

**COST BENEFIT ANALYSIS
EVALUATION OF NEED FOR PORT CHESTER IDA FINANCIAL ASSISTANCE**

PCIDA



Rendering of Proposed Development

PROJECT NAME AND DEVELOPER

The Magellan
108 Gateway, LLC

LOCATION

108 South Main Street, Port Chester, NY 10573

PROJECT DESCRIPTION

New Construction of Mixed-Use Development, including Ninety-Five (95) Market-Rate Units

REQUESTED FINANCIAL ASSISTANCE

Payment in Lieu of Taxes (20-Year Schedule)
Exemption on Sales Tax of Building Materials
Exemption on Mortgage Recording Sales Tax

May 5, 2022

The National Development Council (“NDC”) has a limited engagement with the Port Chester Industrial Development Agency (the “IDA”) to review applications for tax assistance. NDC is a national economic development organization that provides development finance advisory services to municipalities and public benefit corporations throughout the country. NDC routinely analyzes financial structures of proposed developments and determines the appropriateness of direct financial assistance or incentives. The purpose of this memo is to describe NDC’s project understanding and findings of the above-referenced development.

A. PROJECT SUMMARY

108 Gateway, LLC (the “Developer” or “Applicant”) applied to the Village of Port Chester Industrial Development Agency (PCIDA) for financial assistance on a mixed-use development at 108 South Main Street. The applicant is 50% owned by Ralph E. Rossi and 50% owned by Andre M. Fernandes. Both principals are both local Westchester County residents who have developed and own multi-family and mixed-use properties throughout the county.



Aerial Photos

The subject site encompasses approximately 0.41± acres at the intersection of South Main Street and Boston Post Road. It is approximately 0.2 miles from the Port Chester Metro-North Station. Currently, the site contains an empty lot. The subject application involves the proposed redevelopment as a mixed-use, transit-oriented development with a nine (9) story apartment building containing ninety-five (95) residential units.



Current Use of the Project Site.

Upon completion, the establishment will contain a net rentable area of 81,496± square feet. The ninety-five (95) apartments will be a mix of studio, one-bedroom, and two-bedroom units. The studio apartments are divided between ten (10) small units (428 square feet), fifteen (15) medium units (587 square feet), and fifteen large units with dens (788 square feet). In addition, the complex will contain thirty-five (35) one-bedroom units (795 square feet), ten (10) medium two-bedroom units (1,050 square feet), and ten (10) large two-bedroom units (1,200 square feet).

The residential unit mix is seen below. All units are market rate.

RENT ROLL							
<i>Unit Description</i>	<i>%</i>	<i>Units</i>	<i>NSF</i>	<i>Total NSF</i>	<i>Mo Rent</i>	<i>Rent/SF</i>	<i>Annual Rent</i>
Studio (small)	11%	10	482	4,820	\$1,600	\$3.32	\$192,000
Studio (medium)	16%	15	587	8,805	\$1,750	\$2.98	\$315,000
Studio (large + den)	16%	15	788	11,820	\$2,200	\$2.79	\$396,000
1 Bedroom	37%	35	795	27,825	\$2,300	\$2.89	\$966,000
2 Bedroom (medium)	11%	10	1,050	10,500	\$2,800	\$2.67	\$336,000
2 Bedroom (large)	11%	10	1,200	12,000	\$2,900	\$2.42	\$348,000
TOTAL / AVERAGE	100%	95	817	75,770	\$2,258	\$2.84	\$2,553,000

In addition to the residential units, the complex will contain 3,126 square feet of commercial space, 2,600 square feet of office space, and 128 off-street parking spaces. The parking spaces will be located within the first four levels of the building (basement, grade level, 2nd floor, and 3rd floor). Residential units will be assigned spaces on the basement, 2nd, and 3rd floors, while thirty (30) parking spaces at grade level will be open to the public to support retail, office space, and visitor parking.

Amenities will include a rooftop fitness center, eight (8) electric vehicle charging stations, and two (2) open outdoor amenity spaces located on the roof and 4th floor terrace. These will provide tenants with seating, lounge areas, an outdoor bar, BBQ areas, outdoor entertainment, and a dog park. The apartments will also contain expansive floor to ceiling heights, state-of-the-art HVAC systems, in-unit washer/dryers, and high-quality kitchens and baths with quartz counter-tops and stainless-steel appliances.

