

October 26, 2011

**Elaine Miller**  
 2nd Floor Bid Desk  
 Department of City Development  
 809 North Broadway  
 Milwaukee, WI 53202-3716

RE: Milwaukee Public Library - East Library, Final Submittal

Dear Ms. Miller and the Selection Committee,

On behalf of HSI Properties, LLC, WiRED Properties and Engberg Anderson, we are pleased to submit the enclosed Final Submittal documentation for our redevelopment proposal of the East Library. The following responses and enclosures correlate to the list of information requested in the Finalist Submittal Requirements document.

**Detailed Architectural Plans**

Our team views the design of the Milwaukee Public Library - East Library as a work in progress. The drawings included in this submittal incorporate input from the community, two meetings with the Selection Committee, and design development by the HSI/WIRED/EA team. The following drawings requested by the Library are included within this submittal:

- Site plan including detailed landscaping
- Elevations of all facades that identify building materials
- Floor plans

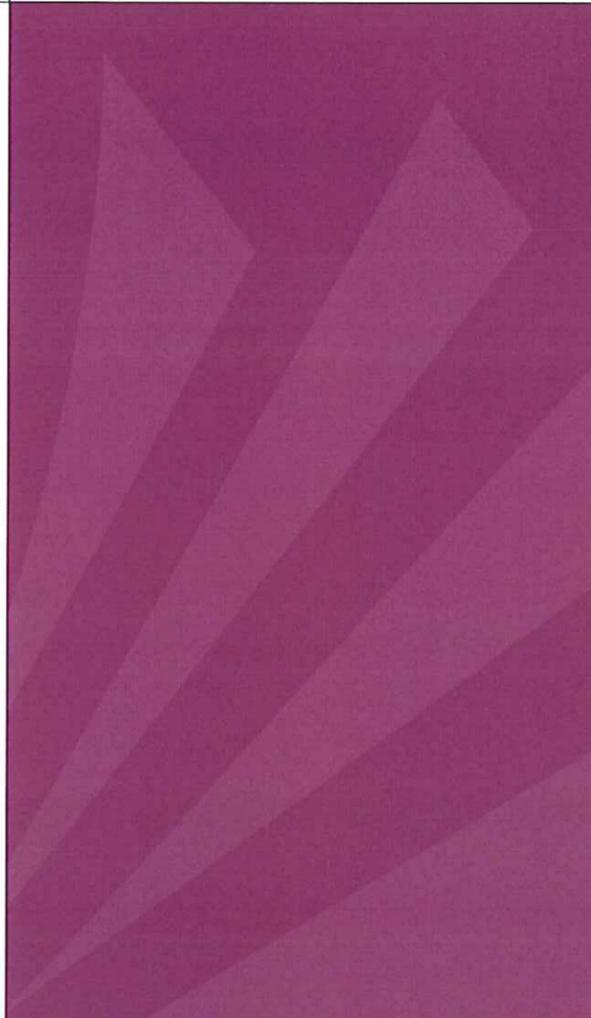
The following design refinements and changes were made to our original submittal, dated August 15, 2011.

**The Site**

- The addition of:
  - Bicycle parking areas.
  - Shade trees in the Library surface parking.
  - 2,500 - 5,000 square feet of retail space with a courtyard set back from North Avenue. This setback reveals the southeast corner of the Library, visible to westbound pedestrian and vehicular traffic.
  - Vertical green walls, which screen the Library surface parking lot and the east side of the North Avenue courtyard.
- The residential portion along Cramer Street is set back with balcony bays, animating the residential street.
- The courtyard is animated with outdoor seating and landscaping, activating the streetscape along North Avenue.
- The width of the Passagio, or passage, was increased between the residential portion and the Library, allowing for covered drop-off and a more gracious connection to a shared entry vestibule of the Library, as well as the potential for a driver's-side covered book return.

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**The Building**

- The addition of:
  - **An additional floor**, for a total of 4 residential floors. There are now an additional 21 units, for a total of 92 residential units.
  - **Residential parking at the lower level**, for a total of 113 spaces.
  - **A trellis structure**, which defines the second level green roof resident amenity. This structure also gives more definition to the massing articulation to the top of the Library, and screens the roof terrace from the street by means of a green wall.

**The Library**

- An entry vestibule along Cramer Street creates a **single, prominent point of entry** from both the surface parking lot and the entry facing the corner of North Avenue and Cramer Street.
- The façade on Cramer Street is gently angled towards the entry vestibule.
- The façade of the Library has a **higher degree of transparency and articulation** of detail at the street level relative to the residential levels above. This articulation includes sunshades, signage, planters and the **reuse of the stained glass** from the existing Library, incorporated as vertical panels in the glass façade.

