



A COMMUNITY OF CHOICE

Planning and Development Department

2101 O'Neil Avenue, Suite 202, Cheyenne WY 82001

(Phone) 307-637-6282 (Fax) 307-637-6366

URBAN RENEWAL AUTHORITY BOARD

SEPTEMBER 5, 2024

STAFF REPORT

REQUEST: Tax Increment Financing (TIF) application for 1808 O'Neil Ave.

PURPOSE: To build a multi-story, 101-unit apartment building on the subject property.

LOCATION: 1808 O'Neil Avenue

APPLICANT: Jack Weber (NJS Development, LLC / Stencil Development)

OWNER: Nineteenth And O Neil, LLC; Andiamo307, LLC; and Cowboy Supply House Inc.

AGENT: Mark Christensen, AVIpc

CASE NUMBER PLTF-24-1

PREPARED BY: Charles W. Bloom, AICP, Planning and Development Director

RECOMMENDED MOTION:

Move to approve of the Tax Increment Financing application in the amount of up to \$2,579,590 in TIF assistance to be collected over a 20-year period with this project noting the application meets all review criteria and has received conditional use approval from the Board of Adjustment, and direct staff to draft a development agreement for review and approval by the Governing Body.

UPDATE:

A Tax Increment Financing (TIF) assistance application was considered at the July 3, 2024, URA Board meeting. The Board approved the TIF application in an amount of up to \$2,579,590 in TIF assistance to be collected over a 20-year period with this project subject to the following conditions:

1. "Prior to forwarding a Development Agreement to the Governing Body, the applicant shall come back to the Board to prove that an acceptable financial gap exists, clarify proposed costs that will be eligible for TIF, and to clarify their proposed return on investment."
2. "Prior to approval of the development agreement by the Governing Body, the applicant shall obtain conditional use approval for multifamily development on this property."

At the meeting the peer review had not been complete and it could not be determined that criterion three had been met. Criterion three reads as follows: "The project has demonstrated a financial feasibility gap or may not be constructed without the tax increment financing assistance." Since the last meeting, the peer review has been completed by Economic and Planning Systems, Inc. (EPS).

At the July 18, 2024, meeting the Board of Adjustment approved the of "Urban Loft" (multifamily) for the applicant's properties. This adequately meets condition number two.

At the meeting, the peer review had not been completed and it could not be determined that criterion three had been met. Criterion three reads as follows: "The project has demonstrated a financial feasibility gap or may not be constructed without the tax increment financing assistance." Since the last meeting, the peer review has been completed by Economic and Planning Systems, Inc. (EPS).

EPS reviewed this project as well as the other and both reviews are consolidated into one document. They performed an analysis of the project's leveraged returns to evaluate how the loan terms would affect its financial performance. This analysis focused on the project's financial results after the developer has met all financial obligations, including debt repayment. This looked at a variety of factors including Escalation Rate, Capitalization Rate, Disposition Year, and Hurdle Rate. This approach is described on page 18 of the attached EPS memorandum.

Page 21 of the of the EPS memo states: "Without public investment, the project is estimated to generate a Net Present Value (NPV) of a negative \$1.1 million, equating to an Internal Rate of Return (IRR) of 14.61 percent, as shown in Table 16. With public investment, the project is anticipated to generate an NPV of negative \$94,425 and an IRR of 17.27 percent, as shown in Table 17." The EPS memo also elaborates that the levered return metrics show that the project would not be financially feasible with or without public assistance.

Page 23 of the EPS memo concludes that the developer's request for TIF award is justified.

CONCLUSION:

Staff has reviewed the proposal, EPS's memo, and determined that the project has now met all review criteria.

STAFF RECOMMENDATION:

Staff recommends **approval** of the Tax Increment Financing application in the amount of up to \$2,579,590 in TIF assistance to be collected over a 20-year period with this project noting the application meets all review criteria.

ATTACHMENTS:

1. Economic and Planning Systems, Inc. review memo
2. July 3, 2024, URA staff report.

MEMORANDUM

To: City of Cheyenne Urban Renewal Authority

From: Daniel Guimond and Colton Harguth, Economic & Planning Systems

Subject: Black Tooth and Jolly Rodgers Financial Evaluation;
EPS #243065

Date: September 4, 2024

The Economics of Land Use



Introduction

The City of Cheyenne Urban Renewal Authority (URA) has retained Economic & Planning Systems (EPS) to review two tax increment financing (TIF) revenue requests from Stencil Group (Owner/Developer). The first project, Black Tooth, is a five-story, 100-unit multifamily apartment building located at 611 W 19th St. The second project, Jolly Rodger, is a two-phase, 194-unit development at 6102 US Highway 30. The Developer has indicated that these projects are not financially feasible without City assistance due to supply chain issues, inflation, rising interest rates, and the costs of remediating blighted conditions on the sites.

EPS was retained by the City to conduct an independent third-party review of these proposals, focusing on their market viability, financial performance, and justification for the requested funding assistance. This memorandum summarizes EPS's analysis and conclusions regarding each project, as outlined in the following sections:

- **Development Program** – A summary of the proposed development, including project location, type and amount of development, proposed market values, and expected construction and absorption timelines.
- **Market Conditions** – An overview of apartment market conditions in Cheyenne, with a focus on the downtown subarea. This includes data on total inventory, recent growth trends, and current rental and vacancy rates. This research, alongside a review of recently completed comparable projects in downtown Cheyenne, forms the basis for evaluating the revenue assumptions in the Developer's financial pro forma.

*Economic & Planning Systems, Inc.
730 17th Street, Suite 630
Denver, CO 80202-3511
303 623 3557 tel
303 623 9049 fax*

*Denver
Los Angeles
Oakland
Sacramento*

- **Development and Construction Values** – An estimate of the project’s development and construction costs, as well as operating costs and revenues. This section includes a review of current City development and construction costs using information from builder cost databases, developer submissions, and discussions with area developers.
- **Financial Analysis** – An evaluation of the Developer’s 10-year cash flow pro forma including development program and timing, construction costs, operating revenues and expenses, and projected returns. EPS developed its own financial model to calculate project returns, measured by net present value (NPV) and internal rate of return (IRR). The analysis includes scenarios with and without public investment to confirm the existence of a funding gap and to verify that the requested funds are necessary for a feasible development and a reasonable developer return.

Development Program

Black Tooth is a proposed multifamily development set to be constructed on an 0.32-acre parcel at 611 W. 19th St. As detailed in **Table 1**, the development includes a total of 100 units, comprising 17 studio, 35 one-bedroom, and 48 two-bedroom apartments. Expected rental rates are estimated to range from \$1,246 for studios to \$1,940 for two-bedroom units. Construction is scheduled to commence in 2025.

Table 1. Black Tooth Development Program

Description	Units	% of Total	Unit SF	RSF	Construction		Value	
					Start	Finish	Rent	PSF
Multifamily								
Studio	17	17.0%	517	8,786	2025	2026	\$1,246	\$2.41
1 Bedroom	35	35.0%	656	22,960	2025	2026	\$1,754	\$2.67
2 Bedroom	48	48.0%	955	45,860	2025	2026	\$1,940	\$2.03
Total/Average	100	100.0%	776	77,606	--	--	\$1,756	\$2.26
Commercial								
Storage	40	100.0%	=	=	2025	2025	\$25.00	=
Total	40	100.0%	0	0	2025	2025	\$25.00	--
Total/Average				77,606 Rentable 91,301 Gross				

Source: Developer Financial Documents; Economic & Planning Systems

Jolly Rodgers is a proposed multifamily development set to be constructed on an 11.97-acre parcel at 6102 US Highway 30. As detailed in **Table 2**, the development includes a total of 194 units, comprising 42 studio apartments, 64 one-bedroom apartments, and 88 two-bedroom apartments. Expected rental rates will range from \$1,188 for studios to \$1,767 for two-bedroom units. Construction is scheduled to commence in 2025.

Table 2. Jolly Rodgers Development Program

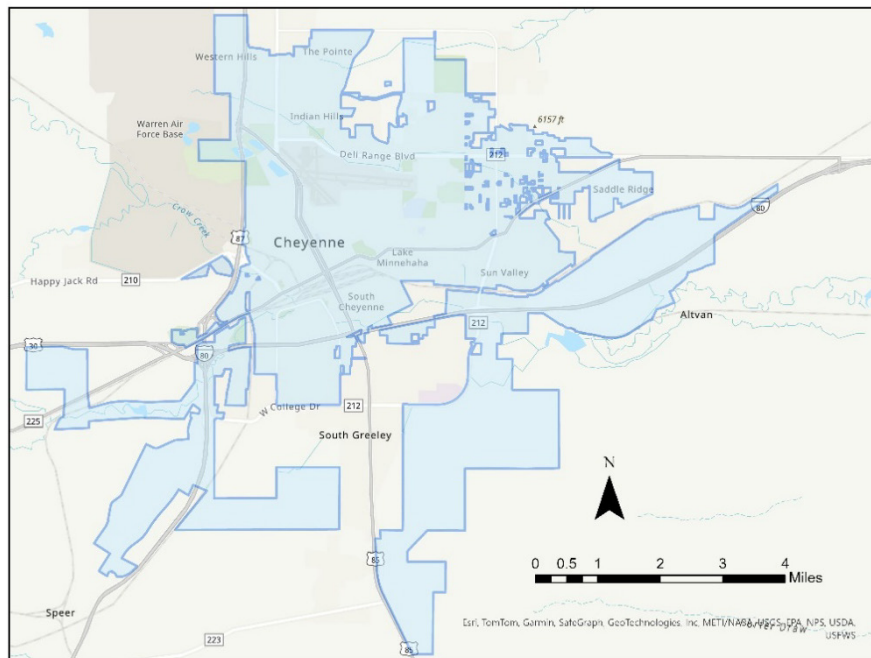
Description	Units	% of Total	Unit SF	RSF	Construction		Value	
					Start	Finish	Rent	PSF
Multifamily								
Studio	42	21.6%	519	21,796	2025	2026	\$1,188	\$2.29
1 Bedroom	64	33.0%	656	41,984	2025	2026	\$1,527	\$2.33
2 Bedroom	88	45.4%	1,010	88,910	2025	2026	\$1,767	\$1.75
Total/Average	194	100.0%	787	152,690	--	--	\$1,562	\$1.99
Commercial								
Storage	80	100.0%	--	--	2025	2025	\$25.00	--
Total	80	100.0%	0	0	2025	2025	\$25.00	--
Total/Average				152,690 Rentable 179,635 Gross				

Source: Developer Financial Documents; Economic & Planning Systems

Market Conditions

EPS compiled data on new multifamily development within the boundaries of the City of Cheyenne, as shown in **Figure 1**.

Figure 1. City of Cheyenne



Since 2016, the City of Cheyenne has added nine comparable multifamily housing developments totaling 770 units, as shown in **Table 3** below. Most of the units built since 2016 were in market-rate developments, as shown below. The average rental rate for the new construction market rate developments since 2016 is \$1,676 or \$1.62 per square foot.

Table 3. Recent Development

Name	Address	Status	Affordable Type	Year	Stories	Units	Avg. Rent (per unit)	Avg. Rent (per SF)	Vacancy %
<u>Market Rate Developments</u>									
Ridge View Apartments	2025 E Carlson St	Existing	N/A	2023	3	232	\$1,758	\$1.61	50.9%
Saddle Ridge Apartments	6830 Countryside Ave	Existing	N/A	2023	3	99	\$1,905	\$1.86	17.0%
Holmes Corner Apartments	3502-3518 Holmes St	Existing	N/A	2022	3	96	\$1,663	\$1.58	10.2%
Cheyenne North College	4100 Rock Springs St	Existing	N/A	2019	3	91	\$1,364	--	9.0%
Carter Cottages	5467 Carter Rd	Existing	N/A	2017	2	44	\$1,407	\$1.20	4.6%
Total/Average Market Rate						562	\$1,676	\$1.62	18.3%
<u>Affordable Developments</u>									
Hawk's Point Senior Apartments	3333 Sparks Rd	Existing	Rent Restricted	2021	3	56	\$847	\$1.12	--
Converse Place	5807 Converse Ave	Existing	Rent Restricted	2019	3	72	\$973	\$0.90	1.4%
South Ridge	3207 Randy Rd	Existing	Rent Restricted	2018	3	40	\$969	\$0.89	--
Grand Harmony Apartments	1524 Grand Harmony Blvd	Existing	Affordable Units	2016	--	40	\$784	\$0.77	42.5%
Total/Average Affordable						208	\$902	\$0.93	22.0%

Source: CoStar; Economic & Planning Systems

There are at least 212 units currently proposed or under construction in the City of Cheyenne. These include the Fox Farm Townhomes, a 48-unit affordable townhome complex, Robin's Point apartments, a 48-unit LIHTC project, and 116 units in the Sweetgrass development.

A selected sample of recent multifamily developments located in the City of Cheyenne are profiled below.



Fox Farm Townhomes

Affordable Units

515 W. Prosser Rd

Size: 53,983 sq. ft.

Year Built: 2024

Units: 48

Average Rent PSF: \$0.80



Ridge View Apartments

Market Rate

2025 E. Carlson St

Size: 500,000 sq. ft.

Year Built: 2023

Units: 232

Average Rent PSF: \$1.61



Saddle Ridge Apartments

Market Rate

6830 Countryside Ave

Size: 101,059 sq. ft.

Year Built: 2023

Units: 99

Average Rent PSF: \$1.86



Holmes Corner Apartments

Market Rate

302-3518 Holmes St

Size: 95,000 sq. ft.

Year Built: 2022

Units: 96

Average Rent PSF: \$1.58



Converse Place

Rent Restricted

5807 Converse Ave

Size: 82,512 sq. ft.

Year Built: 2019

Units: 72

Average Rent PSF: \$0.90



Hawk's Point Senior Apartments

Rent Restricted

3333 Sparks Rd

Size: 56,000 sq. ft.

Year Built: 2021

Units: 56

Average Rent PSF: \$1.12



Cheyenne North College

Market Rate

4100 Rock Springs St

Size: 48,724 sq. ft.

Year Built: 2019

Units: 91



Carter Cottages

Market Rate

5467 Carter Rd

Size: sq. ft.

Year Built: 2017

Units: 44

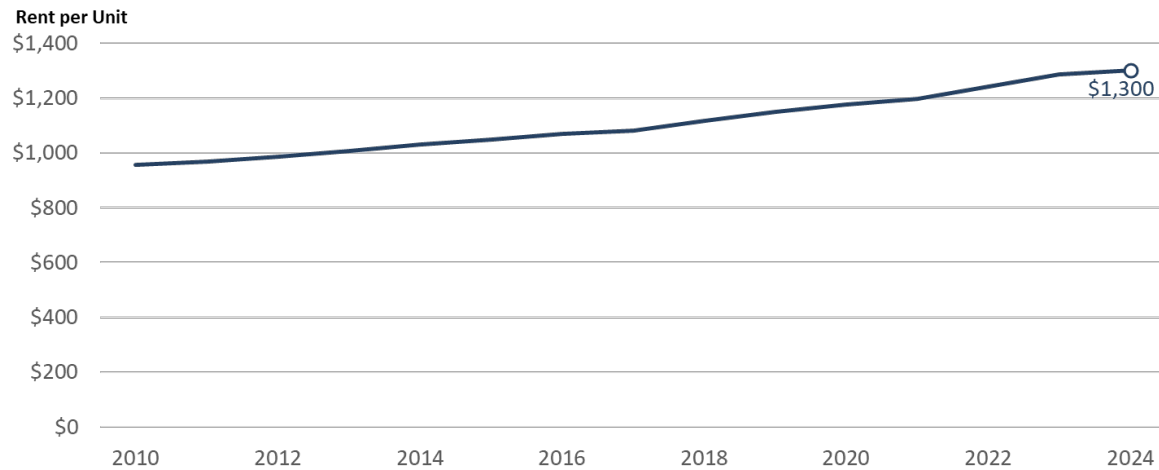
Average Rent PSF: \$1.20

Source: CoStar; County Assessor Offices; Economic & Planning Systems

Rental Rates

The overall average rental rate is currently \$1,300 per unit in the City of Cheyenne, as shown in **Figure 2**.

Figure 2. Multifamily Rent Per Unit, 2010-2024



Rental rates have increased at a steady rate since 2010, as shown in **Table 4**. In the City of Cheyenne, rental rates increased by \$344 per unit, from \$956 in 2010 to \$1,300 in 2021, representing a 2.2 percent annual increase.

Table 4. Multifamily Rent Per Unit, 2010-2024

Rental Rate	2010	2015	2020	2024	2010-2020			2020-2024			2010-2024		
					Total	Ann. #	Ann. %	Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
Cheyenne	\$956	\$1,048	\$1,175	\$1,300	\$219	\$22	2.1%	\$125	\$31	2.6%	\$344	\$25	2.2%

Source: CoStar; Economic & Planning Systems

Rental rates per square foot are estimated at \$1.44 in Cheyenne as shown in **Table 5**. Recently constructed market rate developments, detailed above in **Table 3**, had an average rental rate of \$1.62 per square foot.

