CONFIDENTIAL

Chapter 14

Public Private Financial Plan

Request for Proposal

Judge Doyle Square
Madison, Wisconsin

September 30, 2013

L | Z VENTURES

MARCUS® HOTELS & RESORTS

Journeyman Group

RFP Requirement

(Sealed Submission) A detailed public private financial plan showing how the project is to be financed, including letters of interest or commitment from potential lenders/partners. The financing strategy should describe each block separately as follows:

- Estimated uses of capital (separately for each block) providing at least this level of detail:
  - Land acquisition price to be paid
  - Estimated demolition/site prep
  - Hard costs for construction
  - Developer fee
  - Architecture and engineering expenses
  - Other soft costs
  - Other costs
- Estimated sources of capital (separately for each block) including:
  - Debt (private borrowing)
  - Debt (City or CDA borrowings)
  - Equity (cash or cash equivalents)
  - Equity (deferred or forgiven developer/ professional/construction fees)
  - Parking Utility contributions for publicly owned parking component
  - City TIF contribution (or other subsidy)
    - Estimate of Value Calculations, including cap rate assumptions
    - Estimate of Annual Property Tax Payments
    - Details of potential City TIF investments
    - Payback of City TIF investments
  - Specify other special sources such as New Market Tax Credits, Section 42 Tax Credits, conduit bonding, etc.
- Sources and uses should be further broken down by component (parking, hotel, apartment, etc.) to the extent practicable.
- Please review the City's TIF Policy and note any exceptions from policy the development team anticipates requesting (see cityofmadison.com/planning/tidmaps/tifpolicy.pdf)
- Describe project components (such as parking) to be owned or financed by the City or the Community Development Authority of the City of Madison (CDA). Describe the long-term ownership structure (i.e. what rights to purchase will the developer or City have?). Describe the proposed structure for handling maintenance and operating costs.
- Provide any available letter of interest, credit, or commitment from investors or lenders that demonstrate the financial strength of the team and financial feasibility of the project.
- If utilizing New Market Tax Credits or other financial assistance program, indicate team's experience with these financing methods.
- Annual cash flows and pro-forma for term of project financing for a minimum of 10 years, by block and major component.
- Net cash on cash returns.

Background Summary

The proposed $178.8 million project will be situated on portions of Block 88 (1.04 acres) and 105 (1.20 acres) known as Judge Doyle Square (collectively, the "Property"), currently owned by the City in Madison, Wisconsin. Journeyman Group and its partners will form separate entities to purchase the Property from the City and develop the Project.

Land Acquisition

For Block 88, Journeyman Group and its partners propose to purchase the Block 88 Property from the City for $1 to aid in closing the funding gap of the full-service Hotel. Journeyman Group shall purchase Block 105 to develop with the City (Parking Utility), Retail/Office, and Residential ownership entities each owning their respective condo units and be members of the master condominium association to be formed by Developer. Land purchase allocations for Block 105 are reflected in Table A that are based on private components share of the gross square feet to be developed on this Block at a value of $100 per square foot, which currently reflect ~$3.3M of net proceeds to the City.

Requested TIF Assistance

The Property is located within the TID #25 (East and West Wilson Street Corridor) boundaries.

In this proposal, Developer is requesting a $46.7 million of TIF loan ("Loan") to construct a 352-key full service hotel, 11,680 square feet of commercial and retail space, 52,190 square feet of Class A office space, 134 apartment units and 645 parking stalls to support the needs of each use. The Project will further include City Fleet and Public Parking on both Block 88 and 105 totaling 638 spaces that will be funded by the City as discussed below.

The TIF request represents 90% of the anticipated increment to be generated by the Project based on a 20 year amortization, as reflected in the table below. The TIF request is further based on an assumption either (1) TID #25 would be extended for an additional approximately 12 years, beyond the current TID #25 expiration date in 2022, or (2) a new TID will be created (and could be an overlap TID), or (3) the TIF request could be funded using all increments generated within all of TID #25, not limited to the projected increment

TAX INCREMENT FINANCING

	Marriott Hotel	Retail/Office	Residential	Totals
Land	$ 4,345,824	$ 1,179,447	$ 2,114,006	$ 7,638,278`89
Improvement	$ 63,456,173	$ 13,649,567	$ 22,548,139	$ 99,653,879
Real Estate Assessment	$ 67,801,997	$ 14,829,014	$ 24,662,145	$ 107,293,157
Mil Rate	0.0242	0.0242	0.0242	0.0242
Real Estate Taxes	$ 1,640,808	$ 358,862	$ 596,824	$ 2,596,494
Interest	0.00%	0.00%	0.00%	0.00%
Amort – Years	20	20	20	20
Supportable TIF Bond	$ 32,816,167	$ 7,177,243	$ 11,936,478	$ 51,929,888
Discount	90%	90%	90%	90%
TIF Proceeds to Block 105		$ 3,229,759	$ 5,371,415	$ 8,601,175
TIF Proceeds to Block 88 Hotel	$ 29,534,550	$ 3,229,759	$ 5,371,415	$ 38,135,725
	$ 29,535,550	$ 6,459,518	$ 10,742,831	$ 46,736,899

to be generated by the Project, or (4) the City will utilize increment from a donor TID. The requested TIF Loan would require an exception to the 50% rule under the City's current TIF Policy.

The TIF request for the Project, and the anticipated gap between Project equity and financing and anticipated Project costs, is based on the following considerations:

1. The costs to develop a full-service hotel to meet the City's goal of supporting its convention and trade business as compared to that of select-service products in the market
2. Cost to construct parking
3. The Project costs will be higher based on the Madison region's higher construction costs, which are not supported by moderate daily rates and rents of similar projects in other communities; although projected rates and rentals are in-line with the Madison market, they are insufficient to attract more debt and equity investment in the Project.

Thus, the Project gap is both attributable to sources and uses in this instance.

The Project is estimated to have value of $108.8 million upon stabilization. The Project costs (excluding the portion of the parking elements to be paid for by the City) totals $148.0 million, with private sources of financing of $101.3 million.

Due to construction timing, Developer proposes to close on TIF financing in May 2014.

Exceptions to the City's Current TIF Policy:

Under the City's current TIF Policy, Developer will agree to the guidelines in the City's TIF Policy with the following exceptions:

1. As discussed above, the TIF request will not meet the 50% threshold.
2. Developer proposes to only provide a limited personal guaranty on a portion of the TIF Loan, in an amount to be negotiated based on the difference in cost of the City's desired full service hotel and the cost of a limited service hotel.
3. The Developer's equity contribution shall not be equal to the requested TIF Loan, Developer equity in the Project will not be required to be expended prior to release of TIF funds for Project costs, and any required Developer equity will include Developer's long-term equity investment to be realized through utilization of New Markets Tax Credits, discussed further below in the financial projections.
4. Developer will not agree to make an Equity Participation Payment to the City of Section 4.1(15). If selected, the Developer is open to discussion and negotiation on some form of alternative equity payment should the Project performance substantially exceed expectations.
5. Depending on how the City elects to structure repayment of the TIF Loan as discussed above (extension of TID #25, new/overlay TID or donor TID), the City's preferred 12- Year TIF Expenditure Period may be exceeded.

City Rental Agreement for Convention Space

As a further incentive from the City and as an aide in helping the Hotel achieve financial stabilization, the City and Developer shall enter into a 10-YEAR FUNCTION SPACE RENTAL AGREEMENT whereby the City would receive limited beneficial use of the Hotel's meeting facilities for an annual rental of $700,000. During this 10-year period it is projected that the City will receive $14.6M of Hotel Occupancy Tax from the Project alone. The City would be entitled to (i) use of Ballroom and Pre-Function space three (3) times per calendar year, and (ii) use of the Boardroom and associated Pre-Function space six (6) times per calendar year, and (iii) use of up to five (5) daily uses of guest rooms within the Hotel per calendar year, non-cumulative subject to availability at the date the reservation is made. The Function Space shall not be available to the City on the first, second, and third Friday and Saturday evenings of December, nor on December 31 of each year. In the event Function Space or guest rooms are not available at the times requested by the City, Developer is responsible for providing the City with suggested alternate times of comparable utility to the City when the Function Space or guest rooms are available. The City shall reserve Function Space and guest rooms not earlier than thirty (30) days prior to the desired date, provided, however, that one (1) time per calendar year, with respect to Ballroom and Pre-Function space, and two (2) times per calendar year with respect to the board room, the City may reserve the Function Space up to one hundred eighty (180) days in advance. The City and Developer shall work together in good faith to resolve any conflicts in reservations for Function Space.

Financial Plan, Sources and Uses & Financial Commitments

Our detailed public private financial plan reflects how the Project is to be financed, and includes letters of interest or commitment from potential lenders/partners. Table A at the end of this financing strategy section describes each block and Project element separately, identifying estimated sources and uses of capital, with no less than the following level of detail:

Sources

- Debt (private borrowing) – See Table A
- Debt (City or CDA borrowing) – See Table A
- Equity (cash or cash equivalents) – See Table A
- Equity (deferred or forgiven developer/professional/construction fees) – See Table A
- Parking Utility contributions for publicly owned parking component – See Table A
- City TIF contribution (or other subsidy) – See Table A and Tax Increment Financing Table above
- Estimate of Value Calculations, including cap rate assumptions
- Estimate of Annual Property Tax Payments – See Tax Increment Financing Table above
- Details of potential City TIF investments – See Table A and Tax Increment Financing Table above
- Payback of City TIF Investments – See Tax Increment Financing Table above

Uses

- Land acquisition price to be paid – See Table A
- Estimated demolition/site prep – See Table A
- Hard costs for construction – See Table A
- Developer fee – See Table A
- Architecture and engineering expenses – See Table A
- Other soft costs – See Table A
- Other costs – See Table A

City Owned/Financed Ownership Structure

The Block 88 City Fleet Parking, Block 105 Public Parking, and Block 105 Bicycle Center shall be owned and financed by the City or the Community Development Authority of the City of Madison (CDA). Turn-key costs of these City owned and financed elements inclusive of design, construction, and finance costs is currently estimated to total $30.8 million as reflected in Table A, which we have assumed will be financed by use of the $9 million City reserve designated for the replacement of the East Garage and City bonds or other public improvement financing mechanisms for the balance ($21.8M).

