

**CITY OF STEVENS POINT  
SPECIAL COMMON COUNCIL MEETING**

**Portage County Public Library  
1001 Main Street  
Pinery Room**

**September 9, 2015  
6:00 P.M.**

1. Roll Call.
2. Presentation on the history of Edgewater Manor, current status, and future options (discussion only).
3. Adjournment.

RMC – Revised Municipal Code

Any person who has special needs while attending this meeting or needing agenda materials for this meeting should contact the City Clerk as soon as possible to ensure a reasonable accommodation can be made. The City Clerk can be reached by telephone at (715) 346-1569 or by mail at 1515 Strongs Avenue, Stevens Point, WI 54481.

Copies of ordinances, resolutions, reports and minutes of the committee meetings are on file at the office of the City Clerk for inspection during the regular business hours from 7:30 A.M. to 4:00 P.M.

City of Stevens Point  
1515 Strongs Avenue  
Stevens Point, WI 54481-3594



**Corey D. Ladick**  
**Comptroller-Treasurer**

Phone: 715-346-1574  
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September 3, 2015

To: Stevens Point Common Council

Re: Edgewater Financial Projections

The financial projections for a variety of different scenarios are attached. Since it is difficult to predict the future with certainty, I prepared multiple spreadsheets to demonstrate the range of possibilities. These scenarios demonstrate the affects of changes in the following key variables over a 20 year time period:

- Vacancy Rates (Range 5-35%)
- Rate of Yearly Rental increases (Range 1-1.5%)
- Rate of Yearly Expense growth (Range 1.5-3.0%)
- Maintenance Expenses as Percentage of Current (Range 70-200%)

The above variables and ranges result in a total range of possibilities over a 20 year period as follows, based on a general obligation borrowing of \$2.275 Million.

- \$2,399,746 Surplus-Most Optimistic
- \$1,429,563 Surplus-Optimistic
- \$523,932 Surplus-Current
- -\$1,485,532 Accumulated Deficit-Slightly Pessimistic
- -\$5,424,354 Accumulated Deficit-More Pessimistic

Also, please note that under all of the above scenarios, money would have to be advanced to Edgewater during the first 10 years.

The Bottom Line: There is a range of possibilities, and a significant amount of risk, associated with owning Edgewater Manor. We need to be prepared to accept those risks if we continue to own it. I also want to strongly caution against any attempt to downplay these risks. In the past, vacancy rates have fluctuated, and major unexpected repairs have come up, so it is not unreasonable to conclude that there are a range of possibilities for these key factors.

**Edgewater Manor  
Financial Projection 2016-2035  
Scenario 1c-Current**

	2015 Budget	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Key Variables and Resulting Borrowing Ability</b>												
		Borrowing Ability										
Vacancy Rate	13.50%	Average Available for Debt Service 20 Yr				\$156,165.63						
Initial Rental Rate	530.00	Resulting Allowable Debt 10 yr G.O. 2.5%				\$1,333,509.26						
Rate of Rental Increase	1.50%	Resulting Allowable Debt 20 Yr Revenue 6.0%**				\$1,276,810.19						
Rate of Expense Increase	2.00%						10 Years	20 Years				
Building Repair Expenses as % of current budgeted	100.00%						Cumul. Surplus/(Deficit): Borrow \$2.275 Million G.O.	(1,075,369.42)	523,932.60			
							Cumul. Surplus/(Deficit): Borrow \$2.275 Million Rev.	(459,438.09)	(843,584.40)			
<b>Operating Receipts</b>												
Gross Potential Rents	516,300.00	524,044.50	531,905.17	539,883.75	547,982.00	556,201.73	564,544.76	573,012.93	581,608.12	590,332.24	599,187.23	608,175.04
Vacancy Loss	69,700.50	70,746.01	71,807.20	72,884.31	73,977.57	75,087.23	76,213.54	77,356.75	78,517.10	79,694.85	80,890.28	82,103.63
<b>Total Rental Income</b>	<b>446,599.50</b>	<b>453,298.49</b>	<b>460,097.97</b>	<b>466,999.44</b>	<b>474,004.43</b>	<b>481,114.50</b>	<b>488,331.21</b>	<b>495,656.18</b>	<b>503,091.03</b>	<b>510,637.39</b>	<b>518,296.95</b>	<b>526,071.41</b>
Other Income - A/C	1,730.00	1,755.95	1,782.29	1,809.02	1,836.16	1,863.70	1,891.66	1,920.03	1,948.83	1,978.06	2,007.74	2,037.85
Other Income - Cable Revenue	25,223.40	25,601.75	25,985.78	26,375.56	26,771.20	27,172.77	27,580.36	27,994.06	28,413.97	28,840.18	29,272.79	29,711.88
Other Income - Laundry Revenue	6,920.00	7,023.80	7,129.16	7,236.09	7,344.64	7,454.81	7,566.63	7,680.13	7,795.33	7,912.26	8,030.94	8,151.41
