

[An appraisal of the First Wisconsin Plaza, One South Pinckney, Madison, Wisconsin].

Landmark Research, Inc.

[s.l.]: [s.n.], [s.d.]

<https://digital.library.wisc.edu/1711.dl/VLQZEAB3OTFKR9E>

<http://rightsstatements.org/vocab/InC/1.0/>

The libraries provide public access to a wide range of material, including online exhibits, digitized collections, archival finding aids, our catalog, online articles, and a growing range of materials in many media.

When possible, we provide rights information in catalog records, finding aids, and other metadata that accompanies collections or items. However, it is always the user's obligation to evaluate copyright and rights issues in light of their own use.

Office copy

Landmark
Research
Inc.

August 12, 1976

Mr. Richard C. Glesner
Ross & Stevens, S. C.
First Wisconsin Plaza
One South Pinckney
Madison, Wisconsin 53703

Thomas L. Turk
James A. Graaskamp

Dear Mr. Glesner:

With this letter we are transmitting to you the appraisal requested for the First Wisconsin Plaza at One South Pinckney Street, Madison, Wisconsin.

My associate, K. Edward Atwood, accounting instructor and real estate analyst, and myself inspected the Plaza with building manager Don Schwab on Wednesday, June 30, 1976 and we have visited various bank staff specialists on the subject premises many times since. We were provided a monthly accounting history but it was necessary to reconstruct these records in accordance with appraisal methods. We were provided access to all leases and it was necessary to reconstruct actual occupancies and rates for space by relating leases to actual receipts. While many leases represented market rents for space, it was necessary to substitute market rents for actual lease terms for bank occupied space, bank sponsored enterprises such as the cafeteria and health club, or special features built for the original owner such as vaults. We have been careful to distinguish among and between land owned and land properly part of the Plaza project, structure, chattels, and special features designed for the present bank occupant but of little income value to a second owner purchasing the property for investment rather than prestige.

Our value assumes a cash sale of the property rather than sale at non-market financial terms extended by the present owner. We have corrected for certain errors in land area allocation which exist on the tax records due to the identical ownership of the Plaza and the neighboring building called the Tenney Building. These assumptions are necessary to be consistent with Wisconsin Real Estate Tax Law as the purpose of this appraisal is to serve as a basis for real estate tax assessment valuation as of May 1, 1975.

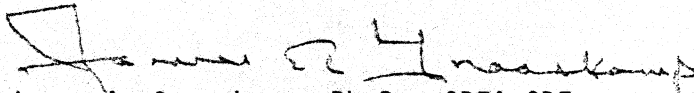
As further explained in the report, the market approach to value and the cost approach to value are inapplicable at the present time to this building. Therefore our estimate is based on the income approach, utilizing somewhat optimistic cash revenue and cash outlay forecasts, specifically the mortgage equity approach as generally approved by Judge George R. Curry relative to valuation of the James Wilson Plaza office building here in Madison in 1974 (specific details provided within the report).

Based on the assumptions, limiting conditions, and property tax law as presented in the attached report, it is the opinion of the appraiser that the highest most probable price in dollars and fair market value of the subject property, more precisely described herein, which might be obtained as of May 1, 1975 is the amount of:

NINE MILLION, EIGHT HUNDRED AND EIGHTY THOUSAND DOLLARS
(\$9,880,000)

We are pleased to have been of service and Mr. Atwood and I remain available to answer any specific questions you may have regarding this report. Please give us adequate notice as to date, time, and location of presentations to the Madison real estate tax assessor or related boards.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "James A. Graaskamp". The signature is fluid and cursive, with a large initial "J" and "G".

James A. Graaskamp, Ph.D., SREA, CRE
Urban Land Economist

K. Edward Atwood
Accounting Specialist



FIRST WISCONSIN PLAZA
1 South Pinckney Street
Madison, Wisconsin



View to northeast of Pinckney St. facade
from intersection of Main and Pinckney



View to southeast of E. Washington Ave. facade
from intersection of E. Washington and Pinckney

TABLE OF CONTENTS

I.	Statement of Purpose and Definition of Value	1
A.	Purpose of Appraisal	1
B.	Definition of Value	1
C.	Date of Appraised Value	1
II.	Definition of Property to be Appraised	1
A.	Property Identification	1
B.	Legal Description	2
C.	Qualifications of Legal Interests	3
D.	Qualifications of Property to be Appraised	3
III.	Definition of Fair Market Value Appraisal Methodology	3
A.	Limitations of Market Approach	3
B.	Relevance of Income Approach	4
C.	Legality of Income Approach	4
D.	Limitations of Cost Approach	5
E.	Income Approach Methodology Selected	5
IV.	Physical Analysis of Subject Property	6
A.	Physical Attributes of the Site	6
B.	Legal-Political Attributes of Site	8
C.	Site Linkages	11
D.	Site Dynamics	13
E.	Physical Attributes of Building and Site Improvements	14
F.	Dynamic Attributes of the Building	17
G.	Market Demand Attributes	19
H.	Most Probable Use Summary and Critical Assumptions	22
V.	The Income Approach to Value	24
A.	Income Approach Methodology	25
B.	Recognition of Business Risk and Probable Buyer in Real Estate Investment	27
C.	Mortgage Equity Approach Assumptions	28
D.	Execution of the IMV Model	29
E.	Income Approach Value Allocation	31
	Certificate of Appraisal	33
	Statement of Limiting Conditions	34
	Appendices	

EXHIBITS

- 1 Subject Site Map Relative to Capitol Square
- 2 Subject Site Dimensions
- 3 Subject Site Below Grade Cross Section Encroachment
- 4 Subject Site in Original Madison Plat
- 5 Map of First Floor Retail Vacancies on the Square
- 6 Pedestrian and Vehicle Counts on Capitol Square
- 7 First Floor Retail Vacancies on the Square Existing
or Known to be Available as of May 1, 1975
- 8 Average Rate of Increase in Consumer Price Index -
All Items 1971 - May 1975
- 9 First Wisconsin Plaza Schedule of Net Assignable
(Rentable) Area for the Project Period
- 10 First Wisconsin Plaza Schedule of Rental Revenues for
the Period May 1, 1975 - April 30, 1976
- 11 Schedule of Vacancies for Fiscal Years 1975-1979
- 12 First Wisconsin Plaza Forecast of Revenues and Expenses
for the Period May 1, 1975 - April 30, 1980
- 13 IMV Preliminary Output #1
- 14 IMV Final Vaulation Output #2

I. STATEMENT OF PURPOSE AND DEFINITION OF VALUE

A. Purpose of Appraisal

This appraisal is requested as an estimate of fair market value on May 1, 1975 to serve as a basis for assessed value for land and buildings in the City of Madison, Dane County, Wisconsin. The controlling statute in Wisconsin is Section 70.32, Stats., which provides in part:

"Real estate, how valued. (1) Real property shall be valued by the assessor from actual view or from the best information that the assessor can practicably obtain, at the full value which could ordinarily be obtained therefore at a private sale."

B. Definition of Value

Such a sale implies another user and not the original owner-builder. "Full value" as that term is used in the above-quoted statute means "Fair market value;" that is, the amount for which the property in question could be sold on the open market by an owner willing but not compelled to sell to a purchaser willing but not obligated to buy. State ex rel. Lincoln F. Warehouse V. Board of Review (1973), 60 Wis. (2d) 84, 89.

C. Date of Appraised Value

The appraised value and methodology utilized to determine that value should provide a consistent method for reappraisal to reflect changing conditions in operation of the office building enterprise beyond initial appraisal date of May 1, 1975.

II. DEFINITION OF PROPERTY TO BE APPRAISED

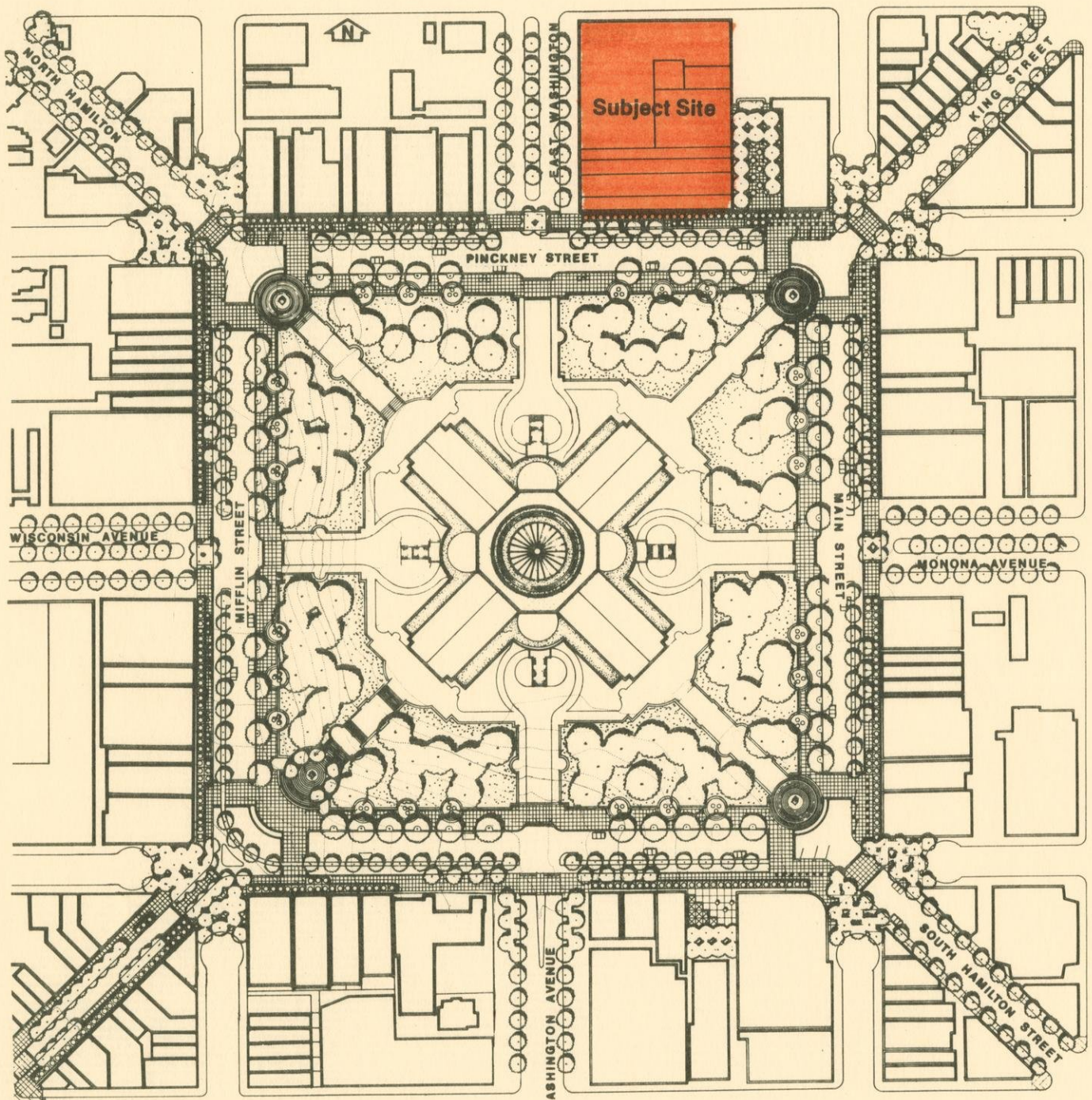
A. Property Identification

The subject property of this appraisal is the FIRST WISCONSIN BANK PLAZA in downtown Madison, Wisconsin, identified as One South Pinckney Street (see Exhibit 1 for location on Madison Square), more specifically identified as:

Tax parcel #0709-133-2903-7



Exhibit 1



8. Legal Description

The legal description of the subject property as provided by Attorney Richard C. Glesner of the law firm Ross & Stevens:

For purposes of this appraisal, the legal description of land assigned to the First Wis. Plaza shall be all of Block 102 in the original Plat of the City of Madison, Dane County, Wis. except Lots 7 and 8 and the south half of Lot 6. In addition, the parcel enjoys the benefit of a fifty-year lease of certain encroachments on City of Madison street right-of-way further described as:

* Part of South Pinckney Street, East Washington Avenue and South Webster Street adjacent to Block 102 of the Original Plat, City of Madison, Dane County, Wisconsin and being more fully described as follows: Beginning at the most Westerly corner of said Block 102; Thence South $45^{\circ}-02'-30''$ East, along the Southwest line of said Block, 218.1 feet; Thence South $45^{\circ}-00'$ West, 13.6 feet; Thence North $45^{\circ}-02'-30''$ West, 218.1 feet; Thence North $0^{\circ}-08'-37''$ East, 23.96 feet; Thence North $45^{\circ}-00'$ East, 253.1 feet; Thence North $87^{\circ}-50'-06''$ East, 23.05 feet; Thence South $45^{\circ}-02'-30''$ East, 218.1 feet; Thence South $45^{\circ}-00'$ West, 7.15 feet to the Northeast line of said Block 102; Thence North $45^{\circ}-02'-30''$ West, along said Northeast line of Block, 218.1 feet to the most Northerly corner thereof; Thence South $45^{\circ}-00'$ West, along the Northwest line of said Block 265.0 feet to the point of beginning. The top of the above-described encroachment will be 1.0 foot below existing sidewalk elevations and the bottom will be at elevation 40.75 based on Madison City datum.

C. Qualification of Legal Interests

The above legal description includes certain underground encroachments on City of Madison street right-of-ways according to the terms of a lease between the City of Madison and the First Wisconsin National Bank of Madison at an initial rent of \$2400 per year for a term of forty-nine years, beginning September 1, 1972. These encroachments are identified in Exhibit 2 demarcating subject property lines and are shown in cross-section as subterranean parking vaults in Exhibit 3.

D. Qualifications of Property to be Appraised

The appraisal is to include only the real estate interests at the above location and will therefore exclude the value of all personalty subject to the personal property tax, whether utilized in general building operations or specialized for banking operations of the principal tenant of the building. The essence of the appraisal problem for assessment valuation is to consider only the value of the real estate should it be sold to a second user and to disregard unique features of the building which probably have only subjective value to the original builder. (See State ex rel. Northwestern Mutual Life Insurance Co. vs. V. Weiher (1922), 177 Wis. 445, pp. 449-450.

III. DEFINITION OF FAIR MARKET VALUE APPRAISAL METHODOLOGY

A. Limitations of Market Approach

Although appraisal would prefer to base valuation estimates on actual sales of comparable property where buyer and seller were under no special duress, there have been no such transactions for major, fully modern office buildings (in excess of 200,000 square feet) in Madison in recent times.

The purchase of the Tenney Building adjacent to the subject property by the First Wisconsin Bank Corporation was not a market transaction as the bank was under duress to extinguish certain easements to the benefit of the Tenney Building which made construction of the subject property impossible. In addition, original plans for the subject property required the bank to temporarily relocate in the Tenney Building which was to be later demolished for the second phase of the bank building project. In any event, the Tenney Building is a 1928 style office building without central air, modern heat distribution, or even automatic elevators. Similarly, the Wisconsin Power and Light Building on West Washington Avenue was disposition of obsolete surplus property by the utility and purchased by a broker for extensive renovation prior to marketing as B Class space. Sale of 30 on the Square in November of 1975 was a judicial bankruptcy proceeding, and represented 68,000 sq. ft. of usable space without parking.

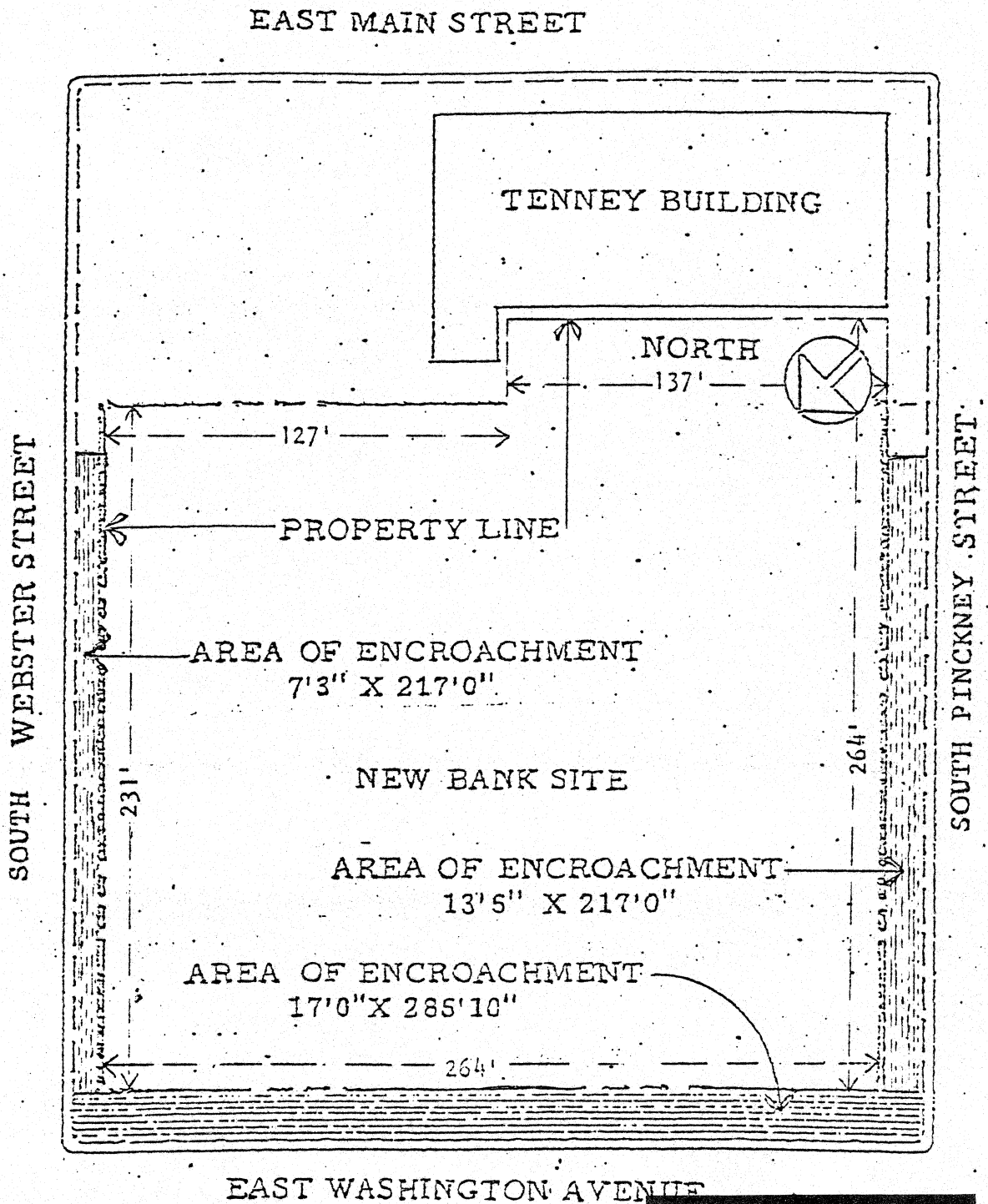
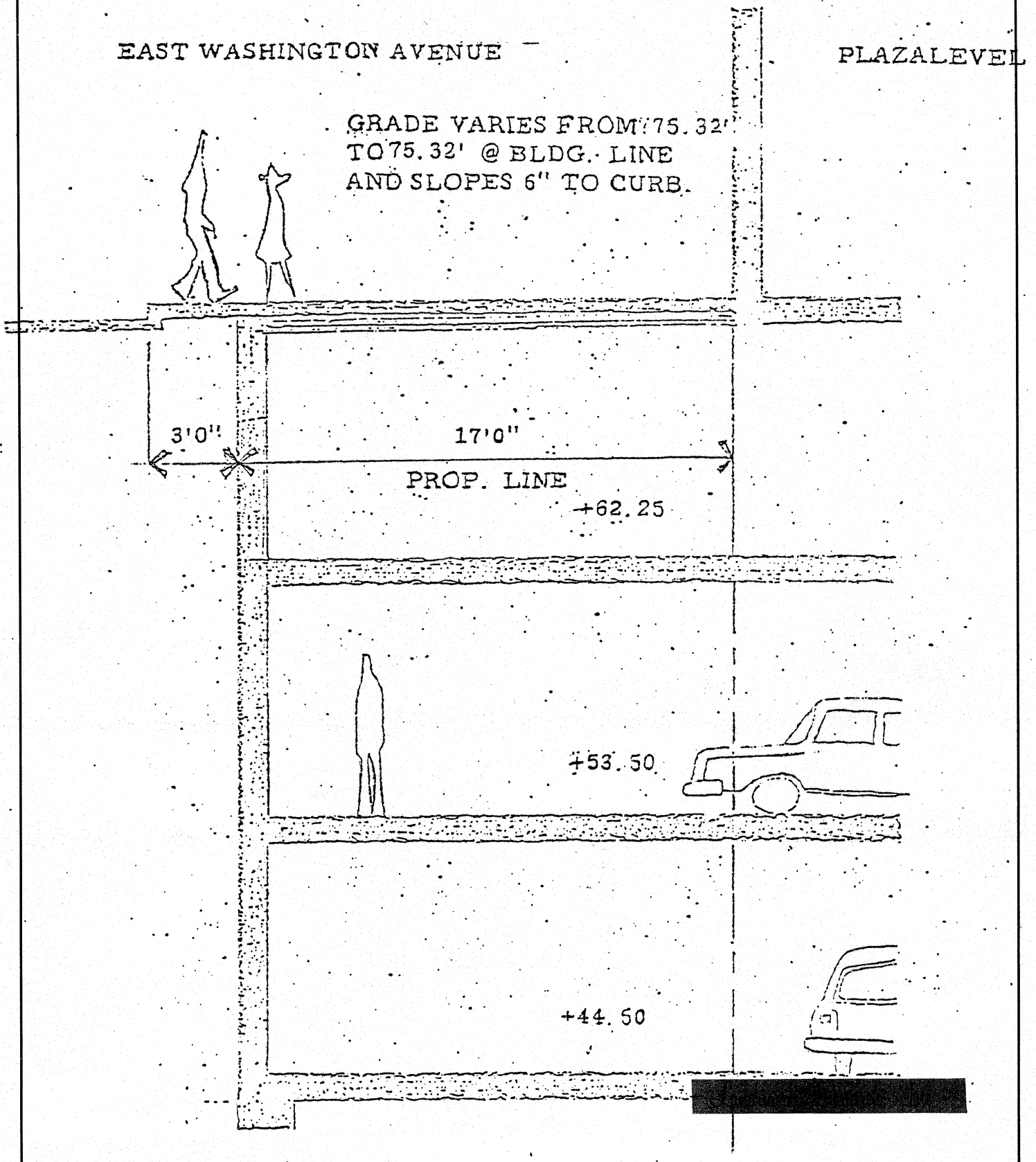


Exhibit 3

EAST WASHINGTON AVENUE

PLAZA LEVEL

GRADE VARIES FROM 75.32'
TO 75.32' @ BLDG. LINE
AND SLOPES 6" TO CURB.



