



## **Section IV: Alternative land bank vehicles, purchase financing, and constraints on timing.**

Landmark Research, Inc.

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**A MARKET AND FINANCIAL PARAMETERS STUDY  
OF RAIL CORRIDORS  
IN THE MADISON Isthmus**

**SECTION IV**

**ALTERNATIVE LAND BANK VEHICLES,  
PURCHASE FINANCING, AND  
CONSTRAINTS ON TIMING**

**Landmark  
Research  
Inc.**

Landmark  
Research  
Inc.

May 6, 1983

James A. Graaskamp, Ph.D., SREA, CRE  
Jean B. Davis, MS

Mr. John Urich  
Principal Planner  
Community Development Planning  
Strategy Planning Unit - DPD  
Madison Municipal Building  
215 Monona Avenue  
Madison, WI 53710

Dear Mr. Urich:

We are transmitting to you our final report as per City of Madison contract #38071 in the following format:

There are twenty sets of four report sections with each report section bound as follows:

- Section I - Definition of Assignment and Underlying Assumptions
- Section II - East Wilson/Williamson Rail Corridor
- Section III - West Washington Rail Corridor
- Section IV - Alternative Land Bank Vehicles, Purchase Financing, and Constraints on Timing

Please convey our appreciation for the cooperation of Chairpersons Nicole Gotthelf and Billy Feitlinger and the many contributions of their committees. We also owe considerable content to the insight of Mike Nagy, Jerry Tucker, and particularly, Tony Frey, all of whom have an exceptional professional grasp of their areas of responsibilities.

The East and West Rail Corridors are an exceptional opportunity for revitalization of the Isthmus and integration of the Marquette and Brittingham Neighborhoods into the downtown Madison environment.

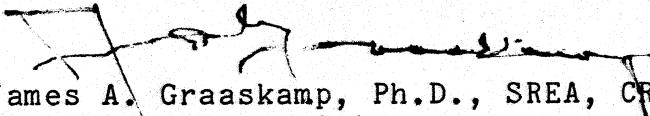
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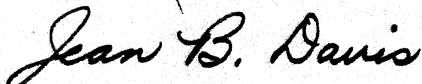
Mr. John Urich  
Page Two  
May 6, 1983

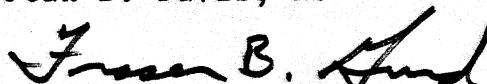
A quick response by the Committees in defining a Master Plan, allocating tasks to the CDA, organizing community leaders and marshalling planning agencies is necessary to avoid spoiling the opportunity as a result of uncoordinated efforts by a few real estate mavericks.

Thank you for the opportunity to participate in this effort to define strategic alternatives, to identify potential markets, and to sketch financial requirements.

FOR LANDMARK RESEARCH, INC.

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

  
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jc

A MARKET AND FINANCIAL PARAMETERS STUDY  
OF RAIL CORRIDORS  
IN THE MADISON Isthmus

SECTION I  
DEFINITION OF ASSIGNMENT AND UNDERLYING ASSUMPTIONS

SECTION II  
EAST WILSON/WILLIAMSON RAIL CORRIDOR

SECTION III  
WEST WASHINGTON RAIL CORRIDOR

SECTION IV \*  
ALTERNATIVE LAND BANK VEHICLES, PURCHASE FINANCING  
AND CONSTRAINTS ON TIMING

FOR

CITY OF MADISON  
PLANNING AND DEVELOPMENT DEPARTMENT

AS OF

MAY 1, 1983

PREPARED BY  
LANDMARK RESEARCH, INC.

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#### IV. ALTERNATIVE LAND BANK VEHICLES, PURCHASE FINANCING, AND CONSTRAINTS ON TIMING

##### A. Ideal Organizational Structure

Assuming the Steering Committees and the Madison City Council choose to move forward resolutely on some of the recommendations in this report, it is necessary to shape and create an agency for acquiring, financing, and disposing of lands to be purchased from the railroad. Such an agency might also deal in selected alternative lands in the process of relocating leaseholders on railway land. Those who teach creative thinking suggest the process involves definition of the current state of affairs, identification of the desired state of affairs, listing of controllable and uncontrollable variables which must be dealt with in moving toward the ideal desired, and then choosing what should be done about the controllable variables. Sections II and III of this report deal with the physical and environmental factors which could be controllable or which are noncontrollable constraints on redevelopment. The railroad owner of the corridor is itself unpredictable. Structuring an agency in Section IV for implementation of rail corridor development requires neutralization of negative factors and molding controllable financial attributes. The ideal set of objectives of such an agency selection and design would include the following:

1. Accomplish economy of negotiations and a bulk price per square foot with a single acquisition of both East and West Corridors.
2. Create a private/public entity which could avoid compulsory payment of market price per parcel and therefore negotiate for a lower value bulk purchase because the City, by law, must pay no less than fair market value.
3. Use the private/public entity to avoid the unlimited relocation costs which the railroad might require under the Federal Eminent Domain Laws, leaving relocation to be a matter of negotiation and long-term policy.
4. Avoid unfortunate pricing precedents in the form of land sales by the railroad by co-opting those rail land leaseholders into cooperation and participation with the land bank agency.
5. Take the form of a legal enterprise eligible to use Industrial Revenue Bonds for land use acquisition for resale of improved parcels.
6. Allow such a legal entity the power to sell parcels subject to lease to present tenants if the leaseholder plans a use consistent with the Master Plan.
7. Reduce work load or encroachments on City Staff time as a result of unexpected opportunity to purchase corridor lands and to fund planning costs from private capital.
8. Accelerate planning and land bank management process by avoiding the need for continual contract and transaction approvals by Plan Commission and City Council once Master Plan for subject areas and rules for establishing TIF districts are in place.
9. The Board of Directors of the agency should represent developers, business property owners, and business railway leaseholders so that they are confident their interests are well represented while a minority of the Board should be public people like alderpersons, planning director, etc., to maintain and increase cooperation of developers with the City Council.

10. By co-opting both the City of Madison and current land occupants into the same corporation, a signal is sent to the railroad that there is only one effective unit of demand for land for the next ten years.
11. Recognize the need for the participation of neighborhood associations and their involvement in the development process.
12. Permit the corporation to come into being simultaneously with a Master Plan.

**B. Basic Alternative Structures and Their Fit to Above Criteria**

The four general concepts for structuring a land bank include:

1. Acquisition directly by the City through its Community Development Agency or indirectly by the Madison Development Corporation or Common Wealth Development, Inc.
2. Acquisition by a Chapter 45 Wisconsin Statutes Redevelopment Corporation.
3. Acquisition by a private/public land bank corporation.
4. Designation of several agencies for purchase from the land bank, (Item 3) tailored to the special needs of East and West Corridor districts.

A generalized cash flow model for a land banking entity was developed with which to test the financial consequences of alternative acquisition costs, financing plans, site clearance and relocation costs, resale price, pace of development and sale, and other matters. These factors would determine the ultimate cost of the land to the redeveloper or the minimum price of each unit sold and thus, the maximum price for which it could be purchased from the railroad.

A general comparison of legal and operational characteristics of the three major land bank concepts is included in Exhibit IV-1 in this section. Some general discussions of the pros and cons follows.

C. Direct Acquisition  
By City of Madison Agencies

Direct acquisition by the City of Madison through its Community Development Agency Board would necessitate purchase of the land from the railroad at market price since by law the City of Madison is not permitted to negotiate an acquisition at less than appraised value; fair market value appraisers are unlikely to arrive at a reasonable price for a bulk sale since they have proven incapable of determining liquidation values in the vast railway expropriation by the U.S. Railway Association. Each enterprise must also receive full compensation for relocation and an alternative facility and the railroad in particular might demand the price of an equivalent switching yard someplace else in Madison even though they have no intention of needing one at this time. The CDA has an effective seven member board, but has, in recent years, concentrated on scattered lot, subsidized housing development, and improved management of other city-owned housing projects. It has no staff and prefers to work within established schedules and talents of the Madison Planning Department. The

## EXHIBIT IV-1

COMPARISON OF LEGAL VEHICLES FOR LAND  
BANKING OF RAIL CORRIDOR PURCHASE

	I. PURCHASE BY CITY THROUGH CITY DEVELOPMENT AUTHORITY (CDA)	II. PURCHASE THROUGH A REDEVELOPMENT CORPORATION	III. PURCHASE THROUGH A PRIVATE/PUBLIC CORPORATION
A. SOURCE OF ORGANIZATIONAL STRUCTURE			
1. Legal Basis	1. City Ordinance Section 3.69	1. Wisconsin Statutes 66.405-66.431	1. Corporation for profit statutes
2. Implementation	2. Already exists and is operational	2. First requires designation of a redevelopment area and a plan approved by Plan Commission and 2/3 vote of City Council.	2. Initiated by private sector with six voting Board positions reserved for public sector with nine for private sector.
3. Purposes	3. Originally consolidated Urban Renewal and Housing Agencies: Has not been directly involved with economic development.	3. Involve private capital intensively in a public project for limited dividends.	3. Permits a negotiated bulk price, avoids delays of public controls, and may reduce relocation costs which are the responsibility of public agencies while maximizing profits.

## EXHIBIT IV-1 (Continued)

IV-6

	I. PURCHASE BY CITY THROUGH CITY DEVELOPMENT AUTHORITY (CDA)	II. PURCHASE THROUGH A REDEVELOPMENT CORPORATION	III. PURCHASE THROUGH A PRIVATE/PUBLIC CORPORATION
B. SOURCE AND MAGNITUDE OF CONTROL			
1. City Council with City-wide Mandate	1. Yes - majority vote required.	1. 2/3 vote required by City Council to approve all property transactions.	1. 2/3 vote required to approve Master Plan, industrial bonds, and TIF commitments. Not involved in daily operations.
2. Participation by Affected Alder- persons	2. Two alderpersons appointed by Mayor to serve as Commissioners of CDA	2. Not required on Redevelopment Board of Directors.	2. Two Board positions specifically reserved for 6th and 9th District Alderpersons plus are appointed by Mayor from City.
3. Mayor's Office	3. Seven Commissioners appointed by Mayor.	3. Indirect control by withholding City cooperation and by appointment of Plan Commission members.	3. Three additional Board positions reserved for appointment by Mayor to represent neighborhood and City citizens.
4. City of Madison Plan Commission	4. Approval of specific plans on project- by-project basis	4. Full control of all plans and trans- actions before submission to local governing council.	4. Approval required by Plan Commission for industrial revenue bonds, TIF district, and variances of City zoning.
5. Planning and Development Staff	5. CDA can request City services at will or can contract at City expense for technical assistance.	5. Must contract for all technical assistance.	5. Must contract with private sector for all services.
6. Real Estate Unit	6. CDA can request City services at will or can contract at City expense for technical assistance.	6. May use private sector specialists or demand city services.	6. Must use private sector specialists.
7. Private Expertise	7. Through outside contractor.	7. Civic-minded volunteers from development industry or through outside contractor.	7. Three developers and three property owners from rail corridor on Board of Directors.

		I. PURCHASE BY CITY THROUGH CITY DEVELOPMENT AUTHORITY (CDA)	II. PURCHASE THROUGH A REDEVELOPMENT CORPORATION	III. PURCHASE THROUGH A PRIVATE/PUBLIC CORPORATION
C. FINANCING AND ACQUISITION POWER				
1. Financing with General Obligation Bonds	1. Yes		1. No, but City can make grants or appropriations from general resources.	1. No
2. Financing with Revenue Bonds and Special Assessments	2. Yes		2. Yes	2. Yes
3. Financing with Industrial Revenue Bonds	3. No		3. Yes	3. Yes
4. Financing with HUD Section 108 Loan	4. Yes		4. Yes	4. No
5. Financing with Tax Increment Financing Bonds	5. Can authorize write-down of lands for housing built by private developers.		5. TIF finances purchases of land from Redevelopment Corp. or funds selected for City capital improvements.	5. TIF finances purchases of land from Redevelopment Corp. or funds selected for City capital improvements.
6. Financing with Vested Interest Capital	6. No		6. Yes, but primarily out of civic concern.	6. Yes, but primarily with profit motivation.
7. Financing with General Private Capital	7. Can cooperate with privately owned buildings via rent supplements or leasing of selected housing units and service areas.		7. No	7. Yes - can use bank consortium funds or preferred stock.
8. Credibility with Bond Underwriters	8. Dependent upon City credit rating		8. Unproven	8. Unproven, but there is a cushion of private capital and entrepreneurial management.
9. Real Estate Tax Carry Costs	9. Projects pay negotiated fee in lieu of real estate taxes; vacant lands pay no real estate taxes. Neither add to the TIF base.		9. Not exempt from real estate taxes once property is acquired from City.	9. Pay real estate tax on raw lands from out-set to maximize tax increment.
10. Degree of Initiative and Discipline From Profit Incentive	10. To reduce delays and costs of public bidding, agency has tried turn-key contracts of various kinds. Cooperation with HUD has always meant reduced cost effectiveness.		10. Separate set of accounting records, liens and revenues; solvency depends upon management, but little incentive for profit.	10. Solvency depends upon management but private capital expects dividends from earning commensurate with development risk.

	I. PURCHASE BY CITY THROUGH CITY DEVELOPMENT AUTHORITY (CDA)	II. PURCHASE THROUGH A REDEVELOPMENT CORPORATION	III. PURCHASE THROUGH A PRIVATE/PUBLIC CORPORATION
D. BARGAINING POSITION WITH RAILROAD FOR BULK PURCHASE			
1. Power of Eminent Domain	1. Yes	1. Indirectly as it can request City to condemn and then can reimburse or may accept gift of property from City or private taxpayer.	1. No power to condemn or receive gifts of land from the City.
2. Responsibility for Railroad Relocation Costs	2. Yes	2. Since City does condemnation, relocation benefits will apply.	2. Costs of relocation are subject to negotiation only at the discretion of the Private/Public Corporation.
3. Cooperation of Current Sidetrack Railroad Customers with Purchaser	3. Uncertain (present land lessees would rather deal directly with railroad)	2. Uncertain (present land lessees would rather deal directly with railroad)	3. Major lessees of railroad land would be coopted by position on Corporate Board - hope to benefit from bulk price purchase rather than value in use.
4. Opportunity for Competitive Bidding for Selected Parcels and Piecemeal Dismantling of Railroad Lands	4. Yes	4. Yes	4. Hopefully major bidders and potential users would be part of Corporation Board to maintain united bargaining position.
5. Staged Acquisition as a Condition of Purchase	5. No, as each closing would need final Council approval and unlikely railroad would trust contingencies without performance bond.	5. No, as each closing would need final Council approval and unlikely railroad would trust contingencies without performance bond.	5. Freedom to negotiate or amend any purchase contract consistent with City Master Plan without further approvals by Plan Commission or City Council.

## EXHIBIT IV-1 (Continued)

G-IV-1

I. PURCHASE BY CITY THROUGH CITY DEVELOPMENT AUTHORITY (CDA)		II. PURCHASE THROUGH A REDEVELOPMENT CORPORATION		III. PURCHASE THROUGH A PRIVATE/PUBLIC CORPORATION COR	
<b>E. RESPONSIBILITY FOR COSTS OF LANDBANKING</b>					
1. Negotiation and Acquisition Costs	1. Shifted to general City reserves through use of City staff.			1. Funded by private capital.	
2. Planning Costs for Legislation for TIF, Master Plan, IRB, and others.	2. Shifted to general City reserves through use of City staff.			2. Funded by private capital.	
3. Engineering Costs for Development Infrastructure	3. Shifted to general City reserves through use of City staff.			3. Funded by private capital.	
4. Costs of Supervision of Railroad's Clearance and Closing	4. Shifted to general City reserves through use of City staff.			4. Funded by private capital.	
5. Cost of Real Estate Taxes	5. City ownership will postpone addition of rail lands to the roll—an opportunity cost in terms of TIF and general revenues.		5. Not exempt from real estate taxes once property is transferred from City real estate agent.	5. Railroad corridor lands become taxable as soon as declared surplus by ICC prior to sale to Private/Public Corporation.	
6. Cost of Compound Interest	6. Lowest at general obligation bond rate.		6. Blended interest cost from block grants, City loans, and private capital at market rate.	6. Higher interest rate of industrial bonds off-set by speed of implementation process; deferred interest in the form of dividends as earned on private capital.	
7. Cost of Political Delay	7. Staff shortage and bureaucratic delays will consume interest savings from lower general obligation bond rate.		7. City will have to fund deficits of Redevelopment Corp.	7. City loses one-third profit participation potential, but IRBs are protected by mortgage on land and Savings & Loan guarantee.	
8. Cost of Marketing	8. Supervision charged to City; will depend upon payment of full commissions to brokers to sell parcels.		8. Shared cost with City to degree Redevelopment Corp. relies on City staff.	8. Entirely the responsibility of Private/Public Corporation.	
9. Cost of Public Open Space	9. True costs of parks will be concealed if open space advocates do not have to compete with market prices if City owns raw land.		9. City may trade services for open space land and right of ways.	9. City must pay market price for open space land and right of ways.	