Table 5. Multifamily Rent Per Square Foot, 2010-2024

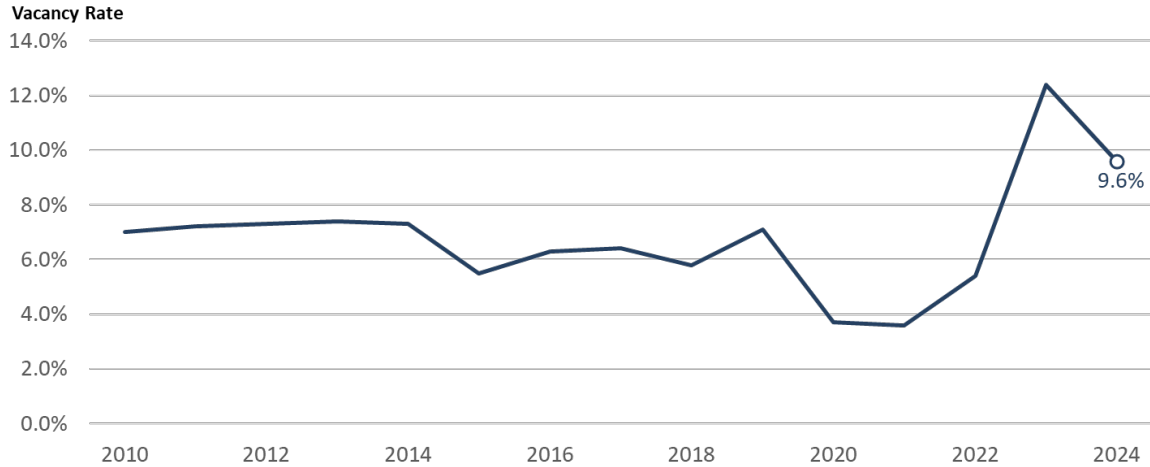
Rental Rate	2010	2015	2020	2024	2010-2020			2020-2024			2010-2024		
					Total	Ann. #	Ann. %	Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
Cheyenne	\$1.05	\$1.16	\$1.30	\$1.44	\$0.25	\$0.03	2.2%	\$0.14	\$0.04	2.6%	\$0.39	\$0.03	2.3%

Source: CoStar; Economic & Planning Systems

Vacancy Rates

Vacancy rates have increased significantly in Cheyenne since a decline in 2020. Vacancy rates dropped from 7.1 percent in 2019 to 3.7 percent in 2020, then increased to 9.6 percent in 2024, as shown in **Figure 3**.

Figure 3. Multifamily Vacancy Rate, 2010-2024



Inventory

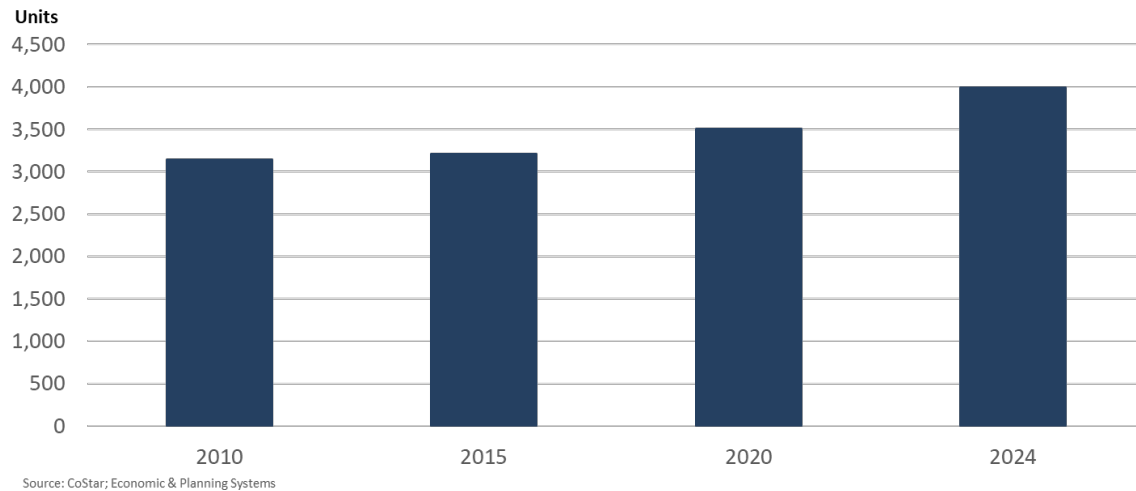
The City of Cheyenne added a total of 847 units from 2010 to 2024, or 61 units annually. Growth has accelerated since 2020, as shown in **Table 6**. There were 483 units added since 2020, for an average of 121 units per year, compared to 36 units per year from 2010 to 2020, as shown below. The units added since 2020 are in larger developments with an average size of 120 units, compared to an average development size of 57 units between 2010-2020.

Table 6. Multifamily Inventory, 2010-2024

Inventory (units)	2010	2015	2020	2024	2010-2020			2020-2024			2010-2024		
					Total	Ann. #	Ann. %	Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
Cheyenne	3,147	3,208	3,511	3,994	364	36	1.1%	483	121	3.3%	847	61	1.7%

Source: CoStar; Economic & Planning Systems

Figure 4. Multifamily Inventory, 2010-2024



Development and Construction Values

This section provides a summary of each project's estimated development and construction costs and operating costs and revenues. Project revenues include the proposed rental and lease rates for residential and commercial project components and estimated escalation rates.

Development Costs

Both the Jolly Rodgers and Black Tooth projects present development and construction budgets that generally align with industry standards for multifamily developments, as described in more detail below and detailed in **Table 7** and **Table 8**. The hard costs for Jolly Rodgers, estimated at \$159 per gross square foot and \$187 per rentable square foot, and for Black Tooth at \$181 per gross square foot and \$213 per rentable square foot, are within the typical range seen in the market, though Black Tooth's figures are slightly above average, reflecting its smaller scale and potentially higher-quality finishes. Soft costs for both projects, making up 24-25 percent of total costs, are also consistent with industry norms, which often see soft costs ranging from 20-30 percent of total project budgets. Overall, while the costs are competitive, they suggest a level of investment that is in line with, or slightly above, standard expectations for similar developments.

Jolly Rodgers

The development and construction budget totals \$40.7 million as shown in **Table 7** and summarized below.

- **Land** – The 521,413 square foot site area has an estimated land acquisition value of \$1.9 million.
- **Hard Costs** – Hard costs are estimated at \$159 per gross square foot and \$187 per rentable square foot. These construction costs account for roughly 70 percent of total costs.
- **Soft Costs** – The total soft costs are estimated at \$10.3 million and equate to 25 percent of the total project costs.

Table 7. Jolly Rodgers Project Cost Estimate

Description	Total	Cost per GSF	Cost per RSF	% of Total
Land Costs	\$1,900,000	\$10.58	\$12.44	4.7%
Land Cost/Acquisition	\$1,900,000	\$10.58	\$12.44	4.7%
Hard Costs	\$28,523,368	\$158.78	\$186.81	70.1%
Vertical Construction Cost	\$28,523,368	\$158.78	\$186.81	70.1%
Soft Costs	\$10,252,048	\$57.07	\$67.14	25.2%
Soft Costs	\$6,564,048	\$36.54	\$42.99	16.1%
Financing Fees and Taxes	\$3,688,000	\$20.53	\$24.15	9.1%
Total Costs	\$40,675,416	\$226.43	\$266.39	100.0%

Source: Developer Financial Documents; Economic & Planning Systems

Black Tooth

The development and construction budget totals \$24.0 million as shown in **Table 8** and summarized below.

- **Land** – The 13,939 square foot site has an estimated land acquisition value of \$1.7 million.
- **Hard Costs** – Hard costs are estimated at \$181 per gross square foot and \$213 per rentable square foot. These construction costs account for roughly 69 percent of total costs.
- **Soft Costs** – The total soft costs are estimated at \$5.8 million and equate to 24 percent of the total project costs.

Table 8. Black Tooth Project Cost Estimate

Description	Total	Cost per GSF	Cost per RSF	% of Total
Land Costs	\$1,700,000	\$18.62	\$21.91	7.1%
Land Cost/Acquisition	\$1,700,000	\$18.62	\$21.91	7.1%
Hard Costs	\$16,532,560	\$181.08	\$213.03	68.8%
Vertical Construction Cost	\$16,532,560	\$181.08	\$213.03	68.8%
Soft Costs	\$5,795,055	\$63.47	\$74.67	24.1%
Soft Costs	\$3,615,805	\$39.60	\$46.59	15.0%
Financing Fees and Taxes	\$2,179,250	\$23.87	\$28.08	9.1%
Total Costs	\$24,027,615	\$263.17	\$309.61	100.0%

Source: Developer Financial Documents; Economic & Planning Systems

Project Revenues

The proposed rental rates and financial projections for both the Jolly Rodgers and Black Tooth projects are described in more detail below and detailed in **Table 9** and **Table 10**. The revenue projections are generally consistent with industry standards for similar projects. The Jolly Rodgers development anticipates rental rates ranging from \$1.75 to \$2.33 per square foot, with an average of \$1.99 per square foot. These rates are competitive within the market, aligning with typical expectations for new multifamily developments in comparable areas. Black Tooth's projected rental rates, contributing to a total potential gross income (PGI) of \$2.4 million, also reflect market norms. Operating expenses for both projects, accounting for 27 to 27.8 percent of gross income, are in line with industry benchmarks, indicating efficient management practices. The projected net operating income (NOI) for Jolly Rodgers at \$2.8 million and for Black Tooth at \$1.6 million, further supports the notion that these developments are well-positioned within the market, offering returns that meet or slightly exceed industry standards.

Jolly Rodgers

Jolly Rodgers proposed rental rates are expected to range from \$1.75 to \$2.33 per square foot, with an overall average of \$1.99 per square foot, as detailed in **Table 9**. At full stabilization, these rates are projected to generate approximately \$3.6 million annually from the apartment units. Additionally, the project is expected to produce \$374,000 annually from ancillary income sources such as storage space, parking garage fees, and other revenues. The total potential gross income (PGI) for the project is projected at \$4.0 million, with the effective gross income (EGI) estimated at \$3.8 million.

Operating expenses, which include costs for taxes, insurance, management, common area expenses, and maintenance, are projected at \$1.1 million annually. This figure represents 28 percent of the gross income, aligning with industry standards for multifamily developments. The net operating income (NOI), calculated as the annual gross revenues minus operating expenses, is estimated at \$2.8 million per year.

Table 9. Jolly Rodgers Net Operating Income (NOI)

Description	Rent PSF/Unit	Total	% of Total
Revenue			% of PGI
Rental Income	\$1.99 PSF	\$3,637,155	90.7%
Studio	\$2.29 PSF	\$598,752	14.9%
1 Bedroom	\$2.33 PSF	\$1,172,398	29.2%
2 Bedroom	\$1.75 PSF	\$1,866,005	46.5%
Other Income		\$373,751	9.3%
Storage	\$25.00 per unit	\$24,000	0.6%
Garage	\$125 per unit	\$225,000	5.6%
Other Income	\$124,751 total	\$124,751	3.1%
Potential Gross Income (PGI)		\$4,010,906	100.0%
Less: Vacancy (5.0% per year)		-\$200,545	-5.0%
Effective Gross Income		\$3,810,361	95.0%
Expenditures			% of EGI
Operating Expenses		-\$1,049,737	27.5%
Total Operating Expenses		-\$1,049,737	27.5%
Net Operating Income		\$2,760,624	72.5%

Source: Developer Financial Documents; Economic & Planning Systems

Black Tooth

The Black Tooth development proposed rental rates are estimated to generate a total PGI of approximately \$2.4 million, as shown in **Table 10**. After accounting for vacancy and collection losses, the EGI is projected at \$2.3 million, representing 95 percent of the PGI. Operating expenses, including costs for taxes, insurance, management, and maintenance, are estimated at \$626,281 per year, which is 28 percent of the EGI. This aligns with industry benchmarks for similar developments. The NOI for the Black Tooth development is projected to be approximately \$1.6 million annually, equating to 72.2 percent of the EGI.

Table 10. Black Tooth Net Operating Income (NOI)

Description	Rent PSF/Unit	Total	% of Total
Revenue			% of PGI
Rental Income	\$2.26 PSF	\$2,107,798	88.9%
Studio	\$2.41 PSF	\$254,100	10.7%
1 Bedroom	\$2.67 PSF	\$736,499	31.1%
2 Bedroom	\$2.03 PSF	\$1,117,198	47.1%
Other Income		\$261,979	11.1%
Storage	\$25.00 per unit	\$12,000	0.5%
Garage	\$150 per unit	\$185,400	7.8%
Other Income	\$64,579 total	\$64,579	2.7%
Potential Gross Income (PGI)		\$2,369,777	100.0%
Less: Vacancy (5.0% per year)		-\$118,489	-5.0%
Effective Gross Income		\$2,251,288	95.0%
Expenditures			% of EGI
Operating Expenses		-\$626,281	27.8%
Total Operating Expenses		-\$626,281	27.8%
Net Operating Income		\$1,625,007	72.2%

Source: Developer Financial Documents; Economic & Planning Systems

Financial Analysis

This section summarizes EPS' analysis of need for the proposed economic incentives requested from the City. The review is based on a "but for" financial analysis of the Developer's proposed financing plan to determine 1) "but for" the public investment the project would be financially infeasible and 2) with public investment the project is feasible with a reasonable rate of return given current financial conditions and the associated developer risk.

The Developer provided EPS with requested financial information on the project including its 10-year cash flow pro forma. EPS constructed its own financial model to evaluate the project's leveraged cash flows against acceptable measures of return for public investment in real estate projects. EPS also evaluated the Developer's unleveraged cash flows but determined the leveraged analysis was a more appropriate measure of return.

Proposed Financing Sources

Each project is anticipated to be financed with roughly 75 percent debt and 25 percent equity, as shown in **Table 11**. Details on debt financing for each project is described in more detail below.

- **Jolly Rodgers** is financed with a construction loan at an interest rate of 7.5 percent. This higher rate reflects the typical risks associated with the construction phase. The project will transition to a permanent loan with a more favorable interest rate of 6.5 percent upon completion, which is aligned with industry standards for long-term financing.
- **Black Tooth** is similarly structured but benefits from a slightly higher construction loan interest rate of 7.75 percent. Like Jolly Rodgers, the Black Tooth project will convert to a permanent loan at a 6.5 percent interest rate after the construction period, ensuring consistency in long-term debt servicing across both projects.

Table 11. Preliminary Financing Sources

Description	Jolly Rodgers		Black Tooth	
	Total	% Total	Total	% Total
Sources of Funds				
Debt	\$30,537,508	75.0%	\$17,965,658	75.0%
Equity	\$10,179,169	25.0%	\$5,988,553	25.0%
Total	\$40,716,677	100.0%	\$23,954,211	100.0%

Source: Developer; Economic & Planning Systems

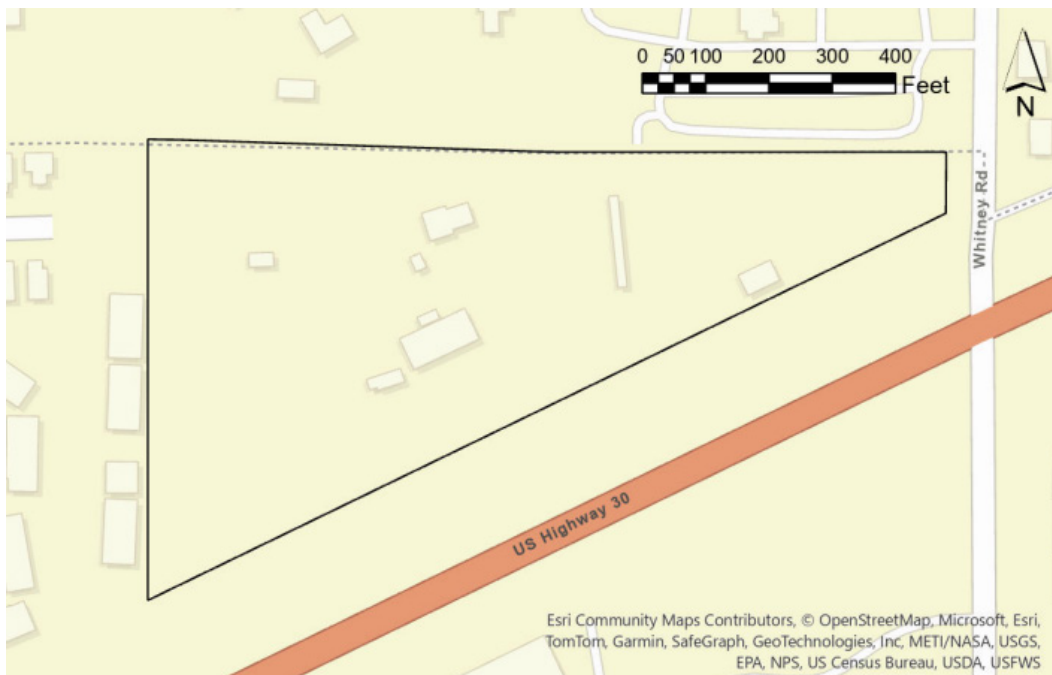
TIF Projections

In June 2021, the City Council enacted an ordinance establishing the Urban Renewal Authority (URA) and passed a resolution identifying blighted areas within the community. The URA, consisting of a five-member board with expertise in community planning, urban renewal, and business management, is tasked with reviewing Urban Renewal Plans and Projects for designated areas. The board also provides recommendations on the use of Tax Increment Financing (TIF) to support these initiatives.

Jolly Rodgers

The Jolly Rodgers project is situated within the Jolly Rodgers Urban Renewal Plan Area, which covers the entirety of Lot 1, Block 1 of the Jolly Rogers Subdivision, as shown below in **Figure 5**.

Figure 5. Jolly Rodgers Urban Renewal Plan Area



Source: City of Cheyenne

The base year for the plan area is 2024, and the URA has the authority to collect TIF through 2049 (year 25). The current (base) valuation of the property is equal to \$917,796, and the assessed value is \$87,191, as shown below in **Table 12**.

