Progress Draft: February 25, 2013

MEMORANDUM

Date:	February 25, 2013
To:	Nore' Winter, Winter & Company Abe Barge, Winter & Company
From:	Andrew J. Plescia Principal
Subject:	Preliminary Economic Analysis of Case Study Sites: Mammoth Lakes Transportation Corridor and Implementation Plan

Introduction

This memorandum presents information regarding the preliminary economic analysis prepared for certain hypothetical development sites along Main Street in Mammoth Lakes, California. The intent of the preliminary analysis is to determine the potential economic feasibility of certain land use types and intensity of development as part of the Main Street Transportation and Implementation Plan. The preliminary economic analysis is based on a stipulated set of cost, revenue, financing and investment assumptions related to the subject hypothetical development programs.

The three hypothetical development sites and related land use addressed in this preliminary economic analysis include: (1) Site A – Hotel; 2) Site D – Commercial / Residential Mixed-Use; and 3) Site E – Commercial, Hotel and Residential.

Findings

The preliminary results of the economic analysis of case study development sites A, D and E indicate the following:

1. The estimated total development costs of subject proposed case study site development programs are projected to exceed the respective estimated net project values. The primary reasons for this result are:

    - the extent of development costs associated with the proposed type of the proposed development programs – in particular the proposed use of structured parking (below-grade) for Sites A and E;
    - the extent of the current Town of Mammoth Lakes development impact fees; and
    - the inability of current estimated market-rate rents for commercial and multiple-family residential (apartments), and sale prices for ownership housing to fully offset the estimated total development costs of the development.

2. The amount of estimated available cash flow beyond required debt service payments is projected to be very limited particularly in the early years of project operations. Due to the reasons indicated in item 1 above, the estimated range for return-on-equity for the subject proposed case study site development programs is projected to be substantially less than the assumed targeted figure for an acceptable return-on-equity to a developer / investor of 15.0%. Acceptable return-on-equity investment levels may potentially be achieved in the long-term if there is an escalation in values resulting from increased commercial and residential rents over time.

3. Further analysis of the subject case study site development programs should be focused on approaches to increase the economic productivity of hypothetical development sites e.g. increased allowed building heights, increased allowable density, reduced on-site parking with provision of some parking required through joint-use / shared parking facilities strategically located along the Main Street corridor. In the early years of the planned Main Street corridor revitalization development programs will need to focus on providing required parking by means of surface or tuck-under parking.

I. Land Use and Development Programs

For the purposes of this preliminary economic analysis we used the proposed development programs for the three subject hypothetical development sites as provided by the Town of Mammoth. These proposed development programs are described in detail in the respective attachments to this memorandum.

1. Site A - Hotel - The proposed development program includes a five-story hotel building with 78 rooms (52,300 gross square feet) along with 78 on-site parking spaces (9 surface spaces and 69 structured parking spaces in an underground garage on the 1.0 acre site.

2. Site D – Commercial / Residential Mixed-Use - The proposed development includes a two-story building with one-story of multiple-family rental housing (apartments) above a one-story ground floor retail space on the 0.5 acre site. On-site surface parking is included as part of the hypothetical development program.

   For purposes of this preliminary economic analysis, we have presented two versions of this case study site. The first version includes five residential units, 5,000 square feet of commercial retail space and nine on-site surface parking spaces. The second version includes nine residential units, 5,000 square feet of commercial retail space and nine on-site surface parking spaces.

3. Site E – Commercial, Hotel and Residential - The proposed program includes a 5 story hotel building with 300 rooms (215,000 square feet) and 10,000 square feet of ground floor commercial retail space, 25,000 square feet of free-standing commercial retail space and 34 for-sale residential units (26 condominium units and 8 townhouse units) on the 5.0 acre site.

   On-site parking for the commercial and hotel is provided by a 440 space below-grade parking garage. Fifty-two (52) on-site surface parking spaces are provided for the condominium units and individual two-car garages are provided for each townhouse unit.

II. Preliminary Economic Analysis

A. Estimated Development Costs

Estimated total development costs were prepared for each of the three case study site development programs including land, direct construction, indirect and financing costs providing an "order-of-magnitude" estimate (presented in 2012 dollars) as described below.

Land

Based on our interviews with developers and review of applicable materials provided by the Town of Mammoth Lakes staff, we used an assumption that the estimated existing value of vacant land similar in terms of size to the hypothetical case study sites along Main Street is approximately $1.0 million per acre.

Direct Construction

The indicated estimate of direct construction costs include costs for public improvements, site work, building construction, tenant improvements, parking, general contractor and contingency. Table 2 of each case study site development program analysis attached to this memorandum summarizes the estimated development cost associated with each hypothetical land use development type. As part of the preliminary analysis we used the following assumed basic building construction cost estimates (plus a 15.0% cost for general contractor costs).

- commercial retail space - $110.00 per square foot (wood frame);
- hotel – $130.00 per square foot (wood frame);
- multiple family residential (apartment) - $120.00 per square foot (wood frame); and
- for-sale residential (condominium and townhouse) - $140.00 per square foot (wood frame)

Based on our interviews with developers, prior experience, and review of applicable materials provided by the Town of Mammoth Lakes staff, we used the following assumed sources of development cost:

- Site work - $10.00 per square foot of site area
- Tenant improvements - $40.00 per square foot of commercial retail lease space
- Hotel FF&E - $12,500 to $15,000 per room
- Surface Parking - $10.00 per square foot of parking area
- Structured Parking (Below-grade) - $75.00 per square foot of parking area

The estimated development costs do not include any off-site public infrastructure (water, sewer, etc.) improvement or on-site environmental remediation costs.

Indirect Construction

The estimated costs for non-construction items including predevelopment, architecture, engineering, permits / fees, taxes, legal, title, closing, marketing, leasing commissions, administration / overhead, developer fee and contingency. For purposes of this preliminary economic analysis the Town of Mammoth Lakes Affordable Housing Policy is applied to the hypothetical case study site development programs. For the purposes of this preliminary analysis the amount of estimated indirect costs range from approximately from 35.0% to 45.0% of the estimated direct construction costs depending on the land use / development type.

Financing

The estimated costs associated with either private financing of the proposed improvements including estimated construction loan fees and related costs, and construction loan interest. For the purposes of this preliminary analysis the amount of estimated financing costs range from 6.0% to 10.0% of the estimated direct construction costs depending on the land use / development type.

A summary of the estimated total development cost for each of the three subject case study site development programs is presented below.

Table 1: Summary of Estimated Development Costs (in millions)				
	Site A	Site D-1	Site D-2	Site E
Land	$ 1.0	$ 0.5	$ 0.5	$ 5.0
Direct Construction	$12.3	$ 2.5	$ 2.7	$66.9
Indirect	$ 5.6	$ 0.8	$ 1.0	$28.4
Financing	$ 0.8	$ 0.2	$ 0.2	$ 7.0
Total	$19.7	$ 4.0	$4.5	$107.3
Per SF (Building Area)	$376	$404	$300	$376
				Source: A. Plescia & Co.

B. Operating Revenue and Expenses

Based on interviews with knowledgeable real estate brokers and a review of secondary real estate market data we made assumptions for lease rates for commercial retail space, average daily room rates for hotel, monthly rents for multiple family residential (apartment) units, and unit sale prices for for-sale residential (condominium and townhouse) units as follows:

- commercial retail space - $1.50 per square foot (NNN) plus $0.75 in tenant reimbursements (common area maintenance) charges;
- hotel - blended average daily room rate of $250.00 per room per night taking into account peak and non-peak seasons;
- multiple family residential (apartment) - monthly rent of $2.00 per square foot plus $75 per space per month for parking; and
- for-sale residential - $400.00 per square foot and $450.00 per square foot for condominium and townhouse units, respectively.

For purposes of this preliminary economic analysis, we assumed annual rent and operating expense escalation of three-percent. Annual operating expenses are assumed to be $9.00 per square foot for commercial retail space, 25.0% of estimated annual gross income for hotel, and 25.0% of effective gross income for multiple-family residential (apartments). The basic estimated operating revenue and income expenses assumptions are summarized below.

Table 2: Operating Revenue and Expense Parameters			
	Commercial	Hotel	Apartment
Base Monthly Lease Rate	$1.50 / SF NNN		$2.00 / SF
Average Daily Room Rate		$250.00	
Annual Occupancy Rate	90.0%	50.0%	95.0%
Annual Revenue Escalation	3.0%	3.0%	3.0%
Annual Operating Expenses	$10.00 / SF	25.0% of gross income	25.0% of gross income
Annual Expense Escalation	3.0%	3.0%	3.0%
			Source: A. Plescia & Co.

C. <u>Net Project Value</u>

Project value estimates were prepared based on an income approach to valuation using estimated rents for the commercial retail space and multiple-family residential (apartment) units (components of the respective development programs for Sites A, D and E). The estimated project values were derived by capitalizing the estimated annual net operating income using a capitalization rate of 8.0%.

The estimated project value of the hypothetical for-sale residential units is based on the estimated sale prices / proceeds from the sale of such units. For purposes of this preliminary economic analysis it is assumed that the hypothetical for-sale housing development program would include 10.0% of the units as affordable units per the Town of Mammoth Lakes Affordable Housing Policy.

The estimated net project value of each case study development site is based on comparing the estimated gross project value to the estimated total development cost. A summary of the estimated net project value for each of the subject case study site development programs is presented in the table below.

Table 3: Estimated Project Values (in millions)				
	Site A	Site D-1	Site D-2	Site E
Net Operating Income	$ 1.0	$ 0.2	$ 0.2	$ 5.7
Net Sale Proceeds				
Net Project Value	$12.7	$2.0	$2.9	$ 86.7
Development Cost	$19.7	$4.0	$4.5	$107.2
Net Project Value	($ 6.9)	($ 2.0)	($1.6)	($20.5)
				Source: A. Plescia & Co.

