

**COMMUNITY
DEVELOPMENT
AUTHORITY**

**Wednesday, December 5,
2018**

7:00 PM

McFarland Municipal Center
Community Room

AGENDA

1. CALL TO ORDER
2. PUBLIC APPEARANCES.
3. APPROVAL OF MINUTES.
 - a. Review and possible approval of draft minutes from the November 7, 2018 Community Development Authority meeting.
4. BUSINESS.
 - a. Introduction regarding proposals submitted for the Farwell Street Property Redevelopment located at and around 4719 Farwell Street.
 - b. Presentation by Horizon Development Group regarding their proposal for the Farwell Street Property Redevelopment located at or around 4719 Farwell Street.
 - c. Presentation by Lakestone Properties and Movin' Out regarding their proposal for the Farwell Street Property Redevelopment located at and around 4719 Farwell Street.
 - d. Discussion and review of proposals submitted for the Farwell Street Property Redevelopment located at and around 4719 Farwell Street.
 - e. Discussion and action to set the process to evaluate the proposals submitted for the Farwell Street Property Redevelopment located at and around 4719 Farwell Street.
5. SCHEDULE NEXT MEETING DATE.
 - a. Wednesday, December 19, 2018 at 5:30 pm - Horizon Development Group Open House
 - b. Thursday, December 20, 2018 at 5:30 pm - Lakestone Properties and Movin' Out Open House
 - c. Wednesday, January 2, 2019 at 7:00 pm - Regular CDA Meeting
 - d. Wednesday, January 16, 2019 at 7:00 pm - Special CDA Meeting
6. ADJOURNMENT.

This meeting notice constitutes an official meeting of the above referenced group and was posted in accordance with all applicable laws related to Open Meetings Law. It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information. No action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice. Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals. For additional information or to request this service, contact the McFarland Municipal Center at (608) 838-3153 or cassandra.suettinger@mcfarland.wi.us.

Working Draft MINUTES
Community Development Authority Meeting

November 7, 2018

Members Present: Sue Smith, Ken Brost, Peter Bloechl-Anderson, Shaun O'Hearn, Stephanie Brassington, Toni Stolarik, Jerry Dietzel

Members Absent: None

Staff Present: Pauline Boness, Matt Schuenke, Karen Knoll

1. Call to Order

Brost called the meeting to order at 7:00 p.m.

2. Public Appearances – none

3. Approval of Minutes

- a. Review and possible approval of draft minutes from the October 3, 2018 Community Development Authority meeting.
Smith moved to approve the draft minutes from the October 3, 2018 Community Development meeting. Dietzel seconded the motion. Motion carried.
- b. Review and possible approval of draft minutes from the October 11, 2018 Community Development Authority meeting.
Dietzel moved to approve the draft minutes from the October 11, 2018 Community Development Authority meeting. Brassington seconded the motion. Motion carried.

4. Business

- a. Review and possible action on a proposal by Core Distinction Group, LLC to conduct a hotel market feasibility study for the Village of McFarland

Schuenke stated they have received an inquiry regarding a possible hotel development in the Village of McFarland. However, the company wants some preliminary work done to establish whether this is a good market.

They are requesting the Village pay for a feasibility study to access whether or not there is a market to construct a hotel of a specific size. This is a company, which was provided to Schuenke that conducts these types of studies. There are two parts to the study, first they try to establish whether a hotel be feasible. If the answer is

yes, they then look at size, brand, type etc. If it is no, the study is concluded. The study would look at the entire Village and what the needs of the Village are, reviewing businesses we have, land uses etc. We would pay for the study using the monies from TID #3. Schuenke feels this is a good time to do this, and it falls under discretionary funds and he would be able to approve it without the CDA's approval, it does not need the Village Board approval. Schuenke however, would like it to have some consideration from the CDA.

Smith asked regarding the group wanting the study, do they have a specific location they are interested in? Schuenke replied there are some specific spots, there is no ownership interest. Brost inquired, TID #3 pays for it, but the study will be of the entire Village, and is it a franchise, who is inquiring? Boness replied they will likely look at TID #3, but also the entire Village, and yes it is a franchise. O'Hearn inquired on ownership of the study. Schuenke replied it would be the Villages study as they are paying for it. Boness feels they need to look at environmental issues as part of this part of the study. It appears their research includes buying hotel data, which is done by a company in the United Kingdom.

Bloechel-Anderson moved to accept a proposal by Core Distinction Group, LLC to conduct a hotel market feasibility study for the Village of McFarland. O'Hearn seconded the motion. Motion carried

b. Update on RFP process for Farwell Street properties

Boness stated the deadline was November 1st at 4:00 p.m. We received two proposals, out of the four from the firms that initially expressed interest. Schuenke and herself will meet to discuss the next steps. They will invite them in to come and talk to the CDA. Schuenke advised they have 90 days to make a joint decision with the CDA and Village Board. Smith asked what the general proposals looked like. Boness replied, like the RFP, it is a mixed use of residential and commercial. There is an affordability factor with them, they both are requesting more financing than what was offered.

c. Update on potential sale of 5411 Bashford Street

Schuenke advised he has not progressed much since the last meeting due to time constraints. He will be asking the Village Board to approval the sale of the property at the upcoming Monday meeting. Once they have approved the land sale, there will be a process set up to handle things as offers come in. The realtor can advertise it both ways for either commercial or residential use. In talking to realtors, it was indicated there would be a lot of interest for residential. It is on the Village Board agenda to move forward.

5. Schedule Next Meeting Date

Boness inquired on availability for a December 5th meeting. Members felt they should be available.

6. Adjournment.

Motion by Smith to adjourn, seconded by Brassington. Motion carried. Meeting adjourned at 7:28 p.m.

Working Draft



COMMUNITY DEVELOPMENT AUTHORITY SUMMARY SHEET

MEETING DATE: Wednesday, December 5, 2018

SECTION: Business

DEPARTMENT: Administration

CONTACT: Matt Schuenke, Village Administrator, Pauline Boness, Director

AGENDA ITEM: Introduction regarding proposals submitted for the Farwell Street Property Redevelopment located at and around 4719 Farwell Street.

PREVIOUS ACTION:

The Village Board took action at its meeting on November 26, 2018 to have the CDA evaluate the proposals received for this RFP and make a recommendation back to them for consideration at their meeting on January 28, 2018. As such the CDA is free to set the process it sees fit to evaluate the proposals in order to make a recommendation back to the Village Board.

ISSUE SUMMARY:

Earlier this year the CDA and Village Board worked together to purchase the land and improvements at 4719 Farwell Street as well as two adjoining vacant parcels. All of this is within newly created TID #5 and the intention was to use the land that was acquired to spur redevelopment in this area. To that end an RFP was drafted and approved for distribution on September 1st of this year with two proposals being received as of November 1st. The enclosed RFP lays out the basic guidelines the Village wished to see in these proposals and now in receipt of two proposals has to evaluate which project it wants to pursue, if any. The Submission Requirements put forth 9 criteria each proposal must meet in order for it to receive consideration. A comparison of each proposal against these criteria is enclosed. It is the opinion of Village Staff that both proposals as submitted meet this criteria and are both eligible for consideration.

FINANCIAL/BUDGET IMPACT:

None.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

No action necessary on this item.

ATTACHMENTS:

1. McFarland Farwell Property Development RFP 09012018 FINAL
2. Farwell Street Property Redevelopment - Submission Requirement Comparison





Request for Proposals

Farewell Street Property Redevelopment

RFP Issuance Date *September 1, 2018*

Proposal Due Date **November 1, 2018 no later than 4:00 pm.**

Please submit to:

Village of McFarland
Attn: Farwell Property RFP
5915 Milwaukee Street, PO Box 110
McFarland, WI 53558

Village of McFarland
Request For Proposals

FARWELL STREET PROPERTY REDEVELOPMENT

Proposal Submission Deadline: 4:00 pm, Thursday, November 1, 2018

GOAL

The Village is seeking qualified real estate development firms to undertake a mixed-use development project in one or multiple phases encompassing three adjacent parcels. The ideal project will incorporate a mix of active commercial uses such as restaurants, offices, and retail space on the ground floor with the upper floors to be offices or residential housing as an option. The project should incorporate a mix of uses with emphasis on commercial retail uses that reinforce each other and contribute positively to the Farwell Street corridor. The Village maintains discretion to consider other ideas based upon justifiable and objective data presented through a market analysis so long as the project is able to meet the other conditions for redevelopment.

COMMUNITY PROFILE

McFarland is a growing lake community with an estimated population of 8,200 located on the southeast side of Madison, WI. The Village maintains a small town atmosphere while offering all the advantages of proximity to a large metropolitan area. Located ½ mile from Madison's Beltline Highway, adjacent to Interstate 39/90 and 5 miles from Interstate 94, the Village provides quick and convenient connections to Madison, Milwaukee, Chicago and Minneapolis.

McFarland supports three active Tax Incremental Financing Districts with an economy comprised primarily of service sector businesses. The Village is interested in (1) attracting new businesses as well as growing its existing businesses to increase employment opportunities, (2) maximizing opportunities with existing properties to entice redevelopment, (3) attracting residents and (4) diversifying our housing stock by providing live/work opportunities, all of which benefits our economy as well our tax base. The Village recently updated its Comprehensive Plan, which can be found on our website www.mcfarland.wi.us under adopted plans.

PROPERTY INFORMATION

- 4719- 4723 Farwell Street located within TID #5 (Exhibit A).
- MSA Professional Services, Inc. conducted a Phase I Environmental Site Assessment in May of 2018 (Exhibit B).
- Construction Geotechnical Consulting (CGC, Inc.) conducted a Preliminary Geotechnical Exploration Report on June 1, 2018 (Exhibit C).

- Approximately 2.25 acres with no formal survey and 1.5 acres of vacant land. Remaining property contains an existing office building (~6,500 square feet) on 0.75 acres that was constructed in 1979.
- The current zoning for the property is C-G General Commercial. Rezoning to Planned Development is an option.
- Design Guidelines for TID #5 (Exhibit D).

FINANCIAL ASSISTANCE BY THE VILLAGE

The Village is the current owner of the property. Upon approval of a development agreement with the selected development entity, it is the intention of the Village through this Agreement to convey property ownership to the Developer selected. The sale price from the Village to Developer shall be set at \$1.00 and this shall be the only Tax Increment Financing assistance provided for the project. The Village also requires that the tax increment created by the project pay back the Village's investment to acquire the land within 15 years. A development agreement will require that a minimum assessed value or tax increment generation be guaranteed.

SUBMISSION REQUIREMENTS

1. Identification and financial capability of development entity:
 - a. Identify the development entity's name, street address, mailing address, phone number, fax, e-mail address and web page.
 - b. Specify the legal form of the organization (e.g. corporation, partnership, LLC, Joint Venture, other).
 - c. Describe the development entity including the number of years in business.
 - d. Identify the person(s) with the authority to represent and make legally binding commitments for the principal development entity.
 - e. List all officers, partners, owners, shareholders and members of the development entity by name, title, percentage of ownership and list addresses, telephone numbers and e-mail addresses.
 - f. Provide all biographical summaries of company officers and/or principals/owners and their experience in commercial or mixed-use development.

- g. Identify all members of the proposed development team that are likely to be engaged in a project in McFarland including engineering, architectural, construction, property management, marketing, geotechnical, environmental, legal, financial, public relations, and other consultants. Describe the structure/hierarchy of the Development Team and indicate the roles of each of the members in implementing the development and managing the completed project.
- h. Describe the development team's familiarity of the project location and Village of McFarland.
- i. Documentation shall be provided demonstrating that the Developer has adequate financial resources to undertake and complete the proposed project. The Finalist selected will be required to provide the following:
 - i. List Business Financial Statements for the last three years; a balance of sheet and reconciliation of Net Worth, Profit and Loss.
 - ii. Income statement for the first six months of 2018.
 - iii. List name, address, telephone, e-mail, percent of ownership, personal net worth and annual compensation of all owners (having 20% or greater interest), officers, directors and/or partners.
- j. Provide information as to any litigation, bankruptcies, or foreclosure actions commenced, or other monetary defaults occurring, in the last three years.

2. Experience

- a. Description of three similar mixed-use projects with municipal financial contribution with a minimum development value of \$2.5 million.
- b. Provide photographs/website address of completed project.
- c. Provide contact name, phone number and email of the municipality where the project is located.
- d. Specify roles and responsibilities of team members on these projects.

3. Conceptual Proposal of Project

- a. Narrative Description
- b. Project Type
- c. Land Use and Anticipated Zoning Classification
- d. Occupancy
- e. Ownership
- f. Management

4. Finance – Include the source and use of funds.

5. Market

- a. Potential Tenants
- b. Market Demand for Potential Uses
- c. Projection for meeting Profit Goals

6. Development Schedule

- a. Include time to plan, design, and construct.
- b. Include time for any local or State approvals.

7. Concept Design

- a. 11 x 17 format
- b. Site plan & layout
- c. Anticipated zoning
- d. Schematic elevations all 4 sides
- e. Floor plans & identification of usage
- f. If phasing, identify all phases to final buildout
- g. Pre-identification of major building materials
- h. Describe any proposed deviations or exceptions of the project program or design guidelines

8. Preliminary Proforma

- a. Operating costs by phase
- b. Anticipated sources and timing of capital investment
- c. Anticipated number of jobs created/ retained for each phase with projected wage rates
- d. Estimated value at full buildout

9. Insurance.

- a. A description and pertinent information regarding the general liability, auto liability, worker's comp and professional liability insurance carried by the Developer, including the limits of coverage provided by such insurance.

SUBMITTALS AND QUESTIONS

- Twenty paper copies and one electronic copy are required for consideration.
- The submittal is required to be physically delivered to the McFarland Municipal Center located at 5915 Milwaukee Street, McFarland, WI 53558 care of Cassandra Suettinger, Village Clerk/Treasurer.
- Delivery is required no later than Thursday, November 1, 2018 by 4:00 pm.
- Questions will be accepted by email only to: pauline.boness@mcfarland.wi.us and matt.schuenke@mcfarland.wi.us. All email questions must contain the phrase "Farwell Property RFP" in the subject line. Email questions must be sent no later than October 22, 2018.
- The Village will not accept copies of RFP or submissions by email or fax.
- All copies to be in color if color is utilized in the original proposal

KEY DATES

- This RFP is issued on September 1, 2018.
- A meeting will be held on September 12, 2018 at 2:00 pm to discuss the proposal and provide a site tour. The meeting will begin at the McFarland Municipal Center and end at the property location.
- All proposals are due to the Village by 4:00 pm on November 1, 2018.
- The Village intends to select a proposal within 90 days of submittal deadline.
- All dates and times subject to change at the discretion of the Village Board.

EVALUATION CRITERIA

- The proposal submitted meets the submittal requirements;
- The applicant demonstrates expertise and experience with similar projects;
- Conceptual proposal (feasibility, functionality, aesthetics, building quality) of the project;
- Capacity to finance and complete;
- Return on Village investment
 - Tax base improvements
 - Employment opportunities
 - Wage rates
- Ability to work effectively with the Village; and
- Other criteria as deemed appropriate by the Village.

The evaluation criteria will be used to develop a short list of firms to be interviewed. Firms selected for interviews will be contacted with details regarding this process. Interested firms must be able to attend the interviewing process in order to be considered for this project. The Village, through the approval of the Village Board upon recommendation of the Community Development Authority, intends to select a development entity within 90 days of the submittal deadline.

TERMS AND CONDITIONS

All proposals upon submission become the property of the Village and are subject to the Open Records Law of the State of Wisconsin as may be applicable. If development entity provides information that they believe is “Confidential” it shall mark “Confidential” on each page it deems to include confidential information. The Village will determine independently whether the information designated by development entity as confidential is exempt from the Open Records Law of the State of Wisconsin.

The Village reserves the right in its sole discretion to select the proposal that it deems to be in the best interest of the Village.

The Village reserves the right to seek clarification of each proposal submitted. The Village also reserves the right to require additional evidence of technical, managerial, financial, or other abilities prior to selection.

This request for proposals does not commit the Village to pay any costs incurred in the preparation or evaluation of a proposal.

Applicants shall provide the following with respect to potential Conflicts of Interest:

1. Provide a list of any known or potential conflicts of interest with parties that reside in or do business in and/or with the Village of McFarland.
2. Provide a list of all business and/or personal relationships the Developer or its members have with officers or employees of the Village.
3. Provide an explanation of how any such relationships or conflicts of interest would affect your ability to work with the Village.
4. Describe how you will identify and manage conflicts of interest.

Summary of RFP Results

Farwell St. Property Redevelopment

	Horizon	Lakestone Movin Out
1 FINANCIAL CAPABILITY OF DEVELOPER		
a. Name & Address	Madison	McFarland
b. Legal Form of Org.	s corp	LLC,501c3
c. Description/# of Year in Business	34yrs	6& 20yrs
d. Authorized Signatories	providedpg6	provided
e. List of Officers, Owners, etc	provided pg7	provided
f. Officer/Owner Bios	no% owner	no% owner
g. Development Team Contacts	Provided	provided
h. Knowledge of McFarland	Mad. Area	McFar.Mad
i.i 3 Years Financial Stmts	if selected	yes see note4
i.ii Current Year-to-Date P&L	no	"
i.iii Owner Info including Net Worth	no	no
j. Past 3 Years-Litigation, etc	see note 1	none
2 EXPERIENCE		
a. List of 3 Completed Projects (> \$2.5M)	pages 10-13	Sec. 2 exp.
b. Photos/Website of Projects Listed	" "	"
c. Contact Info for Completed Projects	" "	"
d. Team Members/Roles for Projects	" "	"
3 CONCEPTUAL PROPOSAL		
a. Narrative Desc.	2 phases	1 phase
b. Project Type	MU. MI 96 units	MU 80units
c. Land Use and Zoning	PDI	PDI
d. Occupancy	55+mkt& aff.	aff.80%55+,20%all ages
e. Ownership	see note 2	99%LLC..01%joint
f. Management	Horiz. Mgmt.	Acc Mgmt
4 FINANCE		
a. Source of Funds	sec2 pg 19+	Sec.4 Finance
b. Use of Funds	""	note 4
5 MARKET		
a. Potential Tenants	res.seniors,com.	res.80% 55+,20%others,com
b. Demand for Potential Uses	eatory& office	Gen. retail eatery,off.
c. Profit Goals Projection	negot. w/Village	?

Summary of RFP Results Farwell St. Property Redevelopment

	Horizon	Lakestone
6 DEVELOPMENT SCHEDULE		
a. Time to Plan, Design, Construct	15-17 months	21-24 months
b. Time for Local and State Approvals	3-4months	3months to 10 months
7 CONCEPT DESIGN		
a. 11x17 Format	provided	provided
b. Site Plan and Layout	ldgs,4stories,107ksq.ft.	1bldg,3stories,90ksq.ft.
c. Anticipated Zoning	PDI	PDI
d. Schematic Elevations of all 4 Sides	sec2 pgs 27+	see sec7
e. Floor Plan with Identified Usage	00sq.ft.com,96MF units	8,000sq.ft. com., 80MF units
f. Phasing, if Applicable	2phases	1 phase
g. Pre-identify Major Building Materials	Comp&masonry	Comp&Masonry
h. Proposed Deviations from Guidelines	front parking	none identified
8 PRELIMINARY PROFORMA		
a. Operating Costs by Phase	1&2=562,368	\$466,333
b. Sources and Timing of Capital	see note 3	based on approval
c. # of Jobs Created/Retained by Phase	undefined	20-40
d. Estimated Value at Buildout notes 6&7	ph1+2=9.1mil	7 mil.
9 INSURANCE		
a. Description and Coverage by Type	see sec. 2	see sec 9

Note 1 Named in slip and fall on unaffiliated property

Note 2 ownership differs for each phase seepage each phase

note3pgs.32-33 waiver of impact fees \$546,000 Vil contri \$200,000 buildout

Note 4 only req. if selected

Note 5 asking for deferred dev. fee of \$1.4 mil

Note 6 const cost Horizon - 18.7 mil.

Note7 Const. cost LakeStone- 15 mil.

PDI =Planned Dev. Infill

MU = Mixed Use

MI =Mixed Income

Comp= . Composite material



COMMUNITY DEVELOPMENT AUTHORITY SUMMARY SHEET

MEETING DATE: Wednesday, December 5, 2018

SECTION: Business

DEPARTMENT: Administration

CONTACT: Matt Schuenke, Village Administrator, Pauline Boness, Director

AGENDA ITEM: Presentation by Horizon Development Group regarding their proposal for the Farwell Street Property Redevelopment located at or around 4719 Farwell Street.

PREVIOUS ACTION:

None.

ISSUE SUMMARY:

Enclosed within your packet is the proposal from Horizon Development Group in response to our RFP. A hard copy will be provided in the meeting. The Developer was asked to be present at 7:00 pm to provide an introduction to their proposal and also allow the CDA a chance to ask preliminary questions. This is merely meant to be an introduction to the project as we begin the evaluation process.

FINANCIAL/BUDGET IMPACT:

None.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

No action is necessary on this item.

ATTACHMENTS:

1. Farwell Street Property Redevelopment - Horizon Devel Group

Scarlett Oaks Senior Apartments Proposal for the Farwell Street Redevelopment

Village of McFarland RFP Response

Village of McFarland
Attn: Farwell Street Property RFP
5915 Milwaukee Street, PO Box 110
McFarland, WI 53558

Horizon Development Group
November 1, 2018



November 1, 2018

Cassandra Suettinger
Village Clerk/ Treasurer
Village of McFarland
5915 Milwaukee Street
McFarland, WI 53558

Re: Scarlett Oaks Senior Apartments
Farwell Street Redevelopment RFP Response

Dear Ms. Suettinger,

Horizon Development Group is pleased to submit our proposal for Scarlett Oaks Senior Apartments in response to the Farwell Street Redevelopment RFP.

Scarlett Oaks will be a mixed-use, mixed-income senior campus constructed in two phases. Phase I will consist of 56 units of market rate, independent senior apartments over 5,000 square feet of commercial space; and Phase II will contain 40 units of affordable, independent senior apartments and a 5,000 square foot senior center. We are prepared to advance Phase I in accordance with the RFP schedule. The complementary Phase II project would occur, pending market and financial feasibility, following Phase I.

Horizon is a leading developer, builder, and property manager of senior living communities. Having developed over 70 similar projects and managing nearly 3,000 residential units regionally, our experience, reputation, and coordinated services make us an ideal candidate for the Farwell Redevelopment project. Horizon prides itself on a systematic development process, high quality, budget-conscious construction, and long-term, responsive management. We are confident that a Horizon community developed in McFarland would meet or exceed Village expectations.

Please feel free to contact Scott Kwiecinski at s.kwiecinski@horizondbm.com (608) 354-0820 with any questions or comments. We look forward to working with the Village of McFarland on this exciting project.

Sincerely,

Scott Kwiecinski, Principal
Horizon Development Group, Inc.

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- 4. FINANCE**
- 5. MARKET**
- 6. DEVELOPMENT SCHEDULE**
- 7. CONCEPT DESIGN**
- 8. PRELIMINARY PROFORMA**
- 9. INSURANCE**

III. EVALUATION CRITERIA

- 1. PROPOSAL SUBMITTED MEETS SUBMITTAL REQUIREMENTS**
- 2. APPLICANT DEMONSTRATES EXPERTISE AND EXPERIENCE WITH SIMILAR PROJECTS**
- 3. CONCEPTUAL PROPOSAL (FEASIBILITY, FUNCTIONALITY, AESTHETICS, BUILDING QUALITY) OF THE PROJECT**
- 4. CAPACITY TO FINANCE AND COMPLETE**
- 5. RETURN ON INVESTMENT TO VILLAGE**
 - i. TAX BASE IMPROVEMENTS**
 - ii. EMPLOYMENT OPPORTUNITIES**
 - iii. WAGE RATES**
- 6. ABILITY TO WORK EFFECTIVELY WITH VILLAGE**
- 7. OTHER CRITERIA AS DEEMED APPROPRIATE BY THE VILLAGE**

IV. APPENDICIES

- 1. APPENDIX A – CONFLICTS OF INTEREST**
- 2. APPENDIX B – DEVELOPMENT TEAM RESUMES**
- 3. APPENDIX C – ORGANIZATIONAL OWNERSHIP CHART**

I. INTRODUCTION

Our proposal is broken out into four Sections: I. Introduction; II. RFP Responses; III. Evaluation Criteria; and IV. Appendices. The Introduction will start by outlining Horizon's vision for the subject parcels and will end with a brief description of the Horizon group of companies. In the RFP Responses Section, we will further detail our proposal and address each of the Village's submittal requirements. The Evaluation Criteria Section will summarize our response with respect to the priorities stated in the RFP and Village planning considerations; and the Appendices will provide supporting documentation where applicable.

Scarlett Oaks Senior Apartments

Scarlett Oaks is a unique opportunity for McFarland to create a landmark senior living campus that will give the citizens who helped build your community an exciting place to live. With multiple options for groceries, pharmacies, restaurants, and shopping, the Farwell Street corridor will provide seniors with immediate access to services they'll need on a daily basis.

There is a tremendous and expanding need for senior housing in Dane County and across the country. The increased demand is best attributable to advances in medical technology and the aging baby boomer generation. The US Census Bureau estimates that the senior demographic will reach over 20% of the national population by 2030.¹ Not surprisingly, McFarland's demographics reflect a similar trend: the median age in McFarland has increased from 27.7 in 1980 to 39.7 in 2010²; and the percentage of McFarland's population over age 62 increased from 13.6% in 2011 to 20.4% in 2016.³

Scarlett Oaks will also play a key role in McFarland's economic stability by promoting turnover of the existing housing stock. Horizon residents often relay that they stayed in their home past when they were practically able to take care of the property because they didn't want to leave their community. With this RFP, McFarland can ensure that seniors who have who have lived, worked, and raised families in McFarland will have a safe, quality option that allows them to sell their homes and remain in the community. In the process, new families will purchase these homes and become the next generation of McFarland's tax base and workforce.

Scarlett Oaks will be a two-phase, mixed-use, mixed-income senior community. Phase I will consist of 56 units of market rate, independent senior housing with 5,000 square feet of commercial space on Farwell Street; and Phase II will consist of a 40-unit affordable, independent senior apartment community with a 5,000 square foot senior center. Please note that, while we are prepared to advance Phase I immediately in 2019, Phase II is a future phase and its

¹ *An Aging Nation: The Older Population in the United States*. US Census Bureau. P. 2-4.

² McFarland Comprehensive Plan, Conditions and Issues, p. 9.

³ US Census Bureau, *Comparative Demographic Estimates*, 2012-2016 American Community Survey 5-year estimates.

feasibility will need to be confirmed based on future market conditions, underwriting, and availability of financing.

Horizon Develop Build Manage

Horizon was started in 1984 as a development firm and has since grown into an integrated group of companies,⁴ specializing in real estate development, construction, and property management. Headquartered in Madison, Wisconsin, Horizon has 34 years of experience and just under \$2 billion in completed development and construction work. We have a portfolio of completed housing communities nationwide, but we focus on projects in the Midwest region, including Wisconsin, Illinois, and Iowa. Horizon's reputation for quality, on-time, and on-budget project delivery has won many repeat clients over the years and continues to yield successful projects.

We specialize in the development, construction, and management of multifamily housing communities, as well as master-planned, multi-use neighborhoods. Our experience includes commercial, retail, and hotel and water park resorts development, but our primary focus is independent senior housing.

We have developed over 4,000 units of independent senior housing, with total development costs in excess of \$400 million. Horizon's management portfolio currently contains over 2,200 units of independent senior housing and is over 98% occupied.

Our company's success is driven by careful selection of markets that have a need for the products we provide. Horizon brings tremendous value to the communities in which we work because we target opportunities that allow us to develop, build, and manage the asset. This model ensures Horizon's continued interest in the project, but also in our community partners success. We believe strongly in the strength of the McFarland market and we are excited to form a public/private partnership to make Scarlett Oaks a reality.

⁴ Horizon Development Group, Inc.; Horizon Construction Group, Inc.; and Horizon Management Services, Inc.

II. RFP RESPONSES

1 -Development Entity & Financial Capacity

A. DEVELOPMENT ENTITY'S NAME, ADDRESS, MAILING ADDRESS, PHONE NUMBER, FAX, EMAIL ADDRESS, AND WEB PAGE

Horizon Development Group, Inc.
5201 East Terrace Drive, Suite 300
Madison, WI 53718
(608) 354 – 0900
s.kwiecinski@horizondbm.com
<https://www.horizondbm.com>

B. LEGAL FORM OF ORGANIZATION

S-Corporation.

C. NUMBER OF YEARS IN BUSINESS

34.

D. PERSONS WITH AUTHORITY TO BIND BUSINESS

Daniel D. Fitzgerald
President & CEO of Horizon
D.fitzgerald@horizondbm.com
(608) 354 – 0900

E. OFFICERS, PARTNERS, SHAREHOLDERS ETC., PERCENTAGE OF OWNERSHIP, ADDRESSES PHONE NUMBERS AND EMAILS

Horizon Development Group, Inc.
5201 East Terrace Drive, Suite 300
Madison, WI 53718
(608) 354 – 0900

Ownership Group:

- Daniel D. Fitzgerald
- Philip Schultz

- John W. Thode
- John K. Faust
- Scott J. Kwiecinski
- Curt Peerenboom
- Mick Hintz
- EJ Gering
- Ryan Alvin

We are happy to provide ownership percentages if we move forwards in the selection process.

F. PROVIDE BIOGRAPHICAL SUMMARIES OF ALL COMPANY OFFICERS AND/OR PRINCIPALS/OWNERS AND THEIR EXPERIENCE IN COMMERCIAL OR MIXED-USE DEVELOPMENT

All biographical summaries/resumes are provided in Appendix B.

G. IDENTIFY ALL MEMBERS OF THE PROPOSED DEVELOPMENT TEAM

Scarlett Oaks Project Team:

- Developer: Horizon Development Group, Inc.
 - o Scott J. Kwiecinski - Development Manager, Project Executive
 - Scott will manage all aspects of the development process, including predevelopment analysis, entitlements, financing and equity, and consultant coordination.
 - o Curt Peerenboom - Chief Financial Officer
 - Curt will manage the underwriting process, construction draw review, and financial closing.
- General Contractor: Horizon Construction Group, Inc.
 - o Mick Hintz - Director of Pre-Construction Services, Project Manager
 - Mick will manage all aspects of the construction process, including estimating, value engineering, and project management.
- Property Manager: Horizon Management Services, Inc.
 - o Becky Hildebrandt - Vice President, Horizon Management Services
 - Becky will coordinate all lease-up and on-site staff management to ensure Scarlett Oaks meets Horizon's operating standards.
- Project Architect: JLA Architects
 - o Daniel Zutter - Project Architect, JLA Architects
 - Lead designer.
- Attorney
 - o Toni Prestigiacomo - Foley & Lardner, LLP
- Civil Engineer - to be selected after award.
- Environmental – to be selected after award.
- Geotechnical – to be selected after award.

H. FAMILIARITY WITH LOCATION AND VILLAGE

Horizon's corporate office is based in Madison, WI and we have developed or built over 100 projects in Dane County. In years past, we have tried on other occasions to advance a senior center in conjunction with affordable housing for the Village, but have yet to advance a project in McFarland.

We have studied the Village's planning documents extensively and feel that our proposal is precisely tailored to the Future Land Use Plan for this location and the Village's objectives for senior housing. Our 34 years of experience in communities of various sizes, both locally and nationwide, make us confident that Horizon can work effectively with the Village.

I. ADEQUATE FINANCIAL RESOURCES.

Per the RFP's instructions, this information will be provided if Horizon is selected.

J. LITIGATION, BANKRUPTCIES, OR FORECLOSURE ACTIONS COMMENCED, OR OTHER MONETARY DEFAULTS OCCURRING, IN THE LAST THREE YEARS.

Horizon Development Group, Inc was recently named in a lawsuit involving an alleged slip and fall at a property constructed by an affiliate. Horizon Development Group, Inc had no involvement in the property and should not have been named. This incident has been submitted as a claim under the affiliate's insurance and any costs will be covered by the insurance carrier.

2 - Experience

A. DESCRIPTION OF THREE SIMILAR MIXED-USE PROJECTS WITH MUNICIPAL FINANCIAL CONTRIBUTION WITH A MINIMUM DEVELOPMENT VALUE OF \$2.5 MILLION

See below.

B. PROVIDE PHOTOGRAPHS/WEBSITE ADDRESS OF COMPLETED PROJECT

Please note: additional information on all Horizon projects can be found on our website, but these projects do not have their own website.

<https://www.horizondbm.com>

C. PROVIDE CONTACT NAME, PHONE NUMBER, AND EMAIL OF THE MUNICIPALITY WHERE THE PROJECT IS LOCATED

Information shared beneath each project.

D. SPECIFY ROLES AND RESPONSIBILITIES OF TEAM MEMBERS ON THESE PROJECTS

Information shared beneath each project.

