

Financial Summary

Summary of Finance Models									
(Stabilized Year 5)									
	Lot 5	Wallace	Lot 2	RBC	Total				
Total Development Cost	\$ 30,308,212	\$ 17,171,214	\$ 13,436,344	\$ 3,277,518	\$ 64,193,288				
Private Partner	\$ 25,697,718	\$ 17,171,214	\$ 13,436,344	n/a	\$ 2,141,037				TTC
Equity	\$ 3,854,658	\$ 2,575,682	\$ 2,015,452	n/a					
Debt	\$ 21,843,060	\$ 14,595,532	\$ 11,420,892	n/a	\$ 66,334,325				
Public Investment	\$ 2,955,621	n/a	n/a	\$ 3,277,518	\$ 6,233,140				
Parking Delta Cost	\$ 1,654,873	n/a	n/a	n/a	\$ 1,654,873				
Potential Gross Income	\$ 3,333,409	\$ 2,128,426	\$ 1,774,565	\$ 728,561					
Effective Gross Income	\$ 3,154,499	\$ 2,026,932	\$ 1,685,837	\$ 764,969					
Operating Expenses	\$ 811,761	\$ 554,617	\$ 426,309	\$ 37,907					
Garage Operating Expenses	\$ 77,645	n/a	n/a	\$ 370,255					
Net Operating Income (NOI)	\$ 2,068,673	\$ 1,330,018	\$ 1,150,728	\$ 356,828					
Internal Rate of Return (IRR)	17.32%	20.61%	21.86%	n/a					
Return On Cost (ROC)	8.40%	8.29%	8.99%	n/a					
Debt Coverage Ratio (DCR, yr. 5)	1.30	1.42	1.39	n/a					
Maximum Loan Amount	\$ 20,974,749	\$ 13,824,865	\$ 11,735,119	n/a					
Gap Financing	\$ (868,311)	\$ (770,667)	\$ 314,227	n/a	\$ (1,324,751)				
	-2.86%	-4.49%	2.34%						
Lease Rates psf (yr. 1)									
Residential-Market Rate	\$ 14.00	\$ 14.25	\$ 13.50						
Retail	\$ 32.00	\$ 29.00	\$ 33.50	\$ 31.50					
Footnote									
1	This is the cost difference of developing an underground garage versus an above grade garage.								
2	8.75% cap rate, 65% LTV Stabilized yr. 5								
3	This Rate is made up of the base rent, plus the CAM Reimbursement.								
4	This is the cost per average unit at these sites. This price may be split up among 1-4 roomates depending on build-out.								

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Development Scenario: C-3 Lot 5 Development (Phase 1A)



Finance Model Downtown Chapel Hill Projects Town of Chapel Hill, North Carolina

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Stainback Public/Private Real Estate (SPPRE)
www.sppre.com

Development Budget		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Site/Building Data												
Total Gross Land Area		75,000										
Appraised Land Value	1	\$ 3,150,000										
Gross Areas (GSF)												
Residential-Market Rate & Affordable		160,600										
Retail		30,250										
Subtotal		190,850										
Private Partner's Parking GSF		121,600										121,600.00
Parking Spaces		380										380.00
Public Partner's Parking GSF		55,360										
Parking Spaces		173										
Leaseable Areas (LSF)												
Residential	2	147,752										147,752
Retail		27,830										27,830
Subtotal		175,582										175,582
Private Parking												
Parking-Residential		61,760										
Parking-Residential Storage		40,960										
Parking-Retail	3	18,880										
Public Parking												
Parking-Replacement		55,360										
Parking Surplus(Public Parking)	4	-										
Subtotal		176,960										
Building Costs												
Residential		\$ 13,458,408										\$ 13,458,408
Retail		\$ 2,158,947										
Retail TI Allowance		\$ 890,560										
Garage	5	\$ 7,963,200										
Subtotal		\$ 24,471,115										
Hard Cost Contingency (3.0%)	6	\$ 734,133										\$ 734,133

Footnotes	
1	Source of appraised value: Analytical Consultants Inc. (July 22, 2004 Report)
2	This is total Housing SF, Market-Rate and Affordable Rate Housing for Lot 5.
3	Assume that Private Parking will be controlled by the Private Partner, including Finance, Development, Construction & Operations
4	Assume TCH does not want to finance and develop surplus parking.
5	SPPRE has substituted \$45/sf 8/29/04 for the revised Garage GSF. (removed surplus parking)
6	The Hard Cost Contingency is 3.0% of the Building Costs.
7	Total Hard Cost for the Private portion of the Garage.
8	Total Hard Cost for the Public portion of the Garage.
9	The A&E Fee is 4.0% of Total Hard Construction Cost.
10	A&E Reimbursables cost covers costs such as reproduction of Construction Documents.
11	Performance Bonds are a surety company's guarantee of completion or performance of a General Contractor's contract.
12	Initial Leasing Commission are accrued in years 1-3 for both Market Rate and Retail including the rollover rate of 5% for Retail Space through the 5 yr lease term.
13	Waived for Town permits?
14	Inside Town limits: \$6 per fixture, assume 2 fixtures per unit.
15	TBD-Fee is based on meter/amps.
16	All Master Land Use Plans- \$5,000 plus \$20 per 100sf of land area.
17	Site Plan Review Fee: \$1,700 plus \$17 per 100sf of floor area.
18	Town Charges \$10-\$20k per site for a Consultant to complete a Traffic Impact Study.
19	Non-Residential Water service availability fee: \$20,025. (Assume 2" meter)
20	Residential Sewer Service Availability Fee: \$1,617 (5/8" meter multi-family residential)
21	Non-Residential Sewer availability fee: \$2,568.00. (Assume 2" meter)
22	This Development fee is 3.75% of Total Development Budget for Residential/Retail/Garage.
23	Developer Project Overhead is .75% of Total Development Budget.
24	Equity Placement Fee is 3.50% of required equity, assume LTV 85%
25	Debt Placement Fee is 1.50% of required equity, assume LTV 85%
26	Assume fee of \$1.00 per \$1,000, plus binder fee.
27	Land Lease payment made during Construction.
28	DSRF is a fund for 6-months of Debt Service on permanent loan.
29	Assume Construction Period of 15 months: Coupon Rate of: 6.5%
30	Private Total Development Costs, plus applicable Interest During Construction(IDC) costs, including parking delta deduction. Equity is 15.0% and Debt is 85.0% of Total Development Cost. The amount Financed includes the Delta payment made to the Private Partner for the cost of incurring underground parking versus above-grade garage.
31	
32	Town cost for 173 underground parking spaces in Lot 5 Garage.

Reversion Value Analysis											
	Year	1	2	3	4	5	6	7	8	9	10
Permanent Loan :		\$ 1,656,756	\$ 1,656,756	\$ 1,656,756	\$ 1,656,756	\$ 1,656,756	\$ 1,656,756	\$ 1,656,756	\$ 1,656,756	\$ 1,656,756	\$ 1,656,756
\$21,843,060											
NOI		\$ 1,884,544	\$ 2,004,273	\$ 2,088,673	\$ 2,113,246	\$ 2,159,165	\$ 2,242,609	\$ 2,309,968	\$ 2,401,360	\$ 2,495,493	\$ 2,570,599
Reversion Cash Flow		\$ 21,537,647	\$ 22,905,978	\$ 23,870,551	\$ 24,151,380	\$ 24,676,175	\$ 25,629,817	\$ 26,399,632	\$ 27,444,109	\$ 28,519,920	\$ 29,378,270
Cap Rate	8.75%										
Selling Expense		\$ 646,129	\$ 687,179	\$ 716,117	\$ 724,541	\$ 740,285	\$ 768,895	\$ 791,989	\$ 823,323	\$ 855,598	\$ 881,348
Fee	3%										
Remaining Principal on Perm Loan		\$ 21,498,414	\$ 21,239,055	\$ 20,962,837	\$ 20,668,666	\$ 20,355,373	\$ 20,021,716	\$ 19,666,372	\$ 19,287,930	\$ 18,884,890	\$ 18,455,652
Net Proceeds from Sale Before Tax		\$ (606,897)	\$ 979,744	\$ 2,191,597	\$ 2,758,173	\$ 3,580,517	\$ 4,839,206	\$ 5,941,271	\$ 7,332,855	\$ 8,779,432	\$ 10,041,270
Permanent Loan											
Rate	6.50%										
Term	30										
LTV	85%										
Town's Non-Tax Income		\$ -	\$ 97,974	\$ 219,160	\$ 275,817	\$ 358,052	\$ 483,921	\$ 594,127	\$ 733,286	\$ 877,943	\$ 1,004,127

