

**GG Development Associates, LLC.**  
*3125 W. Commercial Blvd. Suite 100*  
*Fort Lauderdale, FL 33309*

VIA FACSIMILE

May 9, 2006

Mrs. Karen Slevin  
Gainesville Community Redevelopment Agency  
PO Box 490, Station 48  
Gainesville, FL 32602

Dear Karen,

It has been a rewarding experience working with you and your staff as we have together formulated the concept of Gainesville Greens. We are as excited today about the prospects of Gainesville's downtown redevelopment as we were in June, 2005, when we first discussed submitting an answer to the CRA's RFP for downtown parking lot #10. As a native Floridian myself, it is a true pleasure to work in a city that has maintained its small town Florida charm, without keeping a small town mind, as it has grown to meet the demands of an increasing population. Thank you for all that you have done to assist us with our project to date and best of luck to you in your future endeavors.

Gainesville Greens was introduced to the CRA as an affordably priced mid-rise in the heart of downtown Gainesville. At the time, it was approved by the CRA for meeting the requirements of the published RFP. As developers, we voluntarily added green building and affordable housing components so that we could take less from nature while giving back to the community. As a mixed-use structure, the ground floor was and continues to be planned as commercial space with flat-style residential units on floors 2 to 8. Our most recent development plan proposes that the top floor will be split-level loft townhouses with magnificent views of the lush tree canopy covering the City. Parking for the project is planned to be provided in the City's adjacent 850-space parking facility through a long-term lease arrangement with the City (through an intermediary assignment of parking spaces from the McGurn Family).

**I write to you today requesting the CRA's consideration to modify both, the current development plan and financial incentive package for the Gainesville Greens project within the limits of RFP # CRAX-050185-FP.** Two years of destructive hurricanes, rising oil, labor and construction materials costs and increasing interest rates are macroeconomic events that no one could have foreseen in September, 2005, when we were initially awarded the project. Regretfully, sales prices for units in the downtown market have not increased proportionately to offset the rising costs of the project, and as such, our financial development gap has grown. That growing development gap must now be addressed to allow the project to make financial sense.

My consultants and I have pressed the envelope working to keep the Gainesville Greens project on firm financial footing. From a development perspective, all consultants are engaged and we

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submitted for site plan approval today, May 9, 2006. Making this important date puts us on schedule to get our project onto the County's tax rolls in January of 2009. Our submittal is a third iteration site plan that has undergone constant value engineering. Remarkably, the shell of the building has remained virtually as it was initially submitted; however, the interior program has changed dramatically to balance the reality of the marketplace's financial constraints and the requirements that our marketing partners have imposed to properly satisfy the demand for downtown residential accommodations.

While the project has maintained its initial outward appearance, the interior and structure have been value engineered to be as efficient as possible. The non-saleable common areas of the building have been reduced to a factor of 18%; we have increased the number of saleable residential units to 141, within current zoning requirements; we have decreased the quantity of commercial space as requested by the CRA; and have reduced the overall project size by 22,500 gross square feet. Throughout the value engineering process, we have strived to stay within what we perceive to be the spirit of the CRA's RFP for this downtown redevelopment site.

Financially, and as a result of the macroeconomic factors mentioned above, the project's total costs have grown from \$39M to \$53M; the largest component of these numbers, construction costs, have grown from \$29.7M to \$41M. We have offset these rising prices by raising commercial rents from \$20.50 PSF to \$26.25 and by raising prices for the residential units. Financially, our return on cost has plummeted from an unsubsidized 13% down to 6.5% because, as I stated before, commercial rental and residential sales prices have not kept up with the increased costs to produce this project.

All of the components of our request today have helped us to reduce the development gap to its current \$5.6M level. At our initial submittal in July, 2005, our development gap was \$1.95M. **In order to fund this gap, we are requesting that the CRA approve an 80% TIF subsidy over 20 years; up from our initially requested 60% over 15 years.** As a developer concession to keep the project moving forward, we've reduced our benchmark return on cost from 18.4% to 16.9%.

Regretfully, in order to have the project work financially at an 80% TIF subsidy level over 20 years, we needed to eliminate both the LEEDS certification and affordable housing components of the project. Initially, in our response to the RFP, we volunteered having the project subsidize 14 affordable condominium units to working-class citizens of the City. At this point, we are not planning on offering any affordable component within the project. From an environmental perspective, we are planning on deploying environmentally-friendly construction techniques to the project but are no longer able to fund the costs associated with LEEDS certification. Attached to this letter, please find a detailed listing of green building techniques that we intend to deploy in the development of the project.

**We are hopeful that the CRA will approve the revised development plan and TIF subsidy described herein within the confines of the current RFP at its next regularly scheduled meeting so that the project may remain on its aggressive development course.** If the CRA is desirous of adding back the developer-offered LEEDS and affordable housing components, we are providing the following options (or derivations thereof) for the CRA's consideration.