**Developer Qualifications**

- **Statement of team experience and qualifications** - See pages 13-20 of our Original Proposal submitted August 15, 2011 for HSI/WiRED/EA team experience and qualifications.
- **Identification of team members and key personnel** - See pages 13-20 of our Original Proposal submitted August 15, 2011 for information about the HSI/WiRED/EA team members.
- **References** - References will be provided within 24 hours of conditional selection of our team's proposal.
- **Audited financials for the last three years** - Financial statements will be provided with 24 hours of conditional selection of our team's proposal. Please find a letter of creditworthiness provided by our primary business lender M&I | BMO Harris Bank on page 18 of this submittal.

**Detailed Project Financial Information**

- **Detailed project budget outlining hard and soft costs** - See page 12 of this submittal.
- **Sources and uses of funds** - HSI Properties has a material change in the project's proposed financing structure since the last submittal. HSI is proposing to utilize the FHA 221(d) 4 HUD program which provides debt financing for new construction of market rate apartments. Facilitated by Grandbridge Real Estate Capital, a national mortgage brokerage firm, HSI recently closed on a FHA 221(d) 4 HUD loan for the \$25 million Enclave Luxury Apartments in Wauwatosa. The 152 unit project is currently under construction and is scheduled to open March 2012.



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- **Pro Forma Income Analysis** – See pages 13-17 of this submittal.
- **Letters of Interest from Financial Institutions for Construction and Permanent Financing** – See letters provided by M&I | BMO Harris Bank and Grandbridge Real Estate Capital, LLC on page 18 of this submittal.
- **Commitment Letter for Temporary Library Location &**
- **Evidence of Site Control for Alternate Library Location if applicable** – HSI does not have a property under contract for the Library’s temporary relocation, but has identified several potential sites as well as options for modular trailers for storage. Given an anticipated lead time of 15-20 months for the project, HSI anticipates working with the Library to decide on the best possible location to serve the Library while under construction. HSI is carrying a budget of \$100,000 for the Library’s temporary location needs.

**Project Timeline**

See the proposed project schedule on page 19 of this submittal. Please note the schedule provided is contingent upon securing a financing commitment under the HUD FHA 221 (d) 4 program.

Please do not hesitate to contact me at (262) 439-8701 with any questions you may have. On behalf of our entire project team, I appreciate your consideration and look forward to talking with you soon.

Respectfully submitted,



Ryan D. Schultz  
Principal  
HSI Properties, LLC

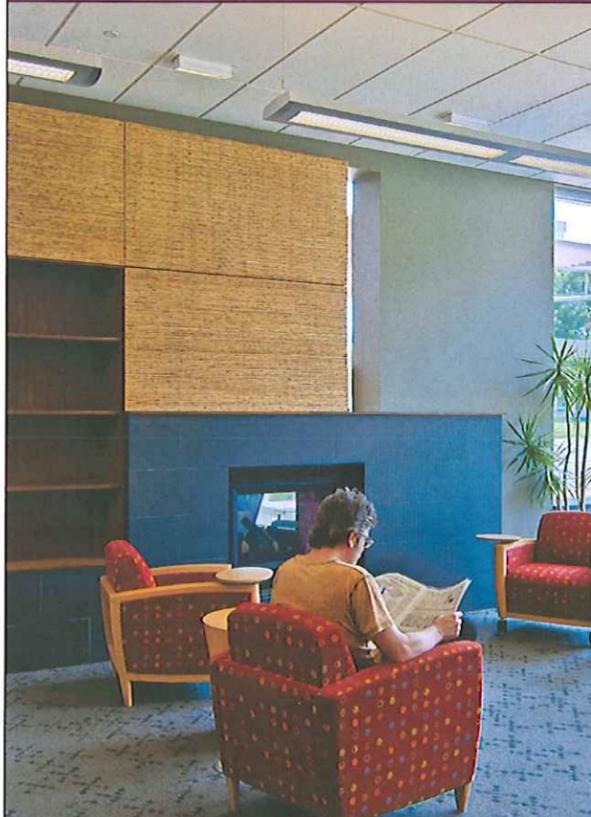
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## Detailed Project Budget

USES OF FUNDS	NUMBER OF UNITS:	92
Library Gray Box Costs		\$1,200,000
Library Temp Costs		100,000
<b>Hard Costs</b>		
<b>Construction Hard Costs Apartments/Retail</b>		
Trade Subcontracts	\$9,449,300	
General Conditions	354,349	
General Contracting Fee	343,128	
<b>Construction</b>		\$10,146,776
<b>Demolition Costs</b>		190,759
<b>Subtotal - Hard Costs</b>		<b>\$10,337,536</b>
<b>Soft Costs</b>		
<b>Development Costs</b>		
Design & Engineering & Owner's Rep	\$411,995	
Insurance	48,470	
Fees & Permits	38,776	
Legal & Professional	135,716	
<b>Development Costs</b>		\$634,957
<b>Financing</b>		
Financing Fees	\$173,540	
Construction Interest	360,637	
<b>Financing</b>		534,176
<b>Marketing &amp; Property Start-Up (incl in HUD reserve)</b>		0
<b>HUD Operating/Lease up Reserve</b>		775,000
<b>Development Contingency</b>		736,900
<b>Developer Fee &amp; Overhead</b>		539,267
<b>Subtotal Soft Costs</b>		<b>\$3,220,300</b>
<b>TOTAL DEVELOPMENT BUDGET</b>		<b>\$14,857,836</b>
<b>TOTAL DEVELOPMENT BUDGET PER UNIT</b>		<b>\$161,498</b>
<b>YIELD ON TOTAL CAPITALIZATION</b>		<b>6.64%</b>
<b>SOURCES OF FUNDS</b>		
First Mortgage	\$10,846,220	
Land Investor Capital	\$0	
Cash Investor Capital	\$4,011,616	
Other	\$0	
<b>TOTAL SOURCES OF FUNDS</b>		<b>\$14,857,836</b>
<b>VARIANCE SOURCES LESS USES</b>		<b>\$0</b>