SECTION

Therefore, there are no sales of architecturally distinct, large scale, fully modern office buildings in Wisconsin that meet the test of willing buyer or willing seller and the test of comparable motivation. The Tenney Building was bought for land and the Hovde Building purchased for a redevelopment opportunity.

B. Relevance of Income Approach

An office building is a vehicle for purchase of investment income and appreciation, not unlike any other cash cycle investment with a series of cash returns. The relationship of outlays and receipts in time and quantity determines investor rate of return. Conversely, if the investment return desired is assumed and net receipts can be estimated, the relationship can be reversed to determine the maximum outlay, i.e., probable purchase price, which could be justified by the investor.

C. Legality of Income Approach

The Wisconsin Supreme Court generally prefers the price determined from fair sale of comparable property as the best approach to fair market value, but where the fair market value is not established by a sale or sales of the property under consideration of similar property, the assessor is required to consider all the facts and circumstances which have a bearing on the property's fair market value including occupancy, rental conditions and income.

1. The Supreme Court of Wisconsin has stated:

"If income be considered and the capitalization-of-income the formula be applied, net income, not gross income should be considered."

2. More recently in Dane County Circuit Court, Judge George R. Currie instructed the City of Madison Board of Review in Case #140-201, Wild, Inc., the relator, relative to the office building VIP Plaza, as follows:

"The Property Assessment Manual for Wisconsin Assessors published by the Wisconsin Department of Revenue stated (at p. 29), that for "Apartment Buildings," "Office Buildings," and "Store Building," the "Income Approach" to valuation is the "most applicable" where actual sales data of the property or comparable property is unavailable. This manual is issued pursuant to sec. 73.02 (2a), Stats., and is for use of assessors in assessing real property."

"The use of an income approach to valuation in arriving at the fair market value of property has often been approved by the Wisconsin Supreme Court. State ex rel. Garton Toy Co. vs. Mosel, supra, 259; State ex rel. I.B.M. Corp., supra, 311-313; Rahr Malting Co. v. Manitowoc (1937), 225 Wis. 401, 405; State ex rel. Northwestern Mutual Life Ins. Co. v. Weiher, supra, 450.

"Moreover, it must always be kept in mind that in attempting to arrive at the fair market value of real property for tax assessment purposes the yardstick is the amount for which the property could be sold on the open market by an owner willing but not compelled to sell to a purchaser willing but not obligated to buy. In purchasing an investment property, such as the V.I.P. Plaza or el Esplanade, the prospective purchaser-investor will expect a fair return on his investment and is sure to be more interested in the potential income of the property than the cost of its brick and mortar. This is equally true whether he is purchasing a completed building or one only half completed."

D. Limitations of Cost Approach

While many appraisal textbooks still recommend the cost approach to value, it is only acceptable when the improvements are new and represent the optimum use of the property in question. While the subject property is new, the improvements are unique to the purposes of the owner, inefficient in terms of construction style and operation, and replete with features such as vaults, public spaces, and finishing detail which have little value to a second user who seeks investment efficiency. Not only does the subject property miss the mark as the optimum improvement for the site required for the cost approach but cost approach has been discredited by Wisconsin courts where there is any other appropriate basis for valuation. Since the subject property will only be sold as an investment property to a second user, the income approach properly applied on a before-tax basis is the only method appropriate to the valuation question at hand. The cost approach has not been used as it is irrelevant to the second user and inaccurate in any case due to the functional and economic obsolescence inherent in the structure.

E. Income Approach Methodology Selected

The income approach selected assumes the fair market value of the property is the most probable price the subject will bring if offered in the marketplace as an investment property for a reasonable period of time and sold subject to financing terms typically available for such an investor at the time of sale.

1. Income Approach Techniques

The investor will purchase the project for cash income as a return to his own cash invested plus a deferred cash return to be realized upon sale from equity accumulation attributed to a-
mortization of mortgage debt, to an increase in cash earnings from building due to effective management and marketing, and possibly due to general inflationary price increases. Cash returns are therefore not level but will vary from year to year, hopefully increasing as certain current problems in building management and marketing are corrected. A variety of assumptions will need to be made for revenues and expenses as well as future resale values.

2. Income Tax Impacts on Purchase Price

Many real estate decisions are influenced by federal income tax status of purchasers. Should the purchaser be tax exempt, such as a pension fund, it would view the building without regard to tax shelter but might require an overall lower rate of return, say 8% cash-on-cash and 10% overall return to its equity dollars. It would, however, need to hire property management. A private investor will be influenced by his Federal Income Tax status but not to the degree supposed by the layman. For office buildings such as the subject property, the IRS rules limit second owners to a straight line depreciation methods only; moreover, there is full recapture of depreciation shelters in excess of straight line for additional capital improvements made by the second owner. Thus, the owner would seek 12% cash-on-cash plus 3-6% from equity accumulation.

3. Appraisal System Selected

To discount the cash flows from earnings and resale to both a tax exempt or a taxable purchaser, a computerized system has been selected called Investment Market Value. This system is available in the library of EDUCARE network, a computer time-sharing service operated for and under the control of the three leading appraisal organizations, The Amer. Inst. of Real Estate Appraisers, The International Soc. of Real Estate Appr., and The Amer. Soc. of Real Estate Counselors.

4. Discounted Cash Flows

The IMV system utilizes the discounted cash flow system which will reflect the proportionate interests of those financing purchase, the municipality seeking its prorata share of economic productivity, and the cash and reversion returns to the ownership position after prior claims of real estate taxes, and mortgage lenders have been met. The system provides values on both a before and after tax basis to the ownership position.

IV. PHYSICAL ANALYSIS OF SUBJECT PROPERTY

The income-investment productivity of the subject property depends on the interrelationship of the physical site and improvement characteristics of the property, the legal attributes constraining use of the parcel, the linkages of the property location to generators of office and retail demand which determine its revenue potential, and the dynamics of people's perceptions of the location and related improvements.

A. Physical Attributes of the Site

The First Wis. Development Corp. owns all of Block 102, consisting of 10 lots in the original Madison Plat 66 X 132 or approximately 87,076 sq.ft. However, this area must be allocated between the First

7

Wis. Plaza Building and the neighboring Tenney Building which have separate and distinct tax parcel numbers. (See Exhibit 4).

1. Area of First Wis. Site

For purposes of this appraisal the total area of the Plaza site will be deemed to be a square consisting of 264 ft. on East Washington Avenue and 264 ft. on South Pinckney, forming a square parcel at the southeast corner of East Washington Avenue and South Pinckney Street, for a total of 69,696 sq. ft. less 4191 sq. ft. assigned to Tenney Bldg. parking lot for a net assigned to the First Wis. Plaza of 65,505 sq. ft. of land. This area will be assumed to include all of the pocket park facing the Square but none of the alley way and parking to the Tenney Building off Webster St. In addition, the useable area includes encroachments as identified in dimension on Exhibit 2, leased from the City of Madison street right-of-way totalling approximately 4,955 sq. ft.

The balance of the Block 102 area of 21,615 sq. ft. has been assigned to the Tenney Building parcel as the parking area and alleyway would go with the Tenney Building were that property to be sold.

IT SHOULD BE NOTED THAT CURRENT CITY OF MADISON RECORDS ALLOCATE 10,582 sq. ft. TO THE TENNEY BUILDING AND 76,538 sq.ft. TO THE PLAZA PROPERTY BUT THAT IS NOT A CORRECT ALLOCATION ACCORDING TO THE ECONOMIC DELINEATION BETWEEN THESE TWO PROJECTS IN COMMON OWNERSHIP, BUT WITH SEPARATE TAX AND FUNCTIONAL ATTRIBUTES. THE CORRECT ALLOCATION IS 65,505 sq. ft. TO THE FIRST WISCONSIN PLAZA, PLUS 21,615 sq. ft. TO THE TENNEY BUILDING.

2. Topography

The Capitol Square area is a hill between Lake Mendota to the north and Lake Monona to the south. The hill drops sharply to almost lake level within two blocks of the Square, giving prominence to the Capitol and major business buildings at the city's center. Accent on this elevation is strengthened by controls on building height within a mile of the Capitol. (See Section B-1 on Legal Attributes of Site).

Topography of the site is nearly flat relative to Pinckney and Washington Street elevations but slopes down from East Washington along Webster Street frontage almost 9 feet, providing convenient access to loading docks and parking ramp at the far corner of site on Webster Street.

3. Soils

Soil conditions are essentially sandy loam and very suitable for high rise construction. No special foundation problems were encountered and the lowest level of parking is at Madison datum 44.50 or 31 feet below first floor grade of 75.40.

4. Water and Sewer Service

A ten-inch water main is available on both Pinckney and East Washington and the subject property takes an eight-inch fire main and a four-inch domestic main off both streets. There are two six-inch sewage connections from the subject property to the sewage main on East Washington.

5. Storm Sewer

The site is connected to a twelve-foot storm sewer on Main Street via two connections to a feeder line on Webster Street.

6. Other City Services

City of Madison fire and police serve the site, with the central police station three blocks away, and the central fire station seven blocks away. Maximum reach of city aerial ladders is 100 feet, i.e. the fifth of nine floors in the subject property. Sidewalks are new as are curbs and gutters as part of construction of subject property. Webster Street has been recently resurfaced and Pinckney and Washington Streets will be rebuilt in 1977 as part of the downtown revitalization program called the Capitol Concourse Plan, a plan sketched in Exhibit 1 and detailed further in following sections of the report.

B. Legal-Political Attributes of Site

The subject property is zoned C-4, Central Commercial District. This district is intended to accommodate uses which are of city-wide, regional, or governmental significance. In addition, retailing and specialized commercial activity such as restaurants are appropriate. All new construction and any major alteration of an exterior building face must be approved because of the community's objective to develop and maintain this district as a community and state-wide center for business, service and government. However, broad zoning or permissible uses under C-4 will be modified by a variety of statutory and administrative factors peculiar to downtown Madison at this time.



1. Capitol View Preservation

According to Section 28.04 (14)(B) of the Madison General Ordinance: All buildings or structures erected, altered or enlarged shall be subject to the following regulation.

No portion of any building or structure located within one mile of the center of the State Capitol Building shall exceed the elevation of the base of the columns of the Capitol or one hundred eighty-seven and two-tenths (187.2) feet.

This subsection was established to preserve as well as to promote an enhance the view of the State Capitol Building. The Wis. Bank Plaza roof is at a level of 186.74, within the elevation limit but elevator housings and other super structure reach a maximum elevation of 201.66, thus encroaching on the Capitol view zone as a result of a conditional use permit granted by the City of Madison.

2. Madison Planning Commission

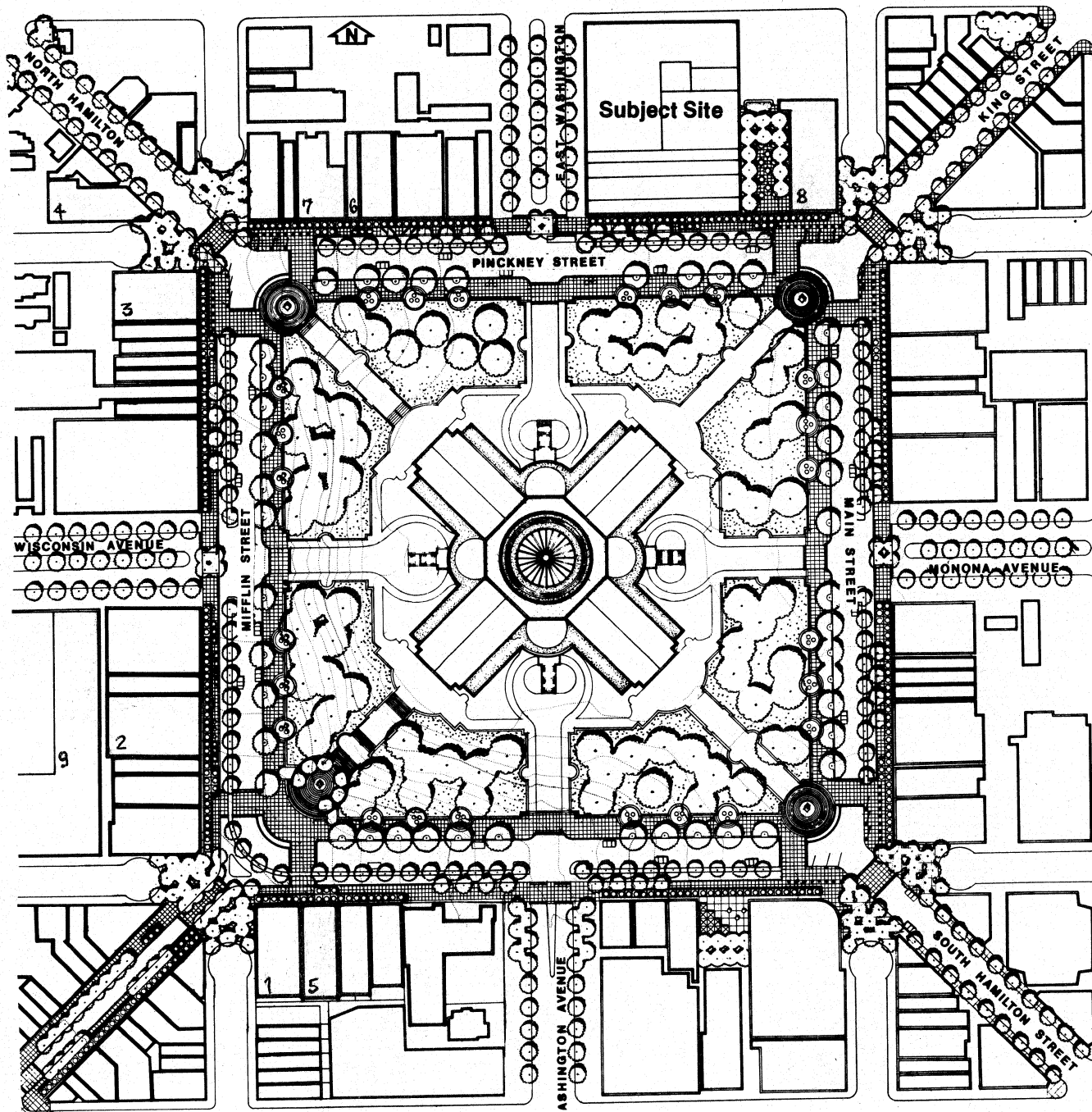
Any new construction or any major alterations of the exterior face of the buildings located downtown, shall be permitted only when approved by the Madison Planning Commission.

3. Capitol Concourse Project

The City of Madison is attempting to refurbish the retail core area of downtown Madison with a combination of actions which may be called The Capitol Concourse/State Street Mall project. The general plan in Exhibit 1 is further detailed in Appendix A. As downtown property owners are expected to finance the major portion of public cost through special assessment, major plans have been compromised to a reallocation of street area into landscaped pedestrian areas with reduced traffic or some auto-free zones, augmented by public transit and shuttle bus service. Presumably these steps will increase commercial activity, partly at the expense of modern, existing suburban shopping centers, because of improved sensitivity to the pedestrian, improved aesthetics, and a reduction of air and noise pollution. Phase 1 has already altered some traffic patterns to provide a bypass loop around the Square for traffic formerly entering from East or West Washington Avenue and elsewhere. Sewer construction and the threat of special assessment has already accelerated withdrawal of some retailers from the Square as their circumstances permitted. These current retail vacancies are noted on Exhibit 5. At this time it is not clear that the Concourse Plan will improve the investment value of the subject property.

The Capitol Concourse project will be financed by a special assessment prorated by land area and divided between two starting dates. At this time John Urich of the City of Madison Planning

Exhibit 5



-- Retail Vacancies

- 1 = Wolff Kibby
- 2 = Manchester store for home
- 3 = Emporium
- 4 = Jackson Bldg
- 5 = ?
- 6 = Card Shop
- 7 = Atrium
- 8 = Jewelry
- 9 = Corner ?

Department indicates that the special assessment prime rate will total \$2.12, and according to present contract schedules, a partial prime rate of \$.88 per sq. ft. will be payable in fiscal year 1977 and the balance of a \$1.24 will be payable in 1978. This total assessment can be amortized by the taxpayer with 10 annual payments at 8%. The prime rate applies to a district 137 ft. deep from Pinckney St. while the balance of the block or 127 ft. to Webster will be assessed at 30% of the prime rate. Thus the partial rate for the secondary districts will be \$.26 per sq. ft. in fiscal year 1977 and \$.37 in fiscal year 1978. The estimated annual amortization payment for contracts 1 and 2 of Phase II, and the annual payments by the First Wisconsin Plaza for assessment on contracts 3, 4 and 5 are calculated below:

$$(.88 \times 1) \times 33 \times 8 \times 137 = 36,168 \text{ sq.ft.} \times .88 = \$31,827.84$$

$$(.88 \times .3) \times 33 \times 7 \times 127 = \underline{29,337} \text{ sq.ft.} \times .3 = \$ \underline{7,744.97}$$

$$\text{Tax Parcel Totals} = 65,505 \text{ sq. ft.} \quad \$39,572.81$$

Total Assessment converts to \$5,897.52 for 10 years at 8% starting fiscal year 1977

$$(1.24 \times 1) \times 33 \times 8 \times 137 = 36,168 \text{ sq.ft.} \times 1.24 = \$44,848.32$$

$$(1.24 \times .3) \times 33 \times 7 \times 127 = \underline{29,337} \text{ sq.ft.} \times 1.24 \times .3 = \$ \underline{10,913.36}$$

$$\text{Tax Parcel Totals} \quad 65,505 \text{ sq.ft.} \quad \$55,761.68$$

Total Assessment converts to \$8,310.13 for 10 years at 8% starting fiscal year 1978

To encourage pedestrian activity and movement on the completed Concourse, John Urich of the City of Madison Planning Department has indicated his department will attempt to discourage by administrative review and, if possible, by new ordinances, the use of ground floor space for private office facilities. Restaurants, banking tellers, retail stores, theaters and the like will create the desired pedestrian activity over broader spans of day and night than office space. Thus there is an administrative constraint on alternative uses for the subject property floor area at street level if it were not used as a bank.

4. Regulation of Bank Locations

The First Wisconsin Bank is by far the largest one-bank holding company operation in the State of Wisconsin so that it is unreasonable to assume that a hypothetical sale of the building on May 1, 1975 would require vacating of the banking floors. Nor is it clear that a new financial institution as tenant could be permitted. The State Commission of Banking sees the Madison Square as



currently saturated with banks and savings & loan associations so that approval of a move onto the Square by another state chartered financial institution might be unlikely. Chapter 221.04 (j) of the Wisconsin State Banking Laws further prohibits use of a site as a branch bank location if it is within a three mile radius of another bank or branch bank. Federal regulation of financial institutions remains an enigma should First Wisconsin vacate.

GIVEN THE UNCERTAINTY OF COMPLETE APPROVAL OF ANOTHER USE TO THE FIRST FLOOR OF THE SUBJECT PROPERTY AT THIS TIME, AND GIVEN THE IMPLAUSIBLE PREMISE THAT THE BANK WOULD FIND IT NECESSARY TO VACATE IN 1975, THIS APPRAISAL WILL ASSUME THAT SALE OF THE FIRST WISCONSIN PLAZA WOULD BE SUBJECT TO A LEASE AT MARKET RATES OF SPACE REQUIRED TO CONTINUE CURRENT BANKING OPERATIONS.

5. Site Ownership and Leaseback

The site is presently owned by First Wisconsin Development Corporation a subsidiary of First Wisconsin Bank shares, and leased back to First Wisconsin Plaza Corporation.

There are no comparable land uses in downtown Madison that could establish if rents charged are consistent with an arms length transaction between holding company and the local bank corporation. Moreover, it is irrelevant in determining the total economic productivity of land and land improvements for assessment purposes as to forms of ownership within the same organization.

THEREFORE, FOR PURPOSES OF THIS APPRAISAL LAND AND BUILDINGS ARE CONSIDERED AS A SINGLE OWNERSHIP ENTITY FOR RESALE TO A SECOND OWNER. TOTAL VALUE WILL BE ALLOCATED TO LAND CONSISTENT WITH VACANT LAND ASSEMBLAGES IN THE AREA.

