

Procedures Title: Tax Increment Finance Analysis

Development Project: 309 N. Ashley

Request: Brownfield TIF
\$5.6 Million (\$4.5 to Developer)
16 Years (commencing 2019)

Date Prepared: February 7, 2019

Proposed to Council: TBD

Prepared By: Financial & Administrative Services

## 1.0 Purpose

This report is used for Tax Increment Finance assessment of proposed development projects, and serves the following purposes:

- To guide staff in forming recommendations regarding the use of tax increment financing and negotiating contract terms with developers;
- to provide a framework, from which the Mayor and City Council can evaluate and compare proposed uses of tax increment financing; and
- to inform the public of the City's position on the use of tax increment financing and the process through which decisions regarding the use of tax increment financing are made.

# 2.0 Development Objective

	The Cobject	ity uses tax increment financing to accomplish the following major ives:
	2.1	Expand the City of Ann Arbor economy to create more living-wage jobs, with an emphasis on providing job opportunities for the unemployed and underemployed.
	2.2	Attract and expand new and existing services, developments, and employers in order to position Ann Arbor and the region to compete in the economy of the 21st century.
X	2.3	Increase the city's property tax base and maintain its diversity. Clean contaminated land to provide sites for uses that achieve City redevelopment objectives.

Estimated increase in taxable value by 2022 is \$9.1 million at the conclusion of construction. City and other taxing authorities would realize an estimated benefit of approximately \$10.3 million of additional taxable value in 2035. This site is not within the boundaries of either the DDA or the SmartZone LDFA.

Remediation of contaminants is addressed in the Brownfield Plan.

X 2.4	Provide an array of housing choices that meet the needs of current residents and attract new residents to the city, with an emphasis on providing affordable housing.
	This project will include 17 market rate condominium units The Brownfield Plan does not identify any plans for affordable units.
2.5	Eliminate blighting influences throughout the city.
2.6	Support neighborhood retail services, commercial corridors, and employment hubs.
2.7	Support redevelopment efforts that enhance and preserve unique urban features and amenities, including downtown, green space and historic structures.
2.8	Tax delinquency
	The parcels included in this project are up to date on taxes.

### 3.0 General Guidelines in the Use of Tax Increment Financing

- 3.1 The City of Ann Arbor will use tax increment financing only when a clearly identified city development objective is served and only to the degree necessary to accomplish that development objective.
- 3.2 Tax increment financing will only be used in cases where the City has the financial capacity to provide the needed public assistance, the Council deems it fiscally prudent to provide such assistance, and the developer can clearly demonstrate that the development will be able to meet its financial and public purpose commitments.
- 3.3 The City of Ann Arbor will recapture the public subsidy to the maximum extent feasible after allowing the developer a reasonable return.
- 3.4 Alternatives, such as "pay as you go" financing and reimbursing front-end public redevelopment costs with tax increment revenues, are preferable to bond financing and are to be considered and used when appropriate. The

City will not issue general obligation tax increment bonds except when all net bond proceeds are used to directly pay public costs or refinance debt that was previously issued to pay for such costs, and the taxable development that will generate the tax increment use to pay all or a portion of the debt service on the bonds is either fully constructed and assessed by the City Assessor or is underway and subject to the terms and conditions of a development agreement with the City.

3.5 Only those public improvements and public redevelopment costs directly associated with the proposed development plan or project should be financed through tax increment.

Eligible activities reviewed by Planning & Development Services.

Developer's Statement of Brownfield TIF "purpose" included in Brownfield Plan.

### 4.0 Economic Analysis and Risk Assessment Process

- 4.1 Proposed uses of tax increment financing will be subject to rigorous economic analysis and risk assessment. The City's Financial and Administrative Services Area staff will be responsible for overseeing the analysis and assessment process. Consultants will be used to complete needed analysis and assessment as appropriate.
- 4.2 The analysis and assessment of all proposed uses of tax increment financing will address the following questions as part of the standard format for reports to the City Council:
  - What is the public purpose of the financial assistance to the project?

To make what was otherwise a financially infeasible development due to contamination issues into a viable project without providing an excessive return to the developer.

Why is there a financial need for public investment and/or subsidy?

The properties are adjacent to a former gas station. The soil has contaminants that will require remediation. The proposed reimbursement to the developer is for \$2.4 million of eligible environmental activities, and \$2.1 million of eligible non-environmental activities.

What is the total cost of the project?

Approximately \$17.1 million.

