



July 1, 2019

Ms. Mitzi Baker  
Community Development Director  
City of Northfield  
801 Washington Street  
Northfield, MN 55057

Dear Mitzi,

Rebound Real Estate and the Stencil Group are pleased to submit to the City of Northfield our Business Subsidy Application for the proposed development project of a 79-unit apartment at the NW corner of 5<sup>th</sup> Street and Washington Street- referred to as 5<sup>th</sup> Street Lofts. We believe this development project will bring the property to a "highest and best use" and create a significant downtown asset that will serve our community. Total apartment development costs are estimated to be \$14,360,000.

Going into the 5<sup>th</sup> Street Lofts Project, we identified objectives that we believe will provide many benefits to the City of Northfield and community. These include the following:

1. In-fill and creation of density in the downtown- with people living, working and shopping in the downtown and community.
2. The 79 apartment units will help address the rental housing need in Northfield; A recent study of Northfield rental showed a .3% vacancy rate. This means that for every 100 apartments, there is less than one, .3% that is vacant.
  - a. The project will consist of an estimated 8 affordable and 71 market rate apartments
  - b. The current plan calls for 33 studio, 38 one bedroom and 8 two bedroom units
3. Serve as an economic driver of our downtown and community
  - a. Investment in our downtown - \$14,360,000 – creating and supporting development & construction jobs over the course of its building
  - b. People living downtown and spending their dollars within our community
  - c. With more people living in the community- there is a likelihood that they also will be working in town
  - d. With people both living and working in town, they become more active in our community and also able to attend events, join organizations, serve the community and attend their children and family events if they have kids.
  - e. Increase in property taxes on the existing sites

The fulfilling of these benefits comes at a significant cost, and this downtown apartment development project will not be without significant challenges. These costs and challenges include the following:

1. Higher downtown land costs than a greenfield site. Based upon the analysis contained in our Business Subsidy Application, the additional cost of land of the proposed 5<sup>th</sup> Street Lofts project verses a greenfield site is \$590,584.
2. There are additional costs to clear a downtown site. These include the environmental abatement, demolition and site work, which are estimated to total \$250,000.

3. Parking; The project will require parking for its residents, and we would like to also include a public parking component- as downtown parking is an issue. Currently the project is designed for 104 parking spaces. The cost for underground and covered parking is estimated to be \$23,000 per space, while outdoor surface parking spots are estimated to be \$5,000 per space, for a difference of \$18,000. Within the project site there is no opportunity for outdoor surface parking besides that on the street. Thus a significant parking cost difference between a downtown project requiring underground and covered parking versus a greenfield site that can offer outdoor surface parking. The incremental cost difference for 104 spaces is \$1,872,000 (104 spaces times \$18,000).

The total of the above 3 additional costs which are upfront and paid as part of the project- building downtown versus a greenfield site- equals \$2,712,584.

As a result of these additional costs and challenges of building a downtown apartment versus a greenfield spot, we will require and request several business subsidy considerations from the City of Northfield. Our requests contained in the Business Subsidy Application include the following:

1. EDA purchase of the 510 Washington Street property and contribute it to the project- \$212,000
2. Tax Increment Financing of \$3,000,000 over 25 years - present value w/ on 5.5% discount rate - \$1,584,742
3. Public Parking Grant of \$920,000 - \$92,000/year over 10 years - present value w 5.5% discount rate - \$677,454

The total of the above 4 request items at today's present value based upon a 5.5% discount rate (the current prime rate) equals \$2,474,196.

The difference between our additional costs of building the apartment project downtown and the requested business subsidy is \$238,388 (developer cost of \$2,712,584 less the present value of the business subsidy request of \$2,474,196).

In addition, we are requesting a \$250,000 EDA loan to assist in the financing of the downtown apartment project which will be repaid per the terms of the loan.

Our plans are to work with the City of Northfield over the next three months—July thru September 2019 on the Business Subsidy and Site Plan approvals. Closing on the properties during this period with abatement, demolition and site work along with apartment construction beginning in October 2019 and a planned opening in the Spring of 2021.

During this construction period we will be simultaneously working in with Premier Bank to relocate their bank site to a new location on lots 4 & 5 of the Crossing site, adjacent to the Fairfield Inn by Marriott.