The following sections summarize relevant information necessary to determine the need for and sizing of the financial package.

Section B	Review of the Sources and Uses
Section C	Summary of IDA Incentive Package.
Section D	Summary of NDC Financial Analysis
Section E	Summary of Project and Public Benefits (Cost/Benefit Analysis)

B. SOURCES & USES

The \$38.8 million development will be financed at the construction phase with conventional debt (69% of cost) equity (31% of cost).

USES OF FUNDS	\$	Per Unit	%
Acquisition	\$3,089,250	\$32,518	8%
Construction Hard Costs	\$27,477,654	\$289,238	71%
Hard Cost Contingency	\$1,331,926	\$14,020	3%
Soft Costs and Professional Fees	\$5,116,973	\$53,863	13%
Developer Fee	\$1,819,921	\$19,157	5%
TOTAL	\$38,835,724	\$408,797	100%
SOURCES OF FUNDS	\$	Per Unit	%
Loan *	\$26,670,000	\$280,737	69%
Equity	\$12,165,724	\$128,060	31%
TOTAL	\$38,835,724	\$408,797	100%

The development cost is equivalent to \$408,797 per unit. This is considered reasonable cost for mixed-use TOD product, considering that the development cost includes structured parking and commercial space as well being subject to very substantial recent cost increases on construction materials.

C. SUMMARIZED BENEFITS PACKAGE FOR DEVELOPER

IDA TAX BENEFITS					
IDA RELATED PROPERTY TAXES			FINANCIAL ASSISTANCE SUMMARY		
Current Taxes		\$40,242	\$424 per unit	Real State Tax Savings Over PILOT Terms	\$8,027,544
As Complete Full Taxes		\$736,158	\$7,749 per unit	Mortgage Recording Tax Savings	\$218,451
Multiplier		18.29 x		Sales Tax Exemption	\$1,184,974
PILOT schedule		20-year phase-in		IDA Financial incentive Package	\$9,430,968
PILOT over 20 Years		\$8,673,085			
Savings over 20 Years		(\$8,027,544)		Total Project Cost	\$38,835,724
Increment over Savings		\$645,542		IDA Financial Package as aa % of Cost	24%
MORTGAGE RECORDING TAX					
Mortgage		\$29,126,793			
Mortgage Recording Tax		1.05%			
Transit District Exclusion		-0.30%			
Mortgage Recording Tax Savings		0.75%			
Value of Exemption		\$218,451			
SALES TAX EXEMPTION					
Construction Cost		\$27,477,654			
Value of Building Materials	50%	\$13,738,827			
Sales Tax		8.625%			
Value of Exemption		\$1,184,974			

The applicant requests a payment in lieu of taxes (PILOT) as well as exemptions from mortgage tax recording tax and sales tax on building materials. Based upon the twenty-year PILOT schedule as outlined the IDA's Uniform Tax Exemption Policy (UTEP), the total project savings from IDA assistance is \$9,430,968, which is 24% of total project costs.

NDC determined that the project is not financially feasible with taxes at full assessment and that the 20-year PILOT is appropriate. Even with the 20-year PILOT, the financial metrics required by financial stakeholders are marginal. This is further supported in the following section.

A 15-year PILOT schedule, presented in Exhibit 3 on page 11, and a 10-year PILOT schedule, presented in Exhibit 4 on page 12, were also factored into the financial examination. Since the financial results were even more marginal with the 15-year and 10-year schedules, only the 20-year schedule is featured as part of this analysis.

D. SUMMARY OF NDC ANALYSIS

NDC based its analysis on the revenue, expense and costs assumptions provided by the Developer in the IDA application. For consistency with other IDA reviews, NDC adjusted the pro forma provided by the developer with the following assumptions:

- Increasing baseline taxes by a 1% annual increase
- Permanent loan assumptions that are in line with the current market for similar projects
 - 30-year amortization
 - Rate of 5.0%
- Adjusting revenue growth to 2.50% annually for market rate units
- Adjusting revenue growth to 2.00% annually for commercial and office units
- Adjusting expense growth to 3.00% annually
- Vacancy rate to 6% (factoring both residential and commercial)
- Projecting terminal value of project using a 5.50% cap rate

The monthly rents range from \$1,600 for the smallest studio units to \$2,900 for the largest two-bedroom units. These rents are considered on the low end when compared to similar market-rate developments in the local market. The developer reports that it established conservative rent estimates given that the surrounding area is regarded as a transition community with some market challenges. NDC applied a 4% increase to the developer base rents given that the units will likely not be placed into service for at least 2 years.

