| | | QUANTITY | UOM | CONTRACT CST | DES CONT | TOTAL COST | UNI |
|---|---|---|---|---|---|---|---|
| | TOTAL VERTICAL ACCESS SYSTEMS | 84155.00 | SF | 538,670 | 53,870 | 592,530 | 7.0 |
| 40.50 | METRO RAIL STATION MONITORING | | | | | | |
| 40.50.01 | Metro Stn Monitoring as required | 1.00 | JOB | 291,950 | 29,190 | 321,140 | 32114 |
| | TOTAL METRO RAIL STATION MONITORING | 1.00 | JOB | 291,950 | 29,190 | 321,140 | 32114 |
| | TOTAL PARCEL 3 BUILDING - OVER METRO | 84155.00 | SF | 11,260,500 | 1,113,450 | 12,373,950 | 147.0 |



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006021

errors detected...

* * * END OF ERROR REPORT * * *



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WMATA-INV 006022

SUMMARY REPORTS SUMMARY PAGE

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PROJECT OWNER SUMMARY - Facility.....2
PROJECT OWNER SUMMARY - System.....3
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Detailed Estimate...

Backup Reports...

* * * END TABLE OF CONTENTS * * *

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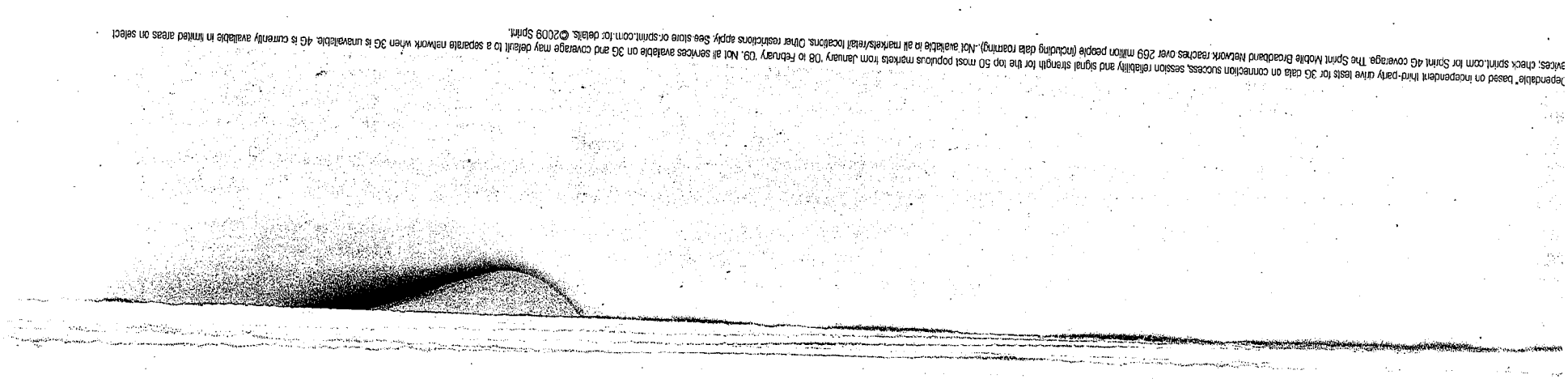
WMATA-INV 006023

FOIA CONFIDENTIAL TREATMENT REQUESTED






ECONOMIC DEVELOPMENT

# D.C. inclusionary zoning law to take effect, finally

**By Jonathan O'Connell**
Staff Reporter

A day long dreaded for housing developers arrives Aug. 14, when D.C.'s inclusionary zoning law is expected to go into effect, and both builders and government officials are sorting through how it will work.

The law, passed two years ago, will require builders of low-rise developments to provide 10 percent of units below market value — half at prices affordable to people making 50 percent of the area median income and half to those making 80 percent of AMI. High-rise projects must provide 8 percent of units at 80 percent of AMI.

In exchange for the affordable units, developers will get a 20 percent density bonus.

City officials briefed more than 100 developers, consultants and attorneys on the coming regulations July 28 at a tutorial organized by the D.C. Building Industry Association, whose leaders argued that the new regulations would be another blow to a still-weak housing market.

**"We will be looking to make sure that the units are comparable, but lesser cost equivalents are acceptable."**
Matt LeGrant, D.C. Department of Consumer and Regulatory Affairs

The new rules will affect most projects that have not obtained building permits, received zoning orders or had a zoning variance hearing scheduled.

Not all planned buildings of 10-plus units need to comply, said Art Rodgers of the D.C. Office of Planning. For example, the rules exempt dormitories, hotel rooms, diplomatic housing and supportive housing, known as community-based residential facilities. Other exemptions include areas where density bonuses would violate historic districts, such as Georgetown and Anacostia, or where no more density is available, like downtown.

Fraud is a concern for both developers and buyers. Affordable units must be disbursed through the building and be "comparable" but not identical to the others, Rodgers said.

In some jurisdictions, kitchens in affordable units were given shelves while the others received cabinets, he said. "That to us wasn't acceptable. On the other end, we aren't expecting all the affordable units to have Viking ranges."

Matt LeGrant of the D.C. Department of Consumer and Regulatory Affairs, which will inspect the units, said, "We will be looking to make sure that the units are comparable, but lesser-cost equivalents are acceptable."

A third agency, the D.C. Department of Housing and Community Development, which hosted the event, will be responsible for finding buyers or renters.

It plans to hold a lottery to determine who gets a shot at below-market-rate homes. Some developers worry that they will have little say in the selection or that it will be difficult to identify eligible buyers or renters.

"For every unit, at least four households [from the lottery] will be referred to the developer," said DHCD's Martine Combal.

■ E-MAIL: JOCONNELL@BIZJOURNALS.COM PHONE: 703/258-0835

CREDIT UNIONS

Congress site, as well as to several employ-

WMATA-INV 006024

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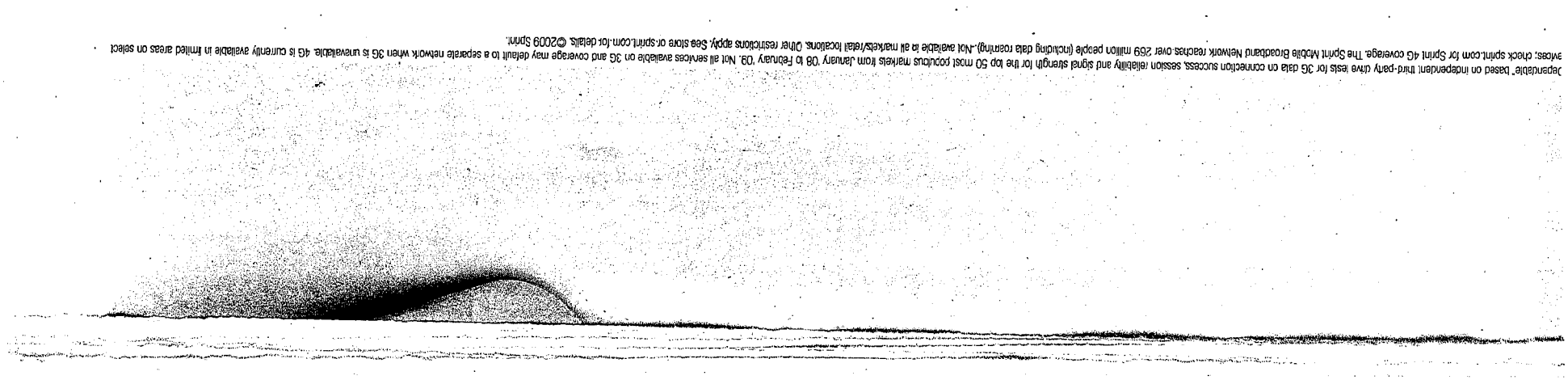
Dependable' based on independent, third-party drive tests for 3G data on connection success, session reliability and signal strength for the top 50 most populous markets from January '08 to February '09. Not all services available on 3G and coverage may default to a separate network when 3G is unavailable. 4G is currently available in limited areas on select avices; check sprint.com for Sprint 4G coverage. The Sprint Mobile Broadband Network reaches over 259 million people (including data roaming). Not available in all markets/retail locations. Other restrictions apply. See store or sprint.com for details. ©2009 Sprint.



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■ E-MAIL: JOCONNELL@BIZJOURNALS.COM PHONE: 703/258-0835

CREDIT UNIONS

Congress site, as well as to several employ-

WMATA-INV 006025

Their original proposal was

10% aff. hsg at ± 80% median

on June 25 Tiwanna says 12 will require $\boxed{8\% @ 80\%}$
is this correct?

LaKritz Adler had $2,127,000 as extra costs for construction over Metro tunnel ($1.589 over largest parcel and $.538 over second largest parcel).

Banneker had a ballpark estimate of $1.5 M for extra costs associated with building over the Metro tunnel.

## Doggett, Rosalyn

**From:** Marshall, Malcolm
**Sent:** Thursday, July 30, 2009 12:01 PM
**To:** Doggett, Rosalyn
**Subject:** FW: New one

-----Original Message-----
From: Marshall, Malcolm
Sent: Monday, July 06, 2009 8:41 AM
To: Doggett, Rosalyn; Meister, Mark K.; Montague, Joshua W.
Subject: FW: New one

-----Original Message-----
From: richard harps [mailto:rharps@earthlink.net]
Sent: Thursday, July 02, 2009 5:30 PM
To: Eric Colbert
Cc: Marshall, Malcolm
Subject: New one

Eric

WMATA has asked for a value of their property at 7th>9th on the south side of U Street. The property is shown below. I'd need you to do a simple workup of the maximum development on the sites, recognizing the tunnel and limitations along the northern side. WMATA says they will supply the 'excess' cost to construct over the tunnel.

**********FROM WMATA**********
OWNER: WMATA

LOCATION: South Side of Florida Avenue between 7th & 9th Streets, NW Washington, DC

LEGAL DESCRIPTION: Square 393, Lots 44 and 45; Square 416, Lots 18 and 31

ZONING: C-2-B in Arts Overlay Zone

ESTIMATED AREA:
Lot 44 - 3,800 SF 3,798
Lot 45 - 8,600 SF 8,621
Lot 18 - 516 SF 516
Lot 31 - 15,956 SF 15,956
28,872 28,892

COMMENTS: The northern portions of the parcels contains an existing Metrorail tunnel that has an upper limit that is 19 feet below the surface. WMATA can provide to the appraiser cost estimates for extraordinary costs that may be involved in building over the WMATA tunnel.

The Inclusionary Zoning Implementation Act, as amended, and the Duke Plan incorporate affordable housing provisions that should be considered in an analysis of the subject property.
**********

Time and fee - no court anticipated - rough areas should be sufficient. We'll work together on the breakdown of uses and densities, and, the inclusionary zoning impact will have to be incorporated into the analysis

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# Property Detail

**Address:** 9TH ST NW
**SSL:** 0393 0044

## Record Details

| | | | |
|---|---|---|---|
| **Neighborhood:** | OLD CITY II | **Sub-Neighborhood:** | G |
| **Use Code:** | 191 - Vacant True | **Class 3 Exception:** | No |
| **Tax Type:** | E9 - WMATA | **Tax Class:** | 003 - Vacant |
| **Homestead Status:** | ** Not receiving the Homestead Deduction | | |
| **Assessor:** | GREGORY GLOVER | | |
| **Gross Building Area:** | | **Ward:** | 1 |
| **Land Area:** | 3,799 | **Triennial Group:** | 2 |

## Owner and Sales Information

| | |
|---|---|
| **Owner Name:** | WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (WMATA) |
| **Mailing Address:** | 600 5TH ST NW; WASHINGTON DC20001-2610 |
| **Sale Price:** | Not Available |
| **Sale Date:** | Not Available |
| **Instrument No.:** | |

## Tax Year 2010 Preliminary Assessment Roll

| | Current Value | Proposed New Value (2010) |
|---|---|---|
| **Land:** | $1,052,590 | $1,052,590 |
| **Improvements:** | Not Available | Not Available |
| **Total Value:** | $1,052,590 | $1,052,590 |
| **Taxable Assessment:** * | $1,052,590 | $1,052,590 |

* Taxable Assessment after Tax Assessment Credit and after $67,500 Homestead Credit, if applicable. (Click here for more information).

** If you believe you should be receiving tax relief through the Homestead deduction program and if you are domiciled in the District and this property is your principal place of residence, you can access the link below, complete the form, and return it per the instructions. For additional information regarding the Homestead program, call (202)727-4TAX. Click here to download the Homestead Deduction and Senior Citizen Tax Relief application *

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WMATA-INV 006029

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# Property Detail

**Address:** FLORIDA AV NW
**SSL:** 0393 0045

## Record Details

| | | | |
|---|---|---|---|
| **Neighborhood:** | OLD CITY II | **Sub-Neighborhood:** | G |
| **Use Code:** | 191 - Vacant True | **Class 3 Exception:** | No |
| **Tax Type:** | E9 - WMATA | **Tax Class:** | 003 - Vacant |
| **Homestead Status:** | ** Not receiving the Homestead Deduction | | |
| **Assessor:** | GREGORY GLOVER | | |
| **Gross Building Area:** | | **Ward:** | 1 |
| **Land Area:** | 8,621 | **Triennial Group:** | 2 |

## Owner and Sales Information

| | |
|---|---|
| **Owner Name:** | WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (WMATA) |
| **Mailing Address:** | 600 5TH ST NW; WASHINGTON DC20001-2610 |
| **Sale Price:** | Not Available |
| **Sale Date:** | Not Available |
| **Instrument No.:** | |

## Tax Year 2010 Preliminary Assessment Roll

| | Current Value | Proposed New Value (2010) |
|---|---|---|
| **Land:** | $2,388,620 | $2,388,620 |
| **Improvements:** | Not Available | Not Available |
| **Total Value:** | $2,388,620 | $2,388,620 |
| **Taxable Assessment:** * | $2,388,620 | $2,388,620 |

* Taxable Assessment after Tax Assessment Credit and after $67,500 Homestead Credit, if applicable. (Click here for more information).

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# Property Detail

**Address:** 0716 FLORIDA AV NW
**SSL:** 0416 0018

## Record Details

| | | | |
|---|---|---|---|
| **Neighborhood:** | OLD CITY II | **Sub-Neighborhood:** | G |
| **Use Code:** | 191 - Vacant True | **Class 3 Exception:** | No |
| **Tax Type:** | E9 - WMATA | **Tax Class:** | 003 - Vacant |
| **Homestead Status:** | ** Not receiving the Homestead Deduction | | |
| **Assessor:** | GREGORY GLOVER | | |
| **Gross Building Area:** | | **Ward:** | 1 |
| **Land Area:** | 516 | **Triennial Group:** | 2 |

## Owner and Sales Information

| | |
|---|---|
| **Owner Name:** | WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (WMATA) |
| **Mailing Address:** | 600 5TH ST NW; WASHINGTON DC20001-2610 |
| **Sale Price:** | Not Available |
| **Sale Date:** | Not Available |
| **Instrument No.:** | |

## Tax Year 2010 Preliminary Assessment Roll

| | Current Value | Proposed New Value (2010) |
|---|---|---|
| **Land:** | $142,970 | $142,970 |
| **Improvements:** | Not Available | Not Available |
| **Total Value:** | $142,970 | $142,970 |
| **Taxable Assessment:** * | $142,970 | $142,970 |

* Taxable Assessment after Tax Assessment Credit and after $67,500 Homestead Credit, if applicable. (Click here for more information).

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# Property Detail

**Address:** 0710 FLORIDA AV NW
**SSL:** 0416 0031

## Record Details

| | | | |
|---|---|---|---|
| **Neighborhood:** | OLD CITY II | **Sub-Neighborhood:** | G |
| **Use Code:** | 191 - Vacant True | **Class 3 Exception:** | No |
| **Tax Type:** | E9 - WMATA | **Tax Class:** | 003 - Vacant |
| **Homestead Status:** | ** Not receiving the Homestead Deduction | | |
| **Assessor:** | GREGORY GLOVER | | |
| **Gross Building Area:** | | **Ward:** | 1 |
| **Land Area:** | 15,956 | **Triennial Group:** | 2 |

## Owner and Sales Information

| | |
|---|---|
| **Owner Name:** | WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (WMATA) |
| **Mailing Address:** | 600 5TH ST NW; WASHINGTON DC20001-2610 |
| **Sale Price:** | Not Available |
| **Sale Date:** | Not Available |
| **Instrument No.:** | |

## Tax Year 2010 Preliminary Assessment Roll

| | Current Value | Proposed New Value (2010) |
|---|---|---|
| **Land:** | $4,420,930 | $4,420,930 |
| **Improvements:** | Not Available | Not Available |
| **Total Value:** | $4,420,930 | $4,420,930 |
| **Taxable Assessment:** * | $4,420,930 | $4,420,930 |

* Taxable Assessment after Tax Assessment Credit and after $67,500 Homestead Credit, if applicable. (Click here for more information).

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FOIA CONFIDENTIAL TREATMENT REQUESTED 

# M E M O R A N D U M

SUBJECT: Order of Magnitude (OME)
WMATA Property at
Florida Ave., NW
Washington, DC
Square 416, Lots 18 & 31
Square 393, Lots 44 & 45

DATE: 5/13/09

Needs work

FROM: LAND - Malcolm Marshall

TO: File

## Introduction

An appraisal was performed for the subject property as of the effective date of August 9, 2007 concluding a fee simple value of $7,500,000 or approximately $57.50 per sq. ft. of FAR assuming that the sites will support the maximum density development of 130,014 sq. ft. An Order of Magnitude (OME) has been requested in order to establish a current value and rental rate for the subject properties. *Any development or use of the sites is predicated on the sites being clean of any unlawful levels of soil contaminants. The following market value estimates are for clean properties and are subject to change once cleanup costs (if any) are established.*

## Property Description

The subject properties contain a total of 16,472 sq. ft. of unimproved land at the southeast corner of Florida Avenue and 8th Street, NW and 12,420 sq. ft. on the south side of Florida Avenue between 8th and 9th Streets for a total of 28,892 sq. ft. of land area. The value of the properties are determined assuming the retention of an underground easement for the benefit of WMATA on part of the property for an existing tunnel with the top of the tunnel approximately 28 to 30 feet below grade level.

## Market Area

The subject properties are located on what is considered the U Street corridor approximately 2 blocks northwest of the Shaw-Howard University Metrorail Station and 2 blocks east of the U Street-Cardozo Metrorail Station. This area has been improved substantially in recent years attracting a large number of restaurants, stores, performance theaters and night clubs as well as significant residential development including the 156-unit Lincoln Condominiums at 11th and V Streets and the 98-unit Harrison Square townhouse development at 12th and V Streets.

28,892 sf x 3.5 x $5 [illegible] $5,76[illegible]

Washington Metropolitan Area Transit Authority



FOIA CONFIDENTIAL TREATMENT REQUESTED

Howard University Hospital, which contains 347 beds, is located one block northeast of the subject property at 7th and Florida Avenue. A Rite-Aid Pharmacy is located at 10th and U Street, two blocks to the west of the subject property, and a CVS is located ~~one~~ block to the east at 7th Street and Florida Avenue, and Howard University plans to relocate the CVS to a proposed town center to be located to the north near the Howard University complex located two blocks to the northeast on Georgia Avenue.

The major commercial corridors in the area of the subject include 14th Street, U Street, 9th Street, and 7th Street. The areas beyond these commercial areas are developed primarily with older townhouses and other residential properties. Substantial commercial renovation and new development has recently taken place in the area particularly to the north, west, and south of the subject. The development along U streets and Florida Avenue in the area of the subject consists generally of small, commercial one story buildings, many of which have been renovated or remodeled over the past 10 to 15 years. The market area is considered to be a substantially improving sector of the city, attributable at least in part to the opening of the U Street-Cardozo Metrorail Station in 1991.

## Zoning

According to the District of Columbia zoning map, the subject property is zoned C-2-B in the Uptown Arts and Mixed Use Overlay District, otherwise designated as A/C-2-B. This is a medium density, mixed use community center zoning category that permits a maximum building height of 65 feet with a matter-of-right density of 3.5 of which non-residential density is limited to 1.5. Hotel and residential uses are permitted up to the maximum density except that retail, service, or "arts and related uses" must generally occupy no less than 50% of the ground level of each building on a lot fronting on certain streets including this portion of Florida Avenue. Residential lot occupancy is limited to 80%. Because the subject property is in an Arts Overlay District, there are incentives for development for below-market housing, legitimate theater, arts, and related uses in excess of the minimum required, providing bonus density up to a maximum density of 4.5 FAR. If 3.0 or more FAR is devoted to market rate residential use, then the property is eligible for bonus residential density of 0.5 FAR (either on site or off site) for a total density of 4.0. If a part of a PUD, the maximum density is 6.0 FAR with a maximum commercial density of 2.0.

On-site parking requirements are generally 1 space for every 3 residential units for multi-family structures and 1 space per every 750 sq. ft. above 3,000 sq. ft. for retail or arts use. Required parking can be reduced by 25% due to proximity to a Metro station. (Additional reduction in parking is permitted at the discretion of the BZA by means of a variance pursuant to Section 2107 of the DC Zoning Ordinance.)

Since the WMATA lots ~~appear to be~~ are located within the Greater U Street



FOIA CONFIDENTIAL TREATMENT REQUESTED 

Historic District, building plans would require the approval of the Historic Preservation Review Board.

## VALUATION

### Highest and Best Use

The highest and best use of the property is generally that which would provide the highest density supported by the market, in this case, an arts, housing, or mixed use project, with additional density resulting from the subject's location in an Arts Overlay District. The maximum density for an arts use is a 4.5 FAR for a legitimate theater, for example; while that for residential development is 3.5 to 4.0, unless there is below-market housing of at least 1.0 FAR that would increase the density to 4.5 FAR.

Recent development in the area has been a mix of new residential and primarily renovated commercial development particularly in those areas within close proximity to U Street and locations further south toward downtown. Since there is only limited demand in this area for arts or legitimate theater use from financially viable users and since the market economics for below-market housing in this area have less financial feasibility, the highest and best use of the site is considered to be a mixed use, residential and retail (or arts) development.

Although assemblage with adjoining properties may create a more efficient development, self-contained development for the parcels is clearly considered feasible. The lot occupancy requirement of 80% would limit the building footprint for a residential structure, so that as much as a 6-story structure could possibly be constructed on the site at the maximum density within the height limitation of 65 feet. Residential units could occupy the upper levels with the ground floor consisting 50% retail or arts space and with the remainder of the 1st floor used for the lobby, amenities, and some common area of the residential portion.[1]

Even though a higher density project is permitted, the selected developer, Banneker, is proposing a stick-built, 5-story mixed use project for the subject properties because of the costs savings for stick-built construction. Under this proposal, there would be approximately 14,000 sq. ft. of retail and 104,457 sq. ft. of residential construction for the properties providing a total density of 118,457 sq. ft. for an effective FAR of 4.1. The District has apparently mandated that 20% of the proposed residential portion of the property be affordable dwelling units. ***Ironically, the current zoning regulations appear to allow bonus density to be achieved by the inclusion of below market***

---

[1]Development per a PUD would permit an 8 story structure at a maximum total density of 6.0 FAR of which no more than 2.0 FAR could be a commercial use.

***housing, yet the extra density derived from the affordable housing component is limited in this case because of the use of more economic, stick-built construction. Since the zoning regulations appear to permit a "by right" density of at least 3.5 FAR for development with market rate residential units, development at lower density with no affordable housing component would appear to be preferable.***

Since the top of the Metro tunnel is 28 to 30 feet below grade level on a portion of the property, it appears that one level of underground parking for a self-contained development on one of the sites is feasible. There could also be surface parking on the undeveloped portion of the sites as well as some covered 1st level parking below the upper building levels. Using surface parking as opposed to underground parking however would probably require that any proposed building be built to a level of 6 stories to achieve maximum on-site density, thereby likely eliminating the use of a more economical, stick-built structure. The selected developer is proposing to provide 60 parking spaces for the subject properties.

According to the previous lessee of the property, the District will not permit a curb cut on the Florida Avenue portion of the site, although a curb cut would be permitted on the 8th and 9th Street portions. Though this prohibition may negatively impact some potential uses of the site such as a restaurant with on-site parking, the curb cut limitation is not considered to seriously affect the use of the site as a mixed use project with residential development on the upper levels.

## Fair Market Value of the Properties

If it is assumed that the selected developer's conceptual plan is the highest and best of the properties, the subject properties can be evaluated assuming a density of 118,457 sq. ft. and a requirement of 20% affordable housing.

The proposal appears to provide for the payment to WMATA of "predevelopment rent" of $80,000 per year commencing sometime in 2011 with full ground lease payments not expected until building completion and lease-up in 2014.

As indicated, the August, 2007 appraisal report concluded that the properties had a value of $57.50 per sq. ft. of the maximum permitted density of 4.5 FAR. Due to poor market conditions, there has been only one sale in this submarket since the time of this appraisal report. A vacant lot in a mid-block location a block west of the subject property at 1932 9th Street, NW sold in January 31, 2008 for $1,400,000. The site had the same zoning as the subject property and was also situated in the Arts Overlay zone. The $1,400,000 price for the 5,436 sq. ft. parcel equates to a consideration of $57.23 per sq. ft. of FAR at the maximum permitted density of 4.5 FAR. The purchaser planned to build a museum at the site using 2.0 FAR that equates to a price of $128.77 per sq. ft.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006036

of FAR.

There have been no other reported sales in this submarket and very few arms-length sales in the general market area due to poor market conditions, although there have been some distressed sales at discounts of 20% to 35% to previous market values. Since the selected developer of the subject property is not expected to initiate full lease rental payments for several years, the market can be expected to recover at least some of the recent losses in market value.

Taking into account the deferred commencement of lease payments, the subject properties are estimated to have a value of approximately $50 per sq. ft. of FAR for market rate units. The value of the retail portion of the project is estimated at $65 per sq. ft. of FAR.

As discussed, the District has apparently imposed a 20% affordable housing requirement under which 18 of the 92 proposed apartment units would be rented at below the fair market rental. I do not profess to be an expert in this area but understand that under this program, the affordable units would be rented at close to 40% of market rental value so that the income derived from these units would be very limited, yet the developer would be responsible for the costs associated with delivering these units. The net effective economic cost for the affordable housing component is therefore estimated at no less than $170,000 per affordable unit or approximately $3,060,000.[2] This cost severely diminishes the net effective value of the properties for residential development if this cost is deducted from the estimated land value before consideration of affordable housing:

Estimated Net Value:

| | |
|---|---|
| Market Rate Residential Portion (83,566[3] FAR @ $50/FAR) | $4,178,000 |
| Retail Portion (14,000 FAR @ $65/FAR) | $910,000 |
| Value of Market Rate Portion | $5,088,000 |
| Affordable Housing Portion (20,891[4] FAR) | -$3,060,000 |
| Net Value | $2,028,000 |

It does not appear that designing a higher density, residential project or lower density commercial project with the maximum density permitted could increase

[2]I have no working knowledge of the affordable housing requirements outlined above, but Eric Smart, who is more familiar with this affordable program, estimates the costs as high as $200,000 to $250,000 per affordable unit.

[3]80% of 104,457 sq. ft. of the proposed residential development

[4]20% of 104,457 sq. ft. of the proposed residential development



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the net value indicated above. ***Please note, however, that the zoning regulations appear to permit a "by right" density of at least 3.5 FAR for mixed use projects containing only market rate residential units.*** Assuming the unit values shown on the previous page, the same retail component, and a 3.5 FAR, the estimated market value assuming "by right" residential density would be $5,266,000 as shown below:

| Estimated Value With Market Rate Units at 3.5 FAR | |
|---|---|
| Residential Portion (87,122[5] FAR @ $50/FAR) | $4,356,000 |
| Retail Portion (14,000 FAR @ $65/FAR) | $910,000 |
| Total Value | $5,266,000 |

Development with 4.0 FAR of density would increase the estimated value to almost $6,000,000. There may, however, be an explanation as to why the selected developer did not pursue either of these lower density development alternatives, and further investigation of permitted density is recommended.

## Lease Rental Rate

The 2007 appraisal report estimated a market ground rental rate of 7% of land value. Because of the difficulty involved in financing leasehold interests in the current market, there have no known recent land lease transactions. It seems clear, however, that land lease rental rates have not diminished since the time of this appraisal report except in those situations where there are meaningful future rental increases.

*As distinguished from an appraisal, wherein the estimate of value advanced is supported by the presentation and analyses of factual and relevant data, an OME is usually based upon the appraiser's general knowledge of the realty market and/or a cursory overview of market activity within a subject's general vicinity. Under no circumstances should an OME be construed (or used) as an appraisal. The OME estimate also does not reflect valuation based on Environmental Assessment.*

Malcolm Marshall
Head, Appraisal Branch
DC Certified General Real Estate

5-13-09
Date

5-13-09

[5] 28,892 SF of land at 3.5 FAR is 101,122 SF. Reducing the 101,122 SF figure by the 14,000 SF of retail portion results in 87,122 SF.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006038

Approved and Accepted:

Mark K. Meister — 5/13/09 Date

Mark K. Meister
Program Manager, Real Estate
Acting Director, Station Area Planning & Asset Management



FOIA CONFIDENTIAL TREATMENT REQUESTED

At end of 60 yr or termination
Co-tenancy on Sq 393

unfunded liability

(B) we are not in control because we only have 79% came late in the day for us (since December)

∴ not an attractive business arrangement for us or someone else to whom we would wish to dish it off it is a risk we cannot control

- would Alvarez & Marsal agree?
- would Steve Golden agree?

(A) We can't enter into a partnership under the Compact + this is a de facto partnership

FOIA CONFIDENTIAL TREATMENT REQUESTED

TAX CREDIT EQUITY

# Hopes Ride on Strong Second Half

## Syndicators see some signs of market improvement

**BY DONNA KIMURA**

Low-income housing tax credit (LIHTC) syndicators are counting on a strong finish after a slow first half to open the year.

Eleven syndicators say they are anticipating more investor capital flowing into the market in the year's home stretch, largely because of improving economic conditions. The second half of the year is also typically a busier time for the industry.

"As economic conditions improve, we expect that more investors will feel comfortable with tax credits again and return to the market, or, if they have not invested in the LIHTC program before, invest as the economy shows signs of recovery," says Andrew Weil, executive managing director of Centerline Capital Group's Affordable Housing Group.

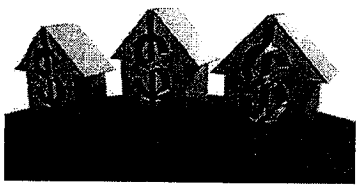
Two syndicators say they do not expect a material change in the market in the year's closing months, with several predicting that the market will stabilize in 2010.

Affordable Housing Finance surveyed national syndicators and state and local equity funds about their first-half activities and their prospects for the full year.

The surveyed firms raised a cumulative $1.07 billion in LIHTC capital in the first six months. Three companies—Enterprise Community Investment, Inc., Great Lakes Capital Fund, and St. Louis Equity Fund, Inc.—declined to reveal how much they raised or said they did not raise any capital during that period. St. Louis officials noted that they typically do not close funds in the first six months of the year.

Overall, the weak first half turned out to be what most syndicators expected. The economic downturn significantly reduced corporate investing in tax credits. LIHTC authorities report that housing tax credit investing hit a high of about $9 billion three years ago but fell to about $5.5 billion in 2008, with some expecting it to be even lower this year. The upshot is that some projects may not get funded and built.

> "I think developers should focus on getting deals closed even if it means leaving some dollars on the table."
> —Hal Keller, president, Ohio Capital Corporation for Housing



The average price per dollar of credit was about $0.76 for deals in the second quarter while yields to investors averaged about 9 percent. This compares to about $0.85 and 6.7 percent a year ago, the averages from last year's mid-year survey.

### Stimulus effects

Opinion was mixed on how far and how fast projects were moving forward as a result of the recent stimulus bill.

Created under the American Recovery and Reinvestment Act (ARRA), the Tax Credit Assistance Program (TCAP) and the exchange program are helping deals, albeit slowly, according to officials at Enterprise. "Now that the states have received guidance with respect to administration, we expect the pace to pick up in the last two quarters of 2009," Enterprise officials say.

In August, projects were still in the works but beginning to push forward, according to Stephen M. Daley, executive vice president of The Richman Group Affordable Housing Corp., which raised about $300 million in capital in the first half. "The use of TCAP and the exchange will allow projects to get funded at lower credit prices, which will result in higher yields to attract capital," he explains.

Others are less convinced of the overall effect. "The programs will help at the margins but not enough to overcome market investment issues in volume," says Joseph E. Resende, president of Franklin Capital Group.

Some states are finalizing program rules, and key deadlines are still to come.

"We are seeing movement in the programs but no projects breaking ground yet," says Jim Rieker, president of the Midwest Housing Equity Group, Inc. "In most of our states, projects have until the fourth quarter to close on their TCAP and exchange agreements. We expect most of these projects to break ground in the spring of 2010 once the weather allows for site work."

Overall, some new investors may come into the market this year, adds Rieker. "However, many of these investors are attracted to the record level of returns made possible by TCAP and exchange money," he says. "So, we don't believe it's an indication of a long-term recovery of the program."

Developers will have to work with



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006041

INTEGRA Realty Resources
WASHINGTON, DC
*Local Expertise...Nationally*

October 30, 2009

Mr. Malcolm Marshall
Washington Metropolitan Area Transit Authority
600 Fifth Street NW
Washington, District of Columbia 20001

SUBJECT: Hypothetical Ground Lease Analysis
9th Street NW & Florida Avenue NW
Washington, District of Columbia 20001
Integra Washington, DC File No. 141-2009-0440

Dear Mr. Marshall:

Per your request, Integra Realty Resources – Washington, DC has performed an analysis of market terms for a proposed ground lease in the vicinity of Florida Avenue and 9th Street NW. As discussed, our analysis stipulates to the following parameters:

- The fee simple market value of the subject site is $2,200,000;
- WMATA (lessor) proposes to lease the site for 60 years at a level annual rent;
- The lessee would have a 39-year renewal option at then-market rent upon expiration of the 60 year base lease term, with market rent to be determined at the time of renewal.

It is noted that proposed terms call for the lessor to receive additional income of 1.5% of gross income and 10% of the net proceeds of any refinancing or sale. However, at your request, we have excluded the impact of this provision from our analysis.

The purpose of our analysis is twofold: first, to develop an opinion of market rent for the 60-year base term as proposed; second, to develop an opinion of the present value of the payment stream that would be generated by the lease at the concluded market rent.

In the course of our investigation, we have spoken to several brokers and developers active in the Washington, DC land development market, including Jayne Shister of Cassidy & Pinkard Colliers, Timothy Smith of LCOR, Ari Firoozabadi of Marcus & Millichap, and John Begert of Fraser Forbes to determine an appropriate methodology for calculating annual rental payments for long-term ground leases. The responses indicate



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that the typical methodology is to first value the land to be leased, then estimate a desired rate of return. The rate of return, expressed as a percentage of the total land value paid annually, is analogous to a capitalization rate, which reflects the income generated in a single year expressed as a percentage of total value. The relationship between the annual rental rate (as a percentage of site value) and capitalization rate reflects the fact that a landowner would not encumber a property with a lease that reflected a lower annual percentage return of the site value than indicated by a market-derived capitalization rate.

Accordingly, we have surveyed capitalization rates reflected by land-leased sales on a national basis over the past year, as well as several current listings.

**Capitalization Rate Comparables**

| No. | Location | Tenant | Sale Date | Annual Rent | Sale Price | Overall Cap Rate |
|---|---|---|---|---|---|---|
| 1. | Richland, PA | Lowe's | Listing | $774,900 | $11,070,000 | 7.00% |
| 2. | Jacksonville, IL | Blue Cross Blue Shield | Listing | $579,158 | $7,473,000 | 7.75% |
| 3. | Norcross, GA | Local office user | Listing | $151,965 | $1,842,000 | 8.25% |
| 4. | Lawrence, KS | Taco Bell | July-09 | $70,012 | $920,000 | 7.61% |
| 5. | Carmel, IN | Multiple (Retail & Office) | May-09 | $394,785 | $4,650,000 | 8.49% |
| 6. | Ooltewah, TN | BB&T | May-09 | $95,000 | $1,461,538 | 6.50% |
| 7. | Richland, PA | Multiple (Retail & Restaurant) | January-09 | $388,208 | $4,775,000 | 8.13% |
| 8. | Upper Arlington, OH | Chase Bank | January-09 | $130,000 | $2,080,000 | 6.25% |
| 9. | Leesburg, VA | Pizza Hut | December-08 | $109,545 | $1,542,888 | 7.10% |

The sales and listings reflect a range of capitalization rates from 6.25% to 8.49%, with an average of 7.45%. These transactions reflect a range of factors that can significantly influence the capitalization rate, including creditworthiness of the tenant, rental rate escalations, length of lease term remaining, and the anticipated value of the underlying property upon reversion. In general, the lower end of the range of rates are characterized by leases with significant escalations throughout the lease term and favorable credit factors, while the high end of the range reflects shorter lease terms, weaker credit tenancy, low escalations, and/or weak location.

The hypothetical lease under consideration would reflect a mix of positive and negative factors. It would be located in the rapidly growing U Street corridor of Washington, DC, which is expected to have a very strong long-term value trend. However, the lease as proposed will not include escalations, and over a long lease period inflation will diminish the real value of the income stream. Based on a review of the comparable data and considering these factors, it appears that an annual ground rent payment for the subject site should fall in the range of 7% to 8% of site value, or $154,000 to $176,000 per year.

In order to conclude to an appropriate annual rental rate, we also consider the impact of a given rental rate on the present value of the future payment stream relative to overall site value. Timothy Smith of LCOR reports that while he has not been involved in any land lease transactions over the past year due to the general slowdown in the land development market, he has been involved in several negotiations that may ultimately result in deals as

the market recovers. According to Mr. Smith, several landowners in the DC area who had been planning to sell their properties have expressed interest in leasing their properties for 60 to 99 years in exchange for a lump sum payment in the range of 80% to 90% of what they believe to be the fee simple market value. Deals structured in this manner would allow the property owner to eliminate carrying costs and receive a substantial payoff for the land, while allowing the lessee to acquire a site at a discount in exchange for losing rights to the property in the distant future. Accordingly, we have tested a range of discount and rental rates (as a percentage of land value) to determine an annual rental rate that results in a present value of the payment stream equivalent to 80% to 90% of the stipulated market value.

To discount the stream of payments to present value, we rely primarily on the Kopacz Real Estate Investor Survey published by PriceWaterhouseCoopers. Korpacz reports a range of discount rates employed by investors as of Q3 2009 at 7.50% to 13.00%, with an average of 9.24%, for CBD office properties nationally. For Washington, DC, the range is from 7.00% to 8.11%. Suburban Maryland and Virginia capitalization rates are significantly higher, ranging up to 12.00%. Because the subject is located outside the CBD of Washington, DC, it is our opinion that a rate at the upper end of the CBD range is most appropriate. We therefore apply a discount rate of 9% in our analysis.

Using a discount rate of 9%, the lump sum value of payments at annual rental rates ranging from 7% to 8% of land value result in the following ratios of payment stream present value to land value:

| Rental Rate % | 6.50% | 6.75% | 7.00% | 7.25% | 7.50% | 7.75% | 8.00% |
|---|---|---|---|---|---|---|---|
| PV of Payments at 9% | $1,722,050 | $1,788,283 | $1,854,516 | $1,920,748 | $1,986,981 | $2,053,214 | $2,119,447 |
| Land Value | $2,200,000 | $2,200,000 | $2,200,000 | $2,200,000 | $2,200,000 | $2,200,000 | $2,200,000 |
| PV/Land Value Ratio | 78.3% | 81.3% | 84.3% | 87.3% | 90.3% | 93.3% | 96.3% |

Based on our conversations with Mr. Timothy Smith, we conclude that an appropriate rental rate should result in a present value to land value ratio of 80% to 90%. We therefore conclude to a range of rental rates from 6.75% to 7.50% or land value is appropriate.

Our analysis of capitalization rates extracted from sales indicated a range from 7% to 8%, while the analysis of the ratio of the present value of the payment stream to land value indicates that a reasonable range is from 6.75% to 7.50%. Viewing both methodologies together, it appears that a rate from 7.0% to 7.5%, the overlap range, is appropriate for the subject lease.

We perform an additional test of reasonableness to conclude to a percentage rental rate within this range. This test recognizes that a prudent landowner would not lease their property on a long-term basis unless the present value of the rental payments plus an expected reversion upon expiration is equal to the current land value. Using a discount

rate of 9%, we test a range of percentage rental rates to determine what level of escalation in the value of the subject site would be required to create a sufficient reversion value that, when added to the present value of the income stream, exceeds the current value of the site.

At a rental rate of 6.75% of land value, the underlying site would be required to appreciate at an average rate of 5.95% per year (compounding) in order to meet this hurdle. Investor expectations of rental rate growth over the next 7 to 10 years range from 2% to 4% (average 2.44%) for Washington, DC office properties and from 0% to 5% (average 2.56%) for office properties. While expected income growth in the subject submarket is expected to allow for appreciation somewhat in excess of these parameters, average appreciation of 6% is clearly unreasonable. Required land price escalation to achieve feasibility within the range of rental rates from 7% to 8% is shown below:

| Rental Rate % | 7.00% | 7.25% | 7.50% | 7.75% | 8.00% |
|---|---|---|---|---|---|
| Required Land Value Escalation | 5.65% | 5.25% | 4.75% | 4.10% | 3.10% |

This analysis indicates that the range of feasible rental rates is somewhat higher than indicated by our present value to land value ratio analysis. Given that typical investor expectations of 60-year average appreciation are in the range of 3%, a rental rate of 8% of land value appears reasonable. However, our analysis does not consider the value of a possible reversion of improvements to the landowner upon expiration, which is typical for the marketplace. In addition, some investors utilize lower discount rates when calculating acceptable rates of return on land holdings as opposed to income streams. Accordingly, the required appreciation to meet feasibility for the landowner may be overstated slightly in this analysis. This methodology, however, illustrates the significant detrimental impact of level rents on a long-term lease from the landowner's perspective, as the value of the future payments diminishes significantly in the later years of the lease. As Jayne Shister of Cassidy & Pinkard Colliers noted, "escalation terms are the most difficult aspect of negotiating a ground lease," and long-term leases at level rent are highly unusual. This final analysis indicates that a somewhat higher rental rate is required to account for the level rent stipulated in the hypothetical lease terms.

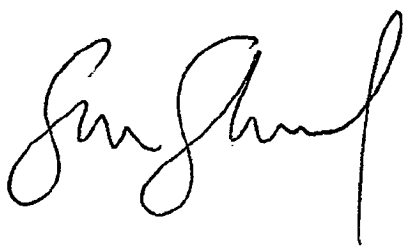
Considering all of these factors, it is our opinion that a market rental rate for the subject site, at the stipulated land value and lease terms, is **7.75% of land value, or $170,500 annually**.

Applying the previously utilized discount rate of 9% to a 60-year stream of annual payments of $170,500, paid in advance, results in a lump sum present value indication of the stream of rental payments at **$2,050,000** ($2,053,214, rounded).

A schedule of present value calculations supporting our analysis is appended to this letter. Thank you for the opportunity to be of service.

Best regards,

Patrick C. Kerr, MAI, MRICS, SRA
Managing Director
Certified General Real Estate Appraiser
DC Certificate #GA00010274



Samuel D. Sherwood
Analyst

| | |
|---|---|
| Land Value | $2,200,000 |
| Capitalization Rate | 7.75% |
| Annual Payment | $170,500 |
| Discount Rate | 9.00% |
| Net PV | $2,053,214 |

| Year | Payment | PV Factor | PV |
|---|---|---|---|
| 1 | $170,500 | 1.000 | $170,500 |
| 2 | $170,500 | 0.917 | $156,422 |
| 3 | $170,500 | 0.842 | $143,506 |
| 4 | $170,500 | 0.772 | $131,657 |
| 5 | $170,500 | 0.708 | $120,786 |
| 6 | $170,500 | 0.650 | $110,813 |
| 7 | $170,500 | 0.596 | $101,664 |
| 8 | $170,500 | 0.547 | $93,269 |
| 9 | $170,500 | 0.502 | $85,568 |
| 10 | $170,500 | 0.460 | $78,503 |
| 11 | $170,500 | 0.422 | $72,021 |
| 12 | $170,500 | 0.388 | $66,074 |
| 13 | $170,500 | 0.356 | $60,619 |
| 14 | $170,500 | 0.326 | $55,613 |
| 15 | $170,500 | 0.299 | $51,022 |
| 16 | $170,500 | 0.275 | $46,809 |
| 17 | $170,500 | 0.252 | $42,944 |
| 18 | $170,500 | 0.231 | $39,398 |
| 19 | $170,500 | 0.212 | $36,145 |
| 20 | $170,500 | 0.194 | $33,160 |
| 21 | $170,500 | 0.178 | $30,422 |
| 22 | $170,500 | 0.164 | $27,911 |
| 23 | $170,500 | 0.150 | $25,606 |
| 24 | $170,500 | 0.138 | $23,492 |
| 25 | $170,500 | 0.126 | $21,552 |
| 26 | $170,500 | 0.116 | $19,773 |
| 27 | $170,500 | 0.106 | $18,140 |
| 28 | $170,500 | 0.098 | $16,642 |
| 29 | $170,500 | 0.090 | $15,268 |
| 30 | $170,500 | 0.082 | $14,007 |
| 31 | $170,500 | 0.075 | $12,851 |
| 32 | $170,500 | 0.069 | $11,790 |
| 33 | $170,500 | 0.063 | $10,816 |
| 34 | $170,500 | 0.058 | $9,923 |
| 35 | $170,500 | 0.053 | $9,104 |
| 36 | $170,500 | 0.049 | $8,352 |
| 37 | $170,500 | 0.045 | $7,662 |
| 38 | $170,500 | 0.041 | $7,030 |
| 39 | $170,500 | 0.038 | $6,449 |
| 40 | $170,500 | 0.035 | $5,917 |
| 41 | $170,500 | 0.032 | $5,428 |
| 42 | $170,500 | 0.029 | $4,980 |
| 43 | $170,500 | 0.027 | $4,569 |
| 44 | $170,500 | 0.025 | $4,192 |

| | | | |
|---|---|---|---|
| 45 | $170,500 | 0.023 | $3,846 |
| 46 | $170,500 | 0.021 | $3,528 |
| 47 | $170,500 | 0.019 | $3,237 |
| 48 | $170,500 | 0.017 | $2,969 |
| 49 | $170,500 | 0.016 | $2,724 |
| 50 | $170,500 | 0.015 | $2,499 |
| 51 | $170,500 | 0.013 | $2,293 |
| 52 | $170,500 | 0.012 | $2,104 |
| 53 | $170,500 | 0.011 | $1,930 |
| 54 | $170,500 | 0.010 | $1,771 |
| 55 | $170,500 | 0.010 | $1,624 |
| 56 | $170,500 | 0.009 | $1,490 |
| 57 | $170,500 | 0.008 | $1,367 |
| 58 | $170,500 | 0.007 | $1,254 |
| 59 | $170,500 | 0.007 | $1,151 |
| 60 | $170,500 | 0.006 | $1,056 |

Loss per FAR for IZ Requirement – Shaw/WMATA Sites

| | |
|---|---|
| Monthly Deficiency - IZ to Market | $400/Unit/Mo |
| Month/Year | 12 |
| Annual Loss | $4,800/Unit/Yr |
| Vacancy/Credit Loss Allowance (-5%) | 95.00% |
| Management Allowance (-4%) | 96.00% |
| NOI Loss Before R E Tax | $4,378 |
| Loaded Capitalization Rate (OAR + Tax Rate) | 7.00% |
| Value Loss per Unit | $62,537 |
| Average NRA/Unit | 700 sf |
| Gross/Net Ratio | 1.15 |
| Indicated FAR/Unit | 805 sf |
| Land Value/FAR | $55/FAR |
| Lost Land Value | $44,275 |
| Deficiency on Value Applied to Cost | -$18,262 |
| FAR per Unit | 805 sf |
| Deficiency Loss on Cost per FAR | -$22.69/FAR |
| IZ Requirement | 8,782 sf |
| Indicated | -$199,228 |
| Rounded to | $200,000 |

Harps & Harps, Inc.
1111 14th Street, NW, Suite 600, Washington, DC 20005
Tel.: (202) 682-2194 Fax: (202) 682-1579

# M E M O R A N D U M

To: Malcolm Marshall, WMATA Real Estate

From: Richard Harps

Date: September 24, 2009

Re: WMATA 7th Street

Derivation of Adjustment for IZ Operational Loss Deficit In Excess of Lost Land Value

Premise: 80% AMI Moderate Income requirement

IZ Requirement based on minimum for each site (See pages 24 and 25 in report, which are copied below)

| Inclusionary Zoning Requirement Analysis | | | | |
|---|---|---|---|---|
| Site (Sq/Lot) | | 393/44 | 393/45 | 416/31 |
| Site Area | | 3,799 sf | 8,621 sf | 16,472 sf |
| Zone | | Arts/C2B | Arts/C2B | Arts/C2B |
| 1st Test – 8% of Matter-of-Right Density | | | | |
| M/R Max Density | | 13,297 sf | 30,174 sf | 57,652 sf |
| 8% of M/R | 8.00% | 1,064 sf | 2,414 sf | 4,612 sf |
| 2nd Test – 50% of Inclusionary Zoning Bonus Density | | | | |
| IZ Bonus Potential | 0.7 | 2,659 sf | 6,035 sf | 11,530 sf |
| 50% Bonus | 50.00% | 1,330 sf | 3,017 sf | 5,765 sf |
| Limiting Factor – Not required for less than 10 units | | | | |
| Site (Sq/Lot) | | 393/44 | 393/45 | 416/31 |
| Likely Residential | | Less than 10 Units | More than 10 Units | More than 10 Units |
| IZ Density – Greater of 8% of M/R or 50% of Bonus | | | | |
| Site (Sq/Lot) | | 393/44 | 393/45 | 416/31 |
| IZ Requirement | | -0- sf | 3,017 sf | 5,765 sf |
| Total IZ Requirement: | | | | |
| Site Sq 393 Lot 44 | | -0- sf | | |
| Site Sq 393 Lot 45 | | 3,017 sf | | |
| Site Sq 416 Lot 31 | | 5,765 sf | | |
| Total IZ Requirement | | 8,782 sf | | |

## Doggett, Rosalyn

**From:** Marshall, Malcolm
**Sent:** Thursday, September 24, 2009 2:07 PM
**To:** Doggett, Rosalyn
**Subject:** FW: Shaw Howard

---

**From:** richard harps [mailto:rharps@earthlink.net]
**Sent:** Thursday, September 24, 2009 2:06 PM
**To:** Marshall, Malcolm
**Subject:** RE: Shaw Howard

DC Max Rents for 80% AMI units of $1,438 per month less $108 for utilities or $1,330 compared to newer units in that area at $1,600 to $1,800 per month for efficiencies and $1,643 less $150 for 1 BRs less $150 for utils or $1,493 per month compared to $1,800 to $2,000 for market. Rough differential $400 (operating expenses on the IZ units would likely be lower as RETaxes should be lower)

-----Original Message-----
From: "Marshall, Malcolm"
Sent: Sep 24, 2009 1:56 PM
To: richard harps
Cc: "Doggett, Rosalyn"
Subject: RE: Shaw Howard

Harps & Harps Inc
1111 14th Street, NW Suite 600
Washington, DC 20005
202-682-2194
202-682-1579 (fax)
rharps@earthlink.net

FOIA CONFIDENTIAL TREATMENT REQUESTED

| | | | |
|---|---|---|---|
| # of Units (Market) | 106 | 77,840 | nsf |
| # of Units (Afford) | 26 | 18,400 | nsf |
| | 132 | | |

| 80% AMI DC Rents | | Utilities | | Net Rent | |
|---|---|---|---|---|---|
| Studio | $ 1,438.00 | $ | (108.00) | $ | 1,330.00 |
| 1 BR | $ 1,643.00 | $ | (150.00) | $ | 1,493.00 |
| 2 BR | $ 1,849.00 | $ | (192.00) | $ | 1,657.00 |

| | Total (all unit types) | | Market | | Affordable | | |
|---|---|---|---|---|---|---|---|
| Type | No. of Units | Avg. Unit Size | Net Rent* | No. of Units | Rent | # of Units | Total Rent |
| Studio | 16 | 480 | 1,318 | 12 | 1,330 | 4 | 5,320 |
| Studio | 4 | 490 | 1,318 | 3 | 1,330 | 1 | 1,330 |
| Studio | 12 | 560 | 1,407 | 10 | 1,330 | 2 | 2,660 |
| Jr. 1BR | 8 | 600 | 1,551 | 4 | 1,493 | 4 | 5,972 |
| Jr. 1BR | 12 | 625 | 1,577 | 12 | | | |
| Jr. 1BR | 12 | 635 | 1,598 | 9 | 1,493 | 3 | 4,479 |
| Jr. 1BR | 8 | 645 | 1,598 | 8 | | | |
| 1 BR | 16 | 695 | 1,658 | 13 | 1,493 | 3 | 4,479 |
| 2 BR | 4 | 920 | | | 1,657 | 4 | 6,628 |
| 2 BR | 12 | 955 | 2,125 | 8 | 1,657 | 4 | 6,628 |
| 2 BR | 8 | 960 | 2,316 | 8 | | | |
| 2 BR | 4 | 980 | 2,338 | 3 | 1,657 | 1 | 1,657 |
| 2 BR | 4 | 1040 | 2,380 | 4 | | | |
| 2 BR | 8 | 1060 | 2,423 | 8 | | | |
| 2 BR | 4 | 1075 | 2,465 | 4 | | | |
| Unit Total | 132 | | | 106 | | 26 | 39,153 |
| | | | $ 2.43 | /rsf | $ 2.13 | /rsf | |

WMATA-INV 006052

M. Marshall @ 11/09

| | Estimated Values | Base Rent | Base Rent Lump Sum |
|---|---|---|---|
| Value Based on IZ Affordable Housing (Harps) | $4,000,000 | $335,000 | $5,601,000 |
| Value with Commercial Development @ 2.0 FAR | $2,736,000 | $230,000 | $3,984,000 |
| Value Based on 20% Affordale Housing | $1,126,000 | $95,000 | $1,905,000 |

FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006053

**McIntosh & Associates, LLC**

Real Estate Tax Consulting

**MEMORANDUM**

**TO:** BANNEKER VENTURES

**FROM:** KEITH MCINTOSH

**SUBJECT:** FLORIDA AVE & 9TH ST LAND PARCELS

(SQUARE 416 LOTS 18 & 31; SQUARE 393 LOTS 44 & 45)

## Land Key Points:

- In evaluation of the sales comps used by the appraiser, we don't believe a sufficient amount of adjustments are made to the comps to account for both the size of the parcels and the timing of each sales transaction.
- Prior to the start of 2008, land sales were fairly high. In mid-2008 as the economic downturn began to downward spiral, land sales became scarce with the values dropping considerably from their previous levels.
- The development horizon, based on local market data, suggest that the local market is not anticipating stabilized or improved market conditions for at least the next three to five years.
- Other adjustments for exposure (frontage) and for size reflecting the notion that smaller properties tend to trade at higher units, other things being equal.

## Conclusion:

- M & A Value based on Sales Comps : $36/FAR prior to easement adjustment
- M & A Value based on Assessment Comps: $40/FAR prior to easement adjustment

**FINAL ESTIMATE OF VALUE RANGE**

Total Land SF (124,000) * $36/FAR= $4,425,186

Total Land SF (124,000) * $40/FAR= $4,968,943



FOIA CONFIDENTIAL TREATMENT REQUESTED

McIntosh & Associates, LLC

## Land Sales Comparables

| | Subject | Comparable 1 | Comparable 2 | Comparable 3 |
|---|---|---|---|---|
| | Florida Ave NW<br>Washington, DC | 2133-2143 9th St NW<br>Washington, DC | 2047 9th St NW<br>Washington, DC | 1932 9th St NW<br>Washington, DC |
| **I. Property Information** | | | | |
| Land SF: | 28,892 | 11,935 | 4,073 | 5,436 |
| Zoning: | Arts/ C-2-B | CR | CR | C-2-B |
| FAR: | 4.3 | 6.00 | 6.0 | 3.7 |
| Potential Density: | 124,000 | 71,610 | 24,438 | 20,004 |
| Sale Date: | | 8/31/2007 | 11/2/2006 | 1/31/2008 |
| Sale Price: | | $ 3,299,992 | $ 2,500,000 | $ 1,400,000 |
| Assessment | $ 8,005,110 | | | |
| Price/FAR: | $ 65 | $ 46 | $ 102 | $ 70 |
| Use Type: | Land | Land | Land | Land |
| Comments: | | | | |
| **II. Adjustments** | | | | |
| Market Conditions: | | -30% | -40% | -25% |
| Project Size: | | -10% | -20% | -20% |
| Total Adjustments | 0% | -40% | -60% | -45% |
| Indicated Value/FAR: | | $ 28 | $ 41 | $ 38 |
| **Average Price/FAR** | **$ 36** | | | |

McIntosh & Associates, LLC

## Assessment Comparables

| | Subject | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 |
|---|---|---|---|---|---|
| | Florida Ave NW<br>Washington, DC | 2334 Georgia Ave NW<br>Square 2877 Lot 1033 | 2030 8th St NW<br>Square 2875 Lot 1110 | 2137-2143 9th St NW<br>Square 2875 Lot 1108 | 1925 Vermont Ave NW<br>Square 0361 Lot 0827 |
| **I. Property Information** | | | | | |
| Land SF: | 28,892 | 30,896 | 13,420 | 6,230 | 37,926 |
| Zoning: | Arts/ C-2-B | CR | CR | CR | Arts/C-2-B |
| FAR: | 4.3 | 6.00 | 6.0 | 6.0 | 4.5 |
| Potential Density: | 124,000 | 185,376 | 80,520 | 37,380 | 170,667 |
| TY 2010 Assessment | $ 8,005,110 | $ 8,342,920 | $ 2,477,120 | $ 1,746,850 | $ 6,448,968 |
| Assess/FAR: | $ 65 | $ 45 | $ 31 | $ 47 | $ 38 |
| Use Type: | Land | Land | Old Whse-+ Land | Land | Special Purpose |
| Comments: | | | | | |
| **II. Adjustments** | | | | | |
| Market Conditions: | | 0% | 0% | 0% | 0% |
| Project Size: | | 0% | 0% | 0% | 0% |
| Total Adjustments | 0% | 0% | 0% | 0% | 0% |
| Indicated Value/FAR: | | $ 45 | $ 31 | $ 47 | $ 38 |
| **Average Price/FAR** | **$ 40** | | | | |

FOIA CONFIDENTIAL TREATMENT REQUESTED

## Doggett, Rosalyn

**From:** Marshall, Malcolm
**Sent:** Monday, July 20, 2009 10:58 AM
**To:** Doggett, Rosalyn
**Subject:** FW: 7th St

-----Original Message-----
From: richard harps [mailto:rharps@earthlink.net]
Sent: Monday, July 20, 2009 10:49 AM
To: Marshall, Malcolm
Cc: Eric Colbert
Subject: 7th St

Malcolm - I met with Eric Colbert this morning and we've got a few questions that need answers before we can go much further.

1 - Will the developer be allowed to put one level of parking below grade above the easement area? yes

2 - Will WMATA require a mat foundation above the easement area or will WMATA allow spread footings to be used above the easement area? better either as long we are not overloading the tunnel

3 - Will WMATA allow a 3, 4 or 5 (maybe 6) story structure above the easement area? Would the height of the structure allowed be dependent on the type of construction - concrete first and basement with stick built on the upper floors? - all poured concrete? - some other combination? e.g. Ellington is deep piles

4 - What are the 'excess construction costs' that you referenced and what do they represent? Support excavation, deeper pilings, e.g., Constr. monitoring

5 - Where is Lot 18 in Square 416. It looks like the total area shown for Lot 31 on the Sanborn plat includes the area for both L31 and L18 in the Scope and DC Assessment office information.

6 - For the analysis of the site value of the three separate parcels (A: Sq 416 Lot 18/31 combined, B: Sq 393 Lot44, C: Sq 393 Lot 45) we are assuming that each site (A, B and C) would stand alone. The impact of the ~~Draft~~ Duke Plan may play into the potential value assigned to the individual FAR conclusions with caveats, hypothetical conditions and/or extraordinary assumption - all of which are yet to be defined or quantified. adopted

Eric really needs the answers to #1, #2, #3 and #4 before he can get started. So if we're to have any chance to meet the delivery date, we need these ASAP

I'm copying Eric on this so he can let me/us know what I've missed, etc.

Thanks

Richard

Harps & Harps Inc
1111 14th Street, NW Suite 600



FOIA CONFIDENTIAL TREATMENT REQUESTED 

## Doggett, Rosalyn

**From:** Marshall, Malcolm
**Sent:** Monday, July 06, 2009 8:41 AM
**To:** Doggett, Rosalyn; Meister, Mark K.; Montague, Joshua W.
**Subject:** FW: New one

5/29

-----Original Message-----
From: richard harps [mailto:rharps@earthlink.net]
Sent: Thursday, July 02, 2009 5:30 PM
To: Eric Colbert
Cc: Marshall, Malcolm
Subject: New one

Eric

WMATA has asked for a value of their property at 7th>9th on the south side of U Street. The property is shown below. I'd need you to do a simple workup of the maximum development on the sites, recognizing the tunnel and limitations along the northern side. WMATA says they will supply the 'excess' cost to construct over the tunnel.

**********FROM WMATA**********
OWNER: WMATA

LOCATION: South Side of Florida Avenue between 7th & 9th Streets, NW Washington, DC

LEGAL DESCRIPTION: Square 393, Lots 44 and 45; Square 416, Lots 18 and 31

ZONING: C-2-B in Arts Overlay Zone

ESTIMATED AREA: Lot 44 - 3,800 SF
Lot 45 - 8,600 SF
Lot 18 - 516 SF
Lot 31 - 15,956 SF

COMMENTS: The northern portions of the parcels contains an existing Metrorail tunnel that has an upper limit that is 19 feet below the surface. WMATA can provide to the appraiser cost estimates for extraordinary costs that may be involved in building over the WMATA tunnel.

The Inclusionary Zoning Implementation Act, as amended, and the Duke Plan incorporate affordable housing provisions that should be considered in an analysis of the subject property.
**********

Time and fee - no court anticipated - rough areas should be sufficient. We'll work together on the breakdown of uses and densities, and, the inclusionary zoning impact will have to be incorporated into the analysis

Thanks

Richard



FOIA CONFIDENTIAL TREATMENT REQUESTED 

Harps & Harps Inc
1111 14th Street, NW Suite 600
Washington, DC 20005
202-682-2194
202-682-1579 (fax)
rharps@earthlink.net



FOIA CONFIDENTIAL TREATMENT REQUESTED

## Doggett, Rosalyn

**From:** richard harps [rharps@earthlink.net]
**Sent:** Wednesday, August 05, 2009 5:40 PM
**To:** Doggett, Rosalyn; Marshall, Malcolm
**Subject:** 7th Fla
**Attachments:** Memo - WMATA 7th.pdf

Memo attached - I still haven't heard back from Eric, on either of the questions, but have made my best attempt on the answer based on his earlier comments and our discussion on monday

Harps & Harps Inc
1111 14th Street, NW Suite 600
Washington, DC 20005
202-682-2194
202-682-1579 (fax)
rharps@earthlink.net

8/6 Nat $6,300,000 = mkt value

20% 1,30000 deduct

5,00000

~~anything or~~
with less aff. hog than
20% WMATA gets ~~$~~ $
~~[illegible]~~ from higher amt
(but think about not
full mkt in order for there
to be an incentive . . .)

# Harps & Harps, Inc.

1111 14th Street, NW, Suite 600, Washington, DC 20005
Tel.: (202) 682-2194 Fax: (202) 682-1579


## M E M O R A N D U M

| | |
|---|---|
| To: | Malcolm Marshall, WMATA<br>Rosalyn Doggett, WMATA |
| From: | Richard Harps |
| Date: | August 5, 2009 |
| Re: | WMATA 7th – Sq 393/44,45 and Sq 416/31 |

Summary of Conclusions:
Indicated Value on these three sites, considering the Inclusionary Zoning requirements and the impact of the WMATA tunnel.

General Assumptions per WMATA

- Construction of one level of below grade parking above the tunnel/easement would be permitted, but would required engineering and other approvals by WMATA

General Findings (per Eric Colbert, AIA)

- Each site can accommodate required parking in one basement below grade
- Sq 393/44 would be limited to a four (4) story structure with one (1) below grade parking level
- Sq 393/45 and Sq 416/31 would each permit a six (6) story structure but only four (4) stories over the tunnel, all over oce (1) below grade parking level.
- Efficiency of residential units is impacted by the small size of the site on Sq 393/44.
- Additional construction costs associated with building over the tunnel are estimated at $25/sf.

Analysis of each site as a Stand-Alone development

| Site | Sq 393/44 | Sq 393/45 | Sq 416/31 |
|---|---|---|---|
| Site Area | 3,799 sf | 8,621 sf | 16,472 sf |
| Zone | Arts/C2B | Arts/C2B | Arts/C2B |
| Max FAR M/R | 3.5 | 3.5 | 3.5 |
| Max Height M/R | 65' | 65' | 65' |
| Max FAR w/Bonus | 4.5 | 4.5 | 4.5 |
| Max Height w/Bonus | 70' | 70' | 70' |
| Lot Occup Max Non-Resid | 100% | 100% | 100% |
| Lot Occup Max Resid | 80% | 80% | 80% |

Land values in area as of July 30, 2009, the effective date of value, would be estimated at $55 per FAR.[1]

[1] Please understand that there haa been only almost no land sales activity since the 3rd Quarter of 2008 and this estimate relies upon older sales and data from sales of existing condominiums indicating a downward trend in prices over the recent past.



FOIA CONFIDENTIAL TREATMENT REQUESTED

General Land Value BEFORE consideration of Inclusionary Zoning and WMATA tunnel.

| Site | Sq 393/44 | Sq 393/45 | Sq 416/31 |
|---|---|---|---|
| Site Area | 3,799 sf | 8,621 sf | 16,472 sf |
| Max FAR M/R | 3.5 | 3.5 | 3.5 |
| Max Density at 3.5 | 13,297 sf | 30,174 sf | 57,652 sf |
| Max FAR ARTS Bonus | 4.5 | 4.5 | 4.5 |
| Max Density ARTS Bonus | 17,096 sf | 38,795 sf | 74,124 sf |

Maximum Density (Building Envelop) With WMATA tunnel (per EC)

| Site | Sq 393/44 | Sq 393/45 | Sq 416/31 |
|---|---|---|---|
| Max Envelop AG ? | 12,717 sf | 33,041 sf | 67,683 sf |

Value of Max Density Before IZ But With WMATA Density Limitation

| Site | Sq 393/44 | Sq 393/45 | Sq 416/31 |
|---|---|---|---|
| GFA | 12,717 sf | 33,041 sf | 67,683 sf |
| Value Bldg Envelop w/WMATA | $699,435 | $1,817,255 | $3,722,565 |

Inclusionary Zoning required GREATER of 8% of M/R density OR 50% of Achievable Bonus Density (0.7 FAR). IZ becomes effective at 10 dwelling units. – Note I assume Lot 44 would contain LESS than 10 units.

| Site | | Sq 393/44 | Sq 393/45 | Sq 416/31 |
|---|---|---|---|---|
| M/R Max Density @ 3.5 | | 13,297 sf | 30,174 sf | 57,652 sf |
| % of M/R @ 3.5 | 8.00% | 1,064 sf | 2,414 sf | 4,612 sf |
| IZ Bonus Potential | 0.7 x land area | 2,659 sf | 6,035 sf | 11,530 sf |
| 50% Bonus | 50.00% | 1,330 sf | 3,017 sf | 5,765 sf |
| Max of ^^ | | 1,330 sf | 3,017 sf | 5,765 sf |
| Max Envelop AG | | 12,717 sf | 33,041 sf | 67,683 sf |
| IZ Requirement | | 0 sf | 3,017 sf | 5,765 sf |

Impact of Inclusionary Zoning:
Loss 'A' – Loss due to $-0- Land Value for IZ units

| Site | Sq 393/44 | Sq 393/45 | Sq 416/31 |
|---|---|---|---|
| IZ Requirement | 0 sf | 3,017 sf | 5,765 sf |
| IZ Loss 'A' Value at $55 | $-0- | -$165,935 | -$317,075 |

Loss 'B' - Potential Loss on construction (inability of rent/sales price to cover full construction cost) Preliminary residual indicates that impact could be $0 to -$50 depending on unit size, mix, sale rental, etc. This analysis uses a -$25 allowance

| Site | Sq 393/44 | Sq 393/45 | Sq 416/31 |
|---|---|---|---|
| IZ Loss 'B'–Cost Δ/Unit Value | $0 | -$75,425 | -$144,125 |

(1) If you can't use the bonus density, why do you do the 8% thing on it?

(2) How did you get to Loss 'B' if you use 8% & median?



FOIA CONFIDENTIAL TREATMENT REQUESTED

Allowance for Loss 'C' due to excess construction costs over WMATA tunnel at a minimum of -$25 per sq. ft. Applied to only the affected by the tunnel on the two larger sites plus a 10% 'tunnel impact' area (i.e., 110% of the area affected by the tunnel). The area affected by the tunnel is considered equivalent to the area on which EC determined that only a four (4) story structure, would be likely.

| Site | | Sq 393/44 | Sq 393/45 | Sq 416/31 | |
|---|---|---|---|---|---|
| Tunnel Impact Area | | 3,039 sf | 3,560 sf | 6,590 sf | |
| Plus | 10.00% | 304 sf | 356 sf | 659 sf | |
| Total Impact Area | | | | 3,343 sf | 3,9 |
| Floors of Impact | | 4 sf | 4 sf | 4 sf | |
| Ttl GFA of Impact Area | | 13,372 sf | 15,664 sf | 28,996 sf | |
| GFA Potential on Site | | 12,717 sf | 33,041 sf | 67,683 sf | |
| Impacted GFA (Min of above) | | 12,717 sf | 15,664 sf | 28,996 sf | |
| Excess Cost | -$25 | -$317,925 | -$391,600 | -$724,900 | |

$1,434,425 NO

(NOTE: This has NOT been finalized, but is my best guess based on EC's comments and our discussion on Monday.)

Summary of Adjustments to Value for IZ and WMATA Tunnel

| Site | Sq 393/44 | Sq 393/45 | Sq 416/31 |
|---|---|---|---|
| Site Before IZ/WMATA | $699,435 | $1,817,255 | $3,722,565 |
| Less IZ Loss 'A' | $0 | -$165,935 | -$317,075 |
| Less IZ Loss 'B' | $0 | -$75,425 | -$144,125 |
| Less WMATA Loss 'C' | -$317,925 | -$391,600 | -$724,900 |
| Net Value | $381,510 | $1,184,295 | $2,536,465 |



FOIA CONFIDENTIAL TREATMENT REQUESTED

## Doggett, Rosalyn

**From:** Bottigheimer, Nat
**Sent:** Tuesday, September 01, 2009 11:10 AM
**To:** Meister, Mark K.; Doggett, Rosalyn
**Cc:** Moneme, Emeka; Yohance S. Fuller; Marshall, Malcolm
**Subject:** FW: Jazz @ Florida Avenue Appraisal

Mark and Roz –

I've made arrangements for Yohance to visit with Malcolm tomorrow morning at 10 to be walked through the most current appraisal information we have about the Florida Avenue project. Yohance needs this information so he can brief Neil.

Yohance also asked for a list of information we need from Omar so we can make quicker progress towards finalizing the terms sheet and JDA. I mentioned the information about sources and funds, but I believe there are other items as well. Roz and Mark, could you prepare an email for me that I can forward to Yohance today about what items Omar needs to deliver so we can get to the next level of detail?

I have explained that we are trying to accomplish terms sheet and JDA in December, not just the terms sheet. We could conceivably be done with a terms sheet IN October, but with the two tracking so closely together it didn't make sense to me from Board agenda and Board agenda process points of view to have a terms sheet Board item in October and a JDA item in December – I thought it would be more efficient to do them together. Neil may still want this item in October, though, but it would have to be a terms sheet and we'd have to have information from Omar sufficient for that.

Yohance, for your meeting tomorrow morning, Malcolm's direct number is 962-1584. Mark Meister's is 962-1589.

Thanks very much,

Nat

---

**From:** Meister, Mark K.
**Sent:** Tuesday, September 01, 2009 9:42 AM
**To:** Wallace, Maria A; Bottigheimer, Nat
**Subject:** RE: Jazz @ Florida Avenue Appraisal

We expect receipt of the final appraisal report this week. The appraisal was scheduled to be delivered on or about August 15th, but we had some concerns with the appraiser's architectural consultant's estimate of the cost to build over the WMATA tunnel. We have obtained what we believe to be a more realistic estimate from our in-house estimator.

## Doggett, Rosalyn

**From:** Marshall, Malcolm
**Sent:** Thursday, September 17, 2009 11:14 AM
**To:** Doggett, Rosalyn
**Cc:** Meister, Mark K.
**Subject:** FW: 7th
**Attachments:** WMATA 7th 2009a.pdf

-----Original Message-----
From: richard harps [mailto:rharps@earthlink.net]
Sent: Thursday, September 17, 2009 10:47 AM
To: Marshall, Malcolm
Subject: 7th

draft attached - still need market data map, wmata section and r-o-w drawings and, I'm sure, one more major edit and proofread

Richard

Harps & Harps Inc
1111 14th Street, NW Suite 600
Washington, DC 20005
202-682-2194
202-682-1579 (fax)
rharps@earthlink.net

Meeting with Banneker tomorrow

Mark and I have discussed the proposal below and want to put it out to you for consideration:

Background

- The developer has asked for a co-tenancy agreement in Square 393, the western-most of the two blocks where they want to combine property they "control" (7700 sf) with property we own (12400 sf).
- We discussed with our general counsel today: She believes such a deal would be tantamount to a partnership forbidden by our Compact.
- Further, we believe that the proposal: 50-50 decision making and control is not attractive to us and would definitely be not attractive to anyone to whom we might have to market our part of this property in the event of developer default. (Further, we would not include the separate Square 416 property in any "co-tenancy" as the developer has requested.) We have asked Bolan Smart to have their partner Alvarez and Marsal (the Lehman Bros. bankruptcy czar) opine on this. The co-tenancy outline arrived from the developer's attorney around noon today 9/17.
- Therefore, the proposal is a potential deal breaker.
- Remedies would be 1) or them to drop the properties they control which make for a better total building site or2) for us to sell the properties on that square and, potentially, both squares.

Appraisal

- The final appraisal from Harps & Harps arrived around noon today 9/17. I t considers only matter of right zoning and inclusionary zoning.
- It values the site at $4 million: [$55/FAR sf x 124,000 sf (slightly less than full buildout) at $6.8M with deductions of $500,000 for IZ and $2.3M for extraordinary costs of building over the tunnel. ]
- It values a capitalized lease at $3.134 million.

Developer Pro Formas

- Though not fully complete, they arrived Tuesday morning. Examined by Eric Smart + WMATA staff.
- It incorporates the $1.98 M we proposed for affordable housing and, compared to March previous proposals, shows that 1) addition of nearly $2M to developer fee in additional to other payouts to management team 2)even counting extraordinary tunnel costs they are paying 2.6 times what they are proposing to pay for WMATA land for land not even on Florida Ave (the 7700 sf) and 3) they have underestimated rent collection by their own estimation.

- All told, these additions plus full buildout of our site and allowance for value of alley closing would allow us to :
  1) Request a SALE PRICE of $4.6M for of all three of our parcels on Florida Avenue.
  2) Eric Smart believes that Banneker was expecting an appraisal price between $4 and $5 million based on his prior discussions with them.
- The advantages to all would be clear: no co-tenancy issue, no elaborate dealings with Banneker for WMATA and, for Banneker's part, all the upside and no elaborate dealings with WMATA.
- Counsel would not object to a sale, nor, we suspect, would FTA, based on past conversations (though they might object to an offer below the last lowest offer) and we could meet the appraisal.
- Cleaner and simpler for all.

We are working on adjustments to the term sheet Banneker sent on Tuesday afternoon and will have them later today. HOWEVER, SHOULD WE PUT A SALE PROPOSAL ON THE TABLE TOMORROW?

# Board Documents Preparation Status

Mohsberg, Sid

**Sent:** Wednesday, September 23, 2009 5:03 PM

**To:** Ackerman, Heidi; Benson, Sara E.; Bottigheimer, Nat; Burns, Bob; Burns, Ramona M.; Bushnaq, Tariq; Carthorn, Debbie D.; Dahlberg, Erik; Dawson, Yvonne; Doggett, Rosalyn; Goldin, Steven; Haldeman, Kristin M.; Harrington, Thomas; Hendren, Patricia; Jachles, Cynthia; Jia, Wendy; Jideani, Onyinye; Johnson, Shariyka; Johnston, Kasondra; Jones, Catherine; Kennedy, Sean; Magarelli, John A.; Malasky, Gary; Marshall, Malcolm; McElhenny-Smith, Robin; Meister, Mark K.; Mohsberg, Sid; Peterson, Scott; Talaia, Anabela; Wallace, Maria A; Wyner, Jonathan S.

**Attachments:** Board Items Preparation Mi~1.xls (163 KB) ; 11-5-09 PDRE Cmte Agenda.doc (63 KB)

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All,

Attached is the status of PLJD's preparation for upcoming Committee and Board meetings.

Heads Up for near-term milestones:

9/30/09, 1000-1100, SAAM Conference Room: pre-brief for Nat for the 11/5/09 PDRE Cmte meeting.

10/2/09, 1500: PLJD owes its materials (BAIS, presentation, resolution (if applicable) to Michelle Bellamy (OPRS).

10/5/09: 1000-1100: Pre-brief for AGM, OPRS, room 4G-22.

Attached is the agenda according to OPRS. I've annotated it to show who owns and is responsible for preparing each PLJD item.

The OPRS agenda matches the BAR: http://p590a3.wmata.com:7778/pls/bar/p_bar_public

I'm aware of discussions concerning modifying or deleting some of these items, but until decisions are reached, this agenda is still official.

**WHEN THOSE WHO OWN EACH ITEM COME TO THE BRIEFING FOR NAT NEXT WEDNESDAY (A WEEK AWAY), THEY NEED TO BRING WITH THEM FIVE COPIES OF EACH OF THEIR SUPPORTING DOCUMENTS: BAIS, POWERPOINT PRESENTATION, AND DRAFT RESOLUTION (IF APPLICABLE).**

Thanks.

Sid



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006068

# Comments to Appraisal of 700 and 800 blocks of Florida Avenue NW

Omar A. Karim [okarim@bannekerventures.com]

**Sent:** Tuesday, September 22, 2009 6:24 PM

**To:** Doggett, Rosalyn; Marshall, Malcolm; Meister, Mark K.; Bottigheimer, Nat

**Cc:** Maurice Perry [maurice.perry@bankofamerica.com]; Anthony Ives [aives@bannekerventures.com]; Tiwana Hicks [thicks@bannekerventures.com]; Neil.Albert@dc.gov; Yohance S. Fuller

**Importance:** High

---

Nat, Mark, Malcolm and Roz,

Below please find our thoughts on the appraisal by Harps & Harps for the WMATA-owned parcels on the 700 and 800 blocks of Florida Avenue, NW dated September 17, 2009. Based on our analysis, we would be prepared to pay WMATA a total of **$2,545,000** to purchase the parcels. Our rationale is as follows:

1. WMATA parcels actually total 28,357 SF (**as oppose to 28,892 SF** that was listed in the appraisal and mistakenly in our pro forma sent to WMATA). Our surveyor recently completed a field survey of the sites, which resulted in the following information:

| | RECORD | SURVEY |
|---|---|---|
| Lot 31, Square 416 | 15,956 sq. ft. | 15,944.97 sq.ft. |
| Lot 44, Square 393 | 3,799 sq. ft. | 3,784.45 sq.ft. |
| Lot 45, Square ~~45~~ 393 | 8,621 sq. ft. | 8,627.48 sq.ft. |
| **Total sq. ft.** | **28,376 sq. ft.** | **28,356.90 sq. ft.** |

Mark wants Don Felker to look at survey

RECORD means information shown in the District of Columbia Surveyor's Office and SURVEY means information actually gathered by the surveyor during field surveys. Also, our surveyor performed research in the D.C. Surveyor's Office and found that Lot 0018 is no longer a valid lot. WMATA performed a subdivision on lots 0012 - 0018 to create lot 0031. The subdivision was completed on December 26, 1996.

2. Total developable FAR SF of WMATA parcels should be as follows:

15,945 SF x 3.35 FAR (developable FAR according to Eric Colbert, AIA, the appraiser's consultant) = 53,415.75 SF
8,621 SF x 3.83 FAR = 33,018.43 SF
3,799 SF x 4.11 FAR = 15,613.89 SF
**Total developable SF = 102,048.08 SF**

Thus, no premium should be added to this 102,048 SF because the Developer is unsure if it will be able to achieve its desired density on the adjacent parcels because the buildings that are part of the development may contribute to the 9th Street Historic District, and therefore, all, or part of the buildings may need to be kept, and therefore the Developer may not be able to demolish these buildings and as a result by not be able to build out to its desired FAR for the entire project. Moreover, if the buildings are not able to be fully demolished, the Developer will have to expend significant costs to maintain all or a portion of these structures. Thus, it is inappropriate to view the entirety of the development density generated by the WMATA sites and our sites as oppose to WMATA's stand alone sites, unless WMATA is willing to discount the price that the Developer is paying for the adjacent parcels as the price has a negative economic impact on the entire project.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006069

(1) What is Integra coming up with for 7th + S?

3. Upon review of the comps in the appraisal, and discussion with an appraiser that we often work with for projects in this area, comps should only be used that are less than 12 months old. However, since there has been a lack of sales activity in this market, the appraiser indicated that it might use comps in the last 18 months (comps 3-6), but certainly not comps in 2006 and 2007. Thus, if comp 1 (which is almost 3 years old), comp 2 (which is 24 months old) and comp 3 (which is 20 months old) were removed from the comp chart, the average sales price is $46 per FAR before any adjustments and before taking into account that the contract on the parcel at 1912 8th Street may not go for the price that its under contract for. If we use the appraiser's adjustment of 15% per year on each parcel (0.0125% deduct per month) the comp sales would indicate an adjusted price range of $41.88 (comp 4), $36.55 (comp 5) and $38.25 (comp 6 assuming property closed w/n 12 months of contract) or **average of $38.89 per FAR**. Thus, none of the last three comps sold for more than $41.88 per FAR and therefore, we believe a comparable sales value would be no more than $41.88 per FAR. If you added a location bump, we could accept a price of $45 per FAR assuming we purchased the property within 12 months of approval of a purchase agreement.

(2) Check 1912 8th St higher / lower?

(3) Therefore we use the comps from their contracts

4. Thus, the Unencumbered Value of the WMATA parcels would be $45 per FAR x 102,048 or **$4,592,160**.

5. Adjustment to Value b/c of Inclusionary Zoning. A deduct to the overall value b/c of inclusion of the IZ should be calculated by taking into account the difference b/t what market rate units would generate and what IZ units would generate. Assuming that we have 8,163 SF attributed to the IZ units (8% of total buildable SF of project), and assuming that the market units would generate $2.5 SF and the IZ units would generate $1.5 SF, this would be a delta of $1 per SF. Multiplying 8,163 x $1 per SF x 12 months per year would generate a loss of $97,956 (approx $100,000) per year in loss revenue. Capping this at a 6.5% would generate a $1.538M loss.

6. Adjustment to Value b/c of Extraordinary Costs (WMATA Easements and Tunnels): **$2,300,000** (according to WMATA)

**Final Value of Property Subject to IZ and WMATA Tunnels and Easements**

Value unencumbered: $4,592,160
Adjustments for IZ: $1,538,000
Adjustments for Extraordinary Costs: $2,300,000

**Final Encumbered Value of Property: $754,160**

**However, the Developer would be willing to pay the following to purchase the parcels:**

| | |
|---|---|
| **$1,980,000 (amount that we agreed to pay in a capitalized lease)** | |
| **$350,000 (value that the EGI payments is worth)** | |
| **$100,000 (Option Fee)** | (4) These are holding fees & we do not credit against price |
| **$115,000 (Pre-Closing payments)** | |
| **TOTAL PAYMENTS TO WMATA** | **$2,545,000.00** |

This offer assumes that WMATA will be willing to have our Term Sheet go to the Board in October, the Purchase Agreement go to the Board at the November meeting, and agree to a critical path schedule with all of WMATA's reviews.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006070

**We hope that we can meet tomorrow to wrap up the final terms of the Revised Term Sheet.**

Thanks.

Omar

Omar A. Karim
Banneker Ventures, LLC
729 15th Street, NW, Suite 400
Washington, DC 20005
(202) 393-5460 phone
(202) 393-5462 fax
(301) 523-1810 cell
okarim@bannekerventures.com



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006071

## Doggett, Rosalyn

**From:** Bottigheimer, Nat
**Sent:** Sunday, March 15, 2009 11:06 AM
**To:** Doggett, Rosalyn
**Cc:** Washington, Joel R.; Mohsberg, Sid
**Subject:** RE: Florida Avenue

I think I may have confused things in a conversation with Jamie Weinbaum. I explained that the Board would not authorize 120-day extension without having a better idea of the capabilities of the joint development partner proposed. I don't recall the Board affirmatively enjoining us not to discuss any other issues....I thought we were simply in one of these frequent no-man's land of direction.

I told Jamie that I thought we could discuss all issues, but that our principal requirement in the intervening month is to come to a staff finding and recommendation regarding the proposed partner. We should continue -- as possible and advisable -- to evaluate the alternative proposal made to us by Omar regarding lease term and affordable housing so that we can present as much information as we can about these to the Board next month, but there does not need to be any finality to that prior to the April committee meeting. The key steps are:

1) Staff finding on development partner
2) Board action on 120-day extension (advising Board that key terms may change, and that we'd need to come back for approval of revision to terms before coming back AGAIN for JDA or extension of negotiation period)
3) Revisit terms per 2) above.

Is this more or less coherent?

---

From: Doggett, Rosalyn
Sent: Friday, March 13, 2009 11:53 AM
To: Bottigheimer, Nat
Cc: Washington, Joel R.
Subject: Florida Avenue

Though I have told Omar Karim that I need to do more due diligence on his development/construction capability—he is coming here Tues aft with his B of A partner—he says he was told to resume business negotiations. My understanding is that I was not to do that until the Board is satisfied on the first issue. I'd appreciate your advice on this. Thanks.



FOIA CONFIDENTIAL TREATMENT REQUESTED 

FOIA CONFIDENTIAL TREATMENT REQUESTED

AFFORDABLE HOUSING/INCLUSIONARY ZONING REQUIREMENTS BY JURISDICTION

| Jurisdiction | Set-aside Requirement | Incentive | Notes |
|---|---|---|---|
| District of Columbia* | Steel/concrete buildings: 8% at or 50% of bonus density<br><br>Stick built buildings: 10% or 75% of bonus density | • Up to 20% density bonus | • Trigger: 10 units<br>• Income Target for Steel/concrete: 80% AMI (Area Median Income)<br>• Income Target for Stick built: 50% at 50% AMI, 50% at 80% AMI<br>• Final regulations to be published @ 3/1/09, effective 60 days later; Title 11, Chapter 26 of the DC Zoning Regulations |
| Montgomery County | 12.5% Moderately Priced Dwelling Units (MPDU's)<br><br>10% work force housing in Metro Station Policy Areas (areas near Metro stations) | • Up to 22% density bonus<br><br>• Up to 10% residential FAR or density increase but not more than maximum height for zone | • Trigger: 20 units<br>• MPDU Target: 65-70% AMI<br><br>• Trigger: 35 units<br>• Work force target: 80-120% AMI |
| Prince George's County | None | None | Revoked in 1996 |
| Fairfax County | 6.25%-12.5% affordable dwelling units (ADU's) single family and multifamily low rise (3 stories or less)<br><br>5%-6.25% ADU's multifamily 4 stories and more<br><br>12% Work force housing in steel & concrete buildings where ADU's are not required | • Up to 10 to 20% density bonus (sliding scale depending on ADU number)<br><br>• Up to 17% density bonus (sliding scale depending on ADU number and % structured parking)<br><br>• Up to 20% (residential or non residential) | • Trigger: 50 units<br>• ADU Target: 70% AMI<br><br>• Trigger: 50 units<br>• ADU Target 70% AMI<br><br>• Target: Up to 120% AMI<br>• Enacted to date in amended Comp Plan (9/22/08)<br>• In certain mixed use centers |

WMATA-INV 006073

FOIA CONFIDENTIAL TREATMENT REQUESTED

| Jurisdiction | On-Site Requirement | Incentive | Other |
|---|---|---|---|
| Rockville | 15% MPDU's in Town Center and MXT zones at Metro stations | No density bonus | • Trigger: 50 units<br>• Target: 60% AMI |
| Arlington County | 5% of Gross Floor Area over 1.0 FAR (no requirement under 1.0 FAR) for ADU's<br><br>Alternative: provide a) ADU's off-site with conditions or b) cash donation to housing fund | • 10 to 20% density bonus | • Trigger: 1.0 FAR<br>• ADU Target: 60% AMI<br>• Duration: 30 years |
| Alexandria | Tier 1: Voluntary contributions for "by right" development<br><br>Tier 2: For certain density, height or FAR increases, voluntary contribution plus $4.00/sf of GFA above "by right" base<br><br>Tier 3: Tier 1 and 2 as applicable PLUS Affordable Housing Units (AHU's) equal to 33% of housing units made possible by density bonus | • No density bonus<br><br>• Density bonus varies<br><br>• Increased density bonus For Tier 3 | • Trigger: None<br><br>• Trigger: FAR, height or density increase over "by right"<br><br>• AHU Target: 60% AMI<br>• AHU's may be provided off-site by mutual agreement between city and developer<br>• Zoning ordinance to be amended to reflect Tier 3 bonus density |

*The District of Columbia also has legislative requirements for affordable housing in the disposition of city-owned land in the Anacostia Waterfront Area and city-owned land formerly in the National Capital Revitalization Corporation's portfolio: 15% housing at 30% AMI and 15% housing at 60% AMI. The office of the Deputy Mayor for Planning and Economic Development includes these same requirements in its RFP's for disposition of other city-owned property.

WMATA-INV 006074

FOIA CONFIDENTIAL TREATMENT REQUESTED

AFFORDABLE HOUSING/INCLUSIONARY ZONING REQUIREMENTS BY JURISDICTION

| Jurisdiction | Setaside Requirement | Incentive | Notes |
|---|---|---|---|
| District of Columbia* | Steel/concrete buildings: 8% at or 50% of bonus density<br><br>Stick built buildings: 10% or 75% of bonus density | • Up to 20% density bonus | • Trigger: 10 units<br>• Income Target for Steel/concrete: 80% AMI (Area Median Income)<br>• Income Target for Stick built: 50% at 50% AMI, 50% at 80% AMI<br>• Final regulations to be published @ 3/1/09, effective 60 days later; Title 11, Chapter 26 of the DC Zoning Regulations |
| Montgomery County | 12.5% Moderately Priced Dwelling Units (MPDU's)<br><br>10% work force housing in Metro Station Policy Areas (areas near Metro stations) | • Up to 22% density bonus<br><br>• Up to 10% residential FAR or density increase but not more than maximum height for zone | • Trigger: 20 units<br>• MPDU Target: 65-70% AMI<br><br>• Trigger: 35 units<br>• Work force target: 80-120% AMI |
| Prince George's County | None | None | Revoked in 1996 |
| Fairfax County | 6.25%-12.5% affordable dwelling units (ADU's) single family and multifamily low rise (3 stories or less)<br><br>5%-6.25% ADU's multifamily 4 stories and more<br><br>12% Work force housing in steel & concrete buildings where ADU's are not required | • Up to 10 to 20% density bonus (sliding scale depending on ADU number)<br><br>• Up to 17% density bonus (sliding scale depending on ADU number and % structured parking)<br><br>• Up to 20% (residential or non residential) | • Trigger: 50 units<br>• ADU Target: 70% AMI<br><br>• Trigger: 50 units<br>• ADU Target 70% AMI<br><br>• Target: Up to 120% AMI<br>• Enacted to date in amended Comp Plan (9/22/08)<br>• In certain mixed use centers |



WMATA-INV 006075

FOIA CONFIDENTIAL TREATMENT REQUESTED

| Jurisdiction | Set-aside Requirement | Incentives | Notes |
|---|---|---|---|
| Rockville | 15% MPDU's in Town Center and MXT zones at Metro stations | No density bonus | • Trigger: 50 units<br>• Target: 60% AMI |
| Arlington County | 5% of Gross Floor Area over 1.0 FAR (no requirement under 1.0 FAR) for ADU's<br><br>Alternative: provide a) ADU's off-site with conditions or b) cash donation to housing fund | • 10 to 20% density bonus | • Trigger: 1.0 FAR<br>• ADU Target: 60% AMI<br>• Duration: 30 years |
| Alexandria | Tier 1: Voluntary contributions for "by right" development<br><br>Tier 2: For certain density, height or FAR increases, voluntary contribution plus $4.00/sf of GFA above "by right" base<br><br>Tier 3: Tier 1 and 2 as applicable PLUS Affordable Housing Units (AHU's) equal to 33% of housing units made possible by density bonus | • No density bonus<br><br>• Density bonus varies<br><br>• Increased density bonus For Tier 3 | • Trigger: None<br><br>• Trigger: FAR, height or density increase over "by right"<br><br>• AHU Target: 60% AMI<br>• AHU's may be provided off-site by mutual agreement between city and developer<br>• Zoning ordinance to be amended to reflect Tier 3 bonus density |

*The District of Columbia also has legislative requirements for affordable housing in the disposition of city-owned land in the Anacostia Waterfront Area and city-owned land formerly in the National Capital Revitalization Corporation's portfolio: 15% housing at 30% AMI and 15% housing at 60% AMI. The office of the Deputy Mayor for Planning and Economic Development includes these same requirements in its RFP's for disposition of other city-owned property.

WMATA-INV 006076

Barry Kreiswirth
12/27/09

Anacostia / legislation or DMPED Solicitation

15% must be at 30% AMI
" " 60% "

DMPED uses above standard in a solicitation

[illegible]

[illegible]

trigger for work force MoCo

> represents 13.7% of total project cost of $31.4M. Not that far off proposed
> 12% capital event participation.
>
> 5. Development cost of affordables net of land at $250K cost, with
> rent supporting maybe $75K in value, leaves a net cost gap of $175K. Eighteen
> non-market units total $3.15M in cost, or $220K per year at 7.0% if
> translated directly into foregone WMATA ground rent. If land cost is added
> prorata with the rest of market units land cost is on the order of $45/FAR,
> or about $45k per unit, of 850 ¢? which added to affordables development cost would net
> a total cost gap of $220K per unit, inferring a total cost of $3.96M for 18
> units, or $277K per year in WMATA rent at 7.0%. This pretty much matches up
> with Omar's proposed rent drop form $597K into range of $300K.
>
> 6. In process of comparing the recent proformas.
>
> Eric
>
> --
> Eric Smart, Bolan Smart Associates, Inc.
> 1250 24th Street, NW, Suite 300, Washington, DC 20037 202-776-7740 (direct),
> 202-841-2227 (cell), 202-371-1333 (BSA general) www.bolansmart.com
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Eric Smart, Bolan Smart Associates, Inc.
1250 24th Street, NW, Suite 300, Washington, DC 20037 202-776-7740 (direct), 202-841-2227 (cell), 202-371-1333 (BSA general) www.bolansmart.com

Shouldn't land value be more, esp. for this "Midrise" project
15% seems more like it

Sure you are not shading to Omar's advantage?

I'm down to $330k with this analysis
Eric rounded down to

Combined Pro Forma
BOA = 17% interest rate



FOIA CONFIDENTIAL TREATMENT REQUESTED 

## Doggett, Rosalyn

**From:** eric.smart@bolansmart.com
**Sent:** Wednesday, August 26, 2009 4:33 PM
**To:** Doggett, Rosalyn
**Subject:** For Omar?

Roz

You may not want to go there on all the suggested items below, but even scaled back, our reasons for recommending you re-ask for something are twofold.
First, to keep up requests for updates and scheduling commitments, and second, to see if Omar might stop copying everyone up the line with partial info and himself refocus on working out the details at the more technical level. In this light, we suggest you send just to Omar with a copy to BSA, and see if he responds back just to you? Maybe this approach will not accomplish anything, or is not desirable to you, but Omar at least said to me that he would be responsive.

Omar

In anticipation of receiving your most recent JDA comments it would be helpful if you would confirm in a simple email the following:

1) The current size, FAR, unit count, and percent affordable units for (a) the entire project and (b) that portion proposed for WMATA property.

2) The sources, amounts and uses of public funding assistance or other subsidies you have or for which you expect to apply.

3) When we can expect to have the finalized information needed of your partners and financial sources.

4) When you expect to submit your JDA comments and the needed updated proforma. Although we need both, our current expectation is to have the JDA by this Friday based on your earlier stated schedule.

5) On our end, I am not sure when WMATA's recently commissioned update appraisal will be complete or when we can share with you the result, but would intend on doing so before we formally meet to review your latest draft JDA.
For discussion purposes I think it is reasonable to anticipate the appraised value will be in the range of $5.0M, after deducts for affordable housing and other factors (but don't hold me to it).

Thanks, Roz

--
Eric Smart, Bolan Smart Associates, Inc.
1250 24th Street, NW, Suite 300, Washington, DC 20037 202-776-7740 (direct), 202-841-2227 (cell), 202-371-1333 (BSA general) www.bolansmart.com

## Doggett, Rosalyn

**From:** Tiwana Hicks [thicks@bannekerventures.com]
**Sent:** Thursday, August 20, 2009 6:56 PM
**To:** Doggett, Rosalyn
**Cc:** 'Maurice' 'Perry'; 'Omar A. Karim'
**Subject:** The Jazz - Square 416, Lot 0018

**Importance:** High

Mrs. Doggett:

We had our surveyor confirm the exact lot and square numbers of the WMATA parcels. He found that Square 416, Lot 0018 is no longer a valid lot. WMATA performed a subdivision of Square 416, Lots 12 to 18 to create Square 416, Lot 0031 (15,956 sq. ft). This subdivision was completed on December 26, 1996. Can you confirm this information when you have a moment so we can all be on the same page? Thanks.

Tiwana

**Tiwana Z. Hicks**
Banneker Ventures, LLC
729 15th Street, NW, Suite 400
Washington, D.C. 20005
T: (202) 393-5460
F: (202) 393-5462
C: (202) 486-1863
thicks@bannekerventures.com

Eric 8/26/09

~~TIF is only for the retail~~
Not pursuing

Omar is waiting to get the "appraisal"

Proposing to cap the income stream at 7%
Eric said that isn't what ~~we do~~ WMATA does
(it applies discount rate)

Confirm information - current
~~X~~ allocation of 132 apartments

12 1/2 % cap events
+ 1/2 % EGI ??

Omar was reluctant to send a pro forma

Omar:

Re-Verify site control of Parcel 2

Omar:

Plans - elevations, sections

Site Control - 2 Parcels

Site Size Square 416

BALDC guaranty

~~When is Adas Board Mtg, the 9 on?~~

Excl default at end of yr or beg. of year?

# APPRAISAL OF LOTS 44 AND 45 IN SQUARE 393 AND LOT 31/18 IN SQUARE 416 NORTHWEST, WASHINGTON, DC AS OF AUGUST 31, 2009 FOR WASHINGTON METRORAIL AREA TRANSIT AUTHORITY



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006084

**Harps & Harps, Inc.**
1111 14th Street, NW, Suite 600
Washington, DC 20005-5603
Tel. 202-682-2194 Fax 202-682-1579

September 17, 2009

Mr. Mark K. Meister
Office of Station Area Planning
And Asset Management
Washington Metrorail Area
Transit Authority
600 Fifth Street, NW
Washington, DC 20001

Re: Lots 44 and 45 in Square 393 and Lot 31/18 in Square in 416, vacant lots on Florida Avenue between 7th and 9th Streets, Northwest, Washington, District of Columbia.

Dear Mr. Meister:

Pursuant to your request, we have arrived at an opinion of the fair market value of the parcels set forth above subject to the WMATA easements and an opinion of the annual rent for a long-term ground lease. The intended user of the report is the client, the Washington Metrorail Area Transit Authority (WMATA). The intended use of the report is to assist the client in determining a course of action regarding the possible sale or lease of the property. The effective date of this analysis is August 31, 2009.

The properties, located on the south side of Florida Avenue between 7th and 9th Streets, NW, are vacant lots situated above a WMATA tunnel. Given the prior uses to which subject and the adjacent sites have been put to over the years, including gas stations, restaurants, industrial and parking, there may be environmental contaminants impacting the property. This appraisal assumes that the site and improvements are clean of environmental contamination. This limitation, which could have an impact on the value conclusion set forth herein, should be considered by the client in evaluating the conclusions set forth.

As a result of the analysis, we are of the opinion that the market value of the property, as of August 31, 2009, is as set forth on the Summary of Conclusions located on pages 5 and 6 of the attached summary report, of which this letter is an integral part. The analysis and reasoning leading to the conclusions, along with the assumptions and conditions on the conclusions, which may be material, are set forth within the attached summary report, containing 61 pages.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006085

We trust this information is of assistance to you. If you have any questions or comments, please contact us. Thank you for this opportunity to be of service.

Very truly yours,

Richard R. Harps
DC Certified General License #10003

Stephen C. Brennan
DC Certified General License #10011

Attachment



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006086

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FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006087

SUMMARY OF CONCLUSIONS

| | |
|---|---|
| Subject Properties | Three unimproved lots located on the south side of Florida Avenue between 7th and 9th Streets, NW, Washington, DC |
| Legal Description | Lots 44 and 45 in Square 393, and Lot 31/18 in Square 416, District of Columbia |
| Client | Washington Metropolitan Area Transit Authority |
| Date of Valuation | August 31, 2009 |
| Date of Inspection | July 30, 2009 |
| Date of Report | September 17, 2009 |
| Property Rights | Fee Simple Interest subject to easements and restrictions to be retained by WMATA |
| Site Areas | Square 393 Lot 44 - 3,799 Sq. Ft.<br>Square 393 Lot 45 – 8,621 Sq. Ft.<br>Square 416 Lot 31/18 – 16,472 Sq. Ft. |
| Zoning | Arts/C-2-B |
| Improvement Description: | None, Vacant lots |
| Highest and Best Use | Assemble with adjacent land and develop a mixed-used complex. |
| Extraordinary Assumptions | One - Losses in value from the Inclusionary Zoning greater than the lost land value will be offset by city or federal subsidies.<br>Two – Extraordinary hard costs associated with building over the WMATA tunnel and easement will be $1,770,000 as provided by WMATA |

As a result of our analysis, we have reached the following opinions, all as of August 31, 2009, the effective date of this appraisal, an all subject to the WMATA tunnel and easements and considering the impact of the Inclusionary Zoning.

Market Value of Land Subject to WMATA Easements and Tunnel and Inclusionary Zoning - $4,000,000.

Long Term Land Lease Option 1: Market lease terms – 60 year fixed term, no purchase option, 7% coupon rate applied to initial land value, 2% annual escalation in rate, land



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006088

revaluation every 10 years with reset of base rent to 7% of revalued land – Initial Rent $280,000, with reduced rent during development approval phase of project.

Long Term Land Lease Option 2: Initial Lump sum payment, no fixed annual payments, no annual escalations or revaluations, 1% participation in gross revenue, 2% participation in net proceeds from sale and refinancing – Initial Lump sum payment $3,134,654.

Long Term Land Lease Option 3: Flat annual payment for full 60 year term, no annual escalations or revaluations, 1% participation in gross revenue, 2% participation in net proceeds from sale and refinancing – Flat Annual Rental $329,964

These opinions are is subject to all general and specific assumptions and conditions contained within the report, including an environmental assumption. Please note that the conclusions reached were based on the information as set forth herein, and are specifically and generally limited by the assumptions and conditions set forth within the report and subject to the certification attached hereto. Additional analyses, in the event that additional or new information is made available, are outside the scope of this assignment, and supplementary arrangements would be necessary before additional analyses could be undertaken. The assumptions and conditions set forth throughout the report are an integral part of this analysis and have a bearing on the conclusions reached herein.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006089

## ASSUMPTIONS AND LIMITING CONDITIONS

This analysis, the function of which is to assist the client in determining a course of action regarding the possible sale or lease of the property, has been made with the following general and specific assumptions:

Two extraordinary assumptions were utilized in this analysis. One - any loss in value from the Inclusionary Zoning greater than the lost land value will be offset by city or federal subsidies. Two – the extraordinary hard costs associated with building over the WMATA tunnel and easement will be $1,770,000 as provided by WMATA

This analysis is not to be used in connection with a Real Estate Syndicate(s) or Securities related activity. Real Estate Syndicate means a general or limited partnership, joint venture, unincorporated association or similar organization formed for the purpose of, and engaged in, investment or gain from an interest in real property, including but not limited to a sale, exchange, trade or development of such real property on behalf of others and which is required to be registered with the United States Securities and Exchange Commission or any state regulatory agency which regulates investments made as a public offering. Securities related activity means but is not limited to transactions involving Real Estate Investment Trusts, Limited Partnerships, Mortgage Backed Securities and any other transaction which is subject to the Securities Exchange Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Advisors act of 1940, or state Blue Sky or securities laws or any amendments thereto.

1. This analysis assumes that there are no unusual soil or property characteristics, including any environmental implications, not set forth herein, which would adversely impact the ability of an owner to utilize the site or property for any legally permitted use.

2. Except as set forth herein, the analysts have not been informed of, nor has any knowledge of, the existence of any environmental or health impediment, which if known, could have a negative impact on the market value of the property or could subject the property or its past, present or future owners or agents or other parties to the requirements of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund), and the subsequent Superfund Amendments Reauthorization Act (SARA). It is assumed that there has been no contamination of the soil from any existing or former oil tank or any other tank or equipment utilized in the operation of the buildings or any use of the building. This appraisal assumes that the property has met, or will be able to meet, all requirements of laws pertaining to environmental considerations, as they may pertain to the subject. It is also assumed that the property will comply with all provisions of Maryland and Federal laws and regulations regarding underground and above grade storage tanks as they pertain to subject

It is recommended that, prior to any transfer of title or other interest in the property, all appropriate studies, including but not limited to environmental studies, be performed, that all problems and/or conditions that are subsequently uncovered be corrected,



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006090

mitigated, or otherwise reduced in liability, prior to any transfer, and that the parties seek appropriate professional and legal counsel regarding environmental and other issues.

3. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable.

No opinion is intended to be expressed for matters that require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

4. The property is analyzed free and clear of any and all liens or encumbrances unless otherwise stated. Responsible ownership and competent property management are assumed.

5. This analysis assumes that all real estate taxes, personal property taxes, or other taxes owed to any governmental or other body are current. This analysis has not looked at, nor reviewed, any transfers of any partnership interests in the property and this report assumes no adverse effect on values due to the nature of property ownership.

6. The analysis assumes that current insurance policies are adequate to protect all parties with an interest in the property.

7. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy. It is assumed that all information known to the client and relative to the valuation has been accurately furnished and that there is no undisclosed information or documents affecting the use of the property or the valuation herein.

8. All engineering information is assumed to be correct. Maps, plats and exhibits included in the report are for illustration only as an aid in visualizing matters discussed within the report. Area of sites herein were taken from City records. Maps, right-of-way drawings and other information supplied by the client was relied upon in the analysis. Exhibits should not be considered as surveys, or relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from this report.

9. According to the November 15, 1985 National Flood Insurance Maps, subject lies within Zone C, which is an area of minimal flooding. This map is for flood insurance purposes only; it does not necessarily show all areas subject to flooding in the community or all planimetric features outside the special flood hazard areas.

10. It is assumed that all required licenses, certificates of occupancy, certificates of need, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, including all necessary zoning approvals for any building.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006091

11. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings, if any, must not be used in conjunction with any other analysis and are invalid if so used.

12. The liability of Harps & Harps, Inc. is limited to the client only, not subsequent parties or users, and to the amount of the fee actually received by the appraisers. Further, there is no accountability, obligation or liability to any other party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the report and the assignment. The appraisers are in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property, physically, financially and/or legally. In the event the report is placed in the hands of a third party, it is required that such party be made cognizant of any and all limiting conditions resulting from the basis of appraiser's employment and discussions related thereto as well as those set forth in the report. Acceptance of and/or use of this analysis report by the client or any third party constitutes acceptance of the above conditions.

13. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the analysts, and in any event only with proper written qualification and only in its entirety.

14. The analysts herein by reason of this analysis are not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

15. Neither all nor any part of the contents of this report (especially any conclusion as to value, the identity of the analyst, or the firm with which the analyst is connected) shall be disseminated to the public through advertising, public relations, news, sales or other media without the prior written consent and approval of the analysts.

16. The appraisers reserve the right, subject to agreement for time and fee, to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

17. The value reported in dollars is on the basis of the currency prevailing as of the effective date of the analysis. The values estimated in this analysis are based on economic, physical and tax conditions existing as of the effective date of analysis.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006092

## PART I – PURPOSE OF APPRAISAL AND GENERAL DATA

Appraisal of Lots 44 and 45 in Square 363, and Lot 31/18 in Square 416, vacant lots situated on the south side of Florida Avenue between 7th and 9th Streets, Northwest, Washington, District of Columbia.

### Purpose of the Appraisal

The purpose of the appraisal is to estimate the fair market value and the fair annual rent for a long-term ground lease, subject to assumptions and conditions specified. The date of value is August 31, 2009. The function of the appraisal is to assist the client in determining a course of action involving a possible sale or lease of the property. The analysis is being presented in a summary report.

For the purposes of this analysis, market value is defined as "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) Buyer and seller are typically motivated; (2) Both parties are well informed or well advised and acting in what they consider their own best interest; (3) A reasonable time is allowed for exposure in the open market; (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."[1] In this case the value opinion is limited by an environmental assumption that the property is not impacted by contaminants that would materially affect the ability to develop the site or materially impact demolition and/or excavation costs.

### Date of Appraisal and Report

The effective date of this appraisal is August 31, 2009. The exterior of the property was inspected on July 30, 2009. The analysis was performed between July and September 2009. The date of the report is September 17, 2009.

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[1]General definition used for federally related financial institutions and set forth in the Federal Register, Vol. 55 No., 165 August 1990, section 34.42.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006093

Client, Intended use and Intended Users

The client in this appraisal is WMATA, the owner of the property. The intended user of the report is the client. The intended use of the report is to assist the client in determining a course of action regarding the possible sale or lease of the property.

Property Rights Appraised

The property rights appraised consist of fee simple interest subject to existing WMATA easements and restrictions relating to the Metrorail tunnels and underground easements affecting the sites and an estimate of the market rent for a leasehold estate to be created. Applicable definitions are:

> Fee Simple Estate: "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat."[2]
>
> Easement: "An interest in real property that conveys use, but not ownership, of a portion of an owner's property."[3]
>
> Leasehold: "The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions."[4]

The WMATA easements are permanent underground easements for the construction, support and operation of a regional rapid rail transit system, and restrict the mass and density of any structure that may be constructed above the easement and within its zone of influence. The purpose of this analysis is to estimate the market value of the property interests free and clear of all trusts, but subject to these easements. The effect, if any, which any existing trust might have on the potential "price" of the property is not considered pertinent to the estimate of market value of the property, and all existing trusts are being disregarded.

In addition to an estimate of the land value subject to the WMATA tunnel and easements and the effects of the Inclusionary Zoning, WMATA has asked for an opinion of the Land Rent payments under three different scenarios – all with a 60 year fixed term. One – typical market long term land rent; Two – Lump sum initial payment representing the present value of the typical land rent

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[2] Dictionary of Real Estate Appraisal, 4th Edition, The Appraisal Institute, Chicago, Illinois, 2002, pg. 113.

[3] ibid, pg. 90

[4] ibid, pg. 162



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006094

payments with a 1% participation in the gross revenue on the project and a 2% participation in the net proceeds from any sale or refinancing over the term of the lease by the leasehold estate; and Three – flat annual payments over the term of the lease (no annual escalations or revaluations) with a 1% participation in the gross revenue on the project and a 2% participation in the net proceeds from any sale or refinancing over the term of the lease by the leasehold estate.

No title report was furnished the appraisers, and it is assumed that, except for the WMATA easements as set forth herein, there are no adverse easements or encumbrances that affect the property. It is assumed for the purposes of this analysis that, except for the aforementioned WMATA easements, any other easements, rights-of-way, encroachments, projections, occupancies, etc., which exist or may be found to exist in a current or future title search of the property would have no detrimental effect on the ability of an owner to utilize the property for its highest and best use, including but not limited to assembly, development, sale, use and occupancy, or any other use.

Extent of Data Collecting, Confirming, and Reporting

The first step in the analysis was to inspect the subject property. Next, an investigation of pertinent market data was undertaken. Market surveys of comparable data were undertaken. Sales of similar properties were researched using published sources, such as Comps Inc., CoStar, MRIS and First American CoreLogic and court records. Discussions with agents, and other individuals familiar with this market and the subject property were held. The data compiled was analyzed, and the data considered susceptible of comparison was verified, where possible, by the grantees, grantors, or brokers, as well as through recorded information at the D.C. Recorder of Deeds office and other sources as specified in the report. The data was used to arrive at the estimated value of the fee simple interest of the property. Excluded from the scope are issues that are outside the scope of these appraisers' expertise, such as, but not limited to, environmental considerations and other considerations set forth in the report.

Extraordinary Assumptions

This analysis utilizes two extraordinary assumptions that have a direct impact on the conclusions set forth herein. One – that any loss in value from the Inclusionary Zoning greater than the lost land value will be offset by city or federal subsidies. Two – that the extraordinary hard costs associated with building



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006095

over the WMATA tunnel and easement will be $1,770,000 as provided by WMATA.

Personalty, Equipment and Fixtures

The sites are vacant and there are no personalty, equipment or fixtures onsite.

History of the Property

WMATA acquired the sites over 25 years ago. There have reportedly been no recent arms length sales transactions since the purchases and the properties are not on the market as of the date of valuation. In 2007 WMATA received an unsolicited bid for the sites. WMATA did not accept the bid but sent out an RFP for the sites to obtain competitive bids. In 2008 WMATA selected a bid from Banneker Ventures, LLC to develop the sites. Banneker proposed to build 104 apartments and 11,750 square feet of ground-floor retail and arts space under a 60-year ground lease. Banneker is currently in the process of renegotiating the agreement with WMATA.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006096

Real Estate Assessment and Taxes

Real estate taxes in the District of Columbia are paid on a Tax Year basis (October 1 through September 30), and are based on an assessment of 100% of market value as determined by the Assessor. The recent assessment history is as set forth below:

Real Estate Assessment

| Square 393 Lot 44 | TY 2008 | TY 2009 | Prop.TY 2010 |
|---|---|---|---|
| Source | FARES TY 2008 Book | DC OTR Website | DC OTR Website |
| Land | $1,052,590 | $1,052,590 | $1,052,590 |
| Improvements | $0 | $0 | $0 |
| Total | $1,052,590 | $1,052,590 | $1,052,590 |

| Square 393 Lot 45 | TY 2008 | TY 2009 | Prop.TY 2010 |
|---|---|---|---|
| Source | FARES TY 2008 Book | DC OTR Website | DC OTR Website |
| Land | $2,388,620 | $2,388,620 | $2,388,620 |
| Improvements | $0 | $0 | $0 |
| Total | $2,388,620 | $2,388,620 | $2,388,620 |

| Square 416 Lot 31/18[5] | TY 2008 | TY 2009 | Prop.TY 2010 |
|---|---|---|---|
| Source | FARES TY 2008 Book | DC OTR Website | DC OTR Website |
| Land | $4,563,900 | $4,563,900 | $4,563,900 |
| Improvements | $0 | $0 | $0 |
| Total | $4,563,900 | $4,563,900 | $4,563,900 |

[5] Lot 31 is an assemblage of sixteen lots owned by WMATA including Lot 18, which contained 516 sq. ft. The DC Assessment still lists Lot 18 as an existing lot. Per instructions from WMATA, the total area of this parcel is set at 16,472 sq. ft. The assessment set forth above is the sum of the assessment for Lots 18 and 31 as shown on the published information.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006097

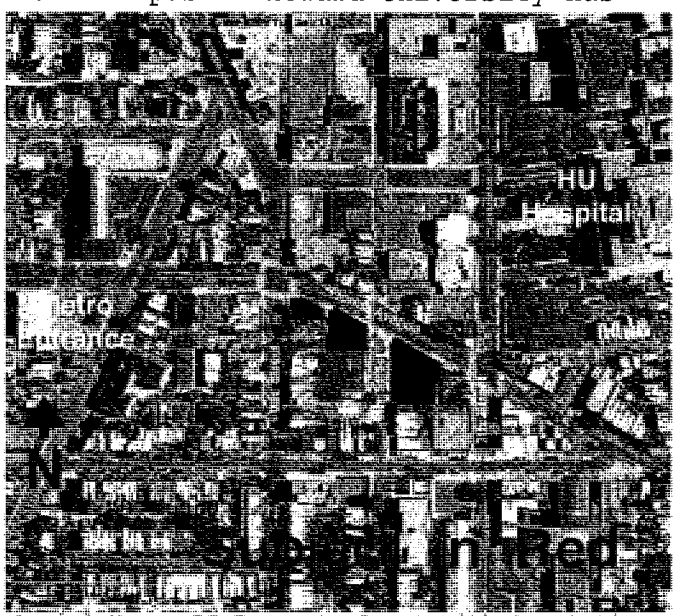
## PART II – FACTUAL DATA

### Legal Description

The properties are situated on three lots in two squares; Lots 44 and 45 in Square 363 and Lot 31/18 in Square 416. The sites are located on the south side of Florida Avenue between 7th and 9th Streets, NW.

### Neighborhood Description

The subject sites are located in the Howard University and Shaw/U Street submarket of Northwest, DC, with the LeDroit Park neighborhood to the east and 14th Street/U Street corridor to west. The area just to the north of Florida Avenue had historically been a light industrial, storage and warehouse area, located along Georgia Avenue and Sherman Avenue, extending from Florida to the south up to Euclid Street on the north. Northeast of subject the main campus of Howard University has been the predominant landowner for over 140 years. West and north of the area, uses are typically moderate density residential (row houses, flats and apartments) with strip commercial uses along Georgia Avenue, Florida and U Streets. South of subject, the expansion eastward of the Shaw redevelopment trend continues with new and renovated residential units predominating. New and renovated commercial uses are principally located along U Street.



Aerial Map – DC Property Quest with Annotations

Subject's immediate blocks consist of the three story office building of the DC Housing Finance Agency at the northeast corner of 9th and Florida Avenue, a vacant two story boarded up commercial building at the northwest corner of 9th and Florida, small commercial row buildings along the east and west sides of 9th Street south of Florida Avenue. The north side of Florida between 7th and 9th Streets has a mixture of one, two and three story commercial structures occupied by carryout restaurants, offices and retail users. A CVS store is located



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006098

at the southwest corner of 7th and Florida Avenue. Eighth Street, south of Florida Avenue is improved with a Zipcar rental car parking lot, a new six-unit condominium, a small vacant lot for sale and several small residential row buildings. Eighth Street north of Florida Avenue is improved with a carryout restaurant, a nightclub, residential flats and parking lots. The condition of the buildings in subject's neighborhood ranges from boarded-up and vacant, to renovated and good. The commercial building at the northeast corner of 7th and Florida was recently remodeled and is currently for lease with the Douglas Development Company.

Access to the area is good. Georgia Avenue affords direct access to Montgomery County north of subject and to Downtown Washington to the south (via 7th Street). U Street and Florida Avenue offer easy east-west vehicular access. Metrobus routes along Georgia Avenue and U Street are available and the Metrorail has station entrances at 10th and U Streets, and 7th and S Street, both less than three blocks from subject.

During the late 1980s and early 1990s, the area was the focal point of a major re-zoning effort on the part of the City, during which most of the industrial zoned land (C-M-1, C-M-2 and C-M-3) in the area was changed to C-2-A, C-2-B, C-3-A and CR, all within an ARTS overlay south and west of subject, that gave bonuses for residential and preferred uses and significantly limited new industrial uses. Subject's immediate area was rezoned to C-2-B/Arts.

Howard University has occupied its campus east of Georgia Avenue for over 140 years, and continues to expand its campus area. The former Wonder Bread bakery structure, located north of subject on the east side of Georgia Avenue at Bryant Street, was converted to office and retail and subsequently acquired by the University in 1993. The University owns approximately 70% of the total private land between Georgia Avenue, V Street, Sherman Avenue and Barry Place. Two large dormitories have been constructed at Barry Place and much of the remainder is planned for residential and retail uses.

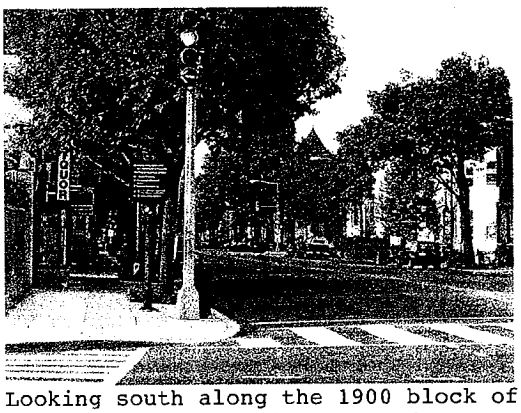
The major trend in this market continues to be the expansion and growth of the residential market, with numerous sites being developed with condominiums and apartments, and significant redevelopment and renovation of the retail commercial uses along U Street south of subject. An eight story 118 unit two-tower condominium was completed in 2008 just north of subject at 919 and 929 Florida Avenue. Broadway Management, Inc. has planned for 750 residential units in the immediate area under a planned unit development. The WMATA site at between 7th and 9th Streets on Florida Avenue is proposed for 104 apartment units and 11,750 sq. ft. of retail and arts.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006099

The trend of residential renovations and redevelopment continues, but the pace has slowed considerably in the past two years. As of the date of valuation Broadway Management, Inc. has not broken ground on their three planned developments in the neighborhood. In July 2009, a foreclosure notice was filed on a planned 29-unit condominium development at 11th and V Streets, NW. A number of developers have pulled out of the condominium market while others have converted planned condominium buildings into apartment buildings. An 11,942 sq. ft. site at 2143 9th Street was under contract to a residential developer in the summer of 2006. The developer backed out due to the sluggish residential market and the site sold a year later for 25% less than the former contract price. Sales in the past year at the 162 unit Rhapsody Condominiums just north of subject at 2120 Vermont Avenue indicate a 15% drop in sale prices since 2006. The Floridian Condominium, at 919 and 929 Florida Avenue, has seen slow sales even with deep discounts to attract purchasers. The owners of the building are currently having problems with lenders that have prevented recent buyers from settling on their purchases. The current recession and tight financial market has made it difficult for developers and purchasers to obtain financing, further slowing down development in the area.

Looking east along the 700 and 800 blocks of Florida Avenue. Subject sites are on the right. 7/30/09



Looking south along the 1900 block of 9th Street, NW Subject on Left. 7/30/09

While the condominium and residential markets have seen lower prices and less activity in the past year, subject's location near Howard University, the U Street retail corridor and within walking distance of two Metrorail stations is considered a desirable location for a mixed-use building. New development is planned for sites near subject. A new towncenter development is planned for a large site in the 2200 block of Georgia Avenue to the northeast. These new mixed-use developments will bring additional retail and foot traffic to the neighborhood. Therefore, subject's site is well situated



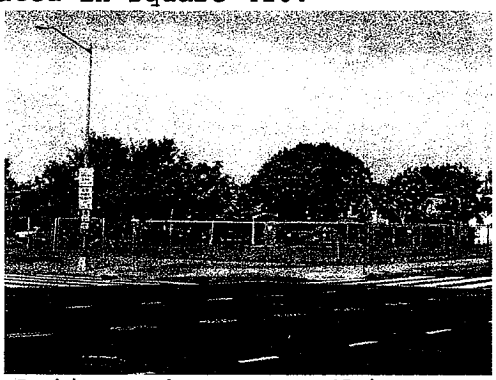
FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006100

and would be a desirable location for a mixed-use property once the economy recovers from the current recession.

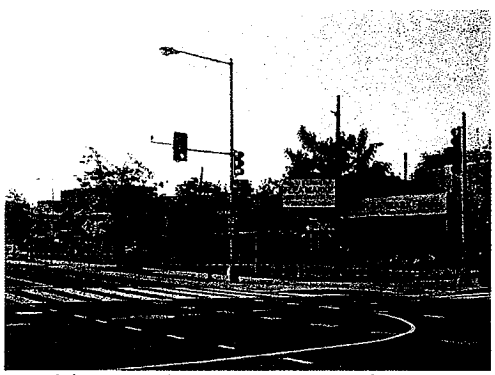
Site Description

Subject's sites are located on the south side of Florida Avenue between 7th and 9th Streets. Two lots are located in Square 393 and one large lot is located in Square 416.

Lot 45 in Square 393 contains 8,621 sq. ft. of irregularly shaped land with 75 feet of frontage on 8th Street, 100 feet of frontage on Florida Avenue and 108 feet along a 10-foot wide side alley to the west.



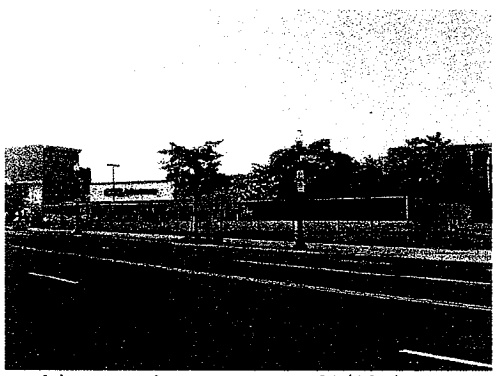
Looking southwest at Lot 45 in Square 393 on the southwest corner of 8th and Florida Avenue, NW. 7/30/09



Looking southeast at Lot 44 in Square 393. 7/30/09

Lot 44 in Square 393 contains 3,799 sq. ft. of irregularly shaped land with 100 feet of frontage on Florida Avenue, 57 feet on 9th Street and 23 feet on a 10-foot wide side alley.

Lot 31/18 in Square 416 contains 16,472 sq. ft. of irregularly shaped land with 114 feet of frontage on Florida Avenue and 177 feet of frontage on 8th Street.

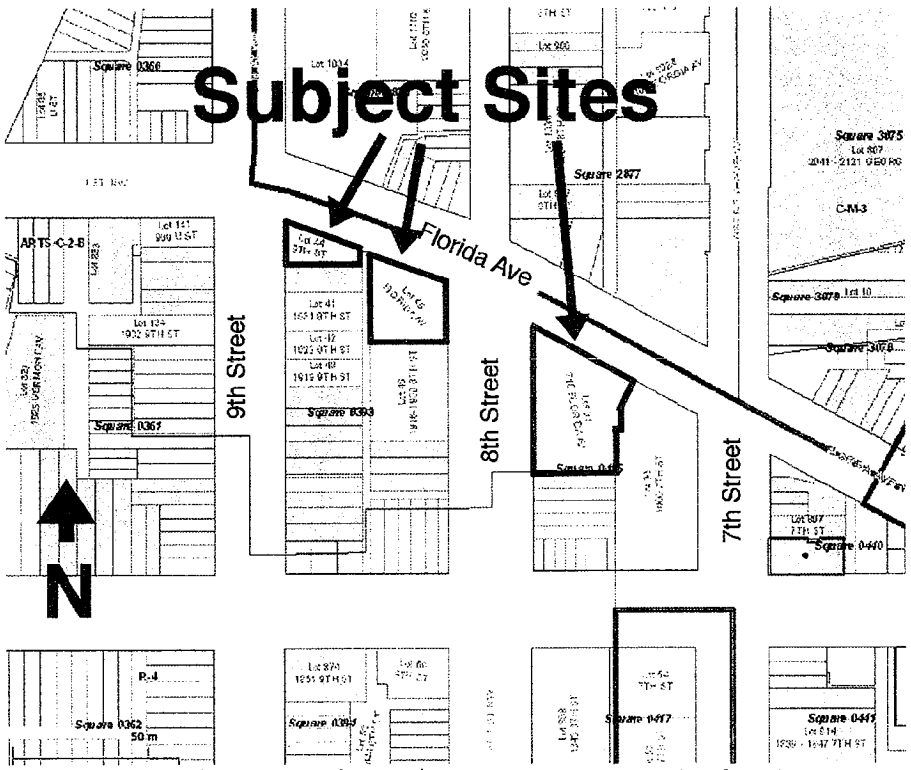


Looking southeast at Lot 31/18 in Square 416, on the southeast corner of 8th and Florida Avenue, NW. CVS in background. 7/30/09



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006101

The sites are level and on grade with street frontages. According to the most recent flood insurance rate map effective November 15, 1985, the subject sites lie within Zone C, an area of minimal flooding. The appraisers were not furnished with any report of soil conditions, and this appraisal assumes that there are no adverse soil or sub-soil conditions that would cause unusual construction problems.




Location of subject sites From DC Property Quest

No environmental information on the site was made available and the appraisers are not experts in environmental matters. The sites have been used as parking lots and used car lots. Whether the construction of the Metrorail tunnel resulted in the removal of any environmental contamination is not known. If the site were to be redeveloped by any prudent developer, the potential for environmental contamination of the soil should be considered. The conclusions set forth herein are predicated upon an environmentally clean property. If information regarding environmental factors is made available, the conclusions set forth herein are subject to change.

The sites appear to be served with all underground utilities. No title report was furnished to the appraiser, and

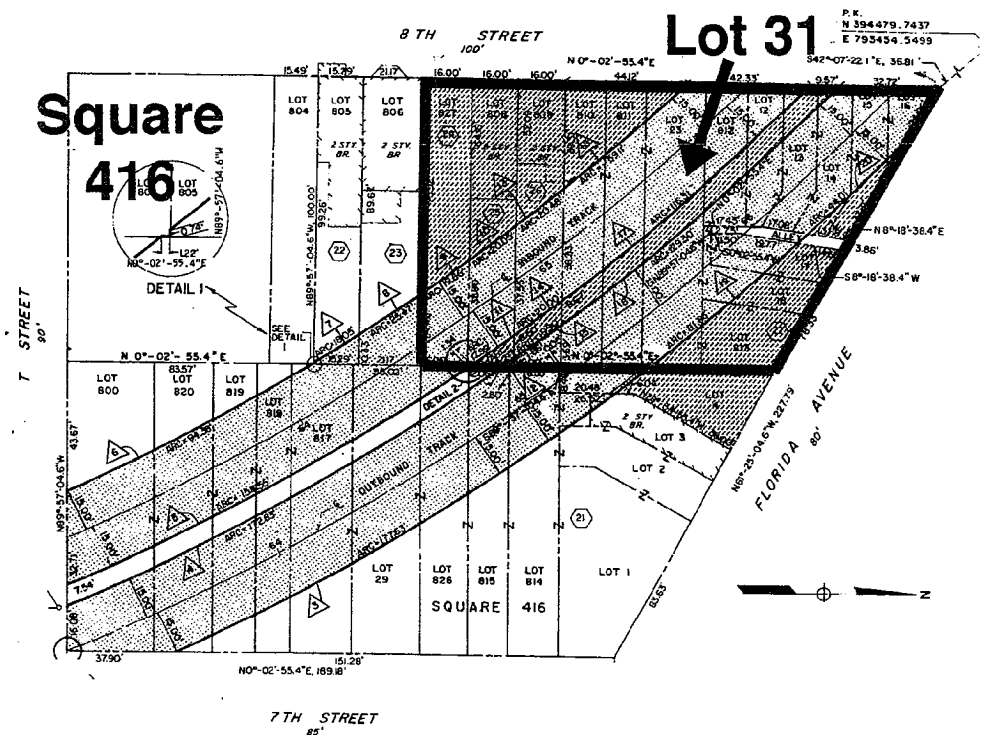


FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006102

it is assumed that there are no detrimental easements or encumbrances that adversely affect the property.

The sites are currently fenced-in along the perimeters. Seventh, Eighth and Ninth Streets and Florida Avenue are fully improved streets with sidewalks, curbs and gutters. All Streets are two-way streets. Street rights-of-way, according to Baist's Atlas for the sites, are 100 feet on 8th Street, 85 feet of 9th Street, 85 feet on 7th and 80 feet on Florida Avenue. There is a 10-foot alley separating Lots 44 and 45 in Square 393.

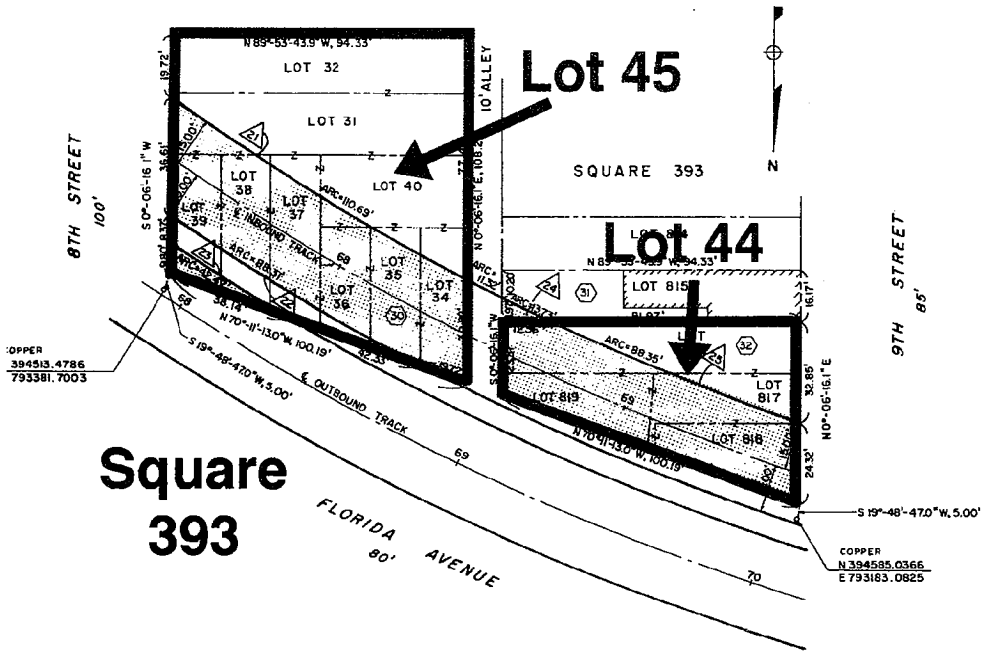
The principal factor affecting the subject sites is the Metrorail tunnel and easement running along the Florida Avenue frontage (northern portion) of the sites. Copies of sections of the right-of-way drawings, set forth below, show the relation of the underground easements and the sites.




On Lot 31/18 in Square 416, the two underground tunnel easements split the site from north to site.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006103




On Lot 44 in Square 393, the underground tunnel easement occupied the majority of the site and the entire frontage along Florida Avenue on the north. On lot 45 in Square 393, the underground tunnel easement occupies the majority of the northern portion of the site, with a small area between the outbound track easement and the inbound track easement available for footings or supports, subject to WMATA restrictions and on tunnel and easement impact.

The distance from the surface to the upper level of the easements on all the properties appears to range from 18 to 20 feet, allowing, according to information from WMATA, for one level of below grade structure to be placed above the underground easements, again, subject to WMATA restrictions and on tunnel and easement impact.

According to analysis of Mr. Colbert, the proximity of the tunnel and the likely reviews and restrictions on development above the tunnel will impact the maximum density that can be put above the tunnel and will cause an increase in the overall construction cost of the project. Mr. Colbert estimated that the tunnel will reduce the maximum likely density on each of the sites, taken as separate development sites, to from 3.35 FAR to 4.11 FAR, as will be shown in a later section of the report. The impact on the overall costs of the development was estimate at from 20% to 25%, i.e., the total costs of developming the three sites, due to likely special foundation requirements above



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006104

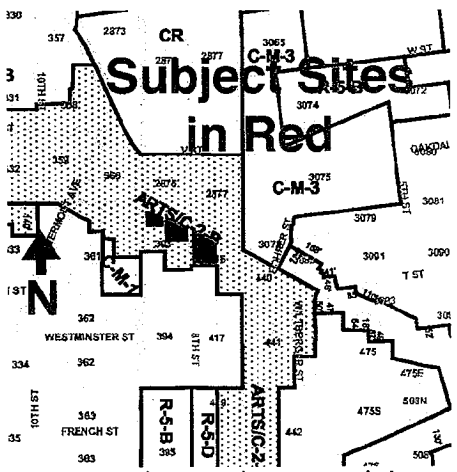
the tunnel, additional reviews, and other differences between normal mid-rise construction and construction over the tunnels.

WMATA's engineers have determined that the additional costs would be in the range of $1,770,000, in total for the project as proposed. This level of additional cost is significantly less than that envisioned by Mr. Colbert, but, is based on the proposed development of the unified sites, rather than three separate developments. Per the instruction of the client, this analysis will utilize the cost figure derived by WMATA engineers, of $1,770,000, for the additional costs of constructing over and complying with, the various WMATA tunnels, easements and requirements. It would not be unreasonable for WMATA to adjust this number to reflect actual additional costs as the project proceeds, or, in the alternative, to negotiate a fixed 'additional costs' with the developer, after further consultation with appropriate cost estimators. As stated, for the purpose of this analysis, WMATA's estimate of $1,770,000 is adopted. This estimate of additional hard costs is adjusted upward by 30% to account for all of the soft costs associated with developing these complicated properties, resulting in a total deduction of

| | | |
|---|---|---|
| $1,770,000 x 1.3 | = | $2,301,000 |
| Rounded to | | $2,300,000 |

Zoning and Land Use Controls

Subject's sites are zoned Arts/C-2-B, a commercial district designed to serve commercial and residential functions similar to the C-2-A District, but with high density residential and mixed uses. The district shall be compact and located on arterial streets, in uptown centers, and at rapid transit stops. The building use may be entirely residential or a mixture of commercial and residential.



DC Online Zoning Map with annotations

The sites are also included in the Uptown Arts Overlay District. The purpose of the Arts Overlay District is to encourage a scale of development, a mixture of building uses and other attributes such as safe and efficient conditions for pedestrians and vehicular movement. Specific requirements of



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006105

the district, set forth in Chapters 7 and 19 of the Zoning Regulations, are summarized as follows:

Summary of Arts/C-2-B Zoning Requirements

| | |
|---|---|
| Height | 65 feet maximum |
| Floor Area Ratio (FAR) | 3.5 - Apartment house or other Residential |
| | 1.5 - other permitted uses. |
| FAR with Bonus for Preferred Uses | 4.5 |
| Percentage of Lot Occupancy | 80% maximum for residential uses. |
| Rear Yard | 15 ft. minimum, below 20 foot height may be measured from center line of rear alley, above 20 foot height must be measured from rear lot line. |
| Side Yards | None required for other than one-family detached and one-family semi-detached dwellings, but if provided 2 inches per foot of height with a 6 foot minimum. |
| Parking: | |
| Apartment | 1 for each 3 dwelling units |
| General Office | In excess of 2,000 sf, 1 for each additional 1,800 sf GFA and cellar floor area. |
| Medical/Dental | Twice the number of spaces required for general office use. |
| Retail/Service | In excess of 3,000 sf, 1 for each 750 sf GFA and cellar floor area. |
| Loading-Requirements | |
| Office | 20,000 to 50,000 sq. ft.: 1 berth-30 ft., 1 platform-100 sq. ft., 1 service space at 20 ft. |
| | >50,000 to 200,000 sq. ft: 2 berth-30 ft., and 2 platform-100 sq. ft., 1 service space at 20 ft. |
| Residential | 50 or more dwelling units: 1 berth-55 ft., and 1 platform-200 sq. ft., 1 service space at 20 ft. |



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Inclusionary Zoning

Subject's sites are also included in the Inclusionary Zoning regulations of Chapter 26 of the Zoning Regulations. Under Inclusionary Zoning there is a mandatory housing requirement for any new development consisting of 10 or more units. The developer of these sites is required to set aside a certain percentage of units for low and moderate-income households. The developer is given bonus density of 20% more than is allowed under matter of right developments to compensate for building low and moderate-income housings. As of the date of valuation the Inclusionary Zoning requirements have not been enacted. The Inclusionary Zoning requirements shall become effective on the date of publication of the notice of final rulemaking (5/15/2009) in the D.C. Register, but pursuant to and with the exception of 225, shall not become applicable until ninety days after such publication or the date on which the final Maximum Rent and Price Schedule is published in the D.C. Register, whichever is later. The earliest date would be August 13, 2009[6]. As of the date of the report, the Maximum Rent and Price Schedule had been published and 90 days had passed. As of the date of value, the impending implementation of the Inclusionary Zoning provisions was expected by the market would have been considered by any prudent purchaser.

Using the formula set forth in the Inclusionary Zoning regulations, the amount of the gross floor 'lost' to affordable housing is estimated as follows:

Inclusionary Zoning Requirement Analysis

| Site (Sq/Lot) | | 393/44 | 393/45 | 416/31 |
|---|---|---|---|---|
| Site Area | | 3,799 sf | 8,621 sf | 16,472 sf |
| Zone | | Arts/C2B | Arts/C2B | Arts/C2B |
| 1st Test – 8% of Matter-of-Right Density | | | | |
| M/R Max Density | | 13,297 sf | 30,174 sf | 57,652 sf |
| 8% of M/R | 8.00% | 1,064 sf | 2,414 sf | 4,612 sf |
| 2nd Test – 50% of Inclusionary Zoning Bonus Density | | | | |
| IZ Bonus Potential | 0.7 | 2,659 sf | 6,035 sf | 11,530 sf |
| 50% Bonus | 50.00% | 1,330 sf | 3,017 sf | 5,765 sf |

Limiting Factor – Not required for less than 10 units

| Site (Sq/Lot) | 393/44 | 393/45 | 416/31 |
|---|---|---|---|
| Likely Residential | Less than 10 Units | More than 10 Units | More than 10 Units |

[6] The "MAXIMUM RENT AND PURCHASE PRICE SCHEDULE", a copy of which is set forth in the addenda, was published August 14, 2009.



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IZ Density – Greater of 8% of M/R or 50% of Bonus

| Site (Sq/Lot) | 393/44 | 393/45 | 416/31 |
|---|---|---|---|
| IZ Requirement | -0- sf | 3,017 sf | 5,765 sf |

Total IZ Requirement:

| | |
|---|---|
| Site Sq 393 Lot 44 | -0- sf |
| Site Sq 393 Lot 45 | 3,017 sf |
| Site Sq 416 Lot 31 | 5,765 sf |
| Total IZ Requirement | 8,782 sf |

Duke Draft Development Framework for a Cultural Destination District within Washington, DC's Greater Shaw/U Street[7]

The District submitted the Duke Draft Development Framework to the DC Council for approval in February 2005. The Council adopted the document as a "small area plan" in June 2005. The plan provides guidance in public policy decision-making to District agencies and commissions on affordable housing needs, local business development, existing and new cultural facilities and programming, quality public realm investments, transportation and traffic, zoning and local resident participation. The plan calls for subject's sites to be developed with mixed-use developments with active, ground floor retail and residential or office uses above.

Land Use Element of the Comprehensive Plan

Subject's sites are located within the moderate density residential and moderate density commercial mixed use zoning category. The current zoning is not inconsistent with the Plan.

Historic Status

Subject's sites are located in the Greater U Street Historic District. The Greater U Street Historic District is a Victorian-era neighborhood, developed largely between 1862 and 1900.[8] The Greater U Street Historic District, listed in the National Register of Historic Places in 1998, extends roughly from 16th Street on the west to 7th Street on the east and from S Street on the south to Florida Avenue on the north, and includes over 1,500 historic buildings.

[7] DC Office Of Planning September 2004

[8] The District of Columbia Inventory of Historic Sites, February 23, 2004 update.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006108

## PART III - DATA ANALYSIS AND VALUE CONCLUSION

### Highest and Best Use

Highest and best use is defined in the text "The Appraisal of Real Estate", 13th ed., published by The Appraisal Institute, 2008, as "The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value." In this case, the value sought is of the fee simple value of the land, as if vacant and unimproved, and available for development to its highest and best use.

Subject's three sites are currently vacant and unimproved, zoned Arts/C-2-B, and impacted by underground easements benefiting WMATA for tunnels carrying the regional rapid rail transit system. As individual development sites, these three parcels contain 3,799 sq. ft. (Lot 44 in Square 393), 8,621 sq. ft. (Lot 45 in Square 393) and 16,472 sq. ft. (Lot 31/18 in Square 416).

Under the Arts/C-2-B zoning, the maximum density developable on the site is a 3.5 FAR as a matter-of-right, with the potential for up to 4.5 FAR with additional preferred, mainly residential, uses. However, with the presence of the WMATA underground easements and tunnels, and the resulting inability to place more than one level below grade, along with development restrictions on the weight and density that may be placed above the tunnel structure, the likely reasonable density that could be placed on the sites would be less than the maximum density permitted. Consultations with Mr. Eric Colbert, AIA, a well known local architect familiar with development over a Metrorail tunnel[9], yielded estimated maximum densities achievable on each of the sites as follows:

[9] Mr. Colbert is currently consulting with a developer on another site impacted by a WMATA easement in Northeast Washington, DC. Qualifications are set forth in the addenda.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006109

Colbert Estimate of Gross Floor Area (FAR) Subject to WMATA Tunnel and Underground Easement

| | | | |
|---|---|---|---|
| 1st | 3,600 sf | 7,621 sf | 14,972 sf |
| AG 2nd | 3,039 sf | 6,100 sf | 13,177 sf |
| AG 3rd | 3,039 sf | 6,100 sf | 13,177 sf |
| AG 4th | 3,039 sf | 6,100 sf | 13,177 sf |
| AG 5th | | 3,560 sf | 6,590 sf |
| AG 6th | | 3,560 sf | 6,590 sf |
| Max Envelop AG | 12,717 sf | 33,041 sf | 67,683 sf |
| Site Area | 3,799 sf | 8,621 sf | 16,472 sf |
| Maximum FAR | 3.35 | 3.83 | 4.11 |

These densities are less than the maximum 'potential' density with bonus density permitted under the Arts/C-2-B district, but reflect the physical limitations of development. The estimates are, however, of each site as a standalone site. The current proposal for the development of these sites, according to information from the client, incorporates the thre subject sites into a larger development including additional land owned or controlled by the prospective purchaser. Under the proposed development of the combined project, a total of 157,000 sq. ft. of Gross Floor Area (FAR SF) will be constructed. Of this amount, 124,000 sq. ft., or roughly 79%, is reportedly attributable to the inclusion of the three WMATA sites. While this represents a premium of 9.3% more FAR than the three sites could generate as stand alone sites, the increase is not unreasonable considering assemblage and the ability to place gross floor area within non-impacted areas of the larger assembled site.

Additionally, the purpose of this analysis is to arrive at an opinion of the value of the site and an opinion of the appropriate land lease rate for the sites, as combined and as part of the larger development of which these sites will be a part. It is therefore appropriate to view the entirety of the development density that is generated by the subject sites as part of the larger development and not as stand alone sites.

The valuation of the three sites, therefore, will focus on the total development density generated by the WMATA sites as a part of the larger development.

The proposed development on the sites incorporates residential uses on the upper floors and retail uses along the Florida Avenue frontage of the first floor. This development scheme is consistent with the other newer developments along Florida Avenue and U Street. It is the development scheme envisioned by Mr. Colbert. It is the development scheme that is expected by the market and conforms with the market. While a full highest and best use analysis could be undertaken regarding



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006110

development timing, the purpose of this analysis is ultimately to set the price (rent) that the developer will pay to WMATA for the inclusion of the sites into the larger development. Therefore, the highest and best use of the sites is the proposed use, as a part of the larger assembly by the developer.[10]

Finally, the issue of the Inclusionary Zoning will have an impact on the value, and rent, that the subject sites can generate. The requirement for including affordable housing units into the development create two issues that must be addressed. As set forth earlier, approximately 8,782 sq. ft. of the potential FAR will be set aside for affordable housing. This floor area has, as stated, an effective value of $-0-, as the potential for sufficient revenue to offset both the cost of construction AND return additional monies as a residual to the land is virtually non-existent. Additionally, it is highly unlikely that the return from the affordable units will actually cover the total costs associated with construction – hard, soft, financing, and entrepreneurial profit. It is my opinion, however, that the developer will be able to obtain sufficient subsidies from city or federal entities to offset any loss on the construction costs of these units, and no additional deduction, over that associated with the loss in land value, is applied in this analysis.[11]

Approaches to Value and Valuation

The property, consisting of the three sites as a development project and including the total allocated to the WMATA properties, has been valued utilizing a direct sales comparison approach to value, which is consistent with current market practices involving values of vacant, unimproved and underimproved land. Recent sales of similarly zoned unimproved sites in the general area were utilized to estimate the value of the land as if vacant and unimproved, on a per square foot basis. Analysis of these sales will result in a price per FAR for residential uses, and subject's highest and best use, assuming that the land was vacant, unimproved and available for development. This will result in an indicated land value before any adjustments for Inclusionary Zoning or WMATA tunnel and

[10] Note that the larger developer is able to generate additional density by virtue of the assembly. At the same time, the assembly is able to achieve Florida Avenue frontages by virtue of the inclusion of the WMATA sites.

[11] Please note that in the event that such subsidies are not available, the appropriate adjustment, based on the rentals and sales set forth in the Inclusionary Zoning Maximum Rent and Purchase Price Schedule and the rentals charged for the newer buildings in the general U Street and Logan Circle neighborhoods, would be between -$20 and -$30 per sq. ft. of FAR allocated to affordable units. This is in addition to the effective loss of the land value associated with those units.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006111

easement impact. Next, the financial impact of the Inclusionary Zoning and WMATA tunnels and easements will be applied to the unadjusted value to arrive at the value of the properties, as a unit, subject to both Inclusionary Zoning and WMATA tunnels and easements.

Sales of sites zoned Arts/C-2-B and CR, in subject's neighborhood have been researched, verified and analyzed as to price per FAR, the most applicable unit of measurement for medium and high density residential land sales. The analysis leading to the land value opinion is set forth on the following pages.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006112

Land Sales Analysis

Subject is generally level and on grade with Florida Avenue, 8th Street and 9th Street. One of the sites, Lot 44 in Square 393, is generally triangular, two, Lot 45 in Square 393 and Lot 31/18 in Square 416 are irregular but generally rectangular. The zoning on these sites is Arts/C-2-B. As stated earlier, the enactment of Inclusionary Zoning on August 21, 2009 will require any new developments of more than 10 units to include a percentage of affordable housing units. Additional FAR beyond the matter of right allowed on the site will be allowed to compensate for the cost of the affordable units. Adjustments to the comparable sales for the Inclusionary zoning requirement is difficult to estimate since the exact cost of providing the affordable units on each of the sites is unknown. Most brokers or developers contacted report that the Inclusionary Zoning will probably have a negative affect. As the adjustments for Inclusionary zoning will be made to the sites as after the 'base' land value is determined, no adjustments to most of the sales is required.

Other adjustments considered include adjustments for financing, location, size, site topography and site configuration. All of the comparable sales were purchased with cash or conventional financing so no adjustment will be made for financing. The six comparable sales are all level, interior sites, located in similar locations within a few blocks of subject. Comparable #4 is a sale of four noncontiguous lots and comparable #5 is a sale of very narrow site. These comparable sales would be adjusted up for inferior site configuration and lack of corner. Most of the comparables are smaller, one is larger than two of the individual subject sites but smaller than Lot 31/18, the largest.

Summary of Comparable Sales

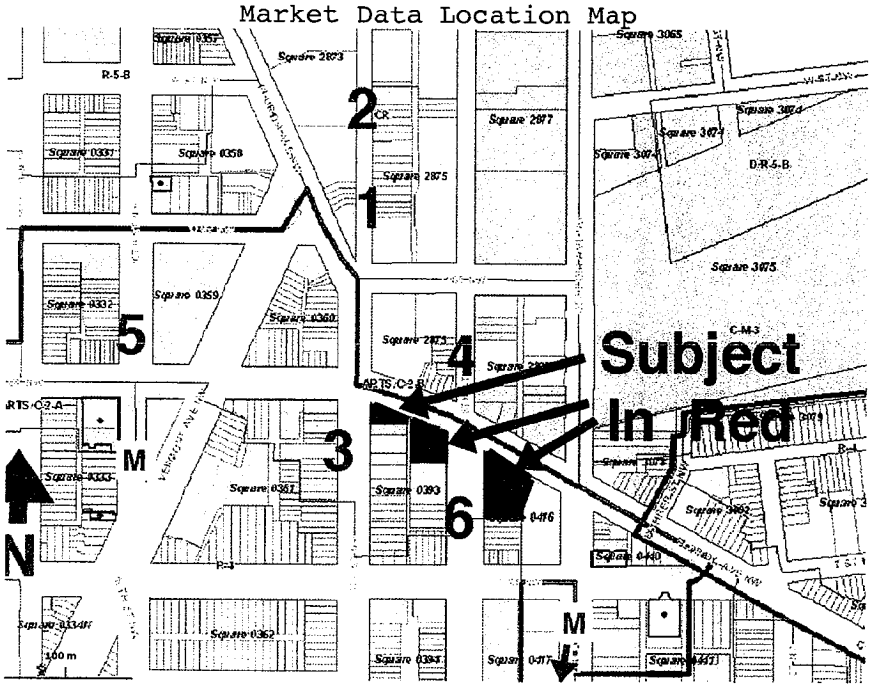
| Sale-Location | Zone | FAR | Sale Date | Land Area | $/FAR |
|---|---|---|---|---|---|
| 1-2047 9th | CR | 6.0 | Nov-06 | 4,073 | $102 |
| 2-2143 9th | CR | 6.0 | Sep-07 | 11,942 | $46 |
| 3-1932 9th | Arts/C-2-B | 3.68 | Jan-08 | 5,436 | $70 |
| 4-2004+ 8th | Arts/C-2-B | 4.5 | Aug-08 | 3,537 | $50 |
| 5-2006 10th | Arts/C-2-B | 4.5 | Sep-08 | 1,142 | $43 |
| 6-1912 8th | Arts/C-2-B | 4.5 | Contract | 1,887 | $45 |
| Subject | Arts/C-2-B | 4.5 | | 4,561 | |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006113

The sales above indicate prices in the range of $43 to $102 per FAR with an average of $71 FAR. The highest indication came from sale #1 at 2047 9th Street, NW. This site was purchased almost three years ago, during the height of the residential market activity, by the adjacent property owner for future expansion of his nightclub. It is currently improved with a small warehouse used for storage and a parking lot. Set forth below is a location map, showing the location of the sales in relation to subject,

Market Data Location Map




As stated in the neighborhood section values have declined in the past two years. The comparable sales will therefore be adjusted down 15% per year for market conditions. Set forth on the following page is a summary of these sales adjusted for market conditions to the date of value.

Sales Adjusted for Market Conditions

| Sale-Location | Zone | FAR | Sale Date | Land Area | $/FAR |
|---|---|---|---|---|---|
| 1-2047 9th | CR | 6.0 | Nov-06 | 4,073 | $65 |
| 2-2143 9th | CR | 6.0 | Sep-07 | 11,942 | $34 |
| 3-1932 9th | Arts/C-2-B | 3.68 | Jan-08 | 5,436 | $55 |
| 4-2004+ 8th | Arts/C-2-B | 4.5 | Aug-08 | 3,537 | $43 |
| 5-2006 10th | Arts/C-2-B | 4.5 | Sept-08 | 1,142 | $37 |
| 6-1912 8th | Arts/C-2-B | 4.5 | Contract | 1,887 | $45 |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006114

| | | | |
|---|---|---|---|
| Subject | Arts/C-2-B | 4.5 | 4,561 |

Comparable #1, at 2047 9th Street, is the sale of a 4,073 sq. ft. interior site on the west side of 9th Street, one block northwest of subject. This CR zoned site is similar in size and dimension to subject. It sold in November 2006 for $102 per FAR. The property was purchased by the owner of the adjacent property, the 9:30 Club, for possible expansion of the nightclub in the future. It is improved with a small warehouse and parking lot and is currently used for storage and parking. This sale would be adjusted downward for market conditions and for an owner user purchaser and up for corner.

Comparable #2, at 2143 9th Street, is an 11,942 sq. ft. site located southeast of subject on 9th Street. The site is zoned CR. It sold in September 2007 for $46 per FAR to Howard University based on an FAR of 6.0. The site is level and has frontage on both 8th Street and the rear alley. Howard University is assembling sites in the area and also owns land adjacent to this site. This site, while small, is almost three times the size of subject. This sale would be adjusted downward for market conditions and up for corner

Comparable #3, at 1932 9th Street, is a 5,436 sq. ft. interior site located one block southwest of subject. The site has 36 feet of street frontage on 9th Street and depth of 158 feet to a rear alley. This Arts/C-2-B zoned site sold in January 2008 for $70 per FAR based on a proposed 3.68 FAR mixed-use development. The price per FAR based on the maximum FAR allowed would be $57. The purchaser reportedly plans to build a 20,000 sq. ft. mixed use building, which equates to a 3.68 FAR. The site is located in a similar location, one-half block south of Florida Avenue. This sale would be adjusted downward for market conditions and up for corner

Comparable #4, at 2004-2008 and 2014 8th Street, is a 3,537 sq. ft. non-contiguous assembly of four lots located one block north of subject. The four lots sold for a total price of $800,000 or $50 per FAR. They are currently improved with four row houses in poor condition. According to the purchaser two of the row houses will be renovated. He is looking to assemble the remaining sites with adjacent land for a larger contiguous assembly. This sale would be adjusted downward for market conditions and upward for noncontiguous assembly and corner.

Comparable #5, at 2006 10th Street, is a 1,142 sq. ft. narrow lot located one-half block north of U Street. The site has only 13 feet of frontage on 10th street with a depth of 89 feet to a rear alley. This Arts/C-2-B zoned site sold in September 2008 for $43 per FAR. The purchaser plans a residential development on the site. The property is currently



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006115

back on the market at an asking price of $350,000 or $68 per FAR but the sales broker reports no interest in the site based on this asking price. This sale would be adjusted downward for market conditions and upward for narrow lot width and corner.

Comparable #6, at 1912 8th Street, is a 1,887 sq. ft. lot located south of subject. The site has 20 feet of frontage 8th Street with a depth of 94 feet to a rear alley. This Arts/C-2-B zoned site is currently listed on the market for $385,000 or $45 per FAR. The site is located adjacent to a similarly sized site that was developed in 2009 with a 5-unit condominium. This location is similar to subject but the site is smaller and lacks a corner.

Summary of Comparables

| Sale-Addr | Date | Adj Mkt | Loc | Corner | Site Area | Fr X Dpth |
|---|---|---|---|---|---|---|
| 1-2047 9th | 11/06 | $65 | Comp | No | Sml/Comp | 40 X 101 |
| 2-2143 9th | 9/07 | $34 | Comp | No | Comp/Lrg | 118 X 101 |
| 3-1932 9th | 1/08 | $54 | Comp | No | Sm/Comp | 36 X 158 |
| 4-2004+ 8th | 8/08 | $43 | Comp | No | Sml/Comp | Non-Contig |
| 5-2006 10th | 9/08 | $37 | Comp | No | Sml/Narrow | 13 X 88 |
| 6-1912 8th | List | $45 | Comp | No | Sml/Marrow | 20 X 94 |

After adjustments for market conditions the comparable sales indicate an adjusted price range for subject from $34 to $65 per FAR with an average of $47 per FAR. The highest sale indication came from sale #1, at $65 per FAR. It is the oldest sale and was purchased by the adjacent property owner for future expansion of his nightclub. Without this sale the average of the remaining sales is $43 per FAR. Sale #5, at $37 per FAR, is the most recent sale, but it is much smaller and all of the components of subject. Sale #4, at $43 per FAR, consists of four small noncontiguous lots on an inferior street north of subject. The purchaser is looking to assemble adjacent land into a larger contiguous assembly. Sale #3 is the closest comparable sale and indicated a price of $55 per FAR after adjusting for market conditions, but lacks a corner. The purchaser reportedly plans to build a mixed-used 3.68 FAR building, although nothing has been built since the purchase and the site is currently used as a pay parking lot. If this site were developed to a maximum 4.5 FAR the adjusted sale price would be $45 per FAR. The final comparable is the listing of a small 1,887 sq. ft., C2B zoned site located south of subject on 8th Street. This site is currently on the market for $385,000 or $45 per FAR. This listing is much smaller than all of the individual sites within subject.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006116

The average of all the sales, excluding sale #1, is $42 per FAR. The most closest sale, sale #3, indicated a price of $55 per FAR, based on a proposed development, but is much smaller than all of subject's individual sites. However, with subject's location along Florida Avenue, and the potential for retail uses along with the corner influence on all of the individual sites, it is our opinion that the unencumbered value of the sites, as a unit, would be weighted upward from sales north of Florida Avenue, resulting in an indicated value of $55 per FAR.

Based on the comparables and analysis above, the indicated value for the subject sites, as a part of the proposed development of which these properties are a part, as of August 31, 2009, would be:

| | |
|---|---|
| Site Area | 28,892 sf Land |
| FAR Sq. Ft. Individual Site Development | 113,441 sf GFA |
| FAR Sq. Ft. Allocated to Subject Sites | 124,000 sf GFA |
| Value per FAR | $55.00/FAR |
| Unencumbered Value | $6,820,000 |
| Rounded to | $6,800,000 |

Adjustment to Value: Inclusionary Zoning Effective FAR Loss

The effective area lost due to Inclusionary Zoning has been estimated at 8,782 sq. ft. of Gross Floor Area. This is equivalent to a lost land value of:

| | |
|---|---|
| 8,782 sq. ft. GFA x $55.00/FAR | = $483,010 |
| Rounded to | $500,000 |

Adjustment to Value: Inclusionary Zoning Cost Deficiency

As stated above, while it appears that there may be a loss in value due to the inability to cover not only land value but part of the construction costs as well, it has been assumed for the purposes of this analysis that the developer will be able to obtain sufficient subsidies to offset this loss.

Adjustment to Value: Extraordinary Costs – WMATA Easements and Tunnels

As stated above, utilizing the costs estimates provided by WMATA, a deduction for extraordinary hard associated with



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006117

building over the WMATA tunnel and easements is $1,770,000. Allowing for necessary soft costs, this results in a total deduction from the unencumbered value of $2,300,000.

Final Value of Property Subject to Inclusionary Zoning and WMATA Tunnels and Easements

| | |
|---|---|
| Value Unencumbered | $6,800,000 |
| Adjustment for IZ FAR Loss | -$500,000 |
| Adjustment for Extraordinary Costs | -$2,300,000 |
| Encumbered Value 7/31/2009 | $4,000,000 |

Exposure Time

There have been very few land sales, except for smaller sized sites and foreclosures. Given the complexities of developing the subject site, the necessity of obtaining approvals and processing reviews and agreements relating to the WMATA easements and tunnels, and the difficulty in obtaining development financing in the current economic climate, the exposure time associated with the values set forth herein is estimated at 12 to 18 months or more.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006118

Fair Annual Land Rent

The second component of this analysis is to estimate the appropriate land rent for a long tern land lease under typical market terms and the appropriate land rent under specified terms provided by the client.

First, the land rent under typical market terms is estimated at a base rate of 7% of the current land value. Annual escalations in the rent are estimated at 2% per year, with a revaluation of the underlying land and a reset to 7% of the revalued land value every ten years. It would be expected that some reduction in the land rent an initial term, not to exceed 12 to 18 months, would be made as an accommodation to facilitate development approvals. These terms are utilized to compute a possible yield to the land owner under the lease, which will be the basis for estimating the land rent payments under the proposed lease term.

| | | |
|---|---|---|
| Land Value | $4,000,000 | $4,000,000 |
| Option 1 – Base Land Rent | 7% | To Be Determined |
| Option 2 – Lump Sum | | Lump Sum Payment no annual payment |
| Option 3 – Flat Annual | | Flat Annual Payment, no escalations or revaluation |
| Annual Adjustment | 2% | None |
| Periodic Revaluation | Every 10 Year Reset to 7% | None |
| Term | 60 Years | 60 Years |
| Reversion | 60 Years | 60 Years |
| Annual Increase in Land Value | Allow 4% per year on average over term | |
| Participation in Gross Revenue | | 1% of Gross Revenue |
| Participation in Refinancing Proceeds | | 2% of Net Proceeds from any refinancing |
| Participation in Sale Proceeds | | 2% of Net Proceeds from any sale of the property |
| | | |

Based on a market lease rate of 7% for a long term land lease with annual escalations and periodic revaluations and



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006119

resets, the initial rent payment would be $280,000 per year (7% x $4,000,000).[12] The rent would have annual escalations, estimated at 2% of the prior year rent, and there would be periodic revaluations of the land value every 10 years, at which time the base land rent would be reset to 7% of the then current land value. The lease would have typical clauses – rent never lower than prior year, no purchase options, requirements for upkeep of improvements, reversion of land and any remaining improvements at lease expiration to the leased fee owner, leasehold owner (tenant) responsible for all expenses, taxes, municipal charges, fees, etc., as well as all other requirements and features of a typical 'triple net land lease'.

In order to estimate the appropriate rental payments under the two WMATA requested Lease Options (Lump Sum Payment with Participation and Flat Rent with Participation), it is necessary to determine the effective yield to the leased fee owner under typical market terms, as this forms the basis for determining the equivalent rent under the two lease options requested.

The following assumptions are used to set the base yield to the leasehold under a typical market lease:

| | |
|---|---|
| Land Value Escalation | 4% annual average escalation in land value over the 60 year term of the lease |
| Annual Rent Escalations | 2% per year |

Set forth on the following page is a summary of the yield analysis indicating that these term would yield a 10.5% (rounded) overall yield to the leased fee owner.

[12] Note that it would be reasonable to reduce the rent during the development approval phase of the project, with the full rent becoming effective at the receipt of development approvals from the City.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006120

# Estimate of Yield on Typical Land Rent Terms
## Option 1 Land Lease

| Yr | | Land Value Annual Change 4.00% | Annual Rent Escalation 2.00% | Yr | | Land Value Annual Change 4.00% | Annual Rent Escalation 2.00% |
|---|---|---|---|---|---|---|---|
| 1 | | $4,000,000 | 280,000 | 31 | Reval | $12,973,590 | **$908,151** |
| 2 | | $4,160,000 | $285,600 | 32 | | $13,492,534 | $926,314 |
| 3 | | $4,326,400 | $291,312 | 33 | | $14,032,235 | $944,840 |
| 4 | | $4,499,456 | $297,138 | 34 | | $14,593,524 | $963,737 |
| 5 | | $4,679,434 | $303,081 | 35 | | $15,177,265 | $983,012 |
| 6 | | $4,866,611 | $309,143 | 36 | | $15,784,356 | $1,002,672 |
| 7 | | $5,061,275 | $315,326 | 37 | | $16,415,730 | $1,022,725 |
| 8 | | $5,263,726 | $321,633 | 38 | | $17,072,359 | $1,043,180 |
| 9 | | $5,474,275 | $328,066 | 39 | | $17,755,253 | $1,064,044 |
| 10 | | $5,693,246 | $334,627 | 40 | | $18,465,463 | $1,085,325 |
| 11 | Reval | $5,920,976 | **$414,468** | 41 | Reval | $19,204,082 | **$1,344,286** |
| 12 | | $6,157,815 | $422,758 | 42 | | $19,972,245 | $1,371,171 |
| 13 | | $6,404,128 | $431,213 | 43 | | $20,771,135 | $1,398,594 |
| 14 | | $6,660,293 | $439,837 | 44 | | $21,601,980 | $1,426,566 |
| 15 | | $6,926,705 | $448,634 | 45 | | $22,466,059 | $1,455,097 |
| 16 | | $7,203,773 | $457,607 | 46 | | $23,364,701 | $1,484,199 |
| 17 | | $7,491,924 | $466,759 | 47 | | $24,299,289 | $1,513,883 |
| 18 | | $7,791,601 | $476,094 | 48 | | $25,271,261 | $1,544,161 |
| 19 | | $8,103,265 | $485,616 | 49 | | $26,282,111 | $1,575,044 |
| 20 | | $8,427,396 | $495,328 | 50 | | $27,333,395 | $1,606,545 |
| 21 | Reval | $8,764,492 | **$613,514** | 51 | Reval | $28,426,731 | **$1,989,871** |
| 22 | | $9,115,072 | $625,785 | 52 | | $29,563,800 | $2,029,669 |
| 23 | | $9,479,675 | $638,301 | 53 | | $30,746,352 | $2,070,262 |
| 24 | | $9,858,862 | $651,067 | 54 | | $31,976,206 | $2,111,667 |
| 25 | | $10,253,216 | $664,088 | 55 | | $33,255,254 | $2,153,900 |
| 26 | | $10,663,345 | $677,370 | 56 | | $34,585,464 | $2,196,978 |
| 27 | | $11,089,879 | $690,917 | 57 | | $35,968,883 | $2,240,918 |
| 28 | | $11,533,474 | $704,735 | 58 | | $37,407,638 | $2,285,736 |
| 29 | | $11,994,813 | $718,830 | 59 | | $38,903,944 | $2,331,451 |
| 30 | | $12,474,606 | $733,207 | 60 | +Revn | $40,460,102 | $42,838,182 |

With a starting value of $4,000,000, the indicted internal rate of return on the these payments would be 10.4794%, which would be rounded to 10.5%.

In order to compute the appropriate Lump Sum Payment with the proposed participations and the Flat Annual Rent with the proposed participations, additional assumptions are required, as summarized on the following page. These tests are designed to arrive at the requested Option Rents yielding the same return to the leased fee as the typical market lease shown above.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006121

Summary of Assumptions for Lease Option Analyses

| | |
|---|---|
| Initial Land Value | $4,000,000 |
| Leased Fee IRR | 10.5% at market terms |
| Land Value Escalation | 4% annual average escalation in land value over the 60 year term of the lease |
| Gross Rent | Based on 124,000 sf gross area, 85% net to gross ratio, $2.50 monthly rent, escalating 3% per year for the term |
| Net Proceeds | Estimate at an initial leasehold value of $400 per sq. ft. with a 75% loan to value ratio, 7% interest rate loan with 30 year term, monthly amortization, property value increase of 3% per year for the first 40 years then declines 1% per year through the end of the term, 5% expenses on sale with a sale every ten years and improvements value at $-0- at end of term |

The Annual Participation in the Gross Revenue would therefore be, in year one of stabilization, $31,620 as shown below.

| | |
|---|---|
| Gross Area | 124,000 sf |
| Net/Gross | 85.00% |
| Rentable | 105,400 sf |
| Rent/SF/Mo | $2.50 |
| Monthly Gr | $263,500 |
| Annualize | 12 |
| Annual Gross | $3,162,000 |
| Participation Rte | 1.00% |
| Annual Participation in Gross Revenue | $31,620 |
| Annual Increase in Rent (and participation) | 3% |
| Discount Rate for Present Value | 10.5% |

The present value of the annual participation, as shown on the following page, is $415,400.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006122

## Present Value of Annual Participation
## Options 2 and 3

| Year | Annual Participation Escalation 3.00% | Year | Annual Participation Escalation 3.00% |
|---|---|---|---|
| 1 | $31,620 | 31 | $76,753 |
| 2 | $32,569 | 32 | $79,056 |
| 3 | $33,546 | 33 | $81,428 |
| 4 | $34,552 | 34 | $83,871 |
| 5 | $35,589 | 35 | $86,387 |
| 6 | $36,657 | 36 | $88,979 |
| 7 | $37,757 | 37 | $91,648 |
| 8 | $38,890 | 38 | $94,397 |
| 9 | $40,057 | 39 | $97,229 |
| 10 | $41,259 | 40 | $100,146 |
| 11 | $42,497 | 41 | $103,150 |
| 12 | $43,772 | 42 | $106,245 |
| 13 | $45,085 | 43 | $109,432 |
| 14 | $46,438 | 44 | $112,715 |
| 15 | $47,831 | 45 | $116,096 |
| 16 | $49,266 | 46 | $119,579 |
| 17 | $50,744 | 47 | $123,166 |
| 18 | $52,266 | 48 | $126,861 |
| 19 | $53,834 | 49 | $130,667 |
| 20 | $55,449 | 50 | $134,587 |
| 21 | $57,112 | 51 | $138,625 |
| 22 | $58,825 | 52 | $142,784 |
| 23 | $60,590 | 53 | $147,068 |
| 24 | $62,408 | 54 | $151,480 |
| 25 | $64,280 | 55 | $156,024 |
| 26 | $66,208 | 56 | $160,705 |
| 27 | $68,194 | 57 | $165,526 |
| 28 | $70,240 | 58 | $170,492 |
| 29 | $72,347 | 59 | $175,607 |
| 30 | $74,517 | 60 | $180,875 |
| Present Value of Annual Participation at 10.5% | | | $415,400 |

Next, the periodic participation in the net sale or refinancing proceeds is estimated based on the assumptions set forth. For this component of the analysis, it has been assumed that the property would be sold every ten years.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006123

# Participation in Net Proceeds (Sale Every Ten Years)
## Options 2 and 3

| Yr | Leasehold Value 3% > -1% | Mortgage Balance | Sales Exp 5.00% | Net Proceeds | Participation In Net Proceeds 2.00% |
|---|---|---|---|---|---|
| 1 | $42,160,000 | $31,620,000 | $2,108,000 | $8,432,000 | 0 |
| 2 | $43,424,800 | $30,954,382 | $2,171,240 | $10,299,178 | 0 |
| 3 | $44,727,544 | $30,585,066 | $2,236,377 | $11,906,101 | 0 |
| 4 | $46,069,370 | $30,189,051 | $2,303,469 | $13,576,850 | 0 |
| 5 | $47,451,451 | $29,764,409 | $2,372,573 | $15,314,469 | 0 |
| 6 | $48,874,995 | $29,309,069 | $2,443,750 | $17,122,176 | 0 |
| 7 | $50,341,245 | $28,820,812 | $2,517,062 | $19,003,371 | 0 |
| 8 | $51,851,482 | $28,297,260 | $2,592,574 | $20,961,648 | 0 |
| 9 | $53,407,026 | $27,735,860 | $2,670,351 | $23,000,815 | 0 |
| 10 | $55,009,237 | $27,133,876 | $2,750,462 | $25,124,899 | $502,498 |
| 11 | $56,659,514 | $42,494,636 | $2,832,976 | $11,331,903 | 0 |
| 12 | $58,359,299 | $41,600,101 | $2,917,965 | $13,841,233 | 0 |
| 13 | $60,110,078 | $41,103,770 | $3,005,504 | $16,000,804 | 0 |
| 14 | $61,913,380 | $40,571,560 | $3,095,669 | $18,246,151 | 0 |
| 15 | $63,770,781 | $40,000,876 | $3,188,539 | $20,581,366 | 0 |
| 16 | $65,683,904 | $39,388,937 | $3,284,195 | $23,010,772 | 0 |
| 17 | $67,654,421 | $38,732,761 | $3,382,721 | $25,538,939 | 0 |
| 18 | $69,684,054 | $38,029,151 | $3,484,203 | $28,170,700 | 0 |
| 19 | $71,774,576 | $37,274,676 | $3,588,729 | $30,911,171 | 0 |
| 20 | $73,927,813 | $36,465,660 | $3,696,391 | $33,765,762 | $675,315 |
| 21 | $76,145,647 | $57,109,235 | $3,807,282 | $15,229,130 | 0 |
| 22 | $78,430,016 | $55,907,056 | $3,921,501 | $18,601,459 | 0 |
| 23 | $80,782,916 | $55,240,029 | $4,039,146 | $21,503,741 | 0 |
| 24 | $83,206,403 | $54,524,783 | $4,160,320 | $24,521,300 | 0 |
| 25 | $85,702,595 | $53,757,831 | $4,285,130 | $27,659,634 | 0 |
| 26 | $88,273,673 | $52,935,437 | $4,413,684 | $30,924,552 | 0 |
| 27 | $90,921,883 | $52,053,591 | $4,546,094 | $34,322,198 | 0 |
| 28 | $93,649,539 | $51,107,997 | $4,682,477 | $37,859,065 | 0 |
| 29 | $96,459,025 | $50,094,046 | $4,822,951 | $41,542,028 | 0 |
| 30 | $99,352,796 | $49,006,796 | $4,967,640 | $45,378,360 | $907,567 |
| 31 | $102,333,380 | $76,750,035 | $5,116,669 | $20,466,676 | 0 |
| 32 | $105,403,381 | $75,134,406 | $5,270,169 | $24,998,806 | 0 |
| 33 | $108,565,482 | $74,237,978 | $5,428,274 | $28,899,230 | 0 |
| 34 | $111,822,446 | $73,276,747 | $5,591,122 | $32,954,577 | 0 |
| 35 | $115,177,119 | $72,246,028 | $5,758,856 | $37,172,235 | 0 |
| 36 | $118,632,433 | $71,140,799 | $5,931,622 | $41,560,012 | 0 |
| 37 | $122,191,406 | $69,955,672 | $6,109,570 | $46,126,164 | 0 |
| 38 | $125,857,148 | $68,684,873 | $6,292,857 | $50,879,418 | 0 |
| 39 | $129,632,862 | $67,322,207 | $6,481,643 | $55,829,012 | 0 |
| 40 | $133,521,848 | $65,861,034 | $6,676,092 | $60,984,722 | $1,219,694 |
| 41 | $132,186,630 | $99,139,973 | $6,609,332 | $26,437,326 | 0 |
| 42 | $130,864,764 | $97,053,024 | $6,543,238 | $27,268,502 | 0 |

(Continued on following page)



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006124

## Participation in Net Proceeds (Sale Every Ten Years)
(Continued from prior page)

| Yr | Leasehold Value 3% > -1% | Mortgage Balance | Sales Exp 5.00% | Net Proceeds | Participation In Net Proceeds 2.00% |
|---|---|---|---|---|---|
| 43 | $129,556,116 | $95,895,085 | $6,477,806 | $27,183,225 | 0 |
| 44 | $128,260,555 | $94,653,438 | $6,413,028 | $27,194,089 | 0 |
| 45 | $126,977,949 | $93,322,032 | $6,348,897 | $27,307,020 | 0 |
| 46 | $125,708,170 | $91,894,379 | $6,285,409 | $27,528,382 | 0 |
| 47 | $124,451,088 | $90,363,521 | $6,222,554 | $27,865,013 | 0 |
| 48 | $123,206,577 | $88,721,997 | $6,160,329 | $28,324,251 | 0 |
| 49 | $121,974,511 | $86,961,807 | $6,098,726 | $28,913,978 | 0 |
| 50 | $120,754,766 | $85,074,373 | $6,037,738 | $29,642,655 | $592,853 |
| 51 | $119,547,218 | $89,660,414 | $5,977,361 | $23,909,444 | 0 |
| 52 | $118,351,746 | $87,773,015 | $5,917,587 | $24,661,144 | 0 |
| 53 | $117,168,229 | $86,725,795 | $5,858,411 | $24,584,023 | 0 |
| 54 | $115,996,547 | $85,602,872 | $5,799,827 | $24,593,848 | 0 |
| 55 | $114,836,582 | $84,398,773 | $5,741,829 | $24,695,980 | 0 |
| 56 | $113,688,216 | $83,107,629 | $5,684,411 | $24,896,176 | 0 |
| 57 | $112,551,334 | $81,723,148 | $5,627,567 | $25,200,619 | 0 |
| 58 | $111,425,821 | $80,238,584 | $5,571,291 | $25,615,946 | 0 |
| 59 | $110,311,563 | $78,646,699 | $5,515,578 | $26,149,286 | 0 |
| 60 | $109,208,447 | $76,939,738 | $5,460,422 | $26,808,287 | $40,460,102 |
| Present Value of Participation in Net Proceeds at 10.5% | | | | | $449,947 |

The present value of the annual participation has been estimated at $415,400. The present value of the periodic participation in net proceeds of sale (or refinancing) has been estimated at $449,947. The value of the land and the present value of the market terms lease payments is $4,000,000. Deducting the present value of the annual participation and the present value of the net proceeds from sale (or refinancing) will leave an amount of money that represents the required present value of the Option One Lump Sum Payment, or the required present value of the Option Two Flat Annual Rental. In other words, the present value of the Option One Payment or the present value of the Option Two Flat Payments must equal the residual present value after deducting the participation amounts.

| | |
|---|---|
| Land Value | $4,000,000 |
| PV of Annual Participation | -$415,400 |
| Present Value of Net Proceeds Participation | -$449,947 |
| Balance to Capture in Rent | $3,134,654 |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006125

Option Two – Lump Sum Payment

The amount of the required Lump Sum Payment that, when added to the annual and periodic participations in gross rent and net proceeds will yield the same return to the leased fee owner as the market rent terms, is equal to the Balance to Capture in Rent or $3,134,654.

Option Three – Flat Annual Rent

The amount of the required Flat Annual Rental that, when added to the annual and periodic participations in gross rent and net proceeds will yield the same return to the leased fee owner as the market rent terms, is equal to the amount to amortize, at the leased fee yield rate, the Balance to Capture in Rent ($3,134,654) at a 10.5% discount rate for a 60 year term, or $329,964 per year.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006126

CERTIFICATION

The Undersigned do hereby certify that, to the best of our knowledge and belief:

The statements of facts contained in this report are true and correct;

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analysis, opinions and conclusions;

We have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved;

We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;

Our engagement in this assignment was not contingent upon developing or reporting predetermined results;

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice;

We inspected the subject property;

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, Richard R. Harps has completed the continuing education program of the Appraisal Institute.

Disclosure of the contents of this appraisal report is governed by the by-laws and Regulations of the Appraisal Institute.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected or the MAI or SRA designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communications without the prior written consent and approval of the undersigned.

Richard R. Harps
DC Certified General License #10003

Stephen C. Brennan
DC Certified General License #10011



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006127

ADDENDA

QUALIFICATIONS OF RICHARD R. HARPS, MAI, CRE

Academic: Bachelor of Arts, Economics, The American University, Washington, D.C. 1972.

American Institute of Real Estate Appraisers courses and/or examinations: IA - Basic Principles, Methods and Techniques - 1972; IB - Capitalization Theory and Techniques - 1972; II - Urban Properties - 1973; IV - Condemnation - 1973; VI - Investment Analysis - 1980; IBA - Capitalization Theory & Techniques - 1987; 2-1 Case Studies - 1991, Highest and Best Use and Market Analysis – 1993, Advance Sales Comparison and Cost Approach - 2000

Seminars presented by AIREA, AI, GWCAR, WBR, WDCAR and other organizations.

General: 1971-1983 - John R. Pinkett, Inc., Vice President of Appraisals.
1984 to Present - HARPS & HARPS, INC., President
1996 to 2004 – HARPS & SCALLAN, LLC/INC.

Qualified as Expert in: District of Columbia Zoning Commission; District of Columbia Board of Zoning Adjustment; District of Columbia Office of Tax and Revenue Board of Real Property Assessments and Appeals; District of Columbia Alcohol Beverage Control Board; Superior Court of the District of Columbia; United States District Court for the District of Columbia; United States Bankruptcy Court for the District of Columbia; Mayor's Agent for Historic Preservation-Chief Administrative Law Judge of the District of Columbia; United States Bankruptcy Court, District of Maryland; United States District Court, District of Maryland.

District of Columbia Certified General Real Property Appraiser Certificate #10003.
Maryland Certified General Real Property Appraiser Certificate #10177
Virginia Certified General Real Estate Appraiser Certificate #003181

Appraisal/Consulting Experience: Assignments since 1971 include: houses, stores, shopping centers, office buildings, apartment buildings, hotels, unimproved land, air rights, special purpose properties; full and partial takings from office buildings, power plants, stores, houses, railroad rights-of-way, and apartment buildings; condominium conversion, relocation assistance studies, planned unit development analyses, lease analyses, fair rental studies, urban renewal re-use parcels and assessment consulting, valuation and equalization studies.

Partial Client List: , United State National Park Service, Washington Metropolitan Area Transit Authority, U.S. General Services Administration, U.S. Dept. of Justice, District of Columbia Department of Housing and Community Development, District of Columbia National Capital Revitalization Corporation, Potomac Electric Power Company, Washington Gas Light Company, Verizon, Howard University, International Monetary Fund, International Bank for Reconstruction and Development (World Bank) attorneys, financial institutions, developers and individuals.

Organizations

Appraisal Institute, successor to American Institute of Real Estate Appraisers, MAI designation - Voluntary re-certification through December 31, 2007
Minority Relations Subcommittee, 1980-1981, Vice Chairman 1981; National Education Committee, 1983-1984; Division of Courses, 1985; Division of Curriculum, 1981-1982; Board of Examiners - Examinations 1987-1989; and General Comprehensive Examination Subcommittee/General Comprehensive Examination Panel 1983-2007, Chairman 1987-1989

Washington Metropolitan Area Chapter Appraisal Institute (formed January 1991 by merger of Wash Metro Chapter # 18 AIREA and Wash Metro Chapter of SREA): President-1994

Counselors of Real Estate - CRE designation

District of Columbia Building Industry Association

Washington D.C. Association of REALTORS®: New Development/Zoning Committee 1975-90, Chrm 1981-82; Board of Directors, 1981 to 1986, 1990-1994, 1998; President, 1985

Real Estate Education Foundation (WDCAR) - President 1989

Lambda Alpha International – International Land Economics Fraternity

Real Estate Counseling Group of America – President 2005-2007

National Association of REALTORS®: Board of Directors 1985-1987, 1992; Executive Committee 1986-1987; REALTORS® Legislative Committee: 1989 Chairman Housing Subcommittee, 1990 Chairman Federal Tax Subcommittee, 1991 Vice Chairman RLC, 1992 Chairman RLC; Real Estate Finance Committee 1989-92; State and Municipal Legislative Committee 1990; Building Advisory Committee/Real Property Operations Committee 1988, 1990-1993, 2004, 2007; RPAC Trustee 1989, 1992; Real Estate Lending Working Group Chairman 1991; Public Policy Oversight Group 1993

Greater Washington Board of Trade - Board of Directors, 1985



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006129

# QUALIFICATIONS OF STEPHEN C. BRENNAN

## Education

1986 Graduate of Colby College, Waterville, Maine. Bachelor of Arts in Administrative Science with a minor in Economics. Graduate Real Estate courses: Principles and Practices of Real Estate, Real Estate Finance, and Appraisal 1. American Institute of Real Estate Appraisers courses and/or exams successfully completed: 1-A1 Real Estate Appraisal Principles, 1-A2 Basic Valuation Procedures, 1-B1 Capitalization Theory and Techniques Part A, and Capitalization Theory and Techniques Part B, 2-1 Case Studies in Real Estate Valuation, Report Writing and Valuation Analysis, Narrative Appraisal Report Writing, Apartment Appraisal, Appraisal Institute #I330, Standards of Professional Practice, Part B, February 2002, Evaluating Commercial Construction Seminar September 2003, National USPAP Update February 2004, and Appraisal Institute's Online Analyzing Operating Expenses, February 2004.

## General Experience

Commercial Property Appraiser — 1988-Present
Harps & Harps, Inc.
Washington, D.C.

Residential Property Appraiser — 1987-1988
F. Jerome Silverstein Realty
New London, Ct.

## Professional Associations and Licenses

District of Columbia, Certified General Real Property Appraiser License #10011

Maryland, Certified General Real Property Appraiser License #10178

Candidate for membership in the Appraisal Institute (MAI Designation)

Realtor Associate Member of the Washington D. C. Association of Realtors

## Work Experience

Recent assignments include: appraisals of single and multifamily dwellings, condominiums, residential and commercial land, new construction, warehouses, office buildings, stores, shopping centers and apartment buildings.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006130

## SCOPE OF WORK

## SHAW-HOWARD UNIVERSITY METRORAIL STATION AREA

| | |
|---|---|
| OWNER: | WMATA |
| LOCATION: | South Side of Florida Avenue between 7th & 9th Streets, NW Washington, DC |
| LEGAL DESCRIPTION: | Square 393, Lots 44 and 45; Square 416, Lots 18 and 31 |
| ZONING: | C-2-B in Arts Overlay Zone |
| ESTIMATED AREA: | Lot 44 - 3,800 SF<br>Lot 45 - 8,600 SF<br>Lot 18 - 516 SF<br>Lot 31 - 15,956 SF |
| COMMENTS: | The northern portions of the parcels contains an existing Metrorail tunnel that has an upper limit that is 19 feet below the surface. WMATA can provide to the appraiser cost estimates for extraordinary costs that may be involved in building over the WMATA tunnel.<br><br>The Inclusionary Zoning Implementation Act, as amended, and the Duke Plan incorporate affordable housing provisions that should be considered in an analysis of the subject property. |
| DUE DATE: | A preliminary draft shall be due 30 days after notice to proceed. A complete summary report shall be due 7 business days after the receipt of comments on the preliminary draft. |
| TYPE OF REPORT: | Summary Appraisal Report |
| REQUIREMENTS: | The appraiser shall provide each of the following for the subject property:<br><br>1. Fair market value of the site reserving to WMATA a permanent underground easement on the northern portion of the property for the below-grade track and tunnel;<br>2. Fair market value per sq. ft. of FAR for any retail or commercial component, market rate residential units, and affordable housing units<br>3. The annual rent for a longterm ground lease |



FOIA CONFIDENTIAL TREATMENT REQUESTED

ERIC COLBERT & ASSOCIATES PC 717 5TH STREET NORTHWEST WASHINGTON DC 20001 TELEPHONE (202) 289-6800

July 31, 2009

Mr. Richard Harps
1111 14th Street, N.W., Suite 600
Washington, D.C. 20005

Re: Square 393, Lots 44 and 45; Square 416, Lots 18 and 31

Dear Richard,

Following is the analysis you requested. First is a list of zoning restrictions:

Underlying C-2-B Zoning Requirements

- Height Limit = 65'
- FAR = 3.5, 1.5 non-residential maximum
- Maximum Lot Occupancy = 80% at all residential floors
- Rear Yard = 15'
- Required Parking = 1 per 3 dwelling units

Arts Overlay

- Up to 4.5 maximum bonus density permitted.

Inclusionary Zoning (IZ)

- 20% additional density
- 5' extra building height

The problem with the proximity of the Metro tunnel with these sites is that it exists on one side (the north) of the properties. If the Metro tunnel ran through the middle of our site, we could "bridge" the tunnel, making it easier to build higher above the tunnel. Because the tunnel is on one side, we can only build a structure that can be supported by the tunnel itself. My office is working on a project now where we have had numerous meetings with Metro regarding building over a tunnel. The maximum that Metro will allow us to (economically) build is a four-story wood structure. My best assumption is that we could possibly build a structure that has one level of underground parking and four floors above ground (above the tunnel).



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006132

For Lot 44 (Square 393), the proximity of Metro to the site suggests that the entire site be limited to the restrictions I stated. This will allow a structure which has a parking garage of 3,799 square feet. Due to the small size of the lot and its awkward shape, we can probably only accommodate 8 or 9 spaces in this garage. The first floor can be entirely commercial for a gross square footage of 3,600. The actual leasable space will be much lower, however, due to the need to have a lobby for the upstairs uses plus an elevator and two fire stairs. The actual retail on this level will likely be about 2,900 square feet. Assuming that floors 2, 3, and 4 are residential use, they could occupy 80% of the lot and have 3,039 gross square feet each. An apartment building of this size will only be about 75% efficient, leaving 2,279 sellable or leasable square feet each on floors 2, 3, and 4. This gives a total rentable or sellable area of 9,737 square feet for this site.

Lot 45 in Square 393 will be more efficient to build on. Approximately half of the site could go up to 70' height, while the other half would be limited as stated for Lot 44. This will yield the following areas, assuming a building that has one full level of parking underground and one full retail level at grade. On half of the site, three more floors will be permitted, while on the other half, five more floors will be possible. Based on nearby developments, the most reasonable use for the floors above the first floor seems to be residential use.

**Lot 45 Potential Building**

| Floor | Gross S.F. | Net Sellable/Leasable S.F. |
|---|---|---|
| Garage (-1) | 8,621 | 22 Parking Spaces |
| 1 | 7,621 | 7,000 |
| 2 | 6,100 | 5,100 |
| 3 | 6,100 | 5,100 |
| 4 | 6,100 | 5,100 |
| 5 | 3,560 | 2,850 |
| 6 | 3,560 | 2,850 |
| Total | 33,041 | 28,000 |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006133

The same analysis used for Lot 45 in Square 393 will apply to Lot 31 in Square 416. Again, about one-half of the lot has the underground tunnel beneath it.

**Lot 31 Potential Building**

| Floor | Gross S.F. | Net Sellable/Leasable S.F. |
|---|---|---|
| Garage (-1) | 16,472 | 45 Parking Spaces |
| 1 | 14,972 | 14,300 |
| 2 | 13,177 | 11,200 |
| 3 | 13,177 | 11,200 |
| 4 | 13,177 | 11,200 |
| 5 | 6,590 | 5,600 |
| 6 | 6,590 | 5,600 |
| Total | 84,155 | 59,100 |

Building next to and above the Metro structures as will be required for these lots will increase construction costs by at least 20% to 25%. Being in a historic district means that there is no guarantee that a 70-foot high building will be permitted.

Sincerely,

Eric Colbert, AIA



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006134

**THE DEPUTY MAYOR FOR PLANNINGAND ECONOMIC DEVELOPMENT**
**THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**
**THE DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS**

**INCLUSIONARY ZONING AFFORDABLE HOUSING PROGRAM**
**MAXIMUM RENT AND PURCHASE PRICE SCHEDULE**

This Maximum Rent and Purchase Price Schedule is established pursuant to the Inclusionary Zoning Implementation Act of 2006, effective March 14, 2007 (D.C. Law 16-275; D.C. Official Code § 6-1041.01 *et seq.*) ("the Act") and the Inclusionary Zoning Regulations adopted by the Zoning Commission for the District of Columbia and codified in Chapter 26 Title 11 of the DCMR. The Schedule is effective August 14, 2009.

**Multi-Family Inclusionary Developments**

| | | | | | 50% of AMI Units | | 80% of AMI Units | |
|---|---|---|---|---|---|---|---|---|
| Number of Bedrooms | Occupancy Pricing Standard | Occupancy Limits | Estimated Utility Allowance | Estimated Condo Fees | Maximum Allowable Rent | Maximum Purchase Price | Maximum Allowable Rent | Maximum Purchase Price |
| Studio | 1 | 1 | $108 | $250 | $899 | $107,500 | $1,438 | $190,700 |
| 1 | 2 | 1 - 2 | $150 | $313 | $1,027 | $117,700 | $1,643 | $212,800 |
| 2 | 3 | 2 - 4 | $192 | $425 | $1,155 | $120,100 | $1,849 | $227,100 |
| 3 | 5 | 4 - 6 | $233 | $525 | $1,412 | $144,300 | $2,259 | $275,100 |

**Single-Family Inclusionary Developments**

| | | | | | 50% of AMI Units | | 80% of AMI Units | |
|---|---|---|---|---|---|---|---|---|
| Number of Bedrooms | Occupancy Pricing Standard | Occupancy Limits | Estimated Utility Allowance | Estimated Condo Fees | Maximum Allowable Rent | Maximum Purchase Price | Maximum Allowable Rent | Maximum Purchase Price |
| 2 | 3 | 2 - 4 | NC | $110 | $1,155 | $160,300 | $1,849 | $267,300 |
| 3 | 5 | 4 - 6 | NC | $130 | $1,412 | $196,800 | $2,259 | $327,600 |
| 4 | 7 | 6 - 8 | NC | $150 | $1,669 | $233,400 | $2,670 | $388,000 |

The Maximum Purchase Price or Rent is based on the Washington Metropolitan Statistical Area 2009 Area Median Income of $102,700 for a family of four (4) as published by the United States Department of Housing and Urban Development. It takes into account an ability to pay thirty percent (30%) of the benchmark income towards the housing cost.

Maximum Allowable Rent is equal to the rent published minus any utility expenses paid by the tenant for heat, air conditioning, cooking, electricity, or hot water. Utilities are estimated above. Actual costs to be deducted for each utility are as described in the District of Columbia Housing Authority's Utility Schedule.

An Inclusionary Development Owner may lower the rents or prices to achieve a larger marketing band of incomes for marketing purposes to assure occupancy.

Sq 393 L44,45 + Sq 416 L31/18 **006493**

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Maximum Allowable Purchase Prices use the following assumptions:

1. A conventional thirty (30) year, fixed-rate, fully amortizing mortgage at the national average mortgage rate as published by the Federal Housing Finance Agency at www.fhfa.gov (5.12% as of July 28, 2009) plus a one percent (1%) cushion to protect for future interest rate increases and a five (5%) down payment.

2. Real estate property taxes are assessed at the control price at current real estate tax rates and homestead deductions.

3. Condominium fees are estimated at fifty cents ($0.50) per square foot per month applied to the assumed unit square footages. Single-family homeowner association fees are estimated at ten cents ($0.10) per square foot per month applied to the assumed unit square footages. Estimated unit sizes are:

**Multi-Family Inclusionary Development**

| Studio | 1-Bedroom | 2-Bedroom | 3-Bedroom |
|---|---|---|---|
| 500 | 625 | 850 | 1,050 |

**Single-Family Inclusionary Development**

| 2-Bedroom | 3-Bedroom | 4-Bedroom |
|---|---|---|
| 1,100 | 1,300 | 1,500 |

4. Monthly hazard insurance on single-family units is estimated at one half of one percent (0.5%) of replacement value.

NOTE 1. If the actual homeowner/condominium fee for a specific Inclusionary Unit is more than ten percent (10%) higher than the fee assumed in the Maximum Price or Rent Schedule and/or hazard insurance is not included in the condominium fees, then the actual fees and insurance costs shall be used to determine the maximum sales price of the Inclusionary Unit.

NOTE 2. For unit types larger than listed above contact the Agency.

NOTE 3. NC — Not calculated. Contact the Agency.

NOTE 4. More information on Inclusionary Zoning is available at www.dhcd.dc.gov.



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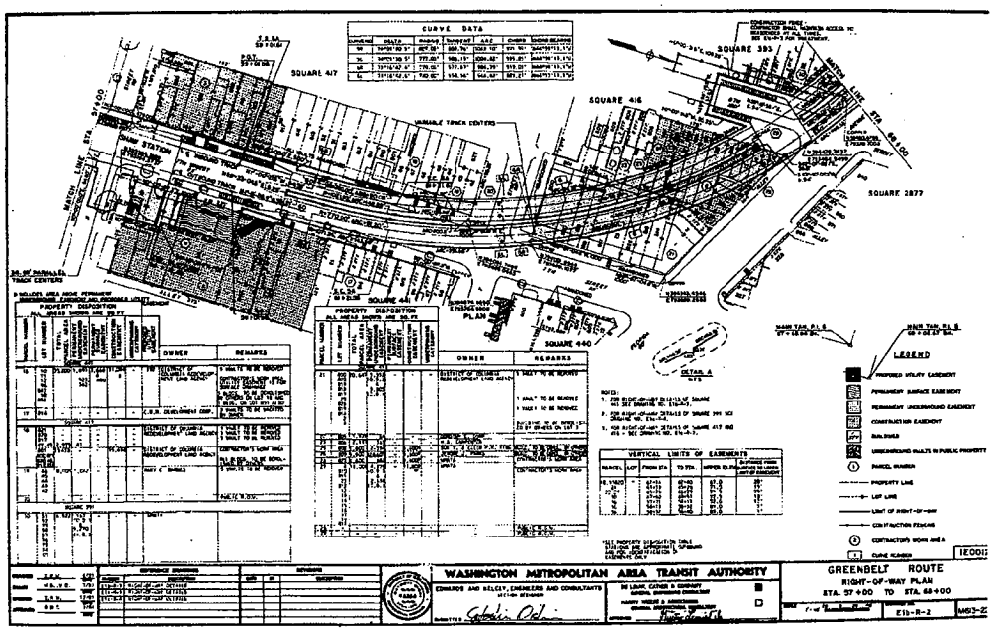
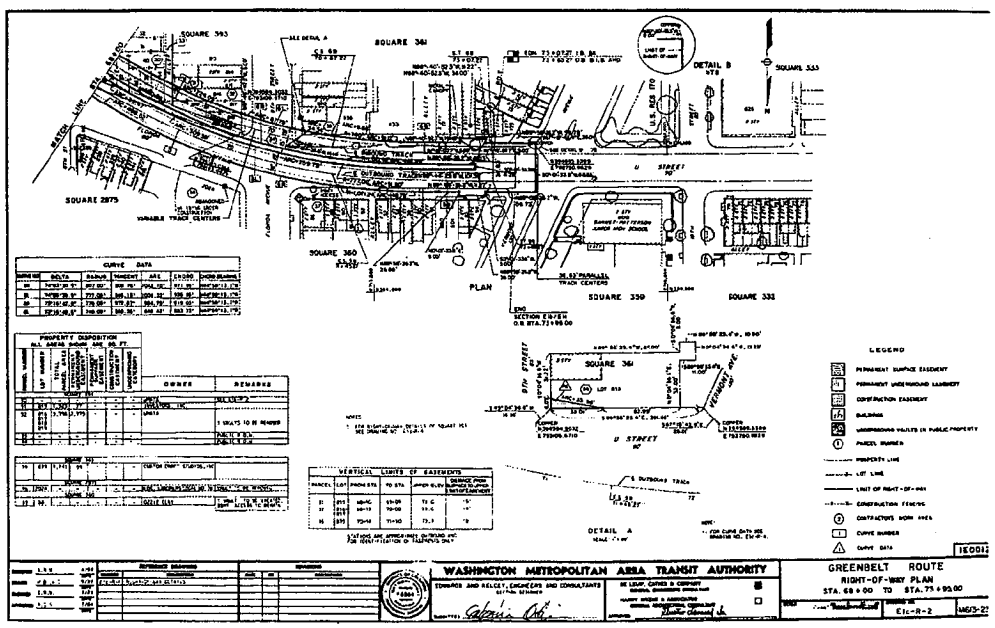
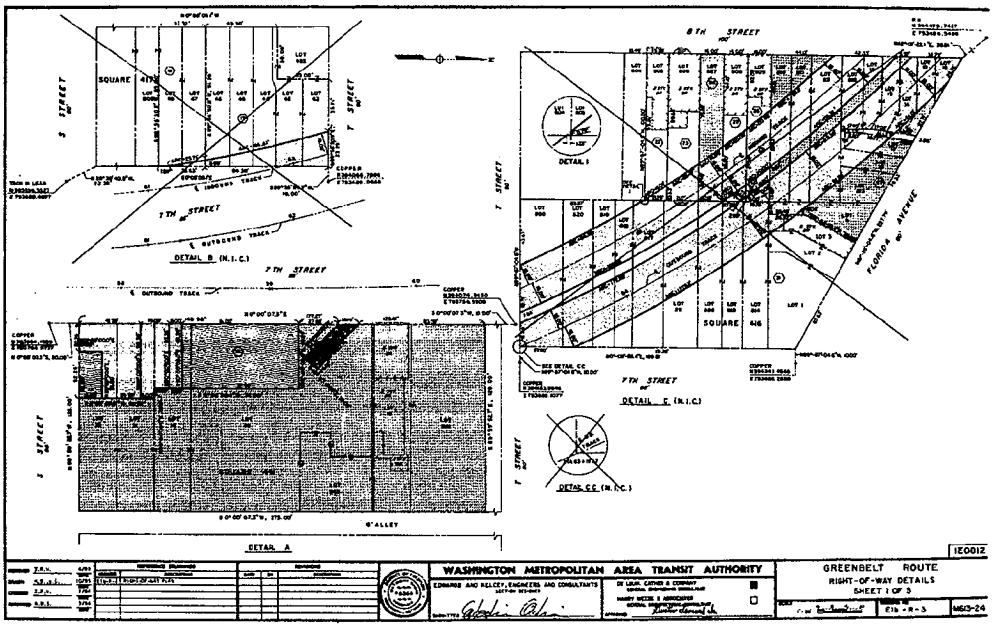
Reduced Copies of WMATA Section and Right-of-Way drawings

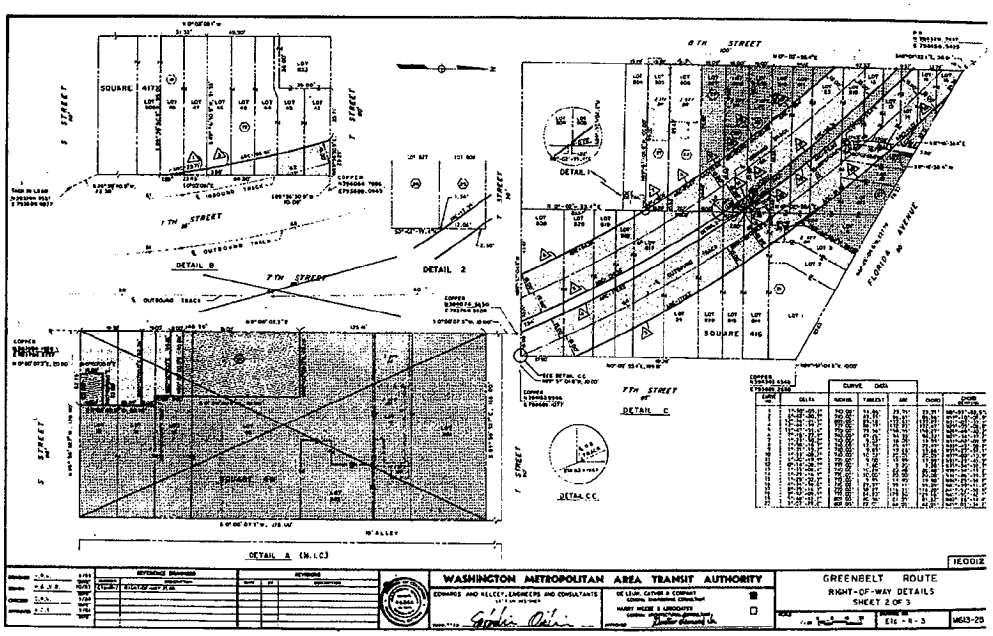




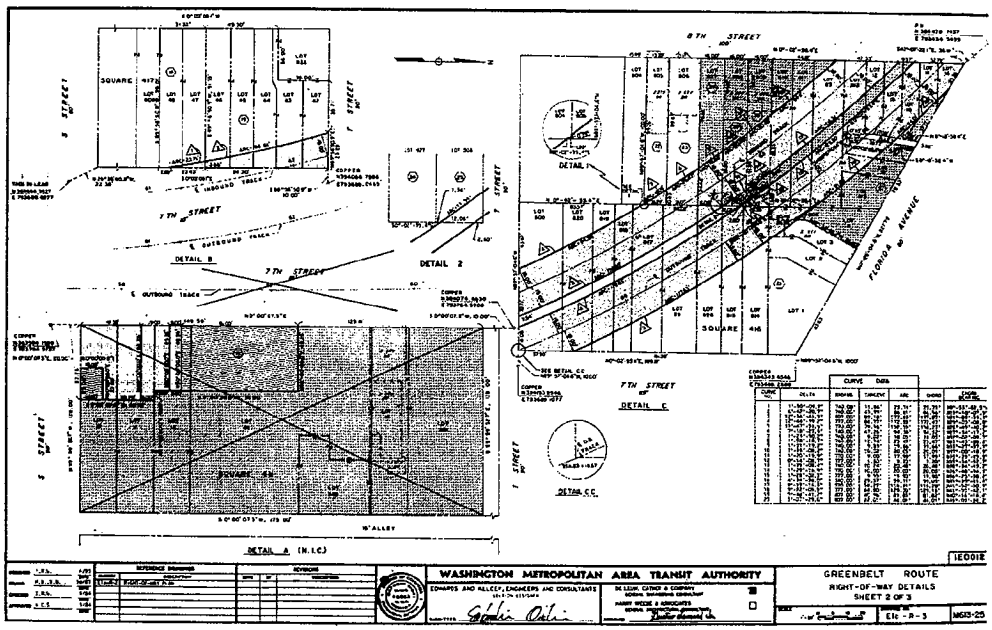

FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006137

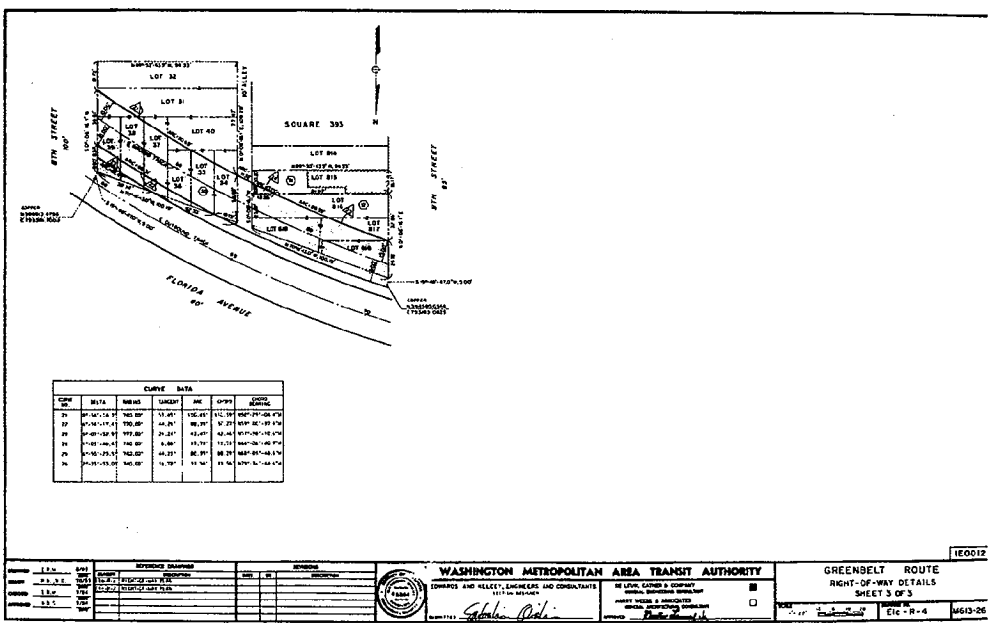





FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006138



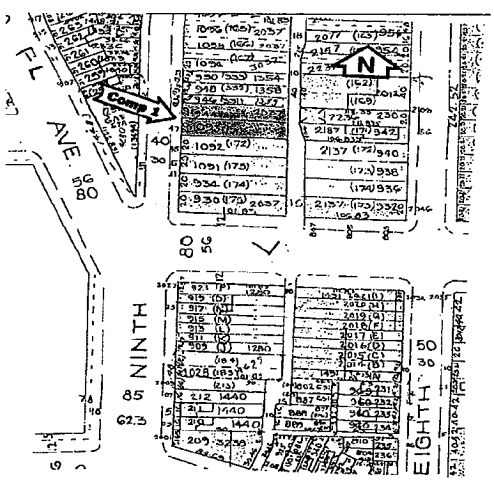






FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006139

| | |
|---|---|
| Sale No. | 1 |
| Address | 2047 9th Street, NW |
| Square/Lot | 2875/1106 |
| Area of Site | 4,073 sq. ft. |
| GBA | 1,940 sq. ft. |
| Zone | CR |
| FAR | 6.0 |
| Deed Dated | 11/02/2006 |
| Grantor | Ketel, LLC (Edward Needle, Manager) |
| Grantee | It's Mine Now, LLC (Clinton Stack) |
| Price | $2,500,000 |
| Trust(s) | None recorded at time of sale |
| Date Recorded/Instr # | 11/02/2006-#2006149549 |
| Transfer Tax | $36,249.99 |
| Price/sf Land | $613.80 |
| Price/FAR | $102.30 |

Remarks: The property was previously part of a PUD for Broadway Development. The site was dropped from the PUD and sold to the adjacent property owner. It was bought for a possible future expansion of the adjacent property, the 9:30 Club. As of September 2007, the property is being used for parking and storage. The sale was verified with the purchaser's representative, Norm Veenster, of N12 Development on September 11, 2007 and with Costar/COMPS, First American CoreLogic, Online DC Assessment data, court records, exterior inspection.

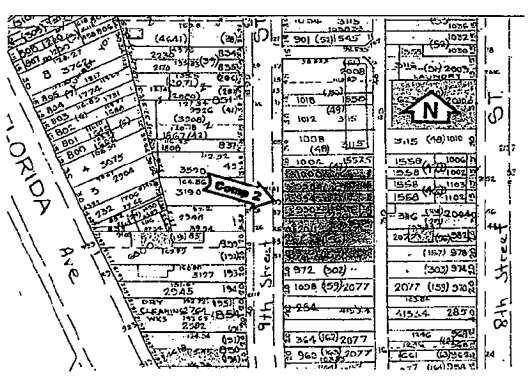





FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006140

| | |
|---|---|
| Sale No. | 2 |
| Address | 2143 9th Street, NW |
| Square/Lot | 2875/976, 1108, 2011 |
| Area of Site | 11,942 sq. ft. |
| GBA | Miscellaneous Industrial |
| Zone | CR |
| FAR | 6.0 |
| Deed Dated | August 31, 2007 |
| Grantor | Warfield and Sanford, Inc. |
| Grantee | Howard University |
| Price | $3,300,000 |
| Trust(s) | N/A |
| Date Recorded/Instr # | September 6, 2007 |
| Transfer Tax | $47,849.89 |
| Price/sf Land | $276.34 |
| Price/FAR | $46.06 |

Remarks: This is an interior site purchased by Howard University as part of an ongoing assembly of land in the neighborhood. It appears that Howard owns land on both sides of this site. The property was under contract for $4,400,000 to a residential developer in the summer of 2006. The developer reportedly backed out of the deal due to the downturn in the residential market. The sale price in September 2007 indicates a drop in price of 25% from the summer 2006 contract price. Information verified with Costar/COMPS, First American CoreLogic, Online DC Assessment data, court records, exterior inspection and with broker Ed Wolynec of the W. C. Smith Companies.

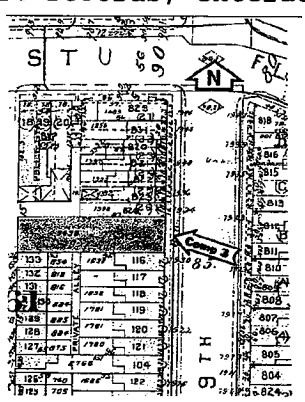





FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006141

| | |
|---|---|
| Sale No. | 3 |
| Address | 1932 9th Street, NW |
| Square/Lot | 361/134 |
| Area of Site | 5,436 sq. ft. |
| GBA | Vacant land |
| Zone | C-2-B/Arts |
| FAR | 4.5 Maximum with bonus |
| | 3.68 proposed |
| Deed Dated | January 31, 2008 |
| Grantor | JC Property Development, LLC (John E. Carter, Managing Member) |
| Grantee | PT2SO Investments, LLC |
| Price | $1,400,000 |
| Trust(s) | N/A |
| Date Recorded/Instr # | February 7, 2008 #2008014342 |
| Transfer Tax | $20,299.99 |
| Price/sf Land | $257.54 |
| Price/FAR | $57.23 (4.5 FAR Max with bonus) |
| | $69.98 (3.68 FAR proposed) |

Remarks: This is a small interior site located south of Florida Avenue. The purchaser reportedly had planned to build a 20,000 sq. ft. five story mixed-use building on the site. As of August 2009 the site is still unimproved. This interior site is currently used as a pay parking lot. It has 36 feet of frontage on 9th Street and a depth of 158 feet to rear alley. The sale was verified with Costar/COMPS, First American CoreLogic, Online DC Assessment data, court records, exterior inspection.

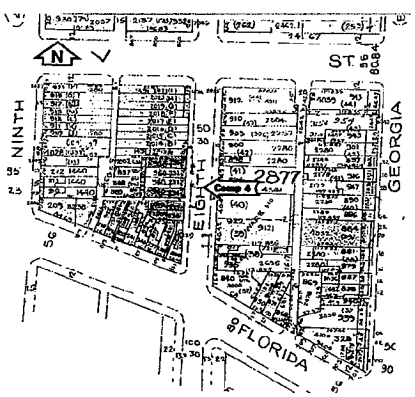





FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006142

| | |
|---|---|
| Sale No. | 4 |
| Address | 2004-2008 and 2014 8th Street, NW |
| Square/Lot | 2875/231,234,235, and 236 |
| Area of Site | 3,537 sq. ft. |
| GBA | miscellaneous |
| Zone | C-2-B/Arts |
| FAR | 4.5 |
| Deed Dated | August 22, 2008 |
| Grantor | CB 8th Street, LLC |
| Grantee | It's My Real Estate, LLC |
| Price | $800,000 |
| Trust(s) | N/A |
| Date Recorded/Instr # | August 28, 2008 #2008091875+ |
| Transfer Tax | $11,600.00 |
| Price/sf Land | $226.18 |
| Price/FAR | $50.26 |

Remarks: This is the sale of four old row houses in poor condition. The properties were purchased in four separate transactions for redevelopment into multifamily uses. The sites are not contiguous and are separated by an alley and two other row houses. Plans call for renovating two of the row houses and assembling the remaining sites with more sites to make a larger assembly. Each lot has approximately 15 feet of frontage on 8th Street and lot sizes vary from 804 to 960 sq. ft. The sale was verified with Costar/COMPS, First American CoreLogic, Online DC Assessment data, court records, exterior inspection, purchaser Norm Veenstra and with Christian of Marcus and Millichap.



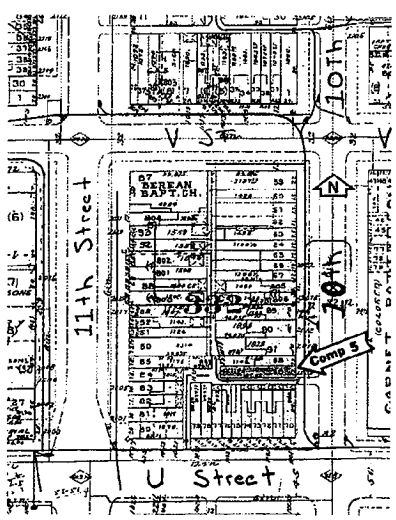



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006143

| | |
|---|---|
| Sale No. | 5 |
| Address | 2006 10th Street, NW |
| Square/Lot | 332/69 |
| Area of Site | 1,142 sq. ft. |
| GBA | N/A |
| Zone | C-2-B/Arts |
| FAR Matter of Right | 3.5 Max matter of right |
| FAR with Bonus | 4.5 Max with bonus |
| Deed Dated | September 19, 2008 |
| Grantor | Joseph Junior Gilliam |
| Grantee | Loris Williams |
| Price | $220,000 |
| Price/sf Land | $192.64 |
| $/FAR | $55.04 (Matter of right) |
| $/FAR w/Bonus: | $42.81 (w/bonus to 4.5 FAR) |

Remarks: This is a long narrow lot located on 10th Street and a side alley one-half block north of U Street Northwest. The U Street Metro Station is located one block south at Vermont and U Streets, NW. The new owner plans to construct a residential building on the lot. The property is currently on the market for $350,000. The broker reported no interest in the property at that price.

Information verified with MRIS, Online DC Assessment data, court records, exterior inspection and with sales broker Warren Kluth of Long and Foster.



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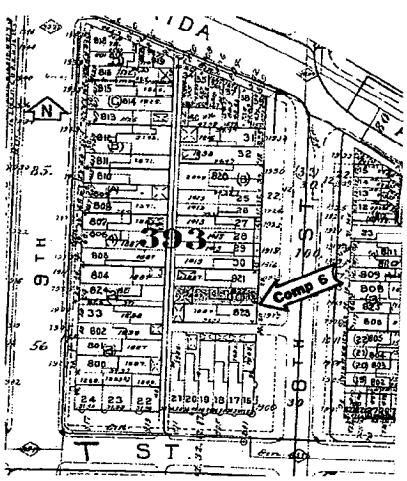
| | |
|---|---|
| Sale No. | 6 |
| Address | 1912 8th Street, NW |
| Square/Lot | 393/822 |
| Area of Site | 1,887 sq. ft. |
| GBA | N/A |
| Zone | C-2-B/Arts |
| FAR Matter of Right | 3.5 Max matter of right |
| FAR with Bonus | 4.5 Max with bonus |
| Deed Dated | Under Contract August 2009 |
| Grantor | Luxor Properties |
| Grantee | N/A |
| Price | $385,000 (Asking) |
| Asking Price/sf Land | $204.03 |
| $/FAR | $58.29 (Matter of right) |
| $/FAR w/Bonus: | $45.34 (w/bonus to 4.5 FAR) |

Remarks: This is an interior site located a half block south of Florida Avenue, NW. The site is 20 feet wide by 94 feet deep to a rear alley. The site is the same size as the adjacent site to the south on which a 5-unit condominium was recently built. The property has been on the market for over 6 months. It reportedly is due to close around August 21st, 2009.

Information verified with Costar/COMPS, First American CoreLogic, Online DC Assessment data, exterior inspection and with sales broker Gerard DiRuggiero of the Urban land Company, LLC.






FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006145

INTEGRA Realty Resources
WASHINGTON, DC
*Local Expertise...Nationally*

October 30, 2009

Mr. Malcolm Marshall
Washington Metropolitan Area Transit Authority
600 Fifth Street NW
Washington, District of Columbia 20001

SUBJECT: Hypothetical Ground Lease Analysis
9th Street NW & Florida Avenue NW
Washington, District of Columbia 20001
Integra Washington, DC File No. 141-2009-0440

Dear Mr. Marshall:

Per your request, Integra Realty Resources – Washington, DC has performed an analysis of market terms for a proposed ground lease in the vicinity of Florida Avenue and 9th Street NW. As discussed, our analysis stipulates to the following parameters:

- The fee simple market value of the subject site is $2,200,000;
- WMATA (lessor) proposes to lease the site for 60 years at a level annual rent;
- The lessee would have a 39-year renewal option at then-market rent upon expiration of the 60 year base lease term, with market rent to be determined at the time of renewal.

It is noted that proposed terms call for the lessor to receive additional income of 1.5% of gross income and 10% of the net proceeds of any refinancing or sale. However, at your request, we have excluded the impact of this provision from our analysis.

The purpose of our analysis is twofold: first, to develop an opinion of market rent for the 60-year base term as proposed; second, to develop an opinion of the present value of the payment stream that would be generated by the lease at the concluded market rent.

In the course of our investigation, we have spoken to several brokers and developers active in the Washington, DC land development market, including Jayne Shister of Cassidy & Pinkard Colliers, Timothy Smith of LCOR, Ari Firoozabadi of Marcus & Millichap, and John Begert of Fraser Forbes to determine an appropriate methodology for calculating annual rental payments for long-term ground leases. The responses indicate



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Fax: 301 586 9322 • Email: washingtondc@irr.com

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that the typical methodology is to first value the land to be leased, then estimate a desired rate of return. The rate of return, expressed as a percentage of the total land value paid annually, is analogous to a capitalization rate, which reflects the income generated in a single year expressed as a percentage of total value. The relationship between the annual rental rate (as a percentage of site value) and capitalization rate reflects the fact that a landowner would not encumber a property with a lease that reflected a lower annual percentage return of the site value than indicated by a market-derived capitalization rate.

Accordingly, we have surveyed capitalization rates reflected by land-leased sales on a national basis over the past year, as well as several current listings.

**Capitalization Rate Comparables**

| No. | Location | Tenant | Sale Date | Annual Rent | Sale Price | Overall Cap Rate |
|---|---|---|---|---|---|---|
| 1. | Richland, PA | Lowe's | Listing | $774,900 | $11,070,000 | 7.00% |
| 2. | Jacksonville, IL | Blue Cross Blue Shield | Listing | $579,158 | $7,473,000 | 7.75% |
| 3. | Norcross, GA | Local office user | Listing | $151,965 | $1,842,000 | 8.25% |
| 4. | Lawrence, KS | Taco Bell | July-09 | $70,012 | $920,000 | 7.61% |
| 5. | Carmel, IN | Multiple (Retail & Office) | May-09 | $394,785 | $4,650,000 | 8.49% |
| 6. | Ooltewah, TN | BB&T | May-09 | $95,000 | $1,461,538 | 6.50% |
| 7. | Richland, PA | Multiple (Retail & Restaurant) | January-09 | $388,208 | $4,775,000 | 8.13% |
| 8. | Upper Arlington, OH | Chase Bank | January-09 | $130,000 | $2,080,000 | 6.25% |
| 9. | Leesburg, VA | Pizza Hut | December-08 | $109,545 | $1,542,888 | 7.10% |

The sales and listings reflect a range of capitalization rates from 6.25% to 8.49%, with an average of 7.45%. These transactions reflect a range of factors that can significantly influence the capitalization rate, including creditworthiness of the tenant, rental rate escalations, length of lease term remaining, and the anticipated value of the underlying property upon reversion. In general, the lower end of the range of rates are characterized by leases with significant escalations throughout the lease term and favorable credit factors, while the high end of the range reflects shorter lease terms, weaker credit tenancy, low escalations, and/or weak location.

The hypothetical lease under consideration would reflect a mix of positive and negative factors. It would be located in the rapidly growing U Street corridor of Washington, DC, which is expected to have a very strong long-term value trend. However, the lease as proposed will not include escalations, and over a long lease period inflation will diminish the real value of the income stream. Based on a review of the comparable data and considering these factors, it appears that an annual ground rent payment for the subject site should fall in the range of 7% to 8% of site value, or $154,000 to $176,000 per year.

In order to conclude to an appropriate annual rental rate, we also consider the impact of a given rental rate on the present value of the future payment stream relative to overall site value. Timothy Smith of LCOR reports that while he has not been involved in any land lease transactions over the past year due to the general slowdown in the land development market, he has been involved in several negotiations that may ultimately result in deals as

the market recovers. According to Mr. Smith, several landowners in the DC area who had been planning to sell their properties have expressed interest in leasing their properties for 60 to 99 years in exchange for a lump sum payment in the range of 80% to 90% of what they believe to be the fee simple market value. Deals structured in this manner would allow the property owner to eliminate carrying costs and receive a substantial payoff for the land, while allowing the lessee to acquire a site at a discount in exchange for losing rights to the property in the distant future. Accordingly, we have tested a range of discount and rental rates (as a percentage of land value) to determine an annual rental rate that results in a present value of the payment stream equivalent to 80% to 90% of the stipulated market value.

To discount the stream of payments to present value, we rely primarily on the Kopacz Real Estate Investor Survey published by PriceWaterhouseCoopers. Korpacz reports a range of discount rates employed by investors as of Q3 2009 at 7.50% to 13.00%, with an average of 9.24%, for CBD office properties nationally. For Washington, DC, the range is from 7.00% to 8.11%. Suburban Maryland and Virginia capitalization rates are significantly higher, ranging up to 12.00%. Because the subject is located outside the CBD of Washington, DC, it is our opinion that a rate at the upper end of the CBD range is most appropriate. We therefore apply a discount rate of 9% in our analysis.

Using a discount rate of 9%, the lump sum value of payments at annual rental rates ranging from 7% to 8% of land value result in the following ratios of payment stream present value to land value:

| Rental Rate % | 6.50% | 6.75% | 7.00% | 7.25% | 7.50% | 7.75% | 8.00% |
|---|---|---|---|---|---|---|---|
| PV of Payments at 9% | $1,722,050 | $1,788,283 | $1,854,516 | $1,920,748 | $1,986,981 | $2,053,214 | $2,119,447 |
| Land Value | $2,200,000 | $2,200,000 | $2,200,000 | $2,200,000 | $2,200,000 | $2,200,000 | $2,200,000 |
| PV/Land Value Ratio | 78.3% | 81.3% | 84.3% | 87.3% | 90.3% | 93.3% | 96.3% |

Based on our conversations with Mr. Timothy Smith, we conclude that an appropriate rental rate should result in a present value to land value ratio of 80% to 90%. We therefore conclude to a range of rental rates from 6.75% to 7.50% or land value is appropriate.

Our analysis of capitalization rates extracted from sales indicated a range from 7% to 8%, while the analysis of the ratio of the present value of the payment stream to land value indicates that a reasonable range is from 6.75% to 7.50%. Viewing both methodologies together, it appears that a rate from 7.0% to 7.5%, the overlap range, is appropriate for the subject lease.

We perform an additional test of reasonableness to conclude to a percentage rental rate within this range. This test recognizes that a prudent landowner would not lease their property on a long-term basis unless the present value of the rental payments plus an expected reversion upon expiration is equal to the current land value. Using a discount

rate of 9%, we test a range of percentage rental rates to determine what level of escalation in the value of the subject site would be required to create a sufficient reversion value that, when added to the present value of the income stream, exceeds the current value of the site.

At a rental rate of 6.75% of land value, the underlying site would be required to appreciate at an average rate of 5.95% per year (compounding) in order to meet this hurdle. Investor expectations of rental rate growth over the next 7 to 10 years range from 2% to 4% (average 2.44%) for Washington, DC office properties and from 0% to 5% (average 2.56%) for office properties. While expected income growth in the subject submarket is expected to allow for appreciation somewhat in excess of these parameters, average appreciation of 6% is clearly unreasonable. Required land price escalation to achieve feasibility within the range of rental rates from 7% to 8% is shown below:

| Rental Rate % | 7.00% | 7.25% | 7.50% | 7.75% | 8.00% |
|---|---|---|---|---|---|
| Required Land Value Escalation | 5.65% | 5.25% | 4.75% | 4.10% | 3.10% |

This analysis indicates that the range of feasible rental rates is somewhat higher than indicated by our present value to land value ratio analysis. Given that typical investor expectations of 60-year average appreciation are in the range of 3%, a rental rate of 8% of land value appears reasonable. However, our analysis does not consider the value of a possible reversion of improvements to the landowner upon expiration, which is typical for the marketplace. In addition, some investors utilize lower discount rates when calculating acceptable rates of return on land holdings as opposed to income streams. Accordingly, the required appreciation to meet feasibility for the landowner may be overstated slightly in this analysis. This methodology, however, illustrates the significant detrimental impact of level rents on a long-term lease from the landowner's perspective, as the value of the future payments diminishes significantly in the later years of the lease. As Jayne Shister of Cassidy & Pinkard Colliers noted, "escalation terms are the most difficult aspect of negotiating a ground lease," and long-term leases at level rent are highly unusual. This final analysis indicates that a somewhat higher rental rate is required to account for the level rent stipulated in the hypothetical lease terms.

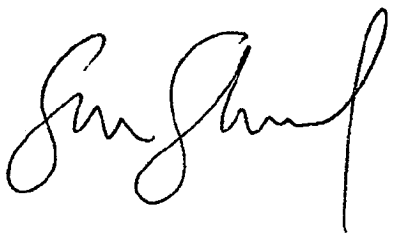
Considering all of these factors, it is our opinion that a market rental rate for the subject site, at the stipulated land value and lease terms, is **7.75% of land value, or $170,500 annually**.

Applying the previously utilized discount rate of 9% to a 60-year stream of annual payments of $170,500, paid in advance, results in a lump sum present value indication of the stream of rental payments at **$2,050,000** ($2,053,214, rounded).

A schedule of present value calculations supporting our analysis is appended to this letter. Thank you for the opportunity to be of service.

Best regards,

Patrick C. Kerr, MAI, MRICS, SRA
Managing Director
Certified General Real Estate Appraiser
DC Certificate #GA00010274



Samuel D. Sherwood
Analyst

| | |
|---|---|
| Land Value | $2,200,000 |
| Capitalization Rate | 7.75% |
| Annual Payment | $170,500 |
| Discount Rate | 9.00% |
| Net PV | $2,053,214 |

| Year | Payment | PV Factor | PV |
|---|---|---|---|
| 1 | $170,500 | 1.000 | $170,500 |
| 2 | $170,500 | 0.917 | $156,422 |
| 3 | $170,500 | 0.842 | $143,506 |
| 4 | $170,500 | 0.772 | $131,657 |
| 5 | $170,500 | 0.708 | $120,786 |
| 6 | $170,500 | 0.650 | $110,813 |
| 7 | $170,500 | 0.596 | $101,664 |
| 8 | $170,500 | 0.547 | $93,269 |
| 9 | $170,500 | 0.502 | $85,568 |
| 10 | $170,500 | 0.460 | $78,503 |
| 11 | $170,500 | 0.422 | $72,021 |
| 12 | $170,500 | 0.388 | $66,074 |
| 13 | $170,500 | 0.356 | $60,619 |
| 14 | $170,500 | 0.326 | $55,613 |
| 15 | $170,500 | 0.299 | $51,022 |
| 16 | $170,500 | 0.275 | $46,809 |
| 17 | $170,500 | 0.252 | $42,944 |
| 18 | $170,500 | 0.231 | $39,398 |
| 19 | $170,500 | 0.212 | $36,145 |
| 20 | $170,500 | 0.194 | $33,160 |
| 21 | $170,500 | 0.178 | $30,422 |
| 22 | $170,500 | 0.164 | $27,911 |
| 23 | $170,500 | 0.150 | $25,606 |
| 24 | $170,500 | 0.138 | $23,492 |
| 25 | $170,500 | 0.126 | $21,552 |
| 26 | $170,500 | 0.116 | $19,773 |
| 27 | $170,500 | 0.106 | $18,140 |
| 28 | $170,500 | 0.098 | $16,642 |
| 29 | $170,500 | 0.090 | $15,268 |
| 30 | $170,500 | 0.082 | $14,007 |
| 31 | $170,500 | 0.075 | $12,851 |
| 32 | $170,500 | 0.069 | $11,790 |
| 33 | $170,500 | 0.063 | $10,816 |
| 34 | $170,500 | 0.058 | $9,923 |
| 35 | $170,500 | 0.053 | $9,104 |
| 36 | $170,500 | 0.049 | $8,352 |
| 37 | $170,500 | 0.045 | $7,662 |
| 38 | $170,500 | 0.041 | $7,030 |
| 39 | $170,500 | 0.038 | $6,449 |
| 40 | $170,500 | 0.035 | $5,917 |
| 41 | $170,500 | 0.032 | $5,428 |
| 42 | $170,500 | 0.029 | $4,980 |
| 43 | $170,500 | 0.027 | $4,569 |
| 44 | $170,500 | 0.025 | $4,192 |

| | | | |
|---|---|---|---|
| 45 | $170,500 | 0.023 | $3,846 |
| 46 | $170,500 | 0.021 | $3,528 |
| 47 | $170,500 | 0.019 | $3,237 |
| 48 | $170,500 | 0.017 | $2,969 |
| 49 | $170,500 | 0.016 | $2,724 |
| 50 | $170,500 | 0.015 | $2,499 |
| 51 | $170,500 | 0.013 | $2,293 |
| 52 | $170,500 | 0.012 | $2,104 |
| 53 | $170,500 | 0.011 | $1,930 |
| 54 | $170,500 | 0.010 | $1,771 |
| 55 | $170,500 | 0.010 | $1,624 |
| 56 | $170,500 | 0.009 | $1,490 |
| 57 | $170,500 | 0.008 | $1,367 |
| 58 | $170,500 | 0.007 | $1,254 |
| 59 | $170,500 | 0.007 | $1,151 |
| 60 | $170,500 | 0.006 | $1,056 |

# APPRAISAL OF REAL PROPERTY

**Shaw-Howard University Metrorail Station Area**
Vacant Land Property
Florida Avenue
Washington, District of Columbia 20001
Client Reference Number: JNB1018

**PREPARED FOR:**
Mr. Nat Bottigheimer
Contracting Officer
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001

**EFFECTIVE DATE OF THE APPRAISAL:**
August 9, 2007

**REPORT FORMAT:**
Summary

**INTEGRA REALTY RESOURCES - WASHINGTON, DC**
File Number: 141-2007-0250

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# APPRAISAL OF REAL PROPERTY

**Shaw-Howard University Metrorail Station Area**
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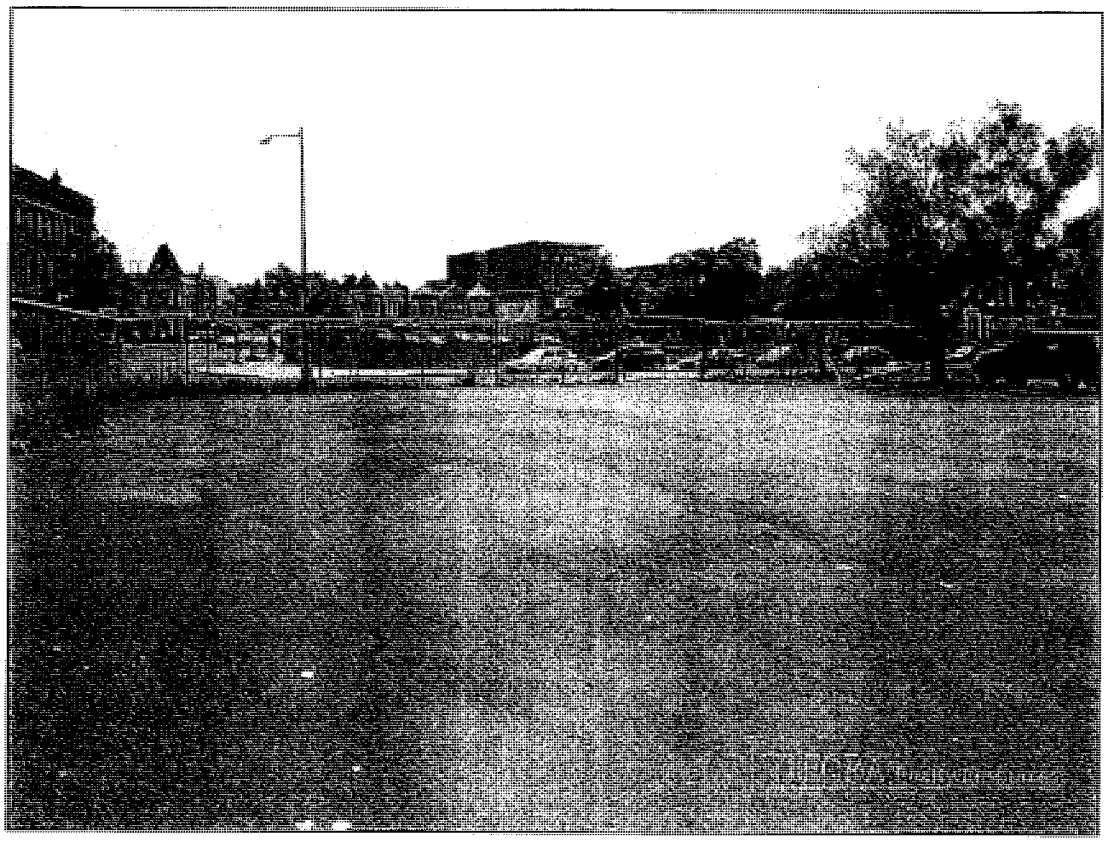
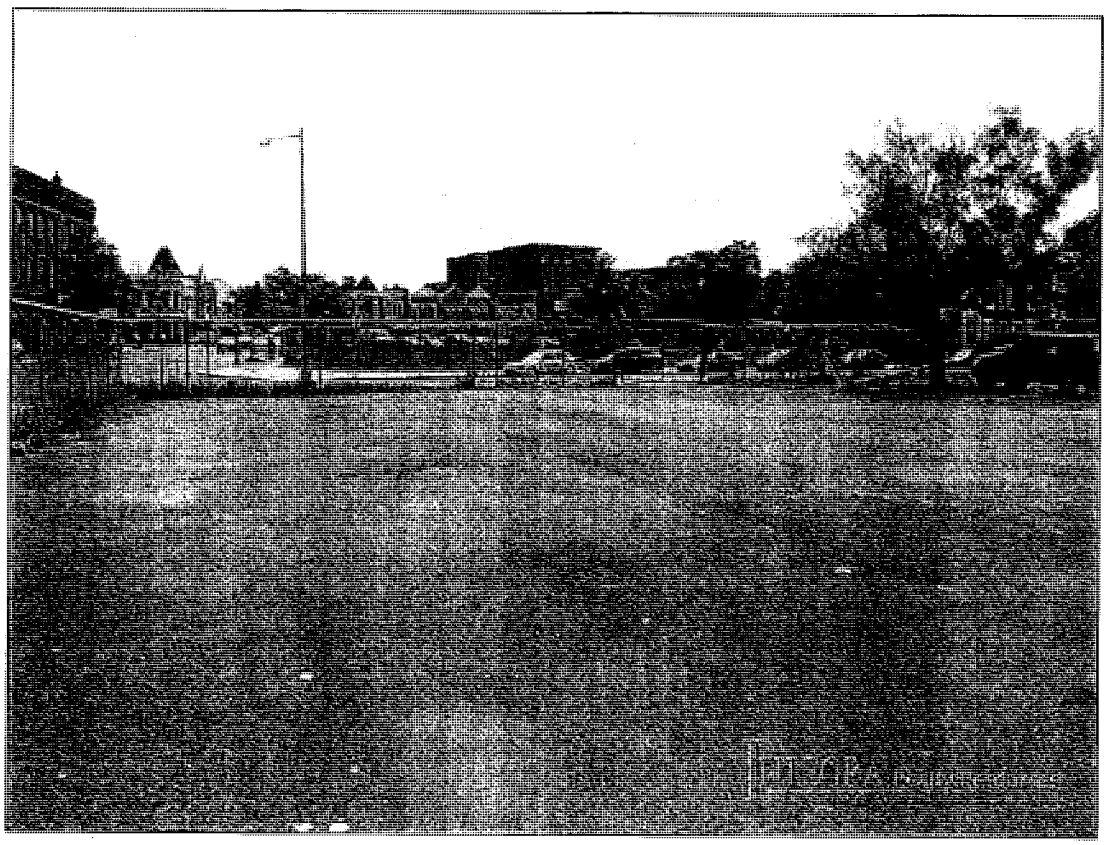


**Shaw-Howard University Metrorail Station Area**
**Florida Avenue**
**Washington, District of Columbia**



**Shaw-Howard University Metrorail Station Area**
**Florida Avenue**
**Washington, District of Columbia**

INTEGRA Realty Resources
WASHINGTON, DC
*Local Expertise...Nationally*

August 31, 2007

Mr. Nat Bottigheimer
Contracting Officer
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001

SUBJECT: Market Value Appraisal
Shaw-Howard University Metrorail Station Area
Florida Avenue
Washington, District of Columbia 20001
Client Reference Number: JNB1018
Integra Washington, DC File No. 141-2007-0250

Dear Mr. Bottigheimer:

Integra Realty Resources – Washington, DC is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the property with the Washington Metropolitan Area Transit Authority reserving an underground easement on the northern portion of the property for the below-grade track and tunnel. In addition, we have determined an annual fair market rent for a long term land lease for the subject. The client for the assignment is Washington Metropolitan Area Transit Authority, and the intended use is for asset valuation purposes.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the appraisal guidelines of Washington Metropolitan Area Transit Authority. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

To report the assignments results, we use the summary report option of Standards Rule 2-2 of USPAP. Accordingly, this report contains summary discussions of the data, reasoning, and analyses that are used in the appraisal process whereas supporting documentation is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

IRR.



FOIA CONFIDENTIAL TREATMENT REQUESTED

The subject is a tract of vacant land containing a total area of 0.66 acres, or 28,892 square feet. The property is zoned C-2-B / ARTS, Community Business Center District / Uptown Arts, which permits wide array of service, retail, and residential uses.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

**VALUE CONCLUSIONS**

| Appraisal Premise | Interest Appraised | Date of Value | Value Conclusion |
|---|---|---|---|
| Market Value | Fee Simple | August 9, 2007 | $6,200,000 |
| Annual Market Rent for Land Lease | | August 9, 2007 | $425,000 |

Moreover, as indicated in the Sales Comparison Approach section, it is our opinion that the market value per square foot of Floor Area Ratio is **$48.00**.

**EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS**

The value conclusions are subject to the following extraordinary assumptions and hypothetical conditions that may affect the assignment results.

1. The fee simple value of a property typically includes its surface, subsurface, and air rights. The portion of the site that is the subject of this appraisal has metrorail lines below it with a 19 foot upper limit, the subsurface rights more than 19 feet below ground are not included in its fee simple value.

2. According to the Scope of Work provided by the Washington Metropolitan Area Transit Authority (WMATA), "the northern portions of the parcels contains an existing Metrorail tunnel that has an upper limit that is 19 feet below the surface." Constructing a underground parking garage on the portions of the subjects' parcels affected by the Metrorail tunnel (19 foot upper limit) is not feasible. Also, we were not provided with the land area affected by the Metrorail tunnel. Therefore, our value conclusions assume that a underground parking garage could be constructed on the portion of the site not affected by the Metrorail tunnel, that would adequately serve the sites' highest and best use.

3. According to the Scope of Work provided by the Washington Metropolitan Area Transit Authority (WMATA), "WMATA can provide to the appraiser cost estimates for extraordinary costs that may be involved in building over the WMATA tunnel." Although we have requested these cost estimates from WMATA, they have not been provided to us. Therefore, our valuation of the subject assumes that there are no additional costs for building over the WMATA tunnel.

4. Due to the nature of the subject improvements, there could possibly be some adverse effects to the site from toxic or hazardous wastes. Since it is the property owner's obligation to correct any contamination caused by these factors, we respectfully recommend that an environmental site assessment audit be prepared by a qualified, professional engineer prior to any decision regarding the disposition of the real property under analysis. The site assessment audit is recommended in order to identify any potential environmental liabilities and associated remediation costs. We have assumed that all environmental issues have been cured for the purposes of this appraisal.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**INTEGRA REALTY RESOURCES - WASHINGTON, DC**

Michael B. Goldstein
Senior Analyst
Certified General Real Estate Appraiser
Washington, D.C. Certificate #GA11222

Patrick C. Kerr, MAI, SRA
Managing Director
Certified General Real Estate Appraiser
Washington, D.C. Certificate # GA10274

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FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006160

# SUMMARY OF SALIENT FACTS AND CONCLUSIONS

| | | |
|---|---|---|
| Property Name | Shaw-Howard University Metrorail Station Area | |
| Address | Florida Avenue<br>Washington, District of Columbia 20001 | |
| Property Type | Vacant Land | |
| Owner of Record | Washington Metropolitan Area Transit Authority (WMATA) | |
| Tax ID | 0393 0044, 0393 0045, 0416 0018, and 0416 0031 | |
| Land Area | 0.66 acres; 28,892 SF | |
| Zoning Designation | C-2-B / ARTS, Community Business Center District / Uptown Arts | |
| Highest and Best Use | Mixed (apartment/retail) use | |
| Total Buildable Square Feet | 130,014 (4.5 FAR) | |
| Exposure Time; Marketing Period | 6 - 12 months; 6 - 12 months | |
| Sales Comparison Approach | | |
| Number of Sales | 5 | |
| Range of Sale Dates | Jul 05 to Dec 06 | |
| Range of Prices per Bldg. SF (Unadjusted) | $43.11 - $78.20 | |
| Range of Prices per Bldg. SF (Adjusted) | $47.68 - $55.00 | |
| Concluded Value per Bldg. SF | $48.00 | |
| Number of Units (By Right FAR) | 130,014 | |
| Indicated Value | $6,200,000 | ($47.69/Bldg. SF) |

**VALUE CONCLUSION**

| Appraisal Premise | Interest Appraised | Date of Value | Value Conclusion |
|---|---|---|---|
| Market Value | Fee Simple | August 9, 2007 | $6,200,000 |
| Annual Market Rent for Land Lease | | August 9, 2007 | $425,000 |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006161

## EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

The value conclusions are subject to the following extraordinary assumptions and hypothetical conditions that may affect the assignment results.

1. The fee simple value of a property typically includes its surface, subsurface, and air rights. The portion of the site that is the subject of this appraisal has metrorail lines below it with a 19 foot upper limit, the subsurface rights more than 19 feet below ground are not included in its fee simple value.

2. According to the Scope of Work provided by the Washington Metropolitan Area Transit Authority (WMATA), "the northern portions of the parcels contains an existing Metrorail tunnel that has an upper limit that is 19 feet below the surface." Constructing a underground parking garage on the portions of the subjects' parcels affected by the Metrorail tunnel (19 foot upper limit) is not feasible. Also, we were not provided with the land area affected by the Metrorail tunnel. Therefore, our value conclusions assume that a underground parking garage could be constructed on the portion of the site not affected by the Metrorail tunnel, that would adequately serve the sites' highest and best use.

3. According to the Scope of Work provided by the Washington Metropolitan Area Transit Authority (WMATA), "WMATA can provide to the appraiser cost estimates for extraordinary costs that may be involved in building over the WMATA tunnel." Although we have requested these cost estimates from WMATA, they have not been provided to us. Therefore, our valuation of the subject assumes that there are no additional costs for building over the WMATA tunnel.

4. Due to the nature of the subject improvements, there could possibly be some adverse effects to the site from toxic or hazardous wastes. Since it is the property owner's obligation to correct any contamination caused by these factors, we respectfully recommend that an environmental site assessment audit be prepared by a qualified, professional engineer prior to any decision regarding the disposition of the real property under analysis. The site assessment audit is recommended in order to identify any potential environmental liabilities and associated remediation costs. We have assumed that all environmental issues have been cured for the purposes of this appraisal.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006162

# GENERAL INFORMATION

## IDENTIFICATION OF SUBJECT

The subject is a tract of vacant land containing a total area of 0.66 acres, or 28,892 square feet. The property is zoned C-2-B / ARTS, Community Business Center District / Uptown Arts, which permits wide array of service, retail, and residential uses. The tax identification numbers, street addresses, and land areas are presented in the following chart:

**LAND AREA SUMMARY**

| Tax ID | Address | SF | Acres |
|---|---|---|---|
| 0393 0044 | 9th Street NW | 3,799 | 0.09 |
| 0393 0045 | Florida Avenue NW | 8,621 | 0.20 |
| 0416 0018 | 716 Florida Avenue NW | 516 | 0.01 |
| 0416 0031 | 710 Florida Avenue NW | 15,956 | 0.37 |
| Total | | 28,892 | 0.66 |

A legal description of the property is was requested but not provided.

## CURRENT OWNERSHIP AND SALES HISTORY

The owner of record is Washington Metropolitan Area Transit Authority (WMATA). To the best of our knowledge, no sale or transfer of ownership has occurred within the past three years, and as of the effective date of this appraisal, the property is not subject to an agreement of sale or option to buy, nor is it listed for sale.

## PURPOSE, PROPERTY RIGHTS AND EFFECTIVE DATE

The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the property with the Washington Metropolitan Area Transit Authority reserving an underground easement on the northern portion of the property for the below-grade track and tunnel as of the effective date of the appraisal, August 9, 2007. In addition, we have determined an annual fair market rent for a long term land lease for the subject.

As indicated in the Extraordinary Assumptions and Hypothetical Conditions, our value conclusions assume that an underground parking garage could be constructed on the remainder of the site, not affected by the Metrorail tunnel, which would adequately serve the sites' highest and best use. Unless otherwise stated, all factors pertinent to a determination of value are considered as of this date.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006163

## DEFINITION OF MARKET VALUE

Market value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale." (Source: 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

## DEFINITION OF PROPERTY RIGHTS APPRAISED

Fee simple estate is defined as an: "Absolute ownership interest unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat." *(Source: The Dictionary of Real Estate Appraisal, Fourth Edition, 2002.)*

## CLIENT, INTENDED USER AND INTENDED USE

The client and intended user is Mr. Nat Bottigheimer, Contracting Officer, Washington Metropolitan Area Transit Authority, 600 Fifth Street, NW, Washington, DC. The intended use is for asset valuation purposes. The appraisal is not intended for any other use or user.

## APPLICABLE REQUIREMENTS

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute
- Appraisal guidelines of Washington Metropolitan Area Transit Authority.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006164

## SCOPE OF WORK

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

### VALUATION METHODOLOGY

We usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

**APPROACHES TO VALUE**

| Approach | Applicability to Subject | Use in Assignment |
|---|---|---|
| Cost Approach | Not applicable | Not Utilized |
| Sales Comparison Approach | Applicable | Utilized |
| Income Capitalization Approach | Most applicable | Not Utilized |

We use only the sales comparison approach in developing an opinion of value for the subject. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis.

The cost approach is not applicable because there are no improvements that contribute value to the property, and the income approach is not applicable because the subject is not likely to generate rental income in its current state.

### OTHER RESEARCH AND ANALYSIS

Additional steps taken to gather, confirm, and analyze relevant data, are detailed in individual sections of the report.

### PROPERTY INSPECTION

Michael B. Goldstein conducted an on-site inspection of the property on August 9, 2007. Patrick C. Kerr, MAI, SRA, did not inspect the subject.

### REPORT FORMAT

The report has been prepared under the summary report option of Standards Rule 2-2(b) of USPAP. As such, it contains summary discussions of the data, reasoning, and analyses that are used in the appraisal process whereas supporting documentation is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006165

# ECONOMIC ANALYSIS

## DISTRICT OF COLUMBIA AREA ANALYSIS

### INTRODUCTION

The subject is located in Washington, DC, which is within the Washington-Baltimore Consolidated Metropolitan Statistical Area (CMSA). This area is a combination of the two metropolitan areas – Washington, DC and Baltimore, MD; these two areas have grown "together", i.e., commuting patterns, development and other criteria are similar, therefore, for many statistical purposes, they have been combined. The CMSA forms a land area of 9,578 square miles (1.5 times the size of the State of Connecticut) and includes 25 counties and 10 cities, stretching from the Eastern Shore to the Shenandoah Valley and from the Pennsylvania line to Fredericksburg, Virginia.

According to the 2000 census, the Washington-Baltimore CMSA is the fourth largest consolidated market in the nation (behind New York, Los Angeles and Chicago, respectively). The population was estimated to be 7,608,070 in 2000, which was a 13.1% increase from 1990. The Washington, DC Primary Metropolitan Statistical Area (PMSA) comprises approximately 66% of the total population.

The District contains an area of about 69 square miles and is divided into four quadrants: Northwest, Northeast, Southwest, and Southeast. The nation's capital is located in the southern portion of the District. Washington, DC lies on the east bank of the Potomac River at its confluence with the Anacostia River. The Capitol overlooks the Mall, which includes the Washington Monument, Vietnam Veterans Memorial and the Lincoln Memorial on opposite ends. The Mall is flanked by the national museums of the Smithsonian Institution. The White House lies to the north of the Mall and is flanked by the Executive Offices and the Department of the Treasury buildings.

An analysis of population, employment, and income trends for District of Columbia and the Washington DC MSA is performed using data provided by NPA Data Services, a recognized source.



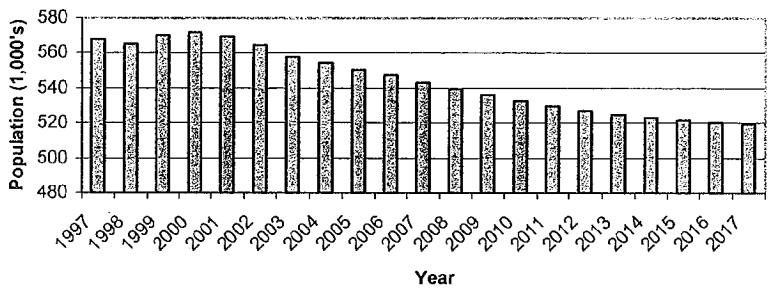
FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006166

## POPULATION

Historical and projected population trends for District of Columbia are charted below:

**POPULATION TRENDS**

**District of Columbia**




The population of District of Columbia increased at a compounded annual rate of -0.77% from 2002 to 2007. For the same time period, the Washington DC MSA grew at a compounded annual rate of approximately 1.50%. Over the last ten years District of Columbia's average annual compound change was -0.44%, compared to 1.70% for the Washington DC MSA.

Note: The District of Columbia Office of Planning's population projections are more optimistic than the above listed NPA Data Services, Inc. information. The Office of Planning projects the 2000 population of 572,100 to increase to 577,500 by 2005 and 608,700 by 2010.

Looking ahead, the District of Columbia is expected to experience continued decline with population projection estimates reflecting declining rates similar to those experienced in the past, while the Washington, DC MSA is anticipated to experience continued growth, with future population estimates reflecting growth rates slightly lower than those experienced in the past. For the period 2007 to 2017, the populations of District of Columbia and the Washington DC MSA are expected to increase by an average annual compound rate of -0.45% and 1.47%, respectively. For the next five years, the population of District of Columbia should grow slower than the ten year average.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006167

| POPULATION TRENDS COMPARISON | | | | | |
|---|---|---|---|---|---|
| | | Washington DC MSA | | District of Columbia | |
| | Year | Population (000's) | % Change | Population (000's) | % Change |
| Historical | 1997 | 3,544.3 | | 567.7 | |
| | 2002 | 3,894.3 | 9.9% | 564.6 | -0.5% |
| | 2003 | 3,955.1 | 1.6% | 557.9 | -1.2% |
| | 2004 | 4,018.5 | 1.6% | 554.2 | -0.6% |
| | 2005 | 4,066.4 | 1.2% | 550.5 | -0.7% |
| | 2006 | 4,133.4 | 1.6% | 547.2 | -0.6% |
| **Current** | **2007** | **4,194.4** | **1.5%** | **543.2** | **-0.7%** |
| Projected | 2008 | 4,256.5 | 1.5% | 539.5 | -0.7% |
| | 2009 | 4,320.0 | 1.5% | 536.1 | -0.6% |
| | 2010 | 4,385.3 | 1.5% | 532.6 | -0.6% |
| | 2011 | 4,451.2 | 1.5% | 529.7 | -0.6% |
| | 2012 | 4,517.6 | 1.5% | 527.1 | -0.5% |
| | 2017 | 4,853.3 | 7.4% | 519.4 | -1.5% |
| **Average Annual Compound Change** | **Historical** | | | | |
| | Past 5 years | | 1.50% | | -0.77% |
| | Past 10 years | | 1.70% | | -0.44% |
| | **Projected** | | | | |
| | Next 5 years | | 1.50% | | -0.60% |
| | Next 10 years | | 1.47% | | -0.45% |

*Source: NPA Data Services, Inc.; compiled by IRR*

## EMPLOYMENT

Employment trends for both District of Columbia and the Washington DC MSA should follow a pattern similar to the population trends for these areas, although at higher rates of increase. From 2002 to 2007, District of Columbia's employment grew at an average annual compound rate of 0.59% compared to 2.48% for the Washington DC MSA. These figures indicate that District of Columbia lagged the Washington DC MSA in employment growth over the last five years. Looking back ten years, District of Columbia's employment grew at an average annual compound rate of 1.05%, compared to the Washington DC MSA's growth rate of 2.32%.

Over the next five and ten years District of Columbia employment growth should lag the Washington DC MSA growth rate. From 2007 to 2012, District of Columbia should grow by a 0.54% average annual growth rate, while the long term projection, 2007 to 2017, is for a 0.38% increase. For the same periods, employment in the Washington DC MSA is expected to grow at average annual compound rates of 2.43% and 2.11%, respectively. Employment gains are a strong indicator of economic health and generally correlate with real estate demand. Historically, District of Columbia has lagged the Washington DC MSA's growth rate, suggesting that District of Columbia's relative position is stable.

Employment trends for District of Columbia and the Washington DC MSA are presented below.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006168

**NON-FARM EMPLOYMENT TRENDS COMPARISON**

| | | Washington DC MSA | | District of Columbia | |
|---|---|---|---|---|---|
| | Year | Employment (000's) | % Change | Employment (000's) | % Change |
| | 1997 | 2,480.6 | | 718.3 | |
| | 2002 | 2,760.3 | 11.3% | 773.8 | 7.7% |
| Historical | 2003 | 2,801.1 | 1.5% | 777.2 | 0.4% |
| | 2004 | 2,879.6 | 2.8% | 783.8 | 0.9% |
| | 2005 | 2,952.7 | 2.5% | 785.2 | 0.2% |
| | 2006 | 3,039.4 | 2.9% | 789.3 | 0.5% |
| Current | **2007** | **3,119.8** | **2.6%** | **797.0** | **1.0%** |
| | 2008 | 3,193.5 | 2.4% | 800.5 | 0.4% |
| | 2009 | 3,273.0 | 2.5% | 805.3 | 0.6% |
| Projected | 2010 | 3,355.3 | 2.5% | 809.8 | 0.6% |
| | 2011 | 3,437.5 | 2.5% | 814.7 | 0.6% |
| | 2012 | 3,517.5 | 2.3% | 818.9 | 0.5% |
| | 2017 | 3,844.9 | 9.3% | 827.6 | 1.1% |
| **Average Annual Compound Change** | **Historical** | | | | |
| | Past 5 years | | 2.48% | | 0.59% |
| | Past 10 years | | 2.32% | | 1.05% |
| | **Projected** | | | | |
| | Next 5 years | | 2.43% | | 0.54% |
| | Next 10 years | | 2.11% | | 0.38% |

*Source: NPA Data Services, Inc.; compiled by IRR*

The following chart depicts the current distribution of employment by industry. In 2007, the largest employment sectors in District of Columbia are:

- Services (51.5%)
- Government (32.6%)
- FIRE (4.8%)
- Transport, Info, Util (4.6%)



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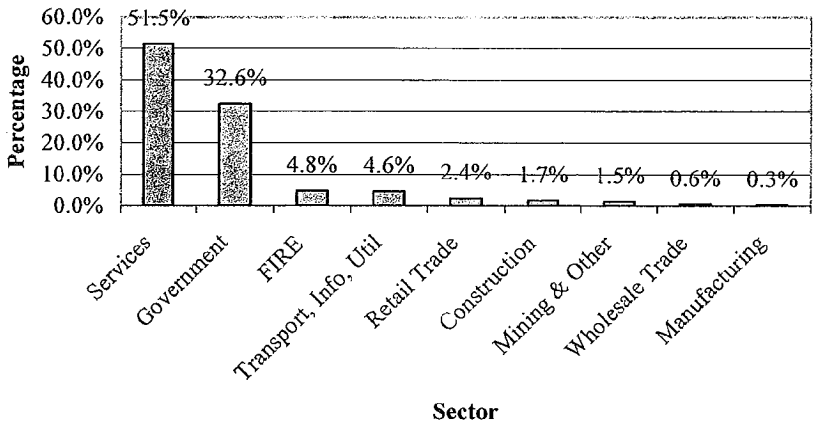
**EMPLOYMENT SECTORS 2007**

**District of Columbia**




By comparison, the Washington DC MSA's largest employment sectors are Services (47.3%), Government (20.7%), Retail Trade (8.5%), and FIRE (6.6%).

Over the past five years, the largest meaningful percentage gains in employment within District of Columbia occurred within the Mining & Other and Services sectors with annual average compound growth rates of 2.04% and 0.89%, respectively.

For the Washington DC MSA, the largest meaningful gains in employment over the past five years occurred within the Services and Construction sectors with annual average compound growth rates of 2.99% and 2.92%, respectively.

Ten year projections for District of Columbia show Mining & Other related employment leading all other sectors with Government second. The forecast for the Washington DC MSA has Transport, Info, Util related employment leading all other sectors with Wholesale Trade second.



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**EMPLOYMENT SECTOR TRENDS**

**District of Columbia**

| | 2002 | 2007 | % of Total | 2012 | 2017 | Change Rate '02-'07 | '07-'12 | '07-'17 |
|---|---|---|---|---|---|---|---|---|
| Total Employment | 773.8 | 797.0 | 100% | 818.9 | 827.6 | *0.59%* | *0.54%* | *0.38%* |
| Services | 392.9 | 410.6 | 51.5% | 422.2 | 425.9 | *0.89%* | *0.56%* | *0.37%* |
| Government | 251.0 | 259.6 | 32.6% | 273.5 | 282.9 | *0.68%* | *1.04%* | *0.86%* |
| FIRE | 38.7 | 38.4 | 4.8% | 37.4 | 36.0 | *-0.16%* | *-0.53%* | *-0.63%* |
| Transport, Info, Util | 38.1 | 36.4 | 4.6% | 36.1 | 35.1 | *-0.90%* | *-0.21%* | *-0.38%* |
| Retail Trade | 20.3 | 19.4 | 2.4% | 17.6 | 16.0 | *-0.90%* | *-1.90%* | *-1.88%* |
| Construction | 14.5 | 13.8 | 1.7% | 12.4 | 11.2 | *-1.04%* | *-2.01%* | *-2.07%* |
| Mining & Other | 10.7 | 11.8 | 1.5% | 13.7 | 15.2 | *2.04%* | *3.06%* | *2.55%* |
| Wholesale Trade | 4.7 | 4.6 | 0.6% | 4.1 | 3.6 | *-0.30%* | *-2.46%* | *-2.39%* |
| Manufacturing | 3.0 | 2.5 | 0.3% | 2.1 | 1.7 | *-3.94%* | *-3.66%* | *-3.67%* |
| Ttl Non-Mfg. | 770.8 | 794.6 | 99.7% | 816.9 | 825.9 | *0.61%* | *0.56%* | *0.39%* |
| Ttl Office-Related* | 682.5 | 708.6 | 88.9% | 733.0 | 744.9 | *0.75%* | *0.68%* | *0.50%* |

**Includes FIRE, Services and Government* *(Numbers in thousands (000's))*

**EMPLOYMENT SECTOR TRENDS**

**Washington DC MSA**

| | 2002 | 2007 | % of Total | 2012 | 2017 | Change Rate '02-'07 | '07-'12 | '07-'17 |
|---|---|---|---|---|---|---|---|---|
| Total Employment | 2,760.3 | 3,119.8 | 100% | 3,517.5 | 3,844.9 | *2.48%* | *2.43%* | *2.11%* |
| Construction | 162.0 | 187.2 | 6.0% | 201.8 | 210.3 | *2.92%* | *1.52%* | *1.17%* |
| FIRE | 182.6 | 206.5 | 6.6% | 226.3 | 241.5 | *2.49%* | *1.85%* | *1.58%* |
| Government | 593.7 | 644.6 | 20.7% | 702.9 | 749.0 | *1.66%* | *1.75%* | *1.51%* |
| Manufacturing | 54.0 | 61.1 | 2.0% | 68.0 | 71.8 | *2.51%* | *2.16%* | *1.63%* |
| Mining & Other | 15.5 | 17.6 | 0.6% | 20.3 | 22.4 | *2.60%* | *2.89%* | *2.46%* |
| Retail Trade | 234.1 | 265.6 | 8.5% | 299.0 | 325.8 | *2.56%* | *2.40%* | *2.07%* |
| Services | 1,272.9 | 1,475.3 | 47.3% | 1,683.8 | 1,859.0 | *2.99%* | *2.68%* | *2.34%* |
| Transport, Info, Util | 187.2 | 203.2 | 6.5% | 245.4 | 284.6 | *1.65%* | *3.85%* | *3.43%* |
| Wholesale Trade | 58.3 | 58.9 | 1.9% | 70.0 | 80.4 | *0.17%* | *3.53%* | *3.17%* |
| Ttl Non-Mfg. | 2,706.3 | 3,058.6 | 98.0% | 3,449.5 | 3,773.1 | *2.48%* | *2.43%* | *2.12%* |
| Ttl Office-Related* | 2,049.2 | 2,326.3 | 74.6% | 2,613.0 | 2,849.5 | *2.57%* | *2.35%* | *2.05%* |

**Includes FIRE, Services and Government* *(Numbers in thousands (000's))*

In the following chart, we focus on trends in two broad employment sectors: office-related and manufacturing employment. For purposes of this analysis, we define office-related employment as the total number of jobs in the FIRE, Services and Government sectors. While not all employment in these sectors is office-related, office employment trends tend to mirror the trends in these three categories combined. In District of Columbia, office-related employment is growing while manufacturing employment is declining. This indicates a shift toward a more service-based economy, which is consistent with the national trend.



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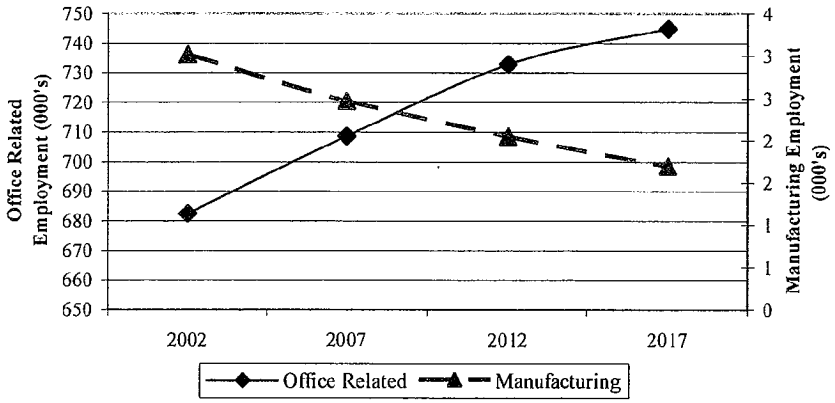
**EMPLOYMENT SECTOR TRENDS**
**District of Columbia**




District of Columbia accounted for approximately 28.95% of the Washington DC MSA's employment in 1997. In 2007, the ratio is 25.55% and it is projected at 21.52% through 2017. This is an indication that District of Columbia is growing at a rate below that of the Washington DC MSA.

District of Columbia's economy is not dependent on a particular sector. The employment base is varied, as are the major employers. Therefore, District of Columbia should be less susceptible to cyclical fluctuations that have occurred in other areas dominated by a single industry. The area's major employers are listed below.

**MAJOR EMPLOYERS**

| Employer | # of Employees |
|---|---|
| George Washington University | 6,400 |
| Howard University | 2,000-3,000 |
| Washington Hospital Center | 2,000-3,000 |
| Georgetown University Hospital | 2,000-3,000 |
| Georgetown University | 1,915 |
| Fannie Mae | 3,800 |
| Children's National Medical Center | 1,000-2,000 |
| Howard University Hospital | 1,200 |
| American University | 1,072 |

*Source: D.C. Department of Employment Services: Office of Labor Market Research and Information 2007*



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## INCOME

Personal income is a significant factor in determining the real estate demand in a given market. From 2002 to 2007, District of Columbia's income grew at an average annual compound rate of 2.67%, compared to the Washington DC MSA's average annual compound growth rate of 2.36%. District of Columbia's average annual compound growth rate was 3.64% as compared to 2.63% for the Washington DC MSA. Projections for the next five and ten year periods reflect growth rates for District of Columbia that parallel the anticipated gains for the Washington DC MSA. For the two time frames, 2007 to 2012 and 2007 to 2017, District of Columbia is anticipated to experience 2.72% and 2.31% average annual growth rates, respectively, compared to the projected growth rates for the Washington DC MSA of 2.58% and 2.18%.

An examination of income per household reveals that, historically, District of Columbia has experienced a growth rate above that of the Washington DC MSA. Future projections predict similar growth for District of Columbia compared to the Washington DC MSA. In absolute dollars, District of Columbia's personal income historically has been above that of the Washington DC MSA, on a per capita basis.

**INCOME PER CAPITA COMPARISON**

| | | Washington DC MSA | | District of Columbia | |
|---|---|---|---|---|---|
| | Year | Income/Capita[1] | % Change | Income/Capita[1] | % Change |
| Historical | 1997 | $34,582 | | $35,342 | |
| | 2002 | $39,906 | 15.4% | $44,296 | 25.3% |
| | 2003 | $40,373 | 1.2% | $45,704 | 3.2% |
| | 2004 | $41,619 | 3.1% | $47,298 | 3.5% |
| | 2005 | $42,566 | 2.3% | $48,033 | 1.6% |
| | 2006 | $43,528 | 2.3% | $48,948 | 1.9% |
| Current | **2007** | **$44,850** | **3.0%** | **$50,528** | **3.2%** |
| Projected | 2008 | $46,058 | 2.7% | $51,959 | 2.8% |
| | 2009 | $47,383 | 2.9% | $53,524 | 3.0% |
| | 2010 | $48,579 | 2.5% | $54,971 | 2.7% |
| | 2011 | $49,846 | 2.6% | $56,473 | 2.7% |
| | 2012 | $50,944 | 2.2% | $57,784 | 2.3% |
| | 2017 | $55,669 | 9.3% | $63,480 | 9.9% |
| **Average Annual Compound Change** | **Historical** | | | | |
| | Past 5 years | | 2.36% | | 2.67% |
| | Past 10 years | | 2.63% | | 3.64% |
| | **Projected** | | | | |
| | Next 5 years | | 2.58% | | 2.72% |
| | Next 10 years | | 2.18% | | 2.31% |

[1] *Income figures are stated in year 2000 constant dollars.*

*Source: NPA Data Services, Inc.; compiled by IRR*



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| INCOME PER HOUSEHOLD COMPARISON | | | | | |
|---|---|---|---|---|---|
| | | Washington DC MSA | | District of Columbia | |
| | Year | Income/Household[1] | % Change | Income/Household[1] | % Change |
| | 1997 | $92,000 | | $82,644 | |
| | 2002 | $105,295 | 14.5% | $101,609 | 22.9% |
| | 2003 | $106,412 | 1.1% | $104,601 | 2.9% |
| | 2004 | $109,607 | 3.0% | $108,044 | 3.3% |
| | 2005 | $112,017 | 2.2% | $109,515 | 1.4% |
| | 2006 | $114,319 | 2.1% | $111,389 | 1.7% |
| **Current** | **2007** | **$117,682** | **2.9%** | **$114,766** | **3.0%** |
| | 2008 | $120,731 | 2.6% | $117,793 | 2.6% |
| | 2009 | $124,081 | 2.8% | $121,109 | 2.8% |
| | 2010 | $127,083 | 2.4% | $124,144 | 2.5% |
| **Projected** | 2011 | $130,256 | 2.5% | $127,293 | 2.5% |
| | 2012 | $132,974 | 2.1% | $129,997 | 2.1% |
| | 2017 | $144,404 | 8.6% | $141,439 | 8.8% |
| **Average Annual Compound Growth** | **Historical** | | | | |
| | Past 5 years | | 2.25% | | 2.47% |
| | Past 10 years | | 2.49% | | 3.34% |
| | **Projected** | | | | |
| | Next 5 years | | 2.47% | | 2.52% |
| | Next 10 years | | 2.07% | | 2.11% |

[1] *Income figures are stated in year 2000 constant dollars.*

*Source: NPA Data Services, Inc.; compiled by IRR*

## CONCLUSION

Overall, the economic outlook for District of Columbia is positive. Although *Claritas* projects total population to decrease slightly, the District of Columbia Office of Planning projects the population to increase to 608,700 by 2010. More importantly the area is projected to experience increasing employment growth. Based on this analysis, it is anticipated that District of Columbia will continue to grow and prosper. The expected growth should provide an economic base that supports demand for real estate in the subject neighborhood and for the subject property. These conditions should stimulate increases in general property values within the foreseeable future.



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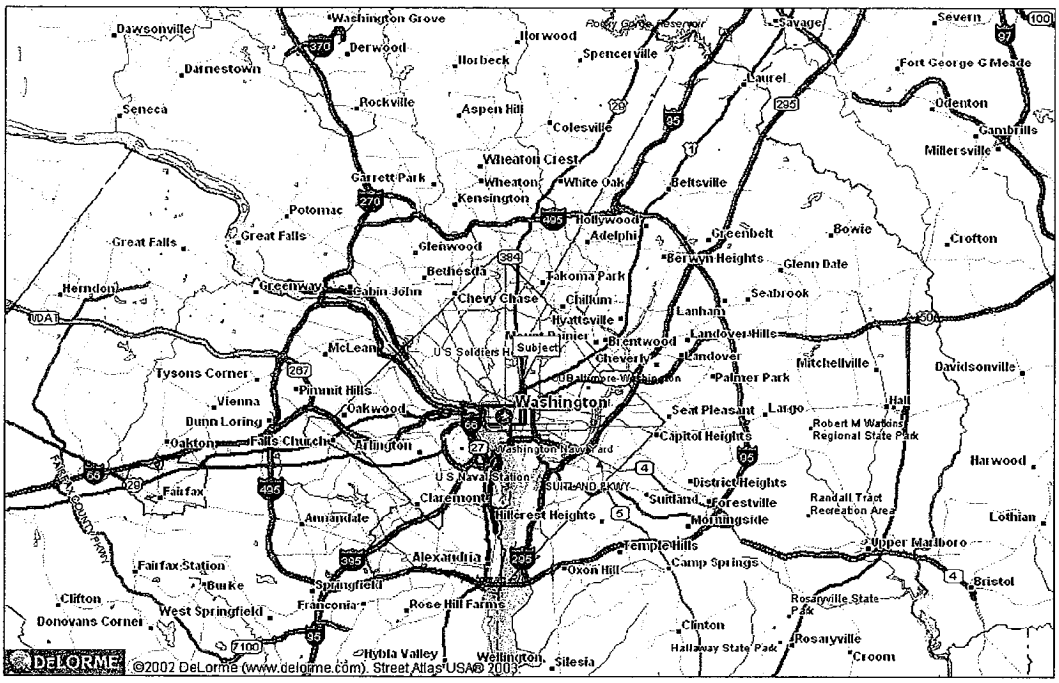
## AREA MAP






FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006175

# SURROUNDING AREA ANALYSIS

## BOUNDARIES

Washington, DC is divided into four quadrants: Northwest, Northeast, Southwest, and Southeast. The U.S. Capitol building, which is the point of convergence for the north-south and east-west bisecting lines, defines the city's quadrants. The streets that radiate from the U.S. Capitol Building - North Capitol, East Capitol and South Capitol -- delineate the four quadrants. The subject is located south of Howard University and the Howard University Hospital, in the Northwest quadrant of Washington, DC. The subject's specific neighborhood is commonly known as LeDroit Park. The market is generally delineated as follows:

| | |
|---|---|
| **North** | Euclid Street NW |
| **South** | R Street NW |
| **East** | 2nd Street NW |
| **West** | 14th Street NW |

A map highlighting these boundaries and identifying the location of the property follows this section.

## ACCESS AND LINKAGES

The District of Columbia includes a series of roads that travel east-west and north-south. Primary highway access to the area is via Georgia Avenue (Route 29), which connects the neighborhood to Interstate 495 (Capital Beltway) in the north. In addition to Georgia Avenue, 9th, 11th, and 14th Streets are the primary arteries for travel to Downtown DC and provide connections to Northern Virginia via Interstate 395. Also, Rhode Island Avenue (Route 1) and New York Avenue (Route 50) provide connections to Prince George's County in Maryland. Florida Avenue, which crosses directly in front of the subject, is the primary east/west thoroughfare, but R and S Streets, also provide east/west access to adjacent neighborhoods and other major thoroughfares, such as Connecticut Avenue.

Public transportation is provided by the Washington Metropolitan Area Transit Authority (WMATA). Metrobus provides bus service throughout the area. Primary bus routes are located along Florida and Georgia Avenues. Located at the northeast corner of 7th and S Streets NW, approximately two blocks southeast of the subject, is the Shaw-Howard University Metrorail (subway) station. This station is on the Green/Yellow line and provides direct access to a number of major downtown destinations and employment centers, including the Washington Convention Center, Chinatown/Gallery Place (Smithsonian National Portrait Gallery, Verizon Center, retail and nightlife), Penn Quarter and the National Archives, and L'Enfant Plaza. In addition, the subject is located approximately four blocks east of the U Street/African American Civil War Memorial/Cardozo Metrorail (subway) station on the south side of U Street at 10th Street. The Yellow line also provides direct access to Pentagon City and Reagan National Airport across the Potomac River. The Chinatown and L'Enfant Plaza Metro stations provide transfers to all other lines in the system.



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Bus and subway service are utilized extensively by both residents and visitors, although automobiles are also used frequently by many. Residents and visitors also travel extensively by foot, and the neighborhood is generally pedestrian-friendly.

There are three airports that service the subject that are ranked among the top 30 airports in the US, based on boarding passengers. The Ronald Reagan Washington National Airport is located approximately 7.5 miles southwest of the subject. Other airports servicing the area include the Washington Dulles International Airport and the Baltimore-Washington International Thurgood Marshall Airport, which are 26 and 31 miles from the subject, respectively. Amtrak's Northeast Direct and Metroliner service provide more regional travel to New York, New Jersey, Pennsylvania, Delaware, and Baltimore. The nearest Amtrak station is located at 900 2nd St, NE, which is less than two miles southeast of the subject.

The Washington, DC CBD, the economic and cultural center of the region, is approximately two miles from the market area.

### LAND USE

In the immediate vicinity of the subject, land uses include a mix of office and residential with ground floor retail, single-family attached residential, free-standing retail, and educational/institutional. Other land use characteristics are summarized below.

| SURROUNDING AREA LAND USES | |
|---|---|
| Character of Area | Urban |
| Predominant Housing Age (Both Ownership and Rental) | 50+ years |
| Predominant Quality and Condition | Below Average to Average – The neighborhood is showing signs of gentrification. |
| Approximate Percent Developed | 95% |
| Percent Developed by Land use | 10% Multi-Family; 20% Single Family; 40% Commercial; 30 Educational/Institutional |
| Infrastructure/Planning | Average |
| Prospective Change in Land Use | Not likely – Change in the area will mostly be achieved through gentrification. |
| Prevailing Direction of Growth | North and West |



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| SUBJECT'S IMMEDIATE SURROUNDINGS | |
|---|---|
| **North** | Restaurant / Low-Level Office / Low-Level Office with Ground Floor Retail / Office Row Homes with Ground Floor Retail |
| **South** | Vacant Land / Row Homes / School |
| **East** | Free-Standing Retail (CVS Pharmacy) |
| **West** | Residential and Office Row Homes with Ground Floor Retail |

## DEMAND GENERATORS

Several universities are in the market area including Howard University, Catholic University, Trinity College, and Gallaudet University. Several hospitals are within the market area as well, including Providence Hospital, Washington Hospital Center, Children's National Medical Center, and Howard University Hospital. Other employment opportunities located along Florida Avenue and 7th Street, include retail, auto, and industrial businesses.

Less than three miles southwest of the subject are the White House, Capitol Hill, and the National Mall. Federal Government agencies located within the core of the CBD, known as the Federal Triangle, include the Federal Trade Commission, National Archives, Justice Department, Internal Revenue Service, Commerce Department, FBI, Interstate Commerce Commission, State Department, and the Federal Reserve. Agencies in the Judiciary Square portion of the CBD are the General Accounting Office, U.S. and DC Courthouses, U.S. Department of Labor, DC Municipal Center, and U.S. Employment Services. The neighborhood's overall supporting employment base is excellent.

These demand generators support the demographic profile described in the following section.

## DEMOGRAPHIC FACTORS

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.



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| DEMOGRAPHIC PROFILE | | | |
|---|---|---|---|
| **Description** | *1/2 Mile Radius* | *1 Mile Radius* | *3 Mile Radius* |
| **Population** | | | |
| 2012 Projection | 14,092 | *83,156* | 337,258 |
| 2007 Estimate | 13,453 | *79,206* | 333,314 |
| 2000 Census | 12,273 | *72,108* | 324,163 |
| 1990 Census | 12,271 | *73,597* | 336,183 |
| Growth 2007-2012 | 4.75% | *4.99%* | 1.18% |
| Growth 2000-2007 | 9.61% | *9.84%* | 2.82% |
| Growth 1990-2000 | 0.02% | *-2.02%* | -3.58% |
| **2007 Est. Median Age** | 33.33 | *33.69* | 35.71 |
| **2007 Est. Average Age** | 36.20 | *35.75* | 38.18 |
| **Households** | | | |
| 2012 Projection | 5,748 | *39,076* | 163,396 |
| 2007 Estimate | 5,315 | *36,538* | 158,658 |
| 2000 Census | 4,551 | *31,841* | 148,457 |
| 1990 Census | 4,556 | *30,713* | 145,561 |
| Growth 2007-2012 | 8.15% | *6.95%* | 2.99% |
| Growth 2000-2007 | 16.79% | *14.75%* | 6.87% |
| Growth 1990-2000 | -0.11% | *3.67%* | 1.99% |
| **2007 Est. Average Household Income** | $59,727 | *$65,669* | $79,839 |
| **2007 Est. Median Household Income** | $39,125 | *$44,820* | $52,646 |
| **2007 Est. Per Capita Income** | $25,203 | *$31,090* | $38,785 |
| **2007 Est. Average Household Size** | 2.16 | *2.02* | 1.96 |
| **2007 Est. Tenure of Occupied Housing Units** | 5,315 | *36,538* | 158,658 |
| Owner Occupied | 2,039 | *10,521* | 60,079 |
| Renter Occupied | 3,276 | *26,018* | 98,579 |
| **2007 Est. Median All Owner-Occupied Housing Value** | $386,667 | *$393,968* | $388,393 |
| **2007 Est. Median Year Structure Built *** | 1945 | *1951* | 1948 |

Source: *Claritas, Inc., 2007*

*1939 will appear when at least half of the Housing Units in this reports area were built in 1939 or earlier.

An executive summary of the *Claritas* report for our study area (one-mile radius) is provided as follows:

- The population in this area is estimated to change from 72,108 to 79,206, resulting in a growth of 9.8% between 2000 and the current year. Over the next five years, the population is projected to grow by 5.0%.
- The current year median age for this population is 33.7, while the average age is 35.7. Five years from now, the median age is projected to be 35.3.
- The number of households in this area is estimated to change from 31,841 to 36,538, resulting in an increase of 14.8% between 2000 and the current year. Over the next five years, the number of households is projected to increase by 6.9%.
- The average household income is estimated to be $65,669 for the current year. The average household income in this area is projected to increase 15.9% over the next five years, from $65,669 to $76,140. The current year estimated per capita income for this area is $31,090.



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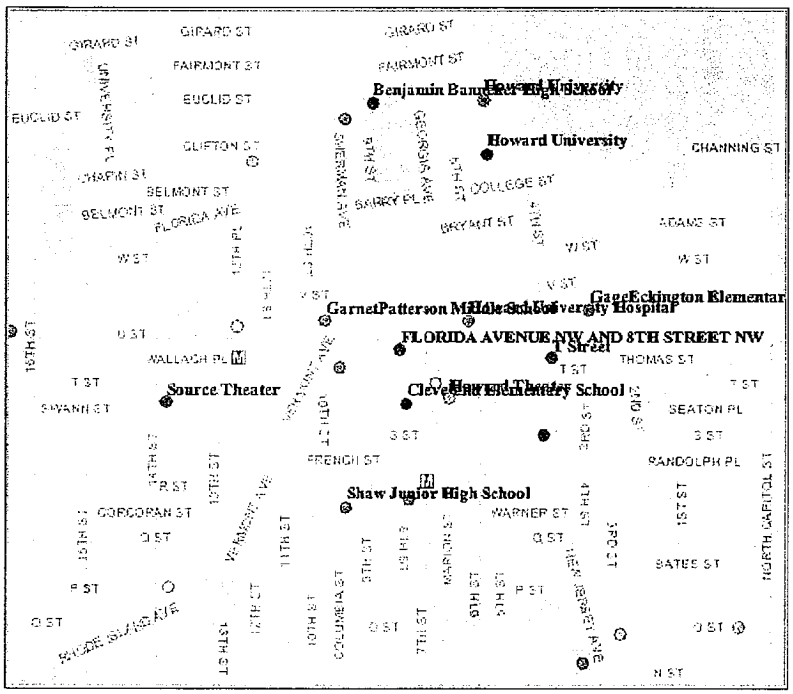
- For this area, 50.1% of the population is estimated to be employed and age 16 and over for the current year. The occupational classifications are as follows: 69.4% have occupation type white collar, 10.4% are blue collar, and 20.2% are Service & farm workers.
- For the civilian employed population age 16 and over in this area, it is estimated that they are employed in the following occupational categories: ", 29.1% are in "Professional and Related Occupations", 23.9% are in "Sales and Office", 20.1% are in "Service", and 16.4% are in "Management, Business, and Financial Operations.
- Currently, it is estimated that 16.8% of the population age 25 and over in this area had earned a Master's, Professional, or Doctorate Degree and 18.5% had earned a Bachelor's Degree.
- Most of the dwellings in this area (71.2%) are estimated to be Renter-Occupied for the current year. The majority of dwellings in this area are estimated to be structures of 50 or More Units (34.3%) for the current year. The majority of housing units in this area (39.2%) are estimated to have been Housing Unit Built 1939 or Earlier for the current year.

## COMMUNITY SERVICES

The subject's neighborhood has good access to community services and supporting amenities. Both U Street and 7th Street/Georgia Avenue are significant commercial corridors and offer a variety of entertainment, dining, and retail options. The following map, provided by the District of Columbia's *DC Guide,* displays the community services in the area surrounding the subject.



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The subject's neighborhood is well served by the commercial, institutional, and professional service facilities. As the case with many neighborhoods in the District, the community lacks modern retail shopping venues. Many of the existing retail stores are located in buildings that front major roads and occupied by local merchants.

Howard University has a major presence in the area and impacts the subject's market area. During the past few years, Howard has invested more than $190 million in new construction and renovations. Many of the campus residence halls now offer modern, air-conditioned, and state-of-the-art student housing. The university has also upgraded its facilities to make them secure, and all residence halls have attended front desks. Howard has also adopted a wireless network that allows students to log into the campus network, iLab, and internet throughout the campus. Potential expansion plans at Howard include redevelopment of two former industrial buildings into a mixed-use facility.

### DEVELOPMENT ACTIVITY AND TRENDS

The surrounding neighborhood has experienced a significant renaissance during the past four to six years and is now recognized as one of the premier arts and entertainment areas of Washington, DC.

Residential property values have increased dramatically, and a major influx of condominium development is ongoing. Nearly 3,000 condominium and apartment units have been completed since 2001 or are currently under construction within a half-mile radius of the subject. These developments include the Rhapsody (162 units, construction completed, sales in final stage) located at 2120 Vermont Avenue, N.W., and the Floridian (118 units, under construction) located at 919 & 919 Florida Avenue, about two blocks west of the subject. Numerous smaller condominium developments (generally 12 to 50 units) will add an additional 200+ units in the immediately surrounding blocks over the coming two years. In addition to the existing storefront retail inventory in the area, many of the larger condominium developments incorporate substantial first-floor retail space, which is estimated to total more than 150,000 square feet.

The neighborhood is home to a number of jazz clubs, theaters, bars, restaurants, and nightclubs. These include:

- The Arena Stage Theatre at 14th and T Street,
- The historic Lincoln Theater on U Street between 12th and 13th Streets,
- Bohemian Caverns jazz club at 12th and U Street
- The 9:30 Club, a longstanding performance venue which attracts national popular music acts, across Vermont Avenue from the subject property

Over 30 other bars, restaurants, and clubs are located along U Street, 14th Street, and 9th Street in the subject neighborhood.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006181

We also note that the District of Columbia Strategic Neighborhood Action Plan (SNAP) was developed in 2002, which helps identify neighborhood clusters and aims to improve substandard conditions. Our subject is located in Neighborhood 3, which includes Cardozo/Shaw, LeDroit Park, and Howard University. Community initiatives in Neighborhood 3 include the redevelopment of commercial and residential locations, protecting historical properties, and improving local schools by upgrading the technology and redesigning streetscapes. As of 2005, the Historic Lincoln Theater had been completely renovated.

Also, the Department of Housing and Community Development (DHCD) granted $300,000 for a major façade improvement for the Mason Lodge Building and gave $120,000 for streetscape improvements along the U Street commercial corridor.

Several examples of private developers investing the area are presented as follows:

- The Douglas Development Corporation is currently renovating the 14,744 square foot mixed use building with residential and ground floor retail at 1301 – 1309 9th Street NW.
- The Douglas Development Corporation also intends to redevelop a 6,587 square foot office building with ground floor retail at 651 Florida Avenue NW. The asking rent for the retail space at this project is $55.00 per square foot, triple net, will the office space is offered at $25.00 per square foot, triple net, according to *CoStar*.
- Madison Retail Group is building a 10,000 square foot free standing retail building at 707 O Street. O Street Marketplace construction began in February 2007.
- A 112,900 square foot neighborhood shopping center is under construction at the corner of 5th and K Street. This center will be completed in February 2009 and is apart of a bigger development called City Vista. City Vista will include 244 apartments, 441 condominiums, 112,900 square feet of retail (including 58,000 square foot Safeway), and 783 parking spaces.
- Two hotels, the Marriott at 915 Massachusetts Avenue and the Embassy Suites Hotel on New York Avenue, are being developed in the subject's market area.
- Lastly, according to the August 15, 2007 article titled "Flocking Downtown: Developers Increasingly Taking on Urban Infill" from the CoStar Advisor, the DC USA retail complex is underway on the west side of 14th Street between Park Road and Irving Street. DC USA is scheduled to have a 180,000-square-foot Target, and an additional 360,000 square feet of retail space with anchor tenants such as Bed Bath & Beyond, Best Buy, Marshall's, and Washington Sports Club. The project also includes a 1,000-space parking garage. Delivery of the retail space is expected to begin in March 2008.



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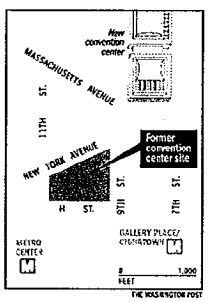
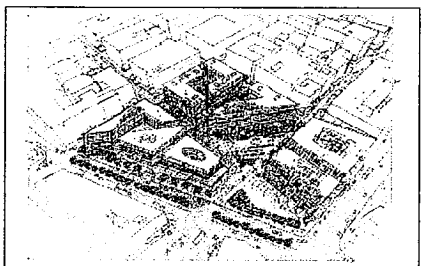
In addition, the District of Columbia Department of the Deputy Mayor for Planning and Economic Development (DMPED) has announced that the 10-acre site of the former Washington Convention Center will be turned into a mixed-use, "24-hour neighborhood with residential, retail, and civic uses that would become a landmark and symbol of the city." The site is located south of the subject neighborhood boundary, but may influence the overall area. A summary of the planned uses include:

- 300,000 SF of retail: Grocery store, restaurants, and other retailers;
- 550,000 SF of office: Expects to bring 2,500 new office workers;
- 1,377 housing units: At least 155 affordable housing units. Approximately 1/3 for-sale units, and 2/3 rental units;
- Hotel: Approximately 70,000 square foot footprint for a Convention Center HQ Hotel (If WCCA Board finds this is the best site);
- New central library: Subject to D.C. Council's future action;
- Public parking: At least 850 publicly-available spaces; and
- Public plaza: $1.5 million annual developer contribution to programming.

According to the May 4, 2005 edition of *The Washington Post,* "construction on the old convention center site would start in 2009, and the project is estimated to open in 2011." The article indicated that development plans are currently delayed, as the D.C. Council debates whether the site should include the new convention center hotel. The following graphic displays the location of the former convention center and the DMPED's illustrative design of the proposed development.



ILLUSTRATIVE AERIAL VIEW OF FORMER CONVENTION CENTER SITE FROM NW

This $900 million project is being developed by Hines-Archstone-Smith.

Redevelopment of the subject neighborhood was initially focused around the block of U Street between 13th and 14th Street. This development has continued to expand south along 14th Street to meet up with the northern expansion of development from Logan Circle, and eastward to incorporate the 9th Street corridor into the greater U Street area. In addition to the condominium developments near the subject property, current development in the eastern area of the U Street Corridor includes a new CVS at 10th & U Street and the recently opened Duffy's Irish Pub.



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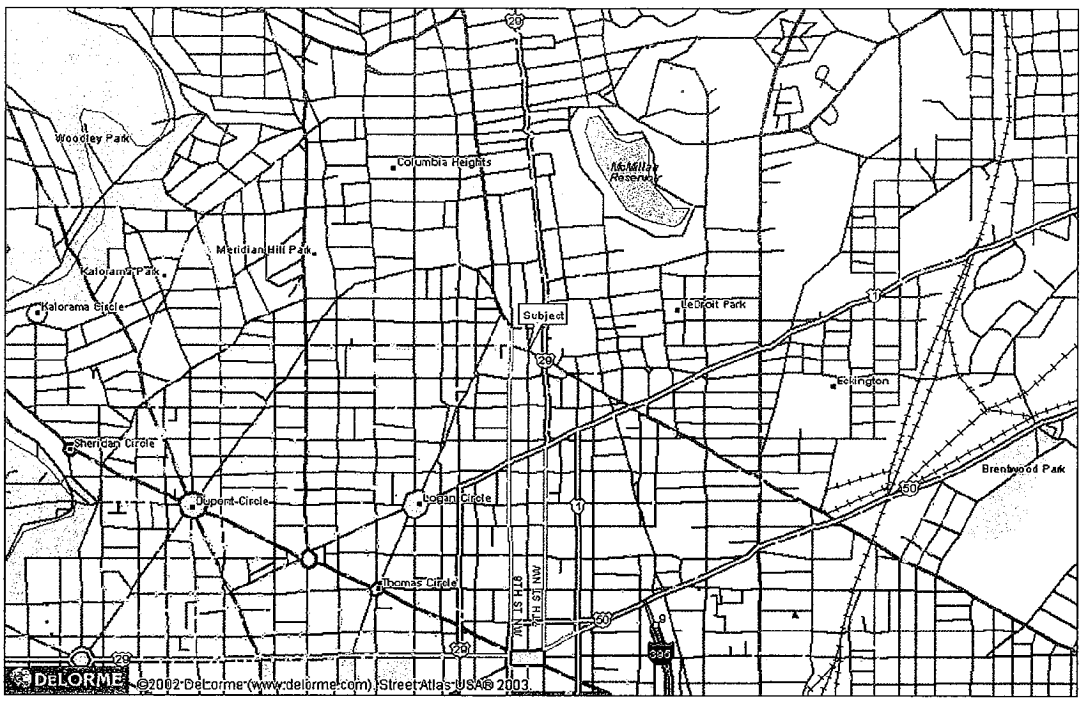
## OUTLOOK AND CONCLUSIONS

The market area is in a revitalization stage of its life cycle. Much of the recent renovation/redevelopment has transpired in the southern and western sections of the defined area. Given the history of the area and the growth trends, it is our opinion that property values will increase in the near future. The subject benefits by its close proximity to Howard University and Howard Hospital, which are positive indicators for its immediate setting.

## SURROUNDING AREA MAP






FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006184

## COMMERCIAL & RESIDENTIAL LAND MARKET ANALYSIS

The strength of any market depends on supply and demand. The primary concern is to discover the conditions affecting the subject's specific market. In the case of the subject, its C-2-B zoning "permits matter-of-right medium density development, including office, retail, housing, and mixed uses to a maximum lot occupancy of 80% for residential use, a maximum FAR of 3.5 for residential use and 1.5 FAR for other permitted uses, and a maximum height of sixty-five (65) feet." Since the subject is located within the Uptown Arts Overlay zone, there are "incentives for housing, arts and retail uses on 14th and U Streets to a maximum FAR of 2.5 to 4.5, and a maximum height of seventy-five (75) feet depending on the underlying district." The supply and demand of residential, office, and retail land uses within the submarket directly affect the subject's value.

### METRO AREA ECONOMY

The subject is located within the Washington Metropolitan area and is impacted by its overall market conditions. The information below is based on excerpts from *The Washington Area Economy, Year-End 2006*, a collaborative report from Transwestern Commercial Services, Delta Associates, and George Mason University's Center for Regional Analysis. The following bullet points are conditions and factors that will allow the Washington Area to continue its growth and resilience to adversity.

- The Washington area economy remains one of the strongest in the nation, but its peak years of growth are now behind us. The strength and health of the economy is linked directly to Federal procurement spending, the primary industry in the area. The area's gross regional product (GRP) was $334.8 billion in 2006, an increase of 4% from 2005.

- Growth from payroll jobs within the region totaled 65,100 for the 12 months proceeding October 2006, which is still outperforming most large metro areas in the nation. Phoenix, LA Basin, Houston, and Dallas/Forth Worth have lead the nation in employment gains for the past 12 months, as these areas are experiencing growth similar to that achieved by the Washington metro area in 2004 and 2005. The Washington Metro area continues to experience solid growth, as job creation is 19% above the long-term average. Delta Associates reports that 51% of all new payroll jobs were created in Northern Virginia with 34% in Suburban Maryland and 15% in the District of Columbia. Professional & Business Services, Education/Health, and Retail Trade still rank as the leading sectors for job growth.

- The Washington metro area has experienced tremendous traffic congestion, resulting from a rapidly expanding economy. Three projects have been slated to help reduce congestion and create a more accessible area for commuters. The Intercounty Connector (ICC) is a $2.5 billion, 18-mile east-west toll road that will connect Interstate 270, I-95 and US Route 1. Completion is expected in 2010. The Wilson Bridge construction will replace the older congested bridge with two new bridges. As of July 2006, three north bound lanes and all south bound lanes are open. An additional bridge will be completed in 2008. Lastly, the Tyson's Corner/Dulles Metro extension is currently in the planning stages.



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- The unemployment rate in the Washington area was 2.9% in October, down from 3.0% 12 months prior. The Washington metro area still retains the lowest rate in the nation among metro areas and compares favorably to the national rate of 4.4% in October. Expanding job growth and low unemployment have resulted in a tightening of the labor market.

- The availability of qualified workers is a growing issue because of the rapidly expanding population and growth. The tightening labor market is making it increasing difficult for companies to find qualified employees, thus causing an increase in income to lure potential candidates. According to the Labor Department, all counties in the metro area experienced solid wage growth, with all but the District at or above the national growth rate of 8.1%

- The Coincident and Leading Indices have both declined from their peaks in 2006. Coincident Index decreased to 119.4 in September 2006, from its high of 123.9 in February 2006. The Leading Index decreased to 110.9 in September 2006, from its peak of 111.9 in the spring of 2006. This decline can be attributed to the decrease in consumer spending given the surge in oil costs and the softened housing market. Expectation of future conditions brightened in September, as oil prices declined and building permits increased.

- Overall, federal procurement spending in 2007 will have the greatest impact on conditions, as this is the mainstay of economic performance in the metro area. Federal procurement spending could shift in the near–term, as the recent change in Congress has provided Democrats better leverage. With defense spending on the radar for change, analysts believe Democrats will attempt to shift (rather than reduce) spending. If defense spending ebbs, the Northern Virginia economy could take a hit.

- The *Washington Business Journal* reports the limited labor pool makes hiring qualified applicants difficult for employers. These companies have started searching outside the metro area for qualified candidates, but are finding potential candidates are reluctant to move to the Washington area because of the high cost of living, overpriced housing, and traffic congestion. This issue could worsen as the Center for Regional Analysis estimates that by 2025 the Washington area will grow by 1.6 million new jobs and 2 million people. Although the number of new residents outnumbers new jobs, not every person added to this region will fit the skill set needed in the new position.

*Delta* projects that the Washington Metropolitan Area economy should continue to grow during 2007, but "at a reduced pace compared to the past three years, as the economy transitions from a hyper-growth to a solid-growth period in the economic cycle." This transition from hyper growth to strong growth will still foster job growth. Dr. Steven Fuller of George Mason University projects that job growth in 2007 and 2008 will average 56,500 per annum.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006186

## MARKET ANALYSIS OVERVIEW

The strength of any market depends on supply and demand. The primary concern is to discover the conditions affecting the subject's specific market. Supply and demand in this submarket directly affect the subject's value, as well as its potential absorption period.

In the following analysis, we first define the market area. Secondly, we describe the market demands for land uses that are legally permissible in C-2-B zoning and the ARTS overlay districts. Therefore, our market analysis will focus on multi-family, office, and retail land uses. Lastly, we conclude on the most suitable land uses for the subject.



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006187

## MULTI-FAMILY MARKET ANALYSIS

The strength of any market depends on supply and demand. The following analysis addresses the types of apartment properties as well as national and local investment trends. However, the primary concern is to discover the conditions affecting the subject's specific market. According to *REIS, Inc.,* a recognized source, the subject is located in the District of Columbia apartment market and the Capitol Hill/Southwest apartment submarket. Supply and demand in the market and submarket directly affects the subject's value, as well as its potential exposure time and marketing period. Given prevailing land use patterns and the subject's proposed rezoning, a likely use of the property is for multi-family residential development.

### APARTMENT PROPERTY CLASSIFICATIONS

For the purpose of investment analysis, apartments are classified into one of three categories: Classes A, B, and C. These categories are defined as follows.

**CLASS A** – Generally regarded as the highest quality space available in the market, Class A buildings are typically of recent construction and are situated in prime locations. They are characterized by high quality construction and finishes, high occupancy levels, sophisticated amenities, and top rental rates. A+ properties would suggest "trophy" properties with the characteristics noted above.

**CLASS B** – These apartment properties are regarded as modern (although not necessarily new) buildings, or old (i.e., Class C) structures recently renovated to modern standards. Good locations, reasonably high occupancy levels, and competitive rental rates characterize these buildings.

**CLASS C** – The lowest quality apartments available in the market are found in Class C buildings. These buildings are generally old but in fair condition. Rental rates are the lowest within the market, and amenities are minimal.

Based on its location and development in the area surrounding the property, the market would generally consider any proposed multi-family development at the subject as a Class A community. Each property class is indirectly affected by the other classes, especially in weaker markets with a recessionary climate. Although we have considered all apartment properties in both the District of Columbia market and the Howard U./Mt. Pleasant/Brightwood submarket, our focus is on the class of competition that is most similar to the subject.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006188

## REGIONAL MULTI-FAMILY MARKET OVERVIEW (WASHINGTON, DC MSA)

The subject is located within the Washington Metropolitan area and is impacted by its overall market conditions. The information below is also based on excerpts from *The Washington Area Economy, Year-End 2006,* and the *Year End 2006 Report: Mid-Atlantic Class A Apartment & Washington/Baltimore Condominium Market,* collaborative reports from Transwestern Commercial Services, *Delta Associates*, and George Mason University's Center for Regional Analysis. The following bullet points are conditions and factors that will allow the Washington Area to continue its growth and resilience to adversity.

- The Washington metro area economic conditions remain above-average at year-end 2006, as employment continues to expand and unemployment is below 3% at October 2006. However, conditions are starting to taper from the robust growth experienced in 2004 and 2005, as the effects of reduced Federal government procurement spending growth are felt by area businesses. Overall, the Washington area economy continued to expand in 2006, but at a decelerating pace. Growth in 2007 will be largely shaped by how much procurement spending the metro area receives.

- The key economic indicators are detailed in the following table:

**Key Economic Indicators [1]**
**Washington Metro Area**

| | At October 2006 |
|---|---|
| "Payroll" Employment | 3,019,700 |
| 12-Month Job Growth | 65,100 |
| Unemployment Rate | 2.9% |
| Coincident Index [2] | 119.4 |
| Leading Index [2] | 110.9 |

1/ BLS redefined the Washington metro area in March 2005. Current data is not precisely comparable with data reported previously.
2/ At September 2006.

Source: Bureau of Labor Statistics, GMU-CRA; December 2006.

- The Washington area's gross regional product (GRP) was $334.8 billion in 2006, an increase of 4.0% compared to 2005. The core sectors of the Washington area economy are detailed in the following table:

**Core Sectors of the Economy**
**Washington Metro Area**

| | 2005 | | 2006 | |
|---|---|---|---|---|
| | $ | %GRP | $ | %GRP |
| GRP in Billions | | | | |
| Total Federal $s | $112.0 | 34.8% | $116.5 | 34.8% |
| Portion Procurement | $52.4 | 16.3% | $54.5 | 16.3% |
| Technology | $51.2 | 15.9% | $54.3 | 16.2% |
| Building Industry | $20.3 | 6.3% | $21.4 | 6.4% |
| Intl Business | $17.3 | 5.4% | $17.9 | 5.3% |
| Hospitality | $7.2 | 2.2% | $7.5 | 2.2% |
| Other/Multiple Sectors | $113.9 | 35.4% | $117.4 | 35.1% |
| Total GRP | $321.9 | 100.0% | $334.8 | 100.0% |

Sources: Dr. Stephen Fuller, Delta Associates; December 2006.

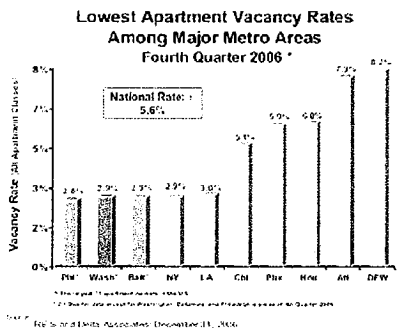


FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006189

- The Washington metro continues to perform as well as any apartment market in the nation. *Delta* believes this is the case, because of its booming job market; a transient work force that has produced a large pool of Class A renters by choice; high barriers to entry that have kept the pipeline of on-coming apartment supply in check; and "a condo market in flux that has turned would-be condo purchasers into renters."

- The Washington metro area apartment market "experienced some stress in the fourth quarter." This slow down was related to "a cooling housing market, combined with 'shadow rentals' of investor-owned condominium units have impacted absorption more deeply than expected – taking some of the heat out of the market."

- Stabilized vacancy for investment grade apartment properties (Class A and B) increased slightly to 2.9% (2.9% for Class A products) from 2.5% a year ago. This is one of the lowest vacancy rates in the country. The national rate is 5.6%.




- The rental rate has increased 4.7% since December 2005 for all investment grade properties. The Class A rental rates have increased by 4.0%.

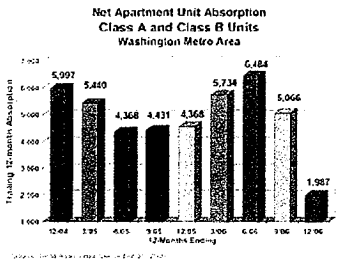
- Properties renovated to Class B+ can generally achieve rents that are $50 to $150 and more per month higher than the lowest Class B's. This allows for a $4,000 to $12,000 per unit renovation budget, and still yields sufficient revenue ($600 to $1,800 or more per year) to generate a 15%+ return on investment in renovations.

- The 2006 performance "is holding strong, following 2005's record pace." In 2006, there was $1.19 billion multi-family Class A sales and another $164 million in multi-family land sales. In 2005, there was $2.07 billion in sales and only $54 million in land sales. The increase in land sales is a "potential indicator of increases in the pipeline of oncoming supply in future years." The average per unit prices for Class A properties are nearly 13% (gardens) and 15% (high-rises) higher, respectively, than in 2005.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006190

- The net absorption for investment grade properties is at 1,987 units over the 12 month period ending December 2006. This is the lowest absorption amount since the early 1990's. This low absorption rate has caused vacancy to increase slightly and rents to grow "more slowly." Per project absorption has held relatively steady at 17 units per months.




- The concessions have "increased for projects in initial lease up, from 3.7% to 5.9% over the last 12 months." However, concessions for all Class A properties declined slightly from 2.5% to 2.4% over the past year. The table below, from *Delta Associates,* shows the concessions for all projects "currently filling-up and not yet stabilized":

| | At Year-End 2003 | At Year-End 2004 | At Year-End 2005 | At Year-End 2006 |
|---|---|---|---|---|
| No. VA | 13.3% | 5.0% | 3.8% | 6.0% |
| Sub. MD | 8.8% | 8.7% | 3.8% | 6.0% |
| District | 10.0% | 9.3% | 2.7% | 5.4% |
| Metro-wide | 11.2% | 6.5% | 3.7% | 5.9% |

- The apartment pipeline has "grown significantly in response to the recent robust performance of the apartment market and as a result of developers reprogramming condo projects in light of the slowing condominium market." In recent quarters, the pipeline has grown to over 4,300 units. Despite this uptick in planned supply, the "District retains the healthiest supply/demand in the region."

- "The District's Class A apartment inventory has been worked down as a result of" absorptions levels that are "in excess of deliveries over the past year;" and from the large number of condominium 'switches' over the past two years. These forces have resulted in the District of Columbia's Class A stabilized vacancy rate to remain low at 3.2% and rents have increased over the year, to the point where the average monthly Class A high-rise apartment rent is $2,309 – or $2.69 per SF." Accordingly, *Delta* believes "that it is time develop in the District, especially at locations that permit rents to be delivered at or below $3.00/SF (in 'established' areas) or $2.25/SF (in 'improving' neighborhoods.')"

- In the short term, *Delta Associates* expects that the "slowdown in sales activity during 2006 will continue at least until the second half of 2007, as more condo projects are delivered and investors pull out of their contracts."



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006191

- During the 4th Quarter 2006, "almost 8,400 units (gross) were removed from the condo pipeline," which was "more than double what was removed during the third quarter." According to *Delta,* most of the removals occurred in "Montgomery County, Arlington/Alexandria, Fairfax/Falls Church, and the District." The main scenarios for removing these projects from the pipeline included switching back to rental; unconverted back to a rental project after sales began; reprogrammed their initial condo project plans to a for-rent regime; reverted back to a rental as an unrealized conversion before sales began; or cancelled plans altogether.

- The 4th Quarter 2006, was the first time in this cycle that more condominium units were removed from being actively marketed due to cancellations or reprogramming than were introduced. During the 4th Quarter 2006, only 663 new condominium units were sold, compared to the 1,331 and 2,616 units sold, respectively, in the 3rd and 2nd Quarters 2006.

- In an effort to get "condos sold before the end of the year," developers have "pushed up concessions metro-wide." The table below shows concessions by sub-state area:

CONCESSIONS AS A PERCENT OF AVERAGE SALES PRICE BY SUB-STATE AREA YEAR-END 2006

| Sub-State Area | % |
|---|---|
| Suburban Maryland | 3.6% |
| Northern Virginia | 5.4% |
| The District | 3.5% |
| **Metro Average** | **4.6%** |

- During the past twelve months, price appreciation has come to a halt in Northern Virginia "and has actually fallen in the District." In Prince George's County, though, the annual price appreciation rate remains in double-digits.

- The 36-month condominium pipeline "has declined for the third straight quarter – by about 14% since its peak in March. There are currently 24,209 unsold condo units that are actively marketing. An additional 21,643 units plan to start marketing in the next 36 months. Due to a slowdown in sales velocity, there is now 4.0 – 6.0 years worth of inventory of product on the market at current rates of sales velocity." For comparison, prices move up rapidly when there are 2.0 or less years of inventory. The following is a list a projects that were discontinued during the 3rd Quarter:



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006192

| SUMMARY OF PROJECTS REMOVED FROM CONDO PIPELINE 4TH QUARTER 2006 | | | |
|---|---|---|---|
| Name of Project | City/ County | # of Units | Scenario |
| Unnamed project | DC | 28 | Cancelled |
| Eckstine Flats | DC | 12 | Cancelled |
| 2950 Tilden Street | DC | 19 | Cancelled |
| Baseball Stadium Condos | DC | 520 | Cancelled |
| DC HFA HQ site | DC | 111 | Cancelled |
| Unnamed project | DC | 304 | Reprogrammed |
| View14 | DC | 173 | Reprogrammed |
| The Flats at West Virginia | DC | 36 | Unrelated Conv |
| Eisenhower Gateway | Arl/Alex | 299 | Cancelled |
| Unnamed Project | Arl/Alex | 145 | Cancelled |
| Carpool site | Arl/Alex | 188 | Cancelled |
| The Tuscany | Arl/Alex | 104 | Reprogrammed |
| Carlyle - Phase II | Arl/Alex | 125 | Reprogrammed |
| Unnamed project | Arl/Alex | 173 | Reprogrammed |
| The Spire | Arl/Alex | 231 | Reprogrammed |
| Alexan South Glebe | Arl/Alex | 231 | Reprogrammed |
| The Strand of Alexandria | Arl/Alex | 221 | Unconverted |
| Rocky Gorge Fairfax City | Ffx/FC | 70 | Cancelled |
| Fairfax Towne Center | Ffx/FC | 163 | Cancelled |
| Woodland Park Crossing | Ffx/FC | 194 | Reprogrammed |
| Mount Vernon Gateway | Ffx/FC | 428 | Reprogrammed |
| Dunn Loring Metro | Ffx/FC | 662 | Reprogrammed |
| Unnamed project | Ffx/FC | 670 | Reprogrammed |
| Regency Park | Ffx/FC | 252 | Unconverted |
| The Commons on the Park | Ffx/FC | 259 | Unconverted |
| West Falls Station | Ffx/FC | 176 | Unconverted |
| Potomac Highlands | Lou/PrWm | 126 | Cancelled |
| First Baptist Church site | Mont | 200 | Cancelled |
| 4 Bethesda Metro | Mont | 185 | Cancelled |
| 7001-7003 Carroll Avenue | Mont | 75 | Cancelled |
| Canyon Ranch Bethesda | Mont | 217 | Cancelled |
| Silver Spring Gateway | Mont | 173 | Reprogrammed |
| Rock Spring Centre Ph. II | Mont | 352 | Reprogrammed |
| 255 N Washington Street | Mont | 287 | Reprogrammed |
| Midtown Silver Spring | Mont | 288 | Reprogrammed |
| Grosvenor Village III | Mont | 278 | Switchback |
| The Chase at Bethesda - N | Mont | 133 | Unconverted |
| Greenbelt Crossing | PG | 90 | Cancelled |
| Roosevelt Reserve | PG | 165 | Unconverted |
| Total | | 8,393 | |

Source: Delta Associates, December 31, 2006.

According to *Delta Associates,* the Washington Metro area is the "place to buy" apartment buildings. The success of the apartment market can be attributed to a regional economy among the strongest in the country, which leads to low vacancies and healthy rent growth, therefore, the returns are higher. In addition, *Delta* projects that the overall vacancy rate in the Washington Metropolitan Area to increase from 8.5% to 9.4% over the next two years, which would still be well below the national average.

For the Washington Metropolitan Area's Class B apartment market, *Delta* expects that "the strong economy will continue to drive demand for housing, and continued high prices for housing of all types will put added demand on B Class assets as one of the more affordable alternatives." In addition, *Delta* believes that the "differences in rent prices between Class A and Class B properties in specific submarkets continue to favor the investor takes advantage of renovation opportunities," and the projects with "convenient locations thrive as the economy continues to expand" as opportunities for Class B projects.

On the condominium side, prices in the District have fallen. *Delta Associates* believes that "prices will not rise until the pipeline gets under control. After a 5-year run of phenomenal price growth continuation of double-digit price appreciation was unsustainable in the face of oversupply of condos." In addition, with an estimated inventory of 24,000 units, it will take approximately four to six years to sell these units at the current velocity. *Delta Associates* indicates that a ratio of 2.0 indicates "a competitive environment and condo prices will not move up." However, as the "sales-to-inventory ratio increases above 3.0, it is more likely that prices may fall in some areas until the pipeline works its way down, which may take 18 months or longer."



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006193

Considering the oversupply of condominiums and current low sales-to-inventory ratio in the Washington Metropolitan Area, we do not expect there to be any significant demand for condominiums in the Washington Metropolitan Area in the near future. On the contrary, low apartment vacancies and healthy rent growth indicates that there is a considerable demand for apartment projects in the Washington Metropolitan Area.

### DISTRICT OF COLUMBIA METRO AREA APARTMENT MARKET ANALYSIS

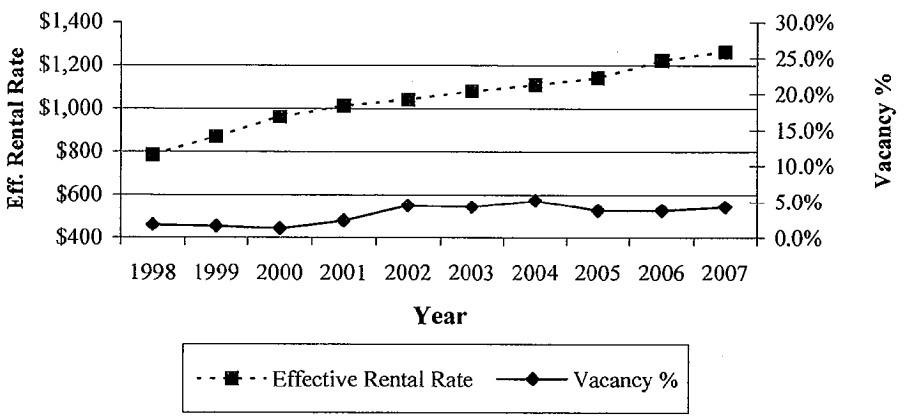
Supply and demand indicators for apartment market in the District of Columbia area, including inventory levels, absorption, vacancy, and rental rates for all classes of properties are presented below. The data is provided by *REIS, Inc.*, a recognized source.

**DISTRICT OF COLUMBIA METRO AREA APARTMENT MARKET**

| Year | Quarter | Inventory (Units) | Completions (Units) | Vacancy % | Net Absorption (Units) | Effective Rental Rate | % Change |
|---|---|---|---|---|---|---|---|
| 1998 | Annual | 82,061 | 82 | 1.8% | 1,096 | $786 | 4.4% |
| 1999 | Annual | 82,189 | 128 | 1.6% | 223 | $869 | 10.6% |
| 2000 | Annual | 82,331 | 142 | 1.3% | 437 | $962 | 10.7% |
| 2001 | Annual | 82,647 | 316 | 2.4% | -591 | $1,013 | 5.3% |
| 2002 | Annual | 83,147 | 500 | 4.5% | -1,300 | $1,042 | 2.9% |
| 2003 | Annual | 84,413 | 1,462 | 4.3% | 1,350 | $1,081 | 3.7% |
| 2004 | Annual | 85,026 | 1,057 | 5.2% | -120 | $1,111 | 2.8% |
| 2005 | Annual | 83,913 | 183 | 3.8% | 85 | $1,142 | 2.8% |
| 2006 | Annual | 83,878 | 666 | 3.8% | -37 | $1,224 | 7.2% |
| **2007** | **2** | **83,878** | **0** | **4.3%** | **-374** | **$1,265** | |

*Source: REIS, Inc.; compiled by Integra Realty Resources, Inc.*

**VACANCY RATE VS EFFECTIVE RENTAL RATE**




*Source: REIS, Inc.; compiled by Integra Realty Resources, Inc.*

The District of Columbia apartment market contains an overall inventory of about 83,878 units. Overall inventory has increased at a 0.3% annual compound rate over the past 8.50 years.



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The market has generally been stable over the last 4.50 years. The overall vacancy rate is estimated to be 4.3% as of the current time, which represents a modest increase from the low mark of 1.3% reported in 2000. However, it also represents a modest decrease from the high mark of 5.2% reported in 2004.

Absorption has been relatively weak since the beginning of 2004 as it has totaled a negative 446 units, or 31.9 units per quarter since that time.

The effective rental rate is $1,265 per unit, which represents a consistent increase from the 1998 mark of $786. Rental rates have increased an average of 5.8% per year since that time.

According to forecasts prepared by *REIS,* the vacancy rate will decrease to 3.4% by 2010. The weighted average effective rental rate is forecast to move upward to $1,385 per unit.

In the following table, there are 4,270 total multi-family (apartment, condominium, and low-income/subsidized) units under construction and 12,434 total multi-family units are planned/proposed in Washington, DC. Of those total multi-family units, 644 apartment units are under construction, and 3,544 apartment units are proposed/ planned. Based on increases in new apartment construction, it appears that the market demand in Washington, DC is being met by a substantial increase in supply. We will discuss projected supply and demand factors for the subject's submarket later in this section.

REIS

DISTRICT OF COLUMBIA - MULTIFAMILY CONSTRUCTION
2ND QUARTER 2007

| Property Name | Date As Of | Secondary Type | Street Address | Submarket | Est. Groundbreak Date | Est. Completion Date | Size SF/Units | Status |
|---|---|---|---|---|---|---|---|---|
| BELMONT VISTA | 06/30/2007 | Condominiums | 1300 BELMONT ST NW @ 14TH ST NW | Howard U./Mt. Pleasant/Brightwood | 08/2006 | 01/2008 | 28 | Under Constr. |
| THE V | 06/30/2007 | Apartment | 5TH ST NW @ K ST NW | Downtown/Logan Circle | 10/2005 | 01/2009 | 195 | Under Constr. |
| HENSON RIDGE PH III | 06/30/2007 | Subsidized/Low Income | 2001 STANTON RD SE @ FREDERICK PL SE | Anacostia/Northeast DC | | 02/2008 | 156 | Under Constr. |
| 22 WEST | 06/30/2007 | Condominiums | 1177 22ND ST NW @ M ST NW/NEW HAMPSHIRE | Foggy Bottom | | 03/2008 | 92 | Under Constr. |
| AMBER OVERLOOK | 06/30/2007 | Condominiums | 50TH ST SE @ C ST SE | Anacostia/Northeast DC | 11/2006 | 03/2009 | 106 | Under Constr. |
| BELMONT VISTA | 06/30/2007 | Condominiums | 1330 BELMONT ST NW | Howard U./Mt. Pleasant/Brightwood | 05/2006 | 05/2008 | 28 | Under Constr. |
| THE METROPOLE | 07/13/2007 | Condominiums | 15TH ST NW @ P ST NW | Downtown/Logan Circle | | 06/2008 | 100 | Under Constr. |
| PARK PLACE | 06/30/2007 | Condominiums | GEORGIA AVE NW @ NEW HAMPSHIRE AVE NW | Howard U./Mt. Pleasant/Brightwood | 03/2006 | 07/2008 | 148 | Under Constr. |
| UNION PLACE PH I | 06/30/2007 | Apartment | 3RD ST NE @ K ST NE | Anacostia/Northeast DC | 08/2007 | 07/2009 | 212 | Under Constr. |
| LANDMARK LOFTS AT SENATE SQUARE | 07/13/2007 | Condominiums | 800 3RD ST NE @ H ST NE | Anacostia/Northeast DC | 06/2005 | 08/2007 | 44 | Under Constr. |
| THE L | 06/30/2007 | Condominiums | 5TH ST NW @ K ST NW (CITY VISTA) | Downtown/Logan Circle | 10/2005 | 08/2008 | 149 | Under Constr. |
| THE DUMONT | 06/30/2007 | Condominiums | 425 MASSACHUSETTS AVE @ 4TH ST NW/5TH ST NW | Downtown/Logan Circle | 06/2005 | 09/2008 | 370 | Under Constr. |
| JENKINS ROW | 06/30/2007 | Condominiums | 1391 PENNSYLVANIA AVE @ 14TH ST SE | Capitol Hill/Southwest | 04/2005 | 10/2007 | 247 | Under Constr. |
| FENNESSY LOFTS | 06/30/2007 | Condominiums | 1209 13TH ST NW @ M ST NW | Downtown/Logan Circle | 05/2006 | 10/2007 | 38 | Under Constr. |
| KENYON SQUARE | 07/12/2007 | Condominiums | 1390 KENYON ST @ 14TH ST NW | Howard U./Mt. Pleasant/Brightwood | 04/2005 | 10/2007 | 153 | Under Constr. |
| ONYX ON FIRST | 06/30/2007 | Condominiums | 1100 1ST ST SE @ L ST SE | Capitol Hill/Southwest | | 10/2008 | 266 | Under Constr. |
| SENATE SQUARE TOWERS | 07/18/2007 | Condominiums | 225 1ST NE @ 2ND ST NE | Anacostia/Northeast DC | 09/2005 | 11/2007 | 422 | Under Constr. |
| ALLEGRO CONDOS | 06/30/2007 | Condominiums | 3460 14TH ST NW @ OAK ST NW | Howard U./Mt. Pleasant/Brightwood | 11/2006 | 11/2008 | 275 | Under Constr. |
| | 06/30/2007 | Apartment | 900 NEW JERSEY AVE SE @ 1 ST SE | Capitol Hill/Southwest | 07/2007 | 11/2009 | 237 | Under Constr. |
| SQUARE 516 | 06/30/2007 | Condominiums | 516 4TH ST NW @ 1 ST NW/5TH ST NW/MASS | Downtown/Logan Circle | | 12/2007 | 350 | Under Constr. |
| THE MADRIGAL LOFTS | 06/30/2007 | Condominiums | 340 1 ST NW | Downtown/Logan Circle | 09/2005 | 12/2007 | 359 | Under Constr. |
| YALE LAUNDRY BUILDING I | 06/30/2007 | Condominiums | NEW YORK AVE NW @ 4TH ST NW/5TH ST NW | Downtown/Logan Circle | 08/2006 | 12/2007 | 150 | Under Constr. |
| HIGHLAND PARK | 08/07/2007 | Condominiums | 1400 IRVING ST NW @ 14TH ST NW | Howard U./Mt. Pleasant/Brightwood | 04/2005 | 12/2007 | 229 | Under Constr. |
| THE LACEY | 08/06/2007 | Condominiums | 1100 FLORIDA AVE NW @ 11TH ST NW | Howard U./Mt. Pleasant/Brightwood | | 12/2008 | 25 | Under Constr. |
| WASHINGTON GATEWAY | 06/30/2007 | Condominiums | NEW YORK AVE NE/@ FLORIDA AVE NE | Anacostia/Northeast DC | 01/2008 | 01/2010 | 250 | Proposed |
| CAPPER/CARROLLSBURG CONDOS PH I | 06/30/2007 | Condominiums | M ST SE @ 2ND ST SE/7TH ST SE | Capitol Hill/Southwest | 01/2010 | 01/2012 | 400 | Proposed |
| CAPPER/CARROLLSBURG CONDOS PH II | 06/30/2007 | Condominiums | M ST SE @ 2ND ST SE/7TH ST SE | Capitol Hill/Southwest | 01/2012 | 01/2014 | 400 | Proposed |
| HOWARD TOWN CENTER | 06/30/2007 | Apartment | GEORGIA AVE NW @ V ST NW | Howard U./Mt. Pleasant/Brightwood | | 04/2009 | 322 | Proposed |
| UNITY SQUARE CONDOS | 06/30/2007 | Condominiums | 1770 EUCLID ST NW @ CHAMPLAIN ST NW | Dupont Circle/Adams Morgan | 01/2008 | 06/2009 | 62 | Proposed |
| GEORGIA COMMONS | 06/30/2007 | Apartment | 3910 GEORGIA AVE NW @ RANDOLPH ST NW | Howard U./Mt. Pleasant/Brightwood | 06/2008 | 06/2010 | 66 | Proposed |
| | 06/30/2007 | Condominiums | 1001 3RD ST NE @ K ST NE | Anacostia/Northeast DC | | 07/2008 | 100 | Proposed |
| FORT TROTTEN METRO PROJECT PH III | 06/30/2007 | Condominiums | SOUTH DAKOTA AVE NE @ RIGGS RD NE | Brookland/Ft. Totten | 07/2009 | 07/2010 | 190 | Proposed |
| SQUARE 54 | 06/30/2007 | Apartment | 23RD ST NW @ I ST NW | Foggy Bottom | 08/2007 | 08/2010 | 333 | Proposed |
| | 06/30/2007 | Condominiums | 917 M ST NW | Downtown/Logan Circle | 09/2007 | 09/2008 | 54 | Proposed |
| RANDALL SCHOOL PROJECT | 06/30/2007 | Apartment | HALF ST SW @ 1 ST SW | Capitol Hill/Southwest | 01/2009 | 09/2011 | 350 | Proposed |
| OLD CONVENTION CENTER CONDOS | 06/30/2007 | Condominiums | NEW YORK AVE NW @ 9TH ST NW | Downtown/Logan Circle | 10/2008 | 10/2008 | 228 | Proposed |
| THE WATERFRONT PH I-III | 06/30/2007 | N/A | 4TH ST SW @ M ST SW | Capitol Hill/Southwest | 10/2007 | 10/2009 | 1000 | Proposed |
| SOUTHEAST FEDERAL CENTER PH I | 06/30/2007 | Condominiums | NEW JERSEY AVE SE @ M ST SE | Capitol Hill/Southwest | 10/2007 | 10/2010 | 1350 | Proposed |
| OLD CONVENTION CENTER APARTMENTS | 06/30/2007 | Apartment | NEW YORK AVE NW @ 9TH ST NW | Downtown/Logan Circle | 10/2008 | 10/2011 | 457 | Proposed |
| SOUTHEAST FEDERAL CENTER PH II | 06/30/2007 | Condominiums | NEW JERSEY AVE SE @ M ST SE | Capitol Hill/Southwest | 10/2010 | 10/2012 | 1350 | Proposed |
| | 06/30/2007 | Condominiums | 3RD ST NE @ M ST NE | Anacostia/Northeast DC | 12/2008 | 12/2010 | 450 | Proposed |
| 3801 GEORGIA | 06/30/2007 | Condominiums | 3801 GEORGIA AVE NW | Howard U./Mt. Pleasant/Brightwood | | | 96 | Proposed |



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REIS

DISTRICT OF COLUMBIA - MULTIFAMILY CONSTRUCTION
2ND QUARTER 2007

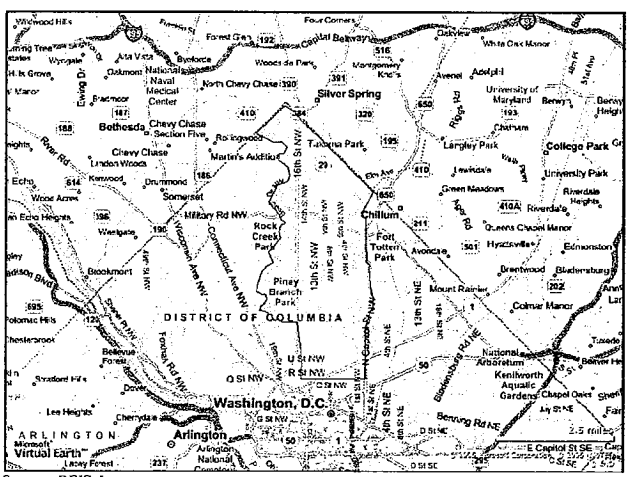
| Property Name | Date As Of | Secondary Type | Street Address | Submarket | Est. Groundbreak Date | Est. Completion Date | Size SF/Units | Status |
|---|---|---|---|---|---|---|---|---|
| THE NEW YORKER | 06/30/2007 | Condominiums | 500 L ST NE | Anacostia/Northeast DC | | 01/2008 | 44 | Planned |
| FORT TROTTEN METRO PROJECT PH I | 06/30/2007 | Condominiums | SOUTH DAKOTA AVE NE @ RIGGS RD NE | Brookland Pk. Totten | | 02/2008 | 190 | Planned |
| JEFFERSON AT 70 I ST | 06/30/2007 | Apartment | 70 I ST SE @ 1ST ST SE | Capitol Hill/Southwest | | 02/2009 | 448 | Planned |
| | 06/30/2007 | Condominiums | 1515 14TH ST NW | Downtown/Logan Circle | | 04/2008 | 30 | Planned |
| | 06/30/2007 | N/A | HALF ST SE @ M ST SE | Capitol Hill/Southwest | | 04/2009 | 350 | Planned |
| 10TH AND G PROJECT | 06/30/2007 | Condominiums | 935 G ST NW @ 10TH ST NW | Downtown/Logan Circle | 01/2008 | 04/2010 | 140 | Planned |
| JEFFERSON AT 100 I St | 06/30/2007 | Apartment | 100 I ST SE @ 1ST ST SE | Capitol Hill/Southwest | | 06/2008 | 246 | Planned |
| MOUNT CARMEL-APT | 06/30/2007 | Condominiums | 3RD ST NW @ H ST NW | Downtown/Logan Circle | | 06/2008 | 300 | Planned |
| T STREET FLATS | 06/30/2007 | Condominiums | 1840 14TH ST NW @ T ST NW | Howard U./Mt. Pleasant/Brightwood | | 06/2008 | 58 | Planned |
| VIEW 14 | 06/30/2007 | Apartment | 2303 14TH ST NW @ FLORIDA AVE NW | Howard U./Mt. Pleasant/Brightwood | | 06/2009 | 185 | Planned |
| 23 RYE ST | 06/30/2007 | Apartment | 23 I ST SE @ NEW JERSEY AVE SE | Capitol Hill/Southwest | 09/2008 | 06/2011 | 421 | Planned |
| FORT TROTTEN METRO PROJECT PH II | 06/30/2007 | Condominiums | SOUTH DAKOTA AVE NE @ RIGGS RD NE | Brookland Pk. Totten | 05/2008 | 07/2009 | 450 | Planned |
| UNION PLACE PH II | 06/30/2007 | Apartment | 3RD ST NE @ K ST NE | Anacostia/Northeast DC | 07/2009 | 07/2011 | 500 | Planned |
| 421 4TH ST | 06/30/2007 | Condominiums | 421 4TH ST NE @ D ST NE | Anacostia/Northeast DC | | 08/2008 | 170 | Planned |
| VELOCITY CONDOS PH I | 06/30/2007 | Condominiums | 76 L ST SE @ K ST SE HALF ST SE/1ST | Capitol Hill/Southwest | 08/2007 | 08/2009 | 200 | Planned |
| VELOCITY CONDOS PH II | 06/30/2007 | Condominiums | K ST SE @ L ST SE HALF ST SE/1ST | Capitol Hill/Southwest | 06/2008 | 08/2010 | 200 | Planned |
| YALE LAUNDRY BUILDING II | 06/30/2007 | Condominiums | NEW YORK AVE NW @ 4TH ST NW/ 5TH ST NW | Downtown/Logan Circle | | 10/2008 | 140 | Planned |
| BROADCAST CENTER ONE | 06/30/2007 | Condominiums | 7TH ST NW @ S ST NW | Capitol Hill/Southwest | 10/2007 | 10/2009 | 181 | Planned |
| BELLE RIVES | 06/30/2007 | Condominiums | 2650 VIRGINIA AVE NW | Foggy Bottom | 11/2007 | 11/2008 | 133 | Planned |
| RHODE ISLAND METRO APARTMENTS | 06/30/2007 | Apartment | RHODE ISLAND AVE NE @ BRENTWOOD RD NE | Anacostia/Northeast DC | 12/2007 | 12/2009 | 216 | Planned |
| FIRST PLACE | 06/30/2007 | Condominiums | 52 & 60 L ST NE @ N CAPITOL ST NW | Woodley Pk./Cleveland Pk./Van Ness | 12/2007 | 12/2009 | 300 | Planned |
| | 06/30/2007 | Condominiums | 1525 14TH ST NW | Downtown/Logan Circle | | | 30 | Planned |
| 12TH ST/U ST PROJECT | 06/30/2007 | Condominiums | 12TH ST NW @ U ST NW | Howard U./Mt. Pleasant/Brightwood | | | 19 | Planned |
| THE LOGIC | 06/30/2007 | Condominiums | 10TH ST NW @ V ST NW | Howard U./Mt. Pleasant/Brightwood | | | 45 | Planned |

*Source REIS, Inc., 2007*

Given prevailing land use patterns and the subject's zoning, a likely use of the property is for multifamily residential development. In the following paragraphs, we examine supply and demand indicators for multifamily units in the subject's area, based on data from *REIS*, a recognized source.

## HOWARD UNIVERSITY/MT. PLEASANT/BRIGHTWOOD SUBMARKET OVERVIEW

According to the submarket map delineated by *REIS, Inc.*, the subject is located in the Howard U./Mt. Pleasant/Brightwood apartment submarket. The Howard U./Mt. Pleasant/Brightwood apartment submarket is bordered by Montgomery County, Maryland to the north; S Street to the south; the North Capitol Street to the east; and Rock Creek Park, Piney Branch Park, and 16th Street to the west. It is urban in nature with high levels of commercial and institutional development. The majority of the land in the Howard U./Mt. Pleasant/Brightwood apartment submarket is developed with educational and institutional uses, such as Howard University and Howard University Hospital, older single-family attached, and low-level office properties. However, the area is in the process of being gentrified to where older row homes are being renovated or converted to small multi-family properties. A map provided by *REIS, Inc.* illustrating these boundaries is below.



Source: *REIS, Inc.*



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The subject is a tract of land located in the Howard U./Mt. Pleasant/Brightwood apartment submarket. Supply and demand indicators pertaining to all classes of apartment properties are summarized below, followed by a separate table showing Class A properties only.

**HOWARD U./MT. PLEASANT/BRIGHTWOOD SUBMARKET**

| Year | Quarter | Inventory (Units) | Completions (Units) | Vacancy % | Net Absorption (Units) | Effective Rental Rate | % Change |
|---|---|---|---|---|---|---|---|
| 1998 | Annual | 7,401 | 0 | 2.4% | 88 | $617 | 3.7% |
| 1999 | Annual | 7,401 | 0 | 1.1% | 97 | $678 | 9.9% |
| 2000 | Annual | 7,401 | 0 | 1.4% | -23 | $743 | 9.6% |
| 2001 | Annual | 7,401 | 0 | 1.4% | 0 | $752 | 1.2% |
| 2002 | Annual | 7,401 | 0 | 3.8% | -177 | $818 | 8.8% |
| 2003 | Annual | 7,401 | 0 | 2.6% | 89 | $844 | 3.2% |
| 2004 | Annual | 7,591 | 190 | 3.7% | 101 | $889 | 5.3% |
| 2005 | Annual | 7,708 | 117 | 3.2% | 151 | $912 | 2.6% |
| 2006 | Annual | 7,708 | 0 | 3.2% | 0 | $972 | 6.6% |
| **2007** | **2** | **7,708** | **0** | **3.5%** | **-23** | **$1,014** | |

*Source: REIS, Inc.; compiled by Integra Realty Resources, Inc.*

**SUBMARKET - CLASS A PROPERTIES**

| Year | Quarter | Inventory (Units) | Completions (Units) | Vacancy % | Net Absorption (Units) | Asking Rental Rate | % Change |
|---|---|---|---|---|---|---|---|
| 1998 | Annual | 2,339 | 0 | 1.8% | 5 | $733 | 3.8% |
| 1999 | Annual | 2,339 | 0 | 0.5% | 31 | $800 | 9.1% |
| 2000 | Annual | 2,339 | 0 | 1.2% | -17 | $874 | 9.3% |
| 2001 | Annual | 2,339 | 0 | 0.3% | 21 | $949 | 8.6% |
| 2002 | Annual | 2,339 | 0 | 2.9% | -61 | $989 | 4.2% |
| 2003 | Annual | 2,339 | 0 | 0.8% | 49 | $1,010 | 2.1% |
| 2004 | Annual | 2,529 | 190 | 2.9% | 136 | $1,118 | 10.7% |
| 2005 | Annual | 2,646 | 117 | 3.6% | 95 | $1,188 | 6.3% |
| 2006 | Annual | 2,646 | 0 | 3.2% | 10 | $1,259 | 6.0% |
| **2007** | **2** | **2,646** | **0** | **2.4%** | **22** | **$1,305** | |

*Source: REIS, Inc.; compiled by Integra Realty Resources, Inc.*

The Howard U./Mt. Pleasant/Brightwood submarket contains an overall inventory of 7,708 units, of which 2,646 units or 34% are Class A units. Approximately 307 units have been added to the overall submarket inventory over the past 8.5 years, of which 307 units are Class A. The overall submarket is growing at an average rate of 0.5% per year while the Class A inventory is growing at an average rate of 1.5% per year.

The Howard U./Mt. Pleasant/Brightwood submarket has generally been stable over the last 5.5 years. Overall submarket vacancy (all classes of properties combined) is estimated at 3.5% as of the 2nd Quarter 2007, which represents a modest increase from a Year End 2005 and 2006 marks of 3.2%. Between 2002 and the 2nd Quarter 2007, the overall vacancy rate has fluctuated within the relatively tight range of 2.6% and 3.8%. Class A vacancy is lower at 2.4% and also has been relatively stable over the past 2.5 years. However, the current vacancy rate is higher than 2001 and 2003 marks or 0.3% and 0.8%, respectively.



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The average effective rent for the overall submarket is $1,014 per unit, which represents a consistent increase from the 1998 mark of $617 per unit. Effective rents have increased an average of 6.0% per year since that time.

The Class A asking rental rate is higher at $1,305 per unit and also has been consistently moving upward since the 1998 mark of $733 per unit. Class A asking rents have increased an average of 7.0% per year since that time. *REIS, Inc.* does not report effective rents for Class A properties; therefore, asking rents are used in this analysis.

## NEW AND PROPOSED CONSTRUCTION

Within the Howard U./Mt. Pleasant/Brightwood submarket, the following new multi-family projects are under construction.

REIS

DISTRICT OF COLUMBIA - MULTIFAMILY CONSTRUCTION
2ND QUARTER 2007

| Property Name | Date As Of | Secondary Type | Street Address | Submarket | Est. Groundbreak Date | Est. Completion Date | Size SF/Units |
|---|---|---|---|---|---|---|---|
| BELMONT VISTA | 06/30/2007 | Condominiums | 1300 BELMONT ST NW @ 14TH ST NW | Howard U./Mt. Pleasant/Brightwood | 08/2006 | 01/2008 | 28 |
| BELMONT VISTA | 06/30/2007 | Condominiums | 1330 BELMONT ST NW | Howard U./Mt. Pleasant/Brightwood | 05/2006 | 05/2008 | 28 |
| PARK PLACE | 06/30/2007 | Condominiums | GEORGIA AVE NW @ NEW HAMPSHIRE AVE NW | Howard U./Mt. Pleasant/Brightwood | 07/2006 | 07/2008 | 148 |
| KENYON SQUARE | 07/12/2007 | Condominiums | 1390 KENYON ST @ 14TH ST NW | Howard U./Mt. Pleasant/Brightwood | 04/2005 | 10/2007 | 153 |
| ALLEGRO CONDOS | 06/30/2007 | Condominiums | 3460 14TH ST NW @ OAK ST NW | Howard U./Mt. Pleasant/Brightwood | 11/2006 | 11/2008 | 275 |
| HIGHLAND PARK | 08/07/2007 | Condominiums | 1400 IRVING ST NW @ 14TH ST NW | Howard U./Mt. Pleasant/Brightwood | 04/2005 | 12/2007 | 229 |
| THE LACEY | 08/06/2007 | Condominiums | 1100 FLORIDA AVE NW @ 11TH ST NW | Howard U./Mt. Pleasant/Brightwood | | 12/2008 | 26 |

Within the Howard U./Mt. Pleasant/Brightwood submarket, the following multi-family projects are proposed.

REIS

DISTRICT OF COLUMBIA - MULTIFAMILY CONSTRUCTION
2ND QUARTER 2007

| Property Name | Date As Of | Secondary Type | Street Address | Submarket | Est. Groundbreak Date | Est. Completion Date | Size SF/Units | Status |
|---|---|---|---|---|---|---|---|---|
| HOWARD TOWN CENTER | 06/30/2007 | Apartment | GEORGIA AVE NW @ V ST NW | Howard U./Mt. Pleasant/Brightwood | | 04/2009 | 322 | Proposed |
| GEORGIA COMMONS | 06/30/2007 | Apartment | 3910 GEORGIA AVE NW @ RANDOLPH ST NW | Howard U./Mt. Pleasant/Brightwood | 06/2008 | 06/2010 | 66 | Proposed |
| 3801 GEORGIA | 06/30/2007 | Condominiums | 3801 GEORGIA AVE NW | Howard U./Mt. Pleasant/Brightwood | | | 96 | Proposed |

New apartment construction within the District of Columbia was very limited since the condominium market took off in 2003. In fact, many apartment communities that were/are under construction or recently completed were "switched" to condominium projects.

We note that it is unlikely that projects in the planning stage will proceed without commitments for construction financing. Therefore, the impact of these planned projects on the current market is marginal.

## APARTMENT ABSORPTION

The following table presents absorption history for several apartment complexes that have been recently constructed or are under construction in the Washington, DC market area.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006198

**ABSORPTION ANALYSIS**

| COMPLEX NAME | PROJECT TYPE | # OF UNITS | MARKETING START | CONSTRUCTION COMPLETION | # UNITS ABSORBED | MONTHLY ABSORPTION | CURRENT CONCESSION* |
|---|---|---|---|---|---|---|---|
| The Kennedy-Warren | High Rise | 114 | Aug-04 | Oct-04 | 114 | 6 | N/A |
| Sovereign Park | High Rise | 142 | Sep-04 | Nov-04 | 142 | 8 | N/A |
| The DeSoto | High Rise | 66 | Oct-04 | Dec-04 | 66 | 6 | N/A |
| Park Triangle | High Rise | 117 | Dec-05 | Dec-05 | 89 | 7.42 | 8% |
| 2400 M Street | High Rise | 359 | Mar-06 | Mar-06 | 217 | 21.7 | 1% |
| The Flats at Dupont Circle | High Rise | 306 | Mar-06 | Jun-06 | 224 | 22.4 | 7% |
| **AVERAGES** | | **184** | | | **142** | **11.9** | **5.3%** |
| **TOTALS** | | **1,104** | | | **852** | **N/A** | **N/A** |

* Current concession as a percentage of Face Rent.

Source: *Delta Associates*

The table above demonstrates the healthy demand for new apartment units within the subject's Washington, DC market. It should be noted that none of these comparables are in pioneering locations similar to the subject. The reader should also note that many apartment communities that were in the construction or near construction completion phase were "switched" to condominiums.

Based on the preceding absorption comparables and the fact that we believe the subject will offer more affordably priced apartment units as compared to the majority of units recently completed or under construction, we project an average absorption pace of 5 to 10 units per month.

## RESIDENTIAL LAND MARKET OUTLOOK AND CONCLUSIONS

Considering that the average apartment unit size in Washington, DC is approximately 800 square feet, we have estimated average rental rate for a Class A apartment unit at the subject site would range from $1.50 to $1.75 per square foot, or $1,200 to $1,400 per unit, with an average absorption pace of 5 to 10 units per month.

In addition, since the subject is located in the Uptown Arts Overlay district. Developments with a below market housing use can be developed to maximum of 4.5 FAR. Moreover, any "building that includes 3.0 or more FAR devoted to residential use is entitled to a bonus of 0.5 FAR." Thus, the maximum FAR for a market rate residential building would be 3.5.

The subject's Howard U./Mt. Pleasant/Brightwood submarket has experienced and is slated to continue to experience increases in residential developments. During the past nine to twelve months, the condominium market has come to a standstill, while the apartment market has shown signs of improvement. Although condominium land and, therefore, condominium projects were in much higher demand until recently than apartment land and apartment projects, the condominium market quickly became overbuilt. Multi-family developers we spoke with are moving their projects back to apartments.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006199

# OFFICE MARKET ANALYSIS

The strength of any market depends on supply and demand. The following analysis addresses the types of office properties, and national and local investment trends. However, the primary concern is to discover the conditions affecting the subject's specific market. Supply and demand in this submarket directly affects the subject's value, as well as its potential exposure time and marketing period.

## OFFICE PROPERTY CLASSIFICATIONS

For the purpose of investment analysis, office space is classified into one of three categories: Classes A, B, and C. These categories are defined as follows:

**CLASS A** – Generally regarded as the highest quality space available in the market, Class A buildings are typically of recent construction and are situated in prime locations. They are characterized by high quality construction and finishes, high occupancy levels, sophisticated amenities, and top rental rates. A+ properties would suggest "trophy" properties with the characteristics noted above.

**CLASS B** – These office properties are regarded as modern (although not necessarily new) buildings, or old (i.e., Class C) structures recently renovated to modern standards. Good locations, reasonably high occupancy levels, and competitive rental rates characterize these buildings.

**CLASS C** – The lowest quality office space available in the market is found in Class C buildings. These buildings are generally old but in fair condition. Rental rates are the lowest within the market, and amenities are minimal.

Based on the location and quality of recent and planned construction near the subject, the market generally would expect any office buildings at the subject site to be Class B. Each class of building is indirectly affected by the other classes, especially in weaker markets with a recessionary climate. Although we have considered all office space in the subject's submarket, our focus is on the class of competition that is most similar to the subject.

## WASHINGTON AREA OFFICE MARKET ANALYSIS

The subject is located within the Washington Metropolitan area and is impacted by its overall market conditions. The information below is based on excerpts from *The Washington Area Economy, Year-End 2006*, a collaborative report from Transwestern Commercial Services, Delta Associates, and George Mason University's Center for Regional Analysis. The following bullet points are conditions and factors that will allow the Washington Area to continue its growth and resilience to adversity.



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- The Washington area economy remains one of the strongest in the nation, but its peak years of growth are now behind us. The strength and health of the economy is linked directly to Federal procurement spending, the primary industry in the area. The area's gross regional product (GRP) was $334.8 billion in 2006, an increase of 4% from 2005.

- Growth from payroll jobs within the region totaled 65,100 for the 12 months preceding October 2006, which is still outperforming most large metro areas in the nation. Phoenix, LA Basin, Houston and Dallas/Forth Worth have led the nation in employment gains for the past 12 months, as these areas are experiencing growth similar to that achieved by the Washington metro area in 2004 and 2005. The Washington Metro area continues to experience solid growth, as job creation is 19% above the long-term average. According to Delta Associates, 51% of all new payroll jobs were created in Northern Virginia with 34% in Suburban Maryland and 15% in the District of Columbia. Professional & Business Services, Education/Health, and Retail Trade still rank as the leading sectors for job growth.

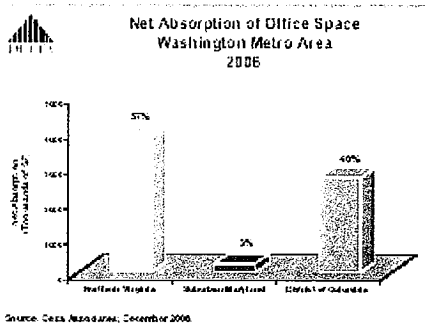
- The Washington metro area has experienced tremendous traffic congestion, resulting from a rapidly expanding economy. Three projects have been slated to help reduce congestion and create a more accessible area for commuters. The Intercounty Connector (ICC) is a $2.5 billion, 18-mile east-west toll road that will connect Interstate 270, I-95 and US Route 1. Completion is expected in 2010. The Wilson Bridge construction will replace the older congested bridge with two new bridges. As of July 2006, three north bound lanes and all south bound lanes are open. The old bridge will be demolished and an additional bridge will be completed in 2008. Lastly, the Tyson's Corner/Dulles Metro extension is currently in the planning stages. County officials, Metro officials and contractors have been hired to resolve whether it should be built above or underground. Approved plans have not yet been released.

- The unemployment rate in the Washington area was 2.9% in October, down from 3.0% 12 months prior. The Washington metro area still retains the lowest rate in the nation among metro areas and compares favorably to the national rate of 4.4% in October. Expanding job growth and low unemployment have resulted in a tightening of the labor market.

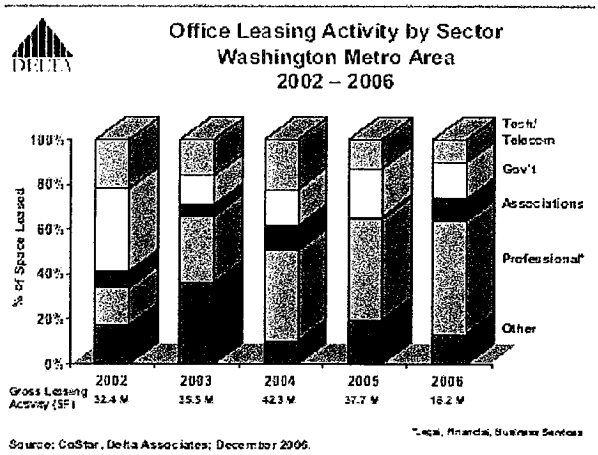
- Net absorption of office space totaled 2.3 million square feet in the 4th Quarter of 2006, compared to 2.6 million square feet in the 3rd Quarter. For 2006, absorption totaled 6.8 million square feet, which is below the long-term average of 8.3 million square feet per year. In all of 2005, 7.6 million square feet was absorbed. Northern Virginia and the District experienced strong absorption, with the District exceeding its long-term average absorption level. However, the absorption was fueled by pre-leased deliveries. Suburban Maryland experienced soft absorption this year, as demand was light and tenants vacated large blocks of space.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006201




- Leasing activity was light in 2006, as demand for office space eased. In 2006, 18.2 million gross square feet was inked, compared to 37.7 million square feet in 2005 and 42.3 million square feet in 2004. All substate areas contributed to the light leasing activity. For historical perspective, the following chart reflects the distribution of activity by type of tenant from 2002 to 2006:




- The Washington area's overall vacancy rate edged up to 8.5% at the end of the 4th Quarter of 2006, from 8.1% at the end of the 3rd Quarter, and 7.9% at the end of 2005. Washington has the fifth-lowest overall vacancy rate among large metro areas in the United States. The metro area's direct vacancy rate was 7.5% at the end of 2006, up from 7.0% in September 2006, from 6.7% at the end of 2005.

- The Washington area's overall Class A vacancy rate ticked up to 8.6% at the end of 2006, from 8.5% in September 2006 and 8.2% at the end of 2005. The Washington area's direct Class A vacancy rate was 7.3% at the end of 2006.



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- There is 16.8 million square feet of office space under construction or renovation in the Washington metro area as of the end of 2006, down from 18.4 million square feet three months prior and 17.7 million square feet at the end of 2005. Given the high construction and energy costs, easing demands, and an extensive amount of new projects, *Delta* believes that construction should begin to ease. Thirty-five percent of the space under construction at the end of 2006 was pre-leased, down from 41% in September 2006, and 49% at the end of 2005.

**Office Space Under Construction (Millions of SF)**

| Market | December 2004 | December 2005 | December 2006 |
|---|---|---|---|
| NOVA | 4.5 | 8.2 | 9.5 |
| Sub MD | 0.9 | 1.7 | 2.7 |
| District | 6.2 | 7.8 | 4.6 |
| **Total** | **11.6** | **17.7** | **16.8** |

Source: CoStar; Delta Associates; December 2006.

- Office rents rose 2.7% in the Washington metro area in 2006. In all of 2005, rents increased by approximately 2.5%. Although the metro area demand experienced a modest year in comparison to 2005, the vacancy remained low enough for landlords to push rents. Given the surge in deliveries in 2006, coupled with high development costs, developers were pinned into asking for high rents, which helped push the average rent up in 2006.

- Investment sales volume totaled $2.4 billion on 43 notable transactions in the Washington metro area during the 4th Quarter, compared to $2.5 billion on 46 notable transactions during the 3rd Quarter. For all of 2006, sales volume totaled $10.3 billion on 165 transactions, which was just below the record of $10.4 billion on 172 transactions in 2005. The 2005 and 2006 totals include portfolio sales of $960 million and $635 million, respectively. Overall, the Washington area remains one of the top investment markets compared to other large U.S. metros, attracting large and small, foreign and domestic. Sales prices have averaged $319 per square foot in the Washington area during 2006, compared to $307 per square foot in 2005. The increase from 2005 to 2006 sales prices per square foot was approximately 3.91%. On average, the capitalization rate for office assets in the Washington metro area is 6.1%.

- The availability of qualified workers is a growing issue because of the rapidly expanding population and growth. The tightening labor market is making it increasing difficult for companies to find qualified employees, thus causing an increase in income to lure potential candidates. According to the Labor Department, all counties in the metro area experienced solid wage growth, with all but the District at or above the national growth rate of 8.1%.



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- The *Washington Business Journal* reports the limited labor pool makes hiring qualified applicants difficult for employers. These companies have started searching outside the metro area for qualified candidates, but are finding potential candidates are reluctant to move to the Washington area because of the high cost of living, overpriced housing, and traffic congestion. This issue could worsen as the Center for Regional Analysis estimates that by 2025 the Washington area will grow by 1.6 million new jobs and 2 million people. Although the number of new residents outnumbers new jobs, not every person added to this region will fit the skill set needed in the new position.

- The Coincident and Leading Indices have both declined from their peaks in 2006. Coincident Index decreased to 119.4 in September 2006, from its high of 123.9 in February 2006. The Leading Index decreased to 110.9 in September 2006, from its peak of 111.9 in the spring of 2006. This decline can be attributed to the decrease in consumer spending given the surge in oil costs and the softened housing market. Expectation of future conditions brightened in September, as oil prices declined and building permits increased.

- Overall, federal procurement spending in 2007 will have the greatest impact on conditions, as this is the mainstay of economic performance in the metro area. Federal procurement spending could shift in the near-term, as the recent change in Congress has provided Democrats better leverage. With defense spending on the radar for change, analysts believe Democrats will attempt to shift (rather than reduce) spending. If defense spending ebbs, the Northern Virginia economy could take a hit.

The Washington metro area economy should continue to experience steady performance in 2007, as above average job growth is expected. Demand should remain solid, but will remain below the levels of the past three years. Given the surge in construction, along with light leasing activity, should alert developers to be cautious about starting speculative projects. However, in the long-run, construction starts should ease, which should allow the Washington Metropolitan Area's office market to catch up to the new supply. This transition from hyper growth to strong growth will still foster job growth. *Delta* expects 2007 job growth to be approximately 59,500 net new jobs. In addition, Dr. Steven Fuller of George Mason University projects that job growth in 2007 and 2008 will average 56,500 per annum. Overall vacancy is projected to increase from 8.5% to 9.4% over the next two years, which would still be well below the national average. For 2007, *Delta* projects rents to increase by approximately 2.5%. Also, investment sales activity is expected to remain strong, as investor interest remains solid for area assets. However, 2005 and 2006 are likely to be the peak years of this cycle.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006204

## DISTRICT OF COLUMBIA AREA OVERVIEW

The health of the regional and District of Columbia office market has been improving consistently with the recent economic recovery. As presented in the following District of Columbia summary, the vacancy rate and absorption figures have been mostly strong during the past two years. This survey includes all existing non-owner-occupied and non-government owned office buildings in the District of Columbia

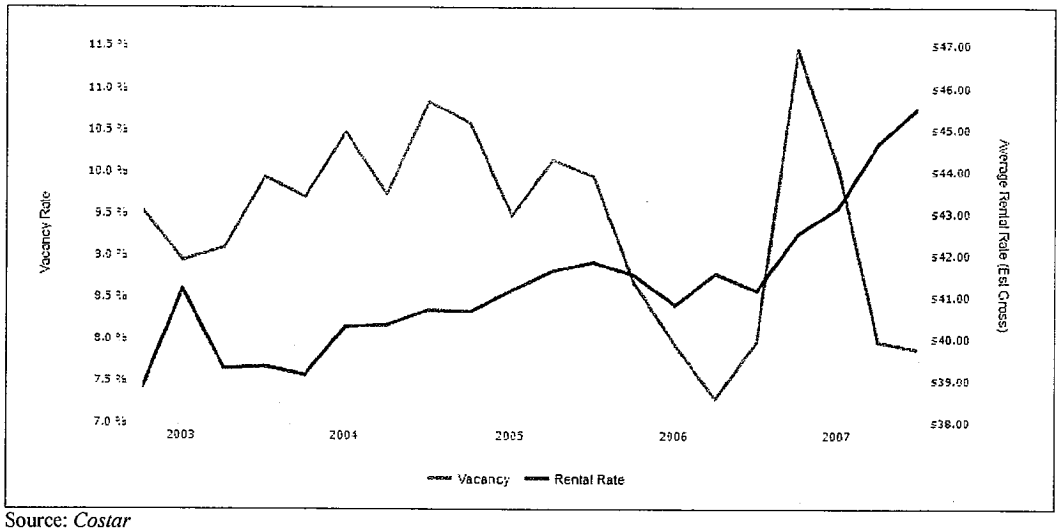
| [illegible] | # Bldgs | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|---|---|---|---|---|---|---|
| QTD | 274 | 38,627,378 | 7.9% | 34,555 | 580,450 | 1 | 390,000 | 4 | 1,067,618 | $45.53/fs |
| 2007 2Q | 274 | 38,627,378 | 8.0% | 800,757 | 1,278,530 | 0 | 0 | 4 | 1,067,618 | $44.66/fs |
| 2007 1Q | 274 | 38,627,378 | 10.0% | 548,405 | 1,261,310 | 0 | 0 | 4 | 1,067,618 | $43.13/fs |
| 2006 4Q | 274 | 38,627,378 | 11.5% | 391,336 | 2,464,975 | 4 | 1,889,853 | 4 | 1,067,618 | $42.51/fs |
| 2006 3Q | 270 | 36,737,525 | 8.0% | 220,246 | 910,721 | 1 | 506,600 | 8 | 2,957,471 | $41.16/fs |
| 2006 2Q | 269 | 36,230,925 | 7.3% | 510,862 | 1,169,175 | 1 | 301,996 | 8 | 3,213,959 | $41.57/fs |
| 2006 1Q | 268 | 35,928,929 | 7.9% | 267,021 | 738,814 | 0 | 0 | 8 | 3,338,449 | $40.82/fs |
| 2005 4Q | 268 | 35,928,929 | 8.7% | 456,545 | 903,820 | 0 | 0 | 7 | 3,088,449 | $41.53/fs |
| 2005 3Q | 268 | 35,928,929 | 9.9% | 515,248 | 1,337,145 | 1 | 497,196 | 7 | 3,088,449 | $41.84/fs |
| 2005 2Q | 267 | 35,431,733 | 10.1% | 210,304 | 792,482 | 2 | 523,610 | 7 | 3,533,738 | $41.63/fs |
| 2005 1Q | 266 | 34,938,181 | 9.5% | 590,158 | 1,472,868 | 1 | 229,699 | 6 | 3,179,402 | $41.17/fs |
| 2004 4Q | 265 | 34,708,482 | 10.6% | 175,103 | 1,319,479 | 1 | 92,469 | 7 | 3,409,101 | $40.66/fs |
| 2004 3Q | 264 | 34,616,013 | 10.8% | 102,970 | 513,623 | 1 | 539,229 | 7 | 2,994,970 | $40.70/fs |
| 2004 2Q | 263 | 34,076,784 | 9.7% | 251,455 | 798,400 | 0 | 0 | 7 | 3,232,203 | $40.34/fs |
| 2004 1Q | 263 | 34,076,784 | 10.5% | (275,854) | 512,843 | 0 | 0 | 6 | 1,882,203 | $40.30/fs |
| 2003 4Q | 264 | 34,090,413 | 9.7% | 21,628 | 670,425 | 1 | 421,264 | 6 | 1,882,203 | $39.15/fs |
| 2003 3Q | 266 | 34,156,369 | 9.9% | (287,831) | 582,557 | 0 | 0 | 6 | 1,806,271 | $39.35/fs |
| 2003 2Q | 266 | 34,156,369 | 9.1% | (193,076) | 217,899 | 0 | 0 | 6 | 1,806,271 | $39.30/fs |
| 2003 1Q | 268 | 34,313,669 | 8.9% | 209,368 | 745,165 | 0 | 0 | 3 | 1,350,493 | $41.20/fs |
| 2002 4Q | 268 | 34,313,669 | 9.6% | (395,868) | 662,470 | 0 | 0 | 2 | 960,493 | $38.77/fs |
| 2002 3Q | 269 | 34,451,142 | 8.8% | 477,738 | 1,303,813 | 0 | 0 | 2 | 960,493 | $38.58/fs |
| 2002 2Q | 272 | 34,511,142 | 10.3% | (52,563) | 466,611 | 0 | 0 | 1 | 421,264 | $37.97/fs |
| 2002 1Q | 271 | 34,502,032 | 10.1% | (527,236) | 701,541 | 1 | 9,110 | 2 | 430,374 | $38.14/fs |
| 2001 4Q | 272 | 34,580,432 | 8.8% | 62,100 | 1,131,290 | 3 | 355,557 | 1 | 9,110 | $36.90/fs |
| 2001 3Q | 269 | 34,224,875 | 8.0% | 436,559 | 1,332,684 | 1 | 381,068 | 4 | 364,667 | $36.43/fs |
| 2001 2Q | 268 | 33,843,807 | 8.3% | 57,011 | 1,214,441 | 0 | 0 | 4 | 736,625 | $35.11/fs |
| 2001 1Q | 268 | 33,843,807 | 8.5% | 24,452 | 1,227,770 | 1 | 122,922 | 4 | 736,625 | $34.89/fs |

Source: *Costar*

According to *CoStar*, the current vacancy rate is 7.9%. As of the end of the 2nd Quarter 2007, the vacancy rate for the District of Columbia market was estimated at 8.0%, which represents a slight increase from a recent low of 7.3% reported in the 2nd Quarter 2006. This vacancy rate also represents a significant decrease from the recent mark of 11.5% reported in the 4th Quarter 2006. The average asking rental rate for office space is currently $45.53 per square foot, full service. The historical trends within the District of Columbia presented in the above survey are illustrated in the following graphs, generated by *Costar*.

