



# MUSCATINE, IA MIXED-USE OPPORTUNITY ZONE PROPOSAL

RESPONSE TO CARVER CORNER RFP  
AUGUST 14TH, 2019



**MERGE**  
URBAN DEVELOPMENT GROUP

MADISON, WI / CEDAR FALLS, IA  
[WWW.MERGEURBANDEVELOPMENT.COM](http://WWW.MERGEURBANDEVELOPMENT.COM)

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# Executed Exhibit A

## Exhibit A

### Proposal Submittal Signature Form

The undersigned attests to his/her authority to submit this proposal and to bind the firm herein named to perform if the firm is selected by the City of Muscatine. The undersigned further certifies that he/she has read the Request for Proposal, terms and conditions, and any other documentation relating to this request; has complied in all respects with all conditions hereof, and this proposal is submitted with full knowledge and understanding of the requirements and time constraints noted herein.

The undersigned hereby further acknowledges that it accepts the terms of the Request for Proposals in its entirety and by the submission of its proposal hereby waives any claims or claims to irregularities that arise out of such RFP, the process employed by the City to solicit and develop proposals, or the RFP evaluation process described in the RFP, and agrees to release and hold harmless the City, its employees, agents, and consultants from any claim, loss, or damage arising therefrom.

The undersigned hereby authorizes any person, firm or corporation to furnish any credit history and financial condition or other information required by the City to verify information related to the firm's submission to the City.

I hereby certify on behalf of the undersigned firm, that the above information is true and correct to the best of my knowledge and that the City may rely on the information provided.

Firm Name:           Merge, LLC          

Home Office Address:           604 Clay Street          

City, State, Zip:           Cedar Falls, IA 50613          

### Name and Title of Representative

Name:           Brent Dahlstrom          

Signature: 

Date:           08-12-2019          



# Developer's Cover Letter

# MERGE

URBAN DEVELOPMENT GROUP

604 Clay Street  
Cedar Falls, IA 50613  
(319) 768-7235

811 E Washington, Suite 500  
Madison, WI 53703  
(715) 450-6181

August 14, 2019

City of Muscatine  
c/o City Clerk / Department of Finance  
215 Sycamore Street  
Muscatine, Iowa 52761

RE: Response to Carver Corner RFP

Dear Muscatine Stakeholders,

On behalf of our development and architectural teams, thank you for the opportunity to submit a proposal in response to the Carver Corner RFP. We believe this plan delivers on the economic and lifestyle goals defined in the City's extensive planning efforts for the riverfront and Muscatine as a whole. Our group seems well-aligned to bring these visions to life.

Proposal Features:

- \$50M+ in project cost // Estimated \$32M increase in taxable value
- Over 300 mixed-income residential units and approximately 20,000 square feet of first-floor, pedestrian-oriented retail
- Flexibility to incorporate expansive riverfront green space or future development on remaining two+ acres
- Designed with Smart Growth Principles: compact design, range of housing choices, walkability, and multimodal balance
- Opportunity Zone Investment driven by a capital group that will report using U.S. Impact Investing Alliance and Beek Center for Social Impact + Innovation at Georgetown University OZ Impact Reporting Framework and prioritize entrepreneurial support through OZ business investments

Thank you again for welcoming us to Muscatine. We look forward to potentially exploring this partnership. Please do not hesitate to contact me with any further questions.

Sincerely,



Brent Dahlstrom



## Contact Us

### **JOY HANNEMANN (PRIMARY CONTACT)**

joy@mergeurbandevelopment.com | (715) 450-6181

### **BRENT DAHLSTROM**

brent@mergeurbandevelopment.com | (319) 768-7235



## *Development Group - Legal Entities / Addresses*

### **DEVELOPMENT ENTITY:**

Merge, LLC  
Iowa Limited Liability Company  
d/b/a Merge Urban Development Group  
604 Clay Street  
Cedar Falls, IA 50613

### **OFFICERS / OWNERS OF MERGE, LLC:**

80% Brent Dahlstrom  
20% Joy Hannemann



# Exhibit B

## Exhibit B

### LISTING OF LAWSUITS OR LITIGATION WITHIN THE PAST FIVE YEARS

#### Lawsuit or Litigation

- 1 - Key West Tanning, LLC, Brent Dahlstrom, and Devin DeGeeter v. Thadd Olson and Darron Olson (Black Hawk Co., LACV127249).
- 2 - RCSI, Inc., v. Brent Dahlstrom; 4D Investments, LLC; DS Rentals, LLC; DS Warehouse, LLC; DW, LLC; Hi Yield, LLC; Park Avenue Lofts, LLC; Peach Basket, LLC; and RBR Holdings II, LLC. (Black Hawk Co., LACV128741).
- 3 - Key West Tanning, LLC, Brent Dahlstrom, and Devin DeGeeter v. Darron Olson and Thadd Olson (Black Hawk Co., CVCV133593).
- 4 - Single Source, LLC v. Brent Dahlstrom, Kyle Hawthorne, and Park Avenue Lofts, LLC (Black Hawk Co., LACV136434).
- 5 - Lancaster INVTs Holdings, LLC and Jon E. Lancaster v. Brent Dahlstrom (Black Hawk Co., LACV137559).

#### Status or Outcome

- 1 - Filed by Key West Tanning, LLC, Brent Dahlstrom, and Devin DeGeeter regarding the purchase of the LLC. The case was settled and dismissed on January 12, 2017.
- 2 - Filed by Rokes Construction for breach of contract against Brent Dahlstrom and his related entities. The case was settled and dismissed with prejudice on September 10, 2018.
- 3 - Filed by Key West Tanning, LLC, Brent Dahlstrom, and Devin DeGeeter for breach of operating agreement regarding a tax deficiency dispute. The case was dismissed on October 19, 2018.
- 4 - Filed by Single Source LLC for breach of contract. The case is currently set for a non-jury trial on November 13, 2019.
- 5 - Filed by Lancaster INVTs Holdings, LLC and Jon Lancaster for arbitration. The case was dismissed without prejudice on June 25, 2019 and is currently in arbitration.

#### Comments

No principal, development entity, or member of the development team has ever been charged with or convicted of a felony.



## *Legal Entity, cont.*

The to-be-formed legal entity that the City would contract with would be a Qualified Opportunity Zone Business entity, an LLC formed in the State of Delaware. The QOZB would be owned by Merge, LLC, the capital partner, and a to-be-formed Qualified Opportunity Zone Fund. The QOZF, also an LLC formed in the State of Delaware, would be managed by Merge, LLC and owned by the capital partner (90% - Skydeck or affiliate) and Merge, LLC (10%). Brent Dahlstrom, Manager, is the party authorized to act on behalf of the proposer. Organizational chart and QOZ assignment language used in similar development agreements is available upon request.