We thank you for this opportunity to work and collaborate with the City of Northfield in the development of the Premier Bank site into the 5<sup>th</sup> Street Lofts with 79 apartments in downtown Northfield. We appreciate your consideration. After review of our application, if you have any questions, comments or require additional information, please do not hesitate to contact me or one of our Rebound and Stencil Teammates. We look forward to working with you, City staff and the City Council on this important project and in making it become a reality that will benefit the downtown and Northfield community.

Best Regards,



Brett D. Reese  
CEO and Managing Partner





**CITY OF NORTHFIELD, MINNESOTA  
APPLICATION BUSINESS SUBSIDY**

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**APPLICATION FEE:** The application fee includes two parts:

1. A non-refundable application fee of: \$500.00
2. An escrow processing fee deposit of: \$2500.00 to cover staff time, legal fees, consultant time, and other out-of-pocket costs associated with processing the application. If the application is denied or withdrawn, the unused portion of the fee will be refunded.

**SUPPLEMENTAL INFORMATION:** In addition to submitting the completed Business Subsidy Application (attached), the applicant may be requested to provide the following information (only provide if checked):

- ☒ A copy of the project pro forma – listing all assumptions made in preparing the project pro forma.
- ☒ Sources of all funds including equity and private financing – *please include the rate and terms of all financing.*  
A pro forma and sources & uses chart is attached which includes rate of return.
- ☒ Expected rate of return.
- ☒ A list of all members of the Development Team and their specific role on the development team. (ie; attorney, architect, engineer, etc.)
- ☒ A list of all partners with ownership interest in the project. *Please include copies of any partnership or incorporation documents.*



**CITY OF NORTHFIELD, MINNESOTA  
APPLICATION BUSINESS SUBSIDY**

**APPLICATION BUSINESS SUBSIDY**

**Legal name of applicant:** Rebound Real Estate, LLC

**Address:** 527 Professional Dr., Northfield, MN 55057

**Telephone number:** 507-581-6715

**Name of contact person:** Brent Nystrom

**REQUESTED INFORMATION**

Addendums shall be attached addressing in detail the following requested information:

1. Give a general description of the project including size and location of building(s); business type or use; traffic information including parking, projected vehicle counts and traffic flow; timing of the project; estimated market value following completion.
2. A statement identifying the public benefits of the proposal including estimated increase in property valuation, new jobs to be created, hourly wages and other community assets.
3. A statement identifying how the assistance will be used and why it is necessary to undertake the project.
4. A written description of the developer's business, principals, history and past projects.

The applicant hereby understands and agrees that the information contained in this application, and the information contained in all supplemental information, is intended for the use by the City of Northfield including its officers, employees, and agents in connection with the City's consideration of the public financing assistance. The City hereby gives no assurance that this information may not be disclosed, in whole or in part, to persons other than the City's officials, employees, or agents. The applicant understands that the application fee will be used for City staff and consultant costs and may be partially refundable if the request for assistance is withdrawn. Refunds will be made at the discretion of the City Council and be based on the costs incurred by the City prior to the withdrawal of the request for assistance. If the initial application fee is insufficient, the applicant will be responsible for additional deposits.

**SIGNATURE**

Applicant's signature:

Date: 7/1/2019

A handwritten signature in blue ink, appearing to read "Brent Nystrom", is written over a horizontal line. The signature is fluid and cursive.



CITY OF NORTHFIELD, MINNESOTA  
APPLICATION BUSINESS SUBSIDY

**GENERAL INFORMATION**

Business Name: Fifth Street Lofts, LLC (pending) Date: 7/1/2019

Address: 527 Professional Dr., Northfield, MN 55057

Type (Partnership, etc.): Limited Liability Company

Authorized Representative: Brett Reese Phone: 952-200-1740

Description of Business: Apartment Rental Company

**PROJECT INFORMATION**

*Please provide the following information, specific to the proposed project and its location:*

Amount of Business Subsidy requested: \$2,474,196

Use of Business Subsidy requested: \$2,712,584

A breakout of each of the items above is included in the application.