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Proforma(10 Years)										
Potential Gross Income										
Residential	\$ 2,068,528	\$ 2,130,584	\$ 2,194,501	\$ 2,260,336	\$ 2,328,146	\$ 2,397,991	\$ 2,469,931	\$ 2,544,029	\$ 2,620,349	\$ 2,698,960
Retail	\$ 890,560	\$ 917,277	\$ 944,795	\$ 973,139	\$ 1,002,333	\$ 1,032,403	\$ 1,063,375	\$ 1,095,276	\$ 1,128,135	\$ 1,161,979
Garage (Private Spaces)	\$ 182,970	\$ 188,459	\$ 194,113	\$ 199,936	\$ 205,934	\$ 212,112	\$ 218,476	\$ 225,030	\$ 231,781	\$ 238,734
Total	\$ 3,142,058	\$ 3,236,320	\$ 3,333,409	\$ 3,433,412	\$ 3,536,414	\$ 3,642,506	\$ 3,751,782	\$ 3,864,335	\$ 3,980,265	\$ 4,099,673
Vacancy/Collections Loss (VCL)	\$ 295,909	\$ 216,311	\$ 178,910	\$ 184,277	\$ 189,805	\$ 195,500	\$ 201,365	\$ 207,406	\$ 213,628	\$ 220,037
Vacancy Rate (Resid & R/D/E)	9%	7%	5%	5%	5%	5%	5%	5%	5%	5%
Effective Gross Income (EGi)	2,846,149	3,020,009	3,154,499	3,249,134	3,346,609	3,447,007	3,550,417	3,656,929	3,766,637	3,879,636
Non-Tax Income to Town										
Land Lease Payment (Base)	\$ 126,000	\$ 151,200	\$ 176,400	\$ 214,200	\$ 252,000	\$ 252,000	\$ 252,000	\$ 259,535	\$ 259,535	\$ 267,295
Total	\$ 126,000	\$ 151,200	\$ 176,400	\$ 214,200	\$ 252,000	\$ 252,000	\$ 259,535	\$ 259,535	\$ 259,535	\$ 267,295
Building Maintenance										
Electrical	\$ 7,390	\$ 7,612	\$ 7,841	\$ 8,076	\$ 8,318	\$ 8,568	\$ 8,825	\$ 9,089	\$ 9,362	\$ 9,643
Plumbing	\$ 2,799	\$ 2,883	\$ 2,970	\$ 3,059	\$ 3,151	\$ 3,245	\$ 3,343	\$ 3,443	\$ 3,546	\$ 3,653
HVAC	\$ 23,515	\$ 24,221	\$ 24,947	\$ 25,696	\$ 26,466	\$ 27,260	\$ 28,078	\$ 28,921	\$ 29,788	\$ 30,682
Roof	\$ 1,400	\$ 1,442	\$ 1,485	\$ 1,529	\$ 1,575	\$ 1,623	\$ 1,671	\$ 1,721	\$ 1,773	\$ 1,826
Painting	\$ 1,232	\$ 1,269	\$ 1,307	\$ 1,346	\$ 1,386	\$ 1,428	\$ 1,471	\$ 1,515	\$ 1,560	\$ 1,607
Canopies/Store Fronts	\$ 3,639	\$ 3,748	\$ 3,861	\$ 3,977	\$ 4,096	\$ 4,219	\$ 4,345	\$ 4,476	\$ 4,610	\$ 4,748
Other	\$ 2,799	\$ 2,883	\$ 2,970	\$ 3,059	\$ 3,151	\$ 3,245	\$ 3,343	\$ 3,443	\$ 3,546	\$ 3,653
Total	\$ 42,775	\$ 44,058	\$ 45,380	\$ 46,741	\$ 48,144	\$ 49,588	\$ 51,076	\$ 52,608	\$ 54,186	\$ 55,812
Exterior CAM										
Landscape	\$ 19,841	\$ 20,436	\$ 21,049	\$ 21,681	\$ 22,331	\$ 23,001	\$ 23,691	\$ 24,402	\$ 25,134	\$ 25,888
Trash Removal	\$ 15,100	\$ 15,553	\$ 16,020	\$ 16,500	\$ 16,995	\$ 17,505	\$ 18,030	\$ 18,571	\$ 19,128	\$ 19,702
Sweeping	\$ 9,130	\$ 9,404	\$ 9,686	\$ 9,977	\$ 10,276	\$ 10,584	\$ 10,902	\$ 11,229	\$ 11,566	\$ 11,913
Sidewalk Maintenance	\$ 8,062	\$ 8,304	\$ 8,553	\$ 8,810	\$ 9,074	\$ 9,346	\$ 9,627	\$ 9,916	\$ 10,213	\$ 10,519
Security	\$ 4,031	\$ 4,152	\$ 4,277	\$ 4,405	\$ 4,537	\$ 4,673	\$ 4,813	\$ 4,958	\$ 5,107	\$ 5,260
Lighting	\$ 7,901	\$ 8,138	\$ 8,382	\$ 8,634	\$ 8,893	\$ 9,160	\$ 9,434	\$ 9,717	\$ 10,009	\$ 10,309
Directory/Signs	\$ 952	\$ 980	\$ 1,010	\$ 1,040	\$ 1,071	\$ 1,103	\$ 1,136	\$ 1,171	\$ 1,206	\$ 1,242
Electricity	\$ 21,597	\$ 22,244	\$ 22,912	\$ 23,599	\$ 24,307	\$ 25,036	\$ 25,787	\$ 26,561	\$ 27,358	\$ 28,179
Water	\$ 7,390	\$ 7,612	\$ 7,841	\$ 8,076	\$ 8,318	\$ 8,568	\$ 8,825	\$ 9,089	\$ 9,362	\$ 9,643
Other Exterior CAM	\$ 4,927	\$ 5,075	\$ 5,227	\$ 5,384	\$ 5,545	\$ 5,712	\$ 5,883	\$ 6,060	\$ 6,241	\$ 6,429
Fire Monitoring Service	\$ 4,031	\$ 4,152	\$ 4,277	\$ 4,405	\$ 4,537	\$ 4,673	\$ 4,813	\$ 4,958	\$ 5,107	\$ 5,260
Total	\$ 102,963	\$ 106,052	\$ 109,233	\$ 112,510	\$ 115,885	\$ 119,362	\$ 122,943	\$ 126,631	\$ 130,430	\$ 134,343