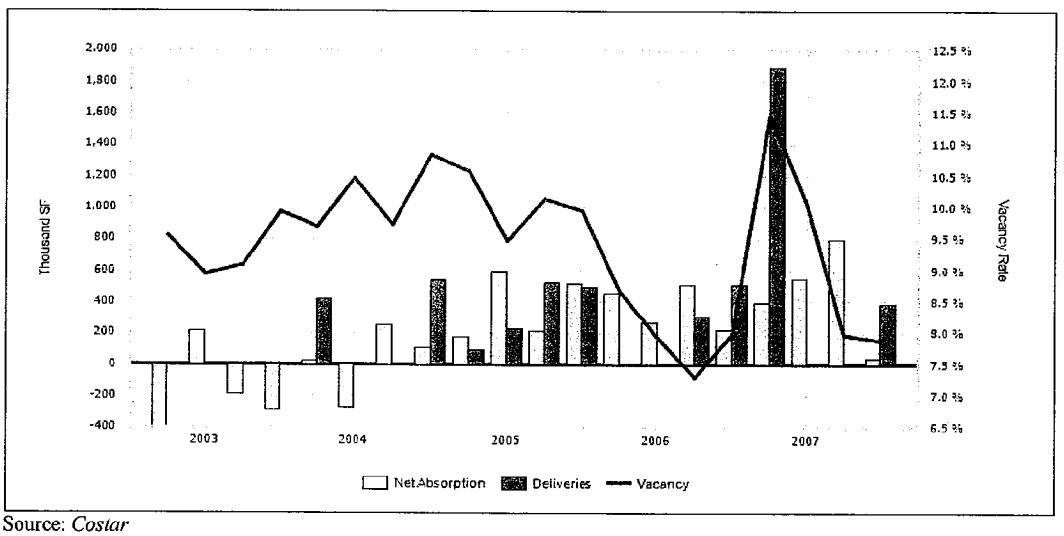


FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006205




Source: *Costar*

Net absorption for office buildings in the District of Columbia continues to be impressive, as the market has recorded thirteen consecutive full quarters of positive net absorption. Between the beginning of the 2nd Quarter 2004 through the end of the 2nd Quarter 2007, total positive net absorption was 5,040,410 square feet, for average quarterly positive net absorption of 387,724 square feet. This indicates that the market is has strengthened significantly. The graph below illustrates the net absorption, deliveries, and vacancy rate in the District of Columbia for the past five years.




Source: *Costar*



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006206

The District of Columbia market contains approximately 38,627,378 square feet of office space. There has been a fair amount of office construction in the District of Columbia. During the past ten years and two+ quarter, the overall District of Columbia office market has added twenty-one buildings with a total of 6,691,822 square feet. This new inventory is equivalent to approximately 21.0% of the total office space within the District prior to 1997. The Class B office component represents 27,230 square feet (4.07%) of the new inventory in two buildings. The ten-year construction activity for the District of Columbia office market is presented in following survey:

| Building Address | Year Built | Building Class | Submarket Name | Rentable Building Area | Total Available Space (SF) | Average Weighted Rent |
|---|---|---|---|---|---|---|
| 445 12th St SW | 1997 | A | Southwest | 588,500 | - | - |
| 600 14th St NW | 1999 | A | East End | 232,749 | 5,952 | $47.00 |
| 1399 New York Ave NW | 2001 | A | East End | 122,922 | 3,732 | - |
| 1310 L St NW | 2001 | A | East End | 135,975 | - | - |
| 799 9th St NW | 2001 | A | East End | 201,462 | - | - |
| 1501 K St NW | 2001 | A | East End | 381,068 | 21,086 | $42.32 |
| 4725 Wisconsin Ave NW | 2001 | B | Uptown | 18,120 | - | - |
| 5155 Lee St NE | 2002 | B | Northeast | 9,110 | - | - |
| 700 12th St NW | 2003 | A | East End | 421,264 | 5,000 | - |
| 500 New Jersey Ave NW | 2004 | A | Capitol Hill | 92,469 | - | - |
| 901 New York Ave NW | 2004 | A | East End | 539,229 | 3,687 | $45.00 |
| 701 8th St NW | 2005 | A | East End | 133,610 | 6,546 | $50.50 |
| 875 15th St NW | 2005 | A | East End | 229,699 | - | - |
| 1700 K St NW | 2005 | A | CBD | 390,000 | 30,294 | $42.69 |
| 500 12th St SW | 2005 | A | Southwest | 497,196 | - | - |
| 1602 L St NW | 2006 | A | CBD | 51,907 | 42,028 | $36.50 |
| 975 F St NW | 2006 | A | East End | 177,198 | 22,589 | $53.94 |
| 600 Maryland Ave SW | 2006 | A | Southwest | 301,996 | 6,392 | $46.02 |
| 1101 K St NW | 2006 | A | East End | 310,748 | 207,597 | $45.27 |
| 1201 Maryland Ave SW | 2006 | A | Southwest | 506,600 | 439,025 | - |
| 1200 New Jersey Ave SE | 2006 | A | Capitol Hill | 1,350,000 | - | - |

Source: *CoStar, Inc., 2007*

During the next three years, construction activity in the District of Columbia office market is expected to continue to strong. Although there are currently sixteen office projects that are either under construction, planned, or proposed, construction activity will depend on market forces. Of the 5,427,008 square feet of potential inventory, 48,000 square feet, or 0.88%, is proposed as Class B office space. The total proposed office inventory is approximately 81.1% of the total office deliveries during the past ten and a half years.

The proposed and planned projects are summarized as follows:

| Building Address | Year Built | Building Class | Submarket Name | Rentable Building Area | Total Available Space (SF) | Average Weighted Rent | Building Status |
|---|---|---|---|---|---|---|---|
| 1152 15th St NW | 2007 | A | East End | 390,000 | 254,500 | - | Under Construction |
| 455 Massachusetts Ave NW | 2007 | A | East End | 250,000 | 241,213 | $38.00 | Under Construction |
| 1199 F St NW | 2008 | A | East End | 250,112 | 250,112 | - | Under Construction |
| 1099 New York Ave NW | 2008 | A | East End | 177,506 | 91,232 | $51.00 | Under Construction |
| 1200 19th St NW | 2009 | A | CBD | 331,015 | 305,900 | - | Proposed |
| 4th St SW @ M St SW | 2009 | A | Southwest | 210,000 | - | - | Proposed |
| 4th St SW @ M St SW | 2009 | A | Southwest | 290,000 | - | - | Proposed |
| 660 N Capitol St NW | | A | NoMa | 199,387 | 199,387 | - | Proposed |
| 100 Columbus Cir NE | | A | NoMa | 2,000,000 | 2,000,000 | - | Proposed |
| 4th St SW @ M St SW | | A | Southwest | 185,000 | 185,000 | - | Proposed |
| 4th St SW @ M St SW | | A | Southwest | 199,992 | 199,992 | - | Proposed |
| 4th St SW @ M St SW | | A | Southwest | 183,996 | 183,996 | - | Proposed |
| 4th St SW @ M St SW | | A | Southwest | 164,000 | 164,000 | - | Proposed |
| 4th St SW @ M St SW | | A | Southwest | 58,000 | 58,000 | - | Proposed |
| 4th St SW @ M St SW | | B | Southwest | 48,000 | 48,000 | - | Proposed |
| 1301 Maryland Ave SW | | A | Southwest | 490,000 | 471,900 | - | Proposed |

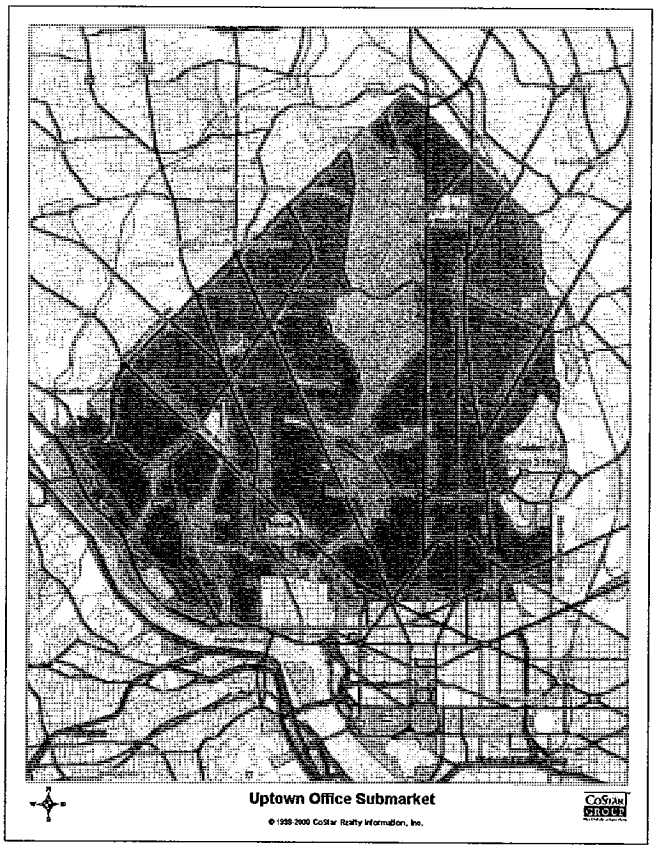
Source: *CoStar, Inc., 2007*



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006207

## UPTOWN SUBMARKET ANALYSIS

According to the submarket map delineated by *CoStar* (a computer database survey that is not all-inclusive but includes both owner-user properties as well as investment properties), the subject is located in the Uptown office submarket. The Uptown office submarket is bordered by Montgomery County, Maryland to the north, P and N Streets NW to the south, the Potomac River to the southwest, and North Capitol Street to the west. It is suburban in nature with relatively high levels of commercial and office development along major roads, such as Georgia Avenue, 16th Street, Connecticut Avenue, and Wisconsin Avenue. A map provided by *CoStar, Inc.* illustrating these boundaries is below.




To better understand current market conditions in the area, we have utilized *CoStar* to examine the office market for the Uptown submarket. The following table provides a summary of the supply and demand factors in the Uptown submarket. The occupancy and rental rates within this submarket have generally been strong. The following charts, generated by *CoStar*, illustrate office space trends within this submarket:



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| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| QTD | 42 | 1,480,329 | 6.4% | (13,250) | 40,370 | 0 | 0 | 0 | 0 | $33.27/fs |
| 2007 2Q | 42 | 1,480,329 | 5.5% | 10,126 | 18,986 | 0 | 0 | 0 | 0 | $31.66/fs |
| 2007 1Q | 42 | 1,480,329 | 6.2% | (60,469) | 1,135 | 0 | 0 | 0 | 0 | $32.61/fs |
| 2006 4Q | 42 | 1,480,329 | 2.1% | 937 | 9,973 | 0 | 0 | 0 | 0 | $33.76/fs |
| 2006 3Q | 42 | 1,480,329 | 2.2% | 12,958 | 21,538 | 0 | 0 | 0 | 0 | $34.23/fs |
| 2006 2Q | 42 | 1,480,329 | 3.1% | (2,763) | 7,653 | 0 | 0 | 0 | 0 | $34.08/fs |
| 2006 1Q | 42 | 1,480,329 | 2.9% | 17,160 | 24,678 | 0 | 0 | 0 | 0 | $33.71/fs |
| 2005 4Q | 42 | 1,480,329 | 4.0% | (4,475) | 13,990 | 0 | 0 | 0 | 0 | $34.08/fs |
| 2005 3Q | 42 | 1,480,329 | 3.7% | 1,411 | 16,884 | 0 | 0 | 0 | 0 | $33.73/fs |
| 2005 2Q | 42 | 1,480,329 | 3.8% | 82,733 | 92,267 | 0 | 0 | 0 | 0 | $33.84/fs |
| 2005 1Q | 43 | 1,510,387 | 11.2% | (46,404) | 3,500 | 0 | 0 | 0 | 0 | $33.60/fs |
| 2004 4Q | 43 | 1,510,387 | 8.1% | (32,753) | 5,679 | 0 | 0 | 0 | 0 | $33.27/fs |
| 2004 3Q | 43 | 1,510,387 | 6.0% | 3,632 | 29,753 | 0 | 0 | 0 | 0 | $32.77/fs |
| 2004 2Q | 43 | 1,510,387 | 6.2% | 36,174 | 41,536 | 0 | 0 | 0 | 0 | $33.38/fs |
| 2004 1Q | 43 | 1,510,387 | 8.6% | (11,252) | 5,588 | 0 | 0 | 0 | 0 | $33.95/fs |
| 2003 4Q | 43 | 1,510,387 | 7.9% | (11,527) | 3,383 | 0 | 0 | 0 | 0 | $33.33/fs |
| 2003 3Q | 43 | 1,510,387 | 7.1% | 1,053 | 8,350 | 0 | 0 | 0 | 0 | $33.39/fs |
| 2003 2Q | 43 | 1,510,387 | 7.2% | 13,016 | 18,791 | 0 | 0 | 0 | 0 | $28.52/fs |
| 2003 1Q | 43 | 1,510,387 | 8.0% | (6,290) | 3,700 | 0 | 0 | 0 | 0 | $30.25/fs |
| 2002 4Q | 43 | 1,510,387 | 7.6% | (4,721) | 12,302 | 0 | 0 | 0 | 0 | $30.56/fs |
| 2002 3Q | 43 | 1,510,387 | 7.3% | (78,658) | 12,120 | 0 | 0 | 0 | 0 | $22.52/fs |
| 2002 2Q | 46 | 1,570,387 | 5.8% | (52,891) | 36,373 | 0 | 0 | 0 | 0 | $22.74/fs |
| 2002 1Q | 46 | 1,570,387 | 2.5% | 6,616 | 28,017 | 0 | 0 | 0 | 0 | $22.14/fs |
| 2001 4Q | 46 | 1,570,387 | 2.9% | 10,182 | 41,621 | 1 | 18,120 | 0 | 0 | $23.15/fs |
| 2001 3Q | 45 | 1,552,267 | 2.4% | 24,476 | 55,039 | 0 | 0 | 1 | 18,120 | $23.62/fs |
| 2001 2Q | 45 | 1,552,267 | 4.0% | 1,033 | 11,176 | 0 | 0 | 1 | 18,120 | $30.30/fs |
| 2001 1Q | 45 | 1,552,267 | 4.1% | (369) | 15,362 | 0 | 0 | 1 | 18,120 | $30.83/fs |

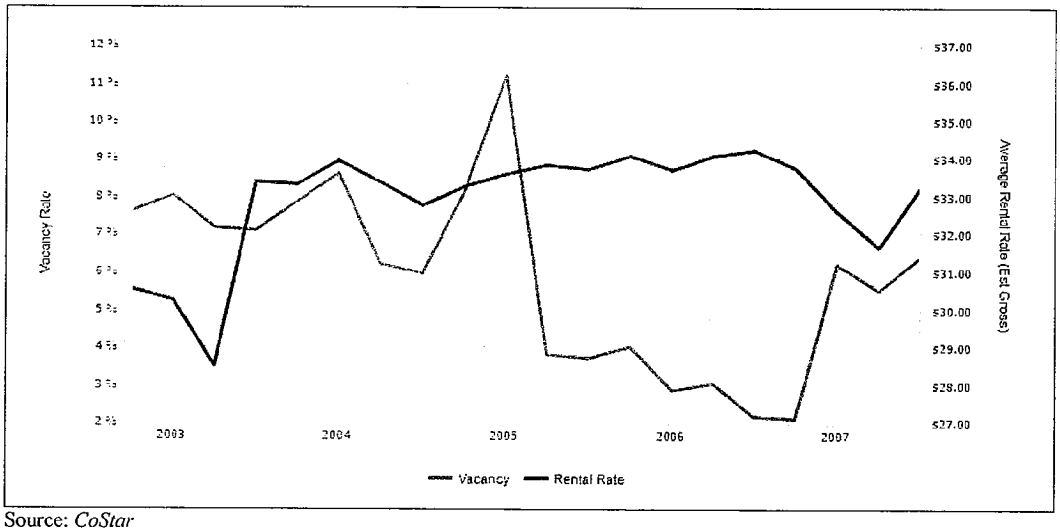
Source: *CoStar*

According to *Costar*, the Uptown submarket contains approximately 1,480,329 square feet of office space. There has been no office construction in the area within the past five years, as the last building delivered was in the 4th Quarter 2001 (18,120 SF).

The current vacancy rate, as of August 14, 2007, in the submarket is estimated at 6.4%. As of the end of the 2nd Quarter 2007, the vacancy rate was 5.5%. This represents a significant decrease from a high of 11.2% in the 1st Quarter 2005. However, this rate also reflects a modest increase from the 2.1% vacancy rate reported in the 4th Quarter 2006. The average asking rental rate for office space in the Uptown submarket is estimated at $33.27 per square foot, full service. The historical trends within the Uptown submarket presented in the above survey are illustrated in the following graphs, generated by *CoStar*.

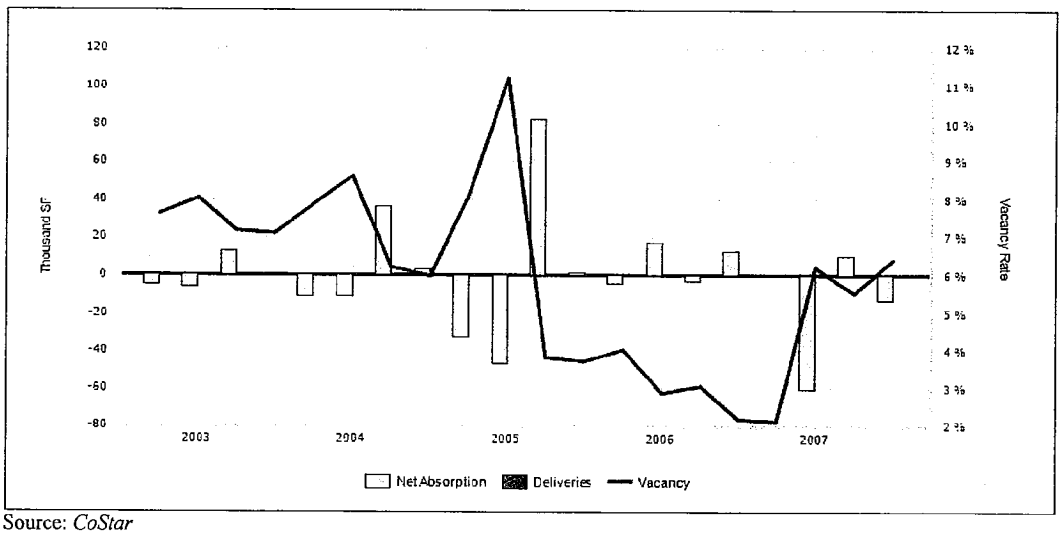


FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006209




Source: *CoStar*

Net absorption for office buildings in the Uptown submarket has been positive in the ten out of the past eighteen complete quarters. However, over the past eighteen quarters positive net absorption has only totaled 3,267 square feet. This indicates that the market has been relatively stable. The graph below illustrates the net absorption, deliveries, and vacancy rate in the combined submarkets for the past five years.




Source: *CoStar*



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006210

During the next three years, construction activity in the Uptown office submarket is expected to be limited. There are currently no private office projects under construction within the submarket. Although there are only three government/headquarter office projects that are proposed in the submarket, construction activity will depend on market forces. All of the 477,500 square feet of potential inventory is proposed as Class A office space for either government or corporate headquarter tenants. According to *CoStar,* within the Uptown submarket, the following office buildings are proposed.

1. *3600 Georgia Avenue NW.* 64,500 Square Foot, Class A building with construction expected to begin in February 2007. No leasing activity has yet to occur at this building.

2. *Constitution Square (Phase I)* at 1875 First Street NE. 325,000 Square Foot, Class A building with construction expected to begin in May 2007. This property is adjacent to the New York Avenue Metrorail station.

3. *Radio One Headquarters* on 7th Street NW. 88,000 Square Foot, Class A building with construction expected to begin in July 2007. Radio One has pre-leased this entire building.

## OFFICE MARKET OUTLOOK AND CONCLUSIONS

Supply and demand factors in the region for the short term are expected to be relatively strong. Rental rates are expected to remain stable, and maybe increase slightly. Over the long run, employment growth in the region would foster absorption of the space that an office project at the subject would provide. In the submarket, the supply and demand are in equilibrium. Therefore, developing the subject site with a 43,338 square foot office building, which is the maximum square footage under the current zoning (28,892 SF X 1.5 FAR), could be feasible.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006211

# RETAIL MARKET ANALYSIS

## METRO AREA RETAIL OVERVIEW

The subject is located in *CoStar's* District of Columbia retail market. Supply and demand indicators for retail space in the District of Columbia, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented below. This survey includes all existing non-owner-occupied retail building in the District of Columbia

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| QTD | 313 | 2,202,817 | 258,643 | 11.7% | 34,273 | 47,156 | 0 | 0 | 0 | 0 | $35.71/nnn |
| 2007 2Q | 301 | 2,158,242 | 302,698 | 14.0% | (32,455) | 31,416 | 0 | 0 | 0 | 0 | $34.78/nnn |
| 2007 1Q | 292 | 2,159,891 | 298,607 | 13.8% | (18,134) | 32,909 | 0 | 0 | 0 | 0 | $34.88/nnn |
| 2006 4Q | 292 | 2,159,891 | 280,473 | 13.0% | (14,136) | 26,682 | 0 | 0 | 0 | 0 | $31.82/nnn |
| 2006 3Q | 292 | 2,159,891 | 266,337 | 12.3% | 17,508 | 56,810 | 0 | 0 | 0 | 0 | $26.79/nnn |
| 2006 2Q | 292 | 2,159,891 | 283,845 | 13.1% | (29,344) | 13,537 | 1 | 11,712 | 0 | 0 | $27.21/nnn |
| 2006 1Q | 291 | 2,148,179 | 242,789 | 11.3% | 24,335 | 43,362 | 0 | 0 | 1 | 11,712 | $26.35/nnn |
| 2005 4Q | 291 | 2,148,179 | 267,124 | 12.4% | 57,222 | 106,773 | 0 | 0 | 1 | 11,712 | $26.71/nnn |
| 2005 3Q | 292 | 2,152,479 | 328,646 | 15.3% | 9,833 | 93,559 | 0 | 0 | 1 | 11,712 | $26.78/nnn |
| 2005 2Q | 293 | 2,155,600 | 341,600 | 15.8% | 47,163 | 78,117 | 0 | 0 | 1 | 11,712 | $23.52/nnn |
| 2005 1Q | 293 | 2,155,600 | 388,763 | 18.0% | 38,759 | 64,003 | 0 | 0 | 1 | 11,712 | $20.88/nnn |
| 2004 4Q | 294 | 2,175,600 | 447,522 | 20.6% | (36,783) | 24,514 | 1 | 28,000 | 1 | 11,712 | $20.63/nnn |
| 2004 3Q | 293 | 2,147,600 | 382,739 | 17.8% | (37,787) | 8,754 | 0 | 0 | 2 | 39,712 | $19.24/nnn |
| 2004 2Q | 294 | 2,151,724 | 349,076 | 16.2% | (20,879) | 25,705 | 1 | 4,500 | 2 | 39,712 | $18.77/nnn |
| 2004 1Q | 293 | 2,147,224 | 323,697 | 15.1% | (21,879) | 37,060 | 1 | 35,000 | 3 | 44,212 | $18.10/nnn |
| 2003 4Q | 293 | 2,118,924 | 273,518 | 12.9% | (24,250) | 10,106 | 0 | 0 | 3 | 67,500 | $17.29/nnn |
| 2003 3Q | 293 | 2,118,924 | 249,268 | 11.8% | (104,283) | 8,334 | 0 | 0 | 3 | 67,500 | $16.17/nnn |
| 2003 2Q | 293 | 2,118,924 | 144,985 | 6.8% | 81,637 | 121,702 | 0 | 0 | 1 | 4,500 | $29.08/nnn |
| 2003 1Q | 293 | 2,118,924 | 226,622 | 10.7% | (43,721) | 107,237 | 0 | 0 | 1 | 4,500 | $35.00/nnn |
| 2002 4Q | 293 | 2,118,924 | 182,901 | 8.6% | (2,247) | 10,700 | 0 | 0 | 0 | 0 | $35.00/nnn |
| 2002 3Q | 293 | 2,118,924 | 180,654 | 8.5% | (22,614) | 2,400 | 0 | 0 | 0 | 0 | $35.00/nnn |
| 2002 2Q | 293 | 2,118,924 | 158,040 | 7.5% | (1,500) | 1,200 | 0 | 0 | 0 | 0 | $35.00/nnn |
| 2002 1Q | 293 | 2,118,924 | 156,540 | 7.4% | 5,529 | 11,642 | 1 | 6,942 | 0 | 0 | $35.00/nnn |
| 2001 4Q | 292 | 2,111,982 | 155,127 | 7.3% | (2,950) | 8,850 | 0 | 0 | 1 | 6,942 | $35.00/nnn |
| 2001 3Q | 292 | 2,111,982 | 152,177 | 7.2% | 1,400 | 1,400 | 0 | 0 | 1 | 6,942 | $26.99/nnn |
| 2001 2Q | 292 | 2,111,982 | 153,577 | 7.3% | (8,675) | 1,625 | 0 | 0 | 0 | 0 | $25.03/nnn |
| 2001 1Q | 292 | 2,111,982 | 144,902 | 6.9% | 18,290 | 21,890 | 1 | 16,000 | 0 | 0 | $29.67/nnn |

Source: *CoStar*

The District of Columbia retail market contains an overall inventory of about 2,202,817 square feet in 322 buildings. The market has generally been weak over the last four and a half years. The overall vacancy rate is estimated to be 11.7% as of August 14, 2007, which represents a significant decrease since the end of the 2nd Quarter 2007, when the vacancy rate was reported at 14.0%. In addition, the decrease since from the 4th Quarter 2004 (20.6%) is even greater. Between the beginning of 2003 and the end of the 2nd Quarter 2007, negative net absorption was a total of 107,194 square feet, for a negative quarterly average of 5,955 square feet.

The current effective rental rate is $35.71 per square foot, triple net. At the end of the 2nd Quarter 2007, the effective rental rate was $34.78 per square foot, triple net, which represented a significant increase from a low mark of $16.17 per square foot in the 3rd Quarter 2003. Rental rates have increased an average of approximately 5.24% per quarter since that time. However, since *CoStar* did fully begin reporting retail information in the District of Columbia until late in 2006, this data is utilized for information purposes only.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006212

## UPTOWN RETAIL SUBMARKET OVERVIEW

According to *CoStar*, the subject is located in the Uptown retail submarket, which has the same boundaries as the Uptown office submarket described in the Office Market Analysis section. A summary of the subject's Uptown retail submarket is presented in the following chart. The presented historical data is based on *CoStar*. Given the economic conditions and strong demand for retail, vacancy levels and rental rates, we expect the retail submarket to remain healthy for the foreseeable future.

The Uptown submarket contains an approximate total of 943,410 square feet of retail space, within 148 buildings, is existing.

According to *CoStar*, the current vacancy rate for the Uptown submarket is estimated to be 8.9% or 943,410 square feet, which represents a significant decrease from the high mark of 25.1% reported in the 4th Quarter 2004. In the near future, the vacancy rate is expected to continue to decrease. The following chart reports on the historical occupancy and vacancy rates.

| Period | Bldgs | Total SF | Total Vacant | Total Vacant % | Net Absorption | Deliveries | Under Construction | Net Absorption YTD | Deliveries YTD | Under Construction YTD | Market Asking Rent/SF |
|---|---|---|---|---|---|---|---|---|---|---|---|
| QTD | 148 | 943,410 | 83,899 | 8.9% | 14,920 | 22,420 | 0 | 0 | 0 | 0 | $40.25/nnn |
| 2007 2Q | 138 | 917,020 | 108,601 | 11.8% | (26,610) | 13,000 | 0 | 0 | 0 | 0 | $39.50/nnn |
| 2007 1Q | 128 | 889,805 | 89,669 | 10.1% | 16,362 | 22,647 | 0 | 0 | 0 | 0 | $40.80/nnn |
| 2006 4Q | 128 | 889,805 | 106,031 | 11.9% | (3,100) | 16,335 | 0 | 0 | 0 | 0 | $36.48/nnn |
| 2006 3Q | 128 | 889,805 | 94,753 | 10.6% | 52,483 | 53,619 | 0 | 0 | 0 | 0 | $25.69/nnn |
| 2006 2Q | 128 | 889,805 | 147,236 | 16.5% | (4,000) | 2,165 | 0 | 0 | 0 | 0 | $26.44/nnn |
| 2006 1Q | 128 | 889,805 | 143,236 | 16.1% | 7,962 | 7,962 | 0 | 0 | 0 | 0 | $22.86/nnn |
| 2005 4Q | 128 | 889,805 | 151,198 | 17.0% | (34,886) | 14,609 | 0 | 0 | 0 | 0 | $24.23/nnn |
| 2005 3Q | 129 | 894,105 | 122,412 | 13.7% | 40,625 | 51,027 | 0 | 0 | 0 | 0 | $24.23/nnn |
| 2005 2Q | 130 | 897,226 | 166,158 | 18.5% | 26,221 | 43,421 | 0 | 0 | 0 | 0 | $19.75/nnn |
| 2005 1Q | 130 | 897,226 | 192,379 | 21.4% | 19,581 | 21,169 | 0 | 0 | 0 | 0 | $17.36/nnn |
| 2004 4Q | 131 | 917,226 | 230,160 | 25.1% | (33,695) | 6,026 | 0 | 0 | 0 | 0 | $16.87/nnn |
| 2004 3Q | 131 | 917,226 | 196,465 | 21.4% | (13,249) | 8,333 | 0 | 0 | 0 | 0 | $15.60/nnn |
| 2004 2Q | 131 | 917,226 | 183,216 | 20.0% | (14,700) | 2,000 | 0 | 0 | 0 | 0 | $15.29/nnn |
| 2004 1Q | 131 | 917,226 | 168,516 | 18.4% | (1,783) | 1,417 | 0 | 0 | 0 | 0 | $15.23/nnn |
| 2003 4Q | 131 | 917,226 | 166,733 | 18.2% | (7,653) | 250 | 0 | 0 | 0 | 0 | $14.42/nnn |
| 2003 3Q | 131 | 917,226 | 159,080 | 17.3% | (110,017) | 0 | 0 | 0 | 0 | 0 | $14.29/nnn |
| 2003 2Q | 131 | 917,226 | 49,063 | 5.3% | 66,897 | 98,659 | 0 | 0 | 0 | 0 | $29.95/nnn |
| 2003 1Q | 131 | 917,226 | 115,960 | 12.6% | (81,003) | 2,597 | 0 | 0 | 0 | 0 | $35.00/nnn |
| 2002 4Q | 131 | 917,226 | 116,257 | 12.7% | (2,347) | 1,500 | 0 | 0 | 0 | 0 | $35.00/nnn |
| 2002 3Q | 131 | 917,226 | 113,910 | 12.4% | (16,159) | 1,200 | 0 | 0 | 0 | 0 | $35.00/nnn |
| 2002 2Q | 131 | 917,226 | 97,751 | 10.7% | (1,500) | 1,200 | 0 | 0 | 0 | 0 | $35.00/nnn |
| 2002 1Q | 131 | 917,226 | 96,251 | 10.5% | (1,200) | 0 | 0 | 0 | 0 | 0 | $35.00/nnn |
| 2001 4Q | 131 | 917,226 | 95,051 | 10.4% | 0 | 0 | 0 | 0 | 0 | 0 | $35.00/nnn |
| 2001 3Q | 131 | 917,226 | 95,051 | 10.4% | 0 | 0 | 0 | 0 | 0 | 0 | $33.64/nnn |
| 2001 2Q | 131 | 917,226 | 95,051 | 10.4% | 825 | 825 | 0 | 0 | 0 | 0 | $25.15/nnn |
| 2001 1Q | 131 | 917,226 | 95,876 | 10.5% | 0 | 0 | 0 | 0 | 0 | 0 | $38.47/nnn |

*Source: CoStar, Inc. 2007.*

The average rental rate is currently begin reported as $40.25 per square foot, triple net. In the near future, retail rental rates are expected to increase as development occurs surrounding the subject.

Although *CoStar* does not list any retail projects that are under construction, planned or proposed for the submarket, we are aware of at least five other developments that are expected to have at least a retail portion. The following table details those projects:



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006213

- The Douglas Development Corporation is currently renovating the 14,744 square foot mixed use building with residential and ground floor retail at 1301 – 1309 9th Street NW.

- The Douglas Development Corporation is currently also intends to redevelop a 6,587 square foot office building with ground floor retail at 651 Florida Avenue NW. The asking rent for the retail space at this project is $55.00 per square foot, triple net, will the office space is offered at $25.00 per square foot, triple net, according to *CoStar.*

- The redevelopment of a 6,587 square foot office building with ground floor retail at 651 Florida Avenue NW. The asking rent for the retail space at this project is $55.00 per square foot, triple net, will the office space is offered at $25.00 per square foot, triple net, according to *CoStar.*

- Madison Retail Group is building a 10,000 square foot free standing retail building at 707 O Street. O Street Marketplace construction began in February 2007.

- The 112,900 square foot neighborhood shopping center under construction in City Vista at the corner of 5th and K Street.

According to the August 15, 2007 edition of the *CoStar Advisor,* the 540,000-square-foot DC USA retail complex is "underway in Washington, DC on the west side of 14th Street between Park Road and Irving Street." The *CoStar Advisor* indicates that "DC USA is scheduled for its grand opening in March 2008, when an 180,000-square-foot, two-level Target will open its doors. The project also includes an 1,000-space parking garage and 360,000 square feet already 75% pre-leased to retailers including Bed Bath & Beyond, Best Buy, Marshall's, Washington Sports Club, Staples, Children's Place, Radio Shack, Payless, Lane Bryant, Mattress Discounters, Caribou Coffee, Panda Express, Quizno's, Maggie Moo's, and more." The three-story building, which will be "built on not quite five acres," is "designed with ground floor entry for specialty retailers and restaurants, a unique core element that takes shoppers off the ground and to second floor to the bigger retailers, a transparent design element to interest and ease shoppers, is pedestrian friendly, and is located adjacent to a new subway station."

The project is being developed by New York City-based Grid Properties and Gotham Developers. Mr. Drew Greenwald, president of Grid Properties, indicated that there was an extraordinarily long development process for DC USA. According to Mr. Greenwald, the site was "under-utilized" in "an area with very little retail" when Gotham and Grid acquired the land from the "District as the winner of an RFP seven or eight years before DC USA broke ground in 2006." Mr. Greenwald stated that "we went through a long, long, long process of approvals, even though 95% of people were in favor of the project." He added that "there's a lot of regulations in an urban setting, likewise, Washington is heavy in its rules of bureaucracy, but we got through it." The following graphic displays the illustrative design of the proposed development.

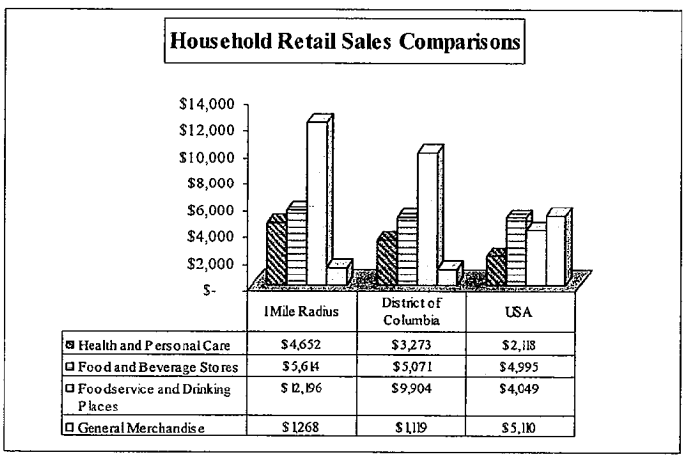


FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006214

As detailed in the Market Area Analysis, the subject is located in the northwestern quadrant of the District of Columbia. Although the retail submarket for the subject is the Uptown office submarket, the retail trade area for the subject is more similar to that of the primary market area (one-mile radius) in the Market Area Analysis section of this report. Within the trade area, there is a population of 79,206 people within 36,538 households. The average household size is 2.02 persons, while the average household income for the trade area is estimated to be $65,669. These demographic factors are conducive to investment in retail properties.

**Demand Analysis**

Demand for retail space is demonstrated by the sales volume of goods that are commonly provided by businesses within neighborhood and community shopping centers. The following chart shows retail sales for the subject's primary trade area, the District of Columbia, and the United States, as reported by *Claritas, Inc, 2007.*




| | 1Mile Radius | District of Columbia | USA |
|---|---|---|---|
| Health and Personal Care | $4,652 | $3,273 | $2,118 |
| Food and Beverage Stores | $5,614 | $5,071 | $4,995 |
| Foodservice and Drinking Places | $12,196 | $9,904 | $4,049 |
| General Merchandise | $1268 | $1,119 | $5,110 |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006215

As indicated above, the retail sales per household for consumer items within the trade area are above the District of Columbia in all categories. In comparison to the United States, the retail sales per household for consumer items within the trade area are higher, except in the General Merchandise category, where the trade area is significantly lower than the national average.

The subject's retail trade area (one mile radius) presently produces annual retail sales totaling approximately $1.20 billion (including Motor Vehicle and Parts Dealers & Gasoline Stations), or $32,848 per household. This level is above the retail sales per household of the District of Columbia, but below that of the United States.

### Retail Space Demand Analysis

Demand for retail space is best represented by the population, average household size, average household income and buying patterns within the subject's trade area. As indicated in the Retail Opportunity Gap/Surplus Analysis, provided by *Claritas, Inc.*, there is a sales gap of approximately $3.91 million between the total retail sales demand and the total retail sales (including Motor Vehicle and Parts Dealers & Gasoline Stations) in the subject's primary trade area (one mile radius).

**RMP Opportunity Gap - Retail Stores**

**Radius 2: 710 FLORIDA AVE NW, WASHINGTON, DC 20001, 0.00 - 1.00 Miles, Total**

| Retail Stores | Demand (Consumer Expenditures) | Supply (Retail Sales) | Opportunity Gap/Surplus |
|---|---|---|---|
| Total Retail Sales Incl Eating and Drinking Places | 1,204,108,643 | 1,200,201,300 | 3,907,343 |
| Furniture and Home Furnishings Stores-442 | 32,795,831 | 32,453,986 | 341,845 |
| Furniture Stores-4421 | 18,933,508 | 7,174,489 | 11,759,019 |
| Home Furnishing Stores-4422 | 13,862,323 | 25,279,497 | (11,417,174) |
| Electronics and Appliance Stores-443 | 33,982,478 | 11,009,239 | 22,973,239 |
| Appliances, TVs, Electronics Stores-44311 | 25,568,516 | 4,599,830 | 20,968,686 |
| Household Appliances Stores-443111 | 4,930,865 | 819,120 | 4,111,745 |
| Radio, Television, Electronics Stores-443112 | 20,637,651 | 3,780,710 | 16,856,941 |
| Computer and Software Stores-44312 | 7,129,655 | 5,486,593 | 1,643,062 |
| Camera and Photographic Equipment Stores-44313 | 1,284,307 | 922,816 | 361,491 |
| Building Material, Garden Equip Stores -444 | 99,987,627 | 88,821,915 | 11,165,712 |
| Building Material and Supply Dealers-4441 | 89,801,909 | 87,912,652 | 1,889,257 |
| Home Centers-44411 | 34,725,570 | 0 | 34,725,570 |
| Paint and Wallpaper Stores-44412 | 2,339,275 | 16,563,028 | (14,223,753) |
| Hardware Stores-44413 | 7,915,301 | 10,026,613 | (2,111,312) |
| Other Building Materials Dealers-44419 | 44,821,763 | 61,323,012 | (16,501,249) |
| Building Materials, Lumberyards-444191 | 15,317,968 | 20,911,828 | (5,593,860) |
| Lawn, Garden Equipment, Supplies Stores-4442 | 10,185,718 | 909,262 | 9,276,456 |
| Outdoor Power Equipment Stores-44421 | 1,388,905 | 0 | 1,388,905 |
| Nursery and Garden Centers-44422 | 8,796,813 | 909,262 | 7,887,551 |
| Food and Beverage Stores-445 | 146,002,981 | 205,118,837 | (59,115,856) |
| Grocery Stores-4451 | 130,312,933 | 173,374,648 | (43,061,715) |
| Supermarkets, Grocery (Ex Conv) Stores-44511 | 123,917,316 | 171,165,886 | (47,248,570) |
| Convenience Stores-44512 | 6,395,617 | 2,208,762 | 4,186,855 |
| Specialty Food Stores-4452 | 4,571,018 | 767,210 | 3,803,808 |
| Beer, Wine and Liquor Stores-4453 | 11,119,030 | 30,976,979 | (19,857,949) |
| Health and Personal Care Stores-446 | 69,389,914 | 169,992,345 | (100,602,431) |
| Pharmancies and Drug Stores-44611 | 60,268,388 | 157,345,740 | (97,077,352) |
| Cosmetics, Beauty Supplies, Perfume Stores-44612 | 2,502,565 | 5,922,268 | (3,419,703) |
| Optical Goods Stores-44613 | 2,123,560 | 4,954,569 | (2,831,009) |
| Other Health and Personal Care Stores-44619 | 4,495,402 | 1,769,768 | 2,725,634 |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006216

**RMP Opportunity Gap - Retail Stores**

Radius 2: 710 FLORIDA AVE NW, WASHINGTON, DC 20001, 0.00 - 1.00 Miles, Total

| Retail Stores | Demand (Consumer Expenditures) | Supply (Retail Sales) | Opportunity Gap/Surplus |
|---|---|---|---|
| Clothing and Clothing Accessories Stores-448 | 68,398,712 | 53,314,932 | 15,083,780 |
| Clothing Stores-4481 | 47,563,561 | 31,144,218 | 16,419,343 |
| Men's Clothing Stores-44811 | 3,245,500 | 2,861,370 | 384,130 |
| Women's Clothing Stores-44812 | 12,094,811 | 6,945,266 | 5,149,545 |
| Childrens, Infants Clothing Stores-44813 | 2,313,536 | 116,871 | 2,196,665 |
| Family Clothing Stores-44814 | 25,461,123 | 14,725,199 | 10,735,924 |
| Clothing Accessories Stores-44815 | 1,235,968 | 991,500 | 244,468 |
| Other Clothing Stores-44819 | 3,212,624 | 5,504,012 | (2,291,388) |
| Shoe Stores-4482 | 9,274,655 | 13,010,203 | (3,735,548) |
| Jewelry, Luggage, Leather Goods Stores-4483 | 11,560,496 | 9,160,512 | 2,399,984 |
| Jewelry Stores-44831 | 10,765,854 | 8,852,783 | 1,913,071 |
| Luggage and Leather Goods Stores-44832 | 794,641 | 307,728 | 486,913 |
| Sporting Goods, Hobby, Book, Music Stores-451 | 26,547,363 | 52,804,973 | (26,257,610) |
| Sporting Goods, Hobby, Musical Inst Stores-4511 | 17,391,859 | 5,984,260 | 11,407,599 |
| Sporting Goods Stores-45111 | 9,284,398 | 1,552,790 | 7,731,608 |
| Hobby, Toys and Games Stores-45112 | 5,098,347 | 0 | 5,098,347 |
| Sew/Needlework/Piece Goods Stores-45113 | 1,167,670 | 159,862 | 1,007,808 |
| Musical Instrument and Supplies Stores-45114 | 1,841,444 | 4,271,608 | (2,430,164) |
| Book, Periodical and Music Stores-4512 | 9,155,504 | 46,820,713 | (37,665,209) |
| Book Stores and News Dealers-45121 | 6,416,249 | 35,376,339 | (28,960,090) |
| Book Stores-451211 | 6,143,532 | 32,506,807 | (26,363,275) |
| News Dealers and Newsstands-451212 | 272,717 | 2,869,533 | (2,596,816) |
| Prerecorded Tapes, CDs, Record Stores-45122 | 2,739,254 | 11,444,374 | (8,705,120) |
| General Merchandise Stores-452 | 154,388,126 | 46,346,887 | 108,041,239 |
| Department Stores Excl Leased Depts-4521 | 75,812,725 | 21,216,580 | 54,596,145 |
| Other General Merchandise Stores-4529 | 78,575,401 | 25,130,307 | 53,445,094 |
| Warehouse Clubs and Super Stores-45291 | 67,165,961 | 0 | 67,165,961 |
| All Other General Merchandise Stores-45299 | 11,409,440 | 25,130,307 | (13,720,867) |
| Miscellaneous Store Retailers-453 | 33,128,403 | 16,499,155 | 16,629,248 |
| Florists-4531 | 2,242,821 | 1,099,077 | 1,143,744 |
| Office Supplies, Stationery, Gift Stores-4532 | 13,349,200 | 4,402,171 | 8,947,029 |
| Office Supplies and Stationery Stores-45321 | 7,640,022 | 2,622,381 | 5,017,641 |
| Gift, Novelty and Souvenir Stores-45322 | 5,709,178 | 1,779,790 | 3,929,388 |
| Used Merchandise Stores-4533 | 3,045,161 | 948,680 | 2,096,481 |
| Other Miscellaneous Store Retailers-4539 | 14,491,221 | 10,049,227 | 4,441,994 |
| Foodservice and Drinking Places-722 | 145,681,634 | 445,629,791 | (299,948,157) |
| Full-Service Restaurants-7221 | 66,460,471 | 102,646,963 | (36,186,492) |
| Limited-Service Eating Places-7222 | 60,954,325 | 155,036,190 | (94,081,865) |
| Special Foodservices-7223 | 11,642,147 | 166,514,331 | (154,872,184) |
| Drinking Places -Alcoholic Beverages-7224 | 6,624,692 | 21,432,307 | (14,807,615) |

Source: *Claritas, Inc., 2007*

According to *Claritas, Inc.*, the primary market's (one mile radius) total 2007 retail sales are estimated to be $1,200,201,300 (including Motor Vehicle and Parts Dealers & Gasoline Stations). As detailed in the above table, within the trade area, the greatest retail needs are:

* General Merchandise Stores ($108.04 million deficit), especially, Department Stores and Warehouse Clubs & Super Stores);
* Electronics and Appliance Stores ($22.97 million deficit);
* Clothing and Clothing Accessories Stores ($15.08 million deficit), especially Clothing Stores; and
* Building Material/Garden Equipment Stores ($11.17 million deficit).

Contrarily, the trade area has an excessive supply of:



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* Foodservice and Drinking Places ($299.95 million surplus);
* Health and Personal Care Stores ($100.60 million surplus), especially Pharmacies and Drug Stores;
* Food and Beverage Stores ($59.12 million surplus), especially Grocery Stores; and
* Sporting Goods, Hobby, Book, Music Stores ($26.26 million surplus), especially Book, Periodical and Music Stores. However, we note that there are a $7.73 million and a $5.10 million deficit in Sporting Good Stores and Hobby/Toy Stores, respectively.

Within the $1,200,201,300 in total retail sales, there is a portion of the sales at stores that sell merchandise normally sold in department stores. These categories are known as GAFO (General Merchandise, Apparel, Furniture and Other), and they represent $200,332,187 in sales in the primary trade area, which is approximately 16.69% of the total retail sales. The GAFO for the primary trade area is as follows:

**RMP Opportunity Gap - Retail Stores**

| Retail Stores | Demand (Consumer Expenditures) | Supply (Retail Sales) | Opportunity Gap/Surplus |
|---|---|---|---|
| GAFO * | 329,461,710 | 200,332,187 | 129,129,523 |
| General Merchandise Stores-452 | 154,388,126 | 46,346,887 | 108,041,239 |
| Clothing and Clothing Accessories Stores-448 | 68,398,712 | 53,314,932 | 15,083,780 |
| Furniture and Home Furnishings Stores-442 | 32,795,831 | 32,453,986 | 341,845 |
| Electronics and Appliance Stores-443 | 33,982,478 | 11,009,239 | 22,973,239 |
| Sporting Goods, Hobby, Book, Music Stores-451 | 26,547,363 | 52,804,973 | (26,257,610) |
| Office Supplies, Stationery, Gift Stores-4532 | 13,349,200 | 4,402,171 | 8,947,029 |

Source: *Claritas, Inc., 2007*

The strong projected household growth will provide the demand for additional retail services. Utilizing the current average household income and the projected 2,538 new households between 2007 and 2012 in the primary trade area, the total potential household income is projected to increase by $166,669,076 ($65,669 X 2,538). Applying the extracted household effective retail sales ratio of 16.69% from GAFO, the potential effective retail sales increase is projected to be $27,819,650 ($166,669,076 X 16.69%). According to *Dollars & Cents of Shopping Centers, 2006*, retailers generally experience sales volumes between $200 and $275 per square foot of gross leasable area. Applying a typical retail sales of $225 per square foot, we estimate that the projected household increase will support approximately 123,643 square feet of retail space ($27,819,650 / $225), or 24,728 square feet annually.

In addition to retail demands generated from population/household growth, retail sales are derived through a higher retail capture rate from the existing households. Moreover, the subject benefits from being located near Howard University, Howard University Hospital, and being on Florida Avenue. Also, the subject is located one block west of Georgia Avenue, a major road that connects to Interstate 495 in Maryland.

### Trends

Trends in population are another determinant of demand. As noted, the population in the subject's primary trade area (one mile radius) increased 9.84% between 2000 and 2007. Population is projected to increase by 4.99% from 2007 to 2012.



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The average effective buying income of the subject's trade area significantly affects the demand for retail properties. As reported, the average household income in the subject's primary trade area is $65,669, which is below that of the average household income in Washington, DC of $78,410.

As presented below, the total retail sales (including Motor Vehicle sales) and household income levels have generally increased in the Washington, DC MSA and the District of Columbia. These historical increases further support the demand for retail property in the subject's location.

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|
| **Total Retail Sales ($000)** | | | | | | |
| Washington, DC MSA | $58,239,903 | $63,408,444 | $63,906,171 | $68,758,348 | $73,051,724 | $79,519,880 |
| District of Columbia | $4,183,236 | $3,993,986 | $4,066,890 | $4,430,854 | $4,680,715 | $4,936,393 |
| **Median Household EBI** | | | | | | |
| Washington, DC MSA | $54,149 | $57,056 | $55,165 | $52,362 | $53,275 | $54,693 |
| District of Columbia | $40,411 | $39,896 | $37,516 | $33,392 | $34,231 | $36,687 |

Source: *Sales & Marketing Management, 2000, 2001, 2002, 2003, 2004, and 2005.*

## RETAIL MARKET ANALYSIS CONCLUSIONS

The demand for certain retail uses, such as General Merchandise Stores, Electronics and Appliance Stores, Clothing and Accessory Stores, and Building Material/Garden Equipment Stores within the one-mile trade area surrounding the subject is strong. Thus, we expect new retail tenants that specialize in those types may be successful as part of any potential development at the subject. In addition to adequate consumer demands for retail, the investor market is extremely strong.

Based on the allowable FAR of the subject, it is our estimation that developing the subject site completely as retail is not feasible. In addition, since the subject is located in the Uptown Arts Overlay District, any new development project along Florida Avenue must include retail or service uses that "occupy no less than fifty percent (50%) of the ground level of each building." Moreover, any development at the subject that includes the following uses with a FAR of at least 1.0, allows the site to gain a bonus FAR of 1.0:

- Antique Store
- Apparel and Accessories Stores
- Appliance Store
- Auction House
- Bank, Loan Office, or Financial Institution
- Bakery
- Bicycle Shop
- Book Store
- Gift, Novelty, and Souvenir Shop
- Barber/Beauty Shop
- Candy Store
- Clinic
- Computer Store
- Cosmetic Store
- Camera Store
- Delicatessen
- Department Store
- Dressmaking or Tailor Shop
- Drug Store
- Dry Cleaner
- Fabric Store
- Florist/Plant Store
- Furniture Store
- Grocery Store
- Restaurant
- Hardware Store
- Health/Exercise Store
- Paint Store
- Pet Store
- Printing, Fast Copy Service
- Radio, Television, and Consumer Electronic Store
- Shoe Store
- Specialty Food Store
- Sporting Good Store
- Travel Agency
- Variety Store
- Video Tape Rental Store



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Therefore, utilizing retail as portion of the subject, such as with ground floor storefronts for any of the above uses, would not only be feasible, it would be required by and benefits (bonus 1.0 FAR) from zoning.

### LAND MARKET OUTLOOK AND CONCLUSIONS

The subject's Howard University/Mt. Pleasant/Brightwood submarket, and more specifically the areas near the U Street Corridor and Howard University, have experienced significant gentrification of rowhomes into small office and multi-family developments.

Apartment supply and demand trends in the submarket are expected to be healthy for the short term. Over the long run, employment, population and household growth should foster positive absorption of units in both Washington, DC and in the submarket. In addition, as described previously, any multi-family development project in the Uptown Arts Overlay District can receive a bonus FAR of 2.0 by having 1.0 FAR of below market housing. Therefore, a project with multi-family units with at least 3.0 FAR (2.0 market rate and 1.0 below market) at the subject may be feasible.

In subject's Uptown office submarket, supply and demand factors in the short term are expected to be relatively strong. Rental rates are expected to remain stable, and maybe increase slightly. Over the long run, employment growth in the region would foster absorption of the space that an office project at the subject would provide. In the submarket, the supply and demand are in equilibrium. However, the limited amount of new office construction in the submarket and the FAR limitations put on the site for complete office development (1.5 FAR), make developing the site with office only less than optimal. Nonetheless, having a limited amount office space as a portion of any development at the subject could be feasible.

There is demand for certain retail uses, such as General Merchandise Stores, Electronics and Appliance Stores, Clothing and Accessory Stores, and Building Material/Garden Equipment Stores within the one-mile trade area surrounding the subject is strong. In addition, the Uptown Arts Overlay District requires any new development project on Florida Avenue must include retail or service uses that "occupy no less than fifty percent (50%) of the ground level of each building." Moreover, any development at the subject that includes a department store, drug store, dry cleaner, laundry, grocery store, hardware store, or variety store with a FAR of at least 1.0, allows the site to gain a bonus FAR of 1.0. Therefore, utilizing retail as portion of the subject, such as with ground floor storefronts, would not only be feasible, it would be required by and benefits from zoning. Thus, we expect new retail tenants that specialize in those types may be successful as part of any potential development at the subject.



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# PROPERTY ANALYSIS

## LAND DESCRIPTION AND ANALYSIS

| LAND DESCRIPTION | |
|---|---|
| Land Area - Acres | 0.66 |
| Land Area - Square Feet | 28,892 |
| Primary Street Frontage | Florida Avenue - 0393 0044 - 100 Feet<br>0393 0045 - 115 Feet<br>0416 0018 - 149 Feet<br>0416 0031 - None feet |
| Shape | 0393 0044 - Triangular<br>0393 0045 - Polygon<br>0416 0018 - Rectangular<br>0416 0031 - Irregular |
| Corner | Yes |
| Topography | Generally level and at street grade |
| Drainage | No problems reported or observed |
| Environmental Hazards | As stated in the Extraordinary Assumption and Hypothetical Conditions, due to the nature of the subject improvements, there could possibly be some adverse effects to the site from toxic or hazardous wastes. Since it is the property owner's obligation to correct any contamination caused by these factors, we respectfully recommend that an environmental site assessment audit be prepared by a qualified, professional engineer prior to any decision regarding the disposition of the real property under analysis. The site assessment audit is recommended in order to identify any potential environmental liabilities and associated remediation costs. We have assumed that all environmental issues have been cured for the purposes of this appraisal. |
| Ground Stability | No problems reported or observed |
| Flood Area Panel Number | 1100010020B |
| Date | November 15, 1985 |
| Zone | C |
| Description | Areas of minimal flooding |
| Insurance Required? | No |

| UTILITIES | |
|---|---|
| Service | Provider |
| Water | DC Water and Sewer Authority (WASA) |
| Sewer | DC Water and Sewer Authority (WASA) |
| Electricity | PEPCO |
| Natural Gas | Washington Gas |
| Local Phone | Verizon |

### ZONING

The subject is zoned C-2-B / ARTS (Community Business Center District / Uptown Arts) by the District of Columbia. The C-2-B / ARTS zone is intended to provide for medium-density commercial and residential development, with a density bonus for certain arts-related and neighborhood commercial uses. Specific zoning requirements are summarized in the following table.



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| ZONING SUMMARY | |
|---|---|
| Zoning Jurisdiction | District of Columbia |
| Zoning Designation | C-2-B / ARTS |
| Description | Community Business Center District / Uptown Arts |
| Legally Conforming? | Yes - Vacant Land |
| Zoning Change Likely? | No |
| Permitted Uses | Wide array of service, retail, and residential uses, with special exception and/or board approval required for certain specific uses (motorcycle sales and repair, some gas stations, utilities, massage establishments, laundry and dry cleaning establishments greater than 2,500 square feet, community-based residential facilities). |
| Preferred Uses | Below-market housing, theaters, department stores, drug stores, grocery stores, laundry and dry cleaning, variety stores, other nieghborhood retail and service uses, arts-related uses (galleries, book stores, artisans and craftsmen, concert halls, museums, studios), and restaurants. |

| Category | Requirement (General) |
|---|---|
| Minimum Lot Area | None |
| Minimum Setbacks (Feet) | Rear: 15 Feet |
| Maximum Building Height | 65 Feet |
| Maximum Site Coverage | 80% |
| Maximum Floor Area Ratio | 3.5 (residential); up to 4.5 (preferred uses); 1.5 (other uses) |
| Parking Requirement | Multi-Family: 1 Space for each 3 dwelling units.<br>Office: Greater than 2,000 SF: 1 Space for each additional 1,800 SF of Gross Floor Area.<br>Retail: Greater than 3,000 SF: 1 Space for each additional 750 SF of Gross Floor Area. |

Within the Uptown Arts Overlay District, the District of Columbia has placed the following use provisions on new development:

- Retail and service uses "shall occupy no less than fifty percent (50%) of the ground level of each building on a lot that fronts 14th Street, U Street, or 7th Street; or on Florida Avenue between 7th and 9th Streets; provided, this requirement shall not apply to a building located on a lot less than fifty feet (50ft.) in width."

- A hotel shall be a permitted use; provided, no other hotel is located within five hundred feet (500 ft.).

- No drive-through accessory to any use shall be permitted.

- Eating and drinking establishments shall occupy no more than twenty-five percent (25%) of the linear foot frontage within the ARTS Overlay District, as measured the lots fronting on 14th Street and U Street, N.W.

- The bonus density and height permitted with bonus uses shall also serve as the guidelines for planned unit developments.



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Within the Uptown Arts Overlay District, a development project is eligible for bonus density. That bonus density "may be used either to increase the gross floor area of the building for any permitted use up to the maximum floor area ratio (FAR)" up to "6.0 in the underlying CR District, **4.5** in the underlying C-3-A and C-2-B Districts, or 3.0 in the underlying C-2-A District. The zoning code also allows that the bonus FAR may be utilized to "provide nonresidential uses or development in excess of the otherwise applicable limitation on the gross floor area of nonresidential uses in the underlying zone district." Moreover, any "building that includes 3.0 or more FAR devoted to residential use is entitled to a bonus of 0.5 FAR."

The zoning code states the "following preferred uses shall be eligible for bonus floor area at the ratio indicated:

| Use | GFA Devoted to the Bonus Use | Proportionate Number of SF of Additional GFA Earned |
|---|---|---|
| Below Market Housing | 1 | 3 |
| Legitimate Theater | 1 | 3 |
| Department Store, Drug Store, Dry Cleaner, Laundry, Grocery Store, Hardware Store, Variety Store | 1 | 2 |

Since the subject parcels are separated by 8th Avenue and an alley, the Combined Lot Development clause of the zoning code is pertinent. The zoning code allows for "two (2) or more lots may be combined for the purposes of transferring bonus density and allocating the permitted mixture of uses among development sites," provided that:

- The lots may be located in the same square or in different squares within the ARTS Overlay District; and
- The maximum permitted floor area for all uses and the maximum floor area for nonresidential uses shall be calculated as if the lots were one lot, and the total project shall conform with both limitations.

According to the local planning department, there are no pending or prospective zoning changes.

### POTENTIAL DEVELOPMENT DENSITY

The arts overlay district in which the subject is located provides for varying density bonuses by use over FAR permitted by the underlying C-2-B zoning (3.5 FAR for residential use, 1.5 FAR for other permitted uses). Potential development density by use type is summarized below:

- Based on the maximum floor area ratio (FAR) under zoning, it appears that up to 130,014 square feet of building area (4.5 FAR) could be developed on the site if it were developed below-market housing or theater use.
- Development of the site for general residential use, arts and entertainment use (excluding drinking places), or certain retail uses (department store, drug store, variety store, grocery store, etc.) would allow a build-out of 101,122 square feet (3.5 FAR).



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- Development with another preferred retail or service use (e.g. bank, bakery, bike shop, barber shop, clinic, deli, tailor shop, pet store, et al.) would permit a build-out of 86,676 square feet (3.0 FAR).

- Development with an office use would permit a build-out of 43,338 square feet (1.5 FAR).

As described in the Highest and Best Use Analysis section of this report on a following page, the highest and best use of the site is for a mixed use project that is predominately multi-family residential (3.5 FAR), with auxiliary retail uses (1.0) on the ground floor. Therefore, based on the maximum floor area ratio (FAR) for the site with the mixed use project of 4.5 in the current zoning regulations, a building of 130,014 square feet could be developed. Densities of similar sites that have been developed with the past ten years generally are consistent with the maximum FAR under zoning. Therefore, it appears that the development potential of the site is 130,014 square feet of building area.

Since the northern portion of the subject's parcels contain an existing Metrorail tunnel, it is assumed that construction of a below grade parking garage in that area would not be feasible. This serves to reduce the maximum allowable above grade FAR given that an above grade parking structure would be required. Therefore, it is difficult to determine if an underground garage could be constructed to satisfy parking requirements for development. However, as indicated in the Extraordinary Assumptions and Hypothetical Conditions, our analysis assumes that an underground parking garage could be constructed on the portion of the site not affected by the Metrorail tunnel that would adequately serve the site highest and best use building area of 130,014 square feet.

### EASEMENTS, ENCROACHMENTS AND RESTRICTIONS:

Although a title report was not provided for review, we are not aware of any easements or encumbrances that would adversely affect the use of the site. However, since the northern portion of the subject's parcels contain an existing Metrorail tunnel, our opinion of the market value of the fee simple interest in the property assumes that the Washington Metropolitan Area Transit Authority will reserve an underground easement on the northern portion of the property for the below-grade track and tunnel.

A title search is recommended to determine whether any adverse conditions exist. We assume that there are no other easements, encumbrances, or restrictions that would restrict the property from being developed to its highest and best use.

### CONCLUSION OF LAND ANALYSIS

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. There are no other particular restrictions on development noted in the analysis.



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## REAL ESTATE TAX ANALYSIS

The real estate tax assessment of the subject is administered by the District of Columbia. Assessed values are based on a current conversion ratio of 100% of assessor's market value. The property tax identification number and assessed value of the property for tax year 2007 area as follows:

| TAXES AND ASSESSMENTS - 2007 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Assessed Value | | | Taxes and Assessments | | | |
| | | | | | Ad Valorem | Direct | |
| Tax ID | Land | Improvements | Total | Tax Rate | Taxes | Assessments | Total |
| 0393 0044 | $626,840 | $0 | $626,840 | 1.850% | $11,597 | $0 | $11,597 |
| 0393 0045 | $1,422,470 | $0 | $1,422,470 | 1.850% | $26,316 | $0 | $26,316 |
| 0416 0018 | $99,330 | $0 | $99,330 | 1.850% | $1,838 | $0 | $1,838 |
| 0416 0031 | $2,632,740 | $0 | $2,632,740 | 1.850% | $48,706 | $0 | $48,706 |
| Total | $4,781,380 | $0 | $4,781,380 | | $88,456 | $0 | $88,456 |

For reference purposes, the subject has been assigned property tax account number(s) 0393 0044, 0393 0045, 0416 0018, and 0416 0031.

The composite tax rate for the subject for the 2007 tax year is $1.85 per $100 of assessed value. According to the District of Columbia Office of Revenue, the subject is exempt from paying real estate taxes.

Although the subject is real estate tax exempt, we note that the assessed value of the subject is expected to increase by approximately 66.2% for the 2008 tax year. The assessed 2008 market values for the subject's parcels are as follows:

| ASSESSOR'S MARKET VALUE - 2008 | | | |
|---|---|---|---|
| Tax ID | Land | Improvements | Total |
| 0393 0044 | $1,052,590 | $0 | $1,052,590 |
| 0393 0045 | $2,388,620 | $0 | $2,388,620 |
| 0416 0018 | $85,140 | $0 | $85,140 |
| 0416 0031 | $4,420,930 | $0 | $4,420,930 |
| Total | $7,947,280 | $0 | $7,947,280 |



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# HIGHEST AND BEST USE ANALYSIS

## HIGHEST AND BEST USE AS VACANT

### Legally Permissible

The only permitted uses under zoning that are consistent with prevailing land use patterns in the area are a wide array of residential, office, and retail uses.

### Physically Possible

Although the subject's parcels are separated by 8th Street and an alley, there are no physical limitations that would prohibit development of any of these uses on the site, since zoning allows for the FAR from the sites be combined.

### Financially Feasible

Based on our analysis of the market, there is currently adequate demand for both apartment and office use, with retail as an auxiliary use, in the subject's area. It appears that a newly developed mixed use building with either apartments or office space on the site would have a value commensurate with its cost. Therefore, mixed use with either apartments or offices predominately and retail as the auxiliary use, is considered to be financially feasible.

### Maximally Productive

In an effort to determine the maximally productive use for the subject, we have estimated the residual land value on two hypothetical developments. The first hypothetical development was for an apartment building at 3.5 FAR, while the second hypothetical development was for an office building at 1.5 FAR. Our analysis capitalizes the estimated net operating income, and then subtracted the estimated the building costs from *Marshall Valuation Service.* This analysis is as follows:



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| HIGHEST & BEST USE ANALYSIS | | | | |
|---|---|---|---|---|
| | | Apartment Use[1] | | Office Use[1] |
| Potential Gross Building Area | | 101,122 | | 43,338 |
| /Core Factor | | 1.15 | | 1.15 |
| Estimated Rentable SF | | 87,932 | | 37,685 |
| X Market Rental Rate / Year[2] | | $19.80 | | $32.25 |
| Potential Gross Rent from Predominate Use | | $1,741,057 | | $1,215,348 |
| - Market Vacancy Rate | @ 4.0% | -69,642 | @ 5.0% | -60,767 |
| Estimated Effective Gross Income | | $1,671,415 | | $1,154,581 |
| - Market Operating Expenses | | -681,474 | | -433,380 |
| Potential Net Operating Income | | $989,940 | | $721,201 |
| / Overall Capitalization Rate | | 6.00% | | 6.50% |
| Capitalized NOI | | $16,499,007 | | $11,095,398 |
| - Development Costs (Building) | | -$10,883,361 | | -$5,843,944 |
| - Development Costs (Parking Garage)[3] | | -$790,916 | | -$632,688 |
| Residual Land Value | | $4,824,729 | | $4,618,766 |

[1] We have not included the retail portion of each these potential mixed use project, since the retail part of each project would have the same floor area and rental rate.

[2] The Market Rental Rate / Year for Apartments is $19.80 ($1.65/SF X 12 Months), while the Office rental rate is similar to the Uptown submarket rate of $32.27/SF, full service from *CoStar*.

[3] The Number of Parking Spaces for Apartment Use assumes an average unit size of 900 SF. Therefore, the number of units would be 98 (101,122 SF / 900 SF per unit), which would require 33 parking spaces. In addition, the cost of the 14 required parking spaces for the estimated retail space are included in the Development Costs (Parking Garage) estimate.

Source: *CoStar; 2006 BOMA Experience Exchange Report (Office); 2006 IREM Income/Expense Analysis for Conventional Apartments; Marshall Valuation Service,* and *Integra Realty Resources database.*

Note: Since both hypothetical developments would have similar ground floor retail uses, we have not included rental income or development costs for the retail portion.

Considering the above analysis, there does not appear to be any reasonably probable use of the site that would generate a higher residual land value than mixed (apartment/retail) use.

### Conclusion

Development of the site for mixed (apartment/retail) use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant.

## AS IMPROVED

No improvements are situated on the site. Therefore, a highest and best analysis as improved is not applicable.

## MOST PROBABLE BUYER

The most probable buyer is a developer.



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# VALUATION ANALYSIS

## VALUATION METHODOLOGY

We usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land, or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market, or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

Use of the approaches in this assignment is summarized as follows:

**APPROACHES TO VALUE**

| Approach | Applicability to Subject | Use in Assignment |
|---|---|---|
| Cost Approach | Not applicable | Not Utilized |
| Sales Comparison Approach | Applicable | Utilized |
| Income Capitalization Approach | Most applicable | Not Utilized |

This assignment is considered to be limited in scope because an approach to value that usually would be applicable to the subject is not used.



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## SALES COMPARISON APPROACH

The sales comparison approach is the only applicable method of valuation for the subject. To apply the sales comparison approach, we searched for sale transactions most relevant to the subject in terms of location, size, highest and best use, and transaction date. Out of all data reviewed, the following sales are selected as the best indicators of the subject's value. We choose price building square foot as the most appropriate unit of comparison because market participants typically compare sale prices and land values on this basis.

The sales took place between July 2005 and December 2006, and reflect a range of unadjusted unit prices of $43.11 - $78.20 per building square foot. The most relevant sales are summarized in the following table.

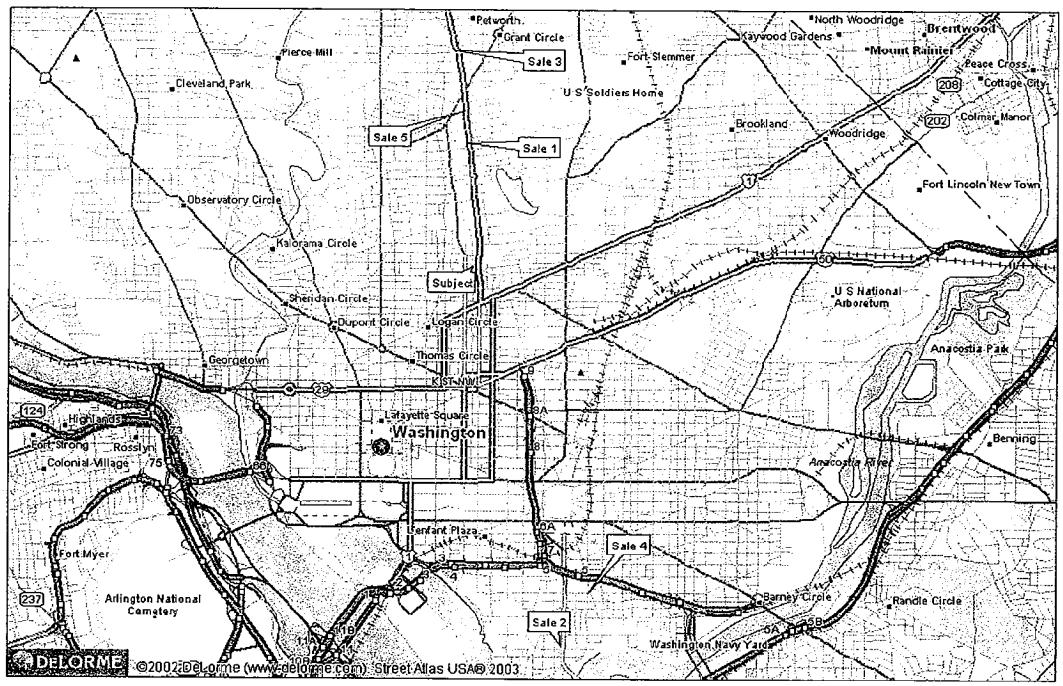
SUMMARY OF COMPARABLE LAND SALES

| No. | Name/Address | Sale Date | Sale Price | SF; Acres | Bldg. SF; FAR | $/SF Bldg. | $/SF Land |
|---|---|---|---|---|---|---|---|
| 1 | 3312 - 3318 Georgia Avenue NW<br>3312 - 3318 Georgia Avenue NW<br>Washington | Dec-06 | $750,000 | 4,568<br>0.10 | 14,855<br>3.25 | $50.49 | $164.19 |
| | Comments: | According to the listing broker, the site was approved for development of a four-story, 14,855 square foot multi-family building. At the time of sale, the property was improved with a small building (3318 Georgia Ave.), which was demolished shortly after the sale. The property was on the market for a total of 8 months. However, for three of the eight month marketing period, it was under a contract that eventually fell through. While the purchaser originally planned to be build condominiums, the selling broker indicated that he believes it will eventually be developed for apartments. No development at the site has begun. The property is 0.34 Miles from the Georgia Avenue/Petworth Metrorail Station. | | | | | |
| 2 | Camden Living Land Purchases<br>Camden Living Land Purchases<br>Washington, DC | Mar-06 | $16,000,000 | 41,019<br>0.94 | 246,114<br>6.00 | $65.01 | $390.06 |
| | Comments: | This site is located on the intersection of South Capitol and O Streets SW, directly across South Capitol Street from the site of the Washington Nationals baseball stadium. According to the listing broker, the buyer (Camden) will develop multi-family apartment units on the site. At the time of the sale, the site had a taxicab company, storage lot, and small office building on it. The listing broker indicated that the cost to removed the current improvements "should be minimal." The allowed FAR for the C-2-C zoning is 6.0, therefore, the maximum developable square footage for the site is 246,114. Thus, the sale price indicates a price per FAR of $65.01. The primary addresses of the parcels involved in this transaction are 1325, 1339, 1345, 1347 S. Capitol Street SW. | | | | | |
| 3 | Proposed Condominiums<br>4136 Georgia Avenue NW<br>Washington, DC | Sep-05 | $2,500,000 | 13,648<br>0.31 | 57,995<br>4.25 | $43.11 | $183.18 |
| | Comments: | Purchaser submitting PUD application to redevelop site from current use as gas station to mixed-use development including 57 affordable condominium units, of which four units will be below market. In addition to the 37 parking spaces, there are plans for a sit-down restaurant and/or a bank on the ground floor. Developer entity is Formant Development. As of August 16, 2007, development has yet to begin on this project. | | | | | |
| 4 | 100 Eye Street SE<br>100 I Street SE<br>Washington, DC | Aug-05 | $35,900,000 | 81,949<br>1.88 | 532,669<br>6.50 | $67.40 | $438.08 |
| | Comments: | According to the buyer, JPI plans to construct approximately 700 multi-family apartment units within three buildings on the site. To serve the units, they are planning to construct 600-car below ground parking garage. If the buildings are completed with 700 units, the purchase price per unit is $51,286. This site has a maximum FAR of 6.5, therefore, the maximum gross building area is 532,669 square feet. | | | | | |
| 5 | Renaissance<br>3600 Georgia Avenue NW<br>Washington, DC | Jul-05 | $3,600,000 | 18,415<br>0.42 | 46,038<br>2.50 | $78.20 | $195.49 |
| | Comments: | At the time of sale, the site was approved for 105 affordable condomium units, 20,000 SF retail and 140 parking spaces. | | | | | |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006229

## COMPARABLE LAND SALES MAP




The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of the two. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales or statistical analysis. While we present numerical adjustments in the Improved Sales Adjustment Grid that follows, they are based on qualitative judgment rather than empirical data as there is not sufficient data to develop a sound quantified estimate within a reasonable degree on confidence. Our qualitative adjustments are based on a scale calibrated in 5% increments, with a minor adjustment considered to be 5% and a substantial adjustment considered to be 25%.

Our rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative inferiority; if the comparable is inferior, its price is adjusted upward. The elements of comparison are:



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006230

| Element of Comparison | Definition |
|---|---|
| **Real Property Rights Conveyed** | To reflect the transfer of property rights different from those being appraised, such as differences between properties owned in fee simple and in leased fee. |
| **Financing Terms** | Generally applied to a property that transfers with atypical financing, such as having assumed an existing mortgage at a favorable interest rate. Conversely, a property may be encumbered with an above-market mortgage which has no prepayment clause or a very costly prepayment clause. Such atypical financing often plays a role in the negotiated sale price. |
| **Conditions of Sale** | Reflects extraordinary motivations of the buyer or seller to complete the sale. Examples include a purchase for assemblage involving anticipated incremental value or a quick sale for cash. This adjustment category may also reflect a distress-related sale, or a corporation recording a non-market price. |
| **Expenditures at Purchase** | Appropriate in situations where the sale price has been influenced by expenditures that the buyer intended to make immediately after purchase. Examples include buyer-paid sales commissions, buyer-paid back taxes, and costs to demolish obsolete structures to clear a site for redevelopment. |
| **Time-Market Conditions** | Real estate values normally change over time. The rate of this change fluctuates due to investors' perceptions of prevailing market conditions. This adjustment category reflects value changes, if any, that have occurred between the date of the sale and the effective date of the appraisal. |
| **Location** | Location has a great impact on property values. This adjustment category considers general market area influences as well as a property's accessibility and visibility from a main thoroughfare. The access/ exposure and distance to metro adjustments are included in this category. |
| **Physical Characteristics** | Reflects the differences such as site size, configuration, availability of utilities, or topography. |
| **Use** | Addresses any differences between the highest and best use of the subject and the comparables. |
| **Site Approvals** | Relates to the additional costs related to taking the subject and/or the comparables through the site or zoning approval process. |
| **Assemblage** | Relates to the combining of two or more parcels into one ownership or use to create plottage value. Plottage value is the increment of value created when two or more sites are combined to produce greater utility. |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006231

Based on the information provided by the District of Columbia, the land area devoted to the subject site is 28,892 square feet. Since the by right FAR for the subject is 4.5 (including the bonus FAR for preferred uses), the buildable square footage for the site is 130,014 square feet. To develop an opinion of the value of the subject, we analyzed 5 sales on a price per building square foot basis. As described above, the sales took place between July 2005 and December 2006, and reflect a range of unadjusted unit prices of $43.11 - $78.20 per building square foot.

We compare each sale to the subject and adjust its unit price to compensate for all significant differences that affect value. As indicated in the Extraordinary Assumptions and Hypothetical Conditions, our analysis assumes that an underground parking garage could be constructed on the remainder of the site, not affected by the Metrorail tunnel, which would adequately serve the sites' highest and best use. Therefore, no adjustments are necessary for the potential loss of building or parking area from the underground Metrorail tunnel.

For this analysis, the following adjustments have been applied to the comparable sales:

**Sale** 1 is a 0.10 acre, or 4,568 square foot, tract located at 3312 - 3318 Georgia Avenue NW, Washington, DC. The property sold in December 2006 for $750,000, or $50.49 per building square foot.

Since existing improvements require razing, we have applied a moderate positive expenditures at purchase adjustment.

To reflect the increasing demand for developable land in the LeDroit Park neighborhood, and more specifically in and around Howard University, we have applied a positive 1% annual time-market adjustment. This relatively time-market adjustment is also reflective of the recent uncertainty in the major financial markets.

To reflect Sale 1's inferior access, a slight positive access/exposure adjustment is required. A slight positive distance to metro adjustment has been applied to Sale 1, since it is approximately 0.34 miles from a metro station, while the subject is 0.16 miles to a station.

The rule of quantity discount generally dictates that *the larger the size, the lower the price per unit and vice versa.* Therefore, we have made a slight negative physical characteristics adjustment to Sale 1, because it has an allowable FAR of 3.25, while the subject has a buildable FAR of 4.50 (after the bonus FAR), which means the Sale will have a less dense site.

To receive the bonus FAR, the subject's design would most likely include retail use. Those uses would not be the highest and best use as vacant if they were not required. Therefore, we have applied a slight negative use adjustment to Sale 1 to reflect the requirement for retail use.

Sale 1 has already received site plan approval, while there are no approvals in place for the subject. Therefore, we have applied a fair negative site approvals adjustment.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006232

**Sale 2** is a 0.94 acre, or 41,019 square foot, parcel located at Camden Living Land Purchases, Washington, DC. The property sold in March 2006 for $16,000,000, or $65.01 per building square foot.

Since existing improvements require razing, we have applied a moderate positive expenditures at purchase adjustment.

To reflect the increasing demand for developable land in the LeDroit Park neighborhood, and more specifically in and around Howard University, we have applied a positive 1% annual time-market adjustment. This relatively time-market adjustment is also reflective of the recent uncertainty in the major financial markets.

According to *REIS, Inc.*, the overall average asking rental rate for all properties (Class A, B, and C apartments) in Sale 2's Capitol Hill/Southwest submarket is currently $1,149 per unit. In comparison, the subject's Howard U./Mt. Pleasant/Brightwood submarket has an overall average asking rental rate of $1,014 per unit. To reflect the difference is asking rental rates between the submarket's, we have applied a fair negative location adjustment to Sale 3. We note that is typical to utilize the asking rental for Class A apartment units to make this adjustment; however, since *REIS, Inc.* does not report a Class A asking rental rate for this sale and Sale 4's Capitol Hill/Southwest submarket, we have utilized the overall asking rental rate for the location adjustments to those sales.

To reflect Sale 2's superior visibility from being located adjacent to the new Washington Nationals baseball stadium, we have applied a moderate negative access/exposure adjustment. A slight positive distance to metro adjustment has been applied to Sale 2, since it is approximately 0.44 miles from a metro station, while the subject is 0.16 miles to a station.

Invoking the rule of quantity discount, we have made a slight positive physical characteristics adjustment to Sale 2, because it has an expected FAR of 6.00, while the subject has a buildable FAR of 4.50 (after the bonus FAR), which means the Sale will have a more dense site.

To receive the bonus FAR, the subject's design would most likely include retail use. Those uses would not be the highest and best use as vacant if they were not required. Therefore, we have applied a slight negative use adjustment to Sale 2 to reflect the requirement for retail use.

Sale 2 had begun the site plan approval at the time of sale, while there are no approvals in place for the subject. Therefore, we have applied a moderate negative site approvals adjustment.

**Sale 3** is a 0.31 acre, or 13,648 square foot, parcel located at 4136 Georgia Avenue NW, Washington, DC. The property sold in September 2005 for $2,500,000, or $43.11 per building square foot.

Since existing improvements require razing, we have applied a moderate positive expenditures at purchase adjustment.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006233

To reflect the increasing demand for developable land in the LeDroit Park neighborhood, and more specifically in and around Howard University, we have applied a positive 1% annual time-market adjustment. This relatively timc-market adjustment is also reflective of the recent uncertainty in the major financial markets.

To reflect Sale 3's superior visibility, a slight negative access/exposure adjustment is required. A slight positive distance to metro adjustment has been applied to Sale 3, since it is approximately 0.34 miles from a metro station, while the subject is 0.16 miles to a station.

**Sale 4** is a 1.88 acre, or 81,949 square foot, parcel located at 100 I Street SE, Washington, DC. The property sold in August 2005 for $35,900,000, or $67.40 per building square foot.

To reflect the increasing demand for developable land in the LeDroit Park neighborhood, and more specifically in and around Howard University, we have applied a positive 1% annual time-market adjustment. This relatively time-market adjustment is also reflective of the recent uncertainty in the major financial markets.

According to *REIS, Inc.,* the overall average asking rental rate for all properties (Class A, B, and C apartments) in Sale 4's Capitol Hill/Southwest submarket is currently $1,149 per unit. In comparison, the subject's Howard U./Mt. Pleasant/Brightwood submarket has an overall average asking rental rate of $1,014 per unit. To reflect the difference is asking rental rates between the submarket's, we have applied a fair negative location adjustment to Sale 3. We note that is typical to utilize the asking rental for Class A apartment units to make this adjustment; however, since *REIS, Inc.* does not report a Class A asking rental rate for this sale and Sale 2's Capitol Hill/Southwest submarket, we have utilized the overall asking rental rate for the location adjustments to those sales.

Invoking the rule of quantity discount, we have made a slight positive physical characteristics adjustment to Sale 4, because it has an expected FAR of 6.50, while the subject has a buildable FAR of 4.50 (after the bonus FAR), which means the Sale will have a more dense site.

Sale 4 had begun the site plan approval at the time of sale, while there are no approvals in place for the subject. Therefore, we have applied a moderate negative site approvals adjustment.

**Sale 5** is a 0.42 acre, or 18,415 square foot, parcel located at 3600 Georgia Avenue NW, Washington, DC. The property sold in July 2005 for $3,600,000, or $78.20 per building square foot.

Since existing improvements require razing, we have applied a moderate positive expenditures at purchase adjustment.

To reflect the increasing demand for developable land in the LeDroit Park neighborhood, and more specifically in and around Howard University, we have applied a positive 1% annual time-market adjustment. This relatively time-market adjustment is also reflective of the recent uncertainty in the major financial markets.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006234

To reflect Sale 5's superior access and visibility, a fair negative access/exposure adjustment is required.

Invoking the rule of quantity discount, we have made a moderate negative physical characteristics adjustment to Sale 5, because it has an allowable FAR of 2.50, while the subject has a buildable FAR of 4.50 (after the bonus FAR), which means the Sale will have a less dense site.

To receive the bonus FAR, the subject's design would most likely include retail use. Those uses would not be the highest and best use as vacant if they were not required. Therefore, we have applied a slight negative use adjustment to Sale 5 to reflect the requirement for retail use.

Sale 5 has already received site plan approval, while there are no approvals in place for the subject. Therefore, we have applied a fair negative site approvals adjustment.

### LAND VALUE CONCLUSION

We compare each sale to the subject and adjust its unit price to compensate for all significant differences that affect value. Based on this analysis, the sales provide a range of values from $47.68 - $55.00 per building square foot. We have placed primary reliance on Sales 1, 3, and 5, since they are all multi-family land sales in the subject's Howard U./Mt. Pleasant/Brightwood submarket. Considering their location within the Capitol Hill/Southwest submarket and their relative potential buildable square footage in comparison to the subject, we have placed less weight on Sales 2 and 4. Based on the above analysis, we conclude that the applicable unit value is **$48.00** per building square foot with the Washington Metropolitan Area Transit Authority reserving an underground easement on the northern portion of the property for the below-grade track and tunnel. This results in a property value indication as follows:

| LAND VALUE CONCLUSION | |
|---|---|
| Indicated Value per Building Square Foot | $48.00 |
| Building Square Feet | 130,014 |
| Indicated Value | $6,240,672 |
| Rounded | $6,200,000 |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006235

**LAND SALES ADJUSTMENT GRID**

| | Subject | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 | Comparable 5 |
|---|---|---|---|---|---|---|
| Name | Shaw-Howard University Metrorail Station Area | 3312 - 3318 Georgia Avenue NW | Camden Living Land Purchases | Proposed Condominiums | 100 Eye Street SE | Renaissance |
| Address | Florida Avenue | 3312 - 3318 Georgia Avenue NW | Camden Living Land Purchases | 4136 Georgia Avenue NW | 100 I Street SE | 3600 Georgia Avenue NW |
| City | Washington, DC | Washington | Washington, DC | Washington, DC | Washington, DC | Washington, DC |
| Sale Date | N/A | Dec-06 | Mar-06 | Sep-05 | Aug-05 | Jul-05 |
| Sale Price | N/A | $750,000 | $16,000,000 | $2,500,000 | $35,900,000 | $3,600,000 |
| Price Adjustment | N/A | $0 | $0 | $0 | $0 | $0 |
| Description of Adjustment | N/A | | | | | |
| Effective Sale Price | N/A | $750,000 | $16,000,000 | $2,500,000 | $35,900,000 | $3,600,000 |
| Square Feet | 28,892 | 4,568 | 41,019 | 13,648 | 81,949 | 18,415 |
| Acres | 0.66 | 0.10 | 0.94 | 0.31 | 1.88 | 0.42 |
| Building Square Feet | 130,014 | 14,855 | 246,114 | 57,995 | 532,669 | 46,038 |
| FAR | 4.50 | 3.25 | 6.00 | 4.25 | 6.50 | 2.50 |
| SubMarket | University/Mt. Pleasant/ Brightwood | Howard U./Mt. Pleasant/Brightwood | Capitol Hill/ Southwest | Howard U./Mt. Pleasant/Brightwood | Capitol Hill/ Southwest | Howard U./Mt. Pleasant/Brightwood |
| Visibility | Average to Above Average | Average | Average to Above Average | Above Average | Average to Above Average | Very Good |
| Distance to Metro Station | 0.16 Miles | 0.34 Miles | 0.44 Miles | 0.34 Miles | 0.24 Miles | 0.14 Miles |
| Existing Improvements | No | Yes | Yes | Yes | No | Yes |
| Ground Floor Retail | Yes | No | No | Yes | Yes | No |
| Assemblage | No | No | No | No | No | No |
| Approvals | None | Approved | In Process | None | In Process | Approved |
| **Price Per Building Square Foot** | | **$50.49** | **$65.01** | **$43.11** | **$67.40** | **$78.20** |
| **PROPERTY RIGHTS** | | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| % ADJUSTMENT | | 0% | 0% | 0% | 0% | 0% |
| **FINANCING TERMS** | | Cash to Seller | Cash to Seller | Cash to Seller | Cash to Seller | Cash to Seller |
| % ADJUSTMENT | | 0% | 0% | 0% | 0% | 0% |
| **CONDITIONS OF SALE** | | Raze Improvements | Raze Improvements | Raze Improvements | | Raze Improvements |
| % ADJUSTMENT | | 10% | 10% | 10% | 0% | 10% |
| $ ADJUSTMENT | | $5.05 | $6.50 | $4.31 | $0.00 | $7.82 |
| **MARKET CONDITIONS** | 8/9/2007 | Dec-06 | Mar-06 | Sep-05 | Aug-05 | Jul-05 |
| ANNUAL % ADJUSTMENT | 1% | 1% | 1% | 2% | 2% | 2% |
| **CUMULATIVE ADJUSTED PRICE** | | **$56.09** | **$72.23** | **$48.37** | **$68.74** | **$87.74** |
| **LOCATION** | | Similar | Superior | Similar | Superior | Similar |
| % ADJUSTMENT | | 0% | -15% | 0% | -15% | 0% |
| **ACCESS/EXPOSURE** | | Inferior | Superior | Superior | Similar | Superior |
| % ADJUSTMENT | | 5% | -10% | -5% | 0% | -15% |
| **DISTANCE TO METRO** | | Inferior | Inferior | Inferior | Similar | Similar |
| % ADJUSTMENT | | 5% | 5% | 5% | 0% | 0% |
| **PHYSICAL CHARACTERISTICS** | | Superior | Inferior | Similar | Inferior | Superior |
| % ADJUSTMENT | | -5% | 5% | 0% | 5% | -10% |
| **USE** | | Superior | Superior | Similar | Similar | Superior |
| % ADJUSTMENT | | -5% | -5% | 0% | 0% | -5% |
| **SITE APPROVALS** | | Superior | Superior | Similar | Superior | Superior |
| % ADJUSTMENT | | -15% | -10% | 0% | -10% | -15% |
| **ASSEMBLAGE** | | Similar | Similar | Similar | Similar | Similar |
| % ADJUSTMENT | | 0% | 0% | 0% | 0% | 0% |
| **Net $ Adjustment** | | **-$8.41** | **-$21.67** | **$0.00** | **-$13.75** | **-$39.48** |
| **Net % Adjustment** | | **-15%** | **-30%** | **0%** | **-20%** | **-45%** |
| **Final Adjusted Price** | | **$47.68** | **$50.56** | **$48.37** | **$55.00** | **$48.26** |
| **Overall Adjustment** | | **-6%** | **-22%** | **12%** | **-18%** | **-38%** |
| **Range of Adjusted Prices** | | **$47.68 - $55.00** | | | | |
| **Average** | | **$49.97** | | | | |
| **Indicated Value** | | **$48.00** | | | | |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006236

## LONG TERM LAND LEASE

In order to determine an annual fair market rent for a long term land lease we have reviewed national surveys of net leased properties, as well as capitalization rates from recent net leased sales in the Washington Metropolitan Area.

The range of 6.0% to 8.0% provided by the market participants was indirectly supported by a national survey prepared in July 2007 by the Boulder Group. According to the Boulder Group, the average capitalization rates in the 2nd Quarter 2007 for net leased retail and office properties sold in Washington, DC were 6.25% and 6.06%, respectively. In comparison, the average capitalization rates for net leased retail properties in Maryland and Virginia were 6.78% and 7.64%, respectively, in the 2nd Quarter 2007. While net leased office properties had average capitalization rates of 7.61% (Maryland) and 7.40% (Virginia), respectively, in the 2nd Quarter 2007.

As a further indication of the appropriate capitalization rate for ground leases, we have analyzed the capitalization rates of nineteen retail pad site sales since January 2005. The chart below indicates a range of pad site capitalization rates of 5.09% to 7.70%, with an average of 6.66%

**CAPITALIZATION RATE COMPARABLES**

| No. | Location | Tenant | Sale Date | Annual Total Rent | Sale Price | Overall Cap Rate |
|---|---|---|---|---|---|---|
| 1 | Fredericksburg, VA | 7-Eleven | Under Contract | $100,000 | $1,667,000 | 6.00% |
| 2 | Gainesville, VA | Bank of America | Under Contract | $250,000 | $4,545,454 | 5.50% |
| 3 | Gainesville, VA | Rite Aid | Under Contract | $295,000 | $4,916,666 | 6.00% |
| 4 | Potomac Mills, VA | Famous Dave's BBQ | October-06 | $135,516 | $1,935,937 | 7.00% |
| 5 | Frederick, MD | Wendy's (Davco) | June-06 | $71,984 | $987,428 | 7.29% |
| 6 | Frederick, MD | Popeye's/Jerry's | June-06 | $120,060 | $1,740,000 | 6.90% |
| 7 | Falls Church, VA | 7-Eleven | May-06 | $50,391 | $990,000 | 5.09% |
| 8 | Frederick, MD | Merchant's Tire | May-06 | $163,022 | $2,415,143 | 6.75% |
| 9 | Stafford, VA | Homestead Bank | September-05 | $64,403 | $1,148,000 | 5.61% |
| 10 | Taneytown, MD | Advanced Auto Parts | August-05 | $144,570 | $2,065,285 | 7.00% |
| 11 | Hagerstown, MD | Wendy's (Davco) | August-05 | $107,975 | $1,599,637 | 6.75% |
| 12 | Glen Burnie, MD | Rite Aid | July-05 | $263,748 | $3,720,000 | 7.09% |
| 13 | Fredericksburg, VA | WaWa | July-05 | $122,795 | $2,050,000 | 5.99% |
| 14 | Columbia, MD | Chicken Out | July-05 | $171,347 | $2,624,000 | 6.53% |
| 15 | Hyattsville, MD | 7-Eleven | April-05 | $154,000 | $2,000,000 | 7.70% |
| 16 | Dahlgren, VA | Advanced Auto Parts | March-05 | $102,500 | $1,391,892 | 7.36% |
| 17 | Glade Spring, VA | Wendy's/Citgo | March-05 | $119,650 | $1,553,775 | 7.70% |
| 18 | Frederick, MD | Circuit City | January-05 | $507,150 | $6,900,000 | 7.35% |
| 19 | Fredericksburg, VA | Advanced Auto Parts | January-05 | $145,000 | $2,070,000 | 7.00% |
| | | | | | **Minimum** | **5.09%** |
| | | | | | **Maximum** | **7.70%** |
| | | | | | **Average (Mean)** | **6.66%** |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006237

In selecting a discount rate, we considered the desirability of the subject site due to its location near a Metrorail station as well as the potential tenant base and the increased site development costs related to the below ground tunnel. The potential multi-family builder of the subject would be a strong regional or national developer. However, during the months of July and August 2007, there has been a considerable level of concern throughout the financial markets. These concerns began with troublesome sub-prime lending and, in recent months, have impacted the entire lending industry. While several residential lenders have filed for bankruptcy, others have tightened lending criteria and eliminated programs. While most of the published reports have focused on the residential sector, the commercial real estate lending market has also been impacted.

A significant factor in the changing financial environment has been the surge in loan securitization in the past five years. This process relied on investors to acquire mortgage backed securities. In recent years, the demands for these products were fueled by the larger amounts of available capital and the perceptions that mortgage backed securities were relatively safe investments. With the increased investor demands for securitized products, the lending environment became increasingly competitive. As a result, lending standards (LTV, coverage ratios, etc.) changed to cater to property owners. Factors that changed the perception of the mortgage backed securities include: the cooling residential housing market, interest rates increased, the surging number sub prime loan delinquencies, and higher media coverage.

Within the past month, the changing financial markets have resulted in increased caution and many questions. With respect to commercial real estate the questions include:

- How will the increased credit scrutiny changed impact sale prices and capitalization rates?
- Will capitalization rates increase because of higher interest rates?
- Are the recent capitalization rates sustainable?

These questions are being discussed by nearly all market participants (lenders, property owners, appraisers, etc.). Since the financial market changes have been so recent, we are unaware of any quantitative evidence to answer the above questions. In our recent conversations with market participants, we have discovered that most respondents expect capitalization rates to rise 25 to 50 basis points in response to the recent conditions. This is evident by the number of reported properties being retraded. Appropriate rate adjustments for Class B and C properties may be higher, because regional buyers are most likely to be impacted by interest rate hikes.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006238

Therefore, if the subject were on a long term land lease, it property would have been traded at a capitalization rate of approximately 6.50% prior to July 2007. However, to reflect the current uncertainty in the financial markets, we have selected a 7.00% capitalization rate (6.50% + 50 basis point financial market risk premium). Based on our concluded as is market value of $48.00 per building square foot, the annual fair market rent for a long term land lease is calculated as follows.

| LONG TERM LAND LEASE ANALYSIS | |
|---|---|
| Buildable Square Feet | 130,014 SF |
| X Price Per Buildable Square Foot | $48.00 |
| Total | $6,240,672 |
| X Capitalization Rate | 7.00% |
| Annual Ground Rent | $436,847 |
| **Rounded To** | **$425,000** |
| / Land Area | 28,892 SF |
| Annual Ground Rent per SF of Land Area | $14.71 |

Note: Te above analysis assumes that the Washington Metropolitan Area Transit Authority will reserve an underground easement on the northern portion of the property for the below-grade track and tunnel.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006239

## RECONCILIATION AND CONCLUSION OF VALUE

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable, and are not used.

Based on the preceding valuation analysis, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion follows:

**VALUE CONCLUSIONS**

| Appraisal Premise | Interest Appraised | Date of Value | Value Conclusion |
|---|---|---|---|
| Market Value | Fee Simple | August 9, 2007 | $6,200,000 |
| Annual Market Rent for Land Lease | | August 9, 2007 | $425,000 |

Moreover, as indicated in the Sales Comparison Approach section, it is our opinion that the market value per square foot of Floor Area Ratio is **$48.00.**

**EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS**

The value conclusions are subject to the following extraordinary assumptions and hypothetical conditions that may affect the assignment results.

1. The fee simple value of a property typically includes its surface, subsurface, and air rights. The portion of the site that is the subject of this appraisal has metrorail lines below it with a 19 foot upper limit, the subsurface rights more than 19 feet below ground are not included in its fee simple value.

2. According to the Scope of Work provided by the Washington Metropolitan Area Transit Authority (WMATA), "the northern portions of the parcels contains an existing Metrorail tunnel that has an upper limit that is 19 feet below the surface." Constructing a underground parking garage on the portions of the subjects' parcels affected by the Metrorail tunnel (19 foot upper limit) is not feasible. Also, we were not provided with the land area affected by the Metrorail tunnel. Therefore, our value conclusions assume that a underground parking garage could be constructed on the portion of the site not affected by the Metrorail tunnel, that would adequately serve the sites' highest and best use.

3. According to the Scope of Work provided by the Washington Metropolitan Area Transit Authority (WMATA), "WMATA can provide to the appraiser cost estimates for extraordinary costs that may be involved in building over the WMATA tunnel." Although we have requested these cost estimates from WMATA, they have not been provided to us. Therefore, our valuation of the subject assumes that there are no additional costs for building over the WMATA tunnel.

4. Due to the nature of the subject improvements, there could possibly be some adverse effects to the site from toxic or hazardous wastes. Since it is the property owner's obligation to correct any contamination caused by these factors, we respectfully recommend that an environmental site assessment audit be prepared by a qualified, professional engineer prior to any decision regarding the disposition of the real property under analysis. The site assessment audit is recommended in order to identify any potential environmental liabilities and associated remediation costs. We have assumed that all environmental issues have been cured for the purposes of this appraisal.

### EXPOSURE AND MARKETING TIMES

Our estimates of exposure and marketing times are as follows:

| EXPOSURE TIME AND MARKETING PERIOD | |
|---|---|
| Exposure Time In Months | 6 - 12 |
| Marketing Period In Months | 6 - 12 |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006240

# CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice (USPAP), and also in conformity with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. Michael B. Goldstein made a personal inspection of the property that is the subject of this report. Patrick C. Kerr, MAI, SRA, has not personally inspected the subject.
10. No one provided significant real property appraisal assistance to the person(s) signing this certification.
11. This appraisal is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
12. We have not relied on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006241

14. As of the date of this report, Patrick C. Kerr, MAI, SRA, has completed the continuing education program of the Appraisal Institute.

Michael B. Goldstein
Senior Analyst
Certified General Real Estate Appraiser
Washington, D.C. Certificate # GA11222

Patrick C. Kerr, MAI, SRA
Managing Director
Certified General Real Estate Appraiser
Washington, D.C. Certificate # GA10274



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006242

# ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is based on the following assumptions, except as otherwise noted in the report.

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal is subject to the following limiting conditions, except as otherwise noted in the report.

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006243

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the person signing the report.
11. Information, estimates and opinions contained in the report, obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006244

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The *Americans with Disabilities Act (ADA)* became effective January 26, 1992. We have not made a specific survey or analysis of any property to determine whether the physical aspects of the improvements meet the *ADA* accessibility guidelines. In as much as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, we cannot comment on compliance to *ADA*. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. A specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.

20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.

21. The person signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

22. Integra Realty Resources – Washington, DC is not a building or environmental inspector. Integra Washington, DC does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.

23. The appraisal report and value conclusion for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006245

24. It is expressly acknowledged that in any action which may be brought against Integra Realty Resources – Washington, DC, Integra Realty Resources, Inc. or their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, or any estimates or information contained therein, the Integra Parties shall not be responsible or liable for an incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with gross negligence. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with gross negligence. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. Integra Realty Resources – Washington, DC, an independently owned and operated company, has prepared the appraisal for the specific purpose stated elsewhere in the report. The intended use of the appraisal is stated in the General Information section of the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).

26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Integra Realty Resources, Inc. and the undersigned are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.

27. All prospective value estimates presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006246

The appraisal is also subject to the following:

## EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

The value conclusions are subject to the following extraordinary assumptions and hypothetical conditions that may affect the assignment results.

1. The fee simple value of a property typically includes its surface, subsurface, and air rights. The portion of the site that is the subject of this appraisal has metrorail lines below it with a 19 foot upper limit, the subsurface rights more than 19 feet below ground are not included in its fee simple value.

2. According to the Scope of Work provided by the Washington Metropolitan Area Transit Authority (WMATA), "the northern portions of the parcels contains an existing Metrorail tunnel that has an upper limit that is 19 feet below the surface." Constructing a underground parking garage on the portions of the subjects' parcels affected by the Metrorail tunnel (19 foot upper limit) is not feasible. Also, we were not provided with the land area affected by the Metrorail tunnel. Therefore, our value conclusions assume that a underground parking garage could be constructed on the portion of the site not affected by the Metrorail tunnel, that would adequately serve the sites' highest and best use.

3. According to the Scope of Work provided by the Washington Metropolitan Area Transit Authority (WMATA), "WMATA can provide to the appraiser cost estimates for extraordinary costs that may be involved in building over the WMATA tunnel." Although we have requested these cost estimates from WMATA, they have not been provided to us. Therefore, our valuation of the subject assumes that there are no additional costs for building over the WMATA tunnel.

4. Due to the nature of the subject improvements, there could possibly be some adverse effects to the site from toxic or hazardous wastes. Since it is the property owner's obligation to correct any contamination caused by these factors, we respectfully recommend that an environmental site assessment audit be prepared by a qualified, professional engineer prior to any decision regarding the disposition of the real property under analysis. The site assessment audit is recommended in order to identify any potential environmental liabilities and associated remediation costs. We have assumed that all environmental issues have been cured for the purposes of this appraisal.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006247

# ADDENDUM A

# APPRAISER QUALIFICATIONS



FOIA CONFIDENTIAL TREATMENT REQUESTED

# PROFESSIONAL QUALIFICATIONS OF MICHAEL B. GOLDSTEIN

| | |
|---|---|
| **EXPERIENCE:** | Senior Analyst for **Integra Realty Resources – Washington**, a national valuation and consulting firm, since 2004. Engaged in providing research assistance for commercial real estate appraisals and consulting services. Research and valuation assistance on assignments have included, but are not limited to, the following property types: apartment complexes, office, flex, raw and developed land, right-of-way, retail shopping centers and malls, retail pad sites (fast food restaurants, restaurants, and bank branches), military bases, and subdivision analysis. Valuations and market studies have been prepared on proposed, partially completed, renovated and existing structures. Appraisals have been made for estates, mortgage financing, and due diligence support.<br><br>Director of Operations with **Fairway Financial Corporation**, a commercial and residential mortgage brokerage firm in Owings Mills, MD from 2002 to 2004. Relevant experience included mortgage origination, appraisal analysis, determining loan potential, and preparing cash flow models to determine the feasibility and structure of real estate projects.<br><br>Senior Real Estate Consultant with **Arthur Andersen LLP**, an international business consulting firm in Washington, DC from 1999 to 2002. Assisted in the development, testing, and revision of HUD's Comprehensive Valuation and Appraisal Quality Assessment forms, and the Valuation Analysis for Home Mortgage Insurance Handbook (4150.2). Project Manager that implemented new lease data management teams at two regional offices of GSA. Team Leader responsible for auditing lease data four of GSA's regional offices.<br><br>From 1997 to 1998, a Mutual Funds Associate with **Legg Mason Wood Walker, Inc.** in Baltimore, MD and a Mutual Funds Specialist with **PaineWebber, Inc.** in Weehawken, NJ. |
| **LICENSED:** | Certified General Real Estate Appraiser, Maryland, License No. 12945.<br>General Appraiser, District of Columbia, License No. GA11222.<br>Certified General Real Estate Appraiser, Virginia, License No. 4001 012749.<br>Real Estate Salesperson, Maryland, License No. 522511.<br>Mortgage Originator, Maryland. |
| **MEMBER:** | Appraisal Institute, 2004<br>Greater Baltimore Board of Realtors, 2003<br>Maryland Association of Mortgage Brokers, 2002<br>Urban Land Institute, 2002 |
| **EDUCATION:** | MS Real Estate – Johns Hopkins University, Baltimore, MD, May 2006. Focus on Real Estate Valuation and Appraisal.<br><br>BS – Finance, Robert H. Smith School of Business, University of Maryland, College Park, MD, 1997.<br><br>Relevant courses sponsored by the Appraisal Institute: Appraisal Principals (Course 110), Appraisal Procedures (Course 120), and Standards of Professional Practice (Course 410).<br><br>Relevant courses at Johns Hopkins University: Real Estate Valuation, Valuation and Analysis, Real Estate Capital Markets, Market and Feasibility Analysis, Real Estate Law, Real Estate Finance, Real Estate Investments, and Real Estate Construction.<br><br>Attended various seminars or conferences on local economic and real estate markets, sponsored by the Maryland Chapter of the Appraisal Institute, Mortgage Bankers Association of Greater Washington, Maryland Association of Mortgage Brokers, the Urban Land Institute, and others. |

# PROFESSIONAL QUALIFICATIONS OF
# PATRICK C. KERR, MAI, SRA

| | |
|---|---|
| **EXPERIENCE:** | Managing Director for the Washington, DC office of **Integra Realty Resources**, a national valuation and consulting firm. Prior to Integra, Patrick Kerr founded and was President of Legg Mason Appraisal Group and Legg Mason Realty Group from 1983 to 1990. Actively engaged in real estate valuation and consulting assignments since the mid-1970's. Mr. Kerr has performed appraisals on various properties including, but not limited to, shopping centers, apartment complexes, manufacturing plants, an entire PUD, office buildings, residential and office condominium buildings, race tracks, ice skating rinks, raw and developed land, office parks, military housing, motels, hotels and mixed use properties. Valuations and market studies have been prepared on proposed, partially completed, renovated and existing structures. Appraisals have been made for condemnation purposes, estates, mortgage financing, equity participation and due diligence support. |
| **PROFESSIONAL ACTIVITIES:** | Member: Appraisal Institute, 1981<br>(Past Local Chapter President)<br>(Served as chair on several national committees)<br>Greater Baltimore Board of Realtors, Board of Directors, 1988 and 1989, 1992-1994<br>Greater Baltimore Board of Realtors, Chairman, Appraisal Committee, 1991-1992<br>Urban Land Institute, 1998-2001<br>Licensed: Maryland Certified General Real Estate Appraiser License No. 1100<br>Delaware Appraiser – Certified General R.P. License No. X1-0000214<br>Virginia Certified General Real Estate Appraiser License No. 4001 002829<br>Washington, D.C. Certified General Appraiser License No. GA00010274<br>Real Estate Broker – State of Maryland<br>Lecturer: Maryland Mortgage Bankers Association, Guest Speaker, 1989, 1994<br>Maryland Financial Services Association, Guest Speaker, Annual Meeting, 1989<br>Department of Defense, Guest Speaker, Housing Policy Conference, 1989<br>Guest Speaker for various Appraisal and Civic Organizations<br>Author: Mr. Kerr and IRR-Baltimore authored the Baltimore Metropolitan Area overview for the Urban Land Institute from 1998 through 2000.<br>Delegate to: National Council of Affordable Housing Market Analyst |
| **EDUCATION:** | MBA Degree, Finance, University of Baltimore, Baltimore, Maryland, 1981.<br>BBA Degree, Accounting, West Texas State University, Canyon, Texas, 1974.<br>Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, accredited universities and others.<br>Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.<br>Completed HUD Multifamily Accelerated Processing (MAP) Third Party Training. |
| **QUALIFIED BEFORE COURTS AND ADMINISTRATIVE BODIES:** | Expert witness in several courts, including U.S. Bankruptcy Court-Maryland, Maryland State Tax Court, and Baltimore City Circuit Court. |

INTEGRA Realty Resources

*Local Expertise...Nationally*

## CORPORATE PROFILE

Integra Realty Resources, Inc. (IRR) with corporate offices in New York, NY offers the broadest and most comprehensive valuation and counseling services in North America through 56 independently owned and operated offices located across the United States and Mexico. Each local office is operated by its principal who, on average, has 30 years of local service and is led by a Managing Director holding the MAI designation and having an average of 35 years of experience in commercial and investment property. Benefited by IRR's intellectual property, standardized reports, delivery systems and certain intellectual property, each office operates under the philosophy "Local Expertise...Nationally."

IRR offers a single point of contact to coordinate your assignments and communicate the unique nature of the real estate and/or your special requirements. Each local office is licensed to use IRR's MarketPoint and DataPoint products which provide the client with consistent applications of the most sophisticated valuation tools, access to a national database and delivery of a standardized report for ease of review and presentation.

A listing of IRR's local offices and their Managing Directors follows:

*ATLANTA, GA - J. Carl Schultz, Jr., MAI, SRA, CRE*
*ATLANTIC COAST, NJ - Anthony S. Graziano, MAI, CRE*
*AUSTIN, TX - Randy A. Williams, MAI*
*BALTIMORE, MD - G. Edward Kerr, MAI*
*BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM*
*BOSTON, MA - David L. Cary, MAI, SRA, CRE*
*CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE*
*CHICAGO, IL - Gary K. DeClark, MAI, CRE*
*CHICAGO, IL - Jeffrey G. Pelegrin, MAI*
*CINCINNATI, OH - Gary S. Wright, MAI, SRA*
*COLUMBIA, SC - Michael B. Dodds, MAI, CCIM*
*COLUMBUS, OH – Bruce A Daubner, MAI*
*DALLAS, TX - Mark R. Lamb, MAI, CPA*
*DAYTON, OH - Gary S. Wright, MAI, SRA*
*DENVER, CO - Brad A. Weiman, MAI*
*DETROIT, MI - Anthony Sanna, MAI*
*FORT WORTH, TX - Donald J. Sherwood, MAI*
*GREENVILLE, SC – A. Keith Batson, MAI*
*HARTFORD, CT - Mark F. Bates, MAI, CRE*
*HOUSTON, TX - David R. Dominy, MAI*
*INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM*
*KANSAS CITY, MO/KS - Kenneth Jaggers, MAI*
*LAS VEGAS, NV - Shelli L. Lowe, MAI, SRA*
*LOS ANGELES, CA - John G. Ellis, MAI, CRE*
*LOUISVILLE, KY - George M. Chapman, MAI, SRA, CRE*
*MEMPHIS, TN - J. Walter Allen, MAI*
*MIAMI, FL - Michael Y. Cannon, MAI, SRA, CRE*
*MILWAUKEE, WI – Sean Reilly, MAI*
*MINNEAPOLIS, MN – Michael F. Amundson, MAI, CCIM*
*MORGANTOWN, WV – Thomas A. Motta, MAI*
*NAPLES, FL – Thomas Tippett, MAI,*
*NASHVILLE, TN – R. Paul Perutelli, MAI, SRA*
*NEW YORK, NY – Raymond T. Cirz, MAI, CRE*
*NORTHERN NJ – Barry J. Krauser, MAI, CRE*
*ORANGE COUNTY, CA – Larry D. Webb, MAI*
*ORLANDO, FL – Charles J. Lentz, MAI*
*PHILADELPHIA, PA – Joseph D. Pasquarella, MAI, CRE*
*PHOENIX, AZ – Walter Winius, Jr., MAI, CRE*
*PITTSBURGH, PA – Paul D. Griffith, MAI*
*PORTLAND, OR – Brian A. Glanville, MAI, CRE*
*PROVIDENCE, RI – Gerard H. McDonough, MAI*
*RICHMOND, VA – Robert E. Coles, MAI, CRE*
*SACRAMENTO, CA – Scott Beebe, MAI*
*SALT LAKE CITY, UT – Darrin Liddell, MAI, CCIM*
*SAN ANTONIO, TX – Martyn C. Glen, MAI, CRE, FRICS*
*SAN DIEGO, CA – Jeffrey Greenwald, MAI*
*SAN FRANCISCO, CA – Jan Kleczewski, MAI*
*SARASOTA, FL – Julian Stokes, MAI, CRE, CCIM*
*SAVANNAH, GA – J. Carl Schultz, Jr., MAI, SRA, CRE*
*SEATTLE, WA – Allen N. Safer, MAI*
*SYRACUSE, NY – William J. Kimball, MAI*
*TAMPA, FL – Bradford L. Johnson, MAI*
*TULSA, OK – Robert E. Gray, MAI*
*WASHINGTON, DC – Patrick C. Kerr, MAI, SRA*
*WILMINGTON, DE – Douglas Nickel, MAI*
*IRR de Mexico – Oscar J. Franck*

***For more information, please contact:*** *Megan Uhr, Marketing Director at 212-255-7858 Extension 2007*



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006251

# ADDENDUM B

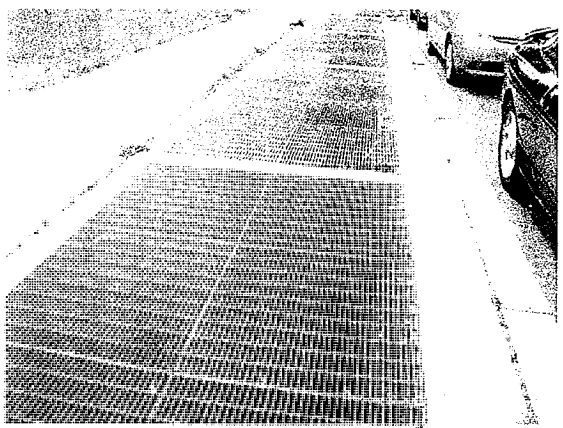
# SUBJECT PHOTOGRAPHS



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006252

Subject Parcel Between 8th Street and CVS
(Photo Taken on August 9, 2007)

Subject Strip of Land Along 8th Street
(Photo Taken on August 9, 2007)



Metrorail Exhaust Grates Along 8th Street
(Photo Taken on August 9, 2007)

Subject Parcel at Corner of 8th Street and Florida Avenue
(Photo Taken on August 9, 2007)

Subject Parcel at Corner of 9th Street and Florida Avenue
(Photo Taken on August 9, 2007)

Alley Between Subject Parcels
(Photo Taken on August 9, 2007)



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006253

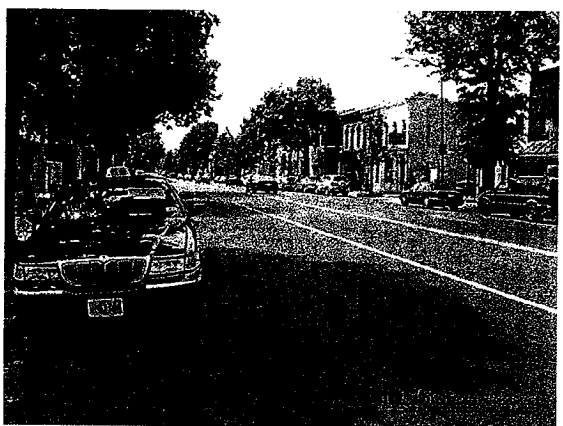
Street Scene – Florida Avenue Facing West
(Photo Taken on August 9, 2007)

Street Scene – Florida Avenue Facing East
(Photo Taken on August 9, 2007)

Street Scene – 8th Street Facing North
(Photo Taken on August 9, 2007)

Street Scene – 8th Street Facing South
(Photo Taken on August 9, 2007)

Street Scene – 9th Street Facing North at Intersection with Florida Avenue
(Photo Taken on August 9, 2007)



Street Scene – 9th Street Facing North
(Photo Taken on August 9, 2007)



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006254

# ADDENDUM C

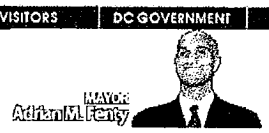
# FINANCIALS AND PROPERTY INFORMATION



FOIA CONFIDENTIAL TREATMENT REQUESTED

# Property Information

Assessment – 0393 0044




CFO HOME

TAXPAYER SERVICE CENTER

REAL PROPERTY SERVICES
Property Tax Bills
Property Tax Rates and Calculation
Property Assessment Process
Property Assessment Appeals
Tax Relief Credits
Search: Real Property Sales Database
Search: Real Property Assessment Database

CFO / OTR Search

Prev

## Property Detail

**Address:** 9TH ST NW

**SSL:** 0393 0044

Record Details

| | | | |
|---|---|---|---|
| **Neighborhood:** | OLD CITY II | **Sub-Neighborhood:** | G |
| **Use Code:** | 191 - Vacant True | **Class 3 Exception:** | No |
| **Tax Type:** | E9 - WMATA | **Tax Class:** | 003 - Vacant |
| **Homestead Status:** | ** Not receiving the Homestead Deduction | | |
| **Assessor:** | GREGORY GLOVER | | |
| **Gross Building Area:** | | **Ward:** | 1 |
| **Land Area:** | 3,799 | **Triennial Group:** | 2 |

Owner and Sales Information

| | |
|---|---|
| **Owner Name:** | WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (WMATA) |
| **Mailing Address:** | 600 5TH ST NW; WASHINGTON DC20001-2610 |
| **Sale Price:** | Not Available |
| **Sale Date:** | Not Available |
| **Instrument No.:** | |

Tax Year 2008 Preliminary Assessment Roll

| | Current Value | Proposed New Value (2008) |
|---|---|---|
| **Land:** | $626,840 | $1,052,590 |
| **Improvements:** | Not Available | Not Available |
| **Total Value:** | $626,840 | $1,052,590 |
| **Taxable Assessment: *** | $626,840 | $1,052,590 |

* Taxable Assessment after Tax Assessment Credit and after $60,000 Homestead Credit, if applicable. (Click here for more information).

** If you believe you should be receiving tax relief through the Homestead deduction program and if you are domiciled in the District and this property is your principal place of residence, you can access the link below, complete the form, and return it per the instructions. For additional information regarding the Homestead program, call (202)727-4TAX. Click here to download the Homestead Deduction and Senior Citizen Tax Relief application *

View Tax Information | View Payments





FOIA CONFIDENTIAL TREATMENT REQUESTED

Assessment – 0393 0045

CFO HOME

TAXPAYER SERVICE CENTER

REAL PROPERTY SERVICES
Property Tax Bills
Property Tax Rates and Calculation
Property Assessment Process
Property Assessment Appeals
Tax Relief Credits
Search Real Property Sales Database
Search Real Property Assessment Database

CFO / OTR Search

Prev

## Property Detail

**Address:** FLORIDA AV NW
**SSL:** 0393 0045

Record Details

| | | | |
|---|---|---|---|
| **Neighborhood:** | OLD CITY II | **Sub-Neighborhood:** | G |
| **Use Code:** | 191 - Vacant True | **Class 3 Exception:** | No |
| **Tax Type:** | E9 - WMATA | **Tax Class:** | 003 - Vacant |
| **Homestead Status:** | ** Not receiving the Homestead Deduction | | |
| **Assessor:** | GREGORY GLOVER | | |
| **Gross Building Area:** | | **Ward:** | 1 |
| **Land Area:** | 8,621 | **Triennial Group:** | 2 |

Owner and Sales Information

| | |
|---|---|
| **Owner Name:** | WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (WMATA) |
| **Mailing Address:** | 600 5TH ST NW; WASHINGTON DC20001-2610 |
| **Sale Price:** | Not Available |
| **Sale Date:** | Not Available |
| **Instrument No.:** | |

Tax Year 2008 Preliminary Assessment Roll

| | Current Value | Proposed New Value (2008) |
|---|---|---|
| **Land:** | $1,422,470 | $2,388,620 |
| **Improvements:** | Not Available | Not Available |
| **Total Value:** | $1,422,470 | $2,388,620 |
| **Taxable Assessment:** * | $1,422,470 | $2,388,620 |

* Taxable Assessment after Tax Assessment Credit and after $60,000 Homestead Credit, if applicable. (Click here for more information).

** If you believe you should be receiving tax relief through the Homestead deduction program and if you are domiciled in the District and this property is your principal place of residence, you can access the link below, complete the form, and return it per the instructions. For additional information regarding the Homestead program, call (202)727-4TAX. Click here to download the Homestead Deduction and Senior Citizen Tax Relief application *

View Tax Information | View Payments





FOIA CONFIDENTIAL TREATMENT REQUESTED

Assessment – 0416 0044

Prev

## Property Detail

**Address:** 0716 FLORIDA AV NW
**SSL:** 0416 0018

Record Details

| | | | |
|---|---|---|---|
| **Neighborhood:** | OLD CITY II | **Sub-Neighborhood:** | G |
| **Use Code:** | 191 - Vacant True | **Class 3 Exception:** | No |
| **Tax Type:** | E9 - WMATA | **Tax Class:** | 003 - Vacant |
| **Homestead Status:** | ** Not receiving the Homestead Deduction | | |
| **Assessor:** | GREGORY GLOVER | | |
| **Gross Building Area:** | | **Ward:** | 1 |
| **Land Area:** | 516 | **Triennial Group:** | 2 |

Owner and Sales Information

| | |
|---|---|
| **Owner Name:** | WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (WMATA) |
| **Mailing Address:** | 600 5TH ST NW; WASHINGTON DC20001-2610 |
| **Sale Price:** | Not Available |
| **Sale Date:** | Not Available |
| **Instrument No.:** | |

Tax Year 2008 Preliminary Assessment Roll

| | Current Value | Proposed New Value (2008) |
|---|---|---|
| **Land:** | $99,330 | $85,140 |
| **Improvements:** | Not Available | Not Available |
| **Total Value:** | $99,330 | $85,140 |
| **Taxable Assessment:** * | $99,330 | $85,140 |

* Taxable Assessment after Tax Assessment Credit and after $60,000 Homestead Credit, if applicable. (Click here for more information).

** If you believe you should be receiving tax relief through the Homestead deduction program and if you are domiciled in the District and this property is your principal place of residence, you can access the link below, complete the form, and return it per the instructions. For additional information regarding the Homestead program, call (202)727-4TAX. Click here to download the Homestead Deduction and Senior Citizen Tax Relief application *

View Tax Information | View Payments







FOIA CONFIDENTIAL TREATMENT REQUESTED 

Assessment – 0416 0031

Prev

## Property Detail

**Address:** 0710 FLORIDA AV NW
**SSL:** 0416 0031

Record Details

| | | | |
|---|---|---|---|
| **Neighborhood:** | OLD CITY II | **Sub-Neighborhood:** | G |
| **Use Code:** | 191 - Vacant True | **Class 3 Exception:** | No |
| **Tax Type:** | E9 - WMATA | **Tax Class:** | 003 - Vacant |
| **Homestead Status:** | ** Not receiving the Homestead Deduction | | |
| **Assessor:** | GREGORY GLOVER | | |
| **Gross Building Area:** | | **Ward:** | 1 |
| **Land Area:** | 15,956 | **Triennial Group:** | 2 |

Owner and Sales Information

| | |
|---|---|
| **Owner Name:** | WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (WMATA) |
| **Mailing Address:** | 600 5TH ST NW; WASHINGTON DC20001-2610 |
| **Sale Price:** | Not Available |
| **Sale Date:** | Not Available |
| **Instrument No.:** | |

Tax Year 2008 Preliminary Assessment Roll

| | Current Value | Proposed New Value (2008) |
|---|---|---|
| **Land:** | $2,632,740 | $4,420,930 |
| **Improvements:** | Not Available | Not Available |
| **Total Value:** | $2,632,740 | $4,420,930 |
| **Taxable Assessment:** * | $2,632,740 | $4,420,930 |

* Taxable Assessment after Tax Assessment Credit and after $60,000 Homestead Credit, if applicable. (Click here for more information).

** If you believe you should be receiving tax relief through the Homestead deduction program and if you are domiciled in the District and this property is your principal place of residence, you can access the link below, complete the form, and return it per the instructions. For additional information regarding the Homestead program, call (202)727-4TAX. Click here to download the Homestead Deduction and Senior Citizen Tax Relief application *

View Tax Information | View Payments

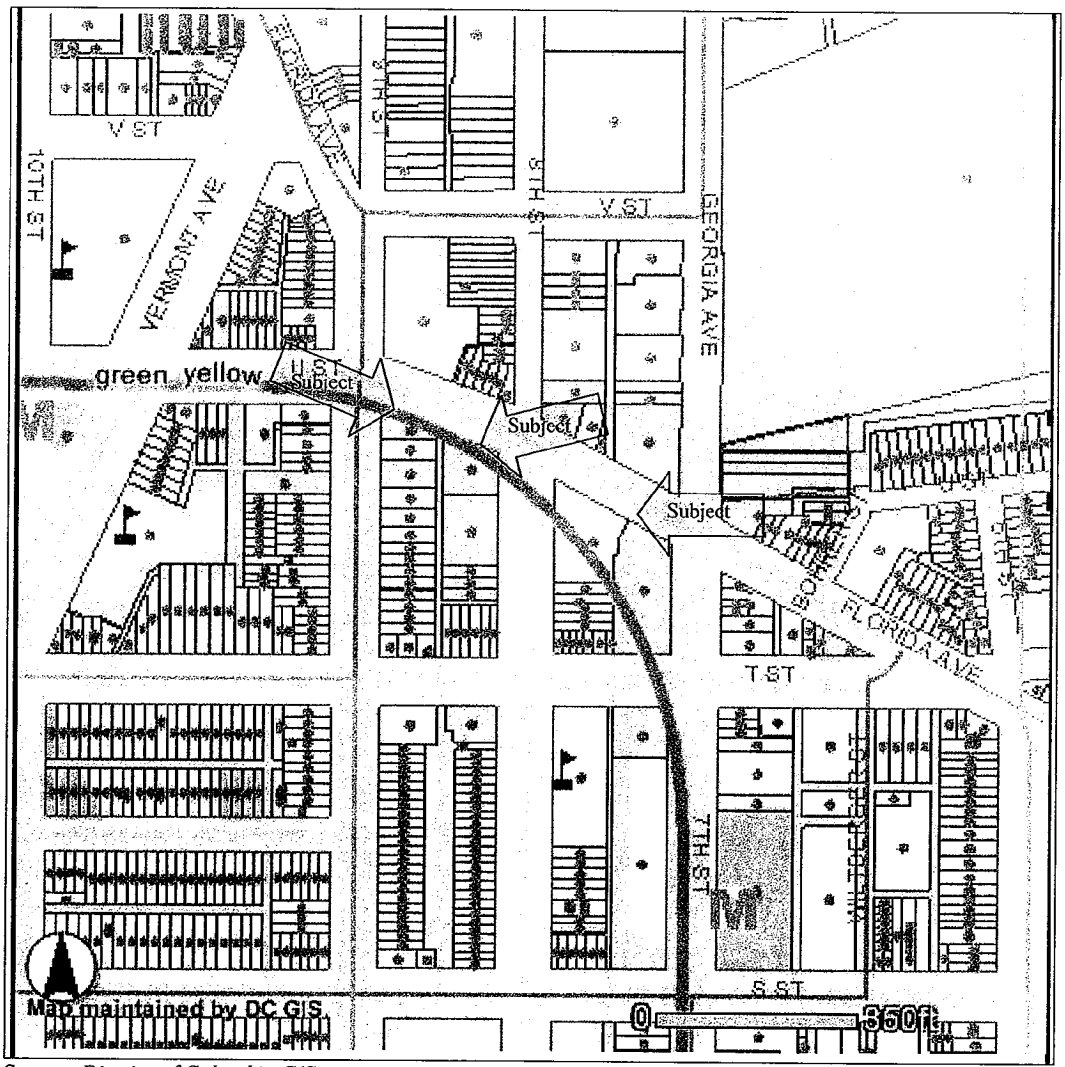






FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006259

Parcel Map

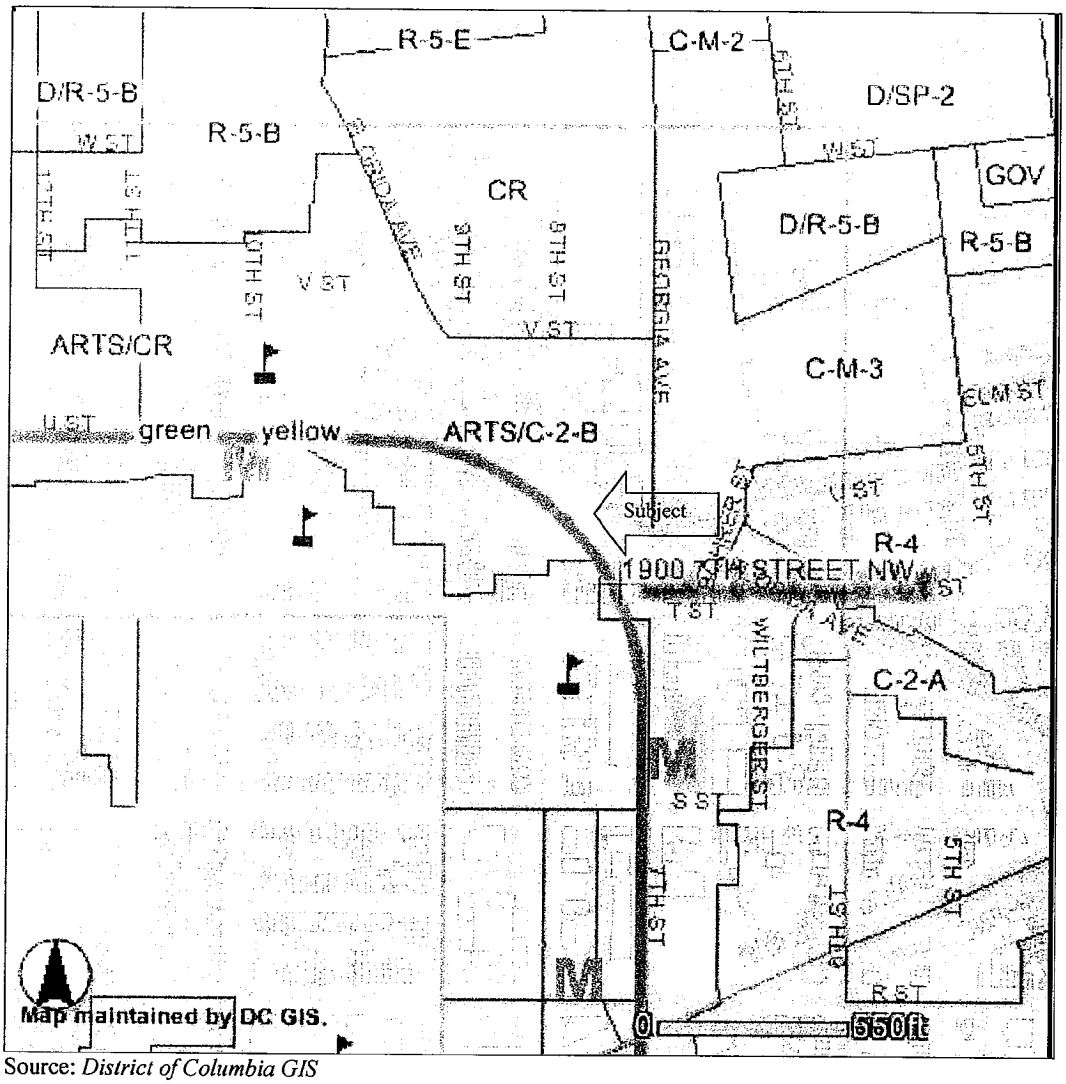



Source: *District of Columbia GIS*



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006260

Zoning Map

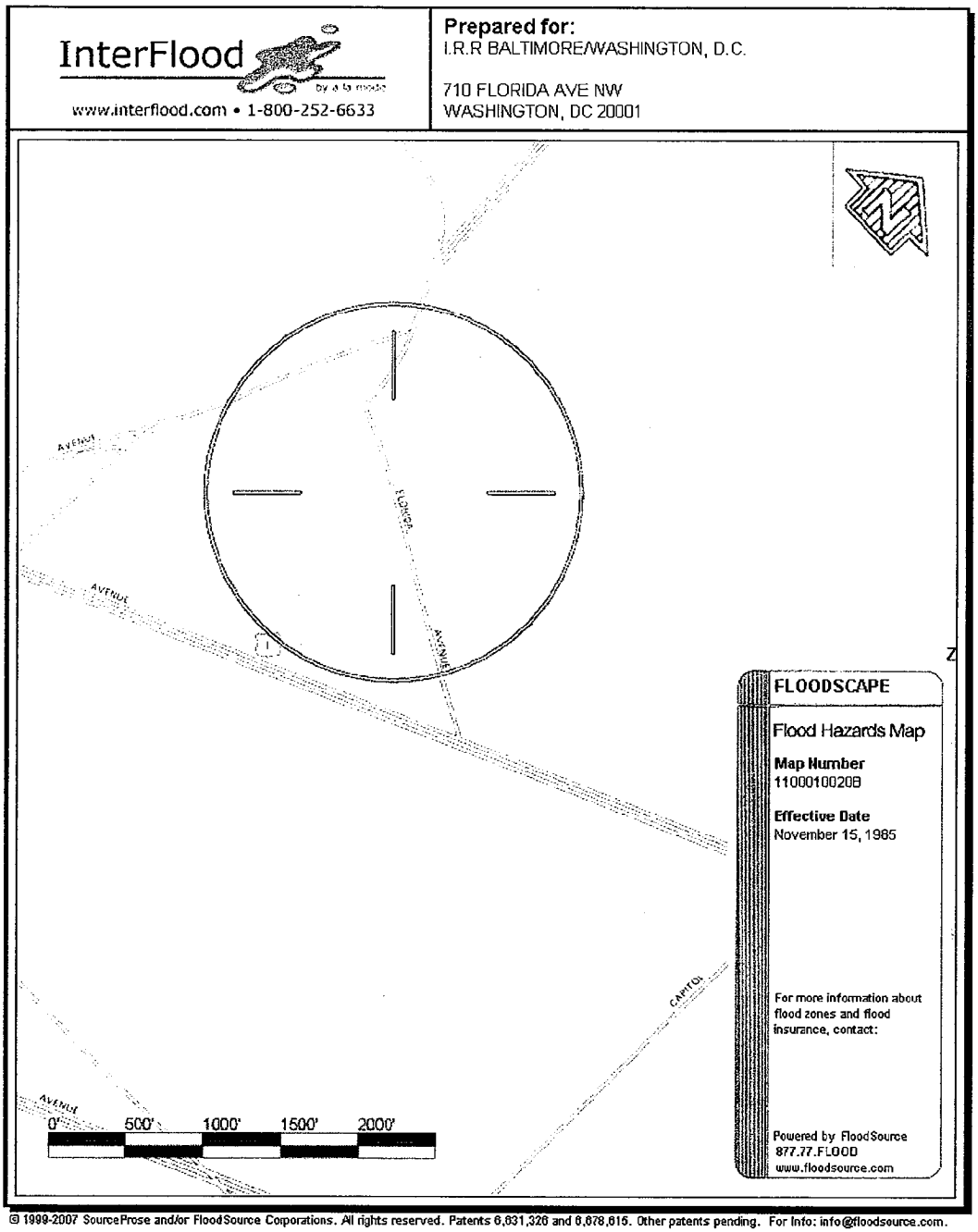



Source: *District of Columbia GIS*



FOIA CONFIDENTIAL TREATMENT REQUESTED 

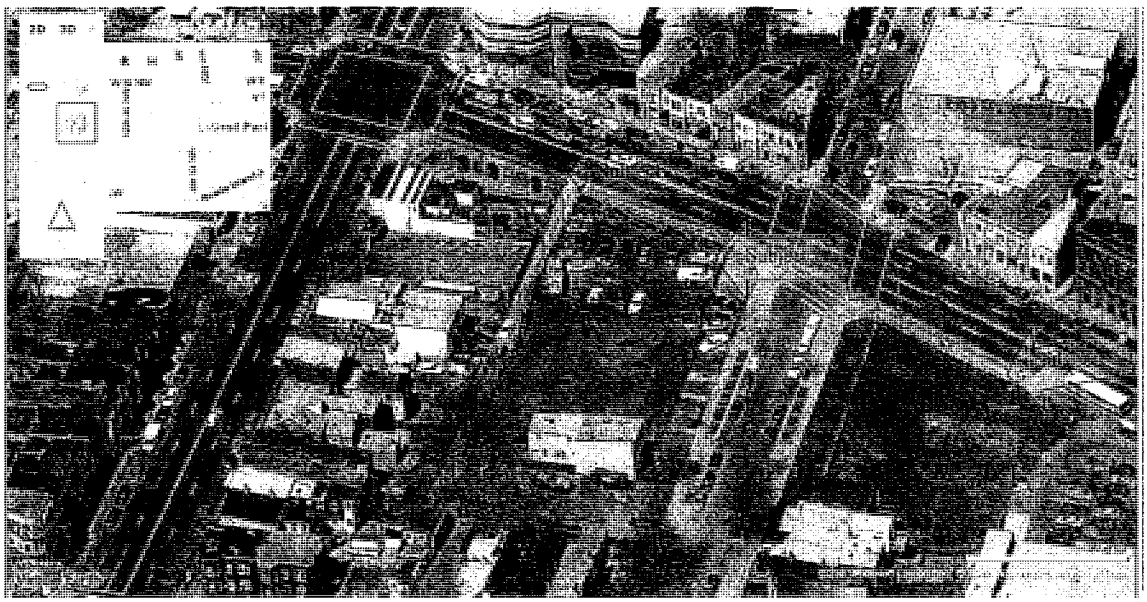
Flood Map






FOIA CONFIDENTIAL TREATMENT REQUESTED

Aerial Photo



Source: *WindowsLiveLocal*



FOIA CONFIDENTIAL TREATMENT REQUESTED

# ADDENDUM D

# COMPARABLE DATA



FOIA CONFIDENTIAL TREATMENT REQUESTED

## Land Sale 1

**LAND SALE PROFILE**
Land:Multi-Family
IRR Event ID (207161)

IRR
Integra Realty Resources

3312 - 3318 Georgia Avenue NW
3312 - 3318 Georgia Avenue NW
3312 - 3318 Georgia Ave. NW.
Washington, DC 20011

Sale Date: 12/19/06
Eff. Price/Acre Gross Land: $7,500,000.00
Eff. Price/SF Gross Land: $164.19
Eff. Price/Unit: $62,500 Approved Units
Eff. Price/Potential SF: $50.49

| Property Identification | |
|---|---|
| Legal/Tax/Parcel ID: | 2893 0115 |
| County: | DC |
| MSA: | Washington, DC |
| Submarket: | Howard U./Mt. Pleasant/ Brightwood |

| Site Data | | | |
|---|---|---|---|
| Gross Land Area (Acres): | 0.10 | Frontage Description: | Georgia Avenue |
| Gross Land Area (SF): | 4,568 | Shape: | Square |
| Usable Land Area (Acres): | 0.10 | Topography: | Level |
| Usable Land Area (SF): | 4,568 | | |
| Ratio of Usable to Gross Land Area: | 1.00 | | |
| # of Units: | 12 | | |
| Type of Units: | Approved Units | | |

| Sale Information | | | |
|---|---|---|---|
| Sale Price: | $750,000 | Sale Date: | 12/19/06 |
| Effective R.E. Sale Price: | $750,000 | Conveyance Document Type: | Deed |
| Grantor / Seller: | 3312 - 3218 Georgia LLC | Conveyance Document Recording: | Instrument No. 171402 |
| Grantee / Buyer: | Georgia Avenue Development LLC (ASL Development) | Property Rights Conveyed: | Fee Simple |
| | | Percent of Interest Conveyed: | 100.00 |
| Confirmed By: | Michael Goldstein | Exposure Time (Months on Market): | 8 |
| Confirmation Date: | 08/16/07 | Sale Status: | Closed |
| Confirmation Company: | Randall Hagner Ltd. | Terms of Sale: | Cash to Seller |
| Confirmation Source Name /Phone: | Anthony Lofrumento / (202) 857-4380 | | |
| Confirmation Source Type: | Seller Broker | | |

| Legal | | | |
|---|---|---|---|
| Zoning Code: | C-2-A | Flood Plain: | No |
| Easement Description: | None | Environmental Issues: | No |

| Utilities and Off-Site |
|---|

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FOIA CONFIDENTIAL TREATMENT REQUESTED

| | | | |
|---|---|---|---|
| Electricity: | Yes | Telephone: | Yes |
| Public Water: | Yes | Cable TV: | Yes |
| Well Water Irrigation: | No | Rail Access: | Yes |
| Well Water Potable: | No | Water/Port Access: | No |
| Sewer: | Yes | | |
| Gas: | Yes | | |
| Utilities Description: | 0.34 Miles from the Georgia Avenue/Petworth Metrorail Station. | | |

**Development Potential**

| | |
|---|---|
| Potential Building Area: | 14,855 |
| Approval Status: | Site was approved for development of 4-story, 14,855 square foot multi-family building. |

**Sale Analysis**

| | |
|---|---|
| Current Use: | Vacant Land |
| Proposed Use Change: | Yes |
| Proposed Use Description: | Multi-Family |
| Entitlement @ T.O.S.: | Yes |
| Entitlement Status.: | Approvals in place for 14,855 SF multi-family building |

**Comments**

According to the listing broker, the site was approved for development of 4-story, 14,855 square foot multi-family building. In addition, at the time of sale, the property was improved with a small building. The listing broker indicated that there was a building (3318 Georgia Ave.) was demolished shortly after the sale. While the property was on the market for about 8 months, it was under contract that fell through for 90 days. While the purchaser originally planned to be build condominiums, the seller broker indicated that he believes it will eventually be developed for apartments. No development at the site has begun.



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006266

# Land Sale 2

**LAND SALE PROFILE**
Apartment
IRR Event ID (152673)

IRR
Integra Realty Resources

Camden Living Land Purchases
1325, 1339, 1345, 1347 S. Capitol Street SW
Washington, DC 20003

Sale Date: 03/31/06
Eff. Price/Acre Land: $17,021,276.60
Eff. Price/SF Land: $390.06
Eff. Price/PotentialSF: $390.06
Eff. Price/Potential Unit: $16,000,000

| Property Identification | |
|---|---|
| Legal/Tax/Parcel ID: | Square 663; 0663 0071 Lot: 71, 72, 74. 823, 824 |
| County: | District of Columbia |
| MSA: | Washington, DC |
| Submarket: | Southwest |

| Site Data | | | |
|---|---|---|---|
| Gross Land Area (Acres): | 0.94 | Frontage Feet: | 250 |
| Gross Land Area (SF): | 41,019 | Frontage Description: | South Capitol Street SW O Street SW |
| Usable Land Area (Acres): | 0.94 | Shape: | Mostly Rectangular |
| Usable Land Area (SF): | 41,019 | Topography: | Level |
| | | Density (Units/Gross Acre): | 1.06 |
| | | Density (Units/USeable Acre): | 1.06 |

| Sale Information | | | |
|---|---|---|---|
| Sale Price: | $16,000,000 | Sale Date: | 03/31/06 |
| Effective R.E. Sale Price: | $16,000,000 | Contract Date: | 03/31/06 |
| Grantor / Seller: | Clarke-Hook Corp. | Conveyance Document Recording: | 42253, 42257, 42258 |
| Grantee / Buyer: | South Capitol Acquisition, LLC (Camden Living) | Property Rights Conveyed: | Fee Simple |
| | | Percent of Interest Conveyed: | 100.00 |
| | | Sale Status: | Recorded |
| | | Terms of Sale: | Cash to seller |

| Legal | | | |
|---|---|---|---|
| Zoning Code: | C-2-C | Flood Plain: | No |
| Zoning Description: | Mixed Use | | |
| Easement Description: | None | | |

| Utilities and Off-Site | | | |
|---|---|---|---|
| Electricity: | Yes | Telephone: | Yes |
| Public Water: | Yes | Rail Access: | No |
| Sewer: | Yes | | |
| Gas: | Yes | | |
| Utilities Description: | Y | | |

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FOIA CONFIDENTIAL TREATMENT REQUESTED

| Development Potential | | | |
|---|---|---|---|
| Potential Building Area: | 41,019 | Potential Units | 1 |

**Comments**

According to the listing broker, the buyer (Camden) will develop multi-family apartment units on the site. At the time of the sale, the site had a taxicab company, storage lot, and small office building on it. The listing broker indicated that the cost to removed the current improvements "should be minimal." The allowed FAR for the C-2-C zoning is 6.0, therefore, the maximum developable square footage for the site is 246,114. Thus, the sale price indicates a price per FAR of $65.01.



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006268

## Land Sale 3

**LAND SALE PROFILE**
Multi-Family:Mid/High-Rise
IRR Event ID (171673)

IRR
Integra Realty Resources

Proposed Condominiums
4136 NW. Georgia Ave.
Washington, DC 20011

Sale Date: 09/21/05
Eff. Price/Acre Gross Land: $8,064,516.13
Eff. Price/SF Gross Land: $183.18
Eff. Price/Acre Usable Land: $183.18
Eff. Price/SF Usable Land: $0.00
Eff. Price/Unit: $43,860 Potential Units
Eff. Price/PotentialSF: $43.11
Eff. Price/Potential Unit: $43,860 Potential Units

| Property Identification | |
|---|---|
| Legal/Tax/Parcel ID: | 2910/0040 |
| County: | District Of Columbia |
| MSA: | WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METROPOLITAN STATISTICAL AREA |

| Site Data | | | |
|---|---|---|---|
| Gross Land Area (Acres): | 0.31 | Shape: | Irregular |
| Gross Land Area (SF): | 13,648 | Topography: | Level |
| Usable Land Area (Acres): | 13,648.00 | Traffic Count: | High |
| Usable Land Area (SF): | 594,506,880 | Density (Units/Gross Acre): | 183.87 |
| Ratio of Usable to Gross Land Area: | 44,025.81 | Density (Units/USeable Acre): | 0.00 |
| # of Units: | 57 | | |
| Type of Units: | Potential Units | | |

| Sale Information | | | |
|---|---|---|---|
| Sale Price: | $2,500,000 | Sale Date: | 09/21/05 |
| Effective R.E. Sale Price: | $2,500,000 | Conveyance Document Type: | Deed |
| Grantor / Seller: | DAG Realty LLC | Conveyance Document Recording: | 2005135479 |
| Grantee / Buyer: | Petworth Holdings LLC | Property Rights Conveyed: | Fee Simple |
| | | Percent of Interest Conveyed: | 100.00 |
| | | Sale Status: | Closed |

| Legal | | | |
|---|---|---|---|
| Zoning Code: | C-2-A | Flood Plain: | No |
| | | Environmental Issues: | Yes |

| Utilities and Off-Site |
|---|

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FOIA CONFIDENTIAL TREATMENT REQUESTED

| | | | |
|---|---|---|---|
| Electricity: | Yes | Telephone: | Yes |
| Public Water: | Yes | Cable TV: | Yes |
| Well Water Irrigation: | No | Rail Access: | No |
| Well Water Potable: | No | Water/Port Access: | No |
| Sewer: | Yes | | |
| Gas: | Yes | | |

**Development Potential**

| | | | |
|---|---|---|---|
| Potential Building Area: | 57,995 | Potential Units | 57 |
| Approval Status: | Currently improved with Shell gas station. Owner applying for zoning variance to C-3-A standards (granted on adjacent lot for LIHTC apartment development). Hearing scheduled for March 1, 2007. | | |

**Sale Analysis**

| | |
|---|---|
| Current Use: | Gas Station |
| Proposed Use Change: | Yes |
| Proposed Use Description: | Residential PUD - Condos with retail and parking |
| Entitlement @ T.O.S.: | No |
| Entitlement Status.: | PUD application hearing scheduled for March 2007 |

**Comments**

Purchaser submitting PUD application to redevelop site from current use as gas station to mixed-use development including 57 affordable condominium units, in addition to retail and parking. Developer entity is Formant Development.

## Land Sale 4

**LAND SALE PROFILE**
Apartment
IRR Event ID (162657)

IRR
Integra Realty Resources

Apartment Site
100 Eye Street SE
Washington, DC 20003

Sale Date: 08/11/05
Eff. Price/PotentialSF: $438.08
Eff. Price/Potential Unit: $11,966,667

| Property Identification | | | |
|---|---|---|---|
| Legal/Tax/Parcel ID: | Square 695; 0695 0816 Lot: 816 | | |
| County: | District of Columbia | | |
| MSA: | Washington, DC | | |
| Submarket: | Southeast | | |
| **Site Data** | | | |
| Gross Land Area (Acres): | 1.88 | Frontage Description: | I Street SE Virginia Avenue SE |
| Gross Land Area (SF): | 81,949 | | |
| Usable Land Area (Acres): | 1.88 | Shape: | Slightly Irregular |
| Usable Land Area (SF): | 81,949 | Topography: | Level |
| | | Density (Units/Gross Acre): | 1.60 |
| | | Density (Units/USeable Acre): | 1.60 |
| **Sale Information** | | | |
| Sale Price: | $35,900,000 | Sale Date: | 08/11/05 |
| Effective R.E. Sale Price: | $35,900,000 | Contract Date: | 08/11/05 |
| Grantor / Seller: | One Green Eye, LLC (c/o Leonard A. Greenberg) | Conveyance Document Recording: | 113093 |
| | | Property Rights Conveyed: | Fee Simple |
| Grantee / Buyer: | Eye Street LP (JPI) | Percent of Interest Conveyed: | 100.00 |
| | | Sale Status: | Recorded |
| | | Terms of Sale: | Bank Financing |
| **Legal** | | | |
| Zoning Code: | C-3-C | Flood Plain: | No |
| Zoning Description: | Apartment | | |
| Easement Description: | None | | |
| **Utilities and Off-Site** | | | |
| Electricity: | Yes | Telephone: | Yes |
| Public Water: | Yes | Rail Access: | Yes |
| Sewer: | Yes | | |
| Gas: | Yes | | |
| Utilities Description: | Y | | |
| **Development Potential** | | | |
| Potential Building Area: | 81,949 | Potential Units | 3 |
| **Comments** | | | |

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FOIA CONFIDENTIAL TREATMENT REQUESTED

According to the buyer, JPI plans to construct approximately 700 multi-family apartment units within three buildings on the site. To serve the units, they are planning to construct 600-car below ground parking garage. If the buildings are completed with 700 units, the purchase price per unit is $51,286. Based on the maximum allowable buildable square footage, the price per FAR is $67.40.



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006272

## Land Sale 5

**LAND SALE PROFILE**
Land:Multi-Family
IRR Event ID (171707)

IRR
Integra Realty Resources

Renaissance
Renaissance
3600 Georgia Ave. NW.
Washington, DC 20010

Sale Date: 07/05/05
Eff. Price/Acre Gross Land: $8,571,428.57
Eff. Price/SF Gross Land: $195.49
Eff. Price/Unit: $34,286 Approved Units
Eff. Price/Potential Unit: $34,286 Approved Units

| Property Identification | |
|---|---|
| Property Location: | Georgia Ave & Otis Pl |
| Legal/Tax/Parcel ID: | 2897/0027, also Lots 0832 & 0840 |
| County: | District Of Columbia |
| MSA: | WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METROPOLITAN STATISTICAL AREA |

| Site Data | | | |
|---|---|---|---|
| Gross Land Area (Acres): | 0.42 | Shape: | Square |
| Gross Land Area (SF): | 18,415 | Density (Units/Gross Acre): | 250.00 |
| Usable Land Area (Acres): | 0.42 | Density (Units/USeable Acre): | 250.00 |
| Usable Land Area (SF): | 18,415 | | |
| Ratio of Usable to Gross Land Area: | 1.00 | | |
| # of Units: | 105 | | |
| Type of Units: | Approved Units | | |

| Sale Information | | | |
|---|---|---|---|
| Sale Price: | $3,600,000 | Sale Date: | 07/05/05 |
| Effective R.E. Sale Price: | $3,600,000 | Conveyance Document Type: | Deed |
| Grantor / Seller: | Jupiter International LLC | Conveyance Document Recording: | 2005091724 |
| Grantee / Buyer: | 3600 Georgia LLC | Property Rights Conveyed: | Fee Simple |
| | | Percent of Interest Conveyed: | 100.00 |
| | | Sale Status: | Closed |

| Legal | | | |
|---|---|---|---|
| Zoning Code: | C-2-A | Flood Plain: | No |
| | | Environmental Issues: | No |

| Utilities and Off-Site | | | |
|---|---|---|---|
| Electricity: | Yes | Telephone: | Yes |
| Public Water: | Yes | Rail Access: | No |
| Well Water Irrigation: | No | Water/Port Access: | No |

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V2006-07-18



FOIA CONFIDENTIAL TREATMENT REQUESTED

| | |
|---|---|
| Well Water Potable: | No |
| Sewer: | Yes |
| Gas: | Yes |

**Development Potential**

| | | | |
|---|---|---|---|
| Approval Status: | Approved for 105 affordable condomium units, 20,000 SF retail and 140 parking spaces. | Potential Units | 105 |

**Sale Analysis**

| | |
|---|---|
| Proposed Use Change: | Yes |
| Proposed Use Description: | Residential PUD - affordable condos |
| Entitlement @ T.O.S.: | No |
| Entitlement Status.: | Approvals not in place at time of sale |

**Comments**

Purchased for construction of PUD with 105 affordable condo units.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006274

# ADDENDUM E

# LETTER OF AUTHORIZATION



FOIA CONFIDENTIAL TREATMENT REQUESTED

CONTRACT NO. JNB1018
Between
THE WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
and
PATRICK C. KERR

This Contract entered into this 12th day of August 2007 between the Washington Metropolitan Area Transit Authority (hereinafter referred to as "WMATA") and Patrick C. Kerr (hereinafter referred to as the "Contractor").

RECITALS

1. It is necessary to obtain the specialized services of a qualified professional fee appraiser experienced in estimating the fair market value of property and furnishing competent court testimony in connection with acquisition of fee title and easements for rights-of-way for the proposed transit system; and

2. The Contractor is an established qualified fee appraiser having special competence in estimating real estate values for acquisition of the fee title to land and the easements for rights-of-way; and having no interest, direct or indirect, in the real property being appraised.

3. WMATA desires to retain the Contractor to perform the services hereinafter set forth, including updated appraisals and court testimony, and the Contractor is willing to render such services.

NOW THEREFORE, the parties hereto, for the consideration hereinafter set forth, mutually agree as follows:



FOIA CONFIDENTIAL TREATMENT REQUESTED 

ARTICLE I

Statement of Work

1. Properties to be Appraised. The Contractor shall, upon execution of this contract, promptly perform all work and services required to prepare an appraisal report of certain properties in the District of Columbia described as follows:

Square 393, Lots 44 & 45
Square 416, Lots 18 & 31
Florida Avenue
Washington, DC

2. General Basis of Appraisal. The Contractor shall make a detailed field inspection and identification of the various items of property and shall make such investigations and studies as are appropriate and necessary to enable the Contractor to derive sound conclusions and to prepare the appraisal report.

A. All comparable sales shall be verified with either buyer,selleror broker.

B. In all cases of total takings, appraisals should include no allowance for enhanced or diminished value of the property attributable to or resulting from the WMATA project.

C. In all cases of partial takings, consideration must be given to a Complete before-and-after appraisal concluding with the value of the whole; the value of the area taken; the value of the remainder; severance damages and/or benefits, if any. Under federal law, benefits may be used to offset severance damages and the value of the take to a point where a property owner may receive no monetary compensation for t he property taken. Benefits are defined by Federal Law as value increments accruing directly to the advantage of a property after a partial taking.

3. Letter Appraisal Report. The report shall conform to recognized appraisal principles and practices; shall present adequate information in sufficient detail to permit an intelligent review; and shall indicate the appraiser's conclusions relative to that information.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006277

# Amended and Restated
# WMATA Term Sheet
# Shaw-Howard/Florida Avenue Sites

This Amended and Restated Term Sheet, ("Term Sheet"), for a development project at WMATA's Shaw-Howard/Florida Avenue sites in Washington, DC, and dated as of the date last executed below, is intended to summarize the principal terms of a proposal being considered by the undersigned parties regarding a lease of certain real property on the south side of Florida Avenue, NW between 7th and 9th Streets, NW. The undersigned parties wish to negotiate a Definitive Agreement, as defined in Section 2.1 herein. The previous joint development term sheet dated July 17, 2008 is superseded by this Term Sheet.

## 1. Parties

1.1 Washington Metropolitan Area Transit Authority ("WMATA").

1.2 The Jazz @ Florida Avenue, LLC, a District of Columbia limited liability company (the "DEVELOPER") will be the developer of the Project (as defined in Section 4 below). The DEVELOPER'S initial principals shall be Banneker Ventures, LLC, a District of Columbia limited liability company ("Banneker"), and Banc of America Community Development Corporation, a North Carolina corporation qualified to do business in the District of Columbia ("BACDC")~~[~~, subject to the substitution of a different principal for BACDC upon WMATA's approval, not to be unreasonably withheld~~]~~. At or after the Closing until the "Completion of the Total Project" (as defined in Section 6.4 below), DEVELOPER shall be permitted to only admit other members who are tax credit investors, tax credit syndicators and equity investors for the Total Project (as defined in Section 4.2(b) below) so long as such admissions are not a disguised sale of the Project or transfer of control to another developer, except in the limited circumstance where there is an imminent default under the tax credits and the tax credit syndicator exercises its right to replace the manager of the Total Project. After the Completion of the Total Project, there shall be limited restrictions on the DEVEOPER'S principals and the identity of any successor lessee/owner of the Total Project.

## 2. Definitive Agreement

2.1 The Definitive Agreement will be a Joint Development Agreement ("Definitive Agreement") together with all necessary related documentation upon which WMATA and DEVELOPER mutually agree. The Definitive Agreement will be prepared initially by WMATA. Both parties commit to complete the Definitive Agreement so WMATA can present the agreed-upon Definitive Agreement to





FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006278

its Board for approval within one month of the Board's approval of this Term Sheet. WMATA and DEVELOPER shall execute the Definitive Agreement within three (3) business days of Board approval.

2.2 The parties shall attach the above referenced necessary related documentation to the Definitive Agreement as exhibits. Such exhibits shall include, but not be limited to:

a) a ground lease agreement (the "Lease") whereby WMATA will lease the Lease Property to the DEVELOPER for a single term of ninety-nine (99) years, with no renewal or option periods.

b) A conditions, covenants and reservations agreement ("CCRs"), to be recorded among the land records, which will: (i) protect WMATA's interests in its tunnel and associated elements and access thereto; and (ii) include transit oriented development covenants.

c) A co-tenancy agreement ("Co-Tenancy Agreement") between WMATA and DEVELOPER to be recorded among the land records after the CCRs which will control the operation and disposition of the Total Project after the Lease and any replacement lease provided to a lender have either expired or been irrevocably terminated.

2.3 The execution of the Lease ("Closing") will take place no later than six hundred (600) days after the WMATA Board approves the Definitive Agreement. The Definitive Agreement shall terminate no later than the Completion of the Total Project with any surviving obligations being included in the CCRs.

**3. Property to Be Leased To DEVELOPER**

3.1 WMATA will lease to DEVELOPER approximately 28,376 square feet of land, which area is outlined in yellow on **Exhibit A** and attached hereto (the "Lease Property"). The land is in three separate parcels: 1) approximately 3,799 square feet in Square 393, Lot 44; 2) approximately 8,621 square feet in Square 393, Lot 45; and 3) approximately 15,956 square feet in Square 416, Lot 31. The Lease Property shall not include those property interests necessary for protection of WMATA's transit facilities, which include the existing WMATA tunnel and associated elements.

3.2 DEVELOPER will cause an preliminary ALTA survey and title commitment to be prepared within two (2) months of the effective date of the Definitive Agreement and the final ALTA survey (assuming a closed public alley) and title commitment no later than thirty (30) days before the Closing. The final ALTA survey shall be completed early enough for WMATA and DEVELOPER to agree upon the legal descriptions to exclude the existing WMATA tunnel and associated elements.

## 4. Project

DEVELOPER will construct improvements on the Lease Property (the "Project") in substantially the same configuration shown in **Exhibit B** and attached hereto, which configuration includes the Total Project, in accordance with a project schedule to be finalized and agreed upon at the Closing in accordance with the Definitive Agreement. The Project may not be materially changed without WMATA's written approval, such approval not to be unreasonably withheld, delayed or conditioned. The Project will consist of:

4.1 DEVELOPER improvements (the "DEVELOPER Improvements") are a minimum 100,711 gross FAR square feet including approximately 80,169 gross FAR square feet for residential apartment units per District of Columbia ("District") approvals and approximately 10,000 gross FAR square feet of retail/arts use, and approximately 10,542 gross FAR square feet of associated loading, lobbies, ramps, and residential and retail parking, per District approvals.

4.2 Assemblage.

a) Adjacent Parcels. An affiliate of DEVELOPER is the contract purchaser of Lot 41 & A&T Lot 826 in Square 393, comprising approximately [7,720] square feet of land fronting on 9th Street, NW and located contiguous to Lot 44 near the southwest corner of the intersection of 9th Street and Florida Avenue, N.W., in the District of Columbia (the "DEVELOPER Property"). The DEVELOPER Property is outlined in blue on the attached **Exhibit A**.

b) Total Project. WMATA and DEVELOPER have agreed to apply to close the portion of the public alley in Square 393 contiguous to Lots 41, 44 & 45 and A&T Lot 826 prior to the Closing so that promptly after the Closing, DEVELOPER can resubdivide such Lots and the portion of the closed public alley into a buildable lot of approximately [21,244] square feet. DEVELOPER is acquiring an interest in the Lease Property to develop a single, mixed-use, Transit-Oriented Development project on the combined Lease Property and DEVELOPER Property (the "Total Project").

c) Alley Closing. WMATA will consent to the alley closing prior to Closing, provided that when the portion of the public alley is closed, an easement among the owners will be recorded among the ~~owners~~land records to preserve the use of the closed portion of the public alley to protect WMATA's interests until the Closing. Such easement will be terminated upon the post-Closing resubdivision of the relevant land in Square 393 into a buildable lot. **Exhibit A** shows the portion of the closed alley that will become part of the Lease Property in red; the portion that will become part of the DEVELOPER Property is shown in green.

d) Co-Tenancy Agreement. At Closing, the parties will execute the Co-Tenancy Agreement, which will govern the operation, management and sale of all the improvements and the assembled Lease Property and DEVELOPER Property upon termination or expiration of the Lease without a new lease being obtained by a lender. The Co-Tenancy Agreement shall provide, *inter alia*, after the expiration or termination of the Lease, (i) each owner shall have an equal vote on the operation and management of the Total Project ~~unless~~ and no owner shall have the right to force a sale of the Total Project if the Lease expired without a default by the DEVELOPER, and (ii) the owners shall have a vote proportionate with their percentage of the Total Project on the operation and management of the Total Project and WMATA shall have the right during pre-set time windows to sell the Total Project for all cash to an unrelated purchaser if the Lease is terminated for an uncured default by the DEVELOPER without a new lease being obtained by a lender~~, whereupon voting shall be pro rata by ownership percentage, and (ii) WMATA shall have the right during pre-set time windows to sell the Total Property for all cash to an unrelated purchaser~~.

4.3 The DEVELOPER Improvements will be built in a single phase on the Lease Property as part of the Total Project.

## 5. Due Diligence

5.1 Lease Property Condition: In the Definitive Agreement, WMATA will provide knowledge-qualified representations customarily made by WMATA in transactions of this type, including with respect to title to the Lease Property and the environmental history or condition of the property. Subject to the continued accuracy of such representations, and subject further to DEVELOPER'S Study Period rights as provided herein and satisfaction or waiver by DEVELOPER of all conditions precedent herein provided, DEVELOPER will accept its interest in the Lease Property in an "AS IS, WHERE IS" condition.

5.2 Study Period: Upon approval and execution of ~~the~~this Term Sheet, WMATA will grant DEVELOPER a Right of Entry Permit for entry onto the Lease Property, substantially in the form attached hereto as **Exhibit C.** DEVELOPER shall have sixty (60) days from the effective date of the Definitive Agreement to conduct its due diligence related to the Lease Property (the "Study Period"). If DEVELOPER, in its sole and exclusive discretion, shall be dissatisfied for any reason with the results of its Study Period investigations, DEVELOPER shall be entitled, upon written notice to WMATA delivered not later than ten (10) days following expiration of the Study Period, to terminate this Term Sheet and the Definitive Agreement, whereupon WMATA shall return to DEVELOPER the entire Security Deposit or the Proposal Security (as defined below), as

applicable, and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or of the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

**6. Security Deposit**

6.1 Within two (2) business days of the execution of the Definitive Agreement, the DEVELOPER will place with WMATA a cash security deposit in the amount of ~~One~~Two Hundred Fifty Thousand Dollars (~~$150,000.00),~~250,000.00) less the Additional Costs Credit (as defined in Section 7.2(b) below) (the "Security Deposit") to secure DEVELOPER'S performance. At the Closing upon DEVELOPER receiving the ~~$100,000~~Additional Cost Credit against the Capitalized Lease Payment, the Security Deposit will be increased to Two Hundred Fifty Thousand Dollars ($250,000.00). The DEVELOPER'S Proposal Security currently being held by WMATA, in the amount of One Hundred Thousand Dollars ($100,000.00), will be applied to the Security Deposit.

6.2 The Security Deposit will not be applied to any payments due to WMATA under the Definitive Agreement.

6.3 The entire Security Deposit shall be forfeited and may be retained by WMATA if DEVELOPER shall be in default under the Definitive Agreement beyond applicable notice, cure and grace periods therein provided. In such event, the Security Deposit may be applied by WMATA in whole or in part to cure such default. No such application of the Security Deposit shall constitute a waiver of any such default by DEVELOPER or an election of remedies. If the Security Deposit is applied in whole or in part as described herein, DEVELOPER shall, within ten (10) days, increase the Security Deposit by an amount equal to the amount applied.

6.4 The Security Deposit, less any amounts previously applied in connection with any breach or default by DEVELOPER and not replenished by DEVELOPER, shall be refunded to DEVELOPER, with interest accrued, within twenty (20) business days following the "Completion of the Total Project," which is hereby defined as: (i) the issuance of one or more final certificates of occupancy for all residential apartment units and common areas, including parking; and (ii) one or more "shell" certificates of occupancy or equivalent for the retail portions of the Total Project, subject to completion of the tenant improvements for each unoccupied retail space; and (iii) correction of any damage to WMATA's property caused by Developer or its contractors, subcontractors or consultants; and (iv) satisfaction of all requirements of the WMATA Design Construction Standards applicable to the DEVELOPER Improvements.

## 7. Consideration

7.1 Option Fee: The DEVELOPER has previously paid WMATA One Hundred Thousand Dollars ($100,000.00) as an option fee (the "Option Fee"). The Option Fee is non-refundable and shall not be applicable to the Lease Consideration.

7.2 Rent:

a) Pre-Closing Rent. The DEVELOPER shall make quarterly non-refundable Pre-Closing Rent payments beginning upon the effective date of the Definitive Agreement. Pre-Closing Rent for the first twelve (12) months will be $50,000.00 per year, payable in advance in quarterly instalments of $12,500.00. Pre-Closing Rent will increase to $65,000.00 per year for the next twelve (12) months. For the remainder of the Pre-Closing Period, Pre-Closing Rent shall be $80,000.00 per year. Pre-Closing Rent shall be prorated for partial quarters.

b) Capitalized Lease Payment. DEVELOPER shall make a lump sum initial Capitalized Lease Payment of Two Million ~~Sixty-Four~~Fifty Thousand Dollars (~~$2,064,000~~)2,050,000) less the Additional Costs Credit at Closing~~, which includes an adjustment for the 99-year versus the 60-year Lease term in the appraisal, less a credit of $100,000 for added expenses~~. The term "Additional Costs Credit" is defined to be the amount of the third-party costs incurred by DEVELOPER, not to exceed $100,000, in the evaluation and negotiation of the proposed sale of the Lease Property to DEVELOPER based on copies of actual invoices for such third-party costs delivered to WMATA, which may be redacted to exclude any confidential or privileged information. This payment represents the entire base rent for the ~~Project~~Lease Property for the first 60 years of the 99-year term of the Lease. In no event will any part of the Capitalized Lease Payment be refunded. For the last 39 years of the 99-year Lease term, the fair value of the Lease Property shall be re-appraised through the three-appraiser method and a capitalized lease payment for the remaining 39 years or monthly payments of base rent with a 3% annual escalation shall be determined from either the average or middle of the three appraisals, with the DEVELOPER deciding which payment method will be used for the remaining 39 years.

c) Participation Rent. Participation Rent, at one and a half percent (1.5%) of Effective Gross Income from the improvements on the Lease Property shall be paid to WMATA beginning at the earlier of the DEVELOPER's receipt of Effective Gross Income or, until the Final Completion of the Total Project, the amount of Effective Gross Income DEVELOPER was projected to receive from the improvements on the

Lease Property under the Project Schedule in the Definitive Agreement; provided, however, one percent (1%) shall be unsubordinated to the payment of operating expenses, debt service, member loans, or equity~~;~~, and one-half percent (0.5%) shall be paid in accordance with HUD requirements. Any Participation Rent not paid in a given year shall accumulate interest at five and eight-tenths percent (5.8%) and be paid from the next annual cash flow or from Capital Event proceeds prior to any return on, or return of, equity. At all times during the Lease term, the debt service coverage ratio on any senior loans, other than HUD-insured senior loans or public subsidies, shall be no less than 1.20:1.00.

d) Capital Event Rent. Capital Events (defined below) shall be permitted in accordance with this Section 7.2(d). Whenever a Capital Event occurs, the DEVELOPER will make a payment to WMATA ("Capital Event Participation"). A "Capital Event" will include, but not be limited to, any of the following by DEVELOPER: (i) assignments of the Definitive Agreement or the Lease, (ii) sales or re-financings of DEVELOPER's Improvements, (iii) other dispositions, transfers, and conversions that change the membership of the DEVELOPER to include new members not originally included as of the execution date of the Definitive Agreement but not including transfers among existing members, transfers to wholly-owned entities, intra-family transfers, transfers caused by death, transfers required for the initial debt and equity of the Total Project before the permanent loan closing and transfers of interests in publicly traded entities. The Parties agree that Non-Capital Events, which will require WMATA approval, but not WMATA monetary participation, also exist and will be defined in the Definitive Agreement. ~~A one-time payment per~~In Capital ~~Event will be paid to WMATA in an amount equal to ten percent (10%) of any Adjusted Gross Capital Event Proceeds. Adjusted Gross Capital Event Proceeds are~~Events that involve a Lease or sublease assignment or a sale of the DEVELOPER Improvements, WMATA's share will be two percent (2%) of the gross proceeds. Gross proceeds are defined as all transaction revenues ~~to~~received by the DEVELOPER ~~from a Capital Event,~~(and any affiliated entities receiving income from ~~such a Capital Event, less the payoff of remaining original~~this event). WMATA will also share in the financial return to the DEVELOPER in the event of any refinance or financial restructuring in which the DEVELOPER realizes proceeds therefrom. WMATA's share will be two percent (2%) of the adjusted gross proceeds. The adjusted gross proceeds are defined as all transaction revenues to the DEVELOPER (and any affiliated entities receiving income from this event) less any debt ~~to construct~~on the ~~Project secured by~~ DEVELOPER Improvements ~~and repayment of the original equity and member loans to DEVELOPER not yet repaid including an Internal Rate of Return of twenty percent~~

~~(20%)~~that is paid-off out of the Capital Event proceeds. To confirm DEVELOPER's original project debt and equity, within thirty days of the Closing, DEVELOPER will provide WMATA with documentation confirming such amounts. Total debt and equity to finance the Project (amounts paid prior to the subject Capital Event) will total no more than one hundred percent (100%) of the original Total Project cost, including both hard and soft costs. ~~In no event will member loans and equity exceed thirty percent (30%) of development costs to construct the Project.~~

7.3 Pro Rata Split After Assemblage: The Definitive Agreement and Lease (as defined in Section 2.1 above) shall lease only the Lease Property, but shall provide that any Additional Density determination applicable to the Lease Property, the DEVELOPER Improvements or the Project shall be determined by using the pro rata share of the Total Project based on the ratio of the square feet of land of the Lease Property and the DEVELOPER Property. WMATA's pro rata share of the Total Project is 79.0%, subject to the final survey which shall be attached as an Exhibit to the Definitive Agreement.

7.4 Additional Density: If at any time during the ~~99-year term~~first 60 years of the Lease, DEVELOPER has received approval for additional density over 100,711 gross FAR square feet attributable to the Lease Property, DEVELOPER will adjust the Capitalized Lease Payment using the same methodology for calculating the Capitalized Lease Payment with an adjustment for any time between the Closing and the date the Additional Density is placed in service. The measurement of gross FAR square feet shall be the highest amount generated by the Lease Property, whether used on the Lease Property or not, in (i) any final zoning approval by the District of Columbia; (ii) building permit approval; or (iii) an amount approved in any revisions to the building permit prior to issuance of the final certificates of occupancy. Such additional density adjustments shall include any gross FAR square feet attributable to portions of the public alley located between 8th and 9th Streets, NW, which become part of the Lease Property in the alley closing process.

a) Prior Final Certificate of Occupancy: If the DEVELOPER receives approval for additional density prior to receipt of the final certificate of occupancy for the Total Project or while a HUD insured loan remains in place, the additional density Capitalized Lease Payment adjustment shall be as follows:

(i) An upward adjustment in the Capitalized Lease Payment by $50/gross FAR square feet for additional density generated by the Lease Property over 100,711 gross FAR square feet; and

(ii) After the additional density consideration in 7.4(a)(i) is added, a downward adjustment in the Capitalized Lease Payment by $80/gross FAR square feet for such additional

density generated by the Lease Property which increases the Project's affordable housing requirement pursuant to the District's mandatory Inclusionary Zoning regulations (Chapter 26 of the Zoning Regulations of the District) over 6,414 gross FAR square feet

*NOTE: WMATA expects to adjust these amounts based on the relationship of the Capitalized Lease Payment for a period of 60 years to the fee simple land value.*

b) After Final Certificate of Occupancy: During the first 60 years of the term of the Lease, if HUD insurance no longer remains in place, any densities or unit totals actually constructed on the DEVELOPER Improvements that are more than those in effect at receipt of the Final Certificate of Occupancy for the Project and for which no increase in Capitalized Lease Payment has been paid, such additional densities or unit totals will require DEVELOPER to pay additional Capitalized Lease Payment. The additional Capitalized Lease Payment payments will be determined through the three-appraiser method, to be defined in the Definitive Agreement and based on the then-remaining time until the 61st year of the term of the Lease. Since the resetting of the base rent in the 61st Lease year will be based on vacant land, there shall be no additional density adjustments after the 60th Lease year.

7.5 Additional Consideration: The Capitalized Lease Payment, including any adjustments made under Section 7.4(a) above, shall be increased annually by five and 8/10ths percent (5.8%) per year from the execution of the Definitive Agreement, if Closing or Additional Density occurs later than six hundred (600) days from execution of the Definitive Agreement. No Additional Consideration increase shall be applied for any delay caused by WMATA under Section 7.6. If Additional Density occurs after Closing, then only the increase in the Capitalized Lease Payment for such Additional Density shall be subject to the 5.8% annual increase.

7.6 WMATA Delays: The maximum length of six hundred (600) days to Closing will be extended for delays caused solely by WMATA actions or failure to act, including requesting FTA Approval in accordance with Section 8.5 below. Such extension(s) shall be for the amount of time reasonably necessary to compensate for the delay caused solely by WMATA, *e.g.*, if such a delay causes DEVELOPER to miss a planned filing date which results in a one day-for-one day delay, then the extension shall be measured in days with respect to that filing date, however, if the filing date is for some action which is only available in a certain "time window" and the delay causes DEVELOPER to miss the filing date for such "time window," then the extension shall be measured in a period equal to the next available "time window" with respect to that filing

date. In no other event, other than Force Majeure Delays as defined in Section 7.7 below, will Closing be delayed, even though DEVELOPER'S schedule may take longer than anticipated.

7.7 Force Majeure Delays: The maximum length of six hundred (600) days to Closing may be extended for any delays caused by acts of God, terrorism, casualty, or other events of "force majeure", as may be further defined and agreed to in the Definitive Agreement. Such Force Majeure Delays shall be subject to an increase in the Capitalized Lease Payment, as provided in Section 7.5 above, in order to maintain the net present value of the Definitive Agreement and Lease to WMATA. In no event shall the time for Closing be extended beyond one hundred eighty (180) days due to Force Majeure Delay.

**8. Conditions to Definitive Agreement Consummation**

If each of the following conditions is not satisfied within the timeframes provided below therefor, then in such instance, DEVELOPER may terminate this Term Sheet and the Definitive Agreement upon ten (10) days written notice to WMATA, in which event WMATA shall return the Security Deposit to DEVELOPER and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

8.1 Design Approvals: Within ten (10) days of execution of the Definitive Agreement and prior to any final submission to the District, DEVELOPER shall submit to WMATA for its approval a conceptual Total Project site plan in substantial conformance with Exhibit B, including building elevations and floor plans (the "WMATA-Approved Site Plan"). The design of the Total Project shall be oriented in such a manner as to encourage use of WMATA transit facilities by tenants, residents, customers, and employees (as applicable) travelling to and from the Lease Property. WMATA shall make all reviews and approvals or disapprovals of DEVELOPER'S initial submission to WMATA within thirty (30) days of receipt of such submission by WMATA.

8.2 Study Period: DEVELOPER shall be satisfied, in its sole and exclusive judgment, with its Study Period inspections in accordance with Section 5.2 above.

8.3 Public Hearing: DEVELOPER acknowledges that WMATA has concluded that a WMATA Compact Public Hearing is not required for this Project.

8.4 Subsequent Approval: DEVELOPER acknowledges that WMATA will not be bound by the Definitive Agreement unless and until such Definitive Agreement is approved by WMATA's Board of Directors and executed by WMATA.

8.5 FTA Approval: The transaction described herein is subject to Federal Transit Administration approval (the "FTA Approval"). WMATA will apply for said FTA Approval within thirty (30) days after full execution of the Definitive Agreement. The Definitive Agreement will contain appropriate termination provisions to address the possibility that the FTA may not approve the Definitive Agreement.

8.6 Financing Contingency: DEVELOPER shall have received a commitment for construction financing from a bank or other lending institution in such amounts, and upon such terms and conditions, as shall be consistent with the approved development budget for the Total Project and as shall otherwise be reasonably satisfactory to DEVELOPER and WMATA.

**9. Special Considerations**

9.1 Community Contact: Within one hundred twenty (120) days of the execution of the Definitive Agreement DEVELOPER shall contact the appropriate community groups in the area as specified by WMATA to apprise such groups of the Total Project and provide WMATA with a written report naming each group contacted, its contact person and phone number, and a brief list of issues expressed by each group. DEVELOPER's failure to perform under this provision will constitute an event of default under the Definitive Agreement. WMATA will include a list of all such groups as part of the Definitive Agreement.

9.2 Rezoning Approvals: DEVELOPER will be responsible for obtaining all entitlements, including, but not limited to, re-zonings, variances, temporary and permanent alley closings, special exceptions, historic district approvals, resubdivision, zoning modifications, TDR's or similar actions relating to the Lease Property and DEVELOPER Property (collectively, "Approvals") required to allow construction of the Project on the Lease Property. DEVELOPER will use commercially reasonable efforts to obtain such entitlements.

a) DEVELOPER will fund any and all costs of the Approvals. WMATA will not incur any costs in connection with the Approvals either in the actual Approvals process or for required on-site or off-site improvements or other work. DEVELOPER shall indemnify WMATA against any such costs.
b) At no expense to WMATA, DEVELOPER also shall be responsible for, and shall diligently and expeditiously pursue, all necessary permits and approvals, including, without limitation, land disturbance permits, building permits, partial alley closing and soil and erosion control measures as required by the District or any other local, state, or federal agency having jurisdiction.
c) WMATA shall cooperate with DEVELOPER in all zoning and other related Approvals, including the filing of the alley closing application, lot consolidation/resubdivision application, etc.

d) The resubdivision of the Lease Property, the DEVELOPER Property and the closed portion of the public alleys in Square 393 will not be completed until after Closing.

9.3 Site Plan Approval by the District: DEVELOPER will submit to the applicable District agency or agencies an Approvals request and an application for District approval of the WMATA-approved Site Plan, for development of the Lease Property.

9.4 WMATA Review and Approval of Site Plan: In the event that DEVELOPER makes any modifications to the Site Plan approved by the District and previously approved by WMATA (the "Approved Site Plan"), such modifications will be subject to WMATA's approval, not to be unreasonably withheld, delayed or conditioned.

9.5 WMATA Review and Approval of Construction Drawings: WMATA will have the right to approve or disapprove, and require changes to any of the improvements on the Lease Property or the DEVELOPER Property that materially and adversely affect WMATA's operations. The design and construction plans for such improvements will incorporate the most recent revisions of WMATA's design and construction standards and criteria, including, without limitation, WMATA's Adjacent Construction Project Manual, Revision 3, dated December 2008 (collectively, "WMATA Design and Construction Standards"). If the DEVELOPER commences construction of the DEVELOPER Improvements within three (3) years of the date of the Definitive Agreement, the DEVELOPER may use the version of the WMATA Design and Construction Standards that is in effect on the date of the Definitive Agreement, without subsequent amendments or revisions, with respect to the Approvals, the WMATA-approved Site Plan and the design and construction plans for the DEVELOPER Improvements; otherwise, the most recent versions of the WMATA Design and Construction Standards, as amended and revised from time to time, shall be applicable. The Total Project will be reviewed in accordance with, and must conform to the requirements of, the aforementioned documents.

9.6 Construction Requirements: DEVELOPER shall cause all of the components of the DEVELOPER Improvements to be constructed by one or more reputable contractors having a record of successfully constructing similar projects. Construction of DEVELOPER Improvements shall be insured by one hundred percent (100%) performance and payment surety bonds with a nationally recognized corporate surety acceptable to WMATA. Such surety bonds shall name WMATA as a co-obligee unless WMATA is prohibited from being so named by the FHA lender under the HUD financing utilized by DEVELOPER, and evidence of such bonds shall be furnished by DEVELOPER to WMATA at Closing.

9.7 Interim Improvements: intentionally omitted.

9.8 Guaranty: At the Closing, ~~Bannaker~~BACDC or another guarantor reasonably acceptable to WMATA will execute an unconditional guaranty ("Guaranty") to WMATA with the total liability thereunder limited to One Million Five Hundred Thousand Dollars (~~$1,000,000~~1,500,000) plus the cost of enforcing the Guaranty against the guarantor. The Guaranty will be released by WMATA upon the Completion of the Total Project. The Definitive Agreement will include a minimum financial test to be met by the guarantor which will be ~~$1,000,000~~1,500,000. The adequacy of security and need for this Guaranty to be further discussed in the Definitive Agreement. The Guaranty will unconditionally guarantee to WMATA:

a) the completion of construction of the DEVELOPER Improvements;
b) the completion of infrastructure required by either the District or WMATA that is not included in the Site Work;
c) the completion of any demolition and removal of DEVELOPER Improvements as and when required under the terms of the Definitive Agreement;
d) the remediation of all hazardous materials as required by the Definitive Agreement or by applicable laws, courts or governmental authorities;
e) the required parties maintain the insurance required by WMATA under the Definitive Agreement; and in the event such insurance is not maintained and no insurer pays a claim that would have been paid if such WMATA required insurance had been maintained, the Guarantor shall indemnify WMATA up to the relevant insurance limit amounts;
f) the restoration of the Lease Property to the condition it was in on the date of Closing should work cease on the excavation portion of the project above the Lease Property longer than 30 days; and
g) the timely payment all DEVELOPER obligations under the Definitive Agreement, including full payment of any increase in the Capitalized Lease Payment for any Additional Density which increases the Capitalized Lease Payment after the Closing.

9.9 Transit-Oriented Development/Continuing Transit Orientation: DEVELOPER will design the DEVELOPER Improvements so as to constitute a Transit-Oriented Development, and the DEVELOPER Improvements will be maintained with a Continuing Transit Orientation, as described in FTA Notice of Final Agency Guidance on the Eligibility of Joint Development Improvements under Federal Transit Law, which can be found at 72 FR 5788.

9.10 Transit Operations: Neither the construction nor the operation of the Project will interfere with the safety or operation of WMATA's transit facilities.

9.11 Environmental Matters: In the event that DEVELOPER engages in any excavation on the Lease Property, DEVELOPER shall dispose of any contaminated excavated materials that DEVELOPER has knowledge of, at DEVELOPER'S expense, as required by all then-applicable federal and/or District laws or regulations. DEVELOPER agrees to indemnify and hold WMATA harmless from any environmental liability or damages, including attorney's fees and costs of remediation for which WMATA may become responsible as a result of the DEVELOPER'S breach of this covenant.

**10. Indemnification**

DEVELOPER will indemnify and save harmless WMATA and its respective directors, officers, employees and agents for all damages and expenses that may arise in connection with any and all actions taken by DEVELOPER, its contractors, consultants or agents, or any employee of DEVELOPER, its contractors, consultants or agents, in connection with its activities under the Definitive Agreement, including all surveys, tests, investigations, construction, operations on the Lease Property and other activities. WMATA will have the right to disapprove activities that in WMATA's sole judgment could result in injury to WMATA Transit Facilities located under the Lease Property or breach of any agreement with WMATA, or expose WMATA to any liability. No consent by WMATA will be interpreted as a waiver by WMATA or assumption of liability or risk by WMATA. As to all Study Period activities, DEVELOPER and its consultants who physically alter the Lease Property will be obligated, at their sole cost and expense, to restore the Lease Property to the similar condition existing immediately prior to those activities. Both the Lease and the CCRs shall contain indemnification of WMATA.

**11. Insurance Requirements**

DEVELOPER, and each of its consultants, contractors and subcontractors that enter onto the Lease Property, will maintain at all times, at their sole cost and expense, insurance coverages and policies to protect each of them and WMATA from claims that may arise out of activities contemplated by the Definitive Agreement. The scope and limits of such coverages and policies required by WMATA will be addressed in the Definitive Agreement.

**12. Non-Binding Intent**

This Term Sheet will have no binding effect on the parties except that DEVELOPER shall have the exclusive right to negotiate a Definitive Agreement with WMATA for a period of one hundred fifty (150) days from the date of this Term Sheet. Any expenditures undertaken by either party hereto are at its own risk. No contract or agreement of any sort, preliminary, final or otherwise, is intended to be created by this Term Sheet, except as described above.

**Amended and Restated**
**WMATA Term Sheet**
**Shaw-Howard/Florida Avenue Sites**

This Amended and Restated Term Sheet, ("Term Sheet"), for a development project at WMATA's Shaw-Howard/Florida Avenue sites in Washington, DC, and dated as of the date last executed below, is intended to summarize the principal terms of a proposal being considered by the undersigned parties regarding a lease of certain real property on the south side of Florida Avenue, NW between 7th and 9th Streets, NW. The undersigned parties wish to negotiate a Definitive Agreement, as defined in Section 2.1 herein. The previous joint development term sheet dated July 17, 2008 is superseded by this Term Sheet.

**1. Parties**

1.1 Washington Metropolitan Area Transit Authority ("WMATA").

1.2 The Jazz @ Florida Avenue, LLC, a District of Columbia limited liability company (the "DEVELOPER") will be the developer of the Project (as defined in Section 4 below). The DEVELOPER'S initial principals shall be Banneker Ventures, LLC, a District of Columbia limited liability company ("Banneker"), and Banc of America Community Development Corporation, a North Carolina corporation qualified to do business in the District of Columbia ("BACDC"), subject to the substitution of a different principal for BACDC upon WMATA's approval, not to be unreasonably withheld. At or after the Closing until the "Completion of the Total Project" (as defined in Section 6.4 below), DEVELOPER shall be permitted to only admit other members who are tax credit investors, tax credit syndicators and equity investors for the Total Project (as defined in Section 4.2(b) below) so long as such admissions are not a disguised sale of the Project or transfer of control to another developer, except in the limited circumstance where there is an imminent default under the tax credits and the tax credit syndicator exercises its right to replace the manager of the Total Project. After the Completion of the Total Project, there shall be limited restrictions on the DEVEOPER'S principals and the identity of any successor lessee/owner of the Total Project.

**2. Definitive Agreement**

2.1 The Definitive Agreement will be a Joint Development Agreement ("Definitive Agreement") together with all necessary related documentation upon which WMATA and DEVELOPER mutually agree. The Definitive Agreement will be prepared initially by WMATA. Both parties commit to complete the Definitive Agreement so WMATA can present the agreed-upon Definitive Agreement to



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its Board for approval within one month of the Board's approval of this Term Sheet. WMATA and DEVELOPER shall execute the Definitive Agreement within three (3) business days of Board approval.

2.2 The parties shall attach the above referenced necessary related documentation to the Definitive Agreement as exhibits. Such exhibits shall include, but not be limited to:

a) a ground lease agreement (the "Lease") whereby WMATA will lease the Lease Property to the DEVELOPER for a single term of ninety-nine (99) years, with no renewal or option periods.

b) A conditions, covenants and reservations agreement ("CCRs"), to be recorded among the land records, which will: (i) protect WMATA's interests in its tunnel and associated elements and access thereto; and (ii) include transit oriented development covenants.

c) A co-tenancy agreement ("Co-Tenancy Agreement") between WMATA and DEVELOPER to be recorded among the land records after the CCRs which will control the operation and disposition of the Total Project after the Lease and any replacement lease provided to a lender have either expired or been irrevocably terminated.

2.3 The execution of the Lease ("Closing") will take place no later than six hundred (600) days after the WMATA Board approves the Definitive Agreement. The Definitive Agreement shall terminate no later than the Completion of the Total Project with any surviving obligations being included in the CCRs.

**3. Property to Be Leased To DEVELOPER**

3.1 WMATA will lease to DEVELOPER approximately 28,376 square feet of land, which area is outlined in yellow on **Exhibit A** and attached hereto (the "Lease Property"). The land is in three separate parcels: 1) approximately 3,799 square feet in Square 393, Lot 44; 2) approximately 8,621 square feet in Square 393, Lot 45; and 3) approximately 15,956 square feet in Square 416, Lot 31. The Lease Property shall not include those property interests necessary for protection of WMATA's transit facilities, which include the existing WMATA tunnel and associated elements.

3.2 DEVELOPER will cause an preliminary ALTA survey and title commitment to be prepared within two (2) months of the effective date of the Definitive Agreement and the final ALTA survey (assuming a closed public alley) and title commitment no later than thirty (30) days before the Closing. The final ALTA survey shall be completed early enough for WMATA and DEVELOPER to agree upon the legal descriptions to exclude the existing WMATA tunnel and associated elements.



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**4. Project**

DEVELOPER will construct improvements on the Lease Property (the "Project") in substantially the same configuration shown in **Exhibit B** and attached hereto, which configuration includes the Total Project, in accordance with a project schedule to be finalized and agreed upon at the Closing in accordance with the Definitive Agreement. The Project may not be materially changed without WMATA's written approval, such approval not to be unreasonably withheld, delayed or conditioned. The Project will consist of:

4.1 DEVELOPER improvements (the "DEVELOPER Improvements") are a minimum 100,711 gross FAR square feet including approximately 80,169 gross FAR square feet for residential apartment units per District of Columbia ("District") approvals and approximately 10,000 gross FAR square feet of retail/arts use, and approximately 10,542 gross FAR square feet of associated loading, lobbies, ramps, and residential and retail parking, per District approvals.

4.2 Assemblage.

a) Adjacent Parcels. An affiliate of DEVELOPER is the contract purchaser of Lot 41 & A&T Lot 826 in Square 393, comprising approximately 7,720 square feet of land fronting on 9th Street, NW and located contiguous to Lot 44 near the southwest corner of the intersection of 9th Street and Florida Avenue, N.W., in the District of Columbia (the "DEVELOPER Property"). The DEVELOPER Property is outlined in blue on the attached **Exhibit A.**

b) Total Project. WMATA and DEVELOPER have agreed to apply to close the portion of the public alley in Square 393 contiguous to Lots 41, 44 & 45 and A&T Lot 826 prior to the Closing so that promptly after the Closing, DEVELOPER can resubdivide such Lots and the portion of the closed public alley into a buildable lot of approximately 21,244 square feet. DEVELOPER is acquiring an interest in the Lease Property to develop a single, mixed-use, Transit-Oriented Development project on the combined Lease Property and DEVELOPER Property (the "Total Project").

c) Alley Closing. WMATA will consent to the alley closing prior to Closing, provided that when the portion of the public alley is closed, an easement among the owners will be recorded among the land records to preserve the use of the closed portion of the public alley to protect WMATA's interests until the Closing. Such easement will be terminated upon the post-Closing resubdivision of the relevant land in Square 393 into a buildable lot. **Exhibit A** shows the portion of the closed alley that



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will become part of the Lease Property in red; the portion that will become part of the DEVELOPER Property is shown in green.

d) Co-Tenancy Agreement. At Closing, the parties will execute the Co-Tenancy Agreement, which will govern the operation, management and sale of all the improvements and the assembled Lease Property and DEVELOPER Property upon termination or expiration of the Lease without a new lease being obtained by a lender. The Co-Tenancy Agreement shall provide, *inter alia*, after the expiration or termination of the Lease, (i) each owner shall have an equal vote on the operation and management of the Total Project and no owner shall have the right to force a sale of the Total Project if the Lease expired without a default by the DEVELOPER, and (ii) the owners shall have a vote proportionate with their percentage of the Total Project on the operation and management of the Total Project and WMATA shall have the right during pre-set time windows to sell the Total Project for all cash to an unrelated purchaser if the Lease is terminated for an uncured default by the DEVELOPER without a new lease being obtained by a lender.

4.3 The DEVELOPER Improvements will be built in a single phase on the Lease Property as part of the Total Project.

**5. Due Diligence**

5.1 Lease Property Condition: In the Definitive Agreement, WMATA will provide knowledge-qualified representations customarily made by WMATA in transactions of this type, including with respect to title to the Lease Property and the environmental history or condition of the property. Subject to the continued accuracy of such representations, and subject further to DEVELOPER'S Study Period rights as provided herein and satisfaction or waiver by DEVELOPER of all conditions precedent herein provided, DEVELOPER will accept its interest in the Lease Property in an "AS IS, WHERE IS" condition.

5.2 Study Period: Upon approval and execution of this Term Sheet, WMATA will grant DEVELOPER a Right of Entry Permit for entry onto the Lease Property, substantially in the form attached hereto as **Exhibit C**. DEVELOPER shall have sixty (60) days from the effective date of the Definitive Agreement to conduct its due diligence related to the Lease Property (the "Study Period"). If DEVELOPER, in its sole and exclusive discretion, shall be dissatisfied for any reason with the results of its Study Period investigations, DEVELOPER shall be entitled, upon written notice to WMATA delivered not later than ten (10) days following expiration of the Study Period, to terminate this Term Sheet and the Definitive Agreement, whereupon WMATA shall return to DEVELOPER the entire Security Deposit or the Proposal Security (as defined below), as



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applicable, and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or of the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

**6. Security Deposit**

6.1 Within two (2) business days of the execution of the Definitive Agreement, the DEVELOPER will place with WMATA a cash security deposit in the amount of Two Hundred Fifty Thousand Dollars ($250,000.00) less the Additional Costs Credit (as defined in Section 7.2(b) below) (the "Security Deposit") to secure DEVELOPER'S performance. At the Closing upon DEVELOPER receiving the Additional Cost Credit against the Capitalized Lease Payment, the Security Deposit will be increased to Two Hundred Fifty Thousand Dollars ($250,000.00). The DEVELOPER'S Proposal Security currently being held by WMATA, in the amount of One Hundred Thousand Dollars ($100,000.00), will be applied to the Security Deposit.

6.2 The Security Deposit will not be applied to any payments due to WMATA under the Definitive Agreement.

6.3 The entire Security Deposit shall be forfeited and may be retained by WMATA if DEVELOPER shall be in default under the Definitive Agreement beyond applicable notice, cure and grace periods therein provided. In such event, the Security Deposit may be applied by WMATA in whole or in part to cure such default. No such application of the Security Deposit shall constitute a waiver of any such default by DEVELOPER or an election of remedies. If the Security Deposit is applied in whole or in part as described herein, DEVELOPER shall, within ten (10) days, increase the Security Deposit by an amount equal to the amount applied.

6.4 The Security Deposit, less any amounts previously applied in connection with any breach or default by DEVELOPER and not replenished by DEVELOPER, shall be refunded to DEVELOPER, with interest accrued, within twenty (20) business days following the "Completion of the Total Project," which is hereby defined as: (i) the issuance of one or more final certificates of occupancy for all residential apartment units and common areas, including parking; and (ii) one or more "shell" certificates of occupancy or equivalent for the retail portions of the Total Project, subject to completion of the tenant improvements for each unoccupied retail space; and (iii) correction of any damage to WMATA's property caused by Developer or its contractors, subcontractors or consultants; and (iv) satisfaction of all requirements of the WMATA Design Construction Standards applicable to the DEVELOPER Improvements.



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**7. Consideration**

7.1 Option Fee: The DEVELOPER has previously paid WMATA One Hundred Thousand Dollars ($100,000.00) as an option fee (the "Option Fee"). The Option Fee is non-refundable and shall not be applicable to the Lease Consideration.

7.2 Rent:

a) Pre-Closing Rent. The DEVELOPER shall make quarterly non-refundable Pre-Closing Rent payments beginning upon the effective date of the Definitive Agreement. Pre-Closing Rent for the first twelve (12) months will be $50,000.00 per year, payable in advance in quarterly instalments of $12,500.00. Pre-Closing Rent will increase to $65,000.00 per year for the next twelve (12) months. For the remainder of the Pre-Closing Period, Pre-Closing Rent shall be $80,000.00 per year. Pre-Closing Rent shall be prorated for partial quarters.

b) Capitalized Lease Payment. DEVELOPER shall make a lump sum initial Capitalized Lease Payment of Two Million Fifty Thousand Dollars ($2,050,000) less the Additional Costs Credit at Closing. The term "Additional Costs Credit" is defined to be the amount of the third-party costs incurred by DEVELOPER, not to exceed $100,000, in the evaluation and negotiation of the proposed sale of the Lease Property to DEVELOPER based on copies of actual invoices for such third-party costs delivered to WMATA, which may be redacted to exclude any confidential or privileged information. This payment represents the entire base rent for the Lease Property for the first 60 years of the 99-year term of the Lease. In no event will any part of the Capitalized Lease Payment be refunded.

c) Monthly Rent Payment.

a. On the 60th anniversary of the Effective Date of the Lease, the DEVELOPER shall begin making monthly base rent payments to WMATA (the "Monthly Lease Payments"). The Monthly Lease Payments amount shall be at Fair Market Value as determined through the three-appraiser method described in the Lease.

b. Escalation Rate. The Monthly Lease Payments shall escalate annually at the rate of 3% per year.

c. Periodic Rent Revaluation. The Monthly Lease Payments shall be adjusted every ten years. The Monthly Lease Payments will be re-adjusted to then current Fair Market Value as established through the three-appraiser process described above. Monthly Lease Payments will never decrease from the then payable

**Deleted:** the last 39 years of the 99-year Lease term, the fair value of the Lease Property shall be re-appraised through the three-appraiser method and a capitalized lease payment for the remaining 39 years or monthly payments of base rent with a 3% annual escalation shall be determined from either the average or middle of the three appraisals, with the DEVELOPER deciding which payment method will be used for the remaining 39 years.



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Monthly Lease Payments as a result of any Periodic Rent Revaluation.

d) Participation Rent. Participation Rent, at one and a half percent (1.5%) of Effective Gross Income from the improvements on the Lease Property shall be paid to WMATA beginning at the earlier of the DEVELOPER's receipt of Effective Gross Income or, until the Final Completion of the Total Project, the amount of Effective Gross Income DEVELOPER was projected to receive from the improvements on the Lease Property under the Project Schedule in the Definitive Agreement; provided, however, one percent (1%) shall be unsubordinated to the payment of operating expenses, debt service, member loans, or equity, and one-half percent (0.5%) shall be paid in accordance with HUD requirements. Any Participation Rent not paid in a given year shall accumulate interest at five and eight-tenths percent (5.8%) and be paid from the next annual cash flow or from Capital Event proceeds prior to any return on, or return of, equity. At all times during the Lease term, the debt service coverage ratio on any senior loans, other than HUD-insured senior loans or public subsidies, shall be no less than 1.20:1.00.

e) Capital Event Rent. Capital Events (defined below) shall be permitted in accordance with this Section 7.2(d). Whenever a Capital Event occurs, the DEVELOPER will make a payment to WMATA ("Capital Event Participation"). A "Capital Event" will include, but not be limited to, any of the following by DEVELOPER: (i) assignments of the Definitive Agreement or the Lease, (ii) sales or re-financings of DEVELOPER's Improvements, (iii) other dispositions, transfers, and conversions that change the membership of the DEVELOPER to include new members not originally included as of the execution date of the Definitive Agreement but not including transfers among existing members, transfers to wholly-owned entities, intra-family transfers, transfers caused by death, transfers required for the initial debt and equity of the Total Project before the permanent loan closing and transfers of interests in publicly traded entities. The Parties agree that Non-Capital Events, which will require WMATA approval, but not WMATA monetary participation, also exist and will be defined in the Definitive Agreement. In Capital Events that involve a Lease or sublease assignment or a sale of the DEVELOPER Improvements, WMATA's share will be two percent (2%) of the gross proceeds. Gross proceeds are defined as all transaction revenues received by the DEVELOPER (and any affiliated entities receiving income from this event). WMATA will also share in the financial return to the DEVELOPER in the event of any refinance or financial restructuring in which the DEVELOPER realizes proceeds therefrom. WMATA's share will be two percent (2%) of the adjusted gross proceeds. The adjusted



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gross proceeds are defined as all transaction revenues to the DEVELOPER (and any affiliated entities receiving income from this event) less any debt on the DEVELOPER Improvements that is paid-off out of the Capital Event proceeds. To confirm DEVELOPER's original project debt and equity, within thirty days of the Closing, DEVELOPER will provide WMATA with documentation confirming such amounts. Total debt and equity to finance the Project (amounts paid prior to the subject Capital Event) will total no more than one hundred percent (100%) of the original Total Project cost, including both hard and soft costs.

7.3 Pro Rata Split After Assemblage: The Definitive Agreement and Lease (as defined in Section 2.1 above) shall lease only the Lease Property, but shall provide that any Additional Density determination applicable to the Lease Property, the DEVELOPER Improvements or the Project shall be determined by using the pro rata share of the Total Project based on the ratio of the square feet of land of the Lease Property and the DEVELOPER Property. WMATA's pro rata share of the Total Project is 79.0%, subject to the final survey which shall be attached as an Exhibit to the Definitive Agreement.

7.4 Additional Density: If at any time during the first 60 years of the Lease, DEVELOPER has received approval for additional density over 100,711 gross FAR square feet attributable to the Lease Property, DEVELOPER will adjust the Capitalized Lease Payment using the same methodology for calculating the Capitalized Lease Payment with an adjustment for any time between the Closing and the date the Additional Density is placed in service. The measurement of gross FAR square feet shall be the highest amount generated by the Lease Property, whether used on the Lease Property or not, in (i) any final zoning approval by the District of Columbia; (ii) building permit approval; or (iii) an amount approved in any revisions to the building permit prior to issuance of the final certificates of occupancy. Such additional density adjustments shall include any gross FAR square feet attributable to portions of the public alley located between 8th and 9th Streets, NW, which become part of the Lease Property in the alley closing process.

a) Prior Final Certificate of Occupancy: If the DEVELOPER receives approval for additional density prior to receipt of the final certificate of occupancy for the Total Project or while a HUD insured loan remains in place, the additional density Capitalized Lease Payment adjustment shall be as follows:

(i) An upward adjustment in the Capitalized Lease Payment by $50/gross FAR square feet for additional density generated by the Lease Property over 100,711 gross FAR square feet; and



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(ii) After the additional density consideration in 7.4(a)(i) is added, a downward adjustment in the Capitalized Lease Payment by $80/gross FAR square feet for such additional density generated by the Lease Property which increases the Project's affordable housing requirement pursuant to the District's mandatory Inclusionary Zoning regulations (Chapter 26 of the Zoning Regulations of the District) over 6,414 gross FAR square feet

*NOTE: WMATA expects to adjust these amounts based on the relationship of the Capitalized Lease Payment for a period of 60 years to the fee simple land value.*

b) After Final Certificate of Occupancy: During the first 60 years of the term of the Lease, if HUD insurance no longer remains in place, any densities or unit totals actually constructed on the DEVELOPER Improvements that are more than those in effect at receipt of the Final Certificate of Occupancy for the Project and for which no increase in Capitalized Lease Payment has been paid, such additional densities or unit totals will require DEVELOPER to pay additional Capitalized Lease Payment. The additional Capitalized Lease Payment payments will be determined through the three-appraiser method, to be defined in the Definitive Agreement and based on the then-remaining time until the 61st year of the term of the Lease. Since the resetting of the base rent in the 61st Lease year will be based on vacant land, there shall be no additional density adjustments after the 60th Lease year.

7.5 Additional Consideration: The Capitalized Lease Payment, including any adjustments made under Section 7.4(a) above, shall be increased annually by five and 8/10ths percent (5.8%) per year from the execution of the Definitive Agreement, if Closing or Additional Density occurs later than six hundred (600) days from execution of the Definitive Agreement. No Additional Consideration increase shall be applied for any delay caused by WMATA under Section 7.6. If Additional Density occurs after Closing, then only the increase in the Capitalized Lease Payment for such Additional Density shall be subject to the 5.8% annual increase.

7.6 WMATA Delays: The maximum length of six hundred (600) days to Closing will be extended for delays caused solely by WMATA actions or failure to act, including requesting FTA Approval in accordance with Section 8.5 below. Such extension(s) shall be for the amount of time reasonably necessary to compensate for the delay caused solely by WMATA, *e.g.*, if such a delay causes DEVELOPER to miss a planned filing date which results in a one day-for-one day delay, then the extension shall be measured in days with respect to



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that filing date, however, if the filing date is for some action which is only available in a certain "time window" and the delay causes DEVELOPER to miss the filing date for such "time window," then the extension shall be measured in a period equal to the next available "time window" with respect to that filing date. In no other event, other than Force Majeure Delays as defined in Section 7.7 below, will Closing be delayed, even though DEVELOPER'S schedule may take longer than anticipated.

7.7 Force Majeure Delays: The maximum length of six hundred (600) days to Closing may be extended for any delays caused by acts of God, terrorism, casualty, or other events of "force majeure", as may be further defined and agreed to in the Definitive Agreement. Such Force Majeure Delays shall be subject to an increase in the Capitalized Lease Payment, as provided in Section 7.5 above, in order to maintain the net present value of the Definitive Agreement and Lease to WMATA. In no event shall the time for Closing be extended beyond one hundred eighty (180) days due to Force Majeure Delay.

**8. Conditions to Definitive Agreement Consummation**

If each of the following conditions is not satisfied within the timeframes provided below therefor, then in such instance, DEVELOPER may terminate this Term Sheet and the Definitive Agreement upon ten (10) days written notice to WMATA, in which event WMATA shall return the Security Deposit to DEVELOPER and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

8.1 Design Approvals: Within ten (10) days of execution of the Definitive Agreement and prior to any final submission to the District, DEVELOPER shall submit to WMATA for its approval a conceptual Total Project site plan in substantial conformance with Exhibit B, including building elevations and floor plans (the "WMATA-Approved Site Plan"). The design of the Total Project shall be oriented in such a manner as to encourage use of WMATA transit facilities by tenants, residents, customers, and employees (as applicable) travelling to and from the Lease Property. WMATA shall make all reviews and approvals or disapprovals of DEVELOPER'S initial submission to WMATA within thirty (30) days of receipt of such submission by WMATA.

8.2 Study Period: DEVELOPER shall be satisfied, in its sole and exclusive judgment, with its Study Period inspections in accordance with Section 5.2 above.

8.3 Public Hearing: DEVELOPER acknowledges that WMATA has concluded that a WMATA Compact Public Hearing is not required for this Project.



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8.4 Subsequent Approval: DEVELOPER acknowledges that WMATA will not be bound by the Definitive Agreement unless and until such Definitive Agreement is approved by WMATA's Board of Directors and executed by WMATA.

8.5 FTA Approval: The transaction described herein is subject to Federal Transit Administration approval (the "FTA Approval"). WMATA will apply for said FTA Approval within thirty (30) days after full execution of the Definitive Agreement. The Definitive Agreement will contain appropriate termination provisions to address the possibility that the FTA may not approve the Definitive Agreement.

8.6 Financing Contingency: DEVELOPER shall have received a commitment for construction financing from a bank or other lending institution in such amounts, and upon such terms and conditions, as shall be consistent with the approved development budget for the Total Project and as shall otherwise be reasonably satisfactory to DEVELOPER and WMATA.

**9. Special Considerations**

9.1 Community Contact: Within one hundred twenty (120) days of the execution of the Definitive Agreement DEVELOPER shall contact the appropriate community groups in the area as specified by WMATA to apprise such groups of the Total Project and provide WMATA with a written report naming each group contacted, its contact person and phone number, and a brief list of issues expressed by each group. DEVELOPER's failure to perform under this provision will constitute an event of default under the Definitive Agreement. WMATA will include a list of all such groups as part of the Definitive Agreement.

9.2 Rezoning Approvals: DEVELOPER will be responsible for obtaining all entitlements, including, but not limited to, re-zonings, variances, temporary and permanent alley closings, special exceptions, historic district approvals, resubdivision, zoning modifications, TDR's or similar actions relating to the Lease Property and DEVELOPER Property (collectively, "Approvals") required to allow construction of the Project on the Lease Property. DEVELOPER will use commercially reasonable efforts to obtain such entitlements.

a) DEVELOPER will fund any and all costs of the Approvals. WMATA will not incur any costs in connection with the Approvals either in the actual Approvals process or for required on-site or off-site improvements or other work. DEVELOPER shall indemnify WMATA against any such costs.
b) At no expense to WMATA, DEVELOPER also shall be responsible for, and shall diligently and expeditiously pursue, all necessary permits and approvals, including, without limitation, land



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disturbance permits, building permits, partial alley closing and soil and erosion control measures as required by the District or any other local, state, or federal agency having jurisdiction.

c) WMATA shall cooperate with DEVELOPER in all zoning and other related Approvals, including the filing of the alley closing application, lot consolidation/resubdivision application, etc.

d) The resubdivision of the Lease Property, the DEVELOPER Property and the closed portion of the public alleys in Square 393 will not be completed until after Closing.

9.3 Site Plan Approval by the District: DEVELOPER will submit to the applicable District agency or agencies an Approvals request and an application for District approval of the WMATA-approved Site Plan, for development of the Lease Property.

9.4 WMATA Review and Approval of Site Plan: In the event that DEVELOPER makes any modifications to the Site Plan approved by the District and previously approved by WMATA (the "Approved Site Plan"), such modifications will be subject to WMATA's approval, not to be unreasonably withheld, delayed or conditioned.

9.5 WMATA Review and Approval of Construction Drawings: WMATA will have the right to approve or disapprove, and require changes to any of the improvements on the Lease Property or the DEVELOPER Property that materially and adversely affect WMATA's operations. The design and construction plans for such improvements will incorporate the most recent revisions of WMATA's design and construction standards and criteria, including, without limitation, WMATA's Adjacent Construction Project Manual, Revision 3, dated December 2008 (collectively, "WMATA Design and Construction Standards"). If the DEVELOPER commences construction of the DEVELOPER Improvements within three (3) years of the date of the Definitive Agreement, the DEVELOPER may use the version of the WMATA Design and Construction Standards that is in effect on the date of the Definitive Agreement, without subsequent amendments or revisions, with respect to the Approvals, the WMATA-approved Site Plan and the design and construction plans for the DEVELOPER Improvements; otherwise, the most recent versions of the WMATA Design and Construction Standards, as amended and revised from time to time, shall be applicable. The Total Project will be reviewed in accordance with, and must conform to the requirements of, the aforementioned documents.

9.6 Construction Requirements: DEVELOPER shall cause all of the components of the DEVELOPER Improvements to be constructed by one or more reputable contractors having a record of successfully constructing similar projects.



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Construction of DEVELOPER Improvements shall be insured by one hundred percent (100%) performance and payment surety bonds with a nationally recognized corporate surety acceptable to WMATA. Such surety bonds shall name WMATA as a co-obligee unless WMATA is prohibited from being so named by the FHA lender under the HUD financing utilized by DEVELOPER, and evidence of such bonds shall be furnished by DEVELOPER to WMATA at Closing.

9.7 Interim Improvements: intentionally omitted.

9.8 Guaranty: At the Closing, BACDC or another guarantor reasonably acceptable to WMATA will execute an unconditional guaranty ("Guaranty") to WMATA with the total liability thereunder limited to One Million Five Hundred Thousand Dollars ($1,500,000) plus the cost of enforcing the Guaranty against the guarantor. The Guaranty will be released by WMATA upon the Completion of the Total Project. The Definitive Agreement will include a minimum financial test to be met by the guarantor which will be $1,500,000. The adequacy of security and need for this Guaranty to be further discussed in the Definitive Agreement. The Guaranty will unconditionally guarantee to WMATA:

a) the completion of construction of the DEVELOPER Improvements;
b) the completion of infrastructure required by either the District or WMATA that is not included in the Site Work;
c) the completion of any demolition and removal of DEVELOPER Improvements as and when required under the terms of the Definitive Agreement;
d) the remediation of all hazardous materials as required by the Definitive Agreement or by applicable laws, courts or governmental authorities;
e) the required parties maintain the insurance required by WMATA under the Definitive Agreement; and in the event such insurance is not maintained and no insurer pays a claim that would have been paid if such WMATA required insurance had been maintained, the Guarantor shall indemnify WMATA up to the relevant insurance limit amounts;
f) the restoration of the Lease Property to the condition it was in on the date of Closing should work cease on the excavation portion of the project above the Lease Property longer than 30 days; and
g) the timely payment all DEVELOPER obligations under the Definitive Agreement, including full payment of any increase in the Capitalized Lease Payment for any Additional Density which increases the Capitalized Lease Payment after the Closing.

9.9 Transit-Oriented Development/Continuing Transit Orientation: DEVELOPER will design the DEVELOPER Improvements so as to constitute a Transit-Oriented Development, and the DEVELOPER Improvements will be maintained



FOIA CONFIDENTIAL TREATMENT REQUESTED

**12. Non-Binding Intent**

This Term Sheet will have no binding effect on the parties except that DEVELOPER shall have the exclusive right to negotiate a Definitive Agreement with WMATA for a period of one hundred fifty (150) days from the date of this Term Sheet. Any expenditures undertaken by either party hereto are at its own risk. No contract or agreement of any sort, preliminary, final or otherwise, is intended to be created by this Term Sheet, except as described above.



FOIA CONFIDENTIAL TREATMENT REQUESTED

Agreed this _____ day of November, 2009, by

**Washington Metropolitan Area Transit Authority**

By: _____
Steven E. Goldin
Director, Office of Station Area Planning and Asset Management
Department of Planning and Joint Development

**The Jazz @ Florida Avenue, LLC**

By: _____

Title: _____



FOIA CONFIDENTIAL TREATMENT REQUESTED

# WMATA Term Sheet
# Shaw-Howard/Florida Avenue Sites

This Term Sheet, ("Term Sheet"), for a development project at WMATA's Shaw-Howard/Florida Avenue sites in Washington, DC, and dated as of the date last executed below, is intended to summarize the principal terms of a proposal being considered by the undersigned parties regarding a sale of certain real property on the south side of Florida Avenue, NW between 7th and 9th Streets, NW. The undersigned parties wish to negotiate a Definitive Agreement, as defined in Section 2.1 herein.

An affiliate of "DEVELOPER" (as defined in Section 1.2 below) is the contract purchaser of Lot 41 & A&T Lot 826 in Square 393 comprising approximately [7,720] square feet of land fronting on 9th Street, NW and located contiguous to Lot 44 near the southwest corner of the intersection of 9th Street and Florida Avenue, N.W., in the District of Columbia (the "DEVELOPER Property"). WMATA and DEVELOPER have agreed to apply to close the portion of the public alley in Square 393 contiguous to Lots 41, 44 & 45 and A&T Lot 826 prior to the "Closing" (as defined in Section 2.2 below) so that promptly after the Closing, DEVELOPER can resubdivide such Lots and the portion of the closed public alley into a single, buildable lot of approximately [21,244] square feet. [1]—DEVELOPER is acquiring the "Sale Property" (as defined in Section 3 below) to develop a single, mixed-use, Transit-Oriented Development project on the combined Sale Property and DEVELOPER Property (the "Total Project"). WMATA will consent to the alley closing prior to Closing, provided that when the portion of the public alley is closed, an easement will be recorded among the owners to preserve the use of the closed portion of the public alley to protect WMATA's interests until the Closing. Such easement will be terminated upon the post-Closing resubdivision of all DEVELOPER'S land in Square 393 into a single recorded lot.

## 1. Parties

1.1 Washington Metropolitan Area Transit Authority ("WMATA").

1.2 The Jazz @ Florida Avenue, LLC, a District of Columbia limited liability company (the "DEVELOPER") will be the developer of the Project. The DEVELOPER'S initial principals shall be Banneker Ventures, LLC, a District of Columbia limited liability company ("Banneker"), and Banc of America Community Development Corporation, a North Carolina corporation qualified to do business in the District of Columbia ("BACDC"). At or after the Closing until the "Completion of the Total Project" (as defined in Section 6.4 below), DEVELOPER shall be permitted to only admit other members who are tax credit investors, tax credit syndicators and equity investors for the Total Project

[1]. ~~When the portion of the public alley is closed, an easement will be recorded among the owners to preserve the use of the closed portion of the public alley to protect WMATA's interests until the Closing. Such easement will be terminated upon the post-Closing resubdivision of all DEVELOPER'S land in Square 393 into a single recorded lot.~~



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FOIA CONFIDENTIAL TREATMENT REQUESTED

so long as such admissions are not a disguised sale of the Project or transfer of control to another developer, except in the limited circumstance where there is an imminent default under the tax credits and the tax credit syndicator exercises its right to replace the manager of the Total Project. After the Completion of the Total Project, there shall be no restrictions on DEVEOPER'S composition, members, managers, leasing or financing of the Total Project.

**2. Definitive Agreement**

2.1 The Definitive Agreement will be a Purchase and Sale Agreement together with all related documentation upon which WMATA and DEVELOPER mutually agree ("Definitive Agreement"). The Definitive Agreement will be prepared initially by WMATA. Both parties commit to complete the Definitive Agreement so WMATA can present the agreed-upon Definitive Agreement to its Board for approval within two months with best efforts towards one month of the Board's approval of this Term Sheet. WMATA and DEVELOPER shall execute the Definitive Agreement within three (3) business days of Board approval.

2.2 The sale ("Closing") will take place no later than six hundred (600) days after the WMATA Board approves the Definitive Agreement. The Definitive Agreement shall terminate no later than the Completion of the Total Project, except for those terms that survive the Definitive Agreement.

**3. Property to Be Sold To DEVELOPER**

WMATA will sell to DEVELOPER approximately 28,376 square feet of land area outlined in red in **Exhibit A** and attached hereto (the "Sale Property"). The land is in three separate parcels: 1) approximately 3,799 square feet in Square 393, Lot 44; 2) approximately 8,621 square feet in Square 393, Lot 45; and 3) approximately 15,956 square feet in Square 416, Lot 31. The Sale Property shall not include those property interests necessary for protection of WMATA's transit facilities, which include the existing WMATA tunnel and associated elements. DEVELOPER will prepare the survey and title.

**4. Project**

DEVELOPER will construct improvements on the Sale Property (the "Project") in the configuration shown in **Exhibit B** and attached hereto, which configuration includes the Total Project and the Project portion thereof may not be materially changed without WMATA's written approval, such approval not to be unreasonably withheld, delayed or conditioned. The Project will consist of:

4.1 DEVELOPER improvements (the "DEVELOPER Improvements") are a minimum 100,711 gross FAR square feet including approximately 80,169 gross FAR square feet for residential apartment units per District of Columbia ("District") approvals and approximately 10,000 gross FAR square feet of





FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006308

retail/arts use, and approximately 10,542 gross FAR square feet of associated loading, lobbies, ramps, and residential and retail parking, per District approvals.

4.2 The DEVELOPER Improvements will be built in a single phase on the Sale Property as part of the Total Project.

4.3 The parties shall also execute and record Conditions, Covenants and Reservations which will include but not be limited to protecting WMATA's interests in the WMATA tunnel and associated element and access thereto through existing WMATA transit facilities as well as Additional Density and transit oriented development covenants.

**5. Due Diligence**

5.1 Sale Property Condition: In the Definitive Agreement, WMATA will provide knowledge-qualified representations customarily made by WMATA in transactions of this type, including with respect to title to the Sale Property and the environmental history or condition of the property. Subject to the continued accuracy of such representations, and subject further to DEVELOPER'S Study Period rights as provided herein and satisfaction or waiver by DEVELOPER of all conditions precedent herein provided, DEVELOPER will accept its interest in the Sale Property in an "AS IS, WHERE IS" condition.

5.2 Study Period: Upon approval and execution of the Term Sheet, WMATA will grant DEVELOPER a Right of Entry Permit for entry onto the Sale Property, substantially in the form attached hereto as **Exhibit C**. DEVELOPER shall have sixty (60) days from the effective date of the Definitive Agreement to conduct its due diligence related to the Sale Property (the "Study Period"). If DEVELOPER, in its sole and exclusive discretion, shall be dissatisfied for any reason with the results of its Study Period investigations, DEVELOPER shall be entitled, upon written notice to WMATA delivered not later than ten (10) days following expiration of the Study Period, to terminate this Term Sheet and the Definitive Agreement, whereupon WMATA shall return to DEVELOPER the entire Security Deposit or the Proposal Security (as defined below), as applicable, and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or of the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

**6. Security Deposit**

6.1 Within two (2) business days of the execution of the Definitive Agreement, the DEVELOPER will place with WMATA a cash security deposit in the amount of Two Hundred Fifty Thousand Dollars ($250,000.00), (the "Security Deposit") to secure DEVELOPER'S performance. The DEVELOPER'S Proposal Security





FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006309

currently being held by WMATA, in the amount of One Hundred Thousand Dollars ($100,000.00), will be applied to the Security Deposit.

6.2 The Security Deposit will not be applied to any payments due to WMATA under the Definitive Agreement.

6.3 The entire Security Deposit shall be forfeited and may be retained by WMATA if DEVELOPER shall be in default under the Definitive Agreement beyond applicable notice, cure and grace periods therein provided. In such event, the Security Deposit may be applied by WMATA in whole or in part to cure such default. No such application of the Security Deposit shall constitute a waiver of any such default by DEVELOPER or an election of remedies. If the Security Deposit is applied in whole or in part as described herein, DEVELOPER shall, within ten (10) days, increase the Security Deposit by an amount equal to the amount applied.

6.4 The Security Deposit, less any amounts previously applied in connection with any breach or default by DEVELOPER and not replenished by DEVELOPER, shall be refunded to DEVELOPER, with interest accrued, within twenty (20) business days following the "Completion of the Total Project," which is hereby defined as the issuance of one or more final certificates of occupancy for all residential apartment units and common areas, including parking, and one or more "shell" certificates of occupancy or equivalent for the retail portions of the Total Project, subject to completion of the tenant improvements for each unoccupied retail space, correction of any damage to the WMATA property caused by Developer or its contractors, subcontractors or consultants, and satisfaction of all requirements of the WMATA Design Construction Standards applicable to the DEVELOPER Improvements.

**7. Consideration**

7.1 Option Fee: The DEVELOPER has previously paid WMATA One Hundred Thousand Dollars ($100,000.00) as an option fee (the "Option Fee"). The Option Fee is non-refundable and shall not be applicable to the Sale Price.

7.2 Purchase Price: The base purchase price ("Purchase Price") for the Sale Property shall be Two Million Two Hundred Thousand Dollars ($2,200,000.00).

7.3 Proposal Security: [Intentionally omitted.]

7.4 WMATA Delays: The maximum length of six hundred (600) days to Closing will be extended for delays caused solely by WMATA actions or failure to act, including requesting FTA Approval in accordance with Section 8.5 below. Such extension(s) shall be for the amount of time necessary to compensate for the delay caused by WMATA, *e.g.*, if such a delay causes DEVELOPER to miss a planned filing date which results in a one day-for-one day delay, then the





FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006310

extension shall be measured in days with respect to that filing date, however, if the filing date is for some action which is only available in a certain "time window" and the delay causes DEVELOPER to miss the filing date for such "time window," then the extension shall be measured in a period equal to the next available "time window" with respect to that filing date. In no other event, other than Force Majeure Delays as defined in Section 7.5 below, will Closing be delayed, even though DEVELOPER'S schedule may take longer than anticipated. These extensions shall not be applied to any DEVELOPER-caused delays.

7.5 Force Majeure Delays: The maximum length of six hundred (600) days to Closing may be extended for any delays caused by acts of God, terrorism, casualty, or other events of "force majeure", as may be further defined and agreed to in the Definitive Agreement. Such Force Majeure Delays shall be subject to an increase in the Purchase Price, as provided in Section 7.7 below, in order to maintain the net present value of the Definitive Agreement to WMATA. In no event shall the time for Closing be extended beyond one hundred eighty (180) days due to Force Majeure Delay.

7.6 Additional Density: If prior final completion of the Project, DEVELOPER has received approval for additional density over 100,711 gross FAR square feet, DEVELOPER will adjust the Purchase Price. The measurement of gross FAR square feet shall be the highest amount generated by the Sale Property, whether used on the Sale Property or not, in (i) any final zoning approval by the District of Columbia; (ii) the building permit approval; or (iii) the amount approved in any revisions to the building permit prior to issuance of the final certificates of occupancy.

The additional density Purchase Price adjustment shall be as follows:

a) An upward adjustment in the Purchase Price by $50/gross FAR square feet for additional density generated by the Sale Property over 100,711 gross FAR square feet; and
b) After the additional density consideration in 7.6(a) is added, a downward adjustment in the Purchase Price by $80/gross FAR square feet for such additional density generated by the Sale Property which increases the Project's affordable housing requirement pursuant to the District's mandatory Inclusionary Zoning regulations (Chapter 26 of the Zoning Regulations of the District) over 6,414 gross FAR square feet.

Such additional density adjustments shall include any gross FAR square feet attributable to portions of the public alley located between 8th and 9th Streets, NW, which become part of the Sale Property in the alley closing process. [The portion of alley which will become part of the Sale Property will be highlighted in Exhibit A].



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006311

The "Definitive Agreement" (as defined in Section 2.1 above) shall sell only the Sale Property but shall provide that any determination applicable to only the Sale Property, the "DEVELOPER Improvements" (as defined in Section 4.1 above) or the "Project" (as defined in Section 4 above) shall be determined by using the pro rata share of the Total Project based on the ratio of the square feet of land of the Sale Property and the DEVELOPER Property. WMATA's pro rata share of the Total Project is 79.0% subject to the final survey which shall be attached as an Exhibit to the Definitive Agreement.

7.7 Additional Consideration: The Purchase Price, including any adjustments made under Section 7.6 above, shall be increased annually by five and 8/10ths percent (5.8%) per year from the execution of the Definitive Agreement, if Closing or Additional Density occurs later than six hundred (600) days from execution of the Definitive Agreement plus any delay caused by WMATA under Section 7.4. If Additional Density occurs after Closing, then only the increase in the Purchase Price for such Additional Density shall be subject to the 5.8% annual increase.

7.8 Reversion of Sale: If DEVELOPER has not commenced excavation of building foundations within thirty-six (36) months of Closing, fee simple title to the Sale Property shall revert to and revest in WMATA subject to WMATA's tender to DEVELOPER of the full Purchase Price, ~~subject to the acceptance or modification of such provision by the FHA lender under the HUD financing utilized by DEVELOPER~~. The Developer shall have the right with WMATA Board approval to one twelve (12) month extension beyond the initial thirty-six (36) month period after Closing. Upon reversion, the Security Deposit, plus interest accrued, shall automatically be forfeited to WMATA. The DEVELOPER shall have no further rights or interest in the Sale Property.

**8. Conditions to Definitive Agreement Consummation**

If each of the following conditions is not satisfied within the timeframes provided below therefor, then in such instance, DEVELOPER may terminate this Term Sheet and the Definitive Agreement upon ten (10) days written notice to WMATA, in which event WMATA shall return the Security Deposit to DEVELOPER and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

8.1 Design Approvals: Within ten (10) days of execution of the Definitive Agreement and prior to any final submission to the District, DEVELOPER shall submit to WMATA for its approval a conceptual Total Project site plan in substantial conformance with Exhibit B, including building elevations and floor plans (the "WMATA-Approved Site Plan"). The design of the Total Project shall be oriented in such a manner as to encourage use of WMATA transit facilities by tenants, residents, customers, and employees (as applicable) travelling to



FOIA CONFIDENTIAL TREATMENT REQUESTED 

and from the Sale Property. WMATA shall make all reviews and approvals or disapprovals of DEVELOPER'S initial submission to WMATA within ~~forty-five~~thirty (45~~30~~) days of receipt of such submission by WMATA.

8.2 Study Period: DEVELOPER shall be satisfied, in its sole and exclusive judgment, with its Study Period inspections in accordance with Section 5.2 above.

8.3 Public Hearing: DEVELOPER acknowledges that WMATA has concluded that a WMATA Compact Public Hearing is not required for this Project.

8.4 Subsequent Approval: DEVELOPER acknowledges that WMATA will not be bound by the Definitive Agreement unless and until such Definitive Agreement is approved by WMATA's Board of Directors and executed by WMATA.

8.5 FTA Approval: The transaction described herein is subject to Federal Transit Administration approval (the "FTA Approval"). WMATA will apply for said FTA Approval within thirty (30) days after full execution of the Definitive Agreement. The Definitive Agreement will contain appropriate termination provisions to address the possibility that the FTA may not approve the Definitive Agreement.

8.6 Financing Contingency: DEVELOPER shall have received a commitment for construction financing from a bank or other lending institution in such amounts, and upon such terms and conditions, as shall be consistent with the approved development budget for the Total Project and as shall otherwise be reasonably satisfactory to DEVELOPER and WMATA.

**9. Special Considerations**

9.1 Community Contact: Within one hundred twenty (120) days of the execution of the Definitive Agreement DEVELOPER shall contact the appropriate community groups in the area as specified by WMATA to apprise such groups of the Total Project and provide WMATA with a written report naming each group contacted, its contact person and phone number, and a brief list of issues expressed by each group. DEVELOPER's failure to perform under this provision will constitute an event of default under the Definitive Agreement. WMATA will include a list of all such groups as part of the Definitive Agreement.

9.2 Rezoning Approvals: DEVELOPER will be responsible for obtaining all entitlements, including, but not limited to, re-zonings, variances, temporary and permanent alley closings, special exceptions, historic district approvals, resubdivision, zoning modifications, TDR's or similar actions relating to the Sale Property and DEVELOPER Property (collectively, "Approvals") required to allow construction of the Project on the Sale Property. DEVELOPER will use commercially reasonable efforts to obtain such entitlements.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006313

a) DEVELOPER will fund any and all costs of the Approvals. WMATA will not incur any costs in connection with the Approvals either in the actual Approvals process or for required on-site or off-site improvements or other work. DEVELOPER shall indemnify WMATA against any such costs.
b) At no expense to WMATA, DEVELOPER also shall be responsible for, and shall diligently and expeditiously pursue, all necessary permits and approvals, including, without limitation, land disturbance permits, building permits, partial alley closing and soil and erosion control measures as required by the District or any other local, state, or federal agency having jurisdiction.
c) WMATA shall cooperate with DEVELOPER in all zoning and other related Approvals, including the filing of the alley closing application, lot consolidation/resubdivision application, etc. [2]

9.3 Site Plan Approval by the District: DEVELOPER will submit to the applicable District agency or agencies an Approvals request and an application for District approval of the WMATA-approved Site Plan, for development of the Sale Property.

9.4 WMATA Review and Approval of Site Plan: In the event that DEVELOPER makes any modifications to the Site Plan approved by the District and previously approved by WMATA (the "Approved Site Plan"), such modifications will be subject to WMATA's approval, not to be unreasonably withheld, delayed or conditioned.

9.5 WMATA Review and Approval of Construction Drawings: WMATA will have the right to approve or disapprove, and require changes to any of the DEVELOPER Improvements that materially and adversely affect WMATA's operations. The design and construction plans for the DEVELOPER Improvements will incorporate the most recent revisions of WMATA's design and construction standards and criteria, including, without limitation, WMATA's Adjacent Construction Project Manual, Revision 3, dated December 2008, as amended and revised from time to time (collectively, "WMATA Design and Construction Standards"), except that with respect to the Approvals, the WMATA-approved Site Plan and the design and construction plans for the DEVELOPER Improvements, the applicable version of the WMATA Design and Construction Standards shall be the version in effect on the date of the Definitive Agreement without subsequent amendments or revisions, so long as DEVELOPER commences construction of the DEVELOPER Improvements within three (3) years of the date of the Definitive Agreement; otherwise, the most recent versions of the WMATA Design and Construction Standards shall be applicable. The Project will be reviewed in accordance with, and must conform to the requirements of, the aforementioned documents.

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2. The resubdivision of the Sale Property and DEVELOPER Property in Square 393 will not be completed until after Closing.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006314

9.6 Construction Requirements: DEVELOPER shall cause all of the components of the DEVELOPER Improvements to be constructed by one or more reputable contractors having a record of successfully constructing similar projects. Construction of DEVELOPER Improvements shall be insured by one hundred percent (100%) performance and payment surety bonds with a nationally recognized corporate surety acceptable to WMATA. Such surety bonds shall name WMATA as a co-obligee unless WMATA is prohibited from being so named by the FHA lender under the HUD financing utilized by DEVELOPER, and evidence of such bonds shall be furnished by DEVELOPER to WMATA at least ten (10) calendar days prior to commencement of construction of the DEVELOPER Improvements.

9.7 Interim Improvements: intentionally omitted.

9.8 Guaranty: At the Closing, BACDC will execute an unconditional guaranty ("Guaranty") which guarantees to WMATA a) the completion of construction of the DEVELOPER Improvements, b) the completion of infrastructure required by either the District or WMATA that is not included in the Site Work, c) the completion of any demolition and removal of DEVELOPER Improvements as and when required under the terms of the Definitive Agreement, d) [intentionally omitted], e) that ~~all of the required parties~~the DEVELOPER maintains the railroad protection insurance and DEVELOPER, DEVELOPER's General Contractor(s) and all Major Subcontractors maintain the commercial general liability insurance required by WMATA under the Definitive Agreement; and in the event such insurance is not maintained and no insurer pays a claim that would have been paid if such WMATA required insurance had been maintained, the Guarantor shall indemnify WMATA up to the relevant insurance limit amounts, and f) the restoration of the Sale Property to the condition it was in on the date of Closing should work cease on the excavation portion of the project above the Sale Property longer than 30 days, g) full payment of any increase in the Purchase Price for any Additional Density which increases the Purchase Price after the Closing. The Guaranty will be released by WMATA upon the Completion of the Total Project. The Definitive Agreement will include a minimum financial test to be met by BACDC, which will be 100% of the estimated costs of the construction costs of the Total Project. The adequacy of security and need for this Guaranty to be further discussed in the Definitive Agreement.

9.9 Transit-Oriented Development/Continuing Transit Orientation: DEVELOPER will design the DEVELOPER Improvements so as to constitute a Transit-Oriented Development, and the DEVELOPER Improvements will be maintained with a Continuing Transit Orientation, as described in FTA Notice of Final Agency Guidance on the Eligibility of Joint Development Improvements Under Federal Transit Law, which can be found at 72 FR 5788.



FOIA CONFIDENTIAL TREATMENT REQUESTED 

9.10 Transit Operations: Neither the construction nor the operation of DEVELOPER Improvements will interfere with the safety or operation of WMATA's transit facilities.

9.11 Environmental Matters: In the event that DEVELOPER engages in any excavation on the Sale Property, DEVELOPER shall dispose of any contaminated excavated materials that DEVELOPER has knowledge of, at DEVELOPER'S expense, as required by all then-applicable federal and/or District laws or regulations. DEVELOPER agrees to indemnify and hold WMATA harmless from any environmental liability or damages, including attorney's fees and costs of remediation for which WMATA may become responsible as a result of the DEVELOPER'S breach of this covenant.

**10. Indemnification**

DEVELOPER will indemnify and save harmless WMATA and its respective directors, officers, employees and agents for all damages and expenses that may arise in connection with any and all actions taken by DEVELOPER, its contractors, consultants or agents, or any employee of DEVELOPER, its contractors, consultants or agents, in connection with its activities under the Definitive Agreement, including all surveys, tests, investigations, construction, pre-Closing operations on the Sale Property and other activities. WMATA will have the right to disapprove activities that in WMATA's sole judgment could result in injury to WMATA Transit Facilities located under the Sale Property or breach of any agreement with WMATA, or expose WMATA to any liability. No consent by WMATA will be interpreted as a waiver by WMATA or assumption of liability or risk by WMATA. As to all Study Period activities, DEVELOPER and its consultants who physically alter the Sale Property will be obligated, at their sole cost and expense, to restore the Sale Property to the similar condition existing immediately prior to those activities.

**11. Insurance Requirements**

DEVELOPER, and each of its consultants who physically work on the Sale Property, contractors and subcontractors, will maintain at all times, at their sole cost and expense, insurance coverages and policies to protect each of them and WMATA from claims that may arise out of activities contemplated by the Definitive Agreement. The scope and limits of such coverages and policies required by WMATA will be addressed in the Definitive Agreement and apply to the pre-Closing period. After the Closing, the scope and limits of such coverages and policies shall be set by the FHA lender under the HUD financing utilized by DEVELOPER, except that during the construction of the DEVELOPER Improvements, DEVELOPER shall (i) provide WMATA with a railroad protection insurance policy issued at DEVELOPER'S sole cost and expense, to and for the benefit of WMATA and covering the liability of the DEVELOPER, and its contractors, and subcontractors for any personal injuries or deaths or any damage to WMATA's property, equipment, or



FOIA CONFIDENTIAL TREATMENT REQUESTED 

facilities caused by such construction activities or other work, and (ii) ensure that WMATA is added as an "additional insured" under the commercial general liability insurance policies of the DEVELOPER, the General Contractor(s), and all Major Subcontractors. The coverages and policies of the railroad protection insurance and the commercial general liability insurance shall adhere to the scopes and limits required by WMATA or the FHA lender, whichever is higher.

**12. Non-Binding Intent**

This Term Sheet will have no binding effect on the parties except that DEVELOPER shall have the exclusive right to negotiate a Definitive Agreement with WMATA for a period of one hundred fifty (150) days from the date of this Term Sheet. Any expenditures undertaken by either party hereto are at its own risk. No contract or agreement of any sort, preliminary, final or otherwise, is intended to be created by this Term Sheet, except as described above.

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FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006317

Agreed this _____ day of October, 2009, by

**Washington Metropolitan Area Transit Authority**

By: _____
Steven E. Goldin
Director, Office of Station Area Planning and Asset Management
Department of Planning and Joint Development

**The Jazz @ Florida Avenue, LLC**

By: _____

Title: _____

| ~~Summary Report:~~<br>~~Litera Change-Pro ML WIX 6.5.0.104 Document Comparison done on 10/20/2009 8:30:35 PM~~ | |
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| ~~Style Name:~~ Default Style | |
| ~~Original Filename:~~ | |
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FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006318

**WMATA Term Sheet**
**Shaw-Howard/Florida Avenue Sites**

This Term Sheet, ("Term Sheet"), for a development project at WMATA's Shaw-Howard/Florida Avenue sites in Washington, DC, and dated as of the date last executed below, is intended to summarize the principal terms of a proposal being considered by the undersigned parties regarding a lease of certain real property on the south side of Florida Avenue, NW between 7th and 9th Streets, NW. The undersigned parties wish to negotiate a Definitive Agreement, as defined in Section 2.1 herein.

**1. Parties**

1.1 Washington Metropolitan Area Transit Authority ("WMATA").

1.2 The Jazz @ Florida Avenue, LLC, a District of Columbia limited liability company (the "DEVELOPER") will be the developer of the Project. The DEVELOPER'S initial principals shall be Banneker Ventures, LLC, a District of Columbia limited liability company ("Banneker"), and Banc of America Community Development Corporation, a North Carolina corporation qualified to do business in the District of Columbia ("BACDC"). At or after the Closing until the "Completion of the Total Project" (as defined in Section 6.4 below), DEVELOPER shall be permitted to only admit other members who are tax credit investors, tax credit syndicators and equity investors for the Total Project so long as such admissions are not a disguised sale of the Project or transfer of control to another developer, except in the limited circumstance where there is an imminent default under the tax credits and the tax credit syndicator exercises its right to replace the manager of the Total Project. After the Completion of the Total Project, there shall be limited restrictions on DEVEOPER'S composition, members, managers, leasing or financing of the Total Project.

**2. Definitive Agreement**

2.1 The Definitive Agreement will be a Joint Development Agreement ("Definitive Agreement") together with all necessary related documentation upon which WMATA and DEVELOPER mutually agree. The Definitive Agreement will be prepared initially by WMATA. Both parties commit to complete the Definitive Agreement so WMATA can present the agreed-upon Definitive Agreement to its Board for approval within one month of the Board's approval of this Term Sheet. WMATA and DEVELOPER shall execute the Definitive Agreement within three (3) business days of Board approval.

2.2 The parties shall attach the above ~~described~~ referenced necessary related documentation to the Definitive Agreement as exhibits. Such exhibits shall include, but not be limited to:



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006319

a) a ground lease agreement (the "Lease") whereby WMATA will lease the Lease Property to the DEVELOPER for an initial term of sixty (60) years, with two DEVELOPER option periods totaling an additional thirty-nine (39) years.
b) A conditions, covenants and reservations agreement ("CCRs"), to be recorded among the land records, which will: (i) protect WMATA's interests in its tunnel and associated elements and access thereto; and (ii) include transit oriented development covenants.

2.3 The execution of the Lease ("Closing") will take place no later than six hundred (600) days after the WMATA Board approves the Definitive Agreement.

**3. Property to Be Leased To DEVELOPER**

3.1 WMATA will lease to DEVELOPER approximately 28,376 square feet of land, which area is outlined in yellow on **Exhibit A** and attached hereto (the "Lease Property"). The land is in three separate parcels: 1) approximately 3,799 square feet in Square 393, Lot 44; 2) approximately 8,621 square feet in Square 393, Lot 45; and 3) approximately 15,956 square feet in Square 416, Lot 31. The Lease Property shall not include those property interests necessary for protection of WMATA's transit facilities, which include the existing WMATA tunnel and associated elements.

3.2 DEVELOPER will cause an ALTA ~~the~~ survey and title to be prepared ~~for Closing~~within fourteen (14) days of execution of this Term Sheet.

**4. Project**

DEVELOPER will construct improvements on the Lease Property (the "Project") in the configuration shown in **Exhibit B** and attached hereto, which configuration includes the Total Project. The Project may not be materially changed without WMATA's written approval, such approval not to be unreasonably withheld, delayed or conditioned. The Project will consist of:

4.1 DEVELOPER improvements (the "DEVELOPER Improvements") are a minimum 100,711 gross FAR square feet including approximately 80,169 gross FAR square feet for residential apartment units per District of Columbia ("District") approvals and approximately 10,000 gross FAR square feet of retail/arts use, and approximately 10,542 gross FAR square feet of associated loading, lobbies, ramps, and residential and retail parking, per District approvals.

4.2 Assemblage.

a) Adjacent Parcels. An affiliate of DEVELOPER is the contract purchaser of Lot 41 & A&T Lot 826 in Square 393, comprising approximately



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[7,720] square feet of land fronting on 9th Street, NW and located contiguous to Lot 44 near the southwest corner of the intersection of 9th Street and Florida Avenue, N.W., in the District of Columbia (the "DEVELOPER Property"). The DEVELOPER Property is outlined in blue on the attached Exhibit A.

b) Total Project. WMATA and DEVELOPER have agreed to apply to close the portion of the public alley in Square 393 contiguous to Lots 41, 44 & 45 and A&T Lot 826 prior to the Closing so that promptly after the Closing, DEVELOPER can resubdivide such Lots and the portion of the closed public alley into a buildable lot of approximately [21,244] square feet. DEVELOPER is acquiring an interest in the Lease Property to develop a single, mixed-use, Transit-Oriented Development project on the combined Lease Property and DEVELOPER Property (the "Total Project").

c) Alley Closing. WMATA will consent to the alley closing prior to Closing, provided that when the portion of the public alley is closed, an easement will be recorded among the owners to preserve the use of the closed portion of the public alley to protect WMATA's interests until the Closing. Such easement will be terminated upon the post-Closing resubdivision the relevant land in Square 393 into a buildable lot. Exhibit A shows the portion of the closed alley that will become part of the Lease Property in red; the portion that will become part of the DEVELOPER's Property is shown in green.

d) Co-Tenancy Agreement. At Closing, the parties will execute a co-tenancy agreement, which will govern the management and sale of the improvements on assembled Lots 41, 44, 45 and A&T Lot 826 on Square 393, upon termination of the Lease.

4.3 The DEVELOPER Improvements will be built in a single phase on the Lease Property as part of the Total Project.

**5. Due Diligence**

5.1 Lease Property Condition: In the Definitive Agreement, WMATA will provide knowledge-qualified representations customarily made by WMATA in transactions of this type, including with respect to title to the Lease Property and the environmental history or condition of the property. Subject to the continued accuracy of such representations, and subject further to DEVELOPER'S Study Period rights as provided herein and satisfaction or waiver by DEVELOPER of all conditions precedent herein provided, DEVELOPER will accept its interest in the Lease Property in an "AS IS, WHERE IS" condition.

5.2 Study Period: Upon approval and execution of the Term Sheet, WMATA will grant DEVELOPER a Right of Entry Permit for entry onto the Lease Property, substantially in the form attached hereto as **Exhibit C**. DEVELOPER shall



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006321

have sixty (60) days from the effective date of the Definitive Agreement to conduct its due diligence related to the Lease Property (the "Study Period"). If DEVELOPER, in its sole and exclusive discretion, shall be dissatisfied for any reason with the results of its Study Period investigations, DEVELOPER shall be entitled, upon written notice to WMATA delivered not later than ten (10) days following expiration of the Study Period, to terminate this Term Sheet and the Definitive Agreement, whereupon WMATA shall return to DEVELOPER the entire Security Deposit or the Proposal Security (as defined below), as applicable, and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or of the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

**6. Security Deposit**

6.1 Within two (2) business days of the execution of the Definitive Agreement, the DEVELOPER will place with WMATA a cash security deposit in the amount of ~~Two~~ One Hundred Fifty Thousand Dollars ($~~250~~150,000.00), (the "Security Deposit") to secure DEVELOPER'S performance. The DEVELOPER'S Proposal Security currently being held by WMATA, in the amount of One Hundred Thousand Dollars ($100,000.00), will be applied to the Security Deposit.

6.2 The Security Deposit will not be applied to any payments due to WMATA under the Definitive Agreement.

6.3 The entire Security Deposit shall be forfeited and may be retained by WMATA if DEVELOPER shall be in default under the Definitive Agreement beyond applicable notice, cure and grace periods therein provided. In such event, the Security Deposit may be applied by WMATA in whole or in part to cure such default. No such application of the Security Deposit shall constitute a waiver of any such default by DEVELOPER or an election of remedies. If the Security Deposit is applied in whole or in part as described herein, DEVELOPER shall, within ten (10) days, increase the Security Deposit by an amount equal to the amount applied.

6.4 The Security Deposit, less any amounts previously applied in connection with any breach or default by DEVELOPER and not replenished by DEVELOPER, shall be refunded to DEVELOPER, with interest accrued, within twenty (20) business days following the "Completion of the Total Project," which is hereby defined as: (i) the issuance of one or more final certificates of occupancy for all residential apartment units and common areas, including parking; and (ii) one or more "shell" certificates of occupancy or equivalent for the retail portions of the Total Project, subject to completion of the tenant improvements for each unoccupied retail space; and (iii) correction of any damage to WMATA's property caused by Developer or its contractors, subcontractors or consultants;



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and (iv) satisfaction of all requirements of the WMATA Design Construction Standards applicable to the DEVELOPER Improvements.

**7. Consideration**

7.1 Option Fee: The DEVELOPER has previously paid WMATA One Hundred Thousand Dollars ($100,000.00) as an option fee (the "Option Fee"). The Option Fee is non-refundable and shall not be applicable to the Lease Consideration.

7.2 Rent:

a) Pre-Closing Rent. The DEVELOPER shall make quarterly non-refundable Pre-Closing Rent payments beginning upon the effective date of the Definitive Agreement. ~~The "Pre-Stabilization Period" shall be the period from the effective date of the Definitive Agreement to the earlier of: (i) forty five (45) months or (ii) Project Stabilization, which will be defined in the Definitive Agreement.~~ Pre-Closing Rent for the first twelve (12) months will be $50,000.00 per year, payable in advance in quarterly instalments of $12,500.00. Pre-Closing Rent will increase to $65,000.00 per year for the next twelve (12) months. For the remainder of the Pre-Closing Period, Pre-Closing Rent shall be $80,000.00 per year.

b) ~~Base Rent. The base rent ("Base Rent") for the Lease Property will be paid in full at Closing in the amount of Two Million Two Hundred Thousand Dollars ($2,200,000.00)~~Capitalized Lease Payment. DEVELOPER shall make a lump sum initial Capitalized Lease Payment of $ at Closing. This payment represents the entire base rent for the project for the 60-year initial term of the Lease as long as the original HUD insurance for the project remains in effect. Upon termination of the HUD insurance for the Project, the Lease Property will be re-appraised through the three-appraiser method and base rent will be adjusted accordingly, including taking into account appropriate additional annual rent payments and escalations at three percent (3%) per annum. In no event will any part of the Capitalized Lease Payment be refunded.

c) Participation Rent. ~~Participation Rent payments shall begin upon the end of the Pre-Stabilization Period. The DEVELOPER will make annual payments to WMATA in the amount of one and a half (1.5%) percent of Effective Gross Income, earned from the operation of the Project for the previous year.~~Participation Rent, at one and a half percent (1.5%) of Effective Gross Income shall be paid to WMATA beginning at the forty-fifth (45th) month after the effective date of the Definitive Agreement; one percent (1%) shall be unsubordinated to operating expenses, member loans, or equity; one-half (0.5%) shall be paid in accordance with HUD requirements. Any Participation Rent not



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paid in a given year shall accumulate interest at five and eight-tenths percent (5.8%) and be paid from the next annual cash flow or from Capital Event proceeds prior to any return on, or return of, equity. At all times during the Initial Lease Term, the debt service coverage ratio on any senior loans, other than HUD-insured senior loans or public subsidies, shall be no less than 1.2%.

Comment [JFW1]: Should this be 120%?

d) Capital Event Rent. Capital Events (defined below) shall be permitted in accordance with this Section 7.2(d). Whenever a Capital Event occurs, the DEVELOPER will make a payment to WMATA ("Capital Event Participation"). A "Capital Event" will include, but not be limited to, any of the following by DEVELOPER: (i) assignments of the Definitive Agreement or the Lease, (ii) sales or re-financings of DEVELOPER's Improvements, (iii) other dispositions, transfers, and conversions that changes the membership of the DEVELOPER to include new members not originally included as of the execution date of the Definitive Agreement. The Parties agree that Non-Capital Events, which will require WMATA approval, but not WMATA monetary participation, also exist and will be defined in the Definitive Agreement. A one-time payment per Capital Event will be paid to WMATA in an amount equal to ten percent (10%) of any Adjusted Gross Capital Event Proceeds. Adjusted Gross Capital Event Proceeds are the gross transaction revenues to DEVELOPER from a Capital Event, and any affiliated entities receiving income from such a Capital Event, less the payoff of remaining original debt to construct the Project secured by DEVELOPER Improvements and repayment of the original equity and member loans to DEVELOPER not yet repaid including an Internal Rate of Return of twenty percent (20%). To confirm DEVELOPER's original project debt and equity, within thirty days of the Closing, DEVELOPER will provide WMATA with documentation confirming such amounts. Total debt and equity to finance the Project (amounts paid prior to the subject Capital Event) will total no more than one hundred percent (100%) of the original total Project cost, including both hard and soft costs. In no event will member loans and equity exceed thirty percent (30%) of development costs to construct the Project.

e) Option Period Rent. Rent shall be paid during the option period at market rate. To determine market rate, the Lease Property shall be appraised at highest and best use as if vacant.

Comment [JFW2]: Roz – previous version of lease just says FMV, with no mention of vacant or highest/best use

7.3 Pro Rata Split After Assemblage: The Definitive Agreement and Lease (as defined in Section 2.1 above) shall lease only the Lease Property, but shall provide that any determination applicable to only the Lease Property, the "DEVELOPER Improvements" (as defined in Section 4.1 above) or the "Project" (as defined in Section 4 above) shall be determined by using the pro rata share of the Total Project based on the ratio of the square feet of land of the Lease Property and the DEVELOPER Property. WMATA's pro rata share of the Total



of additional density ☒
other

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Project is 79.0%, subject to the final survey which shall be attached as an Exhibit to the Definitive Agreement.

7.4 Additional Density: If at any time during the initial 60-year term, DEVELOPER has received approval for additional density over 100,711 gross FAR square feet attributable to the Lease Property, DEVELOPER will adjust the Capitalized Lease Payment. The measurement of gross FAR square feet shall be the highest amount generated by the Lease Property, whether used on the Lease Property or not, in (i) any final zoning approval by the District of Columbia; (ii) building permit approval; or (iii) an amount approved in any revisions to the building permit prior to issuance of the final certificates of occupancy. Such additional density adjustments shall include any gross FAR square feet attributable to portions of the public alley located between 8th and 9th Streets, NW, which become part of the Lease Property in the alley closing process. ~~[The portion of alley which will become part of the Lease Property will be highlighted in Exhibit A]~~.

a) Prior ~~to Closing~~Final Certificate of Occupancy: If the DEVELOPER receives approval for additional density prior to receipt of the final certificate of occupancy for the Total Project, the additional density Capitalized Lease Payment adjustment shall be as follows:
   (i) An upward adjustment in the Capitalized Lease Payment by $50/gross FAR square feet for additional density generated by the Lease Property over 100,711 gross FAR square feet; and
   (ii) After the additional density consideration in 7.6(a) is added, a downward adjustment in the Capitalized Lease Payment by $80/gross FAR square feet for such additional density generated by the Lease Property which increases the Project's affordable housing requirement pursuant to the District's mandatory Inclusionary Zoning regulations (Chapter 26 of the Zoning Regulations of the District) over 6,414 gross FAR square feet

b) After ~~Closing~~Final Certificate of Occupancy: During the term of the Lease, any densities or unit totals actually constructed on the DEVELOPER Improvements that are more than those in effect at receipt of the Final Certificate of Occupancy for the Project will require DEVELOPER to pay additional Capitalized Lease Payment. The ~~revised~~ additional Capitalized Lease Payment payments will be determined through the three-appraiser method, to be defined in the Definitive Agreement.

**Comment [JFW3]:** Roz - Your notes said "for as long as long as any HUD insurance remains in place" here. Is there a different procedure if HUD insurance is not in place?

7.5 Additional Consideration: The Capitalized Lease Payment, including any adjustments made under Section 7.4 above, shall be increased annually by five and 8/10ths percent (5.8%) per year from the execution of the Definitive Agreement, if Closing or Additional Density occurs later than six hundred (600) days from execution of the Definitive Agreement. No Additional Consideration



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increase shall be applied for any delay caused by WMATA under Section 7.6. If Additional Density occurs after Closing, then only the increase in the Capitalized Lease Payment for such Additional Density shall be subject to the 5.8% annual increase.

7.6 WMATA Delays: The maximum length of six hundred (600) days to Closing will be extended for delays caused solely by WMATA actions or failure to act, including requesting FTA Approval in accordance with Section 8.5 below. Such extension(s) shall be for the amount of time reasonably necessary to compensate for the delay caused solely by WMATA, *e.g.*, if such a delay causes DEVELOPER to miss a planned filing date which results in a one day-for-one day delay, then the extension shall be measured in days with respect to that filing date, however, if the filing date is for some action which is only available in a certain "time window" and the delay causes DEVELOPER to miss the filing date for such "time window," then the extension shall be measured in a period equal to the next available "time window" with respect to that filing date. In no other event, other than Force Majeure Delays as defined in Section 7.7 below, will Closing be delayed, even though DEVELOPER'S schedule may take longer than anticipated.

7.7 Force Majeure Delays: The maximum length of six hundred (600) days to Closing may be extended for any delays caused by acts of God, terrorism, casualty, or other events of "force majeure", as may be further defined and agreed to in the Definitive Agreement. Such Force Majeure Delays shall be subject to an increase in the Capitalized Lease Payment, as provided in Section 7.5 above, in order to maintain the net present value of the Definitive Agreement and Lease to WMATA. In no event shall the time for Closing be extended beyond one hundred eighty (180) days due to Force Majeure Delay.

**8. Conditions to Definitive Agreement Consummation**

If each of the following conditions is not satisfied within the timeframes provided below therefor, then in such instance, DEVELOPER may terminate this Term Sheet and the Definitive Agreement upon ten (10) days written notice to WMATA, in which event WMATA shall return the Security Deposit to DEVELOPER and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

8.1 Design Approvals: Within ten (10) days of execution of the Definitive Agreement and prior to any final submission to the District, DEVELOPER shall submit to WMATA for its approval a conceptual Total Project site plan in substantial conformance with Exhibit B, including building elevations and floor plans (the "WMATA-Approved Site Plan"). The design of the Total Project shall be oriented in such a manner as to encourage use of WMATA transit facilities by tenants, residents, customers, and employees (as applicable) travelling to



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and from the Lease Property. WMATA shall make all reviews and approvals or disapprovals of DEVELOPER'S initial submission to WMATA within thirty (30) days of receipt of such submission by WMATA.

8.2 Study Period: DEVELOPER shall be satisfied, in its sole and exclusive judgment, with its Study Period inspections in accordance with Section 5.2 above.

8.3 Public Hearing: DEVELOPER acknowledges that WMATA has concluded that a WMATA Compact Public Hearing is not required for this Project.

8.4 Subsequent Approval: DEVELOPER acknowledges that WMATA will not be bound by the Definitive Agreement unless and until such Definitive Agreement is approved by WMATA's Board of Directors and executed by WMATA.

8.5 FTA Approval: The transaction described herein is subject to Federal Transit Administration approval (the "FTA Approval"). WMATA will apply for said FTA Approval within thirty (30) days after full execution of the Definitive Agreement. The Definitive Agreement will contain appropriate termination provisions to address the possibility that the FTA may not approve the Definitive Agreement.

8.6 Financing Contingency: DEVELOPER shall have received a commitment for construction financing from a bank or other lending institution in such amounts, and upon such terms and conditions, as shall be consistent with the approved development budget for the Total Project and as shall otherwise be reasonably satisfactory to DEVELOPER and WMATA.

**9. Special Considerations**

9.1 Community Contact: Within one hundred twenty (120) days of the execution of the Definitive Agreement DEVELOPER shall contact the appropriate community groups in the area as specified by WMATA to apprise such groups of the Total Project and provide WMATA with a written report naming each group contacted, its contact person and phone number, and a brief list of issues expressed by each group. DEVELOPER's failure to perform under this provision will constitute an event of default under the Definitive Agreement. WMATA will include a list of all such groups as part of the Definitive Agreement.

9.2 Rezoning Approvals: DEVELOPER will be responsible for obtaining all entitlements, including, but not limited to, re-zonings, variances, temporary and permanent alley closings, special exceptions, historic district approvals, resubdivision, zoning modifications, TDR's or similar actions relating to the Lease Property and DEVELOPER Property (collectively, "Approvals") required to allow construction of the Project on the Lease Property. DEVELOPER will use commercially reasonable efforts to obtain such entitlements.



FOIA CONFIDENTIAL TREATMENT REQUESTED 

a) DEVELOPER will fund any and all costs of the Approvals. WMATA will not incur any costs in connection with the Approvals either in the actual Approvals process or for required on-site or off-site improvements or other work. DEVELOPER shall indemnify WMATA against any such costs.
b) At no expense to WMATA, DEVELOPER also shall be responsible for, and shall diligently and expeditiously pursue, all necessary permits and approvals, including, without limitation, land disturbance permits, building permits, partial alley closing and soil and erosion control measures as required by the District or any other local, state, or federal agency having jurisdiction.
c) WMATA shall cooperate with DEVELOPER in all zoning and other related Approvals, including the filing of the alley closing application, lot consolidation/resubdivision application, etc.
d) The resubdivision of the Lease Property and DEVELOPER Property in Square 393 will not be completed until after Closing.

9.3 Site Plan Approval by the District: DEVELOPER will submit to the applicable District agency or agencies an Approvals request and an application for District approval of the WMATA-approved Site Plan, for development of the Lease Property.

9.4 WMATA Review and Approval of Site Plan: In the event that DEVELOPER makes any modifications to the Site Plan approved by the District and previously approved by WMATA (the "Approved Site Plan"), such modifications will be subject to WMATA's approval, not to be unreasonably withheld, delayed or conditioned.

9.5 WMATA Review and Approval of Construction Drawings: WMATA will have the right to approve or disapprove, and require changes to any of the improvements on the Lease Property or the DEVELOPER Property that materially and adversely affect WMATA's operations. The design and construction plans for such improvements will incorporate the most recent revisions of WMATA's design and construction standards and criteria, including, without limitation, WMATA's Adjacent Construction Project Manual, Revision 3, dated December 2008 (collectively, "WMATA Design and Construction Standards"). If the DEVELOPER commences construction of the DEVELOPER Improvements within three (3) years of the date of the Definitive Agreement, the DEVELOPER may use the version of the WMATA Design and Construction Standards that is in effect on the date of the Definitive Agreement, without subsequent amendments or revisions, with respect to the Approvals, the WMATA-approved Site Plan and the design and construction plans for the DEVELOPER Improvements; otherwise, the most recent versions of the WMATA Design and Construction Standards, as amended and revised from time to time, shall be applicable. The Total Project will be reviewed in



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accordance with, and must conform to the requirements of, the aforementioned documents.

9.6 Construction Requirements: DEVELOPER shall cause all of the components of the DEVELOPER Improvements to be constructed by one or more reputable contractors having a record of successfully constructing similar projects. Construction of DEVELOPER Improvements shall be insured by one hundred percent (100%) performance and payment surety bonds with a nationally recognized corporate surety acceptable to WMATA. Such surety bonds shall name WMATA as a co-obligee, and evidence of such bonds shall be furnished by DEVELOPER to WMATA at least ten (10) days prior to Closing.

9.7 Interim Improvements: intentionally omitted.

9.8 Guaranty: At the Closing, BACDC will execute an unconditional guaranty ("Guaranty") to WMATA. The Guaranty will be released by WMATA upon the Completion of the Total Project. The Definitive Agreement will include a minimum financial test to be met by BACDC, which will be 100% of the estimated costs of the construction costs of the Total Project. The adequacy of security and need for this Guaranty to be further discussed in the Definitive Agreement. The guaranty agreement will unconditionally guarantee to WMATA:

a) the completion of construction of the DEVELOPER Improvements;
b) the completion of infrastructure required by either the District or WMATA that is not included in the Site Work;
c) the completion of any demolition and removal of DEVELOPER Improvements as and when required under the terms of the Definitive Agreement;
d) the remediation of all hazardous materials as required by the Definitive Agreement or by applicable laws, courts or governmental authorities;
e) the required parties maintain the insurance required by WMATA under the Definitive Agreement; and in the event such insurance is not maintained and no insurer pays a claim that would have been paid if such WMATA required insurance had been maintained, the Guarantor shall indemnify WMATA up to the relevant insurance limit amounts;
f) the restoration of the Lease Property to the condition it was in on the date of Closing should work cease on the excavation portion of the project above the Lease Property longer than 30 days;
g) the timely payment all DEVELOPER obligations under the Definitive Agreement, including full payment of any increase in the Capitalized Lease Payment for any Additional Density which increases the Capitalized Lease Payment after the Closing.

9.9 Transit-Oriented Development/Continuing Transit Orientation: DEVELOPER will design the DEVELOPER Improvements so as to constitute a Transit-



FOIA CONFIDENTIAL TREATMENT REQUESTED

Oriented Development, and the DEVELOPER Improvements will be maintained with a Continuing Transit Orientation, as described in FTA Notice of Final Agency Guidance on the Eligibility of Joint Development Improvements under Federal Transit Law, which can be found at 72 FR 5788.

9.10 Transit Operations: Neither the construction nor the operation of the Project will interfere with the safety or operation of WMATA's transit facilities.

9.11 Environmental Matters: In the event that DEVELOPER engages in any excavation on the Lease Property, DEVELOPER shall dispose of any contaminated excavated materials that DEVELOPER has knowledge of, at DEVELOPER'S expense, as required by all then-applicable federal and/or District laws or regulations. DEVELOPER agrees to indemnify and hold WMATA harmless from any environmental liability or damages, including attorney's fees and costs of remediation for which WMATA may become responsible as a result of the DEVELOPER'S breach of this covenant.

**10. Indemnification**

DEVELOPER will indemnify and save harmless WMATA and its respective directors, officers, employees and agents for all damages and expenses that may arise in connection with any and all actions taken by DEVELOPER, its contractors, consultants or agents, or any employee of DEVELOPER, its contractors, consultants or agents, in connection with its activities under the Definitive Agreement, including all surveys, tests, investigations, construction, operations on the Lease Property and other activities. WMATA will have the right to disapprove activities that in WMATA's sole judgment could result in injury to WMATA Transit Facilities located under the Lease Property or breach of any agreement with WMATA, or expose WMATA to any liability. No consent by WMATA will be interpreted as a waiver by WMATA or assumption of liability or risk by WMATA. As to all Study Period activities, DEVELOPER and its consultants who physically alter the Lease Property will be obligated, at their sole cost and expense, to restore the Lease Property to the similar condition existing immediately prior to those activities.

**11. Insurance Requirements**

DEVELOPER, and each of its consultants, contractors and subcontractors that enter onto the Lease Property, will maintain at all times, at their sole cost and expense, insurance coverages and policies to protect each of them and WMATA from claims that may arise out of activities contemplated by the Definitive Agreement. The scope and limits of such coverages and policies required by WMATA will be addressed in the Definitive Agreement.



FOIA CONFIDENTIAL TREATMENT REQUESTED

# M E M O R A N D U M

DATE: November 30, 2009

SUBJECT: Can Metro Request a Best and Final Offer from Other Proposers on the Florida Avenue Project?

FROM: COUN - Carol B. O'Keeffe

TO: GMGR – John B. Catoe, Jr.

The Board of Directors has asked that I review the Joint Development Solicitation for the Florida Avenue Project (the "Project") to determine whether Metro could request a Best and Final Offer (BAFO) from the three final proposers on the Project. As discussed below, that option is not available until the current negotiation period has expired.

Metro issued the Solicitation for the Project in October 2007. The Solicitation established guidelines and procedures for the joint development proposal process. Pursuant to the terms of the Solicitation, the selected developer has the exclusive right to negotiate a lease agreement with Metro, upon the execution of the Term Sheet. Only upon expiration or termination of the Term Sheet may Metro negotiate with other developers or re-advertise the Project.

Following the Solicitation process, Metro selected the Banneker Ventures development team (the "Selected Developer"). Metro and the Selected Developer negotiated a Term Sheet, which was approved by Metro's Board of Directors in June 2008. Section 12 of the Term Sheet provides that the Selected Developer has the exclusive right to negotiate a lease agreement with Metro during the prescribed negotiation period which the Solicitation establishes as 150 days following the approval of the Term Sheet. In September 2009, the Board of Directors extended the negotiating period until December 17, 2009.

Absent the termination of the Term Sheet or a waiver by the Selected Developer, Metro cannot negotiate with other parties until after December 17, 2009. Taking into consideration the (1) amount of time that has elapsed since the original submission of proposals; (2) the fact that the proposal securities submitted by the other two developers have been returned following the designation of Banneker Ventures as the Selected Developer; and (3) the significant market change since the proposals were submitted, reopening the Solicitation for a BAFO after the expiration of the current negotiating period on December 17th may not be practical, but if the other two original proposers were willing to re-submit a proposal security, there is no legal bar.

**CONFIDENTIAL/ATTORNEY-CLIENT PRIVILEGE APPLIES**

Washington Metropolitan Area Transit Authority

# M E M O R A N D U M

SUBJECT: Supplementary Information Regarding Shaw-Howard/Florida Avenue Joint Development Project

DATE: November 25, 2009

FROM: PLJD – Nat Bottigheimer

TO: GMGR – John B. Catoe

At the November 19th meeting of the Planning, Development and Real Estate Committee, Committee members requested that staff obtain from the developer of the Shaw-Howard/Florida Avenue Joint Development Project responses to the following Board concerns:

1) The initial capitalized lease payment was deemed insufficient and must be increased.

2) The lack of a payment "reset" for the first 60 years was deemed unacceptable. The Board wanted to see earlier resets and we proposed a reset every ten years as a starting point for discussion.

Since the committee expressed these concerns, staff have met with the developer and received a substantially improved proposal. The revised proposal includes two principal elements:

a. The developer has persuaded his investor group to reduce their return requirements, thereby allowing him to increase his capitalized lease payment from $2,050,000 to $2,800,000 (an increase of $750,000 or 36%)

b. The developer has agreed to an initial term of 50 years with resets keyed to market value every 10 years thereafter to a complete lease term of 99 years. The developer's original proposal was for a lease of 60 years, with a 39-year option period containing similar decadal resets to market value. As previously discussed with Committee members, FHA loan regulations do not allow for a reset of rental rates during the first 50 years, so the 50-year point represents the earliest possible reset to market value that would be possible with an FHA loan.

Washington Metropolitan Area Transit Authority

FOIA CONFIDENTIAL TREATMENT REQUESTED

SUMMARY

Based on the improved offer presented to Metro by the developer, I recommend this item be returned to the Planning, Development and Real Estate Committee for consideration at the earliest possible date.



FOIA CONFIDENTIAL TREATMENT REQUESTED

FOIA CONFIDENTIAL TREATMENT REQUESTED

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

# Amended Term Sheet for Lease of Shaw-Howard U./Florida Avenue Joint Development Site

Executive Session

Planning, Development and Real Estate Committee

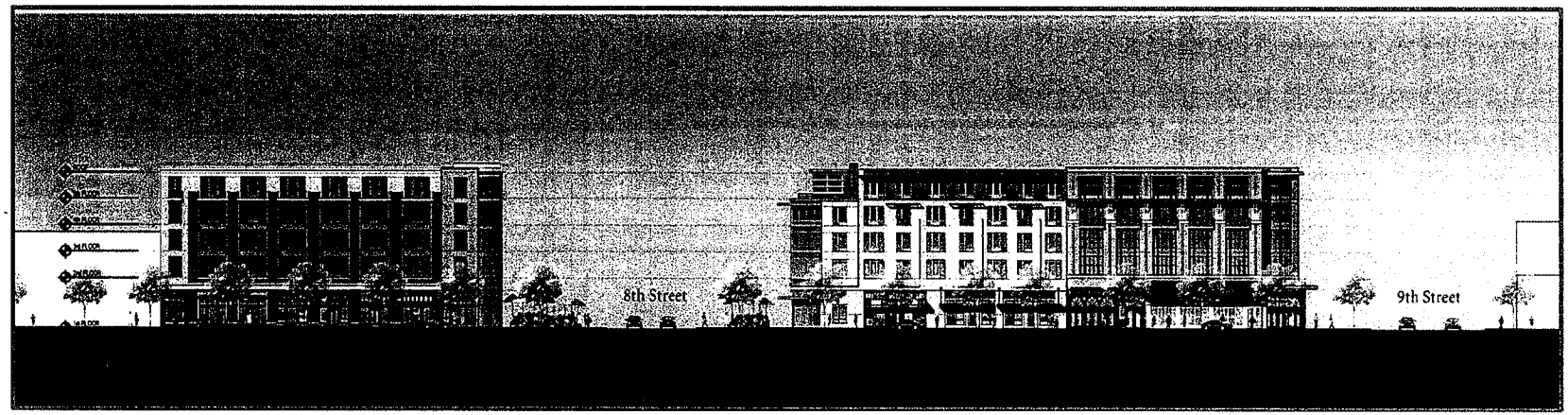
November 19, 2009

WMATA-INV 006334

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Purpose

Obtain Board action on an amended term sheet to lease the Shaw-Howard U station/Florida Avenue joint development site, and obtain Board direction on next steps.




WMATA-INV 006335

FOIA CONFIDENTIAL TREATMENT REQUESTED

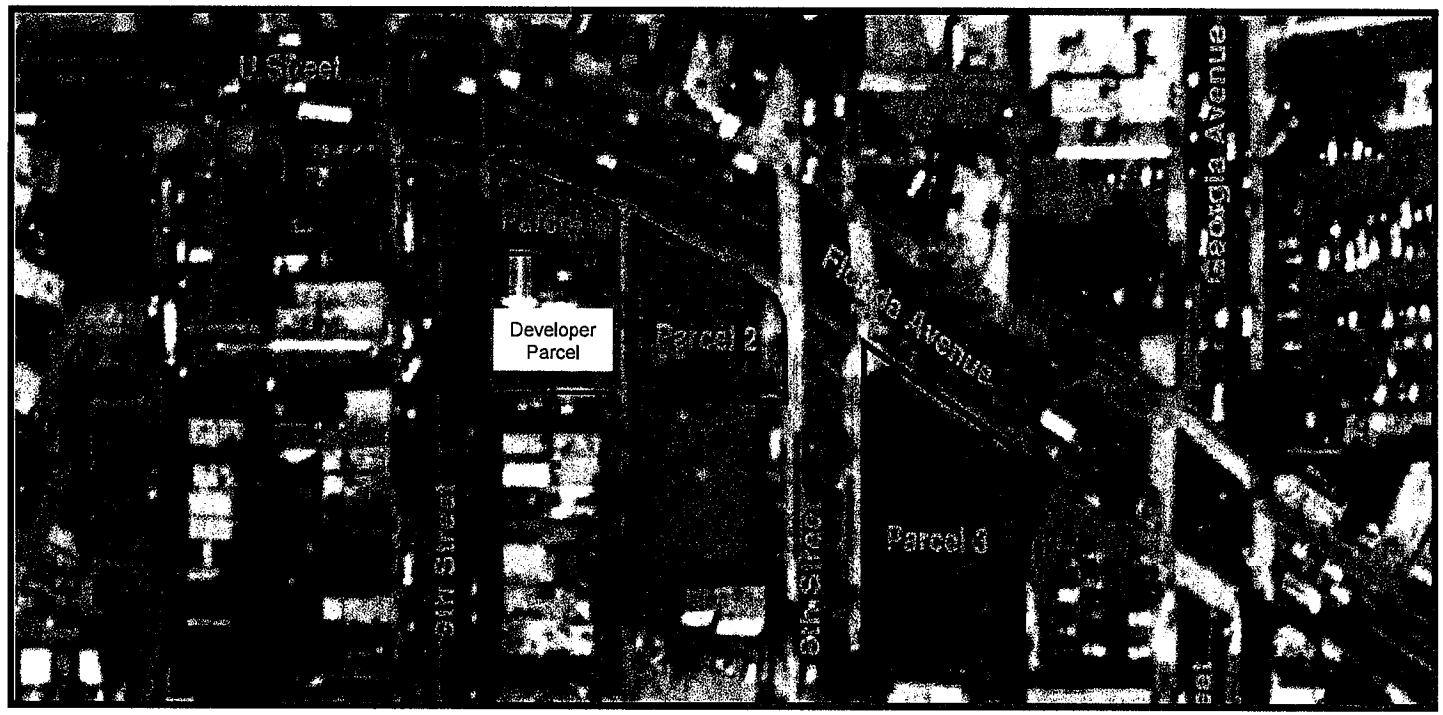
# Prior Board Action

| | |
|---|---|
| June 2008 | Board approved Banneker Ventures team as developer and authorized staff to negotiate a joint development agreement with affordable housing included. |
| April 2009 | After change of development team members, Board approved extension of period to negotiate an amended term sheet with affordable housing included. |
| September 2009 | Board approved extension to December 2009 to negotiate an amended term sheet and joint development agreement. |

WMATA-INV 006336

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Current Status




Developer proposes to combine three Metro parcels with an adjacent, developer-controlled parcel.

WMATA-INV 006337

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Current Status

- Term sheet reflects current appraised value, and reflects a mandatory Inclusionary Zoning adjustment for affordable housing, and extraordinary costs of constructing facilities over Metro tunnels
- Additional revenues to Metro may be generated through increased density, and through participation in gross revenue and capital events
- Current land values could appreciate significantly upon market recovery

WMATA-INV 006338

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Current Status

- Decision on transaction timing is a policy matter for Board deliberation and action
- Consider amended term sheet to lease the Shaw-Howard U station/Florida Avenue joint development site and provide staff direction on whether to move forward with negotiation of joint development agreement and lease.

WMATA-INV 006339

FOIA CONFIDENTIAL TREATMENT REQUESTED

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

# Time Extension for Negotiation and Amended Term Sheet for Lease of Shaw-Howard U./Florida Avenue Joint Development Site

Board Executive Session

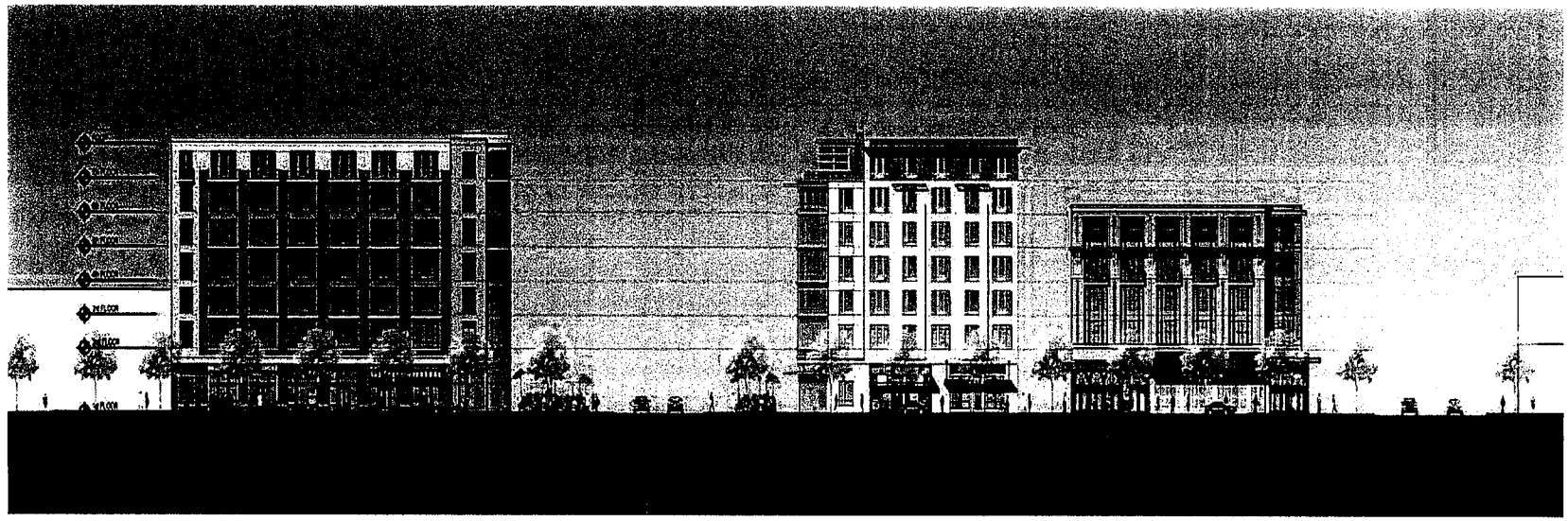
March 25, 2010

WMATA-INV 006340

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Purpose

- Obtain Board consideration of an amended term sheet
- Obtain Board consideration of a time extension to negotiate a final joint development agreement and lease for the Shaw-Howard U. station/Florida Avenue joint development site to be brought to the Board not later than July 2010



WMATA-INV 006341

FOIA CONFIDENTIAL TREATMENT REQUESTED

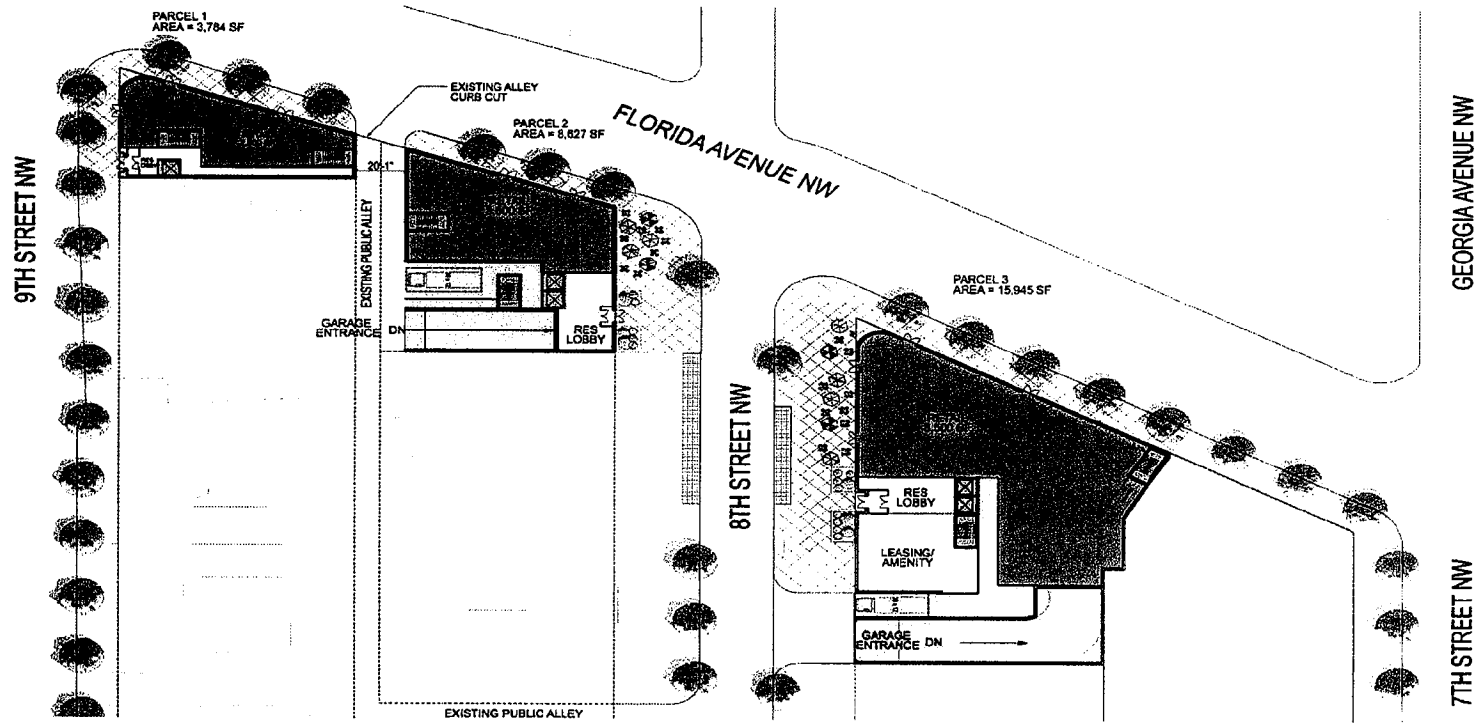
# Prior Board Action

| | |
|---|---|
| June 2008 | Board approved Banneker Ventures team as developer and authorized staff to negotiate a joint development agreement with affordable housing included. |
| April 2009 | After change of team members, Board approved extension of period to negotiate an amended term sheet with affordable housing included. |
| September 2009 | Board approved extension to December 2009 to negotiate an amended term sheet and joint development agreement. |
| January 2010 | Board approved extension to March 2010 to negotiate an improved, amended term sheet. |

WMATA-INV 006342

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Current Status




Developer proposes to develop three separate Metro parcels with retail at ground level, apartments above.

WMATA-INV 006343

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Current Status

- Banneker Ventures is developer
- Term sheet reflects appraised value, affordable housing under Inclusionary Zoning and extraordinary costs of constructing facilities over Metro tunnels
- Additional revenues to Metro may be generated through participation in gross revenue and capital events
- Ground lease has provision for periodic rent adjustments

WMATA-INV 006344

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Current Status

- Obtain Board consideration of an amended term sheet
- Obtain Board consideration of a time extension to negotiate a final joint development agreement and lease for the Shaw-Howard U. station/Florida Avenue joint development site to be brought to the Board not later than July 2010

WMATA-INV 006345

FOIA CONFIDENTIAL TREATMENT REQUESTED

**COMPARISON OF TERMS - SHAW-HOWARD U/FLORIDA AVENUE SITE**

| | Original - 2008 | 1st Revision - January 2010 | 2nd Revision - March 2010 |
|---|---|---|---|
| Developer: | A LLC to be formed by Banneker Ventures, the District Group, LLC & Metropolis Development Co. | The Jazz at Florida Avenue, a District of Columbia LLC, whose principals are Banneker Ventures LLC and Banc of America Community Development Corp. | The Jazz at Florida Avenue, a District of Columbia LLC, whose principal is Banneker Ventures LLC. |
| Site Description: | The 28,376 SF site consists of 3 separate parcels on the south side of Florida Ave. between 7th & 9th Streets, NW in Washington, DC. The parcels are undeveloped & were used for construction of the Green Line tunnel, which lies partially beneath each parcel. The sites are no longer needed by WMATA. | Same as original, but WMATA parcels to be combined with developer's adjacent 7,720 sf parcels on 9th St. Developer will construct building that straddles the Metro and Developer parcels. | Same as original |
| Developer's Proposal: | 104 apartments with 11,750 SF of ground floor retail-arts uses totaling 130,000 SF of above-grade development | 100,711 SF on Metro site: 10,000 ground floor retail-arts with housing above. 8% affordable. Combined sites development of 157,000 SF. Metro gets 79% of value of combined sites. | 153,000 sf consisting of 14,600 sf of ground floor retail-arts with 138 apartments above. At least 8% of housing is expected to be affordable at maximum 80% AMI per DC Inclusionary Zoning regulations. |
| *Terms & Conditions of Proposed Ground Lease:* | | | |
| Lease Term: | 60 years | 99 years | 75 years |
| Lease Closing: | 20 months after development agreement execution | 600 days after development agreement execution | 630 days after development agreement execution |
| Default Provision: | No provision | No provision | Lease is in default if garage/foundation level is not complete by 210 days (7 months) after lease closing |
| Construction Completion | 18 months after lease closing | Same as original | Same as original |
| Performance Security: | $250,000 | Same as original | Same as original |
| Option Fee: | $100,000 upon Term Sheet approval | Same as original | Same as original |
| Pre-Closing Rent: | $100,000/year upon development agreement rising to $130,000/year | $50,000 for 1st year after development agreement; $65,000 for 2nd year; $80,000/year thereafter | Same as January |
| Additional Density: | $4.20/year rent for additional FAR sf prior to closing; to be determined by appraisal after closing | $46.59/FAR sf with $74.55/FAR sf deduction for any added Inclusionary Zoning (IZ) affordable housing prior to closing; to be determined by appraisal after closing | Same as January |
| Base Rent | $597,000/year upon the earlier of stabilization or 45 months from development agreement date | $2,800,000 capitalized lease payment at closing less Additional Costs Credit TBD | $5,200,000 capitalized lease payment to be paid at closing less Additional Costs Credit TBD |



WMATA-INV 006346

FOIA CONFIDENTIAL TREATMENT REQUESTED

**COMPARISON OF TERMS - SHAW-HOWARD U/FLORIDA AVENUE SITE**

| | Original - 2008 | 1st Revision - January 2010 | 2nd Revision - March 2010 |
|---|---|---|---|
| Base Rent Escalation: | 1.5%/year for 1st 10 years, then 3%/year thereafter | None | None |
| Base Rent Revaluation: | Every 10 years | On 50th year, property is appraised to determine monthly rent; monthly rent escalates 3% every year; monthly rent is re-set every 10 years via appraisal | Same as January |
| Participating Rent: | None | 1.5% of effective gross income | None |
| Capital Event Participation: | 10% of net proceeds | 2% of gross for sale or assignment & 2% of adjusted gross on refinance | Same as January |
| Estimated Value to Metro: | $14,000,000 NPV of Developer's offer | $2,800,000 NPV of Developer's offer for first 50 years. No residual land value included | $5,783,000 NPV of Developer's offer for first 50 years including residual land value |
| Appraised Value of Property: | $7,500,000 Appraised Land Value (did not include reduction for costs of building over Metro Tunnels est. at $2.3 million by Metro in 2008) $525,000 Base 1st Year Rent (Appraisal by Integra in August 2007) | $2,020,000 Capitalized Lease Value (Appraisal by Harps & Harps in August 2009 and Integra in October 2009) | Same as January |



WMATA-INV 006347

**Pena, Danise** #10-0236

**From:** Pena, Danise
**Sent:** Tuesday, June 08, 2010 4:57 PM
**To:** Thom, Keysia A.
**Cc:** Sequeira, Loyda
**Subject:** Shaw-Howard PARP

Hi Keysia,

Regarding the two memos, Loyda felt that one of them shouldn't be released because it dealt with the value of the property. She also stressed that she didn't know the stance that COUN would take on releasing the other memo since this joint development project is currently under litigation.

Danise Peña
Office of the Board Secretary
Washington Metropolitan Area Transit Authority
600 Fifth Street NW
Washington, DC 20001
202-962-2511
202-962-1133 fax

ero

FOIA CONFIDENTIAL TREATMENT REQUESTED

November 6, 2009

MEMORANDUM FOR: Chairman and Members of the Board

SUBJECT: Supplementary Information Regarding Shaw-Howard/Florida Avenue Joint Development Project

During the Planning, Development and Real Estate Committee Executive Session on November 5, 2009, staff was requested to provide information relative to the full value of the Shaw-Howard/Florida Avenue joint development project to Metro. Attached is the response to that request.

Please let me know if you have further questions.

John B. Catoe, Jr.
General Manager

WMATA-INV 006349

FOIA CONFIDENTIAL TREATMENT REQUESTED

# M E M O R A N D U M

SUBJECT: Supplementary Information Regarding Shaw-Howard/Florida Avenue Joint Development Project

DATE: November 6, 2009

FROM: PLJD – Nat Bottigheimer

TO: GMGR – John B. Catoe

At yesterday's meeting of the Planning, Development and Real Estate Committee, committee members requested supplementary information regarding the full value of the Shaw-Howard/Florida Avenue joint development project to Metro.

The materials below provide staff's estimate of the value to Metro of Metro's participation in income from the Shaw-Howard/Florida Avenue project and of Metro's participation in capital events related to this project.

Summary

| | |
|---|---|
| Base Value to Metro – capitalized lease payment | $2,050,000 |
| Potential Value from additional development density | 1,250,000 |
| Net Present Value (NPV) of Rents, Years 61-99 | 70,000 |
| NPV of participating rent (effective gross income) | 280,000 |
| NPV of participation in capital events | 630,000 |
| Total potential value | $3,030,000 - $4,280,000 |
| Land appraised value | $2,200,000 - $3,450,000 |

Washington Metropolitan Area Transit Authority

Base Value

The base value to Metro of the Shaw-Howard/Florida Avenue project is a capitalized lease payment of $2,050,000, due no later than 20 months after execution of a joint development agreement between Metro and The Jazz at Florida Avenue (the "Developer"). This payment covers lease payments for the first 60 years of the lease. In addition, the Developer has agreed to compensate Metro on a pro rata basis for additional development density that may be achievable through the entitlements process. This could add an additional $1,250,000 to the capitalized lease payment.

WMATA-INV 006350

FOIA CONFIDENTIAL TREATMENT REQUESTED

justifiable under today's market conditions

29,000
× 4.5
× 50
$6.5M

current
12% of Land value 95-6M after sale

**BSA Table 1 (April 09)**

**Florida Avenue / Shaw - Proposals (60 year Term)**

| | | | 1 2009 | 2 2010 | 3 2011 | 4 2012 | 5 2013 | 6 2014 | 7 2015 | 8 2016 | 9 2017 | 10 2018 | 11 2019 | 12 2020 | 13 2021 | 14 2022 | 15 2023 | 16 2024 | 60 2068 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Bannaker (April 27, 2009) with 60 year ground lease** | | | | | | | | | | | | | | | | | | | |
| **Revenues** | | | | | | | | | | | | | | | | | | | |
| Option Fee | | | $100,000 | | | | | | | | | | | | | | | | |
| Predevelopment Rent | | | $50,000 | $65,000 | $80,000 | $80,000 | $80,000 | | | | | | | | | | | | |
| Base Rent (at 95% ocp) | prepaid | | | | | | | $0 | | | | | | | | | | | |
| | annual | | | | | | | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 |
| Total WMATA Base Rent | | | $150,000 | $65,000 | $80,000 | $80,000 | $80,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 |
| Effective Gross Income | | Bannaker projected | | | | | | $2,831,000 | | | | | | | | | | | |
| | 3.00% | EGI growth BSA adjusted | | | | | | $2,500,000 | $2,575,000 | $2,652,250 | $2,731,818 | $2,813,772 | $2,898,185 | $2,985,131 | $3,074,685 | $3,166,925 | $3,261,933 | $3,359,791 | $12,335,312 |
| | 3.00% | WMATA payment | | | | | | | | | | | $86,946 | $89,554 | $92,241 | $95,008 | $97,858 | $100,794 | $370,059 |
| Total WMATA Base Rent With Percentage of EGI | | | | | | | | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $386,946 | $389,554 | $392,241 | $395,008 | $397,858 | $400,794 | $670,059 |
| WMATA Participation | 12.00% | of defined capital events | Some recapture | | | | | | | | | | | | | | | | |
| Implied Initial Land Value | $0 | FY09 assessed values | | | | | | | | | | | | | | | | | |
| | 3.00% | annual compounded increase | | | | | | | | | | | | | | | | | |
| Terminal Value | $45,458,466 | on land only | | | | | | | | | | | | | | | | | $45,458,466 |
| **Cash Flow** | | | $150,000 | $65,000 | $80,000 | $80,000 | $80,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $386,946 | $389,554 | $392,241 | $395,008 | $397,858 | $400,794 | $670,059 |
| **Cash Flow w/ residual** | | | $150,000 | $65,000 | $80,000 | $80,000 | $80,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $386,946 | $389,554 | $392,241 | $395,008 | $397,858 | $400,794 | $46,128,525 |
| NPV Base Rent | 5.73% | discount rate | $4,169,886 | | | | | | | | | | | | | | | | |
| With Residual | 5.73% | discount rate | $5,775,774 | | | | | | | | | | | | | | | | |
| With EGI | 5.73% | discount rate | $7,106,867 | | | | | | | | | | | | | | | | |
| With Participation | | | not considered | | | | | | | | | | | | | | | | |

below appraised value

I need specific reasons for $300K rent
What assumptions changed other than 20% & 50%

Will HUD subordinate to operating expenses? If so I cannot count this as NPV.

WMATA-INV 006351

## Doggett, Rosalyn

**From:** eric.smart@bolansmart.com
**Sent:** Thursday, April 30, 2009 1:55 PM
**To:** Doggett, Rosalyn
**Subject:** Florida Ave Summary

Highlights of Changes Through April 2009:

A) Development Characteristics and Proforma

1. Addition of 20% affordable housing component
2. 10% reduction in project size (now stick built)
3. Multiple changes in financing and development partners
4. Moderate increase in debt interest rate
5. Significant decrease in debt to equity ratio
6. Reduction in initial projected residential rents
7. 25% reduction in retail rents
8. Confirmed addition of additional development parcel

B) Developer Proposed WAMTA Deal Changes:

1. 25%+ reduction in predevelopment rent
2. 50% reduction in base ground rent
3. Replacement of fixed escalations with percentage of EGI
4. EGI participation clause likely to be subordinate to debt
4. Extra 15 months of predevelopment period
5. Effort to extend lease term beyond 60 years

C) Comments on April 27, 2009 Updated Developer Proposal:

1. If WMATA is willing to dispose of the property in a down market, the present value of the fixed rent and residual is likely to approximate a property appraisal brought current to 2009 [redacted] uding presumption of some affordable housing requirement).

2. If WMATA was permitted to quantify the value of the 3.0% participation in total EGI in year six and beyond (totaling 12% of total EGI when combined with the fixed base rent), as well as the 10% participation in defined capital events, the results would provide a premium value, both in present dollars, and in particular, over the life of the lease. The same can be said of the capital event participation.

3. BSA see little probability of the site being able to generate higher initial values for at least the next 24 months, and even then likely to be subject to similar negotiations challenges.

--
Eric Smart, Bolan Smart Associates, Inc.
1250 24th Street, NW, Suite 300, Washington, DC 20037
202-776-7740 (direct), 202-841-2227 (cell), 202-371-1333 (BSA general)
www.bolansmart.com



FOIA CONFIDENTIAL TREATMENT REQUESTED 

Florida Avenue 4/30/09

The proposal made this week by Banneker will not exceed our $7.5M appraisal dated August 2007. The proposal this week from Banneker is worth $5.8 million npv. (At the time we asked the Board for an extension, Banneker's proposal was worth just over $7.5 million but they have since lowered it in consultation with BACDC.)

- It can be argued that we need a new appraisal anyway as the one we have is out of date.
- BolanSmart (BSA) contends that the offer nearly equals the appraisal and does reflect today's values if the developer's offered annual participation (3% of Effective Gross Income - EGI ) is counted. BUT we have not historically counted variables, and 3% of EGI is a variable.
- In part, Banneker has changed the deal because it is contemplating FHA insurance, which will not accept rent escalations unless taken after all operating expenses are deducted. Based on our negotiations at Prince George's Plaza, I can confirm this. I believe, also, that Urban Atlantic, which is part of the same group of companies that built the housing at Pr. G. Plaza, is using similar FHA insurance for RI Avenue.

I propose that we do the following in order:

- Ask BSA to craft a proposal that meets the appraisal and present it to Banneker as a take it or leave it
- If Banneker cannot accept that deal, rebid the project at a later date

I do not think that COUN would let us reappraise the project to allow Banneker's offer, which is now lower than either LaKritz Adler or Moddie Turay, to be retained.

The other alternative, allowing variables to be counted as part of assured income, is probably not acceptable to our Board or to FTA.

A third alternative is enough city subsidy to allow the March Banneker offer to be reinstated.

## Doggett, Rosalyn

**From:** eric.smart@bolansmart.com
**Sent:** Wednesday, April 29, 2009 4:08 PM
**To:** Doggett, Rosalyn
**Subject:** Fla Ave cash flow
**Attachments:** FL Ave April 09 (2).pdf

Roz

Modified per Omar proposal:

1) $300,000 fixed base rent
2) 3.0% of all EGI after five years of base rent commencement

Some points to discuss with you at your convenience.

Eric

--
Eric Smart, Bolan Smart Associates, Inc.
1250 24th Street, NW, Suite 300, Washington, DC 20037 202-776-7740 (direct), 202-841-2227 (cell), 202-371-1333 (BSA general) www.bolansmart.com



FOIA CONFIDENTIAL TREATMENT REQUESTED 

FOIA CONFIDENTIAL TREATMENT REQUESTED

**BSA Table 1 (April 09)**

**Florida Avenue / Shaw - Proposals (60 year Term)**

| | | | 1<br>2009 | 2<br>2010 | 3<br>2011 | 4<br>2012 | 5<br>2013 | 6<br>2014 | 7<br>2015 | 8<br>2016 | 9<br>2017 | 10<br>2018 | 11<br>2019 | 12<br>2020 | 13<br>2021 | 14<br>2022 | 15<br>2023 | 16<br>2024 | | 60<br>2068 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Banneker (April 27, 2009) with 60 year ground lease** | | | | | | | | | | | | | | | | | | | | |
| **Revenues** | | | | | | | | | | | | | | | | | | | | |
| Option Fee | | | $100,000 | | | | | | | | | | | | | | | | | |
| Predevelopment Rent | | | $50,000 | $85,000 | $80,000 | $80,000 | $80,000 | | | | | | | | | | | | | |
| Base Rent (at 95% ocp) | | prepaid | | | | | | $0 | | | | | | | | | | | | |
| | | annual | | | | | | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | | $300,000 |
| Total WMATA Base Rent | | | $150,000 | $85,000 | $80,000 | $80,000 | $80,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | | $300,000 |
| Effective Gross Income | | Banneker projected | | | | | | $2,831,000 | | | | | | | | | | | | |
| | 3.00% | EGI growth BSA adjusted | | | | | | $2,500,000 | $2,575,000 | $2,652,250 | $2,731,818 | $2,813,772 | $2,898,185 | $2,985,131 | $3,074,685 | $3,166,925 | $3,261,933 | $3,359,791 | | $12,335,312 |
| | 3.00% | WMATA payment | | | | | | | | | | | $86,946 | $89,554 | $92,241 | $95,008 | $97,858 | $100,794 | | $370,059 |
| Total WMATA Base Rent With Percentage of EGI | | | | | | | | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $386,946 | $389,554 | $392,241 | $395,008 | $397,858 | $400,794 | | $670,059 |
| WMATA Participation | 12.00% | of defined capital events | | | | | | | | | | | | | | | | | | |
| Implied Initial Land Value | $0 | FY09 assessed values | | | | | | | | | | | | | | | | | | |
| | 3.00% | annual compounded increase | | | | | | | | | | | | | | | | | | |
| Terminal Value | $45,458,466 | on land only | | | | | | | | | | | | | | | | | | $45,458,466 |
| **Cash Flow** | | | $150,000 | $85,000 | $80,000 | $80,000 | $80,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $386,946 | $389,554 | $392,241 | $395,008 | $397,858 | $400,794 | | $670,059 |
| **Cash Flow w/ residual** | | | $150,000 | $85,000 | $80,000 | $80,000 | $80,000 | $300,000 | $300,000 | $300,000 | $300,000 | $300,000 | $386,946 | $389,554 | $392,241 | $395,008 | $397,858 | $400,794 | | $46,128,525 |
| NPV Base Rent | 5.73% | discount rate | $4,188,868 | | | | | | | | | | | | | | | | | |
| With Residual | 5.73% | discount rate | $5,775,774 | | | | | | | | | | | | | | | | | |
| With EGI | 5.73% | discount rate | $7,106,857 | | | | | | | | | | | | | | | | | |
| With Participation | | | not considered | | | | | | | | | | | | | | | | | |

WMATA-INV 006355

$7.5 M

$6 M

$5.2 M offer $\bar{S}$ residual

$2.2 M value if

Zoning Commission
Arts Overlay

Jawer was @ 18,000 sf. x 3.0 = 54,000 sf

Must get over Lakritz — 6.028

## Doggett, Rosalyn

**From:** eric.smart@bolansmart.com
**Sent:** Wednesday, March 18, 2009 8:30 AM
**To:** Doggett, Rosalyn
**Subject:** Florida update
**Attachments:** FL Ave Mar 09 (1).pdf

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

Roz, per this request from yesterday. Eric, it would be helpful to me for you to do a comparison (using the same discount rate) between this proposal and Lakritz Adler. If this falls below Lakritz it is a de facto no go, all other issues notwithstanding.

Attached is the latest cash flow NPV with comparison to Lakritz Adler.
No doubt you could immediately assume that with a $300,000 base annual rent it would come in under Moodie Turay but it is above the original Lakritz Adler offer (Lakritz 4,890,000 fee purchase, $4,330,076 with base rent, $6,028,003 with base rent and residual). Note comparison based on using earlier 5.73% discount rate.

Also obvious, the deal comparison table is interesting, particularly restatements of original Term Sheet:

1. Rent commencement at stabilization or now 61 months instead of 45.
With higher stabilization threshold we have needed to push out the assumed rent start date to the start of the sixth year.

2. Escalation (Years 1 to 10) = 1.5% annual increase

3. Escalation (Years 11 to end) = 3.0% annual increase. This is a big change, though for some reason Banneker refers to some typo mistake in the earlier Term Sheet. Also note that it looks like the comparison table is wrong, saying Year 11+ increases are at 1.03%. Current proforma adjusts to 3.0% after ten years.

4. Pre-stabilization and lease up period now proposed to total $200,000, with no statement of actual timing of payments. For cash flow modeling we have assumed $40,000 per year for five years.

5. Now a 99-year lease instead of 60 years? For now we have maintained WMATA cash flow model 60-year lease assumption.

6. Capital Event Participation, not modeled, but note that it is now defined as WMATA receiving 12% of the net after all debt (and related re- financing costs if a refi) are re-paid. This is instead of 10% of gross income from Capital Event as indicated earlier, and is perhaps a better definition.

--
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FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006357

FOIA CONFIDENTIAL TREATMENT REQUESTED

**BSA Table 1 (March 09)**

**Florida Avenue / Shaw - Proposals (60 year Term)**

| | | | 1<br>2009 | 2<br>2010 | 3<br>2011 | 4<br>2012 | 5<br>2013 | 6<br>2014 | 7<br>2015 | 8<br>2016 | 9<br>2017 | 10<br>2018 | 11<br>2019 | 12<br>2020 | 13<br>2021 | 14<br>2022 | 15<br>2023 | | 60<br>2068 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Banneker (March 2009) with 60 year ground lease** | | | | | | | | | | | | | | | | | | | |
| **Revenues** | | | | | | | | | | | | | | | | | | | |
| Option Fee | | | $100,000 | | | | | | | | | | | | | | | | |
| Predevelopment Rent | | | $40,000 | $40,000 | $40,000 | $40,000 | $40,000 | | | | | | | | | | | | |
| Offeror Land Valuation | | | | | | | | | | | | | | | | | | | |
| Base Rent (at 95% ocp) | 1.500% | fixed annual escalations years 6 to 14 | | | | | | $300,000 | $304,500 | $309,068 | $313,704 | $318,409 | $323,185 | $328,033 | $332,953 | $337,948 | | | |
| | 3.000% | fixed annual escalations years 15+ | | | | | | | | | | | | | | | $348,086 | | $1,316,321 |
| Total WMATA Base Rent | | | $140,000 | $40,000 | $40,000 | $40,000 | $40,000 | $300,000 | $304,500 | $309,068 | $313,704 | $318,409 | $323,185 | $328,033 | $332,953 | $337,948 | $348,086 | | $1,316,321 |
| WMATA Participation | 12.00% | of defined capital events | | | | | | | | | | | | | | | | | |
| Implied Initial Land Value | $0 | FY09 assessed values | | | | | | | | | | | | | | | | | |
| | 3.00% | annual compounded increase | | | | | | | | | | | | | | | | | |
| Terminal Value | $45,458,466 | on land only | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | | $45,458,466 |
| **Cash Flow** | | | $140,000 | $40,000 | $40,000 | $40,000 | $40,000 | $300,000 | $304,500 | $309,068 | $313,704 | $318,409 | $323,185 | $328,033 | $332,953 | $337,948 | $348,086 | | $1,316,321 |
| **Cash Flow w/ residual** | | | $140,000 | $40,000 | $40,000 | $40,000 | $40,000 | $300,000 | $304,500 | $309,068 | $313,704 | $318,409 | $323,185 | $328,033 | $332,953 | $337,948 | $348,086 | | $46,774,787 |
| NPV Base Rent | 5.73% | discount rate | $8,010,759 | | | | | | | | | | | | | | | | |
| With Residual | 5.73% | discount rate | $7,708,696 | | | | | | | | | | | | | | | | |
| With Participation | 0.00% | not applicable | $7,708,696 | | | | | | | | | | | | | | | | |
| **Lakritz Adler - sale** | | | | | | | | | | | | | | | | | | | |
| **Revenues** | | | | | | | | | | | | | | | | | | | |
| Option Fee | | | $100,000 | | | | | | | | | | | | | | | | |
| Predevelopment Rent | | | | | | | | | | | | | | | | | | | |
| Purchase Price | | | | | $4,890,000 | | | | | | | | | | | | | | |
| Base Rent | | | | | | | | | | | | | | | | | | | |
| Total Gross Revenue | | | | | | | | | | | | | | | | | | | |
| WMATA Participation | | | | | | | | | | | | | | | | | | | |
| Terminal Value | | | | | | | | | | | | | | | | | | | |
| **Cash Flow** | | | $100,000 | $0 | $4,890,000 | | | | | | | | | | | | | | |
| NPV | 5.73% | discount rate | $4,574,339 | | | | | | | | | | | | | | | | |
| **Lakritz Adler - lease** | | | | | | | | | | | | | | | | | | | |
| **Revenues** | | | | | | | | | | | | | | | | | | | |
| Option Fee | | | $100,000 | | | | | | | | | | | | | | | | |
| Predevelopment Rent | | | | | | | | | | | | | | | | | | | |
| Offeror Land Valuation | | | | | $4,890,000 | | | | | | | | | | | | | | |
| Base Rent | 1.80% | fixed annual escalations | | | | | $223,253 | $227,272 | $231,362 | $235,527 | $239,766 | $244,082 | $248,476 | $252,948 | $257,501 | $262,136 | $266,855 | | $595,559 |
| Other Base Rent Adjustment | | not applicable | | | | | | | | | | | | | | | | | |
| Total Gross Revenue | | | $100,000 | $0 | $0 | $0 | $223,253 | $227,272 | $231,362 | $235,527 | $239,766 | $244,082 | $248,476 | $252,948 | $257,501 | $262,136 | $266,855 | | $595,559 |
| WMATA Participation | 0.00% | not offered | | | | | | | | | | | | | | | | | |
| Implied Initial Land Value | $7,947,280 | FY08 assessed values | | | | | | | | | | | | | | | | | |
| | 3.00% | annual compounded increase | | | | | | | | | | | | | | | | | |
| Terminal Value | $45,458,466 | on land only | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | | $45,458,466 |
| **Cash Flow** | | | $100,000 | $0 | $0 | $0 | $223,253 | $227,272 | $231,362 | $235,527 | $239,766 | $244,082 | $248,476 | $252,948 | $257,501 | $262,136 | $266,855 | | $595,559 |
| **Cash Flow w/ residual** | | | $100,000 | $0 | $0 | $0 | $223,253 | $227,272 | $231,362 | $235,527 | $239,766 | $244,082 | $248,476 | $252,948 | $257,501 | $262,136 | $266,855 | | $46,054,025 |
| NPV | | | | | | | | | | | | | | | | | | | |
| Base Rent | 5.73% | discount rate | $4,330,076 | | | | | | | | | | | | | | | | |
| With Residual | 5.73% | discount rate | $6,028,003 | | | | | | | | | | | | | | | | |
| With Participation | 0.00% | not applicable | $6,028,003 | | | | | | | | | | | | | | | | |

WMATA-INV 006358

3/19
2 pm

# The Jazz @ Florida Avenue
# Mixed-Use
# Apartment and Retail Project

**700 & 800 blocks of Florida Avenue, NW**
**Washington, DC 20001**

**Financial Model**

**as of 3/19/09**

FOIA CONFIDENTIAL TREATMENT REQUESTED

## Summary Data

| | | |
|---|---|---|
| Site Area | SF | 28,892 |
| Possible Project GSF | 4.50 FAR | 135,414 |
| Actual Project GSF | 4.10 FAR | 118,457 |
| Retail GSF | | 14,000 |
| Retail NSF | 92% efficiency | 12,880 |
| Residential Gross SF (including loading) | 100% | 104,457 |
| Less - Leasing, lobbies, ramps, etc. | | 10,000 |
| Residential Gross SF (residential flrs only) | | 94,457 |
| Residential Net SF (residential flrs only) | 83% efficiency | 78,399 |
| Residential Net SF - Market | 80% | 62,720 |
| Residential Net SF - Affordable | 20% | 15,680 |
| Total No. of Residential Units | 850 SF avg | 92 |
| Market Rate Units | 80% | 74 |
| Affordable Units | 20% | 18 |
| Below Grade Parking (Resid Parking) | 450.0 SF | 45 |
| Below Grade Parking (Dedicated Retail Parking) | | 15 |
| Total Parking Spaces | | 60 |

**Program % Breakdown**

| | |
|---|---|
| Residential | 88.18% |
| Retail | 11.82% |

**Lease Payments**

| | |
|---|---|
| WMATA - Year 1 of Stabilization | $ 300,000 |

**Vacancy and Bad Debt**

| | |
|---|---|
| Residential | 9% |
| Retail | 5% |

**% of Project Revenue**

| | |
|---|---|
| Residential | 88% |
| Retail | 12% |

**Residential Per SF revenues**

| | |
|---|---|
| Market | $ 2.90 |
| Affordable Units (at 50% of AMI) | $ 1.15 |
| WMATA Annual Lease Payment - Year 1 | $ 300,000 |
| Security Deposit | 100,000 |
| Pre-Lease Payment | 200,000 |
| Gap financing per affordable unit | $60,000 |

## Sources and Uses of Funds

| Sources | Residential | Retail | Total |
|---|---|---|---|
| Debt | $ 18,133,000 | $ - | $ 18,133,000 |
| Gap Financing - Affordable Units | 1,106,816 | | $ 1,106,816 |
| Private Equity - LIHTC | 1,173,975 | - | $ 1,173,975 |
| Private Equity - Developer | 2,749,488 | 3,818,584 | $ 6,568,073 |
| **Total Sources of Funds** | **$ 23,163,280** | **$ 3,818,584** | **$ 26,981,864** |

| Uses | Residential | Retail | Total |
|---|---|---|---|
| Land | $ 352,726 | $ 47,274 | $ 400,000 |
| Hard Costs | 17,097,231 | 2,140,541 | 19,237,772 |
| Transaction/Leasing Fees | 292,762 | 39,238 | 332,000 |
| Architectural/MEP, Structural Services | 704,012 | 94,356 | 798,368 |
| Marketing | 264,544 | 35,456 | 300,000 |
| General and Administrative | 1,318,312 | 276,688 | 1,595,000 |
| Financing Costs | 1,607,964 | 31,075 | 1,639,038 |
| Real Estate Taxes | 195,888 | 26,254 | 222,142 |
| Permit, Utility and Municipal Fees | 301,503 | 40,409 | 341,912 |
| Legal and Accounting | 484,998 | 65,002 | 550,000 |
| Retail | - | 949,468 | 949,468 |
| Insurance | 13,738 | 1,841 | 15,579 |
| Miscellaneous Expenses | 529,603 | 70,981 | 600,584 |
| **Total Uses of Funds** | **$ 23,163,280** | **$ 3,818,584** | **$ 26,981,864** |

## Summary of Stabilized Returns at Sale

| 2015 | Residential | Retail | Total |
|---|---|---|---|
| Effective Gross Income | $ 2,577,488 | $ 359,295 | $ 2,936,783 |
| Expenses | $ 980,659 | $ 58,116 | $ 1,038,775 |
| **Net Operating Income** | **$ 1,596,829** | **$ 301,180** | **$ 1,898,009** |
| Less | | | |
| Reserves | $ 25,953 | $ 33,765 | $ 59,718 |
| Debt Service | $ 1,403,715 | $ - | $ 1,403,715 |
| Stabilized Net Cash Flow 2015 | **$ 167,162** | **$ 267,414** | **$ 434,576** |

| | | |
|---|---|---|
| **Avail Proceeds before WMATA & Returns** | | **4,069,878** |
| WMATA Share of Avail Profit | **12% avail profit** | 488,385 |
| Net Proceeds after WMATA share paid | | 3,581,492 |
| **Equity Yield Target** | **17.00% IRR** | 8,738,656 |
| **Actual Equity Yield** | **9.58% IRR** | |
| **Potential proceeds avail after IRR met** | | -5,157,164 |

WMATA-INV 006360

| | | | | | | Residential | Retail |
|---|---|---|---|---|---|---|---|
| | **PROJECT COSTS** | | | | | | |
| 1 | **LAND COSTS** | | | | | | |
| | WMATA Parcels | | | | | | |
| | WMATA - Option Fee | | | 100,000.00 | | 88,181.39 | 11,818.61 |
| | WMATA - Security Deposit | | | 100,000.00 | | 88,181.39 | 11,818.61 |
| | Pre-Development Lease Payments | | | 200,000.00 | | 176,362.77 | 23,637.23 |
| | **TOTAL LAND COSTS** | | | | **400,000.00** | **352,725.54** | **47,274.46** |
| 2 | **HARD COSTS** | | | | | | |
| | Residential Units | $130 | SF | 13,579,436.00 | | 13,579,436.00 | 0.00 |
| | Retail Space | $100 | SF | 1,400,000.00 | | 0.00 | 1,400,000.00 |
| | Below-grade parking (Residential) | $30,000 | per space | 1,350,000.00 | | 1,350,000.00 | 0 |
| | Below-grade parking (Retail) | $30,000 | per space | 450,000.00 | | 0.00 | 450,000.00 |
| | Infrastructure Costs | | | 500,000.00 | | 440,906.93 | 59,093.07 |
| | Index to start Q3/2010 | 4% | | 1,094,364.28 | | 965,025.58 | 129,338.70 |
| | Contingency | 5% | | 863,971.80 | | 761,862.30 | 102,109.50 |
| | **TOTAL HARD COSTS** | | | | **19,237,772.08** | **17,097,230.81** | **2,140,541.27** |
| | **SOFT COSTS** | | | | | | |
| 3 | **Transaction/Leasing Fees** | | | | | | |
| | Title Insurance - Lender's Policy | $0.60 | per $1000 of loan | 32,000.00 | | 28,218.04 | 3,781.96 |
| | Surveys | | | 20,000.00 | | 17,636.28 | 2,363.72 |
| | Legal - Term Sheet and Joint Development Agreement | | | 150,000.00 | | 132,272.08 | 17,727.92 |
| | Legal - Partnership Documents | | | 25,000.00 | | 22,045.35 | 2,954.65 |
| | Appraisal Fee | | | 30,000.00 | | 26,454.42 | 3,545.58 |
| | Geotechnical & Environmental | | | 75,000.00 | | 66,136.04 | 8,863.96 |
| | Total Transaction/Leasing Fees | | | | **332,000.00** | **292,762.20** | **39,237.80** |
| 4 | **Architectural/MEP, Structural Services** | | | | | | |
| | A/E Fees | 3.00% | hard costs | 577,133.16 | | 508,924.02 | 68,209.14 |
| | Structural Services | 1.00% | hard costs | 192,377.72 | | 169,641.34 | 22,736.38 |
| | Reimburseables | 5.00% | A/E fees | 28,856.66 | | 25,446.20 | 3,410.46 |
| | Total Architectural/MEP, Structural Services | | | | **798,367.54** | **704,011.56** | **94,355.98** |
| 5 | **Marketing** | | | | | | |
| | Marketing Center | | | 50,000.00 | | 44,090.69 | 5,909.31 |
| | Marketing Materials | | | 50,000.00 | | 44,090.69 | 5,909.31 |
| | Media (newspapers, etc.) | | | 50,000.00 | | 44,090.69 | 5,909.31 |
| | Signage | | | 50,000.00 | | 44,090.69 | 5,909.31 |
| | Special Events | | | 40,000.00 | | 35,272.55 | 4,727.45 |
| | Model | | | 50,000.00 | | 44,090.69 | 5,909.31 |
| | Website | | | 10,000.00 | | 8,818.14 | 1,181.86 |
| | Total Marketing | | | | **300,000.00** | **264,544.16** | **35,455.84** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 6 | **General and Administrative** | | | | | | |
| | Development Management | $30,000 mo. | 24 mos. | 720,000.00 | | 634,905.97 | 85,094.03 |
| | Project Management/Administration | $10,000 mo. | 30 mos. | 300,000.00 | | 264,544.16 | 35,455.84 |
| | Construction Management | $25,000 mo. | 18 mos. | 450,000.00 | | 396,816.23 | 53,183.77 |
| | Consulting Fees - Retail | | | 100,000.00 | | 0.00 | 100,000.00 |
| | Security | | | 25,000.00 | | 22,045.35 | 2,954.65 |
| | Total General and Administrative | | | | **1,595,000.00** | **1,318,311.71** | **276,688.29** |
| 7 | **Financing Costs** | | | | | | |
| | Construction Period Interest | | | 851,447.39 | | 851,447.39 | 0.00 |
| | DCHFA Application Fee | 0.10% | | 18,133.00 | | 18,133.00 | 0.00 |
| | DCHFA Construction Monitoring Fee | 0.40% | | 72,532.00 | | 72,532.00 | 0.00 |
| | DCHFA Financing Fee | 0.40% | | 72,532.00 | | 72,532.00 | 0.00 |
| | DCHFA Tax Credit Allocation Fee | 0.10% | | 18,133.00 | | 18,133.00 | 0.00 |
| | DCHFA Internal, External Legal & Consulting | | | 100,000.00 | | 100,000.00 | 0.00 |
| | Administrative Agent Fee | | | 150,000.00 | | 150,000.00 | 0.00 |
| | Credit Enhancement Fee | 0.25% | | 45,332.50 | | 45,332.50 | 0.00 |
| | Lender Inspection Fees | $2,000 mo. | 24 mos. | 48,000.00 | | 48,000.00 | 0.00 |
| | Transfer & Record Taxes (Construct Loan) | 1.45% | | 262,928.50 | | 231,853.99 | 31,074.51 |
| | Total Financing Costs | | | | **1,639,038.39** | **1,607,963.89** | **31,074.51** |
| 8 | **Real Estate Taxes** | | | | | | |
| | Land ($1.85 per $100) | 18 mos. | | 222,141.80 | | | |
| | Total Real Estate Taxes | | | | **222,141.80** | **195,887.72** | **26,254.08** |
| 9 | **Permit, Utility and Municipal Fees** | | | | | | |
| | DCRA and WASA Permits | 2% hard costs | | 241,912.10 | | 213,321.44 | 28,590.66 |
| | DDOT Permits | | | 100,000.00 | | 88,181.39 | 11,818.61 |
| | Total Permit, Utility and Municipal Fees | | | | **341,912.10** | **301,502.83** | **40,409.27** |
| 10 | **Legal and Accounting** | | | | | | |
| | Legal - Financing | | | 250,000.00 | | 220,453.46 | 29,546.54 |
| | Legal - Zoning | | | 50,000.00 | | 44,090.69 | 5,909.31 |
| | Legal - General/Retail Leases, etc. | | | 150,000.00 | | 132,272.08 | 17,727.92 |
| | Accounting | | | 100,000.00 | | 88,181.39 | 11,818.61 |
| | Total Legal and Accounting: | | | | **550,000.00** | **484,997.62** | **65,002.38** |
| 11 | **Retail** | | | | | | |
| | Tenant Allowance | $60 per SF | | 772,800.00 | | 0.00 | 772,800.00 |
| | Commissions | 6.00% | | 176,668.34 | | 0.00 | 176,668.34 |
| | Total Retail | | | | **949,468.34** | **0.00** | **949,468.34** |
| 12 | **Insurance** | | | | | | |
| | Builder's Risk (Hard Costs) | $0.06 per $100 | | 11,542.66 | | 10,178.48 | 1,364.18 |
| | Builder's Risk (Soft Costs) | $0.06 per $100 | | 4,036.76 | | 3,559.67 | 477.09 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Total Insurance | | | **15,579.42** | **13,738.15** | **1,841.27** |
| 13 | **Miscellaneous Expenses** | | | | | |
| | Lease-up Reserves | | 18,175.10 | | 16,027.05 | 2,148.04 |
| | Testing Expenses | | 150,000.00 | | 132,272.08 | 17,727.92 |
| | Third Party Inspections | | 100,000.00 | | 88,181.39 | 11,818.61 |
| | Misc Soft Costs & Contingencies | 5% soft costs | 350,584.13 | | 309,149.95 | 41,434.19 |
| | Total Miscellaneous Expenses | | | **618,759.23** | **529,603.41** | **70,980.72** |
| | **TOTAL SOFT COSTS** | | | **7,362,266.83** | **5,713,323.24** | **1,630,768.50** |
| | **TOTAL PROJECT COSTS** | | **27,000,038.91** | | **23,163,279.59** | **3,818,584.22** |

**SUMMARY**

| | | | | |
|---|---|---|---|---|
| Market | | | | 80% |
| # of Units | | | | 74 |
| $ per SF | | | $ | 2.90 |
| | | | | |
| Affordable | | | | 20% |
| # of Units | | | | 18 |
| $ per SF | | | $ | 1.15 |
| | | | | |
| Parking | | | | |
| # of spaces | | | | 45 |
| $ per space | | | $ | 150.00 |
| | | | | |
| **Income** | | | | **Year 1** |
| Market Units | | | $ | 2,182,641 |
| Affordable Units | | | $ | 216,383 |
| Other Income | 2.00% | | $ | 47,980 |
| Parking | | | $ | 81,000 |
| Vacancy | 9.00% | | $ | (227,520) |
| **Total Income** | | | $ | 2,300,484 |
| | | | | |
| **Expenses** | | | | |
| WMATA Land Lease | | | $ | 264,544 |
| Real Estate Taxes (Market) | $2,000 | | $ | 147,575 |
| Real Estate Taxes (Affordable) | $1,000 | | $ | 18,447 |
| Property Insurance | $400 | per unit | $ | 36,894 |
| Utilities | $400 | | $ | 36,894 |
| Repairs and Maintenance | $500 | | $ | 46,117 |
| Property Management | 3.00% | gross revenue | $ | 69,015 |
| Payroll | $1,750 | per unit | $ | 161,411 |
| Advertising & Marketing | $600 | | $ | 55,341 |
| Administrative, Painting, Contract Services | $800 | | $ | 73,788 |
| **Total Expenses** | | | $ | 910,025 |
| per unit $ | 9,866 | | | |
| | | | | |
| **NOI** | | | $ | **1,390,459** |
| | | | | |
| Reserves | $250 | | $ | 23,059 |
| | | | | |
| Cash Flow before Debt Service | | | $ | 1,367,400 |
| | | | | |
| Debt Service | | | $ | 1,403,715 |
| | | | | |
| **Net Cash Flow Before Taxes** | | | $ | **(36,315)** |

FOIA CONFIDENTIAL TREATMENT REQUESTED

The Jazz @ Florida Avenue
Residential Proforma

| Year | | 1<br>2011 | 2<br>2012 | 3<br>2013 | 4<br>2014 | 5<br>2015 | 6<br>2016 | 7<br>2017 | 8<br>2018 | 9<br>2019 | 10<br>2020 | 11<br>2021 | 12<br>2022 | 13<br>2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income** | % of Income | | | | | | | | | | | | | |
| Market Units | | $ 436,528 | $ 1,527,849 | $ 2,269,947 | $ 2,360,745 | $ 2,455,175 | $ 2,553,382 | $ 2,655,517 | $ 2,761,738 | $ 2,872,207 | $ 2,987,095 | $ 3,106,579 | $ 3,230,842 | $ 3,360,076 |
| Affordable Units | | $ 43,277 | $ 216,383 | $ 221,792 | 227,337 | 233,020 | 238,846 | 244,817 | 250,937 | 257,211 | 263,641 | 270,232 | 276,988 | 283,913 |
| Other Income | 3.00% | $ 47,980 | $ 47,980 | $ 49,900 | 51,896 | 53,972 | 56,130 | 58,376 | 60,711 | 63,139 | 65,665 | 68,291 | 71,023 | 73,864 |
| Parking | | $ 81,000 | $ 81,000 | $ 83,430 | 86,767 | 90,238 | 93,847 | 97,601 | 101,505 | 105,566 | 109,788 | 114,180 | 118,747 | 123,497 |
| Vacancy | 9.00% | (54,791) | (168,589) | (236,256) | (245,407) | (254,916) | (264,798) | (275,068) | (285,740) | (296,831) | (308,357) | (320,335) | (332,784) | (345,721) |
| Effective Gross Income | | $ 553,995 | $ 1,704,623 | $ 2,388,813 | $ 2,481,338 | $ 2,577,488 | $ 2,677,407 | $ 2,781,243 | $ 2,889,151 | $ 3,001,292 | $ 3,117,832 | $ 3,238,947 | $ 3,364,816 | $ 3,495,628 |
| **Operating Expenses** | Escalation | | | | | | | | | | | | | |
| WMATA Land Lease | 1.50% * | $ 66,667 | 263,297 | 267,247 | 271,255 | 275,324 | 279,454 | 283,646 | 287,900 | 292,219 | 296,602 | 305,500 | 314,665 | 324,105 |
| Real Estate Taxes (Market) | 3.00% | $ 59,030 | 147,575 | 152,003 | 156,563 | 161,260 | 166,098 | 171,080 | 176,213 | 181,499 | 186,944 | 192,553 | 198,329 | 204,279 |
| Real Esate Taxes (Afford) | 3.00% | $ 7,379 | 18,447 | 19,000 | 19,570 | 20,157 | 20,762 | 21,385 | 22,027 | 22,687 | 23,368 | 24,069 | 24,791 | 25,535 |
| Property Insurance | 3.00% | $ 14,758 | 36,894 | 38,001 | 39,141 | 40,315 | 41,524 | 42,770 | 44,053 | 45,375 | 46,736 | 48,138 | 49,582 | 51,070 |
| Utilities | 3.00% | $ 14,758 | 36,894 | 38,001 | 39,141 | 40,315 | 41,524 | 42,770 | 44,053 | 45,375 | 46,736 | 48,138 | 49,582 | 51,070 |
| Repairs and Maintenance | 3.00% | $ 18,447 | 46,117 | 47,501 | 48,926 | 50,394 | 51,905 | 53,463 | 55,067 | 56,719 | 58,420 | 60,173 | 61,978 | 63,837 |
| Property Management | 3.00% | $ 27,606 | 69,015 | 71,085 | 73,218 | 75,414 | 77,676 | 80,007 | 82,407 | 84,879 | 87,426 | 90,048 | 92,750 | 95,532 |
| Payroll | 3.00% | $ 64,564 | 161,411 | 166,253 | 171,241 | 176,378 | 181,669 | 187,119 | 192,733 | 198,515 | 204,470 | 210,604 | 216,922 | 223,430 |
| Advertising & Marketing | 3.00% | $ 22,136 | 55,341 | 57,001 | 58,711 | 60,472 | 62,287 | 64,155 | 66,080 | 68,062 | 70,104 | 72,207 | 74,373 | 76,605 |
| Admin, Painting, Contract Services | 3.00% | $ 29,515 | 73,788 | 76,001 | 78,281 | 80,630 | 83,049 | 85,540 | 88,106 | 90,750 | 93,472 | 96,276 | 99,165 | 102,139 |
| | | 324,859 | 908,778 | 932,092 | 956,046 | 980,659 | 1,005,949 | 1,031,935 | 1,058,639 | 1,086,079 | 1,114,279 | 1,147,707 | 1,182,138 | 1,217,602 |
| **Net Operating Income** | | $ 229,135 | $ 795,845 | $ 1,456,720 | $ 1,525,291 | $ 1,596,829 | $ 1,671,458 | $ 1,749,308 | $ 1,830,512 | $ 1,915,212 | $ 2,003,554 | $ 2,091,240 | $ 2,182,678 | $ 2,278,026 |
| **Reserves** | | 23,059 | 23,750 | 24,463 | 25,197 | 25,953 | 26,731 | 27,533 | 28,359 | 29,210 | 30,086 | 30,989 | 31,919 | 32,876 |
| **Cash Flow Before Debt Service** | | 206,077 | 772,094 | 1,432,258 | 1,500,095 | 1,570,877 | 1,644,727 | 1,721,774 | 1,802,153 | 1,886,002 | 1,973,468 | 2,060,251 | 2,150,759 | 2,245,150 |
| **Total Annual Debt Service** | | 233,952 | 1,403,715 | 1,403,715 | 1,403,715 | 1,403,715 | 1,403,715 | 1,403,715 | 1,403,715 | 1,403,715 | 1,403,715 | 1,403,715 | 1,403,715 | 1,403,715 |
| **Before Tax Cash Flow** | | $ (27,876) | $ (631,621) | $ 28,543 | $ 96,380 | $ 167,162 | $ 241,012 | $ 318,059 | $ 398,438 | $ 482,287 | $ 569,753 | $ 656,536 | $ 747,045 | $ 841,435 |
| 1st Mortgage Principal Balance | $ 18,133,000 | $ 18,058,079 | $ 17,977,357 | $ 17,971,109 | $ 17,883,655 | $ 17,870,153 | $ 17,774,885 | $ 17,752,962 | $ 17,648,622 | $ 17,616,926 | $ 17,502,055 | $ 17,459,013 | $ 17,331,918 | $ 17,275,706 |

4.0% annual escalation in market rate unit income and parking
2.5% annual escalation in affordable rate unit income
3.0% annual escalation in expenses (except land lease where first 10 years, increase is at 1.5% and next 3% thereafter)*
3.0% annual escalation in reserves

WMATA-INV 006365

FOIA CONFIDENTIAL TREATMENT REQUESTED

The Jazz @ Florida Avenue
Residential Proforma

| | 14<br>2024 | 15<br>2025 |
|---|---|---|
| | $ 3,494,479 | $ 3,634,258 |
| | 291,010 | 298,286 |
| | 76,818 | 79,891 |
| | 128,437 | 133,574 |
| | (359,167) | (373,141) |
| | $ 3,631,578 | $ 3,772,868 |
| | 333,828 | 343,843 |
| | 210,407 | 216,720 |
| | 26,301 | 27,090 |
| | 52,602 | 54,180 |
| | 52,602 | 54,180 |
| | 65,752 | 67,725 |
| | 98,398 | 101,350 |
| | 230,133 | 237,037 |
| | 78,903 | 81,270 |
| | 105,204 | 108,360 |
| | 1,254,130 | 1,291,754 |
| | $ 2,377,447 | $ 2,481,114 |
| | 33,862 | 34,878 |
| | 2,343,585 | 2,446,236 |
| | 1,403,715 | 1,403,715 |
| | $ 939,870 | $ 1,042,521 |
| | $ 17,134,421 | $ 17,062,920 |

WMATA-INV 006366

FOIA CONFIDENTIAL TREATMENT REQUESTED

**The Jazz @ Florida Avenue**
**Retail Proforma**

| **Assumptions** | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rentable S.F. | 12,880 | | | | | | | | | | | |
| Market Space | 7,480 | | | | | | | | | | | |
| Affordable/Non-Profit Space | 5,400 | | | | | | | | | | | |
| Triple Net Lease | | | | | | | | | | | | |
| | **Per S.F.** | **Escalation** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** |
| **Operating Income** | | | | | | | | | | | | |
| Retail Tenants - Market | $38.00 | 3% | 56,848 | 284,240 | 292,767 | 301,550 | 310,597 | 319,915 | 329,512 | 339,397 | 349,579 | 360,067 |
| Retail Tenants - Affordable/Non-Profit | $10.00 | 2% | 10,800 | 54,000 | 55,620 | 56,732 | 57,867 | 59,024 | 60,205 | 61,409 | 62,637 | 63,890 |
| Parking | $50.00 | 2% | 9,000 | 9,180 | 9,364 | 9,551 | 9,742 | 9,937 | 10,135 | 10,338 | 10,545 | 10,756 |
| Less: General Vacancy | | 5% | - | - | (17,888) | (18,392) | (18,910) | (19,444) | (19,993) | (20,557) | (21,138) | (21,736) |
| **Total Operating Income** | | | 76,648 | 347,420 | 339,863 | 349,442 | 359,295 | 369,432 | 379,860 | 390,587 | 401,623 | 412,977 |
| **Recoverable Expenses** | | **Escalation** | | | | | | | | | | |
| CAM, Insurance, Payroll, etc. | 3.75 SF | 3% | 10,500 | 52,500 | 54,075 | 55,697 | 57,368 | 59,089 | 60,862 | 62,688 | 64,568 | 66,505 |
| RE Taxes | 8.00 SF | 3% | 22,400 | 112,000 | 115,360 | 118,821 | 122,385 | 126,057 | 129,839 | 133,734 | 137,746 | 141,878 |
| **Total Recoverable Expenses** | | | 32,900 | 164,500 | 169,435 | 174,518 | 179,754 | 185,146 | 190,701 | 196,422 | 202,314 | 208,384 |
| **Non-Recoverable Expenses** | | | | | | | | | | | | |
| WMATA Lease | | 1.5% | 35,456 | 35,988 | 36,527 | 37,075 | 37,632 | 38,196 | 38,769 | 39,350 | 39,941 | 40,540 |
| Non-recov Ownership Expenses | $1.30 SF | 3.0% | 18,200 | 18,746 | 19,308 | 19,888 | 20,484 | 21,099 | 21,732 | 22,384 | 23,055 | 23,747 |
| **Total Non-Recoverable Expenses** | | | 53,656 | 54,734 | 55,836 | 56,963 | 58,116 | 59,295 | 60,501 | 61,734 | 62,996 | 64,287 |
| **Net Operating Income** | | | 22,992 | 292,686 | 284,027 | 292,479 | 301,180 | 310,137 | 319,359 | 328,853 | 338,627 | 348,690 |
| Capital Reserves | | 3.00% | 30,000 | 30,900 | 31,827 | 32,782 | 33,765 | 34,778 | 35,822 | 36,896 | 38,003 | 39,143 |
| **Before Tax Cash Flow** | | | $ (7,008) | $ 261,786 | $ 252,200 | $ 259,697 | $ 267,414 | $ 275,359 | $ 283,538 | $ 291,957 | $ 300,624 | $ 309,547 |

WMATA-INV 006367

FOIA CONFIDENTIAL TREATMENT REQUESTED

**SUPPORTABLE DEBT CALCULATIONS**

| | Loan |
|---|---|
| ***Base Residential NOI (net of reserves)*** | 1,432,258 |
| ***Base Retail NOI (net of reserves)*** | 252,200 |
| | 1,684,458 |
| | |
| *DSCR* | 1.20 |
| **Amount Available for Debt Service** | 1,403,715 |
| | |
| **Calculation of Loan Constant** | |
| Amortization Term | 40 |
| Loan Constant | 7.74% |
| | |
| Max Supportable Mortgage | 18,133,000 |
| | |
| Bond Rate | 6.00% |
| DCHFA Fee | 0.40% |
| Trustee Fee | 0.05% |
| GNMA Fee | 0.25% |
| Aggregate Rate | 6.70% |
| | |
| Loan Constant | 7.24% |
| Mortgage Insurance Premium | 0.50% |
| Calculation of Loan Constant | 7.74% |

WMATA-INV 006368

FOIA CONFIDENTIAL TREATMENT REQUESTED

| NOI Projection | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Net Operating Income | | | | $ 252,128 | $ 1,088,531 | $ 1,740,748 | $ 1,817,770 | $ 1,898,009 | $ 1,981,595 |
| Debt Service | | | | $ 233,952 | $ 1,403,715 | $ 1,403,715 | $ 1,403,715 | $ 1,403,715 | |
| Net Cash Flow | | | | $ 18,175 | $ (315,184) | $ 337,033 | $ 414,055 | $ 494,294 | |

| IRR Calculation | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Equity (Cash) | $ (500,000) | $ (1,000,000) | $ (5,068,073) | $ - | $ - | $ - | $ - | $ - |
| Net Cash Flow | - | | | 18,175 | (315,184) | 337,033 | 414,055 | 494,294 |
| Return of Security Deposit to WMATA | | | | | 100,000 | | | |
| Return of Equity (Sale) | | | | | | | | 5,519,699 |
| Net Sales Proceeds | | | | | | | | 4,069,878 |
| Total Paid to All Equity | $ (500,000) | $ (1,000,000) | $ (5,068,073) | $ 18,175 | $ (215,184) | $ 337,033 | $ 414,055 | $ 10,083,871 |

**ACTUAL PROJECT IRR** **9.58%**

| Assumed Sale in December 2015 | | Amount |
|---|---|---|
| NOI in 2016 | | 1,981,595 |
| Cap Value | 7.00% | 28,309,000 |
| Cost of Sale | 3.00% | (849,270) |
| Gross Sale Proceeds | | 27,459,730 |
| Balance of Loan | | (17,870,153) |
| Net Sales Proceeds | | 9,589,577 |
| Return of Outstanding Equity Plus Cash Flow | | (5,519,699) |
| **Net Sales Proceeds Before Pref and Splits** | | **4,069,878** |

| | | |
|---|---|---|
| WMATA Share | 12% sales proceeds | 488,385 |
| Net Proceeds after WMATA share paid | | **3,581,492** |
| **Targeted IRR 17%** | 2008 equity | 1,000,621 |
| | 2009 equity | 1,565,164 |
| | 2010 equity | 6,043,413 |
| | 2012 equity | 129,457 |
| **Equity Yield Target** | | **8,738,656** |
| **Potential proceeds avail after IRR met** | | **-5,157,164** |

WMATA-INV 006369

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LIHTC Calculation**

| **Qualifying Costs** | | **LIHTC** |
|---|---|---|
| Total Development Cost (Residential Portion) | $ | 23,163,280 |
| Less: | | |
| FF&E | | 500,000 |
| Parking | | 1,350,000 |
| Marketing | | 264,544 |
| Financing Costs | | 1,607,964 |
| Legal and Accounting | | 484,998 |
| Reserves | | -16,027 |
| Total Non-Qualifying Costs | $ | 4,191,479 |
| **Total Eligible Costs** | $ | 18,971,801 |

| **Valuation** | | |
|---|---|---|
| Total Eligible Costs (see above) | $ | 18,971,801 |
| x Factor ( LIHTC - Difficult to Develop Area) | | 130% |
| Total Adjusted Basis | | 24,663,341 |
| x Applicable Fraction | | 20% |
| **Total Qualified Basis** | | **4,932,668** |
| x Annual Tax Rate | | 3.4% |
| Annual Credit | | 167,711 |
| Applicable Period (Years) | | 10 |
| Credit Amount | | 1,677,107 |
| x Equity Proceeds from Sale of Credits @ | | $0.70 |
| **Realized Value to Project** | **$** | **1,173,975** |

WMATA-INV 006370

| | | | | |
|---|---|---|---|---|
| | Tax Rate | 1.85% | | |
| **Address** | **Value** | **Assessment** | **Property Taxes (estimated 09)** |
| 710 Florida Avenue, NW, Square 416, Lot 18 | | 142,970 | 2,645 |
| 716 Florida Avenue, NW, Square 416, Lot 31 | | 4,420,930 | 81,787 |
| Square 392, Lot 45 | | 2,388,620 | 44,189 |
| Square 392, Lot 44 | | 1,052,590 | 19,473 |
| **Total** | **$ -** | **$ 8,005,110** | **$ 148,095** |

FOIA CONFIDENTIAL TREATMENT REQUESTED

| Loan Balance | Month | Monthly Draw | Interest Earnings 2.50% | Interest Cost 7.74% | Net Interest |
|---|---|---|---|---|---|
| **18,133,000** | 0 | 200,000 | - | | |
| 17,933,000 | 1 | 350,000 | 37,777 | 116,973 | 79,196 |
| 17,583,000 | 2 | 500,000 | 37,360 | 116,973 | 79,613 |
| 17,083,000 | 3 | 750,000 | 36,631 | 116,973 | 80,342 |
| 16,333,000 | 4 | 1,000,000 | 35,590 | 116,973 | 81,384 |
| 15,333,000 | 5 | 1,095,214 | 34,027 | 116,973 | 82,946 |
| 14,237,786 | 6 | 1,095,214 | 31,944 | 116,973 | 85,030 |
| 13,142,571 | 7 | 1,095,214 | 29,662 | 116,973 | 87,311 |
| 12,047,357 | 8 | 1,095,214 | 27,380 | 116,973 | 89,593 |
| 10,952,143 | 9 | 1,095,214 | 25,099 | 116,973 | 91,875 |
| 9,856,929 | 10 | 1,095,214 | 22,817 | 116,973 | 94,156 |
| 8,761,714 | 11 | 1,095,214 | 20,535 | 116,973 | 96,438 |
| 7,666,500 | 12 | 1,095,214 | 18,254 | 116,973 | 98,720 |
| 6,571,286 | 13 | 1,095,214 | 15,972 | 116,973 | 101,002 |
| 5,476,071 | 14 | 1,095,214 | 13,690 | 116,973 | 103,283 |
| 4,380,857 | 15 | 1,095,214 | 11,408 | 116,973 | 105,565 |
| 3,285,643 | 16 | 1,095,214 | 9,127 | 116,973 | 107,847 |
| 2,190,429 | 17 | 1,095,214 | 6,845 | 116,973 | 110,128 |
| 1,095,214 | 18 | 1,095,214 | 4,563 | 116,973 | 112,410 |
| **TOTAL** | | **18,133,000** | **318,287** | **1,169,735** | **851,447** |

WMATA-INV 006372

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Florida Avenue – Offer comparisons

Deal cannot be below approval
FTA: cannot be below Maddie Tracy

Sent to WMATA
3/27/09
4/16/09

| JDA | Term Sheet | WMATA draft | Developer's Latest Offer | Agreed Upon Terms or Status | |
|---|---|---|---|---|---|
| **Developer** | Banneker, District Development, Metropolis | Banneker, District Development, Metropolis | Banneker and BACDC | **Agreed:** Banneker and BACDC | OK |
| **Project** | Single phase, including minimum:<br>Gross FAR: 130,014 sf<br>Units: 104<br>Retail: 11,750 sf<br>Parking: 47 spaces | Single phase, including minimum:<br>Gross FAR: 130,014 sf<br>Units: 104<br>Retail: 11,750 sf<br>Parking: 47 spaces | Last JDA removed reference to building in a single phase.<br>Pro Forma:<br>Gross FAR: 118,457<br>Units: 92<br>Retail: 12,880<br>Parking: 60 spaces<br>could not build out to FAR 4.5<br>10% less | **Agreed:** Single Phase –<br>Completion at once attorneys<br>Have not fully discussed/vetted proposed changes<br>fewer units = less revenue | OK |
| **Improvements** | No mention of ownership or purchase of improvements. | Developer owns all improvements but ownership rights automatically transfer to WMATA at end of Lease. | Upon ending of Lease, WMATA must purchase improvements from Developer at FMV | **Agreed:**<br>Developer owns all improvements but ownership rights automatically transfer to WMATA at end of Lease. | OK |
| **Pre-stabilization period** | Stabilization or 45 months | Stabilization or 45 months | Stabilization or 61 months<br>they want marked flexibility | **Tentative Agreement:** stabilization or 57 months<br>18 + 18 + 12 48/50 | not agreed to |
| **Lease closing** | On or before 20 months | On or before 20 months | On or before 29 months | **Agreed:** On or before 20 months | OK |
| **Pre-stabilization period payments** | *Note: paragraph 7.8 appears to have a typo in reference to payments during extensions of pre-stabilization period due to WMATA delay.* | Payments are due from effective date of JDA to Stabilization (at which time rent payments begin) | Pre-stabilization period shall be extended on a day-for-day basis for WMATA caused delays (including FTA approval), however no pre-stabilization payments or rent shall be due during said delay extension | **Agreed:** Payments are due from effective date of JDA to Stabilization (at which time rent payments begin)<br>amounts TBD | OK |
| **Deposit** | Upon receipt of $250,000 deposit, WMATA returns $100,000 proposal security to developer | Upon receipt of $250,000 deposit, WMATA returns $100,000 proposal security to developer | Upon receipt of $100,000 deposit, WMATA returns $100,000 proposal security to developer | **Agreed:** Upon receipt of $250,000 deposit, WMATA returns $100,000 proposal security to developer within 10 ~~5~~ business days | see change |
| **Completion Bond** | Not mentioned (only have performance and payment) | 120% of replacement costs | 100% | **Agreed:** N/A | OK |
| **FTA Approval** | WMATA will apply for FTA approval within 30 days after | WMATA will apply for FTA approval within 30 days after execution of | WMATA will apply for FTA approval within 30 days after execution of | **Agreed:** WMATA will apply for FTA approval within 30 days after | OK |

WMATA-INV 006373

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Florida Avenue – Offer comparisons

| JDA | Term Sheet | WMATA draft | Developer's Latest Offer | Agreed Upon Terms or Status |
|---|---|---|---|---|
| | execution of Definitive Agreement; JDA will include appropriate termination provisions in the case FTA denies approval | Definitive Agreement; Said agreement is automatically terminated if FTA denies approval and all appeals are exhausted. | Definitive Agreement; WMATA has 60 days to secure FTA approval; If FTA denies approval, WMATA shall pay developer $300,000 as compensation for Developer's costs incurred with due diligence and negotiation of Agreement. | execution of Definitive Agreement; Said agreement is automatically terminated if FTA denies approval and all appeals are exhausted. OK |
| **Change of control** | Section 1.2 states that WMATA consent is needed to: 1) include other parties in the Developer (except for equity finance partners) and 2) assign or sell Developer's interest in the Project or the Improvements. | Prior to Final Completion – no change of control;<br>After Final Completion – only change of control upon WMATA approval. | Prior to Final Completion – no change of control;<br>After Final Completion – Developer can change control freely. | **Agreed:**<br>Prior to Final Completion – no change of control;<br>After Final Completion – Developer can change control freely among Developer members; Tax Credit Syndicator carve-out to be included in JDA. OK<br>Note: will be control event of a windfall |
| **Pre-stabilization period payment amounts** | First 15 months: $100,000/year<br>Next 12 months: $115,000/year<br>Thereafter: $130,000 per year | First 15 months: $100,000/year<br>Next 12 months: $115,000/year<br>Thereafter: $130,000 per year | $200,000 total, to be paid over pre-stabilization period and lease up of project | **Developer Offer:**<br>First 18 months: $50,000/year<br>Next 12 months: $65,000/year<br>Thereafter: $80,000 per year<br>back to WMATA |
| **Insurance** | WMATA policy: According to Kim Brown, we will require insurance on everybody. | Everybody: Developer, contractor, subcontractor, etc. | Developer or contractor, as applicable | **Status:** WMATA to provide alternative insurance language OK |

Kim Brown
Rod Schwarzer, has bags

WMATA-INV 006374

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Florida Avenue – Offer comparisons

| Lease | Term Sheet | WMATA draft | Developer's counter Lease | Agreed Upon Terms or Status |
|---|---|---|---|---|
| **Developer** | See JDA | See JDA | See JDA | See JDA |
| **Guarantor** | Requires guarantor for "remediation of all hazardous materials as required by the Definitive Agreement or by applicable law…and the timely payment and performance of all Developer obligations under the Definitive Agreement." *Q – was guaranty contemplated to be for lease also?* | Required guarantor with net worth exceeding 3 times value of project | Removed guarantor requirement | **Agreed:** Required guarantor with net worth equal to cost to complete project per approved plans and specifications. Maurice to talk to CFO of B/A CDC who will present net worth ,,,, B/A to provide guarantee. Use language from 3/25/09 chart |
| **Stabilization** | TBD in JDA | 90% occupancy | 95% occupancy | **Agreed:** 92.5% project 92.5% on WMATA ~~95% residential~~ occupancy (~~[illegible]~~ lots (rents commencing) |
| **Density Adjustment Rent** | Add to base rent based on formula in Section 7.11 of term sheet. | Add to base rent based on formula in Section 7.11 of term sheet. | Removed entirely. | **Agreed:** Add to base rent based on formula in Section 7.11 of term sheet. OK |
| **Affordable Housing** | No mention | No mention | 18 Units | now talking about 40% Not **Agreed:** A ~~minimum of~~ maximum 20% of the total number of units Maximum with definitions TBD |
| **Right to assign Lease** | Section 1.2 states that Developer's interest in the Project or the Improvements may not be assigned or sold without the written consent of WMATA. | Not assignable prior to Final Completion; only assignable upon WMATA consent after Final Completion | Prior to Substantial Completion: assignable without WMATA consent if to a "Qualified Assignee"; otherwise is assignable only upon WMATA consent<br>After Substantial Completion: assignable w/o WMATA consent<br>Assignment restrictions do not apply to leasehold mortgage remedies. | **Agreed:** WMATA agreed to insert "reasonableness" language to WMATA draft OK with clarification |
| **Right of First Offer** | N/A; *Q – was this mentioned in negotiations? What is normal* | N/A | Must first offer to Developer if wish to sell/transfer property. | N/A OK |

WMATA-INV 006375

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Florida Avenue – Offer comparisons

| Lease | Term Sheet | WMATA draft | Developer's counter Lease | Agreed Upon Terms or Status |
|---|---|---|---|---|
| | *consideration to WMATA for this right?* | | | |
| **Environ Condition** | Developer gets study period; WMATA makes knowledge-qualified representations customarily made by WMATA; Developer gets study period; Developer takes property AS IS, WHERE IS | Developer gets study period; WMATA makes knowledge-qualified representations customarily made by WMATA; Developer gets study period; Developer takes property AS IS, WHERE IS | If during construction, Developer discovers "catastrophic environ conditions", then Developer may terminate Lease | **Agreed:** ~~Developer gets study period;~~ WMATA makes knowledge-qualified representations customarily made by WMATA; Developer gets study period; Developer takes property AS IS, WHERE IS OK with deletion |
| **Insurance** | See JDA | See JDA | See JDA | **Agreed:** See JDA |
| **Term** | 60 year lease | 60-year lease | 99-year lease | **Developer Offer:** 75-year lease TBD — bump up? |
| **Base Rent** | $597,000 in quarterly payments | $597,000 in quarterly payments | $300,000 in monthly payments | **Developer Offer:** a TBD base rent, then rent payments based on percentage of EGI TBD if HUD 221(d)(4) is involved |
| **Escalation (Years 1 to 10)** | 1.5% increase *(note: may have been typo on term sheet)* | 1.5% increase | 1.5% increase | N/A % EGI if above is accepted |
| **Escalation (Years 11 to end)** | 3% increase | 3% increase | ~~1.5~~3% increase *(this is likely related to typo mentioned above)* | N/A % EGI if above is accepted |
| **Periodic Rent Revaluation** | Upon Capital Event or every 10 years | Upon Capital Event or every 10 years | Removed entirely. | N/A TBD |
| **Capital Event Participation** | 10% of gross income from Capital Event | 10% of gross income from Capital Event | In the event of a refinance or sale of the project, WMATA would receive 12% of the net ***revenue associated with WMATA's parcels*** (versus 10% that WMATA proposed) after all debt (and related re-financing costs if a refi) are re-paid. | **Developer Offer:** a TBD % of gross income from Capital Event (after repayment of all debt, including member loan and related third party fees) TBD less rent = larger % of capital events |
| **Late Charge** | TBD in JDA | 20% of delinquent amount | 3% of delinquent amount | **Developer Offer:** 5% larger OK |

WMATA-INV 006376

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Florida Avenue – Offer comparisons

| Lease | Term Sheet | WMATA draft | Developer's counter Lease | Agreed Upon Terms or Status |
|---|---|---|---|---|
| **Default interest rate** | Not mentioned. | 15% or 10% over prime (whichever is higher) | 3% | **Developer Offer:** 4% over prime |

OK

WMATA-INV 006377

## Doggett, Rosalyn

**From:** Omar A. Karim [okarim@bannekerventures.com]
**Sent:** Friday, March 27, 2009 5:24 PM
**To:** Doggett, Rosalyn; Washington, Joel R.
**Cc:** Maurice' 'Perry; 'thicks'; Moneme, Emeka; Montague, Joshua W.; Bottigheimer, Nat
**Subject:** Jazz @ Florida Avenue - Updated JDA and Lease Chart
**Attachments:** Florida Avenue Terms (updated as of 3-25-09).doc

**Importance:** High

Ms. Doggett and Mr. Washington,

As a follow-up to our meeting this past Wednesday, and as promised, attached please find the updated Florida Avenue Offer Comparisons Chart, which shows that out of the 29 issues that Josh summarized from the JDA and Lease, 22 have been agreed upon b/t WMATA and the Developer (Banneker and Banc of America CDC), leaving just 7 issues open. We look forward to continuing to work through the few outstanding issues with you at next Friday's 2:30pm meeting at your offices. Should you have any questions prior to then, please let us know.

Have a great weekend.

Omar

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Arent Fox

# Ellen M. McCarthy*

**Director of Planning and Land Use**
Washington, DC
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**Practice Teams**
Real Estate

**Areas of Focus**
Zoning
Land Use
Historic Preservation

## Practice Areas

Ellen McCarthy is the director of planning and land use for the firm. She has more than 30 years of experience in the planning field, with a focus on zoning, neighborhood planning and historic preservation.

*Ellen is not a member of the legal profession.

## Previous Work

Prior to joining Arent Fox, Ellen was the director of planning and land use for a large US law firm. She advises clients in all aspects of zoning and development review before the Zoning Commission and Board of Zoning Adjustment including planned unit developments, rezonings, variances, and special exceptions. She also assists clients with land use entitlements such as street closings, alley closings, antennas, roof structure reviews, downtown development district compliance and transfers of development rights.

Previously, Ellen was the director of the District of Columbia Office of Planning, where she managed a 60-person team to provide a wide range of services for District of Columbia citizens. While there, her projects included getting city council adoption of a new Comprehensive Plan, the re-engineering of the development review function, and the crafting of a strategy to revitalize dilapidated affordable housing projects into lively, mixed-use, mixed-income neighborhoods while retaining existing low-income residents. She also directed the integration of the Historic Preservation Office into the Office of Planning from the permitting department, revamping its financial accountability system, and oversaw planning efforts for the Anacostia Transit Station Area, Northeast Gateway, Shaw/Convention Center Area, NoMA and Georgia Avenue, along with completion of new zoning for waterfront districts and numerous large development projects.

## Professional Activities

Ellen has been involved in several civic and professional organizations. She currently serves on the Advisory Council of the Washington office of the Local Initiatives Support Corporation and on the Housing Council of Catholic Charities of the Archdiocese of Washington, DC. In

addition, she co-chairs the Task Force on Public Policy and Regulatory Reform for the Washington effort of the Urban Land Institute's Terwilliger Workforce Housing Initiative. Ellen served on the boards of directors of the Washington Area Community Investment Fund (low-income housing finance organization) and DC Preservation League as well as on Board of Trustees of the Committee of 100 on the Federal City, and she was active in the Citizens Planning Coalition. She was elected president of the National Capital Area Chapter, American Planning Association, and co-chair of the Coalition for a Living Downtown.

## Publications, Presentations and Recognitions

Ellen has been recognized with an Outstanding Performance Award by the US Department of Transportation, a Chapter Service Award from the National Capital Area Chapter of the American Planning Association and a Fannie Mae Housing Fellowship.

**For the Real Estate Review:**

"Revitalizing Downtown DC", *Real Estate Review*, forthcoming issue, 2008

**For the Urban Land Institute:**

- "Center Cities," *Land Use in Transition*, co-authored with Richard H. Bradley and Gayle L. Berens,
- "The Management and Organization of Ridesharing Programs," *Transportation Research Board Special Report*, co-authored with Richard Bradley, 1985

**For the Transit Cooperative Research Program:**

- Subcontractor to Project for Public Spaces for *The Role of Transit in Creating Livable Metropolitan Communities*, National Academy Press, l997

**For the US Department of Transportation:**

- Integration of Paratransit with Conventional Transit Systems, Information Bulletin, The Urban Consortium, Public Technology Inc.
- Institutional Framework for Integrated Transportation Planning, Information Bulletin, The Urban Consortium, Public Technology, Inc.
- Transportation Planning and Impact Forecasting Tools, Information Bulletin, The Urban Consortium, Public Technology, Inc.
- *Manual for Planning and Implementing Priority Treatments for High-Occupancy Vehicles*, co-authored with Gary Hebert, Urban Consortium, Public Technology, Inc.

**For the American Public Transit Association:**

- "An Analysis of the US Department of Transportation's National Transportation Policy," 1975

**For the World Congress on Transport Research for Social and Economic Progress**

- A New Role of Transportation System Managers: Public Entrepreneurs," Proceedings, World Congress on Transport Research for Social and Economic Progress, 1980

## Education

Harvard University, Department of City and Regional Planning, MCP, 1974
University of Maryland, BA (Phi Beta Kappa, *with high honors),* 1972

## Life Beyond the Law

Ellen is an active volunteer in community efforts, and enjoys biking with her husband, reading, gardening and knitting. She especially enjoys visiting her two children at college.

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RESIDENTIAL REAL ESTATE

# Report: New condo prices are down, sales shoot up

By Sarah Krouse
Staff Reporter

New condo prices in the Washington area were down almost 4 percent in the second quarter from a year ago, with sales volume exceeding 600 units for the first time since fall 2007, according to a report from Delta Associates to be released June 29.

Prices for new and converted condos fell the most in suburban Maryland, down 7.6 percent. The drops in Northern Virginia and D.C. were lower, at 2.9 and 2.6 percent.

Delta, an Alexandria research firm, said two factors contributed to the increased sales volume: historically low interest rates and the busy homebuying season. A total of 618 units went under contract during the quarter. For the first half of the year, 928 units went under contract, with Arlington County and Alexandria leading the area with 242 units sold.

There are 8,480 units in projects now being marketed for sale, and the number of cancelled units, 694, in the quarter was the lowest since early 2006. The Morris and Gwendolyn Cafritz Foundation called off its 472-unit Art Place at Fort Totten, while Donatelli Development Inc. decided to rework its 80 units at 1444 Irving St. in Montgomery County. KB Home and Centex Homes cancelled their Aventiene-Phase 1, which would have delivered 30 residential units.

Delta CEO Greg Leisch said the dwindling pipeline — now at its lowest in five years — will likely result in a shortage by 2010, causing effective prices to rise. Prices tend to rise when there inventory-to-sales ratio is at three years or less. It is currently at 1.7 years in Arlington and Alexandria and 2.8 years in D.C. For the region, it is 5.1 years.

## New condos price change

June 2008-June 2009

| JURISDICTION | ASKING PRICE | EFFECTIVE PRICE* |
|---|---|---|
| Suburban Maryland | -8.1% | -7.6% |
| Northern Virginia | -2.9% | -2.9% |
| D.C. | -2.6% | -2.6% |
| Metro Average | -3.7% | -4.0% |

* CONTRACT PRICES AFTER CONCESSIONS
SOURCE: DELTA ASSOCIATES

Because the number of projects set to deliver inside the Beltway will drop to near zero, Leisch said prices will rise sharply between 2010 and 2011. This is good news for projects like the Lionsgate, which is among the last high-end condominium projects to deliver in Bethesda.

"There are really very few upscale condo projects standing, and clearly none are going to start any time soon," said Marc Dubick, president of Dubail LLC, which developed Lionsgate.

"So when you look at ours with 30 units left to sell, that's only about a nine- to 18-month supply at most. Then there is Park Potomac with 40 left and the Adaggio with 30 left. That is only 100 units in Montgomery County. Upscale buyers are going to be hard pressed to find high-end units in the area," he said.

Leisch predicts that apartment projects planned as condominiums and converted to rental units, such as William C. Smith Cos.' 82-unit Park Vista in Southeast D.C., may convert back to condominium projects to meet the coming shortage before new projects are planned.

"There is no lender who will loan on a new condo project right now," he said. "We've got about 10,000 units that were converted to apartments when the market soured and they will be the ones to convert back to meet the first wave of demand around 2011, instead of having new construction."

Leisch cited Bethesda, Northwest D.C. and Tysons Corner as areas that will host the first wave of new construction — expected in 2012 to 2015 — when lenders regain confidence in the market.

Leisch also noted a change in buyer behavior compared to the boom: "Three years ago, at the height of the market, people signed up to buy in advance and were willing to walk away from their deposit when it came time to settle. But in three years people get new jobs, move away, get married, get divorced and go through major lifestyle changes. Now, people are buying with settlements in 90 days and in that time, they are seeing the actual unit and it's a serious decision."

The result? The contract cancellation rate has dropped to 15 to 20 percent, down from 65 percent last year.

■ E-MAIL: SKROUSE@BIZJOURNALS.COM PHONE: 703/258-0827

## Concessions fuel apartment market

The Washington Class A apartment market is among the strongest in the nation with record annualized absorption of 8,294 units over the last 12 months, according to Delta Associates. That tops the typical local absorption of 4,300 to 6,500 units a year.

The surge in apartment leasing was fueled largely by rent concessions from landlords, which were up from 4.1 percent of face rent a year ago to 6.2 percent now for Class A units.

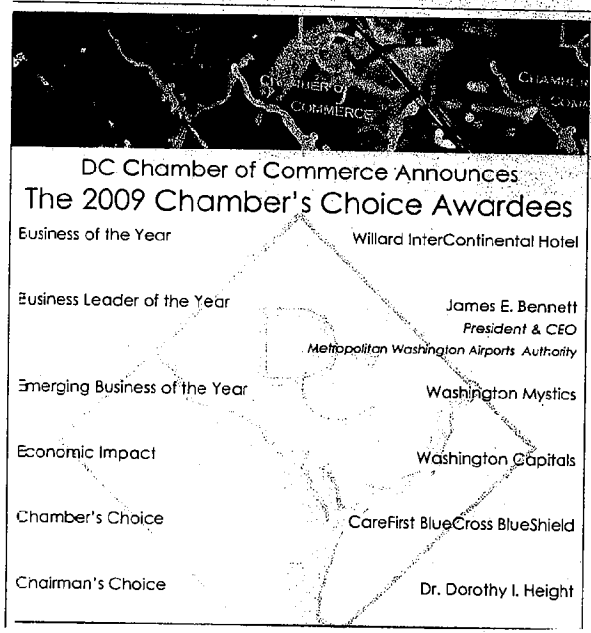
Net effective rents — the actual price per month when all concessions are considered — have declined 1.4 percent over the last 12 months for all investment-grade properties, which include both Class A and Class B. Effective rents will likely continue to fall next year as the vacancy rate for stabilized projects — those two years or older — climbs from 4.3 percent today to 5 percent regionwide by late 2010.

