

City of Lee's Summit Colbern Ridge LCRA Project

Financial Analysis | May 12, 2023







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Columbia Capital is an SECregistered investment adviser and a registered municipal advisor. Columbia Capital provides advice as a fiduciary to its clients.



INTRODUCTION

Colbern-Rice Investments, LLC, a Missouri limited liability company (the "Developer"), will submit its LCRA Development Plan dated May 24, 2023, (the "Plan") to the Land Clearance for Redevelopment Authority ("Authority") of the City of Lee's Summit, Missouri (the "City") for consideration. The Plan describes the construction of a mixed-use development consisting of: approximately 136 apartment units; 220 senior-only multifamily units; approximately 28,500 sf of medical office building space; and approximately 30,000 square feet of office, warehouse/office and other commercial uses on a 41.4 acre site at the northeast corner of Rice Rd. and Colbern Rd. (the "Project"). As of May 12, 2023, the Developer is constituted as an active limited liability company according to the records of the Missouri Secretary of State.

The City engaged Columbia Capital Management, LLC ("Columbia") to provide a financial analysis (the "Analysis") of the Plan, including an assessment of the impact of Authority incentives on the project. The Analysis assumes the following incentives will be available to the Project:

- A sales and use tax exemption on construction materials
- A property tax abatement at 50% for up to 25 years. The benefit of the abatement is to be conferred to the Developer in the form of assessments paid to the Developer to reimburse its costs of constructing public improvements supporting the Project
- A 1% community improvement district (CID) sales tax for up to 27 years, with proceeds available to the Developer to reimburse its qualifying development costs

The Developer reports a \$44,497,442 total development cost budget for the Project, including \$4,000,000 of public improvement costs eligible for reimbursement from assessments. Per the Developer's assumptions, we assume the final component of the Project will be completed in 2027.

RELATIONSHIPS

Columbia Capital Management, LLC (the "Financial Advisor") is a registered municipal advisor and serves as the City's financial advisor. The City engaged the Financial Advisor to provide a financial evaluation of the Plan. The Financial Advisor is not now, nor has ever been, engaged by the Developer or its related entities to provide it with similar services. The reader's interests may vary from those of the City's or the Authority's.

RELIANCE

This Analysis is not a projection of the likelihood of success of the Project proposed in the Plan and as described more fully herein. In preparing this analysis, the Financial Advisor relied upon certain data and information supplied to it by the Developer, contained both in the Plan, delivered to the Authority and provided to it separately.

Except where noted herein, the Financial Advisor has relied upon this data and information without independently verifying the veracity or reliability of such information. The Analysis may not be used, except in the context of the City's review of the Developer's request for incentives. The Analysis assumes all components of the Project are developed as described herein.

As with any work of this kind, the Analysis is almost exclusively forward-looking. The reader should note that small changes in modeling inputs could have significant impacts on modeled financial outcomes. The reader must consider this Analysis in light of contractual arrangements that the City would expect to undertake with the Developer to formalize the development components of the Plan and their anticipated timing for completion.

THE PROJECT

The Project consists of land acquisition, engineering, site preparation, construction of public and private infrastructure improvements to construct approximately 136 apartment units, 220 senior-only multifamily units, approximately 28,500 sf of medical office building space, and approximately 30,000 square feet of office, warehouse/office and other commercial uses on a 41.4 acre site at the northeast corner of Rice Rd. and Colbern Rd. The Developer reports its intention to complete all work by 2027.

We anticipate that the multifamily uses will drive the financial success of the Project and its ultimate economic value, with the Developer's projections showing that 75% of valuation from tax purposes will come from the multifamily uses.

DEVELOPMENT BUDGET AND PROJECT COST

The Developer's Project budget shows the following expected total development costs in the aggregate, with costs eligible for reimbursement via the LCRA tax abatement noted.

Totals	\$ 44,497,442	\$ 4,000,000
Contingency	2,393,453	-
Soft Costs	3,191,272	-
Building Construction	30,412,717	-
Private	1,500,000	-
Public	4,000,000	4,000,000
Sitework/Infrastructure		
Land Acquisition	\$ 3,000,000	\$ -
ESTIMATED USES OF FUNDS	TOTALS	LCRA Eligible

CAPITAL STACK

Due to the pay-as-you-go nature of the proposed incentives, the Developer will be obligated to finance the total development cost of the Project ahead of reimbursement being generated. The Developer reports its expectation that the project will have a 50% loan-to-cost. We believe this to likely be too conservative and would ultimately expect the loan-to-cost to be closer to 65-70%. If that were to occur, it would boost the Developer's leveraged rates of return discussed later in this Analysis.

