

Industrial TIF Assistance Application

Amended March 2008

City of Madison, Wisconsin
Department of Planning and Community and Economic Development
Economic Development Division

Date: May 29, 2009

Loan Applicant: DANISCO USA INC.
(Developer, company or business entity requesting TIF assistance)

Company Name: Danisco USA INC.
(Company or business entity providing job creation/retention guaranty)

Current Company Address: 3322 Agriculture drive – 53716 Madison - Wi

Project Address: _____
(If address is not available, identify by lot number and plat name or use tax parcel I.D. number)

1. INSTRUCTIONS

(a) Review the following Notices:

- **NOTICE REGARDING LOBBYING ORDINANCE:** If you are seeking approval of TIF assistance from the City with a value of \$10,000 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 to \$221,000 (or some other amount established annually by the City of Madison), Madison General Ordinance 33.07(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.

(b) **Use the Form Provided.** Applications shall only be accepted on this form. Required attachments or additional sheets may be attached if you require more space to provide the required information or you may add such space to an electronic version of the Application that may be provided to you at your request.

(c) **Obligations of Build-to-Suit Developers.** Applicants that are intending to construct build-to-suit facilities for a business tenant are obligated to complete Sections 3 through 5, and Sections 8 through 10. If an Internal Revenue Code 1031 exchange of the business' current facility for the new facility is anticipated in future, so indicate in Section 9 of the Application.

(d) **Obligations of Private Business Tenants of Build-to-Suit.** Tenants of build-to-suit Applicants are obligated to complete the job creation and financial Sections 6, 7 and 10 of the Application.

(e) **Review TIF Policy.** City of Madison TIF Policy may be found online at <http://www.cityofmadison.com/planning/tidmaps/TIFPOLICY.pdf>.

(f) The following are some important state statutes, TIF policies, procedures and guidelines that impact TIF, including but not limited to:

- o **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.
 - o **Open Records Law**—Per Wisconsin statute concerning open records any record, data or information included herein in the TIF Application may be disclosed to the public upon request.
 - o **Prevailing and Living Wage Rates, Non-Discrimination**—Per Madison General Ordinance (MGO) 4.20 and 4.23 (Exhibit C), Developers receiving City funds must pay a Living Wage a Prevailing Wage and conform with Non-Discrimination Ordinance MGO 39.02. Contact the City of Madison Affirmative Action office at (608) 267-8759 to set up an introductory meeting regarding compliance with these ordinances.
- (g) **Submit Application and Fee.** The application must be signed with a check for .005 of the requested loan amount to "City Treasurer." Submit application and fee to:

Joe Gromacki
 TIF Coordinator
 City of Madison
 Madison, WI 53701-2983
 Phone: (608) 267-8724 FAX: (608) 267-8739

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.
- (e) **Meetings with Affirmative Action Concerning Prevailing and Living Wage**—Applicant shall contact the City of Madison Affirmative Action office at (608) 267-8759 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. PROJECT DESCRIPTION

Site Area (in SF)	42000 SF
Current Zoning	Industrial
Proposed Zoning	Industrial
Building Size (in SF)	25 000 SF to 35 000SF
Estimated Project Cost	\$13 000 000
Estimated Value at Completion	\$13 000 000

PROJECT COST

Land	0
Hard Construction Cost	\$10 000 000
Capital Equipment Purchase	\$2 500 000
Soft Cost	\$500 000
Total Cost	\$13 000 000

PROPOSED GAP – Sources and Uses of Capital

SOURCES AND USES (GAP)	Proposed
Loan(s)	
Other Source – Parent Company	12 700 000
Equity (Do not include Developer Fees)	
Total Sources	12 700 000
Less: Uses (i.e. Total Cost)	
GAP (TIF Request)	300 000

4. DEVELOPER PRO FORMA (Build to Suit Applicants Only) – *Not Applicable*

	Lease Type (Net, 3-Net, etc.)	Base Rent (per SF)	CAM (per SF)	Gross Rent/SF
RENTS				
Commercial				
Retail				
Parking				
Other				

Value Assumptions – Rental	Proposed Value	Est. NOI @ Stabilization	Cap Rate
Commercial Rental			%
Other (Specify)			%
Total Estimated Value			%

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

6. **FINANCIAL STATEMENTS AND PRO FORMA**-Please provide general, historical financial data for the previous three years of operation, a projection of the first year of operation after project completion, and a current balance sheet and income statement for the most recent 90-day period. You may add rows or columns and use round figures if necessary.

Balance Sheet – in thousands

Year	4/30/2007	4/30/2008	4/30/2009	Current Period (90-days)	Pro Forma Year 1
Assets					
Cash & Equivalents					
Accounts Receivable	9 079	10 991	12 039	12 408	13 000
Inventory	16 380	19 888	22 164	21 583	23 000
Current Assets	25 459	30 879	34 203	33 991	46 000
Net Fixed Assets	17 123	24 643	33 019	41 641	54 600
Other	1 594	764	908	835	800
Total Assets	44 176	56 286	68 130	76 467	101 400
Liabilities & Net Worth					
Notes Payable					
Accounts Payable	2 675	3 791	3 533	2 617	3 000
Accruals					
Tax Payable					
Current Portion Long Term Debt					
Current Liabilities	2 675	3 791	3 533	2 617	3 000
Long Term Debt – To Parent	41 501	54 495	64 597	73 850	98 400
Total Liabilities					
Officer Loans					
Common Stock					
Capital Stock					
Retained Earnings					
Treasury Stock					
Net Worth					
Total Liabilities & Net Worth	44 176	56 286	68 130	76 467	101 400