Harmonee Square - Wauwatosa, WI (2018)



Harmonee Square is a 25,000 square foot mixed-use facility located in the heart of downtown Wauwatosa, at the corner of Harmonee and Underwood Avenue. The building was just placed in service in July of 2018 and features 30 units of luxury apartments set over 7,500 square feet of commercial space. Residents enjoy a short walk to downtown Wauwatosa restaurants and shopping, in addition to a private courtyard with a garden, grilling area, and fire pit. The City is providing the project with developer-financed TIF to help offset the costs of acquisition, site preparation, public utility infrastructure, and structured parking.



**View of private courtyard with a garden, grilling area, and fire pit.*

Team Roles:

- Developer – Horizon Development Group
 - o Scott Kwiecinski, Development Manager and Project Executive
- General Contractor – Horizon Construction Group

- Property Manager – Horizon Management Services
- Project Architect – EUA Architects

Total development cost: \$9.8 million

Contact Information for Municipality:

Jen Ferguson
 Economic Development Manager
 City of Wauwatosa
jferguson@wauwatosa.net
 (414) 479 - 3520

Frost Woods I & II - Monona, WI (2004)



Frost Woods is a mixed-use independent senior apartment community, just across Monona Drive from Woodland Park in Monona, WI. This property is an excellent example of a Horizon working in a public/private partnership with the City of Monona to develop a successful mixed-use, mixed-income senior community. Horizon purchased a blighted, vacant Kohl's store on Monona Drive and leveraged TIF support from the City to develop two phases of independent senior housing with 16,000 square feet of retail. Phase I consists of a 68-unit affordable, independent senior housing facility, while Phase II contained 51 units of market rate independent senior housing. Phase I has a 37-person waitlist and Phase II has a 21-person waitlist.

Team Roles:

- Developer – Horizon Development Group
 - o Dan Fitzgerald, Development Manager and Project Executive
- General Contractor – Horizon Construction Group
- Property Manager – Horizon Management Services
- Project Architect – EUA Architects

Total development cost for all three phases: \$14.66 million.

Contact Information for Municipality:

Mark Houtakker
Finance Director / Interim City Administrator
City of Monona
mhoutakker@ci.monona.wi.us
(608) 222 - 2525

Woodfield Village I & II - Howard, WI (2006, 2010)



**View of Phase I with retail*

Woodfield Village is a two-phase, mixed-use, affordable independent senior apartment community at the corner of Howard Boulevard and Cardinal Lane, in Howard, WI. The first phase contains 60 units with approximately 22,000 square feet of retail, and the second phase contains 49 units without retail. The Village provided 95% of the tax increment generated on the second phase and both phases utilized HOME funds. This project is so popular that we are currently discussing a third phase with the Village. Both facilities are 100% occupied and there is a joint waitlist of 95 people.



**Phase II*

Team Roles:

- Developer – Horizon Development Group
 - o Phase I – Philip Schultz, Development Manager and Project Executive
 - o Phase II - Scott Kwiecinski, Development Manager and Project Executive
- General Contractor – Horizon Construction Group
- Property Manager – Horizon Management Services
- Project Architect – EUA Architects

Contact Information for Municipality:

Paul Evert
Village Administrator
Village of Howard
pfevert@villageofhoward.com
(920) 434 - 4640

Total development costs: \$15.3 million.

3 - Conceptual Proposal

A. NARRATIVE DESCRIPTION

Phase I – Mixed-Use, Market Rate Senior Apartment Community

Residential Component

Phase I will consist of 56 units of market rate, independent senior apartments over 5,000 square feet of commercial space. There will be 23 one-bedroom units averaging 725 square feet, and 33 two-bedroom units averaging 1,125 square feet. Units will be rented to seniors aged 55 and over, and the building will feature multiple common area amenities, including a clubroom with kitchen, a shaded outdoor pavilion with a community garden, an on-site leasing office, and a fitness center. Horizon Management Services will have an on-site property manager who will manage operations and coordinate a full calendar of social activities to promote resident engagement.

Commercial Space

Horizon will source neighborhood retail/commercial users that will not only benefit residents, but the entire community. For example, we met with the owners of Angelo's Restaurant to discuss the possibility of occupying commercial space in Phase I. Located directly across the street at 4706 Farwell Street, Angelo's popularity has outgrown their existing location and they are looking to expand. They currently employ over 20 people and their expansion would create additional employment opportunities in the Village. They are also interested in an larger outdoor patio space, pictured in View 3 of the attached architectural rendering.⁵ We have yet to discuss specific terms, but the owners expressed support for our proposal and are interested in occupying between 3,500 and 4,500 square feet.

Horizon has also discussed the possibility of relocating Reilly, Penner, and Benton CPAs from their current space in the existing building on 4719 Farwell Street. Managing Partner, Vicki Buening, relayed an interest in approximately 1,000 square feet.

Phase II

Phase II will consist of 40 units of affordable, independent senior apartments over a 5,000 square foot senior center for the Village. The building will feature the same common area amenities as Phase I and units will be rented to seniors aged 55 and over who earn between 30% and 80% of area median income. Restricted rents in this facility will provide seniors with fixed incomes relief against the rising cost of living in Dane County; and the senior center will place these seniors in immediate proximity to services they need to maintain a high quality of life.

⁵ See page 3 of our architectural renderings for a concept design of the patio.

Please note, Horizon cannot currently guarantee a value or the construction timeline for Phase II. We intend to finance Phase II with Low-Income Housing Tax Credits (LIHTCs) allocated through the Wisconsin Housing and Economic Development Authority (WHEDA). WHEDA publishes rules for the allocation of LIHTCs and developers compete for credit on an annual basis. If awarded this RFP and the project remains feasible, Horizon will apply for tax credits in WHEDA's 2020 application cycle.⁶ While we cannot guarantee when or if Phase II will receive credit, Horizon believes strongly in the competitive profile of this location. We have developed 52 independent senior affordable housing projects since the Low-Income Housing Tax Credit program was enacted in 1986, and are one of the largest developers of this type of housing in the State of Wisconsin.

Please see subsequent sections for preliminary financial projections and schedule.

Commercial Space & Senior Outreach Services

Finally, Horizon believes that commercial space in either phase presents an opportunity for the Village to centralize all of its senior services in one location. The Comprehensive Plan indicates that the Municipal Center is experiencing overcrowding and the Village is potentially considering an expansion. Utilizing commercial space in Phase II would allow the Village to centralize Senior Outreach Services in proximity to a high concentration of the senior population. Our team is happy to modify the design if the Village would like to consider occupying additional commercial space to centralize all senior services at this location.

Senior Affordable Housing Projects with Senior Centers

Horizon has developed two other affordable, independent senior facilities in Dane County that contained senior centers: Sugar Creek in Verona, WI (1992) and Country View in Waunakee, WI (1995).⁷ Both projects were financed utilizing the LIHTC program and they allowed Waunakee and Verona to grow their senior services programs. Both municipalities have since gone on to expand their provision of senior services and now have constructed their own stand-alone senior centers. We think Scarlett Oaks Phase II can work similarly for the Village of McFarland.

Potential for an Intergenerational Community Center

Right now, Phase II only contemplates a 5,000 square foot senior center. This amount of space should work well for the Senior Outreach Services division to provide recreational services, in addition to the social services it currently provides.⁸ However, the Comprehensive Plan also indicates that infill sites along Farwell should be considered for the creation of a new community

⁶ Applications are due in December of 2019.

⁷ Sugar Creek total development cost: \$3.39 million; Country View total development cost: \$2.63 million.

⁸ See Village of McFarland Comprehensive Plan, *Vision and Directions*, Vol. 2, p. 27.

center for all ages.⁹ If the Village is interested, we are happy to discuss reducing the number of units in Phase II to construct an expanded community center.

Feasibility Fluctuation & Potential Relocation Costs for Existing Businesses

Part of the reality of developing affordable housing is that projects must occasionally find sources to close financing gaps that occur between the early stages of underwriting and closing. In the Development Schedule Section, we lay out a potential schedule for Phase II. Developers must apply for WHEDA LIHTCs on an annual basis, and if awarded in the 2019-2020 cycle, this project would likely not be able to close and start construction until the fall of 2020. As there is a two-year period between this RFP and the potential closing timeline for Phase II, the feasibility and timeline of this phase remains uncertain. Factors impacting feasibility include fluctuation in tax credit rules and regulations, construction costs, interest rates, and tax credit equity pricing.

B. PROJECT TYPE

Scarlett Oaks will be a mixed-use, mixed-income senior apartment community.

C. LAND USE & ANTICIPATED ZONING CLASSIFICATION

The site is currently zoned C – G General Commercial and we anticipate re-zoning to PD-I – Planned Development Infill. PD – I will be necessary to accommodate the scale of our mixed-use development and we expect to request flexibility from a number of zoning standards. We believe, however, that our proposal’s congruence with the Future Land Use Plan and the Comprehensive Plan justify such flexibility.

Consistency with Village Planning Objectives

Scarlett Oaks satisfies the Village’s objective to provide additional higher-end and affordable housing options for McFarland’s growing senior population.¹⁰ The Village’s Comprehensive Plan specifically recommends development of senior housing in more compact, mixed-use environments.¹¹ This RFP and the Farwell Street corridor present the exact sort of environment that the Plan envisions: Residents will enjoy a grocery store, and multiple banks, pharmacies, and restaurants all within a ½ mile of our location, and in the process, the increase in density will provide a built-in market for local businesses.¹² The Farwell Street corridor has a wide array of commercial uses that will be strengthened through the addition of residential density, but perhaps more importantly, we believe senior housing is a better use for this location with the proximity of the Middle School and High School.

⁹ See Village of McFarland Comprehensive Plan, *Vision and Directions*, Vol. 2, p. 27.

¹⁰ See Village of McFarland Comprehensive Plan, *Vision and Directions*, Vol. 2, p. 61, 64.

¹¹ See Village of McFarland Comprehensive Plan, *Vision and Directions*, Vol. 2, p. 61, 64.

¹² See Village of McFarland Comprehensive Plan, *Vision and Directions*, Vol. 2, p. 64.

Low-impact Use in the Farwell Street Corridor

A mixed-use senior housing campus is better-suited for this neighborhood because it provides the financial benefits of density through a low-impact use. While the Village's Future Land Use Plan slates this site for mixed-use/commercial development, non-age-restricted residential components would be occupied predominantly by young professionals and empty-nester households, which would produce higher traffic counts in close proximity to the McFarland public schools. A mixed-use senior housing campus, on the other hand, will provide similar support to local businesses, with a similar taxable value, but with a much lower impact on traffic. Across 2,270 senior units in Wisconsin, Iowa, and Illinois, Horizon's senior properties average 1.1 persons per unit, with an average resident age at move-in of 76. Only 75% of our residents still drive and we average only 1 trip (coming and going) per-unit per-12-hour period.

D. OCCUPANCY

Residential.

The market rate housing units will be occupied by seniors aged 55 and better. If Phase II moves forward, the affordable housing units will be occupied by seniors aged 55 and better who earn between 30% and 80% of area median income. Horizon is happy to provide more information on the income qualification parameters if that Phase II advances.

Commercial

Horizon will look attract established McFarland businesses to occupy Phase I's commercial space. As discussed, we hope to lease the commercial space to Angelo's and Reilly, Penner, & Benton. But in the event we are unable to come to terms, we will target users that have a synergetic relationship with senior housing, like a coffee shop or medical clinic.

E. OWNERSHIP

Horizon's shareholders will be investing in this project, but the exact ownership percentages will be determined during project financing and finalized prior to closing. Phase I investors will own the project via a single purpose limited liability company.

Phase II will be owned by a single purpose limited liability company (Project Owner, LLC). This entity will be comprised of two LLCs, the General Partner LLC (0.01% ownership) and the Limited Partner LLC (99.99% ownership). The General Partner LLC will be 51% owned by Midwest Affordable Housing Corporation and 49% owned by a group of Horizon's partners that has yet to be determined. The Limited Partner LLC will be 100% owned by the Tax Credit Equity Investor.

Please see Appendix C for Phase II's proposed organizational chart.¹³

F. MANAGEMENT

Horizon Management Services, Inc., (HMS) will serve as the property manager. HMS manages over 3000 residential units in Wisconsin, Iowa, and Illinois, and our portfolio is over 98% occupied.¹⁴

¹³ Phase I does not need a chart because it will be owned by one entity.

¹⁴ Over 2,200 of which are independent senior housing.

4 - Project Financing

A. SOURCES AND USES

See next pages for a sources and uses statement for each phase.

CDI Grant Request

Horizon requests that the Village partner with Horizon to apply for a CDI grant for Phase I to maximize available funding. The Community Development Investment Grant would cover 25% of all hard costs and site preparation work incurred by the Village, up to \$250,000. If site preparation costs \$1,000,000, the Village would be eligible for the entire grant. Our application must be approved by WEDC prior to incurring any cost to be eligible for funding. Discussions with WEDC staff indicate that there is ample available funding in this program and approval should take less than 60 days.

Phase I Sources & Uses Statement

Farwell Street RFP

Sources and Uses Summary

October 31, 2018

SOURCES OF FUNDS

	<u>Rate</u>	<u>Amount</u>	
First Mortgage	5.50%	\$ 6,400,000	61.0%
Dev Financed TIF	5.50%	\$ 1,130,000	10.8%
Investor Equity		\$ 2,704,438	25.8%
CDI Grant		\$ 250,000	2.4%
Total		\$ 10,484,438	

USES OF FUNDS

ACQUISITION COSTS

Land	\$	1	0.0%
Demolition	\$	-	0.0%
Subtotal	\$	1	0.0%

DEVELOPMENT HARD COSTS

Construction costs	\$	9,139,569	87.2%
Subtotal	\$	9,139,569	87.2%

DEVELOPMENT SOFT COSTS

Development Fee	\$	283,710	2.7%
Accounting & Cost Cert Fees	\$	5,000	0.0%
Personal Property	\$	55,000	0.5%
Architect Fees	\$	140,000	1.3%
Impact Fees	\$	-	0.0%
Real Estate Atty	\$	40,000	0.4%
Engineer	\$	30,000	0.3%
Construction Insurance	\$	31,988	0.3%
Construction Interest	\$	178,838	1.7%
Real Estate Taxes	\$	10,000	0.1%
Municipal Application Fees	\$	7,000	0.1%
Market Study	\$	4,500	0.0%
Environmental	\$	5,000	0.0%
Title & Recording	\$	11,424	0.1%
Inspection Fees	\$	6,500	0.1%
Surveys	\$	9,000	0.1%
Development Contingency	\$	40,000	0.4%
Subtotal	\$	857,960	8.2%

FINANCING AND RESERVES

Financing and Placement Fee	\$	64,000	0.6%
Legal Fees	\$	16,500	0.2%
Appraisal	\$	6,500	0.1%
Leasing Agent and Marketing	\$	56,000	0.5%
Guarantee Fee	\$	96,000	0.9%
Rent up Reserve	\$	175,000	1.7%
Operating Reserve	\$	72,908	0.7%
Subtotal	\$	486,908	4.6%

Total	\$10,484,438	100.0%
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Phase II Sources & Uses Statement

Scarlett Oaks Phase II
Sources and Uses Statement
November 1, 2018

40-Unit Senior Tax Credit

Sources of Funds

Permanent Mortgage	(5.9%, 35 yrs)	\$ 2,270,000	27.3%
Federal Home Loan Bank AHP Grant		\$ 600,000	7.2%
Dane County AHDF		\$ 320,000	3.9%
Village Build-Out Contribution		\$ 200,000	2.4%
Gap		\$ 384,621	4.6%
Tax Credit Equity @ \$0.90		<u>\$ 4,526,094</u>	<u>54.5%</u>
		\$ 8,300,715	100.0%

Uses of Funds

Acquisition Cost		\$ 1	0.0%
Hard Construction Costs		\$ 6,387,666	77.0%
Soft Costs		\$ 1,457,324	17.6%
Financing and Reserves		<u>\$ 455,724</u>	<u>5.5%</u>
		\$ 8,300,715	100.0%

5 - Market

A. POTENTIAL TENANTS

Market Rate Senior Apartments

Our market rate senior housing projects typically draw residents from a 3-mile radius and attract residents with household incomes earning between \$35,000 and \$200,000 annually.¹⁵ As of 2010, US Census Bureau data shows a minimum of 1,533 senior households (55+) within a 3-mile range with qualifying incomes.

Affordable Senior Apartments

To address demand for affordable senior housing, we would instead look for households earning less than \$50,000.¹⁶ As of 2010, the US Census Bureau shows 825 (55+) income-qualified households in the same 3-mile radius. However, due to the rising cost of living in Dane County, we expect that affordable units in senior living campus with services could draw from an even larger range.

Commercial Space in Phase I

As discussed, we hope to come to terms with local McFarland businesses, but will look to commercial users whose businesses are enhanced by proximity to senior housing if we are unable to come to terms.

Senior Center for Phase II

We hope to come to terms with the Village to locate a senior center in Phase II's commercial space if this phase moves forward.

B. MARKET DEMAND AND POTENTIAL USES

Market Rate Demand

Horizon has yet to conduct a formal market study, but our preliminary market analysis validates strong demand for senior housing. Scarlett Oaks would be the only market rate, independent senior community in a three-mile radius, so to evaluate supply, we needed to research non-age-restricted multifamily units. Waubesa Village (2016) (20 units) and Farwell Place (2016) (38

¹⁵ Income level calculated by taking lowest proposed rent in Scarlett Oaks and adding approximately \$115 on top for utilities, and then dividing that by 40%

¹⁶ Overlap of income ranges for affordable housing and market rate housing is the results of 1-bedroom rents defining low end of market rate income, while the highest 2-bedroom rents were used to calculate the top end of the affordable range.

units) are the two most recently constructed competitors in the Village and these properties are operating at near 100% occupancy. Waubesa Village does have a second phase under construction, but our development team feels that there are more than enough income-qualified households (1,533) to absorb both Waubesa Village II and Scarlett Oaks Phase I.

We found further evidence of pent-up demand for independent senior units in the primary market area in our own portfolio. Horizon has 51 units of market rate senior housing just outside the 3-mile radius with an extensive waitlist: Frost Woods II (listed under the experience section) is located at the corner of Monona Drive and Frost Woods Road and it currently has a waitlist of 21 people. We attribute Frost Woods' popularity to pent-up demand for independent senior units to the south and east of Madison.

Affordable Housing Demand

We believe this number will be more than adequate to absorb 40 units in light of the fact that there are only two other affordable housing projects in the Village and both were constructed before 1997: The Cottages (1987) and Williamstown Bay (1996).

Horizon also has 61 units of affordable senior housing just over 3 miles away (Frost Woods I) that has an even larger waitlist of 37 people.

Commercial Space in Phase I

As discussed, Horizon has contacted a local restaurant and accounting firm to discuss interest in Phase I's commercial space.

Senior Center for Phase II

We have discussed the Village's interest in building a senior center with staff in the past, and the Comprehensive Plan specifically contemplates expansion of the Senior Outreach Services department.

C. PROJECTION FOR MEETING PROFIT GOALS

Phase I & II – Residential Components

There are five components to meeting the profit goals for Scarlett Oaks' residential components:

- (1) construction cost control;
- (2) lease-up schedule;
- (3) operating cost budgeting;
- (4) market rent projection; and
- (5) stabilized occupancy;

(1) Cost control in construction starts with careful construction estimating so our development team can underwrite the project with accurate costs. Horizon Construction Group will then make sure the project hits the target construction figure by bidding the project to a number of subcontractors and reviewing those bids to make sure all potential work ties into construction documents. This prevents cost overruns and ensures that our project revenue sources can support the debt necessary to construct the project. (2) Equity investors will want to see a relatively conservative lease-up schedule with senior housing to allow potential residents time to sell their homes in advance of moving. We are estimating an 11-month lease up schedule to achieve 100% occupancy (just over 5 units per month for Phase I and 5 units per month for Phase II). With all units leased, the property must also have accurate estimates for the operating budget and rent projections to hit profit goals. (3) To estimate operating expenses, Horizon Management Services completed analysis of comparable properties in our portfolio, some of which are just over three miles away (Frost Woods I and II). Again, our operating expenses are underwritten based on the conservative end of our market rate portfolio to hedge against inflation. (4) To arrive at project rents, we conducted a preliminary market analysis of existing comparable properties in the market area and coupled that with rents from our closest properties (Frost Woods I and II).¹⁷ (5) Once the property is leased-up, we must maintain stabilized occupancy to achieve profit goals. Horizon's portfolio contains almost 3,000 residential units in Wisconsin, Iowa, and Illinois, and has a 98% occupancy percentage. We pride ourselves on responsive, diligent property management that enhances the quality of life for our residents.

Please note that all financial projections for this phase are subject to change based on future market conditions and tax credit rules and regulations. As discussed, we cannot finalize projections because we will not be applying for tax credits until the end of 2019. Between now and then, there are a number of factors that could cause our projections to shift.

Phase I & II – Commercial Components

The same five components will drive the profitability goals associated with Phase I's commercial component:

- (1) construction cost control;
- (2) lease-up schedule;
- (3) operating cost budgeting;
- (4) market rent projection; and
- (5) stabilized occupancy.

(1) Construction cost control for the commercial components will be identical to the residential segments. (2) Discussions with lenders and analysis of commercial vacancies in the Farwell Street corridor caused Horizon to underwrite 1 year of vacancy for the commercial space. We hope to exceed these projections by coming to terms with the local businesses in advance of

¹⁷ We also verified this analysis with an independent market study provider.

opening in 2020. (2) Operating costs for the commercial component are estimated based on a triple net lease structure and other Class-B commercial space. Triple net structure means that the tenant pays all operating costs attributable to their proportionate share, so the vast majority operating expenses from the commercial space do not impact profitability. (4) We estimated market rents through the same market analysis of Class-B commercial space in the Farwell Street corridor. Market rents will change based on the ultimate user. (5) We will target established McFarland businesses or new businesses looking to invest long-term in the McFarland community to promote stabilized occupancy.

Profitability for Phase II's commercial component will be dependent on negotiations with the Village.

6- Development Schedule

A. PLANNING, DESIGN, CONSTRUCTION

Addressed in the milestone schedules below.

B. LOCAL AND STATE APPROVALS

Addressed in the milestone schedules below.

We wanted to start this section by addressing a potential scheduling concern for this RFP. From conversations with Village staff, we understand that the Village would like to see a project to start construction before the end of 2019. We are concerned that if the Village waits to award the RFP until February of 2019 and the entitlements process is prolonged, it will make it difficult to begin construction prior to June 2019. This is problematic because a mixed-use facility like Scarlett Oaks should take approximately 12 months to construct and construction starts later than June would slow the lease-up process. A May-June 2019 construction start would allow for the building to be placed in service in May-June of 2020, which would position the project well to take advantage of Wisconsin's prime leasing season (May – August). But if the project is placed in service in July or later, the majority of the prime lease-up season will have passed in 2020 by the time the project is placed-in-service and it will cause a deficit in initial cash flow projections.

To address this potential issue, we are submitting two schedules for Phase I. The first is an aggressive schedule in which the Village awards the RFP within 30 days and works with the developer to streamline the entitlements process. This schedule will allow the project to begin construction by June 2019 and will position the residential component to lease-up during the prime leasing season. The second schedule anticipates a prolonged entitlements process and starts construction during the spring of 2020. This schedule is preferred if the Village is unable to streamline the entitlements process.

Please note: the preliminary proforma for Phase I is based on the aggressive schedule.

Accelerated Phase I Milestone Schedule

Step	Milestone	Projected Date
1	Receive RFP award	December 2018
2	Bid and select consultants for Engineering, Environmental, and Geotechnical	December 2018
3	Coordinate consultants and submit for General Plan & Detailed Plan Approval simultaneously	January 2019
4	General and Detailed Plan Approval	February 2019
6	Apply for CDI Grant, negotiate development agreement with Village, apply for financing, commence equity raise	February 2019

7	Complete construction documents and schedule state approval	April 2019
8	Receive state approval on plans and send out bids to subcontractors; receive CDI Grant Award	Late-April 2019
9	Close & start construction	May 2019
12	Complete construction	May 2020
13	Achieve stabilized occupancy	April 2021

Conservative Phase I Milestone Schedule

Step	Milestone	Projected Date
1	Receive RFP award	February 2019
2	Bid and select consultants for Engineering, Environmental, and Geotechnical	Mid-February 2019
3	Coordinate consultants and submit for General Plan	March 2019
4	General Plan approval	April 2019
5	Submit Detailed Plan approval	May 2019
6	Receive Detailed Plan approval	June 2019
6	Apply for CDI Grant, negotiate development agreement with Village, apply for financing, commence equity raise	July 2019
7	Complete construction documents and schedule state approval	August 2019
8	Receive state approval on plans and send out bids to subcontractors; receive CDI Grant Award	Late-August 2019
9	Close & start construction	September 2019
12	Complete construction	September 2020
13	Achieve stabilized occupancy	August 2021

Potential Milestone Schedule for Phase II (Phase II's schedule will remain unaffected by the RFP's award timeline and entitlements process)

Step	Milestone	Projected Date
1	Receive RFP Award	February 2019
2	Obtain General Plan Approval	May 2019
3	Submit Dane County Affordable Housing Development Fund (AHDF) application	June 2019
4	Submit FHLB Affordable Housing Program (AHP) application	June 2019
5	Receive Dane County AHDF award	October 2019
6	Receive FHLB AHP award	December 2019
7	Submit WHEDA application	December 2019
8	Receive tax credit allocation	Late March 2020
9	Complete Design Development	Late April 2020
10	Bid financing and equity	May 2020

11	Complete construction documents & submit for state approval	June 2020
12	Receive state approval, close, and start construction	August 2020
13	Complete construction	July 2021
14	Achieve stabilized occupancy	June 2022

Please note: financing applications for WHEDA, FHLB, and the Dane County AHDF are competitive processes. We cannot guarantee whether the project will remain feasible under future market conditions and we cannot guarantee awards of financing from these programs.

7 - Concept Design

A. 11 X 17 FORMAT

Complete. See remainder of Section.

B. SITE PLAN & LAYOUT

Complete. See remainder of Section.

C. ANTICIPATED ZONING

Complete. See remainder of Section.

D. SCHEMATIC ELEVATIONS – ALL FOUR SIDES

Complete. See remainder of Section.

E. FLOOR PLANS & IDENTIFICATION OF USAGE

Complete. See remainder of Section.

F. IF PHASING, IDENTIFY PHASES TO FINAL BUILDOUT

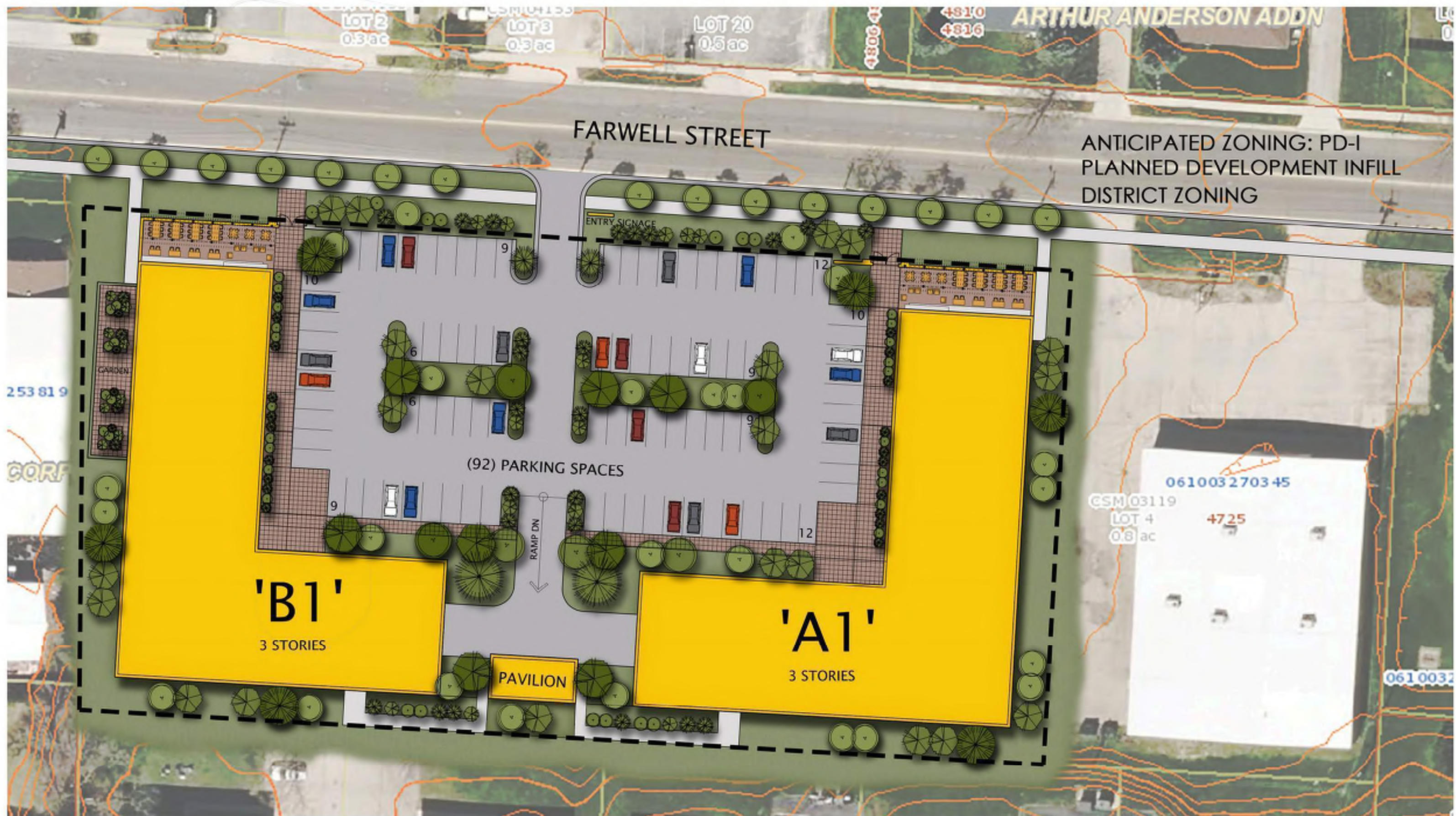
Complete. See remainder of Section.

G. PRE-IDENTIFICATION OF MAJOR BUILDING MATERIALS

Complete. See remainder of Section.

H. DESCRIBE ANY PROPOSED DEVIATIONS OR EXCEPTIONS OF THE PROJECT PROGRAM OR DESIGN GUIDELINES

We chose to lay out our site plan to maximize the commercial space on Farwell Street and prevent any residential units from sharing street frontage. In the process, the lay out yielded exposed off-street parking on Farwell, which deviates slightly from the design guidelines in TID#5 (TID#5 requests that off-street parking be located to the side or rear of all buildings). We felt that keeping residential units off Farwell Street was a greater priority and are happy to work with the Village on a landscape plan to minimize the appearance of off-street parking from Farwell street, so long as we can maintain maximum visibility for our commercial space.