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# Pro Forma Income Analysis

## ASSUMPTIONS

LAND		OPERATING COSTS	
Land Price/Library Gray Box	\$ 1,200,000	Target Operating Expense Ratio	38%
Land Price / Unit	\$ 13,043	Management Fee (% of Gross R	3.25%
		Vacancy & Collection Loss	7%
		Expense Growth	2.5%
BUILDING & IMPROVEMENTS		CONTROLLABLE EXPENSES	
Units	92	Payroll & Related	19%
Average Unit Size	824	Landscaping/Snow Removal	5%
Total Rentable SF	75,819	Utilities	8%
Building Efficiency	78%	Redecorating	3%
Gross Square Feet (exc parking)	96,940	Maintenance	5%
Rentable Indoor Parking Stalls	113	Marketing	4%
Rentable Outdoor Parking Stalls	0	Office Operations	3%
		Subtotal	47%
PHASING		NON-CONTROLLABLE EXPENSES	
Number of Phases	1	Management Fee	12%
Units / Phase	92	Insurance	5%
		Real Estate Taxes	36%
		Subtotal	53%
HARD COSTS		PARTNERSHIP	
Hard Costs / GSF	\$ 95.00	Land Investor Capital	\$ -
GC Fee	3.50%	Cash Investor Capital	\$ 4,011,616
CM / Owner's Rep Fee	0.0%	HSI Capital	0
Gen. Conditions (% of Trade Contr	3.75%	Primary Investor Cash Flow	
Demolition (% of Hard Costs)	1.88%	Secondary Investor Cash Flow	
		HSI Cash Flow	
SOFT COSTS		FINANCING	
Design, Engineering, Owner rep (ps	\$ 4.25	Construction Loan Amount	\$ 10,846,220
Insurance (psf)	\$ 0.50	Construction Loan Term (months	14
Fees and Permits (psf)	\$ 0.40	Construction Loan to Cost	73.0%
Legal & Professional (psf)	\$ 1.40	Construction Loan Fees	0.000%
Marketing (psf) incl in reserve #'s	\$ -	Construction Average OLB	50%
Operating Reserve HUD	\$ 775,000	Construction Loan Interest Rate	5.70%
Development Fee & Overhead (%)	4.0%		
Development Contingency	6.00%		
REVENUE		PERMANENT LOAN	
Average Rent PSF	\$ 1.75	Permanent Loan Amount	\$ 10,846,220
Indoor Parking / Stall	\$ 100	Permanent Loan Fees	1.600%
Outdoor Parking / Stall	\$ -	Permanent Financing Loan to V <sub>e</sub>	73.0%
Misc. Revenue / Unit / Month	\$ 20.00	Permanent Loan Interest Rate	5.70%
Revenue Growth	2.5%	Permanent Loan Amortization	40
RETAIL		YIELD	
Retail Square Footage	2,400	Going-In Capitalization Rate	7.00%
Retail Hard Costs PSF	\$ 100	Going-Out Capitalization Rate	7.00%
Retail Rent (NNN PSF)	\$ 25.00	Capital Reserve / Unit	\$ 400
Retail Vacancy & Collection Loss	5%		

## ESTIMATED DEVELOPMENT BUDGET

USES OF FUNDS	NUMBER OF UNITS:	92
Library Gray Box Costs		\$1,200,000
Library Temp Costs		100,000
Hard Costs		
Construction Hard Costs Apartments/Retail		
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Marketing & Property Start-Up (incl in HUD reserve)		0
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Subtotal Soft Costs		\$3,220,300
<b>TOTAL DEVELOPMENT BUDGET</b>		<b>\$14,857,836</b>
<b>TOTAL DEVELOPMENT BUDGET PER UNIT</b>		<b>\$161,498</b>
<b>YIELD ON TOTAL CAPITALIZATION</b>		<b>6.64%</b>
SOURCES OF FUNDS		
First Mortgage		\$10,846,220
Land Investor Capital		\$0
Cash Investor Capital		\$4,011,616
Other		\$0
<b>TOTAL SOURCES OF FUNDS</b>		<b>\$14,857,836</b>
<b>VARIANCE SOURCES LESS USES</b>		<b>\$0</b>

