City of Topeka, Kansas

Wheatfield Village Tax Increment Financing District
Project Plan #1

Financial Analysis | October 2017

COLUMBIA CAPITAL
MUNICIPAL ADVISORS

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

INTRODUCTION

29 Fairlawn, LLC, a single purpose limited liability company listing Floyd C. Eaton, Jr. and Jim Klausman, as its only members with more than five (5) percent ownership (the "Developer"), originally submitted its "Tax Increment Financing Redevelopment Project Plan (Wheatfield Village Redevelopment Project)" dated July 14, 2007 (the "Plan") to the City of Topeka, Kansas (the "City") for consideration. The Plan would be constructed in the Wheatfield Village Tax Increment Financing District, created by the City on June 26, 2017, located substantially in the northwest corner of the intersection of Fairlawn and 29th in Topeka (the "District") and would result in the construction of a mixed-use development on approximately 13 acres including hotel, restaurant, movie theater and multi-family uses (as more fully defined below, the "Project"). The Developer is constituted as a Kansas limited liability company in good standing as of October 10, 2017, according to the records of the Kansas Secretary of State.

The purpose of this financial analysis (the "Analysis") is to satisfy the requirements of Kansas statutes related to the development of tax increment financing district (KSA 12-1770 *et seq*.), specifically the requirement found at KSA 12-1772(a)(1).

Tax increment financing (TIF) is a tool that allows a city to identify a defined geographic area within which certain taxes, including *ad valorem* property taxes, sales taxes and other revenues, may be captured for a period of limited duration and redirected to the payment or reimbursement of certain eligible project costs.

In Kansas, TIF is limited to a 20-year duration from the effective date of a project plan, capturing incremental property taxes (i.e., those net new taxes created by the development above base year levels) plus other taxes pledged by the City for capture at its discretion, including but not limited to sales taxes and other locally-levied taxes and fees.

The Plan contemplates the capture of 100% of incremental *ad valorem* property taxes for the full 20 years permitted by statute. It also contemplates the capture of 100% of the City's general one (1) percent sales and use tax on incremental taxable retail sales at the Project, as well as the City's one-half percent sales and use tax dedicated for street repairs and maintenance, if such tax is renewed by the voters.

In addition to the TIF benefits contemplated by the Plan, the Developer has petitioned the City for a two (2) percent incremental sales tax overlay for 22 years following the effective date using the statutory community improvement district (CID) mechanism. Additionally, Shawnee County has approved a resolution of intent provide the Project with a sales tax exemption on construction labor and materials through the statutory industrial revenue bond mechanism. We estimate the value of that exemption to be between $2.5 and $3.0 million based upon our experience with a similar exemption awarded to another recent large scale, mixed-use development in Kansas.

The Developer reports a $93.2 million total development cost budget for the Project with the Project being fully open for operations by 2022.

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 and to make certain statutory findings. 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 Financial Advisor serves as a fiduciary to the City. The reader's interests may vary from those of the City'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 City and provided to it separately. The Developer provided some of such information to us under the protection of a non-disclosure agreement (NDA). The NDA provides an exemption for information required to be disclosed for the purposes of this Analysis and the Developer had an opportunity to review this report prior to its release to ensure no confidential information was disclosed.

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 of Topeka's review of the Developer's request for TIF and CID 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

As disclosed in local media and to the City Council prior to formal delivery of the Plan to the City, the Developer presented the following land uses in the Project to the Topeka Planning Commission:

Residential. A four-story, market-rate, multi-family rental residential complex consisting of approximately 178 units. The residential complex will be constructed in the northwest corner of the site, in part, on top of a multi-story parking deck. The Developer advises it expects its rents to be at or near the upper end of the Topeka market.

Movie Theater. A nine-screen, B&B Theaters branded movie theater with approximately 690 seats, focusing on first-run movies and featuring state-of-the-art technology. At approximately 34,000 sq ft, the theater is located in the south central portion of the site.