- One.** Leave the project as proposed above meeting the requirements of the RFP and deploying green building techniques with an 80% TIF over 20 years;

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- Two.** Add back the Silver LEEDS component thereby increasing the TIF to 96% over 20 years;
- Three.** Add back 5 units of Affordable Housing thereby increasing the TIF to 96% over 20 years;
- Four.** Add back both 3 affordable units and achieve a "Certified" LEEDS green building level thereby increasing the TIF to 98% over 20 years;

It is our job as developer to maintain the agreed upon development plan while, at the same time, maintaining required returns for our investment partners commensurate with the market and risks in a project of this magnitude. It is also our firm's desire and belief that developers must give back to the communities in which they develop. For this reason, we had included the green concepts and affordable housing components into our initial RFP, and for this reason, we would urge you to strongly consider the alternative options that we have presented. We do recognize that the size of the requested TIF in the options are not consistent with TIF grants in past projects within the City; however, it is our hope that any negative public perception for our request can be set aside in favor of an incredibly unique project that will be at the forefront of environmental-friendly design, provide affordable housing opportunities and revitalize the City's downtown, especially since such TIF grant will yield higher tax revenues to the City in the long run than those initially approved per the RFP.

Respectfully, we request a public forum in which to discuss these options further and to come to a revised, mutually acceptable, agreement. We very much look forward to early 2007 when we break ground and begin to transform the skyline of downtown Gainesville together.

Best personal regards,



Barney Danzansky, President  
GG Tontine, Inc.  
General Partner of GG Development Associates, LLC.

Encl.

## **Gainesville Greens Green Building Concepts**

### **Sustainable Sites**

Construction Activity Pollution Prevention  
Site Selection  
Alternative Transportation, Public Transportation Access  
Stormwater Design, Quantity Control  
Stormwater Design, Quality Control

### **Water Efficiency**

Water Efficient Landscaping, Reduce by 50%  
Water Efficient Landscaping, No Potable Use or No Irrigation  
Innovative Wastewater Technologies  
Water Use Reduction, 20% Reduction

### **Energy & Atmosphere**

Minimum Energy Performance  
Optimize Energy Performance  
Use of Green Power

### **Materials & Resources**

Storage & Collection of Recyclables  
Construction Waste Management, Divert 50% from Disposal  
Recycled Content, 10% (post-consumer + ½ pre-consumer)  
Regional Materials, 10% Extracted, Processed & Manufactured Regionally

### **Indoor Environmental Air Quality**

Thermal Comfort, Design  
Thermal Comfort, Verification  
Daylight & Views, Daylight 75% of Spaces

### **Innovative & Design Process**

Innovation in Design: Fly Ash



## **Gainesville Greens Proposed Mixed-Use Development**

### Financial Feasibility and Development Pro Forma Analysis

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**Gainesville Greens**  
+/- 141 units +/-19,463 SF of Retail

**Construction Cost Analysis**

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SF Land	41,818	0.96 acres			
Residential SF	177,078	Saleable	<u>Land Basis:</u>		
Retail SF	19,463	Leaseable	Seller	Gainesville	\$514,000
Total Units	141	Total Units			\$514,000

Unit Configuration	Size	Living Area / Saleable SF	Portico / Common Areas	QTY	NET Saleable S.F.	GROSS Costable S.F. +18%		
Loft A1	Loft	965	98	10	10,633	12,869		
Loft A2	Loft	989	98	10	10,871	13,107		
Loft A3	Loft	1,001	98	10	10,987	13,223		
Loft A4	1/1	959	98	6	6,346	7,687		
Condo Unit A	2/2	936	98	12	12,416	15,098		
Condo Unit B	3/2	1,207	98	60	78,296	91,707		
Condo Unit C	3/2	1,196	98	5	6,471	7,589		
Condo Unit D	4/2.5	1,172	98	6	7,619	8,960		
Condo Unit E	4/2.5	1,291	98	5	6,946	8,064		
Condo Unit F	4/2.5	1,237	98	5	6,676	7,794		
Penthouse Units	4/2.5	1,553	98	12	19,814	22,496		
				141	177,078	208,592	18%	Non-Revenue

**Construction Costs:**

Retail Space	19,463 sqft	@	\$170 psf	=	\$ 3,308,710	Total Costs
Loft Units	39,198 sqft	@	\$170 psf	=	\$ 6,663,576	
Condominium Units	169,394 sqft	@	\$154 psf	=	\$ 26,086,752	
Amenities Deck and Plaza	10,616 sqft	@	\$115 psf	=	\$ 1,220,840	
Construction Cost - Civil and Site	(See Below)			=	\$ 1,704,600	
					Sub-Total Building Costs \$ 38,984,478	
					Contingency 5.00% \$ 1,949,224	
					\$ 40,933,702	
					Energy Efficiency Initiative 0.00% \$ -	
					<b>Total Building Costs \$ 40,933,702</b>	

City Parking Proposal	
Requested Amount	142 spaces
Monthly Rate	\$ 35
Yearly Lease	\$ 59,640.00

Cost Assumption Analysis	
Gross SF	238,671 sqft
Saleable SF	196,541 sqft
Saleable SF Share	82.3%
Cost/Saleable	\$208 psf
Total Const. Cost	\$172 psf

