explain.
NO

10. REQUIRED ATTACHMENTS

- Non-Refundable Application Fee**— A check made out to "City of Madison - Treasurer" in the amount of ½ of one percent of the amount of TIF requested must be attached with this application.
- Site Plan**—A map of the project, including size, shape, arrangement of densities and street patterns.
- Timetable**—A development timetable from pre-construction to lease stabilization for rental projects should demonstrate the timetable from pre-construction to stabilization.

11. ACKNOWLEDGEMENT

By signing the acknowledgement, the Applicant has reviewed and shall abide by Madison's TIF Policy, Non-Discrimination, Prevailing Wage and Living Wage, Lobbying and Best Value Contracting Ordinances.


 Applicant's Signature

Frank Staniszewski

 Print Name

President, MDC

 Title

3/20/09
 Date

Cash Flow Analysis

BIO-AG

30.48 / 65F

75th Ave DR 2nd floor

	2011	2012	2013	2014	2015	6	7
Income	945,000	968,625	992,841	1,017,662	1,043,103	\$ 1,069,181	\$ 1,095,910
Rental	1,680	1,680	1,680	1,680	1,680	\$ 1,680	\$ 1,680
Other	946,680	970,305	994,521	1,019,342	1,044,783	\$ 1,070,861	\$ 1,097,590
GPI	(711,750)	(484,313)	(198,568)	(203,532)	(208,621)	\$ (213,836)	\$ (219,182)
Vacancy	234,930	485,992	795,953	815,809	836,163	\$ 857,025	\$ 878,408
Gross Income	80,000	82,000	85,000	84,306	66,556	30,800 SF @ 115F = 3,565,000	573,000
Expenses	(58,000)	(60,030)	(62,127)	(64,306)	(66,556)	4,138,000	
Property Taxes	15,000	15,525	16,068	16,631	17,213		
Water & Sewer	180,000	186,300	192,821	199,569	206,554		
Gas & Electric	5,000	5,175	5,356	5,544	5,738		
Insurance	90,000	93,150	96,410	99,785	103,277		
Maintenance & Repair	240,000	248,400	257,094	266,092	275,406		
Management	70,000	72,450	74,986	77,610	80,327		
Admin.	20,000	20,700	21,425	22,174	22,950		
Other 1	30,000	31,050	32,137	33,262	34,426		
Other 2	708,000	732,780	758,427	784,972	812,446	\$ 840,882	\$ 870,313
Total Operating	(11,747)	(11,747)	(11,747)	(11,747)	(11,747)	\$ 11,747	\$ 11,747
Replacement reserves	719,747	744,527	770,174	796,719	824,193	\$ 852,628	\$ 882,059
Other			25,779	19,091	11,970	\$ 4,396	\$ (3,651)
Total Expenses	(484,817)	(258,535)					

NOI
Debt Service
Interest
Principle
Total

Before-tax Cash Flow

NOT
Overly
Conservative
for
Replacement
When
No Vacant

What is this?

Spine

Losing

NOI	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)
Debt Service	\$ 61	\$ 61	\$ 61	\$ 61	\$ 61	\$ 61	\$ 61
Interest	\$ 61	\$ 61	\$ 61	\$ 61	\$ 61	\$ 61	\$ 61
Principle	\$ 61	\$ 61	\$ 61	\$ 61	\$ 61	\$ 61	\$ 61
Total	\$ (484,877)	\$ (258,595)	\$ 25,718	\$ 19,030	\$ 11,809	\$ 4,335	\$ (3,712)

30,800 SF @ 115F = 3,565,000
573,000
4,138,000
m = 19.358

Assumptions

Project: BIO-AG

Scenario A

Acquisition

Land/Site Imp	\$ 773,000
Constr Costs	\$ 5,320,750
Other Costs	\$ -
Total Cost	\$ 6,093,750

Financing

	Amount	% of Total	Rate	Term	Payment	Points
					Annual	
First Mortgage	\$ 3,570,000	58.58%	0.00%	99999	\$ 3	36
Second Mortgage	\$ 2,523,750	41.42%	0.00%	99999	\$ 2	25
Rehab Loan	\$ -	0.00%	0.00%	0	\$ -	-
Equity	\$ -	0.00%	0.00%	0	\$ -	-
Grants	\$ -	0.00%	0.00%	0	\$ -	-
Total	\$ 6,093,750				\$ 5	61

Rents

Bed	Size in Sq. Ft.	Type	Monthly Rent	Number Of Units
1	17500	\$34	\$ 49,583	1
2	12500	\$28	\$ 29,167	1
3				0
4				2
5				
6				
7				
8				
9				
10				

\$ 78,750

\$ 49,583
\$ 29,167
\$ -

Annual Increase
Vacancy Rate
Expense growth Rate

2.50%
20.00%
3.50%

Use Summary

\$ 945,000
 1,680
 946,680

(189,000) at 20%

\$ 757,680

Net Operating Income

\$ 49,680

\$ 708,000

\$ 58,000
\$ 15,000
\$ 180,000
\$ 5,000
\$ 90,000
\$ 240,000
\$ 70,000
\$ 20,000
\$ 30,000

