

APPLICATION
OF
FALLS BUILDING PROPERTY OWNER, LLC
FOR
PAYMENT IN LIEU OF TAXES INCENTIVES
BEFORE
CENTER CITY REVENUE FINANCE CORPORATION

2026

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1) APPLICANT BACKGROUND:

Falls Building Property Owner, LLC

c/o

Left Lane Development, LLC (“Left Lane” or “Applicant”)

827 Washington St.

New York, NY, 10014

Business Description:

Left Lane is a Hospitality and multi-family real estate developer. Falls Building Property Owner is a single purpose entity and wholly owned subsidiary of Left Lane.

Legal Structure:

New York limited liability company

Left Lane Representatives:

Gene Shevaldin

SVP Investments

Left Lane Development, LLC

827 Washington St.

New York, NY 10014

Telephone: (212) 461-3335

Email: gene@leftlane.dev

Ash Shaban

President

Left Lane Development, LLC

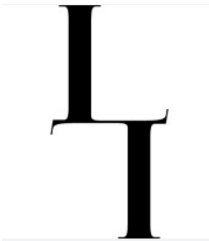
827 Washington St.

New York, NY 10014

Telephone: (212) 461-3335

Email: ash@leftlane.dev

2) ABOUT LEFT LANE AND THE FALLS BUILDING:



Left Lane is a vertically integrated real estate development firm headquartered in New York, NY. Left Lane targets hospitality and multifamily development and redevelopment

opportunities in the fastest growing U.S. secondary markets and has completed \$1.3 billion in projects across the country, the majority of which are historic office conversions like the Falls Building. Left Lane's most recent office conversion, The Manger Building in Savannah, GA, was successfully completed in the summer of 2026.



Left Lane acquired the Historic Falls Building in 2022. The Falls Building was originally constructed in 1910 and is a landmark that is listed on the National Register of Historic Places.

Work on the Project is already underway. Since construction and renovation began in approximately Q1 2024, Left Lane has completed interior demolition, including removal of obsolete office build outs, ceilings, and partition walls, and other site preparation work. This work was done with care to preserve the building's historic features. It leaves the Falls Building ready for the residential conversion to begin as soon as financing closes.

3) PENDING AND PREVIOUS APPLICATIONS:

- A. Applicant received a 12-year Payment-in-lieu-of-tax ("PILOT") from the Center City Revenue Finance Corporation ("CCRFC") in 2023 for the Project.
- B. Applicant has no plans to incur indebtedness or other financial obligations that would have a materially adverse impact on its financial condition.
- C. To the best of Applicant's knowledge, (i) Applicant has had no regular professional relationship with the legal counsel for CCRFC in the past five (5) years, and (ii) neither CCRFC legal counsel nor any member of CCRFC has direct or indirect ownership in Applicant.

4) PROJECT SUMMARY:

Left Lane seeks payment-in-lieu-of-tax (“PILOT”) incentives from the CCRFC in order to make capital investments (real property and tangible personal property) totaling approximately \$81,000,000 for the conversion now vacant office building into a vibrant mixed-use multi-family apartment in Downtown Memphis (the “Project”). The Project will consist of a 175-unit, Class A multi-housing community thoughtfully designed for residents who want the living experience of a mixed-use development combined with the service of a luxury hotel. As a historic Memphis landmark, Left Lane’s design plan is intended to revitalize the charm of the Falls Building while bringing it to its highest and best use as upscale residences.

Significant components of the Project will include development of studio, one-, two, and three-bedroom units that will include approximately 35 fully furnished units. The Project’s amenity package will include 12,525 sq. ft. of residential amenities and 2,244 sq. ft. of ground-floor commercial space. The amenity spaces have been designed to invite the tenants to gather, work, and play. Residents will be greeted by the jewel of the Falls Building, the Library, which leads into a double-height atrium and co-working spaces connected to an outdoor terrace. Through the glass door, the exterior courtyard will contain an outdoor kitchen and wide range of seating options. Adjacent to the Library will be the Property’s state-of-the-art 4,114 sq. ft. gym with the newest machines and private training room filled with an abundance of natural light through large historic street front windows. Through the lobby are the Property’s main amenities including the game room which includes billiards tables, a bocce ball court, ping pong tables, and lounge seating. Across the hallway sits the sports lounge with its own golf simulator and the private movie theater. Finally, the Pantry and Private Dining room provide a room of moody glamour for residents to use for special events and gatherings. The Pantry will be fully outfitted with the necessary appliances for entertaining including a refrigerator, dishwasher, warming drawer, and a convection oven. Additional tenant amenities include the dog spa, tenant-only restrooms, bike storage, and a package room.

Left Lane has included, as attached “**Exhibit A**”, conceptual images and floorplans currently contemplated for the ground floor and a typical residential floor of the Project. The Project was approved by the Design Review Board in December, 2024.

With the University of Memphis Cecil C. Humphreys School of Law located directly across the street, the Falls Building will be an attractive and affordable housing option for law students, many of whom are of low to moderate income. Left Lane remains eager to deliver this Project not only for the law students who represent a natural tenant base, but also for the benefit of the Downtown Memphis community as a whole.

5) INCENTIVE REQUESTED:

The Project answers a pressing need in the downtown Memphis office market. Recent reports show that direct office vacancy in the Downtown Memphis Central Business District has reached unsustainable levels. Several downtown towers sit largely or entirely empty. As those buildings lose value, the tax burden shifts toward homeowners. One answer to this problem is adaptive reuse. The CCRFC can use targeted PILOT tools to convert obsolete office towers into residential and mixed use space. These conversions will end chronic vacancy, restore downtown foot traffic, and grow the residential tax base. The Falls Building is exactly that kind of project. It

will turn a vacant historic office building into 175 residences and bring new life to the downtown core.

Without the benefit of CCRCC PILOT incentives and in the face of historically high construction cost escalations since 2024, expected cash flows following Project completion will not provide a sufficient return on the required costs, and the combination of a large amount of capital placed at risk and below market investment returns renders this transformational Project infeasible in the absence of external funding sources. But for the granting of a CCRFC PILOT incentive, this Project will not move forward, and the Falls Building will remain vacant indefinitely. The 12-year PILOT previously granted by the CCRFC in 2023 will have less than ten (10) years remaining upon Project completion, which creates significant refinancing uncertainty for the Project's participating lender. Specifically, the lender requires sufficient PILOT term beyond the anticipated loan maturity to facilitate a HUD permanent financing takeout. Accordingly, the lender has conditioned its participation on Applicant obtaining a total PILOT term of at least twenty (20) years to mitigate refinancing risk, provide adequate term certainty, and allow the Project to proceed to completion. As a result, Left Lane is grateful for the opportunity to collaborate with the CCRFC and, to that end, requests that CCRFC grant a PILOT incentive for the Project that will result in a total PILOT term of not less than twenty (20) years (the "PILOT Term"), with respect to the parcel comprising the Project.¹

as

Left Lane further requests that the existing PILOT Lease Agreement dated December 23, 2024, be terminated and the new PILOT Lease Agreement be initiated simultaneously at a single closing, which would occur as soon as practicable following CCRFC approval, in coordination with the closing of the Project's construction loan with EverBank, currently anticipated on or about October 31, 2026. Fee title to the Project Location will remain vested in the CCRFC throughout this process and will not be reconveyed to Falls Building Property Owner, LLC or Left Lane. Falls Building Property Owner, LLC will remain the lessee under the new PILOT Lease Agreement.

Left Lane also respectfully requests that the Completion Date under Section 2.03 of the new PILOT Lease Agreement be no earlier than twenty-four (24) months following the closing of the new PILOT Lease Agreement. This reflects the anticipated eighteen (18) month construction timeline plus six (6) months to account for unforeseen delays.

6) ANTICIPATED PROJECT TIMELINE:

- First expenditure of funds with regard to the Project: First expenditures were made in May, 2022 to acquire the property. First expenditures related to construction and renovation were incurred in approximately Q1 2024. Pictures showing the completed demolition and site prep are attached as "**Exhibit B.**"
- Closing of loan or other financing: approximately October, 2026.
- Commence re-development: approximately November, 2026.

¹ The Project's PILOT matrix score supports awarding a PILOT term of up to 22.5 years. See PILOT Grading Worksheet, attached as Exhibit C.

- Complete re-development: approximately 18 months after commencement, plus an additional 6 months for unforeseen delays.

7) PROJECT LOCATION:

The Falls Building is and the Project will be located on Tax Parcel ID # 002005 00001C (22 N. Front Street) (the “Project Location”). In connection with the existing 12-year PILOT approved in 2023, legal title for the Project Location was conveyed to Memphis Center City Revenue Finance Corporation pursuant to that certain *Special Warranty Deed* dated December 31, 2024, and recorded as Instrument No. [25001076](#) in the Register’s Office of Shelby County, Tennessee. Falls Building Property Owner LLC, a Delaware limited liability company and an affiliated entity of Left Lane, holds the leasehold interest in the Project Location as lessee under the PILOT Lease Agreement with CCRFC dated December 23, 2024. Fee title to the Project Location will remain vested in the CCRFC at all times and throughout the term of the PILOT.

8) FINANCIAL PROJECTIONS:

Left Lane has included, as attached “**Exhibit D**” an executive summary outlining key financials supporting this Application, including a sources-and uses statement and pro forma. In this analysis, Left Lane compares pro forma financials and projected returns under two (2) scenarios:

- Project funded by Left Lane (including private debt) with savings from new PILOT incentives.
- Project funded by Left Lane (including private debt) without savings from PILOT incentives.