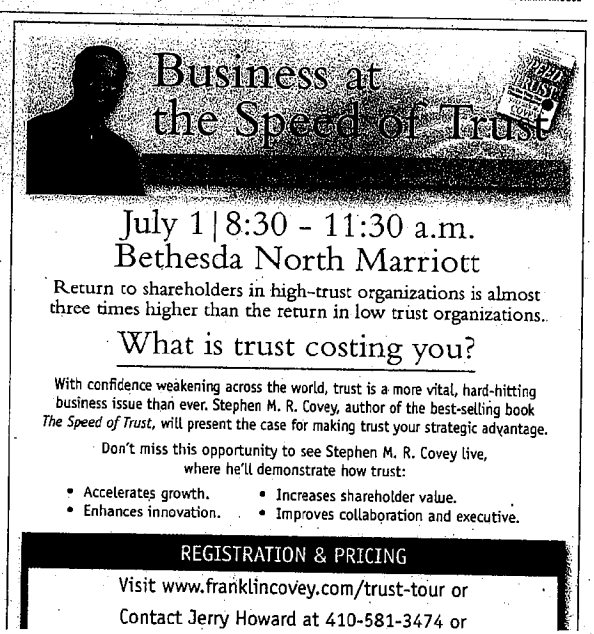
Effective rents in the District have declined by 7.8 percent, a number made worse by the fledgling Capitol Riverfront submarket near the new Nationals Park are included. When those projects are removed, rents show just a 4 percent decline.

Because of the discounts, renters are making a jump from Class B to Class A space.

The annualized absorption rate for both Class A and Class B in D.C. was 5,210 units.

■ SARAH KROUSE

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WMATA-INV 006382

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**Additional Revenues**

The terms proposed between Metro and the Developer include three additional significant sources of revenue to Metro: market-rate rents on the project as a whole beginning in the 61st year of the lease; participating rent through a percentage of project "effective gross income;" and capital event participation, through percentages of sales, assignments, or refinances.

*Market-based Rent for Years 61-99*

The net present value (NPV) to Metro of the expected stream of market rate rents beginning in Year 61 of the lease is approximately $67,000. This is the present value of a future income stream expected to total about $170,000,000 in current year dollars.

*Participating Rent – Effective Gross Income*

The NPV to Metro of the expected stream of effective gross income is about $278,000. Effective gross income is calculated as Metro's share (1.5%) of the gross rent, plus any ancillary revenues received by the Developer from the Project (*e.g.*, advertising, vending, laundry machines, etc.). This rental income participation is expected to begin generating about $34,000 annually beginning in the fourth year of the lease (when the improvements are completed and leased), and to escalate thereafter with project rents. Over the first 60 years of the lease, effective gross income participation is expected to generate about $3,000,000 to Metro in current year dollars.

*Participation in Capital Events*

The NPV to Metro of its expected participation in capital events is approximately $630,000. Capital events include (i) assignments of the joint development agreement or the lease; (ii) sales or refinancing of the Developer's improvements; and (iii) other dispositions, transfers and conversions that change the makeup of the Developer to add new members not originally included as of the execution date of the Joint Development Agreement. Capital event participation is expected to generate revenues to Metro nine times over the life of the 99-year lease for an estimated total of about $14,000,000 in current year dollars. It should be emphasized that there is a large potential variability in this expected value, as it depends on the number of discrete capital events that actually happen over a 99-year period.



WMATA-INV 006383

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*Other Value Considerations*

Additionally, at the end of the lease term, Metro would own the land and the structures on the land, subject to the terms of the co-tenancy agreement in place. The land would have an appreciated value, and the structure could be sold for its value at that time, or re-leased.

Recap

As noted in the committee meeting yesterday, the appraised value of the Shaw-Howard/Florida Avenue property is $2,200,000, after reflecting affordable housing requirements and the impacts on land value of the extraordinary construction costs of building over a rail tunnel, and up to $3,450,000 if additional density could be achieved. The present value of all the revenue opportunities available to Metro over the term of its lease ranges between $3,030,000 and $4,280,000, numbers that exceed the current appraised value.

If you have further questions concerning this information, please do not hesitate to contact me directly.



WMATA-INV 006384

FOIA CONFIDENTIAL TREATMENT REQUESTED

April 3, 2009

MEMORANDUM FOR: Chairman and Members of the Board

SUBJECT: Capability of the Banneker Ventures Team to Manage the Shaw-Howard/Florida Avenue Joint Development Project

Last month, Metro staff presented members of the Planning, Development, and Real Estate (PDRE) committee a proposal for a 120-day extension for Metro and Banneker Ventures to negotiate a joint development agreement for the Shaw-Howard/Florida Avenue Joint Development Project.

Prior to acting on this proposal, committee members requested that staff conduct due diligence on the capability of Banneker Ventures, LLC, and its proposed development partner, the Bank of America Community Development Corporation (BACDC), to manage this project.

This memorandum transmits staff's findings for your review prior to the next meeting of the PDRE Committee on April 9, 2009.

Specifically, Metro staff finds that:

- Banneker's capability to manage development projects is increasing, but is not yet fully realized.
- Banneker and Maurice Perry, BACDC's local Vice President, agree that BACDC will be an equity partner and managing member of the project during the construction and lease-up phase; after that approximately five-year period, BACDC will exit, and Banneker will take over.

WMATA-INV 006385

FOIA CONFIDENTIAL TREATMENT REQUESTED



- BACDC is a wholly-owned subsidiary of Bank of America (BoA). BACDC helps BoA fulfill requirements of the Community Reinvestment Act by investing in and developing affordable housing, often through low income housing tax credit projects.

- BACDC has operated in the Washington, DC-Baltimore area over the past decade and has developed hundreds of new and rehabilitated units.

- Until recently, BACDC had a number of staff members. Currently, Mr. Perry is the only employee. He plans to have no more than one project under construction and one project in the pre-development phase at any one time, which he feels he can handle; however, he states that if his pipeline of projects increases, he will hire additional staff.

- References for Mr. Perry are favorable on both development management and construction oversight expertise for projects of the type being proposed for Florida Avenue. Mr. Perry has stated that he will hire (1) a construction manager for the construction phase, which involves excavation near/over the Metro tunnel and erection of a concrete podium for housing over ground floor retail and (2) a firm to review the architectural plans. BACDC and Banneker are currently interviewing such firms, as well as a potential builder.

- Senior management at BoA in Boston and Dallas is very supportive of this project. Mr. Perry has received preliminary approval to engage in negotiations.

WMATA-INV 006386

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- Mr. Perry has also ordered another appraisal as part of his own due diligence to see if the proposed rents are supportable. He expects to bring a recommendation package to his senior management in the next forty-five days.

- A current financing statement for the project indicates the need for approximately $1 million of city subsidy, the availability of which needs to be confirmed.

In conclusion, based upon the information available at this time, staff is comfortable that Banneker Ventures, LLC, and its proposed development partner, the Bank of America Community Development Corporation (BACDC), have the capability and experience to manage this project.

John B. Catoe, Jr.
General Manager

WMATA-INV 006387

**Agenda**
**Planning, Development and Real Estate Committee**
**March 12, 2009**

**Executive Session**

## I. Information Items

A. Impact of the Economic Downturn on Joint Development Projects (N. Bottigheimer)
B. Affordable Housing Policy for Joint Development Projects (N. Bottigheimer)
C. Extension of Development Agreement Negotiation Period (N. Bottigheimer)
D. Negotiation for Shaw-Howard Station (N. Bottigheimer)
E. DC Village Update (N. Bottigheimer)

Washington Metropolitan Area Transit Authority

**Committee Members**
Neil Albert, Chair
Elizabeth Hewlett, Vice Chair
Jim Graham
Peter Benjamin
Catherine Hudgins
Christopher Zimmerman
Michael Brown
Gordon Linton
Jeff McKay
Anthony Giancola
Marcell Solomon
William D. Euille

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Minutes

## 1344th Meeting of the Board of Directors
## September 24, 2009

Chairman Graham called the meeting to order at 11:03 a.m. Present were:

**Directors**
Mr. Jim Graham
Mr. Peter Benjamin
Mrs. Catherine Hudgins
Mr. Neil Albert
Ms. Elizabeth Hewlett
Mr. Christopher Zimmerman

**Alternate Directors**
Mr. Gordon Linton
Mr. Marcell Solomon
Mr. William Euille

Board Secretary Loyda Sequeira-Castillo was also present.

Mr. Graham moved, seconded by Mr. Albert, that the Board meet in Executive Session to discuss legal matters consistent with Board Procedure VI.B, personnel matters consistent with Board Procedure VI.C, and safety and security matters consistent with Board Procedure VI.F. This motion was unanimously approved.

Ayes: 6 - Mr. Graham, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett and Mr. Zimmerman

## Reconvene

At 12:27 p.m. Chairman Graham reconvened the Public Session. Mr. Graham moved, seconded by Ms. Hewlett, approval of a resolution for the execution of a new contract with John B. Catoe, Jr. to serve as Metro's General Manager through January 29, 2013. A copy of the approved Resolution (2009-56) has been made a part of the official file.

Ayes: 5 - Mr. Graham, Mr. Benjamin, Mrs. Hudgins, and Mr. Zimmerman

Nayes: 1 - Mr. Albert

**Washington Metropolitan Area Transit Authority**

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

By Metrorail:
Judiciary Square—Red Line
allery Place-Chinatown—Red, Green and Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6, 70, 71, 80, X2

*A District of Columbia, Maryland and Virginia Transit Partnership*

FOIA CONFIDENTIAL TREATMENT REQUESTED

**Approval of Agenda:**

The agenda was approved by unanimous consent.

**Approval of Minutes:**

The minutes of the July 16, 2009 Board meeting were approved as submitted.

**Report by Chairman**

**A. Appointments to Riders' Advisory Council**

Mr. Graham moved, seconded by Mr. Benjamin, approval of a resolution appointing Ron Whiting and Victoria Wilder to the Riders' Advisory Council representing the State of Maryland. This motion was unanimously approved. A copy of the approved Resolution (2009-57) has been made a part of the official file.

Ayes: 6 - Mr. Graham, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett and Mr. Zimmerman

**Report by Finance, Administration and Oversight Committee**

**A. Approve FY2011 Budget Guidance**

Mr. Benjamin moved, seconded by Mr. Zimmerman, approval of a resolution providing guidance in developing the FY2011 Operating Budget to be presented in December 2009. The resolution was amended by unanimous consent in the following ways:

1) Language in the second Whereas clause was changed from "The Board of Directors adopted a fare policy that calls for an increase in fares in FY2011 capped at twice the rate of inflation" to "...calls for an increase in fares in FY2011 at the rate of inflation *for the preceding two years*". This motion was unanimously approved.

2) The third bulleted item in the first Resolved clause, which read: As an alternative, determine whether an increased use of capital funding for preventive maintenance may be needed to balance the proposed FY2011 budget and assess the associated impact on the capital program, was deleted.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006390

3) The fourth bulleted item in the first Resolved clause was changed from "Propose policy changes which may constrain the unsustainable growth of MetroAccess service costs, with resultant associated cost savings" to "*Provide alternatives* which may constrain the unsustainable growth of MetroAccess service costs..."

The resolution as amended was unanimously approved. A copy of the approved Resolution (2009-58) has been made a part of the official file.

Ayes: 6 - Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett and Mr. Zimmerman

**B. Amend FY2010 Capital Budget for Safety and Security Projects**

Mr. Zimmerman moved, seconded by Mr. Giancola, approval of a resolution to increase the FY2010 Operating Budget by $6,820,291 of Department of Homeland Security grant funds; increase the FY2010 Metro Matters, Security Program budget by $60,369,913 of Department of Homeland Security grant funds in conformity with the Metro Matters Funding Agreement which provides for the security program to be fully federally funded; authorize the General Manager to implement security projects initiating, awarding, and/or modifying existing contracts subject to the receipt of federal funding; and add 25 DHS grant-funded positions to the Metro Transit Police Department. **The Board acknowledged that when the grant expires, in order to retain these 25 positions, Metro would incur those future operating costs.** The resolution was unanimously approved. A copy of the approved Resolution (2009-59) has been made a part of the official file.

Ayes: 6 - Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett and Mr. Zimmerman

**Report by Planning, Development and Real Estate Committee**

**A. Amend Sale of Arlington Bus Garage Property**

Mr. Albert moved, seconded by Mr. Zimmerman, approval to amend the Sale and Development Agreement with Ashton Park Associates, LLC to allow for a phased sale of the Arlington Bus Garage property. The motion was unanimously approved.

Ayes: 6 - Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett and Mr. Zimmerman



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006391

**B. Extension of Negotiating Period for Shaw Howard University/Florida Avenue Parcels**

Mr. Albert moved, seconded by Mr. Giancola, approval of a 120-day extension for negotiating a revised term sheet for the Shaw-Howard University/Florida Avenue parcels. The motion was unanimously approved.

Ayes: 6 - Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett and Mr. Zimmerman

**C. Advertisement for New On-Call Architecture-Engineering Contracts**

Mr. Albert moved, seconded by Mrs. Hudgins, approval to initiate six "On-Call" professional, architectural, engineering, and planning services contracts for Fiscal Years 2011 through 2016. Staff will return to the Board annually to award the contracts.

Ayes: 6 - Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett and Mr. Zimmerman

**D. Advertise First Orange/Blue Line Rehabilitation Contract**

Mr. Albert moved, seconded by Ms. Hewlett, approval to initiate a project to provide a System Infrastructure Renewal Program for the Orange Line from Stadium-Armory to Rosslyn Metrorail Stations along with the Benning Road aerial structure and the Minnesota Avenue and Deanwood Metrorail Station platform repairs; and the Blue Line from Stadium-Armory to Reagan National Airport Metrorail Stations; and the authority to initiate only a contract to accomplish the project. The motion was amended by unanimous consent to grant authority to initiate only with an upper limit of $300 million. Staff will return to the Board to award the contract. The motion as amended was unanimously approved.

Ayes: 6 - Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett and Mr. Zimmerman

**E. Advertise Rail Yard Infrastructure Rehabilitation Contract**

Mr. Albert moved, seconded by Mr. Zimmerman, approval to initiate only a rail maintenance facility rehabilitation contract for the facilities in the Alexandria, Brentwood, and New Carrollton Rail Yards. The motion was amended by unanimous consent to grant approval to initiate only with an upper limit of $100 million. The motion as amended was unanimously approved.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006392

Ayes: 6 - Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett and Mr. Zimmerman

**F. Approval of Public Hearing Staff Report for Cinder Bed Road Bus Garage**

Mr. Benjamin moved, seconded by Mr. Zimmerman, approval of a resolution to approve the Public Hearing Staff Report for a new bus facility at Cinder Bed Road **and to amend the Adopted Regional System to include the Cinder Bed Road Bus Operations and Maintenance Facility.** The motion was unanimously approved. A copy of the approved Resolution (2009-60) has been made a part of the official file.

Ayes: 6 - Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett and Mr. Zimmerman

**Report by Customer Service, Operations, and Safety Committee**

**A. Leesburg Pike Metrobus Line Restructuring Public Hearing**

Mr. Zimmerman moved, seconded by Mrs. Hudgins, approval of a resolution to conduct public hearings on the proposed restructuring of the regional Metrobus Leesburg Pike Line (Metrobus Routes 28A and 28B). The resolution was unanimously approved. A copy of the approved Resolution (2009-61) has been made a part of the official file.

Ayes: 6 - Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett and Mr. Zimmerman

**B. Veirs Mill Road Metrobus Restructuring Public Hearing**

Mr. Zimmerman moved, seconded by Mr. Benjamin, approval of a resolution to conduct public hearings on the proposed restructuring of the regional Metrobus Route Q2, the Veirs Mill Road Line. The resolution was unanimously approved. A copy of the approved Resolution (2009-62) has been made a part of the official file.

Ayes: 6 - Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett and Mr. Zimmerman

**Administrative Actions**

Mr. Benjamin moved, seconded by Ms. Hewlett, approval of Administrative Items numbered 1, 2, 5, 9, 10, 12, 17-19, 21-28, 30 and 31 en bloc. This



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006393

motion was unanimously approved.

Ayes: 6 - Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett and Mr. Zimmerman

1. Ratification of International Travel for Deputy Chief Erhart Olson

Approval to initiate and award a competitive procurement for the operation and maintenance of the DC Circulator, subject to entering into a reimbursable project agreement with the District of Columbia; to extend the performance period of the current contractor, First Transit, for two additional months through February 2010 if the new contractor is not ready to assume operation and maintenance on January 1, 2010; and to authorize the General Manager to amend and restate the Memorandum of Understanding with the District to fully reimburse Metro's expenditures for the contract management of the DC Circulator.

2. Approval to Initiate & Award Contracts for the Regional Customer Service Center, Compact Point of Sale Networks, and Communication Networks

Approval to indemnify CIGNA Behavioral as part of a contract to provide Critical Incident Response Services associated with the July 22 accident.

5. Approval to Initiate & Award Contracts for Traction Power Cable Installation – Plan of Contracts #15

After discussion Mr. Benjamin moved, seconded by Mrs. Hudgins, approval to exercise the final option year of a Booz Allen Hamilton vehicle engineering consultant services contract. This motion was unanimously approved.

9. Approval to Initiate & Award Contracts for Upgrade of Maximo Applications – Plan of Contracts #77-80

Mr. Giancola moved, seconded by Mr. Zimmerman, approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit. This motion was unanimously approved. A copy of the approved Resolution (2009-55) has been made a part of the official file.

10. Approval to Initiate & Award Competitive and Sole Source Contracts for Bus Repairable Parts and Project Management – Plan of Contracts #83



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006394

Mr. Giancola moved, seconded by Mr. Zimmerman, approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit. This motion was unanimously

12. Approval to Initiate & Award Competitive and Sole Source Contracts for Bus Support Equipment and Project Management – Plan of Contracts #87

Approval to initiate and award a competitive procurement for the operation and maintenance of the DC Circulator, subject to entering into a reimbursable project agreement with the District of Columbia; to extend the performance period of the current contractor, First Transit, for two additional months through February 2010 if the new contractor is not ready to assume operation and maintenance on January 1, 2010; and to authorize the General

17. Approval to Initiate & Award a Contract for Turnouts and Crossovers – Plan of Contracts #142

Mr. Giancola moved, seconded by Mr. Zimmerman, approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit. This motion was unanimously approved. A copy of the approved Resolution (2009-55) has been made a part of the official file.

18. Approval to Initiate & Award a Contract for Guarded Turnouts for Mt. Vernon – Plan of Contracts #148

Mr. Giancola moved, seconded by Mr. Zimmerman, approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit. This motion was unanimously approved. A copy of the approved Resolution (2009-55) has been made a part of the official file.

19. Approval to Modify a Contract for Traction Power Cable Purchase – Plan of Contracts #18

Approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit. This motion was unanimously approved. A copy of the approved Resolution (2009-55) has been made a part of the official file.

21. Approval to Modify a Contract for Traction Bond Cable Installation – Plan of Contracts #21

Approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006395

22. Approval to Modify a Contract for Purchase and Installation of Feeder Cable for Drainage Pump Stations – Plan of Contracts #22

Approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit. This motion was unanimously approved. A copy of the approved Resolution (2009-55) has been made a part of the official file.

23. Approval to Modify a Contract to Repair Concrete Structural Slabs at Bladensburg Bus Facility – Plan of Contracts #23

Approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit. This motion was unanimously approved. A copy of the approved Resolution (2009-55) has been made a part of the official file.

24. Approval to Modify a Contract for On-Call Environmental Services – Plan of Contracts #27

Approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit. This motion was unanimously approved. A copy of the approved Resolution (2009-55) has been made a part of the official file.

25. Approval to Modify a Contract for Rehabilitation of Air Conditioning and Ventilation Systems – Plan of Contracts #28

Approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit. This motion was unanimously approved. A copy of the approved Resolution (2009-55) has been made a part of the official file.

26. Approval to Modify a Contract for Metro Center Drainage Pump Station Feeder Rehab – Plan of Contracts #31

Approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit. This motion was unanimously approved. A copy of the approved Resolution (2009-55) has been made a part of the official file.

27. Approval to Modify a Contract to Replace Track Fasteners at Shady Grove Railcar Wash – Plan of Contracts #33

Approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006396

This motion was unanimously approved. A copy of the approved Resolution (2009-55) has been made a part of the official file.

28. Approval to Modify a Contract for Installation of an Additional Fire Standpipe at Pentagon Station – Plan of Contracts #37

Approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit. This motion was unanimously approved. A copy of the approved Resolution (2009-55) has been made a part of the official file.

30. Approval to Initiate & Award Contracts for Rail Support Equipment – Plan of Contracts #114

Approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit. This motion was unanimously approved. A copy of the approved Resolution (2009-55) has been made a part of the official file.

31. Approval of the Capital Funding Component for Option Year 2 for the Regional Customer Service Center – Plan of Contracts #61, 63

Approval to increase the budget for the DC Village Bus Garage Project including authority to borrow and repay $109,000 from Metro's line of credit. This motion was unanimously approved. A copy of the approved Resolution (2009-55) has been made a part of the official file.

At 12:13 p.m. Mr. Benjamin suspended the public meeting to enter into Executive Session.

**Adjournment**

Because there were no actions arising from Executive Session, the Board did not reconvene; therefore, the Public Session effectively adjourned at 12:13 p.m.

Loyda Sequeira-Castillo, Board Secretary



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006397

**Minutes**

**1331st Meeting of the Board of Directors**
**June 26, 2008**

Mr. Zimmerman called the meeting to order at 11:10 a.m. Present were:

**Directors**
Mr. Chris Zimmerman
Mr. Jim Graham
Mr. Peter Benjamin
Mrs. Catherine Hudgins
Mr. Emeka Moneme
Ms. Elizabeth Hewlett

**Alternate Directors**
Mr. Marion Barry
Mr. Jeff McKay
Mr. Anthony Giancola
Mr. Gordon Linton

**Staff**
Mr. John Catoe
Mr. Gerald Francis
Ms. Helen Lew
Ms. Carol O'Keeffe
Mr. Shiva Pant
Mr. Chuck Woodruff
Mrs. Leen'da Chambliss

**Public Comment Period:**

There were no speakers during the public comment period.

**Approval of Agenda:**

The agenda was approved as submitted by unanimous consent.

**Approval of Minutes:**

The minutes of the May 22, 2008 meeting were approved as submitted.

**Washington Metropolitan Area Transit Authority**

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

By Metrorail:
Judiciary Square—Red Line
Gallery Place-Chinatown—
Red, Green and
Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6,
70, 71, 80, X2

*A District of Columbia, Maryland and Virginia Transit Partnership*



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006398

**Report by Riders' Advisory Council (RAC):**

Ms. Iacomini referred to the report submitted to ~~by~~ the Board. The report included RAC comments on the Capital Improvement Plan, the Blue Line Realignment, bus priority corridors and planning, the expansion of SmarTrip® usage, and service and communications issues.

**Report by Chair:**

Mr. Zimmerman's report included remarks on the continuing rise in ridership in the Metro system, and the need for both improvements in WMATA's capital facilities and dedicated funding.

**Report by General Manager:**

Mr. Catoe's report included an acknowledgment of the difficult service disruptions in June 2008 along with the efforts of WMATA personnel in returning the Metro system to service after the disruptions. He also stated that the FTA is proposing to tighten its interpretation of existing regulations on school bus operations, which could impact a number of Metrobus routes, particularly in the District of Columbia, and that if the FTA does not allow a special exemption for the District, WMATA has requested that the final policy statement permit that any changes to existing bus routes not be required until the beginning of the 2009-2010 school year. In addition, WMATA staff is available to work with appropriate jurisdictional offices on a contingency plan for school bus operations for the next school year. Mr. Catoe further reported on the implementation of the restructured 30s Line.

Discussion ensued regarding the new FTA regulations, during which Mr. Catoe was encouraged to bring this issue before the United States Conference of Mayors ~~Mayors' Council~~ and Mr. Zimmerman stated he would sign letters expressing concern over this issue and ~~issues~~ with ~~other~~ changing FTA charter bus regulations discussed during the previous Board meeting.

Mr. Francis recognized General Equipment Mechanic Stefan Petrowski for identifying the Orange Line derailment on June 9, 2008 and then assisting with the evacuation; Rail Operator Donnell Morina for spotting the heat kink on the Orange Line on June 11, 2008; and Bus Operator Christopher Depetris for transporting a gunshot-wounded passenger to rendevous with an emergency medical vehicle for assistance.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006399

**Report by Planning, Development and Real Estate Committee**

**E. Florida Avenue Developer Selection**

Mrs. Hudgins referred the Board to the request to select Banneker Ventures as the developer of the Shaw-Howard U/Florida Avenue joint development site, approve the term sheet and authorize negotiation of the development agreement. The final agreement will reflect the inclusion of an affordable housing component and staff will provide documentation to the Board that clarifies the roles and responsibilities of the members of the development team.

Mr. Graham requested that his comments from the committee meeting be included as part of the record for the Board meeting. In his comments, Mr. Graham noted the importance of providing affordable housing; requested clarification on the Board's policy on business ethics and integrity requirements relating to joint development projects; and raised concerns about the financial viability of the project, as proposed.

Mrs. Hudgins moved, seconded by Mr. Moneme, approval of this action. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Graham, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

**A. Policy Concerning Use of WMATA Property for Non-WMATA Transit Projects**

Mrs. Hudgins referred the Board to the request to approve a resolution for a policy allowing no-cost transfers of WMATA-owned real property to local jurisdictions and state governments for reimbursable and other transit projects.

Mrs. Hudgins moved, seconded by Mr. Benjamin, approval of this action. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

A copy of the approved Resolution (2008-29) has been made a part of the official file.

**B. Bus Network Evaluation**

Mrs. Hudgins referred the Board to the request for approval to authorize the General Manager to inform all interested parties of the acceptance of the finding of the Bus Network Evaluation Report validating the need for all 185 expansion standard transit



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006400

coaches called for in the Metro Matters Funding Agreement as fulfilling the requirement of the Metro Matters Funding Agreement adoption.

Mrs. Hudgins moved, seconded by Mr. Moneme, approval of this resolution. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

A copy of the approved Resolution (2008-30) has been made a part of the official file.

**C. On-Call Engineering Services**

Mrs. Hudgins referred the Board to the request for approval for authorization of the FY09 annual work programs for three on-call engineering services contracts.

Mrs. Hudgins moved, seconded by Mr. Giancola, approval of this action. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

**D. Rhode Island Avenue Interim Parking**

Mrs. Hudgins referred the Board to the request for approval of a resolution to waive the Compact Public Hearing requirement to maintain 150 long-term parking spaces at the Rhode Island Avenue Metrorail station during joint development construction and authorization to execute either an Interim Parking Agreement with the developer or eliminate all long-term parking during the Metro garage construction.

Mrs. Hudgins moved, seconded by Ms. Hewlett, approval of this resolution. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

A copy of the approved Resolution (2008-31) has been made a part of the official file.

Mrs. Hudgins reported that a Jackson Graham Building Relocation Analysis was discussed as an information item by the Committee.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006401

**Report by Finance, Administration and Oversight Committee**

**A. FY09 Budget Approval**

Mr. Benjamin referred the Board to the request to approve the proposed FY09 budget.

Mr. Zimmerman moved, seconded by Mr. Benjamin, approval of an alternate resolution specifying $1_million in as-yet unprogrammed funds for bus service improvements in Northern Virginia without changing the levels of jurisdictional subsidies. By unanimous consent, this change was incorporated into the motion. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

A copy of the approved Resolution (2008-32) has been made a part of the official file.

During the discussion of this item, Mrs. Hudgins requested that staff develop criteria for the determination of pilot service programs, and the evaluation of those pilot service programs for designation as regional service. Mr. Zimmerman stated he would not limit the development of a policy to pilot service, but rather for all service.

**B. Approval of District of Columbia One Card Program**

Mr. Benjamin referred the Board to the request for approval to authorize the General Manager to negotiate and execute the One Card Agreement with the District of Columbia, a program fully reimbursable by the District.

Mr. Moneme moved, seconded by Mr. Benjamin, approval of this resolution. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

A copy of the approved Resolution (2008-33) has been made a part of the official file.

**C. Diesel Swap Authorization**

Mr. Benjamin referred the Board to the request for authorization to execute fuel swaps in FY09 and FY10. The transaction will only be carried out if the price is below budget.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006402

Mr. Benjamin moved, seconded by Ms. Hewlett, approval of this resolution. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

A copy of the approved Resolution (2008-34) has been made a part of the official file.

Mr. Benjamin moved, seconded by Ms. Hewlett, approval of Items D-I en bloc. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

**D. Approval to Initiate & Award a Contract for IT Data Security Assessment, Plan and Phase I Implementation**

Approval to initiate and award new competitive contracts and/or modifications to existing contracts for implementing a comprehensive IT Security program for WMATA.

**E. Approval to Initiate & Award a Contract for Enterprise Geographic Information System (GIS) and Upgrade the WMATA Internet & Intranet Websites**

Approval to initiate and award contracts to implement and develop an Enterprise Geographic Information System (GIS) and to upgrade WMATA's internet and intranet websites.

**F. Approval to Initiate & Award a Contract for Desktop Support Technicians**

Approval to initiate and award a competitive procurement to provide computer specialist technicians to provide desktop support throughout WMATA.

**G. Approval to Initiate & Award a Contract for Consulting Services for Major Applications**

Approval to initiate and award a new competitive procurement for consultant services and/or modifications to existing contracts for critical consultant resources in support of major applications including PeopleSoft, Maximo and Trapeze.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006403

**H. Approval to Initiate & Award a Contract for Enterprise Architecture Business Analyst**

Approval to initiate and award a competitive procurement to provide consulting services in support of the Enterprise Architecture program, including staffing the oversight of the Metro Channel.

**I. Approval to Initiate & Award Contracts for Basic Ordering Agreements to Provide Information Technology Services in Support of Major IT Initiatives**

Approval to initiate and award one or more basic ordering agreements for providing Information Technology services in support of major IT capital initiatives.

**J. Approval to Initiate & Award Contracts for On-Call Technical Consultant Services for Collective Bargaining**

Approval to initiate and award multiple contracts for on-call technical consultant services in labor negotiations and expert witness services for ongoing collective bargaining and any possible interest arbitration contingencies in FY09 and FY10.

Mr. Benjamin moved, seconded by Mr. Giancola, approval of this action. This motion was unanimously approved.

Ayes: 6 – Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

**Report by Customer Service, Operations and Safety Committee**

Mr. Linton reported that Operational Performance, a status report on WMATA communication initiatives, a Crime Report and Safety Performance Indicators were discussed as information items by the Committee.

**Administrative Actions**

Mr. Benjamin moved, seconded by Mr. Giancola, that the Board approve, en bloc, Administrative Items numbered XI.1 through 9 and XI.11 through 13. This motion was unanimously approved.

Ayes: 6 – Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006404

1. Approval to Initiate & Award a Contract for the Procurement of Dell Personal Computers (PCs), Servers, Laptops and Related Components for Use in WMATA Facilities

Approval to initiate and award a requirements-type contract to Dell Computer Corporation.

2. Approval to Initiate & Award a Contract for FY09 Insurance Program Renewal

Approval to negotiate, execute and implement the FY09 Authority-wide operating insurance program under the existing Insurance Brokerage Services contract.

3. Approval to Initiate & Award a Contract for Door Control Unit Maintenance Program

Approval to initiate and award a sole source contract to IFE North America, LLC for a Door Control Unit Maintenance Program for the 2000, 3000 and 6000 series rail cars.

4. Approval to Initiate & Award a Contract for Ultrasonic Rail Flaw Testing Approval to initiate and award a competitive procurement for ultrasonic rail flaw testing services.

5. Approval to Initiate & Award a Contract to Lease a Rail Grinder

Approval to initiate and award a contract to lease a rail grinder with operators.

6. Approval to Initiate & Award a Contract for Rail Car Communications Control Panels

Approval to initiate and award a contract to design, furnish, install, integrate, test and commission new communications control panels and associated radio equipment in the 1000 through 5000 series rail cars.

7. Approval of FY09 Project Development Program

Approval for the projects included in the FY09 Project Development Program.

A copy of the approved Resolution (2008-35) has been made a part of the official file.



FOIA CONFIDENTIAL TREATMENT REQUESTED 

8. Approval to Increase Largo Extension Budget

Approval of a resolution to increase the Largo Extension Project budget to fund the legal fees related to the Appeal of LGS, ASBCA No. 55361 in the amount of $132,169.

A copy of the approved Resolution (2008-36) has been made a part of the official file.

9. Approval to Modify Contract for Close-out of Metro Matters Contract at Greenbelt and Shady Grove Yards

Approval for contract modifications for the close-out of Metro Matters Yards Contract FN5008.

11. Approval of Fraternal Order of Police (FOP) Labor Contract

Approval of a resolution for the negotiated Tentative Agreement for the period January 1, 2008 through September 30, 2010.

A copy of the approved Resolution (2008-37) has been made a part of the official file.

12. Ratify Tax Advantaged Lease Emergency Procurement

Ratification of the General Manager's approval to issue a sole source emergency procurement for legal services in connection with the required replacement of the financial instrument provider on several tax advantaged leases as required under the terms of those leases.

13. Ratify Actions for Reduced Fares

Approval of a resolution for the ratification of temporary fare reductions insituted by the General Manager during June 2008 in accordance with the provisions of the Authority Tariff.

A copy of the approved Resolution (2008-38) has been made a part of the official file.

10. Approval to Enter into an Agreement with the United States Mint for Acceptance of the Dollar Coin

Approval to authorize the General Manager to negotiate and execute a cooperative agreement with the United States Mint to advance the circulation of the dollar coin,



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006406

approve a sole source action to Cubic Transportation Systems for software changes, and authorize an interim funding source as a financial backstop until receipt of funds from the Mint.

A discussion ensued regarding Item XI.10, Approval to Enter into an Agreement with the United States Mint for Acceptance of the Dollar Coin. Mr. Benjamin moved, seconded by Mrs. Hudgins, amendment of the resolution to read:

Resolved, That the Board of Directors authorized the General Manager to negotiate and execute a cooperative agreement with the United States Mint to advance the circulation of the dollar coin in the Metrorail system, *an amount of at least $750,000*, and be it further

*Resolved, That the Board of Directors approves a sole source action to Cubic Transportation Systems for software changes; and be it further*

*Resolved, That the Board of Directors authorizes an interim funding source utilizing $750,000 from the Services SmarCard account in the FY09 operating budget as a financial backstop until receipt of funds from the United States Mint...*

This resolution was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

A copy of the approved Resolution (2008-39) has been made a part of the official file.

**Report by D.C.:** None

**Report by WSTC:** None

**Report by NVTC:** None

**Executive Session**

Mr. Zimmerman moved, seconded by Mr. Benjamin, that the Board meet in Executive session immediately following the meeting to discuss legal issues with respect to Monument vs. WMATA consistent with Board procedure VI.B, contractual issues with respect to SmarTrip® contract operations consistent with Board Procedure VI.D, and safety and security matters consistent with Board Procedure VI.F. This motion was unanimously approved.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006407

Ayes: 6 - Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

The meeting was suspended to enter Executive session at 12:33 p.m.

**Reconvene**

At 1:50 p.m. Mr. Zimmerman reconvened the public session. Present were:

**Directors**
Mr. Chris Zimmerman
Mr. Peter Benjamin
Mrs. Catherine Hudgins
Mr. Emeka Moneme
Ms. Elizabeth Hewlett

**Alternate Directors**
Mr. Anthony Giancola

**Staff**
Mr. John Catoe
Mr. Ray Griswold
Ms. Helen Lew
Ms. Carol O'Keeffe
Mr. Chuck Woodruff
Mrs. Leen'da Chambliss

Mr. Zimmerman moved, seconded by Mr. Benjamin, to certify that at the just-concluded executive session, only such matters identified in the motion by which the Executive session was convened, were heard, discussed or considered by the Board. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

Mr. Zimmerman moved, seconded by Mr. Moneme, approval of a resolution authorizing settlement of Monument v. WMATA. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

A copy of the approved Resolution (2008-40) has been made a part of the official file.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006408

Mr. Zimmerman moved, seconded by Mr. Benjamin, approval to authorize the exercise of the first option year to Contract C05034 ERG Transit Systems (USA) Inc. for continued operation of the Regional Customer Service Center, to initiate a competitive contract for SmarTrip® program support, and to extend the contract with nMomentum for an amount not to exceed $100,000. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Giancola, Mr. Benjamin, Mrs. Hudgins, Mr. Moneme and Ms. Hewlett

**Adjournment:**

The meeting was adjourned at 1:53 p.m.

Loyda Sequeira-Castillo, Board Secretary



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006409

***REVISED***
**Minutes**

**1348th Meeting of the Board of Directors**
**January 28, 2010**

Chairman Graham called the meeting to order at 11:19 a.m. Present were:

| **Directors** | **Alternate Directors** |
|---|---|
| Mr. Jim Graham | Mr. Michael Brown |
| Mr. Peter Benjamin | Mr. Gordon Linton |
| Mrs. Catherine Hudgins | Mr. Jeffrey McKay |
| Mr. Neil Albert | Mr. Tony Giancola |
| Ms. Elizabeth Hewlett | Mr. Marcell Solomon |
| Mr. Christopher Zimmerman | Mr. William Euille |
| Mr. Mortimer Downey | Mr. Marcel Acosta |

Board Secretary Loyda Sequeira-Castillo was also present.

**Approval of Agenda:**

The agenda was approved by unanimous consent.

**Approval of Minutes:**

The minutes of the December 17, 2009 Board meeting; January 7, 2010 Special Board meeting; and January 14, 2010 Special Board meeting were approved as submitted.

**Report by Chairman**

**A. Swearing-in Ceremony**

Mr. Mortimer Downey was sworn in as Principal Member of the Board of Directors and Mr. Marcel Acosta was sworn in as Alternate Member of the Board of Directors representing the Federal government.

**Washington Metropolitan Area Transit Authority**

600 Fifth Street, NW
'ashington, DC 20001
202/962-1234

By Metrorail:
Judiciary Square—Red Line
lery Place-Chinatown—Red, Green and Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6, 70, 71, 80, X2

*A District of Columbia, Maryland and Virginia Transit Partnership*

FOIA CONFIDENTIAL TREATMENT REQUESTED

**B. Approval of Revisions to Riders' Advisory Council Bylaws**

Mr. Graham moved, seconded by Mr. Zimmerman, approval of a resolution revising the Riders' Advisory Council's bylaws. This motion was unanimously approved. A copy of the approved Resolution (2010-01) has been made a part of the official file.

Ayes: 7- **Mr. Graham,** Mr. Benjamin, Mrs. Hudgins, Mr. Downey, Mr. Albert, Ms. Hewlett, **and** Mr. Zimmerman ~~and Mr. Acosta~~

**C. Riders' Advisory Council Appointments**

Mr. Graham moved, seconded by Mrs. Hudgins, approval of a resolution appointing Clayton Sinyai and Robert Petrine to the Riders' Advisory Council representing the Commonwealth of Virginia. Mrs. Hudgins moved to add the reappointment of Evelyn Tomaczewski. This amendment was approved by unanimous consent. The resolution as amended was unanimously approved. A copy of the approved Resolution (2010-02) has been made a part of the official file.

Ayes: 7- **Mr. Graham,** Mr. Benjamin, Mrs. Hudgins, Mr. Downey, Mr. Albert, Ms. Hewlett, **and** Mr. Zimmerman ~~and Mr. Acosta~~

At the conclusion of the General Manager's Report, Mr. Zimmerman asked when the presentation of the General Manager's FY2011 Proposed Budget would be made. Upon hearing that it would be made in Executive Session, Mr. Euille noted for the record his objection to the presentation of the budget in Executive Session before release to the public. After a discussion, the General Manager's FY2011 Proposed Budget was immediately released.

**Report by Planning, Development and Real Estate Committee**

**A. Approval of Sale of excess Property at 6th Street and Puerto Rico Avenue, NE**

Mr. Albert moved, seconded by Mr. Downey, approval of the sale of excess property to the Capital Area Food Bank for $170,000. This motion was unanimously approved.

Ayes: 7- **Mr. Graham,** Mr. Benjamin, Mrs. Hudgins, Mr. Downey, Mr. Albert, Ms. Hewlett, **and** Mr. Zimmerman ~~and Mr. Acosta~~



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006411

**B. Approval of Time Extension for Negotiation and Amended Term Sheet for Lease of Shaw-Howard U./Florida Avenue Joint Development Site**

Mr. Albert moved, seconded by Mrs. Hudgins, approval for a time extension for an amended term sheet for the Shaw-Howard U./Florida Avenue joint development site. The amended term sheet is to be brought to the Board by March 31, 2010 for approval. This motion was approved.

Ayes: 6 ~~7~~- Mr. Benjamin, Mrs. Hudgins, Mr. Downey, Mr. Albert, Ms. Hewlett, Mr. Zimmerman ~~and Mr. Acosta~~

Abstain: 1- Mr. Graham

**Report by Finance, Administration and Oversight Committee**

**A. Authorization to Establish Reimbursable Projects for the City of Alexandria**

Mr. Benjamin moved, seconded by Mr. Zimmerman, approval of a resolution to establish two reimbursable projects, one for the Eisenhower Ave. Metrorail station for $1.8 million and the other for the King Street Metrorail station for $4.2 million; to increase the FY2010 Reimbursable budget from $35.9 million to $41.9 million; to negotiate and execute a reimbursable agreement with the City of Alexandria; and to issue tasks to a consultant, P2D, for these projects. This resolution was unanimously approved. A copy of the approved Resolution (2010-03) has been made a part of the official file.

Ayes: 7- **Mr. Graham**, Mr. Benjamin, Mrs. Hudgins, Mr. Downey, Mr. Albert, Ms. Hewlett, **and** Mr. Zimmerman ~~and Mr. Acosta~~

**B. Approval to Amend the Agreement Between MWAA and Metro to Provide for Dulles Phase II Preliminary Engineering**

Mr. Benjamin moved, seconded by Mrs. Hudgins, approval of a resolution for the General Manager to negotiate and execute a project agreement with the Metropolitan Washington Airports Authority (MWAA) for Dulles Phase II preliminary engineering and approval to establish a reimbursable project for Phase II of the Metrorail Extension to Dulles Airport with an initial budget of $3.5 million, contingent upon approval of a satisfactory agreement. This motion was unanimously approved. A copy of the approved Resolution (2010-04) has been made a part of the official file.

Ayes: 7- **Mr. Graham**, Mr. Benjamin, Mrs. Hudgins, Mr. Downey, Mr. Albert, Ms. Hewlett, **and** Mr. Zimmerman ~~and Mr. Acosta~~



Loyda Sequeira-Castillo, Board Secretary



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006412

**Minutes**

*Revised*

**1340th Meeting of the Board of Directors**
**April 23, 2009**

Chairman Graham called the meeting to order at 11:05 a.m. Present were:

| **Directors** | **Alternate Directors** |
|---|---|
| Mr. Jim Graham | Mr. Gordon Linton |
| Mr. Peter Benjamin | Mr. Jeff McKay |
| Mrs. Catherine Hudgins | Mr. William Euille |
| Mr. Neil Albert | |
| Ms. Elizabeth Hewlett | |
| Mr. Christopher Zimmerman | |

Board Secretary Loyda Sequeira-Castillo was also present.

**Approval of Agenda:**

The agenda was approved by unanimous consent.

**Approval of Minutes:**

The minutes of the March 26, 2009 Board meeting were approved as submitted.

Washington
Metropolitan Area
Transit Authority

**Report by Finance, Administration and Oversight Committee**

**A. MetroAccess Contracting Authority**

Mr. Benjamin moved, seconded by Mr. Zimmerman, approval of $6.5 million in additional contracting authority for the paratransit contract CO5108 to continue to provide service through the end of FY09. **The funding increase was necessary due to ridership levels beyond those originally contemplated in the contract.** This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Graham, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, and Ms. Hewlett

**B. Capital Budget Amendment for the Anacostia Light Rail Reimbursable Project**

Mr. Benjamin moved, seconded by Mr. Albert, approval of a resolution to increase the project budget for the light rail line from $16,100,000 to $16,960,000 to pay for the impact of program schedule changes. **All costs will come from funds already available to the District of Columbia in the project.** The motion was unanimously approved. A copy of the approved Resolution (2009-30) has been made a part of the official file.

Ayes: 6 - Mr. Zimmerman, Mr. Graham, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, and Ms. Hewlett

**Report by Planning, Development and Real Estate Committee**

**B. Priority Corridor Network Policies and Standards**

Mr. Albert moved, seconded by Ms. Hewlett, approval of a resolution directing Metro staff to take a leadership role on behalf of Metro in developing a regional application for bus prioritization investments under the Federal economic stimulus legislation, defining this leadership role to include advocacy not only for Metrobus services but also improvements of regional significance that benefit Metro and other transit service providers. Mrs. Hudgins proposed that the resolution be amended to indicate that the Board of Directors conveys to the Transportation Planning Board its support for the development of a regional application for enhanced regional bus projects. The amendment was approved by unanimous consent. The motion as amended was unanimously approved. A copy of the approved Resolution (2009-31) has been made a part of the official file.

Ayes: 6 - Mr. Zimmerman, Mr. Graham, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, and Ms. Hewlett

**A. Extension of Development Agreement Negotiation Period**

Mr. Albert moved, seconded by Mrs. Hudgins, approval of a 120-day extension for negotiating a revised term sheet for the Shaw Howard University/Florida Avenue parcels. The motion was approved.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006414

Ayes: 5 - Mr. Zimmerman, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, and Ms. Hewlett

Abstain: 1 - Mr. Graham

**Report by Customer Service, Operations and Safety Committee**

**A. Approval of Dulles Artwork Proposals**

Mr. Zimmerman moved, seconded by Mrs. Hudgins, approval of a resolution accepting the recommendation of the review panel of artwork proposals funded by the Metropolitan Washington Airports Authority for the five Phase-One Dulles Corridor stations and to authorize the General Manager to enter into contracts, not to exceed $250,000 each, with the artists of the selected proposals to further develop, fabricate and install the artwork. The motion was unanimously approved. A copy of the approved Resolution (2009-32) has been made a part of the official file.

Ayes: 6 - Mr. Zimmerman, Mr. Graham, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, and Ms. Hewlett

**B. Approval of Farragut North Artwork Proposal**

Mr. Zimmerman moved, seconded by Mr. Albert, approval of a resolution to approve, accept and maintain donated artwork for the Farragut North Metrorail station. The motion was unanimously approved. A copy of the approved Resolution (2009-33) has been made a part of the official file.

Ayes: 6 - Mr. Zimmerman, Mr. Graham, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, and Ms. Hewlett

**Administrative Actions**

Mr. Zimmerman moved, seconded by Mr. Benjamin, approval of Administrative Items numbered 1-11 en bloc. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Graham, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, and Ms. Hewlett

1. Approval to Initiate & Award a Contract for Vending Services

Approval to initiate and award a multi-year, revenue-producing contract for vending services for Metro employees at the Jackson Graham Building and



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006415

field operating facilities including all Metrorail service and inspection yards, all other rail facilities, all Metrobus garages, the Stone Straw Building and the Revenue Collection Facility.

2. Approval to Initiate & Award a Contract for 1000-Series Rail Car Structural Reinforcement

Approval to initiate and award a sole-source contract to Sandia National Laboratories not to exceed $285,000 for structural reinforcement of the 1000-Series rail cars.

3. Approval to Initiate & Award a Contract for 1000-Series Door Releases

Approval to initiate and award a sole-source contract to Vapor Stone Rail Systems not to exceed $886,500 to install a manual exterior door release on the 1000-Series railcars.

4. Approval to Initiate & Award a Contract for 2000-, 3000-, & 6000-Series Door Releases

Approval to initiate and award a sole-source contract to Innovations For Entrance Systems (IFE) North America not to exceed $758,218 to install a manual exterior door release on the 2000-, 3000-, & 6000-Series rail cars.

5. Approval to Initiate & Award Contracts for Backhoe, Flagging Booths, and Flat Cars

Approval to initiate and award three individual competitive contracts to purchase a backhoe, flagging booths and to modify the height of three flat cars.

6. Approval to Initiate & Award a Contract for Environmental Services

Approval to initiate the award of an environmental services contract to support Metro's environmental compliance and industrial hygiene programs at Metrobus, Metrorail and support facilities.

7. Approval to Initiate & Award a Contract(s) for the Regional Customer Service Center Website and Interactive Voice Response System

Approval to initiate and award one or more competitive procurements resulting in one or more contracts to design, develop, implement and maintain a Regional Website and IVR system that will enhance SmarTrip® customer service.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006416

8. Approval to Modify a Contract with Alstom for 6000-Series Rail Cars

Approval to modify Contract TC-6000 with Alstom Transportation Inc. in three ways, resulting in a zero dollar increase to the contract price.

9. Approval to Execute an Agency Agreement with the Transit Employees Health & Welfare Plan

Approval to execute an Agency Agreement between Metro and the Transit Employee Health and Welfare Plan which satisfies the IRS allowing a third party to act as agent for the withholding and reporting obligations of Metro. A copy of the approved Resolution (2009-34) has been made a part of the official file.

10. Approval to Modify Transfer Charge for City of Fairfax CUE and Metrobus Service

Approval to authorize the modification of the transfer charge between Fairfax City's CUE service and Metrobus service. **Effective April 26, 2009, a transfer issued by the CUE Bus shall be valued at $1.25, rather than $0.75 as previously valued, and no "step up" fee will be paid when transferring to a base fare Metrobus. The previous "step up" charge for transferring to a base fare Metrobus was $0.50. Express service will require a "step up" of $1.75, rather than the $2.25 "step up" previously assessed.** A copy of the approved Resolution (2009-35) has been made a part of the official file.

11. Approval to Terminate the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA)

Approval for the early termination of the TIFIA Loan Agreement in order to issue Metro Matters Bonds. A copy of the approved Resolution (2009-36) has been made a part of the official file.

Mr. Graham moved, seconded by Ms. Hewlett, that the Board meet in Executive Session to discuss personnel and labor matters consistent with Board Procedure VI.C; contractual matters consistent with Board Procedure VI.D; legal matters consistent with Board Procedure VI.B; and legislative strategy consistent with Board Procedure VI.H. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Graham, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, and Ms. Hewlett



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006417

At 12:04 p.m. Mr. Graham suspended the public meeting to enter into Executive Session.

**Reconvene**

At 1:44 p.m. Chairman Graham reconvened the Public Session. Mr. Zimmerman moved, seconded by Mr. Benjamin, approval to negotiate a letter of intent and authorize the General Manager to execute it for a new Royal Street Bus Garage; negotiate a project agreement; issue a task for the on-call consultant; use $100,000 of Alexandria's TIIF account and reallocate $150,000 of project development funds to pay for early actions. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Graham, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, and Ms. Hewlett

Mr. Benjamin moved, seconded by Mr. Albert, approval of the modification of contracts for professional and technical, labor, legal, and on-call technical services. This motion was unanimously approved.

Ayes: 6 - Mr. Zimmerman, Mr. Graham, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, and Ms. Hewlett

**Adjournment**

The meeting was adjourned at 1:46 p.m.

Loyda Sequeira-Castillo, Board Secretary



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006418

# Amended and Restated
# WMATA Term Sheet
# Shaw-Howard/Florida Avenue Sites

This Amended and Restated Term Sheet, ("Term Sheet"), for a development project at WMATA's Shaw-Howard/Florida Avenue sites in Washington, DC, and dated as of the date last executed below, is intended to summarize the principal terms of a proposal being considered by the undersigned parties regarding a lease of certain real property on the south side of Florida Avenue, NW between 7th and 9th Streets, NW. The undersigned parties wish to negotiate a Definitive Agreement, as defined in Section 2.1 herein. The previous joint development term sheet dated July 17, 2008 is superseded by this Term Sheet.

**1. Parties**

1.1 Washington Metropolitan Area Transit Authority ("WMATA").

1.2 The Jazz @ Florida Avenue, LLC, a District of Columbia limited liability company (the "DEVELOPER") will be the developer of the Project (as defined in Section 4 below). The DEVELOPER'S initial principals shall be Banneker Ventures, LLC, a District of Columbia limited liability company ("Banneker"), and Banc of America Community Development Corporation, a North Carolina corporation qualified to do business in the District of Columbia ("BACDC"), subject to the substitution of a different principal for BACDC upon WMATA's approval, not to be unreasonably withheld. At or after the Closing until the "Completion of the Total Project" (as defined in Section 6.4 below), DEVELOPER shall be permitted to only admit other members who are tax credit investors, tax credit syndicators and equity investors for the Total Project (as defined in Section 4.2(b) below) so long as such admissions are not a disguised sale of the Project or transfer of control to another developer, except in the limited circumstance where there is an imminent default under the tax credits and the tax credit syndicator exercises its right to replace the manager of the Total Project. After the Completion of the Total Project, there shall be limited restrictions on the DEVEOPER'S principals and the identity of any successor lessee/owner of the Total Project.

Developer shall not be permitted to sell or assign the Project until the Completion of Total Project

**2. Definitive Agreement**

2.1 The Definitive Agreement will be a Joint Development Agreement ("Definitive Agreement") together with all necessary related documentation upon which WMATA and DEVELOPER mutually agree. The Definitive Agreement will be prepared initially by WMATA. Both parties commit to complete the Definitive Agreement so WMATA can present the agreed-upon Definitive Agreement to



FOIA CONFIDENTIAL TREATMENT REQUESTED 

its Board for approval within one month of the Board's approval of this Term Sheet. WMATA and DEVELOPER shall execute the Definitive Agreement within three (3) business days of Board approval.

2.2 The parties shall attach the above referenced necessary related documentation to the Definitive Agreement as exhibits. Such exhibits shall include, but not be limited to:

a) a ground lease agreement (the "Lease") whereby WMATA will lease the Lease Property to the DEVELOPER for a single term of ninety-nine (99) years, with no renewal or option periods.

b) A conditions, covenants and reservations agreement ("CCRs"), to be recorded among the land records, which will: (i) protect WMATA's interests in its tunnel and associated elements and access thereto; and (ii) include transit oriented development covenants.

c) A co-tenancy agreement ("Co-Tenancy Agreement") between WMATA and DEVELOPER to be recorded among the land records after the CCRs which will control the operation and disposition of the Total Project after the Lease and any replacement lease provided to a lender have either expired or been irrevocably terminated.

2.3 The execution of the Lease ("Closing") will take place no later than six hundred (600) days after the WMATA Board approves the Definitive Agreement. The Definitive Agreement shall terminate no later than the Completion of the Total Project with any surviving obligations being included in the CCRs.

**3. Property to Be Leased To DEVELOPER**

3.1 WMATA will lease to DEVELOPER approximately 28,376 square feet of land, which area is outlined in yellow on **Exhibit A** and attached hereto (the "Lease Property"). The land is in three separate parcels: 1) approximately 3,799 square feet in Square 393, Lot 44; 2) approximately 8,621 square feet in Square 393, Lot 45; and 3) approximately 15,956 square feet in Square 416, Lot 31. The Lease Property shall not include those property interests necessary for protection of WMATA's transit facilities, which include the existing WMATA tunnel and associated elements.

3.2 DEVELOPER will cause an preliminary ALTA survey and title commitment to be prepared within two (2) months of the effective date of the Definitive Agreement and the final ALTA survey (assuming a closed public alley) and title commitment no later than thirty (30) days before the Closing. The final ALTA survey shall be completed early enough for WMATA and DEVELOPER to agree upon the legal descriptions to exclude the existing WMATA tunnel and associated elements.



FOIA CONFIDENTIAL TREATMENT REQUESTED 

## 4. Project

DEVELOPER will construct improvements on the Lease Property (the "Project") in substantially the same configuration shown in **Exhibit B** and attached hereto, which configuration includes the Total Project, in accordance with a project schedule to be finalized and agreed upon at the Closing in accordance with the Definitive Agreement. The Project may not be materially changed without WMATA's written approval, such approval not to be unreasonably withheld, delayed or conditioned. The Project will consist of:

4.1 DEVELOPER improvements (the "DEVELOPER Improvements") are a minimum 100,711 gross FAR square feet including approximately 80,169 gross FAR square feet for residential apartment units per District of Columbia ("District") approvals and approximately 10,000 gross FAR square feet of retail/arts use, and approximately 10,542 gross FAR square feet of associated loading, lobbies, ramps, and residential and retail parking, per District approvals.

4.2 Assemblage.

a) Adjacent Parcels. An affiliate of DEVELOPER is the contract purchaser of Lot 41 & A&T Lot 826 in Square 393, comprising approximately 7,720 square feet of land fronting on 9th Street, NW and located contiguous to Lot 44 near the southwest corner of the intersection of 9th Street and Florida Avenue, N.W., in the District of Columbia (the "DEVELOPER Property"). The DEVELOPER Property is outlined in blue on the attached **Exhibit A**.

b) Total Project. WMATA and DEVELOPER have agreed to apply to close the portion of the public alley in Square 393 contiguous to Lots 41, 44 & 45 and A&T Lot 826 prior to the Closing so that promptly after the Closing, DEVELOPER can resubdivide such Lots and the portion of the closed public alley into a buildable lot of approximately 21,244 square feet. DEVELOPER is acquiring an interest in the Lease Property to develop a single, mixed-use, Transit-Oriented Development project on the combined Lease Property and DEVELOPER Property (the "Total Project").

c) Alley Closing. WMATA will consent to the alley closing prior to Closing, provided that when the portion of the public alley is closed, an easement among the owners will be recorded among the land records to preserve the use of the closed portion of the public alley to protect WMATA's interests until the Closing. Such easement will be terminated upon the post-Closing resubdivision of the relevant land in Square 393 into a buildable lot. **Exhibit A** shows the portion of the closed alley that



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will become part of the Lease Property in red; the portion that will become part of the DEVELOPER Property is shown in green.

d) Co-Tenancy Agreement. At Closing, the parties will execute the Co-Tenancy Agreement, which will govern the operation, management and sale of all the improvements and the assembled Lease Property and DEVELOPER Property upon termination or expiration of the Lease without a new lease being obtained by a lender. The Co-Tenancy Agreement shall provide, *inter alia*, after the expiration or termination of the Lease, (i) each owner shall have an equal vote on the operation and management of the Total Project and no owner shall have the right to force a sale of the Total Project if the Lease expired without a default by the DEVELOPER, and (ii) the owners shall have a vote proportionate with their percentage of the Total Project on the operation and management of the Total Project and WMATA shall have the right during pre-set time windows to sell the Total Project for all cash to an unrelated purchaser if the Lease is terminated for an uncured default by the DEVELOPER without a new lease being obtained by a lender.

4.3 The DEVELOPER Improvements will be built in a single phase on the Lease Property as part of the Total Project.

**5. Due Diligence**

5.1 Lease Property Condition: In the Definitive Agreement, WMATA will provide knowledge-qualified representations customarily made by WMATA in transactions of this type, including with respect to title to the Lease Property and the environmental history or condition of the property. Subject to the continued accuracy of such representations, and subject further to DEVELOPER'S Study Period rights as provided herein and satisfaction or waiver by DEVELOPER of all conditions precedent herein provided, DEVELOPER will accept its interest in the Lease Property in an "AS IS, WHERE IS" condition.

5.2 Study Period: Upon approval and execution of this Term Sheet, WMATA will grant DEVELOPER a Right of Entry Permit for entry onto the Lease Property, substantially in the form attached hereto as **Exhibit C**. DEVELOPER shall have sixty (60) days from the effective date of the Definitive Agreement to conduct its due diligence related to the Lease Property (the "Study Period"). If DEVELOPER, in its sole and exclusive discretion, shall be dissatisfied for any reason with the results of its Study Period investigations, DEVELOPER shall be entitled, upon written notice to WMATA delivered not later than ten (10) days following expiration of the Study Period, to terminate this Term Sheet and the Definitive Agreement, whereupon WMATA shall return to DEVELOPER the entire Security Deposit or the Proposal Security (as defined below), as



FOIA CONFIDENTIAL TREATMENT REQUESTED 

applicable, and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or of the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

**6. Security Deposit**

6.1 Within two (2) business days of the execution of the Definitive Agreement, the DEVELOPER will place with WMATA a cash security deposit in the amount of Two Hundred Fifty Thousand Dollars ($250,000.00) less the Additional Costs Credit (as defined in Section 7.2(b) below) (the "Security Deposit") to secure DEVELOPER'S performance. At the Closing upon DEVELOPER receiving the Additional Cost Credit against the Capitalized Lease Payment, the Security Deposit will be increased to Two Hundred Fifty Thousand Dollars ($250,000.00). The DEVELOPER'S Proposal Security currently being held by WMATA, in the amount of One Hundred Thousand Dollars ($100,000.00), will be applied to the Security Deposit.

6.2 The Security Deposit will not be applied to any payments due to WMATA under the Definitive Agreement.

6.3 The entire Security Deposit shall be forfeited and may be retained by WMATA if DEVELOPER shall be in default under the Definitive Agreement beyond applicable notice, cure and grace periods therein provided. In such event, the Security Deposit may be applied by WMATA in whole or in part to cure such default. No such application of the Security Deposit shall constitute a waiver of any such default by DEVELOPER or an election of remedies. If the Security Deposit is applied in whole or in part as described herein, DEVELOPER shall, within ten (10) days, increase the Security Deposit by an amount equal to the amount applied.

6.4 The Security Deposit, less any amounts previously applied in connection with any breach or default by DEVELOPER and not replenished by DEVELOPER, shall be refunded to DEVELOPER, with interest accrued, within twenty (20) business days following the "Completion of the Total Project," which is hereby defined as: (i) the issuance of one or more final certificates of occupancy for all residential apartment units and common areas, including parking; and (ii) one or more "shell" certificates of occupancy or equivalent for the retail portions of the Total Project, subject to completion of the tenant improvements for each unoccupied retail space; and (iii) correction of any damage to WMATA's property caused by Developer or its contractors, subcontractors or consultants; and (iv) satisfaction of all requirements of the WMATA Design Construction Standards applicable to the DEVELOPER Improvements.



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## 7. Consideration

7.1 Option Fee: The DEVELOPER has previously paid WMATA One Hundred Thousand Dollars ($100,000.00) as an option fee (the "Option Fee"). The Option Fee is non-refundable and shall not be applicable to the Lease Consideration.

7.2 Rent:

a) Pre-Closing Rent. The DEVELOPER shall make quarterly non-refundable Pre-Closing Rent payments beginning upon the effective date of the Definitive Agreement. Pre-Closing Rent for the first twelve (12) months will be $50,000.00 per year, payable in advance in quarterly instalments of $12,500.00. Pre-Closing Rent will increase to $65,000.00 per year for the next twelve (12) months. For the remainder of the Pre-Closing Period, Pre-Closing Rent shall be $80,000.00 per year. Pre-Closing Rent shall be prorated for partial quarters.

b) Capitalized Lease Payment. DEVELOPER shall make a lump sum initial Capitalized Lease Payment of Two Million Fifty Thousand Dollars ($2,050,000) less the Additional Costs Credit at Closing. The term "Additional Costs Credit" is defined to be the amount of the third-party costs incurred by DEVELOPER, not to exceed $100,000, in the evaluation and negotiation of the proposed sale of the Lease Property to DEVELOPER based on copies of actual invoices for such third-party costs delivered to WMATA, which may be redacted to exclude any confidential or privileged information. This payment represents the entire base rent for the Lease Property for the first 60 years of the 99-year term of the Lease. In no event will any part of the Capitalized Lease Payment be refunded.

c) Monthly Rent Payment.

a. On the 60th anniversary of the Effective Date of the Lease, the DEVELOPER shall begin making monthly base rent payments to WMATA (the "Monthly Lease Payments"). The Monthly Lease Payments amount shall be at Fair Market Value as determined through the three-appraiser method described in the Lease. ~~the last 39 years of the 99-year Lease term, the fair value of the Lease Property shall be re-appraised through the three-appraiser method and a capitalized lease payment for the remaining 39 years or monthly payments of base rent with a 3% annual escalation shall be determined from either the average or middle of the three appraisals, with the DEVELOPER deciding which payment method will be used for the remaining 39 years.~~



FOIA CONFIDENTIAL TREATMENT REQUESTED

b. Escalation Rate. The Monthly Lease Payments shall escalate annually at the rate of 3% per year.

c. Periodic Rent Revaluation. The Monthly Lease Payments shall be adjusted every ten years. The Monthly Lease Payments will be re-adjusted to then current Fair Market Value as established through the three-appraiser process described above. Monthly Lease Payments will never decrease from the then payable Monthly Lease Payments as a result of any Periodic Rent Revaluation.

d) Participation Rent. Participation Rent, at one and a half percent (1.5%) of Effective Gross Income from the improvements on the Lease Property shall be paid to WMATA beginning at the earlier of the DEVELOPER's receipt of Effective Gross Income or, until the Final Completion of the Total Project, the amount of Effective Gross Income DEVELOPER was projected to receive from the improvements on the Lease Property under the Project Schedule in the Definitive Agreement; provided, however, one percent (1%) shall be unsubordinated to the payment of operating expenses, debt service, member loans, or equity, and one-half percent (0.5%) shall be paid in accordance with HUD requirements. Any Participation Rent not paid in a given year shall accumulate interest at five and eight-tenths percent (5.8%) and be paid from the next annual cash flow or from Capital Event proceeds prior to any return on, or return of, equity. At all times during the Lease term, the debt service coverage ratio on any senior loans, other than HUD-insured senior loans or public subsidies, shall be no less than 1.20:1.00.

e) Capital Event Rent. Capital Events (defined below) shall be permitted in accordance with this Section 7.2(d). Whenever a Capital Event occurs, the DEVELOPER will make a payment to WMATA ("Capital Event Participation"). A "Capital Event" will include, but not be limited to, any of the following by DEVELOPER: (i) assignments of the Definitive Agreement or the Lease, (ii) sales or re-financings of DEVELOPER's Improvements, (iii) other dispositions, transfers, and conversions that change the membership of the DEVELOPER to include new members not originally included as of the execution date of the Definitive Agreement but not including transfers among existing members, transfers to wholly-owned entities, intra-family transfers, transfers caused by death, transfers required for the initial debt and equity of the Total Project before the permanent loan closing and transfers of interests in publicly traded entities. The Parties agree that Non-Capital Events, which will require WMATA approval, but not WMATA monetary participation, also exist and will be defined in the Definitive Agreement. In Capital Events that involve a Lease or sublease assignment or a sale of the DEVELOPER Improvements,



FOIA CONFIDENTIAL TREATMENT REQUESTED 

WMATA's share will be two percent (2%) of the gross proceeds. Gross proceeds are defined as all transaction revenues received by the DEVELOPER (and any affiliated entities receiving income from this event). WMATA will also share in the financial return to the DEVELOPER in the event of any refinance or financial restructuring in which the DEVELOPER realizes proceeds therefrom. WMATA's share will be two percent (2%) of the adjusted gross proceeds. The adjusted gross proceeds are defined as all transaction revenues to the DEVELOPER (and any affiliated entities receiving income from this event) less any debt on the DEVELOPER Improvements that is paid-off out of the Capital Event proceeds. To confirm DEVELOPER's original project debt and equity, within thirty days of the Closing, DEVELOPER will provide WMATA with documentation confirming such amounts. Total debt and equity to finance the Project (amounts paid prior to the subject Capital Event) will total no more than one hundred percent (100%) of the original Total Project cost, including both hard and soft costs.

7.3 Pro Rata Split After Assemblage: The Definitive Agreement and Lease (as defined in Section 2.1 above) shall lease only the Lease Property, but shall provide that any Additional Density determination applicable to the Lease Property, the DEVELOPER Improvements or the Project shall be determined by using the pro rata share of the Total Project based on the ratio of the square feet of land of the Lease Property and the DEVELOPER Property. WMATA's pro rata share of the Total Project is 79.0%, subject to the final survey which shall be attached as an Exhibit to the Definitive Agreement.

7.4 Additional Density: If at any time during the first 60 years of the Lease, DEVELOPER has received approval for additional density over 100,711 gross FAR square feet attributable to the Lease Property, DEVELOPER will adjust the Capitalized Lease Payment using the same methodology for calculating the Capitalized Lease Payment with an adjustment for any time between the Closing and the date the Additional Density is placed in service. The measurement of gross FAR square feet shall be the highest amount generated by the Lease Property, whether used on the Lease Property or not, in (i) any final zoning approval by the District of Columbia; (ii) building permit approval; or (iii) an amount approved in any revisions to the building permit prior to issuance of the final certificates of occupancy. Such additional density adjustments shall include any gross FAR square feet attributable to portions of the public alley located between 8th and 9th Streets, NW, which become part of the Lease Property in the alley closing process.

a) Prior Final Certificate of Occupancy: If the DEVELOPER receives approval for additional density prior to receipt of the final certificate of



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occupancy for the Total Project or while a HUD insured loan remains in place, the additional density Capitalized Lease Payment adjustment shall be as follows:

(i) An upward adjustment in the Capitalized Lease Payment by $50/gross FAR square feet for additional density generated by the Lease Property over 100,711 gross FAR square feet; and

(ii) After the additional density consideration in 7.4(a)(i) is added, a downward adjustment in the Capitalized Lease Payment by $80/gross FAR square feet for such additional density generated by the Lease Property which increases the Project's affordable housing requirement pursuant to the District's mandatory Inclusionary Zoning regulations (Chapter 26 of the Zoning Regulations of the District) over 6,414 gross FAR square feet

*NOTE: WMATA expects to adjust these amounts based on the relationship of the Capitalized Lease Payment for a period of 60 years to the fee simple land value.*

b) After Final Certificate of Occupancy: During the first 60 years of the term of the Lease, if HUD insurance no longer remains in place, any densities or unit totals actually constructed on the DEVELOPER Improvements that are more than those in effect at receipt of the Final Certificate of Occupancy for the Project and for which no increase in Capitalized Lease Payment has been paid, such additional densities or unit totals will require DEVELOPER to pay additional Capitalized Lease Payment. The additional Capitalized Lease Payment payments will be determined through the three-appraiser method, to be defined in the Definitive Agreement and based on the then-remaining time until the 61st year of the term of the Lease. Since the resetting of the base rent in the 61st Lease year will be based on vacant land, there shall be no additional density adjustments after the 60th Lease year.

7.5 Additional Consideration: The Capitalized Lease Payment, including any adjustments made under Section 7.4(a) above, shall be increased annually by five and 8/10ths percent (5.8%) per year from the execution of the Definitive Agreement, if Closing or Additional Density occurs later than six hundred (600) days from execution of the Definitive Agreement. No Additional Consideration increase shall be applied for any delay caused by WMATA under Section 7.6. If Additional Density occurs after Closing, then only the increase in the Capitalized Lease Payment for such Additional Density shall be subject to the 5.8% annual increase.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006427

7.6 WMATA Delays: The maximum length of six hundred (600) days to Closing will be extended for delays caused solely by WMATA actions or failure to act, including requesting FTA Approval in accordance with Section 8.5 below. Such extension(s) shall be for the amount of time reasonably necessary to compensate for the delay caused solely by WMATA, *e.g.*, if such a delay causes DEVELOPER to miss a planned filing date which results in a one day-for-one day delay, then the extension shall be measured in days with respect to that filing date, however, if the filing date is for some action which is only available in a certain "time window" and the delay causes DEVELOPER to miss the filing date for such "time window," then the extension shall be measured in a period equal to the next available "time window" with respect to that filing date. In no other event, other than Force Majeure Delays as defined in Section 7.7 below, will Closing be delayed, even though DEVELOPER'S schedule may take longer than anticipated.

7.7 Force Majeure Delays: The maximum length of six hundred (600) days to Closing may be extended for any delays caused by acts of God, terrorism, casualty, or other events of "force majeure", as may be further defined and agreed to in the Definitive Agreement. Such Force Majeure Delays shall be subject to an increase in the Capitalized Lease Payment, as provided in Section 7.5 above, in order to maintain the net present value of the Definitive Agreement and Lease to WMATA. In no event shall the time for Closing be extended beyond one hundred eighty (180) days due to Force Majeure Delay.

**8. Conditions to Definitive Agreement Consummation**

If each of the following conditions is not satisfied within the timeframes provided below therefor, then in such instance, DEVELOPER may terminate this Term Sheet and the Definitive Agreement upon ten (10) days written notice to WMATA, in which event WMATA shall return the Security Deposit to DEVELOPER and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

8.1 Design Approvals: Within ten (10) days of execution of the Definitive Agreement and prior to any final submission to the District, DEVELOPER shall submit to WMATA for its approval a conceptual Total Project site plan in substantial conformance with Exhibit B, including building elevations and floor plans (the "WMATA-Approved Site Plan"). The design of the Total Project shall be oriented in such a manner as to encourage use of WMATA transit facilities by tenants, residents, customers, and employees (as applicable) travelling to and from the Lease Property. WMATA shall make all reviews and approvals or disapprovals of DEVELOPER'S initial submission to WMATA within thirty (30) days of receipt of such submission by WMATA.



FOIA CONFIDENTIAL TREATMENT REQUESTED 

8.2 Study Period: DEVELOPER shall be satisfied, in its sole and exclusive judgment, with its Study Period inspections in accordance with Section 5.2 above.

8.3 Public Hearing: DEVELOPER acknowledges that WMATA has concluded that a WMATA Compact Public Hearing is not required for this Project.

8.4 Subsequent Approval: DEVELOPER acknowledges that WMATA will not be bound by the Definitive Agreement unless and until such Definitive Agreement is approved by WMATA's Board of Directors and executed by WMATA.

8.5 FTA Approval: The transaction described herein is subject to Federal Transit Administration approval (the "FTA Approval"). WMATA will apply for said FTA Approval within thirty (30) days after full execution of the Definitive Agreement. The Definitive Agreement will contain appropriate termination provisions to address the possibility that the FTA may not approve the Definitive Agreement.

8.6 Financing Contingency: DEVELOPER shall have received a commitment for construction financing from a bank or other lending institution in such amounts, and upon such terms and conditions, as shall be consistent with the approved development budget for the Total Project and as shall otherwise be reasonably satisfactory to DEVELOPER and WMATA.

**9. Special Considerations**

9.1 Community Contact: Within one hundred twenty (120) days of the execution of the Definitive Agreement DEVELOPER shall contact the appropriate community groups in the area as specified by WMATA to apprise such groups of the Total Project and provide WMATA with a written report naming each group contacted, its contact person and phone number, and a brief list of issues expressed by each group. DEVELOPER's failure to perform under this provision will constitute an event of default under the Definitive Agreement. WMATA will include a list of all such groups as part of the Definitive Agreement.

9.2 Rezoning Approvals: DEVELOPER will be responsible for obtaining all entitlements, including, but not limited to, re-zonings, variances, temporary and permanent alley closings, special exceptions, historic district approvals, resubdivision, zoning modifications, TDR's or similar actions relating to the Lease Property and DEVELOPER Property (collectively, "Approvals") required to allow construction of the Project on the Lease Property. DEVELOPER will use commercially reasonable efforts to obtain such entitlements.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006429

a) DEVELOPER will fund any and all costs of the Approvals. WMATA will not incur any costs in connection with the Approvals either in the actual Approvals process or for required on-site or off-site improvements or other work. DEVELOPER shall indemnify WMATA against any such costs.
b) At no expense to WMATA, DEVELOPER also shall be responsible for, and shall diligently and expeditiously pursue, all necessary permits and approvals, including, without limitation, land disturbance permits, building permits, partial alley closing and soil and erosion control measures as required by the District or any other local, state, or federal agency having jurisdiction.
c) WMATA shall cooperate with DEVELOPER in all zoning and other related Approvals, including the filing of the alley closing application, lot consolidation/resubdivision application, etc.
d) The resubdivision of the Lease Property, the DEVELOPER Property and the closed portion of the public alleys in Square 393 will not be completed until after Closing.

9.3 Site Plan Approval by the District: DEVELOPER will submit to the applicable District agency or agencies an Approvals request and an application for District approval of the WMATA-approved Site Plan, for development of the Lease Property.

9.4 WMATA Review and Approval of Site Plan: In the event that DEVELOPER makes any modifications to the Site Plan approved by the District and previously approved by WMATA (the "Approved Site Plan"), such modifications will be subject to WMATA's approval, not to be unreasonably withheld, delayed or conditioned.

9.5 WMATA Review and Approval of Construction Drawings: WMATA will have the right to approve or disapprove, and require changes to any of the improvements on the Lease Property or the DEVELOPER Property that materially and adversely affect WMATA's operations. The design and construction plans for such improvements will incorporate the most recent revisions of WMATA's design and construction standards and criteria, including, without limitation, WMATA's Adjacent Construction Project Manual, Revision 3, dated December 2008 (collectively, "WMATA Design and Construction Standards"). If the DEVELOPER commences construction of the DEVELOPER Improvements within three (3) years of the date of the Definitive Agreement, the DEVELOPER may use the version of the WMATA Design and Construction Standards that is in effect on the date of the Definitive Agreement, without subsequent amendments or revisions, with respect to the Approvals, the WMATA-approved Site Plan and the design and construction plans for the DEVELOPER Improvements; otherwise, the most recent versions of the



FOIA CONFIDENTIAL TREATMENT REQUESTED 

WMATA Design and Construction Standards, as amended and revised from time to time, shall be applicable. The Total Project will be reviewed in accordance with, and must conform to the requirements of, the aforementioned documents.

9.6 Construction Requirements: DEVELOPER shall cause all of the components of the DEVELOPER Improvements to be constructed by one or more reputable contractors having a record of successfully constructing similar projects. Construction of DEVELOPER Improvements shall be insured by one hundred percent (100%) performance and payment surety bonds with a nationally recognized corporate surety acceptable to WMATA. Such surety bonds shall name WMATA as a co-obligee unless WMATA is prohibited from being so named by the FHA lender under the HUD financing utilized by DEVELOPER, and evidence of such bonds shall be furnished by DEVELOPER to WMATA at Closing.

9.7 Interim Improvements: intentionally omitted.

9.8 Guaranty: At the Closing, BACDC or another guarantor reasonably acceptable to WMATA will execute an unconditional guaranty ("Guaranty") to WMATA with the total liability thereunder limited to One Million Five Hundred Thousand Dollars ($1,500,000) plus the cost of enforcing the Guaranty against the guarantor. The Guaranty will be released by WMATA upon the Completion of the Total Project. The Definitive Agreement will include a minimum financial test to be met by the guarantor which will be $1,500,000. The adequacy of security and need for this Guaranty to be further discussed in the Definitive Agreement. The Guaranty will unconditionally guarantee to WMATA:

a) the completion of construction of the DEVELOPER Improvements;
b) the completion of infrastructure required by either the District or WMATA that is not included in the Site Work;
c) the completion of any demolition and removal of DEVELOPER Improvements as and when required under the terms of the Definitive Agreement;
d) the remediation of all hazardous materials as required by the Definitive Agreement or by applicable laws, courts or governmental authorities;
e) the required parties maintain the insurance required by WMATA under the Definitive Agreement; and in the event such insurance is not maintained and no insurer pays a claim that would have been paid if such WMATA required insurance had been maintained, the Guarantor shall indemnify WMATA up to the relevant insurance limit amounts;
f) the restoration of the Lease Property to the condition it was in on the date of Closing should work cease on the excavation portion of the project above the Lease Property longer than 30 days; and



FOIA CONFIDENTIAL TREATMENT REQUESTED 

g) the timely payment all DEVELOPER obligations under the Definitive Agreement, including full payment of any increase in the Capitalized Lease Payment for any Additional Density which increases the Capitalized Lease Payment after the Closing.

9.9 Transit-Oriented Development/Continuing Transit Orientation: DEVELOPER will design the DEVELOPER Improvements so as to constitute a Transit-Oriented Development, and the DEVELOPER Improvements will be maintained with a Continuing Transit Orientation, as described in FTA Notice of Final Agency Guidance on the Eligibility of Joint Development Improvements under Federal Transit Law, which can be found at 72 FR 5788.

9.10 Transit Operations: Neither the construction nor the operation of the Project will interfere with the safety or operation of WMATA's transit facilities.

9.11 Environmental Matters: In the event that DEVELOPER engages in any excavation on the Lease Property, DEVELOPER shall dispose of any contaminated excavated materials that DEVELOPER has knowledge of, at DEVELOPER'S expense, as required by all then-applicable federal and/or District laws or regulations. DEVELOPER agrees to indemnify and hold WMATA harmless from any environmental liability or damages, including attorney's fees and costs of remediation for which WMATA may become responsible as a result of the DEVELOPER'S breach of this covenant.

**10. Indemnification**

DEVELOPER will indemnify and save harmless WMATA and its respective directors, officers, employees and agents for all damages and expenses that may arise in connection with any and all actions taken by DEVELOPER, its contractors, consultants or agents, or any employee of DEVELOPER, its contractors, consultants or agents, in connection with its activities under the Definitive Agreement, including all surveys, tests, investigations, construction, operations on the Lease Property and other activities. WMATA will have the right to disapprove activities that in WMATA's sole judgment could result in injury to WMATA Transit Facilities located under the Lease Property or breach of any agreement with WMATA, or expose WMATA to any liability. No consent by WMATA will be interpreted as a waiver by WMATA or assumption of liability or risk by WMATA. As to all Study Period activities, DEVELOPER and its consultants who physically alter the Lease Property will be obligated, at their sole cost and expense, to restore the Lease Property to the similar condition existing immediately prior to those activities. Both the Lease and the CCRs shall contain indemnification of WMATA.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006432

## 11. Insurance Requirements

DEVELOPER, and each of its consultants, contractors and subcontractors that enter onto the Lease Property, will maintain at all times, at their sole cost and expense, insurance coverages and policies to protect each of them and WMATA from claims that may arise out of activities contemplated by the Definitive Agreement. The scope and limits of such coverages and policies required by WMATA will be addressed in the Definitive Agreement.

## 12. Non-Binding Intent

This Term Sheet will have no binding effect on the parties except that DEVELOPER shall have the exclusive right to negotiate a Definitive Agreement with WMATA for a period of one hundred fifty (150) days from the date of this Term Sheet. Any expenditures undertaken by either party hereto are at its own risk. No contract or agreement of any sort, preliminary, final or otherwise, is intended to be created by this Term Sheet, except as described above.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006433

Agreed this _____ day of November, 2009, by

**Washington Metropolitan Area Transit Authority**

By: _____
Steven E. Goldin
Director, Office of Station Area Planning and Asset Management
Department of Planning and Joint Development

**The Jazz @ Florida Avenue, LLC**

By: _____

Title: _____



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006434

| | | |
|---|---|---|
| Filename: | WMATA Term Sheet for Lease of Shaw-Howard Florida Ave Sites (JWM Comments to Banneker 110409) | |
| Directory: | C:\Documents and Settings\GGCCBO1\Local Settings\Temporary Internet Files\Content.Outlook\ISCWB6EN | |
| Template: | C:\Documents and Settings\GGCCBO1\Application Data\Microsoft\Templates\Normal.dot | |
| Title: | | |
| Subject: | | |
| Author: | | |
| Keywords: | | |
| Comments: | | |
| Creation Date: | 11/4/2009 5:37 PM | |
| Change Number: | 5 | |
| Last Saved On: | 11/4/2009 5:50 PM | |
| Last Saved By: | E010264 | |
| Total Editing Time: | 10 Minutes | |
| Last Printed On: | 11/4/2009 6:01 PM | |
| As of Last Complete Printing | | |
| | Number of Pages: | 16 |
| | Number of Words: | 5,474 (approx.) |
| | Number of Characters: | 31,207 (approx.) |

# M E M O R A N D U M

DATE: October 21, 2009

SUBJECT: Florida Avenue

FROM: Carol B. O'Keeffe

TO: John B. Catoe, Jr.

1. Spring 2007: WMATA issued a Joint Development Solicitation (JDS). The JDS addressed this topic in two areas:

    a. The JDS declared that lease offers would be preferred over sale offers (Section 1.1 and others).
    b. Developers who intended to incorporate adjacent properties were supposed to disclose such plans so WMATA could review the technical requirements (Section 2.3(X)).

2. 7/2008: The Term Sheet is approved by the WMATA Board. The Developer made no mention of the adjacent parcels in any of the development specifications submitted or at any time during Term Sheet negotiation.

3. 10/2008: Developer informally told Counsel (in an elevator) that they were purchasing the adjacent parcels and intended to build a building which would traverse WMATA's smaller parcels and said adjacent parcels. At next meeting, Counsel asked Developer how relationship would work for WMATA. Developer did not effectively respond.

4. 11/2008: Developer expressed intention to build a building that spans WMATA's parcels and adjacent parcels. Developer's attorney to informed the adjacent building idea was:

    a. Not part of the agreed Term Sheet; and
    b. Not a feasible option for WMATA as a landlord.

The Developer's attorney asked if we would first listen to their proposal before rejecting it.

5. 12/2008: During meeting, Counsel asked Developer for adjacent property terms. Developer said would get us something soon.

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Washington
Metropolitan Area
Transit Authority

6. 3/2009: During meeting, Counsel asked Developer for adjacent property terms. Developer said would get us something soon. SAAM asked for proof of control of adjacent parcels, Developer was reluctant to provide.

7. 4/2009: Developer proposed solution where WMATA would have an option to purchase the Developer's portion of the adjacent building/property at FMV, in the event that Developer defaults on lease. Advised Developer that this was not a solution that WMATA would be interested in.

8. 5/2009: During meeting, Counsel asked Developer for adjacent property terms. Developer said would get us something soon.

9. 6/2009: COUN restated objections to adjacent property idea. Developer again stated that they thought they could make this beneficial to both parties. Developer promised to provide a detailed description of beneficial relationship within two weeks.

10. 8/2009: Despite WMATA never agreeing to the adjacent parcels issue, Developer provided updated project drawings which showed the project extending to adjacent parcels.

11. 9/2009: Developer proposed a Co-Tenancy agreement in their comments to the WMATA draft of the Joint Development Agreement. Developer did not provide any details of the Co-Tenancy agreement. COUN expressed concern about this arrangement at a meeting on 9/11/09.

12. 9/17/2009: Developer's attorney provided an outline of the proposed Co-Tenancy Agreement.

13. 9/18/2009: During meeting with Developer, Nat Bottigheimer stated that Counsel thought the Co-Tenancy agreement was a non-starter and stated that a sale would be the only way that a building could be built on both our parcels and their parcels. Transaction turned from lease negotiation to sale negotiation.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** 

July, 2008

Washington Metropolitan Area Transit Authority

# Board Action/Information Summary

| ◉ Action ○ Information | MEAD Number: 100527 | Resolution: ○ Yes ◉ No |
|---|---|---|

**TITLE:**

ApproveTerm Sheet to Lease Shaw-Howard/FL Ave Site

**PURPOSE:**

Approve a term sheet for the lease of the Shaw-Howard U./Florida Avenue joint development site to the development team of Banneker Ventures, LLC, and Banc of America Community Development Corporation and authorize negotiation of a joint development agreement and lease.

**DESCRIPTION:**

In September 2009, the Board approved an extension to December 2009 to renegotiate a term sheet, to include affordable housing, for the Shaw-Howard U./Florida Avenue development site, which consists of three separate parcels totaling 28,376 sf located between 7th and 9th streets NW in Washington, DC.

The project will feature ground floor retail along Florida Avenue, with four stories of housing above, for a base amount of 100,000 sf. If additional density can be achieved, Metro will be compensated. At a minimum, the project will include affordable housing required by the District of Columbia`s new mandatory Inclusionary Zoning law and regulations (approximately 8% of the housing that is built); however, the development team is exploring financing to extend affordability.

Staff and the development team, led by Banneker Ventures, LLC with Banc of America Community Development Corporation, have negotiated a term sheet for a 60-year lease of the site with an option to renew for an additional 39 years at market terms.

The development team has gained control of adjacent land on 9th Street and proposes to combine that land with the two Metro parcels that are located between 8th and 9th streets. The combined site will allow potentially greater density on Metro`s land than if the Metro parcels were developed alone and therefore greater economic benefit to Metro. Metro will receive 79% of the value of any additional bonus density granted bythe District of Columbia; this

represents Metro`s share of the combined parcels` size.

Metro facilities on the site consist of two underground rail tunnels and a vent shaft opening to 8th Street. These facilities will be reserved in perpetuity for Metro.

The negotiated joint development agreement and lease will be brought to the Board for approval within the extension period which ends in December 2009.

**FUNDING IMPACT:**

Revenue from the project will be deposited into the Transit Infrastructure Investment Fund (TIIF).

**RECOMMENDATION:**

Approve a term sheet for the lease of the Shaw-Howard/Florida Avenue joint development site to the development team of Banneker Ventures, LLC, and Banc of America Community Development Corporation and authorize negotiation of a joint development agreement and lease.

# WMATA Term Sheet
# Shaw-Howard/Florida Avenue Sites

This Term Sheet, ("Term Sheet"), for a development project at WMATA's Shaw-Howard/Florida Avenue sites in Washington, DC, and dated as of the date last executed below, is intended to summarize the principal terms of a proposal being considered by the undersigned parties regarding a lease of certain real property on the south side of Florida Avenue, NW between 7th and 9th Streets, NW. The undersigned parties wish to negotiate a Definitive Agreement, as defined in Section 2.1 herein.

## 1. Parties

1.1 Washington Metropolitan Area Transit Authority ("WMATA").

1.2 The Jazz @ Florida Avenue, LLC, a District of Columbia limited liability company (the "DEVELOPER") will be the developer of the Project. The DEVELOPER'S initial principals shall be Banneker Ventures, LLC, a District of Columbia limited liability company ("Banneker"), and Banc of America Community Development Corporation, a North Carolina corporation qualified to do business in the District of Columbia ("BACDC"). At or after the Closing until the "Completion of the Total Project" (as defined in Section 6.4 below), DEVELOPER shall be permitted to only admit other members who are tax credit investors, tax credit syndicators and equity investors for the Total Project so long as such admissions are not a disguised sale of the Project or transfer of control to another developer, except in the limited circumstance where there is an imminent default under the tax credits and the tax credit syndicator exercises its right to replace the manager of the Total Project. After the Completion of the Total Project, there shall be limited restrictions on DEVEOPER'S composition, members, managers, leasing or financing of the Total Project.

## 2. Definitive Agreement

2.1 The Definitive Agreement will be a Joint Development Agreement ("Definitive Agreement") together with all necessary related documentation upon which WMATA and DEVELOPER mutually agree. The Definitive Agreement will be prepared initially by WMATA. Both parties commit to complete the Definitive Agreement so WMATA can present the agreed-upon Definitive Agreement to its Board for approval within one month of the Board's approval of this Term Sheet. WMATA and DEVELOPER shall execute the Definitive Agreement within three (3) business days of Board approval.

2.2 The parties shall attach the above-described necessary related documentation to the Definitive Agreement as exhibits. Such exhibits shall include, but not be limited to:



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006440

a) a ground lease agreement (the "Lease") whereby WMATA will lease the Lease Property to the DEVELOPER for a term of sixty (60) years, with two DEVELOPER option periods totaling an additional thirty-three (33) years.
b) A conditions, covenants and reservations agreement ("CCRs"), to be recorded among the land records, which will: (i) protect WMATA's interests in its tunnel and associated elements and access thereto; and (ii) include transit oriented development covenants.

2.3 The execution of the Lease ("Closing") will take place no later than six hundred (600) days after the WMATA Board approves the Definitive Agreement.

**3. Property to Be Leased To DEVELOPER**

3.1 WMATA will lease to DEVELOPER approximately 28,376 square feet of land, which area is outlined in yellow on **Exhibit A** and attached hereto (the "Lease Property"). The land is in three separate parcels: 1) approximately 3,799 square feet in Square 393, Lot 44; 2) approximately 8,621 square feet in Square 393, Lot 45; and 3) approximately 15,956 square feet in Square 416, Lot 31. The Lease Property shall not include those property interests necessary for protection of WMATA's transit facilities, which include the existing WMATA tunnel and associated elements.

3.2 DEVELOPER will cause the survey and title to be prepared for Closing.

**4. Project**

DEVELOPER will construct improvements on the Lease Property (the "Project") in the configuration shown in **Exhibit B** and attached hereto, which configuration includes the Total Project. The Project may not be materially changed without WMATA's written approval, such approval not to be unreasonably withheld, delayed or conditioned. The Project will consist of:

4.1 DEVELOPER improvements (the "DEVELOPER Improvements") are a minimum 100,711 gross FAR square feet including approximately 80,169 gross FAR square feet for residential apartment units per District of Columbia ("District") approvals and approximately 10,000 gross FAR square feet of retail/arts use, and approximately 10,542 gross FAR square feet of associated loading, lobbies, ramps, and residential and retail parking, per District approvals.

4.2 Assemblage.

a) Adjacent Parcels. An affiliate of DEVELOPER is the contract purchaser of Lot 41 & A&T Lot 826 in Square 393, comprising approximately [7,720] square feet of land fronting on 9th Street, NW and located



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006441

contiguous to Lot 44 near the southwest corner of the intersection of 9th Street and Florida Avenue, N.W., in the District of Columbia (the "DEVELOPER Property"). The DEVELOPER Property is outlined in blue on the attached Exhibit A.

b) Total Project. WMATA and DEVELOPER have agreed to apply to close the portion of the public alley in Square 393 contiguous to Lots 41, 44 & 45 and A&T Lot 826 prior to the Closing so that promptly after the Closing, DEVELOPER can resubdivide such Lots and the portion of the closed public alley into a buildable lot of approximately [21,244] square feet. DEVELOPER is acquiring an interest in the Lease Property to develop a single, mixed-use, Transit-Oriented Development project on the combined Lease Property and DEVELOPER Property (the "Total Project").

c) Alley Closing. WMATA will consent to the alley closing prior to Closing, provided that when the portion of the public alley is closed, an easement will be recorded among the owners to preserve the use of the closed portion of the public alley to protect WMATA's interests until the Closing. Such easement will be terminated upon the post-Closing resubdivision the relevant land in Square 393 into a buildable lot.

d) Co-Tenancy Agreement. At Closing, the parties will execute a co-tenancy agreement, which will govern the management and sale of the improvements on assembled Lots 41, 44, 45 and A&T Lot 826 on Square 393, upon termination of the Lease.

4.3 The DEVELOPER Improvements will be built in a single phase on the Lease Property as part of the Total Project.

**5. Due Diligence**

5.1 Lease Property Condition: In the Definitive Agreement, WMATA will provide knowledge-qualified representations customarily made by WMATA in transactions of this type, including with respect to title to the Lease Property and the environmental history or condition of the property. Subject to the continued accuracy of such representations, and subject further to DEVELOPER'S Study Period rights as provided herein and satisfaction or waiver by DEVELOPER of all conditions precedent herein provided, DEVELOPER will accept its interest in the Lease Property in an "AS IS, WHERE IS" condition.

5.2 Study Period: Upon approval and execution of the Term Sheet, WMATA will grant DEVELOPER a Right of Entry Permit for entry onto the Lease Property, substantially in the form attached hereto as **Exhibit C**. DEVELOPER shall have sixty (60) days from the effective date of the Definitive Agreement to conduct its due diligence related to the Lease Property (the "Study Period"). If DEVELOPER, in its sole and exclusive discretion, shall be dissatisfied for any reason with the results of its Study Period investigations, DEVELOPER shall be



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006442

entitled, upon written notice to WMATA delivered not later than ten (10) days following expiration of the Study Period, to terminate this Term Sheet and the Definitive Agreement, whereupon WMATA shall return to DEVELOPER the entire Security Deposit or the Proposal Security (as defined below), as applicable, and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or of the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

**6. Security Deposit**

6.1 Within two (2) business days of the execution of the Definitive Agreement, the DEVELOPER will place with WMATA a cash security deposit in the amount of Two Hundred Fifty Thousand Dollars ($250,000.00), (the "Security Deposit") to secure DEVELOPER'S performance. The DEVELOPER'S Proposal Security currently being held by WMATA, in the amount of One Hundred Thousand Dollars ($100,000.00), will be applied to the Security Deposit.

6.2 The Security Deposit will not be applied to any payments due to WMATA under the Definitive Agreement.

6.3 The entire Security Deposit shall be forfeited and may be retained by WMATA if DEVELOPER shall be in default under the Definitive Agreement beyond applicable notice, cure and grace periods therein provided. In such event, the Security Deposit may be applied by WMATA in whole or in part to cure such default. No such application of the Security Deposit shall constitute a waiver of any such default by DEVELOPER or an election of remedies. If the Security Deposit is applied in whole or in part as described herein, DEVELOPER shall, within ten (10) days, increase the Security Deposit by an amount equal to the amount applied.

6.4 The Security Deposit, less any amounts previously applied in connection with any breach or default by DEVELOPER and not replenished by DEVELOPER, shall be refunded to DEVELOPER, with interest accrued, within twenty (20) business days following the "Completion of the Total Project," which is hereby defined as: (i) the issuance of one or more final certificates of occupancy for all residential apartment units and common areas, including parking; and (ii) one or more "shell" certificates of occupancy or equivalent for the retail portions of the Total Project, subject to completion of the tenant improvements for each unoccupied retail space; and (iii) correction of any damage to WMATA's property caused by Developer or its contractors, subcontractors or consultants; and (iv) satisfaction of all requirements of the WMATA Design Construction Standards applicable to the DEVELOPER Improvements.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006443

## 7. Consideration

7.1 Option Fee: The DEVELOPER has previously paid WMATA One Hundred Thousand Dollars ($100,000.00) as an option fee (the "Option Fee"). The Option Fee is non-refundable and shall not be applicable to the Lease Consideration.

7.2 Rent:

a) Pre-Stabilization Rent. The DEVELOPER shall make quarterly non-refundable Pre-stabilization Rent payments beginning upon execution of the Definitive Agreement. The "Pre-Stabilization Period" shall be the period from the effective date of the Definitive Agreement to the earlier of: (i) forty-five (45) months or (ii) Project Stabilization, which will be defined in the Definitive Agreement. Pre-stabilization Rent, for the first fifteen (15) months, will be $100,000 per year payable in advance in quarterly instalments of $25,000. Pre-stabilization Rent will increase to $115,000.00 per year for the next twelve (12) months. For the remaining Pre-stabilization Period, rent shall be $130,000.00 per year.

b) Base Rent. The base rent ("Base Rent") for the Lease Property will be paid in full at Closing in the amount of Two Million Two Hundred Thousand Dollars ($2,200,000.00).

c) Participation Rent. Participation Rent payments shall begin upon the end of the Pre-Stabilization Period. The DEVELOPER will make annual payments to WMATA in the amount of one and a half (1.5%) percent of Effective Gross Income, earned from the operation of the Project for the previous year.

d) Capital Event Rent. Capital Events (defined below) shall be permitted in accordance with this Section 7.2(d). Whenever a Capital Event occurs, the DEVELOPER will make a payment to WMATA ("Capital Event Participation"). "Capital Event" includes any of the following by DEVELOPER: (i) assignments of the Definitive Agreement or the Lease, (ii) sales or re-financings of DEVELOPER's Improvements, (iii) other dispositions, transfers, and conversions that changes the membership of the DEVELOPER to include new members not originally included as of the execution date of the Definitive Agreement. The Parties agree that Non-Capital Events, which will require WMATA approval, but not WMATA monetary participation, also exist and will be defined in the Definitive Agreement. A one-time payment per Capital Event will be paid to WMATA in an amount equal to ten percent (10%) of any Adjusted Gross Capital Event Proceeds. Adjusted Gross Capital Event Proceeds are the gross transaction revenues to DEVELOPER from a Capital Event, and any affiliated entities receiving income from such a Capital Event, less the payoff of remaining original Project debt secured by DEVELOPER Improvements and repayment of the original equity to DEVELOPER not yet repaid. To confirm



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006444

DEVELOPER's original project debt and equity, within thirty days of the Closing, DEVELOPER will provide WMATA with documentation confirming such amounts. Total debt and equity to finance the Project (amounts paid prior to the subject Capital Event) will total no more than one hundred percent (100%) of the original total Project cost, including both hard and soft costs.

7.3 Pro Rata Split After Assemblage: The Definitive Agreement and Lease (as defined in Section 2.1 above) shall lease only the Lease Property, but shall provide that any determination applicable to only the Lease Property, the "DEVELOPER Improvements" (as defined in Section 4.1 above) or the "Project" (as defined in Section 4 above) shall be determined by using the pro rata share of the Total Project based on the ratio of the square feet of land of the Lease Property and the DEVELOPER Property. WMATA's pro rata share of the Total Project is 79.0%, subject to the final survey which shall be attached as an Exhibit to the Definitive Agreement.

7.4 Additional Density: If at any time, DEVELOPER has received approval for additional density over 100,711 gross FAR square feet, DEVELOPER will adjust the Base Rent. The measurement of gross FAR square feet shall be the highest amount generated by the Lease Property, whether used on the Lease Property or not, in (i) any final zoning approval by the District of Columbia; (ii) the building permit approval; or (iii) the amount approved in any revisions to the building permit prior to issuance of the final certificates of occupancy. Such additional density adjustments shall include any gross FAR square feet attributable to portions of the public alley located between 8th and 9th Streets, NW, which become part of the Lease Property in the alley closing process. [The portion of alley which will become part of the Lease Property will be highlighted in Exhibit A].

a) Prior to Closing: If the DEVELOPER receives approval for additional density prior to CLOSING, the additional density Base Rent adjustment shall be as follows:
   (i) An upward adjustment in the Base Rent by $50/gross FAR square feet for additional density generated by the Lease Property over 100,711 gross FAR square feet; and
   (ii) After the additional density consideration in 7.6(a) is added, a downward adjustment in the Base Rent by $80/gross FAR square feet for such additional density generated by the Lease Property which increases the Project's affordable housing requirement pursuant to the District's mandatory Inclusionary Zoning regulations (Chapter 26 of the Zoning Regulations of the District) over 6,414 gross FAR square feet

b) After Closing: During the term of the Lease, any densities or unit totals actually constructed on the DEVELOPER Improvements that are more than those in effect at Closing will require DEVELOPER to pay



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006445

additional Base Rent. The revised Base Rent payments will be determined through the three-appraiser, to be defined in the Definitive Agreement.

7.5 Additional Consideration: The Base Rent, including any adjustments made under Section 7.4 above, shall be increased annually by five and 8/10ths percent (5.8%) per year from the execution of the Definitive Agreement, if Closing or Additional Density occurs later than six hundred (600) days from execution of the Definitive Agreement. No Additional Consideration increase shall be applied for any delay caused by WMATA under Section 7.6. If Additional Density occurs after Closing, then only the increase in the Base Rent for such Additional Density shall be subject to the 5.8% annual increase.

7.6 WMATA Delays: The maximum length of six hundred (600) days to Closing will be extended for delays caused solely by WMATA actions or failure to act, including requesting FTA Approval in accordance with Section 8.5 below. Such extension(s) shall be for the amount of time reasonably necessary to compensate for the delay caused solely by WMATA, *e.g.*, if such a delay causes DEVELOPER to miss a planned filing date which results in a one day-for-one day delay, then the extension shall be measured in days with respect to that filing date, however, if the filing date is for some action which is only available in a certain "time window" and the delay causes DEVELOPER to miss the filing date for such "time window," then the extension shall be measured in a period equal to the next available "time window" with respect to that filing date. In no other event, other than Force Majeure Delays as defined in Section 7.7 below, will Closing be delayed, even though DEVELOPER'S schedule may take longer than anticipated.

7.7 Force Majeure Delays: The maximum length of six hundred (600) days to Closing may be extended for any delays caused by acts of God, terrorism, casualty, or other events of "force majeure", as may be further defined and agreed to in the Definitive Agreement. Such Force Majeure Delays shall be subject to an increase in the Base Rent, as provided in Section 7.5 above, in order to maintain the net present value of the Definitive Agreement and Lease to WMATA. In no event shall the time for Closing be extended beyond one hundred eighty (180) days due to Force Majeure Delay.

**8. Conditions to Definitive Agreement Consummation**

If each of the following conditions is not satisfied within the timeframes provided below therefor, then in such instance, DEVELOPER may terminate this Term Sheet and the Definitive Agreement upon ten (10) days written notice to WMATA, in which event WMATA shall return the Security Deposit to DEVELOPER and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006446

8.1 Design Approvals: Within ten (10) days of execution of the Definitive Agreement and prior to any final submission to the District, DEVELOPER shall submit to WMATA for its approval a conceptual Total Project site plan in substantial conformance with Exhibit B, including building elevations and floor plans (the "WMATA-Approved Site Plan"). The design of the Total Project shall be oriented in such a manner as to encourage use of WMATA transit facilities by tenants, residents, customers, and employees (as applicable) travelling to and from the Lease Property. WMATA shall make all reviews and approvals or disapprovals of DEVELOPER'S initial submission to WMATA within thirty (30) days of receipt of such submission by WMATA.

8.2 Study Period: DEVELOPER shall be satisfied, in its sole and exclusive judgment, with its Study Period inspections in accordance with Section 5.2 above.

8.3 Public Hearing: DEVELOPER acknowledges that WMATA has concluded that a WMATA Compact Public Hearing is not required for this Project.

8.4 Subsequent Approval: DEVELOPER acknowledges that WMATA will not be bound by the Definitive Agreement unless and until such Definitive Agreement is approved by WMATA's Board of Directors and executed by WMATA.

8.5 FTA Approval: The transaction described herein is subject to Federal Transit Administration approval (the "FTA Approval"). WMATA will apply for said FTA Approval within thirty (30) days after full execution of the Definitive Agreement. The Definitive Agreement will contain appropriate termination provisions to address the possibility that the FTA may not approve the Definitive Agreement.

8.6 Financing Contingency: DEVELOPER shall have received a commitment for construction financing from a bank or other lending institution in such amounts, and upon such terms and conditions, as shall be consistent with the approved development budget for the Total Project and as shall otherwise be reasonably satisfactory to DEVELOPER and WMATA.

**9. Special Considerations**

9.1 Community Contact: Within one hundred twenty (120) days of the execution of the Definitive Agreement DEVELOPER shall contact the appropriate community groups in the area as specified by WMATA to apprise such groups of the Total Project and provide WMATA with a written report naming each group contacted, its contact person and phone number, and a brief list of issues expressed by each group. DEVELOPER's failure to perform under this provision will constitute an event of default under the Definitive Agreement. WMATA will include a list of all such groups as part of the Definitive Agreement.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006447

9.2 Rezoning Approvals: DEVELOPER will be responsible for obtaining all entitlements, including, but not limited to, re-zonings, variances, temporary and permanent alley closings, special exceptions, historic district approvals, resubdivision, zoning modifications, TDR's or similar actions relating to the Lease Property and DEVELOPER Property (collectively, "Approvals") required to allow construction of the Project on the Lease Property. DEVELOPER will use commercially reasonable efforts to obtain such entitlements.

a) DEVELOPER will fund any and all costs of the Approvals. WMATA will not incur any costs in connection with the Approvals either in the actual Approvals process or for required on-site or off-site improvements or other work. DEVELOPER shall indemnify WMATA against any such costs.
b) At no expense to WMATA, DEVELOPER also shall be responsible for, and shall diligently and expeditiously pursue, all necessary permits and approvals, including, without limitation, land disturbance permits, building permits, partial alley closing and soil and erosion control measures as required by the District or any other local, state, or federal agency having jurisdiction.
c) WMATA shall cooperate with DEVELOPER in all zoning and other related Approvals, including the filing of the alley closing application, lot consolidation/resubdivision application, etc.
d) The resubdivision of the Lease Property and DEVELOPER Property in Square 393 will not be completed until after Closing.

9.3 Site Plan Approval by the District: DEVELOPER will submit to the applicable District agency or agencies an Approvals request and an application for District approval of the WMATA-approved Site Plan, for development of the Lease Property.

9.4 WMATA Review and Approval of Site Plan: In the event that DEVELOPER makes any modifications to the Site Plan approved by the District and previously approved by WMATA (the "Approved Site Plan"), such modifications will be subject to WMATA's approval, not to be unreasonably withheld, delayed or conditioned.

9.5 WMATA Review and Approval of Construction Drawings: WMATA will have the right to approve or disapprove, and require changes to any of the improvements on the Lease Property or the DEVELOPER Property that materially and adversely affect WMATA's operations. The design and construction plans for such improvements will incorporate the most recent revisions of WMATA's design and construction standards and criteria, including, without limitation, WMATA's Adjacent Construction Project Manual, Revision 3, dated December 2008 (collectively, "WMATA Design and Construction Standards"). If the DEVELOPER commences construction of the DEVELOPER Improvements within three (3) years of the date of the Definitive



FOIA CONFIDENTIAL TREATMENT REQUESTED 

Agreement, the DEVELOPER may use the version of the WMATA Design and Construction Standards that is in effect on the date of the Definitive Agreement, without subsequent amendments or revisions, with respect to the Approvals, the WMATA-approved Site Plan and the design and construction plans for the DEVELOPER Improvements; otherwise, the most recent versions of the WMATA Design and Construction Standards, as amended and revised from time to time, shall be applicable. The Total Project will be reviewed in accordance with, and must conform to the requirements of, the aforementioned documents.

9.6 Construction Requirements: DEVELOPER shall cause all of the components of the DEVELOPER Improvements to be constructed by one or more reputable contractors having a record of successfully constructing similar projects. Construction of DEVELOPER Improvements shall be insured by one hundred percent (100%) performance and payment surety bonds with a nationally recognized corporate surety acceptable to WMATA. Such surety bonds shall name WMATA as a co-obligee, and evidence of such bonds shall be furnished by DEVELOPER to WMATA at least ten (10) days prior to Closing.

9.7 Interim Improvements: intentionally omitted.

9.8 Guaranty: At the Closing, BACDC will execute an unconditional guaranty ("Guaranty") to WMATA. The Guaranty will be released by WMATA upon the Completion of the Total Project. The Definitive Agreement will include a minimum financial test to be met by BACDC, which will be 100% of the estimated costs of the construction costs of the Total Project. The adequacy of security and need for this Guaranty to be further discussed in the Definitive Agreement. The guaranty agreement will unconditionally guarantee to WMATA:

a) the completion of construction of the DEVELOPER Improvements;
b) the completion of infrastructure required by either the District or WMATA that is not included in the Site Work;
c) the completion of any demolition and removal of DEVELOPER Improvements as and when required under the terms of the Definitive Agreement;
d) the remediation of all hazardous materials as required by the Definitive Agreement or by applicable laws, courts or governmental authorities;
e) the required parties maintain the insurance required by WMATA under the Definitive Agreement; and in the event such insurance is not maintained and no insurer pays a claim that would have been paid if such WMATA required insurance had been maintained, the Guarantor shall indemnify WMATA up to the relevant insurance limit amounts;
f) the restoration of the Lease Property to the condition it was in on the date of Closing should work cease on the excavation portion of the project above the Lease Property longer than 30 days;



FOIA CONFIDENTIAL TREATMENT REQUESTED 

g) the timely payment all DEVELOPER obligations under the Definitive Agreement, including full payment of any increase in the Base Rent for any Additional Density which increases the Base Rent after the Closing.

9.9 Transit-Oriented Development/Continuing Transit Orientation: DEVELOPER will design the DEVELOPER Improvements so as to constitute a Transit-Oriented Development, and the DEVELOPER Improvements will be maintained with a Continuing Transit Orientation, as described in FTA Notice of Final Agency Guidance on the Eligibility of Joint Development Improvements Under Federal Transit Law, which can be found at 72 FR 5788.

9.10 Transit Operations: Neither the construction nor the operation of the Project will interfere with the safety or operation of WMATA's transit facilities.

9.11 Environmental Matters: In the event that DEVELOPER engages in any excavation on the Lease Property, DEVELOPER shall dispose of any contaminated excavated materials that DEVELOPER has knowledge of, at DEVELOPER'S expense, as required by all then-applicable federal and/or District laws or regulations. DEVELOPER agrees to indemnify and hold WMATA harmless from any environmental liability or damages, including attorney's fees and costs of remediation for which WMATA may become responsible as a result of the DEVELOPER'S breach of this covenant.

**10. Indemnification**

DEVELOPER will indemnify and save harmless WMATA and its respective directors, officers, employees and agents for all damages and expenses that may arise in connection with any and all actions taken by DEVELOPER, its contractors, consultants or agents, or any employee of DEVELOPER, its contractors, consultants or agents, in connection with its activities under the Definitive Agreement, including all surveys, tests, investigations, construction, operations on the Lease Property and other activities. WMATA will have the right to disapprove activities that in WMATA's sole judgment could result in injury to WMATA Transit Facilities located under the Lease Property or breach of any agreement with WMATA, or expose WMATA to any liability. No consent by WMATA will be interpreted as a waiver by WMATA or assumption of liability or risk by WMATA. As to all Study Period activities, DEVELOPER and its consultants who physically alter the Lease Property will be obligated, at their sole cost and expense, to restore the Lease Property to the similar condition existing immediately prior to those activities.

**11. Insurance Requirements**

DEVELOPER, and each of its consultants, contractors and subcontractors, will maintain at all times, at their sole cost and expense, insurance coverages and policies to protect each of them and WMATA from claims that may arise out of



FOIA CONFIDENTIAL TREATMENT REQUESTED 

activities contemplated by the Definitive Agreement. The scope and limits of such coverages and policies required by WMATA will be addressed in the Definitive Agreement.

**12. Non-Binding Intent**

This Term Sheet will have no binding effect on the parties except that DEVELOPER shall have the exclusive right to negotiate a Definitive Agreement with WMATA for a period of one hundred fifty (150) days from the date of this Term Sheet. Any expenditures undertaken by either party hereto are at its own risk. No contract or agreement of any sort, preliminary, final or otherwise, is intended to be created by this Term Sheet, except as described above.

***[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]***



FOIA CONFIDENTIAL TREATMENT REQUESTED 

Agreed this _____ day of October, 2009, by

**Washington Metropolitan Area Transit Authority**

By: _____
Steven E. Goldin
Director, Office of Station Area Planning and Asset Management
Department of Planning and Joint Development

**The Jazz @ Florida Avenue, LLC**

By: _____

Title: _____



FOIA CONFIDENTIAL TREATMENT REQUESTED

FOIA CONFIDENTIAL TREATMENT REQUESTED

| | | | |
|---|---|---|---|
| Option Fee: | $100,000 upon Term Sheet approval | Same | same |
| Pre-Closing Rent: | $100,000/year upon development agreement rising to $130,000/year | $50,000 for 1st year after development agreement; $65,000 for 2nd year; $80,000/year thereafter | same as March |
| Additional Density: | $4.20/year rent for additional FAR prior to closing; To be determined by appraisal after closing. | $46.59/FAR with $74.55/FAR deduction for any added Inclusionary Zoning (IZ) affordable housing prior to closing; To be determined by appraisal after closing. | same as March |
| Base Rent | $597,000/year upon the earlier of stabilization or 45 months from development agreement date | $5,200,000 capitalized lease payment to be paid at closing less Additional Costs Credit TBD | $2,800,000 capitalized lease payment at closing less Additional Costs Credit TBD |
| Base Rent Escalation: | 1.5%/year for 1st 10 years, then 3%/year thereafter | None | none |
| Base Rent Revaluation: | Every 10 years | On 50th year, property is appraised to determine monthly rent; monthly rent escalates 3% every year; monthly rent is re-set every 10 years via appraisal. | same as March |
| Participating Rent: | None | 1.5% of effective gross income | same as March |
| Capital Event Participation: | 10% of net proceeds | 2% of gross for sale or assignment & 2% of adjusted gross on refinance | same as March |
| Market Valuation: | $14,000,000 NPV of Developer's offer | $5,783,000 NPV of Developer's offer for first 50 years including residual land value | $2,800,000 for first 50 years no residual land value included |
| | $7,500,000 Appraised Land Value* $525,000 Base 1st Year Rent (Appraisal by Integra in 8/07) | $2,020,000 | same as March |
| | *Did not include reduction for costs of building over Metro Tunnels est. at $2.3 million by Metro in 2008 | (Appraisal by Harps & Harps in 8/09 and Integra in 10/09) | same as March |

WMATA-INV 006453

FOIA CONFIDENTIAL TREATMENT REQUESTED

COMPARISON OF TERMS - SHAW-HOWARD SITE

| | Original Terms (2008) | Revised Terms (March 2010) | Terms in January 2010 |
|---|---|---|---|
| Developer: | A LLC to be formed by Banneker Ventures, the District Group, LLC & Metropolis Development Co. | The Jazz at Florida Avenue, a District of Columbia LLC, whose initial principal is Banneker Ventures LLC | Banneker + BACDC |
| Site Description: | The 28,376 SF site consists of 3 separate parcels on the south side of Florida Ave. between 7th & 9th Streets, NW in Washington, DC. The parcels are undeveloped & were used for construction of the Green Line tunnel, which lies partially beneath each parcel. The sites are no longer needed by WMATA. | Same | Same but WMATA parcels to be combined with developer's adjacent 7,720 sf parcels on 9th St. Developer will construct a building that straddles the Metro and Developer parcels. |
| Developer's Proposal: | 104 apartments with 11,750 SF of ground floor retail-arts uses totaling 130,000 SF of above-grade development | 153,000 sf consisting of 14,600 sf of ground floor retail-arts with 138 apartments above. At least 8% of housing is expectd to be affordable at maximum 80% AMI per DC Inclusionary Zoning regulations. | 100,711 SF on Metro site: 10,000 ground floor retail-arts with housing above. 8% affordable. Combined sites development of 157,000 SF. Metro gets 79% of value of combined sites. |
| *Terms & Conditions of Proposed Ground Lease:* | | | |
| Lease Term: | 60 years | 75 years | 99 years |
| Lease Closing: | 20 months after development agreement execution | 630 days after development agreement execution | 600 days after development agreement execution |
| Default Provision: | | Lease is in default if garage/foundation level not complete in 840 day (28 months) after development agreement execution | no provision |
| Const. Completion | 18 months after lease closing | Same | same |
| Performance Security: | $250,000 | $250,000 | same |
| *Terms & Conditions of Proposed Ground Lease (Continued):* | | | |

WMATA-INV 006454

# R O U T I N G  S L I P

TO:

- ■ COUN – Carol B. O'Keeffe
- □ COUN - Bruce P. Heppen

IN REGARD TO:

| | |
|---|---|
| □ APPROVAL | □ YOUR SIGNATURE |
| ■ AS REQUESTED | □ YOUR COMMENT |
| □ NECESSARY ACTION | ■ YOUR INFORMATION |

REMARKS:

Attached for your review is:

1. A summary detailing:

   a) The Net Present Value of the final offers at the time of board approval of the term sheet; and

   b) A breakdown of the governmental affordable housing requirements;

2. The summary of WMATA's re-appraisal, which summary was provided to the Developer today; and

3. A comparison of the two top bids at the time of the original approval last year.

Washington Metropolitan Area Transit Authority

NAME: J. Montague (x1275)

DATE: September 9, 2009

## Florida Avenue – NPV and Affordable Housing issues

**Bidding Issues:**

1. NPV of the three final offers at the time of board approval:
    a. Banneker (winner) – $14 million
    b. Moddie Turay - $11.8 million
    c. Lakritz Adler (hotel) - $6 million
    d. FYI: WMATA Appraisal at that time - $7.5 million

**Affordable Housing:**

1. Inclusionary Zoning:
    a. 10% of units
    b. Income Target:
        i. 50% of affordable units must be at 50% AMI
        ii. 50% of affordable units must be at 80% AMI
    c. Note: DC distinguishes between stick-built and concrete-built structures. Only stick built requirements were provided because the Developer has indicated that it will build a stick-built structure.
    d. Note: Final regulations are now in effect.

2. Duke Plan:
    a. It is unclear whether the Duke Plan is a requirement or not.
        i. The Duke Plan does not have an affordable housing requirement, but rather provides guidance for Developers and District agencies.
        ii. According to the DC Office of Planning, this *guidance* is basically a *requirement* when the Developer is seeking to get a PUD approved.
        iii. The Developer has said they are not going to seek a PUD for additional density, but they have indicated: 1) that they hope to close the alley way between two of our lots; and 2) that they hope to build a building which traverses both of our smaller lots and the adjacent lot which they will own in fee.
    b. The Duke Plan's guidance states the following:
        i. The Duke Plan's Planning Goals are to "develop 20 to 30 percent affordable housing in residential development, particularly on publicly owned land."
        ii. The Duke Plan's Howard Theatre Sub-District Plan specifically mentions Florida Avenue's Lot 2 (*8,621 square feet, Square 393, Lot 45*), and recommends 20-30% Affordable Housing Target

Capitalized Lease Payment

Value of site with a capitalized lease payment is $1,980,000 as of today based on (1) valuation of site @ $55/sf for residential/retail, (2) proposed WMATA parcels build-out of 124,000 sf, (3) a deduction for the added costs of building over Metro tunnels, and (4) a deduction for 20% affordable housing at 50% of AMI absent any federal or local government subsidy assistance that reduces expenses or increases revenue other than 4% tax credit financing.

Payment at closing (lease execution) must equal today's value of $1,980,000 at WMATA's discount rate of 6.8%.

Payment to be increased by 80% of any additional subsidy dollar obtained.

Pre-Closing Payments

$50,000 first 12 months after joint development agreement (jda) execution, payable in advance
$65,000 second 10 months, payable in advance

Additional Density

Payment for additional density at $55/FAR sf for additional density including the to-be-closed alley for non-residential sf over 11,000 sf attributable to the WMATA parcels and $27/FAR sf for residential sf over 113,000 sf attributable to the WMATA parcels escalated at 6.8% from jda execution.

Annual Operating Income Participation

1.5% of Effective Gross Income. Debt Service Coverage Ratio to be at 1.25% or higher to ensure surplus cash for WMATA participation.

Capital Event Participation

No exclusions from capital events except admission of initial equity partner. WMATA receives 10% of net proceeds after deduction of debt repayment, original cash equity to develop the project with a return of 20%, member loans to develop the project with a return at market but not to exceed 12%, and transaction costs. Member loans not to exceed 10% of original development costs; equity not to exceed 30% of original development costs.

Any other terms per T. Hicks e-mail summary of 6/25/09 and chart of previously agreed upon items.

FOIA CONFIDENTIAL TREATMENT REQUESTED

## COMPARISON OF SHAW HOWARD/FLORIDA AVENUE LEASE PROPOSALS

| Category | Banneker 60 year lease | Moddie Turay 60.year lease |
|---|---|---|
| Development Summary | 104 du's, 11,750 sf retail, 47 below grade pkg.<br>127,692 gsf (excludes garage)<br>4.5 MOR FAR on site size of 28,892 sf<br>Total Dev. Cost $35.6M | 130 du's, 26,282 retail, 62 below grade pkg. (includes closed alley and 2 adj. lots)<br>4.5 MOR FAR on site size of 31,892 sf plus closed alley. Total Dev. Cost $43.6M |
| Non-Refundable Option Fee-amount, start, duration | $100,000 upon Selected Developer/Term Sheet approval 2/08 | $100,000 upon Selected Developer/Term Sheet Approval |
| Land Value and derivation (Appraisal: $7.5M in 2007) | $8.2M, year 2010, based on residual land value | $8.8-9M, year 2011, based on $65/sf 2008 escalated 2%/year to 2011 (WMATA land only) |
| Pre-development Rent | $100,000/yr. from Agreement execution through construction thru yr. 2 of stabilization 6/08-11/10 (11/10 = outside rent start date)<br>[Note: 11/10 = 50% stabilization on pro forma 3% escalation occurs 18 months later] | $120,000/year ($10,000/month) upon execution of agreement thru stabilization 12/11<br>willing to agree on mutually acceptable outside rent commencement date |
| Construction Period Rent | see above ($100,000/yr.) | see above ($10,000/month) |
| Base rent: (Appraisal: $525,000) | $500,000 in 12/10 (6% residual land value) | @ $700,822 (8% land value) in12/11 |
| Escalation of base rent from 2008 to start of payment | None (base rent is the projected rent though it is below appraiser's current rent) | 2%/yr. on 2008 $65 base land value |
| Escalation of base rent if delay from schedule | Increase pre-development rent 3% if projected closing (3/09) is delayed beyond a year | Increase pre-devel. rent to ½ stabilized rent if no full rent start by 12/11 |
| Annual Base Rent escalation | 3% | none |
| Periodic Rent revaluation | not addressed | adjust every 10 years- 3 appraiser method |
| Cash Flow Participation | share of gross income to be negotiated | not addressed |
| Capital event participation | share of net proceeds (after all project and sale-related expenses) | 5% net proceeds (to be defined) but not construction loan takeout |
| Density increase payments | not addressed | based on increased FAR land value if PUD |
| NPV with residual | $14 M with residual | $11.8 M with residual |

WMATA-INV 006458

## O'Keeffe, Carol B.

**From:** Montague, Joshua W.
**Sent:** Tuesday, November 24, 2009 10:45 AM
**To:** O'Keeffe, Carol B.
**Subject:** FL Ave - Solicitation
**Attachments:** Submission Requirements.wpd

Carol,

The Florida Avenue solicitation is attached. The most relevant sections are Section 3.1E and 3.3C, as summarized below:

**Section 3.1E:** If Term Sheet negotiations are unsuccessful, WMATA may terminate negotiations and commence negotiations with the second ranked Developer and those ranked thereafter, in order of ranking. Alternatively, WMATA may decide upon entering competitive negotiations with two or more ranked Developers.

**Section 3.3C:** After WMATA's Board of Directors has approved the Term Sheet, WMATA and Developer will negotiate the JDA pursuant to the terms of the Term Sheet. In the event the JDA cannot be negotiated within the proposed time, WMATA may choose to (i) reestablish negotiations with the Developer and provide a specific deadline for completion of negotiation; or (ii) to re-advertise the Joint Development Site.

Since this is an "amended" term sheet, it does not fit neatly into either category. Are there any precedents for this?

Please let me know if I can provide further info.

Josh



FOIA CONFIDENTIAL TREATMENT REQUESTED 

FOIA CONFIDENTIAL TREATMENT REQUESTED

COMPARISON OF TERMS - SHAW-HOWARD SITE

| | Original Terms (2008) | Revised Terms (2009) |
|---|---|---|
| Developer: | A LLC to be formed by Banneker Ventures, the District Group, LLC & Metropolis Development Co. | The Jazz at Florida Avenue, a District of Columbia LLC, whose initial principals are expected to be Banneker Ventures LLC & Banc of America Community Development Corporation |
| Site Description: | The 28,376 SF site consists of 3 separate parcels on the south side of Florida Ave. between 7th & 9th Streets, NW in Washington, DC. The parcels are undeveloped & were used for construction of the Green Line tunnel, which lies partially beneath each parcel. The sites are no longer needed by WMATA. | Same, except that the WMATA parcels are expected to be combined with the developer's adjacent 7,720 SF parcels on 9th St. Developer intends to construct a building which will straddle the WMATA parcels and the adjacent parcels |
| Developer's Proposal: | 104 apartments with 11,750 SF of ground floor retail-arts uses totaling 130,000 SF of above-grade development | 100,711 SF attributed to WMATA site consisting of 10,000 SF of ground floor retail-arts with housing above. At least 8% of housing is expected to be affordable at maximum 80% AMI per District IZ regs. The total development for the combined sites is estimated at 157,000 SF following an alley closing & site consolidation. WMATA is estimated to receive 79% of the value of the combined project. |
| *Terms & Conditions of Proposed Ground Lease:* | | |
| Lease Term: | 60 years | 99 years |
| Lease Closing: | 20 months after development agreement execution | 600 days after development agreement execution |
| Const. Completion | 18 months after lease closing | Same |
| Performance Security: | $250,000 | $250,000 |

WMATA-INV 006460

Transfer

*Terms & Conditions of Proposed Ground Lease (Continued):*

| | | |
|---|---|---|
| Option Fee: | $100,000 upon Term Sheet approval | Same |
| Pre-Closing Rent: | $100,000/year upon development agreement rising to $130,000/year | $50,000 for 1st year after development agreement; $65,000 for 2nd year; $80,000/year thereafter |
| Additional Density: | $4.20/year rent for additional FAR prior to closing; To be determined by appraisal after closing. | $46.59/FAR with $74.55/FAR deduction for any added Inclusionary Zoning (IZ) affordable housing prior to closing; To be determined by appraisal after closing. |
| Base Rent | $597,000/year upon the earlier of stabilization or 45 months from development agreement date | $2,050,000 capitalized lease payment to be paid at closing less Additional Costs Credit TBD |
| Base Rent Escalation: | 1.5%/year for 1st 10 years, then 3%/year thereafter | None |
| Base Rent Revaluation: | Every 10 years | On 60th year, property is appraised to determine monthly rent; monthly rent escalates 3% every year; monthly rent is re-set every 10 years via appraisal. |
| Participating Rent: | None | 1.5% of effective gross income |
| Capital Event Participation: | 10% of net proceeds | 2% of gross for sale or assignment & 2% of adjusted gross on refinance |
| Market Valuation: | $14,000,000 NPV of Developer's offer<br>$7,500,000 Appraised Land Value<br>$525,000 Base 1st Year Rent<br>(Appraisal by Integra in 8/07) | $2,200,000 NPV of Developer's offer for 99-year lease term<br>(Appraised by Harps & Harps in 8/09 & Integra in 10/09) |

-5M-

Morgan Blvd - M. Salomon
By Point

# Point

FOIA CONFIDENTIAL TREATMENT REQUESTED

# ROUTING SLIP

To:

- [x] Carol B. O'Keeffe
- [ ]
- [ ]
- [ ]
- [ ]
- [ ]
- [ ]

For:

- [ ] Approval
- [ ] Necessary Action
- [ ] As Requested
- [ ]
- [x] Your Information
- [ ] Your Comment
- [ ] Signature

Remarks:

FL Ave Bid Docs

Washington Metropolitan Area Transit Authority

068-00-1218 09/97

From: Josh Date: 11/23/10

DATE: November 30, 2009

MEMORANDUM FOR: Chairman and Members of the Board

SUBJECT: Florida Avenue Project

Please find attached a memorandum from the General Counsel answering the question presented by the Board of Directors regarding the Florida Avenue Project.

John B. Catoe, Jr.
General Manager

Attachment

**Washington Metropolitan Area Transit Authority**

00 Fifth Street, NW
ington, DC 20001
202/962-1234

By Metrorail:
clary Square—Red Line
ery Place-Chinatown—
Red, Green and
Yellow Lines
By Metrobus:
outes D1, D3, D6, P6,
70, 71, 80, X2

*District of Columbia, Maryland and Virginia*

# M E M O R A N D U M

DATE: November 30, 2009

SUBJECT: Can Metro Request a Best and Final Offer from Other Proposers on the Florida Avenue Project?

FROM: COUN - Carol B. O'Keeffe

TO: GMGR – John B. Catoe, Jr.

The Board of Directors has asked that I review the Joint Development Solicitation for the Florida Avenue Project (the "Project") to determine whether Metro could request a Best and Final Offer (BAFO) from the three final proposers on the Project. As discussed below, that option is not available until the current negotiation period has expired.

Metro issued the Solicitation for the Project in October 2007. The Solicitation established guidelines and procedures for the joint development proposal process. Pursuant to the terms of the Solicitation, the selected developer has the exclusive right to negotiate a lease agreement with Metro, upon the execution of the Term Sheet. Only upon expiration or termination of the Term Sheet may Metro negotiate with other developers or re-advertise the Project.

Following the Solicitation process, Metro selected the Banneker Ventures development team (the "Selected Developer"). Metro and the Selected Developer negotiated a Term Sheet, which was approved by Metro's Board of Directors in June 2008. Section 12 of the Term Sheet provides that the Selected Developer has the exclusive right to negotiate a lease agreement with Metro during the prescribed negotiation period which the Solicitation establishes as 150 days following the approval of the Term Sheet. In September 2009, the Board of Directors extended the negotiating period until December 17, 2009.

Absent the termination of the Term Sheet or a waiver by the Selected Developer, Metro cannot negotiate with other parties until after December 17, 2009. Taking into consideration the (1) amount of time that has elapsed since the original submission of proposals; (2) the fact that the proposal securities submitted by the other two developers have been returned following the designation of Banneker Ventures as the Selected Developer; and (3) the significant market change since the proposals were submitted, reopening the Solicitation for a BAFO after the expiration of the current negotiating period on December 17th may not be practical, but if the other two original proposers were willing to re-submit a proposal security, there is no legal bar.

**CONFIDENTIAL/ATTORNEY-CLIENT PRIVILEGE APPLIES**

Washington Metropolitan Area Transit Authority

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COMPARISON OF TERMS - SHAW-HOWARD SITE

| | Original Terms (2008) | Revised Terms (2009) |
|---|---|---|
| Developer: | A LLC to be formed by Banneker Ventures, the District Group, LLC & Metropolis Development Co. | The Jazz at Florida Avenue, a District of Columbia LLC, whose initial principals are expected to be Banneker Ventures LLC & Banc of America Community Development Corporation |
| Site Description: | The 28,376 SF site consists of 3 separate parcels on the south side of Florida Ave. between 7th & 9th Streets, NW in Washington, DC. The parcels are undeveloped & were used for construction of the Green Line tunnel, which lies partially beneath each parcel. The sites are no longer needed by WMATA. | Same, except that the WMATA parcels are expected to be combined with the developer's adjacent 7,720 SF parcels on 9th St. Developer intends to construct a building which will straddle the WMATA parcels and the adjacent parcels |
| Developer's Proposal: | 104 apartments with 11,750 SF of ground floor retail-arts uses totaling 130,000 SF of above-grade development | 100,711 SF attributed to WMATA site consisting of 10,000 SF of ground floor retail-arts with housing above. At least 8% of housing is expected to be affordable at maximum 80% AMI per District IZ regs. The total development for the combined sites is estimated at 157,000 SF following an alley closing & site consolidation. WMATA is estimated to receive 79% of the value of the combined project. |

*Terms & Conditions of Proposed Ground Lease:*

| | | |
|---|---|---|
| Lease Term: | 60 years | 99 years |
| Lease Closing: | 20 months after development agreement execution | 600 days after development agreement execution |
| Const. Completion | 18 months after lease closing | Same |
| Performance Security: | $250,000 | $250,000 |

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*Terms & Conditions of Proposed Ground Lease*
*(Continued):*

| | | |
|---|---|---|
| Option Fee: | $100,000 upon Term Sheet approval | Same |
| Pre-Closing Rent: | $100,000/year upon development agreement rising to $130,000/year | $50,000 for 1st year after development agreement; $65,000 for 2nd year; $80,000/year thereafter |
| Additional Density: | $4.20/year rent for additional FAR prior to closing; To be determined by appraisal after closing. | $46.59/FAR with $74.55/FAR deduction for any added Inclusionary Zoning (IZ) affordable housing prior to closing; To be determined by appraisal after closing. |
| Base Rent | $597,000/year upon the earlier of stabilization or 45 months from development agreement date | $2,050,000 capitalized lease payment to be paid at closing less Additional Costs Credit TBD |
| Base Rent Escalation: | 1.5%/year for 1st 10 years, then 3%/year thereafter | None |
| Base Rent Revaluation: | Every 10 years | On 60th year, property is appraised to determine monthly rent; monthly rent escalates 3% every year; monthly rent is re-set every 10 years via appraisal. |
| Participating Rent: | None | 1.5% of effective gross income |
| Capital Event Participation: | 10% of net proceeds | 2% of gross for sale or assignment & 2% of adjusted gross on refinance |
| Market Valuation: | $14,000,000 NPV of Developer's offer<br>$7,500,000 Appraised Land Value<br>$525,000 Base 1st Year Rent<br>(Appraisal by Integra in 8/07) | $_____ NPV of Developer's offer<br>$2,050,000 Capitalized Lease Value for first 60 years<br>(Appraised by Harps & Harps in 8/09<br>& Integra in 10/09) |

WMATA-INV 006466

## O'Keeffe, Carol B.

**From:** Omar A. Karim [okarim@bannekerventures.com]
**Sent:** Tuesday, November 03, 2009 10:45 PM
**To:** Goldin, Steven
**Cc:** aives@bannekerventures.com; mmckinney@bannekerventures.com; 'Tiwana Hicks'; Neil.Albert@dc.gov; Yohance S. Fuller; O'Keeffe, Carol B.; 'John Hagner'; Montague, Joshua W.; Bottigheimer, Nat; Doggett, Rosalyn
**Subject:** Shaw-Howard/Florida Avenue Term Sheet - Recap

**Importance:** High

Steve,

Thank you for reaching out this evening. Per your request, this email serves as a recap of our discussion:

**Agreed to Items:**

1. Co-tenancy Agreement – John Hagner and the Developers spoke this evening and we are in agreement with the terms of the conversation that John had with Carol this afternoon. John will send over an updated Term Sheet tomorrow by noon with these changes, along with the ones below as well.
2. $100,000 Expense Credit from going to Lease from Sale – The Developer will provide further back-up for our legal bills with the days and amount of time on the bills being shown but not the confidential description of the work as this is attorney-client privilege.

**Open Issues:**

3. Guarantee – Developer proposes $1.5M. John said no
4. Capital Event Participation – Developer proposes that WMATA receive 1.5% of gross proceeds; this is a change from the 20% IRR that Developer was to receive previously before WMATA would begin sharing in the proceeds.
5. Term of Lease – Developer proposes 99 year straight lease as this is what was agreed to between the Developer and Mr. Graham in order to go from a sale to a lease. Discussions to be held with Mr. Graham in the morning to finalize term.

We look forward to finalizing these few issues by noon or 1pm (ET) tomorrow.

Have a great night.

Omar

Omar A. Karim
Banneker Ventures, LLC
729 15th Street, NW, Suite 400
Washington, DC 20005
(202) 393-5460 phone
(202) 393-5462 fax
(301) 523-1810 cell



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**O'Keeffe, Carol B.**

**From:** Montague, Joshua W.
**Sent:** Friday, November 06, 2009 10:16 AM
**To:** Bottigheimer, Nat; Meister, Mark K.
**Cc:** O'Keeffe, Carol B.; Doggett, Rosalyn; Goldin, Steven; Welch, Kermit A.
**Subject:** FW: Shaw-Howard/Florida Avenue Term Sheet Answers to Board Questions

Nat,

A couple of comments for any response to the developers:

1. The Guaranty Agreement should also be negotiated by the time the Lease goes to the board for approval;
2. We have already sent drafts of the JDA, Lease, CCRs, Guaranty Agreement, and Right of Entry Agreement to the Developer;
3. Certain CCR/Guaranty terms have changed since they were sent over in August 2009, but we could send over new drafts relatively quickly.
4. Starting with a negotiated document presents a host of problems that we should probably discuss. For example, Kermit has indicated the Rhode Island Ave agreements are still being negotiated and so may not present a proper basis as terms WMATA has agreed to in the past.

Sincerely,

Josh Montague

Assistant General Counsel
Washington Metropolitan Area Transit Authority
600 Fifth Street, N.W.
Washington, DC 20001
phone: (202) 962-1275

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**From:** Omar A. Karim [mailto:okarim@bannekerventures.com]
**Sent:** Friday, November 06, 2009 9:37 AM
**To:** Meister, Mark K.; Bottigheimer, Nat
**Cc:** aives@bannekerventures.com; mmckinney@bannekerventures.com; 'Tiwana Hicks'; Neil.Albert@dc.gov; Yohance S. Fuller; Montague, Joshua W.; O'Keeffe, Carol B.; Doggett, Rosalyn; Goldin, Steven
**Subject:** RE: Shaw-Howard/Florida Avenue Term Sheet Answers to Board Questions

(1)

[Wants reset 5 & 10
= more frequent
interval]
during initial term

November 6, 2009

(2) I need to address BAFO/Solicitation

MEMORANDUM FOR: Chairman and Members of the Board

SUBJECT: Supplementary Information Regarding Shaw-Howard/Florida Avenue Joint Development Project

At yesterday's meeting of the Planning, Development and Real Estate Committee, committee members requested supplementary information regarding the full value of the Shaw-Howard/Florida Avenue joint development project to Metro.

The attached materials provide staff's estimate of the value to Metro of Metro's participation in income from the Shaw-Howard/Florida Avenue project and of Metro's participation in capital events related to this project.

**Summary**

| | |
|---|---|
| Base Value to Metro – capitalized lease payment | $2,050,000 |
| Potential Value from additional development density | 1,250,000 |
| Net Present Value (NPV) of Rents, Years 61-99 | 70,000 |
| NPV of participating rent (effective gross income) | 280,000 |
| NPV of participation in capital events | 630,000 |
| Total potential value | $3,030,000 - $4,280,000 |
| Land appraised value | $2,200,000 - $3,450,000 |

**Base Value**

The base value to Metro of the Shaw-Howard/Florida Avenue project is a capitalized lease payment of $2,050,000, due no later than 20 months after execution of a joint development agreement between Metro and The Jazz at Florida Avenue (the "Developer"). This payment covers lease payments for the first 60 years of the lease. In addition, the Developer has agreed to compensate Metro on a pro rata basis for additional development density that may be achievable through the entitlements process. This could add an additional $1,250,000 to the capitalized lease payment.

**Additional Revenues**

The terms proposed between Metro and the Developer include three additional significant sources of revenue to Metro: market-rate rents on the project as a whole beginning in the 61st year of the lease; participating rent through a percentage of project "effective gross income;" and capital event participation, through percentages of sales, assignments, or refinances.

*Market-based Rent for Years 61-99*

The net present value (NPV) to Metro of the expected stream of market rate rents beginning in Year 61 of the lease is approximately $67,000. This is the present value of a future income stream expected to total about $170,000,000 in current year dollars.

*Participating Rent – Effective Gross Income*

The NPV to Metro of the expected stream of effective gross income is about $278,000. Effective gross income is calculated as Metro's share (1.5%) of the gross rent, plus any ancillary revenues received by the Developer from the Project (*e.g.,* advertising, vending, laundry machines, etc.). This rental income participation is expected to begin generating about $34,000 annually beginning in the fourth year of the lease (when the improvements are completed and leased), and to escalate thereafter with project rents. Over the first 60 years of the lease, effective gross income participation is expected to generate about $3,000,000 to Metro in current year dollars.

*Participation in Capital Events*

The NPV to Metro of its expected participation in capital events is approximately $630,000. Capital events include (i) assignments of the joint development agreement or the lease; (ii) sales or refinancing of the Developer's improvements; and (iii) other dispositions, transfers and conversions that change the makeup of the Developer to add new members not originally included as of the execution date of the Joint Development Agreement. Capital event participation is expected to generate revenues to Metro nine times over the life of the 99-year lease for an estimated total of about $14,000,000 in current year dollars. It should be emphasized that there is a large potential variability in this expected value, as it depends on the number of discrete capital events that actually happen over a 99-year period.

*Other Value Considerations*

Additionally, at the end of the lease term, Metro would own the land and the structures on the land, subject to the terms of the co-tenancy agreement in place. The land would have an appreciated value, and the structure could be sold for its value at that time, or re-leased.

**Recap**

As noted in the committee meeting yesterday, the appraised value of the Shaw-Howard/Florida Avenue property is $2,200,000, after reflecting affordable housing requirements and the impacts on land value of the extraordinary construction costs of building over a rail tunnel, and up to $3,450,000 if additional density could be achieved. The present value of all the revenue opportunities available to Metro over the term of its lease ranges between $3,030,000 and $4,280,000, numbers that exceed the current appraised value.

If you have further questions concerning this information, please do not hesitate to contact me directly.

John B. Catoe, Jr.
General Manager

# R O U T I N G  S L I P

TO:

■ COUN – Carol B. O'Keeffe

IN REGARD TO:

| | |
|---|---|
| □ APPROVAL | □ YOUR SIGNATURE |
| □ AS REQUESTED | □ YOUR COMMENT |
| □ NECESSARY ACTION | ■ YOUR INFORMATION |

REMARKS:

Attached is the Proposal Submission Requirements for the Florida Avenue Joint Development Project.

NOTES:

Washington Metropolitan Area Transit Authority

NAME: J. Montague (x1275)

DATE: October 1, 2009

## O'Keeffe, Carol B.

**From:** Montague, Joshua W.
**Sent:** Thursday, October 01, 2009 2:38 PM
**To:** Heppen, Bruce P.; O'Keeffe, Carol B.
**Subject:** FW: Florida Avenue

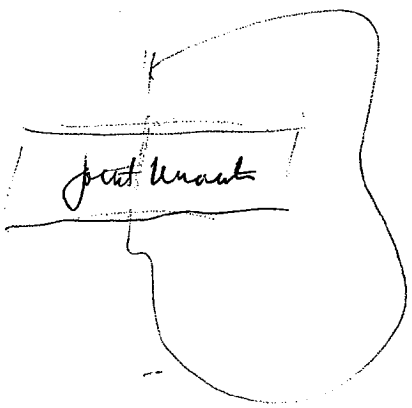
FYI – Brief history of the proposals submitted for Florida Avenue (Sale vs. Lease):

---

**From:** Doggett, Rosalyn
**Sent:** Thursday, October 01, 2009 2:28 PM
**To:** Montague, Joshua W.
**Cc:** Meister, Mark K.; Goldin, Steven
**Subject:** RE: Florida Avenue

We did the solicitation in two steps. In the first I think that we received @ 9 very brief proposals as had been requested, along with an earlier unsolicited proposal. Two or three proposal were for purchase only. We rejected two because they did not have a very intensive use of the site. We rejected a third because DC representatives felt the proposed redevelopment, which I believe was an office use for the 7th Street parcel, was not in keeping with the city's preferred use for the site. We invited 6 proposers to then present a full proposal. One of those, Metropolis, proposed only a sale; it did not submit a full proposal. Another did not submit a proposal. A third, Donatelli, teamed with Banneker. So in the end we got three proposals.

LaKritz Adler, which did submit a full proposal, offered a sale or lease, as did Moddie Turay Company/Clark. Though Banneker proposed a lease it said (Section E. Economic Information, Part 2, of its proposal) that it would be willing to negotiate a sale.



Appraisal based on Current market $2.2 M

Reversion / if not used in 2 years – 
JF-1



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# SHAW-HOWARD/FLORIDA AVENUE JOINT DEVELOPMENT SITE: PROPOSAL SUBMISSION REQUIREMENTS

## SECTION 1: ADMINISTRATIVE AND CONTRACTUAL INFORMATION

### 1.1. Issuing Information

This Joint Development Solicitation (JDS) is issued in accordance with WMATA's Joint Development Policies and Guidelines, Revised July 21, 2005. The three parcels which comprise the Joint Development Site in this solicitation are available primarily under a long-term lease, as WMATA's preference is to lease, rather than sell, its property. If a sale is proposed, the Proposal must clearly demonstrate that a sale is more advantageous to WMATA than a long-term lease. WMATA reserves the right to select different Developers for individual parcels.

### 1.2. Purpose and Scope

This JDS is intended to provide interested Developers with sufficient summary information about WMATA's requirements to facilitate Proposal preparation. It contains instructions on Proposal content and format, but does not attempt to define all of WMATA's Joint Development contract requirements in detail. Certain contract requirements are non-negotiable.

### 1.3. Amendments and Supplements to JDS

WMATA reserves the right to issue Amendments and/or Supplements to this JDS. Developers will be required to acknowledge in writing the receipt of an Amendment and/or Supplement.

### 1.4. Acceptance/Rejection of Proposals

This JDS does not commit WMATA to designate a Selected Developer or to enter into a Development Agreement. WMATA reserves the right to accept or reject any or all Proposals.

### 1.5. Acceptance of Terms and Conditions

By submitting a Proposal, a Developer is deemed to have agreed to and accepted all terms and conditions set forth in this JDS. Notwithstanding the foregoing, WMATA reserves the right to amend or modify any of the terms and conditions.

### 1.6. Selected Developer Status

A designation as Selected Developer for a Joint Development Site does not mean WMATA accepts the Proposal without further negotiation. Rather, the Developer's Proposal is the foundation for further negotiation and WMATA reserves the right to negotiate a Development Agreement with a Selected Developer containing benefits to WMATA that exceed those set forth in the Proposal.

### 1.7. Binding Agreement

An executed Development Agreement, approved by the WMATA Board of Directors, is the only binding commitment of and by WMATA with respect to a Joint Development Site. Designation of a Selected Developer, WMATA's agreement to a Term Sheet or any conduct or oral representations by WMATA shall not in any way constitute a binding obligation or commitment by WMATA. In submitting a Proposal, the Developer acknowledges it will have no legal or equitable right to, or interest in, any Joint Development Site except as set forth in an executed Development Agreement.

### 1.8. Schedule of Activities

| Item | Date |
|---|---|
| Request for Proposals | AUG 14, 2007 |
| Proposals Due | SEPT 28, 2007 |
| Meetings with Developers (if required) | OCT/NOV 2007 |
| Final Proposals Due (if required) | DEC 2007 |

### 1.9. Costs

WMATA shall not be liable for any costs incurred by a Developer and/or Development Team responding to this JDS or any costs incurred with respect to the negotiation of the Development Agreement and related final documentation.

### 1.10. Approvals

The designation of Selected Developer and the terms of a Development Agreement



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D. Executive Summary excluding all financial information (5 pages maximum).

E. Development Team Information

1. A description of the Developer and the proposed Development Team and the role of each principal member.

2. A statement that the Developer has the power and authority to enter into a Development Agreement and all final documentation as required by WMATA without the consent or joinder of any other party or authority.

F. Development Entity

1. A description of the Developer's business entity and, if a different entity will be formed, details of the structure of this other entity.

2. A detailed description of how the Project's ownership and management will be structured.

G. A proposed site plan and a description of land uses, including an explanation of how the Project complies with Transit-Oriented Development principles. The site plans must show building elevations and heights with number of stories.

Additionally, one jpeg on a disk and one full color visual of the site plan at least 2' by 3' in size must accompany the Proposal. The visual may be rolled up or mounted on posterboard.

H. An explanation of the anticipated impact that the Project will have, if any, on WMATA Facilities beneath the sites. Information on the WMATA facilities was provided with the advertisement for which proposals were requested by May 31, 2007.

I. The proposed Project schedule, starting in April 2007, in Microsoft Project or similar format, which at a minimum includes the following tasks and milestones, if applicable:

1. Term Sheet negotiations (assume 120 calendar days from the Proposal submission);

2. Approval of Selected Developer and Term Sheet by WMATA's Board of Directors (assume 30 calendar days from conclusion of Term Sheet negotiations);

3. Development Agreement and final documentation negotiations and execution (assume 120 calendar days from Selected Developer and Term Sheet approval);

4.Approval of Development Agreement and final documentation by WMATA's Board of Directors (assume 30 calendar days from conclusion of Development Agreement negotiations);

5. Agreement(s) for the acquisition of parcels to be assembled with the Joint Development Site, if applicable;

6. Concept plan preparation and approval;

7. Intentionally omitted.

8. Development plan preparation and approval, including interim WMATA Replacement Facilities plan (allow 30 calendar days for WMATA approval);

9. Local and other governmental approvals and actions (zoning, site plan, alley closings, grants, etc., as applicable);

10. Project financing approval;

11. Schematic design and construction document preparation and approval (allow 25 business days for WMATA approval of 35% construction documents, 20 business days for WMATA approval of 65% construction documents, and 15 business days for WMATA approval of 100% construction documents);

NOTE: if documents are not approved, WMATA comments must be addressed



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federal and relevant local environmental regulations.

R. A quantitative analysis of the Project's beneficial effect on WMATA's total daily transit ridership. Note that, for this JDS, WMATA will conduct the analysis, and there is no requirement of the Developer.

S. A statement identifying the past, current or anticipated contractual or financial relationship of any member of the Development Team (including but not limited to, the Developer, partners or co-venturers) with WMATA or any of its staff or Board Members. The Development Team must also disclose any contractual or financial relationship which may give the appearance of a conflict of interest.

T. The following information about Developer's previous projects:

1. Illustrative materials on three recent successful projects of similar or comparable scope for which substantial financing was obtained.

2. The sources and amounts of debt and equity capital that were raised in previous projects.

U. A list of any projects on which the Developer, its parent company, or any member of the Development Team has defaulted or declared bankruptcy and an explanation of each default or bankruptcy.

V. Detailed information regarding any criminal indictments and felony or fraud convictions of the Developer or any principal, officer, director, partner, member, manager or equivalent of any person or entity constituting a member of the Development Team.

W. A statement indicating whether the Developer is willing to include Disadvantaged Business Enterprises ("DBEs"), as defined in Section 6, in its Project. WMATA encourages Developers to include DBEs and will assist Developers in identifying such firms.

X. If the proposed Project consists of an assemblage of the WMATA Joint Development Site with adjacent property, a statement identifying the adjacent property ownership, and if the property owner and the Developer are not the same, an executed agreement between the property owner and the Developer defining the property owner's participation, if any, in the Project.

Y. Any other information to assist WMATA in its evaluation of the Proposal, including a statement of why WMATA should select the Developer and its Development Team.

**2.4. Proposal Contents: Volume 2 – Economic Information**

A. Table of Contents.

B. Executive Summary of economic information only.

C. The Developer's estimated fair market value of WMATA's land or interest, how the value was derived and the assumptions underlying the value.

D. If the proposed business relationship with WMATA is a Lease (the term must be specified and preferably will be 60 years):

1. A statement that the Developer will pay WMATA a non-refundable option fee of $100,000 for the right to negotiate a Development Agreement upon designation as Selected Developer and approval of the Term Sheet. This fee is separate and distinct from the other payments, deposits and fees which WMATA requires.

2. The amount and timing of pre-development rent to be paid to WMATA during the interval period after the Development Agreement is executed but before the Project produces income (include the estimated length of this period).



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1. The following assumptions:

**Financing**
Construction loan rate, term and amount
Permanent loan rate, term and amount
Loan-to-value ratio
Equity as a percentage of total construction costs
**Revenues**
Office rent ($/GSF and #GSF)
Retail rent ($/GSF and #GSF)
Residential ($/DU and #DU)
Parking
Other revenues
**Construction Costs**
Total hard costs
Total soft costs (also as a percentage of total hard costs)
Cost of improvements on a unit basis ($/FAR SF for office and retail, $/DU)
Cost per structured parking space
Cost per surface parking space
Land value per FAR SF
Ground rent to WMATA
**Operating Costs**
Operating Expenses (in $, $/GSF and as a percentage of revenues)

2. The following line items presented as a pro forma on an annual basis:

**Sources**
Equity
Construction Financing
Permanent Financing
Other Financing
Total Financing
**Revenues**
Office
Residential
Retail
Parking
Other Revenues
Total Gross Revenues
Total Net Revenues (less vacancy)
**Uses**
WMATA Rent or Sales Price (as applicable)
Construction Costs
Soft - by line item
Hard - by line item
Total
Operating Expenses (all non-debt Operating Costs, e.g.: direct costs, G&A, taxes, legal, marketing, commissions, etc.)
Net Operating Income
Debt Service (including any fees or expenses associated with loans)
Net Cash Flow (defined as revenue less operating expenses, debt service and ground rent to WMATA if applicable)
Percentage Rent to WMATA
Distributions to Investors
Free Cash Flow
**Returns**
Developer's Internal Rate of Return
Return on Investment
Return on Equity

NOTE: The pro forma (and any budgets in other parts of the Proposal) should clearly show all of the fees and income that the Developer, its partners, and affiliates receive from the Project. Those line items should be taken from the pro forma and shown together on the spreadsheet as individual line items in a separate report. Annual replacement reserves (total, $/GSF and $/DU) should also be broken out and shown).

3. The analysis must be presented in current dollars with an annual escalation rate of 3%.

4. All financial models must be submitted to WMATA on disk as well as hard copy. All financial information must be linked in a single spreadsheet, and all files must be in Microsoft Excel and retain all cell relationships.

H. A detailed financial analysis, with assumptions given, of the Project's impact on the tax base of the local jurisdiction as follows:



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representative(s) and consultants, as appropriate. An analysis and evaluation of each Proposal deemed to be reasonably susceptible of being selected for award is conducted.

C. The Evaluation Team may meet with all or select Developers for both an oral presentation and specific discussions about a Proposal. If such meetings are held, details on the oral presentation will be provided as part of the scheduling process. Such discussions will include identifying areas of the Proposal that: require clarification or improvement including architectural and engineering designs and drawings, or do not comply with the JDS.

D. If requested by WMATA, Developers submit Final Proposals. The Final Proposal may be significantly changed from the Initial Proposal submitted. WMATA reserves the right to waive the Final Proposal submission requirement, to request further clarification of a Final Proposal, or to request a Revised Final Proposal.

E. The Evaluation Team will, in coordination with the Contracting Officer, rate each responsive Proposal, and rank it based upon the Proposal Evaluation Factors in Section 3.2. The Evaluation Team will then forward its ranking to the Contracting Officer, who will decide to tentatively designate a Selected Developer. The Joint Development project manager will commence negotiation of a Term Sheet. If negotiations are unsuccessful, the Joint Development staff, in coordination with the Contracting Officer, may terminate negotiations and commence negotiations with the second ranked Developer and those ranked thereafter, in order of ranking. Alternatively, the Joint Development staff may, in coordination with the Contracting Officer, decide upon competitive negotiations with two or more ranked Developers.

F. As soon as the principal business terms for the tentatively Selected Developer's Project have been reduced to a Term Sheet, the Contracting Officer submits a recommendation regarding the designation of a Selected Developer and approval of the Term Sheet to WMATA's Real Estate Committee and to the WMATA Board of Directors.

G. Designation of a Selected Developer must be approved by the WMATA Board of Directors.

**3.2. Proposal Evaluation Factors**

Each Proposal will be evaluated using FTA's requirements for "Highest and Best Use" or "Highest and Best Transit Use" (see www.fta.dot.gov/library/policy/9300.1A/appenB.htm) and the following criteria:

A. Technical Criteria

1. Degree to which the Project reflects Transit-Oriented Development principles;

2. The market viability of the Project;

3. The experience and prior performance of the Development Team;

4. The innovation and creativity of the Project;

5. The compatibility of the Project with local Transit-Oriented Development plans and land use policies; and

6. Benefits accruing to the local jurisdiction.

B. Economic Criteria

1. Financial benefits accruing to WMATA;

2. Financial viability of the Project; and

3. Enhanced ridership.

**3.3. Post Developer Selection Process**

A. A Developer designated by the WMATA Board of Directors as a Selected Developer will be required to send a letter to each of the community organizations with which its representatives met to



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Development Agreement and the Development Agreement has been executed by the parties.

**3.4. Disclosure and Use of Data**

WMATA is required to brief its Board of Directors on all aspects of a Proposal. The proposed business terms of a Proposal will be held in confidence only until the Development Agreement and all final documentation have been approved and executed. WMATA reserves the right to review the zoning and land use aspects of any Proposal with local zoning, land use planning, transportation and environmental officials (and in the State of Maryland, with state officials). Additionally, at the sole discretion of the WMATA Board of Directors, such review may include conducting public hearings, town meetings and similar public forums.

NOTE: WMATA's "Public Access to Records Policy" is available at MetroOpensDoors.com (click"About Metro," then click "Public access to records policy.")

**SECTION 4. WMATA'S NONNEGOTIABLE REQUIREMENTS AND CONDITIONS**

The following requirements and conditions are nonnegotiable and the concepts will be included in the Development Agreement and final documentation executed by the Selected Developer and WMATA. By submitting a Proposal in response to this JDS, a Developer is agreeing to accept and comply with these nonnegotiable requirements and conditions.

**4.1. WMATA's Reserved Areas and Interests**

The location of WMATA's Reserved Areas and Interests shall be determined by WMATA in its sole and absolute discretion. Additionally, the conveyance or lease of any WMATA property shall be subject to a reservation by WMATA of a permanent, exclusive and irrevocable easement for vertical and horizontal support and as otherwise necessary for the operation and maintenance of present and future WMATA Facilities, WMATA Improvements and WMATA Reserved Areas and Interests.

**4.2. WMATA's Approval Rights and Adjacent Construction Requirements**

The following rights and requirements apply to all Projects:

A. Approval Rights

WMATA shall have the right to approve in its sole and absolute discretion:

1. Matters that affect the integrity, functionality, efficiency, safety, operation, maintenance, legal compliance, cost or profitability of WMATA's business, customers, operations or activities;

2. Matters that affect WMATA Facilities, WMATA Replacement Facilities, WMATA Reserved Areas and Interests, ingress/egress to WMATA Facilities, etc.;

3. Matters that affect any of WMATA's adjacent property;

4. The design and construction of interim and permanent WMATA Replacement Facilities; and

5. Matters that affect the Selected Developer's obligations as they relate to timing (changes in Project schedule) and performance (changes in what will be constructed, i.e., the product mix).

B. WMATA's Comment Rights

WMATA shall have the right to comment on the development plan/site plan and on other matters concerning the Project which do not affect the integrity, functionality, efficiency, safety, operation or maintenance of WMATA Facilities, WMATA Improvements, or WMATA Reserved Areas and Interests. The Selected Developer shall be obligated to consider WMATA's comments and to respond reasonably.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006479

requirements of applicable federal, State of Maryland, District of Columbia, Commonwealth of Virginia, and local jurisdictional laws and regulations. Additionally, the Selected Developer shall be responsible for obtaining, at its own cost and expense, all requisite approvals, licenses and permits.

**4.11. WMATA's Indemnification Policy**
The terms of any Development Agreement and final documentation will require that the Selected Developer and its contractors and subcontractors (and subtenants, where applicable) indemnify WMATA against all claims, liabilities and costs of whatsoever kind and nature including environmental claims which may be imposed upon, or incurred by, or asserted against WMATA in connection with the Selected Developer's performance under the Development Agreement or related agreements.

WMATA will accept financial responsibility for environmental damage to the site caused by WMATA prior to the transfer of the site to the Selected Developer.

**4.12. WMATA's Insurance Requirements**
The terms of any Development Agreement and final documentation will require that the Selected Developer, its contractors and subcontractors procure and maintain insurance coverage in amounts determined by WMATA, which may include, but is not limited to: General Liability, All Risk Property, Builder's Risk, Worker's Compensation, Automobile Liability, Contractors' Pollution Legal Liability, Railroad Protective Liability, Rental Value Insurance, Professional Errors and Omissions Liability and Boiler and Machinery (during operations only).

**4.13. Payment, Performance and Completion Bonds**
WMATA requires that the Selected Developer secure and file with WMATA a payment bond equal to 100% of the value of each phase of the Project from a federally approved surety company, with sufficient assets. The payment bond must name WMATA for the benefit of laborers, subcontractors, material suppliers and others that have or may have claims or liens against the Project or the realty.

WMATA also requires the Selected Developer to secure and file with WMATA a performance bond equal to 100% of the value of each construction phase of the Project from a federally approved surety company, with sufficient assets and which bond names WMATA for the completion of the planned construction in that phase.

Additionally, if there are WMATA Replacement Facilities being constructed, WMATA requires the Selected Developer to secure and file with WMATA a completion bond equal to 100% of the value of the WMATA Replacement Facilities from a federally approved surety company, with sufficient assets, and which bond names WMATA as the sole obligee for the completion of the Replacement Facilities.

All bonds must be in a form acceptable to WMATA and countersigned by a Commonwealth of Virginia, State of Maryland or District of Columbia resident agent of the surety, with a copy of the agent's license, as issued by the appropriate Insurance Commissioner.

**4.14. WMATA's Disclaimer of Liability**
WMATA disclaims all responsibility and liability for the completeness or accuracy of any information that it provides.

**4.15. Inspection of Accounting Records**
The Selected Developer will be required to permit WMATA, or any of its duly authorized representatives, at reasonable times and places, access to any books, documents, papers and records, including certified financial statements, which are directly pertinent to the Development Agreement. WMATA shall be permitted to audit, inspect, examine, copy and transcribe such books, documents, papers and records. The Selected Developer shall retain all records for three years after submission of any statement required for determining any variable payment obligations under the Development Agreement or related agreements.

**4.16. WMATA's Tax Exempt Status**
WMATA is tax exempt pursuant to the WMATA Compact. Any taxes, assessments or impositions on the Project or the real estate



FOIA CONFIDENTIAL TREATMENT REQUESTED 

A. The Selected Developer fails to negotiate and execute the Development Agreement within 150 days following the designation of the Selected Developer and approval of the Term Sheet by the WMATA Board of Directors.

   In the event that the foregoing schedule is not met, WMATA may terminate the designation of the Selected Developer and retain the Proposal Security without any liability or further obligation to the Selected Developer. The foregoing deadlines can only be extended by action of the WMATA Board of Directors in its sole and non-reviewable discretion.

B. The Selected Developer or any individual or entity holding ownership in or comprising the Development Team declares bankruptcy.

C. The ownership structure of the Selected Developer changes without WMATA's prior written approval. Structural changes include changes in percentages of ownership interests or changes in ownership of any entity holding an ownership interest in the Selected Developer.

D. The Selected Developer assigns its designation or transfers its rights in a WMATA Joint Development Site without WMATA's prior written approval.

E. The Selected Developer or any principal, officer, director, partner, member, manager or equivalent of any person or entity constituting a member of the Development Team is indicted for, or convicted of, a fraud or a felony.

F. The Selected Developer or any principal, officer, director, partner, member, manager or equivalent of any person or entity constituting a member of the Development Team is found not to have a satisfactory record of integrity and business ethics, in WMATA's sole and non-reviewable discretion.

G. The Selected Developer provided materially incorrect or incomplete information in any of its submissions to WMATA, as determined in WMATA's sole and non-reviewable discretion.

H. The Selected Developer does not comply with this JDS, its Proposal or the terms of the Development Agreement as negotiated by the parties.

I. In accordance with Section 5.5, the Selected Developer conducts environmental due diligence and consequently modifies its Proposal in a manner which is unacceptable to WMATA. Under such circumstances, WMATA shall return the Proposal Security with any interest that may have accrued, less site restoration costs actually incurred by WMATA.

J. WMATA determines (in its sole and non-reviewable discretion) that termination is in its best interest. Under such circumstances, WMATA shall return the Proposal Security with any interest that may have accrued.

**5.3. Metro Station Access Roads and Interior Maintenance Roads**

Intentionally omitted.

**5.4. Developer's Research Obligations**

A Developer is expected to know all information reasonably ascertainable concerning the site size, and character, quality, and quantity of surface and subsurface materials or obstacles on the Joint Development Site as well as the existing utilities on the Joint Development Site. Some of this information is available from a visual inspection of the Joint Development Site and may be available from technical drawings and specifications (as built drawings) which WMATA will make available upon request, utility companies serving the area and local land records. WMATA disclaims all responsibility and liability for the completeness or accuracy of any information it provides. All Joint Development Sites are subject to existing physical and legal conditions, whether of record or not.

Additionally, a Developer is expected to know



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006481

D. WMATA's Contracting Officer shall carefully review the protest in consultation with WMATA staff. At the discretion of the Contracting Officer, a conference may be held with the Interested Party. The Contracting Officer shall have 30 calendar days to render a written decision on the merits of the protest. A determination by the Contracting Officer that a protest is meritorious may result in a change in the terms, conditions or format of this JDS in the form of an Amendment; the rejection of a Proposal; the cancellation of this JDS; or the termination of the designated Selected Developer.

E. This Protest Policy is not applicable to actions taken by WMATA in response to legal proceedings filed in the courts, or actions taken by WMATA in its sole and non-reviewable discretion.

**5.7 Guaranty**
WMATA may require a third party to guarantee some or all of the obligations of the Selected Developer, including but not limited to construction obligations.

## SECTION 6: DEFINITIONS

**Contracting Officer**
WMATA's Managing Director of the Office of Property Development and Management, or, if such position is vacant at the time in question, the person designated to act in such capacity at such time.

**Developer(s)**
The entity submitting or contemplating the submission of a Proposal in response to this Joint Development Solicitation (JDS). The Developer may be any qualified individual or entity with real estate development-related experience and access to financing sufficient to undertake the proposed Project, including real estate brokers, non-profit organizations, public agencies, etc. Real estate brokers are invited to participate as the Developer or as a member of the Development Team as opposed to participating in a purely marketing role. WMATA will not pay any broker's commissions.

**Development Agreement**
The legal document (lease, sales contract, combination lease/sale, master development agreement or other agreement) that constitutes the contract between WMATA and the Selected Developer.

**Development Team**
The Developer and the principal persons and/or entities (including officers, directors, partners, members, managers or the equivalent of such persons and/or entities) identified by the Developer as the participants in the Project.

**Disadvantaged Business Enterprise (DBE)**
For the purpose of Joint Development Projects, a DBE is a for-profit, small business concern that is owned and controlled (at least 51%) by one or more socially and economically disadvantaged persons. Socially and economically disadvantaged persons are persons who are citizens of the United States (or lawfully admitted permanent residents), and who are either:

A. Black Americans (meaning persons having origin in any of the Black racial groups of Africa);

B. Hispanic Americans (meaning persons of Mexican, Puerto Rican, Cuban, Dominican, Central or South American, or other Spanish or Portugese culture or origin, regardless of race);

C. Native Americans (meaning persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians);

D. Asian-Pacific Americans (meaning persons whose origins are from Japan, China, Taiwan, Korea, Burma (Myanmar), Vietnam, Laos, Cambodia (Kampuchea), Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, the U.S. Trust Territories of the Pacific Islands (Republic of Palau), the Commonwealth of the Northern Marianas Islands, Macao, Fiji, Tonga, Kiribati, Juvalu, Nauru, Federated States of Micronesia, or Hong Kong);

E. Subcontinent Asian American (meaning persons whose origins are from India,



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006482

**WMATA Compact**
Washington Metropolitan Area Transit Authority Compact, Public Law 89-774, 80 Stat. 1324, as may be amended.

**WMATA Facility**
Any improvements, structures, infrastructure components, tangible property and/or areas required, in the judgment of WMATA, for the use, operation, access, maintenance, repair, servicing, replacement or removal of structures and supports, any and all access, parking, operation and service facilities and areas relating to WMATA's operations or activities, including without limitation, the Metro station, tunnels, rails, tracks, bus stations, bus transfer areas, supervision kiosks, employee bathrooms, electric substations, conduits and lines, communications equipment and structures, pedestrian ways, waiting and shelter areas, facilities serving persons with disabilities, cooling towers, chiller plants, vent and fan shafts, bicycle rack and locker areas, storm water management facilities, landscaping, lighting and all other associated facilities.

**WMATA Improvement(s)**
Those improvements, whether an interim replacement facility or a new facility, which will be designed and/or constructed by the Selected Developer for WMATA in a configuration acceptable to WMATA. Upon final acceptance by WMATA, a WMATA Improvement will become a WMATA Facility.

**WMATA Replacement Facility**
A WMATA Improvement designed and/or constructed by the Selected Developer for WMATA in a configuration acceptable to WMATA that replaces any displaced or disrupted WMATA Facility which will be turned over to WMATA.

**WMATA Reserved Areas and Interests**
Includes (a) all areas of, within or adjacent to the Joint Development Site containing any WMATA Facility; (b) all areas of, within or adjacent to the Joint Development Site relating to the use, operation, access, maintenance, repair, servicing, replacement or removal of any WMATA Facility; and (c) any and all easements and other reserved rights required by WMATA in connection with its use, operation, access, maintenance, repair, servicing, replacement or removal of any WMATA Facility or WMATA operations and business generally, whether expressly provided for or reasonably contemplated. Such easements and other reserved rights shall include, without limitation, easements and reserved rights (whether at, above or below ground level) for (i) the construction, operation, maintenance, repair, replacement, removal or relocation of any and all existing tunnels and related facilities, (ii) all WMATA Facilities (including, without limitation, any replacement facilities) which have piling or other structural support within or adjacent to the Joint Development Site, (iii) any and all service facilities serving such tunnels or any WMATA Facility, (iv) all underground power lines and other utilities, (v) horizontal and vertical support for all WMATA Facilities in, on and about the WMATA Joint Development Site, including without limitation, structures, equipment or installations such as foundations, beams, columns, bracing and similar structural features which maintain vertical and horizontal support and are necessary for the maintenance, operation and protection of any WMATA Facility and (vi) protections and approval rights satisfactory to WMATA in its sole and unreviewable discretion with respect to limits on loads and pressures which may affect any WMATA Facility, whether vertical or lateral.

**DEVELOPMENT OPPORTUNITY**
**SHAW/U STREET DISTRICT**
**WASHINGTON, DC**

**OPPORTUNITY TO COMPETE AGAINST AN UNSOLICITED PROPOSAL**

The Washington Metropolitan Area Transit Authority (WMATA) has received an unsolicited proposal for a joint development project for the three parcels shown below. In accordance with the *WMATA Joint Development Policies and Guidelines, Revised July 21, 2005,* which governs WMATA's Joint Development Program (view by clicking **here**), WMATA must advertise such proposals and is providing the following information to developers interested in submitting a proposal.

The three parcels are situated two blocks northwest of the Shaw-Howard University Metrorail station. The properties are on the south side of Florida Avenue, NW between 7th and 9th streets. The properties are in the Shaw neighborhood which has undergone and is continuing to experience significant redevelopment. This area is considered one of the most attractive real estate markets in the Washington metropolitan area. In addition to close proximity to the Metrorail station, the properties are situated approximately one block southwest of Howard University Hospital, less than one mile north of Washington's new Convention Center, and less than two miles north of the White House.

Parcel 1 contains approximately 3,800 square feet and has 57 feet of frontage on 9th Street and 70 feet of frontage on Florida Avenue, NW. Parcels 1 and 2 are separated by a public alley.

Parcel 2 contains approximately 8;600 square feet and has 74.5 feet of frontage on 8th Street, NW and 100 feet of frontage on Florida Avenue, NW.

Parcel 3 contains approximately 16,472 square feet and has 124 feet of frontage on Florida Avenue, NW and 177 feet of frontage on 8th Street, NW. Parcel 3 is separated from

Parcel 2 by 8th Street, NW.

Parcels1, 2 and 3 are zoned A/C-2-B, a medium density community center zone that allows a maximum height of 65 feet with a 3.5 FAR total density. Non-residential density may be as much as 1.5 FAR of the total 3.5 FAR allowed. Residential lot occupancy is limited to 80 percent. This district also has an Arts Overlay Zone with incentives for the development of below-market rate housing, legitimate theater, arts, and related uses. Bonus density up to a maximum of 4.5 FAR can be obtained if residential and arts-related components are included in the project.

The properties being offered are encumbered by an underground tunnel with an upper limit of approximately 19 feet below the surface. WMATA will reserve the requisite areas and interests to protect the underground tunnel including a permanent, exclusive and irrevocable easement for vertical and horizontal support.

WMATA will hold a Pre-Proposal Conference on **Monday, April 30, 2007 at 1 p.m.** at WMATA Headquarters, 600 Fifth Street, NW, Washington, DC in the lobby level meeting room. This Pre-Proposal Conference is intended to give developers the opportunity to ask questions about the three available properties and to discuss WMATA's requirements. Interested developers and other parties are encouraged to attend, but attendance is not mandatory.

The Closing Date for submitting proposals is **3 p.m on Thursday, May 31, 2007**. Proposals must state:

(1) what the developer will construct on the property;
(2) the consideration WMATA will receive and when;
(3) the project schedule;
(4) the developer's background showing its ability to perform; and
(5) the developer's prior experience.

Proposals must be submitted in a sealed package, addressed and mailed or delivered in person to:

Mr. Gary Malasky
Contracting Officer
Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001

Developers may propose a lease or sale or both as alternatives. Typically, WMATA has leased property for commercial use and sold property for condominium development. However, WMATA's preference is to lease, rather than sell its property. If a sale is proposed, the proposal must demonstrate that a sale is more advantageous to WMATA than a long-term lease.

WMATA will review each proposal in accordance with the *WMATA Joint Development Policies and Guidelines*. After proposals have been reviewed, there will be additional requirements on remaining competitors, including but not limited to posting a proposal deposit, providing a conceptual site plan, submission of developer financial information and a requirement to meet with District of Columbia officials and community groups.

WMATA is subject to the requirements of the Federal Transit Administration (FTA), and FTA must approve joint development projects. FTA requires compliance with certain laws and regulations barring discrimination on the basis of race, color, national origin or disabilities and compliance with FTA requirements regarding conflicts of interest and debarment. FTA may impose additional requirements which cannot be known until FTA reviews a specific joint development project.

WMATA has undertaken no environmental investigation of the three properties being offered.

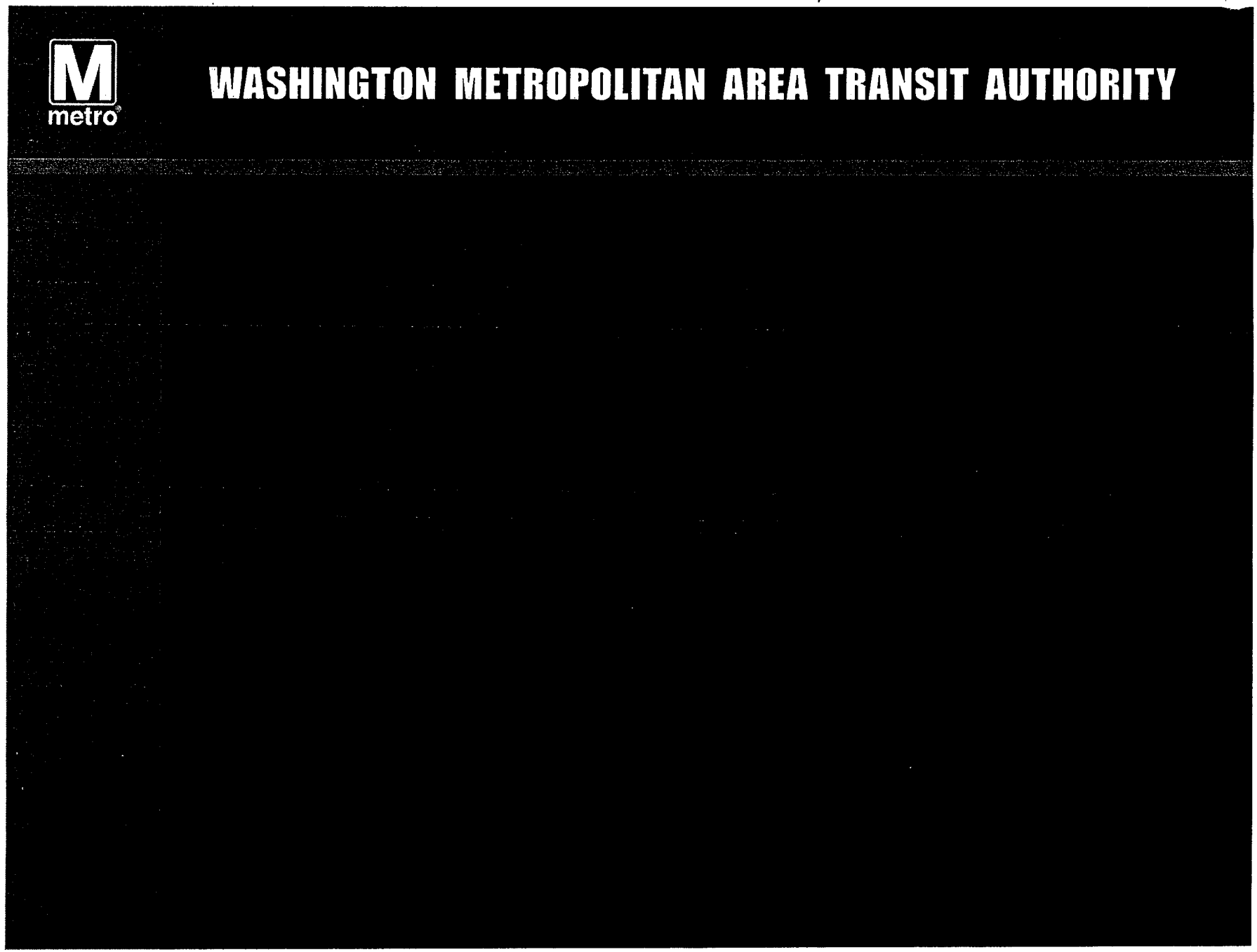
WMATA reserves the right to accept or reject any or all proposals. Additionally WMATA shall not be liable for any costs incurred by a developer and/or development team or any costs incurred with respect to the negotiation of any WMATA required documents.

By submitting a proposal, a developer has no legal or equitable right to, or interest in the joint development sites being offered. The only binding commitment of and by WMATA with respect to any joint development project is an executed Development Agreement approved by the WMATA Board of Directors. The designation of a Selected Developer, WMATA's agreement to a Term Sheet or any conduct or oral representations by WMATA staff shall not in any way constitute a binding obligation or commitment by WMATA.

T:\Shaw-Howard.JDS.wpd\Unsolicited Proposal.Synopsis.3.wpd

Arnold Davis

# WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY



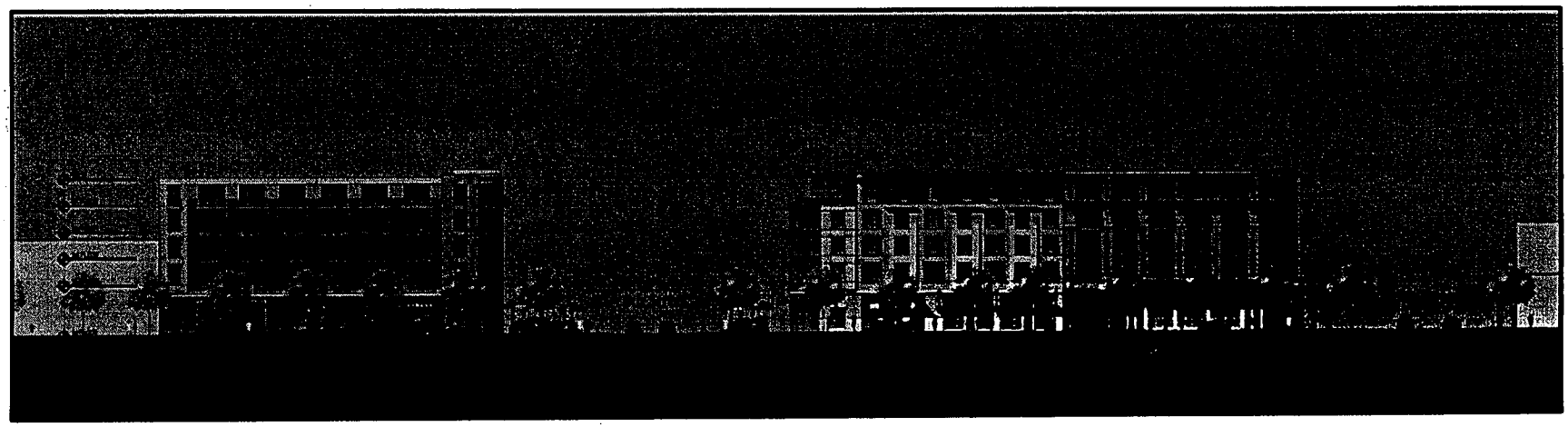
FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006487

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Obtain approval of the term sheet for sale of the Shaw-Howard U station/Florida Avenue development site and authorization for staff to negotiate an agreement for sale of the site as excess property.

Founders Square



N. Randolph St



WMATA-INV 006488

FOIA CONFIDENTIAL TREATMENT REQUESTED

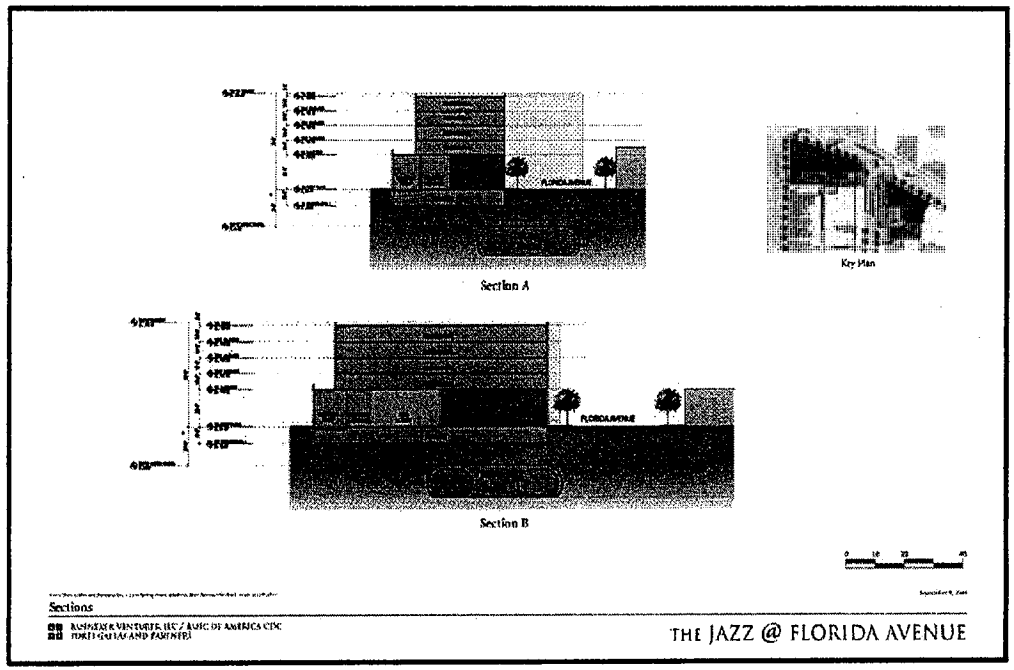
| | |
|---|---|
| June 2008 | Board approved Banneker Ventures team as developer and authorized staff to negotiate a joint development agreement with affordable housing included. |
| April 2009 | After change of development team members, Board approved extension of period to negotiate a revised term sheet with affordable housing included. |
| September 2009 | Board approved extension to December 2009 to negotiate a term sheet and joint development agreement. |



WMATA-INV 006489

FOIA CONFIDENTIAL TREATMENT REQUESTED

- **Sale is required to allow combining Metro sites with developer-controlled adjacent property to facilitate creation of a unified project**






WMATA-INV 006490

FOIA CONFIDENTIAL TREATMENT REQUESTED

- **Term sheet reflects current appraised value, which includes adjustments for inclusion of affordable housing under mandatory Inclusionary Zoning and extraordinary cost of constructing facilities over Metro tunnels**
- **After negotiation, staff will request Board approval of an agreement in December 2009**



WMATA-INV 006491

FOIA CONFIDENTIAL TREATMENT REQUESTED

metro

# Approve the term sheet for sale of the Shaw-Howard U./Florida Avenue joint development site and authorize staff to negotiate an agreement for sale of the site as excess property.



WMATA-INV 006492

FOIA CONFIDENTIAL TREATMENT REQUESTED

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

# Approve Term Sheet for Lease of Shaw-Howard U./Florida Avenue Joint Development Site

**Executive Session**

**Planning, Development & Real Estate Committee**

**November 5, 2009**

WMATA-INV 006493

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Purpose

Obtain approval of a term sheet to lease the Shaw-Howard U station/Florida Avenue joint development site and authorization for staff to negotiate a joint development agreement and lease.

WMATA-INV 006494

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Prior Board Action

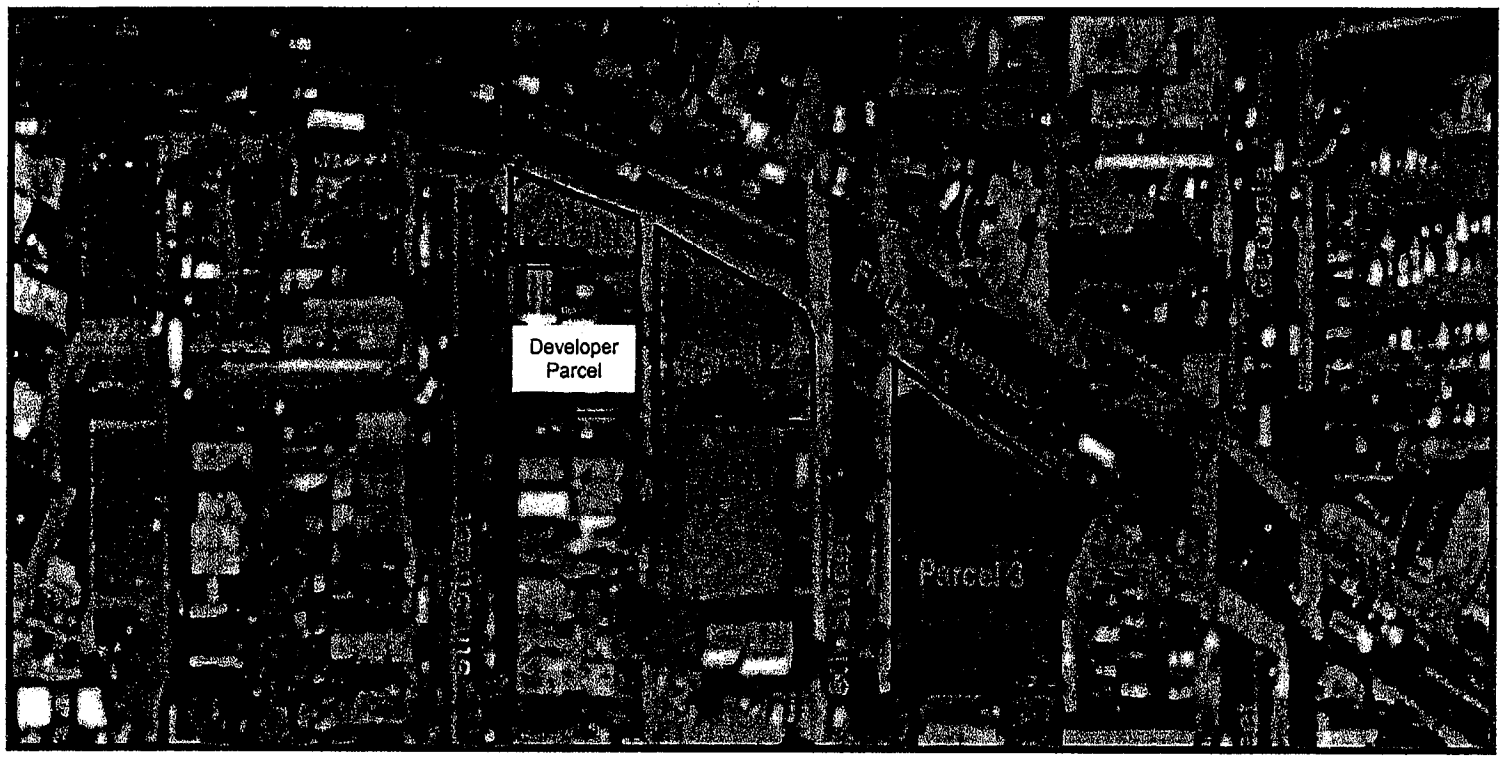
| | |
|---|---|
| June 2008 | Board approved Banneker Ventures team as developer and authorized staff to negotiate a joint development agreement with affordable housing included. |
| April 2009 | After change of development team members, Board approved extension of period to negotiate a revised term sheet with affordable housing included. |
| September 2009 | Board approved extension to December 2009 to negotiate a term sheet and joint development agreement. |



WMATA-INV 006495

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Basis for Proposed Action




Developer will combine Metro's 3 parcels with developer-controlled adjacent parcel to create a unified project.



WMATA-INV 006496

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Basis for Proposed Action

- Term sheet reflects current appraised value, which includes adjustments for inclusion of affordable housing under mandatory Inclusionary Zoning and extraordinary cost of constructing facilities over Metro tunnels
- After negotiation, staff will request Board approval of an agreement by December 2009



WMATA-INV 006497

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Recommendation

Approve a term sheet to lease the Shaw-Howard U station/Florida Avenue joint development site and authorize staff to negotiate a joint development agreement and lease.



WMATA-INV 006498

FOIA CONFIDENTIAL TREATMENT REQUESTED

FLORIDA AVENUE SALE VS. LEASE:

Prepared in anticipation of 10/22 Real Estate Exec. Session: all prior advice was oral.
CDWuffe 10/22/09

## Lease:

**Advantages:**

- **Control** – Prior to construction of the building, WMATA retains fully effective power to terminate Developer. This is the most effective leverage that WMATA has in ensuring that Developer honors the terms of the transaction. These terms include, but are not limited to, insurance, indemnification, safety, future construction, and payments.

- **Capitalized Lease Payment** – The Developer has offered to pay all Base Rent upfront at lease closing.

- **Future Compensation** – The lease arrangement would also provide for ongoing compensation to WMATA. Future compensation includes: (i) participation rent (a percentage of Developer's gross proceeds), (ii) capital event participation (10% of the proceeds of defined "Capital Events", such as a mortgage refinance or membership sale), and (iii) additional compensation if Developer obtains additional density in the future.

- **Recapture Property at the End of the Lease** - At the termination of the lease, WMATA would regain outright ownership of the property (subject to the below described Co-Tenancy Agreement). WMATA could then sell or lease the property.

- **Negotiation Leverage** – If the Developer wanted to do further construction, add density, or change the project or lease agreement, then it would need the landlord's permission. WMATA could use this to its advantage by negotiating greater compensation.

## Sale:

**Advantages:**

- **Control** - *Recorded Covenants* – The parties will record covenants which prohibit future construction without WMATA approval. WMATA's approval will always include review of construction plans and insurance provisions.

- **Control** : *Avoid Co-Tenancy Arrangement* – The Co-Tenancy arrangement is fraught with issues that make this arrangement ill-advised for WMATA.

  That will apply in the right of a default

- **Payment Upfront** – WMATA will get all payments upfront at closing.

- **Avoid Future Liability** – WMATA will have no future liability as a landowner for injuries, damages, or other problems that occur on the property. WMATA will also have no future legal relationship with the Developer.

- **Guaranty Agreement** – Banc of America Community Development Corporation has agreed to guarantee the completion of the project. The guarantor has also agreed to guarantee the insurance provisions of the final contract. This will alleviate some of the risk of lost control under a sales arrangement.



WMATA-INV 006499

FOIA CONFIDENTIAL TREATMENT REQUESTED

FLORIDA AVENUE SALE VS. LEASE:

# Lease:

**Disadvantages:**

- **Developer's Adjacent Parcel** – The Developer will own parcels adjacent to WMATA's smallest parcel. The Developer plans to construct a building which spans both WMATA's parcel and Developer's parcel. This creates a problem if the Developer defaults on its lease obligations after construction of the building and WMATA wants to exercise its right to terminate the lease. WMATA cannot effectively sever the building. The Developer's only proposed solution to this problem is the below described Co-Tenancy Agreement.

- **Default** - Even though the capitalized lease payment will alleviate most of the risk, there are still many ways that the Developer could default on the Lease. Some examples include (i) failure to make future payments (e.g., paying participation rent), (ii) failure to maintain the required insurance, or (iii) performing construction activities without WMATA approval. If a Developer default resulted in a termination of the lease, then the parties would enter into the Co-Tenancy Agreement.

- **Co-Tenancy Agreement.** The Co-Tenancy Agreement is disadvantageous to WMATA. Under this arrangement, WMATA would be better off living with a tenant in default than terminating the lease. The Co-Tenancy Agreement sets out the terms of the shared management of the building which spans the WMATA parcels and the Adjacent Parcels. Upon default, the parties would share equally all of the costs of management, risk, and maintenance. Neither party would

# Sale:

**Disadvantages:**

- **Other Bidders May Object to Switch to Sale** – WMATA has faced litigation in the past on the grounds of unfair bidding process. During the initial solicitation of this project, WMATA made it clear that leases were favored over sales and did not consider sales for the award. WMATA received inquiries about sales, but none of these inquiries made the final round of bids. Developer's original bid was for a lease. So, another bidder may object to the switch to a sale after making an award on the basis of a lease. Other concerns are: (i) the fact that the sale price is so much lower than the original bids and (ii) that the bidders were required in the original solicitation to disclose if it intended to include adjacent property into its project, which Developer did not disclose until after the award.

- **Lost Control** - WMATA loses the power to terminate the Developer for its bad acts.

- **Enforcement Processes** – Without the rights of a landlord, WMATA will be forced to resort to the court systems to enforce the provisions of the recorded covenants. This is a much more expensive and lengthy process than lease remedies.

- **No Future Compensation** – WMATA loses the power to get additional compensation if the Developer adds additional density after final completion of the project. Also, WMATA is selling the property when the real estate market is depressed. The Developer will get all of the benefit of the inevitable increases in the market.



WMATA-INV 006500

FOIA CONFIDENTIAL TREATMENT REQUESTED



## Lease:

be able to act without the consent of the other party. The parties would indemnify each other. The Co-Tenancy Agreement will also make WMATA's title unmarketable.

- **Adjacent Parcel Costs** – It would be difficult to ensure that costs are appropriately distributed between the WMATA parcels and the adjacent parcels.

- **Other Bidder's Objection of Final NPV to WMATA** – The NPV of the Developer's offer has fallen far below the other bidders' final offers. This is due to a combination of factors which are difficult to predict whether they would apply to the other bidders.

## Sale:



WMATA-INV 006501

**Hamilton, Sherry**

**From:** O'Keeffe, Carol B.
**Sent:** Thursday, October 29, 2009 9:04 AM
**To:** Hamilton, Sherry
**Subject:** FW: Short answers to Fl Ave questions
**Attachments:** Draft FL Ave Lease Term Sheet 102709 Redline.doc

Pls print

-----Original Message-----
From: Montague, Joshua W.
Sent: Thursday, October 29, 2009 8:55 AM
To: Doggett, Rosalyn; Goldin, Steven
Cc: O'Keeffe, Carol B.; Heppen, Bruce P.
Subject: FW: Short answers to Fl Ave questions

Attached is the Term Sheet, updated with Roz's comments. Unless anybody has any other changes/comments, I think we are just waiting to plug in the appraisal numbers.

Please let me know if you have any questions.

Thanks,

Josh

-----Original Message-----
From: Montague, Joshua W.
Sent: Wednesday, October 28, 2009 6:53 PM
To: Goldin, Steven; Doggett, Rosalyn
Cc: O'Keeffe, Carol B.; Heppen, Bruce P.
Subject: FW: Short answers to Fl Ave questions
Importance: High

Steve and Rosalyn,

Comments to the below email:

JDA - the developer did provide comments to this agreement. But, most of the terms/comments depend on the other documents and so we cannot make a comprehensive response without the other documents. They made this same request when we provided the JDA/Lease and we promptly turned around the CCRs and Guaranty.

Lease - I asked John Hagner to add the HUD financing terms to the lease that we provided and we will negotiate from there. He disagreed. The Rhode Island Ave deal is a completely different deal, with different concerns, terms, and parties. Plus, those agreed upon terms were negotiated and so it will actually take LONGER to go back and find out why we agreed to all of those terms. Last, the whole argument that WMATA accepted something in the past should be a non-starter. I don't know too much about the Rhode Island Ave deal, but it may not have been an ideal transaction for us.

CCRS - agreed



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ROE - I provided John Hagner with our last version of the ROE on 10/16. This draft includes WMATA's last comments/changes from September 2008.

Co-Tenancy - Even if WMATA has agreed to go forward with this arrangement, the arrangement must be negotiated. This is a troublesome area that we should tread carefully.

Title/Survey - agreed

Term Sheet - I will have a new draft, to include Roz's comments, early tomorrow morning.

Please let me know if you want to discuss any of this,

Josh

-----Original Message-----
From: Omar A. Karim [mailto:okarim@bannekerventures.com]
Sent: Wednesday, October 28, 2009 5:49 PM
To: Doggett, Rosalyn; Goldin, Steven
Cc: aives@bannekerventures.com; 'Tiwana Hicks'; Neil.Albert@dc.gov; Yohance S. Fuller; Montague, Joshua W.; O'Keeffe, Carol B.; Bottigheimer, Nat
Subject: RE: Short answers to Fl Ave questions
Importance: High

Roz and Steve,

We believe that some schedule would be appropriate to get all of the items mentioned in your email complete. Can you work with us to commit to some dates on the following open items?

- Joint Development Agreement. We have provided comprehensive (not provisional) comments to the JDA almost 2 months ago when we were initially going down the lease route and await WMATA's comments. Please advise when we will receive these comments.

- Lease. To save time AND even more money, we requested almost 2 months ago that we use the lease for the RI Avenue deal since WMATA Staff and the Board has signed off on it and the counsel for the Developer for that deal and this deal is the same (John Hagner). Mr. Graham agreed that if we changed from a sale to a lease, WMATA staff would get this thing done in 2 weeks. If we don't use some type of form that WMATA and the Developer has already worked with (RI deal), then this would clearly kill any timing to get the deal finalized in the time promised by Mr. Graham. Steve and Carol, please confirm that we are going to use the RI form. If so, as soon as the Term Sheet is finalized b/t the staff and the Developer, John is willing to update it to reflect the terms of this deal and get it to you asap.

- CCRs. As soon as the Term Sheet is complete, we will turn around comments to the CCRs within a few days.

- Right of Entry Agreement. Josh has our comments from August 2008. → Hagner has comments

- Guaranty. Our counsel has a call in to Carol O'Keeffe today about the guaranty and is awaiting her call which based on an email that I read, she was going to make this afternoon. Carol, any word on the call?

- Co-tenancy agreement. Mr. Graham and Mr. Catoe agreed that the co-tenancy would no longer be an issue. To save time and more money, can our counsel and Carol have a quick call to discuss this to ensure that everyone is on the same page with what needs to be the agreement



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before we spend a ton of money on having John draft something. Carol, are you available this afternoon or tomorrow to discuss this with John?

- Metes and Bounds Survey and full ALTA Title Report. As Roz indicated, this does not have to be provided prior to the Term Sheet or JDA being approved. An ALTA survey costs additional money and until the Term Sheet and JDA are approved, we cannot authorize the surveyor to spend even more money to do this. However, we commit to getting it done in plenty of time prior to the closing on the lease.

Two final questions:

- Which of the above items, if any, are necessary for the Term Sheet to go to the Board next week?
- Which Board meeting are we planning to submit the JDA and Lease at?
- Think we can get verbal results of the appraisal tomorrow so that we can look at the Term Sheet knowing what the financial terms from the appraisal will be?

Omar

Omar A. Karim
Banneker Ventures, LLC
729 15th Street, NW, Suite 400
Washington, DC 20005
(202) 393-5460 phone
(202) 393-5462 fax
(301) 523-1810 cell
okarim@bannekerventures.com

-----Original Message-----
From: Doggett, Rosalyn [mailto:RDoggett@wmata.com]
Sent: Wednesday, October 28, 2009 4:52 PM
To: Bottigheimer, Nat; Fuller, Yohance (EOM)
Cc: Goldin, Steven; Montague, Joshua W.
Subject: RE: Short answers to Fl Ave questions

A Joint Development Agreement with the following exhibits needs to be taken to the Board:
1. Lease
2. Covenants, Conditions and Restrictions (CCR's)
3. Right of Entry Agreement
4. Guaranty
5. Co-tenancy agreement
6. Metes and Bounds Survey and full ALTA Title Report from developer (we can delay this until the Closing on the lease and continue to use the property outline and lot descriptions for purposes of the JDA; the metes and bounds survey would be the basis for descriptions of WMATA reserved areas: tunnels, etc. in the lease)

Status: The developer has the JDA plus items 1-4 drafted by WMATA. The developer is in the process of drafting a co-tenancy agreement, which would not have been necessary under a sale. The other items, with a sales agreement instead of a lease, would be needed under either type of disposition.

Our counsel and Banneker's have agreed that once we have agreed to a Term Sheet, they will mark up the JDA and items 1-4 (note: Banneker has previously provided provisional comments to



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the JDA, but not the other documents). We are uncertain of the timing by Banneker's counsel to send us the initial draft of item 5.

Banneker's counsel would like to draft a new lease based on the Rhode Island Ave lease, instead of working with the lease draft we sent to Banneker. However, our counsel does not agree because that is a different situation. So that is an impasse currently.

-----Original Message-----
From: Bottigheimer, Nat
Sent: Wednesday, October 28, 2009 3:50 PM
To: Yohance S. Fuller
Cc: Goldin, Steven; Doggett, Rosalyn; Montague, Joshua W.; jkass@dccouncil.us; Requa, Jack; Marshall, Malcolm; O'Keeffe, Carol B.
Subject: Short answers to Fl Ave questions

To be followed by a more complete response later this afternoon from Roz. Before closing, we would need

A final lease agreement - this has been partially negotiated, but stalled when we went to sale approach. This would include terms related to composition of team and their strength

CCRs - I think Omar has these from us, we but don't have a response

Survey - We need this from Omar; we would have needed this to close for a sale, too.

Right of Entry agreement



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# Florida Avenue Parcels

**Bid Analysis**

| | |
|---|---|
| Discount Rate | 5.60% |
| Assumed Development Schedule | |
| Pre-development Period | 24 months |
| Construction Period | 12 months |

| | Predevelop Rent (Annual) | Predevelop Esc | Base Rent (Annual) | Base Rent Escalation | Land Value Resets | NPV | Total Lease Payments |
|---|---|---|---|---|---|---|---|
| **Jair Lynch - Lease** | $75,000 | 3.00% | $150,000 | 3.00% | Every 10 years | **$4,659,607** | $80,609,345 |
| **Jair Lynch - Purchase** | | | | | | **$5,110,000** | |
| **Lakritz Adler - Lease** | $0 | 0.00% | $100 | 0.00% | None | **$1,508** | $9,600 |
| **Lakritz Adler - Purchase** | | | | | | **$5,400,000** | |
| **JBG - Lease** | $250,000 | 0.00% | $600,000 | 2.00% | None | **$14,319,822** | $171,537,995 |
| **JBG - Purchase** | | | | | | **$11,500,000** | |

WMATA-INV 006506

EastBanc

December 17, 2010

Mr. Steven E. Goldin
Contracting Officer
Office of Station Area Planning and Asset Management
Jackson Graham Building
Washington Metropolitan Area Transit Authority
600 Fifth Street NW
Washington, DC 20001

Dear Mr. Goldin:

I am writing to express my strong objection to WAMATA's refusal to accept EastBanc's BID package for the Florida Avenue Parcels.

WMATA, as a public entity, has a public obligation to review all qualified bids for a property. EastBanc prepared a qualified bid and had it messengered to WMATA headquarters today before the deadline. It would have arrived far earlier than it did, except that we noticed this morning that WMATA had made last minute changes to the BID requirements that were not posted on your website when we last checked it on Monday. At 8:30 this morning we were scrambling to be responsive to the lease document that we had never seen before today. WMATA delayed the bid date several times, however the new lease language was added well after the last date was extended. The fact that I had been in touch with, and received earlier email correspondence from Mr. Burns, should have suggested that some fair warning that the bid package was being modified by WMATA would have been announced. However I never received any notice of any of the changes and was forced to check the Web site often to look for changes, first buried in the offering document, and today, appended to it.

At 11:30 AM we finished our review of the new documents, signed them and called the QMS messenger service with a rush order. They picked up the sealed bid package at 12:35 PM from 1150 17th Street NW where our entire team was in a meeting. We told the messenger to be at WMATA HQ by 1:00 PM. At 1:30 we were called to say that the messenger had been in WMATA's lobby since 1:10 PM (admittedly late) 20 minutes before the bids were due to be opened. This was obviously a problematic situation, however, in cases such as this, the public's interest should prevail. Our package was sealed, there is no way that we could have made our bid in response to someone else's, and WMATA could have accepted the package provisionally noting that it arrived late and then looked into the reasons so that it could have made an informed determination if

EastBanc, Inc. ♦ 3307 M Street, NW ♦ Suite 200 ♦ Washington DC 20007 ♦ Phone: 202-737-1000 ♦ Fax: 202-737-1001

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acceptance of the package would be legal and in the public interest. By refusing to accept the package WMATA has denied the public access to our bid, and given us the appearance - through its last minute change to the bid requirement - that there may be favored bidders who have earlier access to WMATA information than we did.

In short, this is no way to run a railroad or attract competent bidders for your disposition sites. I would very much like a reply that addresses these concerns and to be told how and if WMATA is willing to rebid this opportunity with a proper amount of notice to bidders as to exactly what is expected of substance (such as the lease document) rather than just the exact time of day after which bids will be rejected.

Sincerely yours,

Joe Sternlieb
VP for Acquisitions

EastBanc

December 17, 2010

Mr. Steven E. Goldin
Contracting Officer
Office of Station Area Planning and Asset Management
Jackson Graham Building
Washington Metropolitan Area Transit Authority
600 Fifth Street NW
Washington, DC 20001

Dear Mr. Goldin:

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WMATA, as a public entity, has a public obligation to review all qualified bids for a property. EastBanc prepared a qualified bid and had it messengered to WMATA headquarters today before the deadline. It would have arrived far earlier than it did, except that we noticed this morning that WMATA had made last minute changes to the BID requirements that were not posted on your website when we last checked it on Monday. At 8:30 this morning we were scrambling to be responsive to the lease document that we had never seen before today. WMATA delayed the bid date several times, however the new lease language was added well after the last date was extended. The fact that I had been in touch with, and received earlier email correspondence from Mr. Burns, should have suggested that some fair warning that the bid package was being modified by WMATA would have been announced. However I never received any notice of any of the changes and was forced to check the Web site often to look for changes, first buried in the offering document, and today, appended to it.

At 11:30 AM we finished our review of the new documents, signed them and called the QMS messenger service with a rush order. They picked up the sealed bid package at 12:35 PM from 1150 17th Street NW where our entire team was in a meeting. We told the messenger to be at WMATA HQ by 1:00 PM. At 1:30 we were called to say that the messenger had been in WMATA's lobby since 1:10 PM (admittedly late) 20 minutes before the bids were due to be opened. This was obviously a problematic situation, however, in cases such as this, the public's interest should prevail. Our package was sealed, there is no way that we could have made our bid in response to someone else's, and WMATA could have accepted the package provisionally noting that it arrived late and then looked into the reasons so that it could have made an informed determination if

EastBanc, Inc. ♦ 3307 M Street, NW ♦ Suite 200 ♦ Washington DC 20007 ♦ Phone: 202-737-1000 ♦ Fax: 202-737-1001

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# M E M O R A N D U M

DATE: October 9, 2009

SUBJECT: Florida Avenue Adjacent Property Comparison of Risks

FROM: COUN – Josh Montague

TO: COUN – Carol B. O'Keeffe
COUN – Bruce P. Heppen

**Lease:**

First, it is important to note the following while reviewing the risks associated with the proposed lease arrangement:

1. The Developer has not responded to the WMATA draft of the Lease. The Developer has only provided (i) comments to the Joint Development Agreement and (ii) an outline of the proposed Co-Tenancy Agreement.

2. One of Developer's main arguments in favor of this arrangement will likely be that Developer's lenders will not let a default under the lease occur. But, the Developer has not provided any comments related to their lender, including (i) what their lender will require to be included/excluded from our lease and (ii) what happens if the lender does not step in.

The following is the list of risks under the current Lease and Co-Tenancy arrangement:

1. Other bidders - The other bidders could sue because the NPV of the Developer's current bid is so far below the NPV of the losing bids.

2. Rent payments – Although the Base Rent will be capitalized, the following payments may still be due under the Lease:
   a. Participation rent – a set percent of the Developer's Effective Gross Income will be paid to WMATA annually.
   b. Capital Event rent – Developer is to pay 10% of the net income of certain defined capital events (e.g., refi, membership sale, etc.).
   c. Additional density – if the Developer adds additional density after lease closing, the Developer is to pay WMATA additional Base Rent, based on a defined formula (e.g., $50/sf).
   d. Subsequent Base Rent – If Developer exercises its option (additional 33 years), Developer will begin paying annual Base Rent during the extended term.
   e. Late fees and other penalties.

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3. Costs – WMATA will need to ensure that costs are accurately attributed to the WMATA and non-WMATA portions of the project for purposes of Participation rent, Capital Events, and under a Co-Tenancy arrangement.

4. One of the most powerful ways a Landlord can ensure that a Tenant complies with the essential terms of the Lease is through the threat of termination. Under the agreement, the essential terms include:

    a. Approved Project Completion - Developer fails to (i) let WMATA inspect the construction; or (ii) build the project as approved; or (iii) timely finish the project.
    b. Change of control – Developer sells or assigns its interest without required WMATA approvals.
    c. Financial Statements – to ensure that Developer is meeting its Participation Rent and Capital Event Rent obligations, Developer must disclose certain financial records. Additionally, WMATA must have the right to audit the Developer's financial records.
    d. Unauthorized construction – to ensure that Developer does not perform any construction over our tunnel without our approval.
    e. Insurance - Developer fails to maintain the proper insurance to protect the tunnel during construction and/or operations.
    f. Indemnification – Developer fails to indemnify WMATA as required under the Lease.
    g. Bankruptcy – if Developer files for, or gets dragged involuntarily into, bankruptcy.
    h. Gratuities or other bad acts unique to WMATA as a public agency.
    i. Lender fails to exercise rights to cure Default – in today's market, it is a possibility that a lender may not have the means to timely cure a tenant default.

5. Co-Tenancy Agreement – the following is a summary of the basic problems with the Co-Tenancy arrangement:

    a. Lot 416 – The Developer is trying to include the separate lot/building in Co-Tenancy arrangement.
    b. Costs – WMATA agrees to split costs with co-tenant. Presumably these costs come out of the rent generated by the Project. But, this will be a failed project and so may not be able to cover costs.
    c. Partnership with failed developer – <u>All</u> actions could only be taken pursuant to a unanimous vote.
    d. Marketable title - Co-Tenancy arrangement will severely limit WMATA's right to sell or re-lease the Property.
    e. Taxes – the Project may face foreclosure due because of unpaid taxes.
    f. Insurance – Co-Tenancy agreement requires WMATA to procure



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certain insurance policies upon Default.

g. Management company – WMATA to share costs of management company.
h. Indemnification – WMATA must agree to indemnify the co-tenant and the management company.

**Sale**

The following is the list of risks under the Sale arrangement:

1. Other bidders - The other bidders could sue because the bidding process was unfair due to WMATA discouraging sales bids.

2. Construction - Lose power to evict Developer if Developer performs construction activity over tunnel without WMATA permission.

# M E M O R A N D U M

DATE: October 6, 2009

SUBJECT: Florida Avenue Adjacent Property Timeline

FROM: COUN – Josh Montague

TO: COUN – Carol B. O'Keeffe
COUN – Bruce P. Heppen

Here is a chronological listing of issues related to the Florida Avenue properties:

1. Spring 2007: WMATA issued a Joint Development Solicitation (JDS). The JDS addressed this topic in two areas:

    a. The JDS declared that lease offers would be preferred over sale offers (Section 1.1 and others).
    b. Developers who intended to incorporate adjacent properties were supposed to disclose such plans so WMATA could review the technical requirements (Section 2.3(X)).

2. 7/2008: The Term Sheet is approved by the WMATA Board. The Developer made no mention of the adjacent parcels in any of the development specifications submitted or at any time during Term Sheet negotiation.

3. 10/2008: Developer informally told Counsel (in an elevator) that they were purchasing the adjacent parcels and intended to build a building which would traverse WMATA's smaller parcels and said adjacent parcels. At next meeting, Counsel asked Developer how relationship would work for WMATA. Developer did not effectively respond.

4. 11/2008: Met with Carol O'Keeffe and Bruce Heppen to discuss the Developer's intention to build a building that spans WMATA's parcels and adjacent parcels. Afterwards, reached out to the Developer's attorney to inform Developer that the adjacent building idea was:

    a. Not part of the agreed Term Sheet; and
    b. Not a feasible option for WMATA as a landlord.

    The Developer's attorney asked if we would first listen to their proposal before rejecting it, to which I agreed.

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5. 12/2008: Rosalyn Doggett met with Neil Albert. In their meeting, Mr. Albert mentioned that he "would not be adverse" to the Developer building on our land and the adjacent land.

6. 12/2008: During meeting, Counsel asked Developer for adjacent property terms. Developer said would get us something soon.

7. 3/2009: During meeting, Counsel asked Developer for adjacent property terms. Developer said would get us something soon. SAAM asked for proof of control of adjacent parcels, Developer was reluctant to provide.

8. 4/2009: Developer proposed solution where WMATA would have an option to purchase the Developer's portion of the adjacent building/property at FMV, in the event that Developer defaults on lease. Advised Developer that this was not a solution that WMATA would be interested in.

9. 5/2009: During meeting, Counsel asked Developer for adjacent property terms. Developer said would get us something soon.

10. 6/2009: COUN restated objections to adjacent property idea. Developer again stated that they thought they could make this beneficial to both parties. Developer promised to provide a detailed description of beneficial relationship within two weeks.

11. 8/2009: Despite WMATA never agreeing to the adjacent parcels issue, Developer provided updated project drawings which showed the project extending to adjacent parcels.

12. 9/2009: Developer proposed a Co-Tenancy agreement in their comments to the WMATA draft of the Joint Development Agreement. Developer did not provide any details of the Co-Tenancy agreement. COUN objected to this arrangement at a meeting on 9/11/09.

13. 9/17/2009: Developer's attorney provided an outline of the proposed Co-Tenancy Agreement.

14. 9/18/2009: During meeting with Developer, Nat Bottigheimer stated that Counsel thought the Co-Tenancy agreement was a non-starter and stated that a sale would be the only way that a building could be built on both our parcels and their parcels. Transaction turned from lease negotiation to sale negotiation.

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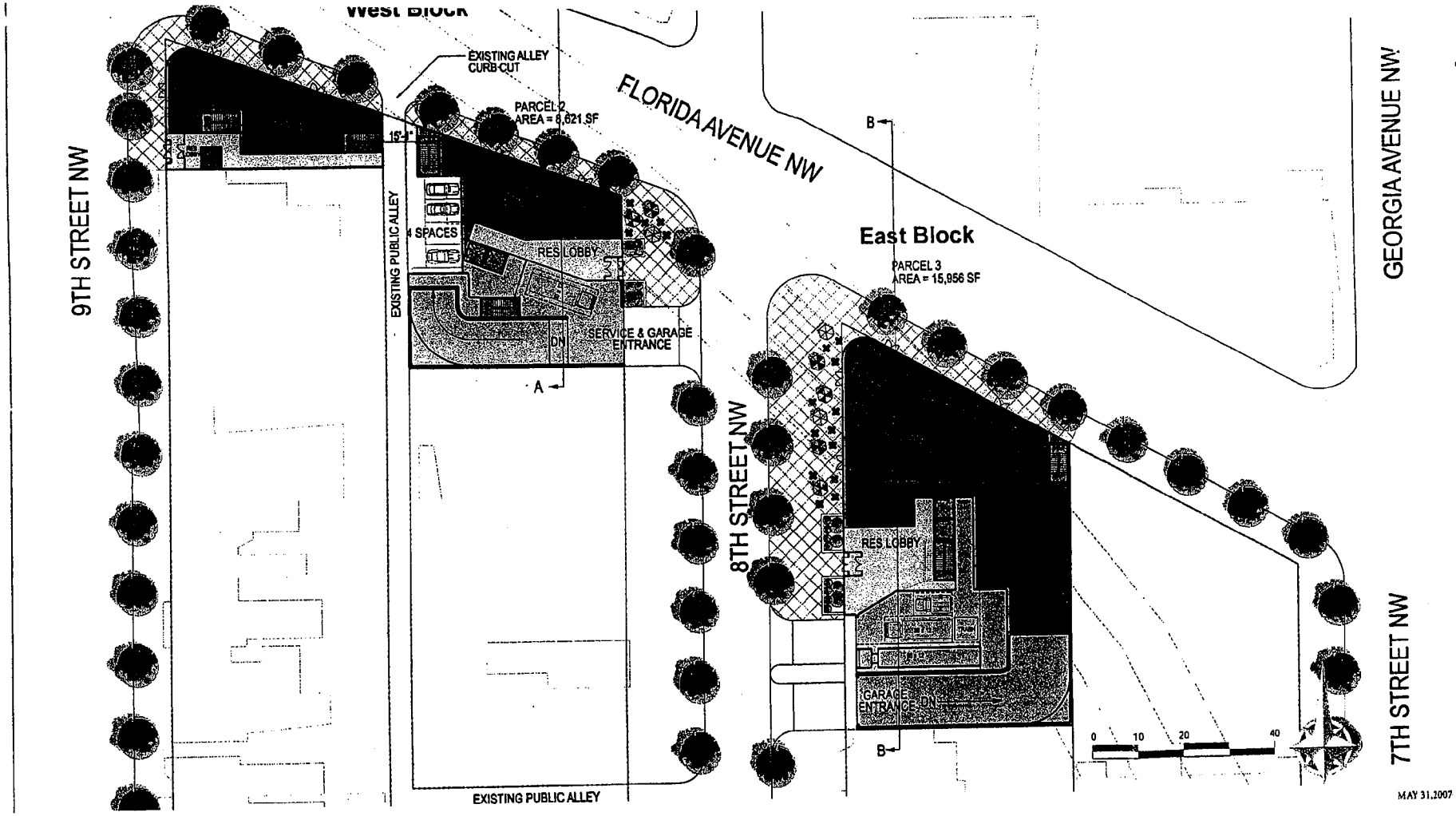


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First Floor Plan

BANNEKER VENTURES / DISTRICT DEVELOPMENT GROUP
TORTI GALLAS AND PARTNERS



Original Proposal Submitted by Developer

WMATA-INV 006515

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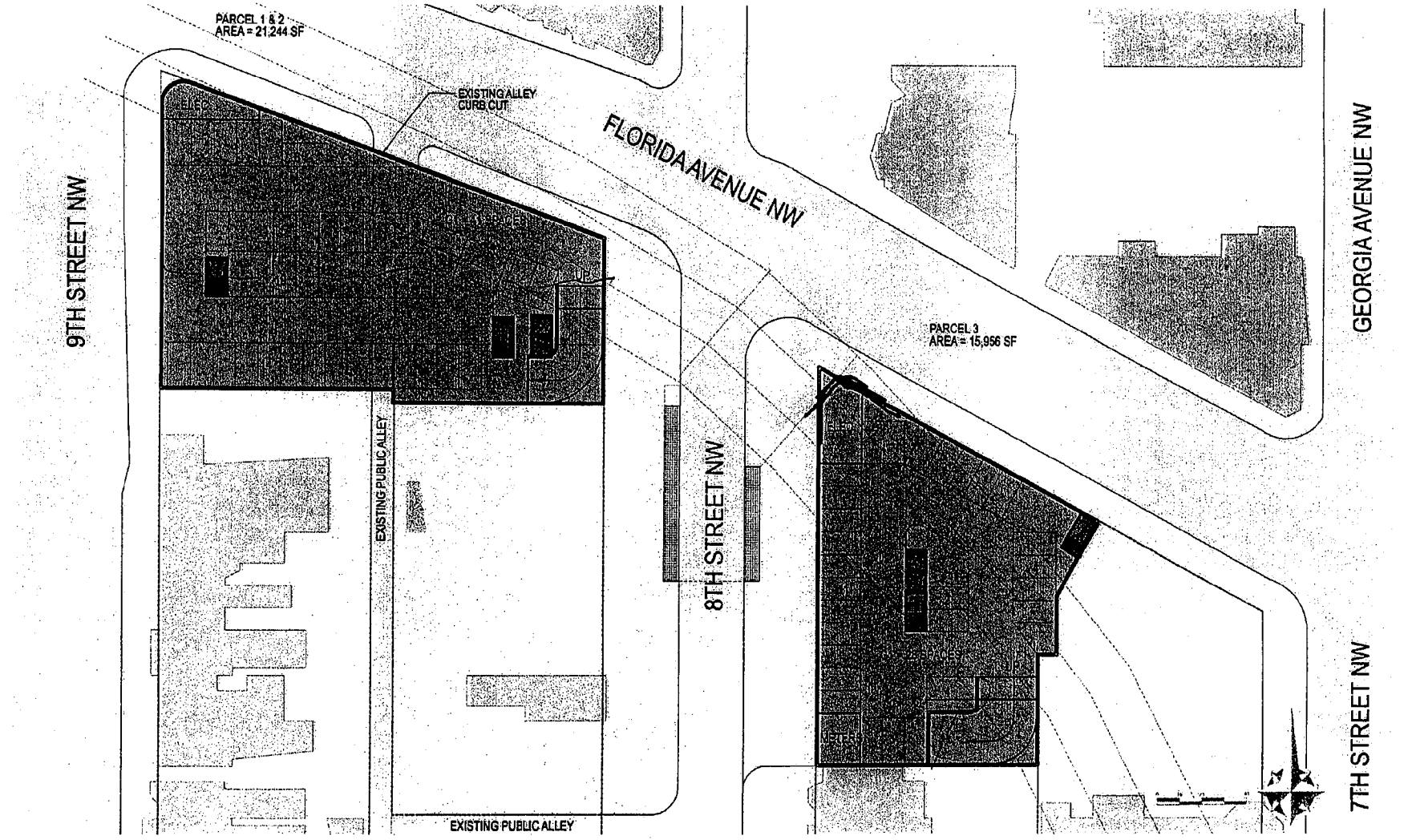
Developers updated Proposal (with Assemblage)




Garage Level Plan



WMATA-INV 006516

**O'Keeffe, Carol B.**

**From:** Jim Graham [Jim@grahamwone.com]
**Sent:** Wednesday, October 21, 2009 9:47 AM
**To:** O'Keeffe, Carol B.
**Cc:** Neil.Albert@dc.gov; Catoe, John B.; Bottigheimer, Nat
**Subject:** RE: Florida Avenue

That most definitely was the way your view was represented to me by Mr. Bottigheimer. I pressed for details, first in my office with by Mr. B...nothing happened, then early this week again. But what your "opinion" has done is to propel Metro into an even more complicated situation insofar as extricating ourselves. This just doesn't make any sense.

***I typically answer emails before 9 AM on weekdays. If you email me after that, it is likely that you will hear from me the next weekday. If there is a need to communicate prior to that, you may wish to call me. For most effective communication, please use my direct email address: jim@grahamwone.com***

***Jim Graham, Councilmember, Ward One, 1350 Pa. Ave., NW, #105, Washington, DC 20004. 202-724-8181; 202-724-8109 (fax).***

***Chairman, Committee on Public Works and the Transportation (including alcohol regulation). Main Committee Number: 202-724-8195. 1350 Pa. Ave., NW, #116, Washington, DC 20004.***

***Chairman and Voting Member, Board of Directors, WMATA/Metro.***

***Website: www.grahamwone.com***

---

**From:** O'Keeffe, Carol B. [mailto:cokeeffe@wmata.com]
**Sent:** Wednesday, October 21, 2009 9:43 AM
**To:** Jim Graham
**Cc:** Neil.Albert@dc.gov; Catoe, John B.; Bottigheimer, Nat
**Subject:** RE: Florida Avenue

I don't believe that I have ever said that Metro could not enter into such a deal.

---

**From:** Jim Graham [mailto:Jim@grahamwone.com]
**Sent:** Wednesday, October 21, 2009 8:16 AM
**To:** O'Keeffe, Carol B.
**Cc:** Neil.Albert@dc.gov; Catoe, John B.; Bottigheimer, Nat
**Subject:** RE: Florida Avenue

Are the legal difficulties inherent in cancelling a lease lesser or greater than the legal difficulties OF cancelling a sale? Also, your views were represented as a legal objection, something along the lines that Metro could not enter into such a deal. There is something very "funny" going on here. And I don't like it one bit.

***I typically answer emails before 9 AM on weekdays. If you email me after that, it is likely that you will hear from me the next weekday. If there is a need to communicate prior to that, you may wish to call me. For most***



FOIA CONFIDENTIAL TREATMENT REQUESTED 

***effective communication, please use my direct email address: jim@grahamwone.com***

***Jim Graham, Councilmember, Ward One, 1350 Pa. Ave., NW, #105, Washington, DC 20004. 202-724-8181; 202-724-8109 (fax).***

***Chairman, Committee on Public Works and the Transportation (including alcohol regulation). Main Committee Number: 202-724-8195. 1350 Pa. Ave., NW, #116, Washington, DC 20004.***

***Chairman and Voting Member, Board of Directors, WMATA/Metro.***

***Website: www.grahamwone.com***

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**From:** O'Keeffe, Carol B. [mailto:cokeeffe@wmata.com]
**Sent:** Tuesday, October 20, 2009 5:56 PM
**To:** Jim Graham; Neil.Albert@dc.gov
**Cc:** Catoe, John B.; Bottigheimer, Nat
**Subject:** RE: Florida Avenue

It was not my business judgment that I was representing. My role was to identify the legal difficulties in terminating the lease.

---

**From:** Jim Graham [mailto:Jim@grahamwone.com]
**Sent:** Tuesday, October 20, 2009 5:44 PM
**To:** Neil.Albert@dc.gov; O'Keeffe, Carol B.
**Cc:** Catoe, John B.; Bottigheimer, Nat
**Subject:** RE: Florida Avenue

Thanks. "Considered undesirable from a business perspective" is very different than the position that you were previously represented as having. The complexities of a termination of such a lease are doubtless much less than the complexities of terminating a purchase on the basis of failure to commence work.

This clearly indicates to me that we should go back to the lease option.

Why by the way, are you—as the Board's lawyer-- involving yourself in judging business issues?

***I typically answer emails before 9 AM on weekdays. If you email me after that, it is likely that you will hear from me the next weekday. If there is a need to communicate prior to that, you may wish to call me. For most effective communication, please use my direct email address: jim@grahamwone.com***

***Jim Graham, Councilmember, Ward One, 1350 Pa. Ave., NW, #105, Washington, DC 20004. 202-724-8181; 202-724-8109 (fax).***



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006518

***Chairman, Committee on Public Works and the Transportation (including alcohol regulation). Main Committee Number: 202-724-8195. 1350 Pa. Ave., NW, #116, Washington, DC 20004.***

***Chairman and Voting Member, Board of Directors, WMATA/Metro.***

***Website:*** **wwwgrahamwone.com**

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**From:** O'Keeffe, Carol B. [mailto:cokeeffe@wmata.com]
**Sent:** Tuesday, October 20, 2009 7:18 PM
**To:** Jim Graham; Neil.Albert@dc.gov
**Cc:** Jim Graham; Catoe, John B.; Bottigheimer, Nat
**Subject:** RE: Florida Avenue

**Confidential-subject to attorney-client privilege**

**Mr. Graham, I didn't issue an opinion. I did say that a lease arrangement that entails a building located on our property and an adjacent property that we don't own renders our termination rights under the lease (in the event of a default) largely meaningless. The co-tenancy arrangement proposed by the Developer to come into being in the event of a default creates a situation in which WMATA cannot control the property which it owns because each tenant, the Developer and WMATA has one vote. There is nothing illegal about that arrangement , but I believe that it is considered undesirable from a business perspective Of course, there are risks associated with the sale, as well, and staff is preparing a summary of the risks associated with both a sale and a lease, as the lease is currently proposed.**

Carol B. O'Keeffe
General Counsel
Washington Metropolitan Area
Transit Authority
600 5th Street, NW
Washington, DC 20001
P: 202-962-2531
F: 202-962-2550

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**From:** Jim Graham [mailto:Jim@grahamwone.com]
**Sent:** Tuesday, October 20, 2009 4:14 PM
**To:** Neil.Albert@dc.gov; O'Keeffe, Carol B.
**Cc:** Jim Graham; Catoe, John B.; Bottigheimer, Nat
**Subject:** RE: Florida Avenue

This doesn't work for two reasons. First, the whole approach is subject to acceptance by the lender ("subject to acceptance or modification of such provision by the FHA lender under the HUD financing utilized by DEVELOPER. The DEVELOPER shall have the right ") and second, there is a "right" to an extension.

We need more thinking n this. Perhaps an elaboration of the stages and approval at the various stages...or something else.

I still do not have the explanation for the need for this adagio....the justification for the legal opinion that Carol issued...

***I typically answer emails before 9 AM on weekdays. If you email me after that, it is likely that you will hear from me the next weekday. If there is a need to communicate prior to that, you may wish to call me. For most effective communication, please use my direct email address: jim@grahamwone.com***

***Jim Graham, Councilmember, Ward One, 1350 Pa. Ave., NW, #105, Washington, DC 20004. 202-724-8181; 202-724-8109 (fax).***

***Chairman, Committee on Public Works and the Transportation (including alcohol regulation). Main Committee Number: 202-724-8195. 1350 Pa. Ave., NW, #116, Washington, DC 20004.***

***Chairman and Voting Member, Board of Directors, WMATA/Metro.***

***Website: wwwgrahamwone.com***

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**From:** Albert, Neil (EOM) [mailto:Neil.Albert@dc.gov]
**Sent:** Tuesday, October 20, 2009 5:40 PM
**To:** O'Keeffe, Carol B.
**Cc:** Catoe, John B.; Bottigheimer, Nat; Jim Graham
**Subject:** RE: Florida Avenue

Thanks Carol. I'm looping in Chairman Graham.

---

**From:** O'Keeffe, Carol B. [mailto:cokeeffe@wmata.com]
**Sent:** Tuesday, October 20, 2009 1:58 PM
**To:** Albert, Neil (EOM)
**Cc:** Catoe, John B.; Bottigheimer, Nat
**Subject:** Florida Avenue

Mr. Albert:

The reversion language in the Term Sheet is:

"Reversion of Sale: If DEVELOPER has not commenced excavation of building foundations within thirty-six (36)months of Closing, fee simple title to the Sale Property shall revert to and revest in WMATA, subject to acceptance or modification of such provision by the FHA lender under the HUD financing utilized by DEVELOPER. The DEVELOPER shall have the



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right with WMATA Board approval to one twelve (12) month extension beyond the initial thirty-six (36) month period after Closing. Upon reversion, the Security Deposit, plus interest accrued, shall automatically be forfeited to WMATA. The DEVELOPER shall have no further rights or interest in the Sale Property."

As mentioned I our discussion, whether the lender will agree to the above clause is uncertain. Although the reversion is not usual, we do typically require various forms of guarantees In our joint development arrangements and there are open issues on a couple of other points involving the Developer's guarantee or lack thereof. Consequently we are looking to other means of assurance of performance.

Carol B. O'Keeffe
General Counsel
Washington Metropolitan Area
Transit Authority
600 5th Street, NW
Washington, DC 20001
P: 202-962-2531
F: 202-962-2550

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**O'Keeffe, Carol B.**

**From:** Malasky, Gary
**Sent:** Wednesday, November 04, 2009 10:27 AM
**To:** Bottigheimer, Nat; O'Keeffe, Carol B.; Montague, Joshua W.; Welch, Kermit A.
**Cc:** Meister, Mark K.; Goldin, Steven; Wyner, Jonathan S.
**Subject:** RE: Question from Neil Albert

Nat—

I consulted with Jonathan who has the list kept by Phil Scales. It has the following information.

| | |
|---|---|
| Ballston | 60+39 |
| Bethesda | 50+49 |
| Dupont Circle | 50+49 |
| Dunn Loring | 20+(4) 10 |
| Farragut | 50+49 |
| Friendship Heights | 30+multiple 30 |
| 1400 Eye | 50+49 |
| Metro Center | 58+41 |
| Prince Georges Plaza | 59+40 |
| Van Ness | 50+49 |
| White Flint | 55+20+20 |

Hope this is helpful.

Gary

Gary Malasky
WMATA
600 Fifth Street, NW
Washington, DC 20001
202-962-1504

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**From:** Bottigheimer, Nat
**Sent:** Wednesday, November 04, 2009 10:00 AM
**To:** O'Keeffe, Carol B.; Montague, Joshua W.; Welch, Kermit A.
**Cc:** Meister, Mark K.; Malasky, Gary; Goldin, Steven
**Subject:** Question from Neil Albert
**Importance:** High

Neil wanted to know examples of long-term leases that we'd executed that were less than 99 years and that included options – whether 60 and 39, 75 and 24, whatever...

Could you bombard me with as many examples as you know of, with lease term details, so I can respond to Mr. Albert ASAP?

Thanks very much,

Nat



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# M E M O R A N D U M

SUBJECT: Supplementary Information Regarding Shaw-Howard/Florida Avenue Joint Development Project

DATE: November 25, 2009

FROM: PLJD – Nat Bottigheimer

TO: GMGR – John B. Catoe

At last week's meeting of the Planning, Development and Real Estate Committee, Committee members requested that staff submit a memo to the Board by 11/30/09 with the developer's responses to these Board concerns:

1) The initial capitalized lease payment was deemed insufficient and must be increased.

2) The lack of a payment "reset" for the first 60 years was deemed unacceptable. The Board wanted to see earlier resets and we proposed a reset every ten years as a starting point for discussion.

Appended below is the developer's response to each of these items

Item 1:

A. The capitalized lease payment was determined by WMATA's independent third-party appraisers based on their opinion of fair market value after considering the development restrictions/requirements to be imposed by the District and the additional costs of constructing on top of the tunnel.

B. The determination of the fair market capitalized rent did not consider the additional consideration WMATA will receive from Participating Rent at 1.5% of effective gross receipts or Premium Rent at 2% of gross capital proceeds after repayment of debt. The appraiser specifically noted that in the appraisal because such rent is in addition to the fair market value appraisal.

C. Based on the Additional Density which we expect to build on the Total Project (WMATA's land and the adjoining land in Square 393) and the formula for increasing the capitalized base rent payment in the Term Sheet for WMATA's land, the final, capitalized lease payment (as determined by WMATA in the 11/6/09 memo to the Board) is expected to be between $3.03M and $4.28M, which is between 50% and 100% [higher than] of the land appraised value as determined by WMATA's independent appraiser.

Washington Metropolitan Area Transit Authority

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Item 2:

A. As you recall, the list below summarizes the initial/renal terms for 11 other WMATA joint development projects as provided to us by Nat a few weeks ago:

| | |
|---|---|
| Ballston | 60+39 |
| Bethesda | 50+49 |
| Dupont Circle | 50+49 |
| Dunn Loring | 20+(4) 10 |
| Farragut | 50+49 |
| Friendship Heights | 30+multiple 30 |
| 1400 Eye | 50+49 |
| Metro Center | 58+41 |
| Prince Georges Plaza | 59+40 |
| Van Ness | 50+49 |
| White Flint | 55+20+20 |

Based on zoning information, the Dunn Loring Station project included the fee purchase of a majority of the site and a ground lease of a small portion of the site next to the WMATA Garage where a private garage and 30,000 square feet of retail were jointly being developed. Without the fee purchase of the much larger parcel where 672 condominium units and 20,000 square feet of commercial development will occur, no developer would have accepted the rent adjustment on the leased parcel after 20 years. Therefore, to present Dunn Loring as solely a "2+(4) 10" ground lease is not accurate. Also, to our knowledge, the Dunn Loring project has not gone forward because the developer cannot get financing and should not be considered an existing project until it is successfully financed on the terms WMATA presented.

We don't have any information on the Friendship Heights Station ground lease. If it does not include a high percentage of residential rental units with a good percentage of affordable units, we respectfully believe it is not comparable to the Shaw/Florida Ave. project.

B. It is currently not possible to finance a mixed-use, retail and multifamily project with affordable units with any currently available loan program that does not involve the U.S. Government (HUD/FHA) or the GSE's (Fannie Mae, Freddie Mac) and some sort of government financial support for the affordable units. All of these lending programs are fixed-rate with long maturities. The FHA 220 loan program which has a loan term of 40 years after converting to a permanent loan is the only currently available loan program available for the planned improvements. FHA will not permit a rent increase to have priority over its loan payments and will limit the Percentage Rent ahead of its loan payments to one percent of effective gross rent.



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C. The proposal that we submitted since day one showed that we intended to obtain HUD financing, which requires a fixed term of the length of the loan (40 years) plus at least 10 years, making a lease term at least 50 years. WMATA has done several deals that were HUD insured and knows HUD's requirements about not re-setting during the term of the "insured period", which is 50 years at a minimum.

We would consider shortening the fixed term to 50 years and then proposing market adjustments every twenty years if the deal was a 50 year lease with a 49 year option (similar to Bethesda, Dupont, Farragut, 1400 Eye, etc.). However, any term less than 60 years, which WMATA's RFP stated the minimum lease term would be, would make the deal less valuable, and thus, would certainly impact our ability to pay more under a capitalized lease structure discussed in #1 above.

RECAP

The developer will not increase his capitalized lease payment. He will agree to an initial period of 50 years, followed by a reset and then a 49 year lease.



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November 6, 2009

MEMORANDUM FOR: Chairman and Members of the Board

SUBJECT: Supplementary Information Regarding Shaw-Howard/Florida Avenue Joint Development Project

At yesterday's meeting of the Planning, Development and Real Estate Committee, committee members requested supplementary information regarding the full value of the Shaw-Howard/Florida Avenue joint development project to Metro.

The attached materials provide staff's estimate of the value to Metro of Metro's participation in income from the Shaw-Howard/Florida Avenue project and of Metro's participation in capital events related to this project.

**Summary**

| | |
|---|---|
| Base Value to Metro – capitalized lease payment | $2,050,000 |
| Potential Value from additional development density | 1,250,000 |
| Net Present Value (NPV) of Rents, Years 61-99 | 70,000 |
| NPV of participating rent (effective gross income) | 280,000 |
| NPV of participation in capital events | 630,000 |
| Total potential value | $3,030,000 - $4,280,000 |
| Land appraised value | $2,200,000 - $3,450,000 |

**Base Value**

The base value to Metro of the Shaw-Howard/Florida Avenue project is a capitalized lease payment of $2,050,000, due no later than 20 months after execution of a joint development agreement between Metro and The Jazz at Florida Avenue (the "Developer"). This payment covers lease payments for the first 60 years of the lease. In addition, the Developer has agreed to compensate Metro on a pro rata basis for additional development density that may be achievable through the entitlements process. This could add an additional $1,250,000 to the capitalized lease payment.

**Additional Revenues**

The terms proposed between Metro and the Developer include three additional significant sources of revenue to Metro: market-rate rents on the project as a whole beginning in the 61st year of the lease; participating rent through a percentage of project "effective gross income;" and capital event participation, through percentages of sales, assignments, or refinances.

*Market-based Rent for Years 61-99*

The net present value (NPV) to Metro of the expected stream of market rate rents beginning in Year 61 of the lease is approximately $67,000. This is the present value of a future income stream expected to total about $170,000,000 in current year dollars.

*Participating Rent – Effective Gross Income*

The NPV to Metro of the expected stream of effective gross income is about $278,000. Effective gross income is calculated as Metro's share (1.5%) of the gross rent, plus any ancillary revenues received by the Developer from the Project (*e.g.,* advertising, vending, laundry machines, etc.). This rental income participation is expected to begin generating about $34,000 annually beginning in the fourth year of the lease (when the improvements are completed and leased), and to escalate thereafter with project rents. Over the first 60 years of the lease, effective gross income participation is expected to generate about $3,000,000 to Metro in current year dollars.

*Participation in Capital Events*

The NPV to Metro of its expected participation in capital events is approximately $630,000. Capital events include (i) assignments of the joint development agreement or the lease; (ii) sales or refinancing of the Developer's improvements; and (iii) other dispositions, transfers and conversions that change the makeup of the Developer to add new members not originally included as of the execution date of the Joint Development Agreement. Capital event participation is expected to generate revenues to Metro nine times over the life of the 99-year lease for an estimated total of about $14,000,000 in current year dollars. It should be emphasized that there is a large potential variability in this expected value, as it depends on the number of discrete capital events that actually happen over a 99-year period.

*Other Value Considerations*

Additionally, at the end of the lease term, Metro would own the land and the structures on the land, subject to the terms of the co-tenancy agreement in place. The land would have an appreciated value, and the structure could be sold for its value at that time, or re-leased.

**Recap**

As noted in the committee meeting yesterday, the appraised value of the Shaw-Howard/Florida Avenue property is $2,200,000, after reflecting affordable housing requirements and the impacts on land value of the extraordinary construction costs of building over a rail tunnel, and up to $3,450,000 if additional density could be achieved. The present value of all the revenue opportunities available to Metro over the term of its lease ranges between $3,030,000 and $4,280,000, numbers that exceed the current appraised value.

If you have further questions concerning this information, please do not hesitate to contact me directly.

John B. Catoe, Jr.
General Manager

**Kissal, Carol**

**From:** WMATA Board Peter Benjamin [peter.metro@verizon.net]
**Sent:** Tuesday, November 03, 2009 11:05 PM
**To:** Kissal, Carol
**Cc:** O'Keeffe, Carol B.; Catoe, John B.; Sequeira, Loyda
**Subject:** SmartBenefits change presentation

Carol:

Thank you for giving me an opportunity to review the SmartBenefits presentation for Thursday. I have some concerns:

1. The presentation never makes clear that there is an IRS ruling, what the ruling is, and why we are now making these changes. → PLEASE ADD ONE SLIDE DEFINING IRS RULE & ALLOCATION BY EMPLOYER

2. I don't see in the presentation a clear statement that the employer must allocate highway benefits for parking and transit benefits for riding, and that the employee must designate how much of each to allocate from the total made available by the employer, unless the employer refuses to allow the employee to make that choice (which they can.) → PLEASE INDICATE THIS ON CURRENT & NEW STRUCTURE CHART

3. It does not say what happens if you run out of either of the benefits while there is still value in the other (the funds, once allocated, are not transferrable, so it uses the personal purse, not the other transit or highway purse.)

4. Your definitions of "claimed" and "used" lead to confusion in the presentation. At present they are "claimed" when loaded on the card, and stay there until they are used. They are "unclaimed" only if the employee never loads the benefits at the vendor. With all the emphasis on the purse, it is not made clear in the new structure that the benefits are not actually loaded on the card at the gate, and therefore are not "claimed" in that transaction and "used" with each ride. Thus the "unclaimed" benefits are those not "used," and they become the subject of the discussion of employer preferences for return of benefits. Yes, if you know what we are doing you can interpret the presentation to say that, but it doesn't make it easy to understand.

5. By making return of benefits an employer choice, I think we have just created enormous bad will with our riders. → THIS IS A BENEFIT OFFERED BY AN EMPLOYER NOT METRO

6. If I understand correctly the process you are proposing for the sequence of use of benefits, and if I remember the federal law correctly, what you are proposing violates federal law. Under the law employer benefits may only be used for a commute to or from work. Under the process you describe we would deduct value for trips from the benefit purse first, so if the employee takes a lunch time or weekend ride, the system would deduct benefits, so long as there is still value, which is illegal. The distinction here is that in the current system we can throw up our hands and say that we don't know whether the employee used benefits improperly. With the new system we are facilitating (or maybe even requiring) it.

Peter

CAROL?
IT IS NOT METRO'S ROLE TO MONITOR EMPLOYEE USE OF A BENEFIT - IT IS UP TO THE EMPLOYEE TO MONITOR THE USE OF THE BENEFIT



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## O'Keeffe, Carol B.

**From:** Goldin, Steven
**Sent:** Monday, November 02, 2009 4:55 PM
**To:** Bottigheimer, Nat; Montague, Joshua W.
**Cc:** Doggett, Rosalyn; O'Keeffe, Carol B.
**Subject:** Re: Florida Avenue

Josh: what say you? --Steve

---

**From:** Bottigheimer, Nat
**To:** Goldin, Steven
**Cc:** Doggett, Rosalyn; O'Keeffe, Carol B.
**Sent:** Mon Nov 02 16:53:29 2009
**Subject:** RE: Florida Avenue
Not sure we're obligated. Right now that's what I understand to be the terms.

---

**From:** Goldin, Steven
**Sent:** Monday, November 02, 2009 4:47 PM
**To:** Bottigheimer, Nat
**Cc:** Doggett, Rosalyn; O'Keeffe, Carol B.
**Subject:** Re: Florida Avenue

Are we obligated to MTM at end of 35 year HUD financing? If not then just ignore it and everything else works. Don't want to take only 35 yrs of capitalized pmts because our number drops. I defer to Carol on the cotenancy question.

---

**From:** Bottigheimer, Nat
**To:** Goldin, Steven
**Cc:** Doggett, Rosalyn; O'Keeffe, Carol B.
**Sent:** Mon Nov 02 16:37:39 2009
**Subject:** FW: Florida Avenue
Steve—

Need your advice. The terms have an odd overlapping of lease term and mark to market. Terms right now say:

Mark to market at end of HUD financing term, 35 years
60 year lease payment, 39 year option
Pre-payment of 60 years rent (at a rate reflecting the HUD financing)

Could we go with a 99 year term lease with mark to market at year 35 and language crediting the payment today for years 35-60 against whatever the market value is 35 years from now?

Or would we just accept 35 years prepayment now and mark to market 35 years from now?

How would the cotenancy agreement affect our negotiations at year 35 if we went forward with either one of these two approaches?

I have not contacted Omar yet. Please advise earliest.

Thanks,



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Nat,

Thanks for your comments. If there is anything that we can do to help provide the Board with answers and clarity on the deal, including the value that WMATA would receive, please let us know.

As for Q3 below, the request was really to re-iterate that the Developer has agreed to pay what wmata's independent appraisal came back at. As for Q11, should staff include both appraisals in the package to the Board? We think it would be a good idea to do so, particularly as Board members have requested additional informaiton.

As discussed yesterday, prior to the staff sending the Board the information, can you forward the info to us in case we can provide further clarity on the information being sent. We can review it very quickly and can get you any comments w/n an hour of you all sending the info to us.

As for moving forward, since you and Carol will be out of the office for the first few days next week, can we have a quick call today (anytime other than 12-2) about what we can do in the interim while the Board reviews the additional information being sent to them? As discussed with Carol yesterday, the four documents that need to be negotiated for the December meeting are:

1. JDA
2. Lease
3. CCRs
4. Co-tenancy agreement

Carol also indicated that she has committed significant resources to get the papers documented over the next few weeks, including assigning an attorney to work on each individual document. This is extremely helpful.

As for 1, we provided full comments to the draft you sent already and await comments from staff.

As for 2, we think using a document that both wmata and the Developer's counsel has worked on would be the best starting point to get us to the finish line in the next 3-4 weeks. However, if you want us to use the draft lease that was sent over to us a while ago, we can do that. The drawback is that our counsel will probably mark it up so much so as to make it similar to the other deal that you all worked on. It will be save all parties involved a TON OF MONEY and TON OF TIME to start with the already negotiated lease as at least a basis for getting this done. We can even use a marked-up version of it that you send to us as a basis. Thoughts?

As for 3, what would be your timetable for sending the CCRs to us? If we get them in a week, John Hagner can spend a week reviewing and providing any comments. We could then turn them around to you all and spend the next week finalizing them.

As for 4, John can get staff the co-tenancy agreement in a week we believe.

Thanks for your entire team working to get this thing done.

Omar

Omar A. Karim
Banneker Ventures, LLC
729 15th Street, NW, Suite 400
Washington, DC 20005
(202) 393-5460 phone
(202) 393-5462 fax



FOIA CONFIDENTIAL TREATMENT REQUESTED 

(301) 523-1810 cell
okarim@bannekerventures.com

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**From:** Bottigheimer, Nat [mailto:NBottigheimer@wmata.com]
**Sent:** Friday, November 06, 2009 8:42 AM
**To:** Omar A. Karim; Meister, Mark K.
**Cc:** aives@bannekerventures.com; 'Tiwana Hicks'; Yohance S. Fuller; O'Keeffe, Carol B.; Montague, Joshua W.; Doggett, Rosalyn; Goldin, Steven
**Subject:** RE: Shaw-Howard/Florida Avenue Term Sheet Answers to Board Questions

ANSWERS IN CAPS BELOW – I WILL SPEAK WITH COUNSEL ABOUT WHAT STEPS WE CAN TAKE TO KEEP THIS MOVING FORWARD OVER THE NEXT TWO WEEKS.

---

**From:** Omar A. Karim [mailto:okarim@bannekerventures.com]
**Sent:** Thursday, November 05, 2009 6:45 PM
**To:** Meister, Mark K.
**Cc:** aives@bannekerventures.com; 'Tiwana Hicks'; Yohance S. Fuller; Bottigheimer, Nat; O'Keeffe, Carol B.; Montague, Joshua W.; Doggett, Rosalyn; Goldin, Steven
**Subject:** Shaw-Howard/Florida Avenue Term Sheet Answers to Board Questions
**Importance:** High

Mark,

Per my conversation with Nat earlier today, please advise if we can provide you with any additional information to help answer the questions that the Board raised today, including: the value of % of the anticipated Effective Gross Income for the first 60 years. Few more questions:

1. What was provided to Board members for other deals in the past? CONFIDENTIAL TERM SHEET THAT WAS PROVIDED YESTERDAY IS STANDARD; ADDITIONAL INFORMATION IN RESPONSE TO SPECIFIC BOARD MEMBER QUESTIONS IS NOT UNUSUAL
2. Should the summary to the Board that you intend to send to the Board tomorrow provide the appraised value of the property based on the lease transaction of 60 years? IT SHOULD PROVIDE THE FULL EXPECTED VALUE OF THE TRANSACTION OVER ITS TERM
3. Should it state that the Developer has agreed to pay this value? THIS QUESTION WORRIES ME. WHY WOULDN'T IT STATE THAT THE DEVELOPER AGREES TO PAY THIS VALUE?
4. Should it include an estimate of what the Developer anticipates paying WMATA for the additional density that we anticipate building on the WMATA sites? YES, IT SHOULD
5. Should it include an estimate of what the Developer anticipates paying WMATA for the additional density that we anticipate building on the portion of the alley that will be given to WMATA after it is closed? YES
6. Should it state that the Developer is not requesting any subsidies from WMATA, including Transit Infrastructure Investment Funds (TIFF)? Think this is critical since some Developers near WMATA sites have requested and WMATA has granted subsidies. NO, BUT THAT COULD BE A POINT THAT A SUPPORTIVE BOARD MEMBER MIGHT WANT TO MAKE. HOWEVER, NO-ONE BUT A DC BOARD MEMBER WILL CARE ABOUT THIS, SINCE EACH JURISDICTION IS ALLOCATED ITS OWN TIIF FUNDS. THE THING THAT MD AND VA BOARD MEMBERS CARE ABOUT MOST IS THAT THE OTHER JURISDICTIONS USE THEIR DEVELOPMENT DEALS TO GENERATE THE MOST POSSIBLE VALUE INTO THE TIIF AS A WHOLE. THEY'RE MORE CONCERNED ABOUT GENERATING REVENUE TO THE TIIF THAN THEY ARE ABOUT HOW DC USES ITS TIIF MONEY.
7. Should it include examples of how this deal is extremely similar to other deals that WMATA has and is currently working on? THAT WOULD BE HELPFUL TO INCLUDE IN A COVER MEMO TRANSMITTING THE INFORMATION



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8. Should it state that the Developer will provide a minimum of 8% IZ units which is more than what the Developer originally agreed to in 2008? THAT INFORMATION IS CLEAR FROM THE TERMS SHEET, BUT IT WOULD BE APPROPRIATE FOR A SUPPORTIVE BOARD MEMBER TO EMPHASIZE THAT POINT.
9. Should it state that the Developer anticipates closing on the project by the end of next year, which is almost one year sooner than the original term sheet? THE BOARD MEMBERS ARE MORE INTERESTED IN THE DATES THAT ARE SET AS LIMITS. THEY'RE GENERALLY NOT INTERESTED IN STATEMENTS ABOUT INTENT, WILLINGNESS, ETC. THEY DON'T BELIEVE SUCH STATEMENTS HAVE MUCH VALUE.
10. Should it state that the Developer has continued to remain push forward with the project in spite of the collapse of the debt and equity markets NO, THOUGH A SUPPORTIVE COULD MAKE THAT POINT
11. Should the staff provide copies of the actual Term Sheet that was finalized yesterday, both appraisals, drawings of the project, etc? THE BOARD MEMBERS DID RECEIVE THE FINAL TERM SHEET, AND ELEMENTS OF IT WERE REVIEWED. WE WILL RESEND.

Can we schedule a quick call tomorrow to discuss when you all will send the Board answers to their questions as well as when the Board will re-convene to consider approval of the Term Sheet again.

As discussed with WMATA staff over the past several months, it is critical that we get the Term Sheet, JDA and Lease finalized as our financing will be jeopardized should delays continue beyond a few more weeks.

Thank you in advance.

Omar

Omar A. Karim
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Washington, DC 20005
(202) 393-5460 phone
(202) 393-5462 fax
(301) 523-1810 cell
okarim@bannekerventures.com



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FOIA CONFIDENTIAL TREATMENT REQUESTED

FLORIDA AVENUE SALE VS. LEASE:

# Lease:

**Advantages:**

- **Control** – Prior to construction of the building, WMATA retains fully effective power to terminate Developer. This is the most effective leverage that WMATA has in ensuring that Developer honors the terms of the transaction. These terms include, but are not limited to, insurance, indemnification, safety, future construction, and payments.

- **Capitalized Lease Payment** – The Developer has offered to pay all Base Rent upfront at lease closing.

- **Future Compensation** – The lease arrangement would also provide for ongoing compensation to WMATA. Future compensation includes: (i) participation rent (a percentage of Developer's gross proceeds), (ii) capital event participation (10% of the proceeds of defined "Capital Events", such as a mortgage refinance or membership sale), and (iii) additional compensation if Developer obtains additional density in the future.

- **Recapture Property at the End of the Lease** - At the termination of the lease, WMATA would regain outright ownership of the property (subject to the below described Co-Tenancy Agreement). WMATA could then sell or lease the property.

- **Negotiation Leverage** – If the Developer wanted to do further construction, add density, or change the project or lease agreement, then it would need the landlord's permission. WMATA could use this to its advantage by negotiating greater compensation.

# Sale:

**Advantages:**

- **Control** - *Recorded Covenants* – The parties will record covenants which prohibit future construction without WMATA approval. WMATA's approval will always include review of construction plans and insurance provisions.

- **Control** : *Avoid Co-Tenancy Arrangement* – The Co-Tenancy arrangement is fraught with issues that make this arrangement ill-advised for WMATA.

- **Payment Upfront** – WMATA will get all payments upfront at closing.

- **Avoid Future Liability** – WMATA will have no future liability as a landowner for injuries, damages, or other problems that occur on the property. WMATA will also have no future legal relationship with the Developer.

- **Guaranty Agreement** – Banc of America Community Development Corporation has agreed to guarantee the completion of the project. The guarantor has also agreed to guarantee the insurance provisions of the final contract. This will alleviate some of the risk of lost control under a sales arrangement.



WMATA-INV 006534

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FLORIDA AVENUE SALE VS. LEASE:

# Lease:

**Disadvantages:**

- **Developer's Adjacent Parcel** – The Developer will own parcels adjacent to WMATA's smallest parcel. The Developer plans to construct a building which spans both WMATA's parcel and Developer's parcel. This creates a problem if the Developer defaults on its lease obligations after construction of the building and WMATA wants to exercise its right to terminate the lease. WMATA cannot effectively sever the building. The Developer's only proposed solution to this problem is the below described Co-Tenancy Agreement.

- **Default** - Even though the capitalized lease payment will alleviate most of the risk, there are still many ways that the Developer could default on the Lease. Some examples include (i) failure to make future payments (e.g., paying participation rent), (ii) failure to maintain the required insurance, or (iii) performing construction activities without WMATA approval. If a Developer default resulted in a termination of the lease, then the parties would enter into the Co-Tenancy Agreement.

- **Co-Tenancy Agreement.** The Co-Tenancy Agreement is disadvantageous to WMATA. Under this arrangement, WMATA would be better off living with a tenant in default than terminating the lease. The Co-Tenancy Agreement sets out the terms of the shared management of the building which spans the WMATA parcels and the Adjacent Parcels. Upon default, the parties would share equally all of the costs of management, risk, and maintenance. Neither party would

# Sale:

**Disadvantages:**

- **Other Bidders May Object to Switch to Sale** – WMATA has faced litigation in the past on the grounds of unfair bidding process. During the initial solicitation of this project, WMATA made it clear that leases were favored over sales and did not consider sales for the award. WMATA received inquiries about sales, but none of these inquiries made the final round of bids. Developer's original bid was for a lease. So, another bidder may object to the switch to a sale after making an award on the basis of a lease. Other concerns are: (i) the fact that the sale price is so much lower than the original bids and (ii) that the bidders were required in the original solicitation to disclose if it intended to include adjacent property into its project, which Developer did not disclose until after the award.

- **Lost Control** - WMATA loses the power to terminate the Developer for its bad acts.

- **Enforcement Processes** – Without the rights of a landlord, WMATA will be forced to resort to the court systems to enforce the provisions of the recorded covenants. This is a much more expensive and lengthy process than lease remedies.

- **No Future Compensation** – WMATA loses the power to get additional compensation if the Developer adds additional density after final completion of the project. Also, WMATA is selling the property when the real estate market is depressed. The Developer will get all of the benefit of the inevitable increases in the market.



WMATA-INV 006535

FOIA CONFIDENTIAL TREATMENT REQUESTED



## Lease:

be able to act without the consent of the other party. The parties would indemnify each other. The Co-Tenancy Agreement will also make WMATA's title unmarketable.

- **Adjacent Parcel Costs** – It would be difficult to ensure that costs are appropriately distributed between the WMATA parcels and the adjacent parcels.

- **Other Bidder's Objection of Final NPV to WMATA** – The NPV of the Developer's offer has fallen far below the other bidders' final offers. This is due to a combination of factors which are difficult to predict whether they would apply to the other bidders.

## Sale:



WMATA-INV 006536

# M E M O R A N D U M

DATE: October 21, 2009

SUBJECT: Florida Avenue Adjacent Property Timeline

FROM: COUN – Josh Montague

TO: COUN – Carol B. O'Keeffe
COUN – Bruce P. Heppen

Here is a chronological listing of issues related to the Florida Avenue properties:

1. Spring 2007: WMATA issued a Joint Development Solicitation (JDS). The JDS addressed this topic in two areas:

    a. The JDS declared that lease offers would be preferred over sale offers (Section 1.1 and others).
    b. Developers who intended to incorporate adjacent properties were supposed to disclose such plans so WMATA could review the technical requirements (Section 2.3(X)).

2. 7/2008: The Term Sheet is approved by the WMATA Board. The Developer made no mention of the adjacent parcels in any of the development specifications submitted or at any time during Term Sheet negotiation.

3. 10/2008: Developer informally told Counsel (in an elevator) that they were purchasing the adjacent parcels and intended to build a building which would traverse WMATA's smaller parcels and said adjacent parcels. At next meeting, Counsel asked Developer how relationship would work for WMATA. Developer did not effectively respond.

4. 11/2008: Met with Carol O'Keeffe and Bruce Heppen to discuss the Developer's intention to build a building that spans WMATA's parcels and adjacent parcels. Afterwards, reached out to the Developer's attorney to inform Developer that the adjacent building idea was:

    a. Not part of the agreed Term Sheet; and
    b. Not a feasible option for WMATA as a landlord.

    The Developer's attorney asked if we would first listen to their proposal before rejecting it, to which I agreed.

**CONFIDENTIAL/ATTORNEY-CLIENT PRIVILEGE APPLIES**

5. 12/2008: Rosalyn Doggett met with Neil Albert. In their meeting, Mr. Albert mentioned that he "would not be adverse" to the Developer building on our land and the adjacent land.

6. 12/2008: During meeting, Counsel asked Developer for adjacent property terms. Developer said would get us something soon.

7. 3/2009: During meeting, Counsel asked Developer for adjacent property terms. Developer said would get us something soon. SAAM asked for proof of control of adjacent parcels, Developer was reluctant to provide.

8. 4/2009: Developer proposed solution where WMATA would have an option to purchase the Developer's portion of the adjacent building/property at FMV, in the event that Developer defaults on lease. Advised Developer that this was not a solution that WMATA would be interested in.

9. 5/2009: During meeting, Counsel asked Developer for adjacent property terms. Developer said would get us something soon.

10. 6/2009: COUN restated objections to adjacent property idea. Developer again stated that they thought they could make this beneficial to both parties. Developer promised to provide a detailed description of beneficial relationship within two weeks.

11. 8/2009: Despite WMATA never agreeing to the adjacent parcels issue, Developer provided updated project drawings which showed the project extending to adjacent parcels.

12. 9/2009: Developer proposed a Co-Tenancy agreement in their comments to the WMATA draft of the Joint Development Agreement. Developer did not provide any details of the Co-Tenancy agreement. COUN objected to this arrangement at a meeting on 9/11/09.

13. 9/17/2009: Developer's attorney provided an outline of the proposed Co-Tenancy Agreement.

14. 9/18/2009: During meeting with Developer, Nat Bottigheimer stated that Counsel thought the Co-Tenancy agreement was a non-starter and stated that a sale would be the only way that a building could be built on both our parcels and their parcels. Transaction turned from lease negotiation to sale negotiation.

**CONFIDENTIAL/ATTORNEY-CLIENT PRIVILEGE APPLIES**

LAKRITZ ADLER [redacted]

Lakritz Adler

FOIA CONFIDENTIAL TREATMENT REQUESTED



# H-1B bailout restrictions ittle threat to tech firms

By Darlene Darcy
Staff Reporter

The Washington area's technology industry has been focusing a lot of attention on one particular aspect of the American Reinvestment and Recovery Act: a provision that restricts the ability of companies receiving bailout dollars under the Troubled Asset Relief Program to hire foreign workers.

Every April 1 companies rush to submit applications for H-1B visas, quickly maxing out the cap on the number available to be issued on Oct. 1, the start of a new fiscal year.

Stimulus Watch

Tech companies vigorously lobby for increasing the allotment of H-1B visas for foreign workers each year and the stimulus bill's new restrictions might have been cause for concern.

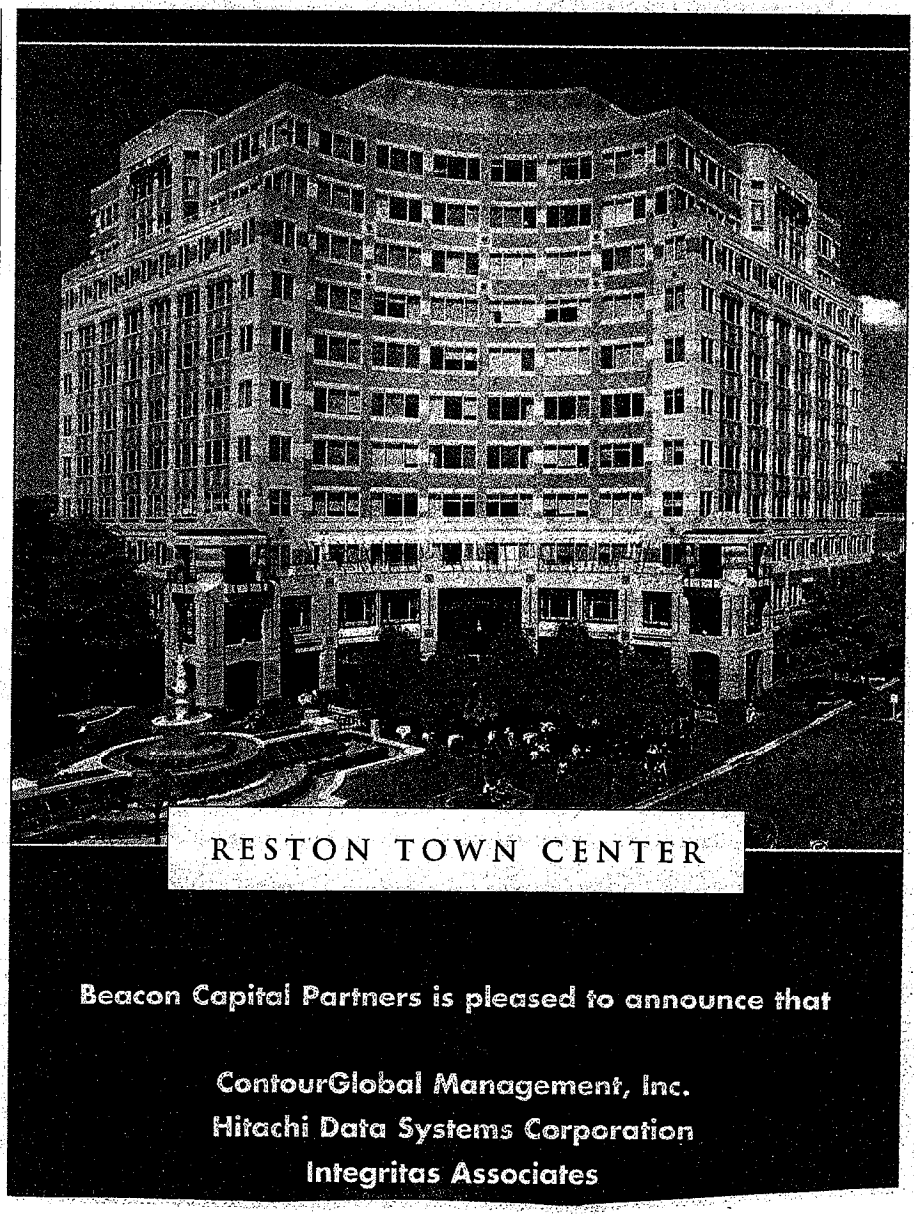
However, the restriction on TARP recipients, effective when President Barack Obama signed the legislation Feb. 17, does not trickle down to companies that financial institutions might hire for tech support.

Another measure, introduced by Rep. [illegible] N.C., prevents those financial

## Little effect

The number of H-1B visas issued to local information technology companies in 2008 pales in comparison to the number some West Coast and foreign companies were issued. Here is a sample of Washington-area organizations and the H1-B visas they used this year.

| | |
|---|---|
| Microsoft Corp. | 1,037 |
| Accenture Ltd. | 731 |
| University of Maryland | 191 |
| IBM | 104 |
| EMC Corp. | 71 |
| CSC Convansys Corp. | 43 |
| Booz Allen Hamilton Inc. | 24 |
| BearingPoint Inc. | 10 |
| SAIC Inc. | 6 |
| Client Network Services Inc. | 4 |
| SRA International Inc. | 4 |
| ICF Inc. LLC | 3 |
| CSSI Inc. | 2 |
| GTSI Corp. | 2 |
| JDA Software Group Inc. | 2 |
| Nortel Government Solutions Inc. | 2 |




WMATA-INV 006540

FOIA CONFIDENTIAL TREATMENT REQUESTED



RESIDENTIAL REAL ESTATE

# Against all odds, condo project nears sell-out

By Melissa Castro
Staff Reporter

Despite reams of data saying it shouldn't be so, a boutique condo project about to deliver at 12th and U Streets NW is neither bankrupting its developers nor causing panic at its lender.

D.C.-based LaKritz Adler's Moderno is, however, causing a stir, with 12 out of 19 units set to close this month. LaKritz Adler has managed to navigate the turbulent housing market — and the global economic crisis it sparked — with the benefit of peripheral vision.

Seven years ago, Robb LaKritz and Josh Adler met while both were working for the Treasury Department. Adler wrote Sec. Paul O'Neill's speeches; LaKritz worked in international economics.

By day, LaKritz advised Third World countries on how to revamp their economies. At night, he returned to his own Shaw neighborhood, where streets were strewn with trash and needles, and grand Victorian architecture had declined into decrepitude.

In 2002, the duo jumped into real estate development, helping spark renaissances in Petworth, Shaw and Columbia Heights.

To an outsider, Moderno's development history seems to be a series of mistimed steps. The developers bought the land — a parking lot — in July 2005 for $3.4 million, just as the condo market began its long and precipitous decline. That year, at the height of the condo boom, 13,000 condos sold in the Washington area. Last year, just 1,857 units sold, according to McWilliams Ballard, a condo sales company that is handling Moderno's sales.

Moderno's contractor, Ellis Denning Construction, broke ground in June 2007. By early July, the commercial mortgage-backed securities market — and its gushing flow of development capital — was gone. With it went at least 84 local condo projects, many of them converted to rental buildings or canceled outright, according to data from Alexandria's Delta Associates.

They were hardly naive. As global economists, they knew the cheap debt from Asia wasn't sustainable. And they knew the market had peaked when it took them months to replace cancelled contracts on their 2005 Madeira condo project, which originally had multiple offers on every unit. "The last buyer had bought," Adler said.

They considered building office space, but ruled it out because zoning requirements called for expensive underground parking.

Despite the flagging condo market, the two pressed ahead with a condo plan in mid-2007. "We felt this was absolutely the best possible site left on U Street," LaKritz said.

JOANNE S. LAW

**EURO ZONE:** Robb LaKritz and Josh Adler traveled to Europe to get ideas for Moderno, a condo proje at U and 12th streets in Northwest D.C. And despite the recession, sales are humming along.

By creating a niche project with multiple price points and keeping overhead and debt low, the pair managed to evade trouble.

"Because it was our own money, we were probably a little more judicious," Adler said. "It's not like we could back a truck up to a money garage and fill it up."

Looking at Moderno, though, you would never know it. LaKritz and Adler took four overseas trips to get design ideas and inspiration. The lobby sports checkered oak-and-mahogany paneling, the kitchens have dramatic Italian cabinetry and fixtures, and some of the bathrooms have steam rooms and separate "water closets" — yes, that's the room with the loo.

The 622- to 1,452-square-foot units range in price from $365,000 to $1.2 million. Fo out of the five most expensive penthouse ar townhouse units are already under contract.

While nearly 65 percent of contracte condo buyers having canceled contrac throughout the region in 2008, not one h walked away from Moderno. Thanks to bin ing letters of intent the early buyers signed i January — and to below-market financin available to Moderno buyers — the develo ers expect their buyers to make it to closing.

As they close out Moderno, LaKritz an Adler are breathing a hesitant sigh of relie "We expected a downturn, but no one coul have predicted just how dramatic the slo down has been," LaKritz said.

E-MAIL: MCASTRO@BIZJOURNALS.COM

WMATA-INV 006541

FOIA CONFIDENTIAL TREATMENT REQUESTED

# I. Modified Purchase/Lease Prices

| Parcel | Purchase Price | Ground Lease Base Rent (per annum) | Ground lease Term | Increases |
|---|---|---|---|---|
| 1 | $590,000 | $28,143 | 29 years + 7 ten-year renewals | 1.8% every year |
| 2 | $2,138,408 (before tunnel site work adjustment) | $102,002 (or .0477 x final adjusted price) | 29 years + 7 ten-year renewals | 1.8% every year |
| 3 | $4,289,000 (before tunnel site work adjustment) | $204,585 (or .0477 x final adjusted price) | 29 years + 7 ten-year renewals | 1.8% every year |

LAKRITZ | ADLER



WMATA-INV 006542

# WMATA PRESENTATION

## Shaw-Howard / Florida Avenue JDS

Financial Proposal Summary

Lakritz | Adler Development, LLC

December 19, 2007



LAKRITZ | ADLER

FOIA CONFIDENTIAL TREATMENT REQUESTED

# I. Executive Summary

- LaKritz | Adler Development, a Washington D.C., LSDBE developer strong in the Shaw, U Street and Georgia Avenue communities, working with DANAC Corporation, a regional commercial developer (built the one million square foot Rockville Town Square), and Milestone Capital Corporation, a regional hotel developer/operator (built Silver Spring's Hilton, Hampton Inn and Homewood hotels), proposes to acquire Parcels 1, 2 and 3, join Parcel 2 with 1920 8th Street, and develop:
  - On Parcel 1: 4,100 s.f. New "Warehouse Theater" and Restaurant
  - On Parcel 2 + 1920 8th Street: 90,000 s.f. Office and Retail
  - On Parcel 3: 72,000 s.f. Hotel and Retail



WMATA-INV 006544

FOIA CONFIDENTIAL TREATMENT REQUESTED

# II. Development Team

- LaKritz | Adler Development, LLC: lead developer
  - Principals: Robb LaKritz, Josh Adler (LSDBE/RBO-certified, Washington, D.C.)
  - Exclusive control of key adjacent parcel (1920 8th St., 11,320 s.f. lot)
  - Unique knowledge and history of the sites
  - Strong history in Shaw, U Street, Georgia Avenue communities:
    - Moderno: 35,000 s.f. mixed-use project, 12th & U, in construction ($12 million cost)
    - Veritas Building: 13,000 s.f. office/retail rehab, Florida Ave.
    - Temperance Hall: 6,000 s.f. new construction retail & office, Georgia Ave.
    - Watha T. Daniels House: historic mixed-use rehab, 2nd St., Shaw
- DANAC Corporation: co-developer (office), construction, property management
  - Founded 1963; Owner/CEO: John F. Jaeger; CFO: Douglas Bream (Bethesda, MD)
  - Leading regional office, mixed-use developer
  - Lead developer, one million s.f. Rockville Town Square ($220 million, 2005-2007)
  - Public – Private Partnerships: Rockville Town Square; Old Town Gaithersburg
  - Vast commercial construction experience: over 5 million square feet developed
  - Strong financials: $250 million in assets, below 50% total leverage, privately held

LAKRITZ | ADLER

WMATA-INV 006545

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Development Team

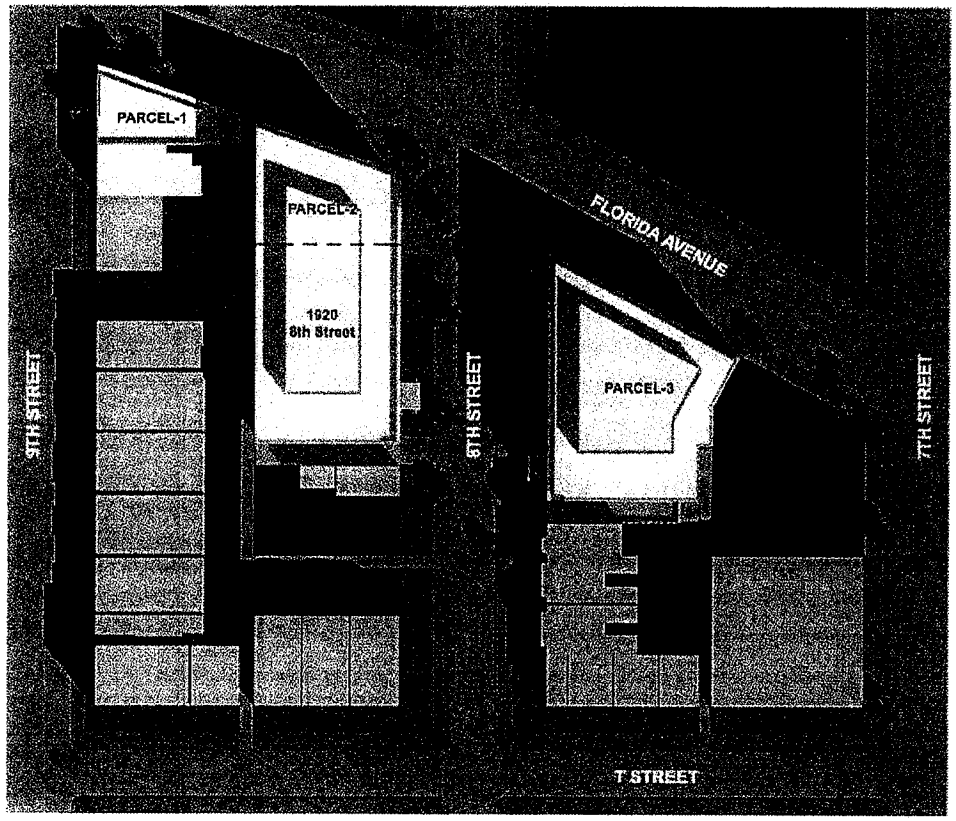
- Milestone Capital Corporation: co-developer (hotel); hotel management
  - Principals: Sander Mednick, Michael Wachtell, Mason Mednick
  - Leading regional hotel developer, operator
  - 14 hotels in 7 states, 2,371 rooms in portfolio today
  - 40+ hotels developed, over $500 million value, past ten years
  - Developer & Operator, Silver Spring Hilton, Hampton Inn, Homewood Suites
- CORE Architecture/Design
  - #1 retail architect in Washington, D.C.
  - Metro/U Street experience: designed 1250 U office bldg., U St. Metro Entrance
  - NMAC HQ (U St.); XM Satellite HQ; Atlas Performing Arts Center; Dean & DeLuca
- Warehouse Theater: retail tenant
  - Shaw cultural institution relocating, needs new home in Shaw
- Cushman & Wakefield: commercial leasing
  - Brokered True Reformer Building, 12th & U, to Public Welfare Foundation

LAKRITZ | ADLER

WMATA-INV 006546

FOIA CONFIDENTIAL TREATMENT REQUESTED

# III. Site Plans




SITE PLAN

AREA PLAN

| | Use | Height | Stories |
|---|---|---|---|
| Parcel - 1 | Retail | 24'-0" | 1 Story + Mezzanine |
| Parcel - 2 | Retail + Office | 65'-0" | 5 Stories |
| Parcel - 3 | Retail + Hotel | 65'-0" | 6 Stories |
| Parcel - 3 | (alternate) Retail + Office | 65'-0" | 5 Stories |

N

*Proposal for Shaw Howard / Florida Avenue JDS*

4320 8th Street NW
Washington DC 20011
202 882 0606

LAKRITZ | ADLER

LAKRITZ | ADLER

WMATA-INV 006547

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Site Plan: Parcel 1

- ***Parcel 1*** - *4,124 SF Freestanding Retail/Restaurant Building*
  - 4,124 square foot free-standing neighborhood performing arts center and restaurant in joint venture with the Warehouse Theater
  - Keeps the Warehouse Theater in the Shaw neighborhood
  - By-right plan
  - No zoning relief
  - No public subsidies
  - Advances the goals of D.C. Office of Planning's "Duke Plan" by creating a new entertainment destination in the Uptown Arts Overlay.

LAKRITZ | ADLER

WMATA-INV 006548

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Site Plan: Parcel 2 (800 Florida Ave.)

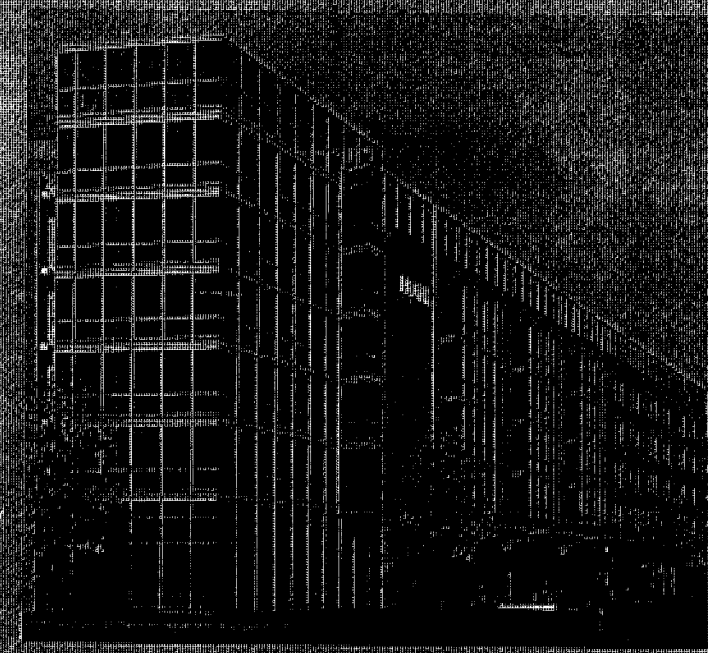
- ***Parcel 2 + 1920 8th St.*** - *89,483 s.f. Commercial Building*
  - 89,483 square foot, 4.5 FAR, LEED-Certified, five-story retail and office building
  - 14,000 rentable s.f. ground floor restaurant, entertainment and retail space
  - 71,000 rentable s.f. office area
  - 44 underground parking spaces on one level
  - Maximum density, by-right plan on 19,885 s.f. combined lot area
  - No zoning relief, no public subsidies.

WMATA-INV 006549

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Site Plan: Parcel 3

- ***Parcel 3*** *- 72,000 SF By-Right, 6-story Hotel with 8,000 SF Retail*
  - 72,000 s.f., 4.5 FAR, LEED-Certified, 6-story upscale boutique hotel
  - Serve Howard, Convention Center, and Greater Shaw/U Street area
  - Flags: Marriott Spring Hill Suites, Hyatt Place, Starwood Aloft, Intercontinental Indigo
  - Approximately 145 rooms and at least 8,000 s.f. retail
  - Maximum density plan, parking reduction from BZA, no public subsidy



- *Alternate Plan:* 72,000 s.f., 4.5 FAR, LEED, 5-story office and retail building, max density by-right, no zoning relief, 12,000 square feet retail, 34 parking spaces

- LaKritz | Adler in talks with Howard and Cvs to combine Howard's 21,000 s.f. parcel at 7th & Florida with Parcel 3 in J.V.

LAKRITZ | ADLER

WMATA-INV 006550

FOIA CONFIDENTIAL TREATMENT REQUESTED

# IV. Transit Oriented Development Principles / Highest and Best Transit Use

- LaKritz I Adler plan maximizes density and public transit use on sites
- Adds 1,977 persons to daily area population
  - Versus only 937 for hypothetical maximum density residential plan
- Without 1920 8th Street, other plans cannot achieve max density
- Most new traffic will be public transit, reverse commuters
- Highest density and public transit use anchor retail, street activity
- Diversifies neighborhood with daytime, commercial uses
  - Preferred by ANC, O.P., other neighborhood associations

LAKRITZ | ADLER

WMATA-INV 006551

# V. Project Schedule

| Name | Duration | Start_Date | Finish_Date | Notes |
|---|---|---|---|---|
| **WMATA PROCESS** | 465 days | 1/1/2008 | 4/9/2009 | |
| **BUILDING PERMITS** | 840 days | 4/10/2009 | 7/28/2011 | |
| HPRB Design & Approval | 8 mons | 4/10/2009 | 12/5/2009 | 3 rounds with HPRB |
| BZA Design & Approval | 8 mons | 4/10/2009 | 12/5/2009 | Options to parallel to HPRB |
| Development Financing Approval | 60 days | 12/6/2009 | 2/3/2010 | |
| Schematic Design / Construction Docs | 6 mons | 2/4/2010 | 8/2/2010 | |
| WMATA Approval of Design | 3 mons | 8/3/2010 | 10/31/2010 | Interspersed with design |
| DCRA Building Permit Approval | 9 mons | 11/1/2010 | 7/28/2011 | Current DCRA delay 12 months |
| **CONSTRUCTION** | 510 days | 7/29/2011 | 12/19/2012 | |
| Construction Financing Approval | 3 mons | 7/29/2011 | 10/26/2011 | |
| Close on Land Purchase | 0 days | 10/26/2011 | 10/26/2011 | Land purchase only |
| Construction: Parcel 1 | 8 mons | 10/27/2011 | 6/22/2012 | |
| Construction: Parcel 2 + 8th St | 14 mons | 10/27/2011 | 12/19/2012 | |
| Construction: Parcel 3 | 14 mons | 10/27/2011 | 12/19/2012 | |
| Substantial Completion | 0 days | 12/19/2012 | 12/19/2012 | |
| **LEASING / STABILIZATION** | 1600 days | [illegible] | [illegible] | |
| Marketing | 24 mons | [illegible] | [illegible] | Start at Lease Plan approval |
| Initial Occupancy | 2 mons | 12/20/2012 | [illegible] | |
| Commence Lease Payments | 0 days | [illegible] | [illegible] | Ground lease only |
| Stabilization / Lease Up | 12 mons | [illegible] | [illegible] | |

LAKRITZ | ADLER

FOIA CONFIDENTIAL TREATMENT REQUESTED

# VI. Zoning

- No zoning relief required for Parcel 1 and 2 plans.
- BZA parking reduction required for Parcel 3 hotel plan
- No zoning relief required for alternate Parcel 3 plan (office)

LAKRITZ | ADLER

FOIA CONFIDENTIAL TREATMENT REQUESTED

FOIA CONFIDENTIAL TREATMENT REQUESTED

# VII. Local Jurisdiction Benefit

## SUMMARY TAX BASE IMPACT ANALYSIS

| | |
|---|---|
| **ONE-TIME TAX EVENTS** | |
| Construction Permitting Fees | $376,082.50 |
| Purchase Recordation Tax | $132,740.00 |
| Sale Transfer & Recordation Tax | $2,285,810.00 |
| Financing Recordation Tax | $803,626.00 |
| Construction Job Income Tax on Avg $50k, 50% in D.C. | $668,464.00 |
| Legal/Professional Job Income Tax on Avg $120k, 50% in D.C. | $334,834.00 |
| Franchise Tax on Development Profits | $2,493,527.00 |
| **TOTAL ONE-TIME D.C TAXES:** | **$7,612,176.18** |
| **Total Construction/Development Jobs Created:** | **473** |
| **Jobs Created in D.C. Only:** | **237** |
| **ONGOING TAXES ON OPERATIONS (at stabilization)** | |
| **Restaurant & Retail Sales Taxes** | |
| Parcel 1 | $213,554.30 |
| Parcel 2 | $623,127.30 |
| Parcel 3 | $385,000.00 |
| Restaurant/Retail Jobs Income Tax on Avg $30k, 75% D.C. | $132,345.00 |
| Office Jobs Income Tax on Avg $75k, 50% D.C. | $[illegible] |
| Hotel Jobs Income Tax on Avg $45k, 50% D.C. | $[illegible] |
| **Hotel Taxes** | |
| Room Sales @ 14.5% | $[illegible] |
| Dining Sales @ 10% | $[illegible] |
| Parking Taxes All Parcels @ 12% | [illegible] |
| **Property Taxes (1.85%/year on pro forma cap rate values)** | |
| Parcel 1 Value | $[illegible] |
| Parcel 2 Value | $[illegible] |
| Parcel 3 Value | [illegible] |
| **TOTAL ONGOING D.C. ANNUAL TAXES GENERATED** | **$5,744,530.19** |
| **Long-Term Jobs Created:** | **514** |
| **Long-Term D.C. Jobs Created:** | **293** |

LAKRITZ | ADLER

WMATA-INV 006554

# VIII. Local Jurisdiction / Community Input

- ANC 1B SMD and ANC 1B Secretary have endorsed LaKritz Adler Plan
  - Strong preference for new office, retail and hotel at this location
  - New residential is opposed, area is glutted
  - Poor economics for residential cause fear that residential project will fail
  - Interest in speedy development favors by-right plan, no public funding
  - ANC officially voted in favor of LaKritz Adler 1920 8th pan in past
  - LaKritz Adler has favorable history, good reputation with ANC 1B
- Mid-City Business Association has endorsed LaKritz Adler Plan
  - Keeps existing businesses in Shaw
  - Builds Shaw / U Street daytime commercial vitality
- Office of Planning has expressed support for LaKritz Adler plan
  - Strong support for speedy by-right plan, no public subsidies requested
  - Strong preference for new retail, office, hotel
  - Duke Plan calls for 18-hour destination district, only LAD plan provides
  - O.P. also provided extensive design input for HPRB process

LAKRITZ | ADLER

FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006555

FOIA CONFIDENTIAL TREATMENT REQUESTED

# IX. Summary/Conclusion

- LaKritz Adler plan is Highest and Best Transit Use for JDS sites
  - Highest density: 71k SF office, 26k SF retail, 145 hotel rooms
  - Adds ~1,977 new people daily, reverse commuters on public transit
  - Fits with O.P. and ANC objectives for sites, area
  - Greatest positive impact on local economy and Metro ridership
- LaKritz Adler plan is most likely to succeed, and succeed quickest
  - No public subsidies required
  - Favorable commercial market dynamics v. residential market
  - By-right plan: minimal BZA relief required
- Most experienced, well-financed development team
  - Every member of LAD team has multiple, verifiable, market-rate, unsubsidized, successful development projects of similar type and scope
  - All local companies with strong relationships in community

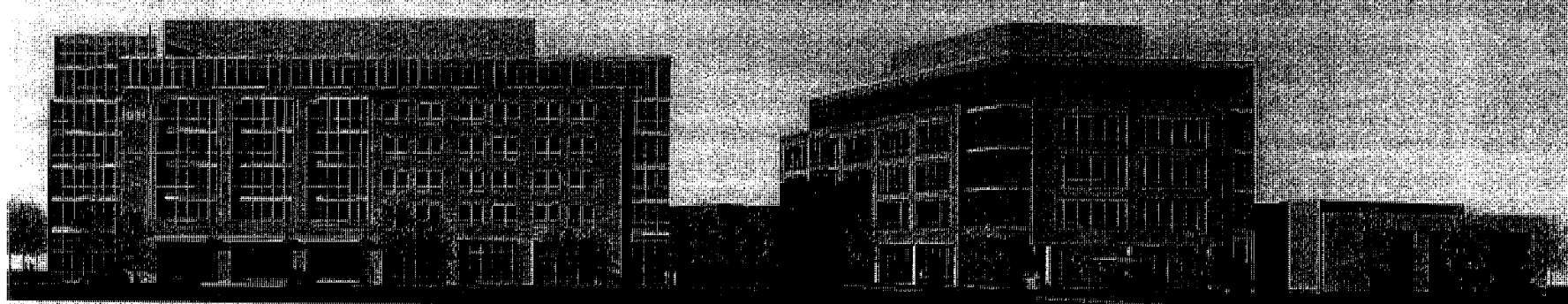
LAKRITZ | ADLER

WMATA-INV 006556

# WMATA PRESENTATION
# Shaw-Howard / Florida Avenue JDS

## PART 2: Economic Proposal Summary

LaKritz | Adler Development, LLC
December 19, 2007



LAKRITZ | ADLER

FOIA CONFIDENTIAL TREATMENT REQUESTED

# I. Modified Purchase/Lease Prices

| Parcel | Purchase Price | Ground Lease Base Rent (per annum) | Ground lease Term | Increases |
|---|---|---|---|---|
| 1 | $590,000 | $28,143 | 29 years – 7 ten-year renewals | 1.8% every year |
| 2 | $2,138,408 (before tunnel site work adjustment) | $102,002 (or .0477 x final adjusted price) | 29 years – 7 ten-year renewals | 1.8% every year |
| 3 | $4,289,000 (before tunnel site work adjustment) | $204,585 (or .0477 x final adjusted price) | 29 years – 7 ten-year renewals | 1.8% every year |

LAKRITZ | ADLER

FOIA CONFIDENTIAL TREATMENT REQUESTED

FOIA CONFIDENTIAL TREATMENT REQUESTED

# III. Payment Schedule

- Outside closing date, sale: November 1, 2011
- Outside commencement, ground lease payments: January 1, 2013



WMATA-INV 006559

FOIA CONFIDENTIAL TREATMENT REQUESTED

# IV. Financial Viability

- Priced for 25% Return on Cost at 6.5% stabilized cap rate (fee sale)

- Experienced development team with ample balance sheets
- No public subsidies required
- Minimal or no zoning relief required
- Favorable market trends for product types (office, retail, hotel)
- Control of key adjacent parcel, including 100% land equity
- Best plan for Metro ridership increases, reverse commutes

LAKRITZ | ADLER

WMATA-INV 006560

LAKRITZ | ADLER
real estate development

DEVELOPMENT PROPOSAL
WMATA SHAW/U STREET DISTRICT
WASHINGTON, D.C.
PARCELS 1, 2 and 3

Contact: Joshua Adler
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## I. EXECUTIVE SUMMARY

LaKritz | Adler Development, a Washington D.C.-based, LSDBE-certified development company, in conjunction with Marriott International, Inc., the Warehouse Theater, Robertson Development, CORE Architects and the Academy for Learning Through the Arts (ALTA), proposes to acquire WMATA Parcels 1, 2 and 3, either through a purchase or ground lease.

Plans for each of the three WMATA parcels, as more fully described in Section IV herein, include:

- Parcel 1 – 4,124 square foot free-standing neighborhood performing arts center on the corner of 9th and U Streets that keeps the Warehouse Theater in the Shaw neighborhood and advances the goals expressed in the D.C. Office of Planning's "Duke Plan." To the chagrin of the Shaw community, the Warehouse Theater is being forced to relocate from its historic property on 7th Street NW and away from the Greater Shaw/U Street area.

- Parcel 2 – 126,000 square foot retail and office building (accomplished by combining Parcel 2 with the LaKritz | Adler-controlled adjacent 11,327 SF vacant parcel and obtaining a PUD approval). Retail tenants would include locally-owned businesses, including a neighborhood-anchoring restaurant operated by LaKritz | Adler (similar to its well-known bistro, *Temperance Hall*, located one block from the Georgia Avenue/Petworth Metro Station). Upper-floor commercial tenants would include the Academy for Learning Through the Arts (ALTA), an established Greater Shaw/U Street area public charter school for the arts currently seeking expansion space, as well as loft office space for local professional services

firms, local non-profits and arts groups who can no longer afford space downtown and prefer an emerging neighborhood location.

- Parcel 3 –96,000 square foot Marriott boutique hotel serving the Convention Center, the Greater Shaw/U Street area and Howard University. The hotel will also incorporate a plethora of neighborhood retail, restaurant and entertainment options, all consistent with the Duke Plan. There is not a single hotel serving any of these markets today.

Given LaKritz | Adler's long-standing presence and development experience in the U Street area, as well as our unique knowledge of and history with these specific sites, we believe these plans represent the highest and best uses for these this site. The uses we have proposed best embody the overlapping goals of the Duke Plan, the intentions of the U Street Arts Overlay, and the wishes and desires of the surrounding community.

## II. KEY FEATURES OF THE LAKRITZ | ADLER PROPOSAL

### *A. Exclusive Control of Major Adjacent Parcel*

LaKritz | Adler Development has held an exclusive purchase option on 1920 8th Street, the vacant 11,327 parcel abutting Parcel 2 owned by Medal Inc., for most of the past two years (and holds it currently). Without this parcel, it is difficult or impossible to build underground parking to serve a new building on Parcel 2 and to maximize the FAR, efficiency and marketability of a project at this site. Further, by combining the sites, LaKritz | Adler would be afforded the opportunity under D.C. Zoning Regulations to pursue a PUD for the combined site, increasing the compensation LaKritz | Adler can pay to WMATA.

LaKritz | Adler and Marriott Hotels have also been in talks for over one year with Howard University regarding the incorporation of the Howard-owned 21,000 square foot CVS parcel abutting Parcel 3 and possible joint development plans for combining this site with Parcel 3 to expand the hotel facility contemplated. LaKritz | Adler and Marriott have completed initial feasibility studies for these sites.

### *B. Unique Knowledge of the Site*

During its extended option period on 1920 8th Street, LaKritz | Adler designed a six-story mixed-use building for the site, obtained ANC endorsement of the design, obtained preliminary Historic Preservation and Review Board approval for the design, and performed extensive due diligence, construction budgeting and value engineering for the site, including all the special due diligence, foundation engineering reports and estimates necessary to construct a six-story building with several levels of underground parking adjacent to this specific Metro tunnel and fan system. In addition, LaKritz | Adler commissioned and received an engineering study with foundation cost estimates from Muesser & Rutledge Engineers (who performed the original engineering studies for this portion of

the Green Line) specifically with regard to the costs of building similar structures on Metro Parcels 1, 2 and 3, in preparation for an offer on these parcels. LaKritz | Adler has detailed knowledge of the special costs of construction on these specific sites, as well as the relationships with the HPRB, local community leaders and the ANC with respect to these specific sites, that no other developer could have at this stage in the WMATA solicitation process.

Therefore, LaKritz | Adler is highly confident that its development plans for these sites take into account the unusual foundation and engineering costs associated with building on these parcels, and the true sentiments of neighborhood leaders, the ANC and HPRB with respect to these sites. WMATA, in turn, can be highly confident that LaKritz | Adler's proposed purchase and lease terms are the real numbers for this site, not highball estimates that will have to be revised later when the developer performs its due diligence and learns the real costs of building above and beside the Metro tunnel on these parcels.

*C. Relevant Design and Construction Experience*

The architecture firm chosen by LaKritz | Adler for this project, CORE Architects, was the lead architect for the 44,000 SF retail and office building built directly over the U Street Metro Station at 13th and U Streets. CORE therefore possesses unique qualifications and experience for developing the design and construction of the buildings that will sit these parcels. During its due diligence for the 1920 8th parcel, LaKritz | Adler also commissioned designs for WMATA parcels 1, 2 and 3 from CORE. We therefore have a high degree of confidence about the efficiency, yield and cost for the project we are proposing. LaKritz | Adler, Robertson Development and CORE are also currently developing *Moderno*, a 35,000 square foot mixed-use new construction project at 1939 12th Street, three blocks due west of Parcel 1 (www.lovemoderno.com).

*D. U Street Knowledge and Expertise*

Like LaKritz | Adler, many D.C. development companies possess the expertise and financial backing to develop WMATA parcels 1, 2, and 3. What distinguishes LaKritz | Adler (and our team) is that no other group has the same level of experience developing property in and support of the Greater Shaw/U Street and Georgia Avenue communities. Because the same team is currently building *Moderno*, the *Beauregard* (11th/V), the *Murano* (10th/V), and recently completed the *Visio* (10th/V), we have the most current, proprietary information regarding construction costs, sale prices and rents in this submarket, as well as a history of obtaining HPRB and BZA approvals for similar mixed-use projects in the same ANC and the U Street historic overlay. Collectively, LaKritz | Adler, Robertson Development and CORE Architects have been responsible for more than two dozen commercial, retail and residential projects in the Greater Shaw/U Street, Columbia Heights and Georgia Avenue communities, including over a dozen projects completed or in construction in the immediate vicinity of U Street and Florida Avenues alone.

*E. Community Support and Amenities*

LaKritz | Adler believes the development plan and amenities it is proposing most strongly deliver on the wishes and desires expressed to us by the surrounding community, the Executive Office of the Mayor and the Office of Planning, all of whom support new retail and office projects in this immediate location, in order to create the 18-hour business district called for by the Duke Plan. We know, for example, that many neighborhood leaders are generally opposed to new residential condominium projects for these sites, believing that the area is "oversaturated" with new condo projects (over 1,000 residential units are now in construction or in planning within a three-block radius of the WMATA parcels). We know that the community desires more "daytime traffic," the kind of activity that only office and hotel uses will draw.

*F. Ground Lease Option*

Because LaKritz | Adler is proposing commercial projects for all three parcels, it can offer to ground lease all three sites from WMATA, as is WMATA's expressed preference. However, our preference would be to purchase the lots outright, if possible, and we have provided pricing for both scenarios.

PART III: THE DEVELOPMENT TEAM

*LaKritz | Adler Development (www.lakritzadler.com)*

LaKritz | Adler Development, is a Washington D.C.-based, LSDBE-certified development company, whose principals Robb LaKritz and Josh Adler, are D.C. Resident Business Owners (RBO). LaKritz | Adler is well-regarded as a leading community developer in D.C. (See attached exhibit from Summer 2007 *On Site* Magazine featuring the company). LaKritz | Adler has completed over two dozen residential, retail and commercial projects in the District, the majority of which are in the Greater Shaw/U Street area and along the Georgia Avenue corridor. A few of LaKritz Adler's relevant projects include:

- *Moderno*, LaKritz | Adler is currently developing and constructing a 35,000 square foot new construction mixed-use project three blocks east of Parcels 1, 2, and 3 and one block west of the U Street Metro Station at 13th and U Streets.

- *The Veritas Building.* LaKritz | Adler acquired, renovated and leased a 12,000 square foot historic retail and office building at 2031 Florida Avenue. The project includes a signature LaKritz | Adler neighborhood-anchoring restaurant, aptly named "Veritas."

- *The Temperance Hall Building.* LaKritz | Adler purchased and expanded an existing 1,500 square foot shell into a 6,000 square feet neighborhood restaurant one block south of the Georgia Avenue/Petworth Metro Station. The result has been widely acclaimed, featured twice on the front page of the *Washington Post*, broadcast on *Fox News*, and cited in numerous other publications. (In this proposal, LaKritz | Adler proposes to bring several new neighborhood restaurants similar to Temperance Hall to the Greater Shaw/U Street community.

- *First Baptist Church of Silver Spring*: LaKritz | Adler recently commenced development of a prominent two-acre site in downtown Silver Spring, at the prime corner of Wayne and Fenton Streets. LaKritz | Adler will construct a 200,000 square foot new construction retail and office project.

- *3646 Georgia*: LaKritz | Adler recently commenced development of a prominent new construction mixed-use project at the corner of Georgia and New Hampshire Avenues, directly across from the Georgia Avenue/Petworth Metro Station.

- *4201-4205 Georgia*. LaKritz | Adler recently acquired the corner of Upshur and Georgia Avenues, where we are renovating the existing building for a mixed-use retail and office development.

- *The Watha T. Daniels House*. LaKritz | Adler purchased, restored and leased the historic home of Shaw pioneer and 1920's neighborhood activist, Watha T. Daniels. This landmark building is located on 9th Street in Shaw, just a few blocks south of the site.

The principals of LaKritz | Adler are Robb LaKritz and Josh Adler. Prior to forming LaKritz Adler Development, Robb M. LaKritz was a real estate attorney with the Washington, D.C. firm of Baker, Donelson, Bearman and Caldwell. Mr. LaKritz served as Senior Advisor to the United States Treasury Secretary and is a Phi Beta Kappa graduate of the University of Michigan and Juris Doctorate recipient from Emory University. Prior to forming LaKritz | Adler, Joshua Adler was a founder of the biotechnology company iLife Systems in Dallas, Texas. He served as the Chief Speechwriter to two United States Treasury Secretaries, and holds a degree in Economics from Yale University.

*Robertson Development (www.robertsondevelopment.com)*

Robertson Development was founded in August of 1999 by Paul Robertson and has earned a reputation for developing and building distinctive properties of the highest quality. The company invests heavily in beautiful and engaging exterior designs that complement and enhance their surroundings. Interior spaces provide both style and function. Executed with craftsmanship, high-end materials and a never-ending attention to detail, each property is truly special. The company's success is the result of a combined effort of its staff; experienced professionals who take great pride in their work and share a determination for upholding the company's mission: "To create spaces that reflect our passion for great design and true quality craftsmanship, while always striving to achieve the highest level of customer satisfaction and business ethics".

The company's projects are located in the Dupont Circle, Logan Circle and the U Street corridor neighborhoods of Washington, DC with new projects being considered throughout the Washington Metropolitan Area. Projects currently in construction include *Moderno*, in collaboration with LaKritz | Adler Development, a 35,000 SF mixed-use new construction project at 12th and U Streets, by the U Street Metro Station, and the *Murano*, a 16-unit new construction project at 10th and V. Recent completed projects include the Beauregard, a 45,000 SF new construction project at 11th and

V, the Visio at 10th and V, and Woodson Row at 12th and U. Paul Robertson lives at 11th and V, two blocks from the proposed projects.

Few developers have been more active or have a better reputation for quality construction and community relationship-building in the Greater Shaw/U Street neighborhood. In a competitive marketplace, Robertson Development consistently demonstrates a commitment to a truly "higher standard". Robertson Development would serve as the exclusive construction management firm for this project.

*CORE Architects*

CORE is considered DC's leading retail architecture firm, and is ranked among the top 50 retail architecture firms in the country. CORE is the architect for Moderno at 12th and U, and was the lead architect for 1250 U Street, the 44,000 SF retail and office building built above the U Street Metro Station at 13th and U in 2004. CORE also designed the 7,500 SF headquarters building for the National Minority AIDS Council in the U Street Historic District. Other recent major commercial and arts design credits include Eckington Place, also known as the XM Satellite Radio building at Florida and New York Avenues (250,000 SF), the 58,000 SF Atlas Performing Arts Center on H Street NE, and Square 452, a 380,000 SF new construction retail and office building at Massachusetts Avenue and 6th Street. CORE is also well-known for its destination restaurant work in Washington – recent credits include Mie N Yu, Black Salt, Jackie's, Beck, Lia's by Chef Geoff, and Café du Parc at the Hotel Willard Intercontinental.

*Marriott International, Inc.*

Marriott International, Inc., is a leading lodging company. Its heritage can be traced to a root beer stand opened in Washington, D.C., in 1927 by J. Willard and Alice S. Marriott. Today, Marriott International has nearly 2,900 lodging properties located in the United States and 67 other countries and territories. Marriott Senior Vice President Norman Jenkins is a Howard University graduate and is leading Marriott's plans to co-develop a SpringHill Suites brand boutique hotel with LaKritz | Adler at Parcel 3. This would be the first SpringHill Suites in the Washington, D.C. area, an exciting prospect for this new Marriott brand.

SpringHill Suites sets the standard for mid-priced lodging by offering spacious studio suites that are approximately 25% larger than traditional hotel guest rooms. These suites feature separate areas for sleeping, working, relaxing, and grooming. A flexible bed-mix of kings, doubles, and a pull-out sofa enables the brand to meet the demands of business and leisure travelers. The brand's spacious suites are complemented by stylish public spaces and thoughtful amenities.

SpringHill Suites targets upper to moderate tier guests who seek spacious suites, quality accommodations and pure pleasure. In short, the properties target guests who place a high premium

on enjoyment—the enjoyment of their work and the enjoyment of their surroundings. Each SpringHill Suites property features genuine, spirited and welcoming hospitality. Each suite displays design elements that are unexpected, vibrant, contemporary and progressive.

Completely unique SpringHill Suites are constructed in urban or historic settings, and this site is both. These non-prototype SpringHill Suites are designed to reflect the singular character of their surrounding neighborhoods and to preserve the architectural integrity of buildings of historical significance. As such, we believe SpringHill Suites is the perfect brand for the first hotel serving the U Street neighborhood.

*The Warehouse Theater (www.warehousetheater.com)*

The Warehouse Downtown Arts Complex is Washington's leading independent art space. Located in three historic buildings on 7th Street in Shaw, the Warehouse presents the best in theater, music, art, film, dance and happenings. Created in 1994, the complex includes 2 theaters, a live music venue, a screening room, a bar and café, and several gallery spaces. Over the years, the Warehouse has hosted thousands of performances and artists and continues to be a home to artists (local, national and international) of every variety. Called "an avant garde Kennedy Center," by the *Washington Post*, Warehouse Arts is recognized by both artists and patrons as one of the best live arts spaces in the city. It's a venue that hosts a variety of artists and performances – from gallery exhibitions of local visual artists, to one night shows of punk rock bands, to weekend cabaret evenings to professional theater.

As recently reported in the *Washington Post*, high property taxes are forcing the Ruppert family to sell the 7th Street properties they have owned for 120 years and find a new home for the Warehouse Theater complex. In this proposal, the Warehouse Theater would form a JV with LaKritz | Adler to develop and operate Parcel 1 as a freestanding restaurant and live entertainment venue that would keep the Warehouse theater in the Shaw community, and the Warehouse Theater would also operate a 3,000 SF nonprofit community theater space in the Parcel 2 building as part of a community amenity package for a Planned Unit Development.

*The Academy for Learning Through the Arts (www.alta-pcs.com)*

The Academy For Learning Through the Arts opened its doors to 59 students in September of 2005. ALTA found space in the Augustana Lutheran Church near 16th and U just ten days before it opened its doors to students. ALTA's mission is to educate students for a productive adulthood through a demanding academic and arts interrelated curriculum, a vibrant school culture, highly qualified teachers, involved parents and strong ties to the community. ALTA evolved from Patricia Mitchell's successful 30 year experience as director of the Fillmore Arts Center, an award-winning arts education program and summer camp which has served thousands of District students. ALTA's teachers are trained by the Kennedy Center's Changing Education Through the Arts (CETA) program. ALTA is the only DC school selected for inclusion in this program.

ALTA has been called by its new parents "the hidden gem of the charters schools". Its five-year goal is to grow to 300 students and to add 7th and 8th grades to the school. The planned commercial building to be built on Parcel 2 and 1920 8th Street would offer ALTA enough space to accommodate our growth trajectory, while keeping the school in the U Street neighborhood that its cherishes, given its history of music and theater. ALTA would also use the community theater space in the same building for student performances and events – a crucial and unique benefit for its arts education program.

Patricia Mitchell, ALTA's founder, served for 27 years as an administrator in the District of Columbia Public Schools system, during which time she established the Fillmore Arts Center, an award-winning arts-integrated education program serving kindergarten through grade eight students from six elementary schools. She has served as a consultant for the U.S. Department of Education, assisting in identifying exemplary arts education programs, and has consulted with new and emerging arts-integrated educational programs nationally. Ms. Mitchell received the *Jeffrey Lawrence Award* in recognition of exemplary dedication, talent, and achievement from the International Network of Schools for the Advancement of Arts Education, and the Mayor's Art Award for Excellence in Arts Education from the D.C. Commission on the Arts and Humanities. Ms. Mitchell serves as Secretary for the DC Arts and Humanities Collaborative, and is a member of the governing boards of the Network (see above) and the National Arts and Learning Collaborative (Boston, MA). MA: Educational Administration and Supervision (University of the District of Columbia); BA: Sociology (Newton College).

ALTA will occupy up to two floors of the building planned for Parcel 2, and will make use of the community theater space planned for the same building.

PART IV: THE PLAN (aerial sketches and floor plans shown as exhibits)

*A. Parcel 1 - 4,124 SF Freestanding Retail/Restaurant Building*

At Parcel 1, LaKritz | Adler proposes to build a freestanding 4,124 square foot restaurant building, designed by CORE, which will be operated as a neighborhood restaurant and joint venture between LaKritz | Adler and the Warehouse Theater. The building will serve as the new home for nearly all the Warehouse Theater's functions. The building will include approximately 3,440 square feet of ground floor seating, kitchen and stage area, and approximately 684 square feet of mezzanine area, overlooking the main dining and entertainment areas. This footprint leaves room for one parking space on the site, satisfying the full zoning requirement for this structure and use.

The primary justification for this building plan is that Parcel 1, at 3,800 SF, is too small to accommodate any underground parking, and too small for an efficient multistory structure. The

proposed building is the largest building that can be built on the site while meeting parking requirements on-site for this zone.

In addition, the restaurant use will generate 8,248 square feet of Arts Overlay bonus credits, which can be transferred to the non-arts commercial FAR on Parcel 2 through a combined lot development agreement which the developer will execute between Parcels 1 and 2.

B. *Parcel 2 - 126,000 SF PUD, 7-Story Arts-Oriented Commercial Building, including 3,000 SF community theater, 8,600 SF neighborhood restaurant and retail, 30,000 SF arts-related Public Charter School, 84,000 SF office space, and 44 underground parking spaces.*

To develop Parcel 2, LaKritz | Adler will join Parcel 2 with 1920 8th Street, the abutting 11,327 SF vacant parcel LaKritz | Adler controls immediately to the south of Parcel 2, to create a combined lot area of 19,892 SF. This will allow LaKritz | Adler to seek Planned Unit Development (PUD) approval for the combined lot (Parcel 2 is too small on its own to qualify for a PUD application).

LaKritz | Adler will propose a 6.0 FAR, 90-foot high commercial building on the site with approximately 126,000 SF, the maximum allowed under PUD guidelines for this zone. In the event the PUD cannot be achieved, LaKritz | Adler will build the same building by-right, with 4.5 FAR and 65-foot height, by eliminating two floors of office, thereby reducing the office area to 77,900 SF before deducting space for the charter school, and converting the community theater space into additional retail/restaurant space for a total of 11,600 SF of retail, for a total building area of 89,514 SF. The 44 parking spaces, which will fit on a single level of underground garage beneath the site (thereby not encroaching on the Metro tunnel easement) would exceed the zoning requirement for the building in the by-right scenario. In the PUD scenario, the same parking may require a special exception to reduce commercial parking spaces otherwise required by up to 25%.

77,900 SF − 30,000 SF = 47,900

30,000
47,900
11,600
89,500

The 89,514 SF commercial building without PUD is by-right because of the Arts Overlay bonus FAR generated by the restaurant, theater and arts school uses, in addition to the bonus FAR generated by the restaurant on Parcel 1. Even with the full PUD, the arts uses on Parcels 1 and 2 generate enough bonus FAR for the entire building to be in commercial use under the Arts Overlay rules.

The 8,600 SF retail space will include one or several restaurants. Any non-restaurant retail will be Arts Overlay favored uses.

The 3,000 SF community theater space will be operated on a non-profit basis by the Warehouse Theater in the same fashion as the existing Warehouse theater space on 7th Street, which will close and relocate to Parcel 2. The theater space will pay a below-market rent that allows the theater to continue its independent, community-serving mission.

FOIA CONFIDENTIAL TREATMENT REQUESTED

The Academy for Learning Through the Arts (ALTA), a popular and growing public charter school located in the U Street corridor will also relocate to a larger, new space on the second and third floors of Parcel 2, and will share in the use of the theater space for student educational purposes.

If for some unforeseen reason LaKritz | Adler must develop Parcel 2 separately from 1920 8th Street, LaKritz | Adler and CORE have designed a five-story retail and office building for Parcel 2 with 9 surface parking spaces. The building would contain a total of 29,499 SF, of which 4,999 would be restaurant and 24,498 would be office. The community theater space and public charter school would be eliminated. The separation of Parcel 2 and 1920 8th would not impact the valuation for Parcel 2 in the by-right scenario (but eliminates the opportunity for the PUD scenario, where LaKritz | Adler proposes to increase compensation to WMATA above the by-right value), but it would require zoning special exceptions to reduce the parking and loading requirements. Of course, this is not LaKritz Adler's preference, as the sites combined are far more efficient than they are when separated.

*C. Parcel 3 - 96,000 SF PUD, 8-story Marriott Boutique with Restaurants and Retail*

On Parcel 3, LaKritz | Adler will collaborate with Marriott International to seek a PUD approval and construct a 6.0 FAR, 90-foot tall, 96,000 SF boutique hotel, with approximately 8,000 SF of ground floor restaurant and retail, and one level of underground parking containing 34 parking spaces.

In the event a PUD is not approved, LaKritz | Adler will construct the same project, with 72,000 SF, six stories, 4.5 FAR and 65-foot height.

LaKritz | Adler has found a high level of enthusiasm in the community for a boutique hotel in this location, as there is no hotel serving Howard University or the Greater Shaw/U Street community at this time, and few sites remain to build one. LaKritz | Adler and Marriott have already completed their initial feasibility study for the site, and the financial projections are sufficient to proceed with this location. Marriott SVP for New Development, Norman Jenkins, a Howard University graduate, has taken a personal interest in seeing a Marriot Hotel developed on U Street that would, in part, serve Howard University.

LaKritz | Adler and Marriott are now in talks with Howard University and CVS, negotiating to combine Howard University's 21,000 SF land parcel at 7th Street and Florida Avenue, which is now occupied by a CVS pharmacy and surface parking, with Parcel 3, and thereby build a larger, full-service hotel serving the University and Greater Shaw/U Street community. However, LaKritz Adler's development plans are in no way contingent on reaching an agreement with Howard University.

PART V: THE SCHEDULE

| PHASE | DATE | DURATION |
|---|---|---|
| Ratify Contract with WMATA/Initial Deposit | September 1, 2007 | |
| General Study Period / Prepare PUD Application | September 1, 2007 | 60 days |
| Commence PUD and HPRB Applications | November 1, 2007 | 12 to 18 months (assume 15) |
| HPRB Approved | November 1, 2008 | |
| PUD Approved | February 1, 2009 | |
| Prepare Building Permit Set / Construction Docs | February 1, 2009 | 3 months |
| Submit for Building Permits | May 1, 2009 | 6 to 12 months (assume 9) |
| Receive All Permit Approvals | February 1, 2010 | 60 days to construction financing |
| If Purchase: Close Land Purchase | April 1, 2010 | |
| Commence Construction | April 1, 2010 | 18 months |
| Construction Complete/Commence Operations | October 1, 2011 | |
| If Ground Lease: Commence Lease Payments | October 1, 2011 | |

All three parcels are assumed to have the same schedule, so that all construction will occur simultaneously, to maximize economies of scale and minimize community construction impact.

PART VI: WMATA COMPENSATION AND TERMS

For all three parcels, LaKritz | Adler is proposing both purchase and ground lease terms, with the understanding that LaKritz | Adler prefers to purchase, but that WMATA is more likely to favor a ground lease proposal. Land values have been calculated to allow the developer and its investors a 20% gross project margin and a 25% return on cost, assuming that land settlement occurs immediately prior to construction start. Ground lease starting annual base rents are a fixed percentage of the calculated land value for each parcel that produces a similar level of return and net cash flow after debt service for the developer as under the land purchase, after adjusting for the relatively lower market valuation of properties owned on a ground lease and the relatively higher market mortgage rates for such properties when the ground lessor's fee interest is not subordinated to the long term mortgage.

Note that all offer prices are already adjusted for the special engineering, approval, foundation and monitoring costs of building above and beside the green line Metro tunnel and fan system at these specific building sites with the specific building plans proposed. LaKritz | Adler has already commissioned and received an foundation engineering report specifically for Metro Parcels 1, 2 and

3, and has already designed, cost engineered and estimated cost for the project adjacent to Parcel 2. The special costs for the Metro tunnel have a significant impact on the final values of the sites.

Except as specified below, acquisitions and leases for all parcels shall have the same terms. Only major business terms for a proposed contract are specified below; all the essential terms for Purchaser/Tenant are not included.

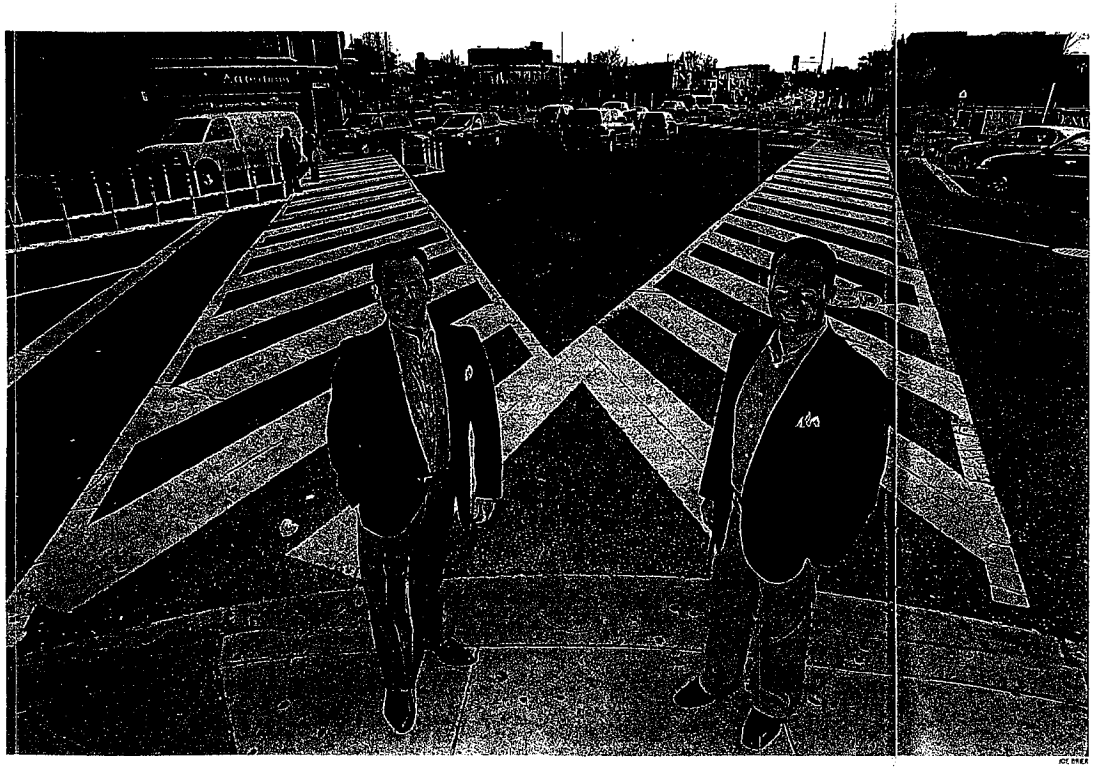
| | |
|---|---|
| Property/Parcels/Premises | Parcels 1, 2 and 3 as described more fully in WMATA solicitation for Shaw/U Street Parcels |
| Seller/Landlord | WMATA |
| Purchaser/Tenant | An affiliate or subsidiary of LaKritz Adler Development, LLC |
| Purchase Price | |
| Parcel 1 | $675,000 |
| Parcel 2 | $2,300,000 |
| Parcel 3 | $3,700,000 |
| PUD Bonus (purchase only) | |
| Parcel 2 | $60/SF for each square foot approved above 4.5 FAR attributable to Parcel 2 land area only (43% of total when combined with 1920 8th Street), reduced by the proportionate share of direct PUD application, legal, engineering and architectural costs and proportionate share of cost of any public amenities and concessions offered. Payable at settlement as an adjustment to purchase price. |
| Parcel 3 | $52/SF for each square foot approved above 4.5 FAR attributable to Parcel 3 land area only, reduced by the proportionate share of direct PUD application, legal, engineering and architectural costs and proportionate share of cost of any public amenities and concessions offered. Payable at settlement as an adjustment to purchase price. |
| Study Period | 60 day general study period commencing upon final ratification of binding purchase and sale agreement between the parties, and receipt by purchaser/tenant of all due diligence materials from seller/landlord. |
| Approvals Contingency | In the event that Purchaser/Tenant, prior to Settlement, after diligent and commercially reasonable pursuit of approvals for the properties, determines in its sole discretion that the |

| | |
|---|---|
| | Minimum Approval cannot be achieved for any Parcel (whether by action of the HPRB, BZA or other regulatory or government agency), Purchaser/Tenant may discontinue the purchase or lease obligation for that specific parcel and receive the immediate return of its Deposit, with interest and without penalty. |
| Parcel 1 | A 4,120 SF restaurant with one surface parking space and CT license with entertainment endorsement. |
| Parcel 2 | If not combined with 1920 8th Street: a 29,499 SF, 5-story, 65-foot high mixed-use commercial office building with at least 4,999 SF of ground floor restaurant, nine surface parking spaces, no loading dock or loading berth, no underground parking.<br>If combined with 1920 8th Street: an 89,500 SF, 5-story, 65-foot high mixed-use commercial office building with at least 11,600 SF of ground floor retail or restaurant, and not more than one level of underground parking containing not more than 44 parking spaces, |
| Parcel 3 | A 72,000 SF, 6-story, 65-foot high hotel building with one level of underground parking containing 34 parking spaces. |
| Minimum Approval | A Minimum Approval shall not be achieved if the actual final approval restricts final above-grade square footage, number of floors, building height or use to a lesser amount or value than the specifications of the Minimum Approval, or a condition of such final approval imposes a higher construction or operational cost for the Purchaser/Tenant relative to such cost under the Minimum Approval (except where the higher cost is caused solely by an increase in the approved above-grade area, height, or use of the proposed building relative to the Minimum Approval.) |
| Settlement (purchase only) | 60 days following final approval of building permits, including any WMATA engineering approvals. Not to exceed 42 months following final contract ratification |
| Ground Lease Term | Twenty Nine Years (29) with seven (7) ten-year |

| | |
|---|---|
| | renewal options |
| Annual Base Rent | Payable in equal monthly installments |
| Parcel 1 | $32,400 per annum |
| Parcel 2 | $110,400 per annum |
| Parcel 3 | $140,600 per annum |
| Base Rent PUD Bonus (ground lease only) | |
| Parcel 2 | $2.88/year/SF for each square foot approved above 4.5 FAR attributable to Parcel 2 land area only (43% of total when combined with 1920 8th Street), reduced by the proportionate share of direct PUD application, legal, engineering and architectural costs and proportionate share of cost of any public amenities and concessions offered, such costs amortized and deducted evenly from the PUD bonus adjustment over the initial term of the lease. |
| Parcel 3 | $1.98 /year/SF for each square foot approved above 4.5 FAR attributable to Parcel 2 land area only (43% of total when combined with 1920 8th Street), reduced by the proportionate share of direct PUD application, legal, engineering and architectural costs and proportionate share of cost of any public amenities and concessions offered, such costs amortized and deducted evenly from the PUD bonus adjustment over the initial term of the lease. |
| Rent Increases | Annual Base Rent shall increase by 20% at the end of each ten year period, and at the commencement of each ten year renewal. |
| Lease Commencement | Monthly lease payments to commence upon completion of construction and issuance of final Certificate of Occupancy for each completed building, not to exceed 60 months from final contract ratification. |
| Memorandum of Lease and other Documentation | Tenant shall receive a recorded memorandum of lease and a recorded memorandum of purchase option, subordination agreement with Tenant's construction lender, title affidavits, certificates, |

| | |
|---|---|
| | lien waivers, corporate resolutions and other documents and information requested by Tenant's title company in support of a leasehold title policy. |
| Permits and Zoning | Landlord will cooperate with and actively support Tenant's permitting and execute applications, plats, subdivisions, site plans, certifications, documents and recordable instruments as may be required by the applicable jurisdictions for purposes including, but not limited to, subdivisions, zoning variances, and planned unit developments including the Property. |
| Development Agreements | Landlord will cooperate with Tenant's efforts in joining with other properties for the allocation of development rights to Tenant's construction project, so long as such agreements shall not reduce the value of the Property. |
| Construction | Tenant shall be permitted to construct mixed-use retail and/or office and/or hotel uses, or any other legal use on the Premises in Tenant's sole discretion, in compliance with all laws and thereafter to alter and replace the same, without Landlord's consent. Landlord's approval of plans shall be prompt and not to be withheld absent showing of structural defect or non-compliance with law. |
| Assignment, subletting and mortgages | Tenant may assign, sublease, mortgage or encumber its interest in the Lease and Purchase Option.<br><br>Landlord shall subordinate its fee interest to Tenant's construction financing lender during the Construction Period and thereafter until Tenant can stabilize and refinance the completed project. |
| Purchase Option | At the end of the Lease Term and at the end of each renewal period, Tenant may elect to purchase the Property for its Fair Market Value in its present use, exclusive of the value of any improvements, and settlement shall occur 60 days after Tenant gives written notice to |

| | |
|---|---|
| | Landlord of Tenant's intention to exercise purchase option. |
| Additional Renewals | At the end of Tenant's final renewal period under this Lease, and each Additional Renewal period herein described, Tenant may elect to renew the Lease at Fair Market Value, based upon its residual land value at the time of renewal exclusive of the value of any improvements, for an additional ten year period. |
| Right of First Refusal | At any time during the Lease Term, if Landlord shall elect to sell or transfer the Property, Landlord shall first offer to sell Property to Tenant at the price for which Landlord intends to offer the Property for sale or transfer. In the event the parties do not reach agreement on the offered price, Landlord may then offer the Property to the public, but may not accept an offer less than the price offered to Tenant without first offering the Property to Tenant at the lower price. |



GEORGIA AVENUE is at a crossroads, say development partners Robb LaKritz, left, and Josh Adler. They have bought several properties near Georgia and New Hampshire avenues NW to develop spaces for neighborhood services such as banks, yoga studios and restaurants.

## Robb LaKritz and Josh Adler

### Shaw / Petworth

Robb LaKritz used to walk around his Shaw neighborhood five or six years ago lamenting the empty and abandoned buildings.

"I was really curious why economic development wasn't happening in my backyard," says LaKritz, at the time a senior adviser in international affairs at the Department of Treasury. "This is sort of like a parlor game in D.C. Why is that building vacant? Why isn't there a coffee shop there?"

In a very un-Washington way, however, he decided to do something about it. He partnered with fellow Treasury official Josh Adler to buy a building at 1525 Ninth St. NW, just two blocks from the new convention center. A tax lien and residential zoning complicated matters, but the pair persevered and redeveloped the project, leasing the main floor to an insurance company and creating two residential units upstairs.

It wasn't long before LaKritz and Adler quit their day jobs to become full-time developers. LaKritz wondered about the destitution of Georgia Avenue every time he drove up the corridor. "Why is Georgia Avenue this way? This is a beautiful corridor," he thought. "This is a boulevard."

After moving to Petworth in 2003, LaKritz began talking to residents and discovered they were clamoring for a sit-down restaurant. LaKritz/Adler bought a 6,000-square-foot boarded-up barber shop at 3646 Georgia Ave. NW south of the Petworth Metro station. In 2005, the renovated building opened with a yoga studio on the second floor. A restaurant, Temperance Hall, opened last year. They partnered with Joe Englert, an H Street NE developer and bar owner, on both the building and the restaurant.

LaKritz has tracked down the owners of all sorts of vacant buildings, only to have his offers rebuffed. "The guys who own these buildings don't want to sell," he says. "They just want to speculate."

The duo now is working on the Moderno condominiums just off U Street, and they have several properties on Georgia Avenue. In January, they bought the triangular parcel at Georgia and New Hampshire avenues NW and the vacant 4,600-square-foot Petworth Pharmacy building at Georgia and Upshur Street NW. They are negotiating deals to buy other small parcels to accommodate neighborhood services. So far they have provided all the equity for their projects, but LaKritz says they may begin to seek outside investors.

LaKritz takes a philosophical approach to the area's renaissance.

"Responsible revitalization is demand driven," he says. "It's not about bringing the suburbs into the city. It's about the enhancement of a community." ✲



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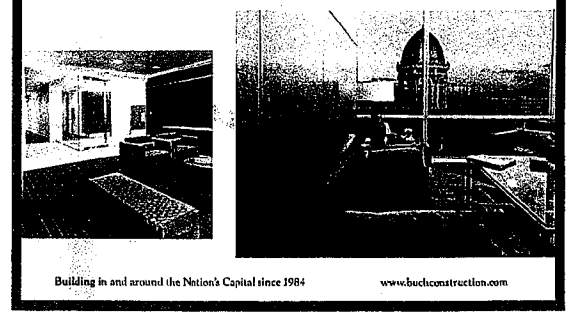

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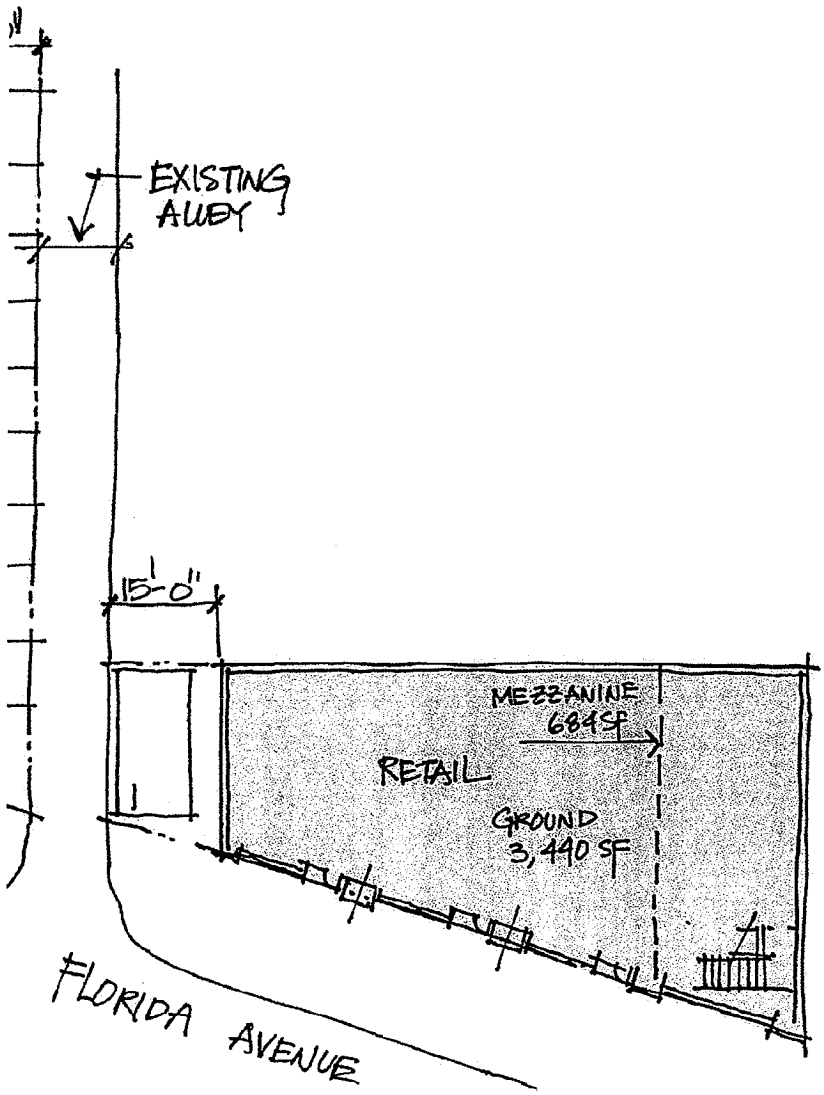


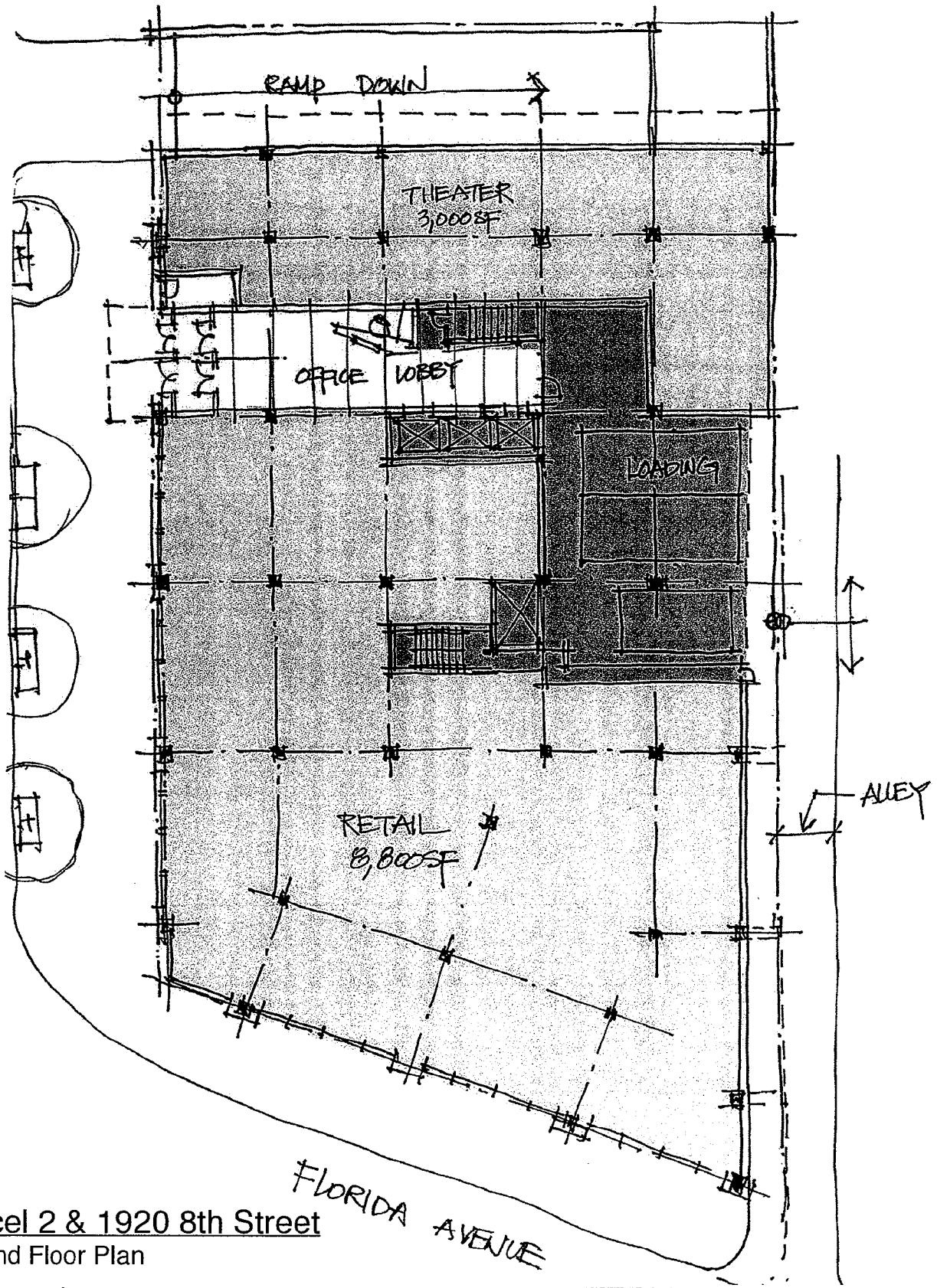

## Parcel 1

Ground Floor Plan

LAKRITZ | ADLER

CORE architecture . design

WMATA - U Street
Washington, DC




Parcel 2 & 1920 8th Street

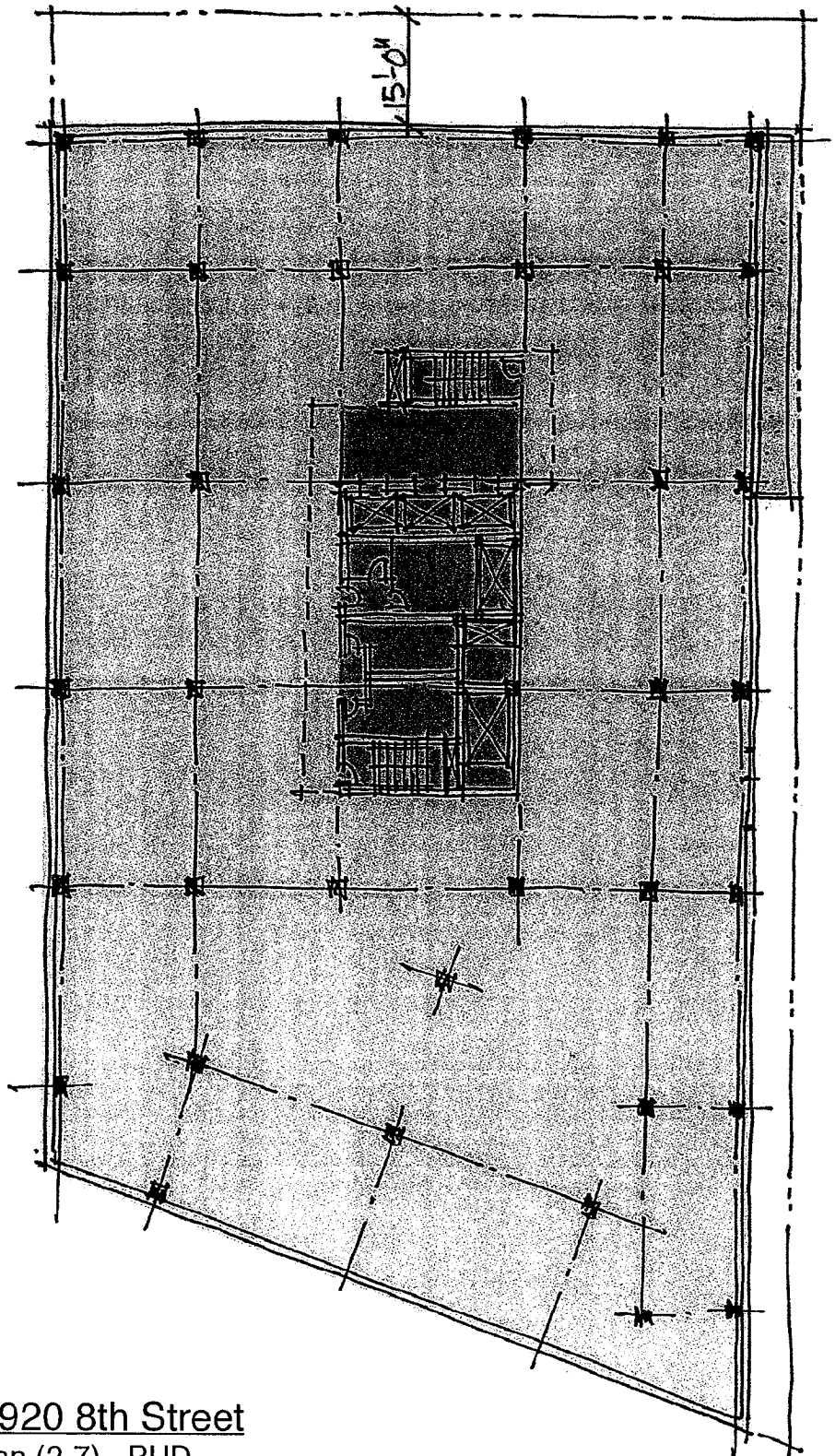
Ground Floor Plan

LAKRITZ | ADLER

CORE architecture design

WMATA - U Street

Washington, DC




## Parcel 2 & 1920 8th Street

Typical Floor Plan (2-7) - PUD

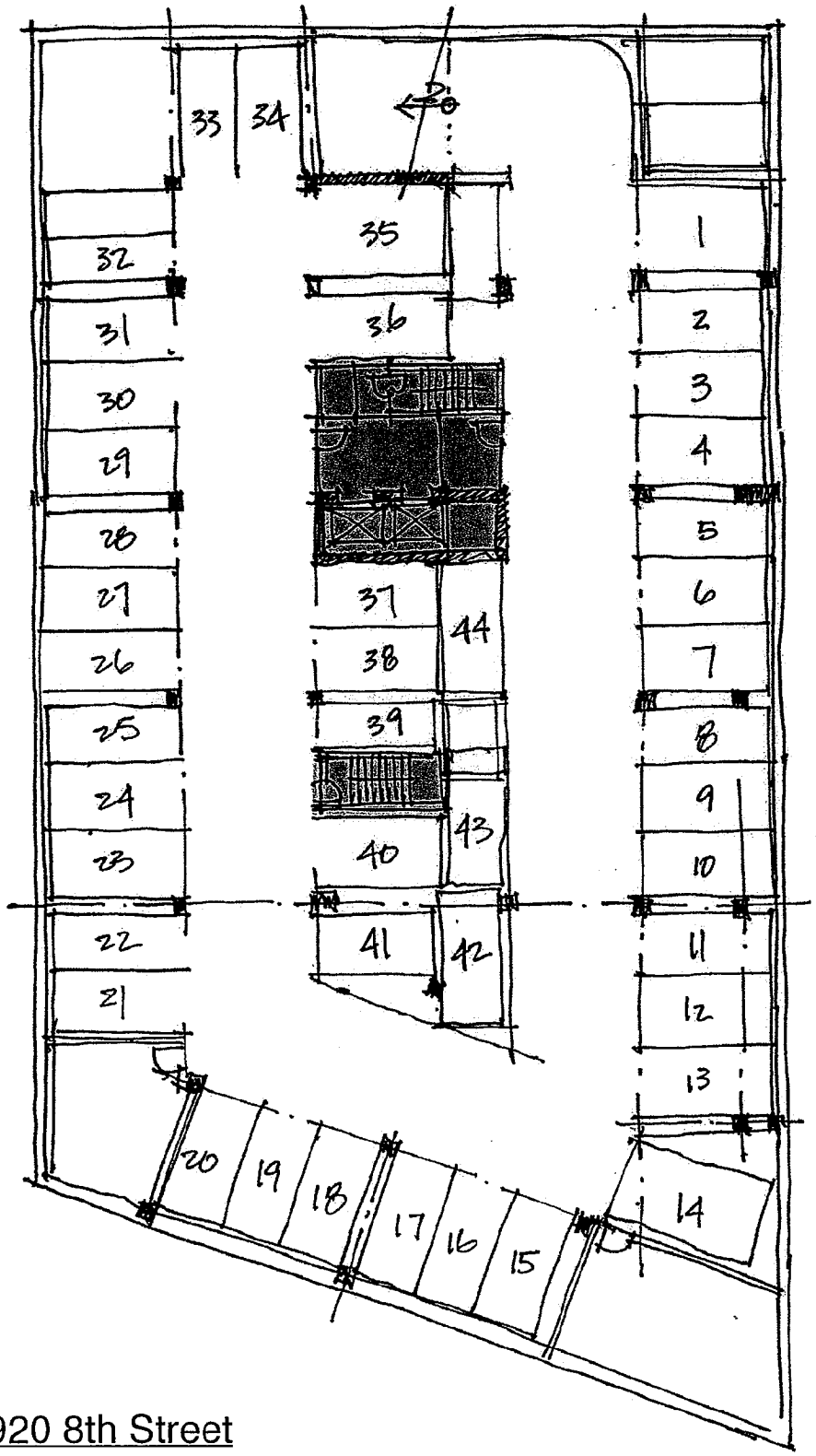
LAKRITZ | ADLER

CORE architecture design

WMATA - U Street

Washington, DC

FOIA CONFIDENTIAL TREATMENT REQUESTED




## Parcel 2 & 1920 8th Street

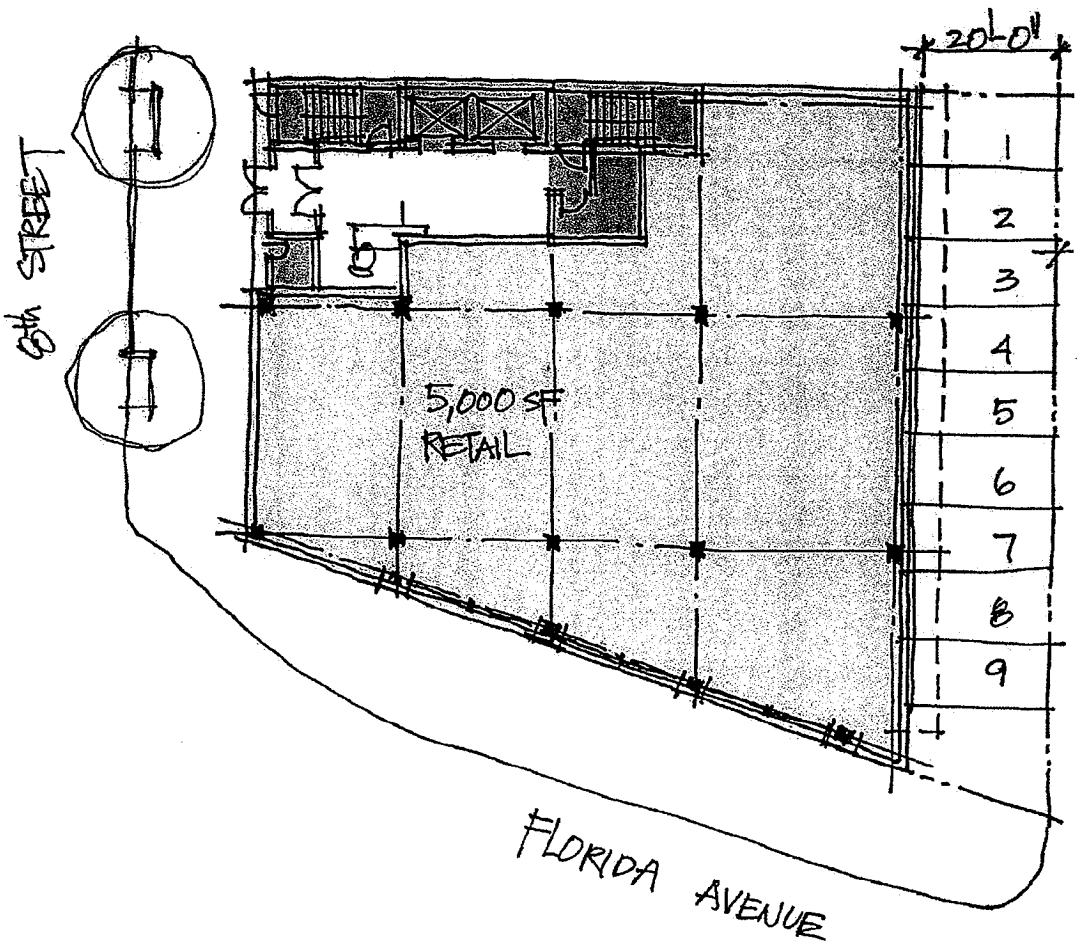
Parking Level Plan

LAKRITZ | ADLER

CORE architecture design

WMATA - U Street

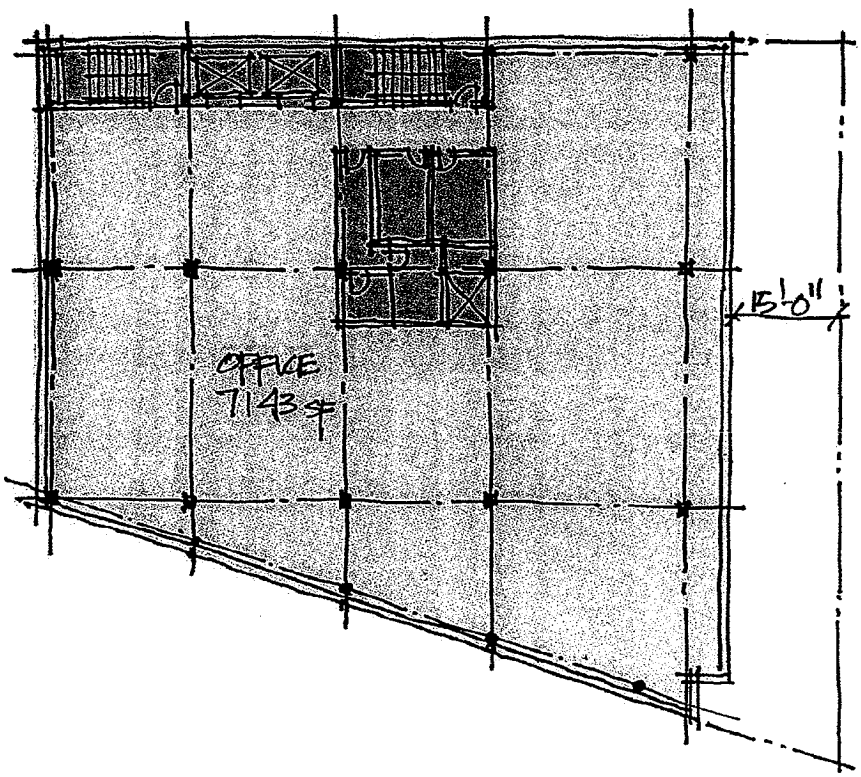
Washington, DC




## Parcel 2
Ground Floor Plan

LAKRITZ | ADLER
CORE architecture design

WMATA - U Street
Washington, DC




## Parcel 2

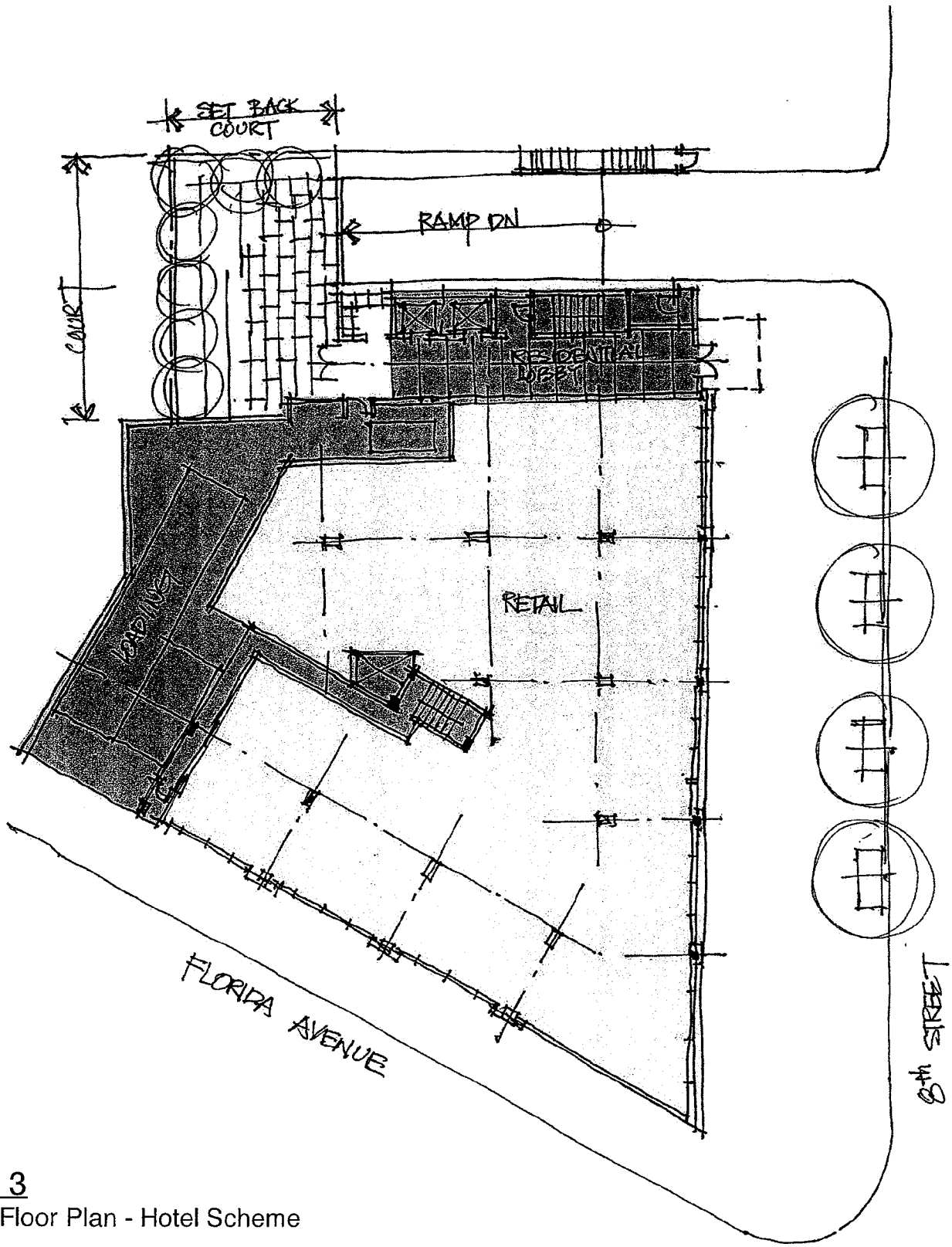
Typical Floor Plan (2-5)

LAKRITZ | ADLER

CORE architecture design

WMATA - U Street

Washington, DC




## Parcel 3

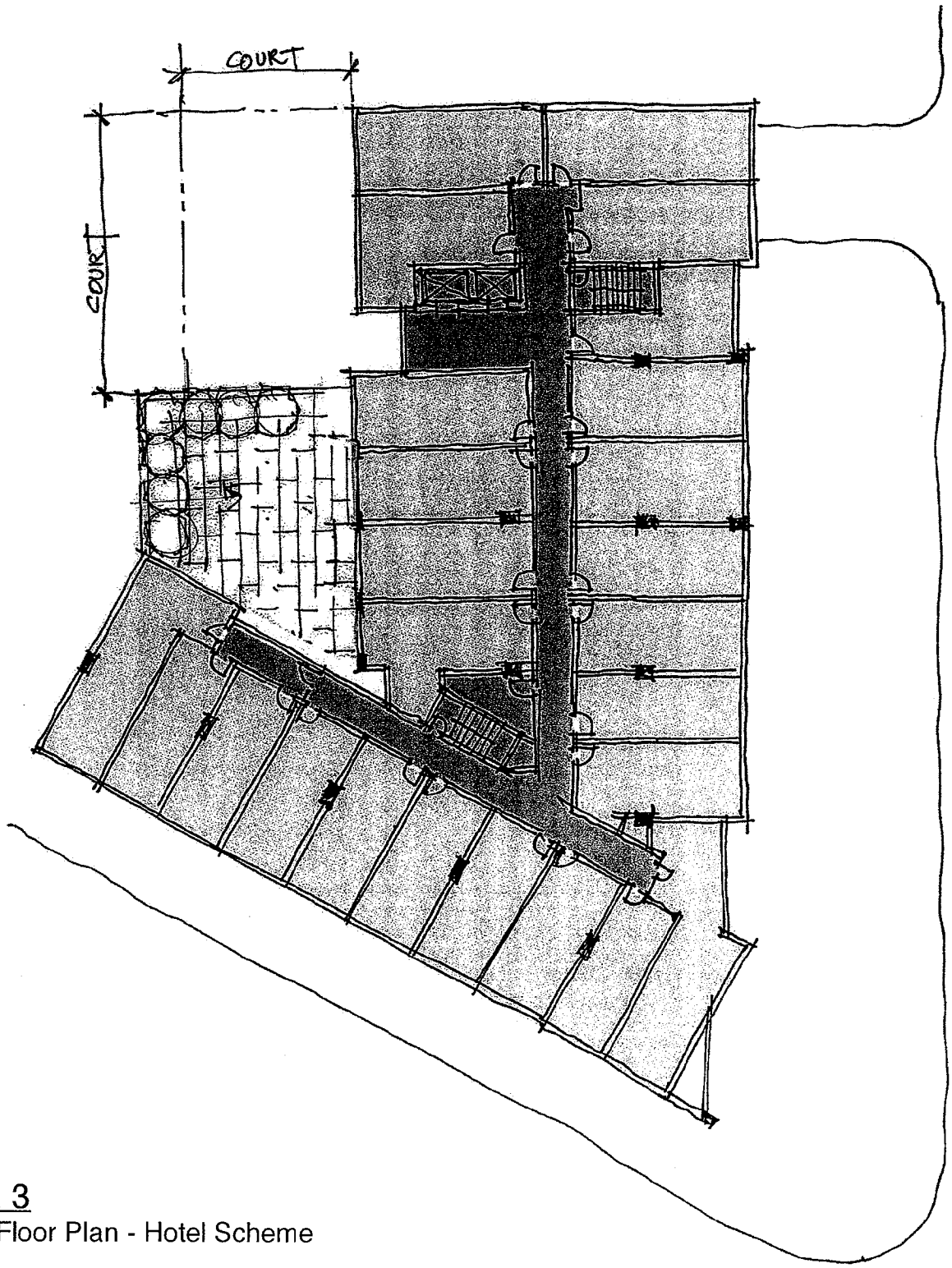
Ground Floor Plan - Hotel Scheme

LAKRITZ | ADLER

CORE architecture design

WMATA - U Street

Washington, DC




## Parcel 3

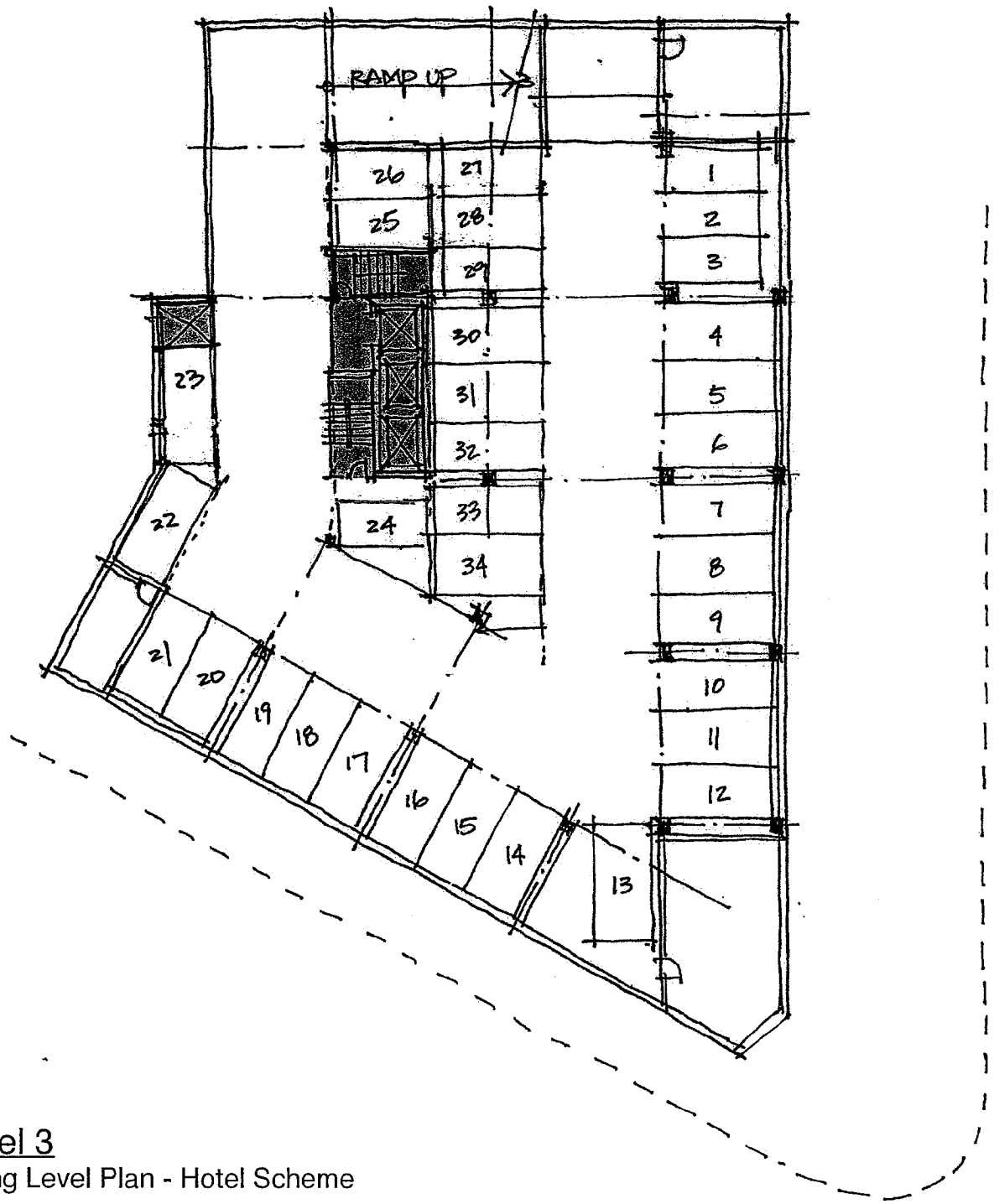
Typical Floor Plan - Hotel Scheme

LAKRITZ | ADLER

CORE architecture design

WMATA - U Street

Washington, DC




## Parcel 3

Parking Level Plan - Hotel Scheme

LAKRITZ | ADLER

CORE architecture · design

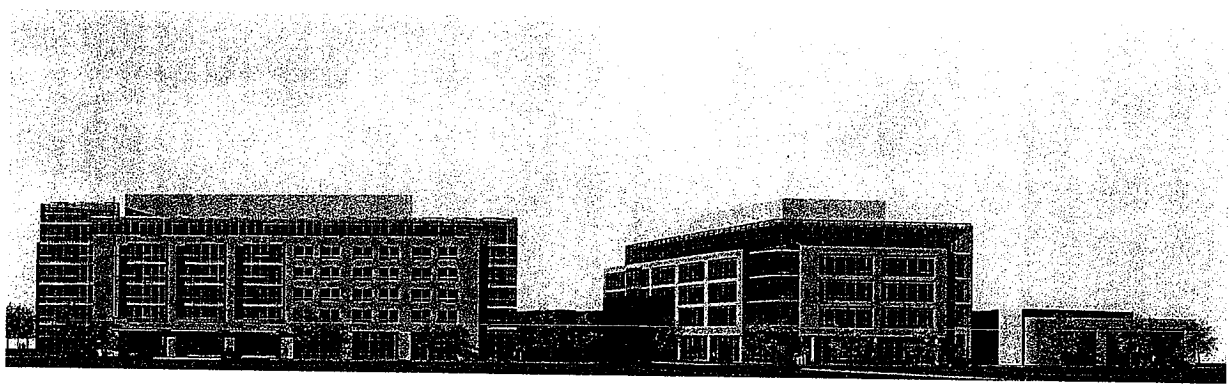
WMATA - U Street

Washington, DC

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

# PROPOSAL
# SHAW HOWARD/FLORIDA AVENUE JOINT DEVELOPMENT SITES

# VOLUME 2 – ECONOMIC INFORMATION



**Development Proposal**

LaKritz | Adler Development, LLC
4326 8th Street, NW
Washington, DC 20011
Contact: Joshua Adler, Principal
Tel. (202) 882-0808
Fax. (202) 882-0809
josh@lakritzadler.com



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006587

DANAC CORPORATION

Real Estate Development • Management • Brokerage

Bank of America
Rebecca Greenspan
VA9-200-03-01
8300 Greensboro Drive
Suite 300
McLean, VA 22102-3604
Phone (703) 761-8715

October 4, 2007

Dear Ms. Greenspan,

We hereby authorize you to respond to inquiries from WMATA for the purpose of assessing our creditworthiness for the Shaw Howard/Florida Avenue JDS submission.

Sincerely,

Douglas E Bream
CFO & Vice President

7501 Wisconsin Avenue • Suite 1120 • Bethesda, Maryland 20814 • (301) 657-2800 • FAX: (301) 657-4560

DANAC CORPORATION

Real Estate Development • Management • Brokerage

M&T Bank
Stewart Cooper
25 South Charles Street
17th Floor (mailstop 101-747)
Baltimore, MD 21201
Phone (301) 397-5574

October 4, 2007

Dear Mr. Cooper,

We hereby authorize you to respond to inquiries from WMATA for the purpose of assessing our creditworthiness for the Shaw Howard/Florida Avenue JDS submission.

Sincerely,

Douglas E Bream
CFO & Vice President

*MILESTONE CAPITAL CORPORATION*
2600 N. Military Trail, Suite 349
Boca Raton, Florida 33431
(561) 981-8828
(561) 981-8827 (Fax)

October 5, 2007

Mr. John Nixon, First Vice President
Preferred Bank
601 South Figueroa Street
20th Floor
Los Angeles, CA 90017
P: (213) 891-1188
F: (213) 622-0369

Re: Credit Reference

Dear John:

Milestone Capital Corporation hereby authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) for the purpose of assessing our creditworthiness in conjunction with our development proposal for the Shaw-Howard/Florida Avenue site in Washington, D.C. Should you have any questions concerning this matter, feel free to contact me directly at (561) 289-8881.