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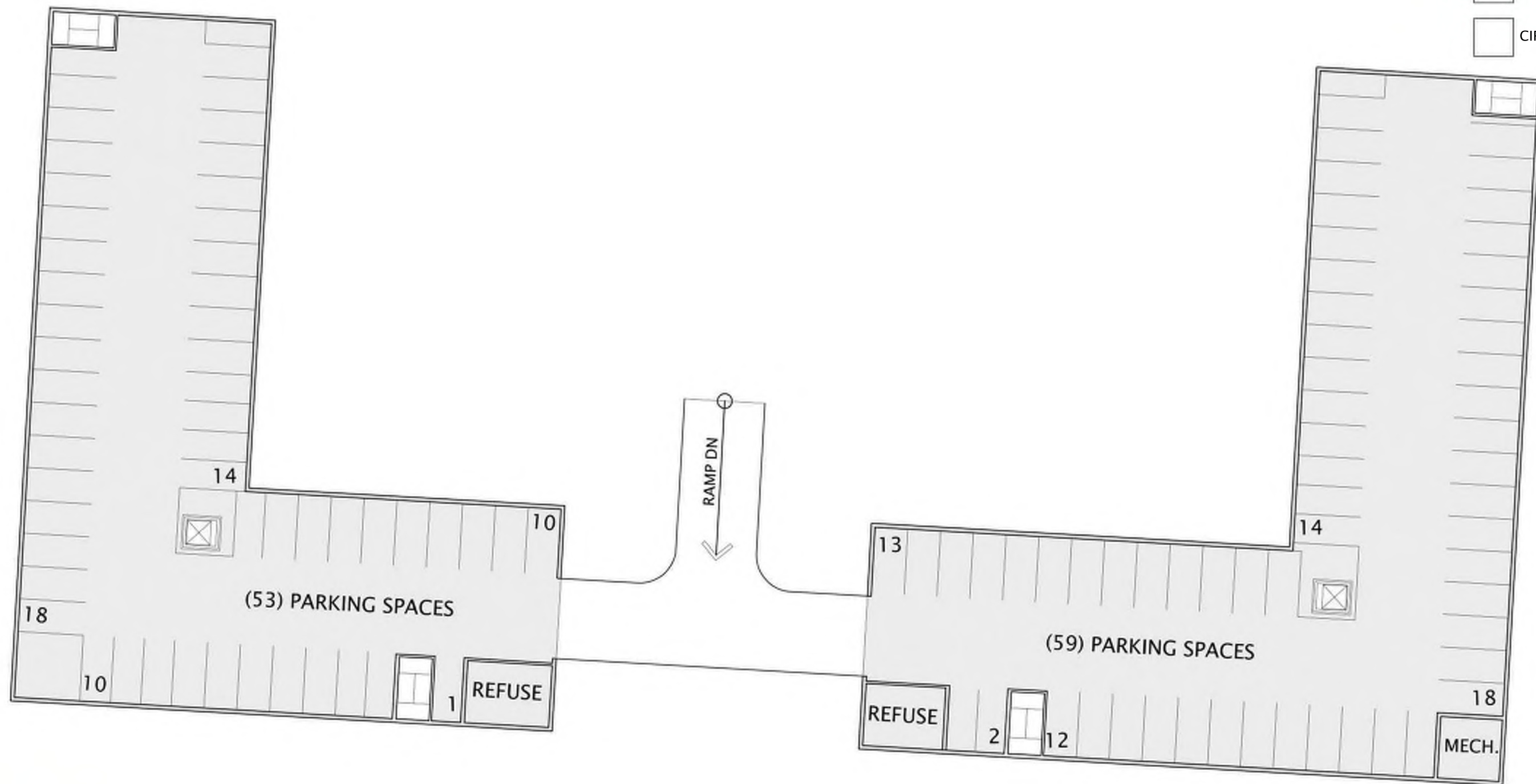
SCARLETT OAKS – PHASES 1 & 2

CONCEPTUAL MASTERPLAN

NOVEMBER 1, 2018
1"=40' @ 11x17

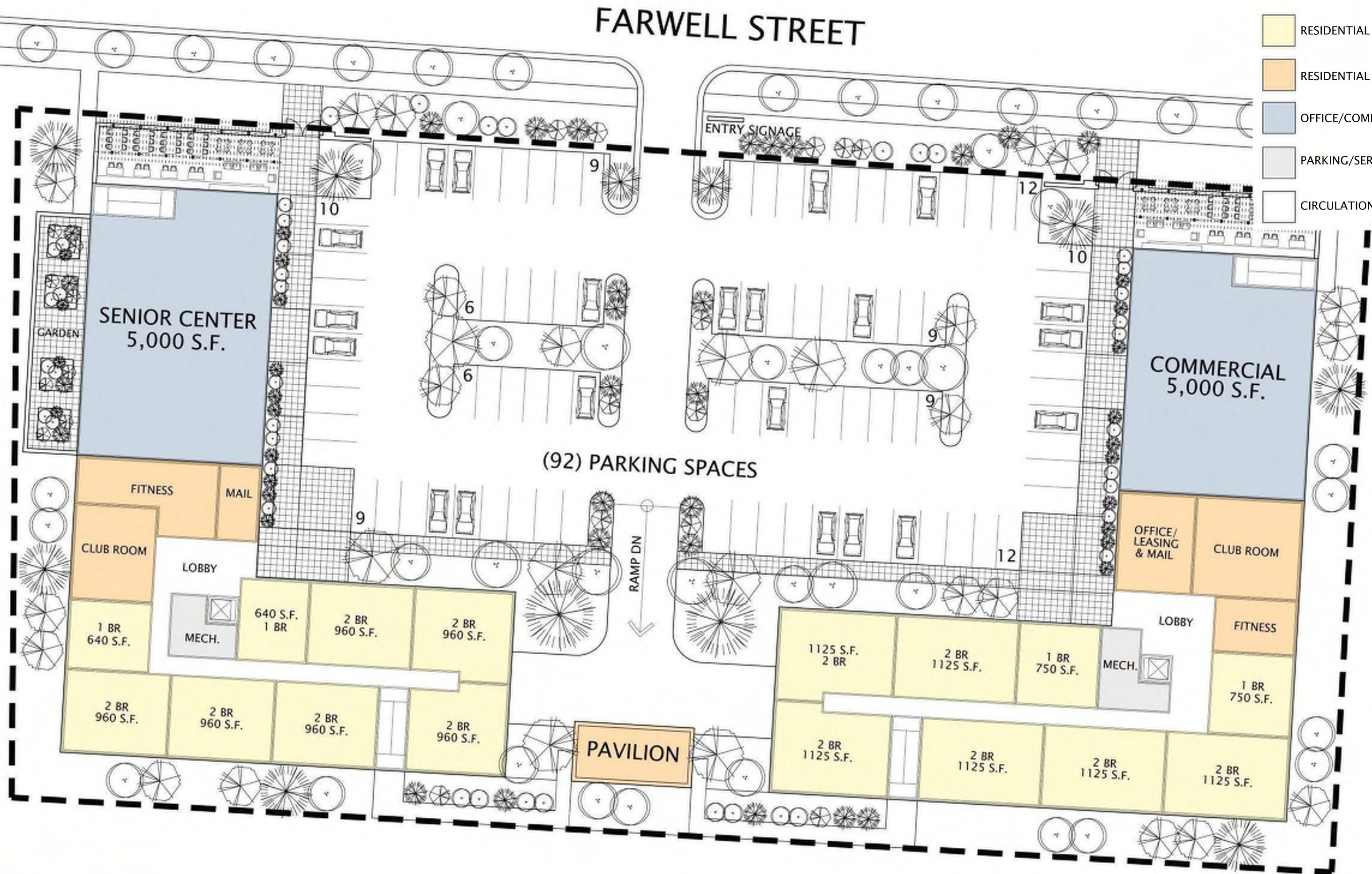


- RESIDENTIAL UNITS
- RESIDENTIAL COMMON SPACE
- OFFICE/COMERCIAL
- PARKING/SERVICE AREAS
- CIRCULATION



FARWELL STREET

- RESIDENTIAL UNITS
- RESIDENTIAL COMMON SPACE
- OFFICE/COMERICAL
- PARKING/SERVICE AREAS
- CIRCULATION



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ARCHITECTS

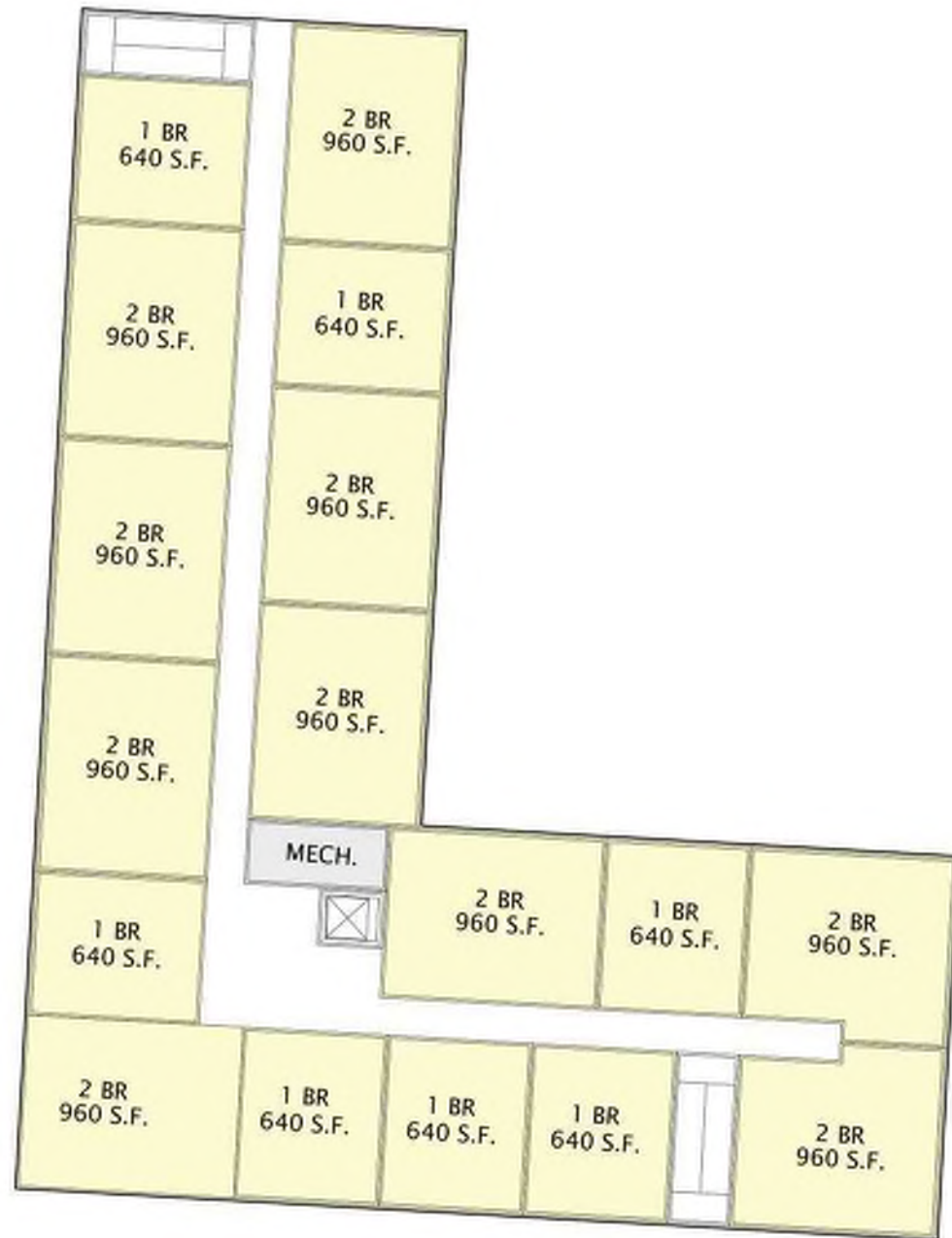
SCARLETT OAKS- PHASES 1 & 2

FIRST LEVEL PLAN

NOVEMBER 1, 2018
1"=30' @ 11x17



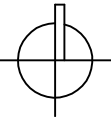
- RESIDENTIAL UNITS
- RESIDENTIAL COMMON SPACE
- OFFICE/COMERCIAL
- PARKING/SERVICE AREAS
- CIRCULATION



BUILDING 'A1' DATA – PHASE 1													
LEVEL	UNITS								PARKING PROVIDED				
	STUDIO	1 BR	1BR+	2BR	2BR+	3BR	TOTAL	BR'S	COVERED	SURFACE	TOTALS	RATIOS	
4	0	7	0	9	0	0	16	25	15	9	24		
3	0	7	0	9	0	0	16	25	15	9	24		
2	0	7	0	9	0	0	16	25	15	10	25		
1	COMMERCIAL 5,000 S.F.									20	20	4.00 / 1 K	
1	0	2	0	6	0	0	8	14	14	0	14		
T.	0	23	0	33	0	0	56	89	59	48	107	1.55 / U	0.98 / BR
	0%	41.0%	0%	59.0%	0%	0%							

BUILDING 'B1' DATA – PHASE 2													
LEVEL	UNITS								PARKING PROVIDED				
	STUDIO	1 BR	1BR+	2BR	2BR+	3BR	TOTAL	BR'S	COVERED	SURFACE	TOTALS	RATIOS	
4	0	7	0	10	0	0	17	27	13	8	21		
3	0	7	0	10	0	0	17	27	13	8	21		
2	0	7	0	10	0	0	17	27	13	8	21		
1	SENIOR CENTER 5,000 S.F.									20	20	4.00 / 1 K	
1	0	2	0	6	0	0	8	14	14	0	14		
T.	0	23	0	36	0	0	59	95	53	44	97	1.31 / U	0.82 / BR
	0%	39.0%	0%	61.0%	0%	0%							

GRAND TOTALS	0	46	0	69	0	0	115	184	112	92	204	1.43/ U	0.89 / BR
	0%	40.0%	0%	60.0%	0%	0%							





JLA
ARCHITECTS

SCARLETT OAKS

VIEW 1

NOVEMBER 1, 2018



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SCARLETT OAKS

VIEW 2

NOVEMBER 1, 2018



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ARCHITECTS

SCARLETT OAKS

VIEW 3

NOVEMBER 1, 2018



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ARCHITECTS

SCARLETT OAKS

VIEW 4

NOVEMBER 1, 2018



JLA
ARCHITECTS

SCARLETT OAKS

VIEW 5

NOVEMBER 1, 2018



PARTIAL NORTH ELEVATION



PARTIAL NORTH ELEVATION

EXTERIOR MATERIALS SCHEDULE						
MARK	DESCRIPTION	MANUFACTURER	TYPE / STYLE	DIMENSIONS	COLOR	NOTES
1	ARCHITECTURAL ASPHALT SHINGLES		30 YEAR DIMENSIONAL ASPHALT	SEE PLANS	BLACK	
2	TYPICAL FASCIA				TBD	
3	STOREFRONT DOOR		HOLLOW METAL		TBD	
4	COMPOSITE DOOR & WINDOW TRIM				TBD	
5	BOARD & BATTEN SIDING				TBD	
6	6" COMPOSITE TRIM BOARD		SEE SCHEDULE		TBD	
7	6" COMPOSITE CLAP BOARD SIDING				TBD	
8	MASONRY VENEER		UTILITY BRICK		TBD	
9	PRECAST CONCRETE SILL		PRECAST CONCRETE - SMOOTH FACE	SEE PRECAST PROFILES	TBD	
10	PRECAST CONCRETE LINTEL		PRECAST CONCRETE - SMOOTH FACE	SEE PRECAST PROFILES	TBD	
11	COMPOSITE DECK BOARDS		COMPOSITE		TBD	
12	SITE SIGNAGE					
13	GABLE VENT				MATCH ADJACENT SIDING	
14	CORNER TRIM				TBD	
15	VINYL PATIO DOORS		VINYL		TBD	
16	WOOD WRAPPED COLUMN					
17	DECORATIVE PERGOLA				TBD	
18	METAL ENTRY GATE			SEE PLANS	TBD	
19	POURED CONCRETE BASE			2x8	TBD	
20	SINGLE HUNG VINYL WINDOWS		VINYL	SEE PLAN	TBD	
21	PRECAST CONCRETE BAND - PROFILE #1		PRECAST CONCRETE	SEE PRECAST PROFILES	TBD	
22	PREFINISHED METAL RAILING		TBD	SEE PLANS	TBD	
23	COMPOSITE BOARD & BATTEN SIDING COLOR 2		SIDING		TBD	
24	6" COMPOSITE CLAP BOARD SIDING COLOR 2			1x6	TBD	
25	COMPOSITE TRIM BOARD COLOR 2		COMPOSITE TRIM BOARD 2		TBD	
26	WOOD FENCE			SEE PLANS	TBD	



INSIDE EAST ELEVATION

EXTERIOR MATERIALS SCHEDULE						
MARK	DESCRIPTION	MANUFACTURER	TYPE / STYLE	DIMENSIONS	COLOR	NOTES
1	ARCHITECTURAL ASPHALT SHINGLES		30 YEAR DIMENSIONAL ASPHALT	SEE PLANS	BLACK	
2	TYPICAL FASCIA				TBD	
3	STOREFRONT DOOR		HOLLOW METAL		TBD	
4	COMPOSITE DOOR & WINDOW TRIM				TBD	
5	BOARD & BATTEN SIDING				TBD	
6	6" COMPOSITE TRIM BOARD		SEE SCHEDULE		TBD	
7	6" COMPOSITE CLAP BOARD SIDING				TBD	
8	MASONRY VENEER		UTILITY BRICK		TBD	
9	PRECAST CONCRETE SILL		PRECAST CONCRETE - SMOOTH FACE	SEE PRECAST PROFILES	TBD	
10	PRECAST CONCRETE LINTEL		PRECAST CONCRETE - SMOOTH FACE	SEE PRECAST PROFILES	TBD	
11	COMPOSITE DECK BOARDS		COMPOSITE			
12	SITE SIGNAGE					
13	CABLE VENT				MATCH ADJACENT SIDING	
14	CORNER TRIM				TBD	
15	VINYL PATIO DOORS		VINYL		TBD	
16	WOOD WRAPPED COLUMN				TBD	
17	DECORATIVE PERGOLA				TBD	
18	METAL ENTRY GATE			SEE PLANS	TBD	
19	POURED CONCRETE BASE			2x8	TBD	
20	SINGLE HUNG VINYL WINDOWS		VINYL	SEE PLAN	TBD	
21	PRECAST CONCRETE BAND - PROFILE #1		PRECAST CONCRETE	SEE PRECAST PROFILES	TBD	
22	PREFINISHED METAL RAILING		TBD	SEE PLANS	TBD	
23	COMPOSITE BOARD & BATTEN SIDING COLOR 2		SIDING		TBD	
24	6" COMPOSITE CLAP BOARD SIDING COLOR 2			1x6	TBD	
25	COMPOSITE TRIM BOARD COLOR 2		COMPOSITE TRIM BOARD 2	SEE PLANS	TBD	
26	WOOD FENCE				TBD	



INSIDE WEST ELEVATION



OUTSIDE EAST ELEVATION

EXTERIOR MATERIALS SCHEDULE						
MARK	DESCRIPTION	MANUFACTURER	TYPE / STYLE	DIMENSIONS	COLOR	NOTES
1	ARCHITECTURAL ASPHALT SHINGLES		30 YEAR DIMENSIONAL ASPHALT	SEE PLANS	BLACK	
2	TYPICAL FASCIA				TBD	
3	STOREFRONT DOOR		HOLLOW METAL		TBD	
4	COMPOSITE DOOR & WINDOW TRIM				TBD	
5	BOARD & BATTEN SIDING				TBD	
6	6" COMPOSITE TRIM BOARD		SEE SCHEDULE		TBD	
7	6" COMPOSITE CLAP BOARD SIDING				TBD	
8	MASONRY VENEER		UTILITY BRICK		TBD	
9	PRECAST CONCRETE SILL		PRECAST CONCRETE - SMOOTH FACE	SEE PRECAST PROFILES	TBD	
10	PRECAST CONCRETE LINTEL		PRECAST CONCRETE - SMOOTH FACE	SEE PRECAST PROFILES	TBD	
11	COMPOSITE DECK BOARDS		COMPOSITE		TBD	
12	SITE SIGNAGE					
13	CABLE VENT				MATCH ADJACENT SIDING	
14	CORNER TRIM				TBD	
15	VINYL PATIO DOORS		VINYL		TBD	
16	WOOD WRAPPED COLUMN					
17	DECORATIVE PERCOLA				TBD	
18	METAL ENTRY GATE			SEE PLANS	TBD	
19	POURED CONCRETE BASE			2x8	TBD	
20	SINGLE HUNG VINYL WINDOWS		VINYL	SEE PLAN	TBD	
21	PRECAST CONCRETE BAND - PROFILE #1		PRECAST CONCRETE	SEE PRECAST PROFILES	TBD	
22	PREFINISHED METAL RAILING		TBD	SEE PLANS	TBD	
23	COMPOSITE BOARD & BATTEN SIDING COLOR 2		SIDING		TBD	
24	6" COMPOSITE CLAP BOARD SIDING COLOR 2			1x6	TBD	
25	COMPOSITE TRIM BOARD COLOR 2		COMPOSITE TRIM BOARD 2		TBD	
26	WOOD FENCE			SEE PLANS	TBD	



OUTSIDE WEST ELEVATION





PARTIAL SOUTH ELEVATION

EXTERIOR MATERIALS SCHEDULE						
MARK	DESCRIPTION	MANUFACTURER	TYPE / STYLE	DIMENSIONS	COLOR	NOTES
1	ARCHITECTURAL ASPHALT SHINGLES		30 YEAR DIMENSIONAL ASPHALT	SEE PLANS	BLACK	
2	TYPICAL FASCIA				TBD	
3	STOREFRONT DOOR		HOLLOW METAL		TBD	
4	COMPOSITE DOOR & WINDOW TRIM				TBD	
5	BOARD & BATTEN SIDING				TBD	
6	6" COMPOSITE TRIM BOARD		SEE SCHEDULE		TBD	
7	6" COMPOSITE CLAP BOARD SIDING				TBD	
8	MASONRY VENEER		UTILITY BRICK		TBD	
9	PRECAST CONCRETE SILL		PRECAST CONCRETE - SMOOTH FACE	SEE PRECAST PROFILES	TBD	
10	PRECAST CONCRETE LINTEL		PRECAST CONCRETE - SMOOTH FACE	SEE PRECAST PROFILES	TBD	
11	COMPOSITE DECK BOARDS		COMPOSITE		TBD	
12	SITE SIGNAGE					
13	GABLE VENT				MATCH ADJACENT SIDING	
14	CORNER TRIM				TBD	
15	VINYL PATIO DOORS		VINYL		TBD	
16	WOOD WRAPPED COLUMN					
17	DECORATIVE PERGOLA				TBD	
18	METAL ENTRY GATE			SEE PLANS	TBD	
19	POURED CONCRETE BASE			2x8	TBD	
20	SINGLE HUNG VINYL WINDOWS		VINYL	SEE PLAN	TBD	
21	PRECAST CONCRETE BAND- PROFILE #1		PRECAST CONCRETE	SEE PRECAST PROFILES	TBD	
22	PREFINISHED METAL RAILING		TBD	SEE PLANS	TBD	
23	COMPOSITE BOARD & BATTEN SIDING COLOR 2		SIDING		TBD	
24	6" COMPOSITE CLAP BOARD SIDING COLOR 2			1x6	TBD	
25	COMPOSITE TRIM BOARD COLOR 2		COMPOSITE TRIM BOARD 2		TBD	
26	WOOD FENCE			SEE PLANS	TBD	



PARTIAL SOUTH ELEVATION

8 - Preliminary Proforma

A. OPERATING COSTS BY PHASE

See attached proforma information for each phase.

B. ANTICIPATED SOURCES AND TIMING OF CAPITAL INVESTMENT

Phase I

As illustrated in the Finance Section's Sources and Uses Statement, Phase I's capital stack is comprised of four components: (1) first mortgage; (2) developer-financed TIF; (3) CDI grant; (4) private equity. Each source will be available at closing, prior to the commencement of construction. The first mortgage and the developer-financed TIF loan will be sourced from a private lender as we advance through the municipal entitlements process. Horizon and the Village will need to partner and make a joint application for the CDI Grant after the RFP is awarded. Finally, we will raise equity from our shareholders and a group of private investors that will be determined after the project receives municipal entitlements. All financing will be available at closing to commence construction.

Phase II

As illustrated in the Finance Section's Sources and Uses Statement, Phase I's capital stack is comprised of six components: (1) First Mortgage; (2) FHLB Affordable Housing Program Funding (expected award in December 2019); (3) Dane County Affordable Housing Development Funds (expected award in December 2019); (4) Village Build-Out Contribution (timed with the developer agreement); (5) Deferred Developer Fee (at closing); and (6) Tax Credit Equity (at closing).

Please note: the feasibility of Phase II must be confirmed prior to the tax credit application in 2019.

C. ANTICIPATED NUMBER OF JOBS CREATED/RETAINED FOR EACH PHASE WITH PROJECTED WAGE RATES

Horizon cannot guarantee or project the number of jobs created or retained because we have yet to come to terms with a specific user for our commercial space. Please see the Employment Opportunities Subsection of Tab III for a more expanded illustration of employment opportunities stemming from both phases.

D. ESTIMATED VALUE AT FULL BUILDOUT

Taxable Values Base on Income Approach

- Phase I: \$6,659,168
- Phase II: \$2,596,264

Phase I Preliminary Proforma Information

Farwell Street RFP

Development Information and Assumptions

October 31, 2018

BASIC PROJECT INFORMATION

Units	56
Type	Senior Market Rate
Address	4719 Farwell Street
City, State	McFarland WI
Site Area (acres)	2.25
Residential Gross Sq. Ft. (excluding parking)	65,304
Commercial Gross Sq. Ft. (excluding parking)	5,000
Parking Spaces - Structured	59
Parking Spaces - Surface	92

PROFORMA ASSUMPTIONS

Total Hard Cost per SF	\$130.00
Total Development Cost/Unit	\$187,222
Operating Expenses (per unit per month)	\$529
Annual Rent Increase	3.00%
Annual Expense Increase	3.00%
Stabilized Vacancy - Residential	5.00%
Stabilized Vacancy - Commercial	10.00%

FINANCING ASSUMPTIONS

Construction Loan Rate	4.75%
Construction Loan Term (Approx. Months)	36
Permanent Mortgage Rate	5.50%
Permanent Mortgage Amortization (years)	30
Permanent Mortgage Term (years)	5

CONSTRUCTION AND LEASE-UP SCHEDULE

Construction Begins				05/07/19
Construction Complete				05/01/20
Units Leased by	in total	By month	05/01/20	% Leased
	10	10	05/01/20	18%
	18	8	06/01/20	32%
	26	8	07/01/20	46%
	34	8	08/01/20	61%
	40	6	09/01/20	71%
	46	6	10/01/20	82%
	48	2	11/01/20	86%
	50	2	12/01/20	89%
	52	2	01/01/21	93%
	54	2	02/01/21	96%
	56	2	03/01/21	100%
Total Leased	56			

RESIDENTIAL REVENUE ASSUMPTIONS

Unit Type	Qty	Sq. Ft.	Rent	Rent/SF
1 Bedroom	23	750	\$ 1,061	\$ 1.41
2 Bedroom	33	1,125	\$ 1,485	\$ 1.32
3 Bedroom	0	0	\$ -	
AVG GROSS POT. RENT / MO	56		\$ 73,414	\$ 1.35

OTHER REVENUE ASSUMPTIONS

Type	Qty	Per Month	Per Year
Parking	50	\$ -	\$ -
Pet fees	6	\$ -	\$ -

COMMERCIAL REVENUE ASSUMPTIONS

	Per SQ Ft	Sq Ft	Per Year
Retail lease rate / SF	10	\$ 5,000	\$ 50,000

OPERATING EXPENSE ASSUMPTIONS

ADVERTISING	5,600
MANAGEMENT	50,637
OVERSIGHT FEE	0
ADMINISTRATIVE RENT CREDIT	0
OFFICE EXPENSE	10,080
AUDITING	2,500
JANITORIAL	5,600
ADMINISTRATIVE PAYROLL	28,360
REPAIRS AND MAINTENANCE	36,400
SOCIAL	1,400
TURNOVER	11,200
PEST CONTROL	1,120
GROUNDS EXPENSE	5,600
ELEVATOR	3,500
ELECTRIC	14,000
GAS	5,600
WATER & SEWER	560
SNOW REMOVAL	4,480
TRASH REMOVAL	3,584
INSURANCE	12,880
REAL ESTATE TAXES	138,458
TRIPLE NET OPERATING EXPENSES	30,000
Total Operating Expenses	371,559

Farwell Street RFP
Income Statement
October 31, 2018

Page | 3

INCOME:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GROSS RENTAL INCOME	807,557	889,781	916,475	943,969	972,288	1,001,457	1,031,501	1,062,446	1,094,319	1,127,149	1,160,963
COMMERCIAL INCOME	0	50,000	51,500	53,045	54,636	56,275	57,963	59,702	61,493	63,338	65,238
LESS VACANCES RESIDENTIAL	(285,791)	(44,489)	(45,824)	(47,198)	(48,614)	(50,073)	(51,575)	(53,122)	(54,716)	(56,357)	(58,048)
LESS VACANCES COMMERCIAL	0	(12,500)	(5,150)	(5,305)	(5,464)	(5,628)	(5,796)	(5,970)	(6,149)	(6,334)	(6,524)
NET RENTAL INCOME	521,766	882,792	917,001	944,511	972,846	1,002,031	1,032,093	1,063,056	1,094,947	1,127,796	1,161,629
OTHER INCOME	0	0	0	0	0	0	0	0	0	0	0
Triple Net Reimbursement	0	22,950	28,366	29,504	30,389	31,300	32,239	33,207	34,203	35,229	36,286
Municipal Revenue Obligation	75%	69,229	105,930	109,098	112,971	115,742	119,214	122,790	126,474	130,268	134,176
PARKING	0	0	0	0	0	0	0	0	0	0	0
OPERATING INCOME	590,995	1,011,662	1,054,465	1,086,385	1,118,976	1,152,545	1,187,123	1,222,737	1,259,418	1,297,201	1,336,116
LESS OPERATING EXPENSES	228,197	377,923	388,883	401,913	413,970	426,389	439,181	452,356	465,927	479,905	494,302
NET OPERATING INCOME	362,798	633,739	664,582	684,472	705,006	726,156	747,942	770,381	793,491	817,296	841,814

NON-OPERATING INCOME (EXPENSE):

INTEREST INCOME-RESERVE	0	280	711	1,160	1,626	2,111	2,111	2,111	2,111	2,111	2,111
MAINTENANCE REPLACEMENT RESERVES	0	0	0	0	0	(16,815)	(17,487)	(18,187)	(18,914)	(19,671)	(20,458)
INTEREST EXPENSE	(317,305)	(432,612)	(406,171)	(399,788)	(393,044)	(385,921)	(378,395)	(370,445)	(362,047)	(353,175)	(339,586)
ENGINEERING FEE	0	0	0	0	0	0	0	0	0	0	0
DEPRECIATION	(235,675)	(372,477)	(365,260)	(361,061)	(360,560)	(356,195)	(353,637)	(353,644)	(353,637)	(353,637)	(353,644)
AMORTIZATION	(25,822)	(38,733)	(38,733)	(38,733)	(38,733)	(45,400)	(3,733)	(3,733)	(3,733)	(3,733)	(1,249)
	(578,802)	(843,542)	(809,453)	(798,422)	(790,712)	(772,219)	(751,142)	(743,898)	(736,221)	(728,105)	(712,825)
REPORT. INCOME/(LOSS)	(216,005)	(209,803)	(144,871)	(113,950)	(85,705)	(46,063)	(3,200)	26,483	57,270	89,191	128,989

DEPRECIATION	235,675	372,477	365,260	361,061	360,560	356,195	353,637	353,644	353,637	353,637	353,644
AMORTIZATION	25,822	38,733	38,733	38,733	38,733	15,400	3,733	3,733	3,733	3,733	1,249
ADD/(LESS) ACCRUED FEE	0	0	0	0	0	0	0	0	0	0	0
ADD/(LESS) ACCRUED INTEREST	0	0	0	0	0	0	0	0	0	0	0
ADD INTEREST TO DEBT	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL	261,497	411,210	403,993	399,794	399,293	371,595	357,370	357,377	357,370	357,370	354,893
PRINCIPAL REDUCTION	(14,308)	(79,417)	(113,161)	(119,545)	(126,288)	(133,412)	(140,937)	(148,887)	(157,285)	(166,157)	(175,530)
OPERATING CASH FLOW	31,184	121,991	145,961	166,300	187,300	192,120	213,233	234,973	257,356	280,404	308,352

REPLACEMENT RESERVE	(9,333)	(14,373)	(14,948)	(15,546)	(16,168)	0	0	0	0	0	0
RENT-UP RESERVE	(21,851)	0	0	0	0	0	0	0	0	0	0
SUBTOTAL RESERVES	(31,184)	(14,373)	(14,948)	(15,546)	(16,168)	0	0	0	0	0	0
ASSET MANAGEMENT FEE	0	0	0	0	0	0	0	0	0	0	0
DEFERRED DEVELOPMENT FEE	0	0	0	0	0	0	0	0	0	0	0
INCENTIVE MANAGEMENT FEE	0	0	0	0	0	0	0	0	0	0	0
TAX BENEFIT ONLY EXPENSES	0	0	0	0	0	0	0	0	0	0	0

CASH FLOW	0	107,618	131,013	150,753	171,132	192,120	213,233	234,973	257,356	280,404	308,352
Debt Service Coverage	1.07	1.21	1.25	1.29	1.33	1.37	1.41	1.45	1.49	1.54	1.59

Phase II Preliminary Proforma Information

Farwell Street RFP
Development Information and Assumptions
September 11, 2018

BASIC PROJECT INFORMATION

Units	40
Type	Affordable Senior
Address	4719 Farwell Street
City, State	McFarland, WI
Site Area (acres)	2.25
Building Gross Sq. Ft. (excluding parking)	41,891
Parking Spaces - Underground	53
Parking Spaces - Surface	92
Stalls Per Unit	3.63

PROFORMA & COST ASSUMPTIONS

Construction Hard Cost/SF	\$130.00
Total Development Cost/Unit	\$207,518
Operating Expenses (per unit per month)	\$431
Annual Rent Increase	2.00%
Annual Expense Increase	3.00%
Stabilized Vacancy	7.00%

FINANCING ASSUMPTIONS

Construction Loan Rate	4.750%
Construction Loan Term (Approx. Months)	12
Permanent Mortgage Rate	5.900%
Permanent Mortgage Amortization (years)	35
Permanent Mortgage Term (years)	15
Credit Pricing	0.90
Annual LIHTC Credit	\$ 510,734

SOURCES

First Mortgage	\$ 2,270,000.00
FHLB	\$ 600,000.00
Dane County Affordable Housing Fund	\$ 320,000.00
Village Build-Out Contribution	\$ 200,000.00