What is the appropriate level of public participation?

Given data supplied by the developer, a level of participation of \$5.6 million (\$4.5 million reimbursement to developer) would lead to a return of 15.0 %. Without TIF reimbursements, the return would be approximately 6.1%.

The developer is seeking reimbursement for environmental costs of 2.4 million, and for non-environmental costs of \$2.1 million. The total TIF is increased through the inclusion of SRF (\$400k) and LBRF (\$700k), to a total of \$5.6 million.

Benchmark rates of return for real estate investment as report by PwC are in the 6-12% range, with a mean of 8.57%. FASA recommends that the support is limited strictly to environmental activities, and that administrative fees, interest, and LBRF are not funded. This would result in a \$1.975 million reimbursement to the developer. The internal rate of return (IRR) on this project with that level of participation would likely be 10.7%, within the benchmark range.

FASA further recommends that, if the Committee supports the approval of a Brownfield capture, the Brownfield Plan and any other appropriate documents be amended to specify that in the event the State or any of its agencies approves amounts less than that specified in the plan, the burden shall not shift to local taxes.

What are the risks associated with the project?

Developer is responsible for all risks.

What are the alternative plans for managing the risk?

Developer is responsible for all risks.

 How does the proposed project finance plan compare with previously approved comparable projects?

There have been several other Brownfields in Ann Arbor and this one is structured similarly.

- What is the project's impact on other publicly financed projects?

  None identified
- 4.3 The results of the economic analysis and risk assessment will be presented to the City Council at the time of the request for approval of the proposed use of tax increment financing. The report will identify any

- elements of the proposed project that are not in conformance with this Tax Increment Policy.
- 4.4 Projects with an anticipated term of increment collection greater than 15 years or projects with tax increment principal in excess of \$10 million will be subject to a more extensive analysis, including appropriate market analysis and review by the City's Financial and Administrative Services Area staff.

### 5.0 Evaluation Criteria

Need for public assistance – In all cases, it is required that the need for public assistance be demonstrated and documented by the developer to the satisfaction of the City's Financial and Administrative Services Area. All such documentation, including development budgets, cash flow projections, market studies and other financial and market information, must be submitted by the developer along with a written request for public financial assistance. If the request is based on financial gap considerations, the developer will demonstrate the profitability and feasibility of the project (i.e. gross profit, cash flow before taxes, cash-on-cash return, IRR, etc.), both with and without public assistance, in a format that allows for sensitivity analysis.

The Brownfield Plan and Pro Forma have been analyzed.

- 5.2 Amount of Public Assistance vs. Private Investment All development proposals shall seek to maximize the amount of private investment per dollar of public assistance. Public assistance as a percentage of total development costs will be determined for each project (or discrete portion of a project receiving a subsidy) and compared to other development projects or subprojects of similar scope and magnitude whenever possible.
  - As proposed, the total reimbursement to the developer from TIF is \$4.5 million, or 27% of total project costs.
- 5.3 <u>Term of Public Assistance</u> The term of the public assistance shall be kept to a minimum. The proposed term of any public assistance shall be fully disclosed and explained to the City Council.
  - As proposed, the term of TIF reimbursement to the developer, SRF, and LSRRF is 16 years, commencing in 2019 and concluding in 2034.
- 5.4 <u>Development Benefit and Costs</u> The direct and indirect benefits of the development proposal shall be determined and quantified to the degree possible. Benefits shall include, but are not limited to, employment benefits (number of jobs retained or created, percentage of jobs held by City residents, wage and salary information, etc.), tax base benefits

(estimated market value of new development, new property taxes generated, etc.), housing benefits (number of new rental or ownership units, number of affordable units, etc.) and other benefits relating to transportation, parking, blight remediation, environmental cleanup and historic preservation.

Estimated iobs created: Unspecified temporary construction Estimated taxable value of new development: \$9.1 million in 2022

Estimated new property taxes:

\$500,000 -Total City \$80,000 - General Fund

Commencing in 2035

Housing benefit:

17 condominium units

Commercial:

Project does not include commercial or retail

Costs of the development proposal to the City shall also be identified to the degree possible. Such costs shall include, but are not limited to, additional required infrastructure, required local contributions by the City, etc. The timeframe used for these cost estimates should equal the timeframe of the project finance plan and should separately identify any projected recapture of public subsidy.

Detail of such costs is illustrated in both the Brownfield Plan and the Pro Forma.