I. PURCHASE BY CITY THROUGH  
CITY DEVELOPMENT AUTHORITY  
(CDA)II. PURCHASE THROUGH A  
REDEVELOPMENT CORPORATIONIII. PURCHASE THROUGH A  
PRIVATE/PUBLIC  
CORPORATION

## F. LAND PLANNING FLEXIBILITY

1. General Control of Master Plan	1. Yes	1. Yes	1. Yes
2. Detailed City Control of Requests for Proposals—Site by Site	2. Yes	2. Every transaction must be approved by Plan Commission and City Council although approval can not be unreasonably withheld.	2. Normal building permit procedures.
3. Write-Downs on Land for Housing Call Rental Levels and for Low Rent Commercial	3. Yes (past record limited to housing and supporting service area write-downs).	3. Yes – with variety of City subsidies in the form of grants, services in kind, or loans.	3. Will sell residential-use lands to builders who will have to secure write-downs from City on a project-by-project basis.
4. Relationship of Development Density to Time and Cost Efficiencies	4. City agencies working for CDA not directly penalized for delay or cost overruns so density does not have to be adjusted to cover capitalization cost of delay.	4. Redevelopment Corp. may be able to alter Master Plan more easily than can a private development corp., as motives are less suspect; temptation to fund cost overruns by increasing density.	4. Faster expediting will reduce necessity of high density as a means to recoup carry costs.
5. Responsiveness to Neighborhood Interests	5. CDA has a mixed track record. City Council has to establish quotas for distribution of low income family housing. No guarantee Board of CDA has a neighborhood representative.	5. Depends upon membership on Board of Directors.	5. Parcels sold by Private/Public Corp. to individual builders or to developers will have to follow usual planning procedures to obtain permits and respect deed restrictions which come with the property from the landlord to expedite City Master Plan agreement.
6. Demonstrated Leadership of Development Group to Accomplish Major Capital Projects	6. No – Mayor's office controlled projects like Capitol Centre, Olin Plan, and redevelopment of Square. CDA's role was ceremonial.	6. No record in Madison; Milwaukee group took many years to organize and fund program. Ultimately saved by large insurance company.	6. Board of Directors would include developers of proven ability and the landbank manager would also have proven major capital project management experiences.

Board size of seven is manageable, and the seven members are knowledgeable about development. The City of Madison Planning staff member who had been assigned CDA was George Austin, and his performance in that position recently led to his being named Director of the City of Madison Economic Development Department, which encompasses all planning functions. There is some reason to believe that the CDA Board and George Austin feel that CDA is capable of doing more than housing and is ready for a high silhouette redevelopment project, particularly a West Washington project where there is no political force claiming jurisdiction and where the present mayor has not already pretended to take the lead.

The CDA already has responsibility for \$200,000 of community block grant funds earmarked for housing and economic development in the rail corridors. CDA would have the possible advantage of borrowing funds for purchase and planning with the help of HUD Program 108 [1] at a floating treasury rate. The delays of procedures within City Hall would cause compound interest to eliminate that advantage, not to mention the additional delay and complexity inherent in any project with which HUD is involved.

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[1] See Appendix for details on this loan program secured by future block grants.

There is currently a rumor that the East Corridor is sought by a private speculator whose successful purchase would represent a threat to present leaseholders and community expectations for the area. Should speed and intimidation be required to prevent fragmented sales by the railroad, CDA might employ a negotiator to acquire the property from the railroad on the theory that savings in real estate taxes and postponement of the need to create a TIF district for both the East and West Corridors would offset the cost of paying market value and relocation values; later, the CDA could spin-off the bulk purchase to several redevelopment groups, private or public, as they deemed appropriate in terms of location and desired reuse of the land.

On balance, the consultant feels that the cost of a market-value purchase, the legal liabilities to the railroad and leaseholders for relocation (even if present tenants are permitted to remain to the end of a five-year lease), and the loss of an opportunity for Madison to learn the wisdom and discipline of joint private/public redevelopment argue against city purchase.

There are two quasi-city organizations, the Madison Development Corporation and the east side neighborhood group, Common Wealth Development, Inc., which receive block grant funds and would be constrained by the same limitations of

purchasing at appraised value, excessive relocation costs, and federal procedures, as is the City of Madison. They have neither the capital, the experience, nor the political constituency to carry off a land banking project. However, both corporations would be expected to have a role in Corridor redevelopment, making proposals for the development of one or more sites and serving as a lender to small enterprises impacted by the Corridor Project, consistent with their current programs. The consultant considered their missions and their track records to be inconsistent with major land banking commitments.

D. Redevelopment Corporation  
Via Wisconsin Statutes 66.405

A stock corporation specifically empowered as a redevelopment corporation using intensive amounts of private capital in a public project for limited dividends at first seemed appropriate to the rail corridor problem. However, review of the Wisconsin Statutes 66.405-66.431 quickly revealed the idea of a redevelopment corporation to be encumbered not only by the city obligation to pay market price, relocation costs, and other burdens of entities receiving federal funds, but also by a cumbersome process of designation of its redevelopment area in general. Procedure also required project by project, stage by stage reiterative votes by the Plan

Commission and two-thirds vote of the City Council. Reference to Exhibit IV-1 will further detail the onerous burdens of excess supervision from the City Council which would remain enmeshed in the project from start to finish. Given the level of misunderstanding that exists between the City Council in Madison and the development industry, it would be impossible to generate large scale, private capital participation. Some people in the city with whom the consultant spoke believe the redevelopment corporation was successful in Milwaukee in its downtown redevelopment and could be applied to the Madison Isthmus. However, the Milwaukee experience involved a very strong mayor in office for many years who never once failed to have the Milwaukee City Council rubber-stamp the Grand Avenue project needs for Council resolutions under this redevelopment corporation format. Several major financial institutions bankrolled gaps in the financial structure of the project so that ownership of the real assets are in one corporation controlled by Northwestern Mutual while future planning is carried on in the old redevelopment corporation shell with capital contributions from major industries who have no foreseeable expectation of limited dividends because of the many tiers of financing on the project. The consultant feels that the redevelopment corporation is not applicable in Madison for lack of a strong mayor, for lack of huge financial

corporations to underwrite the costs, and for lack of a predictable City Council (not to mention the special costs of acquisition referred to earlier by any agency of the city including redevelopment corporations).

E. Private/Public Land Bank Corporation

To achieve greater flexibility in negotiating price, relocation costs, and transaction approvals, it would be desirable to create a corporation that is predominantly private but representative of the public interest, without being subject to the weaknesses of the statutory redevelopment corporation. However, the city would naturally have sufficient opportunity for intimidation of individual property owners to be reasonably confident of their cooperation while the private corporation might not be able to gain the same level of collective negotiation action. The very existence of this study has led the railroad to raise the rents for those leasing their business sites and at the same time the railroad is soliciting their offers to purchase. Should these present tenants buy their sites retail, the bargaining position for the city would be greatly compromised, and appraisers would be tempted to value everything on a piecemeal basis rather than on a bulk or subdivision basis. A private corporation must involve the principal leaseholders, major landowners, and Madison public officials as well as people with development and sales

experience strong enough to attract credit and tenants to Madison.

Therefore, the consultants would propose creation of a corporate entity for profit called The Madison Rail Corridor Development Company Limited (MRCD). In order for vested interests with somewhat conflicting views and objectives to be insiders rather than critics without responsibility, it is proposed that the Board of Directors consist of:

Two alderpersons representing Districts Six and Nine

One alderperson appointed by the Mayor representing CDA and the City at large

Three tenants on rail leases

Three persons appointed by the Mayor to represent neighborhood associations and similar vested interest groups

Three property owners of commercial properties within the corridor

Three developers with experience in residential, commercial-industrial, and retail renovation.

The six public members of the Board would bring \$30,000 from the city for purchase of a minority position. Minority ownership would preserve the ability to negotiate a price, minimize relocation costs, and minimize federal intervention as part of federal finance. The nine private interests would each commit \$5,000 so the corporation would begin with \$75,000 in capital, specifically risk capital to finance the legal, appraisal, and other professional assistance required for

negotiation with the railroads. If negotiations did not accomplish purchase, these funds could be lost--truly risk capital. A cumulative dividend not to exceed 200 percent of the investment unit would be payable to create incentive for making profits, taking a longer term viewpoint, and using internal financing from profits on early land sales. Feedback from some businesses in the affected areas indicated it might be possible to have additional shareholders, but the maximum would be 25 to avoid the expense of security registration. Additional working capital might be available from a consortium of Madison financial institutions, a CDA Block Grant Loan, or economic development loan programs. The purpose of the corporation would be to negotiate and acquire the rail corridor in a bulk purchase from the railroad and then advance the Madison Master Plan and neighborhood plan for the corridor as far as possible by selling, trading, and leasing the acquisitions as appropriate as well as financing such clearance, site preparation, and marketing operations as necessary. The corporation should have a sunset feature so that it would liquidate within ten years of its start.

Since MRCD is intended to be a catalyst, a shell to facilitate reparcelling of the lands consistent with a Master Plan, and thus a self-liquidating enterprise, it is recommended that it contract for all administrative matters, staff

requirements, office equipment, and other elements of day-to-day operation with an asset management firm for a minimum fee plus one and a quarter percent of the dollar value of assets managed. The asset management firm could be a bank trust department, a construction management firm, general contractor, or planning firm with experience in land sales, finance, leases and exchanges. It is doubtful that the work load after the first two years would require full time executive talent so that a contract for services would capture the part time services of the best talent rather than the full time attention of the mediocre employee. The Board of Directors would need to meet monthly, with an executive committee meeting more frequently to guide the asset manager.

The major capital source for funding purchase of the railway land and extensive site preparation and clearance would depend on the use of industrial revenue bonds (IRBs) approved by the City Council. An alternative source of funding might be the HUD 108 program which provides loans from the Federal Treasury at the Treasury rate secured by future community block grant funds, but in the absence of additional legal advice, it appears that only public agencies of the municipality are eligible recipients and subject to multiple federal conditions (see Appendix for Community Development Block Grant Program requirements, creation of Community Development Authority

(CDA), and information regarding Railroad Corridor Development Fund). Industrial revenue bonds depend on completion of a blight study, a series of reviews by City Council committees, and both a comfort resolution by the City Council and a mortgage loan guaranty of timely payment on the bonds from a state savings & loan service corporation or guaranty organization. (See Section I-I for additional detail on timing.)

Underwriters for the IRB bonds need to be convinced that the funds are adequate in amount to do the job and can be repaid on time out of sales. A significant level of sales at a rate to cover debt service can be accomplished by pre-selling some sites immediately to present leaseholders who wish to remain in the area. Several large parcels could be sold on a rolling block option to improve cash flow. Of course, the mortgage note would have release provisions for amortization of the debt from sales proceeds. A model of the enterprise cash flows combined for both East and West Corridors is provided in Part G below. Additional sales would be subsidized by creating a series of tax increment finance districts encompassing the rail yard and significant improvements thereafter. These TIF funds would permit the CDA to buy land cleared of railway improvements from MRCD and sell to residential developers, neighborhood development corporations, or relocated businesses

at a write-down price necessary to make the desired land use financially viable. TIF districts would be gerrymandered, nested and overlapped in order to be applicable at various points of development intensity and at the appropriate time and amount. In addition, the City of Madison could finance required storm sewers, street improvements, or other capital needs with a special assessment plan so that parcels would be sold subject to special assessment as was done for many years for the University when it developed University Hill Farm.

While the advantages of a land bank corporation as a catalyst present an intriguing, aggressive bargaining front to the railroad and a much needed opportunity for private/public cooperation and understanding in downtown Madison, there are some potentially devastating disadvantages, primarily related to disposition. Reference to Exhibit IV-2 summarizes the disadvantages as generated from discussions with a broad array of Madison talents and viewpoints. While bonding problems, maverick opportunists, and motivation are technical problems which could be overcome by adequate leadership, the basic disadvantages which undermine the land bank concept have to do with protecting the vested interest of a great variety of competitive developers, leaseholders, and landowners in the project. Rather than paralyze the land bank with procedural bylaws, the consultant recommends that the land bank at the

EXHIBIT IV-2

PERCEIVED DISADVANTAGES OF  
PRIVATE/PUBLIC LAND BANK CONCEPT BY  
BUSINESS AND POLITICAL COMMUNITY

1. Conflict of interest where members of the Board are also desirous of bidding for parcels of land bank properties.
2. Tendency of maverick developers and rail leaseholders to move independently to maximize self-interest rather than work collectively for optimum land use plan.
3. Reluctance of IRB bond underwriters to fund a land holding and development project as compared to a rentable brick and mortar building.
4. Doubt that profit on capital and time would be sufficient to motivate business talent to participate intensively and to take responsibility for a high silhouette project with high risk of political and economic surprise.
5. Doubt that 15 Board of Directors would co-opt sufficient number of vested interests to present a united front for bargaining with the railroad for a sustained period of time. Broader participation in the land banking corporation was suggested.
6. Concern that underestimation of cost of clearance, pace of sales, and interest expense would result in overpayment to the railroad. Some suggested a land contract by which railroad received a percentage of sales rather than a fixed price.

outset give first right of refusal to a series of private/public entities, each of which would focus on a small portion of the larger project. Different combinations of public/private elements which develop specific sites of parochial interest will create opportunity to bring the largest number of talents and energies to bear in the shortest period of time without each participant feeling that his input has been diluted to a point of insignificance by committees of too broad and too diverse interests. Therefore, the consultant recommends that the land bank corporation negotiate both the acquisition of the rail corridors and the IRB issue, and then immediately provide land contracts or sale agreements to the following array of entities, matched to the properties of their choice. (See Exhibit IV-3.) Naturally, the land bank would have to negotiate prices in each instance that permitted orderly liquidation of the bonds and private capital. Each entity involved would arrange for its own acquisition financing, TIF write-downs, special assessments, and so on.

To protect the vested interests of a variety of enterprises in the study areas, several development arrangements might be created almost simultaneously with the land bank operation and these arrangements can be broadly categorized as follows:

1. Existing leaseholders on railroad land would be given two year options to purchase their existing sites from MRCD at cost plus a pro rata share of carry costs less rents paid under the terms of their existing railway

EXHIBIT IV-3

POTENTIAL ENTITIES WITH AN INTEREST IN  
OPTIONING SELECTED RAIL CORRIDOR PARCELS ON A  
PRE-SALE PROPRIETARY LAND BANK SHARE BASIS

PARCELS

POTENTIAL OPTION  
ENTITY

A & B

Traded to University for former  
IC right-of-way adjacent to  
Parcel C.

C (plus lands  
acquired in trade  
from Regents)

Developer of student condominium.

D

Consortium of Wisconsin Supply,  
Wiedenbeck, and Washington Hotel  
Associates.

E

Retained by land bank for  
University related research park  
profit center.

F

Klein-Dickert

G1

Retained by land bank as profit  
center.

G2

Sold to CDA for land write-down  
from TIF and resold to housing  
developer.

H

Sold to A. J. Sweet.

I

To be divided between developers of  
Miller-Horne building and  
developers of proposed new  
commercial structure.

J, L, & N

Right-of-way for Wilson Street plus  
strip of distribution warehouses.

K

To be sold in stages for 800 Block  
housing cooperative development.

EXHIBIT IV-3 (Continued)

M Right-of-way for Wilson Street plus parking and commercial development land for businesses facing Williamson Street.

O, P Possible site for relocation of Roy's Transfer.

Q Land available to enhance commercial value of former Lumberman's Supply property.

lease; however, it would be hoped that they would trade the appraised value of their option toward purchase of an alternative site consistent with the Master Plan from MRCD or any other appropriate source. MRCD would apply credit for rents paid as a cash contribution toward the purchase and TIF funds could be used to assist in a write-down of moving costs and related losses that had no investment value offset. Failure to cash out the option within two years would terminate their interest.