Kind Regards,

Mason W. Mednick
Executive Vice President

MM/sig

Cc: Sander Mednick
Michael L. Wachtell

*MILESTONE CAPITAL CORPORATION*
2600 N. Military Trail, Suite 349
Boca Raton, Florida 33431
(561) 981-8828
(561) 981-8827 (Fax)

October 5, 2007

Mr. Michael Amoia, Director
Marathon Asset Management
461 Fifth Ave, 11th Floor
New York, NY 10017
P: (212) 381-4426
F: (212) 381-4497

Re: Credit Reference

Dear Mike:

Milestone Capital Corporation hereby authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) for the purpose of assessing our creditworthiness in conjunction with our development proposal for the Shaw-Howard/Florida Avenue site in Washington, D.C. Should you have any questions concerning this matter, feel free to contact me directly at (561) 289-8881.

Kind Regards,

Mason W. Mednick
Executive Vice President

MM/sig

Cc: Sander Mednick
Michael L. Wachtell

LAKRITZ | ADLER
real estate development

October 5, 2007

Mr. Casey Brill
PNC Real Estate Finance
808 17th Street, NW
Washington, DC 20006
Tel. 202-835-4460
Fax. 202-835-5982

Re: WMATA Shaw-Howard/Florida Avenue JDS

Dear Casey:

This letter authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) concerning the creditworthiness and experience of LaKritz Adler Development and its affiliates and principals, pursuant to our proposal to WMATA for the development of its Shaw-Howard / Florida Avenue properties.

Sincerely,

Joshua Adler
Principal

LaKritz | Adler Development, LLC
4326 8th Street, NW • Washington, DC 20011
(202) 882-0808 • Fax (202) 882-0809

LAKRITZ | ADLER
real estate development

October 5, 2007

Mr. Daniel Ruvalcaba
Builders Bank
77 W. Wacker Drive, Suite 3100
Chicago, IL 60601
Tel. 312-977-1436
Fax. 312-977-1439

Re: WMATA Shaw-Howard/Florida Avenue JDS

Dear Dan:

This letter authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) concerning the creditworthiness and experience of LaKritz Adler Development and its affiliates and principals, pursuant to our proposal to WMATA for the development of its Shaw-Howard / Florida Avenue properties.

Sincerely,

Joshua Adler
Principal

LaKritz | Adler Development, LLC
4326 8th Street, NW • Washington, DC 20011
(202) 882-0808 • Fax (202) 882-0809

LAKRITZ | ADLER
real estate development

October 5, 2007

Mr. Greg Dougherty
Branch Banking & Trust Co.
1909 K Street, NW
Washington, DC 20006
Tel. 202-835-9332
Fax. 202-835-9285

Re: WMATA Shaw-Howard/Florida Avenue JDS

Dear Greg:

This letter authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) concerning the creditworthiness and experience of LaKritz Adler Development and its affiliates and principals, pursuant to our proposal to WMATA for the development of its Shaw-Howard / Florida Avenue properties.

Sincerely,

Joshua Adler
Principal

LaKritz | Adler Development, LLC
4326 8th Street, NW • Washington, DC 20011
(202) 882-0808 • Fax (202) 882-0809

| | | | |
|---|---|---|---|
| LIABILITIES AND OWNERS' EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable - Trade | $2,266,455.53 | ($311,252.12) | $1,955,203.41 |
| Gratuities & Tips | 11,147.68 | 1,856.70 | 13,004.38 |
| Advanced Deposits Guests | 472,911.54 | (47,979.06) | 424,932.48 |
| Refunds Payable and Gift Certificates | 32,469.26 | (10,468.62) | 22,000.64 |
| Sales Tax Payable | 403,080.19 | 39,776.71 | 442,856.90 |
| Accrued Expenses | 294,147.99 | (59,909.92) | 234,238.07 |
| Accrued Interest | 354,908.10 | (633.19) | 354,274.91 |
| Accrued Management Fees | 1,618,423.54 | 90,617.52 | 1,709,041.06 |
| Accrued Real Estate Taxes | 84,702.93 | 33,208.34 | 117,911.27 |
| Accrued Wages and Benefits | 313,777.50 | 60,893.62 | 374,671.12 |
| Due to Affiliate | 220,600.93 | 2,277.48 | 222,878.41 |
| Due to Parent | 2,218,524.68 | 328,918.44 | 2,547,443.12 |
| Note Payable | 9,966.44 | (452.22) | 9,514.22 |
| TOTAL CURRENT LIABILITIES | 8,301,116.31 | 126,853.68 | 8,427,969.99 |
| DEFERRED GAIN ON ASSET SALE | 1,498,738.88 | (13,033.15) | 1,485,705.73 |
| MORTGAGE PAYABLE | 71,346,879.98 | (135,991.14) | 71,210,888.84 |
| OWNERS' EQUITY | | | |
| Capital | 290,314.34 | (548,600.75) | (258,286.41) |
| Retained Earnings | (7,787,730.84) | 612,430.67 | (7,175,300.17) |
| TOTAL EQUITY | (7,497,416.50) | 63,829.92 | (7,433,586.58) |
| | $73,649,318.67 | $41,659.31 | $73,690,977.98 |

Milestone Hotel Partners,LLC
Consolidated Balance Sheet
August 31, 2007

| | PRIOR MONTH BALANCE | CHANGE | CURRENT MONTH BALANCE |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | 690,183.96 | (311,312.25) | 378,871.71 |
| Accounts receivable | 1,278,489.88 | (86,236.76) | 1,192,253.12 |
| Due From Affiliates | 495,829.66 | 407.11 | 496,236.77 |
| Due From Parent | 539,699.28 | 615,068.07 | 1,154,767.35 |
| Inventory | 147,001.83 | 33,415.73 | 180,417.56 |
| Prepaid Insurance | 274,044.97 | (59,127.93) | 214,917.04 |
| Prepaid Expenses | 218,854.83 | (19,863.49) | 198,991.34 |
| Prepaid Park Tickets | 66,217.80 | (25,624.15) | 40,593.65 |
| Prepaid Property Taxes | 67,714.34 | 209,851.07 | 277,565.41 |
| Escrow - Taxes & Insurance | 1,135,493.53 | (134,604.12) | 1,000,889.41 |
| TOTAL CURRENT ASSETS | 4,913,530.08 | 221,973.28 | 5,135,503.36 |
| PROPERTY AND EQUIPMENT | | | |
| Land | 4,950,332.67 | 0.00 | 4,950,332.67 |
| Building | 55,843,545.23 | 0.00 | 55,843,545.23 |
| Furniture Fixtures and Equipment | 17,171,588.95 | 8,338.10 | 17,179,927.05 |
| Construction in Progress | 119,760.24 | 45,363.65 | 165,123.89 |
| Accumulated Depreciation | (24,550,861.15) | (375,761.88) | (24,926,623.03) |
| NET PROPERTY AND EQUIPMENT | 53,534,365.94 | (322,060.13) | 53,212,305.81 |
| OTHER ASSETS | | | |
| Franchise License, Net | 85,040.11 | (3,133.44) | 81,906.67 |
| Loan Costs, Net | 986,552.22 | (40,819.87) | 945,732.35 |
| Escrow - Replacement Reserves | 1,473,532.19 | 185,699.47 | 1,659,231.66 |
| Goodwill, Net | 11,263,836.04 | 0.00 | 11,263,836.04 |
| Deposits | 53,206.09 | 0.00 | 53,206.09 |
| Note Receivable | 1,339,256.00 | 0.00 | 1,339,256.00 |
| TOTAL OTHER ASSETS | 15,201,422.65 | 141,746.16 | 15,343,168.81 |
| | $73,649,318.67 | $41,659.31 | $73,690,977.98 |

Milestone Portfolio
Consolidated Summary of Operations - All Hotels
For the Eight Months Ending August 31, 2007

| | CURRENT MONTH ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE | YEAR TO DATE ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | | | | | | |
| Rooms | 5,466,068 | 71.4% | 5,554,362 | 70.1% | (88,294) | (1.6%) | 32,738,044 | 63.4% | 33,758,259 | 63.3% | (1,020,215) | (3.0%) |
| Food & Beverage | 1,822,638 | 23.8% | 2,026,509 | 25.6% | (203,871) | (10.1%) | 17,032,692 | 33.0% | 17,738,578 | 33.3% | (705,886) | (4.0%) |
| Communications | 13,080 | 0.2% | 19,440 | 0.2% | (6,360) | (32.7%) | 127,427 | 0.2% | 144,565 | 0.3% | (17,138) | (11.9%) |
| Other | 348,425 | 4.6% | 327,507 | 4.1% | 20,918 | 6.4% | 1,755,184 | 3.4% | 1,686,268 | 3.2% | 68,916 | 4.1% |
| TOTAL REVENUE | $7,650,211 | 100.0% | $7,927,818 | 100.0% | ($277,607) | (3.5%) | $51,653,347 | 100.0% | $53,327,670 | 100.0% | ($1,674,323) | (3.1%) |
| DEPARTMENT PROFIT | | | | | | | | | | | | |
| Rooms | 4,362,365 | 79.8% | 4,502,807 | 81.1% | (140,442) | (3.1%) | 25,404,942 | 77.6% | 26,354,944 | 78.1% | (950,002) | (3.6%) |
| Food & Beverage | 339,414 | 18.6% | 489,931 | 24.2% | (150,517) | (30.7%) | 5,375,845 | 31.6% | 5,684,854 | 32.0% | (309,009) | (5.4%) |
| Communications | (16,088) | (123.0%) | (14,048) | (72.3%) | (2,040) | 14.5% | (110,270) | (86.5%) | (106,658) | (73.8%) | (3,612) | 3.4% |
| Other | 106,957 | 30.7% | 93,618 | 28.6% | 13,349 | 14.3% | 613,685 | 35.0% | 555,443 | 32.9% | 58,242 | 10.5% |
| TOTAL DEPT. INCOME (LOSS) | 4,792,658 | 62.6% | 5,072,308 | 64.0% | (279,650) | (5.5%) | 31,284,202 | 60.6% | 32,488,583 | 60.9% | (1,204,381) | (3.7%) |
| UNDISTRIBUTED EXPENSES | | | | | | | | | | | | |
| Admin & General | 505,454 | 6.6% | 478,192 | 6.0% | 27,262 | 5.7% | 3,640,558 | 7.0% | 3,711,705 | 7.0% | (71,147) | (1.9%) |
| Sales and Marketing | 386,599 | 5.1% | 397,927 | 5.0% | (11,328) | (2.8%) | 2,958,815 | 5.7% | 3,127,895 | 5.9% | (169,080) | (5.4%) |
| Repairs and Maintenance | 387,898 | 5.1% | 339,159 | 4.3% | 48,739 | 14.4% | 2,849,137 | 5.5% | 2,683,966 | 5.0% | 165,171 | 6.2% |
| Utilities | 444,192 | 5.8% | 456,931 | 5.8% | (12,739) | (2.8%) | 3,421,280 | 6.6% | 3,357,797 | 6.3% | 63,483 | 1.9% |
| TOTAL UNDISTRIBUTED EXPENSES | 1,724,143 | 22.5% | 1,672,209 | 21.1% | 51,934 | 3.1% | 12,869,790 | 24.9% | 12,881,363 | 24.2% | (11,573) | (0.1%) |
| GROSS OPERATING PROFIT (LOSS) | 3,068,515 | 40.1% | 3,400,099 | 42.9% | (331,584) | (9.8%) | 18,414,412 | 35.6% | 19,607,220 | 36.8% | (1,192,808) | (6.1%) |
| Management Fee | 269,486 | 3.5% | 278,374 | 3.5% | (8,888) | (3.2%) | 1,781,986 | 3.4% | 1,841,738 | 3.5% | (59,752) | (3.2%) |
| Trade Name / Franchise Fee | 187,691 | 2.5% | 192,883 | 2.4% | (5,192) | (2.7%) | 1,386,582 | 2.7% | 1,403,886 | 2.6% | (17,304) | (1.2%) |
| INCOME BEFORE FIXED EXPENSES | 2,611,338 | 34.1% | 2,928,842 | 36.9% | (317,504) | (10.8%) | 15,245,844 | 29.5% | 16,361,596 | 30.7% | (1,115,752) | (6.8%) |
| FIXED AND OTHER EXPENSES | | | | | | | | | | | | |
| Rent | 93,925 | 1.2% | 96,288 | 1.2% | (2,363) | (2.5%) | 751,944 | 1.5% | 770,310 | 1.4% | (18,366) | (2.4%) |
| Property Taxes | 144,720 | 1.9% | 147,457 | 1.9% | (2,737) | (1.9%) | 1,098,728 | 2.1% | 1,179,656 | 2.2% | (80,928) | (6.9%) |
| Equipment lease | 27,303 | 0.4% | 23,875 | 0.3% | 3,428 | 14.4% | 173,556 | 0.3% | 152,200 | 0.3% | 21,356 | 14.0% |
| Insurance | 69,304 | 0.9% | 68,217 | 0.9% | 1,087 | 1.6% | 509,029 | 1.0% | 545,736 | 1.0% | (36,707) | (6.7%) |
| Owners expense | 27,733 | 0.4% | 9,450 | 0.1% | 18,283 | 193.5% | 256,945 | 0.5% | 82,250 | 0.2% | 174,695 | 212.4% |
| Other | 6,332 | 0.1% | 0 | 0.0% | 6,332 | 0.0% | 64,506 | 0.1% | 0 | 0.0% | 64,506 | 0.0% |
| Interest Income - Note | (5,905) | (0.1%) | (5,905) | (0.1%) | 0 | 0.0% | (46,475) | (0.1%) | (47,240) | (0.1%) | 765 | (1.6%) |
| TOTAL FIXED EXPENSES | 363,412 | 4.8% | 339,382 | 4.3% | 24,030 | 7.1% | 2,808,233 | 5.4% | 2,682,912 | 5.0% | 125,321 | 4.7% |
| INC. (LOSS) BEFORE INT. & DEPREC. | 2,247,926 | 29.4% | 2,589,460 | 32.7% | (341,534) | (13.2%) | 12,437,611 | 24.1% | 13,678,684 | 25.7% | (1,241,073) | (9.1%) |
| INTEREST AND DEPREC. | | | | | | | | | | | | |
| Interest - Mortgage | 880,766 | 11.5% | 870,721 | 11.0% | 10,045 | 1.2% | 6,996,167 | 13.5% | 6,905,768 | 12.9% | 90,399 | 1.3% |
| Loan Servicing Fees | 341 | 0.0% | 0 | 0.0% | 341 | 0.0% | 2,821 | 0.0% | 0 | 0.0% | 2,821 | 0.0% |
| Depreciation & Amortization | 737,129 | 9.6% | 714,416 | 9.0% | 22,713 | 3.2% | 5,701,917 | 11.0% | 5,715,328 | 10.7% | (13,411) | (0.2%) |
| TOTAL INT. & DEPREC. | 1,618,236 | 21.2% | 1,585,137 | 20.0% | 33,099 | 2.1% | 12,700,905 | 24.6% | 12,621,096 | 23.7% | 79,809 | 0.6% |
| NET INCOME (LOSS) | $629,690 | 8.2% | $1,004,323 | 12.7% | ($374,633) | (37.3%) | ($263,294) | (0.5%) | $1,057,588 | 2.0% | ($1,320,882) | (124.9%) |
| CASH FLOW ADJUSTMENTS | | | | | | | | | | | | |
| Mortgage Principal | (135,991) | (1.8%) | (139,103) | (1.8%) | 3,112 | (2.2%) | (1,102,171) | (2.1%) | (1,112,824) | (2.1%) | 10,653 | (1.0%) |
| FF&E Reserve funding | (276,372) | (3.6%) | (285,105) | (3.6%) | 8,733 | (3.1%) | (1,962,978) | (3.8%) | (2,092,447) | (3.9%) | 129,469 | (6.2%) |
| Depreciation & Amortization | 737,129 | 9.6% | 714,416 | 9.0% | 22,713 | 3.2% | 5,701,917 | 11.0% | 5,715,328 | 10.7% | (13,411) | (0.2%) |
| NET CASH AVAILABLE | $954,456 | 12.5% | $1,294,531 | 16.3% | ($340,075) | (26.3%) | $2,373,474 | 4.6% | $3,567,645 | 6.7% | ($1,194,171) | (33.5%) |
| STATISTICAL SUMMARY | | | | | | | | | | | | |
| Available Rooms | 72,913 | 0.0% | 73,067 | 0.0% | (154) | (0.2%) | 564,459 | 0.0% | 570,458 | 0.0% | (5,999) | (1.1%) |
| Occupied Rooms | 49,660 | 0.0% | 51,413 | 0.0% | (1,753) | (3.4%) | 338,509 | 0.0% | 348,523 | 0.0% | (10,014) | (2.9%) |
| Average Rate | 110.07 | 0.0% | 108.03 | 0.0% | 2.04 | 1.9% | 96.71 | 0.0% | 96.86 | 0.0% | -0.15 | (0.2%) |
| Occupancy % | 68.11 | 0.0% | 70.36 | 0.0% | -2.26 | (3.2%) | 59.97 | 0.0% | 61.10 | 0.0% | -1.12 | (1.8%) |
| REVPAR | 74.97 | 0.0% | 76.02 | 0.0% | -1.05 | (1.4%) | 58.00 | 0.0% | 59.18 | 0.0% | -1.18 | (2.0%) |

FOIA CONFIDENTIAL TREATMENT REQUESTED

| | | | |
|---|---|---|---|
| LIABILITIES AND OWNERS' EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable - Trade | $1,931,438.89 | $464,506.01 | $2,395,944.90 |
| Gratuities & Tips | (808.84) | 8,305.29 | 7,496.45 |
| Advanced Deposits Guests | 324,429.81 | (17,529.15) | 306,900.66 |
| Refunds Payable and Gift Certificates | 5,717.39 | 21,188.90 | 26,906.29 |
| Sales Tax Payable | 288,841.59 | (4,235.30) | 284,606.29 |
| Accrued Expenses | 178,362.45 | (5,404.32) | 172,958.13 |
| Accrued Insurance | 0.00 | 32,258.99 | 32,258.99 |
| Accrued Interest | 348,191.07 | 11,033.79 | 359,224.86 |
| Accrued Management Fees | 1,581,938.71 | 43,183.01 | 1,625,121.72 |
| Accrued Real Estate Taxes | 60,110.73 | (57,404.31) | 2,706.42 |
| Accrued Wages and Benefits | 303,733.54 | (29,755.65) | 273,977.89 |
| Due to Affiliate | 202,782.93 | 784.88 | 203,567.81 |
| Due to Parent | 3,768,853.06 | (3,661,919.62) | 106,933.44 |
| Note Payable | 13,500.13 | (432.61) | 13,067.52 |
| TOTAL CURRENT LIABILITIES | 9,007,091.46 | (3,195,420.09) | 5,811,671.37 |
| DEFERRED GAIN ON ASSET SALE | 1,603,004.08 | (13,033.15) | 1,589,970.93 |
| MORTGAGE PAYABLE | 72,166,356.69 | 146,703.48 | 72,313,060.17 |
| OWNERS' EQUITY | | | |
| Capital | 167,754.07 | 1,840,310.51 | 2,008,064.58 |
| Retained Earnings | (7,643,589.63) | (532,995.84) | (8,176,585.47) |
| TOTAL EQUITY | (7,475,835.56) | 1,307,314.67 | (6,168,520.89) |
| | $75,300,616.67 | ($1,754,435.09) | $73,546,181.58 |

Milestone Hotel Partners,LLC
Consolidated Balance Sheet
December 31, 2006

| | PRIOR MONTH BALANCE | CHANGE | CURRENT MONTH BALANCE |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | 318,991.05 | 23,341.26 | 342,332.31 |
| Accounts receivable | 1,461,030.76 | (301,462.33) | 1,159,568.43 |
| Due From Affiliates | 494,916.16 | 334.85 | 495,251.01 |
| Due From Parent | 1,424,943.63 | (1,424,943.63) | 0.00 |
| Inventory | 159,992.19 | (15,251.37) | 144,740.82 |
| Prepaid Insurance | 53,090.92 | 78,160.64 | 131,251.56 |
| Prepaid Expenses | 143,947.00 | 4,454.15 | 148,401.15 |
| Prepaid Park Tickets | 596.70 | 3,555.30 | 4,152.00 |
| Prepaid Property Taxes | 384,117.63 | (75,265.48) | 308,852.15 |
| Escrow - Taxes & Insurance | 845,051.52 | (47,664.78) | 797,386.74 |
| TOTAL CURRENT ASSETS | 5,286,677.56 | (1,754,741.39) | 3,531,936.17 |
| PROPERTY AND EQUIPMENT | | | |
| Land | 4,950,332.67 | 0.00 | 4,950,332.67 |
| Building | 52,257,200.80 | 2,058,895.51 | 54,316,096.31 |
| Furniture Fixtures and Equipment | 16,067,737.58 | 496,743.51 | 16,564,481.09 |
| Construction in Progress | 3,101,007.22 | (2,037,515.42) | 1,063,491.80 |
| Accumulated Depreciation | (21,688,174.22) | (350,352.09) | (22,038,526.31) |
| NET PROPERTY AND EQUIPMENT | 54,688,104.05 | 167,771.51 | 54,855,875.56 |
| OTHER ASSETS | | | |
| Liquor License, Net | 1,666.72 | (208.33) | 1,458.39 |
| Franchise License, Net | 108,375.82 | (2,966.77) | 105,409.05 |
| Loan Costs, Net | 1,307,637.09 | (40,408.29) | 1,267,228.80 |
| Escrow - Replacement Reserves | 1,241,268.30 | (111,336.82) | 1,129,931.48 |
| Goodwill, Net | 11,263,836.04 | 0.00 | 11,263,836.04 |
| Deposits | 63,795.09 | (12,545.00) | 51,250.09 |
| Note Receivable | 1,339,256.00 | 0.00 | 1,339,256.00 |
| TOTAL OTHER ASSETS | 15,325,835.06 | (167,465.21) | 15,158,369.85 |
| | $75,300,616.67 | ($1,754,435.09) | $73,546,181.58 |

Milestone Portfolio
Consolidated Summary of Operations - All Hotels
For the Twelve Months Ending December 31, 2006

| | CURRENT MONTH ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE | YEAR TO DATE ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | | | | | | |
| Rooms | 2,263,685 | 52.3% | 2,367,648 | 55.8% | (103,963) | (4.4%) | 44,332,729 | 62.4% | 48,091,084 | 63.2% | (3,758,355) | (7.8%) |
| Food & Beverage | 1,921,429 | 44.4% | 1,773,799 | 41.8% | 147,630 | 8.3% | 24,216,262 | 34.1% | 25,414,815 | 33.4% | (1,198,553) | (4.7%) |
| Communications | 12,733 | 0.3% | 14,961 | 0.4% | (2,228) | (14.9%) | 194,529 | 0.3% | 272,099 | 0.4% | (77,570) | (28.5%) |
| Other | 130,318 | 3.0% | 86,538 | 2.0% | 43,780 | 50.6% | 2,252,522 | 3.2% | 2,299,293 | 3.0% | (46,771) | (2.0%) |
| TOTAL REVENUE | $4,328,165 | 100.0% | $4,242,946 | 100.0% | $85,219 | 2.0% | $70,996,042 | 100.0% | $76,077,291 | 100.0% | ($5,081,249) | (6.7%) |
| DEPARTMENT PROFIT | | | | | | | | | | | | |
| Rooms | 1,559,819 | 68.9% | 1,636,273 | 69.1% | (76,454) | (4.7%) | 33,883,163 | 76.4% | 37,091,455 | 77.1% | (3,208,292) | (8.6%) |
| Food & Beverage | 629,884 | 32.8% | 431,347 | 24.3% | 198,537 | 46.0% | 7,544,206 | 31.2% | 7,759,765 | 30.5% | (215,559) | (2.8%) |
| Communications | (16,709) | (131.2%) | (10,582) | (70.7%) | (6,127) | 57.9% | (196,776) | (101.2%) | (121,098) | (44.5%) | (75,678) | 62.5% |
| Other | 65,315 | 50.1% | 21,539 | 24.9% | 43,776 | 203.2% | 861,885 | 38.3% | 782,240 | 34.0% | 79,645 | 10.2% |
| TOTAL DEPT. INCOME (LOSS) | 2,238,309 | 51.7% | 2,078,577 | 49.0% | 159,732 | 7.7% | 42,092,478 | 59.3% | 45,512,362 | 59.8% | (3,419,884) | (7.5%) |
| UNDISTRIBUTED EXPENSES | | | | | | | | | | | | |
| Admin & General | 441,393 | 10.2% | 450,852 | 10.6% | (9,459) | (2.1%) | 5,491,291 | 7.7% | 5,499,028 | 7.2% | (7,747) | (0.1%) |
| Sales and Marketing | 409,796 | 9.5% | 371,427 | 8.8% | 38,369 | 10.3% | 4,247,661 | 6.0% | 4,439,223 | 5.8% | (191,562) | (4.3%) |
| Repairs and Maintenance | 307,225 | 7.1% | 324,160 | 7.6% | (16,935) | (5.2%) | 4,032,214 | 5.7% | 4,014,297 | 5.3% | 17,917 | 0.4% |
| Utilities | 434,670 | 10.0% | 427,915 | 10.1% | 6,755 | 1.6% | 5,144,820 | 7.2% | 5,140,137 | 6.8% | 4,683 | 0.1% |
| TOTAL UNDISTRIBUTED EXPENSES | 1,593,084 | 36.8% | 1,574,354 | 37.1% | 18,730 | 1.2% | 18,915,976 | 26.6% | 19,092,685 | 25.1% | (176,709) | (0.9%) |
| GROSS OPERATING PROFIT (LOSS) | 645,225 | 14.9% | 504,223 | 11.9% | 141,002 | 28.0% | 23,176,502 | 32.6% | 26,419,677 | 34.7% | (3,243,175) | (12.3%) |
| Management Fee | 149,638 | 3.5% | 146,558 | 3.5% | 3,080 | 2.1% | 2,472,652 | 3.5% | 2,625,064 | 3.5% | (152,412) | (5.8%) |
| Trade Name / Franchise Fee | 110,646 | 2.6% | 110,889 | 2.6% | (243) | (0.2%) | 1,935,126 | 2.7% | 2,018,280 | 2.7% | (83,154) | (4.1%) |
| INCOME BEFORE FIXED EXPENSES | 384,941 | 8.9% | 246,776 | 5.8% | 138,165 | 56.0% | 18,768,724 | 26.4% | 21,776,333 | 28.6% | (3,007,609) | (13.8%) |
| FIXED AND OTHER EXPENSES | | | | | | | | | | | | |
| Rent | 91,915 | 2.1% | 80,757 | 1.9% | 11,158 | 13.8% | 1,131,887 | 1.6% | 1,140,335 | 1.5% | (8,448) | (0.7%) |
| Property Taxes | 132,410 | 3.1% | 145,720 | 3.4% | (13,310) | (9.1%) | 1,590,327 | 2.2% | 1,748,638 | 2.3% | (158,311) | (9.1%) |
| Equipment lease | 17,469 | 0.4% | 15,704 | 0.4% | 1,765 | 11.2% | 286,687 | 0.4% | 286,990 | 0.4% | (303) | (0.1%) |
| Insurance | 70,867 | 1.6% | 74,442 | 1.8% | (3,575) | (4.8%) | 837,163 | 1.2% | 893,298 | 1.2% | (56,135) | (6.3%) |
| Owners expense | 81,247 | 1.9% | 64,100 | 1.5% | 17,147 | 26.8% | 292,937 | 0.4% | 150,500 | 0.2% | 142,437 | 94.6% |
| Other | 5,051 | 0.1% | 0 | 0.0% | 5,051 | 0.0% | 140,149 | 0.2% | 0 | 0.0% | 140,149 | 0.0% |
| Interest Income - Note | (5,905) | (0.1%) | 0 | 0.0% | (5,905) | 0.0% | (69,522) | (0.1%) | 0 | 0.0% | (69,522) | 0.0% |
| TOTAL FIXED EXPENSES | 393,054 | 9.1% | 380,723 | 9.0% | 12,331 | 3.2% | 4,209,628 | 5.9% | 4,219,761 | 5.5% | (10,133) | (0.2%) |
| INC. (LOSS) BEFORE INT. & DEPREC. | (8,113) | (0.2%) | (133,947) | (3.2%) | 125,834 | (93.9%) | 14,559,096 | 20.5% | 17,556,572 | 23.1% | (2,997,476) | (17.1%) |
| INTEREST AND DEPREC. | | | | | | | | | | | | |
| Interest - Mortgage | 850,132 | 19.6% | 842,108 | 19.8% | 8,024 | 1.0% | 9,570,218 | 13.5% | 9,542,547 | 12.5% | 27,671 | 0.3% |
| Loan Servicing Fees | 649 | 0.0% | 0 | 0.0% | 649 | 0.0% | 10,852 | 0.0% | 0 | 0.0% | 10,852 | 0.0% |
| Depreciation & Amortization | 653,284 | 15.1% | 617,625 | 14.6% | 35,659 | 5.8% | 7,574,911 | 10.7% | 7,419,398 | 9.8% | 155,513 | 2.1% |
| TOTAL INT. & DEPREC. | 1,504,065 | 34.8% | 1,459,733 | 34.4% | 44,332 | 3.0% | 17,155,981 | 24.2% | 16,961,945 | 22.3% | 194,036 | 1.1% |
| Gain (Loss) on Asset Sale | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | (202,544) | (0.3%) | 0 | 0.0% | (202,544) | 0.0% |
| Other Income (Expense) | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | (8,473) | (0.0%) | 0 | 0.0% | (8,473) | 0.0% |
| NET INCOME (LOSS) | ($1,512,178) | (34.9%) | ($1,593,680) | (37.6%) | $81,502 | (5.1%) | ($2,807,902) | (4.0%) | $594,627 | 0.8% | ($3,402,529) | (572.2%) |
| CASH FLOW ADJUSTMENTS | | | | | | | | | | | | |
| Mortgage Principal | (136,984) | (3.2%) | (134,455) | (3.2%) | (2,529) | 1.9% | (1,497,441) | (2.1%) | (1,516,787) | (2.0%) | 19,346 | (1.3%) |
| Gain (Loss) on Asset Sale | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 202,544 | 0.3% | 0 | 0.0% | 202,544 | 0.0% |
| FF&E Reserve funding | (221,699) | (5.1%) | (183,098) | (4.3%) | (38,601) | 21.1% | (2,300,201) | (3.2%) | (2,421,158) | (3.2%) | 120,957 | (5.0%) |
| Depreciation & Amortization | 653,284 | 15.1% | 617,625 | 14.6% | 35,659 | 5.8% | 7,574,911 | 10.7% | 7,419,398 | 9.8% | 155,513 | 2.1% |
| NET CASH AVAILABLE | ($1,217,577) | (28.1%) | ($1,293,608) | (30.5%) | $76,031 | (5.9%) | $1,171,911 | 1.7% | $4,076,080 | 5.4% | ($2,904,169) | (71.2%) |
| STATISTICAL SUMMARY | | | | | | | | | | | | |
| Available Rooms | 68,951 | 0.0% | 73,408 | 0.0% | (4,457) | (6.1%) | 840,118 | 0.0% | 882,552 | 0.0% | (42,434) | (4.8%) |
| Occupied Rooms | 27,268 | 0.0% | 29,153 | 0.0% | (1,885) | (6.5%) | 466,159 | 0.0% | 529,607 | 0.0% | (43,448) | (8.2%) |
| Average Rate | 83.02 | 0.0% | 81.21 | 0.0% | 1.80 | 2.2% | 91.19 | 0.0% | 90.81 | 0.0% | 0.38 | 0.4% |
| Occupancy % | 39.55 | 0.0% | 39.71 | 0.0% | -0.17 | (0.4%) | 57.87 | 0.0% | 60.01 | 0.0% | -2.14 | (3.6%) |
| REVPAR | 32.83 | 0.0% | 32.25 | 0.0% | 0.58 | 1.8% | 52.77 | 0.0% | 54.49 | 0.0% | -1.72 | (3.2%) |

FOIA CONFIDENTIAL TREATMENT REQUESTED

LIABILITIES AND OWNERS' EQUITY

| | | | |
|---|---|---|---|
| CURRENT LIABILITIES | | | |
| Accounts Payable - Trade | $2,271,177.73 | ($181,932.63) | $2,089,245.10 |
| Gratuities & Tips | 7,401.39 | 873.02 | 8,274.41 |
| Advanced Deposits Guests | 311,110.78 | (37,622.46) | 273,488.32 |
| Refunds Payable and Gift Certificates | 13,451.04 | 7,126.66 | 20,577.70 |
| Sales Tax Payable | 345,587.91 | (36,050.45) | 309,537.46 |
| Payroll Deductions | (149.97) | 149.97 | 0.00 |
| Accrued Expenses | 442,377.55 | (151,952.86) | 290,424.69 |
| Accrued Insurance | 34,505.81 | (9,700.63) | 24,805.18 |
| Accrued Interest | 335,536.83 | 11,435.60 | 346,972.43 |
| Accrued Management Fees | 1,355,277.52 | 108,111.11 | 1,463,388.63 |
| Accrued Real Estate Taxes | 72,336.12 | (32,255.01) | 40,081.11 |
| Accrued Wages and Benefits | 534,976.14 | (271,970.41) | 263,005.73 |
| Due to Affiliate | 231,376.97 | (42,393.17) | 188,983.80 |
| Due to Parent | 4,016,885.36 | (3,992,853.44) | 24,031.92 |
| Note Payable | 176,058.77 | (1,061.76) | 174,997.01 |
| TOTAL CURRENT LIABILITIES | 10,147,909.95 | (4,630,096.46) | 5,517,813.49 |
| DEFERRED GAIN ON ASSET SALE | 2,090,361.60 | (15,702.18) | 2,074,659.42 |
| MORTGAGE PAYABLE | 73,938,758.70 | (108,942.38) | 73,829,816.32 |
| OWNERS' EQUITY | | | |
| Capital | 5,704,480.18 | 2,736,790.36 | 8,441,270.54 |
| Retained Earnings | (11,697,769.35) | (606,503.64) | (12,304,272.99) |
| TOTAL EQUITY | (5,993,289.17) | 2,130,286.72 | (3,863,002.45) |
| | $80,183,741.08 | ($2,624,454.30) | $77,559,286.78 |

Milestone Hotel Partners,LLC
Consolidated Balance Sheet
December 31, 2005

| | PRIOR MONTH BALANCE | CHANGE | CURRENT MONTH BALANCE |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | 1,279,246.24 | (370,463.76) | 908,782.48 |
| Accounts receivable | 1,890,382.96 | (379,014.88) | 1,511,368.08 |
| Due From Affiliates | 423,929.60 | (16,628.36) | 407,301.24 |
| Due From Parent | 1,634,299.88 | (1,634,299.88) | 0.00 |
| Inventory | 166,616.44 | (9,754.78) | 156,861.66 |
| Prepaid Insurance | 47,552.42 | 140,259.51 | 187,811.93 |
| Prepaid Expenses | 175,710.72 | (10,122.95) | 165,587.77 |
| Prepaid Park Tickets | 0.00 | 4,340.00 | 4,340.00 |
| Prepaid Property Taxes | 225,964.51 | 5,124.93 | 231,089.44 |
| Escrow - Taxes & Insurance | 1,064,732.91 | (170,515.04) | 894,217.87 |
| TOTAL CURRENT ASSETS | 6,908,435.68 | (2,441,075.21) | 4,467,360.47 |
| PROPERTY AND EQUIPMENT | | | |
| Land | 4,950,332.67 | 0.00 | 4,950,332.67 |
| Building | 51,233,754.52 | 561,352.27 | 51,795,106.79 |
| Furniture Fixtures and Equipment | 14,898,646.53 | 219,534.53 | 15,118,181.06 |
| Construction in Progress | 743,711.08 | (306,976.64) | 436,734.44 |
| Accumulated Depreciation | (17,711,062.55) | (329,695.83) | (18,040,758.38) |
| NET PROPERTY AND EQUIPMENT | 54,115,382.25 | 144,214.33 | 54,259,596.58 |
| OTHER ASSETS | | | |
| Liquor License, Net | 4,166.68 | (208.33) | 3,958.35 |
| Franchise License, Net | 145,713.53 | (3,118.05) | 142,595.48 |
| Loan Costs, Net | 1,790,058.74 | (40,408.28) | 1,749,650.46 |
| Escrow - Replacement Reserves | 4,132,729.71 | (283,604.57) | 3,849,125.14 |
| Goodwill, Net | 11,690,728.67 | 0.00 | 11,690,728.67 |
| Deposits | 57,269.82 | (254.19) | 57,015.63 |
| Note Receivable | 1,339,256.00 | 0.00 | 1,339,256.00 |
| TOTAL OTHER ASSETS | 19,159,923.15 | (327,593.42) | 18,832,329.73 |
| | $80,183,741.08 | ($2,624,454.30) | $77,559,286.78 |

Milestone Portfolio
Consolidated Summary of Operations - All Hotels
For the Twelve Months Ending December 31, 2005

| | CURRENT MONTH ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE | YEAR TO DATE ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | | | | | | |
| Rooms | 2,272,173 | 53.2% | 2,069,036 | 54.6% | 203,137 | 9.8% | 37,799,755 | 67.0% | 36,710,917 | 66.4% | 1,088,838 | 3.0% |
| Food & Beverage | 1,882,565 | 44.1% | 1,609,980 | 42.5% | 272,585 | 16.9% | 16,866,048 | 29.9% | 16,797,818 | 30.4% | 68,230 | 0.4% |
| Communications | 12,532 | 0.3% | 17,991 | 0.5% | (5,459) | (30.3%) | 198,219 | 0.4% | 272,454 | 0.5% | (74,235) | (27.2%) |
| Other | 104,099 | 2.4% | 91,740 | 2.4% | 12,359 | 13.5% | 1,552,001 | 2.8% | 1,543,191 | 2.8% | 8,810 | 0.6% |
| TOTAL REVENUE | $4,271,369 | 100.0% | $3,788,747 | 100.0% | $482,622 | 12.7% | $56,416,023 | 100.0% | $55,324,380 | 100.0% | $1,091,643 | 2.0% |
| DEPARTMENT PROFIT | | | | | | | | | | | | |
| Rooms | 1,585,919 | 69.8% | 1,401,162 | 67.7% | 184,757 | 13.2% | 29,078,230 | 76.9% | 28,259,830 | 77.0% | 818,400 | 2.9% |
| Food & Beverage | 562,192 | 29.9% | 351,535 | 21.8% | 210,657 | 59.9% | 5,236,012 | 31.0% | 4,938,228 | 29.4% | 297,784 | 6.0% |
| Communications | (20,399) | (162.8%) | (6,085) | (33.8%) | (14,314) | 235.2% | (167,037) | (84.3%) | (40,570) | (14.9%) | (126,467) | 311.7% |
| Other | 37,740 | 36.3% | 30,314 | 33.0% | 7,426 | 24.5% | 693,894 | 44.7% | 682,821 | 44.2% | 11,073 | 1.6% |
| TOTAL DEPT. INCOME (LOSS) | 2,165,452 | 50.7% | 1,776,926 | 46.9% | 388,526 | 21.9% | 34,841,099 | 61.8% | 33,840,309 | 61.2% | 1,000,790 | 3.0% |
| UNDISTRIBUTED EXPENSES | | | | | | | | | | | | |
| Admin & General | 505,750 | 11.8% | 415,163 | 11.0% | 90,587 | 21.8% | 4,276,702 | 7.6% | 4,081,795 | 7.4% | 194,907 | 4.8% |
| Sales and Marketing | 360,005 | 8.4% | 356,082 | 9.4% | 3,923 | 1.1% | 2,965,118 | 5.3% | 3,111,200 | 5.5% | (146,082) | (4.7%) |
| Repairs and Maintenance | 338,531 | 7.9% | 294,395 | 7.8% | 44,136 | 15.0% | 3,209,784 | 5.7% | 2,823,033 | 5.1% | 386,751 | 13.7% |
| Utilities | 543,091 | 12.7% | 418,715 | 11.1% | 124,376 | 29.7% | 4,022,482 | 7.1% | 3,574,976 | 6.5% | 447,506 | 12.5% |
| TOTAL UNDISTRIBUTED EXPENSES | 1,747,377 | 40.9% | 1,484,355 | 39.2% | 263,022 | 17.7% | 14,474,086 | 25.7% | 13,591,004 | 24.6% | 883,082 | 6.5% |
| GROSS OPERATING PROFIT (LOSS) | 418,075 | 9.8% | 292,571 | 7.7% | 125,504 | 42.9% | 20,367,013 | 36.1% | 20,249,305 | 36.6% | 117,708 | 0.6% |
| Management Fee | 151,521 | 3.5% | 135,400 | 3.6% | 16,121 | 11.9% | 2,109,511 | 3.7% | 2,071,537 | 3.7% | 37,974 | 1.8% |
| Trade Name / Franchise Fee | 107,077 | 2.5% | 94,695 | 2.5% | 12,382 | 13.1% | 2,050,416 | 3.6% | 1,908,427 | 3.4% | 141,989 | 7.4% |
| INCOME BEFORE FIXED EXPENSES | 159,477 | 3.7% | 62,476 | 1.6% | 97,001 | 155.3% | 16,207,086 | 28.7% | 16,269,341 | 29.4% | (62,255) | (0.4%) |
| FIXED AND OTHER EXPENSES | | | | | | | | | | | | |
| Rent | 103,021 | 2.4% | 102,576 | 2.7% | 445 | 0.4% | 1,246,243 | 2.2% | 1,217,512 | 2.2% | 28,731 | 2.4% |
| Property Taxes | 130,595 | 3.1% | 143,818 | 3.8% | (13,223) | (9.2%) | 1,315,726 | 2.3% | 1,385,166 | 2.5% | (69,440) | (5.0%) |
| Equipment lease | 18,935 | 0.4% | 19,543 | 0.5% | (608) | (3.1%) | 174,793 | 0.3% | 178,893 | 0.3% | (4,100) | (2.3%) |
| Insurance | 66,651 | 1.6% | 68,706 | 1.8% | (2,055) | (3.0%) | 659,207 | 1.2% | 676,467 | 1.2% | (17,260) | (2.6%) |
| Owners expense | 56,069 | 1.3% | 66,358 | 1.8% | (10,289) | (15.5%) | 220,104 | 0.4% | 138,246 | 0.2% | 81,858 | 59.2% |
| Other | 11,965 | 0.3% | 0 | 0.0% | 11,965 | 0.0% | 35,852 | 0.1% | 0 | 0.0% | 35,852 | 0.0% |
| Interest Income - Note | (5,905) | (0.1%) | (5,809) | (0.2%) | (95) | 1.7% | (69,713) | (0.1%) | (69,708) | (0.1%) | (5) | 0.0% |
| TOTAL FIXED EXPENSES | 381,331 | 8.9% | 395,192 | 10.4% | (13,861) | (3.5%) | 3,582,212 | 6.3% | 3,526,576 | 6.4% | 55,636 | 1.6% |
| INC. (LOSS) BEFORE INT. & DEPREC. | (221,854) | (5.2%) | (332,716) | (8.8%) | 110,862 | (33.3%) | 12,624,874 | 22.4% | 12,742,765 | 23.0% | (117,891) | (0.9%) |
| INTEREST AND DEPREC. | | | | | | | | | | | | |
| Interest - Mortgage | 749,757 | 17.6% | 735,170 | 19.4% | 14,587 | 2.0% | 6,728,387 | 11.9% | 6,839,638 | 12.4% | (111,251) | (1.6%) |
| Mortgage Loan Costs | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 162,894 | 0.3% | 0 | 0.0% | 162,894 | 0.0% |
| Mortgage Exit Fees | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 3,478,950 | 6.2% | 0 | 0.0% | 3,478,950 | 0.0% |
| Depreciation & Amortization | 716,554 | 16.8% | 561,231 | 14.8% | 155,323 | 27.7% | 5,787,202 | 10.3% | 5,275,287 | 9.5% | 511,915 | 9.7% |
| TOTAL INT. & DEPREC. | 1,466,311 | 34.3% | 1,296,401 | 34.2% | 169,910 | 13.1% | 16,157,433 | 28.6% | 12,114,925 | 21.9% | 4,042,508 | 33.4% |
| Gain (Loss) on Asset Sale | (10,923) | (0.3%) | 0 | 0.0% | (10,923) | 0.0% | 1,727,935 | 3.1% | 0 | 0.0% | 1,727,935 | 0.0% |
| Other Income (Expense) | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | (22,191) | (0.0%) | 0 | 0.0% | (22,191) | 0.0% |
| NET INCOME (LOSS) | ($1,699,088) | (39.8%) | ($1,629,117) | (43.0%) | ($69,971) | 4.3% | ($1,826,815) | (3.2%) | $627,840 | 1.1% | ($2,454,655) | (391.0%) |
| CASH FLOW ADJUSTMENTS | | | | | | | | | | | | |
| Mortgage Principal | (108,942) | (2.6%) | (117,622) | (3.1%) | 8,680 | (7.4%) | (1,389,468) | (2.5%) | (1,546,248) | (2.8%) | 156,780 | (10.1%) |
| Mortgage Loan Costs/Exit Fees | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 3,641,844 | 6.5% | 0 | 0.0% | 3,641,844 | 0.0% |
| Gain (Loss) on Asset Sale | 10,923 | 0.3% | 0 | 0.0% | 10,923 | 0.0% | (1,727,935) | (3.1%) | 0 | 0.0% | (1,727,935) | 0.0% |
| FF&E Reserve funding | (125,322) | (2.9%) | (117,031) | (3.1%) | (8,291) | 7.1% | (1,894,208) | (3.4%) | (1,793,936) | (3.2%) | (100,372) | 5.6% |
| Depreciation & Amortization | 716,554 | 16.8% | 561,231 | 14.8% | 155,323 | 27.7% | 5,787,202 | 10.3% | 5,275,287 | 9.5% | 511,915 | 9.7% |
| NET CASH AVAILABLE | ($1,205,875) | (28.2%) | ($1,302,539) | (34.4%) | $96,664 | (7.4%) | $2,590,620 | 4.6% | $2,563,043 | 4.6% | $27,577 | 1.1% |
| STATISTICAL SUMMARY | | | | | | | | | | | | |
| Available Rooms | 76,074 | 0.0% | 76,167 | 0.0% | (93) | (0.1%) | 764,696 | 0.0% | 778,081 | 0.0% | (13,383) | (1.7%) |
| Occupied Rooms | 27,973 | 0.0% | 28,748 | 0.0% | (775) | (2.7%) | 460,173 | 0.0% | 465,439 | 0.0% | (5,266) | (1.1%) |
| Average Rate | 81.23 | 0.0% | 71.97 | 0.0% | 9.26 | 12.9% | 82.14 | 0.0% | 78.87 | 0.0% | 3.27 | 4.1% |
| Occupancy % | 36.77 | 0.0% | 37.74 | 0.0% | -0.97 | (2.6%) | 60.18 | 0.0% | 59.82 | 0.0% | 0.36 | 0.6% |
| REVPAR | 29.87 | 0.0% | 27.16 | 0.0% | 2.70 | 10.0% | 49.43 | 0.0% | 47.18 | 0.0% | 2.25 | 4.8% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Statement of Income**
**Six Months Ended July 31, 2007**

| | | | | |
|---|---|---|---|---|
| ***Revenues:*** | | | | |
| Gross Rents | | $516,498.95 | | 16.2% |
| Property Sales | | $2,630,000.00 | | 82.3% |
| Interest Income | | $45,897.99 | | 1.4% |
| Other Income | | $2,705.77 | | 0.1% |
| Total Revenues | | | $ 3,195,102.71 | 100.0% |
| ***Direct Expenses*** | | | | |
| Rental Properties | | | | |
| Operating Expenses | $163,091.45 | | | |
| Depreciation / Amortization | $120,021.67 | | | |
| Total Rental Property Operating Expenses | | $283,113.12 | | 8.9% |
| Property Sales | | | | |
| Cost of Sales | $1,899,840.50 | | | |
| Other Direct Expenses | $6,227.70 | | | |
| Total Direct Expenses of Property Sales | | $1,906,068.20 | | 59.7% |
| Interest Expense | | | | |
| Rental Properties | $388,714.81 | | | |
| Properties Pending Sale | $0.00 | | | |
| General Financing | $4,027.53 | | | |
| Guaranteed Payments to Investors | $78,455.74 | | | |
| Total Interest Expense | | $471,198.08 | | 14.7% |
| Prospective Development | | | | |
| Current Expenses | | $1,291.50 | | 0.0% |
| Total Direct Expenses | | | $2,661,670.90 | 83.3% |
| ***Gross Profit before G&A*** | | | $533,431.81 | 16.7% |
| ***General and administrative expenses:*** | | | | |
| Employee Expenses | | | $81,549.10 | 2.6% |
| Promotional | | | $27,825.91 | 0.9% |
| Office Expenses | | | $49,292.79 | 1.5% |
| Contributions | | | $2,250.00 | 0.1% |
| Legal fees | | | $16,395.01 | 0.5% |
| Other Gen & Admin Exps | | | $51,160.03 | 1.6% |
| Income Taxes | | | -$15,393.22 | -0.5% |
| | | | $213,079.62 | 6.7% |
| **Net income** | | | $320,352.19 | 10.0% |

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Balance Sheet**
**As of July 31, 2007**

## LIABILITIES & PARTNERS' EQUITY

***Current liabilities:***

| | | | |
|---|---|---|---|
| Accounts Payable | $ | 328,694.52 | 1.5% |
| Accrued Interest Expense | $ | 145,092.47 | 0.7% |
| Accrued Expenses | $ | 2,752.32 | 0.0% |
| | $ | 476,539.31 | 2.1% |

***Long Term liabilities:***

| | | | |
|---|---|---|---|
| First Mortgages & Long Term Construction Financing | $ | 16,209,509.70 | 73.0% |
| Second Mortgages | $ | 1,195,966.19 | 5.4% |
| Warranty Repair Liability | $ | 15,339.53 | 0.1% |
| | $ | 17,420,815.42 | 78.4% |

***Other liabilities:***

| | | | |
|---|---|---|---|
| Tenant Security Deposits | $ | 93,321.75 | 0.4% |
| Customer Deposits | $ | 1,826.00 | 0.0% |
| | $ | 95,147.75 | 0.4% |
| **Total liabilities** | $ | 17,992,502.48 | 81.0% |

***Partners capital***

| | | | |
|---|---|---|---|
| Contributed Capital, LaKritz & Adler | $ | 242,041.71 | 1.1% |
| Contributed Capital, Investors | $ | 1,555,999.21 | 7.0% |
| Retained Earnings | $ | 2,424,187.64 | 10.9% |
| | | 4,222,228.56 | 19.0% |
| **Total liabilities and partners capital** | $ | 22,214,731.04 | 100.0% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Balance Sheet**
**As of July 31, 2007**

## ASSETS

***Current assets:***

| | | | |
|---|---|---|---|
| Cash and Cash Equivalents | | $ 1,024,298.55 | 4.6% |
| Accounts Receivable | | $ 100,671.86 | 0.5% |
| Prepaid Expenses | | $ 19,927.67 | 0.1% |
| Mortgage Escrow Accts | | $ 122,922.54 | 0.6% |
| Investments in Pending Projects | | $ 292,265.91 | 1.3% |
| | | 1,560,086.53 | 7.0% |

***Fixed Assets***

| | | | |
|---|---|---|---|
| Land | | $ 4,794,585.61 | 21.6% |
| Buildings | | $ 7,969,982.56 | 35.9% |
| Improvements | | $ 1,300,573.27 | 5.9% |
| Capitalized Acquisition Settlement Costs | | $ 634,438.00 | 2.9% |
| Fixtures, Furnishings & Equipment | | $ 97,380.31 | 0.4% |
| Leasehold Improvements | | $ 33,835.85 | 0.2% |
| Less Accumulated Depreciation | | $ (276,008.14) | -1.2% |
| | | 14,554,787.46 | 65.5% |

***Other assets:***

| | | | |
|---|---|---|---|
| Inventory (Real Estate Held for Resale) | | $ 5,226,697.22 | 23.5% |
| Deposits w/Vendors | | $ 16,780.00 | 0.1% |
| Receivables Due from Members and Other Affiliates | | $ 66,825.54 | 0.3% |
| Notes Receivable from Investors | | $ 368,499.21 | 1.7% |
| Deferred Loan Costs | $ 533,544.99 | | 2.4% |
| Accumulated Amortization, Deferred Loan Costs | $ (113,145.58) | $ 420,399.41 | -0.5% |
| Capitalized Organizational Costs | $ 1,513.50 | | 0.0% |
| Accumulated Amortization, Capitalized Org Costs | $ (857.83) | $ 655.67 | 0.0% |
| | | $ 6,099,857.05 | 27.5% |

| | | | |
|---|---|---|---|
| **Total assets** | | $ 22,214,731.04 | 100.0% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Statement of Income**
**Year Ended December 31, 2006**

| | | | | |
|---|---|---|---|---|
| ***Revenues:*** | | | | |
| Gross Rents | | $412,394.54 | | 4.2% |
| Property Sales | | $9,449,900.00 | | 95.5% |
| Construction Billings | | -$54,011.67 | | -0.5% |
| Property Management Fees | | $2,188.81 | | 0.0% |
| Interest Income | | $80,257.56 | | 0.8% |
| Other Income | | $6,732.65 | | 0.1% |
| Total Revenues | | | $ 9,897,461.89 | 100.0% |
| ***Direct Expenses*** | | | | |
| Rental Properties | | | | |
| Operating Expenses | $174,811.75 | | | |
| Depreciation / Amortization | $146,041.35 | | | |
| Total Rental Property Operating Expenses | | $320,853.10 | | 3.2% |
| Property Sales | | | | |
| Cost of Sales | $6,310,823.69 | | | |
| Other Direct Expenses | $159,483.33 | | | |
| Total Direct Expenses of Property Sales | | $6,470,307.02 | | 65.4% |
| Construction Operations | | | | |
| Direct Costs | $301.82 | | | |
| Construction Management | $1,095.36 | | | |
| Total Construction Operating Expenses | | $1,397.18 | | 0.0% |
| Interest Expense | | | | |
| Rental Properties | $443,783.68 | | | |
| Properties Pending Sale | $0.00 | | | |
| General Financing | $14,946.81 | | | |
| Guaranteed Payments to Investors | $106,294.92 | | | |
| Total Interest Expense | | $565,025.41 | | 5.7% |
| Prospective Development | | | | |
| Current Expenses | | $211,850.37 | | 2.1% |
| Total Direct Expenses | | | $7,569,433.08 | 76.5% |
| ***Gross Profit before G&A*** | | | $2,328,028.81 | 23.5% |
| ***General and administrative expenses:*** | | | | |
| Employee Expenses | | | $199,007.38 | 2.0% |
| Promotional | | | $47,975.69 | 0.5% |
| Office Expenses | | | $104,293.64 | 1.1% |
| Contributions | | | $0.00 | 0.0% |
| Legal fees | | | $9,698.88 | 0.1% |
| Other Gen & Admin Exps | | | $29,418.05 | 0.3% |
| Income Taxes | | | $21,410.32 | 0.2% |
| | | | $411,803.96 | 4.2% |
| **Net income** | | | $1,916,224.85 | 19.4% |

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Balance Sheet**
**As of December 31, 2006**

## LIABILITIES & PARTNERS' EQUITY

***Current liabilities:***

| | | | |
|---|---|---|---|
| Accounts Payable | $ | 150,870.38 | 1.2% |
| Accrued Interest Expense | $ | 59,975.25 | 0.5% |
| Accrued Expenses | $ | 4,549.44 | 0.0% |
| Amounts Due to Affiliated Companies | $ | - | 0.0% |
| Lines of Credit | $ | 295,000.00 | 2.4% |
| Short-Term Real Estate Loans & Construction Financing | $ | - | 0.0% |
| | $ | 510,395.07 | 4.1% |

***Long Term liabilities:***

| | | | |
|---|---|---|---|
| First Mortgages & Long Term Construction Financing | $ | 7,585,256.01 | 60.5% |
| Second Mortgages | $ | 196,914.07 | 1.6% |
| Notes Payable | $ | - | 0.0% |
| Warranty Repair Liability | $ | 16,853.40 | 0.1% |
| | $ | 7,799,023.48 | 62.2% |

***Other liabilities:***

| | | | |
|---|---|---|---|
| Tenant Security Deposits | $ | 27,751.32 | 0.2% |
| Customer Deposits | $ | - | 0.0% |
| Amounts Due Members | $ | - | 0.0% |
| | $ | 27,751.32 | 0.2% |

| | | | |
|---|---|---|---|
| **Total liabilities** | $ | 8,337,169.87 | 66.5% |

***Partners capital***

| | | | |
|---|---|---|---|
| Contributed Capital, LaKritz & Adler | $ | (99,896.80) | -0.8% |
| Contributed Capital, Investors | $ | 1,555,999.21 | 12.4% |
| Retained Earnings | $ | 2,752,419.81 | 21.9% |
| | | 4,208,522.22 | 33.5% |

| | | | |
|---|---|---|---|
| **Total liabilities and partners capital** | $ | 12,545,692.09 | 100.0% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Balance Sheet**
**As of December 31, 2006**

## ASSETS

***Current assets:***

| | | | |
|---|---|---|---|
| Cash and Cash Equivalents | | $ 2,996,595.70 | 23.9% |
| Accounts Receivable | | $ 39,763.54 | 0.3% |
| Amounts Due from Affiliated Companies | | $ (0.00) | 0.0% |
| Prepaid Expenses | | $ 3,859.48 | 0.0% |
| Mortgage Escrow Accts | | $ 2,095.57 | 0.0% |
| Settlement Funds Receivable | | $ - | 0.0% |
| Investments in Pending Projects | | $ 76,078.87 | 0.6% |
| | | 3,118,393.16 | 24.9% |

***Fixed Assets***

| | | | |
|---|---|---|---|
| Land | | $ 1,202,963.14 | 9.6% |
| Buildings | | $ 1,279,802.56 | 10.2% |
| Improvements | | $ 1,370,477.58 | 10.9% |
| Capitalized Acquisition Settlement Costs | | $ 106,760.72 | 0.9% |
| Capitalized Zoning Costs | | $ 1,268.43 | 0.0% |
| Capitalized Lease Buyout Costs | | $ 379,515.24 | 3.0% |
| Fixtures, Furnishings & Equipment | | $ 48,076.80 | 0.4% |
| Leasehold Improvements | | $ 33,835.85 | 0.3% |
| Less Accumulated Depreciation | | $ (202,016.14) | -1.6% |
| | | 4,220,684.18 | 33.6% |

***Other assets:***

| | | | |
|---|---|---|---|
| Inventory (Real Estate Held for Resale) | | $ 4,699,117.66 | 37.5% |
| Deposits w/Vendors | | $ 29,472.00 | 0.2% |
| Receivables Due from Members and Other Affiliates | | $ 41,241.32 | 0.3% |
| Notes Receivable from Investors | | $ 368,499.21 | 2.9% |
| Deferred Loan Costs | $ 95,321.40 | | 0.8% |
| Accumulated Amortization, Deferred Loan Coss | $ (28,490.87) | $ 66,830.53 | -0.2% |
| Capitalized Organizational Costs | $ 2,513.50 | | 0.0% |
| Accumulated Amortization, Capitalized Org Costs | $ (1,059.47) | $ 1,454.03 | 0.0% |
| | | $ 5,206,614.75 | 41.5% |

| | | | |
|---|---|---|---|
| **Total assets** | | $ 12,545,692.09 | 100.0% |

# LaKritz Adler Development

**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

## Income Statement

**Year Ended December 31, 2005**

***Revenues:***

| | | | | |
|---|---|---|---|---|
| Gross Rents | | $486,176.37 | | 5.1% |
| Property Sales | | $7,113,000.00 | | 74.1% |
| Construction Billings | | $1,822,789.61 | | 19.0% |
| Development Fees | | $145,000.00 | | 1.5% |
| Property Management Fees | | $4,895.85 | | 0.1% |
| Interest income | | $22,885.81 | | 0.2% |
| Total Revenues | | | $ 9,594,747.64 | 100.0% |
| ***Direct Expenses*** | | | | |
| Rental Properties | | | | |
| Operating Expenses | $91,330.48 | | | |
| Depreciation / Amortization | $141,152.07 | | | |
| Total Rental Property Operating Expenses | | $232,482.55 | | 2.4% |
| Property Sales | | | | |
| Cost of Sales | $5,511,890.28 | | | |
| Other Direct Expenses | $42,304.89 | | | |
| Total Direct Expenses of Property Sales | | $5,554,195.17 | | 57.9% |
| Construction Operations | | | | |
| Direct Costs | $1,534,514.75 | | | |
| Construction Management | $105,397.01 | | | |
| Total Construction Operating Expenses | | $1,639,911.76 | | 17.1% |
| Interest Expense | | | | |
| Rental Properties | $524,551.86 | | | |
| Properties Pending Sale | $27,026.22 | | | |
| General Financing | $28,988.45 | | | |
| Guaranteed Payments to Investors | $88,579.10 | | | |
| Total Interest Expense | | $669,145.63 | | 7.0% |
| Prospective Development | | | | |
| Current Expenses | | $12,611.85 | | 0.1% |
| Total Direct Expenses | | | $8,108,346.96 | 84.5% |
| ***Gross Profit before G&A*** | | | $1,486,400.68 | 15.5% |
| ***General and administrative expenses:*** | | | | |
| Employee Expenses | | | $208,979.97 | 2.2% |
| Promotional | | | $24,536.13 | 0.3% |
| Office Expenses | | | $102,425.22 | 1.1% |
| Contributions | | | $21,564.00 | 0.2% |
| Legal fees | | | $180,153.54 | 1.9% |
| Other Gen & Admin Exps | | | $81,870.35 | 0.9% |
| Income Taxes | | | $86,524.35 | 0.9% |
| | | | $706,053.56 | 7.4% |
| **Net income** | | | $780,347.12 | 8.1% |



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006610

## LaKritz Adler Development

**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

## Balance Sheet

**As of December 31, 2005**

**LIABILITIES AND PARTNERS CAPITAL**

***Current liabilities:***

| | | |
|---|---|---|
| Accounts Payable | $ 117,919.26 | 0.8% |
| Accrued Interest Expense | $ 43,416.21 | 0.3% |
| Accrued Expenses | $ 50,588.14 | 0.3% |
| Lines of Credit | $ 125,000.00 | 0.8% |
| Construction/Short-Term Real Estate Loans | $ 7,742,735.84 | 51.1% |
| | $ 8,079,659.45 | 53.3% |

***Long Term liabilities:***

| | | |
|---|---|---|
| First Mortgages | $ 2,504,006.92 | 16.5% |
| Second Mortgages | $ 931,640.28 | 6.1% |
| Notes Payable | $ 111,436.70 | 0.7% |
| Warranty Repair Liability | $ - | 0.0% |
| | $ 3,547,083.90 | 23.4% |

***Other liabilities:***

| | | |
|---|---|---|
| Amounts Due to Affiliated Companies | $ - | 0.0% |
| Tenant Security Deposits | $ 41,453.45 | 0.3% |
| Customer Deposits | $ 280,000.00 | 1.8% |
| Amounts Due Members | $ 14,231.85 | 0.1% |
| | $ 335,685.30 | 2.2% |
| **Total liabilities** | $ 11,962,428.65 | 79.0% |

***Partners capital***

| | | |
|---|---|---|
| Contributed Capital, LaKritz & Adler | $ 348,094.85 | 2.3% |
| Contributed Capital, Investors | $ 1,805,999.21 | 11.9% |
| Retained Earnings | $ 1,034,843.89 | 6.8% |
| | 3,188,937.95 | 21.0% |
| **Total liabilities and partners capital** | $ 15,151,366.60 | 100.0% |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006611

# LaKritz Adler Development

**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

## Balance Sheet

**As of December 31, 2005**

A S S E T S

***Current assets:***

| | | | |
|---|---|---|---|
| Cash and Cash Equivalents | | $ 736,194.12 | 4.9% |
| Accounts Receivable | | $ 23,456.62 | 0.2% |
| Prepaid Expenses | | $ 10,162.79 | 0.1% |
| Mortgage Escrow Accts | | $ 4,214.84 | 0.0% |
| Settlement Funds Receivable | | $ - | 0.0% |
| Inventory (Real Estate Held for Resale) | | $ 194,346.61 | 1.3% |
| Investments in Pending Projects | | $ 149,722.31 | 1.0% |
| | | 1,118,097.29 | 7.4% |

***Fixed Assets***

| | | | |
|---|---|---|---|
| Land | | $ 7,597,026.62 | 50.1% |
| Buildings | | $ 3,509,936.91 | 23.2% |
| Improvements | | $ 1,985,693.32 | 13.1% |
| Capitalized Acquisition Settlement Costs | | $ 302,033.14 | 2.0% |
| Capitalized Zoning Costs | | $ 119,854.24 | 0.8% |
| Capitalized Lease Buyout Costs | | $ 22,236.38 | 0.1% |
| Fixtures, Furnishings & Equipment | | $ 73,860.91 | 0.5% |
| Leasehold Improvements | | $ 33,835.85 | 0.2% |
| Less Accumulated Depreciation | | $ (131,028.72) | -0.9% |
| | | 13,513,448.65 | 89.2% |

***Other assets:***

| | | | |
|---|---|---|---|
| Amounts Due from Affiliated Companies | | $ (0.00) | 0.0% |
| Deposits w/Vendors | | $ 25,770.00 | 0.2% |
| Receivables Due from Members and Other Affiliates | | $ 58,948.70 | 0.4% |
| Notes Receivable from Investors | | $ 368,499.21 | 2.4% |
| Deferred Loan Costs | $ 106,243.40 | | 0.7% |
| Accumulated Amortization, Deferred Loan Coss | $ (40,547.40) | $ 65,696.00 | -0.3% |
| Amounts Due from Other Related Parties | | $ - | 0.0% |
| Capitalized Organizational Costs | $ 1,663.50 | | 0.0% |
| Accumulated Amortization, Capitalized Org Costs | $ (756.75) | $ 906.75 | 0.0% |
| | | $ 519,820.66 | 3.4% |

**Total assets** $ 15,151,366.60 100.0%



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006612

2.3.H.1. TAX BASE IMPACT ANALYSIS

| | | | | | | |
|---|---|---|---|---|---|---|
| **ONE-TIME TAX EVENTS** | | | | | | |
| **Construction Permitting Fees** | Cost | | Rate | Fixed | | **TAX REVENUE to DC** |
| Hard Cost + Sitework | $ | 36,606,260.00 | 1% | 10000 | $ | **376,062.60** |
| **Purchase Recordation Tax** | | | | | | |
| Land Costs | $ | 8,849,333.00 | 1.50% | | $ | **132,740.00** |
| **Sale Transfer & Recordation Tax** | | | | | | |
| Sale at Stabilization | $ | 92,853,686.00 | 3% | | $ | **2,785,610.58** |
| **Financing Recordation Tax** | | | | | | |
| Peak Construction Loan | $ | 53,375,246.00 | 1.50% | | $ | **800,628.69** |
| **Construction Job Income Tax on Avg Salary $50k, 50% in D.C.** | | | | No. Jobs | | |
| Total Construction + Siteowrk + HC Contingency | $ | 40,261,086.00 | 50% | 201.31 | $ | **688,464.57** |
| Assume Labor = 50% of hard cost | | | | | | |
| Assume 50% Live in DC | | | | | | |
| DC Tax on $50k Income | $ | 3,420.00 | | | | |
| **Legal/Professional Job Income Tax on Avg Salary $120k, 50% in D.C.** | | | | No. Jobs | | |
| Total Soft/Legal/Mgmt/Mkting/Sales Cost: | $ | 8,450,074.58 | 50% | 35.21 | $ | **334,834.21** |
| DC Tax up to 10,000 @ 4.5% | $ | 450.00 | | | | |
| DC Tax 10k - 40k @ 7% | $ | 2,100.00 | | | | |
| DC Tax 40k - 120K @ 8.7% | $ | 6,960.00 | | | | |
| | $ | **9,510.00** | on $120,000 income | | | |
| **Franchise Tax on Development Profits** | | | $ 26,250,913.00 | 9.50% | $ | **2,493,836.74** |
| | | | **TOTAL ONE-TIME D.C TAXES:** | | $ | **7,612,177.38** |
| | | | **Total Construction/Development Jobs Created:** | | | **473** |
| | | | **Jobs Created in D.C. Only:** | | | **237** |
| **ONGOING TAXES ON OPERATIONS (at stabilization)** | | | | | | |
| **Restaurant Sales Taxes** | Restaurant/Retail Rent | | Imputed Sales | Tax Rate | | |
| Parcel 1 | $ | 213,554.00 | $ 2,135,540.00 | 10% | $ | **213,554.00** |
| Parcel 2 | $ | 623,107.00 | $ 6,231,070.00 | 10% | $ | **623,107.00** |
| Parcel 3 | $ | 385,300.00 | $ 3,853,000.00 | 10% | $ | **385,300.00** |
| **Restaurant/Retail Jobs Income Tax** | | | | | | |
| 1 employee / 200 SF | | 131.42 | 98.565 DC Jobs | | $ | **182,345.25** |
| Avg Salary $30,000 | | 1850 | DC Tax on $30k | | | |
| 75% live in DC | | 75% | | | | |
| **Office Jobs Income Tax** | | | | | | |
| 1 employee/200 SF | | 70763 | 353.815 Jobs | | $ | **989,797.46** |
| Avg Salary $75,000 | DC Tax on $75k | | $ 5,595.00 | | | |
| 50% live in DC | | 50% | 176.9075 DC Jobs | | | |
| **Hotel Jobs Income Tax** | | | | | | |
| 1 employee/5 rooms | 145 Rooms | | 29 | | $ | **51,939.00** |
| Avg Salary $45k | Tax on $45k | | $ 2,985.00 | | | |
| 60% Live in DC | | 60% | 17.4 DC Jobs | | | |
| **Hotel Taxes** | | | | | | |
| Room Sales @ 14.5% | Average Gross Revenue/Year | | $ 10,061,782.66 | 14.50% | $ | **1,458,958.49** |
| Dining Sales @ 10% | Avg In-House Dining Sales | | $ 939,854.00 | 10% | $ | **93,985.40** |
| **Parking Taxes All Parcels @ 12%** | Annual Parking Income | | $ 231,263.00 | 12% | $ | **27,751.56** |
| **Property Taxes (1.85%/year on pro forma cap rate values)** | | | | | | |
| Parcel 1 Value | | | $ 3,285,448.00 | 1.85% | $ | **60,780.79** |
| Parcel 2 Value | | | $ 48,391,353.00 | 1.85% | $ | **895,240.03** |
| Parcel 3 Value | | | $ 41,176,885.00 | 1.85% | $ | **761,772.37** |
| | | | **TOTAL ANNUAL TAXES TO D.C.** | | $ | **5,744,531.35** |
| | | | **Long-Term Jobs Created:** | | | **514** |
| | | | **Long-Term D.C. Jobs Created:** | | | **293** |

FOIA CONFIDENTIAL TREATMENT REQUESTED

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| Source of Funds Type | Combined Sources Scenario |
|---|---|
| Heading | 181 Oct 2022 |
| Auto. Project Contribution | 0 |
| Timed Contribution: Project | 0 |
| **Total Contribution** | **0** |
| Non-Mortgage Interest and Fees | 0 |
| Auto. Repayment | 0 |
| Timed Repayment: Project | 0 |
| **Total Repayment** | **0** |
| **Profit Participation** | **47,205,525** |
| **Net Cash Flow (IRR)** | **47,205,525** |
| Net Cash Flow (Equity IRR) | 47,205,525 |
| **Cumulative Net Cash Flow** | **57,121,682** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 15.0% |



WMATA-INV 006614

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | (438,913) | (438,913) | (3,927,313) | (237,909) | (237,909) | (178,432) | 0 | 0 |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(438,913)** | **(438,913)** | **(3,927,313)** | **(237,909)** | **(237,909)** | **(178,432)** | **0** | **0** |
| Non-Mortgage Interest and Fees | 0 | 0 | 0 | (221,238) | (112,901) | (9,378) | 0 | 0 |
| Auto. Repayment | 792,757 | 438,913 | 1,277,511 | 1,675,985 | 1,872,963 | 1,436,019 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **792,757** | **438,913** | **1,277,511** | **1,675,985** | **1,872,963** | **1,436,019** | **0** | **0** |
| **Profit Participation** | **326,053** | **860,160** | **207,232** | **0** | **0** | **580,355** | **2,046,916** | **2,260,246** |
| **Net Cash Flow (IRR)** | **679,896** | **860,160** | **(2,442,569)** | **1,216,837** | **1,522,153** | **1,828,564** | **2,046,916** | **2,260,246** |
| Net Cash Flow (Equity IRR) | 679,896 | 860,160 | 954,479 | 0 | 0 | 1,170,506 | 2,046,916 | 2,260,246 |
| **Cumulative Net Cash Flow** | **2,629,851** | **3,484,010** | **1,041,441** | **2,258,278** | **3,780,431** | **5,608,995** | **7,655,911** | **9,916,158** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 15.0% |



WMATA-INV 006615

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | (65,594,405) | (612,004) | (1,825,047) | (1,775,904) | (11,925,275) | (28,036,376) | (15,346,498) | (613,913) |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(65,594,405)** | **(612,004)** | **(1,825,047)** | **(1,775,904)** | **(11,925,275)** | **(28,036,376)** | **(15,346,498)** | **(613,913)** |
| Non-Mortgage Interest and Fees | (6,367,019) | (83,218) | (102,602) | (143,424) | (228,572) | (1,038,626) | (3,190,755) | (1,236,305) |
| Auto. Repayment | 69,911,424 | 0 | 0 | 0 | 0 | 53,389 | 2,175,459 | 60,188,430 |
| Timed Repayment: Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| **Total Repayment** | **71,961,424** | **0** | **0** | **0** | **2,050,000** | **53,389** | **2,175,459** | **60,188,430** |
| **Profit Participation** | **57,121,682** | **0** | **0** | **0** | **0** | **0** | **0** | **3,635,196** |
| **Net Cash Flow (IRR)** | **57,121,682** | **(695,222)** | **(1,927,649)** | **(1,919,327)** | **(10,103,847)** | **(29,021,614)** | **(16,361,794)** | **61,973,408** |
| Net Cash Flow (Equity IRR) | 57,121,682 | 0 | (844,866) | (1,775,904) | (9,875,275) | (877,935) | 0 | 15,317,934 |
| **Cumulative Net Cash Flow** | | **(695,222)** | **(2,622,871)** | **(4,542,198)** | **(14,646,045)** | **(43,667,659)** | **(60,029,453)** | **1,943,954** |

**ASSUMPTIONS**

**ANALYSIS**
Project IRR 15.0%



WMATA-INV 006616

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| Source of Funds | Balancing Account |
|---|---|
| Type | Balancing Account |
| Heading | 181 Oct 2022 |
| Timed Contribution | 0 |
| Timed Contribution: Profit | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Profit | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| **Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 006617

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Balancing Account |
| Type | Balancing Account |

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution: Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 006618

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Balancing Account
Type: Balancing Account

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | (2,050,000) | 0 | 0 | 0 | (2,050,000) | 0 | 0 | 0 |
| Timed Contribution: Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(2,050,000)** | **0** | **0** | **0** | **(2,050,000)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **0** | **53,389** | **1,996,611** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(2,050,000)** | **53,389** | **1,996,611** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 006619

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | 181 |
|---|---|
| | Oct 2022 |
| Opening Balance | 54,096,983 |
| Interest | 315,566 |
| Principal Repaid | 54,096,983 |
| Total P+I Payment | 54,412,548 |
| **Closing Balance** | **0** |
| **Net Cash Flow (IRR)** | **54,412,548** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 006620

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 60,839,898 | 60,188,081 | 59,489,144 | 58,739,681 | 57,936,040 | 57,074,303 | 56,150,271 | 55,159,440 |
| Interest | 4,238,144 | 4,191,024 | 4,140,498 | 4,086,319 | 4,028,224 | 3,965,929 | 3,899,130 | 3,827,503 |
| Principal Repaid | 651,817 | 698,937 | 749,463 | 803,642 | 861,737 | 924,032 | 990,830 | 1,062,458 |
| Total P+I Payment | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 |
| **Closing Balance** | **60,188,081** | **59,489,144** | **58,739,681** | **57,936,040** | **57,074,303** | **56,150,271** | **55,159,440** | **54,096,983** |
| **Net Cash Flow (IRR)** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 006621

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 61,249,842 |
| Interest | 35,542,366 | 0 | 0 | 0 | 0 | 0 | 0 | 2,850,029 |
| Principal Repaid | 61,249,842 | 0 | 0 | 0 | 0 | 0 | 0 | 409,945 |
| Total P+I Payment | 96,792,208 | 0 | 0 | 0 | 0 | 0 | 0 | 3,259,974 |
| **Closing Balance** | | **0** | **0** | **0** | **0** | **0** | **0** | **60,839,898** |
| **Net Cash Flow (IRR)** | **35,542,366** | **0** | **0** | **0** | **0** | **0** | **0** | **(57,989,869)** |

| **ASSUMPTIONS** | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| **ANALYSIS** | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 006622

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Construction Loan |
| Type | Debt |

| Heading | 1 181 Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto. Project Contribution | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment: Project | 0 |
| Auto. Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($48,578,240) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $54,487,444 |
| Total Repayment | $54,487,444 |
| Peak Financing Amount | $46,655,473 |
| Project IRR | 0.0% |



WMATA-INV 006623

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | (438,913) | (438,913) | (3,927,313) | (237,909) | (237,909) | (178,432) | 0 | 0 |
| **Total Contribution** | **(438,913)** | **(438,913)** | **(3,927,313)** | **(237,909)** | **(237,909)** | **(178,432)** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | (221,238) | (112,901) | (9,378) | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 438,913 | 438,913 | 530,265 | 1,675,985 | 1,872,963 | 845,867 | 0 | 0 |
| **Total Repayment** | **438,913** | **438,913** | **530,265** | **1,675,985** | **1,872,963** | **845,867** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(3,397,048)** | **(2,180,211)** | **(658,058)** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **(3,397,048)** | **1,216,837** | **1,522,153** | **658,058** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **(3,397,048)** | **(2,180,211)** | **(658,058)** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($48,578,240) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $54,487,444 |
| Total Repayment | $54,487,444 |
| Peak Financing Amount | $46,655,473 |
| Project IRR | 0.0% |



WMATA-INV 006624

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | (48,578,240) | 0 | 0 | 0 | 0 | (27,158,441) | (15,346,498) | (613,913) |
| **Total Contribution** | **(48,578,240)** | **0** | **0** | **0** | **0** | **(27,158,441)** | **(15,346,498)** | **(613,913)** |
| Total Loan Fees | (100,000) | 0 | 0 | 0 | (100,000) | 0 | 0 | 0 |
| Interest and Fees | (5,909,204) | 0 | 0 | 0 | (100,000) | (1,038,626) | (3,190,755) | (1,236,305) |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 54,487,444 | 0 | 0 | 0 | 0 | 0 | 178,847 | 48,505,692 |
| **Total Repayment** | **54,487,444** | **0** | **0** | **0** | **0** | **0** | **178,847** | **48,505,692** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(100,000)** | **(28,297,068)** | **(46,655,473)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(100,000)** | **(28,197,068)** | **(18,358,406)** | **46,655,473** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(100,000)** | **(28,297,068)** | **(46,655,473)** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($48,578,240) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $54,487,444 |
| Total Repayment | $54,487,444 |
| Peak Financing Amount | $46,655,473 |
| Project IRR | 0.0% |



WMATA-INV 006625

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| Source of Funds | Investor Equity |
|---|---|
| Type | Equity |
| Heading | 181 |
| | Oct-2022 |
| Timed Contribution Project | 0 |
| Auto Project Contribution | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment Project | 0 |
| Auto Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **23,602,762** |
| **Net Cash Flow (IRR)** | **23,602,762** |
| **Cumulative Net Cash Flow** | **29,602,630** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,036,582 |
| Timed Repayment | $0 |
| Auto Repayment | $12,036,582 |
| Total Repayment | $12,036,582 |
| Peak Financing Amount | $12,036,582 |
| Profit | $29,602,630 |
| Project IRR | 21.9% |
| Return on Equity | 245.9% |



WMATA-INV 006626

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 353,844 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **353,844** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **12,306** | **0** | **0** | **0** | **0** | **198,785** | **1,023,458** | **1,130,123** |
| **Net Cash Flow (IRR)** | **366,149** | **0** | **0** | **0** | **0** | **198,785** | **1,023,458** | **1,130,123** |
| **Cumulative Net Cash Flow** | **3,647,502** | **3,647,502** | **3,647,502** | **3,647,502** | **3,647,502** | **3,846,286** | **4,869,744** | **5,999,867** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,036,582 |
| Timed Repayment | $0 |
| Auto Repayment | $12,036,582 |
| Total Repayment | $12,036,582 |
| Peak Financing Amount | $12,036,582 |
| Profit | $29,602,630 |
| Project IRR | 21.9% |
| Return on Equity | 245.9% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 244.0% |



WMATA-INV 006627

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | (12,036,582) | 0 | 0 | (1,283,372) | (9,875,275) | (877,935) | 0 | 0 |
| **Total Contribution** | **(12,036,582)** | **0** | **0** | **(1,283,372)** | **(9,875,275)** | **(877,935)** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 12,036,582 | 0 | 0 | 0 | 0 | 0 | 0 | 11,682,738 |
| **Total Repayment** | **12,036,582** | **0** | **0** | **0** | **0** | **0** | **0** | **11,682,738** |
| **Closing Balance** | **0** | **0** | **0** | **(1,283,372)** | **(11,158,647)** | **(12,036,582)** | **(12,036,582)** | **(353,844)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **29,602,630** | **0** | **0** | **0** | **0** | **0** | **0** | **3,635,196** |
| **Net Cash Flow (IRR)** | **29,602,630** | **0** | **0** | **(1,283,372)** | **(9,875,275)** | **(877,935)** | **0** | **15,317,934** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **(1,283,372)** | **(11,158,647)** | **(12,036,582)** | **(12,036,582)** | **3,281,352** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,036,582 |
| Timed Repayment | $0 |
| Auto Repayment | $12,036,582 |
| Total Repayment | $12,036,582 |
| Peak Financing Amount | $12,036,582 |
| Profit | $29,602,630 |
| Project IRR | 21.9% |
| Return on Equity | 245.9% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 128.4% | 1.9% | 0.0% | 0.0% | 0.0% | 0.0% | 3.6% | 8.7% |



WMATA-INV 006628

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**(Merged Phases)**



| Source of Funds | Developer Equity |
|---|---|
| Type | Equity |
| Heading | 181 |
| | Oct 2022 |
| Timed Contribution: Project | 0 |
| Auto. Project Contribution | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Project | 0 |
| Auto. Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **23,602,762** |
| **Net Cash Flow (IRR)** | **23,602,762** |
| **Cumulative Net Cash Flow** | **27,519,053** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,337,398 |
| Timed Repayment | $0 |
| Auto Repayment | $1,337,398 |
| Total Repayment | $1,337,398 |
| Peak Financing Amount | $1,337,398 |
| Profit | $27,519,053 |
| Project IRR | 29.2% |
| Return on Equity | 2,057.7% |



WMATA-INV 006629

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 747,247 | 0 | 0 | 590,151 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **747,247** | **0** | **0** | **590,151** | **0** | **0** |
| **Closing Balance** | **(1,337,398)** | **(1,337,398)** | **(590,151)** | **(590,151)** | **(590,151)** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **313,747** | **860,160** | **207,232** | **0** | **0** | **381,570** | **1,023,458** | **1,130,123** |
| **Net Cash Flow (IRR)** | **313,747** | **860,160** | **954,479** | **0** | **0** | **971,722** | **1,023,458** | **1,130,123** |
| **Cumulative Net Cash Flow** | **(1,023,651)** | **(163,491)** | **790,987** | **790,987** | **790,987** | **1,762,709** | **2,786,167** | **3,916,290** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,337,398 |
| Timed Repayment | $0 |
| Auto Repayment | $1,337,398 |
| Total Repayment | $1,337,398 |
| Peak Financing Amount | $1,337,398 |
| Profit | $27,519,053 |
| Project IRR | 29.2% |
| Return on Equity | 2,057.7% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 2,195.6% |



WMATA-INV 006630

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (1,337,398) | 0 | (844,866) | (492,532) | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,337,398)** | **0** | **(844,866)** | **(492,532)** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 1,337,398 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **1,337,398** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(844,866)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **27,519,053** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **27,519,053** | **0** | **(844,866)** | **(492,532)** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **(844,866)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,337,398 |
| Timed Repayment | $0 |
| Auto Repayment | $1,337,398 |
| Total Repayment | $1,337,398 |
| Peak Financing Amount | $1,337,398 |
| Profit | $27,519,053 |
| Project IRR | 29.2% |
| Return on Equity | 2,057.7% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 0.0% | 37.1% | 67.7% | 54.4% | 0.0% | 0.0% | 90.4% | 78.5% |



WMATA-INV 006631

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| Source of Funds | Development Loan |
|---|---|
| Type | Debt |

| Heading | 181<br>Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto. Project Contribution | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment: Project | 0 |
| Auto. Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 006632

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 006633

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | (1,592,185) | (612,004) | (980,180) | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,592,185)** | **(612,004)** | **(980,180)** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | (50,000) | (50,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | (457,815) | (83,218) | (102,602) | (143,424) | (128,572) | 0 | 0 | 0 |
| Timed Repayment: Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **2,050,000** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **(695,222)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **(695,222)** | **(1,082,782)** | **(143,424)** | **1,921,428** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **(695,222)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 006634

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| **Period Total Before Finance** | **7,150,207** | **101,618,073** |
| Finance Costs (All Loans) | 0 | 0 |
| **Period Total After Finance** | **3,322,704** | **101,302,507** |
| Cumulative Total C/f Annual | (44,180,825) | 57,121,682 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 006635

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 3 Parcel 3 Office | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 |
| 1 **Ph01 Development Manage** | | |
| 1 Dev. Management Fee | 0 | 0 |
| 1 **Ph02 Development Manage** | | |
| 2 Dev. Management Fee | 0 | 0 |
| 1 **Ph03 Development Manage** | | |
| 3 Dev. Management Fee | 0 | 0 |



WMATA-INV 006636

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 2 Permits | 0 | 0 |
| 1 **Ph02 TI Costs** | | |
| 2 Parcel 1 Retail | 0 | 0 |
| 1 **Ph02 Professional Fees** | | |
| 2 Architect + Engineer | 0 | 0 |
| 2 Legal | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 |
| 1 **Ph03 Construction Costs** | | |
| 3 Metro Site Work | 0 | 0 |
| 3 Parcel 3 Office | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 |
| 3 Insurance | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 |
| 3 Contingency | 0 | 0 |
| 3 Permits | 0 | 0 |
| 3 Permits | 0 | 0 |
| 1 **Ph03 TI Costs** | | |
| 3 Parcel 3 Office | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 |
| 1 **Ph03 Professional Fees** | | |
| 3 Architect + Engineer | 0 | 0 |
| 3 Legal | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | |
| 1 Marketing | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | |
| 2 Marketing | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | |
| 3 Marketing | 0 | 0 |
| 3 Leasing Legal Fees | 0 | 0 |



WMATA-INV 006637

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 1 **Ph02 Acquisition Costs** | | |
| 2 WMATA PARCEL 1 Ground | (30,016) | 0 |
| 2 DC Purchase Recordation Ta | (450) | 0 |
| 2 WMATA Acquisition Legal | 0 | 0 |
| 2 Third Party Reports | 0 | 0 |
| 2 Title Insurance | (150) | 0 |
| 1 **Ph03 Acquisition Costs** | | |
| 3 WMATA PARCEL 3 Ground | (128,784) | 0 |
| 3 Arts Credits (assume no bonu | 0 | 0 |
| 3 DC Purchase Recordation Ta | (1,932) | 0 |
| 3 WMATA Acquisition Legal | 0 | 0 |
| 3 Third Party Reports | 0 | 0 |
| 3 Title Insurance | (644) | 0 |
| 1 **Ph01 Construction Costs** | | |
| 1 Metro Site Work | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 Insurance | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 |
| 1 Contingency | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 **Ph01 TI Costs** | | |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 **Ph01 Professional Fees** | | |
| 1 Architect + Engineer | 0 | 0 |
| 1 Legal | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 |
| 1 **Ph02 Construction Costs** | | |
| 2 Metro Site Work | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 |
| 2 Insurance | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 |
| 2 Contingency | 0 | 0 |
| 2 Permits | 0 | 0 |



WMATA-INV 006638

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | | 180:Sep 2022<br>(47,503,529) | 181:Oct 2022<br>(44,180,825) |
|---|---|---|---|
| 1 | **Ph01 Revenue** | | |
| 1 | Parcel 2 Office | 3,012,221 | 0 |
| 1 | Parcel 2 Parking | 159,726 | 0 |
| 1 | Parcel 2 Retail | 783,585 | 0 |
| 1 | Parcel 2 Office | 0 | 43,347,369 |
| 1 | Parcel 2 Parking | 0 | 2,298,542 |
| 1 | Parcel 2 Retail | 0 | 11,276,184 |
| 1 | **Ph01 Disposal Costs** | | |
| 1 | Sales Agent Fee | 0 | (2,561;494) |
| 1 | **Ph02 Revenue** | | |
| 2 | Parcel 1 Retail | 280,730 | 0 |
| 2 | Parcel 1 Retail | 0 | 4,099,984 |
| 1 | **Ph02 Disposal Costs** | | |
| 2 | Sales Agent Fee | 0 | (184,499) |
| 1 | **Ph03 Revenue** | | |
| 3 | Parcel 3 Office | 2,573,476 | 0 |
| 3 | Parcel 3 Parking | 123,573 | 0 |
| 3 | Parcel 3 Retail | 456,718 | 0 |
| 3 | Parcel 3 Office | 0 | 37,033,599 |
| 3 | Parcel 3 Parking | 0 | 1,778,276 |
| 3 | Parcel 3 Retail | 0 | 6,572,405 |
| 1 | **Ph03 Disposal Costs** | | |
| 3 | Sales Agent Fee | 0 | (2,042,293) |
| 1 | **Ph01 Acquisition Costs** | | |
| 1 | WMATA PARCEL 2 Ground | (76,320) | 0 |
| 1 | 8th Street Land Option (Year | 0 | 0 |
| 1 | 8th St 1st Year Ground Lease | 0 | 0 |
| 1 | 8th St Ground Lease Renewal | 0 | 0 |
| 1 | 8th St Ground Lease Renewal | 0 | 0 |
| 1 | Arts Credits (assume no bonu | 0 | 0 |
| 1 | 8th St Combination Fee | 0 | 0 |
| 1 | 8th Street Resubordination F | 0 | 0 |
| 1 | 8th Street RE Tax pre-constr | 0 | 0 |
| 1 | DC Purchase Recordation Ta | (1,145) | 0 |
| 1 | WMATA Acquisition Legal | 0 | 0 |
| 1 | Third Party Reports | 0 | 0 |
| 1 | Title Insurance | (382) | 0 |



WMATA-INV 006639

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | **5,219,844** | **5,569,857** | **5,750,120** | **2,447,391** | **6,328,036** | **6,525,015** | **6,727,903** | **6,936,877** |
| Finance Costs (All Loans) | (1,236,305) | 0 | 0 | 0 | (221,238) | (112,901) | (9,378) | 0 |
| **Period Total After Finance** | **1,133,510** | **1,331,713** | **1,559,096** | **(1,693,107)** | **2,020,479** | **2,383,890** | **2,752,596** | **3,037,746** |
| Cumulative Total C/f Annual | (58,895,944) | (57,564,230) | (56,005,134) | (57,698,241) | (55,677,761) | (53,293,872) | (50,541,275) | (47,503,529) |



WMATA-INV 006640

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Development Manage** | | | | | | | | |
| 1 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Development Manage** | | | | | | | | |
| 2 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Development Manage** | | | | | | | | |
| 3 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 006641

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | |
| 2 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Construction Costs** | | | | | | | | |
| 3 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | |
| 3 Parcel 3 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Professional Fees** | | | | | | | | |
| 3 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | |
| 1 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | |
| 2 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | |
| 3 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 006642

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | |
| 2 WMATA PARCEL 1 Ground | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) |
| 2 DC Purchase Recordation Ta | (422) | (422) | (422) | (422) | (422) | (422) | (422) | (422) |
| 2 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Title Insurance | (141) | (141) | (141) | (141) | (141) | (141) | (141) | (141) |
| 1 **Ph03 Acquisition Costs** | | | | | | | | |
| 3 WMATA PARCEL 3 Ground | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) |
| 3 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 DC Purchase Recordation Ta | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) |
| 3 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Title Insurance | (644) | (644) | (644) | (644) | (644) | (644) | (644) | (644) |
| 1 **Ph01 Construction Costs** | | | | | | | | |
| 1 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Professional Fees** | | | | | | | | |
| 1 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Construction Costs** | | | | | | | | |
| 2 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 006643

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 (60,029,453) | 096:Sep 2015 (58,895,944) | 108:Sep 2016 (57,564,230) | 120:Sep 2017 (56,005,134) | 132:Sep 2018 (57,698,241) | 144:Sep 2019 (55,677,761) | 156:Sep 2020 (53,293,872) | 168:Sep 2021 (50,541,275) |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | |
| 1 Parcel 2 Office | 2,377,875 | 2,449,212 | 2,522,688 | 2,598,369 | 2,676,320 | 2,756,609 | 2,839,307 | 2,924,487 |
| 1 Parcel 2 Parking | 126,089 | 129,872 | 133,768 | 137,781 | 141,915 | 146,172 | 150,557 | 155,074 |
| 1 Parcel 2 Retail | 618,570 | 637,127 | 656,240 | 675,928 | 696,205 | 717,092 | 738,604 | 760,762 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | |
| 1 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | |
| 2 Parcel 1 Retail | 221,610 | 228,259 | 235,107 | 242,160 | 249,425 | 256,907 | 264,614 | 272,553 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | |
| 2 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | |
| 3 Parcel 3 Office | 2,031,525 | 2,092,471 | 2,155,245 | 2,219,903 | 2,286,500 | 2,355,095 | 2,425,748 | 2,498,520 |
| 3 Parcel 3 Parking | 97,550 | 100,476 | 103,490 | 106,595 | 109,793 | 113,087 | 116,479 | 119,974 |
| 3 Parcel 3 Retail | 360,538 | 371,354 | 382,494 | 393,969 | 405,788 | 417,962 | 430,501 | 443,416 |
| 3 Parcel 3 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | |
| 3 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | |
| 1 WMATA PARCEL 2 Ground | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) |
| 1 8th Street Land Option (Year | 0 | 0 | 0 | (3,420,000) | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | (200,004) | (200,004) | (200,004) | (200,004) | 0 | 0 | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | (175,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 DC Purchase Recordation Ta | (1,145) | (1,145) | (1,145) | (52,445) | (1,145) | (1,145) | (1,145) | (1,145) |
| 1 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Title Insurance | (1,382) | (1,382) | (1,382) | (18,482) | (382) | (382) | (382) | (382) |



WMATA-INV 006644

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | | **0** | **(612,004)** | **(1,825,047)** | **(1,775,904)** | **(9,875,275)** | **(27,982,988)** | **(13,171,039)** |
| Finance Costs (All Loans) | (6,367,019) | | (83,218) | (102,602) | (143,424) | (228,572) | (1,038,626) | (3,190,755) |
| **Period Total After Finance** | **57,121,682** | **0** | **(695,222)** | **(1,927,649)** | **(1,919,327)** | **(10,103,847)** | **(29,021,614)** | **(16,361,794)** |
| Cumulative Total C/f Annual | 57,121,682 | 0 | (695,222) | (2,622,871) | (4,542,198) | (14,646,045) | (43,667,659) | (60,029,453) |



WMATA-INV 006645

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Office | YN | **(1,089,164)** | 0 | 0 | 0 | 0 | 0 | 0 | (1,089,164) |
| 3 Parcel 3 Parking | YN | **(54,684)** | 0 | 0 | 0 | 0 | 0 | 0 | (54,684) |
| 3 Parcel 3 Retail | YN | **(202,111)** | 0 | 0 | 0 | 0 | 0 | 0 | (202,111) |
| 1 **Ph01 Development Management Fee** | | | | | | | | | |
| 1 Dev. Management Fee | YN | **(904,718)** | 0 | 0 | (160,839) | (241,258) | (241,258) | (241,258) | (20,105) |
| 1 **Ph02 Development Management Fee** | | | | | | | | | |
| 2 Dev. Management Fee | YN | **(42,664)** | 0 | 0 | (7,585) | (11,377) | (11,377) | (11,377) | (948) |
| 1 **Ph03 Development Management Fee** | | | | | | | | | |
| 3 Dev. Management Fee | YN | **(756,038)** | 0 | 0 | (134,407) | (201,610) | (201,610) | (201,610) | (16,801) |



WMATA-INV 006646

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 2 Permits | YN | **(14,969)** | 0 | 0 | 0 | 0 | (14,969) | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | | |
| 2 Parcel 1 Retail | YY | **(284,739)** | 0 | 0 | 0 | 0 | 0 | (284,739) | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | | |
| 2 Architect + Engineer | YN | **(93,604)** | 0 | 0 | (46,802) | (46,802) | 0 | 0 | 0 |
| 2 Legal | YN | **(11,227)** | 0 | 0 | (3,208) | (4,811) | (3,208) | 0 | 0 |
| 2 Soft Cost Contingency | YN | **(32,354)** | 0 | (1,458) | (11,118) | (10,401) | (8,068) | (1,266) | (44) |
| 1 **Ph03 Construction Costs** | | | | | | | | | |
| 3 Metro Site Work | YN | **(1,839,000)** | 0 | 0 | 0 | 0 | (1,839,000) | 0 | 0 |
| 3 Parcel 3 Office | YY | **(9,775,813)** | 0 | 0 | 0 | 0 | (1,280,718) | (8,210,630) | (284,465) |
| 3 Parcel 3 Parking | YY | **(1,354,096)** | 0 | 0 | 0 | 0 | (177,399) | (1,137,295) | (39,403) |
| 3 Parcel 3 Retail | YY | **(1,253,506)** | 0 | 0 | 0 | 0 | (164,220) | (1,052,810) | (36,476) |
| 3 Insurance | YN | **(71,112)** | 0 | 0 | 0 | 0 | (17,307) | (52,004) | (1,802) |
| 3 Real Estate Tax During Cons | YN | **(97,000)** | 0 | 0 | 0 | 0 | (22,824) | (68,471) | (5,706) |
| 3 Contingency | YN | **(1,422,242)** | 0 | 0 | 0 | 0 | (189,302) | (1,192,317) | (40,622) |
| 3 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 3 Permits | YN | **(213,336)** | 0 | 0 | 0 | 0 | (213,336) | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | | |
| 3 Parcel 3 Office | YY | **(4,236,294)** | 0 | 0 | 0 | 0 | 0 | 0 | (4,236,294) |
| 3 Parcel 3 Retail | YY | **(571,790)** | 0 | 0 | 0 | 0 | 0 | 0 | (571,790) |
| 1 **Ph03 Professional Fees** | | | | | | | | | |
| 3 Architect + Engineer | YN | **(685,000)** | 0 | 0 | (342,500) | (342,500) | 0 | 0 | 0 |
| 3 Legal | YN | **(213,336)** | 0 | 0 | (60,953) | (91,430) | (60,953) | 0 | 0 |
| 3 Soft Cost Contingency | YN | **(138,278)** | 0 | (7,500) | (47,845) | (43,393) | (34,160) | (5,200) | (180) |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | | |
| 1 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 1 Leasing Legal Fees | YN | **(58,610)** | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 1 Parcel 2 Office | YN | **(1,274,853)** | 0 | 0 | 0 | 0 | 0 | 0 | (1,274,853) |
| 1 Parcel 2 Parking | YN | **(70,683)** | 0 | 0 | 0 | 0 | 0 | 0 | (70,683) |
| 1 Parcel 2 Retail | YN | **(346,758)** | 0 | 0 | 0 | 0 | 0 | 0 | (346,758) |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | | |
| 2 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (18,182) | (31,818) | 0 |
| 2 Leasing Legal Fees | YN | **(58,610)** | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 2 Parcel 1 Retail | YN | **(122,408)** | 0 | 0 | 0 | 0 | 0 | (122,408) | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | | |
| 3 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 3 Leasing Legal Fees | YN | **(58,610)** | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |



WMATA-INV 006647

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | | |
| 2 WMATA PARCEL 1 Ground | YN | **(295,001)** | 0 | 0 | 0 | 0 | 0 | (11,725) | (28,140) |
| 2 DC Purchase Recordation Ta | YN | **(4,425)** | 0 | 0 | 0 | 0 | 0 | (176) | (422) |
| 2 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 2 Title Insurance | YN | **(1,475)** | 0 | 0 | 0 | 0 | 0 | (59) | (141) |
| 1 **Ph03 Acquisition Costs** | | | | | | | | | |
| 3 WMATA PARCEL 3 Ground | YN | **(1,277,108)** | 0 | 0 | 0 | 0 | 0 | 0 | (118,052) |
| 3 Arts Credits (assume no bonu | YN | **(239,325)** | 0 | 0 | 0 | 0 | (239,325) | 0 | 0 |
| 3 DC Purchase Recordation Ta | YN | **(22,746)** | 0 | 0 | 0 | 0 | (3,590) | 0 | (1,771) |
| 3 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 3 Title Insurance | YN | **(7,582)** | 0 | 0 | 0 | 0 | (1,197) | 0 | (590) |
| 1 **Ph01 Construction Costs** | | | | | | | | | |
| 1 Metro Site Work | YN | **(1,500,000)** | 0 | 0 | 0 | 0 | (1,500,000) | 0 | 0 |
| 1 Parcel 2 Office | YY | **(11,595,394)** | 0 | 0 | 0 | 0 | (1,519,099) | (9,738,882) | (337,413) |
| 1 Parcel 2 Parking | YY | **(1,752,360)** | 0 | 0 | 0 | 0 | (229,575) | (1,471,794) | (50,992) |
| 1 Parcel 2 Retail | YY | **(2,150,624)** | 0 | 0 | 0 | 0 | (281,751) | (1,806,292) | (62,581) |
| 1 Insurance | YN | **(84,992)** | 0 | 0 | 0 | 0 | (17,652) | (65,085) | (2,255) |
| 1 Real Estate Tax During Cons | YN | **(150,000)** | 0 | 0 | 0 | 0 | (35,294) | (105,882) | (8,824) |
| 1 Contingency | YN | **(1,699,838)** | 0 | 0 | 0 | 0 | (226,250) | (1,425,036) | (48,551) |
| 1 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 1 Permits | YN | **(254,976)** | 0 | 0 | 0 | 0 | (254,976) | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | | |
| 1 Parcel 2 Office | YY | **(4,958,530)** | 0 | 0 | 0 | 0 | 0 | 0 | (4,958,530) |
| 1 Parcel 2 Retail | YY | **(981,013)** | 0 | 0 | 0 | 0 | 0 | 0 | (981,013) |
| 1 **Ph01 Professional Fees** | | | | | | | | | |
| 1 Architect + Engineer | YN | **(841,000)** | 0 | 0 | (420,500) | (420,500) | 0 | 0 | 0 |
| 1 Legal | YN | **(254,976)** | 0 | 0 | (72,850) | (109,275) | (72,850) | 0 | 0 |
| 1 Soft Cost Contingency | YN | **(163,594)** | 0 | (6,827) | (53,534) | (50,921) | (44,659) | (7,392) | (260) |
| 1 **Ph02 Construction Costs** | | | | | | | | | |
| 2 Metro Site Work | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 2 Parcel 1 Retail | YY | **(698,440)** | 0 | 0 | 0 | 0 | (193,363) | (505,078) | 0 |
| 2 Insurance | YN | **(3,742)** | 0 | 0 | 0 | 0 | (1,217) | (2,525) | 0 |
| 2 Real Estate Tax During Cons | YN | **(12,500)** | 0 | 0 | 0 | 0 | (4,545) | (7,955) | 0 |
| 2 Contingency | YN | **(74,844)** | 0 | 0 | 0 | 0 | (20,889) | (53,955) | 0 |
| 2 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |



WMATA-INV 006648

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**Detailed Cash Flow (Merged Phases)**



| Period ending<br>AnnualB/F | SET<br>Int Inf | TOTALS | 000:Sep 2007 | 012:Sep 2008<br>0 | 024:Sep 2009<br>(695,222) | 036:Sep 2010<br>(2,622,871) | 048:Sep 2011<br>(4,542,198) | 060:Sep 2012<br>(14,646,045) | 072:Sep 2013<br>(43,667,659) |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | | |
| 1 Parcel 2 Office | YN | **24,738,475** | 0 | 0 | 0 | 0 | 0 | 0 | 581,388 |
| 1 Parcel 2 Parking | YN | **1,373,443** | 0 | 0 | 0 | 0 | 0 | 0 | 92,486 |
| 1 Parcel 2 Retail | YN | **6,737,832** | 0 | 0 | 0 | 0 | 0 | 0 | 453,718 |
| 1 Parcel 2 Office | YN | **43,347,369** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | YN | **2,298,542** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | YN | **11,276,184** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | | |
| 1 Sales Agent Fee | YN | **(2,561,494)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | | |
| 2 Parcel 1 Retail | YN | **2,519,909** | 0 | 0 | 0 | 0 | 0 | 53,389 | 215,156 |
| 2 Parcel 1 Retail | YN | **4,099,984** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | | |
| 2 Sales Agent Fee | YN | **(184,499)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | | |
| 3 Parcel 3 Office | YN | **21,135,187** | 0 | 0 | 0 | 0 | 0 | 0 | 496,705 |
| 3 Parcel 3 Parking | YN | **1,062,569** | 0 | 0 | 0 | 0 | 0 | 0 | 71,552 |
| 3 Parcel 3 Retail | YN | **3,927,193** | 0 | 0 | 0 | 0 | 0 | 0 | 264,453 |
| 3 Parcel 3 Office | YN | **37,033,599** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | YN | **1,778,276** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | YN | **6,572,405** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | | |
| 3 Sales Agent Fee | YN | **(2,042,293)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | | |
| 1 WMATA PARCEL 2 Ground | YN | **(756,840)** | 0 | 0 | 0 | 0 | 0 | 0 | (69,960) |
| 1 8th Street Land Option (Year | YN | **(3,420,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | YN | **(325,000)** | 0 | (318,750) | (6,250) | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | YN | **(600,000)** | 0 | 0 | (150,000) | (150,000) | (150,000) | (150,000) | 0 |
| 1 8th St Ground Lease Renewal | YN | **(1,000,020)** | 0 | 0 | 0 | 0 | 0 | 0 | (200,004) |
| 1 Arts Credits (assume no bonu | YN | **(300,000)** | 0 | 0 | 0 | 0 | (300,000) | 0 | 0 |
| 1 8th St Combination Fee | YN | **(30,000)** | 0 | 0 | (30,000) | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | YN | **(175,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | YN | **(203,500)** | 0 | (50,875) | (50,875) | (50,875) | (50,875) | 0 | 0 |
| 1 DC Purchase Recordation Ta | YN | **(67,153)** | 0 | 0 | 0 | 0 | (4,500) | 0 | (1,049) |
| 1 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 1 Title Insurance | YN | **(32,009)** | 0 | (1,594) | (781) | (750) | (2,250) | (750) | (1,350) |



WMATA-INV 006649

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

| Escalation on Capitalized Rent | | Unescalated | Escalation | Total |
|---|---|---|---|---|
| Parcel 2 Office | Office Rent at 3.00% | 28,446,726 | 14,900,643 | 43,347,369 |
| Parcel 2 Parking | Office Rent at 3.00% | 1,508,419 | 790,123 | 2,298,542 |
| Parcel 2 Retail | Office Rent at 3.00% | 7,400,000 | 3,876,184 | 11,276,184 |
| Parcel 1 Retail | Office Rent at 3.00% | 2,651,143 | 1,448,841 | 4,099,984 |
| Parcel 3 Office | Office Rent at 3.00% | 24,303,312 | 12,730,287 | 37,033,599 |
| Parcel 3 Parking | Office Rent at 3.00% | 1,166,994 | 611,282 | 1,778,276 |
| Parcel 3 Retail | Office Rent at 3.00% | 4,313,143 | 2,259,262 | 6,572,405 |

| Inflation on Construction Costs | | Uninflated | Inflation | Total |
|---|---|---|---|---|
| Parcel 2 Office | Construction CPI at 3.00% | 10,190,205 | 1,405,189 | 11,595,394 |
| Parcel 2 Parking | Construction CPI at 3.00% | 1,540,000 | 212,360 | 1,752,360 |
| Parcel 2 Retail | Construction CPI at 3.00% | 1,890,000 | 260,624 | 2,150,624 |
| Parcel 1 Retail | Construction CPI at 3.00% | 618,600 | 79,840 | 698,440 |
| Parcel 3 Office | Construction CPI at 3.00% | 8,591,130 | 1,184,683 | 9,775,813 |
| Parcel 3 Parking | Construction CPI at 3.00% | 1,190,000 | 164,096 | 1,354,096 |
| Parcel 3 Retail | Construction CPI at 3.00% | 1,101,600 | 151,906 | 1,253,506 |



WMATA-INV 006650

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**

| | | | |
|---|---|---|---|
| Dev. Management Fee | 5.00% | 904,718 | |
| Dev. Management Fee | 5.00% | 42,664 | |
| Dev. Management Fee | 5.00% | 756,038 | |
| | | | 1,703,419 |
| **FINANCE** | | | |
| Interest paid to Debt Sources: | | | |
| Development Loan (8.00%) | 407,815 | | |
| Construction Loan (8.00%) | 5,809,204 | | |
| Total Interest paid to debt financing | | 6,217,019 | |
| Mortgage Interest (7.00%) | | 35,542,366 | |
| Total Interest Paid | | 41,759,385 | |
| Debt Financing Fees | | | |
| Development Loan - Legal (Single) | 50,000 | | |
| Construction Loan - Legal Fees (Single) | 100,000 | | |
| Total Debt Financing Fees | | 150,000 | |
| Total Finance Cost | | | 41,909,385 |
| **TOTAL COSTS** | | | **110,779,285** |
| **PROFIT** | | | |
| Developer Equity | | | |
| Residual Percentage (50.00%) | 25,955,128 | | |
| Preferred Return (10.00%) | 1,563,924 | | |
| | | 27,519,053 | |
| Investor Equity | | | |
| Residual Percentage (50.00%) | 25,955,128 | | |
| Preferred Return (10.00%) | 3,647,502 | | |
| | | 29,602,630 | |
| | | | **57,121,682** |
| **Performance Measures** | | | |
| Profit on Cost% | 51.56% | | |
| Profit on GDV% | 53.68% | | |
| Development Yield% (on Rent) | 6.72% | | |
| Pre-Finance IRR% | 12.23% | | |
| Project IRR% (with Interest) | 15.01% | | |
| Equity IRR% (with Interest) | 24.40% | | |

‡ Inflation/Escalation applied



WMATA-INV 006651

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**

| | | | |
|---|---|---|---|
| Permits | 2.00% | 14,969 | |
| Permits | | 50,000 | |
| Permits | 1.50% | 213,336 | |
| | | | 7,219,204 |
| **Other Construction** | | | |
| Insurance | 0.50% | 84,992 | |
| Insurance | 0.50% | 3,742 | |
| Insurance | 0.50% | 71,112 | |
| | | | 159,846 |
| **Municipal Costs** | | | |
| Real Estate Tax During Construction | | 150,000 | |
| Real Estate Tax During Construction | | 12,500 | |
| Real Estate Tax During Construction | | 97,000 | |
| | | | 259,500 |
| **TI Costs** | | | |
| TI Cost Area Rate - Parcel 2 Office | 60.00 pf² | 4,958,530 | |
| TI Cost Area Rate - Parcel 2 Retail | 60.00 pf² | 981,013 | |
| TI Cost Area Rate - Parcel 1 Retail | 60.00 pf² | 284,739 | |
| TI Cost Area Rate - Parcel 3 Office | 60.00 pf² | 4,236,294 | |
| TI Cost Area Rate - Parcel 3 Retail | 60.00 pf² | 571,790 | |
| | | | 11,032,366 |
| **PROFESSIONAL FEES** | | | |
| Architect + Engineer | | 1,619,604 | |
| Legal | 1.50% | 479,538 | |
| Soft Cost Contingency | 10.00% | 163,594 | |
| Soft Cost Contingency | 10.00% | 32,354 | |
| Soft Cost Contingency | 10.00% | 138,278 | |
| | | | 2,433,369 |
| **MARKETING & LEASING** | | | |
| Marketing | | 150,000 | |
| Leasing Legal Fees | 2.00% | 175,831 | |
| **Leasing Commissions** | | | |
| Parcel 2 Office | | 1,274,853 | |
| Parcel 2 Parking | | 70,683 | |
| Parcel 2 Retail | | 346,758 | |
| Parcel 1 Retail | | 122,408 | |
| Parcel 3 Office | | 1,089,164 | |
| Parcel 3 Parking | | 54,684 | |
| Parcel 3 Retail | | 202,111 | |
| | | | 3,486,491 |
| **DISPOSAL FEES** | | | |
| Sales Agent Fee | 4.50% | 4,788,286 | |
| | | | 4,788,286 |
| **Additional Costs** | | | |



WMATA-INV 006652

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**DEVELOPMENT COSTS**

| | | | | |
|---|---|---|---|---|
| **ACQUISITION COSTS** | | | | |
| WMATA PARCEL 2 Ground Lease | | 756,840 | | |
| 8th Street Land Option (Year 10) | | 3,420,000 | | |
| 8th St 1st Year Ground Lease | | 325,000 | | |
| 8th St Ground Lease Renewal 1-4 | | 600,000 | | |
| 8th St Ground Lease Renewal 5-9 | | 1,000,020 | | |
| Arts Credits (assume no bonus) | | 300,000 | | |
| 8th St Combination Fee | | 30,000 | | |
| 8th Street Resubordination Fee | | 175,000 | | |
| 8th Street RE Tax pre-construction | | 203,500 | | |
| WMATA PARCEL 1 Ground Lease | | 295,001 | | |
| WMATA PARCEL 3 Ground Lease | | 1,277,108 | | |
| Arts Credits (assume no bonus) | | 239,325 | | |
| Total Acquisition (0.92 Acres $9,371,515.22 pAcre) | | | 8,621,794 | |
| DC Purchase Recordation Tax | | 1.50% | 89,899 | |
| DC Purchase Recordation Tax | | 1.50% | 4,425 | |
| WMATA Acquisition Legal Fees | | | 300,000 | |
| Third Party Reports | | | 150,000 | |
| Title Insurance | | 0.50% | 39,591 | |
| Title Insurance | | 0.50% | 1,475 | |
| | | | | 9,207,185 |
| **CONSTRUCTION COSTS** | | | | |
| **Construction** | **ft²** | **Rate ft²** | **Cost** | |
| ‡ Parcel 2 Office | 75,483 | $135.00 | 11,595,394 | |
| ‡ Parcel 2 Parking | 19,885 | $77.45 | 1,752,360 | |
| ‡ Parcel 2 Retail | 14,000 | $135.00 | 2,150,624 | |
| ‡ Parcel 1 Retail | 4,124 | $150.00 | 698,440 | |
| ‡ Parcel 3 Office | 63,638 | $135.00 | 9,775,813 | |
| ‡ Parcel 3 Parking | 15,955 | $74.58 | 1,354,096 | |
| ‡ Parcel 3 Retail | 8,160 | $135.00 | 1,253,506 | |
| Totals | 201,245 | | 28,580,233 | **28,580,233** |
| Contingency | | 10.00% | 1,699,838 | |
| Contingency | | 10.00% | 74,844 | |
| Contingency | | 10.00% | 1,422,242 | |
| Metro Site Work | | | 1,500,000 | |
| Metro Site Work | | | 50,000 | |
| Metro Site Work | | | 1,839,000 | |
| Permits | | | 50,000 | |
| Permits | | 1.50% | 254,976 | |
| Permits | | | 50,000 | |



WMATA-INV 006653

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**Project Pro Forma for Merged Phases 1 2 3**

**REVENUE**

| **Rental Area Summary** | **ft²** | **Rate ft²** | **Rent at Lease Start** | **Rent At Sale** |
|---|---|---|---|---|
| ‡ Parcel 2 Office | 70,763 | $42.00 | 3,470,971 | 4,528,830 |
| ‡ Parcel 2 Parking | 19,885 | $5.31 | 123,315 | 160,898 |
| ‡ Parcel 2 Retail | 14,000 | $37.00 | 604,958 | 789,333 |
| ‡ Parcel 1 Retail | 4,124 | $45.00 | 213,554 | 286,999 |
| ‡ Parcel 3 Office | 60,456 | $42.00 | 2,965,406 | 3,869,182 |
| ‡ Parcel 3 Parking | 15,955 | $5.12 | 95,403 | 124,479 |
| ‡ Parcel 3 Retail | 8,160 | $37.00 | 352,604 | 460,068 |
| Totals | 193,343 | | 7,826,211 | 10,219,789 |

| | | | | |
|---|---|---|---|---|
| **Investment Valuation** | | | | |
| **Parcel 2 Office** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 3,034,316 | Cap Rate | 7.0000% | 43,347,369 |
| **Parcel 2 Parking** | | | | |
| Capitalized Rent | 160,898 | Cap Rate | 7.0000% | 2,298,542 |
| **Parcel 2 Retail** | | | | |
| Capitalized Rent | 789,333 | Cap Rate | 7.0000% | 11,276,184 |
| **Parcel 1 Retail** | | | | |
| Capitalized Rent | 286,999 | Cap Rate | 7.0000% | 4,099,984 |
| **Parcel 3 Office** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 2,592,352 | Cap Rate | 7.0000% | 37,033,599 |
| **Parcel 3 Parking** | | | | |
| Capitalized Rent | 124,479 | Cap Rate | 7.0000% | 1,778,276 |
| **Parcel 3 Retail** | | | | |
| Capitalized Rent | 460,068 | Cap Rate | 7.0000% | 6,572,405 |
| | | | | **106,406,359** |

| | | |
|---|---|---|
| **Income from Tenants** | | |
| Parcel 2 Office | 24,738,475 | |
| Parcel 2 Parking | 1,373,443 | |
| Parcel 2 Retail | 6,737,832 | |
| Parcel 1 Retail | 2,519,909 | |
| Parcel 3 Office | 21,135,187 | |
| Parcel 3 Parking | 1,062,569 | |
| Parcel 3 Retail | 3,927,193 | |
| | | 61,494,608 |
| **TOTAL PROJECT REVENUE** | | **167,900,967** |



WMATA-INV 006654

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| Source of Funds | Combined Sources |
|---|---|
| Type | Scenario |
| Heading | 181<br>Oct 2022 |
| Auto. Project Contribution | 0 |
| Timed Contribution: Project | 0 |
| **Total Contribution** | **0** |
| Non-Mortgage Interest and Fees | 0 |
| Auto. Repayment | 0 |
| Timed Repayment: Project | 0 |
| **Total Repayment** | **0** |
| **Profit Participation** | **40,765,090** |
| **Net Cash Flow (IRR)** | **40,765,090** |
| Net Cash Flow (Equity IRR) | 40,765,090 |
| **Cumulative Net Cash Flow** | **-63,178,711** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 18.0% |



WMATA-INV 006655

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
(Merged Phases)



Source of Funds: Combined Sources
Type: Scenario

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Auto Project Contribution | 0 | 0 | (3,524,976) | (237,909) | (198,257) | 0 | 0 | 0 |
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **(3,524,976)** | **(237,909)** | **(198,257)** | **0** | **0** | **0** |
| Non-Mortgage Interest and Fees | 0 | 0 | 0 | (203,703) | (60,730) | 0 | 0 | 0 |
| Auto Repayment | 0 | 0 | 159,632 | 2,080,030 | 1,985,913 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **159,632** | **2,080,030** | **1,985,913** | **0** | **0** | **0** |
| **Profit Participation** | **978,562** | **1,209,558** | **1,295,176** | **0** | **284,114** | **2,307,988** | **2,551,499** | **2,799,904** |
| **Net Cash Flow (IRR)** | **978,562** | **1,209,558** | **(2,070,168)** | **1,638,418** | **2,011,039** | **2,307,988** | **2,551,499** | **2,799,904** |
| Net Cash Flow (Equity IRR) | 978,562 | 1,209,558 | 1,295,176 | 0 | 284,114 | 2,307,988 | 2,551,499 | 2,799,904 |
| **Cumulative Net Cash Flow** | **11,965,382** | **13,174,940** | **11,104,772** | **12,743,191** | **14,754,230** | **17,062,217** | **19,613,717** | **22,413,620** |

**ASSUMPTIONS**

**ANALYSIS**

Project IRR 18.0%



WMATA-INV 006656

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | (64,204,873) | (615,201) | (2,104,546) | (2,099,310) | (12,874,717) | (32,332,833) | (10,107,395) | (109,728) |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(64,204,873)** | **(615,201)** | **(2,104,546)** | **(2,099,310)** | **(12,874,717)** | **(32,332,833)** | **(10,107,395)** | **(109,728)** |
| Non-Mortgage Interest and Fees | (6,765,562) | (83,337) | (103,965) | (143,424) | (228,572) | (1,322,137) | (3,395,827) | (1,223,866) |
| Auto. Repayment | 68,920,435 | 0 | 0 | 0 | 0 | 53,389 | 3,545,030 | 61,096,441 |
| Timed Repayment: Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| **Total Repayment** | **70,970,435** | **0** | **0** | **0** | **2,050,000** | **53,389** | **3,545,030** | **61,096,441** |
| **Profit Participation** | **63,178,711** | **0** | **0** | **0** | **0** | **0** | **0** | **10,986,820** |
| **Net Cash Flow (IRR)** | **63,178,711** | **(698,538)** | **(2,208,511)** | **(2,242,734)** | **(11,053,289)** | **(33,601,582)** | **(9,958,193)** | **70,749,666** |
| Net Cash Flow (Equity IRR) | 63,178,711 | 0 | (1,129,044) | (2,099,310) | (10,278,504) | 0 | 0 | 24,493,679 |
| **Cumulative Net Cash Flow** | | **(698,538)** | **(2,907,049)** | **(5,149,783)** | **(16,203,072)** | **(49,804,654)** | **(59,762,846)** | **10,986,820** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 18.0% |



WMATA-INV 006657

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Balancing Account |
| Type | Balancing Account |

| Heading | 1st Oct 2022 |
|---|---|
| Timed Contribution | 0 |
| Timed Contribution: Profit | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Profit | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| **Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 006658

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Balancing Account |
| Type | Balancing Account |

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution: Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| **ASSUMPTIONS** | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| **ANALYSIS** | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 006659

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Balancing Account
Type: Balancing Account

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | (2,050,000) | 0 | 0 | 0 | (2,050,000) | 0 | 0 | 0 |
| Timed Contribution Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(2,050,000)** | **0** | **0** | **0** | **(2,050,000)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **0** | **53,389** | **1,996,611** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(2,050,000)** | **53,389** | **1,996,611** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 006660

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**(Merged Phases)**



| Source of Funds | Mortgage |
|---|---|
| Type | Mortgage |

| Heading | 181 |
|---|---|
| | Oct-2022 |
| Opening Balance | 61,586,597 |
| Interest | 359,255 |
| Principal Repaid | 61,586,597 |
| Total P+I Payment | 61,945,852 |
| **Closing Balance** | **0** |
| **Net Cash Flow (IRR)** | **61,945,852** |

| **ASSUMPTIONS** | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| | |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,212 |
| Maximum Funding Amount | $69,729,755 |
| Mortgage Issued | $69,729,755 |

| **ANALYSIS** | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| | |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,966 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 006661

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 69,263,054 | 68,520,995 | 67,725,292 | 66,872,067 | 65,957,163 | 64,976,120 | 63,924,158 | 62,796,149 |
| Interest | 4,824,906 | 4,771,263 | 4,713,741 | 4,652,061 | 4,585,923 | 4,515,003 | 4,438,957 | 4,357,413 |
| Principal Repaid | 742,060 | 795,703 | 853,225 | 914,904 | 981,043 | 1,051,962 | 1,128,009 | 1,209,553 |
| Total P+I Payment | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 |
| **Closing Balance** | **68,520,995** | **67,725,292** | **66,872,067** | **65,957,163** | **64,976,120** | **63,924,158** | **62,796,149** | **61,586,597** |
| **Net Cash Flow (IRR)** | **5,566,966** | **5,566,966** | **5,566,966** | **5,566,966** | **5,566,966** | **5,566,966** | **5,566,966** | **5,566,966** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,212 |
| Maximum Funding Amount | $69,729,755 |
| Mortgage Issued | $69,729,755 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,966 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 006662

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Mortgage
Type: Mortgage

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 69,729,755 |
| Interest | 40,463,132 | 0 | 0 | 0 | 0 | 0 | 0 | 3,244,610 |
| Principal Repaid | 69,729,755 | 0 | 0 | 0 | 0 | 0 | 0 | 466,701 |
| Total P+I Payment | 110,192,887 | 0 | 0 | 0 | 0 | 0 | 0 | 3,711,310 |
| **Closing Balance** | | **0** | **0** | **0** | **0** | **0** | **0** | **69,263,054** |
| **Net Cash Flow (IRR)** | **40,463,132** | **0** | **0** | **0** | **0** | **0** | **0** | **(66,018,444)** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,212 |
| Maximum Funding Amount | $69,729,755 |
| Mortgage Issued | $69,729,755 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,966 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 006663

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| Source of Funds | Construction Loan |
|---|---|
| Type | Debt |

| Heading | 18<br>Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto: Project Contribution | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment: Project | 0 |
| Auto: Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($47,057,312) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $53,363,576 |
| Total Repayment | $53,363,576 |
| Peak Financing Amount | $46,764,732 |
| Project IRR | 0.0% |



WMATA-INV 006664

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | 0 | 0 | (3,524,976) | (237,909) | (198,257) | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **(3,524,976)** | **(237,909)** | **(198,257)** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | (203,703) | (60,730) | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 0 | 0 | 159,632 | 2,080,030 | 1,985,913 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **159,632** | **2,080,030** | **1,985,913** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(3,365,344)** | **(1,726,926)** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **(3,365,344)** | **1,638,418** | **1,726,926** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **(3,365,344)** | **(1,726,926)** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($47,057,312) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $53,363,576 |
| Total Repayment | $53,363,576 |
| Peak Financing Amount | $46,764,732 |
| Project IRR | 0.0% |



WMATA-INV 006665

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (47,057,312) | 0 | 0 | 0 | (546,213) | (32,332,833) | (10,107,395) | (109,728) |
| **Total Contribution** | **(47,057,312)** | **0** | **0** | **0** | **(546,213)** | **(32,332,833)** | **(10,107,395)** | **(109,728)** |
| Total Loan Fees | (100,000) | 0 | 0 | 0 | (100,000) | 0 | 0 | 0 |
| Interest and Fees | (6,306,264) | 0 | 0 | 0 | (100,000) | (1,322,137) | (3,395,827) | (1,223,866) |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 53,363,576 | 0 | 0 | 0 | 0 | 0 | 1,548,419 | 47,589,582 |
| **Total Repayment** | **53,363,576** | **0** | **0** | **0** | **0** | **0** | **1,548,419** | **47,589,582** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(646,213)** | **(34,301,183)** | **(46,255,987)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(646,213)** | **(33,654,971)** | **(11,954,804)** | **46,255,987** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(646,213)** | **(34,301,183)** | **(46,255,987)** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($47,057,312) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $53,363,576 |
| Total Repayment | $53,363,576 |
| Peak Financing Amount | $46,764,732 |
| Project IRR | 0.0% |



WMATA-INV 006666

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Investor Equity |
| Type | Equity |

| Heading | 181<br>Oct-2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto: Project Contribution | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Project | 0 |
| Auto: Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| | |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **20,382,545** |
| | |
| **Net Cash Flow (IRR)** | **20,382,545** |
| **Cumulative Net Cash Flow** | **33,107,983** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,156,173 |
| Timed Repayment | $0 |
| Auto Repayment | $12,156,173 |
| Total Repayment | $12,156,173 |
| Peak Financing Amount | $12,156,173 |
| Profit | $33,107,983 |
| Project IRR | 27.0% |
| Return on Equity | 272.4% |



WMATA-INV 006667

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **489,281** | **604,779** | **647,588** | **0** | **142,057** | **1,153,994** | **1,275,750** | **1,399,952** |
| **Net Cash Flow (IRR)** | **489,281** | **604,779** | **647,588** | **0** | **142,057** | **1,153,994** | **1,275,750** | **1,399,952** |
| **Cumulative Net Cash Flow** | **7,501,319** | **8,106,097** | **8,753,686** | **8,753,686** | **8,895,742** | **10,049,736** | **11,325,486** | **12,725,438** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,156,173 |
| Timed Repayment | $0 |
| Auto Repayment | $12,156,173 |
| Total Repayment | $12,156,173 |
| Peak Financing Amount | $12,156,173 |
| Profit | $33,107,983 |
| Project IRR | 27.0% |
| Return on Equity | 272.4% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 211.8% |



WMATA-INV 006668

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (12,156,173) | 0 | 0 | (1,877,669) | (10,278,504) | 0 | 0 | 0 |
| **Total Contribution** | **(12,156,173)** | **0** | **0** | **(1,877,669)** | **(10,278,504)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 12,156,173 | 0 | 0 | 0 | 0 | 0 | 0 | 12,156,173 |
| **Total Repayment** | **12,156,173** | **0** | **0** | **0** | **0** | **0** | **0** | **12,156,173** |
| **Closing Balance** | **0** | **0** | **0** | **(1,877,669)** | **(12,156,173)** | **(12,156,173)** | **(12,156,173)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **33,107,983** | **0** | **0** | **0** | **0** | **0** | **0** | **7,012,037** |
| **Net Cash Flow (IRR)** | **33,107,983** | **0** | **0** | **(1,877,669)** | **(10,278,504)** | **0** | **0** | **19,168,210** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **(1,877,669)** | **(12,156,173)** | **(12,156,173)** | **(12,156,173)** | **7,012,037** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,156,173 |
| Timed Repayment | $0 |
| Auto Repayment | $12,156,173 |
| Total Repayment | $12,156,173 |
| Peak Financing Amount | $12,156,173 |
| Profit | $33,107,983 |
| Project IRR | 27.0% |
| Return on Equity | 272.4% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 158.4% | 4.4% | 5.2% | 4.0% | 0.0% | 3.4% | 9.7% | 10.7% |



WMATA-INV 006669

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Developer Equity |
| Type | Equity |

| Heading | 1&1 Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto. Project Contribution | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Project | 0 |
| Auto. Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| | |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **20,382,545** |
| | |
| **Net Cash Flow (IRR)** | **20,382,545** |
| **Cumulative Net Cash Flow** | **30,070,728** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,350,686 |
| Timed Repayment | $0 |
| Auto Repayment | $1,350,686 |
| Total Repayment | $1,350,686 |
| Peak Financing Amount | $1,350,686 |
| Profit | $30,070,728 |
| Project IRR | 45.1% |
| Return on Equity | 2,226.3% |



WMATA-INV 006670

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **489,281** | **604,779** | **647,588** | **0** | **142,057** | **1,153,994** | **1,275,750** | **1,399,952** |
| **Net Cash Flow (IRR)** | **489,281** | **604,779** | **647,588** | **0** | **142,057** | **1,153,994** | **1,275,750** | **1,399,952** |
| **Cumulative Net Cash Flow** | **4,464,064** | **5,068,842** | **5,716,431** | **5,716,431** | **5,858,487** | **7,012,481** | **8,288,231** | **9,688,183** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,350,686 |
| Timed Repayment | $0 |
| Auto Repayment | $1,350,686 |
| Total Repayment | $1,350,686 |
| Peak Financing Amount | $1,350,686 |
| Profit | $30,070,728 |
| Project IRR | 45.1% |
| Return on Equity | 2,226.3% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 1,906.2% |



WMATA-INV 006671

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | (1,350,686) | 0 | (1,129,044) | (221,642) | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,350,686)** | **0** | **(1,129,044)** | **(221,642)** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 1,350,686 | 0 | 0 | 0 | 0 | 0 | 0 | 1,350,686 |
| **Total Repayment** | **1,350,686** | **0** | **0** | **0** | **0** | **0** | **0** | **1,350,686** |
| **Closing Balance** | **0** | **0** | **(1,129,044)** | **(1,350,686)** | **(1,350,686)** | **(1,350,686)** | **(1,350,686)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **30,070,728** | **0** | **0** | **0** | **0** | **0** | **0** | **3,974,782** |
| **Net Cash Flow (IRR)** | **30,070,728** | **0** | **(1,129,044)** | **(221,642)** | **0** | **0** | **0** | **5,325,468** |
| **Cumulative Net Cash Flow** | | **0** | **(1,129,044)** | **(1,350,686)** | **(1,350,686)** | **(1,350,686)** | **(1,350,686)** | **3,974,782** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,350,686 |
| Timed Repayment | $0 |
| Auto Repayment | $1,350,686 |
| Total Repayment | $1,350,686 |
| Peak Financing Amount | $1,350,686 |
| Profit | $30,070,728 |
| Project IRR | 45.1% |
| Return on Equity | 2,226.3% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 400.6% | 39.9% | 46.4% | 36.3% | 0.0% | 30.3% | 87.6% | 96.7% |



WMATA-INV 006672

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| Source of Funds | Development Loan |
|---|---|
| Type | Debt |

| Heading | 181<br>Oct2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto. Project Contribution | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment: Project | 0 |
| Auto. Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,590,702) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 006673

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,590,702) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 006674

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | (1,590,702) | (615,201) | (975,502) | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,590,702)** | **(615,201)** | **(975,502)** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | (50,000) | (50,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | (459,298) | (83,337) | (103,965) | (143,424) | (128,572) | 0 | 0 | 0 |
| Timed Repayment Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **2,050,000** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **(698,538)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **(698,538)** | **(1,079,467)** | **(143,424)** | **1,921,428** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **(698,538)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,590,702) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 006675

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| **Period Total Before Finance** | **8,366,869** | **102,710,942** |
| Finance Costs (All Loans) | 0 | 0 |
| **Period Total After Finance** | **4,009,456** | **102,351,687** |
| Cumulative Total C/f Annual | (39,172,976) | 63,178,711 |



WMATA-INV 006676

FOIA CONFIDENTIAL TREATMENT REQUESTED



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 3 Parcel 3 Parking | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 |
| 1 **Ph01 Development Manage** | | |
| 1 Dev. Management Fee | 0 | 0 |
| 1 **Ph02 Development Manage** | | |
| 2 Dev. Management Fee | 0 | 0 |
| 1 **Ph03 Development Manage** | | |
| 3 Dev. Management Fee | 0 | 0 |



WMATA-INV 006677

FOIA CONFIDENTIAL TREATMENT REQUESTED



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 2 Permits | 0 | 0 |
| 1 **Ph02 TI Costs** | | |
| 2 Parcel 1 Retail | 0 | 0 |
| 1 **Ph02 Professional Fees** | | |
| 2 Architect + Engineer | 0 | 0 |
| 2 Legal | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 |
| 1 **Ph03 Construction Costs** | | |
| 3 Metro Site Work | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 |
| 3 FF&E | 0 | 0 |
| 3 Hotel Hard Cost | 0 | 0 |
| 3 Franchise Charge | 0 | 0 |
| 3 Insurance | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 |
| 3 Contingency | 0 | 0 |
| 3 Permits | 0 | 0 |
| 3 Permits | 0 | 0 |
| 1 **Ph03 TI Costs** | | |
| 3 Parcel 3 Retail | 0 | 0 |
| 1 **Ph03 Professional Fees** | | |
| 3 Architect + Engineer | 0 | 0 |
| 3 Legal | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | |
| 1 Marketing | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | |
| 2 Marketing | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | |
| 3 Marketing | 0 | 0 |



WMATA-INV 006678

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 1 **Ph02 Acquisition Costs** | | |
| 2 WMATA PARCEL 1 Ground | (30,016) | 0 |
| 2 DC Purchase Recordation Ta | (450) | 0 |
| 2 WMATA Acquisition Legal | 0 | 0 |
| 2 Third Party Reports | 0 | 0 |
| 2 Title Insurance | (150) | 0 |
| 1 **Ph03 Acquisition Costs** | | |
| 3 WMATA PARCEL 3 Ground | (128,784) | 0 |
| 3 Arts Credits (assume no bonu | 0 | 0 |
| 3 DC Purchase Recordation Ta | (1,932) | 0 |
| 3 WMATA Acquisition Legal | 0 | 0 |
| 3 Third Party Reports | 0 | 0 |
| 3 Title Insurance | (644) | 0 |
| 1 **Ph01 Construction Costs** | | |
| 1 Metro Site Work | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 Insurance | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 |
| 1 Contingency | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 **Ph01 TI Costs** | | |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 **Ph01 Professional Fees** | | |
| 1 Architect + Engineer | 0 | 0 |
| 1 Legal | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 |
| 1 **Ph02 Construction Costs** | | |
| 2 Metro Site Work | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 |
| 2 Insurance | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 |
| 2 Contingency | 0 | 0 |
| 2 Permits | 0 | 0 |



WMATA-INV 006679

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 (43,182,433) | 181:Oct 2022 (39,172,976) |
|---|---|---|
| 1 **Ph01 Revenue** | | |
| 1 Parcel 2 Office | 3,012,221 | 0 |
| 1 Parcel 2 Parking | 159,726 | 0 |
| 1 Parcel 2 Retail | 783,585 | 0 |
| 1 Parcel 2 Office | 0 | 43,347,369 |
| 1 Parcel 2 Parking | 0 | 2,298,542 |
| 1 Parcel 2 Retail | 0 | 11,276,184 |
| 1 **Ph01 Disposal Costs** | | |
| 1 Sales Agent Fee | 0 | (2,561,494) |
| 1 **Ph02 Revenue** | | |
| 2 Parcel 1 Retail | 280,730 | 0 |
| 2 Parcel 1 Retail | 0 | 4,099,984 |
| 1 **Ph02 Disposal Costs** | | |
| 2 Sales Agent Fee | 0 | (184,499) |
| 1 **Ph03 Revenue** | | |
| 3 Parcel 3 Hotel Rooms | 3,790,138 | 0 |
| 3 Parcel 3 Parking | 123,573 | 0 |
| 3 Parcel 3 Retail | 456,718 | 0 |
| 3 Parcel 3 Hotel Rooms | 0 | 38,177,964 |
| 3 Parcel 3 Parking | 0 | 1,778,276 |
| 3 Parcel 3 Retail | 0 | 6,572,405 |
| 1 **Ph03 Disposal Costs** | | |
| 3 Sales Agent Fee | 0 | (2,093,789) |
| 1 **Ph01 Acquisition Costs** | | |
| 1 WMATA PARCEL 2 Ground | (76,320) | 0 |
| 1 8th Street Land Option (Year | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 |
| 1 8th Street Resubordination F | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 |
| 1 DC Purchase Recordation Ta | (1,145) | 0 |
| 1 WMATA Acquisition Legal | 0 | 0 |
| 1 Third Party Reports | 0 | 0 |
| 1 Title Insurance | (382) | 0 |



WMATA-INV 006680

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | **5,955,088** | **6,545,528** | **6,776,523** | **3,496,798** | **7,409,087** | **7,638,734** | **7,874,953** | **8,118,465** |
| Finance Costs (All Loans) | (1,223,866) | 0 | 0 | 0 | (203,703) | (60,730) | 0 | 0 |
| **Period Total After Finance** | **1,486,612** | **1,720,622** | **2,005,261** | **(1,216,943)** | **2,553,322** | **2,992,082** | **3,359,950** | **3,679,508** |
| Cumulative Total C/f Annual | (58,276,235) | (56,555,612) | (54,550,352) | (55,767,295) | (53,213,972) | (50,221,891) | (46,861,940) | (43,182,433) |



WMATA-INV 006681

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Development Manage** | | | | | | | | |
| 1 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Development Manage** | | | | | | | | |
| 2 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Development Manage** | | | | | | | | |
| 3 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 006682

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | |
| 2 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Construction Costs** | | | | | | | | |
| 3 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 FF&E | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Hotel Hard Cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Franchise Charge | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Professional Fees** | | | | | | | | |
| 3 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | |
| 1 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | |
| 2 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | |
| 3 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 006683

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | |
| 2 WMATA PARCEL 1 Ground | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) |
| 2 DC Purchase Recordation Ta | (422) | (422) | (422) | (422) | (422) | (422) | (422) | (422) |
| 2 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Title Insurance | (141) | (141) | (141) | (141) | (141) | (141) | (141) | (141) |
| 1 **Ph03 Acquisition Costs** | | | | | | | | |
| 3 WMATA PARCEL 3 Ground | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) |
| 3 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 DC Purchase Recordation Ta | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) |
| 3 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Title Insurance | (644) | (644) | (644) | (644) | (644) | (644) | (644) | (644) |
| 1 **Ph01 Construction Costs** | | | | | | | | |
| 1 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Professional Fees** | | | | | | | | |
| 1 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Construction Costs** | | | | | | | | |
| 2 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 006684

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 (59,762,846) | 096:Sep 2015 (58,276,235) | 108:Sep 2016 (56,555,612) | 120:Sep 2017 (54,550,352) | 132:Sep 2018 (55,767,295) | 144:Sep 2019 (53,213,972) | 156:Sep 2020 (50,221,891) | 168:Sep 2021 (46,861,940) |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | |
| 1 Parcel 2 Office | 2,377,875 | 2,449,212 | 2,522,688 | 2,598,369 | 2,676,320 | 2,756,609 | 2,839,307 | 2,924,487 |
| 1 Parcel 2 Parking | 126,089 | 129,872 | 133,768 | 137,781 | 141,915 | 146,172 | 150,557 | 155,074 |
| 1 Parcel 2 Retail | 618,570 | 637,127 | 656,240 | 675,928 | 696,205 | 717,092 | 738,604 | 760,762 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | |
| 1 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | |
| 2 Parcel 1 Retail | 221,610 | 228,259 | 235,107 | 242,160 | 249,425 | 256,907 | 264,614 | 272,553 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | |
| 2 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | |
| 3 Parcel 3 Hotel Rooms | 2,766,769 | 3,068,142 | 3,181,648 | 3,269,309 | 3,367,550 | 3,468,814 | 3,572,798 | 3,680,108 |
| 3 Parcel 3 Parking | 97,550 | 100,476 | 103,490 | 106,595 | 109,793 | 113,087 | 116,479 | 119,974 |
| 3 Parcel 3 Retail | 360,538 | 371,354 | 382,494 | 393,969 | 405,788 | 417,962 | 430,501 | 443,416 |
| 3 Parcel 3 Hotel Rooms | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | |
| 3 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | |
| 1 WMATA PARCEL 2 Ground | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) |
| 1 8th Street Land Option (Year | 0 | 0 | 0 | (3,420,000) | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | (200,004) | (200,004) | (200,004) | (200,004) | 0 | 0 | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | (175,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 DC Purchase Recordation Ta | (1,145) | (1,145) | (1,145) | (52,445) | (1,145) | (1,145) | (1,145) | (1,145) |
| 1 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Title Insurance | (1,382) | (1,382) | (1,382) | (18,482) | (382) | (382) | (382) | (382) |



WMATA-INV 006685

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | | **0** | **(615,201)** | **(2,104,546)** | **(2,099,310)** | **(10,824,717)** | **(32,279,445)** | **(6,562,365)** |
| Finance Costs (All Loans) | (6,765,562) | | (83,337) | (103,965) | (143,424) | (228,572) | (1,322,137) | (3,395,827) |
| **Period Total After Finance** | **63,178,711** | **0** | **(698,538)** | **(2,208,511)** | **(2,242,734)** | **(11,053,289)** | **(33,601,582)** | **(9,958,193)** |
| Cumulative Total C/f Annual | 63,178,711 | 0 | (698,538) | (2,907,049) | (5,149,783) | (16,203,072) | (49,804,654) | (59,762,846) |



WMATA-INV 006686

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Parking | YN | **(54,684)** | 0 | 0 | 0 | 0 | 0 | 0 | (54,684) |
| 3 Parcel 3 Retail | YN | **(202,111)** | 0 | 0 | 0 | 0 | 0 | 0 | (202,111) |
| 1 **Ph01 Development Management Fee** | | | | | | | | | |
| 1 Dev. Management Fee | YN | **(904,718)** | 0 | 0 | (160,839) | (241,258) | (241,258) | (241,258) | (20,105) |
| 1 **Ph02 Development Management Fee** | | | | | | | | | |
| 2 Dev. Management Fee | YN | **(42,664)** | 0 | 0 | (7,585) | (11,377) | (11,377) | (11,377) | (948) |
| 1 **Ph03 Development Management Fee** | | | | | | | | | |
| 3 Dev. Management Fee | YN | **(1,009,874)** | 0 | 0 | (179,533) | (269,300) | (269,300) | (269,300) | (22,442) |



WMATA-INV 006687

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 2 Permits | YN | (14,969) | 0 | 0 | 0 | 0 | (14,969) | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | | |
| 2 Parcel 1 Retail | YY | (284,739) | 0 | 0 | 0 | 0 | 0 | (284,739) | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | | |
| 2 Architect + Engineer | YN | (93,604) | 0 | 0 | (46,802) | (46,802) | 0 | 0 | 0 |
| 2 Legal | YN | (11,227) | 0 | 0 | (3,208) | (4,811) | (3,208) | 0 | 0 |
| 2 Soft Cost Contingency | YN | (32,354) | 0 | (1,458) | (11,118) | (10,401) | (8,068) | (1,266) | (44) |
| 1 **Ph03 Construction Costs** | | | | | | | | | |
| 3 Metro Site Work | YN | (1,839,000) | 0 | 0 | 0 | 0 | (1,839,000) | 0 | 0 |
| 3 Parcel 3 Parking | YY | (1,354,096) | 0 | 0 | 0 | 0 | (177,399) | (1,137,295) | (39,403) |
| 3 Parcel 3 Retail | YY | (1,253,506) | 0 | 0 | 0 | 0 | (164,220) | (1,052,810) | (36,476) |
| 3 FF&E | YN | (2,900,000) | 0 | 0 | 0 | 0 | (385,994) | (2,431,176) | (82,831) |
| 3 Hotel Hard Cost | YN | (11,454,840) | 0 | 0 | 0 | 0 | (1,524,653) | (9,603,011) | (327,176) |
| 3 Franchise Charge | YN | (58,000) | 0 | 0 | 0 | 0 | (58,000) | 0 | 0 |
| 3 Insurance | YN | (94,007) | 0 | 0 | 0 | 0 | (20,456) | (71,121) | (2,429) |
| 3 Real Estate Tax During Cons | YN | (97,000) | 0 | 0 | 0 | 0 | (22,824) | (68,471) | (5,706) |
| 3 Contingency | YN | (1,880,144) | 0 | 0 | 0 | 0 | (250,250) | (1,576,194) | (53,701) |
| 3 Permits | YN | (50,000) | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 3 Permits | YN | (282,022) | 0 | 0 | 0 | 0 | (282,022) | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | | |
| 3 Parcel 3 Retail | YY | (571,790) | 0 | 0 | 0 | 0 | 0 | 0 | (571,790) |
| 1 **Ph03 Professional Fees** | | | | | | | | | |
| 3 Architect + Engineer | YN | (1,020,000) | 0 | 0 | (510,000) | (510,000) | 0 | 0 | 0 |
| 3 Legal | YN | (376,029) | 0 | 0 | (107,437) | (161,155) | (107,437) | 0 | 0 |
| 3 Soft Cost Contingency | YN | (197,206) | 0 | (10,696) | (68,235) | (61,885) | (48,717) | (7,417) | (257) |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | | |
| 1 Marketing | YN | (50,000) | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 1 Leasing Legal Fees | YN | (58,610) | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 1 Parcel 2 Office | YN | (1,274,853) | 0 | 0 | 0 | 0 | 0 | 0 | (1,274,853) |
| 1 Parcel 2 Parking | YN | (70,683) | 0 | 0 | 0 | 0 | 0 | 0 | (70,683) |
| 1 Parcel 2 Retail | YN | (346,758) | 0 | 0 | 0 | 0 | 0 | 0 | (346,758) |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | | |
| 2 Marketing | YN | (50,000) | 0 | 0 | 0 | 0 | (18,182) | (31,818) | 0 |
| 2 Leasing Legal Fees | YN | (58,610) | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 2 Parcel 1 Retail | YN | (122,408) | 0 | 0 | 0 | 0 | 0 | (122,408) | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | | |
| 3 Marketing | YN | (50,000) | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |



WMATA-INV 006688

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | | |
| 2 WMATA PARCEL 1 Ground | YN | **(295,001)** | 0 | 0 | 0 | 0 | 0 | (11,725) | (28,140) |
| 2 DC Purchase Recordation Ta | YN | **(4,425)** | 0 | 0 | 0 | 0 | 0 | (176) | (422) |
| 2 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 2 Title Insurance | YN | **(1,475)** | 0 | 0 | 0 | 0 | 0 | (59) | (141) |
| 1 **Ph03 Acquisition Costs** | | | | | | | | | |
| 3 WMATA PARCEL 3 Ground | YN | **(1,277,108)** | 0 | 0 | 0 | 0 | 0 | 0 | (118,052) |
| 3 Arts Credits (assume no bonu | YN | **(239,325)** | 0 | 0 | 0 | 0 | (239,325) | 0 | 0 |
| 3 DC Purchase Recordation Ta | YN | **(22,746)** | 0 | 0 | 0 | 0 | (3,590) | 0 | (1,771) |
| 3 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 3 Title Insurance | YN | **(7,582)** | 0 | 0 | 0 | 0 | (1,197) | 0 | (590) |
| 1 **Ph01 Construction Costs** | | | | | | | | | |
| 1 Metro Site Work | YN | **(1,500,000)** | 0 | 0 | 0 | 0 | (1,500,000) | 0 | 0 |
| 1 Parcel 2 Office | YY | **(11,595,394)** | 0 | 0 | 0 | 0 | (1,519,099) | (9,738,882) | (337,413) |
| 1 Parcel 2 Parking | YY | **(1,752,360)** | 0 | 0 | 0 | 0 | (229,575) | (1,471,794) | (50,992) |
| 1 Parcel 2 Retail | YY | **(2,150,624)** | 0 | 0 | 0 | 0 | (281,751) | (1,806,292) | (62,581) |
| 1 Insurance | YN | **(84,992)** | 0 | 0 | 0 | 0 | (17,652) | (65,085) | (2,255) |
| 1 Real Estate Tax During Cons | YN | **(150,000)** | 0 | 0 | 0 | 0 | (35,294) | (105,882) | (8,824) |
| 1 Contingency | YN | **(1,699,838)** | 0 | 0 | 0 | 0 | (226,250) | (1,425,036) | (48,551) |
| 1 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 1 Permits | YN | **(254,976)** | 0 | 0 | 0 | 0 | (254,976) | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | | |
| 1 Parcel 2 Office | YY | **(4,958,530)** | 0 | 0 | 0 | 0 | 0 | 0 | (4,958,530) |
| 1 Parcel 2 Retail | YY | **(981,013)** | 0 | 0 | 0 | 0 | 0 | 0 | (981,013) |
| 1 **Ph01 Professional Fees** | | | | | | | | | |
| 1 Architect + Engineer | YN | **(841,000)** | 0 | 0 | (420,500) | (420,500) | 0 | 0 | 0 |
| 1 Legal | YN | **(254,976)** | 0 | 0 | (72,850) | (109,275) | (72,850) | 0 | 0 |
| 1 Soft Cost Contingency | YN | **(163,594)** | 0 | (6,827) | (53,534) | (50,921) | (44,659) | (7,392) | (260) |
| 1 **Ph02 Construction Costs** | | | | | | | | | |
| 2 Metro Site Work | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 2 Parcel 1 Retail | YY | **(698,440)** | 0 | 0 | 0 | 0 | (193,363) | (505,078) | 0 |
| 2 Insurance | YN | **(3,742)** | 0 | 0 | 0 | 0 | (1,217) | (2,525) | 0 |
| 2 Real Estate Tax During Cons | YN | **(12,500)** | 0 | 0 | 0 | 0 | (4,545) | (7,955) | 0 |
| 2 Contingency | YN | **(74,844)** | 0 | 0 | 0 | 0 | (20,889) | (53,955) | 0 |
| 2 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |



WMATA-INV 006689

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| Period ending<br>AnnualB/F | SET<br>Int Inf | TOTALS | 000:Sep 2007 | 012:Sep 2008<br>0 | 024:Sep 2009<br>(698,538) | 036:Sep 2010<br>(2,907,049) | 048:Sep 2011<br>(5,149,783) | 060:Sep 2012<br>(16,203,072) | 072:Sep 2013<br>(49,804,654) |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | | |
| 1 Parcel 2 Office | YN | **24,738,475** | 0 | 0 | 0 | 0 | 0 | 0 | 581,388 |
| 1 Parcel 2 Parking | YN | **1,373,443** | 0 | 0 | 0 | 0 | 0 | 0 | 92,486 |
| 1 Parcel 2 Retail | YN | **6,737,832** | 0 | 0 | 0 | 0 | 0 | 0 | 453,718 |
| 1 Parcel 2 Office | YN | **43,347,369** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | YN | **2,298,542** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | YN | **11,276,184** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | | |
| 1 Sales Agent Fee | YN | **(2,561,494)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | | |
| 2 Parcel 1 Retail | YN | **2,519,909** | 0 | 0 | 0 | 0 | 0 | 53,389 | 215,156 |
| 2 Parcel 1 Retail | YN | **4,099,984** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | | |
| 2 Sales Agent Fee | YN | **(184,499)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | | |
| 3 Parcel 3 Hotel Rooms | YN | **32,031,554** | 0 | 0 | 0 | 0 | 0 | 0 | 1,866,277 |
| 3 Parcel 3 Parking | YN | **1,062,569** | 0 | 0 | 0 | 0 | 0 | 0 | 71,552 |
| 3 Parcel 3 Retail | YN | **3,927,193** | 0 | 0 | 0 | 0 | 0 | 0 | 264,453 |
| 3 Parcel 3 Hotel Rooms | YN | **38,177,964** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | YN | **1,778,276** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | YN | **6,572,405** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | | |
| 3 Sales Agent Fee | YN | **(2,093,789)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | | |
| 1 WMATA PARCEL 2 Ground | YN | **(756,840)** | 0 | 0 | 0 | 0 | 0 | 0 | (69,960) |
| 1 8th Street Land Option (Year | YN | **(3,420,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | YN | **(325,000)** | 0 | (318,750) | (6,250) | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | YN | **(600,000)** | 0 | 0 | (150,000) | (150,000) | (150,000) | (150,000) | 0 |
| 1 8th St Ground Lease Renewal | YN | **(1,000,020)** | 0 | 0 | 0 | 0 | 0 | 0 | (200,004) |
| 1 Arts Credits (assume no bonu | YN | **(300,000)** | 0 | 0 | 0 | 0 | (300,000) | 0 | 0 |
| 1 8th St Combination Fee | YN | **(30,000)** | 0 | 0 | (30,000) | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | YN | **(175,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | YN | **(203,500)** | 0 | (50,875) | (50,875) | (50,875) | (50,875) | 0 | 0 |
| 1 DC Purchase Recordation Ta | YN | **(67,153)** | 0 | 0 | 0 | 0 | (4,500) | 0 | (1,049) |
| 1 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 1 Title Insurance | YN | **(32,009)** | 0 | (1,594) | (781) | (750) | (2,250) | (750) | (1,350) |



WMATA-INV 006690

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

| Inflation on Construction Costs | | Uninflated | Inflation | Total |
|---|---|---|---|---|
| Parcel 2 Office | Construction CPI at 3.00% | 10,190,205 | 1,405,189 | 11,595,394 |
| Parcel 2 Parking | Construction CPI at 3.00% | 1,540,000 | 212,360 | 1,752,360 |
| Parcel 2 Retail | Construction CPI at 3.00% | 1,890,000 | 260,624 | 2,150,624 |
| Parcel 1 Retail | Construction CPI at 3.00% | 618,600 | 79,840 | 698,440 |
| Parcel 3 Parking | Construction CPI at 3.00% | 1,190,000 | 164,096 | 1,354,096 |
| Parcel 3 Retail | Construction CPI at 3.00% | 1,101,600 | 151,906 | 1,253,506 |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006691

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

| | | | |
|---|---|---|---|
| Parcel 2 Parking | | 70,683 | |
| Parcel 2 Retail | | 346,758 | |
| Parcel 1 Retail | | 122,408 | |
| Parcel 3 Parking | | 54,684 | |
| Parcel 3 Retail | | 202,111 | |
| | | | 2,338,718 |
| **DISPOSAL FEES** | | | |
| Sales Agent Fee | 4.50% | 4,839,783 | |
| | | | 4,839,783 |
| **Additional Costs** | | | |
| Dev. Management Fee | 5.00% | 904,718 | |
| Dev. Management Fee | 5.00% | 42,664 | |
| Dev. Management Fee | 5.00% | 1,009,874 | |
| | | | 1,957,255 |
| **FINANCE** | | | |
| Interest paid to Debt Sources: | | | |
| Development Loan (8.00%) | 409,298 | | |
| Construction Loan (8.00%) | 6,206,264 | | |
| Total Interest paid to debt financing | | 6,615,562 | |
| Mortgage Interest (7.00%) | | 40,463,132 | |
| Total Interest Paid | | 47,078,694 | |
| Debt Financing Fees | | | |
| Development Loan - Legal (Single) | 50,000 | | |
| Construction Loan - Legal Fees (Single) | 100,000 | | |
| Total Debt Financing Fees | | 150,000 | |
| Total Finance Cost | | | 47,228,694 |
| **TOTAL COSTS** | | | **116,762,988** |
| **PROFIT** | | | |
| Developer Equity | | | |
| Residual Percentage (50.00%) | 29,313,423 | | |
| Preferred Return (10.00%) | 757,305 | | |
| | | 30,070,728 | |
| Investor Equity | | | |
| Residual Percentage (50.00%) | 29,313,423 | | |
| Preferred Return (10.00%) | 3,794,560 | | |
| | | 33,107,983 | |
| | | | **63,178,711** |
| **Performance Measures** | | | |
| Profit on Cost% | 54.11% | | |
| Profit on GDV% | 58.74% | | |
| Development Yield% (on Rent) | 7.43% | | |
| Pre-Finance IRR% | 13.36% | | |
| Project IRR% (with Interest) | 17.96% | | |
| Equity IRR% (with Interest) | 32.23% | | |

‡ Inflation/Escalation applied

| **Escalation on Capitalized Rent** | | **Unescalated** | **Escalation** | **Total** |
|---|---|---|---|---|
| Parcel 2 Office | Office Rent at 3.00% | 28,446,726 | 14,900,643 | 43,347,369 |
| Parcel 2 Parking | Office Rent at 3.00% | 1,508,419 | 790,123 | 2,298,542 |
| Parcel 2 Retail | Office Rent at 3.00% | 7,400,000 | 3,876,184 | 11,276,184 |
| Parcel 1 Retail | Office Rent at 3.00% | 2,651,143 | 1,448,841 | 4,099,984 |
| Parcel 3 Parking | Office Rent at 3.00% | 1,166,994 | 611,282 | 1,778,276 |
| Parcel 3 Retail | Office Rent at 3.00% | 4,313,143 | 2,259,262 | 6,572,405 |

116,762
- 40463
76.309



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006692

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

| | | | | |
|---|---|---|---|---|
| WMATA Acquisition Legal Fees | | | 300,000 | |
| Third Party Reports | | | 150,000 | |
| Title Insurance | | 0.50% | 39,591 | |
| Title Insurance | | 0.50% | 1,475 | |
| | | | | 9,207,185 |
| **CONSTRUCTION COSTS** | | | | |
| **Construction** | **ft²** | **Rate ft²** | **Cost** | |
| ‡ Parcel 2 Office | 75,483 | $135.00 | 11,595,394 | |
| ‡ Parcel 2 Parking | 19,885 | $77.45 | 1,752,360 | |
| ‡ Parcel 2 Retail | 14,000 | $135.00 | 2,150,624 | |
| ‡ Parcel 1 Retail | 4,124 | $150.00 | 698,440 | |
| Parcel 3 Hotel Rooms | | | | |
| FF&E | 145 units | $20,000.00 /un | 2,900,000 | |
| Hotel Hard Cost | 63,638 ft² | $180.00 pf² | 11,454,840 | |
| Franchise Charge | 145 units | $400.00 /un | 58,000 | |
| | | | 14,412,840 | |
| ‡ Parcel 3 Parking | 15,955 | $74.58 | 1,354,096 | |
| ‡ Parcel 3 Retail | 8,160 | $135.00 | 1,253,506 | |
| Totals | 137,607 | | 33,217,260 | **33,217,260** |
| Contingency | | 10.00% | 1,699,838 | |
| Contingency | | 10.00% | 74,844 | |
| Contingency | | 10.00% | 1,880,144 | |
| Metro Site Work | | | 1,500,000 | |
| Metro Site Work | | | 50,000 | |
| Metro Site Work | | | 1,839,000 | |
| Permits | | | 50,000 | |
| Permits | | 1.50% | 254,976 | |
| Permits | | | 50,000 | |
| Permits | | 2.00% | 14,969 | |
| Permits | | | 50,000 | |
| Permits | | 1.50% | 282,022 | |
| | | | | 7,745,792 |
| **Other Construction** | | | | |
| Insurance | | 0.50% | 84,992 | |
| Insurance | | 0.50% | 3,742 | |
| Insurance | | 0.50% | 94,007 | |
| | | | | 182,741 |
| **Municipal Costs** | | | | |
| Real Estate Tax During Construction | | | 150,000 | |
| Real Estate Tax During Construction | | | 12,500 | |
| Real Estate Tax During Construction | | | 97,000 | |
| | | | | 259,500 |
| **TI Costs** | | | | |
| TI Cost Area Rate - Parcel 2 Office | | 60.00 pf² | 4,958,530 | |
| TI Cost Area Rate - Parcel 2 Retail | | 60.00 pf² | 981,013 | |
| TI Cost Area Rate - Parcel 1 Retail | | 60.00 pf² | 284,739 | |
| TI Cost Area Rate - Parcel 3 Retail | | 60.00 pf² | 571,790 | |
| | | | | 6,796,072 |
| **PROFESSIONAL FEES** | | | | |
| Architect + Engineer | | | 1,954,604 | |
| Legal | | 1.50% | 266,202 | |
| Legal | | 2.00% | 376,029 | |
| Soft Cost Contingency | | 10.00% | 163,594 | |
| Soft Cost Contingency | | 10.00% | 32,354 | |
| Soft Cost Contingency | | 10.00% | 197,206 | |
| | | | | 2,989,989 |
| **MARKETING & LEASING** | | | | |
| Marketing | | | 150,000 | |
| Leasing Legal Fees | | 2.00% | 117,220 | |
| **Leasing Commissions** | | | | |
| Parcel 2 Office | | | 1,274,853 | |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006693

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**Project Pro Forma for Merged Phases 1 2 3**

| REVENUE<br>Rental Area Summary | ft² | Rate ft² | Rent at Lease Start | Rent At Sale |
|---|---|---|---|---|
| ‡ Parcel 2 Office | 70,763 | $42.00 | 3,470,971 | 4,528,830 |
| ‡ Parcel 2 Parking | 19,885 | $5.31 | 123,315 | 160,898 |
| ‡ Parcel 2 Retail | 14,000 | $37.00 | 604,958 | 789,333 |
| ‡ Parcel 1 Retail | 4,124 | $45.00 | 213,554 | 286,999 |
| Parcel 3 Hotel Rooms | 60,456 | $41.16 | 2,488,369 | 3,817,796 |
| ‡ Parcel 3 Parking | 15,955 | $5.12 | 95,403 | 124,479 |
| ‡ Parcel 3 Retail | 8,160 | $37.00 | 352,604 | 460,068 |
| Totals | 193,343 | | 7,349,174 | 10,168,403 |
| **Investment Valuation** | | | | |
| **Parcel 2 Office** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 3,034,316 | Cap Rate | 7.0000% | 43,347,369 |
| **Parcel 2 Parking** | | | | |
| Capitalized Rent | 160,898 | Cap Rate | 7.0000% | 2,298,542 |
| **Parcel 2 Retail** | | | | |
| Capitalized Rent | 789,333 | Cap Rate | 7.0000% | 11,276,184 |
| **Parcel 1 Retail** | | | | |
| Capitalized Rent | 286,999 | Cap Rate | 7.0000% | 4,099,984 |
| **Parcel 3 Hotel Rooms** | | | | |
| Capitalized Rent | 3,817,796 | Cap Rate | 10.0000% | 38,177,964 |
| **Parcel 3 Parking** | | | | |
| Capitalized Rent | 124,479 | Cap Rate | 7.0000% | 1,778,276 |
| **Parcel 3 Retail** | | | | |
| Capitalized Rent | 460,068 | Cap Rate | 7.0000% | 6,572,405 |
| | | | | **107,550,725** |
| **Income from Tenants** | | | | |
| Parcel 2 Office | | | 24,738,475 | |
| Parcel 2 Parking | | | 1,373,443 | |
| Parcel 2 Retail | | | 6,737,832 | |
| Parcel 1 Retail | | | 2,519,909 | |
| Parcel 3 Hotel Rooms | | | 32,031,554 | |
| Parcel 3 Parking | | | 1,062,569 | |
| Parcel 3 Retail | | | 3,927,193 | |
| | | | | 72,390,974 |
| **TOTAL PROJECT REVENUE** | | | | **179,941,699** |

**DEVELOPMENT COSTS**

| **ACQUISITION COSTS** | | | |
|---|---|---|---|
| WMATA PARCEL 2 Ground Lease | 756,840 X | 15 year Costs | |
| 8th Street Land Option (Year 10) | 3,420,000 | | |
| 8th St Ist Year Ground Lease | 325,000 | | |
| 8th St Ground Lease Renewal 1-4 | 600,000 | | |
| 8th St Ground Lease Renewal 5-9 | 1,000,020 | | |
| Arts Credits (assume no bonus) | 300,000 | | |
| 8th St Combination Fee | 30,000 | | |
| 8th Street Resubordination Fee | 175,000 | | |
| 8th Street RE Tax pre-construction | 203,500 | | |
| WMATA PARCEL 1 Ground Lease | 295,001 X | | |
| WMATA PARCEL 3 Ground Lease | 1,277,108 X | | |
| Arts Credits (assume no bonus) | 239,325 | | |
| Total Acquisition (0.92 Acres $9,371,515.22 pAcre) | | 8,621,794 | |
| DC Purchase Recordation Tax | 1.50% | 89,899 | |
| DC Purchase Recordation Tax | 1.50% | 4,425 | |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006694

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Combined Sources |
| Type | Scenario |
| Heading | 181 Oct 2022 |
| Auto. Project Contribution | 0 |
| Timed Contribution: Project | 0 |
| **Total Contribution** | **0** |
| Non-Mortgage Interest and Fees | 0 |
| Auto. Repayment | 1,738,987 |
| Timed Repayment: Project | 0 |
| **Total Repayment** | **1,738,987** |
| **Profit Participation** | **53,283,312** |
| **Net Cash Flow (IRR)** | **55,022,300** |
| Net Cash Flow (Equity IRR) | 55,022,300 |
| **Cumulative Net Cash Flow** | **61,488,319** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 13.6% |



WMATA-INV 006695

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | (201,004) | (201,004) | (3,689,404) | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(201,004)** | **(201,004)** | **(3,689,404)** | **0** | **0** | **0** | **0** | **0** |
| Non-Mortgage Interest and Fees | 0 | 0 | 0 | (210,673) | (81,712) | (138) | 0 | 0 |
| Auto. Repayment | 493,489 | 712,823 | 1,001,408 | 1,675,985 | 1,872,963 | 408,070 | 1,910,070 | 2,335,405 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **493,489** | **712,823** | **1,001,408** | **1,675,985** | **1,872,963** | **408,070** | **1,910,070** | **2,335,405** |
| **Profit Participation** | **625,320** | **586,249** | **483,335** | **0** | **0** | **1,667,781** | **374,755** | **164,664** |
| **Net Cash Flow (IRR)** | **917,805** | **1,098,068** | **(2,204,661)** | **1,465,312** | **1,791,251** | **2,075,713** | **2,284,825** | **2,500,069** |
| Net Cash Flow (Equity IRR) | 917,805 | 1,098,068 | 1,172,562 | 0 | 0 | 1,955,053 | 2,284,825 | 2,500,069 |
| **Cumulative Net Cash Flow** | **(2,544,557)** | **(1,446,489)** | **(3,651,149)** | **(2,185,838)** | **(394,587)** | **1,681,126** | **3,965,951** | **6,466,020** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 13.6% |



WMATA-INV 006696

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | (68,743,885) | (612,004) | (1,825,047) | (1,775,904) | (16,913,075) | (28,024,417) | (15,126,023) | (376,004) |
| Timed Contribution, Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(68,743,885)** | **(612,004)** | **(1,825,047)** | **(1,775,904)** | **(16,913,075)** | **(28,024,417)** | **(15,126,023)** | **(376,004)** |
| Non-Mortgage Interest and Fees | (7,204,885) | (83,218) | (102,602) | (143,424) | (240,124) | (1,397,635) | (3,577,428) | (1,367,932) |
| Auto. Repayment | 73,898,770 | 0 | 0 | 0 | 0 | 53,389 | 2,175,459 | 59,520,724 |
| Timed Repayment, Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| **Total Repayment** | **75,948,770** | **0** | **0** | **0** | **2,050,000** | **53,389** | **2,175,459** | **59,520,724** |
| **Profit Participation** | **61,488,319** | **0** | **0** | **0** | **0** | **0** | **0** | **4,302,902** |
| **Net Cash Flow (IRR)** | **61,488,319** | **(695,222)** | **(1,927,649)** | **(1,919,327)** | **(15,103,199)** | **(29,368,663)** | **(16,527,992)** | **62,079,690** |
| Net Cash Flow (Equity IRR) | 61,488,319 | 0 | (844,866) | (1,775,904) | (11,349,330) | 0 | 0 | 10,507,738 |
| **Cumulative Net Cash Flow** | | **(695,222)** | **(2,622,871)** | **(4,542,198)** | **(19,645,397)** | **(49,014,061)** | **(65,542,053)** | **(3,462,363)** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 13.6% |



WMATA-INV 006697

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**(Merged Phases)**



| Source of Funds | Balancing Account |
|---|---|
| Type | Balancing Account |
| Heading | [illegible] |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 006698

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Balancing Account
Type: Balancing Account

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS: | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 006699

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Balancing Account
Type: Balancing Account

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | (2,050,000) | 0 | 0 | 0 | (2,050,000) | 0 | 0 | 0 |
| Timed Contribution Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(2,050,000)** | **0** | **0** | **0** | **(2,050,000)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **0** | **53,389** | **1,996,611** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(2,050,000)** | **53,389** | **1,996,611** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 006700

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | 1 Oct 2022 |
|---|---|
| Opening Balance | 54,096,983 |
| Interest | 315,566 |
| Principal Repaid | 54,096,983 |
| Total P+I Payment | 54,412,548 |
| Closing Balance | (0) |
| **Net Cash Flow (IRR)** | **54,412,548** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 006701

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | 96<br>Sep2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 60,839,898 | 60,188,081 | 59,489,144 | 58,739,681 | 57,936,040 | 57,074,303 | 56,150,271 | 55,159,440 |
| Interest | 4,238,144 | 4,191,024 | 4,140,498 | 4,086,319 | 4,028,224 | 3,965,929 | 3,899,130 | 3,827,503 |
| Principal Repaid | 651,817 | 698,937 | 749,463 | 803,642 | 861,737 | 924,032 | 990,830 | 1,062,458 |
| Total P+I Payment | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 |
| Closing Balance | 60,188,081 | 59,489,144 | 58,739,681 | 57,936,040 | 57,074,303 | 56,150,271 | 55,159,440 | 54,096,983 |
| Net Cash Flow (IRR) | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 006702

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**(Merged Phases)**



Source of Funds: Mortgage
Type: Mortgage

| Heading | Totals | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 61,249,842 |
| Interest | 35,542,366 | 0 | 0 | 0 | 0 | 0 | 0 | 2,850,029 |
| Principal Repaid | 61,249,842 | 0 | 0 | 0 | 0 | 0 | 0 | 409,945 |
| Total P+I Payment | 96,792,208 | 0 | 0 | 0 | 0 | 0 | 0 | 3,259,974 |
| **Closing Balance** | | **0** | **0** | **0** | **0** | **0** | **0** | **60,839,898** |
| **Net Cash Flow (IRR)** | **35,542,366** | **0** | **0** | **0** | **0** | **0** | **0** | **(57,989,869)** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 006703

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Construction Loan |
| Type | Debt |

| Heading | 181<br>Oct2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto: Project Contribution | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment: Project | 0 |
| Auto: Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($51,131,600) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $57,878,670 |
| Total Repayment | $57,878,670 |
| Peak Financing Amount | $51,571,952 |
| Project IRR | 0.0% |



WMATA-INV 006704

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project a | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (201,004) | (201,004) | (3,689,404) | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(201,004)** | **(201,004)** | **(3,689,404)** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | (210,673) | (81,712) | (138) | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 201,004 | 201,004 | 312,181 | 1,675,985 | 1,872,963 | 120,798 | 0 | 0 |
| **Total Repayment** | **201,004** | **201,004** | **312,181** | **1,675,985** | **1,872,963** | **120,798** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(3,377,223)** | **(1,911,911)** | **(120,660)** | **0** | **0** | **0** |
| Timed: Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **(3,377,223)** | **1,465,312** | **1,791,251** | **120,660** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **(3,377,223)** | **(1,911,911)** | **(120,660)** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($51,131,600) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $57,878,670 |
| Total Repayment | $57,878,670 |
| Peak Financing Amount | $51,571,952 |
| Project IRR | 0.0% |



WMATA-INV 006705

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | (51,131,600) | 0 | 0 | 0 | (3,513,745) | (28,024,417) | (15,126,023) | (376,004) |
| **Total Contribution** | **(51,131,600)** | **0** | **0** | **0** | **(3,513,745)** | **(28,024,417)** | **(15,126,023)** | **(376,004)** |
| Total Loan Fees | (100,000) | 0 | 0 | 0 | (100,000) | 0 | 0 | 0 |
| Interest and Fees | (6,747,070) | 0 | 0 | 0 | (111,552) | (1,397,635) | (3,577,428) | (1,367,932) |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 57,878,670 | 0 | 0 | 0 | 0 | 0 | 178,847 | 53,315,888 |
| **Total Repayment** | **57,878,670** | **0** | **0** | **0** | **0** | **0** | 178,847 | **53,315,888** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(3,625,297)** | **(33,047,349)** | **(51,571,952)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | 0 | 0 | 0 | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(3,625,297)** | **(29,422,052)** | **(18,524,603)** | **51,571,952** |
| **Cumulative Net Cash Flow** | | 0 | 0 | 0 | **(3,625,297)** | **(33,047,349)** | **(51,571,952)** | 0 |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($51,131,600) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $57,878,670 |
| Total Repayment | $57,878,670 |
| Peak Financing Amount | $51,571,952 |
| Project IRR | 0.0% |



WMATA-INV 006706

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Investor Equity |
| Type | Equity |

| Heading | Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto: Project Contribution | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Project | 0 |
| Auto: Repayment | 341,977 |
| **Total Repayment** | **341,977** |
| **Closing Balance** | **0** |
| | |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **24,762,896** |
| | |
| **Net Cash Flow (IRR)** | **25,104,873** |
| **Cumulative Net Cash Flow** | **32,967,903** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,573,090 |
| Timed Repayment | $0 |
| Auto Repayment | $12,573,090 |
| Total Repayment | $12,573,090 |
| Peak Financing Amount | $12,573,090 |
| Profit | $32,967,903 |
| Project IRR | 18.9% |
| Return on Equity | 262.2% |



WMATA-INV 006707

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 292,485 | 511,819 | 689,227 | 0 | 0 | 287,272 | 1,910,070 | 2,335,405 |
| **Total Repayment** | **292,485** | **511,819** | **689,227** | **0** | **0** | **287,272** | **1,910,070** | **2,335,405** |
| **Closing Balance** | **(6,075,769)** | **(5,563,950)** | **(4,874,723)** | **(4,874,723)** | **(4,874,723)** | **(4,587,452)** | **(2,677,382)** | **(341,977)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **625,320** | **586,249** | **483,335** | **0** | **0** | **1,667,781** | **374,755** | **164,664** |
| **Net Cash Flow (IRR)** | **917,805** | **1,098,068** | **1,172,562** | **0** | **0** | **1,955,053** | **2,284,825** | **2,500,069** |
| **Cumulative Net Cash Flow** | **(1,147,547)** | **(49,479)** | **1,123,083** | **1,123,083** | **1,123,083** | **3,078,136** | **5,362,961** | **7,863,030** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,573,090 |
| Timed Repayment | $0 |
| Auto Repayment | $12,573,090 |
| Total Repayment | $12,573,090 |
| Peak Financing Amount | $12,573,090 |
| Profit | $32,967,903 |
| Project IRR | 18.9% |
| Return on Equity | 262.2% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 257.9% |



WMATA-INV 006708

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | (12,573,090) | 0 | 0 | (1,223,760) | (11,349,330) | 0 | 0 | 0 |
| **Total Contribution** | **(12,573,090)** | **0** | **0** | **(1,223,760)** | **(11,349,330)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 12,573,090 | 0 | 0 | 0 | 0 | 0 | 0 | 6,204,836 |
| **Total Repayment** | **12,573,090** | **0** | **0** | **0** | **0** | **0** | **0** | **6,204,836** |
| **Closing Balance** | **0** | **0** | **0** | **(1,223,760)** | **(12,573,090)** | **(12,573,090)** | **(12,573,090)** | **(6,368,255)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **32,967,903** | **0** | **0** | **0** | **0** | **0** | **0** | **4,302,902** |
| **Net Cash Flow (IRR)** | **32,967,903** | **0** | **0** | **(1,223,760)** | **(11,349,330)** | **0** | **0** | **10,507,738** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **(1,223,760)** | **(12,573,090)** | **(12,573,090)** | **(12,573,090)** | **(2,065,353)** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,573,090 |
| Timed Repayment | $0 |
| Auto Repayment | $12,573,090 |
| Total Repayment | $12,573,090 |
| Peak Financing Amount | $12,573,090 |
| Profit | $32,967,903 |
| Project IRR | 18.9% |
| Return on Equity | 262.2% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 85.1% | 7.7% | 9.1% | 7.0% | 0.0% | 2.9% | 16.9% | 18.6% |



WMATA-INV 006709

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

**LAKRITZ ADLER DEVELOPMENT**

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Developer Equity |
| Type | Equity |

| Heading | [illegible] |
|---|---|
| | [illegible] |
| Timed Contribution Pro Forma | 0 |
| Auto Project Contribution | 0 |
| Total Contribution | 0 |
| Interest | 0 |
| Timed Repayment Project | 0 |
| Auto Repayment | 1,397,010 |
| Total Repayment | 1,397,010 |
| Closing Balance | 0 |
| Timed Profit Participation | 0 |
| Total Profit Participation | 28,520,417 |
| Net Cash Flow (IRR) | 29,917,427 |
| Cumulative Net Cash Flow | [illegible] |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,397,010 |
| Timed Repayment | $0 |
| Auto Repayment | $1,397,010 |
| Total Repayment | $1,397,010 |
| Peak Financing Amount | $1,397,010 |
| Profit | $28,520,417 |
| Project IRR | 26.3% |
| Return on Equity | 2,041.5% |



WMATA-INV 006710

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,397,010 |
| Timed Repayment | $0 |
| Auto Repayment | $1,397,010 |
| Total Repayment | $1,397,010 |
| Peak Financing Amount | $1,397,010 |
| Profit | $28,520,417 |
| Project IRR | 26.3% |
| Return on Equity | 2,041.5% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 2,569.8% |



WMATA-INV 006711

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | (1,397,010) | 0 | (844,866) | (552,144) | 0 | 0 | 0 | 0 |
| **Total Contributions** | **(1,397,010)** | **0** | **(844,866)** | **(552,144)** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 1,397,010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **1,397,010** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(844,866)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **28,520,417** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **28,520,417** | **0** | **(844,866)** | **(552,144)** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **(844,866)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,397,010 |
| Timed Repayment | $0 |
| Auto Repayment | $1,397,010 |
| Total Repayment | $1,397,010 |
| Peak Financing Amount | $1,397,010 |
| Profit | $28,520,417 |
| Project IRR | 26.3% |
| Return on Equity | 2,041.5% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |



WMATA-INV 006712

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Development Loan |
| Type | Debt |

| Heading | 1 Oct 2022 |
|---|---|
| Timed Contribution Project | 0 |
| Auto Project Contribution | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment Project | 0 |
| Auto Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | 0 |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 006713

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 006714

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution - Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | (1,592,185) | (612,004) | (980,180) | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,592,185)** | **(612,004)** | **(980,180)** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | (50,000) | (50,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | (457,815) | (83,218) | (102,602) | (143,424) | (128,572) | 0 | 0 | 0 |
| Timed Repayment - Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| Auto Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **2,050,000** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **(695,222)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **(695,222)** | **(1,082,782)** | **(143,424)** | **1,921,428** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **(695,222)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 006715

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
Detailed Cash Flow (Merged Phases)



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| **Period Total Before Finance** | **7,390,029** | **109,434,848** |
| Finance Costs (All Loans) | 0 | 0 |
| **Period Total After Finance** | **3,562,526** | **109,119,282** |
| Cumulative Total C/f Annual | (47,630,963) | 61,488,319 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 006716

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 3 Parcel 3 Office Space | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 |
| 1 **Ph01 Development Manage** | | |
| 1 Dev. Management Fee | 0 | 0 |
| 1 **Ph02 Development Manage** | | |
| 2 Dev. Management Fee | 0 | 0 |
| 1 **Ph03 Development Manage** | | |
| 3 Dev. Management Fee | 0 | 0 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 006717

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 2 Permits | 0 | 0 |
| 1 **Ph02 TI Costs** | | |
| 2 Parcel 1 Retail Space | 0 | 0 |
| 1 **Ph02 Professional Fees** | | |
| 2 Architect + Engineer | 0 | 0 |
| 2 Legal | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 |
| 1 **Ph03 Construction Costs** | | |
| 3 Metro Site Work | 0 | 0 |
| 3 Parcel 3 Office Space | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 |
| 3 Insurance | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 |
| 3 Contingency | 0 | 0 |
| 3 Permits | 0 | 0 |
| 3 Permits | 0 | 0 |
| 1 **Ph03 TI Costs** | | |
| 3 Parcel 3 Office Space | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 |
| 1 **Ph03 Professional Fees** | | |
| 3 Architect + Engineer | 0 | 0 |
| 3 Legal | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | |
| 1 Marketing | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 |
| 1 Parcel 2 Office Space | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | |
| 2 Marketing | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | |
| 3 Marketing | 0 | 0 |
| 3 Leasing Legal Fees | 0 | 0 |



WMATA-INV 006718

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 1 **Ph02 Acquisition Costs** | | |
| 2 WMATA PARCEL 1 PRICE | 0 | 0 |
| 2 DC Purchase Recordation Ta | 0 | 0 |
| 2 WMATA Acquisition Legal | 0 | 0 |
| 2 Third Party Reports | 0 | 0 |
| 2 Title Insurance | 0 | 0 |
| 1 **Ph03 Acquisition Costs** | | |
| 3 WMATA PARCEL 3 PRICE | 0 | 0 |
| 3 Arts Credits (assume no bonu | 0 | 0 |
| 3 DC Purchase Recordation Ta | 0 | 0 |
| 3 WMATA Acquisition Legal | 0 | 0 |
| 3 Third Party Reports | 0 | 0 |
| 3 Title Insurance | 0 | 0 |
| 1 **Ph01 Construction Costs** | | |
| 1 Metro Site Work | 0 | 0 |
| 1 Parcel 2 Office Space | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 |
| 1 Insurance | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 |
| 1 Contingency | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 **Ph01 TI Costs** | | |
| 1 Parcel 2 Office Space | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 |
| 1 **Ph01 Professional Fees** | | |
| 1 Architect + Engineer | 0 | 0 |
| 1 Legal | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 |
| 1 **Ph02 Construction Costs** | | |
| 2 Metro Site Work | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 |
| 2 Insurance | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 |
| 2 Contingency | 0 | 0 |
| 2 Permits | 0 | 0 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 006719

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022<br>(51,193,489) | 181:Oct 2022<br>(47,630,963) |
|---|---|---|
| 1 **Ph01 Revenue** | | |
| 1 Parcel 2 Office Space | 3,012,221 | 0 |
| 1 Parcel 2 Underground Parkin | 159,726 | 0 |
| 1 Parcel 2 Retail Space | 783,585 | 0 |
| 1 Parcel 2 Office Space | 0 | 46,681,782 |
| 1 Parcel 2 Underground Parkin | 0 | 2,475,353 |
| 1 Parcel 2 Retail Space | 0 | 12,143,583 |
| 1 **Ph01 Disposal Costs** | | |
| 1 Sales Agent Fee | 0 | (2,758,532) |
| 1 **Ph02 Revenue** | | |
| 2 Parcel 1 Retail Space | 280,730 | 0 |
| 2 Parcel 1 Retail Space | 0 | 4,415,368 |
| 1 **Ph02 Disposal Costs** | | |
| 2 Sales Agent Fee | 0 | (198,692) |
| 1 **Ph03 Revenue** | | |
| 3 Parcel 3 Office Space | 2,573,476 | 0 |
| 3 Parcel 3 Underground Parkin | 123,573 | 0 |
| 3 Parcel 3 Retail Space | 456,718 | 0 |
| 3 Parcel 3 Office Space | 0 | 39,882,337 |
| 3 Parcel 3 Underground Parkin | 0 | 1,915,067 |
| 3 Parcel 3 Retail Space | 0 | 7,077,974 |
| 1 **Ph03 Disposal Costs** | | |
| 3 Sales Agent Fee | 0 | (2,199,392) |
| 1 **Ph01 Acquisition Costs** | | |
| 1 WMATA PARCEL 2 PRICE | 0 | 0 |
| 1 8th Street Land Option (Year | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 |
| 1 8th Street Resubordination F | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 |
| 1 DC Purchase Recordation Ta | 0 | 0 |
| 1 WMATA Acquisition Legal | 0 | 0 |
| 1 Third Party Reports | 0 | 0 |
| 1 Title Insurance | 0 | 0 |



WMATA-INV 006720

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | **5,457,753** | **5,807,766** | **5,988,029** | **2,685,300** | **6,565,945** | **6,762,924** | **6,965,811** | **7,174,786** |
| Finance Costs (All Loans) | (1,367,932) | 0 | 0 | 0 | (210,673) | (81,712) | (138) | 0 |
| **Period Total After Finance** | **1,239,792** | **1,569,622** | **1,797,005** | **(1,455,198)** | **2,268,954** | **2,652,988** | **2,999,745** | **3,275,655** |
| Cumulative Total C/f Annual | (64,302,260) | (62,732,638) | (60,935,633) | (62,390,831) | (60,121,877) | (57,468,889) | (54,469,145) | (51,193,489) |



WMATA-INV 006721

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Development Manage** | | | | | | | | |
| 1 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Development Manage** | | | | | | | | |
| 2 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Development Manage** | | | | | | | | |
| 3 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 006722

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | |
| 2 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Construction Costs** | | | | | | | | |
| 3 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | |
| 3 Parcel 3 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Professional Fees** | | | | | | | | |
| 3 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | |
| 1 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | |
| 2 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | |
| 3 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 006723

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | |
| 2 WMATA PARCEL 1 PRICE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 DC Purchase Recordation Ta | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Title Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Acquisition Costs** | | | | | | | | |
| 3 WMATA PARCEL 3 PRICE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 DC Purchase Recordation Ta | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Title Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Construction Costs** | | | | | | | | |
| 1 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | |
| 1 Parcel 2 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Professional Fees** | | | | | | | | |
| 1 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Construction Costs** | | | | | | | | |
| 2 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 006724

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 (65,542,053) | 096:Sep 2015 (64,302,260) | 108:Sep 2016 (62,732,638) | 120:Sep 2017 (60,935,633) | 132:Sep 2018 (62,390,831) | 144:Sep 2019 (60,121,877) | 156:Sep 2020 (57,468,889) | 168:Sep 2021 (54,469,145) |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | |
| 1 Parcel 2 Office Space | 2,377,875 | 2,449,212 | 2,522,688 | 2,598,369 | 2,676,320 | 2,756,609 | 2,839,307 | 2,924,487 |
| 1 Parcel 2 Underground Parkin | 126,089 | 129,872 | 133,768 | 137,781 | 141,915 | 146,172 | 150,557 | 155,074 |
| 1 Parcel 2 Retail Space | 618,570 | 637,127 | 656,240 | 675,928 | 696,205 | 717,092 | 738,604 | 760,762 |
| 1 Parcel 2 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | |
| 1 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | |
| 2 Parcel 1 Retail Space | 221,610 | 228,259 | 235,107 | 242,160 | 249,425 | 256,907 | 264,614 | 272,553 |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | |
| 2 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | |
| 3 Parcel 3 Office Space | 2,031,525 | 2,092,471 | 2,155,245 | 2,219,903 | 2,286,500 | 2,355,095 | 2,425,748 | 2,498,520 |
| 3 Parcel 3 Underground Parkin | 97,550 | 100,476 | 103,490 | 106,595 | 109,793 | 113,087 | 116,479 | 119,974 |
| 3 Parcel 3 Retail Space | 360,538 | 371,354 | 382,494 | 393,969 | 405,788 | 417,962 | 430,501 | 443,416 |
| 3 Parcel 3 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | |
| 3 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | |
| 1 WMATA PARCEL 2 PRICE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street Land Option (Year | 0 | 0 | 0 | (3,420,000) | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | (200,004) | (200,004) | (200,004) | (200,004) | 0 | 0 | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | (175,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 DC Purchase Recordation Ta | 0 | 0 | 0 | (51,300) | 0 | 0 | 0 | 0 |
| 1 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Title Insurance | (1,000) | (1,000) | (1,000) | (18,100) | 0 | 0 | 0 | 0 |



WMATA-INV 006725

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**Detailed Cash Flow (Merged Phases)**



| | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | | 0 | **(612,004)** | **(1,825,047)** | **(1,775,904)** | **(14,863,075)** | **(27,971,028)** | **(12,950,564)** |
| Finance Costs (All Loans) | (7,204,885) | | (83,218) | (102,602) | (143,424) | (240,124) | (1,397,635) | (3,577,428) |
| **Period Total After Finance** | **61,488,319** | **0** | **(695,222)** | **(1,927,649)** | **(1,919,327)** | **(15,103,199)** | **(29,368,663)** | **(16,527,992)** |
| Cumulative Total C/f Annual | 61,488,319 | 0 | (695,222) | (2,622,871) | (4,542,198) | (19,645,397) | (49,014,061) | (65,542,053) |



WMATA-INV 006726

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Office Space | YN | **(1,089,164)** | 0 | 0 | 0 | 0 | 0 | 0 | (1,089,164) |
| 3 Parcel 3 Underground Parkin | YN | **(54,684)** | 0 | 0 | 0 | 0 | 0 | 0 | (54,684) |
| 3 Parcel 3 Retail Space | YN | **(202,111)** | 0 | 0 | 0 | 0 | 0 | 0 | (202,111) |
| 1 **Ph01 Development Management Fee** | | | | | | | | | |
| 1 Dev. Management Fee | YN | **(904,718)** | 0 | 0 | (160,839) | (241,258) | (241,258) | (241,258) | (20,105) |
| 1 **Ph02 Development Management Fee** | | | | | | | | | |
| 2 Dev. Management Fee | YN | **(42,664)** | 0 | 0 | (7,585) | (11,377) | (11,377) | (11,377) | (948) |
| 1 **Ph03 Development Management Fee** | | | | | | | | | |
| 3 Dev. Management Fee | YN | **(756,038)** | 0 | 0 | (134,407) | (201,610) | (201,610) | (201,610) | (16,801) |



WMATA-INV 006727

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 2 Permits | YN | (14,969) | 0 | 0 | 0 | 0 | (14,969) | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | | |
| 2 Parcel 1 Retail Space | YY | (284,739) | 0 | 0 | 0 | 0 | 0 | (284,739) | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | | |
| 2 Architect + Engineer | YN | (93,604) | 0 | 0 | (46,802) | (46,802) | 0 | 0 | 0 |
| 2 Legal | YN | (11,227) | 0 | 0 | (3,208) | (4,811) | (3,208) | 0 | 0 |
| 2 Soft Cost Contingency | YN | (32,354) | 0 | (1,458) | (11,118) | (10,401) | (8,068) | (1,266) | (44) |
| 1 **Ph03 Construction Costs** | | | | | | | | | |
| 3 Metro Site Work | YN | (1,839,000) | 0 | 0 | 0 | 0 | (1,839,000) | 0 | 0 |
| 3 Parcel 3 Office Space | YY | (9,775,813) | 0 | 0 | 0 | 0 | (1,280,718) | (8,210,630) | (284,465) |
| 3 Parcel 3 Underground Parkin | YY | (1,354,096) | 0 | 0 | 0 | 0 | (177,399) | (1,137,295) | (39,403) |
| 3 Parcel 3 Retail Space | YY | (1,253,506) | 0 | 0 | 0 | 0 | (164,220) | (1,052,810) | (36,476) |
| 3 Insurance | YN | (71,112) | 0 | 0 | 0 | 0 | (17,307) | (52,004) | (1,802) |
| 3 Real Estate Tax During Cons | YN | (97,000) | 0 | 0 | 0 | 0 | (22,824) | (68,471) | (5,706) |
| 3 Contingency | YN | (1,422,242) | 0 | 0 | 0 | 0 | (189,302) | (1,192,317) | (40,622) |
| 3 Permits | YN | (50,000) | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 3 Permits | YN | (213,336) | 0 | 0 | 0 | 0 | (213,336) | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | | |
| 3 Parcel 3 Office Space | YY | (4,236,294) | 0 | 0 | 0 | 0 | 0 | 0 | (4,236,294) |
| 3 Parcel 3 Retail Space | YY | (571,790) | 0 | 0 | 0 | 0 | 0 | 0 | (571,790) |
| 1 **Ph03 Professional Fees** | | | | | | | | | |
| 3 Architect + Engineer | YN | (685,000) | 0 | 0 | (342,500) | (342,500) | 0 | 0 | 0 |
| 3 Legal | YN | (213,336) | 0 | 0 | (60,953) | (91,430) | (60,953) | 0 | 0 |
| 3 Soft Cost Contingency | YN | (138,278) | 0 | (7,500) | (47,845) | (43,393) | (34,160) | (5,200) | (180) |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | | |
| 1 Marketing | YN | (50,000) | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 1 Leasing Legal Fees | YN | (58,610) | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 1 Parcel 2 Office Space | YN | (1,274,853) | 0 | 0 | 0 | 0 | 0 | 0 | (1,274,853) |
| 1 Parcel 2 Underground Parkin | YN | (70,683) | 0 | 0 | 0 | 0 | 0 | 0 | (70,683) |
| 1 Parcel 2 Retail Space | YN | (346,758) | 0 | 0 | 0 | 0 | 0 | 0 | (346,758) |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | | |
| 2 Marketing | YN | (50,000) | 0 | 0 | 0 | 0 | (18,182) | (31,818) | 0 |
| 2 Leasing Legal Fees | YN | (58,610) | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 2 Parcel 1 Retail Space | YN | (122,408) | 0 | 0 | 0 | 0 | 0 | (122,408) | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | | |
| 3 Marketing | YN | (50,000) | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 3 Leasing Legal Fees | YN | (58,610) | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |



WMATA-INV 006728

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | | |
| 2 WMATA PARCEL 1 PRICE | YN | **(590,000)** | 0 | 0 | 0 | 0 | (590,000) | 0 | 0 |
| 2 DC Purchase Recordation Ta | YN | **(8,850)** | 0 | 0 | 0 | 0 | (8,850) | 0 | 0 |
| 2 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 2 Title Insurance | YN | **(2,950)** | 0 | 0 | 0 | 0 | (2,950) | 0 | 0 |
| 1 **Ph03 Acquisition Costs** | | | | | | | | | |
| 3 WMATA PARCEL 3 PRICE | YN | **(2,700,000)** | 0 | 0 | 0 | 0 | (2,700,000) | 0 | 0 |
| 3 Arts Credits (assume no bonu | YN | **(239,325)** | 0 | 0 | 0 | 0 | (239,325) | 0 | 0 |
| 3 DC Purchase Recordation Ta | YN | **(44,090)** | 0 | 0 | 0 | 0 | (44,090) | 0 | 0 |
| 3 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 3 Title Insurance | YN | **(14,697)** | 0 | 0 | 0 | 0 | (14,697) | 0 | 0 |
| 1 **Ph01 Construction Costs** | | | | | | | | | |
| 1 Metro Site Work | YN | **(1,500,000)** | 0 | 0 | 0 | 0 | (1,500,000) | 0 | 0 |
| 1 Parcel 2 Office Space | YY | **(11,595,394)** | 0 | 0 | 0 | 0 | (1,519,099) | (9,738,882) | (337,413) |
| 1 Parcel 2 Underground Parkin | YY | **(1,752,360)** | 0 | 0 | 0 | 0 | (229,575) | (1,471,794) | (50,992) |
| 1 Parcel 2 Retail Space | YY | **(2,150,624)** | 0 | 0 | 0 | 0 | (281,751) | (1,806,292) | (62,581) |
| 1 Insurance | YN | **(84,992)** | 0 | 0 | 0 | 0 | (17,652) | (65,085) | (2,255) |
| 1 Real Estate Tax During Cons | YN | **(150,000)** | 0 | 0 | 0 | 0 | (35,294) | (105,882) | (8,824) |
| 1 Contingency | YN | **(1,699,838)** | 0 | 0 | 0 | 0 | (226,250) | (1,425,036) | (48,551) |
| 1 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 1 Permits | YN | **(254,976)** | 0 | 0 | 0 | 0 | (254,976) | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | | |
| 1 Parcel 2 Office Space | YY | **(4,958,530)** | 0 | 0 | 0 | 0 | 0 | 0 | (4,958,530) |
| 1 Parcel 2 Retail Space | YY | **(981,013)** | 0 | 0 | 0 | 0 | 0 | 0 | (981,013) |
| 1 **Ph01 Professional Fees** | | | | | | | | | |
| 1 Architect + Engineer | YN | **(841,000)** | 0 | 0 | (420,500) | (420,500) | 0 | 0 | 0 |
| 1 Legal | YN | **(254,976)** | 0 | 0 | (72,850) | (109,275) | (72,850) | 0 | 0 |
| 1 Soft Cost Contingency | YN | **(163,594)** | 0 | (6,827) | (53,534) | (50,921) | (44,659) | (7,392) | (260) |
| 1 **Ph02 Construction Costs** | | | | | | | | | |
| 2 Metro Site Work | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 2 Parcel 1 Retail Space | YY | **(698,440)** | 0 | 0 | 0 | 0 | (193,363) | (505,078) | 0 |
| 2 Insurance | YN | **(3,742)** | 0 | 0 | 0 | 0 | (1,217) | (2,525) | 0 |
| 2 Real Estate Tax During Cons | YN | **(12,500)** | 0 | 0 | 0 | 0 | (4,545) | (7,955) | 0 |
| 2 Contingency | YN | **(74,844)** | 0 | 0 | 0 | 0 | (20,889) | (53,955) | 0 |
| 2 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |



WMATA-INV 006729

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| Period ending<br>AnnualB/F | SET<br>Int Inf | TOTALS | 000:Sep 2007 | 012:Sep 2008<br>0 | 024:Sep 2009<br>(695,222) | 036:Sep 2010<br>(2,622,871) | 048:Sep 2011<br>(4,542,198) | 060:Sep 2012<br>(19,645,397) | 072:Sep 2013<br>(49,014,061) |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | | |
| 1 Parcel 2 Office Space | YN | **24,738,475** | 0 | 0 | 0 | 0 | 0 | 0 | 581,388 |
| 1 Parcel 2 Underground Parkin | YN | **1,373,443** | 0 | 0 | 0 | 0 | 0 | 0 | 92,486 |
| 1 Parcel 2 Retail Space | YN | **6,737,832** | 0 | 0 | 0 | 0 | 0 | 0 | 453,718 |
| 1 Parcel 2 Office Space | YN | **46,681,782** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | YN | **2,475,353** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | YN | **12,143,583** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | | |
| 1 Sales Agent Fee | YN | **(2,758,532)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | | |
| 2 Parcel 1 Retail Space | YN | **2,519,909** | 0 | 0 | 0 | 0 | 0 | 53,389 | 215,156 |
| 2 Parcel 1 Retail Space | YN | **4,415,368** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | | |
| 2 Sales Agent Fee | YN | **(198,692)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | | |
| 3 Parcel 3 Office Space | YN | **21,135,187** | 0 | 0 | 0 | 0 | 0 | 0 | 496,705 |
| 3 Parcel 3 Underground Parkin | YN | **1,062,569** | 0 | 0 | 0 | 0 | 0 | 0 | 71,552 |
| 3 Parcel 3 Retail Space | YN | **3,927,193** | 0 | 0 | 0 | 0 | 0 | 0 | 264,453 |
| 3 Parcel 3 Office Space | YN | **39,882,337** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | YN | **1,915,067** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | YN | **7,077,974** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | | |
| 3 Sales Agent Fee | YN | **(2,199,392)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | | |
| 1 WMATA PARCEL 2 PRICE | YN | **(1,600,000)** | 0 | 0 | 0 | 0 | (1,600,000) | 0 | 0 |
| 1 8th Street Land Option (Year | YN | **(3,420,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | YN | **(325,000)** | 0 | (318,750) | (6,250) | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | YN | **(600,000)** | 0 | 0 | (150,000) | (150,000) | (150,000) | (150,000) | 0 |
| 1 8th St Ground Lease Renewal | YN | **(1,000,020)** | 0 | 0 | 0 | 0 | 0 | 0 | (200,004) |
| 1 Arts Credits (assume no bonu | YN | **(300,000)** | 0 | 0 | 0 | 0 | (300,000) | 0 | 0 |
| 1 8th St Combination Fee | YN | **(30,000)** | 0 | 0 | (30,000) | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | YN | **(175,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | YN | **(203,500)** | 0 | (50,875) | (50,875) | (50,875) | (50,875) | 0 | 0 |
| 1 DC Purchase Recordation Ta | YN | **(79,800)** | 0 | 0 | 0 | 0 | (28,500) | 0 | 0 |
| 1 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 1 Title Insurance | YN | **(36,225)** | 0 | (1,594) | (781) | (750) | (10,250) | (750) | (1,000) |



WMATA-INV 006730

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

| Escalation on Capitalized Rent | | Unescalated | Escalation | Total |
|---|---|---|---|---|
| Parcel 2 Office Space | Office Rent at 3.00% | 30,634,936 | 16,046,846 | 46,681,782 |
| Parcel 2 Underground Parking | Office Rent at 3.00% | 1,624,451 | 850,902 | 2,475,353 |
| Parcel 2 Retail Space | Office Rent at 3.00% | 7,969,231 | 4,174,353 | 12,143,583 |
| Parcel 1 Retail Space | Office Rent at 3.00% | 2,855,077 | 1,560,291 | 4,415,368 |
| Parcel 3 Office Space | Office Rent at 3.00% | 26,172,798 | 13,709,539 | 39,882,337 |
| Parcel 3 Underground Parking | Office Rent at 3.00% | 1,256,763 | 658,303 | 1,915,067 |
| Parcel 3 Retail Space | Office Rent at 3.00% | 4,644,923 | 2,433,051 | 7,077,974 |

| Inflation on Construction Costs | | Uninflated | Inflation | Total |
|---|---|---|---|---|
| Parcel 2 Office Space | Construction CPI at 3.00% | 10,190,205 | 1,405,189 | 11,595,394 |
| Parcel 2 Underground Parking | Construction CPI at 3.00% | 1,540,000 | 212,360 | 1,752,360 |
| Parcel 2 Retail Space | Construction CPI at 3.00% | 1,890,000 | 260,624 | 2,150,624 |
| Parcel 1 Retail Space | Construction CPI at 3.00% | 618,600 | 79,840 | 698,440 |
| Parcel 3 Office Space | Construction CPI at 3.00% | 8,591,130 | 1,184,683 | 9,775,813 |
| Parcel 3 Underground Parking | Construction CPI at 3.00% | 1,190,000 | 164,096 | 1,354,096 |
| Parcel 3 Retail Space | Construction CPI at 3.00% | 1,101,600 | 151,906 | 1,253,506 |



WMATA-INV 006731

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

| | | | |
|---|---|---|---|
| Dev. Management Fee | 5.00% | 904,718 | |
| Dev. Management Fee | 5.00% | 42,664 | |
| Dev. Management Fee | 5.00% | 756,038 | |
| | | | 1,703,419 |
| **FINANCE** | | | |
| Interest paid to Debt Sources: | | | |
| Development Loan (8.00%) | 407,815 | | |
| Construction Loan (8.00%) | 6,647,070 | | |
| Total Interest paid to debt financing | | 7,054,885 | |
| Mortgage Interest (7.00%) | | 35,542,366 | |
| Total Interest Paid | | 42,597,251 | |
| Debt Financing Fees | | | |
| Development Loan - Legal (Single) | 50,000 | | |
| Construction Loan - Legal Fees (Single) | 100,000 | | |
| Total Debt Financing Fees | | 150,000 | |
| Total Finance Cost | | | 42,747,251 |
| **TOTAL COSTS** | | | **114,597,752** |
| **PROFIT** | | | |
| Developer Equity | | | |
| Residual Percentage (50.00%) | 24,760,046 | | |
| Preferred Return (10.00%) | 3,760,371 | | |
| | | 28,520,417 | |
| Investor Equity | | | |
| Residual Percentage (50.00%) | 24,760,046 | | |
| Preferred Return (10.00%) | 8,207,857 | | |
| | | 32,967,903 | |
| | | | **61,488,319** |
| **Performance Measures** | | | |
| Profit on Cost% | 53.66% | | |
| Profit on GDV% | 53.66% | | |
| Development Yield% (on Rent) | 6.50% | | |
| Pre-Finance IRR% | 11.84% | | |
| Project IRR% (with Interest) | 13.61% | | |
| Equity IRR% (with Interest) | 21.25% | | |

‡ Inflation/Escalation applied



WMATA-INV 006732

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

| | | | |
|---|---|---|---|
| Permits | 2.00% | 14,969 | |
| Permits | | 50,000 | |
| Permits | 1.50% | 213,336 | |
| | | | 7,219,204 |
| **Other Construction** | | | |
| Insurance | 0.50% | 84,992 | |
| Insurance | 0.50% | 3,742 | |
| Insurance | 0.50% | 71,112 | |
| | | | 159,846 |
| **Municipal Costs** | | | |
| Real Estate Tax During Construction | | 150,000 | |
| Real Estate Tax During Construction | | 12,500 | |
| Real Estate Tax During Construction | | 97,000 | |
| | | | 259,500 |
| **TI Costs** | | | |
| TI Cost Area Rate - Parcel 2 Office Space | 60.00 pf² | 4,958,530 | |
| TI Cost Area Rate - Parcel 2 Retail Space | 60.00 pf² | 981,013 | |
| TI Cost Area Rate - Parcel 1 Retail Space | 60.00 pf² | 284,739 | |
| TI Cost Area Rate - Parcel 3 Office Space | 60.00 pf² | 4,236,294 | |
| TI Cost Area Rate - Parcel 3 Retail Space | 60.00 pf² | 571,790 | |
| | | | 11,032,366 |
| **PROFESSIONAL FEES** | | | |
| Architect + Engineer | | 1,619,604 | |
| Legal | 1.50% | 479,538 | |
| Soft Cost Contingency | 10.00% | 163,594 | |
| Soft Cost Contingency | 10.00% | 32,354 | |
| Soft Cost Contingency | 10.00% | 138,278 | |
| | | | 2,433,369 |
| **MARKETING & LEASING** | | | |
| Marketing | | 150,000 | |
| Leasing Legal Fees | 2.00% | 175,831 | |
| **Leasing Commissions** | | | |
| Parcel 2 Office Space | | 1,274,853 | |
| Parcel 2 Underground Parking | | 70,683 | |
| Parcel 2 Retail Space | | 346,758 | |
| Parcel 1 Retail Space | | 122,408 | |
| Parcel 3 Office Space | | 1,089,164 | |
| Parcel 3 Underground Parking | | 54,684 | |
| Parcel 3 Retail Space | | 202,111 | |
| | | | 3,486,491 |
| **DISPOSAL FEES** | | | |
| Sales Agent Fee | 4.50% | 5,156,616 | |
| | | | 5,156,616 |
| **Additional Costs** | | | |



WMATA-INV 006733

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**DEVELOPMENT COSTS**

| | | | | |
|---|---|---|---|---|
| **ACQUISITION COSTS** | | | | |
| WMATA PARCEL 2 PRICE | | 1,600,000 | | |
| 8th Street Land Option (Year 10) | | 3,420,000 | | |
| 8th St 1st Year Ground Lease | | 325,000 | | |
| 8th St Ground Lease Renewal 1-4 | | 600,000 | | |
| 8th St Ground Lease Renewal 5-9 | | 1,000,020 | | |
| Arts Credits (assume no bonus) | | 300,000 | | |
| 8th St Combination Fee | | 30,000 | | |
| 8th Street Resubordination Fee | | 175,000 | | |
| 8th Street RE Tax pre-construction | | 203,500 | | |
| WMATA PARCEL 1 PRICE | | 590,000 | | |
| WMATA PARCEL 3 PRICE | | 2,700,000 | | |
| Arts Credits (assume no bonus) | | 239,325 | | |
| Total Acquisition (0.92 Acres $12,155,266.30 pAcre) | | | 11,182,845 | |
| DC Purchase Recordation Tax | | 1.50% | 123,890 | |
| DC Purchase Recordation Tax | | 1.50% | 8,850 | |
| WMATA Acquisition Legal Fees | | | 300,000 | |
| Third Party Reports | | | 150,000 | |
| Title Insurance | | 0.50% | 50,922 | |
| Title Insurance | | 0.50% | 2,950 | |
| | | | | 11,819,457 |
| **CONSTRUCTION COSTS** | | | | |
| **Construction** | **ft²** | **Rate ft²** | **Cost** | |
| ‡ Parcel 2 Office Space | 75,483 | $135.00 | 11,595,394 | |
| ‡ Parcel 2 Underground Parking | 19,885 | $77.45 | 1,752,360 | |
| ‡ Parcel 2 Retail Space | 14,000 | $135.00 | 2,150,624 | |
| ‡ Parcel 1 Retail Space | 4,124 | $150.00 | 698,440 | |
| ‡ Parcel 3 Office Space | 63,638 | $135.00 | 9,775,813 | |
| ‡ Parcel 3 Underground Parking | 15,955 | $74.58 | 1,354,096 | |
| ‡ Parcel 3 Retail Space | 8,160 | $135.00 | 1,253,506 | |
| Totals | 201,245 | | 28,580,233 | **28,580,233** |
| Contingency | | 10.00% | 1,699,838 | |
| Contingency | | 10.00% | 74,844 | |
| Contingency | | 10.00% | 1,422,242 | |
| Metro Site Work | | | 1,500,000 | |
| Metro Site Work | | | 50,000 | |
| Metro Site Work | | | 1,839,000 | |
| Permits | | | 50,000 | |
| Permits | | 1.50% | 254,976 | |
| Permits | | | 50,000 | |



WMATA-INV 006734

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**Project Pro Forma for Merged Phases 1 2 3**

**REVENUE**

| Rental Area Summary | ft² | Rate ft² | Rent at Lease Start | Rent At Sale |
|---|---|---|---|---|
| ‡ Parcel 2 Office Space | 70,763 | $42.00 | 3,470,971 | 4,528,830 |
| ‡ Parcel 2 Underground Parking | 19,885 | $5.31 | 123,315 | 160,898 |
| ‡ Parcel 2 Retail Space | 14,000 | $37.00 | 604,958 | 789,333 |
| ‡ Parcel 1 Retail Space | 4,124 | $45.00 | 213,554 | 286,999 |
| ‡ Parcel 3 Office Space | 60,456 | $42.00 | 2,965,406 | 3,869,182 |
| ‡ Parcel 3 Underground Parking | 15,955 | $5.12 | 95,403 | 124,479 |
| ‡ Parcel 3 Retail Space | 8,160 | $37.00 | 352,604 | 460,068 |
| Totals | 193,343 | | 7,826,211 | 10,219,789 |

| Investment Valuation | | | | |
|---|---|---|---|---|
| **Parcel 2 Office Space** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 3,034,316 | Cap Rate | 6.5000% | 46,681,782 |
| **Parcel 2 Underground Parking** | | | | |
| Capitalized Rent | 160,898 | Cap Rate | 6.5000% | 2,475,353 |
| **Parcel 2 Retail Space** | | | | |
| Capitalized Rent | 789,333 | Cap Rate | 6.5000% | 12,143,583 |
| **Parcel 1 Retail Space** | | | | |
| Capitalized Rent | 286,999 | Cap Rate | 6.5000% | 4,415,368 |
| **Parcel 3 Office Space** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 2,592,352 | Cap Rate | 6.5000% | 39,882,337 |
| **Parcel 3 Underground Parking** | | | | |
| Capitalized Rent | 124,479 | Cap Rate | 6.5000% | 1,915,067 |
| **Parcel 3 Retail Space** | | | | |
| Capitalized Rent | 460,068 | Cap Rate | 6.5000% | 7,077,974 |
| | | | | **114,591,464** |

| Income from Tenants | | |
|---|---|---|
| Parcel 2 Office Space | 24,738,475 | |
| Parcel 2 Underground Parking | 1,373,443 | |
| Parcel 2 Retail Space | 6,737,832 | |
| Parcel 1 Retail Space | 2,519,909 | |
| Parcel 3 Office Space | 21,135,187 | |
| Parcel 3 Underground Parking | 1,062,569 | |
| Parcel 3 Retail Space | 3,927,193 | |
| | | 61,494,608 |
| **TOTAL PROJECT REVENUE** | | **176,086,071** |



WMATA-INV 006735

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**(Merged Phases)**



| Source of Funds | Combined Sources |
|---|---|
| Type | Scenario |
| Heading | |
| Auto Project Contribution | 0 |
| Tuned Contribution Project | 0 |
| Total Contribution | 0 |
| Non-Mortgage Interest and Fees | 0 |
| Auto Repayment | 0 |
| Tuned Repayment Project | 0 |
| Total Repayment | 0 |
| Profit Participation | 47,780,264 |
| Net Cash Flow (IRR) | 47,780,264 |
| Net Cash Flow (Equity Risk) | 47,780,264 |
| Cumulative Net Cash Flow | [illegible] |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 16.0% |



WMATA-INV 006736

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Auto Project Contribution | 0 | 0 | (3,505,150) | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **(3,505,150)** | **0** | **0** | **0** | **0** | **0** |
| Non-Mortgage Interest and Fees | 0 | 0 | 0 | (193,138) | (39,188) | 0 | 0 | 0 |
| Auto Repayment | 0 | 0 | 159,632 | 2,080,030 | 1,497,813 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **159,632** | **2,080,030** | **1,497,813** | **0** | **0** | **0** |
| **Profit Participation** | **1,216,471** | **1,447,466** | **1,513,259** | **0** | **811,864** | **2,545,897** | **2,789,408** | **3,039,726** |
| **Net Cash Flow (IRR)** | **1,216,471** | **1,447,466** | **(1,832,259)** | **1,886,893** | **2,270,490** | **2,545,897** | **2,789,408** | **3,039,726** |
| Net Cash Flow (Equity IRR) | 1,216,471 | 1,447,466 | 1,513,259 | 0 | 811,864 | 2,545,897 | 2,789,408 | 3,039,726 |
| **Cumulative Net Cash Flow** | **6,778,152** | **8,225,618** | **6,393,360** | **8,280,252** | **10,550,742** | **13,096,639** | **15,886,047** | **18,925,773** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 16.0% |



WMATA-INV 006737

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | (68,444,770) | (615,201) | (2,104,546) | (2,099,311) | (17,862,517) | (32,320,875) | (9,886,920) | (50,251) |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(68,444,770)** | **(615,201)** | **(2,104,546)** | **(2,099,311)** | **(17,862,517)** | **(32,320,875)** | **(9,886,920)** | **(50,251)** |
| Non-Mortgage Interest and Fees | (7,641,133) | (83,337) | (103,965) | (143,424) | (248,651) | (1,688,778) | (3,784,468) | (1,356,184) |
| Auto. Repayment | 74,035,903 | 0 | 0 | 0 | 0 | 53,389 | 3,545,030 | 66,700,009 |
| Timed Repayment: Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| **Total Repayment** | **76,085,903** | **0** | **0** | **0** | **2,050,000** | **53,389** | **3,545,030** | **66,700,009** |
| **Profit Participation** | **66,706,037** | **0** | **0** | **0** | **0** | **0** | **0** | **5,561,681** |
| **Net Cash Flow (IRR)** | **66,706,037** | **(698,538)** | **(2,208,511)** | **(2,242,734)** | **(16,061,168)** | **(33,956,264)** | **(10,126,359)** | **70,855,254** |
| Net Cash Flow (Equity IRR) | 66,706,037 | 0 | (1,129,044) | (2,099,311) | (10,867,070) | 0 | 0 | 19,657,106 |
| **Cumulative Net Cash Flow** | | **(698,538)** | **(2,907,049)** | **(5,149,783)** | **(21,210,951)** | **(55,167,215)** | **(65,293,574)** | **5,561,681** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 16.0% |



WMATA-INV 006738

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Balancing Account |
| Type | Balancing Account |

| Heading | 181<br>Oct-2022 |
|---|---|
| Timed Contribution | 0 |
| Timed Contribution: Profit | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Profit | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| **Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 006739

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Balancing Account
Type: Balancing Account

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 006740

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Balancing Account
Type: Balancing Account

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | (2,050,000) | 0 | 0 | 0 | (2,050,000) | 0 | 0 | 0 |
| Timed Contribution: Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(2,050,000)** | **0** | **0** | **0** | **(2,050,000)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **0** | **53,389** | **1,996,611** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(2,050,000)** | **53,389** | **1,996,611** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 006741

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



| Source of Funds | Mortgage |
|---|---|
| Type | Mortgage |

| | |
|---|---|
| Opening Balance | $1,586,595 |
| Interest | 359,255 |
| Plus: Draw | 61,586,595 |
| Less: Payment | 61,945,850 |
| Closing Balance | $0 |
| Net Cash Flow (IRR) | 61,945,850 |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,209 |
| Maximum Funding Amount | $69,729,752 |
| Mortgage Issued | $69,729,752 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,965 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 006742

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 69,263,052 | 68,520,992 | 67,725,289 | 66,872,065 | 65,957,161 | 64,976,118 | 63,924,156 | 62,796,147 |
| Interest | 4,824,906 | 4,771,262 | 4,713,741 | 4,652,061 | 4,585,923 | 4,515,003 | 4,438,957 | 4,357,413 |
| Principal Repaid | 742,059 | 795,703 | 853,224 | 914,904 | 981,043 | 1,051,962 | 1,128,009 | 1,209,553 |
| Total P+I Payment | 5,566,965 | 5,566,965 | 5,566,965 | 5,566,965 | 5,566,965 | 5,566,965 | 5,566,965 | 5,566,965 |
| Closing Balance | 68,520,992 | 67,725,289 | 66,872,065 | 65,957,161 | 64,976,118 | 63,924,156 | 62,796,147 | 61,586,595 |
| **Net Cash Flow (IRR)** | **5,566,965** | **5,566,965** | **5,566,965** | **5,566,965** | **5,566,965** | **5,566,965** | **5,566,965** | **5,566,965** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,209 |
| Maximum Funding Amount | $69,729,752 |
| Mortgage Issued | $69,729,752 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,965 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 006743

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Mortgage
Type: Mortgage

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 69,729,752 |
| Interest | 40,463,131 | 0 | 0 | 0 | 0 | 0 | 0 | 3,244,610 |
| Principal Repaid | 69,729,752 | 0 | 0 | 0 | 0 | 0 | 0 | 466,700 |
| Total P+I Payment | 110,192,883 | 0 | 0 | 0 | 0 | 0 | 0 | 3,711,310 |
| Closing Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 69,263,052 |
| **Net Cash Flow (IRR)** | **40,463,131** | **0** | **0** | **0** | **0** | **0** | **0** | **(66,018,442)** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,209 |
| Maximum Funding Amount | $69,729,752 |
| Mortgage Issued | $69,729,752 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,965 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 006744

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



| Source of Funds | Construction Loan |
|---|---|
| Type | Debt |

| Heading | 181<br>Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto. Project Contribution: | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment: Project | 0 |
| Auto. Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($50,708,643) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $57,890,478 |
| Total Repayment | $57,890,478 |
| Peak Financing Amount | $51,668,046 |
| Project IRR | 0.0% |



WMATA-INV 006745

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | (3,505,150) | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **(3,505,150)** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | (193,138) | (39,188) | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 159,632 | 2,080,030 | 1,497,813 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **159,632** | **2,080,030** | **1,497,813** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(3,345,518)** | **(1,458,625)** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **(3,345,518)** | **1,886,893** | **1,458,625** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **(3,345,518)** | **(1,458,625)** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($50,708,643) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $57,890,478 |
| Total Repayment | $57,890,478 |
| Peak Financing Amount | $51,668,046 |
| Project IRR | 0.0% |



WMATA-INV 006746

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (50,708,643) | 0 | 0 | 0 | (4,945,447) | (32,320,875) | (9,886,920) | (50,251) |
| **Total Contribution** | **(50,708,643)** | **0** | **0** | **0** | **(4,945,447)** | **(32,320,875)** | **(9,886,920)** | **(50,251)** |
| Total Loan Fees | (100,000) | 0 | 0 | 0 | (100,000) | 0 | 0 | 0 |
| Interest and Fees | (7,181,835) | 0 | 0 | 0 | (120,079) | (1,688,778) | (3,784,468) | (1,356,184) |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 57,890,478 | 0 | 0 | 0 | 0 | 0 | 1,548,418 | 52,604,584 |
| **Total Repayment** | **57,890,478** | **0** | **0** | **0** | **0** | **0** | **1,548,418** | **52,604,584** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(5,065,526)** | **(39,075,178)** | **(51,198,149)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(5,065,526)** | **(34,009,652)** | **(12,122,970)** | **51,198,149** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **(5,065,526)** | **(39,075,178)** | **(51,198,149)** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($50,708,643) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $57,890,478 |
| Total Repayment | $57,890,478 |
| Peak Financing Amount | $51,668,046 |
| Project IRR | 0.0% |



WMATA-INV 006747

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**(Merged Phases)**



| Source of Funds | Investor Equity |
|---|---|
| Type | Equity |
| [illegible] | [illegible] |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 0 |
| [illegible] | 23,690,132 |
| [illegible] | 23,690,132 |
| [illegible] | [illegible] |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,685,883 |
| Timed Repayment | $0 |
| Auto Repayment | $12,685,883 |
| Total Repayment | $12,685,883 |
| Peak Financing Amount | $12,685,883 |
| Profit | $34,981,595 |
| Project IRR | 23.9% |
| Return on Equity | 275.8% |



WMATA-INV 006748

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **608,236** | **723,733** | **756,630** | **0** | **405,932** | **1,272,948** | **1,394,704** | **1,519,863** |
| **Net Cash Flow (IRR)** | **608,236** | **723,733** | **756,630** | **0** | **405,932** | **1,272,948** | **1,394,704** | **1,519,863** |
| **Cumulative Net Cash Flow** | **5,017,652** | **5,741,385** | **6,498,015** | **6,498,015** | **6,903,947** | **8,176,896** | **9,571,600** | **11,091,463** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,685,883 |
| Timed Repayment | $0 |
| Auto Repayment | $12,685,883 |
| Total Repayment | $12,685,883 |
| Peak Financing Amount | $12,685,883 |
| Profit | $34,981,595 |
| Project IRR | 23.9% |
| Return on Equity | 275.8% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 237.0% |



WMATA-INV 006749

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | (12,685,883) | 0 | 0 | (1,818,812) | (10,867,070) | 0 | 0 | 0 |
| **Total Contribution** | **(12,685,883)** | **0** | **0** | **(1,818,812)** | **(10,867,070)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 12,685,883 | 0 | 0 | 0 | 0 | 0 | 0 | 12,685,883 |
| **Total Repayment** | **12,685,883** | **0** | **0** | **0** | **0** | **0** | **0** | **12,685,883** |
| **Closing Balance** | **0** | **0** | **0** | **(1,818,812)** | **(12,685,883)** | **(12,685,883)** | **(12,685,883)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **34,981,595** | **0** | **0** | **0** | **0** | **0** | **0** | **4,409,417** |
| **Net Cash Flow (IRR)** | **34,981,595** | **0** | **0** | **(1,818,812)** | **(10,867,070)** | **0** | **0** | **17,095,299** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **(1,818,812)** | **(12,685,883)** | **(12,685,883)** | **(12,685,883)** | **4,409,417** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,685,883 |
| Timed Repayment | $0 |
| Auto Repayment | $12,685,883 |
| Total Repayment | $12,685,883 |
| Peak Financing Amount | $12,685,883 |
| Profit | $34,981,595 |
| Project IRR | 23.9% |
| Return on Equity | 275.8% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 135.7% | 5.2% | 5.9% | 4.5% | 0.0% | 5.5% | 10.3% | 11.2% |



WMATA-INV 006750

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



| Source of Funds | Developer Equity |
|---|---|
| Type | Equity |
| [illegible] | [illegible] |
| Timed Contribution | 0 |
| Auto Contribution | 0 |
| Total Contribution | 0 |
| Interest | 0 |
| Timed Repayment | 0 |
| Auto Repayment | 0 |
| Total Repayment | 0 |
| Closing Balance | 0 |
| Timed Profit Participation | 0 |
| Total Profit Participation | 23,890,132 |
| Net Cash Flow (IRR) | 23,890,132 |
| Cumulative Net Cash Flow | [illegible] |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,409,543 |
| Timed Repayment | $0 |
| Auto Repayment | $1,409,543 |
| Total Repayment | $1,409,543 |
| Peak Financing Amount | $1,409,543 |
| Profit | $31,724,442 |
| Project IRR | 36.6% |
| Return on Equity | 2,250.7% |



WMATA-INV 006751

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
(Merged Phases)



Source of Funds: Developer Equity
Type: Equity

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **608,236** | **723,733** | **756,630** | **0** | **405,932** | **1,272,948** | **1,394,704** | **1,519,863** |
| **Net Cash Flow (IRR)** | **608,236** | **723,733** | **756,630** | **0** | **405,932** | **1,272,948** | **1,394,704** | **1,519,863** |
| **Cumulative Net Cash Flow** | **1,760,500** | **2,484,233** | **3,240,863** | **3,240,863** | **3,646,795** | **4,919,743** | **6,314,447** | **7,834,310** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,409,543 |
| Timed Repayment | $0 |
| Auto Repayment | $1,409,543 |
| Total Repayment | $1,409,543 |
| Peak Financing Amount | $1,409,543 |
| Profit | $31,724,442 |
| Project IRR | 36.6% |
| Return on Equity | 2,250.7% |

| CASH ON CASH: | Jan 2022 |
|---|---|
| Annual Return | * 2,132.9% |



WMATA-INV 006752

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (1,409,543) | 0 | (1,129,044) | (280,498) | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,409,543)** | **0** | **(1,129,044)** | **(280,498)** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 1,409,543 | 0 | 0 | 0 | 0 | 0 | 0 | 1,409,543 |
| **Total Repayment** | **1,409,543** | **0** | **0** | **0** | **0** | **0** | **0** | **1,409,543** |
| **Closing Balance** | **0** | **0** | **(1,129,044)** | **(1,409,543)** | **(1,409,543)** | **(1,409,543)** | **(1,409,543)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **31,724,442** | **0** | **0** | **0** | **0** | **0** | **0** | **1,152,264** |
| **Net Cash Flow (IRR)** | **31,724,442** | **0** | **(1,129,044)** | **(280,498)** | **0** | **0** | **0** | **2,561,807** |
| **Cumulative Net Cash Flow** | | **0** | **(1,129,044)** | **(1,409,543)** | **(1,409,543)** | **(1,409,543)** | **(1,409,543)** | **1,152,264** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,409,543 |
| Timed Repayment | $0 |
| Auto Repayment | $1,409,543 |
| Total Repayment | $1,409,543 |
| Peak Financing Amount | $1,409,543 |
| Profit | $31,724,442 |
| Project IRR | 36.6% |
| Return on Equity | 2,250.7% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 190.0% | 46.6% | 52.9% | 40.4% | 0.0% | 49.8% | 92.4% | 101.1% |



WMATA-INV 006753

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**(Merged Phases)**



| Source of Funds | Development Loan |
|---|---|
| Type | Debt |
| Beginning | |
| Timed Contribution | 0 |
| Auto Contribution | 0 |
| Total Contribution | 0 |
| Total Loan Fees | 0 |
| Interest Expense | 0 |
| Timed Repayment | 0 |
| Auto Repayment | 0 |
| Total Repayment | 0 |
| Closing Balance | 0 |
| Timed Equity Contribution | 0 |
| Total Equity Contribution | 0 |
| Net Cash Flow | 0 |
| Cumulative Net Cash Flow | 0 |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,590,702) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 006754

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | 96 Sep 2008 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,590,702) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 006755

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (1,590,702) | (615,201) | (975,502) | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,590,702)** | **(615,201)** | **(975,502)** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | (50,000) | (50,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | (459,298) | (83,337) | (103,965) | (143,424) | (128,572) | 0 | 0 | 0 |
| Timed Repayment: Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| Auto: Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **2,050,000** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **(698,538)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **(698,538)** | **(1,079,467)** | **(143,424)** | **1,921,428** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **(698,538)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,590,702) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 006756

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| **Period Total Before Finance** | **8,606,691** | **109,726,114** |
| Finance Costs (All Loans) | 0 | 0 |
| **Period Total After Finance** | **4,249,278** | **109,366,859** |
| Cumulative Total C/f Annual | (42,660,822) | 66,706,037 |



WMATA-INV 006757

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 3 Parcel 3 Underground Parkin | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 |
| 1 **Ph01 Development Manage** | | |
| 1 Dev. Management Fee | 0 | 0 |
| 1 **Ph02 Development Manage** | | |
| 2 Dev. Management Fee | 0 | 0 |
| 1 **Ph03 Development Manage** | | |
| 3 Dev. Management Fee | 0 | 0 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 006758

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 2 Permits | 0 | 0 |
| 1 **Ph02 TI Costs** | | |
| 2 Parcel 1 Retail Space | 0 | 0 |
| 1 **Ph02 Professional Fees** | | |
| 2 Architect + Engineer | 0 | 0 |
| 2 Legal | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 |
| 1 **Ph03 Construction Costs** | | |
| 3 Metro Site Work | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 |
| 3 FF&E | 0 | 0 |
| 3 Hotel Hard Cost | 0 | 0 |
| 3 Franchise Charge | 0 | 0 |
| 3 Insurance | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 |
| 3 Contingency | 0 | 0 |
| 3 Permits | 0 | 0 |
| 3 Permits | 0 | 0 |
| 1 **Ph03 TI Costs** | | |
| 3 Parcel 3 Retail Space | 0 | 0 |
| 1 **Ph03 Professional Fees** | | |
| 3 Architect + Engineer | 0 | 0 |
| 3 Legal | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | |
| 1 Marketing | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 |
| 1 Parcel 2 Office Space & Lob | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | |
| 2 Marketing | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | |
| 3 Marketing | 0 | 0 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 006759

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 1 **Ph02 Acquisition Costs** | | |
| 2 WMATA PARCEL 1 Land P | 0 | 0 |
| 2 DC Purchase Recordation Ta | 0 | 0 |
| 2 WMATA Acquisition Legal | 0 | 0 |
| 2 Third Party Reports | 0 | 0 |
| 2 Title Insurance | 0 | 0 |
| 1 **Ph03 Acquisition Costs** | | |
| 3 WMATA PARCEL 3 Land P | 0 | 0 |
| 3 Arts Credits (assume no bonu | 0 | 0 |
| 3 DC Purchase Recordation Ta | 0 | 0 |
| 3 WMATA Acquisition Legal | 0 | 0 |
| 3 Third Party Reports | 0 | 0 |
| 3 Title Insurance | 0 | 0 |
| 1 **Ph01 Construction Costs** | | |
| 1 Metro Site Work | 0 | 0 |
| 1 Parcel 2 Office Space & Lob | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 |
| 1 Insurance | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 |
| 1 Contingency | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 **Ph01 TI Costs** | | |
| 1 Parcel 2 Office Space & Lob | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 |
| 1 **Ph01 Professional Fees** | | |
| 1 Architect + Engineer | 0 | 0 |
| 1 Legal | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 |
| 1 **Ph02 Construction Costs** | | |
| 2 Metro Site Work | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 |
| 2 Insurance | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 |
| 2 Contingency | 0 | 0 |
| 2 Permits | 0 | 0 |



WMATA-INV 006760

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 (46,910,100) | 181:Oct 2022 (42,660,822) |
|---|---|---|
| 1 **Ph01 Revenue** | | |
| 1 Parcel 2 Office Space & Lob | 3,012,221 | 0 |
| 1 Parcel 2 Underground Parkin | 159,726 | 0 |
| 1 Parcel 2 Retail Space | 783,585 | 0 |
| 1 Parcel 2 Office Space & Lob | 0 | 46,681,782 |
| 1 Parcel 2 Underground Parkin | 0 | 2,475,353 |
| 1 Parcel 2 Retail Space | 0 | 12,143,583 |
| 1 **Ph01 Disposal Costs** | | |
| 1 Sales Agent Fee | 0 | (2,758,532) |
| 1 **Ph02 Revenue** | | |
| 2 Parcel 1 Retail Space | 280,730 | 0 |
| 2 Parcel 1 Retail Space | 0 | 4,415,368 |
| 1 **Ph02 Disposal Costs** | | |
| 2 Sales Agent Fee | 0 | (198,692) |
| 1 **Ph03 Revenue** | | |
| 3 Parcel 3 Hotel Rooms | 3,790,137 | 0 |
| 3 Parcel 3 Underground Parkin | 123,573 | 0 |
| 3 Parcel 3 Retail Space | 456,718 | 0 |
| 3 Parcel 3 Hotel Rooms | 0 | 40,187,328 |
| 3 Parcel 3 Underground Parkin | 0 | 1,915,067 |
| 3 Parcel 3 Retail Space | 0 | 7,077,974 |
| 1 **Ph03 Disposal Costs** | | |
| 3 Sales Agent Fee | 0 | (2,213,117) |
| 1 **Ph01 Acquisition Costs** | | |
| 1 WMATA PARCEL 2 Land P | 0 | 0 |
| 1 8th Street Land Option (Year | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 |
| 1 8th Street Resubordination F | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 |
| 1 DC Purchase Recordation Ta | 0 | 0 |
| 1 WMATA Acquisition Legal | 0 | 0 |
| 1 Third Party Reports | 0 | 0 |
| 1 Title Insurance | 0 | 0 |



WMATA-INV 006761

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | **6,192,997** | **6,783,437** | **7,014,432** | **3,734,707** | **7,646,996** | **7,876,643** | **8,112,862** | **8,356,373** |
| Finance Costs (All Loans) | (1,356,184) | 0 | 0 | 0 | (193,138) | (39,188) | 0 | 0 |
| **Period Total After Finance** | **1,592,202** | **1,958,531** | **2,243,169** | **(979,034)** | **2,801,797** | **3,251,532** | **3,597,859** | **3,917,417** |
| Cumulative Total C/f Annual | (63,701,371) | (61,742,840) | (59,499,671) | (60,478,705) | (57,676,908) | (54,425,376) | (50,827,517) | (46,910,100) |



WMATA-INV 006762

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Development Manage** | | | | | | | | |
| 1 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Development Manage** | | | | | | | | |
| 2 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Development Manage** | | | | | | | | |
| 3 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 006763

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | |
| 2 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Construction Costs** | | | | | | | | |
| 3 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 FF&E | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Hotel Hard Cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Franchise Charge | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Professional Fees** | | | | | | | | |
| 3 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | |
| 1 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office Space & Lob | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | |
| 2 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | |
| 3 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 006764

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | |
| 2 WMATA PARCEL 1 Land P | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 DC Purchase Recordation Ta | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Title Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Acquisition Costs** | | | | | | | | |
| 3 WMATA PARCEL 3 Land P | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 DC Purchase Recordation Ta | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Title Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Construction Costs** | | | | | | | | |
| 1 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office Space & Lob | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | |
| 1 Parcel 2 Office Space & Lob | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Professional Fees** | | | | | | | | |
| 1 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Construction Costs** | | | | | | | | |
| 2 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 006765

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 (65,293,574) | 096:Sep 2015 (63,701,371) | 108:Sep 2016 (61,742,840) | 120:Sep 2017 (59,499,671) | 132:Sep 2018 (60,478,705) | 144:Sep 2019 (57,676,908) | 156:Sep 2020 (54,425,376) | 168:Sep 2021 (50,827,517) |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | |
| 1 Parcel 2 Office Space & Lob | 2,377,875 | 2,449,212 | 2,522,688 | 2,598,369 | 2,676,320 | 2,756,609 | 2,839,307 | 2,924,487 |
| 1 Parcel 2 Underground Parkin | 126,089 | 129,872 | 133,768 | 137,781 | 141,915 | 146,172 | 150,557 | 155,074 |
| 1 Parcel 2 Retail Space | 618,570 | 637,127 | 656,240 | 675,928 | 696,205 | 717,092 | 738,604 | 760,762 |
| 1 Parcel 2 Office Space & Lob | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | |
| 1 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | |
| 2 Parcel 1 Retail Space | 221,610 | 228,259 | 235,107 | 242,160 | 249,425 | 256,907 | 264,614 | 272,553 |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | |
| 2 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | |
| 3 Parcel 3 Hotel Rooms | 2,766,769 | 3,068,142 | 3,181,648 | 3,269,309 | 3,367,550 | 3,468,814 | 3,572,798 | 3,680,108 |
| 3 Parcel 3 Underground Parkin | 97,550 | 100,476 | 103,490 | 106,595 | 109,793 | 113,087 | 116,479 | 119,974 |
| 3 Parcel 3 Retail Space | 360,538 | 371,354 | 382,494 | 393,969 | 405,788 | 417,962 | 430,501 | 443,416 |
| 3 Parcel 3 Hotel Rooms | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | |
| 3 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | |
| 1 WMATA PARCEL 2 Land P | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street Land Option (Year | 0 | 0 | 0 | (3,420,000) | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | (200,004) | (200,004) | (200,004) | (200,004) | 0 | 0 | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | (175,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 DC Purchase Recordation Ta | 0 | 0 | 0 | (51,300) | 0 | 0 | 0 | 0 |
| 1 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Title Insurance | (1,000) | (1,000) | (1,000) | (18,100) | 0 | 0 | 0 | 0 |



WMATA-INV 006766

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

**Detailed Cash Flow (Merged Phases)**



| | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | | **0** | **(615,201)** | **(2,104,546)** | **(2,099,311)** | **(15,812,517)** | **(32,267,486)** | **(6,341,891)** |
| Finance Costs (All Loans) | (7,641,133) | | (83,337) | (103,965) | (143,424) | (248,651) | (1,688,778) | (3,784,468) |
| **Period Total After Finance** | **66,706,037** | **0** | **(698,538)** | **(2,208,511)** | **(2,242,734)** | **(16,061,168)** | **(33,956,264)** | **(10,126,359)** |
| Cumulative Total C/f Annual | 66,706,037 | 0 | (698,538) | (2,907,049) | (5,149,783) | (21,210,951) | (55,167,215) | (65,293,574) |



WMATA-INV 006767

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Underground Parkin | YN | **(54,684)** | 0 | 0 | 0 | 0 | 0 | 0 | (54,684) |
| 3 Parcel 3 Retail Space | YN | **(202,111)** | 0 | 0 | 0 | 0 | 0 | 0 | (202,111) |
| 1 **Ph01 Development Management Fee** | | | | | | | | | |
| 1 Dev. Management Fee | YN | **(904,718)** | 0 | 0 | (160,839) | (241,258) | (241,258) | (241,258) | (20,105) |
| 1 **Ph02 Development Management Fee** | | | | | | | | | |
| 2 Dev. Management Fee | YN | **(42,664)** | 0 | 0 | (7,585) | (11,377) | (11,377) | (11,377) | (948) |
| 1 **Ph03 Development Management Fee** | | | | | | | | | |
| 3 Dev. Management Fee | YN | **(1,009,874)** | 0 | 0 | (179,533) | (269,300) | (269,300) | (269,300) | (22,442) |



WMATA-INV 006768

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 2 Permits | YN | **(14,969)** | 0 | 0 | 0 | 0 | (14,969) | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | | |
| 2 Parcel 1 Retail Space | YY | **(284,739)** | 0 | 0 | 0 | 0 | 0 | (284,739) | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | | |
| 2 Architect + Engineer | YN | **(93,604)** | 0 | 0 | (46,802) | (46,802) | 0 | 0 | 0 |
| 2 Legal | YN | **(11,227)** | 0 | 0 | (3,208) | (4,811) | (3,208) | 0 | 0 |
| 2 Soft Cost Contingency | YN | **(32,354)** | 0 | (1,458) | (11,118) | (10,401) | (8,068) | (1,266) | (44) |
| 1 **Ph03 Construction Costs** | | | | | | | | | |
| 3 Metro Site Work | YN | **(1,839,000)** | 0 | 0 | 0 | 0 | (1,839,000) | 0 | 0 |
| 3 Parcel 3 Underground Parkin | YY | **(1,354,096)** | 0 | 0 | 0 | 0 | (177,399) | (1,137,295) | (39,403) |
| 3 Parcel 3 Retail Space | YY | **(1,253,506)** | 0 | 0 | 0 | 0 | (164,220) | (1,052,810) | (36,476) |
| 3 FF&E | YN | **(2,900,000)** | 0 | 0 | 0 | 0 | (385,994) | (2,431,176) | (82,831) |
| 3 Hotel Hard Cost | YN | **(11,454,841)** | 0 | 0 | 0 | 0 | (1,524,653) | (9,603,012) | (327,176) |
| 3 Franchise Charge | YN | **(58,000)** | 0 | 0 | 0 | 0 | (58,000) | 0 | 0 |
| 3 Insurance | YN | **(94,007)** | 0 | 0 | 0 | 0 | (20,456) | (71,121) | (2,429) |
| 3 Real Estate Tax During Cons | YN | **(97,000)** | 0 | 0 | 0 | 0 | (22,824) | (68,471) | (5,706) |
| 3 Contingency | YN | **(1,880,144)** | 0 | 0 | 0 | 0 | (250,250) | (1,576,194) | (53,701) |
| 3 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 3 Permits | YN | **(282,022)** | 0 | 0 | 0 | 0 | (282,022) | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | | |
| 3 Parcel 3 Retail Space | YY | **(571,790)** | 0 | 0 | 0 | 0 | 0 | 0 | (571,790) |
| 1 **Ph03 Professional Fees** | | | | | | | | | |
| 3 Architect + Engineer | YN | **(1,020,000)** | 0 | 0 | (510,000) | (510,000) | 0 | 0 | 0 |
| 3 Legal | YN | **(376,029)** | 0 | 0 | (107,437) | (161,155) | (107,437) | 0 | 0 |
| 3 Soft Cost Contingency | YN | **(197,206)** | 0 | (10,696) | (68,235) | (61,885) | (48,717) | (7,417) | (257) |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | | |
| 1 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 1 Leasing Legal Fees | YN | **(58,610)** | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 1 Parcel 2 Office Space & Lob | YN | **(1,274,853)** | 0 | 0 | 0 | 0 | 0 | 0 | (1,274,853) |
| 1 Parcel 2 Underground Parkin | YN | **(70,683)** | 0 | 0 | 0 | 0 | 0 | 0 | (70,683) |
| 1 Parcel 2 Retail Space | YN | **(346,758)** | 0 | 0 | 0 | 0 | 0 | 0 | (346,758) |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | | |
| 2 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (18,182) | (31,818) | 0 |
| 2 Leasing Legal Fees | YN | **(58,610)** | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 2 Parcel 1 Retail Space | YN | **(122,408)** | 0 | 0 | 0 | 0 | 0 | (122,408) | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | | |
| 3 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |



WMATA-INV 006769

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | | |
| 2 WMATA PARCEL 1 Land P | YN | (590,000) | 0 | 0 | 0 | 0 | (590,000) | 0 | 0 |
| 2 DC Purchase Recordation Ta | YN | (8,850) | 0 | 0 | 0 | 0 | (8,850) | 0 | 0 |
| 2 WMATA Acquisition Legal | YN | (100,000) | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | YN | (50,000) | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 2 Title Insurance | YN | (2,950) | 0 | 0 | 0 | 0 | (2,950) | 0 | 0 |
| 1 **Ph03 Acquisition Costs** | | | | | | | | | |
| 3 WMATA PARCEL 3 Land P | YN | (2,700,000) | 0 | 0 | 0 | 0 | (2,700,000) | 0 | 0 |
| 3 Arts Credits (assume no bonu | YN | (239,325) | 0 | 0 | 0 | 0 | (239,325) | 0 | 0 |
| 3 DC Purchase Recordation Ta | YN | (44,090) | 0 | 0 | 0 | 0 | (44,090) | 0 | 0 |
| 3 WMATA Acquisition Legal | YN | (100,000) | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | YN | (50,000) | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 3 Title Insurance | YN | (14,697) | 0 | 0 | 0 | 0 | (14,697) | 0 | 0 |
| 1 **Ph01 Construction Costs** | | | | | | | | | |
| 1 Metro Site Work | YN | (1,500,000) | 0 | 0 | 0 | 0 | (1,500,000) | 0 | 0 |
| 1 Parcel 2 Office Space & Lob | YY | (11,595,394) | 0 | 0 | 0 | 0 | (1,519,099) | (9,738,882) | (337,413) |
| 1 Parcel 2 Underground Parkin | YY | (1,752,360) | 0 | 0 | 0 | 0 | (229,575) | (1,471,794) | (50,992) |
| 1 Parcel 2 Retail Space | YY | (2,150,624) | 0 | 0 | 0 | 0 | (281,751) | (1,806,292) | (62,581) |
| 1 Insurance | YN | (84,992) | 0 | 0 | 0 | 0 | (17,652) | (65,085) | (2,255) |
| 1 Real Estate Tax During Cons | YN | (150,000) | 0 | 0 | 0 | 0 | (35,294) | (105,882) | (8,824) |
| 1 Contingency | YN | (1,699,838) | 0 | 0 | 0 | 0 | (226,250) | (1,425,036) | (48,551) |
| 1 Permits | YN | (50,000) | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 1 Permits | YN | (254,976) | 0 | 0 | 0 | 0 | (254,976) | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | | |
| 1 Parcel 2 Office Space & Lob | YY | (4,958,530) | 0 | 0 | 0 | 0 | 0 | 0 | (4,958,530) |
| 1 Parcel 2 Retail Space | YY | (981,013) | 0 | 0 | 0 | 0 | 0 | 0 | (981,013) |
| 1 **Ph01 Professional Fees** | | | | | | | | | |
| 1 Architect + Engineer | YN | (841,000) | 0 | 0 | (420,500) | (420,500) | 0 | 0 | 0 |
| 1 Legal | YN | (254,976) | 0 | 0 | (72,850) | (109,275) | (72,850) | 0 | 0 |
| 1 Soft Cost Contingency | YN | (163,594) | 0 | (6,827) | (53,534) | (50,921) | (44,659) | (7,392) | (260) |
| 1 **Ph02 Construction Costs** | | | | | | | | | |
| 2 Metro Site Work | YN | (50,000) | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 2 Parcel 1 Retail Space | YY | (698,440) | 0 | 0 | 0 | 0 | (193,363) | (505,078) | 0 |
| 2 Insurance | YN | (3,742) | 0 | 0 | 0 | 0 | (1,217) | (2,525) | 0 |
| 2 Real Estate Tax During Cons | YN | (12,500) | 0 | 0 | 0 | 0 | (4,545) | (7,955) | 0 |
| 2 Contingency | YN | (74,844) | 0 | 0 | 0 | 0 | (20,889) | (53,955) | 0 |
| 2 Permits | YN | (50,000) | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |



WMATA-INV 006770

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

**Detailed Cash Flow (Merged Phases)**



| Period ending<br>AnnualB/F | SET<br>Int Inf | TOTALS | 000:Sep 2007<br>0 | 012:Sep 2008<br>0 | 024:Sep 2009<br>(698,538) | 036:Sep 2010<br>(2,907,049) | 048:Sep 2011<br>(5,149,783) | 060:Sep 2012<br>(21,210,951) | 072:Sep 2013<br>(55,167,215) |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | | |
| 1 Parcel 2 Office Space & Lob | YN | **24,738,475** | 0 | 0 | 0 | 0 | 0 | 0 | 581,388 |
| 1 Parcel 2 Underground Parkin | YN | **1,373,443** | 0 | 0 | 0 | 0 | 0 | 0 | 92,486 |
| 1 Parcel 2 Retail Space | YN | **6,737,832** | 0 | 0 | 0 | 0 | 0 | 0 | 453,718 |
| 1 Parcel 2 Office Space & Lob | YN | **46,681,782** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | YN | **2,475,353** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | YN | **12,143,583** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | | |
| 1 Sales Agent Fee | YN | **(2,758,532)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | | |
| 2 Parcel 1 Retail Space | YN | **2,519,909** | 0 | 0 | 0 | 0 | 0 | 53,389 | 215,156 |
| 2 Parcel 1 Retail Space | YN | **4,415,368** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | | |
| 2 Sales Agent Fee | YN | **(198,692)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | | |
| 3 Parcel 3 Hotel Rooms | YN | **32,031,551** | 0 | 0 | 0 | 0 | 0 | 0 | 1,866,277 |
| 3 Parcel 3 Underground Parkin | YN | **1,062,569** | 0 | 0 | 0 | 0 | 0 | 0 | 71,552 |
| 3 Parcel 3 Retail Space | YN | **3,927,193** | 0 | 0 | 0 | 0 | 0 | 0 | 264,453 |
| 3 Parcel 3 Hotel Rooms | YN | **40,187,328** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | YN | **1,915,067** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | YN | **7,077,974** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | | |
| 3 Sales Agent Fee | YN | **(2,213,117)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | | |
| 1 WMATA PARCEL 2 Land P | YN | **(1,600,000)** | 0 | 0 | 0 | 0 | (1,600,000) | 0 | 0 |
| 1 8th Street Land Option (Year | YN | **(3,420,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | YN | **(325,000)** | 0 | (318,750) | (6,250) | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | YN | **(600,000)** | 0 | 0 | (150,000) | (150,000) | (150,000) | (150,000) | 0 |
| 1 8th St Ground Lease Renewal | YN | **(1,000,020)** | 0 | 0 | 0 | 0 | 0 | 0 | (200,004) |
| 1 Arts Credits (assume no bonu | YN | **(300,000)** | 0 | 0 | 0 | 0 | (300,000) | 0 | 0 |
| 1 8th St Combination Fee | YN | **(30,000)** | 0 | 0 | (30,000) | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | YN | **(175,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | YN | **(203,500)** | 0 | (50,875) | (50,875) | (50,875) | (50,875) | 0 | 0 |
| 1 DC Purchase Recordation Ta | YN | **(79,800)** | 0 | 0 | 0 | 0 | (28,500) | 0 | 0 |
| 1 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 1 Title Insurance | YN | **(36,225)** | 0 | (1,594) | (781) | (750) | (10,250) | (750) | (1,000) |



WMATA-INV 006771

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

‡ Inflation/Escalation applied

| Escalation on Capitalized Rent | | Unescalated | Escalation | Total |
|---|---|---|---|---|
| Parcel 2 Office Space & Lobby | Office Rent at 3.00% | 30,634,936 | 16,046,846 | 46,681,782 |
| Parcel 2 Underground Parking | Office Rent at 3.00% | 1,624,451 | 850,902 | 2,475,353 |
| Parcel 2 Retail Space | Office Rent at 3.00% | 7,969,231 | 4,174,353 | 12,143,583 |
| Parcel 1 Retail Space | Office Rent at 3.00% | 2,855,077 | 1,560,291 | 4,415,368 |
| Parcel 3 Underground Parking | Office Rent at 3.00% | 1,256,763 | 658,303 | 1,915,067 |
| Parcel 3 Retail Space | Office Rent at 3.00% | 4,644,923 | 2,433,051 | 7,077,974 |

| Inflation on Construction Costs | | Uninflated | Inflation | Total |
|---|---|---|---|---|
| Parcel 2 Office Space & Lobby | Construction CPI at 3.00% | 10,190,205 | 1,405,189 | 11,595,394 |
| Parcel 2 Underground Parking | Construction CPI at 3.00% | 1,540,000 | 212,360 | 1,752,360 |
| Parcel 2 Retail Space | Construction CPI at 3.00% | 1,890,000 | 260,624 | 2,150,624 |
| Parcel 1 Retail Space | Construction CPI at 3.00% | 618,600 | 79,840 | 698,440 |
| Parcel 3 Underground Parking | Construction CPI at 3.00% | 1,190,000 | 164,096 | 1,354,096 |
| Parcel 3 Retail Space | Construction CPI at 3.00% | 1,101,600 | 151,906 | 1,253,506 |



WMATA-INV 006772

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

| | | | |
|---|---|---|---|
| | | | 5,170,340 |
| **Additional Costs** | | | |
| Dev. Management Fee | 5.00% | 904,718 | |
| Dev. Management Fee | 5.00% | 42,664 | |
| Dev. Management Fee | 5.00% | 1,009,874 | |
| | | | 1,957,255 |
| **FINANCE** | | | |
| Interest paid to Debt Sources: | | | |
| Development Loan (8.00%) | 409,298 | | |
| Construction Loan (8.00%) | 7,081,835 | | |
| Total Interest paid to debt financing | | 7,491,133 | |
| Mortgage Interest (7.00%) | | 40,463,131 | |
| Total Interest Paid | | 47,954,264 | |
| Debt Financing Fees | | | |
| Development Loan - Legal (Single) | 50,000 | | |
| Construction Loan - Legal Fees (Single) | 100,000 | | |
| Total Debt Financing Fees | | 150,000 | |
| Total Finance Cost | | | 48,104,264 |
| **TOTAL COSTS** | | | **120,581,389** |
| **PROFIT** | | | |
| Developer Equity | | | |
| Residual Percentage (50.00%) | 30,936,627 | | |
| Preferred Return (10.00%) | 787,816 | | |
| | | 31,724,442 | |
| Investor Equity | | | |
| Residual Percentage (50.00%) | 30,936,627 | | |
| Preferred Return (10.00%) | 4,044,968 | | |
| | | 34,981,595 | |
| | | | **66,706,037** |
| **Performance Measures** | | | |
| Profit on Cost% | 55.32% | | |
| Profit on GDV% | 58.06% | | |
| Development Yield% (on Rent) | 7.19% | | |
| Pre-Finance IRR% | 12.84% | | |
| Project IRR% (with Interest) | 16.01% | | |
| Equity IRR% (with Interest) | 27.70% | | |



WMATA-INV 006773

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

| | | | |
|---|---|---|---|
| Permits | | 50,000 | |
| Permits | 1.50% | 254,976 | |
| Permits | | 50,000 | |
| Permits | 2.00% | 14,969 | |
| Permits | | 50,000 | |
| Permits | 1.50% | 282,022 | |
| | | | 7,745,792 |
| **Other Construction** | | | |
| Insurance | 0.50% | 84,992 | |
| Insurance | 0.50% | 3,742 | |
| Insurance | 0.50% | 94,007 | |
| | | | 182,741 |
| **Municipal Costs** | | | |
| Real Estate Tax During Construction | | 150,000 | |
| Real Estate Tax During Construction | | 12,500 | |
| Real Estate Tax During Construction | | 97,000 | |
| | | | 259,500 |
| **TI Costs** | | | |
| TI Cost Area Rate - Parcel 2 Office Space & Lobby | 60.00 pf² | 4,958,530 | |
| TI Cost Area Rate - Parcel 2 Retail Space | 60.00 pf² | 981,013 | |
| TI Cost Area Rate - Parcel 1 Retail Space | 60.00 pf² | 284,739 | |
| TI Cost Area Rate - Parcel 3 Retail Space | 60.00 pf² | 571,790 | |
| | | | 6,796,072 |
| **PROFESSIONAL FEES** | | | |
| Architect + Engineer | | 1,954,604 | |
| Legal | 1.50% | 266,202 | |
| Legal | 2.00% | 376,029 | |
| Soft Cost Contingency | 10.00% | 163,594 | |
| Soft Cost Contingency | 10.00% | 32,354 | |
| Soft Cost Contingency | 10.00% | 197,206 | |
| | | | 2,989,989 |
| **MARKETING & LEASING** | | | |
| Marketing | | 150,000 | |
| Leasing Legal Fees | 2.00% | 117,220 | |
| **Leasing Commissions** | | | |
| Parcel 2 Office Space & Lobby | | 1,274,853 | |
| Parcel 2 Underground Parking | | 70,683 | |
| Parcel 2 Retail Space | | 346,758 | |
| Parcel 1 Retail Space | | 122,408 | |
| Parcel 3 Underground Parking | | 54,684 | |
| Parcel 3 Retail Space | | 202,111 | |
| | | | 2,338,718 |
| **DISPOSAL FEES** | | | |
| Sales Agent Fee | 4.50% | 5,170,340 | |



WMATA-INV 006774

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

DEVELOPMENT COSTS

| | | | | |
|---|---|---|---|---|
| **ACQUISITION COSTS** | | | | |
| WMATA PARCEL 2 Land Purchase | | | 1,600,000 | |
| 8th Street Land Option (Year 10) | | | 3,420,000 | |
| 8th St 1st Year Ground Lease | | | 325,000 | |
| 8th St Ground Lease Renewal 1-4 | | | 600,000 | |
| 8th St Ground Lease Renewal 5-9 | | | 1,000,020 | |
| Arts Credits (assume no bonus) | | | 300,000 | |
| 8th St Combination Fee | | | 30,000 | |
| 8th Street Resubordination Fee | | | 175,000 | |
| 8th Street RE Tax pre-construction | | | 203,500 | |
| WMATA PARCEL 1 Land Purchase | | | 590,000 | |
| WMATA PARCEL 3 Land Purchase | | | 2,700,000 | |
| Arts Credits (assume no bonus) | | | 239,325 | |
| Total Acquisition (0.92 Acres $12,155,266.30 pAcre) | | | 11,182,845 | |
| DC Purchase Recordation Tax | | 1.50% | 123,890 | |
| DC Purchase Recordation Tax | | 1.50% | 8,850 | |
| WMATA Acquisition Legal Fees | | | 300,000 | |
| Third Party Reports | | | 150,000 | |
| Title Insurance | | 0.50% | 50,922 | |
| Title Insurance | | 0.50% | 2,950 | |
| | | | | 11,819,457 |
| **CONSTRUCTION COSTS** | | | | |
| **Construction** | **ft²** | **Rate ft²** | **Cost** | |
| ‡ Parcel 2 Office Space & Lobby | 75,483 | $135.00 | 11,595,394 | |
| ‡ Parcel 2 Underground Parking | 19,885 | $77.45 | 1,752,360 | |
| ‡ Parcel 2 Retail Space | 14,000 | $135.00 | 2,150,624 | |
| ‡ Parcel 1 Retail Space | 4,124 | $150.00 | 698,440 | |
| Parcel 3 Hotel Rooms | | | | |
| FF&E | 145 units | $20,000.00 /un | 2,900,000 | |
| Hotel Hard Cost | 63,638 ft² | $180.00 pf² | 11,454,841 | |
| Franchise Charge | 145 units | $400.00 /un | 58,000 | |
| | | | 14,412,841 | |
| ‡ Parcel 3 Underground Parking | 15,955 | $74.58 | 1,354,096 | |
| ‡ Parcel 3 Retail Space | 8,160 | $135.00 | 1,253,506 | |
| Totals | 137,607 | | 33,217,261 | **33,217,261** |
| Contingency | | 10.00% | 1,699,838 | |
| Contingency | | 10.00% | 74,844 | |
| Contingency | | 10.00% | 1,880,144 | |
| Metro Site Work | | | 1,500,000 | |
| Metro Site Work | | | 50,000 | |
| Metro Site Work | | | 1,839,000 | |



WMATA-INV 006775

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

**Project Pro Forma for Merged Phases 1 2 3**

| REVENUE<br>Rental Area Summary | ft² | Rate ft² | Rent at Lease Start | Rent At Sale |
|---|---|---|---|---|
| ‡ Parcel 2 Office Space & Lobby | 70,763 | $42.00 | 3,470,971 | 4,528,830 |
| ‡ Parcel 2 Underground Parking | 19,885 | $5.31 | 123,315 | 160,898 |
| ‡ Parcel 2 Retail Space | 14,000 | $37.00 | 604,958 | 789,333 |
| ‡ Parcel 1 Retail Space | 4,124 | $45.00 | 213,554 | 286,999 |
| Parcel 3 Hotel Rooms | 60,456 | $41.16 | 2,488,369 | 3,817,796 |
| ‡ Parcel 3 Underground Parking | 15,955 | $5.12 | 95,403 | 124,479 |
| ‡ Parcel 3 Retail Space | 8,160 | $37.00 | 352,604 | 460,068 |
| Totals | 193,343 | | 7,349,174 | 10,168,403 |
| **Investment Valuation** | | | | |
| **Parcel 2 Office Space & Lobby** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 3,034,316 | Cap Rate | 6.5000% | 46,681,782 |
| **Parcel 2 Underground Parking** | | | | |
| Capitalized Rent | 160,898 | Cap Rate | 6.5000% | 2,475,353 |
| **Parcel 2 Retail Space** | | | | |
| Capitalized Rent | 789,333 | Cap Rate | 6.5000% | 12,143,583 |
| **Parcel 1 Retail Space** | | | | |
| Capitalized Rent | 286,999 | Cap Rate | 6.5000% | 4,415,368 |
| **Parcel 3 Hotel Rooms** | | | | |
| Capitalized Rent | 3,817,796 | Cap Rate | 9.5000% | 40,187,328 |
| **Parcel 3 Underground Parking** | | | | |
| Capitalized Rent | 124,479 | Cap Rate | 6.5000% | 1,915,067 |
| **Parcel 3 Retail Space** | | | | |
| Capitalized Rent | 460,068 | Cap Rate | 6.5000% | 7,077,974 |
| | | | | **114,896,454** |
| **Income from Tenants** | | | | |
| Parcel 2 Office Space & Lobby | | | 24,738,475 | |
| Parcel 2 Underground Parking | | | 1,373,443 | |
| Parcel 2 Retail Space | | | 6,737,832 | |
| Parcel 1 Retail Space | | | 2,519,909 | |
| Parcel 3 Hotel Rooms | | | 32,031,551 | |
| Parcel 3 Underground Parking | | | 1,062,569 | |
| Parcel 3 Retail Space | | | 3,927,193 | |
| | | | | 72,390,972 |
| **TOTAL PROJECT REVENUE** | | | | **187,287,426** |



WMATA-INV 006776

The references below can provide further information regarding the financial and construction capabilities of DANAC Corporation.

DANAC Credit Authorization Letters Attached in EXHIBIT H.

M&T Bank
Stewart Cooper
25 South Charles Street
17th Floor (mailstop 101-747)
Baltimore, MD 21201
Phone (301) 397-5574
E-mail dcooper@mandtbank.com

Bank of America
Rebecca Greenspan
VA9-200-03-01
8300 Greensboro Drive
Suite 300
McLean, VA 22102-3604
Phone (703) 761-8715
E-mail becca.k.greenspan@bankofamerica.com

Lehman Brothers
Jacquelyn Hamilton
399 Park Ave, 9th Floor
New York, NY 10022
Phone (212) 526-2086
E-mail jhamilton@lehman.com

**EXHIBITS**
EXHIBIT A: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Hotel, Purchase
EXHIBIT B: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Office, Purchase
EXHIBIT C: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Hotel, Ground Lease
EXHIBIT D: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Office/Retail, Ground Lease
EXHIBIT E — Tax Impact Detail
EXHIBIT F — LaKritz | Adler Development Consolidated Financials: 2005, 2006, 2007 YTD
EXHIBIT G — Milestone Hotel Partners P&L and Balance Sheets, 2005, 2006, 2007 YTD
EXHIBIT H — CREDIT AUTHORIZATION LETTERS

**Also Attached: CD-ROM with Excel Models**
**Also Attached: Section 2.5 Proposal Security Form C – Letter of Credit**



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006777**

Builders Bank has extended more than $5 million in credit to LaKritz | Adler and its affiliates in a single transaction
Contact: Daniel Ruvalcaba, President
Builders Bank
77 W. Wacker Drive, Suite 3100
Chicago, IL 60601
Tel. 312-977-1436
Fax. 312-977-1439
druvalcaba@buildersbank.com

**Milestone Statement and References**
Milestone principals Sander Mednick and Michael L. Wachtell have a combined personal net worth of approximately $50 million, with liquid assets in the range of $5 million. Detail regarding Milestone's development experience is provided in Volume 1.

The references below can provide further information regarding the financial and construction capabilities of Milestone Capital Corporation and its affiliates.

Milestone Credit Authorization Letters attached in EXHIBIT H.

Marathon Asset Management
Michael Amoia, Director
461 Fifth Avenue, 11th Floor
New York, NY 10017
Tel. 212-381-4426
Fax. 212-381-4497

Preferred Bank
John Nixon, First Vice President
601 South Figeroa Street, 20th Floor
Los Angeles, CA 90017
Tel. 213-891-1188
Fax. 213-622-0369

**DANAC Statement and References**
DANAC Corporation, John F Jaeger, and related entities are private entities with assets of over $200 million and revenues greater than $20 million. The company is managed at very low leverage levels providing the ability for the company to expand and contract quickly depending on acquisition and construction opportunities. DANAC Corporation currently owns over 1 million square feet of commercial and retail property excluding the Rockville Town Square. The Rockville Town Square by itself is roughly 1 million square feet including retail, residential, and parking. Detail regarding DANAC's development experience is provided in Volume 1.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006778**

**I. Developer's balance sheets and income statements for past three fiscal years.**

EXHIBIT F — LaKritz | Adler Development Consolidated Financial Statements for 2005, 2006, and 2007 YTD.

EXHIBIT G—Milestone Hotel Partners P&L Statements and Balance Sheets, 2005, 2006, 2007 YTD.

DANAC Corporation does not disclose its financial statements.

**J. Statements regarding Developer's financial creditworthiness and past development experience.**

**LaKritz | Adler Development Statement and References**
LaKritz | Adler Development, LLC, its affiliated companies, and its principals Robb LaKritz and Joshua Adler have a combined personal net worth in excess of $10 million, and liquid assets of more than $1 million. Detail regarding LaKritz | Adler Development's development experience is included with Volume 1 of this submission.

The references below can provide further information regarding the financial capabilities and development experience of LaKritz | Adler Development.

*Branch Banking & Trust*
BB&T has extended credit well in excess of $10 million to LaKritz | Adler and its affiliates in multiple transactions
Contact: Greg Dougherty, Senior Vice President, City Executive for Washington, D.C.
Branch Banking & Trust Co.
1909 K Street, NW
Washington, DC 20006
Tel. 202-835-9332
Fax. 202-835-9285
gdougherty@bbandt.com

*PNC Bank*
PNC has approved LaKritz | Adler and its affiliates for $10 million in a single transaction
Contact: Casey Brill, Vice President
PNC Real Estate Finance
808 17th Street, NW
Washington, DC 20006
Tel. 202-835-4460
Fax. 202-835-5982
casey.brill@pnc.com

*Builders Bank*



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006779

## H. Detailed financial analysis with assumptions of Project's impact on the tax base of the local jurisdiction:

1. Identification of property taxes, sales taxes, amount of fees and contributions and other local public income

[SEE EXHIBIT E – TAX IMPACT for detail]

**2.3.H.1. TAX BASE IMPACT ANALYSIS**

| | | |
|---|---|---|
| ONE-TIME TAX EVENTS | | |
| Construction Permitting Fees | $ | 376,062.60 |
| Purchase Recordation Tax | $ | 132,740.00 |
| Sale Transfer & Recordation Tax | $ | 2,785,610.58 |
| Financing Recordation Tax | $ | 800,628.00 |
| Construction Job Income Tax on Avg $50k, 50% in D.C. | $ | 688,464.00 |
| Legal/Professional Job Income Tax on Avg $120k, 50% in D.C. | $ | 334,834.00 |
| Franchise Tax on Development Profits | $ | 2,493,837.00 |
| TOTAL ONE-TIME D.C TAXES: | $ | 7,612,176.18 |
| Total Construction/Development Jobs Created: | 473 | |
| Jobs Created in D.C. Only: | 237 | |
| ONGOING TAXES ON OPERATIONS (at stabilization) | | |
| Restaurant & Retail Sales Taxes | | |
| Parcel 1 | $ | 213,554.00 |
| Parcel 2 | $ | 623,107.00 |
| Parcel 3 | $ | 385,300.00 |
| Restaurant/Retail Jobs Income Tax on Avg $30k, 75% D.C. | $ | 182,345.00 |
| Office Jobs Income Tax on Avg $75k, 50% D.C. | $ | 989,797.00 |
| Hotel Jobs Income Tax on Avg $45k, 60% D.C. | $ | 51,939.00 |
| Hotel Taxes | | |
| Room Sales @ 14.5% | $ | 1,458,958.00 |
| Dining Sales @ 10% | $ | 93,985.00 |
| Parking Taxes All Parcels @ 12% | $ | 27,752.00 |
| Property Taxes (1.85%/year on pro forma cap rate values) | | |
| Parcel 1 Value | $ | 60,780.79 |
| Parcel 2 Value | $ | 895,240.03 |
| Parcel 3 Value | $ | 761,772.37 |
| TOTAL ONGOING D.C. ANNUAL TAXES GENERATED | $ | 5,744,530.19 |
| Long-Term Jobs Created: | 514 | |
| Long-Term D.C. Jobs Created: | 293 | |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006780

## F. Summary table of the sources and uses of funds

**Summary of Values & Workbook Variance Analysis (15 Year Development & Hold Period)**

C:\Documents and Settings\HP_Owner\My Documents\REAL ESTATE\WMATA Florida Ave Lots\WMATA RFP Submission\07 10 04 WMATA JDS Pro Forma 15 YEAR Land Purchase All Phases w Hotel.wcf

| | Annual CF | Monthly CF | Proformas | S&U | S&U Audit | Finance |
|---|---|---|---|---|---|---|
| **Total Revenue** | 187,287,432 | 187,287,432 | 187,287,432 | - | - | - |
| **Total Costs** | | | | | | |
| Acquisition Costs | 11,819,457 | 11,819,457 | 11,819,457 | - | 11,819,457 | - |
| Construction Costs | 35,860,023 | 35,860,023 | 35,860,023 | - | 35,860,023 | - |
| Professional Fees | 2,989,989 | 2,989,989 | 2,989,989 | - | 2,989,989 | - |
| Marketing & Disposal | 7,394,816 | 7,394,816 | 7,394,816 | - | 7,394,816 | - |
| Addn'l Costs + Vac. Costs | 0 | 0 | 0 | - | 0 | - |
| **Total Costs (Excl Int)** | | | | | | |
| Excl. Vacancy Costs | 58,064,285 | 58,064,285 | 58,064,285 | - | - | - |
| Incl. Vacancy Costs | 58,064,285 | 58,064,285 | 58,064,285 | - | - | |
| **Sources of Funds and Profit** | | | | | | |
| Equity Contributions | - | - | - | 14,095,425 | - | 14,095,425 |
| Debt Contributions | - | 52,299,344 | - | 52,299,344 | - | 52,299,344 |
| Total Contributions | - | 66,394,769 | - | 66,394,769 | - | 66,394,769 |
| Finance Costs | 48,104,265 | 48,104,265 | 48,104,265 | 48,104,265 | - | 48,104,265 |
| Total Costs Incl Interest | 106,168,549 | 106,168,549 | 106,168,549 | | | |
| Total Profit incl. Pref. Returns | - | 66,706,042 | 81,118,882 | 66,706,042 | 66,706,042 | 66,706,042 |
| Preferred Returns | | | | | | |

## G. A 15-year pre-development, construction and operating period cash flow statement which starts in October 2007.

See the following Exhibits:
EXHIBIT A: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Hotel, Purchase
EXHIBIT B: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Office, Purchase
EXHIBIT C: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Hotel, Ground Lease
EXHIBIT D: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Office/Retail, Ground Lease

**Also see Attached CD-ROM with Complete 15-Year Excel Models**



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006781

**2. The amount and timing of predevelopment fees to be paid to WMATA during the interval period after the development agreement is executed but before WMATA realizes income from the sale (including estimate of this period).**

None/Not Applicable. Settlement will occur immediately prior to construction start, currently estimated as approximately November 1, 2011.

**3. Proposed purchase price for each portion of JDS**

| Parcel | Purchase Price |
|---|---|
| 1 | $590,000 |
| 2 | $1,600,000 |
| 3 | $2,700,000 |

*a. Schedule of purchase price escalations if sale is not completed by date projected.*

Purchase Price shall be increased by 3% per annum, prorated monthly, for any delay in settlement found to be caused by fault of Developer.

*b. Method of adjusting purchase price if final approved density is greater than proposed.*

None/Not Applicable

**4. How any environmental remediation costs will be handled.**

WMATA will perform any required environmental remediation to a standard sufficient for Purchaser's intended development plans and uses for the sites, and will obtain a No Further Action letter from the DC Department of the Environment reasonably acceptable to Purchaser, all at WMATA's sole expense, prior to commencement of any of Purchaser's obligations under the Development Agreement. Purchaser, in its sole discretion, shall be permitted to receive a full refund of all deposits and payments to WMATA and cancel any obligations to WMATA under the Development Agreement at any time prior to issuance of the acceptable NFA or Case Closure.

**5. Proposed business arrangement under which WMATA will retain an interest in any development rights in excess of those used by the development constructed pursuant to the proposal.**

None/Not Applicable.

**6. Identification of any additional payments to WMATA**

None/Not Applicable



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006782

**4. The method of adjusting the base rent if it does no commence by the date projected and/or the final approved density is greater than that proposed.**

If a delay in rent payment commencement is found to be caused by fault of Tenant, Starting Base Rent will be increased by 2% for each year after the current estimated commencement date that the actual rent commencement date occurs, prorated monthly, for the portion of the delayed caused by Tenant.

**5. How environmental remediation costs will be handled.**

WMATA will perform any required environmental remediation to a standard sufficient for Tenant's intended development plans and uses for the sites, and will obtain a No Further Action or Case Closure letter (as Tenant prefers) from the DC Department of the Environment reasonably acceptable to Tenant, all at WMATA's sole expense, prior to commencement of any of Tenant's obligations under a lease. Tenant, in its sole discretion, shall be permitted to receive a full refund of all deposits and payments to WMATA and cancel any obligations to WMATA under the Development Agreement at any time prior to issuance of the acceptable NFA or Case Closure.

**6. WMATA's participating share of gross income from the project.**

None/Not Applicable

**7. WMATA's share of proceeds form a capital event such as an assignment of the leasehold interest, transfer of interest in the Developer's business entity, refinancing or sale of the project, or any other capital event after construction.**

None/Not Applicable

**8. Identification of any additional payments to WMATA based upon factors chosen by developer.**

None/Not Applicable

**E. Proposed Sale Terms**

**1. Statement**

Developer will pay WMATA a non-refundable option fee of $100,000 for the right to negotiate a Development Agreement upon designation as Selected Developer and approval of Term Sheet.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006783**

| | |
|---|---|
| Equity Percentage of Total Cost | 20% |

To calculate ground lease rates, the current rate of the 30-year Treasury Bond (4.77% on October 4, 2007) was applied to the current imputed land value of each parcel. This is the best security index of comparable duration to the 29-year ground lease base term. Unsubordinated ground lease rates are always well below the long-term permanent financing rates for a purchase of equal value, as the land owner must discount the financing cost of the land to induce the tenant to accept the ground lease rather than a purchase, given the lack of equity accumulation, depreciating value, more difficult market financing terms and lower valuation of a property developed and held on a ground lease rather than fee simple land. In recent years, pricing for senior long-term debt on stabilized, new-construction, multi-tenant buildings in the downtown core have typically been priced at 100 to 120 basis points over the 30-year or 10-year Treasury Bond (depending on the term of the debt). We have discounted by approximately 100 basis points from that rate estimate, taking the straight 30-year Treasury Rate (the 10-year is 20 basis points lower) to derive the ground lease rate.

## D. Proposed Ground Lease Terms

### 1. Statement

Developer will pay WMATA a non-refundable option fee of $100,000 for the right to negotiate a Development Agreement upon designation as Selected Developer and approval of Term Sheet.

### 2. The amount and timing of predevelopment rent to be paid to WMATA.

None/Not Applicable.

### 3. The guaranteed base rent to be paid to WMATA through the term of the lease, including escalations.

Ground Lease Base Rent will escalate by 20% every ten years of the lease term and at the start of each ten-year renewal period.

| | | Parcel 1 | Parcel 2 | Parcel 3 |
|---|---|---|---|---|
| Estimated Rent Start Date: | | 1/1/2013 | 1/1/2013 | 1/1/2013 |
| Base Rent Per Annum | | $ 28,143.00 | $ 76,320.00 | $ 128,790.00 |
| 1st Escalation @ 20% | 1/1/2023 | $ 33,771.60 | $ 91,584.00 | $ 154,548.00 |
| 2nd @ 20% | 1/1/2033 | $ 40,525.92 | $ 109,900.80 | $ 185,457.60 |
| Renewal | 1/1/2043 | $ 48,631.10 | $ 131,880.96 | $ 222,549.12 |
| Renewal | 1/1/2053 | $ 58,357.32 | $ 158,257.15 | $ 267,058.94 |
| Renewal | 1/1/2063 | $ 70,028.79 | $ 189,908.58 | $ 320,470.73 |
| Renewal | 1/1/2073 | $ 84,034.55 | $ 227,890.30 | $ 384,564.88 |
| Renewal | 1/1/2083 | $ 100,841.46 | $ 273,468.36 | $ 461,477.86 |
| Renewal | 1/1/2093 | $ 121,009.75 | $ 328,162.03 | $ 553,773.43 |
| Renewal | 1/1/2103 | $ 145,211.70 | $ 393,794.44 | $ 664,528.11 |



FOIA CONFIDENTIAL TREATMENT REQUESTED 

However, a 25% ROC (corresponding to a 20% gross development margin) is generally the lowest return on cost for a new construction project that can attract private equity investment. Indeed, most seek 25% to 30% GDM as a threshold.

The complete set of calculations and assumptions for all proposed projects over a 15-year development period – as requested in the WMATA RFP – is included on a CD-ROM and as printed exhibits with this Volume 2. A few of the major assumptions include the following:

| **Valuation Factors** | |
|---|---|
| Market Cap Rate for Office and Retail | 6.5% fee-simple<br>7.0% on ground lease |
| Market Cap Rate for Hotel | 9.5% fee-simple<br>10% on ground lease |
| **Income Factors** | |
| Current Office Rent | $42/net-sf full service<br>33% operating cost + vacancy ($14/sf)<br>6-month initial abatement |
| Current Retail Rent | $37/sf triple-net, Parcel 2 & 3<br>$45/sf triple-net, Parcel 1 |
| Current Parking Rent | $200/month, underground garage |
| Hotel Occupancy Rate | 70% in first year of operations<br>73% in second year<br>75% in all years thereafter |
| Hotel Average Daily Rate | $172.50 in first year<br>$180.00 in second year<br>$185.00 in third year<br>Increasing at 3% per annum thereafter |
| Hotel Net Operating Income Factor | Approximately 35% |
| All Commercial Lease Terms | 10 years, renewing automatically |
| All Rent Escalations | 3% per annum from October 2007 |
| Leasing Brokers | 5% of gross lease value |
| **Construction Costs** | |
| Commercial Base Building Hard Cost | $135/sf ($150/sf for Parcel 1) |
| Tenant Improvement Allowance | $60/sf |
| Underground Parking | $35,000/space |
| Metro Sitework | $115/ground-foot Parcel 3<br>$75/ground-foot Parcel 2 + 8th St<br>N/A Parcel 1 |
| All Construction Cost Escalations | 3% per annum from October 2007 |
| **Financing Costs** | |
| Construction Loan Rate | 8% Fixed Interest-Only |
| Permanent Loan Rate | 7% Fixed 30-year Amortization |
| Maximum Construction Loan-to-Cost | 80% |
| Maximum Permanent Loan-to-Value | 80% |
| Minimum Permanent Debt Coverage Ratio | 1.2 DCR |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006785**

**B. Executive Summary of Economic Information**

LaKritz | Adler Development is offering the following purchase or ground lease terms for the Shaw-Howard/Florida Avenue Parcels:

| Parcel | Purchase Price | Ground Lease Base Rent | Ground lease Term | Increases |
|---|---|---|---|---|
| 1 | $590,000 | $28,143 | 29 years + 7 ten-year renewals | 20% every 10 years |
| 2 | $1,600,000 | $76,320 | 29 years + 7 ten-year renewals | 20% every 10 years |
| 3 | $2,700,000 | $128,790 | 29 years + 7 ten-year renewals | 20% every 10 years |

Purchase settlements will occur prior to construction start, currently estimated as approximately November 1, 2011. Ground rent payments would begin upon substantial completion of construction, currently estimated for January 1, 2013.

**C. Estimated Fair Market Value of WMATA Land**

| Parcel | Purchase Price | Ground Lease Base Rent |
|---|---|---|
| 1 | $590,000 | $28,143 |
| 2 | $1,600,000 | $76,320 |
| 3 | $2,700,000 | $128,790 |

Fair Market Sale Values for Parcel 1 and Parcel 3 were derived by calculating the residual land value at stabilization (not at the end of the 15-year holding period) for the project proposed for each parcel, such that the project would produce a 25% total return on project cost. For Parcel 3, the land value was calculated on the basis of the alternate plan for new office and retail, rather than the hotel plan, for consistency, because the office plan is by-right and the hotel plan is not. (However, the hotel cash flows, assuming approval of the parking reduction, will support the office land valuation.)

For Parcel 2, the return on cost calculations also include the costs and returns associated with the 10-year fee-subordinated ground lease and purchase option held by LaKritz | Adler Development on the much larger abutting 1920 8th Street parcel, and therefore are based on the land residual for the larger combined project that has been proposed. The total return on cost target at stabilization for the combined site is only 20%, because the fee-subordinated 8th Street parcel provides a significant infusion of low-cost equity into the project that significantly increases the leveraged IRR of the project. (In other words, because of the subordinated structure of the 1920 8th Street ground lease, the developer will be able to keep a larger share of a smaller total profit, while still compensating a equity investors at market rates.)

A 20% return on cost (ROC) is generally the lowest return on cost for a new construction real estate project that can be financed by conventional, market-rate construction lenders.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006786

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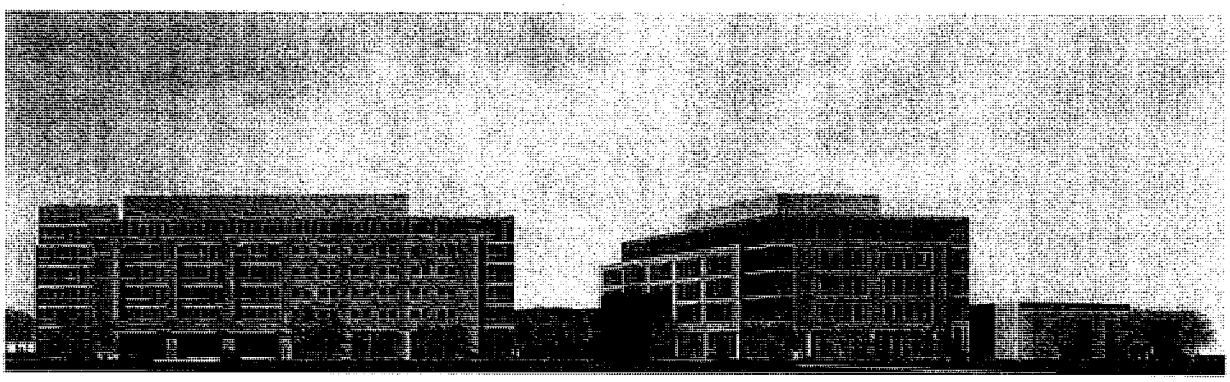
**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006787**

**WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

# PROPOSAL
# SHAW HOWARD/FLORIDA AVENUE JOINT DEVELOPMENT SITES

# VOLUME 1 – TECHNICAL INFORMATION



**Development Proposal**

LaKritz | Adler Development, LLC
4326 8th Street, NW
Washington, DC 20011
Contact: Joshua Adler, Principal
Tel. (202) 882-0808
Fax. (202) 882-0809
josh@lakritzadler.com



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006788

**A. Transmittal Letter**

4326 8th Street, NW
Washington, DC 20011

October 5, 2007

Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001

To Whom It May Concern:

As an authorized officer of LaKritz | Adler Development, LLC, I hereby state that this proposal is valid for a minimum of 180 days from the date of submission. If selected, we will negotiate in good faith with WMATA.

Sincerely,

Joshua A. Adler
Principal & Co-Managing Member
LaKritz | Adler Development, LLC



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006789**

**B. Completed Proposal Form**

[EXHIBIT A – 3 PAGES]



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006790**

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**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006792**

## D. Executive Summary

LaKritz | Adler Development, a leading Washington D.C.-based, LSDBE-certified development company best known for its work in the Shaw, U Street and Georgia Avenue communities, working with a team that includes the Warehouse Theater of Shaw, DANAC Corporation, a leading regional commercial and mixed-use development company (developer of the one million square foot Rockville Town Center), and Milestone Capital Corporation, a leading regional hotel developer and operator (developer of Silver Spring's Hilton, Hampton Inn and Homewood hotels), proposes to acquire and develop WMATA Parcels 1, 2 and 3, either through a purchase or ground lease.

Plans for each of the three WMATA parcels include:

- *Parcel 1* – We will build a 4,124 square foot free-standing neighborhood restaurant and performing arts center in joint venture with the Warehouse Theater, keeping the Warehouse Theater in the Shaw neighborhood. This is a by-right plan that requires no zoning relief or public subsidies, and advances the goals expressed in the D.C. Office of Planning's "Duke Plan" by creating a new entertainment destination in the Uptown Arts Overlay. To the chagrin of the Shaw community, the Warehouse Theater is being forced to relocate from its historic property on 7th Street NW and away from the Greater Shaw/U Street area.

- *Parcel 2* – We will build a 90,000 square foot, 4.5 FAR, LEED-Certified, five-story retail and office building with 44 underground parking spaces and approximately 14,000 square feet of ground floor retail (**accomplished by combining Parcel 2 with LaKritz | Adler's 11,320 SF parcel at 1920 8th Street**). **This is a maximum density by-right plan that requires no zoning relief or public subsidies.** Preferred retail tenants would include locally-owned businesses, such as a neighborhood-anchoring restaurant operated by LaKritz | Adler (similar to its well-known bistro, *Temperance Hall*, located by the Georgia Avenue/Petworth Metro Station) and businesses encouraged by the Arts Overlay. Upper-floor commercial tenants might include the Academy for Learning Through the Arts (ALTA) or the Meridian School, both established U Street-area public charter schools currently seeking expansion space, as well as local professional services firms, local non-profits, arts groups, institutions and associations who can no longer afford office space downtown and prefer an emerging neighborhood location with U Street's amenities.

- *Parcel 3* –We will build a 72,000 square foot, 4.5 FAR, LEED-Certified, six-story upscale boutique hotel serving Howard University, the Convention Center, and the Greater Shaw/U Street area. The hotel will include at least 8,000 square feet of retail and approximately 145 guest rooms. Possible flags include Marriott's Spring Hill Suites, Hyatt's Hyatt Place, Starwood's Aloft, and Intercontinental's Indigo. **This is a maximum density plan that does not require any public subsidy,** and is by-right except for a possible parking



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006793

reduction, owing to the presence of the Metro tunnel beneath the site. The hotel would incorporate substantial neighborhood retail, restaurant and entertainment options, all consistent with the Duke Plan. There is not a single hotel serving any of these markets today.

As an alternative plan to hotel that would not require any zoning relief, and depending on market conditions, we may build a 72,000 square foot, 4.5 FAR, LEED-Certified five-story office and retail building, maximum density by-right with at least 8,000 square feet of ground floor retail and 34 parking space.

Given LaKritz | Adler's long-standing presence and development experience in the U Street area, as well as our unique knowledge of and history with these specific sites, we believe these plans represent the highest and best uses for this site. The uses we have proposed best embody the overlapping goals of the Duke Plan, the principles of Transit-Oriented Development, the intentions of the Uptown Arts Overlay, and the wishes and desires of the Mayor's Office of Planning, the Advisory Neighborhood Commission, and the surrounding community.

## KEY FEATURES OF THE LAKRITZ | ADLER PROPOSAL

### *A. Exclusive Control of Major Adjacent Parcel*

LaKritz | Adler Development has ratified a 10-year fee-subordinated ground lease and purchase option on 1920 8th Street, the vacant 11,320 square foot parcel abutting Parcel 2, currently owned by Medal, Inc. Without this parcel, it is impossible to build underground parking to serve a new building on Parcel 2 and to maximize the FAR, efficiency and marketability of this site in a by-right project.

LaKritz | Adler has also been in talks with Howard University regarding the incorporation of the Howard-owned 21,000 square foot CVS parcel abutting Parcel 3 and possible joint development plans for combining this site with Parcel 3 to expand the planned hotel facility. LaKritz | Adler and its hotel development partner have completed initial feasibility studies for these sites. We believe Howard University administration is favorable toward our hotel and commercial development plan and may be interested in a joint development plan. **However, our plans are in no way contingent on reaching any kind of agreement with Howard University.**

### *B. Unique Knowledge of the Site*

In 2005, LaKritz | Adler designed a six-story mixed-use building for 1920 8th Street adjacent to Parcel 2, obtained ANC endorsement of the design, obtained preliminary Historic Preservation and Review Board approval for the design, and performed extensive due diligence, construction budgeting and value engineering for the site, including all the special due diligence, foundation engineering reports and estimates necessary to construct a six-story building with several levels of underground parking adjacent to this specific Metro tunnel and fan system. In addition, LaKritz | Adler commissioned architectural designs from CORE Architects, engaged in pre-construction



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consulting with Forrester Construction, and received an engineering study with foundation cost estimates from Muesser & Rutledge Engineers (who performed the original engineering studies for this portion of the Green Line) specifically with regard to the costs of building similar structures on Metro Parcels 1, 2 and 3, in preparation for an offer on these parcels. LaKritz | Adler has detailed knowledge of the special costs of construction on these specific sites, as well as the relationships with the HPRB, local community leaders and the ANC with respect to these specific sites, that no other developer could have at this stage in the WMATA solicitation process.

Therefore, LaKritz | Adler is highly confident that its development plans for these sites take into account the unusual foundation and engineering costs associated with building on these parcels, and the true sentiments of neighborhood leaders, the ANC and HPRB with respect to these sites. WMATA, in turn, can be highly confident that LaKritz | Adler's proposed purchase and lease terms are the real numbers for this site, not highball estimates that will have to be revised later when the developer performs its due diligence and learns the real costs of building above and beside the Metro tunnel on these parcels.

### *C. Relevant Community Design and Construction Experience*

LaKritz | Adler is closely integrated in the U Street / Shaw community, and is one of the most highly respected developers within this submarket. LaKritz | Adler and CORE, the lead architect for the proposed project, are currently constructing *Moderno*, a 35,000 square foot mixed-use new construction project at 1939 12th Street, three blocks due west of Parcel 1 (www.lovemoderno.com), in the same ANC and Historic District as the proposed project. LaKritz | Adler also redeveloped the historic Watha T. Daniels building on 9th Street, the Veritas Building on Florida Avenue, and the Temperance Hall building on Georgia Avenue – streets that intersect at the proposed sites. Indeed, the principals of LaKritz | Adler live on Florida Avenue and on 8th Street.

CORE Architects was the lead architect for the 44,000 SF retail and office building directly over the U Street Metro Station at 13th and U Streets, as well as a number of other relevant projects, such as the National Minority AIDS Council headquarters at 13th and U, the Atlas Performing Arts Center on H Street, NE, and the XM Satellite Radio Headquarters at Florida and New York Avenues.

LaKritz | Adler's commercial development partner DANAC Corporation, based in Bethesda, Maryland, is one of the Washington area's leading commercial developers, having developed more than four million square feet of new office and retail space in the metro area, including the one million square foot Rockville Town Center, widely recognized for its adherence to Transit-Oriented Development principles and new urban design.

LaKritz | Adler's hotel development partner, Milestone Capital Corporation, in Silver Spring, Maryland, is one of the region's leading hotel developers and operators. Local developments include the Silver Spring Hilton, Silver Spring Hampton Inn, and Silver



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006795**

Spring Homewood Suites. Milestone has acquired or developed 19 hotels totaling over 3,000 rooms since 1996.

*D. Community Support and Amenities*

LaKritz | Adler believes the development plan and amenities it is proposing most strongly deliver on the wishes and desires expressed to us by the surrounding community, the Executive Office of the Mayor and the Office of Planning, all of whom support these new retail, office and hotel projects in this immediate location, in order to create the 18-hour business district called for in the Duke Plan. We know, for example, that many neighborhood leaders are generally opposed to new residential projects for these sites, believing that the area is "saturated" with new residential projects (over 1,500 residential units are now in construction or in planning within a three-block radius of the WMATA parcels). We know that the community desires more "daytime traffic," activity tha office and hotel uses will generate, and that residential will not.

*E. Ground Lease Option*

Because LaKritz | Adler is proposing commercial projects for all three parcels, it can offer to ground lease all three sites from WMATA, as is WMATA's expressed preference. However, our preference would be to purchase the lots, and we have provided pricing for both scenarios.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006796**

## E. Development Team Information

### 1. Developer and Development Team Description

*Lead Developer: LaKritz | Adler Development (www.lakritzadler.com)*

LaKritz | Adler Development, is a Washington D.C.-based, LSDBE-certified real estate development company. Its principals, Robb LaKritz and Josh Adler, are D.C. Resident Business Owners (RBO); Robb LaKritz lives on 8th Street, NW, and Josh Adler lives on Florida Avenue (which intersect at the WMATA parcels in question.)

LaKritz | Adler is well-regarded as a leading community developer in D.C. (See attached EXHIBIT B from Summer 2007 *On Site* Magazine featuring the company as the leading "Shaw / Petworth" neighborhood developer, and EXHIBIT C from July 2007 *DC Modern*). LaKritz | Adler has completed over two dozen residential, retail and commercial projects in the District, the majority of which are in the Greater Shaw/U Street area and along the Georgia Avenue corridor. A few of LaKritz | Adler's relevant projects include:

- *Moderno.* LaKritz | Adler is currently developing and constructing a 35,000 square foot new construction mixed-use project at 1939 12th Street, three blocks due east of Parcel 1, and one block west of the U Street Metro Station, in the same ANC and historic district as the WMATA Parcels. LaKritz | Adler obtained ANC, HPRB and BZA approvals for Moderno.

- *1920 8th Street.* LaKritz | Adler acquired an 11,320 square foot long-vacant parcel adjacent to WMATA Parcel 2, and obtained final ANC and preliminary HPRB endorsement for a 50,000 SF mixed-use project (the further development of which it has postponed pending WMATA's decision with respect to Parcels 1, 2 and 3.)

- *The Veritas Building.* LaKritz | Adler acquired, renovated and leased a 13,000 square foot historic retail and office building at 2031 Florida Avenue. The project includes a signature LaKritz | Adler neighborhood-anchoring restaurant, "Veritas," which opened in September 2007 to rave reviews.

- *Temperance Hall.* LaKritz | Adler purchased a 1,500 square foot commercial shell one block south of the Georgia Avenue/Petworth Metro Station and transformed it into a 6,000 square foot restaurant and office building featuring the neighborhood bistro Temperance Hall and the Yoga House yoga studio. The result has been widely acclaimed, featured twice on the front page of the *Washington Post*, broadcast on *Fox News*, and cited in numerous other publications. (In this proposal, LaKritz | Adler proposes to bring several new neighborhood restaurants similar to Temperance Hall to the Shaw/U Street community.)

- *First Baptist Church of Silver Spring (8415 Fenton Street).* LaKritz | Adler recently formed a joint venture with the First Baptist Church of Silver Spring to redevelop a prominent two-acre site in downtown Silver Spring, at the prime corner of Wayne and Fenton Streets, directly across from the Silver Spring Whole Foods Market. LaKritz |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006797**

Adler will construct a 200,000 square foot retail and office project, including a new church.

- *3646 Georgia*: LaKritz | Adler has commenced development of a new mixed-use project at the long-vacant corner of Georgia and New Hampshire Avenues, directly across from the Georgia Avenue/Petworth Metro Station. A key component of the development has been the successful negotiation of an environment remediation and closure plan with the District's Department of the Environment.

- *4201-4205 Georgia*. LaKritz | Adler is acquiring the corner of Upshur and Georgia Avenues, where we will renovate the existing building as a mixed-use retail and office development.

- *The Watha T. Daniels House*. LaKritz | Adler purchased, restored and leased the historic home and business of Shaw pioneer and 1920's neighborhood activist, Watha T. Daniels. This landmark mixed-use building is located on 9th Street in Shaw, just a few blocks south of the site.

- *Kettering Crossing*. LaKritz | Adler acquired and repositioned a 30,000 square foot neighborhood retail center in Upper Marlboro, Maryland.

The principals of LaKritz | Adler are Robb LaKritz and Josh Adler. Prior to co-founding LaKritz | Adler Development, Robb M. LaKritz was a real estate attorney with the Washington, D.C. firm of Baker, Donelson, Bearman and Caldwell. Mr. LaKritz served as Senior Advisor to the United States Treasury Secretary and is a Phi Beta Kappa graduate of the University of Michigan and Juris Doctorate recipient from Emory University. Prior to co-founding LaKritz | Adler, Joshua Adler was a founder of the biotechnology company iLife Systems in Dallas, Texas. He served as the Chief Speechwriter to two United States Treasury Secretaries, and holds a degree in Economics from Yale University.

*Lead Architect: CORE Architects*

CORE is considered DC's leading retail architecture firm, and is ranked among the top 50 retail architecture firms in the country. CORE is the architect for Moderno at 12$^{th}$ and U, and was the lead architect for 1250 U Street, the 44,000 SF retail and office building built above the U Street Metro Station at 13$^{th}$ and U in 2004. CORE also designed the 7,500 SF headquarters building for the National Minority AIDS Council in the U Street Historic District. Other recent major commercial and arts design credits include Eckington Place, also known as the XM Satellite Radio building at Florida and New York Avenues (250,000 SF), the 58,000 SF Atlas Performing Arts Center on H Street NE, and Square 452, a 380,000 SF new construction retail and office building at Massachusetts Avenue and 6$^{th}$ Street. CORE is also well-known for its destination restaurant work in Washington – recent credits include Mie N Yu, Black Salt, Jackie's, Beck, Lia's by Chef Geoff, and Café du Parc at the Hotel Willard Intercontinental. (See EXHIBIT D – CORE PROFILES)

*Co-Developer (Office) / Equity Partner: DANAC Corporation*



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006798**

DANAC Corporation is a diversified real estate development firm engaged in acquisition, development, construction, and property management. Founded in 1963, DANAC has become known as one of the most prominent developers in the Washington metropolitan area.

From the late 1960's to early 1980's DANAC was a subsidiary of a large publicly held financial services organization that was acquired by the Continental Group (Continental Can Co.) in 1977. Through a series of public to private transactions beginning in 1985, DANAC became a privately held corporation under the ownership of John F. Jaeger. Mr. Jaeger is the sole stockholder of DANAC.

For the past forty three years, DANAC has been active in all aspects of the commercial real estate market. The firm has developed and built over four million square feet of office space in 60 buildings, as well as two major shopping centers. In addition to this commercial space, DANAC has developed three residential projects comprising 966 townhouse and apartment units.

Most prominently, DANAC recently completed development of the new Rockville Town Center, over one million square feet of retail, office, and residential construction, designed with the best in Transit-Oriented Development and New Urban Principles.

These years of experience have enabled DANAC to become uniquely efficient. DANAC projects are routinely completed on time and on budget. DANAC's reputation for quality, reliability, and client satisfaction has attracted prominent tenants such as Federal Express, IBM, Marriott Corporation, Westinghouse, EOSAT, Hewlett-Packard, MERANT, Human Genome Sciences, and Digital Equipment Corporation. DANAC buildings have attracted major institutional purchasers such as Equitable Life Assurance Society and Prudential Insurance.

Other current projects include DANAC Stiles, a 669,000 square foot office park located in the heart of Montgomery County's High Technology Corridor. Phase I, three buildings totaling 280,000 square feet, was occupied by Manugistics, Inc., in May of 2002. Phase II, a 72,000 square foot three-story build-to-suit for Metropolitan Regional Information Services (MRIS), is under construction and will deliver in early 2008.

DANAC is delighted to have the opportunity to partner with LaKritz | Adler Development for this exciting commercial development project in the booming U Street corridor, which has seen tremendous residential growth, but now demands new office and retail growth to create the 18-hour destination district that the city leadership and residents desire. In its role as co-developer, DANAC would advise LaKritz | Adler on the commercial building designs and value-engineering, provide construction management services during construction, and manage operations of the completed office buildings. As an equity partner, DANAC would provide cash equity toward the project as needed, and may offer its (approximately) $100 million net worth toward construction financing requirements. (See EXHIBIT E – DANAC PROFILES)



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006799**

*Co-Developer (Hotel) / Equity Partner: Milestone Capital Corporation*

Milestone Capital Corporation (MCC) was founded in 1996 and is controlled by Sander Mednick and Michael L. Wachtell. MCC is the entity through which the principals of the Milestone Group of Companies (also including Milestone Hotel Partners, Milestone Hospitality Management, and Milestone Development Group) seek to develop opportunities for hotel acquisitions, dispositions, and strategic financing on behalf of the investors of Milestone Hotel Partners. Since 1996, MCC has acquired or developed 19 hotel properties in seven states totaling 3,038 rooms. The Milestone portfolio currently includes 14 hotel properties in seven states totaling 2,371 rooms. The operations of the Milestone portfolio are supported by an equity capital investment of approximately $30 million.

Milestone Hotel Partners is headquartered in Boca Raton, Florida, with satellite offices in Washington, DC, New York City, and Los Angeles.

The Milestone Hotel Portfolio includes:

- Hilton Hotel, Silver Spring, Maryland
- Best Western Inn, Hershey, Pennsylvania
- Best Western Inn, Utica, New York
- Holiday Inn, New Hartford, New York
- Holiday Inn (Harrisburg-Hershey), Grantville, Pennsylvania
- Holiday Inn, DeLand, Florida
- Microtel Inn and Suites, Sulphur, Louisiana
- Days Inn (Cincinnati), Fort Wright, Kentucky
- Days Inn, Frankfort, Kentucky
- Days Inn (Louisville South), Shepherdsville, Kentucky
- The Chateau Resort, Tannersville, Pennsylvania
- The Lancaster Host, Lancaster, Pennsylvania
- The Sturbridge Host, Sturbridge, Massachusetts

Milestone is currently developing the new Hampton Inn and the new Homewood Suites in downtown Silver Spring, Maryland.

In the past ten years, the principals of MHP have been involved in the acquisition and development of more than forty hotels located throughout the United States with an aggregate value in excess of $500 million. Prior to the formation of Milestone Hotel Partners, its principals helped launch Grand Heritage Hotels in 1987. Grand Heritage grew to a collection of seventeen historic, independent hotel properties located throughout the United States, and more than seventy historic international affiliates located in the United Kingdom, Ireland, France, Spain, and Italy. In August 1997, Grand Heritage was sold to Patriot American Hospitality Inc.

Milestone has been in talks with LaKritz | Adler Development for the past several years, looking for the right opportunity to joint venture in the downtown D.C. marketplace with



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006800**

a new boutique, focused-service hotel. We believe WMATA Parcel 3 is an outstanding location for a new upper upscale focused-service hotel serving Howard University, the Convention Center and the greater U Street neighborhood. (Indeed, part of our confidence in the strength of this market comes from the large number of Howard University guests who stay at our Silver Spring Hilton property, the only full-service hotel on the entire length of Georgia Avenue.)

In this project, MCC would advise LaKritz | Adler on hotel design, assist in financing, obtain the best hotel flag for the site, and manage hotel marketing and operations once the project is complete. As an equity partner, MCC may contribute cash and balance sheet support to the construction financing requirements. (See EXHIBIT F – MILESTONE PROFILES)

*Venture Partner / Anchor Tenant: The Warehouse Theater (www.warehousetheater.com)*

The Warehouse Downtown Arts Complex is Washington's leading independent art space. Located in three historic buildings on 7th Street in Shaw, the Warehouse presents the best in theater, music, art, film, dance and happenings. Created in 1994, the complex includes two theaters, a live music venue, a screening room, a bar and café, and several gallery spaces. Over the years, the Warehouse has hosted thousands of performances and artists and continues to be a home to artists (local, national and international) of every variety. Called "an avant garde Kennedy Center," by the *Washington Post*, Warehouse Arts is recognized by both artists and patrons as one of the best live arts spaces in the city. It's a venue that hosts a variety of artists and performances – from gallery exhibitions of local visual artists, to one night shows of punk rock bands, to weekend cabaret evenings to professional theater.

As recently reported in the *Washington Post*, high property taxes are forcing the Ruppert family to sell the 7th Street properties they have owned for 120 years and find a new home for the Warehouse Theater complex. In this proposal, the Warehouse Theater would form a JV with LaKritz | Adler to develop and operate Parcel 1 as a freestanding restaurant and live entertainment venue that would keep the Warehouse Theater in the Shaw community.

*Prospective Tenant: The Academy for Learning Through the Arts (www.alta-pcs.com)*

The Academy For Learning Through the Arts opened its doors to 59 students in September of 2005. ALTA found space in the Augustana Lutheran Church near 16th and U just ten days before it opened its doors to students. ALTA's mission is to educate students for a productive adulthood through a demanding academic and arts interrelated curriculum, a vibrant school culture, highly qualified teachers, involved parents and strong ties to the community. ALTA evolved from Patricia Mitchell's successful 30 year experience as director of the Fillmore Arts Center, an award-winning arts education program and summer camp which has served thousands of District students. ALTA's teachers are trained by the Kennedy Center's Changing Education Through the Arts (CETA) program. ALTA is the only DC school selected for inclusion in this program.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006801**

ALTA has been called by its new parents "the hidden gem of the charter schools". Its five-year goal is to grow to 300 students and to add 7th and 8th grades to the school.

The planned commercial building to be built on Parcel 2 and 1920 8th Street would offer ALTA enough space to accommodate our growth trajectory, while keeping the school in the U Street neighborhood that its cherishes, given its history of music and theater. ALTA would also use the neighboring community theater space for student performances and events – a crucial and unique benefit for its arts education program.

Patricia Mitchell, ALTA's founder, served for 27 years as an administrator in the District of Columbia Public Schools system, during which time she established the Fillmore Arts Center, an award-winning arts-integrated education program serving kindergarten through grade eight students from six elementary schools. She has served as a consultant for the U.S. Department of Education, assisting in identifying exemplary arts education programs, and has consulted with new and emerging arts-integrated educational programs nationally. Ms. Mitchell received the *Jeffrey Lawrence Award* in recognition of exemplary dedication, talent, and achievement from the International Network of Schools for the Advancement of Arts Education, and the Mayor's Art Award for Excellence in Arts Education from the D.C. Commission on the Arts and Humanities. Ms. Mitchell serves as Secretary for the DC Arts and Humanities Collaborative, and is a member of the governing boards of the Network (see above) and the National Arts and Learning Collaborative (Boston, MA). MA: Educational Administration and Supervision (University of the District of Columbia); BA: Sociology (Newton College).

ALTA might occupy up to two floors of the building planned for Parcel 2.

### 2. Developer Authority

LaKritz | Adler Development, LLC, as Developer, has the power and authority to enter into a Development Agreement and all final documentation as required by WMATA without the consent or joinder of any other party or authority.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006802**

## F. Development Entity

### 1. Description of Business Entity

LaKritz | Adler Development, LLC, is a District of Columbia Limited Liability Company (LLC). Its sole owners and managing members are Robb LaKritz and Joshua Adler, with each managing member controlling 50% of the economic and voting interests.

1920 8th Street, LLC, is a Delaware LLC which owns the 10-year fee-subordinated ground lease and purchase option on 1920 8th Street, NW. Its sole owners and managing members are Robb LaKritz and Joshua Adler, with each managing member controlling 50% of the economic and voting interests.

If awarded Parcels 1, 2 and 3, the Developer will form three new single-purpose entities, all Delaware Limited Liability Companies, to take title to and develop each of the parcels as an independent entity. The ownership and control of each new LLC will be the same as for LaKritz | Adler Development, LLC, except as agreed with the co-developers and equity partners following formation of the new entities.

### 2. Project Ownership and Management

The Project's owner and manager will be LaKritz | Adler Development, via the new single purposes entities formed for the exclusive control of each parcel, except as agreed with co-developers and equity partners prior to commencement of construction.

In its role as co-developer, DANAC may advise LaKritz | Adler on the commercial building designs and value-engineering, provide construction management services during construction, and manage operations of the completed office buildings. As an equity partner, DANAC may provide cash equity toward the project as needed, and offer its $100 million net worth toward construction financing requirements.

In this project, Milestone Capital Corporation would advise LaKritz | Adler on hotel design, assist in financing and obtaining the best hotel flag for the site, and manage hotel marketing and operations once the project is complete. As an equity partner, MCC would contribute cash and balance sheet to the construction financing requirements.

LaKritz | Adler Development, LLC, reserves the right to include or exclude these and any other co-developers, joint venture partners and/or equity investors from the projects pertaining to any of the parcels at any time and in its sole discretion. The inclusion of the co-developers (DANAC and Milestone) is not an irrevocable commitment by either co-developer to participate or invest in the projects described, and inclusion or cooperation may be withdrawn at any time in the sole discretion of the co-developer.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006803**

## G. Proposed Site Plan

[SEE EXHIBIT G -- Elevations, Renderings and Floor Plans]

[Also See Enclosed 2' x 3' Full Color Visual and CD-ROM]

*1.* ***Parcel 1*** *- 4,124 SF Freestanding Retail/Restaurant Building*

At Parcel 1, we propose to build a 4,124 square foot free-standing neighborhood performing arts center and restaurant in joint venture with the Warehouse Theater, keeping the Warehouse Theater in the Shaw neighborhood. This is a by-right plan that requires no zoning relief or public subsidies, and advances the goals expressed in the D.C. Office of Planning's "Duke Plan" by creating a new entertainment destination in the Uptown Arts Overlay. (To the chagrin of the Shaw community, the Warehouse Theater is being forced to relocate from its historic property on 7th Street NW and away from the Greater Shaw/U Street area.)

This freestanding 4,124 square foot performing arts center and restaurant, designed by CORE (architect for the Atlas Theater), may be operated as a joint venture between LaKritz | Adler and the Warehouse Theater. The building will serve as the new home for nearly all the Warehouse Theater's functions. The building will include approximately 3,440 square feet of ground floor seating, kitchen and stage area, and approximately 684 square feet of mezzanine area, overlooking the main dining and entertainment areas. This footprint leaves room for one parking space on the site, satisfying the full zoning requirement for this structure and use.

The primary justification for this building plan is that Parcel 1, (at 3,800 SF,) is too small to accommodate any underground parking, and too small for an efficient multistory structure. The proposed building is the largest building that can be built on the site while meeting parking requirements on-site for this zone. The only immediately adjacent private parcel, which is approximately 3,000 square feet immediately to the south of Parcel 1, is occupied by two small, tenanted, historically-protected row house structures which therefore cannot be demolished, and in any case, even if these structures could be demolished, the addition of the 3,000 square foot lot would insufficient to alter the basic development plan for this corner site.

The arts use has the additional benefit of generating 8,248 square feet of Arts Overlay bonus credits, which can contribute to the non-arts commercial FAR on Parcel 2 through a combined lot development agreement which the developer will execute between Parcels 1 and 2.

*2.* ***Parcel 2*** *- 89,483 SF By-Right, 5-Story Arts-Oriented Commercial Building, including 14,000 rentable SF ground floor restaurant, entertainment and retail space, approximately 71,000 rentable SF office area, and 44 underground parking spaces.*



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006804

On Parcel 2, LaKritz | Adler proposes to build an 89,483 square foot, 4.5 FAR, LEED-Certified, five-story retail and office building with 44 underground parking spaces (**accomplished by combining Parcel 2 with LaKritz | Adler's abutting 11,320 SF vacant parcel at 1920 8th Street, to create a combined lot area of 19,892 SF**). This is a maximum density by-right plan that requires no zoning relief or public subsidies. Preferred retail tenants would include locally-owned businesses, such as a neighborhood-anchoring restaurant operated by LaKritz | Adler (similar to its well-known bistro, *Temperance Hall*, located by the Georgia Avenue/Petworth Metro Station) and businesses encouraged by the Arts Overlay. Upper-floor commercial tenants might include the Academy for Learning Through the Arts (ALTA) or the Meridian School, both established U Street-area public charter schools currently seeking expansion space, as well as local professional services firms, local non-profits, arts groups, institutions and associations who can no longer afford office space downtown and prefer an emerging neighborhood location with U Street's amenities. Indeed, LaKritz | Adler is already planning a 50,000 SF commercial building with similar functionality and design to stand alone on the 1920 8th Street site, and will proceed with these plans in the event that the lots cannot be assembled.

The 44 parking spaces, which will fit on a single level of underground garage beneath the site, thereby not encroaching on the Metro tunnel easement, would meet or exceed the Arts Overlay parking requirements for the building in the by-right scenario, assuming certain favored uses in a portion of the retail space.

The 89,483 SF commercial building without PUD is by-right because of the Arts Overlay bonus FAR generated by the restaurant, retail and arts uses in the planned building, in addition to the bonus FAR generated by the restaurant on Parcel 1. If for some reason the Developer decided to reduce the Arts Overlay bonus uses in the building, there is a fluid market for the purchase and transfer of Arts Overlay credits at reasonable prices, sufficient to put the entire building into commercial use without any arts-bonus uses in the building itself.

The14,000 SF retail space will include one or several restaurants. Any non-restaurant retail will be Arts Overlay favored uses.

The Academy for Learning Through the Arts (ALTA), a popular and growing public charter school located in the U Street corridor may relocate to a larger, new space on the second and third floors of Parcel 2, and will share in the use of any theater space for student educational purposes.

3. ***Parcel 3*** *- 72,000 SF By-Right, 6-story Hotel with at least 8,000 SF Restaurant and Retail, and approximately 34 underground parking spaces*

On Parcel 3, LaKritz | Adler proposes to build a 72,000 square foot, 4.5 FAR, LEED-Certified, six-story upscale focused-service boutique hotel serving Howard University, the Convention Center, and the Greater Shaw/U Street area. Possible flags include



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006805**

Marriott's Spring Hill Suites, Hyatt's Hyatt Place, Starwood's Aloft, and Intercontinental's Indigo. The hotel would contain approximately 145 rooms and at least 8,000 square feet of ground floor retail, possibly more if lobby areas and upper floor areas incorporate retail, restaurant and entertainment functions. This is a maximum density plan that does not require any public subsidy, and is by-right except for a possible parking reduction, owing to the presence of the Metro tunnel beneath the site. The hotel would incorporate substantial neighborhood retail, restaurant and entertainment options, all consistent with the Duke Plan. There is not a single hotel serving any of these markets today.

*Alternative Plan:* As an alternative plan to hotel that would not require any zoning relief, and depending on market conditions at the time of completion of negotiations with WMATA, we may build a 72,000 square foot, 4.5 FAR, LEED-Certified five-story office and retail building, maximum density by-right with up to 12,000 square feet of ground floor retail/restaurant space and 34 underground parking spaces on one level below grade, similar to the proposed structure for Parcel 2.

LaKritz | Adler has found a high level of enthusiasm in the community for a boutique hotel in this location, as there is no hotel serving Howard University or the greater Shaw/U Street community at this time, and few sites remain to build one. LaKritz | Adler and Milestone have completed a favorable initial feasibility study for the site.

LaKritz | Adler will continue its discussions with Howard University and CVS to combine Howard University's 21,000 SF land parcel at 7th Street and Florida Avenue, which is now occupied by a CVS pharmacy and surface parking, with Parcel 3, and thereby build a larger, full-service hotel serving the university, convention center and Shaw/U Street community. **However, LaKritz | Adler's development plans are in no way contingent on reaching an agreement with Howard University.**

**Transit-Oriented Development Principles / Highest and Best Transit Use**

The LaKritz | Adler Development plans described above are the highest and best transit use for the sites, and maximize transit-oriented development principles. Not only does the LaKritz | Adler Office/Retail/Hotel plan maximize density at the parcels in a way that no other plan could—by incorporating the major private parcel adjacent to Parcel 2—it is a quantitatively and qualitatively superior transit-use plan compared to any principally residential plan for the same sites. Because the bulk of new and existing development in this vicinity is now residential, public transit ridership from these areas is primarily outbound in the morning, inbound in the evening. The addition of approximately 71,000 square feet of new office, 145 hotel rooms, and at least 26,000 square feet of new retail would generate substantial "reverse commute" traffic through the U Street and Shaw-Howard Metro Stations, and would add far more bodies to the public transit ridership and daytime pedestrian street presence than a residential plan. At one person per 200 SF-office, 1.5 persons per hotel room at 75% occupancy, 1 hotel employee per 5 rooms, 1 employee per 200 SF-retail, and 50 visitors per day per 1,000 SF-retail, our plan would



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006806**

increase the daily population of the immediate area by about 1,977 persons, most all of whom would use public transportation (given a total of 79 parking spaces in the project). The alternative proposed plan of office rather than hotel on Parcel 3 would increase this figure by another 96 persons per day.

Even if all three WMATA parcels were developed to maximum residential density (impossible on Parcel 1 in any circumstance and impossible on Parcel 2 without 1920 8th Street), and with maximum ground floor retail – this would be 104,950 square feet of residential and 14,183 square feet of retail – assuming 1 unit per 1,000 GSF residential with 1.5 persons and the same retail ratios described above, the total daily population increase from such a plan would only be 937 persons – less than half of the daily population increase from the proposed LaKritz | Adler plan. And that calculation makes an impossible favorable assumption for the residential plan, which is that 4.5 FAR (17,100 SF) could be built on the 3,800 square foot Parcel 1, and that 4.5 FAR (38,543 SF) could be built on the irregularly shaped 8,565 SF Parcel 2, and moreover that residents and retailers would be willing to occupy both of these buildings fully with close to zero parking. In reality, the achievable square footage on those parcels is far lower.

In short, from the standpoint of both transit-oriented development principles, which seek to maximize density and population near transit nodes, and highest and best transit use calculations, no residential/retail plan can come even close to the LaKritz | Adler proposal with mixed commercial uses. Plus, the LaKritz | Adler plan is more favorable for traffic flows, and better meets the desires of community residents and the objectives of the Office of Planning DUKE Uptown Destination District plan.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006807**

## H. Explanation of Impact on WMATA Facilities beneath the Sites

No impact on the WMATA facilities beneath the sites is expected for any of the proposed plans, which do not contemplate any excavation below 19-feet. Monitoring during and after the construction period, typical of new construction within Metro tunnel sphere-of-influence will be performed.

LaKritz | Adler has already commissioned architectural designs from CORE Architects, engaged in pre-construction consulting with Forrester Construction, and received an engineering study with Metro monitoring, loading and unloading, and special foundation cost estimates from Muesser & Rutledge Engineers (which performed the original engineering studies for this portion of the Green Line for WMATA) specifically with regard to the costs of building structures similar to those proposed in the submission on Metro Parcels 1, 2 and 3, in preparation for an offer on these parcels, including one or two levels of underground parking facilities. LaKritz | Adler has detailed knowledge of the special costs of construction on these specific sites and has incorporated these into its financial calculations for the sites.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006808**

## I. Proposed Project Schedule

[See EXHIBIT H -- MS Project Chart Attached]

**LaKritz | Adler Shaw-Howard WMATA JDS Proposal Project Schedule**

| Name | Duration | Start_Date | Finish_Date | Notes |
|---|---|---|---|---|
| **WMATA PROCESS** | 465 days | 1/1/2008 | 4/9/2009 | |
| Term Sheet Negotiations | 120 days | 1/1/2008 | 4/29/2008 | |
| Approval of Selected Developer | 30 days | 4/30/2008 | 5/29/2008 | |
| Development Agreement Negotiations | 120 days | 5/30/2008 | 9/26/2008 | |
| Approval of Development Agreement | 30 days | 9/27/2008 | 10/26/2008 | |
| Study Period | 120 days | 10/27/2008 | 2/23/2009 | |
| Agreements for Assemblage Parcels | 60 days | 10/27/2008 | 12/25/2008 | Optional |
| Development Plan Preparation | 45 days | 2/24/2009 | 4/9/2009 | |
| **BUILDING PERMITS** | 840 days | 4/10/2009 | 7/28/2011 | |
| HPRB Design & Approval | 8 mons | 4/10/2009 | 12/5/2009 | 3 rounds with HPRB |
| BZA Design & Approval | 8 mons | 4/10/2009 | 12/5/2009 | Optional - parallel to HPRB |
| Development Financing Approval | 60 days | 12/6/2009 | 2/3/2010 | |
| Schematic Design / Construction Docs | 6 mons | 2/4/2010 | 8/2/2010 | |
| WMATA Approval of Design | 3 mons | 8/3/2010 | 10/31/2010 | Interspersed with design |
| DCRA Building Permit Approval | 9 mons | 11/1/2010 | 7/28/2011 | Current DCRA delay 12 months |
| **CONSTRUCTION** | 510 days | 7/29/2011 | 12/19/2012 | |
| Construction Financing Approval | 3 mons | 7/29/2011 | 10/26/2011 | |
| Close on Land Purchase | 0 days | 10/26/2011 | 10/26/2011 | Land purchase only |
| Construction: Parcel 1 | 8 mons | 10/27/2011 | 6/22/2012 | |
| Construction: Parcel 2 + 8th St | 14 mons | 10/27/2011 | 12/19/2012 | |
| Construction: Parcel 3 | 14 mons | 10/27/2011 | 12/19/2012 | |
| Substantial Completion | 0 days | 12/19/2012 | 12/19/2012 | |
| **LEASING / STABILIZATION** | 1800 days | 4/10/2009 | 3/14/2014 | |
| Marketing | 24 mons | 4/10/2009 | 3/30/2011 | Start at Dev Plan approval |
| Initial Occupancy | 2 mons | 12/20/2012 | 2/17/2013 | |
| Commence Lease Payments | 0 days | 12/19/2012 | 12/19/2012 | Ground lease only |
| Stabilization / Lease Up | 12 mons | 12/20/2012 | 12/14/2013 | |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006809**

## J. Zoning

### 1. Existing Zoning Classification

Existing zoning classification for all parcels is C-2-B, Arts Overlay, as well as Greater U Street Historic Preservation District. No change will be sought in the zoning classification of the sites. All projects proposed are by-right, with the exception of a parking reduction to be sought for the hotel proposed for Parcel 3 (the alternative plan for Parcel 3 of office and retail would not require any zoning relief at all.)

### 2. Permitted FAR

C-2-B ordinarily allows up to 3.5 FAR for residential uses (including hotel) and up to 1.5 FAR for non-residential uses. However, in the Uptown Arts Overlay, where these sites are located, the by-right maximum density for both residential and non-residential uses may be increased to 4.5 FAR, provided that certain bonus-generating uses are including in the project, or that bonus FAR is transferred from another property within the Arts Overlay that has excess arts credits through a Combined Lot Development agreement (CLD). The proposed projects, as designed and with the tenants contemplated, generate sufficient bonus arts credits to build 4.5 FAR all-commercial projects on both Parcels 2 and 3 without any CLD. However, there are a very large number of excess arts credits available for purchase and transfer from properties within the Arts Overlay (for example, the Studio Theater is currently seeking to sell more than 200,000 square feet of excess arts credits, and the Lincoln Theater possesses well in excess of 200,000 square feet of credits). Under the Arts Overlay rules, virtually every existing building within the Arts Overlay generates unused arts credits that are transferable. The credits trade at rates far below $10 per foot, and LaKritz | Adler will purchase them for this project as needed.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006810**

## K. Proposed Business Relationship and Terms

### 1. Lease Terms

LaKritz | Adler is proposing both lease and purchase terms for all three WMATA parcels, as requested by WMATA. However, we would strongly prefer to purchase, and we believe a sale would be in the best interests of WMATA, as described below. The base lease term proposed for all sites is 29 years, with seven 10-year renewal options, fixed increases every ten years and a market rate renewal option at the end of the final term.

The reason for the 29-year base term is that any lease with a base term of 30 years or longer is construed as a sale by D.C. law, and triggers transfer and recordation taxes, an unnecessary project cost.

Proposed Ground Lease Terms for Parcels 1, 2 and 3

| | |
|---|---|
| Property/Parcels/Premises | Parcels 1, 2 and 3 as described more fully in WMATA solicitation for Shaw-Howard/Florida Avenue Parcels |
| Seller/Landlord | WMATA |
| Purchaser/Tenant | An affiliate or subsidiary of LaKritz \| Adler Development, LLC |
| Study Period | 120 day general study period commencing upon final ratification of binding purchase and sale agreement between the parties, and receipt by Tenant of all due diligence materials from Landlord. |
| Approvals Contingency | In the event that Tenant, prior to Settlement, after diligent and commercially reasonable pursuit of approvals for the properties, determines in its sole discretion that the Minimum Approval cannot be achieved for any Parcel (whether by action of the HPRB, BZA or other regulatory or government agency), Purchaser/Tenant may discontinue the lease obligation for that specific parcel and receive the immediate return of its Deposit, with interest and without penalty. |
| Parcel 1 | A 4,120 SF restaurant with one surface parking space and CT license with entertainment endorsement. |
| Parcel 2 (Subdivided for consolidation with | An 89,483 SF, 5-story, 65-foot high mixed-use commercial office building with at |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006811

| | |
|---|---|
| Tenant's 1920 8th Street parcel) | least 13,800 SF of ground floor retail or restaurant, and not more than one level of underground parking containing not more than 44 parking spaces, |
| Parcel 3 | A 72,000 SF, 6-story, 65-foot high hotel building with one level of underground parking containing 34 parking spaces. |
| Minimum Approval | A Minimum Approval shall not be achieved if the actual final approval restricts final above-grade square footage, number of floors, building height or use to a lesser amount or value than the specifications of the Minimum Approval, or a condition of such final approval imposes a higher construction or operational cost for the Tenant relative to such cost under the Minimum Approval (except where the higher cost is caused solely by an increase in the approved above-grade area, height, or use of the proposed building relative to the Minimum Approval.) |
| Permits and Zoning | Landlord shall execute any and all documents required for purposes of Tenant obtaining building permits and shall cooperate with and actively support Tenant's permitting and execute applications, plats, subdivisions, site plans, certifications, documents and recordable instruments as may be required by any applicable authority for purposes including, but not limited to, subdivisions, zoning variances, and planned unit developments including or involving the Property. |
| Development Agreements | Landlord will cooperate with Tenant's efforts in joining with other properties for the allocation of development rights to Tenant's construction project, including taking any and all steps required by Tenant to allow Tenant to construct a single building with a single construction loan on a single lot created by joining Landlord's lot with other adjacent lots that have third-party owners different from Landlord and Tenant, or to allow Tenant to obtain a single loan for the purpose of financing the |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006812

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|---|---|
| | development, construction, stabilization or operation of such building. |
| Construction | Tenant shall be permitted to construct mixed-use retail and/or office and/or hotel uses, or any other legal use on the Premises in Tenant's sole discretion, in compliance with all laws and thereafter to alter and replace the same, without Landlord's consent except with respect to reasonable and prompt engineering review of any plans with respect to their impact on adjacent WMATA facilities. Landlord's approval of plans shall be prompt and not to be withheld absent showing of structural defect or non-compliance with law. |
| Rent Increases | Annual Base Rent shall increase by 20% at the end of each ten year period, and at the commencement of each ten year renewal. |
| Lease Commencement | Monthly lease payments to commence upon completion of construction and issuance of final Certificate of Occupancy for each completed building, not to exceed 60 months from final contract ratification. |
| Memorandum of Lease and other Documentation | Tenant shall receive a recorded memorandum of lease and a recorded memorandum of purchase option, title affidavits, certificates, lien waivers, corporate resolutions and other documents and information requested by Tenant's title company in support of a leasehold title policy. |
| Additional Renewals | At the end of Tenant's final renewal period under this Lease, and each Additional Renewal period herein described, Tenant may elect to renew the Lease at Fair Market Value, based upon its residual land value at the time of renewal exclusive of the value of any improvements, for an additional ten year period. |
| Right of First Refusal | At any time during the Lease Term, if Landlord shall elect to sell or transfer the Property, Landlord shall first offer to sell Property to Tenant at the price for which |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006813**

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|---|---|
| | Landlord intends to offer the Property for sale or transfer. In the event the parties do not reach agreement on the offered price, Landlord may then offer the Property to the public, but may not accept an offer less than the price offered to Tenant without first offering the Property to Tenant at the lower price. |

### 1. Sale Terms

LaKritz | Adler prefers to purchase, rather than ground lease, all three parcels, and we believe this is more advantageous to the development plan and to WMATA, as described below.

Proposed Purchase Terms for Parcels 1, 2 and 3

| | |
|---|---|
| Property/Parcels/Premises | Parcels 1, 2 and 3 as described more fully in WMATA solicitation for Shaw-Howard/Florida Avenue Parcels |
| Seller/Landlord | WMATA |
| Purchaser/Tenant | An affiliate or subsidiary of LaKritz \| Adler Development, LLC |
| Study Period | 120 day general study period commencing upon final ratification of binding purchase and sale agreement between the parties, and receipt by Purchaser of all due diligence materials from Seller. |
| Approvals Contingency | In the event that Purchaser, prior to Settlement, after diligent and commercially reasonable pursuit of approvals for the properties, determines in its sole discretion that the Minimum Approval cannot be achieved for any Parcel (whether by action of the HPRB, BZA or other regulatory or government agency), Purchaser may discontinue the purchase obligation for that specific parcel and receive the immediate return of its Deposit, with interest and without penalty. |
| Parcel 1 | A 4,120 SF restaurant with one surface parking space and CT license with entertainment endorsement. |
| Parcel 2<br>(Combined with Purchaser's 1920 | An 89,483 SF, 5-story, 65-foot high mixed-use commercial office building |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006814

| | |
|---|---|
| 8th Street parcel) | with at least 13,800 SF of ground floor retail or restaurant, and not more than one level of underground parking containing not more than 44 parking spaces, |
| Parcel 3 | A 72,000 SF, 6-story, 65-foot high hotel building with one level of underground parking containing 34 parking spaces. |
| Minimum Approval | A Minimum Approval shall not be achieved if the actual final approval restricts final above-grade square footage, number of floors, building height or use to a lesser amount or value than the specifications of the Minimum Approval, or a condition of such final approval imposes a higher construction or operational cost for the Purchaser relative to such cost under the Minimum Approval (except where the higher cost is caused solely by an increase in the approved above-grade area, height, or use of the proposed building relative to the Minimum Approval.) |
| Settlement | 120 days following final approval of building permits, including any WMATA engineering approvals. Not to exceed 42 months following final contract ratification |
| Permits and Zoning | Seller shall execute any and all documents required for purposes of Purchaser obtaining building permits and shall cooperate with and actively support Purchaser's permitting and execute applications, plats, subdivisions, site plans, certifications, documents and recordable instruments as may be required by any applicable authority for purposes including, but not limited to, subdivisions, zoning variances, and planned unit developments including or involving the Property. |
| Development Agreements | Seller will cooperate with Purchaser's efforts in joining with other properties for the allocation of development rights to Purchaser's construction project. |
| Construction | Purchaser shall be permitted to construct mixed-use retail and/or office and/or hotel |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006815**

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|---|---|
| | uses, or any other legal use on the Premises in Purchaser's sole discretion, in compliance with all laws and thereafter to alter and replace the same, without Seller's consent. Seller's approval of plans shall be prompt and not to be withheld absent showing of structural defect or non-compliance with law. |

**2. Explanation for Sale versus Ground Lease**

There are three primary reasons why LaKritz | Adler believes the contemplated development projects and WMATA are better served by a sale of the three parcels, rather than a long-term lease. These are: 1) the real estate market places a high value and allows higher leverage on a project on fee simple land rather than a ground lease, even with all other factors equal, especially for pre-stabilized development projects, so the parcels have a higher present value to WMATA when sold rather than when leased; 2) LaKritz | Adler will be combining Parcel 2 with the adjacent 1920 8th Street parcel (that is subject to a 10-year fee-subordinated ground lease and purchase option), and may achieve assemblages of parcels under different ownership adjacent to Parcel 3 and Parcel 1 – the legal complexity and cost of financing and operating a major construction project on a single lot with multiple, incompatible institutional ownership interests, durations and structures is technically complex; and 3) to attract commercial tenants to the new buildings planned for the sites, LaKritz | Adler will may have to offer purchase options with condominium ownership some -- but not necessarily all -- of the future commercial leases, which would be extremely difficult or impossible to offer if the land under the condominium regime is leased, and moreover, leased from and owned by different owners with different interests, prices and durations.

1) Commercial lenders and the commercial real estate market value a building or project on a ground lease less than a building on fee simple land. Therefore the present value that can be offered to WMATA on a ground lease is significantly less than the present value of a sale. All other facts held equal, a building on a ground lease has less value than a building on fee simple land. This lease versus fee value gap widens as a ground lease term becomes shorter. Indeed, many purchasers and lenders will not finance or acquire a building with a remaining ground lease term of less than 70 years. Because the last owner of the ground lease is left with nothing of value at the end of the final term, the property tends to decrease in value rather than increase in value over time. A building with a given net operating income (NOI) will typically be valued with a capitalization rate that is 50 to 100 basis points higher than the same NOI on a building on a ground lease. For example, a mixed-use commercial building in an emerging neighborhood location similar to the WMATA parcels with a $1 million NOI on fee



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006816**

simple land might be valued with a 7% cap rate today, or a sale price of $14.3 million. But the same NOI from a building on a ground lease (assuming the ground lease did not impact the cash flow negatively) would be valued with an 8% cap rate, or a sale value of $12.5 million for the exact same building. Since the land value is calculated as a residual of the building value, this suggests that the present value of the land under the ground lease should be $1.8 million less than the present value of the same land at the same time in a fee simple sale.

Moreover, the NOI of the building on ground lease land may produce a lower net income after debt service compared to the building on fee simple land, because debt secured by a leasehold interest rather than a fee interest tends to be more expensive, require a further reduction of the ground lease value.

The reduction in value from a ground lease rather than fee interest during a construction project is even more extreme. In addition to reducing the market value of the completed project, and thereby reducing the present value of the land, construction lenders find a leasehold interest security that is junior to a landlord's unsubordinated fee interest to be a far inferior form of security compared to the more typical fee interest that the lender usually obtains. This means that the lender will not lend as many dollars for the same project cost, and the loan will be more costly. Many lender will not make any construction loan against an unsubordinated ground lease, regardless of the other terms (and thus, those few that will make such loans charge more for them). This means the project requires a larger cash equity contribution for the same cost, which in turn means the internal rate of return (IRR) on the cash investment will be less because of the lower leverage, turning away many IRR-driven investors, unless the ground lease cost is further reduced to allow the investor to reach its IRR objective from a much higher cash flow (from a much cheaper ground lease) after completion and stabilization.

For example, assume a new construction project that requires 80% debt and 20% equity financing, with total cost of $1 million not including financing cost, and a 20% return on cost, where the project takes one year from start to finish and debt costs 8% per annum. The investor IRR in this case would be about 68% on its $200,000 investment. Now take the same project, but assume 60% leverage, 40% equity. The investor IRR would fall by almost half, to 38% on a $400,000 investment, even though the project profits after debt actually increased. There is much more equity available for a project that will return 68% than a project that will return 38%. (These figures are purely hypothetical, of course, and do not indicate the expected IRR for the proposed projects in any case.)

Given the extraordinary jump in risk premiums in the real estate debt and (therefore) equity markets since July 2007, it is possible that any substantial project (e.g., more than a simple one-story retail box) on these sites on an unsubordinated ground lease will prove to be simply unfinanceable, given the risk multiplier for lenders on the inferior security of an unsubordinated ground lease in an already risky market for new construction. A new construction project in a "transitional neighborhood" secured by an unsubordinated ground lease is about as risky as it gets, from a financier or investor's perspective. Indeed, more than one leading institutional equity investor has commented to us on this



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006817**

specific project that they would only be interested in a fee simple deal, to retain control and flexibility with respect to the parcels after construction start.

In the current environment, WMATA should be taking all available steps not only to maximize its present value in the land, but also to ensure its land value by helping the proposed projects to succeed. The best way to do this is to sell the land so that the developer can use the land's full potential value to secure lenders and investors for fair returns in a risky environment.

2) Developing a single building on combined lots with multiple ownership interests and structures introduces greatly increased legal cost and complexity to the project, and reduces the likelihood of securing financing or future marketability. LaKritz | Adler controls 1920 8th Street, abutting Parcel 2, under a 10-year fee-subordinated ground lease and purchase option (a copy of the ratified contract is attached.) The only way to build a maximum density, by-right project on Parcel 2 (and thereby maximize land value and advance transit-oriented development principles) is to combine it with 1920 8th Street. We believe it imposes a significant practical constraint and serious legal and title costs to have to finance a single building on the combined lots when one portion of the combined lot is leased from one third-party wherein that party has pledged its fee interest to the lender and provides a near-term purchase option, and the other portion of the same lot is owned by a different fee-owner (WMATA) whose fee is not subordinated to the lender, and has a completely different ground lease term without a near-term purchase option. Any future buyer of the completed project would have to discount its value significantly for the complexity of the title and the limited financing options likely to be available.

We anticipate the same difficulties if Howard University were to agree to join in the development of Parcel 3 with a joint venture contribution of their CVS site (a reasonably likely outcome, based on recent discussions with Howard.) And it is not impossible that additional sites with different ownership structures could be assembled with Parcel 1 as well.

3. LaKritz | Adler prefers to grant purchase options in office and retail condominium leases to induce prospective tenants to relocate to this location. Based on multiple broker analyses of the proposed project, one important inducement to relocating downtown non-profit tenants and small retailers to this location may be to offer purchase options with their leases. In order to make the proposed projects as desirable to tenants as possible, the developer needs to have this ability, which cannot be granted if the new buildings are on a ground lease, rather than fee simple land. The grant of purchase options with the leases should result in a faster lease up period with higher quality tenants at higher rates, all leading to a higher present value for WMATA's land.

Although LaKritz | Adler is offering ground lease terms for all three sites to WMATA, and would be willing to develop all three sites on a ground lease, it is clear that WMATA is substantially reducing the present value of its land if it insists on an unsubordinated



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006818**

ground lease rather than fee simple sale for these sites, and WMATA substantially increases the risk that these projects will prove unfinanceable and unmarketable both to construction lenders and future owners. We recommend fee simple sale of all parcels, to maximize value, flexibility and marketability for all parties.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006819**

## L. Market Analysis and Marketing Strategy

As the project consists of retail, office and hotel components, this section will address market analysis and marketing strategy for each use type.

### 1. U Street/Florida Avenue Retail Analysis and Marketing Strategy

(Prepared for LaKritz | Adler Development by Steve Combs, KLNB Retail)

The U Street Corridor is in the midst of a rapid retail and residential revitalization. Emerging as a full-service retail and cultural destination, the area has benefited from a booming real estate market that has forced home buyers and renters to look to the north and east from the Central Business District and Dupont Circle.

Thousands of new lofts and condominium units have been added to the neighborhood, with a new supply of rental apartments on the way, and retailers have followed. Dozens of new businesses, including numerous home furnishing stores and restaurants, have opened in the area to serve these new urban residents. And with these new urban residents come new urban tastes. The boutique supermarket, Whole Foods, at 14th and P, which caters to the health conscious consumer, has found the neighborhood to be one of their most profitable locations, boasting the highest sales per square foot in the chain. Additionally stores such as Home Rule, Muleh and Maison 14 have located along 14th Street, making it a 'place to be' for home furnishing stores on the cutting edge of new and refreshing selections.

Once an underserved area, the area is now ripe with opportunities for retailers. Residential and office foot traffic is of the utmost importance for the existing retailers, and it is only going to increase. The demand for vibrant and diverse urban living will continue to provide opportunities as newly developed and renovated retail space becomes available. Retail rents are reaching the mid-$40s per square foot neat 14th & U, competing with asking prices in Adams Morgan and parts of downtown. Rents drop into the mid-$30s per foot for new construction leases as we move east along U Street to Florida Avenue.

New restaurants and trendy boutique shops, along with the established landmarks like Ben's Chili Bowl and the Lincoln Theatre, are making the area a "hip" location. Many young people and empty nesters with disposable income are attracted to the area, in part because they like the idea of restaurants, shops, and neighborhood-serving retail being just steps away from their homes. They also like the neighborhood's history and architectural character which contributes to an authentic urban neighborhood with its own identity, look, and style. In other words, it's vibrant, eclectic, and full of urban energy, not some cookie-cutter suburban mall scenario.

The neighborhood does not look like the rest of traditional Washington, and that is a draw. Projects such as Moderno by LaKritz | Adler continue to add to the area's growing population. It looks and feels more urban, more funky, and that is what makes the future of the U Street corridor exciting. More developers and retailers are keeping an eye out



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006820

- 2.25% escalator
- $2.25 per square foot bump in year 6 in lieu of 2.25% escalation
- 4 – 8 months of rental abatement
- Passthroughs of operating expenses and real estate taxes above a base year

**Florida Avenue / 8th Street NW Office Tenant Size Analysis**

| Project Size | Construction Period | Preleasing | Pricing | Term | TI's | Escalation Bumps | Potential Tenants[1] |
|---|---|---|---|---|---|---|---|
| 50,000 sf | • 12 months to begin<br>• 30 months for completion | 50% within 6 months | $42.00 - $44.00 psf Full Service | 10 Years | $60.00 psf above a warm lit shell | 2.25% $2.25 bump in year 6 | 20,000 – 30,000: **14**<br>30,000 – 40,000: **8**<br>40,000 – 50,000: **8** |
| 90,000 sf | • 30 months to begin<br>• 44 months for completion | 40% within 9 months | $42.00 - $44.00 psf Full Service | 10 Years | $60.00 psf above a warm lit shell | 2.25% $2.25 bump in year 6 | 30,000 – 60,000: **10**<br>60,000 – 90,000: **8** |
| 120,000 sf | • 36 months to begin<br>• 50 months for completion | 35% within 12 months | $42.00 - $46.00 psf Full Service | 10 Years | $60.00 psf above a warm lit shell | 2.25% $2.25 bump in year 6 | 30,000 – 60,000: **10**<br>60,000 – 90,000: **8**<br>90,000 – 120,000: **3-4** |

[1] There are approximately 52 existing Charter Schools in the District that would all be categorized as potential tenants but are not included in the statistics due to a lack of building information at this time. There is also potential for new Charter Schools that would consider the site.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006821**

## Recent Lease Comparables in D.C. "Fringe Markets"

| Submarket Type / Class | Tenant Name Building Name / Address | Rental Rate Rent Type Square Feet | Execution Date Commencement Date Term | Lease Type TIs (psf) Escalations |
|---|---|---|---|---|
| Ball Park / Navy Yard Office / A | CSC<br>1201 M Street, SE<br>Maritime Plaza | $39.00<br>Full Service<br>125,000 | 09/05/2007<br>N/A<br>5 Yrs. | Direct<br>N/A<br>2% |
| Ball Park / Navy Yard Office / A | Unity Healthcare<br>1220 12th Street, SE<br>Maritime Plaza II | $37.75<br>Full Service<br>25,658 | 07/12/2007<br>11/01/2007<br>10 Yrs. 4 Mos. | Direct<br>N/A<br>3.0%, $2.00 bump in yr. 6 |
| Southwest Office / A | HHS<br>409 3rd Street, SW<br>Washington Office Center | $48.43<br>Full Service<br>21,391 | 07/05/2007<br>10/03/2007<br>10 Yrs. | Direct<br>$17.00<br>Flat |
| Ball Park / Navy Yard Office / A | Parsons<br>100 M Street, SE | $34.00<br>NNN<br>80,000 | 05/12/2007<br>10/01/2008<br>10 Yrs. | Direct<br>$60.00<br>2.5% |
| Southwest Office / A | U.S. Immigration & Customs Enforcement<br>500 12th Street, SW<br>Potomac Center North | $40.27<br>Full Service<br>90,196 | 06/18/2007<br>01/01/2008<br>10 Yrs. | Direct<br>$38.30<br>N/A |
| Capitol Hill / NoMa Office / B | EEOC<br>131 M Street, NW<br>One NoMa Station | $42.00<br>Full Service<br>144,000 | 05/10/2007<br>07/01/2008<br>10 Yrs. | Direct<br>$50.00<br>Flat |
| Southwest Office / A | Cavarocchi Ruscio Dennis Associates<br>600 Maryland Avenue, SW<br>Capital Gallery - Expansion | $45.00<br>Full Service<br>5,970 | 04/25/2007<br>9/01/2007<br>7 Yrs. | Direct<br>$60.00<br>2% |
| Ball Park / Navy Yard Office / A | Sayre & Associates<br>1201 M Street, SE<br>Maritime Plaza | $39.50<br>Full Service<br>3,443 | 04/01/2007<br>05/01/2007<br>4 Yrs. | Direct<br>$2.00<br>N/A |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006822

| | | | | |
|---|---|---|---|---|
| Southwest<br>Office / A | DC Government<br>401 M Street, SW<br>Waterside Mall / East<br>4th Street Bldg. | $28.40<br>NNN<br>250,000 | 03/01/2007<br>10/01/2009<br>15 Yrs. | Direct<br>N/A<br>2% |
| Uptown<br>Office / A | A.G. Edwards &<br>Sons, Inc.<br>5301 Wisconsin<br>Avenue, NW<br>Chevy Chase Plaza | $39.00<br>Full Service<br>16,029 | 02/23/2007<br>05/01/2009<br>7 Yrs. 8 Mos. | Direct /<br>Renewal<br>$25.00<br>N/A |
| Capitol Hill /<br>NoMa<br>Office / B | Greenberg Quilan<br>Rosner Research, Inc.<br>10 G Street, NE | $43.00<br>Full Service<br>29,484 | 01/11/2007<br>01/01/2008<br>10 Yrs. | Direct /<br>Renewal<br>N/A<br>2.0%, $2.50<br>bump in yr. 5 |
| Ball Park /<br>Navy Yard<br>Office / A | Alion Science &<br>Technology<br>1100 New Jersey<br>Avenue, SE (140 M<br>Street)<br>Federal Gateway | $36.00<br>Net of Electric<br>31,000 | 11/29/2006<br>02/02/2007<br>12 Yrs. | Direct<br>$15.00<br>N/A |
| Southwest<br>Office / A | U.S. Immigration &<br>Customs Enforcement<br>500 12th Street, SW<br>Potomac Center North | $40.27<br>Full Service<br>403,897 | 09/28/2006<br>01/01/2007<br>10 Yrs. | Direct<br>$38.30<br>N/A |
| Uptown<br>Office / C | Academy For<br>Educational<br>Development<br>1875 Connecticut<br>Avenue, NW<br>Universal North Bldg. | $38.50<br>Full Service<br>70,238 | 08/08/2006<br>09/01/2007<br>10 Yrs. | Direct<br>N/A<br>N/A |
| Southwest<br>Office / A | Dept of Health &<br>Human Services<br>395 E Street, NW<br>One Patriots Plaza | $45.17<br>Full Service<br>25,000 | 08/01/2006<br>11/01/2006<br>5 Yrs. | Direct<br>N/A<br>N/A |
| Capitol Hill /<br>NoMa<br>Office / A | ACICS<br>750 1st Street, NE | $37.75<br>Full Service<br>15,936 | 06/10/2006<br>06/01/2007<br>10 Yrs. 11 Mos. | Direct /<br>Renewal<br>$33.00<br>2.30% |
| Southwest<br>Office / A | Federal Emergency<br>Management Agency<br>395 E Street, NW<br>One Patriots Plaza | $42.82<br>Gross<br>71,914 | 06/01/2006<br>N/A<br>5 Yrs. | Direct<br>$20.00<br>N/A |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006823**

| | | | | |
|---|---|---|---|---|
| Uptown Office / C | British School of Washington 2001 Wisconsin Avenue, NW | $20.76 NNN 75,000 | 12/10/2006 01/01/2008 12 Yrs. | Sublease $35.00 3.0%, no bump in yr. 6 |

### 3. Hotel Market Analysis and Strategy

(Prepared for LaKritz | Adler Development by Mason Mednick, Executive Vice President, Milestone Capital Corporation)

[See EXHIBIT I -- CUSTOM SMITH TRAVEL RESEARCH REPORT ATTACHED]

**Existing Competitive Supply**

Based on our research, we identified eight area hotels with a total of 1,926 rooms that would compete to varying degrees with the proposed hotel property. The selection of these hotels was based on discussions with hotel management, the facilities offered, location, the nature of the demand accommodated by each, and the similarity of published room rates. There are other independent and chain-affiliated hotels located in the market area that were considered, but ultimately not included in the defined competitive sets, based on their size, room rate structure, marketing orientation, and/or higher quality. A table and map indicating the location of the competitive properties follows.

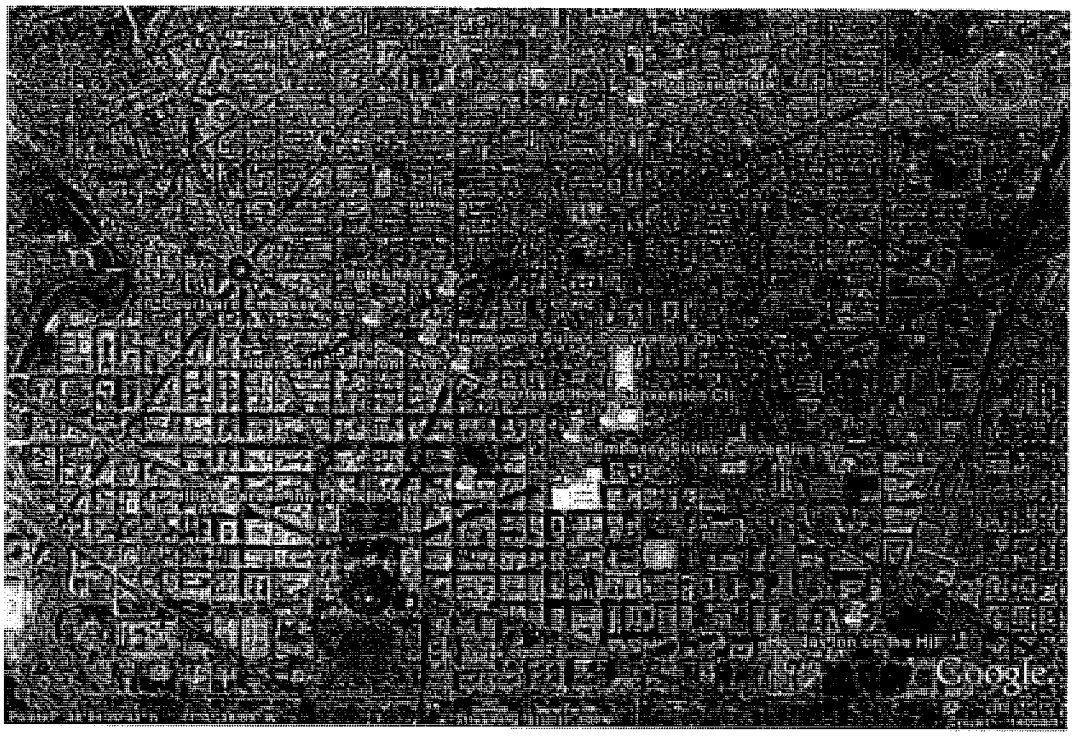
| Name of Hotel | Open Date | Rooms |
|---|---|---|
| Embassy Suites Washington Convention Ctr | Nov 2005 | 384 |
| Holiday Inn Washington DC On The Hill | May 1970 | 343 |
| Courtyard Washington Convention Center | Jun 1999 | 188 |
| Hilton Garden Inn Washington DC Franklin Square | Jan 2000 | 300 |
| Homewood Suites Washington DC Convention Ctr | Apr 2001 | 175 |
| Hotel Helix | Oct 1979 | 178 |
| Residence Inn Vermont Avenue | Feb 1999 | 202 |
| Courtyard Washington Embassy Row | Oct 1998 | 156 |
| | | 1926 |

***Source: Smith Travel Research***

The competitive hotels are somewhat dispersed around the downtown Washington D.C. market and include hotels located in the area of the Convention Center, Logan Circle and Franklin Square.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006824**




Overall, between 2001 and 2006, the competitive set occupancy increased from 70.0 to roughly 75.3 percent. During the same period, average daily rate dramatically increased from $127.72 to $182.21. The table that follows summarizes the estimated historical performance and market segmentation for the competitive set.

| Year | Competitive Set Annual Occ % | Occupied Room Nights | Average Daily Rate | RevPAR |
|---|---|---|---|---|
| 2001 | 70.0% | 384,655 | $127.72 | $89.44 |
| 2002 | 70.9% | 376,404 | $127.22 | $90.22 |
| 2003 | 71.1% | 400,298 | $127.77 | $90.87 |
| 2004 | 77.0% | 433,505 | $146.25 | $112.65 |
| 2005 | 76.1% | 446,198 | $166.34 | $126.60 |
| 2006 | 75.3% | 529,300 | $182.21 | $137.19 |
| 07/2007 YTD | 81.7% | 333,433 | $196.68 | $160.61 |

**Market Segmentation**

Milestone Hospitality Management, LLC estimates current market segmentation at its owned and operated full-service Hilton Hotel in Silver Spring, Maryland to be 36 percent corporate transient, 20 percent leisure transient, 5 percent government transient, and 39



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006825**

percent group. Overall market segmentation of 61 percent transient and 39 percent group business has remained relatively stable over the past several years for this property. Based on the location and product type (focused service) proposed for the subject hotel at the Shaw-Howard WMATA Property, management estimates that the transient to group mix would be closer to 80/20, with a greater emphasis on corporate and government transient business.

The Washington Convention Center will be the primary overflow demand driver for this location with respect to the corporate and association markets. According to the Washington, DC Convention & Tourism Corporation, the Washington Convention Center will attract more than 320,000 delegates for 43 events in 2007 (including 14 citywide conventions with 2,500 or more room nights). Howard University and the federal government will drive group related business. High rated leisure business will be strongest on weekends, when demand from corporate transient and group business subsides. As the nation's capital, Washington, D.C. is a major tourist, convention, and business destination offering a multitude of sights and activities for visitors. The tourism industry is second only to the federal government in size. From the subject property, most D.C. tourist attractions are within a 20 minute walk. Also, metro-rail provides convenient access to most area tourist attractions.

According to the Washington, DC Convention & Tourism Corporation, approximately 15 million people visited the area in 2006, two-thirds of which stayed overnight. A number of new tourist attractions have opened in the past few years, while there are several more still under construction or in the planning process, including the following:

- The new World War II Memorial was formally dedicated on the National Mall during Memorial Day weekend 2004.
- The newest Smithsonian Museum, the National Museum of the American Indian, opened to the public in September of 2004. The museum is located between the U.S. Capitol building and the National Air and Space Museum.
- The National Academy of Sciences officially opened its museum in April 2004. The new 5,700 square foot Marian E. Koshland Museum is located at 500 E Street, NW.
- Future tourist developments proposed to occur between 2006 and 2008 include the Newseum, the National Portrait Gallery, the U.S. Capitol Visitors Center, and the Martin Luther King Jr. Memorial, among others.

**Seasonality Influences**

Room night demand for the market is modestly seasonal with occupancies typically declining from November through January due to a drop in commercial transient, leisure, and group business. Comparatively, March through August are the strongest months due to increased commercial and group demand throughout the week and leisure demand on weekends. October also tends to be a strong month for commercial demand. September and February are considered shoulder months.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006826**

**Brand Contribution**

Milestone Hospitality Management, LLC estimates current brand contribution of occupied room nights at its owned and operated full-service Hilton Hotel in Silver Spring, Maryland to be approximately 58 percent per annum. "Brand Contribution" is defined as total occupied room nights generated through the www.hilton.com website or 800-HILTONS central reservation network. Typical brand contribution among the top franchisors in the hospitality industry (Hilton, Hyatt, Marriott and Starwood) is generally in the range of 35%-55% nationwide. The Hilton Silver Spring achieves a somewhat higher level of brand contribution due to the relative paucity of Hilton family of hotel brands in the local market. Based on the location and product type (focused service) proposed for the subject hotel at the Shaw-Howard WMATA Property, management estimates that brand contribution would account for approximately 50 percent of occupied room nights.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006827**

## M. Summary of Project Impact on Tax Base

1. Identification of Property Taxes, Sales Taxes, Amount of Fees and Contributions and Other Local Public Income.

- Permitting Fees: 1% of project hard cost, plus $10,000
- Property Taxes: 1.85% per year of total property value each year
- D.C. Income Tax on New Jobs Created: 4.5% on income up to $10,000, 7% on income from $10,000 to $40,000, 8.7% on income above $40,000, per job, per year
- D.C. Sales Tax on retail sales: 5.75%
- D.C. Sales Tax on restaurant food and beverage sales: 10%
- D.C. Sales Tax on commercial parking income: 12%
- D.C. Sales Tax on hotel rooms: 14.5%
- D.C. Business Franchise Tax: 9.5% on all business profits earned in the District

**SUMMARY TAX BASE IMPACT ANALYSIS**

| | | |
|---|---|---|
| **ONE-TIME TAX EVENTS** | | |
| **Construction Permitting Fees** | $ | 376,062.60 |
| **Purchase Recordation Tax** | $ | 132,740.00 |
| **Sale Transfer & Recordation Tax** | $ | 2,785,610.58 |
| **Financing Recordation Tax** | $ | 800,628.00 |
| **Construction Job Income Tax on Avg $50k, 50% in D.C.** | $ | 688,464.00 |
| **Legal/Professional Job Income Tax on Avg $120k, 50% in D.C.** | $ | 334,834.00 |
| **Franchise Tax on Development Profits** | $ | 2,493,837.00 |
| **TOTAL ONE-TIME D.C TAXES:** | **$** | **7,612,176.18** |
| **Total Construction/Development Jobs Created:** | **473** | |
| **Jobs Created in D.C. Only:** | **237** | |
| **ONGOING TAXES ON OPERATIONS (at stabilization)** | | |
| **Restaurant & Retail Sales Taxes** | | |
| Parcel 1 | $ | 213,554.00 |
| Parcel 2 | $ | 623,107.00 |
| Parcel 3 | $ | 385,300.00 |
| **Restaurant/Retail Jobs Income Tax on Avg $30k, 75% D.C.** | $ | 182,345.00 |
| **Office Jobs Income Tax on Avg $75k, 50% D.C.** | $ | 989,797.00 |
| **Hotel Jobs Income Tax on Avg $45k, 60% D.C.** | $ | 51,939.00 |
| **Hotel Taxes** | | |
| Room Sales @ 14.5% | $ | 1,458,958.00 |
| Dining Sales @ 10% | $ | 93,985.00 |
| **Parking Taxes All Parcels @ 12%** | $ | 27,752.00 |
| **Property Taxes (1.85%/year on pro forma cap rate values)** | | |
| Parcel 1 Value | $ | 60,780.79 |
| Parcel 2 Value | $ | 895,240.03 |
| Parcel 3 Value | $ | 761,772.37 |
| **TOTAL ONGOING D.C. ANNUAL TAXES GENERATED** | $ | 5,744,530.19 |
| **Long-Term Jobs Created:** | **514** | |
| **Long-Term D.C. Jobs Created:** | **293** | |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006828**

## N. Community Organization Meeting

On September 26, 2007, the principals of LaKritz | Adler Development met with Myla Moss, Single Member District representative of ANC 1B for the Shaw-Howard/Florida Avenue WMATA parcels. In addition, LaKritz | Adler has shared its first-round WMATA submission and further details of its plan with Phil Spalding, ANC 1B Commissioner and Secretary, and Dee Hunter, ANC 1B Commissioner and Chairman.

Prior to being selected as a finalist for this JDS, LaKritz | Adler Development principals had met with these commissioners on several occasions to discuss the ongoing plans and developments for these sites and 1920 8th Street. LaKritz | Adler also presented specific design plans for 1920 8th Street to the full assembled ANC at a regularly scheduled ANC meeting in early 2006, and won full ANC endorsement for the plans in a public vote.

LaKritz | Adler's submission to WMATA for these sites has been based, from the outset, on input from the community, which LaKritz | Adler sought in advance of its first round submission, because we have been developing 1920 8th Street and contemplating an assemblage with the adjacent WMATA parcels for several years, and have kept the ANC apprised of developments with the WMATA sites throughout that period (prior to the JDS announcement). Indeed, community representatives over the years have repeatedly asked LaKritz | Adler if it could somehow obtain control of the WMATA parcels to incorporate them into its planned 8th Street project to get the long-vacant lots developed in conjunction with 1920 8th Street.

Community representatives including Commissioner Moss, Commissioner Spalding and others have repeatedly voiced their enthusiasm specifically for new office and hotel on these sites, including at the meeting on September 26. Moreover, these commissioners and others have expressed their disfavor for additional residential projects on these sites, because over 1,500 new residential units are now in construction or planning within a three-block radius of the JDS sites, and the general community feeling is that there is a glut of residential in the area. Additional community concerns pertaining to daytime versus evening uses include that there is a dearth of people during the day in this location, which means a lack of support for daytime retail and restaurant and street life, while the excess of evening inhabitants (workers returning home and visitors for evening activities) means a shortage of parking at night and an excess of nightclubs, versus legitimate restaurants and other retail which need daytime traffic to thrive.

There was strong support for LaKritz | Adler's ability to complete the proposed projects without seeking an increase in the 65-foot height limit through a Planned Unit Development process, especially in light of the Historic Preservation Overlay in effect. The principle concern was not that the community would not support the greater height and density under a PUD, which for these specific projects on these sites would be forthcoming, given the widespread support for new hotel and office space here (though it was noted that community support would probably not be forthcoming for a residential project PUD on these sites.) Rather, the concern was that the Historic Preservation and Review Board process would greatly delay and economically hamper a project seeking to



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006829

exceed current height limits for any purpose, and the community wants a project with the greatest probability of approval and commercial success, without contingencies for PUD, unlikely HPRB approvals, or any public financing or subsidies. Also, there was great concern that any residential project, given the current state of the market, would ultimately have to rely on public subsidies to succeed, whether stated or not in the JDS, and would ultimately fail to get such financing or meet pre-sale requirements, tying up the vacant JDS sites for many more years and further delaying the completion of new development on these prominent lots.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006830

## O. Local Jurisdiction Meeting

On September 20, 2007, the principals of LaKritz | Adler Development met with five representatives of the D.C. Office of Planning and the Mayor's Office of Economic Development regarding our Shaw-Howard/Florida Avenue JDS proposal. Jurisdictional staff present included:

- Geraldine Gardner, Associate Director, Office of Planning
- Zach Dobelbower, Ward 2 Planning Coordinator, Office of Planning
- Tarek Bolden, Ward 1 Planning Coordinator, Office of Planning
- Travis Parker, Development Review Specialist, Office of Planning
- Derrick Woody, Coordinator – Great Streets Initiative, Office of the Deputy Mayor for Planning and Economic Development

While this meeting represented the first formal presentation of LaKritz | Adler's plans for the JDS parcels, LaKritz | Adler has met with and discussed its plans for 1920 8th Street and the adjacent JDS parcels with several members of the Office of Planning and the Office of Economic Development over the past several years preceding the current JDS publication, including meeting Derrick Woody and Travis Parker regarding these specific sites on various occasions.

At the meeting, LaKritz | Adler presented large-format architectural renderings of the proposed development, presented the by-right and PUD suggestions for the sites, and received planning and design feedback from the jurisdictional staff. Jurisdictional staff was extremely enthusiastic about both the retail/office plan and the retail/office/hotel plan. They were agnostic about preference for office versus hotel on Parcel 3. However, they did state strong preference for the maximum density by-right development plans, rather than PUD plans, and the fact that LaKritz | Adler is the only developer capable of implementing a by-right maximum density plan for Parcel 2 (by combining with 1920 8th Street) was a major consideration.

Office of Planning staff strongly agreed that the LaKritz | Adler plan was an outstanding implementation of the transit-oriented development goals of the "DUKE" plan for the area, to make the Uptown Destination District an 18-hour destination, as it presently lacks meaningful daytime traffic. Because of their enthusiasm for the plan, and their desire to see development commence as soon as possible, they advised against seeking a Planned Unit Development, as this would substantially slow implementation, and the additional height and mass needed to make the PUD process worthwhile might be opposed by the Historic Preservation and Review Board, thereby foiling the development plan and causing further delays.

As a result of this input, LaKritz | Adler has eliminated its discussion of PUD plans in this JDS submission, and no longer intends to consider a PUD process for the sites.

Office of Planning's foremost concerns, given the strong support for the project concept, was that the project be as close to by-right as possible, and be economically viable



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006831**

without public subsidies, to ensure success. They agreed that in the present market, a residential plan without substantial public subsidies was unlikely to succeed.

Having agreed with the plan concept, Office of Planning staff moved on to offer design input with respect to the architectural renderings and site plan. Design recommendations included:

- Break up the façade aesthetics of the proposed buildings, to give them more of a smaller, "U Street" rhythm.
- Give greater visual weight to the retail floor and entryways.
- If possible, do not have the hotel driveway on Florida Avenue. Make parking and loading entries off 8th Street and public alleys.
- Try to include some local businesses in the retail component.

These design inputs would ultimately be incorporated during the HPRB public design review process.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006832**

**P. Project Feasibility**

The project proposed is not contingent on any local, state or federal government action or financial support or subsidies, including any change in regulations, street closings, alley closings, public funding, public guarantees or issuance of tax-exempt bonds, financing or credit enhancements, or leasing of space. This is a market-rate, market-driven project in its entirety.

**Q. Additional Statements**

1. The Project is compatible with local land use requirements.

2. The Project will conform to all applicable federal, state and local laws, regulations and ordinances including all federal and relevant local environmental regulations.

**R. Analysis of Impact on Metro Ridership**

To be performed by WMATA.