As indicated the estimated total development cost of subject proposed redevelopment programs (based on the assumptions presented in this memorandum) exceed the respective estimated project values. The primary reasons for this result are:

- the extent of development costs associated with the proposed type of the proposed development programs – in particular the proposed use of structured parking (below-grade) for Sites A and E; and the climatic conditions of the Mammoth Lakes area; and
- the inability of current estimated market-rate rents for commercial and multiple-family residential (apartments), and sale prices for ownership housing to fully offset the estimated total development costs of the development.

D. <u>Project Cash Flow and Investment Return</u>

For each case study development site we prepared a 20-year operating pro-forma to indicate estimated annual income, operating expenses and net operating income – including the commercial retail, hotel and multiple-family residential (apartment) uses. The purpose of these calculations was to estimate the amount of available annual net operating that before payment of debt service (permanent loan financing) and return to equity investors.

We also prepared a 20-year investment pro-forma for each case study site indicating the estimated amount of construction loan, equity, net operating income (or sale proceeds for the for-sale residential), debt service and net cash flow. The estimated annual debt service is based on the assumptions listed in Table 4 below.

Table 4: Estimated Financing and Investment Parameters

	Commercial / Residential	Hotel
Construction Loan Amount	65.0%	50.0%
Equity Amount	35.0%	50.0%
Construction Loan Rate	6.0%	6.0%
Mortgage Loan Amount	50.0%	50.0%
Equity Amount	35.0%	50.0%
Mortgage Rate	6.0%	6.0%
Mortgage Term	20-years	20-years
Targeted Return-on-Equity	15.0%	15.0%

Source: A. Plescia & Co.

The estimated net cash resulting from these calculations is then compared to amount of equity required by the assumed loan-to-cost (value) ratios. Dividing the estimated net cash flow yields an estimated return on equity. Based on the preliminary economic analysis, the estimated average annual return-on-equity for the three case study development sites are 3.9% for Site A, 0.3% for Site D-1, 4.6% for Site D-2 and 9.2% for Site E. These are significantly lower than the assumed targeted figure for an acceptable return-on-equity to a developer / investor of 15.0%.

Caveats and Limitations

1. The preliminary economic analysis contained in this document is based, in part, on data and information from secondary sources, including the City of Roseville. A. Plescia & Co. believes that these sources are reliable, however, A. Plescia & Co. cannot guarantee the accuracy of such data and information.

2. The preliminary economic analysis assumes that neither the local, regional or national economy will experience a major recession. If an unforeseen change occurs in either the local, regional or national economy the information contained in this document might not be valid.

3. The information contained in this preliminary economic analysis is based on economic considerations, not political considerations. Therefore the preliminary information should not be construed as a representation or opinion that any required governmental approvals would be secured for any proposed development projects.

4. The preliminary economic analysis is based on the informed judgment of A. Plescia & Co. using the best available market, business and economic data and information that reflects current real estate market conditions as of the date of this preliminary analysis. The preliminary information and analysis should not be relied upon as sole input and basis for any final business decisions regarding any proposed development projects.

5. Any preliminary estimated land values, construction costs, financing costs, lease rates, sales income projections, etc. are based on the best available data and information as of the date of this preliminary economic analysis. No warranty or representation, either expressed or otherwise, is made that these estimates would actually materialize.

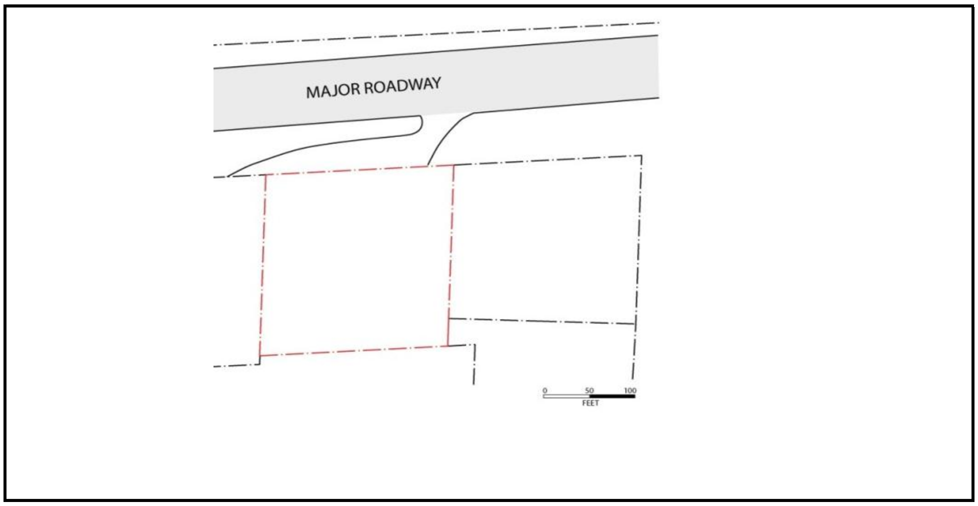
Site A: Hotel

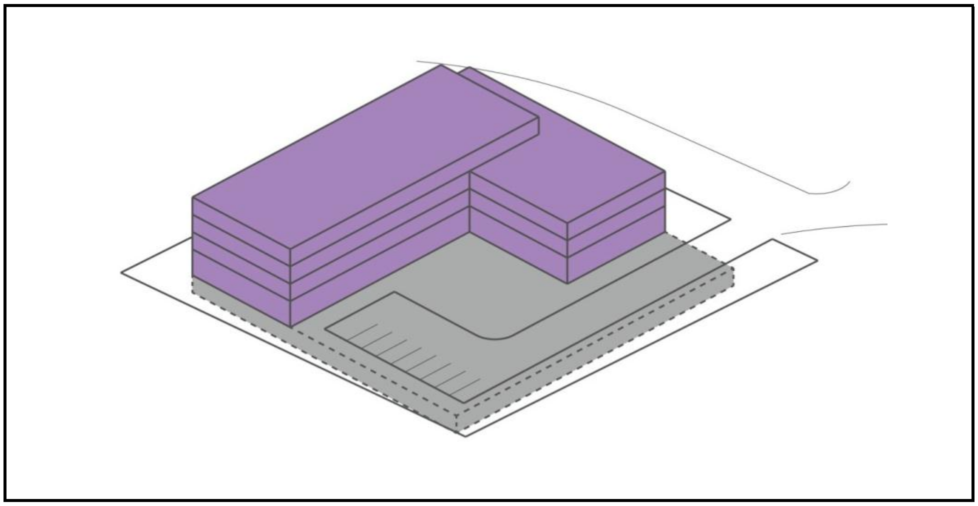
Table 1: Development Program

I. Site Area	
Square Feet	43,560
Acres	1.00
Ownership	Private
Existing Use (Buildings / Vacant)	Vacant
Proposed District	MLR
II. Development Program	
Hotel	
No. of Floors	Four (4)
No. of Rooms	78
Density	78 rooms /acre
Gross Building Area	
Rooms	50,700
Other	1,600
Total	52,300
On-site Parking	
Type	Surface / Underground
Number	
Surface	9
Below Grade	69
Total	78
Ratio (Spaces / Room)	1.00
Parking Area	27,300
Lot Coverage	42.0%
Floor-Area-Ratio (FAR)	1.20

Site A: Hotel

Figure 1: Development Program





Site A: Hotel

Table 2: Estimated Development Cost	Hotel Total	Hotel Per Room	Hotel Per SF
Land			
Area (Acres)	1.00		
Acquisition/Value	$ 1,000,000	$ 12,821	$ 19.12
Subtotal: Land	$ 1,000,000	$ 12,821	$ 19.12
Direct Construction			
Off-site Improvements	$ 50,000	$ 641	$ 0.96
Sitework / Land Development	$ 435,600	$ 5,585	$ 8.33
Building Construction			
Lodging	$ 6,799,000	$ 87,167	$ 130.00
Furniture, Fixtures & Equipment	$ 975,000	$ 12,500	$ 18.64
Parking	$ 2,047,500	$ 26,250	$ 39.15
General Contractor	$ 1,399,815	$ 17,946	$ 26.77
Contingency	$ 578,172	$ 7,412	$ 11.05
Subtotal: Direct Construction	$ 12,285,087	$ 157,501	$ 234.90
Indirect Costs			
Predevelopment / Entitlement	$ 245,702	$ 3,150	$ 4.70
Architecture / Engineering	$ 737,105	$ 9,450	$ 14.09
Permits & Fees	$ 2,966,418	$ 38,031	$ 56.72
Affordable Housing Fee	$ 90,566	$ 1,161	$ 1.73
Taxes, Legal & Insurance	$ 245,702	$ 3,150	$ 4.70
Franchise Fee	$ 100,000	$ 1,282	$ 1.91
Marketing & Advertising	$ 150,000	$ 1,923	$ 2.87
Pre-Opening Expenses	$ 250,000	$ 3,205	$ 4.78
Contingency	$ 234,746	$ 3,010	$ 4.49
Development Fee	$ 614,254	$ 7,875	$ 11.74
Subtotal: Indirect Costs	$ 5,634,493	$ 72,237	$ 107.73
Financing Costs			
Construction Loan Fee	$ 283,794	$ 3,638	$ 5.43
Interest during Construction	$ 479,611	$ 6,149	$ 9.17
Subotal: Financing Costs	$ 763,405	$ 9,787	$ 14.60
Total	**$ 19,682,985**	**$ 252,346**	**$ 376.35**

Site A: Hotel

Table 3: Estimated Hotel Income and Expenses

	Amount	Ratio (%)
I. Project		
No. of Rooms	78.0	
Average Daily Room Rate	$ 250.00	
Average Occupancy		
Initial Operating Year	40.0%	
Stabilized Year (4th Operating Year)	50.0%	
II. Income		
Room	$ 2,847,000	98.0%
Telephone	$ 28,470	1.0%
Other	$ 28,470	1.0%
Total	$ 2,903,940.00	100.0%
Less: Cost of Sales	$ 871,182	30.0%
Gross Operating Income	$ 2,032,758	70.0%
III. Operating Expenses (Undistributed)	$ 725,985	25.0%
Administration & General		
Management Fee		
Franchise Fee		
Marketing		
Energy		
Operation / Maintenancxe		
Gross Operating Profit	$ 1,306,773	45.0%
IV. Fixed Charges	$ 290,394	10.0%
Property Taxes		
Insurance		
Replacemnent Reserves		
V. Net Operating Income	$ 1,016,379	35%

