

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: May 25, 2011

TO: Board of Commissioners

FROM: Patrick Quinton, Executive Director

SUBJECT: Report Number 11-41
Fourth Amendment to Agreement with Killingsworth Station, LLC for Disposition and Development of Property in the Interstate Corridor Urban Renewal Area.

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6879

ACTION SUMMARY

This Action will authorize the Portland Development Commission (PDC) Executive Director to execute the Fourth Amendment to the Agreement for Disposition and Development of Property in the Interstate Corridor Urban Renewal Area (ICURA) with Killingsworth Station, LLC (Fourth Amendment).

The Fourth Amendment to the DDA:

- Modifies the terms and conditions of the existing \$5.825 million construction loan;
- Establishes terms and conditions for the \$900,000 in commercial condominium financial assistance that was previously authorized in the DDA, subject to terms and conditions to be negotiated by PDC staff and the Developer and approved by the PDC Board; and
- Amends the project budget to reflect these changes.

These actions will facilitate the sale of the commercial condominiums in the Project and mitigate market and financing risk by enabling Killingsworth Station, LLC (Developer) to use a hybrid, sale/lease-purchase disposition strategy for the commercial condominiums, whereby the Developer may either:

- Sell commercial condominium units to purchasers that are deemed qualified by Developer and approved by PDC in its reasonable discretion, or
- Retain ownership of the commercial condominium units and lease the units to commercial tenants, with an option for the tenants to purchase the units within a period of five (5) years.

This lease-purchase option will allow the tenants to establish and season their businesses in the Project, prior to purchasing their commercial condominium unit. See Background section for more details about this action.

PUBLIC BENEFIT

The Project is anticipated to achieve the following economic development objectives:

- Provide approximately 80 FTE construction jobs and multiple opportunities for minority, women, and emerging small business (MWESB) participation in the Project. The Project to date has exceeded PDC's Business and Workforce Equity Policy goal of 20 percent MWESB participation, achieving over 33 percent MWESB participation, including over 24 percent minority business participation. The Project is also paying prevailing wages.
- Activate the ground floor of a major transit node by providing approximately 9,000 square feet of neighborhood serving retail / commercial space;
- Provide wealth creation opportunities to small businesses and entrepreneurs through for-sale and lease-to-own commercial condominiums;
- Utilize innovative green design and construction techniques (the Project is anticipated to achieve LEED Platinum certification).

This action will support the following PDC goals:

- Strong Economic Growth and Competitiveness
- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Effective Stewardship over our Resources and Operations, and Employee Investment

PUBLIC PARTICIPATION AND FEEDBACK

While there has been much public involvement regarding the Project, including the amount of PDC financial assistance for its commercial component, the specific terms outlined in this Amendment have not been discussed with the public.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

Redevelopment of the Property at this Interstate transit station area supports the following plans and strategies:

PDC Strategic Plan: Achieves PDC goals of retaining and developing housing and diverse neighborhoods; investing resources in home and business ownership to provide opportunities for wealth creation; revitalizing blighted areas through strategic partnerships and property acquisitions; and implementing a mechanism to ensure that PDC and the public share in the financial success of PDC's investments

PDC's Economic Development Strategy: The Healthy Neighborhoods Goal directs PDC to "Invest in and deliver catalytic projects to stimulate additional public and private investment", and "Implement sustainable and transit-oriented development."

Interstate Corridor Urban Renewal Area Plan: The adopted ICURA Plan stipulates as a general principle the goal of optimizing light rail investment through the creation of catalyst

projects near light rail stations. The plan also supports increasing the number of ownership opportunities for current and future residents and supporting expanded services, business and employment opportunities.

Interstate Housing Implementation Strategy: The Interstate Corridor Urban Renewal Housing Strategy established six 20-year goals for housing in the ICURA.