Table 12. Jolly Rodgers Base Valuation

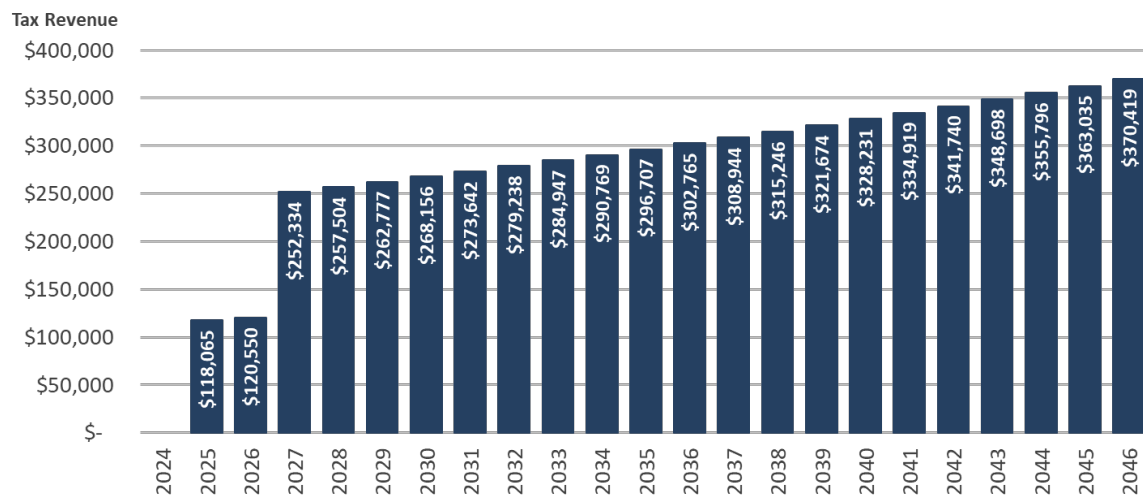
Description	Land	Building	Total
Actual Value			
6102 US Highway 30	<u>\$283,268</u>	<u>\$634,528</u>	<u>\$917,796</u>
Subtotal	\$283,268	\$634,528	\$917,796
Assessment Rate	9.50%	9.50%	
Assessed Value			
6102 US Highway 30	<u>\$26,910</u>	<u>\$60,280</u>	<u>\$87,191</u>
Subtotal	\$26,910	\$60,280	\$87,191

Source: Laramie County Assessor; Economic & Planning Systems

The difference between the base valuation of the property and the future value of the property represents the tax increment. The future value of the property was estimated using a factor of \$242 per square foot, which is equal to the project's total construction costs less financing fees.

TIF generation begins in 2024 and is distributed on a one-year lag, ranging from \$118,065 in 2025 to \$370,419 in 2049, totaling \$7.6 million, as shown in **Figure 6**.

Figure 6. Jolly Rodgers Annual TIF Revenues



Source: Economic & Planning Systems

Black Tooth

The Black Tooth project is situated within the West Downtown Urban Renewal Plan Area, which is bound by Bent Avenue to the west, Pioneer Avenue to the east, W. 19th Street to the north from Bent Avenue to O'Neil Avenue, W. 18th Street to the north between O'Neil Avenue and Thomes Avenue, W. 17th Street to the north between Thomes Avenue and Pioneer Avenue, as shown below.

Figure 7. West Downtown Urban Renewal Plan Area



Source: City of Cheyenne

The base year for the plan area is 2024, and the URA has the authority to collect TIF through 2049 (year 25). The current (base) valuation of the property is equal to \$95,968, and the assessed value is \$9,117, as shown below in **Table 13**.

Table 13. Black Tooth Base Valuation

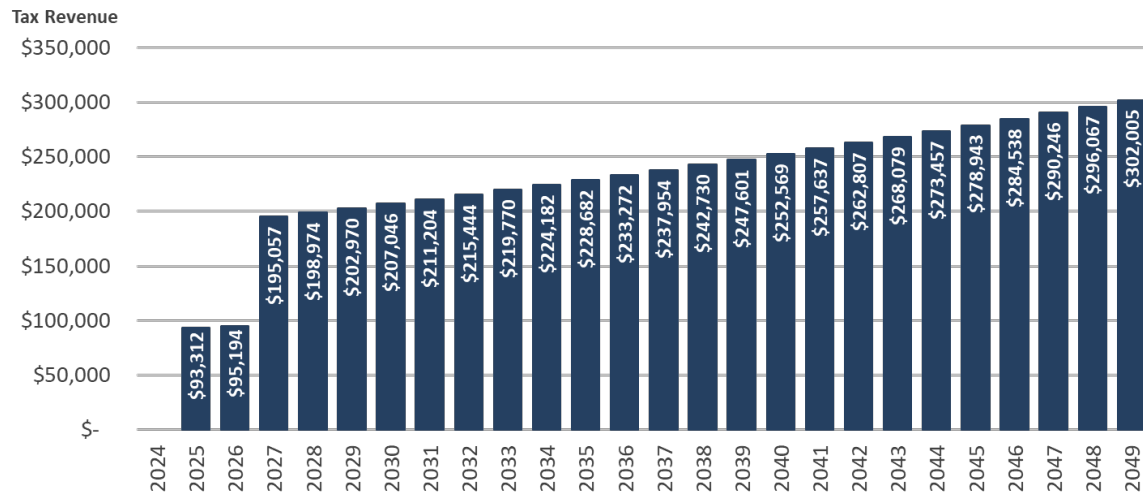
Description	Land	Building	Total
Actual Value			
611 W 19th St	<u>\$95,968</u>	<u>\$0</u>	<u>\$95,968</u>
Subtotal	\$95,968	\$0	\$95,968
Assessment Rate	9.50%	9.50%	
Assessed Value			
611 W 19th St	<u>\$9,117</u>	<u>\$0</u>	<u>\$9,117</u>
Subtotal	\$9,117	\$0	\$9,117

Source: Laramie County Assessor; Economic & Planning Systems

The future value of the property was estimated using a factor of \$282 per square foot, which is equal to the project's total construction costs less financing fees.

TIF generation begins in 2024 and is distributed on a one-year lag, ranging from \$93,312 in 2025 to \$302,005 in 2049, totaling \$5.8 million, as shown in **Figure 8**.

Figure 8. Black Tooth Annual TIF Revenues



Source: Economic & Planning Systems

Leveraged Return Metrics

EPS conducted an analysis of the leveraged returns for the project to assess the impact of the loan terms on its financial performance. Leveraged analysis examines a project's financial outcomes after the Developer has fulfilled all financial obligations, including debt service. The key assumptions used in this analysis are outlined below:

- **Escalation Rate:** Both revenues and expenditures are projected to grow at an annual rate of 2.0 percent.
- **Capitalization Rate (Cap Rate):** The terminal cap rate, or the rate applied upon the sale of the property, is estimated at 6.25 percent for each project.
- **Disposition Year:** It is assumed that each project will be sold in year 10. While the Developer may opt to hold the property for a longer period, using a 10-year disposition horizon provides a standard framework for evaluating the project's financial performance.
- **Hurdle Rate:** The hurdle rate for the leveraged discounted cash flow (DCF) model represents the required return on equity. For this project, the target return on equity is set at 17.5 percent.

Jolly Rodgers

Without public investment, the project is estimated to generate an NPV of a negative \$1.9 million, equating to an IRR of 14.59 percent, as shown in **Table 14**. With public investment, the project is anticipated to generate an NPV of negative \$584,855 and an IRR of 16.65 percent, as shown in **Table 15**. The levered return metrics indicate the project would not be financially feasible without public investment, as the IRR fails to reach the hurdle rate. The IRR with public investment is still slightly below the desired hurdle rate, but may still be sufficient for the Developer to move forward with the project. In any case, the but for analysis confirms that the requested TIF investment does not result in an unreasonable rate of return for the project.

Table 14. Jolly Rodgers Baseline Project Cash Flows

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Flows after Debt Service											
Net Operating Income	\$0	\$0	\$994,327	\$2,929,596	\$2,988,188	\$3,047,952	\$3,108,911	\$3,171,089	\$3,234,511	\$3,299,201	\$3,365,185
Debt Service Payments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>
Cash Flows after Debt Service	\$0	\$0	\$994,327	\$613,382	\$671,974	\$731,738	\$792,697	\$854,875	\$918,297	\$982,987	\$1,048,971
Coverage Ratio	---	---	---	1.26	1.29	1.32	1.34	1.37	1.40	1.42	1.45
Net Project Cash Flows											
Cash Flow After Debt Service	\$0	\$0	\$994,327	\$613,382	\$671,974	\$731,738	\$792,697	\$854,875	\$918,297	\$982,987	\$1,048,971
Project Sale Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$53,272,221
Debt Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$27,073,540
Equity Contribution	-\$10,179,169	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Cash Flows	-\$10,179,169	\$0	\$994,327	\$613,382	\$671,974	\$731,738	\$792,697	\$854,875	\$918,297	\$982,987	\$27,247,652
NPV w/o Subsidy	-\$1,909,052	17.50% discount rate									
Internal Rate of Return	14.59%										

Table 15. Jolly Rodgers Cash Flows with Public Investment

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Flows after Debt Service											
Net Operating Income	\$0	\$0	\$994,327	\$2,929,596	\$2,988,188	\$3,047,952	\$3,108,911	\$3,171,089	\$3,234,511	\$3,299,201	\$3,365,185
Debt Service Payments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>	<u>-\$2,316,214</u>
Cash Flows after Debt Service	\$0	\$0	\$994,327	\$613,382	\$671,974	\$731,738	\$792,697	\$854,875	\$918,297	\$982,987	\$1,048,971
Coverage Ratio	---	---	---	1.26	1.29	1.32	1.34	1.37	1.40	1.42	1.45
Net Project Cash Flows											
Cash Flow After Debt Service	\$0	\$0	\$994,327	\$613,382	\$671,974	\$731,738	\$792,697	\$854,875	\$918,297	\$982,987	\$1,048,971
Project Sale Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$53,272,221
Debt Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$27,073,540
Equity Contribution	-\$10,179,169	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PV of TIF Revenues	\$1,324,197	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Cash Flows	-\$8,854,972	\$0	\$994,327	\$613,382	\$671,974	\$731,738	\$792,697	\$854,875	\$918,297	\$982,987	\$27,247,652
NPV w/ Subsidy	-\$584,855	17.50% discount rate									
Internal Rate of Return	16.65%										

Black Tooth

Without public investment, the project is estimated to generate an NPV of a negative \$1.1 million, equating to an IRR of 14.61 percent, as shown in **Table 16**. With public investment, the project is anticipated to generate an NPV of negative \$94,425 and an IRR of 17.27 percent, as shown in **Table 17**. Similar to the Jolly Rodgers project, the levered return metrics indicate the project would not be financially feasible without the public investment. The IRR with public investment is still slightly below the desired hurdle rate, but may still be sufficient for the Developer to move forward with the project. In any case, the but for analysis confirms that the requested TIF investment does not result in an unreasonable rate of return for the project.

Table 16. Black Tooth Baseline Project Cash Flows

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Flows after Debt Service											
Net Operating Income	\$0	\$0	\$581,175	\$1,724,470	\$1,758,960	\$1,794,139	\$1,830,022	\$1,866,622	\$1,903,955	\$1,942,034	\$1,980,874
Debt Service Payments	\$0	\$0	\$0	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>
Cash Flows after Debt Service	\$0	\$0	\$581,175	\$361,808	\$396,298	\$431,477	\$467,360	\$503,960	\$541,293	\$579,372	\$618,212
Coverage Ratio	---	---	---	1.27	1.29	1.32	1.34	1.37	1.40	1.43	1.45
Net Project Cash Flows											
Cash Flow After Debt Service	\$0	\$0	\$581,175	\$361,808	\$396,298	\$431,477	\$467,360	\$503,960	\$541,293	\$579,372	\$618,212
Project Sale Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,358,035
Debt Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$15,927,755
Equity Contribution	-\$5,988,553	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Cash Flows	-\$5,988,553	\$0	\$581,175	\$361,808	\$396,298	\$431,477	\$467,360	\$503,960	\$541,293	\$579,372	\$16,048,492
NPV w/o Subsidy	-\$1,119,447	17.50% discount rate									
Internal Rate of Return	14.61%										

Source: Developer; Economic & Planning Systems

Table 17. Black Tooth Cash Flows with Public Investment

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Flows after Debt Service											
Net Operating Income	\$0	\$0	\$581,175	\$1,724,470	\$1,758,960	\$1,794,139	\$1,830,022	\$1,866,622	\$1,903,955	\$1,942,034	\$1,980,874
Debt Service Payments	\$0	\$0	\$0	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>	<u>-\$1,362,662</u>
Cash Flows after Debt Service	\$0	\$0	\$581,175	\$361,808	\$396,298	\$431,477	\$467,360	\$503,960	\$541,293	\$579,372	\$618,212
Coverage Ratio	---	---	---	1.27	1.29	1.32	1.34	1.37	1.40	1.43	1.45
Net Project Cash Flows											
Cash Flow After Debt Service	\$0	\$0	\$581,175	\$361,808	\$396,298	\$431,477	\$467,360	\$503,960	\$541,293	\$579,372	\$618,212
Project Sale Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,358,035
Debt Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$15,927,755
Equity Contribution	-\$5,988,553	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PV of TIF Revenues	\$1,025,022	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Cash Flows	-\$4,963,531	\$0	\$581,175	\$361,808	\$396,298	\$431,477	\$467,360	\$503,960	\$541,293	\$579,372	\$16,048,492
NPV w/ Subsidy	-\$94,425	17.50% discount rate									
Internal Rate of Return	17.27%										

Source: Developer; Economic & Planning Systems

Conclusions

The above analysis indicates that the project does not meet the standard for a reasonable rate of developer return by a third-party development entity, even with the negotiated TIF reimbursement. The Developer's request for TIF reimbursement is justified, as both projects are below the identified target hurdle rate and would not result in an unreasonable return on its investment.



A COMMUNITY OF CHOICE

Planning and Development Department

2101 O'Neil Avenue, Suite 202, Cheyenne WY 82001

(Phone) 307-637-6282 (Fax) 307-637-6366

URBAN RENEWAL AUTHORITY BOARD

JULY 3, 2024

STAFF REPORT

REQUEST: Consideration of a Tax Increment Financing (TIF) application for 1808 O'Neil Ave.

PURPOSE: To build a multi-story, 101-unit apartment building on the subject property.

LOCATION: 1808 O'Neil Avenue

APPLICANT: Jack Weber (NJS Development, LLC / Stencil Development)

OWNER: Nineteenth And O Neil, LLC; Andiamo307, LLC; and Cowboy Supply House Inc.

AGENT: Mark Christensen, AVIpc

CASE NUMBER PLTF-24-1

PREPARED BY: AJ Swain, Planner I / Charles W. Bloom, AICP, Planning and Development Director

DETAILS OF PROPOSAL:

A Tax Increment Financing (TIF) assistance application has been submitted by AVIpc related to the new construction of a 101-unit apartment building located within the West Downtown Plan and Project area. TIF funding for this project will be used to aid in the demolition, environmental remediation and preparation of the project area for the construction of the multifamily building as well as the construction of said building. The applicant has requested \$2,579,590 in TIF assistance to be collected over a 20-year period with this project.



REVIEW CRITERIA:

Section 4.7 of the Bylaws of the Urban Renewal Authority identify specific review criteria to provide guidance on whether a specific project should be awarded an increment. The applicant has provided documentation on how they believe the TIF award meets the review criteria (Attached).

Staff's analysis of the review criteria is summarized below.

1. **The project is within an area determined to be blighted by the Governing Body. The blight determination must be detailed in a Blight Study and adopted by the Governing Body through resolution.**

Staff Response: Governing Body Resolution No. 6344 was approved on July 17, 2023, declaring six blocks in the west downtown areas as blighted and authorizing urban renewal redevelopment activities.

The application **complies** with this review criterion.

2. **The project is in accordance with the development policies and physical patterns identified in the Comprehensive Plan and any other official plans and policies for the specified area.**

Staff Response: This development is in conformance with the principles and future land use identified in PlanCheyenne. The property is within the Urban Service Boundary and has access to all utilities. The subject property is in an area classified as Central Business District (CBD) on the Future Land Use Map.

The CBD encompasses downtown Cheyenne and functions as the community's core business and civic area. Many of the buildings and features in the district reflect the City's historic roots, and preservation efforts have retained many historic assets. Because the CBD is largely developed, reinvestment and redevelopment are key areas of emphasis. However, pockets of undeveloped or underdeveloped land exist and provide opportunities for compatible infill development, including the subject property.

Primary uses supported in the CBD include a variety of commercial businesses and civic uses. Business uses are generally smaller in scale and not dependent on direct vehicular access. Residential and office uses are encouraged on upper floors in the Downtown core, and as free-standing uses at the Downtown fringe. Secondary uses include places of worship and other public or civic uses. Existing residential densities vary tremendously, but new developments are typically greater than 8 dwelling units per acre within the CBD.

Foundation 1 of PlanCheyenne encourages community growth. This development is in response to market demands and is within the Urban Service Boundary. In particular, this fulfills the infill and revitalization incentives action of foundation 1.

Foundation 3 of PlanCheyenne encourages supporting existing businesses and recruiting new sustainable businesses. In particular, this foundation focuses on Downtown as one of the community's major vital centers of activity. This also lies immediately east of the West Edge an action item in foundation 3.

The application **complies** with this review criterion.

3. The project has demonstrated a financial feasibility gap or may not be constructed without the tax increment financing assistance.

Staff Response: The applicant has provided construction cost estimates for eligible improvements as part of this project. This is presently under review by a third party, Economic Planning Systems, Inc. Improvements associated with the rehabilitation included demolition, environmental remediation, preparation of the project area for construction. This specific review is coupled with another TIF application. The contract price for this review is \$26,910 and is an eligible TIF-related expense.

Typically costs associated with improvements within the adjacent right-of-way (curb, gutter, sidewalk, ADA ramp installation, ADA ramp access, landscaping within and adjacent to the right-of-way) are included in TIF awards as well as soft costs related to financing, the third-party review, and legal fees are also included in the TIF award.

This process is still under review. At this time, this review criterion **is not met**. Staff recommends conditioning the approval to require the applicant to come back to the Board to prove that an acceptable financial gap exists, clarify proposed costs that will be eligible for TIF, and to clarify their proposed return on investment.