ESTIMATED SOURCES OF FUNDS	
Debt (50%)	\$ 22,248,721
Equity (50%)	22,248,721
TOTAL SOURCES	\$ 44,497,442

The Developer did not provide us with and we did not review evidence of the Developer's capacity to provide the more than \$22 million in equity to the Project nor to secure the private financing necessary to complete the capital stack.

EVALUATING THE APPROPRIATENESS OF INCENTIVES AND DEVELOPER'S RATE OF RETURN CALCULATIONS

The City's ultimate desire for any commercial property is that it be developed to its highest and best use. An efficiently used site will maximize the City's future tax receipts from the Project and will provide the community with access to amenities and experiences that might not be available today. Ideally, a private developer would produce such an outcome without public subsidy in the project.

Philosophical Approach. Most modern urban redevelopment suffers from challenges that increase project costs and reduce investor returns versus similar projects on "greenfield" sites (undeveloped properties with no impediments to development). Demolition and site preparation, environmental remediation, new or revitalized public utilities, and parking and transportation infrastructure improvements are the common drivers of these higher costs. Philosophically, cities desire to "level the playing field" between more expensive infill sites and less costly greenfield sites through the payment of incentives to infill developers. Cities desire to provide incentives that will equalize the profitability of an infill site and a greenfield site. The challenge for all cities is the asymmetry of information available to assess what, exactly, is this "perfect" level of incentive. Developers often have a desired minimum amount of incentives in mind, but cities are forced to guess this number. A key risk for a city in this challenging dance is that it ends up over-incentivizing the infill project

by agreeing to pay the developer a subsidy amount higher than the developer would have accepted to move forward with the project.

In order to assess the value to the Developer of the incentives requested, it is important first to try to quantify their value. All financial projections suffer from a very fuzzy crystal ball. The potential end-of-life of the incentives requested for the Project is more than 27 years from now. The risk of this uncertainty generally falls mostly to the Developer—that is the reason it demands a rate of return on the Project that substantially exceeds a "risk free" rate of return.

The City is also at risk, however, in this transaction. By granting incentives, it is making an affirmative decision to cause a project to develop at this site that the market itself will not support. Further, it agrees to continue to support that project financially for the better part of three decades. There is an opportunity cost to the City to forgo a portion of the incremental property taxes from the Project during the life of the abatement (although it is impossible to know what that opportunity cost is without knowing what might have been developed on this site instead of the Project).

"But-For" Test. Many local governments include a policy requirement that a project seeking incentives satisfy a "but-for" test. The but-for test is simple in theory: but-for the presence of the incentives, the project would not proceed. As described above, urban infill development faces significant barriers to attracting private capital versus less costly, more certain greenfield developments.

In practice, the but-for test is hard to apply. A city does not know the intentions of the developer and the developer has an incentive (and depending on its corporate structure, potentially a duty) to maximize its return from the investment in a project. The but-for calculation generally relies on a comparison of the developer's return on investment, both with and without incentives, against market rates of return for similar projects. These types of analyses are blunt instruments, at best. Legitimate debates persist about calculation inputs, cashflow discounting rates and calculation mechanics at the end of the analysis period. Additionally, these analyses are often performed using concept plan-level project cost information, generic assumptions about sources of project income (lease rates, property sale proceeds), and speculative estimates of potential drivers of new tax revenues (post-construction equalized assessed valuation, in this case). The result is that a developer of a project and a city providing the incentives for that project can draw very different conclusions from the same set of analytical inputs.

Required Return. As described above, the City's interest (presuming it desires to see the Developer construct the Project) is to provide just enough incentive to cause the Developer to proceed with the Project—but not a penny more. Where the parties have diametrically opposing interests (the Developer wants to maximize its incentives grant while the City wants to pay none), we look to calculate the Project's internal rate of return ("IRR") with and without incentives, and then compares those rates with market rates of return for similar projects.