- Goal #1: Preserve and maintain existing sound housing stock;
- Goal #2: Increase the total housing stock by at least 4,000 housing units by the Year 2020 to increase the availability of rental and ownership housing opportunities for current and future residents, and to support expanded services, businesses and employment opportunities;
- Goal #3: Ensure an adequate supply of housing is available and affordable to people of all income levels living in the ICURA in the Year 2000;
- Goal #4: Ensure housing options for households of different sizes and needs;
- Goal #5: Increase opportunities for homeownership, prioritizing opportunities for existing residents; and
- Goal #6: Increase the housing stability of existing residents and protect them from involuntary displacement caused by gentrification, increases in housing costs and loss of housing choices.

Interstate MAX Station Area Revitalization Strategy: This PDC strategy identifies the Killingsworth Station site as a key transit-supportive redevelopment site to support the light rail investment.

Metro's 2040 Growth Concept: The long-range plan encourages policies that produce compact development, housing for people of all incomes, a balanced transportation system, and a healthy economy that generates jobs and business opportunities.

FINANCIAL IMPACT

This action modifies the \$5.826 million PDC construction loan for the Project, converting \$1.192 million of the loan to a 5-year mini-perm loan. The PDC permanent subsidy for the Project of \$5.111 million remains unchanged from the previously adopted Board Resolution No. 6702, approving a First Amendment to the DDA with Killingsworth Station, LLC (Board Report 09-56). A comparison of the PDC financing for the Project under the approved DDA and proposed Fourth Amendment is attached as Attachment F.

PDC has budgeted \$9.818 million in total PDC construction and permanent financing for the Project. \$5.826 million in revenue from repayment of the PDC construction and mini-perm loans for the Project will maintain the total PDC permanent subsidy for the Project at the previously approved \$5.111 million.

RISK ASSESSMENT

Construction for the Project began in October 2010 and is currently 60 percent complete. The Project is on schedule and on budget, having used about 25 percent of the hard cost

contingency. Construction quality is excellent and construction is expected to be completed in September 2011.

The remaining risk exposure for the Project is market risk.

The actions authorized by Fourth Amendment to the DDA are intended to mitigate market risk and to facilitate the sale of the condominiums in the Project. This will, in turn, increase the likelihood of timely repayment of PDC's loan.

Market risk is further mitigated by the fact that the Developer's cash equity and profit potential are subordinated to PDC's \$5.826 million construction loan. In addition, PDC has completion and full repayment guarantees from the Developer and guarantees for completion and repayment of \$3,582 million from Winkler Development Corporation, Winkler Family Holdings, and James H. Winkler. The proposed \$1.192 million 5-year mini-perm loan will have completion and repayment guarantees from the Developer, Winkler Development Corporation, Winkler Family Holdings, and James H. Winkler.

WORK LOAD IMPACT

The Project has been incorporated into corresponding staff work plans at both PDC and PHB. PDC will manage the DDA, with assistance by PHB staff.

ALTERNATIVE ACTIONS

The Board could elect not to authorize the amended DDA or the Board could direct revisions to the proposed DDA amendment.

If the Board chose to not authorize the amended DDA, then:

- The \$900,000 in commercial condominium financial assistance that was previously authorized in the DDA could not be accessed to assist the Project, and
- The Developer would be unable to use a lease-purchase disposition strategy for the commercial condominiums.

This would likely have an adverse impact on the sales of the commercial condominiums, which could, in turn, also adversely impact the sales of the residential condominiums in the Project.

An alternative action could be to deploy the previously authorized \$900,000 in commercial condominium financial assistance using PDC's existing Business Incentive Fund (BIF) program guidelines. This would result in space cost of roughly \$30 per square foot, which is over 70 percent above market for the subject emerging commercial location.

CONCURRENCE

The PDC Financial Investment Committee recommended approval of the revisions to the PDC financial assistance for the Project on April 26, 2011.

BACKGROUND

Project

In 2003, PDC assembled the 32,000 square feet Killingsworth Station Site at the northeast corner of N. Interstate Avenue and N. Killingsworth Street in the ICURA (the Killingsworth Property) for the development of catalytic mixed-use, transit-oriented housing project. PDC purchased the properties from 2000 to 2003 for a total of \$1,100,000 and razed houses located on the site.