Hotel. A four-story, 88-room Marriott TownSuites hotel near the northeast corner of the site (approximately 134,000 sq ft). Marriott considers its TownSuites brand to be a mid-priced, extended stay offering, competing with Candlewood Suites (InterContinental), Home2 Suites (Hilton), and Hawthorne Suites (Wyndham).

Restaurants. Two restaurant buildings anticipated to contain a Spin Neapolitan Pizza, a Johnny's Tavern and a PT's Coffee, all totaling approximately 12,000 sq ft.

Related Costs. Related costs include property acquisition, site preparation (including demolition of existing structures), the construction of infrastructure including a multi-story parking deck and improvements to public streets, and the development of a small "farmers' market" open space at the southeast corner of the site.

We understand that the Developer's current intent is to own all phases of the Project. The Developer plans to enter into operating arrangements for the theater and hotel and, potentially, the apartments. Subject to the NDA, the Developer provided us with evidence interest for the retail spaces, in the form of draft leases or leasing letters of intent (LOIs), and evidence of interest from potential operating partners in the form of letters of support. The Developer also provided us with access to third-party market studies where applicable.

DEVELOPMENT BUDGET AND PROJECT COST

The Developer's most recent project budget, dated September 8, 2017, shows the following expected total development costs. Please note that the Developer's unit count assumptions differ somewhat from the plan presented to Topeka Planning Commission.

Because the Developer Fee inures to the Developer, we do not consider it as a cost of the Project. The Developer's capital stack contemplates interest during construction and we have not considered here to avoid double-counting its impact. For the balance of this analysis, we will rely on an estimated cost of the Project of $80,720,286 (the "Project Budget").

USE	TOTAL BUDGET	TIF ELIGIBLE	CID ELIGIBLE
Land Acquisition	$ 2,375,000	$ 2,375,000	$ -
Site Work			
Site Work	$ 7,150,508	$ 7,150,508	$ -
Fairlawn Improvements	736,233	736,233	-
29th Improvements	376,250	376,250	-
Site Monuments/Signage	150,000	150,000	150,000
Building			
Multi-Family (176 units)	$ 31,680,000	$ -	$ 31,680,000
Parking Deck (264 stalls)	5,940,000	5,940,000	5,940,000
Hotel (88 rooms)	12,320,000	-	12,320,000
Restaurant	752,500	-	752,500
Coffee Shop	344,000	-	344,000
Restaurant	1,218,875	-	1,218,875
Theater	7,042,775	-	7,042,775
Tenant Improvements	2,325,500	-	2,325,500
Soft Costs			
Arch & Engin	$ 2,097,500	$ 722,500	$ 2,097,500
Legal	150,000	150,000	150,000
Permits & Fees	25,000	25,000	25,000
Lease Commissions	621,753	621,753	621,753
Contingency			
Site Work	$ 662,221	$ 662,221	$ 662,221
Building	4,752,171	476,049	4,752,171
SUBTOTAL—PROJECT COSTS	**$ 80,720,286**	**$ 19,385,514**	**$ 80,720,286**
Developer Fee	$ 2,715,229	$ 2,715,229	$ 2,715,229
Interest Carry			
Site Work (2yrs/7%)	$ 1,197,307	$ 1,197,307	$ 1,197,307
Building (2 yrs/7%)	8,592,012	860,706	8,592,012
TOTAL DEVELOPMENT COSTS	**$ 93,224,834**	**$ 24,158,756**	**$ 93,224,834**

The City should consider this budget to be an early estimate. Although the Developer provided us with evidence that it had used a local contractor to inform its costing for the Project as shown above, our understanding is that the Project remains in the schematic design stage. As the Project progresses through design development, construction documents and bidding, we expect costs of the Project to change. The Project Budget includes a standard contingency budget to reflect this uncertainty, but may not have to be spent.