Based upon third-party reports published by real estate companies active in the Kansas City market and nationally, as well as those published by Johnson County, Kansas, which has an economy similar to the one in Lee's Summit, recent "capitalization rates" for the components of the Project are noted in the table below. The capitalization rate or cap rate an indicator of value relative to stabilized net operating income (NOI)—is a commonly used metric of real estate pricing. Cap rate is a measure of property value per dollar of current net income. Cap rate is useful as a basic valuation measure so an investor can see how a specific project's valuation compares to other, similar projects. IRR is similar to the concept of "net present value," and captures the rate of return earned on an investment during a specific time frame, assuming a reinvestment of cash flows at the same return rate. As a result, we can use the cap rate as a proxy for the market rate of return required to induce the Developer to invest in the Project versus another development elsewhere, although we do note that most Developers would seek to "go in" to a project at a rate higher than current cap rates in order to provide some conservatism and to provide room for spread compression: the idea that it might be able to exit at a more favorable (lower) capitalization rate than where it entered the project.

Anecdotally, we understand from other developers and real estate practitioners that dramatically rising interest rates during 2022 and early 2023 are already weakening demand for most asset classes, save, maybe, for multifamily which, in Kansas City as in other markets, continues to see very low vacancy rates.

Use	Capitalization Rates
Apartments (Johnson Co., KS)†	4.75%
Apartments (Central US)	5.23%
Office (Johnson Co.)††	7.50%
Office (Central US)	7.85%
Office/Warehouse (JoCo) +++	6.25% - 7.25%
Flex Industrial (Central US)	7.48%
Retail (JoCo)††††	6.50%
Retail (Central US)	7.90%
† 'A' Quality, Less that	

+ 'A' Quality, Less than 20,000 sf +++ 'A' Quality, Small Scale Office/Warehouse mix ++++ 'A' Quality, Standalone retail

As noted above, we expect the multifamily components of the Project to drive its financial success and, as such, believe the cap rate expectation should be heavily weighted toward multifamily. Given trends in interest rates and tightening credit markets, we would anticipate a developer would likely need to see project (unleveraged) returns of approximately 6.0% to 6.5% to undertake a similar project. We have assumed a 6.5% cap rate/benchmark return for our analysis.

Leveraged vs. Unleveraged Returns. A cap rate is measure of a project's economic productivity in reference to its sale price. It implicitly assumes the reference project is funded with 100% equity. In this way, it is possible to compare cap rates across projects of different characteristics in different locations. As such, cap rates provide a useful benchmark for us to assess the appropriateness of a return of a subject property.

An unleveraged IRR or project IRR is a rate of return calculation assuming the subject property is funded 100% by developer equity. Because unleveraged IRR ignores the financing structure of the project, the metric permits comparisons across disparate projects and regions, against competing investments (say, stocks or bonds) and, importantly, versus cap rate benchmarks.

Most modern development projects have some sort of commercial financing, creating leverage: a dollar of equity is matched with three dollars of bank financing, for instance, to generate the four dollars necessary to construct a project. Depending upon market conditions and use mix at the project, it is typical to see loan financing at 60-75% of the capital stack.

Leveraged IRR or equity IRR, then, measures a project's rate of return against only a developer's equity contribution to the project. Typically, leveraged IRR is materially higher than equity IRR. Because financing structures differ materially from project to project and region to region, there are no industry benchmarks for "market" IRR. Instead, we need to look across asset classes to assess what risk-weighted returns might be expected from equities, high-yield fixed income, etc.

Our expectations for a project like this would be a need to show leveraged IRR in the 12-15% range, but this is subject to significant variability.

Modeled IRR. Based upon the information provided to us by the Developer and the City, our conclusions regarding the Project's estimated unleveraged and leveraged IRRs are shown in the tables below. As is typical in these calculations, our model assumes a hypothetical sale of the Project ("reversion") after 10 years, in this case assuming a six and one-half (6.5) percent cap rate, with recognition of projected but unrealized incentives after reversion discounted to that date at six (6) percent.

Unleveraged	Rate of
(Project) Return	Return
Unincentivized IRR	7.4%
Incentivized IRR	9.8%
Market Return	6.5%

Leveraged (Equity) Return	Rate of Return
Unincentivized IRR	7.2%
Incentivized IRR	11.8%
Target Return	12-15%

The results of our IRR analysis are mixed. Although the unleveraged returns—both without and with incentives—exceed an expected market return, the leveraged results are relatively low. We expect this is the result of a potentially overly-conservative assumption on the mix

of equity to debt, but certainly also due to the relatively high cost of borrowed capital compared with still very strong cap rates on multifamily.