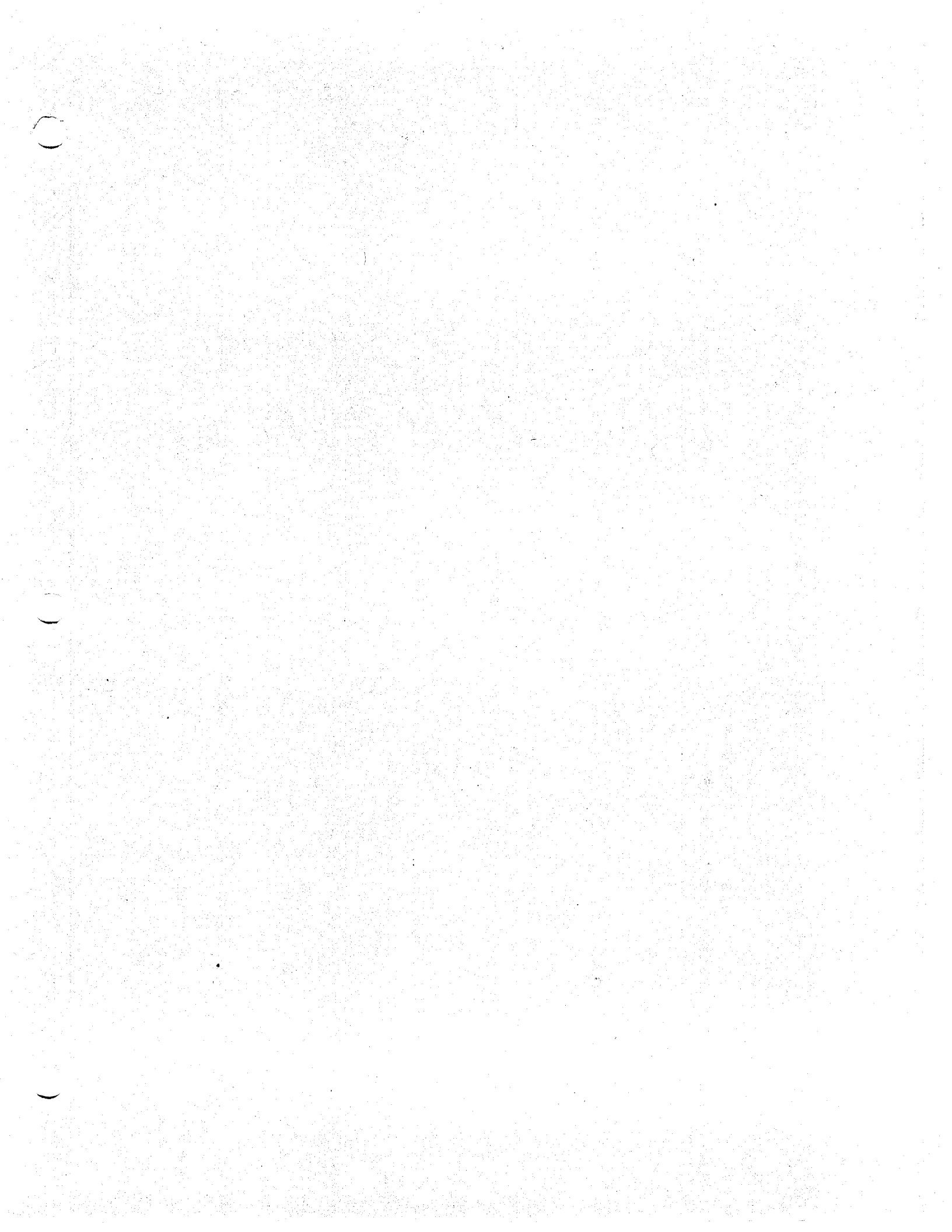
General & Administrative												
6	Management Fee	\$ 74,711	\$ 89,845	\$ 104,887	\$ 113,720	\$ 117,131	\$ 120,645	\$ 124,265	\$ 127,993	\$ 131,832	\$ 135,787	
7	Leasing Commissions	\$ -	\$ 4,468	\$ 4,707	\$ 4,957	\$ 5,106	\$ 5,046	\$ 8,447	\$ 8,701	\$ 8,962	\$ 9,231	
	Marketing	\$ 7,390	\$ 7,612	\$ 7,841	\$ 8,076	\$ 8,318	\$ 8,568	\$ 8,825	\$ 9,089	\$ 9,362	\$ 9,643	
8	Property Taxes	\$ 442,761	\$ 442,761	\$ 442,761	\$ 456,044	\$ 456,044	\$ 456,044	\$ 469,725	\$ 469,725	\$ 469,725	\$ 483,817	
9	Business & Occupation Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Insurance	\$ 81,295	\$ 83,734	\$ 86,246	\$ 88,833	\$ 91,498	\$ 94,243	\$ 97,070	\$ 99,982	\$ 102,982	\$ 106,071	
	Other	\$ 3,359	\$ 3,460	\$ 3,564	\$ 3,671	\$ 3,781	\$ 3,894	\$ 4,011	\$ 4,132	\$ 4,255	\$ 4,383	
	Total	\$ 609,517	\$ 631,880	\$ 650,006	\$ 675,300	\$ 681,878	\$ 691,441	\$ 712,343	\$ 719,622	\$ 727,119	\$ 748,932	
Town Fees												
10	Recycling Fee	\$ 4,198	\$ 4,198	\$ 4,198	\$ 4,198	\$ 4,198	\$ 4,198	\$ 4,198	\$ 4,198	\$ 4,198	\$ 4,198	
11	Storm Water Fees	\$ 1,463	\$ 1,463	\$ 1,463	\$ 1,463	\$ 1,463	\$ 1,463	\$ 1,463	\$ 1,463	\$ 1,463	\$ 1,463	
12	Water Service Fee	\$ 1,501	\$ 1,501	\$ 1,501	\$ 1,501	\$ 1,501	\$ 1,501	\$ 1,501	\$ 1,501	\$ 1,501	\$ 1,501	
	Total	\$ 7,162	\$ 7,162	\$ 7,162	\$ 7,162	\$ 7,162	\$ 7,162	\$ 7,162	\$ 7,162	\$ 7,162	\$ 7,162	
	Total Operating Expenses	\$ 762,417	\$ 789,152	\$ 811,781	\$ 841,714	\$ 853,069	\$ 867,553	\$ 893,524	\$ 906,023	\$ 918,897	\$ 946,249	26%
	OER	29%	28%	27%	28%	27%	27%	27%	26%	26%	26%	
Garage O&E												
13	Payroll	\$ 32,203	\$ 33,169	\$ 34,164	\$ 35,189	\$ 36,244	\$ 37,332	\$ 38,452	\$ 39,605	\$ 40,793	\$ 42,017	
	Benefits	\$ 8,783	\$ 9,046	\$ 9,317	\$ 9,597	\$ 9,885	\$ 10,181	\$ 10,487	\$ 10,801	\$ 11,125	\$ 11,459	
	Utilities	\$ 8,783	\$ 9,046	\$ 9,317	\$ 9,597	\$ 9,885	\$ 10,181	\$ 10,487	\$ 10,801	\$ 11,125	\$ 11,459	
	Maintenance	\$ 6,587	\$ 6,785	\$ 6,988	\$ 7,198	\$ 7,414	\$ 7,636	\$ 7,865	\$ 8,101	\$ 8,344	\$ 8,594	
	Taxes	\$ 8,783	\$ 9,046	\$ 9,317	\$ 9,597	\$ 9,885	\$ 10,181	\$ 10,487	\$ 10,801	\$ 11,125	\$ 11,459	
	Insurance	\$ 5,123	\$ 5,277	\$ 5,435	\$ 5,598	\$ 5,766	\$ 5,939	\$ 6,117	\$ 6,301	\$ 6,490	\$ 6,685	
	Supplies	\$ 2,196	\$ 2,262	\$ 2,329	\$ 2,399	\$ 2,471	\$ 2,545	\$ 2,622	\$ 2,700	\$ 2,781	\$ 2,865	
	Miscellaneous	\$ 732	\$ 754	\$ 776	\$ 800	\$ 824	\$ 848	\$ 874	\$ 900	\$ 927	\$ 955	
	Total	\$ 73,188	\$ 75,384	\$ 77,645	\$ 79,975	\$ 82,374	\$ 84,845	\$ 87,390	\$ 90,012	\$ 92,712	\$ 95,494	
	Total Cash Outflow	\$ 961,605	\$ 1,015,736	\$ 1,065,826	\$ 1,135,889	\$ 1,187,443	\$ 1,204,398	\$ 1,240,449	\$ 1,255,570	\$ 1,271,144	\$ 1,309,038	
	Net Operating Income (NOI)	\$ 1,884,544	\$ 2,004,273	\$ 2,088,673	\$ 2,113,246	\$ 2,159,165	\$ 2,242,609	\$ 2,309,968	\$ 2,401,360	\$ 2,495,493	\$ 2,570,599	
14	Debt Service	\$ (1,656,756)	\$ (1,656,756)	\$ (1,656,756)	\$ (1,656,756)	\$ (1,656,756)	\$ (1,656,756)	\$ (1,656,756)	\$ (1,656,756)	\$ (1,656,756)	\$ (1,656,756)	
	CFBTD	\$ 227,788	\$ 347,517	\$ 431,917	\$ 456,490	\$ 502,409	\$ 585,853	\$ 653,212	\$ 744,604	\$ 838,737	\$ 913,843	
15	IRR Including Reversion Value	17.32%										
	Return on Cost (ROC)	8.40%										
	Debt Coverage Ratio (DCR)	1.14	1.21	1.26	1.28	1.30						
16	Maximum Loan Amount	\$ 20,974,749										

(Assume 8.8% cap rate, 85% LTV)															
Footnotes															
1	Assume market rental rate in year 1 of \$14.00 per LSF. Note: Income is 100% Market Rate. Affordable Housing Income TBD														
2	Assumed Retail lease rate in year 1 of \$32.00 per LSF. This includes a CAM Reimbursable in the LSF rate.														
3	Private Parking Income from Lot 5 Garage.														
4	Vacancy rate for stabilized year is 5%. Parking vacancy factor is included in Income Assumptions														
5	Lease Payment to Town from developer is 8% of appraised value.(with Ramp-Up to 100% yr. 4)														
6	Management fee of 3.5% of Effective Gross Income.														
7	Rollover Leasing Commission are paid at 5.0% of initial Leasing Commissions for Residential and Retail space.														
8	Property Tax is \$1,717 per \$100 of Assessed Market Value.														
9	No Business & Occupation Tax in Chapel Hill														
10	Recycling Fee: Basic Service(\$27/unit/yr) fee plus multifamily unit recycling service fee(\$14/unit/yr).														
11	\$39 per every 2,000sqf of impervious surfaces.														
12	Assume 3" meter size at \$125.12 per month														
13	Assume a total of 40.0% of Gross Parking Income is Operating Expenses.														
14	Debt Service is calculated on the Reversionary Value Worksheet.														
15	Assume building is sold in year 10 and Town receives 10% of proceeds.														
16	The required construction loan is \$21,843,060 Insignificant shortfall of -\$668,311 or -2.96% of the Total Development Cost.														