4. The project development team has demonstrated experience in completing projects of similar complexity to the proposed project.

Staff Response: The developer has an extensive track record of creating similar projects. The developer has also indicated that they have completed TIF projects in South Dakota and Minnesota, and that this is their first TIF project in Wyoming.

The application **generally complies** with this review criterion.

5. The project development team has demonstrated the financial capability of completing the proposed project with the tax increment financing assistance.

Staff Response: The developer has not identified a financial partner to finance this project; however, based on past performance, staff does not anticipate any concerns in this area.

The application **complies** with this review criterion.

6. The project responds to existing or future market conditions or fulfills a significant need in the community.

Staff Response: Housing units of all types are in high demand in the City. The lack of housing has led to increased property values and rental prices which makes housing less attainable for many residents. The addition of more housing options in the community will provide opportunities for existing and future residents. Additionally, housing in the downtown core is limited. This new development will offer downtown housing opportunities further strengthening downtown.

The application **complies** with this review criterion.

7. The project will result in increased job creation, tax generation, and development in the immediate vicinity of which it is proposed.

Staff Response: Construction of residential units in this area should have a positive effect on nearby properties. It is reasonable to assume that neighboring businesses will likely see additional economic benefits and this redevelopment will be seen as a catalyst for additional development in the area. Construction activities on site will create temporary construction jobs.

The project will significantly increase the value of this property. Upon expiration of the TIF, the area will see an estimated property tax revenue of at least \$250,000 annually which will be distributed to tax agencies.

The application **complies** with this review criterion.

8. Any other criteria deemed appropriate by the Urban Renewal Authority

Staff Response: The West Downtown Plan and Project was approved by the Governing Body (Resolution No. 6350) on September 11, 2023, and runs through tax year 2049.

The Plan and Project authorizes the following urban renewal activities:

- Improve streets; including curb, gutter, and sidewalks.
- Relocate utilities as necessary.
- Restore and improve historic structures that have fallen into disrepair.
- Remediate environmental contamination.
- Facilitate economic development and site beautification.

The application **complies** with this review criterion.

ADDITIONAL ANALYSIS:

The proposed use is within the Central Business District (CBD) zone district. Independent multifamily developments are subject to conditional discretionary review by the Board of Adjustment. A conditional use application (PUDC-24-99) for this proposed use will be considered at the July 18, 2024, meeting. Staff has recommended a condition that Conditional Use approval be obtained prior to approval of the development agreement by the Governing Body.

The applicant has asked staff to bring forward this TIF application to allow the Urban Renewal Authority (URA) Board to make a preliminary determination as to whether or not this specific application will be approved. As noted in the section above, staff believes the application meets six of the seven review criteria (all but criterion three). In the event the URA Board does not find that the application meets the criteria for approval, they would have the ability to halt Economic Planning Systems, Inc., review of their project. The review is anticipated to be complete in approximately 30 days and that specific criterion would be reviewed by the URA Board at a subsequent meeting.

CONCLUSION:

Staff has reviewed the proposal and determined that the project does meet the review criteria of the Urban Renewal Authority as conditioned.

STAFF RECOMMENDATION:

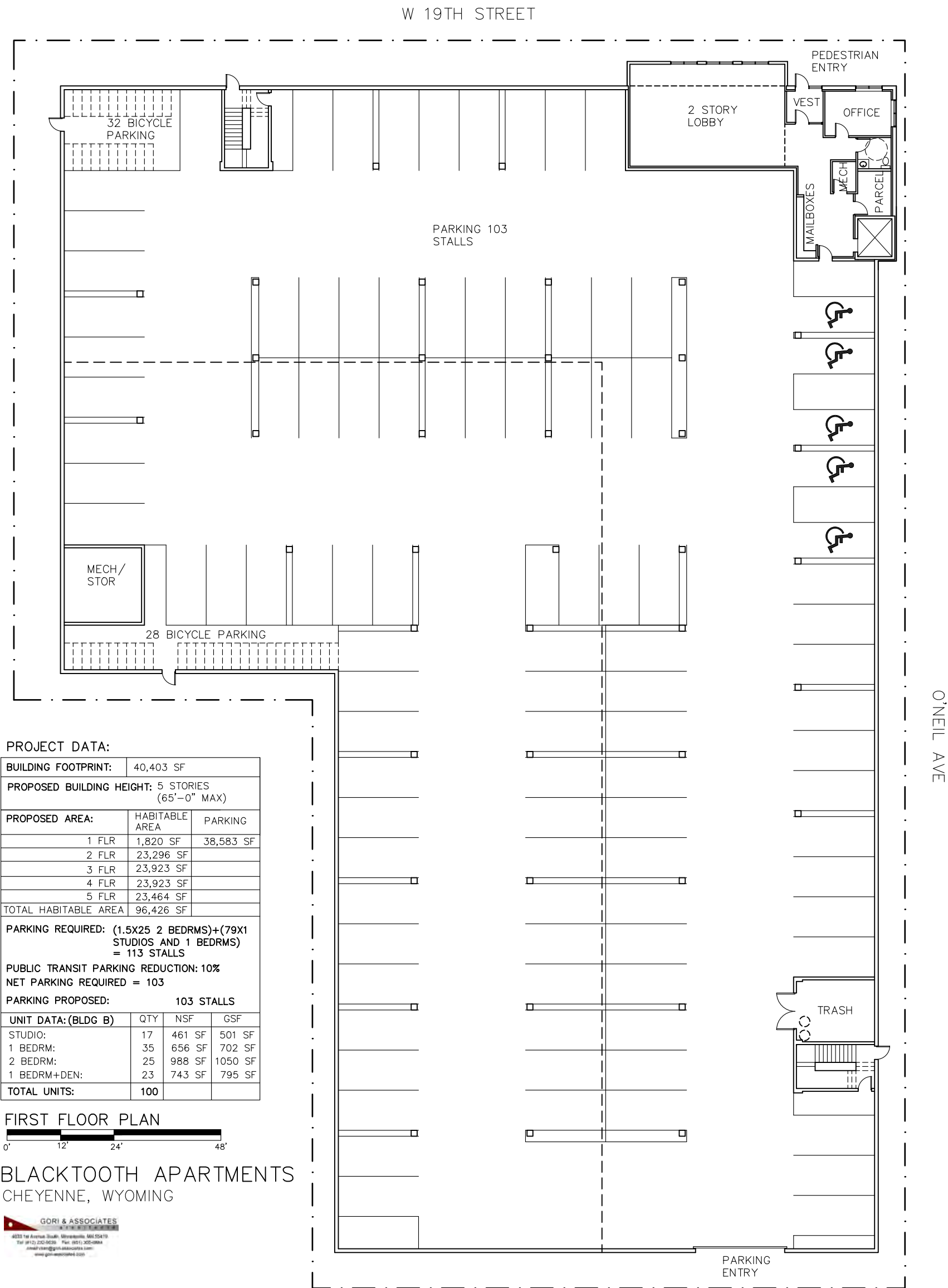
Staff recommends **approval** of the Tax Increment Financing application in the amount of up to \$2,579,590 in TIF assistance to be collected over a 20-year period with this project subject to the following condition:

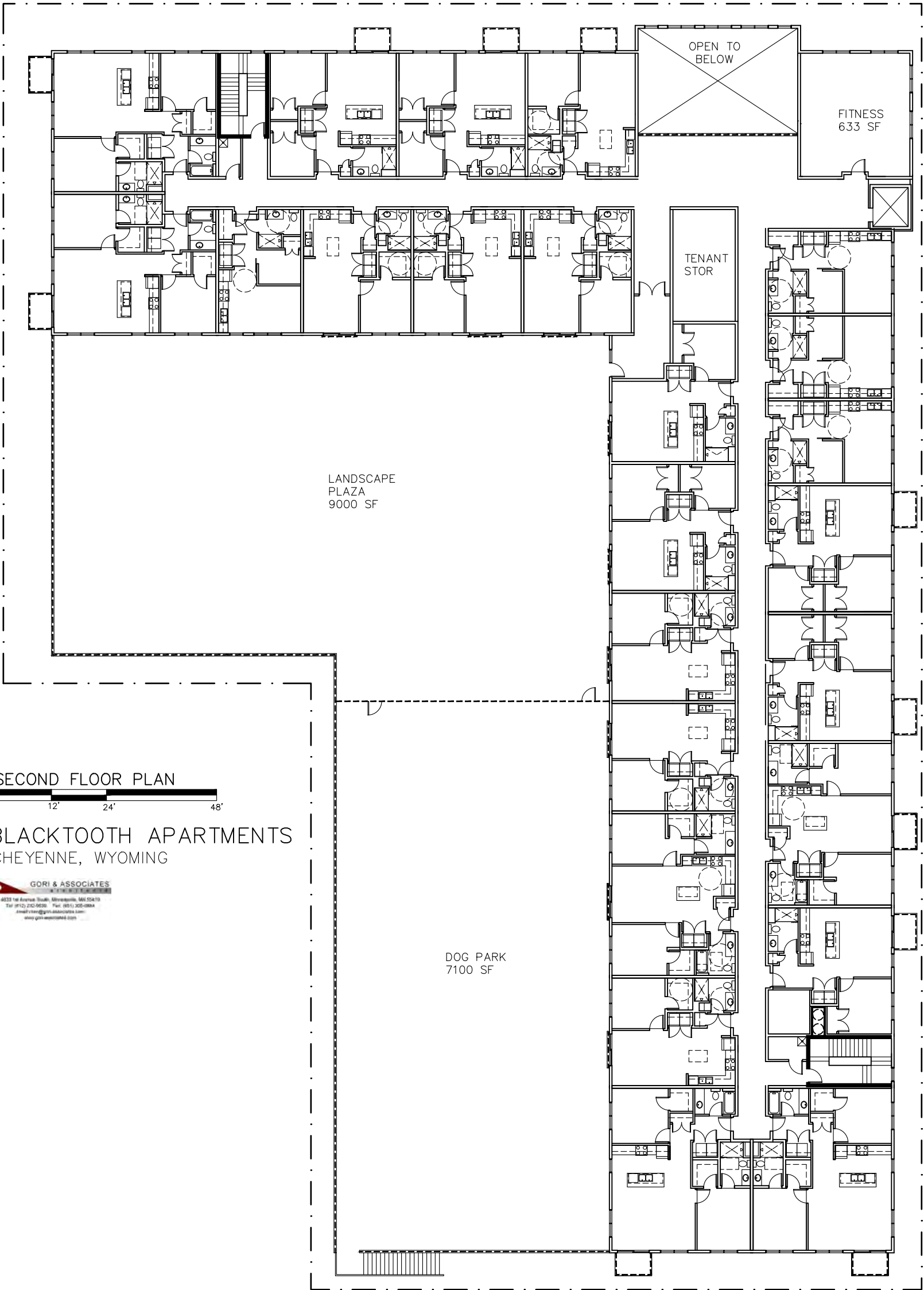
1. Prior to forwarding a development agreement to the Governing Body, the applicant shall come back to the Board to prove that an acceptable financial gap exists, clarify proposed costs that will be eligible for TIF, and to clarify their proposed return on investment.
2. Prior to approval of the development agreement by the Governing Body, the applicant shall obtain conditional use approval for multifamily development on this property.

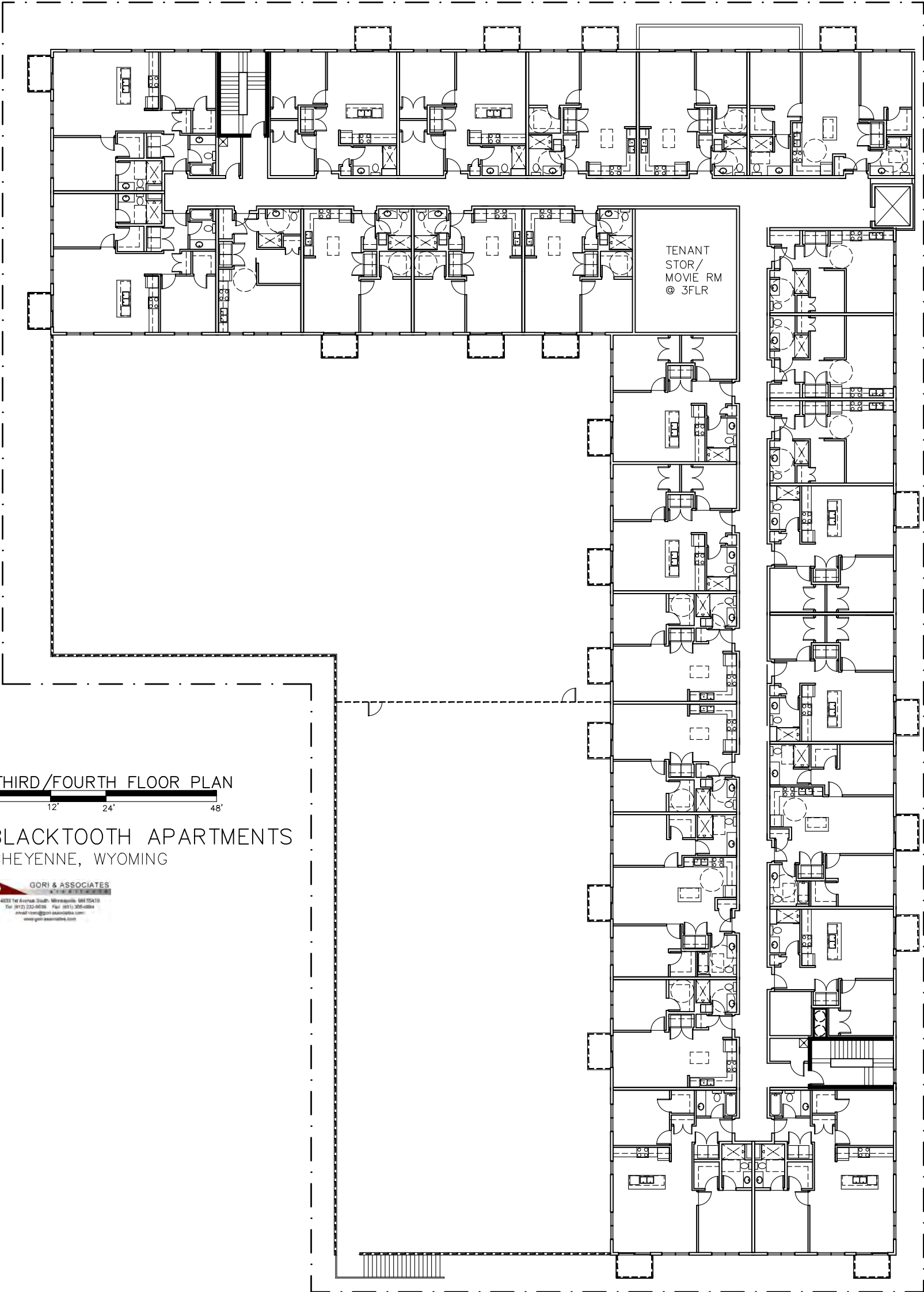
ATTACHMENTS:

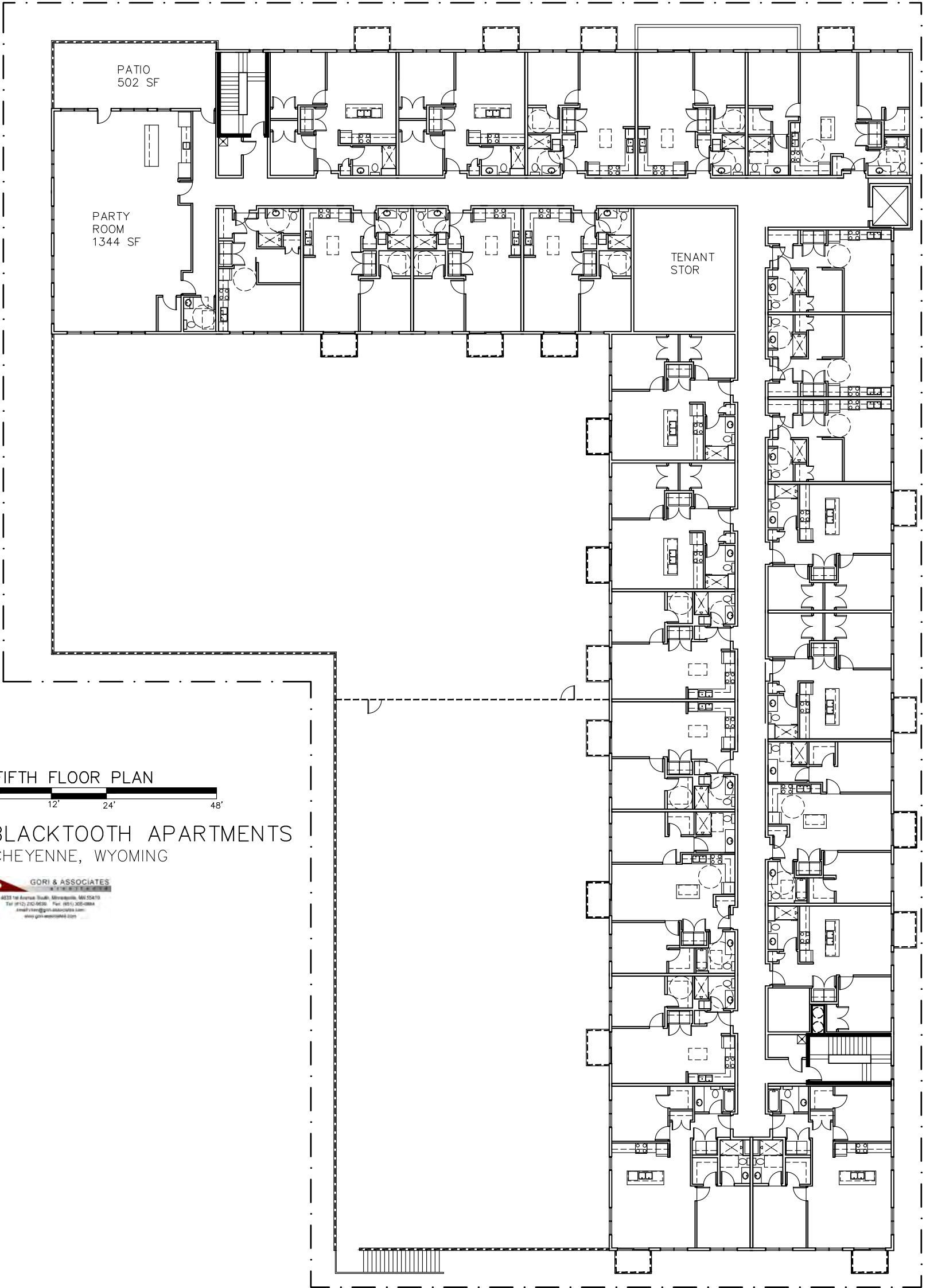
1. TIF assistance application
2. Applicant provided concept plan
3. Narrative
4. Cost estimates
5. Pro forma with TIF
6. Pro forma without TIF











FIFTH FLOOR PLAN

0' 12' 24' 48'

BLACKTOOTH APARTMENTS
CHEYENNE, WYOMING

GORI & ASSOCIATES
ARCHITECTS

4033 1st Avenue South, Moorpark, MI 55410
Tel: (912) 242-9030 Fax: (912) 305-0884
jgori@gori-associates.com
www.gori-associates.com

We at stencil group are interested in constructing a 5 story 100-unit multifamily apartment building with lower-level parking at 611 W 19th ST. This building will contain studio 1 bed and 2 bed units as well as a robust amenity package Including, gym area, large, landscaped plaza, Dog Park, and large fully furnished community room with attached rooftop patio. This building will feature premium exterior finishes that will complement the area and help to contribute to a premium aesthetic in your expanding downtown. This building will also feature premium interior finishes such as modern design, stone countertops, in unit laundry, and premium lighting that the residents of your city will be proud to call home. This building will be built with a rent target that will be affordable for the workforce of the city and provide tremendous value. Allowing the people of your city to experience comfortable living with premium amenities at a reasonable price. For a sneak peek at what this building will look like once it is completed you can look at Mill on Main in Austin MN. This building will feature many of the same architectural elements, amenities and finishes as that building.