**S. Past, Current or Anticipated Relationship between Members of Development Team and WMATA, Staff or Board**

None.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006833**

## T. Sample Previous Projects

### 1. Illustrative Materials on Three Recent Successful Projects

(i) Moderno by LaKritz | Adler [See EXHIBIT J – MODERNO BROCHURE]

(ii) Silver Spring Hilton by Milestone Capital Corporations [See EXHIBIT K]

(iii) Rockville Town Center by DANAC Corporation [See EXHIBIT L]

### 2. Sources and Amounts of Debt and Equity for Recent Previous Projects

(i) Moderno by LaKritz | Adler
*35,000 square foot, 20-unit new construction mixed-use project at 12th & U Streets*
Total Cost (excluding closing costs and commissions): $12,425,868
Senior Debt: $9,300,000 construction loan, PNC Bank
Subordinate Debt: $400,000 seller financing
Land Equity: $1,150,000 seller land equity contribution
Cash Equity: $1,575,868 LaKritz | Adler cash contribution

(ii) Hilton Washington D.C./Silver Spring, MD by Milestone Capital Corp.
*263-room gut rehab renovation of full-service hotel*
Total Cost: $18 million
Senior Debt: $12 million construction loan, Nationwide Life Insurance Co.
Subordinate Debt: $3 million, RockBridge Real Estate Fund I
Cash Equity: $3 million from Milestone Hotel Partners
Total Rooms: 263

(iii) Hampton Inn/Homewood Suites Silver Spring, MD by Milestone Capital Corp.
*239-room gut rehab renovation of limited-service hotel*
Total Cost: $40 million
Senior Debt: $28.5 million construction loan, Marathon Structured Finance Fund
Cash Equity: $11.5 million cash contribution from Milestone Hotel Partners, LLC
Total Rooms: 239

(iv) Rockville Town Square by RD Rockville (DANAC & Ross Development)
*A public-private partnership, mixed-use development of 644 luxury residential units, 174,000 square feet of retail and office, and 1,947 parking spaces. RD Rockville, a partnership of DANAC Corporation and Ross Development, was the Master Developer. DANAC's team managed the construction of this project with Whiting Turner as General Contractor and WDG as architect.*
Total Cost: $220.8 million
Senior Debt: $176.8 million from CORUS Bank and Fremont Investment
Sub Debt: $34 million from Lehman Brothers



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006834**

Equity Amount: Cash Contribution of $10 million which was provided 50% by DANAC Corporation & 50% from Ross Development.

(v) DANAC STILES I by DANAC Corporation (282,783 SF new construction office)
*282,783 SF "World Class" Corporate Campus: three buildings, 1,135 parking spaces.*
Total Cost: $57.5 million
Senior Debt: $50.5 million from Bank of America
Sub Debt: None
Land Equity: $7 million of land equity contributed by DANAC



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006835**

## U. Projects with Defaults or Bankruptcies

Neither the Developer nor any member of the development team has ever defaulted on a loan or project commitment or declared bankruptcy.

## V. Criminal Indictments or Convictions

Neither the Developer nor any member of the development team has ever been indicted or convicted on any criminal charge, felony or fraud.

## W. DBE Statement

The Developer is willing to include Disadvantaged Business Enterprises in the Project. Note that LaKritz | Adler Development, LLC, the lead developer, is certified as an LSDBE/RBO in Washington, D.C.

## X. Assemblage Site Information: 1920 8th Street

LaKritz | Adler Development is proposing to combine JDS Parcel 2 with its adjacent property, 1920 8th Street, NW. 1920 8th Street is also known as 1916-1930 8th Street, or Lot 46 in Square 393. 1920 8th Street is approximately 11,320 square feet in area, or 120 feet by 94.33 feet, in the C-2-B Arts Overlay. LaKritz | Adler Development, LLC, has formed a single purpose entity, 1920 8th Street, LLC, a Delaware Limited Liability Company with the same business address, ownership and management as LaKritz | Adler Development, LLC, to take title to 1920 8th Street. The 1920 8th Street property is owned by Medal, Inc., a Virginia Corporation. 1920 8th Street, LLC, has entered into a 10-year fee-subordinated ground lease and continuous fixed-price purchase option in which ground lease payments are credited to the purchase option and the landlord's unencumbered fee interest is pledged in-full as collateral/equity for 1920 8th Street, LLC's development, construction and permanent financing, and the landlord must cooperate with lot combinations and joint development agreements requested by the Developer. A copy of the ratified agreement is attached. [See EXHIBIT M]

## Y. Additional Information

The LaKritz | Adler Development plans described above are the highest and best transit use for the sites, and maximize transit-oriented development principles. Not only does the LaKritz | Adler Office/Retail/Hotel plan maximize density at the parcels in a way that no other plan could—by incorporating the major private parcel adjacent to Parcel 2—it is a quantitatively and qualitatively superior transit-use plan compared to any principally residential plan for the same sites. Because the bulk of new and existing development in this vicinity is now residential, public transit ridership from these areas is primarily outbound in the morning, inbound in the evening. The addition of approximately 71,000 square feet of new office, 145 hotel rooms, and at least 26,000 square feet of new retail under our plan would generate substantial "reverse commute" traffic through the U Street and Shaw-Howard Metro Stations, and would add far more bodies to the public transit



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006836**

ridership and daytime pedestrian street presence than a residential plan. At one person per 200 SF-office, 1.5 persons per hotel room at 75% occupancy, 1 hotel employee per 5 rooms, 1 employee per 200 SF-retail, and 50 visitors per day per 1,000 SF-retail, our plan would increase the daily population of the immediate area by about **1,977 persons**, nearly all of whom would use public transportation. The alternative proposed plan of office rather than hotel on Parcel 3 would increase this figure by another 96 persons per day.

Even if all three WMATA parcels were developed to maximum residential density (impossible on Parcel 1 in any circumstance and impossible on Parcel 2 without 1920 8th Street), and with maximum ground floor retail – this would be 104,950 square feet of residential and 14,183 square feet of retail – assuming 1 unit per 1,000 GSF residential with 1.5 persons and the same retail ratios described above, the total daily population increase from such a plan would only be 937 persons – less than half of the daily population increase from the proposed LaKritz | Adler plan. And that calculation makes an impossibly favorable assumption for the residential plan, which is that 4.5 FAR (17,100 SF) could be built on the 3,800 square foot Parcel 1, and that 4.5 FAR (38,543 SF) could be built on the irregularly shaped 8,565 SF Parcel 2, and moreover that residents and retailers would be willing to occupy both of these buildings fully with close to zero parking. In reality, the achievable square footage on those parcels and their positive impact on the community would be far lower.

In short, from the standpoint of both transit-oriented development principles, which seek to maximize density and population near transit nodes, and highest and best transit use calculations, no residential/retail plan can come even close to the LaKritz | Adler proposal with mixed commercial uses. Plus, the LaKritz | Adler plan is more favorable for traffic flows, and better meets the desires of community residents and the objectives of the Office of Planning DUKE Uptown Destination District plan.

The LaKritz | Adler plan for the Shaw-Howard/Florida Avenue JDS parcels:

1. Has the greatest possible implementation of transit-oriented development principles and creates the highest and best transit use of the sites;
2. Is a market-rate, market-driven project that has the greatest probability of success without any public subsidies in today's turbulent real estate and credit markets;
3. Has a highly experienced, well-financed development team in which every member has multiple, verifiable, major successful new construction projects of similar or comparable scope without public subsidies;
4. Is innovative and creative, differing significantly and positively from the bulk of other proposals, brining new, much needed uses to the surrounding community;
5. Fits perfectly with the objectives of the Office of Planning's transit-oriented plan and land use policies for these sites; and
6. Generates far greater daytime population, economic stimulus, job growth, business activity and tax revenues for the local jurisdiction compared to other plans, as well as far greater Metro ridership and reverse commute traffic.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006837

**ADDENDA / EXHIBITS**

EXHIBIT A – WMATA PROPOSAL FORM A
EXHIBIT B – ON SITE MAGAZINE ARTICLE
EXHIBIT C – DC MODERN ARTICLE
EXHIBIT D – CORE PROFILES
EXHIBIT E – DANAC PROFILES
EXHIBIT F – MILESTONE PROFILES
EXHIBIT G – COLOR ELEVATIONS, RENDERINGS AND FLOORPLANS
EXHIBIT H – MS PROJECT CHART
EXHIBIT I – SMITH TRAVEL RESEARCH REPORT
EXHIBIT J – MODERNO BROCHURE
EXHIBIT K – SILVER SPRING HILTON BROCHURE
EXHIBIT L – ROCKVILLE TOWN CENTER BROCHURE
EXHBIT M – 1920 8th STREET RATIFIED CONTRACT

ALSO ATTACHED: CD-ROM containing jpegs of site plan and elevations



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 006838**

# WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
## PROPOSAL FORM

## JOINT DEVELOPMENT SITES

**JOINT DEVELOPMENT SOLICITATION (JDS) DATED:** October 5, 2007
**PROPOSAL SUBMITTED FOR THE FOLLOWING JOINT DEVELOPMENT SITE:**

Shaw - Howard / Florida Avenue

**DEVELOPER:**

Lakritz Adler Development, LLC
Name (must be existing entity)

Joshua Adler
Name of Authorized Representative

Signature of Authorized Representative

Co-managing member
Title

4326 8th Street, NW, Washington D.C. 20011
Address Including Zip Code

202-882-0808 Telephone Number | 202-882-0809 Fax Number | Josh@Lakritzadler.com E-Mail Address

Name of Entity to be Formed (if applicable)

# REPRESENTATIONS AND CERTIFICATIONS

## REPRESENTATIONS

1. Developer's existing operation is as: *(check or complete all applicable boxes)*

[ ] an individual
[ ] a partnership
  [ ] general
  [ ] limited
  Formed under the laws of _____
[ ] a non-profit organization
[ ] a corporation, incorporated under the laws of _____
[✓] a limited liability company (LLC) formed under the laws of District of Columbia
[ ] other, _____

2. Developer's proposed operation as set forth in its proposal is as: *(check or complete all applicable boxes)*

[ ] an individual
[ ] a partnership
  [ ] general
  [ ] limited
  To be formed under the laws of _____
[ ] a non-profit organization
[ ] a corporation, incorporated under the laws of _____
[✓] a limited liability company (LLC), to be formed under the laws of Delaware
[ ] other, _____

## CERTIFICATIONS *(check applicable box)*

1. Debarred or Ineligible Contractors:

Developer certifies that its existing operation [ ] is, [✓] is not included in the "List of Parties Excluded from Federal Procurement or Nonprocurement Programs" maintained by the U.S. General Services Administration.

2. Contingent Fee:

a. Developer [ ] has, [✓] has not, employed or retained any company or persons (other than a full-time, bonafide employee working solely for the Developer) to solicit or secure a Development Agreement; and

b. Developer [ ] has, [✓] has not, paid or agreed to pay any company or person (other than a full-time, bona fide employee working solely for the Developer) any fee, commission, percentage, or brokerage fee contingent upon or resulting from the award of a Development Agreement; and

c. Developer agrees to furnish information relating to the above as requested by WMATA's Contracting Officer.

3. Covenant Against Gratuities:

Neither Developer nor any of its employees, representatives or agents have offered or given gratuities or will offer or give gratuities (in the form of entertainment, gifts or otherwise) to any director, officer or employee of WMATA with the view toward securing favorable treatment in the designation of a Selected Developer or in any determination made with respect to Developer selection, or in the negotiation, amendment or performance of the Development Agreement.

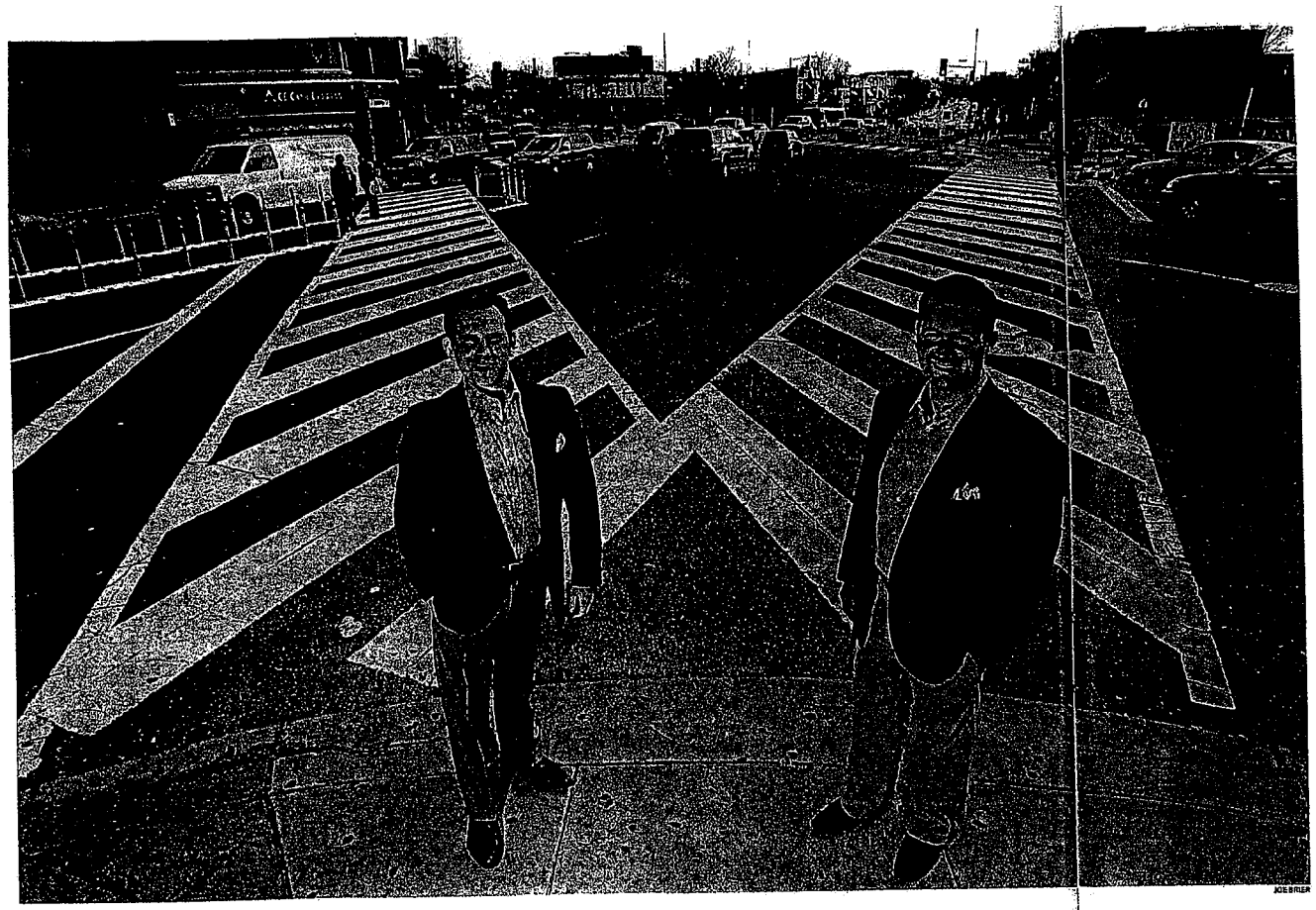
The undersigned Developer certifies that the foregoing is true.

10/05/2007
Date

Lakritz Adler Development, LLC
Developer

Authorized Representative

FOIA CONFIDENTIAL TREATMENT REQUESTED



GEORGIA AVENUE is at a crossroads, say development partners Robb LaKritz, left, and Josh Adler. They have bought several properties near Georgia and New Hampshire avenues NW to develop spaces for neighborhood services such as banks, yoga studios and restaurants.

JOE BRILEY

# Robb LaKritz and Josh Adler

## Shaw / Petworth

ROBB LAKRITZ USED to walk around his Shaw neighborhood five or six years ago lamenting the empty and abandoned buildings.

"I was really curious why economic development wasn't happening in my backyard," says LaKritz, at the time a senior adviser in international affairs at the Department of Treasury. "This is sort of like a parlor game in D.C. Why is that building vacant? Why isn't there a coffee shop there?"

In a very un-Washington way, however, he decided to do something about it. He partnered with fellow Treasury official Josh Adler to buy a building at 1525 Ninth St. NW, just two blocks from the new convention center. A tax lien and residential zoning complicated matters, but the pair persevered and redeveloped the project, leasing the main floor to an insurance company and creating two residential units upstairs.

It wasn't long before LaKritz and Adler quit their day jobs to become full-time developers. LaKritz wondered about the destitution of Georgia Avenue every time he drove up the corridor. "Why is Georgia Avenue this way? This is a beautiful corridor," he thought. "This is a boulevard."

After moving to Petworth in 2003, LaKritz began talking to residents and discovered they were clamoring for a sit-down restaurant. LaKritz/Adler bought a 6,000-square-foot boarded-up barber shop at 3645 Georgia Ave. NW south of the Petworth Metro station. In 2005, the renovated building opened with a yoga studio on the second floor. A restaurant, Temperance Hall, opened last year. They partnered with Joe Englert, an H Street NE developer and bar owner, on both the building and the restaurant.

LaKritz has tracked down the owners of all sorts of vacant buildings, only to have his offers rebuffed. "The guys who own these buildings don't want to sell," he says. "They just want to speculate."

The duo now is working on the Moderno condominiums just off U Street, and they have several properties on Georgia Avenue. In January, they bought the triangular parcel at Georgia and New Hampshire avenues NW and the vacant 4,600-square-foot Petworth Pharmacy building at Georgia and Upshur Street NW. They are negotiating deals to buy other small parcels to accommodate neighborhood services. So far they have provided all the equity for their projects, but LaKritz says they may begin to seek outside investors.

LaKritz takes a philosophical approach to the area's renaissance.

"Responsible revitalization is demand driven," he says. "It's not about bringing the suburbs into the city. It's about the enhancement of a community." ▫



WMATA-INV 006842

DC
DC

**CORE architecture + design, Washington, DC**

Role / Services: base building architecture / retail space design

CORE is an award-winning architecture firm dedicated to creating good design. The founding Principals and the talented individuals that make up the CORE team share a strong vision – a firm committed to working with people who are concerned about the quality of their environment and understand the importance of design in achieving that goal.

## History/Ownership

CORE was officially formed on August 1, 1991 to create an environment where client satisfaction and quality design came first. The focus of the operation was then, and is now, to produce the highest quality work and to deliver client satisfaction. Combining over 100 years of large-firm experience, the four Partners at CORE have been responsible for projects ranging in size from under 500 square feet to over 450,000 square feet.

CORE Group, PC is a Professional Corporation organized under the laws of the District of Columbia and located in the Georgetown area of Washington, DC. The Corporation is led by principals Peter F. Hapstak III, AIA, IIDA, ISP, I. Guyman Martin, AIA, Dale A. Stewart, AIA and Neal R. Sumner, AIA, and the firm is licensed to practice architecture in more than 20 states. CORE is duly registered by the Office of Local Business Development as both a Local Business Enterprise and a Small Business Enterprise under the "Equal Opportunity for Local, Small, and Disadvantaged Business Enterprise Act of 1998" in Washington, DC and is otherwise classified as a Local and Small Business. The Certification Number is LS00176062008.

## Areas of Practice

Our firm's capabilities include Architecture, Master Planning, Historic Preservation, Renovation and Adaptive Reuse, Interior Architecture, Interior Design, Entertainment, Hospitality and Retail design. We specialize in creative problem solving and have earned a reputation for delivering exceptional design, on time, on budget. Our growing list of national and regional projects includes a high percentage of repeat and legacy clients, affirming the success of our creative, solution-driven project approach. Staffed with 28 full-time personnel, our principals, project managers, architects and designers bring a high level of energy and passion to each new project. Our team members are cross-trained in various design disciplines and practice sectors to best inform solutions for each client and each challenge.

## Design Excellence

CORE understands that the true expression of architecture and interior design is defined by the people that will use the buildings and spaces that we create. Our design solutions are unique, inspired responses to our clients' vision and the project goals. Designed with sensitivity to effectively managing construction costs, the new buildings, mixed-use projects, renovations, cultural spaces and retail facilities designed by CORE reflect the specific function and utilization of the building by the client and the community it serves. Our designs are unique expressions of our experience and our desire to create successful, user-friendly projects.

CORE continuously demonstrates with conviction that spirited and powerful design creates a vital contemporary contribution to the community, and can be obtained through the absence of expensive flourishes. We have provided hundreds of clients with consistent, simple, straightforward good design that exudes a spirit of invention and embraces an economy of means. For developers, corporations, individuals, municipalities, nonprofit organizations, associations and institutions we add value to our projects by creating environments of practicality, compassion, optimism, and cooperation.

Since the inception of CORE more than fifteen years ago, the firm has been consistently recognized for design excellence by the design profession and our peers. We have been honored with more than 70 awards across all disciplines from the American Institute of Architects, the International Interior Design Association, the Washington Building Congress, Inc., and peer organizations and publications. Our firm's work has been published in hardbound editions and periodicals both internationally and regionally, and CORE is consistently included Top Design Firm lists on a regular basis for interior design, hospitality and retail design.

## Technological Approach

CORE utilizes an advanced computer-aided three-dimensional modeling CADD design software, ArchiCAD, allowing us to efficiently model projects in the early phases of design. ArchiCAD is easily integrated with native AutoCAD DWG formats and layering systems, and other similar software packages, allowing seamless coordination and communication with other team members. Additionally, ArchiCAD 9 is also used as Building Information Modeling (BIM) based software. Construction documents are a by-product of the 3-D model, thus eliminating much of the tedious 2-D drafting process, producing fewer errors and efficiently meeting project schedule requirements.

CORE architecture design

# 1250 U street
## washington, dc

### project
new building, mixed-use office/retail

### owner
The Jenco Group
1832 Jefferson Place, NW
Washington, DC

Marvin Jawer, President, 202.452.0088

### design team
Dale A. Stewart, AIA, Project Principal
Peter F. Hapstak, AIA, IIDA, ISP, Principal
Ramon Santos, AIA, Project Manager
Adriana Radulescu, Project Architect
Kathleen Claire Ngiam, Senior Designer
Bo Soon Kim, Architect

### contractor / consultants

| | |
|---|---|
| gc | HBW Group Construction |
| structural | Rathgeber/Goss Associates |
| mep | GHT Limited |
| civil | Greenhorne & O'Mera |

**completion date** 2004

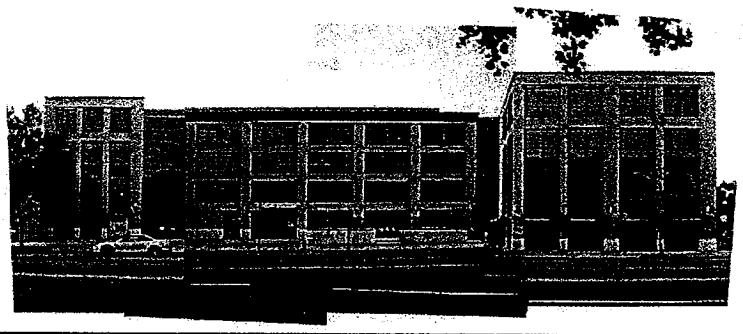
**size** 44,000sf

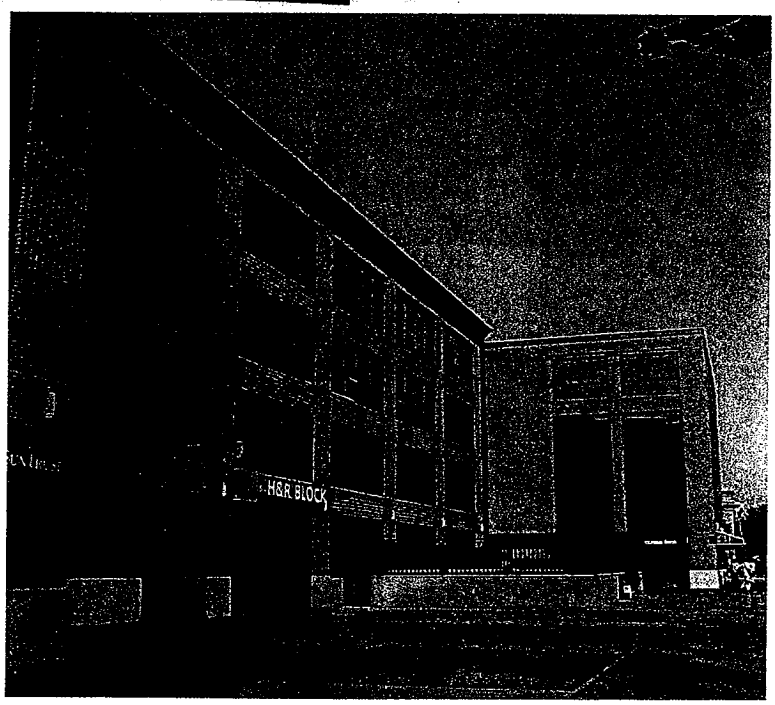
**budget** $8 M

The project called for design of a four-story mixed-use building over the Cardozo-U Street Metro station in Washington DC. With a mix of District agencies and ground level retail as tenants, the goal was to create a building that created public space around the metro entrance and was an attractive addition to the surrounding neighborhood. CORE completed full architecture, interior design and construction administration services.

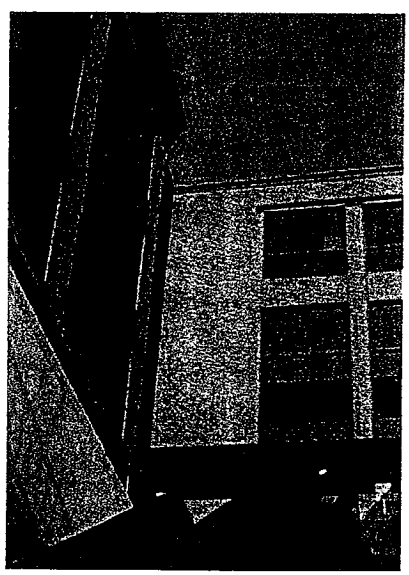
The site was severely restricted by a variety of visual, structural, and utility easements which complicated construction and restricted the footprint. Cut & Fill construction was used when the WMATA Metro station tunnels were built below the site. This resulted in poor soil bearing capacity, requiring pier foundations for our building. The specified 20' casons were value engineered out of the project and were replaced with geo-piers, saving significant time and money.

The building abuts commercial buildings to the east, yet not interfere with the restrictive easements. The design team worked with the staff of HPRB in developing an appropriate design that would serve as a backdrop for the Metro plaza, respect the easements, and would be compatible with the historic district requirements.






photography by CORE



CORE architecture design

# square 452
## washington, dc

### project
new office building

### owner / client
Gould Property Company
1725 DeSales Street, NW, Suite 900
Washington, DC 20036

Garrett Preis, 202.467.6739

### design team
Guy Martin, AIA, Project Principal
Ron Ngiam, AIA, Project Manager

### contractor / consultants

| | |
|---|---|
| contractor | TBD |
| civil | TBD |
| structural | Tadjer-Cohen-Edelson Associates, Inc. |
| mep | TBD |
| landscape | TBD |

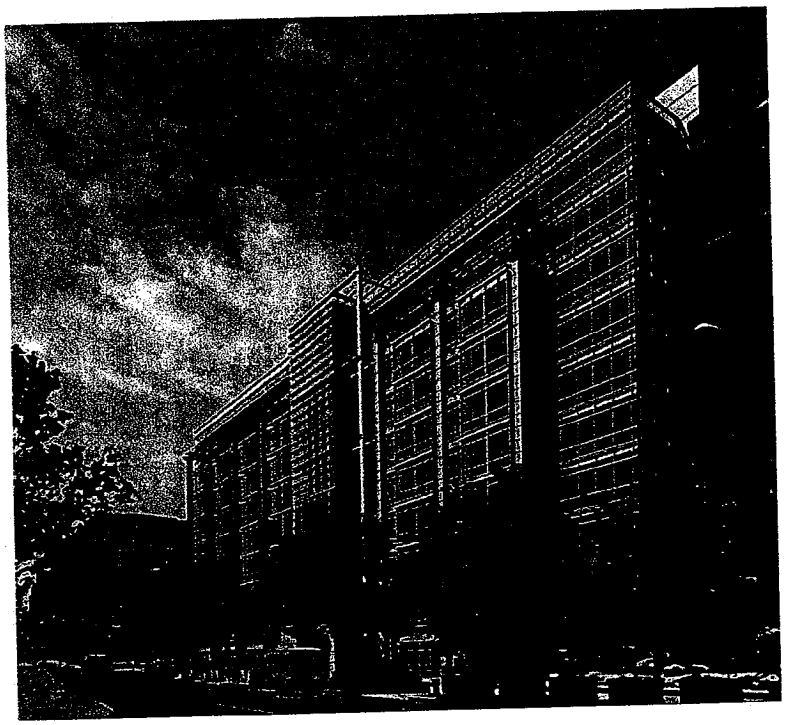
**completion date** 2010

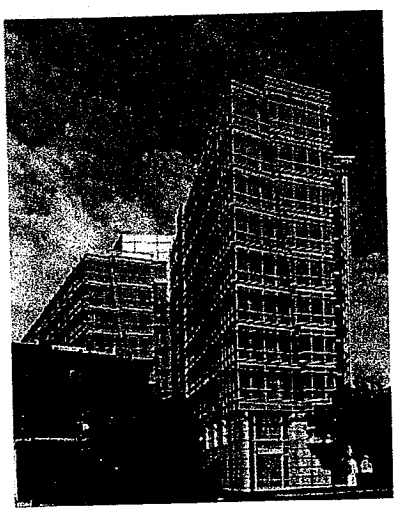
**size** 380,000 sf w/ 300 underground parking spaces

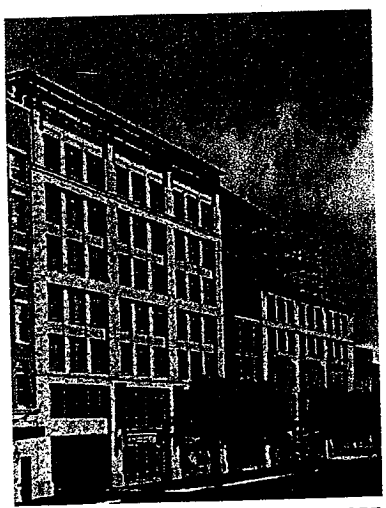
**budget** TBD

Square 452 is a new speculative office building seated in the vibrant Chinatown neighborhood of Washington, DC. Located in the space between Massachusetts Avenue, Eye and 6th Streets, NW, the development of Square 452 necessitated a design approach that honored the historic surroundings, yet integrated current and contemporary approaches that will allow the building to stand out. The challenge was to design a retail/office building that is historically sensitive on Eye Street while maintaining a modern building design in the presence of the tradition of "Grand Boulevard" for the Massachusetts Avenue perspective.

A departure from the traditional Washingtonian building tower, the articulated "folding" glass of the building corner brings a new formal language to the site. The corner faces a park at the intersection of Massachusetts and 6th street, while maintaining a coherent form along the Massachusetts Avenue façade. Chinese motifs and characters are quietly incorporated throughout the design, which emphasizes the ground plain views through landscaping, storefront design and canopied entrances. These elements engage the dynamic quality of the street view, with focus placed on creating a warm, activated façade with the use of natural materials such as stone.







renderings by CORE

FOIA CONFIDENTIAL TREATMENT REQUESTED

CORE architecture design

# cafe du parc

## willard intercontinental, washington, dc

photography by Michael Moran

### project
french bistro / three-a-day restaurant

### owner / client
Edward Lash
Columbia Equity Trust, Inc.
1750 H Street NW, Suite 500
Washington, DC 20006
202.303.3080

### design team
Peter F. Hapstak III, AIA, IIDA, ISP, Design Principal
Cassandra Cullison, AIA, LEED AP, Proj. Manager
Kathleen Claire Ngiam, Senior Designer
Jennifer Jaffke, Project Architect
Nicole Burgess, Sourcing Designer

### contractor / consultants

| | |
|---|---|
| gc | Herman Stewart |
| mep | Allen & Shariff Corporation |
| structural | Rathgeber / Goss Associates |
| kitchen | Next Step Design, Inc. |

**completion date** April 2007

**size** 4,150sf

**budget** $2.2 M

Located in the Willard InterContinental Hotel, Café du Parc stands as an authentic French bistro in an international city. The CORE design team utilized an approach that blends traditionally French materials, furniture, and lighting with modern execution and application. The contrast and balance of the architecture and design with the definitive French elements create an aesthetically inviting, comfortable and fresh environment.

FOIA CONFIDENTIAL TREATMENT REQUESTED

CORE architecture | design

# Geoff

# LIA's by Chef

**PROJECT**
neighborhood bistro

**OWNER /CLIENT**
JBG Properties, Inc.
Bethesda, MD

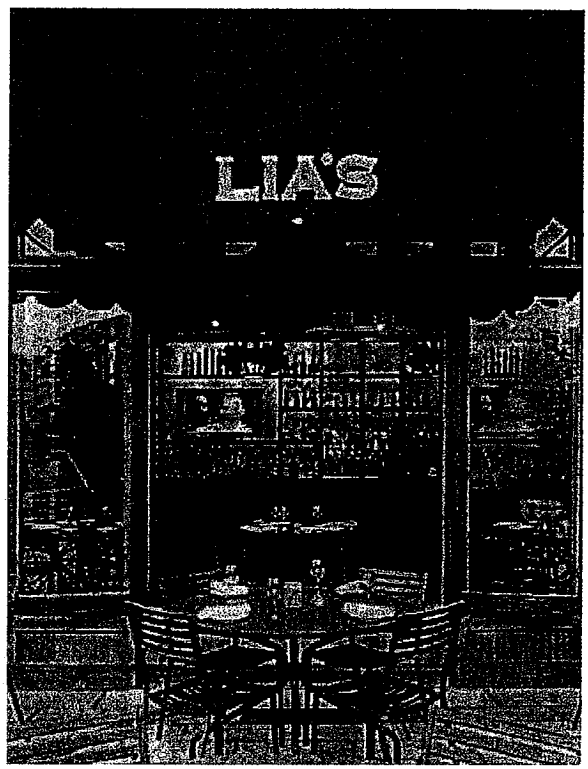
Client: Geoff Tracy
(202) 237-7800

**DESIGN TEAM**
Peter F. Hapstak III, AIA, IIDA, ISP
Dale A. Stewart, AIA
Cassandra Cullison, AIA, LEED AP
Kathleen Claire Ngiam, Senior Designer
Mark Woodard, Project Architect

**CONTRACTOR / CONSULTANTS**

| | |
|---|---|
| GC | Winmar Construction |
| MEP | Allen & Shariff Corporation |
| Structural | Rathgeber/Goss Associates |
| Kitchen | Woodburn & Associates |

**COMPLETED** July 2006
**SIZE** 5,700sf
**CONSTRUCTION COST** $1.5 M




The neighborhood bistro is the place where people find comfort in the food, ambiance, and service. It is never pretentious or overly serious; rather it is fun and warm. For this third restaurant of a successful young chef, the concept, design and ambiance had to reflect another side of his culinary inspirations and a comfortable atmosphere.

The approach to the restaurant is evocative of dining al fresco in the Italian countryside. Diners are invited to relax and chat with family and friends in the casual setting beneath the eaves of the large mixed-use building in which it is located. Entering the front door one is embraced by a glow of a golden yellows, deep reds, and soft rustic wood. There are bottles of wine, smiling faces, and the energy of a full house, an aromatic appeal and a bustling bar and main dining room. The bar was designed to atiract guests to enjoy conversation, catch a ballgame on the flat screen, or to enjoy a light dinner with others.

Finally, the design and finishes palette was inspired by rusticated materials and styles found in the Italian countryside.

CORE architecture | design

# brasserie BECK

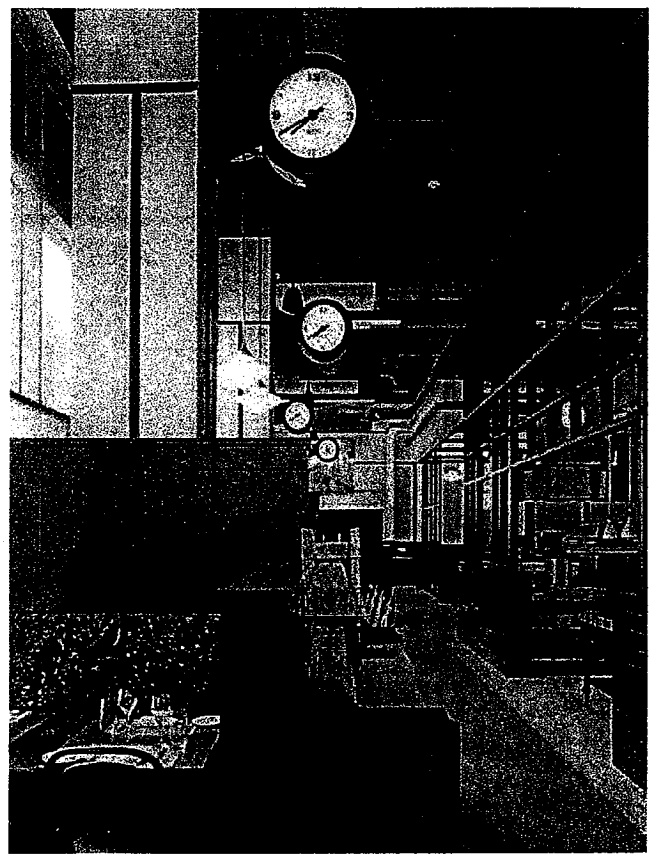
**PROJECT**
authentic Belgian brasserie

**OWNER NAME**
The JBG Companies
1101 K St. NW
Client: Robert Weidmaier
(202) 296-1166

**DESIGN TEAM**
Peter F. Hapstak III, AIA, IIDA, ISP, Design Principal
Cassandra Cullison, AIA, LEED AP, Project Manager
Kathleen Claire Ngiam, Senior Designer
Jennifer Jaffke, Project Architect

**CONTRACTOR / CONSULTANTS**
GC: Forrester Construction
MEP: FACE Engineering Associates
Kitchen: Yui Design
Lighting: MCIA

**COMPLETION DATE** 2007
**SIZE** 8,500 sf
**CONSTRUCTION COST** $3.4M



The newest restaurant from Chef Robert Wiedmaier will establish a new benchmark for cosmopolitan dining in Washington D.C. With a menu inspired by his deep love of classic Belgian fare, Brasserie BECK is a progressive yet classically styled destination that captures the spirit of a modern brasserie.

The atmosphere of a luxurious 1930's Belgian brasserie has been reinterpreted to dazzle patrons. Just steps into the soaring ground floor space is an impressive glowing glass and steel 'solarium', which houses the large-scale open kitchen. Seating along the main line provides front row culinary theatre, which extends along a vast grand bar detailed in contemporary materials and finishes, through the main open dining room and into a series of smaller private dining parlors. The grand bar is framed by soaring columns of amber light and traditional dark wood paneling and is accented with European style train clocks and amber brasserie globes of light. The nearly 18' tall dining room walls are detailed with fairy tale inspired floral designs juxtaposed against carbon steel for a fresh approach to finishes.

With an emphasis on traditional Belgian cooking styles, food stations punctuate the dining room and include a seafood raw bar piled high with ice and fresh catches, a pommes frites station with mounds of twice-cooked potatoes, and a steam station next to a saltwater aquarium to bring the true spirit and excitement of Belgian dining directly to patrons.

FOIA CONFIDENTIAL TREATMENT REQUESTED

# DANAC PROFILE

## HISTORY

DANAC Corporation is a diversified real estate development firm engaged in acquisition, development, construction, and property management. Founded in 1963, DANAC has become known as one of the most prominent developers in the Washington metropolitan area providing a full service approach.

From the late 1960's to early 1980's DANAC was a subsidiary of a large publicly held financial services organization that was acquired by the Continental Group (Continental Can Co.) in 1977. Through a series of public to private transactions beginning in 1985, DANAC, once again, became a privately held corporation under the ownership of John F. Jaeger. Mr. Jaeger is the sole stockholder of DANAC.

## DEVELOPMENT AND CONSTRUCTION

For the past forty-three (43) years, DANAC has been active in all aspects of the commercial real estate market. The firm has developed and built over 3.9 million square feet of office space in 60 buildings, as well as, two major shopping centers. In addition to this commercial space, DANAC has developed three residential projects comprising 966 townhouse and apartment units.

The years of experience have enabled DANAC to become uniquely efficient. DANAC projects are routinely completed on time and on budget. DANAC's reputation for quality, reliability, and client satisfaction has attracted prominent tenants such as Federal Express, IBM, Marriott Corporation, Westinghouse, EOSAT, Hewlett-Packard, MERANT, Human Genome Sciences, and Digital Equipment Corporation. DANAC buildings have attracted major institutional purchasers such as Equitable Life Assurance Society and Prudential Insurance.

In 1993, DANAC was selected through competitive bid to be the developer of a 53,000 square foot build-to-suit for Federal Express in Hagerstown, Maryland. The success of that project led Federal Express to include DANAC as a developer to bid on a build-to-suit of a 70,000 square foot facility in Framingham, Massachusetts. DANAC was chosen as the developer in September of 1994 and delivered that facility in April of 1995. In August of 1996, DANAC delivered a third build-to-suit for Federal Express, 83,500 square feet located in Needham, Massachusetts. In 1998, DANAC completed their fourth ($4^{th}$) City Station – BCB in Chantilly, Virginia consisting of 111,000 square feet. Lastly, DANAC delivered a 230,000 square foot AGT Station for Federal Express in Beltsville, Maryland.

Other current projects include DANAC Stiles, a 669,000 square foot office park located in the heart of Montgomery County's "*High Technology Corridor*". Phase I, which is three buildings totaling 280,000 square feet was occupied by Manugistics, Inc. in May of 2002. Phase II. A 72,000 square foot three-story build-to-suit for Metropolitan Regional Information Services (MRIS) is under construction and will deliver in early 2008. DANAC's Middlebrook Industrial Park, delivered its first 57,000 square foot building in January of 2001 which is part of a 325,000 square foot project in Germantown, Maryland.

## REAL ESTATE MANAGEMENT

Property management and HVAC maintenance services are provided by the Real Estate Management Department. DANAC manages properties for other owners, as well as, for DANAC owned projects. The management philosophy is to provide preventive maintenance techniques, which minimize the operating expenses while maximizing investment performance.

DANAC employs a well-trained and experienced staff of licensed engineers to service the buildings it manages. Recent buildings include computerized energy management systems for financial monitoring of building performance. At the present time, approximately 1,600,000 square feet of office, retail and industrial property is managed by DANAC.

## SUMMARY

DANAC provides a full range of real estate services from site acquisition to development, construction and property management. Having established itself in the Washington metropolitan area as well as the Greater Boston, Massachusetts real estate market, the firm looks to expanding its portfolio and to future opportunities throughout the nation.

# DANAC CORPORATION

## DEVELOPED PROJECTS

The following is a list of the major office buildings, shopping centers and warehouse facilities developed and built by DANAC:

| | BUILDING | LOCATION | SQ.FT. |
|---|---|---|---|
| 1. | 12701 Twinbrook Pkwy. | Rockville, MD | 15,000 |
| 2. | 5625 Fishers Lane | Rockville, MD | 42,000 |
| 3. | 2101 Gaither Road | Gaithersburg, MD | 106,000 |
| 4. | 12501 Washington Avenue | Rockville, MD | 27,000 |
| 5. | 1901 Chapman Avenue | Rockville, MD | 51,000 |
| 6. | 12709 Twinbrook Pkwy. | Rockville, MD | 25,000 |
| 7. | 5635 Fisher Lane | Rockville, MD | 16,000 |
| 8. | 12721 Twinbrook Pkwy. | Rockville, MD | 15,000 |
| 9. | 5630 Fisher Lane | Rockville, MD | 51,000 |
| 10. | Gaithersburg Square Shopping Center | Gaithersburg, MD | 160,000 |
| 11. | 570 N. Frederick Avenue | Gaithersburg, MD | 10,000 |
| 12. | 12720 Twinbrook Pkwy. | Rockville, MD | 50,000 |
| 13. | Research Center 12729-12733 Twinbrook Pkwy. | Rockville, MD | 65,000 |
| 14. | 12411 Parklawn Drive | Rockville, MD | 50,000 |
| 15. | 5640 Fisher Lane | Rockville, MD | 24,000 |
| 16. | 15825 Shady Grove Road | Rockville, MD | 82,000 |
| 17. | 12750 Twinbrook Pkwy. | Rockville, MD | 15,000 |
| 18. | 1 Bank Street | Gaithersburg, MD | 35,000 |
| 19. | #3 Choke Cherry Road | Rockville, MD | 46,000 |
| 20. | 15 Firstfield Road | Gaithersburg, MD | 31,000 |
| 21. | #5 Choke Cherry Road | Rockville, MD | 74,000 |
| 22. | 1203 Quince Orchard Blvd. | Gaithersburg, MD | 9,000 |
| 23. | 12402 Parklawn Drive | Rockville, MD | 100,000 |
| 24. | 1370 Piccard Drive | Rockville, MD | 106,000 |
| 25. | 19 Firstfield Road | Gaithersburg, MD | 25,000 |
| 26. | 700 Quince Orchard Rd. | Gaithersburg, MD | 163,000 |
| 27. | 5615 Fisher Lane | Rockville, MD | 35,000 |
| 28. | Quince Orchard Plaza Shopping Center | Gaithersburg, MD | 125,000 |
| 29. | Montgomery Plaza | Gaithersburg, MD | 110,000 |
| 30. | 21 Firstfield Road | Gaithersburg, MD | 53,000 |
| 31. | Hewlett-Packard | Rockville, MD | 50,000 |
| 32. | U.S. Pharmacopeia 2601 Twinbrook Pkwy. | Gaithersburg, MD | 30,000 |

FOIA CONFIDENTIAL TREATMENT REQUESTED

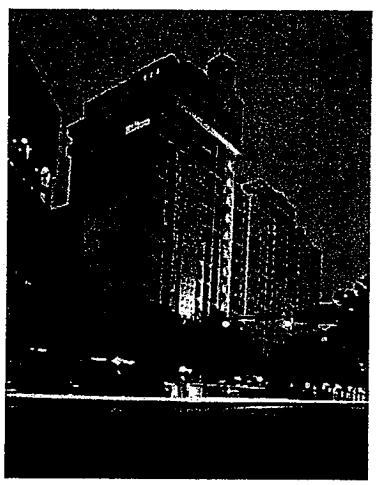
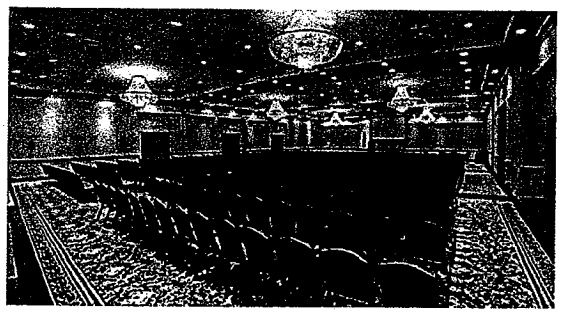
| | BUILDING | LOCATION | SQ.FT. |
|---|---|---|---|
| 33. | 20 Firstfield Road | Gaithersburg, MD | 53,000 |
| 34. | 22 Firstfield Road | Gaithersburg, MD | 54,000 |
| 35. | Rockwall I | Rockville, MD | 135,000 |
| 36. | Rockwall II | Rockville, MD | 185,000 |
| 37. | 1300 Quince Orchard Blvd. | Gaithersburg, MD | 52,000 |
| 38. | 2092 Gaither Road | Rockville, MD | 54,000 |
| 39. | 704 Quince Orchard Rd. | Gaithersburg, MD | 78,000 |
| 40. | 708 Quince Orchard Rd. | Gaithersburg, MD | 49,000 |
| 41. | 2094 Gaither Rd. | Rockville, MD | 56,000 |
| 42. | 2098 Gaither Rd. | Rockville, MD | 50,000 |
| 43. | 2096 Gaither Rd. | Rockville, MD | 50,000 |
| 44. | 9400 Key West Ave. | Rockville, MD | 50,000 |
| 45. | 9430 Key West Ave. | Rockville, MD | 60,000 |
| 46. | 9420 Key West Ave. | Rockville, MD | 116,000 |
| 47. | 9410 Key West Ave. | Rockville, MD | 48,000 |
| 48. | 4300 Forbes Blvd. | Lanham, MD | 47,000 |
| 49. | 10003 Derekwood Ln. | Lanham, MD | 56,000 |
| 50. | 10001 Derekwood Ln. | Lanham, MD | 56,000 |
| 51. | PACE Membership Warehouse | Gaithersburg, MD | 117,000 |
| 52. | Shady Grove KidStop | Rockville, MD | 10,000 |
| 53. | Federal Express City Station | Hagerstown, MD | 53,000 |
| 54. | Federal Express City Station | Framingham, MA | 70,000 |
| 55. | Federal Express City Station | Needham, MA | 83,500 |
| 56. | Comp USA | Gaithersburg, MD | 27,300 |
| 57. | Federal Express City Station | Chantilly, VA | 111,000 |
| 58. | Federal Express City Station | Harrisburg, PA | 135,000 |
| 59. | Federal Express City Station | Beltsville, MD | 230,000 |
| 60. | 16 South Summit Avenue | Gaithersburg, MD | 43,000 |
| 61. | 20410 Century Boulevard | Germantown, MD | 44,000 |
| 62. | 19560 Amaranth Drive | Germantown, MD | 50,000 |
| 63. | 9715 Key West Avenue | Rockville, MD | 133,000 |
| 64. | 9717 Key West Avenue | Rockville, MD | 74,000 |
| 65. | 9719 Key West Avenue | Rockville, MD | 74,000 |
| | | **COMMERCIAL TOTAL** | **4,299,800** |
| 66. | Diamond Farms Townhouses | Gaithersburg, MD | 268 units |
| 67. | Diamond Farms Garden Apts. | Gaithersburg, MD | 540 units |
| 68. | Waverly House Apts. | Bethesda, MD | 158 units |
| 69. | Rockville Town Square | Rockville, MD | 644 units |
| | | **RESIDENTIAL TOTAL** | **966 UNITS** |

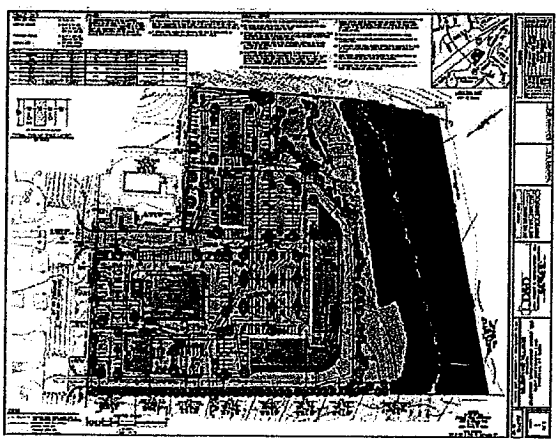
**PLANNED OR UNDER CONSTRUCTION**

| | | |
|---|---|---|
| DANAC Stiles Tract | Gaithersburg, MD | 669,000 |

# MILESTONE
## GROUP OF COMPANIES

# INTRODUCTION TO THE MILESTONE GROUP OF COMPANIES




MILESTONE CAPITAL CORPORATION
MILESTONE HOTEL PARTNERS, LLC
MILESTONE HOSPITALITY MANAGEMENT, LLC
MILESTONE DEVELOPMENT GROUP, LLC

2600 N. MILITARY TRAIL, SUITE 349
BOCA RATON, FLORIDA 33431
TELEPHONE 561-981-8828
TELECOPIER 561-981-8827

Boca Raton, FL  Washington, D.C.  Louisville, KY  Los Angeles, CA



FOIA CONFIDENTIAL TREATMENT REQUESTED

# Hospitality Experience

**Milestone's Principals have combined for over 50 years of experience in the real estate and hospitality management industries.**

| Property | Location | Date of Acquisition | # of Rooms | Mortgage Holder | Date of Disposition | Involvement |
|---|---|---|---|---|---|---|
| Hilton Garden Inn | Grantville, PA | Dec 2006 | 159 | To Be Determined | In development | SM, LK, MW |
| Hampton Inn/Homewood Suites | Silver Spring, MD | Sep 2006 | 241 | To Be Determined | In development | SM, LK, MW |
| Lancaster Host Resort | Lancaster, PA | Sep 2005 | 330 | Marathon Structured Finance Fund L.P. | Currently Owned | SM, LK, MW |
| Sturbridge Host Hotel | Sturbridge, MA | Sep 2005 | 233 | Marathon Structured Finance Fund L.P. | Currently Owned | SM, LK, MW |
| Chateau Resort | Tannersville, PA | Jul 2005 | 152 | Marathon Structured Finance Fund L.P. | Currently Owned | SM, LK, MW |
| Holiday Inn | Harrisburg, PA | Aug 2004 | 276 | RockBridge Real Estate Fund II | Currently Owned | SM, LK, MW |
| Hilton Hotel | Silver Spring, MD | Dec 2000 | 263 | RockBridge Real Estate Fund II | Currently Owned | SM, LK, MW |
| Holiday Inn | DeLand, FL | Apr 2000 | 148 | UBS Real Estate Investments Inc. | Currently Owned | SM, LK, MW |
| Best Western Inn | Utica, NY | Sep 1999 | 89 | UBS Real Estate Investments Inc. | Currently Owned | SM, LK, MW |
| Holiday Inn | Grantville, PA | Sep 1999 | 200 | UBS Real Estate Investments Inc. | Currently Owned | SM, LK, MW |
| Holiday Inn | New Hartford, NY | Sep 1999 | 100 | UBS Real Estate Investments Inc. | Currently Owned | SM, LK, MW |
| Microtel Inn | Sulphur, LA | Nov 1998 | 100 | J.P. Morgan / Morgan Guaranty | Currently Owned | SM, LK, MW |
| Best Western Inn | Hershey, PA | Oct 1998 | 123 | Paine Webber | Currently Owned | SM, LK, MW |
| Days Inn | Fort Wright, KY | Jul 1998 | 115 | Paine Webber | Currently Owned | SM, LK, MW |
| Days Inn | Frankfort, KY | Jul 1998 | 122 | Paine Webber | Currently Owned | SM, LK, MW |
| Days Inn | Shepherdsville, KY | Jul 1998 | 120 | Paine Webber | Jul 2006 | SM, LK, MW |
| Days Inn | LaGrange, KY | Jul 1998 | 86 | Paine Webber | Dec 2002 | SM, LK, MW |
| Days Inn | Richwood, KY | Jul 1998 | 137 | Paine Webber | Sep 2005 | SM, LK, MW |
| Days Inn | Fort Myers, FL | Apr 1998 | 125 | Paine Webber | Sep 2005 | SM, LK, MW |
| Days Inn | Tampa, FL | Oct 1997 | 175 | Daiwa Securities | Oct 2004 | SM, LK, MW |
| Days Inn | Ft. Lauderdale, FL | Oct 1997 | 144 | Daiwa Securities | | |

| Property | Location | Date of Acquisition | # of Rooms | Mortgage Holder | Date of Disposition | Involvement |
|---|---|---|---|---|---|---|
| Mayfair Hotel | St. Louis, MO | Jun 1997 | 184 | Patriot American | Third Party Mgmt. | LK |
| The General Morgan Inn | Greeneville, TN | Mar 1997 | 53 | (Private) | Third Party Mgmt. | SM, LK |
| The Georgian Terrace | Atlanta, GA | Mar 1997 | 319 | Urdang & Associates | Sale of Grand Heritage | SM, LK, MW |
| The Redmont | Birmingham, AL | Jun 1996 | 112 | Patriot American | Third Party Mgmt. | LK |
| The Broadview | Wichita, KS | Feb 1996 | 262 | Midland Bank | Sale of Grand Heritage | SM, LK, MW |
| Barnaby's | Los Angeles, CA | Jan 1996 | 123 | Eastland Corporation | Third Party Mgmt. | SM, LK, MW |
| Hotel Galvez | Galveston, TX | Jan 1996 | 228 | (Private) | Third Party Mgmt. | LK |
| Tremont House | Galveston, TX | Jan 1996 | 117 | (Private) | Third Party Mgmt. | LK |
| Biltmore Hotel | Providence, RI | Jul 1995 | 295 | Urdang & Associates | Dec 2000 | SM, LK, MW |
| Clift Hotel | San Francisco, CA | Mar 1995 | 320 | Apollo Real Estate Advisors | Dec 1995 | SM, LK, MW |
| The Stanley Hotel | Estes Park, CO | Jun 1994 | 133 | Urdang & Associates | Dec 2000 | SM, LK, MW |
| Riverplace Hotel | Detroit, MI | May 1994 | 108 | Detroit Police & Firemen's Pension | Aug 1998 | SM, LK, MW |
| Ambassador West Hotel | Chicago, IL | Apr 1994 | 220 | Burrus Investment Group | Jan 1998 | SM, LK, MW |
| U.S. Grant Hotel | San Diego, CA | Dec 1993 | 280 | Burrus Investment Group | Jan 1998 | SM, LK, MW |
| Great Southern | Columbus, OH | May 1993 | 196 | Ocwen Financial | Third Party Mgmt. | SM, LK |
| Knickerbocker Hotel | Chicago, IL | Apr 1993 | 220 | Ocwen Financial | Third Party Mgmt. | SM, LK |
| The Phillip's House | Kansas City , MO | Mar 1993 | 241 | (Private) | Third Party Mgmt. | LK |
| The Georgian | Santa Monica, CA | Dec 1992 | 84 | (Private) | Third Party Mgmt. | SM, LK, MW |
| The Tutwiler Hotel | Birmingham, AL | Oct 1992 | 147 | AmSouth Bank | Aug 1997 | SM, LK |
| The Horton Grand | San Diego, CA | Feb 1992 | 132 | (Private) | Third Party Mgmt. | SM |
| Jefferson Hotel | Richmond, VA | Jun 1991 | 274 | (Private) | Third Party Mgmt. | SM |
| The Ponchartrain Hotel | New Orleans, LA | Mar 1991 | 101 | Burrus Investment Group | Sale of Grand Heritage | SM |
| The Peabody Court | Baltimore, MD | Jan 1991 | 104 | Bank of America | Third Party Mgmt. | SM, LK |
| Brazilian Court Hotel | Palm Beach, FL | Nov 1990 | 134 | Resolution Trust Corporation | Third Party Mgmt. | SM |
| Union Station Hotel | Nashville, TN | Feb 1990 | 126 | Heller Financial | Aug 1997 | SM, LK |
| Historic Inns of Annapolis | Annapolis, MD | Oct 1989 | 137 | (Private) | Third Party Mgmt. | SM |
| Grand Heritage Europe | Involved in the formation and management of a Marketing Consortia of 68 Hotels throughout Europe from 1993-1998 | | | | | SM |

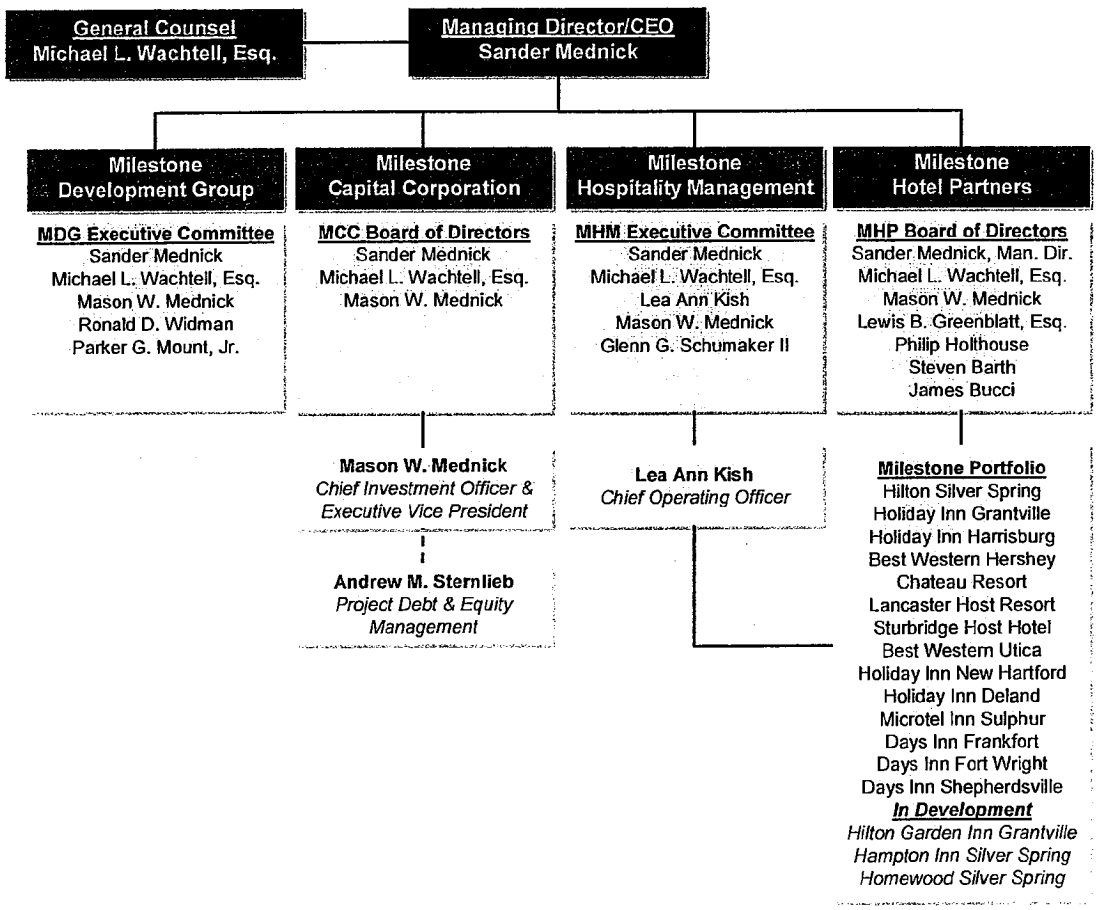


FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006856

# The Milestone Group

**The Milestone Group of Companies consists of 4 principal affiliated operating entities: Milestone Capital Corporation, Milestone Hotel Partners, LLC, Milestone Hospitality Management, LLC, and Milestone Development Group, LLC.**






MILESTONE
GROUP OF COMPANIES

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Sander Mednick, Esq.

## Chairman, CEO & Managing Member of the Milestone Group

Mr. Mednick is an attorney, licensed to practice law in the States of Florida and Maryland, and in the District of Columbia. He received degrees in business administration from American University (B.S.B.A., 1970) and the University of Maryland (M.B.A., 1974); and in law from the University of Maryland (J.D., 1974) and Georgetown University (L.L.M., Taxation, 1979). During the past twenty five years, Mr. Mednick has provided legal and business consultative services, with an emphasis on the hospitality industry and complex real estate transactions, to both private enterprise and governmental entities. He has also represented a host of financial institutions and merchant banks. For a period of three years, Mr. Mednick served as a consultant to the Federal Savings and Loan Corporation ("FSLIC") and the Resolution Trust Corporation ("RTC") with regard to complex real estate financing and loan "work-out" matters.

In 1987, Mr. Mednick assisted with the formation of Grand Heritage Hotels, Inc., a hotel acquisition, management and operating company headquartered in Annapolis, Maryland, subsequently acquired by Patriot American Hospitality, Inc. in 1997. During the period 1989 through 1996, Mr. Mednick served as Senior Vice President and General Counsel of that company. He helped oversee the development of Grand Heritage into a company which ultimately owned and operated and/or managed a portfolio of 17 historic hotel properties located throughout the United States, and which served as the worldwide sales and marketing representative of nearly 80 historic hotel properties located throughout the United Kingdom, Spain, France, Germany, Austria, Italy and the Middle East. In particular, during this period, Mr. Mednick interacted extensively with banks and institutional lenders, and their management and legal counsel throughout the United States and Europe. From 1987-1996, Mr. Mednick fulfilled his responsibilities to Grand Heritage through service at its corporate offices located in Annapolis, Maryland; London, England; and Paris, France.

In 1996, Mr. Mednick, along with Michael L. Wachtell, formed Milestone Capital Corporation, and in 1999 its management and operating affiliate, Milestone Hospitality Management, LLC. Milestone and its affiliates have acquired interests in the Clift Hotel (San Francisco, CA); the Biltmore Hotel (Providence, RI); the Stanley Hotel (Estes Park, CO); the Broadview Hotel (Wichita, KS); the Belleview Biltmore Hotel (Clearwater, FL); a consortium of three (3) Days Inns located throughout the State of Florida and five (5) Days Inns located throughout the Commonwealth of Kentucky; the Microtel Inn and Suites (Sulphur, LA); the Best Western Inn (Hershey, PA); the Best Western Gateway Adirondack Inn (Utica, NY); the Holiday Inn (New Hartford, NY); the Holiday Inn Harrisburg-Hershey (Grantville, PA); the Holiday Inn (Deland, FL); the Hilton Washington D.C./Silver Spring (Silver Spring, MD); the Holiday Inn East (Harrisburg, PA); the Chateau Resort & Conference Center (Tannersville, PA); the Lancaster Host Resort & Conference Center (Lancaster, PA); and the Sturbridge Host Hotel & Conference Center (Sturbridge, MA).

During his career and presently through the Milestone Group, Mr. Mednick has been involved in all aspects of financing, tax and transactional matters involving real estate with a value in excess of One Billion Dollars. He has served as the chief strategic planner and project coordinator for numerous commercial and residential real estate projects located throughout the United States. Mr. Mednick has lectured extensively in his areas of specialization to members of the legal community, and other professional and educational organizations. Mr. Mednick has served since 2001 on the Board of Directors of the University of Maryland Foundation, the authority that oversees fundraising and asset management for the 13 colleges comprising the University System of the State of Maryland. He is a member of several of its committees, and further serves as Chairman of the "Special Transfers Committee".



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006858

# Michael L. Wachtell, Esq.

## General Counsel and Tax Matters Member of MHP/MHM

Mr. Wachtell is a senior shareholder and former director and member of the management committee of the Los Angeles, California, based law firm of Buchalter, Nemer, a Professional Corporation. He specializes in commercial litigation, mergers and acquisitions, and intellectual property, and has an extensive background in real estate, banking, commercial and secured transactions, insurance, proprietary rights, patent and trademark law, domestic and international trade regulation matter, and debtor-creditor representation. Mr. Wachtell is a Los Angeles Superior Court Appointed Receiver, Referee, Provisional Director, Arbitrator and Settlement Officer as well as a panel member of ARC Mediation Services and serves in those capacities in connection with complex commercial matters. He is also a member of the Board of Directors of the California Receivers Forum and is a licensed real estate broker. Mr. Wachtell formerly served as Judge Pro Tem in the Beverly Hills and Los Angeles Municipal and Small Claims Courts and was an arbitrator for the American Arbitration Association for complex patent and commercial disputes.

Mr. Wachtell received his undergraduate education from the City College of New York, where he graduated with a Bachelor of Electrical Engineering degree in 1964. He earned his law degree (J.D., with honors) from the George Washington University School of Law in 1968. While at law school, Mr. Wachtell served as a member of the George Washington University Law Review, and was affiliated with the Delta Theta Phi honor society.

Mr. Wachtell is admitted to practice before the bars of the States of California, Nevada, and Virginia, the District of Columbia, and the United States Patent and Trademark Office. Mr. Wachtell lectures extensively in his areas of specialization and has served on the faculty of the University of San Fernando Law School as an Associate Professor. He is a member of the Los Angeles County and American Bar Associations.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006859

# Mason W. Mednick

## Executive Vice President of MHP and MHM; Principal of MDG

Mr. Mednick serves as Executive Vice President and principal assistant to the offices of the Chief Executive Officer and Chief Operating Officer of Milestone Hospitality Management, LLC. His responsibilities include development, financial underwriting, operational audits, investor relations, and special projects. Since 2002, Mr. Mednick has overseen the acquisition of 5 hotel properties in 3 states with an aggregate value in excess of One Hundred Million Dollars ($100,000,000), the sale of 3 hotel properties in the State of Florida with an aggregate value in excess of Ten Million Dollars ($10,000,000), the placement and replacement of more than One Hundred Seventy-Five Million Dollars ($175,000,000) of real estate financing, and the acquisition of more than 100 acres of vacant land in the states of Pennsylvania, Tennessee and Kentucky for future commercial development purposes.

In October, 2005, Mr. Mednick helped direct the formation of Milestone Development Group, LLC, a commercial, residential and industrial development firm, affiliated with the Milestone Group of Companies. As a Principal of "MDG", Mr. Mednick directs the capital projects of the Milestone Group of Companies (along with Ronald Widman and Parker Mount). Mr. Mednick is responsible for the development of property renovation plans, budgets, and capital improvement strategies, directing the efforts of architects, construction trades, and service suppliers. He is also responsible for the strategic planning associated with the firm's commercial developments that are primarily focused in the eastern United States and that involve such branded operations as Walgreens, CVS Pharmacy, Ruby Tuesday, and others. Since 2002, Mr. Mednick has overseen the placement of more than Fifty Million Dollars ($50,000,000) of construction and renovation projects on behalf of MHP and MDG, with additional capital projects of more than Forty Million Dollars ($40,000,000) planned for calendar year 2007.

Prior to joining MHM, Mr. Mednick served as investment banking Analyst in the Media & Telecommunications Department of Banc of America Securities LLC. From 1998-1999, Mr. Mednick worked at the Yale Office of Finance, Capital Management Division with responsibility over capital project reports, research and financial analysis. He received a B.A. in Economics from Yale University in 2000, and is currently pursuing his M.B.A. at the Wharton School of the University of Pennsylvania. Mr. Mednick is a registered mortgage broker in the State of Florida.

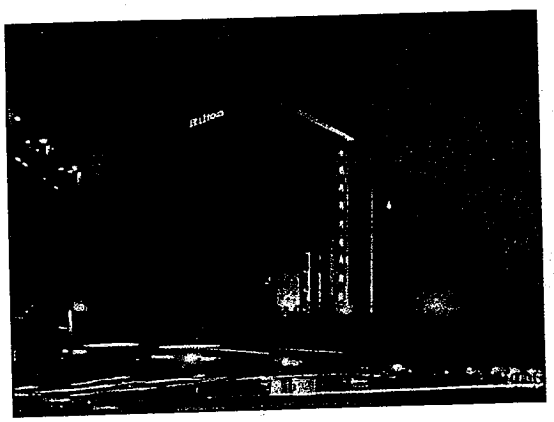


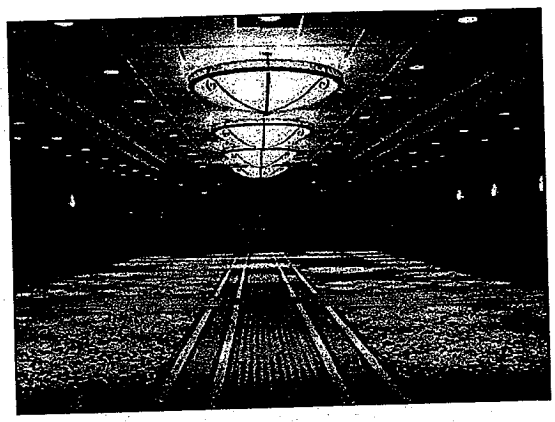
FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006860

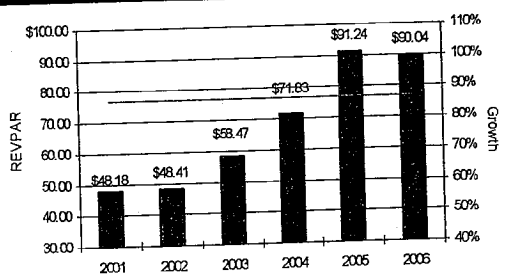
# Hilton Hotel

## Washington D.C./Silver Spring, Maryland

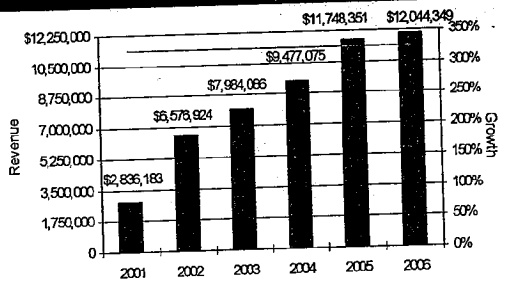




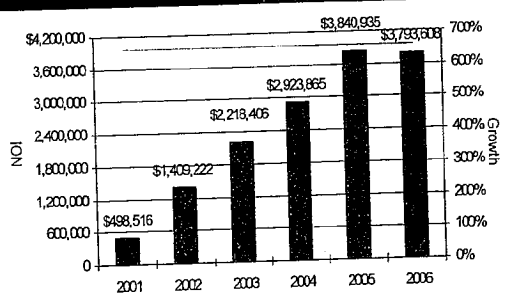
### REVPAR




### Revenue




### NOI




Milestone Hospitality Management

### Key Statistics

- Led due diligence and transition of this acquisition in December 1999
- Total revenue growth from 2001-2006 of 324%
- NOI growth from 2001-2006 of 661%
- Acquired for $9 Million (independent property owned and operated by Lodgian)
- Core renovation from Jan.-Dec. 2001 of $9.1 Million
- Obtained Hilton flag in November 2001
- Repositioned in government and corporate markets

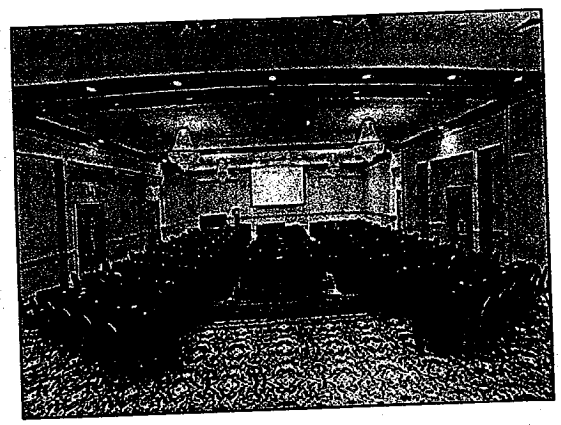


MILESTONE GROUP OF COMPANIES

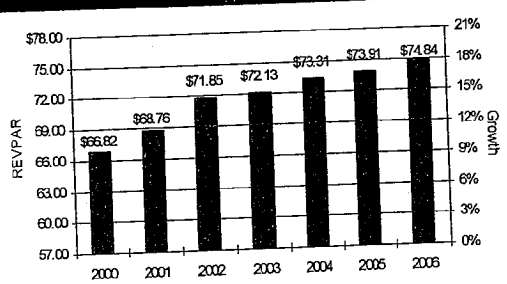
FOIA CONFIDENTIAL TREATMENT REQUESTED

# Holiday Inn Hotel

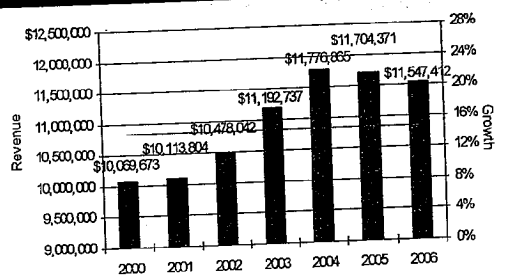
## Harrisburg-Hershey, Pennsylvania



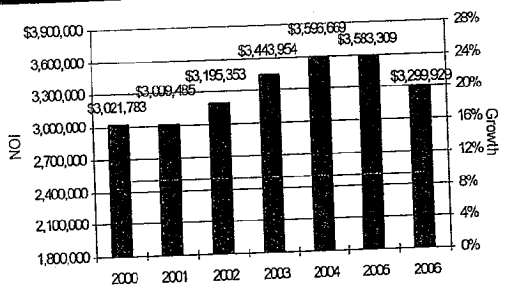
### REVPAR




### Revenue




### NOI




Milestone Hospitality Management

### Key Statistics

- Led due diligence and transition of this acquisition in September 1999
- Total revenue growth from 2000-2006 of 15%
- NOI growth from 2000-2006 of 9%
- Holiday Inn award winner 12 consecutive years (Torchbearer and Quality Excellence)
- Ranks as the 48th highest scoring hotel (quality assurance) in the entire brand
- $1.8 Million expansion of ballroom and meeting facilities in 2002 (11,000 additional square feet)



MILESTONE
GROUP OF COMPANIES

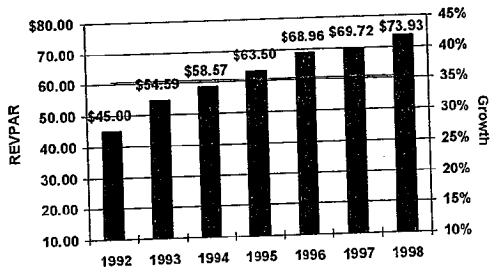
FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006862

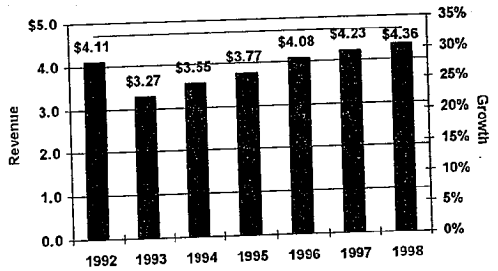
# The Tutwiler Hotel

## Birmingham, Alabama

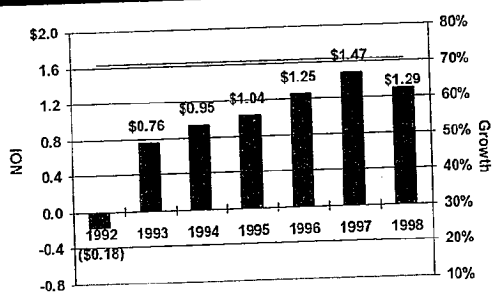
### REVPAR




### Revenue ($MM)




### NOI ($MM)




Prior Management

Grand Heritage

### Key Statistics

- Led due diligence and transition of this acquisition in October 1992
- Total revenue growth from 1993-1998 of 33%
- NOI growth from 1993-1998 of 71%
- Repositioned in legal, corporate, and social group markets
- Lease of 4-star restaurant and catering
- 1998 NOI reduction due to Wyndham/Grand Heritage hotel conversion

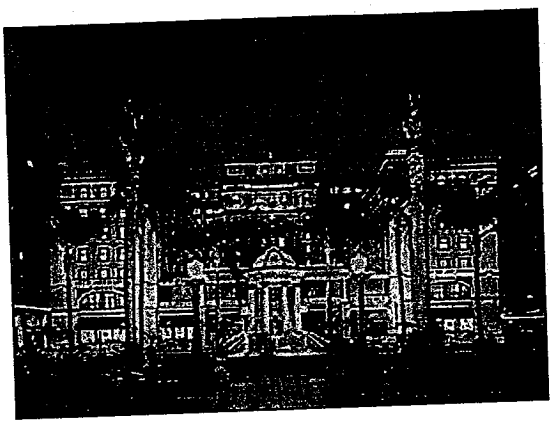


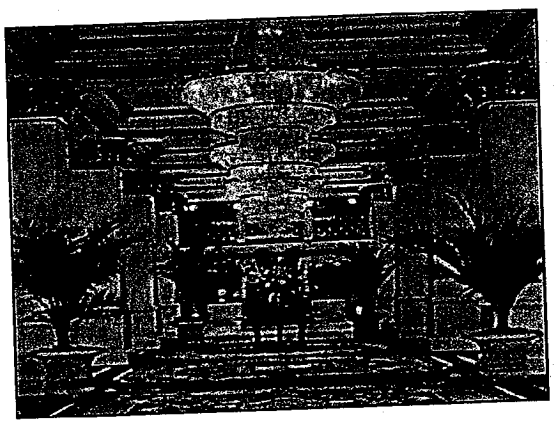
MILESTONE
GROUP OF COMPANIES

FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006863

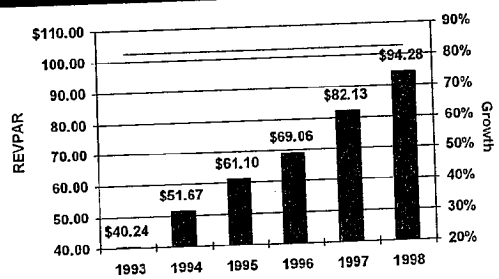
# The U.S. Grant Hotel

## San Diego, California

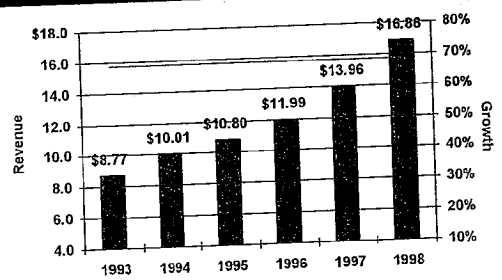




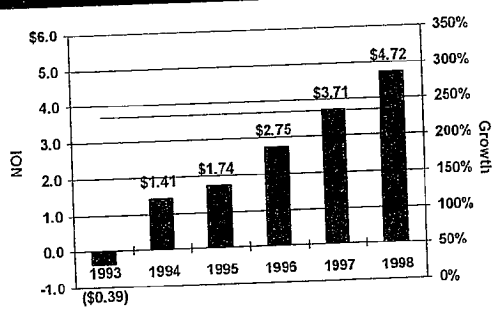
### REVPAR




### Revenue ($MM)




### NOI ($MM)




Prior Management

Grand Heritage

### Key Statistics

- Led due diligence and transition of this acquisition in December 1995
- Total revenue growth from 1994-1998 of 68%
- NOI growth from 1994-1998 of 235%
- Direct sales focus on corporate, government, and military group
- Emphasis on wedding and military catering market
- Lease of 10,000 square foot mixed-use space with restaurant, office and retail operations

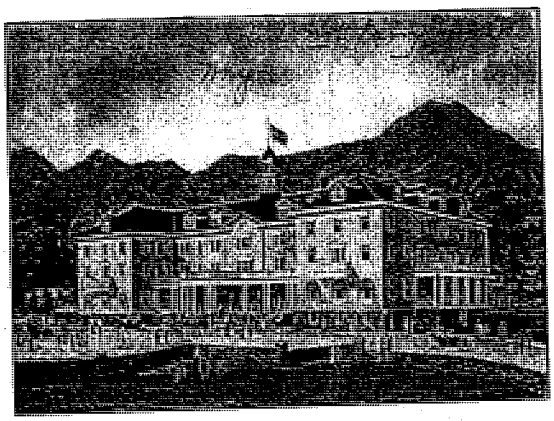


MILESTONE
GROUP OF COMPANIES

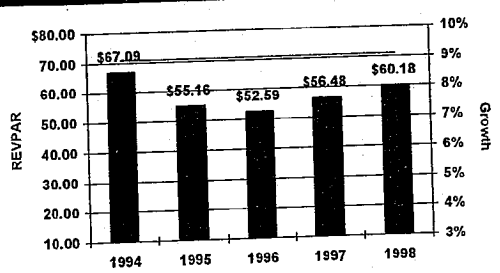
FOIA CONFIDENTIAL TREATMENT REQUESTED

# The Stanley Hotel

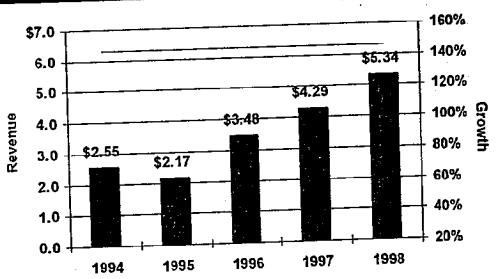
## Estes Park, Colorado



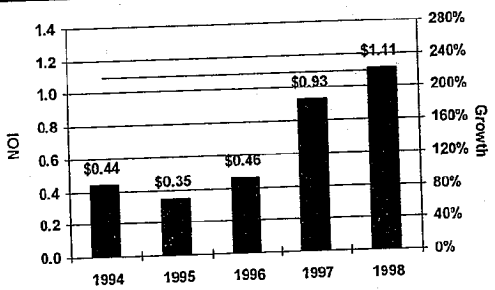
### REVPAR




### Revenue ($MM)




### NOI ($MM)




Prior Management

Grand Heritage

### Key Statistics

- Led due diligence and transition of this acquisition in May 1994
- Total revenue growth from 1995-1998 of 146%
- NOI growth from 1995-1998 of 219%
- Product renovation in 1997 (43 rooms added)
- Repositioned in corporate, state association, government group markets
- Increased food & beverage by targeting local and regional wedding market

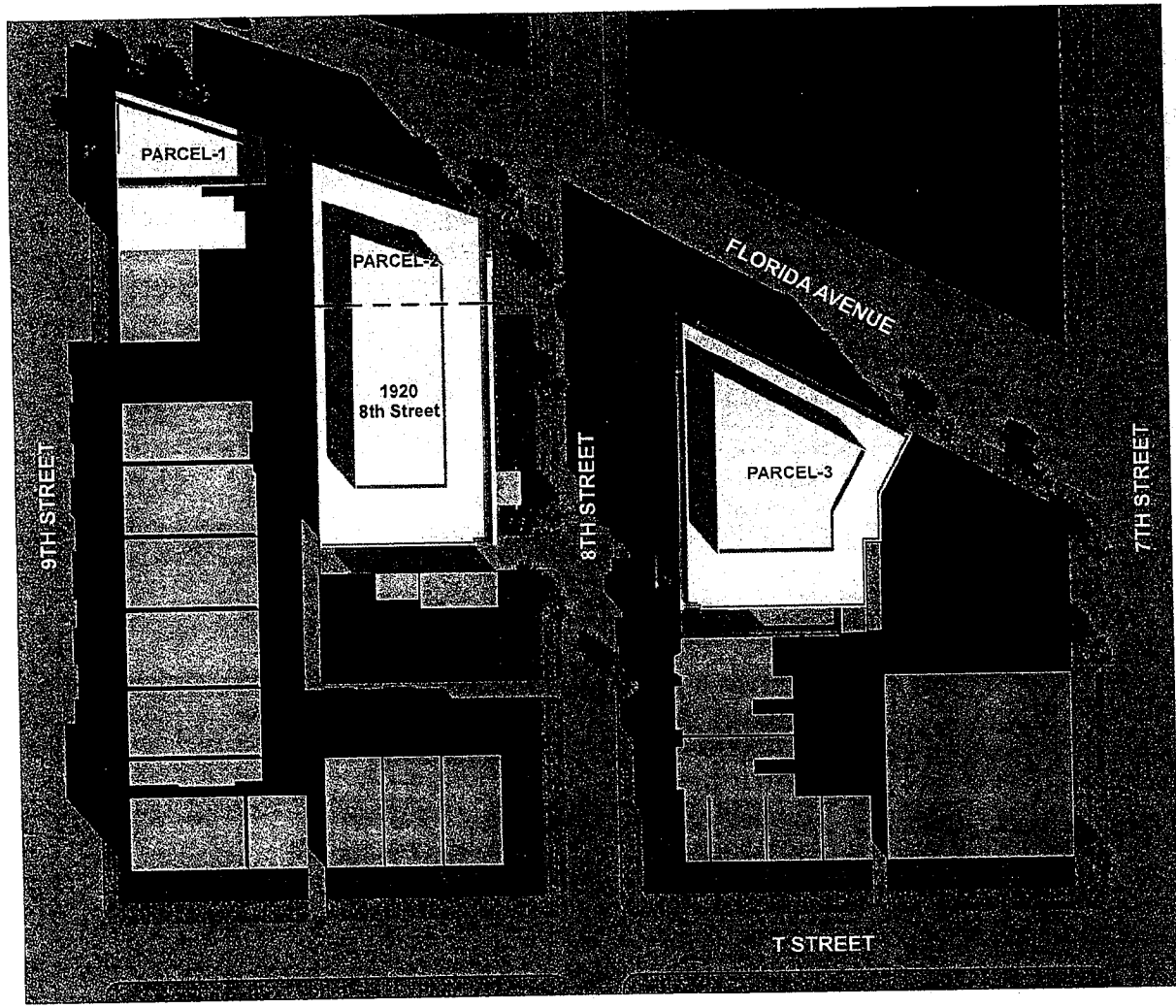


MILESTONE GROUP OF COMPANIES

FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006865

FOIA CONFIDENTIAL TREATMENT REQUESTED



## AREA PLAN

| | Use | Height | Stories |
|---|---|---|---|
| Parcel - 1 | Retail | 30'-0" | 1 Story + Mezzanine |
| Parcel - 2 | Retail + Office | 65'-0" | 5 Stories |
| Parcel - 3 | Retail + Hotel | 65'-0" | 6 Stories |
| Parcel - 3 | (alternate) Retail + Office | 65'-0" | 5 Stories |

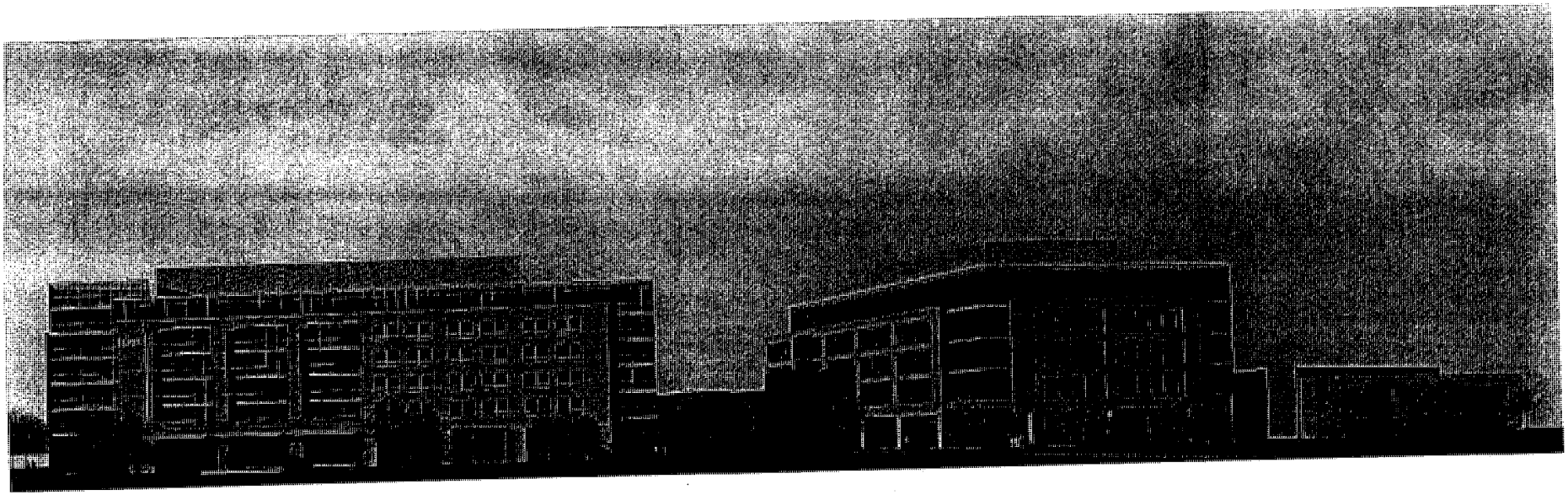
## SITE PLAN

N



WMATA-INV 006866

FOIA CONFIDENTIAL TREATMENT REQUESTED



Overall View - Parcel 3 - Hotel & Retail Scheme
Parcel 2 - Office & Retail
Parcel 1 - Retail



WMATA-INV 006867

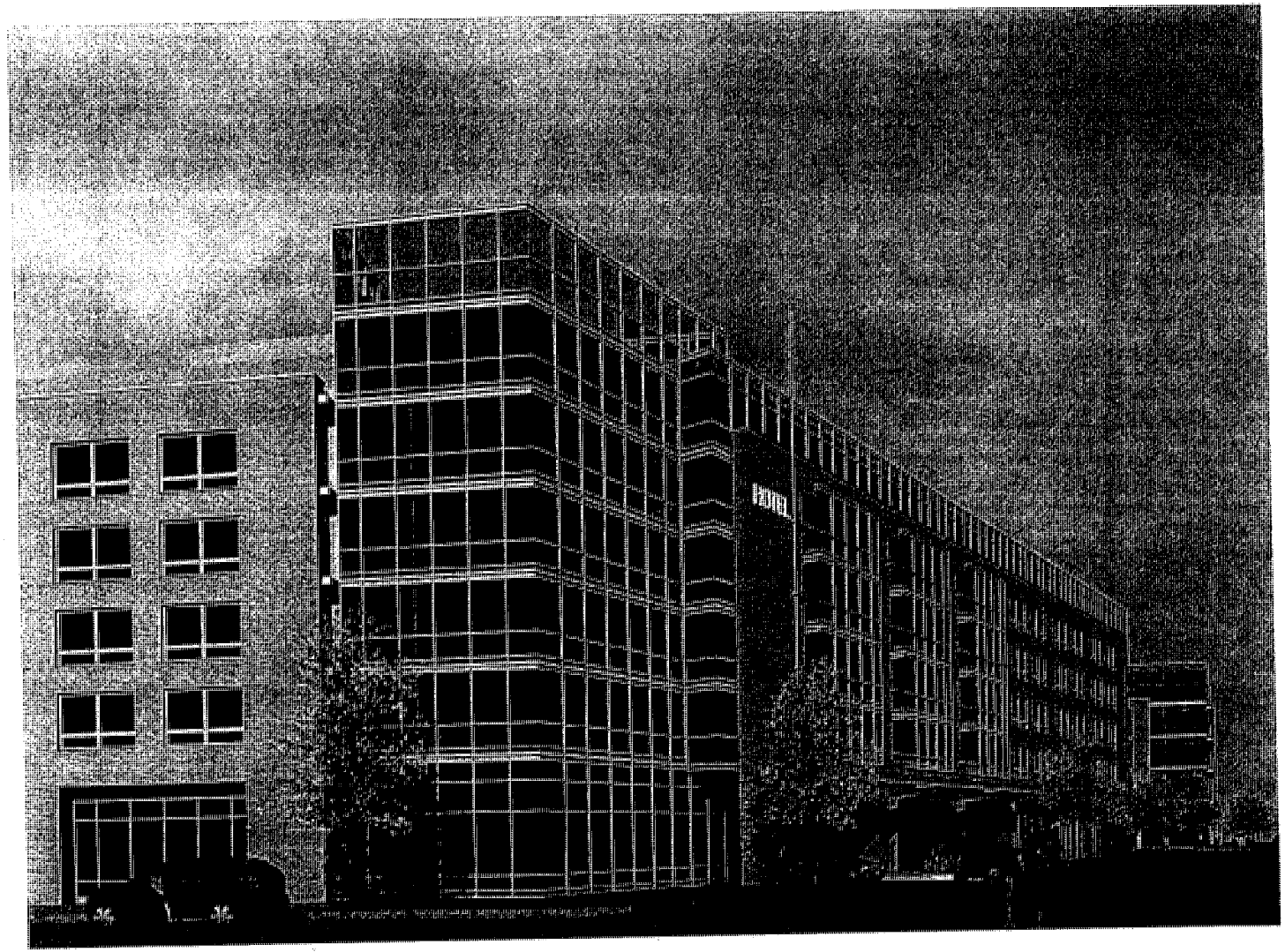
FOIA CONFIDENTIAL TREATMENT REQUESTED

**Overall View - Parcel 3 - Office & Retail Scheme**
**Parcel 2 - Office & Retail**
**Parcel 1 - Retail**



WMATA-INV 006868

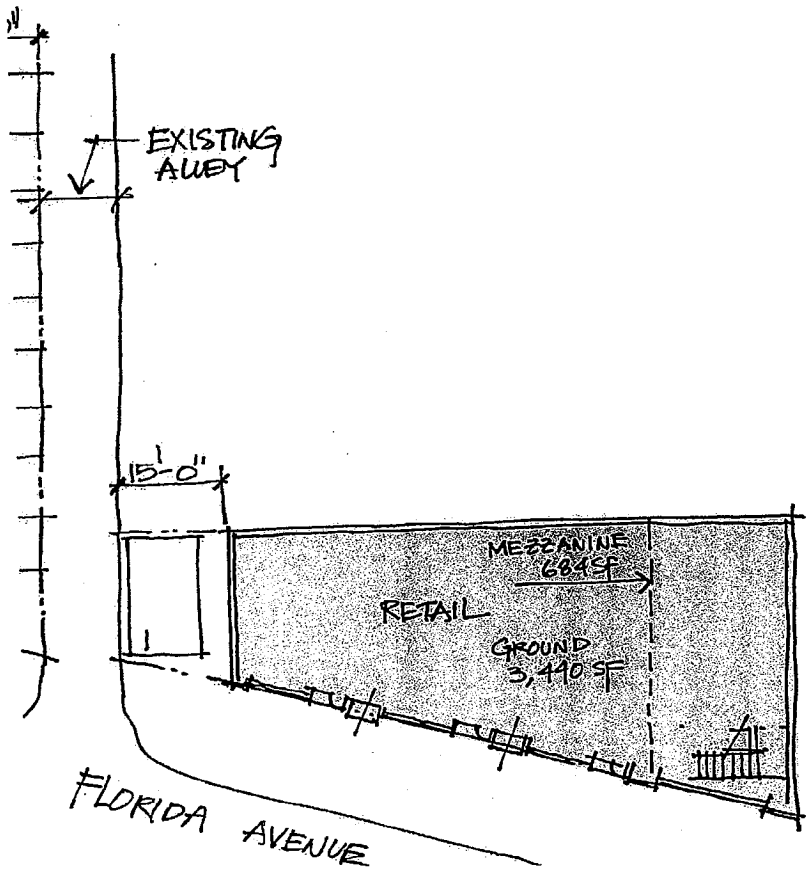
FOIA CONFIDENTIAL TREATMENT REQUESTED



View - Parcel 3 - Hotel & Retail Scheme



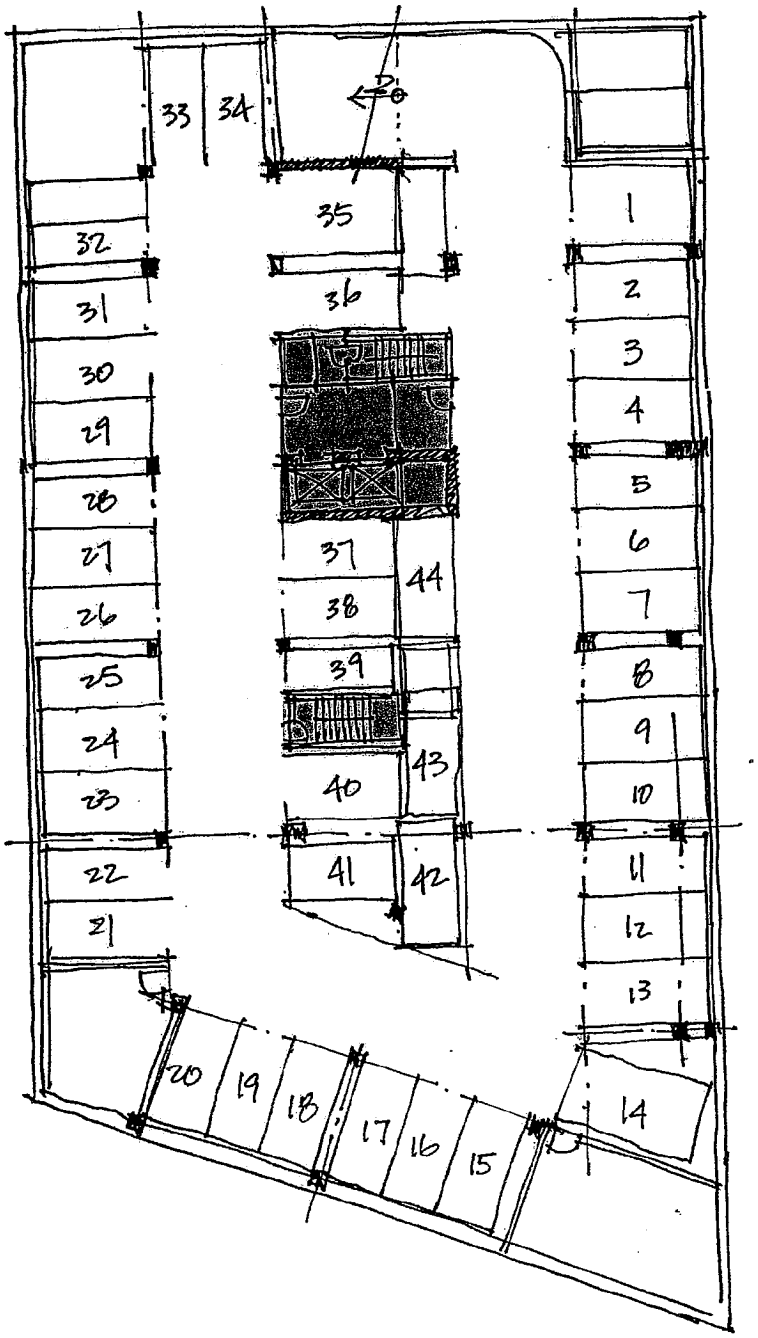
WMATA-INV 006869




Parcel 1
Ground Floor Plan



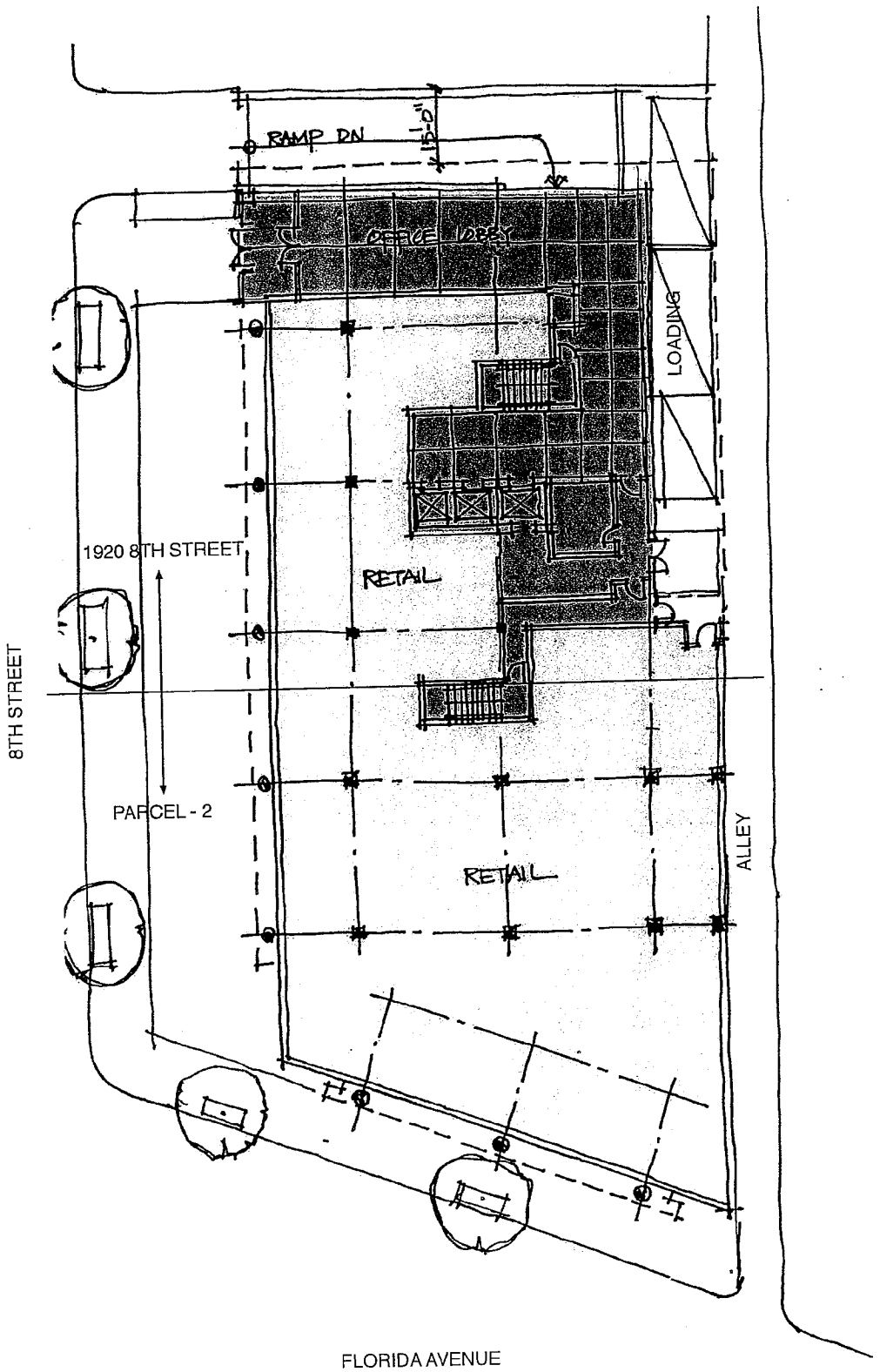
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 2 & 1920 8th Street
Parking Level Plan



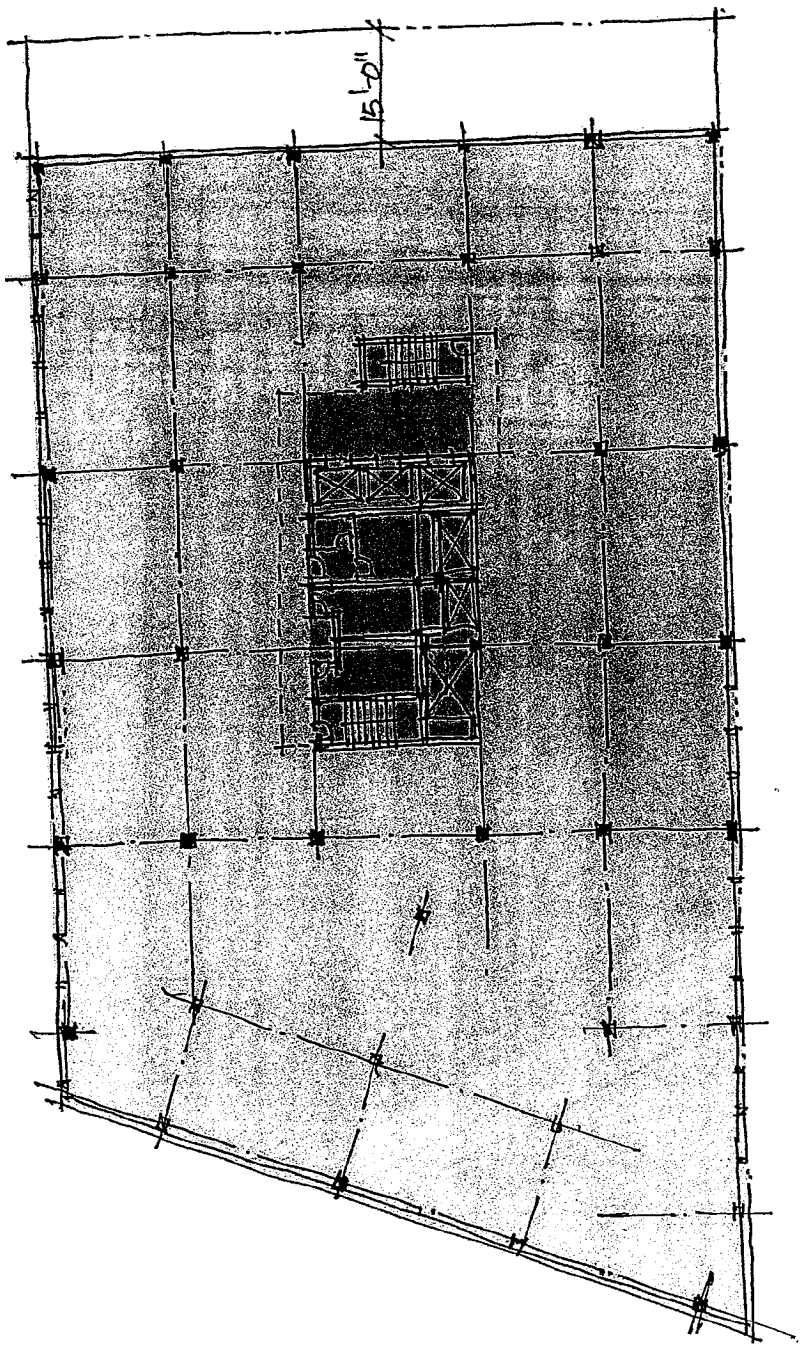
FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 006871




Proposal for Shaw Howard / Florida Avenue JDS

CORE

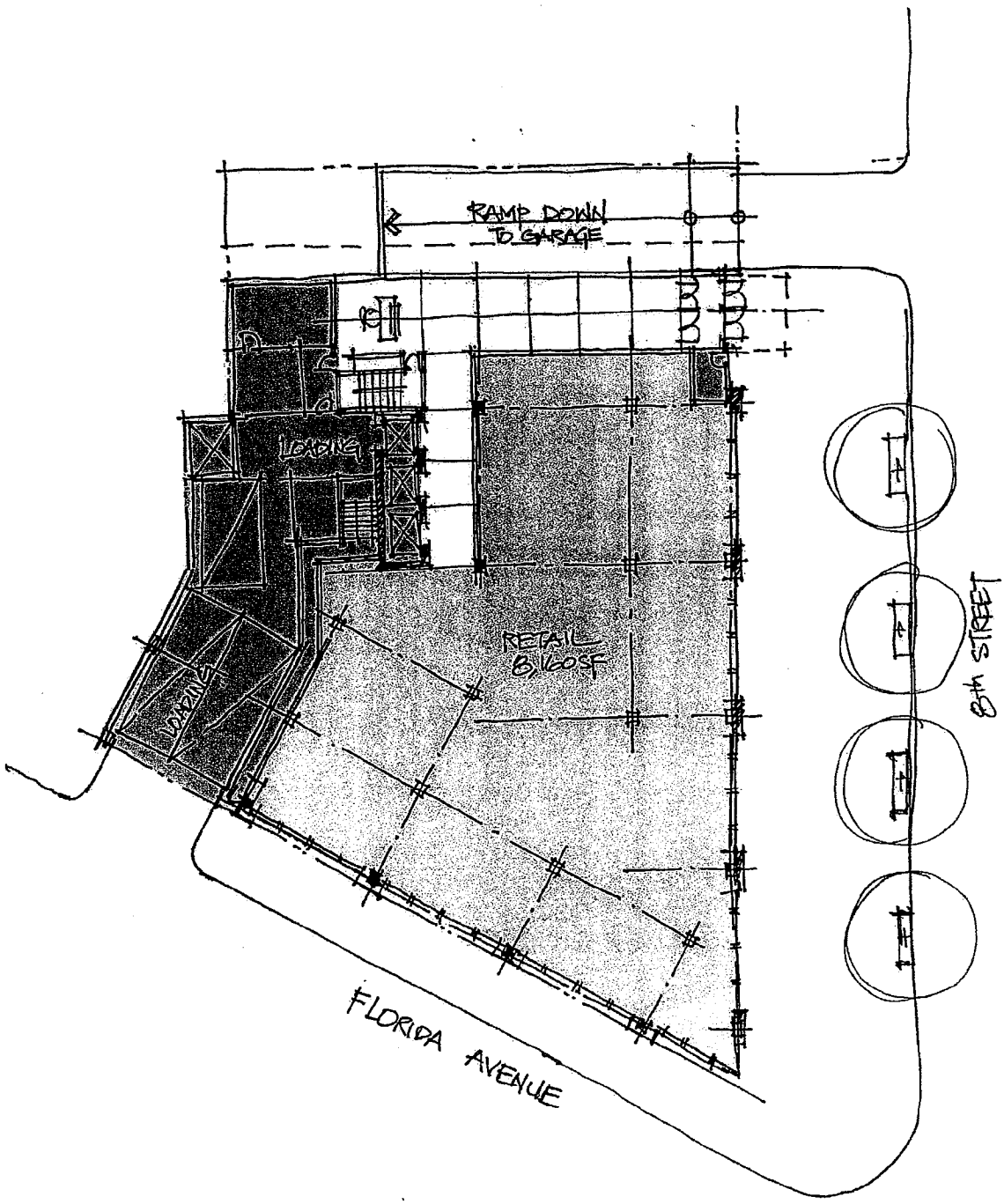
LAKRITZ | ADLER




Parcel 2
Typical Floor Plan (2-5)



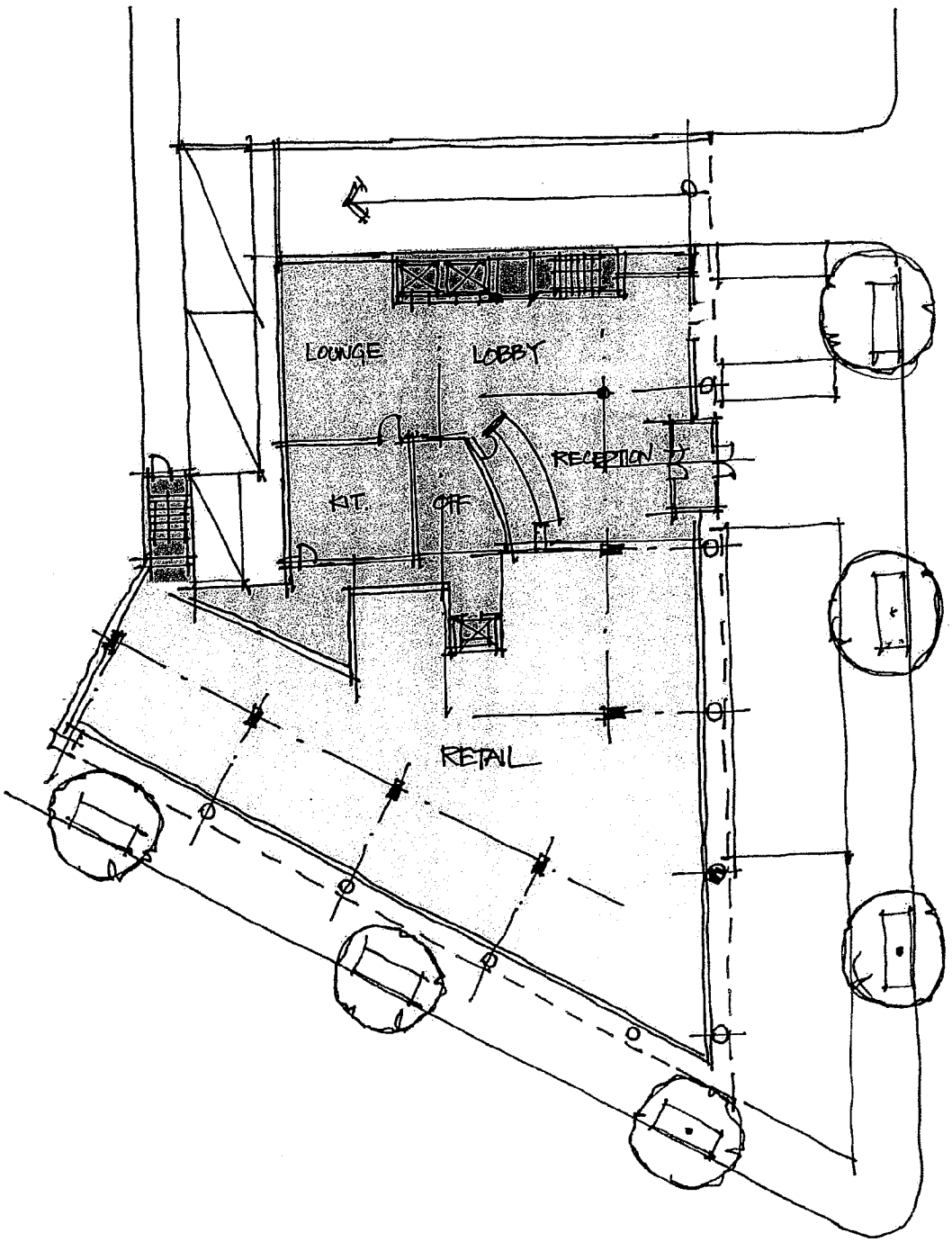
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Ground Floor Plan - Office Scheme



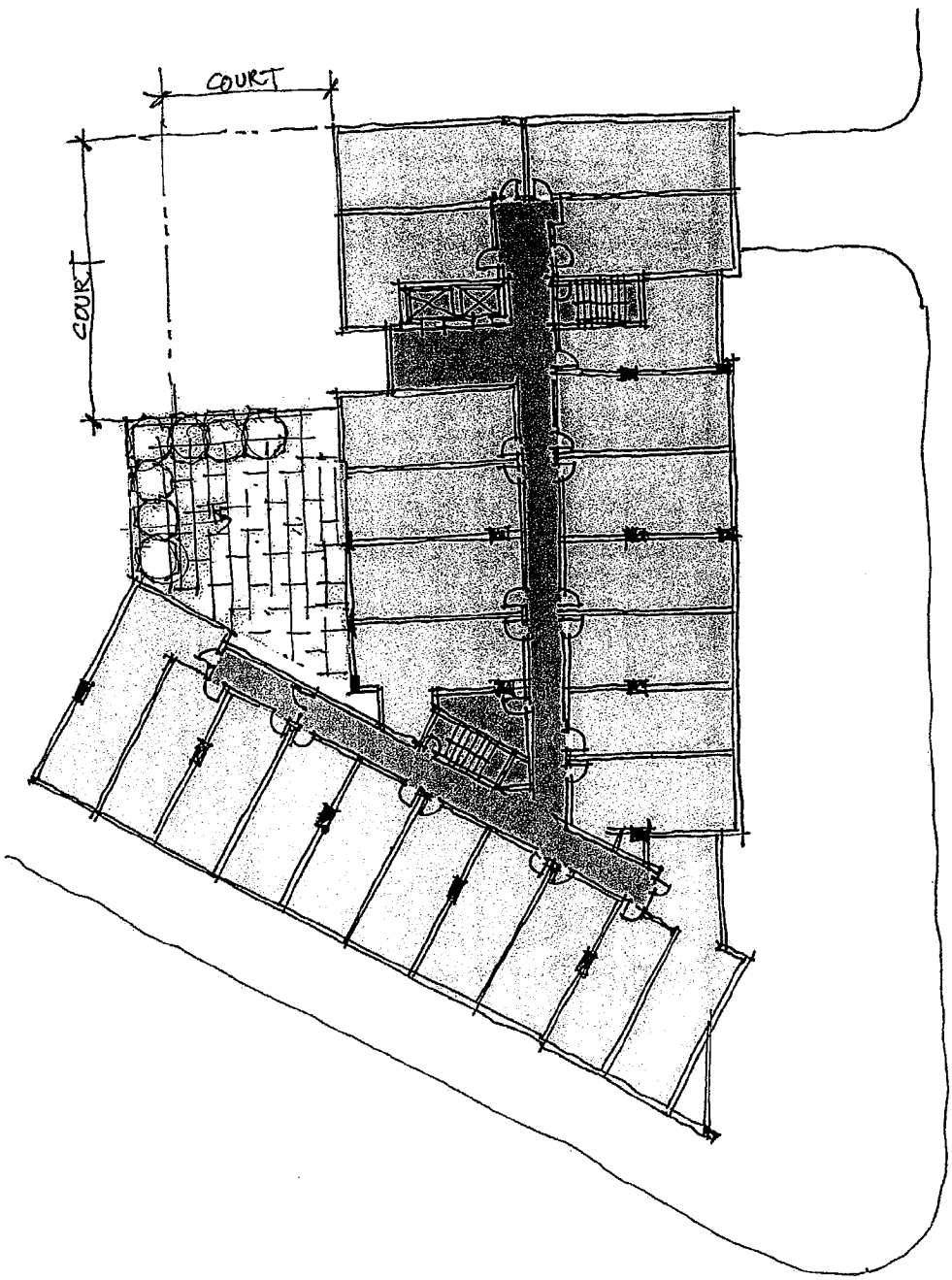
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Ground Floor Plan - Hotel Scheme



FOIA CONFIDENTIAL TREATMENT REQUESTED

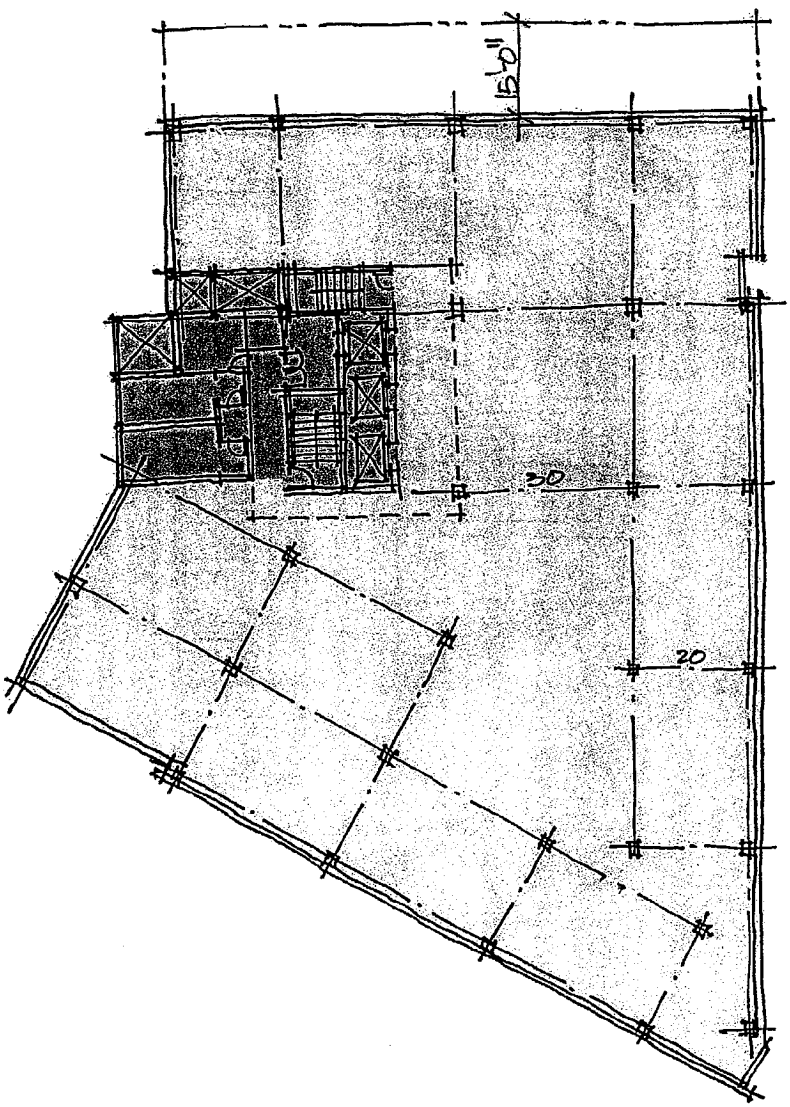



Typical 1Floor Plan - Hotel Scheme



FOIA CONFIDENTIAL TREATMENT REQUESTED

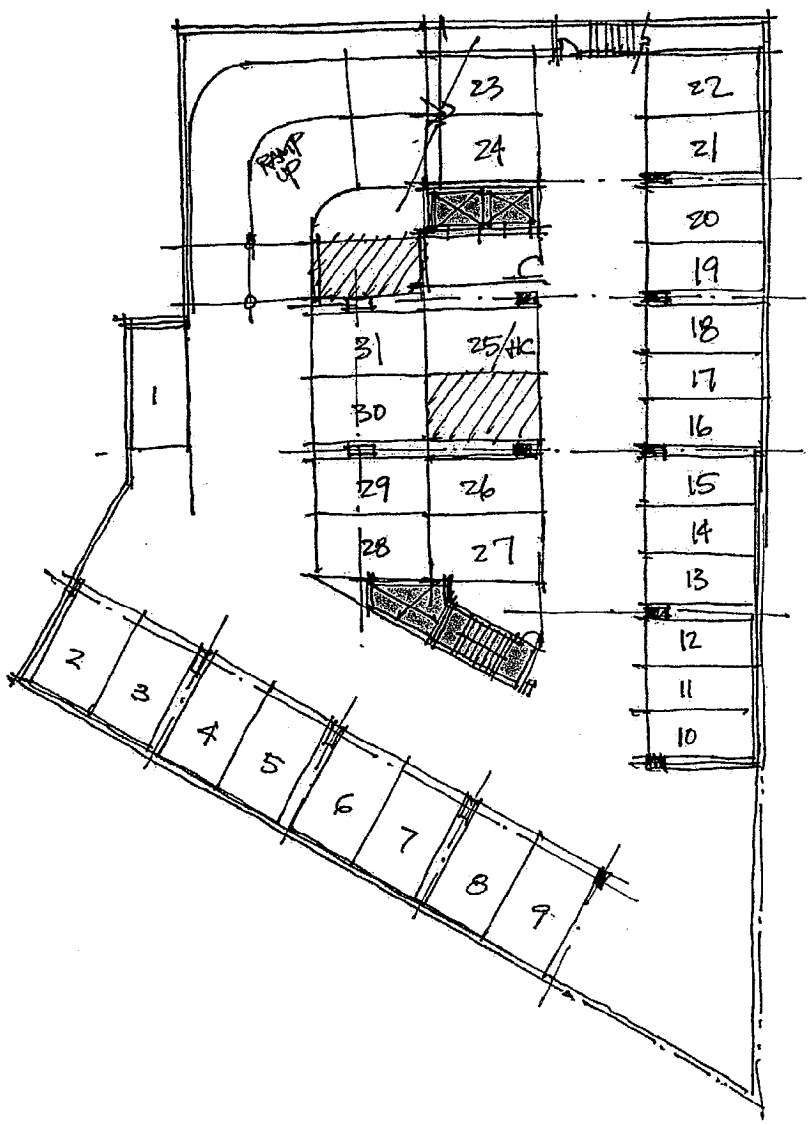
WMATA-INV 006876




Parcel 3
Typical Floor Plan - Office Scheme



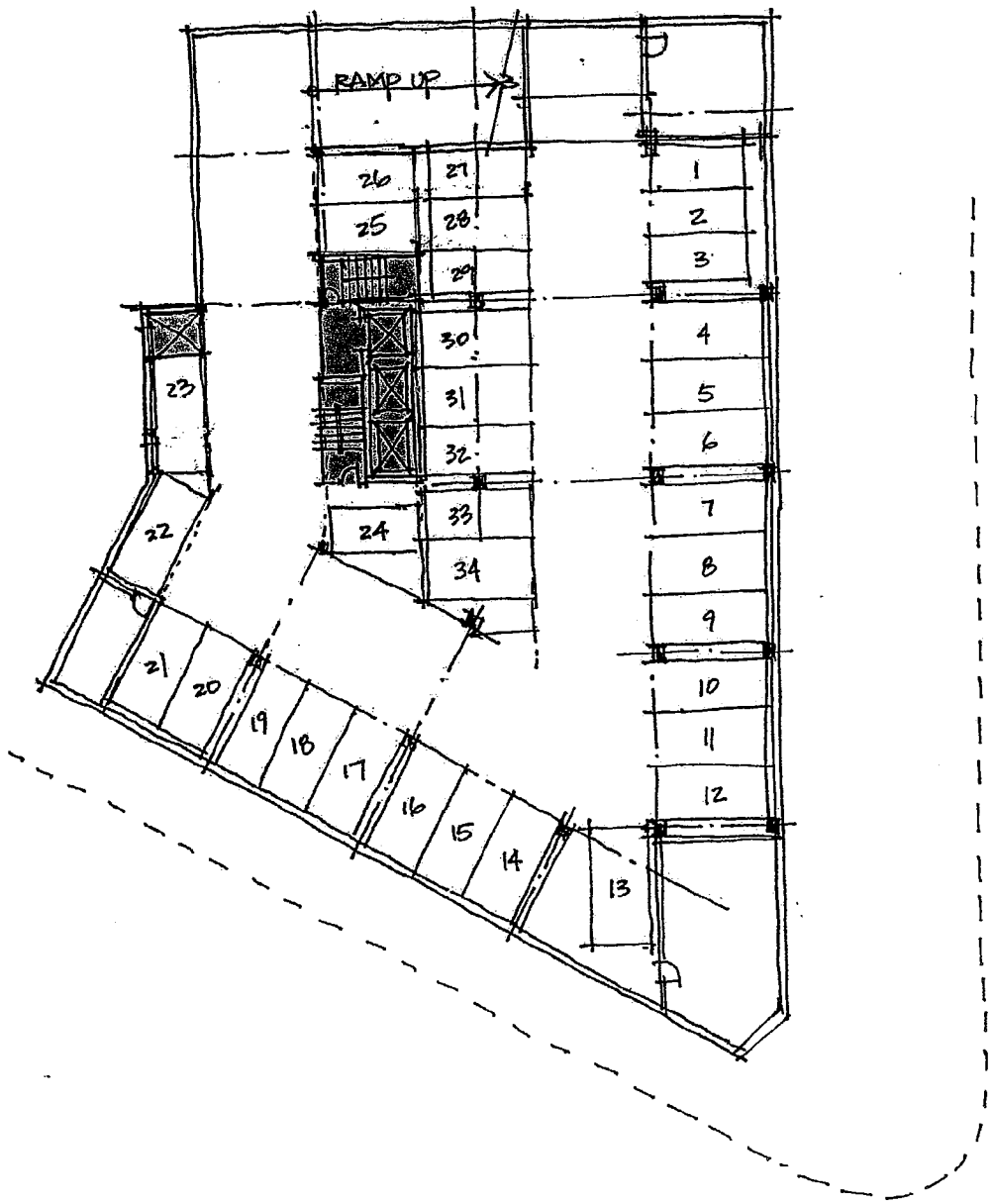
FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 006877




Parcel 3
Parking Level Plan - Hotel Scheme



FOIA CONFIDENTIAL TREATMENT REQUESTED

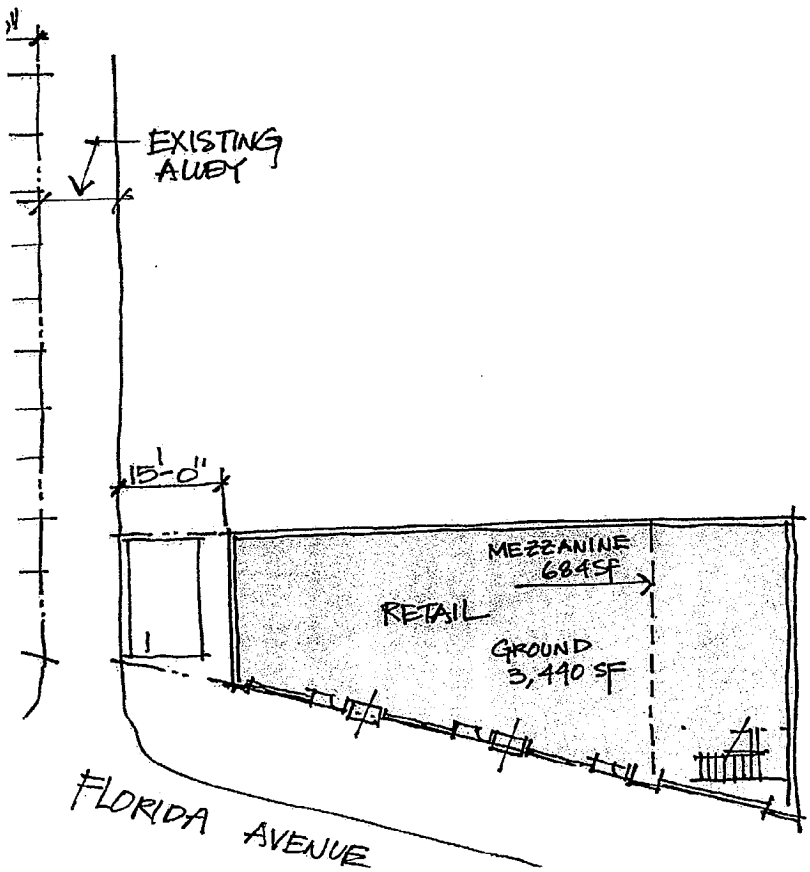



Parcel 3
Parking Level Plan - Office Scheme



FOIA CONFIDENTIAL TREATMENT REQUESTED

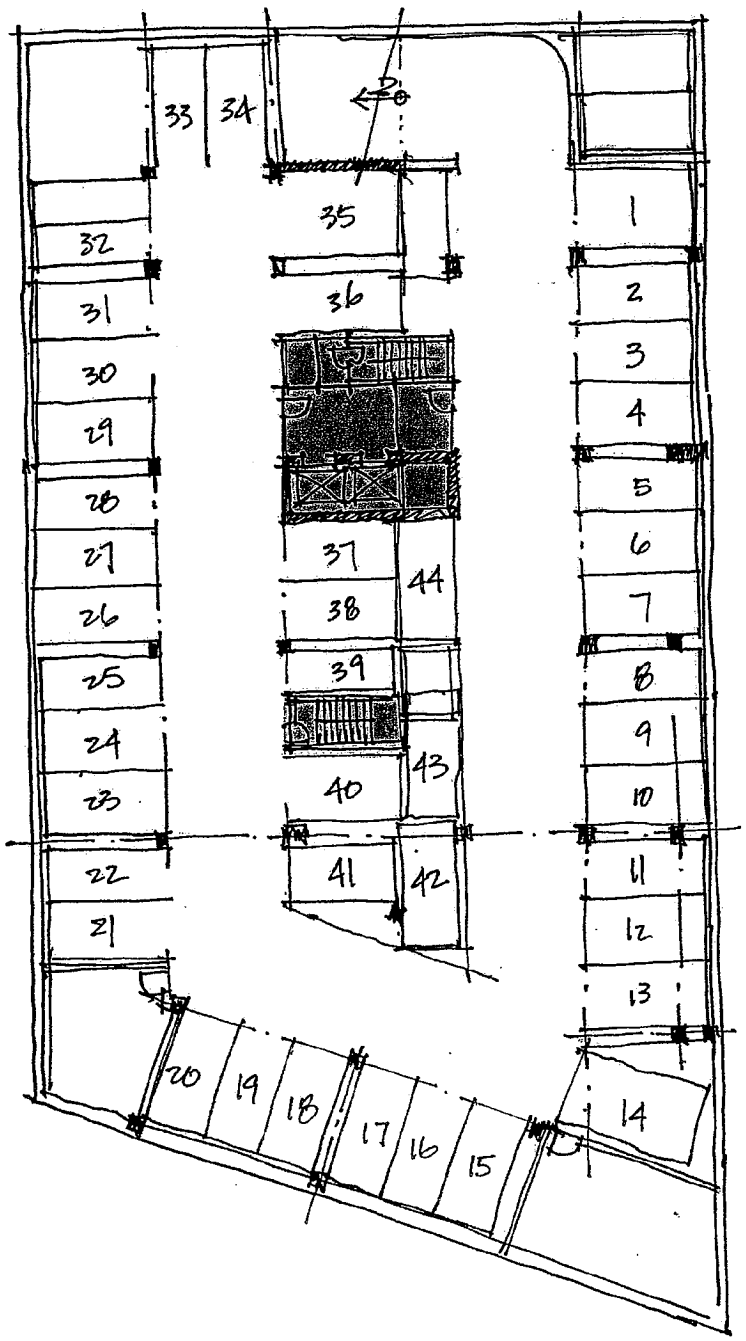
WMATA-INV 006879




Parcel 1
Ground Floor Plan



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 006880

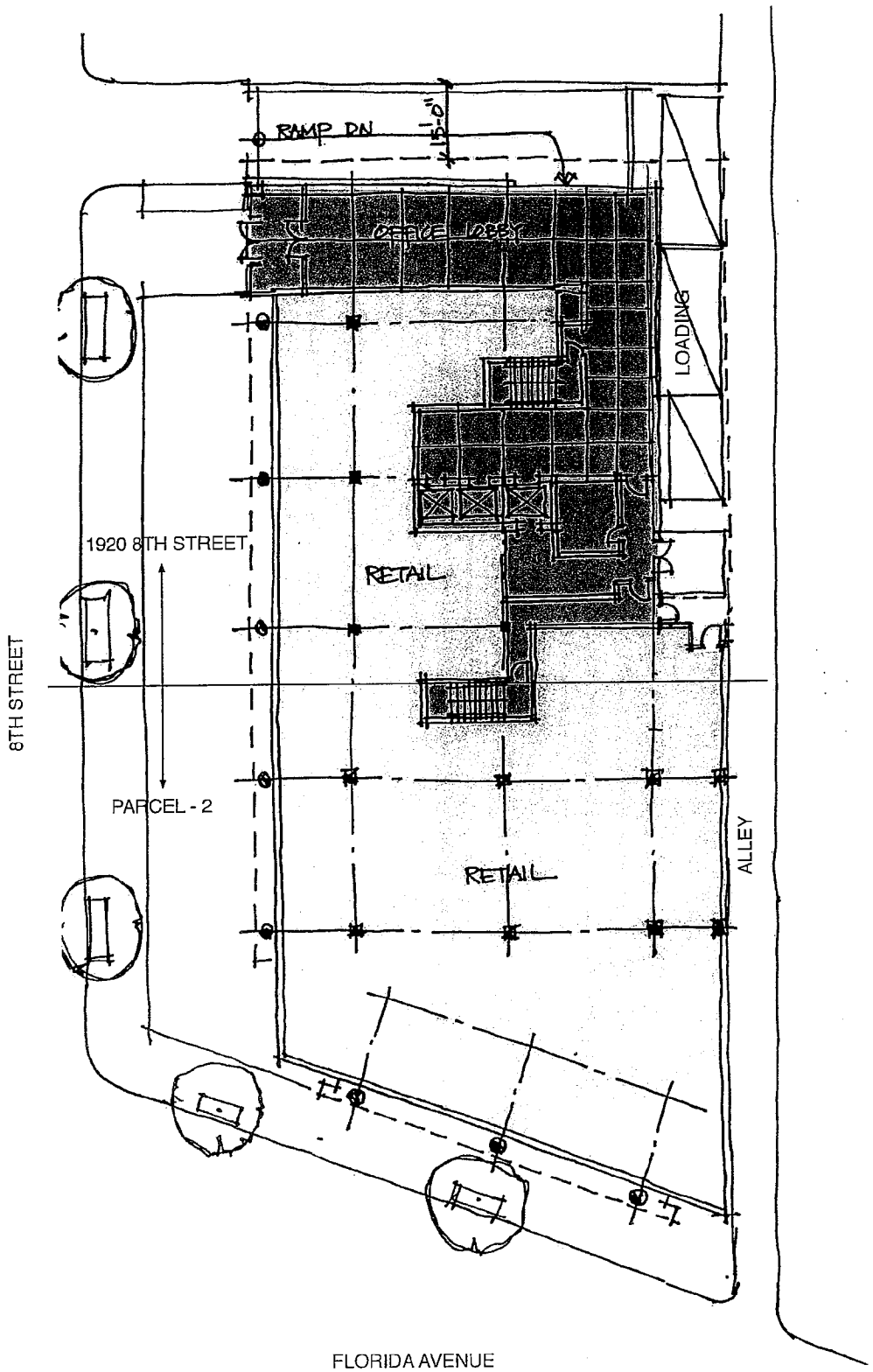



Parcel 2 & 1920 8th Street
Parking Level Plan



FOIA CONFIDENTIAL TREATMENT REQUESTED

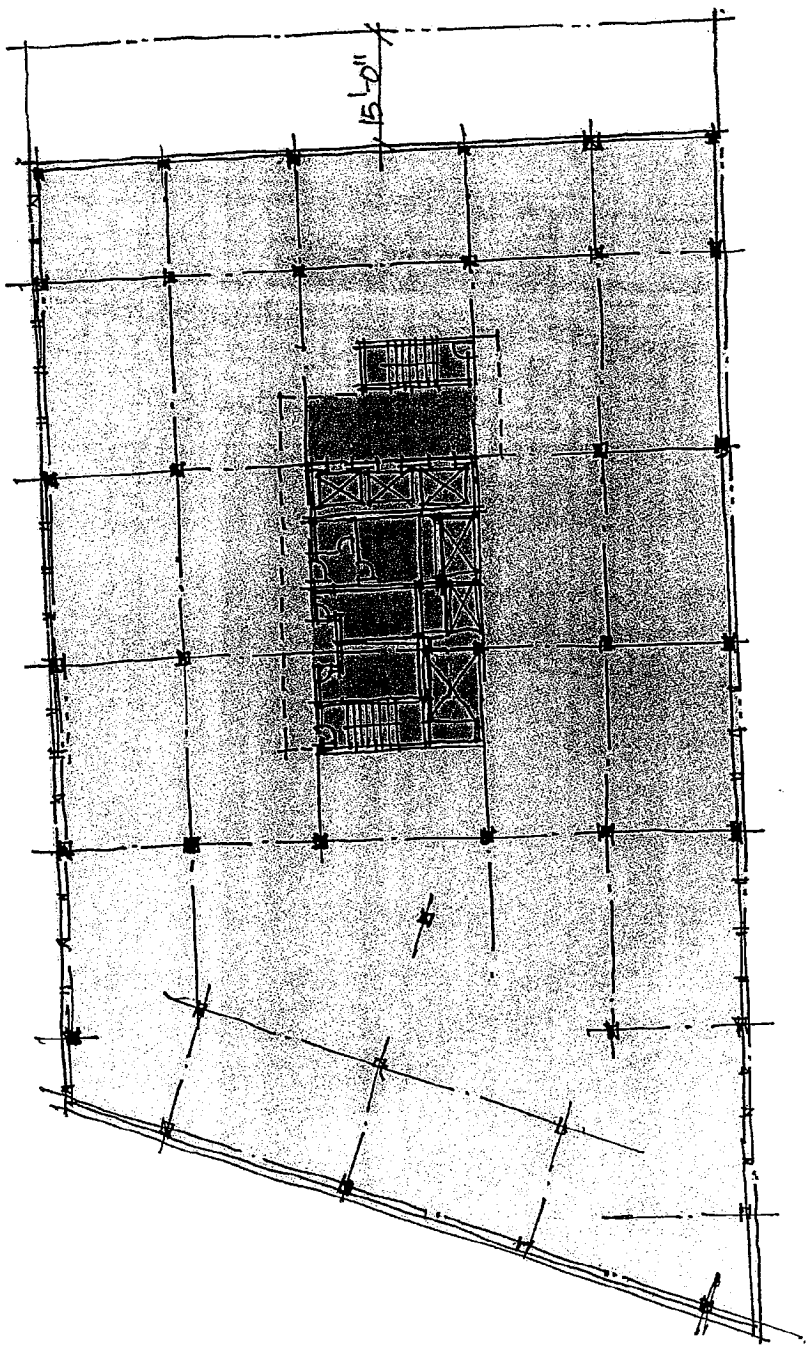
WMATA-INV 006881




Proposal for Shaw Howard / Florida Avenue JDS

CORE architecture design

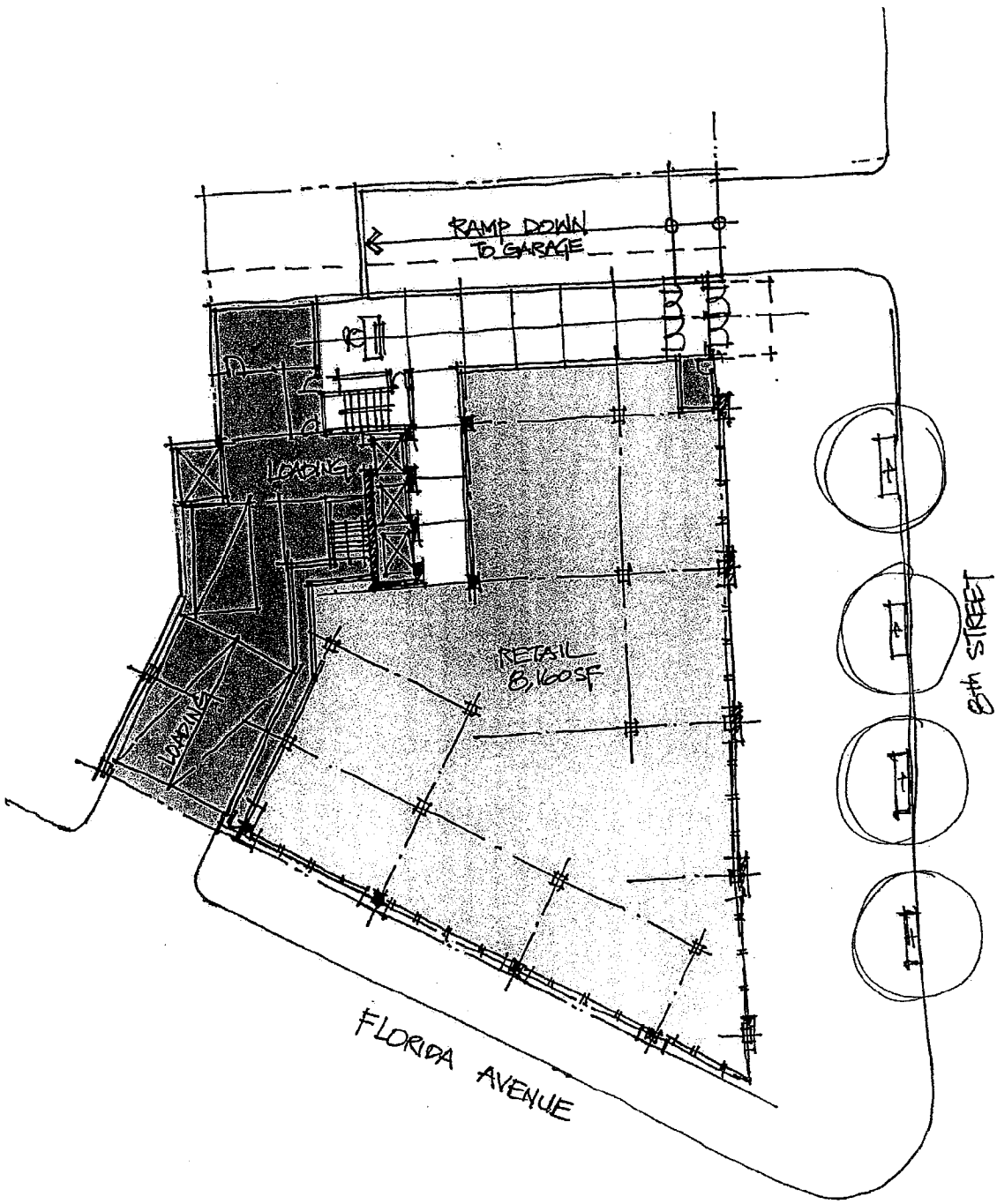
LAKRITZ | ADLER




Parcel 2
Typical Floor Plan (2-5)



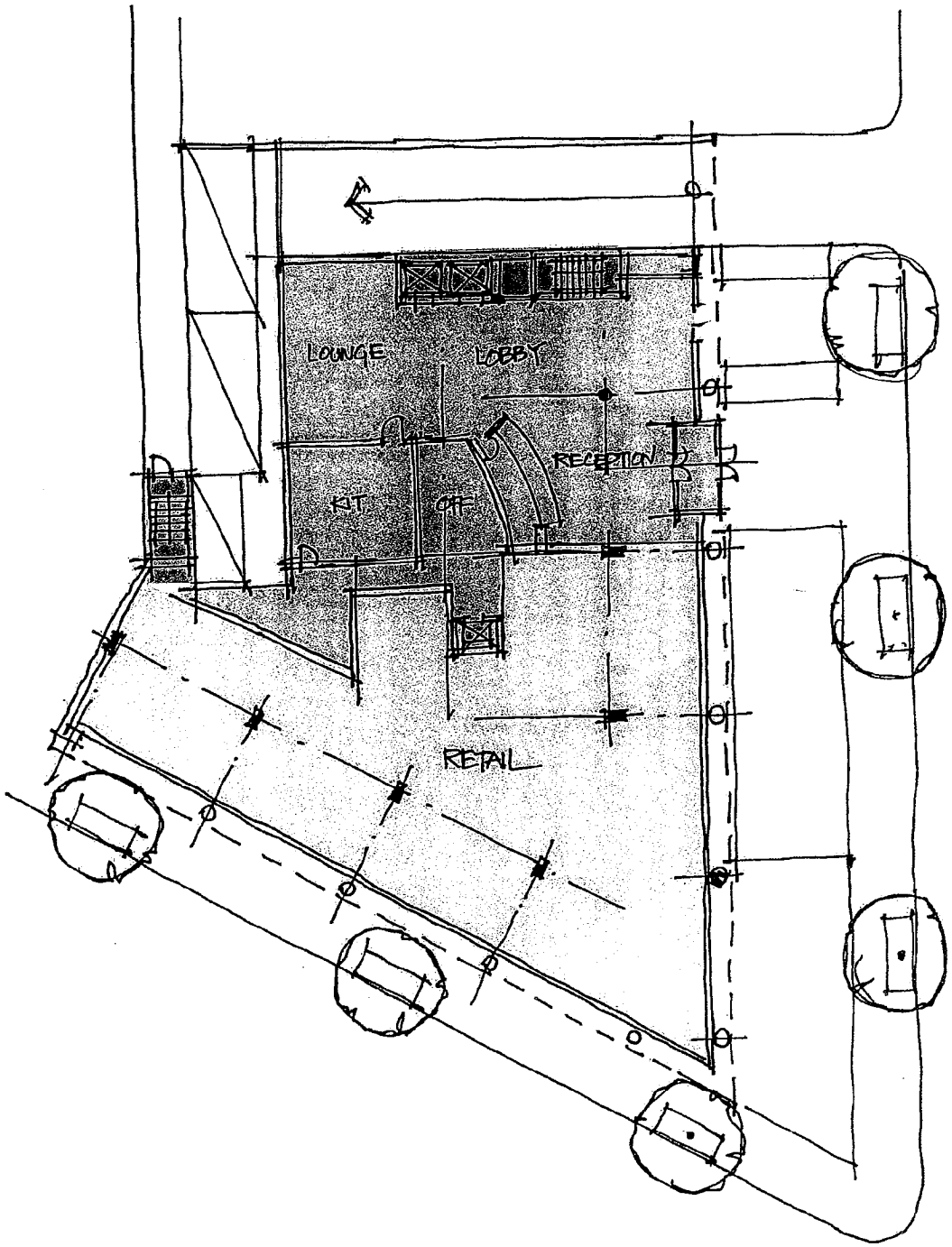
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Ground Floor Plan - Office Scheme



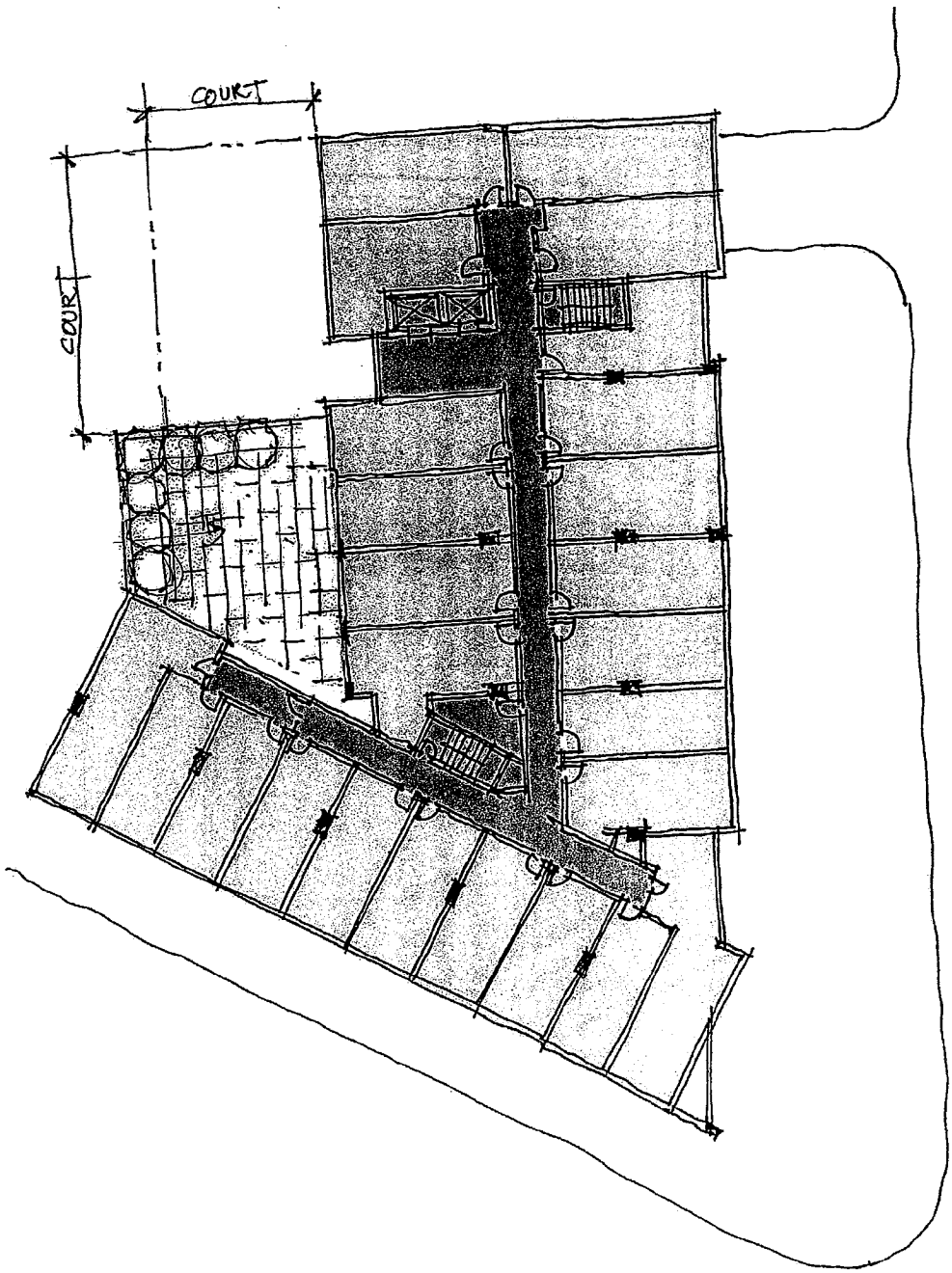
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Ground Floor Plan - Hotel Scheme



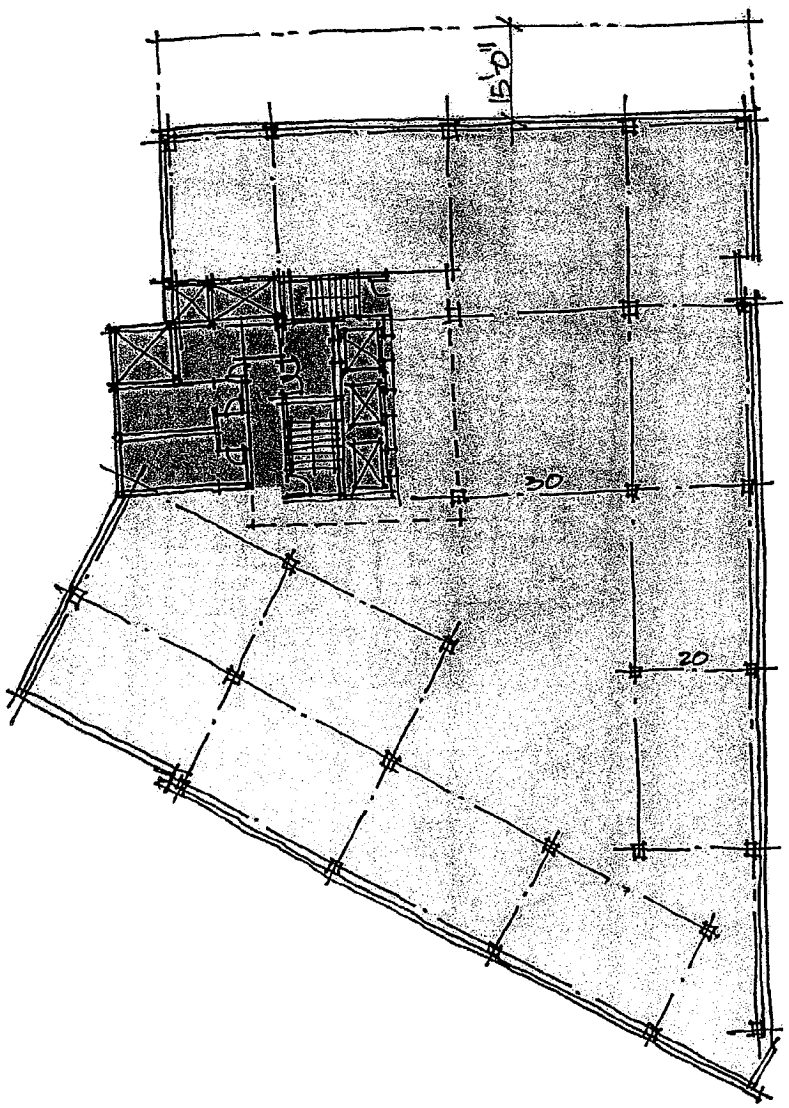
FOIA CONFIDENTIAL TREATMENT REQUESTED




Typical 1Floor Plan - Hotel Scheme



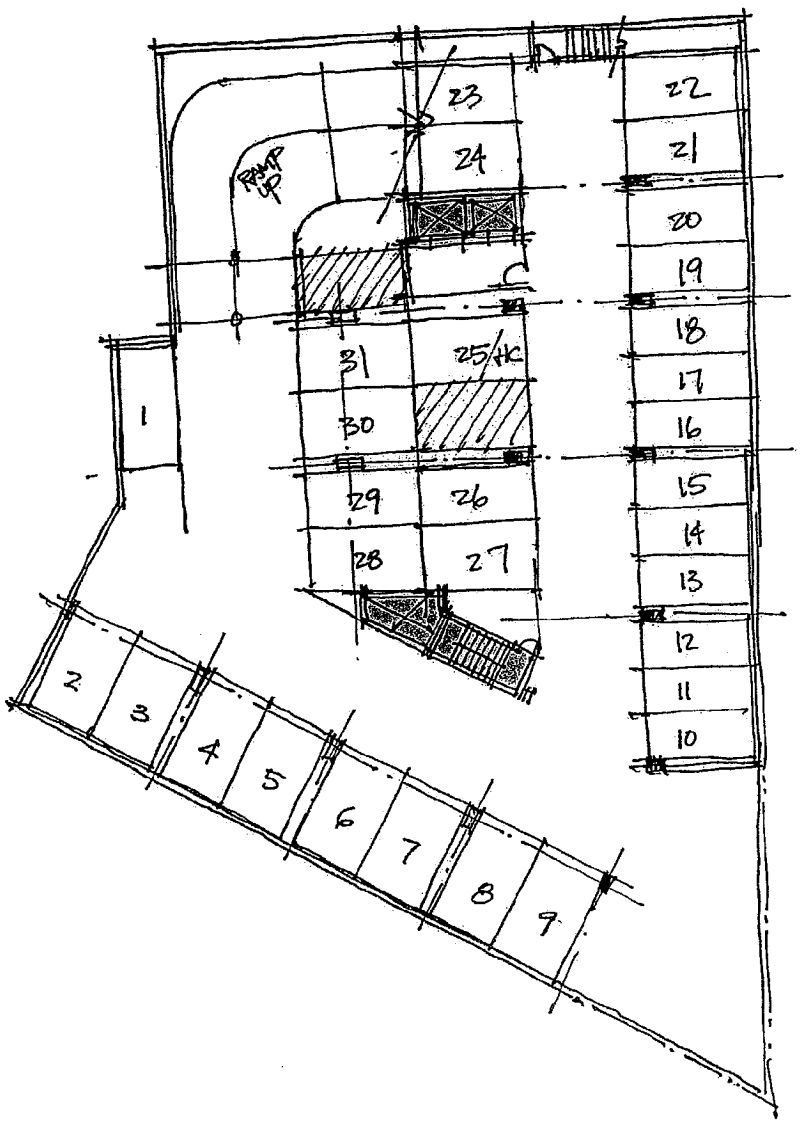
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Typical Floor Plan - Office Scheme



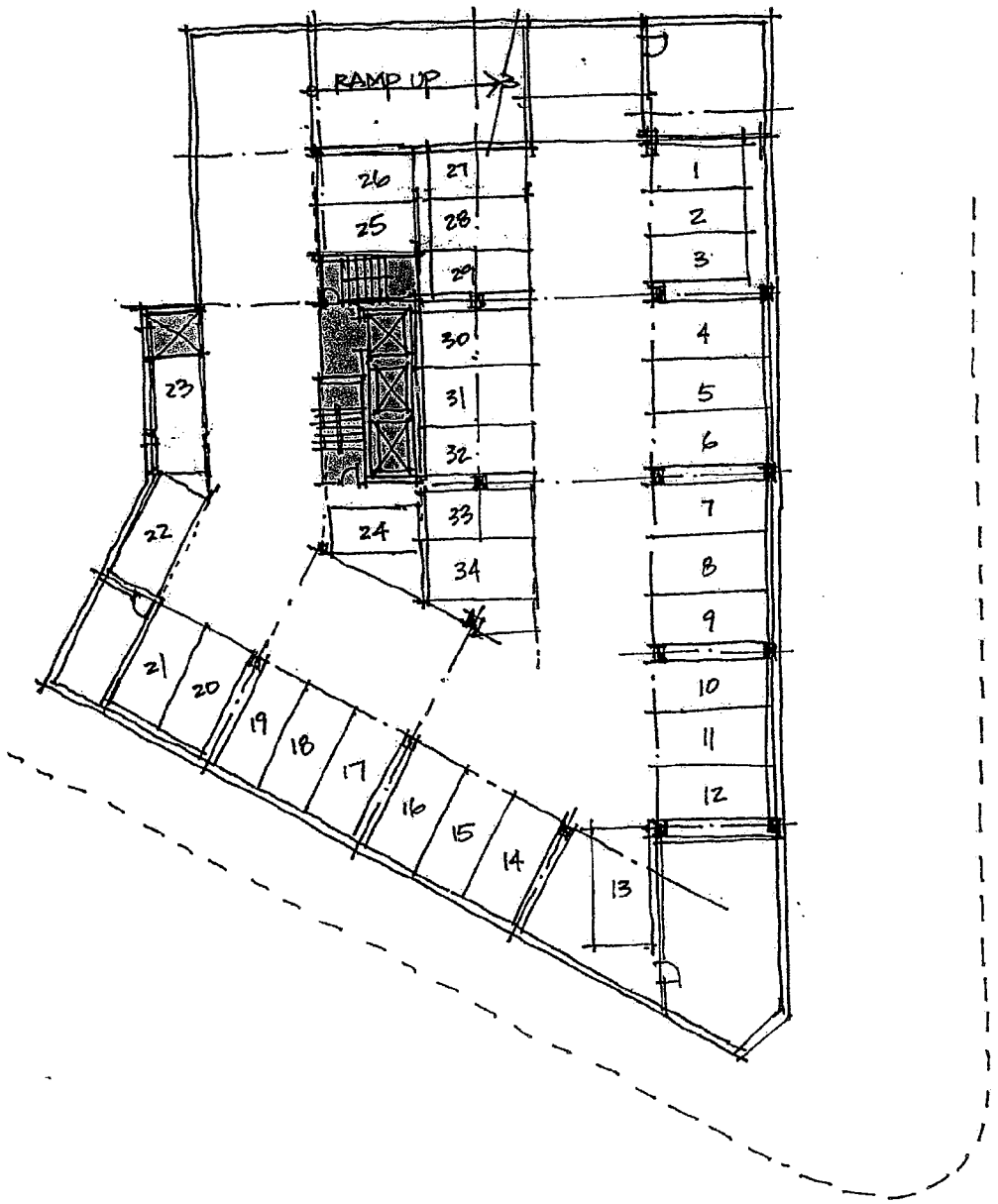
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Parking Level Plan - Hotel Scheme



FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Parking Level Plan - Office Scheme



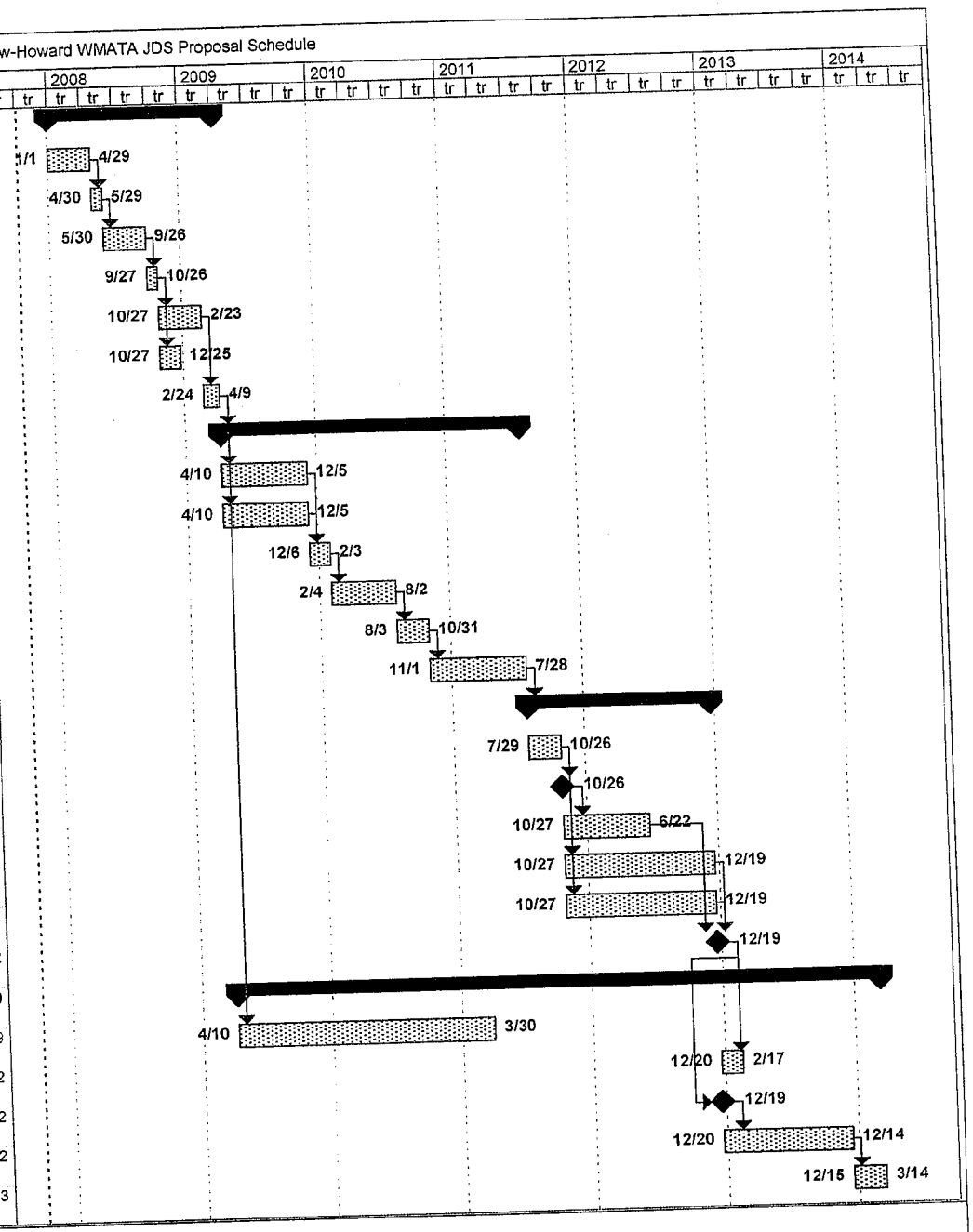
FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006889

FOIA CONFIDENTIAL TREATMENT REQUESTED

LaKirtz Adler Shaw-Howard WMATA JDS Proposal Schedule

| ID | Task Name | Duration | Start |
|---|---|---|---|
| 1 | **WMATA PROCESS** | **465 days** | **Tue 1/1/08** |
| 2 | Term Sheet Negotiations | 120 days | Tue 1/1/08 |
| 3 | Approval of Selected Developer | 30 days | Wed 4/30/08 |
| 4 | Development Agreement Negotiations | 120 days | Fri 5/30/08 |
| 5 | Approval of Development Agreement | 30 days | Sat 9/27/08 |
| 6 | Study Period | 120 days | Mon 10/27/08 |
| 7 | Agreements for Assemblage Parcels | 60 days | Mon 10/27/08 |
| 8 | Development Plan Preparation | 45 days | Tue 2/24/09 |
| 9 | **BUILDING PERMITS** | **840 days** | **Fri 4/10/09** |
| 10 | HPRB Design & Approval | 8 mons | Fri 4/10/09 |
| 11 | BZA Design & Approval | 8 mons | Fri 4/10/09 |
| 12 | Development Financing Approval | 60 days | Sun 12/6/09 |
| 13 | Schematic Design / Construction Docs | 6 mons | Thu 2/4/10 |
| 14 | WMATA Approval of Design | 3 mons | Tue 8/3/10 |
| 15 | DCRA Building Permit Approval | 9 mons | Mon 11/1/10 |
| 16 | **CONSTRUCTION** | **510 days** | **Fri 7/29/11** |
| 17 | Construction Financing Approval | 3 mons | Fri 7/29/11 |
| 18 | Close on Land Purchase | 0 days | Wed 10/26/11 |
| 19 | Construction: Parcel 1 | 8 mons | Thu 10/27/11 |
| 20 | Construction: Parcel 2 + 8th St | 14 mons | Thu 10/27/11 |
| 21 | Construction: Parcel 3 | 14 mons | Thu 10/27/11 |
| 22 | Substantial Completion | 0 days | Wed 12/19/12 |
| 23 | **LEASING / STABILIZATION** | **1800 days** | **Fri 4/10/09** |
| 24 | Marketing | 24 mons | Fri 4/10/09 |
| 25 | Initial Occupancy | 2 mons | Thu 12/20/12 |
| 26 | Commence Lease Payments | 0 days | Wed 12/19/12 |
| 27 | Stabilization / Lease Up | 12 mons | Thu 12/20/12 |
| 28 | Permanent Financing | 90 days | Sun 12/15/13 |






WMATA-INV 006890

FOIA CONFIDENTIAL TREATMENT REQUESTED



**7** **Agreements for Assemblage Parcels**
Optional

**10** **HPRB Design & Approval**
3 rounds with HPRB

**11** **BZA Design & Approval**
Optional - parallel to HPRB

**14** **WMATA Approval of Design**
Interspersed with #12

**15** **DCRA Building Permit Approval**
Current DCRA delay 12 months

**18** **Close on Land Purchase**
Land purchase only

**24** **Marketing**
Start at Dev Plan approval

**26** **Commence Lease Payments**
Ground lease only



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# Washington, DC Selected Properties

Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

January 2001 to July 2007


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# Tab 2 - Data by Measure

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

## Occupancy (%)

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 58.8 | 70.3 | 87.1 | 83.0 | 78.2 | 80.3 | 77.5 | 71.8 | 52.4 | 70.6 | 60.6 | 50.3 | 70.0 | 76.7 |
| 2002 | 57.9 | 67.7 | 77.4 | 91.1 | 82.4 | 80.2 | 77.5 | 70.6 | 73.2 | 73.7 | 57.2 | 48.0 | 70.9 | 75.9 |
| 2003 | 54.4 | 63.3 | 77.1 | 75.7 | 77.3 | 79.8 | 79.7 | 66.9 | 80.3 | 85.9 | 64.1 | 48.7 | 71.1 | 72.6 |
| 2004 | 52.0 | 76.3 | 90.4 | 90.6 | 87.2 | 88.4 | 83.1 | 72.6 | 76.9 | 88.1 | 66.6 | 52.4 | 77.0 | 81.1 |
| 2005 | 59.5 | 78.1 | 86.9 | 90.4 | 84.8 | 84.0 | 81.0 | 75.9 | 80.8 | 84.9 | 61.2 | 55.2 | 76.1 | 80.7 |
| 2006 | 55.3 | 73.8 | 84.6 | 86.4 | 84.7 | 84.8 | 77.2 | 72.0 | 75.0 | 82.4 | 73.8 | 54.1 | 75.3 | 78.1 |
| 2007 | 59.7 | 75.2 | 85.8 | 89.6 | 85.3 | 90.4 | 85.6 | | | | | | | 81.7 |
| Avg | 56.8 | 72.3 | 84.2 | 86.7 | 83.0 | 84.3 | 80.3 | 71.7 | 73.2 | 81.0 | 64.2 | 51.7 | 73.5 | 78.2 |

## ADR ($)

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 151.57 | 137.24 | 144.78 | 143.60 | 140.94 | 135.68 | 117.29 | 106.76 | 121.68 | 118.36 | 102.18 | 102.88 | 127.72 | 138.17 |
| 2002 | 107.83 | 114.63 | 129.00 | 146.81 | 141.44 | 134.60 | 122.17 | 113.57 | 139.82 | 137.21 | 115.29 | 106.91 | 127.22 | 129.20 |
| 2003 | 105.69 | 115.23 | 137.62 | 131.42 | 139.21 | 136.77 | 122.84 | 105.92 | 140.48 | 137.94 | 124.62 | 117.56 | 127.77 | 128.36 |
| 2004 | 122.22 | 137.20 | 151.12 | 148.75 | 155.46 | 152.58 | 135.99 | 128.60 | 160.45 | 168.70 | 143.99 | 129.28 | 146.25 | 144.95 |
| 2005 | 162.04 | 160.28 | 167.34 | 179.89 | 172.74 | 167.66 | 148.03 | 141.14 | 175.05 | 187.87 | 172.55 | 154.58 | 166.34 | 165.90 |
| 2006 | 161.80 | 175.53 | 197.98 | 196.35 | 201.39 | 201.34 | 157.68 | 139.39 | 190.88 | 202.75 | 182.73 | 154.15 | 182.21 | 186.41 |
| 2007 | 167.02 | 195.48 | 208.05 | 210.01 | 216.08 | 196.80 | 173.92 | | | | | | | 195.68 |
| Avg | 141.84 | 151.96 | 165.92 | 168.91 | 170.74 | 164.67 | 142.17 | 123.81 | 158.34 | 161.99 | 144.77 | 130.61 | 148.71 | 159.12 |

## RevPAR ($)

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 89.11 | 96.49 | 126.09 | 119.17 | 110.25 | 108.95 | 90.96 | 76.65 | 63.74 | 83.53 | 61.96 | 51.78 | 89.44 | 106.00 |
| 2002 | 62.46 | 77.58 | 99.86 | 133.71 | 116.53 | 107.90 | 94.67 | 80.21 | 102.38 | 101.19 | 65.89 | 51.29 | 90.22 | 98.03 |
| 2003 | 57.52 | 72.97 | 106.10 | 99.55 | 107.65 | 109.15 | 97.89 | 70.87 | 112.75 | 118.44 | 79.86 | 57.24 | 90.87 | 93.15 |
| 2004 | 63.52 | 104.72 | 136.65 | 134.78 | 135.56 | 134.84 | 113.03 | 93.32 | 123.45 | 148.67 | 95.97 | 67.72 | 112.65 | 117.60 |
| 2005 | 96.41 | 125.25 | 145.41 | 162.64 | 146.53 | 140.79 | 119.88 | 107.16 | 141.44 | 159.52 | 105.53 | 85.31 | 126.60 | 133.80 |
| 2006 | 89.44 | 129.52 | 167.44 | 169.68 | 170.59 | 170.73 | 121.65 | 100.35 | 143.20 | 167.01 | 134.87 | 83.35 | 137.19 | 145.57 |
| 2007 | 99.66 | 146.93 | 178.52 | 188.26 | 184.32 | 177.88 | 148.81 | | | | | | | 160.61 |
| Avg | 80.58 | 109.85 | 139.71 | 146.48 | 141.72 | 138.77 | 114.22 | 88.73 | 115.86 | 131.18 | 92.92 | 67.50 | 109.37 | 124.50 |

## Supply

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 42,563 | 38,444 | 42,563 | 46,440 | 47,988 | 46,440 | 47,988 | 47,988 | 46,440 | 47,988 | 46,440 | 47,988 | 549,270 | 312,426 |
| 2002 | 47,988 | 43,344 | 47,988 | 40,920 | 42,284 | 40,920 | 42,284 | 42,284 | 40,920 | 47,802 | 46,260 | 47,802 | 530,796 | 305,728 |
| 2003 | 47,802 | 43,176 | 47,802 | 46,260 | 47,802 | 46,260 | 47,802 | 47,802 | 46,260 | 47,802 | 46,260 | 47,802 | 562,830 | 326,904 |
| 2004 | 47,802 | 43,176 | 47,802 | 46,260 | 47,802 | 46,260 | 47,802 | 47,802 | 46,260 | 47,802 | 46,260 | 47,802 | 562,830 | 326,904 |
| 2005 | 47,802 | 43,176 | 47,802 | 46,260 | 47,802 | 46,260 | 47,802 | 47,802 | 46,260 | 47,802 | 46,260 | 47,802 | 562,830 | 326,904 |
| 2006 | 59,708 | 53,928 | 59,706 | 57,780 | 59,706 | 57,780 | 59,706 | 59,706 | 57,780 | 59,706 | 57,780 | 59,706 | 586,254 | 326,904 |
| 2007 | 59,706 | 53,928 | 59,706 | 57,780 | 59,706 | 57,780 | 59,706 | | | | | | 702,990 | 408,312 |
| Avg | 50,481 | 45,596 | 50,481 | 48,814 | 50,441 | 48,814 | 50,441 | 48,897 | 47,320 | 49,817 | 50,130 | 51,801 | 582,495 | 408,312 |
| | | | | | | | | | | | | | | 345,070 |

## Demand

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 25,023 | 27,027 | 37,068 | 38,538 | 37,538 | 37,290 | 37,212 | 34,453 | 24,326 | 33,864 | 28,162 | 24,154 | 384,655 | 239,696 |
| 2002 | 27,798 | 29,333 | 37,146 | 37,269 | 34,839 | 32,805 | 32,765 | 29,863 | 29,963 | 35,251 | 26,440 | 22,932 | 376,404 | 231,955 |
| 2003 | 26,014 | 27,342 | 36,855 | 35,040 | 36,964 | 36,916 | 38,093 | 31,982 | 37,128 | 41,045 | 29,644 | 23,275 | 400,298 | 237,224 |
| 2004 | 24,844 | 32,954 | 43,224 | 41,913 | 41,680 | 40,879 | 39,732 | 34,688 | 35,592 | 42,126 | 30,832 | 25,041 | 433,505 | 265,226 |
| 2005 | 28,441 | 33,740 | 41,537 | 41,825 | 40,549 | 38,846 | 38,712 | 36,293 | 37,379 | 40,588 | 35,338 | 32,950 | 446,198 | 263,660 |
| 2006 | 33,004 | 39,792 | 50,495 | 49,931 | 50,576 | 48,996 | 46,064 | 42,985 | 43,348 | 49,179 | 42,647 | 32,283 | 529,300 | 318,858 |
| 2007 | 35,628 | 40,533 | 51,232 | 51,798 | 50,930 | 52,226 | 51,086 | | | | | | | 333,433 |
| Avg | 28,679 | 32,960 | 42,508 | 42,331 | 41,868 | 41,137 | 40,523 | 35,044 | 34,623 | 40,342 | 32,177 | 26,773 | 428,393 | 270,006 |

## Revenue ($)

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 3,792,814 | 3,709,300 | 5,366,768 | 5,534,109 | 5,290,696 | 5,059,483 | 4,364,777 | 3,678,338 | 2,960,061 | 4,008,268 | 2,877,485 | 2,485,000 | 49,127,099 | 33,117,947 |
| 2002 | 2,997,439 | 3,362,458 | 4,792,017 | 5,471,438 | 4,927,535 | 4,415,432 | 4,002,956 | 3,391,613 | 4,189,564 | 4,836,853 | 3,048,192 | 2,451,751 | 47,887,248 | 29,959,275 |
| 2003 | 2,749,348 | 3,150,672 | 5,071,867 | 4,605,024 | 5,145,801 | 5,049,065 | 4,679,156 | 3,387,555 | 5,215,899 | 5,661,843 | 3,694,300 | 2,736,133 | 51,146,663 | 30,450,933 |
| 2004 | 3,036,419 | 4,521,422 | 6,532,075 | 6,234,710 | 6,480,238 | 6,237,482 | 5,403,170 | 4,460,758 | 5,710,843 | 7,106,684 | 4,439,439 | 3,237,274 | 63,400,514 | 38,445,516 |
| 2005 | 4,608,510 | 5,407,814 | 6,950,831 | 7,523,905 | 7,004,343 | 6,512,932 | 5,730,627 | 5,122,309 | 6,543,030 | 7,625,365 | 6,097,563 | 5,093,488 | 74,220,717 | 43,736,962 |
| 2006 | 5,340,026 | 6,984,541 | 9,997,226 | 9,804,137 | 10,185,463 | 9,864,889 | 7,263,193 | 5,991,695 | 8,274,203 | 9,971,279 | 7,792,684 | 4,976,419 | 96,445,755 | 59,439,475 |
| 2007 | 5,950,487 | 7,923,547 | 10,658,821 | 10,877,899 | 11,004,759 | 10,278,055 | 8,884,707 | | | | | | | 65,578,275 |
| Avg | 4,067,863 | 5,008,536 | 7,052,801 | 7,150,175 | 7,148,405 | 6,773,905 | 5,761,227 | 4,338,711 | 5,482,267 | 6,535,049 | 4,658,277 | 3,496,678 | 63,704,666 | 42,962,912 |

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# Tab 3 - Percent Change from Previous Year - Detail by Measure

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

**Occupancy**

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | -1.5 | -3.7 | -11.1 | 9.8 | 5.3 | -0.2 | -0.1 | -1.6 | 39.8 | 4.5 | -5.7 | -4.7 | 1.3 | -1.1 |
| 2003 | -6.1 | -6.4 | -0.4 | -16.8 | -6.1 | -0.5 | 2.8 | -5.3 | 9.6 | 16.4 | 12.1 | 1.5 | 0.3 | -4.4 |
| 2004 | -4.5 | 20.5 | 17.3 | 19.6 | 12.8 | 10.7 | 4.3 | 8.5 | -4.1 | 2.6 | 4.0 | 7.6 | 8.3 | 11.8 |
| 2005 | 14.5 | 2.4 | -3.9 | -0.2 | -2.7 | -5.0 | -2.6 | 4.6 | 5.0 | -3.7 | -8.2 | 5.3 | -1.2 | -0.6 |
| 2006 | -7.1 | -5.6 | -2.7 | -4.4 | -0.1 | 1.0 | -4.7 | -5.2 | -7.2 | -3.0 | 20.7 | -2.0 | -1.1 | -3.2 |
| 2007 | 8.0 | 1.9 | 1.5 | 3.7 | 0.7 | 6.6 | 10.9 | | | | | | | 4.6 |
| Avg | 0.6 | 1.5 | 0.1 | 1.9 | 1.6 | 2.1 | 1.8 | 0.2 | 6.6 | 3.4 | 4.6 | 1.5 | 1.5 | 1.2 |

**ADR**

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | -28.9 | -16.5 | -10.9 | 2.2 | 0.4 | -0.8 | 4.2 | 6.4 | 14.9 | 15.9 | 12.8 | 3.9 | -0.4 | -6.5 |
| 2003 | -2.0 | 0.5 | 6.7 | -10.5 | -1.6 | 1.6 | 0.5 | -6.7 | 0.5 | 0.5 | 8.1 | 10.0 | 0.4 | -0.6 |
| 2004 | 15.6 | 19.1 | 9.8 | 13.2 | 11.7 | 11.6 | 10.7 | 21.4 | 14.2 | 22.3 | 15.5 | 10.0 | 14.5 | 12.9 |
| 2005 | 32.6 | 16.8 | 10.7 | 20.9 | 11.1 | 9.9 | 8.9 | 9.8 | 9.1 | 11.4 | 19.8 | 19.6 | 13.7 | 14.4 |
| 2006 | -0.1 | 9.5 | 18.3 | 9.2 | 16.6 | 20.1 | 6.5 | -1.2 | 9.0 | 7.9 | 5.9 | -0.3 | 9.5 | 12.4 |
| 2007 | 3.2 | 11.4 | 5.1 | 7.0 | 7.3 | -2.3 | 10.3 | | | | | | | 5.5 |
| Avg | 3.4 | 6.8 | 6.6 | 7.0 | 7.6 | 6.7 | 6.8 | 5.9 | 9.5 | 11.6 | 12.4 | 8.6 | 7.6 | 6.4 |

**RevPAR**

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | -29.9 | -19.6 | -20.8 | 12.2 | 5.7 | -1.0 | 4.1 | 4.6 | 60.6 | 21.1 | 6.3 | -1.0 | 0.9 | -7.5 |
| 2003 | -7.9 | -5.9 | 6.3 | -25.6 | -7.6 | 1.2 | 3.4 | -11.6 | 10.1 | 17.1 | 21.2 | 11.6 | 0.7 | -5.0 |
| 2004 | 10.4 | 43.5 | 28.8 | 35.4 | 25.9 | 23.5 | 15.5 | 31.7 | 9.5 | 25.5 | 20.2 | 18.3 | 24.0 | 26.3 |
| 2005 | 51.8 | 19.6 | 6.4 | 20.7 | 8.1 | 4.4 | 6.1 | 14.8 | 14.6 | 7.3 | 10.0 | 26.0 | 12.4 | 13.8 |
| 2006 | -7.2 | 3.4 | 15.2 | 4.3 | 16.4 | 21.3 | 1.5 | -6.3 | 1.2 | 4.7 | 27.8 | -2.3 | 8.4 | 8.8 |
| 2007 | 11.4 | 13.4 | 6.6 | 11.0 | 8.0 | 4.2 | 22.3 | | | | | | | 10.3 |
| Avg | 4.8 | 9.1 | 7.1 | 9.7 | 9.4 | 8.9 | 8.8 | 6.6 | 19.2 | 15.1 | 17.1 | 10.5 | 9.3 | 7.8 |

**Supply**

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 12.7 | 12.7 | 12.7 | -11.9 | -11.9 | -11.9 | -11.9 | -11.9 | -11.9 | -0.4 | -0.4 | -0.4 | -3.4 | -2.1 |
| 2003 | -0.4 | -0.4 | -0.4 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 0.0 | 0.0 | 0.0 | 6.0 | 6.9 |
| 2004 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2005 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 24.9 | 24.9 | 4.2 | 0.0 |
| 2006 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 0.0 | 0.0 | 19.9 | 24.9 |
| 2007 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | 0.0 |
| Avg | 6.2 | 6.2 | 6.2 | 4.3 | 4.3 | 4.3 | 4.3 | 5.2 | 5.2 | 4.9 | 4.9 | 4.9 | 5.3 | 4.9 |

**Demand**

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 11.1 | 8.5 | 0.2 | -3.3 | -7.2 | -12.0 | -12.0 | -13.3 | 23.2 | 4.1 | -6.1 | -5.1 | -2.1 | -3.2 |
| 2003 | -6.4 | -6.8 | -0.8 | -6.0 | 6.1 | 12.5 | 16.3 | 7.1 | 23.9 | 16.4 | 12.1 | 1.5 | 6.3 | 2.3 |
| 2004 | -4.5 | 20.5 | 17.3 | 19.6 | 12.8 | 10.7 | 4.3 | 8.5 | -4.1 | 2.6 | 4.0 | 7.6 | 8.3 | 11.8 |
| 2005 | 14.5 | 2.4 | -3.9 | -0.2 | -2.7 | -5.0 | -2.6 | 4.6 | 5.0 | -3.7 | 14.6 | 31.6 | 2.9 | -0.6 |
| 2006 | 16.0 | 17.9 | 21.6 | 19.4 | 24.7 | 26.1 | 19.0 | 18.4 | 16.0 | 21.2 | 20.7 | -2.0 | 18.6 | 20.9 |
| 2007 | 8.0 | 1.9 | 1.5 | 3.7 | 0.7 | 6.6 | 10.9 | | | | | | | 4.6 |
| Avg | 6.4 | 7.4 | 6.0 | 5.5 | 5.7 | 6.5 | 6.0 | 5.1 | 12.8 | 8.1 | 9.1 | 6.7 | 6.8 | 6.0 |

**Revenue**

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | -21.0 | -9.4 | -10.7 | -1.1 | -6.9 | -12.7 | -8.3 | -7.8 | 41.5 | 20.7 | 5.9 | -1.3 | -2.5 | -9.5 |
| 2003 | -8.3 | -6.3 | 5.8 | -15.8 | 4.4 | 14.4 | 16.9 | -0.1 | 24.5 | 17.1 | 21.2 | 11.6 | 6.8 | 1.6 |
| 2004 | 10.4 | 43.5 | 28.8 | 35.4 | 25.9 | 23.5 | 15.5 | 31.7 | 9.5 | 25.5 | 20.2 | 18.3 | 24.0 | 26.3 |
| 2005 | 51.8 | 19.6 | 6.4 | 20.7 | 8.1 | 4.4 | 6.1 | 14.8 | 14.6 | 7.3 | 37.3 | 57.3 | 17.1 | 13.8 |
| 2006 | 15.9 | 29.2 | 43.8 | 30.3 | 45.4 | 51.5 | 26.7 | 17.0 | 26.5 | 30.8 | 27.8 | -2.3 | 29.9 | 35.9 |
| 2007 | 11.4 | 13.4 | 6.6 | 11.0 | 8.0 | 4.2 | 22.3 | | | | | | | 10.3 |
| Avg | 10.0 | 15.0 | 13.5 | 13.4 | 14.2 | 14.2 | 13.2 | 11.1 | 23.3 | 20.3 | 22.5 | 16.7 | 15.1 | 13.1 |

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FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 4 - Percent Change from Previous Year - Detail by Year

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

| | Jan 02 | Feb 02 | Mar 02 | Apr 02 | May 02 | Jun 02 | Jul 02 | Aug 02 | Sep 02 | Oct 02 | Nov 02 | Dec 02 | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occ | -1.5 | -3.7 | -11.1 | 9.8 | 5.3 | -0.2 | -0.1 | -1.6 | 39.8 | 4.5 | -5.7 | -4.7 | 1.3 | -1.1 |
| ADR | -28.9 | -16.5 | -10.9 | 2.2 | 0.4 | -0.8 | 4.2 | 6.4 | 14.9 | 15.9 | 12.8 | 3.9 | -0.4 | -6.5 |
| RevPAR | -29.9 | -19.6 | -20.8 | 12.2 | 5.7 | -1.0 | 4.1 | 4.6 | 60.6 | 21.1 | 6.3 | -1.0 | 0.9 | -7.5 |
| Supply | 12.7 | 12.7 | 12.7 | -11.9 | -11.9 | -11.9 | -11.9 | -11.9 | -11.9 | -0.4 | -0.4 | -0.4 | -3.4 | -2.1 |
| Demand | 11.1 | 8.5 | 0.2 | -3.3 | -7.2 | -12.0 | -12.0 | -13.3 | 23.2 | 4.1 | -6.1 | -5.1 | -2.1 | -3.2 |
| Revenue | -21.0 | -9.4 | -10.7 | -1.1 | -6.9 | -12.7 | -8.3 | -7.8 | 41.5 | 20.7 | 5.9 | -1.3 | -2.5 | -9.5 |

| | Jan 03 | Feb 03 | Mar 03 | Apr 03 | May 03 | Jun 03 | Jul 03 | Aug 03 | Sep 03 | Oct 03 | Nov 03 | Dec 03 | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occ | -6.1 | -6.4 | -0.4 | -16.8 | -6.1 | -0.5 | 2.8 | -5.3 | 9.6 | 16.4 | 12.1 | 1.5 | 0.3 | -4.4 |
| ADR | -2.0 | 0.5 | 6.7 | -10.5 | -1.6 | 1.6 | 0.5 | -6.7 | 0.5 | 0.5 | 8.1 | 10.0 | 0.4 | -0.6 |
| RevPAR | -7.9 | -5.9 | 6.3 | -25.6 | -7.6 | 1.2 | 3.4 | -11.6 | 10.1 | 17.1 | 21.2 | 11.6 | 0.7 | -5.0 |
| Supply | -0.4 | -0.4 | -0.4 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 0.0 | 0.0 | 0.0 | 6.0 | 6.9 |
| Demand | -6.4 | -6.8 | -0.8 | -6.0 | 6.1 | 12.5 | 16.3 | 7.1 | 23.9 | 16.4 | 12.1 | 1.5 | 6.3 | 2.3 |
| Revenue | -8.3 | -6.3 | 5.8 | -15.8 | 4.4 | 14.4 | 16.9 | -0.1 | 24.5 | 17.1 | 21.2 | 11.6 | 6.8 | 1.6 |

| | Jan 04 | Feb 04 | Mar 04 | Apr 04 | May 04 | Jun 04 | Jul 04 | Aug 04 | Sep 04 | Oct 04 | Nov 04 | Dec 04 | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occ | -4.5 | 20.5 | 17.3 | 19.6 | 12.8 | 10.7 | 4.3 | 8.5 | -4.1 | 2.6 | 4.0 | 7.6 | 8.3 | 11.8 |
| ADR | 15.6 | 19.1 | 9.8 | 13.2 | 11.7 | 11.6 | 10.7 | 21.4 | 14.2 | 22.3 | 15.5 | 10.0 | 14.5 | 12.9 |
| RevPAR | 10.4 | 43.5 | 28.8 | 35.4 | 25.9 | 23.5 | 15.5 | 31.7 | 9.5 | 25.5 | 20.2 | 18.3 | 24.0 | 26.3 |
| Supply | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Demand | -4.5 | 20.5 | 17.3 | 19.6 | 12.8 | 10.7 | 4.3 | 8.5 | -4.1 | 2.6 | 4.0 | 7.6 | 8.3 | 11.8 |
| Revenue | 10.4 | 43.5 | 28.8 | 35.4 | 25.9 | 23.5 | 15.5 | 31.7 | 9.5 | 25.5 | 20.2 | 18.3 | 24.0 | 26.3 |

| | Jan 05 | Feb 05 | Mar 05 | Apr 05 | May 05 | Jun 05 | Jul 05 | Aug 05 | Sep 05 | Oct 05 | Nov 05 | Dec 05 | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occ | 14.5 | 2.4 | -3.9 | -0.2 | -2.7 | -5.0 | -2.6 | 4.6 | 5.0 | -3.7 | -8.2 | 5.3 | -1.2 | -0.6 |
| ADR | 32.6 | 16.8 | 10.7 | 20.9 | 11.1 | 9.9 | 8.9 | 9.8 | 9.1 | 11.4 | 19.8 | 19.6 | 13.7 | 14.4 |
| RevPAR | 51.8 | 19.6 | 6.4 | 20.7 | 8.1 | 4.4 | 6.1 | 14.8 | 14.6 | 7.3 | 10.0 | 26.0 | 12.4 | 13.8 |
| Supply | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 24.9 | 24.9 | 4.2 | 0.0 |
| Demand | 14.5 | 2.4 | -3.9 | -0.2 | -2.7 | -5.0 | -2.6 | 4.6 | 5.0 | -3.7 | 14.6 | 31.6 | 2.9 | -0.6 |
| Revenue | 51.8 | 19.6 | 6.4 | 20.7 | 8.1 | 4.4 | 6.1 | 14.8 | 14.6 | 7.3 | 37.3 | 57.3 | 17.1 | 13.8 |

| | Jan 06 | Feb 06 | Mar 06 | Apr 06 | May 06 | Jun 06 | Jul 06 | Aug 06 | Sep 06 | Oct 06 | Nov 06 | Dec 06 | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occ | -7.1 | -5.6 | -2.7 | -4.4 | -0.1 | 1.0 | -4.7 | -5.2 | -7.2 | -3.0 | 20.7 | -2.0 | -1.1 | -3.2 |
| ADR | -0.1 | 9.5 | 18.3 | 9.2 | 16.6 | 20.1 | 6.5 | -1.2 | 9.0 | 7.9 | 5.9 | -0.3 | 9.5 | 12.4 |
| RevPAR | -7.2 | 3.4 | 15.2 | 4.3 | 16.4 | 21.3 | 1.5 | -6.3 | 1.2 | 4.7 | 27.8 | -2.3 | 8.4 | 8.8 |
| Supply | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 0.0 | 0.0 | 19.9 | 24.9 |
| Demand | 16.0 | 17.9 | 21.6 | 19.4 | 24.7 | 26.1 | 19.0 | 18.4 | 16.0 | 21.2 | 20.7 | -2.0 | 18.6 | 20.9 |
| Revenue | 15.9 | 29.2 | 43.8 | 30.3 | 45.4 | 51.5 | 26.7 | 17.0 | 26.5 | 30.8 | 27.8 | -2.3 | 29.9 | 35.9 |

| | Jan 07 | Feb 07 | Mar 07 | Apr 07 | May 07 | Jun 07 | Jul 07 | Aug 07 | Sep 07 | Oct 07 | Nov 07 | Dec 07 | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occ | 8.0 | 1.9 | 1.5 | 3.7 | 0.7 | 6.6 | 10.9 | | | | | | | 4.6 |
| ADR | 3.2 | 11.4 | 5.1 | 7.0 | 7.3 | -2.3 | 10.3 | | | | | | | 5.5 |
| RevPAR | 11.4 | 13.4 | 6.6 | 11.0 | 8.0 | 4.2 | 22.3 | | | | | | | 10.3 |
| Supply | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | 0.0 |
| Demand | 8.0 | 1.9 | 1.5 | 3.7 | 0.7 | 6.6 | 10.9 | | | | | | | 4.6 |
| Revenue | 11.4 | 13.4 | 6.6 | 11.0 | 8.0 | 4.2 | 22.3 | | | | | | | 10.3 |

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WMATA-INV 006896

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 5 - Twelve Month Moving Average

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

str

**Occupancy (%)**

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 69.8 | 69.6 | 69.0 | 69.4 | 69.7 | 69.6 | 69.5 | 69.4 | 71.1 | 71.4 | 71.1 | 70.9 |
| 2003 | 70.6 | 70.2 | 70.2 | 69.1 | *68.8* | 68.9 | 69.1 | 68.8 | 69.5 | 70.5 | 71.1 | 71.1 |
| 2004 | 70.9 | 71.9 | 73.0 | 74.3 | 75.1 | 75.8 | 76.1 | 76.6 | 76.3 | 76.5 | 76.7 | 77.0 |
| 2005 | 77.7 | 77.8 | 77.5 | 77.5 | 77.3 | 76.9 | 76.7 | 77.0 | 77.3 | 77.1 | 76.3 | 76.1 |
| 2006 | 75.4 | 75.0 | 75.0 | 74.9 | 75.1 | 75.3 | 75.1 | 74.8 | 74.4 | 74.3 | 75.4 | 75.3 |
| 2007 | 75.7 | 75.8 | 75.9 | 76.1 | 76.2 | 76.7 | 77.4 | | | | | |

**ADR ($)**

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 124.75 | 123.12 | 121.62 | 121.86 | 121.77 | *121.51* | 121.99 | 122.72 | 124.14 | 125.87 | 125.90 | 127.22 |
| 2003 | 127.17 | 127.28 | 128.13 | 126.56 | 126.42 | 126.73 | 126.73 | 126.02 | 126.33 | 126.57 | 127.17 | 127.77 |
| 2004 | 128.87 | 130.47 | 132.00 | 133.72 | 135.39 | 136.92 | 138.08 | 139.71 | 141.36 | 144.36 | 145.69 | 146.25 |
| 2005 | 148.64 | 150.40 | 151.94 | 154.93 | 156.54 | 157.91 | 159.04 | 159.98 | 161.23 | 163.00 | 165.11 | 166.34 |
| 2006 | 166.28 | 167.53 | 170.85 | 172.74 | 175.73 | 178.90 | 179.34 | 178.69 | 179.98 | 181.51 | 182.21 | 182.21 |
| 2007 | 182.46 | 183.97 | 184.96 | 186.32 | 187.73 | 187.37 | 188.62 | | | | | |

**RevPAR ($)**

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 87.13 | 85.75 | *83.91* | 84.62 | 84.84 | 84.52 | 84.74 | 85.11 | 88.31 | 89.90 | 90.25 | 90.22 |
| 2003 | 89.76 | 89.41 | 89.97 | 87.46 | 86.97 | 87.28 | 87.63 | 86.75 | 87.76 | 89.22 | 90.37 | 90.87 |
| 2004 | 91.38 | 93.82 | 96.41 | 99.31 | 101.68 | 103.79 | 105.08 | 106.99 | 107.86 | 110.43 | 111.76 | 112.55 |
| 2005 | 115.44 | 117.01 | 117.76 | 120.05 | 120.98 | 121.47 | 122.05 | 123.23 | 124.70 | 125.63 | 125.99 | 126.50 |
| 2006 | 125.31 | 125.68 | 128.18 | 129.45 | 132.00 | 134.79 | 134.68 | 133.60 | 133.88 | 134.95 | 137.36 | 137.19 |
| 2007 | 138.06 | 139.40 | 140.34 | 141.87 | 143.03 | 143.62 | 145.93 | | | | | |

**Supply**

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 554,695 | 559,595 | 565,020 | 559,500 | 553,796 | 548,276 | 542,572 | 536,868 | 531,348 | 531,162 | 530,982 | 530,796 |
| 2003 | 530,610 | 530,442 | *530,256* | 535,596 | 541,114 | 546,454 | 551,972 | 557,490 | 562,830 | 562,830 | 562,830 | 562,830 |
| 2004 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 |
| 2005 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 574,350 | 586,254 |
| 2006 | 598,158 | 608,910 | 620,814 | 632,334 | 644,238 | 655,758 | 667,662 | 679,566 | 691,086 | 702,990 | 702,990 | 702,990 |
| 2007 | 702,990 | 702,990 | 702,990 | 702,990 | 702,990 | 702,990 | 702,990 | | | | | |

**Demand**

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 387,430 | 389,736 | 389,814 | 388,545 | 385,846 | 381,361 | 376,914 | 372,324 | 377,961 | 379,348 | 377,626 | 376,404 |
| 2003 | 374,620 | 372,629 | 372,338 | *370,109* | 372,234 | 376,345 | 381,673 | 383,792 | 390,957 | 396,751 | 399,955 | 400,298 |
| 2004 | 399,128 | 404,740 | 411,109 | 417,982 | 422,698 | 426,661 | 428,300 | 431,006 | 429,470 | 430,551 | 431,739 | 433,505 |
| 2005 | 437,102 | 437,868 | 436,201 | 436,113 | 434,982 | 432,949 | 431,929 | 433,534 | 435,321 | 433,783 | 438,289 | 446,198 |
| 2006 | 450,761 | 456,813 | 465,771 | 473,877 | 483,904 | 494,054 | 501,406 | 508,098 | 514,067 | 522,658 | 529,967 | 529,300 |
| 2007 | 531,924 | 532,665 | 533,402 | 535,269 | 535,623 | 538,853 | 543,875 | | | | | |

**Revenue ($)**

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 48,331,724 | 47,984,882 | 47,410,131 | 47,347,460 | 46,984,299 | 46,340,248 | 45,978,427 | *45,691,702* | 46,921,205 | 47,749,790 | 47,920,497 | 47,887,248 |
| 2003 | 47,639,157 | 47,427,371 | 47,707,221 | 46,840,807 | 47,059,073 | 47,692,706 | 48,368,905 | 48,364,848 | 49,391,183 | 50,216,173 | 50,862,261 | 51,146,663 |
| 2004 | 51,433,734 | 52,804,484 | 54,264,692 | 55,894,378 | 57,228,815 | 58,417,232 | 59,141,245 | 60,214,449 | 60,709,393 | 62,154,234 | 62,899,373 | 63,400,514 |
| 2005 | 64,972,605 | 65,858,997 | 66,277,753 | 67,566,948 | 68,091,053 | 68,366,503 | 68,693,960 | 69,355,511 | 70,187,698 | 70,706,379 | 72,364,503 | 74,220,717 |
| 2006 | 74,952,233 | 76,528,960 | 79,575,355 | 81,855,587 | 85,038,707 | 88,388,664 | 89,921,230 | 90,790,616 | 92,521,789 | 94,867,703 | 96,562,824 | 96,445,755 |
| 2007 | 97,056,216 | 97,995,222 | 98,656,817 | 99,730,579 | 100,549,875 | 100,963,041 | 102,584,555 | | | | | |

High value is boxed. Low value is boxed and italicized.

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WMATA-INV 006897

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 6 - Day of Week Analysis

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

**Occupancy (%)**

| | Sun | Mon | Tue | Wed | Thu | Fri | Sat | Total Month |
|---|---|---|---|---|---|---|---|---|
| Aug - 06 | 60.4 | 75.7 | 80.0 | 77.6 | 72.1 | 65.0 | 69.8 | 72.0 |
| Sep - 06 | 57.9 | 72.5 | 88.0 | 93.4 | 84.4 | 63.7 | 69.6 | 75.0 |
| Oct - 06 | 67.4 | 80.5 | 84.9 | 91.8 | 87.0 | 80.0 | 88.6 | 82.4 |
| Nov - 06 | 63.0 | 73.6 | 75.3 | 76.9 | 76.8 | 73.8 | 75.7 | 73.8 |
| Dec - 06 | 41.8 | 57.8 | 63.8 | 65.2 | 57.3 | 50.0 | 48.1 | 54.1 |
| Jan - 07 | 52.5 | 58.3 | 68.2 | 73.4 | 62.1 | 46.0 | 52.0 | 59.7 |
| Feb - 07 | 66.2 | 82.2 | 87.3 | 85.6 | 77.0 | 61.3 | 66.6 | 75.2 |
| Mar - 07 | 77.9 | 94.9 | 97.8 | 95.1 | 83.3 | 73.5 | 82.6 | 85.8 |
| Apr - 07 | 78.8 | 89.7 | 94.8 | 96.4 | 93.1 | 87.6 | 89.6 | 89.6 |
| May - 07 | 81.4 | 84.0 | 92.2 | 90.4 | 82.1 | 77.7 | 87.0 | 85.3 |
| Jun - 07 | 79.7 | 95.2 | 98.0 | 97.7 | 92.3 | 84.8 | 87.3 | 90.4 |
| Jul - 07 | 74.6 | 90.8 | 92.9 | 93.7 | 84.8 | 81.1 | 80.5 | 85.6 |
| Total Year | 65.7 | 79.6 | 85.1 | 85.9 | 79.3 | 70.2 | 74.6 | 77.4 |

**Occupancy (%)**

| | Sun | Mon | Tue | Wed | Thu | Fri | Sat | Total Year |
|---|---|---|---|---|---|---|---|---|
| Aug 04 - Jul 05 | 66.4 | 81.2 | 86.2 | 85.7 | 78.5 | 68.1 | 71.4 | 76.7 |
| Aug 05 - Jul 06 | 64.0 | 77.7 | 84.7 | 83.9 | 77.1 | 66.9 | 71.4 | 75.1 |
| Aug 06 - Jul 07 | 66.7 | 79.6 | 85.1 | 85.9 | 79.3 | 70.2 | 74.6 | 77.4 |
| Total 3 Yr | 65.7 | 79.4 | 85.3 | 85.1 | 78.3 | 68.4 | 72.5 | 76.4 |

**ADR ($)**

| | Sun | Mon | Tue | Wed | Thu | Fri | Sat | Total Month |
|---|---|---|---|---|---|---|---|---|
| Aug - 06 | 132.95 | 148.26 | 151.87 | 152.59 | 139.15 | 120.53 | 117.01 | 139.39 |
| Sep - 06 | 171.87 | 210.58 | 221.39 | 219.01 | 200.79 | 159.10 | 145.51 | 190.88 |
| Oct - 06 | 203.86 | 224.46 | 227.54 | 225.79 | 203.37 | 160.80 | 160.81 | 202.75 |
| Nov - 06 | 176.56 | 200.53 | 206.17 | 201.98 | 180.91 | 152.76 | 154.32 | 182.73 |
| Dec - 06 | 145.77 | 188.07 | 176.12 | 169.07 | 152.19 | 125.22 | 121.33 | 154.15 |
| Jan - 07 | 156.06 | 181.31 | 189.36 | 185.53 | 167.66 | 125.54 | 124.64 | 167.02 |
| Feb - 07 | 188.97 | 210.34 | 215.18 | 207.55 | 195.76 | 170.04 | 165.41 | 195.48 |
| Mar - 07 | 207.37 | 237.97 | 242.31 | 234.68 | 205.01 | 167.65 | 163.10 | 208.05 |
| Apr - 07 | 203.07 | 228.62 | 232.47 | 226.94 | 211.32 | 178.80 | 181.47 | 210.01 |
| May - 07 | 205.13 | 232.83 | 247.83 | 235.74 | 206.13 | 181.26 | 185.35 | 216.08 |
| Jun - 07 | 191.56 | 221.82 | 232.57 | 224.27 | 195.16 | 160.36 | 158.88 | 196.80 |
| Jul - 07 | 167.15 | 192.30 | 194.80 | 184.82 | 170.13 | 146.28 | 142.82 | 173.92 |
| Total Year | 182.54 | 208.62 | 213.01 | 207.09 | 187.58 | 156.53 | 154.35 | 188.62 |

**ADR ($)**

| | Sun | Mon | Tue | Wed | Thu | Fri | Sat | Total Year |
|---|---|---|---|---|---|---|---|---|
| Aug 04 - Jul 05 | 151.32 | 168.89 | 175.07 | 173.94 | 163.63 | 136.50 | 134.38 | 159.04 |
| Aug 05 - Jul 06 | 172.49 | 193.87 | 199.52 | 196.10 | 178.55 | 153.79 | 150.51 | 179.34 |
| Aug 06 - Jul 07 | 182.54 | 208.62 | 213.01 | 207.09 | 187.58 | 156.53 | 154.35 | 188.62 |
| Total 3 Yr | 169.87 | 191.82 | 197.33 | 193.64 | 177.52 | 149.81 | 147.32 | 176.82 |

**RevPAR ($)**

| | Sun | Mon | Tue | Wed | Thu | Fri | Sat | Total Month |
|---|---|---|---|---|---|---|---|---|
| Aug - 06 | 80.27 | 112.26 | 121.53 | 118.34 | 100.26 | 78.39 | 81.65 | 100.35 |
| Sep - 06 | 99.52 | 152.66 | 194.74 | 204.52 | 169.39 | 101.32 | 101.23 | 143.20 |
| Oct - 06 | 137.44 | 180.58 | 193.21 | 207.21 | 176.87 | 128.64 | 142.55 | 167.01 |
| Nov - 06 | 111.28 | 147.64 | 155.17 | 155.28 | 138.90 | 112.80 | 116.89 | 134.87 |
| Dec - 06 | 60.90 | 108.65 | 112.33 | 110.26 | 87.27 | 62.65 | 58.41 | 83.35 |
| Jan - 07 | 81.92 | 105.73 | 129.10 | 136.19 | 104.20 | 57.73 | 64.76 | 99.66 |
| Feb - 07 | 125.07 | 172.87 | 187.83 | 177.58 | 150.74 | 104.30 | 110.10 | 146.93 |
| Mar - 07 | 161.52 | 225.84 | 237.04 | 223.17 | 170.74 | 123.30 | 134.74 | 178.52 |
| Apr - 07 | 160.05 | 205.16 | 220.49 | 218.87 | 196.85 | 156.60 | 162.66 | 188.26 |
| May - 07 | 167.06 | 195.54 | 228.62 | 213.14 | 169.28 | 140.76 | 161.28 | 184.32 |
| Jun - 07 | 152.68 | 211.08 | 227.83 | 219.11 | 180.05 | 135.92 | 138.78 | 177.88 |
| Jul - 07 | 124.78 | 174.63 | 180.97 | 173.25 | 144.29 | 120.29 | 114.95 | 148.81 |
| Total Year | 121.79 | 166.09 | 181.30 | 177.90 | 148.74 | 109.89 | 115.10 | 145.93 |

**RevPAR ($)**

| | Sun | Mon | Tue | Wed | Thu | Fri | Sat | Total Year |
|---|---|---|---|---|---|---|---|---|
| Aug 04 - Jul 05 | 100.40 | 137.17 | 150.84 | 148.99 | 128.47 | 92.97 | 95.92 | 122.05 |
| Aug 05 - Jul 06 | 110.33 | 150.71 | 168.99 | 164.57 | 137.63 | 102.85 | 107.43 | 134.68 |
| Aug 06 - Jul 07 | 121.79 | 166.09 | 181.30 | 177.90 | 148.74 | 109.89 | 115.10 | 145.93 |
| Total 3 Yr | 111.54 | 152.35 | 168.27 | 164.88 | 139.01 | 102.53 | 106.87 | 135.09 |

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WMATA-INV 006898

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 7 - Raw Data

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

| Date | Occupancy | | ADR | | RevPar | | Supply | | Demand | | Revenue | | Census & Sample % | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props | Census Rooms | % Rooms STAR Participants |
| Jan 01 | 58.8 | | 151.57 | | 89.11 | | 42,563 | | 25,023 | | 3,792,814 | | 6 | 1,373 | 100.0 |
| Feb 01 | 70.3 | | 137.24 | | 96.49 | | 38,444 | | 27,027 | | 3,709,300 | | 6 | 1,373 | 100.0 |
| Mar 01 | 87.1 | | 144.78 | | 126.09 | | 42,563 | | 37,068 | | 5,366,768 | | 6 | 1,373 | 100.0 |
| Apr 01 | 83.0 | | 143.60 | | 119.17 | | 46,440 | | 38,538 | | 5,534,109 | | 7 | 1,548 | 100.0 |
| May 01 | 78.2 | | 140.94 | | 110.25 | | 47,988 | | 37,538 | | 5,290,696 | | 7 | 1,548 | 100.0 |
| Jun 01 | 80.3 | | 135.68 | | 108.95 | | 46,440 | | 37,290 | | 5,059,483 | | 7 | 1,548 | 100.0 |
| Jul 01 | 77.5 | | 117.29 | | 90.96 | | 47,988 | | 37,212 | | 4,364,777 | | 7 | 1,548 | 100.0 |
| Aug 01 | 71.8 | | 106.76 | | 76.65 | | 47,988 | | 34,453 | | 3,678,338 | | 7 | 1,548 | 100.0 |
| Sep 01 | 52.4 | | 121.68 | | 63.74 | | 46,440 | | 24,326 | | 2,960,061 | | 7 | 1,548 | 100.0 |
| Oct 01 | 70.6 | | 118.36 | | 83.53 | | 47,988 | | 33,864 | | 4,008,268 | | 7 | 1,548 | 100.0 |
| Nov 01 | 60.6 | | 102.18 | | 61.96 | | 46,440 | | 28,162 | | 2,877,485 | | 7 | 1,548 | 100.0 |
| Dec 01 | 50.3 | | 102.88 | | 51.78 | | 47,988 | | 24,154 | | 2,485,000 | | 7 | 1,548 | 100.0 |
| Jan 02 | 57.9 | -1.5 | 107.83 | -28.9 | 62.46 | -29.9 | 47,988 | 12.7 | 27,798 | 11.1 | 2,997,439 | -21.0 | 7 | 1,548 | 100.0 |
| Feb 02 | 67.7 | -3.7 | 114.63 | -16.5 | 77.58 | -19.6 | 43,344 | 12.7 | 29,333 | 8.5 | 3,362,458 | -9.4 | 7 | 1,548 | 100.0 |
| Mar 02 | 77.4 | -11.1 | 129.00 | -10.9 | 99.86 | -20.8 | 47,988 | 12.7 | 37,146 | 0.2 | 4,792,017 | -10.7 | 7 | 1,548 | 100.0 |
| Apr 02 | 91.1 | 9.8 | 146.81 | 2.2 | 133.71 | 12.2 | 40,920 | -11.9 | 37,269 | -3.3 | 5,471,438 | -1.1 | 6 | 1,364 | 100.0 |
| May 02 | 82.4 | 5.3 | 141.44 | 0.4 | 116.53 | 5.7 | 42,284 | -11.9 | 34,839 | -7.2 | 4,927,535 | -6.9 | 6 | 1,364 | 100.0 |
| Jun 02 | 80.2 | -0.2 | 134.60 | -0.8 | 107.90 | -1.0 | 40,920 | -11.9 | 32,805 | -12.0 | 4,415,432 | -12.7 | 6 | 1,364 | 100.0 |
| Jul 02 | 77.5 | -0.1 | 122.17 | 4.2 | 94.67 | 4.1 | 42,284 | -11.9 | 32,765 | -12.0 | 4,002,956 | -8.3 | 6 | 1,364 | 100.0 |
| Aug 02 | 70.6 | -1.6 | 113.57 | 6.4 | 80.21 | 4.6 | 42,284 | -11.9 | 29,863 | -13.3 | 3,391,613 | -7.8 | 6 | 1,364 | 100.0 |
| Sep 02 | 73.2 | 39.8 | 139.82 | 14.9 | 102.38 | 60.6 | 40,920 | -11.9 | 29,963 | 23.2 | 4,189,564 | 41.5 | 6 | 1,364 | 100.0 |
| Oct 02 | 73.7 | 4.5 | 137.21 | 15.9 | 101.19 | 21.1 | 47,802 | -0.4 | 35,251 | 4.1 | 4,836,853 | 20.7 | 7 | 1,542 | 88.5 |
| Nov 02 | 57.2 | -5.7 | 115.29 | 12.8 | 65.89 | 6.3 | 46,260 | -0.4 | 26,440 | -6.1 | 3,048,192 | 5.9 | 7 | 1,542 | 100.0 |
| Dec 02 | 48.0 | -4.7 | 106.91 | 3.9 | 51.29 | -1.0 | 47,802 | -0.4 | 22,932 | -5.1 | 2,451,751 | -1.3 | 7 | 1,542 | 100.0 |
| Jan 03 | 54.4 | -6.1 | 105.69 | -2.0 | 57.52 | -7.9 | 47,802 | -0.4 | 26,014 | -6.4 | 2,749,348 | -8.3 | 7 | 1,542 | 100.0 |
| Feb 03 | 63.3 | -6.4 | 115.23 | 0.5 | 72.97 | -5.9 | 43,176 | -0.4 | 27,342 | -6.8 | 3,150,672 | -6.3 | 7 | 1,542 | 100.0 |
| Mar 03 | 77.1 | -0.4 | 137.62 | 6.7 | 106.10 | 6.3 | 47,802 | -0.4 | 36,855 | -0.8 | 5,071,867 | 5.8 | 7 | 1,542 | 100.0 |
| Apr 03 | 75.7 | -16.8 | 131.42 | -10.5 | 99.55 | -25.6 | 46,260 | 13.0 | 35,040 | -6.0 | 4,605,024 | -15.8 | 7 | 1,542 | 100.0 |
| May 03 | 77.3 | -6.1 | 139.21 | -1.6 | 107.65 | -7.6 | 47,802 | 13.0 | 36,964 | 6.1 | 5,145,801 | 4.4 | 7 | 1,542 | 100.0 |
| Jun 03 | 79.8 | -0.5 | 136.77 | 1.6 | 109.15 | 1.2 | 46,260 | 13.0 | 36,916 | 12.5 | 5,049,065 | 14.4 | 7 | 1,542 | 100.0 |
| Jul 03 | 79.7 | 2.8 | 122.84 | 0.5 | 97.89 | 3.4 | 47,802 | 13.0 | 38,093 | 16.3 | 4,679,156 | 16.9 | 7 | 1,542 | 100.0 |
| Aug 03 | 66.9 | -5.3 | 105.92 | -6.7 | 70.87 | -11.6 | 47,802 | 13.0 | 31,982 | 7.1 | 3,387,555 | -0.1 | 7 | 1,542 | 100.0 |
| Sep 03 | 80.3 | 9.6 | 140.48 | 0.5 | 112.75 | 10.1 | 46,260 | 13.0 | 37,128 | 23.9 | 5,215,899 | 24.5 | 7 | 1,542 | 100.0 |
| Oct 03 | 85.9 | 16.4 | 137.94 | 0.5 | 118.44 | 17.1 | 47,802 | 0.0 | 41,045 | 16.4 | 5,661,843 | 17.1 | 7 | 1,542 | 100.0 |
| Nov 03 | 64.1 | 12.1 | 124.62 | 8.1 | 79.86 | 21.2 | 46,260 | 0.0 | 29,644 | 12.1 | 3,694,300 | 21.2 | 7 | 1,542 | 100.0 |
| Dec 03 | 48.7 | 1.5 | 117.56 | 10.0 | 57.24 | 11.6 | 47,802 | 0.0 | 23,275 | 1.5 | 2,736,133 | 11.6 | 7 | 1,542 | 100.0 |
| Jan 04 | 52.0 | -4.5 | 122.22 | 15.6 | 63.52 | 10.4 | 47,802 | 0.0 | 24,844 | -4.5 | 3,036,419 | 10.4 | 7 | 1,542 | 100.0 |
| Feb 04 | 76.3 | 20.5 | 137.20 | 19.1 | 104.72 | 43.5 | 43,176 | 0.0 | 32,954 | 20.5 | 4,521,422 | 43.5 | 7 | 1,542 | 100.0 |
| Mar 04 | 90.4 | 17.3 | 151.12 | 9.8 | 136.65 | 28.8 | 47,802 | 0.0 | 43,224 | 17.3 | 6,532,075 | 28.8 | 7 | 1,542 | 100.0 |
| Apr 04 | 90.6 | 19.6 | 148.75 | 13.2 | 134.78 | 35.4 | 46,260 | 0.0 | 41,913 | 19.6 | 6,234,710 | 35.4 | 7 | 1,542 | 100.0 |
| May 04 | 87.2 | 12.8 | 155.48 | 11.7 | 135.56 | 25.9 | 47,802 | 0.0 | 41,680 | 12.8 | 6,480,238 | 25.9 | 7 | 1,542 | 100.0 |
| Jun 04 | 88.4 | 10.7 | 152.58 | 11.6 | 134.84 | 23.5 | 46,260 | 0.0 | 40,879 | 10.7 | 6,237,482 | 23.5 | 7 | 1,542 | 100.0 |
| Jul 04 | 83.1 | 4.3 | 135.99 | 10.7 | 113.03 | 15.5 | 47,802 | 0.0 | 39,732 | 4.3 | 5,403,170 | 15.5 | 7 | 1,542 | 100.0 |
| Aug 04 | 72.6 | 8.5 | 128.60 | 21.4 | 93.32 | 31.7 | 47,802 | 0.0 | 34,688 | 8.5 | 4,460,758 | 31.7 | 7 | 1,542 | 100.0 |
| Sep 04 | 76.9 | -4.1 | 160.45 | 14.2 | 123.45 | 9.5 | 46,260 | 0.0 | 35,592 | -4.1 | 5,710,843 | 9.5 | 7 | 1,542 | 100.0 |
| Oct 04 | 88.1 | 2.6 | 168.70 | 22.3 | 148.67 | 25.5 | 47,802 | 0.0 | 42,126 | 2.6 | 7,106,684 | 25.5 | 7 | 1,542 | 100.0 |
| Nov 04 | 66.6 | 4.0 | 143.99 | 15.5 | 95.97 | 20.2 | 46,260 | 0.0 | 30,832 | 4.0 | 4,439,439 | 20.2 | 7 | 1,542 | 100.0 |
| Dec 04 | 52.4 | 7.6 | 129.28 | 10.0 | 67.72 | 18.3 | 47,802 | 0.0 | 25,041 | 7.6 | 3,237,274 | 18.3 | 7 | 1,542 | 100.0 |
| Jan 05 | 59.5 | 14.5 | 162.04 | 32.6 | 96.41 | 51.8 | 47,802 | 0.0 | 28,441 | 14.5 | 4,608,510 | 51.8 | 7 | 1,542 | 100.0 |

WMATA-INV 006899

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 7 - Raw Data

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

| Date | Occupancy | | ADR | | RevPar | | Supply | | Demand | | Revenue | | Census & Sample % | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props | Census Rooms | % Rooms STAR Participants |
| Feb 05 | 78.1 | 2.4 | 160.28 | 16.8 | 125.25 | 19.6 | 43,176 | 0.0 | 33,740 | 2.4 | 5,407,814 | 19.6 | 7 | 1,542 | 100.0 |
| Mar 05 | 86.9 | -3.9 | 167.34 | 10.7 | 145.41 | 6.4 | 47,802 | 0.0 | 41,537 | -3.9 | 6,950,831 | 6.4 | 7 | 1,542 | 100.0 |
| Apr 05 | 90.4 | -0.2 | 179.89 | 20.9 | 162.64 | 20.7 | 46,260 | 0.0 | 41,825 | -0.2 | 7,523,905 | 20.7 | 7 | 1,542 | 100.0 |
| May 05 | 84.8 | -2.7 | 172.74 | 11.1 | 146.53 | 8.1 | 47,802 | 0.0 | 40,549 | -2.7 | 7,004,343 | 8.1 | 7 | 1,542 | 100.0 |
| Jun 05 | 84.0 | -5.0 | 167.66 | 9.9 | 140.79 | 4.4 | 46,260 | 0.0 | 38,846 | -5.0 | 6,512,932 | 4.4 | 7 | 1,542 | 100.0 |
| Jul 05 | 81.0 | -2.6 | 148.03 | 8.9 | 119.88 | 6.1 | 47,802 | 0.0 | 38,712 | -2.6 | 5,730,627 | 6.1 | 7 | 1,542 | 100.0 |
| Aug 05 | 75.9 | 4.6 | 141.14 | 9.8 | 107.16 | 14.8 | 47,802 | 0.0 | 36,293 | 4.6 | 5,122,309 | 14.8 | 7 | 1,542 | 100.0 |
| Sep 05 | 80.8 | 5.0 | 175.05 | 9.1 | 141.44 | 14.6 | 46,260 | 0.0 | 37,379 | 5.0 | 6,543,030 | 14.6 | 7 | 1,542 | 100.0 |
| Oct 05 | 84.9 | -3.7 | 187.87 | 11.4 | 159.52 | 7.3 | 47,802 | 0.0 | 40,588 | -3.7 | 7,625,365 | 7.3 | 8 | 1,926 | 100.0 |
| Nov 05 | 61.2 | -8.2 | 172.55 | 19.8 | 105.53 | 10.0 | 57,780 | 24.9 | 35,338 | 14.6 | 6,097,563 | 37.3 | 8 | 1,926 | 100.0 |
| Dec 05 | 55.2 | 5.3 | 154.58 | 19.6 | 85.31 | 26.0 | 59,706 | 24.9 | 32,950 | 31.6 | 5,093,488 | 57.3 | 8 | 1,926 | 100.0 |
| Jan 06 | 55.3 | -7.1 | 161.80 | -0.1 | 89.44 | -7.2 | 59,706 | 24.9 | 33,004 | 16.0 | 5,340,026 | 15.9 | 8 | 1,926 | 100.0 |
| Feb 06 | 73.8 | -5.6 | 175.53 | 9.5 | 129.52 | 3.4 | 53,928 | 24.9 | 39,792 | 17.9 | 6,984,541 | 29.2 | 8 | 1,926 | 100.0 |
| Mar 06 | 84.6 | -2.7 | 197.98 | 18.3 | 167.44 | 15.2 | 59,706 | 24.9 | 50,495 | 21.6 | 9,997,226 | 43.8 | 8 | 1,926 | 100.0 |
| Apr 06 | 86.4 | -4.4 | 196.35 | 9.2 | 169.68 | 4.3 | 57,780 | 24.9 | 49,931 | 19.4 | 9,804,137 | 30.3 | 8 | 1,926 | 100.0 |
| May 06 | 84.7 | -0.1 | 201.39 | 16.6 | 170.59 | 16.4 | 59,706 | 24.9 | 50,576 | 24.7 | 10,185,463 | 45.4 | 8 | 1,926 | 100.0 |
| Jun 06 | 84.8 | 1.0 | 201.34 | 20.1 | 170.73 | 21.3 | 57,780 | 24.9 | 48,996 | 26.1 | 9,864,889 | 51.5 | 8 | 1,926 | 100.0 |
| Jul 06 | 77.2 | -4.7 | 157.68 | 6.5 | 121.65 | 1.5 | 59,706 | 24.9 | 46,064 | 19.0 | 7,263,193 | 26.7 | 8 | 1,926 | 100.0 |
| Aug 06 | 72.0 | -5.2 | 139.39 | -1.2 | 100.35 | -6.3 | 59,706 | 24.9 | 42,985 | 18.4 | 5,991,695 | 17.0 | 8 | 1,926 | 100.0 |
| Sep 06 | 75.0 | -7.2 | 190.88 | 9.0 | 143.20 | 1.2 | 57,780 | 24.9 | 43,348 | 16.0 | 8,274,203 | 26.5 | 8 | 1,926 | 100.0 |
| Oct 06 | 82.4 | -3.0 | 202.75 | 7.9 | 167.01 | 4.7 | 59,706 | 24.9 | 49,179 | 21.2 | 9,971,279 | 30.8 | 8 | 1,926 | 100.0 |
| Nov 06 | 73.8 | 20.7 | 182.73 | 5.9 | 134.87 | 27.8 | 57,780 | 0.0 | 42,647 | 20.7 | 7,792,684 | 27.8 | 8 | 1,926 | 100.0 |
| Dec 06 | 54.1 | -2.0 | 154.15 | -0.3 | 83.35 | -2.3 | 59,706 | 0.0 | 32,283 | -2.0 | 4,976,419 | -2.3 | 8 | 1,926 | 100.0 |
| Jan 07 | 59.7 | 8.0 | 167.02 | 3.2 | 99.66 | 11.4 | 59,706 | 0.0 | 35,628 | 8.0 | 5,950,487 | 11.4 | 8 | 1,926 | 100.0 |
| Feb 07 | 75.2 | 1.9 | 195.48 | 11.4 | 146.93 | 13.4 | 53,928 | 0.0 | 40,533 | 1.9 | 7,923,547 | 13.4 | 8 | 1,926 | 100.0 |
| Mar 07 | 85.8 | 1.5 | 208.05 | 5.1 | 178.52 | 6.6 | 59,706 | 0.0 | 51,232 | 1.5 | 10,658,821 | 6.6 | 8 | 1,926 | 100.0 |
| Apr 07 | 89.6 | 3.7 | 210.01 | 7.0 | 188.26 | 11.0 | 57,780 | 0.0 | 51,798 | 3.7 | 10,877,899 | 11.0 | 8 | 1,926 | 100.0 |
| May 07 | 85.3 | 0.7 | 216.08 | 7.3 | 184.32 | 8.0 | 59,706 | 0.0 | 50,930 | 0.7 | 11,004,759 | 8.0 | 8 | 1,926 | 100.0 |
| Jun 07 | 90.4 | 6.6 | 196.80 | -2.3 | 177.88 | 4.2 | 57,780 | 0.0 | 52,226 | 6.6 | 10,278,055 | 4.2 | 8 | 1,926 | 100.0 |
| Jul 07 | 85.6 | 10.9 | 173.92 | 10.3 | 148.81 | 22.3 | 59,706 | 0.0 | 51,086 | 10.9 | 8,884,707 | 22.3 | 8 | 1,926 | 100.0 |

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WMATA-INV 006900

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 8 - Classic

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

| Date | Occupancy | | ADR | | RevPar | | Supply | | Demand | | Revenue | | Census & Sample % | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props | Census Rooms | % Rooms STAR Participants |
| Jan 01 | 58.8 | | 151.57 | | 89.11 | | 42,563 | | 25,023 | | 3,792,814 | | 6 | 1,373 | 100.0 |
| Feb 01 | 70.3 | | 137.24 | | 96.49 | | 38,444 | | 27,027 | | 3,709,300 | | 6 | 1,373 | 100.0 |
| Mar 01 | 87.1 | | 144.78 | | 126.09 | | 42,563 | | 37,068 | | 5,366,768 | | 6 | 1,373 | 100.0 |
| Apr 01 | 83.0 | | 143.60 | | 119.17 | | 46,440 | | 38,538 | | 5,534,109 | | 7 | 1,548 | 100.0 |
| May 01 | 78.2 | | 140.94 | | 110.25 | | 47,988 | | 37,538 | | 5,290,696 | | 7 | 1,548 | 100.0 |
| Jun 01 | 80.3 | | 135.68 | | 108.95 | | 46,440 | | 37,290 | | 5,059,483 | | 7 | 1,548 | 100.0 |
| Jul 01 | 77.5 | | 117.29 | | 90.96 | | 47,988 | | 37,212 | | 4,364,777 | | 7 | 1,548 | 100.0 |
| Aug 01 | 71.8 | | 106.76 | | 76.65 | | 47,988 | | 34,453 | | 3,678,338 | | 7 | 1,548 | 100.0 |
| Sep 01 | 52.4 | | 121.68 | | 63.74 | | 46,440 | | 24,326 | | 2,960,061 | | 7 | 1,548 | 100.0 |
| Oct 01 | 70.6 | | 118.36 | | 83.53 | | 47,988 | | 33,864 | | 4,008,268 | | 7 | 1,548 | 100.0 |
| Nov 01 | 60.6 | | 102.18 | | 61.96 | | 46,440 | | 28,162 | | 2,877,485 | | 7 | 1,548 | 100.0 |
| Dec 01 | 50.3 | | 102.88 | | 51.78 | | 47,988 | | 24,154 | | 2,485,000 | | 7 | 1,548 | 100.0 |
| Jul YTD 2001 | 76.7 | | 138.17 | | 106.00 | | 312,426 | | 239,696 | | 33,117,947 | | | | |
| Total 2001 | 70.0 | | 127.72 | | 89.44 | | 549,270 | | 384,655 | | 49,127,099 | | | | |
| Jan 02 | 57.9 | -1.5 | 107.83 | -28.9 | 62.46 | -29.9 | 47,988 | 12.7 | 27,798 | 11.1 | 2,997,439 | -21.0 | 7 | 1,548 | 100.0 |
| Feb 02 | 67.7 | -3.7 | 114.63 | -16.5 | 77.58 | -19.6 | 43,344 | 12.7 | 29,333 | 8.5 | 3,362,458 | -9.4 | 7 | 1,548 | 100.0 |
| Mar 02 | 77.4 | -11.1 | 129.00 | -10.9 | 99.86 | -20.8 | 47,988 | 12.7 | 37,146 | 0.2 | 4,792,017 | -10.7 | 7 | 1,548 | 100.0 |
| Apr 02 | 91.1 | 9.8 | 146.81 | 2.2 | 133.71 | 12.2 | 40,920 | -11.9 | 37,269 | -3.3 | 5,471,438 | -1.1 | 6 | 1,364 | 100.0 |
| May 02 | 82.4 | 5.3 | 141.44 | 0.4 | 116.53 | 5.7 | 42,284 | -11.9 | 34,839 | -7.2 | 4,927,535 | -6.9 | 6 | 1,364 | 100.0 |
| Jun 02 | 80.2 | -0.2 | 134.60 | -0.8 | 107.90 | -1.0 | 40,920 | -11.9 | 32,805 | -12.0 | 4,415,432 | -12.7 | 6 | 1,364 | 100.0 |
| Jul 02 | 77.5 | -0.1 | 122.17 | 4.2 | 94.67 | 4.1 | 42,284 | -11.9 | 32,765 | -12.0 | 4,002,956 | -8.3 | 6 | 1,364 | 100.0 |
| Aug 02 | 70.6 | -1.6 | 113.57 | 6.4 | 80.21 | 4.6 | 42,284 | -11.9 | 29,863 | -13.3 | 3,391,613 | -7.8 | 6 | 1,364 | 100.0 |
| Sep 02 | 73.2 | 39.8 | 139.82 | 14.9 | 102.38 | 60.6 | 40,920 | -11.9 | 29,963 | 23.2 | 4,189,564 | 41.5 | 6 | 1,364 | 100.0 |
| Oct 02 | 73.7 | 4.5 | 137.21 | 15.9 | 101.19 | 21.1 | 47,802 | -0.4 | 35,251 | 4.1 | 4,836,853 | 20.7 | 7 | 1,542 | 88.5 |
| Nov 02 | 57.2 | -5.7 | 115.29 | 12.8 | 65.89 | 6.3 | 46,260 | -0.4 | 26,440 | -6.1 | 3,048,192 | 5.9 | 7 | 1,542 | 100.0 |
| Dec 02 | 48.0 | -4.7 | 106.91 | 3.9 | 51.29 | -1.0 | 47,802 | -0.4 | 22,932 | -5.1 | 2,451,751 | -1.3 | 7 | 1,542 | 100.0 |
| Jul YTD 2002 | 75.3 | -1.7 | 129.20 | 8.5 | 96.93 | 7.5 | 305,728 | -2.1 | 231,955 | -3.2 | 29,969,275 | -9.5 | | | |
| Total 2002 | 70.9 | 1.3 | 127.22 | 0.4 | 90.22 | 0.9 | 580,796 | 3.4 | 376,404 | -2.1 | 47,887,248 | -2.5 | | | |
| Jan 03 | 54.4 | -6.1 | 105.69 | -2.0 | 57.52 | -7.9 | 47,802 | -0.4 | 26,014 | -6.4 | 2,749,348 | -8.3 | 7 | 1,542 | 100.0 |
| Feb 03 | 63.3 | -6.4 | 115.23 | 0.5 | 72.97 | -5.9 | 43,176 | -0.4 | 27,342 | -6.8 | 3,150,672 | -6.3 | 7 | 1,542 | 100.0 |
| Mar 03 | 77.1 | -0.4 | 137.62 | 6.7 | 106.10 | 6.3 | 47,802 | -0.4 | 36,855 | -0.8 | 5,071,867 | 5.8 | 7 | 1,542 | 100.0 |
| Apr 03 | 75.7 | -16.8 | 131.42 | -10.5 | 99.55 | -25.6 | 46,260 | 13.0 | 35,040 | -6.0 | 4,605,024 | -15.8 | 7 | 1,542 | 100.0 |
| May 03 | 77.3 | -6.1 | 139.21 | -1.6 | 107.65 | -7.6 | 47,802 | 13.0 | 36,964 | 6.1 | 5,145,801 | 4.4 | 7 | 1,542 | 100.0 |
| Jun 03 | 79.8 | -0.5 | 136.77 | 1.6 | 109.15 | 1.2 | 46,260 | 13.0 | 36,916 | 12.5 | 5,049,065 | 14.4 | 7 | 1,542 | 100.0 |
| Jul 03 | 79.7 | 2.8 | 122.84 | 0.5 | 97.89 | 3.4 | 47,802 | 13.0 | 38,093 | 16.3 | 4,679,156 | 16.9 | 7 | 1,542 | 100.0 |
| Aug 03 | 66.9 | -5.3 | 105.92 | -6.7 | 70.87 | -11.6 | 47,802 | 13.0 | 31,982 | 7.1 | 3,387,555 | -0.1 | 7 | 1,542 | 100.0 |
| Sep 03 | 80.3 | 9.6 | 140.48 | 0.5 | 112.75 | 10.1 | 46,260 | 13.0 | 37,128 | 23.9 | 5,215,899 | 24.5 | 7 | 1,542 | 100.0 |
| Oct 03 | 85.9 | 16.4 | 137.94 | 0.5 | 118.44 | 17.1 | 47,802 | 0.0 | 41,045 | 16.4 | 5,661,843 | 17.1 | 7 | 1,542 | 100.0 |
| Nov 03 | 64.1 | 12.1 | 124.62 | 8.1 | 79.86 | 21.2 | 46,260 | 0.0 | 29,644 | 12.1 | 3,694,300 | 21.2 | 7 | 1,542 | 100.0 |
| Dec 03 | 48.7 | 1.5 | 117.56 | 10.0 | 57.24 | 11.6 | 47,802 | 0.0 | 23,275 | 1.5 | 2,736,133 | 11.6 | 7 | 1,542 | 100.0 |
| Jul YTD 2003 | 72.6 | -4.4 | 128.36 | 0.6 | 93.15 | -5.0 | 326,904 | 6.9 | 237,224 | 2.3 | 30,450,933 | 1.6 | | | |
| Total 2003 | 71.1 | 0.3 | 127.77 | 0.4 | 90.87 | 0.7 | 562,830 | 6.0 | 400,298 | 6.3 | 51,146,663 | 6.8 | | | |
| Jan 04 | 52.0 | -4.5 | 122.22 | 15.6 | 63.52 | 10.4 | 47,802 | 0.0 | 24,844 | -4.5 | 3,036,419 | 10.4 | 7 | 1,542 | 100.0 |
| Feb 04 | 76.3 | 20.5 | 137.20 | 19.1 | 104.72 | 43.5 | 43,176 | 0.0 | 32,954 | 20.5 | 4,521,422 | 43.5 | 7 | 1,542 | 100.0 |
| Mar 04 | 90.4 | 17.3 | 151.12 | 9.8 | 136.65 | 28.8 | 47,802 | 0.0 | 43,224 | 17.3 | 6,532,075 | 28.8 | 7 | 1,542 | 100.0 |
| Apr 04 | 90.6 | 19.6 | 148.75 | 13.2 | 134.78 | 35.4 | 46,260 | 0.0 | 41,913 | 19.6 | 6,234,710 | 35.4 | 7 | 1,542 | 100.0 |
| May 04 | 87.2 | 12.8 | 155.48 | 11.7 | 135.56 | 25.9 | 47,802 | 0.0 | 41,680 | 12.8 | 6,480,238 | 25.9 | 7 | 1,542 | 100.0 |
| Jun 04 | 88.4 | 10.7 | 152.58 | 11.6 | 134.84 | 23.5 | 46,260 | 0.0 | 40,879 | 10.7 | 6,237,482 | 23.5 | 7 | 1,542 | 100.0 |
| Jul 04 | 83.1 | 4.3 | 135.99 | 10.7 | 113.03 | 15.5 | 47,802 | 0.0 | 39,732 | 4.3 | 5,403,170 | 15.5 | 7 | 1,542 | 100.0 |
| Aug 04 | 72.6 | 8.5 | 128.60 | 21.4 | 93.32 | 31.7 | 47,802 | 0.0 | 34,688 | 8.5 | 4,460,758 | 31.7 | 7 | 1,542 | 100.0 |
| Sep 04 | 76.9 | -4.1 | 160.45 | 14.2 | 123.45 | 9.5 | 46,260 | 0.0 | 35,592 | -4.1 | 5,710,843 | 9.5 | 7 | 1,542 | 100.0 |
| Oct 04 | 88.1 | 2.6 | 168.70 | 22.3 | 148.67 | 25.5 | 47,802 | 0.0 | 42,126 | 2.6 | 7,106,684 | 25.5 | 7 | 1,542 | 100.0 |
| Nov 04 | 66.6 | 4.0 | 143.99 | 15.5 | 95.97 | 20.2 | 46,260 | 0.0 | 30,832 | 4.0 | 4,439,439 | 20.2 | 7 | 1,542 | 100.0 |

WMATA-INV 006901

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 8 - Classic

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

| Date | Occupancy | | ADR | | RevPar | | Supply | | Demand | | Revenue | | Census & Sample % | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props | Census Rooms | % Rooms STAR Participants |
| Dec 04 | 52.4 | 7.6 | 129.28 | 10.0 | 67.72 | 18.3 | 47,802 | 0.0 | 25,041 | 7.6 | 3,237,274 | 18.3 | 7 | 1,542 | 100.0 |
| Jul YTD 2004 | 81.1 | 11.8 | 144.95 | 12.9 | 117.60 | 26.3 | 326,904 | 0.0 | 265,226 | 11.8 | 38,445,516 | 26.3 | | | |
| Total 2004 | 77.0 | 8.3 | 146.25 | 14.5 | 112.65 | 24.0 | 562,830 | 0.0 | 433,505 | 8.3 | 63,400,514 | 24.0 | | | |
| Jan 05 | 59.5 | 14.5 | 162.04 | 32.6 | 96.41 | 51.8 | 47,802 | 0.0 | 28,441 | 14.5 | 4,608,510 | 51.8 | 7 | 1,542 | 100.0 |
| Feb 05 | 78.1 | 2.4 | 160.28 | 16.8 | 125.25 | 19.6 | 43,176 | 0.0 | 33,740 | 2.4 | 5,407,814 | 19.6 | 7 | 1,542 | 100.0 |
| Mar 05 | 86.9 | -3.9 | 167.34 | 10.7 | 145.41 | 6.4 | 47,802 | 0.0 | 41,537 | -3.9 | 6,950,831 | 6.4 | 7 | 1,542 | 100.0 |
| Apr 05 | 90.4 | -0.2 | 179.89 | 20.9 | 162.64 | 20.7 | 46,260 | 0.0 | 41,825 | -0.2 | 7,523,905 | 20.7 | 7 | 1,542 | 100.0 |
| May 05 | 84.8 | -2.7 | 172.74 | 11.1 | 146.53 | 8.1 | 47,802 | 0.0 | 40,549 | -2.7 | 7,004,343 | 8.1 | 7 | 1,542 | 100.0 |
| Jun 05 | 84.0 | -5.0 | 167.66 | 9.9 | 140.79 | 4.4 | 46,260 | 0.0 | 38,846 | -5.0 | 6,512,932 | 4.4 | 7 | 1,542 | 100.0 |
| Jul 05 | 81.0 | -2.6 | 148.03 | 8.9 | 119.88 | 6.1 | 47,802 | 0.0 | 38,712 | -2.6 | 5,730,627 | 6.1 | 7 | 1,542 | 100.0 |
| Aug 05 | 75.9 | 4.6 | 141.14 | 9.8 | 107.16 | 14.8 | 47,802 | 0.0 | 36,293 | 4.6 | 5,122,309 | 14.8 | 7 | 1,542 | 100.0 |
| Sep 05 | 80.8 | 5.0 | 175.05 | 9.1 | 141.44 | 14.6 | 46,260 | 0.0 | 37,379 | 5.0 | 6,543,030 | 14.6 | 7 | 1,542 | 100.0 |
| Oct 05 | 84.9 | -3.7 | 187.87 | 11.4 | 159.52 | 7.3 | 47,802 | 0.0 | 40,588 | -3.7 | 7,625,365 | 7.3 | 8 | 1,926 | 100.0 |
| Nov 05 | 61.2 | -8.2 | 172.55 | 19.8 | 105.53 | 10.0 | 57,780 | 24.9 | 35,338 | 14.6 | 6,097,563 | 37.3 | 8 | 1,926 | 100.0 |
| Dec 05 | 55.2 | 5.3 | 154.58 | 19.6 | 85.31 | 26.0 | 59,706 | 24.9 | 32,950 | 31.6 | 5,093,488 | 57.3 | | | |
| Jul YTD 2005 | 80.7 | 0.6 | 165.90 | 14.4 | 133.90 | 13.8 | 326,904 | 0.0 | 263,650 | -0.6 | 43,738,962 | 13.8 | | | |
| Total 2005 | 76.1 | -1.2 | 166.11 | 18.7 | 126.50 | 12.2 | 566,254 | 4.2 | 446,198 | 2.9 | 74,220,717 | 17.1 | | | |
| Jan 06 | 55.3 | -7.1 | 161.80 | -0.1 | 89.44 | -7.2 | 59,706 | 24.9 | 33,004 | 16.0 | 5,340,026 | 15.9 | 8 | 1,926 | 100.0 |
| Feb 06 | 73.8 | -5.6 | 175.53 | 9.5 | 129.52 | 3.4 | 53,928 | 24.9 | 39,792 | 17.9 | 6,984,541 | 29.2 | 8 | 1,926 | 100.0 |
| Mar 06 | 84.6 | -2.7 | 197.98 | 18.3 | 167.44 | 15.2 | 59,706 | 24.9 | 50,495 | 21.6 | 9,997,226 | 43.8 | 8 | 1,926 | 100.0 |
| Apr 06 | 86.4 | -4.4 | 196.35 | 9.2 | 169.68 | 4.3 | 57,780 | 24.9 | 49,931 | 19.4 | 9,804,137 | 30.3 | 8 | 1,926 | 100.0 |
| May 06 | 84.7 | -0.1 | 201.39 | 16.6 | 170.59 | 16.4 | 59,706 | 24.9 | 50,576 | 24.7 | 10,185,463 | 45.4 | 8 | 1,926 | 100.0 |
| Jun 06 | 84.8 | 1.0 | 201.34 | 20.1 | 170.73 | 21.3 | 57,780 | 24.9 | 48,996 | 26.1 | 9,864,889 | 51.5 | 8 | 1,926 | 100.0 |
| Jul 06 | 77.2 | -4.7 | 157.68 | 6.5 | 121.65 | 1.5 | 59,706 | 24.9 | 46,064 | 19.0 | 7,263,193 | 26.7 | 8 | 1,926 | 100.0 |
| Aug 06 | 72.0 | -5.2 | 139.39 | -1.2 | 100.35 | -6.3 | 59,706 | 24.9 | 42,985 | 18.4 | 5,991,695 | 17.0 | 8 | 1,926 | 100.0 |
| Sep 06 | 75.0 | -7.2 | 190.88 | 9.0 | 143.20 | 1.2 | 57,780 | 24.9 | 43,348 | 16.0 | 8,274,203 | 26.5 | 8 | 1,926 | 100.0 |
| Oct 06 | 82.4 | -3.0 | 202.75 | 7.9 | 167.01 | 4.7 | 59,706 | 24.9 | 49,179 | 21.2 | 9,971,279 | 30.8 | 8 | 1,926 | 100.0 |
| Nov 06 | 73.8 | 20.7 | 182.73 | 5.9 | 134.87 | 27.8 | 57,780 | 0.0 | 42,647 | 20.7 | 7,792,684 | 27.8 | 8 | 1,926 | 100.0 |
| Dec 06 | 54.1 | -2.0 | 154.15 | -0.3 | 83.35 | -2.3 | 59,706 | 0.0 | 32,283 | -2.0 | 4,976,419 | -2.3 | 8 | 1,926 | 100.0 |
| Jul YTD 2006 | 78.1 | -3.2 | 186.41 | 12.4 | 145.57 | 8.8 | 408,312 | 24.9 | 318,858 | 20.9 | 59,439,475 | 35.9 | | | |
| Total 2006 | 76.3 | -1.1 | 182.21 | 9.5 | 137.19 | 8.4 | 702,990 | 19.9 | 529,300 | 18.6 | 96,445,755 | 29.9 | | | |
| Jan 07 | 59.7 | 8.0 | 167.02 | 3.2 | 99.66 | 11.4 | 59,706 | 0.0 | 35,628 | 8.0 | 5,950,487 | 11.4 | 8 | 1,926 | 100.0 |
| Feb 07 | 75.2 | 1.9 | 195.48 | 11.4 | 146.93 | 13.4 | 53,928 | 0.0 | 40,533 | 1.9 | 7,923,547 | 13.4 | 8 | 1,926 | 100.0 |
| Mar 07 | 85.8 | 1.5 | 208.05 | 5.1 | 178.52 | 6.6 | 59,706 | 0.0 | 51,232 | 1.5 | 10,658,821 | 6.6 | 8 | 1,926 | 100.0 |
| Apr 07 | 89.6 | 3.7 | 210.01 | 7.0 | 188.26 | 11.0 | 57,780 | 0.0 | 51,798 | 3.7 | 10,877,899 | 11.0 | 8 | 1,926 | 100.0 |
| May 07 | 85.3 | 0.7 | 216.08 | 7.3 | 184.32 | 8.0 | 59,706 | 0.0 | 50,930 | 0.7 | 11,004,759 | 8.0 | 8 | 1,926 | 100.0 |
| Jun 07 | 90.4 | 6.6 | 196.80 | -2.3 | 177.88 | 4.2 | 57,780 | 0.0 | 52,226 | 6.6 | 10,278,055 | 4.2 | 8 | 1,926 | 100.0 |
| Jul 07 | 85.6 | 10.9 | 173.92 | 10.3 | 148.81 | 22.3 | 59,706 | 0.0 | 51,086 | 10.9 | 8,884,707 | 22.3 | 8 | 1,926 | 100.0 |
| Jul YTD 2007 | 81.7 | 2.6 | 186.66 | 5.3 | 152.56 | 10.3 | 408,312 | 0.0 | 333,433 | 4.6 | 65,578,276 | 10.3 | | | |

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WMATA-INV 006902

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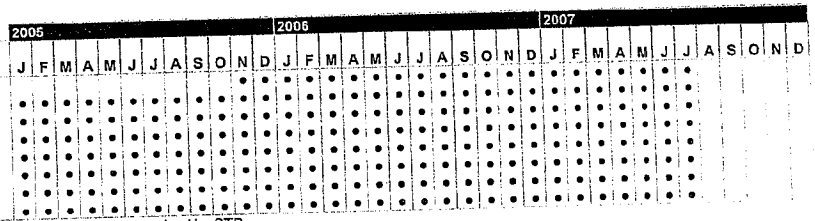
# Tab 9 - Response Report

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

| STR Code | Name of Establishment | City & State | Zip Code | Aff Date | Open Date | Rooms | Chg in Rms |
|---|---|---|---|---|---|---|---|
| 53607 | Embassy Suites Washington Convention Ctr | Washington, DC | 20001 | Nov 2005 | Nov 2005 | 384 | |
| 4000 | Holiday Inn Washington DC On The Hill | Washington, DC | 20001 | Jun 1995 | May 1970 | 343 | |
| 37375 | Courtyard Washington Convention Center | Washington, DC | 20004 | Jun 1999 | Jun 1999 | 188 | |
| 38594 | Hilton Garden Inn Washington DC Franklin Square | Washington, DC | 20005 | Jan 2000 | Jan 2000 | 300 | |
| 41569 | Homewood Suites Washington DC Convention Ctr | Washington, DC | 20005 | Apr 2001 | Apr 2001 | 175 | |
| 7621 | Hotel Helix | Washington, DC | 20005 | Oct 2002 | Oct 1979 | 178 | Y |
| 36494 | Residence Inn Vermont Avenue | Washington, DC | 20005 | Feb 1999 | Feb 1999 | 202 | |
| 36386 | Courtyard Washington Embassy Row | Washington, DC | 20036 | Oct 1998 | Oct 1998 | 156 | |
| | | | Total Properties: | | 8 | 1926 | |

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# b 10 - Help

## ethodology

While virtually every chain in the United States provides STR with data on almost all of their properties, there are still some hotels that don't submit data. But we've got you covered.

Every year we examine guidebook listings and hotel directories for information on hotels that don't provide us with data. We don't stop there. We call each hotel in our database every year to obtain "published" rates for multiple categories. Based on this information we group all hotels - those that report data and those that don't - into groupings based off of price level and geographic proximity. We then estimate the non-respondents based off of nearby hotels with similar price levels.

Similarly, we sometimes obtain monthly data from a property, but not daily data. We use a similar process. We take the monthly data that the property has provided, and distribute it to the individual days based on of the revenue and demand distribution patterns of similar hotels in the same location.

We believe it imperative to perform this analysis in order to provide interested parties with our best estimate of total lodging demand and room revenue on their areas of interest. Armed with this information a more informed decision can be made.

## lossary

**ADR (Average Daily Rate)**
Room revenue divided by rooms sold.

**Affiliation Date**
Date the property affiliated with current chain/flag

**Census (Properties and Rooms)**
The number of properties and rooms that exist (universe)

**Change in Rooms**
Indicator of whether or not an individual hotel has had added or deleted rooms.

**Demand (Rooms Sold)**
The number of rooms sold (excludes complimentary rooms).

**Full Historical TREND**
Data on selected properties or segments starting in 1987.

**Occupancy**
Rooms sold divided by rooms available.

**Open Date**
Date the property opened

**Percent Change**
Amount of growth, up, flat, or down from the same period last year (month, ytd, three months, twelve months). Calculated as ((TY-LY)/LY) * "100".

**Revenue (Room Revenue)**
Total room revenue generated from the sale or rental of rooms.

**RevPAR - Revenue Per Available Room**
Room revenue divided by rooms available (occupancy times average room rate will closely approximate RevPAR).

**Sample % (Rooms)**
The % of rooms STR receives data from. Calculated as (Sample Rooms/Census Rooms) * "100".

**Standard Historical TREND**
Data on selected properties or segments starting in 1997.

**STR Code**
Smith Travel Research's proprietary numbering system. Each hotel in the lodging census has a unique STR code.

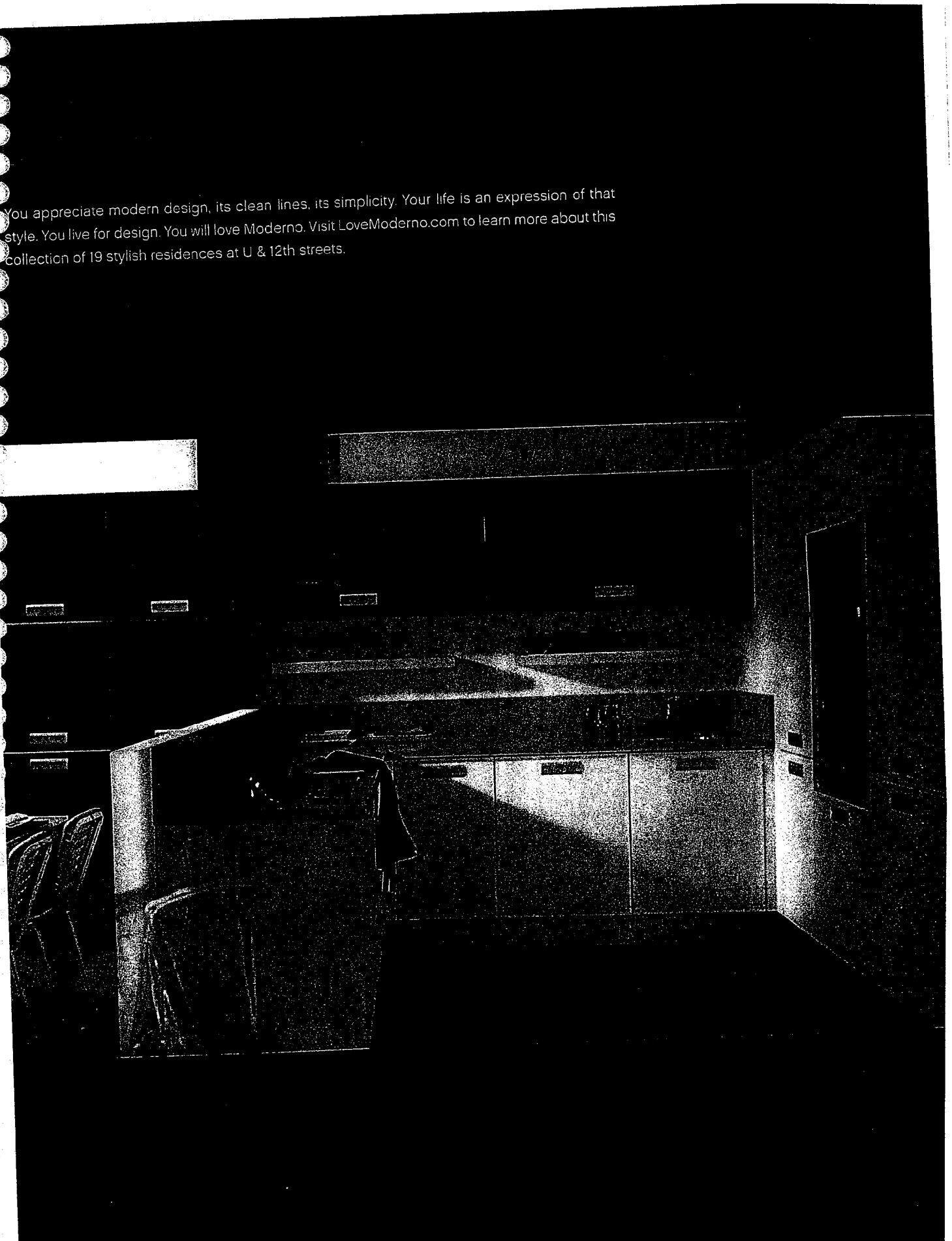
**Supply (Rooms Available)**
The number of rooms times the number of days in the period.

**Twelve Month Moving Average**
The value of any given month is computed by taking the value of that month and the values of the eleven preceiding months, adding them together and dividing by twelve.

**Year to Date**
Average or sum of values starting January 1 of the given year.

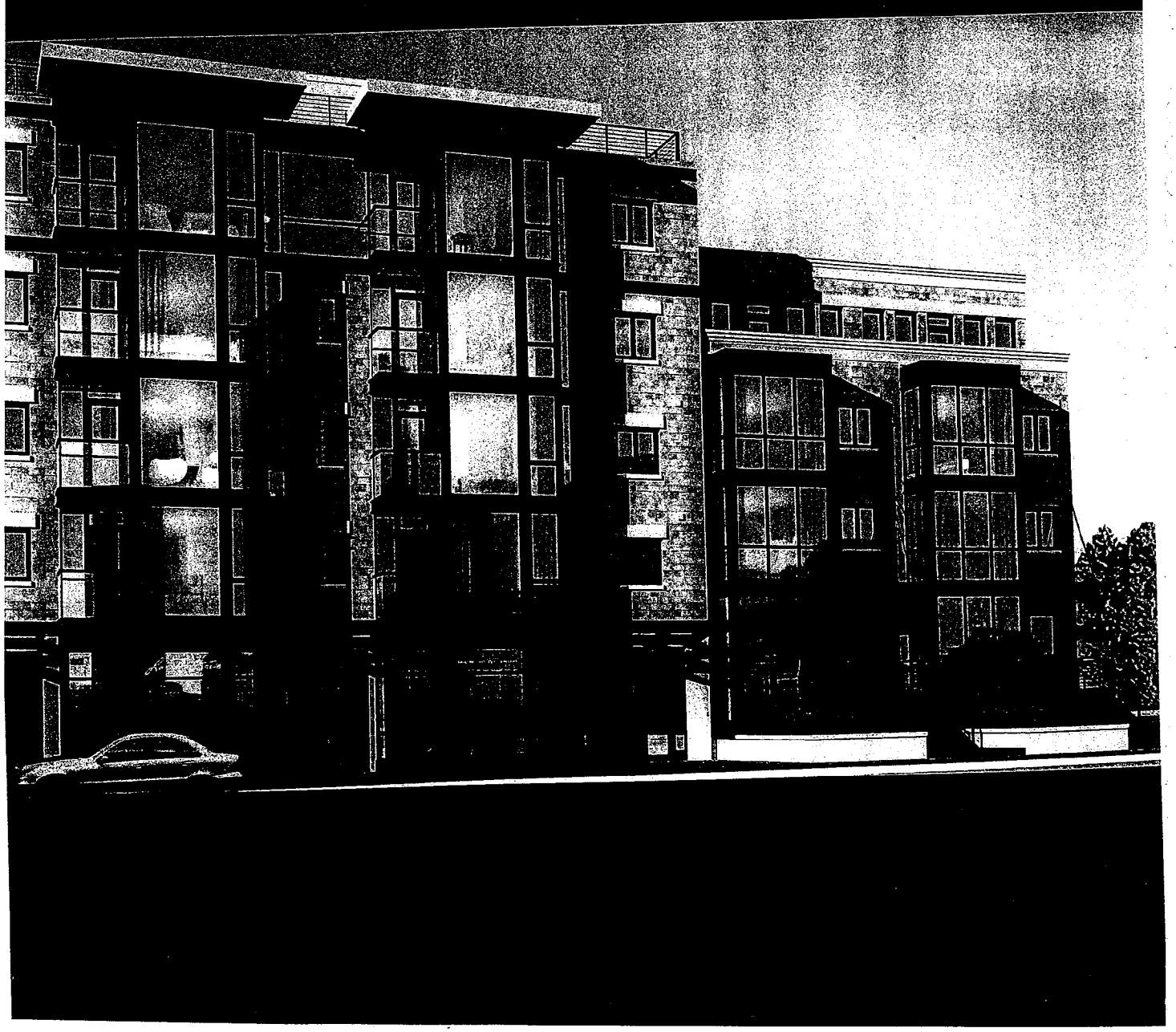
WMATA-INV 006904

You appreciate modern design, its clean lines, its simplicity. Your life is an expression of that style. You live for design. You will love Moderno. Visit LoveModerno.com to learn more about this collection of 19 stylish residences at U & 12th streets.



BUILDING

NEIGHBORHOOD



LIVING AREAS

KITCHENS

MODERNO U&I2 / FLOOR PLANS

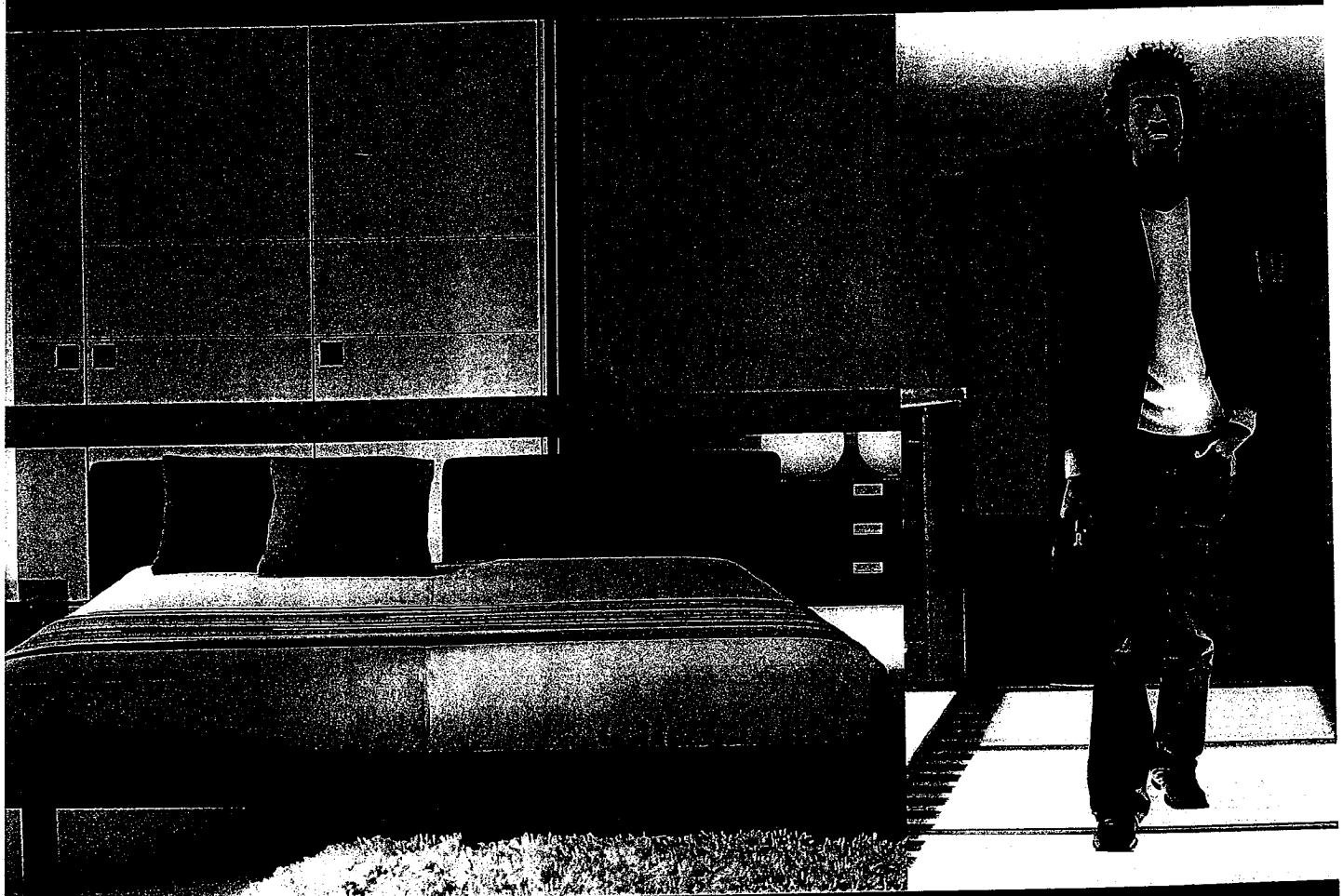
BATHROOMS

LIGHTING

COMMUNICATIONS

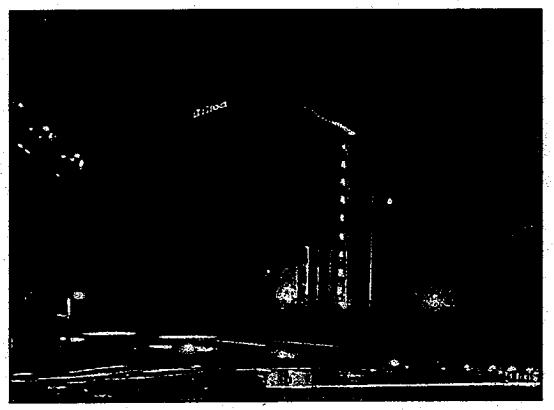
MECHANICALS

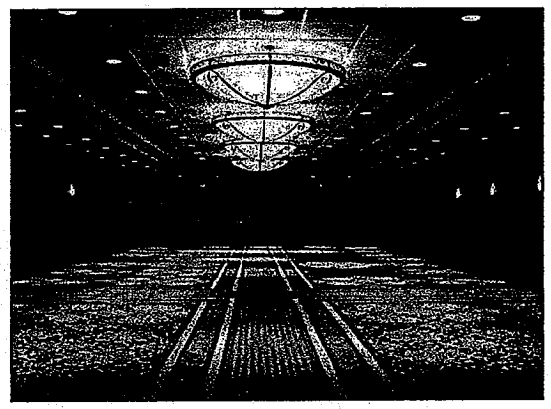
OUTDOOR SPACE



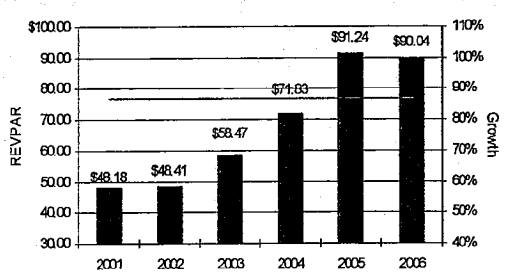
# Hilton Hotel

## Washington D.C./Silver Spring, Maryland

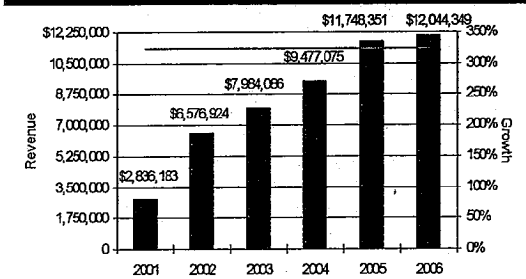




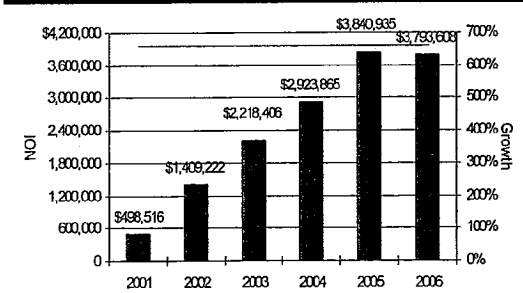
### REVPAR




### Revenue




### NOI




Milestone Hospitality Management

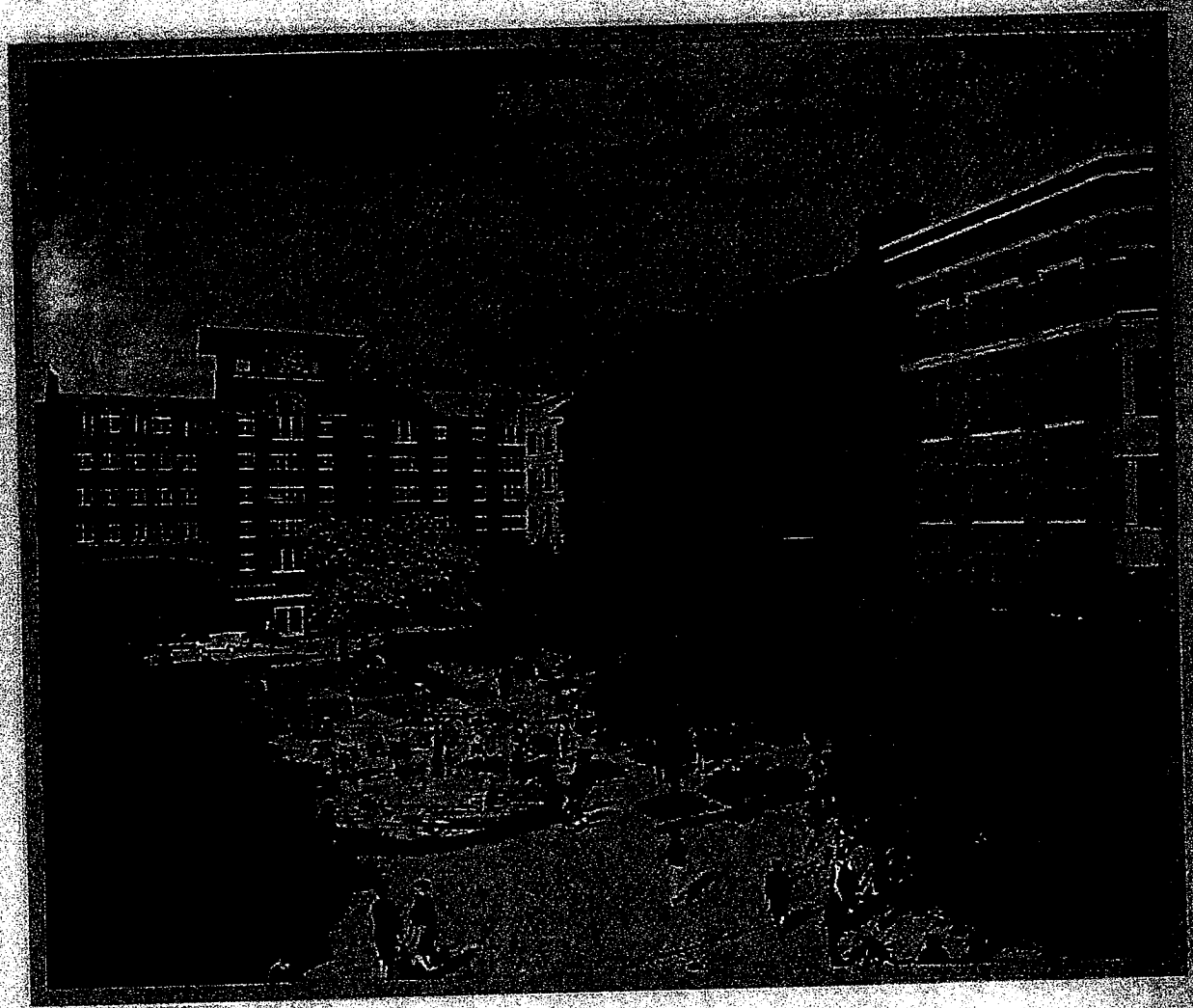
### Key Statistics

- Led due diligence and transition of this acquisition in December 1999
- Total revenue growth from 2001-2006 of 324%
- NOI growth from 2001-2006 of 661%
- Acquired for $9 Million (independent property owned and operated by Lodgian)
- Core renovation from Jan.-Dec. 2001 of $9.1 Million
- Obtained Hilton flag in November 2001
- Repositioned in government and corporate markets



MILESTONE GROUP OF COMPANIES

FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006909



# ROCKVILLE TOWN SQUARE

## Rockville, Maryland

## EXECUTIVE SUMMARY

The residential component of the development consists of 644 luxury residential units (apartments and condominiums) and 970 parking spaces located in four buildings. The buildings also contain approximately 174,000 square feet of ground-level retail space that the Owner has sold to Federal Realty Investment Trust (one of the largest and most successful REIT's focused on retail properties), plus an additional 977 parking spaces that the Owner will turned over to the City of Rockville for public use. Pursuant to the Owner's redevelopment agreement with the City, 94 of the 644 residential units are designated as moderately priced dwelling units ("MPDUs") and will be sold or rented at moderate discounts to market rates.

| *Building Name* | *The Fenestra* | *The Lunette* | *The Venetian* | *The Palladian* | *Total* |
|---|---|---|---|---|---|
| Block(s) | 1 and 2 | 3B | 4 | 5 | — |
| Projected Opening Date | May 2007 | March 2007 | July 2007 | March 2007 | — |
| # of Stories | 5 | 5 | 5 | 6 | — |
| Gross Building Square Feet | | | | | |
| *Residential* | 267,654 | 182,811 | 126,451 | 206,386 | 783,302 |
| *Retail* | 71,907 | 35,973 | 19,665 | 46,137 | 173,682 |
| *Parking* | 240,076 | 105,478 | 326,056 | 113,730 | 785,340 |
| *Total* | 579,637 | 324,262 | 472,172 | 366,253 | 1,742,324 |
| # of Residential Units | | | | | |
| *Market-rate* | 207 | 122 | 92 | 129 | 550 |
| *Moderate-rate* | 34 | 20 | 17 | 23 | 94 |
| *Total* | 241 | 142 | 109 | 152 | 644 |
| Net Residential Square Feet | | | | | |
| *Apartment Space* | | | | | |
| *Market-rate* | 191,643 | 134,914 | 93,517 | 134,790 | 554,864 |
| *Moderate-rate* | 27,148 | 17,052 | 11,886 | 19,223 | 75,309 |
| *Subtotal Apartment Space* | 218,791 | 151,966 | 105,403 | 154,013 | 630,173 |
| *Storage Space* | 0 | 0 | 0 | 2,160 | 2,160 |
| *Total* | 218,791 | 151,966 | 105,403 | 156,173 | 632,333 |
| # of Parking Spaces | | | | | |
| *Residential Spaces* | 324 | 250 | 164 | 232 | 970 |
| *Public Spaces* | 225 | 0 | 630 | 122 | 977 |
| *Total* | 549 | 250 | 794 | 354 | 1,947 |



FOIA CONFIDENTIAL TREATMENT REQUESTED

Based on a strong condominium market when the development was conceived, the Owner initiated a sales program for the residential units in all four buildings during 2005 and, as of November 30, 2006, a total of 182 units were under contract to individual buyers (170 market-rate units and 12 moderate-rate units). The average sales price for the market-rate units under contract is $507 per square foot and the average price for the moderate-rate units is $195 per square foot (with the sales price for each moderate-rate unit type set by the City of Rockville).

Of the 182 units under contract, 96 units (53%) are in The Palladian, which has a total of 152 units and is scheduled to be the first building to be completed (in March 2007). The Owner's current plan is to close on the contracts for the units in The Palladian and to continue to market the remaining units in this building for sale. Due to a weakening "for-sale" market and a very strong rental market, the Owner is considering marketing the units in The Fenestra, The Lunette, and The Venetian for rent. However, the Owner has complete flexibility to proceed with any other program that includes the sale and/or rental of any of the units.

### ADDITIONAL COMPONENTS OF ROCKVILLE TOWN SQUARE

The four residential / retail / parking buildings are key components of Rockville Town Square, which has been planned as a classic, mixed-use urban development that is the new focal point of the City. At the center of the development is an open-air plaza about the size of a football field, which will serve as a meeting place and as a host to community events and concerts. Wide sidewalks with extensive plantings, benches, restaurant seating, and artwork will border the two streets that traverse the site. In addition to the four residential / retail / parking buildings, Rockville Town Square also includes:

- A new 100,000 square foot flagship Montgomery County Library, a four-story, state-of-the-art facility constructed by Montgomery County that opened in November 2006.

- A new 40,000 square foot community center located adjacent to the library, to be known as the Arts & Innovation Center, that will serve as the new home of the Metropolitan Center for the Visual Arts at Rockville. This building, which is being constructed by the City and is scheduled to open during the second quarter of 2007, will feature teaching studios, artist studios, art galleries, a rooftop facility, and an events room for lectures and meetings.

- Metro Plaza, a Class A office complex that is being developed and is owned by Foulger-Pratt Development. The first office building (Metro Plaza I) was completed in 2002 and it contains 228,000 rentable square feet and 600 parking spaces on eight above-ground levels and three below-ground levels. Major tenants in the building include Ferris Baker Watts, the Montgomery County Department of Economic Development, SAS, and the NIH Federal Credit Union. Two additional 10- to 12-story buildings (one of which may be developed as a hotel) are planned to complete Metro Plaza.

More extensive information on Rockville Town Square (including an interactive video tour) can be found on the development's website: www.rockvilletownsquare.com.



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 006912

**INVESTMENT HIGHLIGHTS**

- ***Well Conceived Master Plan:*** Rockville Town Square is the result of an extensive, focused effort by a public/private partnership comprised of RD Rockville, the City of Rockville, and Federal Realty Investment Trust to create a high quality mixed-use development that will serve as a new focal point of the City.

- ***Highly Desirable and Accessible Location:*** Rockville Town Square is located in the heart of Rockville, which is the fifth largest city in Maryland and the seat of Montgomery County. The development is just one mile east of both Exits 5 and 6 on the Dwight D. Eisenhower Highway (I-270), which intersects with the Capital Beltway (I-495) five miles to the south. It is adjacent to the Rockville train station, which services the Red Line of the Washington-area MetroRail system, the Brunswick Line of MARC (the Maryland regional commuter rail service), and several Amtrak routes. In addition, three major airports -- Reagan National, Dulles International, and Baltimore-Washington International -- are within 30- to 45-minute drives from Rockville Town Square.

- ***High Quality Construction:*** As a part of the planning process, the public/private partnership created a Master Plan and Design Guidelines that govern the development of the entire Town Square development and the individual buildings within it. In accordance with these plans and guidelines, the four residential / retail / parking buildings are high quality concrete and steel structures with appealing aesthetics, distinctive embellishments, and state-of-the-art technologies that make them extremely attractive to potential residents and businesses.

- ***Luxurious Living Units:*** The individual units incorporate numerous features that place them at the top of the Washington-area residential market, including: nine-foot ceilings; oversized double-pane insulated windows; individually-controlled HVAC units; hardwood flooring; granite countertops; stainless steel appliances and finishes; washer/dryers in each unit; and wiring for high-speed Internet. Approximately 40% of the units have outdoor balconies or terraces.

- ***Numerous In-building Amenities:*** Amenities in each of the four residential buildings for the exclusive use of residents include: fitness centers; club rooms with TV, entertainment bar, and kitchenette; and designated parking spaces. In addition, The Lunette has a swimming pool for the exclusive use of its residents, and residents of the three other buildings will have exclusive use of a swimming pool within The Venetian. Each of the buildings features high security, with controlled tenant access to the parking, lobby, and common areas.

- ***Numerous On-site Amenities:*** As a large-scale, mixed-use development, Rockville Town Square will offer residents numerous shopping, dining, and entertainment options to satisfy their daily requirements. The retail component of the development will feature a mix of national and local establishments and will include, among others, a supermarket (negotiations currently underway with several interested chains), a drug store (CVS), a bank (Chevy Chase Bank), a gym (Gold Gym's new high-end format), a spa (Aveda).



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006913

a dry cleaners, a toy store, a jeweler, a stationary store, and several restaurants (including fine dining, casual restaurants, delis, and specialty shops). In addition, the new Montgomery County Library, the Arts & Innovation Center, and the Town Square will be major draws to Rockville Town Center.

- ***Numerous Other Nearby Attractions and Facilities:*** Rockville Town Square is at the center of a larger (approximately 60 acres) area that is known as Rockville Town Center, which includes many other office, retail, and civic buildings, in addition to the train station. Within a few blocks of Rockville Town Square are a 13-screen Regal movie theatre with stadium seating, several City, County, and Federal office buildings and court houses; and numerous restaurants and shops. In addition to the adjacent Metro Plaza office tenants, major companies like Westat, Inc., Lockheed Martin and Booz Allen Hamilton have a strong presence in Rockville. In total, the City has approximately six million square feet of office space.

- ***Significant Public Investment:*** Rockville Town Square includes approximately $100 million of public investments made by the City, County, State, and Federal governments, including the Library, the Arts & Innovation Center, the public parking, and the utility infrastructure, roads and sidewalks within and around the perimeter of the property.

- ***Strong Multi-family Rental Market:*** The Washington metropolitan area has one of the strongest multi-family rental markets in the country, due to a healthy and stable economy with substantial regular annual job growth and significant constraints on new supply. According to Delta Associates, the vacancy rate for investment-grade (Class A and B) apartments in the metropolitan area as of September 30, 2006 was just 1.4%, the lowest of any metro area in the nation.

- ***High Replacement Costs:*** Land and construction costs have increased substantially since the development was initiated. Prime in-fill locations in the Washington metropolitan area, particularly ones adjacent to MetroRail stations, would cost not less than $450 per buildable square foot.

- ***Potential Condominium Exit Strategy:*** The sale of individual apartment units is a strong potential exit strategy for any investor because the buildings were developed as condominiums and because the Owner has already achieved a significant number of sales at an average price of over $500 per square foot (at an early stage in the sale process).



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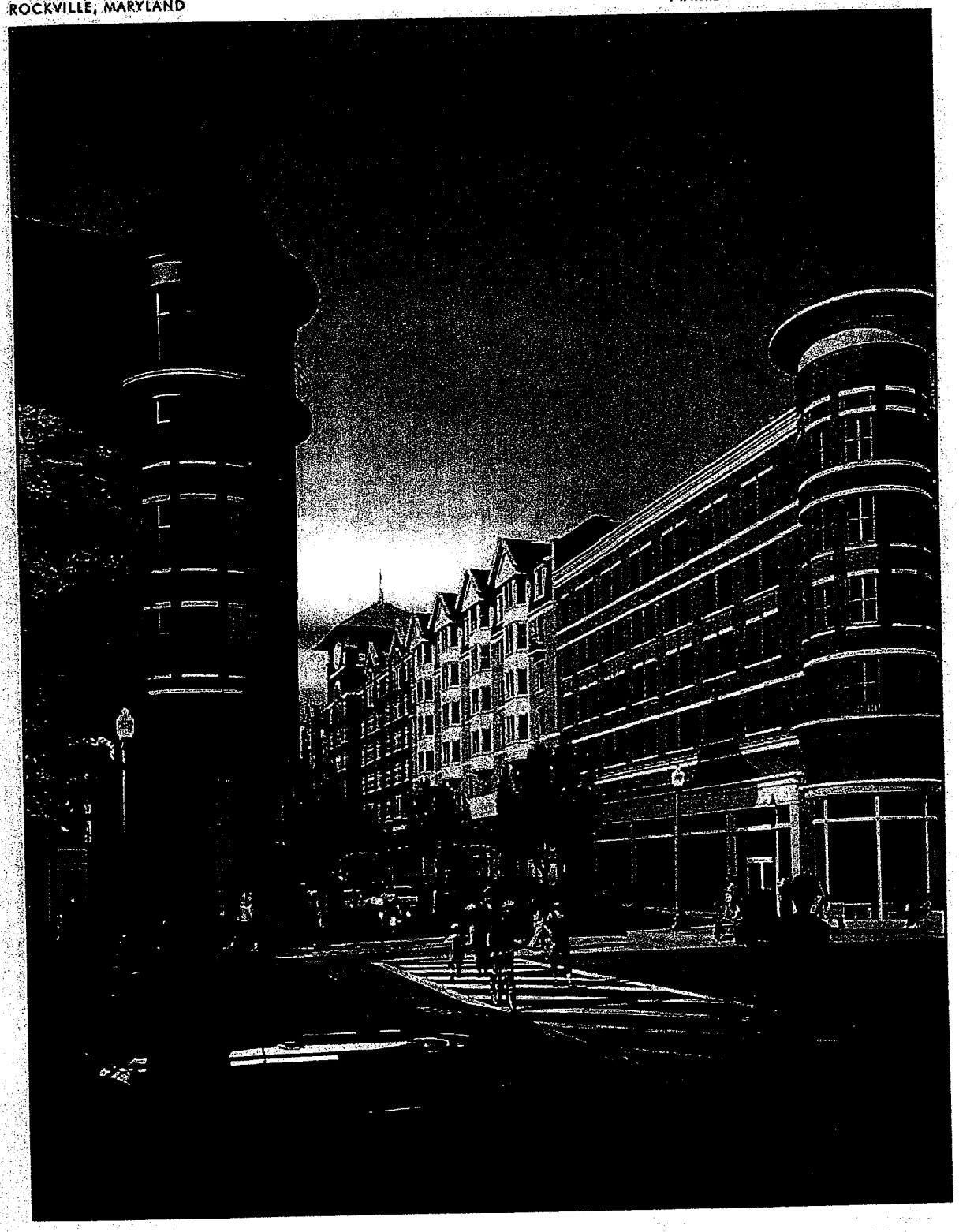
ROCKVILLE TOWN SQUARE
ROCKVILLE, MARYLAND

MARYLAND AVENUE PERSPECTIVE



# AMENDED AND RESTATED GROUND LEASE

This Amended and Restated Ground Lease (the "Lease"), is dated as of the 28th day of September, 2007 ("New Effective Date"), by and between MEDAL, INC., a Virginia corporation, having an address of 9210 Pegasus Court, Potomac, Maryland 20854 ("Landlord"), and 1920 8th STREET LLC, a Delaware limited liability company, having its office at 4326 8th Street, NW, Washington, D.C. 20011 ("Tenant").

WHEREAS, Landlord and Tenant entered into that certain Ground Lease ("Original Lease") dated as of August 3, 2007 ("Effective Date").

WHEREAS, Landlord and Tenant wish to amend and restate the Original Lease on the terms and conditions set forth herein.

All exhibits hereto are incorporated herein by this reference.

## WITNESSETH

In consideration of Ten Dollars ($10.00), other good and valuable consideration, and the mutual covenants contained herein, and intending to be legally bound hereby, Landlord and Tenant hereby agree with each other to amend and restate the Original Lease in its entirety as of the New Effective Date as follows:

**Section 1 Premises.**

Landlord hereby leases and lets to Tenant, and Tenant hereby takes and hires from Landlord, upon and subject to the terms, conditions, covenants and provisions of this Lease, all that certain parcel of land, known as Lot 46 in Square 393, N.W., Washington, D.C. containing approximately 11,330 square feet, and, subject to the terms of this Lease, including all appurtenances, rights, privileges and easements benefiting, belonging or pertaining thereto, improvements existing thereon from time to time, and development or other rights created therefrom (all the foregoing hereinafter referred to as the "Premises"). The Premises are depicted on **Exhibit A** hereto.

The rights granted to Tenant under this Lease are referred to herein as the "Leasehold Estate." The rights of Landlord in the Premises after giving effect to the Leasehold Estate are referred to herein as the "Reversionary Estate." The "Reversionary Estate" includes all of Landlord's rights pursuant to this Lease.

**Section 2 Delivery of Premises; Term.**

**Subsection 2.1**

(a) The Premises were delivered to Tenant on the Effective Date in their as-is condition. Tenant acknowledges and agrees that Tenant has had full, ample, unrestricted opportunity to conduct Tenant's due diligence with respect to the Premises and the Leasehold Estate and that tenant has completed such due diligence and is satisfied with the results of such due diligence, without exception, or that Tenant has waived such rights.

FOIA CONFIDENTIAL TREATMENT REQUESTED

(b) Tenant has made the following deliveries prior to the date hereof:

(i) A check in the amount of $35,000.00 for attorneys fees to Landlord;

(ii) A check in the amount of the Fixed Rent for the Initial Term ("Initial Prepaid Rent"), to be deposited in escrow with Regional Title, Incorporated ("Escrow Agent") on the terms and conditions set forth in an Escrow Agreement by and among Landlord, Tenant and Escrow Agent dated on or about the date hereof ("Escrow Agreement"); and

(iii) A check in the amount of $15,000.00 for attorneys fees to Landlord to be deposited in escrow with Escrow Agent on the terms and conditions set forth in the Escrow Agreement ("Attorney Fee Escrow").

(c) Landlord agrees:

(i) Landlord has delivered to Tenant all due diligence materials in Landlord's possession, including without limitation, surveys, reports and studies.

(ii) Landlord has delivered to Tenant a standard form of Owner's Title Affidavit in the form attached hereto as **Exhibit B** sufficient to delete any exceptions from Tenant's title commitment and subsequent title policy, excluding only those encumbrances existing as of the Effective Date ("Permitted Encumbrances), and any documents reasonably required by Tenant's title insurance company to remove the standard title exceptions for parties in possession and mechanics' or materialman's liens; and

(iii) Landlord shall deliver to Tenant within fifteen (15) days after receipt of Tenant's request therefor any documents reasonably required by Tenant's title company evidencing Landlord's authority to enter into this Lease, including, without limitation, certifications, votes and other documentation relating to Landlord's organizational structure.

(d) The Financing Contingency set forth in Section 2.1(d) of the Original Lease is hereby waived.

(e) In addition to the deliveries set forth in Section 2.1(b), Tenant hereby agrees to deliver to Landlord at time of execution of this Lease an additional check for $15,000, for attorneys fees.

(f) Tenant hereby authorizes Escrow Agent to release the Attorney Fee Escrow and the Initial Prepaid Rent to Landlord.

**Subsection 2.2**

(a) The term of this Lease shall commence on the Effective Date and shall expire one (1) year from the Effective Date (the "Initial Term" and together with each Renewal Period, as defined in Subsection 2.2(b) below, the 'Term").

(b) Following the conclusion of the Initial Term, Tenant may extend the Term of this Lease for nine (9) consecutive extension periods of one (1) year each (each, a "Renewal Period"),



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upon the terms set forth in this Lease in existence at the end of the preceding Initial Term or Renewal Period, as applicable. Tenant may extend the Lease by giving Landlord written notice of Tenant's election ("Extension Notice") not later than sixty (60) days prior to the expiration of the then current Initial Term or Renewal Period, as applicable. Tenant may exercise more than one Renewal Period at any given time. An Extension Notice shall not be valid if Tenant is in Default of this Lease (as defined in Section 17.1) at the time the Extension Notice is given. Notwithstanding anything to the contrary contained herein, including, without limitation, the preceding provisions of this Subsection 2.2(b), Tenant's right to extend the Term of this Lease shall not terminate or be extinguished due to Tenant's failure to give Landlord an Extension Notice as herein provided, unless and until (i) Landlord shall have notified the Leasehold Mortgagee (as defined below), if any, of such failure; and (ii) the Leasehold Mortgagee shall have failed to exercise the Renewal Option on behalf of Tenant within thirty (30) days following such notice from Landlord.

**Section 3 Prepaid Rent; Rent**

(a) On the first day of each Renewal Period Tenant shall deliver to Landlord prepaid rent for such Renewal Period in an amount equal to three (3) monthly installments of the Annual Fixed Rent for such Renewal Period (for first and last 2 months of such Renewal Term), (prepaid rent for the last 2 months of a Renewal Period shall be referred to as the "Renewal Period Prepaid Rent"). The Renewal Period Prepaid Rent shall be held by Landlord in an interest bearing bank account of Landlord's choosing. The Renewal Period Prepaid Rent, plus any interest thereon accrued, shall be applied to Tenant's obligation to pay the last two (2) monthly installments of Annual Fixed Rent for the current Renewal Period.

(b) Commencing as of the expiration of the Financing Contingency Period, Tenant shall pay to Landlord, at the business address of Landlord specified on Page 1 hereof, or at such other address as Landlord shall have designated, from time to time, by notice to Tenant, the Fixed Rent set forth below, payable to Landlord as set forth below, in advance, without demand or set-off ("Fixed Rent"), as set forth below in this Section 3(b). In addition to the Fixed Rent, Tenant shall pay all utilities, taxes, real estate taxes, insurance, maintenance and repair costs, and other optional or required expenses including, without limitation, the items set forth in Section 6 of this Lease. The Fixed Rent shall be determined as follows:

| PERIOD | ANNUAL FIXED RENT | MONTHLY INSTALLMENTS |
|---|---|---|
| Initial Term | $150,000.00, which has been released to Landlord as of the New Effective Date | N/A |
| First Renewal Period | $150,000.00, payable in monthly installments | $12,500.00 |
| Second Renewal Period | $150,000.00, payable in monthly installments | $12,500.00 |



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| | | |
|---|---|---|
| Third Renewal Period | $150,000.00, payable in monthly installments | $12,500.00 |
| Fourth Renewal Period | $150,000.00, payable in monthly installments | $12,500.00 |
| Fifth Renewal Period | $200,000.00, payable in monthly installments | $16,666.67 |
| Sixth Renewal Period | $200,000.00, payable in monthly installments | $16,666.67 |
| Seventh Renewal Period | $200,000.00, payable in monthly installments | $16,666.67 |
| Eighth Renewal Period | $200,000.00, payable in monthly installments | $16,666.67 |
| Ninth Renewal Period | $200,000.00, payable in monthly installments | $16,666.67 |

(c) In addition to Fixed Rent, Tenant shall pay, as additional rent, all sums of money required to be paid to Landlord pursuant to the terms of this Lease (collectively, "Additional Rent") without deduction or offset, whether or not such fee, charge or other amount is referred to herein as Fixed Rent or Additional Rent. Fixed Rent and Additional Rent are sometimes referred to in this Lease as "Rent."

(d) If Tenant fails to pay any installment of Rent or make any payment of Fixed Rent or Additional Rent due hereunder within five (5) days from the date upon which said installment or payment is due, Tenant agrees to pay a late charge equal to five percent (5%) of each delinquent installment. The late charge shall be deemed Additional Rent and shall be payable immediately when due.

(e) Upon Landlord's receipt of any check from Tenant which is dishonored for payment, Landlord shall have the right, in addition to any other remedy at law or equity, to require Tenant to make all future payments due to Landlord hereunder by cash, or by certified or cashier's check. All bank charges for such dishonored checks shall be the responsibility of Tenant, due and payable under this Lease as Additional Rent.

**Section 4 Rent to be Net to Landlord.**

The Rent payable hereunder shall be net to Landlord, so that this Lease shall yield to Landlord the net annual Fixed Rent specified herein during the Term of this Lease.



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**Section 5 Use of Premises.**

(a) Subject to the provisions of Section 7, below, the Premises may be used for any lawful uses, specifically including without limitation, rental or for-sale mixed-use housing, retail, institutional and/or office uses. Nothing contained in this Lease shall be deemed to impose upon Tenant, either directly, indirectly, constructively or implicitly, an obligation to construct improvements upon the Premises, open for business, or remain open and operating for any period.

(b) With respect to the use of the Premises, Tenant shall:

(i) Give Landlord prompt written notice of any accident, fire, loss, or damage occurring on or to the Premises;

(ii) Provide a timely copy to Landlord of any notice Tenant receives with respect to the Premises from any government authority, lender, construction company, or insurer.

(iii) Not to undertake, permit, authorize, or suffer, or permit the use or occupancy on the Premises or any part thereof at any time during the Term, the presence, use, manufacture, handling, generation, storage, treatment, discharge, release or disposal of, under or about the Premises or any part thereof of any hazardous substance, or the transportation to or from the Premises or any part thereof of any hazardous substances, except in compliance with applicable law.

**Section 6 Taxes and Utility Expenses.**

(a) Tenant shall, commencing as of the Effective Date and thereafter during the Term of this Lease, be responsible for paying and discharging punctually, as and when the same shall become due and payable, all real property taxes and special and general assessments (hereinafter referred to as "Taxes") and each and every installment thereof which shall or may become due and payable after the Effective Date, together with any interest and penalties thereon (all of which shall also be included in the term "Taxes" as heretofore defined) and all water and sewer, gas, electricity, telephone, and other services, furnished to the Premises or the occupants thereof during the Term of this Lease (hereinafter referred to as "Utility Expenses"). Tenant shall be deemed to have complied with the covenants of this paragraph if Tenant shall produce and exhibit to Landlord upon written request satisfactory evidence of such payment and confirmation from the applicable utility provider, taxing authority, etc. that such obligation has been satisfied in full. In no event shall Tenant be entitled to claim that it is not obligated to pay any Taxes, Utility Expenses or other expenses of operating the Premises, or that Landlord is obligated to pay the same, on the grounds that any such expense is an obligation of the Landlord. In the event Tenant fails to satisfy any one or more of such payment(s), then Landlord shall have the right but not the obligation, in addition to all other rights and remedies available at law or equity, to make such payment and demand and receive payment therefor pursuant to Section 17.3 of this Lease.

(b) Tenant or its designees shall have the right to contest or review timely all Taxes by legal proceedings, or in such other manner as may be permitted by applicable law (which, if instituted, Tenant or its designees shall conduct promptly at Tenant's or its designee's sole cost and expense, and free of any expense to Landlord, and, if necessary, in the name of and with the cooperation of Landlord, which shall be limited to Landlord executing all documents reasonable



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and necessary to accomplish the foregoing). If required, Tenant shall post an appropriate bond as may be required by the applicable taxing authority. If there shall be any refunds or rebates on account of the Taxes paid by Tenant under the provisions of this Lease, such refund or rebate shall belong to the party who paid the Taxes for the applicable period. Landlord shall, upon the request of Tenant, sign any receipts which may be necessary to secure the payment of any such refund or rebate, and will pay over to Tenant any such refund or rebate as received by Landlord and applicable to any period for which Tenant paid the applicable Taxes. Any costs, fees, penalties, and/or expenses incurred by Landlord with respect to any action under this Section 6(b) shall be paid by Tenant to Landlord as provided in Section 17.3.

**Section 7 Improvements, Alterations, Surrender**

(a) (i) Tenant shall have the right, at its own cost and expense, to construct, install, maintain and replace on any part or all of the Premises, at any time and from time to time, such buildings, parking areas, fences, driveways, walks, signs, satellite dishes, and other similar and dissimilar improvements as Tenant shall from time to time determine, including, without limiting the generality of the foregoing, rental or for-sale mixed-use housing, retail, institutional and/or office uses; provided that the same shall be in compliance with all then applicable building codes and ordinances. Tenant may not demolish existing completed structures or perform excavations except pursuant to plans and specifications approved by Landlord pursuant to Section 7(a)(ii) or as otherwise approved by Landlord in writing. Such improvements may, to the extent permitted by law, abut, be attached to or be integrated structurally with buildings constructed by Tenant or its affiliates on neighboring parcels; provided, however, that such improvements on or in conjunction with neighboring or adjacent parcels may not adversely affect the value of the Premises. Notwithstanding the foregoing in this Section 7(a), Tenant shall not have the right to use the Premises for any corrupt, noxious or immoral purpose, nor cause or suffer a waste of the property or to make any improvements or alterations that would reduce, upon completion, the overall value of the Premises. Tenant must construct all improvements and alterations in a first class manner and conformity with any and all applicable laws and regulations.

(ii) Landlord's prior written approval shall be required for Tenant's design/development plans and specifications for the construction of any building or site improvements at the Premises and upon any material change in any such plans and specifications; provided that:

(A) Tenant shall provide a complete set of design/development plans and specifications for Landlord's review;

(B) Landlord shall have fifteen (15) business days to review any initial plans and specifications and provide in writing its approval or its disapproval, describing with specificity the defect in question and Landlord's proposal for correcting the same, provided that Landlord may base its disapproval only on its showing of a structural defect, non-compliance with law or a violation of Section 7(a)(i), and Tenant is not obligated to address or make changes with respect to any comments or objections made on any other basis. If Landlord does not provide its written notice of disapproval within the fifteen (15) business day period described above, Landlord's approval shall be deemed given. If Tenant shall submit any amendments to

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previously-submitted plans and specifications to Landlord for approval, such changes shall be subject to the approval process above, but Landlord shall respond to the same within ten (10) business days.

(iii) Subject to the foregoing in this 7(a), Tenant may, at its option and at its own cost and expense, at any time and from time to time, make such alterations, changes, replacements, improvements and additions in and to the Premises, and the buildings and improvements thereon, as it may deem desirable, subject to Landlord's consent or approval as provided above. Tenant shall not demolish improvements on the property without Landlord's prior written consent, which consent shall not be withheld unreasonably.

(iv) Landlord agrees to reasonably cooperate with Tenant (including, without limitation, by signing applications) in obtaining any necessary Permits for any work (including, without limitation, initial construction, alterations, site improvements and sign installations) which Tenant is permitted to perform pursuant to this Lease, all at no cost to Landlord. In connection therewith Landlord shall execute applications, plats, subdivisions, site plans, certifications, documents and recordable instruments as may be required for any Permits, including without limitation, subdivisions, zoning variances and planned unit developments, which include the Premises. Landlord shall also cooperate with Tenant's efforts in providing for joint development of the Premises with adjoining and nearby properties for the allocation of development rights among such properties, including without limitation by executing joint development agreements, provided that such agreements or the improvements contemplated thereby do not reduce the value of the Premises.

(v) Tenant may subject the Premises to a condominium regime; provided that, (A) Landlord shall not have any declarant liability under the condominium regime; (B) Landlord shall execute such documents necessary or appropriate to subordinate its Reversionary Interest to the condominium regime; and (C) Tenant shall provide Landlord with condominium documents for review and Landlord shall have ten (10) days from the receipt of any such documents to object to the same, which may be based only on non-compliance with law. Landlord shall cooperate with Tenant's efforts to register and apply for such condominium and obtain all necessary approvals therefor.

(b) Tenant shall, at all times during the Term of this Lease, and at its own cost and expense, keep and maintain or cause to be kept and maintained in repair and good condition (ordinary wear and tear and damage by fire or other casualty and taking by eminent domain excepted), all buildings and improvements at any time erected on the Premises, and shall use all reasonable precaution to prevent waste, damage or injury.

(c) On the last day or sooner termination of the Term of this Lease, Tenant shall quit and surrender the Premises, and the buildings and permanent improvements then thereon, ordinary wear and tear excepted. In the event that any buildings shall be partially built at the time of termination, Tenant shall at Tenant's option either make provision to complete all building structures to shell condition at its expense or demolish the same to a safe, level condition, all at Tenant's expense.



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(d) Except as otherwise specifically provided in this Lease, Tenant hereby agrees to be fully liable for the payment of, and to cause to be paid, the entire cost of all buildings and improvements commenced on the Premises after the Effective Date. Title to the buildings and improvements when erected, constructed, installed or placed upon the Premises, shall automatically pass to, vest in and belong to Tenant until the expiration or sooner termination of the Term of this Lease, whereupon title to all buildings and improvements erected and/or installed upon the Premises shall automatically pass to, vest in and become the absolute property of the Landlord.

**Section 8 Requirements of Public Authority.**

(a) During the Term of this Lease, Tenant shall, at its own cost and expense, promptly observe and comply with all laws, ordinances, requirements, orders, directives, rules and regulations of the Federal and District of Columbia Governments and of all other governmental authorities affecting the Premises or the appurtenances thereto or any part thereof (collectively, "Requirements") whether such Requirements are in force at the commencement of the Term of this Lease or may in the future be passed, enacted or directed, and Tenant shall pay all costs, expenses, liabilities, losses, damages, fines, penalties, claims and demands, including reasonable counsel fees, that may in any manner arise out of or be imposed with respect to the Premises as a result of the Requirements or because of the failure of Tenant to comply with any such Requirements (collectively, "Requirement Costs"); provided, however, that nothing in this Section 8 shall impose any liability on Tenant in connection with any costs, expenses, liabilities, losses, damages, fines, penalties, claims and demands, including reasonable counsel fees, that may in any manner arise out of or be imposed because of any failure by Landlord to comply with its obligations under this Lease

(b) Tenant shall have the right to contest by appropriate legal proceedings diligently conducted in good faith, in the name of the Tenant or Landlord (if legally required), without cost or expense to Landlord, the validity or application of any Requirements and, if by the terms of any such Requirements, compliance therewith may legally be delayed pending the prosecution of any such proceeding, Tenant may delay such compliance therewith until the final determination of such proceeding.

(c) Landlord agrees to execute and deliver any appropriate papers or other instruments which may be necessary or proper to permit Tenant so to contest the validity or application of any such law, ordinance, order, rule, regulation or requirement and to fully cooperate with Tenant in such contest; provided, however, that Tenant shall reimburse Landlord as Additional Rent, for reasonable out-of-pocket costs that Landlord incurs with respect to any such contest.

**Section 9 Covenant Against Liens.**

If, because of any act or omission of Tenant, any mechanic's lien or other lien, charge or order for the payment of money shall be filed against Landlord or any portion of the Premises, Tenant shall, at its own cost and expense, cause the same to be discharged of record or bonded within thirty (30) days after notice from Landlord to Tenant of the filing thereof; and Tenant shall indemnify and save harmless Landlord against and from all costs, liabilities, suits, penalties,



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claims and demands, including reasonable counsel fees, resulting therefrom. Tenant or its designees shall have the right to contest any such liens by legal proceedings, or in such other manner as it may deem suitable (which, if instituted, Tenant or its designees shall conduct promptly at its own cost and expense, and free of any expense to Landlord).

**Section 10 Access to Premises.**

Landlord or Landlord's agents and designees shall have the right to enter upon the Premises at all reasonable times upon reasonable notice to examine same; provided that no such entry shall unreasonably interfere with construction or operation thereof or the conduct of business by Tenant and its tenants on the Premises.

**Section 11 Assignment, Transfer and Subletting.**

(a) Tenant may assign, transfer or sublease (in any such event, "Transfer") Tenant's interest in this Lease and Tenant's purchase option hereunder without Landlord's consent. Tenant's right to Transfer during the Term shall not be exhausted by a single exercise. Upon any such Transfer, Tenant shall not be relieved of its obligations hereunder. Tenant shall give written notice to Landlord not less than fifteen (15) days prior to such transfer of the identity of the transferee, and if construction has commenced on the Premises, evidence reasonably satisfactory to Landlord that the transferee has sufficient financial resources to undertake and complete the development. Landlord shall be entitled to reimbursement of its reasonable attorneys' fees incurred in connection with each such Transfer in an amount not to exceed $5,000.00.

(b) Subject to Tenant's rights in Section 33 below, Landlord may sell, transfer or assign its fee interest in the Premises or its Reversionary Estate, subject to the terms and conditions of this Lease; provided that Landlord may not sell, transfer, assign, encumber or grant any interests in or to the Premises to a competitor of Tenant, to any person owning or attempting to gain an interest in any land within one (1) mile of the Premises, or to any person who has expressed opposition to Tenant's project or is affiliated with a group which has expressed such opposition; and provided further that there shall be no such sale, transfer or assignment during the time the Subordination Agreement (defined in Section 12(e)) is in effect. Landlord shall give Tenant thirty (30) days prior written notice of any such sale, transfer or assignment and the name and address of the proposed assignee so as to verify the foregoing.

**Section 12 Mortgaging of Leasehold Estate and Reversionary Estate.**

(a) Tenant may, without the consent of Landlord, record a mortgage or deed of trust or otherwise encumber the Leasehold Estate (which mortgage, deed of trust or other encumbrance is referred to as the "Leasehold Mortgage"), if the holders of the indebtedness secured by the Leasehold Mortgage (the "Leasehold Mortgagee") shall give written notice to Landlord of the Leasehold Mortgage and the name and place for service of notice upon such Leasehold Mortgagee and expressly agree to the terms and conditions applicable to Leasehold Mortgages contained in this Section 12. Tenant acknowledges its understanding that, except as expressly provided in this Section 12, any such mortgage or financing shall be subordinate to Landlord's fee simple estate in the Premises. Tenant shall notify Landlord, by writing in advance,



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of the amount of any such Leasehold Mortgage and the amortization term and maturity date thereof.

(b) In the event that Landlord mortgages or otherwise financially encumbers the Reversionary Estate, Landlord shall be required to deliver to Tenant a Subordination and Non-Disturbance Agreement containing standard terms and conditions of subordination to this Lease reasonably acceptable to Tenant and any Leasehold Mortgagee, duly executed by the mortgagee or other individual or entity encumbering the Reversionary Estate.

(c) When giving notice to Tenant with respect to any breach or default, including any Default, arising from this Lease, Landlord must also serve a copy of such notice upon the Leasehold Mortgagee (of whose existence Landlord has been notified in writing by Tenant). Each Leasehold Mortgagee shall have the same period after its receipt of such written notice to remedy the alleged default or to cause the same to be remedied as is given to Tenant in this Lease. Leasehold Mortgagee also shall have an additional period of 15 days to remedy such alleged default or to cause the same to be remedied beyond that given to Tenant in this lease. Upon the occurrence of any default, each Leasehold Mortgagee shall have the right to cure such default, whether the same consists of failure to pay Fixed Rent, Additional Rent, or to perform any other matter which Tenant is required to do or perform pursuant to this Lease and Landlord shall accept such performance on the part of the Leasehold Mortgagee as though the same had been done or performed by Tenant. Any Leasehold Mortgagee may become the legal owner of the Leasehold Estate created by this Lease by foreclosure of its Leasehold Mortgage against Tenant, as a result of the assignment of the Leasehold Estate created by this Lease in lieu of foreclosure, or by any other means. If Lender determines to foreclose the Leasehold Mortgage, the cure periods set forth above shall be extended by any period during which foreclosure proceedings are conducted, as the case may be. Any such proceedings shall be commenced promptly after the notice of default is delivered to Lender and shall be diligently prosecuted. Promptly after Lender or a designee of Lender acquires the Leasehold pursuant to foreclosure proceedings, Lender or its designee shall cure said breach or default. Notwithstanding anything provided to the contrary in the Lease, for so long as the Leasehold Mortgage is outstanding, the Lease shall not be terminated because of a default or breach thereunder on the part of Tenant which cannot be cured if Lender provides written notice to Landlord of its intent to exercise its remedies under the Leasehold Mortgage or appoint a receiver, and Lender diligently pursues such remedy to completion. The foregoing provisions notwithstanding, Tenant shall not be excused for the obligation to pay Rent under the terms of this Lease. Nothing in this Lease shall operate to deprive Landlord of its rights, if any, under any Leasehold Mortgage to cure a Tenant default.

(d) Notwithstanding any provision to the contrary contained herein, the following provisions shall apply to each and every Leasehold Mortgage which the Tenant obtains with in connection with the improvement, construction, development and/or permanent financing of the Premises:

(i) Except as expressly provided for in this Lease below, Landlord will acknowledge and consent to Tenant's grant of all liens necessary to secure Tenant's financing of the Premises as permitted by this Lease, provided such liens are subordinate to Landlord's fee simple interest in the Premises; and



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(ii) Landlord shall confirm to the Leasehold Mortgagee that Landlord has consented to the financing, that the Lease is in full force and effect, that no default has occurred which remains uncured, and that there have been no amendments to the Lease except as noted and such other matters as the Leasehold Mortgagee may reasonably request (or shall specify with particularity why any of the foregoing are not true); and

(iii) Landlord will agree to mail to the Leasehold Mortgagee (at an address provided to Landlord in writing) copies of all notices, suits, pleadings or other written communications with Tenant; and

(iv) If at any time the Leasehold Mortgagee forecloses under any deed of trust, assignment of lease or any other security documents securing financing for the development of the Premises or otherwise divests Tenant of Tenant's rights in and to the Premises, by any other remedy for a default of the Leasehold Mortgage set forth therein or by applicable law, then the Leasehold Mortgagee shall at its option cause the Lease to be assigned to the Leasehold Mortgagee, a purchaser at a foreclosure or other party designated by Tenant's lender (a "Successor Tenant"), and such Successor Tenant shall be entitled to any and all of the rights and privileges of Tenant under the Lease in the Successor Tenant's own name or in the name of a nominee and such Successor Tenant shall take possession of the Premises subject to this Lease and shall be required to perform all obligations of Tenant under this Lease. Leasehold Mortgagee's liability shall end upon assignment to any such Successor Tenant, provided that all defaults in the payment of Rent accrued during Leasehold Mortgagee's possession of the Premises are cured at or before the effective date of foreclosure: and

(v) Landlord shall not accept a voluntary surrender or cancellation of Tenant's interest in the Lease, nor shall any future modification or amendment of the lease terms hereof be effective without the written consent of Leasehold Mortgagee, with such attempted modification without written consent being void; and

(vi) Notwithstanding the default by Tenant in the terms of this Lease which cannot be cured by the Leasehold Mortgagee's obtaining possession, including but not limited to, bankruptcy of Tenant, Landlord agrees that it either will offer to the Successor Tenant a new lease upon the same terms and for the remaining Term and priority as this Lease, or allow this Lease to continue during the period of any non-curable default by Tenant as long as no other Default then exists or continues under the Lease.

(e) Provided that Tenant is not in Default of any provision under this Lease, Landlord shall from time to time enter into a deed of trust and other security instruments ("Subordination Agreement") in connection with any loan to be secured by the Premises, including without limitation, for the improvement, construction, development and/or permanent financing of the Premises, as typically required by lenders in similar loans, in form reasonably acceptable to Landlord and Leasehold Mortgagee, subordinating its fee interest in the Premises to the Leasehold Mortgage. Landlord agrees that the form attached hereto as **Exhibit D** is hereby agreed to be reasonable and acceptable. Such subordination shall be on commercially reasonable terms typically used by lenders for real estate loans and shall be consistent with the terms and conditions of this Section 12. In the event that after entering into a Subordination Agreement, Tenant from time to time replaces its Leasehold Mortgage with a new loan after Tenant reaches



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substantial completion of the initial improvements thereon as reasonably defined in the loan documents, (i) subordination of Landlord's fee interest in the Premises to the refinanced loan shall continue, and (ii) Landlord shall execute a new Subordination Agreement or confirmation of the existing Subordination Agreement as required by the lender within ten (10) days after receipt thereof, provided that in connection with the first such new loan, Tenant shall pay a subordination fee of $175,000.00 ("Subordination Fee") upon closing of such new loan. As additional consideration for Landlord's agreement to subordinate as provided in this Section 12(e), Tenant shall pay to Landlord an additional subordination fee of $75,000.00 ("Additional Subordination Fee"), payable in 12 monthly installments of $6,250.00 each, commencing on November 1, 2007. The Subordination Fee and Additional Subordination Fee shall be earned upon execution of this Lease and shall be payable to Landlord, in accordance with the provisions of this paragraph (e) and paragraph 34(i), regardless of whether Tenant replaces its Leasehold Mortgage with a new loan or whether Landlord is required by any lender to subordinate its fee interest to a refinanced loan or execute any new Subordination Agreement or confirmation of an existing Subordination Agreement.

(f) Tenant shall provide to Landlord, contemporaneously with the execution of the Subordination Agreement (or, if later, upon commencement of construction) and from time to time thereafter, a completion guaranty ("Completion Guaranty") in the same form and with the same guarantors as the completion guaranty provided to the Construction Lender, which shall at a minimum guarantee completion of the improvements to the Premises; provided that there may be an additional term which provides that if permitted by the Lender, Tenant may at its option instead demolish and remove partially built improvements and return the Premises to safe, level condition as provided in Section 7(c). The Completion Guaranty shall automatically terminate upon any of the following events: Substantial Completion, the ending of the subordination under the then-current Subordination Agreement, or as to a then-existing Completion Guaranty, upon the providing of a subsequent Completion Guaranty meeting the requirements of this Section 12(f). Tenant shall use commercially reasonable, diligent efforts to have Landlord named as a co-obligee subordinate to the Construction Lender (or any subsequent construction lender) on any bond obtained for the Project.

(g) Tenant shall provide to Landlord, contemporaneously with the execution of the Subordination Agreement and from time to time thereafter, a signed guaranty from the same parties as are obligated to provide the Completion Guaranty in the form attached hereto as **Exhibit C** as to certain losses suffered by Landlord in the event of foreclosure (the "Foreclosure Guaranty"). The Foreclosure Guaranty shall be subordinated to a Construction Lender's rights pursuant to a Subordination Agreement entered into pursuant to Section 12(e). The Foreclosure Guaranty shall automatically terminate upon any of the following events: the ending of the subordination under the then-current Subordination Agreement, or as to a then-existing Foreclosure Guaranty, upon the providing of a subsequent Foreclosure Guaranty meeting the requirements of this Section 12(g). A Foreclosure Guaranty shall also be acceptable if given by Robb M. LaKritz and Joshua A. Adler, or by any other credit-worthy person or entity acceptable to Landlord in its commercially reasonable discretion, in lieu of or in addition to the parties who give the Completion Guaranty.

(h) Without limiting the effect of Section 7(a)(iv), Landlord agrees that Tenant may from time to time require Landlord to enter into a Subordination Agreement or Leasehold



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Mortgage that secures a loan or loans that also have collateral on adjacent properties or properties within a 1000-foot radius of the Premises (and Landlord shall join in or consent to same and the associated subdivision plats and joint development agreements as provided above within ten (10) days after receipt thereof), provided that in the first such instance, Tenant shall pay to Landlord a "Combination Fee" of $30,000.00 upon its receipt of the executed Subordination Agreement or Leasehold Mortgage, subdivision plats, joint development agreements and associated land use documents.

**Section 13 Landlord's Warranties and Representations.**

Landlord represents and warrants to Tenant as follows:

(a) Tenant shall, upon paying all Rent due under this Lease and observing and performing all of the terms, covenants and conditions on Tenant's part to be observed and performed, peaceably and quietly have and hold, the Premises, without hindrance or molestation by Landlord, subject, however, to the terms of this Lease;

(b) Landlord has full right and authority to enter into this Lease and perform Landlord's obligations under this Lease, and has title to the Premises in fee simple, free and clear of all restrictions, leases, tenancies, and easements except as disclosed in the Leasehold title policy referred to in Subsection 2.1 above; Landlord has not entered into, and the Premises is not subject to, any leases, licenses, possessory rights, options or rights to purchase, lease or occupy or sale contracts or agreements other than this Lease;

(c) Landlord has not received any notice, nor is it aware of any pending action to take by condemnation all or any portion of the Premises;

(d) There is no litigation and no other proceedings are pending or, to Landlord's knowledge, threatened relating to the Premises or their use;

(e) This Lease is and shall be binding upon and enforceable against Landlord in accordance with its terms, and the transaction contemplated hereby will not result in a breach of any agreement to which Landlord or the Premises are subject or by which Landlord or the Premises are bound; and

Landlord shall indemnify, protect, defend and hold Tenant forever harmless from and against any and all claims, actions, liabilities, liens, damages, costs and expenses, including but not limited to reasonable attorneys' fees and expert/consultant fees, and increased costs of construction suffered or incurred by Tenant (or the Premises) directly or indirectly arising out of or in connection with Landlord's breach of the foregoing representations and warranties. Consummation of this Lease by Tenant with knowledge of any such breach shall constitute a waiver or release by Tenant of any such claims arising out of or in connection with such breach.

The foregoing representations, warranties and indemnity of Landlord contained in this Section shall survive the expiration or sooner termination of this Lease.



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**Section 14 Indemnify.**

(a) Tenant shall indemnify, protect and hold Landlord forever harmless from and against any and all liability, damage, penalties or judgments, any and all actions, suits, proceedings, claims, liens, damages, demands, assessments, costs and expenses, including, without limitation, reasonable legal and attorneys' fees, expenses and expert/consultant fees, incurred by Landlord with respect to Tenant's breach of this Lease or incurred by Landlord in enforcing the terms of this Lease and/or this indemnity, arising from injury to person or property sustained by anyone in and about the Premises resulting from any act or acts or omission or omissions of Tenant and/or Tenant's officers, agents, employees, contractors, or sublessees. Tenant shall, at its own cost and expense, defend or at Landlord's option, pay the costs of defense of any and all suits or actions, just or unjust, which may be brought against Landlord or in which Landlord may be impleaded with others with respect to this Lease and/or the Premises, except as may result from the acts set forth in paragraph (b) of this Section 14.

(b) Except for Landlord's affirmative acts or negligence after the Effective Date, or the affirmative acts or negligence of Landlord's officers, agents, servants, employees or contractors after the Effective Date, Landlord shall not be responsible or liable for any damage or injury to the Premises or any property, fixtures, buildings or other improvements, or to any person or persons, at any time on the Premises, including any damage or injury to Tenant or to any of Tenant's officers, agents, employees, contractors, customers or sublessees.

**Section 15 Insurance.**

(a) Tenant shall provide, at Tenant's expense and as Additional Rent under this Lease, and Tenant shall keep in force during the Term of this Lease, (i) commercial general liability insurance purchased from a good and solvent insurance company or companies licensed to do business in the District of Columbia with a minimum Best's Rating of A- / VIII or equivalent rating by a recognized national rating organization, selected by Tenant, such insurance to have a minimum combined single limit of not less than three million dollars ($3,000,000) per occurrence and subject to a five million dollar ($5,000,000) general aggregate, providing coverage for the benefit of Tenant and Landlord for death, for bodily injury and for property damage occurring on or with respect to the Premises; and (ii) all-risk commercial property insurance in an amount equal not less than the full replacement value with respect to loss or destruction of, or damage to the Premises and all of Tenant's improvements and other property located on the Premises. In addition, Tenant shall, during the period in which construction activities are being performed in connection with the development of the Premises, maintain or cause its contractor to maintain (A) builder's risk insurance in an amount equal to the full replacement value of such improvements; (B) workers compensation insurance, with statutory limits, and Employer's Liability coverage of at least $500,000.00; and (C) rental value insurance, which shall provide for the payment to Landlord of an amount equal to the Fixed Rent payable to Landlord under the Lease for a period of not less than twelve (12) months (or the remaining Term, if less). Such policy or policies (except for workers compensation) shall name Landlord as an additional insured.

(b) All proceeds payable at any time and from time to time by any insurance company under such policies shall be payable as follows: (i) first, as required by any Leasehold



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Mortgagee; (ii) second towards the completion of any improvements then under construction at the Premises, or in case of a termination of this Lease, to such completion or demolition of improvements to a safe and level condition; (iii) third to Landlord (A) in the event no restoration or reconstruction of the Premises are then occurring, in an amount equal to Landlord's residual interest in the improvements (in excess of the value of the land in any condemnation proceeding); or (B) to cure any Default by Tenant; and (iv) with the excess thereof, if any, to be paid to Tenant. Landlord shall not carry any insurance concurrent in coverage and contributing in the event of loss with any insurance required to be furnished by Tenant hereunder if the effect of such separate insurance would be to reduce the protection or the payment to be made under Tenant's insurance.

(c) Any insurance required to be provided by Tenant pursuant to this Lease may be provided by blanket insurance covering the Premises and other locations of Tenant and affiliates of Tenant, provided all such blanket insurance complies with all of the other requirements of the foregoing in this Section 15 and this Lease, is acceptable to Landlord and any Leasehold Mortgagee, and names Landlord as an additional insured. Portions of the coverages required above may be covered by umbrella or excess coverages as long as the coverages are not reduced in scope or amount thereby and Landlord is named as an additional insured thereon.

**Section 16 Condemnation**

(a) If the use, occupancy, or title of the Premises or any part thereof is taken, requisitioned or sold in, by or on account of any actual or threatened eminent domain proceeding or other action by any person having the power of eminent domain (a "Condemnation"), Landlord and Tenant agree that any award or compensation on account thereof will be allocated as follows:

(i) First, as required by any Leasehold Mortgagee; and

(ii) Second, if this Lease shall be terminated, towards the cost of repairing damage to the improvements to the Premises or demolishing same to a safe and level condition, as determined by the court; and

(iii) Third, to Landlord to the extent of the fair market value of the Reversionary Estate, as determined by the court; and

(iv) Fourth, to Tenant to the extent of the fair market value of the Leasehold Estate, as determined by the court.

(b) Each of Landlord and Tenant may appear in any such proceeding or action, to negotiate, prosecute and adjust any claim for any award or compensation on account of any Condemnation as it relates to their respective interest in the Premises. All amounts paid in connection with any Condemnation of the Premises shall be applied pursuant to Section 16(a), above, and all such amounts (minus the expense of collecting such amounts as hereinafter provided) are herein called the "Net Proceeds." Landlord and Tenant shall each pay such party's own reasonable costs and expenses in connection with each such proceeding, action, negotiation, prosecution and adjustment for which costs and expenses Landlord and Tenant shall be reimbursed out of any award, compensation or insurance payment to which it is entitled.



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**Section 17 Defaults**

**Subsection 17.1 Defaults of Tenant.**

(a) Tenant shall be in "Default" if (i) Tenant shall not have paid Rent or any other amount payable by Tenant pursuant to this Lease within fifteen (15) days following Tenant's receipt of written notice from Landlord stating that such payment was not received when due (a "Monetary Default"); or (ii) Tenant shall not have performed any of the other covenants, terms, conditions or provisions of this Lease within thirty (30) days after Tenant's receipt of written notice from Landlord specifying such failure; provided, however, that with respect to those failures that cannot with due diligence be cured within such thirty (30) day period, Tenant shall not be deemed to be in default hereunder if Tenant diligently commences to cure such default within such thirty (30) day period and thereafter continues best efforts to cure such default with all due diligence to cure such default within the time period agreed to by Landlord, in Landlord's reasonable discretion (a "Non-Monetary Default"). Any assignee or lender may cure any default of Tenant hereunder. "Default" as used in this Lease shall mean a breach beyond the notice and cure periods set forth above.

(b) If Landlord shall claim that Tenant is in Default, Landlord shall have the right, to institute from time to time an action or actions (i) to recover damages, (ii) for specific performance, or (iii) only in the event of Monetary Default to recover possession of the Premises and terminate this Lease. If the Default is not cured, Landlord's rights and Tenant's obligations shall be resolved by the final determination made by the court in which Landlord's proceedings were initiated. For the purpose hereof, a "final determination" shall occur where the judgment or order entered can be enforced by execution, issuance of a writ of restitution, judicial sale or specific enforcement and no such judgment or order shall be considered final for purposes hereof during the pendency of a stay of execution in connection with an appeal.

(c) In the event of any termination of this Lease, Tenant shall pay to Landlord all Rent, and other sums required to be paid by Tenant to and including the date of such termination, reentry or repossession; and, thereafter, Tenant shall, until the end of what would have been the Term of this Lease in the absence of such termination, reentry or repossession, and whether or not the Premises shall have been relet, be liable to Landlord for, and shall pay to Landlord, as agreed current damages: (i) all Rent and other sums that would be payable under this Lease by Tenant in the absence of such termination, reentry or repossession, less (ii) the net proceeds, if any, of any reletting effected for the account of Tenant, after deducting from such proceeds all of Landlord's expenses in connection with such reletting (including, but not limited to, repossession costs, brokerage commissions, reasonable attorneys fees and expenses, alteration costs and expenses of preparation for such reletting). Tenant shall pay such current damages on the days on which Rent would be payable under this Lease in the absence of such termination, reentry or repossession, and Landlord shall be entitled to recover the same from Tenant on each such day. Alternatively, at Tenant's option, Tenant shall, whether or not the Premises shall have been relet, be liable to Landlord for, and shall pay to Landlord, as liquidated damages, an amount equal to the excess, if any, of (i) the Rent required herein during the period from the date of such expiration, termination, reentry or repossession to and including the end of what would have been the Term of this Lease in the absence of such termination, reentry or repossession, discounted at the current Prime Rate over (ii) the then fair market rental value of the Land for the



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same period, also discounted at the said Prime Rate. "Prime Rate" shall mean the rate (or the average of rates, if more than one rate appears) inserted in the blank of the "Money Rate" section of the Wall Street Journal (Eastern Edition) in the Section reading "Prime Rate ____%."

(d) In the event Landlord is required under the provisions of any deed of trust or loan document, entered into by Tenant and agreed to by Landlord, to refrain from the exercise or enforcement of any rights or remedies under this Lease ("Forbearance Period"), Tenant agrees that any statute of limitations applicable to such rights or remedies shall, to the extent permitted by law, automatically be tolled for a period equal to the Forbearance Period, plus 120 days.

**Subsection 17.2 Defaults of Landlord**

(a) If Landlord shall fail to observe or perform any provision hereof and such failure shall continue for thirty (30) days after notice to Landlord of such failure, then a default of Landlord ("Landlord's Default") shall exist under this Lease, provided, however, that in the case of any such failure which cannot with diligence be cured within such thirty (30) day period, if Landlord shall commence promptly to cure the same and thereafter prosecute the curing thereof with diligence, the time within which such failure may be cured shall be extended for such period as is necessary to complete the curing thereof with diligence.

(b) If a Landlord's Default shall have occurred and be continuing, Tenant shall have the right to one or more of the following remedies: injunctive or other equitable relief, specific performance of the terms and conditions of this Lease or Tenant may terminate this Lease by giving Landlord notice of termination. In the event of such termination, Landlord shall refund to Tenant on demand any prepaid Rent allocable to the period after termination of the Lease.

**Subsection 17.3 Rights to Cure**

Each party shall have the right, but shall not be required, to pay such sums or do any act, which requires the expenditure of monies, which may be necessary or appropriate by reason of the Default or Landlord's Default of the other party to perform any of the provisions of this Lease. In the event of the exercise of any such right by Landlord, Tenant agrees to pay to Landlord forthwith upon demand all such sums, as Additional Rent. In the event of the exercise of any such right by Tenant, Landlord agrees to pay to Tenant forthwith upon demand all such sums.

**Subsection 17.4 Attorneys Fees**

Should either party employ an attorney or attorneys to enforce any of the provisions hereof or to protect its interest in any manner arising under this Lease, or to recover damages for the breach hereof, the non-prevailing party in any action pursued in courts of competent jurisdiction including appellate and bankruptcy courts (the finality of which action is not legally contested) agrees to pay to the prevailing party all reasonable costs, damages and expenses, including attorneys' fees, expended or incurred in connection therewith. The terms and provisions of this Subsection 17.4 shall survive the termination of this Lease and shall remain in full force and effect as of the Purchase Closing Date. Any costs due to Landlord by Tenant pursuant to this Subsection 17.4 shall be deemed Additional Rent due under this Lease.

YH.



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**Section 18 Waivers.**

Failure of Landlord or Tenant to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by Landlord or Tenant at any time, express or implied, of any breach of any provision of this Lease shall be deemed a waiver of a breach of any other provision of this Lease or a consent to any subsequent breach of the same or any other provision. No acceptance by Landlord of any partial payment shall constitute an accord or satisfaction but such payment shall only be deemed a partial payment on account. Landlord and Tenant hereby waive trial by jury in any action, proceeding, or counterclaim or cross claim brought by either against the other as to any matters arising out of or in connection with this Lease or Tenant's use or occupancy of the Premises.

**Section 19 REDACTED.**

**Section 20 Force Majeure.**

In the event that Landlord or Tenant shall be delayed, hindered in or prevented from the performance of any act required hereunder, other than the payment of Rent, by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, unreasonable delays by governmental authorities in issuing permits, riots, insurrection, the act, failure to act or default of the other party, war or other reason beyond their control, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Notwithstanding the foregoing, a force majeure event shall not excuse or delay the payment of Rent under this Lease.

**Section 21 Notices.**

Whenever, pursuant to this Lease, notice or demand shall or may be given to either of the parties or their assignees by the other, and whenever either of the parties shall desire to give to the other any notice or demand with respect to this Lease or the Premises, each such notice or demand shall be in writing, and any laws to the contrary notwithstanding, shall not be effective for any purpose unless the same shall be given or served by mailing the same to the other party by registered or certified mail, return receipt requested, or by overnight nationally-recognized courier service provided a receipt is required, at its Notice Address set forth below, or at such other address as either party may from time to time designate by notice given to the other. The date of receipt of the notice or demand shall be deemed the date of the service thereof (unless the notice or demand is not received or accepted in the ordinary course of business, in which case the date of mailing shall be deemed the date of service thereof).

Notices shall be sent:

If to Landlord, to:
Medal, Inc.
9210 Pegasus Court
Potomac, Maryland 20854
Attn: Dr. Abraham Medhane



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with a copy (which shall not constitute notice) to:

The Chavers Law Firm, P.C.
1250 Connecticut Avenue, NW
Suite 200
Washington, DC 20036
Attn: Clayborne E. Chavers, Sr., Esq.
Facsimile No.: (301) 596-9442

or, if to Tenant, to:

1920 8th Street LLC
4326 8th Street, N.W.
Washington, D.C. 20011

with a copy (which shall not constitute notice) to:

Holland & Knight LLP
2099 Pennsylvania Avenue, N.W.
Suite 100
Washington, D.C. 20006
Attn: Curtis L. Sano, Esq.
Facsimile No.: (202) 955-5564

**Section 22 Certificates.**

Either party shall, without charge, at any time and from time to time hereafter, within thirty (30) days, or sooner if reasonably feasible, after written request of the other, certify by written instrument duly executed and acknowledged to any mortgagee or purchaser, or proposed mortgagee or proposed purchaser, or any other person, firm or corporation specified in such request: (a) as to whether this Lease has been supplemented or amended (and, if it shall have been supplemented or amended, specifying the manner in which it has been supplemented or amended); (b) as to whether this Lease is in full force and effect (and, if it is alleged that this Lease is not in full force and effect, specifying the reasons therefor); (c) as to the date to which Rent has been paid; (d) as to whether any condition exists which constitutes a Default or Landlord's Default hereunder or which, but for the passage of time or the giving of notice or both, would result in a Default or Landlord's Default hereunder (and, if such condition exists, specifying the nature thereof); (e) as to whether there exist any offsets, counterclaims or defenses thereto on the part of the other party; (f) as to the Effective Date and expiration dates of the Initial Term and the then current and next Renewal Period of this Lease, as applicable; and (g) as to such other matters as reasonably may be requested. Any such certificate may be relied upon by the party requesting it and any other person, firm or corporation to whom the same may be exhibited or delivered, and the contents of such certificate shall be binding on the party executing same.



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**Section 23 Governing Law; Venue.**

This Lease and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the District of Columbia. In the event of any dispute or legal action under or relating to this Lease, the parties hereto and their respective and permitted heirs, assigns, agents, representatives, successors and subtenants, agree that any such matter shall be brought in the federal or local courts in and for the District of Columbia having subject matter jurisdiction over such action and such parties further consent to the personal jurisdictions of and venue in such courts and waive any and all defenses to such jurisdiction and venue.

**Section 24 Holdover.**

If Tenant shall hold the Premises after the expiration of the Term hereof, such holding over shall, in the absence of a written agreement on the subject, be deemed to have created a month-to-month tenancy terminable upon thirty (30) days written notice by either party to the other, or earlier in the event of Tenant's Default under the Lease. During such month-to-month tenancy, the Annual Fixed Rent and the Monthly Installments shall be equal one hundred twenty-five percent (125%) of the Annual Fixed Rent and Monthly Installment for the Initial Term or Renewal Period then ended and Landlord shall retain the Initial Term Security Deposit or Renewal Period Security Deposit then in Landlord's possession until Tenant vacates the Premises. Tenant's right, if any, to (a) commence new development or improvements on the Premises and (b) exercise Tenant's option to purchase the Premises from Landlord, shall terminate at the expiration of the Term and shall not be exercisable by Tenant during any hold-over or month-to-month tenancy without the express, written consent of Landlord.

**Section 25 REDACTED**

**Section 26 Cumulative Remedies.**

Each right and remedy of Landlord provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease and the exercise or beginning of the exercise by Landlord of any one or more of the rights or remedies provided for in this Lease shall not preclude Landlord from exercising any other right or remedies provided for in this Lease.

**Section 27 Severability.**

If any term, covenant, condition or provision of this Lease or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remaining terms, covenants, conditions and provisions shall not be affected thereby, and each term, covenant, condition and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

**Section 28 Memorandum of Lease.**

Each party shall at any time, at the request of the other party, promptly execute and deliver duplicate originals of an instrument, in recordable form, which will constitute a Memorandum of Lease, setting forth a description of the Premises, the Term of this Lease, the



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right of purchase and right of first refusal, and any other portions thereof, excepting the rental provisions, as such other party may request. Tenant shall be solely responsible for any and all costs with respect to the filing, recordation or release of the same, which costs shall be deemed Additional Rent under this Lease.

**Section 29 Interpretation.**

Wherever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require. The section headings used herein are for reference and convenience only, and shall not enter into the interpretation hereof. This Lease may be executed in several counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

**Section 30 Integration.**

This Lease, the exhibits attached hereto and the Escrow Agreement, represent the complete agreement between Landlord and Tenant, and supersede all prior agreements between the parties. Neither Landlord nor Tenant has made any representations, warranties or covenants except as expressly set forth in this Lease. No modification or amendment of or waiver under this Lease shall be binding upon Landlord or Tenant unless in writing signed by Landlord and Tenant.

**Section 31 Parties.**

Except as herein otherwise expressly provided, the covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective heirs, successors, administrators and assigns.

**Section 32 Brokers' Commissions.**

Tenant and Landlord represent and warrant to each other that neither has had any dealings or discussions with any broker or agent, licensed or otherwise in connection with this Lease. Landlord and Tenant each covenants to protect, defend, hold harmless and indemnify the other from and against any and all losses, liabilities, damages, costs and expenses (including reasonable legal fees) arising out of or in connection with any other claim by any brokers or agents for brokerage commissions relating to this Lease alleged to be due because of dealings or discussions with the indemnifying party.

**Section 33 Right of First Refusal.**

Landlord hereby grants to Tenant the right to purchase all of the Premises on the terms and conditions set forth in this Section 33 (the "Right of First Refusal"). Tenant shall not have the right to exercise its Right of First Refusal under this Lease at any time Tenant is in Default of this Lease.

(a) If Landlord should at any time during the Term elect to sell or transfer its interest in the Premises, Landlord shall deliver to Tenant a notice (the "Offer Notice") setting forth the terms and conditions upon which Landlord intends to offer the Premises, or the applicable part



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thereof, for sale. For a period of fifteen (15) days after Landlord delivers the Offer Notice to Tenant ("Offer Period"), Tenant shall have the right of first refusal, exercisable upon delivery of written acceptance to Landlord within the Offer Period, to purchase the Premises, or the applicable part thereof, from Landlord upon the terms and conditions set forth in the Offer Notice. In the event Tenant timely exercises Tenant's right of first refusal in accordance with this Section 33(a), then such purchase and sale transaction shall take place promptly and in strict accord with the terms of the Offer Notice. To the extent that Tenant is entitled to any Rent Credit pursuant to Section 34, such amounts shall be credited to Tenant at closing of such transaction. In the event Tenant fails to timely exercise Tenant's right of first refusal pursuant to this Section 33(a), then Landlord may proceed to offer the Premises, or the applicable part thereof, for sale in accordance with the term of the Offer Notice and pursuant to Section 33(b) below.

(b) If Tenant fails to timely exercise Tenant's right of first refusal pursuant to Section 33(a) above and Landlord elects to offer the Premises, or the applicable part thereof, for sale to the public in accordance with the Offer Notice, then in the event Landlord enters into a purchase and sale agreement with any third-party, such purchase and sale agreement must be contingent on (i) Landlord providing written notice to Tenant of the terms of such purchase and sale agreement (the "Pending Sale Notice") and (ii) Tenant having the option for a period of fifteen (15) days after Landlord delivers the Pending Sale Notice to Tenant ("Pending Sale Notice Period") to elect to purchase the Premises, or the applicable part thereof, in accordance with the terms of the Pending Sale Notice, exercisable upon delivery of written acceptance to Landlord within the Pending Sale Notice Period; provided, however, that the purchase price to be paid by Tenant in such purchase and sale transaction shall be the purchase price stated in the Pending Sale Notice. In the event Tenant timely exercises Tenant's right of refusal in accordance with this Section 33(b), then such purchase and sale transaction shall take place promptly and in strict accord with the terms of the Pending Sale Notice. In the event Tenant fails to timely exercise Tenant's right of refusal pursuant to this Section 33(b), then Landlord may proceed to complete the sale referenced in the Pending Sale Notice in strict accordance with the Pending Sale Notice.

(c) If Landlord does not close on the applicable contract of sale pursuant to the terms and conditions thereof within ninety (90) days following the expiration of the Offer Period or the Pending Sale Notice Period, as applicable, then Landlord will again be obligated to comply with all of the provisions of this Section 33 prior to any subsequent sale of the Premises. If after exercising its right to purchase the Premises, or the applicable part thereof, Tenant does not close on the applicable contract of sale pursuant to the terms and conditions thereof, then Tenant shall be liable to Landlord for any and all costs, expenses, penalties, and damages including, without limitation, Landlord's loss of the benefit of the bargain and reasonable attorneys' fees, incurred by Landlord as a result of Landlord agreeing to sell the Premises, or the applicable part thereof, to Tenant in accordance with the terms of this Lease.

**Section 34 Right to Purchase.**

(a) Grant of Purchase Option. Provided that Tenant is not then in Default under this Lease, then Landlord grants Tenant an option to purchase the Premises (the "Purchase Option") on the terms and conditions set forth herein. Tenant may exercise the Purchase Option upon delivery of written notice to Landlord (the "Purchase Option Notice") not less than sixty (60)



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006937

days prior to the expiration of the Term (i.e., Tenant may not exercise the Purchase Option during the last sixty (60) days of the Term of the Lease, as the same may be extended by the due exercise of the Renewal Terms). The sale of the Premises will be closed on a date specified by Tenant, but not later than sixty (60) days after Landlord's receipt of the Purchase Option Notice (the "Purchase Closing Date"). The purchase and sale shall be on the terms and conditions set forth in this Section 34.

(b) Purchase Price of Premises. In the event Tenant timely delivers the Purchase Option Notice, the purchase price of the Premises (the "Purchase Price") shall be as follows:

| If exercised during: | The Purchase Price shall be: |
|---|---|
| The First Lease Year | $4,800,000.00 |
| Renewal Term 1 | $4,872,000.00 |
| Renewal Term 2 | $4,945,080.00 |
| Renewal Terms 3-9 | $5,019,256.20 |

(c) Credit Against Purchase Price. Certain amounts of Fixed Rent, but not of Additional Rent, previously paid by Tenant to Landlord as of the Purchase Closing Date shall be credited towards the Purchase Price Tenant shall pay to Landlord for the Premises (the "Rent Credit"), which Rent Credit shall be the sum of the rent credits described below:

| For Fixed Rent paid during: | There shall be a rent credit equal to: |
|---|---|
| The Initial Term | Fixed Rent paid by Tenant in excess of $50,000.00 during the Initial Term. |
| Renewal Period 1 | Fixed Rent paid by Tenant in excess of $50,000.00 during the first Renewal Period. |
| Renewal Period 2 | Fixed Rent paid by Tenant in excess of $50,000.00 during the second Renewal Period. |
| Renewal Periods 3-9 | 100% of the monthly installments of Fixed Rent paid during such Renewal Term. |

For purposes of an example only, in the event Tenant is eligible and elects to exercise Tenant's Purchase Option one-half (1/2) of the way through the second Renewal Period (i.e., having paid $150,000.00 of Fixed Rent for the Initial Term, $150,000.00 of Fixed Rent for the first Renewal



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Period, and $75,000.00 of Fixed Rent through the Purchase Closing Date for the second Renewal Period), then Tenant would receive a Rent Credit equal to Two Hundred Twenty-Five Thousand Dollars ($225,000.00) calculated as follows:

| Fixed Rent Period | Total Amount Paid | Amount in Excess of $50,000 | Rent Credit |
|---|---|---|---|
| Initial Term | $150,000.00 | $100,000.00 | $100,000.00 |
| 1st Renewal Period | $150,000.00 | $100,000.00 | $100,000.00 |
| 2nd Renewal Period | $ 75,000.00 | $ 25,000.00 | $ 25,000.00 |
| TOTAL: | | | $225,000.00 |

In the event Tenant has paid Fifty Thousand Dollars ($50,000.00) or less to Landlord for the Initial Term, the first Renewal Period or the second Renewal Period, as is in effect as of the date of the Purchase Option Notice, then Tenant shall not receive any Rent Credit with respect to such then existing Initial Term, first Renewal Period or second Renewal Period. Tenant shall be eligible to receive the Rent Credit only after such time as Landlord has received all Rent due up to and including the Purchase Closing Date.

(d) Settlement on Purchase Option. The sale of the Premises to Tenant shall take place at a real estate title and settlement company reasonably acceptable to Landlord and Tenant ("Settlement Agent"). If the Purchase Option has been duly exercised and Tenant cannot close by the Purchase Closing Date due to matters outside the reasonable control of Tenant, including without limitation, delays by its lenders, Tenant shall have the right to extend the Purchase Closing Date by a reasonable period not to exceed sixty (60) days, and if the Term would otherwise expire before such extended date, the Term shall be extended to be one day after the Purchase Closing Date as so extended; provided, however, that Tenant shall continue to pay Rent at the rate specified in Section 24 for the period of any such extension and such Rent for the extension period shall not be credited to the purchase price.

(e) Deposits in Escrow. On or before the Purchase Closing Date, Tenant shall deposit into escrow with the Settlement Agent (i) the Purchase Price less the Rent Credit; and (ii) all other documents required by this Lease, the Settlement Agent or applicable law to be deposited by Tenant as of the Purchase Closing Date. On or before the Purchase Closing Date, Landlord shall deposit into Escrow: (i) a special warranty deed, duly executed, acknowledged and in recordable form, subject to all easements, covenants, conditions and restrictions of record applicable to the Premises; (other than those created by Landlord after the Effective Date without Tenant's written consent); and (ii) all other documents required by this Lease, the Settlement Agent or applicable law to be deposited by Landlord to sell the Premises, including without limitation a Non-Foreign Affidavit.

(f) Conditions to Closing. Landlord's obligation to close the sale of the Premises is expressly conditioned on Tenant having deposited with Escrow Holder all sums and documents required in Section 34(e). Tenant's obligation to close the purchase of the Premises is expressly



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006939

conditioned on Landlord having deposited with Escrow Holder all documents required in Section 34(e) and being in a position to convey title in the state described in Section 34(e)(i).

(g) Costs of Escrow. Tenant shall pay all costs of the closing on the purchase and sale of the Premises including, without limitation, any and all costs for escrow services, any transfer taxes, excise taxes, recording fees, deed or documentary stamps, document taxes, intangible taxes and similar taxes and charges with respect to the transaction contemplated herein, all costs for Tenant's financing and all recordation taxes on any documents recorded in connection with Tenant's financing; the cost of title insurance and endorsements thereto; and the cost of any of Tenant's other obligations hereunder. Notwithstanding the foregoing, Landlord shall pay (i) one-half (1/2) of the cost of any transfer and recordation taxes and recording fees with respect to the transaction contemplated herein (excluding recordation taxes on any documents recorded in connection with Tenant's financing); (ii) all costs and expenses to pay off and release the Premises from the lien of any deed of trust or other lien or security interest created by or levied against Landlord; and (iii) and the cost of any of Landlord's s other obligations hereunder.

(h) Conveyance. Landlord shall convey the Premises to Tenant by Special Warranty Deed, subject to all easements, covenants, conditions and restrictions of record as of the Purchase Closing Date, other than those created by or through Landlord on or after the Effective Date. Landlord shall execute such other instruments of conveyance, assignment or other transfer reasonably requested by Tenant to transfer all of the Premises and all property located on, associated with or created from the Premises.

(i) Subordination Fee. If for any reason any portion of the Subordination Fee and Additional Subordination Fee have not been paid by Tenant as of the Purchase Closing Date, Tenant shall pay the entire amount of the unpaid portion of the Subordination Fee and Additional Subordination Fee to Landlord on the Purchase Closing Date as an increase in the Purchase Price.

**Section 35 Non-Merger.**

The leasehold estate shall not merge with the fee estate in the event that the same person or entity acquires, owns or holds, directly or indirectly, the fee estate and the leasehold estate in the Property.

**Section 36 Execution in Counterparts.**

This Lease may be executed by both parties in counterparts; each of which shall be deemed an original, but all of such counterparts taken together shall constitute one and the same agreement.

**Section 37 Further Acts.**

In addition to the acts and deeds recited herein and contemplated to be performed, executed, and/or delivered by the parties hereto, the parties hereto agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered any and all such further acts, deeds, and assurances as may be reasonably required to consummate the transaction contemplated hereby.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006940

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

LANDLORD:
MEDAL, INC.,
a Virginia corporation

By:_____

Name: Abraham Medhane
Title: President

TENANT:
1920 8TH STREET LLC,
a Delaware limited liability company

By:_____
Name: Joshua Adler
Title: Co-Managing Member

By:_____
Name: Kobe LaRoche
Title: Co-Managing Member



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006941

**EXHIBIT A**

Depiction of the Premises



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006942

**EXHIBIT B**

Owners Title Affidavit

**FIRST AMERICAN TITLE INSURANCE COMPANY**

**REGIONAL TITLE INCORPORATED**

**OWNER'S/SELLER'S AFFIDAVIT**

(To Induce Sale and/or Loan on Premises and Title Insurance)

DISTRICT OF COLUMBIA :

The undersigned owner(s) being first duly sworn on oath, deposes and says, that they are the owners of property known and described as:

SEE ATTACHED EXHIBIT "A"

and as further described in First American Title Insurance Company's Commitment No. _____.

That, as owner(s), they have personal knowledge of the facts sworn to in this Affidavit and has the power and authority to execute this Affidavit.

[For a Corporation] That the owner is a corporation and said corporation is in Good Standing in its state of origin and _____ and is qualified to do business in same and that the Articles of Incorporation and By-Laws are still in full force and effect with no changes to the original Articles except by amendments already disclosed to this Company and no proceeding is pending for Owner's dissolution or annulment.

[For a Limited Partnership] That the Owner is a limited partnership and said limited partnership is in Good Standing in its state of origin and _____ and is qualified to do business in the said jurisdiction and that the Partnership Agreement is in full force and effect with no changes to the original Articles except by amendments already disclosed to this Company and no proceeding is pending for Owner's dissolution or annulment.

[For a Limited Liability Company] That the Owner is a limited liability company and said limited liability company is in Good Standing in its state of origin and _____ and is qualified to do business in said jurisdiction; that the Articles of Organization and Operating Agreement are in full force and effect with no changes to the original Articles or Agreement except for amendments already disclosed to this Company; that there have been no filings which contradict the valid existence of the LLC; there have been no changes in membership; and that all annual reports have been filed and no proceedings are pending for Owner's dissolution or annulment.

That all license, state franchise, and city and corporation taxes, if applicable, due and payable by Owner have been paid in full.



YH.

FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006943

That no proceedings in Bankruptcy or receivership have been instituted by or against Owner and the Owner has never made an assignment for the benefit of creditors.

That there is no action or proceeding now pending in any state or federal court in the United States to which the Owner is a party and which affects the Premises; nor is there any state or federal court judgment, state or federal tax lien, or any other state or federal lien of any nature against Owner which may constitute a lien charge upon the Premises.

That Owner is fee simple [leasehold] owner of the Premises and has owned the property for approximately _____ (_____) years.

That the Owner's possession of the Premises has been peaceable and undisturbed, and that title to the Premises has never been disputed or questioned.

That there is no pending litigation or dispute regarding the lines and corners of the Premises.

That there are no delinquent real estate taxes or unpaid current real estate taxes; nor any pending or levied assessments on the Premises, including but not limited to those for sidewalks, streets, sewers and water lines, or any liens or charges of any kind which could cause a tax sale of the premises.

That no time within 125 days of the date hereof has any work, services, or labor been done, or any fixtures, apparatus or material been furnished or contracted for, in connection with, or to, the said premises, except such material, fixtures, work, apparatus, labor or services as have been fully and completely paid for; that there is no claim or indebtedness to anyone for any labor, fixtures, apparatus, material services, or work done to, upon, or in connection with the said premises; that there is no mechanics lien claim against said premises, whether of record or otherwise.

Except as set forth in the aforesaid Commitment, there are no recorded or unrecorded mortgages, improvement loans, chattel mortgages, conditional bills of sale, contracts of sale, (except that in connection with which this affidavit is given), written leases, retention agreement, security agreements, agreements not to sell or encumber, financing statements or personal property leases which affect the Premises or which affect any fixtures, appliances, or equipment now installed in or on the Premises.

That all tenants or parties who have leasehold or tenancy rights to occupy any portion of the Premises are those listed on Exhibit "B", attached hereto, and none of such parties has any right to the Premises other than its right as Tenant, nor any optional right of first refusal to purchase the Premises.

[For DC Only] That there are no tenant rights to be exercised under Title IV of the District of Columbia Law 3-86, "RENTAL HOUSING AND SALE ACT OF 1980", as amended.

That there are no pending suits or judgments affecting the Premises.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006944

That all charges for water or sewer services provided to the Premises by the county and/or city in which the Premises are located which are currently due have been paid.

That there are no present violations on the land of any enforceable covenants, conditions or restrictions.

That the survey referred to in Schedule B of the aforesaid Commitment depicts all of the improvements located on the Premises as of the date of the survey, and there have been no structural changes to the exterior of the buildings shown on said survey since the date of said survey.

[For Sale Only] That the Owner is not a foreign person, foreign trust or other foreign entity as those terms are defined in or contemplated by Section 1445 of the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto.

That the federal taxpayer identification number of the Owner is _____.

The address of the principal place of business of the Owner is

THIS AFFIDAVIT is given this _____ day of _____, 2007 to induce First American Title Insurance Company and Regional Title Incorporated to make settlement and issue its Title Insurance Policy insuring the interest in real estate created by this transaction without exception as to possible unfiled Judgments, Tax Liens, or Adjudications.

_____

By:_____
Name:_____
Title:_____

DISTRICT OF COLUMBIA ) to-wit:

SUBSCRIBED and SWORN TO before me this _____ day of _____, 2007 by _____ of _____, a _____.

_____

Notary Public

My commission expires:_____



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006945

**EXHIBIT "A"**

**LEGAL DESCRIPTION**



FOIA CONFIDENTIAL TREATMENT REQUESTED

**EXHIBIT "B"**

**TENANTS**

**SEE ATTACHED RENT ROLL**



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006947

**EXHIBIT C**

Foreclosure Guaranty

**GUARANTY**

THIS GUARANTY is made and executed this _____ day of August, 2007, by (i) _____ ("Guarantor") in favor of (ii) _____ ("Landlord").

**WITNESSETH:**

WHEREAS, Landlord and Tenant have entered that certain Lease (the "Lease"), dated on or about the date hereof, whereby Landlord has leased to _____ ("Tenant") the premises known as _____, N.W., Washington, D.C. (hereinafter referred to as the "Premises"), as described in the Lease, and

WHEREAS, Guarantor desires to induce Landlord to execute and deliver the Lease to Tenant and Landlord is willing to execute and deliver the Lease to Tenant only if Guarantor guarantees to Landlord certain losses in the event of a foreclosure of a deed of trust following Landlord's subordination of its fee interest in the Premises to such deed of trust.

NOW, THEREFORE, in consideration of the foregoing, and of the mutual promises hereinafter set forth, the parties hereto hereby agree as follows:

1. Following the execution by Landlord of a Subordination Agreement as described in the Lease whereby the Landlord subjects its fee interest in the Premises to a deed of trust ("Deed of Trust"), in the event that there is a foreclosure of the Deed of Trust which results in a loss of Landlord's fee interest in the Premises, the Guarantor hereby jointly and severally guarantees to Landlord the following payment: Guarantor shall pay to Landlord on demand an amount equal to (a) the lesser of (i) the Fair- Market Value (as defined below), or (ii) the then applicable Purchase Price under the Lease, less (b) the sum of (i) the net proceeds distributed to Landlord from the foreclosure, plus (ii) the Rent Credit to which Tenant is entitled pursuant to Section 34 of the Lease.

2. Upon foreclosure as aforesaid, either party may provide the other with written notice of its desire to determine such Fair Market Value by the method provided in this Section 2, and in such notice such party shall designate the commercial sales broker appointed by it. Within fifteen (15) days thereafter, the other party shall, by written notice to the original party, designate a second commercial sales broker. If the second commercial sales broker is not designated within such fifteen (15) day period, the first commercial sales broker appointed shall proceed to make its valuation, in which case the Fair Market Value shall be the amount determined by such broker. If the two (2) commercial sales brokers so appointed do not agree on the Fair Market Value, and the values as determined by the brokers are within ten percent (10%) of each other, the Fair Market Value shall be the arithmetic average of the Fair Market Values determined by the commercial



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006948

sales brokers. If the two (2) commercial sales brokers so appointed do not agree on the Fair Market Value, and the values as determined by the brokers is ten percent (10%) or more apart from each other, the two commercial sales brokers shall mutually agree on a third commercial sales broker, in which case the third commercial sales broker shall conduct an independent analysis of the Fair Market Value and the Fair Market Value shall be the original Fair Market Value as determined by one of the two original commercial sales brokers which is closest to the third broker's determination of Fair Market Value. Additional terms:

a. Each commercial sales broker appointed pursuant to Section 2 shall be a licensed real estate broker of recognized competence who has had a minimum of ten (10) years experience as a commercial sales broker in Washington, D.C. and shall be a disinterested person. A disinterested person shall mean a commercial sales broker who is not affiliated with a commercial real estate brokerage house that (1) has or had a listing agreement for the Premises, (2) received a commission for this Lease or the Premises, or (3) handles or handled the primary real estate work for Landlord or Guarantor or an affiliate or principal of Landlord or Guarantor or any company of which a principal of Landlord or Guarantor owns more than ten percent (10%) of the stock or other ownership interests. All valuations of the Fair Market Value shall be in writing. Each commercial sales broker shall determine the fair market value for the Premises, as a whole, as of the date of foreclosure, on the basis of the use of the Land and the building and improvements thereon in their then-current state, taking into consideration the cost and all relevant factors affecting current market sales prices, such as but not limited to, any necessary repairs to the building and improvements, rent or sales concessions then typical in the market for like product types (if any), The party appointing such commercial sales broker shall be obligated, promptly after receipt of the valuation report prepared by the commercial sales broker appointed by such party, to deliver a copy of such valuation report to the other party.

b. The fees and expenses of each of the two (2) commercial sales brokers appointed pursuant to Section 2 shall be borne by the party appointing such commercial sales broker. If a third broker is appointed, the parties shall each be responsible for one-half of such broker's fees and expenses.

3. Guarantor's liability hereunder shall in no way be affected by any indulgence, extension, or forbearance which Landlord may grant to Tenant with respect to the payment or performance of any obligation of Tenant, or any waiver, on the part of Landlord of any breach of the Lease by Tenant; and Guarantor waives any requirement that Guarantor be notified of any such indulgence, extension, forbearance or waiver, and Guarantor waives notice of such matters and of any default by Tenant under the Lease. In the event Landlord is required under the provisions of any Deed of Trust or loan document, entered into by Tenant or Guarantor, to refrain from the exercise or enforcement of any rights or remedies under the Lease or this Guaranty ("Forbearance Period"), Guarantor agrees that



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006949

any statute of limitations applicable to such rights or remedies shall, to the extent permitted by law, automatically be tolled for a period equal to the Forbearance Period, plus 120 days.

4. No reasonable delay of the Landlord in exercising any rights and/or powers hereunder or in taking any action to enforce the performance of Tenant's obligations under the Lease shall operate as a waiver as to such rights or powers or in any manner prejudice any or all of Landlord's rights and powers hereunder against Guarantor.

5. This Guaranty may not be modified, altered or terminated except pursuant to an instrument in writing executed by Guarantor and Landlord. No waiver of any provision of this Guaranty shall be valid unless in writing and signed by Landlord. A failure of Landlord to insist upon strict performance of any obligation or covenant of Guarantor under this Guaranty in any one or more instances shall not be construed as a waiver or relinquishment of the right to insist upon strict performance of such obligation or covenant in the future.

6. This Guaranty is being made, executed and delivered in the District of Columbia and shall be construed and enforced in accordance with the laws of the District of Columbia.

7. Guarantor shall pay to Landlord all costs, including without limitation attorneys' fees, court costs and other disbursements, incurred by Landlord in connection with enforcing any provision of this Guaranty, whether or not any action or lawsuit is actually instituted by Landlord.

8. This Guaranty shall automatically terminate upon any of the following events: the release of Landlord from the Deed of Trust dated as of _____ by and among Landlord, _____ [lender] and Tenant, or upon the providing of a subsequent Foreclosure Guaranty meeting the requirements of Section 12(g) of the Lease.

IN WITNESS WHEREOF, the undersigned have executed this Guaranty on the day and year first above written.

GUARANTOR:

_____

# 4796469_v9



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006950

**EXHIBIT D**

Subordination Agreement



FOIA CONFIDENTIAL TREATMENT REQUESTED

RETURN TO:

_____
_____
_____
_____

Tax Parcel ID No: _____

Title Insurer: _____

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FEE AND LEASEHOLD DEED OF TRUST

This Fee and Leasehold Deed of Trust (this "Deed of Trust"), is dated as of September ___, 2007 (the "Effective Date"), by and among MEDAL, INC., a Virginia corporation, having an address of 9210 Pegasus Court, Potomac, Maryland 20854 ("Fee Owner") and _____, a _____, having an address of _____ _____ ("Borrower") (Fee Owner and Borrower, hereinafter collectively and individually referred to as "Trustor") to _____, TRUSTEE ("Trustee") in favor of _____, a _____, and its successors and assigns ("Beneficiary"):

RECITALS:

A. Fee Owner is the holder of the fee simple title to that certain parcel of land, known as Lot 46 in Square 393, N.W., Washington, D.C. containing approximately 11,330 square feet, (defined below as the "Premises").

B. Pursuant to the terms of that certain Ground Lease, dated August 3, 2007 (the "Ground Lease"), Fee Owner has leased and let to 1920 8th Street LLC, a Delaware limited liability company [reference assignments, if any] ("Borrower"), and Borrower has taken and hired from Fee Owner, all of the Premises and Fee Owner has granted to Borrower a right of purchase and a right of first refusal on the Premises, all as more particularly set forth therein.

C. Contemporaneously with the execution of this Deed of Trust, Robb M. LaKritz and Joshua A. Adler (collectively, the "Guarantors") are executing and delivering to Fee Owner a completion guaranty guaranteeing to Fee Owner the completion of the improvements on the Premises (the "Completion Guaranty") and a foreclosure guaranty guaranteeing to Fee Owner reimbursement of certain losses suffered by Fee Owner in the event of a foreclosure of the Premises under this Deed of Trust (the "Foreclosure Guaranty") (the "Ground Lease, the Completion Guaranty and the Foreclosure Guaranty, together with any extensions, modifications and substitutions thereof, are collectively referred to as the "Lease Documents"). [If the loan is not a construction loan, references to the Completion Guaranty will be deleted. If the loan is not subordinated, references to the Foreclosure Guaranty will be deleted,]

D. Beneficiary has agreed to make a [improvement / construction / development / permanent] loan in the principal amount of _____ (the "Loan") to Borrower for the Premises [and certain other land adjoining or about the Premises / and the construction of improvements thereon] evidenced by (i) a Promissory Note, dated as of the Effective Date, payable to the order of Beneficiary, executed by Borrower (including any extensions, modifications, amendments and substitutions thereof, the "Note"); (ii) a [Construction] Loan Agreement, dated as of the Effective Date, executed by Borrower (including any extensions, modifications, amendments and substitutions thereof, the "Loan Agreement"); and (iii) and all other documents now or hereinafter executed in favor or for the benefit of Lender which evidence, secure or are otherwise executed in connection with the Loan (collectively, the "Loan Documents"). [Will be adjusted per actual loan documents.]

E. It is a condition precedent to Beneficiary making the Loan that (a) Fee Owner grants and conveys its fee ownership interest in the Premises to Trustee to secure Beneficiary in the payment of the Loan and performance of the Loan Documents, (b) Borrower grants and conveys its leasehold ownership interest in the Premises to Trustee to secure Beneficiary in the payment of the Loan and performance of the Loan Documents, (c) the payment and performance of all obligations with respect to the Loan remain at all times prior and superior to the payment and performance of all obligations with respect to the Lease Documents, with respect to both Borrower's and Guarantors' obligations thereunder, (d) upon the occurrence of an Event of Default (as defined below) Fee Owner shall have no right to receive or accept any payment with respect to the Completion Guaranty unless and until the Event of Default is cured or the Loan is paid and performed in full,

except as otherwise expressly permitted hereunder, and (e) Fee Owner enters into the agreements with Beneficiary set forth herein.

F. Fee Owner is entering into this Deed of Trust in consideration of the Ground Lease and the rents and other charges payable thereunder. [For improvement, development or construction loan: Fee Owner may benefit from the making of the loan in that improvements to be constructed are expected to increase the value of the Premises and the loan will allow Borrower to meet its obligations under the Ground Lease.]

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Trustor agrees as follows:

In order to secure the payment of the indebtedness hereinafter referred to and the performance of the obligations, covenants, agreements, warranties and undertakings of Trustor hereinafter described, Trustor hereby GRANTS, BARGAINS, SELLS, CONVEYS, TRANSFERS, ASSIGNS, MORTGAGES, WARRANTS AND SETS OVER to Trustee for the benefit of Beneficiary, its successors and assigns, and grants to Beneficiary a security interest in, the following described property, rights and interest (referred collectively herein as the "Premises") all of which property, rights and interest are hereby granted and pledged primarily and on parity with the real estate (as defined below) and not secondarily:

THE REAL ESTATE located in the District of Columbia and legally described on Exhibit "A" attached hereto and made a part hereof ("Real Estate");

TOGETHER WITH all improvements of every nature whatsoever now or hereafter situated on the Real Estate, and all fixtures and personal property of every nature whatsoever now or hereafter owned by Trustor and located on, or used in connection with the Real Estate or the improvements thereon, or in connection with any construction thereon, including all extensions, additions, improvements, betterments, renewals, substitutions and replacements to any of the foregoing and all of the right, title and interest of Trustor in and to any such personal property or fixtures together with the benefit of any deposits or payments now or hereafter made on such personal property or fixtures by Borrower or on Borrower's behalf or by Fee Owner, if any ("Improvements");

TOGETHER WITH all easements, rights of way, gores of real estate, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, mineral rights, air rights, development rights and all estates, rights, titles, interests, privileges, tenements, hereditaments and appurtenances whatsoever, in any way now or hereafter belonging, relating or appertaining to the Real Estate, and the reversions, remainders, rents, issues and profits thereof, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law as well as in equity, of Trustor of, in and to the same;

TOGETHER WITH all interest of Fee Owner in all leases or subleases now or hereafter of all or a portion of the Premises, whether written or oral including, without limitation, the Ground Lease ("Leases"), together with all security therefor and all monies payable thereunder, all of which Fee Owner hereby absolutely and unconditionally assigns to Beneficiary; provided, however, that Fee Owner, so long as no Event of Default (as hereinafter defined) has occurred hereunder, may collect rent as it becomes due;

TOGETHER WITH all fixtures and articles of personal property now or hereafter owned by Trustor and forming a part of or used in connection with the Real Estate or the Improvements, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are or shall be attached to the Real Estate or the Improvements in any manner; it being mutually agreed that all of the aforesaid property owned by Trustor and placed on the Real Estate or the Improvements, so far as permitted by law, shall be deemed to be fixtures, a part of the realty, and security for the Indebtedness (as hereinafter defined); notwithstanding the agreement hereinabove expressed that certain articles of property form a part of the realty covered by this Deed of Trust and be appropriated to its use and deemed to be realty, to the extent that such agreement and declaration may not be effective and that any of said articles may constitute goods (as said term is used in the Uniform Commercial Code as adopted in the District of Columbia in effect from time to time ("Code"), this instrument shall constitute a security agreement, creating a security interest in such goods, as collateral, in Beneficiary, as a secured party, and Trustor, as Debtor, all in accordance with the Code; and

TOGETHER WITH all proceeds of the foregoing, including, without limitation, all judgments, awards of damages and settlements hereafter made resulting from condemnation proceeds or the taking of the Premises or any portion thereof under the power of eminent domain, any proceeds of any policies of insurance, maintained with respect to the Premises or proceeds of any sale, option or contract to sell the Premises or any portion thereof.