Site A: Hotel

Table 4: Sources of Funding

	Amount	%
I. Sources of Funding		
Conventional Debt	$ 9,841,493	50.0%
Private Equity	$ 9,841,493	50.0%
Other	$ -	0.0%
Total	$ 19,682,985	100.0%
II. Underwriting Assumptions		
Interest Rate	6.00%	
Loan Term	20 years	
Return-on-Equity (Targeted)	15.00%	

Table 5: Estimated Project Value

	Amount
I. Hotel	
Net Operating Income	$ 1,016,379
Project Value (1)	$ 12,704,738
Total Development Cost	$ 19,682,985
Net Project Value	
Total	$ (6,978,248)
Per Room	$ (89,465)
Per SF	$ (133.43)

Footnotes:

(1) Based on 8.0% capitalization rate

Site A: Hotel

Table 6: Operating Pro-forma		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
I. Project											
No. of Rooms	78.0	-	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0
Average Daily Room Rate	$ 250	-	$ 258	$ 265	$ 273	$ 281	$ 290	$ 299	$ 307	$ 317	$ 326
Average Occupancy	50%	-	40.0%	43.0%	47.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
II. Income											
Room		$ -	$ 1,466,205	$ 3,246,911	$ 3,655,418	$ 4,005,404	$ 4,125,567	$ 4,249,334	$ 4,376,814	$ 4,508,118	$ 4,643,362
Telephone		$ -	$ 14,662	$ 32,469	$ 36,554	$ 40,054	$ 41,256	$ 42,493	$ 43,768	$ 45,081	$ 46,434
Other		$ -	$ 14,662	$ 32,469	$ 36,554	$ 40,054	$ 41,256	$ 42,493	$ 43,768	$ 45,081	$ 46,434
Total		$ -	$ 1,495,529	$ 3,311,849	$ 3,728,526	$ 4,085,513	$ 4,208,078	$ 4,334,320	$ 4,464,350	$ 4,598,280	$ 4,736,229
Less: Cost of Sales		$ -	$ 448,659	$ 993,555	$ 1,118,558	$ 1,225,654	$ 1,262,423	$ 1,300,296	$ 1,339,305	$ 1,379,484	$ 1,420,869
Gross Operating Income		$ -	$ 1,046,870	$ 2,318,294	$ 2,609,968	$ 2,859,859	$ 2,945,655	$ 3,034,024	$ 3,125,045	$ 3,218,796	$ 3,315,360
III. Operating Expenses and and Replacement Reserves		$ -	$ 523,435	$ 1,159,147	$ 1,304,984	$ 1,429,929	$ 1,472,827	$ 1,517,012	$ 1,562,522	$ 1,609,398	$ 1,657,680
Gross Operating Profit		$ -	$ 523,435	$ 1,159,147	$ 1,304,984	$ 1,429,929	$ 1,472,827	$ 1,517,012	$ 1,562,522	$ 1,609,398	$ 1,657,680
Less: Fixed Charges / Reserves		$ -	$ 149,553	$ 331,185	$ 372,853	$ 408,551	$ 420,808	$ 433,432	$ 446,435	$ 459,828	$ 473,623
IV. Net Operating Income		$ -	$ 373,882	$ 827,962	$ 932,132	$ 1,021,378	$ 1,052,019	$ 1,083,580	$ 1,116,087	$ 1,149,570	$ 1,184,057

Site A: Hotel

Table 6: Operating Pro-forma	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
I. Project										
No. of Rooms	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0
Average Daily Room Rate	$ 336	$ 346	$ 356	$ 367	$ 378	$ 389	$ 401	$ 413	$ 426	$ 438
Average Occupancy	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
II. Income										
Room	$ 4,782,662	$ 4,926,142	$ 5,073,927	$ 5,226,144	$ 5,382,929	$ 5,544,417	$ 5,710,749	$ 5,882,072	$ 6,058,534	$ 6,240,290
Telephone	$ 47,827	$ 49,261	$ 50,739	$ 52,261	$ 53,829	$ 55,444	$ 57,107	$ 58,821	$ 60,585	$ 62,403
Other	$ 47,827	$ 49,261	$ 50,739	$ 52,261	$ 53,829	$ 55,444	$ 57,107	$ 58,821	$ 60,585	$ 62,403
Total	$ 4,878,316	$ 5,024,665	$ 5,175,405	$ 5,330,667	$ 5,490,587	$ 5,655,305	$ 5,824,964	$ 5,999,713	$ 6,179,704	$ 6,365,095
Less: Cost of Sales	$ 1,463,495	$ 1,507,400	$ 1,552,622	$ 1,599,200	$ 1,647,176	$ 1,696,591	$ 1,747,489	$ 1,799,914	$ 1,853,911	$ 1,909,529
Gross Operating Income	$ 3,414,821	$ 3,517,266	$ 3,622,784	$ 3,731,467	$ 3,843,411	$ 3,958,713	$ 4,077,475	$ 4,199,799	$ 4,325,793	$ 4,455,567
III. Operating Expenses and and Replacement Reserves	$ 1,707,410	$ 1,758,633	$ 1,811,392	$ 1,865,734	$ 1,921,706	$ 1,979,357	$ 2,038,737	$ 2,099,900	$ 2,162,897	$ 2,227,783
Gross Operating Profit	$ 1,707,410	$ 1,758,633	$ 1,811,392	$ 1,865,734	$ 1,921,706	$ 1,979,357	$ 2,038,737	$ 2,099,900	$ 2,162,897	$ 2,227,783
Less: Fixed Charges / Reserves	$ 487,832	$ 502,467	$ 517,541	$ 533,067	$ 549,059	$ 565,530	$ 582,496	$ 599,971	$ 617,970	$ 636,510
IV. Net Operating Income	$ 1,219,579	$ 1,256,166	$ 1,293,851	$ 1,332,667	$ 1,372,647	$ 1,413,826	$ 1,456,241	$ 1,499,928	$ 1,544,926	$ 1,591,274

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Site A: Hotel

Table 7: Investment Pro-forma		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
I. Income											
Gross Operating Income		$ -	$ 1,046,870	$ 2,318,294	$ 2,609,968	$ 2,859,859	$ 2,945,655	$ 3,034,024	$ 3,125,045	$ 3,218,796	$ 3,315,360
Less: Operating Expenses		$ -	$ 523,435	$ 1,159,147	$ 1,304,984	$ 1,429,929	$ 1,472,827	$ 1,517,012	$ 1,562,522	$ 1,609,398	$ 1,657,680
Less: Fixed Charge / Reserves		$ -	$ 149,553	$ 331,185	$ 372,853	$ 408,551	$ 420,808	$ 433,432	$ 446,435	$ 459,828	$ 473,623
Net Operating Income		$ -	$ 373,882	$ 827,962	$ 932,132	$ 1,021,378	$ 1,052,019	$ 1,083,580	$ 1,116,087	$ 1,149,570	$ 1,184,057
II. Development Costs											
Land	$ 1,000,000	$ 650,000	$ 350,000								
Direct	$ 12,285,087	$ 7,985,307	$ 4,299,780								
Indirect	$ 5,634,493	$ 3,662,420	$ 1,972,073								
Financing	$ 763,405	$ 496,213	$ 267,192								
Total	$ 19,682,985	$ 12,793,940	$ 6,889,045								
Unlevergaged Cash Flow		$ (12,793,940)	$ (6,889,045)	$ 827,962	$ 932,132	$ 1,021,378	$ 1,052,019	$ 1,083,580	$ 1,116,087	$ 1,149,570	$ 1,184,057
III. Construction Loan											
Equity		$ 9,841,493									
Construction Draw		$ 6,396,970	$ 3,444,522								
Loan Repayment			$ 9,841,492								
IV. Permanent Loan											
Funding			$ 9,841,492								
Debt Service			$ (423,045)	$ (846,090)	$ (846,090)	$ (846,090)	$ (846,090)	$ (846,090)	$ (846,090)	$ (846,090)	$ (846,090)
Net Cash Flow			$ (49,163)	$ (18,128)	$ 86,042	$ 175,288	$ 205,929	$ 237,490	$ 269,997	$ 303,480	$ 337,967
V. Equity Investment											
Equity Amount		$ 9,841,493									
Return-on-Equity			-0.50%	-0.18%	0.87%	1.78%	2.09%	2.41%	2.74%	3.08%	3.43%

Site A: Hotel

Table 7: Investment Pro-forma	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
I. Income										
Gross Operating Income	$ 3,414,821	$ 3,517,266	$ 3,622,784	$ 3,731,467	$ 3,843,411	$ 3,958,713	$ 4,077,475	$ 4,199,799	$ 4,325,793	$ 4,455,567
Less: Operating Expenses	$ 1,707,410	$ 1,758,633	$ 1,811,392	$ 1,865,734	$ 1,921,706	$ 1,979,357	$ 2,038,737	$ 2,099,900	$ 2,162,897	$ 2,227,783
Less: Fixed Charge / Reserves	$ 487,832	$ 502,467	$ 517,541	$ 533,067	$ 549,059	$ 565,530	$ 582,496	$ 599,496	$ 617,970	$ 636,510
Net Operating Income	$ 1,219,579	$ 1,256,166	$ 1,293,851	$ 1,332,666	$ 1,372,646	$ 1,413,826	$ 1,456,242	$ 1,500,403	$ 1,544,926	$ 1,591,274
II. Development Costs										
Land										
Direct										
Indirect										
Financing										
Total										
Unlevergaged Cash Flow	$ 1,219,579	$ 1,256,166	$ 1,293,851	$ 1,332,666	$ 1,372,646	$ 1,413,826	$ 1,456,242	$ 1,500,403	$ 1,544,926	$ 1,591,274
III. Construction Loan										
Construction Draw										
Loan Repayment										
IV. Permanent Loan										
Funding										
Debt Service	$ (846,090)	$ (846,090)	$ (846,090)	$ (846,090)	$ (846,090)	$ (846,090)	$ (846,090)	$ (846,090)	$ (846,090)	$ (846,090)
Net Cash Flow	$ 373,489	$ 410,076	$ 447,761	$ 486,576	$ 526,556	$ 567,736	$ 610,152	$ 654,313	$ 698,836	$ 745,184
V. Equity Investment										
Equity Amount										
Return-on-Equity	3.79%	4.17%	4.55%	4.94%	5.35%	5.77%	6.20%	6.65%	7.10%	7.57%