The Town assessor estimated an as-completed annual tax of \$736,158, or \$7,749 per residential unit. This is a high real estate tax for a residential rental property, as the annual tax is equivalent to 29% of gross income.

The PILOT, with schedule reflected in Exhibit 1 on page 8, is considered necessary to create financial feasibility with reasonable returns for the financial participants. The property will pay current base taxes (\$40,242) during the two years of construction. The property will have a 100% exemption on improvements in the first year and from the second year of operation until the end of the twenty-year PILOT term, the abatement will decrease by 5.00% annually.

The following worksheet on page 6 illustrates the need for the PILOT. The stabilized pro forma projected through cash flow in the stabilized second year is presented under three scenarios with respect to the real estate taxes and PILOT,

- (1) paying full real estate taxes (\$8,064 per unit annually)
- (2) paying the actual PILOT in the stabilized year (\$822 per unit annually)
- (3) paying the average PILOT over the terms (\$4,565 per unit annually average)

STABILIZED OPERATING PRO FORMA (Assumed to be 2nd year of operations after new construction)								
		(1) WITHOUT PILOT		(2) WITH 2nd Year 20-YR PILOT (2)		(3) With PILOT Avg over 20-Yr Term		
		\$	Per Unit	\$	Per Unit	\$	Per Unit	
Market Gross Income	95	\$2,721,498	\$2,387 per month	\$2,721,498	\$2,387 per month			
Commercial Income		\$83,794	\$26 per SF	\$83,794	\$26 per SF			
Office Income		\$58,874	\$22 per SF	\$58,874	\$22 per SF			
Misc. Income		\$129,187		\$129,187				
Gross Income		\$2,993,354		\$2,993,354				
Vacancy		(\$149,668)	5.00% vacancy	(\$149,668)	5.00% vacancy			
Effective Gross Income		\$2,843,686		\$2,843,686		\$2,843,686		
Operating Expenses Excl Taxes		(\$403,750)	\$4,250	(\$403,750)	\$4,250	(\$403,750)	\$4,250	
RE Taxes / PILOT		(\$766,049)	\$8,064 2nd year	(\$78,085)	\$822 2nd year	(\$433,654)	\$4,565 avg. during term	
Total Expenses		(\$1,169,799)	\$12,314	(\$481,835)	\$5,072	(\$837,404)	\$8,815	
Net Operating Income		\$1,673,887		\$2,361,851		\$2,006,282		
Debt Service		(\$1,718,044)		(\$1,718,044)		(\$1,718,044)		
Cash Flow		(\$44,157)		\$643,808		\$288,238		
METRICS								
Debt Coverage Ratio		0.97		1.37		1.17		Typical in Market >1.20
Cash on Cash Return		-0.36%		5.29%		2.37%		>6.5%
Yield to Cost Return		4.31%		6.08%		5.17%		>6.5%
Leveraged Pre-Tax IRR Over Term		6.33%		9.26%		9.26%		>12%

With “as complete” full taxes without abatement and PILOT, the cash flow is negative (-), and all financial metrics fall far short of requirements.

When the 20-year PILOT is factored, whether it be under #2 with the second year PILOT being applied or under #3 with the average PILOT paid during the term being applied, the financial metrics are marginal. While the rents may be considered low, it also should be noted that the developer’s operating costs, exclusive of real estate taxes/PILOT, equivalent to less than 5,000/unit, are less than what is normally seen for comparable developments.

The requested IDA assistance would not constitute providing an undue enrichment to the applicant as the returns are reasonable, not excessive. **“But for”** the proposed IDA financial incentive package, the development is not considered financially feasible.

NDC also factored in the possibility of the project’s ability to accommodate a 10% affordable housing set-aside with ten (10) of the ninety-five (95) units being affordable to households earning less than 60% area

median income (AMI). The 10% set-aside requirement would impact the valuation of the “as complete” product by an estimated \$2.1 million, as follows

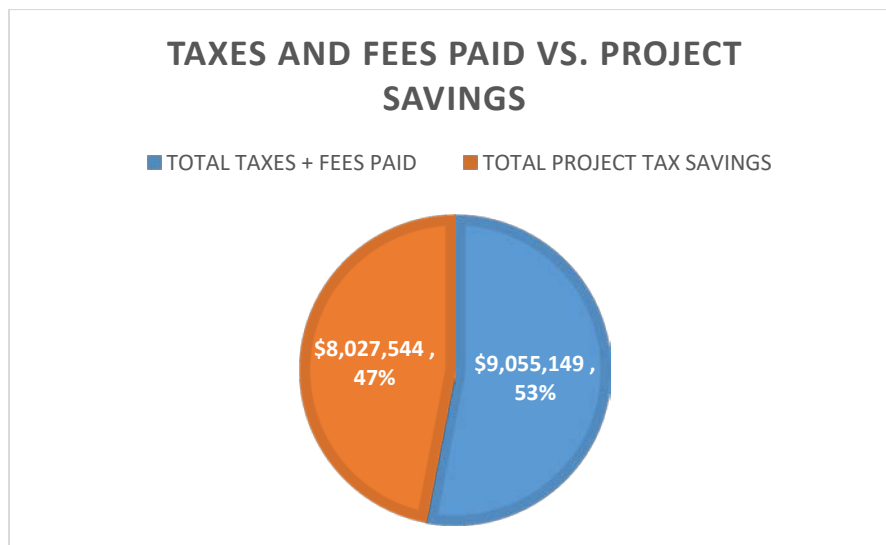
IMPACT OF 10% AFFORDABLE HOUSING SET-ASIDE	
Average Market Rate Rent	\$2,329
Average Affordable Rent at 60% AMI	\$1,550
Delta	\$779
# Restricted Units at 10% of Total Units	10
Loss of Annual Income	\$93,486
Cap Rate	5.50%
Loss of Valuation with 10% Affordable Set-aside	\$1,699,751

The valuation hit of \$1.7 million would further erode marginal financial metrics and impact financial feasibility.

E. COST / BENEFIT ANALYSIS

The public financial benefits are considerable with respect to the real estate tax increment. While the developer will realize \$8.03 million in savings from the IDA PILOT agreement, the aggregate public benefits in the form of PILOT payments are estimated at \$8.67 million. The average annual PILOT paid during the 20-year term is \$433,654, or \$4,565 per unit annually. The \$433,654 average PILOT over the term is a 10.7x multiplier of current taxes (\$40,242).

PILOT VS SAVINGS	
Full IDA Taxes (PILOT) over 20 Years	\$8,673,085
School Mitigation Fee	\$192,064
Parkland Mitigation Fee (\$2,000 per unit)	\$190,000
TOTAL TAXES + FEES PAID	\$9,055,149
Real Estate Tax Savings Over Term	\$8,027,544
TOTAL PROJECT TAX SAVINGS	\$8,027,544





In addition to the above benefits, the applicant expects 130 temporary construction jobs and nine (9) full-time equivalent permanent jobs for the development. This TOD project eliminates a blighted underutilized property and replaces it with needed market rate rental units and commercial activity in a well-designed transit-oriented development building. There will be considerable disposable income, estimated to be \$3 - \$4 million annually, added to the downtown marketplace from the residents of the ninety-five units. This will help strengthen retail trade in downtown Port Chester.

EXHIBIT 1: PILOT Schedule (20 Years)

PILOT SCHEDULE 108 South Main Street								
	Current Taxes		\$40,242				Starting Abatement	100%
	Improvement Taxes		\$695,916				PILOT Term	20
	"As Improved" (Full) Taxes		\$736,158				Decrease	0.05
	Proposed Units		95					
	Estimated Taxes/Unit		\$7,749					
	Annual Escalator		1.00%					
PILOT Year	Operation Year	Base Taxes	Improvement Taxes	"As Improved" Full Taxes	Abatement	Savings	PILOT	Increment
1	Construction	\$40,644	\$0	\$40,644	0	\$0	\$40,644	
2	Construction	\$41,051	\$0	\$41,051	0	\$0	\$41,051	
3	1	\$41,461	\$717,003	\$758,464	100.00%	(\$717,003)	\$41,461	(\$0)
4	2	\$41,876	\$724,173	\$766,049	95.00%	(\$687,964)	\$78,085	\$36,209
5	3	\$42,295	\$731,415	\$773,709	90.00%	(\$658,273)	\$115,436	\$73,141
6	4	\$42,718	\$738,729	\$781,447	85.00%	(\$627,920)	\$153,527	\$110,809
7	5	\$43,145	\$746,116	\$789,261	80.00%	(\$596,893)	\$192,368	\$149,223
8	6	\$43,576	\$753,577	\$797,154	75.00%	(\$565,183)	\$231,971	\$188,394
9	7	\$44,012	\$761,113	\$805,125	70.00%	(\$532,779)	\$272,346	\$228,334
10	8	\$44,452	\$768,724	\$813,176	65.00%	(\$499,671)	\$313,506	\$269,053
11	9	\$44,897	\$776,411	\$821,308	60.00%	(\$465,847)	\$355,461	\$310,565
12	10	\$45,346	\$784,176	\$829,521	55.00%	(\$431,297)	\$398,225	\$352,879
13	11	\$45,799	\$792,017	\$837,816	50.00%	(\$396,009)	\$441,808	\$396,009
14	12	\$46,257	\$799,937	\$846,195	45.00%	(\$359,972)	\$486,223	\$439,966
15	13	\$46,720	\$807,937	\$854,657	40.00%	(\$323,175)	\$531,482	\$484,762
16	14	\$47,187	\$816,016	\$863,203	35.00%	(\$285,606)	\$577,597	\$530,411
17	15	\$47,659	\$824,176	\$871,835	30.00%	(\$247,253)	\$624,582	\$576,923
18	16	\$48,135	\$832,418	\$880,554	25.00%	(\$208,105)	\$672,449	\$624,314
19	17	\$48,617	\$840,742	\$889,359	20.00%	(\$168,148)	\$721,211	\$672,594
20	18	\$49,103	\$849,150	\$898,253	15.00%	(\$127,372)	\$770,880	\$721,777
21	19	\$49,594	\$857,641	\$907,235	10.00%	(\$85,764)	\$821,471	\$771,877
22	20	\$50,090	\$866,218	\$916,308	5.00%	(\$43,311)	\$872,997	\$822,907
TOTAL (Operating Years)		\$912,938	\$15,787,691	\$16,700,629		(\$8,027,544)	\$8,673,085	\$7,760,147
						48% of full taxes	52% of full taxes	
							\$433,654 annual avg.	
							\$4,565 per unit annually	
							10.78 multiplier	