TO HAVE AND TO HOLD the Premises unto Trustee, and its successors and substitutes in this trust and to its and their successors and assigns, in trust, WITH POWER OF SALE AND THE RIGHT OF RE-ENTRY AND



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POSSESSION, for the benefit of Beneficiary and its successors and assigns, upon the terms, provisions and conditions herein set forth.

FOR THE PURPOSE OF SECURING THE FOLLOWING (collectively referred to herein as the "Indebtedness"): (i) the payment of the Loan and all interest, late charges, prepayment premium (if any), exit fee (if any), reimbursement obligations, fees and expenses for letters of credit issued by Beneficiary for the benefit of Trustor, if any, and other indebtedness evidenced by or owing under the Note, any of the other Loan Documents, any interest rate swap or hedge agreement now or hereafter entered into between Trustor and Beneficiary and any application for letters of credit and master letter of credit agreement, together with any extensions, modifications, or renewals of any of the foregoing; (ii) the performance and observance of the covenants, conditions, agreements, representations, warranties and other liabilities and obligations of Trustor or any guarantor or indemnitor of the Loan to or benefiting Beneficiary which are evidenced or secured by or otherwise provided in the Note, this Deed of Trust or any of the other Loan Documents except for the obligations of Robb M. LaKritz and Joshua A. Adler (collectively "Guarantor") under that certain Guaranty of Payment and Completion ("Guaranty") dated on or about the Effective Date and the obligations of Borrower and Guarantor under that certain Environmental Indemnity Agreement ("Indemnity"), dated on or about the Effective Date which obligations, notwithstanding anything to the contrary in this Deed of Trust, shall not be secured by this Deed of Trust; and (iii) the reimbursement to Beneficiary of any and all sums incurred, expended or advanced by Beneficiary pursuant to any term or provision of or constituting additional indebtedness under or secured by this Deed of Trust, any of the other Loan Documents, any interest rate swap or hedge agreement or any application for letters of credit and master letter of credit agreement, with interest thereon as provided herein or therein. No indebtedness under a loan, other than the Loan or loans for properties adjacent to the Premises or properties within a 1000-foot radius of the Premises, for which Guarantor or Borrower may be liable to Beneficiary (whether by cross-default or cross-collateralization) shall be deemed to be Indebtedness hereunder.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

1. Title. (a) Trustor represents, warrants and covenants that Fee Owner is the holder of the fee simple title to the Premises, free and clear of all liens and encumbrances, except those liens and encumbrances in favor of Beneficiary and as otherwise described on Exhibit "B" attached hereto ("Permitted Exceptions"); (b) Borrower represents, warrants and covenants that Borrower is the holder of the leasehold interest in the Premises pursuant to the terms of the Ground Lease, free and clear of all liens and encumbrances, except for the Permitted Exceptions and (c) Trustor has legal power and authority to mortgage and convey the Premises. Trustor acknowledges that any sale made under or by virtue of this Deed of Trust purporting to transfer all the right, title and interest therein to the purchaser, will divest all right, title and interest of Trustor in and to the property sold. Subject to applicable law, any purchaser at a foreclosure sale will receive immediate possession of the property purchased. If Trustor retains possession of the Premises or any part thereof subsequent to such sale, Trustor will be considered a tenant at sufferance of the purchaser, and will, if Trustor remains in possession after demand to remove, be subject to eviction and removal, forcible or otherwise, with or without process of law. In the event Borrower acquires the fee simple title to the Premises, such acquisition will not merge with the leasehold estate, but such other estate or interest will remain discrete and immediately become subject to the lien of this Deed of Trust, and Borrower shall execute, acknowledge and deliver any instruments requested by Beneficiary to confirm the lien of this Deed of Trust and pay any and all conveyance or mortgage taxes and filing or similar fees in connection with the execution, delivery, filing or recording of any such instrument.

2. Condemnation. If all or any part of the Premises are damaged, taken or acquired, either temporarily or permanently, in any condemnation proceeding, or by exercise of the right of eminent domain, the amount of any award or other payment for such taking or damages made in consideration thereof, to the extent of the full amount of the remaining unpaid Indebtedness, is hereby assigned to Beneficiary, who is empowered to collect and receive the same and to give proper receipts therefor in the name of Trustor and the same shall be paid forthwith to Beneficiary. Such award or monies shall be applied on account of the Indebtedness, irrespective of whether such Indebtedness is then due and payable and, at any time from and after the taking Beneficiary may declare the whole of the balance of the Indebtedness to be due and payable.

3. Effect of Extensions of Time and Other Changes. If the payment of the Indebtedness or any part thereof is extended or varied, if any part of any security for the payment of the Indebtedness is released, if the rate of interest charged under the Note is changed or if the time for payment thereof is extended or varied, all persons now or at any time hereafter liable therefor, or interested in the Premises or having an interest in Trustor, shall be held to assent to such extension, variation, release or change and their liability and the lien and all of the provisions hereof



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shall continue in full force, any right of recourse against all such persons being expressly reserved by Beneficiary, notwithstanding such extension, variation, release or change. Beneficiary shall provide notice to Fee Owner in advance of any such extension, variation, release or change; provided however, that Beneficiary's failure to provide such notice shall not be a default hereof or invalidate such extension, variation, release or change; and provided further, Fee Owner shall not be charged with notice of such extension, variation, release or change until it receives written notice thereof.

4. Events of Default; Acceleration. Each of the following shall constitute an "Event of Default" for purposes of this Deed of Trust:

(a) Borrower fails to pay (i) any installment of principal or interest payable pursuant to the Note on the date when due, or (ii) any other amount payable to Beneficiary under the Note, this Deed of Trust or any of the other Loan Documents within five (5) days after the date Borrower receives notice that any other payment was not paid when due in accordance with the terms hereof or thereof (a "Monetary Default");

(b) Borrower fails to perform or cause to be performed any other obligation or observe any other condition, covenant, term, agreement or provision required to be performed or observed by Borrower under the Note, or Trustor under this Deed of Trust or any of the other Loan Documents to which either Borrower or Fee Owner is a party ("Borrower Event of Default"); provided, however, that if such failure by its nature can be cured, then so long as the continued operation and safety of the Premises, and the priority, validity and enforceability of the liens created by the Deed of Trust or any of the other Loan Documents and the value of the Premises are not impaired, threatened or jeopardized, then Borrower shall have a period ("Cure Period") of thirty (30) days after Borrower obtains actual knowledge of such failure or receives written notice of such failure to cure the same and an Event of Default shall not be deemed to exist during the Cure Period; provided further that if such failure by its nature reasonably requires longer than thirty (30) days to cure and Borrower commences to cure such failure during the original Cure Period and is diligently and in good faith attempting to effect such cure, the Cure Period shall be extended for thirty (30) additional days, but in no event shall the Cure Period be longer than ninety (90) days in the aggregate;

(c) Fee Owner fails to perform or cause to be performed any other obligation or observe any other condition, covenant, term, agreement or provision required to be performed or observed by Fee Owner under this Deed of Trust beyond the Fee Owner Cure Period (defined below); provided, however, that if such failure by Fee Owner by its nature can be cured, then so long as the continued operation and safety of the Premises, and the priority, validity and enforceability of the liens created by the Deed of Trust or any of the other Loan Documents and the value of the Premises are not impaired, threatened or jeopardized, then Fee Owner shall have a period ("Fee Owner Cure Period") of thirty (30) days after Fee Owner obtains actual knowledge of such failure by Fee Owner or receives written notice of such failure by Fee Owner to cure the same and an Event of Default shall not be deemed to exist during the Fee Owner Cure Period; provided further that if such failure by its nature reasonably requires longer than thirty (30) days to cure and Fee Owner commences to cure such failure during the original Fee Owner Cure Period and is diligently and in good faith attempting to effect such cure, the Fee Owner Cure Period shall be extended for thirty (30) additional days, but in no event shall the Fee Owner Cure Period be longer than ninety (90) days in the aggregate;

(d) the existence of any inaccuracy or untruth in any material respect in any material representation or warranty contained in this Deed of Trust or any of the other Loan Documents or of any statement or certification as to facts delivered to Beneficiary by Fee Owner, Borrower or any Guarantor;

(e) Borrower, Fee Owner or any Guarantor files a voluntary petition in bankruptcy or is adjudicated a bankrupt or insolvent or files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal, state, or other statute or law, or seeks or consents to or acquiesces in the appointment of any trustee, receiver or similar officer of Fee Owner, Borrower or any Guarantor or of all or any substantial part of the property of Fee Owner, Borrower or any Guarantor or any of the Premises or all or a substantial part of the assets of Fee Owner, Borrower or any Guarantor are attached, seized, subjected to a writ or distress warrant or are levied upon unless the same is released or located within thirty (30) days;

(f) the commencement of any involuntary petition in bankruptcy against Fee Owner, Borrower or any Guarantor or the institution against Fee Owner, Borrower or any Guarantor of any reorganization,



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arrangement, composition, readjustment, dissolution, liquidation or similar proceedings under any present or future federal, state or other statute or law, or the appointment of a receiver, trustee or similar officer for all or any substantial part of the property of Fee Owner, Borrower or any Guarantor which shall remain undismissed or undischarged for a period of sixty (60) days;

(g) the dissolution, insolvency or winding-up of Fee Owner or Borrower or the occurrence of death or legal incompetency of all individual Guarantors;

(h) Any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of all or any portion of the Premises or the membership interests in Borrower; or

(i) Subject to Fee Owner's right to cure in Paragraph 4.(c), the occurrence of any default or event of default, after the expiration of any applicable periods of notice or cure, under the Ground Lease.

In the event of a Monetary Default or other default of Borrower that by its nature can be cured by the payment of money, the Fee Owner shall have ten (10) business days after Fee Owner obtains actual knowledge of such Monetary Default or receives written notice of such Monetary Default to cure the same and an Event of Default shall not be deemed to exist during such 10-business day period.

5. Remedies and Application of Proceeds.

Upon the occurrence of an Event of Default, Beneficiary may at any time, at its option and in its sole discretion, declare all Indebtedness to be due and payable and the same shall thereupon become immediately due and payable under the terms of the Indebtedness; with interest accruing thereon from the date of the Event of Default until paid, at the Default Rate (as defined in the Loan Documents). In addition to exercising any other remedy available at law, in equity and/or under the other Loan Documents, Beneficiary may also do any or all of the following, concurrently or otherwise, at such time and in such order as Beneficiary may determine, in its sole discretion, although it shall have no obligation to do any of the following

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of Beneficiary's security, enter with or without process of law upon and take possession of the Premises, or any part thereof, and do any acts which Beneficiary deems necessary or desirable to preserve the value, marketability or rentability of the Premises, or to increase the income therefrom or to protect the security hereof and, with or without taking possession of any of the Premises, sue for or otherwise collect all rents and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees and expenses, upon the Indebtedness, all in such order as Beneficiary may determine. The collection of rents and profits and the application thereof shall not cure or waive any Event of Default or notice thereof or invalidate any act done in response thereto or pursuant to such notice. In furtherance of the foregoing, to the fullest extent permitted by applicable law, following the occurrence of an Event of Default and during the continuance thereof, Beneficiary shall have the right to apply to a court of competent jurisdiction for and obtain appointment of a receiver of the Premises as a matter of strict right and without regard to the value of the Premises or the adequacy of the security for the Indebtedness, the existence of a declaration that the Indebtedness are immediately due and payable, or the filing of a notice of default, and Trustor hereby consents to such appointment;

(b) Bring an action in any court of competent jurisdiction to foreclose this instrument or to enforce any of the covenants hereof; provided, however, that Beneficiary shall have no recourse against Fee Owner under this Deed of Trust or any other Loan Document, except for Beneficiary's rights to lawfully foreclosure upon Fee Owner's fee interest in the Premises, and except in case of fraud, gross negligence or willful misconduct of Fee Owner;

(c) Elect to sell by power of sale the Premises and, upon such election, such notice of Event of Default and election to sell shall be given as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of sale as may then be required by law, at the time and place specified in the notice of sale, Trustee shall sell such Premises, or any portion thereof specified by Beneficiary, at public auction to the highest bidder for cash in lawful money of the United States. Trustee may, and upon request of Beneficiary shall, from time to time, postpone the sale by public announcement thereof at the time and place noticed therefor. If the Premises consists of several lots, parcels or interests, Beneficiary may designate the order in which the same shall be offered for sale or sold. Trustor waives all rights to direct the order in which any of the Premises will be sold in the event of any sale under this Deed of Trust, and also any of right to have any of the Premises marshaled



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upon any sale. In the case of a sale under this Deed of Trust, the said property, real, personal and mixed, may be sold in one parcel or more than one parcel. Should Beneficiary desire that more than one such sale or other disposition be conducted, Beneficiary may, at its option, cause the same to be conducted simultaneously, or successively on the same day, or at such different days or times and in such order as Beneficiary may deem to be in its best interest. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. Upon any sale, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the Premises so sold, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession. Beneficiary, from time to time before the trustee's sale pursuant to this section, may rescind any notice of Event of Default and of election to cause to be sold the Premises by executing and delivering to Trustee a written notice of such rescission, which notice, shall also constitute a cancellation of any prior Event of Default and demand for sale. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other declarations of default and demand for sale, and notices of breach or default, nor otherwise affect any provision, covenant or condition of the Loan Agreement, the Note and/or of this Deed of Trust or any of the rights, obligations or remedies of the parties thereunder or hereunder. In furtherance of the foregoing, Beneficiary hereby directs and empowers the Trustee to take possession of any or all of the Premises and to sell the Premises, in whole or in part, and in the case of default of any purchaser or purchasers, resell all the Premises as an entirety, or in such parcels as Beneficiary shall in writing request, or, in the absence of such request, as the Trustee may determine, at public auction at some convenient place in the District of Columbia, at such time, in such manner and upon such terms as the Trustee may fix. The notice of sale shall state the time and place of the sale, shall contain a brief general description of the Premises to be sold, and shall be sufficiently given if published in either The Washington Post or other publications where such notices are customarily published or in the place(s) where such sale is to take place, such advertisement of sale to be published five (5) times every other day (excluding Sundays and holidays) over a ten business day period prior to the day of said sale, subject to compliance with Section 42-815(b) of the D.C. Code, and Beneficiary or Trustee shall cause further public advertisement to be made as they deem advisable. Any such sale may be adjourned by the Trustee by announcement at the time and place appointed for such sale or for such adjourned sale(s), and, without further notice or publication, such sale may be made at the time and place to which same shall be so adjourned. Upon the completion of any sale, the Trustee shall execute and deliver to the purchaser(s) a good and sufficient deed of conveyance, or assignment and transfer, lawfully conveying, assigning and transferring, without warranty, the property sold.

(d) Exercise each of its other rights and remedies under this Deed of Trust or any other Loan Documents.

(e) Except as otherwise required by law, apply the proceeds of any foreclosure or disposition hereunder to payment of the following: (i) the expenses of such foreclosure or disposition, including, without limitation, reasonable and customary fees of Trustee, (ii) the cost of any search or other evidence of title procured in connection therewith and revenue stamps on any deed or conveyance, (iii) all sums expended under the terms hereof, not then repaid, with accrued interest in the amount provided herein, (iv) all other sums secured hereby, and (v) the remainder, if any, to the person or persons legally entitled thereto.

(f) Upon any sale or sales made under or by virtue of this section, whether made under the power of sale or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Premises or any part thereof. In lieu of paying cash for the Premises, Beneficiary may make settlement for the purchase price by crediting against the Indebtedness the sales price of the Premises, as adjusted for the expenses of sale and the costs of the action and any other sums for which Trustor is obligated to reimburse Trustee or Beneficiary under this Deed of Trust.

(g) In the event that Trustor has an equity of redemption and the Premises is sold pursuant to the power of sale or otherwise under or by virtue of this paragraph, the purchaser may, during any redemption period allowed, make such repairs or alterations (but not additions) on said Premises as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid together with interest thereon from the time of such expenditures at the Default Rate, which is defined in the Note as being ____% [default rate not to exceed 24%] (if not prohibited by law, otherwise at the highest lawful contract rate) shall be added to and become a part of the amount required to be paid for redemption from such sale.

6. Beneficiary's Right of Possession in Case of Default. At any time after an Event of Default has occurred, Trustor shall, upon demand of Beneficiary, surrender to Beneficiary possession of the Premises. Beneficiary, in its discretion, may, with process of law, enter upon and take and maintain possession of all or any part of the Premises, together with all documents, books, records, papers and accounts relating thereto, and may exclude Trustor and its employees, agents or servants therefrom, and Beneficiary may then hold, operate, manage and



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control the Premises, either personally or by its agents. Beneficiary shall have full power to use such measures, legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues, and profits of the Premises, including actions for the recovery of rent, actions in forcible detainer and actions in distress for rent.

7. Application of Income Received by Beneficiary. To the extent permitted by applicable law, Beneficiary, in the exercise of the rights and powers hereinabove conferred upon it, shall have full power to use and apply the avails, rents, issues and profits of the Premises to the payment of or on account of the following, in such order as Beneficiary may determine:

(a) to the payment of the operating expenses of the Premises, including cost of management and leasing thereof (which shall include compensation to Beneficiary and its agent or agents, if management be delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), third party claims for property damage, death or personal injury at or concerning the Premises for which a judgment has been reached or for which Beneficiary has determined that settlement is appropriate in its reasonable judgment, if any, and premiums on insurance hereinabove authorized;

(b) to the payment of taxes and special assessments now due or which may hereafter become due on the Premises; and

(c) to the payment of any Indebtedness, including any deficiency which may result from any foreclosure sale.

8. Rights Cumulative. Each right, power and remedy herein conferred upon Beneficiary is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing under any of the Loan Documents or at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by Beneficiary, and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of Beneficiary in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any Event of Default or acquiescence therein.

9. Release Upon Payment and Discharge of Borrower's Obligations. Beneficiary shall release this Deed of Trust and the lien hereof by proper instrument upon payment and discharge of all Indebtedness, including payment of all reasonable expenses incurred by Beneficiary in connection with the execution of such release.

10. Waiver of Rights. Trustor hereby covenants and agrees that it will not at any time insist upon or plead, or in any manner claim or take any advantage of, any stay, exemption or extension law or any so-called "Moratorium Law" now or at any time hereafter in force providing for the valuation or appraisement of the Premises, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provisions herein contained, or to decree, judgment or order of any court of competent jurisdiction; or, after such sale or sales, claim or exercise any rights under any statute now or hereafter in force to redeem the property so sold, or any part thereof, or relating to the marshaling thereof, upon foreclosure sale or other enforcement hereof; and without limiting the foregoing:

(a) To the extent permitted by law, Trustor hereby expressly waives any and all rights of reinstatement and redemption, if any, under any order or decree of foreclosure of this Deed of Trust, on its own behalf and on behalf of each and every person, it being the intent hereof that any and all such rights of reinstatement and redemption of Trustor and of all other persons are and shall be deemed to be hereby waived; and

(b) Trustor will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any right, power remedy herein or otherwise granted or delegated to Beneficiary but will suffer and permit the execution of every such right, power and remedy as though no such law or laws had been made or enacted.

(c) To the full extent Trustor may do so, Trustor agrees that Trustor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisement,



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valuation, stay, extension or redemption, and Trustor, for Trustor, Trustor's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Premises, to the extent permitted by applicable law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, notice of intention to mature or declare due the whole of the secured indebtedness, notice of election to mature or declare due the whole of the secured indebtedness and all rights to a marshaling of assets of Trustor, including the Premises, or to a sale in inverse order of alienation in the event of foreclosure of the liens and/or security interests hereby created. Trustor shall not have or assert any right under any statute or rule of law pertaining to the marshaling of assets, sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or other matters whatever to defeat, reduce or affect the right of Beneficiary under the terms of this Deed of Trust to a sale of the Premises for the collection of the secured indebtedness without any prior or different resort for collection, or the right of Beneficiary under the terms of this Deed of Trust to the payment of the secured indebtedness out of the proceeds of sale of the Premises in preference to every other claimant whatever.

11. Additional Indebtedness Secured. All persons and entities with any interest in the Premises or about to acquire any such interest should be aware that this Deed of Trust secures more than the stated principal amount of the Note and interest thereon; this Deed of Trust secures any and all other amounts which may become due under the Note or any other documents evidencing or securing the Indebtedness.

12. Subordination of Lease Documents. The Lease Documents and any other document evidencing or securing any indebtedness of Borrower or Guarantor to Fee Owner, and all of the terms, covenants and conditions contained therein with respect to both Borrower's and Guarantors' obligations thereunder, are, and shall continue to be, subject and subordinate in all respects, including payments and priority, to the lien of the Deed of Trust and the other Loan Documents and all advances now or hereafter made thereunder without regard to the application of such proceeds, together with all interest, late fees, default interest and all other sums now or hereafter due under the Deed of Trust, the Note, and the other Loan Documents. The foregoing shall apply, notwithstanding the availability of other collateral to Beneficiary or the actual date and time of execution, delivery, recordation, filing or perfection of the Deed of Trust, this Agreement, the Lease Documents, or the lien or priority of payment thereof; provided, however, in the absence of a monetary default on payment of the Note by Borrower, Fee Owner may continue to collect rents due under the Ground Lease.

13. Payments Under the Lease Documents. Upon the receipt of written notice from Beneficiary to Fee Owner of the occurrence of an Event of Default (or any subsequent written notice of an Event of Default following the cure of a prior Event of Default) under this Deed of Trust, unless and until the receipt of written notice from Beneficiary to Fee Owner that such Event of Default is cured or the Indebtedness has been paid and performed in full, Fee Owner shall not receive or accept any payment with respect to the Lease Documents and shall not take any action to enforce any rights or remedies with respect to the Lease Documents.

14. Recognition of Beneficiary. Fee Owner and Borrower each acknowledge and agree that:

(a) Beneficiary is a "Leasehold Mortgagee" as defined under the terms of the Ground Lease and shall receive the benefit of all of the rights and privileges of the Leasehold Mortgagee, and may enforce in its name the obligations, covenants and agreements of Fee Owner and Borrower to the Leasehold Mortgagee, under the terms of the Ground Lease, the terms of which are incorporated herein by reference;

(b) Beneficiary is an intended third party beneficiary of the Ground Lease; and

(c) In addition to any rights and protection afforded Beneficiary under the terms of the Ground Lease, Fee Owner shall not accept a voluntary surrender or cancellation of Borrower's interest in the Ground Lease, nor shall any future modification or amendment of the lease terms hereof be effective without the written consent of Beneficiary.

15. Miscellaneous.

(a) Successors and Assigns. This Deed of Trust and all provisions hereof shall be binding upon and enforceable against Trustor and their assigns and other successors. This Deed of Trust and all provisions hereof shall inure to the benefit of Beneficiary, its successors and assigns and any holder or holders, from time to time, of the Note.



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(b) Invalidity of Provisions; Governing Law. In the event that any provision of this Deed of Trust is deemed to be invalid by reason of the operation of law, or by reason of the interpretation placed thereon by any administrative agency or any court, Trustor and Beneficiary shall negotiate an equitable adjustment in the provisions of the same in order to effect, to the maximum extent permitted by law, the purpose of this Deed of Trust and the validity and enforceability of the remaining provisions, or portions or applications thereof, shall not be affected thereby and shall remain in full force and effect. This Deed of Trust is to be construed in accordance with and governed by the laws of the District of Columbia.

(c) Municipal Requirements. Trustor shall not by act or omission permit any building or other improvement on premises not subject to the lien of this Deed of Trust to rely on the Premises or any part thereof or any interest therein to fulfill any municipal or governmental requirement, and Trustor hereby assigns to Beneficiary any and all rights to give consent for all or any portion of the Premises or any interest therein to be so used. Similarly, no building or other improvement on the Premises shall rely on any premises not subject to the lien of this Deed of Trust or any interest therein to fulfill any governmental or municipal requirement. Any act or omission by Trustor which would result in a violation of any of the provisions of this subparagraph shall be void.

(d) Option of Beneficiary to Subordinate. At the option of Beneficiary, this Deed of Trust shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any condemnation or eminent domain award) to the Ground Lease and/or any subleases of all or any part of the Premises upon the execution by Beneficiary of a unilateral declaration to that effect and the recording thereof in the Land Records of the District of Columbia.

(e) Beneficiary in Possession. Nothing herein contained shall be construed as constituting Beneficiary a mortgagee in possession in the absence of the actual taking of possession of the Premises by Beneficiary pursuant to this Deed of Trust.

(f) Relationship of Beneficiary and Trustor. Beneficiary shall in no event be construed for any purpose to be a partner, joint venturer, agent or associate of Trustor or of any lessee, operator, concessionaire or licensee of Trustor in the conduct of their respective businesses, and, without limiting the foregoing, Beneficiary shall not be deemed to be such partner, joint venturer, agent or associate on account of Beneficiary becoming a mortgagee in possession or exercising any rights pursuant to this Deed of Trust, any of the other Loan Documents, or otherwise. The relationship of Borrower and Beneficiary hereunder is solely that of debtor/creditor.

(g) Time of the Essence. Time is of the essence of the payment by Borrower of all amounts due and owing to Beneficiary under the Note and the other Loan Documents and the performance and observance by Trustor and Beneficiary of all terms, conditions, obligations and agreements contained in this Deed of Trust and the other Loan Documents.

(h) No Merger. The parties hereto intend that the Deed of Trust and the lien hereof shall not merge in fee simple title to the Premises, and if Beneficiary acquires any additional or other interest in or to the Premises or the ownership thereof, then, unless a contrary intent is manifested by Beneficiary as evidenced by an express statement to that effect in an appropriate document duly recorded, this Deed of Trust and the lien hereof shall not merge in the fee simple title and this Deed of Trust may be foreclosed as if owned by a stranger to the fee simple title.

(i) Consent to Jurisdiction TO INDUCE BENEFICIARY TO ACCEPT THE NOTE, TRUSTOR IRREVOCABLY AGREES THAT, SUBJECT TO BENEFICIARY'S SOLE AND ABSOLUTE ELECTION, ALL ACTIONS OR PROCEEDINGS IN ANY WAY ARISING OUT OF OR RELATED TO THE NOTE AND THIS DEED OF TRUST WILL BE LITIGATED IN COURTS HAVING SITUS IN THE DISTRICT OF COLUMBIA. TRUSTOR HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY COURT LOCATED WITHIN THE DISTRICT OF COLUMBIA, WAIVES PERSONAL SERVICE OF PROCESS UPON TRUSTOR, AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED MAIL DIRECTED TO TRUSTOR AT THE ADDRESS STATED HEREIN AND SERVICE SO MADE WILL BE DEEMED TO BE COMPLETED UPON ACTUAL RECEIPT.

(j) Waiver of Jury Trial. TRUSTOR AND BENEFICIARY (BY ACCEPTANCE HEREOF), HAVING BEEN REPRESENTED BY COUNSEL EACH KNOWINGLY AND VOLUNTARILY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006960

ANY RIGHTS (a) UNDER THIS DEED OF TRUST OR ANY OTHER LOAN DOCUMENT OR ANY RELATED AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THIS DEED OF TRUST OR (b) ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS DEED OF TRUST, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING WILL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. TRUSTOR AGREES THAT IT WILL NOT ASSERT ANY CLAIM AGAINST BENEFICIARY OR ANY OTHER PERSON INDEMNIFIED UNDER THIS DEED OF TRUST ON ANY THEORY OF LIABILITY FOR SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES.

(k) Complete Agreement. This Deed of Trust, the Note and the other Loan Documents constitute the complete agreement between the parties with respect to the subject matter hereof and the Loan Documents may not be modified, altered or amended except by an agreement in writing signed by both Trustor and Beneficiary.

(l) References to State. The word "state" or "jurisdiction" shall include the District of Columbia.

IF LOAN IS A CONSTRUCTION LOAN, THEN (m) SHALL APPLY:

(m) Construction Loan. This Deed of Trust constitutes a "construction loan deed of trust" as defined in the D.C. Code to the extent that it secures an obligation incurred for the construction of the Improvements, including (if applicable) the acquisition cost of the real estate. The Note evidences a debt created by one or more disbursements made by Beneficiary to Borrower to finance the cost of the construction of certain improvements upon the Real Estate in accordance with the provisions of the Loan Agreement, and this Deed of Trust is a construction deed of trust as such term is defined in Section 9-334(h) of the Code. The terms and conditions recited and set forth in the Loan Agreement are fully incorporated in this deed of trust and made a part hereof, and an Event of Default under any of the conditions or provisions of the Loan Agreement shall constitute a default hereunder. Upon the occurrence of any such Event of Default, the holder of the Note may at its option declare the Indebtedness immediately due and payable, or complete the construction of said improvements and enter into the necessary contracts therefor, in which case all money expended shall be so much additional Indebtedness and any money expended in excess of the amount of the original principal shall be immediately due and payable with interest until paid at the Default Rate. In the event of a conflict between the terms of the Loan Agreement and this Deed of Trust, the provisions of the Loan Agreement shall apply and take precedence over the Deed of Trust; provided however, that as to Fee Owner's rights, obligations and liabilities hereunder, the terms of this Deed of Trust shall prevail over any contrary provisions of any other Loan Document.

16. Additional Agreements.

(a) Beneficiary may substitute Trustee hereunder in any manner now or hereafter provided by law or, in lieu thereof, Beneficiary may from time to time, by an instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed and acknowledged by Beneficiary and recorded in the office of the Recorder of Deeds of the District of Columbia, shall be conclusive proof of proper substitution of such successor Trustee, who shall thereupon and without conveyance from the predecessor Trustee, succeed to all its title, estate, rights, powers and duties.

(b) Beneficiary shall furnish any statement required by law regarding the obligations secured hereby or regarding the amounts held in any trust or reserve fund hereunder. For any such statement, Beneficiary may charge a reasonable fee, not to exceed the maximum amount permitted by law at the time of the request thereof.

(c) It is expressly stipulated and agreed to be the intent of Beneficiary and Trustor, at all times to comply with applicable District of Columbia law governing the highest lawful rate or amount of interest payable on the Loan (or applicable United States federal law to the extent that it permits Beneficiary to contract for, charge, take, reserve or receive a greater amount of interest than under District of Columbia law).

17. Future Advances. This Deed of Trust shall secure not only existing Indebtedness, but also such future advances of Indebtedness, whether such advances are obligatory or to be made at the option of Beneficiary, or otherwise, to the same extent as if such future advances were made on the date of the execution of this Deed of Trust. Any such future advances of Indebtedness, whether obligatory or to be made at the option of Beneficiary, or otherwise, may be made either prior to or after the due date of the Note or any other notes secured by this Deed of Trust. This



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006961

Deed of Trust is given for the specific purpose of securing the Indebtedness in whatever manner the Indebtedness may be evidenced or represented, until this Deed of Trust is satisfied of record. All covenants and agreements contained in this Deed of Trust shall be applicable to all further advances of Indebtedness made by Beneficiary to Trustor under this future advance clause.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGE FOLLOWS]



FOIA CONFIDENTIAL TREATMENT REQUESTED 

IN WITNESS WHEREOF, Trustor has executed under seal and delivered this Fee and Leasehold Deed of Trust as of the Effective Date.

FEE OWNER:

MEDAL, INC.
a Virginia corporation

By: _____(seal)
Name:
Title:

STATE OF _____ )
COUNTY OF _____ )

Before me in the jurisdiction aforesaid, the undersigned, a Notary Public, on this ___ day of _____, 20___, personally appeared _____, to me known personally, and whom, being by me duly sworn, depose and say that he is the _____ of Medal, Inc., a Virginia corporation and that said instrument was signed in such capacity and acknowledged said instrument to be the free act and deed of Medal, Inc.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

_____
Notary Registration Number

(Notarial Seal)
My commission expires: _____

BORROWER:

_____,
a _____

By: _____(seal)
Name:
Title:

STATE OF _____ )
COUNTY OF _____ )

Before me in the jurisdiction aforesaid, the undersigned, a Notary Public, on this ___ day of _____, 20___, personally appeared _____, to me known personally, and whom, being by me duly sworn, depose and say that he is the _____ of _____, a _____ and that said instrument was signed in such capacity and acknowledged said instrument to be the free act and deed of 1920 8th Street, LLC.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

_____
Notary Registration Number

(Notarial Seal)
My commission expires: _____



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006963

**EXHIBIT A**

**LEGAL DESCRIPTION OF PREMISES**



FOIA CONFIDENTIAL TREATMENT REQUESTED

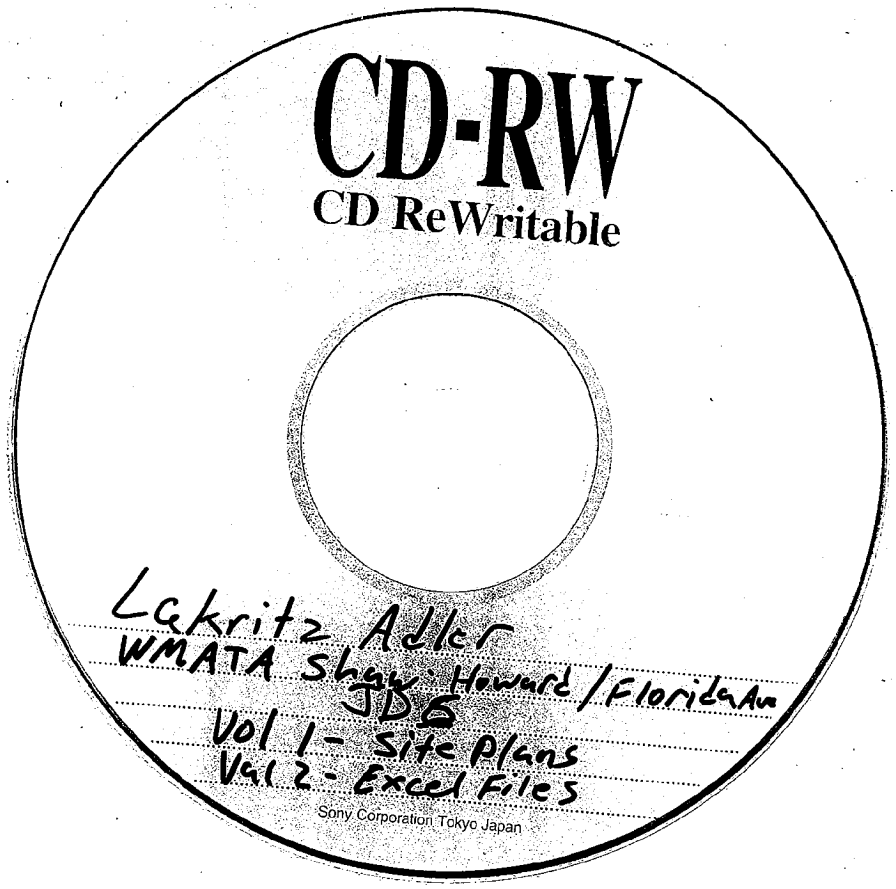
**EXHIBIT B**

**PERMITTED EXCEPTIONS**

# 4796382_v6



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 006965


CD-RW
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Lakritz Adler
WMATA Shaw-Howard / Florida Av
JDE
Vol 1 - Site Plans
Vol 2 - Excel Files
Sony Corporation Tokyo Japan

July 16, 2008

Mr. John Adler
LaKritz Adler Development LLC
4326 8th Street NW
Washington, DC 20011

*Re: Letter of Credit* No: 9560251537/00001

Dear Mr. Adler:

Enclosed is the original letter of credit your team posted for its Shaw-Howard/ Florida Avenue joint development proposal. We thank you for answering our solicitation and for providing a well thought-out proposal. We hope that you will consider responding to future solicitations.

Sincerely,

Joel R. Washington

Joel R. Washington
Director of Station Area Planning and Asset Management
Office of Planning and Joint Development

**Washington Metropolitan Area Transit Authority**

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

By Metrorail:
Judiciary Square—Red Line
Gallery Place-Chinatown—Red, Green and Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6, 70, 71, 80, X2

*A District of Columbia, Maryland and Virginia Transit Partnership*

FOIA CONFIDENTIAL TREATMENT REQUESTED

Washington
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Yellow Lines
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Routes D1, D3, D6, P6,
70, 71, 80, X2

*A District of Columbia,
Maryland and Virginia
Transit Partnership*

**VIA CERTIFIED MAIL, FASCIMILE AND E-MAIL**

August 24, 2007

Mr. Joshua Adler, Principal
LaKritz Adler Development, LLC
4326 8th Street, NW
Washington, DC 20011

RE: Proposal for Shaw-Howard WMATA Property

Dear Mr. Adler:

Thank you for your proposal to develop Washington Metropolitan Area Transit Authority (WMATA) property on Florida Avenue near the Shaw-Howard University Metro station. WMATA is gratified to have received a number of proposals and has carefully reviewed them, together with representatives of the District of Columbia government. We have eliminated some proposals from further consideration.

We are now requesting a full proposal from your organization in accordance with WMATA's standard solicitation guidelines which are attached.

Note that the material supplied to WMATA to date is a not a substitute for that requested in this solicitation. In particular, ability to perform financially and the financial offer remain key considerations for WMATA.

WMATA is required by the Federal Transit Administration to sell or lease its property for the highest and best use which WMATA determines through an appraisal. The appraisal remains confidential. WMATA expects offers made at today's value to be escalated to the actual date of closing or first base rent payment and, in the case of a lease, escalated annually thereafter. WMATA is seeking firm commitments on payment dates and amounts. Your offer should include both.

WMATA's Board of Directors has expressed a preference for leasing rather than selling its property. To be competitive, a proposal for lease, as well as sale, should be submitted.

Local jurisdiction and community representatives who should be contacted, as required for full proposals, are:

Geraldine Gardner, Acting Associate Director for Neighborhood Planning, DC Office of Planning, 202-442-7619, Geraldine.Gardner@dc.gov

Myla Moss, Vice Chairman, Advisory Neighborhood Commission 1B, 202-462-4913, mjmenjoy@yahoo.com

We look forward to receiving your full proposal. Please deliver it to WMATA headquarters at 600 Fifth Street, NW by 3 p.m. on Friday, October 5, 2007. If you have any questions, please call Rosalyn Doggett at 202-962-2208.

Sincerely,

Joel R. Washington
Acting Director
Office of Property Development and Management

Attachment

December 4, 2007

Joshua Adler, Principal
Lakritz Adler Development, Inc.
4326 8th Street, NE
Washington, DC 20011

**Re:** Shaw-Howard Florida Avenue Joint Development Site

Dear Mr. Adler:

Thank you for the submission of your proposal for the above-referenced 2007 Joint Development Solicitation (JDS) site.

The purpose of this letter is to bring to your attention missing or incomplete items or items that require further discussion and clarification. We would like to schedule an oral presentation by your team on December 12, 2007 at 11 a.m. at WMATA headquarters and have attached instructions for the presentation. We ask that you provide 10 copies of the supplementary information requested in this letter not later than the presentation and preferably before so that we may first review it.

The following items need clarification, correction or completion:

Technical Information

Within the schedule you presented, please indicate the outside, firm date by which a purchase or lease would occur.

What, if any, zoning approvals or variances will you be seeking for Parcels 1 or 3?

Do you expect that Parcel 3 loading from Florida Avenue will be acceptable to DDOT?

Though you have identified existing hotels in the competitive market, how would you assess the opportunity for the hotel type you are proposing if a competitive product were developed in Howard Town Center?

Please relate your experience with office condominiums.

**Washington Metropolitan Area Transit Authority**

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*A District of Columbia, Maryland and Virginia Transit Partnership*

Economic Information

Note that your valuation of the site is considerably below WMATA's appraisal and needs to be increased substantially or your offer cannot be considered. Likewise, the percentage of rent to value falls below WMATA appraisal thresholds and needs to be raised. These are FTA requirements.

WMATA expects escalation in the sale or rent amount from today's values if closing is delayed beyond a year. It further expects and receives option fees for each year that the property is held off the market, until closing. Please provide your proposal.

WMATA also expects and receives participations in capital events and in cash flow (or, alternatively to cash flow, revaluation of the project in which rent values do not fall below the previous year). Please provide your proposal.

It appears from your discussion that you are interested basically in a sale on Parcels 1 and 2 because of your financial arrangement with the Parcel 2 adjacent property owner and your interest in office condominiums. If you entertain a lease, explain how that can be accommodated given your option to purchase the adjoining property. Also, explain how you would combine the two properties in separate ownerships.

It appears that you are valuing the property adjacent to Parcel 2 at $94/FAR sf ($4.8M sales price divided by 11,330 sf x 4.5 FAR) whereas you value Parcel 2 at $42/FAR sf. ($4.9M divided by 26,100 sf x 4.5 FAR). Please explain the disparity and assure WMATA that it is not subsidizing the adjacent property deal.

Note that WMATA standard leases require annual minimum escalations of rent (as opposed to the once every 10 years that you have offered) and, also, that owing to past experience, WMATA has decided that it cannot grant a right of first refusal as you propose.

We look forward to your presentation and to further discussion on this project.

Sincerely,

Joel R. Washington

Joel R. Washington, Director
Station Area Planning and Asset Management

Attachment

Josh Adler
2/3/09

Josh has heard:

Bannaker has approached at least 10 equity sources who declined to participate on the basis of the numbers

Metropolitan
McFadden

Jim Graham asked him to try to make a deal
They had a term sheet over the summer
Never heard back from Bannaker from Sept forward

Bannaker has NO RESOURCES

In short, we are highly confident that our proposed uses are best and that our valuation is the highest that can be supported by conventional financing, without the need for substantial public subsidies, under today's market conditions for financing, leasing, construction and sales. We are confident that if the WMATA appraisal differs significantly from our conclusions, it is because the appraisal is either out of date, or uses inappropriate sale comparables, construction costs, or financing assumptions.

Finally, having given additional thought to the practical difficulty of administering the purchase price credit that we suggested in our most recent response letter for unique tunnel-related site-work, we would like to reaffirm the purchase prices set forth in our proposal:

**Parcel 1:** $590,000
**Parcel 2:** $1,600,000
**Parcel 3:** $2,700,000
**Total Offer Price**: $4,890,000

**Ground Lease.** In response to your question about whether we are still interested in a ground lease, we are. However, we continue to believe that a ground lease represents an inferior alternative for both parties. For one, it provides less development flexibility for these sites, resulting in a lower present valuation. If WMATA's interest is in long-term income, it would be better served to maximize its proceeds from an unrestricted sale and then reinvest those proceeds in investment vehicles that would provide a higher rate of current return than the unsubordinated ground leases on these sites (given the value-impairment that the unsubordinated ground leases impose). This is trebly the case if WMATA insists on a 60-year ground lease term for the parcels, which would greatly constrain development options. Such a short term ground lease would probably make single-story retail the only feasible plan, as a large, complex construction project could not be recouped with an adequate return from cash flow in sixty years (the short lease would eliminate the appreciation component of the return). This would not only contradict WMATA's expressed interest in achieving the highest and best transit use of the parcels, it would contradict the principles of transit-oriented development and the jurisdiction's comprehensive plan for mixed-use and maximum density on these sites. Needless to say, the present value of the parcels would be dramatically reduced as well.

In summary, we remain eager to reach an agreement to purchase these lots from WMATA on market-rate terms, as we have proposed, and we are certain of our ability to perform on the plans and terms we have proposed, even in today's unfavorable market conditions. As you know, we have been studying and planning the development of these lots for several years, and as residents and active developers in the immediate neighborhoods, we know how strongly our community wants to see these long-vacant lots finally contribute to the economic renaissance of U Street and the greater Shaw neighborhood.

Sincerely,

Joshua Adler
Co-Managing Member
LaKritz | Adler Development, LLC



LaKritz | Adler Development, LLC
4326 8th Street, NW • Washington, DC 20011
(202) 882-0808 • Fax (202) 882-0809

FOIA CONFIDENTIAL TREATMENT REQUESTED

December 4, 2007

Joshua Adler, Principal
Lakritz Adler Development, Inc.
4326 8th Street, NE
Washington, DC 20011

Re: Shaw-Howard Florida Avenue Joint Development Site

Dear Mr. Adler:

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The purpose of this letter is to bring to your attention missing or incomplete items or items that require further discussion and clarification. We would like to schedule an oral presentation by your team on December 12, 2007 at 11 a.m. at WMATA headquarters and have attached instructions for the presentation. We ask that you provide 10 copies of the supplementary information requested in this letter not later than the presentation and preferably before so that we may first review it.

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FOIA CONFIDENTIAL TREATMENT REQUESTED

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We look forward to your presentation and to further discussion on this project.

Sincerely,

Joel R. Washington

Joel R. Washington, Director
Station Area Planning and Asset Management

Attachment

# WMATA PRESENTATION

## Shaw-Howard / Florida Avenue IDS

Part II Technical Proposal Summary

LaKritz | Adler Development, LLC

December 19, 2007

FOIA CONFIDENTIAL TREATMENT REQUESTED

# I. Executive Summary

- LaKritz | Adler Development, a Washington D.C., LSDBE developer strong in the Shaw, U Street and Georgia Avenue communities, working with DANAC Corporation, a regional commercial developer (built the one million square foot Rockville Town Square), and Milestone Capital Corporation, a regional hotel developer/operator (built Silver Spring's Hilton, Hampton Inn and Homewood hotels), proposes to acquire Parcels 1, 2 and 3, join Parcel 2 with 1920 8th Street, and develop:
  - On Parcel 1: 4,100 s.f. New "Warehouse Theater" and Restaurant
  - On Parcel 2 + 1920 8th Street: 90,000 s.f. Office and Retail
  - On Parcel 3: 72,000 s.f. Hotel and Retail

LAKRITZ | ADLER

WMATA-INV 006977

FOIA CONFIDENTIAL TREATMENT REQUESTED

# II. Development Team

- LaKritz | Adler Development, LLC: lead developer
  - Principals: Robb LaKritz, Josh Adler (LSDBE/RBO-certified, Washington, D.C.)
  - Exclusive control of key adjacent parcel (1920 8th St., 11,320 s.f. lot)
  - Unique knowledge and history of the sites
  - Strong history in Shaw, U Street, Georgia Avenue communities
    - Moderno: 35,000 s.f. mixed-use project, 12th & U, in construction ($12 million cost)
    - Veritas Building: 13,000 s.f. office/retail rehab, Florida Ave.
    - Temperance Hall: 6,000 s.f. new construction retail & office, Georgia Ave.
    - Watha T. Daniels House: historic mixed-use rehab, 9th St., Shaw
- DANAC Corporation: co-developer (office), construction, property management
  - Founded 1963, Owner/CEO: John F. Jaeger, CFO: Douglas Bream (Bethesda, MD)
  - Leading regional office, mixed-use developer
  - Lead developer, one million s.f. Rockville Town Square ($220 million, 2005-2007)
  - Public – Private Partnerships: Rockville Town Square, Old Town Gaithersburg
  - Vast commercial construction experience: over 5 million square feet developed
  - Strong financials: $250 million in assets, below 50% total leverage, privately held

LAKRITZ | ADLER

WMATA-INV 006978

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Development Team

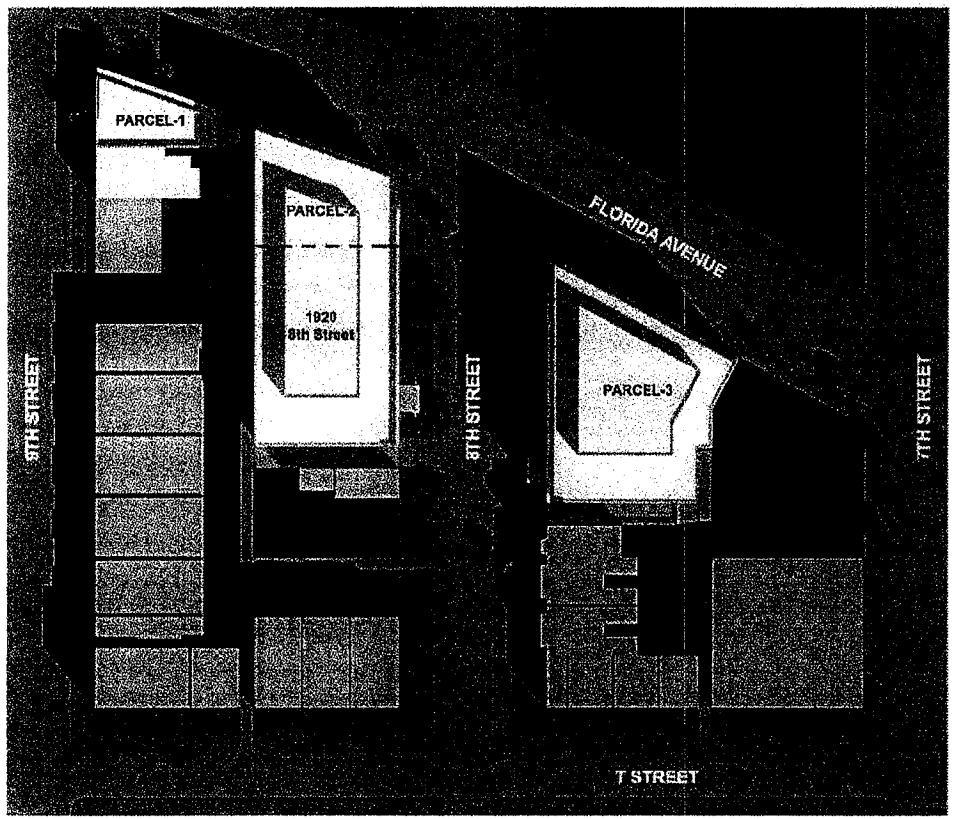
- Milestone Capital Corporation: co-developer (hotel), hotel management
  - Principals: Sander Mednick, Michael Wachtell, Mason Mednick
  - Leading regional hotel developer, operator
  - 14 hotels in 7 states, 2,371 rooms in portfolio today
  - 40+ hotels developed, over $500 million value, past ten years
  - Developer & Operator, Silver Spring Hilton, Hampton Inn, Homewood Suites
- CORE Architecture/Design
  - #1 retail architect in Washington, D.C.
  - Metro/U Street experience: designed 1250 U office bldg., U St. Metro Entrance
  - NMAC HQ (U St.); XM Satellite HQ; Atlas Performing Arts Center; Deen & DeLuca
- Warehouse Theater: retail tenant
  - Shaw cultural institution relocating, needs new home in Shaw
- Cushman & Wakefield: commercial leasing
  - Brokered True Reformer Building, 12th & U, to Public Welfare Foundation

LAKRITZ | ADLER

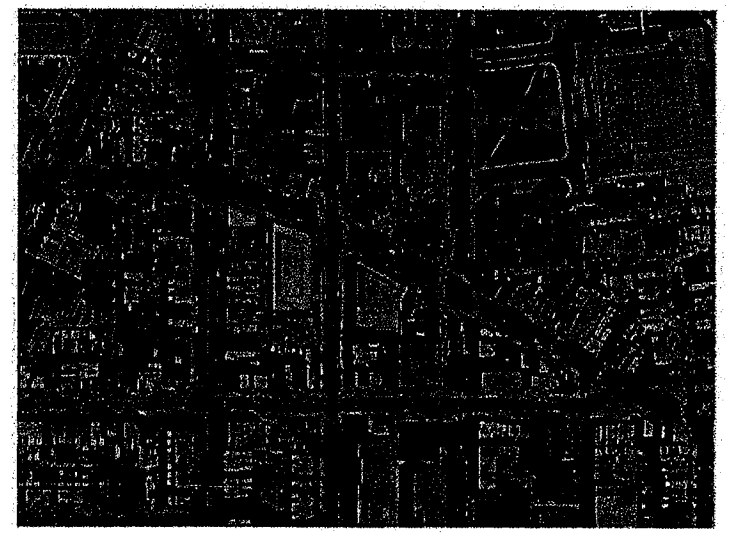
WMATA-INV 006979

FOIA CONFIDENTIAL TREATMENT REQUESTED

# III. Site Plans




SITE PLAN



AREA PLAN

| | Use | Height | Stories |
|---|---|---|---|
| Parcel - 1 | Retail | 24'-0" | 1 Story + Mezzanine |
| Parcel - 2 | Retail + Office | 65'-0" | 5 Stories |
| Parcel - 3 | Retail + Hotel | 65'-0" | 6 Stories |
| Parcel - 3 | (alternate) Retail + Office | 65'-0" | 5 Stories |

N

*Proposal for Shaw Howard / Florida Avenue JDS*

4328 8th Street NW
Washington DC 20011
202 882 0806

LAKRITZ | ADLER

LAKRITZ | ADLER

WMATA-INV 006980

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Site Plan: Parcel 1

- ***Parcel 1*** *- 4,124 SF Freestanding Retail/Restaurant Building*
  - 4,124 square foot free-standing neighborhood performing arts center and restaurant in joint venture with the Warehouse Theater
  - Keeps the Warehouse Theater in the Shaw neighborhood
  - By-right plan
  - No zoning relief
  - No public subsidies
  - Advances the goals of D.C. Office of Planning's "Duke Plan" by creating a new entertainment destination in the Uptown Arts Overlay.

LAKRITZ | ADLER

WMATA-INV 006981

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Site Plan: Parcel 2 (800 Florida Ave.)

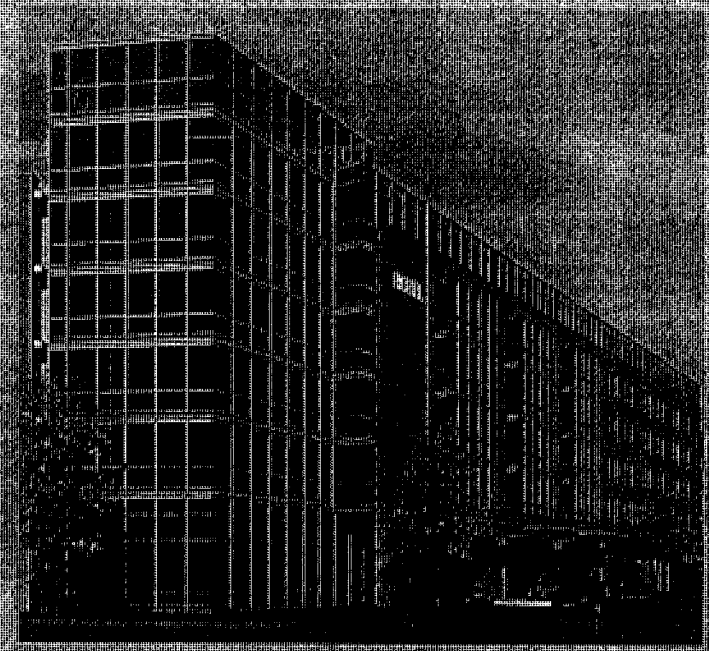
- ***Parcel 2 + 1920 8th St.*** - *89,483 s.f. Commercial Building*
  - 89,483 square foot, 4.5 FAR, LEED-Certified, five-story retail and office building
  - 14,000 rentable s.f. ground floor restaurant, entertainment and retail space
  - 71,000 rentable s.f. office area
  - 44 underground parking spaces on one level
  - Maximum density, by-right plan on 19,885 s.f. combined lot area
  - No zoning relief, no public subsidies.

WMATA-INV 006982

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Site Plan: Parcel 3

- ***Parcel 3*** *- 72,000 SF By-Right, 6-story Hotel with 8,000 SF Retail*
  - 72,000 s.f., 4.5 FAR, LEED-Certified, 6-story upscale boutique hotel
  - Serve Howard, Convention Center, and Greater Shaw/U Street area
  - Flags: Marriott Spring Hill Suites, Hyatt Place, Starwood Aloft, Intercontinental Indigo
  - Approximately 145 rooms and at least 8,000 s.f. retail
  - Maximum density plan, parking reduction from BZA, no public subsidy



- *Alternate Plan:* 72,000 s.f., 4.5 FAR, LEED, 5-story office and retail building, max density by-right, no zoning relief, 12,000 square feet retail, 34 parking spaces

- LaKritz | Adler in talks with Howard and CVS to combine Howard's 21,000 s.f. parcel at 7th & Florida with Parcel 3 in J.V.

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# IV. Transit Oriented Development Principles / Highest and Best Transit Use

- LaKritz I Adler plan maximizes density and public transit use on sites
- Adds 1,977 persons to daily area population
  - Versus only 937 for hypothetical maximum density residential plan
- Without 1920 8th Street, other plans cannot achieve max density
- Most new traffic will be public transit, reverse commuters
- Highest density and public transit use anchor retail, street activity
- Diversifies neighborhood with daytime, commercial uses
  - Preferred by ANC, O.P., other neighborhood associations

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WMATA-INV 006984

# V. Project Schedule

| Name | Duration | Start Date | Finish Date | Notes |
|---|---|---|---|---|
| **WMATA PROCESS** | 465 days | [illegible]/1/2008 | [illegible]/9/2009 | |
| **BUILDING PERMITS** | 840 days | 4/10/2009 | [illegible]/2011 | |
| HPRB Design & Approval | 8 mons | 4/10/2009 | [illegible] | [illegible] |
| BZA Design & Approval | 8 mons | 4/10/2009 | [illegible] | [illegible] |
| Development Financing Approval | 60 days | [illegible] | [illegible] | |
| Schematic Design / Construction Docs | 6 mons | [illegible] | [illegible]/2/2010 | |
| WMATA Approval of Design | 3 mons | [illegible] | [illegible]/2010 | [illegible] |
| DCRA Building Permit Approval | 9 mons | [illegible] | [illegible] | [illegible] |
| **CONSTRUCTION** | 510 days | [illegible] | [illegible] | |
| Construction Financing Approval | 3 mons | [illegible] | [illegible] | |
| Close on Land Purchase | 0 days | [illegible] | [illegible] | Land purchase only |
| Construction: Parcel 1 | 8 mons | 10/27/2011 | [illegible]/2012 | |
| Construction: Parcel 2 + 8th St | 14 mons | [illegible] | 12/19/2012 | |
| Construction: Parcel 3 | 14 mons | [illegible] | 12/19/2012 | |
| Substantial Completion | 0 days | [illegible] | 12/19/2012 | |
| **LEASING / STABILIZATION** | [illegible] days | 4/10/2009 | [illegible] | |
| Marketing | 24 mons | 4/10/2009 | [illegible] | [illegible] |
| Initial Occupancy | 2 mons | [illegible] | [illegible] | |
| Commence Lease Payments | 0 days | [illegible] | [illegible] | Ground lease only |
| Stabilization / Lease Up | 12 mons | [illegible] | [illegible] | |

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# VI. Zoning

- No zoning relief required for Parcel 1 and 2 plans;
- BZA parking reduction required for Parcel 3 hotel plan
- No zoning relief required for alternate Parcel 3 plan (office)

LAKRITZ ADLER

FOIA CONFIDENTIAL TREATMENT REQUESTED

# VII. Local Jurisdiction Benefit

## SUMMARY TAX BASE IMPACT ANALYSIS

ONE-TIME TAX EVENTS

| | |
|---|---|
| Construction Permitting Fees | $379,057.30 |
| Purchase Recordation Tax | $132,749.00 |
| Sale Transfer & Recordation Tax | $2,735,910.58 |
| Financing Recordation Tax | $930,628.00 |
| Construction Job Income Tax on Avg $50k, 50% in D.C. | $698,464.00 |
| Legal/Professional Job Income Tax on Avg $120k, 50% in D.C. | $334,814.00 |
| Franchise Tax on Development Profits | $2,465,857.00 |

TOTAL ONE-TIME D.C. TAXES: $7,612,176.18

Total Construction/Development Jobs Created: 473

Jobs Created in D.C. Only: 237

ONGOING TAXES ON OPERATIONS (at stabilization)

Restaurant & Retail Sales Taxes

Parcel 1

Parcel 2

Parcel 3

Restaurant/Retail Jobs Income Tax on Avg $30k, 75% D.C.

Office Jobs Income Tax on Avg $75k, 50% D.C.

Hotel Jobs Income Tax on Avg $45k, 60% D.C.

Hotel Taxes

Room Sales @ 14%

Dining Sales @ 10%

Parking Taxes All Parcels @ 12%

Property Taxes (1.85% year-on-pro forma commercial value)

Parcel 1 Value

Parcel 2 Value

Parcel 3 Value

TOTAL ONGOING D.C. ANNUAL TAXES GENERATED

Long Term Jobs Created

Long-Term D.C. Jobs Created

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WMATA-INV 006987

# VIII. Local Jurisdiction / Community Input

- ANC 1B SMD and ANC 1B Secretary have endorsed LaKritz Adler Plan
  - Strong preference for new office, retail and hotel at this location
  - New residential is opposed, area is glutted
  - Poor economics for residential cause fear that residential project will fail
  - Interest in speedy development favors by-right plan, no public funding
  - ANC officially voted in favor of LaKritz Adler 1920 8th plan in past
  - LaKritz Adler has favorable history, good reputation with ANC 1B
- Mid-City Business Association has endorsed LaKritz Adler Plan
  - Keeps existing businesses in Shaw
  - Builds Shaw / U Street daytime commercial vitality
- Office of Planning has expressed support for LaKritz Adler plan
  - Strong support for speedy by-right plan, no public subsidies requested
  - Strong preference for new retail, office, hotel
  - Duke Plan calls for 18-hour destination district, only LAD plan provides
  - O.P. also provided extensive design input for HPRB process

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FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 006988

FOIA CONFIDENTIAL TREATMENT REQUESTED

# IX. Summary/Conclusion

- LaKritz Adler plan is Highest and Best Transit Use for JDS sites
  - Highest density: 71k SF office, 26k SF retail, 145 hotel rooms
  - Adds ~1,977 new people daily, reverse commuters on public transit
  - Fits with O.P. and ANC objectives for sites, area
  - Greatest positive impact on local economy and Metro ridership
- LaKritz Adler plan is most likely to succeed, and succeed quickest
  - No public subsidies required
  - Favorable commercial market dynamics v. residential market
  - By-right plan: minimal BZA relief required
- Most experienced, well-financed development team
  - Every member of LAD team has multiple, verifiable, market-rate, unsubsidized, successful development projects of similar type and scope
  - All local companies with strong relationships in community

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WMATA-INV 006989

# WMATA PRESENTATION

## Shaw-Howard / Florida Avenue TDS

Part 2: Economic Proposal Summary

LaKritz | Adler Development, LLC

December 19, 2007



LAKRITZ ADLER

FOIA CONFIDENTIAL TREATMENT REQUESTED

# I. Modified Purchase/Lease Prices

| Parcel | Purchase Price | Ground Lease Base Rent (per annum) | Ground lease Term | Increases |
|---|---|---|---|---|
| 1 | **$590,000** | **$28,143** | 29 years + 7 ten-year renewals | 3% every year |
| 2 | **$2,138,408** (before tunnel site work adjustment) | **$102,002** (or .0477 x final adjusted price) | 29 years + 7 ten-year renewals | 3% every year |
| 3 | **$4,289,000** (before tunnel site work adjustment) | **$204,585** (or .0477 x final adjusted price) | 29 years + 7 ten-year renewals | 3% every year |

LAKRITZ | ADLER

WMATA-INV 006991

# III. Payment Schedule

- Outside closing date, sale: November 1, 2011
- Outside commencement, ground lease payments: January 1, 2013

LAXPITZ ADLER

FOIA CONFIDENTIAL TREATMENT REQUESTED

# IV. Financial Viability

- Priced for 25% Return on Cost at 6.5% stabilized cap rate (fee sale)

- Experienced development team with ample balance sheets
- No public subsidies required
- Minimal or no zoning relief required
- Favorable market trends for product types (office, retail, hotel)
- Control of key adjacent parcel, including 100% land equity
- Best plan for Metro ridership increases, reverse commutes

LAKRITZ | ADLER

WMATA-INV 006993

# WMATA PRESENTATION

## Shaw-Howard / Florida Avenue TDS

Part 2: Economic Proposal Summary

LaKritz Adler Development, LLC

December 19, 2007



LAKRITZ ADLER

FOIA CONFIDENTIAL TREATMENT REQUESTED

# I. Modified Purchase/Lease Prices

| Parcel | Purchase Price | Ground Lease Base Rent (per annum) | Ground lease Term | Increases |
|---|---|---|---|---|
| 1 | $590,000 | $28,143 | 99 years – 9 ten-year renewals | 8% every year |
| 2 | $2,138,408 (before tunnel site work adjustment) | $102,002 (or .0477 x final adjusted price) | 29 years – 7 ten-year renewals | 8% every year |
| 3 | $4,289,000 (before tunnel site work adjustment) | $204,585 (or .0477 x final adjusted price) | 29 years – 7 ten-year renewals | 8% every year |

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WMATA-INV 006995

# III. Payment Schedule

- Outside closing date, sale: November 1, 2011
- Outside commencement, ground lease payments: January 1, 2013

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FOIA CONFIDENTIAL TREATMENT REQUESTED

# IV. Financial Viability

- Priced for 25% Return on Cost at 6.5% stabilized cap rate (fee sale)
- Experienced development team with ample balance sheets
- No public subsidies required
- Minimal or no zoning relief required
- Favorable market trends for product types (office, retail, hotel)
- Control of key adjacent parcel, including 100% land equity
- Best plan for Metro ridership increases, reverse commutes



WMATA-INV 006997

LAKRITZ ADLER

real estate development

December 18, 2007

Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001
Attention: Joel Washington, Director, Station Area Planning and Asset Management

Re: Shaw-Howard Florida Avenue Joint Development Site, Dec. 4 clarification request

Dear Mr. Washington:

This letter addresses the questions raised in your request for clarifications dated December 4, 2007, in preparation for our presentation to WMATA, now scheduled for December 19, 2007, at 2 p.m.

Below, we repeat and number each question and provide our response.

Technical Information

**1) Within the schedule you presented, please indicate the outside, firm date by which a purchase or lease would occur.**

We are willing to make the dates presented on page 22 of Volume 1 firm outside dates (rounding to the closest first of the month). Therefore outside date for land purchase would be November 1, 2011, or ground lease start date would be January 1, 2013. Note that it is quite possible closing will occur much sooner, if the WMATA selection process takes less than the ten-plus months advised by WMATA, and if the developer selection process is sufficiently certain at an early stage for us to start our study period and early approvals process – plan preparation, HPRB and BZA submissions, etc. – concurrent with the developer selection process.

**2) What, if any, zoning approvals or variances will you be seeking for Parcels 1 or 3?**



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As stated on page 23, Volume I, of our submission, Section J.1., "Zoning": "All projects proposed are by-right, with the exception of a parking reduction to be sought for the hotel proposed for Parcel 3 (the alternative plan for Parcel 3 of office and retail would not require any zoning relief at all.)" The same is indicated in Sections D and G of our submission, in the description of our plans for each parcel.

To clarify further: in order to keep the parking garage on Parcel 3 to a single level below grade, and thereby avoid any interference with the Metro tunnel easement, if we proceed with a hotel rather than office/retail on Parcel 3, we would expect to seek a zoning variance to reduce the C2B zone parking requirement for hotel use by 50%. The base C2B hotel requirement is 1 space per 2 rooms.

The plans proposed for Parcels 1 and 2 do not require any zoning approvals or variances, nor does the office and retail alternative plan for Parcel 3. This presumes that the bulk of the retail uses on Parcel 2 will be "evening uses" (principally restaurant and entertainment uses, as suggested in our submission) as described in D.C. Zoning Code Section 1901.5(a). In the unlikely event that the retail leasing market cannot produce restaurant and entertainment-related tenants for the bulk of the ground floor of Parcel 2 (and Parcel 3 if an office/retail plan is pursued), we would seek a special exception from the BZA to reduce parking requirements by 25%, thereby keeping the parking to a single level below grade.

Of course, given the rapidly changing nature of today's real estate market and the unknown time period until a final agreement with WMATA is approved, we must reserve the right to seek additional zoning exceptions, variances and other approvals as necessary to maintain the marketability and financial viability of the proposed projects.

**3) Do you expect that Parcel 3 loading from Florida Avenue will be acceptable to DDOT?**

The placement of loading access on Florida Avenue for Parcel 3 was an error in the preliminary design, as such access is prohibited by Section 1903.2 of the D.C. Zoning Code. Parcel 3 loading access will be relocated to 8th Street.

**4) Though you have identified existing hotels in the competitive market, how would you assess the opportunity for the hotel type you are proposing if a competitive product were developed in Howard Town Center?**

(Prepared by Max Mednick, Milestone Hotels)

Our research indicates that the market immediately surrounding the subject property is severely underserved by hotel properties. We believe that this particular neighborhood has the ability to absorb the supply of several additional hotels. By way of example, in 2006, the supply of hotel rooms in the identified competitive set grew by 24.9%



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(reflected by the opening of the 384-room Embassy Suites Washington Convention Center in November 2005). Despite the additional supply, the comp set increased its average rate and REVPAR (revenue per available room) by 9.5% and 8.4% respectively in 2006 versus 2005. Furthermore, it is our strong belief that any commercial development in the immediate surrounding market, whether hospitality-related or otherwise, will only benefit the entire neighborhood and continue to pull critical mass up the U Street Corridor as has been occurring the past several years. In short, we would not only welcome additional supply to the market, but would also be interested in constructing additional supply ourselves if the right opportunity presented itself. In an environment of ever-increasing construction costs, newly built properties always benefit existing properties by pushing room rates higher in the market to compensate for the initial costs of development.

The proposed hotel is in no way reliant on Howard University as the sole demand generator. The subject property will benefit from a wide range of primary and overflow generators based on its close proximity to the Washington Convention Center, central business core, and major tourist attractions, in much the same manner as is already occurring at management's Hilton Hotel in Silver Spring, Maryland, located five (5) miles to the north.

(LaKritz Adler adds): Our contacts at Howard University have indicated, and current public plans for Howard Town Center show, that there are no plans for a hotel at Howard Town Center as of the date of this letter, and they have further indicated, in response to our query, that there is "no chance" of a hotel at Howard Town Center. Howard does, however, continue to express interest in developing a hotel as a joint venture that combines Parcel 3 and the adjacent CVS site, as described in our Volume 1 submission.

**5) Please relate your experience with office condominiums.**

(Prepared by Douglas Bream, DANAC Corp.)

Condominiumizing a building provides an opportunity for commercial and/or residential clients to purchase property and share in the long term benefit of ownership. Recently, DANAC Corporation developed a 72,000 SF building, condominiumized it into three units, and sold two of the units to Metropolitan Regional Information Systems, Inc (MRIS). The third condominium unit, which is the ground floor level, is currently for sale or lease. Another recent example is the development of the Rockville Town Square, where as the master developer DANAC sold the retail space to Federal Realty Investment Trust, developed the parking directly for the City of Rockville, and condominiumized the residential area into 648 units, which we sold to third parties.

For certain projects a condominium structure provides more flexibility and a stronger client interest with a long term benefit to the surrounding community. This is particularly true for the likely tenants or office condo owners of 800 Florida Avenue, many of whom



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are non-profit organizations that can obtain below-market financing for ownership through tax exempt bonds, New Market Tax Credits, and tax-deductible capital campaigns, but cannot use these low cost capital sources for paying rent.

Economic Information

**1) Note that your valuation of the site is considerably below WMATA's appraisal and needs to be increased substantially or your offer cannot be considered. Likewise, the percentage of rent to value falls below WMATA appraisal thresholds and needs to be raised. These are FTA requirements.**

It is difficult to answer this question without knowing the date and content of the WMATA appraisal. Our valuations were derived using widely accepted methods for calculating market land residuals based on the proposed development plans for the sites. We would need to consider whether the WMATA appraisal takes into account the decline in FAR values in the vicinity of the parcels since summer 2005; further, how does the WMATA appraisal adjust the land values for the time and cost impacts of the Metro tunnel running beneath the parcels? Does the WMATA appraisal account for ongoing double-digit construction cost inflation, and the impact on development land values? Does it reflect realistic by-right construction yields for the site based on actual architectural and engineering studies of the sites, and not just hypothetical, unachievable zoning envelopes?

We would hope that WMATA appreciates these nuances, and is willing to update its appraisal to reflect current market values and site conditions if the appraisal is found to be unrealistic.

In fact, we have in our possession an actual, complete MAI commercial appraisal of Parcel 3 which puts the value at $2.3 million in 2004 – our current offer of $2.7 million for this parcel is 17% higher than the appraisal value. And land values in this vicinity have been falling since mid-2005, so a 2004 appraisal is probably not far off from today's value.[1]

Regardless of the appraisal, we also understand that WMATA's intent is that we raise our offer price. Our economic calculations for the site have not changed since our

[1] The drop in land values is well-known, even if it is reflected more in a slowdown in land settlements and increased contract cancellations than in settled sales at lower prices. For example, when the DC Housing Finance Authority publicly offered for sale its 29,000 square foot Arts/C2B-zoned parcel at 815 Florida Avenue, directly across the street from Parcels 1 and 2 (but outside the Historic Preservation overlay and also without a Metro tunnel underneath, and therefore of superior value on both counts), in summer 2005, it reportedly received over a dozen offers in the approximate range of $10 million to $12 million. One year later, after two consecutive sale contracts fell through, DCHFA reoffered the site to the public, and received offers reportedly in the range of $5 million to $6 million – a 50% decline in land value in a single year.



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submission of our Volume 2 on October 5, 2007. If anything, the decline in both residential and commercial land values has accelerated since this time, owing to the widely-reported ongoing global credit crisis, which has caused a sharp increase in commercial and residential financing costs and reduced the availability of most forms of leverage, thereby reducing the value of real estate assets and increasing risk on development projects. Cap rates have been rising, pressuring commercial real estate values downward, even in the best markets.

Nonetheless, we would consider adding our estimated Metro tunnel-related site work costs for each parcel back into the parcel prices for Parcels 2 and 3 (Parcel 1 assumes no special site work), less $250,000 for each parcel for general site work, provided that WMATA will reduce the actual sale price at settlement (or reimburse us after settlement, as the parties may agree) by the amount that a qualified site work contractor and structural engineer determine, in a Guaranteed Maximum Price form of contract, will be required to address Metro-tunnel specific costs in the projects as designed, not to exceed our original site work estimates. In other words, we will increase our offer price on Parcel 2 by $538,408 (43% of the $1.5 million budget less $250,000, since Parcel 2 is 43% of the area of the Parcel 2 and 1920 8th combination), to $2,138,408, provided that Metro will reduce sale price or reimburse us up to $538,408 for our actual site work, excavation and foundation (and related soft) costs in the project to be built on Parcel 2 caused specifically by the presence of the Metro tunnel and systems under and about Parcel 2.

538
1,589
2,127

Similarly, we could increase our offer price on Parcel 3 by $1.589 million, to $4,289,000, provided that Metro will reduce our sale price or reimburse us up to $1.589 million for our actual site work, excavation and foundation (and related soft) costs in the project to be built on the Parcel 3 caused specifically by the presence of the Metro tunnel and systems under and about Parcel 3.

We are already assuming there will be no Metro-tunnel related costs on Parcel 1, so we are unable to adjust this price.[2]

Ground lease rates could be adjusted accordingly, as 4.77% in the first year of the new sale prices, after adjusting for the site work cost. (In fact, since the date of our offer, long-term interest rate indexes have fallen, suggesting that the ground lease rate should be reduced.)

[2] Parcel 1, along with Parcel 2, is a good example of a site where an appraiser who has not performed an architectural and engineering study could very easily make wrong estimates about the site valuation, since a simple FAR calculation would suggest that the site has 17,100 residential square feet available, but in fact, owing to the small, irregular size, underground tunnel and parking constraints, only a single story retail building with mezzanine (about 4,100 square feet) is achievable under zoning requirements and with a modicum of cost-effectiveness and efficiency.



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**2) WMATA expects escalation in sale or rent amount from today's values if closing is delayed beyond a year. It further expects and receives option fees for each year that the property is held off the market, until closing.**

As shown in Volume 2, our offer prices have been derived assuming purchase settlement occurs on October 26, 2011, or ground lease payments start on December 19, 2012, and as stated on pages 6 and 7 of Volume 2, we will increase purchase price by 3% and rent rate by 2% annually, pro rated monthly, for each year that settlement or lease start is delayed beyond those dates (provided that the delay is the fault of the developer, and not WMATA). Since our calculations assume that we are not paying debt costs or equity returns on land value prior to the project settlement or lease start dates, if purchase or lease were to start sooner than these dates, the purchase price or ground rent would have to be adjusted downward to derive the same returns, which are the minimum acceptable returns for this project. In other words, our offer prices are not today's values – they are higher than today's values.

At this time, Metro has received a $100,000 earnest money deposit for our contract on the parcels. In addition, we will be spending over $2 million during the contract period, investing in an entitlement process that adds great value to these Metro-owned properties, including HPRB, BZA and DCRA permit processes. If we were holding a passive land option on the properties for a period of time until deciding whether or not the develop the land, an option fee would make sense, but we are expediting the development process, at our time and expense, adding value to the Metro land and making it possible for us (or another purchaser) to purchase the land from Metro at the proposed values (without these entitlements, the land is worth less than the offer prices). We believe option fees are not appropriate for this situation.

**3) WMATA also expects and receives participations in capital events and in cash flow (or alternatively to cash flow, revaluation of the project in which rent values do not fall below the previous year).**

We presume this question is only applicable in a ground lease scenario, since in a sale WMATA has no ongoing interest in the properties. We would appreciate further clarification of what WMATA has in mind for participation. We can then run a net present value analysis of the ground lease taking the additional payments to WMATA into account, and reduce the base ground rent rate accordingly, to achieve the same minimum required return for the investor equity and debt. Alternatively, we are open to a percentage ground rent, where ground rent payments are calculated on the net rental income from the improved properties, and are increased or reduced as a fixed percentage of that net rent. This would be an alternative to a base ground rent rate.

Having made this offer, we nonetheless urge WMATA to make these transactions as simple as possible, through fee simple sales on all three parcels, without complicating



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and therefore handicapping the transactions and potential developments by adding options, recapitalization and revaluation distribution formulas and percentage rent calculations to an already complex situation on three relatively small parcels in a transitional location and a downward-trending real estate market.

**4) It appears from your discussion that you are interested basically in a sale on Parcels 1 and 2 because of your financial arrangement with the Parcel 2 adjacent property owner and your interest in office condominiums. If you entertain a lease, explain how that can be accommodated given your option to purchase the adjoining property. Also, explain how you would combine the two properties in separate ownerships.**

We are most interested in a sale on all three parcels, first and foremost, because a fee simple sale is the simplest type of transaction, and would give the developer the greatest range of development, financing and ownership structure options, thereby giving the project the greatest likelihood of success in an uncertain and rapidly changing market environment. On pages 29-32 of our Volume 1 submission, we go into great detail as to the reasons we prefer a fee simple sale on all three parcels. It is true, as described on page 31 and cited in your question above, that multiple and different land ownership structures beneath a single building will be difficult to accomplish and will needlessly complicate the transaction, and therefore make it less likely to succeed. This is not only a reason to sell Parcels 1 and 2 fee simple, it is also a reason to sell Parcel 3 fee simple, because there is a good probability that Parcel 3 will be combined with Howard University's adjacent CVS parcel in the ultimate development, and this will entail the same problems as combining Parcel 2 on an unsubordinated WMATA ground lease with 1920 8th Street.

To restate our argument on pages 31-32, our market feedback is that many prospective commercial tenants for these location will want at least a purchase option or right of first refusal on sales of their office spaces, if not an outright purchase of an office condominium, to induce them to locate to this pioneering office location. This would be very hard to accomplish if the land underlying the buildings is on a ground lease (especially a ground lease with multiple lots and owners.) Again, the key to success in this project, for any developer, will be flexibility – best achieved through a fee simple sale with no strings attached.

As to how we could combine 1920 8th with Parcel 2 if Parcel 2 is on a ground lease – our ground lease and option terms for 1920 8th Street explicitly allow us to combine the lot with adjacent lots for zoning and building purposes during our ground lease period. We would have a single building lot for zoning purposes with multiple tax lots for ownership and taxation purposes. Of course, WMATA would have to agree to this arrangement as well. If we owned Parcel 2 in fee simple this would not be an issue.



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**5) It appears you are valuing the property adjacent to Parcel 2 at $94/FAR sf, whereas you value Parcel 2 at $42/FAR sf. Please explain the disparity and assure WMATA that it is not subsidizing the adjacent property deal.**

We appreciate your concern. Therefore, it is important for us to better explain the terms of our 1920 8th ground lease and purchase option contract. To review, the essential terms of the 1920 8th ground lease are:

- Commenced August 3, 2007, with a one year base term and nine one-year renewal options
- Ground rent of $225,000/year in the first year, $150,000/year for renewal terms 1-4, and $200,000/year for renewal terms 5-9.
- Purchase option exercisable at any time during base term and renewals. Exercise price of $4,800,000 in the base term, increasing by 1.5% in each of the first three renewal terms and then remaining fixed at $5,019,256.20 for the remainder of the renewal terms.
- $100,000 of ground rent, once paid, credited toward the purchase option in the base term and in each of the first two renewal terms, with 100% of ground rent paid following the second renewal term and in every renewal term thereafter credited toward the option price. Therefore the purchase option balance due (*i.e.*, the purchase price) at the end of the last renewal term (August 3, 2017) shall be **$3,419,256.20.**
- Landlord is obliged under the ground lease to subordinate its unencumbered fee interest in the Property to Tenant's Construction Lender (and subsequent lenders), meaning that Tenant has full use of the land value of the Property as collateral to secure its construction financing, in place of a cash equity investment of equal value.

Under our agreement, we will be paying $3.42 million to buy 1920 8th in August 2017, a price of $67/FAR-sf. Let us assume we would close on the WMATA land at $42/FAR-sf on November 1, 2011, our firm outside closing date. Rounding to a six-year interval between the two settlements, and assuming an 8% discount rate, the Net Present Value (NPV) of a $42/sf number in 2011 is equivalent to the NPV of a $67/sf number in 2017. In other words, the values are identical.

Moreover, during the ten-year 1920 8th ground lease period, we are carrying 100% of the $3.42 million purchase price at an interest-only rate of 4.39% over the next four years ($150,000/year), increasing to a rate of 5.89% over the following five years ($200,000/year). This rate is superior to the bank financing terms we would receive on the land purchase today.

But the biggest difference between our deal on the 1920 8th parcel and the proposal for the WMATA parcels is that the 1920 8th ground lease is a fee-subordinated ground lease. The landlord has to pledge 100% of his fee interest in the property as collateral to our



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development, construction and permanent financing. This means that lenders will count the land value as the equivalent of cash invested in the deal, yet we and our investors do not have to invest this cash, and we are not compensating the cash beyond the low carry cost rates described above (an average of 5.2% over the next nine years). The minimum return for cash invested in a real estate development project today is 20%, compounding annually (and in most cases it is more). Assuming that 1920 8th appraises for $3.42 million and thus replaces an equal amount of cash equity in our project, the correct discount rate to apply to the future cash flows (ground lease payments) and eventual (2017) purchase price is 20%. We can compare this NPV to the NPV of purchasing the WMATA Parcel 2 for $1.6 million in 2011 at an 8% cost-of-funds (discount) rate, and then paying an 8% interest-only rate on 100% debt financing on that purchase until 2017. The end result is an NPV of $1.2 million for the 1920 8th Street deal, versus $1.5 million for Parcel 2.

Therefore, we are offering to pay WMATA 25% more for Parcel 2 than we are paying for the adjacent property at 1920 8th Street. It is not WMATA Parcel 2 that is subsidizing the purchase of 1920 8th, it is 1920 8th subsidizing WMATA. There are other ways to analyze this differential, but the gap would be even larger if we considered the full near-term benefits of the land equity available to us from the subordinated ground lease. We would happily make the same deal on the same proportionate price and terms with WMATA, but WMATA has stated that it will not subordinate its fee interest in a ground lease.

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Eliminating the right of first refusal on future sale of the property eliminates one of the inducements for a developer to enter a ground lease for the parcels, rather than a purchase. As a trade off, we believe the ground rent rate should be reduced, which would also bring the rate more into line with current market trends.

We look forward to further discussion on December 19th, and reaching an agreement with WMATA to acquire these parcels.

Sincerely,

Joshua Adler
Co-Managing Member



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December 18, 2007

Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001
Attention: Joel Washington, Director, Station Area Planning and Asset Management

Re: Shaw-Howard Florida Avenue Joint Development Site, Dec. 4 clarification request

Dear Mr. Washington:

This letter addresses the questions raised in your request for clarifications dated December 4, 2007, in preparation for our presentation to WMATA, now scheduled for December 19, 2007, at 2 p.m.

Below, we repeat and number each question and provide our response.

Technical Information

**1) Within the schedule you presented, please indicate the outside, firm date by which a purchase or lease would occur.**

We are willing to make the dates presented on page 22 of Volume 1 firm outside dates (rounding to the closest first of the month). Therefore outside date for land purchase would be November 1, 2011, or ground lease start date would be January 1, 2013. Note that it is quite possible closing will occur much sooner, if the WMATA selection process takes less than the ten-plus months advised by WMATA, and if the developer selection process is sufficiently certain at an early stage for us to start our study period and early approvals process – plan preparation, HPRB and BZA submissions, etc. – concurrent with the developer selection process.

Why the discrepancy?
pc 12/19/12

**2) What, if any, zoning approvals or variances will you be seeking for Parcels 1 or 3?**



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As stated on page 23, Volume I, of our submission, Section J.1., "Zoning": "All projects proposed are by-right, with the exception of a parking reduction to be sought for the hotel proposed for Parcel 3 (the alternative plan for Parcel 3 of office and retail would not require any zoning relief at all.)" The same is indicated in Sections D and G of our submission, in the description of our plans for each parcel.

To clarify further: in order to keep the parking garage on Parcel 3 to a single level below grade, and thereby avoid any interference with the Metro tunnel easement, if we proceed with a hotel rather than office/retail on Parcel 3, we would expect to seek a zoning variance to reduce the C2B zone parking requirement for hotel use by 50%. The base C2B hotel requirement is 1 space per 2 rooms.

The plans proposed for Parcels 1 and 2 do not require any zoning approvals or variances, nor does the office and retail alternative plan for Parcel 3. This presumes that the bulk of the retail uses on Parcel 2 will be "evening uses" (principally restaurant and entertainment uses, as suggested in our submission) as described in D.C. Zoning Code Section 1901.5(a). In the unlikely event that the retail leasing market cannot produce restaurant and entertainment-related tenants for the bulk of the ground floor of Parcel 2 (and Parcel 3 if an office/retail plan is pursued), we would seek a special exception from the BZA to reduce parking requirements by 25%, thereby keeping the parking to a single level below grade.

Of course, given the rapidly changing nature of today's real estate market and the unknown time period until a final agreement with WMATA is approved, we must reserve the right to seek additional zoning exceptions, variances and other approvals as necessary to maintain the marketability and financial viability of the proposed projects.

**3) Do you expect that Parcel 3 loading from Florida Avenue will be acceptable to DDOT?**

The placement of loading access on Florida Avenue for Parcel 3 was an error in the preliminary design, as such access is prohibited by Section 1903.2 of the D.C. Zoning Code. Parcel 3 loading access will be relocated to 8th Street.

**4) Though you have identified existing hotels in the competitive market, how would you assess the opportunity for the hotel type you are proposing if a competitive product were developed in Howard Town Center?**

(Prepared by Max Mednick, Milestone Hotels)

Our research indicates that the market immediately surrounding the subject property is severely underserved by hotel properties. We believe that this particular neighborhood has the ability to absorb the supply of several additional hotels. By way of example, in 2006, the supply of hotel rooms in the identified competitive set grew by 24.9%



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(reflected by the opening of the 384-room Embassy Suites Washington Convention Center in November 2005). Despite the additional supply, the comp set increased its average rate and REVPAR (revenue per available room) by 9.5% and 8.4% respectively in 2006 versus 2005. Furthermore, it is our strong belief that any commercial development in the immediate surrounding market, whether hospitality-related or otherwise, will only benefit the entire neighborhood and continue to pull critical mass up the U Street Corridor as has been occurring the past several years. In short, we would not only welcome additional supply to the market, but would also be interested in constructing additional supply ourselves if the right opportunity presented itself. In an environment of ever-increasing construction costs, newly built properties always benefit existing properties by pushing room rates higher in the market to compensate for the initial costs of development.

The proposed hotel is in no way reliant on Howard University as the sole demand generator. The subject property will benefit from a wide range of primary and overflow generators based on its close proximity to the Washington Convention Center, central business core, and major tourist attractions, in much the same manner as is already occurring at management's Hilton Hotel in Silver Spring, Maryland, located five (5) miles to the north.

(LaKritz Adler adds): Our contacts at Howard University have indicated, and current public plans for Howard Town Center show, that there are no plans for a hotel at Howard Town Center as of the date of this letter, and they have further indicated, in response to our query, that there is "no chance" of a hotel at Howard Town Center. Howard does, however, continue to express interest in developing a hotel as a joint venture that combines Parcel 3 and the adjacent CVS site, as described in our Volume 1 submission.

**5) Please relate your experience with office condominiums.**

(Prepared by Douglas Bream, DANAC Corp.)

Condominiumizing a building provides an opportunity for commercial and/or residential clients to purchase property and share in the long term benefit of ownership. Recently, DANAC Corporation developed a 72,000 SF building, condominiumized it into three units, and sold two of the units to Metropolitan Regional Information Systems, Inc (MRIS). The third condominium unit, which is the ground floor level, is currently for sale or lease. Another recent example is the development of the Rockville Town Square, where as the master developer DANAC sold the retail space to Federal Realty Investment Trust, developed the parking directly for the City of Rockville, and condominiumized the residential area into 648 units, which we sold to third parties.

For certain projects a condominium structure provides more flexibility and a stronger client interest with a long term benefit to the surrounding community. This is particularly true for the likely tenants or office condo owners of 800 Florida Avenue, many of whom



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are non-profit organizations that can obtain below-market financing for ownership through tax exempt bonds, New Market Tax Credits, and tax-deductible capital campaigns, but cannot use these low cost capital sources for paying rent.

Economic Information

**1) Note that your valuation of the site is considerably below WMATA's appraisal and needs to be increased substantially or your offer cannot be considered. Likewise, the percentage of rent to value falls below WMATA appraisal thresholds and needs to be raised. These are FTA requirements.** Short answer: no increase

It is difficult to answer this question without knowing the date and content of the WMATA appraisal. Our valuations were derived using widely accepted methods for calculating market land residuals based on the proposed development plans for the sites. We would need to consider whether the WMATA appraisal takes into account the decline in FAR values in the vicinity of the parcels since summer 2005; further, how does the WMATA appraisal adjust the land values for the time and cost impacts of the Metro tunnel running beneath the parcels? Does the WMATA appraisal account for ongoing double-digit construction cost inflation, and the impact on development land values? Does it reflect realistic by-right construction yields for the site based on actual architectural and engineering studies of the sites, and not just hypothetical, unachievable zoning envelopes?

We would hope that WMATA appreciates these nuances, and is willing to update its appraisal to reflect current market values and site conditions if the appraisal is found to be unrealistic.

14,89[illegible] x 45 x

In fact, we have in our possession an actual, complete MAI commercial appraisal of Parcel 3 which puts the value at $2.3 million in 2004 – our current offer of $2.7 million for this parcel is 17% higher than the appraisal value. And land values in this vicinity have been falling since mid-2005, so a 2004 appraisal is probably not far off from today's value.[1]

$40/s.f. = $2.7M

Regardless of the appraisal, we also understand that WMATA's intent is that we raise our offer price. Our economic calculations for the site have not changed since our

[1] The drop in land values is well-known, even if it is reflected more in a slowdown in land settlements and increased contract cancellations than in settled sales at lower prices. For example, when the DC Housing Finance Authority publicly offered for sale its 29,000 square foot Arts/C2B-zoned parcel at 815 Florida Avenue, directly across the street from Parcels 1 and 2 (but outside the Historic Preservation overlay and also without a Metro tunnel underneath, and therefore of superior value on both counts), in summer 2005, it reportedly received over a dozen offers in the approximate range of $10 million to $12 million. One year later, after two consecutive sale contracts fell through, DCHFA reoffered the site to the public, and received offers reportedly in the range of $5 million to $6 million – a 50% decline in land value in a single year.



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submission of our Volume 2 on October 5, 2007. If anything, the decline in both residential and commercial land values has accelerated since this time, owing to the widely-reported ongoing global credit crisis, which has caused a sharp increase in commercial and residential financing costs and reduced the availability of most forms of leverage, thereby reducing the value of real estate assets and increasing risk on development projects. Cap rates have been rising, pressuring commercial real estate values downward, even in the best markets.

Nonetheless, we would consider adding our estimated Metro tunnel-related site work costs for each parcel back into the parcel prices for Parcels 2 and 3 (Parcel 1 assumes no special site work), less $250,000 for each parcel for general site work, provided that WMATA will reduce the actual sale price at settlement (or reimburse us after settlement, as the parties may agree) by the amount that a qualified site work contractor and structural engineer determine, in a Guaranteed Maximum Price form of contract, will be required to address Metro-tunnel specific costs in the projects as designed, not to exceed our original site work estimates. In other words, we will increase our offer price on Parcel 2 by $538,408 (43% of the $1.5 million budget less $250,000, since Parcel 2 is 43% of the area of the Parcel 2 and 1920 8th combination), to $2,138,408, provided that Metro will reduce sale price or reimburse us up to $538,408 for our actual site work, excavation and foundation (and related soft) costs in the project to be built on Parcel 2 caused specifically by the presence of the Metro tunnel and systems under and about Parcel 2.

Similarly, we could increase our offer price on Parcel 3 by $1.589 million, to $4,289,000, provided that Metro will reduce our sale price or reimburse us up to $1.589 million for our actual site work, excavation and foundation (and related soft) costs in the project to be built on the Parcel 3 caused specifically by the presence of the Metro tunnel and systems under and about Parcel 3.

We are already assuming there will be no Metro-tunnel related costs on Parcel 1, so we are unable to adjust this price.[2]

Ground lease rates could be adjusted accordingly, as 4.77% in the first year of the new sale prices, after adjusting for the site work cost. (In fact, since the date of our offer, long-term interest rate indexes have fallen, suggesting that the ground lease rate should be reduced.)

[2] Parcel 1, along with Parcel 2, is a good example of a site where an appraiser who has not performed an architectural and engineering study could very easily make wrong estimates about the site valuation, since a simple FAR calculation would suggest that the site has 17,100 residential square feet available, but in fact, owing to the small, irregular size, underground tunnel and parking constraints, only a single story retail building with mezzanine (about 4,100 square feet) is achievable under zoning requirements and with a modicum of cost-effectiveness and efficiency.



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**2) WMATA expects escalation in sale or rent amount from today's values if closing is delayed beyond a year. It further expects and receives option fees for each year that the property is held off the market, until closing.** answer is No

As shown in Volume 2, our offer prices have been derived assuming purchase settlement occurs on October 26, 2011, or ground lease payments start on December 19, 2012, and as stated on pages 6 and 7 of Volume 2, we will increase purchase price by 3% and rent rate by 2% annually, pro rated monthly, for each year that settlement or lease start is delayed beyond those dates (provided that the delay is the fault of the developer, and not WMATA). Since our calculations assume that we are not paying debt costs or equity returns on land value prior to the project settlement or lease start dates, if purchase or lease were to start sooner than these dates, the purchase price or ground rent would have to be adjusted downward to derive the same returns, which are the minimum acceptable returns for this project. In other words, our offer prices are not today's values – they are higher than today's values.

12/1/13

prices are lower than today's values

At this time, Metro has received a $100,000 earnest money deposit for our contract on the parcels. In addition, we will be spending over $2 million during the contract period, investing in an entitlement process that adds great value to these Metro-owned properties, including HPRB, BZA and DCRA permit processes. If we were holding a passive land option on the properties for a period of time until deciding whether or not the develop the land, an option fee would make sense, but we are expediting the development process, at our time and expense, adding value to the Metro land and making it possible for us (or another purchaser) to purchase the land from Metro at the proposed values (without these entitlements, the land is worth less than the offer prices). We believe option fees are not appropriate for this situation.

**3) WMATA also expects and receives participations in capital events and in cash flow (or alternatively to cash flow, revaluation of the project in which rent values do not fall below the previous year).**

We presume this question is only applicable in a ground lease scenario, since in a sale WMATA has no ongoing interest in the properties. We would appreciate further clarification of what WMATA has in mind for participation. We can then run a net present value analysis of the ground lease taking the additional payments to WMATA into account, and reduce the base ground rent rate accordingly, to achieve the same minimum required return for the investor equity and debt. Alternatively, we are open to a percentage ground rent, where ground rent payments are calculated on the net rental income from the improved properties, and are increased or reduced as a fixed percentage of that net rent. This would be an alternative to a base ground rent rate.

Having made this offer, we nonetheless urge WMATA to make these transactions as simple as possible, through fee simple sales on all three parcels, without complicating



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and therefore handicapping the transactions and potential developments by adding options, recapitalization and revaluation distribution formulas and percentage rent calculations to an already complex situation on three relatively small parcels in a transitional location and a downward-trending real estate market.

**4) It appears from your discussion that you are interested basically in a sale on Parcels 1 and 2 because of your financial arrangement with the Parcel 2 adjacent property owner and your interest in office condominiums. If you entertain a lease, explain how that can be accommodated given your option to purchase the adjoining property. Also, explain how you would combine the two properties in separate ownerships.**

We are most interested in a sale on all three parcels, first and foremost, because a fee simple sale is the simplest type of transaction, and would give the developer the greatest range of development, financing and ownership structure options, thereby giving the project the greatest likelihood of success in an uncertain and rapidly changing market environment. On pages 29-32 of our Volume 1 submission, we go into great detail as to the reasons we prefer a fee simple sale on all three parcels. It is true, as described on page 31 and cited in your question above, that multiple and different land ownership structures beneath a single building will be difficult to accomplish and will needlessly complicate the transaction, and therefore make it less likely to succeed. This is not only a reason to sell Parcels 1 and 2 fee simple, it is also a reason to sell Parcel 3 fee simple, because there is a good probability that Parcel 3 will be combined with Howard University's adjacent CVS parcel in the ultimate development, and this will entail the same problems as combining Parcel 2 on an unsubordinated WMATA ground lease with 1920 8th Street.

To restate our argument on pages 31-32, our market feedback is that many prospective commercial tenants for these location will want at least a purchase option or right of first refusal on sales of their office spaces, if not an outright purchase of an office condominium, to induce them to locate to this pioneering office location. This would be very hard to accomplish if the land underlying the buildings is on a ground lease (especially a ground lease with multiple lots and owners.) Again, the key to success in this project, for any developer, will be flexibility – best achieved through a fee simple sale with no strings attached.

As to how we could combine 1920 8th with Parcel 2 if Parcel 2 is on a ground lease – our ground lease and option terms for 1920 8th Street explicitly allow us to combine the lot with adjacent lots for zoning and building purposes during our ground lease period. We would have a single building lot for zoning purposes with multiple tax lots for ownership and taxation purposes. Of course, WMATA would have to agree to this arrangement as well. If we owned Parcel 2 in fee simple this would not be an issue.

agree to 10 year ground lease with option to purchase thereafter ?



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**5) It appears you are valuing the property adjacent to Parcel 2 at $94/FAR sf, whereas you value Parcel 2 at $42/FAR sf. Please explain the disparity and assure WMATA that it is not subsidizing the adjacent property deal.**

We appreciate your concern. Therefore, it is important for us to better explain the terms of our 1920 8th ground lease and purchase option contract. To review, the essential terms of the 1920 8th ground lease are:

- Commenced August 3, 2007, with a one year base term and nine one-year renewal options
- Ground rent of $225,000/year in the first year, $150,000/year for renewal terms 1-4, and $200,000/year for renewal terms 5-9.
- Purchase option exercisable at any time during base term and renewals. Exercise price of $4,800,000 in the base term, increasing by 1.5% in each of the first three renewal terms and then remaining fixed at $5,019,256.20 for the remainder of the renewal terms.
- $100,000 of ground rent, once paid, credited toward the purchase option in the base term and in each of the first two renewal terms, with 100% of ground rent paid following the second renewal term and in every renewal term thereafter credited toward the option price. Therefore the purchase option balance due (*i.e.*, the purchase price) at the end of the last renewal term (August 3, 2017) shall be **$3,419,256.20.**
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But you did not figure in the rents

Moreover, during the ten-year 1920 8th ground lease period, we are carrying 100% of the $3.42 million purchase price at an interest-only rate of 4.39% over the next four years ($150,000/year), increasing to a rate of 5.89% over the following five years ($200,000/year). This rate is superior to the bank financing terms we would receive on the land purchase today.

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Sincerely,

Joshua Adler
Co-Managing Member



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December 18, 2007

Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001
Attention: Joel Washington, Director, Station Area Planning and Asset Management

Re: Shaw-Howard Florida Avenue Joint Development Site, Dec. 4 clarification request

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As stated on page 23, Volume I, of our submission, Section J.1., "Zoning": "All projects proposed are by-right, with the exception of a parking reduction to be sought for the hotel proposed for Parcel 3 (the alternative plan for Parcel 3 of office and retail would not require any zoning relief at all.)" The same is indicated in Sections D and G of our submission, in the description of our plans for each parcel.

To clarify further: in order to keep the parking garage on Parcel 3 to a single level below grade, and thereby avoid any interference with the Metro tunnel easement, if we proceed with a hotel rather than office/retail on Parcel 3, we would expect to seek a zoning variance to reduce the C2B zone parking requirement for hotel use by 50%. The base C2B hotel requirement is 1 space per 2 rooms.

The plans proposed for Parcels 1 and 2 do not require any zoning approvals or variances, nor does the office and retail alternative plan for Parcel 3. This presumes that the bulk of the retail uses on Parcel 2 will be "evening uses" (principally restaurant and entertainment uses, as suggested in our submission) as described in D.C. Zoning Code Section 1901.5(a). In the unlikely event that the retail leasing market cannot produce restaurant and entertainment-related tenants for the bulk of the ground floor of Parcel 2 (and Parcel 3 if an office/retail plan is pursued), we would seek a special exception from the BZA to reduce parking requirements by 25%, thereby keeping the parking to a single level below grade.

Of course, given the rapidly changing nature of today's real estate market and the unknown time period until a final agreement with WMATA is approved, we must reserve the right to seek additional zoning exceptions, variances and other approvals as necessary to maintain the marketability and financial viability of the proposed projects.

**3) Do you expect that Parcel 3 loading from Florida Avenue will be acceptable to DDOT?**

The placement of loading access on Florida Avenue for Parcel 3 was an error in the preliminary design, as such access is prohibited by Section 1903.2 of the D.C. Zoning Code. Parcel 3 loading access will be relocated to 8th Street.

**4) Though you have identified existing hotels in the competitive market, how would you assess the opportunity for the hotel type you are proposing if a competitive product were developed in Howard Town Center?**

(Prepared by Max Mednick, Milestone Hotels)

Our research indicates that the market immediately surrounding the subject property is severely underserved by hotel properties. We believe that this particular neighborhood has the ability to absorb the supply of several additional hotels. By way of example, in 2006, the supply of hotel rooms in the identified competitive set grew by 24.9%



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(reflected by the opening of the 384-room Embassy Suites Washington Convention Center in November 2005). Despite the additional supply, the comp set increased its average rate and REVPAR (revenue per available room) by 9.5% and 8.4% respectively in 2006 versus 2005. Furthermore, it is our strong belief that any commercial development in the immediate surrounding market, whether hospitality-related or otherwise, will only benefit the entire neighborhood and continue to pull critical mass up the U Street Corridor as has been occurring the past several years. In short, we would not only welcome additional supply to the market, but would also be interested in constructing additional supply ourselves if the right opportunity presented itself. In an environment of ever-increasing construction costs, newly built properties always benefit existing properties by pushing room rates higher in the market to compensate for the initial costs of development.

The proposed hotel is in no way reliant on Howard University as the sole demand generator. The subject property will benefit from a wide range of primary and overflow generators based on its close proximity to the Washington Convention Center, central business core, and major tourist attractions, in much the same manner as is already occurring at management's Hilton Hotel in Silver Spring, Maryland, located five (5) miles to the north.

(LaKritz Adler adds): Our contacts at Howard University have indicated, and current public plans for Howard Town Center show, that there are no plans for a hotel at Howard Town Center as of the date of this letter, and they have further indicated, in response to our query, that there is "no chance" of a hotel at Howard Town Center. Howard does, however, continue to express interest in developing a hotel as a joint venture that combines Parcel 3 and the adjacent CVS site, as described in our Volume 1 submission.

**5) Please relate your experience with office condominiums.**

(Prepared by Douglas Bream, DANAC Corp.)

Condominiumizing a building provides an opportunity for commercial and/or residential clients to purchase property and share in the long term benefit of ownership. Recently, DANAC Corporation developed a 72,000 SF building, condominiumized it into three units, and sold two of the units to Metropolitan Regional Information Systems, Inc (MRIS). The third condominium unit, which is the ground floor level, is currently for sale or lease. Another recent example is the development of the Rockville Town Square, where as the master developer DANAC sold the retail space to Federal Realty Investment Trust, developed the parking directly for the City of Rockville, and condominiumized the residential area into 648 units, which we sold to third parties.

For certain projects a condominium structure provides more flexibility and a stronger client interest with a long term benefit to the surrounding community. This is particularly true for the likely tenants or office condo owners of 800 Florida Avenue, many of whom



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are non-profit organizations that can obtain below-market financing for ownership through tax exempt bonds, New Market Tax Credits, and tax-deductible capital campaigns, but cannot use these low cost capital sources for paying rent.

Economic Information

**1) Note that your valuation of the site is considerably below WMATA's appraisal and needs to be increased substantially or your offer cannot be considered. Likewise, the percentage of rent to value falls below WMATA appraisal thresholds and needs to be raised. These are FTA requirements.**

It is difficult to answer this question without knowing the date and content of the WMATA appraisal. Our valuations were derived using widely accepted methods for calculating market land residuals based on the proposed development plans for the sites. We would need to consider whether the WMATA appraisal takes into account the decline in FAR values in the vicinity of the parcels since summer 2005; further, how does the WMATA appraisal adjust the land values for the time and cost impacts of the Metro tunnel running beneath the parcels? Does the WMATA appraisal account for ongoing double-digit construction cost inflation, and the impact on development land values? Does it reflect realistic by-right construction yields for the site based on actual architectural and engineering studies of the sites, and not just hypothetical, unachievable zoning envelopes?

We would hope that WMATA appreciates these nuances, and is willing to update its appraisal to reflect current market values and site conditions if the appraisal is found to be unrealistic.

In fact, we have in our possession an actual, complete MAI commercial appraisal of Parcel 3 which puts the value at $2.3 million in 2004 – our current offer of $2.7 million for this parcel is 17% higher than the appraisal value. And land values in this vicinity have been falling since mid-2005, so a 2004 appraisal is probably not far off from today's value.[1]

Regardless of the appraisal, we also understand that WMATA's intent is that we raise our offer price. Our economic calculations for the site have not changed since our

[1] The drop in land values is well-known, even if it is reflected more in a slowdown in land settlements and increased contract cancellations than in settled sales at lower prices. For example, when the DC Housing Finance Authority publicly offered for sale its 29,000 square foot Arts/C2B-zoned parcel at 815 Florida Avenue, directly across the street from Parcels 1 and 2 (but outside the Historic Preservation overlay and also without a Metro tunnel underneath, and therefore of superior value on both counts), in summer 2005, it reportedly received over a dozen offers in the approximate range of $10 million to $12 million. One year later, after two consecutive sale contracts fell through, DCHFA reoffered the site to the public, and received offers reportedly in the range of $5 million to $6 million – a 50% decline in land value in a single year.



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submission of our Volume 2 on October 5, 2007. If anything, the decline in both residential and commercial land values has accelerated since this time, owing to the widely-reported ongoing global credit crisis, which has caused a sharp increase in commercial and residential financing costs and reduced the availability of most forms of leverage, thereby reducing the value of real estate assets and increasing risk on development projects. Cap rates have been rising, pressuring commercial real estate values downward, even in the best markets.

Nonetheless, we would consider adding our estimated Metro tunnel-related site work costs for each parcel back into the parcel prices for Parcels 2 and 3 (Parcel 1 assumes no special site work), less $250,000 for each parcel for general site work, provided that WMATA will reduce the actual sale price at settlement (or reimburse us after settlement, as the parties may agree) by the amount that a qualified site work contractor and structural engineer determine, in a Guaranteed Maximum Price form of contract, will be required to address Metro-tunnel specific costs in the projects as designed, not to exceed our original site work estimates. In other words, we will increase our offer price on Parcel 2 by $538,408 (43% of the $1.5 million budget less $250,000, since Parcel 2 is 43% of the area of the Parcel 2 and 1920 8th combination), to $2,138,408, provided that Metro will reduce sale price or reimburse us up to $538,408 for our actual site work, excavation and foundation (and related soft) costs in the project to be built on Parcel 2 caused specifically by the presence of the Metro tunnel and systems under and about Parcel 2.

538
1,589
2,127

Similarly, we could increase our offer price on Parcel 3 by $1.589 million, to $4,289,000, provided that Metro will reduce our sale price or reimburse us up to $1.589 million for our actual site work, excavation and foundation (and related soft) costs in the project to be built on the Parcel 3 caused specifically by the presence of the Metro tunnel and systems under and about Parcel 3.

We are already assuming there will be no Metro-tunnel related costs on Parcel 1, so we are unable to adjust this price.[2]

Ground lease rates could be adjusted accordingly, as 4.77% in the first year of the new sale prices, after adjusting for the site work cost. (In fact, since the date of our offer, long-term interest rate indexes have fallen, suggesting that the ground lease rate should be reduced.)

[2] Parcel 1, along with Parcel 2, is a good example of a site where an appraiser who has not performed an architectural and engineering study could very easily make wrong estimates about the site valuation, since a simple FAR calculation would suggest that the site has 17,100 residential square feet available, but in fact, owing to the small, irregular size, underground tunnel and parking constraints, only a single story retail building with mezzanine (about 4,100 square feet) is achievable under zoning requirements and with a modicum of cost-effectiveness and efficiency.



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**2) WMATA expects escalation in sale or rent amount from today's values if closing is delayed beyond a year. It further expects and receives option fees for each year that the property is held off the market, until closing.**

As shown in Volume 2, our offer prices have been derived assuming purchase settlement occurs on October 26, 2011, or ground lease payments start on December 19, 2012, and as stated on pages 6 and 7 of Volume 2, we will increase purchase price by 3% and rent rate by 2% annually, pro rated monthly, for each year that settlement or lease start is delayed beyond those dates (provided that the delay is the fault of the developer, and not WMATA). Since our calculations assume that we are not paying debt costs or equity returns on land value prior to the project settlement or lease start dates, if purchase or lease were to start sooner than these dates, the purchase price or ground rent would have to be adjusted downward to derive the same returns, which are the minimum acceptable returns for this project. In other words, our offer prices are not today's values – they are higher than today's values.

At this time, Metro has received a $100,000 earnest money deposit for our contract on the parcels. In addition, we will be spending over $2 million during the contract period, investing in an entitlement process that adds great value to these Metro-owned properties, including HPRB, BZA and DCRA permit processes. If we were holding a passive land option on the properties for a period of time until deciding whether or not the develop the land, an option fee would make sense, but we are expediting the development process, at our time and expense, adding value to the Metro land and making it possible for us (or another purchaser) to purchase the land from Metro at the proposed values (without these entitlements, the land is worth less than the offer prices). We believe option fees are not appropriate for this situation.

**3) WMATA also expects and receives participations in capital events and in cash flow (or alternatively to cash flow, revaluation of the project in which rent values do not fall below the previous year).**

We presume this question is only applicable in a ground lease scenario, since in a sale WMATA has no ongoing interest in the properties. We would appreciate further clarification of what WMATA has in mind for participation. We can then run a net present value analysis of the ground lease taking the additional payments to WMATA into account, and reduce the base ground rent rate accordingly, to achieve the same minimum required return for the investor equity and debt. Alternatively, we are open to a percentage ground rent, where ground rent payments are calculated on the net rental income from the improved properties, and are increased or reduced as a fixed percentage of that net rent. This would be an alternative to a base ground rent rate.

Having made this offer, we nonetheless urge WMATA to make these transactions as simple as possible, through fee simple sales on all three parcels, without complicating



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and therefore handicapping the transactions and potential developments by adding options, recapitalization and revaluation distribution formulas and percentage rent calculations to an already complex situation on three relatively small parcels in a transitional location and a downward-trending real estate market.

**4) It appears from your discussion that you are interested basically in a sale on Parcels 1 and 2 because of your financial arrangement with the Parcel 2 adjacent property owner and your interest in office condominiums. If you entertain a lease, explain how that can be accommodated given your option to purchase the adjoining property. Also, explain how you would combine the two properties in separate ownerships.**

We are most interested in a sale on all three parcels, first and foremost, because a fee simple sale is the simplest type of transaction, and would give the developer the greatest range of development, financing and ownership structure options, thereby giving the project the greatest likelihood of success in an uncertain and rapidly changing market environment. On pages 29-32 of our Volume 1 submission, we go into great detail as to the reasons we prefer a fee simple sale on all three parcels. It is true, as described on page 31 and cited in your question above, that multiple and different land ownership structures beneath a single building will be difficult to accomplish and will needlessly complicate the transaction, and therefore make it less likely to succeed. This is not only a reason to sell Parcels 1 and 2 fee simple, it is also a reason to sell Parcel 3 fee simple, because there is a good probability that Parcel 3 will be combined with Howard University's adjacent CVS parcel in the ultimate development, and this will entail the same problems as combining Parcel 2 on an unsubordinated WMATA ground lease with 1920 8th Street.

To restate our argument on pages 31-32, our market feedback is that many prospective commercial tenants for these location will want at least a purchase option or right of first refusal on sales of their office spaces, if not an outright purchase of an office condominium, to induce them to locate to this pioneering office location. This would be very hard to accomplish if the land underlying the buildings is on a ground lease (especially a ground lease with multiple lots and owners.) Again, the key to success in this project, for any developer, will be flexibility – best achieved through a fee simple sale with no strings attached.

As to how we could combine 1920 8th with Parcel 2 if Parcel 2 is on a ground lease – our ground lease and option terms for 1920 8th Street explicitly allow us to combine the lot with adjacent lots for zoning and building purposes during our ground lease period. We would have a single building lot for zoning purposes with multiple tax lots for ownership and taxation purposes. Of course, WMATA would have to agree to this arrangement as well. If we owned Parcel 2 in fee simple this would not be an issue.



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**5) It appears you are valuing the property adjacent to Parcel 2 at $94/FAR sf, whereas you value Parcel 2 at $42/FAR sf. Please explain the disparity and assure WMATA that it is not subsidizing the adjacent property deal.**

We appreciate your concern. Therefore, it is important for us to better explain the terms of our 1920 8th ground lease and purchase option contract. To review, the essential terms of the 1920 8th ground lease are:

- Commenced August 3, 2007, with a one year base term and nine one-year renewal options
- Ground rent of $225,000/year in the first year, $150,000/year for renewal terms 1-4, and $200,000/year for renewal terms 5-9.
- Purchase option exercisable at any time during base term and renewals. Exercise price of $4,800,000 in the base term, increasing by 1.5% in each of the first three renewal terms and then remaining fixed at $5,019,256.20 for the remainder of the renewal terms.
- $100,000 of ground rent, once paid, credited toward the purchase option in the base term and in each of the first two renewal terms, with 100% of ground rent paid following the second renewal term and in every renewal term thereafter credited toward the option price. Therefore the purchase option balance due (*i.e.*, the purchase price) at the end of the last renewal term (August 3, 2017) shall be **$3,419,256.20.**
- Landlord is obliged under the ground lease to subordinate its unencumbered fee interest in the Property to Tenant's Construction Lender (and subsequent lenders), meaning that Tenant has full use of the land value of the Property as collateral to secure its construction financing, in place of a cash equity investment of equal value.

Under our agreement, we will be paying $3.42 million to buy 1920 8th in August 2017, a price of $67/FAR-sf. Let us assume we would close on the WMATA land at $42/FAR-sf on November 1, 2011, our firm outside closing date. Rounding to a six-year interval between the two settlements, and assuming an 8% discount rate, the Net Present Value (NPV) of a $42/sf number in 2011 is equivalent to the NPV of a $67/sf number in 2017. In other words, the values are identical.

Moreover, during the ten-year 1920 8th ground lease period, we are carrying 100% of the $3.42 million purchase price at an interest-only rate of 4.39% over the next four years ($150,000/year), increasing to a rate of 5.89% over the following five years ($200,000/year). This rate is superior to the bank financing terms we would receive on the land purchase today.

But the biggest difference between our deal on the 1920 8th parcel and the proposal for the WMATA parcels is that the 1920 8th ground lease is a fee-subordinated ground lease. The landlord has to pledge 100% of his fee interest in the property as collateral to our



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development, construction and permanent financing. This means that lenders will count the land value as the equivalent of cash invested in the deal, yet we and our investors do not have to invest this cash, and we are not compensating the cash beyond the low carry cost rates described above (an average of 5.2% over the next nine years). The minimum return for cash invested in a real estate development project today is 20%, compounding annually (and in most cases it is more). Assuming that 1920 8th appraises for $3.42 million and thus replaces an equal amount of cash equity in our project, the correct discount rate to apply to the future cash flows (ground lease payments) and eventual (2017) purchase price is 20%. We can compare this NPV to the NPV of purchasing the WMATA Parcel 2 for $1.6 million in 2011 at an 8% cost-of-funds (discount) rate, and then paying an 8% interest-only rate on 100% debt financing on that purchase until 2017. The end result is an NPV of $1.2 million for the 1920 8th Street deal, versus $1.5 million for Parcel 2.

Therefore, we are offering to pay WMATA 25% more for Parcel 2 than we are paying for the adjacent property at 1920 8th Street. It is not WMATA Parcel 2 that is subsidizing the purchase of 1920 8th, it is 1920 8th subsidizing WMATA. There are other ways to analyze this differential, but the gap would be even larger if we considered the full near-term benefits of the land equity available to us from the subordinated ground lease. We would happily make the same deal on the same proportionate price and terms with WMATA, but WMATA has stated that it will not subordinate its fee interest in a ground lease.

A final point of distinction between the two parcels is that at 1920 8th Street, we have a by-right, 47,600 square foot office building plan that meets zoning code parking requirements without any underground garage, saving us the entire cost of both Metro tunnel site work and underground garage construction if we build 1920 8th on its own. Anyone building on Parcel 2 on its own would either have to obtain a zoning variance for a large (50%) parking reduction, impairing the marketability of the building, or would have to incur relatively large underground garage and metro-tunnel specific costs to construct a by-right building on Parcel 2, which even then would not come close to the full FAR potential of the site because of the parking requirements (without going an unfeasible two floors underground for parking). Thus the Parcel 2 sale price must be reduced by the costs imposed by the Metro tunnel running beneath it, whereas 1920 8th on its own does not need to be discounted by this cost (although it does need to be discounted if combined with Parcel 2, since both sites will then incur the special site work costs over a larger area.)

**6) Note that WMATA standard leases require annual minimum escalations of rent (as opposed to the once every 10 years you have offered) and, also, that owing to past experience, WMATA has decided that it cannot grant a right of first refusal as you propose.**



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We will agree to change our ground rent escalation rate to 1.8% per year, rather than 20% every ten years.

Eliminating the right of first refusal on future sale of the property eliminates one of the inducements for a developer to enter a ground lease for the parcels, rather than a purchase. As a trade off, we believe the ground rent rate should be reduced, which would also bring the rate more into line with current market trends.

We look forward to further discussion on December 19th, and reaching an agreement with WMATA to acquire these parcels.

Sincerely,

Joshua Adler
Co-Managing Member



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Lakritz Adler
Robb Jon
12/19/07

1. Parcel 1 - because of small size, core would eat up 50% of space stay 1 level + mezzanine

2. DP wants to see by night — Something done fast

3. Phil Spaulding endorsing a specifically commercial project & Myla Moss endorsing ~~w~~ L/A

4. Hotel - limited service
"Hyatt Place" - Boutique-ish
Sherwood Aloft, Springhill Suites, Intercontinental Indigo
Milestone has Hyatt + Hilton now
traveler-related, not expensive

~~[illegible]~~

2 bldgs next door - facades would have to remain, historic protected

WMATA facilities impact
Parcel 2 Jan shafts on 8th St = higher shoring + shoring cost
Parcel 3 also

based on Clark Foundation cost estimates
Messer Structural
} of a couple of years ago

Envelope w more with 25%, return on cost

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A. Maddux - Eric's numbers are NOT worst case
- 2 challenges: assemblage, alley closing + historic
- pin down outside debe

B. Lakritz - challenges of assembly

C. Can Bannaker perform w/out Donatelli

**Washington Metropolitan Area Transit Authority**
**Office of Property Development and Management**

Meeting: LAKritz/Adler

Date: 12-19-07

| | Name | Office/Organization | Office Phone<br>Email Address |
|---|---|---|---|
| 1. | MARC BIONDI | WMATA / COUN | 202 962 1011<br>MEBIONDI@WMATA.COM |
| 2. | John Magarelli | WMATA / SAAM | 202-962-1357<br>jmagarelli@wmata.com |
| 3. | Joel R. Washington | WMATA / SAAM | 202-962-2616<br>jrwashington@wmata.com |
| 4. | Rosalyn Doggett | | |
| 5. | Tanj Bushney | W MATA / JDAC | tbushney@wmata.com |
| 6. | Robb LAKritz | LAKritz Adler | Robb@LAKritzadler.com |
| 7. | Douglas Bream | DANAC | dbream@danac.com |
| 8. | Benjamin Silverstreet | Danac Corp | ben@danac.com |
| 9. | Dale Stewart | CORE | 202.466.6116<br>das@COREdc.com |
| 10. | | | |
| 11. | | | |
| 12. | | | |
| 13. | | | |
| 14. | | | |
| 15. | | | |

T:\Harrison\LAND meeting sign-in.wpd

LAKRITZ | ADLER
real estate development

April 17, 2008

Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001
Attention: Joel Washington, Director, Station Area Planning and Asset Management

Re: Shaw-Howard Florida Avenue Joint Development Site Offer

Dear Mr. Washington:

We are writing to follow up on Rosalyn Doggett's phone call to us of March 3, 2008, informing us that our offer price was the lowest of the three remaining finalists. We appreciate the courtesy call in advance of the formal WMATA Board Meeting, as well as the frank discussion regarding the value of the Parcels during our presentation to WMATA staff in December.

While we continue to believe that our offer price represents the correct valuation of the Parcels, we are willing to enter into more detailed discussions with WMATA to arrive at what both we and WMATA might together agree is the fair market value for the Parcels.

We believe our offer to be the most thorough and credible. We control the key parcel adjacent to, and essential for, the construction of a substantial building on WMATA Parcel 2. We have relevant development experience. Our assumptions are based on actual, current construction costs for a project of similar size and location, and we have actual engineering reports on the cost impact of the Metro tunnel beneath the sites. An essential consideration must also be that our offer price and proposed project can be financed in today's real estate debt and equity environment, and we can execute on the terms we have proposed without relying on uncommitted third parties.

We therefore hope for the opportunity to meet again with WMATA staff to reach agreement on the fair market value of the WMATA Parcels.

Sincerely,

Joshua Adler
Co-Managing Member
LaKritz Adler Development



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In short, we are highly confident that our proposed uses are best and that our valuation is the highest that can be supported by conventional financing, without the need for substantial public subsidies, under today's market conditions for financing, leasing, construction and sales. We are confident that if the WMATA appraisal differs significantly from our conclusions, it is because the appraisal is either out of date, or uses inappropriate sale comparables, construction costs, or financing assumptions.

Finally, having given additional thought to the practical difficulty of administering the purchase price credit that we suggested in our most recent response letter for unique tunnel-related site-work, we would like to reaffirm the purchase prices set forth in our proposal:

**Parcel 1:** $590,000
**Parcel 2:** $1,600,000
**Parcel 3:** $2,700,000
**Total Offer Price**: $4,890,000

**Ground Lease.** In response to your question about whether we are still interested in a ground lease, we are. However, we continue to believe that a ground lease represents an inferior alternative for both parties. For one, it provides less development flexibility for these sites, resulting in a lower present valuation. If WMATA's interest is in long-term income, it would be better served to maximize its proceeds from an unrestricted sale and then reinvest those proceeds in investment vehicles that would provide a higher rate of current return than the unsubordinated ground leases on these sites (given the value-impairment that the unsubordinated ground leases impose). This is trebly the case if WMATA insists on a 60-year ground lease term for the parcels, which would greatly constrain development options. Such a short term ground lease would probably make single-story retail the only feasible plan, as a large, complex construction project could not be recouped with an adequate return from cash flow in sixty years (the short lease would eliminate the appreciation component of the return). This would not only contradict WMATA's expressed interest in achieving the highest and best transit use of the parcels, it would contradict the principles of transit-oriented development and the jurisdiction's comprehensive plan for mixed-use and maximum density on these sites. Needless to say, the present value of the parcels would be dramatically reduced as well.

In summary, we remain eager to reach an agreement to purchase these lots from WMATA on market-rate terms, as we have proposed, and we are certain of our ability to perform on the plans and terms we have proposed, even in today's unfavorable market conditions. As you know, we have been studying and planning the development of these lots for several years, and as residents and active developers in the immediate neighborhoods, we know how strongly our community wants to see these long-vacant lots finally contribute to the economic renaissance of U Street and the greater Shaw neighborhood.

Sincerely,

Joshua Adler
Co-Managing Member
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real estate development

April 17, 2008

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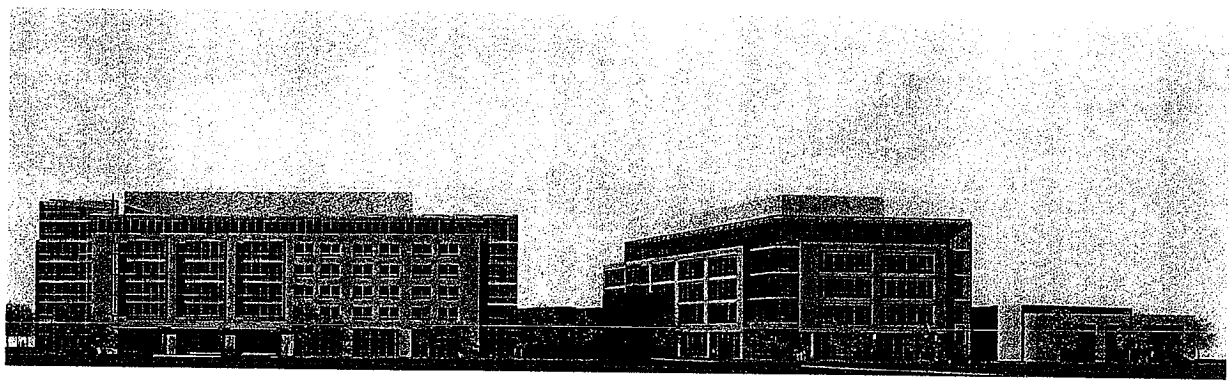
FOIA CONFIDENTIAL TREATMENT REQUESTED

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

# PROPOSAL
# SHAW HOWARD/FLORIDA AVENUE JOINT DEVELOPMENT SITES

# VOLUME 2 – ECONOMIC INFORMATION



**Development Proposal**

LaKritz | Adler Development, LLC
4326 8th Street, NW
Washington, DC 20011
Contact: Joshua Adler, Principal
Tel. (202) 882-0808
Fax. (202) 882-0809
josh@lakritzadler.com



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007034

DANAC CORPORATION

Real Estate Development • Management • Brokerage

Bank of America
Rebecca Greenspan
VA9-200-03-01
8300 Greensboro Drive
Suite 300
McLean, VA 22102-3604
Phone (703) 761-8715

October 4, 2007

Dear Ms. Greenspan,

We hereby authorize you to respond to inquiries from WMATA for the purpose of assessing our creditworthiness for the Shaw Howard/Florida Avenue JDS submission.

Sincerely,

Douglas E Bream
CFO & Vice President

7501 Wisconsin Avenue • Suite 1120 • Bethesda, Maryland 20814 • (301) 657-2800 • FAX: (301) 657-4560

**DANAC** CORPORATION

Real Estate Development • Management • Brokerage

M&T Bank
Stewart Cooper
25 South Charles Street
17th Floor (mailstop 101-747)
Baltimore, MD 21201
Phone (301) 397-5574

October 4, 2007

Dear Mr. Cooper,

We hereby authorize you to respond to inquiries from WMATA for the purpose of assessing our creditworthiness for the Shaw Howard/Florida Avenue JDS submission.

Sincerely,

Douglas E Bream
CFO & Vice President

*MILESTONE CAPITAL CORPORATION*
2600 N. Military Trail, Suite 349
Boca Raton, Florida 33431
(561) 981-8828
(561) 981-8827 (Fax)

October 5, 2007

Mr. John Nixon, First Vice President
Preferred Bank
601 South Figueroa Street
20th Floor
Los Angeles, CA 90017
P: (213) 891-1188
F: (213) 622-0369

Re: Credit Reference

Dear John:

Milestone Capital Corporation hereby authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) for the purpose of assessing our creditworthiness in conjunction with our development proposal for the Shaw-Howard/Florida Avenue site in Washington, D.C. Should you have any questions concerning this matter, feel free to contact me directly at (561) 289-8881.

Kind Regards,

Mason W. Mednick
Executive Vice President

MM/sig

Cc: Sander Mednick
Michael L. Wachtell

*MILESTONE CAPITAL CORPORATION*
2600 N. Military Trail, Suite 349
Boca Raton, Florida 33431
(561) 981-8828
(561) 981-8827 (Fax)

October 5, 2007

Mr. Michael Amoia, Director
Marathon Asset Management
461 Fifth Ave, 11th Floor
New York, NY 10017
P: (212) 381-4426
F: (212) 381-4497

Re: Credit Reference

Dear Mike:

Milestone Capital Corporation hereby authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) for the purpose of assessing our creditworthiness in conjunction with our development proposal for the Shaw-Howard/Florida Avenue site in Washington, D.C. Should you have any questions concerning this matter, feel free to contact me directly at (561) 289-8881.

Kind Regards,

Mason W. Mednick
Executive Vice President

MM/sig

Cc: Sander Mednick
Michael L. Wachtell

LAKRITZ | ADLER
real estate development

October 5, 2007

Mr. Casey Brill
PNC Real Estate Finance
808 17th Street, NW
Washington, DC 20006
Tel. 202-835-4460
Fax. 202-835-5982

Re: WMATA Shaw-Howard/Florida Avenue JDS

Dear Casey:

This letter authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) concerning the creditworthiness and experience of LaKritz Adler Development and its affiliates and principals, pursuant to our proposal to WMATA for the development of its Shaw-Howard / Florida Avenue properties.

Sincerely,

Joshua Adler
Principal

LaKritz | Adler Development, LLC
4326 8th Street, NW • Washington, DC 20011
(202) 882-0808 • Fax (202) 882-0809

LAKRITZ | ADLER
real estate development

October 5, 2007

Mr. Daniel Ruvalcaba
Builders Bank
77 W. Wacker Drive, Suite 3100
Chicago, IL 60601
Tel. 312-977-1436
Fax. 312-977-1439

Re: WMATA Shaw-Howard/Florida Avenue JDS

Dear Dan:

This letter authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) concerning the creditworthiness and experience of LaKritz Adler Development and its affiliates and principals, pursuant to our proposal to WMATA for the development of its Shaw-Howard / Florida Avenue properties.

Sincerely,

Joshua Adler
Principal

LaKritz | Adler Development, LLC
4326 8th Street, NW • Washington, DC 20011
(202) 882-0808 • Fax (202) 882-0809

LAKRITZ | ADLER
real estate development

October 5, 2007

Mr. Greg Dougherty
Branch Banking & Trust Co.
1909 K Street, NW
Washington, DC 20006
Tel. 202-835-9332
Fax. 202-835-9285

Re: WMATA Shaw-Howard/Florida Avenue JDS

Dear Greg:

This letter authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) concerning the creditworthiness and experience of LaKritz Adler Development and its affiliates and principals, pursuant to our proposal to WMATA for the development of its Shaw-Howard / Florida Avenue properties.

Sincerely,

Joshua Adler
Principal

LaKritz | Adler Development, LLC
4326 8th Street, NW • Washington, DC 20011
(202) 882-0808 • Fax (202) 882-0809

LIABILITIES AND OWNERS' EQUITY

| | | | |
|---|---|---|---|
| CURRENT LIABILITIES | | | |
| Accounts Payable - Trade | $2,266,455.53 | ($311,252.12) | $1,955,203.41 |
| Gratuities & Tips | 11,147.68 | 1,856.70 | 13,004.38 |
| Advanced Deposits Guests | 472,911.54 | (47,979.06) | 424,932.48 |
| Refunds Payable and Gift Certificates | 32,469.26 | (10,468.62) | 22,000.64 |
| Sales Tax Payable | 403,080.19 | 39,776.71 | 442,856.90 |
| Accrued Expenses | 294,147.99 | (59,909.92) | 234,238.07 |
| Accrued Interest | 354,908.10 | (633.19) | 354,274.91 |
| Accrued Management Fees | 1,618,423.54 | 90,617.52 | 1,709,041.06 |
| Accrued Real Estate Taxes | 84,702.93 | 33,208.34 | 117,911.27 |
| Accrued Wages and Benefits | 313,777.50 | 60,893.62 | 374,671.12 |
| Due to Affiliate | 220,600.93 | 2,277.48 | 222,878.41 |
| Due to Parent | 2,218,524.68 | 328,918.44 | 2,547,443.12 |
| Note Payable | 9,966.44 | (452.22) | 9,514.22 |
| TOTAL CURRENT LIABILITIES | 8,301,116.31 | 126,853.68 | 8,427,969.99 |
| DEFERRED GAIN ON ASSET SALE | 1,498,738.88 | (13,033.15) | 1,485,705.73 |
| MORTGAGE PAYABLE | 71,346,879.98 | (135,991.14) | 71,210,888.84 |
| OWNERS' EQUITY | | | |
| Capital | 290,314.34 | (548,600.75) | (258,286.41) |
| Retained Earnings | (7,787,730.84) | 612,430.67 | (7,175,300.17) |
| TOTAL EQUITY | (7,497,416.50) | 63,829.92 | (7,433,586.58) |
| | $73,649,318.67 | $41,659.31 | $73,690,977.98 |

Milestone Hotel Partners,LLC
Consolidated Balance Sheet
August 31, 2007

| | PRIOR MONTH BALANCE | CHANGE | CURRENT MONTH BALANCE |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | 690,183.96 | (311,312.25) | 378,871.71 |
| Accounts receivable | 1,278,489.88 | (86,236.76) | 1,192,253.12 |
| Due From Affiliates | 495,829.66 | 407.11 | 496,236.77 |
| Due From Parent | 539,699.28 | 615,068.07 | 1,154,767.35 |
| Inventory | 147,001.83 | 33,415.73 | 180,417.56 |
| Prepaid Insurance | 274,044.97 | (59,127.93) | 214,917.04 |
| Prepaid Expenses | 218,854.83 | (19,863.49) | 198,991.34 |
| Prepaid Park Tickets | 66,217.80 | (25,624.15) | 40,593.65 |
| Prepaid Property Taxes | 67,714.34 | 209,851.07 | 277,565.41 |
| Escrow - Taxes & Insurance | 1,135,493.53 | (134,604.12) | 1,000,889.41 |
| TOTAL CURRENT ASSETS | 4,913,530.08 | 221,973.28 | 5,135,503.36 |
| PROPERTY AND EQUIPMENT | | | |
| Land | 4,950,332.67 | 0.00 | 4,950,332.67 |
| Building | 55,843,545.23 | 0.00 | 55,843,545.23 |
| Furniture Fixtures and Equipment | 17,171,588.95 | 8,338.10 | 17,179,927.05 |
| Construction in Progress | 119,760.24 | 45,363.65 | 165,123.89 |
| Accumulated Depreciation | (24,550,861.15) | (375,761.88) | (24,926,623.03) |
| NET PROPERTY AND EQUIPMENT | 53,534,365.94 | (322,060.13) | 53,212,305.81 |
| OTHER ASSETS | | | |
| Franchise License, Net | 85,040.11 | (3,133.44) | 81,906.67 |
| Loan Costs, Net | 986,552.22 | (40,819.87) | 945,732.35 |
| Escrow - Replacement Reserves | 1,473,532.19 | 185,699.47 | 1,659,231.66 |
| Goodwill, Net | 11,263,836.04 | 0.00 | 11,263,836.04 |
| Deposits | 53,206.09 | 0.00 | 53,206.09 |
| Note Receivable | 1,339,256.00 | 0.00 | 1,339,256.00 |
| TOTAL OTHER ASSETS | 15,201,422.65 | 141,746.16 | 15,343,168.81 |
| | $73,649,318.67 | $41,659.31 | $73,690,977.98 |

Milestone Portfolio
Consolidated Summary of Operations - All Hotels
For the Eight Months Ending August 31, 2007

| | CURRENT MONTH ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE | YEAR TO DATE ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | | | | | | |
| Rooms | 5,466,068 | 71.4% | 5,554,362 | 70.1% | (88,294) | (1.6%) | 32,738,044 | 63.4% | 33,758,259 | 63.3% | (1,020,215) | (3.0%) |
| Food & Beverage | 1,822,638 | 23.8% | 2,026,509 | 25.6% | (203,871) | (10.1%) | 17,032,692 | 33.0% | 17,738,578 | 33.3% | (705,886) | (4.0%) |
| Communications | 13,080 | 0.2% | 19,440 | 0.2% | (6,360) | (32.7%) | 127,427 | 0.2% | 144,565 | 0.3% | (17,138) | (11.9%) |
| Other | 348,425 | 4.6% | 327,507 | 4.1% | 20,918 | 6.4% | 1,755,184 | 3.4% | 1,686,268 | 3.2% | 68,916 | 4.1% |
| TOTAL REVENUE | $7,650,211 | 100.0% | $7,927,818 | 100.0% | ($277,607) | (3.5%) | $51,653,347 | 100.0% | $53,327,670 | 100.0% | ($1,674,323) | (3.1%) |
| DEPARTMENT PROFIT | | | | | | | | | | | | |
| Rooms | 4,362,365 | 79.8% | 4,502,807 | 81.1% | (140,442) | (3.1%) | 25,404,942 | 77.6% | 26,354,944 | 78.1% | (950,002) | (3.6%) |
| Food & Beverage | 339,414 | 18.6% | 489,931 | 24.2% | (150,517) | (30.7%) | 5,375,845 | 31.6% | 5,684,854 | 32.0% | (309,009) | (5.4%) |
| Communications | (16,088) | (123.0%) | (14,048) | (72.3%) | (2,040) | 14.5% | (110,270) | (86.5%) | (106,658) | (73.8%) | (3,612) | 3.4% |
| Other | 106,967 | 30.7% | 93,618 | 28.6% | 13,349 | 14.3% | 613,685 | 35.0% | 555,443 | 32.9% | 58,242 | 10.5% |
| TOTAL DEPT. INCOME (LOSS) | 4,792,658 | 62.6% | 5,072,308 | 64.0% | (279,650) | (5.5%) | 31,284,202 | 60.6% | 32,488,583 | 60.9% | (1,204,381) | (3.7%) |
| UNDISTRIBUTED EXPENSES | | | | | | | | | | | | |
| Admin & General | 505,454 | 6.6% | 478,192 | 6.0% | 27,262 | 5.7% | 3,640,558 | 7.0% | 3,711,705 | 7.0% | (71,147) | (1.9%) |
| Sales and Marketing | 386,599 | 5.1% | 397,927 | 5.0% | (11,328) | (2.8%) | 2,958,815 | 5.7% | 3,127,895 | 5.9% | (169,080) | (5.4%) |
| Repairs and Maintenance | 387,898 | 5.1% | 339,159 | 4.3% | 48,739 | 14.4% | 2,849,137 | 5.5% | 2,683,966 | 5.0% | 165,171 | 6.2% |
| Utilities | 444,192 | 5.8% | 456,931 | 5.8% | (12,739) | (2.8%) | 3,421,280 | 6.6% | 3,357,797 | 6.3% | 63,483 | 1.9% |
| TOTAL UNDISTRIBUTED EXPENSES | 1,724,143 | 22.5% | 1,672,209 | 21.1% | 51,934 | 3.1% | 12,869,790 | 24.9% | 12,881,363 | 24.2% | (11,573) | (0.1%) |
| GROSS OPERATING PROFIT (LOSS) | 3,068,515 | 40.1% | 3,400,099 | 42.9% | (331,584) | (9.8%) | 18,414,412 | 35.6% | 19,607,220 | 36.8% | (1,192,808) | (6.1%) |
| Management Fee | 269,486 | 3.5% | 278,374 | 3.5% | (8,888) | (3.2%) | 1,781,986 | 3.4% | 1,841,738 | 3.5% | (59,752) | (3.2%) |
| Trade Name / Franchise Fee | 187,691 | 2.5% | 192,883 | 2.4% | (5,192) | (2.7%) | 1,386,582 | 2.7% | 1,403,886 | 2.6% | (17,304) | (1.2%) |
| INCOME BEFORE FIXED EXPENSES | 2,611,338 | 34.1% | 2,928,842 | 36.9% | (317,504) | (10.8%) | 15,245,844 | 29.5% | 16,361,596 | 30.7% | (1,115,752) | (6.8%) |
| FIXED AND OTHER EXPENSES | | | | | | | | | | | | |
| Rent | 93,925 | 1.2% | 96,288 | 1.2% | (2,363) | (2.5%) | 751,944 | 1.5% | 770,310 | 1.4% | (18,366) | (2.4%) |
| Property Taxes | 144,720 | 1.9% | 147,457 | 1.9% | (2,737) | (1.9%) | 1,098,728 | 2.1% | 1,179,656 | 2.2% | (80,928) | (6.9%) |
| Equipment lease | 27,303 | 0.4% | 23,875 | 0.3% | 3,428 | 14.4% | 173,556 | 0.3% | 152,200 | 0.3% | 21,356 | 14.0% |
| Insurance | 69,304 | 0.9% | 68,217 | 0.9% | 1,087 | 1.6% | 509,029 | 1.0% | 545,736 | 1.0% | (36,707) | (6.7%) |
| Owners expense | 27,733 | 0.4% | 9,450 | 0.1% | 18,283 | 193.5% | 256,945 | 0.5% | 82,250 | 0.2% | 174,695 | 212.4% |
| Other | 6,332 | 0.1% | 0 | 0.0% | 6,332 | 0.0% | 64,506 | 0.1% | 0 | 0.0% | 64,506 | 0.0% |
| Interest Income - Note | (5,905) | (0.1%) | (5,905) | (0.1%) | 0 | 0.0% | (46,475) | (0.1%) | (47,240) | (0.1%) | 765 | (1.6%) |
| TOTAL FIXED EXPENSES | 363,412 | 4.8% | 339,382 | 4.3% | 24,030 | 7.1% | 2,808,233 | 5.4% | 2,682,912 | 5.0% | 125,321 | 4.7% |
| INC. (LOSS) BEFORE INT. & DEPREC. | 2,247,926 | 29.4% | 2,589,460 | 32.7% | (341,534) | (13.2%) | 12,437,611 | 24.1% | 13,678,684 | 25.7% | (1,241,073) | (9.1%) |
| INTEREST AND DEPREC. | | | | | | | | | | | | |
| Interest - Mortgage | 880,766 | 11.5% | 870,721 | 11.0% | 10,045 | 1.2% | 6,996,167 | 13.5% | 6,905,768 | 12.9% | 90,399 | 1.3% |
| Loan Servicing Fees | 341 | 0.0% | 0 | 0.0% | 341 | 0.0% | 2,821 | 0.0% | 0 | 0.0% | 2,821 | 0.0% |
| Depreciation & Amortization | 737,129 | 9.6% | 714,416 | 9.0% | 22,713 | 3.2% | 5,701,917 | 11.0% | 5,715,328 | 10.7% | (13,411) | (0.2%) |
| TOTAL INT. & DEPREC. | 1,618,236 | 21.2% | 1,585,137 | 20.0% | 33,099 | 2.1% | 12,700,905 | 24.6% | 12,621,096 | 23.7% | 79,809 | 0.6% |
| NET INCOME (LOSS) | $629,690 | 8.2% | $1,004,323 | 12.7% | ($374,633) | (37.3%) | ($263,294) | (0.5%) | $1,057,588 | 2.0% | ($1,320,882) | (124.9%) |
| CASH FLOW ADJUSTMENTS | | | | | | | | | | | | |
| Mortgage Principal | (135,991) | (1.8%) | (139,103) | (1.8%) | 3,112 | (2.2%) | (1,102,171) | (2.1%) | (1,112,824) | (2.1%) | 10,653 | (1.0%) |
| FF&E Reserve funding | (276,372) | (3.6%) | (285,105) | (3.6%) | 8,733 | (3.1%) | (1,962,978) | (3.8%) | (2,092,447) | (3.9%) | 129,469 | (6.2%) |
| Depreciation & Amortization | 737,129 | 9.6% | 714,416 | 9.0% | 22,713 | 3.2% | 5,701,917 | 11.0% | 5,715,328 | 10.7% | (13,411) | (0.2%) |
| NET CASH AVAILABLE | $954,456 | 12.5% | $1,294,531 | 16.3% | ($340,075) | (26.3%) | $2,373,474 | 4.6% | $3,567,645 | 6.7% | ($1,194,171) | (33.5%) |
| STATISTICAL SUMMARY | | | | | | | | | | | | |
| Available Rooms | 72,913 | 0.0% | 73,067 | 0.0% | (154) | (0.2%) | 564,459 | 0.0% | 570,458 | 0.0% | (5,999) | (1.1%) |
| Occupied Rooms | 49,660 | 0.0% | 51,413 | 0.0% | (1,753) | (3.4%) | 338,509 | 0.0% | 348,523 | 0.0% | (10,014) | (2.9%) |
| Average Rate | 110.07 | 0.0% | 108.03 | 0.0% | 2.04 | 1.9% | 96.71 | 0.0% | 96.86 | 0.0% | -0.15 | (0.2%) |
| Occupancy % | 68.11 | 0.0% | 70.36 | 0.0% | -2.26 | (3.2%) | 59.97 | 0.0% | 61.10 | 0.0% | -1.12 | (1.8%) |
| REVPAR | 74.97 | 0.0% | 76.02 | 0.0% | -1.05 | (1.4%) | 58.00 | 0.0% | 59.16 | 0.0% | -1.16 | (2.0%) |

FOIA CONFIDENTIAL TREATMENT REQUESTED

LIABILITIES AND OWNERS' EQUITY

| | | | |
|---|---|---|---|
| CURRENT LIABILITIES | | | |
| Accounts Payable - Trade | $1,931,438.89 | $464,506.01 | $2,395,944.90 |
| Gratuities & Tips | (808.84) | 8,305.29 | 7,496.45 |
| Advanced Deposits Guests | 324,429.81 | (17,529.15) | 306,900.66 |
| Refunds Payable and Gift Certificates | 5,717.39 | 21,188.90 | 26,906.29 |
| Sales Tax Payable | 288,841.59 | (4,235.30) | 284,606.29 |
| Accrued Expenses | 178,362.45 | (5,404.32) | 172,958.13 |
| Accrued Insurance | 0.00 | 32,258.99 | 32,258.99 |
| Accrued Interest | 348,191.07 | 11,033.79 | 359,224.86 |
| Accrued Management Fees | 1,581,938.71 | 43,183.01 | 1,625,121.72 |
| Accrued Real Estate Taxes | 60,110.73 | (57,404.31) | 2,706.42 |
| Accrued Wages and Benefits | 303,733.54 | (29,755.65) | 273,977.89 |
| Due to Affiliate | 202,782.93 | 784.88 | 203,567.81 |
| Due to Parent | 3,768,853.06 | (3,661,919.62) | 106,933.44 |
| Note Payable | 13,500.13 | (432.61) | 13,067.52 |
| TOTAL CURRENT LIABILITIES | 9,007,091.46 | (3,195,420.09) | 5,811,671.37 |
| DEFERRED GAIN ON ASSET SALE | 1,603,004.08 | (13,033.15) | 1,589,970.93 |
| MORTGAGE PAYABLE | 72,166,356.69 | 146,703.48 | 72,313,060.17 |
| OWNERS' EQUITY | | | |
| Capital | 167,754.07 | 1,840,310.51 | 2,008,064.58 |
| Retained Earnings | (7,643,589.63) | (532,995.84) | (8,176,585.47) |
| TOTAL EQUITY | (7,475,835.56) | 1,307,314.67 | (6,168,520.89) |
| | $75,300,616.67 | ($1,754,435.09) | $73,546,181.58 |

Milestone Hotel Partners,LLC
Consolidated Balance Sheet
December 31, 2006

| | PRIOR MONTH BALANCE | CHANGE | CURRENT MONTH BALANCE |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | 318,991.05 | 23,341.26 | 342,332.31 |
| Accounts receivable | 1,461,030.76 | (301,462.33) | 1,159,568.43 |
| Due From Affiliates | 494,916.16 | 334.85 | 495,251.01 |
| Due From Parent | 1,424,943.63 | (1,424,943.63) | 0.00 |
| Inventory | 159,992.19 | (15,251.37) | 144,740.82 |
| Prepaid Insurance | 53,090.92 | 78,160.64 | 131,251.56 |
| Prepaid Expenses | 143,947.00 | 4,454.15 | 148,401.15 |
| Prepaid Park Tickets | 596.70 | 3,555.30 | 4,152.00 |
| Prepaid Property Taxes | 384,117.63 | (75,265.48) | 308,852.15 |
| Escrow - Taxes & Insurance | 845,051.52 | (47,664.78) | 797,386.74 |
| TOTAL CURRENT ASSETS | 5,286,677.56 | (1,754,741.39) | 3,531,936.17 |
| PROPERTY AND EQUIPMENT | | | |
| Land | 4,950,332.67 | 0.00 | 4,950,332.67 |
| Building | 52,257,200.80 | 2,058,895.51 | 54,316,096.31 |
| Furniture Fixtures and Equipment | 16,067,737.58 | 496,743.51 | 16,564,481.09 |
| Construction in Progress | 3,101,007.22 | (2,037,515.42) | 1,063,491.80 |
| Accumulated Depreciation | (21,688,174.22) | (350,352.09) | (22,038,526.31) |
| NET PROPERTY AND EQUIPMENT | 54,688,104.05 | 167,771.51 | 54,855,875.56 |
| OTHER ASSETS | | | |
| Liquor License, Net | 1,666.72 | (208.33) | 1,458.39 |
| Franchise License, Net | 108,375.82 | (2,966.77) | 105,409.05 |
| Loan Costs, Net | 1,307,637.09 | (40,408.29) | 1,267,228.80 |
| Escrow - Replacement Reserves | 1,241,268.30 | (111,336.82) | 1,129,931.48 |
| Goodwill, Net | 11,263,836.04 | 0.00 | 11,263,836.04 |
| Deposits | 63,795.09 | (12,545.00) | 51,250.09 |
| Note Receivable | 1,339,256.00 | 0.00 | 1,339,256.00 |
| TOTAL OTHER ASSETS | 15,325,835.06 | (167,465.21) | 15,158,369.85 |
| | $75,300,616.67 | ($1,754,435.09) | $73,546,181.58 |

Milestone Portfolio
Consolidated Summary of Operations - All Hotels
For the Twelve Months Ending December 31, 2006

| | CURRENT MONTH ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE | YEAR TO DATE ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | | | | | | |
| Rooms | 2,263,685 | 52.3% | 2,367,648 | 55.8% | (103,963) | (4.4%) | 44,332,729 | 62.4% | 48,091,084 | 63.2% | (3,758,355) | (7.8%) |
| Food & Beverage | 1,921,429 | 44.4% | 1,773,799 | 41.8% | 147,630 | 8.3% | 24,216,262 | 34.1% | 25,414,815 | 33.4% | (1,198,553) | (4.7%) |
| Communications | 12,733 | 0.3% | 14,961 | 0.4% | (2,228) | (14.9%) | 194,529 | 0.3% | 272,099 | 0.4% | (77,570) | (28.5%) |
| Other | 130,318 | 3.0% | 86,538 | 2.0% | 43,780 | 50.6% | 2,252,522 | 3.2% | 2,299,293 | 3.0% | (46,771) | (2.0%) |
| TOTAL REVENUE | $4,328,165 | 100.0% | $4,242,946 | 100.0% | $85,219 | 2.0% | $70,996,042 | 100.0% | $76,077,291 | 100.0% | ($5,081,249) | (6.7%) |
| DEPARTMENT PROFIT | | | | | | | | | | | | |
| Rooms | 1,559,819 | 68.9% | 1,636,273 | 69.1% | (76,454) | (4.7%) | 33,883,163 | 76.4% | 37,091,455 | 77.1% | (3,208,292) | (8.6%) |
| Food & Beverage | 629,884 | 32.8% | 431,347 | 24.3% | 198,537 | 46.0% | 7,544,206 | 31.2% | 7,759,765 | 30.5% | (215,559) | (2.8%) |
| Communications | (16,709) | (131.2%) | (10,582) | (70.7%) | (6,127) | 57.9% | (196,776) | (101.2%) | (121,098) | (44.5%) | (75,678) | 62.5% |
| Other | 65,315 | 50.1% | 21,539 | 24.9% | 43,776 | 203.2% | 861,855 | 38.3% | 782,240 | 34.0% | 79,645 | 10.2% |
| TOTAL DEPT. INCOME (LOSS) | 2,238,309 | 51.7% | 2,078,577 | 49.0% | 159,732 | 7.7% | 42,092,478 | 59.3% | 45,512,362 | 59.8% | (3,419,884) | (7.5%) |
| UNDISTRIBUTED EXPENSES | | | | | | | | | | | | |
| Admin & General | 441,393 | 10.2% | 450,852 | 10.6% | (9,459) | (2.1%) | 5,491,281 | 7.7% | 5,499,028 | 7.2% | (7,747) | (0.1%) |
| Sales and Marketing | 409,796 | 9.5% | 371,427 | 8.8% | 38,369 | 10.3% | 4,247,661 | 6.0% | 4,439,223 | 5.8% | (191,562) | (4.3%) |
| Repairs and Maintenance | 307,225 | 7.1% | 324,160 | 7.6% | (16,935) | (5.2%) | 4,032,214 | 5.7% | 4,014,297 | 5.3% | 17,917 | 0.4% |
| Utilities | 434,670 | 10.0% | 427,915 | 10.1% | 6,755 | 1.6% | 5,144,820 | 7.2% | 5,140,137 | 6.8% | 4,683 | 0.1% |
| TOTAL UNDISTRIBUTED EXPENSES | 1,593,084 | 36.8% | 1,574,354 | 37.1% | 18,730 | 1.2% | 18,915,976 | 26.6% | 19,092,685 | 25.1% | (176,709) | (0.9%) |
| GROSS OPERATING PROFIT (LOSS) | 645,225 | 14.9% | 504,223 | 11.9% | 141,002 | 28.0% | 23,176,502 | 32.6% | 26,419,677 | 34.7% | (3,243,175) | (12.3%) |
| Management Fee | 149,638 | 3.5% | 146,558 | 3.5% | 3,080 | 2.1% | 2,472,652 | 3.5% | 2,625,064 | 3.5% | (152,412) | (5.8%) |
| Trade Name / Franchise Fee | 110,646 | 2.6% | 110,889 | 2.6% | (243) | (0.2%) | 1,935,126 | 2.7% | 2,018,280 | 2.7% | (83,154) | (4.1%) |
| INCOME BEFORE FIXED EXPENSES | 384,941 | 8.9% | 246,776 | 5.8% | 138,165 | 56.0% | 18,768,724 | 26.4% | 21,776,333 | 28.6% | (3,007,609) | (13.8%) |
| FIXED AND OTHER EXPENSES | | | | | | | | | | | | |
| Rent | 91,915 | 2.1% | 80,757 | 1.9% | 11,158 | 13.8% | 1,131,867 | 1.6% | 1,140,315 | 1.5% | (8,448) | (0.7%) |
| Property Taxes | 132,410 | 3.1% | 145,720 | 3.4% | (13,310) | (9.1%) | 1,590,327 | 2.2% | 1,748,638 | 2.3% | (158,311) | (9.1%) |
| Equipment lease | 17,469 | 0.4% | 15,704 | 0.4% | 1,765 | 11.2% | 286,687 | 0.4% | 286,990 | 0.4% | (303) | (0.1%) |
| Insurance | 70,867 | 1.6% | 74,442 | 1.8% | (3,575) | (4.8%) | 837,163 | 1.2% | 893,298 | 1.2% | (56,135) | (6.3%) |
| Owners expense | 81,247 | 1.9% | 64,100 | 1.5% | 17,147 | 26.8% | 292,937 | 0.4% | 150,500 | 0.2% | 142,437 | 94.6% |
| Other | 5,051 | 0.1% | 0 | 0.0% | 5,051 | 0.0% | 140,149 | 0.2% | 0 | 0.0% | 140,149 | 0.0% |
| Interest Income - Note | (5,905) | (0.1%) | 0 | 0.0% | (5,905) | 0.0% | (69,522) | (0.1%) | 0 | 0.0% | (69,522) | 0.0% |
| TOTAL FIXED EXPENSES | 393,054 | 9.1% | 380,723 | 9.0% | 12,331 | 3.2% | 4,209,628 | 5.9% | 4,219,761 | 5.5% | (10,133) | (0.2%) |
| INC. (LOSS) BEFORE INT. & DEPREC. | (8,113) | (0.2%) | (133,947) | (3.2%) | 125,834 | (93.9%) | 14,559,096 | 20.5% | 17,556,572 | 23.1% | (2,997,476) | (17.1%) |
| INTEREST AND DEPREC. | | | | | | | | | | | | |
| Interest - Mortgage | 850,132 | 19.6% | 842,108 | 19.8% | 8,024 | 1.0% | 9,570,218 | 13.5% | 9,542,547 | 12.5% | 27,671 | 0.3% |
| Loan Servicing Fees | 649 | 0.0% | 0 | 0.0% | 649 | 0.0% | 10,852 | 0.0% | 0 | 0.0% | 10,852 | 0.0% |
| Depreciation & Amortization | 653,284 | 15.1% | 617,625 | 14.6% | 35,659 | 5.8% | 7,574,911 | 10.7% | 7,419,398 | 9.8% | 155,513 | 2.1% |
| TOTAL INT. & DEPREC. | 1,504,065 | 34.8% | 1,459,733 | 34.4% | 44,332 | 3.0% | 17,155,981 | 24.2% | 16,961,945 | 22.3% | 194,036 | 1.1% |
| Gain (Loss) on Asset Sale | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | (202,544) | (0.3%) | 0 | 0.0% | (202,544) | 0.0% |
| Other Income (Expense) | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | (8,473) | (0.0%) | 0 | 0.0% | (8,473) | 0.0% |
| NET INCOME (LOSS) | ($1,512,178) | (34.9%) | ($1,593,680) | (37.6%) | $81,502 | (5.1%) | ($2,807,902) | (4.0%) | $594,627 | 0.8% | ($3,402,529) | (572.2%) |
| CASH FLOW ADJUSTMENTS | | | | | | | | | | | | |
| Mortgage Principal | (136,984) | (3.2%) | (134,455) | (3.2%) | (2,529) | 1.9% | (1,497,441) | (2.1%) | (1,516,787) | (2.0%) | 19,346 | (1.3%) |
| Gain (Loss) on Asset Sale | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 202,544 | 0.3% | 0 | 0.0% | 202,544 | 0.0% |
| FF&E Reserve funding | (221,699) | (5.1%) | (183,098) | (4.3%) | (38,601) | 21.1% | (2,300,201) | (3.2%) | (2,421,158) | (3.2%) | 120,957 | (5.0%) |
| Depreciation & Amortization | 653,284 | 15.1% | 617,625 | 14.6% | 35,659 | 5.8% | 7,574,911 | 10.7% | 7,419,398 | 9.8% | 155,513 | 2.1% |
| NET CASH AVAILABLE | ($1,217,577) | (28.1%) | ($1,293,608) | (30.5%) | $76,031 | (5.9%) | $1,171,911 | 1.7% | $4,076,080 | 5.4% | ($2,904,169) | (71.2%) |
| STATISTICAL SUMMARY | | | | | | | | | | | | |
| Available Rooms | 68,951 | 0.0% | 73,408 | 0.0% | (4,457) | (6.1%) | 840,118 | 0.0% | 882,552 | 0.0% | (42,434) | (4.8%) |
| Occupied Rooms | 27,268 | 0.0% | 29,153 | 0.0% | (1,885) | (6.5%) | 486,159 | 0.0% | 529,607 | 0.0% | (43,448) | (8.2%) |
| Average Rate | 83.02 | 0.0% | 81.21 | 0.0% | 1.80 | 2.2% | 91.19 | 0.0% | 90.81 | 0.0% | 0.38 | 0.4% |
| Occupancy % | 39.55 | 0.0% | 39.71 | 0.0% | -0.17 | (0.4%) | 57.87 | 0.0% | 60.01 | 0.0% | -2.14 | (3.6%) |
| REVPAR | 32.83 | 0.0% | 32.25 | 0.0% | 0.58 | 1.8% | 52.77 | 0.0% | 54.49 | 0.0% | -1.72 | (3.2%) |

FOIA CONFIDENTIAL TREATMENT REQUESTED

LIABILITIES AND OWNERS' EQUITY

| | | | |
|---|---|---|---|
| CURRENT LIABILITIES | | | |
| Accounts Payable - Trade | $2,271,177.73 | ($181,932.63) | $2,089,245.10 |
| Gratuities & Tips | 7,401.39 | 873.02 | 8,274.41 |
| Advanced Deposits Guests | 311,110.78 | (37,622.46) | 273,488.32 |
| Refunds Payable and Gift Certificates | 13,451.04 | 7,126.66 | 20,577.70 |
| Sales Tax Payable | 345,587.91 | (36,050.45) | 309,537.46 |
| Payroll Deductions | (149.97) | 149.97 | 0.00 |
| Accrued Expenses | 442,377.55 | (151,952.86) | 290,424.69 |
| Accrued Insurance | 34,505.81 | (9,700.63) | 24,805.18 |
| Accrued Interest | 335,536.83 | 11,435.60 | 346,972.43 |
| Accrued Management Fees | 1,355,277.52 | 108,111.11 | 1,463,388.63 |
| Accrued Real Estate Taxes | 72,336.12 | (32,255.01) | 40,081.11 |
| Accrued Wages and Benefits | 534,976.14 | (271,970.41) | 263,005.73 |
| Due to Affiliate | 231,376.97 | (42,393.17) | 188,983.80 |
| Due to Parent | 4,016,885.36 | (3,992,853.44) | 24,031.92 |
| Note Payable | 176,058.77 | (1,061.76) | 174,997.01 |
| TOTAL CURRENT LIABILITIES | 10,147,909.95 | (4,630,096.46) | 5,517,813.49 |
| DEFERRED GAIN ON ASSET SALE | 2,090,361.60 | (15,702.18) | 2,074,659.42 |
| MORTGAGE PAYABLE | 73,938,758.70 | (108,942.38) | 73,829,816.32 |
| OWNERS' EQUITY | | | |
| Capital | 5,704,480.18 | 2,736,790.36 | 8,441,270.54 |
| Retained Earnings | (11,697,769.35) | (606,503.64) | (12,304,272.99) |
| TOTAL EQUITY | (5,993,289.17) | 2,130,286.72 | (3,863,002.45) |
| | $80,183,741.08 | ($2,624,454.30) | $77,559,286.78 |

Milestone Hotel Partners,LLC
Consolidated Balance Sheet
December 31, 2005

| | PRIOR MONTH BALANCE | CHANGE | CURRENT MONTH BALANCE |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | 1,279,246.24 | (370,463.76) | 908,782.48 |
| Accounts receivable | 1,890,382.96 | (379,014.88) | 1,511,368.08 |
| Due From Affiliates | 423,929.60 | (16,628.36) | 407,301.24 |
| Due From Parent | 1,634,299.88 | (1,634,299.88) | 0.00 |
| Inventory | 166,616.44 | (9,754.78) | 156,861.66 |
| Prepaid Insurance | 47,552.42 | 140,259.51 | 187,811.93 |
| Prepaid Expenses | 175,710.72 | (10,122.95) | 165,587.77 |
| Prepaid Park Tickets | 0.00 | 4,340.00 | 4,340.00 |
| Prepaid Property Taxes | 225,964.51 | 5,124.93 | 231,089.44 |
| Escrow - Taxes & Insurance | 1,064,732.91 | (170,515.04) | 894,217.87 |
| TOTAL CURRENT ASSETS | 6,908,435.68 | (2,441,075.21) | 4,467,360.47 |
| PROPERTY AND EQUIPMENT | | | |
| Land | 4,950,332.67 | 0.00 | 4,950,332.67 |
| Building | 51,233,754.52 | 561,352.27 | 51,795,106.79 |
| Furniture Fixtures and Equipment | 14,898,646.53 | 219,534.53 | 15,118,181.06 |
| Construction in Progress | 743,711.08 | (306,976.64) | 436,734.44 |
| Accumulated Depreciation | (17,711,062.55) | (329,695.83) | (18,040,758.38) |
| NET PROPERTY AND EQUIPMENT | 54,115,382.25 | 144,214.33 | 54,259,596.58 |
| OTHER ASSETS | | | |
| Liquor License, Net | 4,166.68 | (208.33) | 3,958.35 |
| Franchise License, Net | 145,713.53 | (3,118.05) | 142,595.48 |
| Loan Costs, Net | 1,790,058.74 | (40,408.28) | 1,749,650.46 |
| Escrow - Replacement Reserves | 4,132,729.71 | (283,604.57) | 3,849,125.14 |
| Goodwill, Net | 11,690,728.67 | 0.00 | 11,690,728.67 |
| Deposits | 57,269.82 | (254.19) | 57,015.63 |
| Note Receivable | 1,339,256.00 | 0.00 | 1,339,256.00 |
| TOTAL OTHER ASSETS | 19,159,923.15 | (327,593.42) | 18,832,329.73 |
| | $80,183,741.08 | ($2,624,454.30) | $77,559,286.78 |

Milestone Portfolio
Consolidated Summary of Operations - All Hotels
For the Twelve Months Ending December 31, 2005

| | CURRENT MONTH ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE | YEAR TO DATE ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | | | | | | |
| Rooms | 2,272,173 | 53.2% | 2,069,036 | 54.6% | 203,137 | 9.8% | 37,799,755 | 67.0% | 36,710,917 | 66.4% | 1,088,838 | 3.0% |
| Food & Beverage | 1,882,565 | 44.1% | 1,609,980 | 42.5% | 272,585 | 16.9% | 16,866,048 | 29.9% | 16,797,818 | 30.4% | 68,230 | 0.4% |
| Communications | 12,532 | 0.3% | 17,991 | 0.5% | (5,459) | (30.3%) | 198,219 | 0.4% | 272,454 | 0.5% | (74,235) | (27.2%) |
| Other | 104,099 | 2.4% | 91,740 | 2.4% | 12,359 | 13.5% | 1,552,001 | 2.8% | 1,543,191 | 2.8% | 8,810 | 0.6% |
| TOTAL REVENUE | $4,271,369 | 100.0% | $3,788,747 | 100.0% | $482,622 | 12.7% | $56,416,023 | 100.0% | $55,324,380 | 100.0% | $1,091,643 | 2.0% |
| DEPARTMENT PROFIT | | | | | | | | | | | | |
| Rooms | 1,585,919 | 69.8% | 1,401,162 | 67.7% | 184,757 | 13.2% | 29,078,230 | 76.9% | 28,259,830 | 77.0% | 818,400 | 2.9% |
| Food & Beverage | 552,192 | 29.3% | 351,535 | 21.8% | 210,657 | 59.9% | 5,236,012 | 31.0% | 4,938,228 | 29.4% | 297,784 | 6.0% |
| Communications | (20,399) | (162.8%) | (6,085) | (33.8%) | (14,314) | 235.2% | (167,037) | (84.3%) | (40,570) | (14.9%) | (126,467) | 311.7% |
| Other | 37,740 | 36.3% | 30,314 | 33.0% | 7,426 | 24.5% | 693,894 | 44.7% | 682,821 | 44.2% | 11,073 | 1.6% |
| TOTAL DEPT. INCOME (LOSS) | 2,165,452 | 50.7% | 1,776,926 | 46.9% | 388,526 | 21.9% | 34,841,099 | 61.8% | 33,840,309 | 61.2% | 1,000,790 | 3.0% |
| UNDISTRIBUTED EXPENSES | | | | | | | | | | | | |
| Admin & General | 505,750 | 11.8% | 415,163 | 11.0% | 90,587 | 21.8% | 4,276,702 | 7.6% | 4,081,795 | 7.4% | 194,907 | 4.8% |
| Sales and Marketing | 360,005 | 8.4% | 356,082 | 9.4% | 3,923 | 1.1% | 2,965,118 | 5.3% | 3,111,200 | 5.6% | (146,082) | (4.7%) |
| Repairs and Maintenance | 338,531 | 7.9% | 294,395 | 7.8% | 44,136 | 15.0% | 3,209,784 | 5.7% | 2,823,033 | 5.1% | 386,751 | 13.7% |
| Utilities | 543,091 | 12.7% | 418,715 | 11.1% | 124,376 | 29.7% | 4,022,462 | 7.1% | 3,574,976 | 6.5% | 447,506 | 12.5% |
| TOTAL UNDISTRIBUTED EXPENSES | 1,747,377 | 40.9% | 1,484,355 | 39.2% | 263,022 | 17.7% | 14,474,086 | 25.7% | 13,591,004 | 24.6% | 883,082 | 6.5% |
| GROSS OPERATING PROFIT (LOSS) | 418,075 | 9.8% | 292,571 | 7.7% | 125,504 | 42.9% | 20,367,013 | 36.1% | 20,249,305 | 36.6% | 117,708 | 0.6% |
| Management Fee | 151,521 | 3.5% | 135,400 | 3.6% | 16,121 | 11.9% | 2,109,511 | 3.7% | 2,071,537 | 3.7% | 37,974 | 1.8% |
| Trade Name / Franchise Fee | 107,077 | 2.5% | 94,695 | 2.5% | 12,382 | 13.1% | 2,050,416 | 3.6% | 1,908,427 | 3.4% | 141,989 | 7.4% |
| INCOME BEFORE FIXED EXPENSES | 159,477 | 3.7% | 62,476 | 1.6% | 97,001 | 155.3% | 16,207,086 | 28.7% | 16,269,341 | 29.4% | (62,255) | (0.4%) |
| FIXED AND OTHER EXPENSES | | | | | | | | | | | | |
| Rent | 103,021 | 2.4% | 102,576 | 2.7% | 445 | 0.4% | 1,246,243 | 2.2% | 1,217,512 | 2.2% | 28,731 | 2.4% |
| Property Taxes | 130,595 | 3.1% | 143,818 | 3.8% | (13,223) | (9.2%) | 1,315,726 | 2.3% | 1,385,166 | 2.5% | (69,440) | (5.0%) |
| Equipment lease | 18,935 | 0.4% | 19,543 | 0.5% | (608) | (3.1%) | 174,793 | 0.3% | 178,893 | 0.3% | (4,100) | (2.3%) |
| Insurance | 66,651 | 1.6% | 68,706 | 1.8% | (2,055) | (3.0%) | 659,207 | 1.2% | 676,467 | 1.2% | (17,260) | (2.6%) |
| Owners expense | 56,069 | 1.3% | 66,358 | 1.8% | (10,289) | (15.5%) | 220,104 | 0.4% | 138,246 | 0.2% | 81,858 | 59.2% |
| Other | 11,965 | 0.3% | 0 | 0.0% | 11,965 | 0.0% | 35,852 | 0.1% | 0 | 0.0% | 35,852 | 0.0% |
| Interest Income - Note | (5,905) | (0.1%) | (5,809) | (0.2%) | (96) | 1.7% | (69,713) | (0.1%) | (69,708) | (0.1%) | (5) | 0.0% |
| TOTAL FIXED EXPENSES | 381,331 | 8.9% | 395,192 | 10.4% | (13,861) | (3.5%) | 3,582,212 | 6.3% | 3,526,576 | 6.4% | 55,636 | 1.6% |
| INC. (LOSS) BEFORE INT. & DEPREC. | (221,854) | (5.2%) | (332,716) | (8.8%) | 110,862 | (33.3%) | 12,624,874 | 22.4% | 12,742,765 | 23.0% | (117,891) | (0.9%) |
| INTEREST AND DEPREC. | | | | | | | | | | | | |
| Interest - Mortgage | 749,757 | 17.6% | 735,170 | 19.4% | 14,587 | 2.0% | 6,728,387 | 11.9% | 6,839,638 | 12.4% | (111,251) | (1.6%) |
| Mortgage Loan Costs | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 162,894 | 0.3% | 0 | 0.0% | 162,894 | 0.0% |
| Mortgage Exit Fees | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 3,478,950 | 6.2% | 0 | 0.0% | 3,478,950 | 0.0% |
| Depreciation & Amortization | 716,554 | 16.8% | 561,231 | 14.8% | 155,323 | 27.7% | 5,767,202 | 10.3% | 5,275,287 | 9.5% | 511,915 | 9.7% |
| TOTAL INT. & DEPREC. | 1,466,311 | 34.3% | 1,296,401 | 34.2% | 169,910 | 13.1% | 16,157,433 | 28.6% | 12,114,925 | 21.9% | 4,042,508 | 33.4% |
| Gain (Loss) on Asset Sale | (10,923) | (0.3%) | 0 | 0.0% | (10,923) | 0.0% | 1,727,935 | 3.1% | 0 | 0.0% | 1,727,935 | 0.0% |
| Other Income (Expense) | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | (22,191) | (0.0%) | 0 | 0.0% | (22,191) | 0.0% |
| NET INCOME (LOSS) | ($1,699,088) | (39.8%) | ($1,629,117) | (43.0%) | ($69,971) | 4.3% | ($1,826,815) | (3.2%) | $627,840 | 1.1% | ($2,454,655) | (391.0%) |
| CASH FLOW ADJUSTMENTS | | | | | | | | | | | | |
| Mortgage Principal | (108,942) | (2.6%) | (117,622) | (3.1%) | 8,680 | (7.4%) | (1,389,468) | (2.5%) | (1,546,248) | (2.8%) | 156,780 | (10.1%) |
| Mortgage Loan Costs/Exit Fees | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 3,641,844 | 6.5% | 0 | 0.0% | 3,641,844 | 0.0% |
| Gain (Loss) on Asset Sale | 10,923 | 0.3% | 0 | 0.0% | 10,923 | 0.0% | (1,727,935) | (3.1%) | 0 | 0.0% | (1,727,935) | 0.0% |
| FF&E Reserve funding | (125,322) | (2.9%) | (117,031) | (3.1%) | (8,291) | 7.1% | (1,894,208) | (3.4%) | (1,793,836) | (3.2%) | (100,372) | 5.6% |
| Depreciation & Amortization | 716,554 | 16.8% | 561,231 | 14.8% | 155,323 | 27.7% | 5,787,202 | 10.3% | 5,275,287 | 9.5% | 511,915 | 9.7% |
| NET CASH AVAILABLE | ($1,205,875) | (28.2%) | ($1,302,539) | (34.4%) | $96,664 | (7.4%) | $2,590,620 | 4.6% | $2,563,043 | 4.6% | $27,577 | 1.1% |
| STATISTICAL SUMMARY | | | | | | | | | | | | |
| Available Rooms | 76,074 | 0.0% | 76,167 | 0.0% | (93) | (0.1%) | 764,698 | 0.0% | 778,081 | 0.0% | (13,383) | (1.7%) |
| Occupied Rooms | 27,973 | 0.0% | 28,748 | 0.0% | (775) | (2.7%) | 460,173 | 0.0% | 465,439 | 0.0% | (5,266) | (1.1%) |
| Average Rate | 81.23 | 0.0% | 71.97 | 0.0% | 9.26 | 12.9% | 82.14 | 0.0% | 78.87 | 0.0% | 3.27 | 4.1% |
| Occupancy % | 36.77 | 0.0% | 37.74 | 0.0% | -0.97 | (2.6%) | 60.18 | 0.0% | 59.82 | 0.0% | 0.36 | 0.6% |
| REVPAR | 29.87 | 0.0% | 27.16 | 0.0% | 2.70 | 10.0% | 49.43 | 0.0% | 47.18 | 0.0% | 2.25 | 4.8% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Statement of Income**
**Six Months Ended July 31, 2007**

| | | | | |
|---|---|---|---|---|
| ***Revenues:*** | | | | |
| Gross Rents | | $516,498.95 | | 16.2% |
| Property Sales | | $2,630,000.00 | | 82.3% |
| Interest Income | | $45,897.99 | | 1.4% |
| Other Income | | $2,705.77 | | 0.1% |
| Total Revenues | | | $ 3,195,102.71 | 100.0% |
| ***Direct Expenses*** | | | | |
| Rental Properties | | | | |
| Operating Expenses | $163,091.45 | | | |
| Depreciation / Amortization | $120,021.67 | | | |
| Total Rental Property Operating Expenses | | $283,113.12 | | 8.9% |
| Property Sales | | | | |
| Cost of Sales | $1,899,840.50 | | | |
| Other Direct Expenses | $6,227.70 | | | |
| Total Direct Expenses of Property Sales | | $1,906,068.20 | | 59.7% |
| Interest Expense | | | | |
| Rental Properties | $388,714.81 | | | |
| Properties Pending Sale | $0.00 | | | |
| General Financing | $4,027.53 | | | |
| Guaranteed Payments to Investors | $78,455.74 | | | |
| Total Interest Expense | | $471,198.08 | | 14.7% |
| Prospective Development | | | | |
| Current Expenses | | $1,291.50 | | 0.0% |
| Total Direct Expenses | | | $2,661,670.90 | 83.3% |
| ***Gross Profit before G&A*** | | | $533,431.81 | 16.7% |
| ***General and administrative expenses:*** | | | | |
| Employee Expenses | | | $81,549.10 | 2.6% |
| Promotional | | | $27,825.91 | 0.9% |
| Office Expenses | | | $49,292.79 | 1.5% |
| Contributions | | | $2,250.00 | 0.1% |
| Legal fees | | | $16,395.01 | 0.5% |
| Other Gen & Admin Exps | | | $51,160.03 | 1.6% |
| Income Taxes | | | -$15,393.22 | -0.5% |
| | | | $213,079.62 | 6.7% |
| **Net income** | | | $320,352.19 | 10.0% |

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Balance Sheet**
**As of July 31, 2007**

## LIABILITIES & PARTNERS' EQUITY

| | | | |
|---|---|---|---|
| ***Current liabilities:*** | | | |
| Accounts Payable | $ | 328,694.52 | 1.5% |
| Accrued Interest Expense | $ | 145,092.47 | 0.7% |
| Accrued Expenses | $ | 2,752.32 | 0.0% |
| | $ | 476,539.31 | 2.1% |
| ***Long Term liabilities:*** | | | |
| First Mortgages & Long Term Construction Financing | $ | 16,209,509.70 | 73.0% |
| Second Mortgages | $ | 1,195,966.19 | 5.4% |
| Warranty Repair Liability | $ | 15,339.53 | 0.1% |
| | $ | 17,420,815.42 | 78.4% |
| ***Other liabilities:*** | | | |
| Tenant Security Deposits | $ | 93,321.75 | 0.4% |
| Customer Deposits | $ | 1,826.00 | 0.0% |
| | $ | 95,147.75 | 0.4% |
| **Total liabilities** | $ | 17,992,502.48 | 81.0% |
| ***Partners capital*** | | | |
| Contributed Capital, LaKritz & Adler | $ | 242,041.71 | 1.1% |
| Contributed Capital, Investors | $ | 1,555,999.21 | 7.0% |
| Retained Earnings | $ | 2,424,187.64 | 10.9% |
| | | 4,222,228.56 | 19.0% |
| **Total liabilities and partners capital** | $ | 22,214,731.04 | 100.0% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Balance Sheet**
**As of July 31, 2007**

## ASSETS

***Current assets:***

| | | | |
|---|---|---|---|
| Cash and Cash Equivalents | | $ 1,024,298.55 | 4.6% |
| Accounts Receivable | | $ 100,671.86 | 0.5% |
| Prepaid Expenses | | $ 19,927.67 | 0.1% |
| Mortgage Escrow Accts | | $ 122,922.54 | 0.6% |
| Investments in Pending Projects | | $ 292,265.91 | 1.3% |
| | | 1,560,086.53 | 7.0% |

***Fixed Assets***

| | | | |
|---|---|---|---|
| Land | | $ 4,794,585.61 | 21.6% |
| Buildings | | $ 7,969,982.56 | 35.9% |
| Improvements | | $ 1,300,573.27 | 5.9% |
| Capitalized Acquisition Settlement Costs | | $ 634,438.00 | 2.9% |
| Fixtures, Furnishings & Equipment | | $ 97,380.31 | 0.4% |
| Leasehold Improvements | | $ 33,835.85 | 0.2% |
| Less Accumulated Depreciation | | $ (276,008.14) | -1.2% |
| | | 14,554,787.46 | 65.5% |

***Other assets:***

| | | | |
|---|---|---|---|
| Inventory (Real Estate Held for Resale) | | $ 5,226,697.22 | 23.5% |
| Deposits w/Vendors | | $ 16,780.00 | 0.1% |
| Receivables Due from Members and Other Affiliates | | $ 66,825.54 | 0.3% |
| Notes Receivable from Investors | | $ 368,499.21 | 1.7% |
| Deferred Loan Costs | $ 533,544.99 | | 2.4% |
| Accumulated Amortization, Deferred Loan Costs | $ (113,145.58) | $ 420,399.41 | -0.5% |
| Capitalized Organizational Costs | $ 1,513.50 | | 0.0% |
| Accumulated Amortization, Capitalized Org Costs | $ (857.83) | $ 655.67 | 0.0% |
| | | $ 6,099,857.05 | 27.5% |

| | | |
|---|---|---|
| **Total assets** | $ 22,214,731.04 | 100.0% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Statement of Income**
**Year Ended December 31, 2006**

| | | | | |
|---|---|---|---|---|
| ***Revenues:*** | | | | |
| Gross Rents | | $412,394.54 | | 4.2% |
| Property Sales | | $9,449,900.00 | | 95.5% |
| Construction Billings | | -$54,011.67 | | -0.5% |
| Property Management Fees | | $2,188.81 | | 0.0% |
| Interest Income | | $80,257.56 | | 0.8% |
| Other Income | | $6,732.65 | | 0.1% |
| Total Revenues | | | $ 9,897,461.89 | 100.0% |
| ***Direct Expenses*** | | | | |
| Rental Properties | | | | |
| Operating Expenses | $174,811.75 | | | |
| Depreciation / Amortization | $146,041.35 | | | |
| Total Rental Property Operating Expenses | | $320,853.10 | | 3.2% |
| Property Sales | | | | |
| Cost of Sales | $6,310,823.69 | | | |
| Other Direct Expenses | $159,483.33 | | | |
| Total Direct Expenses of Property Sales | | $6,470,307.02 | | 65.4% |
| Construction Operations | | | | |
| Direct Costs | $301.82 | | | |
| Construction Management | $1,095.36 | | | |
| Total Construction Operating Expenses | | $1,397.18 | | 0.0% |
| Interest Expense | | | | |
| Rental Properties | $443,783.68 | | | |
| Properties Pending Sale | $0.00 | | | |
| General Financing | $14,946.81 | | | |
| Guaranteed Payments to Investors | $106,294.92 | | | |
| Total Interest Expense | | $565,025.41 | | 5.7% |
| Prospective Development | | | | |
| Current Expenses | | $211,850.37 | | 2.1% |
| Total Direct Expenses | | | $7,569,433.08 | 76.5% |
| ***Gross Profit before G&A*** | | | $2,328,028.81 | 23.5% |
| ***General and administrative expenses:*** | | | | |
| Employee Expenses | | | $199,007.38 | 2.0% |
| Promotional | | | $47,975.69 | 0.5% |
| Office Expenses | | | $104,293.64 | 1.1% |
| Contributions | | | $0.00 | 0.0% |
| Legal fees | | | $9,698.88 | 0.1% |
| Other Gen & Admin Exps | | | $29,418.05 | 0.3% |
| Income Taxes | | | $21,410.32 | 0.2% |
| | | | $411,803.96 | 4.2% |
| **Net income** | | | $1,916,224.85 | 19.4% |

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Balance Sheet**
**As of December 31, 2006**

## LIABILITIES & PARTNERS' EQUITY

***Current liabilities:***

| | | | |
|---|---|---|---|
| Accounts Payable | $ | 150,870.38 | 1.2% |
| Accrued Interest Expense | $ | 59,975.25 | 0.5% |
| Accrued Expenses | $ | 4,549.44 | 0.0% |
| Amounts Due to Affiliated Companies | $ | - | 0.0% |
| Lines of Credit | $ | 295,000.00 | 2.4% |
| Short-Term Real Estate Loans & Construction Financing | $ | - | 0.0% |
| | $ | 510,395.07 | 4.1% |

***Long Term liabilities:***

| | | | |
|---|---|---|---|
| First Mortgages & Long Term Construction Financing | $ | 7,585,256.01 | 60.5% |
| Second Mortgages | $ | 196,914.07 | 1.6% |
| Notes Payable | $ | - | 0.0% |
| Warranty Repair Liability | $ | 16,853.40 | 0.1% |
| | $ | 7,799,023.48 | 62.2% |

***Other liabilities:***

| | | | |
|---|---|---|---|
| Tenant Security Deposits | $ | 27,751.32 | 0.2% |
| Customer Deposits | $ | - | 0.0% |
| Amounts Due Members | $ | - | 0.0% |
| | $ | 27,751.32 | 0.2% |

| | | | |
|---|---|---|---|
| **Total liabilities** | $ | 8,337,169.87 | 66.5% |

***Partners capital***

| | | | |
|---|---|---|---|
| Contributed Capital, LaKritz & Adler | $ | (99,896.80) | -0.8% |
| Contributed Capital, Investors | $ | 1,555,999.21 | 12.4% |
| Retained Earnings | $ | 2,752,419.81 | 21.9% |
| | | 4,208,522.22 | 33.5% |

| | | | |
|---|---|---|---|
| **Total liabilities and partners capital** | $ | 12,545,692.09 | 100.0% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Balance Sheet**
**As of December 31, 2006**

## ASSETS

***Current assets:***

| | | | |
|---|---|---|---|
| Cash and Cash Equivalents | | $ 2,996,595.70 | 23.9% |
| Accounts Receivable | | $ 39,763.54 | 0.3% |
| Amounts Due from Affiliated Companies | | $ (0.00) | 0.0% |
| Prepaid Expenses | | $ 3,859.48 | 0.0% |
| Mortgage Escrow Accts | | $ 2,095.57 | 0.0% |
| Settlement Funds Receivable | | $ - | 0.0% |
| Investments in Pending Projects | | $ 76,078.87 | 0.6% |
| | | 3,118,393.16 | 24.9% |

***Fixed Assets***

| | | | |
|---|---|---|---|
| Land | | $ 1,202,963.14 | 9.6% |
| Buildings | | $ 1,279,802.56 | 10.2% |
| Improvements | | $ 1,370,477.58 | 10.9% |
| Capitalized Acquisition Settlement Costs | | $ 106,760.72 | 0.9% |
| Capitalized Zoning Costs | | $ 1,268.43 | 0.0% |
| Capitalized Lease Buyout Costs | | $ 379,515.24 | 3.0% |
| Fixtures, Furnishings & Equipment | | $ 48,076.80 | 0.4% |
| Leasehold Improvements | | $ 33,835.85 | 0.3% |
| Less Accumulated Depreciation | | $ (202,016.14) | -1.6% |
| | | 4,220,684.18 | 33.6% |

***Other assets:***

| | | | |
|---|---|---|---|
| Inventory (Real Estate Held for Resale) | | $ 4,699,117.66 | 37.5% |
| Deposits w/Vendors | | $ 29,472.00 | 0.2% |
| Receivables Due from Members and Other Affiliates | | $ 41,241.32 | 0.3% |
| Notes Receivable from Investors | | $ 368,499.21 | 2.9% |
| Deferred Loan Costs | $ 95,321.40 | | 0.8% |
| Accumulated Amortization, Deferred Loan Coss | $ (28,490.87) | $ 66,830.53 | -0.2% |
| Capitalized Organizational Costs | $ 2,513.50 | | 0.0% |
| Accumulated Amortization, Capitalized Org Costs | $ (1,059.47) | $ 1,454.03 | 0.0% |
| | | $ 5,206,614.75 | 41.5% |

| | | |
|---|---|---|
| **Total assets** | $ 12,545,692.09 | 100.0% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

## LaKritz Adler Development

**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

## Income Statement

**Year Ended December 31, 2005**

***Revenues:***

| | | | | |
|---|---|---|---|---|
| Gross Rents | | $486,176.37 | | 5.1% |
| Property Sales | | $7,113,000.00 | | 74.1% |
| Construction Billings | | $1,822,789.61 | | 19.0% |
| Development Fees | | $145,000.00 | | 1.5% |
| Property Management Fees | | $4,895.85 | | 0.1% |
| Interest income | | $22,885.81 | | 0.2% |
| Total Revenues | | | $ 9,594,747.64 | 100.0% |
| ***Direct Expenses*** | | | | |
| Rental Properties | | | | |
| Operating Expenses | $91,330.48 | | | |
| Depreciation / Amortization | $141,152.07 | | | |
| Total Rental Property Operating Expenses | | $232,482.55 | | 2.4% |
| Property Sales | | | | |
| Cost of Sales | $5,511,890.28 | | | |
| Other Direct Expenses | $42,304.89 | | | |
| Total Direct Expenses of Property Sales | | $5,554,195.17 | | 57.9% |
| Construction Operations | | | | |
| Direct Costs | $1,534,514.75 | | | |
| Construction Management | $105,397.01 | | | |
| Total Construction Operating Expenses | | $1,639,911.76 | | 17.1% |
| Interest Expense | | | | |
| Rental Properties | $524,551.86 | | | |
| Properties Pending Sale | $27,026.22 | | | |
| General Financing | $28,988.45 | | | |
| Guaranteed Payments to Investors | $88,579.10 | | | |
| Total Interest Expense | | $669,145.63 | | 7.0% |
| Prospective Development | | | | |
| Current Expenses | | $12,611.85 | | 0.1% |
| Total Direct Expenses | | | $8,108,346.96 | 84.5% |
| ***Gross Profit before G&A*** | | | $1,486,400.68 | 15.5% |
| ***General and administrative expenses:*** | | | | |
| Employee Expenses | | | $208,979.97 | 2.2% |
| Promotional | | | $24,536.13 | 0.3% |
| Office Expenses | | | $102,425.22 | 1.1% |
| Contributions | | | $21,564.00 | 0.2% |
| Legal fees | | | $180,153.54 | 1.9% |
| Other Gen & Admin Exps | | | $81,870.35 | 0.9% |
| Income Taxes | | | $86,524.35 | 0.9% |
| | | | $706,053.56 | 7.4% |
| **Net income** | | | $780,347.12 | 8.1% |



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 007057

## LaKritz Adler Development

**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

## Balance Sheet

**As of December 31, 2005**

**LIABILITIES AND PARTNERS CAPITAL**

***Current liabilities:***

| | | |
|---|---|---|
| Accounts Payable | $ 117,919.26 | 0.8% |
| Accrued Interest Expense | $ 43,416.21 | 0.3% |
| Accrued Expenses | $ 50,588.14 | 0.3% |
| Lines of Credit | $ 125,000.00 | 0.8% |
| Construction/Short-Term Real Estate Loans | $ 7,742,735.84 | 51.1% |
| | $ 8,079,659.45 | 53.3% |

***Long Term liabilities:***

| | | |
|---|---|---|
| First Mortgages | $ 2,504,006.92 | 16.5% |
| Second Mortgages | $ 931,640.28 | 6.1% |
| Notes Payable | $ 111,436.70 | 0.7% |
| Warranty Repair Liability | $ - | 0.0% |
| | $ 3,547,083.90 | 23.4% |

***Other liabilities:***

| | | |
|---|---|---|
| Amounts Due to Affiliated Companies | $ - | 0.0% |
| Tenant Security Deposits | $ 41,453.45 | 0.3% |
| Customer Deposits | $ 280,000.00 | 1.8% |
| Amounts Due Members | $ 14,231.85 | 0.1% |
| | $ 335,685.30 | 2.2% |
| **Total liabilities** | $ 11,962,428.65 | 79.0% |

***Partners capital***

| | | |
|---|---|---|
| Contributed Capital, LaKritz & Adler | $ 348,094.85 | 2.3% |
| Contributed Capital, Investors | $ 1,805,999.21 | 11.9% |
| Retained Earnings | $ 1,034,843.89 | 6.8% |
| | 3,188,937.95 | 21.0% |
| **Total liabilities and partners capital** | $ 15,151,366.60 | 100.0% |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007058

## LaKritz Adler Development

**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

## Balance Sheet

**As of December 31, 2005**

**ASSETS**

***Current assets:***

| | | | |
|---|---|---|---|
| Cash and Cash Equivalents | | $ 736,194.12 | 4.9% |
| Accounts Receivable | | $ 23,456.62 | 0.2% |
| Prepaid Expenses | | $ 10,162.79 | 0.1% |
| Mortgage Escrow Accts | | $ 4,214.84 | 0.0% |
| Settlement Funds Receivable | | $ - | 0.0% |
| Inventory (Real Estate Held for Resale) | | $ 194,346.61 | 1.3% |
| Investments in Pending Projects | | $ 149,722.31 | 1.0% |
| | | 1,118,097.29 | 7.4% |

***Fixed Assets***

| | | | |
|---|---|---|---|
| Land | | $ 7,597,026.62 | 50.1% |
| Buildings | | $ 3,509,936.91 | 23.2% |
| Improvements | | $ 1,985,693.32 | 13.1% |
| Capitalized Acquisition Settlement Costs | | $ 302,033.14 | 2.0% |
| Capitalized Zoning Costs | | $ 119,854.24 | 0.8% |
| Capitalized Lease Buyout Costs | | $ 22,236.38 | 0.1% |
| Fixtures, Furnishings & Equipment | | $ 73,860.91 | 0.5% |
| Leasehold Improvements | | $ 33,835.85 | 0.2% |
| Less Accumulated Depreciation | | $ (131,028.72) | -0.9% |
| | | 13,513,448.65 | 89.2% |

***Other assets:***

| | | | |
|---|---|---|---|
| Amounts Due from Affiliated Companies | | $ (0.00) | 0.0% |
| Deposits w/Vendors | | $ 25,770.00 | 0.2% |
| Receivables Due from Members and Other Affiliates | | $ 58,948.70 | 0.4% |
| Notes Receivable from Investors | | $ 368,499.21 | 2.4% |
| Deferred Loan Costs | $ 106,243.40 | | 0.7% |
| Accumulated Amortization, Deferred Loan Coss | $ (40,547.40) | $ 65,696.00 | -0.3% |
| Amounts Due from Other Related Parties | | $ - | 0.0% |
| Capitalized Organizational Costs | $ 1,663.50 | | 0.0% |
| Accumulated Amortization, Capitalized Org Costs | $ (756.75) | $ 906.75 | 0.0% |
| | | $ 519,820.66 | 3.4% |

| | | |
|---|---|---|
| **Total assets** | $ 15,151,366.60 | 100.0% |



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 007059

2.3.H.1. TAX BASE IMPACT ANALYSIS

| | | | | | | |
|---|---|---|---|---|---|---|
| **ONE-TIME TAX EVENTS** | | | | | | |
| **Construction Permitting Fees** | Cost | | Rate | Fixed | | **TAX REVENUE to DC** |
| Hard Cost + Sitework | $ | 36,606,260.00 | 1% | 10000 | $ | **376,062.60** |
| **Purchase Recordation Tax** | | | | | | |
| Land Costs | $ | 8,849,333.00 | 1.50% | | $ | **132,740.00** |
| **Sale Transfer & Recordation Tax** | | | | | | |
| Sale at Stabilization | $ | 92,853,686.00 | 3% | | $ | **2,785,610.58** |
| **Financing Recordation Tax** | | | | | | |
| Peak Construction Loan | $ | 53,375,246.00 | 1.50% | | $ | **800,628.69** |
| **Construction Job Income Tax on Avg Salary $50k, 50% in D.C.** | | | | No. Jobs | | |
| Total Construction + Siteowrk + HC Contingency | $ | 40,261,086.00 | 50% | 201.31 | $ | **688,464.57** |
| Assume Labor = 50% of hard cost | | | | | | |
| Assume 50% Live in DC | | | | | | |
| DC Tax on $50k Income | $ | 3,420.00 | | | | |
| **Legal/Professional Job Income Tax on Avg Salary $120k, 50% in D.C.** | | | | No. Jobs | | |
| Total Soft/Legal/Mgmt/Mkting/Sales Cost: | $ | 8,450,074.58 | 50% | 35.21 | $ | **334,834.21** |
| DC Tax up to 10,000 @ 4.5% | $ | 450.00 | | | | |
| DC Tax 10k - 40k @ 7% | $ | 2,100.00 | | | | |
| DC Tax 40k - 120K @ 8.7% | $ | 6,960.00 | | | | |
| | $ | **9,510.00** | on $120,000 income | | | |
| **Franchise Tax on Development Profits** | | | $ 26,250,913.00 | 9.50% | $ | **2,493,836.74** |
| | | | **TOTAL ONE-TIME D.C TAXES:** | | $ | **7,612,177.38** |
| | | | **Total Construction/Development Jobs Created:** | | | **473** |
| | | | **Jobs Created in D.C. Only:** | | | **237** |
| **ONGOING TAXES ON OPERATIONS (at stabilization)** | | | | | | |
| **Restaurant Sales Taxes** | Restaurant/Retail Rent | | Imputed Sales | Tax Rate | | |
| Parcel 1 | $ | 213,554.00 | $ 2,135,540.00 | 10% | $ | **213,554.00** |
| Parcel 2 | $ | 623,107.00 | $ 6,231,070.00 | 10% | $ | **623,107.00** |
| Parcel 3 | $ | 385,300.00 | $ 3,853,000.00 | 10% | $ | **385,300.00** |
| **Restaurant/Retail Jobs Income Tax** | | | | | | |
| 1 employee / 200 SF | | 131.42 | 98.565 | DC Jobs | $ | **182,345.25** |
| Avg Salary $30,000 | | 1850 | DC Tax on $30k | | | |
| 75% live in DC | | 75% | | | | |
| **Office Jobs Income Tax** | | | | | | |
| 1 employee/200 SF | | 70763 | 353.815 | Jobs | $ | **989,797.46** |
| Avg Salary $75,000 | DC Tax on $75k | | $ 5,595.00 | | | |
| 50% live in DC | | 50% | 176.9075 | DC Jobs | | |
| **Hotel Jobs Income Tax** | | | | | | |
| 1 employee/5 rooms | 145 Rooms | | 29 | | $ | **51,939.00** |
| Avg Salary $45k | Tax on $45k | | $ 2,985.00 | | | |
| 60% Live in DC | | 60% | 17.4 | DC Jobs | | |
| **Hotel Taxes** | | | | | | |
| Room Sales @ 14.5% | Average Gross Revenue/Year | | $ 10,061,782.66 | 14.50% | $ | **1,458,958.49** |
| Dining Sales @ 10% | Avg In-House Dining Sales | | $ 939,854.00 | 10% | $ | **93,985.40** |
| **Parking Taxes All Parcels @ 12%** | Annual Parking Income | | $ 231,263.00 | 12% | $ | **27,751.56** |
| **Property Taxes (1.85%/year on pro forma cap rate values)** | | | | | | |
| Parcel 1 Value | | | $ 3,285,448.00 | 1.85% | $ | **60,780.79** |
| Parcel 2 Value | | | $ 48,391,353.00 | 1.85% | $ | **895,240.03** |
| Parcel 3 Value | | | $ 41,176,885.00 | 1.85% | $ | **761,772.37** |
| | | | **TOTAL ANNUAL TAXES TO D.C.** | | $ | **5,744,531.35** |
| | | | **Long-Term Jobs Created:** | | | **514** |
| | | | **Long-Term D.C. Jobs Created:** | | | **293** |

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| Source of Funds<br>Type | Combined Sources<br>Scenario |
|---|---|
| Heading | 181<br>Oct-2022 |
| Auto. Project Contribution | 0 |
| Timed Contribution Project | 0 |
| **Total Contribution** | **0** |
| Non-Mortgage Interest and Fees | 0 |
| Auto. Repayment | 0 |
| Timed Repayment Project | 0 |
| **Total Repayment** | **0** |
| **Profit Participation** | **47,205,525** |
| **Net Cash Flow (IRR)** | **47,205,525** |
| Net Cash Flow (Equity IRR) | 47,205,525 |
| **Cumulative Net Cash Flow** | **57,121,682** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 15.0% |



WMATA-INV 007061

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | 1<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | (438,913) | (438,913) | (3,927,313) | (237,909) | (237,909) | (178,432) | 0 | 0 |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(438,913)** | **(438,913)** | **(3,927,313)** | **(237,909)** | **(237,909)** | **(178,432)** | **0** | **0** |
| Non-Mortgage Interest and Fees | 0 | 0 | 0 | (221,238) | (112,901) | (9,378) | 0 | 0 |
| Auto. Repayment | 792,757 | 438,913 | 1,277,511 | 1,675,985 | 1,872,963 | 1,436,019 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **792,757** | **438,913** | **1,277,511** | **1,675,985** | **1,872,963** | **1,436,019** | **0** | **0** |
| **Profit/Participation** | **326,053** | **860,160** | **207,232** | **0** | **0** | **580,355** | **2,046,916** | **2,260,246** |
| **Net Cash Flow (IRR)** | **679,896** | **860,160** | **(2,442,569)** | **1,216,837** | **1,522,153** | **1,828,564** | **2,046,916** | **2,260,246** |
| Net Cash Flow (Equity IRR) | 679,896 | 860,160 | 954,479 | 0 | 0 | 1,170,506 | 2,046,916 | 2,260,246 |
| **Cumulative Net Cash Flow** | **2,623,851** | **3,484,010** | **1,041,441** | **2,258,278** | **3,780,431** | **5,608,995** | **7,655,911** | **9,916,158** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 15.0% |



WMATA-INV 007062

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | (65,594,405) | (612,004) | (1,825,047) | (1,775,904) | (11,925,275) | (28,036,376) | (15,346,498) | (613,913) |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(65,594,405)** | **(612,004)** | **(1,825,047)** | **(1,775,904)** | **(11,925,275)** | **(28,036,376)** | **(15,346,498)** | **(613,913)** |
| Non-Mortgage Interest and Fees | (6,367,019) | (83,218) | (102,602) | (143,424) | (228,572) | (1,038,626) | (3,190,755) | (1,236,305) |
| Auto. Repayment | 69,911,424 | 0 | 0 | 0 | 0 | 53,389 | 2,175,459 | 60,188,430 |
| Timed Repayment: Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| **Total Repayment** | **71,961,424** | **0** | **0** | **0** | **2,050,000** | **53,389** | **2,175,459** | **60,188,430** |
| **Profit Participation** | **57,121,682** | **0** | **0** | **0** | **0** | **0** | **0** | **3,635,196** |
| **Net Cash Flow (IRR)** | **57,121,682** | **(695,222)** | **(1,927,649)** | **(1,919,327)** | **(10,103,847)** | **(29,021,614)** | **(16,361,794)** | **61,973,408** |
| Net Cash Flow (Equity IRR) | 57,121,682 | 0 | (844,866) | (1,775,904) | (9,875,275) | (877,935) | 0 | 15,317,934 |
| **Cumulative Net Cash Flow** | | **(695,222)** | **(2,622,871)** | **(4,542,198)** | **(14,646,045)** | **(43,667,659)** | **(60,029,453)** | **1,943,954** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 15.0% |



WMATA-INV 007063

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Balancing Account |
| Type | Balancing Account |

| Heading | 181<br>Oct-2022 |
|---|---|
| Timed Contribution | 0 |
| Timed Contribution: Profit | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Profit | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| **Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007064

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Balancing Account |
| Type | Balancing Account |

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007065

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
(Merged Phases)



Source of Funds: Balancing Account
Type: Balancing Account

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | (2,050,000) | 0 | 0 | 0 | (2,050,000) | 0 | 0 | 0 |
| Timed Contribution: Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(2,050,000)** | **0** | **0** | **0** | **(2,050,000)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **0** | **53,389** | **1,996,611** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(2,050,000)** | **53,389** | **1,996,611** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007066

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | 181 |
|---|---|
| | Oct 2022 |
| Opening Balance | 54,096,983 |
| Interest | 315,566 |
| Principal Repaid | 54,096,983 |
| Total P+I Payment | 54,412,548 |
| **Closing Balance** | **0** |
| **Net Cash Flow (IRR)** | **54,412,548** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007067

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 60,839,898 | 60,188,081 | 59,489,144 | 58,739,681 | 57,936,040 | 57,074,303 | 56,150,271 | 55,159,440 |
| Interest | 4,238,144 | 4,191,024 | 4,140,498 | 4,086,319 | 4,028,224 | 3,965,929 | 3,899,130 | 3,827,503 |
| Principal Repaid | 651,817 | 698,937 | 749,463 | 803,642 | 861,737 | 924,032 | 990,830 | 1,062,458 |
| Total P+I Payment | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 |
| **Closing Balance** | **60,188,081** | **59,489,144** | **58,739,681** | **57,936,040** | **57,074,303** | **56,150,271** | **55,159,440** | **54,096,983** |
| **Net Cash Flow (IRR)** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007068

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Mortgage
Type: Mortgage

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 61,249,842 |
| Interest | 35,542,366 | 0 | 0 | 0 | 0 | 0 | 0 | 2,850,029 |
| Principal Repaid | 61,249,842 | 0 | 0 | 0 | 0 | 0 | 0 | 409,945 |
| Total P+I Payment | 96,792,208 | 0 | 0 | 0 | 0 | 0 | 0 | 3,259,974 |
| **Closing Balance** | | 0 | 0 | 0 | 0 | 0 | 0 | **60,839,898** |
| **Net Cash Flow (IRR)** | **35,542,366** | **0** | **0** | **0** | **0** | **0** | **0** | **(57,989,869)** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007069

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Construction Loan |
| Type | Debt |

| Heading | 181<br>Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto: Project Contribution | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment: Project | 0 |
| Auto: Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| | |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| | |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($48,578,240) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $54,487,444 |
| Total Repayment | $54,487,444 |
| Peak Financing Amount | $46,655,473 |
| Project IRR | 0.0% |



WMATA-INV 007070

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | (438,913) | (438,913) | (3,927,313) | (237,909) | (237,909) | (178,432) | 0 | 0 |
| **Total Contribution** | **(438,913)** | **(438,913)** | **(3,927,313)** | **(237,909)** | **(237,909)** | **(178,432)** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | (221,238) | (112,901) | (9,378) | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 438,913 | 438,913 | 530,265 | 1,675,985 | 1,872,963 | 845,867 | 0 | 0 |
| **Total Repayment** | **438,913** | **438,913** | **530,265** | **1,675,985** | **1,872,963** | **845,867** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(3,397,048)** | **(2,180,211)** | **(658,058)** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **(3,397,048)** | **1,216,837** | **1,522,153** | **658,058** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **(3,397,048)** | **(2,180,211)** | **(658,058)** | **0** | **0** | **0** |

| ASSUMPTIONS | $ |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($48,578,240) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $54,487,444 |
| Total Repayment | $54,487,444 |
| Peak Financing Amount | $46,655,473 |
| Project IRR | 0.0% |



WMATA-INV 007071

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | (48,578,240) | 0 | 0 | 0 | 0 | (27,158,441) | (15,346,498) | (613,913) |
| **Total Contribution** | **(48,578,240)** | **0** | **0** | **0** | **0** | **(27,158,441)** | **(15,346,498)** | **(613,913)** |
| Total Loan Fees | (100,000) | 0 | 0 | 0 | (100,000) | 0 | 0 | 0 |
| Interest and Fees | (5,909,204) | 0 | 0 | 0 | (100,000) | (1,038,626) | (3,190,755) | (1,236,305) |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 54,487,444 | 0 | 0 | 0 | 0 | 0 | 178,847 | 48,505,692 |
| **Total Repayment** | **54,487,444** | **0** | **0** | **0** | **0** | **0** | **178,847** | **48,505,692** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(100,000)** | **(28,297,068)** | **(46,655,473)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(100,000)** | **(28,197,068)** | **(18,358,406)** | **46,655,473** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(100,000)** | **(28,297,068)** | **(46,655,473)** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($48,578,240) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $54,487,444 |
| Total Repayment | $54,487,444 |
| Peak Financing Amount | $46,655,473 |
| Project IRR | 0.0% |



WMATA-INV 007072

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| Source of Funds | Investor Equity |
|---|---|
| Type | Equity |
| Heading | Oct-2022 |
| Timed Contribution: Project | 0 |
| Auto: Project Contribution | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Project | 0 |
| Auto: Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **23,602,762** |
| **Net Cash Flow (IRR)** | **23,602,762** |
| **Cumulative Net Cash Flow** | **29,602,630** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,036,582 |
| Timed Repayment | $0 |
| Auto Repayment | $12,036,582 |
| Total Repayment | $12,036,582 |
| Peak Financing Amount | $12,036,582 |
| Profit | $29,602,630 |
| Project IRR | 21.9% |
| Return on Equity | 245.9% |



WMATA-INV 007073

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 353,844 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **353,844** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **12,306** | **0** | **0** | **0** | **0** | **198,785** | **1,023,458** | **1,130,123** |
| **Net Cash Flow (IRR)** | **366,149** | **0** | **0** | **0** | **0** | **198,785** | **1,023,458** | **1,130,123** |
| **Cumulative Net Cash Flow** | **3,647,502** | **3,647,502** | **3,647,502** | **3,647,502** | **3,647,502** | **3,846,286** | **4,869,744** | **5,999,867** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,036,582 |
| Timed Repayment | $0 |
| Auto Repayment | $12,036,582 |
| Total Repayment | $12,036,582 |
| Peak Financing Amount | $12,036,582 |
| Profit | $29,602,630 |
| Project IRR | 21.9% |
| Return on Equity | 245.9% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 244.0% |



WMATA-INV 007074

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
(Merged Phases)



Source of Funds: Investor Equity
Type: Equity

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (12,036,582) | 0 | 0 | (1,283,372) | (9,875,275) | (877,935) | 0 | 0 |
| **Total Contribution** | **(12,036,582)** | **0** | **0** | **(1,283,372)** | **(9,875,275)** | **(877,935)** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 12,036,582 | 0 | 0 | 0 | 0 | 0 | 0 | 11,682,738 |
| **Total Repayment** | **12,036,582** | **0** | **0** | **0** | **0** | **0** | **0** | **11,682,738** |
| **Closing Balance** | **0** | **0** | **0** | **(1,283,372)** | **(11,158,647)** | **(12,036,582)** | **(12,036,582)** | **(353,844)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **29,602,630** | **0** | **0** | **0** | **0** | **0** | **0** | **3,635,196** |
| **Net Cash Flow (IRR)** | **29,602,630** | **0** | **0** | **(1,283,372)** | **(9,875,275)** | **(877,935)** | **0** | **15,317,934** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **(1,283,372)** | **(11,158,647)** | **(12,036,582)** | **(12,036,582)** | **3,281,352** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,036,582 |
| Timed Repayment | $0 |
| Auto Repayment | $12,036,582 |
| Total Repayment | $12,036,582 |
| Peak Financing Amount | $12,036,582 |
| Profit | $29,602,630 |
| Project IRR | 21.9% |
| Return on Equity | 245.9% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 128.4% | 1.9% | 0.0% | 0.0% | 0.0% | 0.0% | 3.6% | 8.7% |



WMATA-INV 007075

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Developer Equity |
| Type | Equity |

| Heading | 181 Oct2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto. Project Contribution | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Project | 0 |
| Auto. Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| | |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **23,602,762** |
| | |
| **Net Cash Flow (IRR)** | **23,602,762** |
| **Cumulative Net Cash Flow** | **27,519,053** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,337,398 |
| Timed Repayment | $0 |
| Auto Repayment | $1,337,398 |
| Total Repayment | $1,337,398 |
| Peak Financing Amount | $1,337,398 |
| Profit | $27,519,053 |
| Project IRR | 29.2% |
| Return on Equity | 2,057.7% |



WMATA-INV 007076

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 0 | 0 | 747,247 | 0 | 0 | 590,151 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **747,247** | **0** | **0** | **590,151** | **0** | **0** |
| **Closing Balance** | **(1,337,398)** | **(1,337,398)** | **(590,151)** | **(590,151)** | **(590,151)** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **313,747** | **860,160** | **207,232** | **0** | **0** | **381,570** | **1,023,458** | **1,130,123** |
| **Net Cash Flow (IRR)** | **313,747** | **860,160** | **954,479** | **0** | **0** | **971,722** | **1,023,458** | **1,130,123** |
| **Cumulative Net Cash Flow** | **(1,023,651)** | **(163,491)** | **790,987** | **790,987** | **790,987** | **1,762,709** | **2,786,167** | **3,916,290** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,337,398 |
| Timed Repayment | $0 |
| Auto Repayment | $1,337,398 |
| Total Repayment | $1,337,398 |
| Peak Financing Amount | $1,337,398 |
| Profit | $27,519,053 |
| Project IRR | 29.2% |
| Return on Equity | 2,057.7% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 2,195.6% |



WMATA-INV 007077

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | (1,337,398) | 0 | (844,866) | (492,532) | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,337,398)** | **0** | **(844,866)** | **(492,532)** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 1,337,398 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **1,337,398** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(844,866)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **27,519,053** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **27,519,053** | **0** | **(844,866)** | **(492,532)** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **(844,866)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,337,398 |
| Timed Repayment | $0 |
| Auto Repayment | $1,337,398 |
| Total Repayment | $1,337,398 |
| Peak Financing Amount | $1,337,398 |
| Profit | $27,519,053 |
| Project IRR | 29.2% |
| Return on Equity | 2,057.7% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 0.0% | 37.1% | 67.7% | 54.4% | 0.0% | 0.0% | 90.4% | 78.5% |



WMATA-INV 007078

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
(Merged Phases)



| Source of Funds | Development Loan |
|---|---|
| Type | Debt |

| Heading | 1 Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto: Project Contribution | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment: Project | 0 |
| Auto: Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 007079

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 007080

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (1,592,185) | (612,004) | (980,180) | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,592,185)** | **(612,004)** | **(980,180)** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | (50,000) | (50,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | (457,815) | (83,218) | (102,602) | (143,424) | (128,572) | 0 | 0 | 0 |
| Timed Repayment: Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| Auto: Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **2,050,000** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **(695,222)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **(695,222)** | **(1,082,782)** | **(143,424)** | **1,921,428** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **(695,222)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 007081

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| **Period Total Before Finance** | **7,150,207** | **101,618,073** |
| Finance Costs (All Loans) | 0 | 0 |
| **Period Total After Finance** | **3,322,704** | **101,302,507** |
| Cumulative Total C/f Annual | (44,180,825) | 57,121,682 |



WMATA-INV 007082

FOIA CONFIDENTIAL TREATMENT REQUESTED



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 3 Parcel 3 Office | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 |
| 1 **Ph01 Development Manage** | | |
| 1 Dev. Management Fee | 0 | 0 |
| 1 **Ph02 Development Manage** | | |
| 2 Dev. Management Fee | 0 | 0 |
| 1 **Ph03 Development Manage** | | |
| 3 Dev. Management Fee | 0 | 0 |



WMATA-INV 007083

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 2 Permits | 0 | 0 |
| 1 **Ph02 TI Costs** | | |
| 2 Parcel 1 Retail | 0 | 0 |
| 1 **Ph02 Professional Fees** | | |
| 2 Architect + Engineer | 0 | 0 |
| 2 Legal | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 |
| 1 **Ph03 Construction Costs** | | |
| 3 Metro Site Work | 0 | 0 |
| 3 Parcel 3 Office | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 |
| 3 Insurance | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 |
| 3 Contingency | 0 | 0 |
| 3 Permits | 0 | 0 |
| 3 Permits | 0 | 0 |
| 1 **Ph03 TI Costs** | | |
| 3 Parcel 3 Office | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 |
| 1 **Ph03 Professional Fees** | | |
| 3 Architect + Engineer | 0 | 0 |
| 3 Legal | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | |
| 1 Marketing | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | |
| 2 Marketing | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | |
| 3 Marketing | 0 | 0 |
| 3 Leasing Legal Fees | 0 | 0 |



WMATA-INV 007084

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 1 **Ph02 Acquisition Costs** | | |
| 2 WMATA PARCEL 1 Ground | (30,016) | 0 |
| 2 DC Purchase Recordation Ta | (450) | 0 |
| 2 WMATA Acquisition Legal | 0 | 0 |
| 2 Third Party Reports | 0 | 0 |
| 2 Title Insurance | (150) | 0 |
| 1 **Ph03 Acquisition Costs** | | |
| 3 WMATA PARCEL 3 Ground | (128,784) | 0 |
| 3 Arts Credits (assume no bonu | 0 | 0 |
| 3 DC Purchase Recordation Ta | (1,932) | 0 |
| 3 WMATA Acquisition Legal | 0 | 0 |
| 3 Third Party Reports | 0 | 0 |
| 3 Title Insurance | (644) | 0 |
| 1 **Ph01 Construction Costs** | | |
| 1 Metro Site Work | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 Insurance | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 |
| 1 Contingency | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 **Ph01 TI Costs** | | |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 **Ph01 Professional Fees** | | |
| 1 Architect + Engineer | 0 | 0 |
| 1 Legal | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 |
| 1 **Ph02 Construction Costs** | | |
| 2 Metro Site Work | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 |
| 2 Insurance | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 |
| 2 Contingency | 0 | 0 |
| 2 Permits | 0 | 0 |



WMATA-INV 007085

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 (47,503,529) | 181:Oct 2022 (44,180,825) |
|---|---|---|
| 1 **Ph01 Revenue** | | |
| 1 Parcel 2 Office | 3,012,221 | 0 |
| 1 Parcel 2 Parking | 159,726 | 0 |
| 1 Parcel 2 Retail | 783,585 | 0 |
| 1 Parcel 2 Office | 0 | 43,347,369 |
| 1 Parcel 2 Parking | 0 | 2,298,542 |
| 1 Parcel 2 Retail | 0 | 11,276,184 |
| 1 **Ph01 Disposal Costs** | | |
| 1 Sales Agent Fee | 0 | (2,561,494) |
| 1 **Ph02 Revenue** | | |
| 2 Parcel 1 Retail | 280,730 | 0 |
| 2 Parcel 1 Retail | 0 | 4,099,984 |
| 1 **Ph02 Disposal Costs** | | |
| 2 Sales Agent Fee | 0 | (184,499) |
| 1 **Ph03 Revenue** | | |
| 3 Parcel 3 Office | 2,573,476 | 0 |
| 3 Parcel 3 Parking | 123,573 | 0 |
| 3 Parcel 3 Retail | 456,718 | 0 |
| 3 Parcel 3 Office | 0 | 37,033,599 |
| 3 Parcel 3 Parking | 0 | 1,778,276 |
| 3 Parcel 3 Retail | 0 | 6,572,405 |
| 1 **Ph03 Disposal Costs** | | |
| 3 Sales Agent Fee | 0 | (2,042,293) |
| 1 **Ph01 Acquisition Costs** | | |
| 1 WMATA PARCEL 2 Ground | (76,320) | 0 |
| 1 8th Street Land Option (Year | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 |
| 1 8th Street Resubordination F | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 |
| 1 DC Purchase Recordation Ta | (1,145) | 0 |
| 1 WMATA Acquisition Legal | 0 | 0 |
| 1 Third Party Reports | 0 | 0 |
| 1 Title Insurance | (382) | 0 |



WMATA-INV 007086

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | **5,219,844** | **5,569,857** | **5,750,120** | **2,447,391** | **6,328,036** | **6,525,015** | **6,727,903** | **6,936,877** |
| Finance Costs (All Loans) | (1,236,305) | 0 | 0 | 0 | (221,238) | (112,901) | (9,378) | 0 |
| **Period Total After Finance** | **1,133,510** | **1,331,713** | **1,559,096** | **(1,693,107)** | **2,020,479** | **2,383,890** | **2,752,596** | **3,037,746** |
| Cumulative Total C/f Annual | (58,895,944) | (57,564,230) | (56,005,134) | (57,698,241) | (55,677,761) | (53,293,872) | (50,541,275) | (47,503,529) |



WMATA-INV 007087

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Development Manage** | | | | | | | | |
| 1 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Development Manage** | | | | | | | | |
| 2 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Development Manage** | | | | | | | | |
| 3 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



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FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | |
| 2 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Construction Costs** | | | | | | | | |
| 3 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | |
| 3 Parcel 3 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Professional Fees** | | | | | | | | |
| 3 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | |
| 1 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | |
| 2 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | |
| 3 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 007089

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | |
| 2 WMATA PARCEL 1 Ground | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) |
| 2 DC Purchase Recordation Ta | (422) | (422) | (422) | (422) | (422) | (422) | (422) | (422) |
| 2 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Title Insurance | (141) | (141) | (141) | (141) | (141) | (141) | (141) | (141) |
| 1 **Ph03 Acquisition Costs** | | | | | | | | |
| 3 WMATA PARCEL 3 Ground | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) |
| 3 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 DC Purchase Recordation Ta | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) |
| 3 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Title Insurance | (644) | (644) | (644) | (644) | (644) | (644) | (644) | (644) |
| 1 **Ph01 Construction Costs** | | | | | | | | |
| 1 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Professional Fees** | | | | | | | | |
| 1 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Construction Costs** | | | | | | | | |
| 2 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 007090

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 (60,029,453) | 096:Sep 2015 (58,895,944) | 108:Sep 2016 (57,564,230) | 120:Sep 2017 (56,005,134) | 132:Sep 2018 (57,698,241) | 144:Sep 2019 (55,677,761) | 156:Sep 2020 (53,293,872) | 168:Sep 2021 (50,541,275) |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | |
| 1 Parcel 2 Office | 2,377,875 | 2,449,212 | 2,522,688 | 2,598,369 | 2,676,320 | 2,756,609 | 2,839,307 | 2,924,487 |
| 1 Parcel 2 Parking | 126,089 | 129,872 | 133,768 | 137,781 | 141,915 | 146,172 | 150,557 | 155,074 |
| 1 Parcel 2 Retail | 618,570 | 637,127 | 656,240 | 675,928 | 696,205 | 717,092 | 738,604 | 760,762 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | |
| 1 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | |
| 2 Parcel 1 Retail | 221,610 | 228,259 | 235,107 | 242,160 | 249,425 | 256,907 | 264,614 | 272,553 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | |
| 2 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | |
| 3 Parcel 3 Office | 2,031,525 | 2,092,471 | 2,155,245 | 2,219,903 | 2,286,500 | 2,355,095 | 2,425,748 | 2,498,520 |
| 3 Parcel 3 Parking | 97,550 | 100,476 | 103,490 | 106,595 | 109,793 | 113,087 | 116,479 | 119,974 |
| 3 Parcel 3 Retail | 360,538 | 371,354 | 382,494 | 393,969 | 405,788 | 417,962 | 430,501 | 443,416 |
| 3 Parcel 3 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | |
| 3 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | |
| 1 WMATA PARCEL 2 Ground | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) |
| 1 8th Street Land Option (Year | 0 | 0 | 0 | (3,420,000) | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | (200,004) | (200,004) | (200,004) | (200,004) | 0 | 0 | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | (175,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 DC Purchase Recordation Ta | (1,145) | (1,145) | (1,145) | (52,445) | (1,145) | (1,145) | (1,145) | (1,145) |
| 1 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Title Insurance | (1,382) | (1,382) | (1,382) | (18,482) | (382) | (382) | (382) | (382) |



WMATA-INV 007091

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | | **0** | **(612,004)** | **(1,825,047)** | **(1,775,904)** | **(9,875,275)** | **(27,982,988)** | **(13,171,039)** |
| Finance Costs (All Loans) | (6,367,019) | | (83,218) | (102,602) | (143,424) | (228,572) | (1,038,626) | (3,190,755) |
| **Period Total After Finance** | **57,121,682** | **0** | **(695,222)** | **(1,927,649)** | **(1,919,327)** | **(10,103,847)** | **(29,021,614)** | **(16,361,794)** |
| Cumulative Total C/f Annual | 57,121,682 | 0 | (695,222) | (2,622,871) | (4,542,198) | (14,646,045) | (43,667,659) | (60,029,453) |



WMATA-INV 007092

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Office | YN | **(1,089,164)** | 0 | 0 | 0 | 0 | 0 | 0 | (1,089,164) |
| 3 Parcel 3 Parking | YN | **(54,684)** | 0 | 0 | 0 | 0 | 0 | 0 | (54,684) |
| 3 Parcel 3 Retail | YN | **(202,111)** | 0 | 0 | 0 | 0 | 0 | 0 | (202,111) |
| 1 **Ph01 Development Management Fee** | | | | | | | | | |
| 1 Dev. Management Fee | YN | **(904,718)** | 0 | 0 | (160,839) | (241,258) | (241,258) | (241,258) | (20,105) |
| 1 **Ph02 Development Management Fee** | | | | | | | | | |
| 2 Dev. Management Fee | YN | **(42,664)** | 0 | 0 | (7,585) | (11,377) | (11,377) | (11,377) | (948) |
| 1 **Ph03 Development Management Fee** | | | | | | | | | |
| 3 Dev. Management Fee | YN | **(756,038)** | 0 | 0 | (134,407) | (201,610) | (201,610) | (201,610) | (16,801) |



WMATA-INV 007093

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 2 Permits | YN | **(14,969)** | 0 | 0 | 0 | 0 | (14,969) | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | | |
| 2 Parcel 1 Retail | YY | **(284,739)** | 0 | 0 | 0 | 0 | 0 | (284,739) | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | | |
| 2 Architect + Engineer | YN | **(93,604)** | 0 | 0 | (46,802) | (46,802) | 0 | 0 | 0 |
| 2 Legal | YN | **(11,227)** | 0 | 0 | (3,208) | (4,811) | (3,208) | 0 | 0 |
| 2 Soft Cost Contingency | YN | **(32,354)** | 0 | (1,458) | (11,118) | (10,401) | (8,068) | (1,266) | (44) |
| 1 **Ph03 Construction Costs** | | | | | | | | | |
| 3 Metro Site Work | YN | **(1,839,000)** | 0 | 0 | 0 | 0 | (1,839,000) | 0 | 0 |
| 3 Parcel 3 Office | YY | **(9,775,813)** | 0 | 0 | 0 | 0 | (1,280,718) | (8,210,630) | (284,465) |
| 3 Parcel 3 Parking | YY | **(1,354,096)** | 0 | 0 | 0 | 0 | (177,399) | (1,137,295) | (39,403) |
| 3 Parcel 3 Retail | YY | **(1,253,506)** | 0 | 0 | 0 | 0 | (164,220) | (1,052,810) | (36,476) |
| 3 Insurance | YN | **(71,112)** | 0 | 0 | 0 | 0 | (17,307) | (52,004) | (1,802) |
| 3 Real Estate Tax During Cons | YN | **(97,000)** | 0 | 0 | 0 | 0 | (22,824) | (68,471) | (5,706) |
| 3 Contingency | YN | **(1,422,242)** | 0 | 0 | 0 | 0 | (189,302) | (1,192,317) | (40,622) |
| 3 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 3 Permits | YN | **(213,336)** | 0 | 0 | 0 | 0 | (213,336) | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | | |
| 3 Parcel 3 Office | YY | **(4,236,294)** | 0 | 0 | 0 | 0 | 0 | 0 | (4,236,294) |
| 3 Parcel 3 Retail | YY | **(571,790)** | 0 | 0 | 0 | 0 | 0 | 0 | (571,790) |
| 1 **Ph03 Professional Fees** | | | | | | | | | |
| 3 Architect + Engineer | YN | **(685,000)** | 0 | 0 | (342,500) | (342,500) | 0 | 0 | 0 |
| 3 Legal | YN | **(213,336)** | 0 | 0 | (60,953) | (91,430) | (60,953) | 0 | 0 |
| 3 Soft Cost Contingency | YN | **(138,278)** | 0 | (7,500) | (47,845) | (43,393) | (34,160) | (5,200) | (180) |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | | |
| 1 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 1 Leasing Legal Fees | YN | **(58,610)** | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 1 Parcel 2 Office | YN | **(1,274,853)** | 0 | 0 | 0 | 0 | 0 | 0 | (1,274,853) |
| 1 Parcel 2 Parking | YN | **(70,683)** | 0 | 0 | 0 | 0 | 0 | 0 | (70,683) |
| 1 Parcel 2 Retail | YN | **(346,758)** | 0 | 0 | 0 | 0 | 0 | 0 | (346,758) |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | | |
| 2 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (18,182) | (31,818) | 0 |
| 2 Leasing Legal Fees | YN | **(58,610)** | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 2 Parcel 1 Retail | YN | **(122,408)** | 0 | 0 | 0 | 0 | 0 | (122,408) | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | | |
| 3 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 3 Leasing Legal Fees | YN | **(58,610)** | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |



WMATA-INV 007094

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | | |
| 2 WMATA PARCEL 1 Ground | YN | **(295,001)** | 0 | 0 | 0 | 0 | 0 | (11,725) | (28,140) |
| 2 DC Purchase Recordation Ta | YN | **(4,425)** | 0 | 0 | 0 | 0 | 0 | (176) | (422) |
| 2 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 2 Title Insurance | YN | **(1,475)** | 0 | 0 | 0 | 0 | 0 | (59) | (141) |
| 1 **Ph03 Acquisition Costs** | | | | | | | | | |
| 3 WMATA PARCEL 3 Ground | YN | **(1,277,108)** | 0 | 0 | 0 | 0 | 0 | 0 | (118,052) |
| 3 Arts Credits (assume no bonu | YN | **(239,325)** | 0 | 0 | 0 | 0 | (239,325) | 0 | 0 |
| 3 DC Purchase Recordation Ta | YN | **(22,746)** | 0 | 0 | 0 | 0 | (3,590) | 0 | (1,771) |
| 3 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 3 Title Insurance | YN | **(7,582)** | 0 | 0 | 0 | 0 | (1,197) | 0 | (590) |
| 1 **Ph01 Construction Costs** | | | | | | | | | |
| 1 Metro Site Work | YN | **(1,500,000)** | 0 | 0 | 0 | 0 | (1,500,000) | 0 | 0 |
| 1 Parcel 2 Office | YY | **(11,595,394)** | 0 | 0 | 0 | 0 | (1,519,099) | (9,738,882) | (337,413) |
| 1 Parcel 2 Parking | YY | **(1,752,360)** | 0 | 0 | 0 | 0 | (229,575) | (1,471,794) | (50,992) |
| 1 Parcel 2 Retail | YY | **(2,150,624)** | 0 | 0 | 0 | 0 | (281,751) | (1,806,292) | (62,581) |
| 1 Insurance | YN | **(84,992)** | 0 | 0 | 0 | 0 | (17,652) | (65,085) | (2,255) |
| 1 Real Estate Tax During Cons | YN | **(150,000)** | 0 | 0 | 0 | 0 | (35,294) | (105,882) | (8,824) |
| 1 Contingency | YN | **(1,699,838)** | 0 | 0 | 0 | 0 | (226,250) | (1,425,036) | (48,551) |
| 1 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 1 Permits | YN | **(254,976)** | 0 | 0 | 0 | 0 | (254,976) | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | | |
| 1 Parcel 2 Office | YY | **(4,958,530)** | 0 | 0 | 0 | 0 | 0 | 0 | (4,958,530) |
| 1 Parcel 2 Retail | YY | **(981,013)** | 0 | 0 | 0 | 0 | 0 | 0 | (981,013) |
| 1 **Ph01 Professional Fees** | | | | | | | | | |
| 1 Architect + Engineer | YN | **(841,000)** | 0 | 0 | (420,500) | (420,500) | 0 | 0 | 0 |
| 1 Legal | YN | **(254,976)** | 0 | 0 | (72,850) | (109,275) | (72,850) | 0 | 0 |
| 1 Soft Cost Contingency | YN | **(163,594)** | 0 | (6,827) | (53,534) | (50,921) | (44,659) | (7,392) | (260) |
| 1 **Ph02 Construction Costs** | | | | | | | | | |
| 2 Metro Site Work | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 2 Parcel 1 Retail | YY | **(698,440)** | 0 | 0 | 0 | 0 | (193,363) | (505,078) | 0 |
| 2 Insurance | YN | **(3,742)** | 0 | 0 | 0 | 0 | (1,217) | (2,525) | 0 |
| 2 Real Estate Tax During Cons | YN | **(12,500)** | 0 | 0 | 0 | 0 | (4,545) | (7,955) | 0 |
| 2 Contingency | YN | **(74,844)** | 0 | 0 | 0 | 0 | (20,889) | (53,955) | 0 |
| 2 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |



WMATA-INV 007095

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**Detailed Cash Flow (Merged Phases)**



| Period ending<br>AnnualB/F | SET<br>Int Inf | TOTALS | 000:Sep 2007<br>0 | 012:Sep 2008<br>(695,222) | 024:Sep 2009<br>(2,622,871) | 036:Sep 2010<br>(4,542,198) | 048:Sep 2011<br>(14,646,045) | 060:Sep 2012<br>(43,667,659) | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | | |
| 1 Parcel 2 Office | YN | **24,738,475** | 0 | 0 | 0 | 0 | 0 | 0 | 581,388 |
| 1 Parcel 2 Parking | YN | **1,373,443** | 0 | 0 | 0 | 0 | 0 | 0 | 92,486 |
| 1 Parcel 2 Retail | YN | **6,737,832** | 0 | 0 | 0 | 0 | 0 | 0 | 453,718 |
| 1 Parcel 2 Office | YN | **43,347,369** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | YN | **2,298,542** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | YN | **11,276,184** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | | |
| 1 Sales Agent Fee | YN | **(2,561,494)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | | |
| 2 Parcel 1 Retail | YN | **2,519,909** | 0 | 0 | 0 | 0 | 0 | 53,389 | 215,156 |
| 2 Parcel 1 Retail | YN | **4,099,984** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | | |
| 2 Sales Agent Fee | YN | **(184,499)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | | |
| 3 Parcel 3 Office | YN | **21,135,187** | 0 | 0 | 0 | 0 | 0 | 0 | 496,705 |
| 3 Parcel 3 Parking | YN | **1,062,569** | 0 | 0 | 0 | 0 | 0 | 0 | 71,552 |
| 3 Parcel 3 Retail | YN | **3,927,193** | 0 | 0 | 0 | 0 | 0 | 0 | 264,453 |
| 3 Parcel 3 Office | YN | **37,033,599** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | YN | **1,778,276** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | YN | **6,572,405** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | | |
| 3 Sales Agent Fee | YN | **(2,042,293)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | | |
| 1 WMATA PARCEL 2 Ground | YN | **(756,840)** | 0 | 0 | 0 | 0 | 0 | 0 | (69,960) |
| 1 8th Street Land Option (Year | YN | **(3,420,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | YN | **(325,000)** | 0 | (318,750) | (6,250) | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | YN | **(600,000)** | 0 | 0 | (150,000) | (150,000) | (150,000) | (150,000) | 0 |
| 1 8th St Ground Lease Renewal | YN | **(1,000,020)** | 0 | 0 | 0 | 0 | 0 | 0 | (200,004) |
| 1 Arts Credits (assume no bonu | YN | **(300,000)** | 0 | 0 | 0 | 0 | (300,000) | 0 | 0 |
| 1 8th St Combination Fee | YN | **(30,000)** | 0 | 0 | (30,000) | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | YN | **(175,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | YN | **(203,500)** | 0 | (50,875) | (50,875) | (50,875) | (50,875) | 0 | 0 |
| 1 DC Purchase Recordation Ta | YN | **(67,153)** | 0 | 0 | 0 | 0 | (4,500) | 0 | (1,049) |
| 1 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 1 Title Insurance | YN | **(32,009)** | 0 | (1,594) | (781) | (750) | (2,250) | (750) | (1,350) |



WMATA-INV 007096

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

| Escalation on Capitalized Rent | | Unescalated | Escalation | Total |
|---|---|---|---|---|
| Parcel 2 Office | Office Rent at 3.00% | 28,446,726 | 14,900,643 | 43,347,369 |
| Parcel 2 Parking | Office Rent at 3.00% | 1,508,419 | 790,123 | 2,298,542 |
| Parcel 2 Retail | Office Rent at 3.00% | 7,400,000 | 3,876,184 | 11,276,184 |
| Parcel 1 Retail | Office Rent at 3.00% | 2,651,143 | 1,448,841 | 4,099,984 |
| Parcel 3 Office | Office Rent at 3.00% | 24,303,312 | 12,730,287 | 37,033,599 |
| Parcel 3 Parking | Office Rent at 3.00% | 1,166,994 | 611,282 | 1,778,276 |
| Parcel 3 Retail | Office Rent at 3.00% | 4,313,143 | 2,259,262 | 6,572,405 |

| Inflation on Construction Costs | | Uninflated | Inflation | Total |
|---|---|---|---|---|
| Parcel 2 Office | Construction CPI at 3.00% | 10,190,205 | 1,405,189 | 11,595,394 |
| Parcel 2 Parking | Construction CPI at 3.00% | 1,540,000 | 212,360 | 1,752,360 |
| Parcel 2 Retail | Construction CPI at 3.00% | 1,890,000 | 260,624 | 2,150,624 |
| Parcel 1 Retail | Construction CPI at 3.00% | 618,600 | 79,840 | 698,440 |
| Parcel 3 Office | Construction CPI at 3.00% | 8,591,130 | 1,184,683 | 9,775,813 |
| Parcel 3 Parking | Construction CPI at 3.00% | 1,190,000 | 164,096 | 1,354,096 |
| Parcel 3 Retail | Construction CPI at 3.00% | 1,101,600 | 151,906 | 1,253,506 |



WMATA-INV 007097

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**

| | | | |
|---|---|---|---|
| Dev. Management Fee | 5.00% | 904,718 | |
| Dev. Management Fee | 5.00% | 42,664 | |
| Dev. Management Fee | 5.00% | 756,038 | |
| | | | 1,703,419 |
| **FINANCE** | | | |
| Interest paid to Debt Sources: | | | |
| Development Loan (8.00%) | 407,815 | | |
| Construction Loan (8.00%) | 5,809,204 | | |
| Total Interest paid to debt financing | | 6,217,019 | |
| Mortgage Interest (7.00%) | | 35,542,366 | |
| Total Interest Paid | | 41,759,385 | |
| Debt Financing Fees | | | |
| Development Loan - Legal (Single) | 50,000 | | |
| Construction Loan - Legal Fees (Single) | 100,000 | | |
| Total Debt Financing Fees | | 150,000 | |
| Total Finance Cost | | | 41,909,385 |
| **TOTAL COSTS** | | | **110,779,285** |
| **PROFIT** | | | |
| Developer Equity | | | |
| Residual Percentage (50.00%) | 25,955,128 | | |
| Preferred Return (10.00%) | 1,563,924 | | |
| | | 27,519,053 | |
| Investor Equity | | | |
| Residual Percentage (50.00%) | 25,955,128 | | |
| Preferred Return (10.00%) | 3,647,502 | | |
| | | 29,602,630 | |
| | | | **57,121,682** |
| **Performance Measures** | | | |
| Profit on Cost% | 51.56% | | |
| Profit on GDV% | 53.68% | | |
| Development Yield% (on Rent) | 6.72% | | |
| Pre-Finance IRR% | 12.23% | | |
| Project IRR% (with Interest) | 15.01% | | |
| Equity IRR% (with Interest) | 24.40% | | |

‡ Inflation/Escalation applied



WMATA-INV 007098

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**

| | | | |
|---|---|---|---|
| Permits | 2.00% | 14,969 | |
| Permits | | 50,000 | |
| Permits | 1.50% | 213,336 | |
| | | | 7,219,204 |
| **Other Construction** | | | |
| Insurance | 0.50% | 84,992 | |
| Insurance | 0.50% | 3,742 | |
| Insurance | 0.50% | 71,112 | |
| | | | 159,846 |
| **Municipal Costs** | | | |
| Real Estate Tax During Construction | | 150,000 | |
| Real Estate Tax During Construction | | 12,500 | |
| Real Estate Tax During Construction | | 97,000 | |
| | | | 259,500 |
| **TI Costs** | | | |
| TI Cost Area Rate - Parcel 2 Office | 60.00 pf² | 4,958,530 | |
| TI Cost Area Rate - Parcel 2 Retail | 60.00 pf² | 981,013 | |
| TI Cost Area Rate - Parcel 1 Retail | 60.00 pf² | 284,739 | |
| TI Cost Area Rate - Parcel 3 Office | 60.00 pf² | 4,236,294 | |
| TI Cost Area Rate - Parcel 3 Retail | 60.00 pf² | 571,790 | |
| | | | 11,032,366 |
| **PROFESSIONAL FEES** | | | |
| Architect + Engineer | | 1,619,604 | |
| Legal | 1.50% | 479,538 | |
| Soft Cost Contingency | 10.00% | 163,594 | |
| Soft Cost Contingency | 10.00% | 32,354 | |
| Soft Cost Contingency | 10.00% | 138,278 | |
| | | | 2,433,369 |
| **MARKETING & LEASING** | | | |
| Marketing | | 150,000 | |
| Leasing Legal Fees | 2.00% | 175,831 | |
| **Leasing Commissions** | | | |
| Parcel 2 Office | | 1,274,853 | |
| Parcel 2 Parking | | 70,683 | |
| Parcel 2 Retail | | 346,758 | |
| Parcel 1 Retail | | 122,408 | |
| Parcel 3 Office | | 1,089,164 | |
| Parcel 3 Parking | | 54,684 | |
| Parcel 3 Retail | | 202,111 | |
| | | | 3,486,491 |
| **DISPOSAL FEES** | | | |
| Sales Agent Fee | 4.50% | 4,788,286 | |
| | | | 4,788,286 |
| **Additional Costs** | | | |



WMATA-INV 007099

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**DEVELOPMENT COSTS**

| | | | | |
|---|---|---|---|---|
| **ACQUISITION COSTS** | | | | |
| WMATA PARCEL 2 Ground Lease | | 756,840 | | |
| 8th Street Land Option (Year 10) | | 3,420,000 | | |
| 8th St 1st Year Ground Lease | | 325,000 | | |
| 8th St Ground Lease Renewal 1-4 | | 600,000 | | |
| 8th St Ground Lease Renewal 5-9 | | 1,000,020 | | |
| Arts Credits (assume no bonus) | | 300,000 | | |
| 8th St Combination Fee | | 30,000 | | |
| 8th Street Resubordination Fee | | 175,000 | | |
| 8th Street RE Tax pre-construction | | 203,500 | | |
| WMATA PARCEL 1 Ground Lease | | 295,001 | | |
| WMATA PARCEL 3 Ground Lease | | 1,277,108 | | |
| Arts Credits (assume no bonus) | | 239,325 | | |
| Total Acquisition (0.92 Acres $9,371,515.22 pAcre) | | | 8,621,794 | |
| DC Purchase Recordation Tax | | 1.50% | 89,899 | |
| DC Purchase Recordation Tax | | 1.50% | 4,425 | |
| WMATA Acquisition Legal Fees | | | 300,000 | |
| Third Party Reports | | | 150,000 | |
| Title Insurance | | 0.50% | 39,591 | |
| Title Insurance | | 0.50% | 1,475 | |
| | | | | 9,207,185 |
| **CONSTRUCTION COSTS** | | | | |
| **Construction** | **ft²** | **Rate ft²** | **Cost** | |
| ‡ Parcel 2 Office | 75,483 | $135.00 | 11,595,394 | |
| ‡ Parcel 2 Parking | 19,885 | $77.45 | 1,752,360 | |
| ‡ Parcel 2 Retail | 14,000 | $135.00 | 2,150,624 | |
| ‡ Parcel 1 Retail | 4,124 | $150.00 | 698,440 | |
| ‡ Parcel 3 Office | 63,638 | $135.00 | 9,775,813 | |
| ‡ Parcel 3 Parking | 15,955 | $74.58 | 1,354,096 | |
| ‡ Parcel 3 Retail | 8,160 | $135.00 | 1,253,506 | |
| Totals | 201,245 | | 28,580,233 | **28,580,233** |
| Contingency | | 10.00% | 1,699,838 | |
| Contingency | | 10.00% | 74,844 | |
| Contingency | | 10.00% | 1,422,242 | |
| Metro Site Work | | | 1,500,000 | |
| Metro Site Work | | | 50,000 | |
| Metro Site Work | | | 1,839,000 | |
| Permits | | | 50,000 | |
| Permits | | 1.50% | 254,976 | |
| Permits | | | 50,000 | |



WMATA-INV 007100

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**Project Pro Forma for Merged Phases 1 2 3**

| REVENUE<br>Rental Area Summary | ft² | Rate ft² | Rent at Lease Start | Rent At Sale |
|---|---|---|---|---|
| ‡ Parcel 2 Office | 70,763 | $42.00 | 3,470,971 | 4,528,830 |
| ‡ Parcel 2 Parking | 19,885 | $5.31 | 123,315 | 160,898 |
| ‡ Parcel 2 Retail | 14,000 | $37.00 | 604,958 | 789,333 |
| ‡ Parcel 1 Retail | 4,124 | $45.00 | 213,554 | 286,999 |
| ‡ Parcel 3 Office | 60,456 | $42.00 | 2,965,406 | 3,869,182 |
| ‡ Parcel 3 Parking | 15,955 | $5.12 | 95,403 | 124,479 |
| ‡ Parcel 3 Retail | 8,160 | $37.00 | 352,604 | 460,068 |
| Totals | 193,343 | | 7,826,211 | 10,219,789 |
| **Investment Valuation** | | | | |
| **Parcel 2 Office** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 3,034,316 | Cap Rate | 7.0000% | 43,347,369 |
| **Parcel 2 Parking** | | | | |
| Capitalized Rent | 160,898 | Cap Rate | 7.0000% | 2,298,542 |
| **Parcel 2 Retail** | | | | |
| Capitalized Rent | 789,333 | Cap Rate | 7.0000% | 11,276,184 |
| **Parcel 1 Retail** | | | | |
| Capitalized Rent | 286,999 | Cap Rate | 7.0000% | 4,099,984 |
| **Parcel 3 Office** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 2,592,352 | Cap Rate | 7.0000% | 37,033,599 |
| **Parcel 3 Parking** | | | | |
| Capitalized Rent | 124,479 | Cap Rate | 7.0000% | 1,778,276 |
| **Parcel 3 Retail** | | | | |
| Capitalized Rent | 460,068 | Cap Rate | 7.0000% | 6,572,405 |
| | | | | **106,406,359** |
| **Income from Tenants** | | | | |
| Parcel 2 Office | | | 24,738,475 | |
| Parcel 2 Parking | | | 1,373,443 | |
| Parcel 2 Retail | | | 6,737,832 | |
| Parcel 1 Retail | | | 2,519,909 | |
| Parcel 3 Office | | | 21,135,187 | |
| Parcel 3 Parking | | | 1,062,569 | |
| Parcel 3 Retail | | | 3,927,193 | |
| | | | | 61,494,608 |
| **TOTAL PROJECT REVENUE** | | | | **167,900,967** |



WMATA-INV 007101

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Combined Sources |
| Type | Scenario |
| Heading | 181 |
| | Oct 2022 |
| Auto. Project Contribution | 0 |
| Timed Contribution: Project | 0 |
| **Total Contribution** | **0** |
| Non-Mortgage Interest and Fees | 0 |
| Auto. Repayment | 0 |
| Timed Repayment: Project | 0 |
| **Total Repayment** | **0** |
| **Profit Participation** | **40,765,090** |
| **Net Cash Flow (IRR)** | **40,765,090** |
| Net Cash Flow (Equity IRR) | 40,765,090 |
| **Cumulative Net Cash Flow** | **63,178,711** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 18.0% |



WMATA-INV 007102

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | 0 | 0 | (3,524,976) | (237,909) | (198,257) | 0 | 0 | 0 |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **(3,524,976)** | **(237,909)** | **(198,257)** | **0** | **0** | **0** |
| Non-Mortgage Interest and Fees | 0 | 0 | 0 | (203,703) | (60,730) | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 159,632 | 2,080,030 | 1,985,913 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **159,632** | **2,080,030** | **1,985,913** | **0** | **0** | **0** |
| **Profit Participation** | **978,562** | **1,209,558** | **1,295,176** | **0** | **284,114** | **2,307,988** | **2,551,499** | **2,799,904** |
| **Net Cash Flow (IRR)** | **978,562** | **1,209,558** | **(2,070,168)** | **1,638,418** | **2,011,039** | **2,307,988** | **2,551,499** | **2,799,904** |
| Net Cash Flow (Equity IRR) | 978,562 | 1,209,558 | 1,295,176 | 0 | 284,114 | 2,307,988 | 2,551,499 | 2,799,904 |
| **Cumulative Net Cash Flow** | **11,965,382** | **13,174,940** | **11,104,772** | **12,743,191** | **14,754,230** | **17,062,217** | **19,613,717** | **22,413,620** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 18.0% |



WMATA-INV 007103

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | (64,204,873) | (615,201) | (2,104,546) | (2,099,310) | (12,874,717) | (32,332,833) | (10,107,395) | (109,728) |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(64,204,873)** | **(615,201)** | **(2,104,546)** | **(2,099,310)** | **(12,874,717)** | **(32,332,833)** | **(10,107,395)** | **(109,728)** |
| Non-Mortgage Interest and Fees | (6,765,562) | (83,337) | (103,965) | (143,424) | (228,572) | (1,322,137) | (3,395,827) | (1,223,866) |
| Auto. Repayment | 68,920,435 | 0 | 0 | 0 | 0 | 53,389 | 3,545,030 | 61,096,441 |
| Timed Repayment: Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| **Total Repayment** | **70,970,435** | **0** | **0** | **0** | **2,050,000** | **53,389** | **3,545,030** | **61,096,441** |
| **Profit Participation** | **63,178,711** | **0** | **0** | **0** | **0** | **0** | **0** | **10,986,820** |
| **Net Cash Flow (IRR)** | **63,178,711** | **(698,538)** | **(2,208,511)** | **(2,242,734)** | **(11,053,289)** | **(33,601,582)** | **(9,958,193)** | **70,749,666** |
| Net Cash Flow (Equity IRR) | 63,178,711 | 0 | (1,129,044) | (2,099,310) | (10,278,504) | 0 | 0 | 24,493,679 |
| **Cumulative Net Cash Flow** | | **(698,538)** | **(2,907,049)** | **(5,149,783)** | **(16,203,072)** | **(49,804,654)** | **(59,762,846)** | **10,986,820** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 18.0% |



WMATA-INV 007104

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| Source of Funds | Balancing Account |
|---|---|
| Type | Balancing Account |

| Heading | Oct 2022 |
|---|---|
| Timed Contribution | 0 |
| Timed Contribution Profit | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment Profit | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| **Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007105

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Balancing Account |
| Type | Balancing Account |

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007106

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Balancing Account
Type: Balancing Account

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | (2,050,000) | 0 | 0 | 0 | (2,050,000) | 0 | 0 | 0 |
| Timed Contribution Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(2,050,000)** | **0** | **0** | **0** | **(2,050,000)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **0** | **53,389** | **1,996,611** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(2,050,000)** | **53,389** | **1,996,611** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007107

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | 18 |
|---|---|
| | Oct 2022 |
| Opening Balance | 61,586,597 |
| Interest | 359,255 |
| Principal Repaid | 61,586,597 |
| Total P+I Payment | 61,945,852 |
| **Closing Balance** | **0** |
| **Net Cash Flow (IRR)** | **61,945,852** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,212 |
| Maximum Funding Amount | $69,729,755 |
| Mortgage Issued | $69,729,755 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,966 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007108

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 69,263,054 | 68,520,995 | 67,725,292 | 66,872,067 | 65,957,163 | 64,976,120 | 63,924,158 | 62,796,149 |
| Interest | 4,824,906 | 4,771,263 | 4,713,741 | 4,652,061 | 4,585,923 | 4,515,003 | 4,438,957 | 4,357,413 |
| Principal Repaid | 742,060 | 795,703 | 853,225 | 914,904 | 981,043 | 1,051,962 | 1,128,009 | 1,209,553 |
| Total P+I Payment | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 |
| **Closing Balance** | **68,520,995** | **67,725,292** | **66,872,067** | **65,957,163** | **64,976,120** | **63,924,158** | **62,796,149** | **61,586,597** |
| **Net Cash Flow (IRR)** | **5,566,966** | **5,566,966** | **5,566,966** | **5,566,966** | **5,566,966** | **5,566,966** | **5,566,966** | **5,566,966** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,212 |
| Maximum Funding Amount | $69,729,755 |
| Mortgage Issued | $69,729,755 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,966 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007109

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**(Merged Phases)**



Source of Funds: Mortgage
Type: Mortgage

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 69,729,755 |
| Interest | 40,463,132 | 0 | 0 | 0 | 0 | 0 | 0 | 3,244,610 |
| Principal Repaid | 69,729,755 | 0 | 0 | 0 | 0 | 0 | 0 | 466,701 |
| Total P+I Payment | 110,192,887 | 0 | 0 | 0 | 0 | 0 | 0 | 3,711,310 |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **69,263,054** |
| **Net Cash Flow (IRR)** | **40,463,132** | **0** | **0** | **0** | **0** | **0** | **0** | **(66,018,444)** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,212 |
| Maximum Funding Amount | $69,729,755 |
| Mortgage Issued | $69,729,755 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,966 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007110

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Construction Loan |
| Type | Debt |

| Heading | Total Oct2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto. Project Contribution | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment: Project | 0 |
| Auto. Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($47,057,312) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $53,363,576 |
| Total Repayment | $53,363,576 |
| Peak Financing Amount | $46,764,732 |
| Project IRR | 0.0% |



WMATA-INV 007111

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | (3,524,976) | (237,909) | (198,257) | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **(3,524,976)** | **(237,909)** | **(198,257)** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | (203,703) | (60,730) | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 159,632 | 2,080,030 | 1,985,913 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **159,632** | **2,080,030** | **1,985,913** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(3,365,344)** | **(1,726,926)** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **(3,365,344)** | **1,638,418** | **1,726,926** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **(3,365,344)** | **(1,726,926)** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($47,057,312) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $53,363,576 |
| Total Repayment | $53,363,576 |
| Peak Financing Amount | $46,764,732 |
| Project IRR | 0.0% |



WMATA-INV 007112

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution-Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | (47,057,312) | 0 | 0 | 0 | (546,213) | (32,332,833) | (10,107,395) | (109,728) |
| **Total Contribution** | **(47,057,312)** | **0** | **0** | **0** | **(546,213)** | **(32,332,833)** | **(10,107,395)** | **(109,728)** |
| Total Loan Fees | (100,000) | 0 | 0 | 0 | (100,000) | 0 | 0 | 0 |
| Interest and Fees | (6,306,264) | 0 | 0 | 0 | (100,000) | (1,322,137) | (3,395,827) | (1,223,866) |
| Timed Repayment-Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 53,363,576 | 0 | 0 | 0 | 0 | 0 | 1,548,419 | 47,589,582 |
| **Total Repayment** | **53,363,576** | **0** | **0** | **0** | **0** | **0** | **1,548,419** | **47,589,582** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(646,213)** | **(34,301,183)** | **(46,255,987)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(646,213)** | **(33,654,971)** | **(11,954,804)** | **46,255,987** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(646,213)** | **(34,301,183)** | **(46,255,987)** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($47,057,312) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $53,363,576 |
| Total Repayment | $53,363,576 |
| Peak Financing Amount | $46,764,732 |
| Project IRR | 0.0% |



WMATA-INV 007113

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Investor Equity |
| Type | Equity |

| Heading | Total<br>Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto: Project Contribution | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Project | 0 |
| Auto Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| | |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **20,382,545** |
| | |
| **Net Cash Flow (IRR)** | **20,382,545** |
| **Cumulative Net Cash Flow** | **33,107,983** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,156,173 |
| Timed Repayment | $0 |
| Auto Repayment | $12,156,173 |
| Total Repayment | $12,156,173 |
| Peak Financing Amount | $12,156,173 |
| Profit | $33,107,983 |
| Project IRR | 27.0% |
| Return on Equity | 272.4% |



WMATA-INV 007114

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **489,281** | **604,779** | **647,588** | **0** | **142,057** | **1,153,994** | **1,275,750** | **1,399,952** |
| **Net Cash Flow (IRR)** | **489,281** | **604,779** | **647,588** | **0** | **142,057** | **1,153,994** | **1,275,750** | **1,399,952** |
| **Cumulative Net Cash Flow** | **7,501319** | **8,106,097** | **8,753,686** | **8,753,686** | **8,895,742** | **10,049,736** | **11,325,486** | **12,725,438** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,156,173 |
| Timed Repayment | $0 |
| Auto Repayment | $12,156,173 |
| Total Repayment | $12,156,173 |
| Peak Financing Amount | $12,156,173 |
| Profit | $33,107,983 |
| Project IRR | 27.0% |
| Return on Equity | 272.4% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 211.8% |



WMATA-INV 007115

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (12,156,173) | 0 | 0 | (1,877,669) | (10,278,504) | 0 | 0 | 0 |
| **Total Contribution** | **(12,156,173)** | **0** | **0** | **(1,877,669)** | **(10,278,504)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 12,156,173 | 0 | 0 | 0 | 0 | 0 | 0 | 12,156,173 |
| **Total Repayment** | **12,156,173** | **0** | **0** | **0** | **0** | **0** | **0** | **12,156,173** |
| **Closing Balance** | **0** | **0** | **0** | **(1,877,669)** | **(12,156,173)** | **(12,156,173)** | **(12,156,173)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **33,107,983** | **0** | **0** | **0** | **0** | **0** | **0** | **7,012,037** |
| **Net Cash Flow (IRR)** | **33,107,983** | **0** | **0** | **(1,877,669)** | **(10,278,504)** | **0** | **0** | **19,168,210** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **(1,877,669)** | **(12,156,173)** | **(12,156,173)** | **(12,156,173)** | **7,012,037** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,156,173 |
| Timed Repayment | $0 |
| Auto Repayment | $12,156,173 |
| Total Repayment | $12,156,173 |
| Peak Financing Amount | $12,156,173 |
| Profit | $33,107,983 |
| Project IRR | 27.0% |
| Return on Equity | 272.4% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 158.4% | 4.4% | 5.2% | 4.0% | 0.0% | 3.4% | 9.7% | 10.7% |



WMATA-INV 007116

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| Source of Funds | Developer Equity |
|---|---|
| Type | Equity |
| Heading | IRR |
| | Oct 2022 |
| Timed Contribution Project | 0 |
| Auto Project Contribution | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment Project | 0 |
| Auto Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **20,382,545** |
| **Net Cash Flow (IRR)** | **20,382,545** |
| **Cumulative Net Cash Flow** | **30,070,728** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,350,686 |
| Timed Repayment | $0 |
| Auto Repayment | $1,350,686 |
| Total Repayment | $1,350,686 |
| Peak Financing Amount | $1,350,686 |
| Profit | $30,070,728 |
| Project IRR | 45.1% |
| Return on Equity | 2,226.3% |



WMATA-INV 007117

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **489,281** | **604,779** | **647,588** | **0** | **142,057** | **1,153,994** | **1,275,750** | **1,399,952** |
| **Net Cash Flow (IRR)** | **489,281** | **604,779** | **647,588** | **0** | **142,057** | **1,153,994** | **1,275,750** | **1,399,952** |
| **Cumulative Net Cash Flow** | **4,464,064** | **5,068,842** | **5,716,431** | **5,716,431** | **5,858,487** | **7,012,481** | **8,288,231** | **9,688,183** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,350,686 |
| Timed Repayment | $0 |
| Auto Repayment | $1,350,686 |
| Total Repayment | $1,350,686 |
| Peak Financing Amount | $1,350,686 |
| Profit | $30,070,728 |
| Project IRR | 45.1% |
| Return on Equity | 2,226.3% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 1,906.2% |



WMATA-INV 007118

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (1,350,686) | 0 | (1,129,044) | (221,642) | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,350,686)** | **0** | **(1,129,044)** | **(221,642)** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 1,350,686 | 0 | 0 | 0 | 0 | 0 | 0 | 1,350,686 |
| **Total Repayment** | **1,350,686** | **0** | **0** | **0** | **0** | **0** | **0** | **1,350,686** |
| **Closing Balance** | **0** | **0** | **(1,129,044)** | **(1,350,686)** | **(1,350,686)** | **(1,350,686)** | **(1,350,686)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **30,070,728** | **0** | **0** | **0** | **0** | **0** | **0** | **3,974,782** |
| **Net Cash Flow (IRR)** | **30,070,728** | **0** | **(1,129,044)** | **(221,642)** | **0** | **0** | **0** | **5,325,468** |
| **Cumulative Net Cash Flow** | | **0** | **(1,129,044)** | **(1,350,686)** | **(1,350,686)** | **(1,350,686)** | **(1,350,686)** | **3,974,782** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,350,686 |
| Timed Repayment | $0 |
| Auto Repayment | $1,350,686 |
| Total Repayment | $1,350,686 |
| Peak Financing Amount | $1,350,686 |
| Profit | $30,070,728 |
| Project IRR | 45.1% |
| Return on Equity | 2,226.3% |

| CASH ON CASH | As of Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 400.6% | 39.9% | 46.4% | 36.3% | 0.0% | 30.3% | 87.6% | 96.7% |



WMATA-INV 007119

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Development Loan |
| Type | Debt |

| Heading | 10 |
|---|---|
| | Oct-2022 |
| Timed Contribution: Project | 0 |
| Auto: Project Contributions | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment: Project | 0 |
| Auto: Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,590,702) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 007120

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,590,702) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 007121

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (1,590,702) | (615,201) | (975,502) | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,590,702)** | **(615,201)** | **(975,502)** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | (50,000) | (50,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | (459,298) | (83,337) | (103,965) | (143,424) | (128,572) | 0 | 0 | 0 |
| Timed Repayment: Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| Auto: Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **2,050,000** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **(698,538)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **(698,538)** | **(1,079,467)** | **(143,424)** | **1,921,428** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **(698,538)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,590,702) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 007122

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| **Period Total Before Finance** | **8,366,869** | **102,710,942** |
| Finance Costs (All Loans) | 0 | 0 |
| **Period Total After Finance** | **4,009,456** | **102,351,687** |
| Cumulative Total C/f Annual | (39,172,976) | 63,178,711 |



WMATA-INV 007123

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 3 Parcel 3 Parking | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 |
| 1 **Ph01 Development Manage** | | |
| 1 Dev. Management Fee | 0 | 0 |
| 1 **Ph02 Development Manage** | | |
| 2 Dev. Management Fee | 0 | 0 |
| 1 **Ph03 Development Manage** | | |
| 3 Dev. Management Fee | 0 | 0 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007124

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 2 Permits | 0 | 0 |
| 1 **Ph02 TI Costs** | | |
| 2 Parcel 1 Retail | 0 | 0 |
| 1 **Ph02 Professional Fees** | | |
| 2 Architect + Engineer | 0 | 0 |
| 2 Legal | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 |
| 1 **Ph03 Construction Costs** | | |
| 3 Metro Site Work | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 |
| 3 FF&E | 0 | 0 |
| 3 Hotel Hard Cost | 0 | 0 |
| 3 Franchise Charge | 0 | 0 |
| 3 Insurance | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 |
| 3 Contingency | 0 | 0 |
| 3 Permits | 0 | 0 |
| 3 Permits | 0 | 0 |
| 1 **Ph03 TI Costs** | | |
| 3 Parcel 3 Retail | 0 | 0 |
| 1 **Ph03 Professional Fees** | | |
| 3 Architect + Engineer | 0 | 0 |
| 3 Legal | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 |
| 1 **Ph0I Marketing/Leasing** | | |
| 1 Marketing | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | |
| 2 Marketing | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | |
| 3 Marketing | 0 | 0 |



WMATA-INV 007125

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 1 **Ph02 Acquisition Costs** | | |
| 2 WMATA PARCEL 1 Ground | (30,016) | 0 |
| 2 DC Purchase Recordation Ta | (450) | 0 |
| 2 WMATA Acquisition Legal | 0 | 0 |
| 2 Third Party Reports | 0 | 0 |
| 2 Title Insurance | (150) | 0 |
| 1 **Ph03 Acquisition Costs** | | |
| 3 WMATA PARCEL 3 Ground | (128,784) | 0 |
| 3 Arts Credits (assume no bonu | 0 | 0 |
| 3 DC Purchase Recordation Ta | (1,932) | 0 |
| 3 WMATA Acquisition Legal | 0 | 0 |
| 3 Third Party Reports | 0 | 0 |
| 3 Title Insurance | (644) | 0 |
| 1 **Ph01 Construction Costs** | | |
| 1 Metro Site Work | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 Insurance | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 |
| 1 Contingency | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 **Ph01 TI Costs** | | |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 **Ph01 Professional Fees** | | |
| 1 Architect + Engineer | 0 | 0 |
| 1 Legal | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 |
| 1 **Ph02 Construction Costs** | | |
| 2 Metro Site Work | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 |
| 2 Insurance | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 |
| 2 Contingency | 0 | 0 |
| 2 Permits | 0 | 0 |



WMATA-INV 007126

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
Detailed Cash Flow (Merged Phases)



| | 180:Sep 2022 (43,182,433) | 181:Oct 2022 (39,172,976) |
|---|---|---|
| 1 **Ph01 Revenue** | | |
| 1 Parcel 2 Office | 3,012,221 | 0 |
| 1 Parcel 2 Parking | 159,726 | 0 |
| 1 Parcel 2 Retail | 783,585 | 0 |
| 1 Parcel 2 Office | 0 | 43,347,369 |
| 1 Parcel 2 Parking | 0 | 2,298,542 |
| 1 Parcel 2 Retail | 0 | 11,276,184 |
| 1 **Ph01 Disposal Costs** | | |
| 1 Sales Agent Fee | 0 | (2,561,494) |
| 1 **Ph02 Revenue** | | |
| 2 Parcel 1 Retail | 280,730 | 0 |
| 2 Parcel 1 Retail | 0 | 4,099,984 |
| 1 **Ph02 Disposal Costs** | | |
| 2 Sales Agent Fee | 0 | (184,499) |
| 1 **Ph03 Revenue** | | |
| 3 Parcel 3 Hotel Rooms | 3,790,138 | 0 |
| 3 Parcel 3 Parking | 123,573 | 0 |
| 3 Parcel 3 Retail | 456,718 | 0 |
| 3 Parcel 3 Hotel Rooms | 0 | 38,177,964 |
| 3 Parcel 3 Parking | 0 | 1,778,276 |
| 3 Parcel 3 Retail | 0 | 6,572,405 |
| 1 **Ph03 Disposal Costs** | | |
| 3 Sales Agent Fee | 0 | (2,093,789) |
| 1 **Ph01 Acquisition Costs** | | |
| 1 WMATA PARCEL 2 Ground | (76,320) | 0 |
| 1 8th Street Land Option (Year | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 |
| 1 8th Street Resubordination F | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 |
| 1 DC Purchase Recordation Ta | (1,145) | 0 |
| 1 WMATA Acquisition Legal | 0 | 0 |
| 1 Third Party Reports | 0 | 0 |
| 1 Title Insurance | (382) | 0 |



WMATA-INV 007127

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | **5,955,088** | **6,545,528** | **6,776,523** | **3,496,798** | **7,409,087** | **7,638,734** | **7,874,953** | **8,118,465** |
| Finance Costs (All Loans) | (1,223,866) | 0 | 0 | 0 | (203,703) | (60,730) | 0 | 0 |
| **Period Total After Finance** | **1,486,612** | **1,720,622** | **2,005,261** | **(1,216,943)** | **2,553,322** | **2,992,082** | **3,359,950** | **3,679,508** |
| Cumulative Total C/f Annual | (58,276,235) | (56,555,612) | (54,550,352) | (55,767,295) | (53,213,972) | (50,221,891) | (46,861,940) | (43,182,433) |



WMATA-INV 007128

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Development Manage** | | | | | | | | |
| 1 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Development Manage** | | | | | | | | |
| 2 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Development Manage** | | | | | | | | |
| 3 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007129

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | |
| 2 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Construction Costs** | | | | | | | | |
| 3 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 FF&E | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Hotel Hard Cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Franchise Charge | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Professional Fees** | | | | | | | | |
| 3 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | |
| 1 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | |
| 2 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | |
| 3 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 007130

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | |
| 2 WMATA PARCEL 1 Ground | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) |
| 2 DC Purchase Recordation Ta | (422) | (422) | (422) | (422) | (422) | (422) | (422) | (422) |
| 2 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Title Insurance | (141) | (141) | (141) | (141) | (141) | (141) | (141) | (141) |
| 1 **Ph03 Acquisition Costs** | | | | | | | | |
| 3 WMATA PARCEL 3 Ground | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) |
| 3 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 DC Purchase Recordation Ta | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) |
| 3 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Title Insurance | (644) | (644) | (644) | (644) | (644) | (644) | (644) | (644) |
| 1 **Ph01 Construction Costs** | | | | | | | | |
| 1 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Professional Fees** | | | | | | | | |
| 1 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Construction Costs** | | | | | | | | |
| 2 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 007131

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 (59,762,846) | 096:Sep 2015 (58,276,235) | 108:Sep 2016 (56,555,612) | 120:Sep 2017 (54,550,352) | 132:Sep 2018 (55,767,295) | 144:Sep 2019 (53,213,972) | 156:Sep 2020 (50,221,891) | 168:Sep 2021 (46,861,940) |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | |
| 1 Parcel 2 Office | 2,377,875 | 2,449,212 | 2,522,688 | 2,598,369 | 2,676,320 | 2,756,609 | 2,839,307 | 2,924,487 |
| 1 Parcel 2 Parking | 126,089 | 129,872 | 133,768 | 137,781 | 141,915 | 146,172 | 150,557 | 155,074 |
| 1 Parcel 2 Retail | 618,570 | 637,127 | 656,240 | 675,928 | 696,205 | 717,092 | 738,604 | 760,762 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | |
| 1 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | |
| 2 Parcel 1 Retail | 221,610 | 228,259 | 235,107 | 242,160 | 249,425 | 256,907 | 264,614 | 272,553 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | |
| 2 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | |
| 3 Parcel 3 Hotel Rooms | 2,766,769 | 3,068,142 | 3,181,648 | 3,269,309 | 3,367,550 | 3,468,814 | 3,572,798 | 3,680,108 |
| 3 Parcel 3 Parking | 97,550 | 100,476 | 103,490 | 106,595 | 109,793 | 113,087 | 116,479 | 119,974 |
| 3 Parcel 3 Retail | 360,538 | 371,354 | 382,494 | 393,969 | 405,788 | 417,962 | 430,501 | 443,416 |
| 3 Parcel 3 Hotel Rooms | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | |
| 3 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | |
| 1 WMATA PARCEL 2 Ground | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) |
| 1 8th Street Land Option (Year | 0 | 0 | 0 | (3,420,000) | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | (200,004) | (200,004) | (200,004) | (200,004) | 0 | 0 | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | (175,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 DC Purchase Recordation Ta | (1,145) | (1,145) | (1,145) | (52,445) | (1,145) | (1,145) | (1,145) | (1,145) |
| 1 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Title Insurance | (1,382) | (1,382) | (1,382) | (18,482) | (382) | (382) | (382) | (382) |



WMATA-INV 007132

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**Detailed Cash Flow (Merged Phases)**



| | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | | **0** | **(615,201)** | **(2,104,546)** | **(2,099,310)** | **(10,824,717)** | **(32,279,445)** | **(6,562,365)** |
| Finance Costs (All Loans) | (6,765,562) | | (83,337) | (103,965) | (143,424) | (228,572) | (1,322,137) | (3,395,827) |
| **Period Total After Finance** | **63,178,711** | **0** | **(698,538)** | **(2,208,511)** | **(2,242,734)** | **(11,053,289)** | **(33,601,582)** | **(9,958,193)** |
| Cumulative Total C/f Annual | 63,178,711 | 0 | (698,538) | (2,907,049) | (5,149,783) | (16,203,072) | (49,804,654) | (59,762,846) |



WMATA-INV 007133

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Parking | YN | **(54,684)** | 0 | 0 | 0 | 0 | 0 | 0 | (54,684) |
| 3 Parcel 3 Retail | YN | **(202,111)** | 0 | 0 | 0 | 0 | 0 | 0 | (202,111) |
| 1 **Ph01 Development Management Fee** | | | | | | | | | |
| 1 Dev. Management Fee | YN | **(904,718)** | 0 | 0 | (160,839) | (241,258) | (241,258) | (241,258) | (20,105) |
| 1 **Ph02 Development Management Fee** | | | | | | | | | |
| 2 Dev. Management Fee | YN | **(42,664)** | 0 | 0 | (7,585) | (11,377) | (11,377) | (11,377) | (948) |
| 1 **Ph03 Development Management Fee** | | | | | | | | | |
| 3 Dev. Management Fee | YN | **(1,009,874)** | 0 | 0 | (179,533) | (269,300) | (269,300) | (269,300) | (22,442) |



WMATA-INV 007134

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 2 Permits | YN | (14,969) | 0 | 0 | 0 | 0 | (14,969) | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | | |
| 2 Parcel 1 Retail | YY | (284,739) | 0 | 0 | 0 | 0 | 0 | (284,739) | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | | |
| 2 Architect + Engineer | YN | (93,604) | 0 | 0 | (46,802) | (46,802) | 0 | 0 | 0 |
| 2 Legal | YN | (11,227) | 0 | 0 | (3,208) | (4,811) | (3,208) | 0 | 0 |
| 2 Soft Cost Contingency | YN | (32,354) | 0 | (1,458) | (11,118) | (10,401) | (8,068) | (1,266) | (44) |
| 1 **Ph03 Construction Costs** | | | | | | | | | |
| 3 Metro Site Work | YN | (1,839,000) | 0 | 0 | 0 | 0 | (1,839,000) | 0 | 0 |
| 3 Parcel 3 Parking | YY | (1,354,096) | 0 | 0 | 0 | 0 | (177,399) | (1,137,295) | (39,403) |
| 3 Parcel 3 Retail | YY | (1,253,506) | 0 | 0 | 0 | 0 | (164,220) | (1,052,810) | (36,476) |
| 3 FF&E | YN | (2,900,000) | 0 | 0 | 0 | 0 | (385,994) | (2,431,176) | (82,831) |
| 3 Hotel Hard Cost | YN | (11,454,840) | 0 | 0 | 0 | 0 | (1,524,653) | (9,603,011) | (327,176) |
| 3 Franchise Charge | YN | (58,000) | 0 | 0 | 0 | 0 | (58,000) | 0 | 0 |
| 3 Insurance | YN | (94,007) | 0 | 0 | 0 | 0 | (20,456) | (71,121) | (2,429) |
| 3 Real Estate Tax During Cons | YN | (97,000) | 0 | 0 | 0 | 0 | (22,824) | (68,471) | (5,706) |
| 3 Contingency | YN | (1,880,144) | 0 | 0 | 0 | 0 | (250,250) | (1,576,194) | (53,701) |
| 3 Permits | YN | (50,000) | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 3 Permits | YN | (282,022) | 0 | 0 | 0 | 0 | (282,022) | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | | |
| 3 Parcel 3 Retail | YY | (571,790) | 0 | 0 | 0 | 0 | 0 | 0 | (571,790) |
| 1 **Ph03 Professional Fees** | | | | | | | | | |
| 3 Architect + Engineer | YN | (1,020,000) | 0 | 0 | (510,000) | (510,000) | 0 | 0 | 0 |
| 3 Legal | YN | (376,029) | 0 | 0 | (107,437) | (161,155) | (107,437) | 0 | 0 |
| 3 Soft Cost Contingency | YN | (197,206) | 0 | (10,696) | (68,235) | (61,885) | (48,717) | (7,417) | (257) |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | | |
| 1 Marketing | YN | (50,000) | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 1 Leasing Legal Fees | YN | (58,610) | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 1 Parcel 2 Office | YN | (1,274,853) | 0 | 0 | 0 | 0 | 0 | 0 | (1,274,853) |
| 1 Parcel 2 Parking | YN | (70,683) | 0 | 0 | 0 | 0 | 0 | 0 | (70,683) |
| 1 Parcel 2 Retail | YN | (346,758) | 0 | 0 | 0 | 0 | 0 | 0 | (346,758) |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | | |
| 2 Marketing | YN | (50,000) | 0 | 0 | 0 | 0 | (18,182) | (31,818) | 0 |
| 2 Leasing Legal Fees | YN | (58,610) | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 2 Parcel 1 Retail | YN | (122,408) | 0 | 0 | 0 | 0 | 0 | (122,408) | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | | |
| 3 Marketing | YN | (50,000) | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |



WMATA-INV 007135

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | | |
| 2 WMATA PARCEL 1 Ground | YN | **(295,001)** | 0 | 0 | 0 | 0 | 0 | (11,725) | (28,140) |
| 2 DC Purchase Recordation Ta | YN | **(4,425)** | 0 | 0 | 0 | 0 | 0 | (176) | (422) |
| 2 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 2 Title Insurance | YN | **(1,475)** | 0 | 0 | 0 | 0 | 0 | (59) | (141) |
| 1 **Ph03 Acquisition Costs** | | | | | | | | | |
| 3 WMATA PARCEL 3 Ground | YN | **(1,277,108)** | 0 | 0 | 0 | 0 | 0 | 0 | (118,052) |
| 3 Arts Credits (assume no bonu | YN | **(239,325)** | 0 | 0 | 0 | 0 | (239,325) | 0 | 0 |
| 3 DC Purchase Recordation Ta | YN | **(22,746)** | 0 | 0 | 0 | 0 | (3,590) | 0 | (1,771) |
| 3 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 3 Title Insurance | YN | **(7,582)** | 0 | 0 | 0 | 0 | (1,197) | 0 | (590) |
| 1 **Ph01 Construction Costs** | | | | | | | | | |
| 1 Metro Site Work | YN | **(1,500,000)** | 0 | 0 | 0 | 0 | (1,500,000) | 0 | 0 |
| 1 Parcel 2 Office | YY | **(11,595,394)** | 0 | 0 | 0 | 0 | (1,519,099) | (9,738,882) | (337,413) |
| 1 Parcel 2 Parking | YY | **(1,752,360)** | 0 | 0 | 0 | 0 | (229,575) | (1,471,794) | (50,992) |
| 1 Parcel 2 Retail | YY | **(2,150,624)** | 0 | 0 | 0 | 0 | (281,751) | (1,806,292) | (62,581) |
| 1 Insurance | YN | **(84,992)** | 0 | 0 | 0 | 0 | (17,652) | (65,085) | (2,255) |
| 1 Real Estate Tax During Cons | YN | **(150,000)** | 0 | 0 | 0 | 0 | (35,294) | (105,882) | (8,824) |
| 1 Contingency | YN | **(1,699,838)** | 0 | 0 | 0 | 0 | (226,250) | (1,425,036) | (48,551) |
| 1 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 1 Permits | YN | **(254,976)** | 0 | 0 | 0 | 0 | (254,976) | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | | |
| 1 Parcel 2 Office | YY | **(4,958,530)** | 0 | 0 | 0 | 0 | 0 | 0 | (4,958,530) |
| 1 Parcel 2 Retail | YY | **(981,013)** | 0 | 0 | 0 | 0 | 0 | 0 | (981,013) |
| 1 **Ph01 Professional Fees** | | | | | | | | | |
| 1 Architect + Engineer | YN | **(841,000)** | 0 | 0 | (420,500) | (420,500) | 0 | 0 | 0 |
| 1 Legal | YN | **(254,976)** | 0 | 0 | (72,850) | (109,275) | (72,850) | 0 | 0 |
| 1 Soft Cost Contingency | YN | **(163,594)** | 0 | (6,827) | (53,534) | (50,921) | (44,659) | (7,392) | (260) |
| 1 **Ph02 Construction Costs** | | | | | | | | | |
| 2 Metro Site Work | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 2 Parcel 1 Retail | YY | **(698,440)** | 0 | 0 | 0 | 0 | (193,363) | (505,078) | 0 |
| 2 Insurance | YN | **(3,742)** | 0 | 0 | 0 | 0 | (1,217) | (2,525) | 0 |
| 2 Real Estate Tax During Cons | YN | **(12,500)** | 0 | 0 | 0 | 0 | (4,545) | (7,955) | 0 |
| 2 Contingency | YN | **(74,844)** | 0 | 0 | 0 | 0 | (20,889) | (53,955) | 0 |
| 2 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |



WMATA-INV 007136

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| Period ending<br>AnnualB/F | SET<br>Int Inf | TOTALS | 000:Sep 2007 | 012:Sep 2008<br>0 | 024:Sep 2009<br>(698,538) | 036:Sep 2010<br>(2,907,049) | 048:Sep 2011<br>(5,149,783) | 060:Sep 2012<br>(16,203,072) | 072:Sep 2013<br>(49,804,654) |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | | |
| 1 Parcel 2 Office | YN | **24,738,475** | 0 | 0 | 0 | 0 | 0 | 0 | 581,388 |
| 1 Parcel 2 Parking | YN | **1,373,443** | 0 | 0 | 0 | 0 | 0 | 0 | 92,486 |
| 1 Parcel 2 Retail | YN | **6,737,832** | 0 | 0 | 0 | 0 | 0 | 0 | 453,718 |
| 1 Parcel 2 Office | YN | **43,347,369** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | YN | **2,298,542** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | YN | **11,276,184** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | | |
| 1 Sales Agent Fee | YN | **(2,561,494)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | | |
| 2 Parcel 1 Retail | YN | **2,519,909** | 0 | 0 | 0 | 0 | 0 | 53,389 | 215,156 |
| 2 Parcel 1 Retail | YN | **4,099,984** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | | |
| 2 Sales Agent Fee | YN | **(184,499)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | | |
| 3 Parcel 3 Hotel Rooms | YN | **32,031,554** | 0 | 0 | 0 | 0 | 0 | 0 | 1,866,277 |
| 3 Parcel 3 Parking | YN | **1,062,569** | 0 | 0 | 0 | 0 | 0 | 0 | 71,552 |
| 3 Parcel 3 Retail | YN | **3,927,193** | 0 | 0 | 0 | 0 | 0 | 0 | 264,453 |
| 3 Parcel 3 Hotel Rooms | YN | **38,177,964** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | YN | **1,778,276** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | YN | **6,572,405** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | | |
| 3 Sales Agent Fee | YN | **(2,093,789)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | | |
| 1 WMATA PARCEL 2 Ground | YN | **(756,840)** | 0 | 0 | 0 | 0 | 0 | 0 | (69,960) |
| 1 8th Street Land Option (Year | YN | **(3,420,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | YN | **(325,000)** | 0 | (318,750) | (6,250) | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | YN | **(600,000)** | 0 | 0 | (150,000) | (150,000) | (150,000) | (150,000) | 0 |
| 1 8th St Ground Lease Renewal | YN | **(1,000,020)** | 0 | 0 | 0 | 0 | 0 | 0 | (200,004) |
| 1 Arts Credits (assume no bonu | YN | **(300,000)** | 0 | 0 | 0 | 0 | (300,000) | 0 | 0 |
| 1 8th St Combination Fee | YN | **(30,000)** | 0 | 0 | (30,000) | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | YN | **(175,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | YN | **(203,500)** | 0 | (50,875) | (50,875) | (50,875) | (50,875) | 0 | 0 |
| 1 DC Purchase Recordation Ta | YN | **(67,153)** | 0 | 0 | 0 | 0 | (4,500) | 0 | (1,049) |
| 1 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 1 Title Insurance | YN | **(32,009)** | 0 | (1,594) | (781) | (750) | (2,250) | (750) | (1,350) |



WMATA-INV 007137

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

| Inflation on Construction Costs | | Uninflated | Inflation | Total |
|---|---|---|---|---|
| Parcel 2 Office | Construction CPI at 3.00% | 10,190,205 | 1,405,189 | 11,595,394 |
| Parcel 2 Parking | Construction CPI at 3.00% | 1,540,000 | 212,360 | 1,752,360 |
| Parcel 2 Retail | Construction CPI at 3.00% | 1,890,000 | 260,624 | 2,150,624 |
| Parcel 1 Retail | Construction CPI at 3.00% | 618,600 | 79,840 | 698,440 |
| Parcel 3 Parking | Construction CPI at 3.00% | 1,190,000 | 164,096 | 1,354,096 |
| Parcel 3 Retail | Construction CPI at 3.00% | 1,101,600 | 151,906 | 1,253,506 |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007138

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

| | | | |
|---|---|---|---|
| Parcel 2 Parking | | 70,683 | |
| Parcel 2 Retail | | 346,758 | |
| Parcel 1 Retail | | 122,408 | |
| Parcel 3 Parking | | 54,684 | |
| Parcel 3 Retail | | 202,111 | |
| | | | 2,338,718 |
| **DISPOSAL FEES** | | | |
| Sales Agent Fee | 4.50% | 4,839,783 | |
| | | | 4,839,783 |
| **Additional Costs** | | | |
| Dev. Management Fee | 5.00% | 904,718 | |
| Dev. Management Fee | 5.00% | 42,664 | |
| Dev. Management Fee | 5.00% | 1,009,874 | |
| | | | 1,957,255 |
| **FINANCE** | | | |
| Interest paid to Debt Sources: | | | |
| Development Loan (8.00%) | 409,298 | | |
| Construction Loan (8.00%) | 6,206,264 | | |
| Total Interest paid to debt financing | | 6,615,562 | |
| Mortgage Interest (7.00%) | | 40,463,132 | |
| Total Interest Paid | | 47,078,694 | |
| Debt Financing Fees | | | |
| Development Loan - Legal (Single) | 50,000 | | |
| Construction Loan - Legal Fees (Single) | 100,000 | | |
| Total Debt Financing Fees | | 150,000 | |
| Total Finance Cost | | | 47,228,694 |
| **TOTAL COSTS** | | | **116,762,988** |
| **PROFIT** | | | |
| Developer Equity | | | |
| Residual Percentage (50.00%) | 29,313,423 | | |
| Preferred Return (10.00%) | 757,305 | | |
| | | 30,070,728 | |
| Investor Equity | | | |
| Residual Percentage (50.00%) | 29,313,423 | | |
| Preferred Return (10.00%) | 3,794,560 | | |
| | | 33,107,983 | |
| | | | **63,178,711** |
| **Performance Measures** | | | |
| Profit on Cost% | 54.11% | | |
| Profit on GDV% | 58.74% | | |
| Development Yield% (on Rent) | 7.43% | | |
| Pre-Finance IRR% | 13.36% | | |
| Project IRR% (with Interest) | 17.96% | | |
| Equity IRR% (with Interest) | 32.23% | | |

‡ Inflation/Escalation applied

| **Escalation on Capitalized Rent** | | **Unescalated** | **Escalation** | **Total** |
|---|---|---|---|---|
| Parcel 2 Office | Office Rent at 3.00% | 28,446,726 | 14,900,643 | 43,347,369 |
| Parcel 2 Parking | Office Rent at 3.00% | 1,508,419 | 790,123 | 2,298,542 |
| Parcel 2 Retail | Office Rent at 3.00% | 7,400,000 | 3,876,184 | 11,276,184 |
| Parcel 1 Retail | Office Rent at 3.00% | 2,651,143 | 1,448,841 | 4,099,984 |
| Parcel 3 Parking | Office Rent at 3.00% | 1,166,994 | 611,282 | 1,778,276 |
| Parcel 3 Retail | Office Rent at 3.00% | 4,313,143 | 2,259,262 | 6,572,405 |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007139

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

| | | | | |
|---|---|---|---|---|
| WMATA Acquisition Legal Fees | | | 300,000 | |
| Third Party Reports | | | 150,000 | |
| Title Insurance | | 0.50% | 39,591 | |
| Title Insurance | | 0.50% | 1,475 | |
| | | | | 9,207,185 |
| **CONSTRUCTION COSTS** | | | | |
| **Construction** | **ft²** | **Rate ft²** | **Cost** | |
| ‡ Parcel 2 Office | 75,483 | $135.00 | 11,595,394 | |
| ‡ Parcel 2 Parking | 19,885 | $77.45 | 1,752,360 | |
| ‡ Parcel 2 Retail | 14,000 | $135.00 | 2,150,624 | |
| ‡ Parcel 1 Retail | 4,124 | $150.00 | 698,440 | |
| Parcel 3 Hotel Rooms | | | | |
| FF&E | 145 units | $20,000.00 /un | 2,900,000 | |
| Hotel Hard Cost | 63,638 ft² | $180.00 pf² | 11,454,840 | |
| Franchise Charge | 145 units | $400.00 /un | 58,000 | |
| | | | 14,412,840 | |
| ‡ Parcel 3 Parking | 15,955 | $74.58 | 1,354,096 | |
| ‡ Parcel 3 Retail | 8,160 | $135.00 | 1,253,506 | |
| Totals | 137,607 | | 33,217,260 | **33,217,260** |
| | | | | |
| Contingency | | 10.00% | 1,699,838 | |
| Contingency | | 10.00% | 74,844 | |
| Contingency | | 10.00% | 1,880,144 | |
| Metro Site Work | | | 1,500,000 | |
| Metro Site Work | | | 50,000 | |
| Metro Site Work | | | 1,839,000 | |
| Permits | | | 50,000 | |
| Permits | | 1.50% | 254,976 | |
| Permits | | | 50,000 | |
| Permits | | 2.00% | 14,969 | |
| Permits | | | 50,000 | |
| Permits | | 1.50% | 282,022 | |
| | | | | 7,745,792 |
| **Other Construction** | | | | |
| Insurance | | 0.50% | 84,992 | |
| Insurance | | 0.50% | 3,742 | |
| Insurance | | 0.50% | 94,007 | |
| | | | | 182,741 |
| **Municipal Costs** | | | | |
| Real Estate Tax During Construction | | | 150,000 | |
| Real Estate Tax During Construction | | | 12,500 | |
| Real Estate Tax During Construction | | | 97,000 | |
| | | | | 259,500 |
| **TI Costs** | | | | |
| TI Cost Area Rate - Parcel 2 Office | | 60.00 pf² | 4,958,530 | |
| TI Cost Area Rate - Parcel 2 Retail | | 60.00 pf² | 981,013 | |
| TI Cost Area Rate - Parcel 1 Retail | | 60.00 pf² | 284,739 | |
| TI Cost Area Rate - Parcel 3 Retail | | 60.00 pf² | 571,790 | |
| | | | | 6,796,072 |
| **PROFESSIONAL FEES** | | | | |
| Architect + Engineer | | | 1,954,604 | |
| Legal | | 1.50% | 266,202 | |
| Legal | | 2.00% | 376,029 | |
| Soft Cost Contingency | | 10.00% | 163,594 | |
| Soft Cost Contingency | | 10.00% | 32,354 | |
| Soft Cost Contingency | | 10.00% | 197,206 | |
| | | | | 2,989,989 |
| **MARKETING & LEASING** | | | | |
| Marketing | | | 150,000 | |
| Leasing Legal Fees | | 2.00% | 117,220 | |
| **Leasing Commissions** | | | | |
| Parcel 2 Office | | | 1,274,853 | |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007140

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**Project Pro Forma for Merged Phases 1 2 3**

**REVENUE**

| **Rental Area Summary** | **ft²** | **Rate ft²** | **Rent at Lease Start** | **Rent At Sale** |
|---|---|---|---|---|
| ‡ Parcel 2 Office | 70,763 | $42.00 | 3,470,971 | 4,528,830 |
| ‡ Parcel 2 Parking | 19,885 | $5.31 | 123,315 | 160,898 |
| ‡ Parcel 2 Retail | 14,000 | $37.00 | 604,958 | 789,333 |
| ‡ Parcel 1 Retail | 4,124 | $45.00 | 213,554 | 286,999 |
| Parcel 3 Hotel Rooms | 60,456 | $41.16 | 2,488,369 | 3,817,796 |
| ‡ Parcel 3 Parking | 15,955 | $5.12 | 95,403 | 124,479 |
| ‡ Parcel 3 Retail | 8,160 | $37.00 | 352,604 | 460,068 |
| Totals | 193,343 | | 7,349,174 | 10,168,403 |
| **Investment Valuation** | | | | |
| **Parcel 2 Office** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 3,034,316 | Cap Rate | 7.0000% | 43,347,369 |
| **Parcel 2 Parking** | | | | |
| Capitalized Rent | 160,898 | Cap Rate | 7.0000% | 2,298,542 |
| **Parcel 2 Retail** | | | | |
| Capitalized Rent | 789,333 | Cap Rate | 7.0000% | 11,276,184 |
| **Parcel 1 Retail** | | | | |
| Capitalized Rent | 286,999 | Cap Rate | 7.0000% | 4,099,984 |
| **Parcel 3 Hotel Rooms** | | | | |
| Capitalized Rent | 3,817,796 | Cap Rate | 10.0000% | 38,177,964 |
| **Parcel 3 Parking** | | | | |
| Capitalized Rent | 124,479 | Cap Rate | 7.0000% | 1,778,276 |
| **Parcel 3 Retail** | | | | |
| Capitalized Rent | 460,068 | Cap Rate | 7.0000% | 6,572,405 |
| | | | | **107,550,725** |
| **Income from Tenants** | | | | |
| Parcel 2 Office | | | 24,738,475 | |
| Parcel 2 Parking | | | 1,373,443 | |
| Parcel 2 Retail | | | 6,737,832 | |
| Parcel 1 Retail | | | 2,519,909 | |
| Parcel 3 Hotel Rooms | | | 32,031,554 | |
| Parcel 3 Parking | | | 1,062,569 | |
| Parcel 3 Retail | | | 3,927,193 | |
| | | | | 72,390,974 |
| **TOTAL PROJECT REVENUE** | | | | **179,941,699** |
| **DEVELOPMENT COSTS** | | | | |
| **ACQUISITION COSTS** | | | | |
| WMATA PARCEL 2 Ground Lease | | 756,840 | | |
| 8th Street Land Option (Year 10) | | 3,420,000 | | |
| 8th St 1st Year Ground Lease | | 325,000 | | |
| 8th St Ground Lease Renewal 1-4 | | 600,000 | | |
| 8th St Ground Lease Renewal 5-9 | | 1,000,020 | | |
| Arts Credits (assume no bonus) | | 300,000 | | |
| 8th St Combination Fee | | 30,000 | | |
| 8th Street Resubordination Fee | | 175,000 | | |
| 8th Street RE Tax pre-construction | | 203,500 | | |
| WMATA PARCEL 1 Ground Lease | | 295,001 | | |
| WMATA PARCEL 3 Ground Lease | | 1,277,108 | | |
| Arts Credits (assume no bonus) | | 239,325 | | |
| Total Acquisition (0.92 Acres $9,371,515.22 pAcre) | | | 8,621,794 | |
| DC Purchase Recordation Tax | | 1.50% | 89,899 | |
| DC Purchase Recordation Tax | | 1.50% | 4,425 | |



FOIA CONFIDENTIAL TREATMENT REQUESTED

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**(Merged Phases)**



| Source of Funds | Combined Sources |
|---|---|
| Type | Scenario |
| Heading | Oct-2022 |
| Auto. Project Contribution | 0 |
| Timed Contribution-Project | 0 |
| **Total Contribution** | **0** |
| Non-Mortgage Interest and Fees | 0 |
| Auto. Repayment | 1,738,987 |
| Timed Repayment- Project | 0 |
| **Total Repayment** | **1,738,987** |
| **Profit Participation** | **53,283,312** |
| **Net Cash Flow (IRR)** | **55,022,300** |
| Net Cash Flow (Equity IRR) | 55,022,300 |
| **Cumulative Net Cash Flow** | **61,488,319** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 13.6% |



WMATA-INV 007142

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | (201,004) | (201,004) | (3,689,404) | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(201,004)** | **(201,004)** | **(3,689,404)** | **0** | **0** | **0** | **0** | **0** |
| Non-Mortgage Interest and Fees | 0 | 0 | 0 | (210,673) | (81,712) | (138) | 0 | 0 |
| Auto. Repayment | 493,489 | 712,823 | 1,001,408 | 1,675,985 | 1,872,963 | 408,070 | 1,910,070 | 2,335,405 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **493,489** | **712,823** | **1,001,408** | **1,675,985** | **1,872,963** | **408,070** | **1,910,070** | **2,335,405** |
| **Profit Participation** | **625,320** | **586,249** | **483,335** | **0** | **0** | **1,667,781** | **374,755** | **164,664** |
| **Net Cash Flow (IRR)** | **917,805** | **1,098,068** | **(2,204,661)** | **1,465,312** | **1,791,251** | **2,075,713** | **2,284,825** | **2,500,069** |
| Net Cash Flow (Equity/IRR) | 917,805 | 1,098,068 | 1,172,562 | 0 | 0 | 1,955,053 | 2,284,825 | 2,500,069 |
| **Cumulative Net Cash Flow** | **(2,544,557)** | **(1,446,489)** | **(3,651,149)** | **(2,185,838)** | **(394,587)** | **1,681,126** | **3,965,951** | **6,466,020** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 13.6% |



WMATA-INV 007143

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Auto: Project Contribution | (68,743,885) | (612,004) | (1,825,047) | (1,775,904) | (16,913,075) | (28,024,417) | (15,126,023) | (376,004) |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(68,743,885)** | **(612,004)** | **(1,825,047)** | **(1,775,904)** | **(16,913,075)** | **(28,024,417)** | **(15,126,023)** | **(376,004)** |
| Non-Mortgage Interest and Fees | (7,204,885) | (83,218) | (102,602) | (143,424) | (240,124) | (1,397,635) | (3,577,428) | (1,367,932) |
| Auto: Repayment | 73,898,770 | 0 | 0 | 0 | 0 | 53,389 | 2,175,459 | 59,520,724 |
| Timed Repayment: Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| **Total Repayment** | **75,948,770** | **0** | **0** | **0** | **2,050,000** | **53,389** | **2,175,459** | **59,520,724** |
| **Profit Participation** | **61,488,319** | **0** | **0** | **0** | **0** | **0** | **0** | **4,302,902** |
| **Net Cash Flow (IRR)** | **61,488,319** | **(695,222)** | **(1,927,649)** | **(1,919,327)** | **(15,103,199)** | **(29,368,663)** | **(16,527,992)** | **62,079,690** |
| Net Cash Flow (Equity IRR) | 61,488,319 | 0 | (844,866) | (1,775,904) | (11,349,330) | 0 | 0 | 10,507,738 |
| **Cumulative Net Cash Flow** | | **(695,222)** | **(2,622,871)** | **(4,542,198)** | **(19,645,397)** | **(49,014,061)** | **(65,542,053)** | **(3,462,363)** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 13.6% |



WMATA-INV 007144

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Balancing Account |
| Type | Balancing Account |

| Heading | |
|---|---|
| Timed Contribution | 0 |
| Timed Contribution Profits | 0 |
| Total Contribution | 0 |
| Interest | 0 |
| Timed Repayment Profits | 0 |
| Total Repayment | 0 |
| Closing Balance | 0 |
| Profit Participation | 0 |
| Net Cash Flow (IRR) | 0 |
| Cumulative Net Cash Flow | [illegible] |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007145

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**(Merged Phases)**



Source of Funds: Balancing Account
Type: Balancing Account

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution, Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment, Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007146

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Balancing Account |
| Type | Balancing Account |

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | (2,050,000) | 0 | 0 | 0 | (2,050,000) | 0 | 0 | 0 |
| Timed Contribution Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(2,050,000)** | **0** | **0** | **0** | **(2,050,000)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **0** | **53,389** | **1,996,611** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(2,050,000)** | **53,389** | **1,996,611** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007147

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | Oct 2022 |
|---|---|
| Opening Balance | 54,096,983 |
| Interest | 315,566 |
| Principal Repaid | 54,096,983 |
| Total P+I Payment | 54,412,548 |
| **Closing Balance** | **(0)** |
| **Net Cash Flow (IRR)** | **54,412,548** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007148

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Mortgage
Type: Mortgage

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 60,839,898 | 60,188,081 | 59,489,144 | 58,739,681 | 57,936,040 | 57,074,303 | 56,150,271 | 55,159,440 |
| Interest | 4,238,144 | 4,191,024 | 4,140,498 | 4,086,319 | 4,028,224 | 3,965,929 | 3,899,130 | 3,827,503 |
| Principal Repaid | 651,817 | 698,937 | 749,463 | 803,642 | 861,737 | 924,032 | 990,830 | 1,062,458 |
| Total P+I Payment | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 |
| Closing Balance | 60,188,081 | 59,489,144 | 58,739,681 | 57,936,040 | 57,074,303 | 56,150,271 | 55,159,440 | 54,096,983 |
| Net Cash Flow (IRR) | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007149

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Mortgage
Type: Mortgage

| Heading | Totals | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 61,249,842 |
| Interest | 35,542,366 | 0 | 0 | 0 | 0 | 0 | 0 | 2,850,029 |
| Principal Repaid | 61,249,842 | 0 | 0 | 0 | 0 | 0 | 0 | 409,945 |
| Total P+I Payment | 96,792,208 | 0 | 0 | 0 | 0 | 0 | 0 | 3,259,974 |
| **Closing Balance** | | **0** | **0** | **0** | **0** | **0** | **0** | **60,839,898** |
| **Net Cash Flow (IRR)** | **35,542,366** | **0** | **0** | **0** | **0** | **0** | **0** | **(57,989,869)** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007150

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**(Merged Phases)**



| Source of Funds | Construction Loan |
|---|---|
| Type | Debt |

| Heading | |
|---|---|
| Timed Contribution | 0 |
| Auto Project Contribution | 0 |
| Total Contribution | 0 |
| Total Loan Fee | 0 |
| Interest Rate | 0 |
| Timed Repayment | 0 |
| Auto Repayment | 0 |
| Total Repayment | 0 |
| Closing Balance | 0 |
| Developer Equity | 0 |
| Total Profit Participation | 0 |
| Net Cash Flow (IRR) | 0 |
| Cumulative Net Cash Flow | 0 |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($51,131,600) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $57,878,670 |
| Total Repayment | $57,878,670 |
| Peak Financing Amount | $51,571,952 |
| Project IRR | 0.0% |



WMATA-INV 007151

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | (201,004) | (201,004) | (3,689,404) | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(201,004)** | **(201,004)** | **(3,689,404)** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | (210,673) | (81,712) | (138) | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 201,004 | 201,004 | 312,181 | 1,675,985 | 1,872,963 | 120,798 | 0 | 0 |
| **Total Repayment** | **201,004** | **201,004** | **312,181** | **1,675,985** | **1,872,963** | **120,798** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(3,377,223)** | **(1,911,911)** | **(120,660)** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **(3,377,223)** | **1,465,312** | **1,791,251** | **120,660** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **(3,377,223)** | **(1,911,911)** | **(120,660)** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($51,131,600) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $57,878,670 |
| Total Repayment | $57,878,670 |
| Peak Financing Amount | $51,571,952 |
| Project IRR | 0.0% |



WMATA-INV 007152

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | (51,131,600) | 0 | 0 | 0 | (3,513,745) | (28,024,417) | (15,126,023) | (376,004) |
| **Total Contribution** | **(51,131,600)** | **0** | **0** | **0** | **(3,513,745)** | **(28,024,417)** | **(15,126,023)** | **(376,004)** |
| Total Loan Fees | (100,000) | 0 | 0 | 0 | (100,000) | 0 | 0 | 0 |
| Interest and Fees | (6,747,070) | 0 | 0 | 0 | (111,552) | (1,397,635) | (3,577,428) | (1,367,932) |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 57,878,670 | 0 | 0 | 0 | 0 | 0 | 178,847 | 53,315,888 |
| **Total Repayment** | **57,878,670** | **0** | **0** | **0** | **0** | **0** | **178,847** | **53,315,888** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(3,625,297)** | **(33,047,349)** | **(51,571,952)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participations** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(3,625,297)** | **(29,422,052)** | **(18,524,603)** | **51,571,952** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **(3,625,297)** | **(33,047,349)** | **(51,571,952)** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($51,131,600) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $57,878,670 |
| Total Repayment | $57,878,670 |
| Peak Financing Amount | $51,571,952 |
| Project IRR | 0.0% |



WMATA-INV 007153

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



| Source of Funds | Investor Equity |
|---|---|
| Type | Equity |

| Heading | Oct-2022 |
|---|---|
| Timed Contribution, Project | 0 |
| Auto Project Contribution | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment, Project | 0 |
| Auto Repayment | 341,977 |
| **Total Repayment** | **341,977** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **24,762,896** |
| **Net Cash Flow (IRR)** | **25,104,873** |
| **Cumulative Net Cash Flow** | **32,967,903** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,573,090 |
| Timed Repayment | $0 |
| Auto Repayment | $12,573,090 |
| Total Repayment | $12,573,090 |
| Peak Financing Amount | $12,573,090 |
| Profit | $32,967,903 |
| Project IRR | 18.9% |
| Return on Equity | 262.2% |



WMATA-INV 007154

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 292,485 | 511,819 | 689,227 | 0 | 0 | 287,272 | 1,910,070 | 2,335,405 |
| **Total Repayment** | **292,485** | **511,819** | **689,227** | **0** | **0** | **287,272** | **1,910,070** | **2,335,405** |
| **Closing Balance** | **(6,075,769)** | **(5,563,950)** | **(4,874,723)** | **(4,874,723)** | **(4,874,723)** | **(4,587,452)** | **(2,677,382)** | **(341,977)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **625,320** | **586,249** | **483,335** | **0** | **0** | **1,667,781** | **374,755** | **164,664** |
| **Net Cash Flow (IRR)** | **917,805** | **1,098,068** | **1,172,562** | **0** | **0** | **1,955,053** | **2,284,825** | **2,500,069** |
| **Cumulative Net Cash Flow** | **(1,147,547)** | **(49,479)** | **1,123,083** | **1,123,083** | **1,123,083** | **3,078,136** | **5,362,961** | **7,863,030** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,573,090 |
| Timed Repayment | $0 |
| Auto Repayment | $12,573,090 |
| Total Repayment | $12,573,090 |
| Peak Financing Amount | $12,573,090 |
| Profit | $32,967,903 |
| Project IRR | 18.9% |
| Return on Equity | 262.2% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 257.9% |



WMATA-INV 007155

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | (12,573,090) | 0 | 0 | (1,223,760) | (11,349,330) | 0 | 0 | 0 |
| **Total Contribution** | **(12,573,090)** | **0** | **0** | **(1,223,760)** | **(11,349,330)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 12,573,090 | 0 | 0 | 0 | 0 | 0 | 0 | 6,204,836 |
| **Total Repayment** | **12,573,090** | **0** | **0** | **0** | **0** | **0** | **0** | **6,204,836** |
| **Closing Balance** | **0** | **0** | **0** | **(1,223,760)** | **(12,573,090)** | **(12,573,090)** | **(12,573,090)** | **(6,368,255)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **32,967,903** | **0** | **0** | **0** | **0** | **0** | **0** | **4,302,902** |
| **Net Cash Flow (IRR)** | **32,967,903** | **0** | **0** | **(1,223,760)** | **(11,349,330)** | **0** | **0** | **10,507,738** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **(1,223,760)** | **(12,573,090)** | **(12,573,090)** | **(12,573,090)** | **(2,065,353)** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,573,090 |
| Timed Repayment | $0 |
| Auto Repayment | $12,573,090 |
| Total Repayment | $12,573,090 |
| Peak Financing Amount | $12,573,090 |
| Profit | $32,967,903 |
| Project IRR | 18.9% |
| Return on Equity | 262.2% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 85.1% | 7.7% | 9.1% | 7.0% | 0.0% | 2.9% | 16.9% | 18.6% |



WMATA-INV 007156

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

**LAKRITZ ADLER DEVELOPMENT**

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Developer Equity |
| Type | Equity |
| Funding | [illegible] |
| Timed Contribution Project | 0 |
| Auto Project Contribution | 0 |
| Total Contribution | 0 |
| Interest | 0 |
| Timed Repayment Project | 0 |
| Auto Repayment | 1,397,010 |
| Total Repayment | 1,397,010 |
| Closing Balance | 0 |
| Timed Profit Participation | 0 |
| Total Profit Participation | 28,520,417 |
| Net Cash Flow (IRR) | 29,917,427 |
| Cumulative Net Cash Flow | [illegible] |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,397,010 |
| Timed Repayment | $0 |
| Auto Repayment | $1,397,010 |
| Total Repayment | $1,397,010 |
| Peak Financing Amount | $1,397,010 |
| Profit | $28,520,417 |
| Project IRR | 26.3% |
| Return on Equity | 2,041.5% |



WMATA-INV 007157

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,397,010 |
| Timed Repayment | $0 |
| Auto Repayment | $1,397,010 |
| Total Repayment | $1,397,010 |
| Peak Financing Amount | $1,397,010 |
| Profit | $28,520,417 |
| Project IRR | 26.3% |
| Return on Equity | 2,041.5% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 2,569.8% |



WMATA-INV 007158

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | Total | 12 Sep2008 | 24 Sep2009 | 36 Sep2010 | 48 Sep2011 | 60 Sep2012 | 72 Sep2013 | 84 Sep2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | (1,397,010) | 0 | (844,866) | (552,144) | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,397,010)** | **0** | **(844,866)** | **(552,144)** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 1,397,010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **1,397,010** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(844,866)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **28,520,417** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **28,520,417** | **0** | **(844,866)** | **(552,144)** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **(844,866)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** | **(1,397,010)** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,397,010 |
| Timed Repayment | $0 |
| Auto Repayment | $1,397,010 |
| Total Repayment | $1,397,010 |
| Peak Financing Amount | $1,397,010 |
| Profit | $28,520,417 |
| Project IRR | 26.3% |
| Return on Equity | 2,041.5% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |



WMATA-INV 007159

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Development Loan |
| Type | Debt |

| Heading | 1 Oct 2022 |
|---|---|
| Timed Contribution - Project | 0 |
| Auto Project Contribution | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment - Project | 0 |
| Auto Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 007160

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 007161

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | (1,592,185) | (612,004) | (980,180) | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,592,185)** | **(612,004)** | **(980,180)** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | (50,000) | (50,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | (457,815) | (83,218) | (102,602) | (143,424) | (128,572) | 0 | 0 | 0 |
| Timed Repayment Projects | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| Auto Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **2,050,000** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **(695,222)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **(695,222)** | **(1,082,782)** | **(143,424)** | **1,921,428** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **(695,222)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 007162

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| **Period Total Before Finance** | **7,390,029** | **109,434,848** |
| Finance Costs (All Loans) | 0 | 0 |
| **Period Total After Finance** | **3,562,526** | **109,119,282** |
| Cumulative Total C/f Annual | (47,630,963) | 61,488,319 |



WMATA-INV 007163

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
Detailed Cash Flow (Merged Phases)



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 3 Parcel 3 Office Space | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 |
| 1 **Ph01 Development Manage** | | |
| 1 Dev. Management Fee | 0 | 0 |
| 1 **Ph02 Development Manage** | | |
| 2 Dev. Management Fee | 0 | 0 |
| 1 **Ph03 Development Manage** | | |
| 3 Dev. Management Fee | 0 | 0 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007164

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 2 Permits | 0 | 0 |
| 1 **Ph02 TI Costs** | | |
| 2 Parcel 1 Retail Space | 0 | 0 |
| 1 **Ph02 Professional Fees** | | |
| 2 Architect + Engineer | 0 | 0 |
| 2 Legal | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 |
| 1 **Ph03 Construction Costs** | | |
| 3 Metro Site Work | 0 | 0 |
| 3 Parcel 3 Office Space | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 |
| 3 Insurance | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 |
| 3 Contingency | 0 | 0 |
| 3 Permits | 0 | 0 |
| 3 Permits | 0 | 0 |
| 1 **Ph03 TI Costs** | | |
| 3 Parcel 3 Office Space | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 |
| 1 **Ph03 Professional Fees** | | |
| 3 Architect + Engineer | 0 | 0 |
| 3 Legal | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | |
| 1 Marketing | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 |
| 1 Parcel 2 Office Space | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | |
| 2 Marketing | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | |
| 3 Marketing | 0 | 0 |
| 3 Leasing Legal Fees | 0 | 0 |



WMATA-INV 007165

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 1 **Ph02 Acquisition Costs** | | |
| 2 WMATA PARCEL 1 PRICE | 0 | 0 |
| 2 DC Purchase Recordation Ta | 0 | 0 |
| 2 WMATA Acquisition Legal | 0 | 0 |
| 2 Third Party Reports | 0 | 0 |
| 2 Title Insurance | 0 | 0 |
| 1 **Ph03 Acquisition Costs** | | |
| 3 WMATA PARCEL 3 PRICE | 0 | 0 |
| 3 Arts Credits (assume no bonu | 0 | 0 |
| 3 DC Purchase Recordation Ta | 0 | 0 |
| 3 WMATA Acquisition Legal | 0 | 0 |
| 3 Third Party Reports | 0 | 0 |
| 3 Title Insurance | 0 | 0 |
| 1 **Ph01 Construction Costs** | | |
| 1 Metro Site Work | 0 | 0 |
| 1 Parcel 2 Office Space | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 |
| 1 Insurance | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 |
| 1 Contingency | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 **Ph01 TI Costs** | | |
| 1 Parcel 2 Office Space | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 |
| 1 **Ph01 Professional Fees** | | |
| 1 Architect + Engineer | 0 | 0 |
| 1 Legal | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 |
| 1 **Ph02 Construction Costs** | | |
| 2 Metro Site Work | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 |
| 2 Insurance | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 |
| 2 Contingency | 0 | 0 |
| 2 Permits | 0 | 0 |



WMATA-INV 007166

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 (51,193,489) | 181:Oct 2022 (47,630,963) |
|---|---|---|
| 1 **Ph01 Revenue** | | |
| 1 Parcel 2 Office Space | 3,012,221 | 0 |
| 1 Parcel 2 Underground Parkin | 159,726 | 0 |
| 1 Parcel 2 Retail Space | 783,585 | 0 |
| 1 Parcel 2 Office Space | 0 | 46,681,782 |
| 1 Parcel 2 Underground Parkin | 0 | 2,475,353 |
| 1 Parcel 2 Retail Space | 0 | 12,143,583 |
| 1 **Ph01 Disposal Costs** | | |
| 1 Sales Agent Fee | 0 | (2,758,532) |
| 1 **Ph02 Revenue** | | |
| 2 Parcel 1 Retail Space | 280,730 | 0 |
| 2 Parcel 1 Retail Space | 0 | 4,415,368 |
| 1 **Ph02 Disposal Costs** | | |
| 2 Sales Agent Fee | 0 | (198,692) |
| 1 **Ph03 Revenue** | | |
| 3 Parcel 3 Office Space | 2,573,476 | 0 |
| 3 Parcel 3 Underground Parkin | 123,573 | 0 |
| 3 Parcel 3 Retail Space | 456,718 | 0 |
| 3 Parcel 3 Office Space | 0 | 39,882,337 |
| 3 Parcel 3 Underground Parkin | 0 | 1,915,067 |
| 3 Parcel 3 Retail Space | 0 | 7,077,974 |
| 1 **Ph03 Disposal Costs** | | |
| 3 Sales Agent Fee | 0 | (2,199,392) |
| 1 **Ph01 Acquisition Costs** | | |
| 1 WMATA PARCEL 2 PRICE | 0 | 0 |
| 1 8th Street Land Option (Year | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 |
| 1 8th Street Resubordination F | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 |
| 1 DC Purchase Recordation Ta | 0 | 0 |
| 1 WMATA Acquisition Legal | 0 | 0 |
| 1 Third Party Reports | 0 | 0 |
| 1 Title Insurance | 0 | 0 |



WMATA-INV 007167

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | **5,457,753** | **5,807,766** | **5,988,029** | **2,685,300** | **6,565,945** | **6,762,924** | **6,965,811** | **7,174,786** |
| Finance Costs (All Loans) | (1,367,932) | 0 | 0 | 0 | (210,673) | (81,712) | (138) | 0 |
| **Period Total After Finance** | **1,239,792** | **1,569,622** | **1,797,005** | **(1,455,198)** | **2,268,954** | **2,652,988** | **2,999,745** | **3,275,655** |
| Cumulative Total C/f Annual | (64,302,260) | (62,732,638) | (60,935,633) | (62,390,831) | (60,121,877) | (57,468,889) | (54,469,145) | (51,193,489) |



WMATA-INV 007168

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **1 Ph01 Development Manage** | | | | | | | | |
| 1 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **1 Ph02 Development Manage** | | | | | | | | |
| 2 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **1 Ph03 Development Manage** | | | | | | | | |
| 3 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007169

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | |
| 2 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Construction Costs** | | | | | | | | |
| 3 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | |
| 3 Parcel 3 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Professional Fees** | | | | | | | | |
| 3 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | |
| 1 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | |
| 2 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | |
| 3 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 007170

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | |
| 2 WMATA PARCEL 1 PRICE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 DC Purchase Recordation Ta | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Title Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Acquisition Costs** | | | | | | | | |
| 3 WMATA PARCEL 3 PRICE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 DC Purchase Recordation Ta | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Title Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Construction Costs** | | | | | | | | |
| 1 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | |
| 1 Parcel 2 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Professional Fees** | | | | | | | | |
| 1 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Construction Costs** | | | | | | | | |
| 2 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 007171

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 (65,542,053) | 096:Sep 2015 (64,302,260) | 108:Sep 2016 (62,732,638) | 120:Sep 2017 (60,935,633) | 132:Sep 2018 (62,390,831) | 144:Sep 2019 (60,121,877) | 156:Sep 2020 (57,468,889) | 168:Sep 2021 (54,469,145) |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | |
| 1 Parcel 2 Office Space | 2,377,875 | 2,449,212 | 2,522,688 | 2,598,369 | 2,676,320 | 2,756,609 | 2,839,307 | 2,924,487 |
| 1 Parcel 2 Underground Parkin | 126,089 | 129,872 | 133,768 | 137,781 | 141,915 | 146,172 | 150,557 | 155,074 |
| 1 Parcel 2 Retail Space | 618,570 | 637,127 | 656,240 | 675,928 | 696,205 | 717,092 | 738,604 | 760,762 |
| 1 Parcel 2 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | |
| 1 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | |
| 2 Parcel 1 Retail Space | 221,610 | 228,259 | 235,107 | 242,160 | 249,425 | 256,907 | 264,614 | 272,553 |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | |
| 2 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | |
| 3 Parcel 3 Office Space | 2,031,525 | 2,092,471 | 2,155,245 | 2,219,903 | 2,286,500 | 2,355,095 | 2,425,748 | 2,498,520 |
| 3 Parcel 3 Underground Parkin | 97,550 | 100,476 | 103,490 | 106,595 | 109,793 | 113,087 | 116,479 | 119,974 |
| 3 Parcel 3 Retail Space | 360,538 | 371,354 | 382,494 | 393,969 | 405,788 | 417,962 | 430,501 | 443,416 |
| 3 Parcel 3 Office Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | |
| 3 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | |
| 1 WMATA PARCEL 2 PRICE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street Land Option (Year | 0 | 0 | 0 | (3,420,000) | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | (200,004) | (200,004) | (200,004) | (200,004) | 0 | 0 | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | (175,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 DC Purchase Recordation Ta | 0 | 0 | 0 | (51,300) | 0 | 0 | 0 | 0 |
| 1 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Title Insurance | (1,000) | (1,000) | (1,000) | (18,100) | 0 | 0 | 0 | 0 |



WMATA-INV 007172

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | | **0** | **(612,004)** | **(1,825,047)** | **(1,775,904)** | **(14,863,075)** | **(27,971,028)** | **(12,950,564)** |
| Finance Costs (All Loans) | (7,204,885) | | (83,218) | (102,602) | (143,424) | (240,124) | (1,397,635) | (3,577,428) |
| **Period Total After Finance** | **61,488,319** | **0** | **(695,222)** | **(1,927,649)** | **(1,919,327)** | **(15,103,199)** | **(29,368,663)** | **(16,527,992)** |
| Cumulative Total C/f Annual | 61,488,319 | 0 | (695,222) | (2,622,871) | (4,542,198) | (19,645,397) | (49,014,061) | (65,542,053) |



WMATA-INV 007173

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Office Space | YN | **(1,089,164)** | 0 | 0 | 0 | 0 | 0 | 0 | (1,089,164) |
| 3 Parcel 3 Underground Parkin | YN | **(54,684)** | 0 | 0 | 0 | 0 | 0 | 0 | (54,684) |
| 3 Parcel 3 Retail Space | YN | **(202,111)** | 0 | 0 | 0 | 0 | 0 | 0 | (202,111) |
| 1 **Ph01 Development Management Fee** | | | | | | | | | |
| 1 Dev. Management Fee | YN | **(904,718)** | 0 | 0 | (160,839) | (241,258) | (241,258) | (241,258) | (20,105) |
| 1 **Ph02 Development Management Fee** | | | | | | | | | |
| 2 Dev. Management Fee | YN | **(42,664)** | 0 | 0 | (7,585) | (11,377) | (11,377) | (11,377) | (948) |
| 1 **Ph03 Development Management Fee** | | | | | | | | | |
| 3 Dev. Management Fee | YN | **(756,038)** | 0 | 0 | (134,407) | (201,610) | (201,610) | (201,610) | (16,801) |



WMATA-INV 007174

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 2 Permits | YN | (14,969) | 0 | 0 | 0 | 0 | (14,969) | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | | |
| 2 Parcel 1 Retail Space | YY | (284,739) | 0 | 0 | 0 | 0 | 0 | (284,739) | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | | |
| 2 Architect + Engineer | YN | (93,604) | 0 | 0 | (46,802) | (46,802) | 0 | 0 | 0 |
| 2 Legal | YN | (11,227) | 0 | 0 | (3,208) | (4,811) | (3,208) | 0 | 0 |
| 2 Soft Cost Contingency | YN | (32,354) | 0 | (1,458) | (11,118) | (10,401) | (8,068) | (1,266) | (44) |
| 1 **Ph03 Construction Costs** | | | | | | | | | |
| 3 Metro Site Work | YN | (1,839,000) | 0 | 0 | 0 | 0 | (1,839,000) | 0 | 0 |
| 3 Parcel 3 Office Space | YY | (9,775,813) | 0 | 0 | 0 | 0 | (1,280,718) | (8,210,630) | (284,465) |
| 3 Parcel 3 Underground Parkin | YY | (1,354,096) | 0 | 0 | 0 | 0 | (177,399) | (1,137,295) | (39,403) |
| 3 Parcel 3 Retail Space | YY | (1,253,506) | 0 | 0 | 0 | 0 | (164,220) | (1,052,810) | (36,476) |
| 3 Insurance | YN | (71,112) | 0 | 0 | 0 | 0 | (17,307) | (52,004) | (1,802) |
| 3 Real Estate Tax During Cons | YN | (97,000) | 0 | 0 | 0 | 0 | (22,824) | (68,471) | (5,706) |
| 3 Contingency | YN | (1,422,242) | 0 | 0 | 0 | 0 | (189,302) | (1,192,317) | (40,622) |
| 3 Permits | YN | (50,000) | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 3 Permits | YN | (213,336) | 0 | 0 | 0 | 0 | (213,336) | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | | |
| 3 Parcel 3 Office Space | YY | (4,236,294) | 0 | 0 | 0 | 0 | 0 | 0 | (4,236,294) |
| 3 Parcel 3 Retail Space | YY | (571,790) | 0 | 0 | 0 | 0 | 0 | 0 | (571,790) |
| 1 **Ph03 Professional Fees** | | | | | | | | | |
| 3 Architect + Engineer | YN | (685,000) | 0 | 0 | (342,500) | (342,500) | 0 | 0 | 0 |
| 3 Legal | YN | (213,336) | 0 | 0 | (60,953) | (91,430) | (60,953) | 0 | 0 |
| 3 Soft Cost Contingency | YN | (138,278) | 0 | (7,500) | (47,845) | (43,393) | (34,160) | (5,200) | (180) |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | | |
| 1 Marketing | YN | (50,000) | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 1 Leasing Legal Fees | YN | (58,610) | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 1 Parcel 2 Office Space | YN | (1,274,853) | 0 | 0 | 0 | 0 | 0 | 0 | (1,274,853) |
| 1 Parcel 2 Underground Parkin | YN | (70,683) | 0 | 0 | 0 | 0 | 0 | 0 | (70,683) |
| 1 Parcel 2 Retail Space | YN | (346,758) | 0 | 0 | 0 | 0 | 0 | 0 | (346,758) |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | | |
| 2 Marketing | YN | (50,000) | 0 | 0 | 0 | 0 | (18,182) | (31,818) | 0 |
| 2 Leasing Legal Fees | YN | (58,610) | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 2 Parcel 1 Retail Space | YN | (122,408) | 0 | 0 | 0 | 0 | 0 | (122,408) | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | | |
| 3 Marketing | YN | (50,000) | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 3 Leasing Legal Fees | YN | (58,610) | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |



WMATA-INV 007175

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | | |
| 2 WMATA PARCEL 1 PRICE | YN | **(590,000)** | 0 | 0 | 0 | 0 | (590,000) | 0 | 0 |
| 2 DC Purchase Recordation Ta | YN | **(8,850)** | 0 | 0 | 0 | 0 | (8,850) | 0 | 0 |
| 2 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 2 Title Insurance | YN | **(2,950)** | 0 | 0 | 0 | 0 | (2,950) | 0 | 0 |
| 1 **Ph03 Acquisition Costs** | | | | | | | | | |
| 3 WMATA PARCEL 3 PRICE | YN | **(2,700,000)** | 0 | 0 | 0 | 0 | (2,700,000) | 0 | 0 |
| 3 Arts Credits (assume no bonu | YN | **(239,325)** | 0 | 0 | 0 | 0 | (239,325) | 0 | 0 |
| 3 DC Purchase Recordation Ta | YN | **(44,090)** | 0 | 0 | 0 | 0 | (44,090) | 0 | 0 |
| 3 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 3 Title Insurance | YN | **(14,697)** | 0 | 0 | 0 | 0 | (14,697) | 0 | 0 |
| 1 **Ph01 Construction Costs** | | | | | | | | | |
| 1 Metro Site Work | YN | **(1,500,000)** | 0 | 0 | 0 | 0 | (1,500,000) | 0 | 0 |
| 1 Parcel 2 Office Space | YY | **(11,595,394)** | 0 | 0 | 0 | 0 | (1,519,099) | (9,738,882) | (337,413) |
| 1 Parcel 2 Underground Parkin | YY | **(1,752,360)** | 0 | 0 | 0 | 0 | (229,575) | (1,471,794) | (50,992) |
| 1 Parcel 2 Retail Space | YY | **(2,150,624)** | 0 | 0 | 0 | 0 | (281,751) | (1,806,292) | (62,581) |
| 1 Insurance | YN | **(84,992)** | 0 | 0 | 0 | 0 | (17,652) | (65,085) | (2,255) |
| 1 Real Estate Tax During Cons | YN | **(150,000)** | 0 | 0 | 0 | 0 | (35,294) | (105,882) | (8,824) |
| 1 Contingency | YN | **(1,699,838)** | 0 | 0 | 0 | 0 | (226,250) | (1,425,036) | (48,551) |
| 1 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 1 Permits | YN | **(254,976)** | 0 | 0 | 0 | 0 | (254,976) | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | | |
| 1 Parcel 2 Office Space | YY | **(4,958,530)** | 0 | 0 | 0 | 0 | 0 | 0 | (4,958,530) |
| 1 Parcel 2 Retail Space | YY | **(981,013)** | 0 | 0 | 0 | 0 | 0 | 0 | (981,013) |
| 1 **Ph01 Professional Fees** | | | | | | | | | |
| 1 Architect + Engineer | YN | **(841,000)** | 0 | 0 | (420,500) | (420,500) | 0 | 0 | 0 |
| 1 Legal | YN | **(254,976)** | 0 | 0 | (72,850) | (109,275) | (72,850) | 0 | 0 |
| 1 Soft Cost Contingency | YN | **(163,594)** | 0 | (6,827) | (53,534) | (50,921) | (44,659) | (7,392) | (260) |
| 1 **Ph02 Construction Costs** | | | | | | | | | |
| 2 Metro Site Work | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 2 Parcel 1 Retail Space | YY | **(698,440)** | 0 | 0 | 0 | 0 | (193,363) | (505,078) | 0 |
| 2 Insurance | YN | **(3,742)** | 0 | 0 | 0 | 0 | (1,217) | (2,525) | 0 |
| 2 Real Estate Tax During Cons | YN | **(12,500)** | 0 | 0 | 0 | 0 | (4,545) | (7,955) | 0 |
| 2 Contingency | YN | **(74,844)** | 0 | 0 | 0 | 0 | (20,889) | (53,955) | 0 |
| 2 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |



WMATA-INV 007176

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**Detailed Cash Flow (Merged Phases)**



| Period ending<br>AnnualB/F | SET<br>Int Inf | TOTALS | 000:Sep 2007 | 012:Sep 2008<br>0 | 024:Sep 2009<br>(695,222) | 036:Sep 2010<br>(2,622,871) | 048:Sep 2011<br>(4,542,198) | 060:Sep 2012<br>(19,645,397) | 072:Sep 2013<br>(49,014,061) |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | | |
| 1 Parcel 2 Office Space | YN | **24,738,475** | 0 | 0 | 0 | 0 | 0 | 0 | 581,388 |
| 1 Parcel 2 Underground Parkin | YN | **1,373,443** | 0 | 0 | 0 | 0 | 0 | 0 | 92,486 |
| 1 Parcel 2 Retail Space | YN | **6,737,832** | 0 | 0 | 0 | 0 | 0 | 0 | 453,718 |
| 1 Parcel 2 Office Space | YN | **46,681,782** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | YN | **2,475,353** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | YN | **12,143,583** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | | |
| 1 Sales Agent Fee | YN | **(2,758,532)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | | |
| 2 Parcel 1 Retail Space | YN | **2,519,909** | 0 | 0 | 0 | 0 | 0 | 53,389 | 215,156 |
| 2 Parcel 1 Retail Space | YN | **4,415,368** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | | |
| 2 Sales Agent Fee | YN | **(198,692)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | | |
| 3 Parcel 3 Office Space | YN | **21,135,187** | 0 | 0 | 0 | 0 | 0 | 0 | 496,705 |
| 3 Parcel 3 Underground Parkin | YN | **1,062,569** | 0 | 0 | 0 | 0 | 0 | 0 | 71,552 |
| 3 Parcel 3 Retail Space | YN | **3,927,193** | 0 | 0 | 0 | 0 | 0 | 0 | 264,453 |
| 3 Parcel 3 Office Space | YN | **39,882,337** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | YN | **1,915,067** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | YN | **7,077,974** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | | |
| 3 Sales Agent Fee | YN | **(2,199,392)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | | |
| 1 WMATA PARCEL 2 PRICE | YN | **(1,600,000)** | 0 | 0 | 0 | 0 | (1,600,000) | 0 | 0 |
| 1 8th Street Land Option (Year | YN | **(3,420,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | YN | **(325,000)** | 0 | (318,750) | (6,250) | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | YN | **(600,000)** | 0 | 0 | (150,000) | (150,000) | (150,000) | (150,000) | 0 |
| 1 8th St Ground Lease Renewal | YN | **(1,000,020)** | 0 | 0 | 0 | 0 | 0 | 0 | (200,004) |
| 1 Arts Credits (assume no bonu | YN | **(300,000)** | 0 | 0 | 0 | 0 | (300,000) | 0 | 0 |
| 1 8th St Combination Fee | YN | **(30,000)** | 0 | 0 | (30,000) | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | YN | **(175,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | YN | **(203,500)** | 0 | (50,875) | (50,875) | (50,875) | (50,875) | 0 | 0 |
| 1 DC Purchase Recordation Ta | YN | **(79,800)** | 0 | 0 | 0 | 0 | (28,500) | 0 | 0 |
| 1 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 1 Title Insurance | YN | **(36,225)** | 0 | (1,594) | (781) | (750) | (10,250) | (750) | (1,000) |



WMATA-INV 007177

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

| Escalation on Capitalized Rent | | Unescalated | Escalation | Total |
|---|---|---|---|---|
| Parcel 2 Office Space | Office Rent at 3.00% | 30,634,936 | 16,046,846 | 46,681,782 |
| Parcel 2 Underground Parking | Office Rent at 3.00% | 1,624,451 | 850,902 | 2,475,353 |
| Parcel 2 Retail Space | Office Rent at 3.00% | 7,969,231 | 4,174,353 | 12,143,583 |
| Parcel 1 Retail Space | Office Rent at 3.00% | 2,855,077 | 1,560,291 | 4,415,368 |
| Parcel 3 Office Space | Office Rent at 3.00% | 26,172,798 | 13,709,539 | 39,882,337 |
| Parcel 3 Underground Parking | Office Rent at 3.00% | 1,256,763 | 658,303 | 1,915,067 |
| Parcel 3 Retail Space | Office Rent at 3.00% | 4,644,923 | 2,433,051 | 7,077,974 |

| Inflation on Construction Costs | | Uninflated | Inflation | Total |
|---|---|---|---|---|
| Parcel 2 Office Space | Construction CPI at 3.00% | 10,190,205 | 1,405,189 | 11,595,394 |
| Parcel 2 Underground Parking | Construction CPI at 3.00% | 1,540,000 | 212,360 | 1,752,360 |
| Parcel 2 Retail Space | Construction CPI at 3.00% | 1,890,000 | 260,624 | 2,150,624 |
| Parcel 1 Retail Space | Construction CPI at 3.00% | 618,600 | 79,840 | 698,440 |
| Parcel 3 Office Space | Construction CPI at 3.00% | 8,591,130 | 1,184,683 | 9,775,813 |
| Parcel 3 Underground Parking | Construction CPI at 3.00% | 1,190,000 | 164,096 | 1,354,096 |
| Parcel 3 Retail Space | Construction CPI at 3.00% | 1,101,600 | 151,906 | 1,253,506 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007178

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

| | | | |
|---|---|---|---|
| Dev. Management Fee | 5.00% | 904,718 | |
| Dev. Management Fee | 5.00% | 42,664 | |
| Dev. Management Fee | 5.00% | 756,038 | |
| | | | 1,703,419 |
| **FINANCE** | | | |
| Interest paid to Debt Sources: | | | |
| Development Loan (8.00%) | 407,815 | | |
| Construction Loan (8.00%) | 6,647,070 | | |
| Total Interest paid to debt financing | | 7,054,885 | |
| Mortgage Interest (7.00%) | | 35,542,366 | |
| Total Interest Paid | | 42,597,251 | |
| Debt Financing Fees | | | |
| Development Loan - Legal (Single) | 50,000 | | |
| Construction Loan - Legal Fees (Single) | 100,000 | | |
| Total Debt Financing Fees | | 150,000 | |
| Total Finance Cost | | | 42,747,251 |
| **TOTAL COSTS** | | | **114,597,752** |
| **PROFIT** | | | |
| Developer Equity | | | |
| Residual Percentage (50.00%) | 24,760,046 | | |
| Preferred Return (10.00%) | 3,760,371 | | |
| | | 28,520,417 | |
| Investor Equity | | | |
| Residual Percentage (50.00%) | 24,760,046 | | |
| Preferred Return (10.00%) | 8,207,857 | | |
| | | 32,967,903 | |
| | | | **61,488,319** |
| **Performance Measures** | | | |
| Profit on Cost% | 53.66% | | |
| Profit on GDV% | 53.66% | | |
| Development Yield% (on Rent) | 6.50% | | |
| Pre-Finance IRR% | 11.84% | | |
| Project IRR% (with Interest) | 13.61% | | |
| Equity IRR% (with Interest) | 21.25% | | |

‡ Inflation/Escalation applied



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007179

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)**

| | | | |
|---|---|---|---|
| Permits | 2.00% | 14,969 | |
| Permits | | 50,000 | |
| Permits | 1.50% | 213,336 | |
| | | | 7,219,204 |
| **Other Construction** | | | |
| Insurance | 0.50% | 84,992 | |
| Insurance | 0.50% | 3,742 | |
| Insurance | 0.50% | 71,112 | |
| | | | 159,846 |
| **Municipal Costs** | | | |
| Real Estate Tax During Construction | | 150,000 | |
| Real Estate Tax During Construction | | 12,500 | |
| Real Estate Tax During Construction | | 97,000 | |
| | | | 259,500 |
| **TI Costs** | | | |
| TI Cost Area Rate - Parcel 2 Office Space | 60.00 pf² | 4,958,530 | |
| TI Cost Area Rate - Parcel 2 Retail Space | 60.00 pf² | 981,013 | |
| TI Cost Area Rate - Parcel 1 Retail Space | 60.00 pf² | 284,739 | |
| TI Cost Area Rate - Parcel 3 Office Space | 60.00 pf² | 4,236,294 | |
| TI Cost Area Rate - Parcel 3 Retail Space | 60.00 pf² | 571,790 | |
| | | | 11,032,366 |
| **PROFESSIONAL FEES** | | | |
| Architect + Engineer | | 1,619,604 | |
| Legal | 1.50% | 479,538 | |
| Soft Cost Contingency | 10.00% | 163,594 | |
| Soft Cost Contingency | 10.00% | 32,354 | |
| Soft Cost Contingency | 10.00% | 138,278 | |
| | | | 2,433,369 |
| **MARKETING & LEASING** | | | |
| Marketing | | 150,000 | |
| Leasing Legal Fees | 2.00% | 175,831 | |
| **Leasing Commissions** | | | |
| Parcel 2 Office Space | | 1,274,853 | |
| Parcel 2 Underground Parking | | 70,683 | |
| Parcel 2 Retail Space | | 346,758 | |
| Parcel 1 Retail Space | | 122,408 | |
| Parcel 3 Office Space | | 1,089,164 | |
| Parcel 3 Underground Parking | | 54,684 | |
| Parcel 3 Retail Space | | 202,111 | |
| | | | 3,486,491 |
| **DISPOSAL FEES** | | | |
| Sales Agent Fee | 4.50% | 5,156,616 | |
| | | | 5,156,616 |
| **Additional Costs** | | | |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007180

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**DEVELOPMENT COSTS**

| | | | | |
|---|---|---|---|---|
| **ACQUISITION COSTS** | | | | |
| WMATA PARCEL 2 PRICE | | 1,600,000 | | |
| 8th Street Land Option (Year 10) | | 3,420,000 | | |
| 8th St 1st Year Ground Lease | | 325,000 | | |
| 8th St Ground Lease Renewal 1-4 | | 600,000 | | |
| 8th St Ground Lease Renewal 5-9 | | 1,000,020 | | |
| Arts Credits (assume no bonus) | | 300,000 | | |
| 8th St Combination Fee | | 30,000 | | |
| 8th Street Resubordination Fee | | 175,000 | | |
| 8th Street RE Tax pre-construction | | 203,500 | | |
| WMATA PARCEL 1 PRICE | | 590,000 | | |
| WMATA PARCEL 3 PRICE | | 2,700,000 | | |
| Arts Credits (assume no bonus) | | 239,325 | | |
| Total Acquisition (0.92 Acres $12,155,266.30 pAcre) | | | 11,182,845 | |
| DC Purchase Recordation Tax | | 1.50% | 123,890 | |
| DC Purchase Recordation Tax | | 1.50% | 8,850 | |
| WMATA Acquisition Legal Fees | | | 300,000 | |
| Third Party Reports | | | 150,000 | |
| Title Insurance | | 0.50% | 50,922 | |
| Title Insurance | | 0.50% | 2,950 | |
| | | | | 11,819,457 |
| **CONSTRUCTION COSTS** | | | | |
| **Construction** | **ft²** | **Rate ft²** | **Cost** | |
| ‡ Parcel 2 Office Space | 75,483 | $135.00 | 11,595,394 | |
| ‡ Parcel 2 Underground Parking | 19,885 | $77.45 | 1,752,360 | |
| ‡ Parcel 2 Retail Space | 14,000 | $135.00 | 2,150,624 | |
| ‡ Parcel 1 Retail Space | 4,124 | $150.00 | 698,440 | |
| ‡ Parcel 3 Office Space | 63,638 | $135.00 | 9,775,813 | |
| ‡ Parcel 3 Underground Parking | 15,955 | $74.58 | 1,354,096 | |
| ‡ Parcel 3 Retail Space | 8,160 | $135.00 | 1,253,506 | |
| Totals | 201,245 | | 28,580,233 | **28,580,233** |
| Contingency | | 10.00% | 1,699,838 | |
| Contingency | | 10.00% | 74,844 | |
| Contingency | | 10.00% | 1,422,242 | |
| Metro Site Work | | | 1,500,000 | |
| Metro Site Work | | | 50,000 | |
| Metro Site Work | | | 1,839,000 | |
| Permits | | | 50,000 | |
| Permits | | 1.50% | 254,976 | |
| Permits | | | 50,000 | |



WMATA-INV 007181

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, All Office / Retail (no Hotel)

**Project Pro Forma for Merged Phases 1 2 3**

| REVENUE<br>Rental Area Summary | ft² | Rate ft² | Rent at Lease Start | Rent At Sale |
|---|---|---|---|---|
| ‡ Parcel 2 Office Space | 70,763 | $42.00 | 3,470,971 | 4,528,830 |
| ‡ Parcel 2 Underground Parking | 19,885 | $5.31 | 123,315 | 160,898 |
| ‡ Parcel 2 Retail Space | 14,000 | $37.00 | 604,958 | 789,333 |
| ‡ Parcel 1 Retail Space | 4,124 | $45.00 | 213,554 | 286,999 |
| ‡ Parcel 3 Office Space | 60,456 | $42.00 | 2,965,406 | 3,869,182 |
| ‡ Parcel 3 Underground Parking | 15,955 | $5.12 | 95,403 | 124,479 |
| ‡ Parcel 3 Retail Space | 8,160 | $37.00 | 352,604 | 460,068 |
| Totals | 193,343 | | 7,826,211 | 10,219,789 |
| **Investment Valuation** | | | | |
| **Parcel 2 Office Space** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 3,034,316 | Cap Rate | 6.5000% | 46,681,782 |
| **Parcel 2 Underground Parking** | | | | |
| Capitalized Rent | 160,898 | Cap Rate | 6.5000% | 2,475,353 |
| **Parcel 2 Retail Space** | | | | |
| Capitalized Rent | 789,333 | Cap Rate | 6.5000% | 12,143,583 |
| **Parcel 1 Retail Space** | | | | |
| Capitalized Rent | 286,999 | Cap Rate | 6.5000% | 4,415,368 |
| **Parcel 3 Office Space** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 2,592,352 | Cap Rate | 6.5000% | 39,882,337 |
| **Parcel 3 Underground Parking** | | | | |
| Capitalized Rent | 124,479 | Cap Rate | 6.5000% | 1,915,067 |
| **Parcel 3 Retail Space** | | | | |
| Capitalized Rent | 460,068 | Cap Rate | 6.5000% | 7,077,974 |
| | | | | **114,591,464** |
| **Income from Tenants** | | | | |
| Parcel 2 Office Space | | | 24,738,475 | |
| Parcel 2 Underground Parking | | | 1,373,443 | |
| Parcel 2 Retail Space | | | 6,737,832 | |
| Parcel 1 Retail Space | | | 2,519,909 | |
| Parcel 3 Office Space | | | 21,135,187 | |
| Parcel 3 Underground Parking | | | 1,062,569 | |
| Parcel 3 Retail Space | | | 3,927,193 | |
| | | | | 61,494,608 |
| **TOTAL PROJECT REVENUE** | | | | **176,086,071** |



WMATA-INV 007182

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**(Merged Phases)**



| Source of Funds Type | Combined Sources Scenario |
|---|---|
| Lending | 0 |
| Auto. Project Contribution | 0 |
| Taxed Contributions | 0 |
| Total Contributions | 0 |
| Non-Mortgage Interest | 0 |
| Auto. Repayment | 0 |
| Taxed Repayment | 0 |
| Total Repayment | 47,780,264 |
| Profit Participation | |
| Net Cash Flow (IRR) | 47,780,264 |
| Net Cash Flow (Equity) | 47,780,264 |
| Cumulative Net Cash Flow | |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 16.0% |



WMATA-INV 007183

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Auto Project Contribution | 0 | 0 | (3,505,150) | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **(3,505,150)** | **0** | **0** | **0** | **0** | **0** |
| Non-Mortgage Interest and Fees | 0 | 0 | 0 | (193,138) | (39,188) | 0 | 0 | 0 |
| Auto Repayment | 0 | 0 | 159,632 | 2,080,030 | 1,497,813 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **159,632** | **2,080,030** | **1,497,813** | **0** | **0** | **0** |
| **Profit Participation** | **1,216,471** | **1,447,466** | **1,513,259** | **0** | **811,864** | **2,545,897** | **2,789,408** | **3,039,726** |
| **Net Cash Flow (IRR)** | **1,216,471** | **1,447,466** | **(1,832,259)** | **1,886,893** | **2,270,490** | **2,545,897** | **2,789,408** | **3,039,726** |
| Net Cash Flow (Equity IRR) | 1,216,471 | 1,447,466 | 1,513,259 | 0 | 811,864 | 2,545,897 | 2,789,408 | 3,039,726 |
| **Cumulative Net Cash Flow** | **6,778,152** | **8,225,618** | **6,393,360** | **8,280,252** | **10,550,742** | **13,096,639** | **15,886,047** | **18,925,773** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 16.0% |



WMATA-INV 007184

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Auto-Project Contribution | (68,444,770) | (615,201) | (2,104,546) | (2,099,311) | (17,862,517) | (32,320,875) | (9,886,920) | (50,251) |
| Timed Contribution-Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(68,444,770)** | **(615,201)** | **(2,104,546)** | **(2,099,311)** | **(17,862,517)** | **(32,320,875)** | **(9,886,920)** | **(50,251)** |
| Non-Mortgage Interest and Fees | (7,641,133) | (83,337) | (103,965) | (143,424) | (248,651) | (1,688,778) | (3,784,468) | (1,356,184) |
| Auto-Repayments | 74,035,903 | 0 | 0 | 0 | 0 | 53,389 | 3,545,030 | 66,700,009 |
| Timed Repayment-Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| **Total Repayment** | **76,085,903** | **0** | **0** | **0** | **2,050,000** | **53,389** | **3,545,030** | **66,700,009** |
| **Profit Participation** | **66,706,037** | **0** | **0** | **0** | **0** | **0** | **0** | **5,561,681** |
| **Net Cash Flow (IRR)** | **66,706,037** | **(698,538)** | **(2,208,511)** | **(2,242,734)** | **(16,061,168)** | **(33,956,264)** | **(10,126,359)** | **70,855,254** |
| Net Cash Flow (Equity IRR) | 66,706,037 | 0 | (1,129,044) | (2,099,311) | (10,867,070) | 0 | 0 | 19,657,106 |
| **Cumulative Net Cash Flow** | | **(698,538)** | **(2,907,049)** | **(5,149,783)** | **(21,210,951)** | **(55,167,215)** | **(65,293,574)** | **5,561,681** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 16.0% |



WMATA-INV 007185

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



| Source of Funds | Balancing Account |
|---|---|
| Type | Balancing Account |

| Funding | |
|---|---|
| Land Contribution | 0 |
| Land Carry Contribution | 0 |
| Total Contribution | 0 |
| Interest | 0 |
| Land Repayment | 0 |
| Total Repayment | 0 |
| Closing Balance | 0 |
| Profit Participation | 0 |
| Net Cash Flow (IRR) | 0 |
| Cumulative Net Cash Flow | 0 |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007186

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
(Merged Phases)



| | |
|---|---|
| Source of Funds | Balancing Account |
| Type | Balancing Account |

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007187

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Balancing Account
Type: Balancing Account

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | (2,050,000) | 0 | 0 | 0 | (2,050,000) | 0 | 0 | 0 |
| Timed Contribution Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(2,050,000)** | **0** | **0** | **0** | **(2,050,000)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **0** | **53,389** | **1,996,611** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(2,050,000)** | **53,389** | **1,996,611** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007188

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | |
|---|---|
| Opening Balance | 61,586,595 |
| Interest | 359,255 |
| Principal Repaid | 61,586,595 |
| Total P+I Payment | 61,945,850 |
| Closing Balance | (0) |
| Net Cash Flow (IRR) | 61,945,850 |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,209 |
| Maximum Funding Amount | $69,729,752 |
| Mortgage Issued | $69,729,752 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,965 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007189

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 69,263,052 | 68,520,992 | 67,725,289 | 66,872,065 | 65,957,161 | 64,976,118 | 63,924,156 | 62,796,147 |
| Interest | 4,824,906 | 4,771,262 | 4,713,741 | 4,652,061 | 4,585,923 | 4,515,003 | 4,438,957 | 4,357,413 |
| Principal Repaid | 742,059 | 795,703 | 853,224 | 914,904 | 981,043 | 1,051,962 | 1,128,009 | 1,209,553 |
| Total P+I Payment | 5,566,965 | 5,566,965 | 5,566,965 | 5,566,965 | 5,566,965 | 5,566,965 | 5,566,965 | 5,566,965 |
| **Closing Balance** | **68,520,992** | **67,725,289** | **66,872,065** | **65,957,161** | **64,976,118** | **63,924,156** | **62,796,147** | **61,586,595** |
| **Net Cash Flow (IRR)** | **5,566,965** | **5,566,965** | **5,566,965** | **5,566,965** | **5,566,965** | **5,566,965** | **5,566,965** | **5,566,965** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,209 |
| Maximum Funding Amount | $69,729,752 |
| Mortgage Issued | $69,729,752 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,965 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007190

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Mortgage
Type: Mortgage

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 69,729,752 |
| Interest | 40,463,131 | 0 | 0 | 0 | 0 | 0 | 0 | 3,244,610 |
| Principal Repaid | 69,729,752 | 0 | 0 | 0 | 0 | 0 | 0 | 466,700 |
| Total P+I Payment | 110,192,883 | 0 | 0 | 0 | 0 | 0 | 0 | 3,711,310 |
| Closing Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 69,263,052 |
| Net Cash Flow (IRR) | 40,463,131 | 0 | 0 | 0 | 0 | 0 | 0 | (66,018,442) |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,209 |
| Maximum Funding Amount | $69,729,752 |
| Mortgage Issued | $69,729,752 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,965 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007191

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Construction Loan |
| Type | Debt |

| Heading | |
|---|---|
| Timed Repayment | 0 |
| Auto Repayment | 0 |
| Total Repayment | 0 |
| Debt Service | 0 |
| Interest Rate | 0 |
| Timed Repayment | 0 |
| Auto Repayment | 0 |
| Total Repayment | 0 |
| Closing Balance | 0 |
| Profit Participation | 0 |
| Total Profit Participation | 0 |
| Net Cash Flow (IRR) | 0 |
| Cumulative Net Cash Flow | |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($50,708,643) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $57,890,478 |
| Total Repayment | $57,890,478 |
| Peak Financing Amount | $51,668,046 |
| Project IRR | 0.0% |



WMATA-INV 007192

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | 0 | 0 | (3,505,150) | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **(3,505,150)** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | (193,138) | (39,188) | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 0 | 0 | 159,632 | 2,080,030 | 1,497,813 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **159,632** | **2,080,030** | **1,497,813** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(3,345,518)** | **(1,458,625)** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **(3,345,518)** | **1,886,893** | **1,458,625** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **(3,345,518)** | **(1,458,625)** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($50,708,643) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $57,890,478 |
| Total Repayment | $57,890,478 |
| Peak Financing Amount | $51,668,046 |
| Project IRR | 0.0% |



WMATA-INV 007193

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (50,708,643) | 0 | 0 | 0 | (4,945,447) | (32,320,875) | (9,886,920) | (50,251) |
| **Total Contribution** | **(50,708,643)** | **0** | **0** | **0** | **(4,945,447)** | **(32,320,875)** | **(9,886,920)** | **(50,251)** |
| Total Loan Fees | (100,000) | 0 | 0 | 0 | (100,000) | 0 | 0 | 0 |
| Interest and Fees | (7,181,835) | 0 | 0 | 0 | (120,079) | (1,688,778) | (3,784,468) | (1,356,184) |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 57,890,478 | 0 | 0 | 0 | 0 | 0 | 1,548,418 | 52,604,584 |
| **Total Repayment** | **57,890,478** | **0** | **0** | **0** | **0** | **0** | **1,548,418** | **52,604,584** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(5,065,526)** | **(39,075,178)** | **(51,198,149)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(5,065,526)** | **(34,009,652)** | **(12,122,970)** | **51,198,149** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(5,065,526)** | **(39,075,178)** | **(51,198,149)** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($50,708,643) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $57,890,478 |
| Total Repayment | $57,890,478 |
| Peak Financing Amount | $51,668,046 |
| Project IRR | 0.0% |



WMATA-INV 007194

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Investor Equity |
| Type | Equity |
| Heading | |
| Timed Contribution Project | 0 |
| Auto Project Contribution | 0 |
| Total Contribution | 0 |
| Interest | 0 |
| Timed Repayment | 0 |
| Auto Repayment | 0 |
| Total Repayment | 0 |
| Closing Balance | 0 |
| Timed Profit Participation | 0 |
| Total Profit Participation | 23,890,132 |
| Net Cash Flow (IRR) | 23,890,132 |
| Cumulative Net Cash Flow | [illegible] |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,685,883 |
| Timed Repayment | $0 |
| Auto Repayment | $12,685,883 |
| Total Repayment | $12,685,883 |
| Peak Financing Amount | $12,685,883 |
| Profit | $34,981,595 |
| Project IRR | 23.9% |
| Return on Equity | 275.8% |



WMATA-INV 007195

FOIA CONFIDENTIAL TREATMENT REQUESTED

## FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **608,236** | **723,733** | **756,630** | **0** | **405,932** | **1,272,948** | **1,394,704** | **1,519,863** |
| **Net Cash Flow (IRR)** | **608,236** | **723,733** | **756,630** | **0** | **405,932** | **1,272,948** | **1,394,704** | **1,519,863** |
| **Cumulative Net Cash Flow** | **5,017,652** | **5,741,385** | **6,498,015** | **6,498,015** | **6,903,947** | **8,176,896** | **9,571,600** | **11,091,463** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,685,883 |
| Timed Repayment | $0 |
| Auto Repayment | $12,685,883 |
| Total Repayment | $12,685,883 |
| Peak Financing Amount | $12,685,883 |
| Profit | $34,981,595 |
| Project IRR | 23.9% |
| Return on Equity | 275.8% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 237.0% |



WMATA-INV 007196

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | (12,685,883) | 0 | 0 | (1,818,812) | (10,867,070) | 0 | 0 | 0 |
| **Total Contribution** | **(12,685,883)** | **0** | **0** | **(1,818,812)** | **(10,867,070)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 12,685,883 | 0 | 0 | 0 | 0 | 0 | 0 | 12,685,883 |
| **Total Repayment** | **12,685,883** | **0** | **0** | **0** | **0** | **0** | **0** | **12,685,883** |
| **Closing Balance** | **0** | **0** | **0** | **(1,818,812)** | **(12,685,883)** | **(12,685,883)** | **(12,685,883)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **34,981,595** | **0** | **0** | **0** | **0** | **0** | **0** | **4,409,417** |
| **Net Cash Flow (IRR)** | **34,981,595** | **0** | **0** | **(1,818,812)** | **(10,867,070)** | **0** | **0** | **17,095,299** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **(1,818,812)** | **(12,685,883)** | **(12,685,883)** | **(12,685,883)** | **4,409,417** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,685,883 |
| Timed Repayment | $0 |
| Auto Repayment | $12,685,883 |
| Total Repayment | $12,685,883 |
| Peak Financing Amount | $12,685,883 |
| Profit | $34,981,595 |
| Project IRR | 23.9% |
| Return on Equity | 275.8% |

| CASH ON CASH | As of Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 135.7% | 5.2% | 5.9% | 4.5% | 0.0% | 5.5% | 10.3% | 11.2% |



WMATA-INV 007197

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Developer Equity |
| Type | Equity |

| Heading | 181<br>Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto: Project Contribution | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Project | 0 |
| Auto: Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| | |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **23,890,132** |
| | |
| **Net Cash Flow (IRR)** | **23,890,132** |
| **Cumulative Net Cash Flow** | **31,724,442** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,409,543 |
| Timed Repayment | $0 |
| Auto Repayment | $1,409,543 |
| Total Repayment | $1,409,543 |
| Peak Financing Amount | $1,409,543 |
| Profit | $31,724,442 |
| Project IRR | 36.6% |
| Return on Equity | 2,250.7% |



WMATA-INV 007198

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | 96<br>Sep 2013 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **608,236** | **723,733** | **756,630** | **0** | **405,932** | **1,272,948** | **1,394,704** | **1,519,863** |
| **Net Cash Flow (IRR)** | **608,236** | **723,733** | **756,630** | **0** | **405,932** | **1,272,948** | **1,394,704** | **1,519,863** |
| **Cumulative Net Cash Flow** | **1,760,500** | **2,484,233** | **3,240,863** | **3,240,863** | **3,646,795** | **4,919,743** | **6,314,447** | **7,834,310** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,409,543 |
| Timed Repayment | $0 |
| Auto Repayment | $1,409,543 |
| Total Repayment | $1,409,543 |
| Peak Financing Amount | $1,409,543 |
| Profit | $31,724,442 |
| Project IRR | 36.6% |
| Return on Equity | 2,250.7% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 2,132.9% |



WMATA-INV 007199

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | (1,409,543) | 0 | (1,129,044) | (280,498) | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,409,543)** | **0** | **(1,129,044)** | **(280,498)** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 1,409,543 | 0 | 0 | 0 | 0 | 0 | 0 | 1,409,543 |
| **Total Repayment** | **1,409,543** | **0** | **0** | **0** | **0** | **0** | **0** | **1,409,543** |
| **Closing Balance** | **0** | **0** | **(1,129,044)** | **(1,409,543)** | **(1,409,543)** | **(1,409,543)** | **(1,409,543)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **31,724,442** | **0** | **0** | **0** | **0** | **0** | **0** | **1,152,264** |
| **Net Cash Flow (IRR)** | **31,724,442** | **0** | **(1,129,044)** | **(280,498)** | **0** | **0** | **0** | **2,561,807** |
| **Cumulative Net Cash Flow** | | **0** | **(1,129,044)** | **(1,409,543)** | **(1,409,543)** | **(1,409,543)** | **(1,409,543)** | **1,152,264** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,409,543 |
| Timed Repayment | $0 |
| Auto Repayment | $1,409,543 |
| Total Repayment | $1,409,543 |
| Peak Financing Amount | $1,409,543 |
| Profit | $31,724,442 |
| Project IRR | 36.6% |
| Return on Equity | 2,250.7% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 190.0% | 46.6% | 52.9% | 40.4% | 0.0% | 49.8% | 92.4% | 101.1% |



WMATA-INV 007200

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Development Loan |
| Type | Debt |

| Heading | Total<br>Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto. Project Contribution | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment: Project | 0 |
| Auto. Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **$0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,590,702) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 007201

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,590,702) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 007202

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW

LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution - Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto - Project Contribution | (1,590,702) | (615,201) | (975,502) | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,590,702)** | **(615,201)** | **(975,502)** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | (50,000) | (50,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | (459,298) | (83,337) | (103,965) | (143,424) | (128,572) | 0 | 0 | 0 |
| Timed Repayment - Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| Auto - Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **2,050,000** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **(698,538)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **(698,538)** | **(1,079,467)** | **(143,424)** | **1,921,428** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **(698,538)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,590,702) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 007203

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| **Period Total Before Finance** | **8,606,691** | **109,726,114** |
| Finance Costs (All Loans) | 0 | 0 |
| **Period Total After Finance** | **4,249,278** | **109,366,859** |
| Cumulative Total C/f Annual | (42,660,822) | 66,706,037 |



WMATA-INV 007204

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 3 Parcel 3 Underground Parkin | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 |
| 1 **Ph01 Development Manage** | | |
| 1 Dev. Management Fee | 0 | 0 |
| 1 **Ph02 Development Manage** | | |
| 2 Dev. Management Fee | 0 | 0 |
| 1 **Ph03 Development Manage** | | |
| 3 Dev. Management Fee | 0 | 0 |



WMATA-INV 007205

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 2 Permits | 0 | 0 |
| 1 **Ph02 TI Costs** | | |
| 2 Parcel 1 Retail Space | 0 | 0 |
| 1 **Ph02 Professional Fees** | | |
| 2 Architect + Engineer | 0 | 0 |
| 2 Legal | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 |
| 1 **Ph03 Construction Costs** | | |
| 3 Metro Site Work | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 |
| 3 FF&E | 0 | 0 |
| 3 Hotel Hard Cost | 0 | 0 |
| 3 Franchise Charge | 0 | 0 |
| 3 Insurance | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 |
| 3 Contingency | 0 | 0 |
| 3 Permits | 0 | 0 |
| 3 Permits | 0 | 0 |
| 1 **Ph03 TI Costs** | | |
| 3 Parcel 3 Retail Space | 0 | 0 |
| 1 **Ph03 Professional Fees** | | |
| 3 Architect + Engineer | 0 | 0 |
| 3 Legal | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | |
| 1 Marketing | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 |
| 1 Parcel 2 Office Space & Lob | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | |
| 2 Marketing | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | |
| 3 Marketing | 0 | 0 |



WMATA-INV 007206

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 1 **Ph02 Acquisition Costs** | | |
| 2 WMATA PARCEL 1 Land P | 0 | 0 |
| 2 DC Purchase Recordation Ta | 0 | 0 |
| 2 WMATA Acquisition Legal | 0 | 0 |
| 2 Third Party Reports | 0 | 0 |
| 2 Title Insurance | 0 | 0 |
| 1 **Ph03 Acquisition Costs** | | |
| 3 WMATA PARCEL 3 Land P | 0 | 0 |
| 3 Arts Credits (assume no bonu | 0 | 0 |
| 3 DC Purchase Recordation Ta | 0 | 0 |
| 3 WMATA Acquisition Legal | 0 | 0 |
| 3 Third Party Reports | 0 | 0 |
| 3 Title Insurance | 0 | 0 |
| 1 **Ph01 Construction Costs** | | |
| 1 Metro Site Work | 0 | 0 |
| 1 Parcel 2 Office Space & Lob | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 |
| 1 Insurance | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 |
| 1 Contingency | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 **Ph01 TI Costs** | | |
| 1 Parcel 2 Office Space & Lob | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 |
| 1 **Ph01 Professional Fees** | | |
| 1 Architect + Engineer | 0 | 0 |
| 1 Legal | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 |
| 1 **Ph02 Construction Costs** | | |
| 2 Metro Site Work | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 |
| 2 Insurance | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 |
| 2 Contingency | 0 | 0 |
| 2 Permits | 0 | 0 |



WMATA-INV 007207

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 (46,910,100) | 181:Oct 2022 (42,660,822) |
|---|---|---|
| 1 **Ph01 Revenue** | | |
| 1 Parcel 2 Office Space & Lob | 3,012,221 | 0 |
| 1 Parcel 2 Underground Parkin | 159,726 | 0 |
| 1 Parcel 2 Retail Space | 783,585 | 0 |
| 1 Parcel 2 Office Space & Lob | 0 | 46,681,782 |
| 1 Parcel 2 Underground Parkin | 0 | 2,475,353 |
| 1 Parcel 2 Retail Space | 0 | 12,143,583 |
| 1 **Ph01 Disposal Costs** | | |
| 1 Sales Agent Fee | 0 | (2,758,532) |
| 1 **Ph02 Revenue** | | |
| 2 Parcel 1 Retail Space | 280,730 | 0 |
| 2 Parcel 1 Retail Space | 0 | 4,415,368 |
| 1 **Ph02 Disposal Costs** | | |
| 2 Sales Agent Fee | 0 | (198,692) |
| 1 **Ph03 Revenue** | | |
| 3 Parcel 3 Hotel Rooms | 3,790,137 | 0 |
| 3 Parcel 3 Underground Parkin | 123,573 | 0 |
| 3 Parcel 3 Retail Space | 456,718 | 0 |
| 3 Parcel 3 Hotel Rooms | 0 | 40,187,328 |
| 3 Parcel 3 Underground Parkin | 0 | 1,915,067 |
| 3 Parcel 3 Retail Space | 0 | 7,077,974 |
| 1 **Ph03 Disposal Costs** | | |
| 3 Sales Agent Fee | 0 | (2,213,117) |
| 1 **Ph01 Acquisition Costs** | | |
| 1 WMATA PARCEL 2 Land P | 0 | 0 |
| 1 8th Street Land Option (Year | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 |
| 1 8th Street Resubordination F | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 |
| 1 DC Purchase Recordation Ta | 0 | 0 |
| 1 WMATA Acquisition Legal | 0 | 0 |
| 1 Third Party Reports | 0 | 0 |
| 1 Title Insurance | 0 | 0 |



WMATA-INV 007208

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | **6,192,997** | **6,783,437** | **7,014,432** | **3,734,707** | **7,646,996** | **7,876,643** | **8,112,862** | **8,356,373** |
| Finance Costs (All Loans) | (1,356,184) | 0 | 0 | 0 | (193,138) | (39,188) | 0 | 0 |
| **Period Total After Finance** | **1,592,202** | **1,958,531** | **2,243,169** | **(979,034)** | **2,801,797** | **3,251,532** | **3,597,859** | **3,917,417** |
| Cumulative Total C/f Annual | (63,701,371) | (61,742,840) | (59,499,671) | (60,478,705) | (57,676,908) | (54,425,376) | (50,827,517) | (46,910,100) |



WMATA-INV 007209

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Development Manage** | | | | | | | | |
| 1 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Development Manage** | | | | | | | | |
| 2 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Development Manage** | | | | | | | | |
| 3 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 007210

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | |
| 2 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Construction Costs** | | | | | | | | |
| 3 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 FF&E | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Hotel Hard Cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Franchise Charge | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Professional Fees** | | | | | | | | |
| 3 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | |
| 1 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office Space & Lob | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | |
| 2 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | |
| 3 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 007211

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | |
| 2 WMATA PARCEL 1 Land P | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 DC Purchase Recordation Ta | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Title Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Acquisition Costs** | | | | | | | | |
| 3 WMATA PARCEL 3 Land P | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 DC Purchase Recordation Ta | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Title Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Construction Costs** | | | | | | | | |
| 1 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office Space & Lob | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | |
| 1 Parcel 2 Office Space & Lob | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Professional Fees** | | | | | | | | |
| 1 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Construction Costs** | | | | | | | | |
| 2 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 007212

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 (65,293,574) | 096:Sep 2015 (63,701,371) | 108:Sep 2016 (61,742,840) | 120:Sep 2017 (59,499,671) | 132:Sep 2018 (60,478,705) | 144:Sep 2019 (57,676,908) | 156:Sep 2020 (54,425,376) | 168:Sep 2021 (50,827,517) |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | |
| 1 Parcel 2 Office Space & Lob | 2,377,875 | 2,449,212 | 2,522,688 | 2,598,369 | 2,676,320 | 2,756,609 | 2,839,307 | 2,924,487 |
| 1 Parcel 2 Underground Parkin | 126,089 | 129,872 | 133,768 | 137,781 | 141,915 | 146,172 | 150,557 | 155,074 |
| 1 Parcel 2 Retail Space | 618,570 | 637,127 | 656,240 | 675,928 | 696,205 | 717,092 | 738,604 | 760,762 |
| 1 Parcel 2 Office Space & Lob | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | |
| 1 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | |
| 2 Parcel 1 Retail Space | 221,610 | 228,259 | 235,107 | 242,160 | 249,425 | 256,907 | 264,614 | 272,553 |
| 2 Parcel 1 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | |
| 2 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | |
| 3 Parcel 3 Hotel Rooms | 2,766,769 | 3,068,142 | 3,181,648 | 3,269,309 | 3,367,550 | 3,468,814 | 3,572,798 | 3,680,108 |
| 3 Parcel 3 Underground Parkin | 97,550 | 100,476 | 103,490 | 106,595 | 109,793 | 113,087 | 116,479 | 119,974 |
| 3 Parcel 3 Retail Space | 360,538 | 371,354 | 382,494 | 393,969 | 405,788 | 417,962 | 430,501 | 443,416 |
| 3 Parcel 3 Hotel Rooms | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | |
| 3 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | |
| 1 WMATA PARCEL 2 Land P | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street Land Option (Year | 0 | 0 | 0 | (3,420,000) | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | (200,004) | (200,004) | (200,004) | (200,004) | 0 | 0 | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | (175,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 DC Purchase Recordation Ta | 0 | 0 | 0 | (51,300) | 0 | 0 | 0 | 0 |
| 1 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Title Insurance | (1,000) | (1,000) | (1,000) | (18,100) | 0 | 0 | 0 | 0 |



WMATA-INV 007213

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | | **0** | **(615,201)** | **(2,104,546)** | **(2,099,311)** | **(15,812,517)** | **(32,267,486)** | **(6,341,891)** |
| Finance Costs (All Loans) | (7,641,133) | | (83,337) | (103,965) | (143,424) | (248,651) | (1,688,778) | (3,784,468) |
| **Period Total After Finance** | **66,706,037** | **0** | **(698,538)** | **(2,208,511)** | **(2,242,734)** | **(16,061,168)** | **(33,956,264)** | **(10,126,359)** |
| Cumulative Total C/f Annual | 66,706,037 | 0 | (698,538) | (2,907,049) | (5,149,783) | (21,210,951) | (55,167,215) | (65,293,574) |



WMATA-INV 007214

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Underground Parkin | YN | **(54,684)** | 0 | 0 | 0 | 0 | 0 | 0 | (54,684) |
| 3 Parcel 3 Retail Space | YN | **(202,111)** | 0 | 0 | 0 | 0 | 0 | 0 | (202,111) |
| 1 **Ph01 Development Management Fee** | | | | | | | | | |
| 1 Dev. Management Fee | YN | **(904,718)** | 0 | 0 | (160,839) | (241,258) | (241,258) | (241,258) | (20,105) |
| 1 **Ph02 Development Management Fee** | | | | | | | | | |
| 2 Dev. Management Fee | YN | **(42,664)** | 0 | 0 | (7,585) | (11,377) | (11,377) | (11,377) | (948) |
| 1 **Ph03 Development Management Fee** | | | | | | | | | |
| 3 Dev. Management Fee | YN | **(1,009,874)** | 0 | 0 | (179,533) | (269,300) | (269,300) | (269,300) | (22,442) |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007215

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 2 Permits | YN | **(14,969)** | 0 | 0 | 0 | 0 | (14,969) | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | | |
| 2 Parcel 1 Retail Space | YY | **(284,739)** | 0 | 0 | 0 | 0 | 0 | (284,739) | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | | |
| 2 Architect + Engineer | YN | **(93,604)** | 0 | 0 | (46,802) | (46,802) | 0 | 0 | 0 |
| 2 Legal | YN | **(11,227)** | 0 | 0 | (3,208) | (4,811) | (3,208) | 0 | 0 |
| 2 Soft Cost Contingency | YN | **(32,354)** | 0 | (1,458) | (11,118) | (10,401) | (8,068) | (1,266) | (44) |
| 1 **Ph03 Construction Costs** | | | | | | | | | |
| 3 Metro Site Work | YN | **(1,839,000)** | 0 | 0 | 0 | 0 | (1,839,000) | 0 | 0 |
| 3 Parcel 3 Underground Parkin | YY | **(1,354,096)** | 0 | 0 | 0 | 0 | (177,399) | (1,137,295) | (39,403) |
| 3 Parcel 3 Retail Space | YY | **(1,253,506)** | 0 | 0 | 0 | 0 | (164,220) | (1,052,810) | (36,476) |
| 3 FF&E | YN | **(2,900,000)** | 0 | 0 | 0 | 0 | (385,994) | (2,431,176) | (82,831) |
| 3 Hotel Hard Cost | YN | **(11,454,841)** | 0 | 0 | 0 | 0 | (1,524,653) | (9,603,012) | (327,176) |
| 3 Franchise Charge | YN | **(58,000)** | 0 | 0 | 0 | 0 | (58,000) | 0 | 0 |
| 3 Insurance | YN | **(94,007)** | 0 | 0 | 0 | 0 | (20,456) | (71,121) | (2,429) |
| 3 Real Estate Tax During Cons | YN | **(97,000)** | 0 | 0 | 0 | 0 | (22,824) | (68,471) | (5,706) |
| 3 Contingency | YN | **(1,880,144)** | 0 | 0 | 0 | 0 | (250,250) | (1,576,194) | (53,701) |
| 3 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 3 Permits | YN | **(282,022)** | 0 | 0 | 0 | 0 | (282,022) | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | | |
| 3 Parcel 3 Retail Space | YY | **(571,790)** | 0 | 0 | 0 | 0 | 0 | 0 | (571,790) |
| 1 **Ph03 Professional Fees** | | | | | | | | | |
| 3 Architect + Engineer | YN | **(1,020,000)** | 0 | 0 | (510,000) | (510,000) | 0 | 0 | 0 |
| 3 Legal | YN | **(376,029)** | 0 | 0 | (107,437) | (161,155) | (107,437) | 0 | 0 |
| 3 Soft Cost Contingency | YN | **(197,206)** | 0 | (10,696) | (68,235) | (61,885) | (48,717) | (7,417) | (257) |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | | |
| 1 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 1 Leasing Legal Fees | YN | **(58,610)** | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 1 Parcel 2 Office Space & Lob | YN | **(1,274,853)** | 0 | 0 | 0 | 0 | 0 | 0 | (1,274,853) |
| 1 Parcel 2 Underground Parkin | YN | **(70,683)** | 0 | 0 | 0 | 0 | 0 | 0 | (70,683) |
| 1 Parcel 2 Retail Space | YN | **(346,758)** | 0 | 0 | 0 | 0 | 0 | 0 | (346,758) |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | | |
| 2 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (18,182) | (31,818) | 0 |
| 2 Leasing Legal Fees | YN | **(58,610)** | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 2 Parcel 1 Retail Space | YN | **(122,408)** | 0 | 0 | 0 | 0 | 0 | (122,408) | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | | |
| 3 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |



WMATA-INV 007216

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Land Purchase and 15-year hold, Office and Hotel**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | | |
| 2 WMATA PARCEL 1 Land P | YN | (590,000) | 0 | 0 | 0 | 0 | (590,000) | 0 | 0 |
| 2 DC Purchase Recordation Ta | YN | (8,850) | 0 | 0 | 0 | 0 | (8,850) | 0 | 0 |
| 2 WMATA Acquisition Legal | YN | (100,000) | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | YN | (50,000) | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 2 Title Insurance | YN | (2,950) | 0 | 0 | 0 | 0 | (2,950) | 0 | 0 |
| 1 **Ph03 Acquisition Costs** | | | | | | | | | |
| 3 WMATA PARCEL 3 Land P | YN | (2,700,000) | 0 | 0 | 0 | 0 | (2,700,000) | 0 | 0 |
| 3 Arts Credits (assume no bonu | YN | (239,325) | 0 | 0 | 0 | 0 | (239,325) | 0 | 0 |
| 3 DC Purchase Recordation Ta | YN | (44,090) | 0 | 0 | 0 | 0 | (44,090) | 0 | 0 |
| 3 WMATA Acquisition Legal | YN | (100,000) | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | YN | (50,000) | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 3 Title Insurance | YN | (14,697) | 0 | 0 | 0 | 0 | (14,697) | 0 | 0 |
| 1 **Ph01 Construction Costs** | | | | | | | | | |
| 1 Metro Site Work | YN | (1,500,000) | 0 | 0 | 0 | 0 | (1,500,000) | 0 | 0 |
| 1 Parcel 2 Office Space & Lob | YY | (11,595,394) | 0 | 0 | 0 | 0 | (1,519,099) | (9,738,882) | (337,413) |
| 1 Parcel 2 Underground Parkin | YY | (1,752,360) | 0 | 0 | 0 | 0 | (229,575) | (1,471,794) | (50,992) |
| 1 Parcel 2 Retail Space | YY | (2,150,624) | 0 | 0 | 0 | 0 | (281,751) | (1,806,292) | (62,581) |
| 1 Insurance | YN | (84,992) | 0 | 0 | 0 | 0 | (17,652) | (65,085) | (2,255) |
| 1 Real Estate Tax During Cons | YN | (150,000) | 0 | 0 | 0 | 0 | (35,294) | (105,882) | (8,824) |
| 1 Contingency | YN | (1,699,838) | 0 | 0 | 0 | 0 | (226,250) | (1,425,036) | (48,551) |
| 1 Permits | YN | (50,000) | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 1 Permits | YN | (254,976) | 0 | 0 | 0 | 0 | (254,976) | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | | |
| 1 Parcel 2 Office Space & Lob | YY | (4,958,530) | 0 | 0 | 0 | 0 | 0 | 0 | (4,958,530) |
| 1 Parcel 2 Retail Space | YY | (981,013) | 0 | 0 | 0 | 0 | 0 | 0 | (981,013) |
| 1 **Ph01 Professional Fees** | | | | | | | | | |
| 1 Architect + Engineer | YN | (841,000) | 0 | 0 | (420,500) | (420,500) | 0 | 0 | 0 |
| 1 Legal | YN | (254,976) | 0 | 0 | (72,850) | (109,275) | (72,850) | 0 | 0 |
| 1 Soft Cost Contingency | YN | (163,594) | 0 | (6,827) | (53,534) | (50,921) | (44,659) | (7,392) | (260) |
| 1 **Ph02 Construction Costs** | | | | | | | | | |
| 2 Metro Site Work | YN | (50,000) | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 2 Parcel 1 Retail Space | YY | (698,440) | 0 | 0 | 0 | 0 | (193,363) | (505,078) | 0 |
| 2 Insurance | YN | (3,742) | 0 | 0 | 0 | 0 | (1,217) | (2,525) | 0 |
| 2 Real Estate Tax During Cons | YN | (12,500) | 0 | 0 | 0 | 0 | (4,545) | (7,955) | 0 |
| 2 Contingency | YN | (74,844) | 0 | 0 | 0 | 0 | (20,889) | (53,955) | 0 |
| 2 Permits | YN | (50,000) | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |



WMATA-INV 007217

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

**Detailed Cash Flow (Merged Phases)**



| Period ending<br>AnnualB/F | SET<br>Int Inf | **TOTALS** | 000:Sep 2007<br>0 | 012:Sep 2008<br>0 | 024:Sep 2009<br>(698,538) | 036:Sep 2010<br>(2,907,049) | 048:Sep 2011<br>(5,149,783) | 060:Sep 2012<br>(21,210,951) | 072:Sep 2013<br>(55,167,215) |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | | |
| 1 Parcel 2 Office Space & Lob | YN | **24,738,475** | 0 | 0 | 0 | 0 | 0 | 0 | 581,388 |
| 1 Parcel 2 Underground Parkin | YN | **1,373,443** | 0 | 0 | 0 | 0 | 0 | 0 | 92,486 |
| 1 Parcel 2 Retail Space | YN | **6,737,832** | 0 | 0 | 0 | 0 | 0 | 0 | 453,718 |
| 1 Parcel 2 Office Space & Lob | YN | **46,681,782** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Underground Parkin | YN | **2,475,353** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail Space | YN | **12,143,583** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | | |
| 1 Sales Agent Fee | YN | **(2,758,532)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | | |
| 2 Parcel 1 Retail Space | YN | **2,519,909** | 0 | 0 | 0 | 0 | 0 | 53,389 | 215,156 |
| 2 Parcel 1 Retail Space | YN | **4,415,368** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | | |
| 2 Sales Agent Fee | YN | **(198,692)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | | |
| 3 Parcel 3 Hotel Rooms | YN | **32,031,551** | 0 | 0 | 0 | 0 | 0 | 0 | 1,866,277 |
| 3 Parcel 3 Underground Parkin | YN | **1,062,569** | 0 | 0 | 0 | 0 | 0 | 0 | 71,552 |
| 3 Parcel 3 Retail Space | YN | **3,927,193** | 0 | 0 | 0 | 0 | 0 | 0 | 264,453 |
| 3 Parcel 3 Hotel Rooms | YN | **40,187,328** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Underground Parkin | YN | **1,915,067** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail Space | YN | **7,077,974** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | | |
| 3 Sales Agent Fee | YN | **(2,213,117)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | | |
| 1 WMATA PARCEL 2 Land P | YN | **(1,600,000)** | 0 | 0 | 0 | 0 | (1,600,000) | 0 | 0 |
| 1 8th Street Land Option (Year | YN | **(3,420,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | YN | **(325,000)** | 0 | (318,750) | (6,250) | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | YN | **(600,000)** | 0 | 0 | (150,000) | (150,000) | (150,000) | (150,000) | 0 |
| 1 8th St Ground Lease Renewal | YN | **(1,000,020)** | 0 | 0 | 0 | 0 | 0 | 0 | (200,004) |
| 1 Arts Credits (assume no bonu | YN | **(300,000)** | 0 | 0 | 0 | 0 | (300,000) | 0 | 0 |
| 1 8th St Combination Fee | YN | **(30,000)** | 0 | 0 | (30,000) | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | YN | **(175,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | YN | **(203,500)** | 0 | (50,875) | (50,875) | (50,875) | (50,875) | 0 | 0 |
| 1 DC Purchase Recordation Ta | YN | **(79,800)** | 0 | 0 | 0 | 0 | (28,500) | 0 | 0 |
| 1 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 1 Title Insurance | YN | **(36,225)** | 0 | (1,594) | (781) | (750) | (10,250) | (750) | (1,000) |



WMATA-INV 007218

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

‡ Inflation/Escalation applied

| Escalation on Capitalized Rent | | Unescalated | Escalation | Total |
|---|---|---|---|---|
| Parcel 2 Office Space & Lobby | Office Rent at 3.00% | 30,634,936 | 16,046,846 | 46,681,782 |
| Parcel 2 Underground Parking | Office Rent at 3.00% | 1,624,451 | 850,902 | 2,475,353 |
| Parcel 2 Retail Space | Office Rent at 3.00% | 7,969,231 | 4,174,353 | 12,143,583 |
| Parcel 1 Retail Space | Office Rent at 3.00% | 2,855,077 | 1,560,291 | 4,415,368 |
| Parcel 3 Underground Parking | Office Rent at 3.00% | 1,256,763 | 658,303 | 1,915,067 |
| Parcel 3 Retail Space | Office Rent at 3.00% | 4,644,923 | 2,433,051 | 7,077,974 |

| Inflation on Construction Costs | | Uninflated | Inflation | Total |
|---|---|---|---|---|
| Parcel 2 Office Space & Lobby | Construction CPI at 3.00% | 10,190,205 | 1,405,189 | 11,595,394 |
| Parcel 2 Underground Parking | Construction CPI at 3.00% | 1,540,000 | 212,360 | 1,752,360 |
| Parcel 2 Retail Space | Construction CPI at 3.00% | 1,890,000 | 260,624 | 2,150,624 |
| Parcel 1 Retail Space | Construction CPI at 3.00% | 618,600 | 79,840 | 698,440 |
| Parcel 3 Underground Parking | Construction CPI at 3.00% | 1,190,000 | 164,096 | 1,354,096 |
| Parcel 3 Retail Space | Construction CPI at 3.00% | 1,101,600 | 151,906 | 1,253,506 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007219

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

| | | | |
|---|---|---|---|
| | | | 5,170,340 |
| **Additional Costs** | | | |
| Dev. Management Fee | 5.00% | 904,718 | |
| Dev. Management Fee | 5.00% | 42,664 | |
| Dev. Management Fee | 5.00% | 1,009,874 | |
| | | | 1,957,255 |
| **FINANCE** | | | |
| Interest paid to Debt Sources: | | | |
| Development Loan (8.00%) | 409,298 | | |
| Construction Loan (8.00%) | 7,081,835 | | |
| Total Interest paid to debt financing | | 7,491,133 | |
| Mortgage Interest (7.00%) | | 40,463,131 | |
| Total Interest Paid | | 47,954,264 | |
| Debt Financing Fees | | | |
| Development Loan - Legal (Single) | 50,000 | | |
| Construction Loan - Legal Fees (Single) | 100,000 | | |
| Total Debt Financing Fees | | 150,000 | |
| Total Finance Cost | | | 48,104,264 |
| **TOTAL COSTS** | | | **120,581,389** |
| **PROFIT** | | | |
| Developer Equity | | | |
| Residual Percentage (50.00%) | 30,936,627 | | |
| Preferred Return (10.00%) | 787,816 | | |
| | | 31,724,442 | |
| Investor Equity | | | |
| Residual Percentage (50.00%) | 30,936,627 | | |
| Preferred Return (10.00%) | 4,044,968 | | |
| | | 34,981,595 | |
| | | | **66,706,037** |
| **Performance Measures** | | | |
| Profit on Cost% | 55.32% | | |
| Profit on GDV% | 58.06% | | |
| Development Yield% (on Rent) | 7.19% | | |
| Pre-Finance IRR% | 12.84% | | |
| Project IRR% (with Interest) | 16.01% | | |
| Equity IRR% (with Interest) | 27.70% | | |



WMATA-INV 007220

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

| | | | |
|---|---|---|---|
| Permits | | 50,000 | |
| Permits | 1.50% | 254,976 | |
| Permits | | 50,000 | |
| Permits | 2.00% | 14,969 | |
| Permits | | 50,000 | |
| Permits | 1.50% | 282,022 | |
| **Other Construction** | | | 7,745,792 |
| Insurance | 0.50% | 84,992 | |
| Insurance | 0.50% | 3,742 | |
| Insurance | 0.50% | 94,007 | |
| **Municipal Costs** | | | 182,741 |
| Real Estate Tax During Construction | | 150,000 | |
| Real Estate Tax During Construction | | 12,500 | |
| Real Estate Tax During Construction | | 97,000 | |
| **TI Costs** | | | 259,500 |
| TI Cost Area Rate - Parcel 2 Office Space & Lobby | 60.00 pf² | 4,958,530 | |
| TI Cost Area Rate - Parcel 2 Retail Space | 60.00 pf² | 981,013 | |
| TI Cost Area Rate - Parcel 1 Retail Space | 60.00 pf² | 284,739 | |
| TI Cost Area Rate - Parcel 3 Retail Space | 60.00 pf² | 571,790 | |
| **PROFESSIONAL FEES** | | | 6,796,072 |
| Architect + Engineer | | 1,954,604 | |
| Legal | 1.50% | 266,202 | |
| Legal | 2.00% | 376,029 | |
| Soft Cost Contingency | 10.00% | 163,594 | |
| Soft Cost Contingency | 10.00% | 32,354 | |
| Soft Cost Contingency | 10.00% | 197,206 | |
| **MARKETING & LEASING** | | | 2,989,989 |
| Marketing | | 150,000 | |
| Leasing Legal Fees | 2.00% | 117,220 | |
| **Leasing Commissions** | | | |
| Parcel 2 Office Space & Lobby | | 1,274,853 | |
| Parcel 2 Underground Parking | | 70,683 | |
| Parcel 2 Retail Space | | 346,758 | |
| Parcel 1 Retail Space | | 122,408 | |
| Parcel 3 Underground Parking | | 54,684 | |
| Parcel 3 Retail Space | | 202,111 | |
| **DISPOSAL FEES** | | | 2,338,718 |
| Sales Agent Fee | 4.50% | 5,170,340 | |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007221

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

**DEVELOPMENT COSTS**

| | | | | |
|---|---|---|---|---|
| **ACQUISITION COSTS** | | | | |
| WMATA PARCEL 2 Land Purchase | | 1,600,000 | | |
| 8th Street Land Option (Year 10) | | 3,420,000 | | |
| 8th St 1st Year Ground Lease | | 325,000 | | |
| 8th St Ground Lease Renewal 1-4 | | 600,000 | | |
| 8th St Ground Lease Renewal 5-9 | | 1,000,020 | | |
| Arts Credits (assume no bonus) | | 300,000 | | |
| 8th St Combination Fee | | 30,000 | | |
| 8th Street Resubordination Fee | | 175,000 | | |
| 8th Street RE Tax pre-construction | | 203,500 | | |
| WMATA PARCEL 1 Land Purchase | | 590,000 | | |
| WMATA PARCEL 3 Land Purchase | | 2,700,000 | | |
| Arts Credits (assume no bonus) | | 239,325 | | |
| Total Acquisition (0.92 Acres $12,155,266.30 pAcre) | | | 11,182,845 | |
| DC Purchase Recordation Tax | | 1.50% | 123,890 | |
| DC Purchase Recordation Tax | | 1.50% | 8,850 | |
| WMATA Acquisition Legal Fees | | | 300,000 | |
| Third Party Reports | | | 150,000 | |
| Title Insurance | | 0.50% | 50,922 | |
| Title Insurance | | 0.50% | 2,950 | |
| | | | | 11,819,457 |
| **CONSTRUCTION COSTS** | | | | |
| **Construction** | **ft²** | **Rate ft²** | **Cost** | |
| ‡ Parcel 2 Office Space & Lobby | 75,483 | $135.00 | 11,595,394 | |
| ‡ Parcel 2 Underground Parking | 19,885 | $77.45 | 1,752,360 | |
| ‡ Parcel 2 Retail Space | 14,000 | $135.00 | 2,150,624 | |
| ‡ Parcel 1 Retail Space | 4,124 | $150.00 | 698,440 | |
| Parcel 3 Hotel Rooms | | | | |
| FF&E | 145 units | $20,000.00 /un | 2,900,000 | |
| Hotel Hard Cost | 63,638 ft² | $180.00 pf² | 11,454,841 | |
| Franchise Charge | 145 units | $400.00 /un | 58,000 | |
| | | | 14,412,841 | |
| ‡ Parcel 3 Underground Parking | 15,955 | $74.58 | 1,354,096 | |
| ‡ Parcel 3 Retail Space | 8,160 | $135.00 | 1,253,506 | |
| Totals | 137,607 | | 33,217,261 | **33,217,261** |
| Contingency | | 10.00% | 1,699,838 | |
| Contingency | | 10.00% | 74,844 | |
| Contingency | | 10.00% | 1,880,144 | |
| Metro Site Work | | | 1,500,000 | |
| Metro Site Work | | | 50,000 | |
| Metro Site Work | | | 1,839,000 | |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007222

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Land Purchase and 15-year hold, Office and Hotel

**Project Pro Forma for Merged Phases 1 2 3**

**REVENUE**

| **Rental Area Summary** | **ft²** | **Rate ft²** | **Rent at Lease Start** | **Rent At Sale** |
|---|---|---|---|---|
| ‡ Parcel 2 Office Space & Lobby | 70,763 | $42.00 | 3,470,971 | 4,528,830 |
| ‡ Parcel 2 Underground Parking | 19,885 | $5.31 | 123,315 | 160,898 |
| ‡ Parcel 2 Retail Space | 14,000 | $37.00 | 604,958 | 789,333 |
| ‡ Parcel 1 Retail Space | 4,124 | $45.00 | 213,554 | 286,999 |
| Parcel 3 Hotel Rooms | 60,456 | $41.16 | 2,488,369 | 3,817,796 |
| ‡ Parcel 3 Underground Parking | 15,955 | $5.12 | 95,403 | 124,479 |
| ‡ Parcel 3 Retail Space | 8,160 | $37.00 | 352,604 | 460,068 |
| Totals | 193,343 | | 7,349,174 | 10,168,403 |

| | | | | |
|---|---|---|---|---|
| **Investment Valuation** | | | | |
| **Parcel 2 Office Space & Lobby** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 3,034,316 | Cap Rate | 6.5000% | 46,681,782 |
| **Parcel 2 Underground Parking** | | | | |
| Capitalized Rent | 160,898 | Cap Rate | 6.5000% | 2,475,353 |
| **Parcel 2 Retail Space** | | | | |
| Capitalized Rent | 789,333 | Cap Rate | 6.5000% | 12,143,583 |
| **Parcel 1 Retail Space** | | | | |
| Capitalized Rent | 286,999 | Cap Rate | 6.5000% | 4,415,368 |
| **Parcel 3 Hotel Rooms** | | | | |
| Capitalized Rent | 3,817,796 | Cap Rate | 9.5000% | 40,187,328 |
| **Parcel 3 Underground Parking** | | | | |
| Capitalized Rent | 124,479 | Cap Rate | 6.5000% | 1,915,067 |
| **Parcel 3 Retail Space** | | | | |
| Capitalized Rent | 460,068 | Cap Rate | 6.5000% | 7,077,974 |
| | | | | **114,896,454** |

| | | |
|---|---|---|
| **Income from Tenants** | | |
| Parcel 2 Office Space & Lobby | 24,738,475 | |
| Parcel 2 Underground Parking | 1,373,443 | |
| Parcel 2 Retail Space | 6,737,832 | |
| Parcel 1 Retail Space | 2,519,909 | |
| Parcel 3 Hotel Rooms | 32,031,551 | |
| Parcel 3 Underground Parking | 1,062,569 | |
| Parcel 3 Retail Space | 3,927,193 | |
| | | 72,390,972 |
| **TOTAL PROJECT REVENUE** | | **187,287,426** |



WMATA-INV 007223

The references below can provide further information regarding the financial and construction capabilities of DANAC Corporation.

