

Park District Preliminary Financial Overview

Project Uses of Funds

Land Cost	\$ 8,490,000	15.3%
Demo / Site Work / Construction	\$ 37,926,610	68.4%
Utilities / Walks / Roads / Landscape	\$ 850,000	1.5%
Contingency	\$ 2,326,597	4.2%
Soft Cost, A & E, etc	\$ 2,326,597	4.2%
Interest Exp, Fees & Costs	\$ 1,938,831	3.5%
Developer Overhead & Profit	\$ 1,551,064	2.8%
Total Uses	\$ 55,409,699	100%

Project Sources of Funds

Equity / TIF / Grant

Developer Equity	\$ 12,500,000	55.6%
¹ TIF Capture (est NPV at 8% dsc rate)	\$ 8,500,000	37.8%
¹ Community Revitalization Program - Loan	\$ 1,500,000	6.7%
¹ Michigan Business Tax Credit (MBT)	\$ -	0.0%
	\$ 22,500,000	100.0%

Debt / Loans

Developer Debt	\$ 36,514,000	85.9%
¹ Community Revitaliation Program - Loan	\$ 3,000,000	7.1%
¹ Urban Land Assembly - Loan	\$ 3,000,000	7.1%
¹ EB-5	\$ -	0.0%
	\$ 42,514,000	100.0%

² **Total Sources** **\$ 65,014,000**

Remaining Project "GAP"

Overall this project is currently feasible given the assumptions above, however the uncertainty of construction costs, interest rate spikes, and other factors could have dramatic effects on the overall feasibility of the project going forward. The Total Sources category above is shown as significantly larger than the Uses due to the timing of the various Equity/Debt coming into the project.

PARKING - This project currently proposes a 4 level (437 parking space) ramp, in order to self park all of the components of this project to code, plus a few extra spaces. As the project progresses prior to construction, the ramp can be expanded to 5, 6, 7, or 8 levels, with each level adding approx another 122 parking spaces for general public parking, or future development in the area. However any additional parking past what is needed by this proposed project is not financially supported without additional funds for the project from other sources. Each additional level of parking will increase the ramp cost by approximately \$2,196,000.

Notes & Assumptions

1. All incentives listed are current assumptions only, and will need to be worked out through the various sources
2. The Total Sources is showing significantly larger than the Uses due to the timing of the various debt/equity coming into the project

Building "C" (N/W corner of Abbot & Albert)

Revenue Summary / Breakdown

¹ Residential	Units	Avg Rent
Studio	28	\$ 800
One Bed / One Bath	0	\$ -
Two Bed / Two Bath	42	\$ 1,500
3 Bed / 2 Bath	14	\$ 2,025
	Sq.Ft.	Avg Rent
² Commercial / Retail / Office	8920	\$27.20
Apartment Rental Income		\$ 1,365,000
³ Apt Vacancy (3%)		\$ (40,950)
Comm / Retail/ Rest Income		\$ 242,624
³ Comm Vacancy (5%)		\$ (12,131)
		\$ 1,554,543

Expense Summary / NOI / Economic Value

^{4,5} Operating Expense	\$ 421,941
⁶ Normalized Capitol Cost	\$ 38,060
Net Operating Income	\$ 1,094,542
Cap Rate	7.25%
Economic Value	\$ 15,097,128

Construction Estimates

Land Cost	\$ 290,000
Demo / Site Work / Construction	\$ 9,870,400
Roads / Utilities / Walks / Landscape	\$ 150,000
Contingency	\$ 581,649
Soft Cost, A & E, etc	\$ 581,649
Int Exp, Fees & Costs	\$ 484,707
Developer Overhead & Profit	\$ 387,766
Total Construction	\$ 12,346,171

Notes & Assumptions

1. Residential rents are averages based on current "new construction" rates downtown East Lansing & Lansing
2. Comm / Retail / Office lease rates are averages based on market rates or conversations with potential users
3. Residential & Retail vacancy underwriting standards are typically 5% Residential and 10% Retail, however we believe 3% Residential and 5% vacancy is more representative of the market
4. Operating Expense is primarily for the residential component
5. Comm / Retail components will contribute to cover operating expenses through CAM capture
6. Annualized reserve for replacement expenses required for underwriting standards based on life expectancy tables for typically replacement items (Roofs, building shell, appliances, mechanical systems, etc.)