CONCLUSIONS AND RECOMMENDATIONS

Based upon the information available to us and subject to the limitations noted in the foregoing paragraphs, our conclusions and recommendations are as follows:

- subject to the concerns and conditions noted herein, the Developer has presented sufficient information to permit the Authority to evaluate the financial feasibility of the Project as proposed
- on an unleveraged basis, the Project does not appear to need incentives in order to produce a market rate of return
- on a leveraged basis, however, the Project's returns are likely such that incentives would be required as an inducement for the Developer to construct the Project

We encourage the Authority to consider:

- drafting the development agreement in such a way that would require additional diligence regarding and reporting on the Developer's equity/debt mix and its actual borrowing costs
- further, drafting the development agreement to include downward modifications to the permitted amount of reimbursement if the Developer's actual leverage exceeds the 50% level it represented in its financial information and/or if its costs of borrowing are less impactful on the Project than modeled



Exhibit A-Rate of Return Summaries

COLBERN RIDGE LCRA PROJECT | UNLEVERAGED IRR CALCULATIONS Without Incentives

Outlow No. No.<	Without Incentives													
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PV (to 2034) of Reimbursable Incentives \$0 \$1,270,598 \$1 Total Inflows \$1,419,186 \$1,272,573 \$3,080,387 \$3,154,323 \$3,218,611 \$3,278,969 \$3,342,745 \$3,435,476 \$3,490,396 \$3,557,451 \$47,416,669 \$76 Net Cash Flows (\$5,615,756) (\$14,752,427) (\$15,594,613) \$3,154,323 \$456,111 \$3,278,969 \$3,342,745 \$3,435,476 \$3,490,396 \$3,557,451 \$47,416,669 \$32 Real Estate Reversion Estate Reversion <td>Other</td> <td>\$0</td>	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Inflows \$1,419,186 \$1,272,573 \$3,080,387 \$3,154,323 \$3,218,611 \$3,278,969 \$3,342,745 \$3,435,476 \$3,490,396 \$3,557,451 \$47,416,669 \$76 Net Cash Flows (\$5,615,756) (\$14,752,427) (\$15,594,613) \$3,154,323 \$456,111 \$3,278,969 \$3,342,745 \$3,435,476 \$3,490,396 \$3,557,451 \$47,416,669 \$32 Real Estate Reversion	Reversion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,146,071	\$46,146,0	
Total Inflows \$1,419,186 \$1,272,573 \$3,080,387 \$3,154,323 \$3,218,611 \$3,278,969 \$3,342,745 \$3,435,476 \$3,490,396 \$3,557,451 \$47,416,669 \$76 Net Cash Flows (\$5,615,756) (\$14,752,427) (\$15,594,613) \$3,154,323 \$456,111 \$3,278,969 \$3,342,745 \$3,435,476 \$3,490,396 \$3,557,451 \$47,416,669 \$32 Real Estate Reversion	PV (to 2034) of Reimbursable Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,270,598	\$1,270,5	
Real Estate Reversion	Total Inflows	\$1,419,186	\$1,272,573	\$3,080,387	\$3,154,323	\$3,218,611	\$3,278,969	\$3,342,745	\$3,435,476	\$3,490,396	\$3,557,451	, ,	\$76,666,7	
Real Estate Reversion		· · · · · · · · · · · · · · · · · · ·												
Capitalization Rate	Net Cash Flows	(\$5,615,756)	(\$14,752,427)) (\$15,594,613)	\$3,154,323	\$456,111	\$3,278,969	\$3,342,745	\$3,435,476	\$3,490,396	\$3,557,451	\$47,416,669	\$32,169,	