On January 23, 2008, the PDC Board authorized the Executive Director to execute a DDA with Killingsworth Station, LLC (Resolution No. 6553). Winkler Development Corporation (WDC) is Killingsworth Station, LLC's sole member and the developer of the Project.

The First Amendment to the DDA changed the Project's unit mix and extended the schedule of performance. The Second Amendment further extended the schedule of performance. The Third Amendment extended the schedule of performance, reallocated a portion of the PDC permanent subsidy and increased the amount of PDC's construction loan for the Project.

This catalytic, mixed-use development is a four-story, 62,500 sq. ft. residential and commercial condominium development with 57 ownership housing units, 34 of which will be sold at prices affordable to households earning 80 percent of median family income (MFI), and approximately 9,000 square feet of neighborhood-serving retail / commercial space (Project). Construction commenced on the Project in October 2010 and is currently 60 percent complete, with completion scheduled for September 2011.

Permanent financing for the commercial component of the Project will be in the form of buyer originated first mortgage financing and buyer equity. The DDA authorized \$900,000 in commercial condominium financial assistance, subject to terms and conditions to be negotiated by PDC staff and the Developer and approval by the PDC Board. PDC staff and the Developer have negotiated terms and conditions for this Commercial Condominium Financial Assistance and the Fourth Amendment to the DDA will approve these terms and conditions.

Loan Terms and Exceptions

The DDA currently allocates \$900,000 for commercial condominium financial assistance for the Project. The Fourth Amendment will further define how those grant funds will be used. The Developer will use up to \$600,000 as needed to fund lease/purchase concessions and tenant improvement allowances, in negotiating sale/lease-purchase agreements with commercial tenants and/or purchasers. This subsidy is necessary because the cost of development exceeds the appraised value of the commercial space when completed.

The remaining \$300,000 will be used to fund BIF loans to commercial condominium purchasers and/or tenants, if they need additional financial assistance for tenant improvements. These loans will be originated, underwritten, and closed by PDC, at PDC's discretion, on the terms and

conditions outlined in Attachment D. PDC staff has analyzed the loan terms offered under PDC's standard BIF program and concluded that these terms would result in commercial space cost in excess of market comparables for the subject emerging commercial location. Therefore, PDC staff is requesting the following exceptions to the BIF program loan terms:

Term	Standard BIF	Killingsworth Station BIF
Loan Term	10 years	10 years
Amortization	10 years	20 years
Loan fee	1%	0%
Interest rate	Prime Rate + 3% (Currently, 6.25%)	3%

ATTACHMENTS:

- A. URA Financial Summary
- B. Project Summary
- C. Real Estate Loan Terms and Conditions
- D. Commercial Condominium Financial Assistance Terms and Conditions
- E. Project Sources and Uses of Funding
- F. PDC Project Financing Analysis