Other Income - Vending Machine Revenue	2,472.17	2,509.25	2,546.89	2,585.09	2,623.87	2,663.23	2,703.18	2,743.73	2,784.88	2,826.65	2,869.05	2,912.09
<b>Total Operating Income</b>	<b>482,945.07</b>	<b>490,189.25</b>	<b>497,542.08</b>	<b>505,005.22</b>	<b>512,580.29</b>	<b>520,269.00</b>	<b>528,073.03</b>	<b>535,994.13</b>	<b>544,034.04</b>	<b>552,194.55</b>	<b>560,477.47</b>	<b>568,884.63</b>
<b>Operating Expenditures - Administration</b>												
Management Fee	31,261.97	31,730.89	32,206.86	32,689.96	33,180.31	33,678.01	34,183.19	34,695.93	35,216.37	35,744.62	36,280.79	36,825.00
Marketing	5,000.00	5,100.00	5,202.00	5,306.04	5,412.16	5,520.40	5,630.81	5,743.43	5,858.30	5,975.46	6,094.97	6,216.87
Office Expense (publications, misc)	100.00	102.00	104.04	106.12	108.24	110.41	112.62	114.87	117.17	119.51	121.90	124.34
Office Supplies	500.00	510.00	520.20	530.60	541.22	552.04	563.08	574.34	585.83	597.55	609.50	621.69
Auditing Fees	2,000.00	2,040.00	2,080.80	2,122.42	2,164.86	2,208.16	2,252.32	2,297.37	2,343.32	2,390.19	2,437.99	2,486.75
<b>Total Administrative Expenses</b>	<b>38,861.97</b>	<b>39,482.89</b>	<b>40,113.90</b>	<b>40,755.14</b>	<b>41,406.79</b>	<b>42,069.03</b>	<b>42,742.02</b>	<b>43,425.94</b>	<b>44,120.98</b>	<b>44,827.32</b>	<b>45,545.14</b>	<b>46,274.64</b>
<b>Utilities Expenditures</b>												
Water and Sewer*	16,767.61	17,102.96	17,445.02	17,793.92	18,149.80	18,512.80	18,883.05	19,260.71	19,645.93	20,038.85	20,439.62	20,848.42
Cable	34,891.25	35,589.08	36,300.86	37,026.87	37,767.41	38,522.76	39,293.21	40,079.08	40,880.66	41,698.27	42,532.24	43,382.88
Phone	1,572.81	1,604.27	1,636.35	1,669.08	1,702.46	1,736.51	1,771.24	1,806.66	1,842.80	1,879.65	1,917.25	1,955.59
Gas and Electric*	74,583.95	76,075.63	77,597.14	79,149.08	80,732.07	82,346.71	83,993.64	85,673.51	87,386.98	89,134.72	90,917.42	92,735.77
<b>Total Utilities Expense</b>	<b>127,816.62</b>	<b>130,372.95</b>	<b>132,980.41</b>	<b>135,640.02</b>	<b>138,352.82</b>	<b>141,119.88</b>	<b>143,942.27</b>	<b>146,821.12</b>	<b>149,757.54</b>	<b>152,752.69</b>	<b>155,807.75</b>	<b>158,923.90</b>
<b>Maintenance Expenditures</b>												
Building Repairs	100,000.00	102,000.00	104,040.00	106,120.80	108,243.22	110,408.08	112,616.24	114,868.57	117,165.94	119,509.26	121,899.44	124,337.43
Materials	7,500.00	7,650.00	7,803.00	7,959.06	8,118.24	8,280.61	8,446.22	8,615.14	8,787.45	8,963.19	9,142.46	9,325.31
Contract Costs-Elevator Maintenance	5,000.00	5,100.00	5,202.00	5,306.04	5,412.16	5,520.40	5,630.81	5,743.43	5,858.30	5,975.46	6,094.97	6,216.87
Contract Costs-Grounds-Lawn	2,000.00	2,040.00	2,080.80	2,122.42	2,164.86	2,208.16	2,252.32	2,297.37	2,343.32	2,390.19	2,437.99	2,486.75
Contract Costs-Grounds-Snow	3,000.00	3,060.00	3,121.20	3,183.62	3,247.30	3,312.24	3,378.49	3,446.06	3,514.98	3,585.28	3,656.98	3,730.12
Contract Costs-Garbage & Trash Removal	3,656.50	3,729.63	3,804.22	3,880.31	3,957.91	4,037.07	4,117.81	4,200.17	4,284.17	4,369.86	4,457.25	4,546.40
<b>Total Maintenance Expense</b>	<b>121,156.50</b>	<b>123,579.63</b>	<b>126,051.22</b>	<b>128,572.25</b>	<b>131,143.69</b>	<b>133,766.57</b>	<b>136,441.90</b>	<b>139,170.74</b>	<b>141,954.15</b>	<b>144,793.23</b>	<b>147,689.10</b>	<b>150,642.88</b>
<b>General Expenditures</b>												
Insurance Expense-Other (Boilers)	500.00	510.00	520.20	530.60	541.22	552.04	563.08	574.34	585.83	597.55	609.50	621.69
Insurance Expense-Property	5,000.00	5,100.00	5,202.00	5,306.04	5,412.16	5,520.40	5,630.81	5,743.43	5,858.30	5,975.46	6,094.97	6,216.87
Insurance Expense-Gen Liability	6,500.00	6,630.00	6,762.60	6,897.85	7,035.81	7,176.53	7,320.06	7,466.46	7,615.79	7,768.10	7,923.46	8,081.93
Payments in Lieu of Taxes	35,524.79	36,011.99	36,505.58	37,005.64	37,512.26	38,025.50	38,545.45	39,072.20	39,605.81	40,146.38	40,693.99	41,248.72
<b>Total General Expenses</b>	<b>47,524.79</b>	<b>48,251.99</b>	<b>48,990.38</b>	<b>49,740.14</b>	<b>50,501.44</b>	<b>51,274.47</b>	<b>52,059.40</b>	<b>52,856.42</b>	<b>53,665.72</b>	<b>54,487.49</b>	<b>55,321.92</b>	<b>56,169.21</b>
<b>Total Operating Expenses</b>	<b>335,359.88</b>	<b>341,687.47</b>	<b>348,135.91</b>	<b>354,707.55</b>	<b>361,404.75</b>	<b>368,229.94</b>	<b>375,185.59</b>	<b>382,274.22</b>	<b>389,498.40</b>	<b>396,860.74</b>	<b>404,363.91</b>	<b>412,010.64</b>
<b>Net Profit (Loss)</b>	<b>147,585.19</b>	<b>148,501.78</b>	<b>149,406.17</b>	<b>150,297.67</b>	<b>151,175.55</b>	<b>152,039.06</b>	<b>152,887.44</b>	<b>153,719.91</b>	<b>154,535.64</b>	<b>155,333.81</b>	<b>156,113.56</b>	<b>156,873.99</b>