6.50%

IRR Calculation

9.834%

COLBERN RIDGE LCRA PROJECT | LEVERAGED IRR CALCULATIONS Without Incentives

Outflows			3	4	5	6	7	8	9	10	Reversion	
Dutflows	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Totals
Juliows												
Project Costs	\$3,517,471	\$8,012,500	\$9,337,500	\$0	\$1,381,250	\$0	\$0	\$0	\$0	\$0	\$0	\$22,248,72
Financing Costs	\$228,636	\$749,448	\$1,356,386	\$1,356,386	\$1,446,167	\$2,019,214	\$2,019,214	\$2,019,214	\$2,019,214	\$2,019,214	\$0	\$15,233,09
Debt Pay-off	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,985,998	\$18,985,99
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Outflows	\$3,746,107	\$8,761,948	\$10,693,886	\$1,356,386	\$2,827,417	\$2,019,214	\$2,019,214	\$2,019,214	\$2,019,214	\$2,019,214	\$18,985,998	\$56,467,8
Inflows	# 0	0000 040	# 2 507 571	#2 (11 (50)	**	#0.740.110	**	#2 000 (02	\$2.042.0 <u>7</u> 0	#2 000 405	# 0	#00.015.5
Operating Income	\$0 \$0	\$899,040	\$2,597,571	\$2,644,658	\$2,693,158	\$2,743,113	\$2,806,566	\$2,888,683	\$2,943,270	\$2,999,495	\$0 ©0	\$23,215,5
Sales Tax Exemption	\$0	\$0	\$0	\$0	\$0 \$0	\$0	\$0	\$0	\$0	\$0 \$0	\$0 ©0	\$0
Abatement Incentives	\$0 \$0	\$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0	\$0	\$0	\$0 \$0	\$0 \$0	\$0	\$0
CID Incentives	\$0	\$0	\$0 \$0	\$0	\$0 \$0	\$0 \$0	\$0	\$0 \$0	\$0	\$0 \$0	\$0 80	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reversion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,146,071	\$46,146,0
PV (to 2034) of Reimbursable Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Inflows	\$0	\$899,040	\$2,597,571	\$2,644,658	\$2,693,158	\$2,743,113	\$2,806,566	\$2,888,683	\$2,943,270	\$2,999,495	\$46,146,071	\$69,361,6
Net Cash Flows	(\$3,746,107)	(\$7,862,908)	(\$8,096,314)	\$1,288,273	(\$134,259)	\$723,899	\$787,352	\$869,469	\$924,056	\$980,281	\$27,160,073	\$12,893,8
Capitalization Rate												
6.50%		7.163%	1									
6.50%	_	7.163%	1									
6.50%]	_	_	_	_	_	_			_
6.50%	1	2	3	4	5	6	7	8	9	10	Reversion	T. ()
6.50% IRR Calculation With Incentives	1 2024		3 2026	4 2027	5 2028	6 2029	7 2030	<mark>8</mark> 2031	9 2032	10 2033	Reversion 2034	Totals
6.50% IRR Calculation With Incentives Outflows	2024	2 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
6.50% IRR Calculation With Incentives Outflows Project Costs	2024 \$3,517,471	2 2025 \$8,012,500	2026 \$9,337,500	2027 \$0	2028 \$1,381,250	2029 \$0	2030 \$0	2031 \$0	2032 \$0	2033 \$0	2034 \$0	\$22,248,7
6.50% IRR Calculation With Incentives Outflows Project Costs Financing Costs	2024 \$3,517,471 \$228,636	2 2025 \$8,012,500 \$749,448	2026 \$9,337,500 \$1,356,386	2027 \$0 \$1,356,386	2028 \$1,381,250 \$1,446,167	2029 \$0 \$2,019,214	2030 \$0 \$2,019,214	2031 \$0 \$2,019,214	2032 \$0 \$2,019,214	2033 \$0 \$2,019,214	2034 \$0 \$0	\$22,248,7 \$15,233,0
6.50% IRR Calculation With Incentives Outflows Project Costs Financing Costs Debt Pay-off	2024 \$3,517,471 \$228,636 \$0	2 2025 \$8,012,500 \$749,448 \$0	2026 \$9,337,500 \$1,356,386 \$0	2027 \$0 \$1,356,386 \$0	2028 \$1,381,250 \$1,446,167 \$0	2029 \$0 \$2,019,214 \$0	2030 \$0 \$2,019,214 \$0	2031 \$0 \$2,019,214 \$0	2032 \$0 \$2,019,214 \$0	2033 \$0 \$2,019,214 \$0	2034 \$0 \$0 \$18,985,998	\$22,248,7 \$15,233,0 \$18,985,9