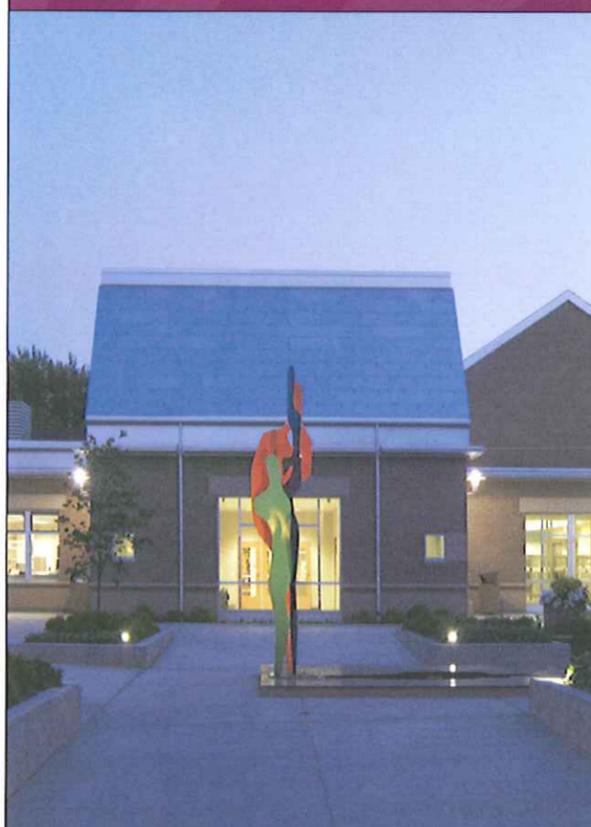
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MILWAUKEE PUBLIC LIBRARY  
EAST LIBRARY

# Pro Forma Income Analysis

## RENT ROLL

Type	Number	Percent of Total	Average Rent	Average Square Feet	Rent per Sq. Ft.	Potential Monthly Rent
<b>One Bedroom / One Bath</b>						
A1	5	5.4%	\$998	525	\$1.90	\$4,988
A2	72	78.3%	1,368	777	1.76	\$98,461
<b>Avg. One Bedroom / One Bath</b>	<b>77</b>	<b>35.3%</b>	<b>\$1,343</b>	<b>761</b>	<b>\$1.77</b>	<b>\$103,449</b>
<b>Two Bedrooms / Two Baths</b>						
B1	15	16.3%	\$ 1,967	1,150	\$1.71	\$29,498
<b>Avg. Two Bedrooms / Two Baths</b>	<b>15</b>	<b>40.0%</b>	<b>\$1,967</b>	<b>1,150</b>	<b>\$1.71</b>	<b>29,498</b>
<b>TOTALS</b>	<b>92</b>	<b>100.0%</b>		<b>824</b>	<b>\$1.75</b>	<b>\$132,946</b>
				75,819		
<b>Other Income</b>						
Garage Parking		113 Spaces @	\$100.00			\$11,300
Outdoor Parking		0 Spaces @	\$0.00			0
Miscellaneous		92 Units @	\$20.00			1,840
<b>POTENTIAL MONTHLY INCOME</b>						<b>\$146,086</b>
						x 12
<b>POTENTIAL ANNUAL INCOME</b>						<b>\$1,753,037</b>
<b>NET OPERATING INCOME</b>						
<b>POTENTIAL ANNUAL INCOME</b>				\$1,753,037	<b>Per Unit</b>	
Less Vacancy & Collection Loss @ 7%				(122,713)	19,055	
<b>Potential Effective Income (Excluding Retail)</b>				<b>\$1,630,325</b>	<b>(1,334)</b>	
<b>EXPENSES</b>						
Controllable Expense						
Payroll & Related				\$126,569	\$1,376	
Landscaping/Snow Removal				\$33,308	362	
Utilities				\$53,292	579	
Redecorating				\$19,985	217	
Maintenance				\$33,308	362	
Marketing				\$26,646	290	
Office Operations				\$19,985	217	
Subtotal -- Controllal				\$313,092	\$3,403	
Non-Controllable Expenses						
Management Fee @ 3.25%				56,974	\$619	
Insurance				33,308	362	
Real Estate Taxes				239,815	2,607	
Subtotal -- Non-Controllable				330,097	3,588	
<b>Total Expenses</b>				<b>\$643,189</b>	<b>\$6,991</b>	
<b>NET OPERATING INCOME BEFORE DEBT SERVICE</b>				<b>\$987,135</b>	<b>\$10,730</b>	