Income Assumptions-Garage									
Income Assumptions for Private Portion:									
Garage Ratio									
	SF	Spaces	Efficiency						%
Private Portion									
Parking-Residential	61,760	183	1	61,760					
Parking-Residential Storage	40,960	128	1	40,960					
Parking-Retail	18,880	59	1	18,880					
Subtotal		360		121,600					69%
Housing Parking Operations									
# of Monthly Spaces	1	321			94.47%				
Monthly Parking Charges	2	\$50							
Occupancy Factor		95%							
Subtotal	\$	182,970							
Retail Parking Operations									
# of Hourly Spaces	3	59			15.53%				
Hourly Parking Rate		\$0.00							
Number of Nonwork Days per year	4	115							
Nonwork Days Parking Hours		14							
Nonwork Day Occupancy Factor		75%							
Subtotal	\$	-							
Public Portion									
Number of workdays per year	5	250							
Workday Parking Hours		10							
Work Day Occupancy Factor		75%							
Subtotal	\$	-							
Total	\$	182,970							
Public Portion									
Parking-Replacement									
Parking Surplus(Public Parking)									
Total Parking upon completion		173	1	55,360					
		-	-	-					
		173	-	55,360					31%
Public Parking Operations									
# of Hourly Spaces				173					
Hourly Parking Rate		\$1.30							
Number of Nonwork Days per year		115							
Nonwork Days Parking Hours		14							
Nonwork Day Occupancy Factor		75%							

Subtotal		271,567			
Number of workdays per year		250			
Workday Parking Hours		10			
Work Day Occupancy Factor		75%			
Subtotal		\$421,066			
Annual Income to City from Lot 5 Garage		\$693,254			
Garage Operating Expenses	6	65%			
Net Income		\$242,639			
Footnotes					
					1 Assume Monthly Parking is Parking Residential and Storage combined.
					2 Assume \$50 per month parking lease per space
					3 This is the number of Hourly Spaces (Retail Spaces, Replacement, and Surplus parking).
					4 Weekends and Holidays annually.
					5 Number of weekdays annually.
					6 Assume 65% Operating Expenses for City portion of Garage.

Town Non-Tax Income/Tax Revenue											
[REDACTED]											
Income To City											
Property Taxes											
Residential	273,973	273,973	273,973	282,192	282,192	282,192	282,192	290,658	290,658	290,658	299,378
Retail	62,079	62,079	62,079	63,941	63,941	63,941	63,941	65,859	65,859	65,859	67,835
Garage	106,709	106,709	106,709	109,911	109,911	109,911	109,911	113,208	113,208	113,208	116,604
Total Property Tax	442,761	442,761	442,761	456,044	456,044	456,044	456,044	469,725	469,725	469,725	483,817
Property Tax Allocations											
Orange County	226,925	226,925	226,925	233,732	233,732	233,732	233,732	240,744	240,744	240,744	247,967
Chapel Hill/Carrboro School District	51,574	51,574	51,574	53,121	53,121	53,121	53,121	54,715	54,715	54,715	56,356
Chapel Hill City Revitalization	148,275	148,275	148,275	152,723	152,723	152,723	152,723	157,305	157,305	157,305	162,024
Downtown Revitalization District	15,988	15,988	15,988	16,468	16,468	16,468	16,468	16,962	16,962	16,962	17,470
Property Tax Income Available	164,263	164,263	164,263	169,190	169,190	169,190	169,190	174,266	174,266	174,266	179,494
Non-Tax Income											
Land Lease Payment	\$ 126,000	\$ 151,200	\$ 176,400	\$ 214,200	\$ 252,000	\$ 252,000	\$ 252,000	\$ 259,535	\$ 259,535	\$ 259,535	\$ 267,295
Parking Income	\$ 242,639	\$ 246,279	\$ 249,973	\$ 253,722	\$ 257,528	\$ 261,391	\$ 265,312	\$ 269,292	\$ 273,331	\$ 277,431	\$ 281,531
Total Non-Tax Income	\$ 368,639	\$ 397,479	\$ 426,373	\$ 467,922	\$ 509,528	\$ 513,391	\$ 513,391	\$ 528,827	\$ 532,866	\$ 532,866	\$ 548,826
Total Income to TCH from Lot 5	\$ 532,902	\$ 561,741	\$ 590,636	\$ 637,113	\$ 678,719	\$ 682,582	\$ 699,113	\$ 703,093	\$ 707,132	\$ 707,132	\$ 724,220
											\$ 1,004,127
Town Cost for Lot 5 Garage Portion	\$ 2,955,621										
Town Cost for Lot 5 Delta Δ	\$ 1,654,873										
Subtotal	\$ 4,610,494										
Footnotes											
1	\$1.717 per \$100 of Assessed Value										
	Orange County										
	0.88000										
	0.20000										
	Chapel Hill/Carrboro School District										
	0.57500										
	Chapel Hill City Revitalization										
	0.06200										
	Downtown Revitalization District										
	\$1.71700										
	Total Property Tax										
2	Base Rent is increased every 3 yr by the 2004 CPI at 2.99%										
3	This is the Town's portion of the Total Development Cost for the Lot 5 Garage (173 replacement spaces).										
4	This is the difference the in cost the developer incurs as a result of having to build underground vs. above ground parking at Lot 5.										



Development Scenario: C-3 Wallace Deck Extension (Phase 1B)



Finance Model Downtown Chapel Hill Projects Town of Chapel Hill, North Carolina

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Stainback Public/Private Real Estate (SPPRE)
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Wallace Deck Extension

Development Budget		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Site/Building Data												
Total Gross Land Area	1	52,272										
Appraised Land Value	2	\$ 1,986,336										
Gross Areas (GSF)												
Residential-Market Rate & Affordable		136,400										
Retail		4,000										
Garage		25,600										
Subtotal		166,000										
Leasable Areas (LSF)												
Residential-Market Rate		125,488										125,488.00
Retail		3,660										3,660.00
Garage	3	25,600										25,600.00
Subtotal		154,768										154,768.00
Building Costs												
Residential-Market Rate	4	\$ 12,748,162										
Retail		\$ 291,803										
Retail TI Allowance		\$ 106,720										
Garage		\$ 1,036,835										
Subtotal		\$ 14,183,520										
Hard Cost Contingency (3.0%)												
		\$ 425,606										
Total Hard Costs		\$ 14,609,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,609,026
Total Hard Costs/ Residential GSF												
		\$ 107.10										
Total Hard Costs/ Retail GSF												
		\$ 102.62										

Wallace Deck Extension

Reversion Value Analysis										
Permanent Loan :										
\$13,943,000										
	Year									
	1	2	3	4	5	6	7	8	9	10
NOI	1,183,559	1,303,164	1,330,018	1,366,282	1,423,148	1,487,850	1,542,898	1,612,805	1,684,775	1,746,863
Reversion Cash Flow	13,526,389	14,893,307	15,200,207	15,614,646	16,264,547	17,004,003	17,633,115	18,429,775	19,254,572	19,964,148
Cap Rate	8.75%									
Selling Expense	405,792	446,799	456,006	468,439	487,936	510,120	528,993	552,893	577,637	598,924
Fee										
	3%									
Remaining Principal on Perm Loan	13,716,247	13,475,889	13,221,110	12,951,044	12,664,774	12,361,328	12,039,675	11,698,723	11,337,314	10,954,220
Net Proceeds from Sale Before Tax	(595,649)	970,619	1,523,090	2,195,163	3,111,837	4,132,565	5,064,447	6,178,158	7,339,621	8,411,003
Permanent Loan										
Rate	6.00%									
Term	30									
LTV	85%									
Town's Non-Tax Income	10.00%	\$ -	\$ 97,062	\$ 152,309	\$ 219,516	\$ 311,184	\$ 413,255	\$ 506,445	\$ 617,816	\$ 733,962
										\$ 841,100

Wallace Deck Extension

Proforma(10 Years)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Potential Gross Income										
Residential-Market Rate	1,788,204	1,850,791	1,915,569	1,982,614	2,052,005	2,123,825	2,198,159	2,275,095	2,354,723	2,437,138
Retail	106,720	110,455	114,321	118,322	122,464	126,750	131,186	135,778	140,530	145,448
Garage/Private Spaces	92,880	95,666	98,536	101,492	104,537	107,673	110,904	114,231	117,658	121,187
Total	1,987,804	2,056,913	2,128,426	2,202,429	2,279,006	2,358,249	2,440,249	2,525,103	2,612,911	2,703,774
Vacancy/Collections Loss (VCL)	189,492	98,062	101,494	105,047	108,723	112,529	116,467	120,544	124,763	129,129
Vacancy Rate (Resid & R/D/E)	10%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Effective Gross Income (EGI)	1,798,312	1,958,850	2,026,932	2,097,382	2,170,283	2,245,720	2,323,782	2,404,560	2,488,148	2,574,645
Non-Tax Income to Town										
Land Lease Payment(Base)	59,590	77,467	101,303	113,221	119,180	119,180	122,744	122,744	122,744	126,414
Parking Lease Payment	38,640	39,799	40,993	42,223	43,490	44,794	46,138	47,522	48,948	50,416
	98,230	117,266	142,296	155,444	162,670	163,975	168,882	170,266	171,692	176,830
Building Repairs & Maintenance										
Electrical	5,437	5,600	5,768	5,941	6,119	6,303	6,492	6,687	6,887	7,094
Plumbing	2,059	2,121	2,185	2,250	2,318	2,387	2,459	2,533	2,609	2,687
HVAC	17,299	17,818	18,353	18,903	19,470	20,054	20,656	21,276	21,914	22,571
Roof	1,030	1,061	1,092	1,125	1,159	1,194	1,230	1,266	1,304	1,344
Painting	906	933	961	990	1,020	1,050	1,082	1,114	1,148	1,182
Canopies/Store Fronts	2,677	2,758	2,840	2,925	3,013	3,104	3,197	3,293	3,391	3,493
Other	2,067	2,129	2,193	2,258	2,326	2,396	2,468	2,542	2,618	2,697
Total	31,475	32,419	33,392	34,394	35,425	36,488	37,583	38,710	39,872	41,068
Exterior Common Maintenance										
Landscape	14,596	15,034	15,485	15,949	16,428	16,921	17,428	17,951	18,490	19,044
Trash Removal	11,108	11,442	11,785	12,139	12,503	12,878	13,264	13,662	14,072	14,494
Sweeping	6,717	6,918	7,126	7,340	7,560	7,787	8,020	8,261	8,509	8,764
Sidewalk Maintenance	5,931	6,109	6,292	6,481	6,675	6,876	7,082	7,294	7,513	7,739
Security	2,966	3,055	3,146	3,241	3,338	3,438	3,541	3,647	3,757	3,869
Lighting	5,813	5,987	6,167	6,352	6,542	6,738	6,941	7,149	7,363	7,584
Directory/Signs	700	721	743	765	788	812	836	861	887	914
Electricity	15,888	16,364	16,855	17,361	17,882	18,418	18,971	19,540	20,126	20,730
Water	5,437	5,600	5,768	5,941	6,119	6,303	6,492	6,687	6,887	7,094
Other Exterior CAM	3,625	3,733	3,845	3,961	4,079	4,202	4,328	4,458	4,591	4,729
Fire Monitoring Service	2,966	3,055	3,146	3,241	3,338	3,438	3,541	3,647	3,757	3,869
Total	75,745	78,017	80,358	82,769	85,252	87,809	90,444	93,157	95,952	98,830