**The project will be:**

*Please select:*

|                                   | New Construction/Expansion          | Capital Investment                  | Renovation               |
|-----------------------------------|-------------------------------------|-------------------------------------|--------------------------|
| Vacant Land Development:          | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Commercial or Retail Development: | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| Industrial Development:           | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| Housing:                          | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Other:                            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |

**The project will be:**

*Please select one*

☐ Owner Occupied ☒ Leased Space

*If leased space – please attach a list of names and addresses of future lessees and indicate the status of commitments on lease arrangements.*

Lessees not yet determined.





**CITY OF NORTHFIELD, MINNESOTA  
APPLICATION BUSINESS SUBSIDY**

|   |                                  |                                                    |
|---|----------------------------------|----------------------------------------------------|
| A | Project Address:                 | 112 5th Street East, Northfield, MN 55057          |
| B | Current Market Value             | \$585,200 (Assessed Value)                         |
|   | Estimated Future Market Value    | Between \$12 and \$14 Million                      |
| C | Current Owner of Building        | Premier Bank and Mainstreet Properties             |
|   | Current Owner of Property/Site   | Premier Bank                                       |
| D | Property Identification Number   | 22.06.2.25.081; 22.06.2.25.082; and 22.06.2.26.097 |
|   | Area of Property (acres)         | 0.75 acres                                         |
|   | Size of Project (sq ft)          | 105,000 sq ft                                      |
| E | Number of Permanent Jobs Created | 1-2                                                |
| F | Anticipated Start Date           | October 2019                                       |
|   | Anticipated Completion Date      | March 2021                                         |

**PROJECT BUDGET**

The applicant shall provide the following information regarding the proposed project cost and financing (*this information should be the same as the information included in the "sources and uses statement" and project pro-forma*): Information provided in the attached pro-forma.

| <b>Estimated Project Cost</b>    |                                    |    |        |
|----------------------------------|------------------------------------|----|--------|
| A                                | Land Acquisition                   | \$ |        |
| B                                | Relocation                         | \$ |        |
| C                                | Site Development                   | \$ |        |
| D                                | Building Cost                      | \$ |        |
| E                                | Demolition                         | \$ |        |
| F                                | Renovation                         | \$ |        |
| G                                | Environmental Clean-Up             | \$ |        |
| H                                | Arch. / Eng. / Legal Fees          | \$ |        |
| I                                | Interest During Construction       | \$ |        |
| J                                | Financing Fees (private)           | \$ |        |
| K                                | Financing Fees / Interest (public) | \$ |        |
| L                                | Contingency                        | \$ |        |
|                                  | <b>SUBTOTAL</b>                    | \$ |        |
| M                                | Machinery & Equipment              | \$ |        |
|                                  | <b>TOTAL</b>                       | \$ |        |
| <b>Proposed Sources of Funds</b> |                                    |    |        |
| A                                | Lender(s)                          | \$ | %      |
| B                                | Equity                             | \$ | %      |
| C                                | Other                              | \$ | %      |
|                                  | <b>TOTAL</b>                       | \$ | 100.0% |



## City of Northfield Business Subsidy Application

### Requested Narrative Information (Items 1-4)

#### 1.) General Description

Rebound Real Estate based in Northfield, in conjunction with The Stencil Group, headquartered in Sioux Falls, SD is proposing the development of a four story apartment building at the southeast corner of 5<sup>th</sup> Street E and Washington St. (112 5<sup>th</sup> Street East) in Northfield, Minnesota, preliminarily called the '5<sup>th</sup> Street Lofts.' The apartment building site is located within the C1-B Downtown zoning district and adjacent to the Downtown Historic District. A separate entity will be formed to be the ownership group of the building.

The goal is to create an urban living project located in downtown Northfield. The building will consist of long lasting building materials creating a façade that is modern, yet has historical elements. The interior of the building will include two levels of parking that will serve both the community as well as residents. The street level entrance will enhance and enliven the corner of 5<sup>th</sup> and Washington. The main level will consist of the lobby, office and fitness facilities for the building. Floors two through four will contain 79 living units (33 studios, 38 1-bedroom units and 8 2-bedroom units) along with two elevated resident decks located on floors one and four. Eight of the units planned will have a rental rates affordable to those earning 60% AMI, with the remainder having market rate rents. There are also a total of 104 parking spots planned on two levels, one below grade and one at street level.

The increase in density in this area will lead to an increase in the vehicle counts due to the 79 apartment units and tenants coming in and out of the project. The parking capacity of the building will handle all the parking needs of residents, and the new vehicle counts will be in the range of 190-240 vehicle trips in the area per day.