Maintenance and Operating Costs

Provisions for each Project element to operate independently for handling maintenance and operating costs has been incorporated into planning and design. Each Project element on each block will have separate public access, vertical transportation, and sub metering of utility services. Maintenance and operating costs of common elements and limited common elements for each block (drives, stairs, etc.) shall be addressed in the future condominium association agreements to be developed.

Letters of Interest, Credit or Commitment from Investors or Lenders

Letters of interest, credit, or commitment from investors or lenders that demonstrate the financial strength of the team and financial feasibility of the project are included in this Chapter of the Proposal.

New Market Tax Credits

Our financial plan anticipates utilizing New Markets Tax Credits (NMTC) for the Project's private hotel, retail/office, and residential elements, contributing approximately $5.3M (3.0%) to the Developer's equity contribution to the Project, based on an assumed $30M total CDE allocation. Journeyman individually has recent experience with New Markets Tax Credits on a Hotel and Conference Center in Lawton, OK where NMTC contributed approximately 10% to the capital stack. Further, Developer's Counsel (Whyte Hirschboeck Dudek) has considerable NMTC project experience within the State of Wisconsin.

Annual Cash Flows and Pro-Forma

Annual cash flows and pro-forma for term of Project financing for a minimum of 10 years, by block and major component are included at the end of this Chapter. Proformas that will be found there are

1. Block 88 – Full Service Hotel
2. Block 105 – Office/Retail
3. Block 105 – Residential

Net Cash on Cash Returns

Net cash on cash returns by block and major component are reflected within the proformas included at the end of this Section.

Hotel Brand

JG is fully committed to build a full service Marriott Hotel so long as a financial agreement that meets project needs is reach. In the event one is not reached, JG reserves the right to have another national brand hotel selected.

TABLE A

Judge Doyle Square Development — **PROJECT SOURCE & USES** — **25-Sep-13**

Madison, WI

	BLOCK 88				BLOCK 105								Project Totals	
	Marriott Hotel		City Fleet Parking		Retail/Office		Residential		Bicycle Center		City Garage			
Net Area (Conditioned)	282,100 SF		0 SF		63,870 SF		164,576 SF		3,000 SF		SF		513,546 SF	
Garage Area	92,547 SF		15,753 SF		67,200 SF		70,350 SF		3,150 SF		209,668 SF		458,668 SF	
Gross Square Feet	374,647 SF		15,753 SF		131,070 SF		234,926 SF		6,150 SF		209,668 SF		972,214 SF	
Parking	235 Spcs		40 Spcs		192 Spcs		201 Spcs		9 Spcs		598 Spcs		1,275 Spcs	
Unit	352 Keys		40 Spcs		63,870 SF		134 Units		3,000 SF		598 Spcs			
Sources														
First Mortgage	$ 50,315,708	52.3%	$ -	0.0%	$ 14,309,939	75.0%	$ 24,479,992	75.0%	$ -	0.0%	$ -	0.0%	**$ 89,105,639**	49.8%
Parking Utility Reserve Contributio	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 9,000,000	32.3%	**$ 9,000,000**	5.0%
City Bonds (Parking)	$ -	0.0%	$ 2,005,158	100%	$ -	0.0%	$ -	0.0%	$ 951,300	100.0%	$ 18,878,909	67.7%	**$ 21,835,367**	12.2%
TIF Loan	$ 38,135,725	39.6%	$ -	0.0%	$ 3,229,759	16.9%	$ 5,371,415	16.5%	$ -	0.0%	$ -	0.0%	**$ 46,736,899**	26.1%
New Market Tax Credits	$ 3,523,280	3.7%	$ -	0.0%	$ 616,574	3.2%	$ -	0.0%	$ -	0.0%	$ -	0.0%	**$ 4,139,854**	2.3%
Sponsor/Investor Equity	$ 4,310,879	4.5%	$ -	0.0%	$ 923,647	4.8%	$ 2,788,582	8.5%	$ -	0.0%	$ -	0.0%	**$ 8,023,108**	4.5%
Total Sources	**$ 96,285,592**	**100%**	**$ 2,005,158**	**100%**	**$ 19,079,919**	**100%**	**$ 32,639,989**	**100%**	**$ 951,300**	**100%**	**$ 27,878,909**	**100%**	**$178,840,868**	**100%**
Uses														
Land/Air-Rights Allocation	**$ 1**	**0.0%**	**$ -**	**0.0%**	**$ 1,179,447**	**6.2%**	**$ 2,114,006**	**6.5%**	**$ -**	**0.0%**	**$ -**	**0.0%**	**$ 3,293,455**	**1.8%**
Construction Costs														
Sitework/Streetscape	$ 990,359	1.0%	$ 41,641	2.1%	$ 123,750	0.6%	$ 750,000	2.3%	$ 61,875	6.5%	$ 247,500	0.9%	$ 2,215,125	1.2%
Garage Construction	$ 6,941,045	7.2%	$ 1,197,190	59.7%	$ 3,696,000	19.4%	$ 3,869,250	incl	$ 236,250	24.8%	$ 19,693,104	70.6%	$ 35,632,839	19.9%
Building Shell		0.0%		0.0%		0.0%	$ -	incl	$ 234,103	24.6%		0.0%	$ 234,103	0.1%
Tenant Interior Allowance		0.0%		0.0%	$ 1,788,360	9.4%	$ -	incl	$ 105,000	11.0%		0.0%	$ 1,893,360	1.1%
Building Construction	$ 52,094,906	54.1%	$ 150,000	7.5%	$ 7,851,732	41.2%	$ 17,847,145	54.7%	$ -	0.0%	$ 300,000	1.1%	$ 78,243,783	43.8%
Construction Subtotal	**$ 60,026,310**	**62.3%**	**$ 1,388,831**	**69.3%**	**$ 13,459,842**	**70.5%**	**$ 22,466,395**	**68.8%**	**$ 637,228**	**67.0%**	**$ 20,240,604**	**72.6%**	**$118,219,210**	**66.1%**
Design Contingency	$ 1,200,526	2.0%	2.0%	3.0%	$ 269,197	2.0%	$ 1,012,000	4.5%	$ 12,745	2.0%	$ 404,812	2.0%	$ 2,899,280	2.0%
Development Contingency	$ 1,800,789	3.0%	3.0%	2.0%	$ 403,795	3.0%	$ -	incl	$ 19,117	3.0%	$ 607,218	3.0%	$ 2,830,919	3.0%
Escalation	$ 1,680,737	2.8%	$ 38,887	2.8%	$ 376,876	2.8%	$ -	incl	$ 17,842	2.8%	$ 566,737	2.8%	$ 2,681,079	2.3%
Total Construction Costs	**$ 64,708,362**	**67.2%**	**$ 1,427,718**	**71.2%**	**$ 14,509,710**	**76.0%**	**$ 23,478,395**	**71.9%**	**$ 686,932**	**72.2%**	**$ 21,819,371**	**78.3%**	**$126,630,488**	**70.8%**
FF&E	**$ 8,229,767**	**8.5%**	**$ -**	**0.0%**	**$ -**	**0.0%**	**$ 325,000**	**1.0%**	**$ -**	**0.0%**	**$ -**	**0.0%**	**$ 8,554,767**	**4.8%**
Total Land/Constr/FF&E	**$ 72,938,130**	**75.8%**	**$ 1,427,718**	**71.2%**	**$ 15,689,157**	**82.2%**	**$ 25,917,401**	**79.4%**	**$ 686,932**	**72.2%**	**$ 21,819,371**	**78.3%**	**$138,478,710**	**77.4%**
Pre-Construction Cost														
Architectural and Engineering	$ 3,323,365	3.5%	$ 64,247	3.2%	$ 652,937	3.4%	$ 1,012,002	3.1%	$ 30,912	3.2%	$ 981,872	3.5%	$ 6,065,335	3.4%
Other Consultants	$ 498,505	0.5%	$ 9,637	0.5%	$ 97,941	0.5%	$ 60,000	0.2%	$ 4,637	0.5%	$ 147,281	0.5%	$ 818,001	0.5%
Technical Service Fees	$ 352,000	0.4%		0.0%		0.0%		0.0%		0.0%		0.0%	$ 352,000	0.2%
Permits/Fees	$ 647,084	0.7%	$ 14,277	0.7%	$ 145,097	0.8%	$ 429,850	1.3%	$ 6,869	0.7%	$ 218,194	0.8%	$ 1,461,371	0.8%
Bonds/Insurance/Builder's Risk	$ 1,617,709	1.7%	$ 35,693	1.8%	$ 362,743	1.9%	$ 100,000	0.3%	$ 17,173	1.8%	$ 545,484	2.0%	$ 2,678,802	1.5%
Legal and Accounting	$ 323,542	0.3%	$ 7,139	0.4%	$ 72,549	0.4%	$ 400,000	1.2%	$ 3,435	0.4%	$ 109,097	0.4%	$ 915,762	0.5%
Property Taxes during Constructio	$ 925,573	1.0%		0.0%	$ 207,974	1.1%	$ 349,571	1.1%		0.0%		0.0%	$ 1,483,118	0.8%
Other/Pre-Construction Costs	$ 161,771	0.2%	$ 3,569	0.2%	$ 36,274	0.2%	$ 39,000	0.1%	$ 1,717	0.2%	$ 54,548	0.2%	$ 296,879	0.2%
Soft Cost Contingency	$ 392,477	0.4%	$ 6,728	0.3%	$ 78,776	0.4%	$ 175,000	0.5%	$ 3,237	0.3%	$ 102,824	0.4%	$ 759,042	0.4%
Subtotal Pre-Construction Cost	**$ 8,242,026**	**8.6%**	**$ 141,290**	**7.0%**	**$ 1,654,291**	**8.7%**	**$ 2,565,423**	**7.9%**	**$ 67,980**	**7.1%**	**$ 2,159,300**	**7.7%**	**$ 14,830,310**	**8.3%**
Soft Costs														
Franchise Fees	$ 176,000	0.2%		0.0%		0.0%		0.0%		0.0%		0.0%	$ 176,000	0.1%
Marketing/Pre-Opening Expense	$ 1,760,000	1.8%		0.0%		0.0%	$ 300,000	0.9%		0.0%		0.0%	$ 2,060,000	1.2%
Capitalized Interest Fund	$ 2,340,000	2.4%	$ 252,240	12.6%	$ 175,320	0.9%		0.0%	$ 112,270	11.8%	$ 1,992,000	7.1%	$ 4,871,830	2.7%
Interest Reserve	$ 585,000	0.6%	$ 63,060	3.1%	$ 43,830	0.2%	$ 225,000	0.7%	$ 28,070	3.0%	$ 498,000	1.8%	$ 1,442,960	0.8%
Cost of Issuance	$ 198,000	0.2%	$ 23,000	1.1%	$ 148,000	0.8%		0.0%	$ 10,000	1.1%	$ 166,000	0.6%	$ 545,000	0.3%
Finance Fees on Private Debt	$ 1,180,000	1.2%		0.0%	$ 208,000	1.1%	$ 214,132	0.7%		0.0%		0.0%	$ 1,602,132	0.9%
Project Management Costs	$ 1,806,001	1.9%	$ 39,447	2.0%	$ 290,595	1.5%	$ 408,000	1.3%	$ 18,340	1.9%	$ 432,231	1.6%	$ 2,994,614	1.7%
Construction Period Interest	$ 3,552,000	3.7%		0.0%	$ 315,000	1.7%	$ 915,033	2.8%		0.0%		0.0%	$ 4,782,033	2.7%
Deposit to Operating Reserves	$ 704,000	0.7%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 704,000	0.4%
Subtotal Soft Costs	**$ 12,301,001**	**12.8%**	**$ 377,747**	**18.8%**	**$ 1,180,745**	**6.2%**	**$ 2,062,165**	**6.3%**	**$ 168,680**	**17.7%**	**$ 3,088,231**	**11.1%**	**$ 19,178,569**	**10.7%**
Total Land/Hard/Soft Costs	**$ 93,481,157**	**97.1%**	**$ 1,946,755**	**97.1%**	**$ 18,524,193**	**97.1%**	**$ 30,544,989**	**93.6%**	**$ 923,592**	**97.1%**	**$ 27,066,902**	**97.1%**	**$172,487,589**	**96.4%**
Development Fees	$ 2,804,435	**3.0%**	$ 58,403	**3.0%**	$ 555,726	**3.0%**	$ 2,095,000	**6.9%**	$ 27,708	**3.0%**	$ 812,007	**3.0%**	**$ 6,353,279**	**3.7%**
Rounding	$ -		$ -		$ -		$ -		$ -		$ -		$ -	
Total Uses	**$ 96,285,592**	**100%**	**$ 2,005,158**	**100%**	**$ 19,079,919**	**100%**	**$ 32,639,989**	**100%**	**$ 951,300**	**100%**	**$ 27,878,909**	**100%**	**$178,840,868**	**100%**
Cost/SF	**$ 341.32**	**/SF**	**$ 127.29**	**/SF**	**$ 298.73**	**/SF**	**$ 198.33**	**/SF**	**$ 317.10**	**/SF**	**$ 132.97**	**/SF**		
Cost/Unit	**$ 273,539**	**/Key**	**$ 50,129**	**/Spc**	**$ 299**	**/SF**	**$ 243,582**	**/Unit**	**$ 317.10**	**/SF**	**$ 46,620**	**/Spc**		