**Average Available for Debt Service 10 Yr** 152,401.06  
**Average Available for Debt Service 20 Yr** 156,165.63  
**Resulting Allowable Debt 10 yr G.O. 2.5%** 1,333,509.26  
**Resulting Allowable Debt 20 Yr Revenue 6.0%\*\*** 1,276,810.19

\*Water, Gas, and Electric Utilities assumed to be 50% fixed and 50% variable depending on Occupancy  
\*\*Revenue Bond Assumes Coverage Ratio Requirement of 1.25 and Reserve Account Requirement equal to 1 years debt service



**Edgewater Manor**  
**Financial Projection 2016-2035**  
**Scenario 2c-Optimistic**

	2015 Budget	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Key Variables and Resulting Borrowing Ability</b>												
		Borrowing Ability										
Vacancy Rate	8.00%	Average Available for Debt Service 20 Yr				\$201,447.19						
Initial Rental Rate	530.00	Resulting Allowable Debt 10 yr G.O. 2.5%				\$1,697,100.43						
Rate of Rental Increase	1.50%	Resulting Allowable Debt 20 Yr Revenue 6.0%**				\$1,647,032.19						
Rate of Expense Increase	2.00%						10 Years	20 Years				
Building Repair Expenses as % of current budgeted	85.00%						Cumul. Surplus/(Deficit): Borrow \$2.275 Million G.O.	(659,836.65)	1,429,563.72			
							Cumul. Surplus/(Deficit): Borrow \$2.275 Million Rev.	(43,905.32)	62,046.72			
<b>Operating Receipts</b>												
Gross Potential Rents	516,300.00	524,044.50	531,905.17	539,883.75	547,982.00	556,201.73	564,544.76	573,012.93	581,608.12	590,332.24	599,187.23	608,175.04
Vacancy Loss	41,304.00	41,923.56	42,552.41	43,190.70	43,838.56	44,496.14	45,163.58	45,841.03	46,528.65	47,226.58	47,934.98	48,654.00
<b>Total Rental Income</b>	<b>474,996.00</b>	<b>482,120.94</b>	<b>489,352.75</b>	<b>496,693.05</b>	<b>504,143.44</b>	<b>511,705.59</b>	<b>519,381.18</b>	<b>527,171.89</b>	<b>535,079.47</b>	<b>543,105.66</b>	<b>551,252.25</b>	<b>559,521.03</b>
Other Income - A/C	1,840.00	1,867.60	1,895.61	1,924.05	1,952.91	1,982.20	2,011.94	2,042.11	2,072.75	2,103.84	2,135.40	2,167.43
Other Income - Cable Revenue	26,827.20	27,229.61	27,638.05	28,052.62	28,473.41	28,900.51	29,334.02	29,774.03	30,220.64	30,673.95	31,134.06	31,601.07
Other Income - Laundry Revenue	7,360.00	7,470.40	7,582.46	7,696.19	7,811.64	7,928.81	8,047.74	8,168.46	8,290.99	8,415.35	8,541.58	8,669.70
Other Income - Vending Machine Revenue	2,629.36	2,668.80	2,708.83	2,749.46	2,790.71	2,832.57	2,875.06	2,918.18	2,961.95	3,006.38	3,051.48	3,097.25
<b>Total Operating Income</b>	<b>513,652.56</b>	<b>521,357.35</b>	<b>529,177.71</b>	<b>537,115.37</b>	<b>545,172.10</b>	<b>553,349.69</b>	<b>561,649.93</b>	<b>570,074.68</b>	<b>578,625.80</b>	<b>587,305.19</b>	<b>596,114.77</b>	<b>605,056.49</b>
<b>Operating Expenditures - Administration</b>												
Management Fee	33,249.72	33,748.47	34,254.69	34,768.51	35,290.04	35,819.39	36,356.68	36,902.03	37,455.56	38,017.40	38,587.66	39,166.47
Marketing	5,000.00	5,100.00	5,202.00	5,306.04	5,412.16	5,520.40	5,630.81	5,743.43	5,858.30	5,975.46	6,094.97	6,216.87
Office Expense (publications, misc)	100.00	102.00	104.04	106.12	108.24	110.41	112.62	114.87	117.17	119.51	121.90	124.34
Office Supplies	500.00	510.00	520.20	530.60	541.22	552.04	563.08	574.34	585.83	597.55	609.50	621.69
Auditing Fees	2,000.00	2,040.00	2,080.80	2,122.42	2,164.86	2,208.16	2,252.32	2,297.37	2,343.32	2,390.19	2,437.99	2,486.75
<b>Total Administrative Expenses</b>	<b>40,849.72</b>	<b>41,500.47</b>	<b>42,161.73</b>	<b>42,833.69</b>	<b>43,516.53</b>	<b>44,210.41</b>	<b>44,915.52</b>	<b>45,632.04</b>	<b>46,360.17</b>	<b>47,100.10</b>	<b>47,852.02</b>	<b>48,616.12</b>
<b>Utilities Expenditures</b>												
Water and Sewer*	17,356.88	17,704.02	18,058.10	18,419.26	18,787.65	19,163.40	19,546.67	19,937.60	20,336.35	20,743.08	21,157.94	21,581.10
Cable	34,891.25	35,589.08	36,300.86	37,026.87	37,767.41	38,522.76	39,293.21	40,079.08	40,880.66	41,698.27	42,532.24	43,382.88
Phone	1,572.81	1,604.27	1,636.35	1,669.08	1,702.46	1,736.51	1,771.24	1,806.66	1,842.80	1,879.65	1,917.25	1,955.59
Gas and Electric*	77,291.60	78,837.43	80,414.18	82,022.46	83,662.91	85,336.17	87,042.90	88,783.75	90,559.43	92,370.62	94,218.03	96,102.39
<b>Total Utilities Expense</b>	<b>131,113.54</b>	<b>133,735.81</b>	<b>136,410.53</b>	<b>139,138.74</b>	<b>141,921.51</b>	<b>144,759.94</b>	<b>147,655.14</b>	<b>150,608.24</b>	<b>153,620.41</b>	<b>156,692.82</b>	<b>159,826.67</b>	<b>163,023.21</b>
<b>Maintenance Expenditures</b>												
Building Repairs	85,000.00	86,700.00	88,434.00	90,202.68	92,006.73	93,846.87	95,723.81	97,638.28	99,591.05	101,582.87	103,614.53	105,686.82
Materials	7,500.00	7,650.00	7,803.00	7,959.06	8,118.24	8,280.61	8,446.22	8,615.14	8,787.45	8,963.19	9,142.46	9,325.31
Contract Costs-Elevator Maintenance	5,000.00	5,100.00	5,202.00	5,306.04	5,412.16	5,520.40	5,630.81	5,743.43	5,858.30	5,975.46	6,094.97	6,216.87
Contract Costs-Grounds-Lawn	2,000.00	2,040.00	2,080.80	2,122.42	2,164.86	2,208.16	2,252.32	2,297.37	2,343.32	2,390.19	2,437.99	2,486.75
Contract Costs-Grounds-Snow	3,000.00	3,060.00	3,121.20	3,183.62	3,247.30	3,312.24	3,378.49	3,446.06	3,514.98	3,585.28	3,656.98	3,730.12
Contract Costs-Garbage & Trash Removal	3,656.50	3,729.63	3,804.22	3,880.31	3,957.91	4,037.07	4,117.81	4,200.17	4,284.17	4,369.86	4,457.25	4,546.40
<b>Total Maintenance Expense</b>	<b>106,156.50</b>	<b>108,279.63</b>	<b>110,445.22</b>	<b>112,654.13</b>	<b>114,907.21</b>	<b>117,205.35</b>	<b>119,549.46</b>	<b>121,940.45</b>	<b>124,379.26</b>	<b>126,866.84</b>	<b>129,404.18</b>	<b>131,992.26</b>
<b>General Expenditures</b>												
Insurance Expense-Other (Boilers)	500.00	510.00	520.20	530.60	541.22	552.04	563.08	574.34	585.83	597.55	609.50	621.69
Insurance Expense-Property	5,000.00	5,100.00	5,202.00	5,306.04	5,412.16	5,520.40	5,630.81	5,743.43	5,858.30	5,975.46	6,094.97	6,216.87
Insurance Expense-Gen Liability	6,500.00	6,630.00	6,762.60	6,897.85	7,035.81	7,176.53	7,320.06	7,466.46	7,615.79	7,768.10	7,923.46	8,081.93
Payments in Lieu of Taxes	38,034.75	38,557.95	39,088.05	39,625.13	40,169.29	40,720.60	41,279.16	41,845.05	42,418.37	42,999.20	43,587.63	44,183.75
<b>Total General Expenses</b>	<b>50,034.75</b>	<b>50,797.95</b>	<b>51,572.85</b>	<b>52,359.63</b>	<b>53,158.47</b>	<b>53,969.57</b>	<b>54,793.11</b>	<b>55,629.28</b>	<b>56,478.28</b>	<b>57,340.31</b>	<b>58,215.56</b>	<b>59,104.25</b>
<b>Total Operating Expenses</b>	<b>328,154.51</b>	<b>334,313.86</b>	<b>340,590.33</b>	<b>346,986.19</b>	<b>353,503.72</b>	<b>360,145.27</b>	<b>366,913.23</b>	<b>373,810.02</b>	<b>380,838.12</b>	<b>388,000.07</b>	<b>395,298.43</b>	<b>402,735.84</b>
<b>Net Profit (Loss)</b>	<b>185,498.05</b>	<b>187,043.49</b>	<b>188,587.38</b>	<b>190,129.19</b>	<b>191,668.38</b>	<b>193,204.41</b>	<b>194,736.70</b>	<b>196,264.66</b>	<b>197,787.68</b>	<b>199,305.12</b>	<b>200,816.33</b>	<b>202,320.65</b>