C. Site Linkages

Linkages are the relationship of the site to other sites, activity centers, or access routes which create location opportunities for the subject property. The subject property has both a tradition of commercial ties and strong new factors favoring office use but it is less than ideal for either banking or retail purposes.

1. Government Office Ties

The primary linkages of the site are those related to government functions dominating the Square. Directly to the west across the street is the State Capitol Building; directly to the rear is a new state office building with more than 100,000

Est. S.

201,000
188,000

100,000
115,000

square feet net assignable, housing state agencies with more than 1,000 employees. The remainder of the block 102 is occupied by the Tenney Building and its parking lot. The Tenney Building provides an additional 76000 square feet of space leased to both state and private offices.

2. Pedestrian Linkages

At one time it was thought that the State Capitol, GEF #1 and the subject property would be linked by a pedestrian tunnel. While plans for a tunnel have been abandoned, pedestrian flows along East Washington Avenue remain strong. Reference to pedestrian counts as shown on Exhibit 6 indicate that north of East Washington Avenue is perhaps the weakest area around the eight block Square, with only the small competitor, the American Exchange Bank, and Woldenberg's Women's Wear remaining viable. There is more than 120 running feet of retail space vacant and available for lease between East Washington and Mifflin on North Pinckney.

3. Automobile Linkages

Automobile access is only average and likely to decline as the City of Madison reconstructs the traffic lanes around the Square and the flow of traffic to implement the Capitol Concourse traffic plan detailed in Appendix A. Vehicles are denied any access to the block from East Main, South Pinckney, or East Washington. The only vehicle access is from South Webster, a one-way street running toward East Washington Avenue, the main traffic artery. Thus the newcomer to the site by auto can approach within 100 feet before he is routed by one-way streets away from the building on either Webster or North Pinckney. Access to the site is therefore circuitous, whether approaching from the Square, East Main Street, or East Washington Avenue. Indeed the bank has found it necessary to locate important drive-in bank facilities on a cramped site on North Webster Street a half block away and out of sight of its main building.

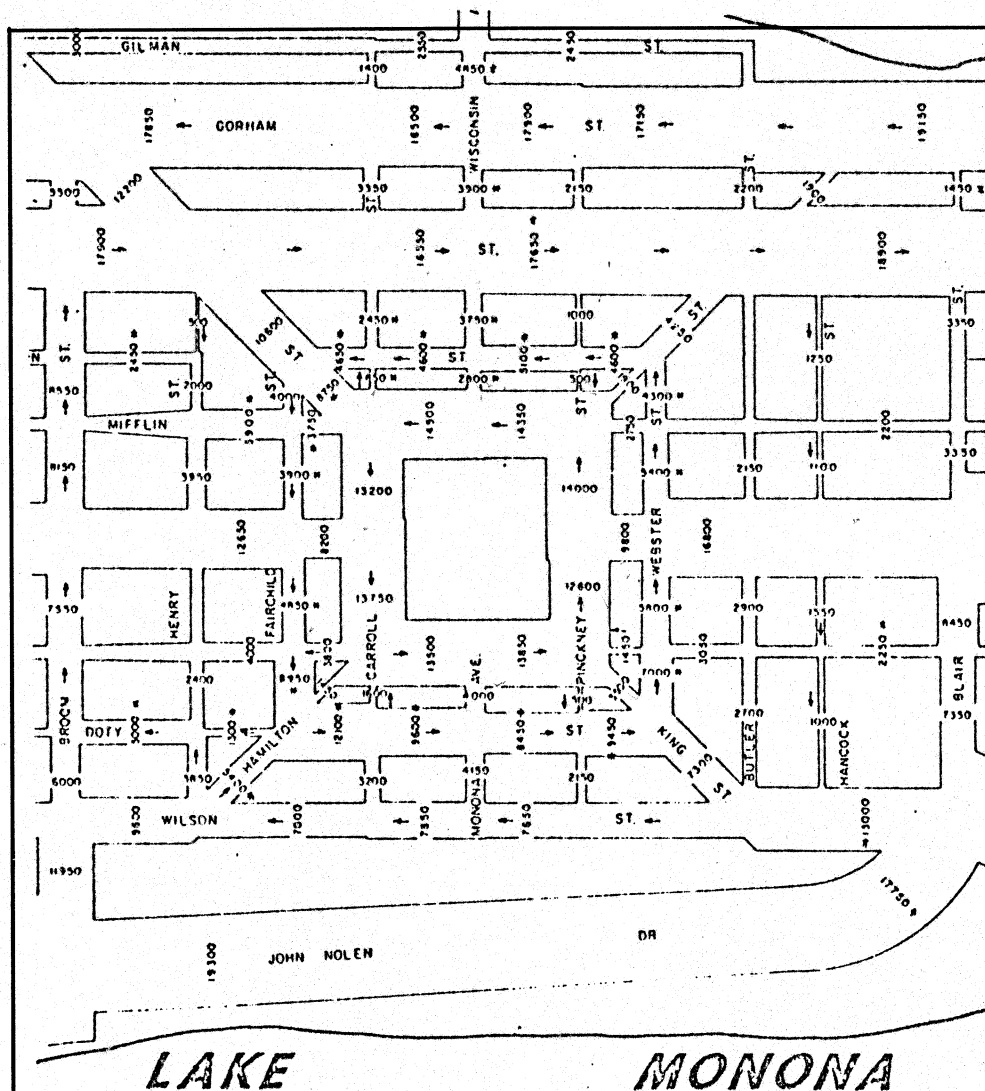
4. Public Parking

The site is one block south of the new McCormack city parking ramp on northeast corner of Webster and Mifflin. This ramp has meters for 3, 5, and 10 hours but is significantly under utilized with 57% usage during peak hours of 11 A.M. until noon.

5. Business Linkages

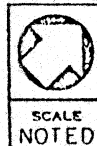
The most important business linkages in Madison, aside from the Capitol Building are the City-County Building, the Federal Post Office Building, and the Madison Club,





TRAFFIC FIGURES SHOWN REPRESENT THE NUMBER OF VEHICLES PASSING IN BOTH DIRECTIONS UNLESS INDICATED BY ARROW (→) AS ONE-WAY TRAFFIC DURING AN AVERAGE 20 HOUR WEEKDAY IN 1974

* COUNT AFFECTED BY DETOUR OR CONSTRUCTION IN AREA



CENTRAL BUSINESS DISTRICT
& CAMPUS AREA
1975 TRAFFIC FLOW MAP
CITY OF MADISON, WISCONSIN
DEPARTMENT OF TRANSPORTATION
DIVISION OF TRAFFIC ENGINEERING

DWG. NO.
TS7601
1 of 1
4-19-76
J.E.L.

SCALE NONE	1972 CBD STUDY PEDESTRIAN VOLUMES	DWG. NO. TS 7206 A
	DEPARTMENT OF TRAFFIC ENGINEERING, MADISON, WISCONSIN	1 of 2 6-20-72 J.E.S.

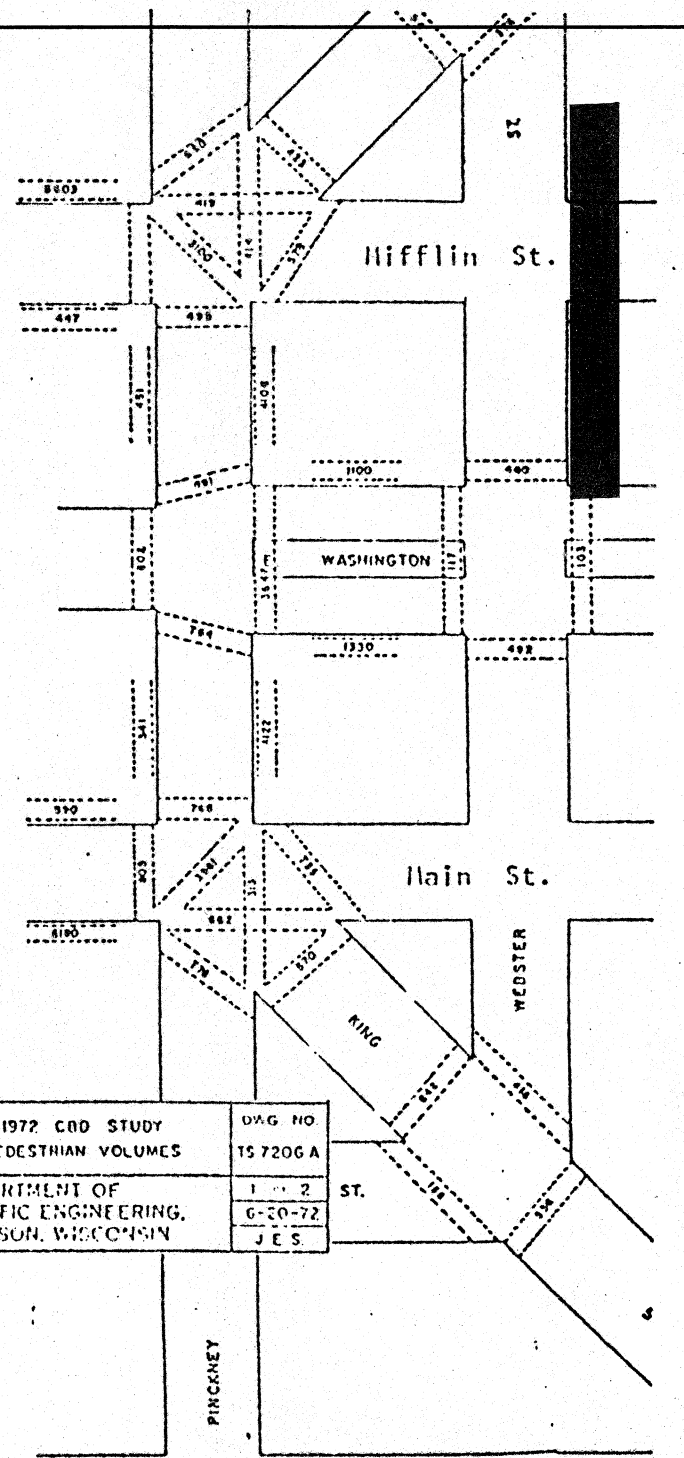


EXHIBIT 6

all of which are clustered at least three blocks from the subject site on Monona Avenue, via a circuitous pedestrian route (ten blocks by car) due to one-way traffic flows. The Park Motor Inn and the Concourse are becoming important areas of political activity and are each more than two long pedestrian blocks away or four by car. Finance and much of the surviving retailing establishments on the Square are gravitating toward the Carroll Street and West Washington Avenue axis due to renovation of several older office buildings and construction of 300,000 square feet of new office building for Anchor Savings and Loan, United Bank, and James Wilson Plaza with a new federal building soon to follow.

6. Potential Linkages

The subject site has potentially beneficial linkages to the site of a proposed state office building at the southeast corner of South Webster and East Main and a renovation of the currently vacant Ray-O-Vac building on East Washington Avenue between North Webster and North Butler Street.

Thus the site of itself is some distance from recent new construction of office space on the Square and isolated from those retail elements which are struggling to survive serious decline in the sales of clothes, housewares, and other specialties other than convenience goods and services for daytime office employees. The site does not have convenient accessibility for the automobile or to off-site parking. Of course it does enjoy city bus service, including shuttle bus service around the Square, at its front door. The site depends for its marketing power on identification with the Capitol Square and its topographic elevation.

D. Site Dynamics

Dynamic attributes of the site have to do with how people perceive the location and behave relative to it.

1. Access Convenience Weak

Convenient access by foot and by car obviously contributes to how people favor or shun the site. Auto access requires careful planning of the approach by the driver seeking to leave passenger at front door or park in basement. Such planning requires previous familiarity as neither city nor private signing is adequate.

2. Time Utilization Restricted

Since it is surrounded by single use office buildings, its general environment is abandoned after normal business hours so that many people would find it threatening.

E. Main Street contains several seedy bars while E. Webster is a claustrophobic canyon between GEF #1 and subject building.

3. Identification With Square

The site, if vacant, would depend on its association with the Capitol dome for identification. Visual prominence and patterns compatible with pedestrian traffic must be created for the site by virtue of its improvements.

E. Physical Attributes of Building and Site Improvements

The present Wisconsin Bank Plaza replaced an earlier bank office building, four-story loft building, former city firehouse, and miscellaneous low-rise structures. Site clearance and construction began in October, 1972 with substantial completion and initiation of bank and office operations by April, 1974. A large portion of the 4th floor remains unfinished awaiting a tenant.

The basic structure of the nine-story building is reinforced concrete, sheathed with a curtain wall of insulating glass set in a white anodized aluminum sheath mullion grid system. Below grade is a sub-basement (G1) and two full levels of parking (G2 and G3). Smaller greenhouses front Pinckney Street facade on fourth floor plaza. A set of floor plans is provided in Appendix B and a favorable design critique is in Appendix C.

The first four floors cover the site except for a glassed-in pavillion (the Greenhouse) along S. Pinckney Street enclosing major trees and other plantings. Floors five-nine are L-shaped around a landscaped plaza on the roof of the fourth floor. Original plans called for replacement of the Tenney Building with a wing similar to the facade on E. Washington Avenue to enclose the plaza on the east but those plans have been shelved as non-economic.

1. Design Conflicts

The building was designed by the nationally known architectural firm of Skidmore, Owings, and Merrill (SOM) as an architectural tour-de-force and the design concept has been highly controversial in Madison. No sooner had the building been completed than the initial energy crisis and concern for heating efficiency led the general public and the governor to criticize the building for the presumed heat loss attributed to its glass wall system. In fact the opposite is true as the solar heat gain, together with the heat generated by lights, equipment, and body heat of the occupants, necessitates use of the air conditioning system on all but the coldest winter days (something below 0 - -5 degrees outside temperature). Special transparent membranes have been added to sloped glass roofs in order to screen out 85% of the radiant heat which would otherwise make desk tops, chairs, and

the smallest items of equipment such as staplers, too hot to touch. All vertical windows are equipped with special, reflective venetian blinds which must be manually adjusted to reflect considerable solar energy outward, thus wasting a potential resource. These blinds cannot be raised, only adjusted as to reflective angle, and are provided as standard on all office floors to maintain uniform exterior appearance.

2. Ongoing Engineering Review

Engineering studies are presently under way on the feasibility of capturing the solar heat and moving it to cooler points in the building. Such a system makes it unnecessary to heat the all-glass IBM Building built in Chicago, which has over 800,000 square feet of net assignable space. More automatic operation of venetian blinds would also improve efficiency as the sun moved around the building or shifted the angle of attack with the seasons. The present heating and cooling systems are therefore running 25% over estimated operating budgets for Class A office space due to air conditioning loads.

3. Basic HVAC System

15A. The existing HVAC system is an air induction system which moves chilled or heated air, mixed with outside air, through a complicated, computer regulated system to baseboards at all perimeter walls. Pushed out under pressure at the baseboard top face, it sucks in room air on the side face to produce the desired room air temperature. Each six foot section of the baseboard is regulated by an automatic thermostat. The internal zone of each floor, i.e. thirty feet in from the window, is regulated by a steady flow, variable temperature distribution system through the ceiling lights. Engineering studies are also being made to modify this portion of the system to a more efficient variable flow constant temperature system. Exhaust duct work for garage areas is done in stainless steel.

4. Interior Finishes

Need complete partitions
Interior partitions are generally steel studs 24" on center of no less than 20 gauge steel finished with drywall appropriate to fire ratings required of walls. Walls may vary in height from lower side of drop ceiling to underside of slab depending on function. Sound attenuation blankets are included where required to meet fire rated construction or to meet required sound reduction classification. In certain security areas solid gypsum block walls have been used. Finish surfaces are in a special SOM white sandcoat paint, or tile and stucco as required. First floor finished in random slate; other rental areas are finished in composition tile or provided with carpeting by the tenant as part of finishing allowance. Service area floors generally finished in coated concrete. Parking ramp floors specially sealed and coated to deter salt damage.

5. Ceiling System

A full size metal pan acoustic ceiling is provided in all finished areas with a satin white factory finish. Deluxe suspension system is concealed with each tile individually removable to provide access to concealed mechanical systems.

6. Mechanical Control Systems

Johnson Controls JC88

All mechanical systems are monitored by a DEVCO type MHA display unit from a central security office, and a wide variety of secondary systems are provided including standby electrical generators, standby water pressure fire pump, and oil storage tanks for backup diesels and conversion of gas furnaces, all of which are located in vaults below South Pinckney Street sidewalk. Building is completely sprinklered, and in addition, all plate glass interior walls overlooking greenhouses feature a deluge system. Sprinklers are wet pipe system while deluge is a dry pipe system. Monitoring systems provide audible, visual, and teletyped warnings and explanations of equipment status. There are even graphic slide projections of subassemblies required for operator analysis.

7. Boiler Equipment

Kewanee

The steam boiler is a ~~Superior Model N~~, series 300 horsepower, designed for 15 PSIG to have a maximum output of 10,043,000 btu's/hour when fired with #2 oil. Gas fuel is preferred option. Boiler is supported with automatic control and exhaust system including a deaerating feedwater system. Control system is designed to utilize outside temperature and humidity information to provide the most efficient mix of natural filtered or mechanically conditioned air to reduce fuel cost.

8. Plumbing Equipment

All plumbing pipe, fixtures, valves are of the highest quality as required by SOM in detail in specifications of September 6, 1972. All pipes are insulated to prevent heat loss or sweating as appropriate, with all exposed pipes utilizing one piece, factory installed insulation covers. Major items of equipment include:

Two hot water heaters utilizing boiler steam providing 20 gallon per minute each with a hundred degree temperature rise.

Two model 250 D-50-P dual-phase water pressure booster pumps by Syncroflo.

Two vertical, pedestal mounted, submerged type sump pumps of 200 gallon per minute capacity each, in reinforced concrete pits.

Two vertical, pedestal mounted, non-clog, heavy duty electric sewage ejectors of 100 gallon per minute capacity each.

Two automatic water softeners, Bruner model 224-PABR 2 having an output of 22,400 gallon per tank regeneration and a service flow rate for each of 65 gallons per minute.

These items are generally each capable of maintaining 65-75% of building's normal load so that the excess capacity provides for out-of-service emergencies. This capacity demonstrates the quality built-in to anticipate long term efficiency and tenant convenience despite the perversity of mechanical things.

Plumbing fixtures are of Koehler quality lines and carefully detailed to maintain specification and quality and long term attractiveness.

9. Elevator Equipment

Elevator service in the building is reasonably adequate but not of the same superior quality as other building fittings and equipment. The manufacturer is presently upgrading some of the maintenance and performance characteristics of these original installations. There are:

- 1.- Armor 3,000#, passenger freight elevator, automatic doors front and rear, cable traction at 500 ft. per min. from savings deposit level to 9th floor
- 3.- Armor 3,000#, passenger elevators, cable traction, 500 ft. per min., from street through 9th floor
- 2.- Armor hydraulic 2500# capacity passenger elevators, 125 ft. per min. from the lowest G-2 level to 1st floor plaza
- 1.- Armor hydraulic 2500# capacity, restricted access passenger unit, 175 ft. per min., in bank area behind main teller counter serving lowest G-2 level to the 3rd floor.
- 1.- Armor hydraulic, security elevator, 2500# capacity, 125 ft. per min., connecting savings deposit and bank plaza to 3rd floor in the Pinckney Street fire stair tower

F. Dynamic Attributes of the Building

How people perceive the building depends on their viewpoint as casual observer, building tenant, or professional critic.

1. Public Viewpoint

The general public recognizes the building as the most progressive and visually striking building on the Square, but the public is



sharply divided as to whether they like it or not. Some feel the bank is extravagant with their money while others see it as extravagant in terms of energy. Others resent its bold form and use of strong primary colors of blue, red, and yellow to accent column and floor structure and major partitions. Advocates take pride in its unique advancement of downtown aesthetics and its statement of faith in "the future" of the Madison Square. (See Milwaukee Journal article of Sunday, July 25, 1976 in Appendix C.)

2. Occupant Viewpoint

Once in the building the reasonably observant person finds the sunlit, open, landscaped greenery a refreshing change in Madison's dour climate. Certainly the white, bright corridors and surprise vistas are a cheerful change from the government architecture or 1920 style or new commercial office slab which dominate the downtown area.

3. Appraisal Viewpoint

The building design fails to reveal the presence of certain amenities such as the public bar on the ninth floor, the public cafeteria on the second floor, or its athletic club facility. These were intended to be for bank employees only but have since expanded their marketing effort. These areas represent over improvements for lack of logic or visibility as to their locational needs as enterprises, and their leases do not reflect market rent for space occupied due to intent to subsidize employees.

4. Over-Improvements

The garden terrace on the fourth floor has proven to be ineffective except as a view for the tenants. Architects hoped for a high grade restaurant in the multi-level greenhouse area, utilizing the terrace. However, an expensive restaurant needs to be visible, to reflect the ego and personality of the successful restaurateur, and to enjoy linkages with after-hour activity centers such as theater, convention centers, or high income social areas. None of these critical elements are present and so the visual dynamics of the fourth floor plaza are wasted.

5. Building Interface with Neighbors

The counterpoint of the aging Tenney Building which was to have been removed is unfortunate when its

unadorned backside is a major view for floors five to nine. Nor has the interface of the Wisconsin Plaza Building and the Tenney Building at street level been resolved successfully with a small pocket park wedged between the buildings as an after thought. Building design lacks balance and mass without construction of wing once intended for Tenney Building site.