Assumptions:

	Marriott Hotel	Retail/Office	Residential
NMTC allocation	$ 20,000,000	$ 3,500,000	$ 6,500,000
NMTC credit rate	39%	39%	39%
NMTC discount rate	72%	72%	72%
Closing and Placement Fees			
NMTC closing fee (based on NMTC Allocation)	6.00%	6.00%	6.00%
Legal, Accounting and Tax fees	2.00%	2.00%	2.00%
Brokerage fees and expenses (based on Gross NMTC Sale Proceeds)	4.50%	4.50%	4.50%
Annual Expenses			
NMTC annual fee	0.00%	0.00%	0.00%
NMTC annual expenses	0.15%	0.15%	0.15%

Calculations:

	Marriott Hotel	Retail/Office	Residential
Actual NMTC at NMTC credit rate	$ 7,800,000	$ 1,365,000	$ 2,535,000
Gross NMTC sale proceeds at NMTC discount rate	**$ 5,616,000**	**$ 982,800**	**$ 1,825,200**
LESS: NMTC closing fee, legal, accounting and tax fees	$ 1,600,000	$ 280,000	$ 520,000
LESS: Brokerage fees and expenses	$ 252,720	$ 44,226	$ 82,134
LESS: Annual fees and expenses (escrowed at closing)			
End Year 1	$ 30,000	$ 5,250	$ 9,750
End Year 2	$ 30,000	$ 5,250	$ 9,750
End Year 3	$ 30,000	$ 5,250	$ 9,750
End Year 4	$ 30,000	$ 5,250	$ 9,750
End Year 5	$ 30,000	$ 5,250	$ 9,750
End Year 6	$ 30,000	$ 5,250	$ 9,750
End Year 7	$ 30,000	$ 5,250	$ 9,750
End Year 8	$ 30,000	$ 5,250	$ 9,750
Total annual fees and expenses	$ 240,000	$ 42,000	$ 78,000
Net NMTC sale proceeds after fees and expenses	**$ 3,523,280**	**$ 616,574**	**$ 1,145,066**
	17.62%	17.62%	17.62%

4. Annual Cash Flows and Proforma – Block 88, Full Service Hotel

Marriott Hotel
10-YEAR PROFORMA
Madison, WI

	2017		2018		2019		2020		2021	
Rooms Available	128,480		128,480		128,480		128,480		128,480	
Occupancy	63.00%		69.00%		74.00%		74.00%		74.00%	
ADR	$152.00		$156.56		$161.26		$166.09		$171.08	
Sales Revenue		% of Rev		% of Rev		% of Rev		% of Rev		% of Rev
Room Revenue	$12,303,000	65.7%	$13,879,000	66.0%	$15,332,000	66.3%	$15,791,000	71.1%	$16,265,000	71.2%
Food & Beverage	$4,921,200	26.3%	$5,551,600	26.4%	$6,132,800	26.5%	$4,737,300	21.3%	$4,879,500	21.4%
Parking	$566,597	3.0%	$620,558	3.0%	$665,526	2.9%	$665,526	3.0%	$665,526	2.9%
Other	$246,060	1.3%	$277,580	1.3%	$306,640	1.3%	$315,820	1.4%	$325,300	1.4%
City Rental Payments	$700,000	3.7%	$700,000	3.3%	$700,000	3.0%	$700,000	3.2%	$700,000	3.1%
Net Sales Revenue	$18,736,857	100.0%	$21,028,738	100.0%	$23,136,966	100.0%	$22,209,646	100.0%	$22,835,326	100.0%
Total Revenues	$18,737,000	$146	$21,029,000	$164	$23,137,000	$180	$22,210,000	$173	$22,835,000	$178
Departmental Expenses		% of Dep		% of Dep		% of Dep		% of Dep		% of Dep
Rooms	$3,075,750	25.0%	$3,192,170	23.0%	$3,219,720	21.0%	$3,316,110	21.0%	$3,415,650	21.0%
Food & Beverage	$3,543,264	72.0%	$3,997,152	72.0%	$4,415,616	72.0%	$3,410,856	72.0%	$3,513,240	72.0%
Parking	$113,319	20.0%	$124,112	20.0%	$133,105	20.0%	$133,105	20.0%	$133,105	20.0%
Other Revenue Exp	$73,818	30.0%	$83,274	30.0%	$91,992	30.0%	$94,746	30.0%	$97,590	30.0%
Total Departmental Expenses	$6,806,151	36.3%	$7,396,708	35.2%	$7,860,433	34.0%	$6,954,817	31.3%	$7,159,585	31.4%
Gross Profit	$11,930,849	64%	$13,632,292	65%	$15,276,567	66%	$15,255,183	69%	$15,675,415	69%
General & Admin	$1,686,330	9.0%	$1,892,610	9.0%	$2,082,330	9.0%	$1,998,900	9.0%	$2,055,150	9.0%
Marketing	$993,061	5.3%	$925,276	4.4%	$925,480	4.0%	$843,980	3.8%	$844,895	3.7%
Operator Charges / Franchise Fees	$1,073,638	5.7%	$1,347,524	6.4%	$1,701,146	7.4%	$1,668,251	7.5%	$1,717,405	7.5%
Property Operations & Maintenance	$749,000	4.0%	$883,000	4.2%	$1,018,000	4.4%	$977,000	4.4%	$1,005,000	4.4%
Utilities	$749,000	4.0%	$841,000	4.0%	$925,000	4.0%	$888,000	4.0%	$913,000	4.0%
Management Fees	$562,000	3.0%	$631,000	3.0%	$694,000	3.0%	$666,000	3.0%	$685,000	3.0%
Property Taxes	$1,640,808	8.8%	$1,657,216	7.9%	$1,673,789	7.2%	$1,690,526	7.6%	$1,707,432	7.5%
Insurance	$94,000	0.5%	$105,000	0.5%	$116,000	0.5%	$111,000	0.5%	$114,000	0.5%
Total Expenses	$7,547,838	40%	$8,282,626	39%	$9,135,744	39%	$8,843,658	40%	$9,041,882	40%
Net Operating Income	$4,383,011	23%	$5,349,666	25%	$6,140,822	27%	$6,411,525	29%	$6,633,533	29%
FF&E Reserve	$187,000	1.00%	$421,000	2.00%	$694,000	3.0%	$888,000	4.0%	$913,000	4.0%
NOI After Reserves	$4,196,000	22.39%	$4,929,000	23%	$5,447,000	24%	$5,524,000	25%	$5,721,000	25%
		DSC		DSC		DSC		DSC		DSC
Senior Debt Service *	($3,751,003)	1.12x	($3,751,003)	1.31x	($3,751,003)	1.45x	($3,751,003)	1.47x	($3,751,003)	1.53x
Annual Cash on Cash Return	10.32%		27.33%		39.34%		41.13%		45.70%	
CFADS $ (4,310,879)	$444,997		$1,177,997		$1,695,997		$1,772,997		$1,969,997	

