

# 200 West Avenue Project

## Solicitation for Development Partners

Kannapolis, NC

May 2016



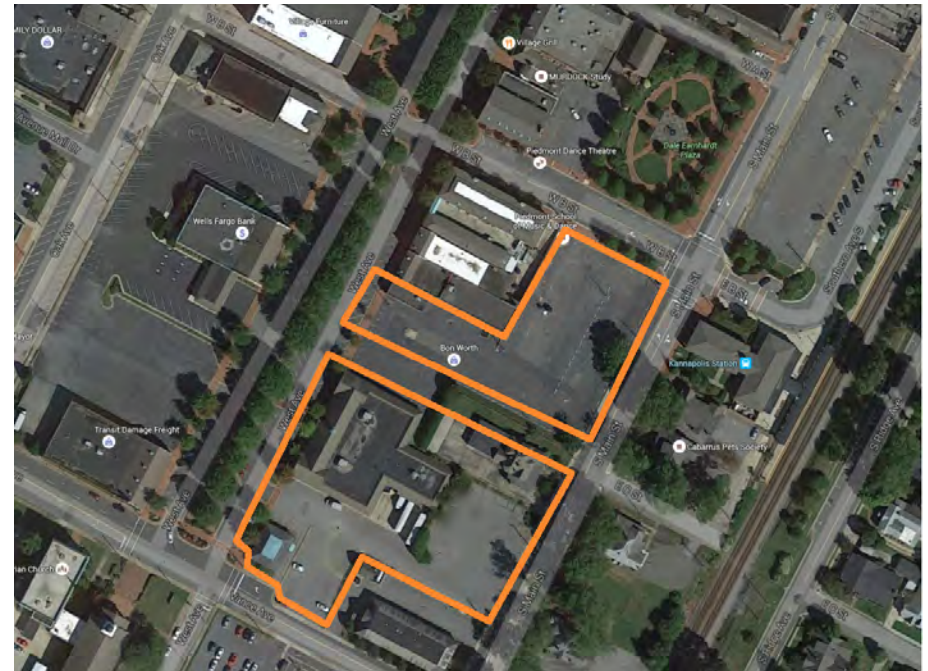
# Executive Summary

The City of Kannapolis, North Carolina, is committed to enhancing its downtown as the economic, civic, and cultural core of the community. The City recently purchased 50 acres of prime downtown real estate, including its historic main street, to accomplish its vision. The City has engaged the UNC School of Government’s Development Finance Initiative (DFI) to create a redevelopment plan that leverages public investments in amenities and infrastructure to induce private sector investment in the downtown. To kick off this decade-long downtown project, the City seeks a private development partner to undertake a catalytic residential and retail, mixed-use project in a prime location in the city center.

The project includes the construction of a parking deck on the site to be financed and owned by the City. The City has worked with DFI and Built Form, LLC to develop the following program for the site:

	GSF	LSF	Units / Spaces
<b>Residential</b>	178,058	146,832	218
<b>Retail</b>	35,800	35,800	-
<b>Parking</b>	153,800	153,800	418
<b>Total</b>	367,658	336,432	

For information concerning the procedure for responding to this Solicitation for Development Partners or clarifications of the terms, conditions, and requirements of this SDP, please e-mail Michelle Audette-Bauman, Project Manager, DFI, at [audette@sog.unc.edu](mailto:audette@sog.unc.edu).



## Project Development Timeline

<b>Development Partner Proposals Due</b>	<b>June 24, 2016</b>
Council Selection of Partner	July 2016
Memorandum of Understanding	August 2016
Development Agreement	October 2016
Schematic Design	September 2016
Design Development	October 2016
Construction Drawings	January 2017
Public Entitlements	February 2017
Financing	June 2017
<b>Construction To Begin</b>	<b>June 2017</b>

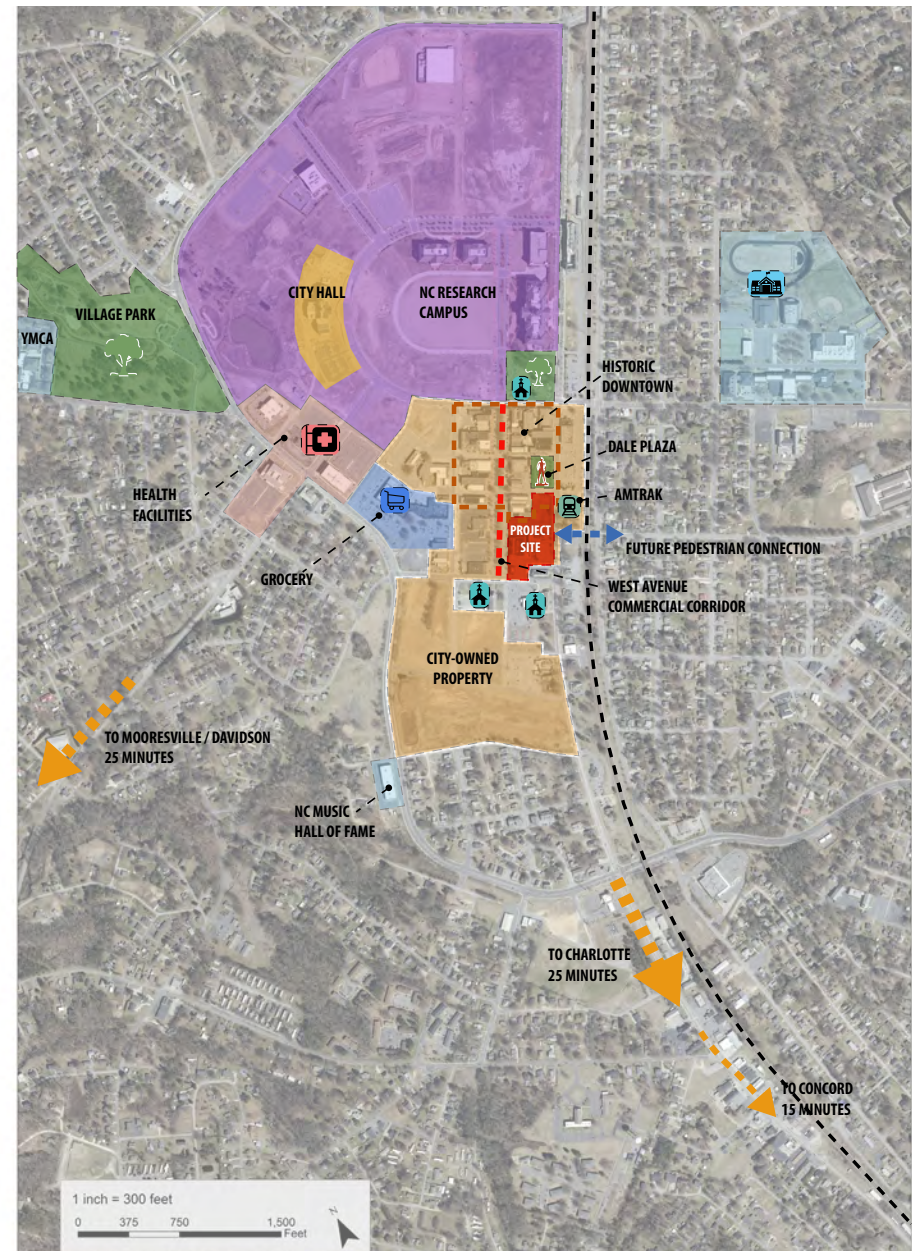


# Introduction

The City of Kannapolis, North Carolina, is committed to enhancing its downtown as the economic, civic, and cultural core of the community. The City recently purchased 50 acres of prime downtown real estate, including its historic main street, directly adjacent to the NC Research Campus, a growing public-private partnership between the UNC University System, Duke University and a number of private research entities. While the research campus is still in its early stages, its growing workforce is generating increased demand for housing, shopping, services, and entertainment.

The City has engaged the UNC School of Government's Development Finance Initiative (DFI) to create a redevelopment plan that leverages public investments in amenities and infrastructure to induce private sector investment in the downtown. The plan anticipates an additional 1.5 million SF residential, 300,000 SF retail, 400,000 SF office, 72,000 SF hospitality, and 300,000 SF cultural/institutional space in the downtown over the next decade, as well as infrastructure and streetscape updates, additional public gathering spaces and parking.

The Intimidators, Kannapolis's minor league baseball team, have expressed an interest in moving its team downtown as the anchor to a proposed entertainment district on city-owned property. The City Council has committed to making a decision on the proposal within a year. A new ballpark will catalyze additional development and bring more residents, shoppers, workers, and visitors to the downtown area.



Kannapolis NC: Downtown Development Opportunity 3

## The 200 West Avenue Project

To kick off this decade-long downtown project, the City seeks a private development partner to undertake a catalytic residential and retail, mixed-use project in a prime location in the city center. The project includes the construction of a parking deck on the site to be financed and owned by the City. The project is an opportunity to take part in the early stages of a large urban redevelopment within an economically resurgent community in the Charlotte metropolitan region, one of the fastest growing MSAs in the country.

DFI has completed a significant portion of the predevelopment process and is now assisting the City in identifying potential development partners for the 200 West Avenue project. Furthermore, DFI has worked with the City to

create a public-private partnership structure that makes clear the roles of the private developer, DFI, and the City in executing a successful project for all involved. The details of the development plan and public-private partnership structure are laid out in this document.

Qualified development teams are invited to respond to the following Solicitation for Development Partners (SDP). The successful team(s) will execute a development services agreement with the City; finalize the development program; and design, finance, construct, own and operate a mixed-use project.