2. The salvage yard at the western end of Parcel E in the West Washington Corridor (See Exhibit IV-4) would be allowed to remain for the balance of its lease term which would permit gradual removal of salvage materials within the normal course of business, but, in the long run, it must be regarded as not only nonconforming in use, but incompatible to the degree that it would be a nuisance which could be stopped by injunction. The existing leasehold might be granted an option to purchase, subject to removal of current operations and acceptance of all land planning and architectural covenants consistent with the private research park.
3. Existing landowners in the Corridors could then receive options on certain pieces contiguous to their present properties at cost plus a pro rata carry cost of MRCD. For example, referring to the West Corridor parcels as shown in Exhibit IV-4, a coalition of owners might want to acquire Parcel D; Klein-Dickert, an option for Parcel F; and Findorff might wish to acquire an option for Parcel G where its warehouses are located. Referring to the East Corridor parcels as shown in Exhibit IV-5, Common Wealth Development, Inc., might want an option for Block 800; Struck and Irwin for Parcel N; Roy's Transfer for Parcel O; and so on. Failure to cash out options within two years would terminate interests.
4. In the West Corridor, MRCD should retain control of critical profit centers such as Parcels E and G, and the trading potential of Parcels A, B, and C with which to create student housing between Lake and Frances Streets. If prior option holders pay cost plus a pro rata share of carry costs including management, these remaining parcels are critical to the profit component for shareholders. (See Exhibit IV-4.)

EXHIBIT IV-4

MAP OF WEST WASHINGTON  
RAIL CORRIDOR PARCELS

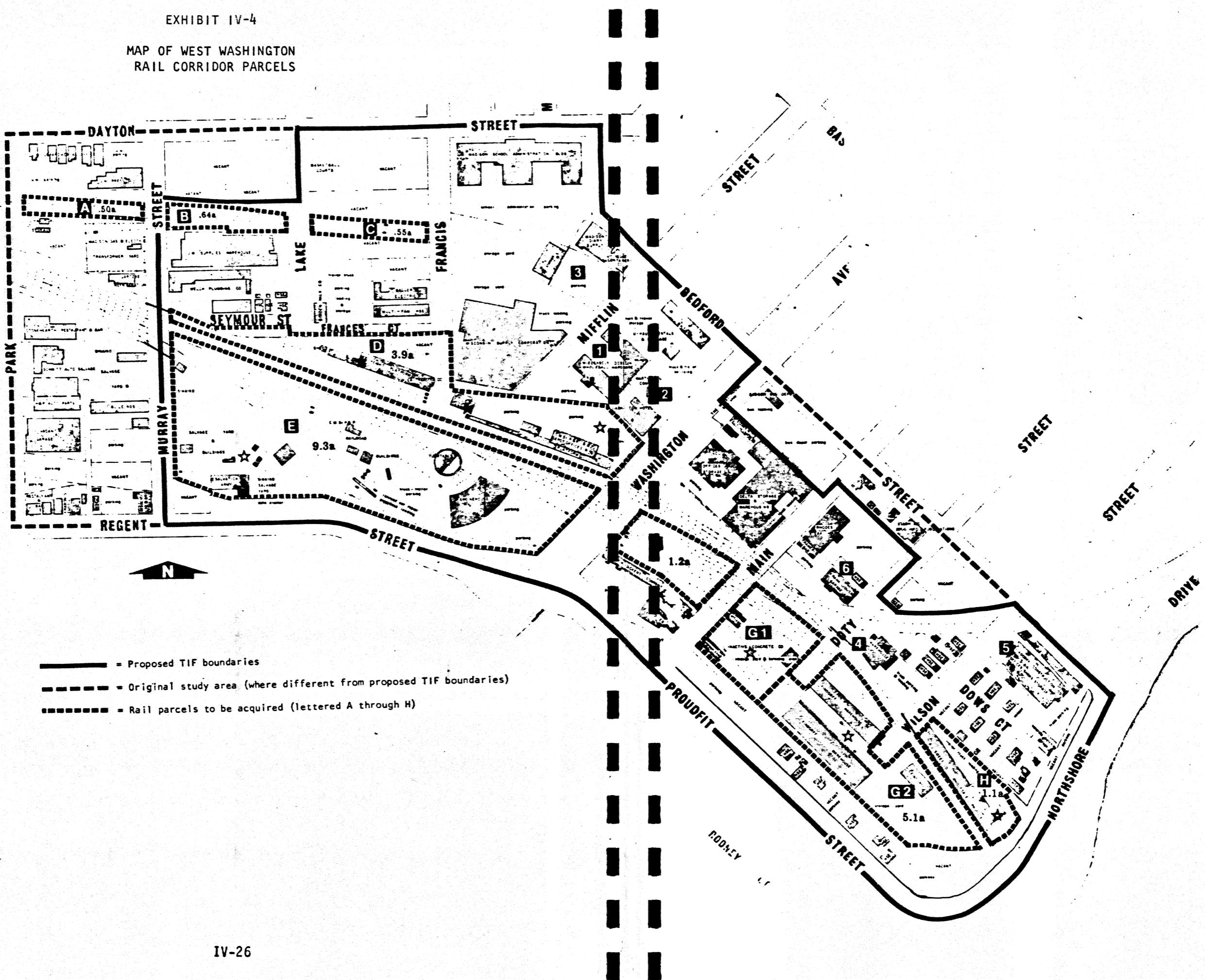
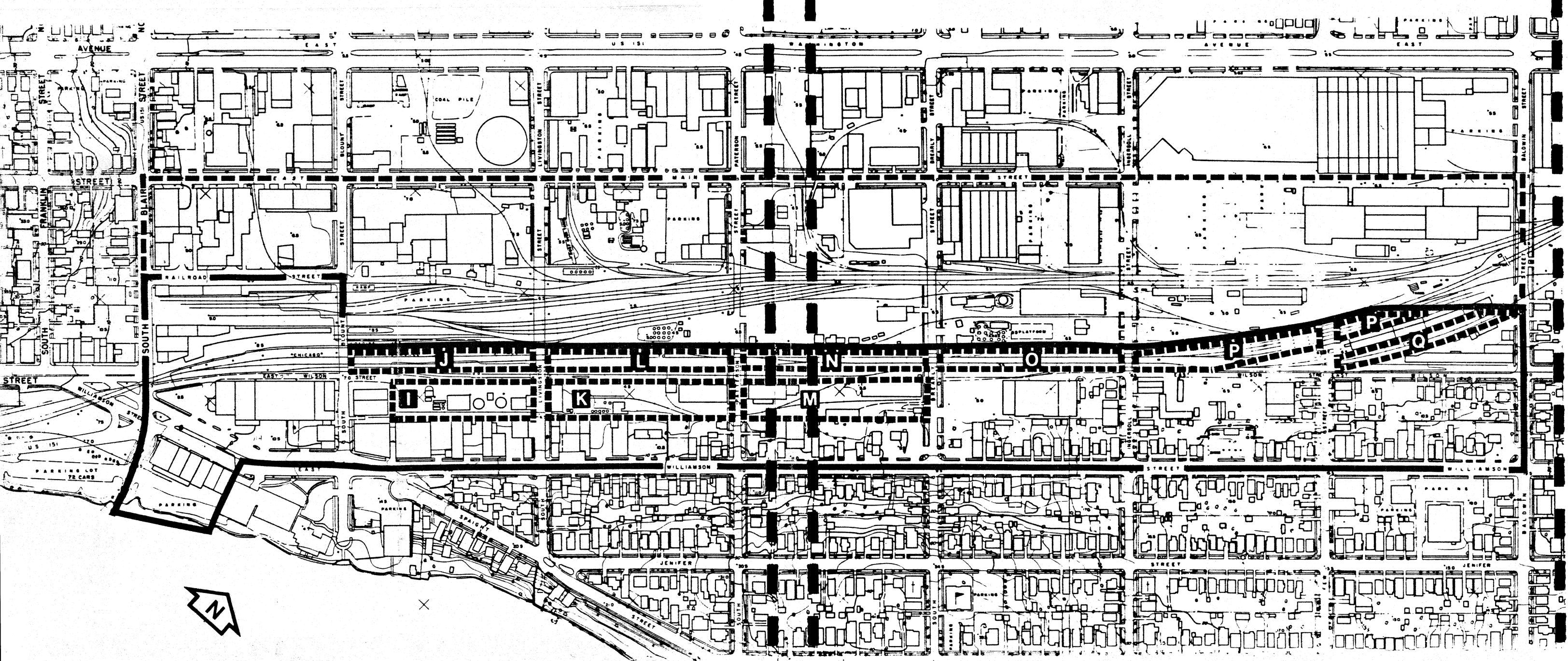


EXHIBIT IV-5

MAP OF EAST WILSON/WILLIAMSON  
RAIL CORRIDOR PARCELS



— = Proposed TIF boundaries

— — — = Original study area (where different from proposed TIF boundaries)

— · · · · = Rail parcels to be acquired (lettered I through Q)

5. On the East side, as pointed out in Section II, MRCD might need to acquire certain options on properties not owned by the railroad in order to reassemble lands in the 600 and 700 blocks, and adjacent to the Wilson Street cutback in the 900 to 1000 Block in order to provide appropriate sites for businesses relocated from existing sites. (See Exhibit IV-5.)

The consultant believes that options priced on a bulk cost of acquisition plus carry costs basis protects existing leaseholders, provides a reasonable possibility that they would benefit from a bulk price, and encourages their cooperation with the larger plan. Anyone receiving an option might be required to purchase a \$5,000 unit of stock in MRCD as a condition of the option, just as the Federal National Mortgage Association requires a purchase of stock from those doing mortgage business with it. Purchase of stock in return for an option is analogous to purchase of a share in a co-op as a condition for a proprietary lease to a specific apartment. A stock share plus an option means all beneficiaries would share some risk of the unpredictable costs of negotiation, title insurance, site clearance, and the like. In short, by putting in a network of options to existing leaseholders and landowners, it should be possible to fully eliminate the arguments about conflict of interest after the fact, reserve key parcels for general bidding in the marketplace, overcome the differences in political context between the East and West Corridors, and involve a broad base of energies, talents, and

contractual consents to the Master Plan in gross. Certain deed covenants would be added by MRCD where the generalities of zoning cannot deal with particular points of sensitivity on matters of great concern to immediate neighbors to the project. For example, deed restrictions would assure architectural compatibility of housing north of Williamson Street with styles on the south side, or setback, height and driveway access restrictions along Proudfit would protect residences in the Brittingham area. With the pattern and terms of disposition in place, prior to or simultaneously with bulk acquisition by the land bank corporation, major causes of political paranoia or exploitation should be eliminated. The disposition option plan, therefore, addresses all of the disadvantages presented in Exhibit IV-2, to a great extent, and provides greater assurance to the underwriters of the IRB bond and bond guarantor that there is a market for the land.

Given the number of city commissions, private firms, and other probable endorsements from the Madison power structure, the maverick opportunist bidder for a specific parcel could be held in check by peer pressure and the political certainty of passive resistance to his need for redevelopment entitlements at City Hall. Such mavericks have already contacted the railroad, perhaps motivated by the consultant's preliminary report. By giving a second level of priority in terms of

purchase options to landowners in the area, it's possible to recognize the parochial, immediate neighborhood motivations necessary to attract and involve businessmen. Hopefully, these options will bind the natural markets into the unified negotiation front required.

At the same time, share options give opportunity for different levels of private/public venturing in redevelopment. Perhaps an all-neighborhood group could promote co-op housing on Block 800, while an all-business group might be involved in redevelopment of the area adjacent to Wisconsin Supply and the Washington Hotel.

The remaining disadvantage, at this stage of analysis, is the absence of any clear indication of what the railroad might require in terms of purchase price and responsibility for removal of tracks and equipment. Carry costs can only be estimated, but cash flow parameters of the land bank can be simulated. However, experience shows that land negotiations with the railroad can be tedious, inflexible, and opportunistic in terms of the railroad bargaining stance. Acquisition is therefore expensive when the railroad can subdivide the disposition process into multiple competitive transactions. Any effort by Madison speculators to acquire specific pieces at this time damages the civic opportunity for a unified master plan with the economy of a bulk purchase. As a result, it is

difficult for the leaseholder or contiguous landowner to measure the possibility of a significantly lower cost of acquisition via the option at cost plus carry as compared to the deal that can be cut right now with the railroad. Therefore, the idealist must still rely, to some degree, on the premise that there is civic pride among landowners and the development community as well as political pragmatism in City Hall.

F. Certain Constraints on Financing Costs of Purchase and Sale

Business and real estate interests who have had the opportunity to comment on these plans for structuring and finance have wanted to learn more about the probable range of revenues, capital costs, operating expenses, and interest expense. An acceptable price to the railroad, a significant capital cost, must be derived as a function of the other elements of revenue and outlay. At the same time, the necessary revenues must be high enough to recover all costs and provide a profit without exceeding the economic maximum land price justified by the intended projects, net of any subsidies which may be appropriate to bridge the difference between cleared site cost and residual value after reconstruction.

Operating costs, interest expense, resale prices and the pace of development are somewhat controllable by the land bank corporation and City Master Plan allowances for densities and

alternative land uses. The more difficult question at the conceptual stage of this study is definition of the rights and duties to be acquired from the railroad at a price which will cause the liquidating trustee to act decisively in regard to a matter which is rather minor in significance to the bankrupt railroad and trustee in terms of dollars and priorities for management concern. Consider:

1. The title to be purchased from the railroad is only a quit claim deed and arrives encumbered by a number of leases with three to five years to run on their stated terms. The typical railway lease (Exhibit IV-6) contains a 60-day cancellation clause, but few attorneys take this seriously. Some lawyers believe that a purchaser could allow the lease to expire over its term without obligation to renew; but the City of Madison firmly believes if it were the owner of the quit claim deed subject to an expiring lease, it would have to pay relocation costs for failing to renew the lease. At this point, the nature of the obligation to renew as an encumbrance with the quit claim deed is unknown, reference to Sections II and III will remind the reader that relocation costs may be as much as 50 percent of the total cost in some instances if federal rules are followed.

The quit claim deed may also conceal transaction errors, errors in legal description, or reversionary fees by which railway land agents initially assembled the roadbed. Railroad land agents were notoriously negligent, creative, and sometimes arrogant in the way they made use of properties and property record systems, and Madison would be no exception. The cost of title insurance and related research will range from 1/2 to 1 percent of price but the cost to cure the title flaws discovered or to defend against suits for reversion may be another 3 or 4 percent (based on discussions with expert, Gene Ouchie, of Chicago Title Company). In any event, the process would take three to six months once the bargain was struck with the railroad.

## TYPICAL RAILROAD LEASE FORM

(Revision of \_\_\_\_\_)

## This Indenture

Made ----- RICHARD B. OGILVIE, as Trustee of the property of,  
 CHICAGO, MILWAUKEE, ST. PAUL and PACIFIC RAILROAD COMPANY,  
 Debtor  
 hereinafter referred to as "Railroad Company," and

-----  
 -----  
 -----

of P. O. address  
 hereinafter referred to as "The singular number herein as "Lessee."

## WITNESSETH:

FIRST: The Railroad Company does hereby lease, demise and let unto the Lessee, the following place(s) or parcel(s) of land lying within and being a portion of its property at the Station of \_\_\_\_\_, County \_\_\_\_\_, State of \_\_\_\_\_, and described as follows, to wit:

Term	TO HOLD for the term of _____ year(s) from the first day of
Effective Date	Indenture by giving to the other sixty (60) days written notice of its desire so to do and to the following express conditions, viz:
Rental	1. That the Lessee shall pay as rent for said demised premises the sum of _____ Dollars _____ per, _____, payable _____ in advance.
Taxes	2a. That the Lessee shall pay all taxes and assessments (except special assessments for permanent improvements) legally levied or assessed against said premises during the term hereof or any extension thereof; and in case of special assessments for permanent improvements, the annual rental will be increased by ten percent (10%) of such assessment; except that the amount of taxes payable for the year in which the lease is terminated shall not exceed the portion thereof accrued from the first day of the year to the effective date of termination.
Purpose	2b. That the Lessee shall pay all taxes and assessments legally levied or assessed against its improvements located upon the demised premises during the term hereof or any extension thereof, and in the event said lease is terminated, Lessee shall pay the full amount assessed against said improvements for the year in which termination occurs.
	3. That the Lessee shall use said premises as a site for _____ and for no other purpose whatsoever, unless the Railroad Company shall consent in writing to a change of use, and that it will not, without like consent, assign this lease or under-lease said premises or any part thereof.