5.5 Recapture of Public Subsidy – It is the City's goal to recapture all, or a portion, of the public subsidy provided to the extent practical. Methods of recapture shall include, but are not limited to, long-term ground leases. subordinated loans, sale, and/or refinancing provisions and equity participation.

Prepared by:

Matthew V. Horning

Treasurer

Reviewed by:

**CFO** 

PROPOSED

Color Figure 1   Color Figure 2   Color Figure 2   Color Figure 2   Color Figure 3   Colo	Cash Flo		nerest &						>dN	of Cach			
1,177,500    1,1	7,77		mmission	Revenue	Developer Fee	** 411	Total	Year		0 0 0	Year	Cas	h Flow
547,500    547,500		7,500)					(1,277,500)		0	(1,277,500)	2017	5	277.500)
351,2207   3,312,207   3,312,202   3,312	(34)	(2005)					(347,500)		-	(347,500)	2018		(347 500)
6,107,369    6,1	(3,92)	1,207)				3,803	(3,917,404)		2	(3.917,404)	2019	(3	(702 176)
15,190,277   15,190,275   15,	(8,10)	7,365)				154,723	(7,952,642)		က	(7,952,642)	2020		107,365)
226.60   322,600   5 32,600   2022	16,130	3,237				259,056	16,389,293		4	16,389,293	2021	16	,130,237
33,000   33,000   7   33,000   2023   30,000   33,000						328,610	328,610		2	328,610	2022		
1971   1972   1973   1974   1975   1974   1975   1974   1975   1974   1975   1974   1975   1974   1975   1974						332,089	332,089		9	332,089	2023		,
247750   2						335,600	335,600		7	335,600	2024		
MID						339,148	339,148		œ	339,148	2025		,
346,531 346,531 346,531 346,531 346,331 346,						342,730	342,730		6	342,730	2026		,
35,006   35,007   36,007   3						346,351	346,351		10	346,351	2027		
2,475,665   353,688   353,688   353,688   353,688   353,688   353,688   353,688   353,688   353,688   353,688   353,688   361,194   36						350,006	350,006		11	350,006	2028		
2475,665   361,194   361,194   361,194   361,194   2033   316,194   361,19						353,698	353,698		12	353,698	2029		
361,194   361,						357,430	357,430		13	357,430	2030		i
2,476,665   364,992   364,992   364,992   368,992   369,992   36						361,194	361,194		14	361,194	2031		
316,877   316,						364,992	364,992		15	364,992	2032		
A						316,877	316,877		16	316,877	2033		,
The control of the	2.476	3,665	•	,		4 546 307	C TP C C D T	2		CTD CC0 7	CLIPA		776 666
TRATEST USING   PROPERTY   State   NPV   S						- Contact	18.4%	Rate		18.4%	SOIN		10 5%
IRR Test Using NPV Method   IRR Without TIF   Total   Year   Flow   NPV of Cash   NewTort Cash							\$4,867,864	NPV		\$0	NPV		554.492
Interest &   Int	The same of the same plants are a same of the same of										sing Developer Method		4 81%
Cash Flow   Commission   Revenue   Developer Fee   Tif**   Total   Year   Flow   Year   Flow   Cash Flow   Commission   Revenue   Developer Fee   Tif**   Total   Year   Flow   Year   Flow   Year   Cash Flow   Cammission   Revenue   Developer Fee   Tif**   Total   Year   Flow   Year   Cash Flow   Year   Cash Flow   Agaza		$\bigcap$						IRR Test	Using NP	V Method	IRR With	out TJF	
Commission   Revenue   Developer Fee   Tiff **   Total   Year   Flow   Year   Cas		E	terest &				Office of the second se		NPV	of Cash			
(1,277,500) (348,444) (348	Cash Flc		mmission	Revenue	Developer Fee	* #	Total	Year			Year	Cas	h Flow
3.803 (4,084,677) 2 (4,084,677) 2 (1) (347,500) 2 (1) (1) (347,500) 3.803 (4,084,677) 2 (1,084,677)	(1,27;	(2005)					(1,277,500)		0	(1,277,500)	2017	1)	,277,500)
3,803 (4,084,677) 2 (4,084,677) 2 (4,084,677) 2019 (6  154,723 (8,333,241) 3 (8,333,41) 2020 (18,41)  255,056 15,894,844 4 15,894,844 2021 115  332,089 332,089 6 332,089 2023  335,600 335,600 7 335,600 2024  342,730 342,730 942,730 2032  346,351 346,331 10 346,351 2025  346,351 346,331 10 346,351 2025  355,006 350,006 350,006 11 350,006  335,698 355,430 12 355,430 2029  357,430 357,430 14 361,194 2031  346,992 364,992 364,992 364,992 364,992 2033  316,877 316,877 16 8tee	(34)	(005'2					(347,500)		₩	(347,500)	2018		(347,500)
154,723   (8,333,441)   3   (8,333,441)   2020   (8   12,894,884   2021   2021   2021   2020   2022   202	(4,088	3,480)				3,803	(4,084,677)		2	(4,084,677)	2019	4)	,088,480)
259,056     15,894,844     4     15,894,844     2021     11       328,610     328,610     5     328,610     2022     2022       332,089     332,089     332,089     2023     2023       335,600     335,600     7     335,600     2024       339,148     339,148     8     339,148     2025       342,330     342,330     9     345,351     2026       346,351     346,351     10     346,351     2026       350,006     350,006     350,006     350,006     2028       357,430     357,430     11     350,006     2029       357,430     364,992     12     354,992     2030       364,992     364,992     15     346,992     2032       316,877     316,877     15     346,992     2033       316,877     316,877     15,006     15,006     15       34,906     34,906     34,906     3033       34,906     346,902     346,902     346,902     3033       34,906     346,902     346,902     346,902     346,902     346,902       34,906     346,902     346,902     346,902     346,902     346,902     346,902       34,906	(8,48)	7,964)				154,723	(8,333,241)		33	(8,333,241)	2020	8)	,487,964)