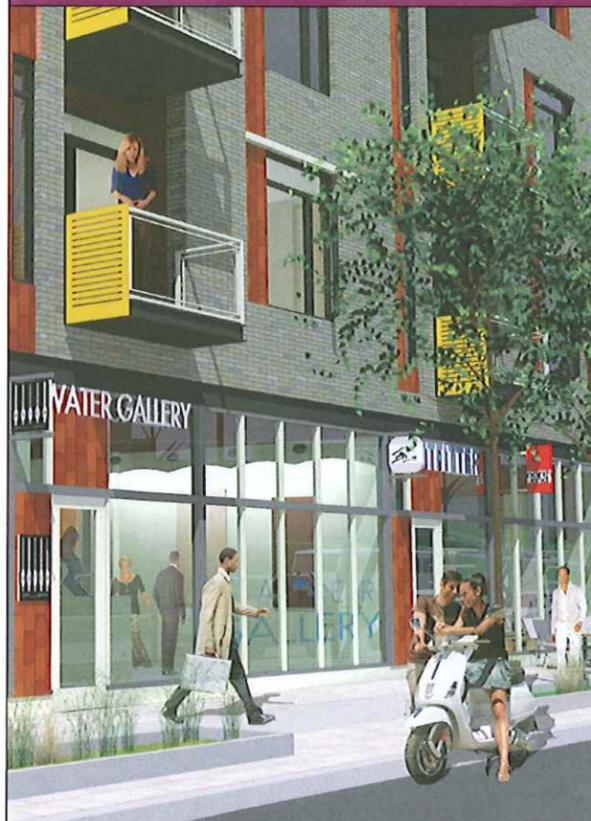
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EAST LIBRARY

# Pro Forma Income Analysis

STABILIZED OPERATIONS

Description	2014 -2015 Budget												2014 Cost Per Unit		
	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15		Total	
<b>APARTMENT &amp; RETAIL REVENUE</b>															
Gross Potential Rental Income	\$146,086	\$146,086	\$146,086	\$146,086	\$146,086	\$146,086	\$146,086	\$146,086	\$146,086	\$146,086	\$146,086	\$146,086	\$146,086	\$1,753,037	\$19,055
Gross Potential Retail Rental Income	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000	
Retail Vacancy and Collection Loss	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$3,000)	
Residential Vacancy and Collection Loss	(\$10,226)	(\$10,226)	(\$10,226)	(\$10,226)	(\$10,226)	(\$10,226)	(\$10,226)	(\$10,226)	(\$10,226)	(\$10,226)	(\$10,226)	(\$10,226)	(\$10,226)	(\$122,713)	(\$1,334)
Net Rental Income	\$140,610	\$140,610	\$140,610	\$140,610	\$140,610	\$140,610	\$140,610	\$140,610	\$140,610	\$140,610	\$140,610	\$140,610	\$140,610	\$1,687,325	\$17,721
Total Other Revenue	\$1,840	\$1,840	\$1,840	\$1,840	\$1,840	\$1,840	\$1,840	\$1,840	\$1,840	\$1,840	\$1,840	\$1,840	\$1,840	\$22,080	\$240
<b>TOTAL REVENUE</b>	<b>\$142,450</b>	<b>\$142,450</b>	<b>\$142,450</b>	<b>\$142,450</b>	<b>\$142,450</b>	<b>\$142,450</b>	<b>\$142,450</b>	<b>\$142,450</b>	<b>\$142,450</b>	<b>\$142,450</b>	<b>\$142,450</b>	<b>\$142,450</b>	<b>\$142,450</b>	<b>\$1,709,405</b>	<b>\$17,961</b>
<b>CONTROLLABLE EXPENSES</b>															
Employee Payroll	\$10,547	\$10,547	\$10,547	\$10,547	\$10,547	\$10,547	\$10,547	\$10,547	\$10,547	\$10,547	\$10,547	\$10,547	\$10,547	\$126,569	\$1,376
Landscape & Snow Removal	2,776	2,776	2,776	2,776	2,776	2,776	2,776	2,776	2,776	2,776	2,776	2,776	2,776	33,308	362
Utilities	4,441	4,441	4,441	4,441	4,441	4,441	4,441	4,441	4,441	4,441	4,441	4,441	4,441	53,292	579
Redecorating	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	19,985	217
Maintenance	2,776	2,776	2,776	2,776	2,776	2,776	2,776	2,776	2,776	2,776	2,776	2,776	2,776	33,308	362
Marketing	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	26,646	290
Office Operations	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	19,985	217
<b>TOTAL CONTROLLABLE EXPENSES</b>	<b>\$26,091</b>	<b>\$26,091</b>	<b>\$26,091</b>	<b>\$26,091</b>	<b>\$26,091</b>	<b>\$26,091</b>	<b>\$26,091</b>	<b>\$26,091</b>	<b>\$26,091</b>	<b>\$26,091</b>	<b>\$26,091</b>	<b>\$26,091</b>	<b>\$26,091</b>	<b>\$313,092</b>	<b>\$3,403</b>
<b>MANAGEMENT FEES</b>															
Insurance	\$2,776	\$2,776	\$2,776	\$2,776	\$2,776	\$2,776	\$2,776	\$2,776	\$2,776	\$2,776	\$2,776	\$2,776	\$2,776	\$33,308	\$362
Property Taxes	19,985	19,985	19,985	19,985	19,985	19,985	19,985	19,985	19,985	19,985	19,985	19,985	19,985	239,815	2,607
<b>TOTAL NON-CONTROLLABLE EXPENSES</b>	<b>\$22,760</b>	<b>\$22,760</b>	<b>\$22,760</b>	<b>\$22,760</b>	<b>\$22,760</b>	<b>\$22,760</b>	<b>\$22,760</b>	<b>\$22,760</b>	<b>\$22,760</b>	<b>\$22,760</b>	<b>\$22,760</b>	<b>\$22,760</b>	<b>\$22,760</b>	<b>\$273,123</b>	<b>\$2,969</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$53,481</b>	<b>\$53,481</b>	<b>\$53,481</b>	<b>\$53,481</b>	<b>\$53,481</b>	<b>\$53,481</b>	<b>\$53,481</b>	<b>\$53,481</b>	<b>\$53,481</b>	<b>\$53,481</b>	<b>\$53,481</b>	<b>\$53,481</b>	<b>\$53,481</b>	<b>\$641,771</b>	<b>\$6,976</b>
<b>NET OPERATING INCOME</b>	<b>\$88,969</b>	<b>\$88,969</b>	<b>\$88,969</b>	<b>\$88,969</b>	<b>\$88,969</b>	<b>\$88,969</b>	<b>\$88,969</b>	<b>\$88,969</b>	<b>\$88,969</b>	<b>\$88,969</b>	<b>\$88,969</b>	<b>\$88,969</b>	<b>\$88,969</b>	<b>\$1,067,633</b>	<b>\$10,985</b>