**Site Work Costs: (included above)**

Signage - On Building Face		\$	50,000
Utility Upgrades		\$	125,000
Site Work - On site	.96 acres	\$635,000 per acre	\$ 609,600
Site Lighting		\$	150,000
Landscaping		\$	145,000
Streetscape and Plaza Improvements		\$	250,000
Connector Bridge		\$	300,000
RTS Bus Stop		\$	25,000
Demolition		\$	50,000
<b>Total Site Work Costs</b>		<b>\$</b>	<b>1,704,600</b>

**Gainesville Greens**  
+/- 141 units +/-19,463 SF of Retail

Tenant Information	Sq. Ft.	Rent p.s.f.				Total Rent				Total
		Base	CAM / HOA	Insurance Reimb.	R/E Taxes	Base	CAM	Insurance Reimb.	R/E Taxes	
<u>Local Tenants:</u>										
Restaurant	4,125	26.25	2.75	0.86	4.02	108,281	11,344	3,548	16,579	139,751
Office / Retail	15,338	26.25	2.75	0.86	4.02	402,623	42,180	13,191	61,646	519,638
<b>Sub-Total Retails</b>	<b>19,463</b>	<b>26.25</b>	<b>2.75</b>	<b>0.86</b>	<b>4.02</b>	<b>510,904</b>	<b>53,523</b>	<b>16,738</b>	<b>78,225</b>	<b>659,390</b>
<b>Totals</b>	<b>19,463</b>	<b>26.25</b>	<b>2.75</b>	<b>0.86</b>	<b>4.02</b>	<b>510,904</b>	<b>53,523</b>	<b>16,738</b>	<b>78,225</b>	<b>659,390</b>
<u>Operating Expenses :</u>										
CAM / Association Charges		2.00								38,926
Insurance - Liability		0.43								8,369
Insurance - Hazard		0.43								8,369
R/E Taxes		4.02								78,225
Management Fees		0.75								14,597
Replacement Reserve		0.25								4,866
<b>Total Expenses</b>		<b>7.88</b>								<b>153,352</b>
Income Before Vacancy & Collection Loss										506,038
Vacancy & Collection Loss @	5.00%	of Retail Income								(32,969)
Net Operating Income									NOI	473,069

	Size	Sq. Feet	Saleable S.F.	\$ PSF	Total \$	\$ Per Unit	Valuation	7.5% CAP	\$	
Loft A1	Loft	965	10,633	\$286.57	\$ 3,047,221	\$ 276,569	Valuation	7.5% CAP	\$	6,307,580
Loft A2	Loft	989	10,871	\$286.57	\$ 3,115,424	\$ 283,390	Valuation	8.0% CAP	\$	5,913,356
Loft A3	Loft	1,001	10,987	\$286.57	\$ 3,148,666	\$ 286,714	Valuation	8.5% CAP	\$	5,565,512
Loft A4	1/1	959	6,346	\$286.57	\$ 1,818,647	\$ 274,955	Valuation	9.0% CAP	\$	5,256,317
Condo Unit A	2/2	936	12,416	\$286.57	\$ 3,558,009	\$ 268,348	Valuation	10.0% CAP	\$	4,730,685
Condo Unit B	3/2	1,207	78,296	\$286.57	\$ 22,437,333	\$ 345,803				
Condo Unit C	3/2	1,196	6,471	\$286.57	\$ 1,854,446	\$ 342,736				
Condo Unit D	4/2.5	1,172	7,619	\$286.57	\$ 2,183,497	\$ 335,763				
Condo Unit E	4/2.5	1,291	6,946	\$286.57	\$ 1,990,567	\$ 369,960				
Condo Unit F	4/2.5	1,237	6,676	\$286.57	\$ 1,913,193	\$ 354,486				
Penthouse Units	4/2.5	1,553	19,814	\$286.57	\$ 5,678,046	\$ 445,018				
			177,078		50,745,049					
										Total Sales 50,745,049



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**Profit Summary**

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**Gainesville Greens**

+/- 141 units +/-19,463 SF of Retail

	% Cost Applied	Cost				Totals	Value (1)	Net
		Land	Buildings	Soft	Interest			
Commercial	9%	\$ 112,367	\$ 3,945,354	\$ 634,880	\$ 287,069	\$ 4,979,669	\$ 5,913,356	\$ 933,688
Residential	91%	\$ 1,088,175	\$ 38,207,419	\$ 6,148,275	\$ 2,780,016	\$48,223,886	\$ 50,745,049	\$ 2,521,163
	100%	\$ 1,200,542	\$ 42,152,773	\$ 6,783,155	\$ 3,067,085	\$53,203,554	\$ 56,658,406	\$ 3,454,851

(1) Commercial value assumes sale of commercial at 8.00% CAP

**Land Allocation:**

Land Cost (see note 1)	\$ 1,200,542	
Residential Allocation	\$ 1,088,175	\$7,718 per unit
Commercial Allocation Above	\$ 112,367	

**Unsubsidized**

<b>Net Profit</b>	<b>\$ 3,454,851</b>
<b>Return on Cost</b>	<b>6.49%</b>

**Subsidized**

<b>NPV of TIF Subsidy*</b>	<b>\$5,538,451</b>
<b>Net Profit w/ Subsidy</b>	<b>\$8,993,302</b>
<b>Adjusted Return on Cost</b>	<b>16.90%</b>

\* see note 2

**IRR Analysis:**

	Equity Investment Period	Construction Period	Close Out Period	
Net Revenue			\$56,658,406	
Less Cost Repayment			\$46,876,173	
Cash Flows	\$ (6,327,382)	\$ -	\$ 9,782,233	\$ 9,782,233 Net Profit

**IRR 24.34%**

**Notes:**

1. Land Cost include land basis and legal/closing fees.
2. This assumes an NPV based on the Subsidy Requirement. We are seeking an 80% TIF subsidy.