DANAC Credit Authorization Letters Attached in EXHIBIT H.

M&T Bank
Stewart Cooper
25 South Charles Street
17th Floor (mailstop 101-747)
Baltimore, MD 21201
Phone (301) 397-5574
E-mail dcooper@mandtbank.com

Bank of America
Rebecca Greenspan
VA9-200-03-01
8300 Greensboro Drive
Suite 300
McLean, VA 22102-3604
Phone (703) 761-8715
E-mail becca.k.greenspan@bankofamerica.com

Lehman Brothers
Jacquelyn Hamilton
399 Park Ave, 9th Floor
New York, NY 10022
Phone (212) 526-2086
E-mail jhamilton@lehman.com

**EXHIBITS**
EXHIBIT A: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Hotel, Purchase
EXHIBIT B: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Office, Purchase
EXHIBIT C: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Hotel, Ground Lease
EXHIBIT D: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Office/Retail, Ground Lease
EXHIBIT E — Tax Impact Detail
EXHIBIT F — LaKritz | Adler Development Consolidated Financials: 2005, 2006, 2007 YTD
EXHIBIT G — Milestone Hotel Partners P&L and Balance Sheets, 2005, 2006, 2007 YTD
EXHIBIT H — CREDIT AUTHORIZATION LETTERS

**Also Attached: CD-ROM with Excel Models**
**Also Attached: Section 2.5 Proposal Security Form C – Letter of Credit**



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007224**

Builders Bank has extended more than $5 million in credit to LaKritz | Adler and its affiliates in a single transaction
Contact: Daniel Ruvalcaba, President
Builders Bank
77 W. Wacker Drive, Suite 3100
Chicago, IL 60601
Tel. 312-977-1436
Fax. 312-977-1439
druvalcaba@buildersbank.com

**Milestone Statement and References**
Milestone principals Sander Mednick and Michael L. Wachtell have a combined personal net worth of approximately $50 million, with liquid assets in the range of $5 million. Detail regarding Milestone's development experience is provided in Volume 1.

The references below can provide further information regarding the financial and construction capabilities of Milestone Capital Corporation and its affiliates.

Milestone Credit Authorization Letters attached in EXHIBIT H.

Marathon Asset Management
Michael Amoia, Director
461 Fifth Avenue, 11th Floor
New York, NY 10017
Tel. 212-381-4426
Fax. 212-381-4497

Preferred Bank
John Nixon, First Vice President
601 South Figeroa Street, 20th Floor
Los Angeles, CA 90017
Tel. 213-891-1188
Fax. 213-622-0369

**DANAC Statement and References**
DANAC Corporation, John F Jaeger, and related entities are private entities with assets of over $200 million and revenues greater than $20 million. The company is managed at very low leverage levels providing the ability for the company to expand and contract quickly depending on acquisition and construction opportunities. DANAC Corporation currently owns over 1 million square feet of commercial and retail property excluding the Rockville Town Square. The Rockville Town Square by itself is roughly 1 million square feet including retail, residential, and parking. Detail regarding DANAC's development experience is provided in Volume 1.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007225**

**I. Developer's balance sheets and income statements for past three fiscal years.**

EXHIBIT F — LaKritz | Adler Development Consolidated Financial Statements for 2005, 2006, and 2007 YTD.

EXHIBIT G—Milestone Hotel Partners P&L Statements and Balance Sheets, 2005, 2006, 2007 YTD.

DANAC Corporation does not disclose its financial statements.

**J. Statements regarding Developer's financial creditworthiness and past development experience.**

**LaKritz | Adler Development Statement and References**
LaKritz | Adler Development, LLC, its affiliated companies, and its principals Robb LaKritz and Joshua Adler have a combined personal net worth in excess of $10 million, and liquid assets of more than $1 million. Detail regarding LaKritz | Adler Development's development experience is included with Volume 1 of this submission.

The references below can provide further information regarding the financial capabilities and development experience of LaKritz | Adler Development.

*Branch Banking & Trust*
BB&T has extended credit well in excess of $10 million to LaKritz | Adler and its affiliates in multiple transactions
Contact: Greg Dougherty, Senior Vice President, City Executive for Washington, D.C.
Branch Banking & Trust Co.
1909 K Street, NW
Washington, DC 20006
Tel. 202-835-9332
Fax. 202-835-9285
gdougherty@bbandt.com

*PNC Bank*
PNC has approved LaKritz | Adler and its affiliates for $10 million in a single transaction
Contact: Casey Brill, Vice President
PNC Real Estate Finance
808 17th Street, NW
Washington, DC 20006
Tel. 202-835-4460
Fax. 202-835-5982
casey.brill@pnc.com

*Builders Bank*



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007226

## H. Detailed financial analysis with assumptions of Project's impact on the tax base of the local jurisdiction:

1. Identification of property taxes, sales taxes, amount of fees and contributions and other local public income

[SEE EXHIBIT E – TAX IMPACT for detail]

**2.3.H.1. TAX BASE IMPACT ANALYSIS**

| | | |
|---|---|---|
| **ONE-TIME TAX EVENTS** | | |
| **Construction Permitting Fees** | $ | 376,062.60 |
| **Purchase Recordation Tax** | $ | 132,740.00 |
| **Sale Transfer & Recordation Tax** | $ | 2,785,610.58 |
| **Financing Recordation Tax** | $ | 800,628.00 |
| **Construction Job Income Tax on Avg $50k, 50% in D.C.** | $ | 688,464.00 |
| **Legal/Professional Job Income Tax on Avg $120k, 50% in D.C.** | $ | 334,834.00 |
| **Franchise Tax on Development Profits** | $ | 2,493,837.00 |
| **TOTAL ONE-TIME D.C TAXES:** | **$** | **7,612,176.18** |
| **Total Construction/Development Jobs Created:** | **473** | |
| **Jobs Created in D.C. Only:** | **237** | |
| **ONGOING TAXES ON OPERATIONS (at stabilization)** | | |
| **Restaurant & Retail Sales Taxes** | | |
| Parcel 1 | $ | 213,554.00 |
| Parcel 2 | $ | 623,107.00 |
| Parcel 3 | $ | 385,300.00 |
| **Restaurant/Retail Jobs Income Tax on Avg $30k, 75% D.C.** | $ | 182,345.00 |
| **Office Jobs Income Tax on Avg $75k, 50% D.C.** | $ | 989,797.00 |
| **Hotel Jobs Income Tax on Avg $45k, 60% D.C.** | $ | 51,939.00 |
| **Hotel Taxes** | | |
| Room Sales @ 14.5% | $ | 1,458,958.00 |
| Dining Sales @ 10% | $ | 93,985.00 |
| **Parking Taxes All Parcels @ 12%** | $ | 27,752.00 |
| **Property Taxes (1.85%/year on pro forma cap rate values)** | | |
| Parcel 1 Value | $ | 60,780.79 |
| Parcel 2 Value | $ | 895,240.03 |
| Parcel 3 Value | $ | 761,772.37 |
| **TOTAL ONGOING D.C. ANNUAL TAXES GENERATED** | $ | 5,744,530.19 |
| **Long-Term Jobs Created:** | **514** | |
| **Long-Term D.C. Jobs Created:** | **293** | |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007227

## F. Summary table of the sources and uses of funds

| Summary of Values & Workbook Variance Analysis (15 Year Development & Hold Period) | | | | | | |
|---|---|---|---|---|---|---|
| | **Annual CF** | **Monthly CF** | **Proformas** | **S&U** | **S&U Audit** | **Finance** |
| C:\Documents and Settings\HP_Owner\My Documents\REAL ESTATE\WMATA Florida Ave Lots\WMATA RFP Submission\07 10 04 WMATA JDS Pro Forma 15 YEAR Land Purchase All Phases w Hotel.wcf | | | | | | |
| **Total Revenue** | 187,287,432 | 187,287,432 | 187,287,432 | - | - | - |
| **Total Costs** | | | | | | |
| Acquisition Costs | 11,819,457 | 11,819,457 | 11,819,457 | - | 11,819,457 | - |
| Construction Costs | 35,860,023 | 35,860,023 | 35,860,023 | - | 35,860,023 | - |
| Professional Fees | 2,989,989 | 2,989,989 | 2,989,989 | - | 2,989,989 | - |
| Marketing & Disposal | 7,394,816 | 7,394,816 | 7,394,816 | - | 7,394,816 | - |
| Addn'l Costs + Vac. Costs | 0 | 0 | 0 | - | 0 | - |
| **Total Costs (Excl Int)** | | | | | | |
| Excl. Vacancy Costs | 58,064,285 | 58,064,285 | 58,064,285 | - | - | - |
| Incl. Vacancy Costs | 58,064,285 | 58,064,285 | 58,064,285 | - | - | |
| **Sources of Funds and Profit** | | | | | | |
| Equity Contributions | - | - | - | 14,095,425 | - | 14,095,425 |
| Debt Contributions | - | 52,299,344 | - | 52,299,344 | - | 52,299,344 |
| Total Contributions | - | 66,394,769 | - | 66,394,769 | - | 66,394,769 |
| Finance Costs | 48,104,265 | 48,104,265 | 48,104,265 | 48,104,265 | - | 48,104,265 |
| Total Costs Incl Interest | 106,168,549 | 106,168,549 | 106,168,549 | | | |
| Total Profit incl. Pref. Returns | - | 66,706,042 | 81,118,882 | 66,706,042 | 66,706,042 | 66,706,042 |
| Preferred Returns | | | | | | |

## G. A 15-year pre-development, construction and operating period cash flow statement which starts in October 2007.

See the following Exhibits:
EXHIBIT A: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Hotel, Purchase
EXHIBIT B: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Office, Purchase
EXHIBIT C: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Hotel, Ground Lease
EXHIBIT D: 15-Year Pro Forma & Cash Flow, All Phases, Parcel 3 Office/Retail, Ground Lease

**Also see Attached CD-ROM with Complete 15-Year Excel Models**



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007228

**2. The amount and timing of predevelopment fees to be paid to WMATA during the interval period after the development agreement is executed but before WMATA realizes income from the sale (including estimate of this period).**

None/Not Applicable. Settlement will occur immediately prior to construction start, currently estimated as approximately November 1, 2011.

**3. Proposed purchase price for each portion of JDS**

| Parcel | Purchase Price |
|---|---|
| 1 | $590,000 |
| 2 | $1,600,000 |
| 3 | $2,700,000 |

*a. Schedule of purchase price escalations if sale is not completed by date projected.*

Purchase Price shall be increased by 3% per annum, prorated monthly, for any delay in settlement found to be caused by fault of Developer.

*b. Method of adjusting purchase price if final approved density is greater than proposed.*

None/Not Applicable

**4. How any environmental remediation costs will be handled.**

WMATA will perform any required environmental remediation to a standard sufficient for Purchaser's intended development plans and uses for the sites, and will obtain a No Further Action letter from the DC Department of the Environment reasonably acceptable to Purchaser, all at WMATA's sole expense, prior to commencement of any of Purchaser's obligations under the Development Agreement. Purchaser, in its sole discretion, shall be permitted to receive a full refund of all deposits and payments to WMATA and cancel any obligations to WMATA under the Development Agreement at any time prior to issuance of the acceptable NFA or Case Closure.

**5. Proposed business arrangement under which WMATA will retain an interest in any development rights in excess of those used by the development constructed pursuant to the proposal.**

None/Not Applicable.

**6. Identification of any additional payments to WMATA**

None/Not Applicable



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007229

**4. The method of adjusting the base rent if it does no commence by the date projected and/or the final approved density is greater than that proposed.**

If a delay in rent payment commencement is found to be caused by fault of Tenant, Starting Base Rent will be increased by 2% for each year after the current estimated commencement date that the actual rent commencement date occurs, prorated monthly, for the portion of the delayed caused by Tenant.

**5. How environmental remediation costs will be handled.**

WMATA will perform any required environmental remediation to a standard sufficient for Tenant's intended development plans and uses for the sites, and will obtain a No Further Action or Case Closure letter (as Tenant prefers) from the DC Department of the Environment reasonably acceptable to Tenant, all at WMATA's sole expense, prior to commencement of any of Tenant's obligations under a lease. Tenant, in its sole discretion, shall be permitted to receive a full refund of all deposits and payments to WMATA and cancel any obligations to WMATA under the Development Agreement at any time prior to issuance of the acceptable NFA or Case Closure.

**6. WMATA's participating share of gross income from the project.**

None/Not Applicable

**7. WMATA's share of proceeds form a capital event such as an assignment of the leasehold interest, transfer of interest in the Developer's business entity, refinancing or sale of the project, or any other capital event after construction.**

None/Not Applicable

**8. Identification of any additional payments to WMATA based upon factors chosen by developer.**

None/Not Applicable

**E. Proposed Sale Terms**

**1. Statement**

Developer will pay WMATA a non-refundable option fee of $100,000 for the right to negotiate a Development Agreement upon designation as Selected Developer and approval of Term Sheet.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007230**

| | |
|---|---|
| Equity Percentage of Total Cost | 20% |

To calculate ground lease rates, the current rate of the 30-year Treasury Bond (4.77% on October 4, 2007) was applied to the current imputed land value of each parcel. This is the best security index of comparable duration to the 29-year ground lease base term. Unsubordinated ground lease rates are always well below the long-term permanent financing rates for a purchase of equal value, as the land owner must discount the financing cost of the land to induce the tenant to accept the ground lease rather than a purchase, given the lack of equity accumulation, depreciating value, more difficult market financing terms and lower valuation of a property developed and held on a ground lease rather than fee simple land. In recent years, pricing for senior long-term debt on stabilized, new-construction, multi-tenant buildings in the downtown core have typically been priced at 100 to 120 basis points over the 30-year or 10-year Treasury Bond (depending on the term of the debt). We have discounted by approximately 100 basis points from that rate estimate, taking the straight 30-year Treasury Rate (the 10-year is 20 basis points lower) to derive the ground lease rate.

## D. Proposed Ground Lease Terms

### 1. Statement

Developer will pay WMATA a non-refundable option fee of $100,000 for the right to negotiate a Development Agreement upon designation as Selected Developer and approval of Term Sheet.

### 2. The amount and timing of predevelopment rent to be paid to WMATA.

None/Not Applicable.

### 3. The guaranteed base rent to be paid to WMATA through the term of the lease, including escalations.

Ground Lease Base Rent will escalate by 20% every ten years of the lease term and at the start of each ten-year renewal period.

| | | Parcel 1 | Parcel 2 | Parcel 3 |
|---|---|---|---|---|
| Estimated Rent Start Date: | | 1/1/2013 | 1/1/2013 | 1/1/2013 |
| Base Rent Per Annum | | $ 28,143.00 | $ 76,320.00 | $ 128,790.00 |
| 1st Escalation @ 20% | 1/1/2023 | $ 33,771.60 | $ 91,584.00 | $ 154,548.00 |
| 2nd @ 20% | 1/1/2033 | $ 40,525.92 | $ 109,900.80 | $ 185,457.60 |
| Renewal | 1/1/2043 | $ 48,631.10 | $ 131,880.96 | $ 222,549.12 |
| Renewal | 1/1/2053 | $ 58,357.32 | $ 158,257.15 | $ 267,058.94 |
| Renewal | 1/1/2063 | $ 70,028.79 | $ 189,908.58 | $ 320,470.73 |
| Renewal | 1/1/2073 | $ 84,034.55 | $ 227,890.30 | $ 384,564.88 |
| Renewal | 1/1/2083 | $ 100,841.46 | $ 273,468.36 | $ 461,477.86 |
| Renewal | 1/1/2093 | $ 121,009.75 | $ 328,162.03 | $ 553,773.43 |
| Renewal | 1/1/2103 | $ 145,211.70 | $ 393,794.44 | $ 664,528.11 |



FOIA CONFIDENTIAL TREATMENT REQUESTED 

However, a 25% ROC (corresponding to a 20% gross development margin) is generally the lowest return on cost for a new construction project that can attract private equity investment. Indeed, most seek 25% to 30% GDM as a threshold.

The complete set of calculations and assumptions for all proposed projects over a 15-year development period – as requested in the WMATA RFP – is included on a CD-ROM and as printed exhibits with this Volume 2. A few of the major assumptions include the following:

| **Valuation Factors** | |
|---|---|
| Market Cap Rate for Office and Retail | 6.5% fee-simple<br>7.0% on ground lease |
| Market Cap Rate for Hotel | 9.5% fee-simple<br>10% on ground lease |
| **Income Factors** | |
| Current Office Rent | $42/net-sf full service really $32<br>33% operating cost + vacancy ($14/sf)<br>6-month initial abatement |
| Current Retail Rent | $37/sf triple-net, Parcel 2 & 3<br>$45/sf triple-net, Parcel 1 |
| Current Parking Rent | $200/month, underground garage |
| Hotel Occupancy Rate | 70% in first year of operations<br>73% in second year<br>75% in all years thereafter |
| Hotel Average Daily Rate | $172.50 in first year<br>$180.00 in second year<br>$185.00 in third year<br>Increasing at 3% per annum thereafter |
| Hotel Net Operating Income Factor | Approximately 35% |
| All Commercial Lease Terms | 10 years, renewing automatically |
| All Rent Escalations | 3% per annum from October 2007 |
| Leasing Brokers | 5% of gross lease value |
| **Construction Costs** | |
| Commercial Base Building Hard Cost | $135/sf ($150/sf for Parcel 1) |
| Tenant Improvement Allowance | $60/sf |
| Underground Parking | $35,000/space |
| Metro Sitework | $115/ground-foot Parcel 3 X 3,800sf = $437,000<br>$75/ground-foot Parcel 2 + 8th St X 8600 sf = 645,000<br>N/A Parcel 1 — 1,082,000 |
| All Construction Cost Escalations | 3% per annum from October 2007 |
| **Financing Costs** | |
| Construction Loan Rate | 8% Fixed Interest-Only |
| Permanent Loan Rate | 7% Fixed 30-year Amortization |
| Maximum Construction Loan-to-Cost | 80% |
| Maximum Permanent Loan-to-Value | 80% |
| Minimum Permanent Debt Coverage Ratio | 1.2 DCR |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007232

**B. Executive Summary of Economic Information**

LaKritz | Adler Development is offering the following purchase or ground lease terms for the Shaw-Howard/Florida Avenue Parcels:

| Parcel | Purchase Price | Ground Lease Base Rent | Ground lease Term | Increases |
|---|---|---|---|---|
| 1 | $590,000 | $28,143 | 29 years + 7 ten-year renewals | 20% every 10 years |
| 2 | $1,600,000 | $76,320 | 29 years + 7 ten-year renewals | 20% every 10 years |
| 3 | $2,700,000 | $128,790 | 29 years + 7 ten-year renewals | 20% every 10 years |

Purchase settlements will occur prior to construction start, currently estimated as approximately November 1, 2011. Ground rent payments would begin upon substantial completion of construction, currently estimated for January 1, 2013.

**C. Estimated Fair Market Value of WMATA Land**

| Parcel | Purchase Price | Ground Lease Base Rent |
|---|---|---|
| 1 | $590,000 | $28,143 |
| 2 | $1,600,000 | $76,320 |
| 3 | $2,700,000 | $128,790 |

$ 4,890,000

Fair Market Sale Values for Parcel 1 and Parcel 3 were derived by calculating the residual land value at stabilization (not at the end of the 15-year holding period) for the project proposed for each parcel, such that the project would produce a 25% total return on project cost. For Parcel 3, the land value was calculated on the basis of the alternate plan for new office and retail, rather than the hotel plan, for consistency, because the office plan is by-right and the hotel plan is not. (However, the hotel cash flows, assuming approval of the parking reduction, will support the office land valuation.)

For Parcel 2, the return on cost calculations also include the costs and returns associated with the 10-year fee-subordinated ground lease and purchase option held by LaKritz | Adler Development on the much larger abutting 1920 8th Street parcel, and therefore are based on the land residual for the larger combined project that has been proposed. The total return on cost target at stabilization for the combined site is only 20%, because the fee-subordinated 8th Street parcel provides a significant infusion of low-cost equity into the project that significantly increases the leveraged IRR of the project. (In other words, because of the subordinated structure of the 1920 8th Street ground lease, the developer will be able to keep a larger share of a smaller total profit, while still compensating a equity investors at market rates.)

A 20% return on cost (ROC) is generally the lowest return on cost for a new construction real estate project that can be financed by conventional, market-rate construction lenders.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007233

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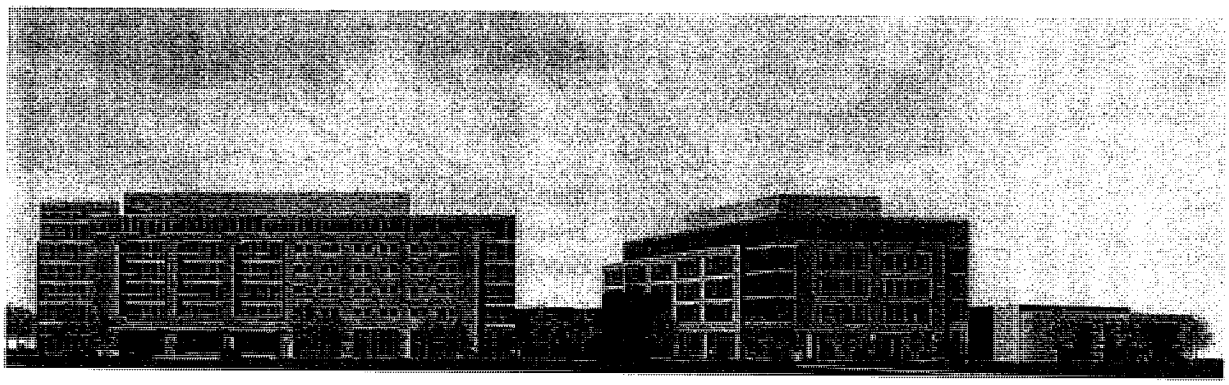
**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007234**

**WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

# PROPOSAL
# SHAW HOWARD/FLORIDA AVENUE JOINT DEVELOPMENT SITES

# VOLUME 1 – TECHNICAL INFORMATION



**Development Proposal**

LaKritz | Adler Development, LLC
4326 8th Street, NW
Washington, DC 20011
Contact: Joshua Adler, Principal
Tel. (202) 882-0808
Fax. (202) 882-0809
josh@lakritzadler.com



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007235

**A. Transmittal Letter**

4326 8th Street, NW
Washington, DC 20011

October 5, 2007

Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001

To Whom It May Concern:

As an authorized officer of LaKritz | Adler Development, LLC, I hereby state that this proposal is valid for a minimum of 180 days from the date of submission. If selected, we will negotiate in good faith with WMATA.

Sincerely,

Joshua A. Adler
Principal & Co-Managing Member
LaKritz | Adler Development, LLC



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007236**

**B. Completed Proposal Form**

[EXHIBIT A – 3 PAGES]



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007237**

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**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007239**

## D. Executive Summary

LaKritz | Adler Development, a leading Washington D.C.-based, LSDBE-certified development company best known for its work in the Shaw, U Street and Georgia Avenue communities, working with a team that includes the Warehouse Theater of Shaw, DANAC Corporation, a leading regional commercial and mixed-use development company (developer of the one million square foot Rockville Town Center), and Milestone Capital Corporation, a leading regional hotel developer and operator (developer of Silver Spring's Hilton, Hampton Inn and Homewood hotels), proposes to acquire and develop WMATA Parcels 1, 2 and 3, either through a purchase or ground lease.

Plans for each of the three WMATA parcels include:

- *Parcel 1* – We will build a 4,124 square foot free-standing neighborhood restaurant and performing arts center in joint venture with the Warehouse Theater, keeping the Warehouse Theater in the Shaw neighborhood. This is a by-right plan that requires no zoning relief or public subsidies, and advances the goals expressed in the D.C. Office of Planning's "Duke Plan" by creating a new entertainment destination in the Uptown Arts Overlay. To the chagrin of the Shaw community, the Warehouse Theater is being forced to relocate from its historic property on 7th Street NW and away from the Greater Shaw/U Street area.

- *Parcel 2* – We will build a 90,000 square foot, 4.5 FAR, LEED-Certified, five-story retail and office building with 44 underground parking spaces and approximately 14,000 square feet of ground floor retail (**accomplished by combining Parcel 2 with LaKritz | Adler's 11,320 SF parcel at 1920 8th Street**). **This is a maximum density by-right plan that requires no zoning relief or public subsidies.** Preferred retail tenants would include locally-owned businesses, such as a neighborhood-anchoring restaurant operated by LaKritz | Adler (similar to its well-known bistro, *Temperance Hall*, located by the Georgia Avenue/Petworth Metro Station) and businesses encouraged by the Arts Overlay. Upper-floor commercial tenants might include the Academy for Learning Through the Arts (ALTA) or the Meridian School, both established U Street-area public charter schools currently seeking expansion space, as well as local professional services firms, local non-profits, arts groups, institutions and associations who can no longer afford office space downtown and prefer an emerging neighborhood location with U Street's amenities.

- *Parcel 3* –We will build a 72,000 square foot, 4.5 FAR, LEED-Certified, six-story upscale boutique hotel serving Howard University, the Convention Center, and the Greater Shaw/U Street area. The hotel will include at least 8,000 square feet of retail and approximately 145 guest rooms. Possible flags include Marriott's Spring Hill Suites, Hyatt's Hyatt Place, Starwood's Aloft, and Intercontinental's Indigo. **This is a maximum density plan that does not require any public subsidy,** and is by-right except for a possible parking



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007240

reduction, owing to the presence of the Metro tunnel beneath the site. The hotel would incorporate substantial neighborhood retail, restaurant and entertainment options, all consistent with the Duke Plan. There is not a single hotel serving any of these markets today.

As an alternative plan to hotel that would not require any zoning relief, and depending on market conditions, we may build a 72,000 square foot, 4.5 FAR, LEED-Certified five-story office and retail building, maximum density by-right with at least 8,000 square feet of ground floor retail and 34 parking space.

Given LaKritz | Adler's long-standing presence and development experience in the U Street area, as well as our unique knowledge of and history with these specific sites, we believe these plans represent the highest and best uses for this site. The uses we have proposed best embody the overlapping goals of the Duke Plan, the principles of Transit-Oriented Development, the intentions of the Uptown Arts Overlay, and the wishes and desires of the Mayor's Office of Planning, the Advisory Neighborhood Commission, and the surrounding community.

## KEY FEATURES OF THE LAKRITZ | ADLER PROPOSAL

### *A. Exclusive Control of Major Adjacent Parcel*

LaKritz | Adler Development has ratified a 10-year fee-subordinated ground lease and purchase option on 1920 8th Street, the vacant 11,320 square foot parcel abutting Parcel 2, currently owned by Medal, Inc. Without this parcel, it is impossible to build underground parking to serve a new building on Parcel 2 and to maximize the FAR, efficiency and marketability of this site in a by-right project.

LaKritz | Adler has also been in talks with Howard University regarding the incorporation of the Howard-owned 21,000 square foot CVS parcel abutting Parcel 3 and possible joint development plans for combining this site with Parcel 3 to expand the planned hotel facility. LaKritz | Adler and its hotel development partner have completed initial feasibility studies for these sites. We believe Howard University administration is favorable toward our hotel and commercial development plan and may be interested in a joint development plan. **However, our plans are in no way contingent on reaching any kind of agreement with Howard University.**

### *B. Unique Knowledge of the Site*

In 2005, LaKritz | Adler designed a six-story mixed-use building for 1920 8th Street adjacent to Parcel 2, obtained ANC endorsement of the design, obtained preliminary Historic Preservation and Review Board approval for the design, and performed extensive due diligence, construction budgeting and value engineering for the site, including all the special due diligence, foundation engineering reports and estimates necessary to construct a six-story building with several levels of underground parking adjacent to this specific Metro tunnel and fan system. In addition, LaKritz | Adler commissioned architectural designs from CORE Architects, engaged in pre-construction



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consulting with Forrester Construction, and received an engineering study with foundation cost estimates from Muesser & Rutledge Engineers (who performed the original engineering studies for this portion of the Green Line) specifically with regard to the costs of building similar structures on Metro Parcels 1, 2 and 3, in preparation for an offer on these parcels. LaKritz | Adler has detailed knowledge of the special costs of construction on these specific sites, as well as the relationships with the HPRB, local community leaders and the ANC with respect to these specific sites, that no other developer could have at this stage in the WMATA solicitation process.

Therefore, LaKritz | Adler is highly confident that its development plans for these sites take into account the unusual foundation and engineering costs associated with building on these parcels, and the true sentiments of neighborhood leaders, the ANC and HPRB with respect to these sites. WMATA, in turn, can be highly confident that LaKritz | Adler's proposed purchase and lease terms are the real numbers for this site, not highball estimates that will have to be revised later when the developer performs its due diligence and learns the real costs of building above and beside the Metro tunnel on these parcels.

*C. Relevant Community Design and Construction Experience*

LaKritz | Adler is closely integrated in the U Street / Shaw community, and is one of the most highly respected developers within this submarket. LaKritz | Adler and CORE, the lead architect for the proposed project, are currently constructing *Moderno*, a 35,000 square foot mixed-use new construction project at 1939 12th Street, three blocks due west of Parcel 1 (www.lovemoderno.com), in the same ANC and Historic District as the proposed project. LaKritz | Adler also redeveloped the historic Watha T. Daniels building on 9th Street, the Veritas Building on Florida Avenue, and the Temperance Hall building on Georgia Avenue – streets that intersect at the proposed sites. Indeed, the principals of LaKritz | Adler live on Florida Avenue and on 8th Street.

CORE Architects was the lead architect for the 44,000 SF retail and office building directly over the U Street Metro Station at 13th and U Streets, as well as a number of other relevant projects, such as the National Minority AIDS Council headquarters at 13th and U, the Atlas Performing Arts Center on H Street, NE, and the XM Satellite Radio Headquarters at Florida and New York Avenues.

LaKritz | Adler's commercial development partner DANAC Corporation, based in Bethesda, Maryland, is one of the Washington area's leading commercial developers, having developed more than four million square feet of new office and retail space in the metro area, including the one million square foot Rockville Town Center, widely recognized for its adherence to Transit-Oriented Development principles and new urban design.

LaKritz | Adler's hotel development partner, Milestone Capital Corporation, in Silver Spring, Maryland, is one of the region's leading hotel developers and operators. Local developments include the Silver Spring Hilton, Silver Spring Hampton Inn, and Silver



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007242

Spring Homewood Suites. Milestone has acquired or developed 19 hotels totaling over 3,000 rooms since 1996.

*D. Community Support and Amenities*

LaKritz | Adler believes the development plan and amenities it is proposing most strongly deliver on the wishes and desires expressed to us by the surrounding community, the Executive Office of the Mayor and the Office of Planning, all of whom support these new retail, office and hotel projects in this immediate location, in order to create the 18-hour business district called for in the Duke Plan. We know, for example, that many neighborhood leaders are generally opposed to new residential projects for these sites, believing that the area is "saturated" with new residential projects (over 1,500 residential units are now in construction or in planning within a three-block radius of the WMATA parcels). We know that the community desires more "daytime traffic," activity tha office and hotel uses will generate, and that residential will not.

*E. Ground Lease Option*

Because LaKritz | Adler is proposing commercial projects for all three parcels, it can offer to ground lease all three sites from WMATA, as is WMATA's expressed preference. However, our preference would be to purchase the lots, and we have provided pricing for both scenarios.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007243**

## E. Development Team Information

### 1. Developer and Development Team Description

*Lead Developer: LaKritz | Adler Development (www.lakritzadler.com)*

LaKritz | Adler Development, is a Washington D.C.-based, LSDBE-certified real estate development company. Its principals, Robb LaKritz and Josh Adler, are D.C. Resident Business Owners (RBO); Robb LaKritz lives on 8th Street, NW, and Josh Adler lives on Florida Avenue (which intersect at the WMATA parcels in question.)

LaKritz | Adler is well-regarded as a leading community developer in D.C. (See attached EXHIBIT B from Summer 2007 *On Site* Magazine featuring the company as the leading "Shaw / Petworth" neighborhood developer, and EXHIBIT C from July 2007 *DC Modern*). LaKritz | Adler has completed over two dozen residential, retail and commercial projects in the District, the majority of which are in the Greater Shaw/U Street area and along the Georgia Avenue corridor. A few of LaKritz | Adler's relevant projects include:

- *Moderno.* LaKritz | Adler is currently developing and constructing a 35,000 square foot new construction mixed-use project at 1939 12th Street, three blocks due east of Parcel 1, and one block west of the U Street Metro Station, in the same ANC and historic district as the WMATA Parcels. LaKritz | Adler obtained ANC, HPRB and BZA approvals for Moderno.

- *1920 8th Street.* LaKritz | Adler acquired an 11,320 square foot long-vacant parcel adjacent to WMATA Parcel 2, and obtained final ANC and preliminary HPRB endorsement for a 50,000 SF mixed-use project (the further development of which it has postponed pending WMATA's decision with respect to Parcels 1, 2 and 3.)

- *The Veritas Building.* LaKritz | Adler acquired, renovated and leased a 13,000 square foot historic retail and office building at 2031 Florida Avenue. The project includes a signature LaKritz | Adler neighborhood-anchoring restaurant, "Veritas," which opened in September 2007 to rave reviews.

- *Temperance Hall.* LaKritz | Adler purchased a 1,500 square foot commercial shell one block south of the Georgia Avenue/Petworth Metro Station and transformed it into a 6,000 square foot restaurant and office building featuring the neighborhood bistro Temperance Hall and the Yoga House yoga studio. The result has been widely acclaimed, featured twice on the front page of the *Washington Post*, broadcast on *Fox News*, and cited in numerous other publications. (In this proposal, LaKritz | Adler proposes to bring several new neighborhood restaurants similar to Temperance Hall to the Shaw/U Street community.)

- *First Baptist Church of Silver Spring (8415 Fenton Street).* LaKritz | Adler recently formed a joint venture with the First Baptist Church of Silver Spring to redevelop a prominent two-acre site in downtown Silver Spring, at the prime corner of Wayne and Fenton Streets, directly across from the Silver Spring Whole Foods Market. LaKritz |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007244**

Adler will construct a 200,000 square foot retail and office project, including a new church.

- *3646 Georgia*: LaKritz | Adler has commenced development of a new mixed-use project at the long-vacant corner of Georgia and New Hampshire Avenues, directly across from the Georgia Avenue/Petworth Metro Station. A key component of the development has been the successful negotiation of an environment remediation and closure plan with the District's Department of the Environment.

- *4201-4205 Georgia.* LaKritz | Adler is acquiring the corner of Upshur and Georgia Avenues, where we will renovate the existing building as a mixed-use retail and office development.

- *The Watha T. Daniels House.* LaKritz | Adler purchased, restored and leased the historic home and business of Shaw pioneer and 1920's neighborhood activist, Watha T. Daniels. This landmark mixed-use building is located on 9th Street in Shaw, just a few blocks south of the site.

- *Kettering Crossing.* LaKritz | Adler acquired and repositioned a 30,000 square foot neighborhood retail center in Upper Marlboro, Maryland.

The principals of LaKritz | Adler are Robb LaKritz and Josh Adler. Prior to co-founding LaKritz | Adler Development, Robb M. LaKritz was a real estate attorney with the Washington, D.C. firm of Baker, Donelson, Bearman and Caldwell. Mr. LaKritz served as Senior Advisor to the United States Treasury Secretary and is a Phi Beta Kappa graduate of the University of Michigan and Juris Doctorate recipient from Emory University. Prior to co-founding LaKritz | Adler, Joshua Adler was a founder of the biotechnology company iLife Systems in Dallas, Texas. He served as the Chief Speechwriter to two United States Treasury Secretaries, and holds a degree in Economics from Yale University.

*Lead Architect: CORE Architects*

CORE is considered DC's leading retail architecture firm, and is ranked among the top 50 retail architecture firms in the country. CORE is the architect for Moderno at 12$^{th}$ and U, and was the lead architect for 1250 U Street, the 44,000 SF retail and office building built above the U Street Metro Station at 13$^{th}$ and U in 2004. CORE also designed the 7,500 SF headquarters building for the National Minority AIDS Council in the U Street Historic District. Other recent major commercial and arts design credits include Eckington Place, also known as the XM Satellite Radio building at Florida and New York Avenues (250,000 SF), the 58,000 SF Atlas Performing Arts Center on H Street NE, and Square 452, a 380,000 SF new construction retail and office building at Massachusetts Avenue and 6$^{th}$ Street. CORE is also well-known for its destination restaurant work in Washington – recent credits include Mie N Yu, Black Salt, Jackie's, Beck, Lia's by Chef Geoff, and Café du Parc at the Hotel Willard Intercontinental. (See EXHIBIT D – CORE PROFILES)

*Co-Developer (Office) / Equity Partner: DANAC Corporation*



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007245**

DANAC Corporation is a diversified real estate development firm engaged in acquisition, development, construction, and property management. Founded in 1963, DANAC has become known as one of the most prominent developers in the Washington metropolitan area.

From the late 1960's to early 1980's DANAC was a subsidiary of a large publicly held financial services organization that was acquired by the Continental Group (Continental Can Co.) in 1977. Through a series of public to private transactions beginning in 1985, DANAC became a privately held corporation under the ownership of John F. Jaeger. Mr. Jaeger is the sole stockholder of DANAC.

For the past forty three years, DANAC has been active in all aspects of the commercial real estate market. The firm has developed and built over four million square feet of office space in 60 buildings, as well as two major shopping centers. In addition to this commercial space, DANAC has developed three residential projects comprising 966 townhouse and apartment units.

Most prominently, DANAC recently completed development of the new Rockville Town Center, over one million square feet of retail, office, and residential construction, designed with the best in Transit-Oriented Development and New Urban Principles.

These years of experience have enabled DANAC to become uniquely efficient. DANAC projects are routinely completed on time and on budget. DANAC's reputation for quality, reliability, and client satisfaction has attracted prominent tenants such as Federal Express, IBM, Marriott Corporation, Westinghouse, EOSAT, Hewlett-Packard, MERANT, Human Genome Sciences, and Digital Equipment Corporation. DANAC buildings have attracted major institutional purchasers such as Equitable Life Assurance Society and Prudential Insurance.

Other current projects include DANAC Stiles, a 669,000 square foot office park located in the heart of Montgomery County's High Technology Corridor. Phase I, three buildings totaling 280,000 square feet, was occupied by Manugistics, Inc., in May of 2002. Phase II, a 72,000 square foot three-story build-to-suit for Metropolitan Regional Information Services (MRIS), is under construction and will deliver in early 2008.

DANAC is delighted to have the opportunity to partner with LaKritz | Adler Development for this exciting commercial development project in the booming U Street corridor, which has seen tremendous residential growth, but now demands new office and retail growth to create the 18-hour destination district that the city leadership and residents desire. In its role as co-developer, DANAC would advise LaKritz | Adler on the commercial building designs and value-engineering, provide construction management services during construction, and manage operations of the completed office buildings. As an equity partner, DANAC would provide cash equity toward the project as needed, and may offer its (approximately) $100 million net worth toward construction financing requirements. (See EXHIBIT E – DANAC PROFILES)



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007246**

*Co-Developer (Hotel) / Equity Partner: Milestone Capital Corporation*

Milestone Capital Corporation (MCC) was founded in 1996 and is controlled by Sander Mednick and Michael L. Wachtell. MCC is the entity through which the principals of the Milestone Group of Companies (also including Milestone Hotel Partners, Milestone Hospitality Management, and Milestone Development Group) seek to develop opportunities for hotel acquisitions, dispositions, and strategic financing on behalf of the investors of Milestone Hotel Partners. Since 1996, MCC has acquired or developed 19 hotel properties in seven states totaling 3,038 rooms. The Milestone portfolio currently includes 14 hotel properties in seven states totaling 2,371 rooms. The operations of the Milestone portfolio are supported by an equity capital investment of approximately $30 million.

Milestone Hotel Partners is headquartered in Boca Raton, Florida, with satellite offices in Washington, DC, New York City, and Los Angeles.

The Milestone Hotel Portfolio includes:

- Hilton Hotel, Silver Spring, Maryland
- Best Western Inn, Hershey, Pennsylvania
- Best Western Inn, Utica, New York
- Holiday Inn, New Hartford, New York
- Holiday Inn (Harrisburg-Hershey), Grantville, Pennsylvania
- Holiday Inn, DeLand, Florida
- Microtel Inn and Suites, Sulphur, Louisiana
- Days Inn (Cincinnati), Fort Wright, Kentucky
- Days Inn, Frankfort, Kentucky
- Days Inn (Louisville South), Shepherdsville, Kentucky
- The Chateau Resort, Tannersville, Pennsylvania
- The Lancaster Host, Lancaster, Pennsylvania
- The Sturbridge Host, Sturbridge, Massachusetts

Milestone is currently developing the new Hampton Inn and the new Homewood Suites in downtown Silver Spring, Maryland.

In the past ten years, the principals of MHP have been involved in the acquisition and development of more than forty hotels located throughout the United States with an aggregate value in excess of $500 million. Prior to the formation of Milestone Hotel Partners, its principals helped launch Grand Heritage Hotels in 1987. Grand Heritage grew to a collection of seventeen historic, independent hotel properties located throughout the United States, and more than seventy historic international affiliates located in the United Kingdom, Ireland, France, Spain, and Italy. In August 1997, Grand Heritage was sold to Patriot American Hospitality Inc.

Milestone has been in talks with LaKritz | Adler Development for the past several years, looking for the right opportunity to joint venture in the downtown D.C. marketplace with



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007247**

a new boutique, focused-service hotel. We believe WMATA Parcel 3 is an outstanding location for a new upper upscale focused-service hotel serving Howard University, the Convention Center and the greater U Street neighborhood. (Indeed, part of our confidence in the strength of this market comes from the large number of Howard University guests who stay at our Silver Spring Hilton property, the only full-service hotel on the entire length of Georgia Avenue.)

In this project, MCC would advise LaKritz | Adler on hotel design, assist in financing, obtain the best hotel flag for the site, and manage hotel marketing and operations once the project is complete. As an equity partner, MCC may contribute cash and balance sheet support to the construction financing requirements. (See EXHIBIT F – MILESTONE PROFILES)

*Venture Partner / Anchor Tenant: The Warehouse Theater (www.warehousetheater.com)*

The Warehouse Downtown Arts Complex is Washington's leading independent art space. Located in three historic buildings on 7th Street in Shaw, the Warehouse presents the best in theater, music, art, film, dance and happenings. Created in 1994, the complex includes two theaters, a live music venue, a screening room, a bar and café, and several gallery spaces. Over the years, the Warehouse has hosted thousands of performances and artists and continues to be a home to artists (local, national and international) of every variety. Called "an avant garde Kennedy Center," by the *Washington Post*, Warehouse Arts is recognized by both artists and patrons as one of the best live arts spaces in the city. It's a venue that hosts a variety of artists and performances – from gallery exhibitions of local visual artists, to one night shows of punk rock bands, to weekend cabaret evenings to professional theater.

As recently reported in the *Washington Post*, high property taxes are forcing the Ruppert family to sell the 7th Street properties they have owned for 120 years and find a new home for the Warehouse Theater complex. In this proposal, the Warehouse Theater would form a JV with LaKritz | Adler to develop and operate Parcel 1 as a freestanding restaurant and live entertainment venue that would keep the Warehouse Theater in the Shaw community.

*Prospective Tenant: The Academy for Learning Through the Arts (www.alta-pcs.com)*

The Academy For Learning Through the Arts opened its doors to 59 students in September of 2005. ALTA found space in the Augustana Lutheran Church near 16th and U just ten days before it opened its doors to students. ALTA's mission is to educate students for a productive adulthood through a demanding academic and arts interrelated curriculum, a vibrant school culture, highly qualified teachers, involved parents and strong ties to the community. ALTA evolved from Patricia Mitchell's successful 30 year experience as director of the Fillmore Arts Center, an award-winning arts education program and summer camp which has served thousands of District students. ALTA's teachers are trained by the Kennedy Center's Changing Education Through the Arts (CETA) program. ALTA is the only DC school selected for inclusion in this program.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007248**

ALTA has been called by its new parents "the hidden gem of the charter schools". Its five-year goal is to grow to 300 students and to add 7th and 8th grades to the school.

The planned commercial building to be built on Parcel 2 and 1920 8th Street would offer ALTA enough space to accommodate our growth trajectory, while keeping the school in the U Street neighborhood that its cherishes, given its history of music and theater. ALTA would also use the neighboring community theater space for student performances and events – a crucial and unique benefit for its arts education program.

Patricia Mitchell, ALTA's founder, served for 27 years as an administrator in the District of Columbia Public Schools system, during which time she established the Fillmore Arts Center, an award-winning arts-integrated education program serving kindergarten through grade eight students from six elementary schools. She has served as a consultant for the U.S. Department of Education, assisting in identifying exemplary arts education programs, and has consulted with new and emerging arts-integrated educational programs nationally. Ms. Mitchell received the *Jeffrey Lawrence Award* in recognition of exemplary dedication, talent, and achievement from the International Network of Schools for the Advancement of Arts Education, and the Mayor's Art Award for Excellence in Arts Education from the D.C. Commission on the Arts and Humanities. Ms. Mitchell serves as Secretary for the DC Arts and Humanities Collaborative, and is a member of the governing boards of the Network (see above) and the National Arts and Learning Collaborative (Boston, MA). MA: Educational Administration and Supervision (University of the District of Columbia); BA: Sociology (Newton College).

ALTA might occupy up to two floors of the building planned for Parcel 2.

### 2. Developer Authority

LaKritz | Adler Development, LLC, as Developer, has the power and authority to enter into a Development Agreement and all final documentation as required by WMATA without the consent or joinder of any other party or authority.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007249**

## F. Development Entity

### 1. Description of Business Entity

LaKritz | Adler Development, LLC, is a District of Columbia Limited Liability Company (LLC). Its sole owners and managing members are Robb LaKritz and Joshua Adler, with each managing member controlling 50% of the economic and voting interests.

1920 8th Street, LLC, is a Delaware LLC which owns the 10-year fee-subordinated ground lease and purchase option on 1920 8th Street, NW. Its sole owners and managing members are Robb LaKritz and Joshua Adler, with each managing member controlling 50% of the economic and voting interests.

If awarded Parcels 1, 2 and 3, the Developer will form three new single-purpose entities, all Delaware Limited Liability Companies, to take title to and develop each of the parcels as an independent entity. The ownership and control of each new LLC will be the same as for LaKritz | Adler Development, LLC, except as agreed with the co-developers and equity partners following formation of the new entities.

### 2. Project Ownership and Management

The Project's owner and manager will be LaKritz | Adler Development, via the new single purposes entities formed for the exclusive control of each parcel, except as agreed with co-developers and equity partners prior to commencement of construction.

In its role as co-developer, DANAC may advise LaKritz | Adler on the commercial building designs and value-engineering, provide construction management services during construction, and manage operations of the completed office buildings. As an equity partner, DANAC may provide cash equity toward the project as needed, and offer its $100 million net worth toward construction financing requirements.

In this project, Milestone Capital Corporation would advise LaKritz | Adler on hotel design, assist in financing and obtaining the best hotel flag for the site, and manage hotel marketing and operations once the project is complete. As an equity partner, MCC would contribute cash and balance sheet to the construction financing requirements.

LaKritz | Adler Development, LLC, reserves the right to include or exclude these and any other co-developers, joint venture partners and/or equity investors from the projects pertaining to any of the parcels at any time and in its sole discretion. The inclusion of the co-developers (DANAC and Milestone) is not an irrevocable commitment by either co-developer to participate or invest in the projects described, and inclusion or cooperation may be withdrawn at any time in the sole discretion of the co-developer.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007250**

## G. Proposed Site Plan

[SEE EXHIBIT G -- Elevations, Renderings and Floor Plans]

[Also See Enclosed 2' x 3' Full Color Visual and CD-ROM]

*1.* ***Parcel 1*** *- 4,124 SF Freestanding Retail/Restaurant Building*

At Parcel 1, we propose to build a 4,124 square foot free-standing neighborhood performing arts center and restaurant in joint venture with the Warehouse Theater, keeping the Warehouse Theater in the Shaw neighborhood. This is a by-right plan that requires no zoning relief or public subsidies, and advances the goals expressed in the D.C. Office of Planning's "Duke Plan" by creating a new entertainment destination in the Uptown Arts Overlay. (To the chagrin of the Shaw community, the Warehouse Theater is being forced to relocate from its historic property on 7th Street NW and away from the Greater Shaw/U Street area.)

This freestanding 4,124 square foot performing arts center and restaurant, designed by CORE (architect for the Atlas Theater), may be operated as a joint venture between LaKritz | Adler and the Warehouse Theater. The building will serve as the new home for nearly all the Warehouse Theater's functions. The building will include approximately 3,440 square feet of ground floor seating, kitchen and stage area, and approximately 684 square feet of mezzanine area, overlooking the main dining and entertainment areas. This footprint leaves room for one parking space on the site, satisfying the full zoning requirement for this structure and use.

The primary justification for this building plan is that Parcel 1, (at 3,800 SF,) is too small to accommodate any underground parking, and too small for an efficient multistory structure. The proposed building is the largest building that can be built on the site while meeting parking requirements on-site for this zone. The only immediately adjacent private parcel, which is approximately 3,000 square feet immediately to the south of Parcel 1, is occupied by two small, tenanted, historically-protected row house structures which therefore cannot be demolished, and in any case, even if these structures could be demolished, the addition of the 3,000 square foot lot would insufficient to alter the basic development plan for this corner site.

The arts use has the additional benefit of generating 8,248 square feet of Arts Overlay bonus credits, which can contribute to the non-arts commercial FAR on Parcel 2 through a combined lot development agreement which the developer will execute between Parcels 1 and 2.

*2.* ***Parcel 2*** *- 89,483 SF By-Right, 5-Story Arts-Oriented Commercial Building, including 14,000 rentable SF ground floor restaurant, entertainment and retail space, approximately 71,000 rentable SF office area, and 44 underground parking spaces.*



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007251**

On Parcel 2, LaKritz | Adler proposes to build an 89,483 square foot, 4.5 FAR, LEED-Certified, five-story retail and office building with 44 underground parking spaces (**accomplished by combining Parcel 2 with LaKritz | Adler's abutting 11,320 SF vacant parcel at 1920 8th Street, to create a combined lot area of 19,892 SF**). This is a maximum density by-right plan that requires no zoning relief or public subsidies. Preferred retail tenants would include locally-owned businesses, such as a neighborhood-anchoring restaurant operated by LaKritz | Adler (similar to its well-known bistro, *Temperance Hall*, located by the Georgia Avenue/Petworth Metro Station) and businesses encouraged by the Arts Overlay. Upper-floor commercial tenants might include the Academy for Learning Through the Arts (ALTA) or the Meridian School, both established U Street-area public charter schools currently seeking expansion space, as well as local professional services firms, local non-profits, arts groups, institutions and associations who can no longer afford office space downtown and prefer an emerging neighborhood location with U Street's amenities. Indeed, LaKritz | Adler is already planning a 50,000 SF commercial building with similar functionality and design to stand alone on the 1920 8th Street site, and will proceed with these plans in the event that the lots cannot be assembled.

The 44 parking spaces, which will fit on a single level of underground garage beneath the site, thereby not encroaching on the Metro tunnel easement, would meet or exceed the Arts Overlay parking requirements for the building in the by-right scenario, assuming certain favored uses in a portion of the retail space.

The 89,483 SF commercial building without PUD is by-right because of the Arts Overlay bonus FAR generated by the restaurant, retail and arts uses in the planned building, in addition to the bonus FAR generated by the restaurant on Parcel 1. If for some reason the Developer decided to reduce the Arts Overlay bonus uses in the building, there is a fluid market for the purchase and transfer of Arts Overlay credits at reasonable prices, sufficient to put the entire building into commercial use without any arts-bonus uses in the building itself.

The14,000 SF retail space will include one or several restaurants. Any non-restaurant retail will be Arts Overlay favored uses.

The Academy for Learning Through the Arts (ALTA), a popular and growing public charter school located in the U Street corridor may relocate to a larger, new space on the second and third floors of Parcel 2, and will share in the use of any theater space for student educational purposes.

3. ***Parcel 3*** *- 72,000 SF By-Right, 6-story Hotel with at least 8,000 SF Restaurant and Retail, and approximately 34 underground parking spaces*

On Parcel 3, LaKritz | Adler proposes to build a 72,000 square foot, 4.5 FAR, LEED-Certified, six-story upscale focused-service boutique hotel serving Howard University, the Convention Center, and the Greater Shaw/U Street area. Possible flags include



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007252**

Marriott's Spring Hill Suites, Hyatt's Hyatt Place, Starwood's Aloft, and Intercontinental's Indigo. The hotel would contain approximately 145 rooms and at least 8,000 square feet of ground floor retail, possibly more if lobby areas and upper floor areas incorporate retail, restaurant and entertainment functions. This is a maximum density plan that does not require any public subsidy, and is by-right except for a possible parking reduction, owing to the presence of the Metro tunnel beneath the site. The hotel would incorporate substantial neighborhood retail, restaurant and entertainment options, all consistent with the Duke Plan. There is not a single hotel serving any of these markets today.

*Alternative Plan:* As an alternative plan to hotel that would not require any zoning relief, and depending on market conditions at the time of completion of negotiations with WMATA, we may build a 72,000 square foot, 4.5 FAR, LEED-Certified five-story office and retail building, maximum density by-right with up to 12,000 square feet of ground floor retail/restaurant space and 34 underground parking spaces on one level below grade, similar to the proposed structure for Parcel 2.

LaKritz | Adler has found a high level of enthusiasm in the community for a boutique hotel in this location, as there is no hotel serving Howard University or the greater Shaw/U Street community at this time, and few sites remain to build one. LaKritz | Adler and Milestone have completed a favorable initial feasibility study for the site.

LaKritz | Adler will continue its discussions with Howard University and CVS to combine Howard University's 21,000 SF land parcel at 7th Street and Florida Avenue, which is now occupied by a CVS pharmacy and surface parking, with Parcel 3, and thereby build a larger, full-service hotel serving the university, convention center and Shaw/U Street community. **However, LaKritz | Adler's development plans are in no way contingent on reaching an agreement with Howard University.**

**Transit-Oriented Development Principles / Highest and Best Transit Use**

The LaKritz | Adler Development plans described above are the highest and best transit use for the sites, and maximize transit-oriented development principles. Not only does the LaKritz | Adler Office/Retail/Hotel plan maximize density at the parcels in a way that no other plan could—by incorporating the major private parcel adjacent to Parcel 2—it is a quantitatively and qualitatively superior transit-use plan compared to any principally residential plan for the same sites. Because the bulk of new and existing development in this vicinity is now residential, public transit ridership from these areas is primarily outbound in the morning, inbound in the evening. The addition of approximately 71,000 square feet of new office, 145 hotel rooms, and at least 26,000 square feet of new retail would generate substantial "reverse commute" traffic through the U Street and Shaw-Howard Metro Stations, and would add far more bodies to the public transit ridership and daytime pedestrian street presence than a residential plan. At one person per 200 SF-office, 1.5 persons per hotel room at 75% occupancy, 1 hotel employee per 5 rooms, 1 employee per 200 SF-retail, and 50 visitors per day per 1,000 SF-retail, our plan would



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007253**

increase the daily population of the immediate area by about 1,977 persons, most all of whom would use public transportation (given a total of 79 parking spaces in the project). The alternative proposed plan of office rather than hotel on Parcel 3 would increase this figure by another 96 persons per day.

Even if all three WMATA parcels were developed to maximum residential density (impossible on Parcel 1 in any circumstance and impossible on Parcel 2 without 1920 8th Street), and with maximum ground floor retail – this would be 104,950 square feet of residential and 14,183 square feet of retail – assuming 1 unit per 1,000 GSF residential with 1.5 persons and the same retail ratios described above, the total daily population increase from such a plan would only be 937 persons – less than half of the daily population increase from the proposed LaKritz | Adler plan. And that calculation makes an impossible favorable assumption for the residential plan, which is that 4.5 FAR (17,100 SF) could be built on the 3,800 square foot Parcel 1, and that 4.5 FAR (38,543 SF) could be built on the irregularly shaped 8,565 SF Parcel 2, and moreover that residents and retailers would be willing to occupy both of these buildings fully with close to zero parking. In reality, the achievable square footage on those parcels is far lower.

In short, from the standpoint of both transit-oriented development principles, which seek to maximize density and population near transit nodes, and highest and best transit use calculations, no residential/retail plan can come even close to the LaKritz | Adler proposal with mixed commercial uses. Plus, the LaKritz | Adler plan is more favorable for traffic flows, and better meets the desires of community residents and the objectives of the Office of Planning DUKE Uptown Destination District plan.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007254**

## H. Explanation of Impact on WMATA Facilities beneath the Sites

No impact on the WMATA facilities beneath the sites is expected for any of the proposed plans, which do not contemplate any excavation below 19-feet. Monitoring during and after the construction period, typical of new construction within Metro tunnel sphere-of-influence will be performed.

LaKritz | Adler has already commissioned architectural designs from CORE Architects, engaged in pre-construction consulting with Forrester Construction, and received an engineering study with Metro monitoring, loading and unloading, and special foundation cost estimates from Muesser & Rutledge Engineers (which performed the original engineering studies for this portion of the Green Line for WMATA) specifically with regard to the costs of building structures similar to those proposed in the submission on Metro Parcels 1, 2 and 3, in preparation for an offer on these parcels, including one or two levels of underground parking facilities. LaKritz | Adler has detailed knowledge of the special costs of construction on these specific sites and has incorporated these into its financial calculations for the sites.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007255**

## I. Proposed Project Schedule

[See EXHIBIT H -- MS Project Chart Attached]

**LaKritz | Adler Shaw-Howard WMATA JDS Proposal Project Schedule**

| Name | Duration | Start_Date | Finish_Date | Notes |
|---|---|---|---|---|
| **WMATA PROCESS** | 465 days | 1/1/2008 | 4/9/2009 | |
| Term Sheet Negotiations | 120 days | 1/1/2008 | 4/29/2008 | |
| Approval of Selected Developer | 30 days | 4/30/2008 | 5/29/2008 | |
| Development Agreement Negotiations | 120 days | 5/30/2008 | 9/26/2008 | |
| Approval of Development Agreement | 30 days | 9/27/2008 | 10/26/2008 | |
| Study Period | 120 days | 10/27/2008 | 2/23/2009 | |
| Agreements for Assemblage Parcels | 60 days | 10/27/2008 | 12/25/2008 | Optional |
| Development Plan Preparation | 45 days | 2/24/2009 | 4/9/2009 | |
| **BUILDING PERMITS** | 840 days | 4/10/2009 | 7/28/2011 | |
| HPRB Design & Approval | 8 mons | 4/10/2009 | 12/5/2009 | 3 rounds with HPRB |
| BZA Design & Approval | 8 mons | 4/10/2009 | 12/5/2009 | Optional - parallel to HPRB |
| Development Financing Approval | 60 days | 12/6/2009 | 2/3/2010 | |
| Schematic Design / Construction Docs | 6 mons | 2/4/2010 | 8/2/2010 | |
| WMATA Approval of Design | 3 mons | 8/3/2010 | 10/31/2010 | Interspersed with design |
| DCRA Building Permit Approval | 9 mons | 11/1/2010 | 7/28/2011 | Current DCRA delay 12 months |
| **CONSTRUCTION** | 510 days | 7/29/2011 | 12/19/2012 | |
| Construction Financing Approval | 3 mons | 7/29/2011 | 10/26/2011 | |
| Close on Land Purchase | 0 days | 10/26/2011 | 10/26/2011 | Land purchase only |
| Construction: Parcel 1 | 8 mons | 10/27/2011 | 6/22/2012 | |
| Construction: Parcel 2 + 8th St | 14 mons | 10/27/2011 | 12/19/2012 | |
| Construction: Parcel 3 | 14 mons | 10/27/2011 | 12/19/2012 | |
| Substantial Completion | 0 days | 12/19/2012 | 12/19/2012 | |
| **LEASING / STABILIZATION** | 1800 days | 4/10/2009 | 3/14/2014 | |
| Marketing | 24 mons | 4/10/2009 | 3/30/2011 | Start at Dev Plan approval |
| Initial Occupancy | 2 mons | 12/20/2012 | 2/17/2013 | |
| Commence Lease Payments | 0 days | 12/19/2012 | 12/19/2012 | Ground lease only |
| Stabilization / Lease Up | 12 mons | 12/20/2012 | 12/14/2013 | |



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## J. Zoning

### 1. Existing Zoning Classification

Existing zoning classification for all parcels is C-2-B, Arts Overlay, as well as Greater U Street Historic Preservation District. No change will be sought in the zoning classification of the sites. All projects proposed are by-right, with the exception of a parking reduction to be sought for the hotel proposed for Parcel 3 (the alternative plan for Parcel 3 of office and retail would not require any zoning relief at all.)

### 2. Permitted FAR

C-2-B ordinarily allows up to 3.5 FAR for residential uses (including hotel) and up to 1.5 FAR for non-residential uses. However, in the Uptown Arts Overlay, where these sites are located, the by-right maximum density for both residential and non-residential uses may be increased to 4.5 FAR, provided that certain bonus-generating uses are including in the project, or that bonus FAR is transferred from another property within the Arts Overlay that has excess arts credits through a Combined Lot Development agreement (CLD). The proposed projects, as designed and with the tenants contemplated, generate sufficient bonus arts credits to build 4.5 FAR all-commercial projects on both Parcels 2 and 3 without any CLD. However, there are a very large number of excess arts credits available for purchase and transfer from properties within the Arts Overlay (for example, the Studio Theater is currently seeking to sell more than 200,000 square feet of excess arts credits, and the Lincoln Theater possesses well in excess of 200,000 square feet of credits). Under the Arts Overlay rules, virtually every existing building within the Arts Overlay generates unused arts credits that are transferable. The credits trade at rates far below $10 per foot, and LaKritz | Adler will purchase them for this project as needed.



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## K. Proposed Business Relationship and Terms

### 1. Lease Terms

LaKritz | Adler is proposing both lease and purchase terms for all three WMATA parcels, as requested by WMATA. However, we would strongly prefer to purchase, and we believe a sale would be in the best interests of WMATA, as described below. The base lease term proposed for all sites is 29 years, with seven 10-year renewal options, fixed increases every ten years and a market rate renewal option at the end of the final term.

The reason for the 29-year base term is that any lease with a base term of 30 years or longer is construed as a sale by D.C. law, and triggers transfer and recordation taxes, an unnecessary project cost.

Proposed Ground Lease Terms for Parcels 1, 2 and 3

| | |
|---|---|
| Property/Parcels/Premises | Parcels 1, 2 and 3 as described more fully in WMATA solicitation for Shaw-Howard/Florida Avenue Parcels |
| Seller/Landlord | WMATA |
| Purchaser/Tenant | An affiliate or subsidiary of LaKritz \| Adler Development, LLC |
| Study Period | 120 day general study period commencing upon final ratification of binding purchase and sale agreement between the parties, and receipt by Tenant of all due diligence materials from Landlord. |
| Approvals Contingency | In the event that Tenant, prior to Settlement, after diligent and commercially reasonable pursuit of approvals for the properties, determines in its sole discretion that the Minimum Approval cannot be achieved for any Parcel (whether by action of the HPRB, BZA or other regulatory or government agency), Purchaser/Tenant may discontinue the lease obligation for that specific parcel and receive the immediate return of its Deposit, with interest and without penalty. |
| Parcel 1 | A 4,120 SF restaurant with one surface parking space and CT license with entertainment endorsement. |
| Parcel 2 (Subdivided for consolidation with | An 89,483 SF, 5-story, 65-foot high mixed-use commercial office building with at |



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| | |
|---|---|
| Tenant's 1920 8th Street parcel) | least 13,800 SF of ground floor retail or restaurant, and not more than one level of underground parking containing not more than 44 parking spaces, |
| Parcel 3 | A 72,000 SF, 6-story, 65-foot high hotel building with one level of underground parking containing 34 parking spaces. |
| Minimum Approval | A Minimum Approval shall not be achieved if the actual final approval restricts final above-grade square footage, number of floors, building height or use to a lesser amount or value than the specifications of the Minimum Approval, or a condition of such final approval imposes a higher construction or operational cost for the Tenant relative to such cost under the Minimum Approval (except where the higher cost is caused solely by an increase in the approved above-grade area, height, or use of the proposed building relative to the Minimum Approval.) |
| Permits and Zoning | Landlord shall execute any and all documents required for purposes of Tenant obtaining building permits and shall cooperate with and actively support Tenant's permitting and execute applications, plats, subdivisions, site plans, certifications, documents and recordable instruments as may be required by any applicable authority for purposes including, but not limited to, subdivisions, zoning variances, and planned unit developments including or involving the Property. |
| Development Agreements | Landlord will cooperate with Tenant's efforts in joining with other properties for the allocation of development rights to Tenant's construction project, including taking any and all steps required by Tenant to allow Tenant to construct a single building with a single construction loan on a single lot created by joining Landlord's lot with other adjacent lots that have third-party owners different from Landlord and Tenant, or to allow Tenant to obtain a single loan for the purpose of financing the |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007259**

| | |
|---|---|
| | development, construction, stabilization or operation of such building. |
| Construction | Tenant shall be permitted to construct mixed-use retail and/or office and/or hotel uses, or any other legal use on the Premises in Tenant's sole discretion, in compliance with all laws and thereafter to alter and replace the same, without Landlord's consent except with respect to reasonable and prompt engineering review of any plans with respect to their impact on adjacent WMATA facilities. Landlord's approval of plans shall be prompt and not to be withheld absent showing of structural defect or non-compliance with law. |
| Rent Increases | Annual Base Rent shall increase by 20% at the end of each ten year period, and at the commencement of each ten year renewal. |
| Lease Commencement | Monthly lease payments to commence upon completion of construction and issuance of final Certificate of Occupancy for each completed building, not to exceed 60 months from final contract ratification. |
| Memorandum of Lease and other Documentation | Tenant shall receive a recorded memorandum of lease and a recorded memorandum of purchase option, title affidavits, certificates, lien waivers, corporate resolutions and other documents and information requested by Tenant's title company in support of a leasehold title policy. |
| Additional Renewals | At the end of Tenant's final renewal period under this Lease, and each Additional Renewal period herein described, Tenant may elect to renew the Lease at Fair Market Value, based upon its residual land value at the time of renewal exclusive of the value of any improvements, for an additional ten year period. |
| Right of First Refusal | At any time during the Lease Term, if Landlord shall elect to sell or transfer the Property, Landlord shall first offer to sell Property to Tenant at the price for which |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007260**

| | |
|---|---|
| | Landlord intends to offer the Property for sale or transfer. In the event the parties do not reach agreement on the offered price, Landlord may then offer the Property to the public, but may not accept an offer less than the price offered to Tenant without first offering the Property to Tenant at the lower price. |

### 1. Sale Terms

LaKritz | Adler prefers to purchase, rather than ground lease, all three parcels, and we believe this is more advantageous to the development plan and to WMATA, as described below.

Proposed Purchase Terms for Parcels 1, 2 and 3

| | |
|---|---|
| Property/Parcels/Premises | Parcels 1, 2 and 3 as described more fully in WMATA solicitation for Shaw-Howard/Florida Avenue Parcels |
| Seller/Landlord | WMATA |
| Purchaser/Tenant | An affiliate or subsidiary of LaKritz \| Adler Development, LLC |
| Study Period | 120 day general study period commencing upon final ratification of binding purchase and sale agreement between the parties, and receipt by Purchaser of all due diligence materials from Seller. |
| Approvals Contingency | In the event that Purchaser, prior to Settlement, after diligent and commercially reasonable pursuit of approvals for the properties, determines in its sole discretion that the Minimum Approval cannot be achieved for any Parcel (whether by action of the HPRB, BZA or other regulatory or government agency), Purchaser may discontinue the purchase obligation for that specific parcel and receive the immediate return of its Deposit, with interest and without penalty. |
| Parcel 1 | A 4,120 SF restaurant with one surface parking space and CT license with entertainment endorsement. |
| Parcel 2<br>(Combined with Purchaser's 1920 | An 89,483 SF, 5-story, 65-foot high mixed-use commercial office building |



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| | |
|---|---|
| 8th Street parcel) | with at least 13,800 SF of ground floor retail or restaurant, and not more than one level of underground parking containing not more than 44 parking spaces, |
| Parcel 3 | A 72,000 SF, 6-story, 65-foot high hotel building with one level of underground parking containing 34 parking spaces. |
| Minimum Approval | A Minimum Approval shall not be achieved if the actual final approval restricts final above-grade square footage, number of floors, building height or use to a lesser amount or value than the specifications of the Minimum Approval, or a condition of such final approval imposes a higher construction or operational cost for the Purchaser relative to such cost under the Minimum Approval (except where the higher cost is caused solely by an increase in the approved above-grade area, height, or use of the proposed building relative to the Minimum Approval.) |
| Settlement | 120 days following final approval of building permits, including any WMATA engineering approvals. Not to exceed 42 months following final contract ratification |
| Permits and Zoning | Seller shall execute any and all documents required for purposes of Purchaser obtaining building permits and shall cooperate with and actively support Purchaser's permitting and execute applications, plats, subdivisions, site plans, certifications, documents and recordable instruments as may be required by any applicable authority for purposes including, but not limited to, subdivisions, zoning variances, and planned unit developments including or involving the Property. |
| Development Agreements | Seller will cooperate with Purchaser's efforts in joining with other properties for the allocation of development rights to Purchaser's construction project. |
| Construction | Purchaser shall be permitted to construct mixed-use retail and/or office and/or hotel |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007262**

| | |
|---|---|
| | uses, or any other legal use on the Premises in Purchaser's sole discretion, in compliance with all laws and thereafter to alter and replace the same, without Seller's consent. Seller's approval of plans shall be prompt and not to be withheld absent showing of structural defect or non-compliance with law. |

**2. Explanation for Sale versus Ground Lease**

There are three primary reasons why LaKritz | Adler believes the contemplated development projects and WMATA are better served by a sale of the three parcels, rather than a long-term lease. These are: 1) the real estate market places a high value and allows higher leverage on a project on fee simple land rather than a ground lease, even with all other factors equal, especially for pre-stabilized development projects, so the parcels have a higher present value to WMATA when sold rather than when leased; 2) LaKritz | Adler will be combining Parcel 2 with the adjacent 1920 8th Street parcel (that is subject to a 10-year fee-subordinated ground lease and purchase option), and may achieve assemblages of parcels under different ownership adjacent to Parcel 3 and Parcel 1 – the legal complexity and cost of financing and operating a major construction project on a single lot with multiple, incompatible institutional ownership interests, durations and structures is technically complex; and 3) to attract commercial tenants to the new buildings planned for the sites, LaKritz | Adler will may have to offer purchase options with condominium ownership some -- but not necessarily all -- of the future commercial leases, which would be extremely difficult or impossible to offer if the land under the condominium regime is leased, and moreover, leased from and owned by different owners with different interests, prices and durations.

1) Commercial lenders and the commercial real estate market value a building or project on a ground lease less than a building on fee simple land. Therefore the present value that can be offered to WMATA on a ground lease is significantly less than the present value of a sale. All other facts held equal, a building on a ground lease has less value than a building on fee simple land. This lease versus fee value gap widens as a ground lease term becomes shorter. Indeed, many purchasers and lenders will not finance or acquire a building with a remaining ground lease term of less than 70 years. Because the last owner of the ground lease is left with nothing of value at the end of the final term, the property tends to decrease in value rather than increase in value over time. A building with a given net operating income (NOI) will typically be valued with a capitalization rate that is 50 to 100 basis points higher than the same NOI on a building on a ground lease. For example, a mixed-use commercial building in an emerging neighborhood location similar to the WMATA parcels with a $1 million NOI on fee



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simple land might be valued with a 7% cap rate today, or a sale price of $14.3 million. But the same NOI from a building on a ground lease (assuming the ground lease did not impact the cash flow negatively) would be valued with an 8% cap rate, or a sale value of $12.5 million for the exact same building. Since the land value is calculated as a residual of the building value, this suggests that the present value of the land under the ground lease should be $1.8 million less than the present value of the same land at the same time in a fee simple sale.

Moreover, the NOI of the building on ground lease land may produce a lower net income after debt service compared to the building on fee simple land, because debt secured by a leasehold interest rather than a fee interest tends to be more expensive, require a further reduction of the ground lease value.

The reduction in value from a ground lease rather than fee interest during a construction project is even more extreme. In addition to reducing the market value of the completed project, and thereby reducing the present value of the land, construction lenders find a leasehold interest security that is junior to a landlord's unsubordinated fee interest to be a far inferior form of security compared to the more typical fee interest that the lender usually obtains. This means that the lender will not lend as many dollars for the same project cost, and the loan will be more costly. Many lender will not make any construction loan against an unsubordinated ground lease, regardless of the other terms (and thus, those few that will make such loans charge more for them). This means the project requires a larger cash equity contribution for the same cost, which in turn means the internal rate of return (IRR) on the cash investment will be less because of the lower leverage, turning away many IRR-driven investors, unless the ground lease cost is further reduced to allow the investor to reach its IRR objective from a much higher cash flow (from a much cheaper ground lease) after completion and stabilization.

For example, assume a new construction project that requires 80% debt and 20% equity financing, with total cost of $1 million not including financing cost, and a 20% return on cost, where the project takes one year from start to finish and debt costs 8% per annum. The investor IRR in this case would be about 68% on its $200,000 investment. Now take the same project, but assume 60% leverage, 40% equity. The investor IRR would fall by almost half, to 38% on a $400,000 investment, even though the project profits after debt actually increased. There is much more equity available for a project that will return 68% than a project that will return 38%. (These figures are purely hypothetical, of course, and do not indicate the expected IRR for the proposed projects in any case.)

Given the extraordinary jump in risk premiums in the real estate debt and (therefore) equity markets since July 2007, it is possible that any substantial project (e.g., more than a simple one-story retail box) on these sites on an unsubordinated ground lease will prove to be simply unfinanceable, given the risk multiplier for lenders on the inferior security of an unsubordinated ground lease in an already risky market for new construction. A new construction project in a "transitional neighborhood" secured by an unsubordinated ground lease is about as risky as it gets, from a financier or investor's perspective. Indeed, more than one leading institutional equity investor has commented to us on this



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specific project that they would only be interested in a fee simple deal, to retain control and flexibility with respect to the parcels after construction start.

In the current environment, WMATA should be taking all available steps not only to maximize its present value in the land, but also to ensure its land value by helping the proposed projects to succeed. The best way to do this is to sell the land so that the developer can use the land's full potential value to secure lenders and investors for fair returns in a risky environment.

2) Developing a single building on combined lots with multiple ownership interests and structures introduces greatly increased legal cost and complexity to the project, and reduces the likelihood of securing financing or future marketability. LaKritz | Adler controls 1920 8th Street, abutting Parcel 2, under a 10-year fee-subordinated ground lease and purchase option (a copy of the ratified contract is attached.) The only way to build a maximum density, by-right project on Parcel 2 (and thereby maximize land value and advance transit-oriented development principles) is to combine it with 1920 8th Street. We believe it imposes a significant practical constraint and serious legal and title costs to have to finance a single building on the combined lots when one portion of the combined lot is leased from one third-party wherein that party has pledged its fee interest to the lender and provides a near-term purchase option, and the other portion of the same lot is owned by a different fee-owner (WMATA) whose fee is not subordinated to the lender, and has a completely different ground lease term without a near-term purchase option. Any future buyer of the completed project would have to discount its value significantly for the complexity of the title and the limited financing options likely to be available.

We anticipate the same difficulties if Howard University were to agree to join in the development of Parcel 3 with a joint venture contribution of their CVS site (a reasonably likely outcome, based on recent discussions with Howard.) And it is not impossible that additional sites with different ownership structures could be assembled with Parcel 1 as well.

3. LaKritz | Adler prefers to grant purchase options in office and retail condominium leases to induce prospective tenants to relocate to this location. Based on multiple broker analyses of the proposed project, one important inducement to relocating downtown non-profit tenants and small retailers to this location may be to offer purchase options with their leases. In order to make the proposed projects as desirable to tenants as possible, the developer needs to have this ability, which cannot be granted if the new buildings are on a ground lease, rather than fee simple land. The grant of purchase options with the leases should result in a faster lease up period with higher quality tenants at higher rates, all leading to a higher present value for WMATA's land.

Although LaKritz | Adler is offering ground lease terms for all three sites to WMATA, and would be willing to develop all three sites on a ground lease, it is clear that WMATA is substantially reducing the present value of its land if it insists on an unsubordinated



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ground lease rather than fee simple sale for these sites, and WMATA substantially increases the risk that these projects will prove unfinanceable and unmarketable both to construction lenders and future owners. We recommend fee simple sale of all parcels, to maximize value, flexibility and marketability for all parties.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007266**

## L. Market Analysis and Marketing Strategy

As the project consists of retail, office and hotel components, this section will address market analysis and marketing strategy for each use type.

### 1. U Street/Florida Avenue Retail Analysis and Marketing Strategy
(Prepared for LaKritz | Adler Development by Steve Combs, KLNB Retail)

The U Street Corridor is in the midst of a rapid retail and residential revitalization. Emerging as a full-service retail and cultural destination, the area has benefited from a booming real estate market that has forced home buyers and renters to look to the north and east from the Central Business District and Dupont Circle.

Thousands of new lofts and condominium units have been added to the neighborhood, with a new supply of rental apartments on the way, and retailers have followed. Dozens of new businesses, including numerous home furnishing stores and restaurants, have opened in the area to serve these new urban residents. And with these new urban residents come new urban tastes. The boutique supermarket, Whole Foods, at 14th and P, which caters to the health conscious consumer, has found the neighborhood to be one of their most profitable locations, boasting the highest sales per square foot in the chain. Additionally stores such as Home Rule, Muleh and Maison 14 have located along 14th Street, making it a 'place to be' for home furnishing stores on the cutting edge of new and refreshing selections.

Once an underserved area, the area is now ripe with opportunities for retailers. Residential and office foot traffic is of the utmost importance for the existing retailers, and it is only going to increase. The demand for vibrant and diverse urban living will continue to provide opportunities as newly developed and renovated retail space becomes available. Retail rents are reaching the mid-$40s per square foot neat 14th & U, competing with asking prices in Adams Morgan and parts of downtown. Rents drop into the mid-$30s per foot for new construction leases as we move east along U Street to Florida Avenue.

New restaurants and trendy boutique shops, along with the established landmarks like Ben's Chili Bowl and the Lincoln Theatre, are making the area a "hip" location. Many young people and empty nesters with disposable income are attracted to the area, in part because they like the idea of restaurants, shops, and neighborhood-serving retail being just steps away from their homes. They also like the neighborhood's history and architectural character which contributes to an authentic urban neighborhood with its own identity, look, and style. In other words, it's vibrant, eclectic, and full of urban energy, not some cookie-cutter suburban mall scenario.

The neighborhood does not look like the rest of traditional Washington, and that is a draw. Projects such as Moderno by LaKritz | Adler continue to add to the area's growing population. It looks and feels more urban, more funky, and that is what makes the future of the U Street corridor exciting. More developers and retailers are keeping an eye out



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for opportunities in the area. The developing critical mass of future residents presents ample opportunities for additional services and restaurants.

U Street/Florida Avenue Corridor Demographics

- Over 118,400 daytime employees within a 1 mile radius
- Average weekday traffic count on U Street carries nearly 27,000 vehicles.
- The U Street and Columbia Heights Metro stations together carry 7,200 passengers on weekdays and 3,700 passengers on weekends
- 5,000 residential units are approved, funded, and under construction
- The entire corridor benefits from an Arts Overlay District and business investment incentives
- Designated as a DC MAIN STREET, the *14th & U Main Street Initiative* has created a marketing force to promote the corridors

Recent Retail Comparables

A) Alero's – 1301 U Street, 8,000 SF, $40 - $45 per SF w/$45 in Tenant Improvements (Restaurant) http://alerorestaurant.com/

B) The other Ellington Retailers: Countrywide Home loans, Sala Thai Restaurant, etc: $43 – $47 per SF with Tenant allowances in range of $30-$45 per SF.

C) Mar de Plata – 1410 14th Street, 4,500 SF, $33.50 per SF (Restaurant)

D) Subway – 2007 14th Street, 1,000 SF, $42 - $46.67 per SF (Restaurant) http://www.subway.com/

E) Twins Jazz Club – 1344 U Street, 1,500 SF, $37.50 - $42 per SF (Cafe/lounge) http://www.twinsjazz.com/

F) Children's Place – DC USA, (3224 14th Street, NW), 6,995 SF, $70 psf rent with a tenant allowance of $65 psf

G) Lane Bryant – DC USA, (approx 3208 14th Street), 5,000 SF, $65 psf Rent with a tenant allowance of $70 psf.

H) Vitamin Shop – DC USA, (approx 3228 14th Street), 3,000 SF, $60 psf Rent with a tenant allowance of $65 psf.

I) Panda Express – DC USA, (approx 1407 Irving Street, NW), 2,430 SF, $57 psf Rent with a tenant allowance of $50 psf.

J) Radio Shack – DC USA, (approx 3202 14th Street, NW), 2,700 SF, $72.50 psf Rent with a tenant allowance of $30 psf.

K) Fed Ex Kinko's, Kenyon Square , (approx 3211 14th Street, NW), 2,268 SF, $55 psf rent with a tenant allowance of $25 PSF.

L) BB&T Bank, Kenyon Square, (approx 3205 14th Street, NW), 3,500 SF, $70 psf rent with a tenant allowance of $45 psf.

M) Hanks Oyster Bar, Highland Park (1400 Irving Street, NW), 3,148 SF, $42 psf rent with $60 PSF Tenant Allowance.



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**2. U Street / Uptown Office Market Analysis and Strategy**

(Prepared for LaKritz | Adler Development by Malcolm Marshall, Senior Director, Cushman & Wakefield)

D.C. Office Market Trends

- Record rental rates are forcing tenants out of the core areas of downtown
- Real estate tax pass-throughs are adding $4.00-$5.00 costs for tenants
- "Fringe market" dynamics are gathering momentum:
  - NOMA
  - Navy Yard
  - Massachusetts Ave and 6th (Mt. Vernon Square)
  - Uptown / U Street
- Tenants more conscientious about future growth & protecting themselves from rental rate increases
- LEED design is taking center stage

Marketing Recommendations

- Development of marketing materials
- Aggressive marketing campaign
- Broker mailer
- Direct calling campaign
- Conference displays
- Washington D.C. Economic Partnership
- Charter school consultants
- Local community and ward meetings
- Focus search on realistic prospects
- Capitalize on movement to fringe markets

Leasing Prospects

- Howard University
- DC Government
- Charter Schools
- Community Impact Groups
- Associations / Not-for-Profit Groups
- Foundations
- For Profit Schools
- Active Prospects: Blue Cross/Blue Shield, Kaiser Permanente, Points of Light Foundation, UDC, etc…

Pricing

- $40.00 – $44.00 per square foot full service
- 10 year term
- $55.00 – $60.00 per square foot TI allowance over a defined base building delivery



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- 2.25% escalator
- $2.25 per square foot bump in year 6 in lieu of 2.25% escalation
- 4 – 8 months of rental abatement
- Passthroughs of operating expenses and real estate taxes above a base year

**Florida Avenue / 8th Street NW Office Tenant Size Analysis**

| Project Size | Construction Period | Preleasing | Pricing | Term | TI's | Escalation Bumps | Potential Tenants[1] |
|---|---|---|---|---|---|---|---|
| 50,000 sf | • 12 months to begin<br>• 30 months for completion | 50% within 6 months | $42.00 - $44.00 psf Full Service | 10 Years | $60.00 psf above a warm lit shell | 2.25% $2.25 bump in year 6 | 20,000 – 30,000: **14**<br>30,000 – 40,000: **8**<br>40,000 – 50,000: **8** |
| 90,000 sf | • 30 months to begin<br>• 44 months for completion | 40% within 9 months | $42.00 - $44.00 psf Full Service | 10 Years | $60.00 psf above a warm lit shell | 2.25% $2.25 bump in year 6 | 30,000 – 60,000: **10**<br>60,000 – 90,000: **8** |
| 120,000 sf | • 36 months to begin<br>• 50 months for completion | 35% within 12 months | $42.00 - $46.00 psf Full Service | 10 Years | $60.00 psf above a warm lit shell | 2.25% $2.25 bump in year 6 | 30,000 – 60,000: **10**<br>60,000 – 90,000: **8**<br>90,000 – 120,000: **3-4** |

[1] There are approximately 52 existing Charter Schools in the District that would all be categorized as potential tenants but are not included in the statistics due to a lack of building information at this time. There is also potential for new Charter Schools that would consider the site.



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**Recent Lease Comparables in D.C. "Fringe Markets"**

| Submarket Type / Class | Tenant Name Building Name / Address | Rental Rate Rent Type Square Feet | Execution Date Commencement Date Term | Lease Type TIs (psf) Escalations |
|---|---|---|---|---|
| Ball Park / Navy Yard Office / A | CSC 1201 M Street, SE Maritime Plaza | $39.00 Full Service 125,000 | 09/05/2007 N/A 5 Yrs. | Direct N/A 2% |
| Ball Park / Navy Yard Office / A | Unity Healthcare 1220 12th Street, SE Maritime Plaza II | $37.75 Full Service 25,658 | 07/12/2007 11/01/2007 10 Yrs. 4 Mos. | Direct N/A 3.0%, $2.00 bump in yr. 6 |
| Southwest Office / A | HHS 409 3rd Street, SW Washington Office Center | $48.43 Full Service 21,391 | 07/05/2007 10/03/2007 10 Yrs. | Direct $17.00 Flat |
| Ball Park / Navy Yard Office / A | Parsons 100 M Street, SE | $34.00 NNN 80,000 | 05/12/2007 10/01/2008 10 Yrs. | Direct $60.00 2.5% |
| Southwest Office / A | U.S. Immigration & Customs Enforcement 500 12th Street, SW Potomac Center North | $40.27 Full Service 90,196 | 06/18/2007 01/01/2008 10 Yrs. | Direct $38.30 N/A |
| Capitol Hill / NoMa Office / B | EEOC 131 M Street, NW One NoMa Station | $42.00 Full Service 144,000 | 05/10/2007 07/01/2008 10 Yrs. | Direct $50.00 Flat |
| Southwest Office / A | Cavarocchi Ruscio Dennis Associates 600 Maryland Avenue, SW Capital Gallery - Expansion | $45.00 Full Service 5,970 | 04/25/2007 9/01/2007 7 Yrs. | Direct $60.00 2% |
| Ball Park / Navy Yard Office / A | Sayre & Associates 1201 M Street, SE Maritime Plaza | $39.50 Full Service 3,443 | 04/01/2007 05/01/2007 4 Yrs. | Direct $2.00 N/A |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007271**

| | | | | |
|---|---|---|---|---|
| Southwest<br>Office / A | DC Government<br>401 M Street, SW<br>Waterside Mall / East 4th Street Bldg. | $28.40<br>NNN<br>250,000 | 03/01/2007<br>10/01/2009<br>15 Yrs. | Direct<br>N/A<br>2% |
| Uptown<br>Office / A | A.G. Edwards & Sons, Inc.<br>5301 Wisconsin Avenue, NW<br>Chevy Chase Plaza | $39.00<br>Full Service<br>16,029 | 02/23/2007<br>05/01/2009<br>7 Yrs. 8 Mos. | Direct / Renewal<br>$25.00<br>N/A |
| Capitol Hill / NoMa<br>Office / B | Greenberg Quilan Rosner Research, Inc.<br>10 G Street, NE | $43.00<br>Full Service<br>29,484 | 01/11/2007<br>01/01/2008<br>10 Yrs. | Direct / Renewal<br>N/A<br>2.0%, $2.50 bump in yr. 5 |
| Ball Park / Navy Yard<br>Office / A | Alion Science & Technology<br>1100 New Jersey Avenue, SE (140 M Street)<br>Federal Gateway | $36.00<br>Net of Electric<br>31,000 | 11/29/2006<br>02/02/2007<br>12 Yrs. | Direct<br>$15.00<br>N/A |
| Southwest<br>Office / A | U.S. Immigration & Customs Enforcement<br>500 12th Street, SW<br>Potomac Center North | $40.27<br>Full Service<br>403,897 | 09/28/2006<br>01/01/2007<br>10 Yrs. | Direct<br>$38.30<br>N/A |
| Uptown<br>Office / C | Academy For Educational Development<br>1875 Connecticut Avenue, NW<br>Universal North Bldg. | $38.50<br>Full Service<br>70,238 | 08/08/2006<br>09/01/2007<br>10 Yrs. | Direct<br>N/A<br>N/A |
| Southwest<br>Office / A | Dept of Health & Human Services<br>395 E Street, NW<br>One Patriots Plaza | $45.17<br>Full Service<br>25,000 | 08/01/2006<br>11/01/2006<br>5 Yrs. | Direct<br>N/A<br>N/A |
| Capitol Hill / NoMa<br>Office / A | ACICS<br>750 1st Street, NE | $37.75<br>Full Service<br>15,936 | 06/10/2006<br>06/01/2007<br>10 Yrs. 11 Mos. | Direct / Renewal<br>$33.00<br>2.30% |
| Southwest<br>Office / A | Federal Emergency Management Agency<br>395 E Street, NW<br>One Patriots Plaza | $42.82<br>Gross<br>71,914 | 06/01/2006<br>N/A<br>5 Yrs. | Direct<br>$20.00<br>N/A |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007272**

| | | | | |
|---|---|---|---|---|
| Uptown Office / C | British School of Washington 2001 Wisconsin Avenue, NW | $20.76 NNN 75,000 | 12/10/2006 01/01/2008 12 Yrs. | Sublease $35.00 3.0%, no bump in yr. 6 |

**3. Hotel Market Analysis and Strategy**

(Prepared for LaKritz | Adler Development by Mason Mednick, Executive Vice President, Milestone Capital Corporation)

[See EXHIBIT I -- CUSTOM SMITH TRAVEL RESEARCH REPORT ATTACHED]

**Existing Competitive Supply**

Based on our research, we identified eight area hotels with a total of 1,926 rooms that would compete to varying degrees with the proposed hotel property. The selection of these hotels was based on discussions with hotel management, the facilities offered, location, the nature of the demand accommodated by each, and the similarity of published room rates. There are other independent and chain-affiliated hotels located in the market area that were considered, but ultimately not included in the defined competitive sets, based on their size, room rate structure, marketing orientation, and/or higher quality. A table and map indicating the location of the competitive properties follows.

| Name of Hotel | Open Date | Rooms |
|---|---|---|
| Embassy Suites Washington Convention Ctr | Nov 2005 | 384 |
| Holiday Inn Washington DC On The Hill | May 1970 | 343 |
| Courtyard Washington Convention Center | Jun 1999 | 188 |
| Hilton Garden Inn Washington DC Franklin Square | Jan 2000 | 300 |
| Homewood Suites Washington DC Convention Ctr | Apr 2001 | 175 |
| Hotel Helix | Oct 1979 | 178 |
| Residence Inn Vermont Avenue | Feb 1999 | 202 |
| Courtyard Washington Embassy Row | Oct 1998 | 156 |
| | | 1926 |

***Source: Smith Travel Research***

The competitive hotels are somewhat dispersed around the downtown Washington D.C. market and include hotels located in the area of the Convention Center, Logan Circle and Franklin Square.



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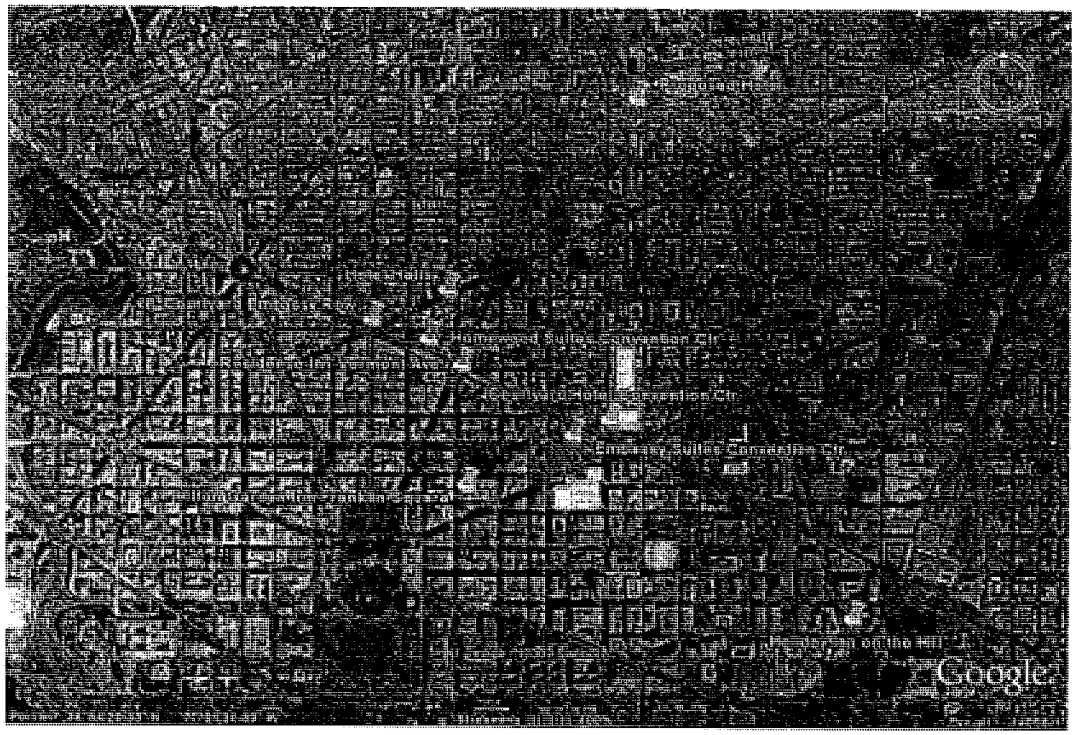


Overall, between 2001 and 2006, the competitive set occupancy increased from 70.0 to roughly 75.3 percent. During the same period, average daily rate dramatically increased from $127.72 to $182.21. The table that follows summarizes the estimated historical performance and market segmentation for the competitive set.

| Year | Annual Occ % | Competitive Set Occupied Room Nights | Competitive Set Average Daily Rate | RevPAR |
|---|---|---|---|---|
| 2001 | 70.0% | 384,655 | $127.72 | $89.44 |
| 2002 | 70.9% | 376,404 | $127.22 | $90.22 |
| 2003 | 71.1% | 400,298 | $127.77 | $90.87 |
| 2004 | 77.0% | 433,505 | $146.25 | $112.65 |
| 2005 | 76.1% | 446,198 | $166.34 | $126.60 |
| 2006 | 75.3% | 529,300 | $182.21 | $137.19 |
| 07/2007 YTD | 81.7% | 333,433 | $196.68 | $160.61 |

**Market Segmentation**

Milestone Hospitality Management, LLC estimates current market segmentation at its owned and operated full-service Hilton Hotel in Silver Spring, Maryland to be 36 percent corporate transient, 20 percent leisure transient, 5 percent government transient, and 39



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percent group. Overall market segmentation of 61 percent transient and 39 percent group business has remained relatively stable over the past several years for this property. Based on the location and product type (focused service) proposed for the subject hotel at the Shaw-Howard WMATA Property, management estimates that the transient to group mix would be closer to 80/20, with a greater emphasis on corporate and government transient business.

The Washington Convention Center will be the primary overflow demand driver for this location with respect to the corporate and association markets. According to the Washington, DC Convention & Tourism Corporation, the Washington Convention Center will attract more than 320,000 delegates for 43 events in 2007 (including 14 citywide conventions with 2,500 or more room nights). Howard University and the federal government will drive group related business. High rated leisure business will be strongest on weekends, when demand from corporate transient and group business subsides. As the nation's capital, Washington, D.C. is a major tourist, convention, and business destination offering a multitude of sights and activities for visitors. The tourism industry is second only to the federal government in size. From the subject property, most D.C. tourist attractions are within a 20 minute walk. Also, metro-rail provides convenient access to most area tourist attractions.

According to the Washington, DC Convention & Tourism Corporation, approximately 15 million people visited the area in 2006, two-thirds of which stayed overnight. A number of new tourist attractions have opened in the past few years, while there are several more still under construction or in the planning process, including the following:

- The new World War II Memorial was formally dedicated on the National Mall during Memorial Day weekend 2004.
- The newest Smithsonian Museum, the National Museum of the American Indian, opened to the public in September of 2004. The museum is located between the U.S. Capitol building and the National Air and Space Museum.
- The National Academy of Sciences officially opened its museum in April 2004. The new 5,700 square foot Marian E. Koshland Museum is located at 500 E Street, NW.
- Future tourist developments proposed to occur between 2006 and 2008 include the Newseum, the National Portrait Gallery, the U.S. Capitol Visitors Center, and the Martin Luther King Jr. Memorial, among others.

**Seasonality Influences**

Room night demand for the market is modestly seasonal with occupancies typically declining from November through January due to a drop in commercial transient, leisure, and group business. Comparatively, March through August are the strongest months due to increased commercial and group demand throughout the week and leisure demand on weekends. October also tends to be a strong month for commercial demand. September and February are considered shoulder months.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007275**

**Brand Contribution**

Milestone Hospitality Management, LLC estimates current brand contribution of occupied room nights at its owned and operated full-service Hilton Hotel in Silver Spring, Maryland to be approximately 58 percent per annum. "Brand Contribution" is defined as total occupied room nights generated through the www.hilton.com website or 800-HILTONS central reservation network. Typical brand contribution among the top franchisors in the hospitality industry (Hilton, Hyatt, Marriott and Starwood) is generally in the range of 35%-55% nationwide. The Hilton Silver Spring achieves a somewhat higher level of brand contribution due to the relative paucity of Hilton family of hotel brands in the local market. Based on the location and product type (focused service) proposed for the subject hotel at the Shaw-Howard WMATA Property, management estimates that brand contribution would account for approximately 50 percent of occupied room nights.



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## M. Summary of Project Impact on Tax Base

1. Identification of Property Taxes, Sales Taxes, Amount of Fees and Contributions and Other Local Public Income.

- Permitting Fees: 1% of project hard cost, plus $10,000
- Property Taxes: 1.85% per year of total property value each year
- D.C. Income Tax on New Jobs Created: 4.5% on income up to $10,000, 7% on income from $10,000 to $40,000, 8.7% on income above $40,000, per job, per year
- D.C. Sales Tax on retail sales: 5.75%
- D.C. Sales Tax on restaurant food and beverage sales: 10%
- D.C. Sales Tax on commercial parking income: 12%
- D.C. Sales Tax on hotel rooms: 14.5%
- D.C. Business Franchise Tax: 9.5% on all business profits earned in the District

**SUMMARY TAX BASE IMPACT ANALYSIS**

| | | |
|---|---|---|
| **ONE-TIME TAX EVENTS** | | |
| **Construction Permitting Fees** | $ | 376,062.60 |
| **Purchase Recordation Tax** | $ | 132,740.00 |
| **Sale Transfer & Recordation Tax** | $ | 2,785,610.58 |
| **Financing Recordation Tax** | $ | 800,628.00 |
| **Construction Job Income Tax on Avg $50k, 50% in D.C.** | $ | 688,464.00 |
| **Legal/Professional Job Income Tax on Avg $120k, 50% in D.C.** | $ | 334,834.00 |
| **Franchise Tax on Development Profits** | $ | 2,493,837.00 |
| **TOTAL ONE-TIME D.C TAXES:** | **$** | **7,612,176.18** |
| **Total Construction/Development Jobs Created:** | **473** | |
| **Jobs Created in D.C. Only:** | **237** | |
| **ONGOING TAXES ON OPERATIONS (at stabilization)** | | |
| **Restaurant & Retail Sales Taxes** | | |
| Parcel 1 | $ | 213,554.00 |
| Parcel 2 | $ | 623,107.00 |
| Parcel 3 | $ | 385,300.00 |
| **Restaurant/Retail Jobs Income Tax on Avg $30k, 75% D.C.** | $ | 182,345.00 |
| **Office Jobs Income Tax on Avg $75k, 50% D.C.** | $ | 989,797.00 |
| **Hotel Jobs Income Tax on Avg $45k, 60% D.C.** | $ | 51,939.00 |
| **Hotel Taxes** | | |
| Room Sales @ 14.5% | $ | 1,458,958.00 |
| Dining Sales @ 10% | $ | 93,985.00 |
| **Parking Taxes All Parcels @ 12%** | $ | 27,752.00 |
| **Property Taxes (1.85%/year on pro forma cap rate values)** | | |
| Parcel 1 Value | $ | 60,780.79 |
| Parcel 2 Value | $ | 895,240.03 |
| Parcel 3 Value | $ | 761,772.37 |
| **TOTAL ONGOING D.C. ANNUAL TAXES GENERATED** | $ | 5,744,530.19 |
| **Long-Term Jobs Created:** | **514** | |
| **Long-Term D.C. Jobs Created:** | **293** | |



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007277**

## N. Community Organization Meeting

On September 26, 2007, the principals of LaKritz | Adler Development met with Myla Moss, Single Member District representative of ANC 1B for the Shaw-Howard/Florida Avenue WMATA parcels. In addition, LaKritz | Adler has shared its first-round WMATA submission and further details of its plan with Phil Spalding, ANC 1B Commissioner and Secretary, and Dee Hunter, ANC 1B Commissioner and Chairman.

Prior to being selected as a finalist for this JDS, LaKritz | Adler Development principals had met with these commissioners on several occasions to discuss the ongoing plans and developments for these sites and 1920 8th Street. LaKritz | Adler also presented specific design plans for 1920 8th Street to the full assembled ANC at a regularly scheduled ANC meeting in early 2006, and won full ANC endorsement for the plans in a public vote.

LaKritz | Adler's submission to WMATA for these sites has been based, from the outset, on input from the community, which LaKritz | Adler sought in advance of its first round submission, because we have been developing 1920 8th Street and contemplating an assemblage with the adjacent WMATA parcels for several years, and have kept the ANC apprised of developments with the WMATA sites throughout that period (prior to the JDS announcement). Indeed, community representatives over the years have repeatedly asked LaKritz | Adler if it could somehow obtain control of the WMATA parcels to incorporate them into its planned 8th Street project to get the long-vacant lots developed in conjunction with 1920 8th Street.

Community representatives including Commissioner Moss, Commissioner Spalding and others have repeatedly voiced their enthusiasm specifically for new office and hotel on these sites, including at the meeting on September 26. Moreover, these commissioners and others have expressed their disfavor for additional residential projects on these sites, because over 1,500 new residential units are now in construction or planning within a three-block radius of the JDS sites, and the general community feeling is that there is a glut of residential in the area. Additional community concerns pertaining to daytime versus evening uses include that there is a dearth of people during the day in this location, which means a lack of support for daytime retail and restaurant and street life, while the excess of evening inhabitants (workers returning home and visitors for evening activities) means a shortage of parking at night and an excess of nightclubs, versus legitimate restaurants and other retail which need daytime traffic to thrive.

There was strong support for LaKritz | Adler's ability to complete the proposed projects without seeking an increase in the 65-foot height limit through a Planned Unit Development process, especially in light of the Historic Preservation Overlay in effect. The principle concern was not that the community would not support the greater height and density under a PUD, which for these specific projects on these sites would be forthcoming, given the widespread support for new hotel and office space here (though it was noted that community support would probably not be forthcoming for a residential project PUD on these sites.) Rather, the concern was that the Historic Preservation and Review Board process would greatly delay and economically hamper a project seeking to



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007278

exceed current height limits for any purpose, and the community wants a project with the greatest probability of approval and commercial success, without contingencies for PUD, unlikely HPRB approvals, or any public financing or subsidies. Also, there was great concern that any residential project, given the current state of the market, would ultimately have to rely on public subsidies to succeed, whether stated or not in the JDS, and would ultimately fail to get such financing or meet pre-sale requirements, tying up the vacant JDS sites for many more years and further delaying the completion of new development on these prominent lots.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007279**

## O. Local Jurisdiction Meeting

On September 20, 2007, the principals of LaKritz | Adler Development met with five representatives of the D.C. Office of Planning and the Mayor's Office of Economic Development regarding our Shaw-Howard/Florida Avenue JDS proposal. Jurisdictional staff present included:

- Geraldine Gardner, Associate Director, Office of Planning
- Zach Dobelbower, Ward 2 Planning Coordinator, Office of Planning
- Tarek Bolden, Ward 1 Planning Coordinator, Office of Planning
- Travis Parker, Development Review Specialist, Office of Planning
- Derrick Woody, Coordinator – Great Streets Initiative, Office of the Deputy Mayor for Planning and Economic Development

While this meeting represented the first formal presentation of LaKritz | Adler's plans for the JDS parcels, LaKritz | Adler has met with and discussed its plans for 1920 8th Street and the adjacent JDS parcels with several members of the Office of Planning and the Office of Economic Development over the past several years preceding the current JDS publication, including meeting Derrick Woody and Travis Parker regarding these specific sites on various occasions.

At the meeting, LaKritz | Adler presented large-format architectural renderings of the proposed development, presented the by-right and PUD suggestions for the sites, and received planning and design feedback from the jurisdictional staff. Jurisdictional staff was extremely enthusiastic about both the retail/office plan and the retail/office/hotel plan. They were agnostic about preference for office versus hotel on Parcel 3. However, they did state strong preference for the maximum density by-right development plans, rather than PUD plans, and the fact that LaKritz | Adler is the only developer capable of implementing a by-right maximum density plan for Parcel 2 (by combining with 1920 8th Street) was a major consideration.

Office of Planning staff strongly agreed that the LaKritz | Adler plan was an outstanding implementation of the transit-oriented development goals of the "DUKE" plan for the area, to make the Uptown Destination District an 18-hour destination, as it presently lacks meaningful daytime traffic. Because of their enthusiasm for the plan, and their desire to see development commence as soon as possible, they advised against seeking a Planned Unit Development, as this would substantially slow implementation, and the additional height and mass needed to make the PUD process worthwhile might be opposed by the Historic Preservation and Review Board, thereby foiling the development plan and causing further delays.

As a result of this input, LaKritz | Adler has eliminated its discussion of PUD plans in this JDS submission, and no longer intends to consider a PUD process for the sites.

Office of Planning's foremost concerns, given the strong support for the project concept, was that the project be as close to by-right as possible, and be economically viable



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007280

without public subsidies, to ensure success. They agreed that in the present market, a residential plan without substantial public subsidies was unlikely to succeed.

Having agreed with the plan concept, Office of Planning staff moved on to offer design input with respect to the architectural renderings and site plan. Design recommendations included:

- Break up the façade aesthetics of the proposed buildings, to give them more of a smaller, "U Street" rhythm.
- Give greater visual weight to the retail floor and entryways.
- If possible, do not have the hotel driveway on Florida Avenue. Make parking and loading entries off 8th Street and public alleys.
- Try to include some local businesses in the retail component.

These design inputs would ultimately be incorporated during the HPRB public design review process.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007281**

**P. Project Feasibility**

The project proposed is not contingent on any local, state or federal government action or financial support or subsidies, including any change in regulations, street closings, alley closings, public funding, public guarantees or issuance of tax-exempt bonds, financing or credit enhancements, or leasing of space. This is a market-rate, market-driven project in its entirety.

**Q. Additional Statements**

1. The Project is compatible with local land use requirements.

2. The Project will conform to all applicable federal, state and local laws, regulations and ordinances including all federal and relevant local environmental regulations.

**R. Analysis of Impact on Metro Ridership**

To be performed by WMATA.

**S. Past, Current or Anticipated Relationship between Members of Development Team and WMATA, Staff or Board**

None.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007282**

## T. Sample Previous Projects

### 1. Illustrative Materials on Three Recent Successful Projects

(i) Moderno by LaKritz | Adler [See EXHIBIT J – MODERNO BROCHURE]

(ii) Silver Spring Hilton by Milestone Capital Corporations [See EXHIBIT K]

(iii) Rockville Town Center by DANAC Corporation [See EXHIBIT L]

### 2. Sources and Amounts of Debt and Equity for Recent Previous Projects

(i) Moderno by LaKritz | Adler
*35,000 square foot, 20-unit new construction mixed-use project at 12th & U Streets*
Total Cost (excluding closing costs and commissions): $12,425,868
Senior Debt: $9,300,000 construction loan, PNC Bank
Subordinate Debt: $400,000 seller financing
Land Equity: $1,150,000 seller land equity contribution
Cash Equity: $1,575,868 LaKritz | Adler cash contribution

(ii) Hilton Washington D.C./Silver Spring, MD by Milestone Capital Corp.
*263-room gut rehab renovation of full-service hotel*
Total Cost: $18 million
Senior Debt: $12 million construction loan, Nationwide Life Insurance Co.
Subordinate Debt: $3 million, RockBridge Real Estate Fund I
Cash Equity: $3 million from Milestone Hotel Partners
Total Rooms: 263

(iii) Hampton Inn/Homewood Suites Silver Spring, MD by Milestone Capital Corp.
*239-room gut rehab renovation of limited-service hotel*
Total Cost: $40 million
Senior Debt: $28.5 million construction loan, Marathon Structured Finance Fund
Cash Equity: $11.5 million cash contribution from Milestone Hotel Partners, LLC
Total Rooms: 239

(iv) Rockville Town Square by RD Rockville (DANAC & Ross Development)
*A public-private partnership, mixed-use development of 644 luxury residential units, 174,000 square feet of retail and office, and 1,947 parking spaces. RD Rockville, a partnership of DANAC Corporation and Ross Development, was the Master Developer. DANAC's team managed the construction of this project with Whiting Turner as General Contractor and WDG as architect.*
Total Cost: $220.8 million
Senior Debt: $176.8 million from CORUS Bank and Fremont Investment
Sub Debt: $34 million from Lehman Brothers



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007283**

Equity Amount: Cash Contribution of $10 million which was provided 50% by DANAC Corporation & 50% from Ross Development.

(v) DANAC STILES I by DANAC Corporation (282,783 SF new construction office)
*282,783 SF "World Class" Corporate Campus: three buildings, 1,135 parking spaces.*
Total Cost: $57.5 million
Senior Debt: $50.5 million from Bank of America
Sub Debt: None
Land Equity: $7 million of land equity contributed by DANAC



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007284**

## U. Projects with Defaults or Bankruptcies

Neither the Developer nor any member of the development team has ever defaulted on a loan or project commitment or declared bankruptcy.

## V. Criminal Indictments or Convictions

Neither the Developer nor any member of the development team has ever been indicted or convicted on any criminal charge, felony or fraud.

## W. DBE Statement

The Developer is willing to include Disadvantaged Business Enterprises in the Project. Note that LaKritz | Adler Development, LLC, the lead developer, is certified as an LSDBE/RBO in Washington, D.C.

## X. Assemblage Site Information: 1920 8th Street

LaKritz | Adler Development is proposing to combine JDS Parcel 2 with its adjacent property, 1920 8th Street, NW. 1920 8th Street is also known as 1916-1930 8th Street, or Lot 46 in Square 393. 1920 8th Street is approximately 11,320 square feet in area, or 120 feet by 94.33 feet, in the C-2-B Arts Overlay. LaKritz | Adler Development, LLC, has formed a single purpose entity, 1920 8th Street, LLC, a Delaware Limited Liability Company with the same business address, ownership and management as LaKritz | Adler Development, LLC, to take title to 1920 8th Street. The 1920 8th Street property is owned by Medal, Inc., a Virginia Corporation. 1920 8th Street, LLC, has entered into a 10-year fee-subordinated ground lease and continuous fixed-price purchase option in which ground lease payments are credited to the purchase option and the landlord's unencumbered fee interest is pledged in-full as collateral/equity for 1920 8th Street, LLC's development, construction and permanent financing, and the landlord must cooperate with lot combinations and joint development agreements requested by the Developer. A copy of the ratified agreement is attached. [See EXHIBIT M]

## Y. Additional Information

The LaKritz | Adler Development plans described above are the highest and best transit use for the sites, and maximize transit-oriented development principles. Not only does the LaKritz | Adler Office/Retail/Hotel plan maximize density at the parcels in a way that no other plan could—by incorporating the major private parcel adjacent to Parcel 2—it is a quantitatively and qualitatively superior transit-use plan compared to any principally residential plan for the same sites. Because the bulk of new and existing development in this vicinity is now residential, public transit ridership from these areas is primarily outbound in the morning, inbound in the evening. The addition of approximately 71,000 square feet of new office, 145 hotel rooms, and at least 26,000 square feet of new retail under our plan would generate substantial "reverse commute" traffic through the U Street and Shaw-Howard Metro Stations, and would add far more bodies to the public transit



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007285

ridership and daytime pedestrian street presence than a residential plan. At one person per 200 SF-office, 1.5 persons per hotel room at 75% occupancy, 1 hotel employee per 5 rooms, 1 employee per 200 SF-retail, and 50 visitors per day per 1,000 SF-retail, our plan would increase the daily population of the immediate area by about **1,977 persons**, nearly all of whom would use public transportation. The alternative proposed plan of office rather than hotel on Parcel 3 would increase this figure by another 96 persons per day.

Even if all three WMATA parcels were developed to maximum residential density (impossible on Parcel 1 in any circumstance and impossible on Parcel 2 without 1920 8th Street), and with maximum ground floor retail – this would be 104,950 square feet of residential and 14,183 square feet of retail – assuming 1 unit per 1,000 GSF residential with 1.5 persons and the same retail ratios described above, the total daily population increase from such a plan would only be 937 persons – less than half of the daily population increase from the proposed LaKritz | Adler plan. And that calculation makes an impossibly favorable assumption for the residential plan, which is that 4.5 FAR (17,100 SF) could be built on the 3,800 square foot Parcel 1, and that 4.5 FAR (38,543 SF) could be built on the irregularly shaped 8,565 SF Parcel 2, and moreover that residents and retailers would be willing to occupy both of these buildings fully with close to zero parking. In reality, the achievable square footage on those parcels and their positive impact on the community would be far lower.

In short, from the standpoint of both transit-oriented development principles, which seek to maximize density and population near transit nodes, and highest and best transit use calculations, no residential/retail plan can come even close to the LaKritz | Adler proposal with mixed commercial uses. Plus, the LaKritz | Adler plan is more favorable for traffic flows, and better meets the desires of community residents and the objectives of the Office of Planning DUKE Uptown Destination District plan.

The LaKritz | Adler plan for the Shaw-Howard/Florida Avenue JDS parcels:

1. Has the greatest possible implementation of transit-oriented development principles and creates the highest and best transit use of the sites;
2. Is a market-rate, market-driven project that has the greatest probability of success without any public subsidies in today's turbulent real estate and credit markets;
3. Has a highly experienced, well-financed development team in which every member has multiple, verifiable, major successful new construction projects of similar or comparable scope without public subsidies;
4. Is innovative and creative, differing significantly and positively from the bulk of other proposals, brining new, much needed uses to the surrounding community;
5. Fits perfectly with the objectives of the Office of Planning's transit-oriented plan and land use policies for these sites; and
6. Generates far greater daytime population, economic stimulus, job growth, business activity and tax revenues for the local jurisdiction compared to other plans, as well as far greater Metro ridership and reverse commute traffic.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007286

**ADDENDA / EXHIBITS**

EXHIBIT A – WMATA PROPOSAL FORM A
EXHIBIT B – ON SITE MAGAZINE ARTICLE
EXHIBIT C – DC MODERN ARTICLE
EXHIBIT D – CORE PROFILES
EXHIBIT E – DANAC PROFILES
EXHIBIT F – MILESTONE PROFILES
EXHIBIT G – COLOR ELEVATIONS, RENDERINGS AND FLOORPLANS
EXHIBIT H – MS PROJECT CHART
EXHIBIT I – SMITH TRAVEL RESEARCH REPORT
EXHIBIT J – MODERNO BROCHURE
EXHIBIT K – SILVER SPRING HILTON BROCHURE
EXHIBIT L – ROCKVILLE TOWN CENTER BROCHURE
EXHBIT M – 1920 8th STREET RATIFIED CONTRACT

ALSO ATTACHED: CD-ROM containing jpegs of site plan and elevations



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007287**

# WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
## PROPOSAL FORM

## JOINT DEVELOPMENT SITES

JOINT DEVELOPMENT SOLICITATION (JDS) DATED: October 5, 2007
PROPOSAL SUBMITTED FOR THE FOLLOWING JOINT DEVELOPMENT SITE:

Shaw-Howard / Florida Avenue

DEVELOPER:

Lakritz Adler Development, LLC
Name (must be existing entity)

Joshua Adler
Name of Authorized Representative

Signature of Authorized Representative

Co-managing member
Title

4326 8th Street, NW, Washington D.C. 20011
Address Including Zip Code

202-882-0808
Telephone Number

202-882-0809
Fax Number

Josh@Lakritzadler.com
E-Mail Address

Name of Entity to be Formed (if applicable)

# REPRESENTATIONS AND CERTIFICATIONS

## REPRESENTATIONS

1. Developer's existing operation is as: *(check or complete all applicable boxes)*

[ ] an individual
[ ] a partnership
  [ ] general
  [ ] limited
  Formed under the laws of _____

[ ] a non-profit organization
[ ] a corporation, incorporated under the laws of _____

[✓] a limited liability company (LLC) formed under the laws of District of Columbia

[ ] other, _____

2. Developer's proposed operation as set forth in its proposal is as: *(check or complete all applicable boxes)*

[ ] an individual
[ ] a partnership
  [ ] general
  [ ] limited
  To be formed under the laws of _____
[ ] a non-profit organization
[ ] a corporation, incorporated under the laws of _____

[✓] a limited liability company (LLC), to be formed under the laws of Delaware

[ ] other, _____

**CERTIFICATIONS** *(check applicable box)*

1. Debarred or Ineligible Contractors:

Developer certifies that its existing operation [ ] is, [✓] is not included in the "List of Parties Excluded from Federal Procurement or Nonprocurement Programs" maintained by the U.S. General Services Administration.

2. Contingent Fee:

a. Developer [ ] has, [✓] has not, employed or retained any company or persons (other than a full-time, bonafide employee working solely for the Developer) to solicit or secure a Development Agreement; and

b. Developer [ ] has, [✓] has not, paid or agreed to pay any company or person (other than a full-time, bona fide employee working solely for the Developer) any fee, commission, percentage, or brokerage fee contingent upon or resulting from the award of a Development Agreement; and

c. Developer agrees to furnish information relating to the above as requested by WMATA's Contracting Officer.

3. Covenant Against Gratuities:

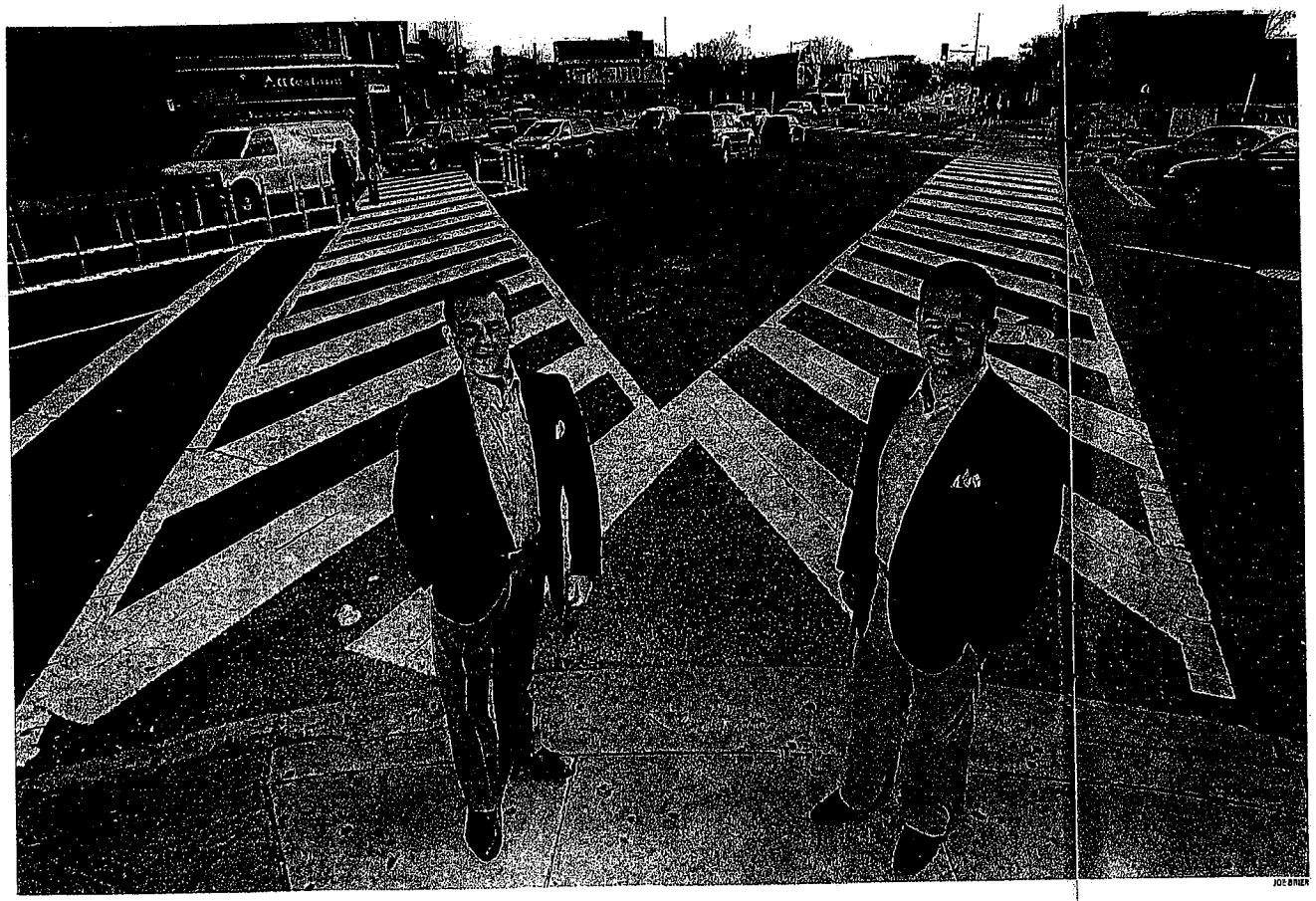
Neither Developer nor any of its employees, representatives or agents have offered or given gratuities or will offer or give gratuities (in the form of entertainment, gifts or otherwise) to any director, officer or employee of WMATA with the view toward securing favorable treatment in the designation of a Selected Developer or in any determination made with respect to Developer selection, or in the negotiation, amendment or performance of the Development Agreement.

The undersigned Developer certifies that the foregoing is true.

10/05/2007
Date

Lakritz Adler Development, LLC
Developer

Authorized Representative



JOE DINER

GEORGIA AVENUE is at a crossroads, say development partners Robb LaKritz, left, and Josh Adler. They have bought several properties near Georgia and New Hampshire avenues NW to develop spaces for neighborhood services such as banks, yoga studios and restaurants.

# Robb LaKritz and Josh Adler

## Shaw / Petworth

Robb LaKritz used to walk around his Shaw neighborhood five or six years ago lamenting the empty and abandoned buildings.

"I was really curious why economic development wasn't happening in my backyard," says LaKritz, at the time a senior adviser in international affairs at the Department of Treasury. "This is sort of like a parlor game in D.C. Why is that building vacant? Why isn't there a coffee shop there?"

In a very un-Washington way, however, he decided to do something about it. He partnered with fellow Treasury official Josh Adler to buy a building at 1525 Ninth St. NW, just two blocks from the new convention center. A tax lien and residential zoning complicated matters, but the pair persevered and redeveloped the project, leasing the main floor to an insurance company and creating two residential units upstairs.

It wasn't long before LaKritz and Adler quit their day jobs to become full-time developers. LaKritz wondered about the destitution of Georgia Avenue every time he drove up the corridor. "Why is Georgia Avenue this way? This is a beautiful corridor," he thought. "This is a boulevard."

After moving to Petworth in 2003, LaKritz began talking to residents and discovered they were clamoring for a sit-down restaurant. LaKritz/Adler bought a 6,000-square-foot boarded-up barber shop at 3646 Georgia Ave. NW south of the Petworth Metro station. In 2005, the renovated building opened with a yoga studio on the second floor. A restaurant, Temperance Hall, opened last year. They partnered with Joe Englert, an H Street NE developer and bar owner, on both the building and the restaurant.

LaKritz has tracked down the owners of all sorts of vacant buildings, only to have his offers rebuffed. "The guys who own these buildings don't want to sell," he says. "They just want to speculate."

The duo now is working on the Moderno condominiums just off U Street, and they have several properties on Georgia Avenue. In January, they bought the triangular parcel at Georgia and New Hampshire avenues NW and the vacant 4,600-square-foot Petworth Pharmacy building at Georgia and Upshur Street NW. They are negotiating deals to buy other small parcels to accommodate neighborhood services. So far they have provided all the equity for their projects, but LaKritz says they may begin to seek outside investors.

LaKritz takes a philosophical approach to the area's renaissance.

"Responsible revitalization is demand driven," he says. "It's not about bringing the suburbs into the city. It's about the enhancement of a community."



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 007291

DC
DC

**CORE architecture + design, Washington, DC**

Role / Services: base building architecture / retail space design

CORE is an award-winning architecture firm dedicated to creating good design. The founding Principals and the talented individuals that make up the CORE team share a strong vision – a firm committed to working with people who are concerned about the quality of their environment and understand the importance of design in achieving that goal.

## History/Ownership

CORE was officially formed on August 1, 1991 to create an environment where client satisfaction and quality design came first. The focus of the operation was then, and is now, to produce the highest quality work and to deliver client satisfaction. Combining over 100 years of large-firm experience, the four Partners at CORE have been responsible for projects ranging in size from under 500 square feet to over 450,000 square feet.

CORE Group, PC is a Professional Corporation organized under the laws of the District of Columbia and located in the Georgetown area of Washington, DC. The Corporation is led by principals Peter F. Hapstak III, AIA, IIDA, ISP, I. Guyman Martin, AIA, Dale A. Stewart, AIA and Neal R. Sumner, AIA, and the firm is licensed to practice architecture in more than 20 states. CORE is duly registered by the Office of Local Business Development as both a Local Business Enterprise and a Small Business Enterprise under the "Equal Opportunity for Local, Small, and Disadvantaged Business Enterprise Act of 1998" in Washington, DC and is otherwise classified as a Local and Small Business. The Certification Number is LS00176062008.

## Areas of Practice

Our firm's capabilities include Architecture, Master Planning, Historic Preservation, Renovation and Adaptive Reuse, Interior Architecture, Interior Design, Entertainment, Hospitality and Retail design. We specialize in creative problem solving and have earned a reputation for delivering exceptional design, on time, on budget. Our growing list of national and regional projects includes a high percentage of repeat and legacy clients, affirming the success of our creative, solution-driven project approach. Staffed with 28 full-time personnel, our principals, project managers, architects and designers bring a high level of energy and passion to each new project. Our team members are cross-trained in various design disciplines and practice sectors to best inform solutions for each client and each challenge.

## Design Excellence

CORE understands that the true expression of architecture and interior design is defined by the people that will use the buildings and spaces that we create. Our design solutions are unique, inspired responses to our clients' vision and the project goals. Designed with sensitivity to effectively managing construction costs, the new buildings, mixed-use projects, renovations, cultural spaces and retail facilities designed by CORE reflect the specific function and utilization of the building by the client and the community it serves. Our designs are unique expressions of our experience and our desire to create successful, user-friendly projects.

CORE continuously demonstrates with conviction that spirited and powerful design creates a vital contemporary contribution to the community, and can be obtained through the absence of expensive flourishes. We have provided hundreds of clients with consistent, simple, straightforward good design that exudes a spirit of invention and embraces an economy of means. For developers, corporations, individuals, municipalities, nonprofit organizations, associations and institutions we add value to our projects by creating environments of practicality, compassion, optimism, and cooperation.

Since the inception of CORE more than fifteen years ago, the firm has been consistently recognized for design excellence by the design profession and our peers. We have been honored with more than 70 awards across all disciplines from the American Institute of Architects, the International Interior Design Association, the Washington Building Congress, Inc., and peer organizations and publications. Our firm's work has been published in hardbound editions and periodicals both internationally and regionally, and CORE is consistently included Top Design Firm lists on a regular basis for interior design, hospitality and retail design.

## Technological Approach

CORE utilizes an advanced computer-aided three-dimensional modeling CADD design software, ArchiCAD, allowing us to efficiently model projects in the early phases of design. ArchiCAD is easily integrated with native AutoCAD DWG formats and layering systems, and other similar software packages, allowing seamless coordination and communication with other team members. Additionally, ArchiCAD 9 is also used as Building Information Modeling (BIM) based software. Construction documents are a by-product of the 3-D model, thus eliminating much of the tedious 2-D drafting process, producing fewer errors and efficiently meeting project schedule requirements.

CORE architecture design

# 1250 U street
## washington, dc

### project
new building, mixed-use office/retail

### owner
The Jenco Group
1832 Jefferson Place, NW
Washington, DC

Marvin Jawer, President, 202.452.0088

### design team
Dale A. Stewart, AIA, Project Principal
Peter F. Hapstak, AIA, IIDA, ISP, Principal
Ramon Santos, AIA, Project Manager
Adriana Radulescu, Project Architect
Kathleen Claire Ngiam, Senior Designer
Bo Soon Kim, Architect

### contractor / consultants

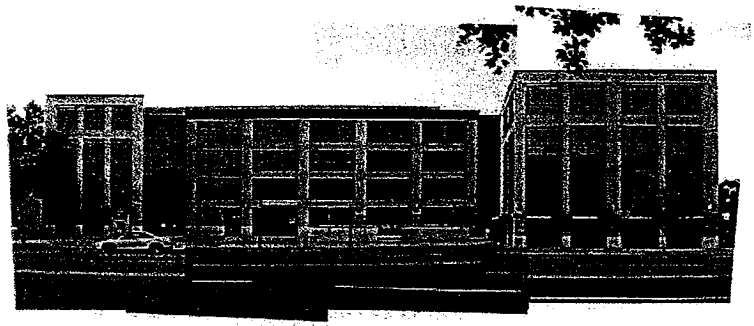
| | |
|---|---|
| gc | HBW Group Construction |
| structural | Rathgeber/Goss Associates |
| mep | GHT Limited |
| civil | Greenhorne & O'Mara |

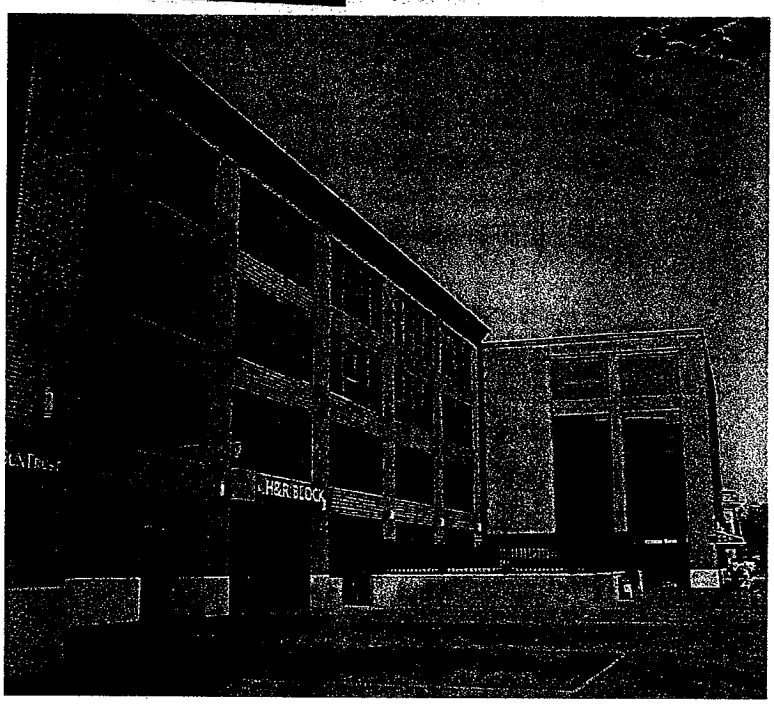
### completion date 2004
### size 44,000sf
### budget $8 M

The project called for design of a four-story mixed-use building over the Cardozo-U Street Metro station in Washington DC. With a mix of District agencies and ground level retail as tenants, the goal was to create a building that created public space around the metro entrance and was an attractive addition to the surrounding neighborhood. CORE completed full architecture, interior design and construction administration services.

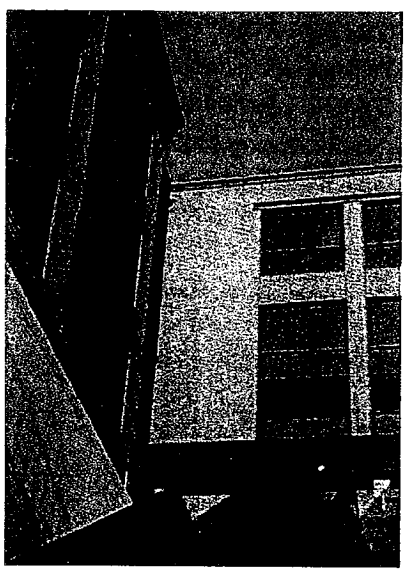
The site was severely restricted by a variety of visual, structural, and utility easements which complicated construction and restricted the footprint. Cut & Fill construction was used when the WMATA Metro station tunnels were built below the site. This resulted in poor soil bearing capacity, requiring pier foundations for our building. The specified 20' casons were value engineered out of the project and were replaced with geo-piers, saving significant time and money.

The building abuts commercial buildings to the east, yet not interfere with the restrictive easements. The design team worked with the staff of HPRB in developing an appropriate design that would serve as a backdrop for the Metro plaza, respect the easements, and would be compatible with the historic district requirements.



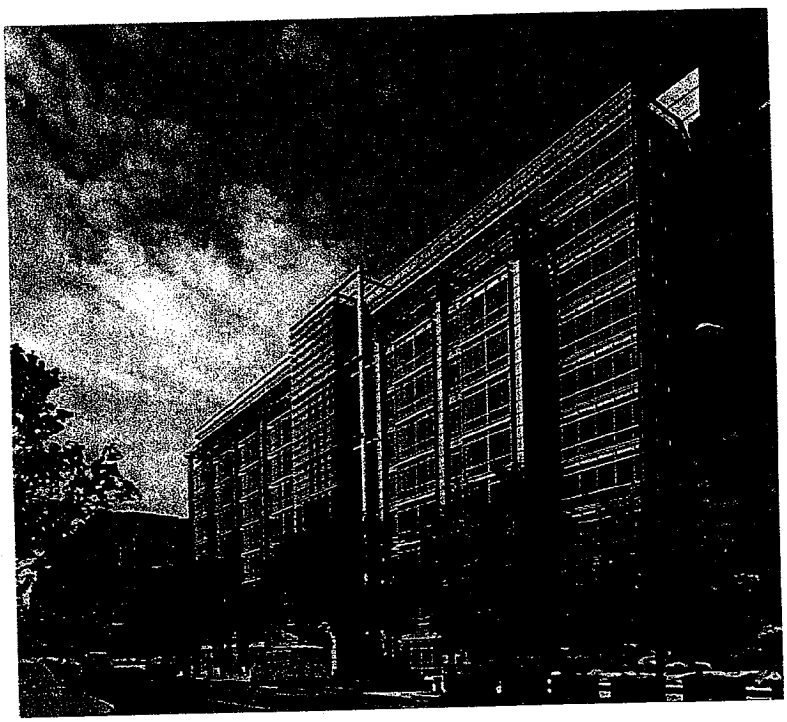


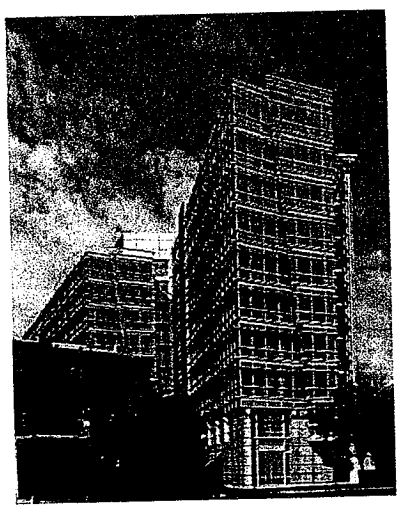

photography by CORE

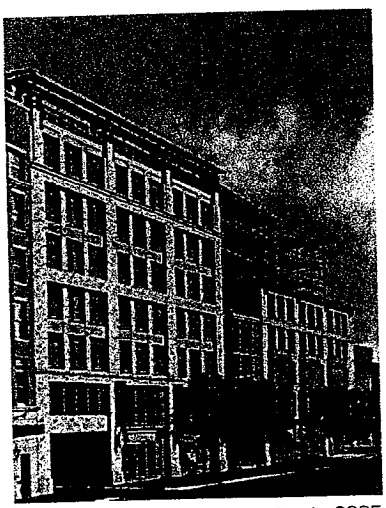


CORE architecture design

# square 452
## washington, dc







renderings by CORE

### project
new office building

### owner / client
Gould Property Company
1725 DeSales Street, NW, Suite 900
Washington, DC 20036

Garrett Preis, 202.467.6739

### design team
Guy Martin, AIA, Project Principal
Ron Ngiam, AIA, Project Manager

### contractor / consultants

| | |
|---|---|
| contractor | TBD |
| civil | TBD |
| structural | Tadjer-Cohen-Edelson Associates, Inc. |
| mep | TBD |
| landscape | TBD |

### completion date 2010

### size 380,000 sf w/ 300 underground parking spaces

### budget TBD

Square 452 is a new speculative office building seated in the vibrant Chinatown neighborhood of Washington, DC. Located in the space between Massachusetts Avenue, Eye and 6th Streets, NW, the development of Square 452 necessitated a design approach that honored the historic surroundings, yet integrated current and contemporary approaches that will allow the building to stand out. The challenge was to design a retail/office building that is historically sensitive on Eye Street while maintaining a modern building design in the presence of the tradition of "Grand Boulevard" for the Massachusetts Avenue perspective.

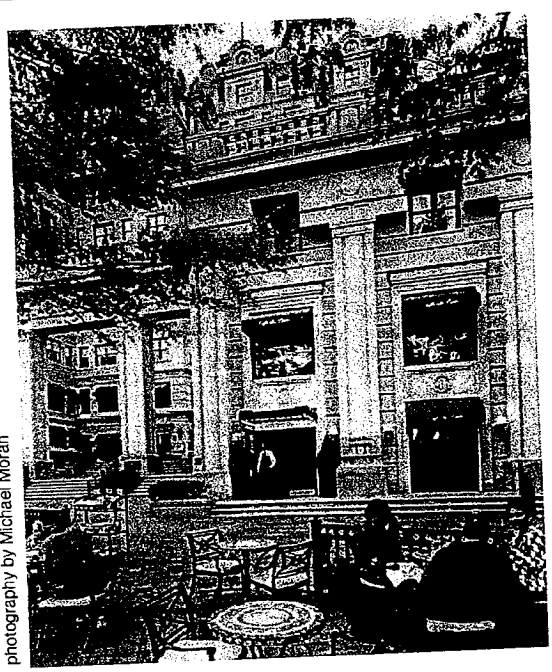
A departure from the traditional Washingtonian building tower, the articulated "folding" glass of the building corner brings a new formal language to the site. The corner faces a park at the intersection of Massachusetts and 6th street, while maintaining a coherent form along the Massachusetts Avenue façade. Chinese motifs and characters are quietly incorporated throughout the design, which emphasizes the ground plain views through landscaping, storefront design and canopied entrances. These elements engage the dynamic quality of the street view, with focus placed on creating a warm, activated façade with the use of natural materials such as stone.

FOIA CONFIDENTIAL TREATMENT REQUESTED

CORE architecture | design

# cafe du parc

## willard intercontinental, washington, dc



photography by Michael Moran

### project
french bistro / three-a-day restaurant

### owner / client
Edward Lash
Columbia Equity Trust, Inc.
1750 H Street NW, Suite 500
Washington, DC 20006
202.303.3080

### design team
Peter F. Hapstak III, AIA, IIDA, ISP, Design Principal
Cassandra Cullison, AIA, LEED AP, Proj. Manager
Kathleen Claire Ngiam, Senior Designer
Jennifer Jaffke, Project Architect
Nicole Burgess, Sourcing Designer

### contractor / consultants

| | |
|---|---|
| gc | Herman Stewart |
| mep | Allen & Shariff Corporation |
| structural | Rathgeber / Goss Associates |
| kitchen | Next Step Design, Inc. |

**completion date** April 2007

**size** 4,150sf

**budget** $2.2 M

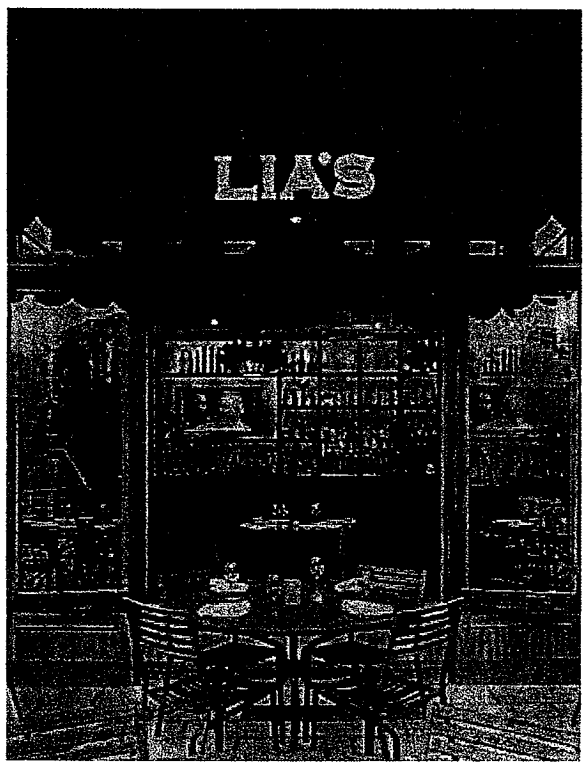
Located in the Willard InterContinental Hotel, Café du Parc stands as an authentic French bistro in an international city. The CORE design team utilized an approach that blends traditionally French materials, furniture, and lighting with modern execution and application. The contrast and balance of the architecture and design with the definitive French elements create an aesthetically inviting, comfortable and fresh environment.

FOIA CONFIDENTIAL TREATMENT REQUESTED

CORE architecture | design

# Geoff

# LIA's by Chef




**PROJECT**
neighborhood bistro

**OWNER /CLIENT**
JBG Properties, Inc.
Bethesda, MD

Client: Geoff Tracy
(202) 237-7800

**DESIGN TEAM**
Peter F. Hapstak III, AIA, IIDA, ISP
Dale A. Stewart, AIA
Cassandra Cullison, AIA, LEED AP
Kathleen Claire Ngiam, Senior Designer
Mark Woodard, Project Architect

**CONTRACTOR / CONSULTANTS**

| | |
|---|---|
| GC | Winmar Construction |
| MEP | Allen & Shariff Corporation |
| Structural | Rathgeber/Goss Associates |
| Kitchen | Woodburn & Associates |

**COMPLETED** July 2006
**SIZE** 5,700sf
**CONSTRUCTION COST** $1.5 M

The neighborhood bistro is the place where people find comfort in the food, ambiance, and service. It is never pretentious or overly serious; rather it is fun and warm. For this third restaurant of a successful young chef, the concept, design and ambiance had to reflect another side of his culinary inspirations and a comfortable atmosphere.

The approach to the restaurant is evocative of dining al fresco in the Italian countryside. Diners are invited to relax and chat with family and friends in the casual setting beneath the eaves of the large mixed-use building in which it is located. Entering the front door one is embraced by a glow of a golden yellows, deep reds, and soft rustic wood. There are bottles of wine, smiling faces, and the energy of a full house, an aromatic appeal and a bustling bar and main dining room. The bar was designed to attract guests to enjoy conversation, catch a ballgame on the flat screen, or to enjoy a light dinner with others.

Finally, the design and finishes palette was inspired by rusticated materials and styles found in the Italian countryside.

CORE architecture | design

# brasserie BECK

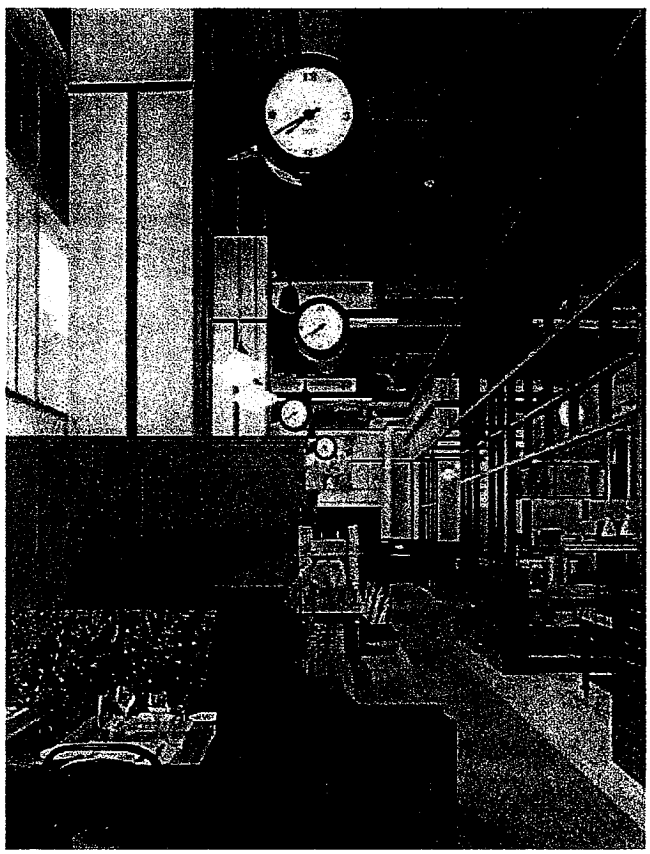
**PROJECT**
authentic Belgian brasserie

**OWNER NAME**
The JBG Companies
1101 K St. NW
Client: Robert Weidmaier
(202) 296-1166

**DESIGN TEAM**
Peter F. Hapstak III, AIA, IIDA, ISP, Design Principal
Cassandra Cullison, AIA, LEED AP, Project Manager
Kathleen Claire Ngiam, Senior Designer
Jennifer Jaffke, Project Architect

**CONTRACTOR / CONSULTANTS**
GC: Forrester Construction
MEP: FACE Engineering Associates
Kitchen: Yui Design
Lighting: MCIA

**COMPLETION DATE** 2007
**SIZE** 8,500 sf
**CONSTRUCTION COST** $3.4M



The newest restaurant from Chef Robert Wiedmaier will establish a new benchmark for cosmopolitan dining in Washington D.C. With a menu inspired by his deep love of classic Belgian fare, Brasserie BECK is a progressive yet classically styled destination that captures the spirit of a modern brasserie.

The atmosphere of a luxurious 1930's Belgian brasserie has been reinterpreted to dazzle patrons. Just steps into the soaring ground floor space is an impressive glowing glass and steel 'solarium', which houses the large-scale open kitchen. Seating along the main line provides front row culinary theatre, which extends along a vast grand bar detailed in contemporary materials and finishes, through the main open dining room and into a series of smaller private dining parlors. The grand bar is framed by soaring columns of amber light and traditional dark wood paneling and is accented with European style train clocks and amber brasserie globes of light. The nearly 18' tall dining room walls are detailed with fairy tale inspired floral designs juxtaposed against carbon steel for a fresh approach to finishes.

With an emphasis on traditional Belgian cooking styles, food stations punctuate the dining room and include a seafood raw bar piled high with ice and fresh catches, a pommes frites station with mounds of twice-cooked potatoes, and a steam station next to a saltwater aquarium to bring the true spirit and excitement of Belgian dining directly to patrons.

# DANAC PROFILE

## HISTORY

DANAC Corporation is a diversified real estate development firm engaged in acquisition, development, construction, and property management. Founded in 1963, DANAC has become known as one of the most prominent developers in the Washington metropolitan area providing a full service approach.

From the late 1960's to early 1980's DANAC was a subsidiary of a large publicly held financial services organization that was acquired by the Continental Group (Continental Can Co.) in 1977. Through a series of public to private transactions beginning in 1985, DANAC, once again, became a privately held corporation under the ownership of John F. Jaeger. Mr. Jaeger is the sole stockholder of DANAC.

## DEVELOPMENT AND CONSTRUCTION

For the past forty-three (43) years, DANAC has been active in all aspects of the commercial real estate market. The firm has developed and built over 3.9 million square feet of office space in 60 buildings, as well as, two major shopping centers. In addition to this commercial space, DANAC has developed three residential projects comprising 966 townhouse and apartment units.

The years of experience have enabled DANAC to become uniquely efficient. DANAC projects are routinely completed on time and on budget. DANAC's reputation for quality, reliability, and client satisfaction has attracted prominent tenants such as Federal Express, IBM, Marriott Corporation, Westinghouse, EOSAT, Hewlett-Packard, MERANT, Human Genome Sciences, and Digital Equipment Corporation. DANAC buildings have attracted major institutional purchasers such as Equitable Life Assurance Society and Prudential Insurance.

In 1993, DANAC was selected through competitive bid to be the developer of a 53,000 square foot build-to-suit for Federal Express in Hagerstown, Maryland. The success of that project led Federal Express to include DANAC as a developer to bid on a build-to-suit of a 70,000 square foot facility in Framingham, Massachusetts. DANAC was chosen as the developer in September of 1994 and delivered that facility in April of 1995. In August of 1996, DANAC delivered a third build-to-suit for Federal Express, 83,500 square feet located in Needham, Massachusetts. In 1998, DANAC completed their fourth ($4^{th}$) City Station – BCB in Chantilly, Virginia consisting of 111,000 square feet. Lastly, DANAC delivered a 230,000 square foot AGT Station for Federal Express in Beltsville, Maryland.

Other current projects include DANAC Stiles, a 669,000 square foot office park located in the heart of Montgomery County's "*High Technology Corridor*". Phase I, which is three buildings totaling 280,000 square feet was occupied by Manugistics, Inc. in May of 2002. Phase II. A 72,000 square foot three-story build-to-suit for Metropolitan Regional Information Services (MRIS) is under construction and will deliver in early 2008. DANAC's Middlebrook Industrial Park, delivered its first 57,000 square foot building in January of 2001 which is part of a 325,000 square foot project in Germantown, Maryland.

## REAL ESTATE MANAGEMENT

Property management and HVAC maintenance services are provided by the Real Estate Management Department. DANAC manages properties for other owners, as well as, for DANAC owned projects. The management philosophy is to provide preventive maintenance techniques, which minimize the operating expenses while maximizing investment performance.

DANAC employs a well-trained and experienced staff of licensed engineers to service the buildings it manages. Recent buildings include computerized energy management systems for financial monitoring of building performance. At the present time, approximately 1,600,000 square feet of office, retail and industrial property is managed by DANAC.

## SUMMARY

DANAC provides a full range of real estate services from site acquisition to development, construction and property management. Having established itself in the Washington metropolitan area as well as the Greater Boston, Massachusetts real estate market, the firm looks to expanding its portfolio and to future opportunities throughout the nation.

# DANAC CORPORATION

## DEVELOPED PROJECTS

The following is a list of the major office buildings, shopping centers and warehouse facilities developed and built by DANAC:

| | BUILDING | LOCATION | SQ.FT. |
|---|---|---|---|
| 1. | 12701 Twinbrook Pkwy. | Rockville, MD | 15,000 |
| 2. | 5625 Fishers Lane | Rockville, MD | 42,000 |
| 3. | 2101 Gaither Road | Gaithersburg, MD | 106,000 |
| 4. | 12501 Washington Avenue | Rockville, MD | 27,000 |
| 5. | 1901 Chapman Avenue | Rockville, MD | 51,000 |
| 6. | 12709 Twinbrook Pkwy. | Rockville, MD | 25,000 |
| 7. | 5635 Fisher Lane | Rockville, MD | 16,000 |
| 8. | 12721 Twinbrook Pkwy. | Rockville, MD | 15,000 |
| 9. | 5630 Fisher Lane | Rockville, MD | 51,000 |
| 10. | Gaithersburg Square Shopping Center | Gaithersburg, MD | 160,000 |
| 11. | 570 N. Frederick Avenue | Gaithersburg, MD | 10,000 |
| 12. | 12720 Twinbrook Pkwy. | Rockville, MD | 50,000 |
| 13. | Research Center 12729-12733 Twinbrook Pkwy. | Rockville, MD | 65,000 |
| 14. | 12411 Parklawn Drive | Rockville, MD | 50,000 |
| 15. | 5640 Fisher Lane | Rockville, MD | 24,000 |
| 16. | 15825 Shady Grove Road | Rockville, MD | 82,000 |
| 17. | 12750 Twinbrook Pkwy. | Rockville, MD | 15,000 |
| 18. | 1 Bank Street | Gaithersburg, MD | 35,000 |
| 19. | #3 Choke Cherry Road | Rockville, MD | 46,000 |
| 20. | 15 Firstfield Road | Gaithersburg, MD | 31,000 |
| 21. | #5 Choke Cherry Road | Rockville, MD | 74,000 |
| 22. | 1203 Quince Orchard Blvd. | Gaithersburg, MD | 9,000 |
| 23. | 12402 Parklawn Drive | Rockville, MD | 100,000 |
| 24. | 1370 Piccard Drive | Rockville, MD | 106,000 |
| 25. | 19 Firstfield Road | Gaithersburg, MD | 25,000 |
| 26. | 700 Quince Orchard Rd. | Gaithersburg, MD | 163,000 |
| 27. | 5615 Fisher Lane | Rockville, MD | 35,000 |
| 28. | Quince Orchard Plaza Shopping Center | Gaithersburg, MD | 125,000 |
| 29. | Montgomery Plaza | Gaithersburg, MD | 110,000 |
| 30. | 21 Firstfield Road | Gaithersburg, MD | 53,000 |
| 31. | Hewlett-Packard | Rockville, MD | 50,000 |
| 32. | U.S. Pharmacopeia 2601 Twinbrook Pkwy. | Gaithersburg, MD | 30,000 |

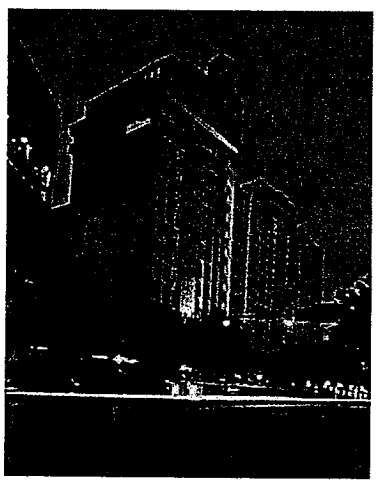
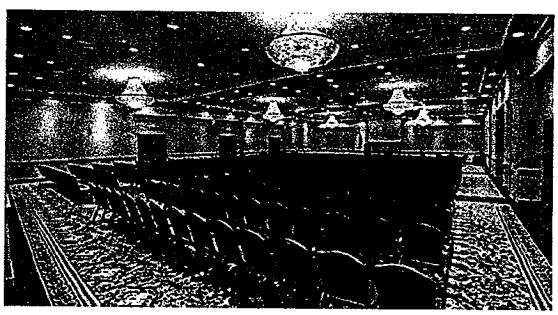
| | BUILDING | LOCATION | SQ.FT. |
|---|---|---|---|
| 33. | 20 Firstfield Road | Gaithersburg, MD | 53,000 |
| 34. | 22 Firstfield Road | Gaithersburg, MD | 54,000 |
| 35. | Rockwall I | Rockville, MD | 135,000 |
| 36. | Rockwall II | Rockville, MD | 185,000 |
| 37. | 1300 Quince Orchard Blvd. | Gaithersburg, MD | 52,000 |
| 38. | 2092 Gaither Road | Rockville, MD | 54,000 |
| 39. | 704 Quince Orchard Rd. | Gaithersburg, MD | 78,000 |
| 40. | 708 Quince Orchard Rd. | Gaithersburg, MD | 49,000 |
| 41. | 2094 Gaither Rd. | Rockville, MD | 56,000 |
| 42. | 2098 Gaither Rd. | Rockville, MD | 50,000 |
| 43. | 2096 Gaither Rd. | Rockville, MD | 50,000 |
| 44. | 9400 Key West Ave. | Rockville, MD | 50,000 |
| 45. | 9430 Key West Ave. | Rockville, MD | 60,000 |
| 46. | 9420 Key West Ave. | Rockville, MD | 116,000 |
| 47. | 9410 Key West Ave. | Rockville, MD | 48,000 |
| 48. | 4300 Forbes Blvd. | Lanham, MD | 47,000 |
| 49. | 10003 Derekwood Ln. | Lanham, MD | 56,000 |
| 50. | 10001 Derekwood Ln. | Lanham, MD | 56,000 |
| 51. | PACE Membership Warehouse | Gaithersburg, MD | 117,000 |
| 52. | Shady Grove KidStop | Rockville, MD | 10,000 |
| 53. | Federal Express City Station | Hagerstown, MD | 53,000 |
| 54. | Federal Express City Station | Framingham, MA | 70,000 |
| 55. | Federal Express City Station | Needham, MA | 83,500 |
| 56. | Comp USA | Gaithersburg, MD | 27,300 |
| 57. | Federal Express City Station | Chantilly, VA | 111,000 |
| 58. | Federal Express City Station | Harrisburg, PA | 135,000 |
| 59. | Federal Express City Station | Beltsville, MD | 230,000 |
| 60. | 16 South Summit Avenue | Gaithersburg, MD | 43,000 |
| 61. | 20410 Century Boulevard | Germantown, MD | 44,000 |
| 62. | 19560 Amaranth Drive | Germantown, MD | 50,000 |
| 63. | 9715 Key West Avenue | Rockville, MD | 133,000 |
| 64. | 9717 Key West Avenue | Rockville, MD | 74,000 |
| 65. | 9719 Key West Avenue | Rockville, MD | 74,000 |
| | | **COMMERCIAL TOTAL** | **4,299,800** |
| 66. | Diamond Farms Townhouses | Gaithersburg, MD | 268 units |
| 67. | Diamond Farms Garden Apts. | Gaithersburg, MD | 540 units |
| 68. | Waverly House Apts. | Bethesda, MD | 158 units |
| 69. | Rockville Town Square | Rockville, MD | 644 units |
| | | **RESIDENTIAL TOTAL** | **966 UNITS** |

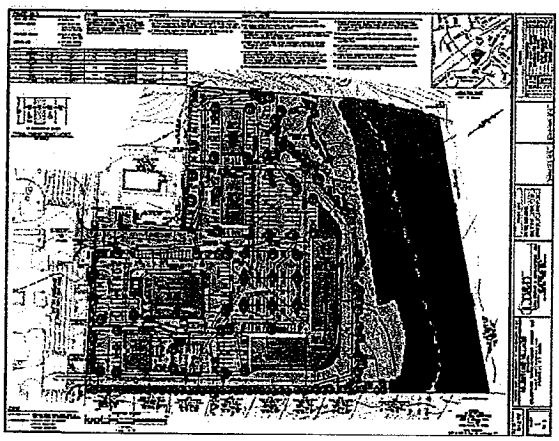
**PLANNED OR UNDER CONSTRUCTION**

| | | |
|---|---|---|
| DANAC Stiles Tract | Gaithersburg, MD | 669,000 |

# MILESTONE
## GROUP OF COMPANIES

# INTRODUCTION TO THE MILESTONE GROUP OF COMPANIES




MILESTONE CAPITAL CORPORATION
MILESTONE HOTEL PARTNERS, LLC
MILESTONE HOSPITALITY MANAGEMENT, LLC
MILESTONE DEVELOPMENT GROUP, LLC

2600 N. MILITARY TRAIL, SUITE 349
BOCA RATON, FLORIDA 33431
TELEPHONE 561-981-8828
TELECOPIER 561-981-8827

Boca Raton, FL  Washington, D.C.  Louisville, KY  Los Angeles, CA



FOIA CONFIDENTIAL TREATMENT REQUESTED

# Hospitality Experience

**Milestone's Principals have combined for over 50 years of experience in the real estate and hospitality management industries.**

| Property | Location | Date of Acquisition | # of Rooms | Mortgage Holder | Date of Disposition | Involvement |
|---|---|---|---|---|---|---|
| Hilton Garden Inn | Grantville, PA | Dec 2006 | 159 | To Be Determined | In development | SM, LK, MW |
| Hampton Inn/Homewood Suites | Silver Spring, MD | Sep 2006 | 241 | To Be Determined | In development | SM, LK, MW |
| Lancaster Host Resort | Lancaster, PA | Sep 2005 | 330 | Marathon Structured Finance Fund L.P. | Currently Owned | SM, LK, MW |
| Sturbridge Host Hotel | Sturbridge, MA | Sep 2005 | 233 | Marathon Structured Finance Fund L.P. | Currently Owned | SM, LK, MW |
| Chateau Resort | Tannersville, PA | Jul 2005 | 152 | Marathon Structured Finance Fund L.P. | Currently Owned | SM, LK, MW |
| Holiday Inn | Harrisburg, PA | Aug 2004 | 276 | RockBridge Real Estate Fund II | Currently Owned | SM, LK, MW |
| Hilton Hotel | Silver Spring, MD | Dec 2000 | 263 | RockBridge Real Estate Fund II | Currently Owned | SM, LK, MW |
| Holiday Inn | DeLand, FL | Apr 2000 | 148 | UBS Real Estate Investments Inc. | Currently Owned | SM, LK, MW |
| Best Western Inn | Utica, NY | Sep 1999 | 89 | UBS Real Estate Investments Inc. | Currently Owned | SM, LK, MW |
| Holiday Inn | Grantville, PA | Sep 1999 | 200 | UBS Real Estate Investments Inc. | Currently Owned | SM, LK, MW |
| Holiday Inn | New Hartford, NY | Sep 1999 | 100 | UBS Real Estate Investments Inc. | Currently Owned | SM, LK, MW |
| Microtel Inn | Sulphur, LA | Nov 1998 | 100 | J.P. Morgan / Morgan Guaranty | Currently Owned | SM, LK, MW |
| Best Western Inn | Hershey, PA | Oct 1998 | 123 | Paine Webber | Currently Owned | SM, LK, MW |
| Days Inn | Fort Wright, KY | Jul 1998 | 115 | Paine Webber | Currently Owned | SM, LK, MW |
| Days Inn | Frankfort, KY | Jul 1998 | 122 | Paine Webber | Currently Owned | SM, LK, MW |
| Days Inn | Shepherdsville, KY | Jul 1998 | 120 | Paine Webber | Jul 2006 | SM, LK, MW |
| Days Inn | LaGrange, KY | Jul 1998 | 86 | Paine Webber | Dec 2002 | SM, LK, MW |
| Days Inn | Richwood, KY | Jul 1998 | 137 | Paine Webber | Sep 2005 | SM, LK, MW |
| Days Inn | Fort Myers, FL | Apr 1998 | 125 | Paine Webber | Sep 2005 | SM, LK, MW |
| Days Inn | Tampa, FL | Oct 1997 | 175 | Daiwa Securities | Oct 2004 | SM, LK, MW |
| Days Inn | Ft. Lauderdale, FL | Oct 1997 | 144 | Daiwa Securities | | |

| Property | Location | Date of Acquisition | # of Rooms | Mortgage Holder | Date of Disposition | Involvement |
|---|---|---|---|---|---|---|
| Mayfair Hotel | St. Louis, MO | Jun 1997 | 184 | Patriot American | Third Party Mgmt. | LK |
| The General Morgan Inn | Greeneville, TN | Mar 1997 | 53 | (Private) | Third Party Mgmt. | SM, LK |
| The Georgian Terrace | Atlanta, GA | Mar 1997 | 319 | Urdang & Associates | Sale of Grand Heritage | SM, LK, MW |
| The Redmont | Birmingham, AL | Jun 1996 | 112 | Patriot American | Third Party Mgmt. | LK |
| The Broadview | Wichita, KS | Feb 1996 | 262 | Midland Bank | Sale of Grand Heritage | SM, LK, MW |
| Barnaby's | Los Angeles, CA | Jan 1996 | 123 | Eastland Corporation | Third Party Mgmt. | SM, LK, MW |
| Hotel Galvez | Galveston, TX | Jan 1996 | 228 | (Private) | Third Party Mgmt. | LK |
| Tremont House | Galveston, TX | Jan 1996 | 117 | (Private) | Third Party Mgmt. | LK |
| Biltmore Hotel | Providence, RI | Jul 1995 | 295 | Urdang & Associates | Dec 2000 | SM, LK, MW |
| Clift Hotel | San Francisco, CA | Mar 1995 | 320 | Apollo Real Estate Advisors | Dec 1995 | SM, LK, MW |
| The Stanley Hotel | Estes Park, CO | Jun 1994 | 133 | Urdang & Associates | Dec 2000 | SM, LK, MW |
| Riverplace Hotel | Detroit, MI | May 1994 | 108 | Detroit Police & Firemen's Pension | Aug 1998 | SM, LK, MW |
| Ambassador West Hotel | Chicago, IL | Apr 1994 | 220 | Burrus Investment Group | Jan 1998 | SM, LK, MW |
| U.S. Grant Hotel | San Diego, CA | Dec 1993 | 280 | Burrus Investment Group | Jan 1998 | SM, LK, MW |
| Great Southern | Columbus, OH | May 1993 | 196 | Ocwen Financial | Third Party Mgmt. | SM, LK |
| Knickerbocker Hotel | Chicago, IL | Apr 1993 | 220 | Ocwen Financial | Third Party Mgmt. | SM, LK |
| The Phillip's House | Kansas City , MO | Mar 1993 | 241 | (Private) | Third Party Mgmt. | LK |
| The Georgian | Santa Monica, CA | Dec 1992 | 84 | (Private) | Third Party Mgmt. | SM, LK, MW |
| The Tutwiler Hotel | Birmingham, AL | Oct 1992 | 147 | AmSouth Bank | Aug 1997 | SM, LK |
| The Horton Grand | San Diego, CA | Feb 1992 | 132 | (Private) | Third Party Mgmt. | SM |
| Jefferson Hotel | Richmond, VA | Jun 1991 | 274 | (Private) | Third Party Mgmt. | SM |
| The Ponchartrain Hotel | New Orleans, LA | Mar 1991 | 101 | Burrus Investment Group | Sale of Grand Heritage | SM |
| The Peabody Court | Baltimore, MD | Jan 1991 | 104 | Bank of America | Third Party Mgmt. | SM, LK |
| Brazilian Court Hotel | Palm Beach, FL | Nov 1990 | 134 | Resolution Trust Corporation | Third Party Mgmt. | SM |
| Union Station Hotel | Nashville, TN | Feb 1990 | 126 | Heller Financial | Aug 1997 | SM, LK |
| Historic Inns of Annapolis | Annapolis, MD | Oct 1989 | 137 | (Private) | Third Party Mgmt. | SM |
| Grand Heritage Europe | Involved in the formation and management of a Marketing Consortia of 68 Hotels throughout Europe from 1993-1998 | | | | | SM |

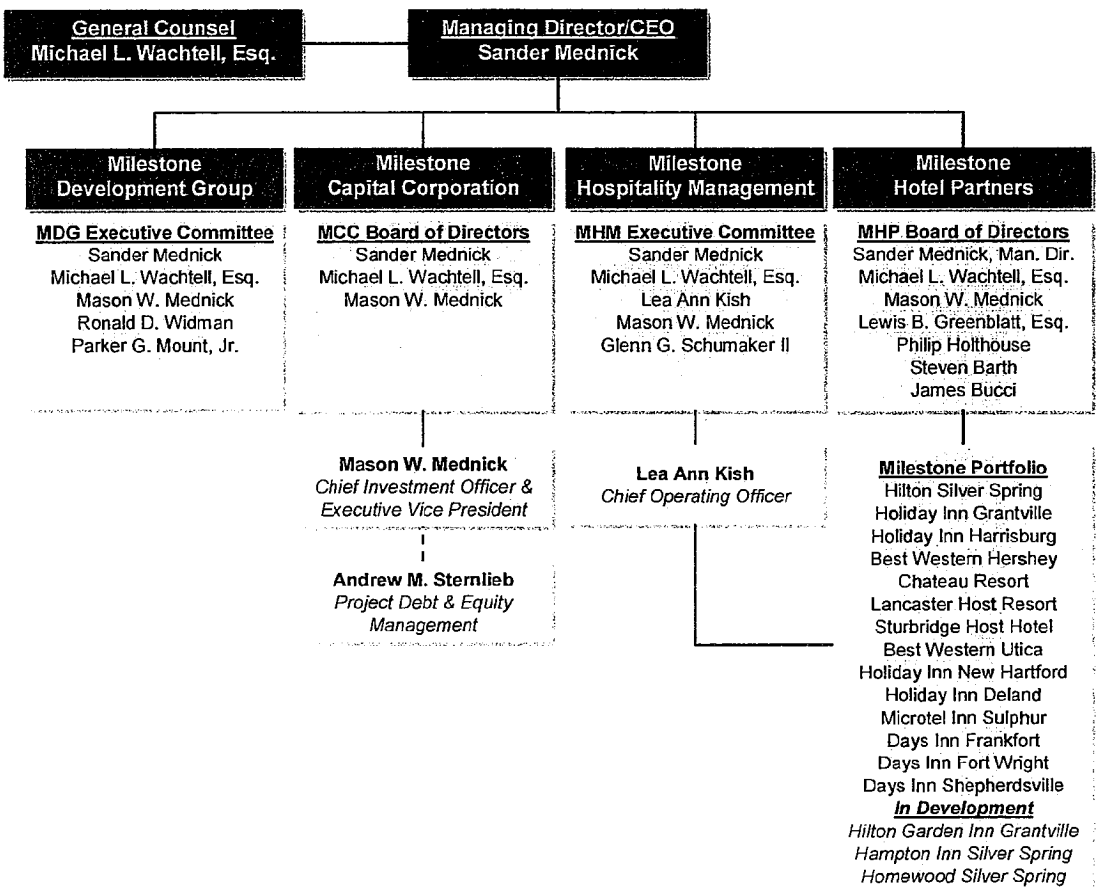


FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 007305

# The Milestone Group

**The Milestone Group of Companies consists of 4 principal affiliated operating entities: Milestone Capital Corporation, Milestone Hotel Partners, LLC, Milestone Hospitality Management, LLC, and Milestone Development Group, LLC.**






MILESTONE
GROUP OF COMPANIES

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Sander Mednick, Esq.

## Chairman, CEO & Managing Member of the Milestone Group

Mr. Mednick is an attorney, licensed to practice law in the States of Florida and Maryland, and in the District of Columbia. He received degrees in business administration from American University (B.S.B.A., 1970) and the University of Maryland (M.B.A., 1974); and in law from the University of Maryland (J.D., 1974) and Georgetown University (L.L.M., Taxation, 1979). During the past twenty five years, Mr. Mednick has provided legal and business consultative services, with an emphasis on the hospitality industry and complex real estate transactions, to both private enterprise and governmental entities. He has also represented a host of financial institutions and merchant banks. For a period of three years, Mr. Mednick served as a consultant to the Federal Savings and Loan Corporation ("FSLIC") and the Resolution Trust Corporation ("RTC") with regard to complex real estate financing and loan "work-out" matters.

In 1987, Mr. Mednick assisted with the formation of Grand Heritage Hotels, Inc., a hotel acquisition, management and operating company headquartered in Annapolis, Maryland, subsequently acquired by Patriot American Hospitality, Inc. in 1997. During the period 1989 through 1996, Mr. Mednick served as Senior Vice President and General Counsel of that company. He helped oversee the development of Grand Heritage into a company which ultimately owned and operated and/or managed a portfolio of 17 historic hotel properties located throughout the United States, and which served as the worldwide sales and marketing representative of nearly 80 historic hotel properties located throughout the United Kingdom, Spain, France, Germany, Austria, Italy and the Middle East. In particular, during this period, Mr. Mednick interacted extensively with banks and institutional lenders, and their management and legal counsel throughout the United States and Europe. From 1987-1996, Mr. Mednick fulfilled his responsibilities to Grand Heritage through service at its corporate offices located in Annapolis, Maryland; London, England; and Paris, France.

In 1996, Mr. Mednick, along with Michael L. Wachtell, formed Milestone Capital Corporation, and in 1999 its management and operating affiliate, Milestone Hospitality Management, LLC. Milestone and its affiliates have acquired interests in the Clift Hotel (San Francisco, CA); the Biltmore Hotel (Providence, RI); the Stanley Hotel (Estes Park, CO); the Broadview Hotel (Wichita, KS); the Belleview Biltmore Hotel (Clearwater, FL); a consortium of three (3) Days Inns located throughout the State of Florida and five (5) Days Inns located throughout the Commonwealth of Kentucky; the Microtel Inn and Suites (Sulphur, LA); the Best Western Inn (Hershey, PA); the Best Western Gateway Adirondack Inn (Utica, NY); the Holiday Inn (New Hartford, NY); the Holiday Inn Harrisburg-Hershey (Grantville, PA); the Holiday Inn (Deland, FL); the Hilton Washington D.C./Silver Spring (Silver Spring, MD); the Holiday Inn East (Harrisburg, PA); the Chateau Resort & Conference Center (Tannersville, PA); the Lancaster Host Resort & Conference Center (Lancaster, PA); and the Sturbridge Host Hotel & Conference Center (Sturbridge, MA).

During his career and presently through the Milestone Group, Mr. Mednick has been involved in all aspects of financing, tax and transactional matters involving real estate with a value in excess of One Billion Dollars. He has served as the chief strategic planner and project coordinator for numerous commercial and residential real estate projects located throughout the United States. Mr. Mednick has lectured extensively in his areas of specialization to members of the legal community, and other professional and educational organizations. Mr. Mednick has served since 2001 on the Board of Directors of the University of Maryland Foundation, the authority that oversees fundraising and asset management for the 13 colleges comprising the University System of the State of Maryland. He is a member of several of its committees, and further serves as Chairman of the "Special Transfers Committee".



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007307

# Michael L. Wachtell, Esq.

## General Counsel and Tax Matters Member of MHP/MHM

Mr. Wachtell is a senior shareholder and former director and member of the management committee of the Los Angeles, California, based law firm of Buchalter, Nemer, a Professional Corporation. He specializes in commercial litigation, mergers and acquisitions, and intellectual property, and has an extensive background in real estate, banking, commercial and secured transactions, insurance, proprietary rights, patent and trademark law, domestic and international trade regulation matter, and debtor-creditor representation. Mr. Wachtell is a Los Angeles Superior Court Appointed Receiver, Referee, Provisional Director, Arbitrator and Settlement Officer as well as a panel member of ARC Mediation Services and serves in those capacities in connection with complex commercial matters. He is also a member of the Board of Directors of the California Receivers Forum and is a licensed real estate broker. Mr. Wachtell formerly served as Judge Pro Tem in the Beverly Hills and Los Angeles Municipal and Small Claims Courts and was an arbitrator for the American Arbitration Association for complex patent and commercial disputes.

Mr. Wachtell received his undergraduate education from the City College of New York, where he graduated with a Bachelor of Electrical Engineering degree in 1964. He earned his law degree (J.D., with honors) from the George Washington University School of Law in 1968. While at law school, Mr. Wachtell served as a member of the George Washington University Law Review, and was affiliated with the Delta Theta Phi honor society.

Mr. Wachtell is admitted to practice before the bars of the States of California, Nevada, and Virginia, the District of Columbia, and the United States Patent and Trademark Office. Mr. Wachtell lectures extensively in his areas of specialization and has served on the faculty of the University of San Fernando Law School as an Associate Professor. He is a member of the Los Angeles County and American Bar Associations.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007308

# Mason W. Mednick

## Executive Vice President of MHP and MHM; Principal of MDG

Mr. Mednick serves as Executive Vice President and principal assistant to the offices of the Chief Executive Officer and Chief Operating Officer of Milestone Hospitality Management, LLC. His responsibilities include development, financial underwriting, operational audits, investor relations, and special projects. Since 2002, Mr. Mednick has overseen the acquisition of 5 hotel properties in 3 states with an aggregate value in excess of One Hundred Million Dollars ($100,000,000), the sale of 3 hotel properties in the State of Florida with an aggregate value in excess of Ten Million Dollars ($10,000,000), the placement and replacement of more than One Hundred Seventy-Five Million Dollars ($175,000,000) of real estate financing, and the acquisition of more than 100 acres of vacant land in the states of Pennsylvania, Tennessee and Kentucky for future commercial development purposes.

In October, 2005, Mr. Mednick helped direct the formation of Milestone Development Group, LLC, a commercial, residential and industrial development firm, affiliated with the Milestone Group of Companies. As a Principal of "MDG", Mr. Mednick directs the capital projects of the Milestone Group of Companies (along with Ronald Widman and Parker Mount). Mr. Mednick is responsible for the development of property renovation plans, budgets, and capital improvement strategies, directing the efforts of architects, construction trades, and service suppliers. He is also responsible for the strategic planning associated with the firm's commercial developments that are primarily focused in the eastern United States and that involve such branded operations as Walgreens, CVS Pharmacy, Ruby Tuesday, and others. Since 2002, Mr. Mednick has overseen the placement of more than Fifty Million Dollars ($50,000,000) of construction and renovation projects on behalf of MHP and MDG, with additional capital projects of more than Forty Million Dollars ($40,000,000) planned for calendar year 2007.

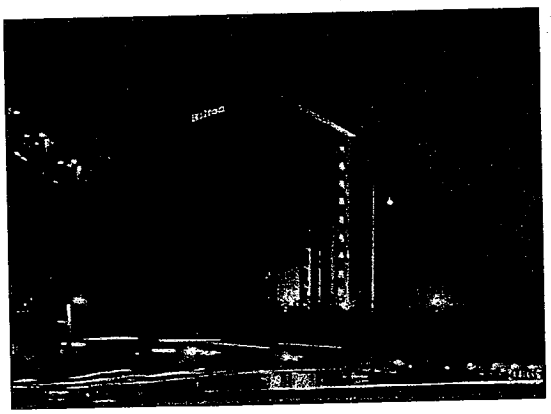
Prior to joining MHM, Mr. Mednick served as investment banking Analyst in the Media & Telecommunications Department of Banc of America Securities LLC. From 1998-1999, Mr. Mednick worked at the Yale Office of Finance, Capital Management Division with responsibility over capital project reports, research and financial analysis. He received a B.A. in Economics from Yale University in 2000, and is currently pursuing his M.B.A. at the Wharton School of the University of Pennsylvania. Mr. Mednick is a registered mortgage broker in the State of Florida.

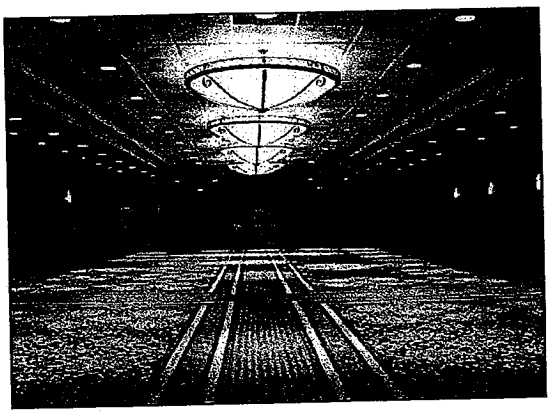


FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007309

# Hilton Hotel

## Washington D.C./Silver Spring, Maryland





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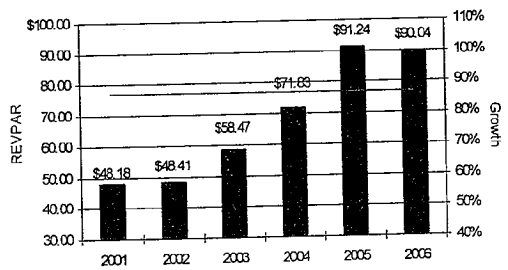
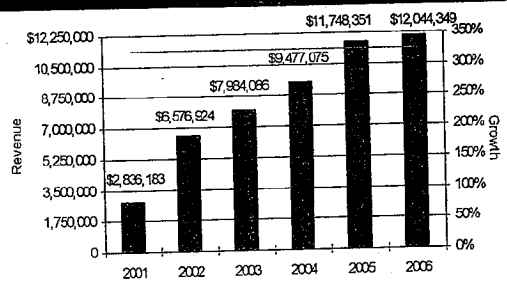
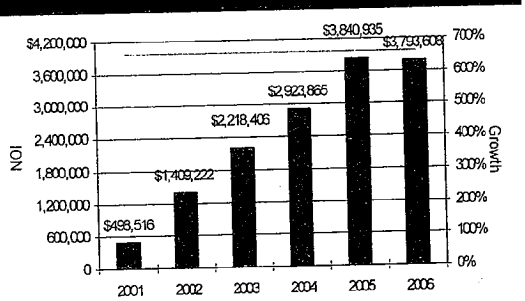



### Revenue




### NOI




Milestone Hospitality Management

### Key Statistics

- Led due diligence and transition of this acquisition in December 1999
- Total revenue growth from 2001-2006 of 324%
- NOI growth from 2001-2006 of 661%
- Acquired for $9 Million (independent property owned and operated by Lodgian)
- Core renovation from Jan.-Dec. 2001 of $9.1 Million
- Obtained Hilton flag in November 2001
- Repositioned in government and corporate markets

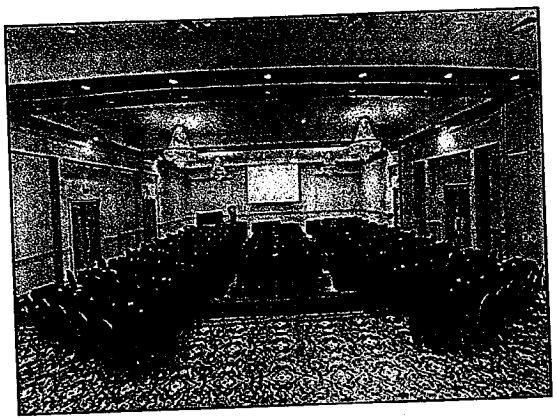


MILESTONE
GROUP OF COMPANIES

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Holiday Inn Hotel

## Harrisburg-Hershey, Pennsylvania



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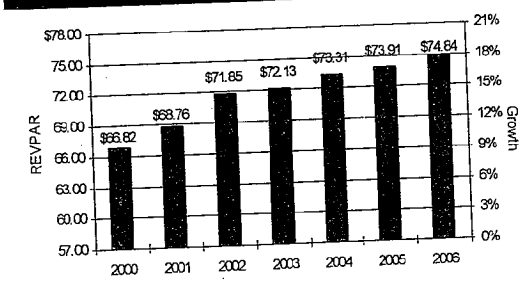
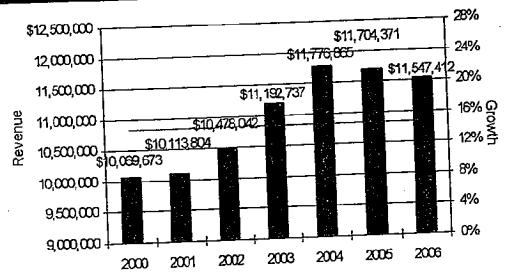
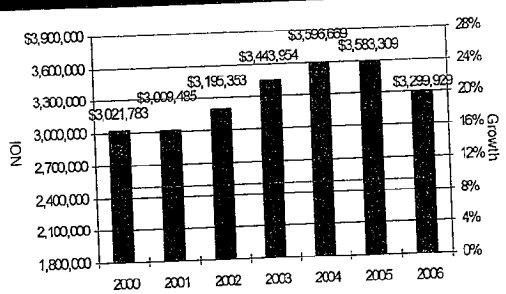



### Revenue




### NOI




Milestone Hospitality Management

### Key Statistics

- Led due diligence and transition of this acquisition in September 1999
- Total revenue growth from 2000-2006 of 15%
- NOI growth from 2000-2006 of 9%
- Holiday Inn award winner 12 consecutive years (Torchbearer and Quality Excellence)
- Ranks as the 48th highest scoring hotel (quality assurance) in the entire brand
- $1.8 Million expansion of ballroom and meeting facilities in 2002 (11,000 additional square feet)

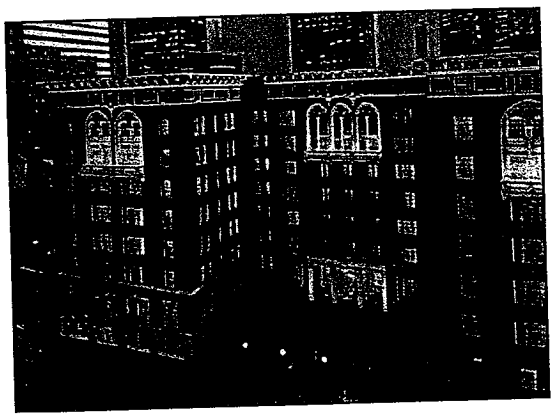


MILESTONE
GROUP OF COMPANIES

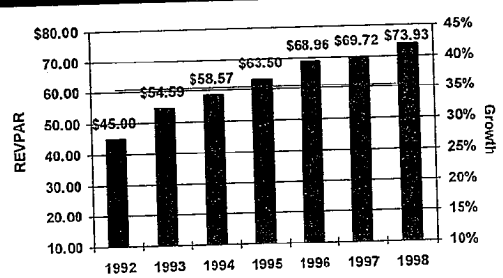
FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007311

# The Tutwiler Hotel

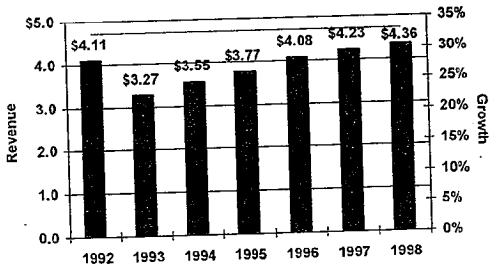
## Birmingham, Alabama



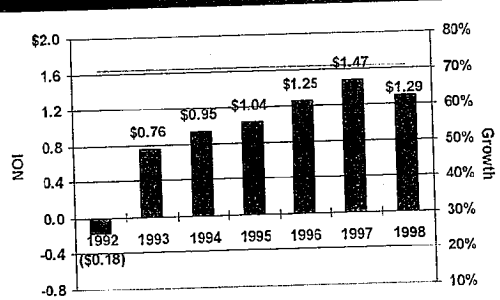
### REVPAR




### Revenue ($MM)




### NOI ($MM)




Prior Management

Grand Heritage

### Key Statistics

- Led due diligence and transition of this acquisition in October 1992
- Total revenue growth from 1993-1998 of 33%
- NOI growth from 1993-1998 of 71%
- Repositioned in legal, corporate, and social group markets
- Lease of 4-star restaurant and catering
- 1998 NOI reduction due to Wyndham/Grand Heritage hotel conversion

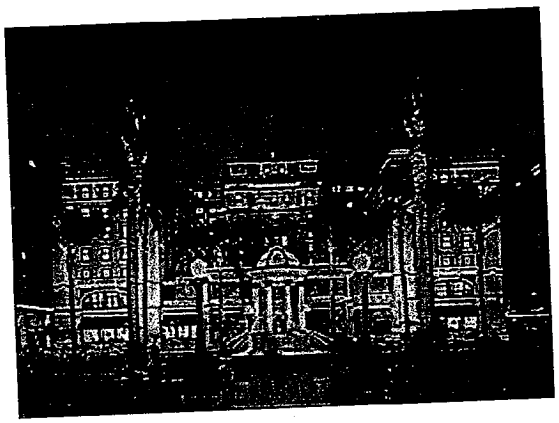


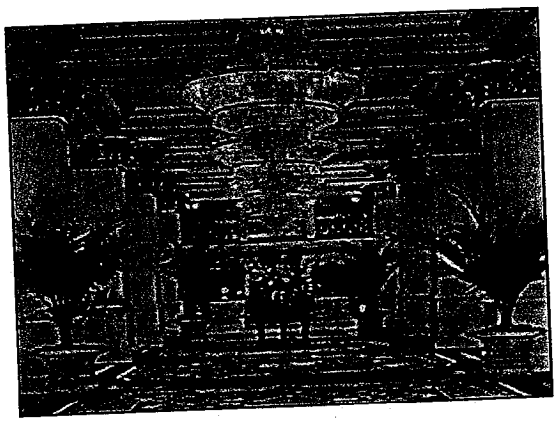
MILESTONE
GROUP OF COMPANIES

FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007312

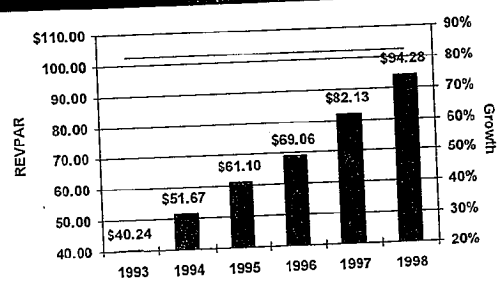
# The U.S. Grant Hotel

## San Diego, California

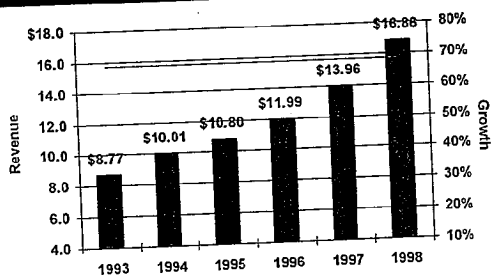




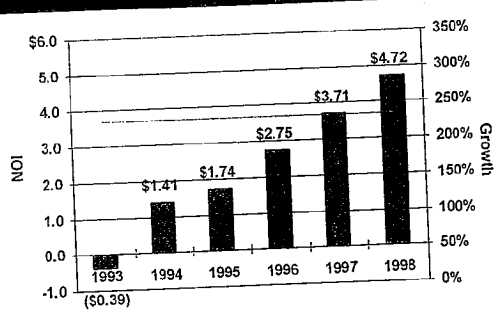
### REVPAR




### Revenue ($MM)




### NOI ($MM)




Prior Management

Grand Heritage

### Key Statistics

- Led due diligence and transition of this acquisition in December 1995
- Total revenue growth from 1994-1998 of 68%
- NOI growth from 1994-1998 of 235%
- Direct sales focus on corporate, government, and military group
- Emphasis on wedding and military catering market
- Lease of 10,000 square foot mixed-use space with restaurant, office and retail operations



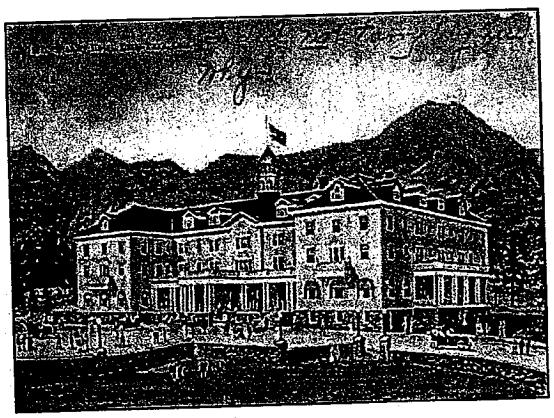
MILESTONE GROUP OF COMPANIES

FOIA CONFIDENTIAL TREATMENT REQUESTED

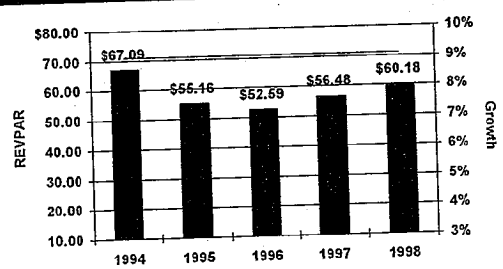
WMATA-INV 007313

# The Stanley Hotel

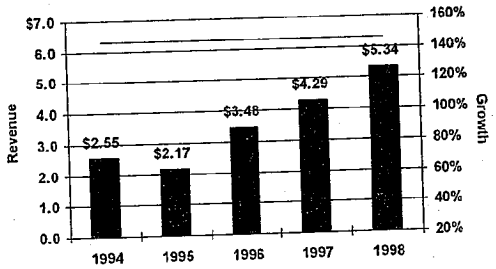
## Estes Park, Colorado



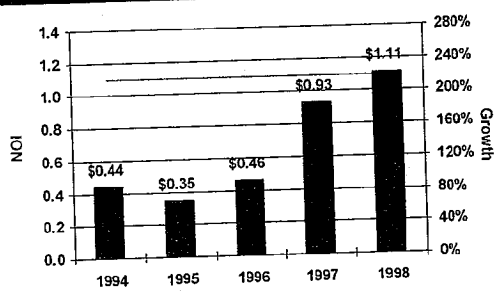
### REVPAR




### Revenue ($MM)




### NOI ($MM)




Prior Management

Grand Heritage

### Key Statistics

- Led due diligence and transition of this acquisition in May 1994
- Total revenue growth from 1995-1998 of 146%
- NOI growth from 1995-1998 of 219%
- Product renovation in 1997 (43 rooms added)
- Repositioned in corporate, state association, government group markets
- Increased food & beverage by targeting local and regional wedding market

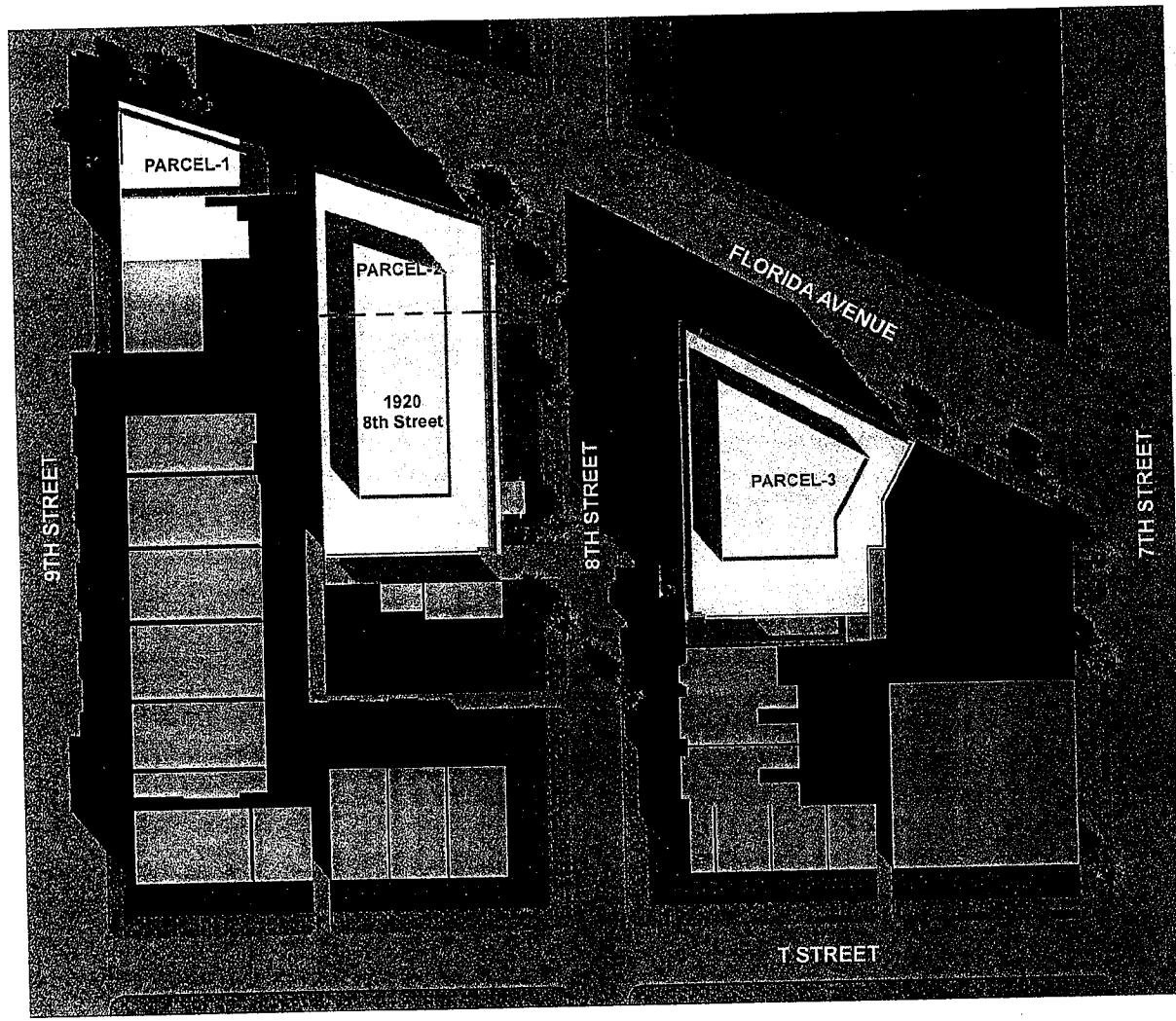


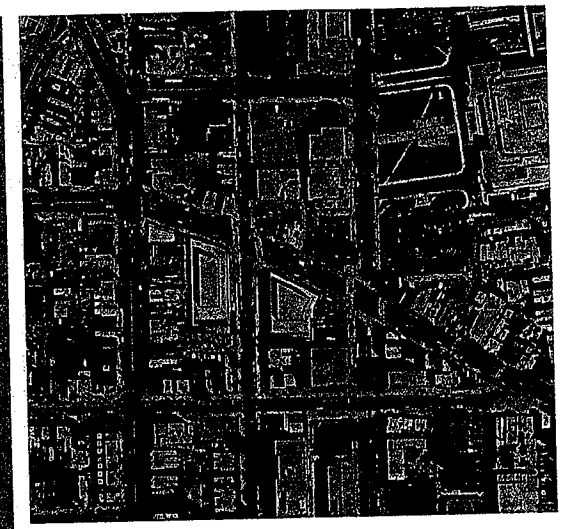
MILESTONE GROUP OF COMPANIES

FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 007314

FOIA CONFIDENTIAL TREATMENT REQUESTED



## AREA PLAN

| | Use | Height | Stories |
|---|---|---|---|
| Parcel - 1 | Retail | 30'-0" | 1 Story + Mezzanine |
| Parcel - 2 | Retail + Office | 65'-0" | 5 Stories |
| Parcel - 3 | Retail + Hotel | 65'-0" | 6 Stories |
| Parcel - 3 | (alternate) Retail + Office | 65'-0" | 5 Stories |

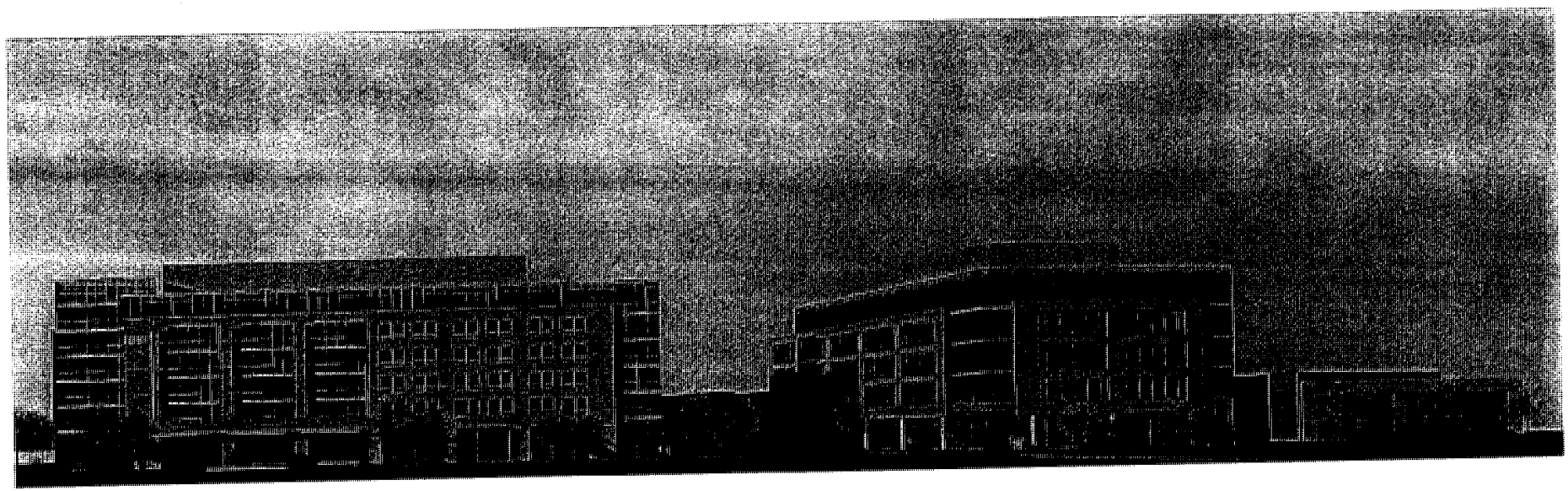
## SITE PLAN

N



WMATA-INV 007315

FOIA CONFIDENTIAL TREATMENT REQUESTED



**Overall View -** **Parcel 3 - Hotel & Retail Scheme**
**Parcel 2 - Office & Retail**
**Parcel 1 - Retail**



WMATA-INV 007316

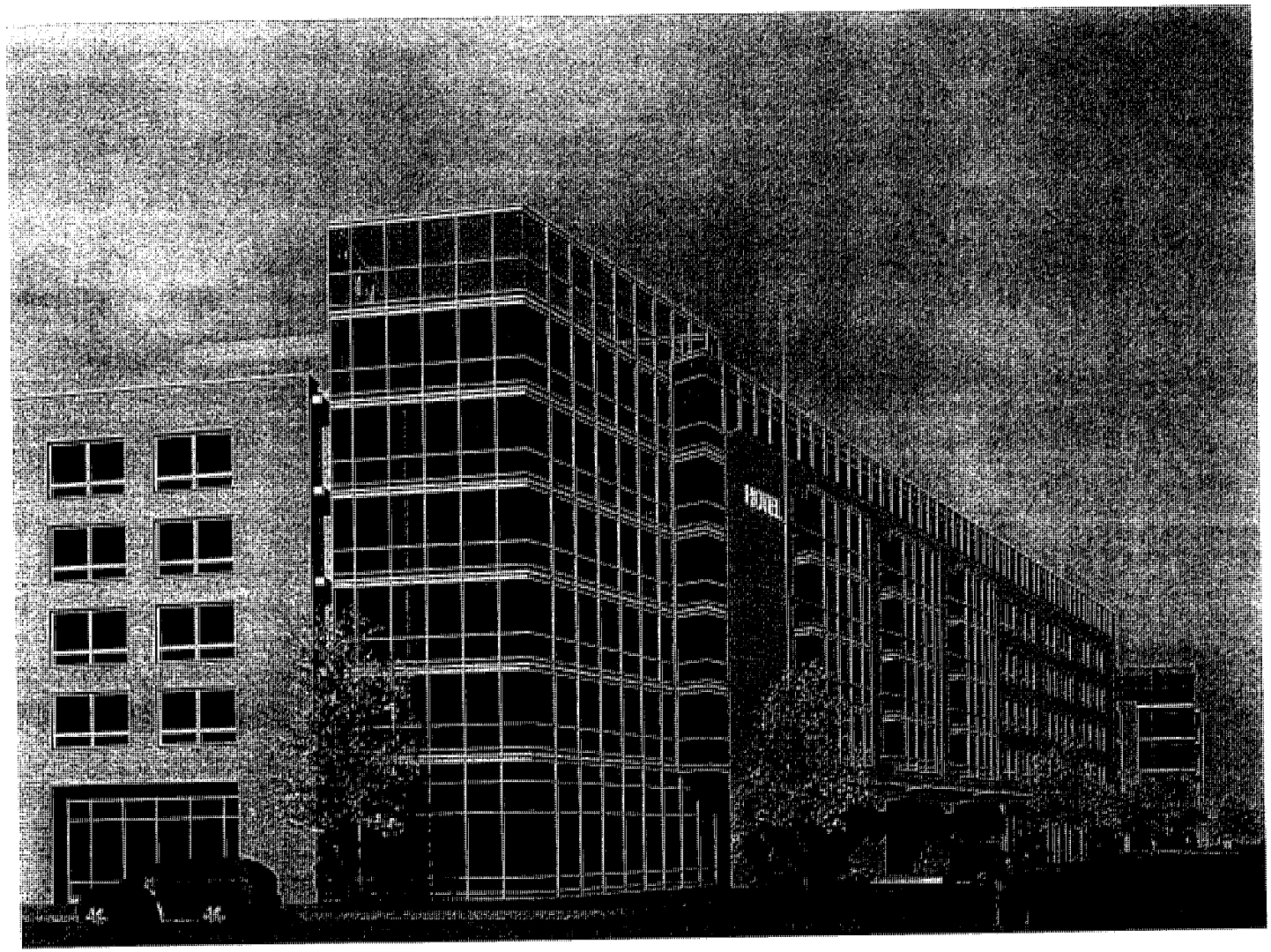
FOIA CONFIDENTIAL TREATMENT REQUESTED

Overall View - Parcel 3 - Office & Retail Scheme
Parcel 2 - Office & Retail
Parcel 1 - Retail



WMATA-INV 007317

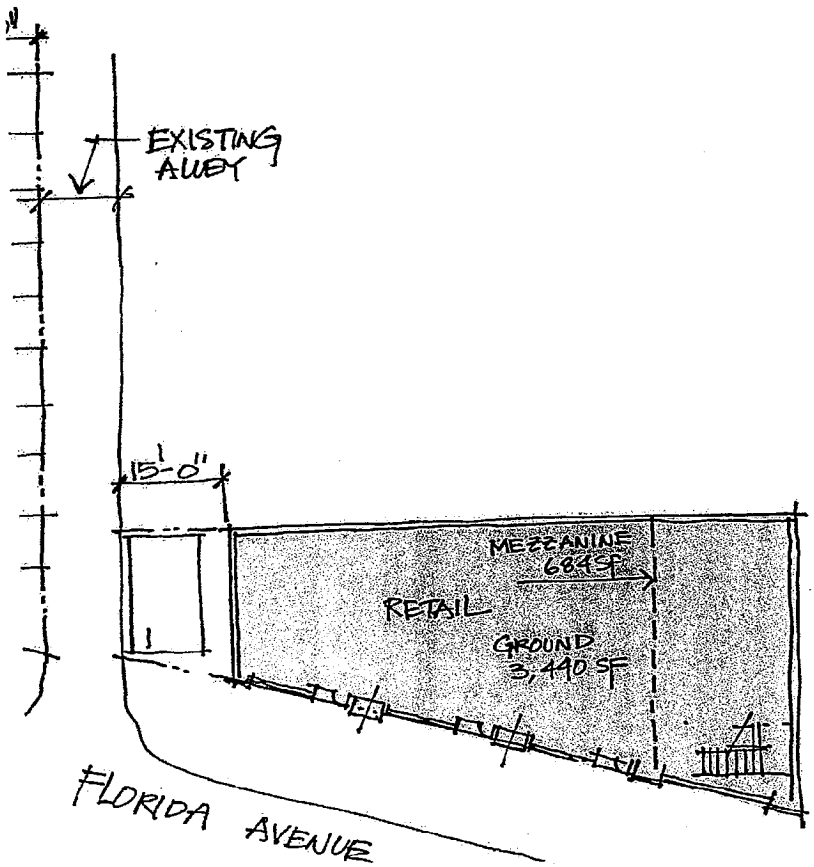
FOIA CONFIDENTIAL TREATMENT REQUESTED



**View - Parcel 3 - Hotel & Retail Scheme**



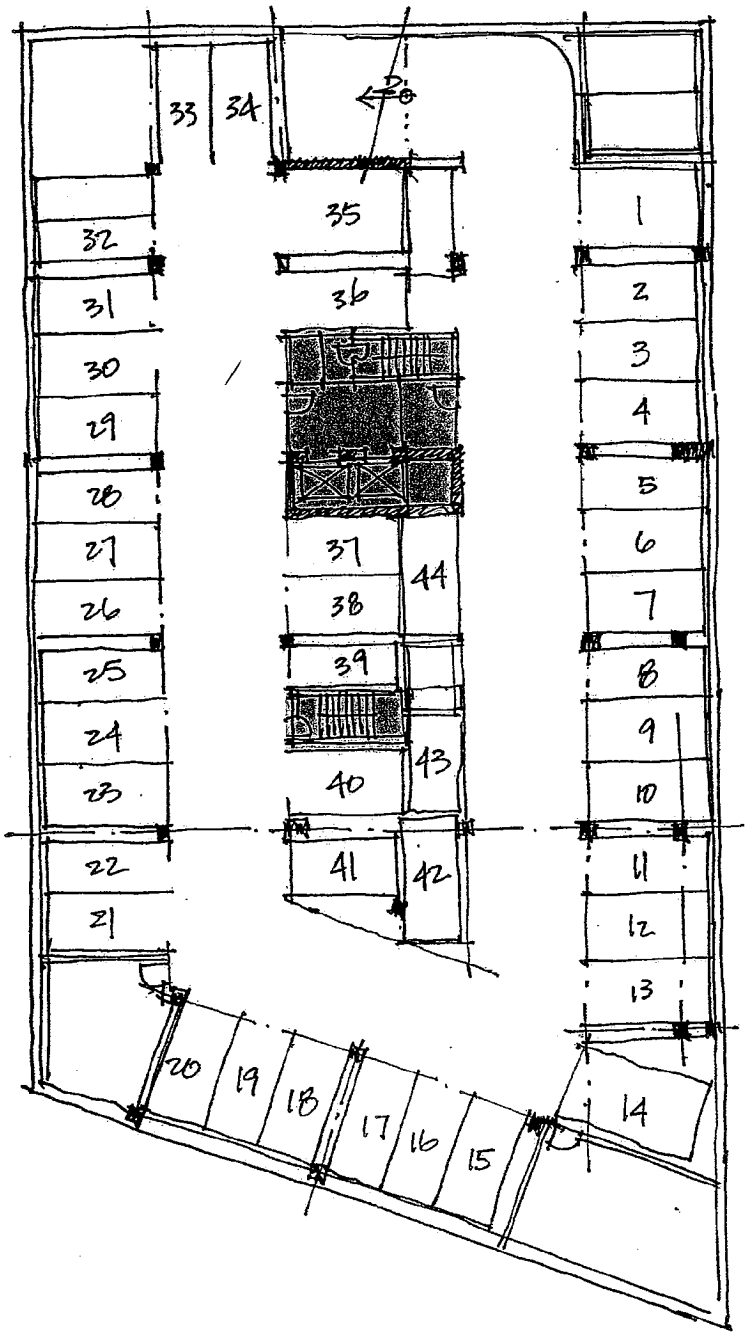
WMATA-INV 007318




Parcel 1
Ground Floor Plan



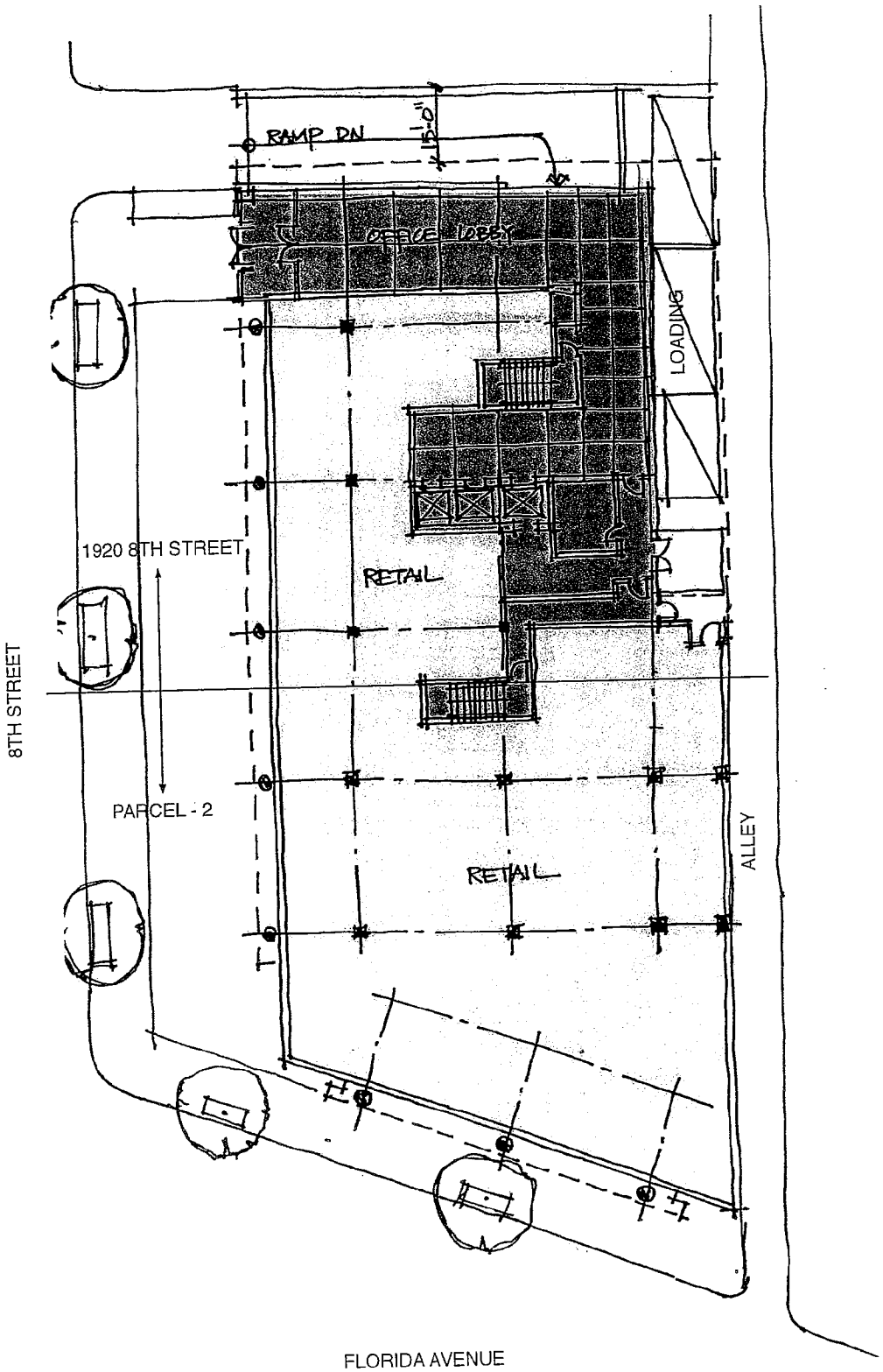
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 2 & 1920 8th Street
Parking Level Plan

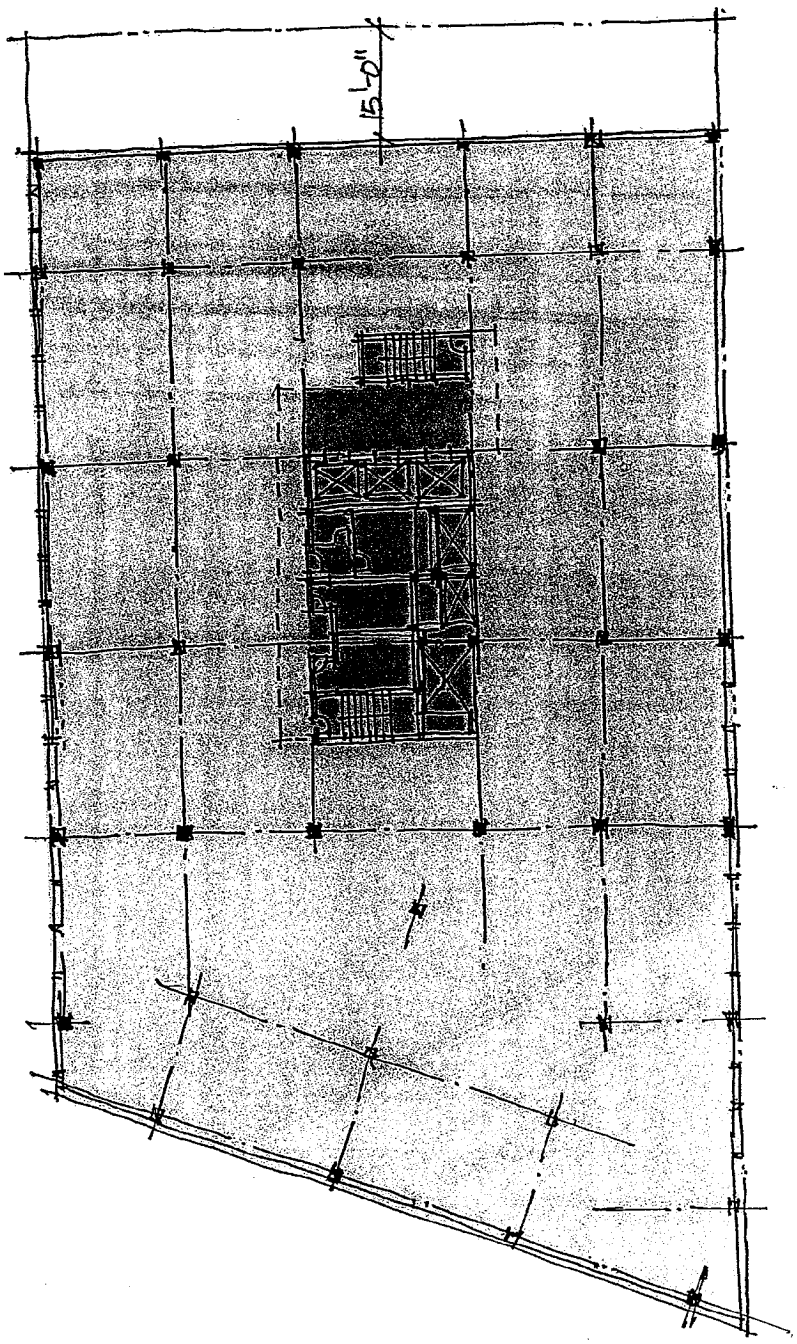


FOIA CONFIDENTIAL TREATMENT REQUESTED





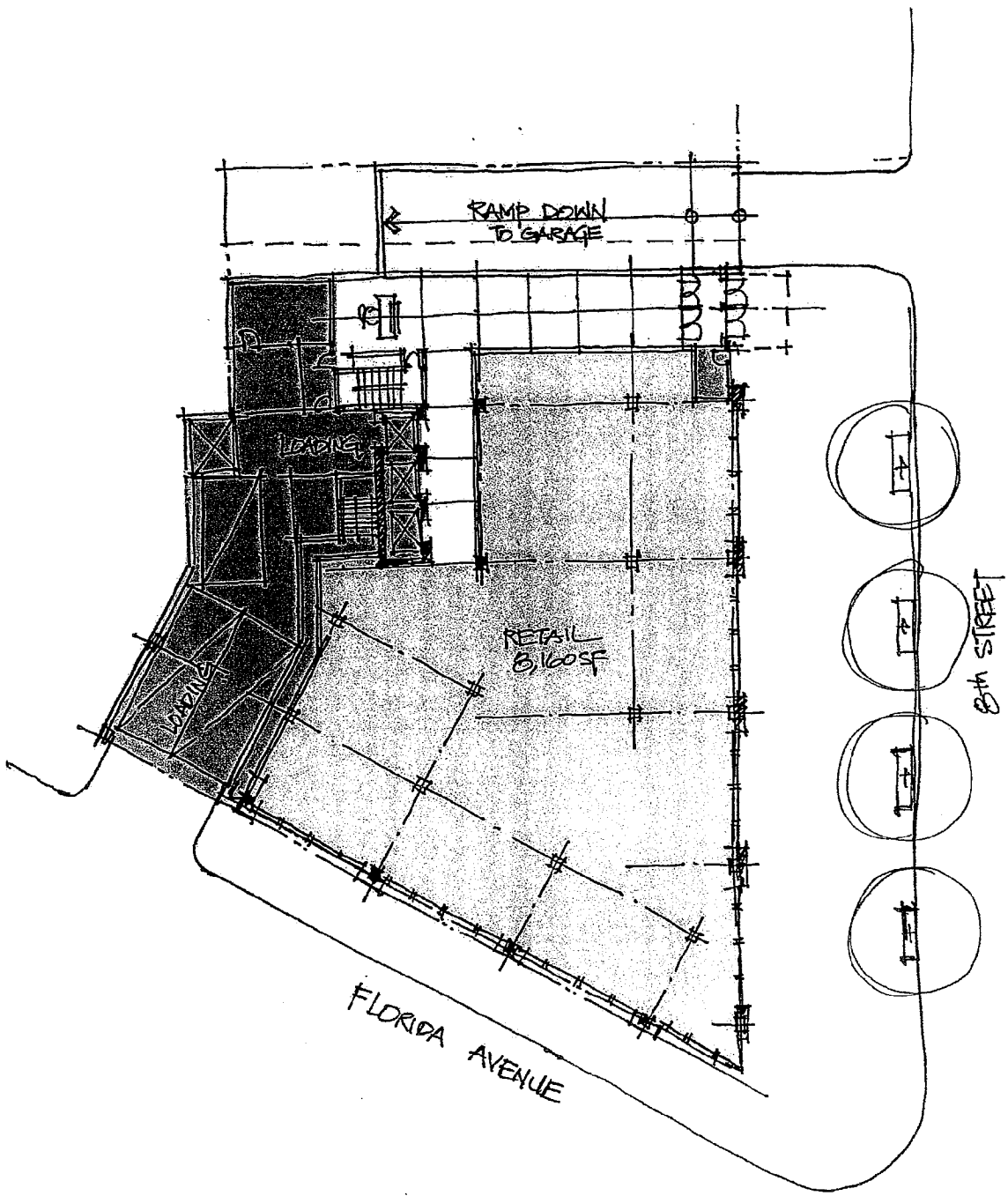

FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 2
Typical Floor Plan (2-5)



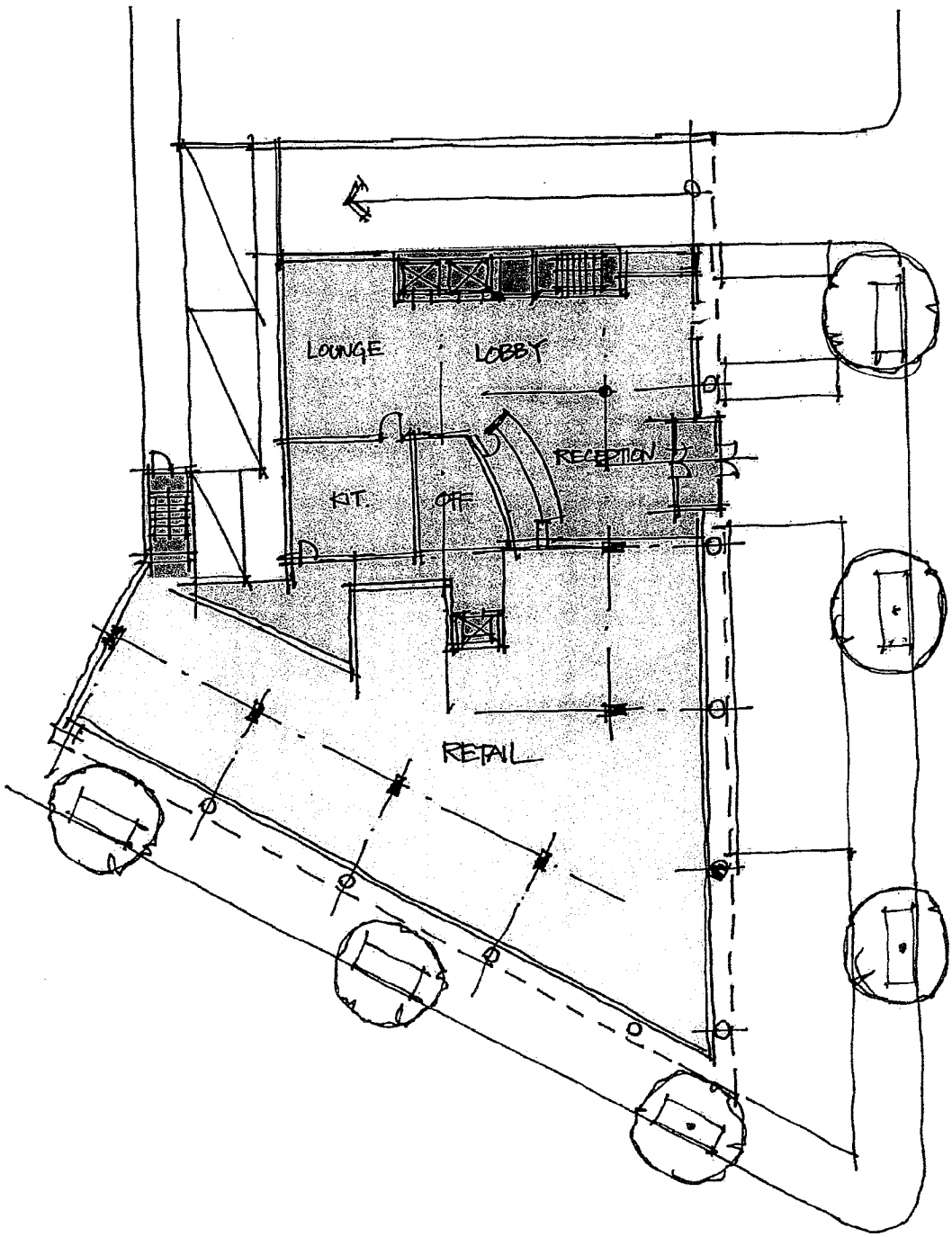
FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007322




Parcel 3
Ground Floor Plan - Office Scheme



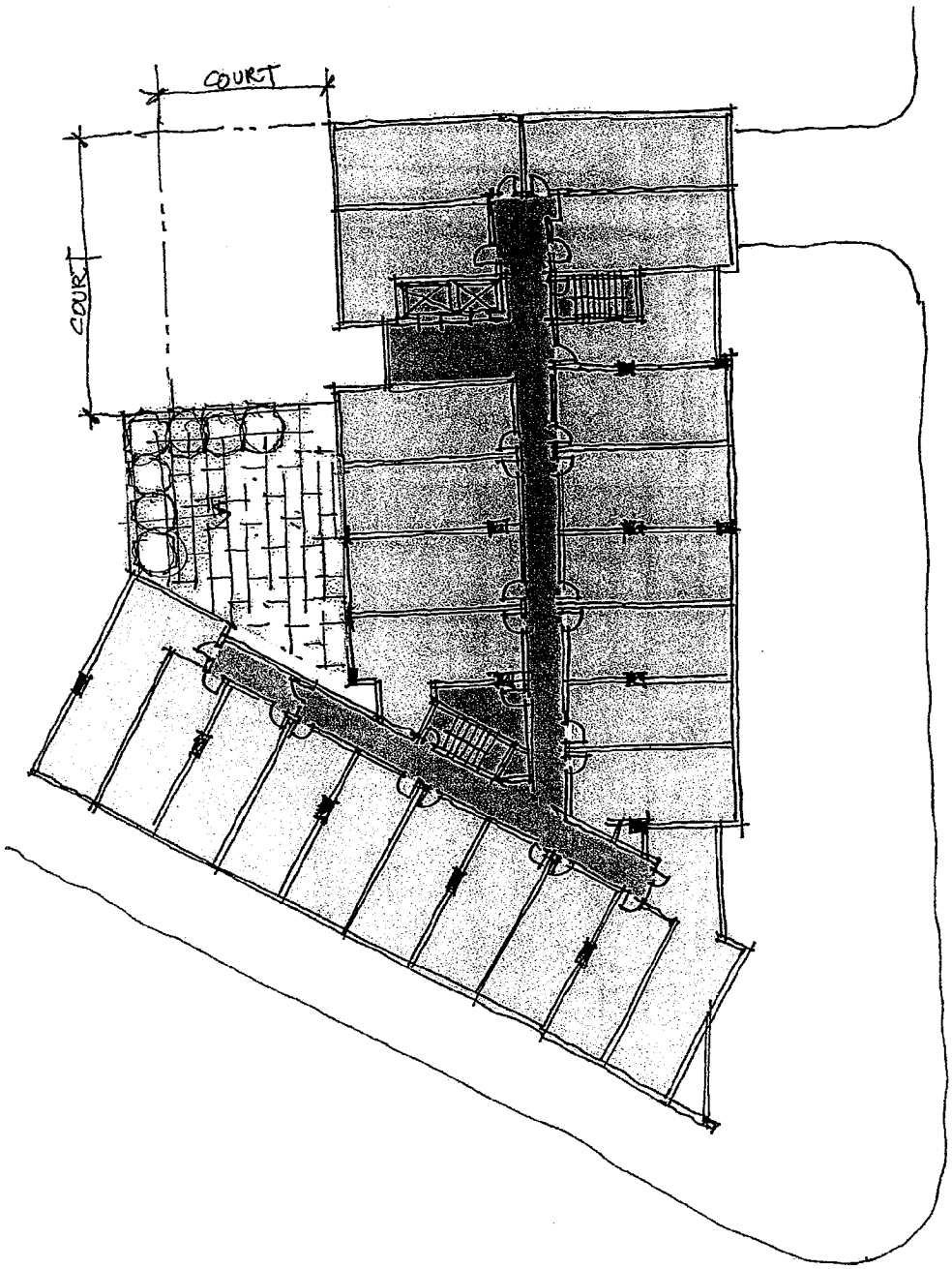
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Ground Floor Plan - Hotel Scheme



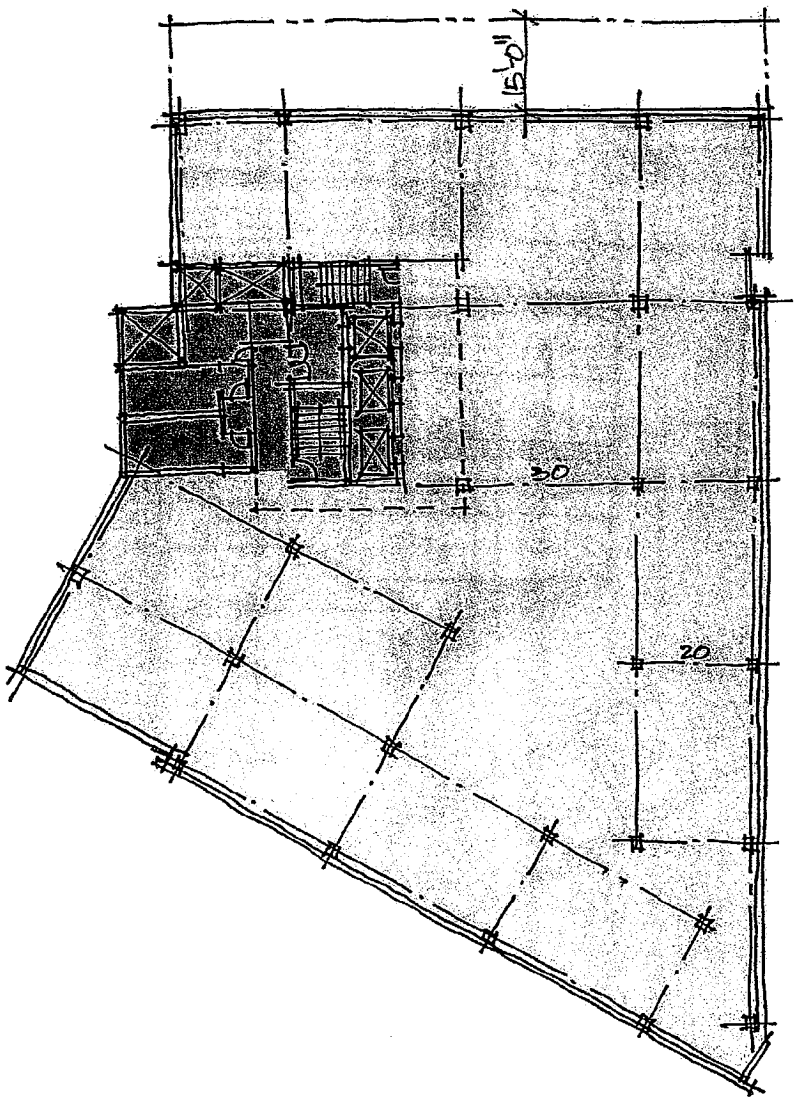
FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007324




Typical 1Floor Plan - Hotel Scheme



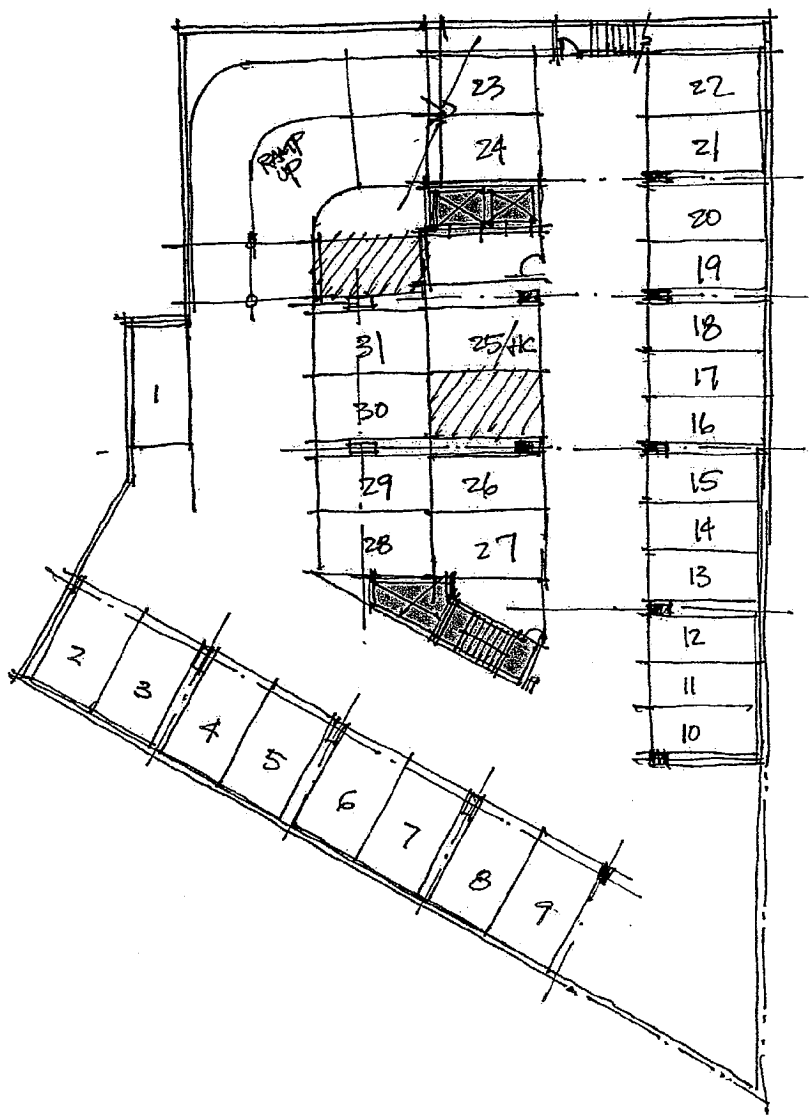
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Typical Floor Plan - Office Scheme



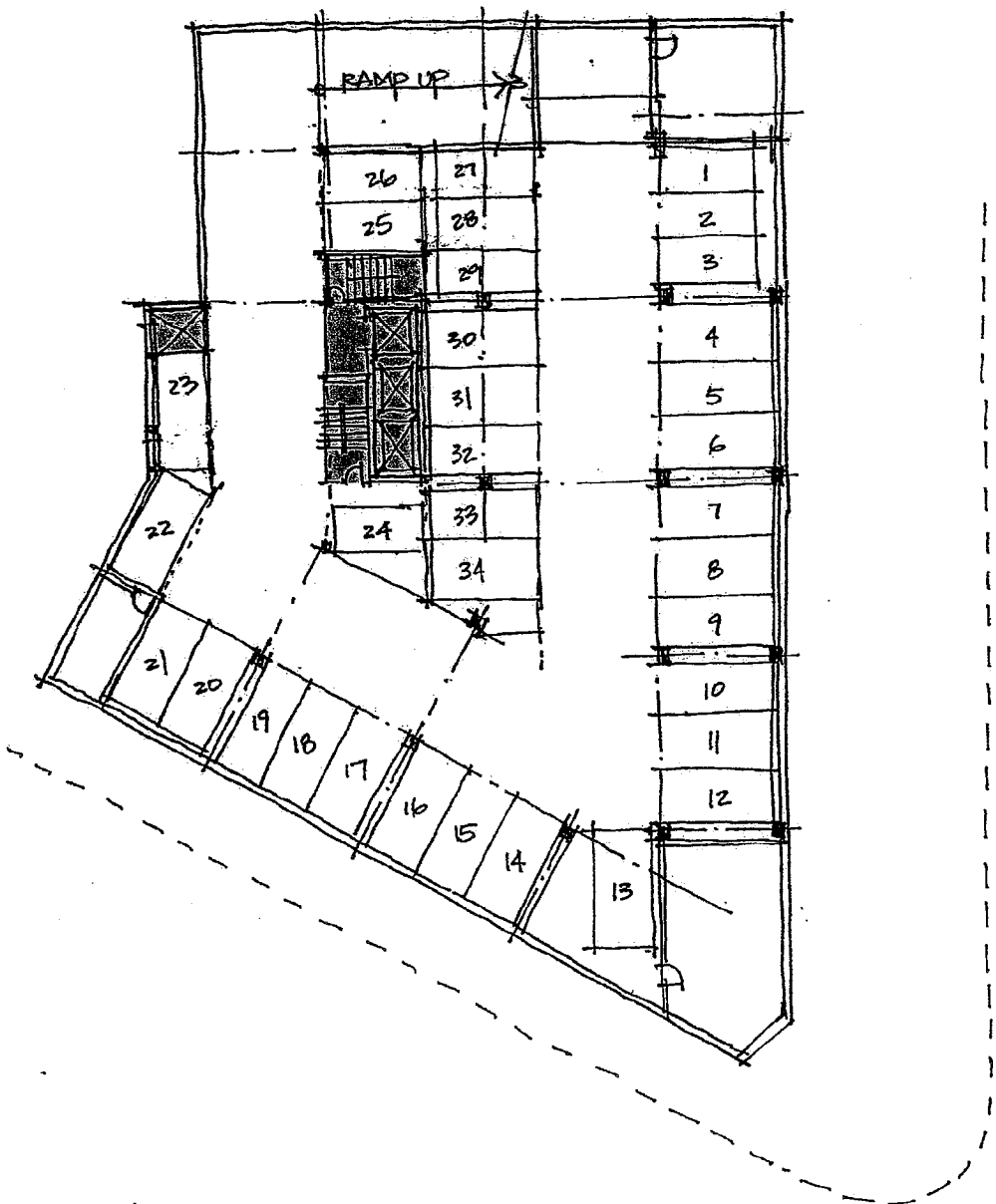
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Parking Level Plan - Hotel Scheme



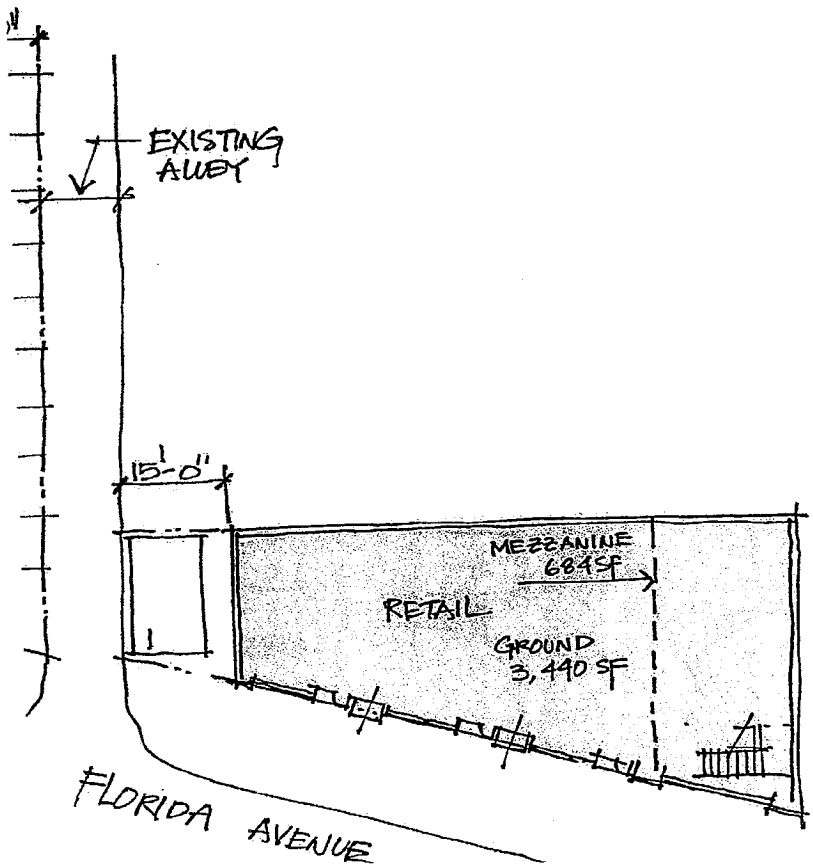
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Parking Level Plan - Office Scheme



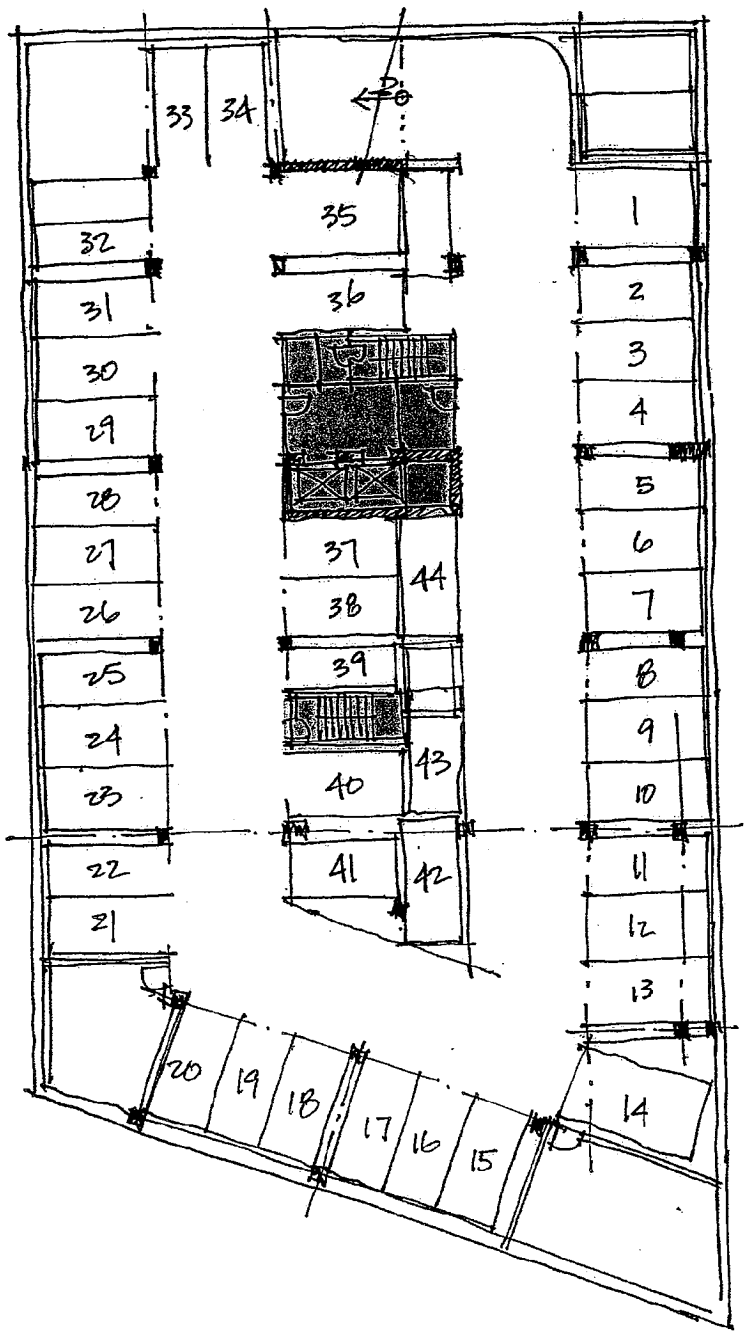
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 1
Ground Floor Plan



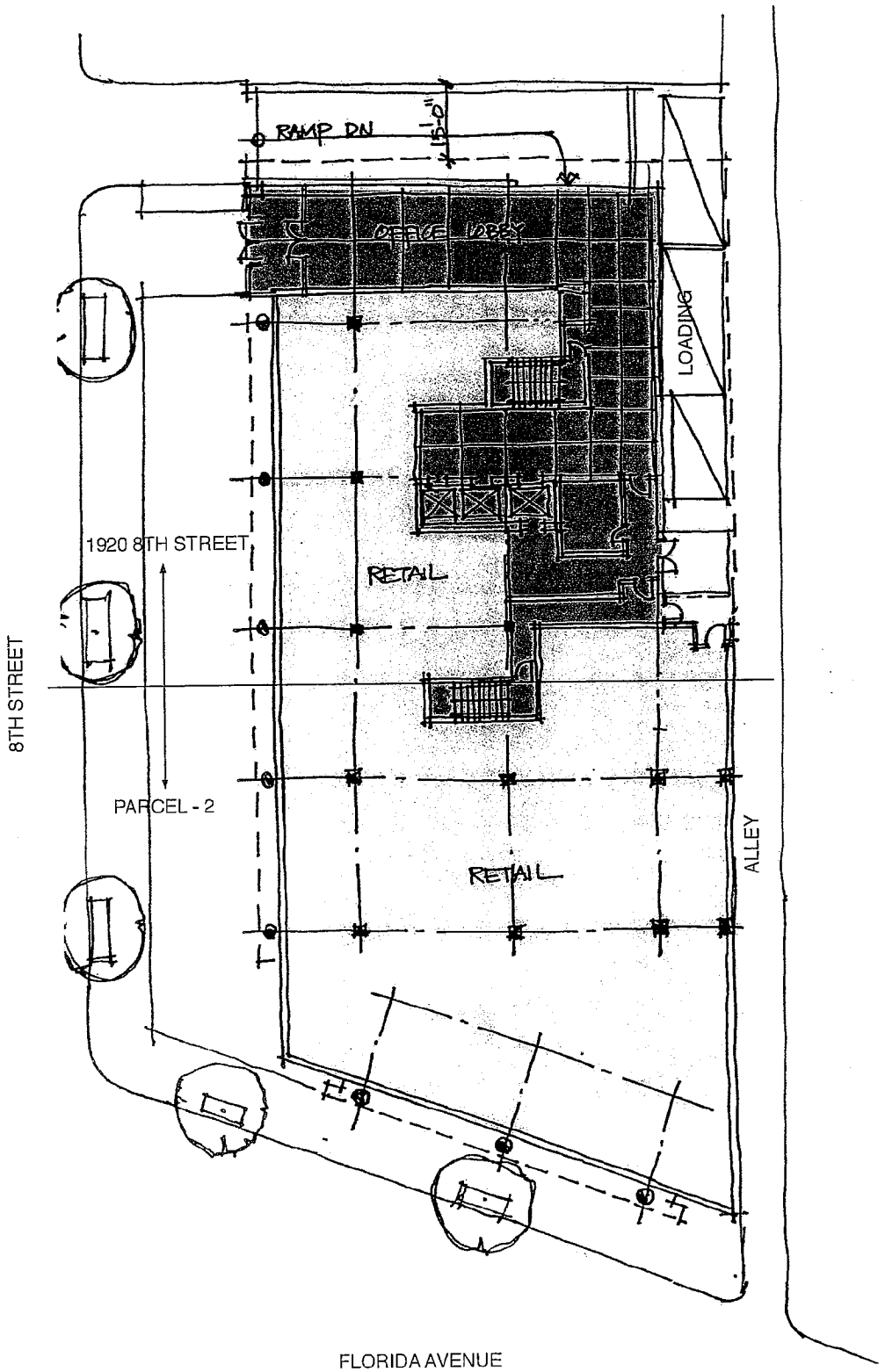
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 2 & 1920 8th Street
Parking Level Plan



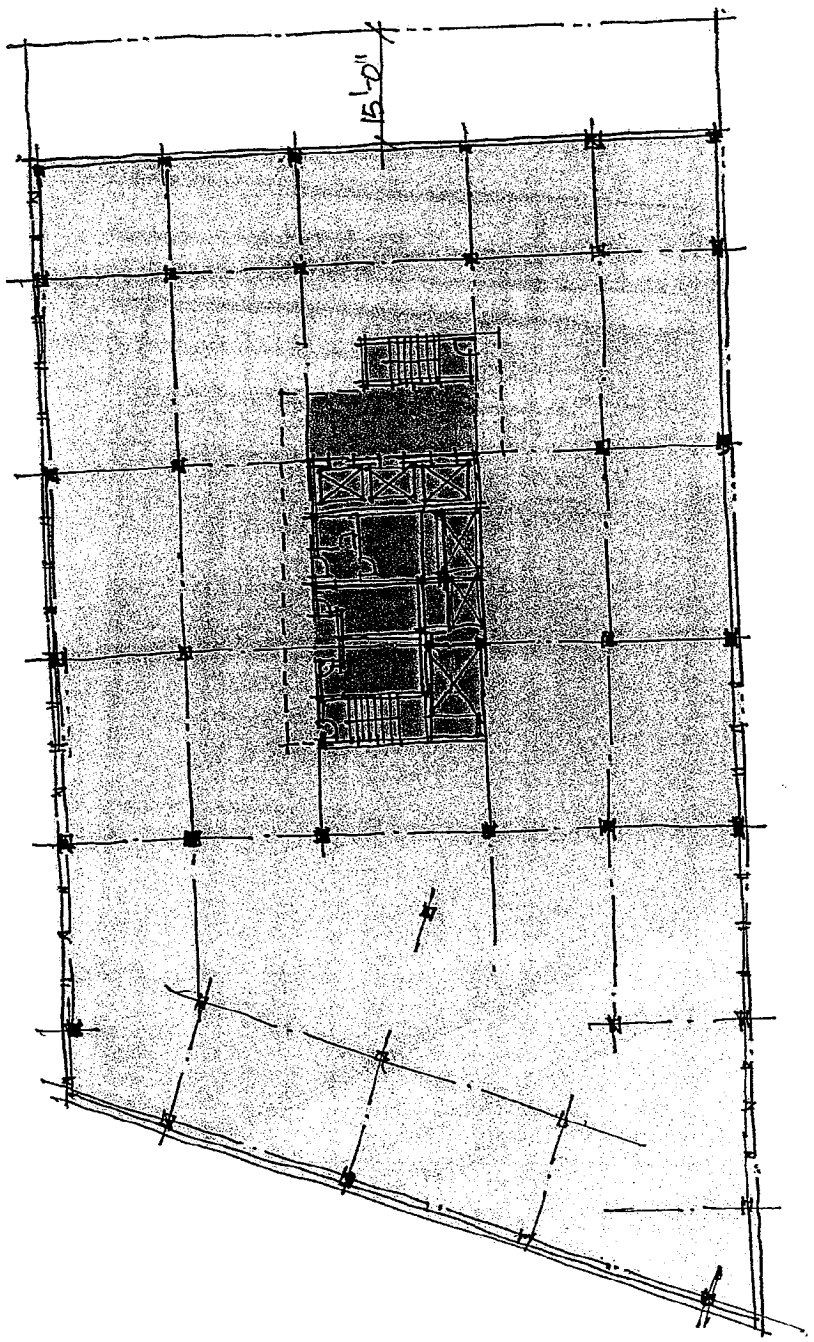
FOIA CONFIDENTIAL TREATMENT REQUESTED




Proposal for Shaw Howard / Florida Avenue JDS

CORE architecture group

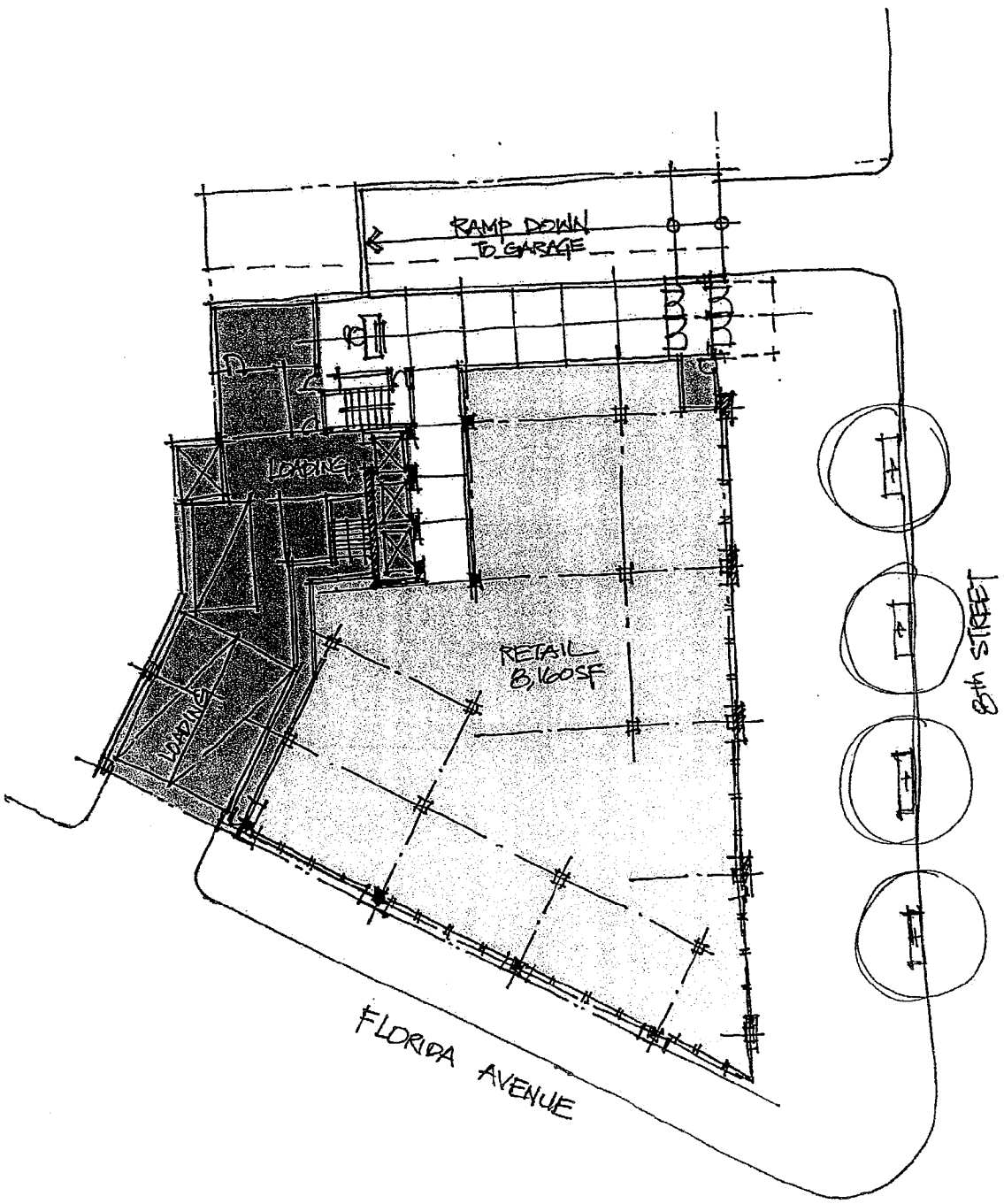
LAKRITZ | ADLER




Parcel 2
Typical Floor Plan (2-5)



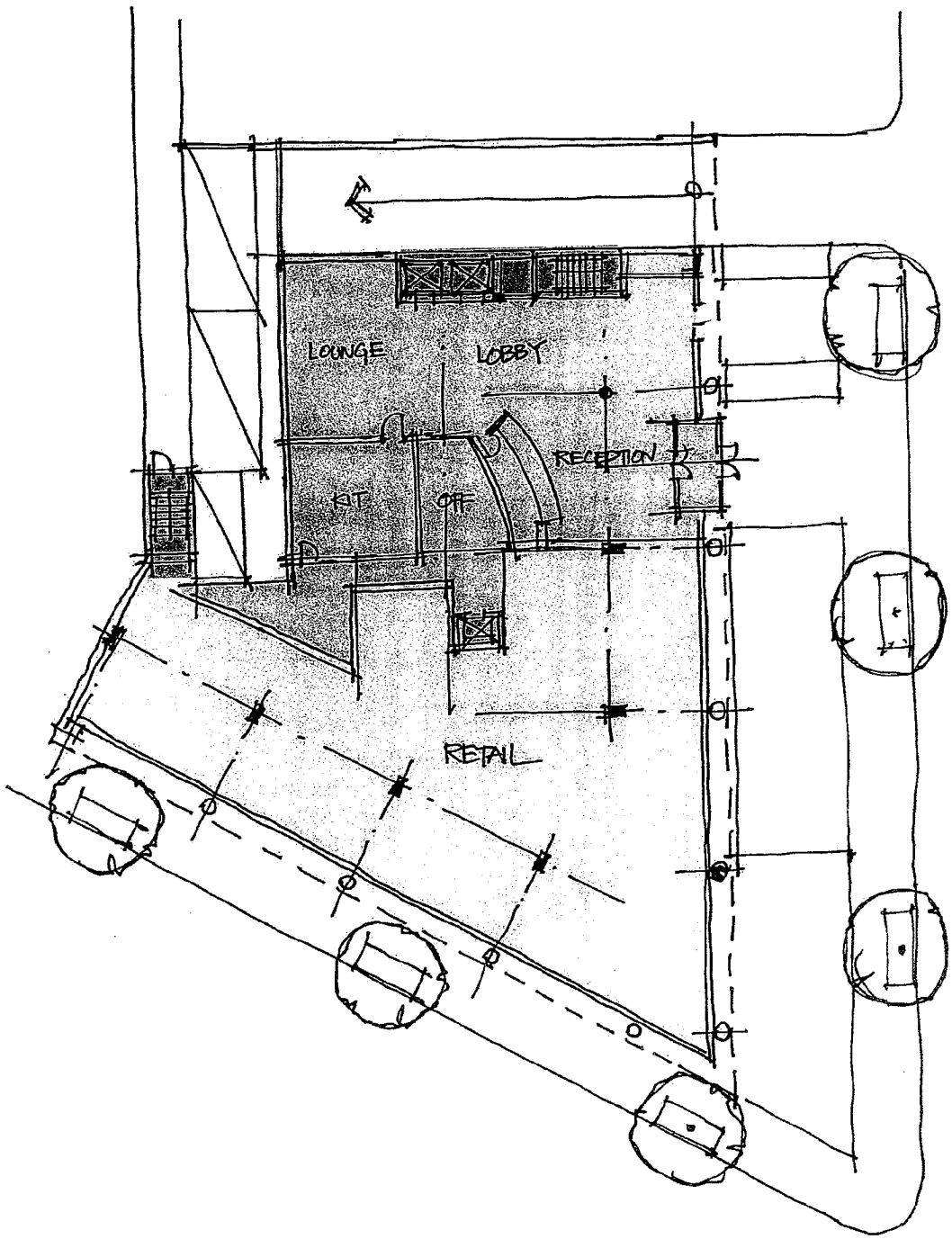
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Ground Floor Plan - Office Scheme



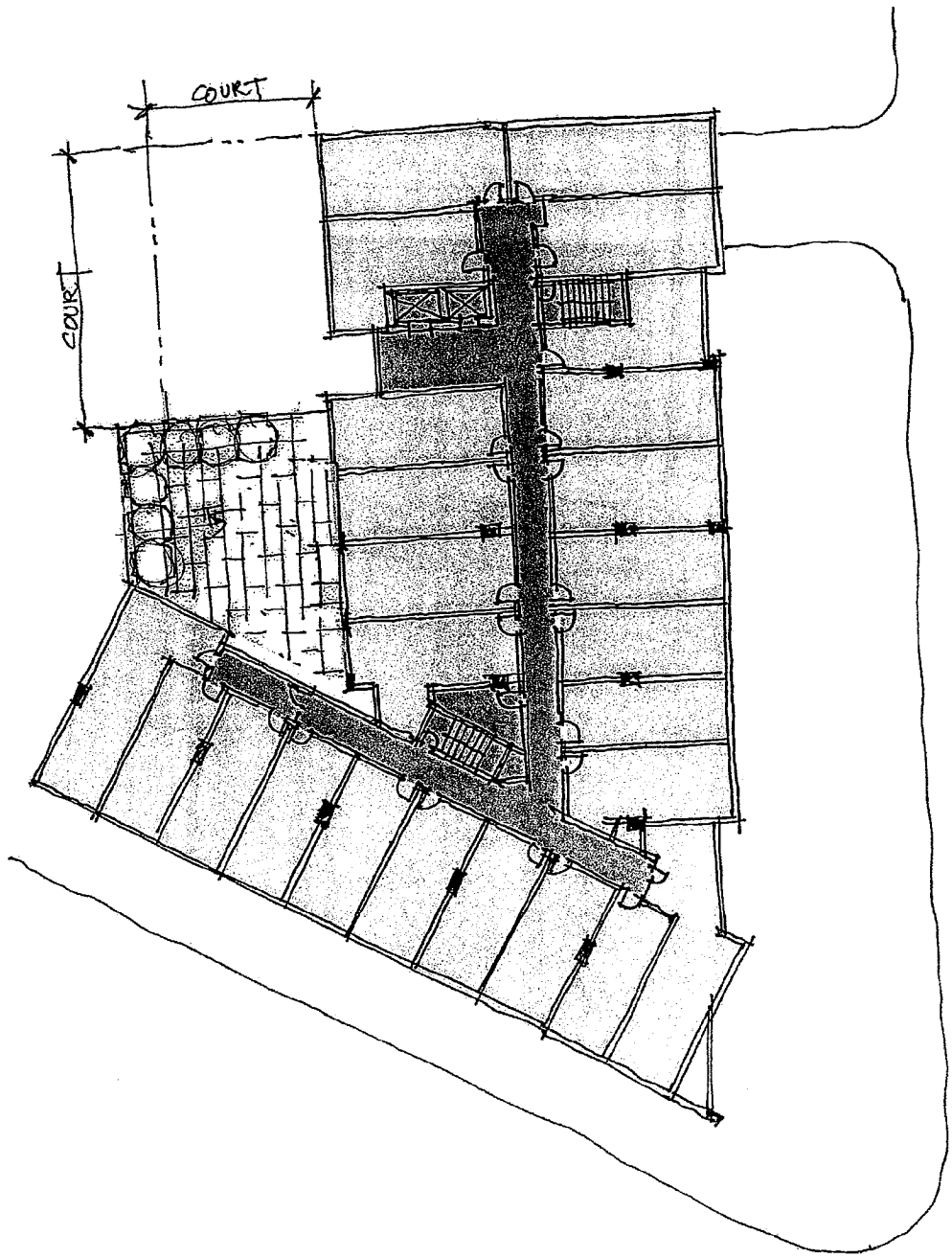
FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Ground Floor Plan - Hotel Scheme



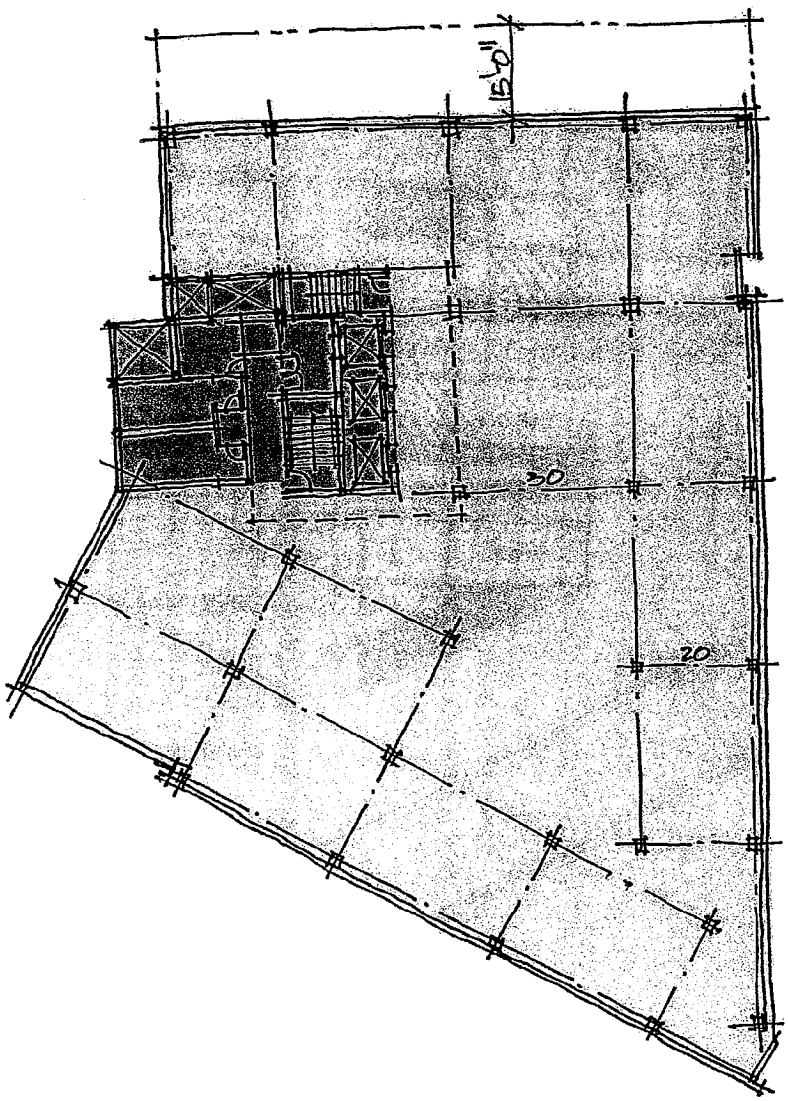
FOIA CONFIDENTIAL TREATMENT REQUESTED




Typical 1Floor Plan - Hotel Scheme



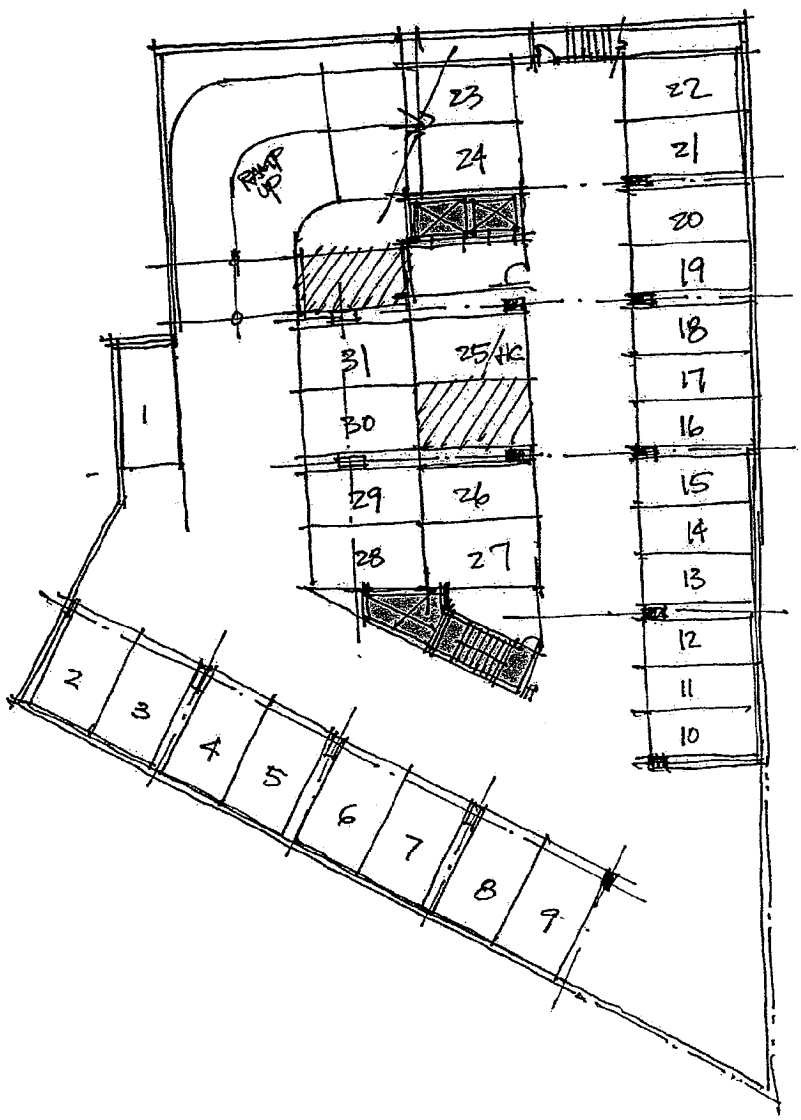
FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007335




Parcel 3
Typical Floor Plan - Office Scheme



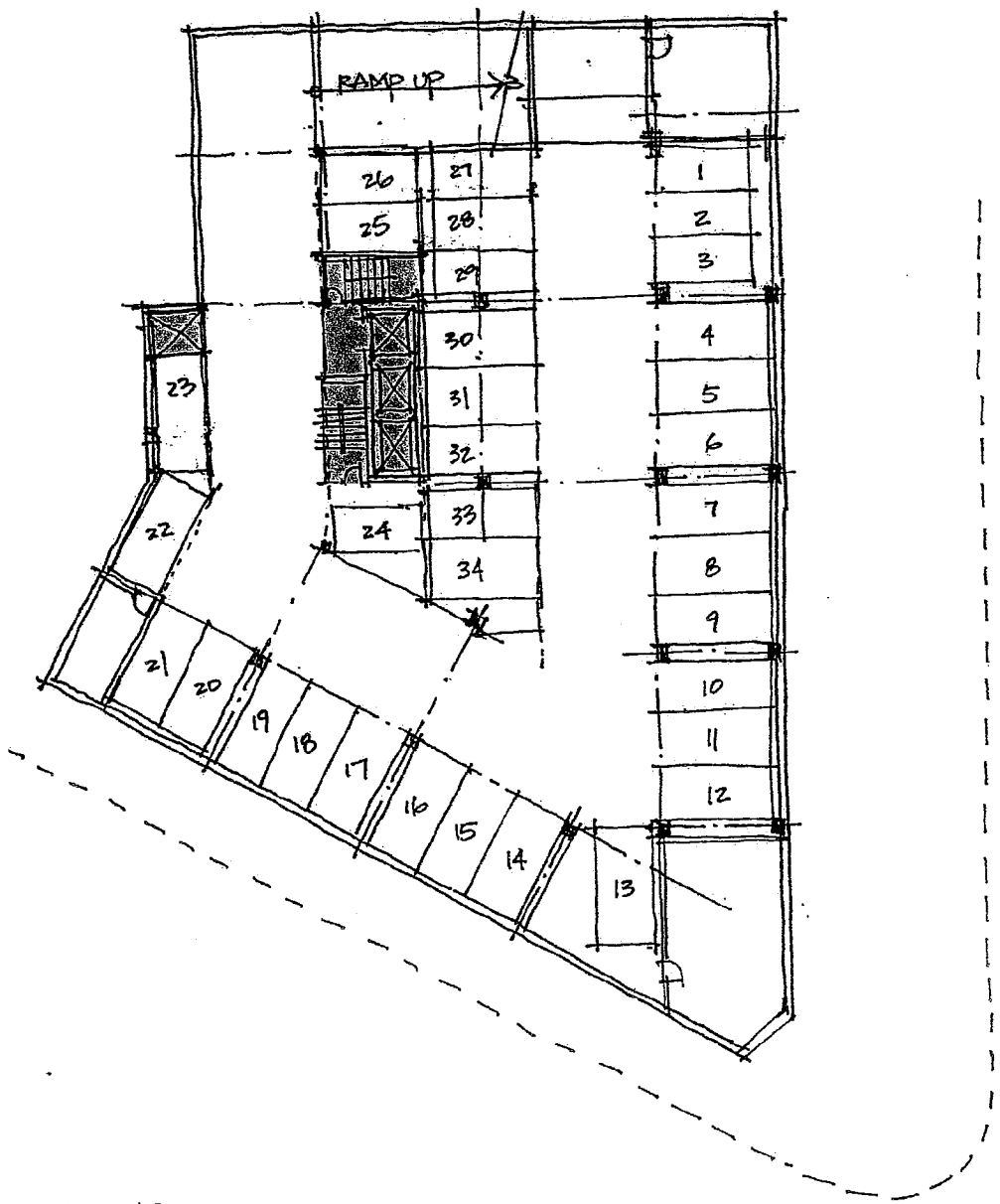
FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 007336




Parcel 3
Parking Level Plan - Hotel Scheme



FOIA CONFIDENTIAL TREATMENT REQUESTED




Parcel 3
Parking Level Plan - Office Scheme



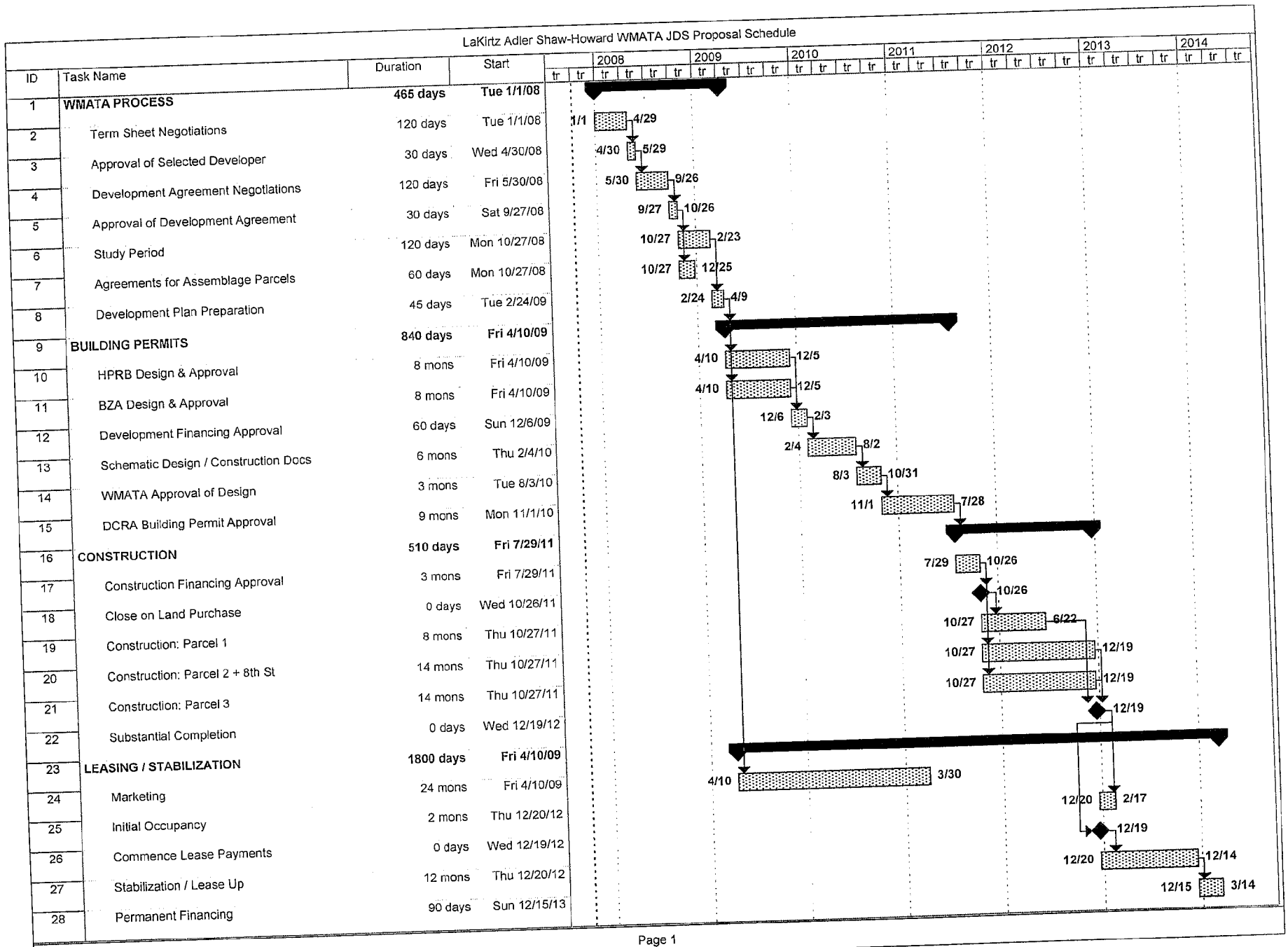
FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 007338

FOIA CONFIDENTIAL TREATMENT REQUESTED

LaKirtz Adler Shaw-Howard WMATA JDS Proposal Schedule

| ID | Task Name | Duration | Start |
|---|---|---|---|
| 1 | **WMATA PROCESS** | **465 days** | **Tue 1/1/08** |
| 2 | Term Sheet Negotiations | 120 days | Tue 1/1/08 |
| 3 | Approval of Selected Developer | 30 days | Wed 4/30/08 |
| 4 | Development Agreement Negotiations | 120 days | Fri 5/30/08 |
| 5 | Approval of Development Agreement | 30 days | Sat 9/27/08 |
| 6 | Study Period | 120 days | Mon 10/27/08 |
| 7 | Agreements for Assemblage Parcels | 60 days | Mon 10/27/08 |
| 8 | Development Plan Preparation | 45 days | Tue 2/24/09 |
| 9 | **BUILDING PERMITS** | **840 days** | **Fri 4/10/09** |
| 10 | HPRB Design & Approval | 8 mons | Fri 4/10/09 |
| 11 | BZA Design & Approval | 8 mons | Fri 4/10/09 |
| 12 | Development Financing Approval | 60 days | Sun 12/6/09 |
| 13 | Schematic Design / Construction Docs | 6 mons | Thu 2/4/10 |
| 14 | WMATA Approval of Design | 3 mons | Tue 8/3/10 |
| 15 | DCRA Building Permit Approval | 9 mons | Mon 11/1/10 |
| 16 | **CONSTRUCTION** | **510 days** | **Fri 7/29/11** |
| 17 | Construction Financing Approval | 3 mons | Fri 7/29/11 |
| 18 | Close on Land Purchase | 0 days | Wed 10/26/11 |
| 19 | Construction: Parcel 1 | 8 mons | Thu 10/27/11 |
| 20 | Construction: Parcel 2 + 8th St | 14 mons | Thu 10/27/11 |
| 21 | Construction: Parcel 3 | 14 mons | Thu 10/27/11 |
| 22 | Substantial Completion | 0 days | Wed 12/19/12 |
| 23 | **LEASING / STABILIZATION** | **1800 days** | **Fri 4/10/09** |
| 24 | Marketing | 24 mons | Fri 4/10/09 |
| 25 | Initial Occupancy | 2 mons | Thu 12/20/12 |
| 26 | Commence Lease Payments | 0 days | Wed 12/19/12 |
| 27 | Stabilization / Lease Up | 12 mons | Thu 12/20/12 |
| 28 | Permanent Financing | 90 days | Sun 12/15/13 |






WMATA-INV 007339

| | |
|---|---|
| 7 | **Agreements for Assemblage Parcels**<br>Optional |
| 10 | **HPRB Design & Approval**<br>3 rounds with HPRB |
| 11 | **BZA Design & Approval**<br>Optional - parallel to HPRB |
| 14 | **WMATA Approval of Design**<br>Interspersed with #12 |
| 15 | **DCRA Building Permit Approval**<br>Current DCRA delay 12 months |
| 18 | **Close on Land Purchase**<br>Land purchase only |
| 24 | **Marketing**<br>Start at Dev Plan approval |
| 26 | **Commence Lease Payments**<br>Ground lease only |



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 007340

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Washington, DC Selected Properties

Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

January 2001 to July 2007


| | Tab |
|---|---|
| Table of Contents | 1 |
| Data by Measure | 2 |
| Percent Change by Measure | 3 |
| Percent Change by Year | 4 |
| Twelve Month Moving Average | 5 |
| Day of Week Analysis | 6 |
| Raw Data | 7 |
| Classic | 8 |
| Response Report | 9 |
| Help | 10 |
| Terms and Conditions | 11 |



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Fax: 615.824.3848
www.smithtravelresearch.com
E-mail: trend@smithtravelresearch.com


WMATA-INV 007341

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 2 - Data by Measure

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

## Occupancy (%)

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 58.8 | 70.3 | 87.1 | 83.0 | 78.2 | 80.3 | 77.5 | 71.8 | 52.4 | 70.6 | 50.6 | 50.3 | 70.0 | 76.7 |
| 2002 | 57.9 | 67.7 | 77.4 | 91.1 | 82.4 | 80.2 | 77.5 | 70.6 | 73.2 | 73.7 | 57.2 | 48.0 | 70.9 | 75.9 |
| 2003 | 54.4 | 63.3 | 77.1 | 75.7 | 77.3 | 79.8 | 79.7 | 66.9 | 80.3 | 85.9 | 64.1 | 48.7 | 71.1 | 72.6 |
| 2004 | 52.0 | 76.3 | 90.4 | 90.6 | 87.2 | 88.4 | 83.1 | 72.6 | 76.9 | 86.1 | 66.6 | 52.4 | 77.0 | 81.1 |
| 2005 | 59.5 | 78.1 | 86.9 | 90.4 | 84.8 | 84.0 | 81.0 | 75.9 | 80.8 | 84.9 | 61.2 | 55.2 | 76.1 | 80.7 |
| 2006 | 55.3 | 73.8 | 84.6 | 86.4 | 84.7 | 84.8 | 77.2 | 72.0 | 75.0 | 82.4 | 73.8 | 54.1 | 75.3 | 78.1 |
| 2007 | 59.7 | 75.2 | 85.8 | 89.6 | 85.3 | 90.4 | 85.6 | | | | | | 73.5 | 81.7 |
| Avg | 56.8 | 72.3 | 84.2 | 86.7 | 83.0 | 84.3 | 80.3 | 71.7 | 73.2 | 81.0 | 64.2 | 51.7 | | 78.2 |

## ADR ($)

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 151.57 | 137.24 | 144.78 | 143.60 | 140.94 | 135.68 | 117.29 | 106.76 | 121.68 | 118.36 | 102.18 | 102.88 | 127.72 | 138.17 |
| 2002 | 107.83 | 114.63 | 129.00 | 146.81 | 141.44 | 134.60 | 122.17 | 113.57 | 139.82 | 137.21 | 115.29 | 106.91 | 127.22 | 129.20 |
| 2003 | 105.69 | 115.23 | 137.62 | 131.42 | 139.21 | 136.77 | 122.84 | 105.92 | 140.48 | 137.94 | 124.62 | 117.56 | 127.77 | 128.36 |
| 2004 | 122.22 | 137.20 | 151.12 | 148.75 | 155.48 | 152.58 | 135.99 | 128.60 | 160.45 | 168.70 | 143.99 | 129.28 | 146.25 | 144.95 |
| 2005 | 162.04 | 160.28 | 167.34 | 179.89 | 172.74 | 167.66 | 148.03 | 141.14 | 175.05 | 187.87 | 172.55 | 154.58 | 166.34 | 165.90 |
| 2006 | 161.80 | 175.53 | 197.98 | 196.35 | 201.39 | 201.34 | 157.68 | 139.39 | 190.88 | 202.75 | 182.73 | 154.15 | 182.21 | 186.41 |
| 2007 | 167.02 | 195.48 | 208.05 | 210.01 | 216.08 | 196.80 | 173.92 | | | | | | | 196.68 |
| Avg | 141.84 | 151.96 | 165.92 | 168.91 | 170.74 | 164.67 | 142.17 | 123.81 | 158.34 | 161.99 | 144.77 | 130.61 | 148.71 | 159.12 |

## RevPAR ($)

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 89.11 | 96.49 | 126.09 | 119.17 | 110.25 | 108.95 | 90.96 | 76.65 | 63.74 | 83.53 | 61.96 | 51.78 | 89.44 | 106.00 |
| 2002 | 62.46 | 77.58 | 99.86 | 133.71 | 116.53 | 107.90 | 94.67 | 80.21 | 102.38 | 101.19 | 65.89 | 51.29 | 90.22 | 98.03 |
| 2003 | 57.52 | 72.97 | 106.10 | 99.55 | 107.85 | 109.15 | 97.89 | 70.87 | 112.75 | 118.44 | 79.86 | 57.24 | 90.87 | 93.15 |
| 2004 | 63.52 | 104.72 | 136.65 | 134.78 | 135.56 | 134.84 | 113.03 | 93.32 | 123.45 | 146.87 | 95.97 | 67.72 | 112.65 | 117.60 |
| 2005 | 96.41 | 125.25 | 145.41 | 162.64 | 146.53 | 140.79 | 119.88 | 107.16 | 141.44 | 159.52 | 105.53 | 85.31 | 126.60 | 133.80 |
| 2006 | 89.44 | 129.52 | 167.44 | 169.68 | 170.59 | 170.73 | 121.65 | 100.35 | 143.20 | 167.01 | 134.87 | 83.35 | 137.19 | 145.57 |
| 2007 | 99.66 | 146.93 | 178.52 | 188.26 | 184.32 | 177.88 | 148.81 | | | | | | | 160.61 |
| Avg | 80.58 | 109.85 | 139.71 | 146.48 | 141.72 | 138.77 | 114.22 | 88.73 | 115.86 | 131.18 | 92.92 | 67.50 | 109.37 | 124.50 |

## Supply

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 42,563 | 38,444 | 42,563 | 46,440 | 47,988 | 46,440 | 47,988 | 47,988 | 46,440 | 47,988 | 46,440 | 47,988 | 549,270 | 312,426 |
| 2002 | 47,988 | 43,344 | 47,988 | 40,920 | 42,284 | 40,920 | 42,284 | 42,284 | 40,920 | 47,802 | 46,260 | 47,802 | 530,796 | 305,728 |
| 2003 | 47,802 | 43,176 | 47,802 | 46,260 | 47,802 | 46,260 | 47,802 | 47,802 | 46,260 | 47,802 | 46,260 | 47,802 | 562,830 | 326,904 |
| 2004 | 47,802 | 43,176 | 47,802 | 46,260 | 47,802 | 46,260 | 47,802 | 47,802 | 46,260 | 47,802 | 46,260 | 47,802 | 562,830 | 326,904 |
| 2005 | 47,802 | 43,176 | 47,802 | 46,260 | 47,802 | 46,260 | 47,802 | 47,802 | 46,260 | 47,802 | 46,260 | 47,802 | 562,830 | 326,904 |
| 2006 | 59,706 | 53,928 | 59,706 | 57,780 | 59,706 | 57,780 | 59,706 | 59,706 | 57,780 | 59,706 | 57,780 | 59,706 | 586,254 | 326,904 |
| 2007 | 59,706 | 53,928 | 59,706 | 57,780 | 59,706 | 57,780 | 59,706 | | | | | | 702,990 | 408,312 |
| Avg | 50,481 | 45,596 | 50,481 | 48,814 | 50,441 | 48,814 | 50,441 | 48,697 | 47,320 | 49,817 | 50,130 | 51,801 | 582,495 | 408,312 |
| | | | | | | | | | | | | | | 345,070 |

## Demand

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 25,023 | 27,027 | 37,068 | 38,538 | 37,538 | 37,290 | 37,212 | 34,453 | 24,326 | 33,864 | 28,162 | 24,154 | 384,655 | 239,696 |
| 2002 | 27,798 | 29,333 | 37,146 | 37,269 | 34,839 | 32,805 | 32,765 | 29,863 | 29,963 | 35,251 | 26,440 | 22,932 | 376,404 | 231,955 |
| 2003 | 26,014 | 27,342 | 36,855 | 35,040 | 36,964 | 36,916 | 38,093 | 31,982 | 37,128 | 41,045 | 29,644 | 23,275 | 400,298 | 237,224 |
| 2004 | 24,844 | 32,954 | 43,224 | 41,913 | 41,660 | 40,879 | 39,732 | 34,688 | 35,592 | 42,126 | 30,832 | 25,041 | 433,505 | 265,226 |
| 2005 | 28,441 | 33,740 | 41,537 | 41,825 | 40,549 | 38,846 | 38,712 | 36,293 | 37,379 | 40,588 | 35,338 | 32,950 | 446,198 | 263,650 |
| 2006 | 33,004 | 39,792 | 50,495 | 49,931 | 50,576 | 48,996 | 46,064 | 42,985 | 43,348 | 49,179 | 42,647 | 32,283 | 529,300 | 318,658 |
| 2007 | 35,628 | 40,533 | 51,232 | 51,798 | 50,930 | 52,226 | 51,086 | | | | | | | 333,433 |
| Avg | 28,679 | 32,960 | 42,508 | 42,331 | 41,868 | 41,137 | 40,523 | 35,044 | 34,623 | 40,342 | 32,177 | 26,773 | 428,393 | 270,006 |

## Revenue ($)

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 3,792,814 | 3,709,300 | 5,366,768 | 5,534,109 | 5,290,696 | 5,059,483 | 4,364,777 | 3,678,338 | 2,960,061 | 4,008,268 | 2,877,485 | 2,485,000 | 49,127,099 | 33,117,947 |
| 2002 | 2,997,439 | 3,362,458 | 4,792,017 | 5,471,438 | 4,927,535 | 4,415,432 | 4,002,956 | 3,391,613 | 4,189,564 | 4,836,853 | 3,048,192 | 2,451,751 | 47,887,248 | 29,969,275 |
| 2003 | 2,749,348 | 3,150,672 | 5,071,867 | 4,605,024 | 5,145,801 | 5,049,065 | 4,679,156 | 3,387,555 | 5,215,899 | 5,661,843 | 3,694,300 | 2,736,133 | 51,146,663 | 30,450,933 |
| 2004 | 3,036,419 | 4,521,422 | 6,532,075 | 6,234,710 | 6,480,238 | 6,237,482 | 5,403,170 | 4,460,758 | 5,710,843 | 7,106,684 | 4,439,439 | 3,237,274 | 63,400,514 | 38,445,516 |
| 2005 | 4,608,510 | 5,407,814 | 6,950,831 | 7,523,905 | 7,004,343 | 6,512,932 | 5,730,627 | 5,122,309 | 6,543,030 | 7,625,385 | 6,097,563 | 5,093,468 | 74,220,717 | 43,738,962 |
| 2006 | 5,340,026 | 6,984,541 | 9,997,226 | 9,804,137 | 10,185,463 | 9,864,889 | 7,263,193 | 5,991,695 | 8,274,203 | 9,971,279 | 7,792,684 | 4,976,419 | 95,445,755 | 59,439,475 |
| 2007 | 5,950,487 | 7,923,547 | 10,658,821 | 10,877,899 | 11,004,759 | 10,278,055 | 8,884,707 | | | | | | | 65,578,275 |
| Avg | 4,067,863 | 5,008,536 | 7,052,801 | 7,150,175 | 7,148,405 | 6,773,905 | 5,761,227 | 4,338,711 | 5,482,267 | 6,535,049 | 4,658,277 | 3,496,678 | 63,704,666 | 42,962,912 |

WMATA-INV 007342

FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007343

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 3 - Percent Change from Previous Year - Detail by Measure

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

**Occupancy**

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | -1.5 | -3.7 | -11.1 | 9.8 | 5.3 | -0.2 | -0.1 | -1.6 | 39.8 | 4.5 | -5.7 | -4.7 | 1.3 | -1.1 |
| 2003 | -6.1 | -6.4 | -0.4 | -16.8 | -6.1 | -0.5 | 2.8 | -5.3 | 9.6 | 16.4 | 12.1 | 1.5 | 0.3 | -4.4 |
| 2004 | -4.5 | 20.5 | 17.3 | 19.6 | 12.8 | 10.7 | 4.3 | 8.5 | -4.1 | 2.6 | 4.0 | 7.6 | 8.3 | 11.8 |
| 2005 | 14.5 | 2.4 | -3.9 | -0.2 | -2.7 | -5.0 | -2.6 | 4.6 | 5.0 | -3.7 | -8.2 | 5.3 | -1.2 | -0.6 |
| 2006 | -7.1 | -5.6 | -2.7 | -4.4 | -0.1 | 1.0 | -4.7 | -5.2 | -7.2 | -3.0 | 20.7 | -2.0 | -1.1 | -3.2 |
| 2007 | 8.0 | 1.9 | 1.5 | 3.7 | 0.7 | 6.6 | 10.9 | | | | | | 1.5 | 4.6 |
| Avg | 0.6 | 1.5 | 0.1 | 1.9 | 1.6 | 2.1 | 1.8 | 0.2 | 8.6 | 3.4 | 4.6 | 1.5 | | 1.2 |

**ADR**

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | -28.9 | -16.5 | -10.9 | 2.2 | 0.4 | -0.8 | 4.2 | 6.4 | 14.9 | 15.9 | 12.8 | 3.9 | -0.4 | -6.5 |
| 2003 | -2.0 | 0.5 | 6.7 | -10.5 | -1.6 | 1.6 | 0.5 | -6.7 | 0.5 | 0.5 | 8.1 | 10.0 | 0.4 | -0.6 |
| 2004 | 15.6 | 19.1 | 9.8 | 13.2 | 11.7 | 11.6 | 10.7 | 21.4 | 14.2 | 22.3 | 15.5 | 10.0 | 14.5 | 12.9 |
| 2005 | 32.6 | 16.8 | 10.7 | 20.9 | 11.1 | 9.9 | 8.9 | 9.8 | 9.1 | 11.4 | 19.8 | 19.6 | 13.7 | 14.4 |
| 2006 | -0.1 | 9.5 | 18.3 | 9.2 | 16.6 | 20.1 | 6.5 | -1.2 | 9.0 | 7.9 | 5.9 | -0.3 | 9.5 | 12.4 |
| 2007 | 3.2 | 11.4 | 5.1 | 7.0 | 7.3 | -2.3 | 10.3 | | | | | | | 5.5 |
| Avg | 3.4 | 6.8 | 6.6 | 7.0 | 7.6 | 6.7 | 6.8 | 5.9 | 9.5 | 11.6 | 12.4 | 8.6 | 7.6 | 6.4 |

**RevPAR**

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | -29.9 | -19.6 | -20.8 | 12.2 | 5.7 | -1.0 | 4.1 | 4.6 | 60.6 | 21.1 | 6.3 | -1.0 | 0.9 | -7.5 |
| 2003 | -7.9 | -5.9 | 6.3 | -25.6 | -7.6 | 1.2 | 3.4 | -11.6 | 10.1 | 17.1 | 21.2 | 11.6 | 0.7 | -5.0 |
| 2004 | 10.4 | 43.5 | 28.8 | 35.4 | 25.9 | 23.5 | 15.5 | 31.7 | 9.5 | 25.5 | 20.2 | 18.3 | 24.0 | 26.3 |
| 2005 | 51.8 | 19.6 | 6.4 | 20.7 | 8.1 | 4.4 | 6.1 | 14.8 | 14.6 | 7.3 | 10.0 | 26.0 | 12.4 | 13.8 |
| 2006 | -7.2 | 3.4 | 15.2 | 4.3 | 16.4 | 21.3 | 1.5 | -6.3 | 1.2 | 4.7 | 27.8 | -2.3 | 8.4 | 8.8 |
| 2007 | 11.4 | 13.4 | 6.6 | 11.0 | 8.0 | 4.2 | 22.3 | | | | | | | 10.3 |
| Avg | 4.8 | 9.1 | 7.1 | 9.7 | 9.4 | 8.9 | 8.8 | 6.6 | 19.2 | 15.1 | 17.1 | 10.5 | 9.3 | 7.8 |

**Supply**

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 12.7 | 12.7 | 12.7 | -11.9 | -11.9 | -11.9 | -11.9 | -11.9 | -11.9 | -0.4 | -0.4 | -0.4 | -3.4 | -2.1 |
| 2003 | -0.4 | -0.4 | -0.4 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 0.0 | 0.0 | 0.0 | 6.0 | 6.9 |
| 2004 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2005 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.2 | 0.0 |
| 2006 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 0.0 | 24.9 | 24.9 | 19.9 | 24.9 |
| 2007 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | 0.0 |
| Avg | 6.2 | 6.2 | 6.2 | 4.3 | 4.3 | 4.3 | 4.3 | 5.2 | 5.2 | 4.9 | 4.9 | 4.9 | 5.3 | 4.9 |

**Demand**

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 11.1 | 8.5 | 0.2 | -3.3 | -7.2 | -12.0 | -12.0 | -13.3 | 23.2 | 4.1 | -6.1 | -5.1 | -2.1 | -3.2 |
| 2003 | -6.4 | -6.8 | -0.8 | -6.0 | 6.1 | 12.5 | 16.3 | 7.1 | 23.9 | 16.4 | 12.1 | 1.5 | 6.3 | 2.3 |
| 2004 | -4.5 | 20.5 | 17.3 | 19.6 | 12.8 | 10.7 | 4.3 | 8.5 | -4.1 | 2.6 | 4.0 | 7.6 | 8.3 | 11.8 |
| 2005 | 14.5 | 2.4 | -3.9 | -0.2 | -2.7 | -5.0 | -2.6 | 4.6 | 5.0 | -3.7 | 14.6 | 31.6 | 2.9 | -0.6 |
| 2006 | 16.0 | 17.9 | 21.6 | 19.4 | 24.7 | 26.1 | 19.0 | 18.4 | 16.0 | 21.2 | 20.7 | -2.0 | 18.6 | 20.9 |
| 2007 | 8.0 | 1.9 | 1.5 | 3.7 | 0.7 | 6.6 | 10.9 | | | | | | | 4.6 |
| Avg | 6.4 | 7.4 | 6.0 | 5.5 | 5.7 | 6.5 | 6.0 | 5.1 | 12.8 | 8.1 | 9.1 | 6.7 | 6.8 | 6.0 |

**Revenue**

| | January | February | March | April | May | June | July | August | September | October | November | December | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | -21.0 | -9.4 | -10.7 | -1.1 | -6.9 | -12.7 | -8.3 | -7.8 | 41.5 | 20.7 | 5.9 | -1.3 | -2.5 | -9.5 |
| 2003 | -8.3 | -6.3 | 5.8 | -15.8 | 4.4 | 14.4 | 16.9 | -0.1 | 24.5 | 17.1 | 21.2 | 11.6 | 6.8 | 1.6 |
| 2004 | 10.4 | 43.5 | 28.8 | 35.4 | 25.9 | 23.5 | 15.5 | 31.7 | 9.5 | 25.5 | 20.2 | 18.3 | 24.0 | 26.3 |
| 2005 | 51.8 | 19.6 | 6.4 | 20.7 | 8.1 | 4.4 | 6.1 | 14.8 | 14.6 | 7.3 | 37.3 | 57.3 | 17.1 | 13.8 |
| 2006 | 15.9 | 29.2 | 43.8 | 30.3 | 45.4 | 51.5 | 26.7 | 17.0 | 26.5 | 30.8 | 27.8 | -2.3 | 29.9 | 35.9 |
| 2007 | 11.4 | 13.4 | 6.6 | 11.0 | 8.0 | 4.2 | 22.3 | | | | | | | 10.3 |
| Avg | 10.0 | 15.0 | 13.5 | 13.4 | 14.2 | 14.2 | 13.2 | 11.1 | 23.3 | 20.3 | 22.5 | 16.7 | 15.1 | 13.1 |

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WMATA-INV 007344

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 4 - Percent Change from Previous Year - Detail by Year

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

| | Jan 02 | Feb 02 | Mar 02 | Apr 02 | May 02 | Jun 02 | Jul 02 | Aug 02 | Sep 02 | Oct 02 | Nov 02 | Dec 02 | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occ | -1.5 | -3.7 | -11.1 | 9.8 | 5.3 | -0.2 | -0.1 | -1.6 | 39.8 | 4.5 | -5.7 | -4.7 | 1.3 | -1.1 |
| ADR | -28.9 | -16.5 | -10.9 | 2.2 | 0.4 | -0.8 | 4.2 | 6.4 | 14.9 | 15.9 | 12.8 | 3.9 | -0.4 | -6.5 |
| RevPAR | -29.9 | -19.6 | -20.8 | 12.2 | 5.7 | -1.0 | 4.1 | 4.6 | 60.6 | 21.1 | 6.3 | -1.0 | 0.9 | -7.5 |
| Supply | 12.7 | 12.7 | 12.7 | -11.9 | -11.9 | -11.9 | -11.9 | -11.9 | -11.9 | -0.4 | -0.4 | -0.4 | -3.4 | -2.1 |
| Demand | 11.1 | 8.5 | 0.2 | -3.3 | -7.2 | -12.0 | -12.0 | -13.3 | 23.2 | 4.1 | -6.1 | -5.1 | -2.1 | -3.2 |
| Revenue | -21.0 | -9.4 | -10.7 | -1.1 | -6.9 | -12.7 | -8.3 | -7.8 | 41.5 | 20.7 | 5.9 | -1.3 | -2.5 | -9.5 |

| | Jan 03 | Feb 03 | Mar 03 | Apr 03 | May 03 | Jun 03 | Jul 03 | Aug 03 | Sep 03 | Oct 03 | Nov 03 | Dec 03 | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occ | -6.1 | -6.4 | -0.4 | -16.8 | -6.1 | -0.5 | 2.8 | -5.3 | 9.6 | 16.4 | 12.1 | 1.5 | 0.3 | -4.4 |
| ADR | -2.0 | 0.5 | 6.7 | -10.5 | -1.6 | 1.6 | 0.5 | -6.7 | 0.5 | 0.5 | 8.1 | 10.0 | 0.4 | -0.6 |
| RevPAR | -7.9 | -5.9 | 6.3 | -25.6 | -7.6 | 1.2 | 3.4 | -11.6 | 10.1 | 17.1 | 21.2 | 11.6 | 0.7 | -5.0 |
| Supply | -0.4 | -0.4 | -0.4 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 0.0 | 0.0 | 0.0 | 6.0 | 6.9 |
| Demand | -6.4 | -6.8 | -0.8 | -6.0 | 6.1 | 12.5 | 16.3 | 7.1 | 23.9 | 16.4 | 12.1 | 1.5 | 6.3 | 2.3 |
| Revenue | -8.3 | -6.3 | 5.8 | -15.8 | 4.4 | 14.4 | 16.9 | -0.1 | 24.5 | 17.1 | 21.2 | 11.6 | 6.8 | 1.6 |

| | Jan 04 | Feb 04 | Mar 04 | Apr 04 | May 04 | Jun 04 | Jul 04 | Aug 04 | Sep 04 | Oct 04 | Nov 04 | Dec 04 | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occ | -4.5 | 20.5 | 17.3 | 19.6 | 12.8 | 10.7 | 4.3 | 8.5 | -4.1 | 2.6 | 4.0 | 7.6 | 8.3 | 11.8 |
| ADR | 15.6 | 19.1 | 9.8 | 13.2 | 11.7 | 11.6 | 10.7 | 21.4 | 14.2 | 22.3 | 15.5 | 10.0 | 14.5 | 12.9 |
| RevPAR | 10.4 | 43.5 | 28.8 | 35.4 | 25.9 | 23.5 | 15.5 | 31.7 | 9.5 | 25.5 | 20.2 | 18.3 | 24.0 | 26.3 |
| Supply | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Demand | -4.5 | 20.5 | 17.3 | 19.6 | 12.8 | 10.7 | 4.3 | 8.5 | -4.1 | 2.6 | 4.0 | 7.6 | 8.3 | 11.8 |
| Revenue | 10.4 | 43.5 | 28.8 | 35.4 | 25.9 | 23.5 | 15.5 | 31.7 | 9.5 | 25.5 | 20.2 | 18.3 | 24.0 | 26.3 |

| | Jan 05 | Feb 05 | Mar 05 | Apr 05 | May 05 | Jun 05 | Jul 05 | Aug 05 | Sep 05 | Oct 05 | Nov 05 | Dec 05 | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occ | 14.5 | 2.4 | -3.9 | -0.2 | -2.7 | -5.0 | -2.6 | 4.6 | 5.0 | -3.7 | -8.2 | 5.3 | -1.2 | -0.6 |
| ADR | 32.6 | 16.8 | 10.7 | 20.9 | 11.1 | 9.9 | 8.9 | 9.8 | 9.1 | 11.4 | 19.8 | 19.6 | 13.7 | 14.4 |
| RevPAR | 51.8 | 19.6 | 6.4 | 20.7 | 8.1 | 4.4 | 6.1 | 14.8 | 14.6 | 7.3 | 10.0 | 26.0 | 12.4 | 13.8 |
| Supply | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 24.9 | 24.9 | 4.2 | 0.0 |
| Demand | 14.5 | 2.4 | -3.9 | -0.2 | -2.7 | -5.0 | -2.6 | 4.6 | 5.0 | -3.7 | 14.6 | 31.6 | 2.9 | -0.6 |
| Revenue | 51.8 | 19.6 | 6.4 | 20.7 | 8.1 | 4.4 | 6.1 | 14.8 | 14.6 | 7.3 | 37.3 | 57.3 | 17.1 | 13.8 |

| | Jan 06 | Feb 06 | Mar 06 | Apr 06 | May 06 | Jun 06 | Jul 06 | Aug 06 | Sep 06 | Oct 06 | Nov 06 | Dec 06 | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occ | -7.1 | -5.6 | -2.7 | -4.4 | -0.1 | 1.0 | -4.7 | -5.2 | -7.2 | -3.0 | 20.7 | -2.0 | -1.1 | -3.2 |
| ADR | -0.1 | 9.5 | 18.3 | 9.2 | 16.6 | 20.1 | 6.5 | -1.2 | 9.0 | 7.9 | 5.9 | -0.3 | 9.5 | 12.4 |
| RevPAR | -7.2 | 3.4 | 15.2 | 4.3 | 16.4 | 21.3 | 1.5 | -6.3 | 1.2 | 4.7 | 27.8 | -2.3 | 8.4 | 8.8 |
| Supply | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 0.0 | 0.0 | 19.9 | 24.9 |
| Demand | 16.0 | 17.9 | 21.6 | 19.4 | 24.7 | 26.1 | 19.0 | 18.4 | 16.0 | 21.2 | 20.7 | -2.0 | 18.6 | 20.9 |
| Revenue | 15.9 | 29.2 | 43.8 | 30.3 | 45.4 | 51.5 | 26.7 | 17.0 | 26.5 | 30.8 | 27.8 | -2.3 | 29.9 | 35.9 |

| | Jan 07 | Feb 07 | Mar 07 | Apr 07 | May 07 | Jun 07 | Jul 07 | Aug 07 | Sep 07 | Oct 07 | Nov 07 | Dec 07 | Total Year | Jul YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occ | 8.0 | 1.9 | 1.5 | 3.7 | 0.7 | 6.6 | 10.9 | | | | | | | 4.6 |
| ADR | 3.2 | 11.4 | 5.1 | 7.0 | 7.3 | -2.3 | 10.3 | | | | | | | 5.5 |
| RevPAR | 11.4 | 13.4 | 6.6 | 11.0 | 8.0 | 4.2 | 22.3 | | | | | | | 10.3 |
| Supply | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | 0.0 |
| Demand | 8.0 | 1.9 | 1.5 | 3.7 | 0.7 | 6.6 | 10.9 | | | | | | | 4.6 |
| Revenue | 11.4 | 13.4 | 6.6 | 11.0 | 8.0 | 4.2 | 22.3 | | | | | | | 10.3 |

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WMATA-INV 007345

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# Tab 5 - Twelve Month Moving Average

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

**Occupancy (%)**

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 69.8 | 69.6 | 69.0 | 69.4 | 69.7 | 69.6 | 69.5 | 69.4 | 71.1 | 71.4 | 71.1 | 70.9 |
| 2003 | 70.6 | 70.2 | 70.2 | 69.1 | *68.8* | 68.9 | 69.1 | 68.8 | 69.5 | 70.5 | 71.1 | 71.1 |
| 2004 | 70.9 | 71.9 | 73.0 | 74.3 | 75.1 | 75.8 | 76.1 | 76.6 | 76.3 | 76.5 | 76.7 | 77.0 |
| 2005 | 77.7 | 77.8 | 77.5 | 77.5 | 77.3 | 76.9 | 76.7 | 77.0 | 77.3 | 77.1 | 76.3 | 76.1 |
| 2006 | 75.4 | 75.0 | 75.0 | 74.9 | 75.1 | 75.3 | 75.1 | 74.8 | 74.4 | 74.3 | 75.4 | 75.3 |
| 2007 | 75.7 | 75.8 | 75.9 | 76.1 | 76.2 | 76.7 | 77.4 | | | | | |

**ADR ($)**

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 124.75 | 123.12 | 121.62 | 121.86 | 121.77 | *121.51* | 121.99 | 122.72 | 124.14 | 125.87 | 126.90 | 127.22 |
| 2003 | 127.17 | 127.28 | 128.13 | 126.56 | 126.42 | 126.73 | 126.73 | 126.02 | 126.33 | 126.57 | 127.17 | 127.77 |
| 2004 | 128.87 | 130.47 | 132.00 | 133.72 | 135.39 | 136.92 | 138.08 | 139.71 | 141.36 | 144.36 | 145.69 | 146.25 |
| 2005 | 148.64 | 150.40 | 151.94 | 154.93 | 156.54 | 157.91 | 159.04 | 159.98 | 161.23 | 163.00 | 165.11 | 166.34 |
| 2006 | 166.28 | 167.53 | 170.85 | 172.74 | 175.73 | 178.90 | 179.34 | 178.69 | 179.98 | 181.51 | 182.21 | 182.21 |
| 2007 | 182.46 | 183.97 | 184.96 | 186.32 | 187.73 | 187.37 | 188.62 | | | | | |

**RevPAR ($)**

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 87.13 | 85.75 | *83.91* | 84.62 | 84.84 | 84.52 | 84.74 | 85.11 | 88.31 | 89.90 | 90.25 | 90.22 |
| 2003 | 89.78 | 89.41 | 89.97 | 87.46 | 86.97 | 87.28 | 87.63 | 86.75 | 87.76 | 89.22 | 90.37 | 90.87 |
| 2004 | 91.38 | 93.82 | 96.41 | 99.31 | 101.68 | 103.79 | 105.08 | 108.99 | 107.86 | 110.43 | 111.76 | 112.65 |
| 2005 | 115.44 | 117.01 | 117.76 | 120.05 | 120.98 | 121.47 | 122.05 | 123.23 | 124.70 | 125.63 | 125.99 | 126.60 |
| 2006 | 125.31 | 125.68 | 128.18 | 129.45 | 132.00 | 134.79 | 134.68 | 133.60 | 133.88 | 134.95 | 137.36 | 137.19 |
| 2007 | 138.06 | 139.40 | 140.34 | 141.87 | 143.03 | 143.62 | 145.93 | | | | | |

**Supply**

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 554,695 | 559,595 | 565,020 | 559,500 | 553,796 | 548,276 | 542,572 | 536,868 | 531,348 | 531,162 | 530,982 | 530,796 |
| 2003 | 530,610 | 530,442 | *530,256* | 535,596 | 541,114 | 546,454 | 551,972 | 557,490 | 562,830 | 562,830 | 562,830 | 562,830 |
| 2004 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 |
| 2005 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 562,830 | 574,350 | 586,254 |
| 2006 | 598,158 | 608,910 | 620,814 | 632,334 | 644,238 | 655,758 | 667,662 | 679,566 | 691,086 | 702,990 | 702,990 | 702,990 |
| 2007 | 702,990 | 702,990 | 702,990 | 702,990 | 702,990 | 702,990 | 702,990 | | | | | |

**Demand**

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 387,430 | 389,736 | 389,814 | 388,545 | 385,846 | 381,361 | 376,914 | 372,324 | 377,961 | 379,348 | 377,626 | 376,404 |
| 2003 | 374,620 | 372,629 | 372,338 | *370,109* | 372,234 | 376,345 | 381,673 | 383,792 | 390,957 | 396,751 | 399,955 | 400,298 |
| 2004 | 399,128 | 404,740 | 411,109 | 417,982 | 422,698 | 426,661 | 428,300 | 431,006 | 429,470 | 430,551 | 431,739 | 433,505 |
| 2005 | 437,102 | 437,888 | 436,201 | 436,113 | 434,982 | 432,949 | 431,929 | 433,534 | 435,321 | 433,783 | 438,289 | 446,198 |
| 2006 | 450,761 | 456,813 | 465,771 | 473,677 | 483,904 | 494,054 | 501,406 | 508,098 | 514,067 | 522,658 | 529,967 | 529,300 |
| 2007 | 531,924 | 532,665 | 533,402 | 535,269 | 535,623 | 538,653 | 543,875 | | | | | |

**Revenue ($)**

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2002 | 48,331,724 | 47,984,882 | 47,410,131 | 47,347,460 | 46,984,299 | 46,340,248 | 45,978,427 | *45,691,702* | 46,921,205 | 47,749,790 | 47,920,497 | 47,887,248 |
| 2003 | 47,639,157 | 47,427,371 | 47,707,221 | 46,840,607 | 47,059,073 | 47,692,706 | 48,368,906 | 48,364,848 | 49,391,183 | 50,216,173 | 50,862,281 | 51,146,663 |
| 2004 | 51,433,734 | 52,804,484 | 54,264,692 | 55,894,378 | 57,228,815 | 58,417,232 | 59,141,246 | 60,214,449 | 60,709,393 | 62,154,234 | 62,899,373 | 63,400,514 |
| 2005 | 64,972,605 | 65,858,997 | 66,277,753 | 67,566,948 | 68,091,053 | 68,366,503 | 68,693,960 | 69,355,511 | 70,187,698 | 70,706,379 | 72,364,503 | 74,220,717 |
| 2006 | 74,952,233 | 76,528,960 | 79,575,355 | 81,855,587 | 85,036,707 | 88,388,664 | 89,921,230 | 90,790,616 | 92,521,789 | 94,867,703 | 96,562,824 | 96,445,755 |
| 2007 | 97,056,216 | 97,995,222 | 98,656,817 | 99,730,579 | 100,549,875 | 100,963,041 | 102,584,555 | | | | | |

High value is boxed. Low value is boxed and italicized.

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WMATA-INV 007346

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 6 - Day of Week Analysis

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

**Occupancy (%)**

| | Sun | Mon | Tue | Wed | Thu | Fri | Sat | Total Month |
|---|---|---|---|---|---|---|---|---|
| Aug - 06 | 60.4 | 75.7 | 80.0 | 77.6 | 72.1 | 65.0 | 69.8 | 72.0 |
| Sep - 06 | 57.9 | 72.5 | 88.0 | 93.4 | 84.4 | 63.7 | 69.6 | 75.0 |
| Oct - 06 | 67.4 | 80.5 | 84.9 | 91.8 | 87.0 | 80.0 | 88.6 | 82.4 |
| Nov - 06 | 53.0 | 73.6 | 75.3 | 76.9 | 76.8 | 73.8 | 75.7 | 73.8 |
| Dec - 06 | 41.8 | 57.8 | 63.8 | 65.2 | 57.3 | 50.0 | 48.1 | 54.1 |
| Jan - 07 | 52.5 | 58.3 | 68.2 | 73.4 | 62.1 | 46.0 | 52.0 | 59.7 |
| Feb - 07 | 66.2 | 82.2 | 87.3 | 85.6 | 77.0 | 61.3 | 66.6 | 75.2 |
| Mar - 07 | 77.9 | 94.9 | 97.8 | 95.1 | 83.3 | 73.5 | 82.6 | 85.8 |
| Apr - 07 | 78.8 | 89.7 | 94.8 | 96.4 | 93.1 | 87.6 | 89.6 | 89.6 |
| May - 07 | 81.4 | 84.0 | 92.2 | 90.4 | 82.1 | 77.7 | 87.0 | 85.3 |
| Jun - 07 | 79.7 | 95.2 | 98.0 | 97.7 | 92.3 | 84.8 | 87.3 | 90.4 |
| Jul - 07 | 74.6 | 90.8 | 92.9 | 93.7 | 84.8 | 81.1 | 80.5 | 85.6 |
| Total Year | 66.7 | 79.6 | 85.1 | 85.9 | 79.3 | 70.2 | 74.6 | 77.4 |

**Occupancy (%)**

| | Sun | Mon | Tue | Wed | Thu | Fri | Sat | Total Year |
|---|---|---|---|---|---|---|---|---|
| Aug 04 - Jul 05 | 66.4 | 81.2 | 86.2 | 85.7 | 78.5 | 68.1 | 71.4 | 76.7 |
| Aug 05 - Jul 06 | 64.0 | 77.7 | 84.7 | 83.9 | 77.1 | 66.9 | 71.4 | 75.1 |
| Aug 06 - Jul 07 | 66.7 | 79.6 | 85.1 | 85.9 | 79.3 | 70.2 | 74.6 | 77.4 |
| Total 3 Yr | 65.7 | 79.4 | 85.3 | 85.1 | 78.3 | 68.4 | 72.5 | 76.4 |

**ADR ($)**

| | Sun | Mon | Tue | Wed | Thu | Fri | Sat | Total Month |
|---|---|---|---|---|---|---|---|---|
| Aug - 06 | 132.95 | 148.26 | 151.87 | 152.59 | 139.15 | 120.53 | 117.01 | 139.39 |
| Sep - 06 | 171.87 | 210.58 | 221.39 | 219.01 | 200.79 | 159.10 | 145.51 | 190.88 |
| Oct - 06 | 203.86 | 224.46 | 227.54 | 225.79 | 203.37 | 160.80 | 160.81 | 202.75 |
| Nov - 06 | 176.56 | 200.53 | 206.17 | 201.98 | 180.91 | 152.76 | 154.32 | 182.73 |
| Dec - 06 | 145.77 | 168.07 | 176.12 | 169.07 | 152.19 | 125.22 | 121.33 | 154.15 |
| Jan - 07 | 156.06 | 181.31 | 189.36 | 185.53 | 167.66 | 125.54 | 124.64 | 167.02 |
| Feb - 07 | 188.97 | 210.34 | 215.18 | 207.55 | 195.76 | 170.04 | 165.41 | 195.48 |
| Mar - 07 | 207.37 | 237.97 | 242.31 | 234.68 | 205.01 | 167.65 | 163.10 | 208.05 |
| Apr - 07 | 203.07 | 228.62 | 232.47 | 226.94 | 211.32 | 178.80 | 181.47 | 210.01 |
| May - 07 | 205.13 | 232.83 | 247.83 | 235.74 | 206.13 | 181.26 | 185.35 | 216.08 |
| Jun - 07 | 191.56 | 221.82 | 232.57 | 224.27 | 195.16 | 160.36 | 158.88 | 196.80 |
| Jul - 07 | 167.15 | 192.30 | 194.80 | 184.82 | 170.13 | 148.28 | 142.82 | 173.92 |
| Total Year | 182.54 | 208.62 | 213.01 | 207.09 | 187.58 | 156.53 | 154.35 | 188.62 |

**ADR ($)**

| | Sun | Mon | Tue | Wed | Thu | Fri | Sat | Total Year |
|---|---|---|---|---|---|---|---|---|
| Aug 04 - Jul 05 | 151.32 | 168.89 | 175.07 | 173.94 | 163.63 | 136.50 | 134.38 | 159.04 |
| Aug 05 - Jul 06 | 172.49 | 193.87 | 199.52 | 196.10 | 178.55 | 153.79 | 150.51 | 179.34 |
| Aug 06 - Jul 07 | 182.54 | 208.62 | 213.01 | 207.09 | 187.58 | 156.53 | 154.35 | 188.62 |
| Total 3 Yr | 169.87 | 191.82 | 197.33 | 193.64 | 177.52 | 149.81 | 147.32 | 176.82 |

**RevPAR ($)**

| | Sun | Mon | Tue | Wed | Thu | Fri | Sat | Total Month |
|---|---|---|---|---|---|---|---|---|
| Aug - 06 | 80.27 | 112.26 | 121.53 | 118.34 | 100.26 | 78.39 | 81.65 | 100.35 |
| Sep - 06 | 99.52 | 152.66 | 194.74 | 204.52 | 169.39 | 101.32 | 101.23 | 143.20 |
| Oct - 06 | 137.44 | 180.58 | 193.21 | 207.21 | 176.87 | 128.64 | 142.55 | 167.01 |
| Nov - 06 | 111.28 | 147.64 | 155.17 | 155.28 | 138.90 | 112.80 | 116.89 | 134.87 |
| Dec - 06 | 60.90 | 108.65 | 112.33 | 110.26 | 87.27 | 62.65 | 58.41 | 83.35 |
| Jan - 07 | 81.92 | 105.73 | 129.10 | 136.19 | 104.20 | 57.73 | 64.76 | 99.66 |
| Feb - 07 | 125.07 | 172.87 | 187.83 | 177.58 | 150.74 | 104.30 | 110.10 | 146.93 |
| Mar - 07 | 161.52 | 225.84 | 237.04 | 223.17 | 170.74 | 123.30 | 134.74 | 178.52 |
| Apr - 07 | 160.05 | 205.16 | 220.49 | 218.87 | 196.85 | 156.60 | 162.66 | 188.26 |
| May - 07 | 167.06 | 195.54 | 228.62 | 213.14 | 169.28 | 140.76 | 161.28 | 184.32 |
| Jun - 07 | 152.68 | 211.08 | 227.83 | 219.11 | 180.05 | 135.92 | 138.78 | 177.88 |
| Jul - 07 | 124.78 | 174.63 | 180.97 | 173.25 | 144.29 | 120.29 | 114.95 | 148.81 |
| Total Year | 121.79 | 166.09 | 181.30 | 177.90 | 148.74 | 109.89 | 115.10 | 145.93 |

**RevPAR ($)**

| | Sun | Mon | Tue | Wed | Thu | Fri | Sat | Total Year |
|---|---|---|---|---|---|---|---|---|
| Aug 04 - Jul 05 | 100.40 | 137.17 | 150.84 | 148.99 | 128.47 | 92.97 | 95.92 | 122.05 |
| Aug 05 - Jul 06 | 110.33 | 150.71 | 168.99 | 164.57 | 137.63 | 102.85 | 107.43 | 134.68 |
| Aug 06 - Jul 07 | 121.79 | 166.09 | 181.30 | 177.90 | 148.74 | 109.89 | 115.10 | 145.93 |
| Total 3 Yr | 111.54 | 152.35 | 168.27 | 164.88 | 139.01 | 102.53 | 106.87 | 135.09 |

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WMATA-INV 007347

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 7 - Raw Data

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

| Date | Occupancy | | ADR | | RevPar | | Supply | | Demand | | Revenue | | Census & Sample % | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props | Census Rooms | % Rooms STAR Participants |
| Jan 01 | 58.8 | | 151.57 | | 89.11 | | 42,563 | | 25,023 | | 3,792,814 | | 6 | 1,373 | 100.0 |
| Feb 01 | 70.3 | | 137.24 | | 96.49 | | 38,444 | | 27,027 | | 3,709,300 | | 6 | 1,373 | 100.0 |
| Mar 01 | 87.1 | | 144.78 | | 126.09 | | 42,563 | | 37,068 | | 5,366,768 | | 6 | 1,373 | 100.0 |
| Apr 01 | 83.0 | | 143.60 | | 119.17 | | 46,440 | | 38,538 | | 5,534,109 | | 7 | 1,548 | 100.0 |
| May 01 | 78.2 | | 140.94 | | 110.25 | | 47,988 | | 37,538 | | 5,290,696 | | 7 | 1,548 | 100.0 |
| Jun 01 | 80.3 | | 135.68 | | 108.95 | | 46,440 | | 37,290 | | 5,059,483 | | 7 | 1,548 | 100.0 |
| Jul 01 | 77.5 | | 117.29 | | 90.96 | | 47,988 | | 37,212 | | 4,364,777 | | 7 | 1,548 | 100.0 |
| Aug 01 | 71.8 | | 106.76 | | 76.65 | | 47,988 | | 34,453 | | 3,678,338 | | 7 | 1,548 | 100.0 |
| Sep 01 | 52.4 | | 121.68 | | 63.74 | | 46,440 | | 24,326 | | 2,960,061 | | 7 | 1,548 | 100.0 |
| Oct 01 | 70.6 | | 118.36 | | 83.53 | | 47,988 | | 33,864 | | 4,008,268 | | 7 | 1,548 | 100.0 |
| Nov 01 | 60.6 | | 102.18 | | 61.96 | | 46,440 | | 28,162 | | 2,877,485 | | 7 | 1,548 | 100.0 |
| Dec 01 | 50.3 | | 102.88 | | 51.78 | | 47,988 | | 24,154 | | 2,485,000 | | 7 | 1,548 | 100.0 |
| Jan 02 | 57.9 | -1.5 | 107.83 | -28.9 | 62.46 | -29.9 | 47,988 | 12.7 | 27,798 | 11.1 | 2,997,439 | -21.0 | 7 | 1,548 | 100.0 |
| Feb 02 | 67.7 | -3.7 | 114.63 | -16.5 | 77.58 | -19.6 | 43,344 | 12.7 | 29,333 | 8.5 | 3,362,458 | -9.4 | 7 | 1,548 | 100.0 |
| Mar 02 | 77.4 | -11.1 | 129.00 | -10.9 | 99.86 | -20.8 | 47,988 | 12.7 | 37,146 | 0.2 | 4,792,017 | -10.7 | 7 | 1,548 | 100.0 |
| Apr 02 | 91.1 | 9.8 | 146.81 | 2.2 | 133.71 | 12.2 | 40,920 | -11.9 | 37,269 | -3.3 | 5,471,438 | -1.1 | 6 | 1,364 | 100.0 |
| May 02 | 82.4 | 5.3 | 141.44 | 0.4 | 116.53 | 5.7 | 42,284 | -11.9 | 34,839 | -7.2 | 4,927,535 | -6.9 | 6 | 1,364 | 100.0 |
| Jun 02 | 80.2 | -0.2 | 134.60 | -0.8 | 107.90 | -1.0 | 40,920 | -11.9 | 32,805 | -12.0 | 4,415,432 | -12.7 | 6 | 1,364 | 100.0 |
| Jul 02 | 77.5 | -0.1 | 122.17 | 4.2 | 94.67 | 4.1 | 42,284 | -11.9 | 32,765 | -12.0 | 4,002,956 | -8.3 | 6 | 1,364 | 100.0 |
| Aug 02 | 70.6 | -1.6 | 113.57 | 6.4 | 80.21 | 4.6 | 42,284 | -11.9 | 29,863 | -13.3 | 3,391,613 | -7.8 | 6 | 1,364 | 100.0 |
| Sep 02 | 73.2 | 39.8 | 139.82 | 14.9 | 102.38 | 60.6 | 40,920 | -11.9 | 29,963 | 23.2 | 4,189,564 | 41.5 | 6 | 1,364 | 100.0 |
| Oct 02 | 73.7 | 4.5 | 137.21 | 15.9 | 101.19 | 21.1 | 47,802 | -0.4 | 35,251 | 4.1 | 4,836,853 | 20.7 | 7 | 1,542 | 88.5 |
| Nov 02 | 57.2 | -5.7 | 115.29 | 12.8 | 65.89 | 6.3 | 46,260 | -0.4 | 26,440 | -6.1 | 3,048,192 | 5.9 | 7 | 1,542 | 100.0 |
| Dec 02 | 48.0 | -4.7 | 106.91 | 3.9 | 51.29 | -1.0 | 47,802 | -0.4 | 22,932 | -5.1 | 2,451,751 | -1.3 | 7 | 1,542 | 100.0 |
| Jan 03 | 54.4 | -6.1 | 105.69 | -2.0 | 57.52 | -7.9 | 47,802 | -0.4 | 26,014 | -6.4 | 2,749,348 | -8.3 | 7 | 1,542 | 100.0 |
| Feb 03 | 63.3 | -6.4 | 115.23 | 0.5 | 72.97 | -5.9 | 43,176 | -0.4 | 27,342 | -6.8 | 3,150,672 | -6.3 | 7 | 1,542 | 100.0 |
| Mar 03 | 77.1 | -0.4 | 137.62 | 6.7 | 106.10 | 6.3 | 47,802 | -0.4 | 36,855 | -0.8 | 5,071,867 | 5.8 | 7 | 1,542 | 100.0 |
| Apr 03 | 75.7 | -16.8 | 131.42 | -10.5 | 99.55 | -25.6 | 46,260 | 13.0 | 35,040 | -6.0 | 4,605,024 | -15.8 | 7 | 1,542 | 100.0 |
| May 03 | 77.3 | -6.1 | 139.21 | -1.6 | 107.65 | -7.6 | 47,802 | 13.0 | 36,964 | 6.1 | 5,145,801 | 4.4 | 7 | 1,542 | 100.0 |
| Jun 03 | 79.8 | -0.5 | 136.77 | 1.6 | 109.15 | 1.2 | 46,260 | 13.0 | 36,916 | 12.5 | 5,049,065 | 14.4 | 7 | 1,542 | 100.0 |
| Jul 03 | 79.7 | 2.8 | 122.84 | 0.5 | 97.89 | 3.4 | 47,802 | 13.0 | 38,093 | 16.3 | 4,679,156 | 16.9 | 7 | 1,542 | 100.0 |
| Aug 03 | 66.9 | -5.3 | 105.92 | -6.7 | 70.87 | -11.6 | 47,802 | 13.0 | 31,982 | 7.1 | 3,387,555 | -0.1 | 7 | 1,542 | 100.0 |
| Sep 03 | 80.3 | 9.6 | 140.48 | 0.5 | 112.75 | 10.1 | 46,260 | 13.0 | 37,128 | 23.9 | 5,215,899 | 24.5 | 7 | 1,542 | 100.0 |
| Oct 03 | 85.9 | 16.4 | 137.94 | 0.5 | 118.44 | 17.1 | 47,802 | 0.0 | 41,045 | 16.4 | 5,661,843 | 17.1 | 7 | 1,542 | 100.0 |
| Nov 03 | 64.1 | 12.1 | 124.62 | 8.1 | 79.86 | 21.2 | 46,260 | 0.0 | 29,644 | 12.1 | 3,694,300 | 21.2 | 7 | 1,542 | 100.0 |
| Dec 03 | 48.7 | 1.5 | 117.56 | 10.0 | 57.24 | 11.6 | 47,802 | 0.0 | 23,275 | 1.5 | 2,736,133 | 11.6 | 7 | 1,542 | 100.0 |
| Jan 04 | 52.0 | -4.5 | 122.22 | 15.6 | 63.52 | 10.4 | 47,802 | 0.0 | 24,844 | -4.5 | 3,036,419 | 10.4 | 7 | 1,542 | 100.0 |
| Feb 04 | 76.3 | 20.5 | 137.20 | 19.1 | 104.72 | 43.5 | 43,176 | 0.0 | 32,954 | 20.5 | 4,521,422 | 43.5 | 7 | 1,542 | 100.0 |
| Mar 04 | 90.4 | 17.3 | 151.12 | 9.8 | 136.65 | 28.8 | 47,802 | 0.0 | 43,224 | 17.3 | 6,532,075 | 28.8 | 7 | 1,542 | 100.0 |
| Apr 04 | 90.6 | 19.6 | 148.75 | 13.2 | 134.78 | 35.4 | 46,260 | 0.0 | 41,913 | 19.6 | 6,234,710 | 35.4 | 7 | 1,542 | 100.0 |
| May 04 | 87.2 | 12.8 | 155.48 | 11.7 | 135.56 | 25.9 | 47,802 | 0.0 | 41,680 | 12.8 | 6,480,238 | 25.9 | 7 | 1,542 | 100.0 |
| Jun 04 | 88.4 | 10.7 | 152.58 | 11.6 | 134.84 | 23.5 | 46,260 | 0.0 | 40,879 | 10.7 | 6,237,482 | 23.5 | 7 | 1,542 | 100.0 |
| Jul 04 | 83.1 | 4.3 | 135.99 | 10.7 | 113.03 | 15.5 | 47,802 | 0.0 | 39,732 | 4.3 | 5,403,170 | 15.5 | 7 | 1,542 | 100.0 |
| Aug 04 | 72.6 | 8.5 | 128.60 | 21.4 | 93.32 | 31.7 | 47,802 | 0.0 | 34,688 | 8.5 | 4,460,758 | 31.7 | 7 | 1,542 | 100.0 |
| Sep 04 | 76.9 | -4.1 | 160.45 | 14.2 | 123.45 | 9.5 | 46,260 | 0.0 | 35,592 | -4.1 | 5,710,843 | 9.5 | 7 | 1,542 | 100.0 |
| Oct 04 | 88.1 | 2.6 | 168.70 | 22.3 | 148.67 | 25.5 | 47,802 | 0.0 | 42,126 | 2.6 | 7,106,684 | 25.5 | 7 | 1,542 | 100.0 |
| Nov 04 | 66.6 | 4.0 | 143.99 | 15.5 | 95.97 | 20.2 | 46,260 | 0.0 | 30,832 | 4.0 | 4,439,439 | 20.2 | 7 | 1,542 | 100.0 |
| Dec 04 | 52.4 | 7.6 | 129.28 | 10.0 | 67.72 | 18.3 | 47,802 | 0.0 | 25,041 | 7.6 | 3,237,274 | 18.3 | 7 | 1,542 | 100.0 |
| Jan 05 | 59.5 | 14.5 | 162.04 | 32.6 | 96.41 | 51.8 | 47,802 | 0.0 | 28,441 | 14.5 | 4,608,510 | 51.8 | | | |

WMATA-INV 007348

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 7 - Raw Data

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

| Date | Occupancy | | ADR | | RevPar | | Supply | | Demand | | Revenue | | Census & Sample % | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props | Census Rooms | % Rooms STAR Participants |
| Feb 05 | 78.1 | 2.4 | 160.28 | 16.8 | 125.25 | 19.6 | 43,176 | 0.0 | 33,740 | 2.4 | 5,407,814 | 19.6 | 7 | 1,542 | 100.0 |
| Mar 05 | 86.9 | -3.9 | 167.34 | 10.7 | 145.41 | 6.4 | 47,802 | 0.0 | 41,537 | -3.9 | 6,950,831 | 6.4 | 7 | 1,542 | 100.0 |
| Apr 05 | 90.4 | -0.2 | 179.89 | 20.9 | 162.64 | 20.7 | 46,260 | 0.0 | 41,825 | -0.2 | 7,523,905 | 20.7 | 7 | 1,542 | 100.0 |
| May 05 | 84.8 | -2.7 | 172.74 | 11.1 | 146.53 | 8.1 | 47,802 | 0.0 | 40,549 | -2.7 | 7,004,343 | 8.1 | 7 | 1,542 | 100.0 |
| Jun 05 | 84.0 | -5.0 | 167.66 | 9.9 | 140.79 | 4.4 | 46,260 | 0.0 | 38,846 | -5.0 | 6,512,932 | 4.4 | 7 | 1,542 | 100.0 |
| Jul 05 | 81.0 | -2.6 | 148.03 | 8.9 | 119.88 | 6.1 | 47,802 | 0.0 | 38,712 | -2.6 | 5,730,627 | 6.1 | 7 | 1,542 | 100.0 |
| Aug 05 | 75.9 | 4.6 | 141.14 | 9.8 | 107.16 | 14.8 | 47,802 | 0.0 | 36,293 | 4.6 | 5,122,309 | 14.8 | 7 | 1,542 | 100.0 |
| Sep 05 | 80.8 | 5.0 | 175.05 | 9.1 | 141.44 | 14.6 | 46,260 | 0.0 | 37,379 | 5.0 | 6,543,030 | 14.6 | 7 | 1,542 | 100.0 |
| Oct 05 | 84.9 | -3.7 | 187.87 | 11.4 | 159.52 | 7.3 | 47,802 | 0.0 | 40,588 | -3.7 | 7,625,365 | 7.3 | 7 | 1,542 | 100.0 |
| Nov 05 | 61.2 | -8.2 | 172.55 | 19.8 | 105.53 | 10.0 | 57,780 | 24.9 | 35,338 | 14.6 | 6,097,563 | 37.3 | 8 | 1,926 | 100.0 |
| Dec 05 | 55.2 | 5.3 | 154.58 | 19.6 | 85.31 | 26.0 | 59,706 | 24.9 | 32,950 | 31.6 | 5,093,488 | 57.3 | 8 | 1,926 | 100.0 |
| Jan 06 | 55.3 | -7.1 | 161.80 | -0.1 | 89.44 | -7.2 | 59,706 | 24.9 | 33,004 | 16.0 | 5,340,026 | 15.9 | 8 | 1,926 | 100.0 |
| Feb 06 | 73.8 | -5.6 | 175.53 | 9.5 | 129.52 | 3.4 | 53,928 | 24.9 | 39,792 | 17.9 | 6,984,541 | 29.2 | 8 | 1,926 | 100.0 |
| Mar 06 | 84.6 | -2.7 | 197.98 | 18.3 | 167.44 | 15.2 | 59,706 | 24.9 | 50,495 | 21.6 | 9,997,226 | 43.8 | 8 | 1,926 | 100.0 |
| Apr 06 | 86.4 | -4.4 | 196.35 | 9.2 | 169.68 | 4.3 | 57,780 | 24.9 | 49,931 | 19.4 | 9,804,137 | 30.3 | 8 | 1,926 | 100.0 |
| May 06 | 84.7 | -0.1 | 201.39 | 16.6 | 170.59 | 16.4 | 59,706 | 24.9 | 50,576 | 24.7 | 10,185,463 | 45.4 | 8 | 1,926 | 100.0 |
| Jun 06 | 84.8 | 1.0 | 201.34 | 20.1 | 170.73 | 21.3 | 57,780 | 24.9 | 48,996 | 26.1 | 9,864,889 | 51.5 | 8 | 1,926 | 100.0 |
| Jul 06 | 77.2 | -4.7 | 157.68 | 6.5 | 121.65 | 1.5 | 59,706 | 24.9 | 46,064 | 19.0 | 7,263,193 | 26.7 | 8 | 1,926 | 100.0 |
| Aug 06 | 72.0 | -5.2 | 139.39 | -1.2 | 100.35 | -6.3 | 59,706 | 24.9 | 42,985 | 18.4 | 5,991,695 | 17.0 | 8 | 1,926 | 100.0 |
| Sep 06 | 75.0 | -7.2 | 190.88 | 9.0 | 143.20 | 1.2 | 57,780 | 24.9 | 43,348 | 16.0 | 8,274,203 | 26.5 | 8 | 1,926 | 100.0 |
| Oct 06 | 82.4 | -3.0 | 202.75 | 7.9 | 167.01 | 4.7 | 59,706 | 24.9 | 49,179 | 21.2 | 9,971,279 | 30.8 | 8 | 1,926 | 100.0 |
| Nov 06 | 73.8 | 20.7 | 182.73 | 5.9 | 134.87 | 27.8 | 57,780 | 0.0 | 42,647 | 20.7 | 7,792,684 | 27.8 | 8 | 1,926 | 100.0 |
| Dec 06 | 54.1 | -2.0 | 154.15 | -0.3 | 83.35 | -2.3 | 59,706 | 0.0 | 32,283 | -2.0 | 4,976,419 | -2.3 | 8 | 1,926 | 100.0 |
| Jan 07 | 59.7 | 8.0 | 167.02 | 3.2 | 99.66 | 11.4 | 59,706 | 0.0 | 35,628 | 8.0 | 5,950,487 | 11.4 | 8 | 1,926 | 100.0 |
| Feb 07 | 75.2 | 1.9 | 195.48 | 11.4 | 146.93 | 13.4 | 53,928 | 0.0 | 40,533 | 1.9 | 7,923,547 | 13.4 | 8 | 1,926 | 100.0 |
| Mar 07 | 85.8 | 1.5 | 208.05 | 5.1 | 178.52 | 6.6 | 59,706 | 0.0 | 51,232 | 1.5 | 10,658,821 | 6.6 | 8 | 1,926 | 100.0 |
| Apr 07 | 89.6 | 3.7 | 210.01 | 7.0 | 188.26 | 11.0 | 57,780 | 0.0 | 51,798 | 3.7 | 10,877,899 | 11.0 | 8 | 1,926 | 100.0 |
| May 07 | 85.3 | 0.7 | 216.06 | 7.3 | 184.32 | 8.0 | 59,706 | 0.0 | 50,930 | 0.7 | 11,004,759 | 8.0 | 8 | 1,926 | 100.0 |
| Jun 07 | 90.4 | 6.6 | 196.80 | -2.3 | 177.88 | 4.2 | 57,780 | 0.0 | 52,226 | 6.6 | 10,278,055 | 4.2 | 8 | 1,926 | 100.0 |
| Jul 07 | 85.6 | 10.9 | 173.92 | 10.3 | 148.81 | 22.3 | 59,706 | 0.0 | 51,086 | 10.9 | 8,884,707 | 22.3 | 8 | 1,926 | 100.0 |

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WMATA-INV 007349

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 8 - Classic

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

| Date | Occupancy | | ADR | | RevPar | | Supply | | Demand | | Revenue | | Census & Sample % | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props | Census Rooms | % Rooms STAR Participants |
| Jan 01 | 58.8 | | 151.57 | | 89.11 | | 42,563 | | 25,023 | | 3,792,814 | | 6 | 1,373 | 100.0 |
| Feb 01 | 70.3 | | 137.24 | | 96.49 | | 38,444 | | 27,027 | | 3,709,300 | | 6 | 1,373 | 100.0 |
| Mar 01 | 87.1 | | 144.78 | | 126.09 | | 42,563 | | 37,068 | | 5,366,768 | | 6 | 1,373 | 100.0 |
| Apr 01 | 83.0 | | 143.60 | | 119.17 | | 46,440 | | 38,538 | | 5,534,109 | | 7 | 1,548 | 100.0 |
| May 01 | 78.2 | | 140.94 | | 110.25 | | 47,988 | | 37,538 | | 5,290,696 | | 7 | 1,548 | 100.0 |
| Jun 01 | 80.3 | | 135.68 | | 108.95 | | 46,440 | | 37,290 | | 5,059,483 | | 7 | 1,548 | 100.0 |
| Jul 01 | 77.5 | | 117.29 | | 90.96 | | 47,988 | | 37,212 | | 4,364,777 | | 7 | 1,548 | 100.0 |
| Aug 01 | 71.8 | | 106.76 | | 76.65 | | 47,988 | | 34,453 | | 3,678,338 | | 7 | 1,548 | 100.0 |
| Sep 01 | 52.4 | | 121.68 | | 63.74 | | 46,440 | | 24,326 | | 2,960,061 | | 7 | 1,548 | 100.0 |
| Oct 01 | 70.6 | | 118.36 | | 83.53 | | 47,988 | | 33,864 | | 4,008,268 | | 7 | 1,548 | 100.0 |
| Nov 01 | 60.6 | | 102.18 | | 61.96 | | 46,440 | | 28,162 | | 2,877,485 | | 7 | 1,548 | 100.0 |
| Dec 01 | 50.3 | | 102.88 | | 51.78 | | 47,988 | | 24,154 | | 2,485,000 | | 7 | 1,548 | 100.0 |
| Jul YTD 2001 | 75.7 | | 138.17 | | 106.00 | | 312,426 | | 239,696 | | 33,117,947 | | | | |
| Total 2001 | 70.0 | | 127.72 | | 89.44 | | 549,270 | | 384,656 | | 49,127,099 | | | | |
| Jan 02 | 57.9 | -1.5 | 107.83 | -28.9 | 62.46 | -29.9 | 47,988 | 12.7 | 27,798 | 11.1 | 2,997,439 | -21.0 | 7 | 1,548 | 100.0 |
| Feb 02 | 67.7 | -3.7 | 114.63 | -16.5 | 77.58 | -19.6 | 43,344 | 12.7 | 29,333 | 8.5 | 3,362,458 | -9.4 | 7 | 1,548 | 100.0 |
| Mar 02 | 77.4 | -11.1 | 129.00 | -10.9 | 99.86 | -20.8 | 47,988 | 12.7 | 37,146 | 0.2 | 4,792,017 | -10.7 | 7 | 1,548 | 100.0 |
| Apr 02 | 91.1 | 9.8 | 146.81 | 2.2 | 133.71 | 12.2 | 40,920 | -11.9 | 37,269 | -3.3 | 5,471,438 | -1.1 | 6 | 1,364 | 100.0 |
| May 02 | 82.4 | 5.3 | 141.44 | 0.4 | 116.53 | 5.7 | 42,284 | -11.9 | 34,839 | -7.2 | 4,927,535 | -6.9 | 6 | 1,364 | 100.0 |
| Jun 02 | 80.2 | -0.2 | 134.60 | -0.8 | 107.90 | -1.0 | 40,920 | -11.9 | 32,805 | -12.0 | 4,415,432 | -12.7 | 6 | 1,364 | 100.0 |
| Jul 02 | 77.5 | -0.1 | 122.17 | 4.2 | 94.67 | 4.1 | 42,284 | -11.9 | 32,765 | -12.0 | 4,002,956 | -8.3 | 6 | 1,364 | 100.0 |
| Aug 02 | 70.6 | -1.6 | 113.57 | 6.4 | 80.21 | 4.6 | 42,284 | -11.9 | 29,863 | -13.3 | 3,391,613 | -7.8 | 6 | 1,364 | 100.0 |
| Sep 02 | 73.2 | 39.8 | 139.82 | 14.9 | 102.38 | 60.6 | 40,920 | -11.9 | 29,963 | 23.2 | 4,189,564 | 41.5 | 6 | 1,364 | 100.0 |
| Oct 02 | 73.7 | 4.5 | 137.21 | 15.9 | 101.19 | 21.1 | 47,802 | -0.4 | 35,251 | 4.1 | 4,836,853 | 20.7 | 7 | 1,542 | 88.5 |
| Nov 02 | 57.2 | -5.7 | 115.29 | 12.8 | 65.89 | 6.3 | 46,260 | -0.4 | 26,440 | -6.1 | 3,048,192 | 5.9 | 7 | 1,542 | 100.0 |
| Dec 02 | 48.0 | -4.7 | 106.91 | 3.9 | 51.29 | -1.0 | 47,802 | -0.4 | 22,932 | -5.1 | 2,451,751 | -1.3 | 7 | 1,542 | 100.0 |
| Jul YTD 2002 | 75.9 | 1.1 | 129.20 | 6.5 | 98.03 | 7.5 | 305,728 | -2.1 | 231,956 | -3.2 | 29,969,275 | -9.5 | | | |
| Total 2002 | 70.9 | 1.9 | 127.22 | -0.4 | 90.22 | 0.9 | 530,796 | 3.4 | 376,404 | -2.1 | 47,887,248 | -2.5 | | | |
| Jan 03 | 54.4 | -6.1 | 105.69 | -2.0 | 57.52 | -7.9 | 47,802 | -0.4 | 26,014 | -6.4 | 2,749,348 | -8.3 | 7 | 1,542 | 100.0 |
| Feb 03 | 63.3 | -6.4 | 115.23 | 0.5 | 72.97 | -5.9 | 43,176 | -0.4 | 27,342 | -6.8 | 3,150,672 | -6.3 | 7 | 1,542 | 100.0 |
| Mar 03 | 77.1 | -0.4 | 137.62 | 6.7 | 106.10 | 6.3 | 47,802 | -0.4 | 36,855 | -0.8 | 5,071,867 | 5.8 | 7 | 1,542 | 100.0 |
| Apr 03 | 75.7 | -16.8 | 131.42 | -10.5 | 99.55 | -25.6 | 46,260 | 13.0 | 35,040 | -6.0 | 4,605,024 | -15.8 | 7 | 1,542 | 100.0 |
| May 03 | 77.3 | -6.1 | 139.21 | -1.6 | 107.65 | -7.6 | 47,802 | 13.0 | 36,964 | 6.1 | 5,145,801 | 4.4 | 7 | 1,542 | 100.0 |
| Jun 03 | 79.8 | -0.5 | 136.77 | 1.6 | 109.15 | 1.2 | 46,260 | 13.0 | 36,916 | 12.5 | 5,049,065 | 14.4 | 7 | 1,542 | 100.0 |
| Jul 03 | 79.7 | 2.8 | 122.84 | 0.5 | 97.89 | 3.4 | 47,802 | 13.0 | 38,093 | 16.3 | 4,679,156 | 16.9 | 7 | 1,542 | 100.0 |
| Aug 03 | 66.9 | -5.3 | 105.92 | -6.7 | 70.87 | -11.6 | 47,802 | 13.0 | 31,982 | 7.1 | 3,387,555 | -0.1 | 7 | 1,542 | 100.0 |
| Sep 03 | 80.3 | 9.6 | 140.48 | 0.5 | 112.75 | 10.1 | 46,260 | 13.0 | 37,128 | 23.9 | 5,215,899 | 24.5 | 7 | 1,542 | 100.0 |
| Oct 03 | 85.9 | 16.4 | 137.94 | 0.5 | 118.44 | 17.1 | 47,802 | 0.0 | 41,045 | 16.4 | 5,661,843 | 17.1 | 7 | 1,542 | 100.0 |
| Nov 03 | 64.1 | 12.1 | 124.62 | 8.1 | 79.86 | 21.2 | 46,260 | 0.0 | 29,644 | 12.1 | 3,694,300 | 21.2 | 7 | 1,542 | 100.0 |
| Dec 03 | 48.7 | 1.5 | 117.56 | 10.0 | 57.24 | 11.6 | 47,802 | 0.0 | 23,275 | 1.5 | 2,736,133 | 11.6 | 7 | 1,542 | 100.0 |
| Jul YTD 2003 | 72.6 | -4.4 | 126.36 | -0.8 | 93.15 | -5.0 | 326,904 | 6.9 | 237,224 | 2.3 | 30,450,933 | 1.6 | | | |
| Total 2003 | 71.1 | 0.3 | 127.77 | 0.4 | 90.87 | 0.7 | 562,830 | 6.0 | 400,298 | 6.3 | 51,146,663 | 6.8 | | | |
| Jan 04 | 52.0 | -4.5 | 122.22 | 15.6 | 63.52 | 10.4 | 47,802 | 0.0 | 24,844 | -4.5 | 3,036,419 | 10.4 | 7 | 1,542 | 100.0 |
| Feb 04 | 76.3 | 20.5 | 137.20 | 19.1 | 104.72 | 43.5 | 43,176 | 0.0 | 32,954 | 20.5 | 4,521,422 | 43.5 | 7 | 1,542 | 100.0 |
| Mar 04 | 90.4 | 17.3 | 151.12 | 9.8 | 136.65 | 28.8 | 47,802 | 0.0 | 43,224 | 17.3 | 6,532,075 | 28.8 | 7 | 1,542 | 100.0 |
| Apr 04 | 90.6 | 19.6 | 148.75 | 13.2 | 134.78 | 35.4 | 46,260 | 0.0 | 41,913 | 19.6 | 6,234,710 | 35.4 | 7 | 1,542 | 100.0 |
| May 04 | 87.2 | 12.8 | 155.48 | 11.7 | 135.56 | 25.9 | 47,802 | 0.0 | 41,680 | 12.8 | 6,480,238 | 25.9 | 7 | 1,542 | 100.0 |
| Jun 04 | 88.4 | 10.7 | 152.58 | 11.6 | 134.84 | 23.5 | 46,260 | 0.0 | 40,879 | 10.7 | 6,237,482 | 23.5 | 7 | 1,542 | 100.0 |
| Jul 04 | 83.1 | 4.3 | 135.99 | 10.7 | 113.03 | 15.5 | 47,802 | 0.0 | 39,732 | 4.3 | 5,403,170 | 15.5 | 7 | 1,542 | 100.0 |
| Aug 04 | 72.6 | 8.5 | 128.60 | 21.4 | 93.32 | 31.7 | 47,802 | 0.0 | 34,688 | 8.5 | 4,460,758 | 31.7 | 7 | 1,542 | 100.0 |
| Sep 04 | 76.9 | -4.1 | 160.45 | 14.2 | 123.45 | 9.5 | 46,260 | 0.0 | 35,592 | -4.1 | 5,710,843 | 9.5 | 7 | 1,542 | 100.0 |
| Oct 04 | 88.1 | 2.6 | 168.70 | 22.3 | 148.67 | 25.5 | 47,802 | 0.0 | 42,126 | 2.6 | 7,106,684 | 25.5 | 7 | 1,542 | 100.0 |
| Nov 04 | 66.6 | 4.0 | 143.99 | 15.5 | 95.97 | 20.2 | 46,260 | 0.0 | 30,832 | 4.0 | 4,439,439 | 20.2 | 7 | 1,542 | 100.0 |

WMATA-INV 007350

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Tab 8 - Classic

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

| Date | Occupancy | | ADR | | RevPar | | Supply | | Demand | | Revenue | | Census & Sample % | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props | Census Rooms | % Rooms STAR Participants |
| Dec 04 | 52.4 | 7.6 | 129.28 | 10.0 | 67.72 | 18.3 | 47,802 | 0.0 | 25,041 | 7.6 | 3,237,274 | 18.3 | 7 | 1,542 | 100.0 |
| Jul YTD 2004 | 81.1 | 1.8 | 144.96 | 12.9 | 117.60 | 26.3 | 326,904 | 0.0 | 265,226 | 11.8 | 38,445,516 | 26.3 | | | |
| Total 2004 | 77.0 | 6.1 | 146.25 | 14.5 | 112.65 | 24.0 | 552,830 | 0.0 | 433,505 | 8.3 | 63,400,614 | 24.0 | | | |
| Jan 05 | 59.5 | 14.5 | 162.04 | 32.6 | 96.41 | 51.8 | 47,802 | 0.0 | 28,441 | 14.5 | 4,608,510 | 51.8 | 7 | 1,542 | 100.0 |
| Feb 05 | 78.1 | 2.4 | 160.28 | 16.8 | 125.25 | 19.6 | 43,176 | 0.0 | 33,740 | 2.4 | 5,407,814 | 19.6 | 7 | 1,542 | 100.0 |
| Mar 05 | 86.9 | -3.9 | 167.34 | 10.7 | 145.41 | 6.4 | 47,802 | 0.0 | 41,537 | -3.9 | 6,950,831 | 6.4 | 7 | 1,542 | 100.0 |
| Apr 05 | 90.4 | -0.2 | 179.89 | 20.9 | 162.64 | 20.7 | 46,260 | 0.0 | 41,825 | -0.2 | 7,523,905 | 20.7 | 7 | 1,542 | 100.0 |
| May 05 | 84.8 | -2.7 | 172.74 | 11.1 | 146.53 | 8.1 | 47,802 | 0.0 | 40,549 | -2.7 | 7,004,343 | 8.1 | 7 | 1,542 | 100.0 |
| Jun 05 | 84.0 | -5.0 | 167.66 | 9.9 | 140.79 | 4.4 | 46,260 | 0.0 | 38,846 | -5.0 | 6,512,932 | 4.4 | 7 | 1,542 | 100.0 |
| Jul 05 | 81.0 | -2.6 | 148.03 | 8.9 | 119.88 | 6.1 | 47,802 | 0.0 | 38,712 | -2.6 | 5,730,627 | 6.1 | 7 | 1,542 | 100.0 |
| Aug 05 | 75.9 | 4.6 | 141.14 | 9.8 | 107.16 | 14.8 | 47,802 | 0.0 | 36,293 | 4.6 | 5,122,309 | 14.8 | 7 | 1,542 | 100.0 |
| Sep 05 | 80.8 | 5.0 | 175.05 | 9.1 | 141.44 | 14.6 | 46,260 | 0.0 | 37,379 | 5.0 | 6,543,030 | 14.6 | 7 | 1,542 | 100.0 |
| Oct 05 | 84.9 | -3.7 | 187.87 | 11.4 | 159.52 | 7.3 | 47,802 | 0.0 | 40,588 | -3.7 | 7,625,365 | 7.3 | 7 | 1,542 | 100.0 |
| Nov 05 | 61.2 | -8.2 | 172.55 | 19.8 | 105.53 | 10.0 | 57,780 | 24.9 | 35,338 | 14.6 | 6,097,563 | 37.3 | 8 | 1,926 | 100.0 |
| Dec 05 | 55.2 | 5.3 | 154.58 | 19.6 | 85.31 | 26.0 | 59,706 | 24.9 | 32,950 | 31.6 | 5,093,488 | 57.3 | 8 | 1,926 | 100.0 |
| Jul YTD 2005 | 80.7 | -0.6 | 165.90 | 14.4 | 133.80 | 13.8 | 326,904 | 0.0 | 263,850 | -0.6 | 43,738,962 | 13.8 | | | |
| Total 2005 | 76.1 | -1.2 | 166.94 | 13.7 | 126.60 | 12.4 | 586,254 | 4.2 | 446,198 | 2.9 | 74,220,717 | 17.1 | | | |
| Jan 06 | 55.3 | -7.1 | 161.80 | -0.1 | 89.44 | -7.2 | 59,706 | 24.9 | 33,004 | 16.0 | 5,340,026 | 15.9 | 8 | 1,926 | 100.0 |
| Feb 06 | 73.8 | -5.6 | 175.53 | 9.5 | 129.52 | 3.4 | 53,928 | 24.9 | 39,792 | 17.9 | 6,984,541 | 29.2 | 8 | 1,926 | 100.0 |
| Mar 06 | 84.6 | -2.7 | 197.98 | 18.3 | 167.44 | 15.2 | 59,706 | 24.9 | 50,495 | 21.6 | 9,997,226 | 43.8 | 8 | 1,926 | 100.0 |
| Apr 06 | 86.4 | -4.4 | 196.35 | 9.2 | 169.68 | 4.3 | 57,780 | 24.9 | 49,931 | 19.4 | 9,804,137 | 30.3 | 8 | 1,926 | 100.0 |
| May 06 | 84.7 | -0.1 | 201.39 | 16.6 | 170.59 | 16.4 | 59,706 | 24.9 | 50,576 | 24.7 | 10,185,463 | 45.4 | 8 | 1,926 | 100.0 |
| Jun 06 | 84.8 | 1.0 | 201.34 | 20.1 | 170.73 | 21.3 | 57,780 | 24.9 | 48,996 | 26.1 | 9,864,889 | 51.5 | 8 | 1,926 | 100.0 |
| Jul 06 | 77.2 | -4.7 | 157.68 | 6.5 | 121.65 | 1.5 | 59,706 | 24.9 | 46,064 | 19.0 | 7,263,193 | 26.7 | 8 | 1,926 | 100.0 |
| Aug 06 | 72.0 | -5.2 | 139.39 | -1.2 | 100.35 | -6.3 | 59,706 | 24.9 | 42,985 | 18.4 | 5,991,695 | 17.0 | 8 | 1,926 | 100.0 |
| Sep 06 | 75.0 | -7.2 | 190.88 | 9.0 | 143.20 | 1.2 | 57,780 | 24.9 | 43,348 | 16.0 | 8,274,203 | 26.5 | 8 | 1,926 | 100.0 |
| Oct 06 | 82.4 | -3.0 | 202.75 | 7.9 | 167.01 | 4.7 | 59,706 | 24.9 | 49,179 | 21.2 | 9,971,279 | 30.8 | 8 | 1,926 | 100.0 |
| Nov 06 | 73.8 | 20.7 | 182.73 | 5.9 | 134.87 | 27.8 | 57,780 | 0.0 | 42,647 | 20.7 | 7,792,684 | 27.8 | 8 | 1,926 | 100.0 |
| Dec 06 | 54.1 | -2.0 | 154.15 | -0.3 | 83.35 | -2.3 | 59,706 | 0.0 | 32,283 | -2.0 | 4,976,419 | -2.3 | 8 | 1,926 | 100.0 |
| Jul YTD 2006 | 78.1 | -3.2 | 186.41 | 12.4 | 145.57 | 8.8 | 408,312 | 24.9 | 318,858 | 20.9 | 59,439,475 | 35.9 | | | |
| Total 2006 | 75.3 | -1.1 | 182.21 | 9.5 | 137.19 | 8.4 | 702,990 | 19.9 | 529,300 | 18.6 | 96,445,755 | 29.9 | | | |
| Jan 07 | 59.7 | 8.0 | 167.02 | 3.2 | 99.66 | 11.4 | 59,706 | 0.0 | 35,628 | 8.0 | 5,950,487 | 11.4 | 8 | 1,926 | 100.0 |
| Feb 07 | 75.2 | 1.9 | 195.48 | 11.4 | 146.93 | 13.4 | 53,928 | 0.0 | 40,533 | 1.9 | 7,923,547 | 13.4 | 8 | 1,926 | 100.0 |
| Mar 07 | 85.8 | 1.5 | 208.05 | 5.1 | 178.52 | 6.6 | 59,706 | 0.0 | 51,232 | 1.5 | 10,658,821 | 6.6 | 8 | 1,926 | 100.0 |
| Apr 07 | 89.6 | 3.7 | 210.01 | 7.0 | 188.26 | 11.0 | 57,780 | 0.0 | 51,798 | 3.7 | 10,877,899 | 11.0 | 8 | 1,926 | 100.0 |
| May 07 | 85.3 | 0.7 | 216.08 | 7.3 | 184.32 | 8.0 | 59,706 | 0.0 | 50,930 | 0.7 | 11,004,759 | 8.0 | 8 | 1,926 | 100.0 |
| Jun 07 | 90.4 | 6.6 | 196.80 | -2.3 | 177.88 | 4.2 | 57,780 | 0.0 | 52,226 | 6.6 | 10,278,055 | 4.2 | 8 | 1,926 | 100.0 |
| Jul 07 | 85.6 | 10.9 | 173.92 | 10.3 | 148.81 | 22.3 | 59,706 | 0.0 | 51,086 | 10.9 | 8,884,707 | 22.3 | 8 | 1,926 | 100.0 |
| Jul YTD 2007 | 81.7 | 4.6 | 196.68 | 5.5 | 160.61 | 10.3 | 408,312 | 0.0 | 333,433 | 4.6 | 65,578,275 | 10.3 | | | |

No representation is made as to the completeness or accuracy of the information in this report. The information is in no way to be construed as a recommendation by Smith Travel Research of any industry standard and is intended solely for the internal purposes of your company. It should not be published in any manner unless authorized by Smith Travel Research. A blank row indicates insufficient data. Copyright © 2007 Smith Travel Research, Inc. All rights reserved.