## Who We Are



### **BRENT DAHLSTROM**

604 Clay Street  
Cedar Falls, IA 50613  
Ph. 319-768-7235

The team lead and owner of Merge Urban Development Group and ECHO Development Group. In his home state of Iowa, Brent has developed, owns and manages over 1100 apartment units. Brent has worked with the Slingshot team for nearly five years. Precedent projects are included in the proposal package.



### **JOY HANNEMANN**

Merge, LLC c/o Spaces  
811 East Washington, #500  
Madison, WI 53703  
Ph. 715-450-6181

A partner in Merge Urban Development Group, leading operations in development and property management. Joy is a UW-Eau Claire graduate with experience in construction, real estate investment, venture capital, and family-office management. She is originally from Stratford, WI and is based in Madison.



### **DAN DRENDEL, AIA, LEED AP ARCHITECT**

305 East Court Avenue  
Des Moines, IA 50309  
Ph. 515-494-0104

One of three partners at Slingshot Architecture, based in Des Moines, Iowa. The Slingshot team has built an extensive portfolio of projects that have impacted downtown Des Moines, including infill, historic renovation, and urban mixed-use. Dan leads project workflow through a consistent process that is rich in community engagement to generate meaningful impact.



### **STEVE MILLER, AIA, LEED AP ARCHITECT**

305 East Court Avenue  
Des Moines, IA 50309  
Ph. 515-243-0074  
Cell 319-389-7519

After graduating from Iowa State University in 2007, Steve and his wife moved to Charlottesville, Virginia. After living there and working at Bushman Dreyfus Architects for nine years, Steve and his family relocated back to Iowa and settled in Iowa City. He was drawn to the Slingshot team for a variety of reasons, including its research-focused exploratory approach and high level of community engagement.



# Previous Experience

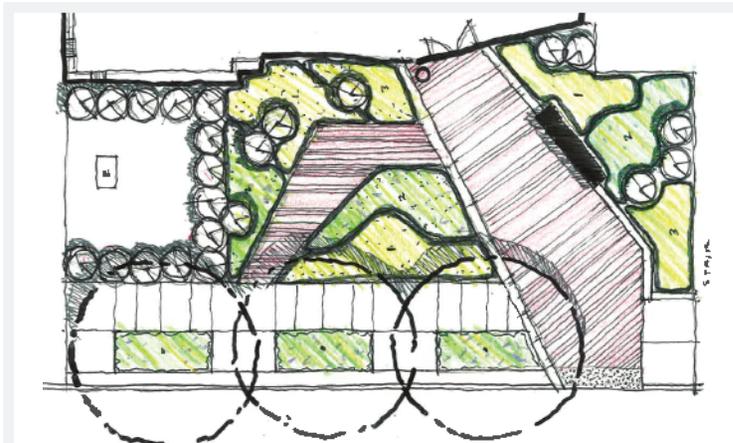
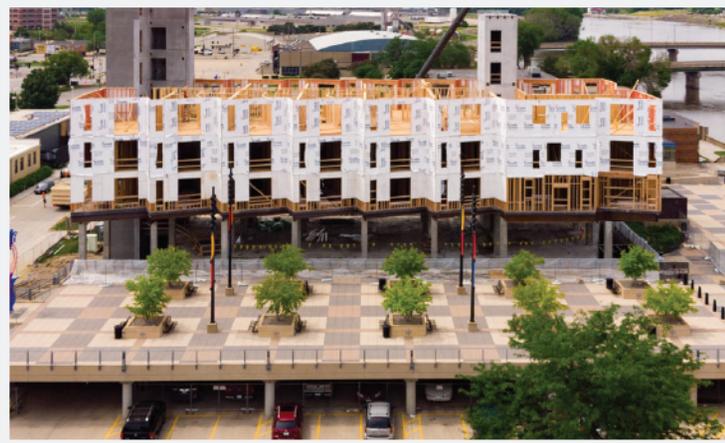


## ART BLOC MIXED-USE DEVELOPMENT

Art Bloc  
Waterloo, Iowa

UNITS: 70    RETAIL: 1,750-3,099 sq ft

This project was one of the first Opportunity Zone developments to break ground in the nation. The existing site had limited “street frontage” and connectivity to the river due to height of the existing raised plaza. To create an active “first floor”, it was critical to create a form that linked the street plane to the plaza out to the amphitheater – an underutilized community asset. The site includes 70 residential units, each with a river-front view.



**PROJECT REFERENCE:**  
Dana Jergenson, Commercial RM Team Manager  
US Bank, N.A., 425 Cedar St., Waterloo, IA 50704  
Ph: (319) 273-8750  
Email: [dana.jergenson@usbank.com](mailto:dana.jergenson@usbank.com)