6. Community Compatibility Summary

Madison is a town of liberal politics but spartan attitudes; which make a cult of personal thrift, energy conservation, and individuality at the smallest scale. Thus it remains to be seen whether the community will warm to the architectural merits of the building and modify present views of it as pretentious and extravagant.

G. Market Demand Attributes

Effective demand for space in the Wisconsin Plaza Building can be subdivided among three submarkets, retail, class A office space, and public parking. Retailing can be further subdivided between merchandise and recreational services, including food and beverage. Class A office space refers to the demand for modern buildings with central air conditioning and underground parking. Public parking refers to hourly and monthly revenues from persons not tenants in the building in which the parking is located.

1. Retail Merchandise Space

Retail merchandise space on the Square is perhaps at an all time low relative to prime space available. As of May 1, 1975, the Wolff Kubly Building on a prime retail corner of State, Mifflin and Carroll Streets had been vacant for 14 months as the old line appliance retailer had closed for lack of competitive parking and prices relative to suburban shopping centers and discount centers. The leading department store, Manchester's had found it necessary to retrench by shutting down its home furnishings department in the center of the second best retail block at 1 W. Mifflin Street. By the end of 1975 Karstens had announced closing, Simpson's was preparing to close due to financial reverses, and the Emporium was considering converting several floors of retailing space to office space. There were rumors that Woolworth's and Kresge's, the variety stores, were playing out the term of their lease. Long term retailers on the Square reported sales volumes down 40-70% as a result of economic recession, suburban shopping centers, and loss of trade from the rural hinterland

to shopping plazas closer to home. All of these vacancies are tabulated on Exhibit 7 showing a whopping overhang of 82,360 square feet of first floor retail space directly on the Square and not including competitive vacancies on the more stable State Street or at the major suburban shopping centers.

2. Retail Service Space

Retail recreational services like travel agencies, new restaurants, or specialty shops for arts, books, or foods remained active but primarily along State Street or in major new office buildings. The success of these depended more on management ability than traditional locational value. The Library Lounge, hidden in the second basement of James Wilson Plaza, did a high volume of business in 1975 while Tio Pepe's, on the first floor of the United Bank Building was disappointed by its volume. These types of tenants are able to demand and receive percentage leases, with a relatively low minimum on rent from the office complexes, hotels, and other building owners seeking service amenities to increase the convenience of their locations and conform with first floor retail objectives of Capitol Concourse Plan.

Relative to the Wisconsin Plaza site, in May of 1975 there was an absence of adequate luncheon services for workers in state office buildings, banks, etc. Unfortunately the bank was reluctant to create competition for its own cafeteria on the second floor by creating a restaurant facility on the first floor. In addition, luncheon operations are often considered detrimental to the image of a bank office building unless located out of sight of pedestrian traffic. The all glass first floor concept forced the bank to consider modification of the physical design or concealment of the restaurant facility on the second floor. Thus the location of kitchen utilities on the second floor and the open glass walls on the first floor create a doubling of functional obsolescence relative to potential demand for luncheonette operations as a demand factor for first floor space.

Retail recreational services depend on high pedestrian counts and high concentrations of nearby student groups, apartment residents, or employees. Pedestrian counts and employee concentration are the only advantages of the First Wisconsin Plaza from nine to five and therefore first floor retail service

Exhibit 7

FIRST FLOOR RETAIL VACANCIES ON THE SQUARE EXISTING OR KNOWN TO BE AVAILABLE As of May 1, 1975

<u>Building</u>	<u>Address</u>	<u>Approximate Square Footage</u>
1 Wolff Kubly Store	20 N. Carroll	6,000
2 Manchesters Home Store	18 W. Hifflin	7,920
3 Emporium (2 top floors)	50 E. Hifflin	24,000
4 Jackson Building	102 N. Hamilton	8,000
5 Karstens	18 N. Carroll	7,920 (66 X 120)
6 Card Shop	21 N. Pinckney	2,640 (22 X 120)
7 Simpsons	23 N. Pinckney	11,880 (99 X 120)
8 Tenney Building	21 S. Pinckney	6,000
9 Concourse Hotel	1 W. Dayton	<u>8,000</u>
Total Square Footage		82,360

See Exhibit 5 for map.

space is second rate relative to space closer to MATC, hotels, or the after-hour bistros of State Street.

3. Class A Office Space

Class A office space in modern buildings with central air conditioning and underground parking is limited to 6 major buildings, all of which are occupied by financial institutions-owners, except James Wilson Plaza. A very significant vacant space of 136,800 square feet represented 17% of total Class A square footage but not all of the square footage was available for rent so that the vacancy rate for rentable market footage was probably twice that amount. The National Guardian Building is gradually being withdrawn from the commercial market; the CMI Building requires conformity of the tenant to the open, contemporary plan of the building requiring expensive landscape office style of interiors. In addition it is remote from the downtown area. Thus the real competitive struggle is between the United Bank Building, the First Wisconsin Bank Plaza, and the Anchor Building, with James Wilson Plaza playing a secondary role because it is several blocks from the Square. Each institution attempts to utilize its banking relationships with lawyers, stock brokers, and others to secure tenants for the last vacant space but the remaining spaces are not the best spaces in the building. The major vacancy in the United Bank Building is the first floor, originally intended for retailing; the major vacancy at the First Wisconsin is a fourth floor restaurant area with multi-story greenhouse and space facing the Webster Street canyon and state office building. James Wilson Plaza is renting the lower floors which offer less in terms of views and efficient layout of offices. Only Anchor is confident of its demand position and was announcing plans to expand its building in 1975-76.

4. Class B Office Space

Class B office space in the \$6.00-6.50 range is prospering because of impending major space requirements for the State offices, temporary 3-5 year requirements of MATC, and some continued movement and expansion of law, accounting, and lobbyist offices from Class C buildings closer to the Square. The nominal vacancy was 70,225 square feet out of 595,580 square feet, or 12%. However, the State of Wisconsin Bureau of Facilities Planning was anticipating need for several hundred thousand square feet of Class B space in 1976-77. Significant vacancies exist only at the AAA Building five blocks from the Square on

West Washington, the IBM Building which just lost its only tenant (IBM), and the Tenney Building, the only building classified as B space which lacks modern air conditioning or automatic elevator service. Moreover, its first floor is primarily retail in character, and in 1975, had just been vacated by the temporary location of the First Wisconsin bank tellers pending completion of the subject property.

5. Conclusion

Thus it can be concluded that demand for retail merchandise space on East Washington Avenue was weak, although retail recreational service might find some opportunity on the block of the First Wisconsin Plaza. Demand for Class A building space at \$8.00 per square foot or more was slow, often developing out of tenant relationships with major occupants of the newer buildings. However, some Class B building tenants were being forced to upgrade to higher rent buildings by heavy pressure on the space available and limited alternatives in terms of size of space modules available in Class B buildings. Rents in Class A structures continue lower than dollars required to justify new construction so that the super building enjoyed some potential monopoly value in the future.

H. Most Probable Use Summary and Critical Assumptions

Given the physical characteristics of the site and the existing, contemporary improvements of the First Wisconsin Plaza, it is reasonable to conclude that the building will operate as a commercial office center for many years to come. Given the most probable use of the property, the appraisal scenario requires the assumption that the building and the land be sold to another owner as of May 1, 1975 in an arms length transaction. Buildings of this scale, complexity and sophistication are sold to investors who purchase for cash income, for protection of capital values against erosion of purchasing power due to inflation, and for the opportunity to increase values through creative enterprise management and marketing. The economic context within which such a buyer would prepare a five-year forecast from May 1, 1975 through May 1, 1980 would probably include the following assumptions:

1. Retail Stabilization on Square

After completion of the Capitol Concourse and the present cycle of retail retirements and consolidations on the Square, private and government office operations will centralize around the subject site

while retailing will tend to centralize near the State Street Mall. Retail sales volumes in 1978 and 1979 will return to levels of 1971-72 but will not increase to a point that will justify the optimism of Capitol Concourse advocates.

2. Retail Rent Concessions for Site

Judgment on retail potential leads to conclusion that percentage leases on Plaza's first floor will not pay historical rental value of space but these cannot be terminated during five year forecast.

3. Bank as Major Tenant

For lack of retail support, any investor in the First Wisconsin Plaza Building would insist that the banking operation remain as the dominant first floor tenant and the building would remain as a multiple tenant facility with amenities and services justifying the premium office rents in the Madison downtown market.

4. Office Rental of Service Amenities

Independent management would scrap athletic club, bar, and existing cafeteria facilities and rent same as office space. Fourth floor greenhouse space would be converted to a general building lounge or meeting area or otherwise used as a concession to rent balance of fourth floor.

5. Office Vacancy Rate

Office space will continue to experience vacancies approaching 7% due to gradual expansion of competitive, premier office spaces, such as the Anchor Building Extension, currently vacant CMI Building space, office space conversions in the Concourse and Park Hotels to serve political lobbyist organizations, and the possible expansion of the United Bank Building with a second tower following construction of the Federal Courts Building near Henry and Mifflin Streets. Proposed Affiliated Bank (Bank of Madison) office building on the Square not considered probable for five-year forecast.

6. Utility Economics

During a five-year projection of operating expenses, electric utility rates will continue to rise in excess of the general price index but improved operating procedure and the necessity of further investment

in capital improvements to the HVAC system in the Wisconsin Plaza Building make net use in energy costs difficult to forecast. No deduction on value has been made for expected capital improvements to the HVAC system to correct for functional obsolescence but energy costs have been modified to recognize procedural efficiencies which are altering expenses of first year operation. Nevertheless, utility rates remain a significant risk factor for a complex structure requiring year-round environmental conditioning.

7. General Madison Economic Outlook

For the five-year appraisal forecast Madison is expected to experience only modest increases in population or levels of commercial activity consistent with forecasts of University of Wisconsin School of Business Bureau of Research, summarized in Appendix D.

8. The National Economy

For purposes of this appraisal the national economy is assumed to be in a modest economic recovery. For five years of the forecast, the national economy will be unaffected by major foreign upsets such as an oil embargo, war in the Middle East, world wide inflation of unacceptable magnitude, or major periods of drought and famine.

9. Inflationary Forecast

Since leases in the First Wisconsin Plaza permit adjustment of basic rental rates according to the consumer price index for all goods and services as promulgated by the U.S. Department of Labor, the average annual rate of change for the next five years is assumed to be the same as that for the past five years as detailed and calculated in Exhibit 8 to be 6.3% per year without compounding.

V. THE INCOME APPROACH TO VALUE

For lack of arms length sales of comparable properties in Wisconsin, it is the opinion of the appraiser that the only correct approach to valuation in the present instance is the income approach to value, more specifically the mortgage-equity approach to value, as previously discussed in this report and approved for use in the City of Madison in Case #140-201, Dane County Circuit Court, before the Honorable Judge George R. Currie, relative to the James Wilson Plaza building.

Exhibit 8

Average Rate of Increase in Consumer Price Index All Items 1971 - May 1975

No. 687: CONSUMER PRICE INDEXES, BY MAJOR GROUPS: 1950 TO 1975

(1967=100. Prior to 1965, excludes Alaska and Hawaii. Beginning 1965, index structure revised to reflect buying patterns of urban wage earners and clerical workers in the 1960's, including single workers living alone as well as families of two or more persons; indexes for prior years apply only to families of two or more persons. See also *Historical Statistics, Colonial Times to 1970*, series E 135-173)

YEARS	All items	Less food	Less shelter	Food	Shelter	Apparel and upkeep	Transportation	Medical care	All commodities	All services
1950	72.1	71.1	73.1	74.5	(NA)	70.0	68.2	53.7	78.8	58.7
1951	77.8	75.7	79.2	82.8	(NA)	86.1	72.5	56.3	85.9	61.8
1952	79.5	77.5	80.8	81.3	(NA)	85.3	77.3	59.3	87.0	64.5
1953	80.1	79.0	81.0	83.0	78.5	84.6	79.5	61.4	86.7	67.3
1954	80.5	79.5	81.0	82.8	78.2	84.5	78.3	63.4	85.9	69.5
1955	80.2	79.7	80.6	81.6	79.1	84.1	77.4	64.8	85.1	70.9
1956	81.4	81.1	81.7	82.2	80.4	85.8	78.8	67.2	85.9	72.7
1957	84.3	83.8	84.4	84.9	83.4	87.3	83.3	69.9	88.6	75.6
1958	86.6	85.7	86.0	86.5	85.1	87.5	86.0	73.2	90.6	78.5
1959	87.3	87.3	87.6	87.1	86.0	88.2	89.6	76.4	90.7	80.8
1960	88.7	88.3	88.9	88.0	87.8	89.6	89.6	79.1	91.5	83.5
1961	89.6	89.7	89.9	89.1	88.5	90.4	90.6	81.4	92.0	85.2
1962	90.6	90.3	90.9	90.9	89.6	90.9	92.5	83.5	92.8	86.8
1963	91.7	92.0	92.1	91.2	90.7	91.9	93.0	85.6	93.6	88.5
1964	92.9	93.2	93.2	92.4	92.2	92.7	94.3	87.3	94.6	90.2
1965	94.5	91.5	94.6	94.4	93.8	93.7	95.9	89.5	95.7	92.2
1966	97.2	96.7	97.1	99.1	96.8	98.1	97.2	93.4	98.2	95.3
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	104.2	101.4	104.1	103.6	101.8	103.4	103.2	106.1	103.7	105.2
1969	109.8	110.1	109.0	108.9	113.3	111.5	107.2	113.4	108.4	112.5
1970	116.3	116.7	114.4	114.9	123.6	116.1	112.7	120.6	113.5	121.6
1971	121.3	122.1	119.3	118.4	128.8	119.8	118.6	128.4	117.1	128.4
1972	125.3	125.8	122.9	123.5	134.5	122.3	119.9	132.5	120.9	133.3
1973	133.1	130.7	131.1	131.4	140.7	128.8	123.8	137.7	129.9	139.1
1974	147.7	143.7	146.1	141.7	154.4	136.2	137.7	150.5	145.5	152.0
1975, May	159.3	153.6	157.0	171.8	168.2	141.8	147.4	166.8	156.6	164.5

NA Not available.

Source: U.S. Bureau of Labor Statistics, *Monthly Labor Review*. Also in *Handbook of Labor Statistics*.

159.3 - 116.3 - assume average is close to May 1975 (mid year)

116.3

$$\frac{(159.3 - 121.3)}{121.3} = .31$$

5 years

5

7.395

OR

6.3% annual rate of price increase 1971-75

7.4

Should have used May 1970 + May 1975 to find difference

The various steps to the income approach to value have been identified below and fully detailed in the exhibits which follow.

A. Income Approach Methodology

To determine the present value of a series of possible negative and positive cash flows before income tax to an investor-purchaser of the First Wisconsin Plaza as of May 1, 1975 the following procedures have been followed:

1. All spaces in the Plaza were identified floor by floor as to square footage and use to determine net assignable, and hence rentable areas. All space occupied by the First Wisconsin Bank was considered to be rentable. (See Exhibit 9)
2. For the period May 1, 1975 to April 30, 1976 all existing leases were reviewed to establish actual rentals and date of commencement since many tenants were actually paying rent for only a short period of time for the first year. Exhibit 10 provides a schedule of annualized gross potential rents and actual net effective rents for the first year.
3. Where leases were not arm's length agreements, market rents were assigned to specialized areas with extra premium rents assigned to areas occupied by the bank and having special features such as vaults, facilities for indoor landscaping, indoor exercises, etc. as might be possible where the bank was a tenant in a building under new ownership. All of this is detailed in Exhibit 10 with its supporting footnotes.
4. To anticipate further absorption of vacant space, a schedule of declining vacancies was provided in Exhibit 11 for the five fiscal years 1975-79. First-year vacancies included adjustments to gross potential for leases that were in force for only a portion of the year. For the next two years one-half of the remaining vacant space was leased for one-half the year, with rental losses adjusted to reflect CPI adjustment to 1975 base rentals.
5. The annualized gross potential revenue for 1975. (Exhibit 10) and projected vacancy losses for five years (Exhibit 11) then became the basis for the five-year projection of revenues provided in Exhibit 12 together with its extensive footnotes.

Exhibit 9

FIRST WISCONSIN PLAZA SCHEDULE OF NET ASSIGNABLE (RENTABLE) AREA FOR THE PROJECTION PERIOD

Lower Level

Gross Area		55,503
Less: Building Service Areas		
Mechanical room	9,000	
Water pump room	653	
Transformer, maintenance storage, and telephone frame rooms	7,000	
Core areas 1-2-3-4	2,862	
Corridors	2,476	(21,991)
Net Assignable (Rentable) Area		33,512
Leasehold Improvement	9,572	
Storage	23,940	

Plaza (First) Level

Gross Area		52,701
Less: Building Service Areas		
Security room	233	
Mechanical room	465	
Service dock, including Brink's	1,371	
Loading dock	2,850	
Electrical room	600	
Core Areas 1-2-3-4	2,862	
Corridors	3,183	(11,564)
Net Assignable (Rentable) Area		41,137
	(3600 sq.ft.)	
29,520	(1) Bank lobby and greenhouse (bank lobby & corridor)	20,685
	(2) Mezzanine	8,835
	(3) Retail	6,422
	(4) Chez Vous and Rennebohm storage	1,980
	(5) Rennebohm	3,215

Second Floor

Gross Area		26,546
Less: Building Service Area		
Core Area 1-2-3	2,158	
Corridors	2,435	(4,593)
Net Assignable (Rentable) Area		21,953
	(1) Cafeteria	7,904
	(2) Bank Trust	14,049

Third Floor

Gross Area		51,333
Less: Building Service Areas	2,862	
Core 1-2-3-4		
Corridors	3,498	(6,360)
Net Assignable (Rentable) Area		<u>44,973</u>
(1) Bank occupied offices	29,167	
(2) Bank occupied open area	11,435	
(3) Computer center	4,311	

Fourth Floor

Gross Area		29,254
Less: Building Service Areas		
Core Areas 1-2-3	2,158	
Corridors	1,517	(3,675)
Net Assignable (Rentable) Area		<u>25,579</u>
(1) Executive Offices:		
Atrium	2,791	
Offices, restrooms, kitchen,		
phone booth, reception	4,288	7,079
(2) Vacant:		
Atrium	3,000	
Other office	15,500	18,500

Fifth Floor - Sixth Floor

Gross Area/Floor		27,144
Less: Building Service Areas		
Core Areas 1-2-3		(2,158)
Net Assignable (Rentable) Area/Floor		<u>24,986</u>

Seventh Floor

Gross Area		26,362
Less: Building Service Areas		
Core Areas 1-2-3	2,158	
Corridors	1,704	(3,862)
Net Assignable (Rentable) Area		<u>22,500</u>

Eighth Floor

Gross Area		25,830
Less: Building Service Area		
Core Areas 1-2-3	2,158	
Corridors	1,800	(3,958)
Net Assignable (Rentable) Areas		<u>21,872</u>



Exhibit 9 Continued

Ninth Floor

Gross Floor Area		27,917
Less: Building Service Area		
Mechanical room	6,616	
Water tower & pump room	2,094	
Core Areas 1-2-3	2,158	
Corridors	1,848	(12,716)
Net Assignable (Rentable) Area		15,201
(1) Bar (1,122)	1,792	
(2) Health facility (4,690)	4,020	
(3) Office space	9,389	

1st floor = 289,808
 atwood NLA = 271,857
 17,951 difference

Exhibit 10

FIRST WISCONSIN PLAZA
SCHEDULE OF RENTAL REVENUES
FOR THE PERIOD MAY 1, 1975 - APRIL 30, 1976

Description	Net Assignable Sq. Footage	Rental Per Sq. Ft.	Annualized Gross Potent- tial Revenue (1 x 2)	Vacancy Loss for Year	Net Effective (3 - 4)
<u>Lower Level</u>		(8 mon) 450	71,820	--	71,820
Storage	23,940	(4 mon) 483	38,543	--	38,543
(1) Leasehold improvement	9,572	(3 mon) 1000	63,813	--	63,813
	<u>33,512</u>	(4 mon) 1073	34,236	--	34,236
<u>Plaza (First) Level</u>					
Bank Lobby - Green house & mezzanine	29,520	(8 mon) 1000 (4 mon) 1073	196,800 105,583	--	196,800 105,583
(2) Rennebohm	3,215	(3 mon) 450 (4 mon) 483	9,645 5,176	7,234 --	2,411 5,176
Retail: Glancy Optical	772	(12 mon) 1088	8,399	--	8,399
Hemisphere Travel	1,250	(12 mon) 750	9,375	6,250	3,125
Wm John Salon	2,221	(12 mon) 778	15,050	--	15,050
	1,879	(12 mon) 272	5,110	5,115	--
W.E. Weisner	300	(12 mon) 1000	3,000	250	2,750
(3) Chez Vous & Rennebohm	1,980	(8 mon) 450	5,940	--	5,940
Storage		(4 mon) 483	3,188	--	3,188
<u>Second Floor</u>					
(4) Cafeteria	7,904	(8 mon) 825 (4 mon) 885	43,472 23,317	--	43,472 23,317
Bank Trust	14,049	(8 mon) 875 (4 mon) 939	81,953 43,973	--	81,953 43,973
<u>Third Floor</u>					
Bank Occupied Offices	29,167	(8 mon) 875 (4 mon) 939	170,141 91,293	--	170,141 91,293
Bank Occupied Open Area	11,435	(8 mon) 825 (4 mon) 885	62,893 33,733	--	62,893 33,733
Used		(8 mon) 875 (4 mon) 939	25,498 13,681	--	25,498 13,681
Computer Center	4,371				
<u>Fourth Floor</u>					
Executive Offices:					
Atrium	2,791	(8 mon) 875 (4 mon) 939	16,281 8,736	--	16,281 8,736
Office, etc.	4,288	(8 mon) 875 (4 mon) 939	25,013 13,421	--	25,013 13,421
Other Office Area:					
Atrium	3,000	(12 mon) 412	12,360	12,360	--
($\frac{1}{2}$ @ \$8)					
Other	15,500	12 mon) 825	127,875	127,875	

Exhibit 10, Continued

FIRST WISCONSIN PLAZA
SCHEDULE OF RENTAL REVENUES
FOR THE PERIOD MAY 1, 1975 - APRIL 30, 1976

Description	Net Assignable Sq. Footage	Rental Per Sq. Ft.	Annualized Gross Potent- tial Revenue (1 x 2)	Vacancy Loss for Year	Net Effective (3 - 4)
<u>Fifth Floor</u>	24,986	(8 mon) 7192 (4 mon) 7511	119,800 62,558	--	119,800 62,558
<u>Sixth Floor</u>	24,986	(8 mon) 7192 (4 mon) 7511	119,800 62,558	--	119,800 62,558
<u>Seventh Floor</u>					
Foley, Lardner & Vacant	12,867	(8 mon) 900 (4 mon) 966	77,202 41,432	45,778 20,457	31,424 20,975
(5) Ray-O-Vac	9,633	(8 mon) 750 (4 mon) 782	48,165 25,110	-- --	48,165 25,110
<u>Eighth Floor</u>	21,872	(8 mon) 900 (4 mon) 966	131,232 70,428	16,518 8,615	114,714 61,813
<u>Ninth Floor</u>					
Plaza Club	5,812	(8 mon) 900 (4 mon) 966	34,872 18,715	-- --	34,872 18,715
Office Space	6,254	(8 mon) 900 (4 mon) 966	37,524 20,138	-- --	37,524 20,138
Vacant, Reller & Resnick	3,135	(8 mon) 851 (4 mon) 913	17,786 9,541	13,985 7,502	3,801 2,039
<u>Sub Totals</u>			2,266,179	271,934	1,994,245
Parking (305 stalls)					
Employee (25)					25,604
Tenant (35)					35,077
Non-Tenant (40)					3,854
Total Revenue					<u>2,058,780</u>

Exhibit 10, Continued

Leasehold Improvements:

(1)	Night depository drop	89
	Safe deposit vault	1800
	Outside safe deposit area	1800
	Cash vault	2700
	Vault Support Room	2463
	Brink's Counter room and conference room	720
		<u>9572</u> sq. ft.