REVENUE ASSUMPTIONS

Unit Type	Qty	Sq. Ft.	Rent	Rent/SF
30% 1 BR / 1 BA	8	640	\$ 465	\$ 0.73
50% 1 BR / 1 BA	2	640	\$ 695	\$ 1.09
50% 2 BR / 1 BA	14	960	\$ 737	\$ 0.77
60% 2 BR / 1 BA	5	960	\$ 1,052	\$ 1.10
80% 1 BR / 1 BA	4	640	\$ 950	\$ 1.48
80% 2 BR / 1 BA	7	960	\$ 1,175	\$ 1.22
	40		\$	0.97

OTHER REVENUE ASSUMPTIONS

Type	Sq. Ft.	Rate	Per Year
Senior Center	5,000	\$5.00	\$ 25,000

CONSTRUCTION AND LEASE-UP SCHEDULE

Construction Begins	07/01/20
Construction Complete	07/01/21

LEASE-UP SCHEDULE

Month	Units Leased	Cumulative
7/1/2021	8	8
8/1/2021	6	14
9/1/2021	4	18
10/1/2021	3	21
11/1/2021	2	23
12/1/2021	2	25
1/1/2022	2	27
2/1/2022	2	29
3/1/2022	4	33
4/1/2022	4	37
5/1/2022	3	40
Total		40

FINANCIAL LEVERAGE CALCULATION

TDC	\$	8,300,715
LIHTC Equity	\$0.90	\$ 4,525,995
Equity Percentage		54.53%

Farwell Street RFP

INCOME EXPENSE & CASH FLOW

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
INCOME:																
GROSS RENTAL INCOME	196,263	394,488	402,377	410,425	418,634	427,007	435,547	444,258	453,143	462,206	471,450	480,879	490,497	500,307	510,313	520,519
COMMERCIAL INCOME	12,500	25,000	25,500	26,010	26,530	27,061	27,602	28,154	28,717	29,291	29,877	30,475	31,085	31,707	32,341	32,988
LESS VACANCIES RESIDENTIAL	(107,127)	(27,804)	(28,166)	(28,730)	(29,304)	(29,890)	(30,489)	(31,098)	(31,720)	(32,354)	(33,002)	(33,662)	(34,335)	(35,021)	(35,722)	(36,436)
LESS VACANCIES COMMERCIAL	(1,260)	(2,500)	(2,550)	(2,601)	(2,653)	(2,706)	(2,760)	(2,815)	(2,872)	(2,929)	(2,987)	(3,046)	(3,109)	(3,171)	(3,234)	(3,299)
NET RENTAL INCOME	100,386	389,184	387,161	405,104	413,207	421,472	429,301	438,439	447,268	456,214	465,337	474,644	484,138	493,822	503,638	513,772
TIF REBATE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER INCOME	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TRIPLE NET EXPENSE REBATE	15,000	30,450	31,364	32,304	33,274	34,272	35,300	36,359	37,450	38,573	39,730	40,922	42,150	43,414	44,717	46,058
PARKING	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATING INCOME	115,386	419,634	428,525	437,408	446,481	455,744	465,201	474,858	484,718	494,787	505,067	515,566	526,286	537,236	548,415	559,830
LESS OPERATING EXPENSES	111,324	227,977	234,594	241,394	248,392	255,596	263,011	270,644	278,500	286,586	294,910	303,478	312,298	321,377	330,721	340,341
NET OPERATING INCOME	4,062	191,657	193,931	196,014	198,089	200,148	202,190	204,214	206,218	208,201	210,157	212,088	213,990	215,859	217,694	219,489
NON-OPERATING INCOME (EXPENSE):																
INTEREST INCOME-RESERVE	0	180	545	922	1,309	1,709	1,709	1,709	1,709	1,709	1,709	1,709	1,709	1,709	1,709	1,709
MAINTENANCE REPLACEMENT RESERVE:	0	0	0	0	0	(13,709)	(14,120)	(14,544)	(14,980)	(15,429)	(15,892)	(16,369)	(16,860)	(17,366)	(17,887)	(18,423)
INTEREST EXPENSE	(64,662)	(130,451)	(133,094)	(131,857)	(130,546)	(129,155)	(127,679)	(126,114)	(124,454)	(122,694)	(120,826)	(118,846)	(116,746)	(114,518)	(112,155)	(109,649)
RESERVED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEPRECIATION	(142,670)	(275,536)	(268,148)	(263,928)	(263,601)	(259,166)	(256,546)	(256,550)	(256,546)	(256,546)	(256,550)	(256,546)	(256,550)	(256,546)	(256,550)	(255,292)
AMORTIZATION	(5,954)	(15,539)	(15,539)	(15,539)	(15,539)	(15,539)	(15,539)	(15,539)	(15,539)	(15,539)	(15,539)	(15,539)	(15,539)	(15,539)	(15,539)	(9,591)
REPORT, INCOME(LOSS)	(213,265)	(421,346)	(416,236)	(410,405)	(408,377)	(415,860)	(412,176)	(411,029)	(409,811)	(408,500)	(407,100)	(405,592)	(403,986)	(402,260)	(400,423)	(391,246)
(209,223)	(229,699)	(222,306)	(214,389)	(210,288)	(215,712)	(209,986)	(206,825)	(203,593)	(200,298)	(196,942)	(193,503)	(189,987)	(186,401)	(182,729)	(171,757)	
DEPRECIATION	142,670	275,536	268,148	263,928	263,601	259,166	256,546	256,550	256,546	256,546	256,550	256,546	256,550	256,546	256,550	255,292
AMORTIZATION	5,954	15,539	15,539	15,539	15,539	15,539	15,539	15,539	15,539	15,539	15,539	15,539	15,539	15,539	15,539	9,591
ADD(LESS) ACCRUED FEE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADD(LESS) ACCRUED INTEREST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADD INTEREST TO DEBT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL	148,624	291,075	283,688	279,468	279,140	274,705	272,085	272,090	272,085	272,085	272,090	272,085	272,090	272,085	272,090	264,683
PRINCIPAL REDUCTION	0	(4,915)	(20,400)	(21,637)	(22,949)	(24,340)	(25,816)	(27,381)	(29,040)	(30,801)	(32,666)	(34,649)	(36,749)	(38,977)	(41,340)	(43,846)
OPERATING CASH FLOW	(60,600)	56,470	40,981	43,441	45,903	34,653	36,284	37,894	39,452	40,986	42,479	43,933	45,344	46,708	48,021	49,280
REPLACEMENT RESERVE	(6,000)	(12,180)	(12,545)	(12,922)	(13,309)	0	0	0	0	0	0	0	0	0	0	0
RENT-UP RESERVE	69,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL RESERVES	63,100	(12,180)	(12,545)	(12,922)	(13,309)	0	0	0	0	0	0	0	0	0	0	0
ASSET MANAGEMENT FEE	(2,500)	(5,150)	(5,305)	(5,464)	(5,628)	(5,796)	(5,970)	(6,149)	(6,334)	(6,524)	(6,720)	(6,921)	(7,129)	(7,343)	(7,563)	(7,790)
DEFERRED DEVELOPMENT FEE	(39,140)	(23,131)	(25,066)	(26,966)	(28,857)	(30,734)	(31,735)	(33,116)	(34,462)	(35,760)	(37,012)	(38,215)	(39,459)	(40,644)	(41,872)	(43,141)
INCIDENTAL MANAGEMENT FEE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAX BENEFIT ONLY EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH FLOW	0	0	0	0	0	0	0	0	0	0	0	0	0	3,851	4,066	4,149
Debt Service Coverage	(0.03)	1.17	1.18	1.19	1.20	1.21	1.23	1.24	1.25	1.26	1.27	1.28	1.28	1.29	1.30	1.31
Debt service Coverage 1st Mnt.	(0.03)	1.17	1.18	1.19	1.20	1.21	1.23	1.24	1.25	1.26	1.27	1.28	1.28	1.29	1.30	1.31

**** Preliminary Work - For Discussion Only ****

9 - Insurance

A. DESCRIPTION AND PERTINENT INFORMATION REGARDING THE GENERAL LIABILITY, AUTO LIABILITY, WORKER'S COMP, AND PROFESSIONAL LIABILITY INSURANCE CARRIED BY THE DEVELOPER, INCLUDING THE LIMITS OF COVERAGE PROVIDED BY SUCH INSURANCE

See insert on next page.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

7/2/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER M3 Insurance Solutions, Inc. 828 John Nolen Drive Madison WI 53713	CONTACT NAME: Trisha Stark		
	PHONE (A/C, No, Ext): 608-288-2805	FAX (A/C, No):	
	E-MAIL ADDRESS: trisha.stark@m3ins.com		
	PRODUCER CUSTOMER ID #: HORID-1		
INSURED Horizon Construction Group Inc. Horizon Development Group Inc. Horizon Management Services, Inc. 5201 East Terrace Dr. #300 Madison WI 53718	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A: Lloyds of London (P&C)		
	INSURER B: Hartford Insurance Company		22357
	INSURER C: United Specialty Insurance Co		
	INSURER D:		
	INSURER E:		
	INSURER F:		

COVERAGES**CERTIFICATE NUMBER:** 612300185**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
B	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☒ PRO-JECT ☐ LOC			83UEAZV9138	6/30/2018	6/30/2019	EACH OCCURRENCE	\$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 300,000
							MED EXP (Any one person)	\$ 10,000
							PERSONAL & ADV INJURY	\$ 1,000,000
							GENERAL AGGREGATE	\$ 2,000,000
							PRODUCTS - COMP/OP AGG	\$ 2,000,000
							Employee Benefits	\$ 1,000,000
B	AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ☐ NON-OWNED AUTOS			83UEAZV9137	6/30/2018	6/30/2019	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
							BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
								\$
								\$
C	UMBRELLA LIAB ☒ OCCUR ☒ EXCESS LIAB ☐ CLAIMS-MADE DEDUCTIBLE RETENTION \$			BTN1814744	6/30/2018	6/30/2019	EACH OCCURRENCE	\$ 5,000,000
							AGGREGATE	\$ 5,000,000
								\$
								\$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N ☐	N / A	83WBAAB6H1U	6/30/2018	6/30/2019	☒ WC STATUTORY LIMITS ☐ OTHER	
							E.L. EACH ACCIDENT	\$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
A	Professional/Pollution			B0595EO1141302018	6/30/2018	6/30/2019	Aggregate/Occurrence	2,000,000
C	Excess Liability			BUN1810093	6/30/2018	6/30/2019	Aggregate/Occurrence	5,000,000
B	Leased/Rented Equip			83MSZV9095	6/30/2018	6/30/2019	Leased/Rented Equip	350,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

For Information Only

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

7/2/2018

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PRODUCER M3 Insurance Solutions, Inc. 828 John Nolen Drive Madison WI 53713	CONTACT NAME: Trisha Stark PHONE (A/C, No, Ext): 608-288-2805 FAX (A/C, No): E-MAIL ADDRESS: trisha.stark@m3ins.com PRODUCER CUSTOMER ID #: HORID-1														
INSURED Horizon Development Group Inc. Horizon Management Services Inc 5201 East Terrace Dr. #300 Madison WI 53718	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : United Specialty Insurance Co</td> <td></td> </tr> <tr> <td>INSURER B : Hartford Insurance Company</td> <td>22357</td> </tr> <tr> <td>INSURER C : U.S. Specialty Insurance Co</td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : United Specialty Insurance Co		INSURER B : Hartford Insurance Company	22357	INSURER C : U.S. Specialty Insurance Co		INSURER D :		INSURER E :		INSURER F :	
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INSURER C : U.S. Specialty Insurance Co															
INSURER D :															
INSURER E :															
INSURER F :															

COVERAGES

CERTIFICATE NUMBER: 566970246

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY ☐ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☐ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ☐ NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$ \$
A	UMBRELLA LIAB ☒ OCCUR EXCESS LIAB ☒ CLAIMS-MADE DEDUCTIBLE RETENTION \$			BTN1814744	6/30/2018	6/30/2019	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$ \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N ☐	N / A	83WBAAB6H1U	6/30/2018	6/30/2019	☒ WC STATUTORY LIMITS ☐ OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C A	Crime Excess Liability			64MGU18A44341 BUN1810093	6/30/2018 6/30/2018	6/30/2019 6/30/2019	Employee Dishonesty 350,000 Excess Occurrence 5,000,000 Excess Aggregate 5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

CANCELLATION

For Information Only

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AUTHORIZED REPRESENTATIVE

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III. EVALUATION CRITERIA

- ***PROPOSAL SUBMITTED MEETS SUBMITTAL REQUIREMENTS;***

Section II addresses all of the RFP's submittal requirements. We are happy to provide additional information on request.

- ***APPLICATION DEMONSTRATES EXPERTISE AND EXPERIENCE WITH SIMILAR PROJECTS;***

Horizon's 34 years of experience in developing multifamily and mixed-use projects makes our organization an ideal candidate for this project. Our most relevant qualifications can be summarized as follows:

- Vertically-integrated company with development, construction, and property management services all working together in-house to deliver on-time, on-budget developments;
- We intend to develop, build, and manage Scarlett Oaks. Our organizational structure ensures that Horizon has continued interest in the project's success in all phases from development, to construction, and throughout operation. We believe strongly in the McFarland market and our shareholders intend to invest in Scarlett Oaks;
- Over \$400 million in total development costs for independent senior housing;
- Careful selection of strong markets for projects we develop, build, and manage, with a portfolio of over 3,000 housing units that are over 98% occupied;

- ***CONCEPTUAL PROPOSAL (FEASIBILITY, FUNCTIONALITY, AESTHETICS, BUILDING QUALITY) OF THE PROJECT;***

Scarlett Oaks key attributes:

- Creates a landmark senior housing campus that meets a considerable need for senior housing in the McFarland community;
- High-quality design and construction materials
- Even after TIF award, Phase I will pay back the Village's investment on the land by 2045
 - o Over half of the Village's investment in land will be paid back by 2034.
- Phase II will allow Village to centralize Senior Outreach Services in an expanded senior center in proximity to low-income households with the greatest need.
- Consistent with Village planning objectives for senior housing and the Farwell Street corridor;

- ***CAPACITY TO FINANCE AND COMPLETE;***

Horizon has completed over \$400 million in total development costs for independent senior housing projects.

- **RETURN ON INVESTMENT TO VILLAGE;**

- **TAX BASE IMPROVEMENTS;**

After discussions with the Village Assessor, we utilized the income approach to approximate the assessed value and potential real estate taxes generated by Phases I & II. Please note, that these projections are subject to change based on actual market rents, expenses, and financing costs.

Phase I - Financial Request & Proposal Specifics

After studying projected costs and revenue sources, Horizon has concluded that Scarlett Oaks Phase I will not be able to achieve financial feasibility without additional tax increment financing. Current market conditions simultaneously present rising interest rates and construction costs; and together, this means that project financing gaps are increasingly more difficult to fill. While projects in recent memory have been able to achieve feasibility without significant municipal contribution, mixed-use projects like Scarlett Oaks have seen a 30% increase in project costs since 2016. To support the increased cost of construction with market rents in the Village of McFarland, Phase I must request 75% of the tax increment generated over the remaining life of TID #5.

Request:

- 75% of the tax increment generated over the remaining life of the TID provided to the project under a developer-financed (“pay-go”) structure.
- Waiver of Impact Fees.
 - Village-provided schedule of Impact Fees:
 - Public Water Connector Fee: \$32,507 for 6” connector
 - Park Fee at \$443.93/unit: \$24,860
 - Library Fee at \$431/unit: \$24,136
 - Parkland dedication fee at \$4,115 per unit = \$230,440
 - Total Impact Fees: \$313,343 or \$5,595/unit
- Ability to convert commercial space to apartments if space remains unfilled after 3 years.
 - Horizon will work diligently to lease the commercial space, but we are requesting the ability to convert any unoccupied commercial space after a period of 3 years. There is some concern over commercial vacancies on Farwell Street and our lenders recommended this request as a potential hedge if the space fails to lease.

Phase I - Return on Investment

As Phase I is the only phase for which we can estimate a construction value or timeline for completion, we are summarizing the Village’s return on investment based on this phase alone. The Village purchased the land for \$930,000 and hopes to have its investment repaid by 2034. Utilizing the income approach to value, we project an assessed value of \$6,659,168. We project

that 25% of the new tax increment for this phase will generate an annual average of \$31,740 from 2020 to 2034. This will net \$476,111 in tax revenue.

In addition to tax revenue, the Village will see job creation resulting from the construction process, property management, and operation of the commercial space.

In the event Phase II does not move forwards, the Village would see its \$930,000 investment returned from Phase I's tax increment alone by 2045.

Phase II - Financial Request & Proposal Specifics

Phase II Request:

- \$200,000 build-out contribution from the Village for the senior center.
- Village would pay \$5 triple-net lease rate for the senior center (well below market).
 - o Approximate triple net expense cost to Village: \$5-6 per square foot, less real estate taxes
- Waiver of Impact Fees.
 - o Many municipalities waive impact fees for affordable housing¹⁸ because projected revenues are limited by rent restrictions. As our market rate phase cannot support Impact Fees, this is certainly true for the affordable phase.
 - o Village-provided schedule of Impact Fees:
 - Public Water Connector Fee: \$32,507 for 6" connector
 - Park Fee at \$443.93/unit: \$17,757
 - Library Fee at \$431/unit: \$17,240
 - Parkland dedication fee at \$4,115 per unit = \$164,600
 - Total Impact Fees: \$233,504 or \$5,837/unit

Please note: Phase II's feasibility, and thus its request, is subject to change based on future market conditions and tax credit rules and regulations. As discussed in the Development Schedule Section, even if feasibility is confirmed in the fall of 2019, the tax credit application timeline delays this project's closing and construction start dates until the fall of 2020 at the earliest. Between now and that time, project feasibility is subject to fluctuation in construction costs, tax credit equity pricing, and tax credit rules and regulations.

Phase II – Potential Return on Investment

If Phase II's feasibility assumptions are confirmed and the project moves ahead as projected, we anticipate an assessed value of \$2,596,264. This will generate an average of \$42,929 in annual increment above the existing taxable value, returning \$560,366 in tax revenue by 2034.

¹⁸ E.g., City of Madison.

Please note: We cannot guarantee the construction or value of Phase II because we will not know if the project is awarded tax credits necessary to construct this phase until the spring of 2020. As discussed, we intend to finance Phase II with low-income housing tax credits. WHEDA allocates these tax credits through a competitive process on an annual basis.

Return on Investment by 2034 for both Phases

If both phases proceed as projected, the Village can expect the following return on investment from tax revenue:

- Phase I - \$476,111
- Phase II - \$560,366
- Total Tax Revenue to Village - \$1,036,477

○ **EMPLOYMENT OPPORTUNITIES;**

At this stage, it is difficult to predict exact employment opportunities created by Phases I and II. Instead, we are estimating a number of sources from which employment opportunities will be produced:

- Local construction jobs;
- Local consultant work;
- Jobs from commercial users:
 - While we have yet to come to terms, Angelo's currently employs over 20 people and they are looking to expand (jobs retained and potentially created);
 - Reilly, Penner, & Benton has over 10 employees (these jobs would be retained rather than created);
- Property management jobs:
 - Horizon Management Services frequently trains property managers who live and work in the markets where our projects are developed;
- Trickle-down jobs:
 - Large-scale real estate developments also have a trickle-down effect on the local economy. Increases in density make it more attractive for outside commercial businesses to relocate and other developers tend to target areas where the community is committed to investing for new projects.

○ **WAGE RATES;**

We have not discussed wage rates for any potential jobs. Any wage rates related to Horizon-related jobs would be determined on a case-by-case basis and we have not requested wage rate information from either Angelo's or Reilly, Penner, & Benton.

- ***ABILITY TO WORK EFFECTIVELY WITH THE VILLAGE;***

Horizon's corporate office is based in Madison, WI and we have developed or built over 100 projects in Dane County. In years past, we have tried on other occasions to advance a senior center in conjunction with affordable housing for the Village, but have yet to complete a project in McFarland.

We have studied the Village's planning documents extensively and feel that our proposal is precisely tailored to the Future Land Use Plan for this location and the Village's objectives for senior housing. Our 34 years of experience in communities of various sizes, both locally and nationwide, make us confident that Horizon can work effectively with the Village.

- ***OTHER;***

Appendix A - Conflicts of Interest

No Horizon shareholders or team members have any conflicts of interest with Village staff.

Appendix B – Development Entity Resumes

Scott Kwiecinski

Development Manager, Project Executive



As development manager and project executive for Horizon, Scott is responsible for development and entitlement work in the residential, commercial and resort divisions. His expertise includes feasibility, schedules, entitlement, proformas, section 42 financing, closing transactions, and business development. His ability to communicate, work through detailed entitlement processes, and coordinate layered financing makes him a valuable member of Horizon's team.

Scott is a licensed real estate salesperson and an active member of the Wisconsin Real Estate Alumni Association.

He received his Masters of Business Administration- Real Estate & Urban Land Economics and Bachelor of Business Administration - Finance from the University of Wisconsin – Madison.

Relevant Experience

Harmonee Square, Wauwatosa, WI – 30-unit, wood frame four-story mixed-use building with 7,500 square feet of first floor retail space.

Greenways at Stapleton, Denver, CO - 108-unit wood frame three and four-story market rate independent senior apartment community.

Applewood IV, Dubuque, IA – 60-unit, three-story wood frame, one and two-bedroom senior apartments (55+)

River Walk Place, Appleton, WI – 70-unit, four-story senior residential building with underground parking.

The Landing at Eagle Flats, Appleton, WI – 54-unit, four-story workforce housing complex, geared toward working families and entry-level professionals.

Cedar Glen Senior Housing, Wauwatosa, WI – 80-unit, three-story wood frame residential building with underground parking.

Woodfield Village II Senior Housing, Howard, WI – 49-unit, three-story wood frame residential building with underground parking.

Applewood III, Dubuque, IA – 91-unit, two-story wood frame, one and two bedroom apartment homes for those 55 and better.

Daniel Fitzgerald

Chief Executive Officer, President of Horizon Construction Group, Inc. and Horizon Development Group, Inc.



Daniel Fitzgerald is a principal, CEO of Horizon Develop Build Manage and President of the development and construction divisions. With Horizon since 1999, Dan also leads the business development efforts and has been involved in many of Horizon's residential, commercial and hospitality projects.

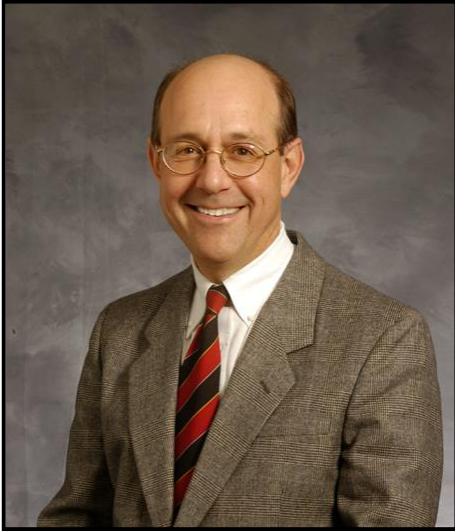
As President, Dan's responsibility is to help clients achieve their goals via Horizon's comprehensive design, development, and construction processes. Dan will ensure that the assigned team has the proper resources to exceed your expectations and deliver a high-quality end product on-time and on-budget.

Dan has been an active member of the Wisconsin Assisted Living Association since joining in 1999. He is a member of the Verona Area Chamber of Commerce Economic Development Committee and has served on the Big Box Task Force, appointed by the Mayor of the City of Verona. Dan is also active with Wisconsin Housing and Economic Development Authority (WHEDA), where he was appointed to serve on the Tax Credit Advisory committee. Dan also participates in the Economic Development Committee for Downtown Madison Inc. to provide feedback relating to the City of Madison Downtown Plan, Economic Plan, and Zoning Code Rewrite Advisory Committee. Dan was recently recognized by In Business magazine as one of Dane County's "Forty under Forty" for his professional and civic accomplishments.

Dan received his Bachelors of Business Administration degree from the University of Wisconsin – Madison with majors in Real Estate and Finance. He graduated from The Dale Carnegie Training Institute and is a licensed broker and registered member of the REALTORS® Association of South Central Wisconsin, Inc.

Philip J. Schultz

President, Horizon Management Services,
Director of Development, Horizon Development Group



Philip J. Schultz is President of Horizon Management Services, Director of Development for Horizon Development Group, and the managing partner at our Milwaukee office. Phil joined Horizon in 1998 and became a partner in 2002.

Phil has been active in real estate development, construction, and management since 1985 and specializes in the development of multifamily, senior and mixed-use communities. Phil has developed and built over 3,000 units of senior and multifamily housing.

Horizon Management Services manages over 2,800 units of affordable and market rate senior housing in Wisconsin, Illinois, and Iowa.

Phil has served on the Wisconsin Housing and Economic Development Authority's (WHEDA) Tax Credit Advisory Committee. Phil is a member of the Rotary Club of Milwaukee and is the past President of Lake Park Friends, Inc.

Before joining Horizon, Phil worked for the Wheaton Franciscan System where he developed affordable housing throughout the State of Wisconsin. Prior to that Phil worked for the City of Milwaukee where he developed affordable housing and managed a portfolio of loans to local nonprofit corporations.

Phil received his bachelor's degree from Lawrence University, Appleton, Wisconsin.

Relevant Experience:

Saxony Manor, Kenosha, WI

224-unit, Section 8 rehabilitation and new construction of community center financed with Low Income Housing Tax Credits

Woodfield Village I & II, Howard, WI

61-unit and 49-unit independent senior apartment community financed with Low Income Housing Tax Credits.
16,000 square feet of retail

Riverworks Lofts, Milwaukee, WI

36-unit multifamily adaptive reuse of an old factory financed with Low Income Housing Tax Credits.

Client and Partner: Riverworks Development Corp, a 501(c)(3)

Curt Peerenboom

Chief Financial Officer



Curt joined Horizon in 2015. As the company's CFO, Curt oversees all company accounting functions, while maintaining high production and quality standards for all accounting operations. In addition, he is responsible for the company's financial relationships and determining the financial feasibility of investment opportunities and overseeing the closing process for debt and equity.

His experience includes working as a Senior Manager at SVA Certified Public Accountants, S.C. Curt has over sixteen years of experience in the real estate industry with a focus on the Section 42 tax credit, historic tax credit and new markets tax credit programs, including working on transaction structuring and underwriting various real estate projects.

Curt holds a Bachelor's Degree in accounting, from the University of Wisconsin – Madison. He is a member of the Wisconsin Institute of Certified Public Accountants, the American Institute of CPAs and is a member of the board of directors for The Rodney Scheel House Foundation, Ltd., where he currently holds the position of treasurer.

Relevant Experience

Park Place & Westgate Apartments, Merrill, Wisconsin – 102-unit new construction and rehabilitation of public housing with Merrill Housing Authority

Harmonee Square, Wauwatosa, WI – 30-unit market rate new construction with retail space

Grandview Townhomes, Grand Chute, WI – 40-unit, 2 story walk-up townhome development with Appleton Housing Authority

Applewood IV, Dubuque, IA – 60-unit, two story wood frame residential building with underground parking (senior 55+)

Grand Kakalin, Kaukauna, WI – 81,250 sf restoration and repurposing of retail space

Mick Hintz

Project Executive



As Project Executive, Mick will manage the project from start to finish. He will be responsible for the budget, contract, shop drawings, payment application and daily coordination of the project responsibilities. Mick will review and approve change orders, assist with permitting and obtain a final occupancy permit at project completion.

Relevant Experience

East High Apartments, Wausau, Wisconsin - Historic Restoration of the former high school in 55 apartments. Awarded the 2006 Historic Restoration Award

100 North Main, Oshkosh, Wisconsin - Seven-Story, 62-Units Market Rate Apartments

Oak Park Place, Dubuque, Iowa - Wood framed, Continuum of care senior apartment complex including Independent and Assisted Living Units

Hubbard Street Lofts, Milwaukee, Wisconsin - Eight-Story, Mixed Use building including underground parking, 51 apartments and a top floor office penthouse

Chatham Apartments, New London, Wisconsin - Conversion of the former Washington High School into Assisted Living Apartments, including the City of New London Senior Activity Center.

E. Jay Gering

Vice President of Construction



With over 24 years of experience in all trades of construction, E. Jay Gering is a Principal and Vice President of Construction, working with superintendents and project managers on a day-to-day basis, ensuring that Horizon's services are accomplished in a professional, safe and timely manner. He takes a collaborative approach to construction, troubleshooting and resolving project issues as they arise to help maintain budgets and schedules. E. Jay understands and addresses different stake-holder agendas to deliver successful projects that maintain high quality standards.

E. Jay joined Horizon in 2005. He has managed large teams on numerous complex projects. His national experience ranges from retail, hospitality, restaurant and residential buildings, to industrial and food facilities. E. Jay has coordinated his construction operation team to successfully bolster the portfolio of both multi-family and senior housing projects. While at Horizon Construction Group, Inc. E. Jay has been involved in all stages of the construction process, from pre-construction through completion, including the creation of more than 8,000 units. With a diverse portfolio of projects, along with his hands-on experience, E. Jay can anticipate potential hurdles that allow Horizon to preemptively resolve construction matters that would affect project safety, schedule, quality and project budget.

As an active member in his community, E. Jay volunteers his leadership abilities in various roles. He is currently a member of the Mayville Athletic Booster Club, supporting athletic programs beyond the school district's budget and coaching varsity soccer. He has also brought his project management expertise to the community by sitting as a Mayville Alderperson.

E. Jay has attended the Clemson University Supervisors Academy and Moraine Park Technical College. He holds his Journeyman Carpentry License and oversees job-site safety as a 100 OSHA Safety Technician and is CPR and First Aid Certified.



Ryan R. Alvin

Vice President of Construction



Ryan Alvin, Principal and Vice President of Construction, oversees project budgeting, pre-construction and project management services. Ryan leads the project team in attaining budget requirements, ensuring a competitive buyout process. He assists clients from the conceptual development stage with early cost-estimating, phasing and site logistics expertise, through final construction, making sure that the project gets completed on time and within budget.

Relevant Experience

All Saints Assisted Living, Madison, Wisconsin – 58-unit, two story combination of wood and light gauge frame building with 40 assisted living units and 18 memory care units.

Northern Lights Health Care, Washburn, Wisconsin – 16 bed CBRF with 10,000 square feet of therapy space.

Alta Mira Senior Apartments, Menomonee Falls, Wisconsin – 128-unit, three story wood frame building with underground parking.

Uptown Commons, Chilton, Wisconsin – 40-unit, three story wood frame building with underground parking.

Cedar Creek I Senior Apartments, Rothschild, Wisconsin – 49-unit, three story wood frame building with underground parking.

Angell Park Senior Apartments, Sun Prairie, Wisconsin – 60-unit, three story wood frame building with underground parking.

Parmenter Circle Apartments, Middleton, Wisconsin – 50-unit, four story wood frame building with underground parking.

Oklahoma Methodist Manor – Nursing Care Facility, Tulsa, Oklahoma – Renovation of an 84-bed nursing care facility.

Oklahoma Methodist Manor – Crestwood Senior Apartments & Spahn Center, Tulsa, Oklahoma – 103-unit senior apartment building and wellness center featuring indoor pool, exercise facilities and physical therapy facilities.

Becky Hildebrandt

Vice President of Horizon Management Services



As Vice President, Becky is responsible for running the day-to-day operations of Horizon's entire portfolio by effectively overseeing the managers, and ensuring the buildings operate effectively and efficiently, and within budget. Becky joined Horizon in 1999 and became an owner/ partner in 2015. Prior to becoming Vice President, Becky worked as a Compliance Specialist, Compliance Manager, Director of Compliance and Director of Operations. She holds COS, TCS and CMH certifications and an Associate Degree in Business from Madison College.

Education, Training & Certifications

Certified Tax Credit Specialist
Certified Occupancy Specialist
Certified Manager of Housing

Professional Affiliations & Organizations

National Center of Housing Management

Relevant Experience

High Grove, Greenfield, Wisconsin – 61 units of senior apartments

Frost Woods I & II, Monona, Wisconsin – 119 units of senior apartments in two buildings

Hillside Woods I & II, Delafield, Wisconsin – 120 units of senior apartments in two buildings

Bell Tower Place, Franklin, Wisconsin – 40 units of senior apartments.

Woodfield Village I & II, Green Bay, Wisconsin – 110 units of senior apartments in two buildings.

John W. Thode, P.E.

Shareholder



John W. Thode, P. E., is a shareholder of Horizon. John joined Horizon in 1990, and in September of 1996 became an owner/partner of Horizon. Since joining Horizon in 1990, John has been integrally involved in the development, design and construction of more than 48 commercial/retail projects and 50 senior apartment projects in north central and eastern United States. His expertise includes entitlement, budget, schedule, development management, site design solutions, architectural design, and cost control and quality assurance. His experience and knowledge in developing, designing and building both commercial-use properties and multi-family housing makes him a valuable member of the Horizon team. John has been involved the development, design and construction of numerous retail, commercial, older adult, hospitality and water resort.

John has incredible expertise in schedule, budget and cost control. He is exceptional at value engineering both hard and soft costs, and has been involved with the vision, concept and creation of older adult housing for over 20 years.