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Stabilized year cash flow projections under each of these scenarios are as follows:

Falls Building - Stabilized Year Cash Flow Projections	
Total Revenue	6,524,691
Operating Expenses	1,318,142
NOI Before Taxes	5,206,550
Property Taxes Without PILOT	911,740
PROPERTY NOI - WITHOUT PILOT	4,294,810
<i>Return on Investment / Cost</i>	5.2%
Property Taxes with PILOT	394,050
PROPERTY NOI - WITH PILOT	4,812,500
<i>Return on Investment / Cost</i>	5.8%
Estimated Annual Debt Service	3,851,581
<i>Principal</i>	689,081
<i>Interest</i>	3,162,500
Cash Flow to Equity Without PILOT	443,229
Debt Service Coverage Without PILOT	1.12x
Cash Flow to Equity With PILOT	960,919
Debt Service Coverage With PILOT	1.25x

The Project's Sources and Uses Statement is located on Page 1 of attached "**Exhibit D**". The remainder of the Exhibit is comprised of Left Lane's Pro Forma for each of the above scenarios for the requested 20-year PILOT Term.

9) PROJECT PROFESSIONALS:

The following professionals will be involved in establishing the project (defined below):

Applicant's Legal Counsel

Sam Fargotstein, Esq.

Jonathan Lindsey, Esq.

Martin, Tate, Morrow & Marston, P.C.

6410 Poplar Avenue, Suite 1000
Memphis, TN 38119
Telephone: (901) 522-9000
Email:

sfargotstein@martintate.com
jlindsey@martintate.com

Applicant's Architect:
Earl Swensen & Associates, Inc.
1033 Demonbreun Street, Suite 800
Nashville, TN 37203
Telephone: (615)329-9445
Email: leed@esarch.com

Applicant's Structural, Civil and MEPFS Engineers
Smith Sechman Reid, Inc.
Ian Engstrom, PE, Principal
2650 Thousand Oaks Blvd. #4200
Memphis, TN 38118
Telephone: (901)260-9867
Email: iengstrom@ssr-inc.com

Applicant's General Contractor
Montgomery Martin Contractors
Peter Palazolla, Project Executive
8245 Tournament Dr, Suite 300
Memphis, TN 38125
Telephone: (901)484-2441
Email:

10) CREDIT REFERENCES:

Chris Kelly, Managing Director
Everbank

Email: chris.kelly@everbank.com

Scott Stackman, Senior Managing Director
UBS

Email: Scott.stackman@ubs.com

Lyle Casriel, Managing Director – Investments
Private Wealth Advisor, Portfolio Manager
UBS Private Wealth Management
Telephone: 212-821-7066
Email: lyle.casriel@ubs.com

11) FINANCIAL INFORMATION:

Left Lane is a privately held company in a very competitive business. Left Lane requests that it be permitted to provide any required financial information to a CCRFC representative who will review this information *in camera* at the office of Left Lane's legal counsel.

12) ECONOMIC IMPACT:

The significant capital investment and re-development of the now vacant office space would draw a new mix of residential tenants and commercial users, based on projections over the next 20 years, and generate an additional approximately \$7,100,000 in total benefit to the municipality in the form of PILOT payments.

Estimated Economic Impact to City & County			
	<u>Current Use</u> <u>w/o PILOT</u>		<u>Mixed Use</u> <u>w/ PILOT</u>
20-Year Pilot Term Total Property Tax Revenue	\$3.2MM	→	\$10.3MM
Annual Property Tax Revenue (2028)	\$139K	→	\$394K

13) ITEMS FOR LEASE PREPARATION:

- Falls Building Property Owner, LLC will be the lessee under any new PILOT Lease Agreement with CCRFC.
- Project location will be comprised of Tax Parcel ID # 002005 00001C (22 N. Front Street) (2026 appraised value: \$5,780,000)

14) DISCLOSURES:

- Applicant civil proceedings: None.
- Applicant criminal proceedings: None.
- Felony Indictments: None.

- Bankruptcy filings: None.

APPLICATION REPRESENTATIONS AND COVENANTS

This Application is made in order to induce the Memphis Center City Revenue Finance Corporation (the “CCRFC”) to grant financial incentives to Applicant. Applicant hereby represents that all statements contained herein are true and correct to the best of its knowledge and include all information materially significant to CCRFC in its consideration of this Application. Applicant acknowledges that it has reviewed the descriptions of the CCRFC financial program for which it is applying and agrees to comply with those policies. Applicant specifically agrees to pay all reasonable costs, fees and expenses incurred by the CCRFC whether or not the incentive is granted or project completed.

APPLICANT:

LEFT LANE DEVELOPMENT, LLC
a New York limited liability company

By: Gene Shegaldin

Name: [Signature]

Title: SVP Investments

EXHIBIT A
CONCEPTUAL IMAGES AND FLOORPLANS

[ATTACHED]

EXHIBIT B
PICTURES OF DEMOLITION / SITE PREP

[ATTACHED]

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EXHIBIT C
Project Scoring Matrix

PRIMARY QUALIFICATION		SECONDARY QUALIFICATION	
RESIDENTIAL			
2 to 5 Units:	1 Year	2 to 5 Units:	.5 Year
6 to 10 Units:	2 Years	6 to 10 Units:	1 Year
11 to 15 Units:	3 Years	11 to 15 Units:	1.5 Years
16 to 25 Units:	4 Years	16 to 25 Units:	2 Years
26 to 50 Units:	5 Years	26 to 50 Units:	2.5 Years
51 Units +:	6 Years	51 + Units:	3 Years
OFFICE			
Below 15,000 sf:	1 Year	Below 15,000 sf:	.5 Year
15,000 to 50,000:	2 Years	15,000 to 50,000:	1 Year
50,001 to 100,000:	3 Years	50,001 to 100,000:	1.5 Years
100,001 to 200,000:	4 Years	100,001 to 200,000:	2 Years
200,001 to 300,000:	5 Years	200,001 to 300,000:	2.5 Years
300,001 sf +:	6 Years	300,001 sf +:	3 Years
EDUCATION			
Below 15,000 sf:	1 Year	Below 15,000 sf:	.5 Year
15,000 to 50,000:	2 Years	15,000 to 50,000:	1 Year
50,001 to 100,000:	3 Years	50,001 to 100,000:	1.5 Years
100,001 to 200,000:	4 Years	100,001 to 200,000:	2 Years
200,001 to 300,000:	5 Years	200,001 to 300,000:	2.5 Years
300,001 sf +:	6 Years	300,001 sf +:	3 Years
HOTEL			
2 to 10 Rooms:	1 Year	2 to 10 Rooms:	.5 Year
11 to 25 Rooms:	2 Years	11 to 25 Rooms:	1 Year
26 to 50 Rooms:	3 Years	26 to 50 Rooms:	1.5 Years
51 to 100 Rooms:	4 Years	51 to 100 Rooms:	2 Years
101 to 200 Rooms:	5 Years	101 to 200 Rooms:	2.5 Years
201 Rooms +:	6 Years	201 Rooms +:	3 Years
INDUSTRIAL			
Below 50,000 sf:	1 Year	Below 50,000 sf:	.5 Year
50,000 to 150,000:	2 Years	50,000 to 150,000:	1 Year
150,001 to 250,000:	3 Years	150,001 to 250,000:	1.5 Years
250,001 to 350,000:	4 Years	250,001 to 350,000:	2 Years
350,001 to 500,000:	5 Years	350,001 to 500,000:	2.5 Years
500,001 sf +:	6 Years	500,001 sf +:	3 Years
PARKING STRUCTURES			
200 to 300 cars:	1 Year	200 to 300 cars:	.5 Year
301 to 400 cars:	2 Years	301 to 400 cars:	1 Year
401 to 500 cars:	3 Years	401 to 500 cars:	1.5 Years
501 to 600 cars:	4 Years	501 to 600 cars:	2 Years
601 to 700 cars:	5 Years	601 to 700 cars:	2.5 Years
701 cars +:	6 Years	701 cars +:	3 Years

RETAIL			
15,000 to 20,000 sf:	4 Years	Below 5,000 sf:	.5 Year
20,001 to 30,000 sf:	5 Years	5,000 to 9,999 sf:	1 Year
30,001 sf + :	6 Years	10,000 to 14,999 sf:	1.5 Years
		15,000 to 20,000 sf:	2 Years
		20,001 to 30,000 sf:	2.5 Years
		30,001 sf + :	3 Years

TOTAL PROJECT DEVELOPMENT COST	
\$1 – 5 Million:	1 Year
\$5+ – 10 Million:	2 Years
\$10+ – 15 Million:	3 Years
\$15+ – 20 Million:	4 Years
\$20+ Million:	5 Years

CCRFC Priorities

General Location

Located in CBID (Appendix II):	3 Years
Located outside CBID, but inside CCRFC boundaries (Appendix II):	1 Year

Core & Historic

Project may only qualify for one of the following five:

Construction of a new structure in the Downtown Core:	1 Year
Renovation of an existing structure in the Downtown Core:	2 Years
Renovation of a structure listed as non-contributing property in a National Register or Landmarks Commission Historic District:	3 Years
Renovation of a structure listed as significant or contributing in a National Register or Memphis Landmarks Commission Historic District:	4 Years
Renovation of a structure listed individually on the National Register of Historic Places:	5 Years

Community-based Initiatives & Economically Distressed Areas

Project may qualify for up to two of the following:

Fronting the Main to Main Multi-Modal Connector Route (Appendix II):	3 Years
Located within the boundaries of the Edge Neighborhood (Appendix II):	3 Years
Located within the boundaries of the South City Impact Area (Appendix II):	3 Years
Located within the boundaries of the Pinch Neighborhood (Appendix II):	4 Years
Located in a Census Tract with a Poverty Rate over 20 percent*	2 Years
Located in a Census Tract earning 80 or less of Area Median Income (AMI)*	2 Years