(2) Rennebohms:

Lease commenced 10/28/75, thus vacancy of 6 months at \$4.50

(3) Chez Vous & Rennebohm Storage:

Used previously by Szabo Food in Center Ring Cafeteria

(4) Cafeteria - Concession to Rennebohms (Otherwise 9% of gross sales minus sales tax)

(5) 7th Floor

Vacant

Ray-0-Vac

Thus

(2/1/75)	9,633	7.50	
14,290 x 7.50 x 8/12 =	71,450	minus 0 =	71,450
14,290 x 7.82 x 4/12 =	37,249	minus 0 =	37,249
6,353 x 7.50 x 8/12 =	31,765	minus 31,765 =	-0-
6,353 x 7.82 x 4/12 =	16,560	minus 16,560 =	-0-

Exhibit 11

SCHEDULE OF VACANCIES FOR FISCAL YEARS 1975-1979

1975-76

1st Floor:	(Rennebohm)	3215 sq. ft.	@ 4.50 x 6 mon	= 7,234
	(Hemispheric)	1250 sq. ft.	@ 7.50 x 8 mon	= 6,250
	(Wm Jon)	1879 sq. ft.	@ 2.72 x 12 mon	= 5,110
	(W.E. Weisner)	300 sq. ft.	@ 10.00 x 1 mon	= 250
4th Floor:	(Atrium)	3,000 "	@ 4.12 x 12 mon	= 12,360
	(Other)	15,500 "	@ 8.25 x 12 mon	= 127,875
7th Floor:	(Foley & Lardner)	1857 "	@ 9.00 x 5.5 mon	= 7,660
	(Vacant)	6,353 "	@ 9.00 x 8 mon	= 38,118
		6,353 "	@ 9.66 x 4 mon	= 20,457
8th floor:	(Vacant)	2,753 "	@ 9.00 x 8 mon	= 16,518
		2,753 "	@ 9.66 x 3.5 mon	= 7,757
		2,133 "	@ 9.66 x .5 mon	= 858
9th floor:	(Vacant)	2,465 "	@ 8.51 x 8 mon	= 13,985
		2,465 "	@ 9.13 x 4 mon	= 7,502
Total Vacancy				<u>\$271,934</u>

1976-77 Project One-half of remaining available space will be rented during the year

1st floor:	(Wm Jon)	1,879 "	@ 2.72 x 3 mon	= 1,278
4th floor:	(Atrium)	(3000 x .75)		
		2,250 "	@ 4.12 x 106.3%	= 9,854
	(Other)	(15,500 x .75)		
		11,625 "	@ 8.25 x 106.3%	= 101,948
7th floor:	(Vacant)	(6,353 x .75)		
		4,765 "	@ 9.00 x 8 mon x 106.3%	= 30,391
8th floor:		(2,133 x .75)		
		1,600 "	@ 9.00 x 8 mon x 106.3%	= 10,205
		1,600 "	@ 9.66 x 4 mon x 106.3%	= 5,477
9th floor:		2,465 "	@ 9.13 x 4 mon	= 7,502
Total Vacancy				<u>\$182,935</u>

Exhibit 11 cont'd.

1977-78

4th floor: (Atrium)	3000 x .5 @ 4.12 x 112.6%	=	6,959
	(2 yr. CPI)		
(Other)	15,500 x .5 @ 8.25 x 112.6%	=	71,994
7th floor: (Vacant)	6353 x .5 @ 9.00 x 8 mon x		
	112.6%	=	21,460
	6353 x .5 @ 9.66 x 4 mon x		
	112.6%	=	11,517
8th floor:	2133 x .5 @ 9.00 x 8 mon x		
	112.6%	=	7,205
	2133 x .5 @ 9.66 x 4 mon x		
	112.6%	=	<u>3,867</u>
Total Vacancy			\$123,002

1978-79

4th floor: (Atrium)	3000 x .5 @ 4.12 x 118.9%	=	7,348
	(3 yr. CPI)		
(Other)	15,500 x .5 @ 8.25 x 118.9%	=	76,022
7th floor: (Vacant)	6353 x .5 @ 9.00 x 8 mon x		
	118.9%	=	22,661
	6353 x .5 @ 9.66 x 4 mon x		
	118.9%	=	12,161
8th floor:	2133 x .5 @ 9.00 x 8 mon x		
	118.9%	=	7,608
	2133 x .5 @ 9.66 x 4 mon x		
	118.9%	=	<u>4,083</u>
Total Vacancy			\$129,883

1979-80

4th floor: (Atrium)	3000 x .5 @ 4.12 x 125.2%	=	7,737
	(4 yr. CPI)		
(Other)	15,500 x .5 @ 8.25 x 125.2%	=	80,050
7th floor: (Vacant)	6353 x .5 @ 9.00 x 8 mon x		
	125.2%	=	23,862
	6353 x .5 @ 9.66 x 4 mon x		
	125.2%	=	12,806
8th floor:	2133 x .5 @ 9.00 x 8 mon x		
	125.2%	=	8,012
	2133 x .5 @ 9.66 x 4 mon x		
	125.2%	=	<u>4,300</u>
Total Vacancy			\$136,767

Exhibit 12
FIRST WISCONSIN PLAZA
FORECAST OF REVENUES AND EXPENSES
FOR THE PERIOD MAY 1, 1975 - APRIL 30, 1980

Revenues:	1975-76	1976-77	1977-78	1978-79	1979-80
Office Rental (1)	2,266,179	2,408,948	2,551,718	2,694,487	2,837,256
Less Vacancy (2)	(271,934) ^{12%}	(182,935) ^{11.7%}	(123,002) ^{4%}	(129,883) ^{4.8%}	(136,767) ^{4.9%}
Effec. Office Rental	1,994,245	2,226,013	2,428,716	2,564,604	2,700,489
Parking Revenue(3)	64,535	78,840	83,807	88,774	93,741
Total Revenue	2,058,780	2,304,853	2,512,523	2,653,378	2,794,230
<u>Expenses:</u>					
Cleaning (4)	224,020	245,200	260,648	276,095	291,543
Electrical (5)	6,818	7,000	7,441	7,882	8,323
Heating (6)	47,630	50,642	54,605	58,615	62,625
Air Cond. & Ventilation (7)	62,509	66,990	72,033	77,076	82,119
Plumbing (8)	10,071	12,734	14,305	15,193	16,081
Elevator (9)	20,789	25,328	26,925	28,519	30,116
General Bldg-Wage(10)	50,568	52,682	57,423	62,165	66,906
Security (11)	116,035	105,072	111,072	118,311	124,931
Supplies (12)	11,813	12,800	13,606	14,413	15,219
Special Cleaning(13)	10,258	11,400	12,118	12,836	13,555
Unclassified (14)	18,054	16,186	17,206	18,226	19,245
Administrative (15)	42,481	49,050	52,140	55,230	58,320
Energy (16)	240,379	265,349	290,319	315,289	340,260
Insurance (17)	12,700	13,000	13,820	14,640	15,450
Capitol Concourse					
Special Assessment ⁽¹⁸⁾	--	--	5,898	14,208	14,208
Land Rent (\$2400/yr) ²⁰	2,400	2,551	2,702	2,854	3,005
Total Expenses	876,525	935,984	1,012,261	1,091,552	1,161,916
Net Income before Real Estate Taxes, Depreciation, and Debt Service	1,182,255	1,368,869	1,500,262	1,561,826	1,632,314

Footnotes to EXHIBIT 12

(1) Office Rental:

Projected rental increase of 6.3% per year are based on the previous 5 year's average for the all times consumer price index.

(2) Vacancy Schedule: See Exhibit

(3) Parking Revenue (305 stalls)

Employees	90 @ \$25/mon x 12	=	27,000
Tenants	112 @ \$35/mon x 12	=	47,040
Non-Tenant	10 @ \$40/mon x 12	=	4,800
For period 1976-77 - 1979-80			<u>78,840</u>
(Based on projection furnished by bank properties)			

Increases Based on 6.3% C.P.T.

1977-78	78,840 x 1.063	83,807
1978-79	78,840 x 1.126	88,774
1979-80	78,840 x 1.189	93,741

(4) Expense: Classifications are consistent with Building Owners and Managers Association International System (BOMA)

(5) Cleaning:

Includes wage of employees (including supervisory) who clean offices, lobbies, elevator cabs, corridors, toilets, windows, etc; and cost of all cleaning supplies. Cost of upkeep, repairs, and ordinary replacement of cleaning equipment included.

At present, includes the wages of 10 full time and 14 part-time personnel.

The 1976-77 projections are based on the results of operation for the first half of the calendar year 1976. Greater efficiency in operation should counterbalance the usual increase in costs associated with a high occupancy. It is anticipated that for the years 1977-78 through 1979-80, the increase should approximate the C.P.I.

(5) Electrical:

Covers cost of maintaining electrical system throughout building including repairs and ordinary replacements. Does not include the wages of electricians or other employees. The major items of importance included in this account are light bulbs and fluorescent tubes.

(6) Heating:

Covers cost of maintaining entire heating system, including labor costs, supplies, and parts. This account does not include the cost of fuel. It is charged with one half the wages and fringe benefits of five (5) engineers, which are projected to increase 8% per year for the period 1977-78 through 1979-80.

Exhibit 12, Continued

1979-80	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>
Wages, fringes (8%)	52,240	56,110	59,890
Supplies, repairs, etc. (6.3%)	<u>2,365</u>	<u>2,505</u>	<u>2,645</u>
	54,605	58,615	62,625

(7) Air conditioning and Ventilating:

Due to the nature of the heating, air conditioning, and ventilating systems, this account includes the wages and fringe benefits of five engineers. Includes the cost of supplies and labor required to operate filters, fans, motors, and other equipment in air conditioning and ventilating system.

	<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>
Wages, fringe benefits (8% Inc.)	48,370	52,240	56,110	59,980
Supplies, repairs, etc. (6.3% inc.)	<u>18,620</u>	<u>19,793</u>	<u>20,966</u>	<u>22,139</u>
	66,990	72,033	77,076	82,119

(8) Plumbing:

Covers costs of maintaining plumbing system, including hot and cold water, sprinkler systems, filters, water softeners, water heaters, pumps, etc; and cost of water purchased. Water will increase approximately 34% over the next year.

	<u>1976-77</u> (17%)	<u>1977-78</u> (34%)	<u>1978-79</u> (CPI-613)	<u>1979-80</u> (CPI-6.37)
Water	9,334	10,691	11,365	12,038
Supplies, repairs, etc.	<u>3,400</u>	<u>3,614</u>	<u>3,828</u>	<u>4,043</u>
	12,734	14,305	15,193	16,081

(9) Elevators:

Maintenance contract expense for elevators and escalators charged to this account, as well as supplies, material and ordinary replacement. Presently, Armour Elevator Company, Inc. is paid \$1,627 per month for a total maintenance contract on all elevators and Westinghouse Electric is paid \$375 per month for a total maintenance contract on the escalators. The escalator contract represents a 20.3% increase in labor over the previous year. Original contracts commenced shortly after start of 1975-76 budget year.

	<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>
Elevators	19,453	20,679	21,904	23,130
Escalators	4,375	4,651	4,926	5,202
Outside Services	<u>1,500</u>	<u>1,595</u>	<u>1,689</u>	<u>1,784</u>
	25,328	26,925	28,519	30,116

(10) General Building - Wages:

Includes a proportion of the wages and fringe benefits of one carpenter, two painters, and one electrician. Increases for the years 1977-78 through 1979-80 are projected at 9%.

General Building:

(11) Security

At present, this account includes the wages and fringe benefits of four full time security guards, one full time parking attendant, two part-time security guards, and one part-time parking attendant. Also included are supplies such as batteries, film, etc; and an equipment expense contract with Mosler Safe Company for \$5,260.

	<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>
Wages, fringe benefits	94,872	100,849	106,826	112,803
Supplies	3,200	3,402	3,603	3,805
Equipment Expense	7,000	7,441	7,882	8,323
	<u>105,072</u>	<u>111,692</u>	<u>118,311</u>	<u>124,931</u>

(12) Supplies (General Building)

This account is comprised almost exclusively of expenditures for horticultural supplies.

(13) Special Cleaning (General Building)

Includes the cost of window cleaning as well as cleaning made necessary by unusual repairs or tenant improvement construction.

(14) Unclassified (General Building)

Includes the cost of scavenger service, fire and crime prevention, such as outside security service, hand tool and small equipment, directory of the building, repairs, and other miscellaneous items. At present, City disposal provides scavenger service at \$232.20 per month.

	<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>
Scavenger Service	2,786	2,962	3,137	3,313
Fire & Crime Prevention	800	850	901	951
Hand Tool & Small Equip	1,500	1,595	1,689	1,784
Directory of building	250	266	282	297
Repairs, incl. materials	6,150	6,537	6,925	7,312
Miscellaneous	4,700	4,996	5,292	5,588
	<u>16,186</u>	<u>17,206</u>	<u>18,226</u>	<u>19,245</u>

(15) Administrative:

Include a proportion of the salaries and fringe benefits of those administrators directly involved in the management of the Plaza, as well as office supplies.

Exhibit 12, Continued

(16) Energy:

	<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>
Electricity	207,218	229,420	251,622	273,824
Gas	<u>58,131</u>	<u>60,899</u>	<u>63,667</u>	<u>66,436</u>
	265,349	290,319	315,289	340,260

It is projected that electricity will increase by 12% per year, based on rate increases proposed by Madison Gas and Electric, while gas is projected to increase by 5% per year.

(17) Insurance

Blanket comprehensive property insurance package, not including glass coverage, based on low rate for multiple structure owner.

(18) See Section B-3, IV of appraisal.

(19) See Section C, II for lease of underground street encroachment subject to CPI adjustment of 6.3% beginning in fiscal year 1976.



10

IT SHOULD BE NOTED THAT OFFICE LEASES AT THE FIRST WISCONSIN PLAZA ESCALATE THE BASIC RENT AS A FUNCTION OF THE CONSUMER PRICE INDEX AND THIS APPRAISAL ASSUMES THE PAST FIVE-YEAR TREND SIMPLE AVERAGE IS INDICATIVE OF THE NEXT FIVE YEARS AS PER EXHIBIT 8.

6. The operating expenses detailed for 1975-76 for the fiscal period May 1, 1975 to April 30, 1976 were carefully reconstructed from the monthly accounting sheets and modified where expenditures were unjustified because of over-maintenance, were revised as a result of changes in management policy and procedures, or were relevant to the bank "tenant" but not the building. Each of these expense items and the forecast for each in successive fiscal years is documented in extensive footnotes which form part of Exhibit 12.
7. Subtracting the expenses from the revenues as determined above provides the net cash income which is available to pay real estate taxes, mortgage interest and principal payments, and the yield on investment plus recovery of capital necessary to justify cash investment by the buyer.
8. To convert net income before real estate taxes and debt service to a capitalized income value, a computer program called Investment Market Value (IMV), reflecting Ellwood Mortgage-Equity techniques, will be used from the National EDUCARE library of programs. EDUCARE is a non-profit extension of the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers dedicated to the development of Timeshare techniques for application to appraisal and real estate analysis problems. Use of the program is a three-part process:
 - a. On the first run net income before real estate taxes will be utilized but divided by a capitalization rate which includes the capitalized equivalent of the Madison 1975 equalized tax rate. The resulting value will be used to estimate approximate equalized real estate taxes for 1975.
 - b. The estimate of real estate taxes will then be deducted from net income before real estate taxes from Exhibit 12 and reprocessed with a capitalization rate reflecting only the return to equity required as a minimum inducement to a purchaser.
 - c. The value estimate derived in Step "b" will then be tested to see whether it will provide adequate

after tax cash on cash returns, internal rates of return, and risk measures for the sophisticated investor.

- d. The final step will be to set the market value of the property with terms and conditions appropriate to an arms length transaction for the subject property as of May 1, 1975.

An explanation of the detailed inputs and outputs of the IMV process follows.

B. Recognition of Business Risk And Probable Buyer in Real Estate Investment

Purchase of a real estate investment for financial return and acceptance of an appraisal valuation must be recognized as essentially the acceptance of many, many assumptions about the future under conditions of great uncertainty. Therefore it is important that the reader understand the implications of the many footnotes which support the various exhibits, the forecast of revenues and expenses for the next five years of hotel operations. These footnotes represent the reasoning process by which the appraiser has estimated the magnitude of each component.

In making such forecasts it is the opinion of the appraiser that errors which overestimate or underestimate on many small facets of the problem tend to offset one another so that ultimately forecasted returns represent a reasonable forecast of the future but obviously there can be as many alternative forecasts as there are estimators. To accept the appraisal valuation it is only necessary to accept the equity and objectiveness with which the assumptions have been assembled as representative of the future but by no means as a precise prophecy. Business risk is always the variance between one's assumptions (or expectations) and one's realizations.

The prime character of the First Wisconsin Plaza construction, style, and tenancy together with the large investments required would limit prospective purchasers to large insurance companies, pension funds, and agents of overseas investors. These sophisticated and prudent investors enjoy investment options throughout the country and in many alternative investment forms. During the investment quarter which includes May 1, 1975, they would have sought a cash-on-cash return approaching 10% plus some increase in their equity approaching 5% per year, an increase deferred as to realization until an actual sale transpired so that 15% overall return to equity before tax would be the minimum acceptable return for prime office building investments by knowledgeable investors.

C. Mortgage Equity Approach Assumptions

1. A conventional mortgage loan ratio for the new buyer and fundable with major mortgage lenders would not exceed 80% of proposed purchase price.
2. The interest rate as of May 1, 1975 under the most favorable circumstances would be .1025% for a 25-year loan amortization. However, the lender would probably require maturity of the loan within 15 years with a balloon payment, but this event would fall outside our five-year forecast.
3. Overall rate of return to equity would be 15% compounded, before income taxes including appreciation in the equity reversion. It is assumed that the buyer would pay cash equivalent to 20% of the purchase price.
4. The return to equity in IMV must be added to the capitalized equivalent of the real estate tax in 1975. This is computed by multiplying the 1975 mill rate for Madison of 44.4276 net of the state tax credit and expressed as a percent of value .0444276 times the equalization rate of .65 producing .02887794. To relate the capitalized real estate tax to the equity portion (20% of purchase value), it is necessary to multiply by five for a product of .1443897 or 14.44%. When added to an equity rate of 15%, the total capitalization rate entered in line 103 of the IMV input form (Appendix E) is 29.44% (also in Exhibit 13 as before tax yield).
5. Since appreciation or depreciation depends on whether the cash income of the project is improved through marketing, management, and the rate of inflation, it is speculative to project a change in resale value. For purposes of this project no change in the value of the building is assumed, with actual wear-and-tear and aging or functional obsolescence due to utility rates increases considered to be offset by modest inflation in dollar values. Thus it is assumed that the property would resell in five years at no less than the same price it would sell for on May 1, 1975. A graduated sales commission and other transaction costs would not exceed 2% of the sales price. These are liberal and optimistic assumptions at this time for Madison, tending to inflate resale proceeds to investor.
6. The IMV program requires additional explicit assumptions to provide an after tax yield estimate as a check on the justified purchase price:



READY
RUN INV

Exhibit 13

INV 00:21COT 03/02/76

WHAT IS YOUR DATA FILE NAME? CWAAS1
*\$10.00 LIB CHC APPLIED

INV : \$ 9605805
AFTER TAX YIELD(IRR) : 19.823
BEFORE TAX YIELD(IRR) : 29.443
DO YOU WANT DETAIL (0=NO,1=YES)? YES

Y-IS BAD CHAR IN DATA OR BAD FORMAT.