Land Lease No. \_\_\_\_\_

Page One

EXHIBIT IV-6 (Continued)

4. That the Lessee shall continuously carry on its business upon said premises in an efficient manner, unless discontinued by written consent of the Railroad Company; that said premises shall be used and the business thereon conducted, insofar as it may affect the interests and operations of the Railroad Company, to the approval of its General Manager; and that it will not in any way obstruct or interfere with the tracks of the Railroad Company.
5. That the property herein demised is leased in its condition at the date hereof; that any and all facilities, including overhead and underground fixtures, located thereon shall be maintained and operated as heretofore.
6. That the Lessee shall erect upon said premises the facilities appropriate for the uses herein mentioned, and have the same completed and ready for use within three months from the date of this lease; and that all doors on the track side of any building or buildings shall be so constructed as to open inward or be of a sliding type.
7. The Lessee agrees to keep said premises and all improvements thereon in a neat and orderly condition, and to cover all improvements with one or more coats of approved paint, whenever required so to do by the Railroad Company, and that no signs nor advertisements of any description shall be permitted to be painted or posted upon said improvements, or about said premises, other than those of the business of the Lessee, and as shall be approved by the Railroad Company.
8. It is understood that the movement of railroad locomotives includes some risk of fire, and the Lessee assumes all liability for and agrees to indemnify the Railroad Company against loss or damage to property of the Lessee or to property upon the Lessee's premises, arising from fire caused by locomotives operated by the Railroad Company in the vicinity of said demised premises, except to the premises of the Railroad Company, and to rolling stock belonging to the Railroad Company or to others, and to shipments in the course of transportation.
9. That the Lessee hereby releases the Railroad Company from and agrees to indemnify it against all loss, damage or injury, caused by or resulting from any act or omission of the Lessee, its employees or agents, to the person or property of the parties hereto and their employees, and to the person or property of any other person or corporation, while on or about said premises, and if any claim or liability other than from fire shall arise from the joint or concurring negligence of both parties hereto, it shall be borne by them equally.
10. That in any case where the covenants, agreements and releases contained in the two preceding paragraphs shall be held not to be valid in law, the Railroad Company shall have the full benefit of any insurance effected by the Lessee upon the persons or property injured or destroyed.
11. That the Lessee shall comply with all applicable Federal and State laws and regulations and municipal ordinances in respect of the conduct of its business upon said premises; and shall comply with all applicable ordinances, rules, regulations, requirements and laws of any governmental authority controlling environmental standards and conditions on the demised premises. If, as a result of Lessee's operations hereunder, any such ordinance, rule, regulation, requirement or law is violated, Lessee shall protect, save, harmless, defend and indemnify Railroad Company from and against any penalties, fines, costs and expense, including legal fees and court costs imposed upon or incurred by the Railroad Company, caused by, resulting from or connected with such violation or violations.
12. That any violation of or failure to comply with any condition herein, within thirty (30) days written notice of violation, shall terminate this lease without any further notice or act upon the part of the Railroad Company, and thereupon it may re-enter and take possession of said premises, as by law provided.
13. Nothing herein contained shall affect the right of either party to terminate this lease on written notice as herein provided, and in the event of such termination any unearned rental shall be refunded.

EXHIBIT IV-6 (Continued)

This agreement is binding on Richard B. Ogilvie, not as an individual, but solely in his capacity as Trustee.

SECOND: The Lessee hereby accepts the foregoing lease, and covenants and agrees faithfully to observe and perform all the terms, conditions and requirements therein contained; and it further agrees that it will surrender said demised premises at any termination of this lease, and will, on or before the effective date of such termination, completely remove from said premises all property owned or placed thereon by it, and will restore the premises to a state of usefulness for general purposes; that failure so to remove all such property shall be conclusively deemed abandonment thereof to the Railroad Company, thereby waiving all its right, title and interest in and to such abandoned property; and that in such case the Railroad Company shall, from and after the effective date of any termination, be at full liberty to re-enter and take possession of all the demised premises and, at the sole expense of Lessee, to remove therefrom all such property there remaining and to restore said premises to a state of usefulness for general purposes, and the Lessee hereby binds itself to pay unto the Railroad Company promptly upon receipt of bill therefor, the entire cost and expense of such removal and restoration; or, at Railroad Company's own sole option, to appropriate and dispose of any such property without any liability or accountability therefor; but nothing herein contained shall preclude the Railroad Company from any other legal remedy.

No receipt of money by the Railroad Company from Lessee prior to or after the expiration date or termination of this lease or after the service of any notice, or after commencement of any suit, or after final judgment for possession of the premises shall reinstate, continue or extend the term of this lease or affect any such notice demand or suit.

That the right or interest created by this instrument shall be subject and subordinate to the continuing lien of the First Mortgage dated as of January 1, 1944, executed and delivered by Chicago, Milwaukee, St. Paul and Pacific Railroad Company to Continental Illinois National Bank and Trust Company of Chicago, Trustee, and all mortgages supplementary thereto, and to the lien of the General Mortgage dated as of January 1, 1944, executed and delivered by Chicago, Milwaukee, St. Paul and Pacific Railroad Company to Harris Trust and Savings Bank, Trustee, and all mortgages supplementary thereto.

All the terms, conditions and covenants of this lease shall, during its continuance, be binding upon the Railroad Company, its successors and assigns, and upon the Lessee, its successors and assigns, and upon the Lessee, its successors and assigns, heirs and legal representatives.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed as of the day and year first above written.

RICHARD B. OGILVIE, as Trustee, of the property of,  
CHICAGO, MILWAUKEE, ST. PAUL and PACIFIC RAILROAD COMPANY,  
Debtor

By \_\_\_\_\_  
Witness for the Railroad Company

Vice President

2. The property is further encumbered by regulations of the ICC relative to abandonment of sidetrack service, and it is conceivable that tenants presently receiving sidetrack service on parcels related to this study could testify in objection to removal of the tracks and, thereby, delay or jeopardize various aspects of the project. Legal costs and relocation costs to secure ICC approvals would be subject to negotiation with the railroad.
3. Railroad track and equipment on different portions of the site may or may not be left behind since removal can be costly, but salvage values in some instances, in terms of rails, ties, and switches, may be significant. A purchase contract must negotiate who is responsible for various aspects of site clearance and is therefore to be reimbursed in terms of purchase price consideration.
4. Shared track arrangements between the Milwaukee Road, the Northwestern Railroad, and the Wisconsin Central Railroad can offer cost advantages to the railroads and land use efficiencies for reuse of the corridor. It may be necessary to bribe the railroads into pursuing their own best interests in a timely fashion by funding some of the costs of reconstruction required for track sharing.

There are peripheral issues that the City of Madison will need to negotiate with the railroad and that may be pawns in negotiations with the proposed land bank corporation. The Wisconsin Central Railroad is using some abandoned Illinois Central right-of-way behind the University athletic facility as the terminus for its route to Prairie du Chien, a fact which conflicts with the City's desire to remove one of the trestles over Park Street. At the same time, the Wisconsin Central must remain in the area due to recent coal delivery contracts negotiated with the University of Wisconsin power plant.

Another factor is a conflict between University of Wisconsin desires to have a private track crossing via Frances Street to their garage maintenance facilities while City planners would prefer an all-purpose crossing to be at Lake Street, which is the natural entrance into the Campus-State Street area. The railroads, of course, prefer no crossings at all in a switching area. In the East Corridor, the City of Madison might consider blocking Livingston, Paterson, and Bearly with cul-de-sacs north of the rail corridor to control truck traffic leaking onto Williamson Street as well as car/train conflicts. These elements are typical of long, simmering matters among the railroads, the University, and the City of Madison which will be inherited rightfully or wrongfully by the negotiators of the bulk purchase with unknown consequences as to cost.

Real estate taxes are always a serious drain on working capital land development operations, and will represent a cost of at least 2-1/2 percent per annum of the purchase price on the land inventory cost to acquire once the land loses its transportation exemption. The natural response of the developer is to hold down taxes; but, in this case, the presence of a TIF district and the need to finance certain prospective purchasers in part through a write-down of land price funded by TIF, would encourage an inclination to allow real estate taxes to drift upwards to enhance the borrowing power of the initial TIF.

The efficiency of TIF financing in Madison is also an important issue. To date, the City Council has always determined the amount to be borrowed by the TIF by using two-thirds of the estimated tax increment revenues to represent debt service needed to amortize the loan over a specified term, say 15 years. Then, the remaining one third of the taxes collected is added to the debt service to accelerate repayment of the TIF revenue bonds. Tax increment values are not included in equalized values which determine State aid formulas so that approximately one-third of tax increment revenues shielded by the TIF are lost to the city in terms of State aids distributed on a basis of equalized value. As typified by the Broadway Industrial Park TIF issue, it was repaid in half the time it might have taken and the TIF district dissolved, providing the School Board and the County Board with a tax bonanza well over \$300,000 in 1983 alone. TIF districts have fixed interest rates for the term of the bond and the fixed interest rate will be difficult to find for the next ten years anywhere in real estate.

The consultant recommends that in the coming decade of almost certain inflation, that the City borrow every dollar it can as long as it can at fixed interest rates via the TIF district formula to fund capital projects which would inflate beyond reach in later years. Benefits enjoyed over future

years by the City from investing now will offset any State aids lost due to the State aids formula which excludes TIF values. Concern for the School and County Board tax revenues is questionable given the demonstrable anti-city real estate practices of both the County and the School Board. Both the East and the West Corridor projects will need every TIF dollar available to accomplish the land use plan desired by all concerned, and that will require reappraisal of the City's formula to avoid loss of State tax aids which result from operation of the TIF formula.

Finally, there is the problem of interest expense to the land bank corporation from a combination of financing elements including industrial revenue bonds, interest on special assessments, discounting paper acquired from land resales, or interest on loans from block grant funds or other agencies. The amount required will depend on the purchase price of the land, including clearance, the terms of sale, and timing of the underwriting in 1984-85 in a rising economy motivated by renewed inflation due to expanding money supplies. Variable interest costs on large land holdings are generally at the root of all failures of private and public land banking efforts; part of this risk is laid off by means of the share-option contracts, but the ability of those with an option to buy to actually close on the property of their choice is undermined by

the same rising interest cost which requires the land bank to sell quickly.

As a result of these many variables, contingencies, and unknowns, the consultant has provided a sensitivity matrix analysis indicating (1) the impact on purchase price to the railroad, given reasonable prices on resale and the worst case of an unreasonable set of cost parameters; (2) impact on resale price of a high purchase price and worst case expenses; and, (3) purchase price for combined purchase of East and West Corridors. Previous land bank runs in Sections II and III represent the consultant's best guess with assistance from City Staff and the Madison real estate industry as to what would happen in those specific districts. Part G, below, is a test of financial tolerances in a combined land banking operation.

G. Financial Parameters of Combined East-West Purchase

If the land bank entity were able to negotiate for the railroad-owned properties in both the East and West Corridors, a combined financial land bank report may indicate some economies of scale. The third run of the land bank model combines the revenues and outlays and other key assumptions into a pro forma cash flow for the total land banking operation. Unfortunately, the heavy expenditures for infrastructure (the Marquette Gateway Plan) on the East Side

suggest a higher average price for commercial land for both sides of the Corridor. Since these prices exceed justified land prices on Williamson Street, grant money or purchase of certain parcels by the CDA for resale at a write-down price could substantially reduce the required prices on industrial and commercial sites. Exhibits IV-7 and IV-8 contain the basic set of assumptions and the cash flow result. Exhibit IV-9 provides a demonstration of land resale price sensitivity to a lower interest rate, increased grant aid, or a lower bulk price to the railroad. These preliminary pricing targets on land ready for resale indicate that it would be possible for the City to finance the heavy costs of the Marquette Gateway Plan and still bring the retail price within reach of a shallow write-down program financed by TIF funds which would be generated from a renovated Miller-Horne Building, restoration of Machinery Row, and housing on block 800.

EXHIBIT IV-7

STATEMENT OF ASSUMPTIONS AFFECTING  
PURCHASE AND SALE PRICES OF COMBINED EAST WILSON AND  
WEST WASHINGTON RAIL CORRIDOR LAND

Land

Purchase made over two years:

1984 - \$155,000 [1] + \$440,000 [2] =	\$595,000
1985 - \$105,000 [1] + \$290,000 [2] =	<u>395,000</u>
	\$990,000

Improvements to Land

1984 - \$695,000 [1] + \$750,000 [2] =	\$1,445,000
1985 - \$252,000 [1] + \$550,000 [2] =	802,000
1986 - \$1,500,000 [1] + \$450,000 [2] =	1,950,000
1987 - \$100,000 [2]	100,000
1987 - \$100,000 [2]	<u>100,000</u>
	\$4,397,000

Land and Improvements to Land \$5,387,000

Industrial Bond Issue - \$4,400,000

11% interest, 10 year term

Block Grant or TIF Write-downs - \$1,475,000

Equity Contribution \$75,000

Organizational Costs \$25,000

Overhead Costs \$107,500

[1] East Wilson Corridor

[2] West Washington Corridor

EXHIBIT IV-7 (Continued)

Sales

1985 - Parcels F, H, I, J, Q, and P  
1986 - Parcel A, B, C, D, and half of Parcel K  
1987 - One third of Parcel E  
Two acres of Parcel G  
Half of Parcel K  
Parcel L  
1988 - One third of Parcel E  
1.8 acres of Parcel G  
Parcels M, N, and O  
1999 - One third of Parcel E  
1.3 acres of Parcel G

Sinking Fund Contributions

1984	-0-
1985	\$700,000
1986	\$800,000
1987	\$1,900,000
1988	\$1,300,000
1989	\$800,000

EAST RAIL CORRIDOR

Land

Average cost of \$0.60 per square foot

Purchase made over two years:

1984 - 60%, 5.92 AC	\$155,000
1985 - 40%, 3.94 AC	<u>105,000</u>
	\$260,000

## EXHIBIT IV-7 (Continued)

## Improvements to Land

1984 - Relocate and remove railroad tracks	\$ 170,000
1984 - Property Acquisition	525,000
1985 - Cost of 1,800 feet of storm sewer (\$140 per foot)	252,000
1986 - Wilson/Williamson One-Way Reconstruction	<u>1,500,000</u>
	\$2,447,000
Land and Improvements to Land	\$2,707,000

WEST RAIL CORRIDOR

## Land

Average cost of \$0.75 per square foot

Purchase made over two years:

1984 - 60%, 13.37 AC	\$440,000
1985 - 40%, 8.92 AC	<u>290,000</u>
	\$730,000

## Improvements to Land

1984 - Clearance, relocation, and consolidation of tracks in and adjacent to parcels D and F plus lot improvement	\$750,000
1985 - Clearance, relocation, and consolidation of tracks in parcel E plus lot improvements	550,000
1986 - Clearance, relocation and improvement of Parcel G	450,000
1987 - Additional site work	100,000
1988 - Additional site work	<u>100,000</u>
	\$1,950,000
Land and Improvements to Land	\$2,680,000

EXHIBIT IV-7 (Continued)

Assumptions Common to All Landbank Analyses

Bond Floating Costs--5% of bond amounts

Revolving Fund--funded with the net proceeds from the bond sale  
--earns interest at 6%

Interest Contingency--an amount equal to one year's interest  
payment  
--earns interest at 7-1/2%

Contingency Fund--5% of bond amount  
--earns interest at 7-1/2%

Sinking Fund--to accumulate funds to repay bond principal  
--earns interest at a rate equal to the bond  
interest rate

Working Capital Loan--when the revolving fund is not sufficient  
to cover cash outflows, the fund will  
borrow at 11% to cover the shortfall

Interim Lease Income--\$1,000 per acre income on Land Bank  
property temporarily leased out to  
others before being sold

Projected Annual Sales--commercial land - 5% per year  
Price Inflation Rate --industrial land - 3% per year  
--residential land - 4% per year

Market Value/Land Value Multiplier--industrial land - 40%  
--commercial land - 100%  
--residential land - 30%

EXHIBIT IV-8

CASH FLOW OUTPUT AT 11% INTEREST  
WITH \$2.475 MILLION IN GRANTS

INITIAL STARTING POINT

BOND ISSUE AMOUNT	5,200,000.
LESS BOND FLOATING COSTS	260,000.
LESS ONE YEAR INTEREST CONTIGENCY	572,000.
LESS OTHER CONTINGENCY ACCT	572,000.
-----	
NET PROCEEDS FROM BOND	3,796,000.
PLUS EQUITY CONTRIBUTION	75,000.
PLUS GRANT FUNDS	2,475,000.
-----	
TOTAL CASH INFLOW - YEAR -0-	6,346,000.
LESS ORGANIZATIONAL COSTS	25,000.
=====	
REVOLVING FUND BALANCE YEAR -0-	6,321,000.