## About This Solicitation

This document is an invitation for interested development teams to present development concepts for review and consideration by the City's development consultant, DFI, which will assist development teams with understanding and responding to the City's requirements for the development of the 200 West Avenue project. Once DFI and City staff have reviewed all proposals, they will be presented to City Council with a recommendation for endorsement. An endorsement by Council is not final approval, but it will trigger an exclusive period of negotiation between the City and developer for a development services agreement for a downtown development project pursuant to North Carolina General Statute 160A-458.3.

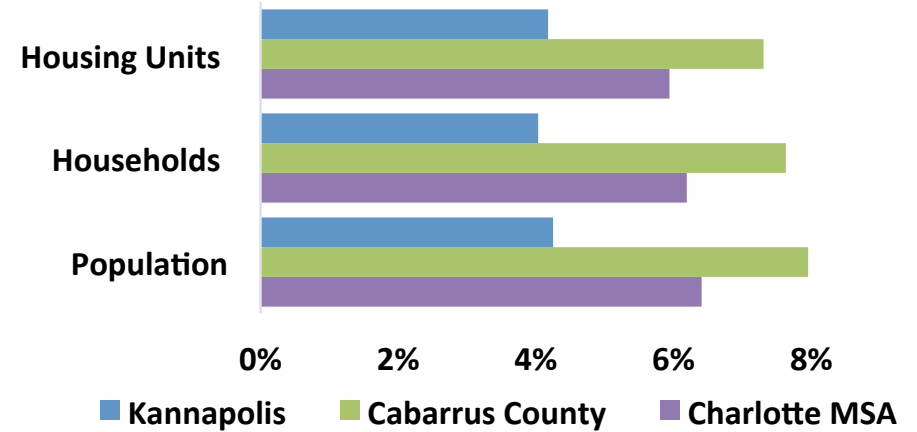
## Market Overview

The City of Kannapolis, like many communities within the Charlotte MSA, the nation's 4th fastest-growing MSA, has experienced strong population growth in recent years. The US Census Bureau projects that the Charlotte MSA will grow by more than 20% in this decade, and a recent study by the UNC Population Center shows that the area is already on target to meet that projection. In the past 5 years, the population of Kannapolis has increased at a steady rate of 1-2% annually. Residential in-migration has increased 300% in the past 5-10 years and shows no signs of slowing.

At its baseline capture rate, downtown Kannapolis could absorb between 200-500 additional residential units based on this regional growth alone. With the proposed master development plan and demonstrated public commitment DFI believes this number could exceed 1,000 units over the next decade.

## 5-Year Growth Projections (2015-2020)

Estimated Annual Growth: 0.5-2.0%

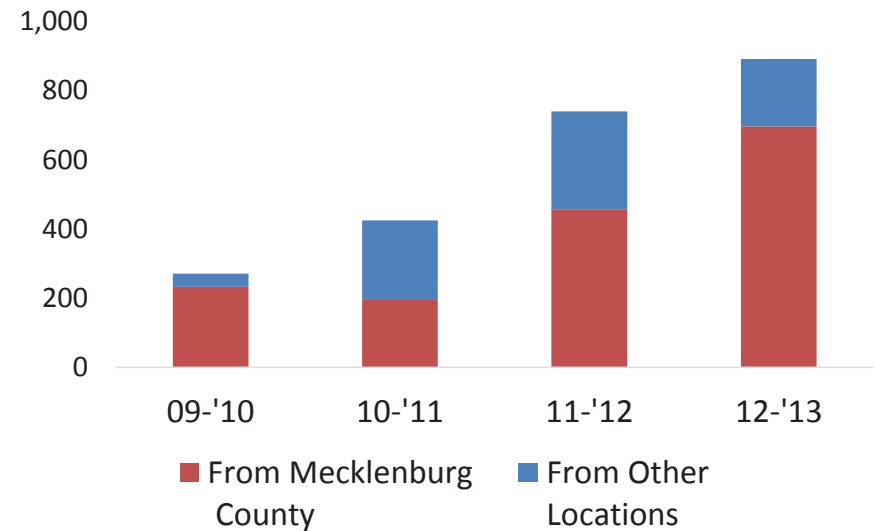


Source: ESRI, Inc., LEHD, U.S. Census Center for Economic Studies

Charlotte MSA By The Numbers (2014)	
Total Population	2,754,985
Projected Population (2019)	2,929,521
Total Households	1,058,729
Labor Force	1,357,803
Median Age	37.5
Median Household Income	\$50,389
Per Capita Income	\$26,842

Source: Charlotte Regional Partnership

## Residential Migration Patterns



Source: LEHD LED On The Map

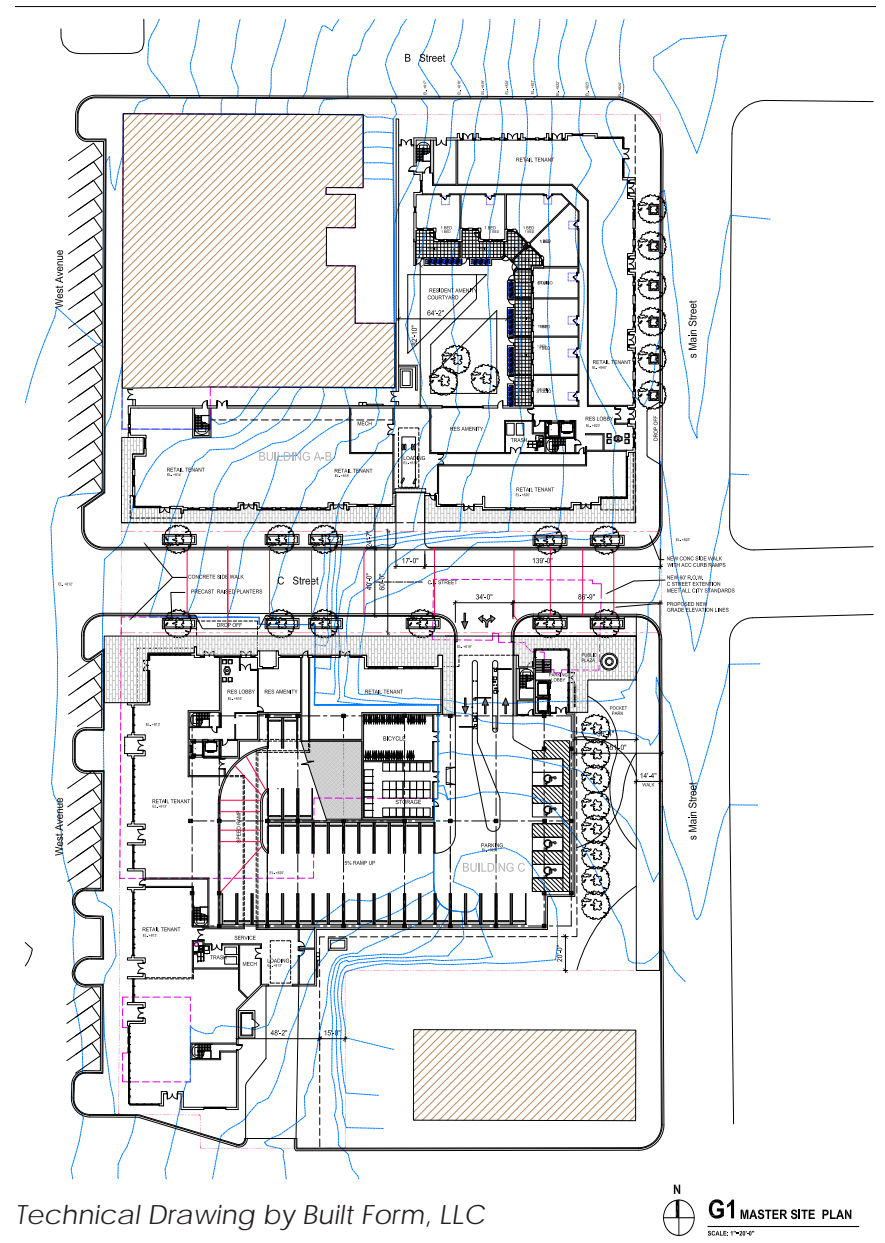
# Development Site

The site is a 3.81-acre, 2-block collection of parcels in Downtown Kannapolis, between West Avenue, Main Street, West B Street and Vance Avenue. It rests just south of the North Carolina Research Campus and directly between historic Main Street and the future, ballpark-anchored entertainment district.

The site is currently zoned "City Center (CC)" by the City's Unified Development Ordinance. The City Center district is intended to promote "the long-term vitality of the central business district," and encourages concentrated, pedestrian-oriented retail, service, office, industrial and residential mixed-use. Additionally, the site offers by-right development up to 72 feet.

The site will be bisected by an extension of C Street to West Avenue, which will be paid for and owned by the city as a part of planned downtown infrastructure improvements.

The mixed-use development that is the focus of this solicitation will straddle the C Street extension, on both the North and South block. See Appendices C and D for more details, including a site survey and technical drawings of a potential development program by Built Form, LLC.



Technical Drawing by Built Form, LLC



## Project Development

As part of the master plan process, DFI identified an early project that could build momentum for downtown, generate interest and leverage publicity, attract investment for future projects, and best demonstrate the City's commitment to creating public-private partnership in enhancing Kannapolis' downtown core. In the interest of demonstrating early success with the plans, the City seeks a proposal with an expedited timeline in which the project will be starting construction by summer 2017.