The project area consists of the following properties:

ID #'s:

22.06.2.25.081 (LOI with Premier Bank): (vacant lot on the corner of 5<sup>th</sup> and Washington Streets)

22.06.2.25.082 (LOI with Premier Bank): (Current Bank Building and Parking Lot)

22.06.2.26.097 (510 Washington Street, owned by Mainstreet Properties)

Rebound Real Estate has a signed LOI with Premier Bank to purchase the two lots which are key to the project and will be entering into a purchase agreement. Premier would like to keep their branch in Northfield and Rebound is working to help them secure a new location where they can build a new bank facility. (Proposed to be on Lots 4 and 5 of the Crossing area, adjacent to the Fairfield by Marriott). The property at 510 Washington is also required to develop the apartment building as proposed. The lot



contains an older home (1915) that has one apartment on the upper floor and an office space on the main level. Northfield EDA is purchasing this lot and contributing it to the project.

The projected timeline for the project is as follows:

- Project presentation to the EDA: June 27<sup>th</sup>
- City Council presentation on July 23<sup>rd</sup>
- EDA meeting to consider Business Subsidy Application: July 25<sup>th</sup>
- City Council calls public hearing and directs consultants to draft Development Agreement: August 6<sup>th</sup>
- City Council passes resolutions approving Private Development Contract and TIF Note: September 17<sup>th</sup>
- Project documents developed and executed: September/October 2019
- Demolition and Construction start: October 2019
- Construction completion: March 2021

Upon completion of this project the market value is estimated to be between \$12-\$14 million.

## **2.) Public Benefits**

The proposed 5<sup>th</sup> Street Flats apartment building checks many boxes when it comes to public needs and benefits as well as fit within Northfield's own comprehensive and strategic plans. Economic Development, more and better housing, more downtown parking, tax revenue increase, and infill development/density are all covered by this project. Due to the nature of the project (apartment rental units), 1-2 permanent jobs will be created.

Placing a 79 unit apartment complex on a site adjacent to downtown and blocks from the river, elevates the location to a much higher and better use than what is currently there. Infill and density are key words in the Northfield Comprehensive Plan when it comes to redevelopment, and this project fits the bill. The project will bring vibrancy to the downtown community and place a large number of new residents right in town, allowing them to easily walk to businesses in the historic district, spending their dollars within downtown Northfield. The current Northfield Strategic Plan calls for an 'Expanded Downtown' in its Economic Development section and placing this type of project in the proposed location should help with that goal. In addition to providing a higher and better use to the site, the development of the apartment building has the opportunity to conservatively increase property revenue for the city from approximately \$19,100 to in excess of \$130,000 - a 580% increase in just year one of operations.

Recent housing market studies of Rice County, and Northfield in particular, state that the rental housing vacancy for the city is mere 0.3% while the equilibrium percent should be a 5% vacancy. There is a definite need for more rental units in Northfield and adding 79 units downtown fits a need for the city goals of a variety of rental housing types and locations. One market study showed that the excess demand for market rate units over the next five years in Northfield was 351. The planned complex is slated to have 33 studios, 38 1-bedroom units and 8 2-bedroom units. Eight of the units are planned to be affordable for those making 60% of AMI, with the remaining units at market rate.



Another key component to the city's plans for an expanded downtown and expanded tourism is the availability of parking in proximity to the downtown area. Various studies have shown that, especially during peak business times, parking around downtown is not sufficient. The proposed project handles the parking spots for the residents of the 79 units, and in addition provides 35 spaces of covered parking for public use on the main level of the building.

In sum, the project will provide much needed housing and parking at a currently underutilized site adjacent to downtown. An increased density will be achieved, increasing property taxes, and meeting a housing need in locating more people in the heart of the downtown, providing greater activity and further economic development to the city.

### **3.) Uses for TIF/Why it is Necessary:**

The proposed project is an example of classic infill site construction and increased density, which brings all the associated challenges of building in and amongst other operating businesses near downtown, in an urban area.