Design & Energy

Project may qualify for one or more of the following:

Including permanent public art (qualification determined by the DMC Design Review Board):	1 Year
Including enhanced architectural lighting (qualification determined by the DMC Design Review Board):	1 Year
Leadership in Energy and Environmental Design (LEED) Certification:	4 Years

Net Zero Energy Building (NZE) Certification:	4 Years
Memphis Light, Gas and Water (MLGW) Energy Advantage Certification:	1 Years

** Applicants may refer to the HUD map to confirm qualification; <https://www.huduser.gov/gct/qctmap.html>.*

PILOT TERM CALCULATION

Primary Qualification:	6 years
Secondary Qualification A:	.5 years
Secondary Qualification B:	
Secondary Qualification C:	
Total Project Development Cost:	5 Years
CCRFC Priorities:	11 Years
PILOT TERM:	22.5 Years

EXHIBIT D
Sources and Uses / Pro Forma

Sources & Uses				
Sources	Total	per Unit	per GSF	% of Total
Equity	\$26,300,000	\$154,706	\$144	32%
Debt	\$55,000,000	\$323,529	\$301	68%
Total Sources	\$81,300,000	\$478,235	\$445	100%
Uses				
Acquisition Costs	\$10,000,000	\$58,824	\$55	12%
Construction Costs	\$54,000,000	\$317,647	\$296	66%
Professional Fees & Soft Costs	\$11,300,000	\$66,471	\$62	14%
Financing Costs	\$6,000,000	\$35,294	\$33	7%
Total Uses Ex PILOT Fee	\$81,300,000	\$478,235	\$445	100%
Less: PILOT FEE	\$1,098,028	\$6,459	\$6	1%
Total Uses W PILOT Fee	\$82,398,028	\$484,694	\$451	100%

Professional Fees and Soft Costs Breakou	
FF&E, OS&E, Technology	\$1,952,500
Architecture & Engineering	\$1,936,054
Consultants	\$144,406
City Fees	\$150,265
Legal Costs	\$1,050,000
Accounting	\$250,000
Pre-Opening & Marketing	\$345,000
Operations & Carry Reserves	\$900,000
Tenant Costs	\$1,300,000
Project Management Costs	\$2,900,000
Soft Cost Contingency	\$300,000
PILOT FEE	\$1,098,028
Total	\$12,326,253

PILOT YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
CALENDAR YEAR	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Physical Occupancy	90.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Economic Occupancy	91.9%	94.4%	94.3%	94.3%	94.2%	94.0%	93.9%	93.8%	93.6%	93.5%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%
Gross Potential Rent - Total	6,260,379	6,477,030	6,671,341	6,871,481	7,077,626	7,289,954	7,508,653	7,733,913	7,965,930	8,204,968	8,451,055	8,704,557	8,965,274	9,234,696	9,511,737	9,797,009	10,091,002	10,393,732	10,705,544	11,026,710
Vacancy Loss	(2,465,961)	(403,314)	(427,876)	(447,876)	(469,712)	(493,934)	(519,552)	(547,578)	(577,026)	(607,906)	(639,224)	(672,021)	(705,281)	(739,009)	(773,201)	(807,839)	(842,924)	(878,466)	(913,466)	(948,924)
Concessions	(486,467)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debt	(37,108)	(38,221)	(39,367)	(40,548)	(41,765)	(43,018)	(44,308)	(45,638)	(47,007)	(48,417)	(49,869)	(51,366)	(52,907)	(54,494)	(56,129)	(57,812)	(59,547)	(61,333)	(63,173)	(65,069)
Net Rental Income	3,298,943	6,035,495	6,216,560	6,403,607	6,595,148	6,793,003	6,996,793	7,206,897	7,422,898	7,645,585	7,874,952	8,111,201	8,354,537	8,603,173	8,856,328	9,114,228	9,376,872	9,644,105	9,915,924	10,192,246
Other Income	406,352	214,075	355,157	565,812	765,186	965,090	1,165,332	1,365,918	1,566,852	1,768,136	1,969,769	2,171,751	2,374,183	2,577,065	2,780,397	2,984,179	3,188,411	3,393,093	3,598,225	3,803,807
Wife Package	53,572	104,264	104,302	107,431	110,854	113,974	117,393	121,915	126,542	131,276	136,113	141,054	146,000	151,051	156,207	161,469	166,837	172,309	177,886	183,568
Utility Income	14,063	70,060	72,162	74,327	76,556	78,853	81,219	83,655	86,155	88,720	91,351	94,058	96,841	99,699	102,632	105,641	108,716	111,857	115,064	118,337
Parking	31,645	32,594	33,572	34,579	35,617	36,685	37,781	38,919	40,097	41,315	42,572	43,868	45,204	46,581	47,998	49,456	50,955	52,496	54,079	55,704
Storage Income	62,558	7,354	7,574	7,801	8,038	8,277	8,525	8,781	9,044	9,315	9,595	9,883	10,179	10,485	10,799	11,123	11,457	11,800	12,154	12,519
Retail	146,753	64,799	68,743	68,745	70,807	72,932	75,120	77,373	79,694	82,085	84,548	87,084	89,697	92,388	95,159	98,014	100,954	103,983	107,102	110,316
Total Revenue	4,044,802	6,524,691	6,855,092	7,060,745	7,272,567	7,490,744	7,715,466	7,946,930	8,185,338	8,430,898	8,683,825	8,944,340	9,212,670	9,488,050	9,773,722	10,066,934	10,368,942	10,680,010	11,000,410	11,330,422
Expenses	489,490	489,490	504,175	519,300	534,979	550,925	567,453	584,477	602,011	620,071	638,673	657,834	677,569	697,886	718,833	740,398	762,610	785,468	809,052	833,324
Payroll & Benefits	38,664	38,664	39,824	41,019	42,250	43,517	44,823	46,167	47,552	48,977	50,448	51,962	53,520	55,126	56,780	58,483	60,236	62,049	63,922	65,856
R&M	-	-	42,531	43,807	45,121	46,475	47,869	49,305	50,784	52,307	53,871	55,475	57,119	58,803	60,526	62,289	64,092	65,945	67,848	69,801
Contract Services	125,929	126,929	130,737	134,659	138,699	142,860	147,146	151,569	156,132	160,844	165,614	170,553	175,700	180,971	186,400	191,992	197,752	203,685	209,795	216,089
Common Area Amenities	14,489	14,489	14,934	15,382	15,844	16,319	16,808	17,313	17,832	18,367	18,918	19,486	20,070	20,672	21,292	21,931	22,589	23,267	23,965	24,684
Advertising & Promotion	67,663	67,663	69,692	71,783	73,937	76,155	78,439	80,793	83,216	85,713	88,284	90,933	93,661	96,471	99,365	102,346	105,416	108,579	111,836	115,191
Administrative Costs	57,996	57,996	59,736	61,528	63,374	65,276	67,234	69,251	71,328	73,468	75,672	77,942	80,281	82,689	85,170	87,725	90,357	93,067	95,859	98,735
Utilities	141,264	141,264	145,502	149,867	154,363	158,994	163,764	168,677	173,737	178,949	184,318	189,847	195,543	201,409	207,451	213,675	220,085	226,688	233,488	240,493
Mgmt Fees	111,668	111,668	116,042	120,554	125,205	129,994	134,923	139,991	145,207	150,572	156,087	161,752	167,567	173,532	179,648	185,915	192,334	198,905	205,628	212,504
Insurance	101,494	101,494	104,539	107,675	110,905	114,232	117,659	121,189	124,825	128,569	132,426	136,399	140,491	144,706	149,047	153,519	158,124	162,868	167,754	172,788
RE Tax - With PILOT ABATMENT	394,050	394,050	394,050	394,050	394,050	394,050	394,050	394,050	394,050	394,050	394,050	394,050	394,050	394,050	394,050	394,050	394,050	394,050	394,050	394,050
Total Expenses	1,543,719	1,658,117	1,696,039	1,735,098	1,774,437	1,813,876	1,853,437	1,893,157	1,933,071	1,973,213	2,013,613	2,054,293	2,095,273	2,136,573	2,178,113	2,219,913	2,261,983	2,304,333	2,346,973	2,389,913
Replacement Reserves	52,500	54,075	55,697	57,368	59,089	60,862	62,688	64,568	66,505	68,501	70,556	72,672	74,852	77,098	79,411	81,793	84,247	86,775	89,378	92,059
PROPERTY NOI - WITH PILOT	2,445,583	4,812,500	5,103,356	5,288,278	5,379,040	5,554,006	5,734,221	5,919,843	6,043,059	6,239,985	6,442,813	6,651,737	6,788,753	7,010,394	7,238,685	7,473,825	7,716,019	7,965,478	8,222,422	8,487,073
Return on InvestmentCost	3.0%	5.6%	6.2%	6.4%	6.5%	6.7%	7.0%	7.2%	7.3%	7.6%	7.8%	8.1%	8.2%	8.5%	8.8%	9.1%	9.4%	9.7%	10.0%	10.3%
RE Tax - WITHOUT PILOT ABATMENT	911,740	911,740	911,740	911,740	911,740	911,740	911,740	911,740	911,740	911,740	911,740	911,740	911,740	911,740	911,740	911,740	911,740	911,740	911,740	911,740
PROPERTY NOI - WITHOUT PILOT	1,530,894	4,294,810	4,585,666	4,750,659	4,783,897	4,955,063	5,130,878	5,314,500	5,506,415	5,706,240	5,914,070	6,130,012	6,354,142	6,587,463	6,829,983	7,081,703	7,342,623	7,612,853	7,892,493	8,181,543
Return on InvestmentCost	2.3%	5.2%	5.6%	5.8%	5.9%	6.0%	6.2%	6.5%	6.8%	7.0%	7.2%	7.5%	7.7%	8.0%	8.3%	8.6%	8.9%	9.2%	9.5%	9.8%
Estimated Debt Service	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581	3,851,581
Cash Flow to Equity With PILOT	(1,402,968)	960,919	1,251,775	1,416,697	1,527,459	1,702,425	1,882,640	2,069,262	2,191,478	2,388,404	2,591,237	2,800,156	2,937,172	3,158,814	3,387,104	3,622,244	3,864,438	4,113,897	4,370,841	4,635,493
Debt Service Coverage With PILOT	0.64x	1.25x	1.33x	1.37x	1.40x	1.44x	1.48x	1.51x	1.54x	1.57x	1.62x	1.67x	1.73x	1.78x	1.84x	1.90x	1.96x	2.02x	2.08x	2.14x
Cash Flow Return on Equity With PILOT	-5.6%	3.8%	5.0%	5.6%	5.8%	6.1%	6.4%	6.7%	6.9%	7.2%	7.5%	7.8%	8.1%	8.4%	8.7%	9.0%	9.3%	9.6%	9.9%	10.2%
Cash Flow to Equity Without PILOT	(1,920,687)	443,229	734,085	899,008	932,117	1,107,082	1,287,297	1,472,919	1,506,834	1,703,759	1,906,593	2,115,511	2,371,473	2,599,764	2,834,903	3,077,097	3,326,556	3,583,500	3,848,152	4,122,704
Debt Service Coverage Without PILOT	0.50x	1.12x	1.19x	1.23x	1.24x	1.29x	1.33x	1.38x	1.39x	1.44x	1.50x	1.55x	1.62x	1.68x	1.74x	1.80x	1.86x	1.93x	2.00x	2.07x
Cash Flow Return on Equity Without PILOT	-7.6%	1.8%	2.9%	3.6%	3.7%	4.4%	5.1%	5.8%	6.0%	6.8%	7.6%	8.4%	8.5%	9.4%	10.3%	11.2%	12.2%	13.2%	14.2%	15.3%