# Previous Experience

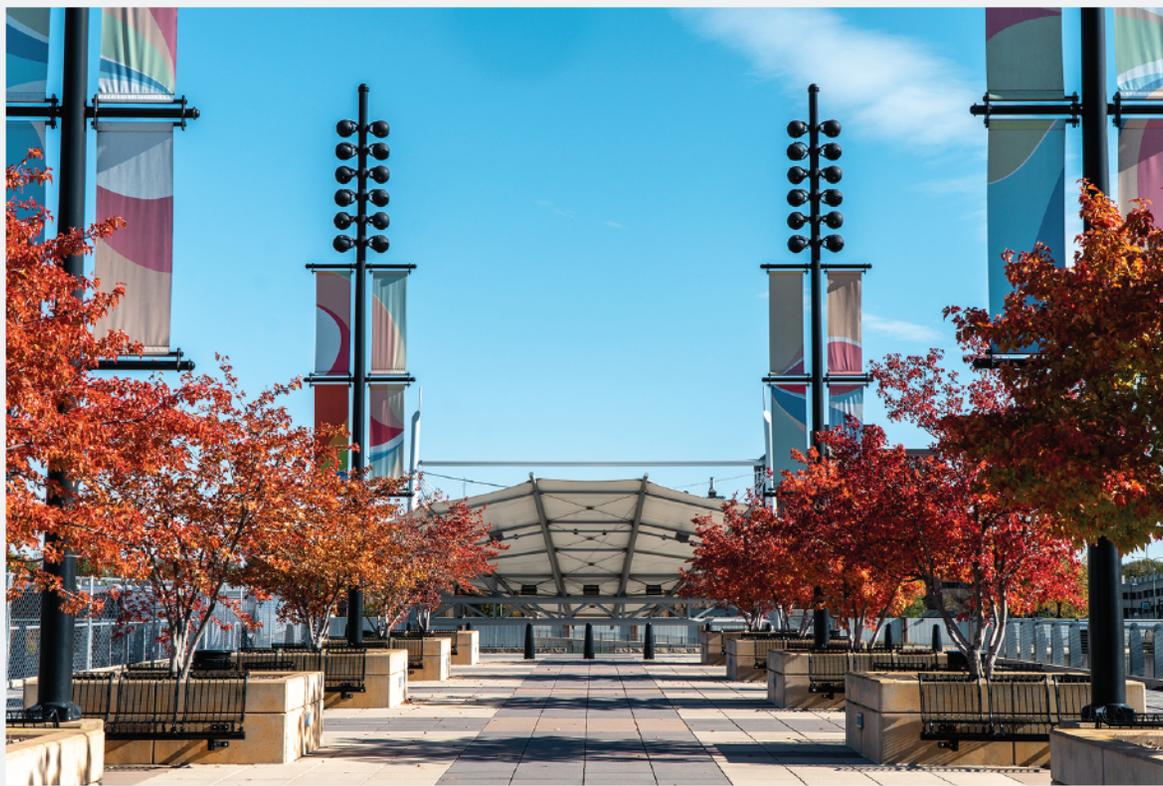


## ART BLOC, CONTINUED MIXED-USE DEVELOPMENT

Art Bloc  
Waterloo, Iowa

UNITS: 70    RETAIL: 1,750-3,099 sq ft

This project was one of the first Opportunity Zone developments to break ground in the nation. The existing site had limited “street frontage” and connectivity to the river due to height of the existing raised plaza. To create an active “first floor”, it was critical to create a form that linked the street plane to the plaza out to the amphitheater – an underutilized community asset. The site includes 70 residential units, each with a river-front view.



# Previous Experience



## MARION ROAD REDEVELOPMENT MIXED-USE DEVELOPMENT

Oshkosh, Wisconsin

UNITS: 240+    RETAIL: 30,000+ sq ft

Oshkosh, WI is a UW-system city located where the Fox River enters Lake Winnebago. Oshkosh is known as "Wisconsin's Event City" because of the year-round events planned around the lake and its music festivals. The Marion Road Redevelopment Plan consists of 3 sites with environmental contamination due to a history of industrial uses. The neighborhood plan encourages community access to the water and offers a range of housing options to encourage a mixed-income urban neighborhood.



# Previous Experience

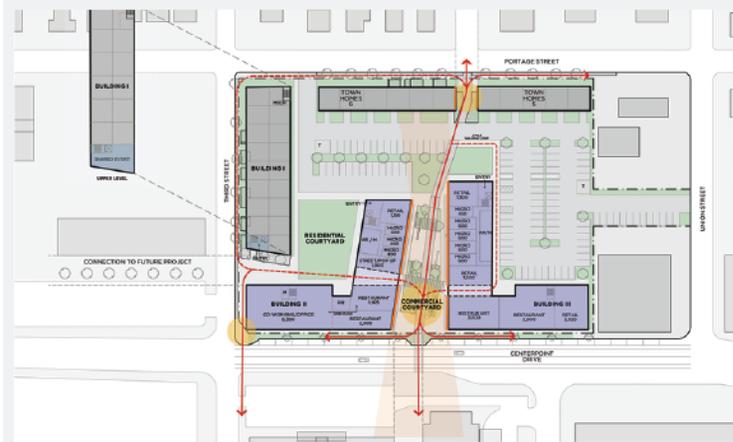


## **NORTH SIDE YARD MIXED-USE DEVELOPMENT**

1017 Third Street  
Stevens Point, Wisconsin

UNITS: 70    RETAIL: 1,750-3,099 sq ft

Merge's first Wisconsin project was unanimously approved in Stevens Point in February 2019. The development's guaranteed taxable value is \$25M. The North Side Yard is over 200 residential units – a mix of furnished micro studios, 1 bedroom, 2 bedroom, and townhomes. The project consists of five total buildings that vary from 2- to 4-story. Two buildings include retail for a total of 30,000 square feet. Design is currently underway, the contractor selected is Market & Johnson, and the development team plans to break ground in July 2019.



**PROJECT REFERENCE:**  
Michael Ostrowski, Director of Community Development/RDA  
City of Stevens Point, 1515 Strongs Avenue, Stevens Point, WI 54481  
Ph: (715) 346-1568 / Cell: (715) 204-2030  
Email: mostrowski@stevenspoint.com

# Previous Experience

## CITY RECEIVES GRANT FOR NORTH SIDE YARD PROJECT

From the City Times



**WISCONSIN ECONOMIC  
DEVELOPMENT CORPORATION**

STEVENS POINT - The Wisconsin Economic Development Corporation (WEDC) has awarded the City of Stevens Point a \$250,000 Community Development Investment (CDI) Grant to support the North Side Yard in downtown Stevens Point.

Merge Urban Development Group plans to begin relocating site utilities within the next month in anticipation of a fall groundbreaking for the North Side Yard. The North Side Yard is a mixed-use development to be constructed on a 3.95-acre vacant lot at 1017 Third Street.

The project will be 210,916 total building square feet; with approximately 211 residential units and nearly 30,000 square feet of commercial/retail area. The estimated value of the development is \$25 million. The name 'North Side Yard' and the stacked timber architectural elements pay homage to the community's beginnings in the lumber industry.

The site was formally known as the 'Lullabye Furniture Site', in reference to the furniture factory that was established at the site in the late 1800s, which subsequently closed in the 1970s. Since then, the City of Stevens Point has invested in removing contamination and making the vital site ready for redevelopment that that would help position downtown Stevens Point as both a destination and a home for residents and visitors.

Today, the City of Stevens Point has a thriving creative economy of makers and young entrepreneurs. North Side Yard will feel like walking into next-generation Stevens Point - with rich spaces to gather, micro retail for startups or makers, and a dense housing mix that is sure to inspire lots of walking and biking activity.

"A vibrant downtown is crucial to a city's overall economic health, which is why one of WEDC's top priorities is to support communities throughout the state as they invest in improving their business districts. This project will make a real difference in Stevens Point by creating jobs, increasing property values, and enhancing the downtown area," said Mark R. Hogan, Secretary and CEO of WEDC.

"The Wisconsin Economic Development Corporation continues to be a strong partner in redevelopment efforts in Stevens Point. This investment will assist in the creation of a project that will transform the northern edge of the downtown," said Mayor Mike Wiza.