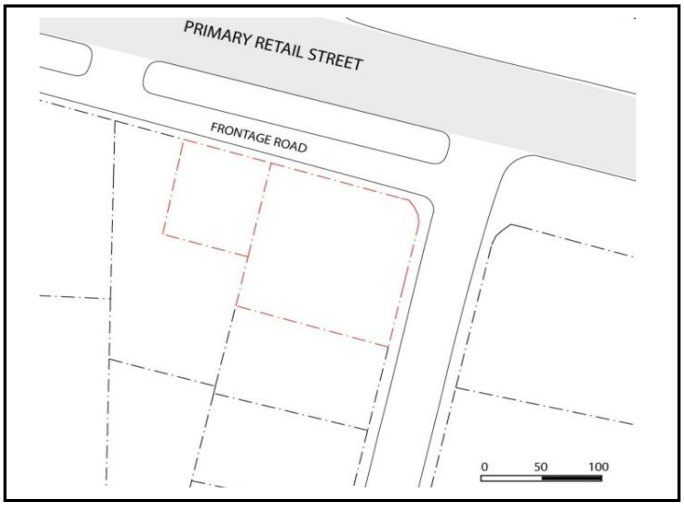
Site D1: Residential / Commercial Mixed-Use

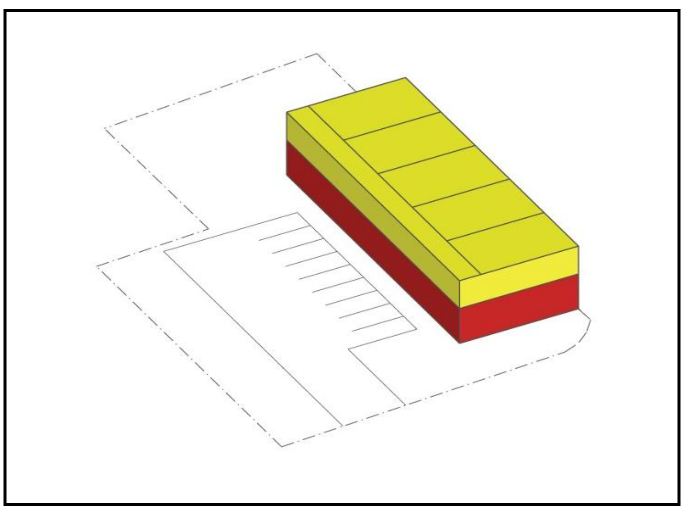
Table 1: Development Program

I. Site Area	
Square Feet	21,780
Acres	0.50
Ownership	Private
Existing Use (Buildings / Vacant)	Vacant
Proposed District	D
II. Development Program	
Retail	
No. of Floors	One (1)
Building Area (SF)	5,000
Parking	
Type	None
Number	None
Residential (Rental)	
No. of Floors	One (1)
No. of Units	Five (5)
Unit Type / Sizes	Rental
Building Area (SF)	5,000
On-site Parking	
Type	Surface
Number	9
Total Building Area	10,000
Density (Residential)	10 du / acre
Lot Coverage	48.0%
Floor-Area-Ratio (FAR)	0.55

Site D1: Residential / Commercial Mixed-Use

Figure 1: Development Program





Site D1: Residential / Commercial Mixed-Use

Table 2: Estimated Development Cost

		Residential			Commercial		
		Total	Per Unit	Per SF	Total	Per SF	Total
Land							
Area (Acres)		0.30			0.20		0.50
Acquisition/Value		$ 300,000	$ 60,000.00	$ 60.00	$ 200,000	$ 40.00	$ 500,000
Subtotal: Land		$ 300,000.00	$ 60,000.00	$ 60.00	$ 200,000.00	$ 40.00	$ 500,000
Direct Construction							
Off-site Improvements		$ 45,000	$ 9,000	$ 9.00	$ 30,000	$ 6.00	$ 75,000
Sitework / Land Development		$ 130,680	$ 26,136	$ 26.14	$ 87,120	$ 17.42	$ 217,800
Building Construction							
Commercial	5,000				$ 550,000	$ 110.00	$ 550,000
Residential (Rental)	5,000	$ 600,000	$ 120,000	$ 120.00			$ 600,000
Tenant Improvements							
Commercial	5,000				$ 200,000	$ 40.00	$ 200,000
General Contractor		$ 116,352	$ 23,270	$ 23.27	$ 130,068	$ 26.01	$ 246,420
Contingency		$ 542,976	$ 108,595	$ 108.60	$ 60,698	$ 12.14	$ 603,674
Subtotal: Direct Construction		$ 1,435,008	$ 287,002	$ 287.00	$ 1,057,886	$ 211.58	$ 2,492,894
Indirect Costs							
Predevelopment / Entitlement		$ 28,700	$ 5,740	$ 5.74	$ 21,157.73	$ 4.23	$ 49,858
Architecture / Engineering		$ 86,100	$ 17,220	$ 17.22	$ 63,473	$ 12.69	$ 149,574
Permits & Fees		$ 173,495	$ 34,699	$ 34.70	$ 136,500	$ 27.30	$ 309,995
Affordable Housing Fee		$ -	$ -	$ -	$ -	$ -	$ -
Taxes, Legal & Insurance		$ 28,700	$ 5,740	$ 5.74	$ 21,158	$ 4.23	$ 49,858
Marketing & Advertising		$ 25,000	$ 5,000	$ 5.00	$ 12,500	$ 2.50	$ 37,500
Leasing Commissions		$ -	$ -	$ -	$ 25,000	$ 5.00	$ 25,000
Administration & Overhead		$ 28,700	$ 5,740	$ 5.74	$ 21,158	$ 4.23	$ 49,858
Contingency		$ 18,535	$ 3,707	$ 3.71	$ 15,047	$ 3.01	$ 33,582
Development Fee		$ 71,750	$ 14,350	$ 14.35	$ 52,894	$ 10.58	$ 124,645
Subtotal: Indirect Costs		$ 460,981	$ 92,196	$ 92.20	$ 368,888	$ 73.78	$ 829,869
Financing Costs							
Construction Loan Fee		$ 42,822	$ 8,564	$ 8.56	$ 31,722	$ 6.34	$ 74,544
Interest during Construction		$ 83,502	$ 16,700	$ 16.70	$ 61,858	$ 12.37	$ 145,361
Subotal: Financing Costs		$ 126,324	$ 25,265	$ 25.26	$ 93,580	$ 18.72	$ 219,904
Total		**$ 2,322,313**	$ 464,463	$ 464.46	**$ 1,720,354**	$ 344.07	**$ 4,042,667**

Site D1: Residential / Commercial Mixed-Use

Table 3: Estimated Residential Rental Income

	Units	Unit Size (SF)	Leasable Area (SF)	Rent Per SF	Monthly Rent	Monthly Income	Annual Income
I. Gross Potential Revenue							
Apartments	5	950	4,750	$ 2.00	$ 1,900	$ 9,500	$ 114,000
Total	5		4,750			$ 9,500	$ 114,000
Parking	9				$ 75	$ 675	$ 8,100
Other Income						$ 190	$ 2,280
Total Rental Income							$ 124,380
Less: Vacancy (5.0%)							$ 6,219
Effective Gross Income							$ 118,161
II. Operating Expenses							$ 29,540
Management							
Repairs/Maintenance							
Insurance							
Taxes							
Reserves							
III. Net Operating Income							$ 88,621

Site D1: Residential / Commercial Mixed-Use

Table 4: Estimated Commercial Lease Income

	Net Leasable		Rent / SF /	Monthly	Annual
	SF	%	Month (NNN)	Income	Income
I. Rental Income					
Retail	5,000	100.0%	$ 1.50	$ 7,500	$ 90,000
Total	5,000	100.0%		$ 7,500	$ 90,000
Tenant Reimbursements			$ 0.75	$ 3,750	$ 45,000
Gross Income				$ 11,250	$ 135,000
Less: Vacancy (10.0%)				$ 1,125	$ 13,500
Effective Gross Income					$ 121,500
II. Operating Expenses (1)					$ 45,000
Management					
Repairs/Maintenance					
Insurance					
Taxes					
Reserves					
III. Net Operating Income					$ 76,500

Footnotes:
(1) Based on $9.00 per square foot of building area per year

Site D1: Residential / Commercial Mixed-Use

Table 5: Sources of Funding

	Residential		Commercial	
	Amount	%	Amount	%
I. Sources of Funding				
Conventional Debt	$ 1,234,327	65.0%	$ 1,189,782	65.0%
Private Equity	$ 664,638	35.0%	$ 640,652	35.0%
Other	$ -	0.0%	$ -	0.0%
Total	$ 1,898,965	100.0%	$ 1,830,434	100.0%
II. Underwriting Assumptions				
Interest Rate	6.00%		6.00%	
Loan Term	20 years		20 years	
Return-on-Equity (Targeted)	15.00%		15.00%	

Table 6: Projected Project Value

	Amount
I. Residential (Rental)	
Net Operating Income	$ 88,621
Project Value (1)	$ 1,107,763
Total Development Cost	$ 2,322,313
Net Project Value	$ (1,214,551)
Per Unit	$ (134,950)
Per SF	$ (121.46)
II. Commercial (Retail)	
Net Operating Income	$ 76,500
Project Value (1)	$ 956,250
Total Development Cost	$ 1,720,354
Net Project Value	$ (764,104)
Per SF	$ (152.82)
III. Total - Net Project Value	
Residential (Rental)	$ (1,214,551)
Commercial	$ (764,104)
Total	$ (1,978,655)