	2022		2023		2024		2025		2026	
Rooms Available	128,480		128,480		128,480		128,480		128,480	
Occupancy	74.00%		74.00%		74.00%		74.00%		74.00%	
ADR	$176.21		$181.50		$186.94		$192.55		$198.33	
Sales Revenue		% of Rev		% of Rev		% of Rev		% of Rev		% of Rev
Room Revenue	$16,753,000	71.4%	$17,256,000	71.5%	$17,773,000	71.6%	$18,307,000	71.7%	$18,856,000	71.8%
Food & Beverage	$5,025,900	21.4%	$5,176,800	21.4%	$5,331,900	21.5%	$5,492,100	21.5%	$5,656,800	21.5%
Parking	$665,526	2.8%	$665,526	2.8%	$665,526	2.7%	$665,526	2.6%	$665,526	2.5%
Other	$335,060	1.4%	$345,120	1.4%	$355,460	1.4%	$366,140	1.4%	$377,120	1.4%
City Rental Payments	$700,000	3.0%	$700,000	2.9%	$700,000	2.8%	$700,000	2.7%	$700,000	2.7%
Net Sales Revenue	$23,479,486	100.0%	$24,143,446	100.0%	$24,825,886	100.0%	$25,530,766	100.0%	$26,255,446	100.0%
Total Revenues	$23,479,000	$183	$24,143,000	$188	$24,826,000	$193	$25,531,000	$199	$26,255,000	$204
Departmental Expenses		% of Dep		% of Dep		% of Dep		% of Dep		% of Dep
Rooms	$3,518,130	21.0%	$3,623,760	21.0%	$3,732,330	21.0%	$3,844,470	21.0%	$3,959,760	21.0%
Food & Beverage	$3,618,648	72.0%	$3,727,296	72.0%	$3,838,968	72.0%	$3,954,312	72.0%	$4,072,896	72.0%
Parking	$133,105	20.0%	$133,105	20.0%	$133,105	20.0%	$133,105	20.0%	$133,105	20.0%
Other Revenue Exp	$100,518	30.0%	$103,536	30.0%	$106,638	30.0%	$109,842	30.0%	$113,136	30.0%
Total Departmental Expenses	$7,370,401	31.4%	$7,587,697	31.4%	$7,811,041	31.5%	$8,041,729	31.5%	$8,278,897	31.5%
Gross Profit	$16,108,599	69%	$16,555,303	69%	$17,014,959	69%	$17,489,271	69%	$17,976,103	68%
General & Admin	$2,113,110	9.0%	$2,172,870	9.0%	$2,234,340	9.0%	$2,297,790	9.0%	$2,362,950	9.0%
Marketing	$868,723	3.7%	$893,291	3.7%	$918,562	3.7%	$944,647	3.7%	$971,435	3.7%
Operator Charges / Franchise Fees	$1,768,010	7.5%	$1,820,172	7.5%	$1,873,784	7.5%	$1,929,160	7.6%	$1,986,092	7.6%
Property Operations & Maintenance	$1,033,000	4.4%	$1,062,000	4.4%	$1,092,000	4.4%	$1,123,000	4.4%	$1,155,000	4.4%
Utilities	$939,000	4.0%	$966,000	4.0%	$993,000	4.0%	$1,021,000	4.0%	$1,050,000	4.0%
Management Fees	$704,000	3.0%	$724,000	3.0%	$745,000	3.0%	$766,000	3.0%	$788,000	3.0%
Property Taxes	$1,724,506	7.3%	$1,741,751	7.2%	$1,759,169	7.1%	$1,776,760	7.0%	$1,794,528	6.8%
Insurance	$117,000	0.5%	$121,000	0.5%	$124,000	0.5%	$128,000	0.5%	$131,000	0.5%
Total Expenses	$9,267,349	39%	$9,501,084	39%	$9,739,855	39%	$9,986,358	39%	$10,239,004	39%
Net Operating Income	$6,841,249	29%	$7,054,219	29%	$7,275,104	29%	$7,502,913	29%	$7,737,098	29%
FF&E Reserve	$939,000	4.0%	$966,000	4.0%	$993,000	4.0%	$1,021,000	4.0%	$1,050,000	4.0%
NOI After Reserves	$5,902,000	25%	$6,088,000	25%	$6,282,000	25%	$6,482,000	25%	$6,687,000	25%
		DSC		DSC		DSC		DSC		DSC
Senior Debt Service *	($3,751,003)	1.57x	($3,751,003)	1.62x	($3,751,003)	1.67x	($3,751,003)	1.73x	($3,751,003)	1.78x
Annual Cash on Cash Return	49.90%		54.21%		58.71%		63.35%		68.11%	
CFADS	$2,150,997		$2,336,997		$2,530,997		$2,730,997		$2,935,997	

Investment Analysis:	
Equity	$ 4,310,879
Yield on Equity (IRR)	17.68%
Yield on Equity (IRR) after Sale	24.32%

PROFORMA SALE	
Terminal Cap Rate	7.5%
10th Year NOI	$ 6,687,000
Implied Value	$ 89,160,000
Sales Costs @ 6%	$ (5,349,600)
Mortgage Balance	$ (39,243,606)
Less Original Equity	$ (4,310,879)
Net Sales Proceeds	$ 40,255,915

4. Annual Cash Flows and Proforma – Block 105, Office/Retail

JUDGE DOYLE SQUARE DEVELOPMENT
OFFICE/RETAIL SPACE
10-YEAR STABILIZED OPERATING PROFORMA

Total Square Footage Retail/Office	**63,870**
Annual Rent per sq. ft.	**$ 20.00**
NNN	**$ 12.33**