"Merge Urban Development Group has been absolutely phenomenal to work with on this project. Their team put forth a considerable amount of effort in the planning process for this project, which will ultimately result in a development that will have a significant positive impact on not only the downtown, but the entire community," said Ostrowski.

An official groundbreaking ceremony is expected to take place in late October. Invitations will be extended to the public and shared on the developer's website and their LinkedIn page once the date has been determined.

CDI Grants support community redevelopment efforts by providing incentives for shovel-ready projects that primarily focus on revitalizing downtowns. Projects funded by the grants must lead to job creation, an increase in local property values, and a significant matching investment from local and private owners.



# Grant Application Letters of Support

City of Stevens Point  
1515 Strongs Avenue  
Stevens Point, WI 54481-3594  
aldertori.jennings@gmail.com  
715.344.7377



March 20, 2019

WEDC  
c/o Tim Weber, Portage County Regional Director  
201 West Washington Avenue  
Madison, WI 53703

RE: Community Development Investment Grant – North Side Yard, Stevens Point, WI

Dear Mr. Weber:

I am writing in strong support of WEDC funding for the North Side Yard in Stevens Point. As alder for District 1, I have been an advocate for North Side Yard and am honored and privileged to be part of the City Council that approved this transformative project. From the beginning, I was impressed by the level of research and commitment to public engagement demonstrated by Merge as they planned this ideal development for our community.

North Side Yard will be located on the long vacant Lullabye site near the heart of Downtown Stevens Point. Within a short walking distance of some of the city's most popular amenities including the Green Circle Trail; Historic Downtown; Piffner Pioneer Park, Bukolt Park, and Mead Park; the Riverfront Arts Center; Portage County Library; Children's Museum and more, this location is ideal for residents and businesses alike. The retail concepts, active store fronts, and community-oriented common spaces of North Side Yard will not only complement existing business and residential districts, but will bring vitality and a new sense of pride to our community.

Importantly, North Side Yard will be an essential economic driver for Stevens Point. The development offers a variety of housing options for a diverse and broad socio-economic demographic. North Side Yard not only addresses a shortage of quality housing identified by stakeholders and the 2017 Housing Study, but the variety of living options and aesthetics of the development will help the city attract and retain talent. Businesses look to areas where their workers wish to live and call home. As such, North Side Yard delivers on the community's vision of a more vibrant, walkable, bikeable and prosperous city in the heart of Central Wisconsin.

Please accept this expression of my support for WEDC funding for the North Side Yard and thank you for considering Stevens Point for this valuable grant.

Sincerely,

A handwritten signature in black ink, appearing to read "Tori L. Jennings".

Tori L. Jennings, PhD  
First District Alder



# Grant Application Letters of Support



March 27, 2019

WEDC  
% Tim Weber, Portage County Regional Director  
201 West Washington Avenue  
Madison, WI 53703

RE: Community Development Investment Grant – North Side Yard, Stevens Point, WI

Dear Mr. Weber,

Stevens Point is one of a handful of communities in the state that has a flourishing downtown with a riverfront winding through it that does not have new housing inventory nearby. North Side Yard offers a variety of housing options which will help attract and retain employees. I enthusiastically support North Side Yard as a WEDC Community Development Investment (CDI) Grant recipient. The development's retail concepts, active first floor, and the community-oriented common space within the proposal will bring new energy and pride to Downtown for community members and businesses alike.

Over the past several years, Downtown has transitioned into a vibrant destination, offering a wide variety of amenities that speak to the needs of residents and visitors alike. Research shows that people want to live where they play. Downtown Stevens Point is a mecca for entertainment and attractions, great bars and restaurants, one-of-a-kind specialty and boutique shopping, art museums and vibrant galleries, Sunset Point Winery and the Central WI Children's Museum.

Furthermore, the proposed North Side Yard development will allow its residents quick access to a number of recreational opportunities including the Wisconsin River – a hotbed for boating, canoeing, kayaking and fishing, the Green Circle Trail – a biking and hiking masterpiece that meanders through Downtown, KASH Playground that caters to kids and their families, and Pfiiffer-Pioneer Park & Bandsheil which is host to a bevy of events throughout the spring, summer and fall.

Downtown offers a diverse business and industry sector including but not limited to education (Mid-State Technical College) insurance (including Berkshire Hathaway) banking (including Associated, BMO and Chase), call center (Great Lakes Higher Education and Delta Dental) and papermaking (Verso). These businesses are located within one half mile of the proposed development. The walkability and bikeability between these locations and the proposed development is very favorable.

What all this data boils down to is this, the development's visibility, easy access, nearby parking, proximity close to retail, dining, and entertainment venues, and being near corporate or leisure demand generators are all favorable factors that contribute the positive health of a property and the greater community. Additionally, this market has quantified an unmet housing demand that is deterring people from coming to and staying in Stevens Point .

Thank you in advance for your consideration of this project. If you have any follow-up questions please don't hesitate to contact me, [sara@stevenspointarea.com](mailto:sara@stevenspointarea.com) or 715-344-2556.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sara', written over a light blue horizontal line.

Sara Brish, Executive Director  
Stevens Point Area Convention & Visitors Bureau



# Grant Application Letters of Support



March 14, 2019

Tim Weber, Regional Director  
WEDC  
201 West Washington Avenue  
Madison, WI 53703

RE: Community Development Investment Grant – North Side Yard, Stevens Point, WI

Dear Tim,

Last summer I met with the development and architectural team that was exploring Stevens Point for its redevelopment potential; their specific interest was in the “Lullabye Site,” located at 1017 Third Street. The group was on a two-day information gathering mission where they engaged community members and business leaders, including myself. I was pleased to see the project’s unanimous approval by the Common Council last month.

Here are some of the key elements of that site:

- North Side Yard offers a variety of housing options which will help recruit and retain talent. We both know that challenge all too well. This fits in with the recent City Point housing study.
- The site has been vacant for a long time and the greater downtown area will benefit from a project that delivers on the community’s vision for the site. A vibrant downtown is critical in any community, especially as we look to attract and retain talent.
- Connection to nature is important. The project fosters walkability and bike-ability for easy outdoor access to our great parks and trails. It is a few short blocks to the Wisconsin River.
- The retail concepts, active first floor, and community-oriented common space within the proposal will bring new energy and pride in downtown for community members and businesses alike. It meets or exceeds what younger professionals are looking for in a living space.
- Portage County has been blessed with business expansion of existing businesses and the housing challenge and diversity of the inventory is a challenge we hear about a lot. This will be a step toward meeting that demand.