To begin with, land costs are higher for an in-town site versus that of a comparable 'greenfield' site that might be available outside of the downtown core of Northfield. Recent commercial property sales along the Highway 3 corridor have resulted in a range of land prices from \$2 per square foot to nearly \$10 per square foot. As is also the case here, there are existing, operating businesses currently on the land, thus a premium must be paid for those sites. Costs per square foot to purchase the proposed site are at approximately \$19.50 to \$26.32 per square foot. On average, the cost per square foot difference for this infill site versus a greenfield site translates into a cost increase for the apartment project of approximately \$590,584 (Total purchase price (\$787,000) minus average per square foot cost of \$6 per sq ft x total square feet of site of 32,736 = \$196,416.  $\$787,000 - \$196,416 = \$590,584$ ).

Secondly, once acquired, the area will need additional site work for construction preparation because the two existing structures (Premier Bank and the house at 510 Washington St.) need to be potentially abated and then demolished and removed. These additional costs are projected to come in at approximately \$250,000.

Finally, because of the nature of the proposed building and the size and location of the site, the project will require covered parking for residents, including a component of public parking, due to the lack of space for surface parking. The building will have 2 levels of climate-controlled parking consisting of 104 spaces. The 62 spots in the below grade level with entry / exit on 5<sup>th</sup> St. will be dedicated to tenant parking and will be secured 24 hours a day. The 42 spots on the main level will have an entry / exit off of Washington St. with 7 serving as tenant space and 35 for public parking year-round. Covered parking spots cost on the order of \$23,000 per space. In contrast, a surface outdoor striped space costs approximately \$5,000, so the difference in cost is \$18,000. Thus additional costs to the project for parking are roughly \$1,872,000. The developer and City have discussed ideas for collecting parking revenue to the City for the public spaces. Our projections reflect the City of Northfield contributing

\$92,000 a year over ten years toward the additional parking cost, but after those ten years any income stream would continue to go to the City as a net benefit.

In summary, to address the challenges on the chosen infill site for required, covered parking, additional demolition costs, and the additional land acquisition cost, the proposed apartment project will experience additional costs of around \$2,712,584 beyond those of a non-infill, outside of downtown property.

#### **4.) Developers**

Rebound Real Estate, LLC is a Northfield based organization and group of individuals that has experience working in mixed-use/commercial, residential and hospitality real estate development since 1982. Among other local projects, the managing principal co-led the development over 300 lots in the Hills of Spring Creek area, developed the new Fairfield Inn and Suites by Marriott along with Rebound Hospitality, and created the Northfield Real Estate Fund, and now Fund II as its successor. Rebound's core values are: Energy, Integrity, Community, Results Driven, Entrepreneurial and Teamwork. The organization cares deeply about the communities where its employees live and work. Within the Rebound organization, our teams have completed real estate and hotel transactions from \$100,000 to \$15,000,000 plus. Team members for Rebound Real Estate can be found in the Supplemental

The Stencil Group is a regional premier Development / Construction Company that specializes in development and construction of all commercial's types with a heavy focus on creation and construction of high-quality multi-family properties. Stencil Group has developed and constructed over 1200 units of multi-family housing in the upper Midwest in the last 5 years along with countless other commercial projects ranging from hotel, office, retail, and single-family housing totaling over \$250,000,000 in total project cost. Stencil's team of professionals brings decades of experience to the plate with a reputation as a contractor and developer that values experience, honesty, and reliability above all else.

#### **Supplemental Information**

##### **A. Project Information detail**

##### **Amount of Business Subsidy Requested**

- 1) \$212,000 for the EDA to purchase 510 Washington Street
- 2) TIF of \$3,000,000 over 25 years (Present Value of \$1,584,742)
- 3) Grant of \$920,000 - \$92,000 per year over 10 years (Present Value of \$677,454)

Total of \$2,474,196 (Using Present value calculations)

Note: In Addition, we are requesting a \$250,000 EDA loan to assist in the financing of the downtown apartment project which will be repaid per the terms of the loan.