URA FUND SUMMARY

Five-Year Forecast Project Requirements

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Interstate Corridor URA						
Resources						
Beginning Fund Balance	1,281,835	2,392,256	3,452,838	1,585,653	134,374	119,910
Interest on Investments	20,000	20,000	20,000	20,000	20,000	20,000
Loan Collections	448,797	1,391,951	3,499,287	115,258	94,169	87,953
Property Income	0	2,440,000	600,000	0	0	0
TIF Proceeds	22,409,901	31,950,445	11,119,951	11,212,045	21,069,949	11,672,776
Total Fund Resources	24,160,533	38,194,652	18,692,076	12,932,956	21,318,492	11,900,639
Requirements						
Program Expenditures						
Administration						
Executive						
H60041 Eastside Central City Plan	209,559	276,998	0	0	0	0
H60042 NINE Economic Dev Initiative	160,000	127,995	0	0	0	0
Finance						
H98001 Debt Management	29,000	20,438	21,459	22,532	22,532	22,532
Administration Total	398,559	425,431	21,459	22,532	22,532	22,532
Business & Industry						
High Growth						
H79020 Business Finance	505,652	425,000	300,000	300,000	300,000	300,000
Industry Cluster						
H72026 Cluster Development	0	380,000	220,000	200,000	200,000	200,000
H79020 Business Finance	460,000	775,000	800,000	800,000	800,000	800,000
Neighborhood Economic Development						
H61008 Killingsworth Station Commercial	0	0	900,000	0	0	0
H72030 Neighborhood Economic Development	200,000	50,000	50,000	50,000	50,000	50,000
H79020 Business Finance	287,500	625,000	500,000	500,000	500,000	500,000
H79025 Green Business Grants	0	200,000	200,000	200,000	200,000	200,000
Business & Industry Total	1,453,152	2,455,000	2,970,000	2,050,000	2,050,000	2,050,000
Housing						
Multi-Family - For Sale						
H20027 PCRI Scattered Sites 2 (NOFA)	0	400,000	0	0	0	0
H34606 Killingsworth Station	0	0	1,415,940	0	0	0
H38711 Habitat for Humanity - Homeownership	0	211,750	0	0	0	0
H38712 Woolsey Corner Homeownership Dev	870,000	480,857	0	0	0	0
H89035 Homeownership Development	0	0	0	500,000	500,000	500,000
H89046 PCRI Home Ownership Development	800,000	625,796	0	0	0	0
Multi-Family - Rental Housing						
H89030 Affordable Rental Housing	100,000	250,000	0	0	3,000,000	1,500,000
H89047 Bridge Meadows	1,500,000	1,318,722	0	0	0	0
H89048 Ainsworth Court	0	1,400,000	0	0	0	0
Plans and Strategies - Housing						
H37914 Housing Policy/Planning	5,000	0	5,000	5,000	5,000	5,000
Single-Family - Home Repair						
H89010 Home Repair Projects	500,000	487,953	487,953	487,953	487,953	487,953
H89045 Home Rehab and Retention	100,000	100,000	100,000	100,000	100,000	0
Single-Family - Homebuyer Assistance						
H37932 HAP Afford Ownership/Rehab	0	647,000	150,000	0	0	0
H89020 Home Buyer Assistance	500,000	601,727	500,000	500,000	500,000	500,000
Housing Total	4,375,000	6,523,805	2,658,893	1,592,953	4,592,953	2,992,953
Infrastructure						
Parks						
H19038 Interstate Parks	305,000	1,370,000	1,930,000	700,000	3,500,000	1,200,000
Transportation						

Financial Summary

Fund Summary - Five-Year Budget Projections

	Revised FY 2010-11	Proposed FY 2011-12	Forecast FY 2012-13	Forecast FY 2013-14	Forecast FY 2014-15	Forecast FY 2015-16
Infrastructure						
Parks						
H19038 Interstate Parks	1,370,000	0	0	0	0	0
H28073 Bridgeton	0	1,000,000	700,000	0	0	0
H28074 Dawson Park	0	500,000	400,000	500,000	0	0
H28075 Small Scale Improvements	0	100,000	100,000	30,000	0	0
Transportation						
H19020 Interstate Streetscape Improvements	1,549,999	0	0	0	0	0
H19021 Interstate Trans Improvements	1,133,850	200,000	200,000	200,000	200,000	200,000
H28076 Denver Streetscape	0	15,000	15,000	0	0	15,000
H28077 Killingsworth Streetscape	0	1,000,000	1,000,000	0	0	0
H28078 Lombard Streetscape	0	200,000	600,000	1,000,000	1,000,000	0
Infrastructure Total	4,053,849	3,015,000	3,015,000	1,730,000	1,200,000	215,000
Property Redevelopment						
Commercial Real Estate Lending						
H28030 Redevelopment Loan Projects	1,200,000	2,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Community Redevelopment Grants						
H19023 Community Livability Projects	760,000	300,000	300,000	300,000	300,000	400,000
H27001 Storefront Grants	700,000	600,000	600,000	600,000	600,000	600,000
H27050 DOS Grants	300,000	150,000	150,000	150,000	150,000	150,000
H28031 Clean Energy Program	1,000,000	1,500,000	0	0	0	0
H79025 Green Business Grants	200,000	200,000	200,000	200,000	200,000	200,000
Property Redevelopment						
H11601 Community Outreach	0	10,000	10,000	10,000	10,000	10,000
H19018 Interstate Redevelopment	150,000	200,000	500,000	500,000	500,000	500,000
H19048 Kenton Redev Downtown	3,700,000	500,000	250,000	500,000	0	0
H34606 Killingsworth Station	5,013,047	0	0	0	0	0
H61010 Jefferson Plaza	100,000	0	500,000	0	0	0
H70712 Brownfields Redevel	100,000	0	0	0	0	0
Property Redevelopment Total	13,223,047	5,660,000	3,710,000	3,460,000	2,960,000	3,060,000
Administration						
Finance Admin						
H98001 Debt Management	20,438	21,459	22,532	22,532	22,532	22,532
Strategic Planning/Policy & Prgm Dvlpmt						
H60041 Eastside Central City Plan	276,998	0	0	0	0	0
Urban Renewal Plan Area Development						
H60042 N/NE Economic Dev Initiative	127,995	68,440	0	0	0	0
Administration Total	425,431	89,899	22,532	22,532	22,532	22,532
Total Program Expenditures	23,986,132	15,768,258	10,053,235	8,518,235	8,945,485	5,560,485
Personal Services	866,545	934,351	548,438	306,656	322,037	200,177
Transfers - Indirect	3,151,794	2,025,032	1,387,346	1,175,516	1,234,477	767,347
PHB Staff/Admin	1,242,343	784,890	261,384	221,474	232,583	144,573