Income Statement – in thousands

Year	4/30/2007	4/30/2008	4/30/2009	3 months	Pro Forma Year 1
Sales	81 654	98 603	112 961	28 240	118 000
-Cost of Goods Sold	46 057	57 376	57 868	14 467	60 450
Gross Profit	35 597	41 227	55 093	13 773	57 550
-Sales, Gen. Admin.	12 745	13 700	17 661	4 415	19 000
Operating Profit	22 852	27 527	37 432	9 358	38 550
-Depreciation	1 360	1 309	1 836	459	2 300
-Interest					
- Rent					
-Other Income/Expense					
Earnings Before Tax	21 492	26 218	35 506	8 899	38,320
-Income Tax					
Profit After Tax	21 492	26 218	35 506	8 899	38 320

7. JOBS CREATED/RETAINED

Current FTE Employees	154
FTE Jobs Retained	20
FTE Jobs Created	25
Number of Living Wage Jobs Created	
Average Hourly Wage	\$18.20

8. ATTACHMENTS—Please attach the following:

- The TIF Application Fee. A non-refundable fee of ½ of 1% of the requested TIF assistance is due and payable at the time of application. Attach a check with this application made payable to **Treasurer – City of Madison**. Indicate the fee amount of \$ 1,500.00.
- A map of the project site and its surrounding structures, including size, shape, arrangement of densities, parking and street patterns.
- A letter from the applicant authorizing the City to conduct credit review of the Applicant's personal and/or corporate financial statements.

9. ADDITIONAL QUESTIONS

- Is Applicant a developer leasing the property to a private business that will occupy it as a tenant? If yes, explain.
NO.

- If the answer to the above question is "yes", is the business or some other entity related to the business purchasing/exchanging/taking title to the property at a later date? If yes, explain.

- Does the project require the extension of sewer and/or water to the site? If yes, explain.
YES, while we are addressing the lay out of the plant we will need to relocate current sewer and water supply to the site. No expansion is needed.

- Does the project require extension of public roads to the site? If yes, explain.
YES, we will need to add an access to North for Shipping of Products.

- Does the project require a change of zoning? If yes, explain.
NO

- Does the Applicant for TIF assistance owe back property taxes? If yes, explain.
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10. ACKNOWLEDGEMENT

By signing this Application, the Loan Applicant and Company have reviewed and shall abide by Madison's Non-Discrimination, Affirmative Action, Prevailing Wage and Living Wage ordinances and agree to comply with Madison TIF Policy.

TIF Loan Application submitted by:

Steven A. Arnold

Signature of Loan Applicant, Company Officer

Steven St. Arnold

Print Name

Treasurer

Title

June 11, 2009

Date

COMPLETED BY TENANT BUSINESS ONLY

By signing this Application, Tenant of the Applicant shall abide by Madison's Non-Discrimination, Affirmative Action, Prevailing and Living Wage ordinances and agrees to comply with Madison TIF Policy.

Signature of Tenant Principal

Print Name

Title

Date



First you add knowledge...

Danisco USA Inc.
Four New Century Parkway
New Century
Kansas 66031-1144
USA
Tel +1 913 764 8100
Tel +1 800 255 6837
Fax +1 913 764 5407
www.danisco.com

June 11, 2009

Treasurer
City of Madison
Madison, WI 53701-2983

Re: Credit Review of Danisco USA Inc.

Dear Sir:

This letter serves as authorization for the City of Madison to conduct a credit review of Danisco USA Inc. All information obtain in this credit investigation shall be used for the sole purpose in determining the feasibility of Danisco USA Inc. in obtaining TIF Assistance.

Credit information is attached to help the City of Madison in the process.

Regards,

A handwritten signature in black ink, appearing to read 'Steven St. Arnold'.

Steven St. Arnold
Treasurer

DANISCO USA INC.
(formerly Danisco Cultor USA Inc..)
Four New Century Parkway
New Century, Kansas 66031
913-764-8100

Federal Identification Number: 43-1052363

Dun & Bradstreet Number: 07-987-4863

Bank Information: Citibank, North America
Customer Service
One Penn's Way
New Castle, DE 19720
302-323-3600
302-827-3122 fax

CREDIT REFERENCES:

Bennett Packaging
220 Space Center Circle
Lees Summit, MO 64063
816-379-5001 ext 301
Contact: Amy Etheridge

AG Processing Inc.
P.O. 2047
Omaha, NE 68103-2047
402-498-2228
Contact: Gene Scholz

Berlin Packaging
111 North Canal Street, Suite 300
Chicago, IL 60606
312-876-9292 - Credit
312-876-9290 - fax

ADM
4666 Faries Parkway
Decatur, IL 62526
217-424-5846
Contact: Lori Seaberg

Cargill Foods
P.O. Box 802210
Kansas City, MO 64180-2210
800-513-1098 ext 3647

United Office Products
601 W. Dennis
Olathe, KS 66061
913-782-4441
Contact: Jim Hutchinson

(any questions, please contact Bill Swanson, Finance Manager at 913-736-3588)