Use of Business Subsidy Requested (Detailed description of these number above in narrative #3 – Uses for TIF)

- 1) Estimated, Abatement, demolition and site work: \$250,000
- 2) Parking: \$1,872,000
- 3) Additional Cost land value: \$590,584

Total of \$2,712,584

#### B. The Development Team

Brett D. Reese – Principal of Rebound Real Estate, Project Leadership and Financing

Nate Stencil – Principal of The Stencil Group, Design and Construction

Scott Koester – Project Management and Construction

Chris Kennelly – CEO of Bluewater Properties, Property Management

Brent Nystrom – Project Management and Equity

Stencil Group – Construction

Tushie Montgomery Architects – Design

Ryan Blumhoefer - Attorney

#### C. Ownership Structure

The Ownership structure has not yet been determined. The development team will seek investors once a new entity is formed and the entire financing picture has become clear.

| Sources and Uses     |                                      | Tax Increment Finance |  |  | Public Parking Request |  |                                                |
|----------------------|--------------------------------------|-----------------------|--|--|------------------------|--|------------------------------------------------|
| Sources of Proceeds: | Class A Member Capital Contributions |                       |  |  |                        |  |                                                |
|                      | Base Bank Loan                       | \$3,590,000           |  |  |                        |  | 35 public parking spots                        |
|                      |                                      | \$10,770,000          |  |  |                        |  | City Revenue Request \$92,000 per yr. (10 yrs) |
|                      |                                      |                       |  |  |                        |  | Total Revenue \$920,000                        |
|                      | TOTAL                                | \$14,360,000          |  |  |                        |  | Net Present Value \$677,453                    |
| Uses of Proceeds:    | Land                                 | \$600,000.00          |  |  |                        |  |                                                |
|                      | Building                             | \$11,400,000.00       |  |  |                        |  |                                                |
|                      | Interest/Financing Fees              | \$900,000             |  |  |                        |  |                                                |
|                      | Syndication/Organizational Costs     | \$60,000.00           |  |  |                        |  |                                                |
|                      | Marketing/Leasing/Reserves/FFE       | \$300,000.00          |  |  |                        |  |                                                |
|                      | Architectural/Engineering            | \$450,000.00          |  |  |                        |  |                                                |
|                      | Developer Fee                        | \$650,000.00          |  |  |                        |  |                                                |
| TOTAL                |                                      | \$14,360,000.00       |  |  |                        |  |                                                |

## Analysis W/O Any Incentives

|                                   | Construction Period | Startup Year 1  | Stabilized Year 2 | Year 3          | Year 4          | Year 5          | Year 6          | Year 7          | Year 8          | Year 9          | Year 10         |
|-----------------------------------|---------------------|-----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Rent Income                       | \$ -                | \$ 1,145,615.70 | \$ 1,201,320.00   | \$ 1,225,346.40 | \$ 1,249,853.33 | \$ 1,274,850.39 | \$ 1,300,347.40 | \$ 1,326,354.35 | \$ 1,352,881.44 | \$ 1,379,939.07 | \$ 1,407,537.85 |
| Other Income                      | \$ -                | \$ 10,109.30    | \$ 20,220.35      | \$ 20,624.76    | \$ 21,037.26    | \$ 21,458.00    | \$ 21,887.16    | \$ 22,324.90    | \$ 22,771.40    | \$ 23,226.83    | \$ 23,691.37    |
| Vacancy & Credit Loss             | \$ -                | \$ -            | \$ (60,066.00)    | \$ (61,267.32)  | \$ (62,492.67)  | \$ (63,742.52)  | \$ (65,017.37)  | \$ (66,317.72)  | \$ (67,644.07)  | \$ (68,996.95)  | \$ (70,376.89)  |
| TIF                               | \$ -                | \$ -            | \$ -              | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            |
| Total Revenue                     | \$ -                | \$ 1,155,725.00 | \$ 1,161,474.35   | \$ 1,184,703.84 | \$ 1,208,397.92 | \$ 1,232,565.88 | \$ 1,257,217.19 | \$ 1,282,361.54 | \$ 1,308,008.77 | \$ 1,334,168.94 | \$ 1,360,852.32 |
| Total Expenses                    | \$ (174,677.00)     | \$ (547,711.12) | \$ (428,381.29)   | \$ (436,948.92) | \$ (445,687.89) | \$ (454,601.65) | \$ (463,693.69) | \$ (472,967.56) | \$ (482,426.91) | \$ (492,075.45) | \$ (501,916.96) |
| Less Debt Service                 | \$ -                | \$ (597,108.19) | \$ (755,524.17)   | \$ (755,524.17) | \$ (755,524.17) | \$ (755,524.17) | \$ (755,524.17) | \$ (755,524.17) | \$ (755,524.17) | \$ (755,524.17) | \$ (755,524.17) |
| Net Operating Cash Flow After Tax | \$ (174,677.00)     | \$ 10,905.69    | \$ (22,431.11)    | \$ (7,769.25)   | \$ 7,185.85     | \$ 22,440.05    | \$ 37,999.34    | \$ 53,869.81    | \$ 70,057.69    | \$ 86,569.33    | \$ 103,411.20   |
| Return on Investment              | -5.17%              | 0.32%           | -0.66%            | -0.23%          | 0.21%           | 0.66%           | 1.13%           | 1.59%           | 2.07%           | 2.56%           | 3.06%           |