John, a registered Professional Engineer, is an active member of the National Association of Home Builders (NAHB) and the Association of Builders and Contractors (ABC). He is a graduate of the Architectural and Urban Planning Program in Milwaukee, Wisconsin, as well as the Graduate School of Civil and Environmental Engineering in Madison.



John K. Faust, CPA

Shareholder



John K. Faust is shareholder of Horizon. John joined Horizon in November of 1995, and in September of 1996 became an owner/partner of Horizon. Since joining Horizon, the company has developed more than 3,500 residential units and constructed in excess of \$550 million in real estate.

Prior to joining Horizon, John was Treasurer of Heartland Properties, Inc. and its affiliate Capital Square Financial Corp. in Madison. Heartland Properties was a leader in the field of Section 42 affordable housing development, by developing more than \$200 million in new housing between 1989 and 1995. John is extremely passionate about providing older adult housing and has particular expertise in its development, financing and management.

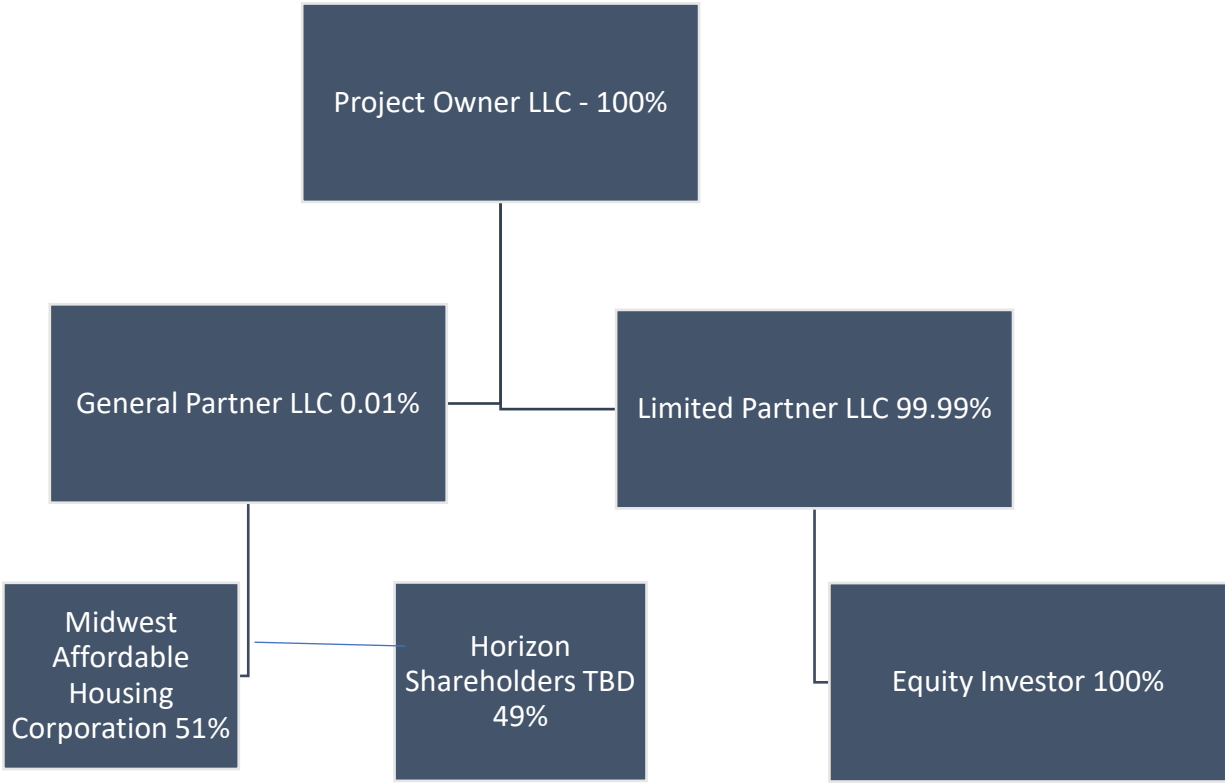
Prior to joining Heartland Properties in 1991, John developed his real estate expertise by working as the manager of J&D of Madison, Ltd., a regional development property management firm specializing in Alzheimer care facilities and commercial motel development. J&D also provided management services for independently-owned motels, office buildings and multi-family residential properties.

John graduated from the University of Wisconsin-Madison with a Bachelor of Business Administration degree, immediately afterward he joined the firm of Smith & Gesteland CPAs as a manager in the General Business department with a focus on construction and manufacturing clients.

Appendix C – Organizational Ownership Chart

Scarlett Oaks Phase II

Organizational Structure Chart





COMMUNITY DEVELOPMENT AUTHORITY SUMMARY SHEET

MEETING DATE: Wednesday, December 5, 2018

SECTION: Business

DEPARTMENT: Administration

CONTACT: Matt Schuenke, Village Administrator, Pauline Boness, Director

AGENDA ITEM: Presentation by Lakestone Properties and Movin' Out regarding their proposal for the Farwell Street Property Redevelopment located at and around 4719 Farwell Street.

PREVIOUS ACTION:

None.

ISSUE SUMMARY:

Enclosed within your packet is the proposal from Lakestone Properties and Movin' Out in response to our RFP. A hard copy will be provided in the meeting. The Developer was asked to be present at 7:30 pm to provide an introduction to their proposal and also allow the CDA a chance to ask preliminary questions. This is merely meant to be an introduction to the project as we begin the evaluation process.

FINANCIAL/BUDGET IMPACT:

None.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

No action is needed on this item.

ATTACHMENTS:

1. Farwell Street Property Redevelopment - Lakestone Movin Out



Proposal for Farwell Street Property Redevelopment
November 1, 2018

Table of Contents

1. Identification and Financial Capability of Development Entity
2. Experience
3. Conceptual Proposal of Project
4. Finance
5. Market
6. Development Schedule
7. Concept Design
8. Preliminary Proforma
9. Insurance
10. Financial Statements
11. Additional Projects
12. Market Data

1 - Identification and Financial Capability of Development Entity

Lakestone Properties & Management LLC has partnered with Movin' Out, Inc. to propose a mixed-use project including affordable senior housing, workforce housing, and commercial business opportunities.

a. Development team contact information:

Lakestone Properties & Management, LLC
5910 Main St.
McFarland, WI 53558
Phone – (608)838-1800
Fax – (608)531-2800
brett@lakestoneproperties.com
www.LakestoneProperties.com

Movin' Out, Inc.
902 Royster Oaks Drive, Suite 105
Madison, WI 53714
Phone - (608) 229-6910
Fax - (608) 819-0623
ms@movin-out.org
www.Movin-Out.org

b. Legal Form of Organization

The proposed development team consists of Lakestone Properties & Management, LLC (a limited liability company) and Movin' Out, Inc. (a 501(c)3 non-profit organization). The proposed development will be owned by a to-be-formed Limited Liability Company where the investor will own 99.99% of the entity and a managing member entity comprised of the joint venture between Lakestone and Movin' Out will own the remaining 0.01%. This ownership structure is common for developments that utilize the Low-Income Housing Tax Credit program.

c. Development Entity Descriptions & f. Summaries of Officers & Principals

Lakestone Properties & Management LLC

Lakestone Properties LLC was founded in 2012 (formerly Spanrie Properties, LLC) with the ambition of developing multifamily homes in Dane County, Wisconsin. Since inception, Lakestone properties has developed and acquired over 300 housing units. Using years of experience and a high level of attention to detail, the team at Lakestone Properties is able to navigate each project's unique challenges to ensure each development is built in a timely fashion and without sacrificing quality. As a locally grown business in McFarland, Lakestone takes pride in the community and works hard to provide projects that benefit both the Village and its residents. Lakestone focuses on smaller communities where the need for residential and commercial developments are high and is typically overlooked by larger development companies.

Brian Spanos, Partner, McFarland resident began investing and selling real estate in 1997 (and real estate analysis, brokerage, and asset management since 1997). Brian currently holds a Wisconsin Brokers license, Wisconsin General contractors license, and had been a Certified Residential appraiser in the state of Wisconsin for over 15 years. Brian is experienced in developing and performing construction management duties for market rate apartments, single family residences and condominiums. Brian oversees day to day operations of the entire portfolio and helps support each stage of the project from site acquisition through stabilized occupancy. His experience in management provides a unique perspective to ensure each property is developed and operated as efficiently as possible.

Brett Riemen, Partner, born and raised in McFarland has been involved with residential and commercial real estate for 20 years. Brett is responsible for leading all facets of the development process including site identification and acquisition, city approvals, financial layering, tax credit approval, and TIF structure. Brett has achieved both the CCIM and SIOR designations. Less than 1% of all commercial realtors have both designations and designees are recognized as leading experts in commercial real estate for financial, market, and investment analysis and have extensive experience in the industry.

Movin' Out, Inc.

Movin' Out, Inc. has over 20 years of experience in helping low income families with the purchase of a home or attaining permanent affordable rental housing solutions. Movin' Out works in close partnership with human service systems to ensure that households who need supportive services to be successful in their homes have a commitment for those services, as part of their housing plan. Movin' Out is using this approach in the planning for "Lakeside Commons" (project name).

During the past 20 years, Movin' Out, Inc. has assisted over 1,500 low-income households to purchase homes statewide in Wisconsin. Additionally, during the past ten years Movin' Out, Inc. has developed and now owns and operates or has under development over 1,000 units of affordable rental units in five Wisconsin counties. Movin' Out participated in the planning of these projects, secured capital subsidies for the development of the units, and provided housing counseling to prospective tenants and home owners. Movin' Out has also provided down payment assistance to many of the home owners.

Movin' Out, Inc. is a Wisconsin 501(c)3 non-profit organization that was formed in 1995. Movin' Out is managed by a Board of Directors consisting of twelve Directors.

The Movin' Out Development Team consists of senior level experts in managing complex housing and disability programs. They have significant professional experience and competencies in all the necessary areas to successfully develop and operate affordable housing. Movin' Out, Inc.'s key development staff include Dave Porterfield and Megan Schuetz.

Dave Porterfield, Real Estate Director, has over 25 years of affordable housing development experience and has been involved with Movin' Out through the provision of real estate consulting services throughout the history of the organization. He joined the staff eleven years ago. During his career, Dave has been the key development staff in the development projects Movin' Out has carried out or been associated with. Dave has extensive experience with a wide range of financing programs including, but not limited to, HUD Section 811 and Section 42 Tax Credits.

Megan Schuetz, Real Estate Developer, joined Movin' Out in 2018 bringing over twelve years of real estate development experience from a for-profit developer in Wisconsin. She has worked on over 40 developments totaling more than \$400M including more than 15 in Wisconsin. Megan is experienced in developing projects from inception through lease-up and beyond.

In addition to our development team, Movin' Out employs staff with a wide experience in management, asset management, service provision, and direct service provider as part of our Home Ownership counseling programs.

Kathryne Auerback, Executive Director, brings over 20 years of experience leading the change for healthier and more equitable organizations and communities. She has managed numerous green building and other environmental and health-related enterprises. Auerback earned her MA and MBA degrees from UW-Madison.

As the Asset Manager, *Mary Myers* has a key role in preserving and increasing the quality and sustainability of the properties Movin' Out reserves for low income tenants with disabilities. She tracks the financial and operational performance of Movin' Out's housing portfolio, communicates with property management firms, and composes required reports to public and private agencies. As asset manager, Ms. Myers is also responsible for knowing and interacting with tenants, their supportive service teams, and guardians or family members. Ms. Myers has received training in numerous aspects of asset and property management.

d. Authority to Represent

The following individuals have authority to represent and make binding commitment for the development team:

Lakestone Properties & Management - Brett Riemen & Brian Spanos

Movin' Out – Dave Porterfield & Megan Schuetz

e. Owners & Members

Lakestone Properties & Management is owned by: Brian Spanos & Brett Riemen –

Brett Riemen- Partner

50% of ownership in Lakestone Properties

2763 Tower Rd

McFarland, WI 53558

608-279-3339

brett@lakestoneproperties.com

Brian Spanos-Partner

50% of ownership in Lakestone Properties

4192 Morris Park Rd

McFarland, WI 53558

608-219-5247

Movin' Out is managed by a Board of Directors consisting of twelve Directors. Below is a listing of the current Board of Directors.

Jimmy Anderson Founder of Drive Clear NFP, WI Assembly Rep, District 47	Jean MacCubbin Retired, WI Dept. of Safety and Professional Services	Sinikka Santala Retired, Wisconsin Department of Health Services
Jake Johnson Owner/Producer Paradyme Productions	Russ Endres President, Wisconsin Management Company, Inc.	Timothy Olp VP Consumer Loan Servicing Associated Bank
Cheryl Schiltz Movin' Out homeowner, disability advocate & photographer	Peter Wilson Director of Administrative Services DeForest Area School District	Karyn Knaak Manager, Business Development Cinnaire
Sariah Daine Commissioner and Vice-Chair Madison Community Development Authority	Valerie Brown Disability and housing advocate; MOI homeowner	Edward Erwin UW-Madison School of Social Work

f. *See above (c) response*

g. *Proposed Professional Team*

Lakestone and Movin' Out have put together a highly experienced and well-regarded team to serve as partners on the proposed development. The team has worked together in varying capacities on multiple prior deals.

Financial Consultant and Market Analyst - Baker Tilly

Donald N. Bernards, CPA
Partner

Donald Bernards, partner in the real estate group with Baker Tilly Virchow Krause, LLP, has been active in many aspects of affordable housing since 1999. He is well versed in structuring affordable housing transactions, including the tax issues. Don is adept at creating a checklist of major issues for each project that can put a deal at risk. Immersed in the affordable housing practice, Don has a wide range of experience with projects, owners, and investors and has built a wide network of contacts within the field. His enthusiasm and passion for the industry are infectious. "It's not just about numbers," he says, "it's about the end product and growing capacity."

Bill Boerigter
Senior Manager

Bill Boerigter, senior manager with Baker Tilly Virchow Krause, LLP, joined the firm's real estate transaction services team in 2014 after serving as Manager of LIHTC Allocation, Multifamily Lending and Asset Management with the Wisconsin Housing and Economic Development Authority (WHEDA). He provides advisory services on real estate transactions that typically involve tax incentives such as the Low-Income Housing Tax Credit (LIHTC), tax-exempt bonds, or others. Services include reviewing financial feasibility of transactions, performing financial structuring and modeling, preparing and consulting on various tax credit and soft funding applications, securing equity and debt, reviewing relevant legal documents, and providing technical or strategic consultation.

Legal - Reinhart Boerner Van Deuren s.c.

Joseph D Shumow
Shareholder

Joseph D. Shumow is a shareholder in Reinhart's Real Estate Practice and a trusted advisor to a variety of tax credit, real estate and corporate clients. His tax credit practice focuses on representing developers, credit allocators, lenders, and investors involved with low-income housing, new markets, and historic tax credit transactions. Joe also represents clients in acquisition, development, leasing and entitlement of real estate transactions and provides business advice to non-profit, governmental entities and corporate clients.

His working relationships have one mission in mind: to provide housing solutions that are safe, decent and affordable despite one's income. His dedication and civic-minded nature motivates him to assist in the transformation and preservations of affording housing units and ultimately contribute to the improvement of the community at large.

Architect - Knothe & Bruce Architects

J. Randolph Bruce, AIA
Managing Member

Randy Bruce is the Managing Member at Knothe & Bruce Architects, LLC. He believes that the best projects result from fully engaging clients with an enthusiastic team of consultants dedicated to bringing their unique expertise and professional services to the table. Drawing on over thirty years of experience, he manages the firm's project teams through all stages of the design process, ensuring clients a high-quality product.

Brian Stoddard, AIA
Architect Project Manager

Brian Stoddard is a Project Manager at Knothe & Bruce Architects, LLC, and has over thirty years of experience designing, planning and overseeing the construction of a wide variety of project types. Housing projects including student, multifamily and senior housing, complex commercial office buildings and office suites, retail stores, and restaurants. He has done work in several different states across the

country and has established prototype designs that clients can take into many different markets. He is experienced in bridging the interests of developers, contractors and municipalities to ultimately delivering a successful project for all stakeholders.

Engineer - Quam Engineering

Ryan Quam
Owner

Quam Engineering, LLC is a McFarland owned team of civil engineers and construction technicians. They are committed to providing innovative solutions for complex projects at competitive prices. Quam invests in state-of-the-art design software, equipment and technology to provide the highest quality products and service to our clients. The engineering and construction staff is knowledgeable, trustworthy and aims to exceed client expectations.

General Contractor - Montalto Group LLC

Mike Montalto
Owner

Montalto Group, a certified VA builder, brings over 30 years of general contracting experience with the ability and knowledge to oversee projects throughout submittals, development, and completion. They are able to efficiently lead and manage diverse teams effectively, on time, and in budget. Their general contracting experience successfully completed projects that include over 1,000 residential units and 60,000 square feet of commercial property.

Montalto Group has earned a strong reputation based on service, delivering top quality buildings in a timely fashion, and working extremely well with municipalities, owners, and contractors to deliver a high quality finished product.

Property Manager

ACC Management Group, Inc.

ACC Management Group, Inc. is a full-service property management firm dedicated to providing professional results-oriented services to its clients. ACC currently operates over 65 properties and 3500 apartments throughout Wisconsin's major markets and Illinois. Headquartered in Oshkosh, WI, ACC's exceptional team of multi-family leaders has a proven track record of excellence in management of affordable housing with various state and federal programs including, Section 42 Tax Credit, Section 8, and Section 515.

Commitment, trust, and reliability is the foundation of our relationships with residents, employees, and partners. Our team works hard to earn the loyalty needed to develop and retain the long-term relationships associated with our shared success.

ACC Management Group has established a long history of extraordinary program compliance proven by superior ratings with state and federal agencies, such as WHEDA, IHDA, and HUD. Most recently, ACC

has assisted developers transition four properties from Public Housing to Section 8 housing through HUD's RAD program.

h. Familiarity of the Project Location and Village of McFarland

Lakestone Properties management and development office is located at 5910 Main St in McFarland. In addition, Lakestone Properties has completed two development projects in McFarland in the last 3 years. These include 22 units located at Preston Place in McFarland and a 38-unit market rate building located at 5020 Farwell Street. Lakestone was working with Pauline Boness from Community Development and Matt Schuenke at the village of McFarland in 2017 through 2018 on conceptual ideas for this subject site prior to the Village of McFarland securing control of the site. Lakestone continues to put many of our development resources into working on projects in the village of McFarland and we hope to continue this relationship into the future.

i. Financial Resources

Attached you will find 3 years of financial statements from Lakestone and Movin' Out as well as an income statement from the first 3 months of 2018. Ownership breakout for Lakestone is noted in section (e) above as is the Board of Directors for Movin' Out.

Note: Lakestone Properties & Management is a development and management company for the properties that are owned by Brian Spanos and Brett Riemen. The majority of the revenue comes from the properties and not the management company. Personal financial and net worth statements are available upon request.

j. Litigation, Bankruptcies, or Foreclosures

Neither Lakestone Properties or Movin' Out have been involved in any litigation, bankruptcies, foreclosures, or other monetary defaults in the last three years.

2 - Experience

Attached you will find examples of development experience for Lakestone and Movin' Out, as well as a more extensive list of projects.

The Royal

2232 W. Broadway, Madison, WI 53713



Description: The Royal apartment project is a joint venture developed by Movin' Out and Mirus Partners. The project will open in November of 2018. The 48-unit mixed-use, multifamily project includes underground and surface parking and approximately 3,000 square feet of ground floor commercial space, a community room, and leasing office. There is also open green space and playground area. The project is comprised of 4 one-bedroom apartment units, 32 two-bedroom apartment units and 12 three-bedroom apartment units designed for family occupancy. The building is constructed to meet Wisconsin Green-Built Home standards. Through affirmative fair housing marketing efforts Movin' Out targets 12 units to individuals with disabilities. The project was financed with WHEDA 9% tax credit equity, City of Madison Housing Trust Fund, City of Madison HOME funding, Dane County Affordable Housing Funds, and Federal Home Loan Bank of Chicago Affordable Housing Program funds.

Roles & Responsibilities: Movin' Out served as developer between 2014 and 2018 with the project being placed in service in 2018. Movin' Out continues to provide services, asset manage, and serve as Owner. Services provided by Movin' Out include its traditional Tenant Based Success Services, long term care services for people with disabilities, an array of various services to eligible veterans and empowerment services to all tenants on issues like financial education and homebuyer classes to those who are interested. **Website:** <https://www.theroyalapts.com/>

Municipal Contact:

Natalie Erdman, Director of Planning, Community, & Economic Development – City of Madison

Phone – (608) 266-4635

Email – nerdman@cityofmadison.com

Madison & Main
301 E Main St, Waunakee, WI 53597



Madison and Main is located in the heart of downtown Waunakee and is a newly constructed, three-story, 78-unit, mixed-use project with 10 units targeted for households which include a family member with a permanent disability. These units are funded in part with Federal HOME funds and have HOME rent restrictions associated with them which require rents and tenant incomes to be at or below 60% of area median income. Eight of those units have Project-Based Section 8 Vouchers provided by Dane County Housing Authority. An additional 4 units are income restricted to household incomes and rents affordable at or below 80% of AMI. The balance of the units are market rate. There is also 3,000 square feet of commercial space facing Main Street and underground and surface parking. Project financing consists of a first mortgage from WHEDA, a second mortgage from IFF, a third mortgage from Dane County for HOME funding and an investment of private capital from the members of Waunakee Holdings, LLC.

Movin' Out served as developer between 2012 and 2015 with the project being placed in service in 2015. Movin' Out continues to asset manage, provide services, and serve as Owner. Services performed by Movin' Out include: planning and securing financing for the project and co-developer with Waunakee Holdings. Movin' Out oversees the property manager and provides specialized affirmative marketing services to help insure that the supported housing units are leased by income qualified families who have family members with permanent disabilities and that those households have access to necessary supportive services.

Jefferson Crossing
134 Jefferson Street, Oregon, WI



Jefferson Crossing is an infill development in downtown Oregon. The property is a three-story, 61-unit project with a mix of studios, 1 bedroom, and 2 bedroom units with underground parking. The project is located in a TIF district and Lakestone Properties along with the Village of Oregon entered into a developer's agreement using developer financed TIF of \$800,000. The previous use of the property consisted of rundown houses and warehouse buildings that were at the end of their useful life. The Village wanted additional housing options in the downtown district to support the local businesses.

Lakestone Properties developed the property in 2017/2018 and serves as the owner and manager out of its management office in McFarland Wisconsin.

Municipal contact:

Village of Oregon

Mike Gracz mgracz@vil.oregon.wi.us 608-835-3118

Development team:

Developer: Lakestone Properties

Architect: Knothe & Bruce Architects

3 – Conceptual Proposal of Project

a. Narrative Description & Project Type

The project sites currently consist of two vacant parcels and a third parcel with a one-story commercial building. The development proposes to deconstruct the existing ~6,500 SF commercial building and construct a mixed-use building with a mix of 8,000 SF commercial space and 80 multi-family units.

These 80 multi-family units will be targeted to seniors and non-seniors making between 30% and 80% of the Dane County Median Income. More specifically, 20 units will be set aside for individuals making at or below 30% of CMI. These units will be targeted to households where at least one member is a veteran or has a permanent disability. Movin' Out's has extensive experience in providing housing for these individuals.

The project will be **designed and marketed to seniors**. 80% of the units (64) will be reserved for households where one family member is aged 55 and older. The remaining 20% of units will not have an age restriction.

Supportive Services – This development will provide a minimum of 20 units of supported housing. The tenants in these units will have access to a wide range of supportive services depending on their individual needs. Movin' Out will coordinate with the various service providers to ensure tenants will be successful in maintaining their housing as a foundation for stable lives. A detailed description of the various services likely to be available and the service system partners associated with this project will be finalized as we work through the tax credit application due in January.

Rents for the affordable units will be set according to WHEDA standards and income limits for residents at or below 80% AMI. Underwriting assumptions are within WHEDA standards, including 2% rent increase and a 7% vacancy. A projected 15-year Proforma is enclosed which reflects these assumptions.

Below is a breakout of the unit mix:

Bedrooms	Set-Aside	# of Units	Utility Allowance	Tenant Rent	Gross Rent	Sec 42 Limit
Efficiency	30%	5	\$71	\$410	\$481	\$481
Efficiency	50%	15	\$71	\$731	\$802	\$802
1	60%	37	\$82	\$898	\$980	\$1,032
2	60%	8	\$71	\$1,106	\$1,177	\$1,239
2	80%	15	\$104	\$1,269	\$1,373	\$1,618
Total		80				

The mixed-use building will be three stories in height with a significant portion of the building pushed back from Farwell Street to reduce the perceived building mass leaving two façade elements up on the street to convey a more traditional McFarland downtown architectural scale. The building facades are well articulated and activate the street level with multiple potential entries to the commercial spaces with the primary multifamily entry located on the west side of the building and a secondary entry on the east side. The exterior materials will be a combination of masonry and fiber-cement siding. A central hardscaped and landscaped courtyard provides a central outdoor gathering area at grade level that includes a potential pavilion, seating areas, grills, landscape planters, and raised garden plots for residents. This plaza courtyard would be partially screened from the commercial outdoor spaces for privacy. Each apartment would also have an individual patio or deck. Common residential amenities include an exercise room, community room, and an on-site property management office.

Vehicular access is provided by two driveway entrances that serve parking located on the sides of the building. The western parking area provides access to the underground parking garage. Pedestrian access and on-street parking have been enhanced by recent street improvements to Farwell. The proposed parking count is 1.2 stalls per unit which we feel is appropriate for affordable senior housing. We also have a generous commercial parking ratio of 7 stalls per 1000 SF. The type of commercial tenant will dictate demand for those spaces. There is also street parking available.

The project will be construction in a single phase. The commercial space may be constructed as a 'gray box' until tenants have committed.

b. Land Use and Anticipated Zoning Classification

The existing site is zoned C-G (General Commercial). To accommodate the proposed development, the existing C-G zoning district would be rezoned to Planned Development. C-G zoning surrounds the property with the exception of R-3 zoning adjacent to the south. This project generally fits into the bulk standards for C-G zoning with the exception for density and parking (parking exception subject to commercial uses).

The redevelopment proposes the deconstruction of the one-story commercial structure. The existing one-story commercial building and parking lot are not consistent with the City plans and redevelopment of that site is a component in the redevelopment of Farwell Street.

c. Occupancy

The project will be designed and marketed to seniors. 80% of the units (64) will be reserved for households where one family member is aged 55 and older. The remaining 20% of units will not have an age restriction.

We would like to also note that the unit mix and targeting for this site is not set in stone. It would be important for the team to work side-by-side with civic leaders and neighborhood organizations to engage in a planning process the ensure needs and goals of the community are met. Should we determine that a development targeted to families is more apropos for the site for financing or market reasons we would be flexible in adjusting our plan. Lakestone and Movin' Out both have experience in many different types of projects and targeted demographics.

d. Ownership

As noted in Tab 1, the property will be owned by a Limited Liability Company where the investor member serves as 99.99% owner and the managing member joint venture between Lakestone Properties and Movin' Out makes up the remaining 0.01%.

e. Management

ACC Management Group, Inc. – Additional information in section 1-g

4 - Finance

Residential Component

In order to finance the redevelopment, the developers would apply to the Wisconsin Housing and Economic Development Authority (WHEDA) in December 2018 for the 4% low-income housing tax credits and 4% state housing credit. In addition, our current financial model requires an additional \$900,000 of gap funding from two possible options. (Other smaller grants can be applied for as a combination of these options).

Option #1 - AHP Grant (Affordable Housing Program)

AHP grants are awarded through a competitive application process to housing developers or community organizations to create rental or homeownership opportunities for lower-income households. An application for this competitive grant would be submitted by June 2019 and awarded by December 2019. Closing on the development property would happen within 60 days of award.

Option #2 - Developer financed TIF (Pay as you go)

The developer lends money to the municipality, and the municipality then uses the money to help pay for the project. The municipality repays the loan to the developer from the increased property tax revenues generated by the project.

Due to the size and quality of this project, TIF financing would be requested in addition to the land and building the village is contributing. Preliminary models have been created and can be reviewed with the Village to demonstrate the viability.

Commercial Component

The 8,096 square feet of retail and commercial space would be owned 100% by Lakestone Properties and financed through a local community bank. The estimated amount to be financed is \$1,250,000 which will be privately guaranteed by Lakestone Properties & Management LLC.

Projected sources and uses for the Residential Component (Option #1 and #2):

Sources		Uses	
First Mortgage WHEDA	\$5,930,000	Acquisition	\$1
Commercial Condo Mortgage	\$1,250,000	Hard Construction Costs	\$10,014,080
AHP or Developer Financed TIF	\$900,000	Soft Costs	\$4,719,055
GP Equity	\$100	Reserves	\$425,574
LIHTC Equity	\$3,868,830		
State Credit Equity	\$1,728,250		
Deferred Developer Fee	\$1,481,528		
Total	\$15,158,709	Total	\$15,158,709

5 - Market

Residential Component

The development team has done some initial research into market and demographics for the proposed site. Below you will find some details regarding the need for affordable housing in McFarland. As noted previously, we are proposing a majority senior development but are open to adjusting those targeted households based on the needs and wants of the community.

Market Demand – Statistics from a Market Report by Baker Tiller in June 2018

- *Affordable Senior Housing Vacancy Rate in McFarland is 0.0%*
- *Affordable Housing Vacancy Rate in McFarland is 3.5%, 1% when taking in account applications*

Housing issues for seniors will continue to grow as the population ages and Baby Boomers retire. There are many complex issues involved in ensuring affordable housing for seniors, including support for “aging in place” (helping seniors to remain in their own homes) or construction of smaller affordable units for seniors to downsize, or construction of a range of housing with on-site support services.

Below is the tragic number of cost burdened lower-income seniors and non-seniors in McFarland. Households who pay more than 30 percent of their income on housing costs are considered “cost-burdened” while households who pay more than 50 percent of their income on housing are considered “severely cost-burdened.”

- *McFarland has 145 Senior Households that are either Cost-Burden or Severely Cost-Burden*
- *McFarland has 280 Non-Senior Households that are either Cost-Burden or Severely Cost-Burden*

Dane County Housing Needs Assessment shows the GAP in affordable housing in McFarland. Table 6.2 below shows a GAP of 195 affordable units for households in the 0 – 50% AMI

Table 6.2 Affordable Housing Supply: Affordable Units Available vs. Eligible Households

	Rental Units Affordable for Households at 30% AMI	Number of Renter- Households 0-30% AMI	Gap (Households minus affordable units)	Rental Units Affordable for Households at 50% AMI	Number of Renter- Households 0-50% AMI	Gap (Households minus affordable units)
McFarland	30	120	90	175	280	105

Who needs affordable housing? Below is a graph from the Dane County Housing Assessment listing wages for different occupations and corresponding affordable rent.

Table 1.4 Income and Affordable Housing Cost Limits for Selected Occupations, Madison Metropolitan Area (2013)

Occupation (Standard Occupation Code)	"Starting" Wage (Annual)	Median Wage (Annual)	Maximum House	Maximum House	Affordable Gross Rent, Starting Wage	Affordable Gross Rent, Median Wage
			Value, Starting Wage	Value, Median Wage		
Waiters and Waitresses (353031)	\$16,050	\$18,660	\$57,528	\$68,747	\$401	\$467
Retail Salespersons (412031)	\$16,480	\$21,150	\$59,376	\$79,450	\$412	\$529
Childcare Workers (399011)	\$17,030	\$22,190	\$61,740	\$83,921	\$426	\$555
Landscaping and Groundskeeping Workers (373011)	\$17,760	\$27,990	\$64,878	\$108,852	\$444	\$700
Home Health Aides (311011)	\$19,300	\$23,730	\$71,498	\$90,540	\$483	\$593
Light Truck or Delivery Services Drivers (533033)	\$21,120	\$32,840	\$79,321	\$129,700	\$528	\$821
Construction Laborers (472061)	\$21,850	\$42,560	\$82,459	\$171,481	\$546	\$1,064
Child, Family, and School Social Workers (211021)	\$30,550	\$51,330	\$119,856	\$209,179	\$764	\$1,283
Postal Service Clerks (435051)	\$30,970	\$53,840	\$121,662	\$219,969	\$774	\$1,346
Elementary School Teachers (252021)	\$33,840	\$51,620	\$133,998	\$210,426	\$846	\$1,291
Police and Sheriff's Patrol Officers (333051)	\$41,800	\$55,260	\$168,214	\$226,072	\$1,045	\$1,382
Registered Nurses (291141)	\$53,000	\$71,270	\$216,358	\$294,892	\$1,325	\$1,782

Source: Occupational data from US Bureau of Labor Statistics. "Starting" wage is the 10th percentile of all wages for that occupation in the region. "Median" wage is the 50th percentile annual wage.
 Notes: Affordable ownership values calculated based on current FHA mortgage rates as of 12/4/2014, 30-year fixed, 3.5% interest rate to determine maximum loan amount. Assumes 3-percent downpayment, or 97% LTV.
 Calculation of affordable housing expenditure based on limiting Principal, Interest, Taxes and Insurance to no more than 30 percent of monthly income. Assumes closing costs and downpayment paid out of savings.
 Estimation of property tax rates based on reports by Dane County Treasurer. Average city property tax rate is \$18.37 per \$1000 value; village average rate is \$17.98 per \$1000. This analysis uses \$18 per \$1000 in value.
 Estimation assumes homeowners insurance of \$800 per year.