CAPITAL STACK

The Developer's financial modeling relies on an assumption of a capital stack comprised of 70% debt and 30% equity, applied against total development costs:

SOURCES OF FUNDS	
Debt	$ 65,257,384
Equity	27,967,450
TOTAL SOURCES	**$ 93,224,834**

The Developer did not provide us with a lender term sheet or commitment on the debt component of the financing or of any evidence of its ability to contribute nearly $28 million in equity to the Project. As noted above, the Developer's financing assumptions include construction interest and the Developer fee in the total capital stack.

Because both the Plan and the companion Developer petition to the City to create the CID contemplate pay-as-you-go structures, the Developer will be required to make 100% of the capital stack available prior to or during construction of the Project. TIF and CID incentives will only become available once the Project is constructed and leased.

We anticipate the Developer's lender underwriting will rely on the City's determination of whether TIF and/or CID benefits should be conferred to the Project.

DEVELOPMENT SCHEDULE

On September 13, 2017, the Developer provided us with the following schedule related to its expected completion of the Project:

MILESTONE	EXPECTED DATE
Incentives Approved	October 2017
Demolition Commences	December 2017
Site Work Commences	July 2017
Vertical Work Commences	March 2019
All Components Constructed	March 2021
All Components Leased	Summer 2021

OPERATING PROJECTIONS

The Developer provided to the City a ten-year, high-level operating pro forma driving both its conclusion that the Project will be financially successful over that period and its conclusion that incentives are needed for the Project to proceed. Although the Developer provided us with sufficient detail to assess the quality of their top line revenue projections, its assumptions on operations and maintenance cost were not detailed. As a result, while the Developer provided projections of net operating income ("NOI") for the Project in for all uses in the aggregate, we did not have the ability to assess the quality of those projections.

The NOI projections are significant because it they are used in the calculation of the Developer's projected rate of return for the project—a factor critical to assessing the appropriateness of the level of incentives requested.

EVALUATING THE APPROPRIATENESS OF INCENTIVES

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 Topeka community with access to amenities and experiences that might not be available in the community 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. Demolition and site preparation, environmental remediation, new or revitalized public utilities, 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 (undeveloped properties) 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. The 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.

"But-For" Test. Although the City has no statutory or policy requirement that an incentives grant meet the so-called "but-for" test, it is an economic development best practice to employ it. 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. The 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. We understand through frequent conversation with the Developer that the incentives requested are a necessary precondition to its development of the Project. While it is fairly easy to recognize that conditions at the Project's current site will require significant investment to make the site attractive to development, it is more challenging to quantify how much incentive is necessary to level the playing field with the cost of developing the Project at another site.

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 rage 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 (retail sales per square foot, post-construction assessed valuation, construction completion timing). The result is that the developer and the city providing the incentives can draw very different conclusions from the same set of analytical inputs.

Macroeconomic Concerns About the Retail Environment. A quick Internet search reveals countless articles about the reality that the U.S. has too much bricks-and-mortar retail square footage. This over-supply, coupled with changing trends and technological innovation, is leading to the deaths, fast and slow, of some of the most venerable historic names in retail. As a result, we think cities should be very selective in the retail-focused projects they incentivize.

The Project proposes mix of development that, at least presently, runs counter to this macro trend. Restaurants, particularly those in the "quick service" and "fast casual" categories, have seen robust performance in recent years, commanding strong retail rents and producing very high sales per square footage values.

Concerns Linger About Movie Theaters. Topeka finds itself in a fairly unusual position for a mid-sized city: it has but one movie theater complex showing first-run movies. To some extent, this may reflect macroeconomic conditions in the movie theater space. According to a variety of sources (including http://www.the-numbers.com/market/ from Nash Information Service, a consultant focused on the movie business) movie theater ticket sales peaked in 2002 at 1.58 billion and have shown an overall downward trend since, falling to 1.30 billion last year (compound annual growth rate of -1.4%). Disney's head of film distribution recently told cinema owners that he expected total box office sales to be stagnant in the short- to mid-term (http://www.latimes.com/business/hollywood/la-fi-ct-disney-disruption-20170328-story.html). And, AMC Theaters, based in Leawood, saw the value of its stock decline by 25% earlier this year after reporting poor financial results.