Our community continually looks for innovative ways to partner and bring the needed housing. Another example, not related to this grant but to our community synergy, is UW-Stevens Point opening up housing in residence halls for Mid-State Technical College students. This, like North Side Yard, is another win-win for our community.

Please accept this expression of my support for WEDC funding for the North Side Yard and thank you for considering Stevens Point for this valuable grant.

Sincerely,



Todd Kueckahn, Executive Director  
Portage County Business Council, Inc.  
715-344-1940



**Your Chamber & Economic Development Partner**

5501 Vern Holmes Drive • Stevens Point, Wisconsin 54482 • P 715-344-1940 • F 715-344-4473  
info@portagecountybiz.com • PortageCountyBiz.com

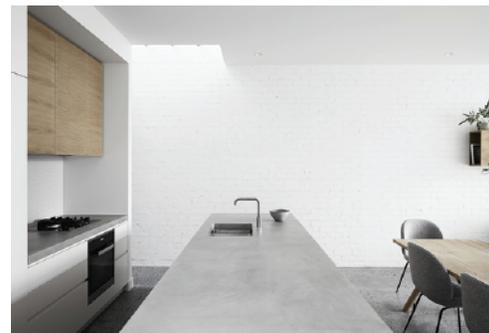
# Previous Experience

## NORTH SIDE YARD UNIT INTERIORS

### URBAN OUTDOORS

The North Side Yard interior design is a blend of Stevens Point's appreciation for nature and history. Massing, geometry and material selections pay homage to the historic timber industry. The building form mimics the geometry formed by imperfect piles of stacked heavy timber. Voids between the masses become integral to the building's entry sequence and unique trail-like walkways. The "urban outdoors" end user is seeking a place to retreat to while still being able to live, work and play around downtown Stevens Point.

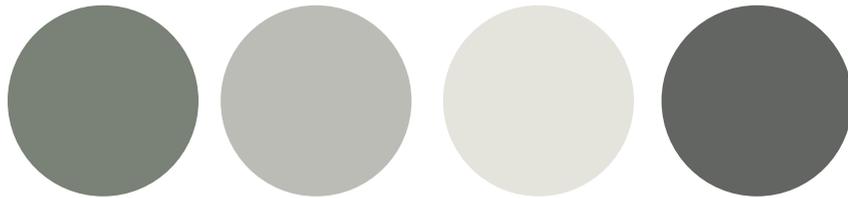
### MOOD BOARD / STEVENS POINT



# Previous Experience

## MATERIALS / STEVENS POINT

### PAINT FINISHES



### WHITE CASEWORK FINISH



### WOOD CASEWORK FINISH



### GRAY CASEWORK FINISH



### HARDWARE FINISH



### LIGHTING



# Previous Experience

## STAGED UNITS

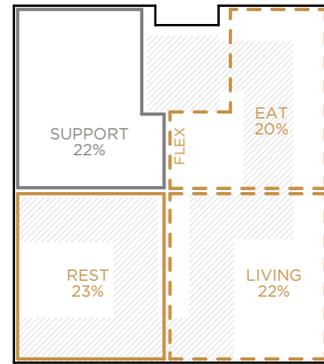


# Previous Experience

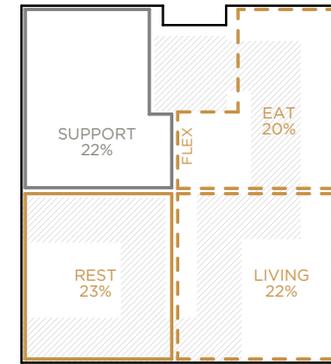
## LAYOUTS



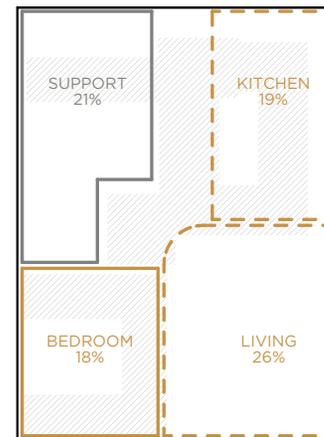
STUDIO 1 FLOOR PLAN - 500 SF - OPTION 1



STUDIO 1 FLOOR PLAN - 500 SF - OPTION 2



1 BR 1 FLOOR PLAN - 620 SF



# Financial Capacity

## ABOUT OUR CAPITAL PARTNER

### SKYDECK HOLDINGS

Skydeck, based in Chicago, is a private investment firm investing capital on behalf of the Polsky family. Skydeck invests in opportunistic and income producing real property with experienced operators. Because of the group's proprietary capital base, Skydeck is not bound by any pre-defined time horizons or investment hurdles, and can be very opportunistic.

The foundation of Skydeck is the experience and entrepreneurial spirit of its founder, Michael Polsky, who founded Indeck Energy Services, Skygen Energy and his latest venture, Invenergy. The name Skydeck pays homage to the successful exits of Skygen and Indeck. These three successful businesses were built from the ground up into multi-billion dollar enterprises. Today, Invenergy is North America's largest independent, privately held renewable energy provider and is leading the industry and country to a clean energy future.



# Financial Capacity

## A MESSAGE FROM INVENERGY FOUNDER & CEO - FROM THE 2018 SUSTAINABILITY REPORT



Wildfire relief in Oklahoma. Solar projects in Japan. Volunteer work in Chicago. At Invenergy, “sustainable energy” is about more than just technology; it’s about people working together for a better world. In 2018, we seized opportunities to empower, learn from and sustain the incredible and diverse communities we call home.

This year was a year for growth—both for our work and for our company. Our overall portfolio of projects grew by 25 percent to a total of 21,788 megawatts. We expanded internationally, grew our energy services offerings and laid the foundation for new work in long-distance transmission. We are excited about the opportunities we see in these areas to supplement our core business offerings in wind, solar and natural gas power generation as well as battery storage.

This growth reflects our purpose and ambition, which after months of gathering input from employees across the company, we captured in a new vision statement: Innovators building a sustainable world. This vision underscores our holistic approach to developing and operating sustainable energy facilities throughout the world, and acknowledges our groundbreaking role in moving sustainable solutions forward.

But it also speaks to how we choose to direct our time, energy and resources outside of work. Our 2018 Sustainability Report outlines how our three Invenergy Impact pillars—environmental stewardship, community investment and empowering people—bring our mission beyond just the projects we complete and energy centers we operate. This report showcases not only what we have done as a company, but also the commitment of Invenergy’s people to giving back to their communities in any way they can.

