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## Executive Summary

This letter confirms that Baker Tilly has been hired as lead consultants to perform an economic analysis of the luxury residential apartments to be constructed within the Ballpark Commons Project ("Ballpark Commons Project" or "Project"). Implementation of the Project will have material positive impact on the economy within the region where the Project will be located. The region selected for the analysis of the Project's impacts is the City of Franklin, Wisconsin. This Region is composed of zip codes 53132 and 53221, where it is expected that the preponderance of the Project's economic impacts will occur.

The Project's anticipated economic impacts will derive from: 1) spending by the Project's developer on project construction ("Construction Impacts") and 2) the operating activities of the Project's residential component, which will include revenue from the leasing of the units ("Residential Impacts"). The following summarizes the primary conclusions of the economic impact analysis of the Project.

- The Project will result in the creation of approximately **499** total new direct, indirect and induced jobs from the development and operation of the project.
- The Project will increase output in the region by approximately **\$81.65 million** and, thus, will generate significant and positive economic benefits for the regional economy. This amount includes **\$75.11 million** in output from development and **\$6.54 million** from project operation.
- The Project will increase household earnings (labor income) within the region by approximately **\$27.55 million**, of which **\$23.42 million** will be considered disposable income.
- Approximately **\$3.60 million** in household income will be spent within the project region at local businesses. Once project development has concluded, approximately \$90,500 will be spent at local businesses on an annual basis.

## Methodologies

The Project's output, earnings and job creation impacts, including those summarized above, were evaluated using the IMPLAN regional economic impact model. IMPLAN is a widely adopted economic input-output framework that quantifies the inter-relationships of the economic sectors within a defined region as a basis to evaluate the level and direction of anticipated impacts to that economy due to implementation of a specific project or policy under consideration.

Total anticipated spending by the Project's developers to build the Project is \$55.67 million (including land) in 2019 dollars. This is composed primarily of \$43.79 million slated for the Project's actual construction and \$8.98 million of eligible expenditures for Project soft costs. All of this spending is presumed to occur within the City of Franklin on the labor and non-labor inputs necessary to construct the Project ("Direct Impacts"). The spending to construct the Project will also have subsequent additional impacts, often referred to as "secondary" impacts, on the Region's economy as that direct spending flows through the Region's businesses driving additional purchases of goods and services ("Indirect Impacts") and spending of income by individuals receiving compensation for their labor both directly from the Project and secondarily from an increase in regional economic activity driven by the Project construction-related spending ("Induced Impacts"). Accordingly, the Project's implementation will create a range of regional business and employment opportunities for its existing and potentially new residents attracted by those opportunities.

Based on the IMPLAN model for the two zip codes, the estimated \$52.77 million of spending to construct the Project is expected to generate total economic output in the Region of \$75.11 million, which includes the \$52.77 million of direct spending to construct the Project and an additional approximately \$22.34 million of resulting secondary economic activity, which in IMPLAN are referred to as "Indirect and Induced Impacts". The approximately \$75.11 million of output impacts will result in the creation of approximately 478 total jobs within the Region and an increase in the Region's household earnings (composed of wage and salary income, benefits and proprietor income) of approximately \$26.86 million, of which approximately \$22.8 million would be considered disposable income.

In addition to the total output, earning and job creation impacts of the Project's construction, the Project will have ongoing economic impacts from its operations. The revenue generated by the Project's residential tenants is projected to stabilize beginning the second year of the Project's operations at approximately \$5.76 million annually. These anticipated residential tenants will generate jobs directly within the Region's real estate sector and have secondary impacts and create business and employment opportunities within the Region as a result of associated flow-through spending on goods and services. Based on IMPLAN, the \$5.76 million of projected residential leasing income will result in a total increase in regional output of \$6.54 million, which includes the \$5.76 million of direct output from the Project's residential leasing income and an additional approximately \$0.78 million of resulting secondary economic activity. The approximately \$6.54 million of output impacts will result in the creation of approximately 21 total jobs within the Region and an increase in the Region's earnings (composed of wage and salary

income, benefits and proprietor income) of approximately \$0.69 million, of which \$0.59 million would be considered disposable income.

The project will have a positive effect on the local economy during development and then annually due to ongoing operations. Induced effects of household income is the additional consumer spending that happens as employees, residents and others spend their income within the local economy. The project will inject approximately \$3.60 million of household income into the local economy, of which \$90,500 will be spent annually at local businesses once development is complete.

Table 1 summarizes the overall impact conclusions of the Project by broad economic sector.

Table 1

<b>IMPACTS OF BALLPARK COMMONS PROJECT</b>				
<b>INDUSTRY GROUP</b>	<b>OUTPUT</b>	<b>EARNINGS</b>	<b>JOB CREATION</b>	<b>EARNINGS PER JOB</b>
Agriculture, forestry, fishing	\$ 4,937	\$ 1,586	0.1	\$ 27,235
Mining	\$ 715	\$ 2,597	0.0	\$ 711,599
Utilities	\$ 513,644	\$ 55,753	0.4	\$ 142,568
Construction	\$ 46,860,134	\$ 17,232,052	279.4	\$ 61,675
Durable Goods Manufacturing	\$ 134,356	\$ 10,137	0.2	\$ 46,007
Non Durable Goods Manufacturing	\$ 1,030,727	\$ 247,133	3.5	\$ 69,719
Wholesale Trade	\$ 1,622,473	\$ 643,344	6.5	\$ 98,266
Retail Trade	\$ 6,037,143	\$ 2,518,355	77.3	\$ 32,559
Transportation and Warehousing	\$ 1,371,488	\$ 561,062	7.7	\$ 72,962
Information	\$ 331,975	\$ 75,319	1.0	\$ 73,892
Finance and Insurance	\$ 3,084,932	\$ 1,067,755	16.4	\$ 65,230
Real estate and rental and leasing	\$ 11,440,410	\$ 801,866	27.3	\$ 29,399
Professional, scientific, services	\$ 2,709,143	\$ 1,498,694	15.4	\$ 97,615
Management of companies	\$ 323,417	\$ 168,192	1.2	\$ 136,569
Administrative and waste management	\$ 536,219	\$ 266,043	7.2	\$ 36,797
Educational services	\$ 199,538	\$ 125,378	3.5	\$ 35,346
Health care and social assistance	\$ 1,867,462	\$ 1,103,632	16.3	\$ 67,882
Arts, entertainment and recreation	\$ 144,771	\$ 45,216	3.2	\$ 14,259
Accommodation	\$ 196,030	\$ 64,183	1.6	\$ 39,471
Food services and drinking places	\$ 905,810	\$ 301,458	14.4	\$ 20,906
Other services	\$ 458,853	\$ 263,890	6.8	\$ 38,664
Households	\$ 1,877,913	\$ 495,992	9.8	\$ 50,867
<b>TOTAL</b>	<b>\$ 81,652,089</b>	<b>\$ 27,549,635</b>	<b>499.3</b>	<b>\$ 89,522</b>

The table shows, for example, that the estimated total economic impacts on the Region's construction sector includes an approximate increase in output of \$46.86 million, increase in household earnings of almost \$17.23 million, and the creation of approximately 279.4 jobs, which translates to approximately \$61,675 in household earnings per job. Overall, the approximately 499 estimated jobs that would be generated by the Project within the Region's economy would generate average earnings of almost \$89,522 per job.

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