**Average Available for Debt Service 10 Yr** 193,954.33  
**Average Available for Debt Service 20 Yr** 201,447.19  
**Resulting Allowable Debt 10 yr G.O. 2.5%** 1,697,100.43  
**Resulting Allowable Debt 20 Yr Revenue 6.0%\*\*** 1,647,032.19

\*Water, Gas, and Electric Utilities assumed to be 50% fixed and 50% variable depending on Occupancy  
\*\*Revenue Bond Assumes Coverage Ratio Requirement of 1.25 and Reserve Account Requirement equal to 1 years debt service



**Edgewater Manor  
Financial Projection 2016-2035  
Scenario 3c-More Optimistic**

	2015 Budget	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Key Variables and Resulting Borrowing Ability</b>												
		Borrowing Ability										
Vacancy Rate	5.00%	Average Available for Debt Service 20 Yr				\$249,956.33						
Initial Rental Rate	530.00	Resulting Allowable Debt 10 yr G.O. 2.5%				\$2,024,602.24						
Rate of Rental Increase	1.50%	Resulting Allowable Debt 20 Yr Revenue 6.0%**				\$2,043,642.96						
Rate of Expense Increase	1.50%						10 Years	20 Years				
Building Repair Expenses as % of current budgeted	70.00%						Cumul. Surplus/(Deficit): Borrow \$2.275 Million G.O.	(285,548.87)	2,399,746.62			
							Cumul. Surplus/(Deficit): Borrow \$2.275 Million Rev.	330,382.46	1,032,229.62			
<b>Operating Receipts</b>												
Gross Potential Rents	516,300.00	524,044.50	531,905.17	539,883.75	547,982.00	556,201.73	564,544.76	573,012.93	581,608.12	590,332.24	599,187.23	608,175.04
Vacancy Loss	25,815.00	26,202.23	26,595.26	26,994.19	27,399.10	27,810.09	28,227.24	28,650.65	29,080.41	29,516.61	29,959.36	30,408.75
<b>Total Rental Income</b>	<b>490,485.00</b>	<b>497,842.28</b>	<b>505,309.91</b>	<b>512,889.56</b>	<b>520,582.90</b>	<b>528,391.64</b>	<b>536,317.52</b>	<b>544,362.28</b>	<b>552,527.72</b>	<b>560,815.63</b>	<b>569,227.87</b>	<b>577,766.28</b>
Other Income - A/C	1,900.00	1,928.50	1,957.43	1,986.79	2,016.59	2,046.84	2,077.54	2,108.71	2,140.34	2,172.44	2,205.03	2,238.10
Other Income - Cable Revenue	27,702.00	28,117.53	28,539.29	28,967.38	29,401.89	29,842.92	30,290.57	30,744.92	31,206.10	31,674.19	32,149.30	32,631.54
Other Income - Laundry Revenue	7,600.00	7,714.00	7,829.71	7,947.16	8,066.36	8,187.36	8,310.17	8,434.82	8,561.34	8,689.76	8,820.11	8,952.41
Other Income - Vending Machine Revenue	2,715.10	2,755.83	2,797.16	2,839.12	2,881.71	2,924.93	2,968.81	3,013.34	3,058.54	3,104.42	3,150.98	3,198.25
<b>Total Operating Income</b>	<b>530,402.10</b>	<b>538,358.13</b>	<b>546,433.50</b>	<b>554,630.01</b>	<b>562,949.46</b>	<b>571,393.70</b>	<b>579,964.60</b>	<b>588,664.07</b>	<b>597,494.03</b>	<b>606,456.44</b>	<b>615,553.29</b>	<b>624,786.59</b>
<b>Operating Expenditures - Administration</b>												
Management Fee	34,333.95	34,848.96	35,371.69	35,902.27	36,440.80	36,987.42	37,542.23	38,105.36	38,676.94	39,257.09	39,845.95	40,443.64
Marketing	5,000.00	5,075.00	5,151.13	5,228.39	5,306.82	5,386.42	5,467.22	5,549.22	5,632.46	5,716.95	5,802.70	5,889.74
Office Expense (publications, misc)	100.00	101.50	103.02	104.57	106.14	107.73	109.34	110.98	112.65	114.34	116.05	117.79
Office Supplies	500.00	507.50	515.11	522.84	530.68	538.64	546.72	554.92	563.25	571.69	580.27	588.97
Auditing Fees	2,000.00	2,030.00	2,060.45	2,091.36	2,122.73	2,154.57	2,186.89	2,219.69	2,252.99	2,286.78	2,321.08	2,355.90
<b>Total Administrative Expenses</b>	<b>41,933.95</b>	<b>42,562.96</b>	<b>43,201.40</b>	<b>43,849.42</b>	<b>44,507.17</b>	<b>45,174.77</b>	<b>45,852.40</b>	<b>46,540.18</b>	<b>47,238.28</b>	<b>47,946.86</b>	<b>48,666.06</b>	<b>49,396.05</b>
<b>Utilities Expenditures</b>												
Water and Sewer*	17,678.30	17,943.47	18,212.63	18,485.82	18,763.10	19,044.55	19,330.22	19,620.17	19,914.47	20,213.19	20,516.39	20,824.13
Cable	34,891.25	35,414.62	35,945.84	36,485.03	37,032.30	37,587.79	38,151.60	38,723.88	39,304.73	39,894.31	40,492.72	41,100.11
Phone	1,572.81	1,596.40	1,620.35	1,644.65	1,669.32	1,694.36	1,719.78	1,745.58	1,771.76	1,798.34	1,825.31	1,852.69
Gas and Electric*	78,768.50	79,950.03	81,149.28	82,366.52	83,602.01	84,856.05	86,128.89	87,420.82	88,732.13	90,063.11	91,414.06	92,785.27
<b>Total Utilities Expense</b>	<b>132,911.86</b>	<b>134,905.54</b>	<b>136,929.12</b>	<b>138,983.06</b>	<b>141,067.80</b>	<b>143,183.82</b>	<b>145,331.58</b>	<b>147,511.55</b>	<b>149,724.22</b>	<b>151,970.09</b>	<b>154,249.64</b>	<b>156,563.38</b>
<b>Maintenance Expenditures</b>												
Building Repairs	70,000.00	71,050.00	72,115.75	73,197.49	74,295.45	75,409.88	76,541.03	77,689.14	78,854.48	80,037.30	81,237.86	82,456.43
Materials	7,500.00	7,612.50	7,726.69	7,842.59	7,960.23	8,079.63	8,200.82	8,323.84	8,448.69	8,575.42	8,704.06	8,834.62
Contract Costs-Elevator Maintenance	5,000.00	5,075.00	5,151.13	5,228.39	5,306.82	5,386.42	5,467.22	5,549.22	5,632.46	5,716.95	5,802.70	5,889.74
Contract Costs-Grounds-Lawn	2,000.00	2,030.00	2,060.45	2,091.36	2,122.73	2,154.57	2,186.89	2,219.69	2,252.99	2,286.78	2,321.08	2,355.90
Contract Costs-Grounds-Snow	3,000.00	3,045.00	3,090.68	3,137.04	3,184.09	3,231.85	3,280.33	3,329.53	3,379.48	3,430.17	3,481.62	3,533.85
Contract Costs-Garbage & Trash Removal	3,656.50	3,711.35	3,767.02	3,823.52	3,880.88	3,939.09	3,998.18	4,058.15	4,119.02	4,180.81	4,243.52	4,307.17
<b>Total Maintenance Expense</b>	<b>91,156.50</b>	<b>92,523.85</b>	<b>93,911.71</b>	<b>95,320.38</b>	<b>96,750.19</b>	<b>98,201.44</b>	<b>99,674.46</b>	<b>101,169.58</b>	<b>102,687.12</b>	<b>104,227.43</b>	<b>105,790.84</b>	<b>107,377.70</b>
<b>General Expenditures</b>												
Insurance Expense-Other (Boilers)	500.00	507.50	515.11	522.84	530.68	538.64	546.72	554.92	563.25	571.69	580.27	588.97
Insurance Expense-Property	5,000.00	5,075.00	5,151.13	5,228.39	5,306.82	5,386.42	5,467.22	5,549.22	5,632.46	5,716.95	5,802.70	5,889.74
Insurance Expense-Gen Liability	6,500.00	6,597.50	6,696.46	6,796.91	6,898.86	7,002.35	7,107.38	7,213.99	7,322.20	7,432.03	7,543.52	7,656.67
Payments in Lieu of Taxes	39,403.82	39,994.88	40,594.80	41,203.72	41,821.78	42,449.10	43,085.84	43,732.13	44,388.11	45,053.93	45,729.74	46,415.69
<b>Total General Expenses</b>	<b>51,403.82</b>	<b>52,174.88</b>	<b>52,957.50</b>	<b>53,751.86</b>	<b>54,558.14</b>	<b>55,376.51</b>	<b>56,207.16</b>	<b>57,050.27</b>	<b>57,906.02</b>	<b>58,774.61</b>	<b>59,656.23</b>	<b>60,551.08</b>
<b>Total Operating Expenses</b>	<b>317,406.13</b>	<b>322,167.22</b>	<b>326,999.73</b>	<b>331,904.73</b>	<b>336,883.30</b>	<b>341,936.55</b>	<b>347,065.59</b>	<b>352,271.58</b>	<b>357,555.65</b>	<b>362,918.99</b>	<b>368,362.77</b>	<b>373,888.21</b>
<b>Net Profit (Loss)</b>	<b>212,995.97</b>	<b>216,190.91</b>	<b>219,433.77</b>	<b>222,725.28</b>	<b>226,066.16</b>	<b>229,457.15</b>	<b>232,899.01</b>	<b>236,392.49</b>	<b>239,938.38</b>	<b>243,537.46</b>	<b>247,190.52</b>	<b>250,898.38</b>