338,610     328,610     328,610     2022       332,089     332,089     6     332,089     2023       335,600     335,600     7     335,600     2024       339,148     339,148     2025       346,351     346,351     10     346,351     2025       350,006     350,006     350,006     11     356,906     2029       353,698     353,698     12     355,698     2029       357,430     357,430     13     357,430     2030       357,430     357,430     13     357,430     2030       364,992     364,992     364,992     2031       316,877     316,877     316,877     2033       316,877     316,877     316,877     2033       316,877     316,877     316,877     316,877       339,950,112     NPV     45,006     10	15,63	2,788			ı	259,056	15,894,844		4	15,894,844	2021	15	,635,788
332,089 332,089 6 332,089 2023 335,600 335,600 7 335,600 2024 339,148 339,148 8 339,148 2025 342,730 346,351 346,351 10 346,351 2025 350,006 350,006 350,006 11 350,006 353,698 353,698 353,698 12 353,698 2029 357,430 357,430 13 357,430 2030 351,194 361,194 14 361,194 2031 364,992 364,992 364,992 2032 316,877 316,877 16 316,877 2033 316,877 5,980,651 8 Rate 15,0% IRR NPV (\$0) NPV						328,610	328,610		5	328,610	2022		,
335,600 335,600 7 335,600 2024 339,148 339,148 339,148 2025 342,730 342,730 9 342,730 2026 346,351 346,351 10 346,351 2027 350,006 350,006 11 350,006 2028 353,698 353,698 353,698 12 353,688 2029 357,430 357,430 13 357,430 2030 361,194 361,194 14 361,194 2031 364,992 364,992 364,992 2032 316,877 316,877 16 316,877 2033 44,546,307 5,980,451 SUM 5,980,651 SUM 5,980,651 NPV (\$60\$) NPV				4		332,089	332,089		9	332,089	2023		1
339,148 339,148 339,148 2325 342,730 342,730 9 342,730 2025 342,730 346,351 10 346,351 2025 350,006 350,006 11 350,006 2027 353,698 353,698 12 353,698 2029 357,430 357,430 13 357,430 2030 361,134 361,194 14 361,194 2031 364,992 364,992 15 364,992 2032 316,877 316,877 16 316,877 2033  44,546,30 5,980,651 SUM 5,980,651 SUM 53,990,651						335,600	335,600		7	335,600	2024		
342,/30 342,/30 344,/30 2026 346,351 346,351 10 346,351 2027 350,006 350,006 11 350,006 2028 357,430 357,430 12 353,698 2029 357,430 357,430 13 357,430 2030 361,134 361,194 14 361,194 2031 364,992 364,992 15 364,992 2032 316,877 316,877 16 316,877 2033 44,546,30 5,980,651 SUM 5,980,651 SUM 5,980,651 SUM (\$60\$) NPV (\$60\$) NPV						339,148	339,148		œ (	339,148	2025		
350,006   350,006   350,006   350,006   350,006   353,698   353,698   353,698   357,430   357,						344,730	344,730		υ ć	342,730	9707		
353,698 353,698 11 350,006 2028 353,698 353,698 12 355,698 2029 357,430 357,430 13 357,430 2030 361,194 361,194 2031 364,992 364,992 15 364,992 2032 316,877 316,877 16 316,877 2033  - 4546,307 5,980,651 SUM 5,980,651 SUM 15.0% IRR \$33,950,112 NPV (\$60) NPV						340,531	346,331		3 ;	346,351	/707		
357,430 357,430 12 353,588 2029 357,430 357,430 13 357,430 2030 361,134 361,194 15 364,992 2031 364,992 364,992 15 364,992 2032 316,877 316,877 16 316,877 2033  - 4546,307 5,980,651 SUM 5,980,651 SUM 15.0% IRR Rate						350,006	350,006		1 5	350,006	2028		
35/430 35/430 13 35/430 2030 35/430 35/430 2030 351,194 361,194 2031 364,992 364,992 15 364,992 2033 316,877 316,877 16 316,877 2033 316,877 5,980,651 SUM 5,980,651 SUM 15.0% IRR \$3,950,112 NPV (\$60) NPV						323,698	353,698		17	353,698	2029		
364,992 364,992 15 364,992 2033 364,992 364,992 15 364,992 2033 316,877 316,877 16 316,877 2033 4,546,307 5,980,651 SUM 5,980,651 SUM 15.0% IRR RR						357,430	357,430		13	357,430	2030		
364,592 364,992 2032 316,877 316,877 16 316,877 2033 4,546,307 5,980,651 SUM 5,980,651 SUM 15.0% IRR RR RR (\$60,00000000000000000000000000000000000						361,194	361,194		14	361,194	2031		
4,546,307 5,980,651 SUM 5,980,651 SUM 15.0% IRR Rate 15.0% (\$0) NPV (\$0)						364,992	364,992		15	364,992	2032		
4,546,307 5,980,651 SUM 5,980,651 SUM 1 15.0% Rate 15.0% IRR RR (\$0) NPV (\$0) NPV						316,8//	316,877		16	316,877	2033		
15.0% Rate = 15.0% IRR (\$0) NPV	1,434	1,344	*	,		4,546,307	5,980,651	SUM		5.980.651	Wins		434.344
NPV (\$0) VPV						_	15.0%	Rate ==		15.0%	IRR	_	6.1%
						)	\$3,950,112	NPV		(0\$)	NPV		636,740