PROJECT SUMMARY

- Project Name:** Killingsworth Station
- Description:** New construction, transit-oriented, residential mixed-use development with ground floor neighborhood-serving commercial space
- Location:** Northeast corner of North Interstate Avenue and North Killingsworth Street
- URA:** Interstate Corridor URA
- Current Phase:** Under construction
- Next Milestone:** Completion of construction
- Completion Target:** Fall 2011

Site/Project Map:



REAL ESTATE LOAN TERMS AND CONDITIONS

Proposed changes from the terms and conditions approved in the DDA are underlined.

1. The Construction Feasibility Subsidy (grant) shall have the following terms and conditions:

Subsidy Amount: \$2,242,714.

Loan Term: No maturity.

Loan Fee: No fee.

Interest Rate: 0.00%.

Security: None.

Guarantee: None.

Disbursement: Disbursed pursuant to construction draw approval process, after Developer Cash.

Repayment: No repayment, but subject to reduction in an amount equal to 75% of net profit in excess of the Developer Profit as set forth in Section 6.1.1.2 of the DDA.

2. The Real Estate Loan shall have the following terms and conditions:

Loan Amount: \$5,826,306.

Loan Term: 36-months.

Loan Fee: No fee.

Interest Rate: 0.00%.

Security: Second deed of trust, subordinated to the senior construction loan from Wells Fargo Bank (WFB).

Partial

Reconveyance: Partial reconveyances from the lien of the deed of trust will be allowed to facilitate the sale of the condominium units.

Guarantee: Completion and full repayment guaranty from:

- Killingsworth Station, LLC.

Completion and repayment of \$3,582,415 from:

- Winkler Development Corporation,
- Winkler Family Holdings, Inc., and
- James H. Winkler.

Disbursement: Disbursed up to 90% (\$5,019,404) pursuant to construction draw approval process, after Developer Cash and PDC Construction Feasibility Subsidy. Final 10% (\$806,902) disbursed at final construction disbursement.

Repayment: Repaid after repayment of WFB construction loan and prior to repayment of Developer cash and profit.

REAL ESTATE LOAN TERMS AND CONDITIONS

3. Conversion of a Portion of the Real Estate Loan to a Term Loan:

Amount: The lesser of the remaining balance of the \$5,826,306 PDC Real Estate Loan or \$1,192,000 shall be converted to a term loan.

Conversion: Conversion shall occur upon the earlier of:

1. Execution of leases for 50% of the commercial space (approx. 4,500 sq. ft.); or
2. Maturity of the PDC construction loan (September, 2013).

Loan Term: 5 years.

Amortization: 20 years.

Interest Rate: 3.00%.

Loan Fee: 0.00%.