## EXHIBIT IV-8 (Continued)

IV-47

	1	2	3	4
REVOLVING FUND BEGIN BAL	6,321,000.	4,080,750.	2,688,120.	722,970.
TAX REVENUE	0.	0.	0.	0.
LEASE REVENUE	19,190.	25,820.	0.	0.
INTEREST ON REVOLVING FUND	379,260.	244,845.	161,287.	43,378.
INT ON CONTG FUND & INT CONT FUND	85,800.	85,800.	85,800.	85,800.
MISCELLANEOUS REVENUE FROM SCRAPS	0.	0.	0.	0.
INTEREST ON SINKING FUND	0.	0.	77,000.	165,000.
TOTAL ANNUAL SALES REVENUE	0.	1,127,410.	1,197,730.	1,117,590.
RELEASE OF INTEREST CONTINGENCY FUNDS	0.	0.	0.	0.
 TOTAL CASH INFLOWS (SOURCES)	 6,805,250.	 5,564,620.	 4,229,470.	 2,146,550.
 ACQUISITION COSTS	 595,000.	 395,000.	 0.	 0.
IMPROVEMENT COSTS	1,450,000.	1,102,000.	1,950,000.	100,000.
BOND INTEREST COSTS	572,000.	572,000.	572,000.	572,000.
OVERHEAD COSTS	107,500.	107,500.	107,500.	107,500.
SINKING FUND CONTRIBUTION	0.	700,000.	800,000.	1,000,000.
INTEREST ON SINKING FUND	0.	0.	77,000.	165,000.
INTEREST ON WORKING CAP LOAN	0.	0.	0.	0.
 TOTAL CASH OUTFLOWS (USES)	 2,724,500.	 2,876,500.	 3,506,500.	 1,944,500.
***NET CASH FLOW ***	4,080,750.	2,688,120.	722,970.	202,050.
WORKING CAPITAL LOAN	0.	0.	0.	0.
ENDING BALANCE IN REVOLVING FUND	4,080,750.	2,688,120.	722,970.	202,050.
BALANCE IN SINKING FUND	0.	700,000.	1,577,000.	2,665,000.
 BASE SALES PRICE PER ACRE - COM	 258,629.	 258,629.	 258,629.	 258,629.
SALES PRICE/SQ FT OF IND LAND	0.00	2.62	0.00	2.89
SALES PRICE/SQ FT OF COM LAND	0.00	6.30	6.49	6.68
SALES PRICE/SQ FT OF RES LAND	0.00	0.00	2.00	2.08

## EXHIBIT IV-8 (Continued)

	5	6	7	8
REVOLVING FUND BEGIN BAL	202,050.	0.	0.	0.
TAX REVENUE	0.	0.	0.	0.
LEASE REVENUE	3,290.	-210.	0.	0.
INTEREST ON REVOLVING FUND	12,123.	0.	0.	0.
INT ON CONTG FUND & INT CONT FUND	85,800.	85,800.	0.	0.
MISCELLANEOUS REVENUE FROM SCRAPS	0.	0.	0.	0.
INTEREST ON SINKING FUND	275,000.	418,000.	0.	0.
TOTAL ANNUAL SALES REVENUE	1,680,780.	927,695.	0.	0.
RELEASE OF INTEREST CONTINGENCY FUNDS	0.	572,000.	0.	0.
 TOTAL CASH INFLOWS (SOURCES)	 2,259,040.	 2,003,280.	 0.	 0.
ACQUISITION COSTS	0.	0.	0.	0.
IMPROVEMENT COSTS	100,000.	0.	0.	0.
BOND INTEREST COSTS	572,000.	572,000.	0.	0.
OVERHEAD COSTS	107,500.	107,500.	0.	0.
SINKING FUND CONTRIBUTION	1,300,000.	800,000.	0.	0.
INTEREST ON SINKING FUND	275,000.	418,000.	0.	0.
INTEREST ON WORKING CAP LOAN	0.	10,501.	0.	0.
 TOTAL CASH OUTFLOWS (USES)	 2,354,500.	 1,908,000.	 0.	 0.
***NET CASH FLOW ***	-95,462.	95,284.	0.	0.
WORKING CAPITAL LOAN	-95,462.	-178.	0.	0.
ENDING BALANCE IN REVOLVING FUND	0.	0.	0.	0.
BALANCE IN SINKING FUND	4,075,000.	5,018,000.	0.	0.
 BASE SALES PRICE PER ACRE - COM	 258,629.	 258,629.	 258,629.	 258,629.
SALES PRICE/SQ FT OF IND LAND	3.03	3.18	0.00	0.00
SALES PRICE/SQ FT OF COM LAND	6.88	7.09	0.00	0.00
SALES PRICE/SQ FT OF RES LAND	2.17	0.00	0.00	0.00

## SENSITIVITY ANALYSIS

LAND RETAIL SALES PRICE RANGE\*  
(Price per Square Foot)  
COMBINED RAIL CORRIDORSEast Lands Purchased from the Railroad at an Average of  
\$0.60 per Square Foot Over a Two Year PeriodWest Lands Purchased from the Railroad at an Average of  
\$0.75 per Square Foot Over a Two Year Period

	**	**	**	
	Bond at 11% Interest Rate	Bond at 8.5% Interest Rate	Bond at 8.5% Interest Rate	Bond at 11% Interest Rate
	Grant of \$1.475 Million	Grant of \$1.475 Million	Grant of \$2.475 Million	Grants & TIF of \$2.475 Million
Industrial Land	\$3.17 - 3.86	\$2.82 - 3.43	\$2.27 - 2.76	\$2.62 - 3.18
Commercial Land	\$7.63 - 8.59	\$6.79 - 7.64	\$5.47 - 6.16	\$6.30 - 7.09
Residential Land	\$2.43 - 2.63	\$2.16 - 2.34	\$1.74 - 1.88	\$2.00 - 2.17

\* Earlier sales at low end of range, later sales at high end of range.

\*\* Cash flow output details for these three runs are in the Appendix.

APPENDICES

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Office of Assistant Secretary for Community Planning and Development  
24 CFR Part 570  
[Docket No. R-79-498]

**Community Development Block Grants; Loan Guarantees**

AGENCY: Department of Housing and Urban Development.

**ACTION:** Final rulemaking.

**SUMMARY:** The Secretary is issuing final rules on Subpart M of the regulations for the community development block grant program governing loan guarantees under section 108 of the Housing and Community Development Act of 1974, as amended ("section 108"). Rules governing loan guarantees have been revised to incorporate changes authorized by Title I of the Housing and Community Development Act of 1977.

**EFFECTIVE DATE:** October 5, 1979.

**FOR FURTHER INFORMATION CONTACT:**  
Paul D. Webster, Financial Analyst,  
Office of Block Grant Assistance, HUD/  
Community Planning and Development,  
Room 7178, 451 Seventh Street, S.W.,  
Washington, D.C. 20410. (202) 755-6328.

**SUPPLEMENTARY INFORMATION:** On January 18, 1978 revisions to Subpart M were published in the Federal Register (43 FR 2714) as an interim rule. Interested parties were given until March 1, 1978 to submit views and comments. All comments were considered carefully in development of the final rule. There follows a discussion of the significant comments and the changes that were made.

**Eligible Applicants**

There were several comments objecting to the limitation on eligibility to metropolitan cities and urban counties. Commenters on this issue recommended for a number of reasons that eligibility be extended to communities receiving Comprehensive Grants with multiyear funding commitments under the Small Cities program. All commenters argued that such communities are on a par with metropolitan cities and urban counties with respect to their access to an assured source of funds for loan repayment.

The Department agrees that small cities with multiyear funding commitments can offer adequate security, provided the loan guarantee covers the same period as the

commitment. As indicated in the interim rule, an ability to furnish adequate security is the principal criterion of eligibility to apply for loan guarantee assistance. Therefore, it is deemed appropriate to extend eligibility to these communities. As the first step to accomplish this, a proposed rule soon will be published in the Federal Register that would include small cities receiving Comprehensive Grants with multiyear funding commitments as eligible applicants.

Careful consideration was given to including these communities as eligible applicants under this rule. However, further rulemaking is deemed essential for the following reasons.

Since the interim rule limited eligibility to entitlement recipients, many loan guarantee requirements were developed in light of requirements applicable to entitlement grants. These include application submission requirements, criteria for disapproval of loan guarantee requests, and reduction in the amount of loan guarantee assistance requested. Requirements on the maximum loan amount and the loan repayment period are also consonant with the entitlement grant concept.

Loan guarantee requirements also should be consonant with the requirements of the Small Cities program. At the same time, the interests of the Department as guarantor must be protected. However, both objectives cannot be achieved without extensive revision of this rule. Provisions of this subpart pertaining to the loan repayment period, review and approval of applications, submission requirements, and the maximum loan amount will all require modification. In addition, preapplication submission requirements must be developed and included in this subpart.

Further rulemaking will obtain for the Department the useful comments and recommendations of interested parties on the substantial changes resulting from extending eligibility and will help avoid the risk of arbitrary action. Publication of the proposed rule will have the added benefit of assuring that the impact of extending eligibility on the administration of the Small Cities program is fully considered.

Based on the foregoing considerations, the requirements of this section will not be changed at this time.

**Eligible Activities**

The introductory statement of this section has been changed to note that for purposes of determining the eligibility of activities for which loan guarantee assistance may be provided, § 570.204 does not apply. Section

570.204, which authorizes assistance to be provided directly to certain qualified private entities, is inapplicable since further grants or loans may not be made from guaranteed loan funds.

Section 570.701(a) has been clarified to indicate that acquisition of real property must be by the unit of general local government or its designated public agency.

The introductory statement of § 570.701(c), governing related expenses, has been revised to indicate that such expenses must be related to the acquisition, rehabilitation, development, or use of the real property assisted under this subpart.

Section 570.701(c)(4) has been clarified to better delineate the types of property improvements that are eligible for construction, reconstruction, or installation with loan guarantee assistance. These include all of the types of public improvements and public utilities eligible for assistance under Subpart C, and those eligible public facilities under Subpart C which are not buildings. For example, parking lots, water and sewer lines, and utility lines would all be eligible for loan guarantee assistance; however, a fire station or a public parking garage would be ineligible. As a further criterion of eligibility, expenses eligible under § 570.701(c)(4) must be related to the preparation for development or use of the assisted property.

**Application Requirements**

The requirement specified in § 570.702(a)(2) that an application for loan guarantee assistance include a proposed instrument effecting a pledge of grant has been deleted. This requirement is no longer necessary because the form of the pledge of grant required as security for repayment of obligations guaranteed under this subpart shall be prescribed by HUD and included as a provision of the contract required under § 570.703(b)(1). The requirement for an opinion of counsel as to the applicant's legal authority to make such pledge has also been deleted. In lieu of this opinion of counsel, the applicant shall be required to submit a certification providing assurance that it possesses legal authority to make the pledge of grants required under § 570.703(b)(2).

The reference to "community development budget" in § 570.702(b) is changed to "cost summary."

In paragraph (d) of § 570.702, which governs HUD review and approval of applications, subparagraphs (1), (2), and (3) of the interim rule have been redesignated as subdivisions (i), (ii), and (iii) of subparagraph (1) of the final rule.

In § 570.702(d)(1)(i), as redesignated, the reference to "§ 570.306(b)(2)" has been changed to "§ 570.311(c)."

Section 570.702(d)(1)(ii) of the final rule has been revised to clarify that a loan guarantee request may be disapproved whenever the Secretary determines that the guarantee constitutes an unacceptable financial risk. This change is essential to permit consideration of all factors relevant to determining financial risk, including but not limited to: length of proposed repayment period, ratio of expected annual debt service requirements to expected annual grant amount, an applicant's status as a metropolitan city or urban county during the proposed repayment period, and an applicant's ability to furnish adequate security pursuant to § 570.703(b).

A new provision, § 570.702(d)(2), has been added which specifies the reasons for which HUD may reduce the amount of loan guarantee assistance requested. This provision corresponds to § 570.311(e) and is added to ensure that loan guarantee funds are approved for use in a manner consonant with statutory and administrative requirements applicable to approval of block grant funds.

Paragraph (e)(2) of this section has been modified to indicate the applicability of environmental review requirements for multiyear projects to designated public agencies. Changes have also been made to conform this provision to the requirements of § 570.301(d).

#### Loan Requirements

Section 570.703(a) has been modified to indicate the requirement pertaining to the maximum loan amount also applies to notes or other obligations issued by designated public agencies. The reference to "§ 570.102" is changed to "§ 570.311."

Section 570.703(b)(1) has been changed for the sake of clarity to note that the contract required under this provision shall be entered into with HUD.

Section 570.703(c)(2) has been changed to more clearly reflect the full scope of the Secretary's authority to apply pledged grants. In this regard, the Secretary is authorized to apply grant funds pledged pursuant to paragraph (b)(2) of this section, whether or not there has been a default by the borrower requiring payments pursuant to the Secretary's guarantee. This authority is reflected in the contract required by paragraph (b)(1) of this section.

Section 570.703(e) has been changed to note the applicability of this provision to designated public agencies.

#### Comments Not Acted Upon

Several comments were received which after due consideration were not accepted. There follows a discussion of these comments.

Some commenters recommended that § 570.703(b), which pertains to the contract and pledge of grants required as security, be modified to accommodate the requirements of states having limitations prohibiting political subdivisions from incurring indebtedness beyond the current fiscal year. The proposed regulation has been retained because it reflects the statutory provision (section 108(d)) on which it is based more precisely than the alternatives presented by the commenters; however, where the form of the contract or pledge is an obstacle to participation under the loan guarantee provision, HUD will consider modifications on a case by case basis, provided such modifications do not impair the security for the loan guarantee or result in nonconformance with the statutory provision.

Section 570.702(a)(3), requiring that applicants certify that neither they nor public agencies own property suitable for the purpose for which the guarantee is being requested, was criticized as being too restrictive. It was recommended that this requirement be waived under specified circumstances. Although waiver of this requirement will be considered under extenuating circumstances, such circumstances will not be specified in the regulations. If a particular application of this requirement meets the criteria for a waiver under § 570.4, a request for waiver of the requirement will be considered.

One commenter noted that the Act authorizes the Secretary, at her discretion, to require other security to be furnished (e.g., tax increments), and urged that § 570.702(c) be changed to indicate that approval of a loan guarantee request reflects consideration of such other security. HUD will utilize this authority and require revenues which may result from activities financed under this subpart and which constitute program income under § 570.506 to be pledged as additional security. However, the pledge of such revenues will not be a factor in the determination as to whether a loan guarantee covering a repayment period of six years or less is an acceptable financial risk. This does not preclude an applicant from developing a financial plan which provides for the utilization of other revenues, in lieu of block grant funds, for payment of principal or interest. It is, however, the applicant's

responsibility to determine whether other revenues are sufficient for that purpose. Because HUD will make no determination as to the sufficiency of other security, the recommended change was not adopted.

It was recommended that a new provision be added to § 570.702 which would require the applicant to comply with the procedures prescribed by the Advisory Council on Historic Preservation in 36 CFR Part 800 if the project would affect resources listed or eligible for listing in the National Register of Historic Places. This requirement is set forth in § 570.804 and is made applicable under § 570.705 to activities or projects assisted under this subpart. It is therefore unnecessary to repeat the requirement in a separate provision.

A Finding of Inapplicability with respect to Environmental Impact has been prepared in accordance with HUD Handbook 1390.1. A copy of the Finding is available for inspection and copying during business hours in the Office of the Rules Docket Clerk, Room 5218, Department of Housing and Urban Development, 451 Seventh Street, S.W., Washington, D.C. 20410.

Accordingly, 24 CFR Part 570 is amended by revising Subpart M as set forth below.

#### PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS

Authority: Title I, Housing and Community Development Act of 1974 (Pub. L. 93-383, 88 Stat. 833).

##### Subpart M—Loan Guarantees

###### § 570.700 Eligible applicants.

(a) Units of general local government entitled to receive basic grant amounts under § 570.102 (metropolitan cities and urban counties) may apply for loan guarantee assistance under this subpart. Loan guarantee assistance will be limited to such entitlement recipients in order to assure a reasonably certain source of repayment.

(b) Public agencies may be designated by eligible units of general local government to receive a loan guarantee on notes or other obligations issued by the public agency in accordance with this subpart. In such case the applicant unit of general local government shall be required to pledge its current and future entitlement grants as security for the notes or other obligations issued by the public agency.

###### § 570.701 Eligible activities.

For purposes of determining the eligibility of the following activities for which loan guarantee assistance may be

provided, the requirements of Subpart C (other than § 570.204) shall apply:

(a) Acquisition by the unit of general local government or its designated public agency of real property (including improvements thereon) including acquisition for economic development purposes.

(b) Rehabilitation of real property (including improvements thereon) owned or acquired by the unit of general local government.

(c) Payment of the following expenses related to the acquisition, rehabilitation, development or use of the real property:

(1) Interest on obligations guaranteed under this subpart.

(2) Relocation payments and assistance for individuals, families, businesses, nonprofit organizations, and farm operations displaced by activities financed with loan guarantee assistance. (Further information regarding relocation costs is set forth in § 570.802.)