IRR With TIF LOW	MOT						IRR Test U	sing NP	IRR Test Using NPV Method	IRR Without TIF	TIF
		Interest &						NPV	NPV of Cash		
Year	Cash Flow	Commission	Revenue	Developer Fee	** ±	Total	Year	Flow		Year	Cash Flow
2017	(1,277,500)					(1,277,500)		0	(1,277,500)	2017	(1,277,500)
2018	(347,500)					(347,500)		Н	(347,500)	2018	(347,500)
2019	(4,255,754)				3,803	(4,251,951)		2	(4,251,951)	2019	(4,255,754)
2020	(8,868,563)				154,723	(8,713,840)		cc	(8,713,840)	2020	(8,868,563)
2021	15,141,339				259,056	15,400,395		4	15,400,395	2021	15,141,339
2022					328,610	328,610		2	328,610	2022	3
2023					332,089	332,089		9	332,089	2023	•
2024					335,600	335,600		7	335,600	2024	,
2025					339,148	339,148		00	339,148	2025	,
2026					342,730	342,730		6	342,730	2026	,
2027					346,351	346,351		10	346,351	2027	
2028					350,006	350,006		11	350,006	2028	,
2029					353,698	353,698		12	353,698	2029	
2030					357,430	357,430		13	357,430	2030	
2031					361,194	361,194		14	361,194	2031	*
2032					364,992	364,992		15	364,992	2032	
2033					316,877	316,877		16	316,877	2033	
SUM	392,022	,			4,546,307	4,938,329	SUM		4,938,329	SUM	392,022
IRR						11.8%	Rate =		11.8%	RR	1.7% ***
NPV						\$3,032,360	NPV		\$0	NPV	(281,012)