**Retail Operating Period Discounted Cash Flow Analysis**



**Gainesville Greens**  
+/- 141 units +/-19,463 SF of Retail

<b>Project Costs</b>		<b>Lease Up Period</b>	
Total Project Cost	\$ 11,451,807	Time to lease-up	10 months
Operating Reserve (see note 1)	\$ 190,000	Year 1 Vacancy	43.0%
Land Cost	\$ 112,367	Year 2 Vacancy	1.8%
		Year 3 Vacancy	5.0%
<b>Financing Assumptions</b>			
Equity	\$ 2,290,361		
Mortgage Principal	\$ 9,161,446		
Interest Rate	7.80%		
Amortization	30		
Annual Debt Service	\$791,407		
<b>Depreciation Assumptions</b>			
Building Basis	\$ 11,339,440		
Life (in years)	39.5		
Acceleration Factor	1.0		
Straight line (calculated)	\$287,074		

<b>MORTGAGE CALCULATION</b>	1	2	3	4	5	6	7	8	9	10	11
Beginning Balance	9,161,446	9,081,825	8,995,768	8,902,753	8,802,217	8,693,553	8,576,104	8,449,159	8,311,951	8,163,649	8,003,357
Ending Balance	9,081,825	8,995,768	8,902,753	8,802,217	8,693,553	8,576,104	8,449,159	8,311,951	8,163,649	8,003,357	7,830,105
Amortization of Principal	79,620	86,058	93,015	100,536	108,664	117,449	126,945	137,208	148,302	160,292	173,252
Interest	711,786	705,349	698,391	690,871	682,743	673,957	664,462	654,198	643,105	631,115	618,155

<b>DEPRECIATION CALCULATION</b>	1	2	3	4	5	6	7	8	9	10	11
Beginning Balance	11,339,440	11,052,366	10,765,292	10,478,217	10,191,143	9,904,068	9,616,994	9,329,919	9,042,845	8,755,770	8,468,696
Less: Annual Depreciation	287,074	287,074	287,074	287,074	287,074	287,074	287,074	287,074	287,074	287,074	287,074
Ending Balance	11,052,366	10,765,292	10,478,217	10,191,143	9,904,068	9,616,994	9,329,919	9,042,845	8,755,770	8,468,696	8,181,622
Cumulative Depreciation Taken	287,074	574,149	861,223	1,148,298	1,435,372	1,722,447	2,009,521	2,296,596	2,583,670	2,870,744	3,157,819
Cumulative Straight Line	287,074	574,149	861,223	1,148,298	1,435,372	1,722,447	2,009,521	2,296,596	2,583,670	2,870,744	3,157,819
Recapture	-	-	-	-	-	-	-	-	-	-	-
Remaining Book Value	11,164,733	10,877,658	10,590,584	10,303,509	10,016,435	9,729,360	9,442,286	9,155,212	8,868,137	8,581,063	8,293,988

Table 11, page 2

<b>ANNUAL CASH FLOWS</b>	1	2	3	4	5	6	7	8	9	10	11
Gross Rent (inflation rate) 2.20%	659,390	673,896	688,722	703,874	719,359	735,185	751,359	767,889	784,783	802,048	819,693
Vacancy (vacancy rate)-(see note 2) 5.00%	(283,538)	(12,355)	(34,436)	(35,194)	(35,968)	(36,759)	(37,568)	(38,394)	(39,239)	(40,102)	(40,985)
Adjusted Gross Income	375,852	661,542	654,286	668,680	683,391	698,426	713,791	729,495	745,543	761,945	778,708
Operating Expenses (inflation rate) 2.20%	153,352	156,725	160,173	163,697	167,299	170,979	174,741	178,585	182,514	186,529	190,633
Other Expenses	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	153,352	156,725	160,173	163,697	167,299	170,979	174,741	178,585	182,514	186,529	190,633
Net Operating Income	222,500	504,816	494,112	504,983	516,093	527,447	539,050	550,910	563,030	575,416	588,075
Addition to Income from Operating Reserve	190,000	-	-	-	-	-	-	-	-	-	-
Addition to Income from TIF Subsidy	452,117	462,063	472,229	482,618	493,235	504,087	515,177	526,510	538,094	549,932	562,030
Annual Debt Service	(791,407)	(791,407)	(791,407)	(791,407)	(791,407)	(791,407)	(791,407)	(791,407)	(791,407)	(791,407)	(791,407)
Before-Tax Operating Cash Flow	73,211	175,473	174,935	196,194	217,922	240,127	262,820	286,013	309,717	333,941	358,699