## Analysis w/ Parking and TIF

|                                   | Construction Period | Startup Year 1  | Stabilized Year 2 | Year 3          | Year 4          | Year 5          | Year 6          | Year 7          | Year 8          | Year 9          | Year 10         |
|-----------------------------------|---------------------|-----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Rent Income                       | \$ -                | \$ 1,142,209.70 | \$ 1,202,152.00   | \$ 1,228,035.04 | \$ 1,254,435.74 | \$ 1,281,364.46 | \$ 1,308,831.74 | \$ 1,336,848.38 | \$ 1,365,425.35 | \$ 1,394,573.85 | \$ 1,424,305.33 |
| Other Income                      | \$ -                | \$ 10,109.66    | \$ 20,220.35      | \$ 20,624.76    | \$ 21,037.26    | \$ 21,458.00    | \$ 21,887.16    | \$ 22,324.90    | \$ 22,771.40    | \$ 23,226.83    | \$ 23,691.37    |
| City Parking Revenue              | \$ -                | \$ 92,000.00    | \$ 92,000.00      | \$ 92,000.00    | \$ 92,000.00    | \$ 92,000.00    | \$ 92,000.00    | \$ 92,000.00    | \$ 92,000.00    | \$ 92,000.00    | \$ 92,000.00    |
| Vacancy & Credit Loss             | \$ -                | \$ -            | \$ (64,707.60)    | \$ (66,001.75)  | \$ (67,321.79)  | \$ (68,668.22)  | \$ (70,041.59)  | \$ (71,442.42)  | \$ (72,871.27)  | \$ (74,328.69)  | \$ (75,815.27)  |
| TIF                               | \$ -                | \$ 97,347.00    | \$ 99,293.00      | \$ 101,279.00   | \$ 103,305.00   | \$ 105,371.00   | \$ 107,478.00   | \$ 109,628.00   | \$ 111,820.00   | \$ 114,057.00   | \$ 116,338.00   |
| Total Revenue                     | \$ -                | \$ 1,341,666.35 | \$ 1,348,957.75   | \$ 1,375,937.05 | \$ 1,403,456.21 | \$ 1,431,525.23 | \$ 1,460,155.32 | \$ 1,489,358.87 | \$ 1,519,145.48 | \$ 1,549,528.99 | \$ 1,580,519.43 |
| Total Expenses                    | \$ (174,677.00)     | \$ (555,127.12) | \$ (435,836.77)   | \$ (444,553.52) | \$ (453,444.61) | \$ (462,513.49) | \$ (471,763.74) | \$ (481,199.04) | \$ (490,822.99) | \$ (500,639.48) | \$ (510,652.27) |
| Less Debt Service                 | \$ -                | \$ (597,108.19) | \$ (755,524.17)   | \$ (755,524.17) | \$ (755,524.17) | \$ (755,524.17) | \$ (755,524.17) | \$ (755,524.17) | \$ (755,524.17) | \$ (755,524.17) | \$ (755,524.17) |
| Net Operating Cash Flow After Tax | \$ (174,677.00)     | \$ 189,431.04   | \$ 157,596.81     | \$ 175,859.36   | \$ 194,487.43   | \$ 213,487.57   | \$ 232,867.41   | \$ 252,635.66   | \$ 272,798.32   | \$ 293,565.34   | \$ 314,343.00   |
| Return on Investment              | -5.17%              | 5.61%           | 4.67%             | 5.21%           | 5.76%           | 6.32%           | 6.89%           | 7.48%           | 8.08%           | 8.69%           | 9.31%           |