Cash Flow   Commission   Revenue   Developer Fee   TIF**   Total   Year   Flow   Total   Tit277500   (4,255,754)   (4,255,254)   (4,255,254)   (4,255,254)   (4,255,254)   (4,255,254)   (4,255,254)   (4,255,254)   (4,255,254)   (4,255,254)   (4,255,254)	IRR With TIF LOW	MOT						IRR Test Usin	IRR Test Using NPV Method	IRR Without TIF	ut TIF
Commission         Revenue         Developer Fee         Tit ***         Total         Year         Flow         Year         Cash Flow           00)         (347,500)         (347,500)         2017         (1,277,500)         2018         (4,257,500)         2018         2018         2018         2018         2018         2018         2018         2018         2018         2018         2018         2018         2018         2018         2018         <			Interest &						NPV of Cash		
1,1277,500    3,803   (4,231,531)     (1,277,500)     (1,277		Cash Flow	Commission	Revenue	Developer Fee	** 4∐	Total	Year	Flow	Year	Cash Flow
3,803		(1,277,500)					(1,277,500)	0	(1,277,500)	2017	(1,277,500)
3,803     (4,254,951)     2     (4,251,951)     2019     (4,255,951)       1,47,23     (8,113,840)     3     (8,713,840)     2020     (8,888)       238,610     328,610     5     3.86,610     2022     2021     (8,888)       332,089     332,089     6     332,089     2023     2023       335,600     335,600     7     335,600     2024     2024       339,148     339,148     342,730     2026       346,351     346,351     346,351     2026       350,006     350,006     350,006     357,430     2026       357,430     357,430     357,430     2029       357,430     357,430     2030       364,952     364,992     364,992     2031       316,877     4,546,902     5003     5003       31,88     4,546,902     5003     5003       34,540     31,88     84,932     2032       31,88     31,88     31,88     84,932       31,88     34,934,39     31,88       31,88     34,934,39     31,88		(347,500)					(347,500)	-	(347,500)	2018	(347,500)
154,723 (8,712,840)		(4,255,754)				3,803	(4,251,951)	2	(4,251,951)	2019	(4 255 754)
259,056       15,400,395       4       15,400,395       2021       15,141         328,610       328,610       5       328,610       2022         332,089       332,089       6       332,089       2023         335,600       335,600       335,600       2024       2024         339,148       339,148       8       339,148       2025         346,351       346,351       10       346,351       2026         346,351       346,351       10       346,351       2026         350,006       350,006       350,006       11       350,006       2028         357,430       357,430       13       357,430       2030         364,992       364,992       16       316,877       2031         316,877       316,877       316,877       2033         4,546,307       4,938,329       50       50         4,546,307       4,938,329       50       80         4,546,307       4,938,329       50       80		(8,868,563)				154,723	(8,713,840)	m	(8,713,840)	2020	(8.868.563)
328,610       328,610       5 328,610       2022         332,089       332,089       6 332,089       2023         335,600       335,600       2024       2024         339,148       339,148       8 339,148       2025         340,730       342,730       9 342,730       2026         346,321       346,321       10 346,351       2026         350,006       350,006       350,006       2028         357,430       357,430       12 355,698       2029         357,430       357,430       13       357,430       2030         364,992       357,430       13       357,430       2030         364,992       346,992       15       364,992       2031         316,877       316,877       2033       316,877       2033         4,546,307       4,546,307       4,938,329       SUM       4,938,329       SUM         4,546,307       4,348,329       NPV       4,038,329       SUM       4,938,329       SUM		15,141,339				259,056	15,400,395	4	15,400,395	2021	15,141,339
332,089       332,089       6       332,089       2023         335,600       335,600       7       335,600       2024         339,148       339,148       8       339,148       2025         342,730       342,730       9       342,730       2026         350,006       350,006       350,006       350,006       2028         357,430       357,430       357,430       2030         361,194       361,194       361,194       2031         364,992       364,992       316,877       2032         316,877       316,877       316,877       2033         4,546,307       4,388,329       SUM       4,938,329       SUM         4,348,326       NPV       \$0       NPV       (281,88)						328,610	328,610	10	328,610	2022	
335,600       335,600       7       335,600       2024         339,148       339,148       8       339,148       2025         342,730       342,730       9       342,730       2026         346,331       346,351       10       346,351       2026         350,006       350,006       11       350,006       2028         353,698       353,698       13       357,430       2029         361,194       361,194       361,194       361,194       2031         364,992       364,992       364,992       5032         316,877       316,877       2032         4,546,307       4,538,329       5UM       4,938,329       5UM         4,546,307       4,548,325       NPV       50       NPV       (281,184)						332,089	332,089	9	332,089	2023	
339,148       339,148       339,148       2025         342,730       342,730       9       342,730       2026         346,351       346,351       10       346,351       2027         350,006       350,006       350,006       2028       2028         353,638       357,430       12       335,698       2029         357,430       357,430       13       357,430       2031         364,992       364,992       364,992       2032       2032         316,877       316,877       16       346,992       5032         316,877       4,546,307       4,538,329       50M       4,938,329       50M         4,546,307       4,548,302       80M       4,938,329       80M       80M       316,877       18R						335,600	335,600	7	335,600	2024	
342,730     342,730     342,730     5026       346,351     346,351     10     346,351     2027       350,066     350,006     350,006     2028     2028       353,688     335,688     357,430     2029       357,430     357,430     13     357,430     2030       361,194     361,194     361,194     361,194     2031       316,877     316,877     16     316,877     2032       4,546,307     4,538,329     5UM     4,938,329     5UM       5,3,032,360     NPV     50     NPV     (281,18)						339,148	339,148	8	339,148	2025	,
346,351     346,351     2027       350,006     350,006     11     350,006     2028       353,688     353,698     12     353,698     2029       357,430     357,430     2030     2030       364,134     361,134     361,194     2031       364,992     364,992     15     364,992     2032       316,877     316,877     16     316,877     2033       4,546,307     4,538,329     5UM     4,938,329     5UM     80       5,303,33,360     NPV     \$0     NPV     (281)						342,730	342,730	6	342,730	2026	
35,006 350,006 11 350,006 2028 353,698 353,698 12 353,698 2029 357,430 357,430 13 557,430 2030 361,194 361,194 14 361,194 2031 364,992 364,992 15 364,992 2031 316,877 316,877 16,877 2033 316,877 4938,329 SUM 4,938,329 SUM 392, 11,8% IRR (281, 11,8% IRR (						346,351	346,351	10	346,351	2027	
353,698     353,698     353,698     2029       357,430     357,430     13     357,430     2030       361,194     361,194     361,194     2031       364,992     364,992     364,992     2032       316,877     316,877     2033       4,546,307     4,938,329     SUM     4,938,329     SUM       53,032,360     NPV     \$0     NPV     (281,184)						350,006	320,006	11	350,006	2028	
357,430 357,430 13 357,430 2030 361,134 361,194 14 361,194 2031 364,992 364,992 15,877 16,877 2032 316,877 316,877 16,877 2033 4,546,307 4,938,329 SUM 4,938,329 SUM 392  Rate 11.8% RR RATE 11.8% RR RATE 12.8% RR						353,698	353,698	12	353,698	2029	
361,194 361,194 14 361,194 2031 364,992 364,992 15 364,992 2032 316,877 316,877 16 316,877 2033 - 4,546,307 4,938,329 SUM 4,938,329 SUM 392. \$3,032,360 NPV \$0.00000000000000000000000000000000000						357,430	357,430	13	357,430	2030	
364,992 364,992 15 364,992 2032 316,877 316,877 16 316,877 2033 4,546,307 4,938,329 SUM 4,938,329 SUM 392 Rate 11.8% IRR (281, 128) \$3,032,360 NPV \$0 NPV (281, 188)						361,194	361,194	14	361,194	2031	
316,877 316,877 16 316,877 2033 4,546,307 4,938,329 SUM 4,938,329 SUM 392. 11.8% Rate 11.8% IRR (281, 281, 282)						364,992	364,992	15	364,992	2032	
4,546,307 4,938,329 SUM 4,938,329 SUM 392, 11.8% Rate 11.8% IRR (281, 282, 3032,360 NPV \$0 NPV (281, 281, 282, 282, 328, 329, 328, 329, 339, 339, 339, 339, 339, 339, 339						316,877	316,877	16		2033	
Rate		392,022			٠	4,546,307	4,938,329	SUM	4,938,329	SUM	392,022
VPV \$0							11.8%	Rate =	11.8%	IRR	1.7% ***
							\$3,032,360	NPV	\$0	NPV	(281,012)