<b>Tax Calculation</b>	1	2	3	4	5	6	7	8	9	10	11
Net Operating Income	864,617	966,880	966,341	987,601	1,009,328	1,031,533	1,054,227	1,077,420	1,101,123	1,125,348	1,150,106
Interest	(711,786)	(705,349)	(698,391)	(690,871)	(682,743)	(673,957)	(664,462)	(654,198)	(643,105)	(631,115)	(618,155)
Depreciation	(287,074)	(287,074)	(287,074)	(287,074)	(287,074)	(287,074)	(287,074)	(287,074)	(287,074)	(287,074)	(287,074)
Taxable Income (Loss)	(134,243)	(25,544)	(19,124)	9,655	39,511	70,502	102,691	136,148	170,944	207,159	244,876
Passive Loss Offset	-	-	-	(9,655)	-	-	-	-	-	-	-
Taxable Income	-	-	-	-	39,511	70,502	102,691	136,148	170,944	207,159	244,876
Passive Loss Carryforward	(134,243)	(25,544)	(19,124)	-	-	-	-	-	-	-	-
Taxes 28.00%	-	-	-	-	11,063	19,740	28,753	38,121	47,864	58,005	68,565

<b>After Tax Cash Flow</b>	1	2	3	4	5	6	7	8	9	10	11
Before-Tax Operating Cash Flow	73,211	175,473	174,935	196,194	217,922	240,127	262,820	286,013	309,717	333,941	358,699
Taxes	-	-	-	-	(11,063)	(19,740)	(28,753)	(38,121)	(47,864)	(58,005)	(68,565)
After-Tax Operating Cash Flow	73,211	175,473	174,935	196,194	206,858	220,386	234,067	247,892	261,852	275,937	290,134

**Retail Operating Period Discounted Cash Flow Analysis**

SALE CALCULATION		1	2	3	4	5	6	7	8	9	10
<b>Before Tax Cash Flow from Sale</b>											
Sale Price (cap rate of 8.5%, using next year NOI)	8.5%										10,934,743
Commission	4.50%										(492,063)
Adjusted Sales Price											10,442,679
Remaining Mortgage Balance											(8,003,357)
Before-Tax Cash Flow from Sale											<u>2,439,322</u>
<b>Taxes</b>											
Adjusted Sales Price											10,442,679
Remaining Book Value											(8,581,063)
Total Taxable Gain											1,861,617
Passive Loss Carryforward											-
Total Gain											1,861,617
Total Depreciation Taken											2,870,744
Recapture Tax @ 25%	25%										(717,686)
Capital Gain											(1,009,128)
Tax on Capital Gain	15%										(151,369)
<b>After-Tax Cash Flow from Sale</b>											
Before-Tax Cash Flow from Sale											2,439,322
Total Tax (recapture + capital gain)											(566,317)
After-Tax Cash Flow from Sale											<u>1,873,005</u>

RETURN MEASURES	Investment	1	2	3	4	5	6	7	8	9	10
<b>Unleveraged IRR</b>											
Project Cost	\$ (11,451,807)										
Net Operating Income		864,617	966,880	966,341	987,601	1,009,328	1,031,533	1,054,227	1,077,420	1,101,123	1,125,348
Adjusted Sales Price											10,442,679
Total Before-Tax Cash Flow	\$ (11,451,807)	864,617	966,880	966,341	987,601	1,009,328	1,031,533	1,054,227	1,077,420	1,101,123	<u>11,568,027</u>
Unleveraged IRR	8.15%										
Net Present Value @ 8.0%	\$114,008										
<b>Before Tax IRR</b>											
Equity	\$ (2,290,361)										
Before-Tax Operating Cash Flow		73,211	175,473	174,935	196,194	217,922	240,127	262,820	286,013	309,717	333,941
Before-Tax Cash Flow from Sale											2,439,322
Total Before-Tax Cash Flow	\$ (2,290,361)	73,211	175,473	174,935	196,194	217,922	240,127	262,820	286,013	309,717	<u>2,773,264</u>
Before-Tax IRR	9.52%										
Net Present Value @ 8.0%	\$257,949										
<b>After Tax IRR</b>											
Equity	\$ (2,290,361)										
After-Tax Operating Cash Flow		73,211	175,473	174,935	196,194	206,858	220,386	234,067	247,892	261,852	275,937
After-Tax Cash Flow from Sale											1,873,005
Total After-Tax Cash Flow	\$ (2,290,361)	73,211	175,473	174,935	196,194	206,858	220,386	234,067	247,892	261,852	<u>2,148,942</u>
After-Tax IRR	7.27%										
<b>Simple Return Measures</b>											
NOI/Project Cost		1.9%	4.4%	4.3%	4.4%	4.5%	4.6%	4.7%	4.8%	4.9%	5.0%
Before Tax Cash Flow/Equity		3.2%	7.7%	7.6%	8.6%	9.5%	10.5%	11.5%	12.5%	13.5%	14.6%
Tax Shelter/Equity		-	-	-	0	-	-	-	-	-	-