Wallace Deck Extension

General & Administrative											
6	Management Fee	53,949	66,601	77,023	83,895	86,811	89,829	92,951	96,182	99,526	102,986
7	Commissions-Tenant Rollover	-	3,998	4,367	4,520	4,679	5,185	5,386	5,574	5,769	5,971
	Marketing	5,437	5,600	5,768	5,941	6,119	6,303	6,492	6,687	6,887	7,084
8	Property Taxes	281,544	281,544	281,544	289,990	289,990	289,990	298,690	298,690	298,690	307,651
9	Business & Occupation Tax	-	-	-	-	-	-	-	-	-	-
	Insurance	59,805	61,599	63,447	65,351	67,311	69,331	71,410	73,553	75,759	78,032
	Other	2,471	2,545	2,622	2,700	2,781	2,865	2,951	3,039	3,131	3,224
	Total	403,206	421,887	434,772	452,398	457,692	463,502	477,890	483,725	489,762	504,958
Town Fees											
10	Recycling Fee	3,575	3,575	3,575	3,575	3,575	3,575	3,575	3,575	3,575	3,575
11	Storm Water Fees	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019
12	Water Service Fee	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501
	Total	6,096	6,096	6,096	6,096	6,096	6,096	6,096	6,096	6,096	6,096
	Total Operating Expenses	516,522	538,420	554,617	575,656	584,465	593,895	612,002	621,688	631,681	650,952
	OER	29%	27%	27%	27%	27%	26%	26%	26%	25%	25%
	Total Cash Outflow	\$ 614,753	\$ 655,686	\$ 696,914	\$ 731,100	\$ 747,135	\$ 757,870	\$ 780,884	\$ 791,954	\$ 803,373	\$ 827,782
	Net Operating Income (NOI)	\$ 1,183,559	\$ 1,303,164	\$ 1,330,018	\$ 1,366,282	\$ 1,423,148	\$ 1,487,850	\$ 1,542,898	\$ 1,612,905	\$ 1,694,775	\$ 1,746,963
13	Debt Service	\$ (1,003,144)	\$ (1,003,144)	\$ (1,003,144)	\$ (1,003,144)	\$ (1,003,144)	\$ (1,003,144)	\$ (1,003,144)	\$ (1,003,144)	\$ (1,003,144)	\$ (1,003,144)
	CFBTD	\$ 180,415	\$ 300,020	\$ 326,874	\$ 363,138	\$ 420,004	\$ 484,706	\$ 539,754	\$ 609,461	\$ 681,631	\$ 743,719
14	IRR Including Reversion Value	20.81%									
	Return on Cost (ROC)	8.29%									
	Debt Coverage Ratio (DCR)	1.18	1.30	1.33	1.36	1.42					
	Maximum Loan Amount (Assume 8.5% cap rate, 85% LTV)	\$ 13,824,865									

Wallace Deck Extension

Footnotes																				
1	Assumed market rental rate in year 1 of \$14.25 per LSF.																			
2	Assumed Retail Lease Rate in year 1 of \$29.00 per LSF.																			
3	See Non-Tax Income worksheet. Garage Income has Vacancy Rate built into Income Assumptions.																			
4	Lease Payment is 6.0% of the land value at comparable \$38/sf (with Ramp-Up to 100% yr. 4)																			
5	This is the payment made to City from the Developer for use of existing parking spaces in Wallace Garage (92 spaces).																			
6	Management fee of 4.00% of Effective Gross Income. (with Ramp-Up)																			
7	Rollover Leasing Commission are paid at 5% of Initial Leasing Commissions for Residential and Retail space.																			
8	Property Tax is \$1,717 per \$100 of Assessed Market Value.																			
9	No B&O Tax applicable.																			
10	Recycling Fee: Basic Service (\$27/unit/yr) fee plus multifamily unit recycling service fee (\$14/unit/yr).																			
11	\$39 per every 2,000sf of impervious surface.																			
12	Assume 3' meter size at \$125.12 per month																			
13	Debt Service is calculated on the Reversionary Value Worksheet.																			
14	Assume building is sold in year 10 and town receives 10% of proceeds.																			

Wallace Deck Extension

Town Non-Tax Income/Tax Revenue											
[REDACTED]											
Income To City											
Property Taxes											
Residential	253,052	253,052	260,643	260,643	260,643	260,643	268,463	268,463	268,463	276,517	
Retail	7,911	7,911	8,148	8,148	8,148	8,392	8,392	8,392	8,392	8,644	
Garage	20,581	20,581	21,199	21,199	21,199	21,835	21,835	21,835	21,835	22,490	
Total Property Tax	281,544	281,544	289,990	289,990	289,990	298,690	298,690	298,690	298,690	307,651	
Property Tax Allocations											
Orange County	144,297	144,297	148,626	148,626	148,626	153,085	153,085	153,085	153,085	157,678	
Chapel Hill/Carrboro School District	32,795	32,795	33,779	33,779	33,779	34,792	34,792	34,792	34,792	35,836	
Chapel Hill City Revitalization	94,285	94,285	97,114	97,114	97,114	100,027	100,027	100,027	100,027	103,028	
Downtown Revitalization District	10,166	10,166	10,471	10,471	10,471	10,766	10,766	10,766	10,766	11,109	
Property Tax Income Available	104,452	104,452	107,585	107,585	107,585	110,813	110,813	110,813	110,813	114,137	
Non-Tax Income to Town											
Land Lease Payment(Base)	59,580	77,467	101,303	119,180	119,180	122,744	122,744	122,744	122,744	126,414	
Parking Lease Payment	38,640	39,799	40,993	43,490	44,794	46,138	47,522	48,948	48,948	50,416	
Total Non-Tax Income	98,230	117,266	142,296	162,670	163,975	168,882	170,266	171,692	171,692	176,830	
Total Income to TCH from Wallace	\$ 202,682	\$ 221,718	\$ 246,748	\$ 263,029	\$ 270,255	\$ 271,560	\$ 279,695	\$ 281,079	\$ 282,504	\$ 290,967	
Net Proceeds to Town Yr. 10										841,100	
Footnotes											
1	\$1.717 per \$100 of Assessed Value										
	Orange County										
	Chapel Hill/Carrboro School District										
	Chapel Hill City Revitalization										
	Downtown Revitalization District										
	Total Property Tax:										
2	Parking Lease income to the Town from 92 spaces leased in existing garage from private developer.										

Development Scenario: C-3 Lot 2 Development (Phase 2A)



Finance Model Downtown Chapel Hill Projects Town of Chapel Hill, North Carolina

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Building Program		Type of Use	Gross SF	Units	Efficiency	Lease SF
Lot 2		Residential-Market Rate	67,840	54	0.92	62,413
		Affordable Housing (20% Allocation)	18,980	14	0.92	15,603
		Retail	20,100	-	0.92	18,482
		Open Space	14,600	-	-	-
		Transit Center	43,560	-	-	-
		Subtotal	163,080	68		96,508
		Total GSF	163,080			
		Average SF per Residential Unit	1,247			
		Footnotes				
		1	Allocation of 20% to Affordable Housing. Financing Instruments TBD. This finance model assumes 100% market-rate rental housing.			