Further, there does not appear to be pent-up demand for moviegoers. The Motion Picture Association of America (the "MPAA") reported that, in 2016, seven out of ten people living in the US and Canada went to the theater at least once. The MPAA further reported that roughly half to ticket sales were driven by frequent moviegoers (those going to the theater at least once per month) (http://www.mpaa.org/wp-content/uploads/2017/03/MPAA-Theatrical-Market-Statistics-2016_Final-1.pdf). It appears that everyone that wants to take in a movie in a theater is likely already doing so.

As a result, it seems likely that a substantial portion of the economics generated by the movie theater in the Project—with recliner seating, on-site food service and the latest sound and projection technology—will come from Topeka's existing theater. Because the Project proposes to capture essentially all of the local tax production from the theater, the City could face real losses to its general fund if sales decline at the existing theater.

Topeka Has No New Hotel Nights. Topeka hotel demand is down for 2017, roughly at 2015 levels which, themselves, were down significantly from 2014. Occupancy rates have mostly followed this trend as supply has remained more constant. Positively, revenue per available room ("RevPAR")—calculated as the product of a hotel's average daily rate and its average occupancy—is up substantially over 2015. This indicates that, even though demand has fallen, hoteliers have been able to demand greater room rates. This is reflected in the average daily rate which has increased in Topeka by seven (7) percent since 2015.

The Developer has modeled both higher occupancy and higher room rates than the Topeka averages. We expect it to achieve this result, although this property faces competition from multiple other competing hotel openings on the Wanamaker corridor in 2017 and 2018.

Given the trends in hotel demand in Topeka, we would expect each hotel night within the Project to be matched by a loss of a hotel night at another Topeka hotel. The implication for the City is that it is likely to lose much or all of the general sales taxes derived on the current average Topeka RevPAR (approximately $45 per night) as 100% of new hotel sales taxes within the Project will be captured over the life of the TIF.

QUANTIFICATION OF INCENTIVES REQUESTED

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 23 years from now. (The CID extends 22 years from its commencement date that the Developer requests to be December 31, 2018.) This uncertainty 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. It is also one of the reasons why mixed-use developments have become so popular: a project including assets which have more predictable performance and value over time (such as multi-family and hotel) provides a less-risky overall development than one focused solely on retail.

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 more than two decades. If another, better use for this site emerges five or ten years from now, the City will not be able to revisit its decision of 2017. There is an opportunity cost to the City to forgo the property and sales taxes from the Project for nearly a generation. Additionally, each time the City grants incentives to a project it creates precedent for future projects. The City's prudent use of incentives here will provide a foundation for future development incentives requests from other developers.

With these caveats in mind, and based upon the best information available, we prepared the schedule shown in Exhibit A, which provides a discounted cashflow analysis of both Project Costs and projected incentives over the life of the Project. Using a five (5) percent discount rate, the present value of the incentives totals approximately $18.8 million. (This includes the value of the Developer fee as the cost of financing that fee is included in the Developer's NOI calculation which is critical to our rate of return analysis, below.)

Because the Developer does not expect to complete the project for a number of years, it is also appropriate to discount, using the same five (5) percent rate, Project Costs. Doing so yields a discounted cost figure of $71.2 million. With that, we calculate the estimated percentage of the Project Costs to be covered by incentives, all on a discounted basis, to be 26.4%.

APPROPRIATENESS OF THE INCENTIVES GRANT

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 can look to the unincentivized real estate market for guidance about what a reasonable, incentivized Developer rate of return should be.