Commercial Component

Market Demand and Potential Tenants

Based on the attached ESRI Retail MarketPlace Profile, McFarland has a Retail Gap (meaning that residents of McFarland are leaving the Village for other goods and services) in the following areas;

- Restaurants – Gap of \$7,000,695
- General Retail – Gap of \$7,543,445
- Health & Personal Care - \$8,929,612

Potentials commercial tenants would include;

- Fast casual restaurants (Ex – Chipotle, Panera Bread, etc)
- Brew Pub
- Existing businesses and restaurants looking to grow
- Wellness Facility (Massage therapy, etc)
- Specialty retail (clothing, pets, etc)

Co-Working Space

In addition to the retail and service options above, we feel there is a need for small business office space. There are very limited options for entrepreneurs or small business owners to find suitable office space in the Village. One concept would to provide a co-working space that would allow business owners to have a monthly membership for their office space. This could be a dedicated office or desk or a non-dedicated work space. Co-working spaces create a sense of community and collaboration that entrepreneurs and small business owners don't get while working out of their homes. The co-working concept is a trend that is changing the face of commercial real estate across all parts of the world and we feel more of these spaces will be in demand not only highly dense cities but also communities like McFarland.

We would also be open to working with the Village on any community uses that could benefit from this development and location (Ex – Senior Center).

6 – Development Schedule

NOTE ABOUT MCFARLAND ZONING PROCESS. To comply with this deadline, the zoning process needs to be commenced on or about December 15, 2018.

Proposed general development schedule:

Option 1 – Gap funding through Affordable Housing Program

Real Estate-Option/Contract	12/21/18
Negotiate Developer's Agreement	1/1/19 – 1/31/19
Zoning Approval	1/15/19
Low Income Housing Tax Credit Application	1/18/19
Final Design and Construction Drawing Preparation	2/1/19 – 4/30/19
Low Income Housing Tax Credit Award	3/15/19
Bid Project and Submit Plans for State Review	5/1/19 – 6/30/19
Apply for Federal HOME Loan Bank AHP Funding	6/15/19
Select Lender and Investor	9/1/19
Lender and Investor Due Diligence Period	9/1/19-12/31/19
AHP Award Announce	12/1/19
Issuance of Building Permit	1/1/20
Site Acquisition/Closing	12/31/19
Construction Start Date	1/1/20
Construction Completion	12/31/20
Lease Up Period	11/1/20-1/31/21

Option 2 – Gap funding through Developer Financed TIF & WI Economic Development Corporation

Real Estate-Option/Contract	12/21/18
Negotiate Developer's Agreement	1/1/19 – 1/31/19
Zoning Approval	1/15/19
Low Income Housing Tax Credit Application	1/18/19
Final Design and Construction Drawing Preparation	2/1/19 – 4/30/19
Low Income Housing Tax Credit Award	3/15/19
Bid Project and Submit Plans for State Review	5/1/19 – 6/30/19
Select Lender and Investor	5/31/19
Lender and Investor Due Diligence Period	6/1/19-9/30/19
Issuance of Building Permit	10/1/19
Site Acquisition/Closing	10/2/19
Construction Start Date	10/2/19
Construction Completion	9/30/20
Lease Up Period	10/1/20-12/31/20

7 – Concept Design

Included on the following pages are;

- a. Site plan and layout
- b. Aerial of Site
- c. Schematic elevations of all four sides
- d. Floor plans and identification of usage











PROJECT DATA

Lot Area	2.25 Acres / ~98,000 SF
Density	35.5 D.U. / Ac 1,225 S.F./D.U.

Commercial Area

East Side	4,048 S.F.
West Side	4,048 S.F.
Total	8,096 S.F.

Dwelling Unit Mix

Studios	20
One Bedroom	37
Two Bedroom	23
Total	80 units

Vehicle Parking

Underground stalls	80
Surface stalls	72
Total	152 stalls

80 units @ 1.2 stalls / D. U = 96 stalls

56 stalls available for commercial = 7/1000 S.F.

- Cross parking also available for mixed-use

- Street parking available

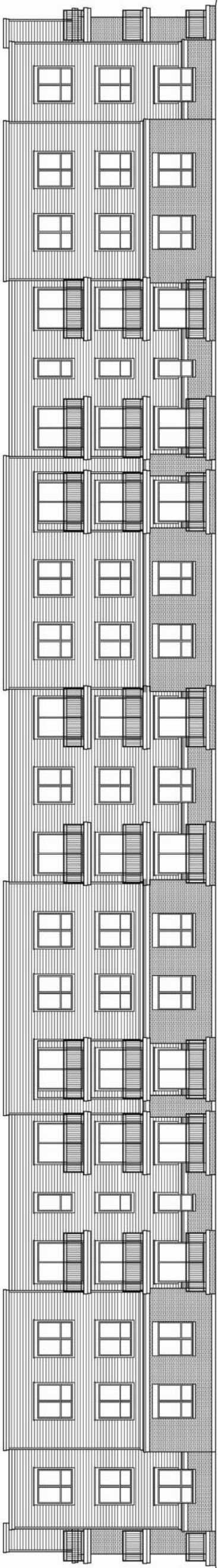




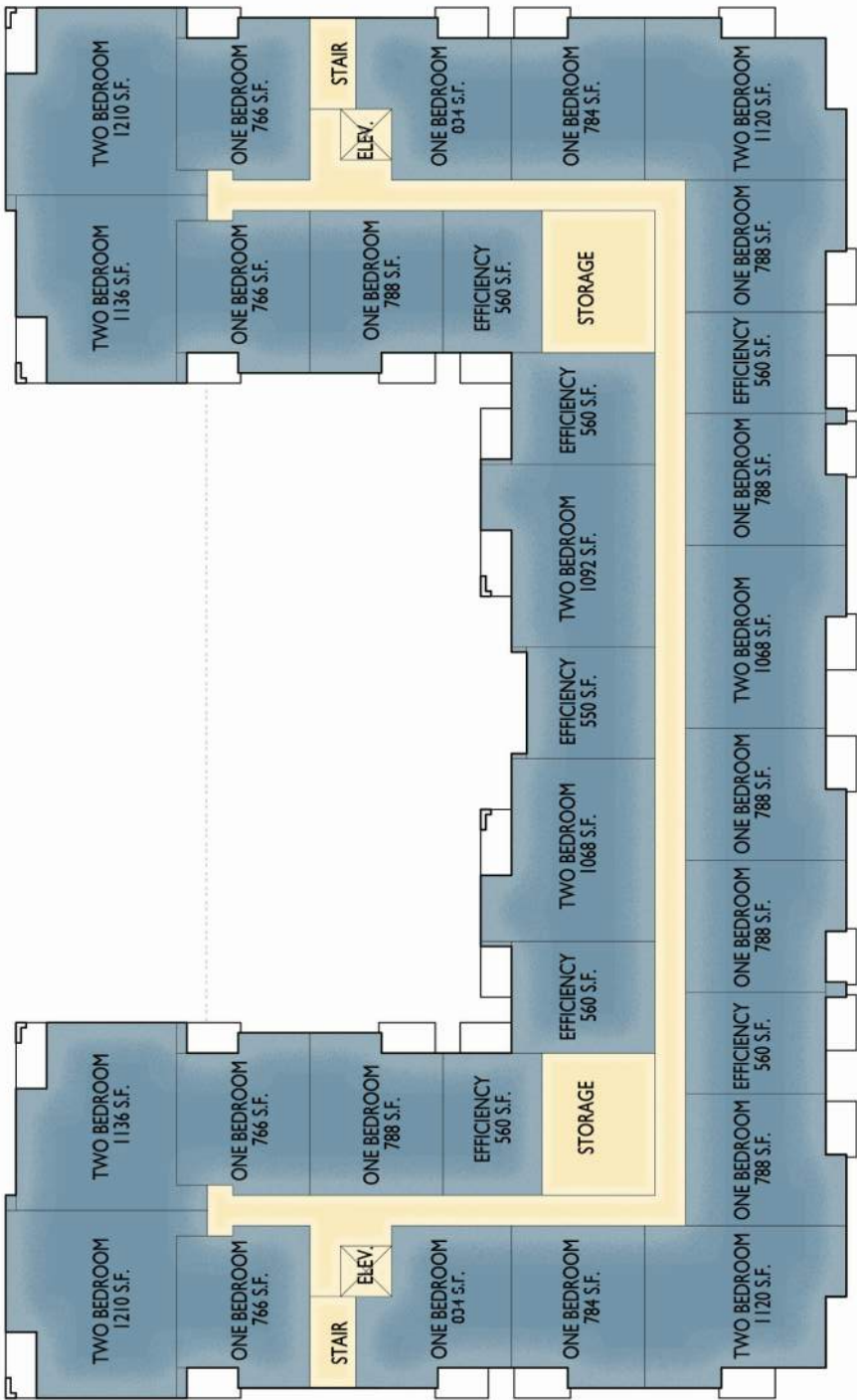
ELEVATION ALONG FARWELL STREET



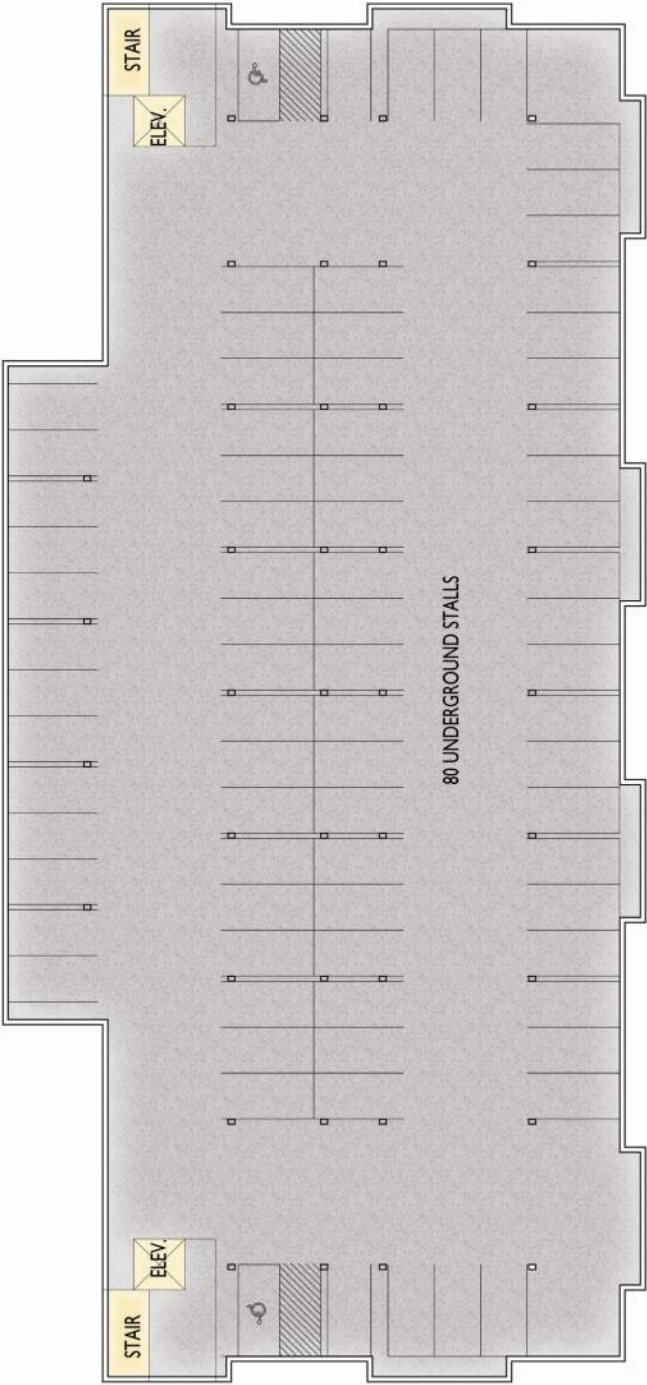
END ELEVATION



REAR ELEVATION



Second Floor Plan



Basement Plan

8 – Preliminary Proforma

a. Operating costs by phase

This project will be built in one phase and the operating costs are in the attached spreadsheet breakdown. Underwriting assumptions are within WHEDA standards with an estimated 7% vacancy rate.

b. Anticipated sources and timing of capital investment

Lakestone properties will be funding the commercial space with a personal guarantee and will be financed through a local community bank. The loan amount will be approximately \$1,250,000 which will be financed at a 75% loan to value. The timing will be based on approvals of this project.

The 80 residential unit will be financed through the following sources:

a. First Mortgage WHEDA	\$ 5,930,000
b. LIHTC Equity	\$ 3,868,830
c. State Credit Equity	\$ 1,728,250
d. Deferred Dev Fee	\$ 1,481,528
e. AHP funds/TIF*	\$ 900,000
f. GP Equity	\$ 100

*Developer financed TIF would allow for the project to move quicker through the development process.

c. Anticipated number of jobs created/retained

The construction of the building will take place over an 18-month time period and will create jobs for trades involved in the building process. Additional long-term jobs are estimated at 20 to 40 in the village of McFarland. These jobs will be created through the new commercial space being brought into the village. The goal of this space is to bring new business to the village and provide a location for existing businesses to grow. The layout of the commercial space is flexible at this time but would most likely consist of 3 – 5 businesses.

d. Estimated value at full buildout.

The completed stabilized value of the development is estimated to be \$7,013,685 for both the residential and commercial space. This value is based on the net operating income at a 7.5% cap rate.

**MCFARLAND Sr APARTMENTS
PROJECT ASSUMPTIONS**

PAGE 2

PROJECT INFORMATION

Partnership	MCFARLAND Sr APARTMENTS
County	MCFARLAND
Type	New Construction
LIHTC Type	4%
Number of Units	80
LP Formation	2019
	7
Construction Start	2019
	7
Construction Period	15
Operations	2020
	10
Starting Month of Depreciation	10
Starting Month of Lease-Up	10
Absorption Rate (Mos.)	6
Credit % - 30% PV (Nov. '18)	3.31%
Credit % - 70% PV	9.00%
Qualified Census Tract - NO	100.00%
Project Cost	\$ 14,258,709
First Mortgage - WHEDA	\$ 5,930,000
Commercial Condo Mortgage	\$ 1,250,000
GP Equity	\$ 100
LIHTC Equity	\$ 3,868,830
State LIHTC Equity	\$ 1,728,250
Federal HTC Equity	\$ -
State HTC Equity	\$ -
Deferred Dev Fee	\$ 1,481,528
50% Test	84.64%

FINANCING ASSUMPTIONS

Construction Loan- WHEDA	\$ 11,000,000
Construction Loan	\$ 10,601,510
Interest rate	4.16%
Term (months)	24
First Mortgage - WHEDA	\$ 5,930,000
Interest Rate	5.60%
Amortization (years)	35
Term (years)	35
Start Month	4
Start Year	2021
	1.20
AHP Funds	\$ 900,000
Interest Rate	0.000%
Amortization (years)	Cash Flow
Term (years)	30
Start Month	4
Start Year	2021
Commercial Condo Mortgage	\$ 1,250,000
Interest Rate	5.000%
Amortization (years)	25
Term (years)	25
Start Month	4
Start Year	2021
GP Equity	\$ 100
Deferred Developer Fee	\$ 1,481,528
Interest Rate	0.00%

SYNDICATION INFORMATION

Limited Partner's Capital Contribution		Percent of Ownership	
Investor Federal LIHTC Equity	\$ 3,868,830	General Partner	0.01%
Investor State LIHTC Equity	1,728,250	Limited Partner	99.99%
Investor Fed. HTC Capital	0	Total	100.00%
Investor State HTC Capital	0		
Total Investor Capital	5,597,080	Cash Flow Distribution	
Investor Federal Tax Rate	21.00%	General Partner	0.01%
		Limited Partner	99.99%
		Total	100.00%
1st Contribution	Date: 04/01/2019	Income, Loss & Credits	
Closing	F LIHTC 773,766	General Partner	0.0100%
20.00%	S LIHTC 345,650	Limited Partner	99.99%
	Total 1,119,416	Total	100.00%
2nd Contribution	Date: 07/01/2020	State Historic Tax Credits	
Completion	F LIHTC 773,766	General Partner	0.0100%
20.00%	S LIHTC 345,650	Limited Partner	99.99%
	Total 1,119,416	Total	100.00%
3rd Contribution	Date: 06/01/2021	Federal Historic Tax Credits	
Stabilization	F LIHTC 2,321,298	General Partner	0.0100%
60.00%	S LIHTC 1,036,950	Limited Partner	99.99%
	Total 3,358,248	Total	100.00%
Price Per Credit		Sale Proceeds Distribution	
Federal Low Income Housing	\$ 0.9000	General Partner	90.00%
State Low Income Housing	\$ 0.6700	Limited Partner	10.00%
		Total	100.00%
Developer Fee Pay-in Schedule	2,322,302		
Developer Fee Deferred	1,481,528		
Total Paid Developer Fee	840,774		
Closing	Date: 04/01/2019 #		
25%	\$ 210,193		
2nd Contribution	Date: 07/01/2020		
Completion	25%		
210,193			
3rd Contribution	Date: 06/01/2021		
Stabilization	50%		
420,387			

McFARLAND Sr APARTMENTS
PROJECT ASSUMPTIONS

PAGE 3

OPERATING EXPENSES

	Total	Per Unit
Administrative	\$ 65,600	820
Maintenance	54,737	684
Operating	75,662	946
Real Estate Taxes	121,053	1,513
	317,052	3,963

Replacement Reserve	20,000	250	
Property Management Fee	5% 47,281	591	
Total	384,333	4,804	\$ 400.35

Annual Operating Exp. Increase	3.00%
Annual Real Estate Tax Increase	3.00%
Annual Management Fee Increase	3.00%
Annual Reserve Increase	3.00%
Interest rate on reserves	0.00%

CASH FLOW DISTRIBUTION

LP Asset Management Fee	\$ 5,000	Annually
GP Partnership Management Fee	90%	of remaining cash flow, non accruing

RENTAL INCOME

Dane Co

Number of Bedrooms	Units	AMI Set Aside %	Unit Type	Baths	SF per Unit	Monthly Net Rent	Monthly Utility	Monthly Gross Rent	Total Monthly Rent	2018 Max	2018 LIHTC LIMIT Max Rent	Est Mkt Rent	% of Mkt
Efficiency	5	30%		1.0	600	410	71	481	2,050	100.0%	481	900	45.6%
1 Bedroom	-	30%		1.0	800	434	82	516	-	100.0%	516	1,122	38.7%
2 Bedroom	-	30%		2.0	1,000	515	104	619	-	100.0%	619	1,410	36.5%
Efficiency	15	50%		1.0	600	731	71	802	10,965	100.0%	802	920	79.5%
1 Bedroom	-	50%		1.0	800	778	82	860	-	100.0%	860	1,122	69.3%
2 Bedroom	-	50%		2.0	1,000	-	-	-	-	0.0%	1,032	1,410	0.0%
2 Bedroom	8	60%		1.0	600	1,106	71	1,177	8,848	95.0%	1,239	1,410	78.4%
1 Bedroom	37	60%		1.0	800	898	82	980	33,226	95.0%	1,032	1,122	80.0%
2 Bedroom	15	80%		2.0	1,000	1,269	104	1,373	19,035	84.9%	1,618	1,410	90.0%
Total	80	60.00%			61,400				74,124				

Applicable Fraction 100.00% 100.00%

Base Gross Residential Rent	\$ 889,488
Commercial Income-8000sqft \$15/NNN	121,440
Rent Increases	2.000%
Other Income Increases	2.000%
Residential Vacancy Loss	7.00%
Commerical Vacancy Loss	10.00%
	945,619

	Annually	PUPM
Other Income (Parking)	\$ -	\$ -
Other Income (Laundry etc.)	\$ 9,784	\$ 10.19
Total	\$ 9,784	\$ 10.19

MCFARLAND Sr APARTMENTS
STATEMENT OF FORECASTED SOURCES AND USES

SOURCES OF FUNDS	Construction	Post Construction	Permanent							
First Mortgage - WHEDA	\$ -	\$ 5,930,000	\$ 5,930,000	\$ 74,125						
Commercial Condo Mortgage	-	1,250,000	1,250,000							
AHP Funds	900,000	-	900,000							
	-	-	-							
	-	-	-							
	-	-	-							
	-	-	-							
GP Equity	100	-	100							
LIHTC Equity	773,766	3,095,064	3,868,830	12.8%						
State Credit Equity	345,650	1,382,600	1,728,250	5.7%						
Deferred Dev Fee	-	1,481,528	1,481,528	63.8%						
Construction Loan	10,891,316	(10,891,316)	-							
Total Sources Of Funds	\$ 12,910,832	\$ 17,406,585	\$ 30,317,417							
	0	15,158,709	15,158,709							
USES OF FUNDS	Total Construction	Post Construction	Total Permanent	Building 27.5 Yr/SL	Personal Property 5 Yr/200%	Land Impr. 20 Yr/SL	Amortization	Non Depreciable/ Amortizable	4.0% Eligible Basis	
Acquisition & Site Costs										
Land Costs	1	-	1					1		
Construction & Commercial Costs										
Residential Construction - New Const \$1.05/sf	10,014,080	-	10,014,080	8,950,068	-	-	-	1,064,012	8,950,068	
General Requirements	-	-	-	-	-	-	-	-	-	
Contractor Overhead	-	-	-	-	-	-	-	-	-	
Contractor Profit	-	-	-	-	-	-	-	-	-	
Construction Contingency	500,704	-	500,704	500,704	-	-	-	-	500,704	
Permits & Fees	360,000	-	360,000	360,000	-	-	-	-	360,000	
Payment/Performance Bond	50,070	-	50,070	50,070	-	-	-	-	50,070	
Engineering & Architectural										
Architect	120,000	-	120,000	120,000	-	-	-	-	120,000	
Survey & Engineering	25,000	-	25,000	25,000	-	-	-	-	25,000	
Construction Interest & Fees										
Insurance	20,000	-	20,000	20,000	-	-	-	-	20,000	
Construction Interest	660,000	-	660,000	270,888	-	-	-	389,112	270,888	
Construction Title and Recording	35,000	-	35,000	35,000	-	-	-	-	35,000	
Construction Bond Costs (1.0%)	50,700	-	50,700	2,741	-	-	47,959	-	2,741	
Permanent Financing										
Perm Loan Origination Fee (Bonds) 2.5%	148,250	-	148,250	8,014	-	-	140,236	-	8,014	
Soft Costs										
Market Study & Appraisal	15,000	-	15,000	15,000	-	-	-	-	15,000	
Environmental Reports	15,000	-	15,000	15,000	-	-	-	-	15,000	
Tax Credit Fees	55,000	-	55,000	-	-	-	55,000	-	-	
Soft Cost Contingency	-	-	-	-	-	-	-	-	-	
Marketing	5,000	-	5,000	-	-	-	-	5,000	-	
Cost Certification	8,500	-	8,500	8,500	-	-	-	-	-	
Furnishing	50,000	-	50,000	-	50,000	-	-	-	50,000	
Consulting	133,895	-	133,895	133,895	-	-	-	-	133,895	
Accounting	44,632	-	44,632	44,632	-	-	-	-	44,632	
GP Legal Fees	50,000	-	50,000	50,000	-	-	-	-	50,000	
Plan and Cost Review	15,000	-	15,000	15,000	-	-	-	-	15,000	
Syndication Costs										
Investor Fee	35,000	-	35,000	-	-	-	-	35,000	-	
Developer Fees / Reserves										
Developer Fee - 20%	500,000	1,822,302	2,322,302	2,322,302	-	-	-	-	2,322,302	
Operating and DS Reserve - 6 months	-	385,574	385,574					385,574		
Rent Up Reserve	-	40,000	40,000					40,000		
Total Uses Of Funds	\$ 12,910,832	\$ 2,247,876	\$ 15,158,709	\$ 12,946,813	\$ 50,000	\$ -	\$ 243,196	\$ 1,918,699	\$ 12,988,313	
			\$ 189,483.86							

ACQUISITION CREDIT

Acquisition price	1
Less: Land & other non-depreciable costs	(1)
Less: Other	-
Adjusted Eligible Basis	-
Qualified Census Tract Adjustment	100.00%
Eligible Basis	-
Applicable Fraction (Low Inc. %)	100.00%
Qualified Basis	-
Credit Percentage (30% PV)	3.31%

Potential Annual Credit -

CONSTRUCTION / REHAB CREDIT

Eligible Building Basis	12,988,313
Less: Acquisition Credit	-
Less: Federal HTC - Residential	-
Adjusted Eligible Basis	12,988,313
Qualified Census Tract Adjustment	100.00%
Eligible Basis	12,988,313
Applicable Fraction (Low Inc. %)	100.00%
Qualified Basis	12,988,313
Credit Percentage (70% PV)	3.31%

Potential Annual Credit 429,913

LIH CREDIT ANALYSIS

Annual LIH Credit Calculated	429,913	429,913
Annual LIH Credit Reserved	429,913	429,913
Minimum Credit or Allocation	429,913	429,913
Total Tax Credit	4,299,130	2,579,478
Investor Percentage	99.99%	100.00%
Tax Credits for Syndication	4,298,700	2,579,478
Price per Credit	0.9000	0.6700

Federal LIHTC Equity Raised 3,868,830 1,728,250

STATE CREDIT DELIVERY

Total State Credit Reserved	2,579,478
Annual LIH Credit Reserved	100%
State Eligible Basis	2,579,478
Multiplied * 4% Rate	3.310%
Year 1 - full delivery	429,913
Year 2 - full delivery	429,913
Year 3 - full delivery	429,913
Year 4 - full delivery	429,913
Year 5 - full delivery	429,913
Year 6 - full delivery	429,913
Total Credits	2,579,478

MCFARLAND Sr APARTMENTS
FORECAST OF NET CASH FLOW FROM OPERATIONS

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		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTAL
Income																		
Rental Income	\$	35,451	\$ 670,081	\$ 925,423	\$ 943,932	\$ 962,810	\$ 982,067	\$ 1,001,708	\$ 1,021,742	\$ 1,042,177	\$ 1,063,020	\$ 1,084,281	\$ 1,105,967	\$ 1,128,086	\$ 1,150,648	\$ 1,173,661	\$ 1,197,134	\$ 15,488,187
Less: Vacancy	-7.0%	(2,482)	(46,906)	(64,780)	(66,075)	(67,397)	(68,745)	(70,120)	(71,522)	(72,952)	(74,411)	(75,900)	(77,418)	(78,966)	(80,545)	(82,156)	(83,799)	(1,084,174)
Other Income		459	8,816	10,180	10,383	10,591	10,803	11,019	11,239	11,464	11,693	11,927	12,166	12,409	12,657	12,910	13,168	171,884
Less: Vacancy	-7.0%	(32)	(617)	(713)	(727)	(741)	(756)	(771)	(787)	(802)	(819)	(835)	(852)	(869)	(886)	(904)	(922)	(12,033)
Commercial Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Vacancy	-10.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effective Gross Income		33,396	631,374	870,110	887,513	905,263	923,368	941,836	960,672	979,887	999,484	1,019,473	1,039,862	1,060,660	1,081,874	1,103,511	1,125,581	14,563,863
Expenses																		
Operating Expenses		9,192	173,133	207,936	214,174	220,599	227,217	234,034	241,055	248,286	255,735	263,407	271,309	279,449	287,832	296,467	305,361	3,735,187
Supportive Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes		5,677	106,930	128,425	132,278	136,246	140,333	144,543	148,880	153,346	157,946	162,685	167,565	172,592	177,770	183,103	188,596	2,306,917
TIF Reimbursement		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management Fee		1,926	36,396	49,191	50,175	51,178	52,202	53,246	54,311	55,397	56,505	57,635	58,788	59,964	61,163	62,386	63,634	824,097
Reserve for Replacement	3.0%	-	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095	26,878	27,685	28,515	29,371	30,252	371,978
Total Operating Expenses		16,796	336,459	406,152	417,845	429,878	442,263	455,009	468,126	481,627	495,522	509,823	524,541	539,689	555,280	571,327	587,843	7,238,180
Net Operating Income		16,600	294,915	463,958	469,668	475,385	481,106	486,827	492,546	498,260	503,962	509,650	515,321	520,971	526,593	532,184	537,738	7,325,684
Debt Service																		
First Mortgage - WHEDA		-	290,111	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	5,705,523
Total Debt Service		-	290,111	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	386,815	5,705,523
DCR		-	-	1.20	1.21	1.23	1.24	1.26	1.27	1.29	1.30	1.32	1.33	1.35	1.36	1.38	1.39	
Cash Flow-Residential		16,600	4,804	77,143	82,853	88,570	94,290	100,012	105,731	111,445	117,147	122,835	128,506	134,155	139,778	145,369	150,923	1,620,160
Commercial Income		5,696	107,268	126,346	128,873	131,451	134,080	136,761	139,496	142,286	145,132	148,035	150,995	154,015	157,096	160,238	163,442	
Less: Vacancy	-10%	(570)	(10,727)	(12,635)	(12,887)	(13,145)	(13,408)	(13,676)	(13,950)	(14,229)	(14,513)	(14,803)	(15,100)	(15,402)	(15,710)	(16,024)	(16,344)	
Net Commercial Income		5,126	96,541	113,711	115,986	118,306	120,672	123,085	125,546	128,057	130,619	133,232	135,895	138,613	141,386	144,214	147,098	1,918,086
Debt Service																		
Commercial Condo Mortgage		-	65,766	87,689	87,689	87,689	87,689	87,689	87,689	87,689	87,689	87,689	87,689	87,689	87,689	87,689	87,689	1,293,405
Commercial Condo Cash Flow		5,126	30,775	26,023	28,298	30,617	32,983	35,397	37,858	40,369	42,931	45,543	48,207	50,925	53,697	56,525	59,410	624,681
Commercial Condo DCR			1.47	1.30	1.32	1.35	1.38	1.40	1.43	1.46	1.49	1.52	1.55	1.58	1.61	1.64	1.68	
Cash Flow-Residential		16,600	4,804	77,143	82,853	88,570	94,290	100,012	105,731	111,445	117,147	122,835	128,506	134,155	139,778	145,369	150,923	1,620,160
Asset Management Fee	3.0%	-	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563	92,995
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Release of Excess Construction Interest		-	(10,277)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,277)
Cash Flow		16,600	(10,473)	71,993	77,549	83,106	88,663	94,216	99,760	105,295	110,813	116,311	121,787	127,234	132,649	138,026	143,360	1,516,889
Deferred Developer Fee																		
Payment	1,481,528	16,600	-	71,993	77,549	83,106	88,663	94,216	99,760	105,295	110,813	116,311	121,787	127,234	132,649	138,026	97,526	1,481,528
Current Balance		1,464,929	1,464,929	1,392,936	1,315,387	1,232,281	1,143,618	1,049,402	949,642	844,347	733,534	617,223	495,436	368,202	235,552	97,526	-	-
Net Cash Flow for GP Fees		-	(10,473)	-	-	-	-	-	-	-	-	-	-	-	-	-	45,834	35,361
GP Partnership Management Fee	90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,250	41,250
Available Cash Flow for Distribution		\$ -	\$ (10,473)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,583	\$ (5,890)
General Partner	0.01%	\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0	\$ (1)
Limited Partner	99.9900%	-	(10,472)	-	-	-	-	-	-	-	-	-	-	-	-	-	4,583	(5,889)
		\$ -	\$ (10,473)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,583	\$ (5,890)

9 - Insurance

Lakestone Properties & Management LLC holds the following insurance:

Society Insurance Policy through 7/1/19

- General Aggregate \$2,000,000
- Bodily Injury \$1,000,000
- Umbrella - \$3,000,000
- Workers Compensation

General liability insurance is issued for each individual development. The following is what would be estimated for this project based on experience.

- Pending contract approval, Lakestone Properties Inc. (Lakestone Properties and Management Inc.), will secure a Real Estate Development policy (class code 47051) for general liability coverage on roughly two acres of land. The Real Estate Development policy will provide \$1,000,000 per occurrence and \$2,000,000 per aggregate of general liability coverage for the development of a complex with proposed 80 residential units and approximately 8,000 square feet of commercial retail space.

Movin' Out, Inc. holds the following insurance:

Hub International Midwest West through 1/1/19

- Commercial Liability Aggregate - \$2,000,000
- Automotive Liability - \$1,000,000
- Umbrella - \$2,000,000
- Workers Compensation and Employers' Liability

As the project moves forward project-specific policies will be put in place prior to closing. This will include a builder's risk policy, project liability, and others as requested the lender and investor.