Lot 2

Development Budget		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Sites/Building Data												
	1	42,000										
	2	\$ 1,600,000										
Gross Areas (GSF)												
		84,800										
		20,100										
		104,900										
Leasable Areas (LSF)												
	3	76,016										76,016.00
		18,492										18,492.00
		98,508										98,508.00
Building Costs												
	4	\$ 8,382,727										\$ 8,382,727
		\$ 1,964,542										
	5	\$ 249,842										
		\$ 10,596,911										
		\$ 317,907										\$ 317,907
		\$ 10,914,818	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,914,818
Total Hard Costs												
		\$ 101,82										
		\$ 113,46										

Total Financing Amount (Inc. Interest)	\$ 13,436,344									
Equity/Debt Split (LTV: 85%)										
Equity	\$ 2,015,452									
Debt	\$ 11,420,892									
Total Development Cost/Residential GSF	\$ 122.56									
Total Development Cost/Retail GSF	\$ 151.52									
Footnotes										
1	Land Area per HKS June Report									
2	Source of appraised value: Analytical Consultants Inc. (July 22, 2004 Report)									
3	Represents GSF of all Housing (Market-Rate & Affordable).									
4	From McDonald York Construction Estimate.									
5	Retail Tenant Improvement Allowance is the Leaseable SF multiplied by the annual SF Lease Rate.									
6	The A&E Fee is 5.0% of Total Hard Construction Cost.									
7	A&E Reimbursables cost covers costs such as reproduction of Construction Documents.									
8	Performance Bonds are a surety company's guarantee of completion or performance of a General Contractor's contract.									
9	Included in McDonald-York cost estimate.									
10	Initial Leasing Commission are accrued in years 1-3 for both Market Rate and Retail including the rollover rate of 5% for Retail Space through the 5 yr lease term.									
11	Waived for Town permits?									
12	Inside Town limits: \$6 per fixture, assume 2 fixtures per unit.									
13	TBD-Fee is based on meter/lamps.									
14	All Master Land Use Plans- \$5,000 plus \$20 per 100sf of land area.									
15	Site Plan Review Fee: \$1,700 plus \$17 per 100sf of floor area.									
16	Town Charges \$10-\$20k per site for a Consultant to complete a Traffic Impact Study.									
17	Non-Residential Water service availability fee: \$20,025. (Assume 2" meter)									
18	Residential Sewer Service Availability Fee: \$1,617 (5/8" meter multi-family residential)									
19	Non-Residential Sewer availability fee: \$2,568.00. (Assume 2" meter)									
20	This Development fee is 4.0% of Total Development Budget for Residential/Retail/Garage.									
21	Developer Project Overhead is 75% of Total Development Budget.									
22	Equity Placement Fee is 3.50% of required equity, assume LTV 85%									
23	Debt Placement Fee is 1.5% of required Construction Loan assume LTV 85%									
24	Assume fee of \$1.00 per \$1,000, plus binder fee.									
25	DSRF is a fund for 6-months of Debt Service on permanent loan. (Developers decision)									
26	Assume Construction Period of 15 months: Coupon Rate of: 6.5%									

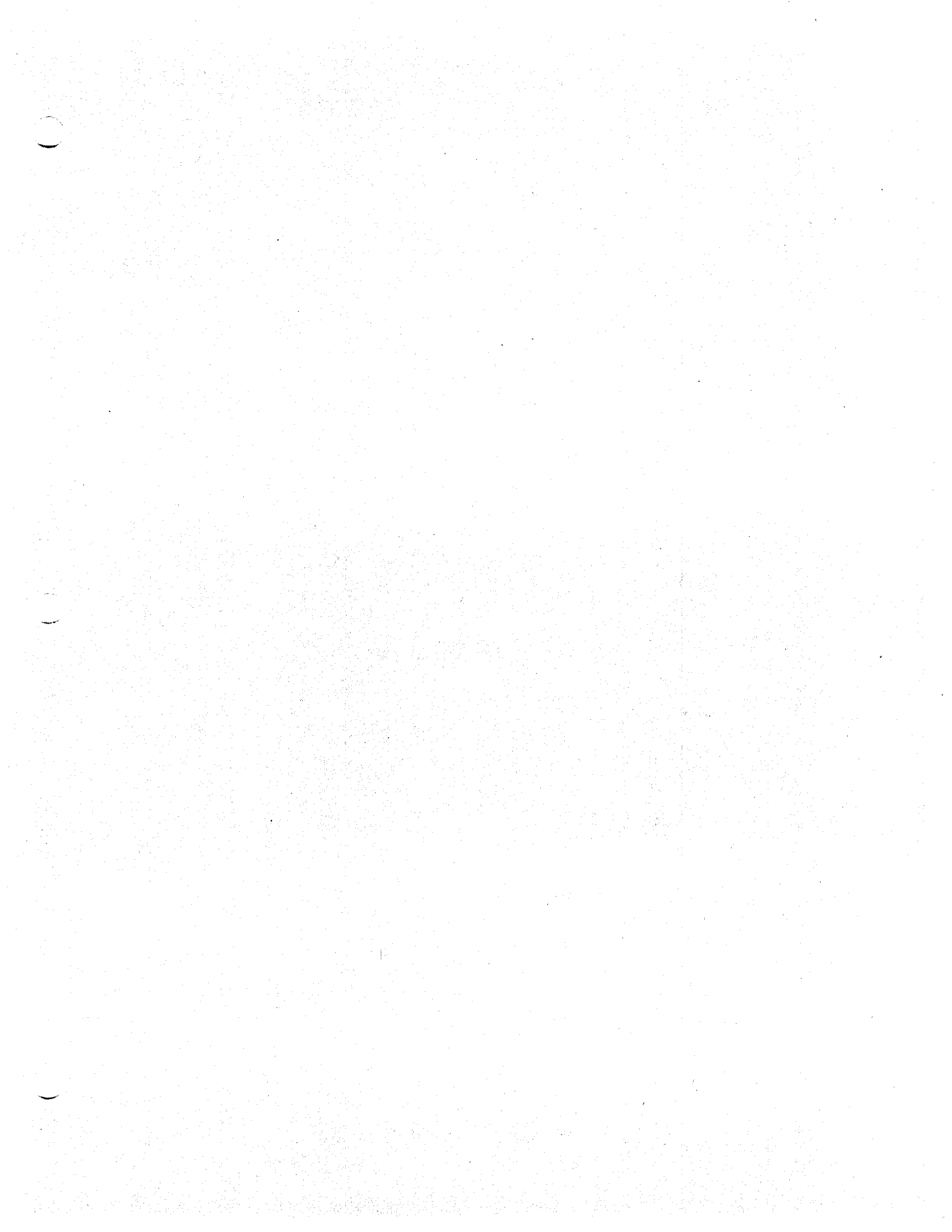
Reversion Value Analysis											
	Year	1	2	3	4	5	6	7	8	9	10
Permanent Loan :		866,254	866,254	866,254	866,254	866,254	866,254	866,254	866,254	866,254	866,254
\$11,420,892											
NOI		1,081,532	1,103,364	1,150,728	1,162,384	1,208,027	1,253,100	1,290,815	1,340,961	1,391,867	1,437,731
Reversion Cash Flow		12,131,792	12,609,762	13,151,173	13,284,388	13,806,023	14,321,146	14,752,171	15,320,882	15,907,052	16,431,213
Cap Rate	8.75%										
Selling Expense		303,954	378,283	394,535	398,532	414,181	429,634	442,565	459,621	477,212	492,938
Fee	3%										
Remaining Principal on Perm Loan		11,240,690	11,046,775	10,844,385	10,628,710	10,394,866	10,147,993	9,895,052	9,635,021	9,306,787	8,999,168
Net Proceeds from Sale Before Tax		527,148	1,182,684	1,912,252	2,258,147	2,868,968	3,743,519	4,424,564	5,238,051	6,123,054	6,949,109
Permanent Loan											
Rate	6.50%										
Term	30										
LTV	85%										
Towns Non-Tax Income		\$ -	\$ 118,269	\$ 191,225	\$ 225,915	\$ 299,696	\$ 374,352	\$ 442,455	\$ 525,805	\$ 612,305	\$ 694,911