Stencil group is vertically integrated development/construction/management company out of Sioux Falls SD that specializes in building high quality buildings for the workforce of smaller communities in the Midwest. Over the years Stencil Group has developed a reputation as a first-class commercial construction company. We currently have 15 years of construction and development experience in the multifamily sector and have constructed over 3000 units to date. Throughout this time, we have honed our construction techniques and our relationships with many subcontractors and suppliers as well as our ability to form relationships and utilize local subcontractors and suppliers. Throughout the covid-19 pandemic we were faced with many challenges including unprecedented inflation and supply chain shortages. We were able to overcome these challenges and keep projects on track because of our deep knowledge in the construction sector as well as these relationships. We are also quite familiar with tax increment financing. Over the years we have found that TIF is a tool that both communities and developers are being forced to use more and more due to the challenges of building quality affordable workforce housing in this modern age. We believe that we have been able to utilize TIF in a way that benefits everyone involved. in some the communities where we have used tax increment financing, we have even gone back to the city council and get approved for TIF on additional projects. We believe that this is a testament to our trustworthiness and our effectiveness in completing these projects in a way that benefits all stakeholders.

One aspect of the Stencil Group business model that makes us unique is our vertical integration. This means that from development through management this project will be handled under the same leadership and team. This provides several benefits to both the owners and the residents. One aspect of this that will be quite visible to our tenants is our increased stake in the quality of the building. Stencil Group works with a very small pool of investors led by Nathan Stencil, almost all of which are repeat investors that are invested in multiple properties. These investors will stay with the property from its conception all the way through the construction process and will remain as owners once the building is opened and is managed by our in-house property management team. This means our leadership and members have an increased sense of responsibility for the building as they will also be responsible for marketing and maintaining the building. This also means that once a building has been constructed, we have an amount of tenant feedback that is far greater than that of a traditional construction company. This has allowed us to tweak our designs over our many years of experience to best suit our tenants' needs and wants. Lastly this can help put your community at ease when it comes to the future of this property when care of the building is transferred over to our in-house management team, Elation Property Management. The quality of management of a property

can greatly affect the health of the community in that building. Elation Property Management has consistently received positive tenant feedback and is very devoted to their position as a tenant first management company.

The proposed site is within the borders of the west downtown urban renewal area. With the city declaring it as a blighted area and that the redevelopment of that area is necessary for the health, safety, morals, or welfare of the city. Within the west downtown urban renewal plan all qualifiers of blight set forth by the state of Wyoming are met and documented within that report. As well as the general deficiency in the layout of the area both in street and lot layout stencil group notes that, the building that is currently on the site has been deemed to be in poor condition and the cost of salvaging the building would be too great to justify. Currently the building is unsightly and is impeding the progress of downtown with its position on the very northwest corner of the West Downtown Urban Renewal Area. Due to the properties use by companies in the automotive sector, poor housekeeping of petroleum products and hazardous chemicals on the site as well as several underground storage tanks used for chemical/petroleum storage in the past the site will require extra care during demolition and is likely that environmental remediation will need to be completed.

The west downtown urban renewal plan defines authorized urban renewal activities as: Improving streets; including curb, gutter, and sidewalks; relocate utilities as necessary; Restore and improve historic structures that have fallen into disrepair; remediate environmental contamination; facilitate economic development and site beautification. We believe that this project will have to complete almost every one of those activities in some capacity. When undertaking construction and landscaping we will be inputting sidewalks where there were none and repairing and installing curbing and gutter along the border of our project. We will have to work with the area utilities to accommodate for the changes required to support this project. The existing buildings which have sat vacant for years on the premises will need to be demolished and removed to make way for this project. As mentioned in the paragraph above it is likely that environmental remediation will need to be completed to preserve the health of the groundwater of not just this site but the surrounding sites as well. With our premium exterior finishes, Modern design, and large landscaped area

We believe that this location at the very northwest corner of the is a perfect position to launch this downtown renewal plan. Due to its proximity to the existing downtown and the fact that it is bordered by several existing businesses including the black tooth brewing company, Riverstone bank, and the Dynasty Café. it is stated in the west downtown renewal plan that “There is a hope that this plan and project will create more housing opportunities through the redevelopment of surface parking lots” we think that by starting with a housing project we will be able to draw people to the area which will in turn attract more businesses to the Urban Renewal Area in order to accommodate those extra people as well as benefit the current businesses in the area thus leading to an increased rate of revitalization of the area. This project will also go a long way towards enhancing the curb appeal of the zone as we feel that it will be one of the premier multifamily buildings in the area and our buildings known to be clean and well maintained.

It is well documented in the 2023 housing study completed for the city by the Center for

Business and Economic Analysis at LCCC. That Cheyenne like many other Wyoming cities has a great need for housing and in particular multifamily housing and recommendations were made that the city “Make any change possible to allow for more multifamily housing” the report can also be quoted stating that “Apartments are of more importance to alleviating the problem for two reasons. First and most obviously, apartments house more people in fewer projects. Second and less obvious, the positions tied to the Sentinel Project are relatively short-term. On-base operations and construction projects are for 10 years and move on to Montana.” with the sentinel project referring to a military project to update the current weapon systems at Francis E. Warren Air Force Base. a project that is set to have 1014 new households move to the area with a vast majority of those households (924 Estimated) being in Laramie County. Aside from the upcoming sentinel project the city of Cheyenne is also experiencing organic growth with the center for business and economic analysis at LCCC estimating that 2238 new households will move into the community additional to the households being brought in by the sentinel project. Currently new home construction is not predicted to keep up with demand.

It was mentioned earlier in this document that this building will be very similar to the Mill on Main project in Austin Minnesota. Mill on Main is one of our most recently completed projects with the project generating massive interest, beating our scheduled lease up targets by a significant margin and receiving rave reviews on both its management team and building construction. Prompting us to start the process of creating a second phase of the project to satisfy the massive demand for those units. This has given us significant confidence in this project and wholeheartedly believe that this project will be just as well received in your community.

However, Due to the current economic conditions left in the wake of the economic tidal wave that was the covid pandemic. We will not be able to complete a building up to these standards of quality at the proposed rent range without the use of Tax Increment Financing. Even with the expected glowing reception by your community continued supply chain issues, inflation interest rate increases alongside the cost of remediating the blighted conditions of the current site have decreased the margins on this project to a level where we would be unable to secure funding without the use of TIF.

Developers Qualifications



The Stencil Group is a regional premier Development / Construction Company that specializes in development and construction of all commercial types with a heavy focus on creation and construction of high-quality multi-family properties. Stencil Group has developed and constructed over 3000 units of multi-family housing in the upper Midwest in the last 15 years along with countless other commercial projects ranging from hotel, office, retail, and single-family housing totaling over \$500,000,000 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.



Elation Property Management is a regionally based property management Company currently operating in South Dakota and Minnesota. It was established in 2015 to satisfy the demand in smaller midwestern markets for a tenant focused property management company that specializes in new construction multifamily lease ups and the subsequent management of those properties.

Current Properties Under Management

Dakota Estates I		Aberdeen, SD	65 Units
Dakota Estates II		Aberdeen, SD	72 Units
Dakota Estates III		Aberdeen, SD	72 Units
The Oaks		Watertown, SD	72 Units
Flats on 21	<i>Affordable</i>	Austin, MN	82 Units
Wilmot Estates		Bookings, SD	72 Units
Flats at Neill Park		Burnsville, MN	120 Units
Forte of Rochester	<i>55+ Affordable</i>	Rochester, MN	127 Units
Forte of Rochester II	<i>55+ Affordable</i>	Rochester, MN	127 Units
Mill On Main		Austin, MN	92 Units
Sweetgrass crossing		Brookings, SD	92 Units
Forte of Aberdeen		Aberdeen, SD	100 Units
Lake Isabelle Flats		Hastings, Mn	87 Units
Sweetgrass crossing		Brookings, SD	92 Units
Forte of Brookings		Brookings, SD	100 Units

Future Properties To Be Managed

Flats on Havens	Mitchell SD	90 Units
Silver lake crossing	Rochester, MN	112 Units
Abbey Road Apartments	Pierre, SD	115 Units
Gurney Flats	Yankton SD	104 Units
Forte of Brookings	Brookings, SD	100 Units
The Butte	Gillette, WY	111 Units
The Yellowstone	Casper, Wy	104 Units



Stencil
group



NATHAN STENCIL

Owner/CEO

Highlighted Projects

- Forte Of Rochester (Rochester, MN)
- Forte Of Rochester II (Rochester, MN)
- Mill on Main (Austin, MN)
- Flats At Neill Park (Burnsville, SD)
- Lakeside Flats (Lakeville SD)
- The Pines (Rochester, MN)
- Tech Park Properties (Rochester, MN)
- Dakota Estates Properties (Aberdeen SD)
- Wilmot Estates (Brookings, SD)
- The Oaks (Watertown, SD)
- Flats on 21 (Austin, MN)

Nathan Stencil started in the construction industry by helping his father. He filled roles ranging from on-site help, superintending, and project management to in office development on residential development, multi-family, and commercial projects throughout South Dakota and Minnesota.

In 2009, he founded what would become Stencil Group. Over the ensuing 14 years, Nathan has transformed stencil group into a fully vertically integrated multi-family developer constructing over 28 commercial buildings and 300 individual multi-family units across South Dakota and Minnesota. He has found his niche in developing multi-family housing in both smaller underserved communities as well as quickly expanding suburbs of major metropolitan areas. This philosophy has served Nathan well and he has now added another venture to his resume, 55+ active adult buildings. With his Forte buildings Nathan is providing luxury 55+ active adult buildings to those same communities. These buildings are some of the most luxurious and involved projects Nathan has ever taken on and the response has been overwhelmingly positive.

Uses of Proceeds:

Land	\$1,700,000.00
Building	\$18,250,000.00
Interest/Financing Fees	\$2,070,650
Syndication/Organizational Costs	\$52,500.00
Furniture, Fixtures, & Equip	\$207,641.00
Marketing/Leasing/Reserves	\$318,419.73
Architectural/Engineering	\$355,000.00
Developer Fee	\$1,000,000.00
TOTAL	\$23,954,211

School 44	County 17.71	City 8.000	Conservation 0.5	Water 0.5	Ambulance 0	Total 70.710	Equalized 9.50%
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Construction Year	Valuation Year	Revenue Year	Project Increment 1	Project Increment 2	Project Increment 3	Project Increment 4	Total Amount Available for D/S
2024	2025	2026	\$42,018				\$42,018
2025	2026	2027	\$112,047				\$112,047
2026	2027	2028	\$140,059	\$0			\$140,059
2027	2028	2029	\$140,059	\$0	\$0		\$140,059
2028	2029	2030	\$140,059	\$0	\$0	\$0	\$140,059
2029	2030	2031	\$140,059	\$0	\$0	\$0	\$140,059
2030	2031	2032	\$140,059	\$0	\$0	\$0	\$140,059
2031	2032	2033	\$140,059	\$0	\$0	\$0	\$140,059
2032	2033	2034	\$140,059	\$0	\$0	\$0	\$140,059
2033	2034	2035	\$140,059	\$0	\$0	\$0	\$140,059
2034	2035	2036	\$140,059	\$0	\$0	\$0	\$140,059
2035	2036	2037	\$140,059	\$0	\$0	\$0	\$140,059
2036	2037	2038	\$140,059	\$0	\$0	\$0	\$140,059
2037	2038	2039	\$140,059	\$0	\$0	\$0	\$140,059
2038	2039	2040	\$140,059	\$0	\$0	\$0	\$140,059
2039	2040	2041	\$140,059	\$0	\$0	\$0	\$140,059
2040	2041	2042	\$140,059	\$0	\$0	\$0	\$140,059
2041	2042	2043	\$140,059	\$0	\$0	\$0	\$140,059
2042	2043	2044	\$140,059	\$0	\$0	\$0	\$140,059
			\$2,535,065	\$0	\$0	\$0	\$2,535,065

Multifamily

\$ 20,850,000 Projected Valuation				
Year	% Assessed	Projected Valuation	Taxable Valuation	Taxation
2025	30%	\$ 6,255,000	\$ 594,225	\$ 42,018
2026	80%	\$ 16,680,000	\$ 1,584,600	\$ 112,047
2027	100%	\$ 20,850,000	\$ 1,980,750	\$ 140,059
2028	100%	\$ 20,850,000	\$ 1,980,750	\$ 140,059
2029	100%	\$ 20,850,000	\$ 1,980,750	\$ 140,059
2030	100%	\$ 20,850,000	\$ 1,980,750	\$ 140,059

The TIF projected at a 20 year life expectancy

Actual Revenue is for 18 years

For projection purposes only and do not reflect actual revenue

Par Amount 1,350,000.00

Note Date: 06/01/24

Note Rate: 7.00%

NOTE AMORTIZATION						
Date	Principle	Interest	P & I	Semi-Annual Net Revenue	Capitalized Interest	Loan Balance Outstanding
						1,350,000.00
12/01/24	0.00	0.00	0.00	0.00	47,250.00	1,350,000.00
06/01/25	0.00	0.00	0.00	0.00	47,250.00	1,350,000.00
12/01/25	0.00	0.00	0.00	0.00	47,250.00	1,350,000.00
06/01/26	0.00	21,008.82	21,008.82	21,008.82	26,241.18	1,350,000.00
12/01/26	0.00	21,008.82	21,008.82	21,008.82	26,241.18	1,350,000.00
06/01/27	8,773.53	47,250.00	56,023.53	56,023.53	0.00	1,341,226.47
12/01/27	9,080.60	46,942.93	56,023.53	56,023.53	0.00	1,332,145.87
06/01/28	23,404.31	46,625.11	70,029.42	70,029.42	0.00	1,308,741.56
12/01/28	24,223.47	45,805.95	70,029.42	70,029.42	0.00	1,284,518.09
06/01/29	25,071.29	44,958.13	70,029.42	70,029.42	0.00	1,259,446.80
12/01/29	25,948.78	44,080.64	70,029.42	70,029.42	0.00	1,233,498.02
06/01/30	26,856.99	43,172.43	70,029.42	70,029.42	0.00	1,206,641.03
12/01/30	27,796.98	42,232.44	70,029.42	70,029.42	0.00	1,178,844.05
06/01/31	28,769.88	41,259.54	70,029.42	70,029.42	0.00	1,150,074.17
12/01/31	29,776.82	40,252.60	70,029.42	70,029.42	0.00	1,120,297.35
06/01/32	30,819.01	39,210.41	70,029.42	70,029.42	0.00	1,089,478.34
12/01/32	31,897.68	38,131.74	70,029.42	70,029.42	0.00	1,057,580.66
06/01/33	33,014.10	37,015.32	70,029.42	70,029.42	0.00	1,024,566.56
12/01/33	34,169.59	35,859.83	70,029.42	70,029.42	0.00	990,396.97
06/01/34	35,365.53	34,663.89	70,029.42	70,029.42	0.00	955,031.44
12/01/34	36,603.32	33,426.10	70,029.42	70,029.42	0.00	918,428.12
06/01/35	37,884.44	32,144.98	70,029.42	70,029.42	0.00	880,543.68
12/01/35	39,210.39	30,819.03	70,029.42	70,029.42	0.00	841,333.29
06/01/36	40,582.75	29,446.67	70,029.42	70,029.42	0.00	800,750.54
12/01/36	42,003.15	28,026.27	70,029.42	70,029.42	0.00	758,747.39
06/01/37	43,473.26	26,556.16	70,029.42	70,029.42	0.00	715,274.13
12/01/37	44,994.83	25,034.59	70,029.42	70,029.42	0.00	670,279.30
06/01/38	46,569.64	23,459.78	70,029.42	70,029.42	0.00	623,709.66
12/01/38	48,199.58	21,829.84	70,029.42	70,029.42	0.00	575,510.08
06/01/39	49,886.57	20,142.85	70,029.42	70,029.42	0.00	525,623.51
12/01/39	51,632.60	18,396.82	70,029.42	70,029.42	0.00	473,990.91
06/01/40	53,439.74	16,589.68	70,029.42	70,029.42	0.00	420,551.17
12/01/40	55,310.13	14,719.29	70,029.42	70,029.42	0.00	365,241.04
06/01/41	57,245.98	12,783.44	70,029.42	70,029.42	0.00	307,995.06
12/01/41	59,249.59	10,779.83	70,029.42	70,029.42	0.00	248,745.47
06/01/42	61,323.33	8,706.09	70,029.42	70,029.42	0.00	187,422.14
12/01/42	63,469.65	6,559.77	70,029.42	70,029.42	0.00	123,952.49
06/01/43	65,691.08	4,338.34	70,029.42	70,029.42	0.00	58,261.41
12/01/43	58,261.41	2,039.15	60,300.56	60,300.56	0.00	0.00
06/01/44	0.00	0.00	0.00	0.00	0.00	0.00
12/01/44	0.00	0.00	0.00	0.00	0.00	0.00
	1,350,000.00	1,035,277.28	2,385,277.28	2,385,277.28	194,232.36	