### Predevelopment Work Completed to Date

DFI performed a five-part assessment to arrive at the recommended redevelopment program, including:

- **Market Assessment:** studying the supply and demand for potential private uses, including residential, office, retail, hotel, and parking. A summary of the findings from this assessment is available upon request.
- **Site Assessment:** studying the physical constraints of the site to determine the density, orientation, and potential massing limitations. The massing of the public and private facilities on the site have been laid out in conceptual drawings, including elevations and floor plans.
- **Public Interests:** engaging with the various stakeholders who are interested in the development of the site, including surrounding business and property owners,

*residents, downtown office workers, and city staff/elected officials.*

- **Financial Feasibility:** modeling the development costs and projected cash flows of the public and private facilities to ensure the viability of the project for private investors. (See Appendix B - Financial Projections for more information)
- **Public Investment:** identifying the necessary public infrastructure investments necessary to make the project work. A summary of planned public infrastructure improvements is available upon request.

### Project Development Timeline

The next steps in the City's timeline for this development project are estimated as follows:

<b>Council Selection of Partner</b>	<b>July 2016</b>
Memorandum of Understanding	August 2016
Development Agreement	October 2016
Schematic Design	September 2016
Design Development	October 2016
Construction Drawings	January 2017
Public Entitlements	February 2017
Financing	June 2017
<b>Construction To Begin</b>	<b>June 2017</b>



## Development Program

DFI and the City have worked through multiple iterations of the project with Built Form, LLC, to arrive at a development program that captures the highest and best use of the project site, while achieving the desired downtown revitalization objectives of the City. For technical drawings provided by Built Form, LLC, of the proposed development, please see Appendix D. At the April 25 Council meeting, the City Council endorsed the following program recommendations from DFI:

	GSF	LSF	Units / Spaces
Residential	178,058	146,832	218
Retail	35,800	35,800	-
Parking	153,800	153,800	418
<b>Total</b>	<b>367,658</b>	<b>336,432</b>	

The following tables divide the total project figures into the two designated buildings that comprise the project:

### North Block (Building A-B)      South Block (Building C)

4 Stories

5 Stories

	GSF	Units
Residential	98,518	122
Retail	18,100	3
<b>Total</b>	<b>116,618</b>	

	GSF	Units
Residential	79,540	96
Retail	17,700	3
Parking	153,800	418
<b>Total</b>	<b>251,040</b>	

## Unit Mix and Rents

Rents will be determined by the owner and manager of the project, however, DFI has conducted market studies and comparable properties analyses that support the following residential rents:

Residential	Units	Unit Size (Avg.)	Rent PSF (Avg.)	Monthly Rent (Avg.)
<b>Studio</b>	<b>61</b>	<b>515 SF</b>	<b>\$1.69</b>	<b>\$870</b>
<b>1 Bedroom</b>	<b>123</b>	<b>686 SF</b>	<b>\$1.45</b>	<b>\$995</b>
<b>2 Bedroom</b>	<b>34</b>	<b>913 SF</b>	<b>\$1.30</b>	<b>\$1,186</b>
Total Residential	218	675 SF	\$1.49	\$990

In addition, annual retail rents of \$18 PSF are supported by the regional market.

# Projected Costs and Returns

## Development Cost

DFI estimates total development costs of this project at just under \$30 million, including acquisition costs and a 4% Developer's Fee:

Acquisition	\$571,000
Hard Costs	\$23,581,000
Soft Costs	\$5,618,000
<b>Total Costs</b>	<b>\$29,770,000</b>

## Projected Returns

Using the above program and rent numbers, DFI has modelled the project to determine overall feasibility and returns for the Developer and Equity Investor(s). Detailed versions of the financial assumptions, operating cash flows and the development budget can be found in Appendix B.

DFI estimates that the developer of this project can achieve market rate returns.



## Committed Participation

### DFI's Role

DFI's predevelopment work thus far will benefit the private developer selected by Council (the "Developer") by significantly reducing the time, effort, and expense required to move the project through the public planning process of the City. The City has therefore agreed in a contract fully executed on May 19, 2015, to require the selected developer to pay a 1 percent developer's fee to DFI as part of any Development Services Agreement related to development of 200 West Avenue. The terms of the fee are further described in Appendix A of this SDP.

### City's Role

As part of its downtown redevelopment goals, the City has developed a strategy for funding its plans to further develop downtown parking options, increase downtown public spaces with additional park space and plazas, enhance streetscapes, including West Avenue, and upgrade public infrastructure. The City will own the 400+ space parking deck associated with the demonstration project and lease spaces to the private developer to meet the parking needs of the project.



# Submission Requirements

Developers shall organize their proposals in the format described below. Please submit the requested information in appropriate detail to allow adequate review and evaluation of qualifications and plans. For confidentiality purposes, please send any financial information your team would like to remain confidential under a separate cover (see below Submission Procedures).

## 1. Letter of Introduction

Include a summary of the respondent's basic qualifications, experience, and reasons for interest in this opportunity. The letter should be signed by a principal or authorized officer for the entity.

## 2. Proposal

Program for site, including the mix and scale of uses, as follows:

- Residential (number of units, average unit size, total gross square footage, tenancy [rental vs. ownership], amenity package)
- Retail (total gross square footage, target tenancy by square footage)
- Parking (number of public spaces and number of private spaces)
- Other proposed use

Design:

- Illustrative sketches, including the following perspectives:
  1. As if standing on east sidewalk of Main Street at

the Amtrak train station (corner of development that addresses Amtrak station and pedestrian experience of C and Main Streets)

2. From West Avenue looking east (western elevation)
  3. As if standing on West Avenue end of C street, of C street (pedestrian experience)
- Technical drawings:
    1. Detail of West Avenue storefront design
    2. Ground Floor plan, to include entries into parking garage, C street, and West Avenue
    3. West Avenue, Main Street, and C Street elevations

If you would like to work with Built Form, LLC, and make modifications to the plans and program provided, please contact Robert Bistry at [bbistry@built-form.net](mailto:bbistry@built-form.net).

Development Assumptions:

- Agreement to offer price for land
- Total development costs for project, by use
- Expected fee for demolition, on-site infrastructure, development of parking deck, and off-site infrastructure to connect project to public realm
- Expected rents for residential, retail, and other private uses
- Agreement to parking lease rates

Financing Assumptions:

- Expected amounts and sources of debt and equity
- Identification of lead development company, including name, address, e-mail, and telephone number.

### **3. Development Team**

- Identification of partner firms and roles, including co-developers, architects/designers, and general contractor.
- Overview for each firm on the team, including brief history of firm, past experience working with the developer, and relationship of the firm's parent company with the office responsible for this project, if applicable.
- Identification and resumes of lead staff (principal and project manager) that will be responsible for negotiating a development agreement with the City and completing the remainder of the preconstruction approval process. Describe the current workload of these lead staff in terms of location and status of projects.
- Description of key staff from partner firms, including proposed role and prior experience with similar projects.

### **4. Experience and References**

- Provide relevant development experience, particularly in developing mixed-use projects with public agencies. Provide information on at least three projects and no

more than five. Each comparable development should detail the following information listed below:

- Location and name of project
- Scope and scale of development program (including residential uses, commercial uses, public uses, and infrastructure improvements, if applicable)
- Photos/illustrations of completed project
- Total development budget by use
- Amounts and sources of debt and equity funds used to finance the project, including governmental sources. Please provide a point of contact for each capital provider for the project.
- Contact information for a representative of the primary public agency partner in the project
- Developer's role in and ownership for each project (e.g., fee developer, equity investor, and/or property manager)

### **5. Financial Capacity**

Provide evidence of sufficient financial strength to undertake and successfully complete a project of this scale. Please also identify any projects/financing on which the team collectively or individually has defaulted.

## 6. Disclosures

- Disclosure of any potential conflicts of interest that could be relevant to this project in any manner
- Disclosure of whether the developer or any officer, director, or owner thereof has had judgments entered against him or her within the past 10 years for the breach of contracts for governmental or nongovernmental construction or development
- Disclosure of whether the developer has been in substantial noncompliance with the terms and conditions of prior construction contracts with a public body without good cause
- Disclosure of whether any officer, director, owner, project manager, procurement manager, or chief financial official thereof has been convicted within the past 10 years of a crime related to financial fraud or to governmental or nongovernmental construction or contracting
- Disclosure of whether any officer, director, or owner is currently debarred pursuant to an established debarment procedure from bidding or contracting by any public body, agency of another state, or agency of the federal government



## Evaluation Criteria

### Evaluation Criteria

The evaluation of developers responding to this solicitation will be undertaken in order to select a partner and plan that is viable, will best serve public interests, and can be completed in a reasonable time frame. The following evaluation criteria will be used to make that selection:

- Qualifications and experience of the development team, with preference given for experience with mixed-use development (specifically the mix of uses in respondent's plan for the site) and public-private partnerships
- Quality of the proposed building design and its fit with the surrounding urban fabric
- Demonstrated ability to secure funding to execute a project of similar scale and complexity in a reasonable timeframe
- Financial benefits to City from the proposed project
- List of active development projects and demonstration of current capacity to execute quickly

# Submission Process and Timeline

## Submission Procedure

**Development Partner proposals are due at 5:00 p.m. EDT on June 24, 2016. Proposals should be submitted electronically in PDF format to [audette@sog.unc.edu](mailto:audette@sog.unc.edu).** Proposals must be prepared in conformance with the guidelines described under "Submission Requirements." The e-mail subject must be "Development Partner Proposal: Kannapolis, NC." Proposals received after the deadline will not be considered.

All responses are subject to public disclosure under the North Carolina Public Records Law. DFI recognizes that respondents must submit financial information that it may deem confidential and proprietary in order to comply with the requirements of this solicitation. To the extent permissible by law, DFI agrees to keep confidential any confidential proprietary information included in a response, provided that (1) the respondent identifies the confidential proprietary portions of the response, (2) the respondent identifies as confidential and proprietary only those portions of the submittal that actually are confidential and proprietary, and (3) the respondent states why protection is necessary. Respondents shall not designate their entire response as confidential and proprietary, nor shall they so designate information that is already public.