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
INCOME											
Rental Income	61.86%	$ 1,277,400	$ 1,315,722	$ 1,355,194	$ 1,395,849	$ 1,437,725	$ 1,480,857	$ 1,525,282	$ 1,571,041	$ 1,618,172	$ 1,666,717
NNN	38.14%	$ 787,641	$ 804,093	$ 820,966	$ 838,274	$ 856,027	$ 874,240	$ 892,923	$ 912,092	$ 931,760	$ 951,941
TOTAL INCOME	**100.00%**	**$ 2,065,041**	**$ 2,119,815**	**$ 2,176,160**	**$ 2,234,123**	**$ 2,293,752**	**$ 2,355,096**	**$ 2,418,206**	**$ 2,483,133**	**$ 2,549,932**	**$ 2,618,658**
EXPENSES:											
UTILITIES	8.81%	$ 181,919	$ 187,376	$ 192,997	$ 198,787	$ 204,751	$ 210,893	$ 217,220	$ 223,737	$ 230,449	$ 237,362
JANITORIAL	0.04%	$ 776	$ 799	$ 823	$ 847	$ 873	$ 899	$ 926	$ 954	$ 982	$ 1,012
DUMPSTER	1.60%	$ 32,996	$ 33,986	$ 35,006	$ 36,056	$ 37,138	$ 38,252	$ 39,399	$ 40,581	$ 41,799	$ 43,053
ELEVATOR SRV	0.04%	$ 757	$ 780	$ 803	$ 827	$ 852	$ 877	$ 904	$ 931	$ 959	$ 988
LANDSCAPE	5.24%	$ 108,214	$ 111,461	$ 114,804	$ 118,249	$ 121,796	$ 125,450	$ 129,213	$ 133,090	$ 137,083	$ 141,195
PEST CONTROL	1.48%	$ 30,659	$ 31,579	$ 32,526	$ 33,502	$ 34,507	$ 35,542	$ 36,609	$ 37,707	$ 38,838	$ 40,003
SECURITY/FIRE	0.07%	$ 1,390	$ 1,432	$ 1,475	$ 1,519	$ 1,565	$ 1,612	$ 1,660	$ 1,710	$ 1,761	$ 1,814
SNOW REMOVAL	0.82%	$ 16,903	$ 17,410	$ 17,933	$ 18,470	$ 19,025	$ 19,595	$ 20,183	$ 20,789	$ 21,412	$ 22,055
MISC. MAINTAINENCE	1.49%	$ 30,710	$ 31,632	$ 32,580	$ 33,558	$ 34,565	$ 35,602	$ 36,670	$ 37,770	$ 38,903	$ 40,070
CABLE	0.73%	$ 15,000	$ 15,450	$ 15,914	$ 16,391	$ 16,883	$ 17,389	$ 17,911	$ 18,448	$ 19,002	$ 19,572
CONTRACT LABOR	0.04%	$ 810	$ 834	$ 859	$ 885	$ 912	$ 939	$ 967	$ 996	$ 1,026	$ 1,057
PROPERTY TAXES	17.38%	$ 358,862	$ 362,451	$ 366,075	$ 369,736	$ 373,433	$ 377,168	$ 380,939	$ 384,749	$ 388,596	$ 392,482
PROPERTY INSURANCE	0.42%	$ 8,644	$ 8,904	$ 9,171	$ 9,446	$ 9,729	$ 10,021	$ 10,322	$ 10,631	$ 10,950	$ 11,279
	38.14%	**$ 787,641**	**$ 804,093**	**$ 820,966**	**$ 838,274**	**$ 856,027**	**$ 874,240**	**$ 892,923**	**$ 912,092**	**$ 931,760**	**$ 951,941**
MANAGEMENT FEE	**2.47%**	**$ 51,096**	**$ 52,629**	**$ 54,208**	**$ 55,834**	**$ 57,509**	**$ 59,234**	**$ 61,011**	**$ 62,842**	**$ 64,727**	**$ 66,669**
Total Expenses	**40.62%**	**$ 838,737**	**$ 856,721**	**$ 875,174**	**$ 894,108**	**$ 913,536**	**$ 933,474**	**$ 953,935**	**$ 974,934**	**$ 996,487**	**$ 1,018,610**
Net Income before Debt Service	**59.38%**	**$ 1,226,304**	**$ 1,263,093**	**$ 1,300,986**	**$ 1,340,015**	**$ 1,380,216**	**$ 1,421,622**	**$ 1,464,271**	**$ 1,508,199**	**$ 1,553,445**	**$ 1,600,049**
First Mortgage	**51.66%**	**$ 1,066,797**	**$ 1,066,797**	**$ 1,066,797**	**$ 1,066,797**	**$ 1,066,797**	**$ 1,066,797**	**$ 1,066,797**	**$ 1,066,797**	**$ 1,066,797**	**$ 1,066,797**
Net Income after Debt Service	**7.72%**	**$ 159,507**	**$ 196,296**	**$ 234,189**	**$ 273,219**	**$ 313,419**	**$ 354,826**	**$ 397,474**	**$ 441,403**	**$ 486,649**	**$ 533,252**
DSCR		**1.15**	**1.18**	**1.22**	**1.26**	**1.29**	**1.33**	**1.37**	**1.41**	**1.46**	**1.50**

INVESTMENT ANALYSIS

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Equity	**$ 1,540,221**										
Annual Cash on Cash Return		**10.36%**	**12.74%**	**15.20%**	**17.74%**	**20.35%**	**23.04%**	**25.81%**	**28.66%**	**31.60%**	**34.62%**
Yield on Equity (IRR)	**14.03%**										
Yield on Equity (IRR) upon Sale	**24.35%**										

Proforma Sale	
Terminal Cap Rate	**8.00%**
10th Year NOI	**1,600,049**
Implied Value	**20,000,607**
Mortgage Balance	**11,161,000**
Less Original Equity	**1,540,221**
Sales Costs @ 6%	**1,200,036**
Net Sales Proceeds	**$ 6,099,350**

Sources			**Rate**	**Term (Yrs)**
First Mortgage	**$ 14,309,939**	**75.0%**	**5.5%**	**25**
TIF Loan	**$ 3,229,759**	**16.9%**		
New Market Tax Credits	**$ 616,574**	**3.2%**		
Sponsor/Investor Equity	**$ 923,647**	**4.8%**		
Total Sources	**$ 19,079,919**	**100.0%**		

4. Annual Cash Flows and Proforma – Block 105, Residential

The Residence @ JDS

E. Wilson Street Madison Wi

Scenario: 7 Stories Apts in 2 towers

Forecasted Statement of Reportable Income and Distributable Cash Flow

Years ending December 31, 2016 through 2025

Year Number	%	1	2	3	4	5	6
Calendar Year (ending December 31)		2016	2017	2018	2019	2020	2021
Revenue							
Apartment Rents	95.2%	2,943,813	3,032,127	3,123,091	3,216,784	3,313,287	3,412,686
Commercial Space Rent	0.0%	0	0	0	0	0	0
Laundry Income	0.0%	0	0	0	0	0	0
Parking Rent	4.8%	150,000	154,500	159,135	163,909	168,826	173,891
Potential Gross Income	100.0%	3,093,813	3,186,627	3,282,226	3,380,693	3,482,114	3,586,577
Vacancy Loss	4.0%	123,753	127,465	131,289	135,228	139,285	143,463
Collection Loss	1.0%	30,938	31,866	32,822	33,807	34,821	35,866
Total Vacancy and Collection Loss	5.0%	154,691	159,331	164,111	169,035	174,106	179,329
Effective Gross Income	95.0%	2,939,122	3,027,296	3,118,115	3,211,658	3,308,008	3,407,248
Operating Expenses (Residential)							
Real Estate Taxes	15.9%	492,170	506,935	522,143	537,808	553,942	570,560
Property Insurance	1.0%	30,938	31,866	32,822	33,807	34,821	35,866
Liability Insurance	0.5%	15,469	15,933	16,411	16,903	17,411	17,933
Administration	1.5%	46,407	47,799	49,233	50,710	52,232	53,799
Grounds and CAM	2.0%	61,876	63,733	65,645	67,614	69,642	71,732
Snow Removal	0.5%	15,469	15,933	16,411	16,903	17,411	17,933
Trash Removal	1.0%	30,938	31,866	32,822	33,807	34,821	35,866
Water / Sewer	2.0%	61,876	63,733	65,645	67,614	69,642	71,732
Gas / Electric	3.0%	92,814	95,599	98,467	101,421	104,463	107,597
Advertising	2.0%	61,876	63,733	65,645	67,614	69,642	71,732
Management Fee	4.0%	123,753	127,465	131,289	135,228	139,285	143,463
Supplies	0.5%	15,469	15,933	16,411	16,903	17,411	17,933
Legal and Accounting	0.5%	15,469	15,933	16,411	16,903	17,411	17,933
Miscellaneous	2.0%	61,876	63,733	65,645	67,614	69,642	71,732
Total Operating Expenses	36.4%	1,126,402	1,160,194	1,195,000	1,230,850	1,267,775	1,305,809
Net Operating Income	58.6%	1,812,720	1,867,102	1,923,115	1,980,808	2,040,233	2,101,440
Non-Operating Income / (Expense)							
Interest Income	0.5%	14,696	15,136	15,591	16,058	16,540	17,036
Depreciation	18.6%	(576,639)	(576,639)	(576,639)	(576,639)	(576,639)	(576,639)
Amortization	0.0%	0	0	0	0	0	0
Interest Expense	41.3%	(1,276,972)	(1,258,408)	(1,238,845)	(1,218,230)	(1,196,506)	(1,173,614)
Total Non-Operating Income / (Expense)	59.4%	(1,838,916)	(1,819,911)	(1,799,894)	(1,778,811)	(1,756,605)	(1,733,217)
Reportable Income	-0.8%	(26,196)	47,191	123,221	201,997	283,627	368,223
Plus: Depreciation and Amortization	18.6%	576,639	576,639	576,639	576,639	576,639	576,639
Less: Principal Reduction of Debt	11.2%	345,181	363,745	383,308	403,923	425,647	448,539
Replacement Reserve	2.0%	61,876	63,733	65,645	67,614	69,642	71,732
Cash Flow	4.6%	143,386	196,353	250,908	307,100	364,977	424,591
Cash Flow per Unit		1,070	1,465	1,872	2,292	2,724	3,169
Total Equity	8,159,997						
Investment Cash Flows	(8,159,997)	143,386	196,353	250,908	307,100	364,977	424,591
Annual Cash on Cash Return		1.76%	2.41%	3.07%	3.76%	4.47%	5.20%
Cumulative COC Return		1.76%	4.16%	7.24%	11.00%	15.47%	20.68%
Yield on Equity (IRR)	9.8%						
Debt Service Coverage Ratio (DSCR)		1.12	1.15	1.19	1.22	1.26	1.30
Cap Rate (Implied)		5.55%	5.72%	5.89%	6.07%	6.25%	6.44%
Property Value Based on Terminal Cap Rate	6.50%	27,888,004	28,724,644	29,586,383	30,473,975	31,388,194	32,329,840