Proforma(10 Years)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Potential Gross Income											
1	Residential	1,063,216	1,084,812	1,117,357	1,150,878	1,185,404	1,220,966	1,257,595	1,295,323	1,334,183	1,374,208
2	Retail	619,482	638,066	657,208	676,925	697,232	718,149	739,694	761,885	784,741	808,284
	Total	1,672,698	1,722,879	1,774,565	1,827,802	1,882,636	1,939,115	1,997,289	2,067,208	2,118,924	2,182,491
	Vacancy/Collections Loss (VCL)	146,205	126,982	88,728	91,390	94,132	96,956	99,864	102,860	105,946	109,125
	Vacancy Rate (Resid & R/D/E)	9%	7%	5%	5%	5%	5%	5%	5%	5%	5%
	Effective Gross Income (EGi)	1,526,493	1,595,897	1,685,837	1,736,412	1,788,505	1,842,160	1,897,424	1,964,347	2,012,978	2,073,367
	Non-Tax Income to Town										
3	Land Lease Payment(Base)	64,000	76,800	108,800	128,000	128,000	128,000	131,827	131,827	131,827	131,827
4	Parking Lease Payment at RBC	55,944	55,944	55,944	55,944	55,944	55,944	55,944	55,944	55,944	55,944
	Total	64,000	76,800	108,800	128,000	128,000	128,000	131,827	131,827	131,827	131,827
	Building Maintenance										
	Electrical	4,062	4,184	4,310	4,439	4,572	4,709	4,850	4,996	5,146	5,300
	Plumbing	1,539	1,585	1,632	1,681	1,732	1,784	1,837	1,892	1,949	2,008
	HVAC	12,925	13,313	13,712	14,123	14,547	14,984	15,433	15,896	16,373	16,864
	Roof	789	792	816	841	866	892	919	946	975	1,004
	Painting	677	697	718	740	762	785	808	833	856	883
	Canopies/Store Fronts	2,000	2,060	2,122	2,186	2,251	2,319	2,388	2,460	2,534	2,610
	Other	1,539	1,585	1,632	1,681	1,732	1,784	1,837	1,892	1,949	2,008
	Total	23,511	24,216	24,943	25,691	26,462	27,256	28,074	28,916	29,783	30,677
	Exterior CAM										
	Landscape	10,905	11,233	11,570	11,917	12,274	12,642	13,022	13,412	13,815	14,229
	Trash Removal	8,300	8,549	8,805	9,069	9,341	9,622	9,910	10,208	10,514	10,829
	Sweeping	5,018	5,169	5,324	5,484	5,648	5,818	5,992	6,172	6,357	6,548
	Sidewalk Maintenance	4,431	4,564	4,701	4,842	4,988	5,137	5,291	5,450	5,614	5,782
	Security	2,216	2,282	2,351	2,421	2,494	2,569	2,646	2,725	2,807	2,891
	Lighting	4,343	4,473	4,607	4,746	4,888	5,035	5,186	5,341	5,501	5,666
	Directory/Signs	523	539	555	572	589	606	625	643	663	683
	Electricity	11,870	12,227	12,593	12,971	13,360	13,761	14,174	14,599	15,037	15,488
	Water	4,062	4,184	4,310	4,439	4,572	4,709	4,850	4,996	5,146	5,300
	Other Exterior CAM	2,708	2,789	2,873	2,959	3,048	3,139	3,234	3,331	3,431	3,533
	Fire Monitoring Service	2,216	2,282	2,351	2,421	2,494	2,569	2,646	2,725	2,807	2,891
	Total	56,593	58,291	60,040	61,841	63,696	65,607	67,575	69,602	71,690	73,841

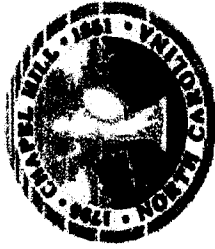
General & Administrative																				
Management Fee	5	45,795	54,280	60,690	69,456	71,540	73,686	75,997	78,174	80,519	82,935									
Leasing Commissions	6	-	2,395	2,494	2,706	2,787	4,810	4,998	5,217	5,373	5,535									
Marketing		4,062	4,184	4,310	4,439	4,572	4,709	4,850	4,996	5,146	5,300									
Property Taxes	7	219,361	219,361	219,361	225,942	225,942	225,942	232,720	232,720	232,720	239,702									
Business & Occupation Tax	8	-	-	-	-	-	-	-	-	-	-									
Insurance		44,683	46,024	47,405	48,827	50,292	51,800	53,354	54,955	56,604	58,302									
Other		1,846	1,902	1,959	2,018	2,078	2,141	2,205	2,271	2,339	2,409									
Total		315,748	328,127	336,218	353,388	357,211	363,088	374,025	378,333	382,701	394,182									
Town Fees																				
Recycling Fee	9	2,788	2,788	2,788	2,788	2,788	2,788	2,788	2,788	2,788	2,788									
Storm Water Fees	10	819	819	819	819	819	819	819	819	819	819									
Water Service Fee	11	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501									
Total		5,108	5,108	5,108	5,108	5,108	5,108	5,108	5,108	5,108	5,108									
Total Operating Expenses		400,961	415,743	426,309	446,028	452,478	461,059	474,782	481,959	489,283	503,809									
OER		26%	26%	25%	26%	25%	25%	25%	25%	24%	24%									
Total Cash Outflow		\$ 464,961	\$ 492,543	\$ 535,109	\$ 574,028	\$ 580,478	\$ 589,059	\$ 606,808	\$ 613,787	\$ 621,111	\$ 635,636									
Net Operating Income (NOI)		\$ 1,061,532	\$ 1,103,354	\$ 1,160,728	\$ 1,162,384	\$ 1,206,027	\$ 1,253,100	\$ 1,290,815	\$ 1,340,561	\$ 1,391,867	\$ 1,437,731									
Debt Service	12	\$ (866,254)	\$ (866,254)	\$ (866,254)	\$ (866,254)	\$ (866,254)	\$ (866,254)	\$ (866,254)	\$ (866,254)	\$ (866,254)	\$ (866,254)									
CFBTD		\$ 195,278	\$ 237,100	\$ 284,474	\$ 296,130	\$ 341,773	\$ 396,847	\$ 424,561	\$ 474,307	\$ 525,613	\$ 571,477									
IRR including Reversion Value	13	21.86%																		
Return on Cost (ROC)		8.99%																		
Debt Coverage Ratio (DCR)	14	1.23	1.27	1.33	1.34	1.39														
Maximum Loan Amount		\$ 11,735,119																		
(Assume 8.6% cap rate, 85% LTV)																				

Footnotes	1	Based on 100% Market Rate Housing. Assumed market rental rate in year 1 of \$13.50 per LSF.
	2	Assume Retail Rate in year 1 of \$33.50 per LSF. (Includes Retail CAM reimbursement in LSF rate)
	3	Lease Payment to Town from developer is 8.0% of appraised value. (with Ramp-up to 100% yr. 4)
	4	Long Term Parking leases at RBC for Lot 2 Parking Demand.
	5	Management fee is 4.0% of Effective Gross Income. This also includes a Ramp-Up period.(yrs 1-4)
	6	Rollover Leasing Commission are paid at 5% of Initial Leasing Commissions for Residential and Retail space.
	7	Property Tax is \$1.717 per \$100 of Assessed Market Value.
	8	Business & Occupation Tax not applied.
	9	Recycling Fee: Basic Services(\$27/unit/yr) fee plus multifamily unit recycling service fee(\$14/unit/yr).
	10	\$39 per 2,000sf of Impervious surface.
	11	Assume 3" meter size at \$125.12 per month
	12	Debt Service is calculated on the Reversionary Value Worksheet. (Assumptions: 6.50%, Term: 30 years)
	13	Assume building is sold in year 10 and town receives 10% of proceeds.
	14	Capital markets require a DCR equal to 1.20 or greater.

Town Non-Tax Income/Tax Revenue												
Income To Town												
Property Taxes												
Residential	169,647	169,647	174,736	174,736	179,978	179,978	179,978	179,978	179,978	179,978	179,978	185,377
Retail	49,715	49,715	51,206	51,206	52,742	52,742	52,742	52,742	52,742	52,742	52,742	54,325
Total Property Tax	\$ 219,361	\$ 219,361	\$ 225,942	\$ 225,942	\$ 232,720	\$ 232,720	\$ 232,720	\$ 232,720	\$ 232,720	\$ 232,720	\$ 232,720	\$ 239,702
Property Tax Allocations												
Orange County	112,427	112,427	115,800	115,800	119,274	119,274	119,274	119,274	119,274	119,274	119,274	122,853
Chapel Hill/Carrboro School District	25,552	25,552	26,318	26,318	27,108	27,108	27,108	27,108	27,108	27,108	27,108	27,921
Chapel Hill City Revitalization	73,461	73,461	75,665	75,665	77,935	77,935	77,935	77,935	77,935	77,935	77,935	80,273
Downtown Revitalization District	7,921	7,921	8,159	8,159	8,403	8,403	8,403	8,403	8,403	8,403	8,403	8,656
Property Tax Income Available	\$1,382	\$1,382	\$3,824	\$3,824	\$6,338	\$6,338	\$6,338	\$6,338	\$6,338	\$6,338	\$6,338	\$8,928
Non-Tax Income to Town												
Land Lease Payment(Base)	\$ 64,000	\$ 76,800	\$ 128,000	\$ 128,000	\$ 131,827	\$ 131,827	\$ 131,827	\$ 131,827	\$ 131,827	\$ 131,827	\$ 131,827	\$ 135,769
Total Non-Tax Income	\$ 64,000	\$ 76,800	\$ 128,000	\$ 128,000	\$ 131,827	\$ 131,827	\$ 131,827	\$ 131,827	\$ 131,827	\$ 131,827	\$ 131,827	\$ 136,769
Total Income to TCH from Lot 2	\$ 146,382	\$ 158,182	\$ 211,824	\$ 211,824	\$ 218,166	\$ 218,166	\$ 218,166	\$ 218,166	\$ 218,166	\$ 218,166	\$ 218,166	\$ 224,697
												694,911
Footnotes												
1	\$1,717 per \$100 of Assessed Value											
	0.89000	Orange County										
	0.20000	Chapel Hill/Carrboro School District										
	0.57500	Chapel Hill City Revitalization										
	0.06200	Downtown Revitalization District										
	\$1,71700	Total Property Tax										
2	Base rent is increased every 3 years by the 2004 CPI at 2.99%.											
	Payments are reduced in ramp-up years to increase IRR and ROC to meet Capital Market requirements.											