Total Interest	1,229,509.64
Total TIF Amount	2,579,509.64



KEY	
	Required Input
	Optional Input
	Calculated Output
	Checkfigure Issue

Sources

Capital Contributed	\$	5,988,552.68
Construction to Mini Perm Loan	\$	17,965,658.05
Secondary/TIF Financing	\$	-
Secondary Loan		
TIF Loan		

TOTAL Sources **\$** **23,954,211**

Uses

Land	\$	1,700,000.00
Building	\$	18,250,000.00
Interest / Financing Fees	\$	2,070,650.00
Loan Fees (Construction)	\$	232,064.95
Loan Orig (Enter 0.75%)	\$	134,742.44
3rd Party Reports	\$	7,853.75
Bank - Inspecting Arch		
Title	\$	45,927.75
MRT	\$	41,411.01
Draws	\$	2,130.00
Other 2		
Loan Fees (Perm)	\$	-
Loan Orig (Enter 0%)	\$	-
3rd Party Reports	\$	-
Bank - Inspecting Arch	\$	-
Title	\$	-
MRT	\$	-
GFD	\$	-
Standby	\$	-
Loan Fees (Secondary)	\$	-
Loan Orig (Enter 0%)	\$	-
3rd Party Reports	\$	-
Bank - Inspecting Arch	\$	-
Title	\$	-
MRT	\$	-
Other 1	\$	-
Other 2	\$	-
Loan Fees (TIF)	\$	-
Loan Orig (Enter 0.75%)	\$	-
3rd Party Reports	\$	-
Bank - Inspecting Arch	\$	-
Title	\$	-
MRT	\$	-
Other 1	\$	-
Other 2	\$	-
Loan Interest	\$	1,938,606.48
Constuction Period	\$	1,010,380.81
Lease-Up Period	\$	928,225.67
Syndication / Legal	\$	52,500.00
Legal - Construction Lender	\$	20,000.00
Legal - Perm Lender	\$	-
Legal - Borrower	\$	22,500.00
Legal - TIF	\$	10,000.00
Legal - Tax Credit	\$	-
Legal - Other	\$	-
Permits (watershed, etc)	\$	-
Marketing/Leasing/Reserves	\$	318,419.73
Marketing/Leasing	\$	172,969.75
Advertising Construction	\$	70,152.50
Advertising Lease-Up	\$	38,321.00
Temp Leasing Office	\$	-
Lease-Up Management F	\$	64,496.25
Operating Reserves (Enter M 3)	\$	145,449.98
Furniture Fixtures and Equipment	\$	207,641.00
Furniture	\$	90,000.00
Fixtures	\$	50,000.00
Equipment	\$	50,000.00
Office Supplies	\$	4,410.25
R&M Supplies	\$	4,410.25
Common Area Supplies	\$	4,410.25
Cleaning Supplies	\$	4,410.25
Architectural / Engineering	\$	355,000.00
Building Design	\$	250,000.00
Engineering	\$	50,000.00
Interior Design	\$	30,000.00
Civil Engineering	\$	25,000.00
Developer Fee	\$	1,000,000.00

2,170,671.43

TOTAL USES **\$** **23,954,211**

Studios

Unit Type	# of Units	Sq/Ft per Unit	Total Sq Ft/Type	Base Rent/Unit	Utility Allowanc	Rent/Unit	Monthly Rent
0A - FMR	500	0				\$ -	\$ -
0A - 60%	999	0				\$ -	\$ -
0A - 50%	500	0				\$ -	\$ -
0A - MR	10	509	5090	\$ 1,225.00		\$ 1,225.00	\$ 12,250.00
0A - MR	7	528	3696	\$ 1,275.00		\$ 1,275.00	\$ 8,925.00
0A - MR	548	0				\$ -	\$ -
		0				\$ -	\$ -
0B - FMR	500	0				\$ -	\$ -
0B - 60%	500	0				\$ -	\$ -
0B - 50%	500	0				\$ -	\$ -
0B - MR	547	0				\$ -	\$ -
0B - MR	547	0				\$ -	\$ -
0B - MR	547	0				\$ -	\$ -
0B - MR	547	0				\$ -	\$ -
0C - FMR	500	0				\$ -	\$ -
0C - 60%	990	0				\$ -	\$ -
0C - 50%	500	0				\$ -	\$ -
0C - MR	500	0				\$ -	\$ -
0C - MR	500	0				\$ -	\$ -
0C - MR	500	0				\$ -	\$ -
		0				\$ -	\$ -
		0				\$ -	\$ -
TOTAL	17		8786			\$ 1,245.59	\$ 21,175.00
Average			517				
Blended			2.41				

1 Bed

Unit Type	# of Units	Sq/Ft per Unit	Total Sq Ft/Type	Base Rent/Unit	Utility Allowanc	Rent/Unit	Monthly Rent
1A - FMR	720	0				\$ -	\$ -
1A - 50%	720	0				\$ -	\$ -
1A - 60%	656	0				\$ -	\$ -
1A - MR	10	656	6560	\$ 1,725.00		\$ 1,725.00	\$ 17,250.00
1A - MR	10	656	6560	\$ 1,750.00		\$ 1,750.00	\$ 17,500.00
1A - MR	15	656	9840	\$ 1,775.00		\$ 1,775.00	\$ 26,625.00
		0				\$ -	\$ -
1B - FMR	720	0				\$ -	\$ -
1B - 50%	720	0				\$ -	\$ -
1B - 60%	720	0				\$ -	\$ -
1B - MR	720	0				\$ -	\$ -
1B - MR	720	0				\$ -	\$ -
1B - MR	720	0				\$ -	\$ -
1B - MR	720	0				\$ -	\$ -
1C - FMR	720	0				\$ -	\$ -
1C - 50%	720	0				\$ -	\$ -
1C - 60%	614	0				\$ -	\$ -
1C - MR	733	0				\$ -	\$ -
1C - MR	720	0				\$ -	\$ -
1C - MR	720	0				\$ -	\$ -
		0				\$ -	\$ -
		0				\$ -	\$ -
TOTAL	35		22960			\$ 1,753.57	\$ 61,375.00
Average			656				
Blended			2.67				

2 Bed

Unit Type	# of Units	Sq/Ft per Unit	Total Sq Ft/Type	Base Rent/Unit	Utility Allowance	Rent/Unit	Monthly Rent
2A - FMR	849	0				\$ -	\$ -
2A - 50%	849	0				\$ -	\$ -
2A - 60%	910	0				\$ -	\$ -
2A - MR	987	0				\$ -	\$ -
2A - MR	10	820	8200	\$ 1,825.00		\$ 1,825.00	\$ 18,250.00
2A - MR	13	820	10660	\$ 1,850.00		\$ 1,850.00	\$ 24,050.00
		0				\$ -	\$ -
2B - FMR	998	0				\$ -	\$ -
2B - 50%	998	0				\$ -	\$ -
2B - 60%	915	0				\$ -	\$ -
2B - MR	915	0				\$ -	\$ -
2B - MR	1080	0				\$ -	\$ -
2B - MR	1080	0				\$ -	\$ -
2B - MR	916	0				\$ -	\$ -
		0				\$ -	\$ -
2C - FMR	1080	0				\$ -	\$ -
2C - 50%	1080	0				\$ -	\$ -
2C - 60%	1080	0				\$ -	\$ -
2C - MR	8	1080	8640	\$ 1,925.00		\$ 1,925.00	\$ 15,400.00
2C - MR	8	1080	8640	\$ 1,950.00		\$ 1,950.00	\$ 15,600.00
2C - MR	9	1080	9720	\$ 2,200.00		\$ 2,200.00	\$ 19,800.00
		0				\$ -	\$ -
		0				\$ -	\$ -
TOTAL	48		45860			\$ 1,939.58	\$ 93,100.00
Average			955				
Blended			\$ 2.03				

FORECASTED OPERATING STATEMENT - EXHIBIT B

	Construction Period	Startup Year 1	Stabilized Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUES											
Rent Income	\$ -	\$ 1,405,200	\$ 2,107,800	\$ 2,149,956	\$ 2,192,955	\$ 2,236,814	\$ 2,281,551	\$ 2,327,182	\$ 2,373,725	\$ 2,421,200	\$ 2,469,624
Garage Income	\$ -	\$ 123,900	\$ 185,400	\$ 189,108	\$ 192,890	\$ 196,748	\$ 200,683	\$ 204,697	\$ 208,791	\$ 212,966	\$ 217,226
Storage Income		\$ 8,000	\$ 12,000	\$ 12,240	\$ 12,485	\$ 12,734	\$ 12,989	\$ 13,249	\$ 13,514	\$ 13,784	\$ 14,060
Other Income	\$ -	\$ 52,073	\$ 64,579	\$ 65,871	\$ 67,188	\$ 68,532	\$ 69,903	\$ 71,301	\$ 72,727	\$ 74,181	\$ 75,665
Vacancy & Credit Loss	-	-	(105,390)	(107,498)	(109,648)	(111,841)	(114,078)	(116,359)	(118,686)	(121,060)	(123,481)
TIF	-	-	143,589	143,589	143,589	143,589	143,589	143,589	143,589	143,589	143,589
Total Revenue	-	1,589,173	2,407,978	2,453,266	2,499,459	2,546,577	2,594,637	2,643,657	2,693,659	2,744,660	2,796,682
COST OF REVENUES											
Unit Cost		-	-	-	-	-	-	-	-	-	-
Commissions		-	-	-	-	-	-	-	-	-	-
Total Cost of Revenue		-	-	-	-	-	-	-	-	-	-
GROSS MARGIN		1,589,173	2,407,978	2,453,266	2,499,459	2,546,577	2,594,637	2,643,657	2,693,659	2,744,660	2,796,682
OPERATING EXPENSES											
Amortization	-	28,456	28,456	28,456	28,456	28,456	28,456	28,456	28,456	28,456	28,456
Depreciation - straight line 27.5 yrs	-	757,670	757,670	757,670	757,670	757,670	757,670	757,670	757,670	757,670	757,670
Advertising	70,153	38,321	27,321	27,867	28,425	28,993	29,573	30,165	30,768	31,383	32,011
Elevator	-	3,315	3,382	3,449	3,518	3,589	3,660	3,734	3,808	3,884	3,962
Garbage	-	8,170	8,170	8,333	8,500	8,670	8,843	9,020	9,201	9,385	9,572
Insurance	-	36,227	36,952	37,691	38,444	39,213	39,998	40,797	41,613	42,446	43,295
Interest	-	1,392,338	1,390,600	1,379,547	1,366,300	1,351,988	1,336,527	1,319,824	1,301,780	1,282,287	1,261,228
Legal / Accounting / Banking	-	5,415	5,523	5,634	5,746	5,861	5,979	6,098	6,220	6,345	6,471
Property & Asset Management Fees	-	84,146	90,576	92,387	94,235	96,120	98,042	100,003	102,003	104,043	106,124
Leasing Commissions	-	36,490	36,490	37,220	37,964	38,723	39,498	40,288	41,094	41,916	42,754
Payroll	12,500	148,371	144,170	147,054	149,995	152,994	156,054	159,175	162,359	165,606	168,918
Repairs	-	17,400	34,800	52,776	68,390	82,754	96,585	109,766	122,727	135,715	138,429
Real Estate Taxes	3,576	77,649	155,298	155,298	155,298	155,298	155,298	155,298	155,298	155,298	155,298
Reserve for Replacements	-	-	-	-	-	-	-	-	-	-	-
Snow Removal / Lawn Care	-	1,503	1,533	1,564	1,595	1,627	1,659	1,693	1,726	1,761	1,796
Subscriptions & Dues + Misc	-	8,123	8,285	8,451	8,620	8,793	8,968	9,148	9,331	9,517	9,708
Supplies	-	17,641	17,994	18,354	18,721	19,095	19,477	19,867	20,264	20,669	21,083
Fire/Alarm Monitoring	-	4,464	4,553	4,644	4,737	4,832	4,929	5,027	5,128	5,230	5,335
Cable/Phone/Internet	-	7,433	7,582	7,733	7,888	8,046	8,207	8,371	8,538	8,709	8,883
Gas/Electric	-	67,778	41,708	42,542	43,393	44,261	45,146	46,049	46,970	47,909	48,868
Water / Sewer	-	19,354	19,354	19,741	20,136	20,539	20,949	21,368	21,796	22,232	22,676
Total Expenses	86,229	2,760,265	2,820,416	2,836,411	2,848,031	2,857,522	2,865,519	2,871,817	2,876,750	2,880,460	2,872,536
NET INCOME (LOSS)	\$ (86,229)	\$ (1,171,092)	\$ (412,438)	\$ (383,146)	\$ (348,572)	\$ (310,946)	\$ (270,882)	\$ (228,159)	\$ (183,091)	\$ (135,800)	\$ (75,855)

NET OPERATING INCOME SUMMARY

Net Operating Income (EBITDA)	\$ (86,229)	\$ 1,023,265	\$ 1,786,932	\$ 1,805,625	\$ 1,827,413	\$ 1,851,199	\$ 1,876,282	\$ 1,902,792	\$ 1,930,316	\$ 1,958,623	\$ 1,998,030
Less Debt Service	-	(1,392,338)	(1,481,098)	(1,544,498)	(1,544,498)	(1,544,498)	(1,544,498)	(1,544,498)	(1,544,498)	(1,544,498)	(1,544,498)
Net Operating Cash Flow	(86,229)	(369,074)	305,834	261,127	282,915	306,701	331,784	358,294	385,818	414,125	453,532
Taxes Due (Savings) (Flow-through to)	-	-	-	-	-	-	-	-	-	-	-
Net Operating Cash Flow After Tax	\$ (86,229)	\$ (369,074)	\$ 305,834	\$ 261,127	\$ 282,915	\$ 306,701	\$ 331,784	\$ 358,294	\$ 385,818	\$ 414,125	\$ 453,532

FORECASTED STATEMENT OF CASH FLOWS - EXHIBIT B

	Construction Period	Startup Year 1	Stabilized Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OPERATING ACTIVITIES											
Net income (loss)	\$ (86,229)	\$ (1,171,092)	\$ (412,438)	\$ (383,146)	\$ (348,572)	\$ (310,946)	\$ (270,882)	\$ (228,159)	\$ (183,091)	\$ (135,800)	\$ (75,855)
Charges to net income not affecting cash											
Depreciation and amortization	-	786,126	786,126	786,126	786,126	786,126	786,126	786,126	786,126	786,126	786,126
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-
Accounts payable and accrued expenses	-	42,013	(1,313)	2,254	2,072	1,984	1,955	1,917	1,915	1,934	1,095
Tenant Deposits	-	47,500	-	-	-	-	-	-	-	-	-
Asset Management Fee	-	33,658	22,644	23,097	23,559	24,030	24,510	25,001	25,501	26,011	26,531
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(86,229)	(261,794)	395,019	428,332	463,186	501,194	541,709	584,884	630,451	678,270	737,897
INVESTING ACTIVITIES											
Purchases of property and equipment	(22,535,921)	-	-	-	-	-	-	-	-	-	-
Sales of property and equipment	-	-	-	-	-	-	-	-	-	-	-
Payment of financing & organizational costs	(284,565)	(33,658)	(22,644)	(23,097)	(23,559)	(24,030)	(24,510)	(25,001)	(25,501)	(26,011)	(26,531)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(22,820,486)	(33,658)	(22,644)	(23,097)	(23,559)	(24,030)	(24,510)	(25,001)	(25,501)	(26,011)	(26,531)
FINANCING ACTIVITIES											
Member contributions	5,988,553	-	-	-	-	-	-	-	-	-	-
Class A priority distribution	-	-	(479,084)	(479,084)	(479,084)	(479,084)	(479,084)	(479,084)	(479,084)	(479,084)	(479,084)
Class B subordinate distribution	-	-	(119,771)	(119,771)	(119,771)	(119,771)	(119,771)	(119,771)	(119,771)	(119,771)	(119,771)
Class A Discretionary distribution	-	-	-	-	-	-	-	-	-	-	-
Principal payments on debt	-	-	(90,498)	(164,951)	(178,198)	(192,510)	(207,971)	(224,674)	(242,718)	(262,211)	(283,270)
Proceeds from debt borrowings	17,965,658	0.00	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	23,954,211	-	(689,353)	(763,806)	(777,054)	(791,365)	(806,826)	(823,529)	(841,573)	(861,067)	(882,126)
NET INCREASE IN CASH	1,047,496	(295,453)	(316,979)	(358,571)	(337,427)	(314,201)	(289,627)	(263,645)	(236,623)	(208,807)	(170,760)
CASH - beginning of period	-	1,047,496	752,043	435,064	76,493	(260,934)	(575,135)	(864,762)	(1,128,407)	(1,365,030)	(1,573,837)
CASH - end of period	\$ 1,047,496	\$ 752,043	\$ 435,064	\$ 76,493	\$ (260,934)	\$ (575,135)	\$ (864,762)	\$ (1,128,407)	\$ (1,365,030)	\$ (1,573,837)	\$ (1,744,597)