Security: Third deed of trust, subordinate to WFB and PDC Real Estate loans.

First deed of trust, once WFB and balance of the PDC Real Estate loans are repaid.

Partial

Reconveyance: Partial reconveyances from the lien of the deed of trust will be allowed to facilitate the sale of the commercial condominium units.

Guarantee: Completion and full repayment guaranty from:

- Killingsworth Station, LLC.
- Winkler Development Corporation.
- Winkler Family Holdings, Inc., and
James H. Winkler

Repayment: Subordinated to repayment of WFB and PDC Real Estate loans. Monthly must-pay debt service, with balance due at maturity. 100% of net sales proceeds (as defined in current PDC Real Estate Loan Partial reconveyance for commercial condo sales.

COMMERCIAL CONDOMINIUM FINANCIAL ASSISTANCE TERMS AND CONDITIONS

1. Commercial Condominium Feasibility and Tenant Improvement Subsidy

Grantee:	Killingsworth Station, LLC.
Amount:	\$600,000.
Loan Term:	No maturity.
Loan fee:	No fee.
Interest rate:	0.00%.
Security:	None.
Guaranty:	None.
Repayment:	No repayment, but subject to reduction in an amount equal to 75% of net profit in excess of the Developer Profit as set forth in Section 6.1.1.2 of the DDA.

2. Business Incentive Fund Loans

Borrower(s):	Qualified and eligible tenants and/or purchasers of the commercial condominiums.
Amount:	\$300,000.
Loan Term:	10 years.
Amortization:	20 years.
Loan Fee:	0.00%.
Interest rate:	3.00%.
Security:	Lease-hold deed of trust, subordinate to WFB construction and PDC Real Estate loans, until WFB and PDC loans repaid; and, thereafter, Second deed of trust, subordinated to buyer's senior debt, if tenant exercises purchase option.
Repayment:	Monthly must-pay debt service, with balance due at maturity.

Other Terms: Assumable, by qualified purchaser.

PROJECT SOURCES AND USES OF FUNDING

Third Amendment to DDA

Construction Period

Sources	Total	Uses	Total
Construction Loan	4,607,585	Land	0
Metro TOD Subsidy	250,000	Construction	10,245,055
PDC		Contingency	513,000
Construction Loan	5,826,306	Soft Costs	1,884,888
Construction Subsidy	2,242,714	Construction Loan	
Total PDC Funding	12,926,605	Fee	69,114
Developer Cash	263,808	Interest Reserve	198,357
Total Sources	13,190,413	Lender Reimbursables	30,000
		Project Management Expense	250,000
Construction Funding (Gap)/Surplus	0	Total Uses	13,190,413

Permanent Period

Sources	Total	Uses	Total
Sales Revenue	11,201,816	Commercial Tenant Improvements	389,850
PDC		Sales Commissions	530,666
Commercial Equity Gap	510,150	Closing Costs	75,000
Commercial TI Assistance	389,850	HOA Fees	103,738
Housing Affordability Assistance	848,734	Buyer Closing Costs paid by Seller	325,806
Subtotal PDC	1,748,735	Repay Construction Loan	4,500,509
Total Sources	12,950,550	Repay PDC Construction Loan	5,826,306
		Repay Developer Equity	263,808
		Developer Profit	934,867
Permanent Funding (Gap)/Surplus	0	Total Uses	12,950,550

Fourth Amendment to DDA

Construction Period

Sources	Total	Uses	Total
Construction Loan	4,607,585	Land	0
Metro TOD Subsidy	250,000	Construction	10,245,055
PDC		Contingency	513,000
Construction Loan	5,826,306	Soft Costs	1,884,888
Construction Subsidy	2,242,714	Construction Loan	
Total PDC Funding	12,926,605	Fee	69,114
Developer Cash	263,808	Interest Reserve	198,357
Total Sources	13,190,413	Lender Reimbursables	30,000
		Project Management Expense	250,000
Construction Funding (Gap)/Surplus	0	Total Uses	13,190,413