Cash Flow (1,277,500) (347,500) (3,921,207) (8,107,365) 16,130,237	Commission						NIDV of Cach		
(1,277,500) (347,500) (3,921,207) (8,107,365) 16,130,237	commission			-			NFV OF CASE		
(1,277,500) (347,500) (3,921,207) (8,107,365) 16,130,237		Kevenue	Developer Fee	* 4	Total	Year	Flow	Year	Cash Flow
(347,500) (3,921,207) (8,107,365) 16,130,237					(1,277,500)		0 (1.277.500)	2017	(1 277 500)
(3,921,207) (8,107,365) 16,130,237					(347,500)		1 (347,500)	2018	(347,500)
(8,107,365) 16,130,237				3,803	(3,917,404)		2 (3,917,404)	2019	(3,921,207)
16,130,237				154,723	(7,952,642)		3 (7,952,642)	2020	(8,107,365)
			,	259,056	16,389,293		16,	2021	16,130,237
				328,610	328,610			2022	
				33.2,089	332,089			2023	
				335,600	335,600		7 335,600	2024	-1
				339,148	339,148			2025	
				342,730	342,730			2026	
				346,351	346,351	10		2027	
				350,006	350,006	11	350,006	2028	
				353,698	353,698	12		2029	
				357,430	357,430	13	3 357,430	2030	
				361,194	361,194	14		2031	
				364,992	364,992	15		2032	
				316,877	316,877	16		2033	•
333 347 6				200 000	5 5 5 5 5				
2,470,003			,	4,540,30/	1,022,912	Mins	7,022,972	SUM	2,476,665
				_	CA 967 96A	Nate =	10.4%	IKK	10.5%
					4,001,004	A	Set	NFV Return Using Developer Method ****	1,554,492
IRR With TIF MID						IRR Test Heir	IRR Test Hsing NPV Method	IRR Without TIE	=
	Interest &						NPV of Cash		111
Cash Flow	Commission	Revenue	Developer Fee	TIF **	Total	Year	Flow	Year	Cash How
(1 277 500)					(003 555 1)				
(347 500)					(1,277,300)		(T,277,500)	707	(1,2//,500)
(000, 740)					(347,500)		(347,500)	2018	(347,500)
(4,088,480)				3,803	(4,084,677)			2019	(4,088,480)
(496,194,0)				154,723	(8,333,241)			2020	(8,487,964)
15,635,788				259,056	15,894,844		15	2021	15,635,788
				328,610	328,610			2022	3
				332,089	332,089	2	332,089	2023	1
				335,600	335,600		7 335,600	2024	
				339,148	339,148	~	8 339,148	2025	1
				342,730	342,730		9 342,730	2026	
				346,351	346,351	10		7202	
				350,006	350,006	11		2028	
				353,698	353,698	12		2029	
				357,430	357,430	13	3 357,430	2030	
				361,194	361,194	14		2031	- 1
				364,992	364,992	15	364,992	2032	
				316,877	316,877	16	316,877	2033	
1,434,344	•	,	,	4,546,307	5,980,651	SUM	5,980,651	SUM	1,434,344
					15.0%	Rate ==	15.0%	IRR	6.1%
				ļ	\$3,950,112	MPV	(0\$)	AdN	636 740