- Property Taxes
- Water & Sewer
- Gas & Electric
- Insurance
- Maintenance & Repair
- Director
- Admin. Contract
- Other legal/prof
- Other Tel/Data
- Total

0.748

Proforma Financial Projections

Cash Flow Analysis

3/17/2009

BioLink

- 2 yr. constr. for 26,000 SF²

Year	(2011)	2012	2013	2014	2015
Income					
Rental	\$ 619,992	\$ 635,492	\$ 651,379	\$ 667,664	\$ 684,355
Other	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680
GPI	\$ 621,672	\$ 637,172	\$ 653,059	\$ 669,344	\$ 686,035
Vacancy	\$ (549,000)	\$ (375,000)	\$ (130,276)	\$ (133,533)	\$ (136,871)
Gross Income	\$ 72,672	\$ 262,172	\$ 522,783	\$ 535,811	\$ 549,164

Expenses

Property Taxes	\$ 58,000	\$ 60,030	\$ 62,131	\$ 64,306	\$ 66,556
Water & Sewer	\$ 10,000	\$ 10,350	\$ 10,712	\$ 11,087	\$ 11,475
Gas & Electric	\$ 120,000	\$ 124,200	\$ 128,547	\$ 133,046	\$ 137,703
Insurance	\$ 2,500	\$ 2,588	\$ 2,678	\$ 2,772	\$ 2,869
Maintenance & Repair	\$ 60,000	\$ 62,100	\$ 64,274	\$ 66,523	\$ 68,851
Management	\$ 240,000	\$ 248,400	\$ 257,094	\$ 266,092	\$ 275,406
Admin. (Contract)	\$ 70,000	\$ 72,450	\$ 74,986	\$ 77,610	\$ 80,327
Other 1--Legal/Professional	\$ 20,000	\$ 20,700	\$ 21,425	\$ 22,174	\$ 22,950
Other 2--Tele/Data	\$ 21,000	\$ 21,735	\$ 22,496	\$ 23,283	\$ 24,098
Total Operating	\$ 601,500	\$ 622,553	\$ 644,342	\$ 666,894	\$ 690,235
Replacement reserves	\$ 3,634	\$ 3,634	\$ 3,634	\$ 3,634	\$ 3,634
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 605,134	\$ 626,186	\$ 647,975	\$ 670,527	\$ 693,869

= 3.0 mil Ass. Value

NOI \$ (532,462) \$ (364,014) \$ (125,192) \$(134,717) \$(144,705)

EDA Contribution \$ 532,462 \$ 364,014 \$ 33,524 \$ - \$ -

Net Cash Flow \$ 0 \$ 0 \$ (91,668) \$(134,717) \$(144,705)

Sources & Uses Summary

Sources of Funds

First Mortgage EDA	%	\$ 2,570,000
City	%	\$ 2,023,750
Other	%	\$ -
Other	%	\$ -
Other:MGE	%	\$ -
Total	100%	\$ 4,593,750

Uses of Funds

Site Purchase Price		\$ 773,000
Construction Costs:		
New Construction	\$ 2,827,000	
Equipment	\$ 775,000	
Contingency	\$ 218,750	
		\$ 3,820,750
Carrying Costs:		
Construction interest		
Property Taxes	0	
Other		
		\$ -
Financing Costs:		
Lender fees		
Title Insurance		
Appraisal		
Other	\$ -	
		\$ -
Other Costs:		
Total Uses (this must equal total sources above)		\$ 4,593,750

?

\$ 573,000

+ 200,000

Site cost

What is this?

Assumptions

Project: Reservoir

Scenario A

Acquisition

Land/Site Imp	\$ 773,000
Constr Costs	\$ 3,820,750
Other Costs	\$ -
Total Cost	\$ 4,593,750

Financing

		Amount	% of Total	Rate	Term	Payment		Points
						Monthly	Annual	
First Mortgage	0.3	\$ 2,570,000	55.95%	0.00%	99999	\$ 2	\$ 26	1.50%
Second Mortgage	0.6	\$ 2,023,750	44.05%	0.00%	99999	\$ 2	\$ 20	1.50%
Rehab Loan		\$ -	0.00%	0.00%	0	\$ -	\$ -	1.50%
Equity		\$ -	0.00%	0.00%	0	\$ -	\$ -	
Grants		\$ -	0.00%	0.00%	0	\$ -	\$ -	
Total		\$ 4,593,750				\$4	\$ 46	

Rents

	Beds	Type	Size in Sq. Ft.	Number Of Units	Monthly Rent		
1	1	\$34	10000	1	\$ 28,333	\$	28,333
2	2	\$28	10000	1	\$ 23,333	\$	23,333
3	3			0		\$	-
4	2			0		\$	-
5						\$	51,666
6							1174.2
7							
8							
9							
10							

Annual increase	2.50%
Vacancy Rate	20.00%
Expense growth Rate	3.50%