Any information that the respondent would like to remain confidential should be e-mailed under separate cover to [audette@sog.unc.edu](mailto:audette@sog.unc.edu). The e-mail subject must be "PROTECTED: Development Partner Proposal: Kannapolis,

NC."

**For information concerning the procedure for responding to this Solicitation for Development Partners or clarifications of the terms, conditions, and requirements of this SDP, please e-mail Michelle Audette-Bauman, Project Manager, DFI, at [audette@sog.unc.edu](mailto:audette@sog.unc.edu).**

## Selection Process

DFI will lead and analyze responses, contact references, and coordinate interviews as necessary. After a review of submitted proposals, clarifications may be requested. Unless requested by DFI, no additional information may be submitted by developers after the June 24, 2016, deadline. DFI will enter discussions with the developers having the most viable proposals before finalizing its recommendation of a partner to the Kannapolis City Council. Once the Council votes on a development partner, DFI will advise the City in the negotiation of a formal development agreement.

## Selection Timeline

Development Partner Proposals Due	June 24, 2016
Private Development Partner Chosen	July 2016
Development Agreement Executed	October 2016
Site Plan Review and Permitting	Winter/Spring 2017
Project Breaks Ground	Summer 2017

## Additional Information

### Disclaimers

All facts and opinions stated in this solicitation are based on available information and are believed to be accurate. Nevertheless, neither the City of Kannapolis nor the UNC School of Government, nor any of their officers, agents, or employees, shall be responsible for the accuracy of any information provided to any respondent as part of this solicitation or vetting process. All respondents are encouraged to independently verify the accuracy of any information provided. The use of any of this information in the preparation of a response to this request is at the sole risk of the respondent.

Those submitting responses to the Solicitation for Development Partners assume all financial costs and risks associated with the submission. No reimbursement or remuneration will be made by the City or UNC to cover the costs of any submittal, whether or not such submittal is selected or utilized.

The City reserves the right to reject any or all submittals at its sole and absolute discretion and accepts no responsibility for any financial loss by such action.

Any agreements that may be entered into between the developer(s) and the City, including but not limited to a Development Services Agreement, are subject to approval by the City Council. DFI does not act as a broker or agent of the City, and no representation made by DFI during the

solicitation and vetting process shall be binding on the City.

The City reserves the right to waive irregularities or informalities in any submittal in the exercise of its sole and absolute discretion.





## Appendix A

### Contingent Fee Payment

The conveyance or lease of the property described herein (the "Property") to the successful bidder and its successors and assigns (the "Developer") shall be conditioned upon the execution of an agreement (the "Development Services Agreement") between the City and the Developer pertaining to the responsibilities of either the City or the Developer, or both, regarding any aspect of the development of the Property or any portion thereof (the "Project"). As part of the Development Services Agreement, the Developer shall agree to pay a fee to the City's consultant ("SOG") and its successors and assigns for predevelopment services provided to the City, and the Development Services Agreement shall provide that SOG is an intended third party beneficiary of the Development Services Agreement. The fee shall be an amount equal to 1% of the total costs of development of the Project as calculated by the Developer in the most recent version(s) of pro forma and other financial projections (the "Developer Financials") prepared by the Developer and delivered to lenders and/or investors prior to the execution of the Development Services Agreement, and in the event of any inconsistencies in the projected total costs among different versions of the Developer Financials, the version of the Developer Financials showing the greatest total costs of development of the Project shall be used to calculate the Development Services Fee. The Development Services Fee shall be due and payable in full to SOG no later than 30 days following execution of the Development Services Agreement. An alternative payment schedule for payment of

the Development Services Fee to SOG may be developed as mutually agreed in writing by Developer and SOG; by way of illustration only, such schedule of payments could be tied to the receipt of any developer fees by Developer. Developer's obligation to pay Development Services Fee shall not be assignable by Developer to any other entity, nor shall any assignment relieve Developer of its obligation to pay Development Services Fee, except upon written consent of SOG.

# Appendix B

## Financial Projections Developed by DFI

### 200 Main Street Development Pro Forma

Property	Units	SF
Residential Leasable SF	218	146,832
Retail Leaseable SF	6	35,800
Parking Leaseable SF	418	153,800
<b>Total Leaseable SF</b>	<b>674</b>	<b>336,432</b>
Residential Non-leasable SF		31,226
Retail Non-leaseable SF		0
Parking Non-Leaseable SF		0
<b>Total Non-Leaseable SF</b>		<b>31,226</b>
<b>Total Built SF</b>		<b>367,658</b>
<b>Efficiency (w/o parking)</b>		<b>85%</b>

#### Development Period Sources

Cash	25%	\$7,442,505
Construction Loan	75%	\$22,327,515
Other	0%	\$0
<b>Total Dev Sources</b>	<b>100%</b>	<b>\$29,770,020</b>

#### Permanent Sources

Equity	25%	\$7,442,505
Loan	75%	\$22,327,515
Other	0%	\$0
<b>Total Permanent Sources</b>	<b>100%</b>	<b>\$29,770,020</b>

#### Uses

Acquisition	2%	\$570,644
Hard Costs	79%	\$23,580,971
Soft Costs	12%	\$3,720,590
Other Costs	6%	\$1,897,815
<b>Total Uses</b>	<b>100%</b>	<b>\$29,770,020</b>

<b>IRR</b>	<b>20%</b>
<b>Equity Multiple</b>	<b>2x</b>

### ASSUMPTIONS

Income		
Residential Rent (Annual PSF)	\$17.64	
Residential Vacancy (Yr 1/ongoing)	50%	7%
Retail Rent (Annual PSF)	\$18.00	
Retail Vacancy (Yr 1/ongoing)	50%	15%
Parking Rent (Annual Per Space)	\$0	
Parking Vacancy (Yr 1/ongoing)	0%	0%
Other Income - Storage (Annual)	\$600 per unit	
Annual Rent Escalator	3%	

#### Expense

Operating Expense Escalator	2%
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#### Residential

Management Fee (% GEI)	4.5% % GEI
Operating Expenses	\$1,500 per unit
Replacement Reserves	\$40 per unit

#### Retail

Management Fee	4.5% % GEI
Operating Expenses	\$1.25 per sf
Replacement Reserve	\$0.50 persf

#### Parking

Parking Costs to Lease (Monthly)	\$50 per stall
Spaces Leased	218

#### Property Tax

Proposed Tax Assessed Value	
City Property Tax Rate	0.63 per \$100
County Property Tax Rate	0.70 per \$100

April 25, 2016

Loan	
Interest Rate	5.0%
Amortization	30
Desired DSCR	1.25
Cap Rate	6.0%
Loan Amount	\$22,327,515
Annual Debt Service	\$1,438,307
Actual LTV	67%
Actual LTC	75%

#### Stabilized NOI Method

Stabilized NOI (Year 2)	\$1,996,085
Annual Debt Service	\$1,596,868
Monthly Debt Service	\$133,072.35
Implied Loan Size	\$24,788,932

#### LTV Method

Stabilized NOI Valuation (Year 2)	\$33,268,087
LTV	75%
Implied Loan Size	\$24,951,065

#### LTC Method

Total Development Costs	\$29,770,020
LTC	75%
Implied Loan Size	\$22,327,515

#### Financing Costs

Construction Loan Origination Fee	1.0%
Construction Loan Interest	5.0%
Construction Months	12
Drawdown	60.0%