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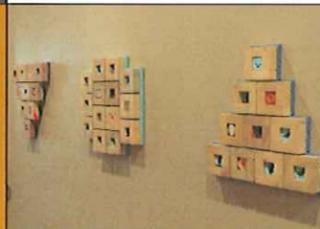
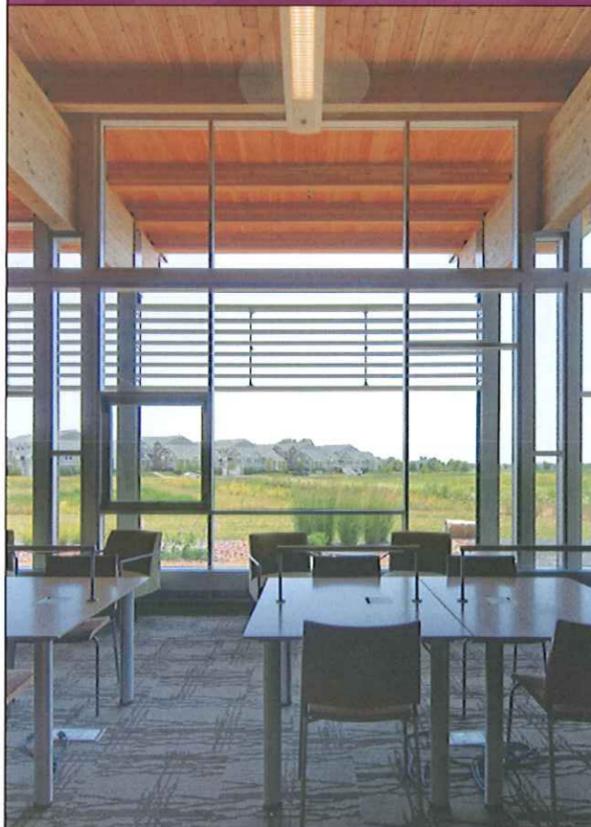
# Pro Forma Income Analysis