Footnotes:
(1) Based on 8.0% capitalization rate

Site D1: Residential / Commercial Mixed-Use

Table 7: Operating Pro-forma

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
I. Income											
Effective Gross Income	$ 239,661	$ -	$ 123,425	$ 254,256	$ 261,884	$ 269,741	$ 277,833	$ 286,168	$ 294,753	$ 303,595	$ 312,703
Less: Operating Expenses	$ 74,540	$ -	$ 38,388	$ 79,079	$ 81,452	$ 83,895	$ 86,412	$ 89,005	$ 91,675	$ 94,425	$ 97,258
Net Operating Income	$ 165,121	$ -	$ 85,037	$ 175,177	$ 180,432	$ 185,845	$ 191,420	$ 197,163	$ 203,078	$ 209,170	$ 215,445
II. Development Costs											
Land	$ 500,000	$ 325,000	$ 175,000								
Direct	$ 2,492,894	$ 1,620,381	$ 872,513								
Indirect	$ 829,869	$ 539,415	$ 290,454								
Financing	$ 219,904	$ 142,938	$ 76,966								
Total	$ 4,042,667	$ 2,627,734	$ 1,414,933								
Unlevergaged Cash Flow		$ (2,627,734)	$ (1,414,933)	$ 175,177	$ 180,432	$ 185,845	$ 191,420	$ 197,163	$ 203,078	$ 209,170	$ 215,445
III. Construction Loan											
Equity		$ 1,414,933									
Construction Draw		$ 1,708,027	$ 919,707								
Loan Repayment			$ 2,627,734								
IV. Permanent Loan											
Funding			$ 2,627,734								
Debt Service			$ 112,955	$ 225,910	$ 225,910	$ 225,910	$ 225,910	$ 225,910	$ 225,910	$ 225,910	$ 225,910
Net Cash Flow		$ -	$ (27,918)	$ (50,733)	$ (45,478)	$ (40,065)	$ (34,490)	$ (28,747)	$ (22,832)	$ (16,740)	$ (10,465)
V. Equity Investment											
Equity Amount		$ 1,414,933									
Return-on-Equity			-1.97%	-3.59%	-3.21%	-2.83%	-2.44%	-2.03%	-1.61%	-1.18%	-0.74%

Site D1: Residential / Commercial Mixed-Use

Table 7: Operating Pro-forma

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
I. Income										
Effective Gross Income	$ 322,084	$ 331,747	$ 341,699	$ 351,950	$ 362,509	$ 373,384	$ 384,586	$ 396,123	$ 408,007	$ 420,247
Less: Operating Expenses	$ 100,176	$ 103,181	$ 106,276	$ 109,465	$ 112,748	$ 116,131	$ 119,615	$ 123,203	$ 126,899	$ 130,706
Net Operating Income	$ 221,909	$ 228,566	$ 235,423	$ 242,486	$ 249,760	$ 257,253	$ 264,971	$ 272,920	$ 281,107	$ 289,541
II. Development Costs										
Land										
Direct										
Indirect										
Financing										
Total										
Unlevergaged Cash Flow	$ 221,909	$ 228,566	$ 235,423	$ 242,486	$ 249,760	$ 257,253	$ 264,971	$ 272,920	$ 281,107	$ 289,541
III. Construction Loan										
Construction Draw										
Loan Repayment										
IV. Permanent Loan										
Funding										
Debt Service	$ 225,910	$ 225,910	$ 225,910	$ 225,910	$ 225,910	$ 225,910	$ 225,910	$ 225,910	$ 225,910	$ 225,910
Net Cash Flow	$ (4,001)	$ 2,656	$ 9,513	$ 16,576	$ 23,850	$ 31,343	$ 39,061	$ 47,010	$ 55,197	$ 63,631
V. Equity Investment										
Equity Amount										
Return-on-Equity	-0.28%	0.19%	0.67%	1.17%	1.69%	2.22%	2.76%	3.32%	3.90%	4.50%

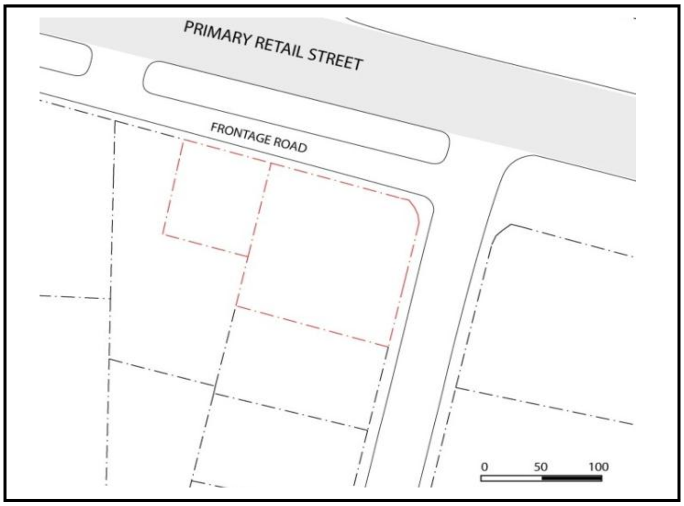
Site D2: Residential / Commercial Mixed-Use

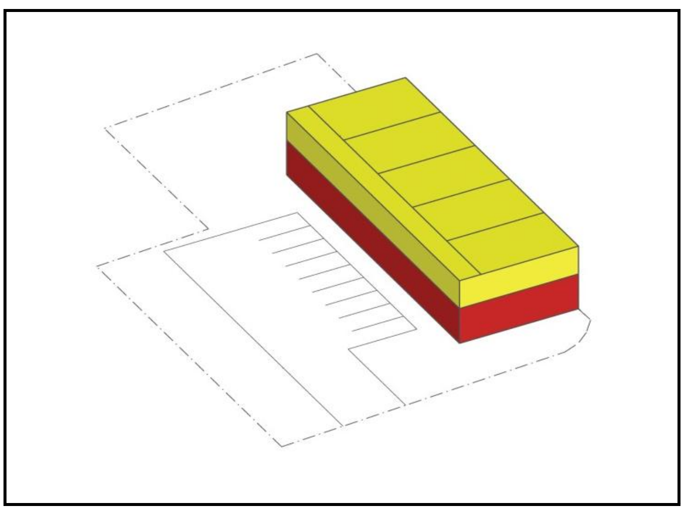
Table 1: Development Program

I. Site Area	
Square Feet	21,780
Acres	0.50
Ownership	Private
Existing Use (Buildings / Vacant)	Vacant
Proposed District	D
II. Development Program	
Retail	
No. of Floors	One (1)
Building Area (SF)	5,000
Parking	
Type	None
Number	None
Residential (Rental)	
No. of Floors	One (1)
No. of Units	Nine (9)
Unit Type / Sizes	Rental
Building Area (SF)	10,000
On-site Parking	
Type	Surface
Number	9
Total Building Area	15,000
Density (Residential)	18 du / acre
Lot Coverage	48.0%
Floor-Area-Ratio (FAR)	0.69

Site D2: Residential / Commercial Mixed-Use

Figure 1: Development Program





Site D2: Residential / Commercial Mixed-Use

Table 2: Estimated Development Cost		Residential			Commercial		
		Total	Per Unit	Per SF	Total	Per SF	Total
Land							
Area (Acres)		0.30			0.20		0.50
Acquisition/Value		$ 300,000			$ 200,000	$ 40.00	$ 500,000
Subtotal: Land		$ 300,000.00			$ 200,000.00	$ 40.00	$ 500,000
Direct Construction							
Off-site Improvements		$ 45,000	$ 5,000	$ 4.50	$ 30,000	$ 6.00	$ 75,000
Sitework / Land Development		$ 130,680	$ 14,520	$ 13.07	$ 87,120	$ 8.71	$ 217,800
Building Construction							
Commercial	5,000				$ 550,000	$ 110.00	$ 550,000
Residential (Rental)	10,000	$ 1,200,000	$ 133,333	$ 120.00			$ 1,200,000
Tenant Improvements							
Commercial	5,000				$ 200,000	$ 40.00	$ 200,000
General Contractor		$ 206,352	$ 22,928	$ 20.64	$ 130,068	$ 26.01	$ 336,420
Contingency		$ 96,298	$ 10,700	$ 9.63	$ 60,698	$ 12.14	$ 156,996
Subtotal: Direct Construction		$ 1,678,330	$ 186,481	$ 167.83	$ 1,057,886	$ 211.58	$ 2,736,216
Indirect Costs							
Predevelopment / Entitlement		$ 33,567	$ 3,730	$ 3.36	$ 21,158	$ 4.23	$ 54,724
Architecture / Engineering		$ 100,700	$ 11,189	$ 10.07	$ 63,473	$ 12.69	$ 164,173
Permits & Fees		$ 312,291	$ 34,699	$ 31.23	$ 136,500	$ 27.30	$ 448,791
Affordable Housing Fee		$ -	$ -	$ -	$ -	$ -	$ -
Taxes, Legal & Insurance		$ 33,567	$ 3,730	$ 3.36	$ 21,158	$ 4.23	$ 54,724
Marketing & Advertising		$ 37,500	$ 4,167	$ 3.75	$ 12,500	$ 2.50	$ 50,000
Leasing Commissions		$ -	$ -	$ -	$ 25,000	$ 5.00	$ 25,000
Administration & Overhead		$ 33,567	$ 3,730	$ 3.36	$ 21,158	$ 4.23	$ 54,724
Contingency		$ 27,560	$ 3,062	$ 2.76	$ 15,047	$ 3.01	$ 42,607
Development Fee		$ 83,916	$ 9,324	$ 8.39	$ 52,894	$ 10.58	$ 136,811
Subtotal: Indirect Costs		$ 662,667	$ 73,630	$ 66.27	$ 368,888	$ 73.78	$ 1,031,555
Financing Costs							
Construction Loan Fee		$ 51,499	$ 5,722	$ 5.15	$ 31,722	$ 6.34	$ 83,222
Interest during Construction		$ 100,424	$ 11,158	$ 10.04	$ 61,858	$ 12.37	$ 162,282
Subotal: Financing Costs		$ 151,923	$ 16,880	$ 15.19	$ 93,580	$ 18.72	$ 245,504
Total		**$ 2,792,919**	**$ 276,991**	**$ 249.29**	**$ 1,720,354**	**$ 344.07**	**$ 4,513,274**