**Notes and Assumptions**

- 1 Operating reserve is funded from construction loan.
- 2 Vacancy for year one and year two reflect lease-up period. Rent stabilization occurs in year 3

**Gainesville Greens Condominiums**

2006 OPERATING BUDGET-Proposed

Jan 2006 - Dec 2007



	2006 Budget		2007 Budget		\$ Increase	% Increase
	ANNUAL	MONTHLY	ANNUAL	MONTHLY		
<b>INCOME</b>						
6315-ASSESSMENTS	374,700	31,225	384,900	32,075	10,200	2.72%
<b>OVERHEAD</b>						
7002-Accounting Fees	3,000	250	3,120	260	120	4.00%
7005-Administration Expenses	2,400	200	2,496	208	96	4.00%
7010-Insurance	15,000	1,250	15,600	1,300	600	4.00%
7015-Legal Fees	2,400	200	2,496	208	96	4.00%
7020-Management Fees	15,000	1,250	15,600	1,300	600	4.00%
7025-Permits/Lic /Fees/Fed Tx	350	29	364	30	14	4.00%
7026-Parking Lease	59,640	4,970	59,640	4,970		
7027-7029-Property Taxes	500	42	520	43	20	4.00%
<b>Subtotal Overhead</b>	<b>98,290</b>	<b>8,191</b>	<b>99,836</b>	<b>8,320</b>		
<b>PROPERTY MAINTENANCE</b>						
8502-Gen Repair/Maintenance	25,000	2,083	26,000	2,167	1,000	4.00%
8515-Maintenance Personnel	0	0	0	0	0	3.50%
8605-Gym Janitorial	5,000	417	5,200	433	200	4.00%
8503-Elevator Maintenance	15,000	1,250	15,563	0	563	3.75%
8520-Pool Maintenance	0	0	0	0	0	3.75%
8610-Waste/Recycling Disposal	12,000	1,000	12,480	1,040	480	4.00%
8615-Pest Control	1,700	142	1,768	147	68	4.00%
8620-Termite Inspection Service	2,000	167	2,075	173	75	3.75%
8635-Contingency	2,500	208	2,600	217	100	4.00%
<b>Subtotal Property Maintenance</b>	<b>63,200</b>	<b>5,267</b>	<b>65,686</b>	<b>4,177</b>		
<b>UTILITIES</b>						
9001-Cable Television	50,760	4,230	52,790	4,399	2,030	4.00%
9002-Electric	7,000	583	7,280	607	280	4.00%
9003-Ethernet	50,045	4,170	51,046	4,254	1,001	2.00%
9005-Water & Sewer	67,680	5,640	70,387	5,866	2,707	4.00%
9010-Telephone	2,000	167	2,080	173	80	4.00%
<b>Subtotal Utilities</b>	<b>177,485</b>	<b>14,790</b>	<b>183,584</b>	<b>15,299</b>		
<b>RESERVES</b>						
9600-Reserves	35,713	2,976	35,713	2,976	0	0.00%
<b>Subtotal Reserves</b>	<b>35,713</b>	<b>2,976</b>	<b>35,713</b>	<b>2,976</b>		
<b>TOTAL EXPENSE</b>	<b>374,688</b>	<b>31,224</b>	<b>384,818</b>	<b>30,771</b>	<b>10,130</b>	<b>2.70%</b>
<b>Monthly Assessment per Unit</b>		<b>221.45</b>		<b>227.48</b>	<b>6.03</b>	<b>2.72%</b>

Reserve Schedule						
	Balance in Reserve Account	Estimated Life (years)	Remaining Useful Life (years)	Replacement Cost	Annual Reserve	Monthly Reserve
Roof Replacement	\$ 8,000.00	25	25	\$ 350,000.00	\$ 8,759.09	\$ 729.92
Façade Maintance	\$ 25,000.00	25	25	\$ 200,000.00	\$ 4,481.99	\$ 373.50
Building Painting	\$ 5,000.00	7	7	\$ 84,000.00	\$ 9,774.55	\$ 814.55
Sprinkler System	\$ 3,000.00	25	25	\$ 30,000.00	\$ 691.51	\$ 57.63
Dumpster Equipment	\$ 1,500.00	20	20	\$ 10,000.00	\$ 296.70	\$ 24.73
Amenities Furniture/Appliances/et	\$ 3,000.00	10	10	\$ 30,000.00	\$ 2,227.62	\$ 185.64
Plumbing and Sewer	\$ 3,000.00	20	20	\$ 20,000.00	\$ 593.40	\$ 49.45
Air Conditioning Systems	\$ 3,000.00	10	10	\$ 30,000.00	\$ 2,227.62	\$ 185.64
Common Area/Recreational Equip.	\$ 3,000.00	8	8	\$ 50,000.00	\$ 5,007.03	\$ 417.25
Trash Cans	\$ 1,000.00	5	5	\$ 6,000.00	\$ 894.24	\$ 74.52
Gym Equipment	\$ -	15	15	\$ 15,000.00	\$ 759.69	\$ 63.31
<b>TOTALS (see note 1)</b>	<b>\$ 55,500.00</b>				<b>\$ 35,713.44</b>	<b>\$ 2,976.12</b>