Year Number	7	8	9	10	11
Calendar Year (ending December 31)	2022	2023	2024	2025	2026
Revenue					
Apartment Rents	3,515,066	3,620,518	3,729,134	3,841,008	3,956,238
Commercial Space Rent	0	0	0	0	0
Laundry Income	0	0	0	0	0
Parking Rent	179,108	184,481	190,016	195,716	201,587
Potential Gross Income	3,694,174	3,805,000	3,919,150	4,036,724	4,157,826
Vacancy Loss	147,767	152,200	156,766	161,469	166,313
Collection Loss	36,942	38,050	39,191	40,367	41,578
Total Vacancy and Collection Loss	184,709	190,250	195,957	201,836	207,891
Effective Gross Income	3,509,466	3,614,750	3,723,192	3,834,888	3,949,934
Operating Expenses (Residential)					
Real Estate Taxes	587,677	605,307	623,467	642,171	661,436
Property Insurance	36,942	38,050	39,191	40,367	41,578
Liability Insurance	18,471	19,025	19,596	20,184	20,789
Administration	55,413	57,075	58,787	60,551	62,367
Grounds and CAM	73,883	76,100	78,383	80,734	83,157
Snow Removal	18,471	19,025	19,596	20,184	20,789
Trash Removal	36,942	38,050	39,191	40,367	41,578
Water / Sewer	73,883	76,100	78,383	80,734	83,157
Gas / Electric	110,825	114,150	117,574	121,102	124,735
Advertising	73,883	76,100	78,383	80,734	83,157
Management Fee	147,767	152,200	156,766	161,469	166,313
Supplies	18,471	19,025	19,596	20,184	20,789
Legal and Accounting	18,471	19,025	19,596	20,184	20,789
Miscellaneous	73,883	76,100	78,383	80,734	83,157
Total Operating Expenses	1,344,983	1,385,332	1,426,892	1,469,699	1,513,790
Net Operating Income	2,164,483	2,229,417	2,296,300	2,365,189	2,436,144
Non-Operating Income / (Expense)					
Interest Income	17,547	18,074	18,616	19,174	
Depreciation	(576,639)	(576,639)	(576,639)	(576,639)	
Amortization	0	0	0	0	
Interest Expense	(1,149,491)	(1,124,070)	(1,097,282)	(1,069,054)	
Total Non-Operating Income / (Expense)	(1,708,583)	(1,682,636)	(1,655,306)	(1,626,519)	
Reportable Income	455,900	546,782	640,994	738,670	
Plus: Depreciation and Amortization	576,639	576,639	576,639	576,639	
Less: Principal Reduction of Debt	472,662	498,083	524,871	553,099	
Replacement Reserve	73,883	76,100	78,383	80,734	
Cash Flow	485,994	549,238	614,380	681,476	
Cash Flow per Unit	3,627	4,099	4,585	5,086	
Total Equity					
				15,169,464	
Investment Cash Flows	485,994	549,238	614,380	15,850,939	
Annual Cash on Cash Return	5.96%	6.73%	7.53%	194.25%	
Cumulative COC Return	26.63%	33.36%	40.89%	235.15%	
Yield on Equity (IRR)					
Debt Service Coverage Ratio (DSCR)	1.33	1.37	1.42	1.46	
Cap Rate (Implied)	6.63%	6.83%	7.04%	7.25%	
Property Value Based on Terminal Cap Rate	33,299,735	34,298,727	35,327,689	36,387,520	

Assumptions	
Number of U/G parking stalls	100
Parking Stall Ratio (Stalls / Units)	0.75
Monthly Rent per stall	$125
Laundry Income (per bed / per month)	$0
See Unit Mix Sheet:	
Number of Units	134
Total Monthly rent	245,318
Total Annual rent	2,943,813
Rent Escalation	3.0%
Operating Expenses Growth	3.0%
Interest Income (Operating Account)	0.5%
Commercial Space for Lease	0
Commercial Lease Rate (NNN)	$14.00
Annual Commercial Rent	$0

Debt Costs		
Development Cost	32,639,990	
Loan to Value Ratio	87.78%	
Amount Financed	24,479,993	
Amortization Period	30	years
Interest	5.25%	
Monthly Debt Service	135,179	
Annual Debt Service	1,622,153	

Real Estate Taxes		
Land		2,119,581
Improvement		22,488,935
Total		24,608,516
Land Proportion of Assessment		8.6%
Improvement Proportion of Assessment		91.4%
Real Estate Tax Mill Rate:		0.025000
2016 Real Estate Tax Basis	80.00%	19,686,813
2016 Real Estate Taxes		492,170

Proforma Sale		
Terminal Cap Rate		6.50%
11th Year NOI		2,436,144
Implied Value		37,479,145
Mortgage Balance		20,060,933
Sales Costs @	6.0%	2,248,749
Net Sale Proceeds		15,169,464

MMB - ALTERNATE PROPOSAL FOR THE CITY OF MADISON
Sources and Uses

	MMB							
Capital Structure								
Retained Building Equity	$	1,146,150		6.5%				
First Mortgage	$	15,885,639		90.0%				
Cash/Other Equity	$	618,921		3.5%				
Total Capital Structure	**$**	**17,650,710**		**100.0%**				
Project Costs								
Building/Site Acquisition	$	1,146,150		6.5%				
Preconstruction Costs	$	1,528,200		8.7%				
Hard Construction Costs	$	13,371,750		75.8%				
Contingency	$	1,604,610		9.1%				
Total Project Costs	**$**	**17,650,710**		100.0%				
Lower Level		23,000	SF					
First Floor		23,000	SF					
Second Floor		16,501	SF					
Third Floor		13,909	SF					
Total		**76,410**	SF					
TOTAL PROJECT COSTS	**$**	**17,650,710**		**76,410**	**SQFT @**	**$231.00**		
EQUITY	**$**	**1,765,071**						$ 1,765,071
LOAN AMOUNT	**$**	**15,885,639**						
ANNUAL DEBT SERVICE				4.25%	20 YEARS		$1,180,432	
							GROSS RENT	
LEASE RATE WITH 1.15 DCR				**1.15**	**DCR**		**$17.77**	Plus NNN (expected to be $8 per year or the city can pay all of the expenses - no property taxes as city is end user)

It is assumed the CITY Of MADISON will vacate all of its spaces when the new construction in Block 105 is complete
City Of Madison will pay rent and stay on Block 105 for a preiod of 24 months while the MMB is complete
City of Madison willl lease the current MMB to the Developer for a period of 40 years
City of Madison will pay rent 0f $17.77 plus NNN as soon as Office space in Block 105 is ready for occupancy
Since City of Madison is the end user no Property tax shall be payable for the MMB building

METROPOLITAN CAPITAL ADVISORS, LTD.
MCA
Real Estate Investment Banking

September 25, 2013

Mr. Sam Kumar
Journeyman Group
7701 N. Lamar, Suite 100
Austin, Texas 78752

Re: Judge Doyle Square - Framework Letter
Madison, WI

Dear Mr. Kumar:

Below are the primary terms under which Metropolitan Capital Advisors, Ltd. would consider a request for an extension of credit for acquisition and redevelopment of the Judge Doyle Square project. This is not a commitment to lend, but a term sheet setting out a framework for discussion. Any commitment to lend would require the review and approval of prospective Lender's Executive Loan Committee which has been given.

Borrower: Single-asset entity to be organized.

Loan Amount: $50,300,000 for the Proposed Full-Service Marriot Hotel
$14,300,000 for the Proposed Retail/Office Component
$24,500,000 for the Proposed Residential Development

The above loan amounts are not to exceed the appraisal limits as set out below.

Guarantors: Mr. Sam Kumar and Partners with 20% or greater equity

Guaranteed Amount: Unlimited

Purpose:
1) Provide $50,300,000 interim construction financing for the construction and term financing for a to-be-built 352 key Marriot hotel along with 243 structured parking spaces.
2) Provide $14,300,000 interim construction financing for the construction and term financing for a to-be-built 63,870 square foot Retail and Office Mixed Use project along with 192 structured parking spaces.
3) Provide $24,500,000 interim construction financing for the construction and term financing for a to-be-built 134 unit Residential project along with 201 structured parking spaces.

Collateral:
1) FREM on site of the tract referred to as "Block 88" located in the Judge Royal Square project along with a FREM on a portion of the site of the tract referred to as "Block 105" located in the Judge Royal Square project.
2) Assignment of leases and rents.
3) Assignment of architectural contract.
4) Assignment of construction contract. Related company Journeyman Construction will act as the general contractor and will subcontract all major specialties.
5) Assignment of construction management contract. An affiliate of Journeyman Construction will be engaged for construction management and general conditions.

18111 Preston Road Suite 650 Dallas, Texas 75252 Phone 972.267.0600 Fax 972.267.0606 www.metcapital.com

September 25, 2013

Mr. Sam Kumar
Journeyman Group
Page 2 of 3

Interest Rate: Option I: Fixed at approximately 5.5% for 60 month term
Option II – Wall Street Journal Prime + .25% approximately floating and adjusted on date of change in base rate with a floor of approximately 5.0%.

Prepayment: Option I - Note may be prepaid at any time; however, will be subject to following penalty based on outstanding balance if prepaid after the 24th month:

3% - Months 25-36
2% - Months 37-48
1% - Months 49-54

Option II – Note may be prepaid at any time.

Maturity: Note will mature 84 months from its date.

Repayment Terms: Beginning one month from its date, Note will be payable interest only for 24 months with monthly amortization of principal and interest beginning the 25th month based on a 20 year amortization until maturity when the remaining principal and any accrued and unpaid interest will be due and payable.

Collateral Release: Upon Payment in Full

Fees: Origination fee of ½ of 1% (~$446,000).