Building "D" (North of Peoples Church)

Revenue Summary / Breakdown

¹ Residential	Units	Avg Rent
Studio	28	\$ 800
One Bed / One Bath	0	\$ -
Two Bed / Two Bath	74	\$ 1,500
3 Bed / 2 Bath	35	\$ 2,025
	Sq.Ft.	Avg Rent
² Commercial / Retail / Office	5430	\$ 15.00
Apartment Rental Income		\$ 2,451,300
³ Apt Vacancy (3%)		\$ (73,539)
Comm / Retail/ Office		\$ 81,450
³ Comm Vacancy (5%)		\$ (4,073)
⁴ Parking Income		\$ 303,288
		<u>\$ 2,758,427</u>

Expense Summary / NOI / Economic Value

^{5,6} Operating Expense	\$ 959,475
⁷ Normalized Capitol Cost	\$ 145,550
Net Operating Income	\$ 1,653,402
Cap Rate	7.25%
Economic Value	\$ 22,805,541

Construction Estimates

Land Cost	\$ 7,950,000
Demo / Site Work / Construction	\$ 23,906,210
Roads / Utilities / Walks / Landscape	\$ 550,000
Contingency	\$ 1,454,123
Soft Cost, A & E, etc	\$ 1,454,123
Int Exp, Fees & Costs	\$ 1,211,769
Developer Overhead & Profit	\$ 969,415
Total Construction	\$ 37,495,640

Notes & Assumptions

1. Residential rents are averages based on current "new construction" rates downtown East Lansing & Lansing
2. Comm / Retail / Office lease rates are averages based on market rates or conversations with potential users
3. Residential & Retail vacancy underwriting standards are typically 5% Residential and 10% Retail, however we believe 3% Residential and 5% vacancy is more representative of the market
4. Parking income is based on a ratio of reserved monthly parking rates and hourly parking rates which are in line with typical parking ramp operations in East Lansing
5. Operating Expense is primarily for the residential component
6. Comm / Retail components will contribute to cover operating expenses through CAM capture
7. Annualized reserve for replacement expenses required for underwriting standards based on life expectancy tables for typically replacement items (Roofs, building shell, appliances, mechanical systems, etc.)

Building "E" (North of AT&T Building on Abbot)

Revenue Summary / Breakdown

¹ Residential	Units	Avg Rent
Studio	0	\$ -
One Bed / One Bath	0	\$ -
Two Bed / Two Bath	30	\$ 1,500
3 Bed / 2 Bath	0	\$ -
	Sq.Ft.	Avg Rent
Commercial / Retail / Office		
Apartment Rental Income		\$ 540,000
² Apt Vacancy (3%)		\$ (16,200)
Comm / Retail/ Office		\$ -
² Comm Vacancy (5%)		\$ -
		\$ 523,800

Expense Summary / NOI / Economic Value

³ Operating Expense	\$ 162,378
⁴ Normalized Capitol Cost	\$ 12,000
Net Operating Income	\$ 349,422
Cap Rate	7.25%
Economic Value	\$ 4,819,614

Construction Estimates

Land Cost	\$ 250,000
Demo / Site Work / Construction	\$ 4,150,000
Roads / Utilities / Walks / Landscape	\$ 150,000
Contingency	\$ 290,824
Soft Cost, A & E, etc	\$ 290,824
Int Exp, Fees & Costs	\$ 242,353
Developer Overhead & Profit	\$ 193,883
Total Construction	\$ 5,567,884

Notes & Assumptions

1. Residential rents are averages based on current "new construction" rates downtown East Lansing & Lansing
2. Residential & Retail vacancy underwriting standards are typically 5% Residential and 10% Retail, however we believe 3% Residential and 5% vacancy is more representative of the market
3. Operating Expense is primarily for the residential component
4. Annualized reserve for replacement expenses required for underwriting standards based on life expectancy tables for typically replacement items (Roofs, building shell, appliances, mechanical systems, etc.)