**Average Available for Debt Service 10 Yr** 231,383.11  
**Average Available for Debt Service 20 Yr** 249,956.33  
**Resulting Allowable Debt 10 yr G.O. 2.5%** 2,024,602.24  
**Resulting Allowable Debt 20 Yr Revenue 6.0%\*\*** 2,043,642.96

\*Water, Gas, and Electric Utilities assumed to be 50% fixed and 50% variable depending on Occupancy  
\*\*Revenue Bond Assumes Coverage Ratio Requirement of 1.25 and Reserve Account Requirement equal to 1 years debt service



**Edgewater Manor  
Financial Projection 2016-2035  
Scenario 4c-Slightly Pessimistic**

	2015 Budget	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Key Variables and Resulting Borrowing Ability</b>			<b>Borrowing Ability</b>									
Vacancy Rate	<b>17.00%</b>		<b>Average Available for Debt Service 20 Yr</b>			<b>\$55,692.39</b>						
Initial Rental Rate	<b>530.00</b>		<b>Resulting Allowable Debt 10 yr G.O. 2.5%</b>			<b>\$622,084.56</b>						
Rate of Rental Increase	<b>1.50%</b>		<b>Resulting Allowable Debt 20 Yr Revenue 6.0%**</b>			<b>\$455,340.95</b>						
Rate of Expense Increase	<b>2.50%</b>						<b>10 Years</b>	<b>20 Years</b>				
Building Repair Expenses as % of current budgeted	<b>150.00%</b>					<b>Cumul. Surplus/(Deficit): Borrow \$2.275 Million G.O.</b>	<b>(1,888,426.21)</b>	<b>(1,485,532.29)</b>				
						<b>Cumul. Surplus/(Deficit): Borrow \$2.275 Million Rev.</b>	<b>(1,272,494.88)</b>	<b>(2,853,049.29)</b>				
<b>Operating Receipts</b>												
Gross Potential Rents	516,300.00	524,044.50	531,905.17	539,883.75	547,982.00	556,201.73	564,544.76	573,012.93	581,608.12	590,332.24	599,187.23	608,175.04
Vacancy Loss	87,771.00	89,087.57	90,423.88	91,780.24	93,156.94	94,554.29	95,972.61	97,412.20	98,873.38	100,356.48	101,861.83	103,389.76
<b>Total Rental Income</b>	<b>428,529.00</b>	<b>434,956.94</b>	<b>441,481.29</b>	<b>448,103.51</b>	<b>454,825.06</b>	<b>461,647.44</b>	<b>468,572.15</b>	<b>475,600.73</b>	<b>482,734.74</b>	<b>489,975.76</b>	<b>497,325.40</b>	<b>504,785.28</b>
Other Income - A/C	1,660.00	1,684.90	1,710.17	1,735.83	1,761.86	1,788.29	1,815.12	1,842.34	1,869.98	1,898.03	1,926.50	1,955.40
Other Income - Cable Revenue	24,202.80	24,565.84	24,934.33	25,308.34	25,687.97	26,073.29	26,464.39	26,861.35	27,264.27	27,673.24	28,088.34	28,509.66
Other Income - Laundry Revenue	6,640.00	6,739.60	6,840.69	6,943.30	7,047.45	7,153.17	7,260.46	7,369.37	7,479.91	7,592.11	7,705.99	7,821.58
Other Income - Vending Machine Revenue	2,372.14	2,407.72	2,443.84	2,480.50	2,517.70	2,555.47	2,593.80	2,632.71	2,672.20	2,712.28	2,752.97	2,794.26
<b>Total Operating Income</b>	<b>463,403.94</b>	<b>470,355.00</b>	<b>477,410.32</b>	<b>484,571.48</b>	<b>491,840.05</b>	<b>499,217.65</b>	<b>506,705.92</b>	<b>514,306.51</b>	<b>522,021.10</b>	<b>529,851.42</b>	<b>537,799.19</b>	<b>545,866.18</b>
<b>Operating Expenditures - Administration</b>												
Management Fee	29,997.03	30,446.99	30,903.69	31,367.25	31,837.75	32,315.32	32,800.05	33,292.05	33,791.43	34,298.30	34,812.78	35,334.97
Marketing	5,000.00	5,125.00	5,253.13	5,384.45	5,519.06	5,657.04	5,798.47	5,943.43	6,092.01	6,244.31	6,400.42	6,560.43
Office Expense (publications, misc)	100.00	102.50	105.06	107.69	110.38	113.14	115.97	118.87	121.84	124.89	128.01	131.21
Office Supplies	500.00	512.50	525.31	538.45	551.91	565.70	579.85	594.34	609.20	624.43	640.04	656.04
Auditing Fees	2,000.00	2,050.00	2,101.25	2,153.78	2,207.63	2,262.82	2,319.39	2,377.37	2,436.81	2,497.73	2,560.17	2,624.17
<b>Total Administrative Expenses</b>	<b>37,597.03</b>	<b>38,236.99</b>	<b>38,888.44</b>	<b>39,551.61</b>	<b>40,226.73</b>	<b>40,914.02</b>	<b>41,613.72</b>	<b>42,326.06</b>	<b>43,051.29</b>	<b>43,789.66</b>	<b>44,541.42</b>	<b>45,306.83</b>