1. Developer to fund initial total balance in the reserve account.

**City of Gainesville Tax Impact & Revenue Analysis  
Gainesville Greens**

+/- 141 units +/-19,463 SF of Retail

**Condomium Unit Sales Information:**

Unit	Size	Sq. Feet	Quantity	\$ PSF	Price Per Unit
Loft A1	Loft	965	10	\$287	\$ 251,569
Loft A2	Loft	989	10	\$287	\$ 258,390
Loft A3	Loft	1,001	10	\$287	\$ 261,714
Loft A4	1/1	959	6	\$287	\$ 249,955
Condo Unit A	2/2	936	12	\$287	\$ 243,348
Condo Unit B	3/2	1,207	60	\$287	\$ 320,803
Condo Unit C	3/2	1,196	5	\$287	\$ 317,736
Condo Unit D	4/2.5	1,172	6	\$287	\$ 310,763
Condo Unit E	4/2.5	1,291	5	\$287	\$ 344,960
Condo Unit F	4/2.5	1,237	5	\$287	\$ 329,486
Penthouse Units	4/2.5	1,553	12	\$287	\$ 420,018

**Millage Rate**  
25.2622

**Tax Revenue:**

Unit	Adjusted Taxable Value (15% reduction)	Property Tax per Unit	Quantity	Total Tax Revenue
Loft A1	\$ 213,834	\$ 5,402	10	\$ 54,019
Loft A2	\$ 219,631	\$ 5,548	10	\$ 55,484
Loft A3	\$ 222,457	\$ 5,620	10	\$ 56,197
Loft A4	\$ 212,462	\$ 5,367	6	\$ 32,203
Condo Unit A	\$ 206,846	\$ 5,225	12	\$ 62,705
Condo Unit B	\$ 272,682	\$ 6,889	60	\$ 413,313
Condo Unit C	\$ 270,076	\$ 6,823	5	\$ 34,114
Condo Unit D	\$ 264,149	\$ 6,673	6	\$ 40,038
Condo Unit E	\$ 293,216	\$ 7,407	5	\$ 37,036
Condo Unit F	\$ 280,063	\$ 7,075	5	\$ 35,375
Penthouse Units	\$ 357,015	\$ 9,019	12	\$ 108,228

**Total Tax Revenue from Condominium Units \$ 928,712**

**Retail Cost-Approach-to-Value:**

Tenant	Retail Sq. Ft	Construction Cost	Total Costs
Restaurant	4,125	\$170 psf	\$ 701,250
Retail/Office	15,338	\$170 psf	\$ 2,607,460
Civil & Site Work			\$ 168,803
		Sub-total	\$ 3,477,513
		Contingency	\$ 165,436
		Total Costs	\$ 3,642,948
		15% Reduction	\$ 546,442
		<b>Taxable Value</b>	<b>\$ 3,096,506</b>