Refinance Loan Assumptions	
Loan Amount	55,000,000
Interest Rate	5.75%
Amortization (Years)	30
Estimated Debt Service	3,851,581
Principal	689,081
Interest	3,162,500

Cumulative Tax Revenue With PILOT - 15 Years	7,271,262
Cumulative Tax Revenue With PILOT - 20 Years	10,267,768

PILOT Request	
Requested PILOT Term (years)	20.0
Project Type	Rehabilitation
Located in the CBID?	Yes
Current Amounts	
Base Appraisal	\$5,780,000
Base Assessment	\$2,312,000
Annual City Tax on Base Assessment	\$59,668
Annual County Tax on Base Assessment	\$62,479
Annual RE Taxes on Base Assessment	\$122,147
Project Costs	
Acquisition Cost	\$10,000,000
Hard Costs	\$54,000,000
Soft Costs	\$17,228,225
Total Project Costs w/o PILOT fee	\$81,228,225
Hard Costs Investment Check - 66.5%	YES
Public grants eligible for PILOT fee basis reduction	\$0
PILOT fee basis	\$81,228,225
PILOT fee	\$1,218,423
Total Project Costs w/ PILOT fee	\$82,446,648
Valuation & CBID Assessment	
Base Appraisal	\$5,780,000
Percentage of Hard Costs	\$32,400,000
Estimated Appraisal after Improvements	\$38,180,000
Estimated Assessment after Improvements	\$15,272,000
Estimated Annual CBID Assessment after Improvements	\$99,203
Annual RE Taxes	
<i>Hypothetical annual taxes without PILOT*</i>	
Estimated Hypothetical Annual City Tax without PILOT*	\$394,141
Estimated Hypothetical Annual County Tax without PILOT*	\$412,708
Estimated Hypothetical Total Annual Taxes without PILOT*	\$806,849
<i>Estimated annual taxes with PILOT</i>	
Estimated Annual City Tax with PILOT	\$143,287
Estimated Annual County Tax with PILOT	\$150,036
Estimated Total Annual Taxes with PILOT	\$293,323
Estimated Annual Benefit	\$513,526
Cumulative RE Taxes	
<i>Hypothetical cumulative taxes without PILOT*</i>	
Estimated Hypothetical Cumulative City Tax without PILOT*	\$7,882,826
Estimated Hypothetical Cumulative County Tax without PILOT*	\$8,254,156
Estimated Hypothetical Total Cumulative Taxes without PILOT*	\$16,136,982
<i>Estimated cumulative taxes with PILOT</i>	
Estimated Cumulative City Tax with PILOT	\$2,865,731
Estimated Cumulative County Tax with PILOT	\$3,000,725
Estimated Total Cumulative Taxes with PILOT	\$5,866,456
Estimated Cumulative Benefit over 20-Year PILOT	\$10,270,525
Estimated Cumulative Increase in Taxes due to PILOT	\$3,423,508

*Staff has concluded that this project would not go forward without a PILOT. Hence, the "Estimated Hypothetical" amounts are fictional/moot numbers used to calculate the benefit of the PILOT to the project. The benefit figure does not represent lost tax revenue to the City or County. Without the PILOT, the property would remain unimproved and the tax assessment would continue to be based upon the unimproved value. With the PILOT, the amount listed above as "Estimated Cumulative Increase in Taxes due to PILOT" would be the approximate benefit over the PILOT term to the City and County from newly generated property tax revenue. That amount does not include any new sales taxes that will be generated by the construction and operation of the project. Furthermore, after the PILOT term has finished, it is expected that the annual taxes will be approximate to the amount listed as "Estimated Hypothetical Total Annual Taxes without PILOT".