(3) Clearance, demolition and removal of buildings and improvements, including movement of structures to other sites.

(4) Construction, reconstruction, or installation of public improvements, utilities, or facilities (other than buildings) related to the preparation for development or use of the real property. For example, parking lots, water and sewer lines, and utility lines would be eligible for loan guarantee assistance, but a fire station and a public parking garage would be ineligible.

#### § 570.702 Application requirements.

An application for loan guarantee shall be made as a part of an application for grant assistance or as a Community Development Program amendment. Except as provided in the following paragraphs, the applicant shall comply with the application requirements outlined in Subpart D.

(a) *Other submission requirements.* In addition to the documentation required to be submitted with a grant application, an application for loan guarantee shall include the following:

(1) A schedule for repayment of the loan which identifies the sources of repayment.

(2) A certification providing assurance that the applicant possesses legal authority to make the pledge of grants required under § 570.703(b)(2).

(3) When the proceeds of the loan are to be used for acquisition of real property, a certification providing assurance that real property already owned by the applicant or a local public agency is not suitable for the intended use of the land to be acquired, and a brief statement of the reasons why the existing land inventory is inadequate.

(b) *Community Development Program.* The project summary shall specify those activities that will be financed with loan guarantee assistance. Proceeds from guaranteed loans shall be identified as an anticipated resource in the cost summary.

(c) *Economic feasibility and financial risk.* The Secretary will make no determination with respect to the economic feasibility of projects proposed to be funded with the proceeds of guaranteed loans; such determination is the responsibility of the applicant. In determining whether a loan guarantee constitutes an acceptable financial risk, the Secretary will consider the applicant's current and future entitlement block grants as the primary source of loan repayment. Approval of a loan guarantee under this subpart is not to be construed, in any way, as indicating that HUD has agreed to the feasibility of a project beyond recognition that block grant funds should be sufficient to retire the debt.

(d) *HUD review and approval of applications.* The Area Office shall review the application for compliance with application requirements specified in Subpart D and this subpart, and forward the application together with its recommendation for approval or disapproval of the requested loan guarantee to HUD Headquarters.

(1) The Secretary will approve the loan guarantee request unless:

(i) One or more of the criteria for disapproval specified in § 570.311(c) are applicable.

(ii) The Secretary determines that the guarantee constitutes an unacceptable financial risk. Factors that will be considered in assessing financial risk shall include, but not be limited to, the following:

(A) The length of the proposed repayment period;

(B) The ratio of expected annual debt service requirements to expected annual grant amount;

(C) The applicant's status as a metropolitan city or urban county during the proposed repayment period; and

(D) The applicant's ability to furnish adequate security pursuant to § 570.703(b).

(iii) The guarantee requested exceeds the maximum loan amount specified under § 570.703(a).

(2) The Secretary may approve loan guarantee assistance for an amount less than requested for the following reasons:

(i) Activities are not eligible under Subpart C or § 570.701;

(ii) Activities do not meet other program requirements, such as benefits

to low- and moderate-income persons described in § 570.302; or

(iii) The applicant's performance does not meet the standards prescribed in § 570.909.

(3) The Secretary will notify the applicant in writing that the loan guarantee request has either been approved or disapproved. If the request is disapproved the applicant shall be informed of the specific reasons for disapproval. If the request is approved, the Secretary shall issue an offer of commitment to guarantee obligations of the applicant or the designated public agency subject to such conditions as the Secretary may prescribe, including the conditions for release of funds described in paragraph (e).

(e) *Environmental review.* (1) the applicant shall comply with HUD Environmental Review Procedures (24 CFR Part 58) leading to certification for the release of funds for each project carried out with loan guarantee assistance. These procedures set forth the regulations, policies, responsibilities, and procedures governing the carrying out of environmental review responsibilities of applicants.

For the purposes of this paragraph, the "release of funds" shall be deemed to occur at the time of guarantee of notes or other obligations by the Secretary.

(2) The environmental assessment of a multiyear project financed with loan guarantee assistance, performed under 24 CFR Part 58, should encompass the entire multiyear scope of activities. Upon certification that the applicant has completed the environmental requirements for a multiyear project, HUD may issue its release of funds for the entire project. The continued authority of an applicant (or the designated public agency, where appropriate) to commit Title I funds to a multiyear project or to be reimbursed for the expenditure of local funds for costs of such project, after completion of environmental requirements and HUD release of funds, shall be subject to the continued relevance and completeness of the environmental assessment performed. The applicant shall, prior to any further commitment of funds to the project, complete the requirements of 24 CFR Part 58 relating to the updating of environmental clearances in the event that:

(i) There is any significant or substantial change in the nature, magnitude or extent of the project;

(ii) There is any significant or substantial change in the environment affecting the project; or

(iii) Previously conducted environmental reviews are insufficient due to changed circumstances, including

the availability of additional data or advances in technology.

**§ 570.703 Loan requirements.**

(a) *Maximum loan amount.* No guarantee or commitment to guarantee shall be made with respect to any note or other obligation if the total outstanding notes or obligations guaranteed under this subpart (including principal and interest thereon) on behalf of the applicant or public agency duly designated by the applicant would thereby exceed an amount equal to three times the amount of the entitlement grant approval for the applicant pursuant to § 570.311; however, this maximum amount is to be reduced by the amount of any grant funds required by HUD to be applied to the repayment of urban renewal temporary loans pursuant to § 570.802.

(b) *Security requirements.* To assure the repayment of notes or other obligations and charges incurred under this subpart and as a condition for receiving loan guarantee assistance, the applicant (or the applicant and designated public agency, where appropriate) shall:

(1) Enter into a contract with HUD, in a form acceptable to the Secretary, for repayment of notes or other obligations guaranteed hereunder;

(2) Pledge any grant approved or for which the applicant may become eligible under this Part; and

(3) Furnish, at the discretion of the Secretary, such other security as may be deemed appropriate by the Secretary in making such guarantees, including increments in local tax receipts generated by the activities assisted under this Part or disposition proceeds from the sale of land or rehabilitated property.

(c) *Use of grants for loan repayment.* Notwithstanding any other provision of this Part:

(1) Grants allocated to an applicant under this Part (including program income derived therefrom) are authorized for use in the payment of principal and interest due (including such servicing, underwriting, or other costs as may be authorized by the Secretary) on the notes or other obligations guaranteed pursuant to this subpart.

(2) The Secretary may apply grants pledged pursuant to paragraph (b)(2) of this section to any amounts due under the note or other obligation guaranteed pursuant to this subpart, or to the purchase of such obligation, in accordance with the terms of the contract required by paragraph (b)(1) of this section.

(d) *Debt obligations.* Notes or other obligations guaranteed pursuant to this subpart shall be in the form and denominations prescribed by the Secretary. Such notes or other obligations shall be issued and sold only to the Federal Financing Bank under such terms as may be prescribed by the Secretary and the Federal Financing Bank.

(e) *Taxable obligations.* Interest earned on obligations guaranteed under this subpart shall be subject to Federal taxation as provided in Section 108(j) of the Act.

All applicants or designated public agencies issuing guaranteed obligations must bear the full cost of interest.

(f) *Loan repayment period.* As a general rule, the repayment period for a loan guaranteed under this subpart shall be limited to six years. However, a longer repayment period may be permitted in special cases where it is deemed necessary to achieve the purposes of this Part.

**§ 570.704 Federal guarantee.**

The full faith and credit of the United States is pledged to the payment of all guarantees made under this subpart. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations for such guarantee with respect to principal and interest, and the validity of such guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligations.

**§ 570.705 Applicability of rules and regulations.**

The provisions of Subparts A, B, C, D, J, K, and O shall apply to this subpart, except to the extent they are specifically modified or augmented by the provisions of this subpart.

Issued at Washington, D.C., August 21, 1979.

Robert C. Embry, Jr.

Assistant Secretary for Community Planning and Development.

[PR Doc. 79-27080 Filed 8-29-79 2:45 am]

BILLING CODE 4210-01-12

Office of the Mayor  
Community Development Block Grant

City of  
Madison



April 15, 1983

Professor James Graaskamp  
Landmarks Research  
4610 University Avenue  
Madison, WI 53705

Dear Professor Graaskamp:

Alderman Monks requested that I describe eligible activities under the Community Development Block Grant Program contemplated within the scope of the Council approved project for the Railroad Corridors.

Basic eligibility requirements are stated at the Federal level in the Housing and Community Development Act of 1974 as amended. In particular, the 1981 amendments listed the following general types of eligible activities within Section 105:

1. The acquisition of real property (including air rights, water rights, and other interests therein) which is a) blighted . . . undeveloped or inappropriately developed . . . , b) appropriate for rehabilitation or conservation activities, c) appropriate for the preservation or restoration of historical sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities or the guidance of urban development, d) to be used for the provision of public works facilities and improvements otherwise eligible for assistance, or e) to be used for other public purposes.
2. The acquisition, construction, reconstruction or installation of public works, facilities, and site or other improvements.
3. Code enforcement.
4. Clearance, demolition, removal and rehabilitation of buildings and improvements.
5. Special projects directed to the removal of material and architectural barriers which restrict mobility . . .

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6. Payments to housing owners of losses of rental income incurred in holding, for temporary periods, housing units to be utilized for the relocation of individuals displaced by activities under this title.
7. Disposition through sale, lease, donation or otherwise of any real property acquired or retained for public purposes.
8. Provision of public services, including such activities as employment, crime prevention, child care, health and other welfare or recreational needs.
9. Payment of the non-Federal share required in connection with the Federal grant-in-aid program.
10. Payment of the cost of completing a project funded under Title I of the Housing Act of 1949.
11. Relocation payments and assistance for displaced individuals, families, businesses, organizations . . .
12. Activities necessary to develop a comprehensive community development plan or to develop a policy planning management capacity.
13. Payment of reasonable administrative costs and carrying charges related to the planning and execution of these activities.
14. Activities which occur by public or non-profit entities, including most of the above activities.
15. Grants in neighborhood-based, non-profit organizations, local development corporations or other eligible entities.
16. Activities necessary to the development of a comprehensive community-wide energy use strategy.
17. Provision of assistance to for-profit entities when the assistance is necessary or appropriate to carry out an economic development project.

Specific eligible activities under the Act are delineated in Chapter 24, the Code of Federal Regulations at 570.200 forward, and give more detail to the eligibility guidelines not outlined in the Act. (See attached.)

Of major concern to HUD and of traditional concern to the City has been the design of a CDBG-funded project in such a way as to benefit low and moderate income persons, a population defined by HUD as those families or households which have incomes of 80% or less of the median

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income of the area SMSA. Projects may be designed to include CDBG funds which provide specific benefit to individuals or businesses based on income standards, or may be designed to provide a general "area benefit" within CDBG target areas. Projects within the Railroad Corridor would be eligible under the target area guidelines currently applied by the Department of Housing and Urban Development.

In addition to the above Federal regulations, the Council adopted the following language as part of the 1983 City Budget: "These capital funds are to be used to promote new housing and economic development in underutilized land in the east and west railroad corridor areas, principally for the benefit of low and moderate income persons. All expenditures for these funds are to be based on priorities established by the Oversight Committee for Railroad Corridor Development and approved by the Common Council. Sixty percent of program funds are designated for economic development purposes; 40% are designated for housing." The total amount approved for the 1983 budget was \$200,000, but was dependent upon the City's receiving sufficient funds to cover the budgeted projects listed on the "B" list. The City received sufficient funds to provide \$73,200 for housing and \$109,800 for economic development activities. These funds can be made available in the form of grants, loans or shared return arrangements, to private non-profit or private for profit firms or to public agencies.

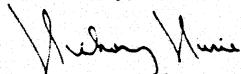
In addition to direct CDBG funding for the activities described above, the City could use CDBG funds as a loan guarantee under the Section 108 program. Under this program, the City pledges a portion of its future CDBG Entitlement funds toward the repayment of a loan at Federal rates, the principle of which is used for "economic development projects" meeting the CDBG eligibility regulations. Utilizing such a scheme, Madison could borrow up to three times its current entitlement (or approximately \$7.5 million) to be used for the development of large scale projects involving job creation and business development. The City could borrow these federal funds to be used for direct City development, or negotiate with a private entity to use these loaned funds for capital improvements, acquisition, rehabilitation, or construction, or financing assistance, with the revenue generated by the project used for repayment of the city/Federal loan. The City would also have the option of borrowing the Federal funds and using them in a project which would not generate program income, in which case the City would repay the Federal government using the future CDBG Entitlement monies pledged as a guarantee.

The CDBG funds are available for a wide range of activities, and the amount and form of assistance will depend heavily upon the City's

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perception of project benefits. Please call me if you wish additional information or wish to discuss specific forms of CDBG funding for the railroad corridors. They represent an obvious opportunity for community development participation and benefit.

Sincerely,



Hickory Hurie  
CDBG Coordinator

HH:mh

cc: Mayor Joel Skornicka  
Mayor-Elect F. Joseph Sensenbrenner  
Ald. Monks  
Ald. Gruber  
Ald. Feitlinger  
Ald. Gotthelf  
Ald. Binkley  
Tony Frey, Planning and Development  
George Austin, Planning and Development

## CREATION OF COMMUNITY DEVELOPMENT AUTHORITY

OFFICIALS, BOARDS, EMPLOYEES  
AND PUBLIC RECORDS

Sec. 3.69

## 3.69 COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON.

(1) Findings and Declaration of Necessity.

(a) The Housing Authority of the City of Madison (the "MHA") is a public body corporate and politic, duly organized and existing pursuant to Sec. 66.40 of the Wisconsin Statutes (the "Housing Authorities Law"). The MHA was created by Resolution of the Common Council of the City of Madison, duly adopted on December 14, 1945. In support of its creation of the MHA, the Common Council found that unsanitary and unsafe inhabited dwelling accommodations existed in the City of Madison and that there was a shortage of safe and sanitary dwelling accommodations in the City available to persons of low income.

(b) The Redevelopment Authority of the City of Madison (the "MRA") is a public body corporate and politic, duly organized and existing pursuant to Sec. 66.431 of the Wisconsin Statutes (the "Blight Elimination and Slum Clearance Act"). The MRA was created by Resolution of the Common Council, duly adopted on July 10, 1958. In support of its creation of the MRA, the Common Council found that there existed in the City a need for blight elimination, slum clearance and urban renewal programs and projects.

(c) The Housing Finance Committee (the "HFC") is a committee of the City of Madison, duly organized and existing pursuant to Resolution No. 26,020, duly adopted by the Common Council on February 26, 1974, as thereafter amended by Substitute Resolution No. 27,979, duly adopted by the Common Council on July 15, 1975. The said Resolution, as amended, vests responsibility in the HFC for: 1) approval or rejection of each application for a housing rehabilitation loan under the City's Housing Rehabilitation Services Program; 2) reviewing the administration of such Program by the City's Department of Housing and Community Development; 3) making recommendations to the Mayor and Common Council on matters pertaining to Program policies, procedures and administration; and 4) reviewing environmental impact specifically pertaining to historic preservation and sites and buildings in or eligible for the National Register of Historic Places, as required by the Housing and Community Development Act for 1974 or by any similar federal acts, state statutes, and/or local ordinances providing monies for housing loans and/or grants, according to an administrative procedure determined by the HFC. In support of its creation of the HFC, the Common Council found that there existed a need for a City-sponsored program of financial and technical assistance to property owners of low and moderate income and nonprofit housing corporations and cooperatives in order to stimulate voluntary rehabilitation of existing housing in the City.

OFFICIALS, BOARDS, EMPLOYEES  
AND PUBLIC RECORDS

Sec. 3.69(1)(d)

(d) The findings made by the Common Council in connection with its creation of the MHA, the MRA and the HFC, respectively, are hereby reaffirmed and incorporated herein. In addition, the Common Council hereby finds and declares that a need for blight elimination, slum clearance, urban renewal and community development programs and projects and housing projects continues to exist in the City, and that a housing and community development authority functioning within the City constitutes a more effective and efficient means for carrying out such programs and projects. The necessity in the public interest for the provisions of this ordinance is also hereby declared as a matter of legislative determination.

(2) Creation of Community Development Authority; Status as Public Body. Pursuant to Sec. 66.4325 of the Wisconsin Statutes (entitled "Housing and Community Development Authorities"), there is hereby created a housing and community authority, which shall be known as the "Community Development Authority of the City of Madison". The Community Development (the "CDA") is deemed to be a public body and a body corporate and politic, exercising necessary public powers, and having all the powers, duties and functions conferred on housing authorities, redevelopment authorities and housing and community development authorities by applicable law.