FINANCIAL RATIOS - EXHIBIT B

	Construction Period	Start Up Year 1	Stabilized Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Return on Equity											
Priority Distribution (8%)	\$ -	\$ -	\$ 479,084	\$ 479,084	\$ 479,084	\$ 479,084	\$ 479,084	\$ 479,084	\$ 479,084	\$ 479,084	\$ 479,084
Discretionary Distribution	-	-	-	-	-	-	-	-	-	-	-
Regular Return after Discretionary Dist.	(68,983)	(936,873)	(329,951)	(306,516)	(278,857)	(248,756)	(216,706)	(182,527)	(146,473)	(108,640)	(60,684)
Total Return	\$ (68,983)	\$ (936,873)	\$ 149,133	\$ 172,568	\$ 200,227	\$ 230,328	\$ 262,379	\$ 296,557	\$ 332,611	\$ 370,444	\$ 418,400
Cash on Cash Return	0.0%	0.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Return on Investment	-1.2%	-15.6%	2.5%	2.9%	3.3%	3.8%	4.4%	5.0%	5.6%	6.2%	7.0%
Cumulative Avg. Return on Original Inv.	-1.2%	-6.3%	-3.9%	-2.4%	-1.4%	-0.6%	0.0%	0.6%	1.1%	1.6%	2.0%
Return on Property Sale											
Net Cash from Property Sale (80%)	\$ -	\$ -	\$ 3,610,704	\$ 3,886,596	\$ 4,217,773	\$ 4,590,676	\$ 4,996,948	\$ 5,439,067	\$ 5,912,562	\$ 6,415,441	\$ 7,082,190
Cash on Cash Return Including Sale	0.0%	0.0%	68.3%	72.9%	78.4%	84.7%	91.4%	98.8%	106.7%	115.1%	126.3%
Distribute Remaining Cash Balance from Operations	\$ -	\$ -	\$ 277,492	\$ (11,168)	\$ (282,768)	\$ (535,715)	\$ (768,981)	\$ (981,430)	\$ (1,172,260)	\$ (1,340,853)	\$ (1,478,337)
Cumulative Avg. Total Cash on Cash Return	0.0%	0.0%	19.9%	17.3%	15.8%	15.0%	14.4%	14.1%	14.0%	13.9%	14.2%
Internal Rate of Return	n/a	n/a	20.41%	16.61%	14.57%	13.33%	12.52%	11.97%	11.58%	11.29%	11.17%
Working Capital											
Current Assets - Current Liabilities	\$	\$ 572,032	\$ 181,914	\$ (192,159)	\$ (545,970)	\$ (877,615)	\$ (1,185,900)	\$ (1,469,506)	\$ (1,727,537)	\$ (1,959,337)	\$ (2,153,941)
Ratio		4.18	1.72	0.28	(0.92)	(1.90)	(2.69)	(3.31)	(3.77)	(4.08)	(4.26)
Tangible Net Worth											
Amount	\$	\$ 4,731,232	\$ 3,719,938	\$ 2,737,938	\$ 1,790,511	\$ 880,710	\$ 10,972	\$ (816,042)	\$ (1,597,989)	\$ (2,332,644)	\$ (3,007,354)
Percent		21%	17%	13%	9%	5%	0%	-5%	-11%	-16%	-23%
Fixed Charge Coverage Ratio											
Actual	n/a	n/a	1.21	1.17	1.18	1.20	1.21	1.23	1.25	1.27	1.29
Required		n/a	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Amount Over(Short)		n/a	0.01	(0.03)	(0.02)	(0.00)	0.01	0.03	0.05	0.07	0.09
Dividends as % of Net Operating Income		0%	27%	27%	26%	26%	26%	25%	25%	24%	24%
Cash Flow Breakeven Occupancy	n/a	n/a	90.8%	92.9%	92.2%	91.5%	90.7%	89.9%	89.1%	88.3%	87.1%
Cash Flow Breakeven Occupancy w/Priority Dist.	n/a	n/a	90.8%	113.2%	112.1%	111.0%	109.9%	108.7%	107.6%	106.5%	105.0%
Net Operating Cash Flow Return Before Tax	-1.44%	-6.16%	5.11%	4.36%	4.72%	5.12%	5.54%	5.98%	6.44%	6.92%	7.57%
Operating Expense Ratio	n/a	39.9%	29.6%	30.3%	30.8%	31.2%	31.6%	31.9%	32.2%	32.5%	32.4%

PROPERTY SALE ANALYSIS - EXHIBIT B

	Stabilized																			
	Year 2		Year 3		Year 4		Year 5		Year 6		Year 7		Year 8		Year 9		Year 10			
PROPERTY SALE ANALYSIS																				
Sale Value at CAP Rate of 6.00%	\$	29,254,734	\$	29,440,213	\$	29,683,279	\$	29,965,359	\$	30,274,503	\$	30,612,621	\$	30,972,571	\$	31,350,289	\$	31,917,470		
Less: Sale Costs		(877,642)		(883,206)		(890,498)		(898,961)		(908,235)		(918,379)		(929,177)		(940,509)		(957,524)		
Less: Loan Repayment		(17,875,160)		(17,710,209)		(17,532,011)		(17,339,501)		(17,131,530)		(16,906,856)		(16,664,138)		(16,401,927)		(16,118,656)		
Sale Proceeds Before Tax		10,501,932		10,846,798		11,260,769		11,726,897		12,234,738		12,787,386		13,379,256		14,007,854		14,841,290		
PROPERTY SALE ALLOCATIONS																				
Sale Proceeds Before Tax	\$	10,501,932	\$	10,846,798	\$	11,260,769	\$	11,726,897	\$	12,234,738	\$	12,787,386	\$	13,379,256	\$	14,007,854	\$	14,841,290		
Return Class A Initial Investment		5,988,553		5,988,553		5,988,553		5,988,553		5,988,553		5,988,553		5,988,553		5,988,553		5,988,553		
Developer Fee at Sale		-		-		-		-		-		-		-		-		-		
Cash Balance from Sale		4,513,380		4,858,245		5,272,217		5,738,345		6,246,185		6,798,833		7,390,703		8,019,301		8,852,737		
Cash - Class A Allocation 80% of balance	\$	3,610,704	\$	3,886,596	\$	4,217,773	\$	4,590,676	\$	4,996,948	\$	5,439,067	\$	5,912,562	\$	6,415,441	\$	7,082,190		
Cash - Class B Allocation 20% of balance	\$	902,676	\$	971,649	\$	1,054,443	\$	1,147,669	\$	1,249,237	\$	1,359,767	\$	1,478,141	\$	1,603,860	\$	1,770,547		
Total Class A Allocation of Net Proceeds	\$	9,599,257	\$	9,875,149	\$	10,206,326	\$	10,579,229	\$	10,985,501	\$	11,427,619	\$	11,901,115	\$	12,403,994	\$	13,070,742		
DISTRIBUTE REMAINING CASH IN BANK																				
Cash in Bank less Accounts Payable		346,865		(13,960)		(353,460)		(669,644)		(961,226)		(1,226,788)		(1,465,326)		(1,676,066)		(1,847,921)		
Cash - Class A Allocation 80% of balance	\$	277,492	\$	(11,168)	\$	(282,768)	\$	(535,715)	\$	(768,981)	\$	(981,430)	\$	(1,172,260)	\$	(1,340,853)	\$	(1,478,337)		
Cash - Class B Allocation 20% of balance		69,373		(2,792)		(70,692)		(133,929)		(192,245)		(245,358)		(293,065)		(335,213)		(369,584)		
Net Sale Proceeds	\$	28,377,092	\$	28,557,007	\$	28,792,780	\$	29,066,398	\$	29,366,268	\$	29,694,242	\$	30,043,394	\$	30,409,780	\$	30,959,946		
Adjusted Basis		(21,020,581)		(20,262,911)		(19,505,242)		(18,747,572)		(17,989,902)		(17,232,232)		(16,474,562)		(15,716,892)		(14,959,222)		
Gain on Sale		7,356,511		8,294,095		9,287,539		10,318,827		11,376,366		12,462,010		13,568,832		14,692,888		16,000,723		
Gain - Class A Allocation	\$	6,272,141	\$	7,203,283	\$	8,173,580	\$	9,168,133	\$	10,177,277	\$	11,202,069	\$	12,236,591	\$	13,277,336	\$	14,455,512		
Gain - Class B Allocation	\$	1,084,370	\$	1,090,812	\$	1,113,958	\$	1,150,694	\$	1,199,089	\$	1,259,942	\$	1,332,240	\$	1,415,552	\$	1,545,212		
Tax Summary (Flow-through to Investors)																				
Tax on Cost Recovery		378,835		568,252		757,670		947,087		1,136,505		1,325,922		1,515,340		1,704,757		1,894,175		
Tax on Capital Gain		1,168,234		1,204,217		1,251,372		1,306,095		1,366,069		1,431,664		1,501,495		1,574,772		1,684,805		
Total Tax	\$	1,547,069	\$	1,772,470	\$	2,009,042	\$	2,253,183	\$	2,502,574	\$	2,757,586	\$	3,016,834	\$	3,279,529	\$	3,578,980		



KEY	
	Required Input
	Optional Input
	Calculated Output
	Checkfigure Issue

Studios

Unit Type	# of Units	Sq/Ft per Unit	Total Sq Ft/Type	Base Rent/Unit	Utility Allowanc	Rent/Unit	Monthly Rent
0A - FMR	500	0				\$ -	\$ -
0A - 60%	999	0				\$ -	\$ -
0A - 50%	500	0				\$ -	\$ -
0A - MR	10	509	5090	\$ 1,225.00		\$ 1,225.00	\$ 12,250.00
0A - MR	7	528	3696	\$ 1,275.00		\$ 1,275.00	\$ 8,925.00
0A - MR	548	0				\$ -	\$ -
		0				\$ -	\$ -
0B - FMR	500	0				\$ -	\$ -
0B - 60%	500	0				\$ -	\$ -
0B - 50%	500	0				\$ -	\$ -
0B - MR	547	0				\$ -	\$ -
0B - MR	547	0				\$ -	\$ -
0B - MR	547	0				\$ -	\$ -
0B - MR	547	0				\$ -	\$ -
0C - FMR	500	0				\$ -	\$ -
0C - 60%	990	0				\$ -	\$ -
0C - 50%	500	0				\$ -	\$ -
0C - MR	500	0				\$ -	\$ -
0C - MR	500	0				\$ -	\$ -
0C - MR	500	0				\$ -	\$ -
		0				\$ -	\$ -
		0				\$ -	\$ -
TOTAL	17		8786			\$ 1,245.59	\$ 21,175.00
Average			517				
Blended			2.41				

1 Bed

Unit Type	# of Units	Sq/Ft per Unit	Total Sq Ft/Type	Base Rent/Unit	Utility Allowanc	Rent/Unit	Monthly Rent
1A - FMR	720	0				\$ -	\$ -
1A - 50%	720	0				\$ -	\$ -
1A - 60%	656	0				\$ -	\$ -
1A - MR	10	656	6560	\$ 1,725.00		\$ 1,725.00	\$ 17,250.00
1A - MR	10	656	6560	\$ 1,750.00		\$ 1,750.00	\$ 17,500.00
1A - MR	15	656	9840	\$ 1,775.00		\$ 1,775.00	\$ 26,625.00
		0				\$ -	\$ -
1B - FMR	720	0				\$ -	\$ -
1B - 50%	720	0				\$ -	\$ -
1B - 60%	720	0				\$ -	\$ -
1B - MR	720	0				\$ -	\$ -
1B - MR	720	0				\$ -	\$ -
1B - MR	720	0				\$ -	\$ -
1B - MR	720	0				\$ -	\$ -
1C - FMR	720	0				\$ -	\$ -
1C - 50%	720	0				\$ -	\$ -
1C - 60%	614	0				\$ -	\$ -
1C - MR	733	0				\$ -	\$ -
1C - MR	720	0				\$ -	\$ -
1C - MR	720	0				\$ -	\$ -
		0				\$ -	\$ -
		0				\$ -	\$ -
TOTAL	35		22960			\$ 1,753.57	\$ 61,375.00
Average			656				
Blended			2.67				

2 Bed

Unit Type	# of Units	Sq/Ft per Unit	Total Sq Ft/Type	Base Rent/Unit	Utility Allowance	Rent/Unit	Monthly Rent
2A - FMR	849	0				\$ -	\$ -
2A - 50%	849	0				\$ -	\$ -
2A - 60%	910	0				\$ -	\$ -
2A - MR	987	0				\$ -	\$ -
2A - MR	10	820	8200	\$ 1,825.00		\$ 1,825.00	\$ 18,250.00
2A - MR	13	820	10660	\$ 1,850.00		\$ 1,850.00	\$ 24,050.00
		0				\$ -	\$ -
2B - FMR	998	0				\$ -	\$ -
2B - 50%	998	0				\$ -	\$ -
2B - 60%	915	0				\$ -	\$ -
2B - MR	915	0				\$ -	\$ -
2B - MR	1080	0				\$ -	\$ -
2B - MR	1080	0				\$ -	\$ -
2B - MR	916	0				\$ -	\$ -
		0				\$ -	\$ -
2C - FMR	1080	0				\$ -	\$ -
2C - 50%	1080	0				\$ -	\$ -
2C - 60%	1080	0				\$ -	\$ -
2C - MR	8	1080	8640	\$ 1,925.00		\$ 1,925.00	\$ 15,400.00
2C - MR	8	1080	8640	\$ 1,950.00		\$ 1,950.00	\$ 15,600.00
2C - MR	9	1080	9720	\$ 2,200.00		\$ 2,200.00	\$ 19,800.00
		0				\$ -	\$ -
		0				\$ -	\$ -
TOTAL	48		45860			\$ 1,939.58	\$ 93,100.00
Average			955				
Blended			\$ 2.03				

Sources

Capital Contributed	\$	5,988,552.68
Construction to Mini Perm Loan	\$	17,965,658.05
Secondary/TIF Financing	\$	-
Secondary Loan		
TIF Loan		

TOTAL Sources **\$** **23,954,211**

Uses

Land	\$	1,700,000.00
Building	\$	18,250,000.00
Interest / Financing Fees	\$	2,070,650.00
Loan Fees (Construction)	\$	232,064.95
Loan Orig (Enter 0.75%)	\$	134,742.44
3rd Party Reports	\$	7,853.75
Bank - Inspecting Arch		
Title	\$	45,927.75
MRT	\$	41,411.01
Draws	\$	2,130.00
Other 2		
Loan Fees (Perm)	\$	-
Loan Orig (Enter 0%)	\$	-
3rd Party Reports	\$	-
Bank - Inspecting Arch	\$	-
Title	\$	-
MRT	\$	-
GFD	\$	-
Standby	\$	-
Loan Fees (Secondary)	\$	-
Loan Orig (Enter 0%)	\$	-
3rd Party Reports	\$	-
Bank - Inspecting Arch	\$	-
Title	\$	-
MRT	\$	-
Other 1	\$	-
Other 2	\$	-
Loan Fees (TIF)	\$	-
Loan Orig (Enter 0.75%)	\$	-
3rd Party Reports	\$	-
Bank - Inspecting Arch	\$	-
Title	\$	-
MRT	\$	-
Other 1	\$	-
Other 2	\$	-
Loan Interest	\$	1,938,606.48
Constuction Period	\$	1,010,380.81
Lease-Up Period	\$	928,225.67
Syndication / Legal	\$	52,500.00
Legal - Construction Lender	\$	20,000.00
Legal - Perm Lender	\$	-
Legal - Borrower	\$	22,500.00
Legal - TIF	\$	10,000.00
Legal - Tax Credit	\$	-
Legal - Other	\$	-
Permits (watershed, etc)	\$	-
Marketing/Leasing/Reserves	\$	318,419.73
Marketing/Leasing	\$	172,969.75
Advertising Construction	\$	70,152.50
Advertising Lease-Up	\$	38,321.00
Temp Leasing Office	\$	-
Lease-Up Management F	\$	64,496.25
Operating Reserves (Enter M 3)	\$	145,449.98
Furniture Fixtures and Equipment	\$	207,641.00
Furniture	\$	90,000.00
Fixtures	\$	50,000.00
Equipment	\$	50,000.00
Office Supplies	\$	4,410.25
R&M Supplies	\$	4,410.25
Common Area Supplies	\$	4,410.25
Cleaning Supplies	\$	4,410.25
Architectural / Engineering	\$	355,000.00
Building Design	\$	250,000.00
Engineering	\$	50,000.00
Interior Design	\$	30,000.00
Civil Engineering	\$	25,000.00
Developer Fee	\$	1,000,000.00