Covenants:

1) During interest only period no distributions, loans or advances to members or entities related to members will be made. Once amortization begins, no distributions, loans or advances to members or entities related to members will be made without prior written consent of Lending Bank, which consent shall not be unreasonably withheld;
2) All deposit accounts for Project to be maintained at Lending Bank;
3) No change in ownership or management without prior written consent of Lending Bank;
4) Loan Advances: Loan will be closed prior to receipt of full stamped plans and specs and advances will be allowed to pay off existing note, for soft costs and dirt work, but no construction based on plans and specifications will be allowed until such plans and specs are received. Advances for construction under the construction contract will be based on percentage of completion using approved schedule of values and detailed on AIA Form G702/703, or such other form approved by Lending Bank. Construction and advances will be monitored by AECC and will be supported by lien waivers;
5) Balance sheet, income statement and compliance certificate to be provided quarterly and annually, beginning with quarter ending 3/31/2014, within 45 days of such quarter end;
6) Borrower and Guarantor(s) will provide copy of Federal tax return by April 30 of each year, which will be extended to October 31upon receipt of copy of Extensions;
7) Guarantor(s) will provide compiled personal financial statement at least annually within 60 days of each statement anniversary. Such statement(s) will include detailed schedule of real estate investments along with Lending bank and brokerage statements as supporting documentation for liquidity; and

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September 25, 2013

Mr. Sam Kumar
Journeyman Group
Page 3 of 3

Other Requirement: Loan is contingent upon receipt and satisfactory review of:

1) New appraisal will be required.
2) Advances for Marriot Hotel, $50,300,000 will be limited to lesser of 60% of cost or 70% of the "As Completed" value of Project at completion.
3) Advances for $14,300,000 Retail & Office mixed use project will be limited to lesser of 75% of cost or 80% of the "As Completed" value of Project at completion.
4) Advances for $24,500,000 Residential Component will be limited to lesser of 75% of cost or 80% of the "As Completed" value of Project at completion.
5) Title policy with ALTA survey coverage, access and zoning endorsements and such other coverage deemed appropriate by legal counsel.
6) New Phase I Environmental Assessment or existing Assessment redirected to Bank along with a new Database search.
7) Copy of contract between Borrower and Journeyman Group.
8) Copy of construction management contract with Journeyman Group.
9) Copy of preliminary plans and specification.
10) Copy of final detailed budget.
11) Copy of construction schedule.
12) AECC review of construction contract, final budget, preliminary plans and specs and construction schedule.
13) Outside counsel will prepare loan documents.

In addition to above requirements, the Lending Bank's obligation to fund is conditioned on the Borrower's satisfaction of certain conditions, which may include without limitation compliance with applicable laws, ordinances, codes and regulations, the Borrower obtaining various government approvals and permits, obtaining subordinations, non-disturbance agreements and attornments from tenants, opinions of Borrower's counsel and there being no adverse material changes prior to closing. Moreover, these terms are subject to execution of loan documents in form and substance acceptable to the Lending Bank's outside legal counsel. Certainly those documents will contain conditions, covenants and representations beyond those mentioned in this letter.

I very much appreciate this opportunity to discuss possible terms and work toward a structure beneficial to all parties.

Sincerely,

Todd McNeill

Todd McNeill
Senior Director / Principal
Metropolitan Capital Advisors

18111 Preston Road Suite 650 Dallas, Texas 75252 Phone 972.267.0600 Fax 972.267.0606 www.metcapital.com

7. Financing Letter – Block 105

WELLS FARGO

Wells Fargo Bank, N. A.
Middle Market Real Estate
100 E. Wisconsin Avenue
Suite 1400
Milwaukee, WI 53202

James R. Saer
100 E. Wisconsin Ave. Suite 1400
Milwaukee, WI 53202
September 19, 2013

Dear Mr. George Austin:

The purpose of this letter is to inform you of Wells Fargo's interest in providing construction financing to LZ Ventures for the development of a proposed multifamily project at Judge Doyle Square in downtown Madison, WI. Based on preliminary information provided by LZ Ventures, Wells Fargo has estimated construction financing in the range of $22,000,000 - $24,000,000 based on a loan-to-value ratio between 70-75%.

Wells Fargo continues to have a strong relationship with the principals of LZ Ventures – Messrs. John Leja and Brad Zellner. The Bank has the desire to grow our existing relationship and considers the Judge Doyle Square project an opportunity for relationship growth. The construction expertise that both Messrs. Leja and Zellner possess would be viewed as a significant strength by Wells Fargo when considering the proposed development.

Please note that this letter should not be taken as a commitment by Wells Fargo to provide construction financing for the subject development, but merely as a method to express our interest in the project.

Thank you.

Sincerely,

James R. Saer
Vice President of Commercial Real Estate
Wisconsin Group Head

Together we'll go far

MARCUS
HOTELS & RESORTS

September 27, 2013

Mr. Sam Kumar, MS, LEED AP BD+C
President
Journeyman Construction, Inc.
7701, N. Lamar, Ste. 100
Austin, Texas 78752

Re: Judge Doyle Square – Madison, WI

Dear Sam:

In accordance with our conversations, we are pleased to confirm our interest in working with Journeyman Austin Holdings, Inc. and Journeyman construction, Inc. (collectively, "Journeyman") to enter into definitive agreements under which Marcus Hotels, Inc., a Wisconsin corporation, or its affiliate ("Marcus"), would enter into a joint venture with Journeyman to acquire and develop the Block 88 and Block 105 project known as Judge Doyle Square (collectively, the "Project"). Certain details of the proposed transaction are provided in the term sheet attached hereto (the "Term Sheet"). We are enthusiastic about the Project and look forward to finalizing our negotiations with you.

This letter and the Term Sheet outline the general terms under which Marcus would be interested in working with you. We would like to emphasize that, except as expressly set forth below, this letter is not contractually or legally binding on the parties and represents only an expression of our present desire to work together in good faith to negotiate, execute and deliver definitive agreements generally in accordance with the terms and conditions set out in the attached Term Sheet. This letter and the Term Sheet, which is incorporated herein by this reference, are sometimes referred to herein collectively as this "Letter of Intent."

The formation of a joint venture, the purchase of the Project, the form and substance of any and all definitive agreements that may be entered into in connection with such transactions (the "Definitive Agreements") and the execution of any and all Definitive Agreements, are subject in all events to the prior approval of the Board of Directors of Marcus. This Letter of Intent does not obligate either party to proceed with any Definitive Agreements, and neither party may rely on this Letter of Intent as creating any legal obligation of any kind, except for the understandings described in paragraphs 1 through 6 below, which are intended by the parties to be binding obligations. If this Letter of Intent is acceptable to you, we are prepared to commence negotiations on the Definitive Agreements.

100 East Wisconsin Avenue
Suite 1950
Milwaukee, WI 53202
p 414.905.1200
f 414.905.2250
www.marcushotels.com

A division of The Marcus Corporation, a NYSE company.

Please note that we are sending this Letter of Intent to you with the following understandings:

1. For the term of this Letter of Intent, neither Journeyman nor any of its respective agents, affiliates or related companies will negotiate with, market or enter into any agreement regarding the Project or enter into any discussion with any other party regarding the Project or any ownership or management interest therein.

2. This Letter of Intent will remain in effect until the earliest of: (i) the execution of Definitive Agreements; (ii) the effective date of any agreement by the parties to terminate this Letter of Intent; or (iii) the date upon which the City of Madison selects a development team other than the development team of Journeyman and Marcus.

3. No trustee, officer, director, security holder, employee or agent of Marcus or Journeyman will ever have any personal liability for any obligations of Marcus or Journeyman under this Letter of Intent or under the Definitive Agreements.

4. Any public announcements indicating the association of Marcus with the Project, and the timing of such announcements, must be discussed and agreed to in advance by Marcus and Journeyman.

5. Marcus and Journeyman each agree to respect and preserve the confidentiality of all "Confidential Information." "Confidential Information," as used herein, means (i) the existence and contents of this Letter of Intent, and (ii) any information of a proprietary or confidential nature relating to the business or the assets of Marcus, the Project, Journeyman, or any of their respective affiliates or related companies that is not public information known by one or more of the other parties prior to the date of this Letter of Intent. Marcus and Journeyman each agree not to disclose Confidential Information of the other party except as may be required by applicable law (including legal requirements applicable to Marcus as a publicly held company), by court order, or by obligations imposed on the disclosing party pursuant to any listing agreement with any national securities exchange.

6. Journeyman agrees to indemnify and defend Marcus against all claims or losses related to any commissions or finders' fees asserted against Marcus by any third party arising from or relating to the negotiation and execution of this Letter of Intent or the Definitive Agreements. Marcus specifically affirms that it has not dealt with any broker or finder in connection with this Letter of Intent or the Project.

If this Letter of Intent accurately sets forth your understanding of the proposed transaction, please signify your agreement by signing this letter and returning it to me at your earliest convenience. Unless we receive a signed copy of this letter from you by September 30, 2013 this Letter of Intent will expire on that date and have no further force or effect, with the exception of the obligations of the parties set forth in paragraph 5 above.

2

We look forward to working with you on this exciting project.

Sincerely,

Douglas A. Neis
Treasurer, Marcus Hotels, Inc.

ACKNOWLEDGED, ACCEPTED AND AGREED:

JOURNEYMAN CONSTRUCTION, INC.

By:__________________________
Title:_________________________
Date:_________________________

Term Sheet

Journeyman JV Member:	Journeyman Construction, Inc., and/or its affiliates or assignees.
Marcus JV Member:	Marcus Hotels, Inc. and/or its affiliates or assignees.
Project:	a hotel to be constructed at Block 88, known as Judge Doyle Square, in the City of Madison, WI, which will contain approximately 352 rooms, 18,000 square feet of meeting space, 44 parking spaces, 1 restaurant,1 to 2 bars and retail space.
Brand:	Marriott preferred, Westin possible.
Estimate / Proposed Capital Sources:	First Mortgage: $59,500,000 City Bonds: $ 3,000,000 New Market Tax Credits: $ 6,300,000 TIF Bonds: $19,300,000 Member Equity: Marcus shall invest $1,500,000 in exchange for a 10% interest in the Project, which shall be treated *pari passu* with Journeyman's investment. The parties acknowledge that the final structure and capitalization of the Project may vary from this Term Sheet based upon a number of factors.
Definitive Agreement:	A contribution agreement, to be negotiated in good faith and agreed, providing for the later execution of a joint venture agreement, technical services agreement, management agreement and related ancillary agreements and documents.
Pre-Development / Technical Services:	Marcus to provide design, planning, furnishing and equipping consultation to the Project for a fee of $275,000 payable in equal monthly installments over 24 months, and at a monthly rate of $11,460 thereafter, until the opening of the Project to the public, plus out-of-pocket costs and pre-opening expenses.
Management Agreement:	Once the Project opens for business to the public, Marcus shall manage the Project for a term of 10 years which term may, upon the mutual agreement of the parties in each instance, be extended twice for a period of 5 years for each extension option. Marcus shall earn:

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- a base management fee equal to 3% of gross revenues;
- an incentive management fee, the amount of which is to be determined; and
- an Accounting and Information Technology ("AIT") fee of $8000 per month, subject to adjustment, for various property-level reporting and controls.