(3) Composition of Governing Body; Powers Vested in Commissioners; Compensation. The CDA shall consist of seven (7) resident persons having sufficient ability and experience in the field of urban renewal, community development and housing, who shall serve as the governing body (the "Commissioners") of the CDA. The powers of the CDA shall be vested in, and exercised by the Commissioners in office from time to time. Commissioners shall receive no compensation for their services, but shall be entitled to reimbursement of their actual and necessary expenses, including local travel expenses, incurred in the discharge of their duties.

(4) Appointment, Confirmation and Term of Commissioners; Vacancies. The Commissioners of the CDA shall be appointed by the Mayor and confirmed by the Common Council, as follows:

(a) Two (2) of the Commissioners shall be members of the Common Council and shall serve ex officio during their term of office.

(b) The first appointments of the five (5) Commissioners who are not members of the Common Council shall be made for the following terms: two (2) for terms of one (1) year, ending on the third Tuesday in April of 1979, and one (1) each for terms of two (2), three (3), and four (4) years, ending on the third Tuesday in April of 1980, 1981, and 1982, respectively. Thereafter, all Commissioners who are not members of the Common Council shall be appointed for terms of four (4) years. A Commissioner who is not a member of the Common Council shall hold office until his or her successor has been appointed and qualified, unless such Commissioner's term is vacated earlier because of his or her change of residence, removal, resignation, incapacity or death.

OFFICIALS, BOARDS, EMPLOYEES  
AND PUBLIC RECORDS

Sec. 3.69(4)(c)

(c) After the appointments of the original seven (7) Commissioners have been made and confirmed, vacancies occurring during any term shall be filled for the unexpired portion of the term, and new appointments or reappointments of Commissioners shall be made, in the same manner in which the original appointments were made.

(5) Filing of Certificate of Appointment. A certificate of the appointment or reappointment of any Commissioner shall be filed with the City Clerk. Such certificate shall be conclusive evidence of the due and proper appointment of the Commissioner if such Commissioner has been duly confirmed as herein provided and has duly taken and filed the official oath before entering upon his or her office.

(6) Removal of Commissioners. A Commissioner may be removed from office by the Mayor for incompetency, inefficiency, neglect of duty or misconduct in office, but such Commissioner shall be removed only after he or she shall have been given a copy of the charges at least ten (10) days prior to the hearing thereon and had an opportunity to be heard in person or by counsel. In the event of the removal of any Commissioner, a record of the proceedings, together with the charges and findings thereon, shall be filed in the office of the City Clerk. To the extent applicable, the provisions of Sec. 17.16 of the Wisconsin Statutes relating to removal for cause shall apply to any such removal.

(7) Meetings; Quorum; Bylaws. All meetings of the CDA shall be held in compliance with the provisions of Subchapter IV of Chapter 19 of the Wisconsin Statutes and Sec. 3.44 of the Madison General Ordinances. Four (4) Commissioners shall constitute a quorum of the CDA for the purpose of conducting its business and exercising its powers and for all other purposes. Action may be taken by the CDA upon the affirmative vote of a majority of the Commissioners present at any meeting of the CDA at which a quorum is present. No vacancy in the membership of the CDA shall impair the right of a quorum to exercise the powers and perform the functions of the CDA. The CDA may adopt and from time to time amend or repeal such bylaws and other rules and regulations not inconsistent with applicable law as it deems necessary in the performance of its functions.

(8) Selection of Officers, Agents and Employees.

(a) The CDA shall annually elect a Chairperson and Vice-Chairperson from among the Commissioners. Vacancies occurring in the office of Chairperson or Vice-Chairperson shall be filled from among the Commissioners for the unexpired portion of the term.

Sec. 3.69(8)(b)

OFFICIALS, BOARDS, EMPLOYEES  
AND PUBLIC RECORDS

(b) The CDA shall appoint an Executive Director, who shall not be a Commissioner of the CDA and whose qualifications shall be determined by the CDA and set forth in writing. The Executive Director shall hold office at the pleasure of the CDA, and receive such compensation as shall be determined by the CDA. The Executive Director shall be the chief administrative officer of the CDA and shall direct, manage and supervise the CDA's administrative operations and technical activities in accordance with the directives of the CDA. The Executive Director shall also act as Secretary of the CDA and shall perform such other duties and shall have such other powers and responsibilities as may from time to time be delegated to him or her by the CDA.

(c) The CDA may employ technical experts and such other officers, agents and employees, permanent and temporary, as it may require from time to time in the performance of its duties and functions, within the limits of the funds available for such purpose. The CDA may delegate to one or more of its agents or employees such powers or duties as it may deem proper.

(d) Except for the position of Executive Director, which shall have the status of a noncivil service appointment, the employees of the CDA shall be selected under the provisions of the City's civil service system, shall be subject to pertinent civil service and personnel policies established for City employees generally, and shall be paid at salaries or rates of pay comparable to those of City employees with equivalent duties and responsibilities.

(e) The CDA may call upon the City Attorney for such legal services as it may require, and may also retain specialists to render legal services as required by the CDA from time to time. The CDA may also contract with the City or any other agency or entity, public or private, for the provision of any necessary staff services associated with or required by the CDA in the performance of its duties and functions which could be performed by the staff of the CDA.

(9) City Assistance to CDA. The CDA is authorized to call upon any department, board, commission or agency of the City for assistance and cooperation in the performance of CDA's duties and functions. All City departments, boards, commissions and agencies are hereby authorized and directed to cooperate with, and furnish assistance to the CDA in the performance of the CDA's duties and functions to the extent that such cooperation does not interfere with or disrupt the priorities and work programs of the City agency.

In the event that any department or commission or agency shall have good cause for failing to comply with the request of the CDA for assistance, the matter shall be referred to the Mayor's office and, if deemed necessary, to the Common Council for adjudication.

In addition, the CDA may contract with the City of Madison for performance of such services as may be required by the authority in the performance of its functions. In the event assistance is provided by the department, board, commission or agency of the City, whether by contract or not, the CDA shall agree to compensate the City of Madison for all services rendered to the authority. Services provided shall be coordinated through the Executive Director of the CDA.

(10) Interested Commissioners or Employees. No Commissioner or employee of the CDA shall acquire any direct or indirect interest in any housing project or redevelopment or urban renewal project or in any property included or planned to be included in any such project, nor shall he or she have any direct or indirect interest in any contract or proposed contract for insurance, materials or services to be furnished or used in any such project. If any Commissioner or employee of the CDA owns or controls a direct or indirect interest in any property included or planned to be included in any such project, he or she shall immediately disclose the same in writing to the CDA and such disclosure shall be entered upon the minutes of the CDA, and such Commissioner or employee shall not participate in any action by the CDA relating to such property. Failure to so disclose such interest shall constitute misconduct in office. All Commissioners and employees of the CDA shall be subject to the provisions of Sec. 3.47 of the Madison General Ordinances.

(11) Powers and Duties of CDA.

- (a) The CDA shall have all the powers, duties and functions of a housing authority, as set forth in Sec. 66.40 to 66.404, inclusive, of the Wisconsin Statutes, and all housing projects initiated by the CDA and approved by the Common Council shall be undertaken and carried out pursuant to such sections.
- (b) The CDA shall have all the powers, duties and functions of a redevelopment authority as set forth in Sec. 66.431 of the Wisconsin Statutes, and all projects relating to blight elimination, slum clearance, urban renewal and redevelopment programs initiated by the CDA and approved by the Common Council shall be undertaken and carried out pursuant to Secs. 66.43, 66.431, 66.435 or 66.46 of the Wisconsin Statutes, as determined appropriate by the Common Council on a project by project basis.
- (c) The CDA may, upon the direction of the Common Council act as agent of the City in planning and carrying out community development programs and activities funded under the Federal Housing and Community Development Act of 1973, as amended, and any or all community development programs and activities initiated by the CDA and approved by the Mayor and Common Council shall be undertaken and carried out pursuant to such Act and other applicable law.
- (d) The CDA may, upon the direction of the Common Council, act as agent of the City in performing any or all acts, except the development of the general plan of the City, which may otherwise be performed by the City Plan Commission under Secs. 66.405 to 66.425, inclusive, 66.43, 66.435 or 66.46 of the Wisconsin Statutes.

Sec. 3.69(11)(e)

OFFICIALS, BOARDS, EMPLOYEES  
AND PUBLIC RECORDS

- (e) The CDA may, upon the direction of the Common Council, act as agent of the City in performing any or all functions of the HFC and the Department of Planning and Development related to the operation and administration of the City's Housing Rehabilitation Services Program.
- (f) The CDA may, upon the direction of the Common Council, act as agent of the City in performing any or all functions of the MHA related to the operation and administration of the City's Home-buyer's Assistance Program.
- (g) The CDA may, upon the direction of the Common Council, act as agent of the City in performing any or all functions of the Department of Planning and Development related to the operation and administration of the City's "Section 312" Rehabilitation Program and any other programs of rehabilitation financing involving financial assistance from either the Federal Government or the State of Wisconsin, or both, in which the City participates.
- (h) In addition to the foregoing powers, duties and functions, the CDA shall have such other powers, duties and functions related to community development as are conferred on it by the Common Council from time to time.

(12) Transfer of MHA Projects to CDA.

- (a) All existing programs and projects of the MHA, and all debts, demands, liabilities and obligations existing in favor of or against the MHA, and all titles to real and personal property, contracts, rights and remedies of the MHA shall be transferred to the CDA, either upon adoption of this Ordinance or as soon thereafter as such transfer may be effected without weakening, diminishing, impairing, or otherwise interfering with the rights of any obligees of the MHA or any other parties to the outstanding contracts, bonds, notes, indentures or other obligations of the MHA, and the MHA shall terminate its operations upon completion of the transfer to the CDA of such programs, projects, debts, demands, liabilities, obligations, titles to real and personal property, contracts, rights and remedies. Upon completion of such transfer, all such programs, projects, debts, demands, liabilities, obligations, titles to real and personal property, contracts, rights and remedies of the MHA shall become those of the CDA as though originally initiated, incurred, accrued, executed or acquired by the CDA, and all contracts entered into between the MHA and the Federal Government, or between the MHA and other parties, shall be assumed and discharged by the CDA except for the termination of operations by the MHA. Subject to such approvals or consents by the Federal Government, or by or on behalf of the obligees of the MHA, or by any other parties, as may be required, the MHA and the CDA are hereby authorized to execute any and all documents that may be necessary to effect such transfer.

(b) Any other provision of this ordinance notwithstanding, the MHA shall continue in existence after adoption of this ordinance, solely for the purpose of fulfilling its obligations with respect to the discharge of the indebtedness secured by its outstanding bonds, indentures or other securities until such indebtedness has been fully discharged, or has been transferred to and assumed by the CDA in accordance with the provisions of the respective resolutions pursuant to which such outstanding bonds, indentures or other securities have been issued by the MHA, whichever occurs first. Until the indebtedness secured by the MHA's outstanding bonds, indentures or other securities has been fully discharged, or has been transferred to and assumed by the CDA in accordance with such resolutions, the MHA may, to the extent permitted by such bonds, indentures or securities, authorize the CDA to act as its agent with respect to the development, construction, maintenance and operation of the respective housing projects for which such outstanding bonds, indentures or other securities have been issued, and may delegate to the CDA, as its agent, such powers or duties with respect to such housing projects as may be necessary or desirable to assure the Federal Government and other obligees of the MHA of the faithful, punctual and complete performance by the MHA of all obligations required to be performed by it in fulfillment of the covenants set forth in such resolutions, or in the outstanding bonds, indentures or other securities issued by the MHA pursuant to such resolutions.

(13) Transfer of MRA Project to CDA. All existing programs and projects of the MRA, and all debts, demands, liabilities and obligations existing in favor of or against the MRA, and all titles to real and personal property, contracts, rights and remedies of the MRA shall be transferred to and assumed by the CDA upon adoption of this ordinance, and the operation of the MRA shall be terminated. Upon completion of such transfer, all such programs, projects, debts, demands, liabilities, obligations, titles to real and personal property, contracts, rights and remedies of the MRA shall become those of the CDA as though originally initiated, incurred, accrued, executed or acquired by the CDA, and all contracts entered into between the MRA and the Federal Government, or between the MRA and other parties, shall be assumed and discharged by the CDA except for the termination of operations of the MRA. Subject to such approvals or consents by the Federal Government, or by any other parties, as may be required, the MRA and the CDA are hereby authorized to execute any and all documents that may be necessary to effect such transfer. Upon completion of such transfer, any procedures, hearings, actions or approvals taken or initiated by the MRA on pending projects pursuant to Sec. 66.431 of the Wisconsin Statutes shall be deemed to have been taken or initiated by the CDA as though the CDA had originally undertaken such procedures, hearings, actions or approvals. Contracts for disposition of real property entered into by the MRA with respect to any project are deemed to be contracts of the CDA without the requirement of amendments thereto.

Sec. 3.69(14)

OFFICIALS, BOARDS, EMPLOYEES  
AND PUBLIC RECORDS

- (14) Transfer of HFC Functions to CDA. After adoption of this ordinance and upon subsequent direction of the Common Council, all functions of the HFC related to the operation and administration of the City's Housing Rehabilitation Services Program shall be transferred to and assumed by the CDA, as agent of the City, and the HFC shall cease to exist as a committee of the City. Any procedures, hearings, actions or approvals taken or initiated by the HFC on housing rehabilitation loans made or pending loan applications under the Housing Rehabilitation Services Program shall be deemed to have been taken or initiated by the CDA as though the CDA had originally undertaken such procedures, hearings, actions or approvals. Such transfer shall not be effective unless specifically authorized by a duly adopted resolution of the Common Council.
- (15) Annual Budget. An annual budget shall be established by the CDA, which budget shall be subject to approval of the Board of Estimates and the Common Council.
- (16) Annual Report. As a part of its annual budget request, the CDA shall file with the Mayor and Common Council a report of its activities for the preceding year. In addition, the Mayor shall at the conclusion of three (3) years of operation file with the Common Council a report on the effectiveness of the activities performed by the CDA. Said report is to be prepared by an independent agency.
- (17) Evidence of Authority. A certified copy of this ordinance shall be filed with the City Clerk and shall be prima facie evidence of the CDA's right to transact business, and such ordinance shall not be subject to challenge because of any technicality. In any suit, action or proceeding commenced against the CDA, a certified copy of such ordinance shall be deemed conclusive evidence that the CDA is established and authorized to transact business and exercise its powers hereunder and pursuant to Sec. 66.4325 of the Wisconsin Statutes.
- (18) Severability. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions of this ordinance.
- (19) Contravening Ordinances and Resolutions Repealed. All ordinances or resolutions or parts of ordinances or resolutions contravening the provisions of this ordinance are hereby repealed.
- (20) Construction. All powers, duties and functions of a housing and community development authority, as set forth in Sec. 66.4325 of the Wisconsin Statutes, are deemed to have been granted to the CDA as though set forth in this ordinance, except as to those powers, duties and functions which are subject to further authorization and direction of the Common Council, as set forth herein. This ordinance and the powers granted hereunder shall be construed liberally to effectuate its purpose.
- (21) Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and publication.

(Cr. by Ord. 6619, 5-9-79)

City of  
Madison



December 21, 1982

Dr. James Graaskamp  
Landmark Research  
1501 Monroe Street  
Madison, Wi 53711

Dear Professor Graaskamp:

Here are some of the provisions in the budget that could affect the availability of funds for a railroad corridor project.

There is a "Railroad Corridor Development Fund" with up to \$200,000 in it. The exact amount will depend on the City's allocation level for 1983 which should be known soon. The language in the budget for this fund reads:

These capital funds are to be used to promote new housing and economic development in underutilized land in the east and west railroad corridor areas principally for the benefit of low and moderate income persons. All expenditures for these funds are to be based on priorities established by the Oversight Committee for Railroad Corridor Development and approved by the Common Council. Sixty percent (60%) of the program funds are designated for economic development purposes. Forty percent (40%) are designated for housing.

The last portion was added at the behest of Hickory Hurie who said HUD would want to know how much was going to be used for what purpose. Questions about CDBG regulations as they would affect these funds should be directed to Hickory Hurie. I will be happy to do whatever I can to facilitate your receiving information you may need.

Another potential source of funds for a housing project is the Housing Redevelopment Fund which has a total of \$625,000 including \$250,000 of borrowed funds, \$125,000 of CDBG funds and \$250,000 tax levy funds. Each of these funding sources has different constraints with tax levy money having the least constraints on its use. The language in the budget reads as follows:

A continuing program to assist in the implementation of neighborhood plans; the acquisition, movement, condemnation and development of property; the clearing of buildings; the relocation of occupants; and the coordination and construction

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210 Monona Avenue, Room 107B  
Madison, Wisconsin 53710  
608 266 4071

Dr. James Graaskamp  
December 22, 1982  
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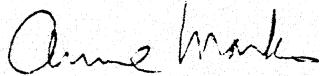
of public improvements and rehabilitation efforts and to assist in the construction of assisted housing through land write-down and advanced land acquisition.