BASEMENT FLOOR PLAN



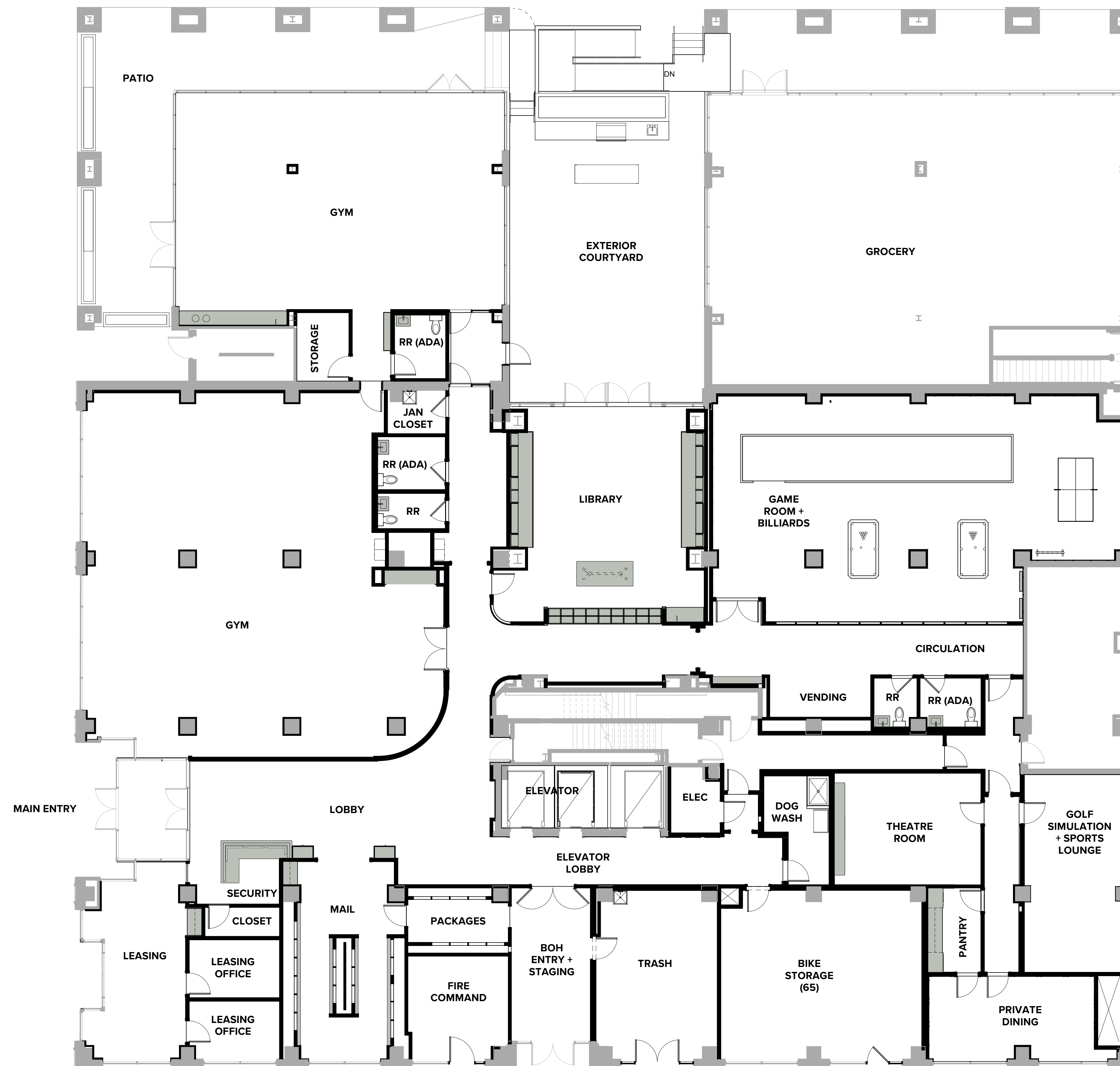




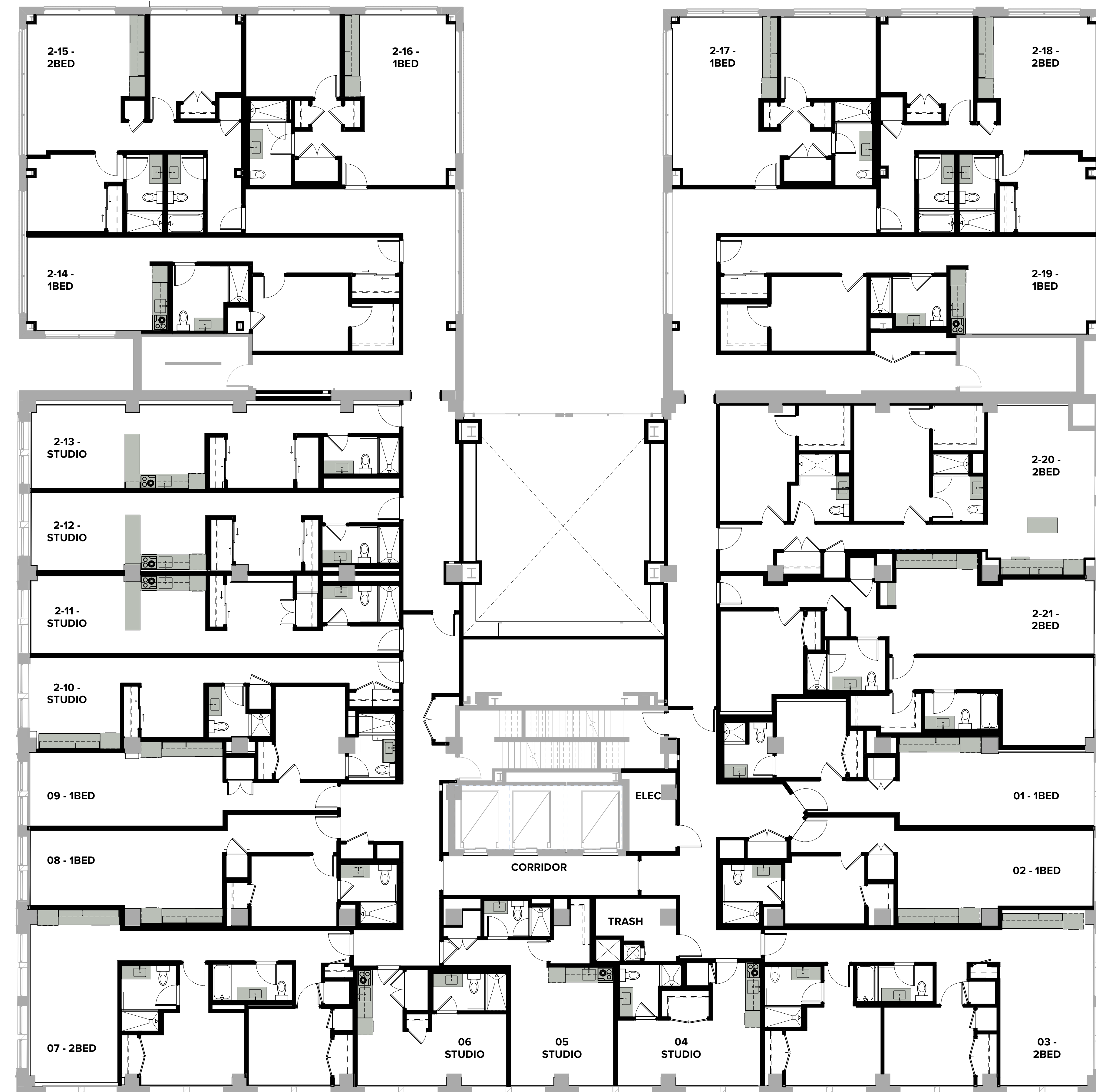




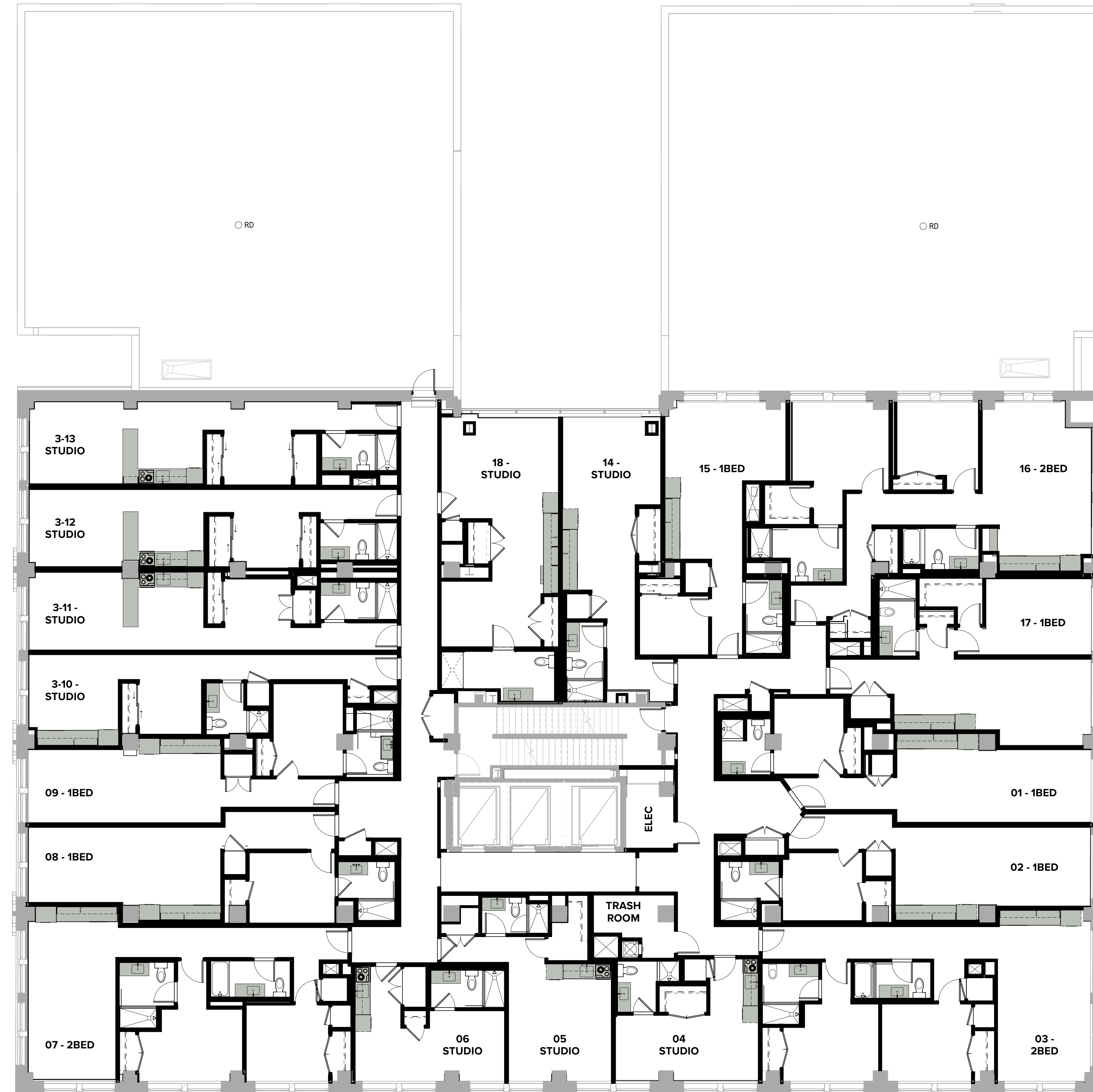


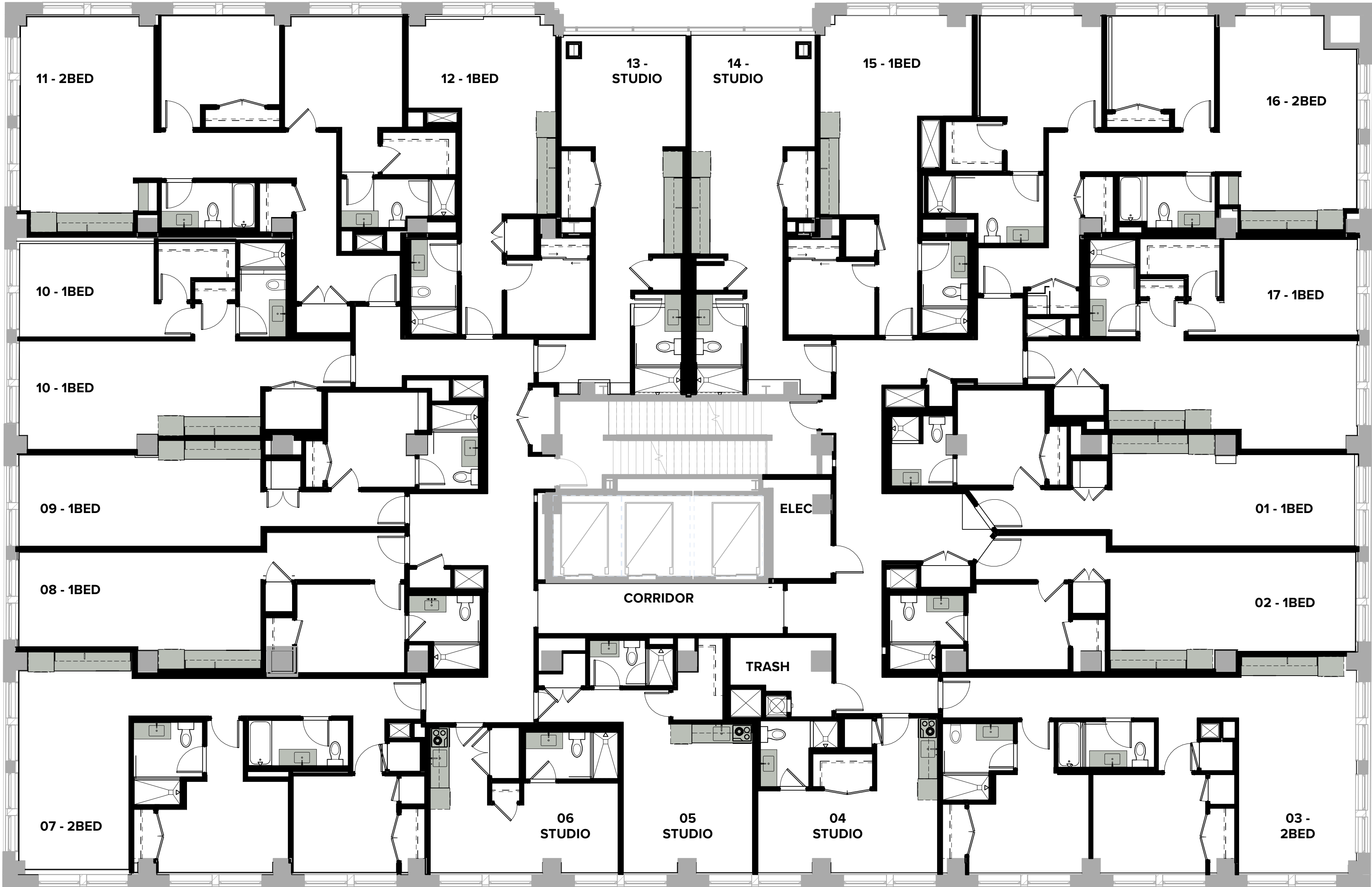


1ST FLOOR PLAN