In each of the first two operating years of the Project only, Marcus shall subordinate (but not waive) a portion of the base management fee not to exceed one percent (1%) of gross revenues to any actual shortfall of working capital in the event that actual working capital is less than needed to pay current operating expenses (excluding debt service) of the Project, provided, however that budgeted operating working capital for the property and the annual funding from the City of Madison, as proposed by that certain Request For Proposal as submitted by Journeyman to the City of Madison on or about September 30, 2013, shall have first been utilized and exhausted each such year to pay current expenses before any such subordination shall be required.

September 17, 2013

Journeyman Group
Harley Blackburn
Vice President - Preconstruction
7701 N. Lamar, Suite 100
Austin, TX 78752

Re: Proposed Marriott Hotel in Madison, Wisconsin

Dear Mr. Blackburn:

This letter ("Letter Agreement") confirms the intent of Journeyman Group ("Franchisee") and Marriott International, Inc. ("Franchisor") to enter into negotiations regarding a hotel franchise agreement (the "Franchise Agreement") and related agreements under which Franchisor would grant to Franchisee (or its subsidiary) a franchise to operate a full-service Marriott Hotel (the "Hotel") of approximately 352 rooms and its related facilities at Judge Doyle Square (block 88), Madison, Wisconsin (the "Site") as part of the Marriott Hotels and Resorts ("Marriott") system. We are excited about this opportunity and the prospect of working with you on the development and operation of the Hotel as a Marriott hotel (the "Project").

1. Principal Business Terms

The parties have agreed that the following principal business terms will be incorporated into the Franchise Agreement:

A. Application Fee: Franchisee shall pay to Franchisor an application fee equal to $55,000, of which $10,000 is due upon application and the balance of which is due at the earlier of (a) the time of execution and delivery of the Franchise Agreement, or (b) six (6) months after Franchisor grants conditional approval of the franchise application.

B. Franchise Fees: Franchisee shall pay to Franchisor the following monthly franchise fees:

Year	% of Gross Room Sales	% of Gross Food & Beverage Sales
1	4%	2%
2	5%	2%
5- 25	6%	3%

C. Marketing Fund Charge: Franchisee shall pay to Franchisor a monthly marketing fund charge of 1% of gross room sales.

D. FF&E Reserve: Each month Franchisee shall transfer into a reserve account for renovations and purchase of furniture, fixtures and equipment an amount equal to the following percentages of gross revenues:

Year	% of Gross Revenues
1	1%
2	2%
3 – 5	3%

637867v1 – MHR Letter of Intent
3/31/12

6 – 10	4%
11 - 25	5%

E. Other Fees and Expenses: Franchisee shall pay to Franchisor such other fees and expenses as set forth in the Franchise Disclosure Document ("FDD") and standard form franchise agreement included in Exhibit C thereto.

F. Term: The term of the Franchise Agreement shall be for twenty-five (25) years from the date the Hotel opens as a Marriott hotel (the "Opening Date"), with no right to renew.

G. Trade Area: Franchisor will not authorize the opening of another Marriott hotel for a period of three (3) years after the Opening Date of the Hotel (but not to extend beyond January 1, 2020) within Madison's city boundary (the "Restricted Territory"). The restrictions set forth in this Paragraph G shall not apply to (i) any Marriott hotel existing or under development within the Restricted Territory as of the effective date of the Franchise Agreement; (ii) any hotel or hotels that are members of a chain of hotels (provided that such chain has a minimum of 4 or more hotels in operation), all or substantially all (but in no event less than 3 hotels) of which is acquired by, or merged with, or franchised by or joined through marketing agreement with, Franchisor or one of its affiliates (or the operation of which is transferred to Franchisor or one of its affiliates); (iii) any hotel or hotels that are members of a group of hotels that is (in a single transaction, or combination of related transactions, with a single seller or transferor) acquired by, or merged with, or franchised by or joined through marketing agreement with, Franchisor or one of its affiliates, or the operation of which is transferred to Franchisor or one of its affiliates, provided that such group of hotels contains no fewer than 3 hotels; (iv) any current or future lodging product developed or operated by Franchisor or one of its affiliates that is not included within the Marriott system; and (v) if any existing hotel described in (i) above ceases to operate as a Marriott hotel, then for each such hotel (if any), an additional hotel that may operate as a Marriott hotel.

H. Management Company: Marcus Hotels and Resorts will operate the Hotel and, with Franchisee, will enter into a Management Company Acknowledgment in the standard form included in Exhibit C to the FDD.

I. Guaranty: Persons acceptable to Franchisor will enter into a Guaranty in the current form included in Exhibit C to the FDD.

J. Form of Franchise Agreement: The form of the Franchise Agreement will be the standard form of franchise agreement included in Exhibit C to the FDD.

K. Key Money: Franchisor will pay to Franchisee within thirty (30) days after the Opening Date key money in the amount of One Million Dollars ($1,000,000) in consideration for Franchisee's execution of the Franchise Agreement, development, and operation of the Hotel for the term of, and pursuant to, the Franchise Agreement. If the Franchise Agreement is terminated for any reason, then Franchisee will repay to Franchisor an amount equal to $3,333.33 multiplied by the number of months remaining in the term of the Franchise Agreement.

2. Exclusivity Period

During the Exclusivity Period (as defined below), Franchisee and Franchisor shall negotiate exclusively with each other with respect to the Project. In addition, during the Exclusivity Period, Franchisee shall not (and will cause its affiliates, and the respective officers, directors, and agents of it and its affiliates, not to) enter into any discussion (other than with Franchisor) with respect to, or solicit or entertain proposals for: (1) any development on the Site other than the Project; (2) any franchise or license agreement, or marketing, affiliation or membership agreement or other similar agreement relating to the Hotel (other than the Franchise Agreement); or (3) the sale or other disposition of the Project. The term "Exclusivity Period" shall mean the period of time beginning on the date of this Letter Agreement and continuing for a period of twelve (12) months.

3. Acknowledgments, Representations, Warranties and Covenants

Franchisee acknowledges that it has received and read the FDD. Franchisee acknowledges that the final terms of the Franchise Agreement and related documents, if Franchisor makes an offer of a franchise, are subject to approval of the appropriate committees of Franchisor. Prior to such approval and execution of the Franchise Agreement, Franchisee will provide documentation acceptable to Franchisor that evidences the termination of all agreements, if any, relating to another hotel system or reservations system with any third parties regarding the Hotel (each, a "Third Party Agreement"). Franchisee acknowledges that Franchisor will cease negotiation of the Franchise Agreement if Franchisor receives notice that Franchisee and the other party to any Third Party Agreement are not in agreement with respect to such termination. Franchisee will and hereby does defend, indemnify and hold harmless Franchisor, its affiliates, and their respective directors, officers, employees, and agents, from any claim, loss, liability, cost, or expense arising out of or related to any Third Party Agreement.

4. Costs

Each party shall bear its own costs and expenses incurred under this Letter Agreement.

5. Confidentiality

The parties shall (and shall cause their affiliates, and the respective officers, directors, and agents of each of them and their affiliates, to) maintain the confidentiality of any information related to either of the parties which information is acquired in connection with this Letter Agreement or the Project. This shall include, in particular, any information related to Franchisor, the Marriott hotel system and Franchisor's procedures and systems. Each of the parties agrees that neither it, nor any of its affiliates, or their respective directors, officers, employees, or agents will use any confidential information obtained from the other party, except in connection with this Project. No information regarding the Project shall be disclosed to any third person or entity (including the press and the media) without the prior written consent of the other party unless disclosure is required by law or such information is available to the public or otherwise properly obtained by the party from another source. However, each of the parties may disclose such information to the following: (i) to any of its affiliates, and to their respective directors, officers, employees, and agents, provided that such individuals need to know such information in order to conclude the transactions contemplated by this Letter Agreement and are required by such party to maintain the confidentiality of such information; and (ii) to any potential lender, investor or other financing source for the Hotel, provided that they are required to maintain the confidentiality of such information and that the party so disclosing such information notifies the other party in advance of such disclosure.

6. Enforceability

It is understood and agreed that (a) this Letter Agreement is intended to be, and shall be construed only as, a letter of intent summarizing and evidencing the discussions between Franchisor and Franchisee to the date hereof; (b) the respective rights and obligations of Franchisor and Franchisee remain to be defined in the Franchise Agreement; and (c) except as set forth in Paragraphs 2, 3, 4, 5, 6, and 7 which are intended to be the binding and enforceable obligations of the parties, this Letter Agreement constitutes a general, non-binding letter of intent and does not create a legal, binding commitment or obligation (including the obligation to negotiate in good faith) on the part of the parties or any of their affiliates to pursue the Project or any other transaction.

7. Governing Law

This Letter Agreement is executed pursuant to, and shall be construed under and governed exclusively by, the laws of the State of Maryland.

Please indicate your approval of and agreement with the foregoing by having a duly authorized representative of Franchisee execute both duplicate originals of this Letter Agreement. Please then keep one fully executed original for your files and return to Franchisor the fully executed duplicate original.

Sincerely yours,	AGREED AND ACCEPTED:
MARRIOTT INTERNATIONAL, INC.	**JOURNEYMAN GROUP**
By: ____________________	By: ____________________
Name:	Name:
Title:	Title:
Date:	Date: