

Updated TIF Staff Analysis

**General Data**

Site Area	114,000	SF
Building Area	31,000	SF
Net Leasable Area	30,000	SF
No. of Parking Stalls	50	stalls
Building/Site Ratio (Coverage)	1/4	27%
Building Efficiency %	97%	
Time Until Placed in Service	18 - 24	months

Note: Delay in Construction due to EDA funding cycle beginning June 2009

**Rents**

Office, Conf., Lab, Flex Space	15,000	SF
Green House	15,000	SF
Rent Escalator %	3.5%	
Expense Inflation %	3.5%	
Vacancy at Stabilization	20.0%	

\$34.00	SF	gross lease
\$28.00	SF	gross lease

**GROSS RENT POTENTIAL**

\$510,000
\$420,000
<b>\$930,000</b>

**Anchor Tenant**

Orbitec	5,000 SF	\$34/SF	3-3 YR lease	\$75/SF TI Build-Out = \$375,000, \$625,000 of M&E, FFE
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**Value Estimates**

Mill Rate	0.019358
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**Per Applicant**

Est. Taxes (per Applicant)	\$80,000
Est. Value (per Applicant)	\$4,132,658

**Comparables - Industrial**

	AV/SF	Est. Value
Low	\$45.00 per SF	\$1,395,000
High	\$80.00 per SF	\$2,480,000

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**Project Cost**

				Adjusted	
Land Cost	\$	-		-	
<b>Hard Cost</b>					
		Cost Per SF			
Construction	(4,845,000)	\$ (156)	per SF	(4,845,000)	
Parking, Landscaping, Signage	(200,000)	\$ (6)	per SF	(200,000)	
<b>Total Hard Cost</b>	<b>(5,045,000)</b>	<b>\$ (163)</b>	<b>per SF</b>	<b>(5,045,000)</b>	
<b>Soft Cost</b>					
			% of Hard Cost		
Developer Fee	0	0.00	0.00%	-	0.00%
Architect	(175,000)	(5.65)	3.47%	(200,000)	3.96%
Contingency	(218,750)	(7.06)	4.34%	(504,500)	10.00%
Construction Overhead	(82,000)	(2.65)	1.63%	(100,000)	1.98%
Soils/Geotech Testing	(3,000)	(0.10)	0.06%	(3,000)	0.06%
Appraisal	(3,500)	(0.11)	0.07%	(3,500)	0.07%
Legal	(20,000)	(0.65)	0.40%	(20,000)	0.40%
Engineering	(5,000)	(0.16)	0.10%	(5,000)	0.10%
Building Permits	(20,000)	(0.65)	0.40%	(20,000)	0.40%
Taxes/Insurance	(22,000)	(0.71)	0.44%	(22,000)	0.44%
Accounting	0	0.00	0.00%	-	0.00%
Surveying	(3,000)	(0.10)	0.06%	(3,000)	0.06%
Misc.	(7,500)	(0.24)	0.15%	(7,500)	0.15%
Environmental	(1,500)	(0.05)	0.03%	(1,500)	0.03%
Title	(3,000)	(0.10)	0.06%	(3,000)	0.06%
<b>Total Soft Cost</b>	<b>(564,250)</b>	<b>(18.20)</b>	<b>11.18%</b>	<b>(893,000)</b>	<b>17.70%</b>
<b>Total Project Cost</b>	<b>(\$5,609,250)</b>	<b>(\$180.94)</b>		<b>(5,938,000)</b>	

**Note 1:** Valued at \$573,000 donated by City in lieu of cash.

**Note 2:** Amounts same as original application but project is 10,000 SF larger.

**Note 3:** 4% is thin contingency for high-tech space. Arbor Gate medical portion Tenant Improvements were \$10 million of the \$32.5 million hard cost.

**Note 4:** If actual project is \$300,000 over budget, no source of funds.

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**Note 1:** Reflects actual gross rent based upon rents in TIF Application.

**Note 2:** Increasing building from 21,000 to 31,000 SF requires longer absorption. 2nd yr. 34% occupied.

**Note 3:** Five-year lease expires, lose a 3,000 SF tenant in 2015. 10% of leaseable area. Plan: Layoff staff, cut rents to new tenants dropping from \$34/SF to est. \$15/SF for ofc./flex space.

**Note 5:** Staff laid off as proposed. Annual absorption is about 6,000 SF (24,000 SF by 4 yrs.) However, borrower leases up 3,000 SF @ \$15/SF

**Note 6:** Due to service cuts, incubator tenants leave or seek rent concessions. Lose another 3,000 SF tenant.

**Note 8:** Project now has 18,000 SF leased at \$34/SF and 6,000 SF at \$15/SF.

	1st Tenant Lost		2nd Tenant Lost	
Lost Tenant:	3,000	SF	3,000	SF
Lost Rent/SF	\$ 34.00	/SF	\$ 34.00	/SF
Repl. Tenant	3,000	SF	3,000	SF
Repl. Rent	\$ 15.00	/SF	\$ 15.00	/SF

**CASH FLOW**

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Income</b>															
Gross Rent Potential	\$930,000	\$962,550	\$996,239	\$1,031,108	\$929,108	\$759,000	\$600,000	\$612,000	\$633,420	\$655,590	\$678,535	\$702,284	\$726,864	\$752,304	\$778,635
Other	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680
<b>Gross Potential Income</b>	\$931,680	\$964,230	\$997,919	\$1,032,788	\$930,788	\$760,680	\$601,680	\$613,680	\$635,100	\$657,270	\$680,215	\$703,964	\$728,544	\$753,984	\$780,315
Vacancy %	(0.76)	(0.66)	(0.50)	(0.20)	(0.30)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)
Less: Vacancy	(706,800)	(635,283)	(498,120)	(206,222)	(278,732)	(151,800)	(120,000)	(122,400)	(126,684)	(131,118)	(135,707)	(140,457)	(145,373)	(150,461)	(155,727)
<b>Effective Gross Income</b>	224,880	328,947	499,800	826,566	652,055	608,880	481,680	491,280	508,416	526,152	544,508	563,507	583,171	603,523	624,588
<b>Operating Expense</b>															
Property Tax	(80,000)	(82,800)	(85,698)	(88,697)	(91,802)	(95,015)	(98,340)	(101,782)	(105,345)	(109,032)	(112,848)	(116,798)	(120,885)	(125,116)	(129,496)
Water & Sewer	(15,000)	(15,525)	(16,068)	(16,631)	(17,213)	(17,815)	(18,439)	(19,084)	(19,752)	(20,443)	(21,159)	(21,900)	(22,666)	(23,459)	(24,280)
Gas & Electric	(180,000)	(186,300)	(192,821)	(199,569)	(206,554)	(213,784)	(221,266)	(229,010)	(237,026)	(245,322)	(253,908)	(262,795)	(271,992)	(281,512)	(291,365)
Insurance	(5,000)	(5,175)	(5,356)	(5,544)	(5,738)	(5,938)	(6,146)	(6,361)	(6,584)	(6,814)	(7,053)	(7,300)	(7,555)	(7,820)	(8,093)
Maintenance & Repair	(90,000)	(93,150)	(96,410)	(99,785)	(103,277)	(106,892)	(110,633)	(114,505)	(118,513)	(122,661)	(126,954)	(131,397)	(135,996)	(140,756)	(145,683)
Tenant Replacement Reserve	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)
Subtotal - Op. Expense	(388,000)	(400,950)	(414,353)	(428,226)	(442,584)	(457,444)	(472,824)	(488,743)	(505,219)	(522,272)	(539,922)	(558,189)	(577,725)	(597,946)	(618,874)
<b>Administrative Expense</b>															
CEO Salary	(150,000)	(155,250)	(160,684)	(166,308)	(172,128)	-	-	-	-	-	-	-	-	-	-
CEO Benefits (30%), MDC Overh	(90,000)	(93,150)	(96,410)	(99,785)	(103,277)	-	-	-	-	-	-	-	-	-	-
Orbitec Consulting Contract	(70,000)	(72,450)	(74,986)	(77,610)	(80,327)	-	-	-	-	-	-	-	-	-	-
Travel, Conferences, Professional	(20,000)	(20,700)	(21,425)	(22,174)	(22,950)	-	-	-	-	-	-	-	-	-	-
Computer, Tele, Data Services	(30,000)	(31,050)	(32,137)	(33,262)	(34,426)	(35,631)	(36,878)	(38,168)	(39,504)	(40,887)	(42,318)	(43,799)	(45,332)	(46,919)	(48,561)
Subtotal Admin. Expense	(360,000)	(372,600)	(385,641)	(399,138)	(413,108)	(35,631)	(36,878)	(38,168)	(39,504)	(40,887)	(42,318)	(43,799)	(45,332)	(46,919)	(48,561)
<b>TOTAL EXPENSE</b>	(748,000)	(773,550)	(799,994)	(827,364)	(855,692)	(493,075)	(509,702)	(526,912)	(544,724)	(563,159)	(582,240)	(601,988)	(623,057)	(644,864)	(667,435)
<b>Net Operating Income (NOI)</b>	(523,120)	(444,603)	(300,195)	(798)	(203,636)	115,805	(28,022)	(35,632)	(36,308)	(37,007)	(37,731)	(38,481)	(39,886)	(41,341)	(42,847)
<b>Other Funds</b>															
EDA Grant	310,000	310,000	310,000	-	-	-	-	-	-	-	-	-	-	-	-
Dept. Commerce Grant	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dept. Commerce Loan	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Funds	510,000	310,000	310,000	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service - DCOM Loan	\$ -	\$ (21,034)	\$ (21,033)	\$ (21,033)	\$ (21,033)	\$ (21,033)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cash Flow</b>	\$ (13,120)	\$ (155,637)	\$ (11,228)	\$ (21,831)	\$ (224,669)	\$ 94,772	\$ (28,022)	\$ (35,632)	\$ (36,308)	\$ (37,007)	\$ (37,731)	\$ (38,481)	\$ (39,886)	\$ (41,341)	\$ (42,847)
<b>Cumulative Cash</b>	\$ (13,120)	\$ (168,757)	\$ (179,985)	\$ (201,816)	\$ (426,485)	\$ (331,713)	\$ (359,735)	\$ (395,366)	\$ (431,674)	\$ (468,681)	\$ (506,412)	\$ (544,893)	\$ (584,779)	\$ (626,120)	\$ (668,967)

**Note 4:** Loss of 3,000 SF tenant causes \$203,000 loss.

**Note 7:** Even with cost cuts, cash flow is not sufficient to recover losses or replace staff and services. Project slowly becomes a flex-space as proposed. 15,000 SF greenhouse will be problematic during flex space lease-up.

loss.

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