## OPERATIONS SUMMARY

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
<b>APARTMENT &amp; RETAIL REVENUE</b>												
Gross Potential Rental Income	\$1,813,037	\$1,858,363	\$1,904,822	\$1,952,443	\$2,001,254	\$2,051,285	\$2,102,567	\$2,155,132	\$2,209,010	\$2,264,235	\$2,320,841	
Vacancy and Collection Loss	(\$125,713)	(\$128,855)	(\$132,077)	(\$135,379)	(\$138,763)	(\$142,232)	(\$145,788)	(\$149,433)	(\$153,169)	(\$156,998)	(\$160,923)	
Net Rental Income	\$1,687,325	\$1,729,508	\$1,772,745	\$1,817,064	\$1,862,491	\$1,909,053	\$1,956,779	\$2,005,699	\$2,055,841	\$2,107,237	\$2,159,918	
Total Other Revenue	\$22,080	\$22,632	\$23,198	\$23,778	\$24,372	\$24,981	\$25,606	\$26,246	\$26,902	\$27,575	\$28,264	
<b>TOTAL REVENUE</b>	<b>\$1,709,405</b>	<b>\$1,752,140</b>	<b>\$1,795,943</b>	<b>\$1,840,842</b>	<b>\$1,886,863</b>	<b>\$1,934,034</b>	<b>\$1,982,385</b>	<b>\$2,031,945</b>	<b>\$2,082,744</b>	<b>\$2,134,812</b>	<b>\$2,188,182</b>	\$2,273,182
<b>CONTROLLABLE EXPENSES</b>												
Employee Payroll	\$126,569	\$129,734	\$132,977	\$136,301	\$139,709	\$143,202	\$146,782	\$150,451	\$154,212	\$158,068	\$162,019	
Landscape & Snow Removal	33,308	34,140	34,994	35,869	36,765	37,685	38,627	39,592	40,582	41,597	42,637	
Utilities	53,292	54,625	55,990	57,390	58,825	60,295	61,803	63,348	64,932	66,555	68,219	
Redecorating	19,985	20,484	20,996	21,521	22,059	22,611	23,176	23,755	24,349	24,958	25,582	
Maintenance	33,308	34,140	34,994	35,869	36,765	37,685	38,627	39,592	40,582	41,597	42,637	
Marketing	26,646	27,312	27,995	28,695	29,412	30,148	30,901	31,674	32,466	33,277	34,109	
Office Operations	19,985	20,484	20,996	21,521	22,059	22,611	23,176	23,755	24,349	24,958	25,582	
<b>TOTAL CONTROLLABLE EXPENSES</b>	<b>\$313,092</b>	<b>\$320,920</b>	<b>\$328,943</b>	<b>\$337,166</b>	<b>\$345,595</b>	<b>\$354,235</b>	<b>\$363,091</b>	<b>\$372,169</b>	<b>\$381,473</b>	<b>\$391,010</b>	<b>\$400,785</b>	\$416,785
<b>MANAGEMENT FEES</b>												
Insurance	\$33,308	\$34,140	\$34,994	\$35,869	\$36,765	\$37,685	\$38,627	\$39,592	\$40,582	\$41,597	\$42,637	
Property Taxes	239,815	245,811	251,956	258,255	264,711	271,329	278,112	285,065	292,192	299,497	306,984	
<b>TOTAL NON-CONTROLLABLE EXPENSES</b>	<b>\$273,123</b>	<b>\$279,951</b>	<b>\$286,950</b>	<b>\$294,124</b>	<b>\$301,477</b>	<b>\$309,014</b>	<b>\$316,739</b>	<b>\$324,658</b>	<b>\$332,774</b>	<b>\$341,093</b>	<b>\$349,621</b>	\$363,621
<b>TOTAL OPERATING EXPENSES</b>	<b>\$641,771</b>	<b>\$657,816</b>	<b>\$674,261</b>	<b>\$691,118</b>	<b>\$708,395</b>	<b>\$726,105</b>	<b>\$744,258</b>	<b>\$762,864</b>	<b>\$781,936</b>	<b>\$801,484</b>	<b>\$821,522</b>	\$852,522
<b>NET OPERATING INCOME</b>	<b>\$1,067,633</b>	<b>\$1,094,324</b>	<b>\$1,121,682</b>	<b>\$1,149,724</b>	<b>\$1,178,467</b>	<b>\$1,207,929</b>	<b>\$1,238,127</b>	<b>\$1,269,081</b>	<b>\$1,300,808</b>	<b>\$1,333,328</b>	<b>\$1,366,661</b>	\$1,419,661
<b>YIELD ON TOTAL CAPITALIZATION</b>	7.19%	7.37%	7.55%	7.74%	7.93%	8.13%	8.33%	8.54%	8.76%	8.97%	9.20%	
<b>DEBT SERVICE</b>	(\$689,100)	(\$689,100)	(\$689,100)	(\$689,100)	(\$689,100)	(\$689,100)	(\$689,100)	(\$689,100)	(\$689,100)	(\$689,100)	(\$689,100)	
<b>CAPITAL RESERVE</b>	(\$36,800)	(\$36,800)	(\$36,800)	(\$36,800)	(\$36,800)	(\$36,800)	(\$36,800)	(\$36,800)	(\$36,800)	(\$36,800)	(\$36,800)	
<b>AFTER DEBT CASH FLOW</b>	<b>\$341,733</b>	<b>\$368,424</b>	<b>\$395,782</b>	<b>\$423,824</b>	<b>\$452,567</b>	<b>\$482,029</b>	<b>\$512,227</b>	<b>\$543,180</b>	<b>\$574,907</b>	<b>\$607,428</b>	<b>\$640,761</b>	
<b>DEBT COVERAGE RATIO</b>	1.55	1.59	1.63	1.67	1.71	1.75	1.80	1.84	1.89	1.93		