RETYPE DATA FOR LIST IN LINE 8410
?1

INVESTMENT MARKET VALUE ANALYSIS 00:21COT 03/02/76

FIRST WISCONSIN PLAZA
FISCAL YEARS - MAY 1, 1975 - 1979

AFTER TAX YIELD(IRR) : 19.823
BEFORE TAX YIELD(IRR) : 29.443

INVESTMENT MARKET VALUE: \$ 9605805

FINANCING:

MORTGAGES:
1. 1ST MONTH 10.2503 25 YRS 0 MONS \$ 7684643
EQUITY CASH: \$ 1921162

RESALE OF INVESTMENT IN 5 YEARS:

ESTIMATED RESALE PRICE \$ 9605805
LESS: MORTGAGE BAL. 7252049
SALES COMMISSION 192116
CASH REVERSION BEFORE TAXES \$ 2161640
LESS: CAPITAL GAINS TAX(ALT.) 489895
TAX ON RECAPTURED DEPR. 0
TAX PREFERENCE TAX 0
CASH REVERSION AFTER TAXES \$ 1671745

YR	NET INCOME	MORTGAGE INTEREST	BOOK DEPR.	TAXABLE INCOME	INCOME TAX	CASH FLOW BEFORE TAX	CASH FLOW AFTER TAX
1	1182255	784457	326597	71231	34176	327984	293808
2	1368369	776955	326597	265317	127352	514598	387246
3	1500262	768647	326597	405918	194408	645971	451563
4	1561326	759446	326597	475783	226375	707555	479180
5	1632314	749256	326597	556461	267101	778043	510942

- a. It solves for total value before taxes, including land, but for purposes of after tax value it is assumed that 70% of the purchase price represents structure with a 50-year useful life and 20% salvage value, 20% represents equipment with a 10-year useful life, and 10% salvage value, while the residual value of purchase price would be assigned to land value.
- b. The federal tax rate is assumed to be the maximum of 48% for a corporate owner having other income that could use the shelter of taxable losses attributable to the program.

D. Execution of the IMV Model

A preliminary evaluation using net income before real estate taxes and including real estate taxes as a portion of the equity capitalization rate was entered as a data file and run.

1. The preliminary evaluation provided in Exhibit 13 indicated a justified investment value of \$9,605,805.
2. This initial value was then multiplied by .65 (equalization rate) and .0444276 (1975 mill rate) for an equalized mill rate of .0288776 of total value.
3. When this equalized rate was multiplied by the preliminary value, it suggested that real estate taxes would be about \$277,392 for 1975. Assuming that taxes would not rise for the entire five-year projection for Dane County and the City of Madison, a doubtful assumption which inflates value significantly, the estimated revenues were recalculated to convert a before real estate tax income position to the more traditional net operating income as follows:

Net Income Before Real Estate Tax (Exhibit 12)	Estimated Real Estate Tax For 1975 (Section V, E-3)	Net Income After Real Estate Tax (Exhibit 14)
\$1,182,255	- 277,392	= 904,863
\$1,368,869	- "	= 1,091,477
\$1,500,262	- "	= 1,222,870
\$1,561,826	- "	= 1,284,434
\$1,632,314	- "	= 1,354,922

READY
R/N IMV

Exhibit 14

IMV 17:48CDT 08/04/76

WHAT IS YOUR DATA FILE NAME?GRAAS2
*\$10.00 LIB CHG APPLIED

IMV : 5 9884201
AFTER TAX YIELD(IRR) : 11.273
BEFORE TAX YIELD(IRR) : 15.003
DO YOU WANT DETAIL (0=NO,1=YES)?1

INVESTMENT MARKET VALUE ANALYSIS 17:48CDT 08/04/76

FIRST WISCONSIN PLAZA
FISCAL YEARS - MAY 1, 1975 - 1979
REAL ESTATE TAXES CONSTANT

AFTER TAX YIELD(IRR) : 11.273
BEFORE TAX YIELD(IRR) : 15.003

INVESTMENT MARKET VALUE: \$ 9884201

FINANCING:

MORTGAGES:
1. 1ST MONTH 10.250% 25 YRS 0 MONS \$ 7907360
EQUITY CASH: \$ 1976841

RESALE OF INVESTMENT IN 5 YEARS:

ESTIMATED RESALE PRICE \$ 9884201
LESS: MORTGAGE BAL. 7462229
SALES COMMISSION 197684
CASH REVERSION BEFORE TAXES \$ 2224288
LESS: CAPITAL GAINS TAX(ALT.) 504093
TAX ON RECAPTURED DEPR. 0
TAX PREFERENCE TAX 0
CASH REVERSION AFTER TAXES \$ 1720195

	NET	MORTGAGE	BOOK	TAXABLE	INCOME	CASH FLOW	CASH FLOW
YR	INCOME	INTEREST	DEPR.	INCOME	TAX	BEFORE TAX	AFTER TAX
1	904863	807192	336062	-238391	-114427	25834	140261
2	1001477	799472	336062	-44057	-21147	212448	233595
3	1222670	790923	336062	95385	46024	343841	297817
4	1284434	781456	336062	166716	60119	405405	325266
5	1354922	770971	336062	247889	118986	475393	356907

4. The data file for IMV was then corrected to provide for an unadjusted cap rate to equity of .15 (Line 103 of IMV form) and for the net income after real estate taxes (Line 105) as determined above, and the program was run again and the output is provided in Exhibit 14. This exhibit indicates the justified investment market value as of May 1, 1975 would have been \$9,884,201 or \$9,880,000 rounded.
5. Some basic investment tests would indicate that this justified investment value would be the highest price an investor would pay under these assumptions because:
 - a. After tax yield would be a scant 11.27%.
 - b. The average cash flow after tax of \$270,773 is .14% on equity, including tax savings to other income for the first two years of ownership.
 - c. In the event of resale at the end of five years, the capital gains tax of \$504,093 would consume all of the \$225,000 increase in net worth and actually leave the investor with a cash reversion after taxes of \$1.72 million, \$.25 million less than the original equity cash invested of \$1.97 million! (See calculations on Exhibit 14.)
 - d. The cumulative payback of original cash invested would be .68% by the end of the fifth year from cash flow after taxes (\$1,353,865 divided by \$1,976,841). Investment strategy would strive for a five-year 100% payback of equity dollars on commercial property so that 68% is not a desirable recovery of investment.
 - e. The cash breakeven point for the investment is the gross potential revenue minus cash flow before taxes, and this default point should be in the neighborhood of 80%, leaving a margin of 20% for unexpected increases in expenses or real estate taxes. The subject property purchased at the above value and terms would look like:

Fiscal Years	Total Effective Revenue from Exhibit 12 Column A	Cash Flow Before Tax From Exhibit 14 Column B	Default Point
			Column B 1 - Column A
1975-76	\$2,058,780	\$ 25,834	1 - .013 = .987
1976-77	2,304,853	212,448	1 - .092 = .908
1977-78	2,512,523	343,841	1 - .137 = .863
1978-79	2,653,378	405,405	1 - .153 = .847
1979-80	2,794,230	475,893	1 - .170 = .830

Note that as little as 1% variation in potential revenues or expenses would put the investment in the red in the first year and that the margin of cash revenues available to absorb unexpected vacancies or increased operating expenses has not yet reached the desired ratio of 20%. In the fifth year, despite holding real estate taxes constant at 1975 levels. Increasing taxes would increase default point unless CPI index rose faster than 6.3%.

- f. In short a review of some traditional indices of investment yield and risk suggests that an investor who would pay \$9,880,000 for the building on May 1, 1975 with a down payment of 20% or \$1,976,841 would face significant probability of cash deficits from operations or resale for a return of about 11%, including tax shelter benefits. All of these indices indicate that he paid too much for the property.

E. Income Approach Value Allocation

The income approach to value using the mortgage-equity technique as programmed in the IMV program leads to the conclusion that the highest price an investor would be willing to pay for the First Wisconsin Plaza as described herein would be \$9,880,000 as of May 1, 1975 under the assumptions put forward and supported in this report.

1. Assuming the City Assessor were to use a 65% equalization base, the above value would suggest a total assessed value of \$6,424,730.
2. If land were 15% of the total value, then the assigned market value would be \$1,482,000 or \$22.60/sqaure foot

*but entered
210%*

of the area assumed to be included in this tax parcel. That is consistent with State of Wisconsin costs to assemble and clear the two square blocks to the east, Blocks 108 and 107.

3. The market value of \$1,482,000 converts to an equalized value on land of \$963,300.

VI. VALUE CONCLUSION

Since the Market Approach offers no transaction of comparable properties in Madison or in Wisconsin (not subject to financial duress or unusual financing terms) . . .

Since the Cost Approach is inappropriate to the subject property which represents an over-improvement relative to prudent investment, and a significant risk of functional obsolescence due to rising utility costs . . .

It is necessary to base fair market value of the subject property on the Income Approach. Based on the assumptions, limiting conditions, and property tax estimates as presented, it is the opinion of the appraiser that the highest probable price in dollars and fair market value of the subject property herein described as of May 1, 1975 is:

NINE MILLION EIGHT HUNDRED EIGHT THOUSAND DOLLARS
(\$9,880,000)

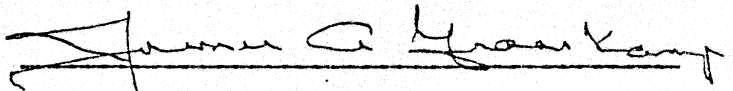
CERTIFICATE OF APPRAISAL

I hereby certify that I have no interest, present or contemplated, in the property and that neither the employment to make the appraisal nor the compensation is contingent on the value of the property. I certify that I have personally inspected the property and that according to my knowledge and belief, all statements and information in this report are true and correct, subject to the underlying assumptions and limiting conditions.

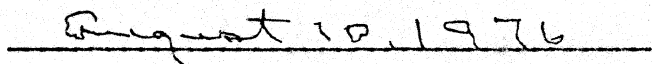
Based upon the information contained in this report and upon my general experience as an appraiser, it is my opinion that the Fair Market Value, as defined herein, of this property as of May 1, 1975, is:

NINE MILLION EIGHT HUNDRED EIGHTY THOUSAND DOLLARS

(\$9,880,000)



James A. Graaskamp, SREA, CRE



Date



STATEMENT OF LIMITING CONDITIONS

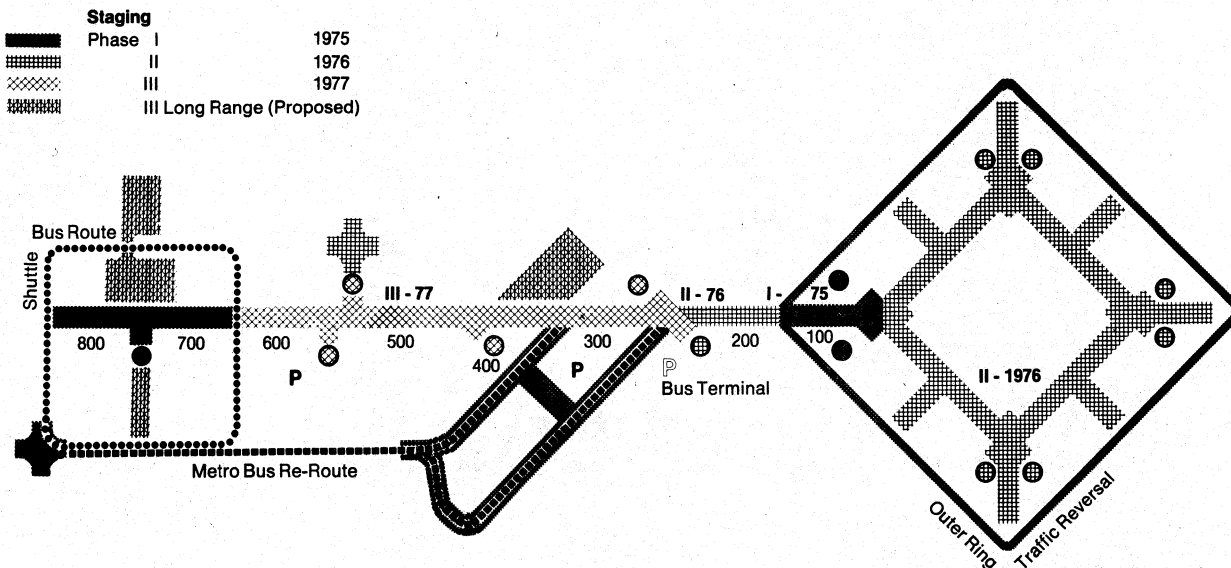
This appraisal is made subject especially to the following conditions and stipulations:

1. The appraiser assumes no responsibility for matters which are legal in nature nor is any attempt made to render an opinion on the title. The property has been appraised as if title to the subject property were in fee simple, legal ownership with no regard for the existing structure of split ownership within a larger holding company, leasebacks, mortgage loans, or other liens or encumbrances.
2. The appraiser did not conduct any engineering analysis of the structural components or of the site, of costs to replace, or of other related factors. Monthly operating and construction accounting data were provided but all income and expense estimates were reconstructed to include imputed rents to areas occupied by the owner and expenses deemed to be appropriate for skillful management of the property.
- 3.* Forecasts of effective demand of retail and office space are based on the best available data concerning the downtown Madison market but are projected subject to grave conditions of economic uncertainty due to city plans for modifying the Capitol Concourse and current depression in retail sales levels for many retailers on the Square. Throughout the report critical assumptions are noted and some are given special emphasis on full capitalization. Thus these forecasts are a scenerio of what is most likely to happen given skillful management and no unforeseen circumstances.
4. The specific parcel area appraised does not conform with the present city of Madison tax record for this tax parcel but assumes the city record to be obsolete and in need of updating to correctly identify the economic entity.
- 5.* Values for various components of the subject parcel and improvements as contained within the report are valid only when making a summation and are not to be used independently for any purpose and must be considered invalid if so used.
- 6.* Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the appraiser or the applicant, and in any event, only in its entirety.
7. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations,

news, sales or other media without the written consent and approval of the author, particularly as to the valuation conclusions, the identity of the appraiser of the firm with which he is connected, or the identity of any of his associates.

8. * Information furnished by others in this report, while believed to be reliable, is in no sense guaranteed by this appraiser. While before-tax arithmetic of ~~FMV~~ ^{FMV} model has been handchecked for accuracy, no guarantee of program infallibility can be made by EDUCARE^{John D. Shaw} or the appraiser.
9. * All information furnished regarding property for sale, rental, financing or projections of income and expense is from sources deemed reliable. No warranty or representation is made as to the accuracy thereof and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease, or financing, or withdrawal without notice.

Appendix A

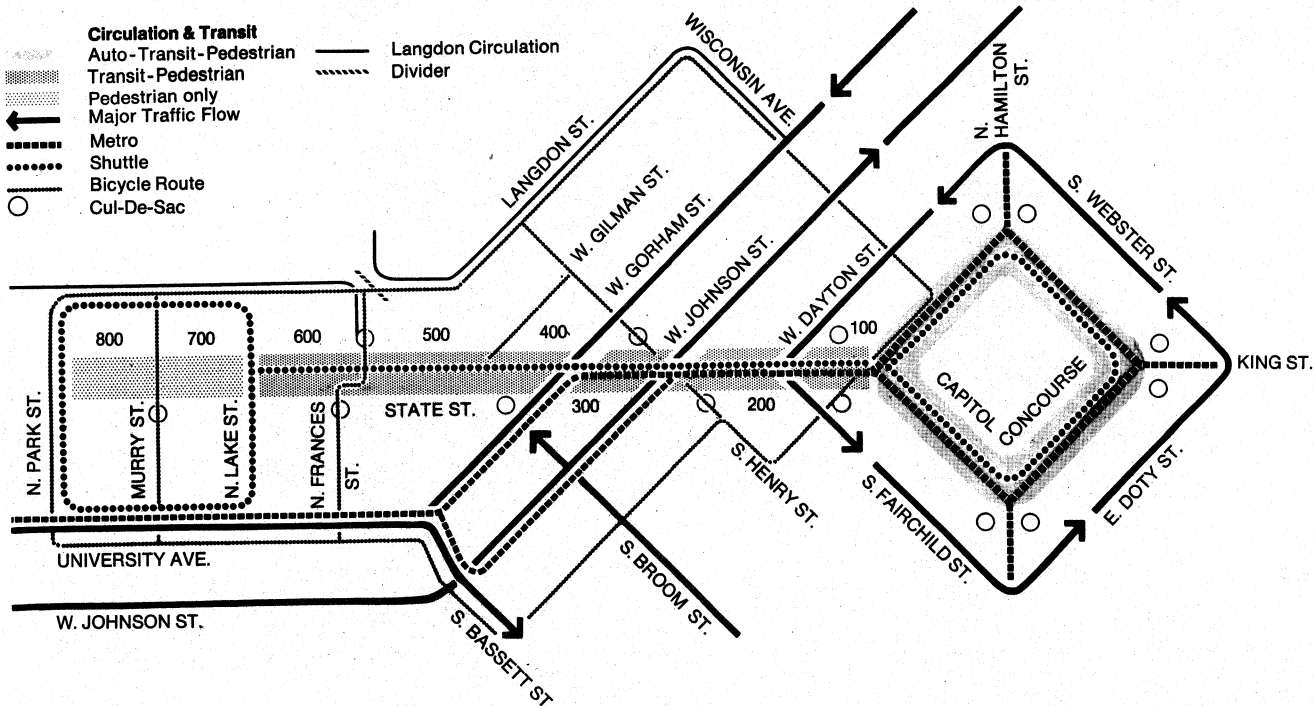


Long range proposals which cannot be assigned a time frame at this time include: 1. Performance plaza with its parking ramp, low-rise residence and shopping arcade, 2. Library Mall and a one story parking deck below grade and, 3. Eventual "back door" service provision for the north frontages of the 500 and 600 blocks of State Street.

Construction costs were determined by estimating 1974 figures for Phase I, adding escalation, and extrapolating these costs to the Phase II and III areas. The schedule shows \$550,000 for the 700-800 block, and \$320,000 for the 100 block, totalling \$870,000 for Phase I, \$5,400,000 for Phase II, and \$2,200,000 for Phase III, totalling \$8,470,000. The overall costs break down to \$10.50 per square foot and \$740.00 per linear foot. These unit costs compare well with other malls of this type with partial or full canopies. In view of the present monthly escalation of construction costs of 1.5% it is critical that the schedule be maintained to achieve the budget goals.

	1974	1975	1976	1977
Phase I				
planning	■			
design	■			
construction		■		
Phase II				
planning	▨			
design		▨		
construction			▨	
Phase III				
planning	▩			
design			▩	
construction				▩

Construction Costs	1974	1975	1976	1977
9				8,470,000.
8				2,200,000.
7			6,270,000.	
6				
5			5,400,000.	
4				
3				
2				
\$ 1 Million		870,000.		



Parking

The plan's recommendations for parking are to be viewed as a strategy for attaining a comprehensive off-street parking program. Proposed is one approach — a program of enlargement of the existing public parking space pool. Surface lots would be expanded in the following locations: Buckeye Lot — 58 cars; Madison Motor's property — 119 cars; Lake Street ramp extension — 117 cars. Total space to be provided will be 294 cars, which represents 211 additional parking spaces for the downtown when the existing 83 State Street curb spaces are removed. Acquisition and site improvement costs for the Madison Motor property and that adjacent to the Buckeye Lot is \$850,000. Money presently is budgeted by the parking utility for purchase of the Lake Street expansion site. Therefore, no charge will accrue to the project for this improvement.

Temporary parking would be provided in the cul-de-sac streets, with the exception of Frances Street, during the initial phases of the project. A total of 150 such spaces can be provided at virtually no cost. They will minimize disruption, assist in the transition period when on-street parking is removed, and later revert back to a pedestrian and service function.

An alternate approach would be the coordinated development of the many small surface lots in private ownership. This would require commitments and cooperation among businesses and owners to share parking use of the lots and action by the city to acquire public easements for access and provide public services. The organization of these parcels by the Central Madison Committee or other business groups represents one opportunity to contribute to the project by defraying its total cost. Public and private sector partnership is critical to the success of this approach.

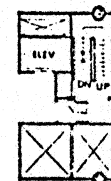
Long-range recommendations for a parking ramp to be constructed in conjunction with the future University Library Mall will accommodate 165 cars, or about 50 more than those to be removed from Murray Street and the Student Union Lot. The deck proposal in the 400 block area will hold 135 cars and serve the new shops, housing, and performance plaza, as well as that section of State Street where present parking is least adequate. Estimated cost is \$4,000 per space or \$540,000.

A future bus terminal site at West Dayton and South Henry Streets is now under consideration by the City. Parking provided at the terminal also will serve the Art Center and Auditorium during off-peak hours. The number of spaces to be provided is as yet undetermined.