6.50% RR Calculation With Incentives Dutflows Project Costs Financing Costs Debt Pay-off Dther	2024 \$3,517,471 \$228,636 \$0 \$0	2 2025 \$8,012,500 \$749,448 \$0 \$0	2026 \$9,337,500 \$1,356,386 \$0 \$0	2027 \$0 \$1,356,386 \$0 \$0	2028 \$1,381,250 \$1,446,167 \$0 \$0	2029 \$0 \$2,019,214 \$0 \$0	2030 \$0 \$2,019,214 \$0 \$0	2031 \$0 \$2,019,214 \$0 \$0	2032 \$0 \$2,019,214 \$0 \$0	2033 \$0 \$2,019,214 \$0 \$0	2034 \$0 \$18,985,998 \$0	\$22,248,7 \$15,233,0 \$18,985,9 \$0
6.50% IRR Calculation With Incentives Outflows Project Costs Financing Costs Debt Pay-off Other	2024 \$3,517,471 \$228,636 \$0	2 2025 \$8,012,500 \$749,448 \$0	2026 \$9,337,500 \$1,356,386 \$0	2027 \$0 \$1,356,386 \$0	2028 \$1,381,250 \$1,446,167 \$0	2029 \$0 \$2,019,214 \$0	2030 \$0 \$2,019,214 \$0	2031 \$0 \$2,019,214 \$0	2032 \$0 \$2,019,214 \$0	2033 \$0 \$2,019,214 \$0	2034 \$0 \$0 \$18,985,998	\$22,248,7 \$15,233,0 \$18,985,9
6.50% IRR Calculation With Incentives Outflows Project Costs Financing Costs Debt Pay-off Other Total Outflows	2024 \$3,517,471 \$228,636 \$0 \$0	2 2025 \$8,012,500 \$749,448 \$0 \$0	2026 \$9,337,500 \$1,356,386 \$0 \$0	2027 \$0 \$1,356,386 \$0 \$0	2028 \$1,381,250 \$1,446,167 \$0 \$0	2029 \$0 \$2,019,214 \$0 \$0	2030 \$0 \$2,019,214 \$0 \$0	2031 \$0 \$2,019,214 \$0 \$0	2032 \$0 \$2,019,214 \$0 \$0	2033 \$0 \$2,019,214 \$0 \$0	2034 \$0 \$18,985,998 \$0	\$22,248,7 \$15,233,0 \$18,985,9 \$0
6.50% IRR Calculation With Incentives Outflows Project Costs Financing Costs Debt Pay-off Other Total Outflows Inflows	2024 \$3,517,471 \$228,636 \$0 \$0	2 2025 \$8,012,500 \$749,448 \$0 \$0	2026 \$9,337,500 \$1,356,386 \$0 \$0	2027 \$0 \$1,356,386 \$0 \$0	2028 \$1,381,250 \$1,446,167 \$0 \$0	2029 \$0 \$2,019,214 \$0 \$0	2030 \$0 \$2,019,214 \$0 \$0	2031 \$0 \$2,019,214 \$0 \$0	2032 \$0 \$2,019,214 \$0 \$0	2033 \$0 \$2,019,214 \$0 \$0	2034 \$0 \$18,985,998 \$0	\$22,248,7 \$15,233,0 \$18,985,9 \$0 \$56,467,8
6.50% RR Calculation With Incentives Dutflows Project Costs Financing Costs Debt Pay-off Dther Total Outflows Deptraing Income	2024 \$3,517,471 \$228,636 \$0 \$0 \$3,746,107	2 2025 \$8,012,500 \$749,448 \$0 \$0 \$0 \$8,761,948	2026 \$9,337,500 \$1,356,386 \$0 \$0 \$10,693,886	2027 \$0 \$1,356,386 \$0 \$0 \$1,356,386	2028 \$1,381,250 \$1,446,167 \$0 \$0 \$2,827,417	2029 \$0 \$2,019,214 \$0 \$0 \$2,019,214	2030 \$0 \$2,019,214 \$0 \$0 \$2,019,214	2031 \$0 \$2,019,214 \$0 \$0 \$2,019,214	2032 \$0 \$2,019,214 \$0 \$0 \$2,019,214	2033 \$0 \$2,019,214 \$0 \$0 \$2,019,214	2034 \$0 \$18,985,998 \$0 \$18,985,998	\$22,248,7 \$15,233,0 \$18,985,9 \$0 \$56,467,8 \$23,215,5