#### Disposition

Year of Disposition	4
Cost of Sale	4.0%

## 200 West Development Pro Forma

## DEVELOPMENT BUDGET

April 25, 2016

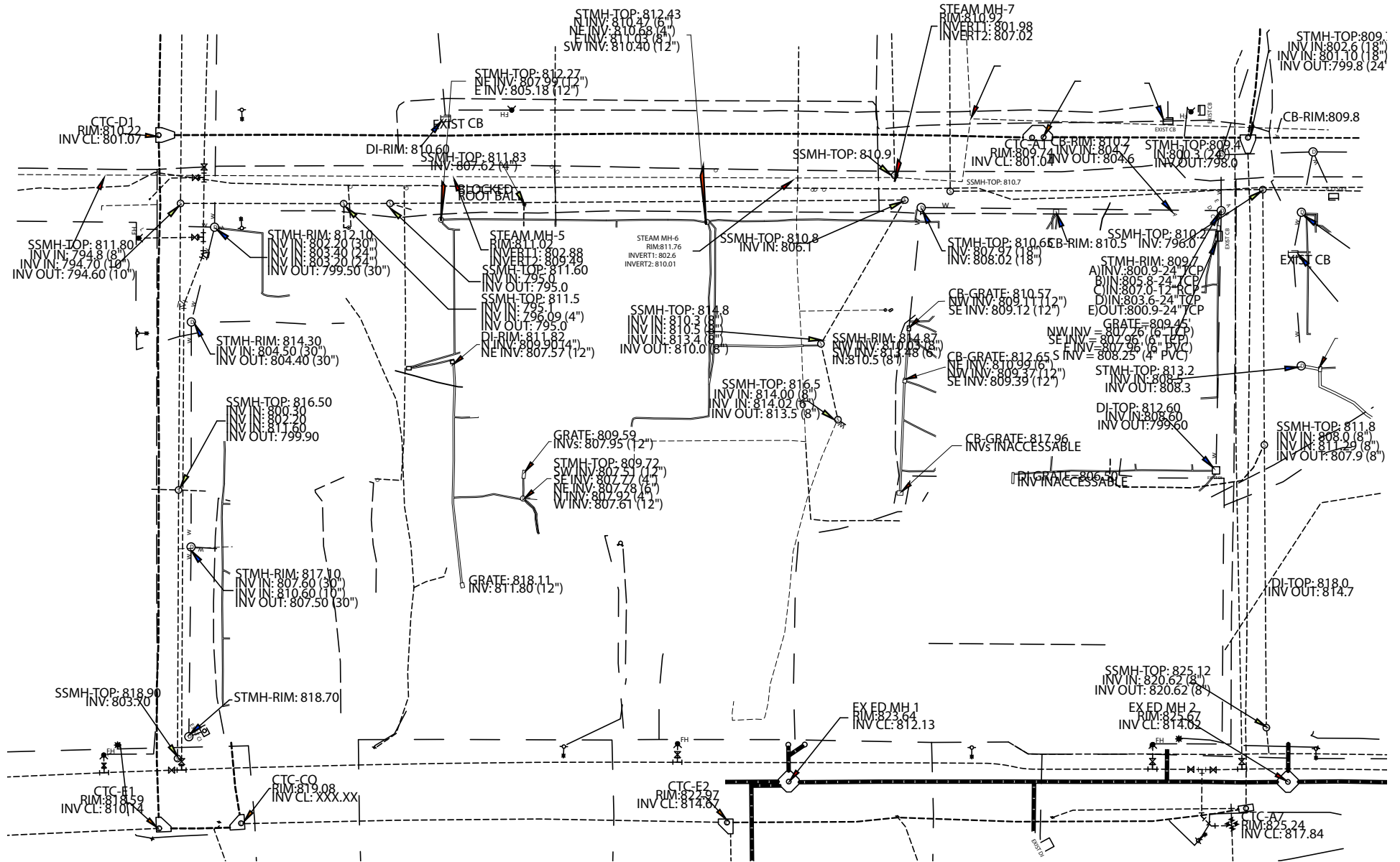
	Assumptions	Per GSF	Total	Per Unit
<b>Acquisition</b>				
Land Purchase			\$570,644	
<b>Acquisition Costs</b>			<b>\$570,644</b>	
<b>Hard Costs</b>				
<b>Construction Costs</b>				
Demolition/Abatement (per demo SF)	\$7.50		\$209,588	\$ 961
Sitework (per acre)	\$95,000	\$2.18	\$361,571	\$ 1,659
Residential Units		\$90.00	\$16,025,220	\$ 73,510
Retail Shell		\$65.00	\$2,327,000	\$ 387,833
Finishes (per unit)	\$1,200	\$1.22	\$261,600	\$ 1,200
Landscaping		\$0.50	\$82,895	\$ 380
<b>Tenant Improvements</b>				
Retail TI (per LSF)		\$20.00	\$716,000	
<b>Other</b>				
General Conditions	4%		\$799,354.96	
CM Fees	7%		\$1,398,871.17	
Contingency	7%		\$1,398,871.17	
<b>Hard Costs</b>		<b>\$110.26</b>	<b>\$23,580,971</b>	<b>\$ 108,170</b>
<b>Soft Costs</b>				
A & E	4%	\$3.60	\$770,715	
Legal	1%	\$1.10	\$235,810	
Insurance		\$1.50	\$320,787	
Due Diligence (survey, appraisal, etc.)		\$1.55	\$331,480	
Bank Fees		\$1.72	\$367,836	
Municipal Permits & Fees		\$0.48	\$102,652	
Property Taxes During Construction	\$1.33 per \$100	\$0.40	\$146,117	
Marketing		\$1.00	\$213,858	
<b>Construction Loan</b>				
Construction Loan Origination Fee	1%		\$223,275	
Construction Loan Interest			\$669,825	
<b>Other</b>				
Soft Cost Contingency	10%	\$1.58	\$338,235	
<b>Soft Costs</b>		<b>\$17.40</b>	<b>\$3,720,590</b>	<b>\$ 17,067</b>
<b>Subtotal Development Costs</b>		<b>\$127.66</b>	<b>\$27,301,562</b>	<b>\$ 125,237</b>
<b>Other Costs</b>				
Developers Fee	4%		\$1,092,062.46	
Operating Reserve (per LSF)		\$2.19	\$805,752	
<b>Other Costs</b>		<b>\$8.87</b>	<b>\$1,897,815</b>	
<b>Total Development Costs (Excludes Acq)</b>		<b>\$136.54</b>	<b>\$29,199,376</b>	<b>\$ 133,942</b>
<b>Total Development Cost (with Acq)</b>		<b>\$139.20</b>	<b>\$29,770,020</b>	<b>\$ 136,560</b>



	Assumptions	Per Unit	Jun-16 Yr 0	Jun-17 Year 1	Jun-18 Year 2	Jun-19 Year 3	Jun-20 Year 4	Jun-21 Year 5	Jun-22 Year 6	Jun-23 Year 7	Jun-24 Year 8	Jun-25 Year 9	Jun-26 Year 10	
<b>Income</b>			<b>Annual Δ</b>	<b>Yr 2</b>										
Residential		3.0%	\$12,235	\$2,589,507	\$2,667,192	\$2,747,208	\$2,829,624	\$2,914,513	\$3,001,948	\$3,092,007	\$3,184,767	\$3,280,310	\$3,378,719	
Other Income (Storage Units)	100 Units	3.0%		\$60,000	\$61,800	\$63,654	\$65,564	\$67,531	\$69,556	\$71,643	\$73,792	\$76,006	\$78,286	
Retail		3.0%	\$110,622	\$644,400	\$663,732	\$683,644	\$704,153	\$725,278	\$747,036	\$769,447	\$792,531	\$816,307	\$840,796	
Parking	218 Spaces	3.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Gross Potential Income</b>				<b>\$3,293,907</b>	<b>\$3,392,724</b>	<b>\$3,494,506</b>	<b>\$3,599,341</b>	<b>\$3,707,321</b>	<b>\$3,818,541</b>	<b>\$3,933,097</b>	<b>\$4,051,090</b>	<b>\$4,172,623</b>	<b>\$4,297,802</b>	
<b>Vacancy</b>			<b>Yr 1</b>	<b>Ongoing</b>	<b>Yr 2</b>									
Residential	50%	7%		(\$856)	(\$1,294,754)	(\$186,703)	(\$192,305)	(\$198,074)	(\$204,016)	(\$210,136)	(\$216,440)	(\$222,934)	(\$229,622)	(\$236,510)
Retail	50%	15%		(\$16,593)	(\$322,200)	(\$99,560)	(\$102,547)	(\$105,623)	(\$108,792)	(\$112,055)	(\$115,417)	(\$118,880)	(\$122,446)	(\$126,119)
Parking	0%	0%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Gross Effective Income</b>				<b>\$1,676,954</b>	<b>\$3,106,461</b>	<b>\$3,199,655</b>	<b>\$3,295,644</b>	<b>\$3,394,514</b>	<b>\$3,496,349</b>	<b>\$3,601,240</b>	<b>\$3,709,277</b>	<b>\$3,820,555</b>	<b>\$3,935,172</b>	
GEI PSF				\$7.84	\$14.53	\$14.96	\$15.41	\$15.87	\$16.35	\$16.84	\$17.34	\$17.86	\$18.40	
<b>Operating Expenses</b>			<b>Yr 2</b>											
Residential	Annual Δ	3%												
Management Fee	4.5% GEI		(\$512)	(\$8,264)	(\$11,622)	(\$14,971)	(\$18,420)	(\$21,972)	(\$25,632)	(\$29,400)	(\$33,282)	(\$37,281)	(\$41,399)	
Operating Expenses	\$1,500 unit		(\$1,545)	(\$327,000)	(\$336,810)	(\$346,914)	(\$357,322)	(\$368,041)	(\$379,083)	(\$390,455)	(\$402,169)	(\$414,234)	(\$426,661)	
Retail	Annual Δ	2%												
Management Fee	4.5% GEI		(\$4,231)	(\$14,499)	(\$25,388)	(\$36,149)	(\$46,934)	(\$57,742)	(\$68,574)	(\$79,431)	(\$90,314)	(\$101,224)	(\$121,160)	
Operating Expenses	\$1.25 LSF		(\$7,682)	(\$44,750)	(\$46,093)	(\$47,475)	(\$48,900)	(\$50,367)	(\$51,878)	(\$53,434)	(\$55,037)	(\$56,688)	(\$58,389)	
Parking Expenses (per space leased)	\$600	218 Spaces	(\$600)	(\$130,800)	(\$134,724)	(\$138,766)	(\$142,923)	(\$147,217)	(\$151,633)	(\$156,182)	(\$160,868)	(\$165,694)	(\$170,664)	
Town Property Taxes	\$0.630	\$33,268,087	(\$2,030)	(\$209,589)	(\$215,877)	(\$222,353)	(\$229,029)	(\$235,894)	(\$242,971)	(\$250,260)	(\$257,768)	(\$265,501)	(\$273,466)	
County Property Taxes	\$0.700	\$33,268,087		(\$239,877)	(\$239,863)	(\$247,059)	(\$254,471)	(\$262,105)	(\$269,968)	(\$278,067)	(\$286,409)	(\$295,001)	(\$303,851)	
<b>Total Operating Expenses</b>	<b>36% of GEI</b>			<b>(1,017,778)</b>	<b>(1,110,376)</b>	<b>(1,143,687)</b>	<b>(1,177,998)</b>	<b>(1,213,338)</b>	<b>(1,249,738)</b>	<b>(1,287,230)</b>	<b>(1,325,847)</b>	<b>(1,365,622)</b>	<b>(1,406,591)</b>	
Residential OpEx				(\$599,551)	(\$669,148)	(\$689,223)	(\$710,899)	(\$731,196)	(\$753,132)	(\$775,726)	(\$798,998)	(\$822,968)	(\$847,657)	
Retail OpEx				(\$102,333)	(\$115,857)	(\$119,333)	(\$122,913)	(\$126,600)	(\$130,398)	(\$134,310)	(\$138,339)	(\$142,490)	(\$146,764)	
Parking OpEx				(\$315,894)	(\$325,371)	(\$335,132)	(\$345,186)	(\$355,541)	(\$366,207)	(\$377,194)	(\$388,509)	(\$400,165)	(\$412,170)	
<b>NET OPERATING INCOME</b>	<b>59% of GPI</b>			<b>\$659,175</b>	<b>\$1,996,085</b>	<b>\$2,055,968</b>	<b>\$2,117,647</b>	<b>\$2,181,176</b>	<b>\$2,246,611</b>	<b>\$2,314,010</b>	<b>\$2,383,430</b>	<b>\$2,454,933</b>	<b>\$2,528,581</b>	
NOI per SF				\$1.79	\$5.43	\$5.59	\$5.76	\$5.93	\$6.11	\$6.29	\$6.48	\$6.68	\$6.88	
<b>Ownership Expenses</b>														
Resi. Replacement Reserve	\$40 unit		(\$41)	(\$8,720)	(\$8,982)	(\$9,251)	(\$9,529)	(\$9,814)	(\$10,109)	(\$10,412)	(\$10,725)	(\$11,046)	(\$11,378)	
Retail Replacement Reserve	\$0.50 GSF		(\$3,073)	(\$17,900)	(\$18,437)	(\$18,990)	(\$19,560)	(\$20,147)	(\$20,751)	(\$21,374)	(\$22,015)	(\$22,675)	(\$23,355)	
Permanent Loan Debt Service				(\$1,438,307)	(\$1,438,307)	(\$1,438,307)	(\$1,438,307)	(\$1,438,307)	(\$1,438,307)	(\$1,438,307)	(\$1,438,307)	(\$1,438,307)	(\$1,438,307)	
Mezz Debt Loan Service				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Drawn from Reserves				\$805,752										
<b>Total Ownership Expenses</b>				<b>(659,175)</b>	<b>(1,465,726)</b>	<b>(1,466,548)</b>	<b>(1,467,396)</b>	<b>(1,468,268)</b>	<b>(1,469,167)</b>	<b>(1,470,093)</b>	<b>(1,471,046)</b>	<b>(1,472,029)</b>	<b>(1,473,040)</b>	
<b>NOI Analysis</b>														
NOI valuation	6.0%			\$10,986,251	\$33,268,087	\$34,266,129	\$35,294,113	\$36,352,936	\$37,443,525	\$38,566,830	\$39,723,835	\$40,915,550	\$42,143,017	
DSCR				0.46	1.39	1.43	1.47	1.52	1.56	1.61	1.66	1.71	1.76	
Return on Cost				0.91%	8.88%	9.06%	9.24%	9.43%	9.62%	9.81%	10.00%	10.20%	10.41%	
<b>Other Income</b>														
Total Other Income				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>BEFORE-TAX CASH FLOW FROM OPERATIONS</b>	<b>0%</b>			<b>\$0</b>	<b>\$530,359</b>	<b>\$589,419</b>	<b>\$650,251</b>	<b>\$712,908</b>	<b>\$777,444</b>	<b>\$843,917</b>	<b>\$912,384</b>	<b>\$982,904</b>	<b>\$1,055,541</b>	
Cash on Cash	<i>Net cash after debt/total equity</i>			0.00%	7.13%	7.92%	8.74%	9.58%	10.45%	11.34%	12.26%	13.21%	14.18%	
<b>Disposition</b>			<b>Year 4</b>											
Gross Sale Proceeds				\$0	\$0	\$0	\$35,294,113	\$0	\$0	\$0	\$0	\$0	\$0	
Less Selling Fees	4%			\$0	\$0	\$0	(\$1,411,765)	\$0	\$0	\$0	\$0	\$0	\$0	
Net Sale Proceeds				\$0	\$0	\$0	\$33,882,348	\$0	\$0	\$0	\$0	\$0	\$0	
Less Loan Balance				\$0	\$0	\$0	(\$20,905,252)	\$0	\$0	\$0	\$0	\$0	\$0	
Less Mezz Loan Balance				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Before-Tax Cash Flow from Sale to Equity</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,977,096</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Equity Returns: Before-Tax, Levered</b>														
Equity In				(\$7,442,505)										
Cash Flow from Operations				\$0	\$530,359	\$589,419	\$650,251	\$0	\$0	\$0	\$0	\$0	\$0	
Cash Flow from Disposition				\$0	\$0	\$0	\$12,977,096	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Cash Flow</b>				<b>(\$7,442,505)</b>	<b>\$240,768</b>	<b>\$530,359</b>	<b>\$589,419</b>	<b>\$13,627,348</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