Webster Street

Pinckney Street

Appendix B



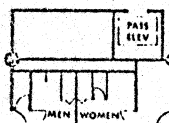
Fire exit
up to plaza
level - exit
Pinckney Street

Fire exit up to
loading dock
plaza level

MECH ROOM

Fire exit out of
building from all
floors - exit on
Webster Street

FIRST BASEMENT

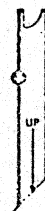


VAULT

FIRST WISCONSIN NATIONAL BANK
OF MADISON
E SOUTH PINCKNEY STREET, MADISON
WISCONSIN 53701

SKIDMORE OWINGS & MERRILL
ARCHITECTS ENGINEERS

JOHN J. FLAD & ASSOCIATES, INC.
ASSOCIATE ARCHITECT



Fire exit out of building
from all floors - nine thru
first basement. Exit on East
Washington

VAULT

FIRST WISCONSIN
PLAZA
MADISON WISCONSIN

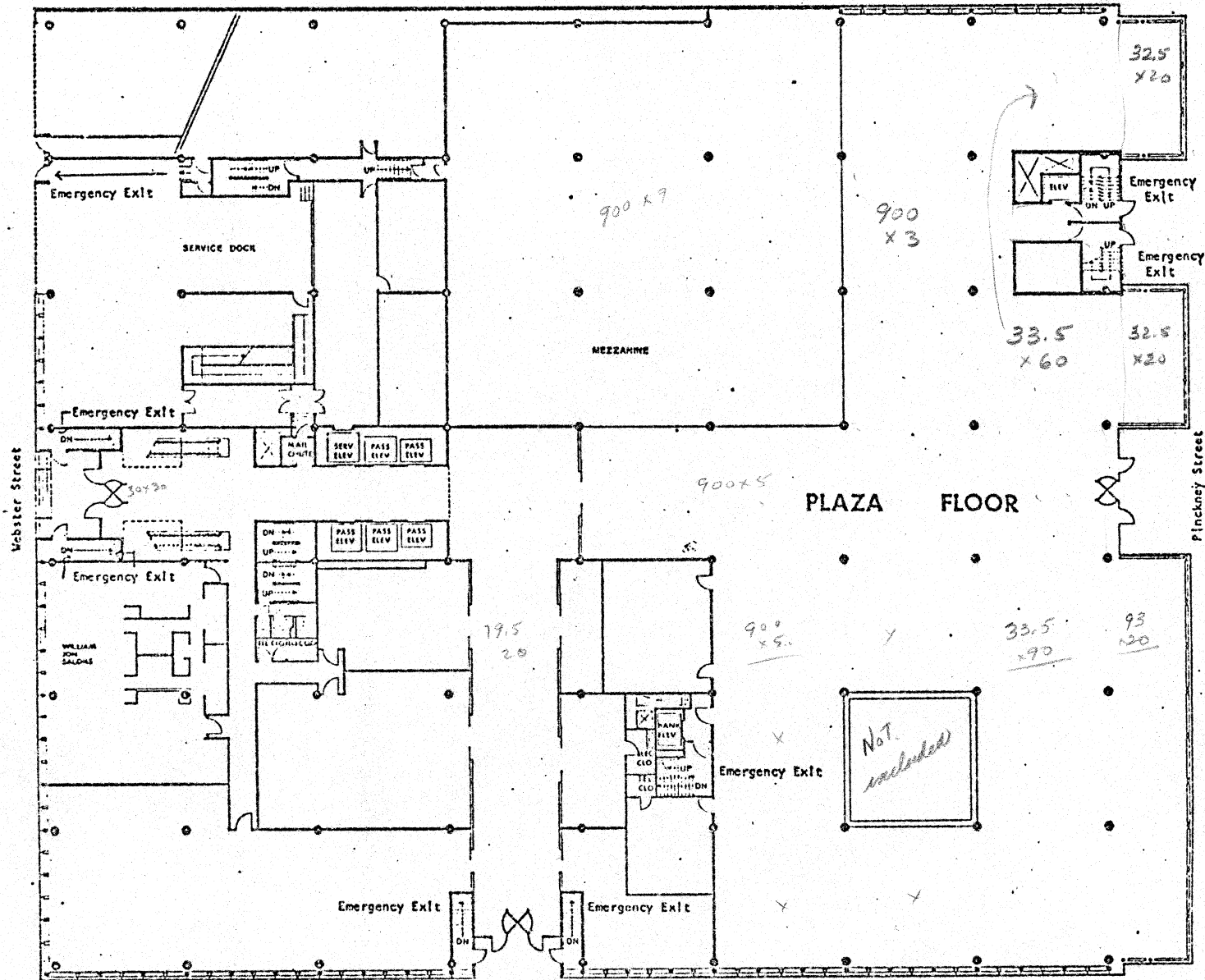
GRAPHIC SCALE 0 5 10 15 20 25 30
FEET



KEY PLAN

LSB

East Washington



E. Washington Ave.

900
2

FIRST WISCONSIN NATIONAL BANK
OF MADISON
1 SOUTH PINCKNEY STREET, MADISON
WISCONSIN 53701

SKIDMORE OWINGS & MERRILL
ARCHITECTS

JOHN J. FLAD & ASSOCIATES, INC.
ASSOCIATE ARCHITECT

FIRST WISCONSIN PLAZA SECOND FLOOR

73,483 SQUARE FEET, FULL FLOOR RENTABLE AREA

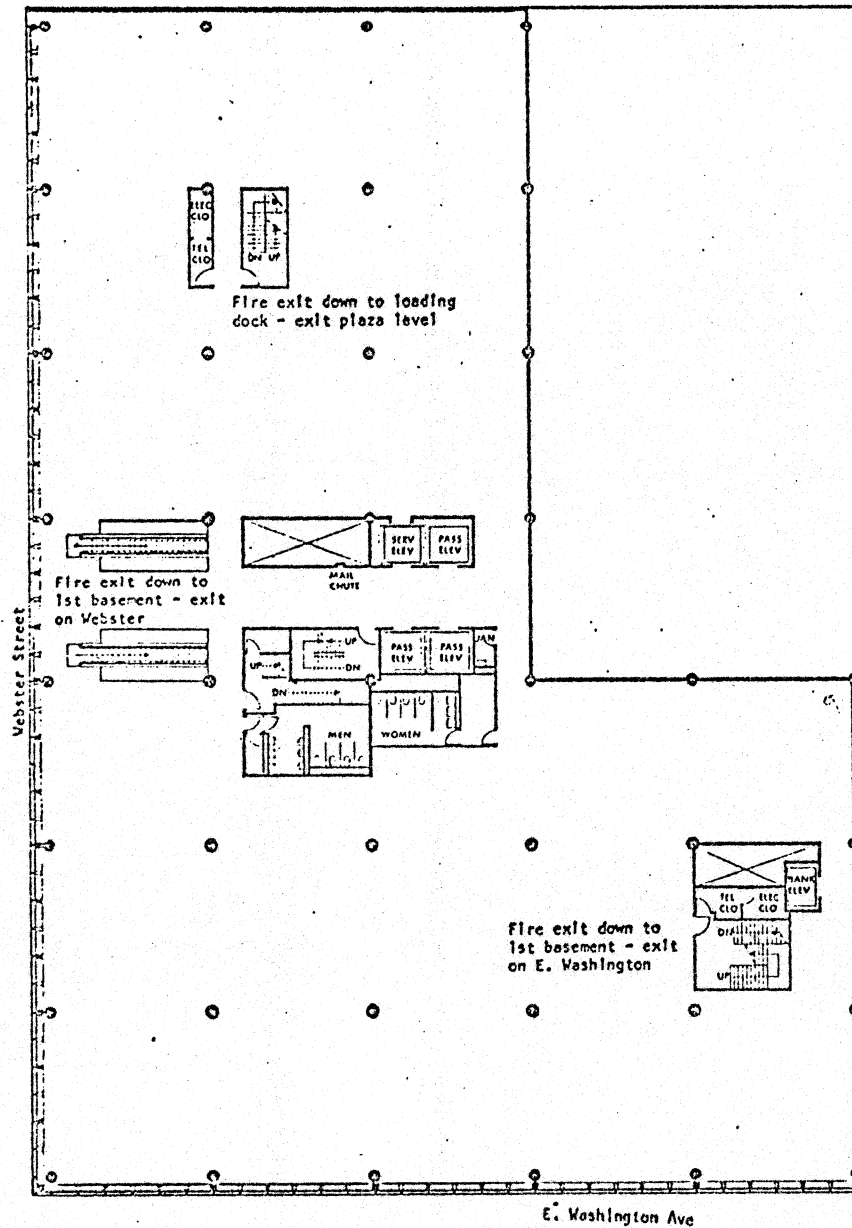
GRAPHIC SCALE: 0 10 20 30 40 50 FT.
1" = 20' 0"

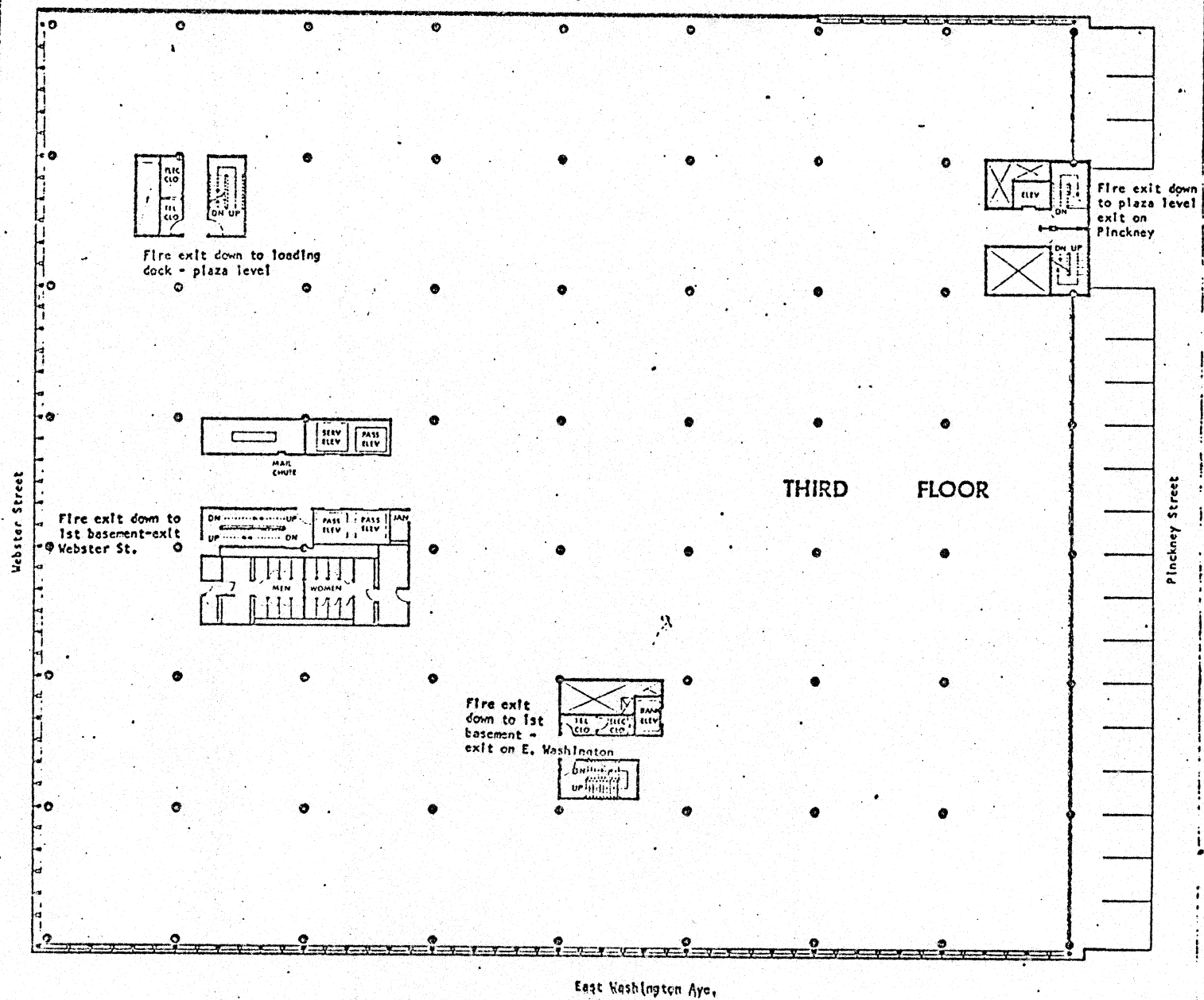


KEY PLAN



LEG





East Washington Ave.

FIRST WISCONSIN NATIONAL BANK
OF MADISON
3 SOUTH PINCKNEY STREET, MADISON
WISCONSIN 53701

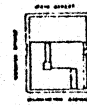
SKIDMORE OWINGS & MERRILL
ARCHITECTS ENGINEERS

JOHN J. FLAD & ASSOCIATES, INC.
ASSOCIATE ARCHITECT

FIRST WISCONSIN PLAZA FOURTH FLOOR

29,728 SQUARE FEET, FULL FLOOR RENTABLE AREA

GRAPHIC SCALE: 0 5 10 15 20 25 30 FT.



KEY PLAN

1/8" = 1'-0"

FOURTH FLOOR TERRACE

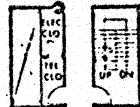
Webster Street

Pinckney Street

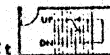
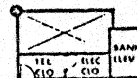
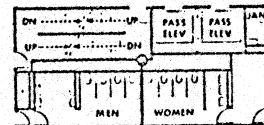
E. Washington Avenue

Fire exit down
to 1st basement
exit on Web-
ster St.

Fire exit down to
1st basement - exit
on E. Washington



HALL
ENTRY



HANDRAIL

HANDRAIL

FIRST WISCONSIN NATIONAL BANK
OF MADISON
1 SOUTH PINEKEY STREET, MADISON WISCONSIN 53701

SKIDMORE OWINGS & MERRILL
ARCHITECTS ENGINEERS

JOHN J. FLAD & ASSOCIATES, INC.
ASSOCIATE ARCHITECT

FIRST WISCONSIN PLAZA

MADISON WISCONSIN

FLOORS FIVE

25,024 SQUARE FEET, FULL FLOOR RENTABLE AREA

GRAPHIC SCALE 0 5 10 15 20 25 30 FT.
1" = 10' 0" 1/4" = 3' 0" 1/8" = 1' 6" 1/16" = 9" 0"



KEY PLAN

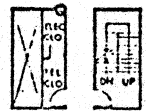


1/8"

Webster Street

Pinekey Street

E. Washington Avenue

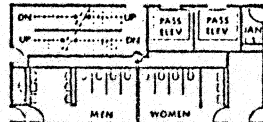


Fire exit down to
loading dock - plaza
level

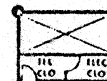


MAIL
CHUTE

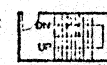
Fire exit down
to 1st basement
exit on
Webster



MEN
WOMEN



Fire exit down to
1st basement - exit
on E. Washington



FIRST WISCONSIN NATIONAL BANK
OF MADISON
1 SOUTH PINCKNEY STREET, MADISON
WISCONSIN 53701

SKIDMORE OWINGS & MERRILL
ARCHITECTS

JOHN J. FLAD & ASSOCIATES, INC.
ASSOCIATE ARCHITECT

FIRST WISCONSIN PLAZA FLOORS SIX

23,024 SQUARE FEET, FULL FLOOR RENTABLE AREA

GRAPHIC SCALE 0 5 10 15 20 25 30 FT.
1" = 10' 0" 1/2" = 5' 0" 1/4" = 2' 0"



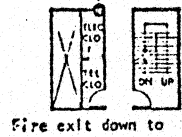
KEY PLAN

12.5

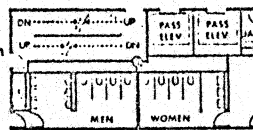
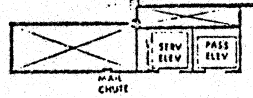
Webster Street

Pinckney Street

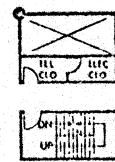
E. Washington Avenue



Fire exit down to
1st basement exit on
Webster



Fire exit down to
1st basement exit
on E. Washington



FIRST WISCONSIN NATIONAL BANK
OF MADISON
1 SOUTH PINCKNEY STREET, MADISON
WISCONSIN 53701

SKIDMORE OWINGS & MERRILL
ARCHITECTS

JOHN J. FLAD & ASSOCIATES, INC.
ASSOCIATE ARCHITECT

FIRST WISCONSIN
PLAZA
FLOORS
SEVEN

MADISON WISCONSIN

23,574 SQUARE FEET, FULL FLOOR RENTABLE AREA

GRAPHIC SCALE 0 5 10 15 20 25 30 FT.
1" = 20' 0" 1/2" = 10' 0" 3/4" = 7' 6" 1" = 6' 0"



KEY PLAN



12.9

Fire exit down to loading
dock-plaza level

Fire exit down to
1st basement-exit
on Webster St.

Fire exit down to
1st basement-exit
on E. Washington

Webster Street

E. Washington Ave.

Pinckney Street

FIRST WISCONSIN NATIONAL BANK
OF MADISON
1 SOUTH PINCKNEY STREET, MADISON
WISCONSIN 53701

SKIDMORE OWINGS & MERRILL
ARCHITECTS ENGINEERS

JOHN J. FLAD & ASSOCIATES, INC.
ASSOCIATE ARCHITECT

FIRST WISCONSIN
PLAZA
FLOORS
EIGHT
21,524 SQUARE FEET, FULL FLOOR RENTABLE AREA

GRAPHIC SCALE 0 5 10 15 20 25 30 FT.
1" = 20' 0" 1/2" = 10' 0" 3/4" = 7' 6" 1" = 5' 0"



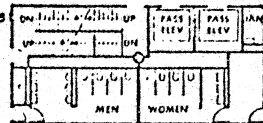
KEY PLAN

1000

Webster Street

Fire exit down to loading dock-
plaza level

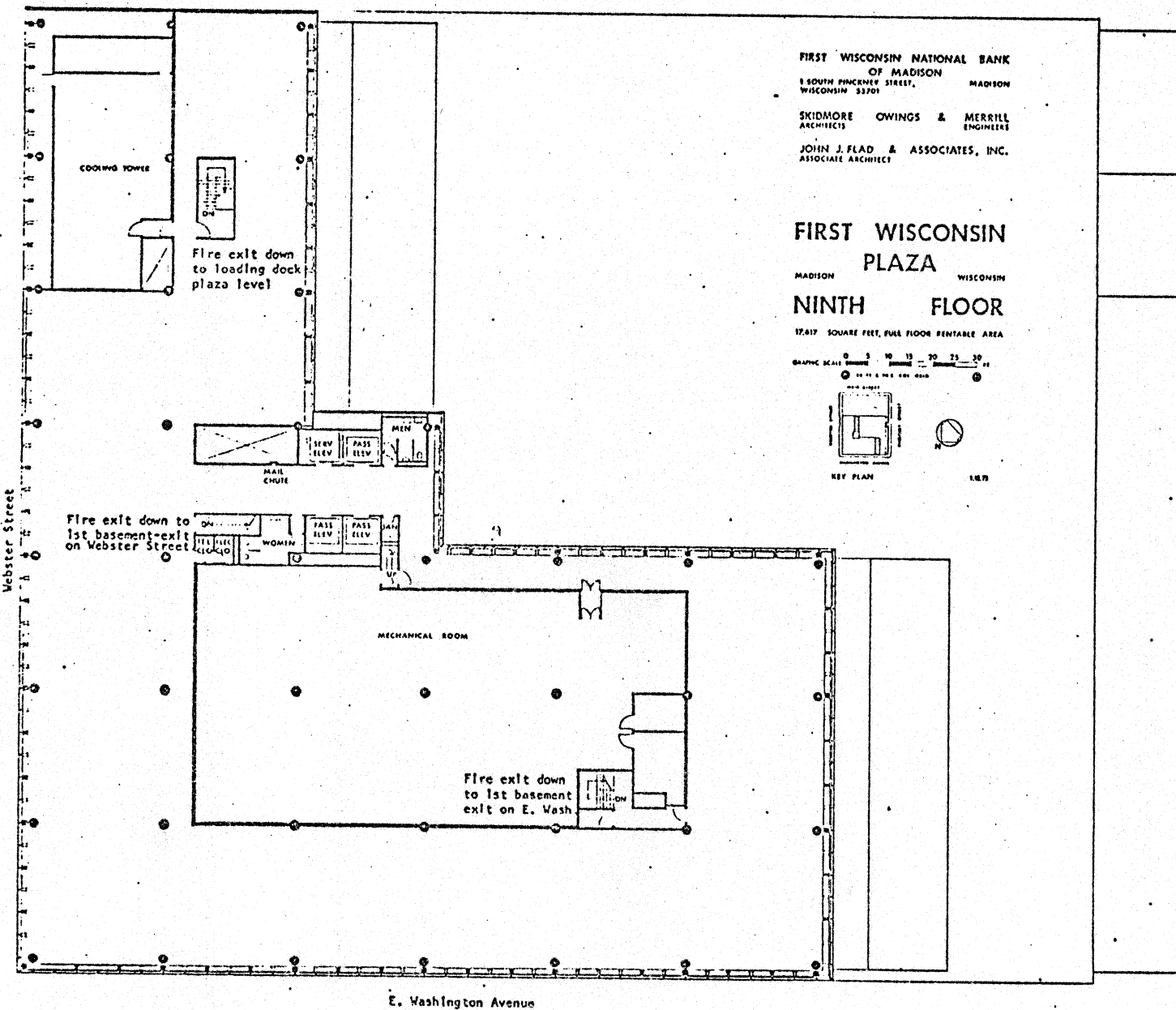
Fire exit down to 1st
basement-exit on
Webster Street



Fire exit down
to 1st basement
exit on E. Washington

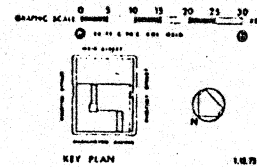
E. Washington Ave.