Project proposals must conform to the powers, duties and functions for housing and redevelopment programs as set forth in Sections 66.40 through 66.404, 66.431 and 66.435 or must meet the requirements for condemnation of abandoned residential property in Section 32.22 of the Wisconsin Statutes.

Project proposals are prepared by the Department of Planning and Development and require CDA and Common Council approval. The CDA administers this program.

So there are various types of funds available for worthy housing projects some of which may already be in the pipeline. If you want more information in this area, let me know.

Sincerely,



Ald. Anne Monks  
District Eight

AM:bb

CASH FLOW OUTPUT AT 11% INTEREST  
WITH \$1.475 MILLION IN GRANTS

INITIAL STARTING POINT

BOND ISSUE AMOUNT	5,200,000.
LESS BOND FLOATING COSTS	260,000.
LESS ONE YEAR INTEREST CONTINGENCY	572,000.
LESS OTHER CONTINGENCY ACCT	572,000.
-----	-----
NET PROCEEDS FROM BOND	3,796,000.
PLUS EQUITY CONTRIBUTION	75,000.
PLUS GRANT FUNDS	1,475,000.
-----	-----
TOTAL CASH INFLOW - YEAR -0-	5,346,000.
-----	-----
LESS ORGANIZATIONAL COSTS	25,000.
-----	-----
REVOLVING FUND BALANCE YEAR -0-	5,321,000.

	1	2	3	4
REVOLVING FUND BEGIN BAL	5,321,000.	3,020,750.	1,803,280.	38,682.
TAX REVENUE	0.	0.	0.	0.
LEASE REVENUE	19,190.	25,820.	0.	0.
INTEREST ON REVOLVING FUND	319,260.	181,245.	108,197.	2,321.
INT ON CONTG FUND & INT CONT FUND	85,800.	85,800.	85,800.	85,800.
MISCELLANEOUS REVENUE FROM SCRAPS	0.	0.	0.	0.
INTEREST ON SINKING FUND	0.	0.	77,000.	165,000.
TOTAL ANNUAL SALES REVENUE	0.	1,366,160.	1,451,380.	1,354,270.
RELEASE OF INTEREST CONTINGENCY FUNDS	0.	0.	0.	0.
 TOTAL CASH INFLOWS (SOURCES)	 5,745,250.	 4,679,780.	 3,545,180.	 1,657,880.
 ACQUISITION COSTS	 595,000.	 395,000.	 0.	 0.
IMPROVEMENT COSTS	1,450,000.	1,102,000.	1,950,000.	100,000.
BOND INTEREST COSTS	572,000.	572,000.	572,000.	572,000.
OVERHEAD COSTS	107,500.	107,500.	107,500.	107,500.
SINKING FUND CONTRIBUTION	0.	700,000.	800,000.	1,000,000.
INTEREST ON SINKING FUND	0.	0.	77,000.	165,000.
INTEREST ON WORKING CAP LOAN	0.	0.	0.	0.
 TOTAL CASH OUTFLOWS (USES)	 2,724,500.	 2,876,500.	 3,506,500.	 1,944,500.
***NET CASH FLOW ***	3,020,750.	1,803,280.	38,682.	-286,620.
WORKING CAPITAL LOAN	0.	0.	0.	-286,620.
ENDING BALANCE IN REVOLVING FUND	3,020,750.	1,803,280.	38,682.	0.
BALANCE IN SINKING FUND	0.	700,000.	1,577,000.	2,665,000.
 BASE SALES PRICE PER ACRE - COM	 313,400.	 313,400.	 313,400.	 313,400.
SALES PRICE/SQ FT OF IND LAND	0.00	3.17	0.00	3.50
SALES PRICE/SQ FT OF COM LAND	0.00	7.63	7.86	8.10
SALES PRICE/SQ FT OF RES LAND	0.00	0.00	2.43	2.53

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REVOLVING FUND BEGIN BAL	0.	0.	0.	0.
TAX REVENUE	0.	0.	0.	0.
LEASE REVENUE	3,290.	-210.	0.	0.
INTEREST ON REVOLVING FUND	0.	0.	0.	0.
INT ON CONTG FUND & INT CONT FUND	85,800.	85,800.	0.	0.
MISCELLANEOUS REVENUE FROM SCRAPS	0.	0.	0.	0.
INTEREST ON SINKING FUND	275,000.	418,000.	0.	0.
TOTAL ANNUAL SALES REVENUE	2,036,720.	1,124,160.	0.	0.
RELEASE OF INTEREST CONTINGENCY FUNDS	0.	572,000.	0.	0.
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TOTAL CASH INFLOWS (SOURCES)	2,400,810.	2,199,750.	0.	0.
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ACQUISITION COSTS	0.	0.	0.	0.
IMPROVEMENT COSTS	100,000.	0.	0.	0.
BOND INTEREST COSTS	572,000.	572,000.	0.	0.
OVERHEAD COSTS	107,500.	107,500.	0.	0.
SINKING FUND CONTRIBUTION	1,300,000.	800,000.	0.	0.
INTEREST ON SINKING FUND	275,000.	418,000.	0.	0.
INTEREST ON WORKING CAP LOAN	31,528.	29,902.	0.	0.
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TOTAL CASH OUTFLOWS (USES)	2,386,030.	1,927,400.	0.	0.
***NET CASH FLOW ***	14,782.	272,344.	0.	0.
WORKING CAPITAL LOAN	-271,838.	0.	0.	0.
ENDING BALANCE IN REVOLVING FUND	0.	506.	0.	0.
BALANCE IN SINKING FUND	4,075,000.	5,018,000.	0.	0.
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BASE SALES PRICE PER ACRE - COM	313,400.	313,400.	313,400.	313,400.
SALES PRICE/SQ FT OF IND LAND	3.67	3.86	0.00	0.00
SALES PRICE/SQ FT OF COM LAND	8.34	8.59	0.00	0.00
SALES PRICE/SQ FT OF RES LAND	2.63	0.00	0.00	0.00

CASH FLOW OUTPUT AT 8.5% INTEREST  
WITH \$1.475 MILLION IN GRANTS

INITIAL STARTING POINT

BOND ISSUE AMOUNT	5,200,000.
LESS BOND FLOATING COSTS	260,000.
LESS ONE YEAR INTEREST CONTINGENCY	442,000.
LESS OTHER CONTINGENCY ACCT	572,000.
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NET PROCEEDS FROM BOND	3,926,000.
PLUS EQUITY CONTRIBUTION	75,000.
PLUS GRANT FUNDS	1,475,000.
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TOTAL CASH INFLOW - YEAR -0-	5,476,000.
LESS ORGANIZATIONAL COSTS	25,000.
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REVOLVING FUND BALANCE YEAR -0-	5,451,000.

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REVOLVING FUND BEGIN BAL	5,451,000.	3,278,800.	2,046,510.	256,811.
TAX REVENUE	0.	0.	0.	0.
LEASE REVENUE	19,190.	25,820.	0.	0.
INTEREST ON REVOLVING FUND	327,060.	196,728.	122,790.	15,409.
INT ON CONTG FUND & INT CONT FUND	76,050.	76,050.	76,050.	76,050.
MISCELLANEOUS REVENUE FROM SCRAPS	0.	0.	0.	0.
INTEREST ON SINKING FUND	0.	0.	59,500.	127,500.
TOTAL ANNUAL SALES REVENUE	0.	1,215,610.	1,291,430.	1,205,030.
RELEASE OF INTEREST CONTINGENCY FUNDS	0.	0.	0.	0.
 TOTAL CASH INFLOWS (SOURCES)	 5,873,300.	 4,793,010.	 3,615,810.	 1,692,600.
 ACQUISITION COSTS	 595,000.	 395,000.	 0.	 0.
IMPROVEMENT COSTS	1,450,000.	1,102,000.	1,950,000.	100,000.
BOND INTEREST COSTS	442,000.	442,000.	442,000.	442,000.
OVERHEAD COSTS	107,500.	107,500.	107,500.	107,500.
SINKING FUND CONTRIBUTION	0.	700,000.	800,000.	1,000,000.
INTEREST ON SINKING FUND	0.	0.	59,500.	127,500.
INTEREST ON WORKING CAP LOAN	0.	0.	0.	0.
 TOTAL CASH OUTFLOWS (USES)	 2,594,500.	 2,746,500.	 3,359,000.	 1,777,000.
***NET CASH FLOW ***	3,278,800.	2,046,510.	256,811.	-84,396.
WORKING CAPITAL LOAN	0.	0.	0.	-84,396.
ENDING BALANCE IN REVOLVING FUND	3,278,800.	2,046,510.	256,811.	0.
BALANCE IN SINKING FUND	0.	700,000.	1,559,500.	2,627,500.
BASE SALES PRICE PER ACRE - COM	278,863.	278,863.	278,863.	278,863.
SALES PRICE/SQ FT OF IND LAND	0.00	2.82	0.00	3.11
SALES PRICE/SQ FT OF COM LAND	0.00	6.79	7.00	7.21
SALES PRICE/SQ FT OF RES LAND	0.00	0.00	2.16	2.25

	5	6	7	8
REVOLVING FUND BEGIN BAL	0.	0.	0.	0.
TAX REVENUE	0.	0.	0.	0.
LEASE REVENUE	3,290.	-210.	0.	0.
INTEREST ON REVOLVING FUND	0.	0.	0.	0.
INT ON CONTG FUND & INT CONT FUND	76,050.	76,050.	0.	0.
MISCELLANEOUS REVENUE FROM SCRAPS	0.	0.	0.	0.
INTEREST ON SINKING FUND	212,500.	323,000.	0.	0.
TOTAL ANNUAL SALES REVENUE	1,812,270.	1,000,270.	0.	0.
RELEASE OF INTEREST CONTINGENCY FUNDS	0.	442,000.	0.	0.
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TOTAL CASH INFLOWS (SOURCES)	2,104,110.	1,841,110.	0.	0.
 ACQUISITION COSTS	0.	0.	0.	0.
IMPROVEMENT COSTS	100,000.	0.	0.	0.
BOND INTEREST COSTS	442,000.	442,000.	0.	0.
OVERHEAD COSTS	107,500.	107,500.	0.	0.
SINKING FUND CONTRIBUTION	1,300,000.	800,000.	0.	0.
INTEREST ON SINKING FUND	212,500.	323,000.	0.	0.
INTEREST ON WORKING CAP LOAN	9,284.	16,673.	0.	0.
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TOTAL CASH OUTFLOWS (USES)	2,171,280.	1,689,170.	0.	0.
***NET CASH FLOW ***	-67,174.	151,939.	0.	0.
WORKING CAPITAL LOAN	-151,570.	0.	0.	0.
ENDING BALANCE IN REVOLVING FUND	0.	369.	0.	0.
BALANCE IN SINKING FUND	4,012,500.	4,923,000.	0.	0.
 BASE SALES PRICE PER ACRE - COM	278,863.	278,863.	278,863.	278,863.
SALES PRICE/SQ FT OF IND LAND	3.27	3.43	0.00	0.00
SALES PRICE/SQ FT OF COM LAND	7.42	7.64	0.00	0.00
SALES PRICE/SQ FT OF RES LAND	2.34	0.00	0.00	0.00

CASH FLOW OUTPUT AT 8.5% INTEREST  
WITH \$2.475 MILLION IN GRANTS

INITIAL STARTING POINT

BOND ISSUE AMOUNT	5,200,000.
LESS BOND FLOATING COSTS	260,000.
LESS ONE YEAR INTEREST CONTINGENCY	442,000.
LESS OTHER CONTINGENCY ACCT	572,000.
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NET PROCEEDS FROM BOND	3,926,000.
PLUS EQUITY CONTRIBUTION	75,000.
PLUS GRANT FUNDS	2,475,000.
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TOTAL CASH INFLOW - YEAR -0-	6,476,000.
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LESS ORGANIZATIONAL COSTS	25,000.
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REVOLVING FUND BALANCE YEAR -0-	6,451,000.

	1	2	3	4
REVOLVING FUND BEGIN BAL	6,451,000.	4,338,800.	2,933,340.	945,311.
TAX REVENUE	0.	0.	0.	0.
LEASE REVENUE	19,190.	25,820.	0.	0.
INTEREST ON REVOLVING FUND	387,060.	260,328.	176,000.	56,719.
INT ON CONTG FUND & INT CONT FUND	76,050.	76,050.	76,050.	76,050.
MISCELLANEOUS REVENUE FROM SCRAPS	0.	0.	0.	0.
INTEREST ON SINKING FUND	0.	0.	59,500.	127,500.
TOTAL ANNUAL SALES REVENUE	0.	978,839.	1,039,890.	970,316.
RELEASE OF INTEREST CONTINGENCY FUNDS	0.	0.	0.	0.
 TOTAL CASH INFLOWS (SOURCES)	 6,933,300.	 5,679,840.	 4,304,310.	 2,187,710.
 ACQUISITION COSTS	 595,000.	 395,000.	 0.	 0.
IMPROVEMENT COSTS	1,450,000.	1,102,000.	1,950,000.	100,000.
BOND INTEREST COSTS	442,000.	442,000.	442,000.	442,000.
OVERHEAD COSTS	107,500.	107,500.	107,500.	107,500.
SINKING FUND CONTRIBUTION	0.	700,000.	800,000.	1,000,000.
INTEREST ON SINKING FUND	0.	0.	59,500.	127,500.
INTEREST ON WORKING CAP LOAN	0.	0.	0.	0.
 TOTAL CASH OUTFLOWS (USES)	 2,594,500.	 2,746,500.	 3,359,000.	 1,777,000.
***NET CASH FLOW ***	4,338,800.	2,933,340.	945,311.	410,706.
WORKING CAPITAL LOAN	0.	0.	0.	0.
ENDING BALANCE IN REVOLVING FUND	4,338,800.	2,933,340.	945,311.	410,706.
BALANCE IN SINKING FUND	0.	700,000.	1,559,500.	2,627,500.
 BASE SALES PRICE PER ACRE - COM	 224,547.	 224,547.	 224,547.	 224,547.
SALES PRICE/SQ FT OF IND LAND	0.00	2.27	0.00	2.51
SALES PRICE/SQ FT OF COM LAND	0.00	5.47	5.63	5.80
SALES PRICE/SQ FT OF RES LAND	0.00	0.00	1.74	1.81

	5	6	7	8
REVOLVING FUND BEGIN BAL	410,706.	24,473.	0.	0.
TAX REVENUE	0.	0.	0.	0.
LEASE REVENUE	3,290.	-210.	0.	0.
INTEREST ON REVOLVING FUND	24,642.	1,468.	0.	0.
INT ON CONTG FUND & INT CONT FUND	76,050.	76,050.	0.	0.
MISCELLANEOUS REVENUE FROM SCRAPS	0.	0.	0.	0.
INTEREST ON SINKING FUND	212,500.	323,000.	0.	0.
TOTAL ANNUAL SALES REVENUE	1,459,280.	805,444.	0.	0.
RELEASE OF INTEREST CONTINGENCY FUNDS	0.	442,000.	0.	0.
 TOTAL CASH INFLOWS (SOURCES)	 2,186,470.	 1,672,230.	 0.	 0.
 ACQUISITION COSTS	 0.	 0.	 0.	 0.
IMPROVEMENT COSTS	100,000.	0.	0.	0.
BOND INTEREST COSTS	442,000.	442,000.	0.	0.
OVERHEAD COSTS	107,500.	107,500.	0.	0.
SINKING FUND CONTRIBUTION	1,300,000.	800,000.	0.	0.
INTEREST ON SINKING FUND	212,500.	323,000.	0.	0.
INTEREST ON WORKING CAP LOAN	0.	0.	0.	0.
 TOTAL CASH OUTFLOWS (USES)	 2,162,000.	 1,672,500.	 0.	 0.
***NET CASH FLOW ***	24,473.	-274.	0.	0.
WORKING CAPITAL LOAN	0.	-274.	0.	0.
ENDING BALANCE IN REVOLVING FUND	24,473.	0.	0.	0.
BALANCE IN SINKING FUND	4,012,500.	4,923,000.	0.	0.
 BASE SALES PRICE PER ACRE - COM	 224,547.	 224,547.	 224,547.	 224,547.
SALES PRICE/SQ FT OF IND LAND	2.63	2.76	0.00	0.00
SALES PRICE/SQ FT OF COM LAND	5.98	6.16	0.00	0.00
SALES PRICE/SQ FT OF RES LAND	1.88	0.00	0.00	0.00