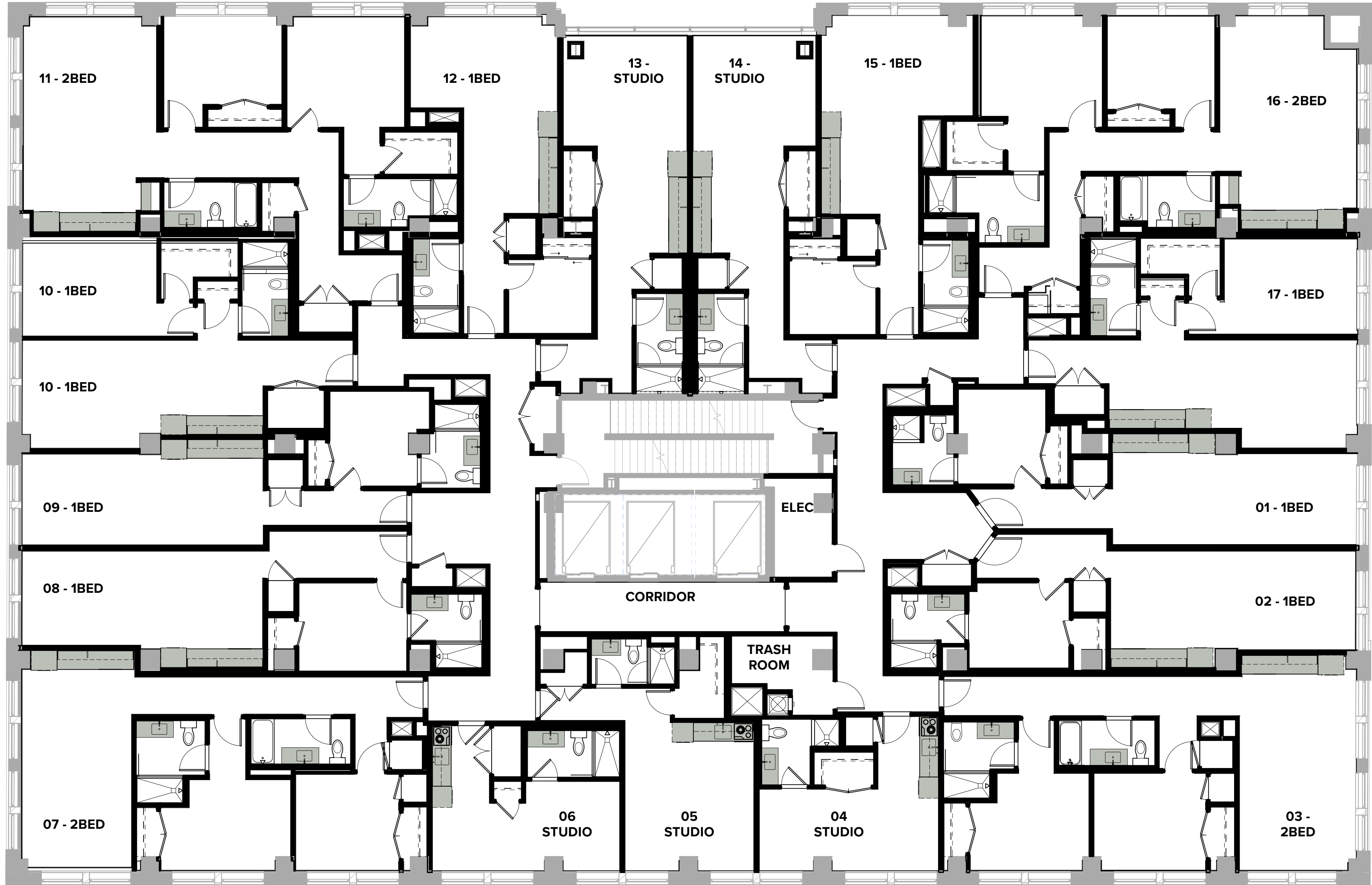


2ND FLOOR PLAN

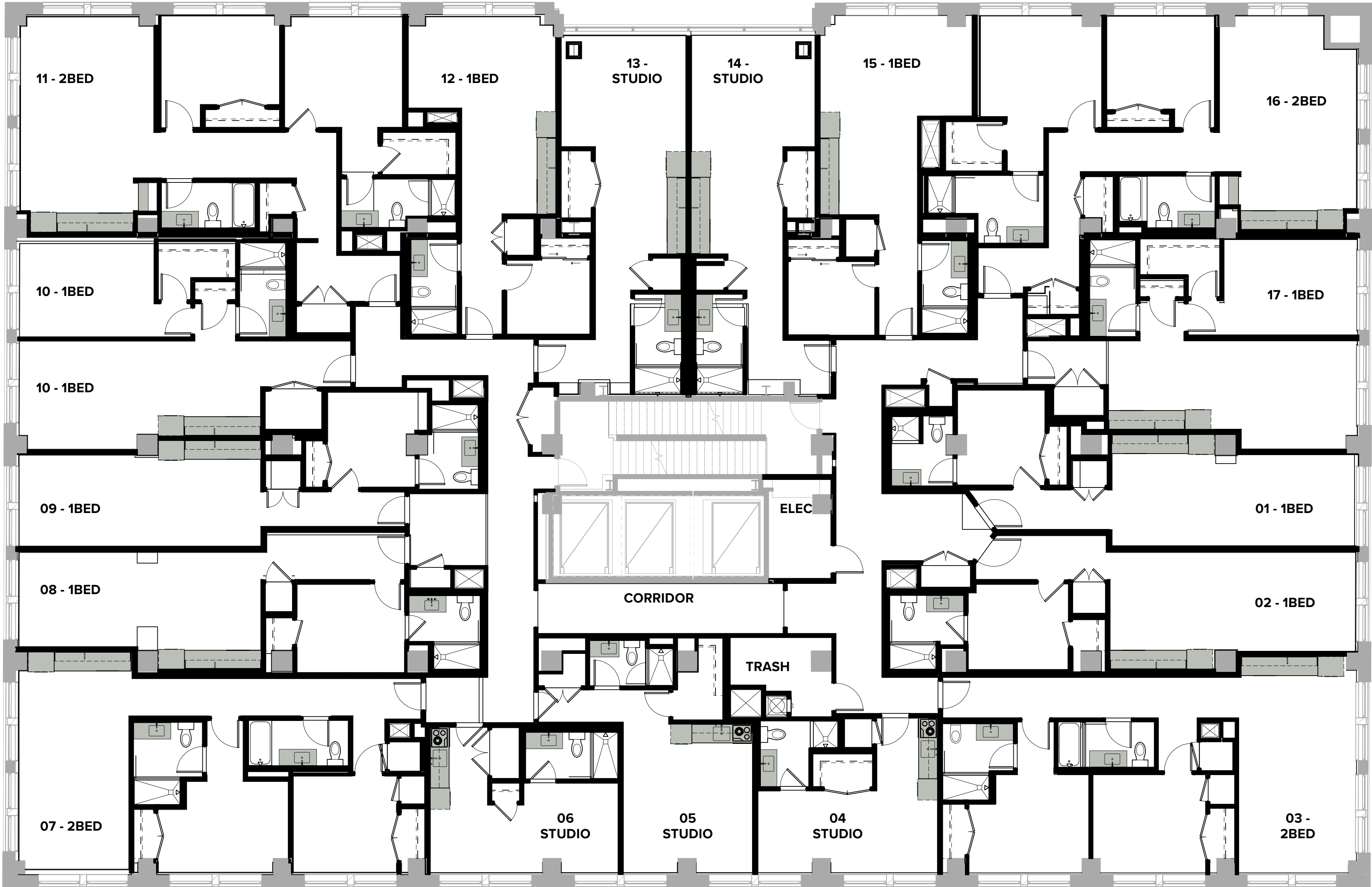




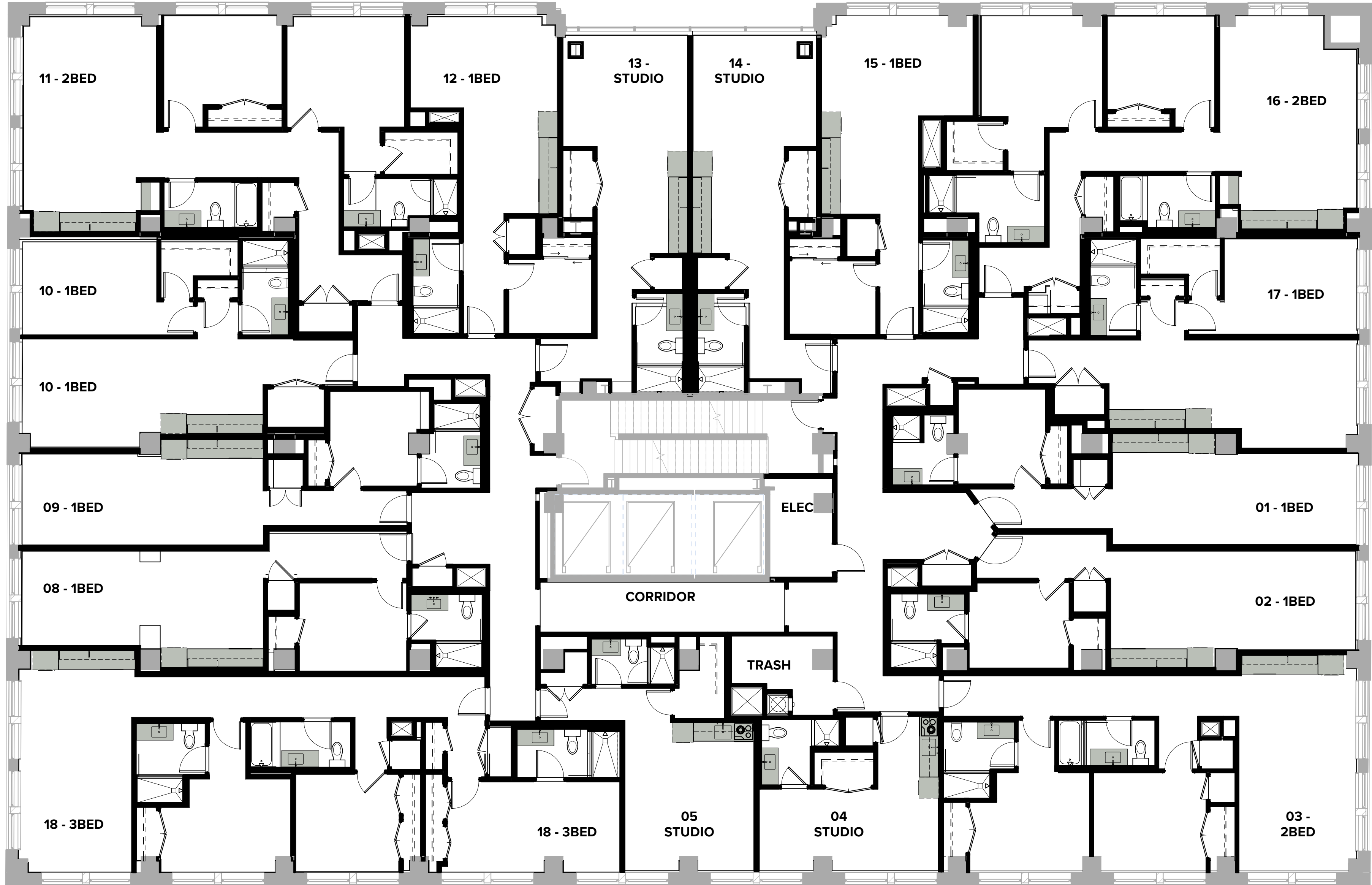
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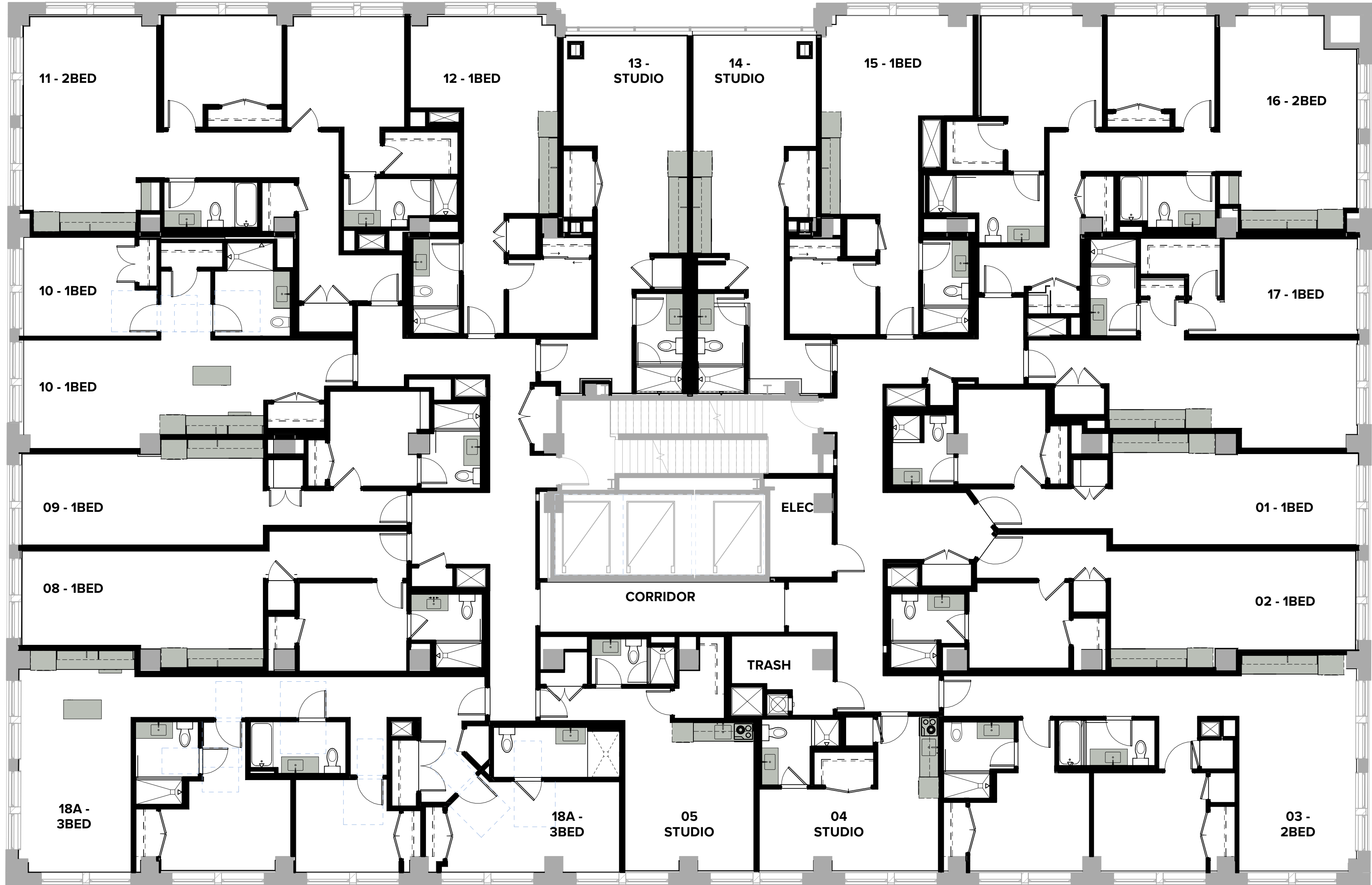