<b>Utilities Expenditures</b>												
Water and Sewer*	16,392.62	16,802.44	17,222.50	17,653.06	18,094.39	18,546.74	19,010.41	19,485.67	19,972.82	20,472.14	20,983.94	21,508.54
Cable	34,891.25	35,763.53	36,657.62	37,574.06	38,513.41	39,476.25	40,463.15	41,474.73	42,511.60	43,574.39	44,663.75	45,780.34
Phone	1,572.81	1,612.13	1,652.43	1,693.74	1,736.09	1,779.49	1,823.98	1,869.58	1,916.32	1,964.22	2,013.33	2,063.66
Gas and Electric*	72,860.90	74,682.42	76,549.48	78,463.22	80,424.80	82,435.42	84,496.31	86,608.71	88,773.93	90,993.28	93,268.11	95,599.81
<b>Total Utilities Expense</b>	<b>125,718.58</b>	<b>128,861.54</b>	<b>132,083.08</b>	<b>135,385.16</b>	<b>138,769.79</b>	<b>142,239.03</b>	<b>145,795.01</b>	<b>149,439.89</b>	<b>153,175.88</b>	<b>157,005.28</b>	<b>160,930.41</b>	<b>164,953.67</b>
<b>Maintenance Expenditures</b>												
Building Repairs	150,000.00	153,750.00	157,593.75	161,533.59	165,571.93	169,711.23	173,954.01	178,302.86	182,760.43	187,329.45	192,012.68	196,813.00
Materials	7,500.00	7,687.50	7,879.69	8,076.68	8,278.60	8,485.56	8,697.70	8,915.14	9,138.02	9,366.47	9,600.63	9,840.65
Contract Costs-Elevator Maintenance	5,000.00	5,125.00	5,253.13	5,384.45	5,519.06	5,657.04	5,798.47	5,943.43	6,092.01	6,244.31	6,400.42	6,560.43
Contract Costs-Grounds-Lawn	2,000.00	2,050.00	2,101.25	2,153.78	2,207.63	2,262.82	2,319.39	2,377.37	2,436.81	2,497.73	2,560.17	2,624.17
Contract Costs-Grounds-Snow	3,000.00	3,075.00	3,151.88	3,230.67	3,311.44	3,394.22	3,479.08	3,566.06	3,655.21	3,746.59	3,840.25	3,936.26
Contract Costs-Garbage & Trash Removal	3,656.50	3,747.91	3,841.61	3,937.65	4,036.09	4,136.99	4,240.42	4,346.43	4,455.09	4,566.47	4,680.63	4,797.64
<b>Total Maintenance Expense</b>	<b>171,156.50</b>	<b>175,435.41</b>	<b>179,821.30</b>	<b>184,316.83</b>	<b>188,924.75</b>	<b>193,647.87</b>	<b>198,489.07</b>	<b>203,451.29</b>	<b>208,537.58</b>	<b>213,751.01</b>	<b>219,094.79</b>	<b>224,572.16</b>
<b>General Expenditures</b>												
Insurance Expense-Other (Boilers)	500.00	512.50	525.31	538.45	551.91	565.70	579.85	594.34	609.20	624.43	640.04	656.04
Insurance Expense-Property	5,000.00	5,125.00	5,253.13	5,384.45	5,519.06	5,657.04	5,798.47	5,943.43	6,092.01	6,244.31	6,400.42	6,560.43
Insurance Expense-Gen Liability	6,500.00	6,662.50	6,829.06	6,999.79	7,174.78	7,354.15	7,538.01	7,726.46	7,919.62	8,117.61	8,320.55	8,528.56
Payments in Lieu of Taxes	33,927.55	34,347.21	34,770.93	35,198.72	35,630.59	36,066.53	36,506.54	36,950.63	37,398.80	37,851.03	38,307.33	38,767.69
<b>Total General Expenses</b>	<b>45,927.55</b>	<b>46,647.21</b>	<b>47,378.43</b>	<b>48,121.41</b>	<b>48,876.34</b>	<b>49,643.43</b>	<b>50,422.86</b>	<b>51,214.86</b>	<b>52,019.63</b>	<b>52,837.39</b>	<b>53,668.35</b>	<b>54,512.73</b>
<b>Total Operating Expenses</b>	<b>380,399.66</b>	<b>389,181.15</b>	<b>398,171.25</b>	<b>407,375.02</b>	<b>416,797.61</b>	<b>426,444.35</b>	<b>436,320.66</b>	<b>446,432.10</b>	<b>456,784.39</b>	<b>467,383.35</b>	<b>478,234.97</b>	<b>489,345.39</b>
<b>Net Profit (Loss)</b>	<b>83,004.28</b>	<b>81,173.85</b>	<b>79,239.07</b>	<b>77,196.46</b>	<b>75,042.44</b>	<b>72,773.30</b>	<b>70,385.26</b>	<b>67,874.40</b>	<b>65,236.72</b>	<b>62,468.07</b>	<b>59,564.22</b>	<b>56,520.79</b>

**Average Available for Debt Service 10 Yr** 71,095.38  
**Average Available for Debt Service 20 Yr** 55,692.39  
**Resulting Allowable Debt 10 yr G.O. 2.5%** 622,084.56  
**Resulting Allowable Debt 20 Yr Revenue 6.0%\*\*** 455,340.95

\*Water, Gas, and Electric Utilities assumed to be 50% fixed and 50% variable depending on Occupancy  
\*\*Revenue Bond Assumes Coverage Ratio Requirement of 1.25 and Reserve Account Requirement equal to 1 years debt service