CITY OF TOPEKA

Proposed Wheatfield Village Development

CASH ON COST RETURN ANALYSIS

Unincentivized	**Cash on Cost Return Without Incentives**
Project Costs (Nominal)	80,720,286
Incentives/Developer Income (Discounted)	-
Net Project Costs	80,720,286
Stabilized NOI (per Developer)	4,900,000
Cash-on-Cost Return	6.07%

Incentivized	**Cash on Cost Return With Incentives**
Project Costs (Nominal)	80,720,286
Incentives/Developer Income (Discounted)	(18,817,771)
Net Project Costs	61,902,515
Stabilized NOI (per Developer)	4,900,000
Cash-on-Cost Return	7.92%

Baseline **Calculation of Likely Cash on Cost Market Returns**

ASSET CLASS	NOI CONTRIB.	MARKET CAP RATE	RISK PREMIUM	REQUIRED COC RETURN
Multifamily	55.50%	5.25%	1.50%	6.75%
Retaurant	21.52%	7.00%	1.50%	8.50%
Movie Theater	5.69%	7.25%	1.50%	8.75%
Hotel	17.29%	7.00%	1.50%	8.50%
Weighted Market Cash-on-Cost Return for Project				7.54%

(NOI Contribution and Market Cap Rate provided by Developer)

One approach many professional real estate development companies use is a cash-on-cost return. This is a litmus test analysis calculated by evaluating stabilized net operating income as a percentage of project costs. Firms differ in how they define an "acceptable" cash-on-cost return for a project, but often they are looking for cash on cost return to exceed either the market capitalization rate for an asset plus a risk premium or their cost of capital invested in an asset plus a risk premium. By comparing the cash-on-cost returns for the

Project before and after the effects of the incentives to a market cash-on-cost return, we can assess the appropriateness of the Developer's incentives request.

As shown above, the Developer's estimated unincentivized cash-on-cost return of 6.1% is well below market expectations of approximately 7.5% for a similar project. Its estimated incentivized return, however, is higher than market expectations. Although the differential appears small (7.9% versus 7.5%), the Developer's incentive grant would need to be reduced by $3 million dollars (in 2017 dollars) to reduce its incentivized cash on cash return to market rates.

In addition, there are a number of important weaknesses to the cash-on-cost calculation, including:

No Consideration of Intrinsic Value. The cash-on-cost metric fails to consider the intrinsic value of the Project when it is constructed. The Project's value as an enterprise—its ability to generate income—is encompassed in the NOI calculation. But, even if the Project generated no income at all, it would still have value. And, roughly 25% of that value would have been derived from the public incentives used to support construction of the Project.

While that intrinsic value is hypothetical until the Developer were to sell or recapitalize the Project, the Developer itself calculated the hypothetical value of the Project to be nearly $81 million at the end of ten years—about $20 million more than its outstanding borrowings are expected to be at that point.

No Value Assigned to Sales Tax Substitution Effects. As described above, when the Project is fully open for business, the City is likely to experience losses to its general fund from retail sales moving from other parts of the City (outside of TIF districts) to the Project (within a TIF district). This is particularly the case with respect to the movie theater and the hotel, but is likely to occur to a more limited extent with the other uses in the Project, as well.

At the same time, however, the City will gain from new transient guest taxes (TGT) generated by the Project's hotel, although likely *only* to the extent of the RevPAR difference between the hotel and Topeka average RevPAR (again, because the hotel is likely to cannibalize hotel nights from existing Topeka hoteliers). And, our analysis does not consider tangible spin-off benefits (new jobs created, the potential for redevelopment in surrounding areas, the potential for incremental traffic flow improvements through the development of additional transportation infrastructure at 29th and Fairlawn) or the intangible effects of converting this underused and neglected site into a quality new commercial development.

STATUTORY FINDINGS

Based upon our review of the information provided by the Developer in the Plan, as supplemented with more detailed information provided to City staff and to us, we find the following:

- the total development costs of the Project are $93,222,834
- this total development cost will be initially paid through a combination of debt (approximately $65,255,984) and Developer equity (approximately $27,966,850)
- the future value incentives available to the Developer under the Plan (including CID receipts and the value of the sales tax exemption) are approximately $29,650,000 while the present value discounted incentives available to the Developer under the Plan (including CID receipts and the value of the sales tax exemption) are approximately $18,817,000. Most of the incentives will be generated over time as TIF increment (and CID receipts) are generated
- the Developer's projected net operating income from the Project at stabilization (approximately $4,900,000) plus its projected incentives grant in such year (approximately $1,300,000) exceed its expected costs of servicing the debt in that year (approximately $4,865,000) and each subsequent year

As such, the Plan's benefits and TIF revenue and other available revenues under subsection (a)(1) of K.S.A. 12-1774, and amendments thereto, are expected to exceed or be sufficient to pay for the Plan's project costs. The Plan will have no effect on any outstanding special obligation bonds payable from the revenues described in K.S.A. 12-1774(a)(1)(D), and amendments thereto.