Commercial Condo Lease Period

Sources	Total	Uses	Total
Residential Sales Revenue	10,011,466	Commercial Tenant Improvements	689,850
PDC		Sales & Leasing Commissions	530,666
Commercial Mini-Perm Loan	1,192,000	Closing Costs	75,000
Commercial Feasibility Subsidy	600,000	HOA Fees	103,738
Commercial TI Loans	300,000	Buyer Closing Costs paid by Seller	325,806
Housing Affordability Assistance	848,734	Commercial Space Financing	1,700,500
Subtotal PDC	2,940,734	Repay Construction Loan	4,500,509
Developer		Repay PDC Construction Loan	4,634,306
New Cash	98,350	Repay Developer Equity	63,808
Prior Cash	200,000	Developer Profit	626,367
Subtotal Developer	298,350	Total Uses	13,250,550
Total Sources	13,250,550		
Lease Period Funding (Gap)/Surplus	0		

Permanent Period (Post sale of Commercial Condos)

Sources	Total	Uses	Total
Commercial Sales Revenue	1,490,350	Repay PDC Mini-Perm Loan	1,192,000
Total Sources	1,490,350	Repay Developer Equity	298,350
Permanent Funding (Gap)/Surplus	0	Total Uses	1,490,350

PDC PROJECT FINANCING ANALYSIS

3rd Amendment to DDA 8/27/2010	Construction	Comm Lease	Permanent	Total
Expenditure				
Construction Loan	5,826,306			5,826,306
Costruction Grant	2,242,714			2,242,714
Commercial Assistance				
Mini-Perm Loan				0
Feasibility Subsidy				
Commercial Loans			900,000	900,000
Down Payment Assistance Loans			848,734	848,734
Total Expenditures	8,069,020	0	1,748,734	9,817,754
Revenue				
Property Sale				0
Construction Loan Repayment			5,826,306	5,826,306
Mini-Perm Loan Repayment				
Construction Feasibility Subsidy Offset				
Total Revenues	0	0	5,826,306	5,826,306
Project Subsidy	8,069,020		(4,077,572)	3,991,448
Land Value				1,120,000
Total Permanent Subsidy				5,111,448

4th Amendment to DDA 5/25/2011	Construction	Comm Lease	Permanent	Total
Expenditure				
Construction Loan	5,826,306	(1,192,000)		4,634,306
Costruction Grant	2,242,714			2,242,714
Commercial Assistance				
Mini-Perm Loan		1,192,000		1,192,000
Feasibility Subsidy		600,000		600,000
Commercial Loans		300,000		300,000
Down Payment Assistance Loans		848,734		848,734
Total Expenditures	8,069,020	1,748,734	0	9,817,754
Revenue				
Property Sale				0
Construction Loan Repayment		4,634,306		4,634,306
Mini-Perm Loan Repayment			1,192,000	1,192,000
Construction Feasibility Subsidy Offset			TBD	TBD
Total Revenues	0	4,634,306	1,192,000	5,826,306
Project Subsidy	8,069,020	(2,885,572)	(1,192,000)	3,991,448
Land Value				1,120,000
Total Permanent Subsidy				5,111,448

Variance	Construction	Comm Lease	Permanent	Total
Expenditure				
Construction Loan	0	(1,192,000)	0	(1,192,000)
Costruction Grant	0	0	0	0
Commercial Assistance	0	0	0	0
Mini-Perm Loan	0	1,192,000	0	1,192,000
Feasibility Subsidy	0	600,000	0	600,000
Commercial Loans	0	300,000	(900,000)	(600,000)
Down Payment Assistance Loans	0	848,734	(848,734)	0
Total Expenditures	0	1,748,734	(1,748,734)	0
Revenue				
Property Sale	0	0	0	0
Construction Loan Repayment	0	4,634,306	(5,826,306)	(1,192,000)
Mini-Perm Loan Repayment	0	0	1,192,000	1,192,000
Construction Feasibility Subsidy Offset	0	0	TBD	TBD
Total Revenues	0	4,634,306	(4,634,306)	0
Project Subsidy	0	(2,885,572)	2,885,572	0
Land Value				0
Total Permanent Subsidy				0