I am an engineer and an entrepreneur, not an environmentalist or a social activist. But I do what makes sense. Sustainability just makes sense. I am extremely proud to helm a team of people who work hard every day both inside and outside the organization to make the world a better place. And I am humbled by the resilience of the people we meet and serve in the course of our work. To our employees, partners and friends, thank you for your work building a more sustainable world.

Michael Polsky  
Founder & Chief Executive Officer



<https://inveneryllc.com/who-we-are/invenergy-impact/>

# Financial Capacity

## INVENERGY IMPACT IN 2018

**\$160 MILLION**  
Total Economic  
Investment in Home  
Communities

**2.8 MILLION**  
Homes Powered

**25%**  
Overall Portfolio  
Growth

**14 MILLION**  
Tons of Additional  
Carbon Dioxide Offset

**300 MILLION**  
Additional Trees  
Planted Equivalent

**500,000**  
Additional Cars Off  
the Road Equivalent

**3,695**  
Construction jobs  
Supported

**\$3.1 MILLION**  
To Construct New  
Energy Facilities

**48 HOURS**  
Of Safety Training Per  
Services Employee

**\$1 MILLION**  
In Cause-based  
Investments

**840**  
Charitable Causes  
Supported

**7%**  
Employee  
Growth Rate



# Financial Capacity



425 Cedar St  
PO Box 88  
Waterloo, IA 50704-0088  
319.235.3285  
usbank.com

August 12, 2019

City of Muscatine - City Hall  
c/o City Clerk / Department of Finance  
215 Sycamore Street  
Muscatine, Iowa 52761

**RE: Brent Dahlstrom**

To Whom It May Concern:

The letter is to serve as support and confirmation that Brent Dahlstrom is a valued customer with US Bank, N.A. who has experience and history with US Bank, N.A. partnered projects to finance and develop over 400 multi-family units and mixed-use projects. US Bank, N.A. can acknowledge that based on history and current financial soundness that Mr. Dahlstrom has the experience, expertise and financial capacity to propose and complete a development project in Muscatine, IA.

Should you have any questions or concerns please contact me at 319-273-8750.

Sincerely,  
US Bank, N.A.

A handwritten signature in blue ink, appearing to read "Dana Jergenson".

Dana Jergenson  
Vice President



# *Project Narrative*

## *Community Engagement Effort*

With the support of City Staff, our team will begin a community engagement effort to further refine the building's design and program to reflect its place on Muscatine's Riverfront. We will work with the Chamber, business leaders, major employers, and other stakeholders to identify opportunities, gaps, and potential public/private collaborations.

## *Developer's Readiness to Proceed*

### **DEVELOPMENT & CONSTRUCTION**

- Project Submittal - August 14, 2019
- Process to Development Agreement - September 2019 to January 2020
- Community Engagement - Winter 2019/2020
- GC / CM Selection - January - February 2020
- Architectural Design & Construction Documents - January 2020 to August 2020
- Permit Review / Acceptance - August 2020
- Construction Start - Fall 2020
- Building Construction - start-to-finish per building 12-18 months

### **POST CERTIFICATE OF OCCUPANCY**

- Developer's Property Management Group will manage the property post-certificate of occupancy
- Estimated 10+ Year Asset Holding Period - Based on Opportunity Zone Investment Requirements

## *Construction Loan & Permanent Financing*

During the architectural design process, the selected general contractor or construction manager will provide a budget estimate. The architectural team finishes the final three months of design with the ability to value engineer based on that budget check. Once the final budget is provided, the development team will package the project for preferred lender partners (see letter of support from US Bank).



## *Project Narrative*

Leveraging the benefits of the Opportunity Zone Program requires a unique mix of capital and expertise. To deliver on the program's intent to spur outside investment in distressed communities, Merge Urban Development Group has coupled its development expertise with Skydeck, a family office based in Chicago. Skydeck's sister-company is the largest privately-held renewable energy company in North America.

A full financial model of the project will be provided to the City during negotiations.

### *Tenant Recruitment*

The commercial-user success benchmark for Merge projects is 50% pre-leased by certificate of occupancy and 90% leased within the first year of occupancy. The group views first-floor active use as an amenity to residential users and we blend financial return projections between commercial and residential for this reason. During the community engagement process, the project team often uncovers both tenant needs and unmet demand for urban retail concepts. The Merge team does not intend to compete with local entrepreneurs but we do have a proven network of entrepreneurs that we can tap if the community supports it: kombucha, fresh juice, donuts, fitness uses, fast casual food, etc. Other concepts include food halls and collaborative brew projects (owned and managed in partnership with the development team) if compelling local users do not express interest.

Merge mixed-use projects always include a micro-retail component. The purpose of these spaces is to serve businesses with compact space needs: startups, makers, and unique offerings that would not otherwise be able to attain move-in ready space that suits their needs. Affordability is a component of these small spaces – the build-out is provided under a gross lease structure with shared mechanical and restrooms among neighboring micro-users. In addition, the capital group is committed to establishing an Opportunity Zone Business Fund to invest in early-stage companies located in QOZs.

### *Proposed Purchase Price*

Subject to Negotiation & Public Financial Participation



## *Narrative of Public Financial Participation*

Merge LLC is developing mixed-use product of this quality and scale across the Midwest. The typical public financial participation ranges between 15 - 25% of project costs. These costs help mitigate extraneous expenses involved with public benefits like waterfront connections and orientation, environmental remediation, retail that meets the needs of entrepreneurs, and the inherent gap between construction costs and willingness / ability to pay in smaller communities.

Like other communities in the Midwest, we believe that with greater community engagement and through coordinated design with City Staff, we will establish a community asset that balances the financial gap with public benefit.



# Narrative of Public Financial Participation

## RENT ROLL

### Operations

#### Residential Rental Income

Micro Units	<b>62 units @ \$ 800.</b>
Studios	<b>62 units @ \$ 850.</b>
1 Bed / 1 Bath	<b>61 units @ \$1000.</b>
1 Bed / 1 Bath+	<b>61 units @ \$1050.</b>
2 Bed	<b>61 units @ \$1300.</b>

#### Commercial Suites - Square Footage & Rates

Building 1 - 11,000 Square Feet	<b>\$10.00 psf</b>
Building 2 - 9153 Square Feet	<b>\$10.00 psf</b>

## SOURCES + USES

### DEVELOPMENT SOURCES AND USES

Sources		LTC
Const. Loan + Fees	36,523,961	70.2%
Interest	2,514,205	4.8%
Total Construction Loan	38,301,849	73.6%
Lease-Up Income	736,317	1.4%
Equity Investment	13,012,721.88	25.0%
Grants		0.0%
Upfront TIF	-	0.0%
<b>Total Sources</b>	<b>52,050,888</b>	<b>100.0%</b>
Check	OK	