10 – Financial Statements

Income Statement

Properties: Lakestone Properties- General Management - 5910 Main St. Suite #1 McFarland, WI 53558

As of: Jun 2018

Account Name	Selected Month	Year to Month End
Operating Income & Expense		
Income		
Rent/Lease Income		
Insurance Income	0.00	150.00
Bonus Payback - Income	3,550.00	6,800.00
Payroll Payback - Income	17,090.00	76,965.02
Lease Fee - Income	900.00	1,500.00
Management Fee-Internal (Income)	31,121.44	181,121.00
Management Fee- 3rd Party (Income)	1,333.56	7,315.04
Tenant Screening Income	0.00	1,155.00
Total Operating Income	53,995.00	275,006.06
Expense		
Office Labor	290.00	447.50
Clerical Salaries	70.00	362.50
Health Insurance	1,019.84	5,949.61
Parking Fee	0.00	63.65
Payroll Taxes	8,695.19	44,888.41
Payroll Service Fee	124.78	1,061.50
Employee Benefits	0.00	250.00
Vision - Employee Benefits	23.17	139.02
Dental - Employee Benefits	40.91	225.21
Gifts	77.20	384.21
Signs / Banners	315.78	315.78
Office Supplies	761.10	4,695.00
Dues & Subscriptions	246.30	450.78
Postage & Delivery	281.92	632.81
TeleOffice	214.69	2,895.53
General Repairs - Other - Do not use	0.00	140.50
Salt - Expense	0.00	363.52
Maintenance & Repair	1,514.54	9,129.69
Snow & Ice Removal	0.00	435.00
Painting & Decorating	0.00	1,124.46
Appliances	0.00	1,791.64
Blinds	0.00	852.67
Grounds Maintenance	0.00	183.67
Cleaning	0.00	574.74
Lights & Fixtures	0.00	15.83
General Contracting Fee	0.00	0.00
Security	0.00	295.39
Fire Alarm Monitoring	0.00	0.00
Electricity	71.62	1,020.15
Water & Sanitation	0.00	128.79
Natural Gas	9.50	96.97
Gasoline	1,003.78	3,130.03
Vehicle Repair Expenses	673.49	978.62
Vehicle Purchase	3,600.00	3,600.00
Software	0.00	1,167.66
IT Storage	66.10	445.42
Travel & Lodging	0.00	206.30
Meals and Entertainment	413.10	1,657.65
Riemen/Spanos Food/Entertainment	132.00	4,059.31
Bank Charges	94.20	595.63
Mortgage Interest	0.00	152.96
Legal	0.00	1,332.50
Accounting	0.00	6,613.00
Education & Training	60.00	60.00
Construction Materials	0.00	7.98
Real Estate Taxes	0.00	10.00
Fees & Permits	201.57	799.65
Employee Insurance	0.00	4,422.23
Website	1,304.09	3,993.24
Payroll	24,312.50	121,187.04
Total Operating Expense	45,617.37	233,333.75
NOI - Net Operating Income	8,377.63	41,672.31

Income Statement

Exported On: 10/30/2018

Properties: Lakestone Properties- General Management - 5910 Main St. Suite #1 McFarland, WI 53558

Account Name	2015	2016	2017
Operating Income & Expense			
Income			
Rent/Lease Income			
Insurance Income	0.00	150.00	150.00
Bonus Payback - Income	6,812.00	7,921.00	9,801.00
Payroll Payback - Income	98,013.00	109,212.00	131,219.00
Lease Fee - Income	900.00	1,021.00	2,123.00
Management Fee-Internal (Income)	212,000.00	291,005.00	332,156.00
Management Fee- 3rd Party (Income)	14,121.00	13,215.00	14,215.00
Tenant Screening Income	1,812.00	2,125.00	1,912.00
Total Operating Income	333,658.00	424,649.00	491,576.00
Expense			
Office Labor	729.00	1,129.00	847.00
Clerical Salaries	549.00	724.00	700.00
Health Insurance	5,324.00	8,921.00	11,210.00
Parking Fee	0.00	0.00	63.65
Payroll Taxes	41,215.00	76,213.00	86,212.00
Payroll Service Fee	1,721.00	1,775.00	1,991.00
Employee Benefits	250.00	250.00	250.00
Vision - Employee Benefits	212.00	242.00	298.00
Dental - Employee Benefits	0.00	419.00	498.00
Gifts	0.00	101.00	841.25
Signs / Banners	0.00	0.00	415.00
Office Supplies	4,653.21	5,321.98	9,215.23
Dues & Subscriptions	246.30	1,125.25	898.24
Postage & Delivery	432.15	1,051.21	1,151.21
TeleOffice	5,321.29	5,121.21	5,891.21
General Repairs - Other - Do not use	0.00	140.50	253.00
Salt - Expense	0.00	363.52	694.21
Maintenance & Repair	1,514.54	9,129.69	4,621.36
Snow & Ice Removal	0.00	435.00	891.21
Painting & Decorating	0.00	1,124.46	0.00
Appliances	0.00	0.00	0.00
Blinds	0.00	0.00	0.00
Grounds Maintenance	894.32	183.67	183.67
Cleaning	221.21	574.74	321.29
Lights & Fixtures	0.00	0.00	198.23
General Contracting Fee	0.00	0.00	0.00
Security	0.00	0.00	0.00
Fire Alarm Monitoring	0.00	0.00	0.00
Electricity	701.21	781.21	981.23
Water & Sanitation	0.00	0.00	0.00
Natural Gas	0.00	0.00	0.00
Gasoline	4,121.39	4,512.23	5,121.23
Vehical Repair Expenses	101.23	851.21	2,536.32
Vehicle Purchase	0.00	0.00	0.00
Software	904.26	2,121.29	2,564.23
IT Storage	0.00	0.00	841.23
Travel & Lodging	0.00	0.00	0.00
Meals and Entertainment	217.36	981.23	1,657.65
Riemen/Spanos Food/Entertainment	132.00	4,059.31	1,121.23
Bank Charges	94.20	595.63	1,212.52
Mortgage Interest	0.00	0.00	0.00
Legal	2,356.32	121.21	2,891.26
Accounting	2,315.23	2,921.35	5,463.21
Education & Training	80.00	241.56	30.00
Construction Materials	0.00	0.00	0.00
Real Estate Taxes	0.00	0.00	0.00
Fees & Permits	561.21	0.00	0.00
Employee Insurance	4,923.21	5,121.21	7,921.32
Website	141.21	4,121.23	4,521.36
Payroll	181,234.56	210,369.54	241,656.00
Total Operating Expense	261,166.41	351,143.44	406,163.55
NOI - Net Operating Income	72,491.59	73,505.56	85,412.45

11 – Additional Projects

Additional Projects

Pioneer Ridge Apartments – Wisconsin Dells, WI

18 units of supported housing integrated into a 72-unit mixed-income Section 42 financed project located on the Northeast section of Wisconsin Dells. This project is a joint venture with Mirus Partners.

Elven Sted- Stoughton, WI

33-unit affordable rental housing projects financed with Section 42 tax credits.

Maple Grove Commons - Madison, WI

20 units of supported housing integrated into a 78 unit mixed-income Section 42 financed project located on McKee Road in Southwest Madison as a joint venture with Oakbrook Corporation.

Berkshire Greendale - Greendale, WI

11 units of affordable rental housing for seniors with permanent disabilities as part of a 90-unit independent senior housing project which Movin' Out did in partnership with General Capital Group. The project is financed with a combination of Section 42 tax credits and federal HOME funding.

Bradley Crossing - Brown Deer, WI

11-unit affordable rental housing project targeted for families who have family members with permanent disabilities which is part of a 60-unit Section 42 financed supportive housing project. Movin' Out completed in partnership with Jewish Family Services and General Capital Group.

Globe Apartments - Watertown, WI

11 units of supported housing integrated into a 48-unit Section 42 tax credit project located in downtown Watertown, WI. Movin' Out carried out this project in partnership with Mirus Partners and Horizon Development and Construction.

Harbor House - Madison, WI

11-unit affordable rental project integrated within a 240-unit owner occupied condominium project that utilized a combination of Federal Section 811 and HOME funding

Middleton Senior Apartments - Middleton, WI

8 units of affordable rental housing project for seniors with permanent disabilities as part of a 56-unit independent senior housing project in which Movin' Out partnered with MSP Inc. The project is financed with a combination of Section 42 tax credits and federal HOME funding.

Monroe Street Apartments - Waterloo, WI

8 units of supported housing integrated into a 24-unit, mixed-income Section 42 project carried out as a joint venture with Mirus Partners and located in the downtown of Waterloo, Wisconsin in Jefferson County.

New Berlin City Center - New Berlin, WI

102-unit affordable rental housing project for families with eleven units reserved for tenants who have family members with permanent disabilities. This project was developed in partnership with MSP Inc. The project is financed with a combination of section 42 tax credits and federal HOME funding.

North Lawn Avenue - Madison, WI

Redevelopment of existing older single-family home into a fully accessible rental duplex.

North Port - Glendale, WI

10-unit affordable rental project integrated within a 40-unit owner occupied condominium project that utilized a combination of Federal Section 811 and HOME funding.

Stonebridge - Madison, WI

12-unit affordable rental project integrated within a 300-unit owner occupied condominium project that utilized a combination of Federal Section 811 and HOME funding.

Northcape Apartments – Mount Horeb, WI

Development of three, 20 unit market rate apartment buildings.

Farwell Place – McFarland, WI

Infill and redevelopment project with the first phase a 38-unit market rate apartment building.

12 – Market Data



Retail MarketPlace Profile

53558 (Mc Farland)
53558 (Mc Farland)
Geography: ZIP Code

Prepared by Esri

Summary Demographics

2018 Population	12,196
2018 Households	4,795
2018 Median Disposable Income	\$65,096
2018 Per Capita Income	\$43,012

2017 Industry Summary

	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-45,722	\$225,535,731	\$112,268,407	\$113,267,324	33.5	63
Total Retail Trade	44-45	\$203,247,118	\$98,053,740	\$105,193,378	34.9	44
Total Food & Drink	722	\$22,288,613	\$14,214,667	\$8,073,946	22.1	19

2017 Industry Group

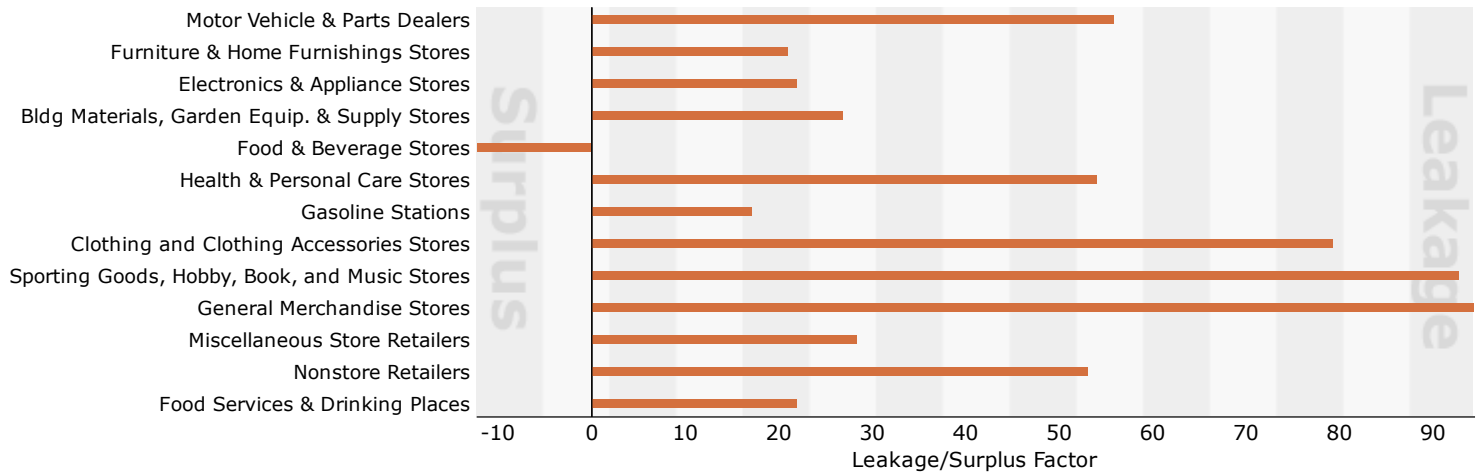
	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	\$43,303,118	\$12,214,925	\$31,088,193	56.0	3
Automobile Dealers	4411	\$34,185,222	\$0	\$34,185,222	100.0	0
Other Motor Vehicle Dealers	4412	\$5,602,686	\$11,464,684	-\$5,861,998	-34.3	2
Auto Parts, Accessories & Tire Stores	4413	\$3,515,210	\$750,241	\$2,764,969	64.8	1
Furniture & Home Furnishings Stores	442	\$6,863,992	\$4,476,115	\$2,387,877	21.1	5
Furniture Stores	4421	\$4,012,710	\$2,247,480	\$1,765,230	28.2	1
Home Furnishings Stores	4422	\$2,851,282	\$2,228,635	\$622,647	12.3	4
Electronics & Appliance Stores	443	\$6,868,782	\$4,378,504	\$2,490,278	22.1	2
Bldg Materials, Garden Equip. & Supply Stores	444	\$14,363,789	\$8,258,571	\$6,105,218	27.0	9
Bldg Material & Supplies Dealers	4441	\$12,979,441	\$7,710,910	\$5,268,531	25.5	7
Lawn & Garden Equip & Supply Stores	4442	\$1,384,348	\$547,661	\$836,687	43.3	2
Food & Beverage Stores	445	\$31,187,883	\$39,945,227	-\$8,757,344	-12.3	6
Grocery Stores	4451	\$27,117,588	\$32,543,707	-\$5,426,119	-9.1	2
Specialty Food Stores	4452	\$2,239,825	\$6,046,587	-\$3,806,762	-45.9	2
Beer, Wine & Liquor Stores	4453	\$1,830,470	\$1,354,933	\$475,537	14.9	2
Health & Personal Care Stores	446,4461	\$12,718,642	\$3,789,030	\$8,929,612	54.1	5
Gasoline Stations	447,4471	\$23,420,800	\$16,512,823	\$6,907,977	17.3	3
Clothing & Clothing Accessories Stores	448	\$9,027,703	\$1,032,525	\$7,995,178	79.5	2
Clothing Stores	4481	\$5,808,810	\$0	\$5,808,810	100.0	0
Shoe Stores	4482	\$1,300,643	\$624,014	\$676,629	35.2	1
Jewelry, Luggage & Leather Goods Stores	4483	\$1,918,250	\$408,511	\$1,509,739	64.9	1
Sporting Goods, Hobby, Book & Music Stores	451	\$5,362,376	\$201,032	\$5,161,344	92.8	1
Sporting Goods/Hobby/Musical Instr Stores	4511	\$4,532,924	\$0	\$4,532,924	100.0	0
Book, Periodical & Music Stores	4512	\$829,452	\$201,032	\$628,420	61.0	1
General Merchandise Stores	452	\$36,296,765	\$1,029,327	\$35,267,438	94.5	2
Department Stores Excluding Leased Depts.	4521	\$27,723,993	\$0	\$27,723,993	100.0	0
Other General Merchandise Stores	4529	\$8,572,772	\$1,029,327	\$7,543,445	78.6	2
Miscellaneous Store Retailers	453	\$7,911,249	\$4,402,147	\$3,509,102	28.5	3
Florists	4531	\$398,099	\$331,585	\$66,514	9.1	2
Office Supplies, Stationery & Gift Stores	4532	\$1,898,546	\$0	\$1,898,546	100.0	0
Used Merchandise Stores	4533	\$1,828,452	\$0	\$1,828,452	100.0	0
Other Miscellaneous Store Retailers	4539	\$3,786,152	\$4,070,562	-\$284,410	-3.6	1
Nonstore Retailers	454	\$5,922,019	\$1,813,514	\$4,108,505	53.1	3
Electronic Shopping & Mail-Order Houses	4541	\$4,877,918	\$921,228	\$3,956,690	68.2	1
Vending Machine Operators	4542	\$428,317	\$0	\$428,317	100.0	0
Direct Selling Establishments	4543	\$615,784	\$892,286	-\$276,502	-18.3	2
Food Services & Drinking Places	722	\$22,288,613	\$14,214,667	\$8,073,946	22.1	19
Special Food Services	7223	\$547,791	\$0	\$547,791	100.0	0
Drinking Places - Alcoholic Beverages	7224	\$1,647,370	\$1,121,910	\$525,460	19.0	4
Restaurants/Other Eating Places	7225	\$20,093,452	\$13,092,757	\$7,000,695	21.1	15

Data Note: Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. Esri uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector. For more information on the Retail MarketPlace data, please click the link below to view the Methodology Statement. <http://www.esri.com/library/whitepapers/pdfs/esri-data-retail-marketplace.pdf>

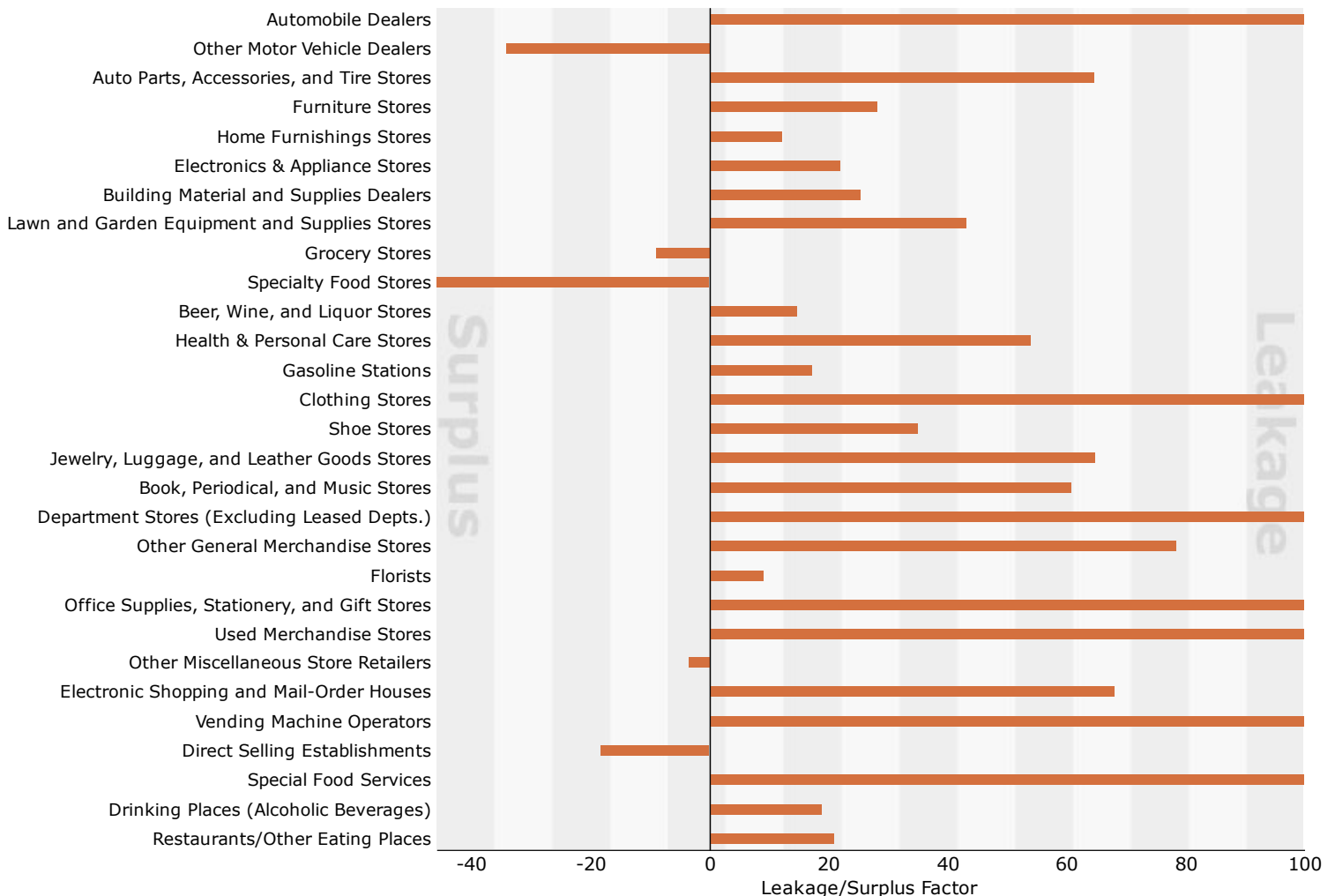
Source: Esri and Infogroup. Esri 2018 Updated Demographics. Esri 2017 Retail MarketPlace. Copyright 2018 Esri. Copyright 2017 Infogroup, Inc. All rights reserved.

September 12, 2018

2017 Leakage/Surplus Factor by Industry Subsector



2017 Leakage/Surplus Factor by Industry Group



Conclusions

Based on the research conducted, Baker Tilly concludes that a market exists for the addition of multifamily mixed income rental housing in the City of McFarland, WI. The following table is a summary of the current McFarland area market conditions for the various housing types surveyed in this analysis.

Rental Housing Type	Perceived Strength/ (Market Vacancy Rate)	Potential Net Rents*
Low Income (LIHTC)	Strong/ (3.5%) (1.0% with applications pending)	1 BR 30% AMI-\$ 429 1 BR 50% AMI-\$ 713 1 BR 60% AMI-\$ 842 2 BR 30% AMI-\$ 514 2 BR 50% AMI-\$ 855 2 BR 60% AMI-\$ 1,010 3 BR 30% AMI-\$ 592 3 BR 50% AMI-\$ 986 3 BR 60% AMI-\$ 1,165
Market Rate	Strong/ (3.4%) (2.2% with applications pending)	1 BR/1 BA-\$ 1,085 2 BR/2 BA-\$ 1,405 3 BR/2 BA-\$ 1,625

McFarland Apartments Suggested Rents						
Unit Type	% of AMI	Net Rent \$/Mo.	Utility Allowance	Gross Rents	2018 Dane County Maximum Rent	Ratio of Proposed Gross Rents to Program Rents
1 BR/1 BA	30%	\$429	\$87	\$516	\$516	100.0%
1 BR/1 BA	50%	\$713	\$87	\$800	\$860	93.0%
1 BR/1 BA	60%	\$842	\$87	\$929	\$1,032	90.0%
1 BR/1 BA	MKT	\$1,085	\$87	\$1,172	N/A	N/A
2 BR/1 BA	30%	\$514	\$105	\$619	\$619	100.0%
2 BR/1 BA	50%	\$855	\$105	\$960	\$1,032	93.0%
2 BR/1 BA	60%	\$1,010	\$105	\$1,115	\$1,239	90.0%
2 BR/1 BA	MKT	\$1,405	\$105	\$1,510	N/A	N/A
3 BR/2 BA	30%	\$592	\$123	\$715	\$715	100.0%
3 BR/2 BA	50%	\$986	\$123	\$1,109	\$1,192	93.0%
3 BR/2 BA	60%	\$1,165	\$123	\$1,288	\$1,431	90.0%
3 BR/2 BA	MKT	\$1,625	\$123	\$1,748	N/A	N/A

Note: Assumes owner pays water, sewer, trash removal. Tenant pays unit electric charges as well as hot water and heat



COMMUNITY DEVELOPMENT AUTHORITY SUMMARY SHEET

MEETING DATE: Wednesday, December 5, 2018

SECTION: Business

DEPARTMENT: Administration

CONTACT: Matt Schuenke, Village Administrator

AGENDA ITEM: Discussion and review of proposals submitted for the Farwell Street Property Redevelopment located at and around 4719 Farwell Street.

PREVIOUS ACTION:

None.

ISSUE SUMMARY:

Village Staff asked for some third party assistance to help provide a better perspective on these projects. To that end we have been working with MSA Professional Services to help compare the two projects on how they stand out from each other and how they look against the RFP. They also provided a proforma analysis to show the financial implications of the various development options as they are presented. Andrew Bremer from MSA will be present to walk through this as an introduction with some elements to be discussed in more detail at the next meeting.

FINANCIAL/BUDGET IMPACT:

The Village is working with MSA on a time and materials basis. The tasks they have been asked to complete are included as part of the memo. The estimated cost for this assistance is estimated between \$1,000 to \$2,000 depending on continued involvement. The expense will be paid out of TID #5 as is customary for such things. MSA was the consultant who put together the Project Plan for TID #5, provided some preliminary development review on this property when it was being considered for purchase, and put together the policies for TIF assistance across all the TIDs.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

No action is needed on this item.

ATTACHMENTS:

1. 9361005_McFarland Farewell Street Redevelopment Memo_11302018



To: Matt Schuenke, McFarland Village Administrator
Pauline Boness, McFarland Community Development Director

From: Andrew Bremer, Senior Planner

Subject: Farewell Street Property Redevelopment – Proposal Comparison

Date: November 30, 2018

The Village has requested MSA provide a review of the two proposals it received for redevelopment of the Farewell Street Properties (4719-4723 Farwell Street) to aid the Village's evaluation and selection process. The two proposals are from Horizon Development Group, herein Horizon, and the team of Lakestone Properties and Movin' Out, herein Lakestone. Specifically, the Village requested:

1. A summary matrix comparing the major components of each proposal including general comments regarding pros/cons, unique elements or questions raised by each proposal.
2. A proforma analysis of each proposal in terms of impact to Tax Increment Finance District #5
3. A summary review of how well each proposal meets what was requested in the Village's RFP issued September 1, 2018

Section 1a. Development Overview and Summary Matrix

	Horizon Development Group (Scarlett Oaks Senior Apt.)	Lakestone Properties/Movin' Out (Lakeside Commons)
A. Type of Development	Mixed Use	Mixed Use
B. Proposed Uses	Apartments, Commerical, Senior Center	Apartments, Commercial
C. Building Design		
Number of Principal Buildings	2	1
Number of Stories	4	3
Building Height (peak roof top)	NA	NA
Building Square Footage (build out)	112,195	92,400
Commercial Square Footage (build out)	10,000	8,096
Roof Type	Gable	Flat
Major Building Materials	Masonry Veneer, Composite Siding	Masonry, Siding
Apt. Amenities (Common Areas/Fitness Rooms)	Yes	Yes
D. Proposed Number of Units	115	80
Phase 1	56	80
Phase 2	59	NA
E. Density at Buildout (units/acre)	51.1	35.6
F. Dwelling Unit Mix (build out)	0	0
Studios/Efficiency	0 (0%)	20 (25%)
1-bedroom	46 (40%)	37 (46%)
2-bedroom	69 (60%)	23 (29%)
G. Number of Designated Affordable Units	59 (51%)	80 (100%)
H. Number of Age Restricted Units (Age 55+)	115 (100%)	64 (80%)
I. Site Design		
Underground Parking Stalls	112	80
Surface Parking Stalls	92	72
Commercial Parking Ratio (per 1,000 sqft)	4	7
Residential Parking Ratio (per DU)	1.43	1.2
Residential Parking Ratio (per Bedrooms)	0.89	0.93
Front Yard Parking	Yes	No
Outdoor Dining/Gathering Spaces	Yes	Yes
J. Construction Start		
Phase 1	May 2019 or September 2019	January 2019 or October 2019
Phase 2	August 2020	NA
K. Construction Completion		
Phase 1	May 2020 or September 2020	December 2020 or September 2020
Phase 2	July 2021	NA
L. Construction Costs (All Phases)	\$18,785,151.00	\$15,158,709.00
Cost per Square Foot	\$167.43	\$164.06
Phase 1 - Subtotal	\$10,484,437.00	\$15,158,709.00
Phase 1 - Hard Costs	\$9,139,569.00	\$10,014,080.00
Phase 1 - Soft Costs	\$857,960.00	\$4,719,055.00
Phase 1 - Financing & Reserves	\$486,908.00	\$425,574.00
Phase 2 - Subtotal	\$8,300,714.00	NA
Phase 2 - Hard Costs	\$6,387,666.00	NA
Phase 2 - Soft Costs	\$1,457,324.00	NA
Phase 2 - Financing & Reserves	\$455,724.00	NA
M. Sources of Financing		
Phase 1 (Horizon) / Option 1 (Lakestone)	First Mortgage, TIF, Investor Equity, CDI Grant	First Mortgage WHEDA, Commercial Mortgage, Dane County AHP, GP Equity, LIHTC Equity, State Credit Equity, Deferred Developer Fee
Phase 2 (Horizon) / Option 2 (Lakestone)	Mortgage, Federal AHP, Dane County AHDF, Village Contribution, Tax Credit Equity	Same as above but with TIF Pay-Go in lieu of AHP Grant
N. Requests for Additional Village Financing	\$1,973,472	\$0
Phase 1 (Horizon) / Option 1 (Lakestone)	\$1,130,000	\$0
Phase 2 (Horizon) / Option 2 (Lakestone)	\$200,000	\$900,000
Waiving Permit & Impact Fees	\$643,472	NA
O. Assessment Value Upon Completion (All Phases)	\$9,255,432	\$7,013,685
Phase 1	\$6,659,168	\$7,013,685
Phase 2	\$2,596,264	NA
Percent of Total Project Costs (All Phases)	49.3%	46.3%
Percent of Total Hard Construction Costs (All Phases)	59.6%	70.0%
Value per Square Foot	\$82.49	\$75.91
P. TIF Return on Investment (Net Increment)		
Phase 1 (Horizon) / Option 1 (Lakestone)	\$342,127	\$1,647,315
Phase 2 (Horizon) / Option 2 (Lakestone)	\$1,320,005	\$495,680
Q. TIF Payback Year		
Phase 1 (Horizon) / Option 1 (Lakestone)	2043	2033
Phase 2 (Horizon) / Option 2 (Lakestone)	2038	2042
R. Village (Waiving Permit and Impact Fees) + TIF Return on Investment (Net Increment)		
Phase 1 (Horizon) / Option 1 (Lakestone)	\$28,784	\$1,647,315
Phase 2 (Horizon) / Option 2 (Lakestone)	\$676,533	\$495,680

Section 1b. General Comments Regarding Development Overview & Summary Matrix

The following provides general comments regarding the development overview & summary matrix subsections A-U where necessary.

A & B. Type of Development and Proposed Uses.

Both proposals envision a mix of apartments and neighborhood retail/office uses, including potential restaurant uses. Both proposals also discussed the option of placing a senior center in commercially designated spaces of the building. Horizon's proposal was more specific in this regard by illustrating a 5,000 sqft senior center as part of the Phase 2 building as shown on their floor plan, and including an additional \$200,000 from the Village as a source of funding as a build-out contribution. Lakestone was less specific in their proposal regarding incorporation of a senior center but indicated on the bottom of page 19 of their proposal a willingness to discuss this option with the Village if desired.

C. Building Design.

The two proposals deviate more in their proposed design of the building while still sharing some similar traits. Both proposals included ground floor commercial space that fronts Farwell Street and both buildings call for the incorporation of community room and exercise room facilities for the tenants. Major differences in building design include two 4-story buildings (Horizon), totaling ~112,000 sqft, and one 3-story building (Lakestone), totaling ~92,000 sqft. *Note the Conceptual Masterplan Sheet (page 28) of the Horizon proposal incorrectly identifies the buildings as 3-stories.* Both proposals call for a mixture of masonry and siding as the primary building materials, and carries these materials on all three sides of the building. Horizon identifies the material as a masonry veneer and composite siding. Lakestone was less specific. *The type of building materials should be clarified with the developers during design review.* The masonry material appears to be a larger portion of the Lakestone building, encompassing a larger portion of ground, second, and third floors as compared to Lakestone. The design of the commercial spaces also appears more visible from Farewell Street in the Lakestone development vs. Horizon. The main entrances and signage for the commercial spaces in the Horizon development appears to be oriented to the internal off-street parking, with pergola covered patios fronting Farewell Street. The Horizon development also calls for use of gable roofs, whereas Lakestone uses a flat roof. The use of a gable roof, plus the additional 4th floor, on the Horizon development gives the building a more prominent height as compared to Lakestone. *To better understand the differences in building height MSA suggests the Village request the developers provide the estimated peak height of their buildings.* Most of the existing developments around the site are single story, with the exception of the two-story apartments on Burma, and use pitched roofs of varying slopes. In MSA's opinion, the design of the Lakestone building is more of an "urban style" that better fits the context of the Farewell commercial corridor vs. the Horizon building which has a bit more of a "residential style." Both developments offer high quality designs that meet the TID #5 Building Design and Materials Guidelines. However, in MSA's opinion the Lakestone's design better meets the Village's design guideline requiring the height and scale to be compatible with surrounding buildings or provide appropriate transitions for larger buildings to help reduce differences in scale. If the Village shares this concern, it might be possible for Horizon to use a flat roof, or a roof with less pitch, to reduce differences in scale with adjacent properties. Note, some of the differences in scale and masses of both developments to adjacent properties should be mitigate overtime through redevelopment of these adjacent parcels.

D & E. Proposed Number of Units and Density at Buildout.

Horizon proposes a Phase 1 building with 56 units and a Phase 2 building with 59 units for a total of 115 units or 51.1 units per acre. *Note that the cover letter, page 4, page 14, and page 21 of the Horizon proposal indicates Phase 2 will consists of 40 units; however, the building elevations and conceptual masterplan – data table indicate 59 units.* MSA's analysis assumes 59 units is the correct figure but this should be verified. Lakestone includes 80 units built in one phase for an overall density of 35.6 units per acre.

