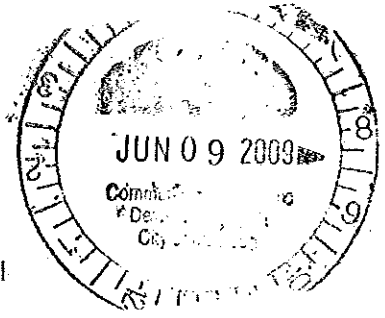




Industrial TIF Assistance Application

Amended March 2008

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



Date: June 8, 2009

Loan Applicant: Pellitteri Waste Systems
(Developer, company or business entity requesting TIF assistance)

Company Name: Pellitteri Waste Systems
(Company or business entity providing job creation/retention guaranty)

Current Company Address: 7035 Raywood Road, Madison WI 53725-9426 (City of Monona)

Project Address: Lots 1-3 Tradesmen Commerce Park (4002 - 4058 Kipp St.)
(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)	264,266 SF
Current Zoning	M1
Proposed Zoning	M1
Building Size (in SF)	26,250 SF
Estimated Project Cost	\$3,925,000
Estimated Value at Completion	\$3,925,000

PROJECT COST

Land	\$1,350,000
Hard Construction Cost	\$2,000,000
Capital Equipment Purchase	\$500,000
Soft Cost	\$75,000
Total Cost	\$3,925,000

PROPOSED GAP – Sources and Uses of Capital

SOURCES AND USES (GAP)	Proposed
Loan(s)	\$2,943,750
Other Source (Specify)	
Equity (Do not include Developer Fees!)	\$392,500
Total Sources	\$3,336,250
Less: Uses (i.e. Total Cost)	\$3,925,000
GAP (TIF Request)	\$588,750

- 210,100

4. DEVELOPER PRO FORMA (Build to Suit Applicants Only)

	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		%

5. RENTAL CASH FLOW (Build-to-Suit Developer Applicants Only)

Vacancy Assumptions (%)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Commercial															
Other (Specify)															

Cash Flow	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Gross Rent – Commercial															
Less: Vacancy															
EGI – Commercial															
Gross Rent: Parking															
Less: Vacancy															
EGI – Parking															
Vending, Other Income															
Effective Gross Income (EGI)															
Less: Operating Expenses															
Commercial															
Parking															
Other Expense															
Net Operating Income															
Less: Debt Service															
Cash Flow															

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

Year	2006 -2007	2007-2008	2008-2009	Current Period (90-days)	Pro Forma Year 1
Assets					
Cash & Equivalents	22,724	81,932	423,890		
Accounts Receivable	568,481	584,383	720,659		
Inventory	32,089	38,030	41,625		
Current Assets	623,294	704,345	1,186,174		
Net Fixed Assets	3,351,134	4,361,283	4,169,303		
Other	172,563	187,115	215,841		
Total Assets	4,146,991	5,252,744	5,571,318		
Liabilities & Net Worth					
Notes Payable					
Accounts Payable	307,599	277,639	297,797		
Accruals	193,477	357,145	445,457		
Tax Payable	6,485	4,625	1,455		
Current Portion Long Term Debt	440,900	517,700	553,000		
Current Liabilities	948,461	1,157,109	1,297,709		
Long Term Debt	1,485,833	2,317,075	2,215,483		
Total Liabilities	2,434,294	3,474,184	3,423,192		
Officer Loans					
Common Stock	15,000	15,000	15,000		
Capital Stock					
Retained Earnings	1,697,697	1,763,559	2,133,126		
Treasury Stock					
Net Worth	1,712,697	1,778,559	2,148,126		
Total Liabilities & Net Worth	4,146,991	5,252,744	5,571,318		

Income Statement

2 wrong nos.

Year	2006-2007	2007-2008	2008-2009	4 th Q 2008-2209	Pro Forma Year 1
Sales	6,115,751	6,640,154	7,550,433	1,904,219	9,659,447
-Cost of Goods Sold	3,434,779	3,769,132	4,788,625	1,216,883	6,379,356
Gross Profit	2,680,972	3,871,022	2,750,808	687,336	3,280,091
-Sales, Gen. Admin.	1,734,229	1,838,269	1,283,102	351,598	1,444,787
Operating Profit	946,743	1,032,753	1,467,706	335,738	1,835,304
-Depreciation	632,338	741,089	879,889	222,272	1,033,319
-Interest	86,346	129,513	190,403	22,305	177,262
- Rent	86,400	89,900	96,250	24,000	354,000
-Other Income/Expense	26,184	6,389	68,403	3,398	20,500
Earnings Before Tax	115,475	65,862	369,567	70,560	291,223
-Income Tax					
Profit After Tax					

- Year End: 3/31

7. JOBS CREATED/RETAINED

Current FTE Employees	41
FTE Jobs Retained	41
FTE Jobs Created	3
Number of Living Wage Jobs Created	3
Average Hourly Wage	\$26.98

8. ATTACHMENTS—Please attach the following:

- o 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: \$2,943.75.
- o A map of the project site and its surrounding structures, including size, shape, arrangement of densities, parking and street patterns.
- o 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

- o Is Applicant a developer leasing the property to a private business that will occupy it as a tenant? If yes, explain.

No

- o 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.

- o Does the project require the extension of sewer and/or water to the site? If yes, explain.

Yes. Public utilities will be extended to the site by the land developer upon purchase of the land.

- o Does the project require extension of public roads to the site? If yes, explain.

Kipp Street will be extended by the land developer upon purchase of the land.

- o Does the project require a change of zoning? If yes, explain.

No

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

No

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:

Thomas J. Pellitteri
Signature of Loan Applicant, Company Officer

Thomas J. Pellitteri
Print Name

OWNER
Title

6-8-09
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

Thomas J. Pellitteri
Print Name

President
Title

6-8-09
Date