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# Pro Forma Income Analysis

## YIELD ANALYSIS

**SALE IN STABILIZED YEAR 4**

	0	1	2	3	4	5
Sale Price						\$16,424,634
OLB						\$10,528,684
Investment	\$ (4,011,616)					
Operations Cash Flow	\$ -	\$ -	\$ 341,733	\$ 368,424	\$ 395,782	\$ 423,824
Net Sale Proceeds						\$ 5,895,950
<b>Total Cash Flow</b>	<b>\$ (4,011,616)</b>	<b>\$ -</b>	<b>\$ 341,733</b>	<b>\$ 368,424</b>	<b>\$ 395,782</b>	<b>\$ 6,319,774</b>

**Total Project IRR 14.1%**

**SALE IN STABILIZED YEAR 6**

	0	1	2	3	4	5	6	7
Sale Price								\$ 17,256,131
OLB								\$ 10,340,687
Investment	\$ (4,011,616)							
Operations Cash Flow	\$ -	\$ -	\$ 341,733	\$ 368,424	\$ 395,782	\$ 423,824	\$ 452,567	\$ 482,029
Net Sale Proceeds								\$ 6,915,444
<b>Total Cash Flow</b>	<b>\$ (4,011,616)</b>	<b>\$ -</b>	<b>\$ 341,733</b>	<b>\$ 368,424</b>	<b>\$ 395,782</b>	<b>\$ 423,824</b>	<b>\$ 452,567</b>	<b>\$ 7,397,473</b>

**Total Project IRR 14.5%**

**SALE IN STABILIZED YEAR 8**

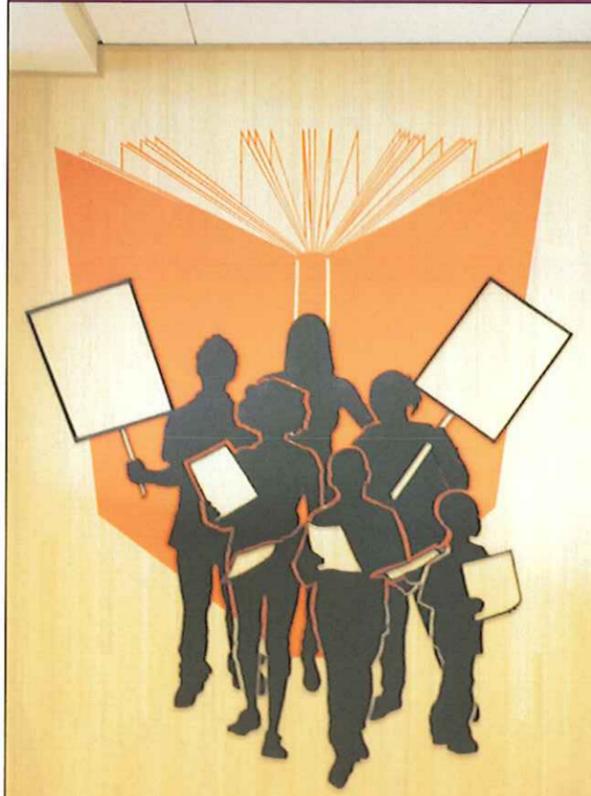
	0	1	2	3	4	5	6	7	8	9
Sale Price										\$ 18,129,722
OLB										\$ 10,130,046
Investment	\$ (4,011,616)									
Operations Cash Flow	\$ -	\$ -	\$ 341,733	\$ 368,424	\$ 395,782	\$ 423,824	\$ 452,567	\$ 482,029	\$ 512,227	\$ 543,180
Net Sale Proceeds										\$ 7,999,677
<b>Total Cash Flow</b>	<b>\$ (4,011,616)</b>	<b>\$ -</b>	<b>\$ 341,733</b>	<b>\$ 368,424</b>	<b>\$ 395,782</b>	<b>\$ 423,824</b>	<b>\$ 452,567</b>	<b>\$ 482,029</b>	<b>\$ 512,227</b>	<b>\$ 8,542,857</b>

**Total Project IRR 14.6%**

**SALE IN STABILIZED YEAR 10**

	0	1	2	3	4	5	6	7	8	9	10	11
Sale Price												\$ 19,523,728
OLB												\$ 9,765,571
Investment	\$ (4,011,616)											
Operations Cash Flow	\$ -	\$ -	\$ 341,733	\$ 368,424	\$ 395,782	\$ 423,824	\$ 452,567	\$ 482,029	\$ 512,227	\$ 543,180	\$ 574,907	\$ 607,428
Net Sale Proceeds												\$ 9,758,157
<b>Total Cash Flow</b>	<b>\$ (4,011,616)</b>	<b>\$ -</b>	<b>\$ 341,733</b>	<b>\$ 368,424</b>	<b>\$ 395,782</b>	<b>\$ 423,824</b>	<b>\$ 452,567</b>	<b>\$ 482,029</b>	<b>\$ 512,227</b>	<b>\$ 543,180</b>	<b>\$ 574,907</b>	<b>\$ 10,365,584</b>

**Total Project IRR 15.0%**



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