Site D2: Residential / Commercial Mixed-Use

Table 3: Estimated Residential Rental Income

	Units	Unit Size (SF)	Leasable Area (SF)	Rent Per SF	Monthly Rent	Monthly Income	Annual Income
I. Gross Potential Revenue							
Apartments	9	950	8,550	$ 2.00	$ 1,900	$ 17,100	$ 205,200
Total	9		8,550			$ 17,100	$ 205,200
Parking	9				$ 75	$ 675	$ 8,100
Other Income						$ 342	$ 4,104
Total Rental Income							$ 217,404
Less: Vacancy (5.0%)							$ 10,870
Effective Gross Income							$ 206,534
II. Operating Expenses							$ 51,633
Management							
Repairs/Maintenance							
Insurance							
Taxes							
Reserves							
III. Net Operating Income							$ 154,900

Site D2: Residential / Commercial Mixed-Use

Table 4: Estimated Commercial Lease Income

	Net Leasable SF	Net Leasable %	Rent / SF / Month (NNN)	Monthly Income	Annual Income
I. Rental Income					
Retail	5,000	100.0%	$ 1.50	$ 7,500	$ 90,000
Total	5,000	100.0%		$ 7,500	$ 90,000
Tenant Reimbursements			$ 0.75	$ 3,750	$ 45,000
Gross Income				$ 11,250	$ 135,000
Less: Vacancy (10.0%)				$ 1,125	$ 13,500
Effective Gross Income					$ 121,500
II. Operating Expenses (1)					$ 45,000
Management					
Repairs/Maintenance					
Insurance					
Taxes					
Reserves					
III. Net Operating Income					$ 76,500

Footnotes:
(1) Based on $9.00 per square foot of building area per year

Site D2: Residential / Commercial Mixed-Use

Table 5: Sources of Funding

	Residential		Commercial	
	Amount	%	Amount	%
I. Sources of Funding				
Conventional Debt	$ 1,815,397	65.0%	$ 1,118,230	65.0%
Private Equity	$ 977,522	35.0%	$ 602,124	35.0%
Other	$ -	0.0%	$ -	0.0%
Total	$ 2,792,919	100.0%	$ 1,720,354	100.0%
II. Underwriting Assumptions				
Interest Rate	6.00%		6.00%	
Loan Term	20 years		20 years	
Return-on-Equity (Targeted)	15.00%		15.00%	

Table 6: Projected Project Value

I. Residential (Rental)	
Net Operating Income	$ 154,900
Project Value (1)	$ 1,936,250
Total Development Cost	$ 2,792,919
Net Project Value	$ (856,669)
Per Unit	$ (95,185)
Per SF	$ (85.67)
II. Commercial (Retail)	
Net Operating Income	$ 76,500
Project Value (1)	$ 956,250
Total Development Cost	$ 1,720,354
Net Project Value	$ (764,104)
Per SF	$ (152.82)
III. Total - Net Project Value	
Residential (Rental)	$ (856,669)
Commercial	$ (764,104)
Total	$ (1,620,773)

Footnotes:
(1) Based on 8.0% capitalization rate

Site D2: Residential / Commercial Mixed-Use

Table 7: Development Pro-forma

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
I. Income											
Effective Gross Income	$ 328,034	$ -	$ 174,006	$ 348,011	$ 358,452	$ 369,205	$ 380,281	$ 391,690	$ 403,440	$ 415,544	$ 428,010
Less: Operating Expenses	$ 96,633	$ -	$ 51,259	$ 102,518	$ 105,593	$ 108,761	$ 112,024	$ 115,385	$ 118,846	$ 122,412	$ 126,084
Net Operating Income	$ 231,401	$ -	$ 122,747	$ 245,493	$ 252,858	$ 260,444	$ 268,257	$ 276,305	$ 284,594	$ 293,132	$ 301,926
II. Development Costs											
Land	$ 500,000	$ 325,000	$ 175,000								
Direct	$ 2,736,216	$ 1,778,540	$ 957,676								
Indirect	$ 1,031,555	$ 670,511	$ 361,044								
Financing	$ 245,503	$ 159,577	$ 85,926								
Total	$ 4,513,274	$ 2,933,628	$ 1,579,646								
Unlevergaged Cash Flow		$ (2,933,628)	$ (1,579,646)	$ 245,493	$ 252,858	$ 260,444	$ 268,257	$ 276,305	$ 284,594	$ 293,132	$ 301,926
III. Construction Loan											
Equity		$ 1,579,646									
Construction Draw		$ 1,906,858	$ 1,026,770								
Loan Repayment			$ 2,933,628								
IV. Permanent Loan											
Funding			$ 2,933,628								
Debt Service			$ 126,105	$ 252,209	$ 252,209	$ 252,209	$ 252,209	$ 252,209	$ 252,209	$ 252,209	$ 252,209
Net Cash Flow			$ (3,358)	$ (6,716)	$ 649	$ 8,235	$ 16,048	$ 24,096	$ 32,385	$ 40,923	$ 49,717
V. Equity Investment											
Equity Amount		$ 1,579,646									
Return-on-Equity			-0.24%	-0.47%	0.05%	0.58%	1.13%	1.70%	2.29%	2.89%	3.51%

Site D2: Residential / Commercial Mixed-Use

Table 7: Operating Pro-forma

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
I. Income										
Effective Gross Income	$ 440,850	$ 454,076	$ 467,698	$ 481,729	$ 496,181	$ 511,066	$ 526,398	$ 542,190	$ 558,456	$ 575,210
Less: Operating Expenses	$ 129,867	$ 133,763	$ 137,776	$ 141,909	$ 146,166	$ 150,551	$ 155,068	$ 159,720	$ 164,511	$ 169,447
Net Operating Income	$ 310,984	$ 320,313	$ 329,922	$ 339,820	$ 350,015	$ 360,515	$ 371,331	$ 382,471	$ 393,945	$ 405,763
II. Development Costs										
Land										
Direct										
Indirect										
Financing										
Total										
Unlevergaged Cash Flow	$ 310,984	$ 320,313	$ 329,922	$ 339,820	$ 350,015	$ 360,515	$ 371,331	$ 382,471	$ 393,945	$ 405,763
III. Construction Loan										
Construction Draw										
Loan Repayment										
IV. Permanent Loan										
Funding										
Debt Service	$ 252,209	$ 252,209	$ 252,209	$ 252,209	$ 252,209	$ 252,209	$ 252,209	$ 252,209	$ 252,209	$ 252,209
Net Cash Flow	$ 58,775	$ 68,104	$ 77,713	$ 87,611	$ 97,806	$ 108,306	$ 119,122	$ 130,262	$ 141,736	$ 153,554
V. Equity Investment										
Equity Amount										
Return-on-Equity	4.15%	4.81%	5.49%	6.19%	6.91%	7.65%	8.42%	9.21%	10.02%	10.85%

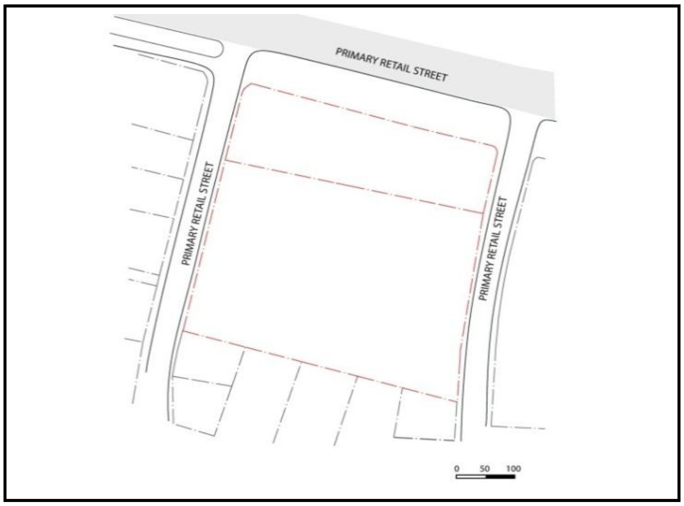
Site E: Commercial, Hotel and Residential

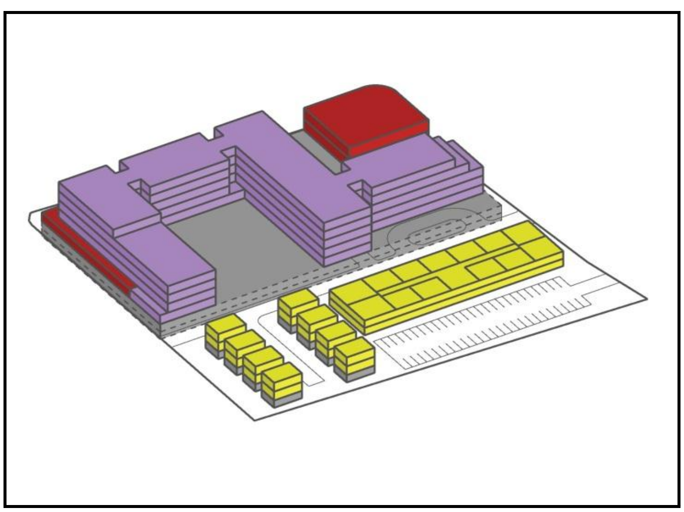
Table 1: Development Program

I. Site Area	
Square Feet	217,800
Acres	5.00
Ownership	Private
Existing Use (Buildings / Vacant)	Vacant
Proposed District	D & NOMR
II. Development Program	
Commercial	
No. of Floors	One / Two
Building Area	35,000
Parking	
Type	Surface
Number	140
Ratio	4.0 / 1,000
Parking Area	49,000
Residential (Ownership)	
No. of Floors	Three (3)
No. of Units	34
Building Area	45,000
Parking	
Type	Surface / Underground
Number	68
Ratio	2.0 / 1.0 unit
Hotel	
No. of Floors	Five (5)
No. of Rooms	300
Density	124 rooms / acre
Gross Building Area	215,000
Parking	
Type	Underground
Number	300
Ratio (Spaces / Room)	1.00
Parking Area	105,000
Total Building Area	285,000
Density (Residential)	17.0 du / acre
Lot Coverage	56.0%
Floor-Area-Ratio (FAR)	1.31