**Edgewater Manor  
Financial Projection 2016-2035  
Scenario 5c-More Pessimistic**

	2015 Budget	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Key Variables and Resulting Borrowing Ability</b>												
		Borrowing Ability										
Vacancy Rate	35.00%	Average Available for Debt Service 20 Yr				-\$141,248.73						
Initial Rental Rate	530.00	Resulting Allowable Debt 10 yr G.O. 2.5%				-\$765,873.90						
Rate of Rental Increase	1.00%	Resulting Allowable Debt 20 Yr Revenue 6.0%**				-\$1,154,849.64						
Rate of Expense Increase	3.00%						10 Years	20 Years				
Building Repair Expenses as % of current budgeted	200.00%						Cumul. Surplus/(Deficit): Borrow \$2.275 Million G.O.	(3,474,664.46)	(5,424,354.66)			
							Cumul. Surplus/(Deficit): Borrow \$2.275 Million Rev.	(2,858,733.13)	(6,791,871.66)			
<b>Operating Receipts</b>												
Gross Potential Rents	516,300.00	521,463.00	526,677.63	531,944.41	537,263.85	542,636.49	548,062.85	553,543.48	559,078.92	564,669.71	570,316.40	576,019.57
Vacancy Loss	180,705.00	182,512.05	184,337.17	186,180.54	188,042.35	189,922.77	191,822.00	193,740.22	195,677.62	197,634.40	199,610.74	201,606.85
<b>Total Rental Income</b>	<b>335,595.00</b>	<b>338,950.95</b>	<b>342,340.46</b>	<b>345,763.86</b>	<b>349,221.50</b>	<b>352,713.72</b>	<b>356,240.85</b>	<b>359,803.26</b>	<b>363,401.30</b>	<b>367,035.31</b>	<b>370,705.66</b>	<b>374,412.72</b>
Other Income - A/C	1,300.00	1,313.00	1,326.13	1,339.39	1,352.79	1,366.31	1,379.98	1,393.78	1,407.71	1,421.79	1,436.01	1,450.37
Other Income - Cable Revenue	18,954.00	19,143.54	19,334.98	19,528.33	19,723.61	19,920.84	20,120.05	20,321.25	20,524.47	20,729.71	20,937.01	21,146.38
Other Income - Laundry Revenue	5,200.00	5,252.00	5,304.52	5,357.57	5,411.14	5,465.25	5,519.90	5,575.10	5,630.85	5,687.16	5,744.04	5,801.48
Other Income - Vending Machine Revenue	1,857.70	1,876.28	1,895.04	1,913.99	1,933.13	1,952.46	1,971.99	1,991.71	2,011.62	2,031.74	2,052.06	2,072.58
<b>Total Operating Income</b>	<b>362,906.70</b>	<b>366,535.77</b>	<b>370,201.12</b>	<b>373,903.14</b>	<b>377,642.17</b>	<b>381,418.59</b>	<b>385,232.77</b>	<b>389,085.10</b>	<b>392,975.95</b>	<b>396,905.71</b>	<b>400,874.77</b>	<b>404,883.52</b>
<b>Operating Expenditures - Administration</b>												
Management Fee	23,491.65	23,726.57	23,963.83	24,203.47	24,445.51	24,689.96	24,936.86	25,186.23	25,438.09	25,692.47	25,949.40	26,208.89
Marketing	5,000.00	5,150.00	5,304.50	5,463.64	5,627.54	5,796.37	5,970.26	6,149.37	6,333.85	6,523.87	6,719.58	6,921.17
Office Expense (publications, misc)	100.00	103.00	106.09	109.27	112.55	115.93	119.41	122.99	126.68	130.48	134.39	138.42
Office Supplies	500.00	515.00	530.45	546.36	562.75	579.64	597.03	614.94	633.39	652.39	671.96	692.12
Auditing Fees	2,000.00	2,060.00	2,121.80	2,185.45	2,251.02	2,318.55	2,388.10	2,459.75	2,533.54	2,609.55	2,687.83	2,768.47
<b>Total Administrative Expenses</b>	<b>31,091.65</b>	<b>31,554.57</b>	<b>32,026.67</b>	<b>32,508.20</b>	<b>32,999.37</b>	<b>33,500.44</b>	<b>34,011.66</b>	<b>34,533.27</b>	<b>35,065.54</b>	<b>35,608.75</b>	<b>36,163.16</b>	<b>36,729.07</b>
<b>Utilities Expenditures</b>												
Water and Sewer*	14,464.10	14,898.02	15,344.96	15,805.31	16,279.47	16,767.86	17,270.89	17,789.02	18,322.69	18,872.37	19,438.54	20,021.70
Cable	34,891.25	35,937.99	37,016.13	38,126.61	39,270.41	40,448.52	41,661.98	42,911.84	44,199.19	45,525.17	46,890.92	48,297.65
Phone	1,572.81	1,619.99	1,668.59	1,718.65	1,770.21	1,823.32	1,878.02	1,934.36	1,992.39	2,052.16	2,113.73	2,177.14
Gas and Electric*	63,999.50	65,919.49	67,897.07	69,933.98	72,032.00	74,192.96	76,418.75	78,711.31	81,072.65	83,504.83	86,009.98	88,590.28
<b>Total Utilities Expense</b>	<b>114,928.66</b>	<b>118,376.52</b>	<b>121,927.82</b>	<b>125,585.65</b>	<b>129,353.22</b>	<b>133,233.82</b>	<b>137,230.83</b>	<b>141,347.76</b>	<b>145,588.19</b>	<b>149,955.83</b>	<b>154,454.51</b>	<b>159,088.14</b>
<b>Maintenance Expenditures</b>												
Building Repairs	200,000.00	206,000.00	212,180.00	218,545.40	225,101.76	231,854.81	238,810.46	245,974.77	253,354.02	260,954.64	268,783.28	276,846.77
Materials	7,500.00	7,725.00	7,956.75	8,195.45	8,441.32	8,694.56	8,955.39	9,224.05	9,500.78	9,785.80	10,079.37	10,381.75
Contract Costs-Elevator Maintenance	5,000.00	5,150.00	5,304.50	5,463.64	5,627.54	5,796.37	5,970.26	6,149.37	6,333.85	6,523.87	6,719.58	6,921.17
Contract Costs-Grounds-Lawn	2,000.00	2,060.00	2,121.80	2,185.45	2,251.02	2,318.55	2,388.10	2,459.75	2,533.54	2,609.55	2,687.83	2,768.47
Contract Costs-Grounds-Snow	3,000.00	3,090.00	3,182.70	3,278.18	3,376.53	3,477.82	3,582.16	3,689.62	3,800.31	3,914.32	4,031.75	4,152.70
Contract Costs-Garbage & Trash Removal	3,656.50	3,766.20	3,879.18	3,995.56	4,115.42	4,238.89	4,366.05	4,497.03	4,631.94	4,770.90	4,914.03	5,061.45
<b>Total Maintenance Expense</b>	<b>221,156.50</b>	<b>227,791.20</b>	<b>234,624.93</b>	<b>241,663.68</b>	<b>248,913.59</b>	<b>256,381.00</b>	<b>264,072.43</b>	<b>271,994.60</b>	<b>280,154.44</b>	<b>288,559.07</b>	<b>297,215.84</b>	<b>306,132.32</b>
<b>General Expenditures</b>												
Insurance Expense-Other (Boilers)	500.00	515.00	530.45	546.36	562.75	579.64	597.03	614.94	633.39	652.39	671.96	692.12
Insurance Expense-Property	5,000.00	5,150.00	5,304.50	5,463.64	5,627.54	5,796.37	5,970.26	6,149.37	6,333.85	6,523.87	6,719.58	6,921.17
Insurance Expense-Gen Liability	6,500.00	6,695.00	6,895.85	7,102.73	7,315.81	7,535.28	7,761.34	7,994.18	8,234.01	8,481.03	8,735.46	8,997.52
Payments in Lieu of Taxes	25,713.14	25,813.34	25,909.84	26,002.46	26,091.00	26,175.29	26,255.12	26,330.29	26,400.60	26,465.81	26,525.71	26,580.07
<b>Total General Expenses</b>	<b>37,713.14</b>	<b>38,173.34</b>	<b>38,640.64</b>	<b>39,115.18</b>	<b>39,597.11</b>	<b>40,086.58</b>	<b>40,583.75</b>	<b>41,088.78</b>	<b>41,601.84</b>	<b>42,123.09</b>	<b>42,652.71</b>	<b>43,190.88</b>
<b>Total Operating Expenses</b>	<b>404,889.95</b>	<b>415,895.63</b>	<b>427,220.06</b>	<b>438,872.71</b>	<b>450,863.29</b>	<b>463,201.83</b>	<b>475,898.66</b>	<b>488,964.40</b>	<b>502,410.01</b>	<b>516,246.74</b>	<b>530,486.22</b>	<b>545,140.41</b>
<b>Net Profit (Loss)</b>	<b>(41,983.25)</b>	<b>(49,359.86)</b>	<b>(57,018.94)</b>	<b>(64,969.57)</b>	<b>(73,221.12)</b>	<b>(81,783.25)</b>	<b>(90,665.89)</b>	<b>(99,879.30)</b>	<b>(109,434.05)</b>	<b>(119,341.03)</b>	<b>(129,611.45)</b>	<b>(140,256.89)</b>