# Appendix C

## Site Survey



Please note: Drawing not to scale

# Appendix D

Plans by Built Form, LLC

## ISSUED FOR REQUEST FOR PROPOSAL

### DRAWING INDEX

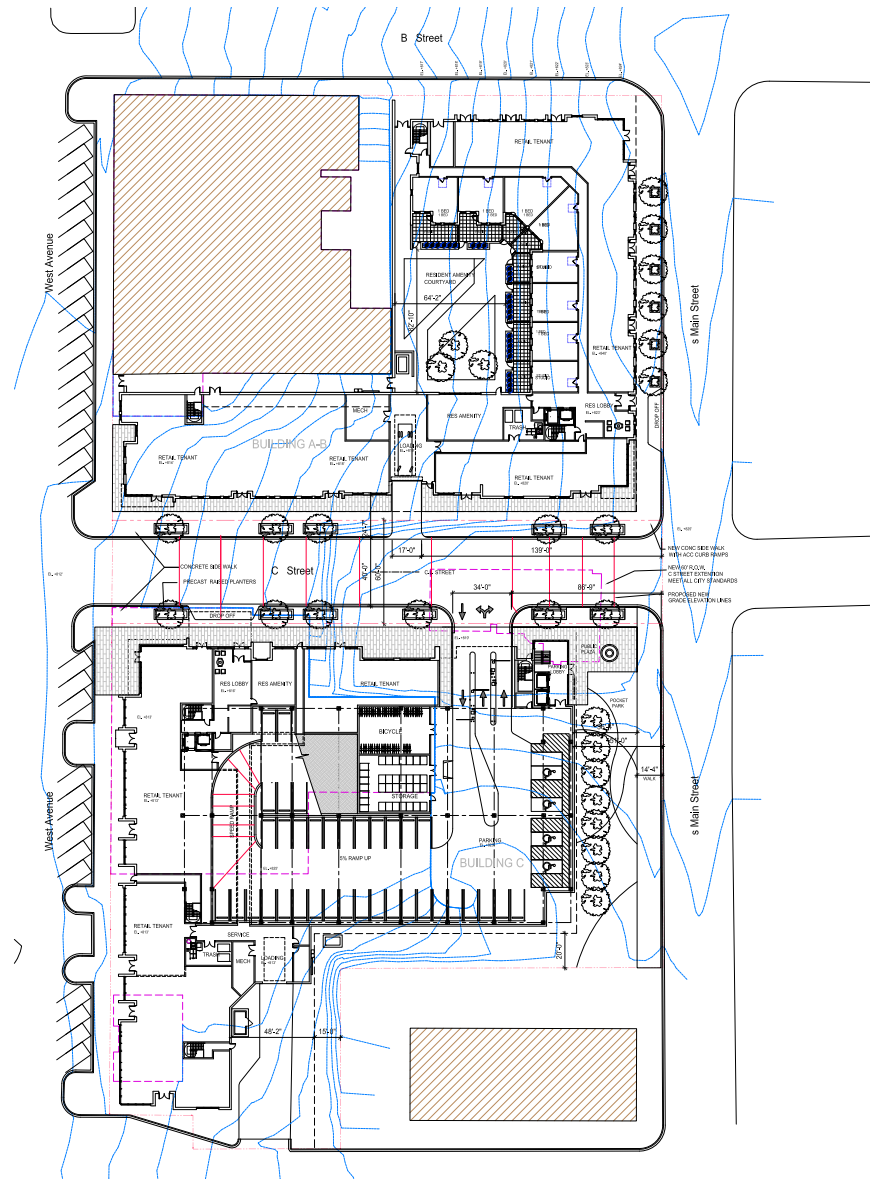
A-100	MASTER SITE PLAN
A-101	PROGRAM AREA MATRIX
N-101	NORTH BLOCK FIRST FLOOR PLAN
N-102	NORTH BLOCK TYPICAL FLOOR PLANS
S-101	SOUTH BLOCK FIRST FLOOR PLAN
S-102	SOUTH BLOCK TYPICAL FLOOR PLANS