Uses		
Construction Costs	44,019,728	84.6%
Architecture & Engineering	3,244,389	6.2%
Soft Costs	60,000	0.1%
FF&E	272,000	0.5%
Tenant Improvements	-	0.0%
Land	50,001	0.1%
Fees/Permits	1,890,565	3.6%
Real Estate Taxes/Insurance/Admin	-	0.0%
Development Cost W/O Interest	49,536,683	95.2%
Construction Interest and Fees	2,514,205	4.8%
<b>Total Uses</b>	<b>52,050,888</b>	<b>100%</b>

### Construction Financing Assumptions

Construction Loan Term		<b>43 Months</b>
Fixed Interest Rate	Annual	<b>4.00%</b>
% of Lease-Up Inc. to Use		<b>100%</b>



# Narrative of Public Financial Participation

## PRELIMINARY PRO FORMA

PROPERTY LEVEL CASH FLOW																	CARVER CORNER
* RISK, RETURN, AND VALUATION - ANNUAL																	
Year	Year	Stabilized	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Residual	
Ending	Growth	Year 5	Sep-2019	Sep-2020	Sep-2021	Sep-2022	Sep-2023	Sep-2024	Sep-2025	Sep-2026	Sep-2027	Sep-2028	Sep-2029	Sep-2030	Sep-2031	Sep-2032	
NOI Cap Rate	2.5 bps	7.60%	-	7.50%	7.53%	7.55%	7.58%	7.60%	7.63%	7.65%	7.68%	7.70%	7.73%	7.75%	7.78%	7.80%	
Gross Property Value		31,817,678	-	-	-	-	24,642,402	31,970,218	32,669,020	33,383,613	34,114,362	34,452,851	35,625,825	36,407,311	37,206,495	38,023,787	
- Ground Lease Value		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Property Value		31,817,678	-	-	-	-	24,642,402	31,970,218	32,669,020	33,383,613	34,114,362	34,452,851	35,625,825	36,407,311	37,206,495	38,023,787	
Net Operating Income		2,418,144	-	-	-	-	1,866,662	2,429,737	2,491,013	2,553,846	2,618,277	2,652,870	2,752,095	2,821,567	2,892,805	2,965,855	
- Capital Expenditures		(203,049)	-	-	-	-	(546,582)	(145,197)	(146,895)	(148,618)	(150,366)	(353,669)	(153,938)	(155,763)	(157,616)	(159,495)	
- Ground Lease Payment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash Flow from Operations		2,215,094	-	-	-	-	1,320,080	2,284,540	2,344,118	2,405,228	2,467,911	2,299,200	2,598,157	2,665,803	2,735,189	2,806,360	
Total Investment Costs (w/o Const. Interest)		-	(4,238,659)	(30,314,043)	(14,983,980)	-	-	-	-	-	-	-	-	-	-	-	
Gross Reversion Value		-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,023,787	
Selling Costs @ Reversion	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(760,476)	
Unlevered Cash Flow		-	(4,238,659)	(30,314,043)	(14,983,980)	1,320,080	2,284,540	2,344,118	2,405,228	2,467,911	2,299,200	2,598,157	2,665,803	2,735,189	2,806,360		
Unlevered IRR (Annual)	1.97%																
Unlevered MOIC (Annual)	1.18x																
Free-and-Clear Return (CFO)	3.55%		0.00%	0.00%	0.00%	2.66%	4.61%	4.73%	4.86%	4.98%	4.64%	5.24%	5.38%	5.52%			
Cash Flow from Operations		-	-	-	-	1,320,080	2,284,540	2,344,118	2,405,228	2,467,911	2,299,200	2,598,157	2,665,803	2,735,189			
Debt Service		-	-	-	-	(718,160)	(1,723,583)	(1,975,773)	(2,328,838)	(2,328,838)	(2,328,838)	(2,328,838)	(2,328,838)	-	-	-	
Cash Flow After Financing	Year = 5	Avg.	Min.	-	-	601,920	560,957	368,345	76,390	139,073	(29,638)	269,319	2,665,803	2,735,189			
DSCR (CFO)	1.33x	1.22x	0.99x	N/A	N/A	N/A	1.84x	1.33x	1.19x	1.03x	1.06x	0.99x	1.12x	N/A	N/A		
Debt Yield (CFO)	5.96%	5.86%	3.45%	N/A	N/A	N/A	3.45%	5.96%	6.12%	6.28%	6.44%	6.00%	6.78%	N/A	N/A		
Total Investment Costs (w/Const. Interest)		-	(4,238,659)	(30,606,622)	(16,306,740)	(898,866)	-	-	-	-	-	-	-	-	-	-	
Gross Reversion Value		-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,023,787	
Selling Costs @ Reversion	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Construction Financing (Draws + Interest Reserve)		-	-	21,832,560	16,306,740	162,549	-	-	-	-	-	-	-	-	-	-	
Construction Financing Payoff		-	-	-	-	(39,038,166)	-	-	-	-	-	-	-	-	-	-	
Permanent Financing Funding		-	-	-	-	38,301,849	-	-	-	-	-	-	-	-	-	-	
Permanent Financing Fees		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Permanent Financing Payoff		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(33,809,010)	
Up-front TIF & Grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Levered Cash Flow		-	(4,238,659)	(8,774,062)	-	(870,713)	560,957	368,345	76,390	139,073	(29,638)	269,319	2,665,803	6,949,967			
Levered IRR (Annual)	-2.47%																
Levered MOIC (Annual)	0.79x																
Cash-on-Cash Return (CFAF)	4.42%		0.00%	0.00%	0.00%	4.33%	4.03%	2.65%	0.55%	1.00%	-0.21%	1.94%	19.16%	19.66%			
NPV		(56,963,768.70)															



# Concept Drawings

## MUSCATINE SITE PLAN

### MIXED-USE VIBRANCY

Ground-level commercial uses and walk-up residential units establish frequent points of entry in and around the site enhancing the pedestrian experience.

### GREEN AMENITY

A green public amenity space for both residents and visitors to gather. Activated by the McKee Button Factory buildings to the east, a dense residential development to the west and the Running River Trail to the south, the green space provides the site a flexible outdoor space that becomes a destination. The location is ideal for a variety of users through access to community bike trails, pedestrian links and major avenues.