Site E: Commercial, Hotel and Residential

Figure 1: Development Program





Site E: Commercial, Hotel and Residential

Table 2: Estimated Development Cost

		Commercial		Residential		Hotel		
		Total	Per SF	Total	Per Unit	Total	Per Room	Total
Land								
Area		0.50		1.50		3.00		5.00
Acquisition/Value		$ 500,000	$ 14.29	$ 1,500,000	$ 44,118	$ 3,000,000	$ 10,000	$ 5,000,000
Subtotal: Land		$ 500,000	$ 14.29	$ 1,500,000	$ 44,118	$ 3,000,000	$ 10,000	$ 5,000,000
Direct Construction								
Off-site Improvements		$ 39,750	$ 1.14	$ 150,000	$ 4,412	$ 187,500	$ 625	$ 377,250
Sitework / Land Development		$ 217,800	$ 6.22	$ 653,400	$ 19,218	$ 1,306,800	$ 4,356	$ 2,178,000
Building Construction								$ -
Commercial	35,000	$ 3,850,000	$ 110.00	$ -	$ -	$ -	$ -	$ 3,850,000
Hotel	215,000			$ -	$ -	$ 27,950,000	$ 93,167	$ 27,950,000
Residential	45,000			$ 6,300,000	$ 185,294	$ -	$ -	$ 6,300,000
Tenant Improvements								$ -
Commercial	35,000	$ 1,400,000	$ 40.00	$ -	$ -	$ -	$ -	$ 1,400,000
Hotel (FF&E)	78			$ -	$ -	$ 1,014,000	$ 3,380	$ 1,014,000
Parking								$ -
Surface		$ -	$ -	$ 182,000	$ 5,353	$ -	$ -	$ 182,000
Structured		$ 3,675,000	$ 105.00	$ -	$ -	$ 7,875,000	$ 26,250	$ 11,550,000
General Contractor		$ 1,377,383	$ 39.35	$ 1,092,810	$ 32,141	$ 5,749,995	$ 19,167	$ 8,220,188
Contingency		$ 642,779	$ 18.37	$ 509,978	$ 14,999	$ 2,683,331	$ 8,944	$ 3,836,088
Subtotal: Direct Construction		$ 11,202,711	$ 320.08	$ 8,888,188	$ 261,417	$ 46,766,626	$ 155,889	$ 66,857,525
Indirect Costs								
Predevelopment / Entitlement		$ 224,054	$ 6.40	$ 177,764	$ 5,228	$ 935,333	$ 3,118	$ 1,337,151
Architecture / Engineering		$ 672,163	$ 19.20	$ 533,291	$ 15,685	$ 2,805,998	$ 9,353	$ 4,011,452
Permits & Fees		$ 955,500	$ 27.30	$ 1,323,350	$ 38,922	$ 11,411,400	$ 38,038	$ 13,690,250
Affordable Housing Fee		$ -	$ -	$ -	$ -	$ 696,660	$ 2,322	$ 696,660
Taxes, Legal & Insurance		$ 224,054	$ 6.40	$ 177,764	$ 5,228	$ 935,333	$ 3,118	$ 1,337,151
Warranty Reserve		$ -	$ -	$ 750,000	$ 22,059	$ -	$ -	$ 750,000
Sales, Marketing & Advertising		$ 87,500	$ 2.50	$ 150,000	$ 4,412	$ 250,000	$ 833	$ 487,500
Leasing Commissions		$ 175,000	$ 5.00	$ -	$ -	$ -	$ -	$ 175,000
Administration & Overhead		$ 224,054	$ 6.40	$ 177,764	$ 5,228	$ 935,333	$ 3,118	$ 1,337,151
Contingency		$ 128,116	$ 3.66	$ 164,497	$ 4,838	$ 898,503	$ 2,995	$ 1,191,116
Development Fee		$ 560,136	$ 16.00	$ 444,409	$ 13,071	$ 2,338,331	$ 7,794	$ 3,342,876
Subtotal: Indirect Costs		$ 3,250,577	$ 92.87	$ 3,898,839	$ 114,672	$ 21,206,889	$ 70,690	$ 28,356,305
Financing Costs								
Construction Loan Fee		$ 291,589	$ 8.33	$ 278,597	$ 8,194	$ 1,383,983.55	$ 4,613	$ 1,954,170
Interest during Construction		$ 758,132	$ 21.66	$ 724,352	$ 21,304	$ 3,598,357.22	$ 11,995	$ 5,080,841
Subotal: Financing Costs		$ 1,049,721	$ 29.99	$ 1,002,949	$ 29,499	$ 4,982,340.77	$ 16,608	$ 7,035,011
Total		**$ 16,003,009**	**$ 457.23**	**$ 15,289,976**	**$ 449,705**	**$ 75,955,856**	**$ 253,186**	**$ 107,248,841**

Site E: Commercial, Hotel and Residential

Table 3: Estimated Commercial Lease Income

	Net Leasable SF	Net Leasable %	Monthly Rent/SF	Monthly Income	Annual Income
I. Rental Income					
Retail (within Hotel building)	10,000	28.6%	$ 1.50	$ 15,000	$ 180,000
Retail (Stand-alone building)	25,000	71.4%	$ 1.75	$ 43,750	$ 525,000
Total	35,000	100.0%		$ 58,750	$ 705,000
Tenant Reimbursements			$ 0.75	$ 26,250	$ 315,000
Gross Income					$ 1,020,000
Less: Vacancy (10.0%)					$ 51,000
Effective Gross Income					$ 969,000
II. Operating Expenses (1)					$ 350,000
Management					
Repairs/Maintenance					
Insurance					
Taxes					
Reserves					
III. Net Operating Income					$ 619,000

Footnotes:
(1) Based on $10.00 per square foot of building area per year

Site E: Commercial, Hotel and Residential

Table 4: Estimated Residential Income (Ownership)

	Units	Unit Size (SF)	Building Area (SF)	Price Per SF	Unit Price	Sale Proceeds
I. Sale Proceeds						
Market Rate Units						
Condominiums	22	1,200	26,400	$ 400	$ 480,000	$ 10,560,000
Townhouses	8	1,600	12,800	$ 450	$ 720,000	$ 5,760,000
Total	30		39,200			$ 16,320,000
Affordable Units						
Condominiums	4	1,200	4,800	$ 264	$ 316,950	$ 1,267,800
Townhouses	-	1,600	-	NA		
Total	4		4,800			
Gross Sales Proceeds						$ 17,587,800
Less: Cost of Sales / Closing (4.0%)						$ 703,512
Sale Proceeds						$ 16,884,288
Less: Developer Profit (10.0%)						$ 1,758,780
II. Net Sale Proceeds						$ 15,125,508

Site E: Commercial, Hotel and Residential

Table 5: Estimated Hotel Income and Expenses

	Amount	Ratio (%)
I. Project		
No. of Rooms	300	
Average Daily Room Rate	$ 250.00	
Average Occupancy (Initial Operating Year)		
Initial Operating Year	40.0%	
Stabilized Year (4th Operating Year)	50.0%	
II. Income		
Room	$ 10,950,000	75.0%
Food & Beverage	$ 3,212,000	22.0%
Other	$ 438,000	3.0%
Total	$ 14,600,000	100.0%
Less: Department Expenses	$ 4,380,000	30.0%
Gross Operating Income	$ 10,220,000	70.0%
III. Operating Expenses (Undistributed)	$ 3,650,000	25.0%
Administration & General		
Marketing		
Franchise Fee		
Operations & Maintenance		
Utilities		
Gross Operating Profit	$ 6,570,000	45.0%
Less: Management Fee	$ 438,000	3.0%
IV. Fixed Expenses	$ 1,022,000	7.0%
Property Taxes		
Insurance		
Replacemnent Reserves		
IV. Net Operating Income	$ 5,110,000	35.0%

Site E: Commercial, Hotel and Residential

Table 6: Sources of Funding

	Commercial		Residential		Hotel	
	Amount	%	Amount	%	Amount	%
I. Sources of Funding						
Conventional Debt	$ 10,751,268	65.0%	$ 9,938,484	65.0%	$ 38,097,692	50.0%
Private Equity	$ 5,789,144	35.0%	$ 5,351,492	35.0%	$ 38,097,692	50.0%
Other	$ -	0.0%	$ -	0.0%	$ -	0.0%
Total	$ 16,540,412	100.0%	$ 15,289,976	100.0%	$ 76,195,384	100.0%
II. Underwriting Assumptions						
Interest Rate	6.00%		6.00%		6.00%	
Loan Term	20-years		20-years		20-years	
Return-on-Equity (Targeted)	15.00%		15.00%		15.00%	

Table 7: Projected Project Value

I. Commercial	
Net Operating Income	$ 619,000
Project Value	$ 7,737,500
Total Development Cost	$ 16,003,009
Net Project Value	$ (8,265,509)
Per SF	$ (236)
II. Residential (Ownership)	
Sale Proceeds	$ 15,125,508
Total Development Cost	$ 15,289,976
Net Project Value	$ (164,468)
Per Unit	$ (4,837)
III. Hotel	
Net Operating Income	$ 5,110,000
Project Value	$ 63,875,000
Total Development Cost	$ 75,955,856
Net Project Value	$ (12,080,856)
Per SF	$ (40,270)
Per Room	$ (56.19)
IV. Total - Net Project Value	
Commercial	$ (8,265,509)
Residential (Ownership)	$ (164,468)
Hotel	$ (12,080,856)
Total	$ (20,510,833)