# "C" Street Station



# A-100: Master Site Plan



Please note: Drawing not to scale



# A-101: Program Area Matrix, Part 1

NORTH BLOCK



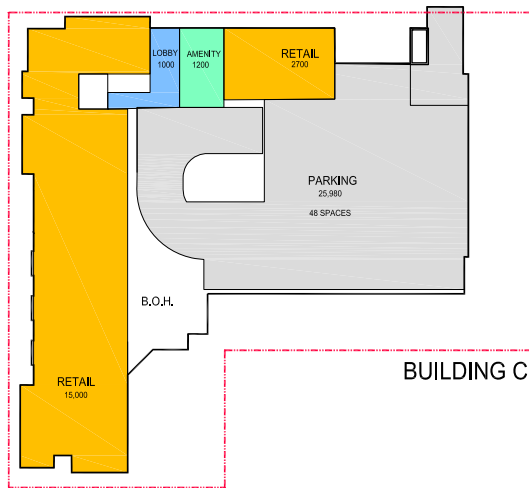
NORTH BLOCK



NORTH BLOCK

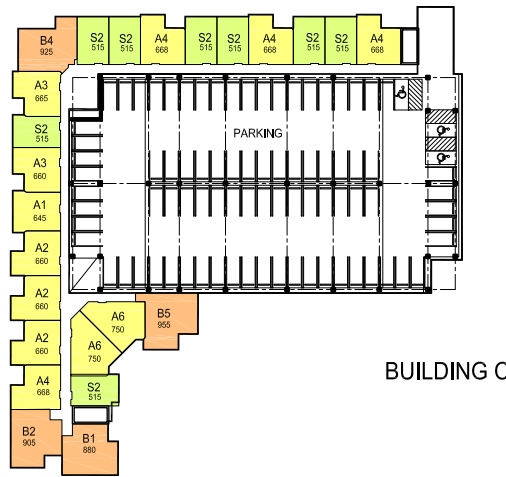


C STREET



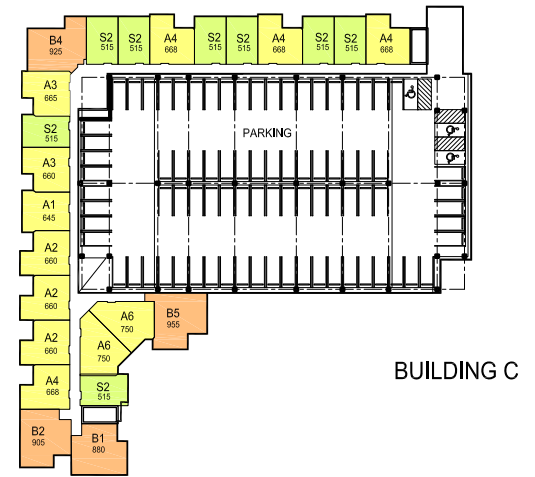
SOUTH BLOCK

C STREET



SOUTH BLOCK

C STREET



SOUTH BLOCK

FIRST FLOOR

SECOND FLOOR

THIRD FLOOR

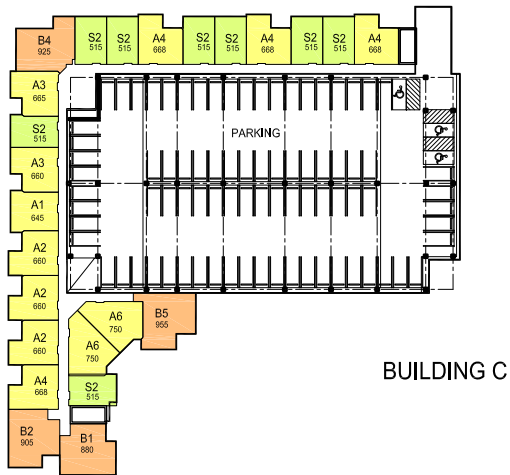
Please note: Drawing not to scale

# A-101: Program Area Matrix, Part 2

NORTH BLOCK



C STREET

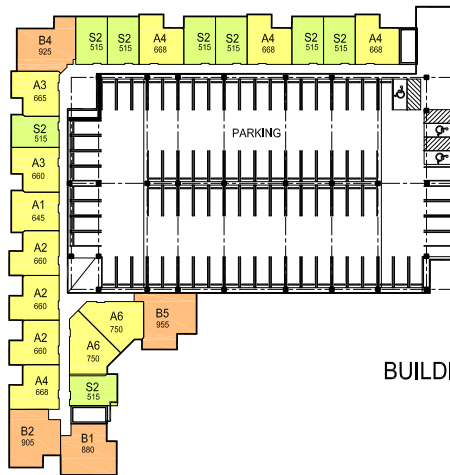