Exhibit A—Discounted Cashflow Modeling of Project Costs and Incentives

CITY OF TOPEKA

Proposed Wheatfield Village Development

Pro Forma Incentives Calculation

	TOTALS	YEAR 1	2	3	4	5	6	7	8	9	10	11	12	13
PROJECT COSTS														
Land Acquisition	2,375,000	2,375,000	-	-	-	-	-	-	-	-	-	-	-	-
Site Work														
Site Work	7,150,508	400,000	3,375,254	3,375,254	-	-	-	-	-	-	-	-	-	-
Fairlawn Improvements	736,233	-	368,117	368,117	-	-	-	-	-	-	-	-	-	-
29th Improvements	376,250	-	188,125	188,125	-	-	-	-	-	-	-	-	-	-
Site Monuments/Signage	150,000	-	-	-	-	150,000	-	-	-	-	-	-	-	-
Building														
Multi-Family (176 units)	31,680,000	-	-	11,880,000	15,840,000	3,960,000	-	-	-	-	-	-	-	-
Parking Deck (264 stalls)	5,940,000	-	-	2,227,500	2,970,000	742,500	-	-	-	-	-	-	-	-
Hotel (88 rooms)	12,320,000	-	-	4,620,000	6,160,000	1,540,000	-	-	-	-	-	-	-	-
Restaurant	752,500	-	-	282,188	376,250	94,063	-	-	-	-	-	-	-	-
Coffee Shop	344,000	-	-	129,000	172,000	43,000	-	-	-	-	-	-	-	-
Restaurant	1,218,875	-	-	457,078	609,438	152,359	-	-	-	-	-	-	-	-
Theater	7,042,775	-	-	2,641,041	3,521,388	880,347	-	-	-	-	-	-	-	-
Tenant Improvements	2,325,500	-	-	-	1,162,750	1,162,750	-	-	-	-	-	-	-	-
Soft Costs														
Arch & Engin	2,097,500		1,398,333	699,167	-	-	-	-	-	-	-	-	-	-
Legal	150,000	150,000	-	-	-	-	-	-	-	-	-	-	-	-
Permits & Fees	25,000	12,500	12,500	-	-	-	-	-	-	-	-	-	-	-
Lease Commissions	621,753	-	-	-	-	621,753	-	-	-	-	-	-	-	-
Contingency														
Site Work	662,221	-	662,221	-	-	-	-	-	-	-	-	-	-	-
Building	4,752,171	-				4,752,171	-	-	-	-	-	-	-	-
TOTAL PROJECT COSTS	**80,720,286**	**2,937,500**	**6,004,550**	**26,867,468**	**30,811,825**	**14,098,943**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
INCENTIVES/DEVELOPER INCOME—NOMINAL VALUE														
Value of Avoided Sales Tax (IRB)	2,716,237	14,400	165,374	942,059	1,109,226	485,179	-	-	-	-	-	-	-	-
CID Reimbursement (2%)	5,377,698	-	-	-	-	233,883	235,973	238,082	240,211	242,361	244,530	246,720	248,930	251,162
TIF Reimbursement (100% + 1.5%)	21,556,555	-	-	-	-	973,012	983,401	993,892	1,004,487	1,015,188	1,025,995	1,036,908	1,047,930	1,059,061
Developer Fee	-	-	-	-	-	2,715,229	-	-	-	-	-	-	-	-
TOTAL INCENTIVES/DEV INCOME	**29,650,490**	**14,400**	**165,374**	**942,059**	**1,109,226**	**4,407,303**	**1,219,373**	**1,231,974**	**1,244,699**	**1,257,549**	**1,270,525**	**1,283,628**	**1,296,860**	**1,310,223**
INCENTIVES/DEVELOPER INCOME—PRESENT VALUE (DISCOUNTED AT 5 PERCENT)														
Discount Factor		100.00%	95.24%	90.70%	86.38%	82.27%	78.35%	74.62%	71.07%	67.68%	64.46%	61.39%	58.47%	55.68%
Project Costs	(71,241,353)	(2,937,500)	(5,718,619)	(24,369,586)	(26,616,413)	(11,599,235)	-	-	-	-	-	-	-	-
Incentives/Dev Income	18,817,771	14,400	157,499	854,475	958,191	3,625,899	955,411	919,318	884,584	851,158	818,991	788,036	758,247	729,581
Net Benefit	(52,423,582)	(2,923,100)	(5,561,120)	(23,515,111)	(25,658,222)	(7,973,336)	955,411	919,318	884,584	851,158	818,991	788,036	758,247	729,581
Incentives as % of Costs	**26.41%**													