Site E: Commercial, Hotel and Residential

Table 8: Operating Pro-forma - Hotel

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
I. Project										
No. of Rooms	300	300	300	300	300	300	300	300	300	300
Average Daily Room Rate	$ 250.00	$ 257.50	$ 265.23	$ 273.18	$ 281.38	$ 289.82	$ 298.51	$ 307.47	$ 316.69	$ 326.19
Average Occupancy			40.0%	43.0%	47.0%	50.0%	50.0%	50.0%	50.0%	50.0%
II. Income										
Room	$ -	$ -	$ 11,616,855	$ 12,862,763	$ 14,481,078	$ 15,867,564	$ 16,343,591	$ 16,833,899	$ 17,338,915	$ 17,859,083
Food & Beverage	$ -	$ -	$ 3,407,611	$ 3,773,077	$ 4,247,783	$ 4,654,485	$ 4,794,120	$ 4,937,944	$ 5,086,082	$ 5,238,664
Other	$ -	$ -	$ 464,674	$ 514,511	$ 579,243	$ 634,703	$ 653,744	$ 673,356	$ 693,557	$ 714,363
Total	$ -	$ -	$ 15,489,140	$ 17,150,350	$ 19,308,104	$ 21,156,752	$ 21,791,454	$ 22,445,198	$ 23,118,554	$ 23,812,111
Less: Department Expenses	$ -	$ -	$ 4,646,742	$ 5,145,105	$ 5,792,431	$ 6,347,026	$ 6,537,436	$ 6,733,559	$ 6,935,566	$ 7,143,633
Gross Operating Income	$ -	$ -	$ 10,842,398	$ 12,005,245	$ 13,515,673	$ 14,809,726	$ 15,254,018	$ 15,711,639	$ 16,182,988	$ 16,668,477
III. Operating Expenses (Undistributed)			$ 3,872,285	$ 4,287,588	$ 4,827,026	$ 5,289,188	$ 5,447,864	$ 5,611,300	$ 5,779,638	$ 5,953,028
Gross Operating Profit	$ -	$ -	$ 6,970,113	$ 7,717,658	$ 8,688,647	$ 9,520,538	$ 9,806,154	$ 10,100,339	$ 10,403,349	$ 10,715,450
Less: Management Fee	$ -	$ -	$ 464,674	$ 514,511	$ 579,243	$ 634,703	$ 653,744	$ 673,356	$ 693,557	$ 714,363
IV. Fixed Expenses	$ -	$ -	$ 1,084,240	$ 1,200,525	$ 1,351,567	$ 1,480,973	$ 1,525,402	$ 1,571,164	$ 1,618,299	$ 1,666,848
IV. Net Operating Income	$ -	$ -	$ 5,421,199	$ 6,002,623	$ 6,757,836	$ 7,404,863	$ 7,627,009	$ 7,855,819	$ 8,091,494	$ 8,334,239

Site E: Commercial, Hotel and Residential

Table 8: Operating Pro-forma - Hotel

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
No. of Rooms	300	300	300	300	300	300	300	300	300	300
Average Daily Room Rate	$ 335.98	$ 346.06	$ 356.44	$ 367.13	$ 378.15	$ 389.49	$ 401.18	$ 413.21	$ 425.61	$ 438.38
Average Occupancy	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
II. Income										
Room	$ 18,394,855	$ 18,946,701	$ 19,515,102	$ 20,100,555	$ 20,703,572	$ 21,324,679	$ 21,964,419	$ 22,623,352	$ 23,302,053	$ 24,001,114
Food & Beverage	$ 5,395,824	$ 5,557,699	$ 5,724,430	$ 5,896,163	$ 6,073,048	$ 6,255,239	$ 6,442,896	$ 6,636,183	$ 6,835,269	$ 7,040,327
Other	$ 735,794	$ 757,868	$ 780,604	$ 804,022	$ 828,143	$ 852,987	$ 878,577	$ 904,934	$ 932,082	$ 960,045
Total	$ 24,526,474	$ 25,262,268	$ 26,020,136	$ 26,800,740	$ 27,604,762	$ 28,432,905	$ 29,285,893	$ 30,164,469	$ 31,069,403	$ 32,001,485
Less: Department Expenses	$ 7,357,942	$ 7,578,680	$ 7,806,041	$ 8,040,222	$ 8,281,429	$ 8,529,872	$ 8,785,768	$ 9,049,341	$ 9,320,821	$ 9,600,446
Gross Operating Income	$ 17,168,532	$ 17,683,588	$ 18,214,095	$ 18,760,518	$ 19,323,334	$ 19,903,034	$ 20,500,125	$ 21,115,129	$ 21,748,582	$ 22,401,040
III. Operating Expenses (Undistributed)	$ 6,131,618	$ 6,315,567	$ 6,505,034	$ 6,700,185	$ 6,901,191	$ 7,108,226	$ 7,321,473	$ 7,541,117	$ 7,767,351	$ 8,000,371
Gross Operating Profit	$ 11,036,913	$ 11,368,021	$ 11,709,061	$ 12,060,333	$ 12,422,143	$ 12,794,807	$ 13,178,652	$ 13,574,011	$ 13,981,232	$ 14,400,668
Less: Management Fee	$ 735,794	$ 757,868	$ 780,604	$ 804,022	$ 828,143	$ 852,987	$ 878,577	$ 904,934	$ 932,082	$ 960,045
IV. Fixed Expenses	$ 1,716,853	$ 1,768,359	$ 1,821,410	$ 1,876,052	$ 1,932,333	$ 1,990,303	$ 2,050,012	$ 2,111,513	$ 2,174,858	$ 2,240,104
IV. Net Operating Income	$ 8,584,266	$ 8,841,794	$ 9,107,048	$ 9,380,259	$ 9,661,667	$ 9,951,517	$ 10,250,062	$ 10,557,564	$ 10,874,291	$ 11,200,520

Site E: Commercial, Hotel and Residential

Table 9: Development Pro-forma

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
I. Income											
Net Operating Income											
Hotel	$ 5,110,000	$ -	$ -	$ 5,421,199	$ 6,002,623	$ 6,757,836	$ 7,404,863	$ 7,627,009	$ 7,855,819	$ 8,091,494	$ 8,334,239
Retail	$ 619,000	$ -	$ -	$ 656,697	$ 676,398	$ 696,690	$ 717,591	$ 739,118	$ 761,292	$ 784,131	$ 807,655
Total		$ -	$ -	$ 6,077,896	$ 6,679,021	$ 7,454,526	$ 8,122,454	$ 8,366,127	$ 8,617,111	$ 8,875,625	$ 9,141,894
Housing Sales											
Net Sale Proceeds		$ -	$ -	$ 5,416,817	$ 5,224,554	$ 4,484,137					
II. Development Costs											
Land	$ 5,000,000	$ 2,500,000	$ 2,500,000								
Direct	$ 66,857,525	$ 33,428,763	$ 33,428,763								
Indirect	$ 28,356,305	$ 14,178,153	$ 14,178,153								
Financing	$ 7,035,011	$ 3,517,506	$ 3,517,506								
Total	$ 107,248,841	$ 53,624,421	$ 53,624,421								
Unleveraged Cash Flow		$ (53,624,421)	$ (53,624,421)	$ 11,494,713	$ 11,903,575	$ 11,938,663	$ 8,122,454	$ 8,366,127	$ 8,617,111	$ 8,875,625	$ 9,141,894
III. Construction Loan											
Construction Draw		$ 29,005,256	$ 29,005,256								
Loan Repayment			$ 42,885,005	$ 5,416,817	$ 5,224,554	$ 4,484,137					
IV. Permanent Loan											
Equity		$ 49,238,328									
Funding			$ 58,010,513								
Debt Service				$ 4,987,265	$ 4,987,265	$ 4,987,265	$ 4,987,265	$ 4,987,265	$ 4,987,265	$ 4,987,265	$ 4,987,265
Net Cash Flow		$ (53,624,421)	$ (53,624,421)	$ 1,090,631	$ 1,691,756	$ 2,467,261	$ 3,135,189	$ 3,378,862	$ 3,629,846	$ 3,888,360	$ 4,154,629
V. Equity Investment											
Equity Amount		$ 49,238,328									
Return-on-Equity				2.2%	3.4%	5.0%	6.4%	6.9%	7.4%	7.9%	8.4%

Site E: Commercial, Hotel and Residential

Table 9: Development Pro-forma

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
I. Income										
Net Operating Income										
Hotel	$ 8,584,266	$ 8,841,794	$ 9,107,048	$ 9,380,259	$ 9,661,667	$ 9,951,517	$ 10,250,062	$ 10,557,564	$ 10,874,291	$ 11,200,520
Retail	$ 831,884	$ 856,841	$ 882,546	$ 909,022	$ 936,293	$ 964,382	$ 993,313	$ 1,023,113	$ 1,053,806	$ 1,085,420
Total	$ 9,416,150	$ 9,698,635	$ 9,989,594	$ 10,289,281	$ 10,597,960	$ 10,915,899	$ 11,243,375	$ 11,580,677	$ 11,928,097	$ 12,285,940
Housing Sales										
Net Sale Proceeds										
II. Development Costs										
Land										
Direct										
Indirect										
Financing										
Total										
Unleveraged Cash Flow	$ 9,416,150	$ 9,698,635	$ 9,989,594	$ 10,289,281	$ 10,597,960	$ 10,915,899	$ 11,243,375	$ 11,580,677	$ 11,928,097	$ 12,285,940
III. Construction Loan										
Construction Draw										
Loan Repayment										
IV. Permanent Loan										
Equity										
Funding										
Debt Service	$ 4,987,265	$ 4,987,265	$ 4,987,265	$ 4,987,265	$ 4,987,265	$ 4,987,265	$ 4,987,265	$ 4,987,265	$ 4,987,265	$ 4,987,265
Net Cash Flow	$ 4,428,885	$ 4,711,370	$ 5,002,329	$ 5,302,016	$ 5,610,695	$ 5,928,634	$ 6,256,110	$ 6,593,412	$ 6,940,832	$ 7,298,675
V. Equity Investment										
Equity Amount										
Return-on-Equity	9.0%	9.6%	10.2%	10.8%	11.4%	12.0%	12.7%	13.4%	14.1%	14.8%