Average Available for Debt Service 10 Yr -87,528.45  
Average Available for Debt Service 20 Yr -141,248.73  
Resulting Allowable Debt 10 yr G.O. 2.5% -765,873.90  
Resulting Allowable Debt 20 Yr Revenue 6.0%\*\* -1,154,849.64

\*Water, Gas, and Electric Utilities assumed to be 50% fixed and 50% variable depending on Occupancy  
\*\*Revenue Bond Assumes Coverage Ratio Requirement of 1.25 and Reserve Account Requirement equal to 1 years debt service



City of Stevens Point  
1515 Strongs Avenue  
Stevens Point, WI 54481-3594



**Corey D. Ladick**  
**Comptroller-Treasurer**

Phone: 715-346-1574  
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September 3, 2015

To: Stevens Point Common Council

Re: Housing Trust Funds and Edgewater

The topic of the Housing Trust Funds, and how they relate to Edgewater Manor, has come up. The Housing Trust Funds were established in the early 1990's by the Community Development Authority with proceeds from the refinancing of the debt that originally built Edgewater Manor. The current balance is just over \$2.2 million. The funds were designated for housing related purposes, and have primarily been used for interest free housing rehabilitation loans. The loans do not require any payments until the house is sold, at which time the balance is paid off and the funds can be used to make another loan for someone else. Indeed, this is a very valuable program and has helped many low to moderate income residents make necessary home improvements.

In relation to Edgewater, the Housing Trust Funds have also been used in the past to cover shortfalls at Edgewater. Naturally, when Edgewater was being transferred from the Redevelopment Authority to the City, there were questions over whether or not the Housing Trust Funds should play any role in supporting Edgewater, and if the Housing Trust Funds would still be used to cover shortfalls at Edgewater, or if this would now fall on taxpayers.

There are legitimate arguments on both sides. On one hand, the money did originally come from Edgewater, and if the money had stayed with Edgewater, the current situation would likely be very different. On the other hand, the Housing Trust Fund loan programs have been successful in promoting housing rehabilitation throughout the City, rehabilitation that the owners may have been unable to afford otherwise. Certainly, reluctance to take away from these activities is also understandable.

Currently, though, it may be a moot point anyway. The City Attorney does not believe that the City Council would have any say over those funds because they are under the Redevelopment Authority, which is a separate body. Since the City already accepted Edgewater, it is fairly difficult to negotiate at this point. That is why I suggested that this issue be addressed at the August Council meeting.



# Memo

**Michael Ostrowski, Director**

Community Development

City of Stevens Point

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Stevens Point, WI 54481

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mostrowski@stevenspoint.com

To: Alderpersons  
From: Michael Ostrowski  
CC:  
Date: 9/3/2015  
Subject: Edgewater Manor

In August, the Council formally accepted Edgewater Manor from the Redevelopment Authority (RA) due to the limited options that the RA had regarding the property. The special Council meeting on September 9, 2015 will be an opportunity to discuss the history of the property and some of the options that you can consider regarding the property, and their implications.

In regards to options, there are several that you can consider:

1. **Fund the needed repairs** – As you know, the RA hired an architect to conduct a needs assessment on the property to get a better understanding of what repairs may need to be done to the property. The architect provided a large list of repairs relating to life safety, energy/maintenance, and cosmetic. While the list was fairly significant, not all of the repairs need to be completed immediately. The intent of the analysis was to get a better understanding of potential costs relating to the property.

In reviewing the list, at least two of them will need to be completed soon, the façade and the parking lot. In addition to these two, if you choose to do the repairs and keep this facility long-term, I would recommend also completing the windows and potentially the AC units. While some may say to wait on doing the windows until Edgewater has enough funds to pay back any loan it receives, doing the windows at the same time as the façade replacement will likely result in lower overall costs for installation, as well as reduce heating bills. Furthermore, if it is the City's intent to keep this building long-term, installing the A/C units during this time would also be more cost advantageous than in the future. These items would total about \$1.7 million.

Other repairs can take place as needed, or when funding allows. However, depending on the scope and cost of the repairs, Edgewater Manor may not be able to financially support them.

The other factor that should be taken into consideration is the potential of additional supply of senior housing being introduced in the market. While the occupancy rate at Edgewater Manor has increased recently, additional supply could be introduced into the market that could impact Edgewater Manor's ability to keep a high occupancy rate, especially if no cosmetic repairs are completed.

2. **Sell the property** – Selling the property can be done in a number of different ways, including, but not limited to putting the property officially up for sale (i.e. realtor), negotiating with potential developers or purchasers, or doing an official request for proposals, as was done in the past.

In looking at this option, you will need to decide what the ultimate goal(s) is(are) for the property. Meaning, is(are) the ultimate goal(s) for the property to keep it senior housing, or is it something else, such as trying to redevelop the property to the its fullest potential. The reason I bring this up is that having an idea of what you want for the property will be critical if you choose this option. For example, if you put out a request for proposals, the criteria used to judge each proposal will be different based on what the goal(s) is(are) for the property. Please keep in mind that if you choose this option, there is no guarantee what type of offers will be submitted for the property.

3. **Look for other financing sources/options** – There is the potential that other funding sources exist for the property, such as doing a tax credit project with a developer. The challenge with a tax credit project is that project proposals are due at the end of January, and Edgewater is not in the most opportune census tract to earn the most points. Tax credit projects are competitive and projects that earn the most points are the ones that typically go forward.

In addition to a tax credit project, there may also be the potential to get some Community Development Block Grant funds to help fund a project, however, these funds are dwindling significantly.

While the options listed above are not the only options available, they do represent one of the more likely choices. Ultimately, it will be up to you to determine the course for this property. The course will be based on a number of factors for you to consider, such as the existing tenants, financing, opportunity costs, as well as other options for the property. While this is not an easy decision, a decision should be made in a timely fashion, as uncertainty presents many challenges and disruptions for all parties involved.

If you have any further questions, or would like any additional information, please do not hesitate to contact me.