F. Dwelling Unit Mix (build out)

The Lakestone proposal includes studio/efficiency units whereas Horizon does not. Horizon includes a greater percentage of two bedroom units (60%) vs. Lakestone (29%). Neither development include 3 bedroom units. The Village may want to consider discussing with each developer the viability/market demand of including a few 3 bedroom units in their development.

G & H. Affordable and Age Restricted Units (build out)

All 115 units in the Horizon development would be age restricted for residents 55+, with 59 units (51%) designated as affordable units. Note “affordable” is defined as those who earn between 30% and 80% of the County’s median income (same for both proposals). All of these units would be built as part of the Phase 2 building, whereas Phase 1 would only include market rate apartments. All of Lakestone’s units would be designated as affordable units, with 64 units (80%) age restricted for residents 55+. In addition, Lakestone as identified that 20 units will be targeted for individuals making at or below 30% of CMI and where at least one member is a veteran or has a permanent disability.

I. Site Design

Horizon has proposed to locate surface parking on the center of the lot in between the two buildings. They have acknowledged that this does not meet the Village’s TID #5 Design Guidelines which call for off-street parking be located on the side or rear of all buildings. Horizon indicated that they felt that keeping residential units off Farwell Street was a greater priority and are happy to work with the Village on a landscape plan to minimize the appearance of off-street parking from Farwell Street, so long as they can maintain maximum visibility for the commercial space. However, in laying out the site in this fashion it does push the buildings to the edge of the site, thus the residential units are closer to adjacent land uses which could raise capability issues. In addition, in MSA’s opinion the location of the front yard parking may be more of a result of the proposed two building layout then exposure of residential units to Farewell Street as the Lakestone development has the same exposure of second and third floor units fronting Farewell Street yet maintains side yard parking. Both developments include approximately 1 stall of underground parking per unit, with Horizon having 20 more surfacing parking stalls to account for the large number of residential units and commercial space. Both developments include outdoor patios for the commercial uses and common pavilion spaces for tenants, although the Lakestone common plaza is more substantial in size. Horizon includes a proposed community garden where Lakestone does not. Either site plan addressed on-site storm water management needs which should be revisited during design review.

J & K. Construction Start and Completion

Both developers have proposed two construction timelines, one more aggressive than the other. Both timelines relate to when applications are due for federal housing tax credits and the Village’s overall review/approval process. Since the Phase 1 building of the Horizon development includes only market rate apartments their proposal may be better positioned to begin site construction in 2019 in order to be finished in 2020. Horizon has indicated that they would begin the process to apply for tax credits for Phase 2 in 2019 starting with the June Dane County Affordable Housing Program and the WHEDA application in December. Horizon has indicated that if funding is granted Phase 2 could be completed by July 2021. It is unclear when Phase 2 would begin if Horizon was not awarded low income housing tax credits. MSA advises the Village discuss with Horizon whether they would resubmit the following year or propose moving forward with a Phase 2 building that only includes market rate units. MSA also advises the Village discuss with Lakestone the timing of their project in relation to due dates for applications for funding and the Village’s approval timeline and how this impacts both their construction timeline and willingness to proceed.

L. Construction Costs

The cost per square foot is similar for both developments \$167.43 (Horizon) vs. \$164.06 (Lakestone).

M & N. Sources of Financing and Requests for Additional Village Financing

As previously noted, Horizon's Phase 1 building would not include low income housing tax credits. However, they have requested \$1,130,000 in additional TIF funding via a pay-go agreement with 75% of the annual increment returned to the Developer. The need for this funding is unclear particularly given the Phase 1 development includes all market rate housing. MSA suggests the Village discuss the justification for this funding request in more detail with the developer. Lakestone has also indicated a potential need for an additional \$900,000 in TIF pay-go funding but only if the project is not awarded Dane County funding. Both proposals also seek the Village's assistance in securing \$250,000 in grant funds from the Wisconsin Economic Development Corporation's (WEDC) Community Development Investment program. Neither proposal indicates contingencies if funding is not awarded which should be discussed, particular given it is unclear if the new Governor will maintain the WEDC. In addition to TIF funds Horizon has requested the Village waive all permit and impact fees for the project, \$643,472 total. Lakestone has not requested a similar waiving of permit and impact fees.

O. Assessment Value Upon Completion (build out)

Both proposals use a taxable value based on income approach to estimate the assessed value of the property upon build out. Horizon estimates a higher assessed value and value per square foot; however, the value as a percent of total hard construction costs is less than Lakestone. The value of the Phase 2 building appears to be heavily impacted by the value based on income approach when compared to the overall construction costs of this building. MSA advises the Village verify these assumptions with the Village Assessor.

P & Q. TIF Return on Investment and TIF Payback Year

The following pages provide four proforma analysis for TID #5, two for each development. All four proformas include the Village's actual debt service payments for the acquisition of the property (\$1,460, 055) and the base value of the site (\$725,500) when the District was created.

- Horizon Phase 1 Only – Includes an additional \$1,130,000 in TIF pay-go payments via a return of 75% of annual tax increment collected as requested by the Developer. Under these assumptions the District would net \$342,127 and would recover costs in year 2043.
- Horizon Phase 1 & 2 – The second proforma includes the same assumptions as Phase 1 but assumes Phase 2 is completed in year 2021. In addition, this proforma assumes the Village borrows an additional \$200,000 as payment for the senior center build out contribution. Under these assumptions the District would net \$1,320,005 and would recover costs in year 2038.
- Lakestone AHP Gap Financing – This proforma assumes the project is awarded Dane County funding and thus does not require additional TIF funding. Under this assumption the District would net \$1,647,315 and would recover costs in year 2033.
- Lakestone AHP TIF Financing – This proforma assumes the project is not awarded Dane County funding and thus does need additional TIF funding. Lakestone did not indicate the amount of annual increment that would need to be returned. For the purposes of consistency 75% of annual tax increment collected is assumed. Under these assumption the District would net \$495,680 and would recover costs in year 2042.

R. Village + TIF Return on Investment

In addition to TIF funds, Horizon has requested the Village waive all permit and impact fees for the project. Therefore, if granted, the overall return to the Village would reduce to \$28,784 for Phase 1 and \$676,533 for Phase 1 and 2 combined. Lakestone has not requested a similar waiving of permit and impact fees.

Section 2. TIF Proforma Analysis

Village of McFarland TID #5 Horizon Redevelopment Proforma - Phase 1 Only											L	M	N	O	P
A	B	C	D	E	F	G	H	I	J	K					
IMPROV. DURING YEAR	BEGINNING OF YEAR VALUE	EST. GROWTH IN VALUE FROM NEW DEVELOP. ¹	CUMULATIVE VALUE	INFLATION INCREMENT ²	END OF YEAR VALUE	TAX INCREMENT VALUE	TAX VALUE YEAR	TAX RATE ³ \$1,000	TAX INCREMENT COLLECTED	COLLECTION YEAR	VILLAGE LOAN PAYMENTS ⁴	VILLAGE TIF PAYMENTS ⁵	ANNUAL CASH FLOW TO THE VILLAGE	CUMULATIVE TID FUND BALANCE	PAYMENT YEAR
2018	\$725,500	\$0	\$725,500	\$0	\$725,500	\$0	2019	\$20.59	\$0	2020	\$55,552	\$0	(\$55,552)	(\$55,552)	2020
2019	\$725,500	\$0	\$725,500	\$0	\$725,500	\$0	2020	\$20.59	\$0	2021	\$78,028	\$0	(\$78,028)	(\$133,580)	2021
2020	\$725,500	\$5,933,668	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2021	\$20.59	\$122,174	2022	\$78,028	\$91,631	(\$47,484)	(\$181,064)	2022
2021	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2022	\$20.59	\$122,174	2023	\$78,028	\$91,631	(\$47,484)	(\$228,548)	2023
2022	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2023	\$20.59	\$122,174	2024	\$78,028	\$91,631	(\$47,484)	(\$276,033)	2024
2023	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2024	\$20.59	\$122,174	2025	\$78,028	\$91,631	(\$47,484)	(\$323,517)	2025
2024	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2025	\$20.59	\$122,174	2026	\$78,028	\$91,631	(\$47,484)	(\$371,002)	2026
2025	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2026	\$20.59	\$122,174	2027	\$78,028	\$91,631	(\$47,484)	(\$418,486)	2027
2026	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2027	\$20.59	\$122,174	2028	\$78,028	\$91,631	(\$47,484)	(\$465,970)	2028
2027	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2028	\$20.59	\$122,174	2029	\$78,028	\$91,631	(\$47,484)	(\$513,455)	2029
2028	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2029	\$20.59	\$122,174	2030	\$78,028	\$91,631	(\$47,484)	(\$560,939)	2030
2029	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2030	\$20.59	\$122,174	2031	\$78,028	\$91,631	(\$47,484)	(\$608,424)	2031
2030	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2031	\$20.59	\$122,174	2032	\$78,028	\$91,631	(\$47,484)	(\$655,908)	2032
2031	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2032	\$20.59	\$122,174	2033	\$78,028	\$91,631	(\$47,484)	(\$703,392)	2033
2032	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2033	\$20.59	\$122,174	2034	\$78,028	\$30,432	\$13,714	(\$689,678)	2034
2033	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2034	\$20.59	\$122,174	2035	\$78,028	\$0	\$44,146	(\$645,532)	2035
2034	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2035	\$20.59	\$122,174	2036	\$78,028	\$0	\$44,146	(\$601,386)	2036
2035	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2036	\$20.59	\$122,174	2037	\$78,028	\$0	\$44,146	(\$557,239)	2037
2036	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2037	\$20.59	\$122,174	2038	\$78,028	\$0	\$44,146	(\$513,093)	2038
2037	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2038	\$20.59	\$122,174	2039	\$0	\$0	\$122,174	(\$390,919)	2039
2038	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2039	\$20.59	\$122,174	2040	\$0	\$0	\$122,174	(\$268,745)	2040
2039	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2040	\$20.59	\$122,174	2041	\$0	\$0	\$122,174	(\$146,570)	2041
2040	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2041	\$20.59	\$122,174	2042	\$0	\$0	\$122,174	(\$24,396)	2042
2041	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2042	\$20.59	\$122,174	2043	\$0	\$0	\$122,174	\$97,778	2043
2042	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2043	\$20.59	\$122,174	2044	\$0	\$0	\$122,174	\$219,952	2044
2043	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2044	\$20.59	\$122,174	2045	\$0	\$0	\$122,174	\$342,127	2045
2044	\$6,659,168	\$0	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2045	\$20.59	x	2046	x	x	x	x	2046
Totals		\$5,933,668		\$0					\$2,932,181		\$1,460,055	\$1,130,000			

ASSUMPTIONS

- \$6,659,168 (Phase 1) property assessment value (based on income) minus base value of properties
- No inflation or deflation of assessment values over the life of the TID
- No change in the tax rate over the life of the TID
- Actual Village Debt Service Payments for Property Acquisition
- TIF Pay-Go-Payment of 75% of actual increment up to \$1,130,000

TID DATES

Creation Date: December 11th, 2017
Expenditure Period: December 11th, 2039
Termination Date: December 11th, 2044

McFarland Farewell Street Redevelopment
November 29, 2018

Village of McFarland TID #5 Horizon Redevelopment Proforma - Phases 1 & 2															
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
IMPROV. DURING YEAR	BEGINNING OF YEAR VALUE	EST. GROWTH IN VALUE FROM NEW DEVELOP. ¹	CUMULATIVE VALUE	INFLATION INCREMENT ²	END OF YEAR VALUE	TAX INCREMENT VALUE	TAX VALUE YEAR	TAX RATE ³ \$1,000	TAX INCREMENT COLLECTED	TAX COLLECTION YEAR	VILLAGE TIF PAYMENTS ⁴	VILLAGE TIF PAYMENTS ⁵	ANNUAL CASH FLOW TO THE VILLAGE	CUMULATIVE TID FUND BALANCE	PAYMENT YEAR
2018	\$725,500	\$0	\$725,500	\$0	\$725,500	\$0	2019	\$20.59	\$0	2020	\$55,552	\$0	(\$55,552)	(\$55,552)	2020
2019	\$725,500	\$0	\$725,500	\$0	\$725,500	\$0	2020	\$20.59	\$0	2021	\$78,028	\$0	(\$78,028)	(\$133,580)	2021
2020	\$725,500	\$5,933,668	\$6,659,168	\$0	\$6,659,168	\$5,933,668	2021	\$20.59	\$122,174	2022	\$103,191	\$91,631	(\$72,648)	(\$206,227)	2022
2021	\$6,659,168	\$2,596,264	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2022	\$20.59	\$175,631	2023	\$103,191	\$131,723	(\$59,284)	(\$265,511)	2023
2022	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2023	\$20.59	\$175,631	2024	\$103,191	\$131,723	(\$59,284)	(\$324,795)	2024
2023	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2024	\$20.59	\$175,631	2025	\$103,191	\$131,723	(\$59,284)	(\$384,078)	2025
2024	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2025	\$20.59	\$175,631	2026	\$103,191	\$131,723	(\$59,284)	(\$443,362)	2026
2025	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2026	\$20.59	\$175,631	2027	\$103,191	\$131,723	(\$59,284)	(\$502,645)	2027
2026	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2027	\$20.59	\$175,631	2028	\$103,191	\$131,723	(\$59,284)	(\$561,929)	2028
2027	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2028	\$20.59	\$175,631	2029	\$103,191	\$131,723	(\$59,284)	(\$621,213)	2029
2028	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2029	\$20.59	\$175,631	2030	\$103,191	\$116,305	(\$43,865)	(\$665,078)	2030
2029	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2030	\$20.59	\$175,631	2031	\$103,191	\$0	\$72,440	(\$592,638)	2031
2030	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2031	\$20.59	\$175,631	2032	\$78,028	\$0	\$97,603	(\$495,034)	2032
2031	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2032	\$20.59	\$175,631	2033	\$78,028	\$0	\$97,603	(\$397,431)	2033
2032	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2033	\$20.59	\$175,631	2034	\$78,028	\$0	\$97,603	(\$299,828)	2034
2033	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2034	\$20.59	\$175,631	2035	\$78,028	\$0	\$97,603	(\$202,224)	2035
2034	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2035	\$20.59	\$175,631	2036	\$78,028	\$0	\$97,603	(\$104,621)	2036
2035	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2036	\$20.59	\$175,631	2037	\$78,028	\$0	\$97,603	(\$7,018)	2037
2036	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2037	\$20.59	\$175,631	2038	\$78,028	\$0	\$97,603	\$90,586	2038
2037	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2038	\$20.59	\$175,631	2039	\$0	\$0	\$175,631	\$266,217	2039
2038	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2039	\$20.59	\$175,631	2040	\$0	\$0	\$175,631	\$441,848	2040
2039	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2040	\$20.59	\$175,631	2041	\$0	\$0	\$175,631	\$617,480	2041
2040	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2041	\$20.59	\$175,631	2042	\$0	\$0	\$175,631	\$793,111	2042
2041	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2042	\$20.59	\$175,631	2043	\$0	\$0	\$175,631	\$968,742	2043
2042	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2043	\$20.59	\$175,631	2044	\$0	\$0	\$175,631	\$1,144,373	2044
2043	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2044	\$20.59	\$175,631	2045	\$0	\$0	\$175,631	\$1,320,005	2045
2044	\$9,255,432	\$0	\$9,255,432	\$0	\$9,255,432	\$8,529,932	2045	\$20.59	x	2046	x	x	x	x	2046
Totals		\$8,529,932		\$0					\$4,161,694		\$1,711,689	\$1,130,000			

ASSUMPTIONS

- \$6,659,168 (Phase 1) plus \$2,596,264 (Phase 2) property assessment value (based on income) minus base value of properties
- No inflation or deflation of assessment values over the life of the TID
- No change in the tax rate over the life of the TID
- Actual Village Debt Service Payments for Property Acquisition plus an additional \$200,000 for Senior Center borrowed at 4.75% interest over 10 years
- TIF Pay-Go-Payment of 75% of actual increment up to \$1,130,000

TID DATES

Creation Date: December 11th, 2017
Expenditure Period: December 11th, 2039
Termination Date: December 11th, 2044

McFarland Farewell Street Redevelopment
November 29, 2018

Village of McFarland TID #5 Lakestone Redevelopment Proforma - AHP Gap Financing															
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
IMPROV. DURING YEAR	BEGINNING OF YEAR VALUE	EST. GROWTH IN VALUE FROM NEW DEVELOP. ¹	CUMULATIVE VALUE	INFLATION INCREMENT ²	END OF YEAR VALUE	TAX INCREMENT VALUE	TAX VALUE YEAR	TAX RATE ³ \$1,000	TAX INCREMENT COLLECTED	COLLECTION YEAR	VILLAGE LOAN PAYMENTS ⁴	VILLAGE TIF PAYMENTS ⁵	ANNUAL CASH FLOW TO THE VILLAGE	CUMULATIVE TID FUND BALANCE	PAYMENT YEAR
2018	\$725,500	\$0	\$725,500	\$0	\$725,500	\$0	2019	\$20.59	\$0	2020	\$55,552	\$0	(\$55,552)	(\$55,552)	2020
2019	\$725,500	\$0	\$725,500	\$0	\$725,500	\$0	2020	\$20.59	\$0	2021	\$78,028	\$0	(\$78,028)	(\$133,580)	2021
2020	\$725,500	\$6,288,185	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2021	\$20.59	\$129,474	2022	\$78,028	\$0	\$51,446	(\$82,134)	2022
2021	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2022	\$20.59	\$129,474	2023	\$78,028	\$0	\$51,446	(\$30,688)	2023
2022	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2023	\$20.59	\$129,474	2024	\$78,028	\$0	\$51,446	\$20,758	2024
2023	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2024	\$20.59	\$129,474	2025	\$78,028	\$0	\$51,446	\$72,204	2025
2024	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2025	\$20.59	\$129,474	2026	\$78,028	\$0	\$51,446	\$123,649	2026
2025	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2026	\$20.59	\$129,474	2027	\$78,028	\$0	\$51,446	\$175,095	2027
2026	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2027	\$20.59	\$129,474	2028	\$78,028	\$0	\$51,446	\$226,541	2028
2027	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2028	\$20.59	\$129,474	2029	\$78,028	\$0	\$51,446	\$277,987	2029
2028	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2029	\$20.59	\$129,474	2030	\$78,028	\$0	\$51,446	\$329,432	2030
2029	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2030	\$20.59	\$129,474	2031	\$78,028	\$0	\$51,446	\$380,878	2031
2030	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2031	\$20.59	\$129,474	2032	\$78,028	\$0	\$51,446	\$432,324	2032
2031	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2032	\$20.59	\$129,474	2033	\$78,028	\$0	\$51,446	\$483,770	2033
2032	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2033	\$20.59	\$129,474	2034	\$78,028	\$0	\$51,446	\$535,216	2034
2033	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2034	\$20.59	\$129,474	2035	\$78,028	\$0	\$51,446	\$586,661	2035
2034	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2035	\$20.59	\$129,474	2036	\$78,028	\$0	\$51,446	\$638,107	2036
2035	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2036	\$20.59	\$129,474	2037	\$78,028	\$0	\$51,446	\$689,553	2037
2036	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2037	\$20.59	\$129,474	2038	\$78,028	\$0	\$51,446	\$740,999	2038
2037	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2038	\$20.59	\$129,474	2039	\$0	\$0	\$129,474	\$870,472	2039
2038	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2039	\$20.59	\$129,474	2040	\$0	\$0	\$129,474	\$999,946	2040
2039	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2040	\$20.59	\$129,474	2041	\$0	\$0	\$129,474	\$1,129,420	2041
2040	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2041	\$20.59	\$129,474	2042	\$0	\$0	\$129,474	\$1,258,894	2042
2041	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2042	\$20.59	\$129,474	2043	\$0	\$0	\$129,474	\$1,388,367	2043
2042	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2043	\$20.59	\$129,474	2044	\$0	\$0	\$129,474	\$1,517,841	2044
2043	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2044	\$20.59	\$129,474	2045	\$0	\$0	\$129,474	\$1,647,315	2045
2044	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2045	\$20.59	x	2046	x	x	x	x	2046
Totals		\$6,288,185		\$0					\$3,107,369		\$1,460,055	\$0			

ASSUMPTIONS

1. \$7,013,685 property assessment value (based on income) minus base value of properties
2. No inflation or deflation of assessment values over the life of the TID
3. No change in the tax rate over the life of the TID
4. Actual Village Debt Service Payments for Property Acquisition
5. Assumes Gap Financing thru AHP Funds

TID DATES

Creation Date: December 11th, 2017
Expenditure Period: December 11th, 2039
Termination Date: December 11th, 2044

McFarland Farewell Street Redevelopment
November 29, 2018

Village of McFarland TID #5 Lakestone Redevelopment Proforma - TIF Gap Financing															
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
IMPROV. DURING YEAR	BEGINNING OF YEAR VALUE	EST. GROWTH IN VALUE FROM NEW DEVELOP. ¹	CUMULATIVE VALUE	INFLATION INCREMENT ²	END OF YEAR VALUE	TAX INCREMENT VALUE	TAX VALUE YEAR	TAX RATE ³ \$1,000	TAX INCREMENT COLLECTED	TAX COLLECTION YEAR	VILLAGE TIF PAYMENTS ⁴	VILLAGE TIF PAYMENTS ⁵	ANNUAL CASH FLOW TO THE VILLAGE	CUMULATIVE TID FUND BALANCE	PAYMENT YEAR
2018	\$725,500	\$0	\$725,500	\$0	\$725,500	\$0	2019	\$20.59	\$0	2020	\$55,552	\$0	(\$55,552)	(\$55,552)	2020
2019	\$725,500	\$0	\$725,500	\$0	\$725,500	\$0	2020	\$20.59	\$0	2021	\$78,028	\$0	(\$78,028)	(\$133,580)	2021
2020	\$725,500	\$6,288,185	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2021	\$20.59	\$129,474	2022	\$103,191	\$97,105	(\$70,823)	(\$204,403)	2022
2021	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2022	\$20.59	\$129,474	2023	\$103,191	\$97,105	(\$70,823)	(\$275,226)	2023
2022	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2023	\$20.59	\$129,474	2024	\$103,191	\$97,105	(\$70,823)	(\$346,048)	2024
2023	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2024	\$20.59	\$129,474	2025	\$103,191	\$97,105	(\$70,823)	(\$416,871)	2025
2024	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2025	\$20.59	\$129,474	2026	\$103,191	\$97,105	(\$70,823)	(\$487,694)	2026
2025	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2026	\$20.59	\$129,474	2027	\$103,191	\$97,105	(\$70,823)	(\$558,517)	2027
2026	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2027	\$20.59	\$129,474	2028	\$103,191	\$97,105	(\$70,823)	(\$629,340)	2028
2027	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2028	\$20.59	\$129,474	2029	\$103,191	\$97,105	(\$70,823)	(\$700,163)	2029
2028	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2029	\$20.59	\$129,474	2030	\$103,191	\$123,158	(\$96,875)	(\$797,039)	2030
2029	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2030	\$20.59	\$129,474	2031	\$103,191	\$0	\$26,282	(\$770,756)	2031
2030	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2031	\$20.59	\$129,474	2032	\$78,028	\$0	\$51,446	(\$719,311)	2032
2031	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2032	\$20.59	\$129,474	2033	\$78,028	\$0	\$51,446	(\$667,865)	2033
2032	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2033	\$20.59	\$129,474	2034	\$78,028	\$0	\$51,446	(\$616,419)	2034
2033	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2034	\$20.59	\$129,474	2035	\$78,028	\$0	\$51,446	(\$564,973)	2035
2034	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2035	\$20.59	\$129,474	2036	\$78,028	\$0	\$51,446	(\$513,528)	2036
2035	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2036	\$20.59	\$129,474	2037	\$78,028	\$0	\$51,446	(\$462,082)	2037
2036	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2037	\$20.59	\$129,474	2038	\$78,028	\$0	\$51,446	(\$410,636)	2038
2037	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2038	\$20.59	\$129,474	2039	\$0	\$0	\$129,474	(\$281,162)	2039
2038	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2039	\$20.59	\$129,474	2040	\$0	\$0	\$129,474	(\$151,689)	2040
2039	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2040	\$20.59	\$129,474	2041	\$0	\$0	\$129,474	(\$22,215)	2041
2040	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2041	\$20.59	\$129,474	2042	\$0	\$0	\$129,474	\$107,259	2042
2041	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2042	\$20.59	\$129,474	2043	\$0	\$0	\$129,474	\$236,733	2043
2042	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2043	\$20.59	\$129,474	2044	\$0	\$0	\$129,474	\$366,206	2044
2043	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2044	\$20.59	\$129,474	2045	\$0	\$0	\$129,474	\$495,680	2045
2044	\$7,013,685	\$0	\$7,013,685	\$0	\$7,013,685	\$6,288,185	2045	\$20.59	x	2046	x	x	x	x	2046
Totals		\$6,288,185		\$0					\$3,107,369		\$1,711,689	\$900,000			

ASSUMPTIONS

1. \$7,013,685 property assessment value (based on income) minus base value of properties
2. No inflation or deflation of assessment values over the life of the TID
3. No change in the tax rate over the life of the TID
4. Actual Village Debt Service Payments for Property Acquisition
5. Assumes Gap Financing thru TIF Pay-Go-Payment of 75% of actual increment up to \$900,000

TID DATES

Creation Date: December 11th, 2017
Expenditure Period: December 11th, 2039
Termination Date: December 11th, 2044

Section 3. Summary review of how well each proposal meets what was requested in the Village's RFP

	Horizon Development Group (Scarlett Oaks Senior Apt.)	Lakestone Properties/Movin' Out (Lakeside Commons)
A. Meets Submittal Requirements	Yes	Yes
B. Demonstrates Expertise and Experience with Similar Projects	Yes	Yes
C. Conceptual Proposal (feasibility, functionality, aesthetics, building quality)	Yes	Yes
D. Capacity to Finance and Complete without Additional TIF Assistance	No	Possibly
E. Return on Village Investment		
Tax Base	Yes	Yes
Employment	Push	Push
Wage Rates	Push	Push
F. Ability to Work Effectively with Village	Yes	Yes
G. Conflicts of Interest	No known conflicts	No known conflicts
H. Meet Submittal Requirements	Yes	Yes

The table above summaries how well each proposal meets what was requested in the Village's RFP. In general, MSA found both proposals to be well done and meet all the submittal requirements. Both developer's demonstrate expertise and experience with similar projects; however, MSA gave an edge to Horizon as they appear to have a deeper resume in senior/low income housing projects. In addition, Horizon would manage the property vs. Lakestone which would use a third party property manager headquartered in Oshkosh. Both conceptual proposals are of high quality with an edge to Lakestone for those reasons discussed under the Building and Site Design narrative. MSA does stress that at this point in the process the Village is not reviewing or approving final building and site design and either developer if selected is likely to further refine their concepts to meet site challenges and Village preferences.

Lakestone has indicated the potential to complete the project without additional TIF assistance, whereas Horizon's proposal is dependent on additional TIF funding. Both proposals should generate a significant increase in tax base and should net a positive return to TID #5 with an edge to Lakestone as there is the potential for a larger return on investment given the project may not require additional TIF assistance and they have not requested waiving Village permit and impact fees. It is too early in the process to understand employment and wage rate benefits; however, both developments envision a similar amount of neighborhood retail/small office uses and therefore likely similar overall benefits. To MSA's knowledge there are no conflicts of interest and both developers have shown an ability to work effectively with the Village thus far through the selection process with an edge to Lakestone as they have completed previous development projects in the Village.



COMMUNITY DEVELOPMENT AUTHORITY SUMMARY SHEET

MEETING DATE: Wednesday, December 5, 2018

SECTION: Business

DEPARTMENT: Administration

CONTACT: Matt Schuenke, Village Administrator

AGENDA ITEM: Discussion and action to set the process to evaluate the proposals submitted for the Farwell Street Property Redevelopment located at and around 4719 Farwell Street.

PREVIOUS ACTION:

None.

ISSUE SUMMARY:

At this point we have established the proposals submitted meet the criteria established for the submission requirements in the RFP. Further, each proposal has been provided and an introduction to each has been presented. The next step is to put in place a process to evaluate the proposals in order to make a recommendation back to the Village Board. Enclosed is a memorandum that details the evaluation process suggested to the CDA for approval to consider these proposals. It is summarized as follows:

- Introduction - Our first meeting is an introduction to the proposals to begin the evaluation. Each will be provided as well as a presentation from the Developer and our consultant as a comparison. The intent then is to provide a full month for CDA members to have a chance to review this information, attend the Open House(s) as applicable, and come to the next meeting prepared.
- Open House(s) - Each Developer will be given the opportunity to host an Open House on separate nights. This is not setup as a meeting so attendance is not needed, but merely a way for the Developer to present their project to whomever is interested which is likely the general public, Village Board, CDA, and Plan Commission to name a few. Staff will provide a comment form to solicit feedback from those participating.
- Review - At the regular meeting in January the CDA will dive into the review looking at the financial performance, land use, and site plan. This meeting is intended to be a working session with no action planned.
- Recommendation - A special meeting is then suggested where the CDA can then focus on making its recommendation, in theory, after the review has been completed.
- Final Action - The Village Board would then take final action based on the recommendation provided.

Need to make sure the evaluation process encapsulates all the necessary elements the CDA feels is necessary to properly consider these proposals. This is felt to be formal enough to stay on schedule while also broad to capture the issues. Members should also make sure the dates provided are agreeable for their schedules.

FINANCIAL/BUDGET IMPACT:



None.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

Following discussion, the evaluation process detailed in the memorandum is recommended for approval.

ATTACHMENTS:

1. Farwell Street Property Redevelopment Evaluation Process Memo - 2018



Memorandum

To: Community Development Authority

From: Matthew G. Schuenke, Village Administrator *mgs*

Cc: Pauline Boness, Community Development Director
Allen Reuter, Village Attorney
Andrew Bremer, MSA Professional Services

Date: November 30, 2018

Re: **Farwell Street Redevelopment Evaluation Process**

Executive Summary

Two proposals have been received following a recent Request for Proposals solicitation in order to redevelop property at 4719 Farwell Street. The Village Board referred these proposals to the Community Development Authority (CDA) in order for them to establish an evaluation process and make a recommendation back to the Village Board for consideration at their meeting on January 28, 2019. The proposals have been found to meet the criteria for the submission requirements in the RFP and have been provided with an initial comparison summary. This memorandum is provided to allow the CDA to take action to establish the evaluation process in order to make their recommendation as requested.

Evaluation Process

The process is proposed as follows:

- December 5, 2018 @ 7:00 pm – CDA Meeting
 - Preliminary introduction by each Developer.
 - Each Developer will be provided 15 minutes to introduce their project to the CDA.
 - The CDA may ask questions of each Developer as part of their introduction.
 - A summary comparison of each project will be provided.
 - The Plan Commission has been invited to this meeting.
- December 19, 2018 @ 5:30 pm – Open House #1 (Developer to be determined)
 - 15 Minutes – Open Format
 - 15 Minutes – Presentation
 - 15 Minutes – Question and Answer
 - 15 Minutes – Open Format
 - Invitations sent to the Public, Village Board, Plan Commission, and CDA.
 - The intent is to allow each Developer the opportunity to present and discuss their project as they have submitted it.
 - Village Staff will provide comment forms to collect input based on these presentations.

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Administration	Community Development	EMS	Fire	Outreach	Police
838-3153	838-3154	838-3152	838-3278	838-7117	838-3151

- December 20, 2018 @ 5:30 pm – Open House #2 (Developer to be determined)
 - o 15 Minutes – Open Format
 - o 15 Minutes – Presentation
 - o 15 Minutes – Question and Answer
 - o 15 Minutes – Open Format
 - o Invitations sent to the Public, Village Board, Plan Commission, and CDA.
 - o The intent is to allow each Developer the opportunity to present and discuss their project as they have submitted it.
 - o Village Staff will provide comment forms to collect input based on these presentations.

- January 2, 2019 @ 7:00 pm – CDA Meeting
 - o Continued review process by the CDA to consider the proposals.
 - o Each Developer will be provided 30 minutes to meet with the CDA as needed.
 - o Financial implications will be presented by MSA Professional Services and Village Administrator.
 - o Land use and site plan implications will be presented by Community Development Director.
 - o No action is planned for this meeting as it is intended for general discussion and questions by CDA members as they conduct their review of the two proposals.

- January 16, 2019 @ 7:00 pm – CDA Meeting
 - o This will be a special meeting.
 - o The objective of this meeting is for the CDA to make its recommendation to the Village Board after taking into consideration the proposals, meetings with Developers, feedback from Open Houses, reviews provided by Staff, and other information discussed.

- January 28, 2019 @ 7:00 pm – Village Board
 - o Village Board receives the recommendation of the CDA.
 - o Final action is taken by the Village Board regarding that recommendation and the proposals submitted.

All of the meetings will be held in the Community Room of the Municipal Center unless otherwise specified on the meeting agenda.

The Village Board will be kept up to date by Village Staff as each of these elements moves forward.

Recommendation

Village Staff recommends the CDA take action to approve this memorandum as the evaluation process in order to consider the two proposals for the purpose of making a recommendation to the Village Board.