Pinckney Street



FIRST WISCONSIN NATIONAL BANK
OF MADISON
8 SOUTH PINCKNEY STREET, MADISON
WISCONSIN 53701
SKIDMORE OWINGS & MERRILL
ARCHITECTS
JOHN J. FLAD & ASSOCIATES, INC.
ASSOCIATE ARCHITECT

FIRST WISCONSIN
PLAZA
MADISON WISCONSIN
NINTH FLOOR
17,817 SQUARE FEET, FULL FLOOR RENTABLE AREA



Bank on the Square

BY ELLO BRINK

Recently, I took a long overdue look at the First Wisconsin National Bank of Madison. Long overdue, because this new multi-use complex for banking facilities, office and retail space was officially dedicated in May, 1974.

Since then, I had heard contradictory comments on the building, which was erected on the original site of the 123 year old bank at the corner of E. Washington and S. Pinckney, directly across from the Capitol.

People described it in glowing terms, or they dismissed it as an "energy wasting monster" because of its all glass enclosure. A national professional magazine headlined it as a "Greenhouse for Greenbacks."

It also was characterized as a crystal palace, presumably reminiscent of William Paxton's spectacular and innovative Crystal Palace, a revolutionary design for the 1851 International Exposition in London. I really did not know what to expect, but thought the



This column is an expression of opinion by The Journal's architectural critic.

Crystal Palace a hard act to follow by any standards.

Since nobody seemed apathetic toward the building, I concluded that any piece of architecture drawing such strong reactions, held the promise of something exciting. I was not disappointed. And I was glad that I had postponed this review.

One reason was the fact that the First Wisconsin Plaza, as it is called, became controversial even before it was completed. Just when the first outside glass wall was being installed, the Arabs decided to turn off their oil faucets,

creating an overnight, worldwide energy crisis.

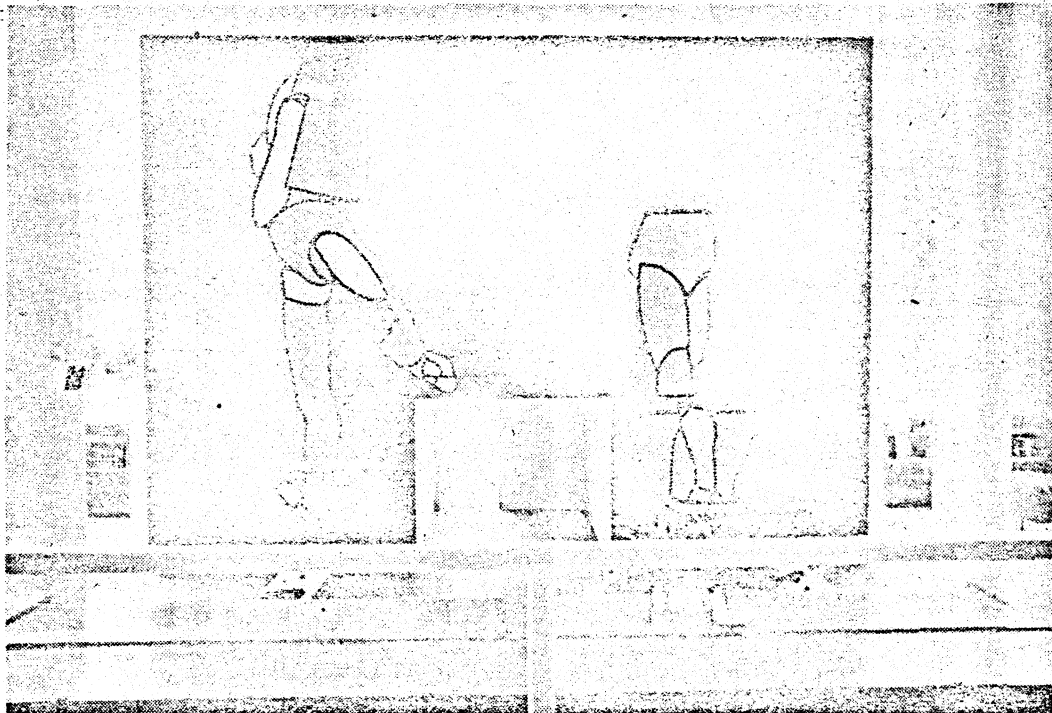
So, the Plaza, in planning for some five years and well on its way to completion, came under fire for its all glass exterior. People just assumed that the Plaza was an oversized energy consumer.

Not so, according to John G. Slater, executive vice president of construction. The Plaza is a building of great depth and large floor areas. The insulating value of its glass walls, juxtaposed to its total 500,000 square footage, compares favorably with most recent construction in Madison.

The Plaza walls have the same insulating properties as a three foot solid concrete wall, or an eight inch masonry wall. This may reassure those who worried when they read in 1974 that the United States wastes more energy than highly industrialized Japan.

Anyway, at this point, the value of the Plaza's design can be as-

Turn to Page 2



A closeup of one of the Valerio Adami ballet theme murals which round out the unusual interior decor

of Madison's new bank building. The murals have been silk screened onto Formica panels.

Delightful Asset to Square

Ingeniously, the mechanical system becomes a design element. Air risers and induction units are painted in bright blue, water risers in bright yellow. They give a strong vertical emphasis and are placed at each first row of structural columns.

'Open' Interior

The external form of the building is a low, three story elevation on the Capitol Square side. From there, the building literally steps up six floors, forming an L shape overlooking a large garden terrace on the fourth floor. By sloping the glass surfaces between the stepped portions, the architects achieved a smooth visual transition.

The spatial relationship established with the Capitol and its gardens is carried right into the building, which has profuse plantings on the banking floor.

The bank interiors are based on the open concept, with as few separation walls as possible for maximum flexibility. Work stations are of bright red lacquered furnishings, complementing the basic primary color scheme throughout.

Valerio Adami's ballet theme murals round out this unusual banking environment.

The bank itself occupies the first three floors and has some executive offices on the

fourth floor. Here is the most spectacular board room I have ever seen. A glass enclosed room literally extends into the fourth floor terrace.

'Much to Praise'

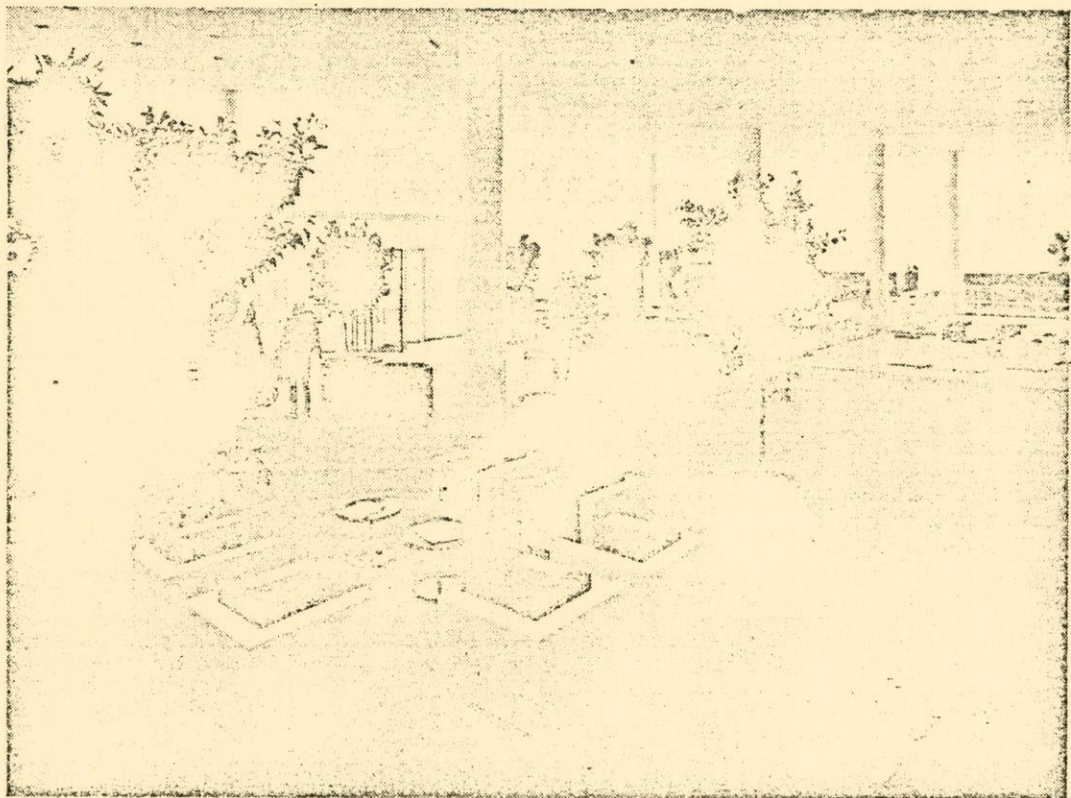
There are too many other considerations — facilities, retail shops, cafeterias, underground parking, etc. — to list or describe. So let it suffice to say that the Plaza is an excellent building from every aspect.

If it were possible, one would wish that the Capitol Square would be surrounded by buildings of the nature and quality of the Plaza. One shudders at the State Office Building, a dreary bunker

directly northeast of the Plaza, which edges its heavy-handed presence toward the Capitol.

Only if one compares the design of the First Wisconsin Plaza with that of the State Office Building does one really come to grips with the realization of how important architecture really is as an environmental element.

The Plaza architects did their job with exceptional skill and sensitivity. The bank executives showed great responsibility toward their own building, as well as displaying healthy concern for their environment and the people of Madison, whom they have served well.



—Photo by David Spradling Associates, Inc.

This view of the lobby of the First Wisconsin National Bank Plaza in Madison illustrates its feeling of openness. The banking floor of grey slate is accented with beige carpeting that has a simple red

circular design, red lacquered separators, blue information booth and various plantings and seating arrangements. In other areas, privacy is achieved through spaced low partitions.

UNIVERSITY MEANT \$521 MILLION TO DANE COUNTY IN 1973

According to School of Business Professor William Strang and researchers, Gene Laczniak and Mike Dittrich, \$521 million of economic activity was generated in Dane County in 1973. This activity was generated by \$230 million of expenditures by University students, employees, visitors and by direct expenses for supplies and services to operate the University. As a result of these direct expenditures, an additional \$291 million of indirect dollar flows were stimulated. Professor Strang explained the indirect activity by pointing out that when a student spends \$50 in a retail store, the owner of the store recirculates that money in the community by paying his employees, paying rent and taxes, buying utility services, etc. Then the employees, the landlord, the local government, and the utilities continue to circulate the money as they pay their own expenses. This recirculation of funds in the County economy has a multiplier effect on economic activity.

The industries gaining most from the activity of the University-associated expenditures were finance, insurance and real estate (\$61 million); food stores (\$55 million); automobile sales and service (\$41 million); and transportation, communication, and utilities (\$39 million). Although Strang and his research associates did not specifically calculate the non-University jobs created by University community expenditures, they commented, "There are probably around 6,000 to 7,000 people employed in Dane County because of these expenditures."



The source of these expenditures was divided as follows: students, \$91 million; employees, \$74 million; institutional supplies and expense, \$20 million; construction, \$5 million; and expenditures by University visitors (parents, athletic fans, etc.), almost \$2 million.

"It's easy to underestimate the size of the University community, because people usually think of just students and employees. However, when student and employee families are factored in, the population of the University community increases. In 1973, this population was around 76,000, with almost 66,000 living in the City of Madison. This is 37% of the City's total population."

In terms of taxes, the University pays relatively little directly, although the 1972 payment was \$440,000, up substantially from the \$60,000 paid in 1969. The great tax payment impact associated with the University comes from employees paying taxes on their homes and students paying taxes indirectly through rents. Strang and his associates estimated the 1972 taxes paid by the University community at \$11,353,000.

The basic information used for the 1973 estimates came from a detailed study that Strang made in 1970. The current estimates were made by adjusting for changes in University population (which is down slightly) and for changes in prices (which are up substantially).

Strang commented, "The growth of the University was without question the main force in the local economy's growth during the '60's. As we predicted in 1970, the University has not grown much, certainly not like it has in the past. Community economic growth in the 1970's, if it is going to occur will have to come from elsewhere." He added, "There are people in



the community who don't want Madison to grow, and I must confess that I sympathize with many of their arguments. However, the objective of limiting growth must be tempered with a realization that employment opportunities are needed by the city's population."



Table 17

Summary of Direct University-Associated Local Expenditures
(all figures in thousands of dollars)

<u>Industry^a</u>	<u>Institutional Expenditures</u>	<u>Construction Expenditures</u>	<u>Employee Expenditures</u>	<u>Student Expenditures</u>	<u>Visitor Expenditures</u>	<u>Total Expenditures</u>
Agriculture	133	---	---	---	---	133
Construction	1,164	3,911	1,639	273	---	6,987
Manufacturing	250	---	---	---	---	250
Trans, Comm, Util	5,112	27	5,615	5,084	394	16,232
Wholesalers	1,557	---	---	---	---	1,557
Bldg. Mat, Farm Equip	2,772	701	---	---	---	3,473
Pers & Bus Serv	2,057	144	3,419	3,409	1,695	10,724
Fin, Ins, Real Estate	3,823	3	18,867	27,342	---	50,035
Genl Mdse Stores	36	---	4,933	5,639	1,522	12,130
Food Stores	1,192	---	15,383	17,285	---	33,860
Auto Sales and Service	87	3	9,289	9,193	1,933	20,505
Apparel Stores	---	---	4,721	4,405	1,720	10,846
Furn & Appl Stores	908	20	1,995	658	20	3,601
Eating and Drinking Places	729	1	3,724	7,115	3,459	15,028
Other Retail Stores	199	---	2,849	6,377	1,083	10,508
Lodging Places	54	---	662	1,840	4,832	7,388
Amusement Places	---	---	1,063	2,833	653	4,549
TOTAL-LOCAL BUSINESS	20,073	4,810	74,159	91,453	17,311	207,806

^aAlthough abbreviated, the industry categories correspond to those used throughout the study.

NOTE: PERCENTAGES MUST BE ENTERED AS A DECIMAL EQUIVALENT (11.75% = .1175)

APPENDIX E

PROJECT IDENTIFICATION

Maximum 70 characters per line

100 First Wisconsin Plaza
 101 Fiscal Years, May 1, 1975 - 1979
 102 _____

TYPE OF ANALYSIS

Investment Market Value:	Code	Value
Based on specific after-tax yield	A	After-tax yield
Based on specific before-tax yield	B	Before-tax yield
Project Feasibility:	I	Market value or cost

Code	Value	
103 <u>B</u>	<u>2944</u>	First Run
	<u>.15</u>	Second Run

RESALE VALUE

Alternatives	Code	Value
Reversionary	RV	\$ Amount
Mortgage Balance	MB	Additional \$ (±) if any
Appreciation/Depreciation	AD	\$ or % (neg = depr.)

Code	Value	Resale Year (1 to 25 yrs.)	Sales Commission (% or \$)
104 <u>AD</u>	<u>0</u>	<u>5</u>	<u>.02</u>

NET INCOME

Last value entered is assumed for balance of project life.

1	2	3	4	5
105 <u>1182255</u>	<u>1368869</u>	<u>1500262</u>	<u>1561826</u>	<u>1632314</u>
6	7	8	9	10
106 _____	_____	_____	_____	_____
Second Run	12	13	14	15
107 <u>904863</u>	<u>1091477</u>	<u>1222870</u>	<u>1284434</u>	<u>1354922</u>
16	17	18	19	20
108 _____	_____	_____	_____	_____
21	22	23	24	25
109 _____	_____	_____	_____	_____

OWNERSHIP FORM

Ownership code:

Corp.

Non-Corp.

1

5

Operating losses applied to other investments.

2

6

Operating losses carried back/carried forward.

3

7

Taxable income offset by losses from other investments.

4

Corporation set up solely for this investment.

	Ownership Code	Federal tax rate (.48 is std. for corp.)	State tax rate	State capital gains rate
110	1	.48	0	0

DEPRECIABLE CAPITAL ASSETS

Excess Depreciation Recapture Code:

1 - No recapture

2 - FHA 221 (d) (3) or 236 before 1975 (After 20 months declines 1% per month)

3 - All other residential rentals (After 100 months declines 1% per month)

4 - All non-residential - 100% recapture

Land Value:

Use only when land value is known and asset amounts are entered as a % of total depreciable value. Land value is automatically subtracted from total project cost or value before Asset Value % is applied.

	Excess Depreciation Recapture Code	Land Value (\$) (0 if not known)
111	4	0

Depreciation Method:

1 - Straight line

2 - 125%

3 - 150%

4 - 200%

5 - SOYD

	Asset Value (\$ or %)	Depreciation Method	Life (yrs.)	Salvage Value (\$ or %)	Starting Month (1 is std., no neg.)
112	7	1	50	.20	1
113	2	1	10	.10	1
114					
115					
116					
117					
118					
119					
120					
121					

FINANCING

Mortgage Code:

Standard Mortgage:

1 - Mortgage value is a \$ amount or a % of IMV. (Enter \$ or % in Mortgage Amount Column).

The following two options cannot be used simultaneously:

2 - Mortgage value is the difference between IMV and the sum of known amounts for equity cash and other mortgages. (Enter the \$ amount for cash equity in the Mortgage Amount column).

3 - Mortgage amount is the difference between a total mortgage ratio and the sum of other mortgages of known amounts. (Enter the total mortgage ratio (%) in the Mortgage Amount column).

NOTE: Place a minus sign (-) in front of the Mortgage Code for any mortgage (except those for refinancing) that should not be included in the calculation of the original equity cash i.e. a future mortgage for capital improvement.

Refinancing:

4 - Refinancing value is the balance remaining on the loans to be refinanced plus or minus a \$ amount. (Enter the additional \$ amount in the Mortgage Amount column).

5 - Refinancing value is a specific \$ amount. (Enter the \$ amount in the Mortgage Amount column).

In using Mortgage Codes 4 and 5, loans to be refinanced are indicated by entering their number (the number that corresponds to their line position relative to the other loans) immediately after refinancing Mortgage Code number --- i.e. if using refinancing code #4 to refinance loans #1,2,4 and 5 enter 41245 in the Mortgage Code column. If the resulting refinancing value is greater or less than loans balances being refinanced, that difference automatically becomes an adjustment against equity and is reflected in both the before-tax and after-tax cashflows.

Term and Annual Constant:

For each mortgage either the Term or the Annual Constant must be provided except in the case of balloon or interest only mortgages for which both must be provided. Enter a zero for the Term or the Annual Constant, whichever is unknown.

	Mortgage Code	Mortgage Amount(\$ or %)	Interest Rate	Term (Months)	Annual Constant	Start Month (1 is std., no neg.)
122	1	.80	.1025	300	0	1
123						
124						
125						
126						
127						
128						
129						
130						
131						

Table 24

Direct and Indirect Impacts on Local Industries
from University-Associated Expenditures

<u>Industry^a</u>	<u>Direct Sales to U.W. (\$000's)</u>	<u>Indirect Sales Because of U.W. (\$000's)</u>	<u>Total Sales Because of U.W. (\$000's)</u>
Agriculture*	\$ 133	\$ 1,874	\$ 2,007
Construction	6,988	6,708	13,696
Manufacturing*	250	4,270	4,520
Trans, Comm, Util	16,232	22,400	38,632
Wholesalers*	1,557	18,780	20,337
Bldg Mat, Farm Equip*	3,473	6,251	9,724
Pers and Bus Service	10,724	6,756	17,480
Fin, Ins, Real Estate	50,036	10,507	60,543
Genl Mdse Stores	12,130	7,763	19,893
Food Stores	33,860	20,993	54,853
Auto Sales and Service	20,505	20,504	41,009
Apparel Stores	10,846	2,278	13,124
Furn and Appl Stores	3,601	1,584	5,185
Eat and Drink Places	15,028	6,162	21,190
Other Retail Stores	10,508	9,352	19,860
Lodging Places	7,388	1,034	8,422
Amusement Places	<u>4,549</u>	<u>546</u>	<u>5,095</u>
TOTAL-LOCAL BUSINESS	\$207,808	\$147,762	\$355,570
Local Government	7,428	14,470	21,898
Local Households and Charities (Combined)	<u>14,604</u>	<u>129,391</u>	<u>143,995</u>
TOTAL-LOCAL ECONOMY	\$229,840	\$291,623	\$521,463

*Does not include direct expenditures by University employees, students, and campus visitors.

^aAlthough abbreviated, the industry categories correspond to those used throughout the study.

Calculation of Population in University Community

Student Community

Fall enrollment, 1969-70 (student records)	34,223
Student spouses (17% of 34,223)	5,818
Student children (34,223 X 12.04% X 1.75 children)	7,211
	<u>47,252</u>

Employee Community

Nonstudent employees (payroll office)	10,856
Faculty spouses (78% X 5,224) (5,096 X .78)	3,975
Other employee spouses (67% X 5,903) (5,758 X .67)	3,858
Employee children (10,856 X .445 X 2.15 children)	<u>10,386</u>
	29,075

<u>Total University Community</u>	76,327
-----------------------------------	--------

University Community in Madison

Students in Madison (47,252 X 90%)	42,527
Employees in Madison (29,075 X 80%)	<u>23,260</u>
	65,787

University Community Outside Madison

Students outside Madison (47,252 X 10%)	4,725
Employees outside Madison (29,075 X 20%)	<u>5,815</u>
	10,540