2,170,671.43

TOTAL USES **\$** **23,954,211**

FORECASTED OPERATING STATEMENT - EXHIBIT B

	Construction Period	Startup Year 1	Stabilized Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUES											
Rent Income	\$ -	\$ 1,405,200	\$ 2,107,800	\$ 2,149,956	\$ 2,192,955	\$ 2,236,814	\$ 2,281,551	\$ 2,327,182	\$ 2,373,725	\$ 2,421,200	\$ 2,469,624
Garage Income	\$ -	\$ 123,900	\$ 185,400	\$ 189,108	\$ 192,890	\$ 196,748	\$ 200,683	\$ 204,697	\$ 208,791	\$ 212,966	\$ 217,226
Storage Income		\$ 8,000	\$ 12,000	\$ 12,240	\$ 12,485	\$ 12,734	\$ 12,989	\$ 13,249	\$ 13,514	\$ 13,784	\$ 14,060
Other Income	\$ -	\$ 52,073	\$ 64,579	\$ 65,871	\$ 67,188	\$ 68,532	\$ 69,903	\$ 71,301	\$ 72,727	\$ 74,181	\$ 75,665
Vacancy & Credit Loss	-	-	(105,390)	(107,498)	(109,648)	(111,841)	(114,078)	(116,359)	(118,686)	(121,060)	(123,481)
TIF	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	-	1,589,173	2,264,389	2,309,677	2,355,870	2,402,988	2,451,048	2,500,069	2,550,070	2,601,071	2,653,093
COST OF REVENUES											
Unit Cost		-	-	-	-	-	-	-	-	-	-
Commissions		-	-	-	-	-	-	-	-	-	-
Total Cost of Revenue		-	-	-	-	-	-	-	-	-	-
GROSS MARGIN		1,589,173	2,264,389	2,309,677	2,355,870	2,402,988	2,451,048	2,500,069	2,550,070	2,601,071	2,653,093
OPERATING EXPENSES											
Amortization	-	28,456	28,456	28,456	28,456	28,456	28,456	28,456	28,456	28,456	28,456
Depreciation - straight line 27.5 yrs	-	757,670	757,670	757,670	757,670	757,670	757,670	757,670	757,670	757,670	757,670
Advertising	70,153	38,321	27,321	27,867	28,425	28,993	29,573	30,165	30,768	31,383	32,011
Elevator	-	3,315	3,382	3,449	3,518	3,589	3,660	3,734	3,808	3,884	3,962
Garbage	-	8,170	8,170	8,333	8,500	8,670	8,843	9,020	9,201	9,385	9,572
Insurance	-	36,227	36,952	37,691	38,444	39,213	39,998	40,797	41,613	42,446	43,295
Interest	-	1,392,338	1,390,600	1,379,547	1,366,300	1,351,988	1,336,527	1,319,824	1,301,780	1,282,287	1,261,228
Legal / Accounting / Banking	-	5,415	5,523	5,634	5,746	5,861	5,979	6,098	6,220	6,345	6,471
Property & Asset Management Fees	-	84,146	90,576	92,387	94,235	96,120	98,042	100,003	102,003	104,043	106,124
Leasing Commissions	-	36,490	36,490	37,220	37,964	38,723	39,498	40,288	41,094	41,916	42,754
Payroll	12,500	148,371	144,170	147,054	149,995	152,994	156,054	159,175	162,359	165,606	168,918
Repairs	-	17,400	34,800	52,776	68,390	82,754	96,585	109,766	122,727	135,715	138,429
Real Estate Taxes	3,576	77,649	155,298	155,298	155,298	155,298	155,298	155,298	155,298	155,298	155,298
Reserve for Replacements	-	-	-	-	-	-	-	-	-	-	-
Snow Removal / Lawn Care	-	1,503	1,533	1,564	1,595	1,627	1,659	1,693	1,726	1,761	1,796
Subscriptions & Dues + Misc	-	8,123	8,285	8,451	8,620	8,793	8,968	9,148	9,331	9,517	9,708
Supplies	-	17,641	17,994	18,354	18,721	19,095	19,477	19,867	20,264	20,669	21,083
Fire/Alarm Monitoring	-	4,464	4,553	4,644	4,737	4,832	4,929	5,027	5,128	5,230	5,335
Cable/Phone/Internet	-	7,433	7,582	7,733	7,888	8,046	8,207	8,371	8,538	8,709	8,883
Gas/Electric	-	67,778	41,708	42,542	43,393	44,261	45,146	46,049	46,970	47,909	48,868
Water / Sewer	-	19,354	19,354	19,741	20,136	20,539	20,949	21,368	21,796	22,232	22,676
Total Expenses	86,229	2,760,265	2,820,416	2,836,411	2,848,031	2,857,522	2,865,519	2,871,817	2,876,750	2,880,460	2,872,536
NET INCOME (LOSS)	\$ (86,229)	\$ (1,171,092)	\$ (556,027)	\$ (526,734)	\$ (492,161)	\$ (454,534)	\$ (414,471)	\$ (371,748)	\$ (326,680)	\$ (279,389)	\$ (219,444)

NET OPERATING INCOME SUMMARY

Net Operating Income (EBITDA)	\$ (86,229)	\$ 1,023,265	\$ 1,643,343	\$ 1,662,036	\$ 1,683,824	\$ 1,707,610	\$ 1,732,693	\$ 1,759,203	\$ 1,786,727	\$ 1,815,035	\$ 1,854,441
Less Debt Service	-	(1,392,338)	(1,481,098)	(1,544,498)	(1,544,498)	(1,544,498)	(1,544,498)	(1,544,498)	(1,544,498)	(1,544,498)	(1,544,498)
Net Operating Cash Flow	(86,229)	(369,074)	162,245	117,538	139,326	163,112	188,195	214,705	242,229	270,536	309,943
Taxes Due (Savings) (Flow-through to)	-	-	-	-	-	-	-	-	-	-	-
Net Operating Cash Flow After Tax	\$ (86,229)	\$ (369,074)	\$ 162,245	\$ 117,538	\$ 139,326	\$ 163,112	\$ 188,195	\$ 214,705	\$ 242,229	\$ 270,536	\$ 309,943

FORECASTED STATEMENT OF CASH FLOWS - EXHIBIT B

	Construction Period	Startup Year 1	Stabilized Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OPERATING ACTIVITIES											
Net income (loss)	\$ (86,229)	\$ (1,171,092)	\$ (556,027)	\$ (526,734)	\$ (492,161)	\$ (454,534)	\$ (414,471)	\$ (371,748)	\$ (326,680)	\$ (279,389)	\$ (219,444)
Charges to net income not affecting cash											
Depreciation and amortization	-	786,126	786,126	786,126	786,126	786,126	786,126	786,126	786,126	786,126	786,126
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-
Accounts payable and accrued expenses	-	42,013	(1,313)	2,254	2,072	1,984	1,955	1,917	1,915	1,934	1,095
Tenant Deposits	-	47,500	-	-	-	-	-	-	-	-	-
Asset Management Fee	-	33,658	22,644	23,097	23,559	24,030	24,510	25,001	25,501	26,011	26,531
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(86,229)	(261,794)	251,430	284,743	319,597	357,605	398,121	441,296	486,862	534,682	594,308
INVESTING ACTIVITIES											
Purchases of property and equipment	(22,535,921)	-	-	-	-	-	-	-	-	-	-
Sales of property and equipment	-	-	-	-	-	-	-	-	-	-	-
Payment of financing & organizational costs	(284,565)	(33,658)	(22,644)	(23,097)	(23,559)	(24,030)	(24,510)	(25,001)	(25,501)	(26,011)	(26,531)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(22,820,486)	(33,658)	(22,644)	(23,097)	(23,559)	(24,030)	(24,510)	(25,001)	(25,501)	(26,011)	(26,531)
FINANCING ACTIVITIES											
Member contributions	5,988,553	-	-	-	-	-	-	-	-	-	-
Class A priority distribution	-	-	(479,084)	(479,084)	(479,084)	(479,084)	(479,084)	(479,084)	(479,084)	(479,084)	(479,084)
Class B subordinate distribution	-	-	(119,771)	(119,771)	(119,771)	(119,771)	(119,771)	(119,771)	(119,771)	(119,771)	(119,771)
Class A Discretionary distribution	-	-	-	-	-	-	-	-	-	-	-
Principal payments on debt	-	-	(90,498)	(164,951)	(178,198)	(192,510)	(207,971)	(224,674)	(242,718)	(262,211)	(283,270)
Proceeds from debt borrowings	17,965,658	0.00	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	23,954,211	-	(689,353)	(763,806)	(777,054)	(791,365)	(806,826)	(823,529)	(841,573)	(861,067)	(882,126)
NET INCREASE IN CASH	1,047,496	(295,453)	(460,568)	(502,160)	(481,016)	(457,790)	(433,216)	(407,234)	(380,212)	(352,396)	(314,349)
CASH - beginning of period	-	1,047,496	752,043	291,475	(210,685)	(691,701)	(1,149,491)	(1,582,707)	(1,989,941)	(2,370,153)	(2,722,549)
CASH - end of period	\$ 1,047,496	\$ 752,043	\$ 291,475	\$ (210,685)	\$ (691,701)	\$ (1,149,491)	\$ (1,582,707)	\$ (1,989,941)	\$ (2,370,153)	\$ (2,722,549)	\$ (3,036,898)

FINANCIAL RATIOS - EXHIBIT B

	Construction Period	Start Up Year 1	Stabilized Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Return on Equity											
Priority Distribution (8%)	\$ -	\$ -	\$ 479,084	\$ 479,084	\$ 479,084	\$ 479,084	\$ 479,084	\$ 479,084	\$ 479,084	\$ 479,084	\$ 479,084
Discretionary Distribution	-	-	-	-	-	-	-	-	-	-	-
Regular Return after Discretionary Dist.	(68,983)	(936,873)	(444,822)	(421,388)	(393,729)	(363,628)	(331,577)	(297,399)	(261,344)	(223,511)	(175,555)
Total Return	\$ (68,983)	\$ (936,873)	\$ 34,262	\$ 57,697	\$ 85,356	\$ 115,457	\$ 147,507	\$ 181,686	\$ 217,740	\$ 255,573	\$ 303,529
Cash on Cash Return	0.0%	0.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Return on Investment	-1.2%	-15.6%	0.6%	1.0%	1.4%	1.9%	2.5%	3.0%	3.6%	4.3%	5.1%
Cumulative Avg. Return on Original Inv.	-1.2%	-6.3%	-4.4%	-3.3%	-2.4%	-1.8%	-1.2%	-0.7%	-0.3%	0.1%	0.6%
Return on Property Sale											
Net Cash from Property Sale (80%)	\$ -	\$ -	\$ 2,162,933	\$ 2,536,657	\$ 2,961,007	\$ 3,422,645	\$ 3,913,428	\$ 4,436,033	\$ 4,986,182	\$ 5,562,063	\$ 6,298,339
Cash on Cash Return Including Sale	0.0%	0.0%	44.1%	50.4%	57.4%	65.2%	73.3%	82.1%	91.3%	100.9%	113.2%
Distribute Remaining Cash Balance from Operations	\$ -	\$ -	\$ 162,621	\$ (240,911)	\$ (627,381)	\$ (995,200)	\$ (1,343,337)	\$ (1,670,657)	\$ (1,976,359)	\$ (2,259,823)	\$ (2,512,177)
Cumulative Avg. Total Cash on Cash Return	0.0%	0.0%	12.8%	11.6%	11.1%	10.9%	10.8%	10.9%	11.0%	11.2%	11.6%
Internal Rate of Return	n/a	n/a	13.95%	12.00%	11.02%	10.48%	10.16%	9.98%	9.87%	9.81%	9.88%
Working Capital											
Current Assets - Current Liabilities	\$	\$ 572,032	\$ 38,325	\$ (479,337)	\$ (976,737)	\$ (1,451,971)	\$ (1,903,845)	\$ (2,331,040)	\$ (2,732,660)	\$ (3,108,049)	\$ (3,446,242)
Ratio		4.18	1.15	(0.78)	(2.43)	(3.80)	(4.93)	(5.83)	(6.54)	(7.06)	(7.42)
Tangible Net Worth											
Amount	\$	\$ 4,731,232	\$ 3,576,350	\$ 2,450,760	\$ 1,359,744	\$ 306,354	\$ (706,972)	\$ (1,677,576)	\$ (2,603,111)	\$ (3,481,356)	\$ (4,299,655)
Percent		21%	17%	12%	7%	2%	-4%	-11%	-18%	-27%	-36%
Fixed Charge Coverage Ratio											
Actual	n/a	n/a	1.11	1.08	1.09	1.11	1.12	1.14	1.16	1.18	1.20
Required		n/a	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Amount Over(Short)		n/a	(0.09)	(0.12)	(0.11)	(0.09)	(0.08)	(0.06)	(0.04)	(0.02)	0.00
Dividends as % of Net Operating Income		0%	29%	29%	28%	28%	28%	27%	27%	26%	26%
Cash Flow Breakeven Occupancy	n/a	n/a	96.8%	98.9%	98.1%	97.2%	96.2%	95.3%	94.3%	93.4%	92.1%
Cash Flow Breakeven Occupancy w/Priority Dist.	n/a	n/a	96.8%	120.6%	119.3%	117.9%	116.6%	115.3%	113.9%	112.6%	110.9%
Net Operating Cash Flow Return Before Tax	-1.44%	-6.16%	2.71%	1.96%	2.33%	2.72%	3.14%	3.59%	4.04%	4.52%	5.18%
Operating Expense Ratio	n/a	39.9%	29.6%	30.3%	30.8%	31.2%	31.6%	31.9%	32.2%	32.5%	32.4%

PROPERTY SALE ANALYSIS - EXHIBIT B

	Stabilized																			
	Year 2		Year 3		Year 4		Year 5		Year 6		Year 7		Year 8		Year 9		Year 10			
PROPERTY SALE ANALYSIS																				
Sale Value at CAP Rate of 6.00%	\$	27,389,051	\$	27,700,601	\$	28,063,734	\$	28,460,165	\$	28,878,214	\$	29,320,051	\$	29,778,781	\$	30,250,576	\$	30,907,353		
Less: Sale Costs		(821,672)		(831,018)		(841,912)		(853,805)		(866,346)		(879,602)		(893,363)		(907,517)		(927,221)		
Less: Loan Repayment		(17,875,160)		(17,710,209)		(17,532,011)		(17,339,501)		(17,131,530)		(16,906,856)		(16,664,138)		(16,401,927)		(16,118,656)		
Sale Proceeds Before Tax		8,692,219		9,159,374		9,689,811		10,266,859		10,880,338		11,533,593		12,221,280		12,941,132		13,861,476		
PROPERTY SALE ALLOCATIONS																				
Sale Proceeds Before Tax	\$	8,692,219	\$	9,159,374	\$	9,689,811	\$	10,266,859	\$	10,880,338	\$	11,533,593	\$	12,221,280	\$	12,941,132	\$	13,861,476		
Return Class A Initial Investment		5,988,553		5,988,553		5,988,553		5,988,553		5,988,553		5,988,553		5,988,553		5,988,553		5,988,553		
Developer Fee at Sale		-		-		-		-		-		-		-		-		-		
Cash Balance from Sale		2,703,667		3,170,821		3,701,259		4,278,307		4,891,785		5,545,041		6,232,727		6,952,579		7,872,924		
Cash - Class A Allocation 80% of balance	\$	2,162,933	\$	2,536,657	\$	2,961,007	\$	3,422,645	\$	3,913,428	\$	4,436,033	\$	4,986,182	\$	5,562,063	\$	6,298,339		
Cash - Class B Allocation 20% of balance	\$	540,733	\$	634,164	\$	740,252	\$	855,661	\$	978,357	\$	1,109,008	\$	1,246,545	\$	1,390,516	\$	1,574,585		
Total Class A Allocation of Net Proceeds	\$	8,151,486	\$	8,525,210	\$	8,949,560	\$	9,411,198	\$	9,901,981	\$	10,424,585	\$	10,974,734	\$	11,550,616	\$	12,286,892		
DISTRIBUTE REMAINING CASH IN BANK																				
Cash in Bank less Accounts Payable		203,276		(301,138)		(784,227)		(1,244,000)		(1,679,171)		(2,088,322)		(2,470,449)		(2,824,778)		(3,140,222)		
Cash - Class A Allocation 80% of balance	\$	162,621	\$	(240,911)	\$	(627,381)	\$	(995,200)	\$	(1,343,337)	\$	(1,670,657)	\$	(1,976,359)	\$	(2,259,823)	\$	(2,512,177)		
Cash - Class B Allocation 20% of balance		40,655		(60,228)		(156,845)		(248,800)		(335,834)		(417,664)		(494,090)		(564,956)		(628,044)		
Net Sale Proceeds	\$	26,567,379	\$	26,869,583	\$	27,221,822	\$	27,606,360	\$	28,011,868	\$	28,440,449	\$	28,885,418	\$	29,343,058	\$	29,980,133		
Adjusted Basis		(21,020,581)		(20,262,911)		(19,505,242)		(18,747,572)		(17,989,902)		(17,232,232)		(16,474,562)		(15,716,892)		(14,959,222)		
Gain on Sale		5,546,798		6,606,671		7,716,581		8,858,788		10,021,966		11,208,217		12,410,856		13,626,166		15,020,910		
Gain - Class A Allocation	\$	4,847,345	\$	5,899,292	\$	6,985,736	\$	8,091,999	\$	9,208,628	\$	10,336,880	\$	11,471,030	\$	12,607,752	\$	13,878,429		
Gain - Class B Allocation	\$	699,453	\$	707,379	\$	730,844	\$	766,789	\$	813,338	\$	871,338	\$	939,825	\$	1,018,414	\$	1,142,481		
Tax Summary (Flow-through to Investors)																				
Tax on Cost Recovery		378,835		568,252		757,670		947,087		1,136,505		1,325,922		1,515,340		1,704,757		1,894,175		
Tax on Capital Gain		806,292		866,732		937,180		1,014,088		1,095,189		1,180,906		1,269,899		1,361,427		1,488,842		
Total Tax	\$	1,185,127	\$	1,434,985	\$	1,694,850	\$	1,961,175	\$	2,231,694	\$	2,506,828	\$	2,785,239	\$	3,066,185	\$	3,383,017		