
MCGRATH

Associates

REAL ESTATE INVESTMENTS

103 N. HAMILTON, MADISON WI 53703
608-255-3976/FAX 255-1132
www.mcgrathprojects.com

LETTER OF INTENT

UNION CORNERS

McGrath Associates, as the managing member of Union Corners, LLC, proposes a mixed-use redevelopment for the historic Union Corners property, an approximately fifteen-acre site bounded by Winnebago Street, East Washington Avenue, Milwaukee Street and the adjacent Rail Corridor. The site is an assemblage of twenty-two parcels and includes the former Madison Rayovac plant at 2317 Winnebago Street, the vacant Kohl's grocery site at 2525 E. Washington Avenue, and several other underutilized parcels. All of the twenty-two parcels are currently owned or under contract by the developer.

The initial development concept plans for an estimated 450 residential dwelling units consisting of both condominium and rental housing choices; and an estimated 100,000 square feet of commercial space which may include a grocery, pharmacy, hardware, retail financial, restaurant, office and other commercial services to support Union Corners residents and the surrounding neighborhoods. Agents of developer are currently in discussions with potential retail and office users. A range of underground, surface, and street parking will provide an estimated 938 parking stalls for the project. Bicycle parking will be provided for both residential and commercial uses and will be available both underground and at grade. There are also two existing lots at the rear of the site that front Farwell Street which may be used to relocate existing single-family homes or for new single-family construction.

The developer intends to obtain LEED certifications for most if not all of the buildings in this project. The use of solar power will be investigated and green roofs, special storm water management practices, high-efficiency HVAC systems, and other sustainable design practices will be implemented.

An Inclusionary Dwelling Unit Plan Application has been submitted as part of the subject Application. Developer intends to comply with City of Madison Inclusionary Zoning requirements subject to any necessary incentives. Developer partnering with local non-profits who have experience with necessary economic development incentives (i.e., Section 42 Tax Credits) will be the most likely scenario for creating affordable rental units. Developer also intends to apply for Tax Incremental Financing and New Market Tax Credits to assist in writing down the cost of affordable for-sale units targeted for "workforce housing" homebuyers who may be in the 70% to 80% of Dane County Median income range. Typically these prospective homebuyers may also be "starter" homebuyers who will consider smaller spaces provided there are mixed-use neighborhood amenities and alternatives that are currently unavailable in the marketplace, such as "sweat equity lofts", etc.

Following an eight-month City and neighborhood sponsored planning process that concluded in May 2004, developer continued to meet with City staff, neighborhood residents, and design consultants to advance the current plan. Several additional neighborhood meetings and site tours

were held in September 2005. Developer proposes that the City of Madison create a Redevelopment District and a Tax Incremental Financing District to facilitate project implementation in 2006.

As part of the Purchase agreement with McGrath Associates, Rayovac Corporation has completed remediation of their property in cooperation with the Wisconsin DNR and the VPLE (Voluntary Party Liability Exemption) program that will provide developer with a certificate of completion to residential standards. We anticipate receiving the certificate of completion by year end 2005. Prior to commencing the remedial work mandated by the WDNR, demolition of a portion of the existing site improvements must be completed.

Demolition of the remaining buildings on the site will be completed with a goal of recycling and reusing as much of the demolition waste as possible. Prior to demolition, salvage crews will be allowed access to remove useable products, appliances, trim and other equipment. The demolition contractor will be required to segregate and recycle concrete, asphalt, masonry, and metals to the greatest extent feasible. A Recycling and Reuse Plan is included with this application. The exterior envelope of the three-story French Carbon and Battery building will be reconstructed per the original construction drawings – which are in our possession and will use brick and other masonry pieces that will be salvaged from the building during the demolition. We have already saved approximately 170 pallets of brick from the 2004 demolition of the adjacent two-story building.

A key element of this project is vacation and dedication of several streets and new below grade utilities. As shown on the attached GDP plans, the Winnebago “merge lane” will be terminated at 5th Street to create a new street right-of-way into the project. The developer will grant the City the necessary easements for public use of Winnebago Street during phasing of the project. Other new access points into the site will include a signalized intersection at 6th Street and East Washington Avenue, a parking structure access drive, a one-way “right-in” and a one-way “right-out” also on East Washington Avenue and a new access point on Milwaukee Street. In addition to the Winnebago Street vacation mentioned above, Florence and Sullivan Streets will also be vacated. Through a separate City initiated project, the City has agreed to vacate Division Street from Lafollette Street to Winnebago Street and to acquire the property at 2305 Winnebago Street through a relocation order for Public Works improvements.

First phase of construction is estimated to begin in late 2006. Build-out of this project will take place in phases during a three to four year period. Phases are subject to market demand and the future SIP. It is anticipated that Phase I will encompass demolition, site infrastructure work, rebuilding of the French Battery Building, and supporting housing and retail space. Commercial tenants will be selected to support Union Corners residents and surrounding neighborhoods. Total project cost is estimated at \$100 million. Schreiber Anderson Associates, Eppstein Uhen Architects, Engberg Anderson Design Partnership, SGNA, and Ken Saiki Design have been engaged to provide site planning and different architectural character studies. The development team has prepared preliminary site plans and a conceptual buildout and massing plan for the development.

Union Corners LLC has been created as the development entity for the project. McGrath Associates will be the managing member responsible for development and marketing services for the project. The developer will use the building located at 2323 East Washington Avenue as a temporary sales office and project marketing center.

AAA 10-26-05