EXHIBIT 2: 20 Year Pro Forma

		20-YEAR PRO FORMA																				
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Vacancy		30%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	
Market Gross Income	2.50%	2,655,120	2,721,498	2,789,535	2,859,274	2,930,756	3,004,025	3,079,125	3,156,103	3,235,006	3,315,881	3,398,778	3,483,748	3,570,841	3,660,112	3,751,615	3,845,405	3,941,541	4,040,079	4,141,081	4,244,608	
Commercial Income	2.00%	82,151	83,794	85,470	87,180	88,923	90,702	92,516	94,366	96,253	98,178	100,142	102,145	104,188	106,271	108,397	110,565	112,776	115,032	117,332	119,679	
Office Income	2.00%	57,720	58,874	60,052	61,253	62,478	63,728	65,002	66,302	67,628	68,981	70,360	71,768	73,203	74,667	76,160	77,684	79,237	80,822	82,438	84,087	
Misc. Income (Parking)	2.00%	126,654	129,187	131,771	134,406	137,094	139,836	142,633	145,486	148,395	151,363	154,391	157,478	160,628	163,840	167,117	170,460	173,869	177,346	180,893	184,511	
Gross Income		2,921,645	2,993,354	3,066,828	3,142,113	3,219,251	3,298,290	3,379,276	3,462,257	3,547,283	3,634,403	3,723,671	3,815,138	3,908,860	4,004,891	4,103,289	4,204,113	4,307,423	4,413,279	4,521,745	4,632,885	
Vacancy		(876,494)	(179,601)	(184,010)	(188,527)	(193,155)	(197,897)	(202,757)	(207,735)	(212,837)	(218,064)	(223,420)	(228,908)	(234,532)	(240,293)	(246,197)	(252,247)	(258,445)	(264,797)	(271,305)	(277,973)	
Gross Income		2,045,152	2,813,753	2,882,819	2,953,586	3,026,096	3,100,393	3,176,519	3,254,522	3,334,446	3,416,339	3,500,251	3,586,230	3,674,328	3,764,598	3,857,092	3,951,867	4,048,977	4,148,482	4,250,440	4,354,912	
Operating Expenses Excl Taxes	3.00%	(345,000)	(403,750)	(415,863)	(428,338)	(441,189)	(454,424)	(468,057)	(482,099)	(496,562)	(511,458)	(526,802)	(542,606)	(558,884)	(575,651)	(592,920)	(610,708)	(629,029)	(647,900)	(667,337)	(687,357)	
PILOT		(41,461)	(78,085)	(115,436)	(153,527)	(192,368)	(231,971)	(272,346)	(313,506)	(355,461)	(398,225)	(441,808)	(486,223)	(531,482)	(577,597)	(624,582)	(672,449)	(721,211)	(770,880)	(821,471)	(872,997)	
Net Operating Income		1,658,690	2,331,918	2,351,520	2,371,720	2,392,540	2,413,998	2,436,116	2,458,917	2,482,423	2,506,656	2,531,641	2,557,401	2,583,962	2,611,349	2,639,589	2,668,709	2,698,737	2,729,702	2,761,632	2,794,558	
Debt Service		(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	(1,718,044)	
Cash Flow		(59,354)	613,874	633,476	653,677	674,496	695,954	718,073	740,873	764,379	788,612	813,597	839,357	865,918	893,305	921,545	950,666	980,693	1,011,658	1,043,588	1,076,514	
Debt Coverage Ratio		0.97	1.36	1.37	1.38	1.39	1.41	1.42	1.43	1.44	1.46	1.47	1.49	1.50	1.52	1.54	1.55	1.57	1.59	1.61	1.63	
Cash on Cash Rate of Return		-0.49%	5.05%	5.21%	5.37%	5.54%	5.72%	5.90%	6.09%	6.28%	6.48%	6.69%	6.90%	7.12%	7.34%	7.57%	7.81%	8.06%	8.32%	8.58%	8.85%	
Yield to Cost		4.27%	6.00%	6.06%	6.11%	6.16%	6.22%	6.27%	6.33%	6.39%	6.45%	6.52%	6.59%	6.65%	6.72%	6.80%	6.87%	6.95%	7.03%	7.11%	7.20%	
Valuation Cap Rate	5.50% cap rate																				50,810,145	
Outstanding Loan Balance																					(13,954,688)	
Net Sale Proceeds																					36,855,457	
		Equity																				
Benefit Stream		(\$12,165,724)	(59,354)	613,874	633,476	653,677	674,496	695,954	718,073	740,873	764,379	788,612	813,597	839,357	865,918	893,305	921,545	950,666	980,693	1,011,658	1,043,588	36,855,457
Pre-Tax Levered IRR		9%																				

Exhibit 3: PILOT Schedule (15 Years)

