
**LETTER OF INTENT
AVALON MADISON VILLAGE
APARTMENTS**

MADISON, WISCONSIN
April 13, 2005

CHRIS LAURENT
GORMAN & COMPANY, INC.

Gorman & Company, Inc.
Avalon Madison Village Apartments

Gorman & Company respectfully submits its request for a conditional use of a planned residential development (PRD) within the existing C-2 zoning at Avalon Madison Village Apartments, 4629 South Verona Road, City of Madison.

Avalon Madison Village Apartments is a redevelopment of the former Super Saver grocery store on Madison's southwest side. The City of Madison selected Gorman & Company among a group of applicants in its late 2004 Request for Qualifications process to look at solutions to solving issues on and around Allied Drive. The City has been working with Gorman & Company to focus efforts on a development in the challenged Allied Drive neighborhood that would spur economic revitalization and stabilize the neighborhood. Gorman & Company, working closely with the City of Madison and the Mayor's office, has submitted an application to the Wisconsin Housing and Economic Development Authority (WHEDA) for federal Affordable Housing Tax Credits (Housing Credits) in early February; WHEDA expects to make its funding decision on or about April 15, 2005. Should WHEDA allocate Housing Credits to Avalon Madison Village, almost \$7.3 million in private equity will be induced into the development from the sale of the credits. In addition to this tremendous resource, Gorman & Company anticipates over \$5.0 million in private debt placed on this property. These significant private resources coupled with a strong City commitment of resources will contribute to a catalytic, successful development.

Gorman & Company will raze the existing 70,000 square foot Super Saver building in preparation for construction. It is working closely with its demolition contractors to create a plan that will minimize landfill waste. This plan will be submitted to the City Recycling Coordinator prior to the issuance of any wrecking permits. The development site is 218,660 square feet.

Gorman & Company's \$13.3 million development consists of four newly constructed two and one-half-story apartment buildings totaling 104 units. Construction is wood frame with cementitious fiber exterior and brick accents. The building design is



Prentice Style Building in Kenosha, Wisconsin

Gorman's *Prentice Style* building, with townhouse units and individual entrances.

Underground parking for residents is provided at the rate of one car per living unit (104 total). The development also provides 74 surface parking spaces, including nine for the community building. The freestanding 3,700 square foot community building will house a leasing office, exercise facility, media center, resident business office, and community room. The development will provide a spray ground amenity, children's play area, resident gardens, indoor maintenance storage space, tenant storage space, and underground and surface bicycle storage. Gross building square footage is 167,741.

As part of its purchase agreement with the City, Gorman & Company is dedicated approximately one-half acre toward the construction of a joint venture day care facility, land necessary for a new street that will connect Verona Road with Red Arrow Trail, and accommodate 16 parking spaces for the adjacent Walgreens business. The development plans 13 parking spaces for the daycare facility; some of these spaces will be provided via cross easement.

Rents will range from \$318 to 750 for the one-bedroom units, \$387 to 915 for the two-bedroom units, and \$453 to 1075 for the three-bedroom units. Approximately six percent of the developments will target households at or below 30 percent of area median income (AMI); thirteen percent will target 40 percent AMI; 25 percent will target 50 percent AMI; 25 percent will target 60 percent AMI; and 30 percent will be market rate apartments. Gorman & Company is confident that this income mix reflects the Mayor's vision of mixed income housing in the Allied-Dunn's Marsh Neighborhood.

In addition to code required accessible units Gorman & Company is providing more than 20 percent of its units with certain accessible units.

Anticipated Development Schedule

Tax Credit application due	2/4/05	Construction start	8/1/05
Tax Credit announcement	4/15/05	Construction complete	5/19/06
Plans/bidding complete	5/13/05	Lease-up complete	6/30/06
Construction loan closing	6/30/05	Permanent financing date	2/28/06

Amenity Schedules

Unit Amenities:

- | | |
|---|---|
| <input type="checkbox"/> Central air conditioning | <input checked="" type="checkbox"/> Garbage disposal |
| <input type="checkbox"/> Window air conditioning | <input checked="" type="checkbox"/> High ceilings |
| <input checked="" type="checkbox"/> Electric baseboard heat | <input type="checkbox"/> Microwave |
| <input checked="" type="checkbox"/> Electric PTAC heating/cooling | <input checked="" type="checkbox"/> Washer/dryer available |
| <input type="checkbox"/> Gas PTAC heating/cooling | <input checked="" type="checkbox"/> High-speed internet available |
| <input type="checkbox"/> Gas forced-air heat | <input checked="" type="checkbox"/> CATV available |
| <input type="checkbox"/> Hot water/steam heat | <input checked="" type="checkbox"/> Individual entrances |

☒ Dishwasher

☒ Patio/balcony

Development Amenities:

- ☒ Off-street parking
- ☐ Garage parking
- ☒ Underground parking
- ☒ Tot lot
- ☒ Spray ground
- ☒ Exercise facility
- ☒ Business center
- ☒ Community room

- ☒ Media center
- ☐ Putting green
- ☐ Rooftop garden
- ☐ Game room
- ☒ Vending area
- ☐ Gallery space
- ☒ Resident garden space
- ☒ Bicycle storage

Development Team

Gorman & Company will serve as developer, general contractor, architect, and property manager, ultimately having one property manager on site, at least one leasing agent on site, and one shared service technician. Gorman & Company will likely contract its landscape and snow removal services. Arnold and O'Sheridan is civil engineer and Pierce Engineers is structural engineer.