**Total Tax Revenue from Retail Component \$ 78,225**

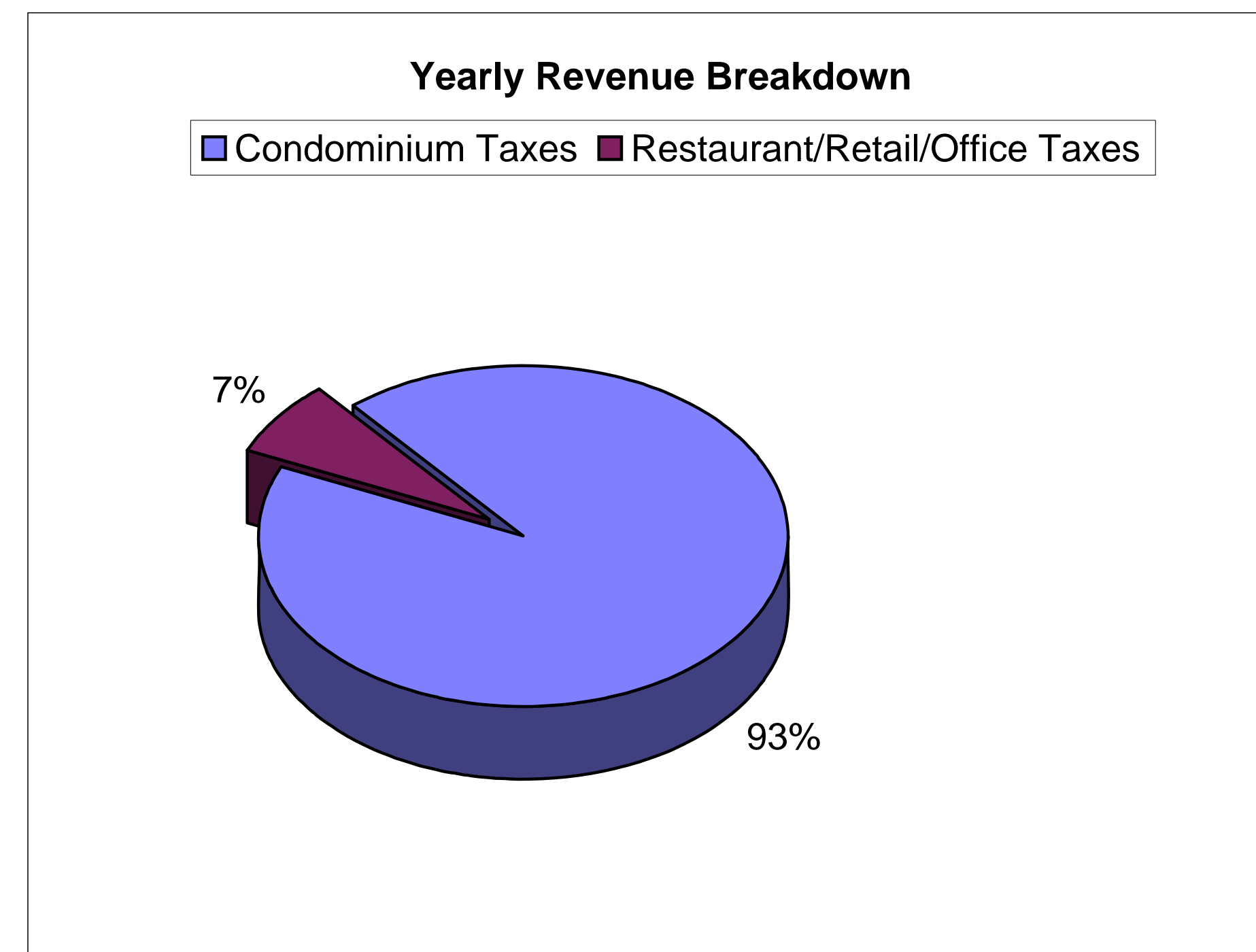
Taxing Authority	Millage Rate	Tax Amount
<b>Board of County Commissioners</b>		
County General	8.9887	\$ 358,284
County Debt LL	0.2500	\$ 9,965
<b>Alachua County Library District</b>		
Library General	1.4475	\$ 57,697
Library Bonds	0.1445	\$ 5,760
<b>School Board of Alachua County</b>		
School General	5.3550	\$ 213,447
School Discretionary	0.7600	\$ 30,293
School Bond 4	0.3790	\$ 15,107
School Bond 5	0.5400	\$ 21,524
School Cap20 Project	2.0000	\$ 79,719
St. Johns River Water Mgt. Distr.	0.4620	\$ 18,415
City of Gainesville	4.9355	\$ 196,726
<b>Total Millage and Taxes</b>	<b>25.2622</b>	<b>\$ 1,006,937</b>

**Land Sale Revenue \$ 514,000**

**Revenue Stream Available for TIF Financing**

Condominium Taxes	\$ 524,168
Restaurant/Retail/Office Taxes	\$ 40,978

**Total Yearly Revenue Created for CRA's TIF Fund \$ 565,146**





**Subsidy Requirement**

**Gainesville Greens**

+/- 141 units +/-19,463 SF of Retail

Condominium Tax Component:

\$	50,745,049	Total Project Costs
\$	(7,611,757)	Less 15% Property Appraiser reduction
\$	<u>43,133,292</u>	
\$	-	Less Current Value -Parcel 13052
\$	43,133,292	
\$	(3,525,000)	Less Homestead Exemptions - if applicable
\$	<u>39,608,292</u>	Adjusted Project Value

Commercial Tax Component - Cost Approach to Value

\$	3,474,146	Retail- Hard Construction Costs
\$	<u>168,803</u>	Retail- Site Work Costs
\$	3,642,948	Total Retail Costs
\$	(546,442)	Less 15% Property Appraiser reduction
\$	<u>3,096,506</u>	Adjusted Retail Value
\$	42,704,798	Total Project Taxable Value

\$ 565,146 Projected annual increment  
(29,630,703)\*(0.95)\*(0.0139303)

	3% growth rate annually	5% growth rate annually
565,146	Year 1	565,146 Year 1
582,100	Year 2	593,403 Year 2
599,564	Year 3	623,074 Year 3
617,550	Year 4	654,227 Year 4
636,077	Year 5	686,939 Year 5
655,159	Year 6	721,286 Year 6
674,814	Year 7	757,350 Year 7
695,058	Year 8	795,217 Year 8
715,910	Year 9	834,978 Year 9
737,387	Year 10	876,727 Year 10
759,509	Year 11	920,563 Year 11
782,294	Year 12	966,592 Year 12
805,763	Year 13	1,014,921 Year 13
829,936	Year 14	1,065,667 Year 14
854,834	Year 15	1,118,951 Year 15
880,479	Year 16	1,174,898 Year 16
906,894	Year 17	1,233,643 Year 17
934,100	Year 18	1,295,325 Year 18
962,123	Year 19	1,360,091 Year 19
990,987	Year 20	1,428,096 Year 20
<u>15,185,688</u>	Total Annual Increment	<u>18,687,095</u> Total Annual Increment
12,148,550	80% Incentive	14,949,676 80% Incentive

<b>NPV at 3% Growth Rate</b>	<b>\$</b>	<b>5,538,451</b>
<b>NPV at 5% Growth Rate</b>	<b>\$</b>	<b>6,491,490</b>

Note: NPV assumes a 8.0% discount rate.