



March 22, 2018

RE: Novation Campus Mortgage Subordination request

CDBG Commission:

Tech Building I, LLC, an affiliate of the Alexander Company, owns a building at 145 E. Badger Rd. in the Town of Madison. The 55,000 square foot building is leased to Exact Sciences for use as their lab. At last count, Exact had created approximately 250 jobs in the building and is now a major employer in the Novation Campus and the Southdale Neighborhood. By all accounts, the project has been a significant economic development success story creating an economic engine on what was once a brownfield. The County assisted with the original financing by providing a CDBG loan to the owner secured by a subordinate mortgage. The senior debt, which was financed in part through a rather complicated New Market Tax Credit structure, is coming due and the structure is scheduled to be unwound in April. New financing will be provided by Park Bank, which will include funds to help finance Exact Sciences' expansion within the building. As part of the agreement with Exact, they have extended their lease term securing their presence in the building for over nine more years. As is typical in such a refinancing, the senior lender will require that the County's loan be subordinated to the new mortgage through the execution of a subordination agreement. The agreement will utilize the County's form document substantially similar to the one used at the time of the prior financing.

Sincerely,

Matt Meier

The Alexander Company, Inc.

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