CITY OF TOPEKA

Proposed Wheatfield Village D

Pro Forma Incentives Calculation

	14	15	16	17	18	19	20	21	22	23	24	25
PROJECT COSTS												
Land Acquisition	-	-	-	-	-	-	-	-	-	-	-	-
Site Work												
Site Work	-	-	-	-	-	-	-	-	-	-	-	-
Fairlawn Improvements	-	-	-	-	-	-	-	-	-	-	-	-
29th Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Site Monuments/Signage	-	-	-	-	-	-	-	-	-	-	-	-
Building												
Multi-Family (176 units)	-	-	-	-	-	-	-	-	-	-	-	-
Parking Deck (264 stalls)	-	-	-	-	-	-	-	-	-	-	-	-
Hotel (88 rooms)	-	-	-	-	-	-	-	-	-	-	-	-
Restaurant	-	-	-	-	-	-	-	-	-	-	-	-
Coffee Shop	-	-	-	-	-	-	-	-	-	-	-	-
Restaurant	-	-	-	-	-	-	-	-	-	-	-	-
Theater	-	-	-	-	-	-	-	-	-	-	-	-
Tenant Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Soft Costs												
Arch & Engin	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-
Permits & Fees	-	-	-	-	-	-	-	-	-	-	-	-
Lease Commissions	-	-	-	-	-	-	-	-	-	-	-	-
Contingency												
Site Work	-	-	-	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECT COSTS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
INCENTIVES/DEVELOPER INC(												
Value of Avoided Sales Tax (IRB)	-	-	-	-	-	-	-	-	-	-	-	-
CID Reimbursement (2%)	253,414	255,688	257,983	260,299	262,638	264,998	267,381	269,787	272,215	274,666	277,140	279,637
TIF Reimbursement (100% + 1.5%)	1,070,303	1,081,655	1,093,121	1,104,700	1,116,394	1,128,204	1,140,131	1,152,176	1,164,340	1,176,626	1,189,033	-
Developer Fee	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCENTIVES/DEV INCOME	**1,323,717**	**1,337,343**	**1,351,104**	**1,364,999**	**1,379,032**	**1,393,202**	**1,407,512**	**1,421,962**	**1,436,555**	**1,451,291**	**1,466,173**	**279,637**
INCENTIVES/DEVELOPER INCON												
Discount Factor	53.03%	50.51%	48.10%	45.81%	43.63%	41.55%	39.57%	37.69%	35.89%	34.18%	32.56%	31.01%
Project Costs	-	-	-	-	-	-	-	-	-	-	-	-
Incentives/Dev Income	701,995	675,449	649,904	625,322	601,667	578,904	557,000	535,923	515,640	496,124	477,344	86,707
Net Benefit	701,995	675,449	649,904	625,322	601,667	578,904	557,000	535,923	515,640	496,124	477,344	86,707

Incentives as % of Costs