BUILDING C

SOUTH BLOCK

FOURTH FLOOR

C STREET



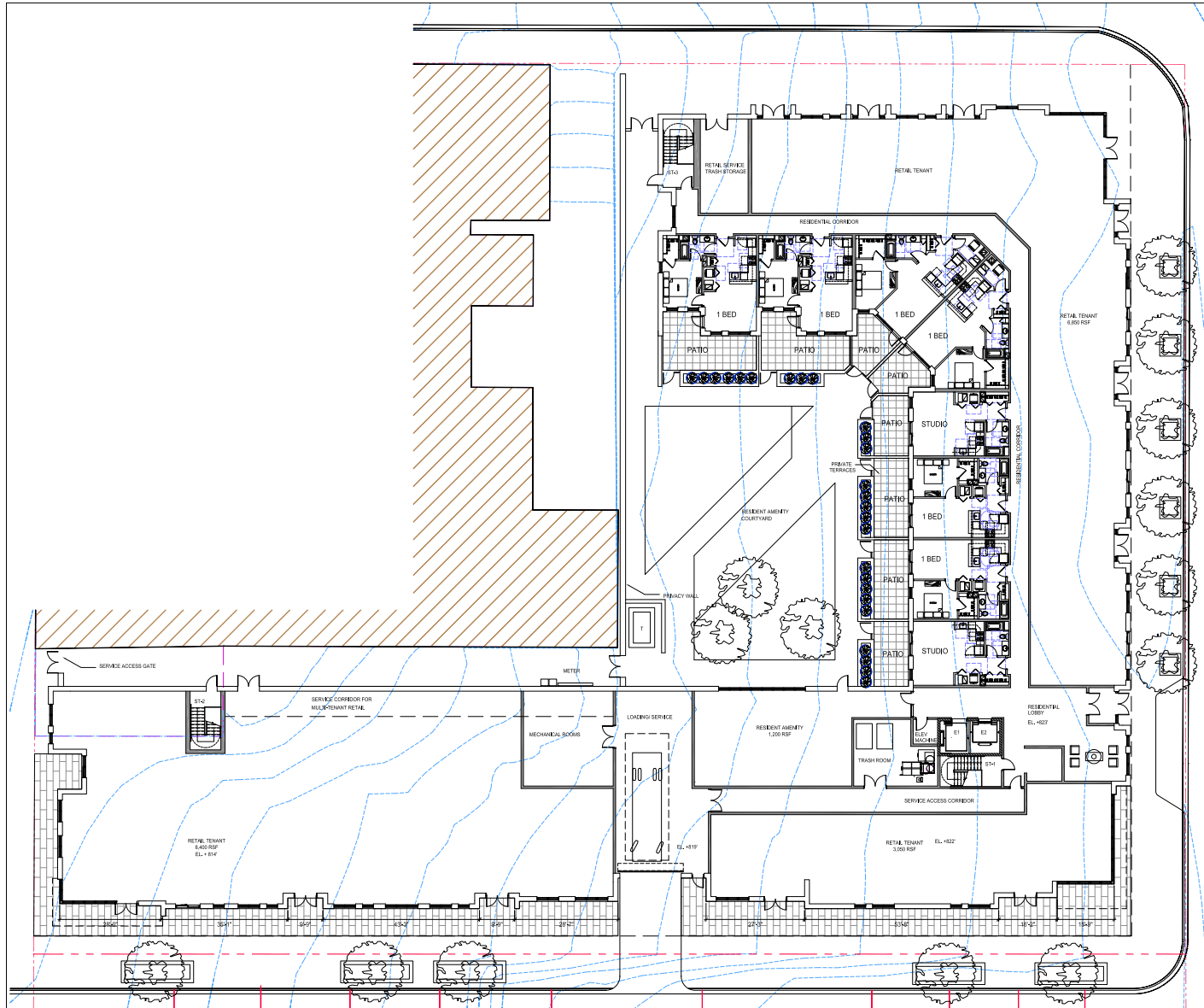
BUILDING C

SOUTH BLOCK

FIFTH FLOOR

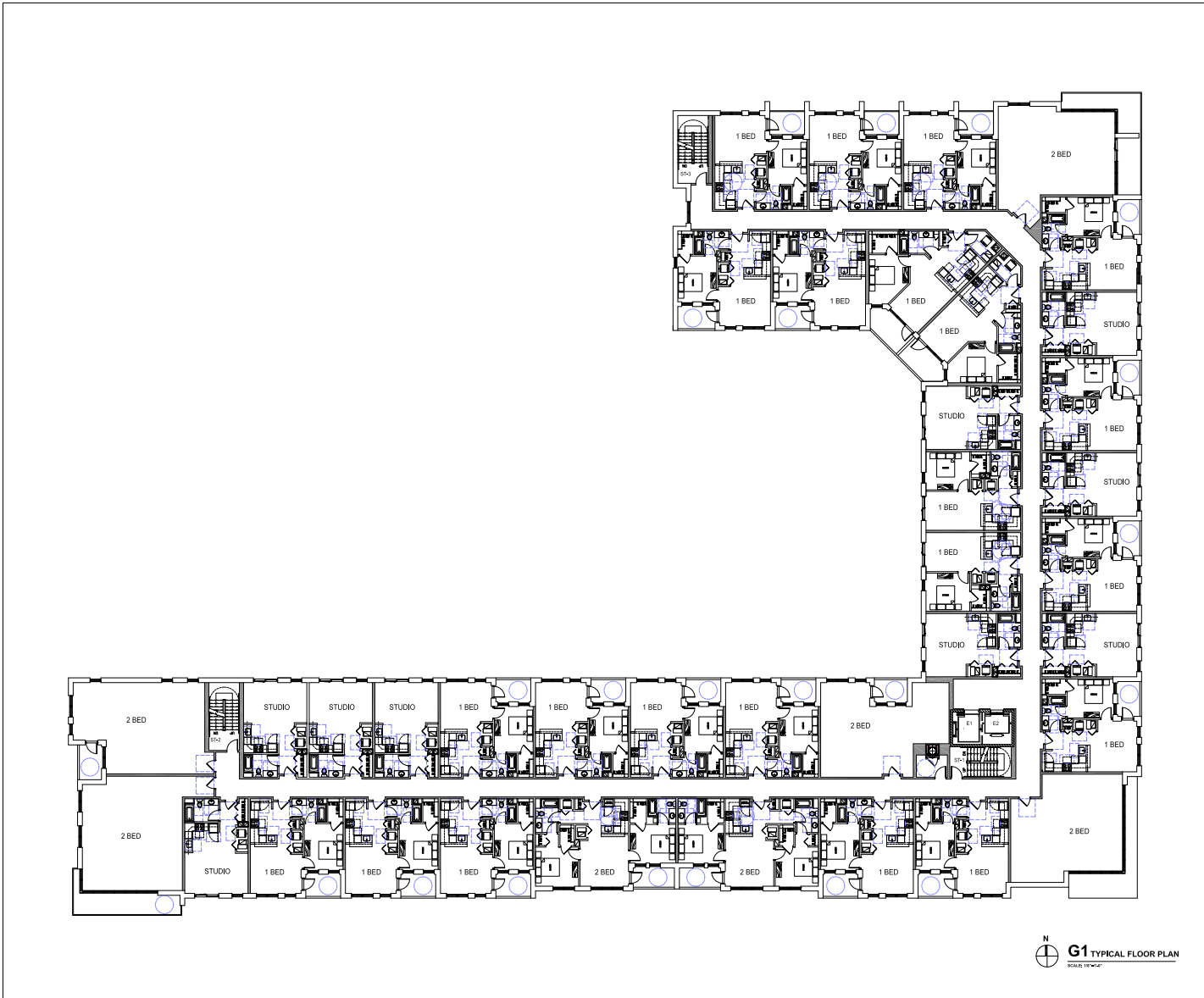
Please note: Drawing not to scale

# N-101: North Block, Ground Floor Plan



Please note: Drawing not to scale

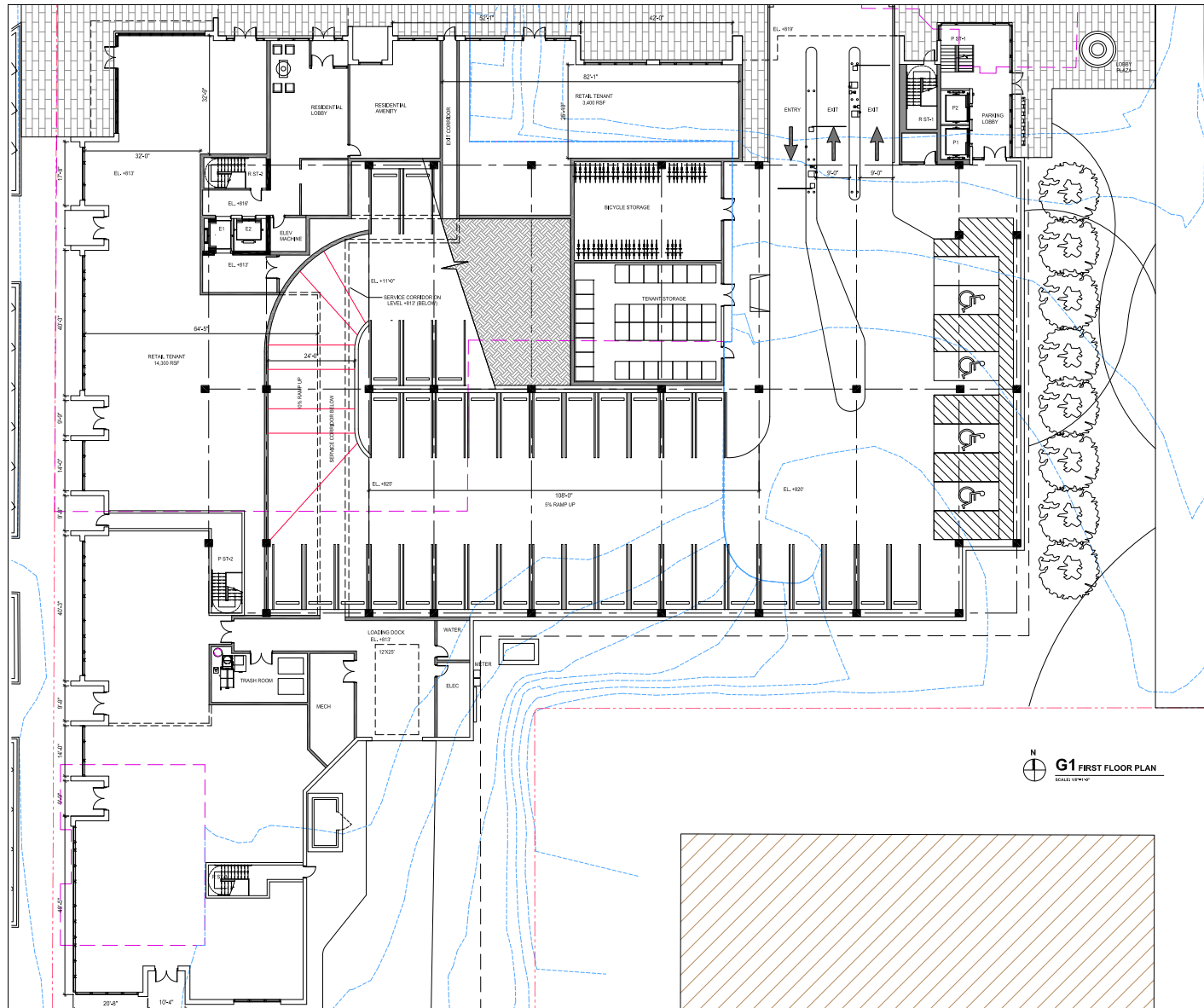
# N-102: North Block, 2nd-4th Floor Plans



Please note: Drawing not to scale

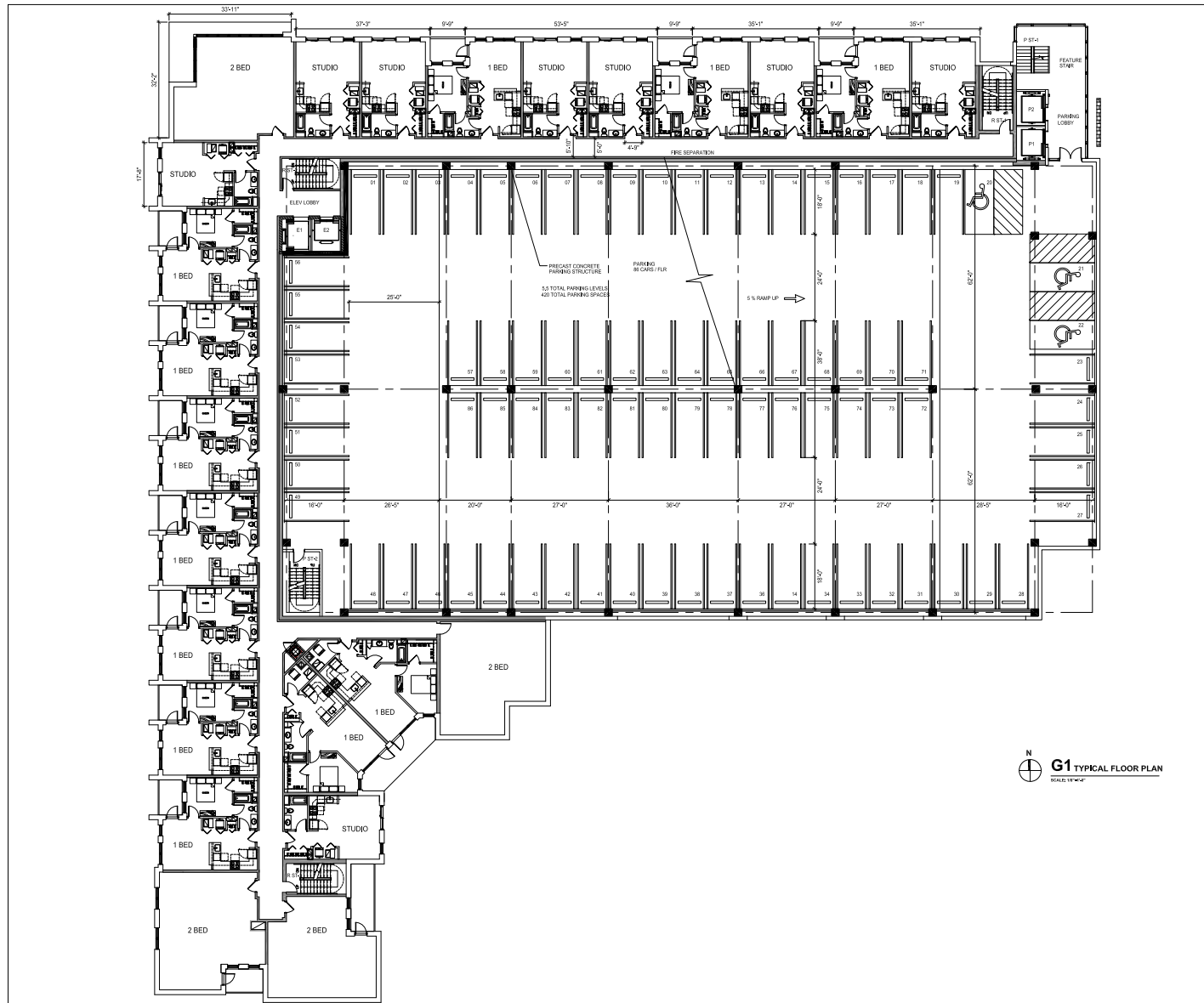


# S-101: South Block, Ground Floor Plan



Please note: Drawing not to scale

# S-102: South Block, 2-5th Floor Plans



Please note: Drawing not to scale