PILOT SCHEDULE								
108 South Main Street								
	Current Taxes		\$40,242				Starting Abatement	100%
	Improvement Taxes		\$695,916				PILOT Term	15
	"As Improved" (Full) Taxes		\$736,158				Decrease	0.067
	Proposed Units		95					
	Estimated Taxes/Unit		\$7,749					
	Annual Escalator		1.00%					
PILOT Year	Operation Year	Base Taxes	Improvement Taxes	"As Improved" Full Taxes	Abatement	Savings	PILOT	Increment
1	Construction	\$40,644	\$0	\$40,644	0	\$0	\$40,644	
2	Construction	\$41,051	\$0	\$41,051	0	\$0	\$41,051	
3	1	\$41,461	\$717,003	\$758,464	100.00%	(\$717,003)	\$41,461	(\$0)
4	2	\$41,876	\$724,173	\$766,049	93.33%	(\$675,895)	\$90,154	\$48,278
5	3	\$42,295	\$731,415	\$773,709	86.67%	(\$633,893)	\$139,817	\$97,522
6	4	\$42,718	\$738,729	\$781,447	80.00%	(\$590,983)	\$190,463	\$147,746
7	5	\$43,145	\$746,116	\$789,261	73.33%	(\$547,152)	\$242,109	\$198,964
8	6	\$43,576	\$753,577	\$797,154	66.67%	(\$502,385)	\$294,769	\$251,192
9	7	\$44,012	\$761,113	\$805,125	60.00%	(\$456,668)	\$348,457	\$304,445
10	8	\$44,452	\$768,724	\$813,176	53.33%	(\$409,986)	\$403,190	\$358,738
11	9	\$44,897	\$776,411	\$821,308	46.67%	(\$362,325)	\$458,983	\$414,086
12	10	\$45,346	\$784,176	\$829,521	40.00%	(\$313,670)	\$515,851	\$470,505
13	11	\$45,799	\$792,017	\$837,816	33.33%	(\$264,006)	\$573,811	\$528,012
14	12	\$46,257	\$799,937	\$846,195	26.67%	(\$213,317)	\$632,878	\$586,621
15	13	\$46,720	\$807,937	\$854,657	20.00%	(\$161,587)	\$693,069	\$646,349
16	14	\$47,187	\$816,016	\$863,203	13.33%	(\$108,802)	\$754,401	\$707,214
17	15	\$47,659	\$824,176	\$871,835	6.67%	(\$54,945)	\$816,890	\$769,231
TOTAL (Operating Years)		\$667,399	\$11,541,522	\$12,208,921		(\$6,012,617)	\$6,196,304	\$5,528,905
						49% of full taxes	51% of full taxes	
							\$413,087 annual avg.	
							\$4,348 per unit annually	
							10.27 multiplier	

Exhibit 4: PILOT Schedule (10 Years)

PILOT SCHEDULE								
108 South Main Street								
	Current Taxes		\$40,242				Starting Abatement	100%
	Improvement Taxes		\$695,916				PILOT Term	10
	"As Improved" (Full) Taxes		\$736,158				Decrease	0.100
	Proposed Units		95					
	Estimated Taxes/Unit		\$7,749					
	Annual Escalator		1.00%					
PILOT Year	Operation Year	Base Taxes	Improvement Taxes	"As Improved" Full Taxes	Abatement	Savings	PILOT	Increment
1	Construction	\$40,644	\$0	\$40,644	0	\$0	\$40,644	
2	Construction	\$41,051	\$0	\$41,051	0	\$0	\$41,051	
3	1	\$41,461	\$717,003	\$758,464	100.00%	(\$717,003)	\$41,461	(\$0)
4	2	\$41,876	\$724,173	\$766,049	90.00%	(\$651,756)	\$114,293	\$72,417
5	3	\$42,295	\$731,415	\$773,709	80.00%	(\$585,132)	\$188,578	\$146,283
6	4	\$42,718	\$738,729	\$781,447	70.00%	(\$517,110)	\$264,336	\$221,619
7	5	\$43,145	\$746,116	\$789,261	60.00%	(\$447,670)	\$341,591	\$298,446
8	6	\$43,576	\$753,577	\$797,154	50.00%	(\$376,789)	\$420,365	\$376,789
9	7	\$44,012	\$761,113	\$805,125	40.00%	(\$304,445)	\$500,680	\$456,668
10	8	\$44,452	\$768,724	\$813,176	30.00%	(\$230,617)	\$582,559	\$538,107
11	9	\$44,897	\$776,411	\$821,308	20.00%	(\$155,282)	\$666,026	\$621,129
12	10	\$45,346	\$784,176	\$829,521	10.00%	(\$78,418)	\$751,104	\$705,758
TOTAL (Operating Years)		\$433,778	\$7,501,437	\$7,935,215		(\$4,064,221)	\$3,870,994	\$3,437,216
						51% of full taxes	49% of full taxes	
							\$387,099 annual avg.	
							\$4,075 per unit annually	
							9.62 multiplier	

STANDARD DISCLOSURE

Standard disclaimer regarding NDC's compliance with Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and amended Section 15B of the Securities and Exchange Act of 1934 ("Exchange Act"):

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