### URBAN LIVING

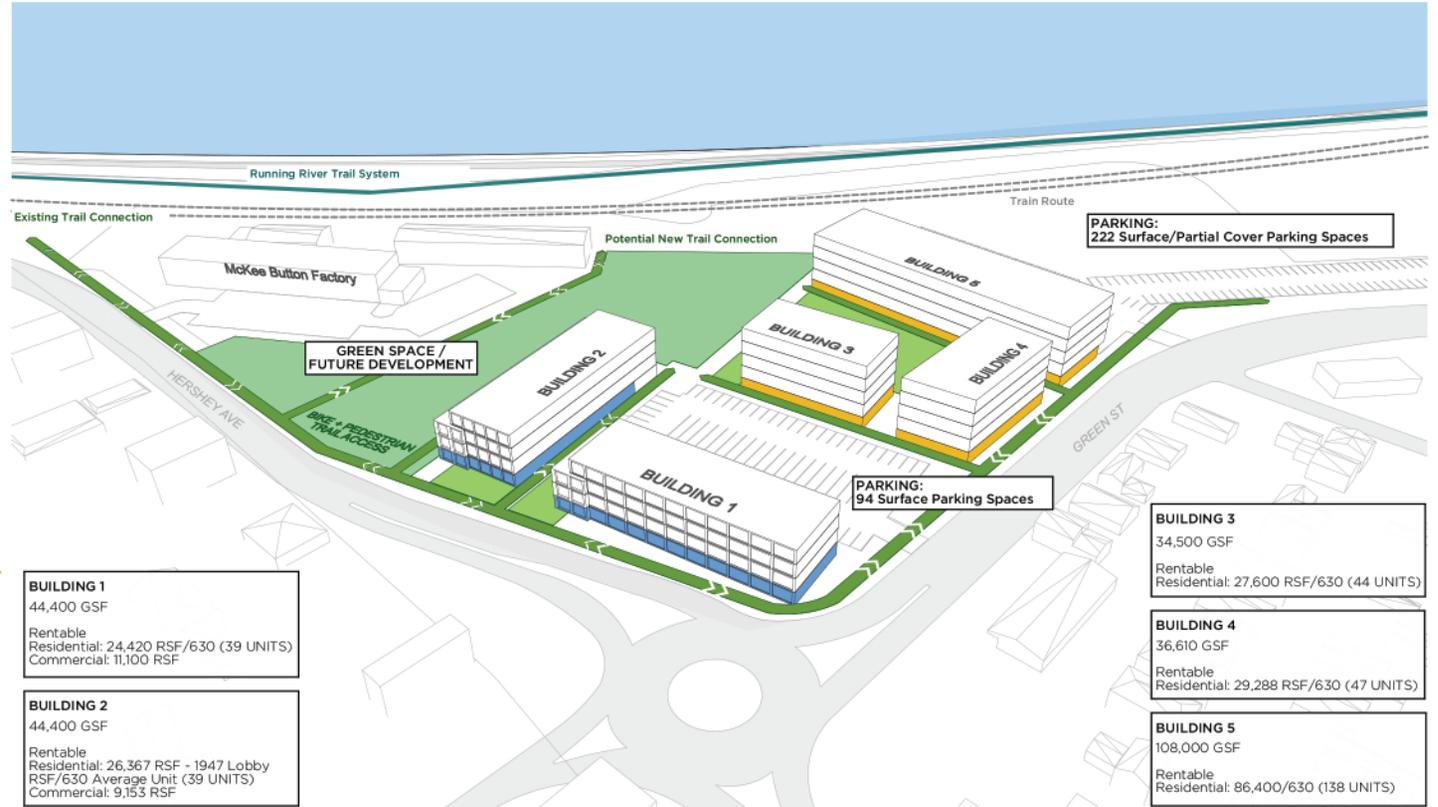
Building forms cluster to create protected exterior spaces. Residential units front urban streets or courtyard conditions. Parking presence is minimized by blocking lots with buildings and landscaping. Buildings are arranged on site to maximize number of units with river views while maintaining an active urban streetscape.

### Building Information:

Total Unit Count - 307  
Total Proposed Parking - 316

### LEGEND:

- COMMERCIAL
- WALK-UP UNITS
- RESIDENTIAL UNITS



# Concept Drawings - Carver Corner Rendering

## MUSCATINE

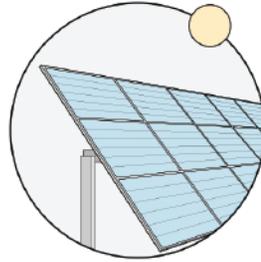
### VIGNETTE



# Sustainability

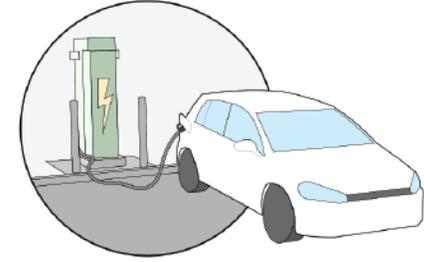
## SUSTAINABILITY

### PROJECT DATA



#### SOLAR PANELS

Solar panels will be used in this project to offset the electric use of the common spaces of each building. This will minimize the amount of energy consumed by the building.



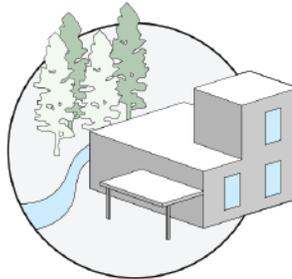
#### ELECTRIC CHARGING

Electric charging stations are an essential component for preparing the next phase of vehicles. By including these into the project, the site will be prepared for the future.

### SUSTAINABILITY STRATEGIES

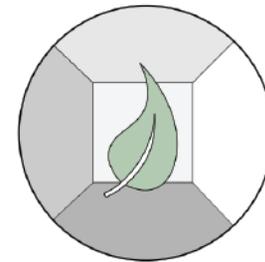
Scale: NOT TO SCALE

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#### PASSIVE STRATEGIES

Passive strategies are employed to minimize the amount of energy used from the very beginning of design. By using these, the building will not need to use as much energy as it otherwise would have.



#### SUSTAINABLE COMPONENTS

By selecting and incorporating sustainable materials into the design, the buildings will contribute to the sustainable design goals of the community.

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# *Unique Resources, Capabilities, Assets*

## *Attainable Housing*

Our group believes strongly in designing buildings that foster a blend of demographic and socioeconomic users. We have a goal to reach “attainable” rental rates through smart, small designs.

In a recent study of a Wisconsin community, our unit mix, sizes, and rates delivered units at “workforce” wages without the segregation/stigma of workforce or LMI. The result for a 70-unit was an attainable housing mix with 21% of units affordable at 50% of county median income (CMI), 41% of units affordable at 60% of CMI, and 81% of units affordable at 80% of CMI.