Development Scenario: C-3 RBC Garage (Phase 2B)



Finance Model Downtown Chapel Hill Projects Town of Chapel Hill, North Carolina

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Stainback Public/Private Real Estate LLC (SPPRE)

Building Program			
Type of Use	Gross SF	Units	Efficiency Lease SF
RBC			
Retail Space-Ground Level	1	8,400	7,728
			0.92
Parking-Residential(Lot 2)	2	32,640	1 32,640
Parking-Retail(Lot2)		12,160	38 1 12,160
Parking-Retail(RBC)		5,440	17 1 5,440
Parking-Replacement(Lot 2)		32,320	101 1 32,320
Totals after completion		82,560	258
Total GSF		90,960	
Parking Spaces/SF	3	320	
Footnotes			
	1	Retail Space on Ground Level. (5 level garage / 4.5 levels of parking)	
	2	Replacement spaces from Lot 2.	
	3	Parking SF used by McDonald York	

Total Development Budget		Total
Site/Building Data		
Total Land Area GSF		26,055
Value of Opinion	1 \$	990,090
McDonald York Cost Estimates		
RBC Garage per SF	2 \$	35
Lot 2 Retail per SF	3 \$	73
Building Costs		
RBC Garage Cost	\$	2,889,600
Retail	\$	612,780
Retail TI	4 \$	243,432
Demolition & Sitework	\$	100,000
Total	\$	3,845,812
Hard Cost Contingency (3.0%)	\$	115,374
Total Hard Costs	\$	3,004,974
Total Hard Construction Costs/Garage LSF	\$	36.40
Total Hard Construction Costs/Retail LSF	\$	79.29
Soft Costs		
Architectural & Engineering	\$	100,000
A&E Reimbursables	\$	10,000
Bonds	\$	80,000
Materials Testing & Inspection	\$	50,000
Leasing Commissions	\$	14,606
Soil Analysis	\$	10,000
Soft Cost Contingency (3%)	\$	7,938
Total	\$	272,644
Total Hard and Soft Development Costs	\$	3,277,518
Footnotes		
1	Value of Opinion from CBRE not yet obtained. Assumed \$38/sf. SPPRE assumes TCH and RBC can structure a lease/swap at Lot 5.	
2	From McDonald York Cost estimate for RBC Garage.	
3	Used Lot 2 SF costs to estimate RBC Retail Cost.	
4	Retail LSF at \$31.50	

Finance									
Permanent Loan Debt	\$ 3,277,518	Principal	Interest	Payment	Balance	Year			
Rate	5.00%	163,876	163,876	327,752	3,113,643	1			
Term (yrs)	20	163,876	155,682	319,558	2,949,767	2			
		163,876	147,488	311,364	2,766,691	3			
		163,876	139,295	303,170	2,622,015	4			
		163,876	131,101	294,977	2,458,139	5			
		163,876	122,907	286,783	2,294,263	6			
		163,876	114,713	278,589	2,130,387	7			
		163,876	106,519	270,395	1,968,511	8			
		163,876	98,326	262,201	1,802,635	9			
		163,876	90,132	254,008	1,638,759	10			
		163,876	81,938	245,814	1,474,883	11			
		163,876	73,744	237,620	1,311,007	12			
		163,876	65,550	229,426	1,147,131	13			
		163,876	57,357	221,232	983,256	14			
		163,876	49,163	213,039	819,380	15			
		163,876	40,969	204,845	655,504	16			
		163,876	32,775	196,651	491,628	17			
		163,876	24,581	188,457	327,752	18			
		163,876	16,388	180,264	163,876	19			
		163,876	8,194	172,070	0	20			

Proforma (20 Years)												
Income												
Retail Income	1	243,432	250,735	258,257	266,005	273,985	282,204	290,671	299,391	308,372	317,624	
Parking Lease Income	2	58,800	60,564	62,381	64,252	66,180	68,165	70,210	72,317	74,486	76,721	
Replacement Parking Income	3	384,507	396,042	407,923	420,161	432,766	445,749	459,121	472,895	487,062	501,694	
Potential Gross Income (PGI)		686,739	707,341	728,561	750,418	772,931	796,119	820,002	844,602	869,940	896,039	
Vacancy/Collections Loss (5.0%)		34,337	35,367	36,428	37,521	38,647	39,806	41,000	42,230	43,497	44,802	
Effective Gross Income (EGI)		721,076	742,706	764,969	787,939	811,677	836,925	861,002	886,832	913,437	940,841	
Garage O&E	4											
Payroll		174,500	179,735	185,127	190,681	196,402	202,294	208,363	214,613	221,052	227,683	
Benefits		47,591	49,019	50,489	52,004	53,564	55,171	56,826	58,531	60,287	62,095	
Utilities		47,591	49,019	50,489	52,004	53,564	55,171	56,826	58,531	60,287	62,095	
Maintenance		35,693	36,764	37,867	39,003	40,173	41,378	42,620	43,898	45,215	46,572	
Insurance		27,761	28,594	29,452	30,336	31,246	32,183	33,149	34,143	35,167	36,222	
Supplies		11,898	12,255	12,622	13,001	13,391	13,793	14,207	14,633	15,072	15,524	
Miscellaneous		3,966	4,095	4,207	4,334	4,464	4,598	4,736	4,878	5,024	5,175	
Total Expenses		396,892	369,471	370,265	381,363	392,803	404,688	416,725	429,227	442,104	455,367	
OER		55%	48%	48%	48%	48%	48%	48%	48%	48%	48%	
Building Maintenance	5											
Electrical		325	335	345	355	366	377	388	400	412	424	
Plumbing		123	127	131	135	139	143	147	152	156	161	
HVAC		1,035	1,066	1,098	1,131	1,165	1,200	1,236	1,273	1,311	1,350	
Roof		62	63	65	67	69	71	74	76	78	80	
Painting		54	56	58	59	61	63	65	67	69	71	
Canopies/Store Fronts		160	165	170	175	180	186	191	197	203	209	
Other		123	127	131	135	139	143	147	152	156	161	
Total		1,883	1,939	1,997	2,057	2,119	2,183	2,248	2,315	2,385	2,456	
Exterior CAM												
Landscape		873	899	926	954	983	1,012	1,043	1,074	1,106	1,139	
Trash Removal		665	685	705	726	748	770	794	817	842	867	
Sweeping		402	414	426	439	452	466	480	494	509	524	
Sidewalk Maintenance		355	365	376	388	399	411	424	436	450	463	
Security		177	183	188	194	200	206	212	218	225	232	
Lighting		348	358	369	380	391	403	415	428	441	454	
Directory/Signs		42	43	44	46	47	49	50	52	53	55	
Electricity		951	979	1,008	1,039	1,070	1,102	1,135	1,169	1,204	1,240	
Water		325	335	345	355	366	377	388	400	412	424	
Other Exterior CAM		217	223	230	237	244	251	259	267	275	283	
Fire Monitoring Service		177	183	188	194	200	206	212	218	225	232	
Total		4,532	4,668	4,808	4,952	5,101	5,254	5,411	5,573	5,741	5,913	

Income Assumptions										
	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
	1	2	3	4	5	6	7	8	9	10
Retail Income										
Rate per SF	\$ 31.50	\$ 32.45	\$ 33.42	\$ 34.42	\$ 35.45	\$ 36.52	\$ 37.61	\$ 38.74	\$ 39.90	\$ 41.10
Base Rent	\$ 26.88	\$ 27.68	\$ 28.51	\$ 29.37	\$ 30.25	\$ 31.16	\$ 32.09	\$ 33.05	\$ 34.05	\$ 35.07
Retail CAM Reimbursement	\$ 4.62	\$ 4.76	\$ 4.91	\$ 5.05	\$ 5.20	\$ 5.36	\$ 5.52	\$ 5.69	\$ 5.86	\$ 6.03
Parking Income										
Parking-Residential(Lot 2)	102									
Parking-Retail(Lot2)	38									
Parking-Retail(RBC)	17									
Parking-Replacement(Lot 2)	101									
Totals after completion	258									
Garage Maximum Spaces	270									
Garage Surplus	12									
Daily Parking (Replacement)										
Replacement Parking Operations										
Hourly Spaces	101									
Hourly Parking Rate	\$1.60									
Number of Nonwork Days	115									
Nonwork Days Parking Hours	14									
Nonwork Day Occupancy Factor	75%									
Subtotal	\$ 195,132									
Number of workdays	250									
Workday Parking Hours	10									
Work Day Occupancy Factor	75%									
Subtotal	\$ 189,375									
Subtotal	\$ 384,507									
Footnotes										
1	Assume that there are no Lot 2 Residential Storage Spaces in RBC Garage									
2	Because of the elimination of Residential Storage, the RBC Garage can be 5 levels, 300 spaces, with one floor of Retail.									
	SPPRE has eliminated the Town incurring the cost of surplus parking.									
3	Only the 101 replacement spaces are charged a parking rate, the 17 spaces required by the Retail component will not be charged.									