6.50% IRR Calculation With Incentives Outflows Project Costs Financing Costs Debt Pay-off Other Total Outflows Operating Income Sales Tax Exemption	2024 \$3,517,471 \$228,636 \$0 \$0 \$3,746,107 \$0	2 2025 \$8,012,500 \$749,448 \$0 \$0 \$8,761,948 \$899,040	2026 \$9,337,500 \$1,356,386 \$0 \$0 \$10,693,886 \$2,597,571	2027 \$0 \$1,356,386 \$0 \$0 \$1,356,386 \$2,644,658	2028 \$1,381,250 \$1,446,167 \$0 \$0 \$2,827,417 \$2,693,158	2029 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,743,113	2030 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,806,566	2031 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,888,683	2032 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,943,270	2033 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,999,495	2034 \$0 \$18,985,998 \$0 \$18,985,998 \$0	\$22,248,7 \$15,233,0 \$18,985,9 \$0 \$56,467,8 \$23,215,5 \$1,363,84
6.50% RR Calculation With Incentives Dutflows Project Costs Financing Costs Debt Pay-off Dther Fotal Outflows Defree	2024 \$3,517,471 \$228,636 \$0 \$0 \$3,746,107 \$0 \$1,363,847	2 2025 \$8,012,500 \$749,448 \$0 \$0 \$8,761,948 \$899,040 \$0	2026 \$9,337,500 \$1,356,386 \$0 \$10,693,886 \$2,597,571 \$0	2027 \$0 \$1,356,386 \$0 \$1,356,386 \$1,356,386 \$2,644,658 \$0	2028 \$1,381,250 \$1,446,167 \$0 \$0 \$2,827,417 \$2,693,158 \$0	2029 \$0 \$2,019,214 \$0 \$2,019,214 \$2,743,113 \$0	2030 \$0 \$2,019,214 \$0 \$2,019,214 \$2,806,566 \$0	2031 \$0 \$2,019,214 \$0 \$2,019,214 \$2,888,683 \$0	2032 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,943,270 \$0	2033 \$0 \$2,019,214 \$0 \$2,019,214 \$2,919,214 \$2,999,495 \$0	2034 \$0 \$0 \$18,985,998 \$0 \$18,985,998 \$18,985,998	\$22,248,7 \$15,233,0 \$18,985,9 \$0 \$56,467,8 \$23,215,5 \$1,363,8 \$4,456,60
6.50% RR Calculation With Incentives Dutflows Project Costs Financing Costs Debt Pay-off Dther Fotal Outflows nflows Departing Income Sales Tax Exemption Abatement Incentives CID Incentives	2024 \$3,517,471 \$228,636 \$0 \$0 \$3,746,107 \$0 \$1,363,847 \$35,339	2 2025 \$8,012,500 \$749,448 \$0 \$0 \$8,761,948 \$8999,040 \$0 \$353,233	2026 \$9,337,500 \$1,356,386 \$0 \$10,693,886 \$2,597,571 \$0 \$462,211	2027 \$0 \$1,356,386 \$0 \$1,356,386 \$1,356,386 \$2,644,658 \$0 \$488,751	2028 \$1,381,250 \$1,446,167 \$0 \$0 \$2,827,417 \$2,693,158 \$0 \$504,226	2029 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,743,113 \$0 \$514,310	2030 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,806,566 \$0 \$514,310	2031 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,888,683 \$0 \$524,596	2032 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,943,270 \$0 \$524,596	2033 \$0 \$2,019,214 \$0 \$2,019,214 \$2,999,495 \$0 \$535,088	2034 \$0 \$0 \$18,985,998 \$0 \$18,985,998 \$0 \$0 \$0 \$0 \$0 \$0	\$22,248,7 \$15,233,0 \$18,985,9 \$0 \$56,467,8 \$23,215,5 \$1,363,84 \$4,456,66
6.50% RR Calculation With Incentives Dutflows Project Costs Prinancing Costs Debt Pay-off Dther Total Outflows Inflows Deperating Income Sales Tax Exemption Abatement Incentives CID Incentives Dther	2024 \$3,517,471 \$228,636 \$0 \$0 \$3,746,107 \$0 \$1,363,847 \$35,339 \$20,000	2 2025 \$8,012,500 \$749,448 \$0 \$0 \$8,761,948 \$899,040 \$0 \$353,233 \$20,300	2026 \$9,337,500 \$1,356,386 \$0 \$10,693,886 \$2,597,571 \$0 \$462,211 \$20,605	2027 \$0 \$1,356,386 \$0 \$1,356,386 \$1,356,386 \$2,644,658 \$0 \$488,751 \$20,914	2028 \$1,381,250 \$1,446,167 \$0 \$0 \$2,827,417 \$2,693,158 \$0 \$504,226 \$21,227	2029 \$0 \$2,019,214 \$0 \$2,019,214 \$2,019,214 \$2,743,113 \$0 \$514,310 \$21,546	2030 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,806,566 \$0 \$514,310 \$21,869	2031 \$0 \$2,019,214 \$0 \$20 \$2,019,214 \$2,888,683 \$0 \$524,596 \$22,197	2032 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,943,270 \$0 \$524,596 \$22,530	2033 \$0 \$2,019,214 \$0 \$2,019,214 \$2,999,495 \$0 \$535,088 \$22,868	2034 \$0 \$0 \$18,985,998 \$0 \$18,985,998 \$0 \$18,985,998	\$22,248,7 \$15,233,0 \$18,985,9 \$0 \$56,467,8 \$23,215,5 \$1,363,8* \$4,456,66 \$214,05* \$0
6.50% RR Calculation With Incentives Dutflows Project Costs Financing Costs Debt Pay-off Dther Total Outflows Inflows Dperating Income Sales Tax Exemption Abatement Incentives CID Incentives Dther Reversion	2024 \$3,517,471 \$228,636 \$0 \$0 \$3,746,107 \$0 \$1,363,847 \$35,339 \$20,000 \$0	2 2025 \$8,012,500 \$749,448 \$0 \$0 \$8,761,948 \$899,040 \$0 \$353,233 \$20,300 \$0	2026 \$9,337,500 \$1,356,386 \$0 \$10,693,886 \$2,597,571 \$0 \$462,211 \$20,605 \$0	2027 \$0 \$1,356,386 \$0 \$1,356,386 \$1,356,386 \$2,644,658 \$0 \$488,751 \$20,914 \$0	2028 \$1,381,250 \$1,446,167 \$0 \$2,827,417 \$2,693,158 \$0 \$504,226 \$21,227 \$0	2029 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,743,113 \$0 \$514,310 \$21,546 \$0	2030 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,806,566 \$0 \$514,310 \$21,869 \$0	2031 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,888,683 \$0 \$524,596 \$22,197 \$0	2032 \$0 \$2,019,214 \$0 \$2,019,214 \$2,919,214 \$2,943,270 \$0 \$524,596 \$22,530 \$0	2033 \$0 \$2,019,214 \$0 \$2,019,214 \$2,999,495 \$0 \$535,088 \$22,868 \$0	2034 \$0 \$0 \$18,985,998 \$0 \$18,985,998 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	\$22,248,7 \$15,233,0 \$18,985,9 \$0 \$56,467,8 \$23,215,5 \$1,363,8 \$4,456,66 \$214,05 \$0 \$46,146,0
6.50% IRR Calculation With Incentives Outflows	2024 \$3,517,471 \$228,636 \$0 \$0 \$3,746,107 \$0 \$1,363,847 \$35,339 \$20,000 \$0 \$0 \$0	2 2025 \$8,012,500 \$749,448 \$0 \$0 \$8,761,948 \$899,040 \$0 \$353,233 \$20,300 \$0 \$0 \$0	2026 \$9,337,500 \$1,356,386 \$0 \$10,693,886 \$2,597,571 \$0 \$462,211 \$20,605 \$0 \$0 \$0	2027 \$0 \$1,356,386 \$0 \$1,356,386 \$1,356,386 \$2,644,658 \$0 \$488,751 \$20,914 \$0 \$0 \$0	2028 \$1,381,250 \$1,446,167 \$0 \$0 \$2,827,417 \$2,693,158 \$0 \$504,226 \$21,227 \$0 \$0 \$0	2029 \$0 \$2,019,214 \$0 \$2,019,214 \$2,743,113 \$0 \$514,310 \$21,546 \$0 \$0	2030 \$0 \$2,019,214 \$0 \$0 \$2,019,214 \$2,806,566 \$0 \$514,310 \$21,869 \$0 \$0 \$0	2031 \$0 \$2,019,214 \$0 \$2,019,214 \$2,888,683 \$0 \$524,596 \$22,197 \$0 \$0	2032 \$0 \$2,019,214 \$0 \$2,919,214 \$2,943,270 \$0 \$524,596 \$22,530 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$	2033 \$0 \$2,019,214 \$0 \$2,999,495 \$0 \$535,088 \$22,868 \$0 \$0 \$0	2034 \$0 \$0 \$18,985,998 \$0 \$18,985,998 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	\$22,248,7 \$15,233,0 \$18,985,9 \$0 \$56,467,8 \$23,215,5 \$1,363,84 \$4,456,66 \$214,054

6.50%

IRR Calculation

11.846%