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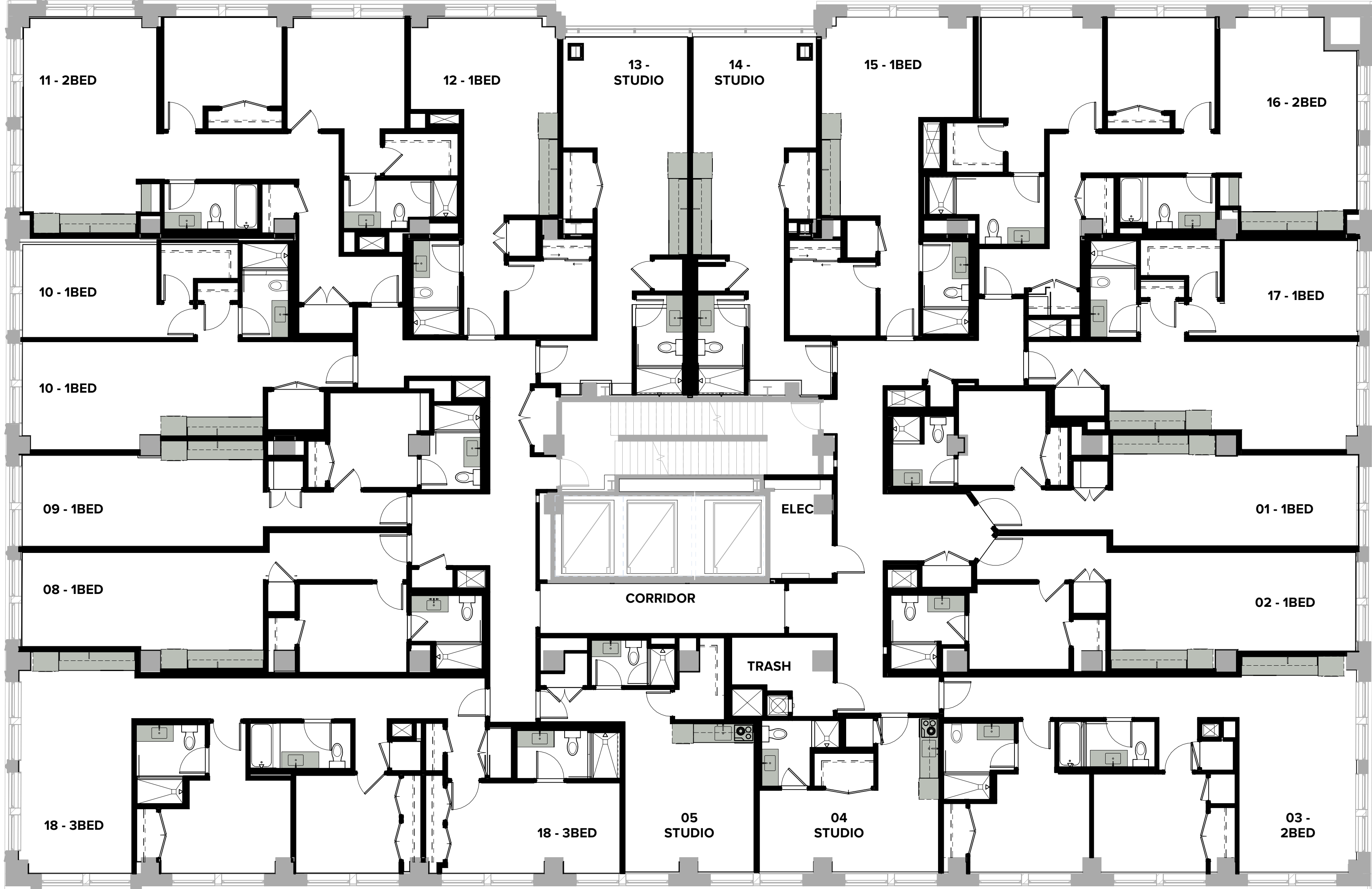
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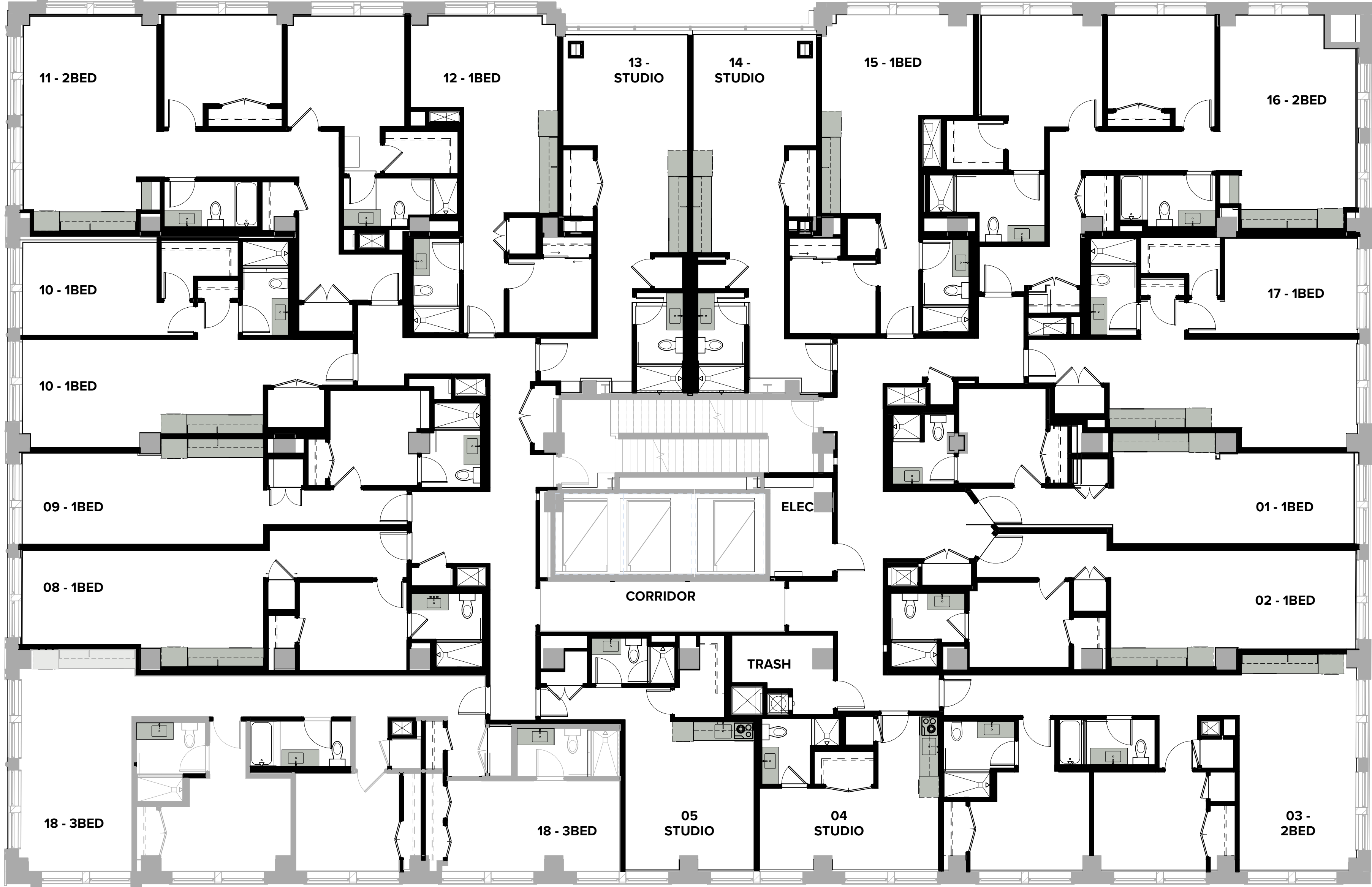
7TH FLOOR PLAN