# RECOMMENDED

IT TIF		Cash Flow	(1 277 500)	(347 500)	(4.088.480)	(8,487,964)	15,635,788	. '	,			,		,	,			•			1,434,344	6.1%	636,740
IRR Without TIF		Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	9	SOM	IRR	NPV
PV Method	NPV of Cash	>	(1.277.500)	(347,500)	(4,086,828)	(8,420,749)	15,748,327	142,754	144,266	145,791	147,332	148,888	150,461	152,049	153,653	155,274	156,909	158,559	137,657		3,409,344	10.7%	\$0
IRR Test Using NPV Method	NPV	Year Flow	0		2	3	4	S	9	7	00	6	10	11	12	13	14	15	16		SOM	Rate =	NPV
		Total	(1,277,500)	(347,500)	(4,086,828)	(8,420,749)	15,748,327	142,754	144,266	145,791	147,332	148,888	150,461	152,049	153,653	155,274	156,909	158,559	137,657	(1000	3,403,344	10.7%	\$2,076,130
		∃ <u>F</u>			1,652	67,215	112,539	142,754	144,266	145,791	147,332	148,888	150,461	152,049	153,653	155,274	156,909	158,559	137,657	000 140	1,9/5,000		
		Developer Fee																				_	/
		Revenue																			•		
ENV ONLY	Interest &	Commission																			•		
MID	)	Cash Flow	(1,277,500)	(347,500)	(4,088,480)	(8,487,964)	15,635,788													200 x 00 x	1,434,344		
IRR With TIF		Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	- N	30IVI	IRR	NPV