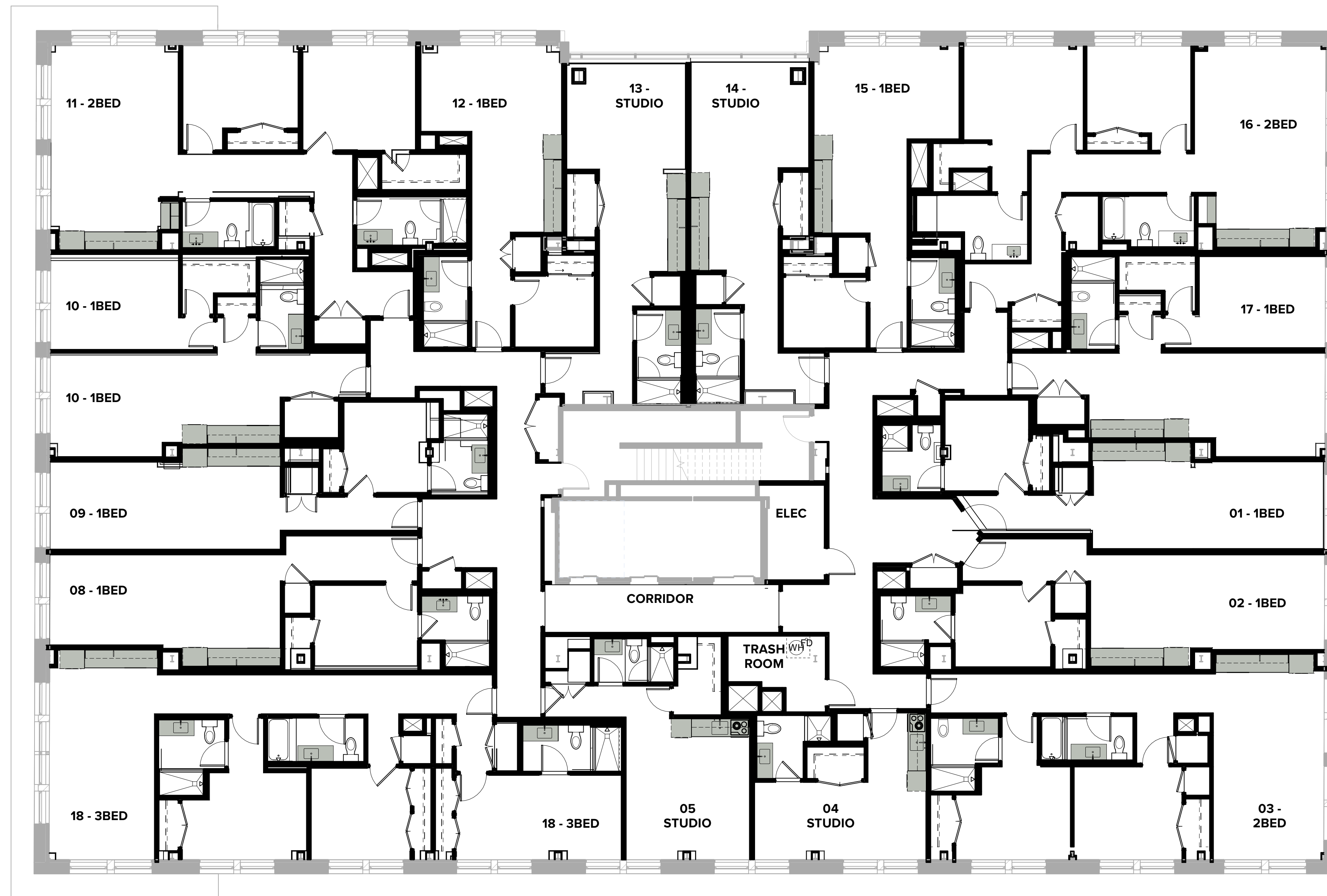
8TH FLOOR PLAN



9TH FLOOR PLAN



10TH FLOOR PLAN



11TH FLOOR PLAN