WMATA-INV 007351

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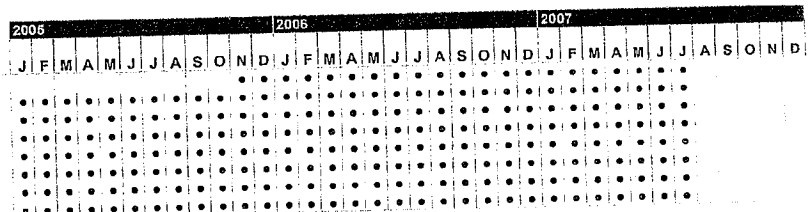
# Tab 9 - Response Report

Washington, DC Selected Properties
Job Number: 163564_SADUM Staff: SS Created: September 07, 2007

| STR Code | Name of Establishment | City & State | Zip Code | Aff Date | Open Date | Rooms | Chg In Rms |
|---|---|---|---|---|---|---|---|
| 53607 | Embassy Suites Washington Convention Ctr | Washington, DC | 20001 | Nov 2005 | Nov 2005 | 384 | |
| 4000 | Holiday Inn Washington DC On The Hill | Washington, DC | 20001 | Jun 1995 | May 1970 | 343 | |
| 37375 | Courtyard Washington Convention Center | Washington, DC | 20004 | Jun 1999 | Jun 1999 | 188 | |
| 38594 | Hilton Garden Inn Washington DC Franklin Square | Washington, DC | 20005 | Jan 2000 | Jan 2000 | 300 | |
| 41569 | Homewood Suites Washington DC Convention Ctr | Washington, DC | 20005 | Apr 2001 | Apr 2001 | 175 | |
| 7621 | Hotel Helix | Washington, DC | 20005 | Oct 2002 | Oct 1979 | 178 | Y |
| 36494 | Residence Inn Vermont Avenue | Washington, DC | 20005 | Feb 1999 | Feb 1999 | 202 | |
| 36366 | Courtyard Washington Embassy Row | Washington, DC | 20036 | Oct 1998 | Oct 1998 | 156 | |
| | | | Total Properties: | | 8 | 1926 | |




o - Monthly data received by STR
• - Monthly and daily data received by STR
Blank - No data received by STR
Y - (Chg In Rms) Property has experienced a room addition or drop during the time period of the report

No representation is made as to the completeness or accuracy of the information in this report. The information is in no way to be construed as a recommendation by Smith Travel Research of any industry standard and is intended solely for the internal purposes of your company. It should not be published in any manner unless authorized by Smith Travel Research. A blank row indicates insufficient data. Copyright © 2007 Smith Travel Research, Inc. All rights reserved.

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# ab 10 - Help

## ethodology

While virtually every chain in the United States provides STR with data on almost all of their properties, there are still some hotels that don't submit data. But we've got you covered.

Every year we examine guidebook listings and hotel directories for information on hotels that don't provide us with data. We don't stop there. We call each hotel in our database every year to obtain "published" rates for multiple categories. Based on this information we group all hotels - those that report data and those that don't - into groupings based off of price level and geographic proximity. We then estimate the non-respondents based off of nearby hotels with similar price levels.

Similarly, we sometimes obtain monthly data from a property, but not daily data. We use a similar process. We take the monthly data that the property has provided, and distribute it to the individual days based on of the revenue and demand distribution patterns of similar hotels in the same location.

We believe it imperative to perform this analysis in order to provide interested parties with our best estimate of total lodging demand and room revenue on their areas of interest. Armed with this information a more informed decision can be made.

## Glossary

**ADR (Average Daily Rate)**
Room revenue divided by rooms sold.

**Affiliation Date**
Date the property affiliated with current chain/flag

**Census (Properties and Rooms)**
The number of properties and rooms that exist (universe)

**Change in Rooms**
Indicator of whether or not an individual hotel has had added or deleted rooms.

**Demand (Rooms Sold)**
The number of rooms sold (excludes complimentary rooms).

**Full Historical TREND**
Data on selected properties or segments starting in 1987.

**Occupancy**
Rooms sold divided by rooms available.

**Open Date**
Date the property opened

**Percent Change**
Amount of growth, up, flat, or down from the same period last year (month, ytd, three months, twelve months). Calculated as ((TY-LY)/LY) * "100".

**Revenue (Room Revenue)**
Total room revenue generated from the sale or rental of rooms.

**RevPAR - Revenue Per Available Room**
Room revenue divided by rooms available (occupancy times average room rate will closely approximate RevPAR).

**Sample % (Rooms)**
The % of rooms STR receives data from. Calculated as (Sample Rooms/Census Rooms) * "100".

**Standard Historical TREND**
Data on selected properties or segments starting in 1997.

**STR Code**
Smith Travel Research's proprietary numbering system. Each hotel in the lodging census has a unique STR code.

**Supply (Rooms Available)**
The number of rooms times the number of days in the period.

**Twelve Month Moving Average**
The value of any given month is computed by taking the value of that month and the values of the eleven preceiding months, adding them together and dividing by twelve.

**Year to Date**
Average or sum of values starting January 1 of the given year.

WMATA-INV 007353

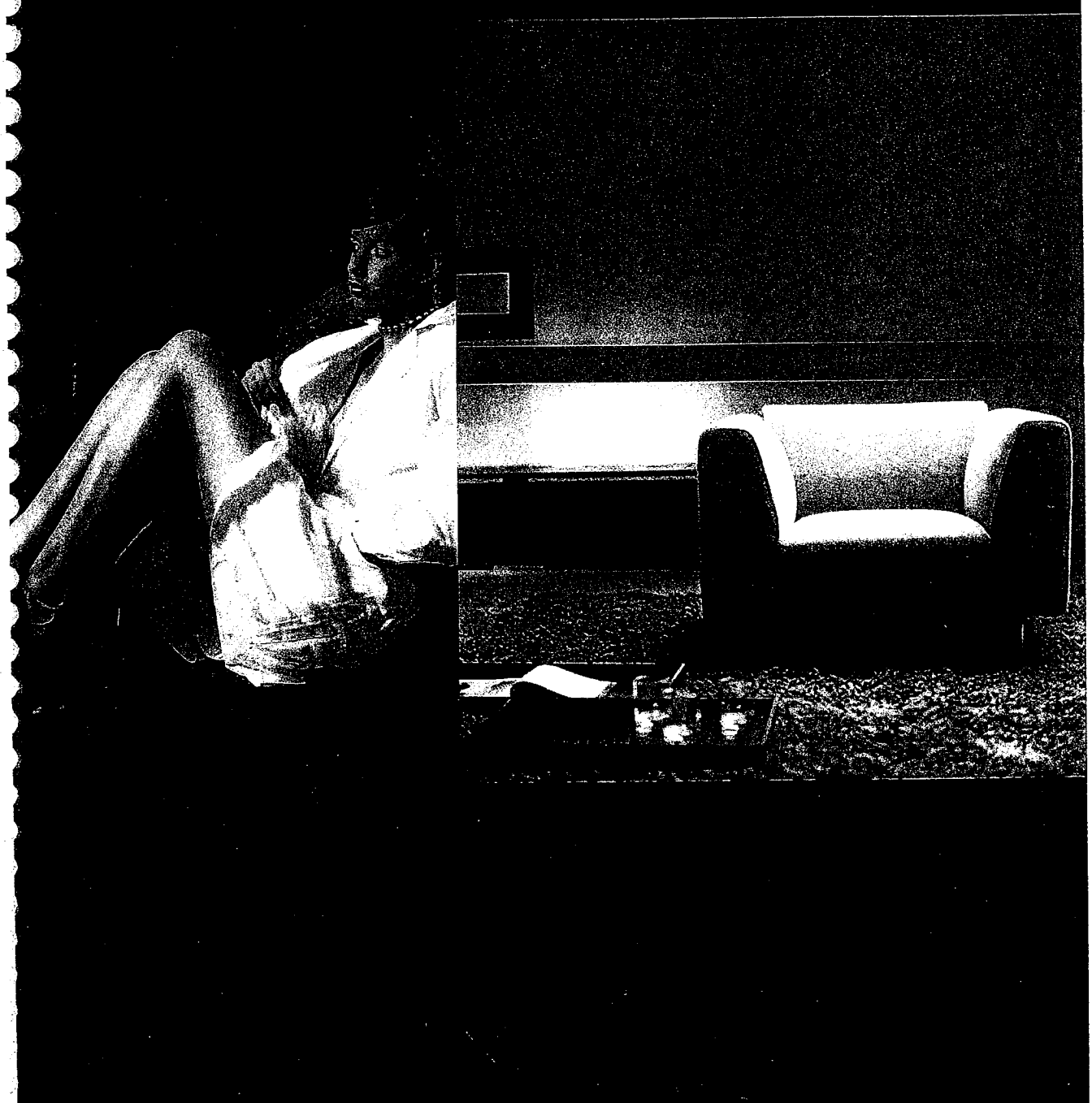
ou appreciate modern design, its clean lines, its simplicity. Your life is an expression of that style. You live for design. You will love Moderno. Visit LoveModerno.com to learn more about this collection of 19 stylish residences at U & 12th streets.

UILDING

NEIGHBORHOOD

LIVING AREAS

KITCHENS



MODERNO 1&2 / FLOOR PLANS

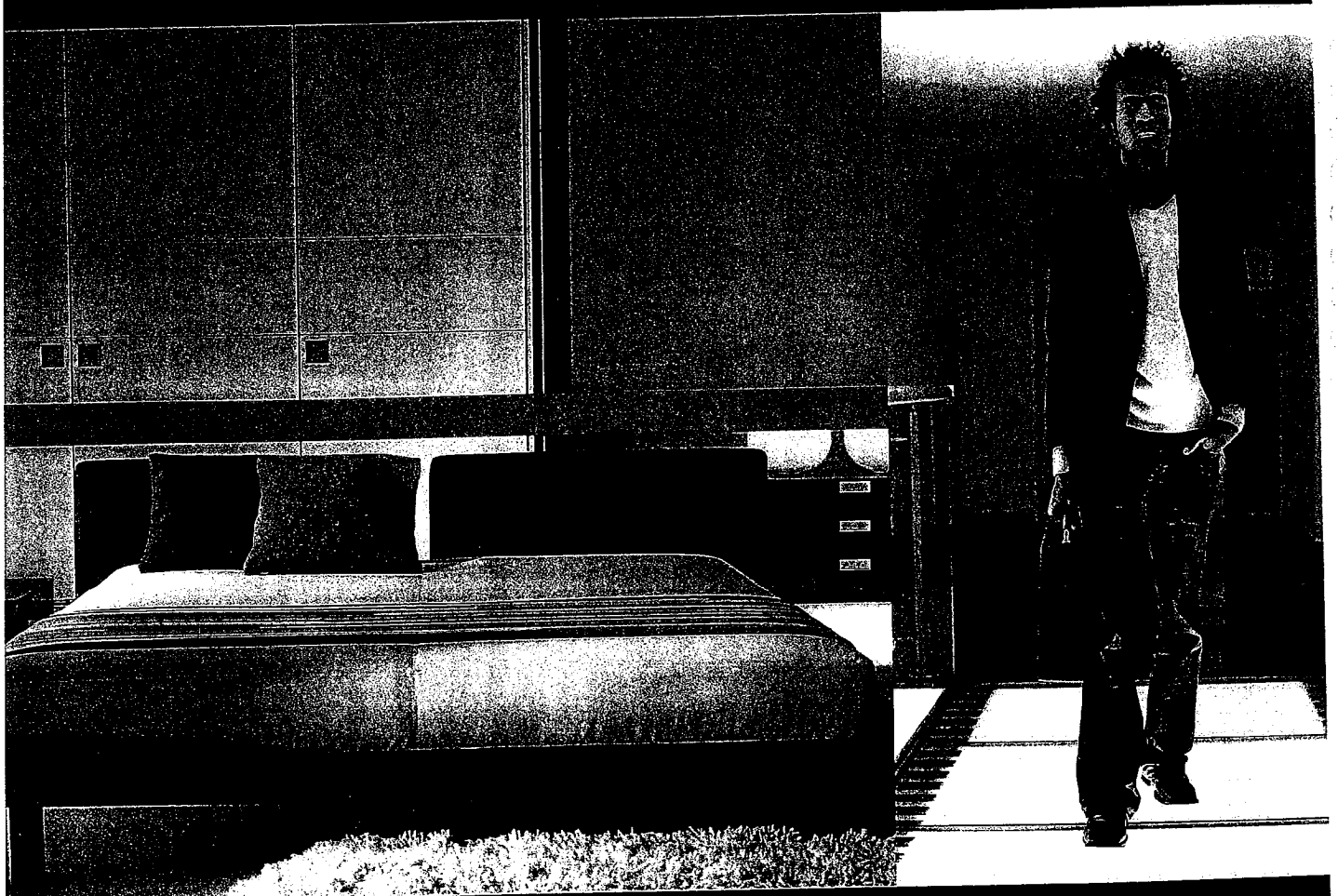
BATHROOMS

LIGHTING

COMMUNICATIONS

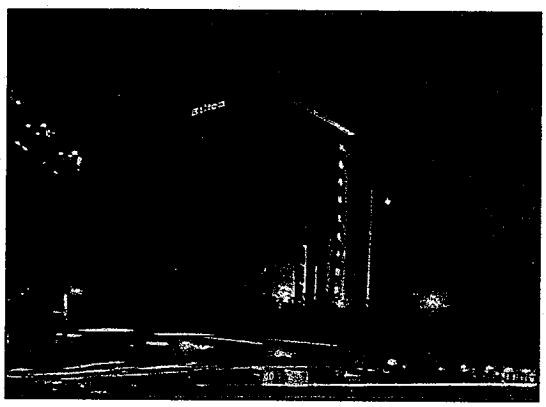
MECHANICALS

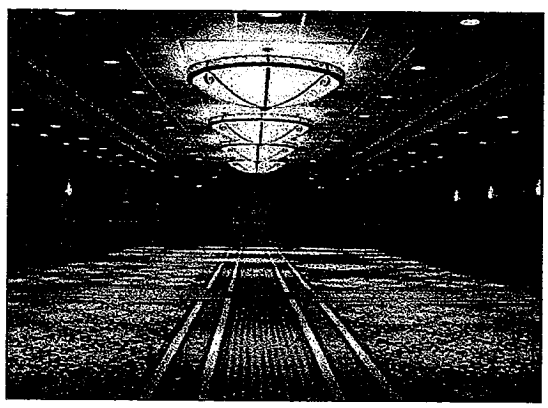
OUTDOOR SPACE



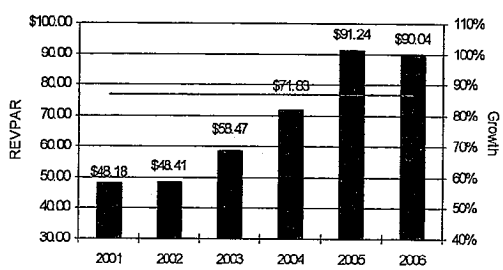
# Hilton Hotel

## Washington D.C./Silver Spring, Maryland

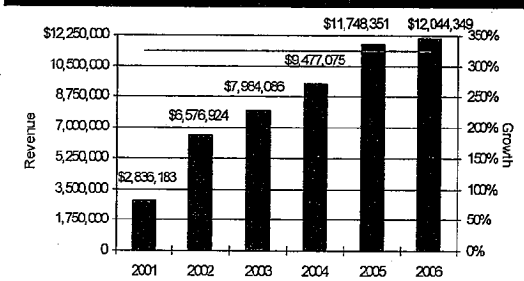




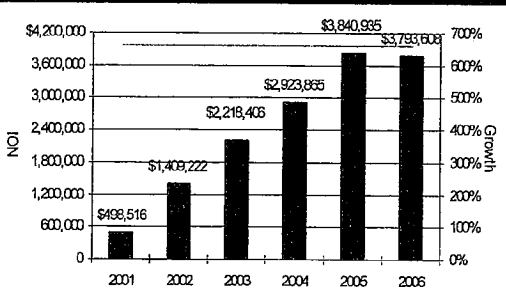
### REVPAR




### Revenue




### NOI




Milestone Hospitality Management

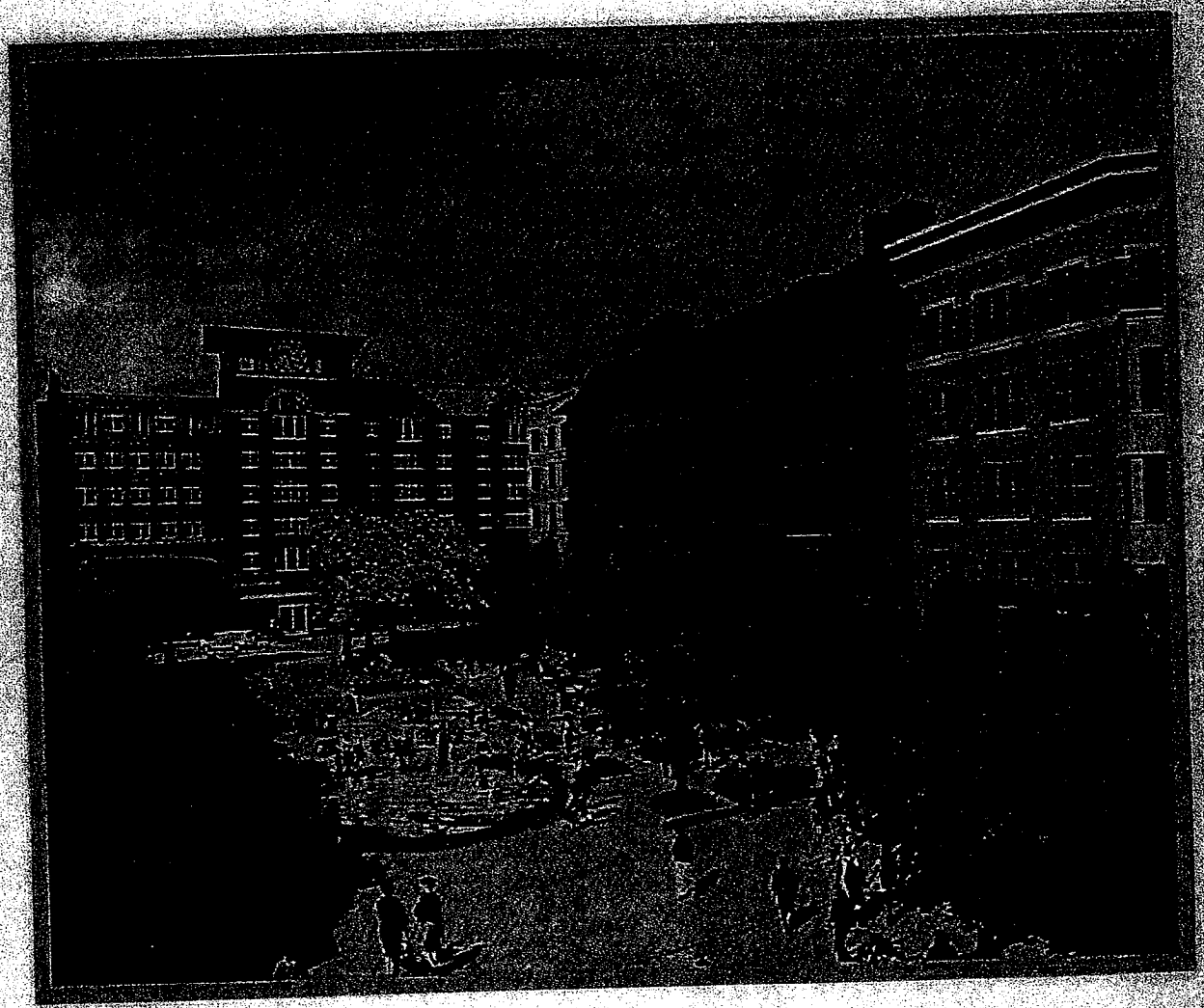
### Key Statistics

- Led due diligence and transition of this acquisition in December 1999
- Total revenue growth from 2001-2006 of 324%
- NOI growth from 2001-2006 of 661%
- Acquired for $9 Million (independent property owned and operated by Lodgian)
- Core renovation from Jan.-Dec. 2001 of $9.1 Million
- Obtained Hilton flag in November 2001
- Repositioned in government and corporate markets



MILESTONE
GROUP OF COMPANIES

FOIA CONFIDENTIAL TREATMENT REQUESTED



# ROCKVILLE TOWN SQUARE

## Rockville, Maryland

## EXECUTIVE SUMMARY

The residential component of the development consists of 644 luxury residential units (apartments and condominiums) and 970 parking spaces located in four buildings. The buildings also contain approximately 174,000 square feet of ground-level retail space that the Owner has sold to Federal Realty Investment Trust (one of the largest and most successful REITs focused on retail properties), plus an additional 977 parking spaces that the Owner will turned over to the City of Rockville for public use. Pursuant to the Owner's redevelopment agreement with the City, 94 of the 644 residential units are designated as moderately priced dwelling units ("MPDUs") and will be sold or rented at moderate discounts to market rates.

| *Building Name* | *The Fenestra* | *The Lunette* | *The Venetian* | *The Palladian* | *Total* |
|---|---|---|---|---|---|
| Block(s) | 1 and 2 | 3B | 4 | 5 | — |
| Projected Opening Date | May 2007 | March 2007 | July 2007 | March 2007 | — |
| # of Stories | 5 | 5 | 5 | 6 | — |
| Gross Building Square Feet | | | | | |
| *Residential* | 267,654 | 182,811 | 126,451 | 206,386 | 783,302 |
| *Retail* | 71,907 | 35,973 | 19,665 | 46,137 | 173,682 |
| *Parking* | 240,076 | 105,478 | 326,056 | 113,730 | 785,340 |
| *Total* | 579,637 | 324,262 | 472,172 | 366,253 | 1,742,324 |
| # of Residential Units | | | | | |
| *Market-rate* | 207 | 122 | 92 | 129 | 550 |
| *Moderate-rate* | 34 | 20 | 17 | 23 | 94 |
| *Total* | 241 | 142 | 109 | 152 | 644 |
| Net Residential Square Feet | | | | | |
| *Apartment Space* | | | | | |
| *Market-rate* | 191,643 | 134,914 | 93,517 | 134,790 | 554,864 |
| *Moderate-rate* | 27,148 | 17,052 | 11,886 | 19,223 | 75,309 |
| *Subtotal Apartment Space* | 218,791 | 151,966 | 105,403 | 154,013 | 630,173 |
| *Storage Space* | 0 | 0 | 0 | 2,160 | 2,160 |
| *Total* | 218,791 | 151,966 | 105,403 | 156,173 | 632,333 |
| # of Parking Spaces | | | | | |
| *Residential Spaces* | 324 | 250 | 164 | 232 | 970 |
| *Public Spaces* | 225 | 0 | 630 | 122 | 977 |
| *Total* | 549 | 250 | 794 | 354 | 1,947 |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007360

Based on a strong condominium market when the development was conceived, the Owner initiated a sales program for the residential units in all four buildings during 2005 and, as of November 30, 2006, a total of 182 units were under contract to individual buyers (170 market-rate units and 12 moderate-rate units). The average sales price for the market-rate units under contract is $507 per square foot and the average price for the moderate-rate units is $195 per square foot (with the sales price for each moderate-rate unit type set by the City of Rockville).

Of the 182 units under contract, 96 units (53%) are in The Palladian, which has a total of 152 units and is scheduled to be the first building to be completed (in March 2007). The Owner's current plan is to close on the contracts for the units in The Palladian and to continue to market the remaining units in this building for sale. Due to a weakening "for-sale" market and a very strong rental market, the Owner is considering marketing the units in The Fenestra, The Lunette, and The Venetian for rent. However, the Owner has complete flexibility to proceed with any other program that includes the sale and/or rental of any of the units.

### ADDITIONAL COMPONENTS OF ROCKVILLE TOWN SQUARE

The four residential / retail / parking buildings are key components of Rockville Town Square, which has been planned as a classic, mixed-use urban development that is the new focal point of the City. At the center of the development is an open-air plaza about the size of a football field, which will serve as a meeting place and as a host to community events and concerts. Wide sidewalks with extensive plantings, benches, restaurant seating, and artwork will border the two streets that traverse the site. In addition to the four residential / retail / parking buildings, Rockville Town Square also includes:

- A new 100,000 square foot flagship Montgomery County Library, a four-story, state-of-the-art facility constructed by Montgomery County that opened in November 2006.

- A new 40,000 square foot community center located adjacent to the library, to be known as the Arts & Innovation Center, that will serve as the new home of the Metropolitan Center for the Visual Arts at Rockville. This building, which is being constructed by the City and is scheduled to open during the second quarter of 2007, will feature teaching studios, artist studios, art galleries, a rooftop facility, and an events room for lectures and meetings.

- Metro Plaza, a Class A office complex that is being developed and is owned by Foulger-Pratt Development. The first office building (Metro Plaza I) was completed in 2002 and it contains 228,000 rentable square feet and 600 parking spaces on eight above-ground levels and three below-ground levels. Major tenants in the building include Ferris Baker Watts, the Montgomery County Department of Economic Development, SAS, and the NIH Federal Credit Union. Two additional 10- to 12-story buildings (one of which may be developed as a hotel) are planned to complete Metro Plaza.

More extensive information on Rockville Town Square (including an interactive video tour) can be found on the development's website: www.rockvilletownsquare.com.



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WMATA-INV 007361

**INVESTMENT HIGHLIGHTS**

- ***Well Conceived Master Plan:*** Rockville Town Square is the result of an extensive, focused effort by a public/private partnership comprised of RD Rockville, the City of Rockville, and Federal Realty Investment Trust to create a high quality mixed-use development that will serve as a new focal point of the City.

- ***Highly Desirable and Accessible Location:*** Rockville Town Square is located in the heart of Rockville, which is the fifth largest city in Maryland and the seat of Montgomery County. The development is just one mile east of both Exits 5 and 6 on the Dwight D. Eisenhower Highway (I-270), which intersects with the Capital Beltway (I-495) five miles to the south. It is adjacent to the Rockville train station, which services the Red Line of the Washington-area MetroRail system, the Brunswick Line of MARC (the Maryland regional commuter rail service), and several Amtrak routes. In addition, three major airports -- Reagan National, Dulles International, and Baltimore-Washington International -- are within 30- to 45-minute drives from Rockville Town Square.

- ***High Quality Construction:*** As a part of the planning process, the public/private partnership created a Master Plan and Design Guidelines that govern the development of the entire Town Square development and the individual buildings within it. In accordance with these plans and guidelines, the four residential / retail / parking buildings are high quality concrete and steel structures with appealing aesthetics, distinctive embellishments, and state-of-the-art technologies that make them extremely attractive to potential residents and businesses.

- ***Luxurious Living Units:*** The individual units incorporate numerous features that place them at the top of the Washington-area residential market, including: nine-foot ceilings; oversized double-pane insulated windows; individually-controlled HVAC units; hardwood flooring; granite countertops; stainless steel appliances and finishes; washer/dryers in each unit; and wiring for high-speed Internet. Approximately 40% of the units have outdoor balconies or terraces.

- ***Numerous In-building Amenities:*** Amenities in each of the four residential buildings for the exclusive use of residents include: fitness centers; club rooms with TV, entertainment bar, and kitchenette; and designated parking spaces. In addition, The Lunette has a swimming pool for the exclusive use of its residents, and residents of the three other buildings will have exclusive use of a swimming pool within The Venetian. Each of the buildings features high security, with controlled tenant access to the parking, lobby, and common areas.

- ***Numerous On-site Amenities:*** As a large-scale, mixed-use development, Rockville Town Square will offer residents numerous shopping, dining, and entertainment options to satisfy their daily requirements. The retail component of the development will feature a mix of national and local establishments and will include, among others, a supermarket (negotiations currently underway with several interested chains), a drug store (CVS), a bank (Chevy Chase Bank), a gym (Gold Gym's new high-end format), a spa (Aveda),



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007362

a dry cleaners, a toy store, a jeweler, a stationary store, and several restaurants (including fine dining, casual restaurants, delis, and specialty shops). In addition, the new Montgomery County Library, the Arts & Innovation Center, and the Town Square will be major draws to Rockville Town Center.

- ***Numerous Other Nearby Attractions and Facilities:*** Rockville Town Square is at the center of a larger (approximately 60 acres) area that is known as Rockville Town Center, which includes many other office, retail, and civic buildings, in addition to the train station. Within a few blocks of Rockville Town Square are a 13-screen Regal movie theatre with stadium seating; several City, County, and Federal office buildings and court houses; and numerous restaurants and shops. In addition to the adjacent Metro Plaza office tenants, major companies like Westat, Inc., Lockheed Martin and Booz Allen Hamilton have a strong presence in Rockville. In total, the City has approximately six million square feet of office space.

- ***Significant Public Investment:*** Rockville Town Square includes approximately $100 million of public investments made by the City, County, State, and Federal governments, including the Library, the Arts & Innovation Center, the public parking, and the utility infrastructure, roads and sidewalks within and around the perimeter of the property.

- ***Strong Multi-family Rental Market:*** The Washington metropolitan area has one of the strongest multi-family rental markets in the country, due to a healthy and stable economy with substantial regular annual job growth and significant constraints on new supply. According to Delta Associates, the vacancy rate for investment-grade (Class A and B) apartments in the metropolitan area as of September 30, 2006 was just 1.4%, the lowest of any metro area in the nation.

- ***High Replacement Costs:*** Land and construction costs have increased substantially since the development was initiated. Prime in-fill locations in the Washington metropolitan area, particularly ones adjacent to MetroRail stations, would cost not less than $450 per buildable square foot.

- ***Potential Condominium Exit Strategy:*** The sale of individual apartment units is a strong potential exit strategy for any investor because the buildings were developed as condominiums and because the Owner has already achieved a significant number of sales at an average price of over $500 per square foot (at an early stage in the sale process).



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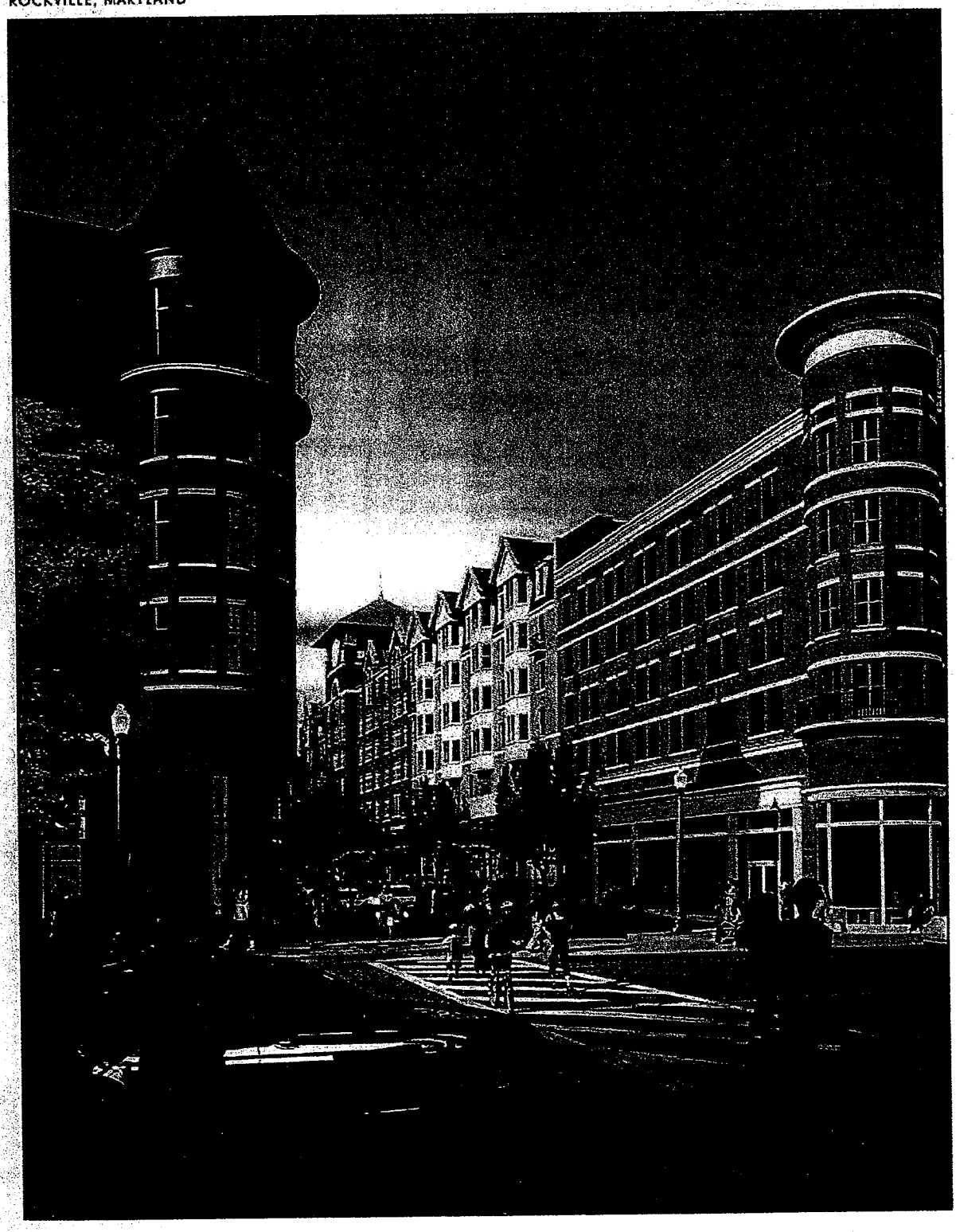
WMATA-INV 007363

ROCKVILLE TOWN SQUARE
ROCKVILLE, MARYLAND

MARYLAND AVENUE PERSPECTIVE



FOIA CONFIDENTIAL TREATMENT REQUESTED

# AMENDED AND RESTATED GROUND LEASE

This Amended and Restated Ground Lease (the "Lease"), is dated as of the 28th day of September, 2007 ("New Effective Date"), by and between MEDAL, INC., a Virginia corporation, having an address of 9210 Pegasus Court, Potomac, Maryland 20854 ("Landlord"), and 1920 8th STREET LLC, a Delaware limited liability company, having its office at 4326 8th Street, NW, Washington, D.C. 20011 ("Tenant").

WHEREAS, Landlord and Tenant entered into that certain Ground Lease ("Original Lease") dated as of August 3, 2007 ("Effective Date").

WHEREAS, Landlord and Tenant wish to amend and restate the Original Lease on the terms and conditions set forth herein.

All exhibits hereto are incorporated herein by this reference.

## WITNESSETH

In consideration of Ten Dollars ($10.00), other good and valuable consideration, and the mutual covenants contained herein, and intending to be legally bound hereby, Landlord and Tenant hereby agree with each other to amend and restate the Original Lease in its entirety as of the New Effective Date as follows:

**Section 1 Premises.**

Landlord hereby leases and lets to Tenant, and Tenant hereby takes and hires from Landlord, upon and subject to the terms, conditions, covenants and provisions of this Lease, all that certain parcel of land, known as Lot 46 in Square 393, N.W., Washington, D.C. containing approximately 11,330 square feet, and, subject to the terms of this Lease, including all appurtenances, rights, privileges and easements benefiting, belonging or pertaining thereto, improvements existing thereon from time to time, and development or other rights created therefrom (all the foregoing hereinafter referred to as the "Premises"). The Premises are depicted on **Exhibit A** hereto.

The rights granted to Tenant under this Lease are referred to herein as the "Leasehold Estate." The rights of Landlord in the Premises after giving effect to the Leasehold Estate are referred to herein as the "Reversionary Estate." The "Reversionary Estate" includes all of Landlord's rights pursuant to this Lease.

**Section 2 Delivery of Premises; Term.**

**Subsection 2.1**

(a) The Premises were delivered to Tenant on the Effective Date in their as-is condition. Tenant acknowledges and agrees that Tenant has had full, ample, unrestricted opportunity to conduct Tenant's due diligence with respect to the Premises and the Leasehold Estate and that tenant has completed such due diligence and is satisfied with the results of such due diligence, without exception, or that Tenant has waived such rights.

FOIA CONFIDENTIAL TREATMENT REQUESTED

(b) Tenant has made the following deliveries prior to the date hereof:

(i) A check in the amount of $35,000.00 for attorneys fees to Landlord;

(ii) A check in the amount of the Fixed Rent for the Initial Term ("Initial Prepaid Rent"), to be deposited in escrow with Regional Title, Incorporated ("Escrow Agent") on the terms and conditions set forth in an Escrow Agreement by and among Landlord, Tenant and Escrow Agent dated on or about the date hereof ("Escrow Agreement"); and

(iii) A check in the amount of $15,000.00 for attorneys fees to Landlord to be deposited in escrow with Escrow Agent on the terms and conditions set forth in the Escrow Agreement ("Attorney Fee Escrow").

(c) Landlord agrees:

(i) Landlord has delivered to Tenant all due diligence materials in Landlord's possession, including without limitation, surveys, reports and studies.

(ii) Landlord has delivered to Tenant a standard form of Owner's Title Affidavit in the form attached hereto as **Exhibit B** sufficient to delete any exceptions from Tenant's title commitment and subsequent title policy, excluding only those encumbrances existing as of the Effective Date ("Permitted Encumbrances), and any documents reasonably required by Tenant's title insurance company to remove the standard title exceptions for parties in possession and mechanics' or materialman's liens; and

(iii) Landlord shall deliver to Tenant within fifteen (15) days after receipt of Tenant's request therefor any documents reasonably required by Tenant's title company evidencing Landlord's authority to enter into this Lease, including, without limitation, certifications, votes and other documentation relating to Landlord's organizational structure.

(d) The Financing Contingency set forth in Section 2.1(d) of the Original Lease is hereby waived.

(e) In addition to the deliveries set forth in Section 2.1(b), Tenant hereby agrees to deliver to Landlord at time of execution of this Lease an additional check for $15,000, for attorneys fees.

(f) Tenant hereby authorizes Escrow Agent to release the Attorney Fee Escrow and the Initial Prepaid Rent to Landlord.

**Subsection 2.2**

(a) The term of this Lease shall commence on the Effective Date and shall expire one (1) year from the Effective Date (the "Initial Term" and together with each Renewal Period, as defined in Subsection 2.2(b) below, the 'Term").

(b) Following the conclusion of the Initial Term, Tenant may extend the Term of this Lease for nine (9) consecutive extension periods of one (1) year each (each, a "Renewal Period"),



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007366

upon the terms set forth in this Lease in existence at the end of the preceding Initial Term or Renewal Period, as applicable. Tenant may extend the Lease by giving Landlord written notice of Tenant's election ("Extension Notice") not later than sixty (60) days prior to the expiration of the then current Initial Term or Renewal Period, as applicable. Tenant may exercise more than one Renewal Period at any given time. An Extension Notice shall not be valid if Tenant is in Default of this Lease (as defined in Section 17.1) at the time the Extension Notice is given. Notwithstanding anything to the contrary contained herein, including, without limitation, the preceding provisions of this Subsection 2.2(b), Tenant's right to extend the Term of this Lease shall not terminate or be extinguished due to Tenant's failure to give Landlord an Extension Notice as herein provided, unless and until (i) Landlord shall have notified the Leasehold Mortgagee (as defined below), if any, of such failure; and (ii) the Leasehold Mortgagee shall have failed to exercise the Renewal Option on behalf of Tenant within thirty (30) days following such notice from Landlord.

**Section 3 Prepaid Rent; Rent**

(a) On the first day of each Renewal Period Tenant shall deliver to Landlord prepaid rent for such Renewal Period in an amount equal to three (3) monthly installments of the Annual Fixed Rent for such Renewal Period (for first and last 2 months of such Renewal Term), (prepaid rent for the last 2 months of a Renewal Period shall be referred to as the "Renewal Period Prepaid Rent"). The Renewal Period Prepaid Rent shall be held by Landlord in an interest bearing bank account of Landlord's choosing. The Renewal Period Prepaid Rent, plus any interest thereon accrued, shall be applied to Tenant's obligation to pay the last two (2) monthly installments of Annual Fixed Rent for the current Renewal Period.

(b) Commencing as of the expiration of the Financing Contingency Period, Tenant shall pay to Landlord, at the business address of Landlord specified on Page 1 hereof, or at such other address as Landlord shall have designated, from time to time, by notice to Tenant, the Fixed Rent set forth below, payable to Landlord as set forth below, in advance, without demand or set-off ("Fixed Rent"), as set forth below in this Section 3(b). In addition to the Fixed Rent, Tenant shall pay all utilities, taxes, real estate taxes, insurance, maintenance and repair costs, and other optional or required expenses including, without limitation, the items set forth in Section 6 of this Lease. The Fixed Rent shall be determined as follows:

| PERIOD | ANNUAL FIXED RENT | MONTHLY INSTALLMENTS |
|---|---|---|
| Initial Term | $150,000.00, which has been released to Landlord as of the New Effective Date | N/A |
| First Renewal Period | $150,000.00, payable in monthly installments | $12,500.00 |
| Second Renewal Period | $150,000.00, payable in monthly installments | $12,500.00 |



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| Third Renewal Period | $150,000.00, payable in monthly installments | $12,500.00 |
| Fourth Renewal Period | $150,000.00, payable in monthly installments | $12,500.00 |
| Fifth Renewal Period | $200,000.00, payable in monthly installments | $16,666.67 |
| Sixth Renewal Period | $200,000.00, payable in monthly installments | $16,666.67 |
| Seventh Renewal Period | $200,000.00, payable in monthly installments | $16,666.67 |
| Eighth Renewal Period | $200,000.00, payable in monthly installments | $16,666.67 |
| Ninth Renewal Period | $200,000.00, payable in monthly installments | $16,666.67 |

(c) In addition to Fixed Rent, Tenant shall pay, as additional rent, all sums of money required to be paid to Landlord pursuant to the terms of this Lease (collectively, "Additional Rent") without deduction or offset, whether or not such fee, charge or other amount is referred to herein as Fixed Rent or Additional Rent. Fixed Rent and Additional Rent are sometimes referred to in this Lease as "Rent."

(d) If Tenant fails to pay any installment of Rent or make any payment of Fixed Rent or Additional Rent due hereunder within five (5) days from the date upon which said installment or payment is due, Tenant agrees to pay a late charge equal to five percent (5%) of each delinquent installment. The late charge shall be deemed Additional Rent and shall be payable immediately when due.

(e) Upon Landlord's receipt of any check from Tenant which is dishonored for payment, Landlord shall have the right, in addition to any other remedy at law or equity, to require Tenant to make all future payments due to Landlord hereunder by cash, or by certified or cashier's check. All bank charges for such dishonored checks shall be the responsibility of Tenant, due and payable under this Lease as Additional Rent.

**Section 4 Rent to be Net to Landlord.**

The Rent payable hereunder shall be net to Landlord, so that this Lease shall yield to Landlord the net annual Fixed Rent specified herein during the Term of this Lease.



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**Section 5 Use of Premises.**

(a) Subject to the provisions of Section 7, below, the Premises may be used for any lawful uses, specifically including without limitation, rental or for-sale mixed-use housing, retail, institutional and/or office uses. Nothing contained in this Lease shall be deemed to impose upon Tenant, either directly, indirectly, constructively or implicitly, an obligation to construct improvements upon the Premises, open for business, or remain open and operating for any period.

(b) With respect to the use of the Premises, Tenant shall:

(i) Give Landlord prompt written notice of any accident, fire, loss, or damage occurring on or to the Premises;

(ii) Provide a timely copy to Landlord of any notice Tenant receives with respect to the Premises from any government authority, lender, construction company, or insurer.

(iii) Not to undertake, permit, authorize, or suffer, or permit the use or occupancy on the Premises or any part thereof at any time during the Term, the presence, use, manufacture, handling, generation, storage, treatment, discharge, release or disposal of, under or about the Premises or any part thereof of any hazardous substance, or the transportation to or from the Premises or any part thereof of any hazardous substances, except in compliance with applicable law.

**Section 6 Taxes and Utility Expenses.**

(a) Tenant shall, commencing as of the Effective Date and thereafter during the Term of this Lease, be responsible for paying and discharging punctually, as and when the same shall become due and payable, all real property taxes and special and general assessments (hereinafter referred to as "Taxes") and each and every installment thereof which shall or may become due and payable after the Effective Date, together with any interest and penalties thereon (all of which shall also be included in the term "Taxes" as heretofore defined) and all water and sewer, gas, electricity, telephone, and other services, furnished to the Premises or the occupants thereof during the Term of this Lease (hereinafter referred to as "Utility Expenses"). Tenant shall be deemed to have complied with the covenants of this paragraph if Tenant shall produce and exhibit to Landlord upon written request satisfactory evidence of such payment and confirmation from the applicable utility provider, taxing authority, etc. that such obligation has been satisfied in full. In no event shall Tenant be entitled to claim that it is not obligated to pay any Taxes, Utility Expenses or other expenses of operating the Premises, or that Landlord is obligated to pay the same, on the grounds that any such expense is an obligation of the Landlord. In the event Tenant fails to satisfy any one or more of such payment(s), then Landlord shall have the right but not the obligation, in addition to all other rights and remedies available at law or equity, to make such payment and demand and receive payment therefor pursuant to Section 17.3 of this Lease.

(b) Tenant or its designees shall have the right to contest or review timely all Taxes by legal proceedings, or in such other manner as may be permitted by applicable law (which, if instituted, Tenant or its designees shall conduct promptly at Tenant's or its designee's sole cost and expense, and free of any expense to Landlord, and, if necessary, in the name of and with the cooperation of Landlord, which shall be limited to Landlord executing all documents reasonable



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and necessary to accomplish the foregoing). If required, Tenant shall post an appropriate bond as may be required by the applicable taxing authority. If there shall be any refunds or rebates on account of the Taxes paid by Tenant under the provisions of this Lease, such refund or rebate shall belong to the party who paid the Taxes for the applicable period. Landlord shall, upon the request of Tenant, sign any receipts which may be necessary to secure the payment of any such refund or rebate, and will pay over to Tenant any such refund or rebate as received by Landlord and applicable to any period for which Tenant paid the applicable Taxes. Any costs, fees, penalties, and/or expenses incurred by Landlord with respect to any action under this Section 6(b) shall be paid by Tenant to Landlord as provided in Section 17.3.

**Section 7 Improvements, Alterations, Surrender**

(a) (i) Tenant shall have the right, at its own cost and expense, to construct, install, maintain and replace on any part or all of the Premises, at any time and from time to time, such buildings, parking areas, fences, driveways, walks, signs, satellite dishes, and other similar and dissimilar improvements as Tenant shall from time to time determine, including, without limiting the generality of the foregoing, rental or for-sale mixed-use housing, retail, institutional and/or office uses; provided that the same shall be in compliance with all then applicable building codes and ordinances. Tenant may not demolish existing completed structures or perform excavations except pursuant to plans and specifications approved by Landlord pursuant to Section 7(a)(ii) or as otherwise approved by Landlord in writing. Such improvements may, to the extent permitted by law, abut, be attached to or be integrated structurally with buildings constructed by Tenant or its affiliates on neighboring parcels; provided, however, that such improvements on or in conjunction with neighboring or adjacent parcels may not adversely affect the value of the Premises. Notwithstanding the foregoing in this Section 7(a), Tenant shall not have the right to use the Premises for any corrupt, noxious or immoral purpose, nor cause or suffer a waste of the property or to make any improvements or alterations that would reduce, upon completion, the overall value of the Premises. Tenant must construct all improvements and alterations in a first class manner and conformity with any and all applicable laws and regulations.

(ii) Landlord's prior written approval shall be required for Tenant's design/development plans and specifications for the construction of any building or site improvements at the Premises and upon any material change in any such plans and specifications; provided that:

(A) Tenant shall provide a complete set of design/development plans and specifications for Landlord's review;

(B) Landlord shall have fifteen (15) business days to review any initial plans and specifications and provide in writing its approval or its disapproval, describing with specificity the defect in question and Landlord's proposal for correcting the same, provided that Landlord may base its disapproval only on its showing of a structural defect, non-compliance with law or a violation of Section 7(a)(i), and Tenant is not obligated to address or make changes with respect to any comments or objections made on any other basis. If Landlord does not provide its written notice of disapproval within the fifteen (15) business day period described above, Landlord's approval shall be deemed given. If Tenant shall submit any amendments to



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previously-submitted plans and specifications to Landlord for approval, such changes shall be subject to the approval process above, but Landlord shall respond to the same within ten (10) business days.

(iii) Subject to the foregoing in this 7(a), Tenant may, at its option and at its own cost and expense, at any time and from time to time, make such alterations, changes, replacements, improvements and additions in and to the Premises, and the buildings and improvements thereon, as it may deem desirable, subject to Landlord's consent or approval as provided above. Tenant shall not demolish improvements on the property without Landlord's prior written consent, which consent shall not be withheld unreasonably.

(iv) Landlord agrees to reasonably cooperate with Tenant (including, without limitation, by signing applications) in obtaining any necessary Permits for any work (including, without limitation, initial construction, alterations, site improvements and sign installations) which Tenant is permitted to perform pursuant to this Lease, all at no cost to Landlord. In connection therewith Landlord shall execute applications, plats, subdivisions, site plans, certifications, documents and recordable instruments as may be required for any Permits, including without limitation, subdivisions, zoning variances and planned unit developments, which include the Premises. Landlord shall also cooperate with Tenant's efforts in providing for joint development of the Premises with adjoining and nearby properties for the allocation of development rights among such properties, including without limitation by executing joint development agreements, provided that such agreements or the improvements contemplated thereby do not reduce the value of the Premises.

(v) Tenant may subject the Premises to a condominium regime; provided that, (A) Landlord shall not have any declarant liability under the condominium regime; (B) Landlord shall execute such documents necessary or appropriate to subordinate its Reversionary Interest to the condominium regime; and (C) Tenant shall provide Landlord with condominium documents for review and Landlord shall have ten (10) days from the receipt of any such documents to object to the same, which may be based only on non-compliance with law. Landlord shall cooperate with Tenant's efforts to register and apply for such condominium and obtain all necessary approvals therefor.

(b) Tenant shall, at all times during the Term of this Lease, and at its own cost and expense, keep and maintain or cause to be kept and maintained in repair and good condition (ordinary wear and tear and damage by fire or other casualty and taking by eminent domain excepted), all buildings and improvements at any time erected on the Premises, and shall use all reasonable precaution to prevent waste, damage or injury.

(c) On the last day or sooner termination of the Term of this Lease, Tenant shall quit and surrender the Premises, and the buildings and permanent improvements then thereon, ordinary wear and tear excepted. In the event that any buildings shall be partially built at the time of termination, Tenant shall at Tenant's option either make provision to complete all building structures to shell condition at its expense or demolish the same to a safe, level condition, all at Tenant's expense.



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(d) Except as otherwise specifically provided in this Lease, Tenant hereby agrees to be fully liable for the payment of, and to cause to be paid, the entire cost of all buildings and improvements commenced on the Premises after the Effective Date. Title to the buildings and improvements when erected, constructed, installed or placed upon the Premises, shall automatically pass to, vest in and belong to Tenant until the expiration or sooner termination of the Term of this Lease, whereupon title to all buildings and improvements erected and/or installed upon the Premises shall automatically pass to, vest in and become the absolute property of the Landlord.

**Section 8 Requirements of Public Authority.**

(a) During the Term of this Lease, Tenant shall, at its own cost and expense, promptly observe and comply with all laws, ordinances, requirements, orders, directives, rules and regulations of the Federal and District of Columbia Governments and of all other governmental authorities affecting the Premises or the appurtenances thereto or any part thereof (collectively, "Requirements") whether such Requirements are in force at the commencement of the Term of this Lease or may in the future be passed, enacted or directed, and Tenant shall pay all costs, expenses, liabilities, losses, damages, fines, penalties, claims and demands, including reasonable counsel fees, that may in any manner arise out of or be imposed with respect to the Premises as a result of the Requirements or because of the failure of Tenant to comply with any such Requirements (collectively, "Requirement Costs"); provided, however, that nothing in this Section 8 shall impose any liability on Tenant in connection with any costs, expenses, liabilities, losses, damages, fines, penalties, claims and demands, including reasonable counsel fees, that may in any manner arise out of or be imposed because of any failure by Landlord to comply with its obligations under this Lease

(b) Tenant shall have the right to contest by appropriate legal proceedings diligently conducted in good faith, in the name of the Tenant or Landlord (if legally required), without cost or expense to Landlord, the validity or application of any Requirements and, if by the terms of any such Requirements, compliance therewith may legally be delayed pending the prosecution of any such proceeding, Tenant may delay such compliance therewith until the final determination of such proceeding.

(c) Landlord agrees to execute and deliver any appropriate papers or other instruments which may be necessary or proper to permit Tenant so to contest the validity or application of any such law, ordinance, order, rule, regulation or requirement and to fully cooperate with Tenant in such contest; provided, however, that Tenant shall reimburse Landlord as Additional Rent, for reasonable out-of-pocket costs that Landlord incurs with respect to any such contest.

**Section 9 Covenant Against Liens.**

If, because of any act or omission of Tenant, any mechanic's lien or other lien, charge or order for the payment of money shall be filed against Landlord or any portion of the Premises, Tenant shall, at its own cost and expense, cause the same to be discharged of record or bonded within thirty (30) days after notice from Landlord to Tenant of the filing thereof; and Tenant shall indemnify and save harmless Landlord against and from all costs, liabilities, suits, penalties,



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claims and demands, including reasonable counsel fees, resulting therefrom. Tenant or its designees shall have the right to contest any such liens by legal proceedings, or in such other manner as it may deem suitable (which, if instituted, Tenant or its designees shall conduct promptly at its own cost and expense, and free of any expense to Landlord).

**Section 10 Access to Premises.**

Landlord or Landlord's agents and designees shall have the right to enter upon the Premises at all reasonable times upon reasonable notice to examine same; provided that no such entry shall unreasonably interfere with construction or operation thereof or the conduct of business by Tenant and its tenants on the Premises.

**Section 11 Assignment, Transfer and Subletting.**

(a) Tenant may assign, transfer or sublease (in any such event, "Transfer") Tenant's interest in this Lease and Tenant's purchase option hereunder without Landlord's consent. Tenant's right to Transfer during the Term shall not be exhausted by a single exercise. Upon any such Transfer, Tenant shall not be relieved of its obligations hereunder. Tenant shall give written notice to Landlord not less than fifteen (15) days prior to such transfer of the identity of the transferee, and if construction has commenced on the Premises, evidence reasonably satisfactory to Landlord that the transferee has sufficient financial resources to undertake and complete the development. Landlord shall be entitled to reimbursement of its reasonable attorneys' fees incurred in connection with each such Transfer in an amount not to exceed $5,000.00.

(b) Subject to Tenant's rights in Section 33 below, Landlord may sell, transfer or assign its fee interest in the Premises or its Reversionary Estate, subject to the terms and conditions of this Lease; provided that Landlord may not sell, transfer, assign, encumber or grant any interests in or to the Premises to a competitor of Tenant, to any person owning or attempting to gain an interest in any land within one (1) mile of the Premises, or to any person who has expressed opposition to Tenant's project or is affiliated with a group which has expressed such opposition; and provided further that there shall be no such sale, transfer or assignment during the time the Subordination Agreement (defined in Section 12(e)) is in effect. Landlord shall give Tenant thirty (30) days prior written notice of any such sale, transfer or assignment and the name and address of the proposed assignee so as to verify the foregoing.

**Section 12 Mortgaging of Leasehold Estate and Reversionary Estate.**

(a) Tenant may, without the consent of Landlord, record a mortgage or deed of trust or otherwise encumber the Leasehold Estate (which mortgage, deed of trust or other encumbrance is referred to as the "Leasehold Mortgage"), if the holders of the indebtedness secured by the Leasehold Mortgage (the "Leasehold Mortgagee") shall give written notice to Landlord of the Leasehold Mortgage and the name and place for service of notice upon such Leasehold Mortgagee and expressly agree to the terms and conditions applicable to Leasehold Mortgages contained in this Section 12. Tenant acknowledges its understanding that, except as expressly provided in this Section 12, any such mortgage or financing shall be subordinate to Landlord's fee simple estate in the Premises. Tenant shall notify Landlord, by writing in advance,



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of the amount of any such Leasehold Mortgage and the amortization term and maturity date thereof.

(b) In the event that Landlord mortgages or otherwise financially encumbers the Reversionary Estate, Landlord shall be required to deliver to Tenant a Subordination and Non-Disturbance Agreement containing standard terms and conditions of subordination to this Lease reasonably acceptable to Tenant and any Leasehold Mortgagee, duly executed by the mortgagee or other individual or entity encumbering the Reversionary Estate.

(c) When giving notice to Tenant with respect to any breach or default, including any Default, arising from this Lease, Landlord must also serve a copy of such notice upon the Leasehold Mortgagee (of whose existence Landlord has been notified in writing by Tenant). Each Leasehold Mortgagee shall have the same period after its receipt of such written notice to remedy the alleged default or to cause the same to be remedied as is given to Tenant in this Lease. Leasehold Mortgagee also shall have an additional period of 15 days to remedy such alleged default or to cause the same to be remedied beyond that given to Tenant in this lease. Upon the occurrence of any default, each Leasehold Mortgagee shall have the right to cure such default, whether the same consists of failure to pay Fixed Rent, Additional Rent, or to perform any other matter which Tenant is required to do or perform pursuant to this Lease and Landlord shall accept such performance on the part of the Leasehold Mortgagee as though the same had been done or performed by Tenant. Any Leasehold Mortgagee may become the legal owner of the Leasehold Estate created by this Lease by foreclosure of its Leasehold Mortgage against Tenant, as a result of the assignment of the Leasehold Estate created by this Lease in lieu of foreclosure, or by any other means. If Lender determines to foreclose the Leasehold Mortgage, the cure periods set forth above shall be extended by any period during which foreclosure proceedings are conducted, as the case may be. Any such proceedings shall be commenced promptly after the notice of default is delivered to Lender and shall be diligently prosecuted. Promptly after Lender or a designee of Lender acquires the Leasehold pursuant to foreclosure proceedings, Lender or its designee shall cure said breach or default. Notwithstanding anything provided to the contrary in the Lease, for so long as the Leasehold Mortgage is outstanding, the Lease shall not be terminated because of a default or breach thereunder on the part of Tenant which cannot be cured if Lender provides written notice to Landlord of its intent to exercise its remedies under the Leasehold Mortgage or appoint a receiver, and Lender diligently pursues such remedy to completion. The foregoing provisions notwithstanding, Tenant shall not be excused for the obligation to pay Rent under the terms of this Lease. Nothing in this Lease shall operate to deprive Landlord of its rights, if any, under any Leasehold Mortgage to cure a Tenant default.

(d) Notwithstanding any provision to the contrary contained herein, the following provisions shall apply to each and every Leasehold Mortgage which the Tenant obtains with in connection with the improvement, construction, development and/or permanent financing of the Premises:

(i) Except as expressly provided for in this Lease below, Landlord will acknowledge and consent to Tenant's grant of all liens necessary to secure Tenant's financing of the Premises as permitted by this Lease, provided such liens are subordinate to Landlord's fee simple interest in the Premises; and



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(ii) Landlord shall confirm to the Leasehold Mortgagee that Landlord has consented to the financing, that the Lease is in full force and effect, that no default has occurred which remains uncured, and that there have been no amendments to the Lease except as noted and such other matters as the Leasehold Mortgagee may reasonably request (or shall specify with particularity why any of the foregoing are not true); and

(iii) Landlord will agree to mail to the Leasehold Mortgagee (at an address provided to Landlord in writing) copies of all notices, suits, pleadings or other written communications with Tenant; and

(iv) If at any time the Leasehold Mortgagee forecloses under any deed of trust, assignment of lease or any other security documents securing financing for the development of the Premises or otherwise divests Tenant of Tenant's rights in and to the Premises, by any other remedy for a default of the Leasehold Mortgage set forth therein or by applicable law, then the Leasehold Mortgagee shall at its option cause the Lease to be assigned to the Leasehold Mortgagee, a purchaser at a foreclosure or other party designated by Tenant's lender (a "Successor Tenant"), and such Successor Tenant shall be entitled to any and all of the rights and privileges of Tenant under the Lease in the Successor Tenant's own name or in the name of a nominee and such Successor Tenant shall take possession of the Premises subject to this Lease and shall be required to perform all obligations of Tenant under this Lease. Leasehold Mortgagee's liability shall end upon assignment to any such Successor Tenant, provided that all defaults in the payment of Rent accrued during Leasehold Mortgagee's possession of the Premises are cured at or before the effective date of foreclosure: and

(v) Landlord shall not accept a voluntary surrender or cancellation of Tenant's interest in the Lease, nor shall any future modification or amendment of the lease terms hereof be effective without the written consent of Leasehold Mortgagee, with such attempted modification without written consent being void; and

(vi) Notwithstanding the default by Tenant in the terms of this Lease which cannot be cured by the Leasehold Mortgagee's obtaining possession, including but not limited to, bankruptcy of Tenant, Landlord agrees that it either will offer to the Successor Tenant a new lease upon the same terms and for the remaining Term and priority as this Lease, or allow this Lease to continue during the period of any non-curable default by Tenant as long as no other Default then exists or continues under the Lease.

(e) Provided that Tenant is not in Default of any provision under this Lease, Landlord shall from time to time enter into a deed of trust and other security instruments ("Subordination Agreement") in connection with any loan to be secured by the Premises, including without limitation, for the improvement, construction, development and/or permanent financing of the Premises, as typically required by lenders in similar loans, in form reasonably acceptable to Landlord and Leasehold Mortgagee, subordinating its fee interest in the Premises to the Leasehold Mortgage. Landlord agrees that the form attached hereto as **Exhibit D** is hereby agreed to be reasonable and acceptable. Such subordination shall be on commercially reasonable terms typically used by lenders for real estate loans and shall be consistent with the terms and conditions of this Section 12. In the event that after entering into a Subordination Agreement, Tenant from time to time replaces its Leasehold Mortgage with a new loan after Tenant reaches



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substantial completion of the initial improvements thereon as reasonably defined in the loan documents, (i) subordination of Landlord's fee interest in the Premises to the refinanced loan shall continue, and (ii) Landlord shall execute a new Subordination Agreement or confirmation of the existing Subordination Agreement as required by the lender within ten (10) days after receipt thereof, provided that in connection with the first such new loan, Tenant shall pay a subordination fee of $175,000.00 ("Subordination Fee") upon closing of such new loan. As additional consideration for Landlord's agreement to subordinate as provided in this Section 12(e), Tenant shall pay to Landlord an additional subordination fee of $75,000.00 ("Additional Subordination Fee"), payable in 12 monthly installments of $6,250.00 each, commencing on November 1, 2007. The Subordination Fee and Additional Subordination Fee shall be earned upon execution of this Lease and shall be payable to Landlord, in accordance with the provisions of this paragraph (e) and paragraph 34(i), regardless of whether Tenant replaces its Leasehold Mortgage with a new loan or whether Landlord is required by any lender to subordinate its fee interest to a refinanced loan or execute any new Subordination Agreement or confirmation of an existing Subordination Agreement.

(f) Tenant shall provide to Landlord, contemporaneously with the execution of the Subordination Agreement (or, if later, upon commencement of construction) and from time to time thereafter, a completion guaranty ("Completion Guaranty") in the same form and with the same guarantors as the completion guaranty provided to the Construction Lender, which shall at a minimum guarantee completion of the improvements to the Premises; provided that there may be an additional term which provides that if permitted by the Lender, Tenant may at its option instead demolish and remove partially built improvements and return the Premises to safe, level condition as provided in Section 7(c). The Completion Guaranty shall automatically terminate upon any of the following events: Substantial Completion, the ending of the subordination under the then-current Subordination Agreement, or as to a then-existing Completion Guaranty, upon the providing of a subsequent Completion Guaranty meeting the requirements of this Section 12(f). Tenant shall use commercially reasonable, diligent efforts to have Landlord named as a co-obligee subordinate to the Construction Lender (or any subsequent construction lender) on any bond obtained for the Project.

(g) Tenant shall provide to Landlord, contemporaneously with the execution of the Subordination Agreement and from time to time thereafter, a signed guaranty from the same parties as are obligated to provide the Completion Guaranty in the form attached hereto as **Exhibit C** as to certain losses suffered by Landlord in the event of foreclosure (the "Foreclosure Guaranty"). The Foreclosure Guaranty shall be subordinated to a Construction Lender's rights pursuant to a Subordination Agreement entered into pursuant to Section 12(e). The Foreclosure Guaranty shall automatically terminate upon any of the following events: the ending of the subordination under the then-current Subordination Agreement, or as to a then-existing Foreclosure Guaranty, upon the providing of a subsequent Foreclosure Guaranty meeting the requirements of this Section 12(g). A Foreclosure Guaranty shall also be acceptable if given by Robb M. LaKritz and Joshua A. Adler, or by any other credit-worthy person or entity acceptable to Landlord in its commercially reasonable discretion, in lieu of or in addition to the parties who give the Completion Guaranty.

(h) Without limiting the effect of Section 7(a)(iv), Landlord agrees that Tenant may from time to time require Landlord to enter into a Subordination Agreement or Leasehold



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Mortgage that secures a loan or loans that also have collateral on adjacent properties or properties within a 1000-foot radius of the Premises (and Landlord shall join in or consent to same and the associated subdivision plats and joint development agreements as provided above within ten (10) days after receipt thereof), provided that in the first such instance, Tenant shall pay to Landlord a "Combination Fee" of $30,000.00 upon its receipt of the executed Subordination Agreement or Leasehold Mortgage, subdivision plats, joint development agreements and associated land use documents.

**Section 13 Landlord's Warranties and Representations.**

Landlord represents and warrants to Tenant as follows:

(a) Tenant shall, upon paying all Rent due under this Lease and observing and performing all of the terms, covenants and conditions on Tenant's part to be observed and performed, peaceably and quietly have and hold, the Premises, without hindrance or molestation by Landlord, subject, however, to the terms of this Lease;

(b) Landlord has full right and authority to enter into this Lease and perform Landlord's obligations under this Lease, and has title to the Premises in fee simple, free and clear of all restrictions, leases, tenancies, and easements except as disclosed in the Leasehold title policy referred to in Subsection 2.1 above; Landlord has not entered into, and the Premises is not subject to, any leases, licenses, possessory rights, options or rights to purchase, lease or occupy or sale contracts or agreements other than this Lease;

(c) Landlord has not received any notice, nor is it aware of any pending action to take by condemnation all or any portion of the Premises;

(d) There is no litigation and no other proceedings are pending or, to Landlord's knowledge, threatened relating to the Premises or their use;

(e) This Lease is and shall be binding upon and enforceable against Landlord in accordance with its terms, and the transaction contemplated hereby will not result in a breach of any agreement to which Landlord or the Premises are subject or by which Landlord or the Premises are bound; and

Landlord shall indemnify, protect, defend and hold Tenant forever harmless from and against any and all claims, actions, liabilities, liens, damages, costs and expenses, including but not limited to reasonable attorneys' fees and expert/consultant fees, and increased costs of construction suffered or incurred by Tenant (or the Premises) directly or indirectly arising out of or in connection with Landlord's breach of the foregoing representations and warranties. Consummation of this Lease by Tenant with knowledge of any such breach shall constitute a waiver or release by Tenant of any such claims arising out of or in connection with such breach.

The foregoing representations, warranties and indemnity of Landlord contained in this Section shall survive the expiration or sooner termination of this Lease.



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**Section 14 Indemnify.**

(a) Tenant shall indemnify, protect and hold Landlord forever harmless from and against any and all liability, damage, penalties or judgments, any and all actions, suits, proceedings, claims, liens, damages, demands, assessments, costs and expenses, including, without limitation, reasonable legal and attorneys' fees, expenses and expert/consultant fees, incurred by Landlord with respect to Tenant's breach of this Lease or incurred by Landlord in enforcing the terms of this Lease and/or this indemnity, arising from injury to person or property sustained by anyone in and about the Premises resulting from any act or acts or omission or omissions of Tenant and/or Tenant's officers, agents, employees, contractors, or sublessees. Tenant shall, at its own cost and expense, defend or at Landlord's option, pay the costs of defense of any and all suits or actions, just or unjust, which may be brought against Landlord or in which Landlord may be impleaded with others with respect to this Lease and/or the Premises, except as may result from the acts set forth in paragraph (b) of this Section 14.

(b) Except for Landlord's affirmative acts or negligence after the Effective Date, or the affirmative acts or negligence of Landlord's officers, agents, servants, employees or contractors after the Effective Date, Landlord shall not be responsible or liable for any damage or injury to the Premises or any property, fixtures, buildings or other improvements, or to any person or persons, at any time on the Premises, including any damage or injury to Tenant or to any of Tenant's officers, agents, employees, contractors, customers or sublessees.

**Section 15 Insurance.**

(a) Tenant shall provide, at Tenant's expense and as Additional Rent under this Lease, and Tenant shall keep in force during the Term of this Lease, (i) commercial general liability insurance purchased from a good and solvent insurance company or companies licensed to do business in the District of Columbia with a minimum Best's Rating of A- / VIII or equivalent rating by a recognized national rating organization, selected by Tenant, such insurance to have a minimum combined single limit of not less than three million dollars ($3,000,000) per occurrence and subject to a five million dollar ($5,000,000) general aggregate, providing coverage for the benefit of Tenant and Landlord for death, for bodily injury and for property damage occurring on or with respect to the Premises; and (ii) all-risk commercial property insurance in an amount equal not less than the full replacement value with respect to loss or destruction of, or damage to the Premises and all of Tenant's improvements and other property located on the Premises. In addition, Tenant shall, during the period in which construction activities are being performed in connection with the development of the Premises, maintain or cause its contractor to maintain (A) builder's risk insurance in an amount equal to the full replacement value of such improvements; (B) workers compensation insurance, with statutory limits, and Employer's Liability coverage of at least $500,000.00; and (C) rental value insurance, which shall provide for the payment to Landlord of an amount equal to the Fixed Rent payable to Landlord under the Lease for a period of not less than twelve (12) months (or the remaining Term, if less). Such policy or policies (except for workers compensation) shall name Landlord as an additional insured.

(b) All proceeds payable at any time and from time to time by any insurance company under such policies shall be payable as follows: (i) first, as required by any Leasehold



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Mortgagee; (ii) second towards the completion of any improvements then under construction at the Premises, or in case of a termination of this Lease, to such completion or demolition of improvements to a safe and level condition; (iii) third to Landlord (A) in the event no restoration or reconstruction of the Premises are then occurring, in an amount equal to Landlord's residual interest in the improvements (in excess of the value of the land in any condemnation proceeding); or (B) to cure any Default by Tenant; and (iv) with the excess thereof, if any, to be paid to Tenant. Landlord shall not carry any insurance concurrent in coverage and contributing in the event of loss with any insurance required to be furnished by Tenant hereunder if the effect of such separate insurance would be to reduce the protection or the payment to be made under Tenant's insurance.

(c) Any insurance required to be provided by Tenant pursuant to this Lease may be provided by blanket insurance covering the Premises and other locations of Tenant and affiliates of Tenant, provided all such blanket insurance complies with all of the other requirements of the foregoing in this Section 15 and this Lease, is acceptable to Landlord and any Leasehold Mortgagee, and names Landlord as an additional insured. Portions of the coverages required above may be covered by umbrella or excess coverages as long as the coverages are not reduced in scope or amount thereby and Landlord is named as an additional insured thereon.

**Section 16 Condemnation**

(a) If the use, occupancy, or title of the Premises or any part thereof is taken, requisitioned or sold in, by or on account of any actual or threatened eminent domain proceeding or other action by any person having the power of eminent domain (a "Condemnation"), Landlord and Tenant agree that any award or compensation on account thereof will be allocated as follows:

(i) First, as required by any Leasehold Mortgagee; and

(ii) Second, if this Lease shall be terminated, towards the cost of repairing damage to the improvements to the Premises or demolishing same to a safe and level condition, as determined by the court; and

(iii) Third, to Landlord to the extent of the fair market value of the Reversionary Estate, as determined by the court; and

(iv) Fourth, to Tenant to the extent of the fair market value of the Leasehold Estate, as determined by the court.

(b) Each of Landlord and Tenant may appear in any such proceeding or action, to negotiate, prosecute and adjust any claim for any award or compensation on account of any Condemnation as it relates to their respective interest in the Premises. All amounts paid in connection with any Condemnation of the Premises shall be applied pursuant to Section 16(a), above, and all such amounts (minus the expense of collecting such amounts as hereinafter provided) are herein called the "Net Proceeds." Landlord and Tenant shall each pay such party's own reasonable costs and expenses in connection with each such proceeding, action, negotiation, prosecution and adjustment for which costs and expenses Landlord and Tenant shall be reimbursed out of any award, compensation or insurance payment to which it is entitled.



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**Section 17 Defaults**

**Subsection 17.1 Defaults of Tenant.**

(a) Tenant shall be in "Default" if (i) Tenant shall not have paid Rent or any other amount payable by Tenant pursuant to this Lease within fifteen (15) days following Tenant's receipt of written notice from Landlord stating that such payment was not received when due (a "Monetary Default"); or (ii) Tenant shall not have performed any of the other covenants, terms, conditions or provisions of this Lease within thirty (30) days after Tenant's receipt of written notice from Landlord specifying such failure; provided, however, that with respect to those failures that cannot with due diligence be cured within such thirty (30) day period, Tenant shall not be deemed to be in default hereunder if Tenant diligently commences to cure such default within such thirty (30) day period and thereafter continues best efforts to cure such default with all due diligence to cure such default within the time period agreed to by Landlord, in Landlord's reasonable discretion (a "Non-Monetary Default"). Any assignee or lender may cure any default of Tenant hereunder. "Default" as used in this Lease shall mean a breach beyond the notice and cure periods set forth above.

(b) If Landlord shall claim that Tenant is in Default, Landlord shall have the right, to institute from time to time an action or actions (i) to recover damages, (ii) for specific performance, or (iii) only in the event of Monetary Default to recover possession of the Premises and terminate this Lease. If the Default is not cured, Landlord's rights and Tenant's obligations shall be resolved by the final determination made by the court in which Landlord's proceedings were initiated. For the purpose hereof, a "final determination" shall occur where the judgment or order entered can be enforced by execution, issuance of a writ of restitution, judicial sale or specific enforcement and no such judgment or order shall be considered final for purposes hereof during the pendency of a stay of execution in connection with an appeal.

(c) In the event of any termination of this Lease, Tenant shall pay to Landlord all Rent, and other sums required to be paid by Tenant to and including the date of such termination, reentry or repossession; and, thereafter, Tenant shall, until the end of what would have been the Term of this Lease in the absence of such termination, reentry or repossession, and whether or not the Premises shall have been relet, be liable to Landlord for, and shall pay to Landlord, as agreed current damages: (i) all Rent and other sums that would be payable under this Lease by Tenant in the absence of such termination, reentry or repossession, less (ii) the net proceeds, if any, of any reletting effected for the account of Tenant, after deducting from such proceeds all of Landlord's expenses in connection with such reletting (including, but not limited to, repossession costs, brokerage commissions, reasonable attorneys fees and expenses, alteration costs and expenses of preparation for such reletting). Tenant shall pay such current damages on the days on which Rent would be payable under this Lease in the absence of such termination, reentry or repossession, and Landlord shall be entitled to recover the same from Tenant on each such day. Alternatively, at Tenant's option, Tenant shall, whether or not the Premises shall have been relet, be liable to Landlord for, and shall pay to Landlord, as liquidated damages, an amount equal to the excess, if any, of (i) the Rent required herein during the period from the date of such expiration, termination, reentry or repossession to and including the end of what would have been the Term of this Lease in the absence of such termination, reentry or repossession, discounted at the current Prime Rate over (ii) the then fair market rental value of the Land for the



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same period, also discounted at the said Prime Rate. "Prime Rate" shall mean the rate (or the average of rates, if more than one rate appears) inserted in the blank of the "Money Rate" section of the Wall Street Journal (Eastern Edition) in the Section reading "Prime Rate ____%."

(d) In the event Landlord is required under the provisions of any deed of trust or loan document, entered into by Tenant and agreed to by Landlord, to refrain from the exercise or enforcement of any rights or remedies under this Lease ("Forbearance Period"), Tenant agrees that any statute of limitations applicable to such rights or remedies shall, to the extent permitted by law, automatically be tolled for a period equal to the Forbearance Period, plus 120 days.

**Subsection 17.2 Defaults of Landlord**

(a) If Landlord shall fail to observe or perform any provision hereof and such failure shall continue for thirty (30) days after notice to Landlord of such failure, then a default of Landlord ("Landlord's Default") shall exist under this Lease, provided, however, that in the case of any such failure which cannot with diligence be cured within such thirty (30) day period, if Landlord shall commence promptly to cure the same and thereafter prosecute the curing thereof with diligence, the time within which such failure may be cured shall be extended for such period as is necessary to complete the curing thereof with diligence.

(b) If a Landlord's Default shall have occurred and be continuing, Tenant shall have the right to one or more of the following remedies: injunctive or other equitable relief, specific performance of the terms and conditions of this Lease or Tenant may terminate this Lease by giving Landlord notice of termination. In the event of such termination, Landlord shall refund to Tenant on demand any prepaid Rent allocable to the period after termination of the Lease.

**Subsection 17.3 Rights to Cure**

Each party shall have the right, but shall not be required, to pay such sums or do any act, which requires the expenditure of monies, which may be necessary or appropriate by reason of the Default or Landlord's Default of the other party to perform any of the provisions of this Lease. In the event of the exercise of any such right by Landlord, Tenant agrees to pay to Landlord forthwith upon demand all such sums, as Additional Rent. In the event of the exercise of any such right by Tenant, Landlord agrees to pay to Tenant forthwith upon demand all such sums.

**Subsection 17.4 Attorneys Fees**

Should either party employ an attorney or attorneys to enforce any of the provisions hereof or to protect its interest in any manner arising under this Lease, or to recover damages for the breach hereof, the non-prevailing party in any action pursued in courts of competent jurisdiction including appellate and bankruptcy courts (the finality of which action is not legally contested) agrees to pay to the prevailing party all reasonable costs, damages and expenses, including attorneys' fees, expended or incurred in connection therewith. The terms and provisions of this Subsection 17.4 shall survive the termination of this Lease and shall remain in full force and effect as of the Purchase Closing Date. Any costs due to Landlord by Tenant pursuant to this Subsection 17.4 shall be deemed Additional Rent due under this Lease.



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**Section 18 Waivers.**

Failure of Landlord or Tenant to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by Landlord or Tenant at any time, express or implied, of any breach of any provision of this Lease shall be deemed a waiver of a breach of any other provision of this Lease or a consent to any subsequent breach of the same or any other provision. No acceptance by Landlord of any partial payment shall constitute an accord or satisfaction but such payment shall only be deemed a partial payment on account. Landlord and Tenant hereby waive trial by jury in any action, proceeding, or counterclaim or cross claim brought by either against the other as to any matters arising out of or in connection with this Lease or Tenant's use or occupancy of the Premises.

**Section 19 REDACTED.**

**Section 20 Force Majeure.**

In the event that Landlord or Tenant shall be delayed, hindered in or prevented from the performance of any act required hereunder, other than the payment of Rent, by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, unreasonable delays by governmental authorities in issuing permits, riots, insurrection, the act, failure to act or default of the other party, war or other reason beyond their control, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Notwithstanding the foregoing, a force majeure event shall not excuse or delay the payment of Rent under this Lease.

**Section 21 Notices.**

Whenever, pursuant to this Lease, notice or demand shall or may be given to either of the parties or their assignees by the other, and whenever either of the parties shall desire to give to the other any notice or demand with respect to this Lease or the Premises, each such notice or demand shall be in writing, and any laws to the contrary notwithstanding, shall not be effective for any purpose unless the same shall be given or served by mailing the same to the other party by registered or certified mail, return receipt requested, or by overnight nationally-recognized courier service provided a receipt is required, at its Notice Address set forth below, or at such other address as either party may from time to time designate by notice given to the other. The date of receipt of the notice or demand shall be deemed the date of the service thereof (unless the notice or demand is not received or accepted in the ordinary course of business, in which case the date of mailing shall be deemed the date of service thereof).

Notices shall be sent:

If to Landlord, to:
Medal, Inc.
9210 Pegasus Court
Potomac, Maryland 20854
Attn: Dr. Abraham Medhane



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with a copy (which shall not constitute notice) to:

The Chavers Law Firm, P.C.
1250 Connecticut Avenue, NW
Suite 200
Washington, DC 20036
Attn: Clayborne E. Chavers, Sr., Esq.
Facsimile No.: (301) 596-9442

or, if to Tenant, to:

1920 8th Street LLC
4326 8th Street, N.W.
Washington, D.C. 20011

with a copy (which shall not constitute notice) to:

Holland & Knight LLP
2099 Pennsylvania Avenue, N.W.
Suite 100
Washington, D.C. 20006
Attn: Curtis L. Sano, Esq.
Facsimile No.: (202) 955-5564

**Section 22 Certificates.**

Either party shall, without charge, at any time and from time to time hereafter, within thirty (30) days, or sooner if reasonably feasible, after written request of the other, certify by written instrument duly executed and acknowledged to any mortgagee or purchaser, or proposed mortgagee or proposed purchaser, or any other person, firm or corporation specified in such request: (a) as to whether this Lease has been supplemented or amended (and, if it shall have been supplemented or amended, specifying the manner in which it has been supplemented or amended); (b) as to whether this Lease is in full force and effect (and, if it is alleged that this Lease is not in full force and effect, specifying the reasons therefor); (c) as to the date to which Rent has been paid; (d) as to whether any condition exists which constitutes a Default or Landlord's Default hereunder or which, but for the passage of time or the giving of notice or both, would result in a Default or Landlord's Default hereunder (and, if such condition exists, specifying the nature thereof); (e) as to whether there exist any offsets, counterclaims or defenses thereto on the part of the other party; (f) as to the Effective Date and expiration dates of the Initial Term and the then current and next Renewal Period of this Lease, as applicable; and (g) as to such other matters as reasonably may be requested. Any such certificate may be relied upon by the party requesting it and any other person, firm or corporation to whom the same may be exhibited or delivered, and the contents of such certificate shall be binding on the party executing same.



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**Section 23 Governing Law; Venue.**

This Lease and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the District of Columbia. In the event of any dispute or legal action under or relating to this Lease, the parties hereto and their respective and permitted heirs, assigns, agents, representatives, successors and subtenants, agree that any such matter shall be brought in the federal or local courts in and for the District of Columbia having subject matter jurisdiction over such action and such parties further consent to the personal jurisdictions of and venue in such courts and waive any and all defenses to such jurisdiction and venue.

**Section 24 Holdover.**

If Tenant shall hold the Premises after the expiration of the Term hereof, such holding over shall, in the absence of a written agreement on the subject, be deemed to have created a month-to-month tenancy terminable upon thirty (30) days written notice by either party to the other, or earlier in the event of Tenant's Default under the Lease. During such month-to-month tenancy, the Annual Fixed Rent and the Monthly Installments shall be equal one hundred twenty-five percent (125%) of the Annual Fixed Rent and Monthly Installment for the Initial Term or Renewal Period then ended and Landlord shall retain the Initial Term Security Deposit or Renewal Period Security Deposit then in Landlord's possession until Tenant vacates the Premises. Tenant's right, if any, to (a) commence new development or improvements on the Premises and (b) exercise Tenant's option to purchase the Premises from Landlord, shall terminate at the expiration of the Term and shall not be exercisable by Tenant during any hold-over or month-to-month tenancy without the express, written consent of Landlord.

**Section 25 REDACTED**

**Section 26 Cumulative Remedies.**

Each right and remedy of Landlord provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease and the exercise or beginning of the exercise by Landlord of any one or more of the rights or remedies provided for in this Lease shall not preclude Landlord from exercising any other right or remedies provided for in this Lease.

**Section 27 Severability.**

If any term, covenant, condition or provision of this Lease or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remaining terms, covenants, conditions and provisions shall not be affected thereby, and each term, covenant, condition and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

**Section 28 Memorandum of Lease.**

Each party shall at any time, at the request of the other party, promptly execute and deliver duplicate originals of an instrument, in recordable form, which will constitute a Memorandum of Lease, setting forth a description of the Premises, the Term of this Lease, the



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right of purchase and right of first refusal, and any other portions thereof, excepting the rental provisions, as such other party may request. Tenant shall be solely responsible for any and all costs with respect to the filing, recordation or release of the same, which costs shall be deemed Additional Rent under this Lease.

**Section 29 Interpretation.**

Wherever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require. The section headings used herein are for reference and convenience only, and shall not enter into the interpretation hereof. This Lease may be executed in several counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

**Section 30 Integration.**

This Lease, the exhibits attached hereto and the Escrow Agreement, represent the complete agreement between Landlord and Tenant, and supersede all prior agreements between the parties. Neither Landlord nor Tenant has made any representations, warranties or covenants except as expressly set forth in this Lease. No modification or amendment of or waiver under this Lease shall be binding upon Landlord or Tenant unless in writing signed by Landlord and Tenant.

**Section 31 Parties.**

Except as herein otherwise expressly provided, the covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective heirs, successors, administrators and assigns.

**Section 32 Brokers' Commissions.**

Tenant and Landlord represent and warrant to each other that neither has had any dealings or discussions with any broker or agent, licensed or otherwise in connection with this Lease. Landlord and Tenant each covenants to protect, defend, hold harmless and indemnify the other from and against any and all losses, liabilities, damages, costs and expenses (including reasonable legal fees) arising out of or in connection with any other claim by any brokers or agents for brokerage commissions relating to this Lease alleged to be due because of dealings or discussions with the indemnifying party.

**Section 33 Right of First Refusal.**

Landlord hereby grants to Tenant the right to purchase all of the Premises on the terms and conditions set forth in this Section 33 (the "Right of First Refusal"). Tenant shall not have the right to exercise its Right of First Refusal under this Lease at any time Tenant is in Default of this Lease.

(a) If Landlord should at any time during the Term elect to sell or transfer its interest in the Premises, Landlord shall deliver to Tenant a notice (the "Offer Notice") setting forth the terms and conditions upon which Landlord intends to offer the Premises, or the applicable part



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thereof, for sale. For a period of fifteen (15) days after Landlord delivers the Offer Notice to Tenant ("Offer Period"), Tenant shall have the right of first refusal, exercisable upon delivery of written acceptance to Landlord within the Offer Period, to purchase the Premises, or the applicable part thereof, from Landlord upon the terms and conditions set forth in the Offer Notice. In the event Tenant timely exercises Tenant's right of first refusal in accordance with this Section 33(a), then such purchase and sale transaction shall take place promptly and in strict accord with the terms of the Offer Notice. To the extent that Tenant is entitled to any Rent Credit pursuant to Section 34, such amounts shall be credited to Tenant at closing of such transaction. In the event Tenant fails to timely exercise Tenant's right of first refusal pursuant to this Section 33(a), then Landlord may proceed to offer the Premises, or the applicable part thereof, for sale in accordance with the term of the Offer Notice and pursuant to Section 33(b) below.

(b) If Tenant fails to timely exercise Tenant's right of first refusal pursuant to Section 33(a) above and Landlord elects to offer the Premises, or the applicable part thereof, for sale to the public in accordance with the Offer Notice, then in the event Landlord enters into a purchase and sale agreement with any third-party, such purchase and sale agreement must be contingent on (i) Landlord providing written notice to Tenant of the terms of such purchase and sale agreement (the "Pending Sale Notice") and (ii) Tenant having the option for a period of fifteen (15) days after Landlord delivers the Pending Sale Notice to Tenant ("Pending Sale Notice Period") to elect to purchase the Premises, or the applicable part thereof, in accordance with the terms of the Pending Sale Notice, exercisable upon delivery of written acceptance to Landlord within the Pending Sale Notice Period; provided, however, that the purchase price to be paid by Tenant in such purchase and sale transaction shall be the purchase price stated in the Pending Sale Notice. In the event Tenant timely exercises Tenant's right of refusal in accordance with this Section 33(b), then such purchase and sale transaction shall take place promptly and in strict accord with the terms of the Pending Sale Notice. In the event Tenant fails to timely exercise Tenant's right of refusal pursuant to this Section 33(b), then Landlord may proceed to complete the sale referenced in the Pending Sale Notice in strict accordance with the Pending Sale Notice.

(c) If Landlord does not close on the applicable contract of sale pursuant to the terms and conditions thereof within ninety (90) days following the expiration of the Offer Period or the Pending Sale Notice Period, as applicable, then Landlord will again be obligated to comply with all of the provisions of this Section 33 prior to any subsequent sale of the Premises. If after exercising its right to purchase the Premises, or the applicable part thereof, Tenant does not close on the applicable contract of sale pursuant to the terms and conditions thereof, then Tenant shall be liable to Landlord for any and all costs, expenses, penalties, and damages including, without limitation, Landlord's loss of the benefit of the bargain and reasonable attorneys' fees, incurred by Landlord as a result of Landlord agreeing to sell the Premises, or the applicable part thereof, to Tenant in accordance with the terms of this Lease.

**Section 34 Right to Purchase.**

(a) Grant of Purchase Option. Provided that Tenant is not then in Default under this Lease, then Landlord grants Tenant an option to purchase the Premises (the "Purchase Option") on the terms and conditions set forth herein. Tenant may exercise the Purchase Option upon delivery of written notice to Landlord (the "Purchase Option Notice") not less than sixty (60)



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days prior to the expiration of the Term (i.e., Tenant may not exercise the Purchase Option during the last sixty (60) days of the Term of the Lease, as the same may be extended by the due exercise of the Renewal Terms). The sale of the Premises will be closed on a date specified by Tenant, but not later than sixty (60) days after Landlord's receipt of the Purchase Option Notice (the "Purchase Closing Date"). The purchase and sale shall be on the terms and conditions set forth in this Section 34.

(b) Purchase Price of Premises. In the event Tenant timely delivers the Purchase Option Notice, the purchase price of the Premises (the "Purchase Price") shall be as follows:

| If exercised during: | The Purchase Price shall be: |
|---|---|
| The First Lease Year | $4,800,000.00 |
| Renewal Term 1 | $4,872,000.00 |
| Renewal Term 2 | $4,945,080.00 |
| Renewal Terms 3-9 | $5,019,256.20 |

(c) Credit Against Purchase Price. Certain amounts of Fixed Rent, but not of Additional Rent, previously paid by Tenant to Landlord as of the Purchase Closing Date shall be credited towards the Purchase Price Tenant shall pay to Landlord for the Premises (the "Rent Credit"), which Rent Credit shall be the sum of the rent credits described below:

| For Fixed Rent paid during: | There shall be a rent credit equal to: |
|---|---|
| The Initial Term | Fixed Rent paid by Tenant in excess of $50,000.00 during the Initial Term. |
| Renewal Period 1 | Fixed Rent paid by Tenant in excess of $50,000.00 during the first Renewal Period. |
| Renewal Period 2 | Fixed Rent paid by Tenant in excess of $50,000.00 during the second Renewal Period. |
| Renewal Periods 3-9 | 100% of the monthly installments of Fixed Rent paid during such Renewal Term. |

For purposes of an example only, in the event Tenant is eligible and elects to exercise Tenant's Purchase Option one-half (1/2) of the way through the second Renewal Period (i.e., having paid $150,000.00 of Fixed Rent for the Initial Term, $150,000.00 of Fixed Rent for the first Renewal



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Period, and $75,000.00 of Fixed Rent through the Purchase Closing Date for the second Renewal Period), then Tenant would receive a Rent Credit equal to Two Hundred Twenty-Five Thousand Dollars ($225,000.00) calculated as follows:

| Fixed Rent Period | Total Amount Paid | Amount in Excess of $50,000 | Rent Credit |
|---|---|---|---|
| Initial Term | $150,000.00 | $100,000.00 | $100,000.00 |
| 1st Renewal Period | $150,000.00 | $100,000.00 | $100,000.00 |
| 2nd Renewal Period | $ 75,000.00 | $ 25,000.00 | $ 25,000.00 |
| TOTAL: | | | $225,000.00 |

In the event Tenant has paid Fifty Thousand Dollars ($50,000.00) or less to Landlord for the Initial Term, the first Renewal Period or the second Renewal Period, as is in effect as of the date of the Purchase Option Notice, then Tenant shall not receive any Rent Credit with respect to such then existing Initial Term, first Renewal Period or second Renewal Period. Tenant shall be eligible to receive the Rent Credit only after such time as Landlord has received all Rent due up to and including the Purchase Closing Date.

(d) Settlement on Purchase Option. The sale of the Premises to Tenant shall take place at a real estate title and settlement company reasonably acceptable to Landlord and Tenant ("Settlement Agent"). If the Purchase Option has been duly exercised and Tenant cannot close by the Purchase Closing Date due to matters outside the reasonable control of Tenant, including without limitation, delays by its lenders, Tenant shall have the right to extend the Purchase Closing Date by a reasonable period not to exceed sixty (60) days, and if the Term would otherwise expire before such extended date, the Term shall be extended to be one day after the Purchase Closing Date as so extended; provided, however, that Tenant shall continue to pay Rent at the rate specified in Section 24 for the period of any such extension and such Rent for the extension period shall not be credited to the purchase price.

(e) Deposits in Escrow. On or before the Purchase Closing Date, Tenant shall deposit into escrow with the Settlement Agent (i) the Purchase Price less the Rent Credit; and (ii) all other documents required by this Lease, the Settlement Agent or applicable law to be deposited by Tenant as of the Purchase Closing Date. On or before the Purchase Closing Date, Landlord shall deposit into Escrow: (i) a special warranty deed, duly executed, acknowledged and in recordable form, subject to all easements, covenants, conditions and restrictions of record applicable to the Premises; (other than those created by Landlord after the Effective Date without Tenant's written consent); and (ii) all other documents required by this Lease, the Settlement Agent or applicable law to be deposited by Landlord to sell the Premises, including without limitation a Non-Foreign Affidavit.

(f) Conditions to Closing. Landlord's obligation to close the sale of the Premises is expressly conditioned on Tenant having deposited with Escrow Holder all sums and documents required in Section 34(e). Tenant's obligation to close the purchase of the Premises is expressly



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conditioned on Landlord having deposited with Escrow Holder all documents required in Section 34(e) and being in a position to convey title in the state described in Section 34(e)(i).

(g) Costs of Escrow. Tenant shall pay all costs of the closing on the purchase and sale of the Premises including, without limitation, any and all costs for escrow services, any transfer taxes, excise taxes, recording fees, deed or documentary stamps, document taxes, intangible taxes and similar taxes and charges with respect to the transaction contemplated herein, all costs for Tenant's financing and all recordation taxes on any documents recorded in connection with Tenant's financing; the cost of title insurance and endorsements thereto; and the cost of any of Tenant's other obligations hereunder. Notwithstanding the foregoing, Landlord shall pay (i) one-half (1/2) of the cost of any transfer and recordation taxes and recording fees with respect to the transaction contemplated herein (excluding recordation taxes on any documents recorded in connection with Tenant's financing); (ii) all costs and expenses to pay off and release the Premises from the lien of any deed of trust or other lien or security interest created by or levied against Landlord; and (iii) and the cost of any of Landlord's s other obligations hereunder.

(h) Conveyance. Landlord shall convey the Premises to Tenant by Special Warranty Deed, subject to all easements, covenants, conditions and restrictions of record as of the Purchase Closing Date, other than those created by or through Landlord on or after the Effective Date. Landlord shall execute such other instruments of conveyance, assignment or other transfer reasonably requested by Tenant to transfer all of the Premises and all property located on, associated with or created from the Premises.

(i) Subordination Fee. If for any reason any portion of the Subordination Fee and Additional Subordination Fee have not been paid by Tenant as of the Purchase Closing Date, Tenant shall pay the entire amount of the unpaid portion of the Subordination Fee and Additional Subordination Fee to Landlord on the Purchase Closing Date as an increase in the Purchase Price.

**Section 35 Non-Merger.**

The leasehold estate shall not merge with the fee estate in the event that the same person or entity acquires, owns or holds, directly or indirectly, the fee estate and the leasehold estate in the Property.

**Section 36 Execution in Counterparts.**

This Lease may be executed by both parties in counterparts; each of which shall be deemed an original, but all of such counterparts taken together shall constitute one and the same agreement.

**Section 37 Further Acts.**

In addition to the acts and deeds recited herein and contemplated to be performed, executed, and/or delivered by the parties hereto, the parties hereto agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered any and all such further acts, deeds, and assurances as may be reasonably required to consummate the transaction contemplated hereby.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007389

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

LANDLORD:
MEDAL, INC.,
a Virginia corporation

By:_____
Name: Abraham Medhane
Title: President

TENANT:
1920 8TH STREET LLC,
a Delaware limited liability company

By:_____
Name: Joshua Adler
Title: Co-Managing Member

By:_____
Name: Robb Lattkite
Title: Co-Managing Member



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007390

**EXHIBIT A**

Depiction of the Premises



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007391

**EXHIBIT B**

Owners Title Affidavit

**FIRST AMERICAN TITLE INSURANCE COMPANY**

**REGIONAL TITLE INCORPORATED**

**OWNER'S/SELLER'S AFFIDAVIT**

(To Induce Sale and/or Loan on Premises and Title Insurance)

DISTRICT OF COLUMBIA :

The undersigned owner(s) being first duly sworn on oath, deposes and says, that they are the owners of property known and described as:

SEE ATTACHED EXHIBIT "A"

and as further described in First American Title Insurance Company's Commitment No. _____.

That, as owner(s), they have personal knowledge of the facts sworn to in this Affidavit and has the power and authority to execute this Affidavit.

[For a Corporation] That the owner is a corporation and said corporation is in Good Standing in its state of origin and _____ and is qualified to do business in same and that the Articles of Incorporation and By-Laws are still in full force and effect with no changes to the original Articles except by amendments already disclosed to this Company and no proceeding is pending for Owner's dissolution or annulment.

[For a Limited Partnership] That the Owner is a limited partnership and said limited partnership is in Good Standing in its state of origin and _____ and is qualified to do business in the said jurisdiction and that the Partnership Agreement is in full force and effect with no changes to the original Articles except by amendments already disclosed to this Company and no proceeding is pending for Owner's dissolution or annulment.

[For a Limited Liability Company] That the Owner is a limited liability company and said limited liability company is in Good Standing in its state of origin and _____ and is qualified to do business in said jurisdiction; that the Articles of Organization and Operating Agreement are in full force and effect with no changes to the original Articles or Agreement except for amendments already disclosed to this Company; that there have been no filings which contradict the valid existence of the LLC; there have been no changes in membership; and that all annual reports have been filed and no proceedings are pending for Owner's dissolution or annulment.

That all license, state franchise, and city and corporation taxes, if applicable, due and payable by Owner have been paid in full.



YH.

FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007392

That no proceedings in Bankruptcy or receivership have been instituted by or against Owner and the Owner has never made an assignment for the benefit of creditors.

That there is no action or proceeding now pending in any state or federal court in the United States to which the Owner is a party and which affects the Premises; nor is there any state or federal court judgment, state or federal tax lien, or any other state or federal lien of any nature against Owner which may constitute a lien charge upon the Premises.

That Owner is fee simple [leasehold] owner of the Premises and has owned the property for approximately _____ (____) years.

That the Owner's possession of the Premises has been peaceable and undisturbed, and that title to the Premises has never been disputed or questioned.

That there is no pending litigation or dispute regarding the lines and corners of the Premises.

That there are no delinquent real estate taxes or unpaid current real estate taxes; nor any pending or levied assessments on the Premises, including but not limited to those for sidewalks, streets, sewers and water lines, or any liens or charges of any kind which could cause a tax sale of the premises.

That no time within 125 days of the date hereof has any work, services, or labor been done, or any fixtures, apparatus or material been furnished or contracted for, in connection with, or to, the said premises, except such material, fixtures, work, apparatus, labor or services as have been fully and completely paid for; that there is no claim or indebtedness to anyone for any labor, fixtures, apparatus, material services, or work done to, upon, or in connection with the said premises; that there is no mechanics lien claim against said premises, whether of record or otherwise.

Except as set forth in the aforesaid Commitment, there are no recorded or unrecorded mortgages, improvement loans, chattel mortgages, conditional bills of sale, contracts of sale, (except that in connection with which this affidavit is given), written leases, retention agreement, security agreements, agreements not to sell or encumber, financing statements or personal property leases which affect the Premises or which affect any fixtures, appliances, or equipment now installed in or on the Premises.

That all tenants or parties who have leasehold or tenancy rights to occupy any portion of the Premises are those listed on Exhibit "B", attached hereto, and none of such parties has any right to the Premises other than its right as Tenant, nor any optional right of first refusal to purchase the Premises.

[For DC Only] That there are no tenant rights to be exercised under Title IV of the District of Columbia Law 3-86, "RENTAL HOUSING AND SALE ACT OF 1980", as amended.

That there are no pending suits or judgments affecting the Premises.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007393

That all charges for water or sewer services provided to the Premises by the county and/or city in which the Premises are located which are currently due have been paid.

That there are no present violations on the land of any enforceable covenants, conditions or restrictions.

That the survey referred to in Schedule B of the aforesaid Commitment depicts all of the improvements located on the Premises as of the date of the survey, and there have been no structural changes to the exterior of the buildings shown on said survey since the date of said survey.

[For Sale Only] That the Owner is not a foreign person, foreign trust or other foreign entity as those terms are defined in or contemplated by Section 1445 of the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto.

That the federal taxpayer identification number of the Owner is _____.

The address of the principal place of business of the Owner is

THIS AFFIDAVIT is given this _____ day of _____, 2007 to induce First American Title Insurance Company and Regional Title Incorporated to make settlement and issue its Title Insurance Policy insuring the interest in real estate created by this transaction without exception as to possible unfiled Judgments, Tax Liens, or Adjudications.

_____

By:_____
Name:_____
Title:_____

DISTRICT OF COLUMBIA ) to-wit:

SUBSCRIBED and SWORN TO before me this _____ day of _____, 2007 by _____ of _____, a _____.

_____

Notary Public

My commission expires:_____



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007394

**EXHIBIT "A"**

**LEGAL DESCRIPTION**



FOIA CONFIDENTIAL TREATMENT REQUESTED

**EXHIBIT "B"**

**TENANTS**

**SEE ATTACHED RENT ROLL**



FOIA CONFIDENTIAL TREATMENT REQUESTED

**EXHIBIT C**

Foreclosure Guaranty

**GUARANTY**

THIS GUARANTY is made and executed this _____ day of August, 2007, by (i) _____ ("Guarantor") in favor of (ii) _____ ("Landlord").

**WITNESSETH:**

WHEREAS, Landlord and Tenant have entered that certain Lease (the "Lease"), dated on or about the date hereof, whereby Landlord has leased to _____ ("Tenant") the premises known as _____, N.W., Washington, D.C. (hereinafter referred to as the "Premises"), as described in the Lease, and

WHEREAS, Guarantor desires to induce Landlord to execute and deliver the Lease to Tenant and Landlord is willing to execute and deliver the Lease to Tenant only if Guarantor guarantees to Landlord certain losses in the event of a foreclosure of a deed of trust following Landlord's subordination of its fee interest in the Premises to such deed of trust.

NOW, THEREFORE, in consideration of the foregoing, and of the mutual promises hereinafter set forth, the parties hereto hereby agree as follows:

1. Following the execution by Landlord of a Subordination Agreement as described in the Lease whereby the Landlord subjects its fee interest in the Premises to a deed of trust ("Deed of Trust"), in the event that there is a foreclosure of the Deed of Trust which results in a loss of Landlord's fee interest in the Premises, the Guarantor hereby jointly and severally guarantees to Landlord the following payment: Guarantor shall pay to Landlord on demand an amount equal to (a) the lesser of (i) the Fair- Market Value (as defined below), or (ii) the then applicable Purchase Price under the Lease, less (b) the sum of (i) the net proceeds distributed to Landlord from the foreclosure, plus (ii) the Rent Credit to which Tenant is entitled pursuant to Section 34 of the Lease.

2. Upon foreclosure as aforesaid, either party may provide the other with written notice of its desire to determine such Fair Market Value by the method provided in this Section 2, and in such notice such party shall designate the commercial sales broker appointed by it. Within fifteen (15) days thereafter, the other party shall, by written notice to the original party, designate a second commercial sales broker. If the second commercial sales broker is not designated within such fifteen (15) day period, the first commercial sales broker appointed shall proceed to make its valuation, in which case the Fair Market Value shall be the amount determined by such broker. If the two (2) commercial sales brokers so appointed do not agree on the Fair Market Value, and the values as determined by the brokers are within ten percent (10%) of each other, the Fair Market Value shall be the arithmetic average of the Fair Market Values determined by the commercial



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007397

sales brokers. If the two (2) commercial sales brokers so appointed do not agree on the Fair Market Value, and the values as determined by the brokers is ten percent (10%) or more apart from each other, the two commercial sales brokers shall mutually agree on a third commercial sales broker, in which case the third commercial sales broker shall conduct an independent analysis of the Fair Market Value and the Fair Market Value shall be the original Fair Market Value as determined by one of the two original commercial sales brokers which is closest to the third broker's determination of Fair Market Value. Additional terms:

a. Each commercial sales broker appointed pursuant to Section 2 shall be a licensed real estate broker of recognized competence who has had a minimum of ten (10) years experience as a commercial sales broker in Washington, D.C. and shall be a disinterested person. A disinterested person shall mean a commercial sales broker who is not affiliated with a commercial real estate brokerage house that (1) has or had a listing agreement for the Premises, (2) received a commission for this Lease or the Premises, or (3) handles or handled the primary real estate work for Landlord or Guarantor or an affiliate or principal of Landlord or Guarantor or any company of which a principal of Landlord or Guarantor owns more than ten percent (10%) of the stock or other ownership interests. All valuations of the Fair Market Value shall be in writing. Each commercial sales broker shall determine the fair market value for the Premises, as a whole, as of the date of foreclosure, on the basis of the use of the Land and the building and improvements thereon in their then-current state, taking into consideration the cost and all relevant factors affecting current market sales prices, such as but not limited to, any necessary repairs to the building and improvements, rent or sales concessions then typical in the market for like product types (if any), The party appointing such commercial sales broker shall be obligated, promptly after receipt of the valuation report prepared by the commercial sales broker appointed by such party, to deliver a copy of such valuation report to the other party.

b. The fees and expenses of each of the two (2) commercial sales brokers appointed pursuant to Section 2 shall be borne by the party appointing such commercial sales broker. If a third broker is appointed, the parties shall each be responsible for one-half of such broker's fees and expenses.

3. Guarantor's liability hereunder shall in no way be affected by any indulgence, extension, or forbearance which Landlord may grant to Tenant with respect to the payment or performance of any obligation of Tenant, or any waiver, on the part of Landlord of any breach of the Lease by Tenant; and Guarantor waives any requirement that Guarantor be notified of any such indulgence, extension, forbearance or waiver, and Guarantor waives notice of such matters and of any default by Tenant under the Lease. In the event Landlord is required under the provisions of any Deed of Trust or loan document, entered into by Tenant or Guarantor, to refrain from the exercise or enforcement of any rights or remedies under the Lease or this Guaranty ("Forbearance Period"), Guarantor agrees that



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007398

any statute of limitations applicable to such rights or remedies shall, to the extent permitted by law, automatically be tolled for a period equal to the Forbearance Period, plus 120 days.

4. No reasonable delay of the Landlord in exercising any rights and/or powers hereunder or in taking any action to enforce the performance of Tenant's obligations under the Lease shall operate as a waiver as to such rights or powers or in any manner prejudice any or all of Landlord's rights and powers hereunder against Guarantor.

5. This Guaranty may not be modified, altered or terminated except pursuant to an instrument in writing executed by Guarantor and Landlord. No waiver of any provision of this Guaranty shall be valid unless in writing and signed by Landlord. A failure of Landlord to insist upon strict performance of any obligation or covenant of Guarantor under this Guaranty in any one or more instances shall not be construed as a waiver or relinquishment of the right to insist upon strict performance of such obligation or covenant in the future.

6. This Guaranty is being made, executed and delivered in the District of Columbia and shall be construed and enforced in accordance with the laws of the District of Columbia.

7. Guarantor shall pay to Landlord all costs, including without limitation attorneys' fees, court costs and other disbursements, incurred by Landlord in connection with enforcing any provision of this Guaranty, whether or not any action or lawsuit is actually instituted by Landlord.

8. This Guaranty shall automatically terminate upon any of the following events: the release of Landlord from the Deed of Trust dated as of _____ by and among Landlord, _____ [lender] and Tenant, or upon the providing of a subsequent Foreclosure Guaranty meeting the requirements of Section 12(g) of the Lease.

IN WITNESS WHEREOF, the undersigned have executed this Guaranty on the day and year first above written.

GUARANTOR:

_____

# 4796469_v9



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007399

**EXHIBIT D**

Subordination Agreement



FOIA CONFIDENTIAL TREATMENT REQUESTED

RETURN TO:

_____
_____
_____
_____

Tax Parcel ID No: _____

Title Insurer: _____

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FEE AND LEASEHOLD DEED OF TRUST

This Fee and Leasehold Deed of Trust (this "Deed of Trust"), is dated as of September ___, 2007 (the "Effective Date"), by and among MEDAL, INC., a Virginia corporation, having an address of 9210 Pegasus Court, Potomac, Maryland 20854 ("Fee Owner") and _____, a _____, having an address of _____ _____ ("Borrower") (Fee Owner and Borrower, hereinafter collectively and individually referred to as "Trustor") to _____, TRUSTEE ("Trustee") in favor of _____, a _____, and its successors and assigns ("Beneficiary"):

RECITALS:

A. Fee Owner is the holder of the fee simple title to that certain parcel of land, known as Lot 46 in Square 393, N.W., Washington, D.C. containing approximately 11,330 square feet, (defined below as the "Premises").

B. Pursuant to the terms of that certain Ground Lease, dated August 3, 2007 (the "Ground Lease"), Fee Owner has leased and let to 1920 8th Street LLC, a Delaware limited liability company [reference assignments, if any] ("Borrower"), and Borrower has taken and hired from Fee Owner, all of the Premises and Fee Owner has granted to Borrower a right of purchase and a right of first refusal on the Premises, all as more particularly set forth therein.

C. Contemporaneously with the execution of this Deed of Trust, Robb M. LaKritz and Joshua A. Adler (collectively, the "Guarantors") are executing and delivering to Fee Owner a completion guaranty guaranteeing to Fee Owner the completion of the improvements on the Premises (the "Completion Guaranty") and a foreclosure guaranty guaranteeing to Fee Owner reimbursement of certain losses suffered by Fee Owner in the event of a foreclosure of the Premises under this Deed of Trust (the "Foreclosure Guaranty") (the "Ground Lease, the Completion Guaranty and the Foreclosure Guaranty, together with any extensions, modifications and substitutions thereof, are collectively referred to as the "Lease Documents"). [If the loan is not a construction loan, references to the Completion Guaranty will be deleted. If the loan is not subordinated, references to the Foreclosure Guaranty will be deleted,]

D. Beneficiary has agreed to make a [improvement / construction / development / permanent] loan in the principal amount of _____ (the "Loan") to Borrower for the Premises [and certain other land adjoining or about the Premises / and the construction of improvements thereon] evidenced by (i) a Promissory Note, dated as of the Effective Date, payable to the order of Beneficiary, executed by Borrower (including any extensions, modifications, amendments and substitutions thereof, the "Note"); (ii) a [Construction] Loan Agreement, dated as of the Effective Date, executed by Borrower (including any extensions, modifications, amendments and substitutions thereof, the "Loan Agreement"); and (iii) and all other documents now or hereinafter executed in favor or for the benefit of Lender which evidence, secure or are otherwise executed in connection with the Loan (collectively, the "Loan Documents"). [Will be adjusted per actual loan documents.]

E. It is a condition precedent to Beneficiary making the Loan that (a) Fee Owner grants and conveys its fee ownership interest in the Premises to Trustee to secure Beneficiary in the payment of the Loan and performance of the Loan Documents, (b) Borrower grants and conveys its leasehold ownership interest in the Premises to Trustee to secure Beneficiary in the payment of the Loan and performance of the Loan Documents, (c) the payment and performance of all obligations with respect to the Loan remain at all times prior and superior to the payment and performance of all obligations with respect to the Lease Documents, with respect to both Borrower's and Guarantors' obligations thereunder, (d) upon the occurrence of an Event of Default (as defined below) Fee Owner shall have no right to receive or accept any payment with respect to the Completion Guaranty unless and until the Event of Default is cured or the Loan is paid and performed in full,

except as otherwise expressly permitted hereunder, and (e) Fee Owner enters into the agreements with Beneficiary set forth herein.

F. Fee Owner is entering into this Deed of Trust in consideration of the Ground Lease and the rents and other charges payable thereunder. [For improvement, development or construction loan: Fee Owner may benefit from the making of the loan in that improvements to be constructed are expected to increase the value of the Premises and the loan will allow Borrower to meet its obligations under the Ground Lease.]

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Trustor agrees as follows:

In order to secure the payment of the indebtedness hereinafter referred to and the performance of the obligations, covenants, agreements, warranties and undertakings of Trustor hereinafter described, Trustor hereby GRANTS, BARGAINS, SELLS, CONVEYS, TRANSFERS, ASSIGNS, MORTGAGES, WARRANTS AND SETS OVER to Trustee for the benefit of Beneficiary, its successors and assigns, and grants to Beneficiary a security interest in, the following described property, rights and interest (referred collectively herein as the "Premises") all of which property, rights and interest are hereby granted and pledged primarily and on parity with the real estate (as defined below) and not secondarily:

THE REAL ESTATE located in the District of Columbia and legally described on Exhibit "A" attached hereto and made a part hereof ("Real Estate");

TOGETHER WITH all improvements of every nature whatsoever now or hereafter situated on the Real Estate, and all fixtures and personal property of every nature whatsoever now or hereafter owned by Trustor and located on, or used in connection with the Real Estate or the improvements thereon, or in connection with any construction thereon, including all extensions, additions, improvements, betterments, renewals, substitutions and replacements to any of the foregoing and all of the right, title and interest of Trustor in and to any such personal property or fixtures together with the benefit of any deposits or payments now or hereafter made on such personal property or fixtures by Borrower or on Borrower's behalf or by Fee Owner, if any ("Improvements");

TOGETHER WITH all easements, rights of way, gores of real estate, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, mineral rights, air rights, development rights and all estates, rights, titles, interests, privileges, tenements, hereditaments and appurtenances whatsoever, in any way now or hereafter belonging, relating or appertaining to the Real Estate, and the reversions, remainders, rents, issues and profits thereof, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law as well as in equity, of Trustor of, in and to the same;

TOGETHER WITH all interest of Fee Owner in all leases or subleases now or hereafter of all or a portion of the Premises, whether written or oral including, without limitation, the Ground Lease ("Leases"), together with all security therefor and all monies payable thereunder, all of which Fee Owner hereby absolutely and unconditionally assigns to Beneficiary; provided, however, that Fee Owner, so long as no Event of Default (as hereinafter defined) has occurred hereunder, may collect rent as it becomes due;

TOGETHER WITH all fixtures and articles of personal property now or hereafter owned by Trustor and forming a part of or used in connection with the Real Estate or the Improvements, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are or shall be attached to the Real Estate or the Improvements in any manner; it being mutually agreed that all of the aforesaid property owned by Trustor and placed on the Real Estate or the Improvements, so far as permitted by law, shall be deemed to be fixtures, a part of the realty, and security for the Indebtedness (as hereinafter defined); notwithstanding the agreement hereinabove expressed that certain articles of property form a part of the realty covered by this Deed of Trust and be appropriated to its use and deemed to be realty, to the extent that such agreement and declaration may not be effective and that any of said articles may constitute goods (as said term is used in the Uniform Commercial Code as adopted in the District of Columbia in effect from time to time ("Code"), this instrument shall constitute a security agreement, creating a security interest in such goods, as collateral, in Beneficiary, as a secured party, and Trustor, as Debtor, all in accordance with the Code; and

TOGETHER WITH all proceeds of the foregoing, including, without limitation, all judgments, awards of damages and settlements hereafter made resulting from condemnation proceeds or the taking of the Premises or any portion thereof under the power of eminent domain, any proceeds of any policies of insurance, maintained with respect to the Premises or proceeds of any sale, option or contract to sell the Premises or any portion thereof.

TO HAVE AND TO HOLD the Premises unto Trustee, and its successors and substitutes in this trust and to its and their successors and assigns, in trust, WITH POWER OF SALE AND THE RIGHT OF RE-ENTRY AND



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007402

POSSESSION, for the benefit of Beneficiary and its successors and assigns, upon the terms, provisions and conditions herein set forth.

FOR THE PURPOSE OF SECURING THE FOLLOWING (collectively referred to herein as the "Indebtedness"): (i) the payment of the Loan and all interest, late charges, prepayment premium (if any), exit fee (if any), reimbursement obligations, fees and expenses for letters of credit issued by Beneficiary for the benefit of Trustor, if any, and other indebtedness evidenced by or owing under the Note, any of the other Loan Documents, any interest rate swap or hedge agreement now or hereafter entered into between Trustor and Beneficiary and any application for letters of credit and master letter of credit agreement, together with any extensions, modifications, or renewals of any of the foregoing; (ii) the performance and observance of the covenants, conditions, agreements, representations, warranties and other liabilities and obligations of Trustor or any guarantor or indemnitor of the Loan to or benefiting Beneficiary which are evidenced or secured by or otherwise provided in the Note, this Deed of Trust or any of the other Loan Documents except for the obligations of Robb M. LaKritz and Joshua A. Adler (collectively "Guarantor") under that certain Guaranty of Payment and Completion ("Guaranty") dated on or about the Effective Date and the obligations of Borrower and Guarantor under that certain Environmental Indemnity Agreement ("Indemnity"), dated on or about the Effective Date which obligations, notwithstanding anything to the contrary in this Deed of Trust, shall not be secured by this Deed of Trust; and (iii) the reimbursement to Beneficiary of any and all sums incurred, expended or advanced by Beneficiary pursuant to any term or provision of or constituting additional indebtedness under or secured by this Deed of Trust, any of the other Loan Documents, any interest rate swap or hedge agreement or any application for letters of credit and master letter of credit agreement, with interest thereon as provided herein or therein. No indebtedness under a loan, other than the Loan or loans for properties adjacent to the Premises or properties within a 1000-foot radius of the Premises, for which Guarantor or Borrower may be liable to Beneficiary (whether by cross-default or cross-collateralization) shall be deemed to be Indebtedness hereunder.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

1. Title. (a) Trustor represents, warrants and covenants that Fee Owner is the holder of the fee simple title to the Premises, free and clear of all liens and encumbrances, except those liens and encumbrances in favor of Beneficiary and as otherwise described on Exhibit "B" attached hereto ("Permitted Exceptions"); (b) Borrower represents, warrants and covenants that Borrower is the holder of the leasehold interest in the Premises pursuant to the terms of the Ground Lease, free and clear of all liens and encumbrances, except for the Permitted Exceptions and (c) Trustor has legal power and authority to mortgage and convey the Premises. Trustor acknowledges that any sale made under or by virtue of this Deed of Trust purporting to transfer all the right, title and interest therein to the purchaser, will divest all right, title and interest of Trustor in and to the property sold. Subject to applicable law, any purchaser at a foreclosure sale will receive immediate possession of the property purchased. If Trustor retains possession of the Premises or any part thereof subsequent to such sale, Trustor will be considered a tenant at sufferance of the purchaser, and will, if Trustor remains in possession after demand to remove, be subject to eviction and removal, forcible or otherwise, with or without process of law. In the event Borrower acquires the fee simple title to the Premises, such acquisition will not merge with the leasehold estate, but such other estate or interest will remain discrete and immediately become subject to the lien of this Deed of Trust, and Borrower shall execute, acknowledge and deliver any instruments requested by Beneficiary to confirm the lien of this Deed of Trust and pay any and all conveyance or mortgage taxes and filing or similar fees in connection with the execution, delivery, filing or recording of any such instrument.

2. Condemnation. If all or any part of the Premises are damaged, taken or acquired, either temporarily or permanently, in any condemnation proceeding, or by exercise of the right of eminent domain, the amount of any award or other payment for such taking or damages made in consideration thereof, to the extent of the full amount of the remaining unpaid Indebtedness, is hereby assigned to Beneficiary, who is empowered to collect and receive the same and to give proper receipts therefor in the name of Trustor and the same shall be paid forthwith to Beneficiary. Such award or monies shall be applied on account of the Indebtedness, irrespective of whether such Indebtedness is then due and payable and, at any time from and after the taking Beneficiary may declare the whole of the balance of the Indebtedness to be due and payable.

3. Effect of Extensions of Time and Other Changes. If the payment of the Indebtedness or any part thereof is extended or varied, if any part of any security for the payment of the Indebtedness is released, if the rate of interest charged under the Note is changed or if the time for payment thereof is extended or varied, all persons now or at any time hereafter liable therefor, or interested in the Premises or having an interest in Trustor, shall be held to assent to such extension, variation, release or change and their liability and the lien and all of the provisions hereof



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007403

shall continue in full force, any right of recourse against all such persons being expressly reserved by Beneficiary, notwithstanding such extension, variation, release or change. Beneficiary shall provide notice to Fee Owner in advance of any such extension, variation, release or change; provided however, that Beneficiary's failure to provide such notice shall not be a default hereof or invalidate such extension, variation, release or change; and provided further, Fee Owner shall not be charged with notice of such extension, variation, release or change until it receives written notice thereof.

4. Events of Default; Acceleration. Each of the following shall constitute an "Event of Default" for purposes of this Deed of Trust:

(a) Borrower fails to pay (i) any installment of principal or interest payable pursuant to the Note on the date when due, or (ii) any other amount payable to Beneficiary under the Note, this Deed of Trust or any of the other Loan Documents within five (5) days after the date Borrower receives notice that any other payment was not paid when due in accordance with the terms hereof or thereof (a "Monetary Default");

(b) Borrower fails to perform or cause to be performed any other obligation or observe any other condition, covenant, term, agreement or provision required to be performed or observed by Borrower under the Note, or Trustor under this Deed of Trust or any of the other Loan Documents to which either Borrower or Fee Owner is a party ("Borrower Event of Default"); provided, however, that if such failure by its nature can be cured, then so long as the continued operation and safety of the Premises, and the priority, validity and enforceability of the liens created by the Deed of Trust or any of the other Loan Documents and the value of the Premises are not impaired, threatened or jeopardized, then Borrower shall have a period ("Cure Period") of thirty (30) days after Borrower obtains actual knowledge of such failure or receives written notice of such failure to cure the same and an Event of Default shall not be deemed to exist during the Cure Period; provided further that if such failure by its nature reasonably requires longer than thirty (30) days to cure and Borrower commences to cure such failure during the original Cure Period and is diligently and in good faith attempting to effect such cure, the Cure Period shall be extended for thirty (30) additional days, but in no event shall the Cure Period be longer than ninety (90) days in the aggregate;

(c) Fee Owner fails to perform or cause to be performed any other obligation or observe any other condition, covenant, term, agreement or provision required to be performed or observed by Fee Owner under this Deed of Trust beyond the Fee Owner Cure Period (defined below); provided, however, that if such failure by Fee Owner by its nature can be cured, then so long as the continued operation and safety of the Premises, and the priority, validity and enforceability of the liens created by the Deed of Trust or any of the other Loan Documents and the value of the Premises are not impaired, threatened or jeopardized, then Fee Owner shall have a period ("Fee Owner Cure Period") of thirty (30) days after Fee Owner obtains actual knowledge of such failure by Fee Owner or receives written notice of such failure by Fee Owner to cure the same and an Event of Default shall not be deemed to exist during the Fee Owner Cure Period; provided further that if such failure by its nature reasonably requires longer than thirty (30) days to cure and Fee Owner commences to cure such failure during the original Fee Owner Cure Period and is diligently and in good faith attempting to effect such cure, the Fee Owner Cure Period shall be extended for thirty (30) additional days, but in no event shall the Fee Owner Cure Period be longer than ninety (90) days in the aggregate;

(d) the existence of any inaccuracy or untruth in any material respect in any material representation or warranty contained in this Deed of Trust or any of the other Loan Documents or of any statement or certification as to facts delivered to Beneficiary by Fee Owner, Borrower or any Guarantor;

(e) Borrower, Fee Owner or any Guarantor files a voluntary petition in bankruptcy or is adjudicated a bankrupt or insolvent or files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal, state, or other statute or law, or seeks or consents to or acquiesces in the appointment of any trustee, receiver or similar officer of Fee Owner, Borrower or any Guarantor or of all or any substantial part of the property of Fee Owner, Borrower or any Guarantor or any of the Premises or all or a substantial part of the assets of Fee Owner, Borrower or any Guarantor are attached, seized, subjected to a writ or distress warrant or are levied upon unless the same is released or located within thirty (30) days;

(f) the commencement of any involuntary petition in bankruptcy against Fee Owner, Borrower or any Guarantor or the institution against Fee Owner, Borrower or any Guarantor of any reorganization,



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arrangement, composition, readjustment, dissolution, liquidation or similar proceedings under any present or future federal, state or other statute or law, or the appointment of a receiver, trustee or similar officer for all or any substantial part of the property of Fee Owner, Borrower or any Guarantor which shall remain undismissed or undischarged for a period of sixty (60) days;

(g) the dissolution, insolvency or winding-up of Fee Owner or Borrower or the occurrence of death or legal incompetency of all individual Guarantors;

(h) Any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of all or any portion of the Premises or the membership interests in Borrower; or

(i) Subject to Fee Owner's right to cure in Paragraph 4.(c), the occurrence of any default or event of default, after the expiration of any applicable periods of notice or cure, under the Ground Lease.

In the event of a Monetary Default or other default of Borrower that by its nature can be cured by the payment of money, the Fee Owner shall have ten (10) business days after Fee Owner obtains actual knowledge of such Monetary Default or receives written notice of such Monetary Default to cure the same and an Event of Default shall not be deemed to exist during such 10-business day period.

5. Remedies and Application of Proceeds.

Upon the occurrence of an Event of Default, Beneficiary may at any time, at its option and in its sole discretion, declare all Indebtedness to be due and payable and the same shall thereupon become immediately due and payable under the terms of the Indebtedness; with interest accruing thereon from the date of the Event of Default until paid, at the Default Rate (as defined in the Loan Documents). In addition to exercising any other remedy available at law, in equity and/or under the other Loan Documents, Beneficiary may also do any or all of the following, concurrently or otherwise, at such time and in such order as Beneficiary may determine, in its sole discretion, although it shall have no obligation to do any of the following

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of Beneficiary's security, enter with or without process of law upon and take possession of the Premises, or any part thereof, and do any acts which Beneficiary deems necessary or desirable to preserve the value, marketability or rentability of the Premises, or to increase the income therefrom or to protect the security hereof and, with or without taking possession of any of the Premises, sue for or otherwise collect all rents and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees and expenses, upon the Indebtedness, all in such order as Beneficiary may determine. The collection of rents and profits and the application thereof shall not cure or waive any Event of Default or notice thereof or invalidate any act done in response thereto or pursuant to such notice. In furtherance of the foregoing, to the fullest extent permitted by applicable law, following the occurrence of an Event of Default and during the continuance thereof, Beneficiary shall have the right to apply to a court of competent jurisdiction for and obtain appointment of a receiver of the Premises as a matter of strict right and without regard to the value of the Premises or the adequacy of the security for the Indebtedness, the existence of a declaration that the Indebtedness are immediately due and payable, or the filing of a notice of default, and Trustor hereby consents to such appointment;

(b) Bring an action in any court of competent jurisdiction to foreclose this instrument or to enforce any of the covenants hereof; provided, however, that Beneficiary shall have no recourse against Fee Owner under this Deed of Trust or any other Loan Document, except for Beneficiary's rights to lawfully foreclosure upon Fee Owner's fee interest in the Premises, and except in case of fraud, gross negligence or willful misconduct of Fee Owner;

(c) Elect to sell by power of sale the Premises and, upon such election, such notice of Event of Default and election to sell shall be given as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of sale as may then be required by law, at the time and place specified in the notice of sale, Trustee shall sell such Premises, or any portion thereof specified by Beneficiary, at public auction to the highest bidder for cash in lawful money of the United States. Trustee may, and upon request of Beneficiary shall, from time to time, postpone the sale by public announcement thereof at the time and place noticed therefor. If the Premises consists of several lots, parcels or interests, Beneficiary may designate the order in which the same shall be offered for sale or sold. Trustor waives all rights to direct the order in which any of the Premises will be sold in the event of any sale under this Deed of Trust, and also any of right to have any of the Premises marshaled



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upon any sale. In the case of a sale under this Deed of Trust, the said property, real, personal and mixed, may be sold in one parcel or more than one parcel. Should Beneficiary desire that more than one such sale or other disposition be conducted, Beneficiary may, at its option, cause the same to be conducted simultaneously, or successively on the same day, or at such different days or times and in such order as Beneficiary may deem to be in its best interest. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. Upon any sale, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the Premises so sold, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession. Beneficiary, from time to time before the trustee's sale pursuant to this section, may rescind any notice of Event of Default and of election to cause to be sold the Premises by executing and delivering to Trustee a written notice of such rescission, which notice, shall also constitute a cancellation of any prior Event of Default and demand for sale. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other declarations of default and demand for sale, and notices of breach or default, nor otherwise affect any provision, covenant or condition of the Loan Agreement, the Note and/or of this Deed of Trust or any of the rights, obligations or remedies of the parties thereunder or hereunder. In furtherance of the foregoing, Beneficiary hereby directs and empowers the Trustee to take possession of any or all of the Premises and to sell the Premises, in whole or in part, and in the case of default of any purchaser or purchasers, resell all the Premises as an entirety, or in such parcels as Beneficiary shall in writing request, or, in the absence of such request, as the Trustee may determine, at public auction at some convenient place in the District of Columbia, at such time, in such manner and upon such terms as the Trustee may fix. The notice of sale shall state the time and place of the sale, shall contain a brief general description of the Premises to be sold, and shall be sufficiently given if published in either The Washington Post or other publications where such notices are customarily published or in the place(s) where such sale is to take place, such advertisement of sale to be published five (5) times every other day (excluding Sundays and holidays) over a ten business day period prior to the day of said sale, subject to compliance with Section 42-815(b) of the D.C. Code, and Beneficiary or Trustee shall cause further public advertisement to be made as they deem advisable. Any such sale may be adjourned by the Trustee by announcement at the time and place appointed for such sale or for such adjourned sale(s), and, without further notice or publication, such sale may be made at the time and place to which same shall be so adjourned. Upon the completion of any sale, the Trustee shall execute and deliver to the purchaser(s) a good and sufficient deed of conveyance, or assignment and transfer, lawfully conveying, assigning and transferring, without warranty, the property sold.

(d) Exercise each of its other rights and remedies under this Deed of Trust or any other Loan Documents.

(e) Except as otherwise required by law, apply the proceeds of any foreclosure or disposition hereunder to payment of the following: (i) the expenses of such foreclosure or disposition, including, without limitation, reasonable and customary fees of Trustee, (ii) the cost of any search or other evidence of title procured in connection therewith and revenue stamps on any deed or conveyance, (iii) all sums expended under the terms hereof, not then repaid, with accrued interest in the amount provided herein, (iv) all other sums secured hereby, and (v) the remainder, if any, to the person or persons legally entitled thereto.

(f) Upon any sale or sales made under or by virtue of this section, whether made under the power of sale or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Premises or any part thereof. In lieu of paying cash for the Premises, Beneficiary may make settlement for the purchase price by crediting against the Indebtedness the sales price of the Premises, as adjusted for the expenses of sale and the costs of the action and any other sums for which Trustor is obligated to reimburse Trustee or Beneficiary under this Deed of Trust.

(g) In the event that Trustor has an equity of redemption and the Premises is sold pursuant to the power of sale or otherwise under or by virtue of this paragraph, the purchaser may, during any redemption period allowed, make such repairs or alterations (but not additions) on said Premises as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid together with interest thereon from the time of such expenditures at the Default Rate, which is defined in the Note as being ____% [default rate not to exceed 24%] (if not prohibited by law, otherwise at the highest lawful contract rate) shall be added to and become a part of the amount required to be paid for redemption from such sale.

6. Beneficiary's Right of Possession in Case of Default. At any time after an Event of Default has occurred, Trustor shall, upon demand of Beneficiary, surrender to Beneficiary possession of the Premises. Beneficiary, in its discretion, may, with process of law, enter upon and take and maintain possession of all or any part of the Premises, together with all documents, books, records, papers and accounts relating thereto, and may exclude Trustor and its employees, agents or servants therefrom, and Beneficiary may then hold, operate, manage and



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control the Premises, either personally or by its agents. Beneficiary shall have full power to use such measures, legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues, and profits of the Premises, including actions for the recovery of rent, actions in forcible detainer and actions in distress for rent.

7. Application of Income Received by Beneficiary. To the extent permitted by applicable law, Beneficiary, in the exercise of the rights and powers hereinabove conferred upon it, shall have full power to use and apply the avails, rents, issues and profits of the Premises to the payment of or on account of the following, in such order as Beneficiary may determine:

(a) to the payment of the operating expenses of the Premises, including cost of management and leasing thereof (which shall include compensation to Beneficiary and its agent or agents, if management be delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), third party claims for property damage, death or personal injury at or concerning the Premises for which a judgment has been reached or for which Beneficiary has determined that settlement is appropriate in its reasonable judgment, if any, and premiums on insurance hereinabove authorized;

(b) to the payment of taxes and special assessments now due or which may hereafter become due on the Premises; and

(c) to the payment of any Indebtedness, including any deficiency which may result from any foreclosure sale.

8. Rights Cumulative. Each right, power and remedy herein conferred upon Beneficiary is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing under any of the Loan Documents or at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by Beneficiary, and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of Beneficiary in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any Event of Default or acquiescence therein.

9. Release Upon Payment and Discharge of Borrower's Obligations. Beneficiary shall release this Deed of Trust and the lien hereof by proper instrument upon payment and discharge of all Indebtedness, including payment of all reasonable expenses incurred by Beneficiary in connection with the execution of such release.

10. Waiver of Rights. Trustor hereby covenants and agrees that it will not at any time insist upon or plead, or in any manner claim or take any advantage of, any stay, exemption or extension law or any so-called "Moratorium Law" now or at any time hereafter in force providing for the valuation or appraisement of the Premises, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provisions herein contained, or to decree, judgment or order of any court of competent jurisdiction; or, after such sale or sales, claim or exercise any rights under any statute now or hereafter in force to redeem the property so sold, or any part thereof, or relating to the marshaling thereof, upon foreclosure sale or other enforcement hereof; and without limiting the foregoing:

(a) To the extent permitted by law, Trustor hereby expressly waives any and all rights of reinstatement and redemption, if any, under any order or decree of foreclosure of this Deed of Trust, on its own behalf and on behalf of each and every person, it being the intent hereof that any and all such rights of reinstatement and redemption of Trustor and of all other persons are and shall be deemed to be hereby waived; and

(b) Trustor will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any right, power remedy herein or otherwise granted or delegated to Beneficiary but will suffer and permit the execution of every such right, power and remedy as though no such law or laws had been made or enacted.

(c) To the full extent Trustor may do so, Trustor agrees that Trustor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisement,



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valuation, stay, extension or redemption, and Trustor, for Trustor, Trustor's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Premises, to the extent permitted by applicable law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, notice of intention to mature or declare due the whole of the secured indebtedness, notice of election to mature or declare due the whole of the secured indebtedness and all rights to a marshaling of assets of Trustor, including the Premises, or to a sale in inverse order of alienation in the event of foreclosure of the liens and/or security interests hereby created. Trustor shall not have or assert any right under any statute or rule of law pertaining to the marshaling of assets, sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or other matters whatever to defeat, reduce or affect the right of Beneficiary under the terms of this Deed of Trust to a sale of the Premises for the collection of the secured indebtedness without any prior or different resort for collection, or the right of Beneficiary under the terms of this Deed of Trust to the payment of the secured indebtedness out of the proceeds of sale of the Premises in preference to every other claimant whatever.

11. Additional Indebtedness Secured. All persons and entities with any interest in the Premises or about to acquire any such interest should be aware that this Deed of Trust secures more than the stated principal amount of the Note and interest thereon; this Deed of Trust secures any and all other amounts which may become due under the Note or any other documents evidencing or securing the Indebtedness.

12. Subordination of Lease Documents. The Lease Documents and any other document evidencing or securing any indebtedness of Borrower or Guarantor to Fee Owner, and all of the terms, covenants and conditions contained therein with respect to both Borrower's and Guarantors' obligations thereunder, are, and shall continue to be, subject and subordinate in all respects, including payments and priority, to the lien of the Deed of Trust and the other Loan Documents and all advances now or hereafter made thereunder without regard to the application of such proceeds, together with all interest, late fees, default interest and all other sums now or hereafter due under the Deed of Trust, the Note, and the other Loan Documents. The foregoing shall apply, notwithstanding the availability of other collateral to Beneficiary or the actual date and time of execution, delivery, recordation, filing or perfection of the Deed of Trust, this Agreement, the Lease Documents, or the lien or priority of payment thereof; provided, however, in the absence of a monetary default on payment of the Note by Borrower, Fee Owner may continue to collect rents due under the Ground Lease.

13. Payments Under the Lease Documents. Upon the receipt of written notice from Beneficiary to Fee Owner of the occurrence of an Event of Default (or any subsequent written notice of an Event of Default following the cure of a prior Event of Default) under this Deed of Trust, unless and until the receipt of written notice from Beneficiary to Fee Owner that such Event of Default is cured or the Indebtedness has been paid and performed in full, Fee Owner shall not receive or accept any payment with respect to the Lease Documents and shall not take any action to enforce any rights or remedies with respect to the Lease Documents.

14. Recognition of Beneficiary. Fee Owner and Borrower each acknowledge and agree that:

(a) Beneficiary is a "Leasehold Mortgagee" as defined under the terms of the Ground Lease and shall receive the benefit of all of the rights and privileges of the Leasehold Mortgagee, and may enforce in its name the obligations, covenants and agreements of Fee Owner and Borrower to the Leasehold Mortgagee, under the terms of the Ground Lease, the terms of which are incorporated herein by reference;

(b) Beneficiary is an intended third party beneficiary of the Ground Lease; and

(c) In addition to any rights and protection afforded Beneficiary under the terms of the Ground Lease, Fee Owner shall not accept a voluntary surrender or cancellation of Borrower's interest in the Ground Lease, nor shall any future modification or amendment of the lease terms hereof be effective without the written consent of Beneficiary.

15. Miscellaneous.

(a) Successors and Assigns. This Deed of Trust and all provisions hereof shall be binding upon and enforceable against Trustor and their assigns and other successors. This Deed of Trust and all provisions hereof shall inure to the benefit of Beneficiary, its successors and assigns and any holder or holders, from time to time, of the Note.



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(b) Invalidity of Provisions; Governing Law. In the event that any provision of this Deed of Trust is deemed to be invalid by reason of the operation of law, or by reason of the interpretation placed thereon by any administrative agency or any court, Trustor and Beneficiary shall negotiate an equitable adjustment in the provisions of the same in order to effect, to the maximum extent permitted by law, the purpose of this Deed of Trust and the validity and enforceability of the remaining provisions, or portions or applications thereof, shall not be affected thereby and shall remain in full force and effect. This Deed of Trust is to be construed in accordance with and governed by the laws of the District of Columbia.

(c) Municipal Requirements. Trustor shall not by act or omission permit any building or other improvement on premises not subject to the lien of this Deed of Trust to rely on the Premises or any part thereof or any interest therein to fulfill any municipal or governmental requirement, and Trustor hereby assigns to Beneficiary any and all rights to give consent for all or any portion of the Premises or any interest therein to be so used. Similarly, no building or other improvement on the Premises shall rely on any premises not subject to the lien of this Deed of Trust or any interest therein to fulfill any governmental or municipal requirement. Any act or omission by Trustor which would result in a violation of any of the provisions of this subparagraph shall be void.

(d) Option of Beneficiary to Subordinate. At the option of Beneficiary, this Deed of Trust shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any condemnation or eminent domain award) to the Ground Lease and/or any subleases of all or any part of the Premises upon the execution by Beneficiary of a unilateral declaration to that effect and the recording thereof in the Land Records of the District of Columbia.

(e) Beneficiary in Possession. Nothing herein contained shall be construed as constituting Beneficiary a mortgagee in possession in the absence of the actual taking of possession of the Premises by Beneficiary pursuant to this Deed of Trust.

(f) Relationship of Beneficiary and Trustor. Beneficiary shall in no event be construed for any purpose to be a partner, joint venturer, agent or associate of Trustor or of any lessee, operator, concessionaire or licensee of Trustor in the conduct of their respective businesses, and, without limiting the foregoing, Beneficiary shall not be deemed to be such partner, joint venturer, agent or associate on account of Beneficiary becoming a mortgagee in possession or exercising any rights pursuant to this Deed of Trust, any of the other Loan Documents, or otherwise. The relationship of Borrower and Beneficiary hereunder is solely that of debtor/creditor.

(g) Time of the Essence. Time is of the essence of the payment by Borrower of all amounts due and owing to Beneficiary under the Note and the other Loan Documents and the performance and observance by Trustor and Beneficiary of all terms, conditions, obligations and agreements contained in this Deed of Trust and the other Loan Documents.

(h) No Merger. The parties hereto intend that the Deed of Trust and the lien hereof shall not merge in fee simple title to the Premises, and if Beneficiary acquires any additional or other interest in or to the Premises or the ownership thereof, then, unless a contrary intent is manifested by Beneficiary as evidenced by an express statement to that effect in an appropriate document duly recorded, this Deed of Trust and the lien hereof shall not merge in the fee simple title and this Deed of Trust may be foreclosed as if owned by a stranger to the fee simple title.

(i) Consent to Jurisdiction TO INDUCE BENEFICIARY TO ACCEPT THE NOTE, TRUSTOR IRREVOCABLY AGREES THAT, SUBJECT TO BENEFICIARY'S SOLE AND ABSOLUTE ELECTION, ALL ACTIONS OR PROCEEDINGS IN ANY WAY ARISING OUT OF OR RELATED TO THE NOTE AND THIS DEED OF TRUST WILL BE LITIGATED IN COURTS HAVING SITUS IN THE DISTRICT OF COLUMBIA. TRUSTOR HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY COURT LOCATED WITHIN THE DISTRICT OF COLUMBIA, WAIVES PERSONAL SERVICE OF PROCESS UPON TRUSTOR, AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED MAIL DIRECTED TO TRUSTOR AT THE ADDRESS STATED HEREIN AND SERVICE SO MADE WILL BE DEEMED TO BE COMPLETED UPON ACTUAL RECEIPT.

(j) Waiver of Jury Trial. TRUSTOR AND BENEFICIARY (BY ACCEPTANCE HEREOF), HAVING BEEN REPRESENTED BY COUNSEL EACH KNOWINGLY AND VOLUNTARILY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND



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ANY RIGHTS (a) UNDER THIS DEED OF TRUST OR ANY OTHER LOAN DOCUMENT OR ANY RELATED AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THIS DEED OF TRUST OR (b) ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS DEED OF TRUST, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING WILL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. TRUSTOR AGREES THAT IT WILL NOT ASSERT ANY CLAIM AGAINST BENEFICIARY OR ANY OTHER PERSON INDEMNIFIED UNDER THIS DEED OF TRUST ON ANY THEORY OF LIABILITY FOR SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES.

(k) Complete Agreement. This Deed of Trust, the Note and the other Loan Documents constitute the complete agreement between the parties with respect to the subject matter hereof and the Loan Documents may not be modified, altered or amended except by an agreement in writing signed by both Trustor and Beneficiary.

(l) References to State. The word "state" or "jurisdiction" shall include the District of Columbia.

IF LOAN IS A CONSTRUCTION LOAN, THEN (m) SHALL APPLY:

(m) Construction Loan. This Deed of Trust constitutes a "construction loan deed of trust" as defined in the D.C. Code to the extent that it secures an obligation incurred for the construction of the Improvements, including (if applicable) the acquisition cost of the real estate. The Note evidences a debt created by one or more disbursements made by Beneficiary to Borrower to finance the cost of the construction of certain improvements upon the Real Estate in accordance with the provisions of the Loan Agreement, and this Deed of Trust is a construction deed of trust as such term is defined in Section 9-334(h) of the Code. The terms and conditions recited and set forth in the Loan Agreement are fully incorporated in this deed of trust and made a part hereof, and an Event of Default under any of the conditions or provisions of the Loan Agreement shall constitute a default hereunder. Upon the occurrence of any such Event of Default, the holder of the Note may at its option declare the Indebtedness immediately due and payable, or complete the construction of said improvements and enter into the necessary contracts therefor, in which case all money expended shall be so much additional Indebtedness and any money expended in excess of the amount of the original principal shall be immediately due and payable with interest until paid at the Default Rate. In the event of a conflict between the terms of the Loan Agreement and this Deed of Trust, the provisions of the Loan Agreement shall apply and take precedence over the Deed of Trust; provided however, that as to Fee Owner's rights, obligations and liabilities hereunder, the terms of this Deed of Trust shall prevail over any contrary provisions of any other Loan Document.

16. Additional Agreements.

(a) Beneficiary may substitute Trustee hereunder in any manner now or hereafter provided by law or, in lieu thereof, Beneficiary may from time to time, by an instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed and acknowledged by Beneficiary and recorded in the office of the Recorder of Deeds of the District of Columbia, shall be conclusive proof of proper substitution of such successor Trustee, who shall thereupon and without conveyance from the predecessor Trustee, succeed to all its title, estate, rights, powers and duties.

(b) Beneficiary shall furnish any statement required by law regarding the obligations secured hereby or regarding the amounts held in any trust or reserve fund hereunder. For any such statement, Beneficiary may charge a reasonable fee, not to exceed the maximum amount permitted by law at the time of the request thereof.

(c) It is expressly stipulated and agreed to be the intent of Beneficiary and Trustor, at all times to comply with applicable District of Columbia law governing the highest lawful rate or amount of interest payable on the Loan (or applicable United States federal law to the extent that it permits Beneficiary to contract for, charge, take, reserve or receive a greater amount of interest than under District of Columbia law).

17. Future Advances. This Deed of Trust shall secure not only existing Indebtedness, but also such future advances of Indebtedness, whether such advances are obligatory or to be made at the option of Beneficiary, or otherwise, to the same extent as if such future advances were made on the date of the execution of this Deed of Trust. Any such future advances of Indebtedness, whether obligatory or to be made at the option of Beneficiary, or otherwise, may be made either prior to or after the due date of the Note or any other notes secured by this Deed of Trust. This



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007410

Deed of Trust is given for the specific purpose of securing the Indebtedness in whatever manner the Indebtedness may be evidenced or represented, until this Deed of Trust is satisfied of record. All covenants and agreements contained in this Deed of Trust shall be applicable to all further advances of Indebtedness made by Beneficiary to Trustor under this future advance clause.

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[SIGNATURE PAGE FOLLOWS]



FOIA CONFIDENTIAL TREATMENT REQUESTED

IN WITNESS WHEREOF, Trustor has executed under seal and delivered this Fee and Leasehold Deed of Trust as of the Effective Date.

FEE OWNER:

MEDAL, INC.
a Virginia corporation

By: _____(seal)
Name:
Title:

STATE OF _____ )
COUNTY OF _____ )

Before me in the jurisdiction aforesaid, the undersigned, a Notary Public, on this ___ day of _____, 20___, personally appeared _____, to me known personally, and whom, being by me duly sworn, depose and say that he is the _____ of Medal, Inc., a Virginia corporation and that said instrument was signed in such capacity and acknowledged said instrument to be the free act and deed of Medal, Inc.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

_____
Notary Registration Number

(Notarial Seal)
My commission expires: _____

BORROWER:

_____,
a _____

By: _____(seal)
Name:
Title:

STATE OF _____ )
COUNTY OF _____ )

Before me in the jurisdiction aforesaid, the undersigned, a Notary Public, on this ___ day of _____, 20___, personally appeared _____, to me known personally, and whom, being by me duly sworn, depose and say that he is the _____ of _____, a _____ and that said instrument was signed in such capacity and acknowledged said instrument to be the free act and deed of 1920 8th Street, LLC.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

_____
Notary Registration Number

(Notarial Seal)
My commission expires: _____



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007412

**EXHIBIT A**

**LEGAL DESCRIPTION OF PREMISES**



FOIA CONFIDENTIAL TREATMENT REQUESTED

**EXHIBIT B**

**PERMITTED EXCEPTIONS**

# 4796382_v6



FOIA CONFIDENTIAL TREATMENT REQUESTED

OFFICE OF GENERAL COUNSEL
GENERAL LAW ACTION/SUSPENSE ITEM

CONTROL NO.: 10-089 DATE RECEIVED: 04/29/10

FROM (OFFICE): CONTROL (DUE) DATE: May 17, 2010

SUBJECT: Letter from Banneker regarding Florida Avenue

ASSIGNED TO (ATTY): JWM

DESCRIPTION:

Entire packet of interest

ADDITIONAL COMMENTS:

PREPARE FOR SIGNATURE OF: COK

CONCURRENCE OF: x BPH

x COK

ASSIGNMENT ANALYSIS:

| Complexity | Duration | Work-Product | Outside Influence | Total Rating |
|---|---|---|---|---|
| 2 | 1 | 3 | 2 | 8 |

CLOSING REQUESTED DUE TO: _____

_____

_____

RECOMMENDED FOR CLOSING: _____

CLOSED PER GENERAL COUNSEL: _____

DATE: _____

ASSIGNED TO: J. Montague CONTROL NO. 10-089
SUBJECT: Letter from Banneker regarding Florida Avenue
DATE RECEIVED: 4/29/10 FROM:
CONTROL DUE DATE: **5/17/10**

WMATA-INV 007416

FOIA CONFIDENTIAL TREATMENT REQUESTED

# R O U T I N G  S L I P

**TO:**

- ■ COUN – Carol B. O'Keeffe

**IN REGARD TO:**

| | |
|---|---|
| □ APPROVAL | □ YOUR SIGNATURE |
| □ AS REQUESTED | □ YOUR COMMENT |
| □ NECESSARY ACTION | ■ YOUR INFORMATION |

**REMARKS:**

Attached for your review are the supporting documents to the letter responding to Banneker's letter sent to WMATA on April 27, 2010.

Washington
Metropolitan Area
Transit Authority

**NAME: J. Montague (x1275)** **DATE: May 12, 2010**

**District of Columbia Housing Finance Agency**
815 Florida Avenue, NW Washington, DC 20001-3017

December 13, 2007

Omar A. Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, DC 20005

Re: Letter of Interest as part of WMATA Joint Development Solicitation
Development of three parcels on Florida Avenue, NW
Tax Exempt Bond and Low Income Housing Tax Credit Financing

Dear Mr. Karim:

The District of Columbia Housing Finance Agency ("DCHFA" or the "Agency") has reviewed your response to the Washington Metropolitan Transit Authority Joint Development Solicitation (the "Proposal Response") to redevelop the above referenced parcels (the "Project") in the Shaw neighborhood of Washington, DC (the "District").

The Agency has a strong interest in participating in the financing of the redevelopment of over 18,000 square feet of currently vacant parcels. Your proposal to develop the site into a quality mixed-use residential and retail development (aptly called The Jazz @ Florida Avenue) is consistent with the Agency's strategic objective of encouraging the development of affordable housing in vibrant mixed income and mixed-use developments. Moreover, with the proximity of the Project located directly across the street from the Agency, we are enthusiastic to partner with you to develop this site.

According to the Proposal Response, which appears to be consistent with the requirements of your Joint Development Solicitation, your proposal is as follows:

- Redevelop the site, in a mixed-use platform, into 103 high quality units of mixed-income rental housing which will be built over 11,700 square feet of ground floor retail space.
- Make 20% of the units affordable to individuals or families who earn up to 50% of the area median income (AMI).
- Partner with District Development Group and Donatelli Development, both respected developers in the redevelopment of the site.
- Include neighborhood serving retail uses including cultural and arts space.

Phone: 202-777-1600 Fax: 202-986-6705 www.dchfa.org

FOIA CONFIDENTIAL TREATMENT REQUESTED

- Finance the $36 million development with an allocation of tax exempt bonds, equity from the sale of 4% low income housing tax credits (LIHTCs), institutional equity and possibly secondary permanent financing from the District of Columbia Department of Housing and Community Development (DHCD).

Although this letter does not represent a financing commitment from DCHFA, it does represent the Agency's strong interest in financing the subject project. Based on our current and projected bond volume cap for multifamily housing, DCHFA will be able to allocate tax exempt and/or taxable bonds and 4% LIHTCs to the Project. The final allocation of bond volume cap and low income housing tax credits will depend on the final build out, tenant mix and the resultant eligible basis of the Project.

We eagerly await your submission of a formal application for financing and are looking forward to working with you to bring this much needed and exciting project to fruition.

Sincerely,

Anthony L. Waddell
Director, Public Finance

cc: Mr. Harry D. Sewell
Mr. Cedric M. Brown
General Counsel's Office
LOI File

# WMATA Joint Development Term Sheet
# Shaw-Howard/Florida Avenue Sites

This Term Sheet, entitled "Joint Development Term Sheet" ("Term Sheet"), for a joint development project at WMATA's Shaw-Howard/Florida Avenue sites in Washington, DC, and dated as of the date last executed below, is intended to summarize the principal terms of a proposal being considered by the undersigned parties regarding a lease of certain real property on the south side of Florida Avenue, NW between 7th and 9th streets, NW. The undersigned parties wish to negotiate a Definitive Agreement, as defined in Section 2.1 herein.

**1. Parties**

1.1 Washington Metropolitan Area Transit Authority ("WMATA").

1.2 Banneker Ventures, LLC ("Banneker"), together with District Development Group, LLC ("DDG") and Metropolis Development Company LLC ("Metropolis"), will form a limited liability company for the Project (as defined in Section 4 herein), to be known as The Jazz @ Florida Avenue, LLC or another name as determined by Banneker, DDG and Metropolis (the "DEVELOPER"). Other parties may not be included in the DEVELOPER, except for any equity partners that the DEVELOPER needs to provide financing for the Project, nor may the DEVELOPER's interest in the Project or DEVELOPER's Improvements (as defined in Section 4.1, herein) be assigned or sold, without the written consent of WMATA, such consent not to be unreasonably withheld, with the terms of such consent to be provided in the Definitive Agreement.

**2. Definitive Agreement**

The Definitive Agreement, to be prepared initially by WMATA and presented by WMATA to the WMATA Board for approval and signature within five months of Board Term Sheet approval, will be a Joint Development Agreement ("JDA") that will include, as an exhibit, a 60-year ground lease agreement ("Lease"), together with all related documentation upon which WMATA and DEVELOPER mutually agree. The Lease term will begin with the earlier of twenty (20) months after the WMATA Board approves the Definitive Agreement or the start of construction of the Project.

**3. Property to Be Leased by Developer**

WMATA will lease to DEVELOPER approximately 28, 892 sf of land area outlined in red in **Exhibit A** and attached hereto (the "Leased Premises"). The land is in three separate parcels: 1) approximately 3,799 sf in Square 393, lot 44; 2) approximately 8,621 sf in Square 393, lot 45; and 3) approximately 16,452 sf in Square 416, lots 18 and 31. The Leased Premises shall not include those property interests necessary for protection of WMATA's Transit Facilities.



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**4. Project**

DEVELOPER will construct improvements on the Leased Premises (the "Project" or "Project Improvements") in the configuration shown in **Exhibit B**. The Project will consist of:

4.1 DEVELOPER improvements (the "DEVELOPER Improvements") are a minimum 130,014 FAR gross square feet including not less than 104 dwelling units per District of Columbia ("District") approvals and approximately 11,750 gross square feet of retail/arts use plus associated residential and retail parking, estimated at 47 below-grade spaces, per District approvals. The DEVELOPER Improvements will be built in a single phase on the Leased Premises.

4.2 No improvements will be constructed on the Leased Premises other than the Project Improvements, unless approved in advance in writing by WMATA.

**5. Due Diligence**

5.1 Leased Premises Condition: In the Definitive Agreement, WMATA will provide knowledge-qualified representations customarily made by WMATA in transactions of this type, including with respect to title to the Leased Premises and the environmental history or condition of the property. Subject to the continued accuracy of such representations, and subject further to DEVELOPER'S Study Period rights as provided herein and satisfaction or waiver by DEVELOPER of all conditions precedent herein provided, DEVELOPER will accept its interest in the Leased Premises in an "as is - where is" condition.

5.2 Study Period: Upon approval and execution of the Term Sheet, WMATA will grant DEVELOPER a Right-of-Entry Permit for entry into the Leased Premises, substantially in the form attached hereto as **Exhibit C**. DEVELOPER shall have sixty (60) days from the effective date of the Definitive Agreement to conduct its due diligence related to the Leased Premises (the "Study Period"). If DEVELOPER, in its sole and exclusive discretion, shall be dissatisfied for any reason with the results of its Study Period investigations, DEVELOPER shall be entitled, upon written notice to WMATA delivered not later than ten (10) days following expiration of the Study Period, to terminate this Term Sheet and the Definitive Agreement, whereupon WMATA shall return to DEVELOPER the entire Security Deposit or the Proposal Security (as defined below), as applicable, and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or of the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.



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**6. Security Deposit**

6.1 Within two (2) business days of the execution of the Definitive Agreement, the DEVELOPER will place with WMATA a cash security deposit in the amount of Two Hundred Fifty Thousand and No/100 Dollars ($250,000.00), (the "Security Deposit") to secure DEVELOPER's performance. The Security Deposit will replace the $100,000 Proposal Security.

6.2 The Security Deposit will not be applied to any rental payments due to WMATA under the Definitive Agreement.

6.3 The entire Security Deposit shall be forfeited and may be retained by WMATA if DEVELOPER shall be in default under the Definitive Agreement beyond applicable notice, cure and grace periods therein provided. In such event, the Security Deposit may be applied by WMATA in whole or in part to cure such default. No such application of the Security Deposit shall constitute a waiver of any such default by DEVELOPER or an election of remedies. If the Security Deposit is applied in whole or in part as described herein, DEVELOPER shall, within ten (10) days, increase the Security Deposit by an amount equal to the amount applied.

6.4 The Security Deposit, less any amounts previously applied in connection with any breach or default by DEVELOPER and not replenished by DEVELOPER, shall be refunded to DEVELOPER upon the acceptance (not to be unreasonably withheld, delayed or conditioned) by WMATA of those sureties and guarantees identified in Sections 9.6 and 9.8 of this agreement.

6.5 WMATA shall return the Security Deposit plus interest to DEVELOPER within twenty (20) business days of its receipt of a copy of the Certificate of Occupancy for the Project.

**7. Consideration**

7.1 Option Fee: DEVELOPER will pay WMATA $100,000 (the "Option Fee"), within ten (10) days of WMATA Board approval of the Term Sheet and written notification to the DEVELOPER by WMATA of such approval. The Option Fee shall not be applicable to Pre-stabilization Rent, Initial Base Rent, Base Rent, or Capital Event Participation (as defined in this Section 7) and shall be non-refundable.

7.2 Pre-stabilization Rent: Non-refundable Pre-stabilization Rent payments will begin upon execution of the Definitive Agreement and continue until the earlier of the date of Project Stabilization, to be defined in the Definitive Agreement or forty-five (45) months after WMATA Board approval and execution of the



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007422

Definitive Agreement (the "Pre-stabilization Period"). Pre-stabilization Rent, for the first fifteen (15) months, will be $100,000 per year payable in advance in quarterly instalments of $25,000. Pre-stabilization Rent will increase to $115,000.00 per year for the next twelve (12) months. For the remaining Pre-stabilization Period, rent shall be $130,000.00 per year.

7.3 Base Rent: The first base rent payment shall be paid by DEVELOPER to WMATA within fourteen (14) calendar days of the end of the Pre-stabilization Period ("Initial Base Rent"). Any delay in first payment of Initial Base Rent will require a penalty payment, the amount of which to be determined in the Definitive Agreement. Initial Base Rent will be for the first calendar year after the end of the Pre-stabilization Period and will be pro-rated accordingly, payable in advance in quarterly instalments of one-quarter of the Initial Base Rent. In no event shall the Initial Base Rent (for a full year) be less than Five Hundred and Ninety-Seven Thousand and No/100 Dollars ($597,000.00). After the Initial Base Rent payment, Base Rent will be due annually, in quarterly instalments, beginning on the first business day of the calendar year for the remaining term of the Lease ("Base Rent"), and will be pro-rated accordingly. Base Rent payments will be determined as follows:

7.3.1 For the first Base Rent payment due after the Initial Base Rent payment, DEVELOPER will pay WMATA an amount equal to the product of the Initial Base Rent multiplied by 1.5% for that year (the "Initial Escalation Factor").

7.3.2 For the second through tenth years of Base Rent payments, subsequent Base Rent payments due after the Initial Base Rent payment, except for the first Base Rent payment to be determined pursuant to 7.3.4 below, each Base Rent payment will be the product of the immediately preceding Base Rent payment and the Initial Escalation Factor. In no event will any Base Rent payment be less than the Base Rent payment for the preceding calendar year.

7.3.3 For the eleventh year of Base Rent payments and thereafter, except for Base Rent to be determined pursuant to 7.3.4 and 7.5 below, each Base Rent payment will be the product of the immediately preceding Base Rent payment multiplied by 1.03 (the Escalation Factor). In no event will any Base Rent payment be less than the Base Rent payment for the preceding calendar year.

7.3.4 At the time of any Capital Event as defined in Section 7.4, Base Rent will be reset at 7% of the Project land value derived through a three-appraiser process that establishes unit values for each type of Project



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land use multiplied by the total gross Project FAR square footage of each land use. In no event will any Base Rent payment be less than the Base Rent payment for the preceding calendar year.

7.3.5 DEVELOPER shall lease the Leased Premises for a period of sixty (60) years (the "Lease Period"). The Definitive Agreement will provide a mechanism by which Developer may request an extension of the Lease Period, subject to completion of a written agreement between the parties and approval, if necessary, by WMATA's Board of Directors.

7.4 Capital Event Participation: Capital Events (defined hereinbelow) shall be permitted in accordance with this Section 7.4. Whenever a Capital Event occurs, the DEVELOPER will make a payment to WMATA ("Capital Event Participation"). Capital Event" include any of the following by DEVELOPER: (i) assignments of the Definitive Agreement or the Lease, (ii) sales or re-financings of DEVELOPER's Improvements, (iii) other dispositions, transfers, and conversions that changes the membership of the DEVELOPER to include new members not originally included as of the execution date of the Definitive Agreement shall be a Capital Event. The Parties agree that Non-Capital Events, which will require WMATA approval, but not WMATA monetary participation, also exist and will be defined in the Definitive Agreement. A one-time payment per Capital Event will be paid to WMATA in an amount equal to ten percent (10%) of any Adjusted Gross Capital Event Proceeds. Adjusted Gross Capital Event Proceeds are the gross transaction revenues to DEVELOPER from a Capital Event, and any affiliated entities receiving income from such a Capital Event, less the payoff of remaining original Project debt secured by DEVELOPER Improvements and repayment of the original equity to DEVELOPER not yet repaid. To confirm DEVELOPER's original project debt and equity, within thirty days of the start of Project construction, DEVELOPER will provide WMATA with documentation confirming such amounts from DEVELOPER. Total debt and equity to finance the Project (amounts paid prior to the subject Capital Event) will total no more than one hundred percent (100%) of the original total Project cost, including both hard and soft costs. WMATA Base Rent will never decrease from the then payable Base Rent as a result of any Capital Event.

7.5 Periodic Rent Revaluation: Upon a Capital Event or every ten years, whichever is earlier, the Base Rent will be adjusted to 7 % of Project land value established through a three-appraiser process as described in Section 7.3.4 above. WMATA Base Rent will never decrease from the then payable Base Rent as a result of any Periodic Rent Revaluation.

7.6 WMATA Improvements: intentionally omitted



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007424

7.7 Proposal Security: If WMATA and DEVELOPER do not execute a Definitive Agreement within five months following Board Term Sheet Approval (as provided in Section 2 above), WMATA will refund DEVELOPER's full Proposal Security of One Hundred Thousand and No/100 Dollars ($100,000.00) to DEVELOPER within twenty (20) business days.

7.8 WMATA Delays: The maximum length of 45months for the Pre-stabilization Period will be extended, on a day-for-day basis, for delays caused by WMATA actions or failure to act, including obtaining FTA Approval in accordance with Section 8.5 below and . In no other event will payment of Pre-stabilization Rent, Initial Base Rent, or Base Rent be delayed, even though DEVELOPER's schedule may take longer than anticipated.

7.9 Force Majeure Delays: The maximum length of 45 months for the Pre-stabilization Period may be extended, subject to an increase in the rental payments due in order to maintain the net present value of the Definitive Agreement to WMATA, for any delays caused by acts of God, terrorism, casualty, or other events of "force majeure", as may be further defined and agreed to in the Definitive Agreement.

7.10 Changes to Project: Changes to Project, which increase Project density may be requested by the Developer, subject to the terms and conditions for such changes to the Project as may be required by WMATA in the Definitive Agreement. Such terms and conditions will require increases in rent or other compensation to WMATA.

7.11 Additional Density:

7.11.1 If prior to Lease execution, DEVELOPER receives approval for additional density over that in Section 4.1, DEVELOPER will pay additional Base Rent to be determined by multiplying such density at $60/FAR sf (subject to true-up of 3% per year from the execution of the Definitive Agreement) of additional density and multiplying the product derived (Project land value) by 7%.

7.11.2 During the term of the Lease, any densities or unit totals actually constructed on the DEVELOPER Improvements that are more than those originally shown in the Approved Site Plan will require DEVELOPER to pay additional Base Rent. The revised Base Rent payments will be determined through the three-appraiser as described in Section 7.3.4 above, with such additional Base Rent including the incremental increase associated with any actually constructed DEVELOPER Improvements.



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**8. Conditions to Definitive Agreement Consummation**

If each of the following conditions is not satisfied within the timeframes provided below therefor, then in such instance, DEVELOPER may terminate this Term Sheet and the Definitive Agreement upon ten (10) days written notice to WMATA, in which event WMATA shall return the entire Security Deposit to DEVELOPER and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

8.1 Design Approvals: Within sixty (60) days after the execution of the Definitive Agreement and prior to any submission to the District, DEVELOPER must obtain WMATA's approval of a conceptual Project site plan in substantial conformance with **Exhibit B**, including building elevations and floor plans and related improvements to the Leased Premises such as streetscape, plazas, and sidewalks and landscaping (the "WMATA-Approved Site Plan"). The design of the Project shall be oriented in such a manner as to encourage use of WMATA transit facilities by tenants, residents, customers, and employees (as applicable) travelling to and from the Leased Premises. DEVELOPER must make its initial submission to WMATA no more than ten (10) days after execution of the Definitive Agreement.

8.2 Study Period: DEVELOPER shall be satisfied, in its sole and exclusive judgment, with its Study Period inspections in accordance with Section 5.2 above.

8.3 Public Hearing: DEVELOPER acknowledges that WMATA has concluded that a WMATA Compact Public Hearing is not required for this Project.

8.4 Subsequent Approval: DEVELOPER acknowledges that WMATA will not be bound by the Definitive Agreement unless and until such Definitive Agreement is approved by WMATA's Board of Directors and executed by WMATA.

8.5 FTA Approval: The transaction described herein is subject to Federal Transit Administration approval (the "FTA Approval"). WMATA will apply for said FTA Approval within thirty (30) days after full execution of the Definitive Agreement. The Definitive Agreement will contain appropriate termination provisions to address the possibility that the FTA may not approve the Definitive Agreement.

8.6 Financing Contingency: Developer shall have received a commitment for construction financing from a bank or other lending institution in such amounts, and upon such terms and conditions, as shall be consistent with the approved development budget for the Project and as shall otherwise be reasonably satisfactory to Developer and WMATA.

## 9. Special Considerations

9.1 Community Contact: Within sixty (60) days of the WMATA Board's approval of the negotiated Definitive Agreement and WMATA's written notification to DEVELOPER of such approval, DEVELOPER shall contact the appropriate community groups in the area as specified by WMATA,to apprise such groups of the Project and provide WMATA with a written report naming each group contacted, its contact person and phone number, and a brief list of issues expressed by each group. DEVELOPER's failure to perform under this provision will constitute an event of default under the Definitive Agreement.

9.2 Rezoning Approvals: DEVELOPER will be responsible for obtaining all entitlements, including, but not limited to, re-zonings, variances, special exceptions, historic district approvals, zoning modifications, TDR's or similar actions relating to the Leased Premises (collectively, "Zoning") required to allow construction of the Project on the Leased Premises. DEVELOPER will use commercially reasonable efforts to obtain such entitlements.

9.2.1 DEVELOPER will fund any and all costs of the Zoning. WMATA will not incur any costs in connection with the Zoning either in the actual Zoning process or for required on-site or off-site improvements or other work. DEVELOPER shall indemnify WMATA against any such costs.

9.2.2 At no expense to WMATA, DEVELOPER also shall be responsible for, and shall diligently and expeditiously pursue, all necessary permits and approvals, including, without limitation, land disturbance permits, building permits, and soil and erosion control measures as required by the District or any other local, state, or federal agency having jurisdiction.

9.2.3 WMATA shall cooperate with DEVELOPER in all zoning and other related land use matters.

9.3 Site Plan Approval by the District: DEVELOPER will submit to the applicable District agency or agencies a Zoning request and an application for District approval of the WMATA-approved Site Plan, for development of the Leased Premises.

9.4 WMATA Review and Approval of Site Plan: In the event that DEVELOPER makes any modifications to the Site Plan approved by the District and subsequently by WMATA (the "Approved Site Plan"), such modifications will be subject to WMATA's approval.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007427

9.5 WMATA Review and Approval of Construction Drawings: WMATA will have the right to approve or disapprove, and require changes to any of the DEVELOPER Improvements that materially or adversely affect WMATA's operations. The design and construction plans for the Project Improvements will incorporate the most recent revisions of WMATA's design and construction standards and criteria, including, without limitation "*STANDARDS—2007 Drawings/ Specifications/ Design Criteria*," and WMATA's *Adjacent Construction Design Manual, Revision 2* (collectively, "WMATA Design and Construction Standards").

9.6 Construction Requirements: DEVELOPER shall cause all of the components of the Project Improvements to be constructed by one or more reputable contractors having a record of successfully constructing similar projects. Construction of DEVELOPER Improvements shall be insured by one hundred percent (100%) performance and payment surety bonds with a nationally recognized corporate surety acceptable to WMATA. Such surety bonds shall name WMATA as a co-obligee, and evidence of such bonds shall be furnished by DEVELOPER to WMATA at least ten (10) calendar days prior to commencement of construction of the DEVELOPER Improvements.

9.7 Interim Improvements: intentionally omitted

9.8 Guaranty: DEVELOPER will obtain from one or more third-party Guarantors, guarantees for the completion of a) construction of the Project Improvements, b) infrastructure required by either the District of Columbia or WMATA that is not included in the Site Work, c) any demolition and removal as and when required under the terms of the Definitive Agreement, d) remediation of all hazardous materials as required by the Definitive Agreement or by applicable laws, courts or governmental authorities, and e) the timely payment and performance of all other DEVELOPER obligations under the Definitive Agreement. The Definitive Agreement will include minimum financial tests to be met by Guarantors, which will exceed the estimated costs of the aggregate payment and performance obligations under the Definitive Agreement by a reasonable margin. The adequacy of security and need for this Guarantee to be further discussed in Definitive Agreement.

9.9 Transit-Oriented Development/Continuing Transit Orientation: DEVELOPER will design the Leased Premises so as to constitute a Transit-Oriented Development, and the DEVELOPER Improvements will be maintained with a Continuing Transit Orientation, as described in FTA Notice of Final Agency Guidance on the Eligibility of Joint Development Improvements Under Federal Transit Law, which can be found at 72 FR 5788.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007428**

9.10 Transit Operations: Neither the construction nor the operation of DEVELOPER's Improvements will interfere with the safety of operation of WMATA's transit facilities.

9.11 Environmental Matters: In the event that DEVELOPER engages in any excavation on the Leased Premises, DEVELOPER shall dispose of any contaminated excavated materials that DEVELOPER has knowledge of, at DEVELOPER's expense, as required by all then-applicable federal and/or State of Maryland laws or regulations. DEVELOPER agrees to indemnify and hold WMATA harmless from any environmental liability or damages, including attorney's fees and costs of remediation for which WMATA may become responsible as a result of the DEVELOPER's breach of this covenant.

**10. Indemnification**

DEVELOPER will indemnify and save harmless WMATA and its respective directors, officers, employees and agents for all damages and expenses that may arise in connection with any and all actions taken by DEVELOPER, its contractors, consultants or agents, or any employee of DEVELOPER, its contractors, consultants or agents, in connection with its activities under the Definitive Agreement, including all surveys, tests, investigations, construction, operations on the Leased Premises and other activities. WMATA will have the right to disapprove activities that in WMATA's sole judgment could result in injury to WMATA Transit Facilities located under the Leased Premises or breach of any agreement, or expose WMATA to any liability. No consent by WMATA will be interpreted as a waiver by WMATA or assumption of liability or risk by WMATA. As to all Study Period activities, DEVELOPER and its consultants will be obligated, at their sole cost and expense, to restore the Leased Premises to the similar condition existing immediately prior to those activities.

**11. Insurance Requirements**

DEVELOPER, and each of its consultants, contractors and subcontractors, will maintain at all times, at their sole cost and expense, insurance coverages and policies to protect each of them and WMATA from claims that may arise out of activities contemplated by the Definitive Agreement. The scope and limits of such coverages and policies required by WMATA will be addressed in the Definitive Agreement.



FOIA CONFIDENTIAL TREATMENT REQUESTED 

**12. Non-Binding Intent**

This Term Sheet will have no binding effect on the parties except that DEVELOPER shall have the exclusive right to negotiate a Definitive Agreement with WMATA for a period of five (5) months from the date of this Term Sheet. Any expenditures undertaken by either party hereto are at its own risk. No contract or agreement of any sort, preliminary, final or otherwise, is intended to be created by this Term Sheet, except as described above.

Agreed this _____ day of _____, 2008, by

**Washington Metropolitan Area Transit Authority**

By: _____
Joel R. Washington
Director, Office of Station Area Planning and Asset Management
Planning and Joint Development

**Banneker Ventures, LLC**

By: _____

Title: _____



FOIA CONFIDENTIAL TREATMENT REQUESTED

# SHAW-HOWARD/FLORIDA AVENUE JOINT DEVELOPMENT SITE: PROPOSAL SUBMISSION REQUIREMENTS

## SECTION 1: ADMINISTRATIVE AND CONTRACTUAL INFORMATION

### 1.1. Issuing Information

This Joint Development Solicitation (JDS) is issued in accordance with WMATA's Joint Development Policies and Guidelines, Revised July 21, 2005, as may be amended, included as Attachment D to this JDS. The three parcels that comprise the Joint Development Site in this solicitation are available primarily under a long-term lease, as WMATA's preference is to lease, rather than sell, its property. If a sale is proposed, the Proposal must clearly demonstrate that a sale is more advantageous to WMATA than a long-term lease. WMATA reserves the right to select different Developers for individual parcels.

### 1.2. Purpose and Scope

This JDS is intended to provide interested Developers with sufficient summary information about WMATA's requirements to facilitate Proposal preparation. It contains instructions on Proposal content and format, but does not attempt to define all of WMATA's Joint Development contract requirements in detail. Certain contract requirements are non-negotiable.

### 1.3. Amendments and Supplements to JDS

WMATA reserves the right to issue Amendments and/or Supplements to this JDS. Developers will be required to acknowledge in writing the receipt of an Amendment and/or Supplement.

### 1.4. Acceptance/Rejection of Proposals

This JDS does not commit WMATA to designate a Selected Developer or to enter into a Development Agreement. WMATA reserves the right to accept or reject any or all Proposals.

### 1.5. Acceptance of Terms and Conditions

By submitting a Proposal, a Developer is deemed to have agreed to and accepted all terms and conditions set forth in this JDS. Notwithstanding the foregoing, WMATA reserves the right to amend or modify any of the terms and conditions.

### 1.6. Selected Developer Status

A designation as Selected Developer for a Joint Development Site does not mean WMATA accepts the Proposal without further negotiation. Rather, the Developer's Proposal is the foundation for further negotiation and WMATA reserves the right to negotiate a Development Agreement with a Selected Developer containing benefits to WMATA that exceed those set forth in the Proposal.

### 1.7. Binding Agreement

An executed Development Agreement, approved by the WMATA Board of Directors, is the only binding commitment of and by WMATA with respect to a Joint Development Site. Designation of a Selected Developer, WMATA's agreement to a Term Sheet or any conduct or oral representations by WMATA shall not in any way constitute a binding obligation or commitment by WMATA. In submitting a Proposal, the Developer acknowledges it will have no legal or equitable right to, or interest in, any Joint Development Site except as set forth in an executed Development Agreement.

### 1.8. Schedule of Activities

| Item | Date |
|---|---|
| Request for Proposals | AUG 24, 2007 |
| Proposals Due | OCT 5, 2007 |
| Meetings with Developers (if required) | NOV/DEC 2007 |
| Final Proposals Due (if required) | DEC 2007/ JAN 2008 |

### 1.9. Costs

WMATA shall not be liable for any costs incurred by a Developer and/or Development Team responding to this JDS or any costs incurred with respect to the negotiation of the Development Agreement and related final documentation.

### 1.10. Approvals

The designation of a Selected Developer and the terms of a Development Agreement negotiated pursuant to this JDS are subject to the approval of the WMATA Board of Directors and the Federal Transit Administration of the U.S. Department of Transportation (FTA).



FOIA CONFIDENTIAL TREATMENT REQUESTED

**1.11. Pre-Proposal Conference**
Intentionally omitted

**1.12. Inspections**
Intentionally omitted

**1.13. Inquiries**
Inquiries concerning this JDS are to be submitted in writing to:

Mr. Nat Bottigheimer
Contracting Officer
Office of Property Development
and Management
Washington Metropolitan Area
Transit Authority
600 Fifth Street, NW
Washington, DC 20001

Any written response made by WMATA's Contracting Officer will be disseminated to all Developers from whom a Proposal was requested. Oral responses are not binding.

**1.14. Closing Date for Proposal Submission**
One original and 10 copies of the Proposal must be received in a sealed package not later than 3 p.m. on Friday, **October 5, 2007** (Closing Date) addressed as provided in Section 2.7.

**1.15. Late Proposals**
Any Proposal received by WMATA after the Closing Date shall be considered a Late Proposal. A Late Proposal may be accepted and evaluated by WMATA at the sole discretion of WMATA's Contracting Officer.

**1.16. Jurisdictional and Community Participation Requirements**
Prior to submitting a Proposal, Developers are required to meet with jurisdictional representatives from the Office of Planning and interested community organizations, including the Advisory Neighborhood Commission, to share information about a pending Proposal submission to WMATA and to seek their views. Failure to comply with this requirement may result in a Proposal's being rejected. WMATA will provide a contact list to each Developer from whom a Proposal is being requested.

**1.17. WMATA Facilities**
WMATA Facilities are critical to the efficient operation of the transit system and must be accommodated in the site plan. Information on the WMATA facilities beneath the Joint Development Site was provided with the advertisement requiring a May 31, 2007 proposal.

## SECTION 2: PROPOSAL PREPARATION/ FORMAT/CONTENT/SUBMISSION

**2.1. General**
To be considered, a Developer must submit a complete response to this JDS. WMATA encourages creative and innovative Proposals which promote Transit-Oriented Development consistent with local land use policies. Failure to respond with the requisite information may result in a Developer's being eliminated from consideration.

**2.2. Proposal Submission Structure**
Proposals must be submitted in **two separate**, 8.5 x 11 inch bound volumes with Volume 1 containing Technical Information and Volume 2 containing Economic Information.

The contents of each volume must comply with Section 2.3 and Section 2.4 of this JDS. Proposals should include the identical titles and numbering for each subsection as set forth in this JDS. NOTE: No financial information is to be included or referenced in Volume 1.

**2.3. Proposal Contents: Volume 1–Technical Information**

A. Transmittal Letter -- a letter signed by an officer authorized to make a binding commitment for the Developer which states that the Proposal is valid for a minimum of 180 days from the date of submission and that if selected, the Developer will negotiate in good faith with WMATA.

B. Completed Proposal Form (3 pages) -- See ATTACHMENT A.

C. Table of Contents.

D. Executive Summary excluding all financial information (5 pages maximum).

E. Development Team Information



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1. A description of the Developer and the proposed Development Team and the role of each principal member.

2. A statement that the Developer has the power and authority to enter into a Development Agreement and all final documentation as required by WMATA without the consent or joinder of any other party or authority.

F. Development Entity

1. A description of the Developer's business entity and, if a different entity will be formed, details of the structure of this other entity.

2. A detailed description of how the Project's ownership and management will be structured.

G. A proposed site plan and a description of land uses, including an explanation of how the Project complies with Transit-Oriented Development principles. The site plans must show building elevations and heights with number of stories.

Additionally, one jpeg on a disk and one full color visual of the site plan at least 2' by 3' in size must accompany the Proposal. The visual may be rolled up or mounted on posterboard.

H. An explanation of the anticipated impact that the Project will have, if any, on WMATA Facilities beneath the sites. Information on the WMATA facilities was provided with the advertisement for which proposals were requested by May 31, 2007.

I. The proposed Project schedule, starting in January 2008, in Microsoft Project or similar format, which at a minimum includes the following tasks and milestones, if applicable:

1. Term Sheet negotiations (assume 120 calendar days from the Proposal submission);

2. Approval of Selected Developer and Term Sheet by WMATA's Board of Directors (assume 30 calendar days from conclusion of Term Sheet negotiations);

3. Development Agreement and final documentation negotiations and execution (assume 120 calendar days from Selected Developer and Term Sheet approval);

4. Approval of Development Agreement and final documentation by WMATA's Board of Directors (assume 30 calendar days from conclusion of Development Agreement negotiations);

5. Agreement(s) for the acquisition of parcels to be assembled with the Joint Development Site, if applicable;

6. Concept plan preparation and approval;

7. Intentionally omitted.

8. Development plan preparation and approval, including interim WMATA Replacement Facilities plan (allow 30 calendar days for WMATA approval);

9. Local and other governmental approvals and actions (zoning, site plan, alley closings, grants, etc., as applicable);

10. Project financing approval;

11. Schematic design and construction document preparation and approval (allow 25 business days for WMATA approval of 35% construction documents, 20 business days for WMATA approval of 65% construction documents, and 15 business days for WMATA approval of 100% construction documents);

NOTE: if documents are not approved, WMATA comments must be addressed and resubmitted for approval.

12. Local permitting process;

13. Intentionally omitted.

14. Project construction period (per phase, if applicable);

15. Initial occupancy; and

16. Stabilization period.



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J. Zoning

1. The existing zoning classification and, if a change will be sought, the proposed zoning category.

2. The permitted FAR (floor area ratio) or other density measure, and the proposed FAR or other density measure, as applicable.

K. The proposed business relationship with WMATA and the proposed terms (lease, sale, etc.) including, but not limited to, the following:

Lease (WMATA preference is 60 years).

1. Identification of the portion of the Joint Development Site to be leased by location and approximate land area. (NOTE: The leased premises will exclude all WMATA Reserved Areas and Interests.)

Sale

1. Identification of the portion of the Joint Development Site proposed to be purchased in fee simple by location and approximate land area. (NOTE: The sale will exclude all WMATA Reserved Areas and Interests.)

2. An explanation of why the Project should not be developed under a lease and why a sale is more advantageous to WMATA than a long-term lease.

L. A market analysis and marketing strategy for the proposed uses of the WMATA joint development site.

M. A summary (specific financial analysis required in Economic Section) of the Project's impact on the tax base of the local jurisdiction as follows:

1. Identification of the property taxes, sales taxes, amount of fees and contributions and other local public income.

N. A statement identifying each of the community organizations that the Developer has met with and the meeting dates; the specific information that the Developer shared; the reaction of each community organization to the proposed development concept; the issues raised by each community organization; and how the Proposal addresses these issues. See Section 1.16.

O. A statement describing the Developer's contact with local jurisdiction staff, (representatives' names and meeting dates) and the views and expectations of the local jurisdiction regarding the Project, including any existing or anticipated jurisdictional issues or concerns. See Section 1.16.

P. A statement on whether the Project's feasibility is contingent on any local, state or federal government action or financial support (including a change in regulations; street or alley closing; funding, including guarantees and issuance of tax-exempt bonds; financing and credit enhancements; leasing of space; granting of access to the Joint Development Site; and the justification and process for obtaining government support).

Q. Statements that:

1. The Project is compatible with local land use requirements.

2. The Project will conform to all applicable federal, state and local laws, regulations and ordinances including all federal and relevant local environmental regulations.

R. A quantitative analysis of the Project's beneficial effect on WMATA's total daily transit ridership will be performed by WMATA and will be part of the evaluation of Proposals.

S. A statement identifying the past, current or anticipated contractual or financial relationship of any member of the Development Team (including but not limited to, the Developer, partners or co-venturers) with WMATA or any of its staff or Board Members. The Development Team must also disclose any contractual or financial relationship which may give the appearance of a conflict of interest.



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T. The following information about Developer's previous projects:

1. Illustrative materials on three recent successful projects of similar or comparable scope for which substantial financing was obtained.

2. The sources and amounts of debt and equity capital that were raised in previous projects.

U. A list of any projects on which the Developer, its parent company, or any member of the Development Team has defaulted or declared bankruptcy and an explanation of each default or bankruptcy.

V. Detailed information regarding any criminal indictments and felony or fraud convictions of the Developer or any principal, officer, director, partner, member, manager or equivalent of any person or entity constituting a member of the Development Team.

W. A statement indicating whether the Developer is willing to include Disadvantaged Business Enterprises ("DBEs"), as defined in Section 6, in its Project. WMATA encourages Developers to include DBEs and will assist Developers in identifying such firms.

X. If the proposed Project consists of an assemblage of the WMATA Joint Development Site with adjacent property, a statement identifying the adjacent property ownership, and if the property owner and the Developer are not the same, an executed agreement between the property owner and the Developer defining the property owner's participation, if any, in the Project.

Y. Any other information to assist WMATA in its evaluation of the Proposal, including a statement of why WMATA should select the Developer and its Development Team.

**2.4. Proposal Contents: Volume 2 – Economic Information**

A. Table of Contents.

B. Executive Summary of economic information only.

C. The Developer's estimated fair market value of WMATA's land or interest, how the value was derived and the assumptions underlying the value.

D. If the proposed business relationship with WMATA is a Lease (the term must be specified and preferably will be 60 years):

1. A statement that the Developer will pay WMATA a non-refundable option fee of $100,000 for the right to negotiate a Development Agreement upon designation as Selected Developer and approval of the Term Sheet. This fee is separate and distinct from the other payments, deposits and fees which WMATA requires.

2. The amount and timing of pre-development rent to be paid to WMATA during the interval period after the Development Agreement is executed but before the Project produces income (include the estimated length of this period).

3. The guaranteed base rent to be paid to WMATA throughout the term of the lease, including escalations. The description of escalations must include the method used to calculate escalations, their timing, and the projected amount of each escalation.

4. The method of adjusting the base rent if it does not commence by the date projected and/or the final approved density is greater than that proposed.

WMATA expects that the present value of its financial return will not be diminished by delays in the development process.

5. How any environmental remediation costs will be handled.

6. WMATA's participating share of gross income from the Project.

7. WMATA's share of proceeds from a capital event such as an assignment of the leasehold interest, transfer of interest



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in the Developer's business entity, refinancing or sale of the Project, or any other capital event after construction.

8. Identification of any additional payments to WMATA based upon factors chosen by the Developer.

9. Intentionally omitted

E. If the proposed business relationship with WMATA is a Sale:

1. A statement that the Developer will pay WMATA a non-refundable option fee of $100,000 for the right to negotiate a Development Agreement upon designation as Selected Developer and approval of the Term Sheet. This fee is separate and distinct from the purchase price and the other payments, deposits and fees WMATA requires.

2. The amount and timing of pre-development fees to be paid to WMATA during the interval period after the Development Agreement is executed but before WMATA realizes income from the sale (include the estimated length of this period).

3. The proposed purchase price for each portion of the Joint Development Site including:

a. The schedule of purchase price escalations if the sale is not completed by the date projected.

WMATA expects that the present value of its financial return will not be diminished by delays in the development process.

b. The method of adjusting the purchase price if the final approved density is greater than that proposed.

4. How any environmental remediation costs will be handled.

5. Proposed business arrangement under which WMATA will retain an interest in any development rights in excess of those used by the development constructed pursuant to the Proposal. Under such an arrangement, WMATA will receive payments over and above the purchase price if, upon subsequent redevelopment of the Joint Development Site within 25 years of closing, the redeveloped density is greater than the original density.

6. Identification of any additional payments to WMATA based upon factors chosen by the Developer.

F. A summary table of the sources (including debt, equity and other financing) and uses of funds to design and construct the Project.

G. A 15-year pre-development, construction and operating period cash flow statement which starts in October 2007. It should include each separate phase of development and land use type by phase and contain at a minimum:

1. The following assumptions:

**Financing**
Construction loan rate, term and amount
Permanent loan rate, term and amount
Loan-to-value ratio
Equity as a percentage of total construction costs
**Revenues**
Office rent ($/GSF and #GSF)
Retail rent ($/GSF and #GSF)
Residential ($/DU and #DU)
Parking
Other revenues
**Construction Costs**
Total hard costs
Total soft costs (also as a percentage of total hard costs)
Cost of improvements on a unit basis ($/FAR SF for office and retail, $/DU)
Cost per structured parking space
Cost per surface parking space
Land value per FAR SF
Ground rent to WMATA
**Operating Costs**
Operating Expenses (in $, $/GSF and as a percentage of revenues)

2. The following line items presented



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as a pro forma on an annual basis:

**Sources**
Equity
Construction Financing
Permanent Financing
Other Financing
Total Financing
**Revenues**
Office
Residential
Retail
Parking
Other Revenues
Total Gross Revenues
Total Net Revenues (less vacancy)
**Uses**
WMATA Rent or Sales Price (as applicable)
Construction Costs
Soft - by line item
Hard - by line item
Total
Operating Expenses (all non-debt Operating Costs, e.g.: direct costs, G&A, taxes, legal, marketing, commissions, etc.)
Net Operating Income
Debt Service (including any fees or expenses associated with loans)
Net Cash Flow (defined as revenue less operating expenses, debt service and ground rent to WMATA if applicable)
Percentage Rent to WMATA
Distributions to Investors
Free Cash Flow
**Returns**
Developer's Internal Rate of Return
Return on Investment
Return on Equity

NOTE: The pro forma (and any budgets in other parts of the Proposal) should clearly show all of the fees and income that the Developer, its partners, and affiliates receive from the Project. Those line items should be taken from the pro forma and shown together on the spreadsheet as individual line items in a separate report. Annual replacement reserves (total, $/GSF and $/DU) should also be broken out and shown).

3. The analysis must be presented in current dollars with an annual escalation rate of 3%.

4. All financial models must be submitted to WMATA on disk as well as hard copy. All financial information must be linked in a single spreadsheet, and all files must be in Microsoft Excel and retain all cell relationships.

H. A detailed financial analysis, with assumptions given, of the Project's impact on the tax base of the local jurisdiction as follows:

1. Identification of the property taxes, sales taxes, amount of fees and contributions and other local public income.

I. Copies of Developer's balance sheets, income statements and sources and uses of funds statements for the past three fiscal years.

J. Statements regarding the Developer's financial creditworthiness and past development experience which can be verified, including the following:

The names and addresses of at least three commercial or institutional credit references and a letter authorizing each credit reference to respond to inquiries from WMATA. At least two of the references should be lending institutions.

**2.5. Proposal Security.**
Each Proposal must be accompanied by Proposal Security in the amount of One Hundred Thousand Dollars ($100,000). (Alternative Proposals for the same Joint Development Site require only one Proposal Security.) Acceptable forms of Proposal Security include a proposal bond in the form set forth in ATTACHMENT B, a bank letter of credit in the form set forth in ATTACHMENT C, a cashier's check, certified check or money order. All Proposal Security must be drawn on a U.S. based national bank and contain the following:

At top of Proposal Security document, insert the name of the Joint Development Site _____.



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WMATA will hold all funds that can be deposited into a financial institution in an interest-bearing account, and interest will be paid on such funds. No later than 15 business days after the WMATA Board of Directors identifies and approves the Selected Developer for a specific Joint Development Site, the Proposal Security will be returned to all Developers other than the designated Selected Developer. WMATA shall retain the designated Selected Developer's Proposal Security until a Development Agreement is executed and provisions are made with respect to the disposition of the Proposal Security in the Development Agreement.

**2.6. Alternative Proposals**
A Developer may submit alternative Development Proposals for the Joint Development Site and its individual parcels.

**2.7. Submission of Proposal**
A complete Proposal shall include the items set forth in Section 2.3. and Section 2.4. and the requisite Proposal Security. On or before the Closing Date, one original and 15 copies of the Proposal (marked Proposal for Shaw Howard/Florida Avenue JDS) must be submitted in a sealed package, addressed and mailed or delivered in person to:

Mr.Nat Bottigheimer
Contracting Officer
Office of Property Development
and Management
Washington Metropolitan Area
Transit Authority
600 Fifth Street, NW
Washington, DC 20001

**SECTION 3. PROPOSAL REVIEW, EVALUATION, DEVELOPER SELECTION AND POST DEVELOPER SELECTION PROCESS**

**3.1. Proposal Review Process**
WMATA will review and evaluate Proposals as follows:

A. The Contracting Officer receives and processes all Proposals. Proposals that in WMATA's sole and non-reviewable discretion are deemed non-responsive or not reasonably susceptible of being selected for award will be rejected and returned to the Developer with a written explanation. Please note that any Proposal that does not satisfy the requirements for jurisdictional officials and community organization participation may be rejected as technically unacceptable and returned to the Developer. WMATA reserves the right to accept or reject any Proposal without negotiation or discussion.

B. The Contracting Officer designates an Evaluation Team composed of WMATA's Joint Development staff assisted by other WMATA staff, jurisdictional representative(s) and consultants, as appropriate. An analysis and evaluation of each Proposal deemed to be reasonably susceptible of being selected for award is conducted.

C. The Evaluation Team may meet with all or select Developers for both an oral presentation and specific discussions about a Proposal. If such meetings are held, details on the oral presentation will be provided as part of the scheduling process. Such discussions will include identifying areas of the Proposal that: require clarification or improvement including architectural and engineering designs and drawings, or do not comply with the JDS.

D. If requested by WMATA, Developers shall submit Final Proposals. The Final Proposal may be significantly changed from the Initial Proposal submitted. WMATA reserves the right to waive the Final Proposal submission requirement, to request further clarification of a Final Proposal, or to request a Revised Final Proposal.

E. The Evaluation Team will, in coordination with the Contracting Officer, rate each responsive Proposal, and rank it based upon the Proposal Evaluation Factors in Section 3.2. The Evaluation Team will then forward its ranking to the Contracting Officer, who will decide to tentatively designate a Selected Developer. The Joint Development project manager will commence negotiation of a Term Sheet. If negotiations are unsuccessful, the Joint Development staff, in coordination with the Contracting Officer, may terminate negotiations and commence negotiations with the second ranked Developer and



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those ranked thereafter, in order of ranking. Alternatively, the Joint Development staff may, in coordination with the Contracting Officer, decide upon competitive negotiations with two or more ranked Developers.

F. As soon as the principal business terms for the tentatively Selected Developer's Project have been reduced to a Term Sheet, the Contracting Officer submits a recommendation regarding the designation of a Selected Developer and approval of the Term Sheet to WMATA's Real Estate Committee and to the WMATA Board of Directors.

G. Designation of a Selected Developer must be approved by the WMATA Board of Directors.

**3.2. Proposal Evaluation Factors**

Each Proposal will be evaluated using FTA's requirements for "Highest and Best Use" or "Highest and Best Transit Use" (see www.fta.dot.gov/library/policy/9300.1A/appenB.htm) and the following criteria:

A. Technical Criteria

1. Degree to which the Project reflects Transit-Oriented Development principles;

2. The market viability of the Project;

3. The experience and prior performance of the Development Team;

4. The innovation and creativity of the Project;

5. The compatibility of the Project with local Transit-Oriented Development plans and land use policies; and

6. Benefits accruing to the local jurisdiction.

B. Economic Criteria

1. Financial benefits accruing to WMATA;

2. Financial viability of the Project; and

3. Enhanced ridership.

**3.3. Post Developer Selection Process**

A. A Developer designated by the WMATA Board of Directors as a Selected Developer will be required to send a letter to each of the community organizations with which its representatives met to inform them as to how the Proposal presented to WMATA addresses their issues or concerns. A copy of this letter must also be submitted to WMATA.

B. A Developer designated by the WMATA Board of Directors as a Selected Developer will be required to pay WMATA, in immediately available funds, a non-refundable option fee for WMATA's granting to the Selected Developer the exclusive right to negotiate a Development Agreement. The amount and timing of the non-refundable option fee shall be as set forth in the Proposal (or Final Proposal, as the case may be), in accordance with Section 2.4.

C. After WMATA's Board of Directors has designated a Selected Developer and approved the Term Sheet, WMATA staff, in coordination with the Contracting Officer, will negotiate with the Selected Developer a Development Agreement (and other necessary final documentation) that incorporates the provisions of the Term Sheet. Such Development Agreement shall be completed within 150 days following the WMATA Board's designation of the Selected Developer and approval of the Term Sheet.

In the event that this schedule is not met, the Selected Developer designation expires, the Proposal is no longer viable, and WMATA may retain the Proposal Security (in addition to the non-refundable option fee) in accordance with Section 5.2. WMATA may choose to reestablish the Selected Developer designation and provide a specific time frame to the Selected Developer for the completion of negotiations or to re-advertise the Joint Development Site.



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D. As soon as the Development Agreement (and related final documentation) is completed and executed by the Developer, the Contracting Officer submits a recommendation and summary of the final Development Agreement to WMATA's Real Estate Committee and to the WMATA Board of Directors for approval. There is no binding agreement between the Selected Developer and WMATA until such time as the WMATA Board of Directors has approved the final Development Agreement and the Development Agreement has been executed by the parties.

**3.4. Disclosure and Use of Data**

WMATA is required to brief its Board of Directors on all aspects of a Proposal. The proposed business terms of a Proposal will be held in confidence only until the Development Agreement and all final documentation have been approved and executed. WMATA reserves the right to review the zoning and land use aspects of any Proposal with local zoning, land use planning, transportation and environmental officials (and in the State of Maryland, with state officials). Additionally, at the sole discretion of the WMATA Board of Directors, such review may include conducting public hearings, town meetings and similar public forums.

NOTE: WMATA's "Public Access to Records Policy" is available at MetroOpensDoors.com (click "About Metro," then click "Public access to records.")

## SECTION 4. WMATA'S NONNEGOTIABLE REQUIREMENTS AND CONDITIONS

The following requirements and conditions are nonnegotiable and the concepts will be included in the Development Agreement and final documentation executed by the Selected Developer and WMATA. By submitting a Proposal in response to this JDS, a Developer is agreeing to accept and comply with these nonnegotiable requirements and conditions.

**4.1. WMATA's Reserved Areas and Interests**

The location of WMATA's Reserved Areas and Interests shall be determined by WMATA in its sole and absolute discretion. Additionally, the conveyance or lease of any WMATA property shall be subject to a reservation by WMATA of a permanent, exclusive and irrevocable easement for vertical and horizontal support and as otherwise necessary for the operation and maintenance of present and future WMATA Facilities, WMATA Improvements and WMATA Reserved Areas and Interests.

**4.2. WMATA's Approval Rights and Adjacent Construction Requirements**

The following rights and requirements apply to all Projects:

A. Approval Rights

WMATA shall have the right to approve in its sole and absolute discretion:

1. Matters that affect the integrity, functionality, efficiency, safety, operation, maintenance, legal compliance, cost or profitability of WMATA's business, customers, operations or activities;

2. Matters that affect WMATA Facilities, WMATA Replacement Facilities, WMATA Reserved Areas and Interests, ingress/egress to WMATA Facilities, etc.;

3. Matters that affect any of WMATA's adjacent property;

4. The design and construction of interim and permanent WMATA Replacement Facilities; and

5. Matters that affect the Selected Developer's obligations as they relate to timing (changes in Project schedule) and performance (changes in what will be constructed, i.e., the product mix).

B. WMATA's Comment Rights

WMATA shall have the right to comment on the development plan/site plan and on other matters concerning the Project which do not affect the integrity, functionality, efficiency, safety, operation or maintenance of WMATA Facilities, WMATA Improvements, or WMATA Reserved Areas and Interests. The Selected Developer shall be obligated to consider WMATA's comments and to respond reasonably.

C. WMATA's Construction Requirements

In order to avoid adverse impact on WMATA Facilities, Projects must be built in compliance with WMATA's adjacent construction criteria as



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contained in WMATA's Adjacent Construction Design Manual, Revision I and as further revised, and WMATA's Manual of Design Criteria (Release 8), which are available by e-mailing tbushnaq@wmata.com. Additionally, Developers must comply with WMATA's requirements for the relocation and maintenance of operations during construction which include the uninterrupted and unimpeded operation of WMATA Facilities. WMATA will review and approve Developer plans in accordance with established WMATA procedures.

**4.3. Relocation or Replacement of WMATA Facilities.**

Intentionally omitted.

**4.4. Selected Developer's Funding of WMATA Compact Public Hearing**

Intentionally omitted.

**4.5. No Subordination of WMATA's Fee Interest**

WMATA will not subordinate its fee interest in its property. In a lease situation, WMATA will permit lenders to have a leasehold security interest in the Project, which security interest would be subordinate to WMATA's right to terminate the lease upon a default by the Selected Developer (subject to the lender's right to cure).

**4.6. Federal Transit Administration (FTA) Requirements**

WMATA is subject to the requirements of the FTA. The terms of the Development Agreement negotiated with the Selected Developer, as it pertains to WMATA property, are subject to FTA approval. While FTA may impose additional requirements which cannot be known until FTA reviews a specific Project, FTA requires that the Selected Developer comply with certain laws and regulations barring discrimination on the basis of race, color, national origin or disabilities; and further requires compliance with FTA requirements regarding conflicts of interest and debarment.

FTA also requires, as a covenant running with the land, that the entire Joint Development Project constitute a Transit-Oriented Development as defined in the latest applicable FTA Regulations. See FTA Circular 9300.1A, Appendix B, The Relationship Between Joint Development and Livable Communities on the FTA web site at: www.fta.dot.gov/library/policy/IFT/iftb.html.

**4.7. Americans With Disabilities Act (ADA)**

All Projects shall be constructed in compliance with Titles II and III of the Americans with Disabilities Act, 42 USCA Section 12101, et seq., as amended, and any regulations promulgated thereunder. Proposals must include a plan indicating how access from the Project to the Metro station will be provided for persons with disabilities. Additionally, if a Project or any subsequent addition, modification or alteration triggers ADA-related improvements to the Metro station, the Selected Developer shall be responsible for the costs of such improvements. The only exceptions are when the ADA-related improvements predate the date of completion of the Project and are required to be made regardless of the Project, or constitute ADA-related improvements that WMATA is implementing at Metro stations in general as part of its system-wide improvements or alterations.

**4.8. Direct Connections**

Intentionally omitted

**4.9. Davis-Bacon Act/Fair Labor Standards Act**

The construction of any WMATA Replacement Facility or WMATA Improvement must be built in compliance with the Davis-Bacon Act, 40 USC Section 276a, et seq., and overtime compensation must be paid in compliance with Section 64 of the WMATA Compact, and the Fair Labor Standards Act, 29 USCA Section 201, et seq. (1978), as amended.

**4.10. Other Laws, Regulations and Requirements**

Developers are responsible for being fully informed of and complying with the requirements of applicable federal, State of Maryland, District of Columbia, Commonwealth of Virginia, and local jurisdictional laws and regulations. Additionally, the Selected Developer shall be responsible for obtaining, at its own cost and expense, all requisite approvals, licenses and permits.

**4.11. WMATA's Indemnification Policy**

The terms of any Development Agreement and final documentation will require that the Selected Developer and its contractors and subcontractors (and subtenants, where applicable) indemnify WMATA against all claims, liabilities and costs of whatsoever kind and nature including environmental claims which may be imposed upon, or incurred by, or



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asserted against WMATA in connection with the Selected Developer's performance under the Development Agreement or related agreements.

WMATA will accept responsibility for environmental claims of third parties if such claims arise from WMATA's actions prior to the transfer of the site to the Selected Developer.

**4.12. WMATA's Insurance Requirements**
The terms of any Development Agreement and final documentation will require that the Selected Developer, its contractors and subcontractors procure and maintain insurance coverage in amounts determined by WMATA, which may include, but is not limited to: General Liability, All Risk Property, Builder's Risk, Worker's Compensation, Automobile Liability, Contractors' Pollution Legal Liability, Railroad Protective Liability, Rental Value Insurance, Professional Errors and Omissions Liability and Boiler and Machinery (during operations only).

**4.13. Payment, Performance and Completion Bonds**
WMATA requires that the Selected Developer secure and file with WMATA a payment bond equal to 100% of the value of each phase of the Project from a federally approved surety company, with sufficient assets. The payment bond must name WMATA for the benefit of laborers, subcontractors, material suppliers and others that have or may have claims or liens against the Project or the realty.

WMATA also requires the Selected Developer to secure and file with WMATA a performance bond equal to 100% of the value of each construction phase of the Project from a federally approved surety company, with sufficient assets and which bond names WMATA for the completion of the planned construction in that phase.

Additionally, if there are WMATA Replacement Facilities being constructed, WMATA requires the Selected Developer to secure and file with WMATA a completion bond equal to 100% of the value of the WMATA Replacement Facilities from a federally approved surety company, with sufficient assets, and which bond names WMATA as the sole obligee for the completion of the Replacement Facilities.

All bonds must be in a form acceptable to WMATA and countersigned by a Commonwealth of Virginia, State of Maryland or District of Columbia resident agent of the surety, with a copy of the agent's license, as issued by the appropriate Insurance Commissioner.

**4.14. WMATA's Disclaimer of Liability**
WMATA disclaims all responsibility and liability for the completeness or accuracy of any information that it provides.

**4.15. Inspection of Accounting Records**
The Selected Developer will be required to permit WMATA, or any of its duly authorized representatives, at reasonable times and places, access to any books, documents, papers and records, including certified financial statements, which are directly pertinent to the Development Agreement. WMATA shall be permitted to audit, inspect, examine, copy and transcribe such books, documents, papers and records. The Selected Developer shall retain all records for three years after submission of any statement required for determining any variable payment obligations under the Development Agreement or related agreements.

**4.16. WMATA's Tax Exempt Status**
WMATA is tax exempt pursuant to the WMATA Compact. Any taxes, assessments or impositions on the Project or the real estate shall be assumed by the Selected Developer. In no event shall the Selected Developer assert or attempt to assert for its own benefit, an exemption or immunity available to WMATA under the WMATA Compact.

**4.17. Financing Requirement**
The Selected Developer shall be obligated to obtain the requisite financing to consummate the lease/sale of the WMATA Joint Development Site, and the development, construction and final completion of the Project by a reasonable date certain, or WMATA may terminate the Development Agreement.

## SECTION 5. ADDITIONAL JOINT DEVELOPMENT REQUIREMENTS AND PROCEDURES

**5.1. Assignment of Proposal, Change in Developer or Withdrawal of Developer**
WMATA considers the designation of Selected Developer to be in the nature of a personal services contract. The Selected Developer will be designated because of its skills, experience, knowledge and financial standing.



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A Developer who submits a Proposal in response to this JDS may withdraw, assign its Proposal or change the composition of its Development Team only as follows:

A. Withdrawal of Proposal

At any time prior to designation of the Selected Developer, a Developer may elect to withdraw its Proposal. Under such circumstances, WMATA shall return the Proposal Security without interest.

B. Assignment of Proposal

At any time prior to designation of the Selected Developer, a Developer may request WMATA's approval to assign its Proposal to another development entity. No purported assignment is valid unless WMATA has given its prior written approval. The Developer and its proposed assignee shall submit all documents required by WMATA before the request will be considered. WMATA is under no obligation to approve the request. If WMATA refuses to grant approval, and the Developer does not want to proceed in accordance with its Proposal, WMATA will return the Proposal Security without interest. An assignment may be subject to the requirement of a Guaranty pursuant to Section 5.7.

C. Change in Composition of Developer or Development Team

1. Prior to designation of the Selected Developer, a Developer may change its composition or the composition of its Development Team only with WMATA's prior written approval. If WMATA does not approve the change, and the Developer does not want to proceed in accordance with its Proposal, WMATA will return the Proposal Security without interest.

2. After designation as the Selected Developer, the Selected Developer must request WMATA's written approval to change its composition or the composition of its Development Team. If WMATA does not approve the change, and the Selected Developer does not want to proceed in accordance with its Proposal, WMATA may terminate the Selected Developer designation and retain the Proposal Security.

D. Other Situations

An assignment or change in the composition of the Development Team which is not addressed above is at the sole discretion of WMATA's Contracting Officer. For any such assignment or change to be valid, WMATA's prior written approval is required. Any purported assignment occurring without WMATA's prior written approval shall be void.

**5.2. Termination of Selected Developer Designation**

WMATA may terminate the Selected Developer designation for any of the following reasons and retain the Proposal Security and any other deposit held by WMATA (except as stated otherwise in subsections I and J):

A. The Selected Developer fails to negotiate and execute the Development Agreement within 150 days following the designation of the Selected Developer and approval of the Term Sheet by the WMATA Board of Directors.

In the event that the foregoing schedule is not met, WMATA may terminate the designation of the Selected Developer and retain the Proposal Security without any liability or further obligation to the Selected Developer. The foregoing deadlines can only be extended by action of the WMATA Board of Directors in its sole and non-reviewable discretion.

B. The Selected Developer or any individual or entity holding ownership in or comprising the Development Team declares bankruptcy.

C. The ownership structure of the Selected Developer changes without WMATA's prior written approval. Structural changes include changes in percentages of ownership interests or changes in ownership of any entity holding an ownership interest in the Selected Developer.

D. The Selected Developer assigns its designation or transfers its rights in a WMATA Joint Development Site without WMATA's prior written approval.



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E. The Selected Developer or any principal, officer, director, partner, member, manager or equivalent of any person or entity constituting a member of the Development Team is indicted for, or convicted of, a fraud or a felony.

F. The Selected Developer or any principal, officer, director, partner, member, manager or equivalent of any person or entity constituting a member of the Development Team is found not to have a satisfactory record of integrity and business ethics, in WMATA's sole and non-reviewable discretion.

G. The Selected Developer provided materially incorrect or incomplete information in any of its submissions to WMATA, as determined in WMATA's sole and non-reviewable discretion.

H. The Selected Developer does not comply with this JDS, its Proposal or the terms of the Development Agreement as negotiated by the parties.

I. In accordance with Section 5.5, the Selected Developer conducts environmental due diligence and consequently modifies its Proposal in a manner which is unacceptable to WMATA. Under such circumstances, WMATA shall return the Proposal Security with any interest that may have accrued, less site restoration costs actually incurred by WMATA.

J. WMATA determines (in its sole and non-reviewable discretion) that termination is in its best interest. Under such circumstances, WMATA shall return the Proposal Security with any interest that may have accrued.

**5.3. Metro Station Access Roads and Interior Maintenance Roads**

Intentionally omitted.

**5.4. Developer's Research Obligations**

A Developer is expected to know all information reasonably ascertainable concerning the site size, and character, quality, and quantity of surface and subsurface materials or obstacles on the Joint Development Site as well as the existing utilities on the Joint Development Site. Some of this information is available from a visual inspection of the Joint Development Site and may be available from technical drawings and specifications (as built drawings) which WMATA will make available upon request, utility companies serving the area and local land records. WMATA disclaims all responsibility and liability for the completeness or accuracy of any information it provides. All Joint Development Sites are subject to existing physical and legal conditions, whether of record or not.

Additionally, a Developer is expected to know the conditions affecting construction on the Joint Development Site, which include but are not restricted to, those bearing upon transportation, disposal, handling and storage of materials, availability of labor, water, electric power, roads, the topography and conditions of the ground, and the character of equipment and facilities needed before and during prosecution of the work.

**5.5. Environmental Matters**

WMATA has undertaken no comprehensive environmental investigations of the presence or absence of contaminated material or other environmental conditions that may affect development except as specifically identified. Interested Developers may request permission to perform a due diligence environmental site assessment prior to Proposal submission, after Proposal submission or after designation as the Selected Developer. Such due diligence site assessment and all associated costs shall be the sole responsibility of the Developer. Permission will be granted by WMATA subject to the execution of a Right of Entry Agreement with standard insurance and indemnity provisions. A sample Right of Entry Agreement is available from rdoggett@wmata.com.

WMATA shall be provided, in a timely manner, a copy of each test result and report addressing the environmental site investigation. If environmental contamination is found that requires a clean-up or remediation of the Joint Development Site under a governmental regulatory agency's review, the Developer may withdraw its Proposal (including its Final Proposal) but is responsible for site restoration costs. In the event that the due diligence environmental site assessment is performed after the designation of the Selected Developer, but prior to the execution of the Development Agreement, the Selected Developer and WMATA may negotiate the transaction based



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upon the levels of contaminated materials or other environmental conditions encountered which would substantially delay development or substantially increase the costs of excavation, removal or disposal of soil/materials, or the treatment of groundwater. If the parties cannot agree upon the resolution of these issues the Selected Developer may withdraw its Proposal but the Developer is responsible for site restoration costs, and WMATA has the corresponding right to terminate the Selected Developer designation in accordance with Section 5.2.I.

**5.6. Protest Policy**
The policy and procedure for the administrative resolution of protests involving the designation of a Selected Developer arising pursuant to this JDS are as follows:

A. Only an Interested Party may submit a protest. An Interested Party is defined as a Developer who submitted a Proposal pursuant to this JDS.

B. Protests must be submitted no later than 30 calendar days after WMATA's designation of the Selected Developer. Any protest submitted subsequent to this time may be deemed by WMATA's Contracting Officer to be untimely and denied on that basis unless the Contracting Officer concludes that the issue(s) raised by the protest involves fraud, gross abuse of the selection process, or otherwise indicates substantial prejudice to the integrity of the selection process.

C. The Interested Party wishing to file a protest shall submit a written document to WMATA's Contracting Officer which contains the following:

1. The name and address of the Interested Party;

2. Description of the nature of the protest;

3 Identification of the provision(s) of this JDS, applicable Joint Development Policies and Guidelines or laws upon which the protest is based;

4. A statement of the specific relief requested; and

5. Any documents relevant to the protest.

D. WMATA's Contracting Officer shall carefully review the protest in consultation with WMATA staff. At the discretion of the Contracting Officer, a conference may be held with the Interested Party. The Contracting Officer shall have 30 calendar days to render a written decision on the merits of the protest. A determination by the Contracting Officer that a protest is meritorious may result in a change in the terms, conditions or format of this JDS in the form of an Amendment; the rejection of a Proposal; the cancellation of this JDS; or the termination of the designated Selected Developer.

E. This Protest Policy is not applicable to actions taken by WMATA in response to legal proceedings filed in the courts, or actions taken by WMATA in its sole and non-reviewable discretion.

**5.7 Guaranty**
WMATA may require a third party to guarantee some or all of the obligations of the Selected Developer, including but not limited to construction obligations.

## SECTION 6: DEFINITIONS

**Contracting Officer**
WMATA's Assistant General Manager for Planning and Joint Development, or, if such position is vacant at the time in question, the person designated to act in such capacity at such time.

**Developer(s)**
The entity submitting or contemplating the submission of a Proposal in response to this Joint Development Solicitation (JDS). The Developer may be any qualified individual or entity with real estate development-related experience and access to financing sufficient to undertake the proposed Project, including real estate brokers, non-profit organizations, public agencies, etc. Real estate brokers are invited to participate as the Developer or as a member of the Development Team as opposed to participating in a purely marketing role. WMATA will not pay any broker's commissions.



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**Joint Development Work Program**
A document prepared annually of Joint Development opportunities associated with WMATA-owned properties. The Joint Development Work Program is drafted in coordination with the local jurisdictions and approved by the WMATA Board of Directors.

**Project**
The joint development ideas, concepts and plans that a Developer presents in its Proposal. Also refers to the development plans of the Selected Developer. Project is synonymous with Joint Development Project.

**Proposal(s)**
The development-related documents submitted in response to this Joint Development Solicitation (JDS). The term Proposal can include both the Initial Proposal and, if requested by WMATA, the Final Proposal.

**Selected Developer**
The Developer with the exclusive right to negotiate a Development Agreement with WMATA. WMATA's designation of the Selected Developer shall not become final and binding until a Development Agreement has been negotiated and executed by the parties.

**Term Sheet**
The nonbinding document which summarizes the development concept, financial structure and other major business terms of the Project.

**Transit-Oriented Development**
Those projects that integrate WMATA's transit facilities, reduce automobile dependency, increase pedestrian/bicycle originated transit trips, foster safe station areas, enhance surrounding area connections to transit stations, provide mixed use including housing and the opportunity to obtain goods and services near transit stations, offer active public spaces and promote and enhance ridership and sound growth in the communities which WMATA serves. See also FTA's definition at www.fta.dot.gov/library/policy/IFT/iftb.html.

**WMATA Compact**
Washington Metropolitan Area Transit Authority Compact, Public Law 89-774, 80 Stat. 1324, as may be amended.

**WMATA Facility**
Any improvements, structures, infrastructure components, tangible property and/or areas required, in the judgment of WMATA, for the use, operation, access, maintenance, repair, servicing, replacement or removal of structures and supports, any and all access, parking, operation and service facilities and areas relating to WMATA's operations or activities, including without limitation, the Metro station, tunnels, rails, tracks, bus stations, bus transfer areas, supervision kiosks, employee bathrooms, electric substations, conduits and lines, communications equipment and structures, pedestrian ways, waiting and shelter areas, facilities serving persons with disabilities, cooling towers, chiller plants, vent and fan shafts, bicycle rack and locker areas, storm water management facilities, landscaping, lighting and all other associated facilities.

**WMATA Improvement(s)**
Those improvements, whether an interim replacement facility or a new facility, which will be designed and/or constructed by the Selected Developer for WMATA in a configuration acceptable to WMATA. Upon final acceptance by WMATA, a WMATA Improvement will become a WMATA Facility.

**WMATA Replacement Facility**
A WMATA Improvement designed and/or constructed by the Selected Developer for WMATA in a configuration acceptable to WMATA that replaces any displaced or disrupted WMATA Facility which will be turned over to WMATA.

**WMATA Reserved Areas and Interests**
Includes (a) all areas of, within or adjacent to the Joint Development Site containing any WMATA Facility; (b) all areas of, within or adjacent to the Joint Development Site relating to the use, operation, access, maintenance, repair, servicing, replacement or removal of any WMATA Facility; and (c) any and all easements and other reserved rights required by WMATA in connection with its use, operation, access, maintenance, repair, servicing, replacement or removal of any WMATA Facility or WMATA operations and business generally, whether expressly provided for or reasonably contemplated. Such easements and other reserved rights shall include, without limitation, easements and reserved rights (whether at, above or



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April 27, 2010

**CONFIDENTIAL**

**VIA OVERNIGHT MAIL AND E-MAIL**

Richard Sarles
Interim General Manager
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, D.C. 20001

-and-

Peter Benjamin
Chair, Board of Directors
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, D.C. 20001

**Re: Status of Banneker Ventures Term Sheet and Award of Jazz at Florida Avenue Project**

Dear Messrs. Sarles and Benjamin:

We represent Banneker Ventures, LLC ("Banneker") and write to address the status of the Washington Metropolitan Area Transit Authority ("WMATA") Board of Directors ("Board") approval of the Banneker Term Sheet for the joint development project known as the "Jazz at Florida Avenue Project" (the "Project"). We received a letter today from Steven Goldin, Director Office of Station Area Planning & Asset Management, WMATA confirming that the WMATA Joint Development and Real Estate Committee had moved to extend Banneker's exclusive negotiation period to July 30, 2010, but noting that The WMATA Board had voted unanimously, without explanation or rationale, "to table" *indefinitely* any further consideration of Banneker's timely-submitted, amended Term Sheet. WMATA's attempt to provide itself an opportunity to begin negotiations with other developers, besides Banneker, during the exclusive negotiation period, without the Board ever considering or rejecting the amended Term Sheet as required by the Joint Development Solicitation, is outrageous and unlawful.

Below, we provide: (I) a background summary of the Project; (II) Banneker's responses to alleged WMATA Board concerns; (III) Banneker's allegations of inappropriate conduct by WMATA Board Member, Joint Development & Real Estate Committee ("Committee") Chair Jim Graham; and (IV) Banneker's request for immediate WMATA Board approval and award of the Project.



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## I. BACKGROUND

On May 31, 2007, Banneker submitted its Response to the Opportunity to Compete Against an Unsolicited Proposal for the redevelopment of WMATA-owned parcels located at Shaw-Howard/Florida Avenue to Gary Malasky, Contracting Officer, Office of Property Development and Management, WMATA. In preparing the proposal, Banneker assembled a team, which included Torti Gallas & Partners, Inc., an architectural company with previous experience working on WMATA joint development projects, and District Development Group, LLC, who would serve as co-developer for the Project.

On August 24, 2007, WMATA issued a Joint Development Solicitation ("JDS") for the joint development of real estate at the Shaw-Howard/Florida Avenue Joint Development Site (the "Site"). See Attachment 1, Joint Development Solicitation, Shaw-Howard/Florida Avenue Joint Development Site: Proposal Submission Requirements, August 24, 2007. According to the JDS, proposals were due on October 5, 2007.

On September 18, 2007, Myla Moss, Advisory Neighborhood Commission ("ANC") Commissioner, ANC 1B01, held a Town Hall meeting to allow the WMATA short-listed development teams to present their vision for redeveloping the Shaw-Howard/Florida Avenue site. According to Ms. Moss' letter to Nat Bottigheimer, Contracting Officer, Office of Property Development and Management, WMATA dated October 4, 2007, only the Banneker proposal responded to all the express needs and desires of the community. See Attachment 2, Letter from Myla Moss, Commissioner, ANC 1B01 to Nat Bottigheimer, WMATA, dated October 4, 2007. Accordingly, Ms. Moss' letter supported Banneker to receive the WMATA contract to perform the Project.

On October 5, 2007, Banneker responded to the JDS and submitted a proposal to WMATA after assembling a team of development and investment partners, which included: (1) Banneker (Developer); (2) District Development Group, LLC (Co-Developer); (3) Donatelli Development Inc. (Co-Developer); (4) Torti Gallas & Partners, Inc. (Project Architect); (5) MacFarlane Partners (Equity Partner); and (6) Tompkins Builders (General Contractor).

On December 17, 2007, Banneker presented the Project to WMATA to demonstrate their capability and commitment to developing the WMATA-owned parcels at the Shaw-Howard/Florida Avenue site. See Attachment 3, Banneker Presentation to WMATA, The Jazz at Florida Avenue, December 17, 2007.

On February 29, 2008, Rosalyn Doggett called Omar Karim and informed him that WMATA had designated Banneker as the Selected Developer of the Site. Over the next several weeks, WMATA and the Banneker-led team negotiated a Term Sheet resulting in a final version of the Term Sheet on March 18, 2008. During these negotiations, Ms. Doggett informed Mr. Karim that WMATA's Board should approve the Joint Development Agreement ("JDA") and resulting lease agreement with the Banneker-led team by October 2008.

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In early April 2008, WMATA staff requested that the WMATA Board approve the Term Sheet previously agreed to by the parties and the selection of Banneker to perform the Project. Later that month, on April 17, 2008, Rosalyn Doggett contacted Omar Karim to inform him that WMATA Board Member Jim Graham raised issues regarding the participation of then Banneker principal Warren Williams, Jr. in the Project. Ms. Doggett recommended that Banneker respond to the issues raised by Jim Graham in a written submission to WMATA.

More specifically, Ms. Doggett suggested that Banneker's written submission state that Mr. Williams would not participate in the WMATA deal, if Banneker's selection was approved by the WMATA Board. By letter dated April 23, 2008, Banneker wrote WMATA to address the concerns raised by Mr. Graham. See Attachment 4, Letter from Omar Karim, Banneker to Rosalyn Doggett, WMATA dated April 23, 2008.

On April 24, 2008, during the monthly meeting conducted by the Committee, Mr. Graham requested that Banneker's designation as the Selected Developer of the Site be discussed in Executive Session of the Committee. Following the closed door meeting, the Committee reconvened in public and Mr. Graham moved to defer the WMATA Board approval of Banneker to serve as the Florida Avenue Developer and approval of the Term Sheet for a period of not less than 60 days. See Attachment 5, WMATA, Minutes of Planning, Development and Real Estate Committee, April 24, 2008.

By letter dated May 9, 2008, Banneker wrote WMATA to respond to further questions raised by Jim Graham regarding alleged obligations due the District of Columbia by Mr. Williams. See Attachment 6, Letter from Omar Karim, Banneker to Joel Washington, WMATA dated May 9, 2008. The letter clarified that Mr. Williams did not have any outstanding financial obligations due to the District in either his personal or corporate capacities.

In June 2008, WMATA staff again requested that the WMATA Board approve the Term Sheet previously agreed to by the parties and the selection of Banneker to perform the Project. On June 26, 2008, during a meeting of the Committee, Mr. Graham once again requested that the Committee discuss approval of Banneker's selection in Executive Session. See Attachment 7, WMATA, Board Agenda Review as of June 3, 2008. Following the Executive Session, the matter was eventually brought before the Committee in a public meeting during which the Committee approved both Banneker's selection as the Selected Developer and the Term Sheet over Mr. Graham's objections.

Following the June 26, 2008 Committee meeting, the WMATA Board reconvened later that day to review and vote on matters that had been approved by the various Board committees. During the full meeting of the Board, Mr. Graham approached and met briefly with Mr. Karim while he was in the audience. Mr. Graham informed Mr. Karim that he would vote for Banneker's selection to perform the Project, but that Mr. Karim needed to meet with him to discuss the Project.

On or about July 2, 2008, Mr. Graham and Mr. Karim met at Mr. Graham's Council of the District of Columbia office and then again at a restaurant to discuss the Project. During these meetings, Mr. Graham informed Mr. Karim that he wanted the Project to set aside 20% of its residential units as affordable housing. Mr. Graham also strongly suggested that Banneker add LaKritz Adler, a small,

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local real estate firm, to its development team for the Project or purchase their interest in an adjacent property that LaKritz Adler was controlling at the time. LaKritz Adler and its principals contributed significantly to Mr. Graham's District of Columbia Council re-election campaign. Ultimately, Banneker chose not to add LaKritz Adler to its development team.

On or about July 25, 2008, WMATA and Banneker participated in the Project kick-off meeting. At this meeting, Banneker provided WMATA with an executed copy of the Term Sheet and paid the $100,000 Option Fee as required by the JDS.

From July 2008 through March 2009, the parties engaged in continuous negotiations to enter into a finalized JDA.

In January 2009, Mr. Graham became Chairman of the WMATA Board. During his entire tenure as a WMATA Board Member and Chairman, Mr. Graham has injected himself into the day-to-day management of WMATA operations and has exceeded the scope of his duties as a WMATA Board Member. For example, in July 2009, Mr. Graham took it upon himself to contact the independent appraiser, who had been hired by WMATA staff to appraise the value of the Site, before the appraiser had submitted its appraisal report. nothing about lots of original financier

On March 6, 2009, Banneker provided WMATA with a letter from Banc of America Community Development Corporation ("Banc of America"). See Attachment 8, E-mail correspondence from Omar Karim, Banneker to Emeka Moneme, WMATA sent on March 6, 2009 at 3:00PM. Banc of America agreed to become a Co-Developer of and provide direct equity investment into the Project.

On April 23, 2009, WMATA's Board approved a one hundred twenty (120) day extension of the negotiation period between WMATA and Banneker regarding the Project. See Attachment 9, Letter from Emeka Moneme, WMATA to Leila Edwards, District of Columbia Department of Housing and Community Development, dated June 1, 2009.

By e-mail sent on May 29, 2009, WMATA informed Banneker that a possible JDA was imminent. However, WMATA indicated that it could not finalize the JDA until an outside appraisal of the deal was conducted by an independent contractor. See Attachment 10, E-mail correspondence from Rosalyn Doggett, WMATA to Omar Karim, Banneker sent on May 29, 2009 at 4:53PM.

nothing about Banneker insisting they wanted to

From August 2009 through October 2009, WMATA proposed to change the Project from a lease agreement to a purchase agreement, whereby Banneker would own the property. build a single project

~~the~~ spanning their land and WMATA's

On or about September 10, 2009, WMATA staff requested another extension of the negotiation period with Banneker and the WMATA Board approved the extension.

On October 22, 2009, Mr. Graham met with Mr. Karim and Banneker's Chief Financial Officer ("CFO") to discuss the Project. Mr. Graham told both Mr. Karim and Banneker's CFO that the "firm should not have bid on the WMATA project" and that he "won't allow the sale of the WMATA-owned parcels located at Shaw-Howard/Florida Avenue." Mr. Karim told Mr. Graham that Banc of America

nothing about ~~the~~ revised ~~the~~ ~~the~~ proposed to Banneker reduction in capitalized lease payments

preferred a sale, and had spent the past few months underwriting the Project as a sale. Mr. Graham told Mr. Karim that Banneker could get a new joint venture partner to facilitate the lease of the WMATA-owned parcels.

Moreover, Mr. Graham also told Mr. Karim that he would ensure that the Project would not get delayed if Mr. Karim agreed to change the Project from a sale of property to a lease. Mr. Karim agreed with Mr. Graham's request to change the Project back to a lease agreement. Later that day, Mr. Karim had several telephone conversations with John Catoe, Jr., the then-WMATA General Manager and Mr. Graham to discuss the terms of the lease.

By e-mail correspondence sent on October 22, 2009 from Steven Goldin, WMATA's Director of Station Area Planning & Asset Management, WMATA informed Banneker that "per direction from our Board, we are proceeding with preparing a Term Sheet for the lease of our property. The matter is to be taken up by the full Board in a special meeting in two weeks." See Attachment 11, E-mail correspondence from Steven Goldin, WMATA to Omar Karim, Banneker sent on October 22, 2009 at 3:08PM.

On or about November 16, 2009, WMATA staff submitted the parties' revised Term Sheet to the WMATA Board for approval. See Attachment 12, E-mail correspondence from Rosalyn Doggett, WMATA to Omar Karim, Banneker sent on November 16, 2009 at 8:54AM.

By e-mail correspondence sent on November 19, 2009, WMATA informed Banneker that the WMATA Board discussed the Term Sheet, but the WMATA Board took no action. See Attachment 13, E-mail correspondence from Steven Goldin, WMATA to Omar Karim, Banneker sent on November 19, 2009 at 5:22PM. This correspondence further advised Banneker that the WMATA Board directed WMATA staff to address specific issues raised by the Board regarding the initial capitalized lease payment and the lack of a payment "reset" for the first 60 years under the lease.

Following the November 19, 2009 meeting of the WMATA Board, Banneker was able to convince its equity partner to reduce its return on their investment and therefore increase the capitalized lease that the Banneker team could pay WMATA. WMATA and Banneker negotiated a revised Term Sheet which WMATA's staff then recommended to the WMATA Board for approval.

On January 14, 2010, although the WMATA staff recommended the Committee approve the revised Term Sheet, the Committee informed WMATA staff that it wanted Banneker to pay additional funds to perform at the Site. In this regard, the Committee moved to approve a time extension to allow WMATA staff and Banneker to negotiate an amended Term Sheet for the Site, which was to be brought to the WMATA Board by March 31, 2010. See Attachment 14, WMATA, Committee, Minutes of Planning, Development and Real Estate Committee, January 14, 2010.

Following the January 14, 2010 meeting of the WMATA Board, Mr. Graham becomes Chair of the Committee.

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From January 14, 2010 through March 25, 2010, WMATA and Banneker engaged in negotiations to reach final agreement with regard to the amended Term Sheet for the Project. Prior to March 25, 2010, the parties reached final agreement on the amended Term Sheet and submitted it to the WMATA Board for approval. The revised Term Sheet significantly increases the capitalized lease payment that Banneker would pay WMATA from the amount ~~submitted to the~~ WMATA Board at the January 14, 2010 meeting. reduction from original

On March 25, 2010, the WMATA Board discussed the executed amended Term Sheet in Executive Session, but, at the behest of Jim Graham, the Board removed from their agenda consideration of the amended Term Sheet and the WMATA Board did not take any action to approve it.

Since the March 25, 2010 WMATA Board Executive Session meeting and subsequent tabling of the approval of the executed amended Term Sheet at the public WMATA Board meeting, WMATA has not taken any action with regard to its further consideration and approval of the executed amended Term Sheet. Moreover, the Committee is not scheduled to meet to discuss the Banneker Project in the month of April.

On April 26, Steven Goldin, Director Office of Station Area Planning & Asset Management, WMATA sent a letter to Banneker confirming that the WMATA Joint Development and Real Estate Committee had moved to extend Banneker's exclusive negotiation period to July 30, 2010. Mr. Goldin's letter noted that The WMATA Board had voted unanimously, without explanation or rationale, "to table" indefinitely any further consideration of Banneker's timely-submitted, amended Term Sheet without the Board ever considering or rejecting the amended Term Sheet as required by the Joint Development Solicitation.

## II. BANNEKER'S RESPONSES TO ALLEGED WMATA BOARD CONCERNS

During the course of the negotiations between WMATA and Banneker, mentioned above, WMATA raised concerns regarding Banneker's ability to: (a) perform the Project; (b) have a joint venture partner to work with Banneker on the Project; and (c) maintain financing to perform the Project. Each of these concerns is addressed below.

### A. Banneker Has the Experience to Perform the Project

Banneker is a full service real estate firm that specializes in providing construction, construction management, real estate development and real estate advisory services to the public and private sectors. The firm focuses its resources and experience on transforming neighborhoods throughout the Mid-Atlantic region of the United States. The Banneker management team has more than 40 years of construction, construction management, development and finance experience in the public and private real estate sectors. In this regard, Banneker is known for its ability to work on and complete complex construction projects on time and within budget.

As part of its proposal, Banneker provided WMATA with three (3) examples of prior construction and land development projects for which Banneker played a significant lead role.

Moreover, Banneker currently plays a significant role as the lead or co-lead on the following projects: (1) Walker Jones Education Campus; (2) Deanwood Community Center; and (3) Joiner Shop Lofts. All of these projects are comparable to the WMATA Project.

(1) Walker Jones Education Campus

Banneker provided project management and construction management services toward the design and construction of the Walker Jones Education Campus in the District of Columbia. This $50 million project involved the design and construction of a: (i) 100,000 square foot public school; (ii) 20,000 square foot recreation center; and (iii) 5,000 square foot library. Construction of this project was completed on time and within budget in December 2009. This project was the fastest public school ever built in the District of Columbia.

(2) Deanwood Community Center

Banneker is providing project management and construction management services toward completion of the Deanwood Community Center project in the District of Columbia. This project is a 63,000 square foot community center and library facility with a project budget of $32 million. The facility includes an indoor swimming pool, locker rooms, gymnasium, game room, library, childcare facilities, senior services area, kitchen, and multi-purpose facilities. The facility is 85% complete and is expected to reach Final Completion in August 2010. Upon completion, the Deanwood Community Center will be the largest public recreation center ever built in the District of Columbia.

(3) Joiner Shop Lofts

Banneker is providing development management services toward completion of the $60 million Joiner Shop Lofts project. The Joiner Shop Lofts is an adaptive-use, residential and retail development that includes the conversion of a 157,000 square foot warehouse into a 170-unit apartment and retail project. This project is the first residential building that will be completed at The Yards, a large-scale, mixed-use redevelopment of a 42-acre former annex to the Washington Navy Yard.

The above successful projects evidence Banneker's unquestionable ability to serve as project and construction manager on major projects such as the "Jazz at Florida Avenue Project". The services provided by Banneker on the above projects are similar in size and scope to those necessary to perform the WMATA Project. Accordingly, Banneker certainly has the experience to successfully perform the Project.

B. Banneker Has Development Partners to Perform the Project

Jim Graham has been reported as claiming that Banneker does not have a development partner(s) to perform the Project. This simply is not true. Banneker has development partners to perform the Project.

As stated above, Banc of America was very interested and preferred the WMATA deal when the Project involved the sale of the WMATA-owned parcels. However, due to Mr. Graham's requests, the structure of the WMATA deal was changed to a lease. Given these facts, Jim Graham advised Banneker that it could select another development partner to replace Banc of America, if necessary. Accordingly, the executed amended Term Sheet contains language that allows Banneker to replace Banc of America with a development partner with similar experience as that of Banc of America, if necessary.

In addition, Banneker has assembled a team of other development partners, which includes: Torti Gallas & Partners, Inc. (Project Architect); Clark Builders Group (General Contractor); Love Funding Corporation (Project Financing); and Holland & Knight LLP (Land Use Counsel). During negotiations, Banneker provided WMATA with information from each of the above and can provide that information again upon request.

Accordingly, there is no question that Banneker has capable and competent development partners to perform the WMATA Project.

C. Banneker Has Financing to Perform the Project

The WMATA Board, particularly Jim Graham, has raised concerns as to whether Banneker has financing to perform the Project. In fact, Banneker has financing to perform the WMATA Project. Love Funding Corporation ("Love Funding"), a national full-service, commercial mortgage-banking firm that serves as a direct lender and financial intermediary to offer loan placement services for borrowers, as well as origination, consulting and servicing of loans for investors nationwide, has agreed to provide the majority of the financing needed for the Project. In addition, Banneker has received a commitment from the District of Columbia to provide grant funding. Finally, Banneker and its equity partner will provide any remaining financing needed for the Project. Indeed, there is no question that Banneker has financing to perform the WMATA Project.

## III. BANNEKER'S ALLEGATIONS OF INAPPROPRIATE CONDUCT BY WMATA BOARD MEMBER JIM GRAHAM

As you are aware, Jim Graham serves on the WMATA Board and is currently the Chair of the Committee. The duties of the WMATA Board members are prescribed in the "Procedures for WMATA Board of Directors – 2010" ("WMATA Board Rules"), which were presented and approved on January 28, 2010. See Attachment 15, Procedures for WMATA Board of Directors – 2010, January 28, 2010. The Standards of Conduct for Members of the WMATA Board of Directors ("Standards of Conduct") are included as Attachment 2 to the WMATA Board Rules.

Banneker believes that Mr. Graham likely has engaged in inappropriate conduct and has violated WMATA's Standards of Conduct as prescribed in the WMATA Board Rules. Specifically, Mr. Graham, in violation of WMATA Board rules, has: (a) in July of 2008, misused his official position as a member of the WMATA Board and his position as a District of Columbia Councilmember to improperly influence WMATA's selection of Banneker by offering to support a separate piece of legislation pending before the District of Columbia Council that would benefit a former Banneker principal, in

exchange for Banneker resigning as the Selected Developer for the WMATA Project; (b) on July 2, 2008, Mr. Graham inappropriately offered Banneker a quid pro quo for his support of Banneker for the Project on the condition that Banneker agree to use a specific developer identified by Mr. Graham; and (c) Mr. Graham has not acted impartially and has instead repeatedly demonstrated bias against Banneker.

If necessary, Banneker and others will provide evidence of Mr. Graham's unethical conduct. At a minimum, Mr. Graham should be investigated by the WMATA Office of the Inspector General and/or not be allowed any further involvement in approval or oversight of the WMATA Project. According to the WMATA Board Rules, any Board member who willfully violates the WMATA Board Rules shall forfeit the Board member's position with WMATA. See id., Article VI.

## IV. BANNEKER'S REQUEST FOR IMMEDIATE WMATA BOARD APPROVAL AND AWARD OF THE PROJECT

Banneker requests an opportunity to meet with the WMATA officials and/or Board to provide information or make a presentation to address any concerns the Board may have in order to facilitate the immediate approval of the executed amended Term Sheet. Toward that end, Banneker seeks immediate WMATA Board approval of the executed amended Term Sheet followed by an expedited negotiation in order to reach agreement and WMATA Board approval of the JDA and resulting lease agreement. As stated above, the negotiations for the Project have been ongoing for over two (2) years. Banneker has paid both the requisite Proposal Security ($100,000) and the Option Fee ($100,000).

In addition, Banneker has incurred significant additional costs as a result of the protracted WMATA contract negotiations. As a small business, Banneker should not be forced to continue to incur these costs absent a commitment from WMATA that a final deal to perform the Project is forthcoming.

The WMATA Board should act immediately to approve the Project and avoid further delays. The Project is being delayed as a result of the WMATA Board's failure to approve the executed amended Term Sheet.

## V. CONCLUSION

WMATA and Banneker have been engaged in good faith negotiations regarding the award of the Project to Banneker since March 2008. Throughout these negotiations, Banneker has remained available to perform the Project and is ready, willing and able to provide information, if necessary, to address any WMATA concerns in an effort to eliminate further delay of the contract award decision-making process. WMATA's announcement today that it plans to indefinitely "table" consideration of the amended Term Sheet WMATA Staff has executed with Banneker, without the Board ever meeting in public session to review and approve or reject it, itself demonstrates bad faith. Moreover, such action (or in this case inaction) cannot be in the best interests of WMATA.

ReedSmith

Banneker requests a meeting as soon as possible with the appropriate WMATA officials, including members from the WMATA Joint Development & Real Estate Committee, in order to expedite WMATA's action on the Project and formal consideration of Banneker's amended Term Sheet.

If the parties are unable to successfully move forward with action on Banneker's amended Term Sheet, given the foregoing, Banneker is prepared to seek any and all available remedies at law or in equity to address Banneker's damages and concerns regarding the selection process in this instance.

Sincerely, I am

A. Scott Bolden

A. Scott Bolden

Attachments

cc: Carol O'Keeffe, General Counsel, WMATA
Steven Goldin, Director, Office of Station Area Planning & Asset Management, WMATA
(w/o attachments)

Bannecker letter:

1.) $597K
$150K to $205K

2.) what is 5 mos after TS?

3.) WW → WMATA had the right → actions were in consonant w/ this Right

4.) AH - Duke Plan was on table at time of Closing
- At time Solicitation → DP
- Long before meeting on 7/20/08

5.) Experience - presence on team Donatelli then Metropolis
- metropolis' presence on original team which helped Assuage

# M E M O R A N D U M

DATE: June 9, 2010

SUBJECT: Preservation of Evidence Regarding Shaw-Howard/Florida Avenue Joint Development Project

FROM: COUN - Bruce P. Heppen BPH

TO: MITS – Victor Iwugo

Please be advised that COUN has issued the attached Litigation Hold Notice to the WMATA employees and former employees included on the Distribution List. We are communicating separately with Mr. Catoe; and we are assuming that his email records are still available to you. Please retain or recreate, as may be applicable, their email from 8/01/2005 to present.

As you are aware the Authority has a legal obligation to preserve all evidence relating in any way to the potential claim and your assistance in required to comply with this obligation. When you have implemented the email hold please sign this memorandum where indicated below and return the original to Ms. Sherry Hamilton, Office of General Counsel, 2D. Please provide additional information, including a proposed timetable, in the event that recreation of emails is required.

Thank you for your prompt attention to this matter.

If you have questions or concerns regarding this memorandum, please contact me on extension 2569.

Attachment

cc: COUN – Carol B. O'Keeffe
COUN – Josh Montague

---

I have completed the litigation hold requested in this memorandum.

_____ Date: _____

Victor Iwugo
Chief, Office of Metro IT Security

Washington Metropolitan Area Transit Authority

# M E M O R A N D U M

DATE: June 9, 2010

SUBJECT: Preservation of Evidence Regarding Shaw-Howard/Florida Avenue Joint Development Project

FROM: COUN - Bruce P. Heppen BPH

TO: Distribution List

Please be advised that Banneker Ventures is considering filing a claim against Metro and you have been identified as a person who may have knowledge of the facts or documents relating to this claim. This matter may be filed under the reference "SHAW-HOWARD JOINT DEVELOPMENT, "FLORIDA AVENUE LITIGATION" or "BANNEKER VENTURES LITIGATION" or similar in your files. You and Metro have a legal obligation to preserve all evidence relating in any way to the potential claim. In this case, the documents in question are those documents relating to: the solicitation and negotiation of the Shaw-Howard/Florida Avenue joint development project. The documents relevant to this claim are from the timeframe 8/1/2005 to present. **YOU MAY NOT DESTROY ALTER, DELETE OR MODIFY SUCH DOCUMENTS UNTIL FURTHER NOTICE.** The obligation to preserve documents is not limited as to time.

"Documents" as used herein includes paper and electronic originals and unique copies (i.e., copies with annotations or other markings not on the originals), such as requests, letters, memoranda, notes, email, instant messages, calendars, purchase orders, requisitions, correspondence or communications of any kind and applies even where retention would otherwise not be required by normal Metro retention policies and practices. Oral evidence should also be preserved, including tapes, recordings (or transcripts thereof) and voicemails.

Washington Metropolitan Area Transit Authority

You are also instructed to copy this memorandum, complete and sign page 3 and return the signed original not later than June 16, 2010, to the attention of Ms. Sherry Hamilton, Office of General Counsel, 2D.

Failure to comply with this instruction may result in disciplinary action leading up to, and including, termination of employment.

If you have any doubts about whether to preserve evidence, err on the side of preservation. Contact me at 202-962-2569 with any questions you may have.

**CONFIDENTIAL/ATTORNEY-CLIENT PRIVILEGE APPLIES**

HOW TO PRESERVE DOCUMENTS

For all paper documents and files subject to this memorandum that Metro is currently maintaining in filing cabinets or the like, and that will continue to be used from time to time in the ordinary course of business, **please affix to the file cabinet or container the following label: "Contents Subject to Legal Counsel Preservation Memo. Make and Use Copies Only. Do Not Remove Originals Except to Copy and Return."**

For all other paper documents subject to this Memorandum that can feasibly be segregated from routinely used business files, **please segregate and store in separate boxes or files and affix a note with your name, and the date, and the same label: "Contents Subject to Legal Counsel Preservation Memo. Make and Use Copies Only. Do Not Remove Originals Except to Copy and Return."**

ELECTRONIC DOCUMENTS

Any electronic documents that may relate to this matter must be preserved. Such documents may be maintained on shared network files (such as local office file and print servers), computer hardware, DVD's, CDs, ROMs, floppy disks, laptop computers, handheld drive, and pocket PC's (e.g., Blackberrys, Palm Pilots and the like).

You are also instructed to insure that your email settings are changed to preserve all email at an interval no greater than 60 days. Instructions for changing your Outlook email settings are available from the Metro Help Desk at 202-962-1182. Please be informed that the Office of Information Technology has also been instructed to retain your email pursuant to this notification. Nonetheless, you should not delete any email.

ACTION TO TAKE

Please sign and print your name, employee number and date below to signify that you understand and will comply with the obligations explained in this memorandum. Failure to do so may lead to disciplinary action, including, but not limited to discharge. Please return it to Ms. Sherry Hamilton, Office of General Counsel, 2D, who can be reached at 202-962-2532.

**I AGREE TO FOLLOW THE FOREGOING PROCEDURES REGARDING THE LITIGATION HOLD NOTICE DATED JUNE 9, 2010, IN THE MATTER OF BANNEKER VENTURES V. WMATA AND UNDERSTAND THAT FAILURE TO DO SO MAY LEAD TO DISCIPLINARY ACTION, INCLUDING TERMINATION.**

_____
Signature

_____
Print Name

_____
Title

_____
Employee Number

_____
Date

**CONFIDENTIAL/ATTORNEY-CLIENT PRIVILEGE APPLIES**

Distribution List:

CHOS -
Shiva K. Pant

SAAM -
Nat Bottigheimer
Steven Goldin
Mark Meister
Rosalyn Doggett
Malcolm Marshall

TIES/ESVC -
Tom Robinson
Tariq Bushnaq

COUN -
Josh Montague
Marc Biondi

John B. Catoe, Jr.

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**CONFIDENTIAL/ATTORNEY-CLIENT PRIVILEGE APPLIES**

FL Ave 4/2/10

meet w/ Loyda

- Open Discussion (1:02:52)
  - Board Discussed in exec as Committee
  - motion by Graham to Extend time to Negotiate JDA
    - Tabled the motion – moved to table by N. Albert
      - 2nd by Brown (Graham Stepped Away from vote)
      - All unanimous
- Exec Session
  - No Partner (instability in adding/Dropping)
  - NPV Drop
  - Adjacent Property Drop
  - Default issue Clause
  - No Staff Recommendation

JG

- On behalf of JD RE Cmte moved to Approval of providing Staff add'l time to July 30, 2010 to Negotiate JDA & Lease for FL Ave
  - MR. Downey 2nd
  - Albert move to table
    - 2nd MR. Brown
    - unanimous

## Montague, Joshua W.

**From:** Heppen, Bruce P.
**Sent:** Monday, April 05, 2010 6:48 PM
**To:** Montague, Joshua W.
**Subject:** RE: Florida Avenue - Letter to Developer

**Importance:** High

Josh: please work on this first thing when you get in. COK has a meeting with Neil Albert in the late afternoon and she would like to carry a copy of the letter to him for his review. Steve and COK need to review the draft. She wants to draft a simple letter saying what happened during public session. Is what you have written below correct? – it says Graham made a motion to extend the time, which Albert successfully moved to table. I thought it was Albert who was the champion of the developer. Anyway, after stating the motions which were made and the outcome (motion to table), please tell Banneker that time has been exhausted and there are no plans to revisit this matter. Thank them for their efforts in promoting development in the District of Columbia.

---

**From:** Montague, Joshua W.
**Sent:** Friday, April 02, 2010 5:25 PM
**To:** O'Keeffe, Carol B.; Heppen, Bruce P.
**Subject:** Florida Avenue - Letter to Developer

I met with Loyda today to go over the Board's action on the Florida Avenue project. Here is a summary:

**Exec Session discussion:**

1. The discussion was mainly between the two DC Board members.

2. The discussion against approving focused on the following issues:

    a. No development partner. The developer does not currently have a development partner. The fact that the developer has added and dropped numerous partners negated the fact that the Developer would be required to obtain a development partner for this project to close and that WMATA reserved the right to approve the future partner.
    b. NPV of the offer dropped considerably.
    c. Adjacent property dropped. Loyda thought the Board discussion on this was negative, even though COUN thought it was a positive result.
    d. Default issue clause.
    e. No staff recommendation. Loyda thought this carried a great deal of weight with the Board members.

**Open Session:**

1. The Board acknowledged that they had discussed this issue at length in Exec/Committee.

2. Mr. Graham made a motion to extend the time to negotiate the JDA.

3. Mr. Albert then moved to table the motion.

    a. Mr. Graham announced that he was stepping away from the vote on this motion.
    b. Motion was seconded by Mr. Brown.
    c. Vote was unanimous.



FOIA CONFIDENTIAL TREATMENT REQUESTED 

Which of this should go in a letter to the developer? Do we discuss exec session issues with outside parties?

Thanks,

Josh



FOIA CONFIDENTIAL TREATMENT REQUESTED

Bannecker Letter Response 5/4/10

- OIG - outside Complaint → Refers to CMOB
- GC → outside Counsel

- 4 pages (Estimate)
  - Staff Response
  - Counter Statement of the facts
    - Do not Respond to Section 3
    - Allegations Contained in Section 3 of your letter

- Sanitized letter to Roz Doggett
  - Section 3

-OIG-
- MR. Benjamin's Call
- As per WMATA procedure → Refer to BOD Chair

- BOD has taken firm action
  - W/O further action, lack authority to take further Action
  - Term Sheet Expired

- A/H → 20%
  - Duke Plan → WMATA Recognized there had to be an Affordable Housing Component

-

1.5 - Developer accepted all terms & Conditions of JDS

JDS - 1.7 - JDA (Approved by BOD) is the Only Binding Agreement

1.9 - Costs → all on Developer

2.3(x) Assemblage Disclosure

3.2(a) Proposal Evaluation factors (e.g, Developer Experience)

3.2(c) Negotiation period = 150 Days

- proposal Security → 5.2

3.2(d) procedure for BOD Approval

§4 - Non-Negotiable items

5.1 - Change in Developer → 5.1(c): Need WMATA Approval

Personal Services Contract

5.2 Termination of Selected Developer

(A) - Extensions only Extended by WMATA BOD in its Sole and non-Reviewable Discretion

- BOD - ~~PRED~~ PDRE 1/14/10
  - Extend Termsheet to 3/31/10

- Exec Session: Section VI

**District of Columbia Housing Finance Agency**
815 Florida Avenue, NW Washington, DC 20001-3017

December 13, 2007

Omar A. Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, DC 20005

Re: Letter of Interest as part of WMATA Joint Development Solicitation
Development of three parcels on Florida Avenue, NW
Tax Exempt Bond and Low Income Housing Tax Credit Financing

Dear Mr. Karim:

The District of Columbia Housing Finance Agency ("DCHFA" or the "Agency") has reviewed your response to the Washington Metropolitan Transit Authority Joint Development Solicitation (the "Proposal Response") to redevelop the above referenced parcels (the "Project") in the Shaw neighborhood of Washington, DC (the "District").

The Agency has a strong interest in participating in the financing of the redevelopment of over 18,000 square feet of currently vacant parcels. Your proposal to develop the site into a quality mixed-use residential and retail development (aptly called The Jazz @ Florida Avenue) is consistent with the Agency's strategic objective of encouraging the development of affordable housing in vibrant mixed income and mixed-use developments. Moreover, with the proximity of the Project located directly across the street from the Agency, we are enthusiastic to partner with you to develop this site.

According to the Proposal Response, which appears to be consistent with the requirements of your Joint Development Solicitation, your proposal is as follows:

- Redevelop the site, in a mixed-use platform, into 103 high quality units of mixed-income rental housing which will be built over 11,700 square feet of ground floor retail space.
- Make 20% of the units affordable to individuals or families who earn up to 50% of the area median income (AMI).
- Partner with District Development Group and Donatelli Development, both respected developers in the redevelopment of the site.
- Include neighborhood serving retail uses including cultural and arts space.

Phone: 202-777-1600 Fax: 202-986-6705 www.dchfa.org

- Finance the $36 million development with an allocation of tax exempt bonds, equity from the sale of 4% low income housing tax credits (LIHTCs), institutional equity and possibly secondary permanent financing from the District of Columbia Department of Housing and Community Development (DHCD).

Although this letter does not represent a financing commitment from DCHFA, it does represent the Agency's strong interest in financing the subject project. Based on our current and projected bond volume cap for multifamily housing, DCHFA will be able to allocate tax exempt and/or taxable bonds and 4% LIHTCs to the Project. The final allocation of bond volume cap and low income housing tax credits will depend on the final build out, tenant mix and the resultant eligible basis of the Project.

We eagerly await your submission of a formal application for financing and are looking forward to working with you to bring this much needed and exciting project to fruition.

Sincerely,

Anthony L. Waddell
Director, Public Finance

cc: Mr. Harry D. Sewell
Mr. Cedric M. Brown
General Counsel's Office
LOI File

Execution Copy

# WMATA Joint Development Term Sheet
# Shaw-Howard/Florida Avenue Sites

This Term Sheet, entitled "Joint Development Term Sheet" ("Term Sheet"), for a joint development project at WMATA's Shaw-Howard/Florida Avenue sites in Washington, DC, and dated as of the date last executed below, is intended to summarize the principal terms of a proposal being considered by the undersigned parties regarding a lease of certain real property on the south side of Florida Avenue, NW between 7th and 9th streets, NW. The undersigned parties wish to negotiate a Definitive Agreement, as defined in Section 2.1 herein.

1. **Parties**
   1.1 Washington Metropolitan Area Transit Authority ("WMATA").

   1.2 Banneker Ventures, LLC ("Banneker"), together with District Development Group, LLC ("DDG") and Metropolis Development Company LLC ("Metropolis"), will form a limited liability company for the Project (as defined in Section 4 herein), to be known as The Jazz @ Florida Avenue, LLC or another name as determined by Banneker, DDG and Metropolis (the "DEVELOPER"). Other parties may not be included in the DEVELOPER, except for any equity partners that the DEVELOPER needs to provide financing for the Project, nor may the DEVELOPER's interest in the Project or DEVELOPER's Improvements (as defined in Section 4.1, herein) be assigned or sold, without the written consent of WMATA, such consent not to be unreasonably withheld, with the terms of such consent to be provided in the Definitive Agreement.

2. **Definitive Agreement**
   The Definitive Agreement, to be prepared initially by WMATA and presented by WMATA to the WMATA Board for approval and signature within five months of Board Term Sheet approval, will be a Joint Development Agreement ("JDA") that will include, as an exhibit, a 60-year ground lease agreement ("Lease"), together with all related documentation upon which WMATA and DEVELOPER mutually agree. The Lease term will begin with the earlier of twenty (20) months after the WMATA Board approves the Definitive Agreement or the start of construction of the Project.

3. **Property to Be Leased by Developer**
   WMATA will lease to DEVELOPER approximately 28, 892 sf of land area outlined in red in **Exhibit A** and attached hereto (the "Leased Premises"). The land is in three separate parcels: 1) approximately 3,799 sf in Square 393, lot 44; 2) approximately 8,621 sf in Square 393, lot 45; and 3) approximately 16,452 sf in Square 416, lots 18 and 31. The Leased Premises shall not include those property interests necessary for protection of WMATA's Transit Facilities.



FOIA CONFIDENTIAL TREATMENT REQUESTED

4. **Project**
DEVELOPER will construct improvements on the Leased Premises (the "Project" or "Project Improvements") in the configuration shown in **Exhibit B.** The Project will consist of:

4.1 DEVELOPER improvements (the "DEVELOPER Improvements") are a minimum 130,014 FAR gross square feet including not less than 104 dwelling units per District of Columbia ("District") approvals and approximately 11,750 gross square feet of retail/arts use plus associated residential and retail parking, estimated at 47 below-grade spaces, per District approvals. The DEVELOPER Improvements will be built in a single phase on the Leased Premises.

4.2 No improvements will be constructed on the Leased Premises other than the Project Improvements, unless approved in advance in writing by WMATA.

5. **Due Diligence**
5.1 Leased Premises Condition: In the Definitive Agreement, WMATA will provide knowledge-qualified representations customarily made by WMATA in transactions of this type, including with respect to title to the Leased Premises and the environmental history or condition of the property. Subject to the continued accuracy of such representations, and subject further to DEVELOPER'S Study Period rights as provided herein and satisfaction or waiver by DEVELOPER of all conditions precedent herein provided, DEVELOPER will accept its interest in the Leased Premises in an "as is - where is" condition.

5.2 Study Period: Upon approval and execution of the Term Sheet, WMATA will grant DEVELOPER a Right-of-Entry Permit for entry into the Leased Premises, substantially in the form attached hereto as **Exhibit C**. DEVELOPER shall have sixty (60) days from the effective date of the Definitive Agreement to conduct its due diligence related to the Leased Premises (the "Study Period"). If DEVELOPER, in its sole and exclusive discretion, shall be dissatisfied for any reason with the results of its Study Period investigations, DEVELOPER shall be entitled, upon written notice to WMATA delivered not later than ten (10) days following expiration of the Study Period, to terminate this Term Sheet and the Definitive Agreement, whereupon WMATA shall return to DEVELOPER the entire Security Deposit or the Proposal Security (as defined below), as applicable, and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or of the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.



FOIA CONFIDENTIAL TREATMENT REQUESTED 

**6. Security Deposit**

6.1 Within two (2) business days of the execution of the Definitive Agreement, the DEVELOPER will place with WMATA a cash security deposit in the amount of Two Hundred Fifty Thousand and No/100 Dollars ($250,000.00), (the "Security Deposit") to secure DEVELOPER's performance. The Security Deposit will replace the $100,000 Proposal Security.

6.2 The Security Deposit will not be applied to any rental payments due to WMATA under the Definitive Agreement.

6.3 The entire Security Deposit shall be forfeited and may be retained by WMATA if DEVELOPER shall be in default under the Definitive Agreement beyond applicable notice, cure and grace periods therein provided. In such event, the Security Deposit may be applied by WMATA in whole or in part to cure such default. No such application of the Security Deposit shall constitute a waiver of any such default by DEVELOPER or an election of remedies. If the Security Deposit is applied in whole or in part as described herein, DEVELOPER shall, within ten (10) days, increase the Security Deposit by an amount equal to the amount applied.

6.4 The Security Deposit, less any amounts previously applied in connection with any breach or default by DEVELOPER and not replenished by DEVELOPER, shall be refunded to DEVELOPER upon the acceptance (not to be unreasonably withheld, delayed or conditioned) by WMATA of those sureties and guarantees identified in Sections 9.6 and 9.8 of this agreement.

6.5 WMATA shall return the Security Deposit plus interest to DEVELOPER within twenty (20) business days of its receipt of a copy of the Certificate of Occupancy for the Project.

**7. Consideration**

7.1 Option Fee: DEVELOPER will pay WMATA $100,000 (the "Option Fee"), within ten (10) days of WMATA Board approval of the Term Sheet and written notification to the DEVELOPER by WMATA of such approval. The Option Fee shall not be applicable to Pre-stabilization Rent, Initial Base Rent, Base Rent, or Capital Event Participation (as defined in this Section 7) and shall be non-refundable.

7.2 Pre-stabilization Rent: Non-refundable Pre-stabilization Rent payments will begin upon execution of the Definitive Agreement and continue until the earlier of the date of Project Stabilization, to be defined in the Definitive Agreement or forty-five (45) months after WMATA Board approval and execution of the



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007473

Definitive Agreement (the "Pre-stabilization Period"). Pre-stabilization Rent, for the first fifteen (15) months, will be $100,000 per year payable in advance in quarterly instalments of $25,000. Pre-stabilization Rent will increase to $115,000.00 per year for the next twelve (12) months. For the remaining Pre-stabilization Period, rent shall be $130,000.00 per year.

7.3 Base Rent: The first base rent payment shall be paid by DEVELOPER to WMATA within fourteen (14) calendar days of the end of the Pre-stabilization Period ("Initial Base Rent"). Any delay in first payment of Initial Base Rent will require a penalty payment, the amount of which to be determined in the Definitive Agreement. Initial Base Rent will be for the first calendar year after the end of the Pre-stabilization Period and will be pro-rated accordingly, payable in advance in quarterly instalments of one-quarter of the Initial Base Rent. In no event shall the Initial Base Rent (for a full year) be less than Five Hundred and Ninety-Seven Thousand and No/100 Dollars ($597,000.00). After the Initial Base Rent payment, Base Rent will be due annually, in quarterly instalments, beginning on the first business day of the calendar year for the remaining term of the Lease ("Base Rent"), and will be pro-rated accordingly. Base Rent payments will be determined as follows:

7.3.1 For the first Base Rent payment due after the Initial Base Rent payment, DEVELOPER will pay WMATA an amount equal to the product of the Initial Base Rent multiplied by 1.5% for that year (the "Initial Escalation Factor").

7.3.2 For the second through tenth years of Base Rent payments, subsequent Base Rent payments due after the Initial Base Rent payment, except for the first Base Rent payment to be determined pursuant to 7.3.4 below, each Base Rent payment will be the product of the immediately preceding Base Rent payment and the Initial Escalation Factor. In no event will any Base Rent payment be less than the Base Rent payment for the preceding calendar year.

7.3.3 For the eleventh year of Base Rent payments and thereafter, except for Base Rent to be determined pursuant to 7.3.4 and 7.5 below, each Base Rent payment will be the product of the immediately preceding Base Rent payment multiplied by 1.03 (the Escalation Factor). In no event will any Base Rent payment be less than the Base Rent payment for the preceding calendar year.

7.3.4 At the time of any Capital Event as defined in Section 7.4, Base Rent will be reset at 7% of the Project land value derived through a three-appraiser process that establishes unit values for each type of Project



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007474

land use multiplied by the total gross Project FAR square footage of each land use. In no event will any Base Rent payment be less than the Base Rent payment for the preceding calendar year.

7.3.5 DEVELOPER shall lease the Leased Premises for a period of sixty (60) years (the "Lease Period"). The Definitive Agreement will provide a mechanism by which Developer may request an extension of the Lease Period, subject to completion of a written agreement between the parties and approval, if necessary, by WMATA's Board of Directors.

7.4 Capital Event Participation: Capital Events (defined hereinbelow) shall be permitted in accordance with this Section 7.4. Whenever a Capital Event occurs, the DEVELOPER will make a payment to WMATA ("Capital Event Participation"). Capital Event" include any of the following by DEVELOPER: (i) assignments of the Definitive Agreement or the Lease, (ii) sales or re-financings of DEVELOPER's Improvements, (iii) other dispositions, transfers, and conversions that changes the membership of the DEVELOPER to include new members not originally included as of the execution date of the Definitive Agreement shall be a Capital Event. The Parties agree that Non-Capital Events, which will require WMATA approval, but not WMATA monetary participation, also exist and will be defined in the Definitive Agreement. A one-time payment per Capital Event will be paid to WMATA in an amount equal to ten percent (10%) of any Adjusted Gross Capital Event Proceeds. Adjusted Gross Capital Event Proceeds are the gross transaction revenues to DEVELOPER from a Capital Event, and any affiliated entities receiving income from such a Capital Event, less the payoff of remaining original Project debt secured by DEVELOPER Improvements and repayment of the original equity to DEVELOPER not yet repaid. To confirm DEVELOPER's original project debt and equity, within thirty days of the start of Project construction, DEVELOPER will provide WMATA with documentation confirming such amounts from DEVELOPER. Total debt and equity to finance the Project (amounts paid prior to the subject Capital Event) will total no more than one hundred percent (100%) of the original total Project cost, including both hard and soft costs. WMATA Base Rent will never decrease from the then payable Base Rent as a result of any Capital Event.

7.5 Periodic Rent Revaluation: Upon a Capital Event or every ten years, whichever is earlier, the Base Rent will be adjusted to 7 % of Project land value established through a three-appraiser process as described in Section 7.3.4 above. WMATA Base Rent will never decrease from the then payable Base Rent as a result of any Periodic Rent Revaluation.

7.6 WMATA Improvements: intentionally omitted



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 007475

7.7 Proposal Security: If WMATA and DEVELOPER do not execute a Definitive Agreement within five months following Board Term Sheet Approval (as provided in Section 2 above), WMATA will refund DEVELOPER's full Proposal Security of One Hundred Thousand and No/100 Dollars ($100,000.00) to DEVELOPER within twenty (20) business days.

7.8 WMATA Delays: The maximum length of 45months for the Pre-stabilization Period will be extended, on a day-for-day basis, for delays caused by WMATA actions or failure to act, including obtaining FTA Approval in accordance with Section 8.5 below and . In no other event will payment of Pre-stabilization Rent, Initial Base Rent, or Base Rent be delayed, even though DEVELOPER's schedule may take longer than anticipated.

7.9 Force Majeure Delays: The maximum length of 45 months for the Pre-stabilization Period may be extended, subject to an increase in the rental payments due in order to maintain the net present value of the Definitive Agreement to WMATA, for any delays caused by acts of God, terrorism, casualty, or other events of "force majeure", as may be further defined and agreed to in the Definitive Agreement.

7.10 Changes to Project: Changes to Project, which increase Project density may be requested by the Developer, subject to the terms and conditions for such changes to the Project as may be required by WMATA in the Definitive Agreement. Such terms and conditions will require increases in rent or other compensation to WMATA.

7.11 Additional Density:

7.11.1 If prior to Lease execution, DEVELOPER receives approval for additional density over that in Section 4.1, DEVELOPER will pay additional Base Rent to be determined by multiplying such density at $60/FAR sf (subject to true-up of 3% per year from the execution of the Definitive Agreement) of additional density and multiplying the product derived (Project land value) by 7%.

7.11.2 During the term of the Lease, any densities or unit totals actually constructed on the DEVELOPER Improvements that are more than those originally shown in the Approved Site Plan will require DEVELOPER to pay additional Base Rent. The revised Base Rent payments will be determined through the three-appraiser as described in Section 7.3.4 above, with such additional Base Rent including the incremental increase associated with any actually constructed DEVELOPER Improvements.



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**8. Conditions to Definitive Agreement Consummation**

If each of the following conditions is not satisfied within the timeframes provided below therefor, then in such instance, DEVELOPER may terminate this Term Sheet and the Definitive Agreement upon ten (10) days written notice to WMATA, in which event WMATA shall return the entire Security Deposit to DEVELOPER and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

8.1 Design Approvals: Within sixty (60) days after the execution of the Definitive Agreement and prior to any submission to the District, DEVELOPER must obtain WMATA's approval of a conceptual Project site plan in substantial conformance with **Exhibit B**, including building elevations and floor plans and related improvements to the Leased Premises such as streetscape, plazas, and sidewalks and landscaping (the "WMATA-Approved Site Plan"). The design of the Project shall be oriented in such a manner as to encourage use of WMATA transit facilities by tenants, residents, customers, and employees (as applicable) travelling to and from the Leased Premises. DEVELOPER must make its initial submission to WMATA no more than ten (10) days after execution of the Definitive Agreement.

8.2 Study Period: DEVELOPER shall be satisfied, in its sole and exclusive judgment, with its Study Period inspections in accordance with Section 5.2 above.

8.3 Public Hearing: DEVELOPER acknowledges that WMATA has concluded that a WMATA Compact Public Hearing is not required for this Project.

8.4 Subsequent Approval: DEVELOPER acknowledges that WMATA will not be bound by the Definitive Agreement unless and until such Definitive Agreement is approved by WMATA's Board of Directors and executed by WMATA.

8.5 FTA Approval: The transaction described herein is subject to Federal Transit Administration approval (the "FTA Approval"). WMATA will apply for said FTA Approval within thirty (30) days after full execution of the Definitive Agreement. The Definitive Agreement will contain appropriate termination provisions to address the possibility that the FTA may not approve the Definitive Agreement.

8.6 Financing Contingency: Developer shall have received a commitment for construction financing from a bank or other lending institution in such amounts, and upon such terms and conditions, as shall be consistent with the approved development budget for the Project and as shall otherwise be reasonably satisfactory to Developer and WMATA.



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## 9. Special Considerations

9.1 Community Contact: Within sixty (60) days of the WMATA Board's approval of the negotiated Definitive Agreement and WMATA's written notification to DEVELOPER of such approval, DEVELOPER shall contact the appropriate community groups in the area as specified by WMATA,to apprise such groups of the Project and provide WMATA with a written report naming each group contacted, its contact person and phone number, and a brief list of issues expressed by each group. DEVELOPER's failure to perform under this provision will constitute an event of default under the Definitive Agreement.

9.2 Rezoning Approvals: DEVELOPER will be responsible for obtaining all entitlements, including, but not limited to, re-zonings, variances, special exceptions, historic district approvals, zoning modifications, TDR's or similar actions relating to the Leased Premises (collectively, "Zoning") required to allow construction of the Project on the Leased Premises. DEVELOPER will use commercially reasonable efforts to obtain such entitlements.

9.2.1 DEVELOPER will fund any and all costs of the Zoning. WMATA will not incur any costs in connection with the Zoning either in the actual Zoning process or for required on-site or off-site improvements or other work. DEVELOPER shall indemnify WMATA against any such costs.

9.2.2 At no expense to WMATA, DEVELOPER also shall be responsible for, and shall diligently and expeditiously pursue, all necessary permits and approvals, including, without limitation, land disturbance permits, building permits, and soil and erosion control measures as required by the District or any other local, state, or federal agency having jurisdiction.

9.2.3 WMATA shall cooperate with DEVELOPER in all zoning and other related land use matters.

9.3 Site Plan Approval by the District: DEVELOPER will submit to the applicable District agency or agencies a Zoning request and an application for District approval of the WMATA-approved Site Plan, for development of the Leased Premises.

9.4 WMATA Review and Approval of Site Plan: In the event that DEVELOPER makes any modifications to the Site Plan approved by the District and subsequently by WMATA (the "Approved Site Plan"), such modifications will be subject to WMATA's approval.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007478

9.5 WMATA Review and Approval of Construction Drawings: WMATA will have the right to approve or disapprove, and require changes to any of the DEVELOPER Improvements that materially or adversely affect WMATA's operations. The design and construction plans for the Project Improvements will incorporate the most recent revisions of WMATA's design and construction standards and criteria, including, without limitation "*STANDARDS—2007 Drawings/ Specifications/ Design Criteria*," and WMATA's *Adjacent Construction Design Manual, Revision 2* (collectively, "WMATA Design and Construction Standards").

9.6 Construction Requirements: DEVELOPER shall cause all of the components of the Project Improvements to be constructed by one or more reputable contractors having a record of successfully constructing similar projects. Construction of DEVELOPER Improvements shall be insured by one hundred percent (100%) performance and payment surety bonds with a nationally recognized corporate surety acceptable to WMATA. Such surety bonds shall name WMATA as a co-obligee, and evidence of such bonds shall be furnished by DEVELOPER to WMATA at least ten (10) calendar days prior to commencement of construction of the DEVELOPER Improvements.

9.7 Interim Improvements: intentionally omitted

9.8 Guaranty: DEVELOPER will obtain from one or more third-party Guarantors, guarantees for the completion of a) construction of the Project Improvements, b) infrastructure required by either the District of Columbia or WMATA that is not included in the Site Work, c) any demolition and removal as and when required under the terms of the Definitive Agreement, d) remediation of all hazardous materials as required by the Definitive Agreement or by applicable laws, courts or governmental authorities, and e) the timely payment and performance of all other DEVELOPER obligations under the Definitive Agreement. The Definitive Agreement will include minimum financial tests to be met by Guarantors, which will exceed the estimated costs of the aggregate payment and performance obligations under the Definitive Agreement by a reasonable margin. The adequacy of security and need for this Guarantee to be further discussed in Definitive Agreement.

9.9 Transit-Oriented Development/Continuing Transit Orientation: DEVELOPER will design the Leased Premises so as to constitute a Transit-Oriented Development, and the DEVELOPER Improvements will be maintained with a Continuing Transit Orientation, as described in FTA Notice of Final Agency Guidance on the Eligibility of Joint Development Improvements Under Federal Transit Law, which can be found at 72 FR 5788.



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9.10 Transit Operations: Neither the construction nor the operation of DEVELOPER's Improvements will interfere with the safety of operation of WMATA's transit facilities.

9.11 Environmental Matters: In the event that DEVELOPER engages in any excavation on the Leased Premises, DEVELOPER shall dispose of any contaminated excavated materials that DEVELOPER has knowledge of, at DEVELOPER's expense, as required by all then-applicable federal and/or State of Maryland laws or regulations. DEVELOPER agrees to indemnify and hold WMATA harmless from any environmental liability or damages, including attorney's fees and costs of remediation for which WMATA may become responsible as a result of the DEVELOPER's breach of this covenant.

**10. Indemnification**

DEVELOPER will indemnify and save harmless WMATA and its respective directors, officers, employees and agents for all damages and expenses that may arise in connection with any and all actions taken by DEVELOPER, its contractors, consultants or agents, or any employee of DEVELOPER, its contractors, consultants or agents, in connection with its activities under the Definitive Agreement, including all surveys, tests, investigations, construction, operations on the Leased Premises and other activities. WMATA will have the right to disapprove activities that in WMATA's sole judgment could result in injury to WMATA Transit Facilities located under the Leased Premises or breach of any agreement, or expose WMATA to any liability. No consent by WMATA will be interpreted as a waiver by WMATA or assumption of liability or risk by WMATA. As to all Study Period activities, DEVELOPER and its consultants will be obligated, at their sole cost and expense, to restore the Leased Premises to the similar condition existing immediately prior to those activities.

**11. Insurance Requirements**

DEVELOPER, and each of its consultants, contractors and subcontractors, will maintain at all times, at their sole cost and expense, insurance coverages and policies to protect each of them and WMATA from claims that may arise out of activities contemplated by the Definitive Agreement. The scope and limits of such coverages and policies required by WMATA will be addressed in the Definitive Agreement.



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**12. Non-Binding Intent**

This Term Sheet will have no binding effect on the parties except that DEVELOPER shall have the exclusive right to negotiate a Definitive Agreement with WMATA for a period of five (5) months from the date of this Term Sheet. Any expenditures undertaken by either party hereto are at its own risk. No contract or agreement of any sort, preliminary, final or otherwise, is intended to be created by this Term Sheet, except as described above.

Agreed this 17th day of July, 2008, by

**Washington Metropolitan Area Transit Authority**

By: Joel R. Washington

Joel R. Washington
Director, Office of Station Area Planning and Asset Management
Planning and Joint Development

**Banneker Ventures, LLC**

By:

Title: Principal



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April 27, 2010

**CONFIDENTIAL**

**VIA OVERNIGHT MAIL AND E-MAIL**

Richard Sarles
Interim General Manager
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, D.C. 20001

-and-

Peter Benjamin
Chair, Board of Directors
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, D.C. 20001

**Re: Status of Banneker Ventures Term Sheet and Award of Jazz at Florida Avenue Project**

Dear Messrs. Sarles and Benjamin:

We represent Banneker Ventures, LLC ("Banneker") and write to address the status of the Washington Metropolitan Area Transit Authority ("WMATA") Board of Directors ("Board") approval of the Banneker Term Sheet for the joint development project known as the "Jazz at Florida Avenue Project" (the "Project"). We received a letter today from Steven Goldin, Director Office of Station Area Planning & Asset Management, WMATA confirming that the WMATA Joint Development and Real Estate Committee had moved to extend Banneker's exclusive negotiation period to July 30, 2010, but noting that The WMATA Board had voted unanimously, without explanation or rationale, "to table" *indefinitely* any further consideration of Banneker's timely-submitted, amended Term Sheet. WMATA's attempt to provide itself an opportunity to begin negotiations with other developers, besides Banneker, during the exclusive negotiation period, without the Board ever considering or rejecting the amended Term Sheet as required by the Joint Development Solicitation, is outrageous and unlawful.

Below, we provide: (I) a background summary of the Project; (II) Banneker's responses to alleged WMATA Board concerns; (III) Banneker's allegations of inappropriate conduct by WMATA Board Member, Joint Development & Real Estate Committee ("Committee") Chair Jim Graham; and (IV) Banneker's request for immediate WMATA Board approval and award of the Project.



FOIA CONFIDENTIAL TREATMENT REQUESTED

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## I. BACKGROUND

On May 31, 2007, Banneker submitted its Response to the Opportunity to Compete Against an Unsolicited Proposal for the redevelopment of WMATA-owned parcels located at Shaw-Howard/Florida Avenue to Gary Malasky, Contracting Officer, Office of Property Development and Management, WMATA. In preparing the proposal, Banneker assembled a team, which included Torti Gallas & Partners, Inc., an architectural company with previous experience working on WMATA joint development projects, and District Development Group, LLC, who would serve as co-developer for the Project.

On August 24, 2007, WMATA issued a Joint Development Solicitation ("JDS") for the joint development of real estate at the Shaw-Howard/Florida Avenue Joint Development Site (the "Site"). See Attachment 1, Joint Development Solicitation, Shaw-Howard/Florida Avenue Joint Development Site: Proposal Submission Requirements, August 24, 2007. According to the JDS, proposals were due on October 5, 2007.

On September 18, 2007, Myla Moss, Advisory Neighborhood Commission ("ANC") Commissioner, ANC 1B01, held a Town Hall meeting to allow the WMATA short-listed development teams to present their vision for redeveloping the Shaw-Howard/Florida Avenue site. According to Ms. Moss' letter to Nat Bottigheimer, Contracting Officer, Office of Property Development and Management, WMATA dated October 4, 2007, only the Banneker proposal responded to all the express needs and desires of the community. See Attachment 2, Letter from Myla Moss, Commissioner, ANC 1B01 to Nat Bottigheimer, WMATA, dated October 4, 2007. Accordingly, Ms. Moss' letter supported Banneker to receive the WMATA contract to perform the Project.

On October 5, 2007, Banneker responded to the JDS and submitted a proposal to WMATA after assembling a team of development and investment partners, which included: (1) Banneker (Developer); (2) District Development Group, LLC (Co-Developer); (3) Donatelli Development Inc. (Co-Developer); (4) Torti Gallas & Partners, Inc. (Project Architect); (5) MacFarlane Partners (Equity Partner); and (6) Tompkins Builders (General Contractor).

On December 17, 2007, Banneker presented the Project to WMATA to demonstrate their capability and commitment to developing the WMATA-owned parcels at the Shaw-Howard/Florida Avenue site. See Attachment 3, Banneker Presentation to WMATA, The Jazz at Florida Avenue, December 17, 2007.

On February 29, 2008, Rosalyn Doggett called Omar Karim and informed him that WMATA had designated Banneker as the Selected Developer of the Site. Over the next several weeks, WMATA and the Banneker-led team negotiated a Term Sheet resulting in a final version of the Term Sheet on March 18, 2008. During these negotiations, Ms. Doggett informed Mr. Karim that WMATA's Board should approve the Joint Development Agreement ("JDA") and resulting lease agreement with the Banneker-led team by October 2008.

In early April 2008, WMATA staff requested that the WMATA Board approve the Term Sheet previously agreed to by the parties and the selection of Banneker to perform the Project. Later that month, on April 17, 2008, Rosalyn Doggett contacted Omar Karim to inform him that WMATA Board Member Jim Graham raised issues regarding the participation of then Banneker principal Warren Williams, Jr. in the Project. Ms. Doggett recommended that Banneker respond to the issues raised by Jim Graham in a written submission to WMATA.

More specifically, Ms. Doggett suggested that Banneker's written submission state that Mr. Williams would not participate in the WMATA deal, if Banneker's selection was approved by the WMATA Board. By letter dated April 23, 2008, Banneker wrote WMATA to address the concerns raised by Mr. Graham. See Attachment 4, Letter from Omar Karim, Banneker to Rosalyn Doggett, WMATA dated April 23, 2008.

On April 24, 2008, during the monthly meeting conducted by the Committee, Mr. Graham requested that Banneker's designation as the Selected Developer of the Site be discussed in Executive Session of the Committee. Following the closed door meeting, the Committee reconvened in public and Mr. Graham moved to defer the WMATA Board approval of Banneker to serve as the Florida Avenue Developer and approval of the Term Sheet for a period of not less than 60 days. See Attachment 5, WMATA, Minutes of Planning, Development and Real Estate Committee, April 24, 2008.

By letter dated May 9, 2008, Banneker wrote WMATA to respond to further questions raised by Jim Graham regarding alleged obligations due the District of Columbia by Mr. Williams. See Attachment 6, Letter from Omar Karim, Banneker to Joel Washington, WMATA dated May 9, 2008. The letter clarified that Mr. Williams did not have any outstanding financial obligations due to the District in either his personal or corporate capacities.

In June 2008, WMATA staff again requested that the WMATA Board approve the Term Sheet previously agreed to by the parties and the selection of Banneker to perform the Project. On June 26, 2008, during a meeting of the Committee, Mr. Graham once again requested that the Committee discuss approval of Banneker's selection in Executive Session. See Attachment 7, WMATA, Board Agenda Review as of June 3, 2008. Following the Executive Session, the matter was eventually brought before the Committee in a public meeting during which the Committee approved both Banneker's selection as the Selected Developer and the Term Sheet over Mr. Graham's objections.

Following the June 26, 2008 Committee meeting, the WMATA Board reconvened later that day to review and vote on matters that had been approved by the various Board committees. During the full meeting of the Board, Mr. Graham approached and met briefly with Mr. Karim while he was in the audience. Mr. Graham informed Mr. Karim that he would vote for Banneker's selection to perform the Project, but that Mr. Karim needed to meet with him to discuss the Project.

On or about July 2, 2008, Mr. Graham and Mr. Karim met at Mr. Graham's Council of the District of Columbia office and then again at a restaurant to discuss the Project. During these meetings, Mr. Graham informed Mr. Karim that he wanted the Project to set aside 20% of its residential units as affordable housing. Mr. Graham also strongly suggested that Banneker add LaKritz Adler, a small,

local real estate firm, to its development team for the Project or purchase their interest in an adjacent property that LaKritz Adler was controlling at the time. LaKritz Adler and its principals contributed significantly to Mr. Graham's District of Columbia Council re-election campaign. Ultimately, Banneker chose not to add LaKritz Adler to its development team.

On or about July 25, 2008, WMATA and Banneker participated in the Project kick-off meeting. At this meeting, Banneker provided WMATA with an executed copy of the Term Sheet and paid the $100,000 Option Fee as required by the JDS.

From July 2008 through March 2009, the parties engaged in continuous negotiations to enter into a finalized JDA.

In January 2009, Mr. Graham became Chairman of the WMATA Board. During his entire tenure as a WMATA Board Member and Chairman, Mr. Graham has injected himself into the day-to-day management of WMATA operations and has exceeded the scope of his duties as a WMATA Board Member. For example, in July 2009, Mr. Graham took it upon himself to contact the independent appraiser, who had been hired by WMATA staff to appraise the value of the Site, before the appraiser had submitted its appraisal report.

On March 6, 2009, Banneker provided WMATA with a letter from Banc of America Community Development Corporation ("Banc of America"). See Attachment 8, E-mail correspondence from Omar Karim, Banneker to Emeka Moneme, WMATA sent on March 6, 2009 at 3:00PM. Banc of America agreed to become a Co-Developer of and provide direct equity investment into the Project.

On April 23, 2009, WMATA's Board approved a one hundred twenty (120) day extension of the negotiation period between WMATA and Banneker regarding the Project. See Attachment 9, Letter from Emeka Moneme, WMATA to Leila Edwards, District of Columbia Department of Housing and Community Development, dated June 1, 2009.

By e-mail sent on May 29, 2009, WMATA informed Banneker that a possible JDA was imminent. However, WMATA indicated that it could not finalize the JDA until an outside appraisal of the deal was conducted by an independent contractor. See Attachment 10, E-mail correspondence from Rosalyn Doggett, WMATA to Omar Karim, Banneker sent on May 29, 2009 at 4:53PM.

From August 2009 through October 2009, WMATA proposed to change the Project from a lease agreement to a purchase agreement, whereby Banneker would own the property.

On or about September 10, 2009, WMATA staff requested another extension of the negotiation period with Banneker and the WMATA Board approved the extension.

On October 22, 2009, Mr. Graham met with Mr. Karim and Banneker's Chief Financial Officer ("CFO") to discuss the Project. Mr. Graham told both Mr. Karim and Banneker's CFO that the "firm should not have bid on the WMATA project" and that he "won't allow the sale of the WMATA-owned parcels located at Shaw-Howard/Florida Avenue." Mr. Karim told Mr. Graham that Banc of America

preferred a sale, and had spent the past few months underwriting the Project as a sale. Mr. Graham told Mr. Karim that Banneker could get a new joint venture partner to facilitate the lease of the WMATA-owned parcels.

Moreover, Mr. Graham also told Mr. Karim that he would ensure that the Project would not get delayed if Mr. Karim agreed to change the Project from a sale of property to a lease. Mr. Karim agreed with Mr. Graham's request to change the Project back to a lease agreement. Later that day, Mr. Karim had several telephone conversations with John Catoe, Jr., the then-WMATA General Manager and Mr. Graham to discuss the terms of the lease.

By e-mail correspondence sent on October 22, 2009 from Steven Goldin, WMATA's Director of Station Area Planning & Asset Management, WMATA informed Banneker that "per direction from our Board, we are proceeding with preparing a Term Sheet for the lease of our property. The matter is to be taken up by the full Board in a special meeting in two weeks." See Attachment 11, E-mail correspondence from Steven Goldin, WMATA to Omar Karim, Banneker sent on October 22, 2009 at 3:08PM.

On or about November 16, 2009, WMATA staff submitted the parties' revised Term Sheet to the WMATA Board for approval. See Attachment 12, E-mail correspondence from Rosalyn Doggett, WMATA to Omar Karim, Banneker sent on November 16, 2009 at 8:54AM.

By e-mail correspondence sent on November 19, 2009, WMATA informed Banneker that the WMATA Board discussed the Term Sheet, but the WMATA Board took no action. See Attachment 13, E-mail correspondence from Steven Goldin, WMATA to Omar Karim, Banneker sent on November 19, 2009 at 5:22PM. This correspondence further advised Banneker that the WMATA Board directed WMATA staff to address specific issues raised by the Board regarding the initial capitalized lease payment and the lack of a payment "reset" for the first 60 years under the lease.

Following the November 19, 2009 meeting of the WMATA Board, Banneker was able to convince its equity partner to reduce its return on their investment and therefore increase the capitalized lease that the Banneker team could pay WMATA. WMATA and Banneker negotiated a revised Term Sheet which WMATA's staff then recommended to the WMATA Board for approval.

On January 14, 2010, although the WMATA staff recommended the Committee approve the revised Term Sheet, the Committee informed WMATA staff that it wanted Banneker to pay additional funds to perform at the Site. In this regard, the Committee moved to approve a time extension to allow WMATA staff and Banneker to negotiate an amended Term Sheet for the Site, which was to be brought to the WMATA Board by March 31, 2010. See Attachment 14, WMATA, Committee, Minutes of Planning, Development and Real Estate Committee, January 14, 2010.

Following the January 14, 2010 meeting of the WMATA Board, Mr. Graham becomes Chair of the Committee.

From January 14, 2010 through March 25, 2010, WMATA and Banneker engaged in negotiations to reach final agreement with regard to the amended Term Sheet for the Project. Prior to March 25, 2010, the parties reached final agreement on the amended Term Sheet and submitted it to the WMATA Board for approval. The revised Term Sheet significantly increases the capitalized lease payment that Banneker would pay WMATA from the amount submitted to the WMATA Board at the January 14, 2010 meeting.

On March 25, 2010, the WMATA Board discussed the executed amended Term Sheet in Executive Session, but, at the behest of Jim Graham, the Board removed from their agenda consideration of the amended Term Sheet and the WMATA Board did not take any action to approve it.

Since the March 25, 2010 WMATA Board Executive Session meeting and subsequent tabling of the approval of the executed amended Term Sheet at the public WMATA Board meeting, WMATA has not taken any action with regard to its further consideration and approval of the executed amended Term Sheet. Moreover, the Committee is not scheduled to meet to discuss the Banneker Project in the month of April.

On April 26, Steven Goldin, Director Office of Station Area Planning & Asset Management, WMATA sent a letter to Banneker confirming that the WMATA Joint Development and Real Estate Committee had moved to extend Banneker's exclusive negotiation period to July 30, 2010. Mr. Goldin's letter noted that The WMATA Board had voted unanimously, without explanation or rationale, "to table" indefinitely any further consideration of Banneker's timely-submitted, amended Term Sheet without the Board ever considering or rejecting the amended Term Sheet as required by the Joint Development Solicitation.

## II. BANNEKER'S RESPONSES TO ALLEGED WMATA BOARD CONCERNS

During the course of the negotiations between WMATA and Banneker, mentioned above, WMATA raised concerns regarding Banneker's ability to: (a) perform the Project; (b) have a joint venture partner to work with Banneker on the Project; and (c) maintain financing to perform the Project. Each of these concerns is addressed below.

### A. Banneker Has the Experience to Perform the Project

Banneker is a full service real estate firm that specializes in providing construction, construction management, real estate development and real estate advisory services to the public and private sectors. The firm focuses its resources and experience on transforming neighborhoods throughout the Mid-Atlantic region of the United States. The Banneker management team has more than 40 years of construction, construction management, development and finance experience in the public and private real estate sectors. In this regard, Banneker is known for its ability to work on and complete complex construction projects on time and within budget.

As part of its proposal, Banneker provided WMATA with three (3) examples of prior construction and land development projects for which Banneker played a significant lead role.

Moreover, Banneker currently plays a significant role as the lead or co-lead on the following projects: (1) Walker Jones Education Campus; (2) Deanwood Community Center; and (3) Joiner Shop Lofts. All of these projects are comparable to the WMATA Project.

(1) Walker Jones Education Campus

Banneker provided project management and construction management services toward the design and construction of the Walker Jones Education Campus in the District of Columbia. This $50 million project involved the design and construction of a: (i) 100,000 square foot public school; (ii) 20,000 square foot recreation center; and (iii) 5,000 square foot library. Construction of this project was completed on time and within budget in December 2009. This project was the fastest public school ever built in the District of Columbia.

(2) Deanwood Community Center

Banneker is providing project management and construction management services toward completion of the Deanwood Community Center project in the District of Columbia. This project is a 63,000 square foot community center and library facility with a project budget of $32 million. The facility includes an indoor swimming pool, locker rooms, gymnasium, game room, library, childcare facilities, senior services area, kitchen, and multi-purpose facilities. The facility is 85% complete and is expected to reach Final Completion in August 2010. Upon completion, the Deanwood Community Center will be the largest public recreation center ever built in the District of Columbia.

(3) Joiner Shop Lofts

Banneker is providing development management services toward completion of the $60 million Joiner Shop Lofts project. The Joiner Shop Lofts is an adaptive-use, residential and retail development that includes the conversion of a 157,000 square foot warehouse into a 170-unit apartment and retail project. This project is the first residential building that will be completed at The Yards, a large-scale, mixed-use redevelopment of a 42-acre former annex to the Washington Navy Yard.

The above successful projects evidence Banneker's unquestionable ability to serve as project and construction manager on major projects such as the "Jazz at Florida Avenue Project". The services provided by Banneker on the above projects are similar in size and scope to those necessary to perform the WMATA Project. Accordingly, Banneker certainly has the experience to successfully perform the Project.

B. Banneker Has Development Partners to Perform the Project

Jim Graham has been reported as claiming that Banneker does not have a development partner(s) to perform the Project. This simply is not true. Banneker has development partners to perform the Project.

As stated above, Banc of America was very interested and preferred the WMATA deal when the Project involved the sale of the WMATA-owned parcels. However, due to Mr. Graham's requests, the structure of the WMATA deal was changed to a lease. Given these facts, Jim Graham advised Banneker that it could select another development partner to replace Banc of America, if necessary. Accordingly, the executed amended Term Sheet contains language that allows Banneker to replace Banc of America with a development partner with similar experience as that of Banc of America, if necessary.

In addition, Banneker has assembled a team of other development partners, which includes: Torti Gallas & Partners, Inc. (Project Architect); Clark Builders Group (General Contractor); Love Funding Corporation (Project Financing); and Holland & Knight LLP (Land Use Counsel). During negotiations, Banneker provided WMATA with information from each of the above and can provide that information again upon request.

Accordingly, there is no question that Banneker has capable and competent development partners to perform the WMATA Project.

C. Banneker Has Financing to Perform the Project

The WMATA Board, particularly Jim Graham, has raised concerns as to whether Banneker has financing to perform the Project. In fact, Banneker has financing to perform the WMATA Project. Love Funding Corporation ("Love Funding"), a national full-service, commercial mortgage-banking firm that serves as a direct lender and financial intermediary to offer loan placement services for borrowers, as well as origination, consulting and servicing of loans for investors nationwide, has agreed to provide the majority of the financing needed for the Project. In addition, Banneker has received a commitment from the District of Columbia to provide grant funding. Finally, Banneker and its equity partner will provide any remaining financing needed for the Project. Indeed, there is no question that Banneker has financing to perform the WMATA Project.

## III. BANNEKER'S ALLEGATIONS OF INAPPROPRIATE CONDUCT BY WMATA BOARD MEMBER JIM GRAHAM

As you are aware, Jim Graham serves on the WMATA Board and is currently the Chair of the Committee. The duties of the WMATA Board members are prescribed in the "Procedures for WMATA Board of Directors – 2010" ("WMATA Board Rules"), which were presented and approved on January 28, 2010. See Attachment 15, Procedures for WMATA Board of Directors – 2010, January 28, 2010. The Standards of Conduct for Members of the WMATA Board of Directors ("Standards of Conduct") are included as Attachment 2 to the WMATA Board Rules.

Banneker believes that Mr. Graham likely has engaged in inappropriate conduct and has violated WMATA's Standards of Conduct as prescribed in the WMATA Board Rules. Specifically, Mr. Graham, in violation of WMATA Board rules, has: (a) in July of 2008, misused his official position as a member of the WMATA Board and his position as a District of Columbia Councilmember to improperly influence WMATA's selection of Banneker by offering to support a separate piece of legislation pending before the District of Columbia Council that would benefit a former Banneker principal, in

exchange for Banneker resigning as the Selected Developer for the WMATA Project; (b) on July 2, 2008, Mr. Graham inappropriately offered Banneker a quid pro quo for his support of Banneker for the Project on the condition that Banneker agree to use a specific developer identified by Mr. Graham; and (c) Mr. Graham has not acted impartially and has instead repeatedly demonstrated bias against Banneker.

If necessary, Banneker and others will provide evidence of Mr. Graham's unethical conduct. At a minimum, Mr. Graham should be investigated by the WMATA Office of the Inspector General and/or not be allowed any further involvement in approval or oversight of the WMATA Project. According to the WMATA Board Rules, any Board member who willfully violates the WMATA Board Rules shall forfeit the Board member's position with WMATA. See id., Article VI.

## IV. BANNEKER'S REQUEST FOR IMMEDIATE WMATA BOARD APPROVAL AND AWARD OF THE PROJECT

Banneker requests an opportunity to meet with the WMATA officials and/or Board to provide information or make a presentation to address any concerns the Board may have in order to facilitate the immediate approval of the executed amended Term Sheet. Toward that end, Banneker seeks immediate WMATA Board approval of the executed amended Term Sheet followed by an expedited negotiation in order to reach agreement and WMATA Board approval of the JDA and resulting lease agreement. As stated above, the negotiations for the Project have been ongoing for over two (2) years. Banneker has paid both the requisite Proposal Security ($100,000) and the Option Fee ($100,000).

In addition, Banneker has incurred significant additional costs as a result of the protracted WMATA contract negotiations. As a small business, Banneker should not be forced to continue to incur these costs absent a commitment from WMATA that a final deal to perform the Project is forthcoming.

The WMATA Board should act immediately to approve the Project and avoid further delays. The Project is being delayed as a result of the WMATA Board's failure to approve the executed amended Term Sheet.

## V. CONCLUSION

WMATA and Banneker have been engaged in good faith negotiations regarding the award of the Project to Banneker since March 2008. Throughout these negotiations, Banneker has remained available to perform the Project and is ready, willing and able to provide information, if necessary, to address any WMATA concerns in an effort to eliminate further delay of the contract award decision-making process. WMATA's announcement today that it plans to indefinitely "table" consideration of the amended Term Sheet WMATA Staff has executed with Banneker, without the Board ever meeting in public session to review and approve or reject it, itself demonstrates bad faith. Moreover, such action (or in this case inaction) cannot be in the best interests of WMATA.

ReedSmith

Banneker requests a meeting as soon as possible with the appropriate WMATA officials, including members from the WMATA Joint Development & Real Estate Committee, in order to expedite WMATA's action on the Project and formal consideration of Banneker's amended Term Sheet.

If the parties are unable to successfully move forward with action on Banneker's amended Term Sheet, given the foregoing, Banneker is prepared to seek any and all available remedies at law or in equity to address Banneker's damages and concerns regarding the selection process in this instance.

Sincerely, I am

A. Scott Bolden

A. Scott Bolden

Attachments

cc: Carol O'Keeffe, General Counsel, WMATA
Steven Goldin, Director, Office of Station Area Planning & Asset Management, WMATA
(w/o attachments)

# ATTACHMENT 1

# SHAW-HOWARD/FLORIDA AVENUE JOINT DEVELOPMENT SITE: PROPOSAL SUBMISSION REQUIREMENTS

## SECTION 1: ADMINISTRATIVE AND CONTRACTUAL INFORMATION

### 1.1. Issuing Information

This Joint Development Solicitation (JDS) is issued in accordance with WMATA's Joint Development Policies and Guidelines, Revised July 21, 2005, as may be amended, included as Attachment D to this JDS. The three parcels that comprise the Joint Development Site in this solicitation are available primarily under a long-term lease, as WMATA's preference is to lease, rather than sell, its property. If a sale is proposed, the Proposal must clearly demonstrate that a sale is more advantageous to WMATA than a long-term lease. WMATA reserves the right to select different Developers for individual parcels.

### 1.2. Purpose and Scope

This JDS is intended to provide interested Developers with sufficient summary information about WMATA's requirements to facilitate Proposal preparation. It contains instructions on Proposal content and format, but does not attempt to define all of WMATA's Joint Development contract requirements in detail. Certain contract requirements are non-negotiable.

### 1.3. Amendments and Supplements to JDS

WMATA reserves the right to issue Amendments and/or Supplements to this JDS. Developers will be required to acknowledge in writing the receipt of an Amendment and/or Supplement.

### 1.4. Acceptance/Rejection of Proposals

This JDS does not commit WMATA to designate a Selected Developer or to enter into a Development Agreement. WMATA reserves the right to accept or reject any or all Proposals.

### 1.5. Acceptance of Terms and Conditions

By submitting a Proposal, a Developer is deemed to have agreed to and accepted all terms and conditions set forth in this JDS. Notwithstanding the foregoing, WMATA reserves the right to amend or modify any of the terms and conditions.

### 1.6. Selected Developer Status

A designation as Selected Developer for a Joint Development Site does not mean WMATA accepts the Proposal without further negotiation. Rather, the Developer's Proposal is the foundation for further negotiation and WMATA reserves the right to negotiate a Development Agreement with a Selected Developer containing benefits to WMATA that exceed those set forth in the Proposal.

### 1.7. Binding Agreement

An executed Development Agreement, approved by the WMATA Board of Directors, is the only binding commitment of and by WMATA with respect to a Joint Development Site. Designation of a Selected Developer, WMATA's agreement to a Term Sheet or any conduct or oral representations by WMATA shall not in any way constitute a binding obligation or commitment by WMATA. In submitting a Proposal, the Developer acknowledges it will have no legal or equitable right to, or interest in, any Joint Development Site except as set forth in an executed Development Agreement.

### 1.8. Schedule of Activities

| Item | Date |
|---|---|
| Request for Proposals | AUG 24, 2007 |
| Proposals Due | OCT 5, 2007 |
| Meetings with Developers (if required) | NOV/DEC 2007 |
| Final Proposals Due (if required) | DEC 2007/ JAN 2008 |

### 1.9. Costs

WMATA shall not be liable for any costs incurred by a Developer and/or Development Team responding to this JDS or any costs incurred with respect to the negotiation of the Development Agreement and related final documentation.

### 1.10. Approvals

The designation of a Selected Developer and the terms of a Development Agreement negotiated pursuant to this JDS are subject to the approval of the WMATA Board of Directors and the Federal Transit Administration of the U.S. Department of Transportation (FTA).



FOIA CONFIDENTIAL TREATMENT REQUESTED

**1.11. Pre-Proposal Conference**
Intentionally omitted

**1.12. Inspections**
Intentionally omitted

**1.13. Inquiries**
Inquiries concerning this JDS are to be submitted in writing to:

Mr. Nat Bottigheimer
Contracting Officer
Office of Property Development
and Management
Washington Metropolitan Area
Transit Authority
600 Fifth Street, NW
Washington, DC 20001

Any written response made by WMATA's Contracting Officer will be disseminated to all Developers from whom a Proposal was requested. Oral responses are not binding.

**1.14. Closing Date for Proposal Submission**
One original and 10 copies of the Proposal must be received in a sealed package not later than 3 p.m. on Friday, **October 5, 2007** (Closing Date) addressed as provided in Section 2.7.

**1.15. Late Proposals**
Any Proposal received by WMATA after the Closing Date shall be considered a Late Proposal. A Late Proposal may be accepted and evaluated by WMATA at the sole discretion of WMATA's Contracting Officer.

**1.16. Jurisdictional and Community Participation Requirements**
Prior to submitting a Proposal, Developers are required to meet with jurisdictional representatives from the Office of Planning and interested community organizations, including the Advisory Neighborhood Commission, to share information about a pending Proposal submission to WMATA and to seek their views. Failure to comply with this requirement may result in a Proposal's being rejected. WMATA will provide a contact list to each Developer from whom a Proposal is being requested.

**1.17. WMATA Facilities**
WMATA Facilities are critical to the efficient operation of the transit system and must be accommodated in the site plan. Information on the WMATA facilities beneath the Joint Development Site was provided with the advertisement requiring a May 31, 2007 proposal.

## SECTION 2: PROPOSAL PREPARATION/ FORMAT/CONTENT/SUBMISSION

**2.1. General**
To be considered, a Developer must submit a complete response to this JDS. WMATA encourages creative and innovative Proposals which promote Transit-Oriented Development consistent with local land use policies. Failure to respond with the requisite information may result in a Developer's being eliminated from consideration.

**2.2. Proposal Submission Structure**
Proposals must be submitted in **two separate**, 8.5 x 11 inch bound volumes with Volume 1 containing Technical Information and Volume 2 containing Economic Information.

The contents of each volume must comply with Section 2.3 and Section 2.4 of this JDS. Proposals should include the identical titles and numbering for each subsection as set forth in this JDS. NOTE: No financial information is to be included or referenced in Volume 1.

**2.3. Proposal Contents: Volume 1--Technical Information**

A. Transmittal Letter – a letter signed by an officer authorized to make a binding commitment for the Developer which states that the Proposal is valid for a minimum of 180 days from the date of submission and that if selected, the Developer will negotiate in good faith with WMATA.

B. Completed Proposal Form (3 pages) – See ATTACHMENT A.

C. Table of Contents.

D. Executive Summary excluding all financial information (5 pages maximum).

E. Development Team Information



FOIA CONFIDENTIAL TREATMENT REQUESTED

1. A description of the Developer and the proposed Development Team and the role of each principal member.

2. A statement that the Developer has the power and authority to enter into a Development Agreement and all final documentation as required by WMATA without the consent or joinder of any other party or authority.

F. Development Entity

1. A description of the Developer's business entity and, if a different entity will be formed, details of the structure of this other entity.

2. A detailed description of how the Project's ownership and management will be structured.

G. A proposed site plan and a description of land uses, including an explanation of how the Project complies with Transit-Oriented Development principles. The site plans must show building elevations and heights with number of stories.

Additionally, one jpeg on a disk and one full color visual of the site plan at least 2' by 3' in size must accompany the Proposal. The visual may be rolled up or mounted on posterboard.

H. An explanation of the anticipated impact that the Project will have, if any, on WMATA Facilities beneath the sites. Information on the WMATA facilities was provided with the advertisement for which proposals were requested by May 31, 2007.

I. The proposed Project schedule, starting in January 2008, in Microsoft Project or similar format, which at a minimum includes the following tasks and milestones, if applicable:

1. Term Sheet negotiations (assume 120 calendar days from the Proposal submission);

2. Approval of Selected Developer and Term Sheet by WMATA's Board of Directors (assume 30 calendar days from conclusion of Term Sheet negotiations);

3. Development Agreement and final documentation negotiations and execution (assume 120 calendar days from Selected Developer and Term Sheet approval);

4. Approval of Development Agreement and final documentation by WMATA's Board of Directors (assume 30 calendar days from conclusion of Development Agreement negotiations);

5. Agreement(s) for the acquisition of parcels to be assembled with the Joint Development Site, if applicable;

6. Concept plan preparation and approval;

7. Intentionally omitted.

8. Development plan preparation and approval, including interim WMATA Replacement Facilities plan (allow 30 calendar days for WMATA approval);

9. Local and other governmental approvals and actions (zoning, site plan, alley closings, grants, etc., as applicable);

10. Project financing approval;

11. Schematic design and construction document preparation and approval (allow 25 business days for WMATA approval of 35% construction documents, 20 business days for WMATA approval of 65% construction documents, and 15 business days for WMATA approval of 100% construction documents);

NOTE: if documents are not approved, WMATA comments must be addressed and resubmitted for approval.

12. Local permitting process;

13. Intentionally omitted.

14. Project construction period (per phase, if applicable);

15. Initial occupancy; and

16. Stabilization period.



FOIA CONFIDENTIAL TREATMENT REQUESTED

J. Zoning

1. The existing zoning classification and, if a change will be sought, the proposed zoning category.

2. The permitted FAR (floor area ratio) or other density measure, and the proposed FAR or other density measure, as applicable.

K. The proposed business relationship with WMATA and the proposed terms (lease, sale, etc.) including, but not limited to, the following:

Lease (WMATA preference is 60 years).

1. Identification of the portion of the Joint Development Site to be leased by location and approximate land area. (NOTE: The leased premises will exclude all WMATA Reserved Areas and Interests.)

Sale

1. Identification of the portion of the Joint Development Site proposed to be purchased in fee simple by location and approximate land area. (NOTE: The sale will exclude all WMATA Reserved Areas and Interests.)

2. An explanation of why the Project should not be developed under a lease and why a sale is more advantageous to WMATA than a long-term lease.

L. A market analysis and marketing strategy for the proposed uses of the WMATA joint development site.

M. A summary (specific financial analysis required in Economic Section) of the Project's impact on the tax base of the local jurisdiction as follows:

1. Identification of the property taxes, sales taxes, amount of fees and contributions and other local public income.

N. A statement identifying each of the community organizations that the Developer has met with and the meeting dates; the specific information that the Developer shared; the reaction of each community organization to the proposed development concept; the issues raised by each community organization; and how the Proposal addresses these issues. See Section 1.16.

O. A statement describing the Developer's contact with local jurisdiction staff, (representatives' names and meeting dates) and the views and expectations of the local jurisdiction regarding the Project, including any existing or anticipated jurisdictional issues or concerns. See Section 1.16.

P. A statement on whether the Project's feasibility is contingent on any local, state or federal government action or financial support (including a change in regulations; street or alley closing; funding, including guarantees and issuance of tax-exempt bonds; financing and credit enhancements; leasing of space; granting of access to the Joint Development Site; and the justification and process for obtaining government support).

Q. Statements that:

1. The Project is compatible with local land use requirements.

2. The Project will conform to all applicable federal, state and local laws, regulations and ordinances including all federal and relevant local environmental regulations.

R. A quantitative analysis of the Project's beneficial effect on WMATA's total daily transit ridership will be performed by WMATA and will be part of the evaluation of Proposals.

S. A statement identifying the past, current or anticipated contractual or financial relationship of any member of the Development Team (including but not limited to, the Developer, partners or co-venturers) with WMATA or any of its staff or Board Members. The Development Team must also disclose any contractual or financial relationship which may give the appearance of a conflict of interest.



FOIA CONFIDENTIAL TREATMENT REQUESTED

T. The following information about Developer's previous projects:

1. Illustrative materials on three recent successful projects of similar or comparable scope for which substantial financing was obtained.

2. The sources and amounts of debt and equity capital that were raised in previous projects.

U. A list of any projects on which the Developer, its parent company, or any member of the Development Team has defaulted or declared bankruptcy and an explanation of each default or bankruptcy.

V. Detailed information regarding any criminal indictments and felony or fraud convictions of the Developer or any principal, officer, director, partner, member, manager or equivalent of any person or entity constituting a member of the Development Team.

W. A statement indicating whether the Developer is willing to include Disadvantaged Business Enterprises ("DBEs"), as defined in Section 6, in its Project. WMATA encourages Developers to include DBEs and will assist Developers in identifying such firms.

X. If the proposed Project consists of an assemblage of the WMATA Joint Development Site with adjacent property, a statement identifying the adjacent property ownership, and if the property owner and the Developer are not the same, an executed agreement between the property owner and the Developer defining the property owner's participation, if any, in the Project.

Y. Any other information to assist WMATA in its evaluation of the Proposal, including a statement of why WMATA should select the Developer and its Development Team.

**2.4. Proposal Contents: Volume 2 – Economic Information**

A. Table of Contents.

B. Executive Summary of economic information only.

C. The Developer's estimated fair market value of WMATA's land or interest, how the value was derived and the assumptions underlying the value.

D. If the proposed business relationship with WMATA is a Lease (the term must be specified and preferably will be 60 years):

1. A statement that the Developer will pay WMATA a non-refundable option fee of $100,000 for the right to negotiate a Development Agreement upon designation as Selected Developer and approval of the Term Sheet. This fee is separate and distinct from the other payments, deposits and fees which WMATA requires.

2. The amount and timing of pre-development rent to be paid to WMATA during the interval period after the Development Agreement is executed but before the Project produces income (include the estimated length of this period).

3. The guaranteed base rent to be paid to WMATA throughout the term of the lease, including escalations. The description of escalations must include the method used to calculate escalations, their timing, and the projected amount of each escalation.

4. The method of adjusting the base rent if it does not commence by the date projected and/or the final approved density is greater than that proposed.

WMATA expects that the present value of its financial return will not be diminished by delays in the development process.

5. How any environmental remediation costs will be handled.

6. WMATA's participating share of gross income from the Project.

7. WMATA's share of proceeds from a capital event such as an assignment of the leasehold interest, transfer of interest



FOIA CONFIDENTIAL TREATMENT REQUESTED

in the Developer's business entity, refinancing or sale of the Project, or any other capital event after construction.

8. Identification of any additional payments to WMATA based upon factors chosen by the Developer.

9. Intentionally omitted

E. If the proposed business relationship with WMATA is a Sale:

1. A statement that the Developer will pay WMATA a non-refundable option fee of $100,000 for the right to negotiate a Development Agreement upon designation as Selected Developer and approval of the Term Sheet. This fee is separate and distinct from the purchase price and the other payments, deposits and fees WMATA requires.

2. The amount and timing of pre-development fees to be paid to WMATA during the interval period after the Development Agreement is executed but before WMATA realizes income from the sale (include the estimated length of this period).

3. The proposed purchase price for each portion of the Joint Development Site including:

a. The schedule of purchase price escalations if the sale is not completed by the date projected.

WMATA expects that the present value of its financial return will not be diminished by delays in the development process.

b. The method of adjusting the purchase price if the final approved density is greater than that proposed.

4. How any environmental remediation costs will be handled.

5. Proposed business arrangement under which WMATA will retain an interest in any development rights in excess of those used by the development constructed pursuant to the Proposal. Under such an arrangement, WMATA will receive payments over and above the purchase price if, upon subsequent redevelopment of the Joint Development Site within 25 years of closing, the redeveloped density is greater than the original density.

6. Identification of any additional payments to WMATA based upon factors chosen by the Developer.

F. A summary table of the sources (including debt, equity and other financing) and uses of funds to design and construct the Project.

G. A 15-year pre-development, construction and operating period cash flow statement which starts in October 2007. It should include each separate phase of development and land use type by phase and contain at a minimum:

1. The following assumptions:

**Financing**
Construction loan rate, term and amount
Permanent loan rate, term and amount
Loan-to-value ratio
Equity as a percentage of total construction costs
**Revenues**
Office rent ($/GSF and #GSF)
Retail rent ($/GSF and #GSF)
Residential ($/DU and #DU)
Parking
Other revenues
**Construction Costs**
Total hard costs
Total soft costs (also as a percentage of total hard costs)
Cost of improvements on a unit basis ($/FAR SF for office and retail, $/DU)
Cost per structured parking space
Cost per surface parking space
Land value per FAR SF
Ground rent to WMATA
**Operating Costs**
Operating Expenses (in $, $/GSF and as a percentage of revenues)

2. The following line items presented



FOIA CONFIDENTIAL TREATMENT REQUESTED

as a pro forma on an annual basis:

**Sources**
Equity
Construction Financing
Permanent Financing
Other Financing
Total Financing
**Revenues**
Office
Residential
Retail
Parking
Other Revenues
Total Gross Revenues
Total Net Revenues (less vacancy)
**Uses**
WMATA Rent or Sales Price (as applicable)
Construction Costs
Soft - by line item
Hard - by line item
Total
Operating Expenses (all non-debt Operating Costs, e.g.: direct costs, G&A, taxes, legal, marketing, commissions, etc.)
Net Operating Income
Debt Service (including any fees or expenses associated with loans)
Net Cash Flow (defined as revenue less operating expenses, debt service and ground rent to WMATA if applicable)
Percentage Rent to WMATA
Distributions to Investors
Free Cash Flow
**Returns**
Developer's Internal Rate of Return
Return on Investment
Return on Equity

NOTE: The pro forma (and any budgets in other parts of the Proposal) should clearly show all of the fees and income that the Developer, its partners, and affiliates receive from the Project. Those line items should be taken from the pro forma and shown together on the spreadsheet as individual line items in a separate report. Annual replacement reserves (total, $/GSF and $/DU) should also be broken out and shown).

3. The analysis must be presented in current dollars with an annual escalation rate of 3%.

4. All financial models must be submitted to WMATA on disk as well as hard copy. All financial information must be linked in a single spreadsheet, and all files must be in Microsoft Excel and retain all cell relationships.

H. A detailed financial analysis, with assumptions given, of the Project's impact on the tax base of the local jurisdiction as follows:

1. Identification of the property taxes, sales taxes, amount of fees and contributions and other local public income.

I. Copies of Developer's balance sheets, income statements and sources and uses of funds statements for the past three fiscal years.

J. Statements regarding the Developer's financial creditworthiness and past development experience which can be verified, including the following:

The names and addresses of at least three commercial or institutional credit references and a letter authorizing each credit reference to respond to inquiries from WMATA. At least two of the references should be lending institutions.

**2.5. Proposal Security.**
Each Proposal must be accompanied by Proposal Security in the amount of One Hundred Thousand Dollars ($100,000). (Alternative Proposals for the same Joint Development Site require only one Proposal Security.) Acceptable forms of Proposal Security include a proposal bond in the form set forth in ATTACHMENT B, a bank letter of credit in the form set forth in ATTACHMENT C, a cashier's check, certified check or money order. All Proposal Security must be drawn on a U.S. based national bank and contain the following:

At top of Proposal Security document, insert the name of the Joint Development Site _____.



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA will hold all funds that can be deposited into a financial institution in an interest-bearing account, and interest will be paid on such funds. No later than 15 business days after the WMATA Board of Directors identifies and approves the Selected Developer for a specific Joint Development Site, the Proposal Security will be returned to all Developers other than the designated Selected Developer. WMATA shall retain the designated Selected Developer's Proposal Security until a Development Agreement is executed and provisions are made with respect to the disposition of the Proposal Security in the Development Agreement.

**2.6. Alternative Proposals**
A Developer may submit alternative Development Proposals for the Joint Development Site and its individual parcels.

**2.7. Submission of Proposal**
A complete Proposal shall include the items set forth in Section 2.3. and Section 2.4. and the requisite Proposal Security. On or before the Closing Date, one original and 15 copies of the Proposal (marked Proposal for Shaw Howard/Florida Avenue JDS) must be submitted in a sealed package, addressed and mailed or delivered in person to:

Mr.Nat Bottigheimer
Contracting Officer
Office of Property Development
and Management
Washington Metropolitan Area
Transit Authority
600 Fifth Street, NW
Washington, DC 20001

**SECTION 3. PROPOSAL REVIEW, EVALUATION, DEVELOPER SELECTION AND POST DEVELOPER SELECTION PROCESS**

**3.1. Proposal Review Process**
WMATA will review and evaluate Proposals as follows:

A. The Contracting Officer receives and processes all Proposals. Proposals that in WMATA's sole and non-reviewable discretion are deemed non-responsive or not reasonably susceptible of being selected for award will be rejected and returned to the Developer with a written explanation. Please note that any Proposal that does not satisfy the requirements for jurisdictional officials and community organization participation may be rejected as technically unacceptable and returned to the Developer. WMATA reserves the right to accept or reject any Proposal without negotiation or discussion.

B. The Contracting Officer designates an Evaluation Team composed of WMATA's Joint Development staff assisted by other WMATA staff, jurisdictional representative(s) and consultants, as appropriate. An analysis and evaluation of each Proposal deemed to be reasonably susceptible of being selected for award is conducted.

C. The Evaluation Team may meet with all or select Developers for both an oral presentation and specific discussions about a Proposal. If such meetings are held, details on the oral presentation will be provided as part of the scheduling process. Such discussions will include identifying areas of the Proposal that: require clarification or improvement including architectural and engineering designs and drawings, or do not comply with the JDS.

D. If requested by WMATA, Developers shall submit Final Proposals. The Final Proposal may be significantly changed from the Initial Proposal submitted. WMATA reserves the right to waive the Final Proposal submission requirement, to request further clarification of a Final Proposal, or to request a Revised Final Proposal.

E. The Evaluation Team will, in coordination with the Contracting Officer, rate each responsive Proposal, and rank it based upon the Proposal Evaluation Factors in Section 3.2. The Evaluation Team will then forward its ranking to the Contracting Officer, who will decide to tentatively designate a Selected Developer. The Joint Development project manager will commence negotiation of a Term Sheet. If negotiations are unsuccessful, the Joint Development staff, in coordination with the Contracting Officer, may terminate negotiations and commence negotiations with the second ranked Developer and



FOIA CONFIDENTIAL TREATMENT REQUESTED

those ranked thereafter, in order of ranking. Alternatively, the Joint Development staff may, in coordination with the Contracting Officer, decide upon competitive negotiations with two or more ranked Developers.

F. As soon as the principal business terms for the tentatively Selected Developer's Project have been reduced to a Term Sheet, the Contracting Officer submits a recommendation regarding the designation of a Selected Developer and approval of the Term Sheet to WMATA's Real Estate Committee and to the WMATA Board of Directors.

G. Designation of a Selected Developer must be approved by the WMATA Board of Directors.

**3.2. Proposal Evaluation Factors**

Each Proposal will be evaluated using FTA's requirements for "Highest and Best Use" or "Highest and Best Transit Use" (see www.fta.dot.gov/library/policy/9300.1A/appenB.htm) and the following criteria:

A. Technical Criteria

1. Degree to which the Project reflects Transit-Oriented Development principles;

2. The market viability of the Project;

3. The experience and prior performance of the Development Team;

4. The innovation and creativity of the Project;

5. The compatibility of the Project with local Transit-Oriented Development plans and land use policies; and

6. Benefits accruing to the local jurisdiction.

B. Economic Criteria

1. Financial benefits accruing to WMATA;

2. Financial viability of the Project; and

3. Enhanced ridership.

**3.3. Post Developer Selection Process**

A. A Developer designated by the WMATA Board of Directors as a Selected Developer will be required to send a letter to each of the community organizations with which its representatives met to inform them as to how the Proposal presented to WMATA addresses their issues or concerns. A copy of this letter must also be submitted to WMATA.

B. A Developer designated by the WMATA Board of Directors as a Selected Developer will be required to pay WMATA, in immediately available funds, a non-refundable option fee for WMATA's granting to the Selected Developer the exclusive right to negotiate a Development Agreement. The amount and timing of the non-refundable option fee shall be as set forth in the Proposal (or Final Proposal, as the case may be), in accordance with Section 2.4.

C. After WMATA's Board of Directors has designated a Selected Developer and approved the Term Sheet, WMATA staff, in coordination with the Contracting Officer, will negotiate with the Selected Developer a Development Agreement (and other necessary final documentation) that incorporates the provisions of the Term Sheet. Such Development Agreement shall be completed within 150 days following the WMATA Board's designation of the Selected Developer and approval of the Term Sheet.

In the event that this schedule is not met, the Selected Developer designation expires, the Proposal is no longer viable, and WMATA may retain the Proposal Security (in addition to the non-refundable option fee) in accordance with Section 5.2. WMATA may choose to reestablish the Selected Developer designation and provide a specific time frame to the Selected Developer for the completion of negotiations or to re-advertise the Joint Development Site.



FOIA CONFIDENTIAL TREATMENT REQUESTED

D. As soon as the Development Agreement (and related final documentation) is completed and executed by the Developer, the Contracting Officer submits a recommendation and summary of the final Development Agreement to WMATA's Real Estate Committee and to the WMATA Board of Directors for approval. There is no binding agreement between the Selected Developer and WMATA until such time as the WMATA Board of Directors has approved the final Development Agreement and the Development Agreement has been executed by the parties.

**3.4. Disclosure and Use of Data**

WMATA is required to brief its Board of Directors on all aspects of a Proposal. The proposed business terms of a Proposal will be held in confidence only until the Development Agreement and all final documentation have been approved and executed. WMATA reserves the right to review the zoning and land use aspects of any Proposal with local zoning, land use planning, transportation and environmental officials (and in the State of Maryland, with state officials). Additionally, at the sole discretion of the WMATA Board of Directors, such review may include conducting public hearings, town meetings and similar public forums.

NOTE: WMATA's "Public Access to Records Policy" is available at MetroOpensDoors.com (click "About Metro," then click "Public access to records.")

## SECTION 4. WMATA'S NONNEGOTIABLE REQUIREMENTS AND CONDITIONS

The following requirements and conditions are nonnegotiable and the concepts will be included in the Development Agreement and final documentation executed by the Selected Developer and WMATA. By submitting a Proposal in response to this JDS, a Developer is agreeing to accept and comply with these nonnegotiable requirements and conditions.

**4.1. WMATA's Reserved Areas and Interests**

The location of WMATA's Reserved Areas and Interests shall be determined by WMATA in its sole and absolute discretion. Additionally, the conveyance or lease of any WMATA property shall be subject to a reservation by WMATA of a permanent, exclusive and irrevocable easement for vertical and horizontal support and as otherwise necessary for the operation and maintenance of present and future WMATA Facilities, WMATA Improvements and WMATA Reserved Areas and Interests.

**4.2. WMATA's Approval Rights and Adjacent Construction Requirements**

The following rights and requirements apply to all Projects:

A. Approval Rights

WMATA shall have the right to approve in its sole and absolute discretion:

1. Matters that affect the integrity, functionality, efficiency, safety, operation, maintenance, legal compliance, cost or profitability of WMATA's business, customers, operations or activities;

2. Matters that affect WMATA Facilities, WMATA Replacement Facilities, WMATA Reserved Areas and Interests, ingress/egress to WMATA Facilities, etc.;

3. Matters that affect any of WMATA's adjacent property;

4. The design and construction of interim and permanent WMATA Replacement Facilities; and

5. Matters that affect the Selected Developer's obligations as they relate to timing (changes in Project schedule) and performance (changes in what will be constructed, i.e., the product mix).

B. WMATA's Comment Rights

WMATA shall have the right to comment on the development plan/site plan and on other matters concerning the Project which do not affect the integrity, functionality, efficiency, safety, operation or maintenance of WMATA Facilities, WMATA Improvements, or WMATA Reserved Areas and Interests. The Selected Developer shall be obligated to consider WMATA's comments and to respond reasonably.

C. WMATA's Construction Requirements

In order to avoid adverse impact on WMATA Facilities, Projects must be built in compliance with WMATA's adjacent construction criteria as



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contained in WMATA's Adjacent Construction Design Manual, Revision I and as further revised, and WMATA's Manual of Design Criteria (Release 8), which are available by e-mailing tbushnaq@wmata.com. Additionally, Developers must comply with WMATA's requirements for the relocation and maintenance of operations during construction which include the uninterrupted and unimpeded operation of WMATA Facilities. WMATA will review and approve Developer plans in accordance with established WMATA procedures.

**4.3. Relocation or Replacement of WMATA Facilities**

Intentionally omitted.

**4.4. Selected Developer's Funding of WMATA Compact Public Hearing**

Intentionally omitted.

**4.5. No Subordination of WMATA's Fee Interest**

WMATA will not subordinate its fee interest in its property. In a lease situation, WMATA will permit lenders to have a leasehold security interest in the Project, which security interest would be subordinate to WMATA's right to terminate the lease upon a default by the Selected Developer (subject to the lender's right to cure).

**4.6. Federal Transit Administration (FTA) Requirements**

WMATA is subject to the requirements of the FTA. The terms of the Development Agreement negotiated with the Selected Developer, as it pertains to WMATA property, are subject to FTA approval. While FTA may impose additional requirements which cannot be known until FTA reviews a specific Project, FTA requires that the Selected Developer comply with certain laws and regulations barring discrimination on the basis of race, color, national origin or disabilities; and further requires compliance with FTA requirements regarding conflicts of interest and debarment.

FTA also requires, as a covenant running with the land, that the entire Joint Development Project constitute a Transit-Oriented Development as defined in the latest applicable FTA Regulations. See FTA Circular 9300.1A, Appendix B, The Relationship Between Joint Development and Livable Communities on the FTA web site at: www.fta.dot.gov/library/policy/IFT/iftb.html.

**4.7. Americans With Disabilities Act (ADA)**

All Projects shall be constructed in compliance with Titles II and III of the Americans with Disabilities Act, 42 USCA Section 12101, et seq., as amended, and any regulations promulgated thereunder. Proposals must include a plan indicating how access from the Project to the Metro station will be provided for persons with disabilities. Additionally, if a Project or any subsequent addition, modification or alteration triggers ADA-related improvements to the Metro station, the Selected Developer shall be responsible for the costs of such improvements. The only exceptions are when the ADA-related improvements predate the date of completion of the Project and are required to be made regardless of the Project, or constitute ADA-related improvements that WMATA is implementing at Metro stations in general as part of its system-wide improvements or alterations.

**4.8. Direct Connections**

Intentionally omitted

**4.9. Davis-Bacon Act/Fair Labor Standards Act**

The construction of any WMATA Replacement Facility or WMATA Improvement must be built in compliance with the Davis-Bacon Act, 40 USC Section 276a, et seq., and overtime compensation must be paid in compliance with Section 64 of the WMATA Compact, and the Fair Labor Standards Act, 29 USCA Section 201, et seq. (1978), as amended.

**4.10. Other Laws, Regulations and Requirements**

Developers are responsible for being fully informed of and complying with the requirements of applicable federal, State of Maryland, District of Columbia, Commonwealth of Virginia, and local jurisdictional laws and regulations. Additionally, the Selected Developer shall be responsible for obtaining, at its own cost and expense, all requisite approvals, licenses and permits.

**4.11. WMATA's Indemnification Policy**

The terms of any Development Agreement and final documentation will require that the Selected Developer and its contractors and subcontractors (and subtenants, where applicable) indemnify WMATA against all claims, liabilities and costs of whatsoever kind and nature including environmental claims which may be imposed upon, or incurred by, or



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asserted against WMATA in connection with the Selected Developer's performance under the Development Agreement or related agreements.

WMATA will accept responsibility for environmental claims of third parties if such claims arise from WMATA's actions prior to the transfer of the site to the Selected Developer.

**4.12. WMATA's Insurance Requirements**
The terms of any Development Agreement and final documentation will require that the Selected Developer, its contractors and subcontractors procure and maintain insurance coverage in amounts determined by WMATA, which may include, but is not limited to: General Liability, All Risk Property, Builder's Risk, Worker's Compensation, Automobile Liability, Contractors' Pollution Legal Liability, Railroad Protective Liability, Rental Value Insurance, Professional Errors and Omissions Liability and Boiler and Machinery (during operations only).

**4.13. Payment, Performance and Completion Bonds**
WMATA requires that the Selected Developer secure and file with WMATA a payment bond equal to 100% of the value of each phase of the Project from a federally approved surety company, with sufficient assets. The payment bond must name WMATA for the benefit of laborers, subcontractors, material suppliers and others that have or may have claims or liens against the Project or the realty.

WMATA also requires the Selected Developer to secure and file with WMATA a performance bond equal to 100% of the value of each construction phase of the Project from a federally approved surety company, with sufficient assets and which bond names WMATA for the completion of the planned construction in that phase.

Additionally, if there are WMATA Replacement Facilities being constructed, WMATA requires the Selected Developer to secure and file with WMATA a completion bond equal to 100% of the value of the WMATA Replacement Facilities from a federally approved surety company, with sufficient assets, and which bond names WMATA as the sole obligee for the completion of the Replacement Facilities.

All bonds must be in a form acceptable to WMATA and countersigned by a Commonwealth of Virginia, State of Maryland or District of Columbia resident agent of the surety, with a copy of the agent's license, as issued by the appropriate Insurance Commissioner.

**4.14. WMATA's Disclaimer of Liability**
WMATA disclaims all responsibility and liability for the completeness or accuracy of any information that it provides.

**4.15. Inspection of Accounting Records**
The Selected Developer will be required to permit WMATA, or any of its duly authorized representatives, at reasonable times and places, access to any books, documents, papers and records, including certified financial statements, which are directly pertinent to the Development Agreement. WMATA shall be permitted to audit, inspect, examine, copy and transcribe such books, documents, papers and records. The Selected Developer shall retain all records for three years after submission of any statement required for determining any variable payment obligations under the Development Agreement or related agreements.

**4.16. WMATA's Tax Exempt Status**
WMATA is tax exempt pursuant to the WMATA Compact. Any taxes, assessments or impositions on the Project or the real estate shall be assumed by the Selected Developer. In no event shall the Selected Developer assert or attempt to assert for its own benefit, an exemption or immunity available to WMATA under the WMATA Compact.

**4.17. Financing Requirement**
The Selected Developer shall be obligated to obtain the requisite financing to consummate the lease/sale of the WMATA Joint Development Site, and the development, construction and final completion of the Project by a reasonable date certain, or WMATA may terminate the Development Agreement.

## SECTION 5. ADDITIONAL JOINT DEVELOPMENT REQUIREMENTS AND PROCEDURES

**5.1. Assignment of Proposal, Change in Developer or Withdrawal of Developer**
WMATA considers the designation of Selected Developer to be in the nature of a personal services contract. The Selected Developer will be designated because of its skills, experience, knowledge and financial standing.



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A Developer who submits a Proposal in response to this JDS may withdraw, assign its Proposal or change the composition of its Development Team only as follows:

A. Withdrawal of Proposal

At any time prior to designation of the Selected Developer, a Developer may elect to withdraw its Proposal. Under such circumstances, WMATA shall return the Proposal Security without interest.

B. Assignment of Proposal

At any time prior to designation of the Selected Developer, a Developer may request WMATA's approval to assign its Proposal to another development entity. No purported assignment is valid unless WMATA has given its prior written approval. The Developer and its proposed assignee shall submit all documents required by WMATA before the request will be considered. WMATA is under no obligation to approve the request. If WMATA refuses to grant approval, and the Developer does not want to proceed in accordance with its Proposal, WMATA will return the Proposal Security without interest. An assignment may be subject to the requirement of a Guaranty pursuant to Section 5.7.

C. Change in Composition of Developer or Development Team

1. Prior to designation of the Selected Developer, a Developer may change its composition or the composition of its Development Team only with WMATA's prior written approval. If WMATA does not approve the change, and the Developer does not want to proceed in accordance with its Proposal, WMATA will return the Proposal Security without interest.

2. After designation as the Selected Developer, the Selected Developer must request WMATA's written approval to change its composition or the composition of its Development Team. If WMATA does not approve the change, and the Selected Developer does not want to proceed in accordance with its Proposal, WMATA may terminate the Selected Developer designation and retain the Proposal Security.

D. Other Situations

An assignment or change in the composition of the Development Team which is not addressed above is at the sole discretion of WMATA's Contracting Officer. For any such assignment or change to be valid, WMATA's prior written approval is required. Any purported assignment occurring without WMATA's prior written approval shall be void.

**5.2. Termination of Selected Developer Designation**

WMATA may terminate the Selected Developer designation for any of the following reasons and retain the Proposal Security and any other deposit held by WMATA (except as stated otherwise in subsections I and J):

A. The Selected Developer fails to negotiate and execute the Development Agreement within 150 days following the designation of the Selected Developer and approval of the Term Sheet by the WMATA Board of Directors.

In the event that the foregoing schedule is not met, WMATA may terminate the designation of the Selected Developer and retain the Proposal Security without any liability or further obligation to the Selected Developer. The foregoing deadlines can only be extended by action of the WMATA Board of Directors in its sole and non-reviewable discretion.

B. The Selected Developer or any individual or entity holding ownership in or comprising the Development Team declares bankruptcy.

C. The ownership structure of the Selected Developer changes without WMATA's prior written approval. Structural changes include changes in percentages of ownership interests or changes in ownership of any entity holding an ownership interest in the Selected Developer.

D. The Selected Developer assigns its designation or transfers its rights in a WMATA Joint Development Site without WMATA's prior written approval.



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E. The Selected Developer or any principal, officer, director, partner, member, manager or equivalent of any person or entity constituting a member of the Development Team is indicted for, or convicted of, a fraud or a felony.

F. The Selected Developer or any principal, officer, director, partner, member, manager or equivalent of any person or entity constituting a member of the Development Team is found not to have a satisfactory record of integrity and business ethics, in WMATA's sole and non-reviewable discretion.

G. The Selected Developer provided materially incorrect or incomplete information in any of its submissions to WMATA, as determined in WMATA's sole and non-reviewable discretion.

H. The Selected Developer does not comply with this JDS, its Proposal or the terms of the Development Agreement as negotiated by the parties.

I. In accordance with Section 5.5, the Selected Developer conducts environmental due diligence and consequently modifies its Proposal in a manner which is unacceptable to WMATA. Under such circumstances, WMATA shall return the Proposal Security with any interest that may have accrued, less site restoration costs actually incurred by WMATA.

J. WMATA determines (in its sole and non-reviewable discretion) that termination is in its best interest. Under such circumstances, WMATA shall return the Proposal Security with any interest that may have accrued.

**5.3. Metro Station Access Roads and Interior Maintenance Roads**

Intentionally omitted.

**5.4. Developer's Research Obligations**

A Developer is expected to know all information reasonably ascertainable concerning the site size, and character, quality, and quantity of surface and subsurface materials or obstacles on the Joint Development Site as well as the existing utilities on the Joint Development Site. Some of this information is available from a visual inspection of the Joint Development Site and may be available from technical drawings and specifications (as built drawings) which WMATA will make available upon request, utility companies serving the area and local land records. WMATA disclaims all responsibility and liability for the completeness or accuracy of any information it provides. All Joint Development Sites are subject to existing physical and legal conditions, whether of record or not.

Additionally, a Developer is expected to know the conditions affecting construction on the Joint Development Site, which include but are not restricted to, those bearing upon transportation, disposal, handling and storage of materials, availability of labor, water, electric power, roads, the topography and conditions of the ground, and the character of equipment and facilities needed before and during prosecution of the work.

**5.5. Environmental Matters**

WMATA has undertaken no comprehensive environmental investigations of the presence or absence of contaminated material or other environmental conditions that may affect development except as specifically identified. Interested Developers may request permission to perform a due diligence environmental site assessment prior to Proposal submission, after Proposal submission or after designation as the Selected Developer. Such due diligence site assessment and all associated costs shall be the sole responsibility of the Developer. Permission will be granted by WMATA subject to the execution of a Right of Entry Agreement with standard insurance and indemnity provisions. A sample Right of Entry Agreement is available from rdoggett@wmata.com.

WMATA shall be provided, in a timely manner, a copy of each test result and report addressing the environmental site investigation. If environmental contamination is found that requires a clean-up or remediation of the Joint Development Site under a governmental regulatory agency's review, the Developer may withdraw its Proposal (including its Final Proposal) but is responsible for site restoration costs. In the event that the due diligence environmental site assessment is performed after the designation of the Selected Developer, but prior to the execution of the Development Agreement, the Selected Developer and WMATA may negotiate the transaction based



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upon the levels of contaminated materials or other environmental conditions encountered which would substantially delay development or substantially increase the costs of excavation, removal or disposal of soil/materials, or the treatment of groundwater. If the parties cannot agree upon the resolution of these issues the Selected Developer may withdraw its Proposal but the Developer is responsible for site restoration costs, and WMATA has the corresponding right to terminate the Selected Developer designation in accordance with Section 5.2.I.

**5.6. Protest Policy**
The policy and procedure for the administrative resolution of protests involving the designation of a Selected Developer arising pursuant to this JDS are as follows:

A. Only an Interested Party may submit a protest. An Interested Party is defined as a Developer who submitted a Proposal pursuant to this JDS.

B. Protests must be submitted no later than 30 calendar days after WMATA's designation of the Selected Developer. Any protest submitted subsequent to this time may be deemed by WMATA's Contracting Officer to be untimely and denied on that basis unless the Contracting Officer concludes that the issue(s) raised by the protest involves fraud, gross abuse of the selection process, or otherwise indicates substantial prejudice to the integrity of the selection process.

C. The Interested Party wishing to file a protest shall submit a written document to WMATA's Contracting Officer which contains the following:

   1. The name and address of the Interested Party;

   2. Description of the nature of the protest;

   3 Identification of the provision(s) of this JDS, applicable Joint Development Policies and Guidelines or laws upon which the protest is based;

   4. A statement of the specific relief requested; and

   5. Any documents relevant to the protest.

D. WMATA's Contracting Officer shall carefully review the protest in consultation with WMATA staff. At the discretion of the Contracting Officer, a conference may be held with the Interested Party. The Contracting Officer shall have 30 calendar days to render a written decision on the merits of the protest. A determination by the Contracting Officer that a protest is meritorious may result in a change in the terms, conditions or format of this JDS in the form of an Amendment; the rejection of a Proposal; the cancellation of this JDS; or the termination of the designated Selected Developer.

E. This Protest Policy is not applicable to actions taken by WMATA in response to legal proceedings filed in the courts, or actions taken by WMATA in its sole and non-reviewable discretion.

**5.7 Guaranty**
WMATA may require a third party to guarantee some or all of the obligations of the Selected Developer, including but not limited to construction obligations.

**SECTION 6: DEFINITIONS**

**Contracting Officer**
WMATA's Assistant General Manager for Planning and Joint Development, or, if such position is vacant at the time in question, the person designated to act in such capacity at such time.

**Developer(s)**
The entity submitting or contemplating the submission of a Proposal in response to this Joint Development Solicitation (JDS). The Developer may be any qualified individual or entity with real estate development-related experience and access to financing sufficient to undertake the proposed Project, including real estate brokers, non-profit organizations, public agencies, etc. Real estate brokers are invited to participate as the Developer or as a member of the Development Team as opposed to participating in a purely marketing role. WMATA will not pay any broker's commissions.



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**Joint Development Work Program**
A document prepared annually of Joint Development opportunities associated with WMATA-owned properties. The Joint Development Work Program is drafted in coordination with the local jurisdictions and approved by the WMATA Board of Directors.

**Project**
The joint development ideas, concepts and plans that a Developer presents in its Proposal. Also refers to the development plans of the Selected Developer. Project is synonymous with Joint Development Project.

**Proposal(s)**
The development-related documents submitted in response to this Joint Development Solicitation (JDS). The term Proposal can include both the Initial Proposal and, if requested by WMATA, the Final Proposal.

**Selected Developer**
The Developer with the exclusive right to negotiate a Development Agreement with WMATA. WMATA's designation of the Selected Developer shall not become final and binding until a Development Agreement has been negotiated and executed by the parties.

**Term Sheet**
The nonbinding document which summarizes the development concept, financial structure and other major business terms of the Project.

**Transit-Oriented Development**
Those projects that integrate WMATA's transit facilities, reduce automobile dependency, increase pedestrian/bicycle originated transit trips, foster safe station areas, enhance surrounding area connections to transit stations, provide mixed use including housing and the opportunity to obtain goods and services near transit stations, offer active public spaces and promote and enhance ridership and sound growth in the communities which WMATA serves. See also FTA's definition at www.fta.dot.gov/library/policy/IFT/iftb.html.

**WMATA Compact**
Washington Metropolitan Area Transit Authority Compact, Public Law 89-774, 80 Stat. 1324, as may be amended.

**WMATA Facility**
Any improvements, structures, infrastructure components, tangible property and/or areas required, in the judgment of WMATA, for the use, operation, access, maintenance, repair, servicing, replacement or removal of structures and supports, any and all access, parking, operation and service facilities and areas relating to WMATA's operations or activities, including without limitation, the Metro station, tunnels, rails, tracks, bus stations, bus transfer areas, supervision kiosks, employee bathrooms, electric substations, conduits and lines, communications equipment and structures, pedestrian ways, waiting and shelter areas, facilities serving persons with disabilities, cooling towers, chiller plants, vent and fan shafts, bicycle rack and locker areas, storm water management facilities, landscaping, lighting and all other associated facilities.

**WMATA Improvement(s)**
Those improvements, whether an interim replacement facility or a new facility, which will be designed and/or constructed by the Selected Developer for WMATA in a configuration acceptable to WMATA. Upon final acceptance by WMATA, a WMATA Improvement will become a WMATA Facility.

**WMATA Replacement Facility**
A WMATA Improvement designed and/or constructed by the Selected Developer for WMATA in a configuration acceptable to WMATA that replaces any displaced or disrupted WMATA Facility which will be turned over to WMATA.

**WMATA Reserved Areas and Interests**
Includes (a) all areas of, within or adjacent to the Joint Development Site containing any WMATA Facility; (b) all areas of, within or adjacent to the Joint Development Site relating to the use, operation, access, maintenance, repair, servicing, replacement or removal of any WMATA Facility; and (c) any and all easements and other reserved rights required by WMATA in connection with its use, operation, access, maintenance, repair, servicing, replacement or removal of any WMATA Facility or WMATA operations and business generally, whether expressly provided for or reasonably contemplated. Such easements and other reserved rights shall include, without limitation, easements and reserved rights (whether at, above or



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# ATTACHMENT 2

*LeDroit Park*

October 4, 2007

Mr. Nat Bottigheimer
Contracting Officer
Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001

Re: Letter of Support – Shaw-Howard/Florida Avenue Joint Development Proposal

Dear Mr. Bottigheimer:

I am writing this letter to thank you for shepherding the Joint Development Solicitation (JDS) for the Shaw-Howard/Florida Avenue site. I am confident that the reviewers appreciate that this is a cornerstone property within the single member district of which I am the Commissioner.

On Tuesday, September 18, 2007, I hosted a community Town Hall meeting to allow the WMATA short-listed development teams to present their vision for redeveloping this site. Each team has solid proposals, only the Banneker Ventures/District Development Group team responds to all the express needs and desires of our community. The fact that the Banner Ventures/District Development Group team is comprised of locally owned LSDBEs, whose principals are long-time advocates for this community and who have experience in successfully developing cornerstone properties within the District of Columbia makes their proposal tremendously compelling. Moreover, the team's architect and general contractor have experience building on WMATA parcels. Finally, the team has a strong financial partner.

I am therefore pleased to lend my exclusive support to the Banneker Ventures/District Development Group proposal. This responder has assured me that the community voice will continue to be represented, LSDBEs will continue to participate, and that a project that is economically viable and beneficial to the community will be created – all of which are key priorities for me, the community which I represent and the ANC which I serve as Vice Chair.



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I will look to your leadership and commitment to quality development to select a developer that best suits the site and the community at large—which I believe to be the Banneker Ventures/District Development Group proposal. Together, we can see this project through and ensure that the Shaw-Howard/Florida Avenue Joint Development Site is developed in a manner that enhances the quality of life for those of us who live and work in the Shaw-Howard/Florida Avenue neighborhood.

Sincerely,

Myla Moss
Commissioner
ANC 1B01

cc: The Honorable Adrian M. Fenty, Mayor, District of Columbia
The Honorable Jim Graham, Ward 1 Councilmember
The Honorable Marion Barry, Ward 8 Councilmember
Emeka C. Moneme, Director, District of Columbia Department of Transportation
Neil O. Albert, Deputy Mayor for Planning and Economic Development



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# ATTACHMENT 3

## Description of Proposal

- Mixed-use residential and retail
- 103 residential units
- 11,750 sq ft of retail
- Transit-oriented development
- New restaurant, outdoor café and theatrical museum
- 47 parking spaces
- Experienced development team
- Broad-based community support



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## The Team

- WMATA (Owner)
- Banneker Ventures, LLC (Developer)
- District Development Group, LLC (Co-Developer)
- Torti Gallas + Partners, Inc. (Architect)
- MacFarlane Partners, Ball Street Funds (Equity Investor)
- DC HFA, Bank of Georgetown, PNC, HSBC (Debt Financing)
- Tompkins Builders, Inc. (General Contractor)
- Holland + Knight LLP (Land Use Counsel)

## Banneker Ventures, LLC

- DC-based firm whose management has 15 years of experience in real estate and finance
- Specialize in infill development projects
- Promote TOD principles
- Experience working in public-private partnerships



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## Banneker Ventures, LLC

### The Driskell Residential

- $22M infill construction project
- 52 residential units
- 35 below-grade parking space
- Transit oriented (2 blks from Metro; Zip cars; bicycle racks)
- Lead on joint venture with Fannie Mae and Four Points, LLC

## Banneker Ventures, LLC

### Northwest One

- $700M redevelopment of the NW1 neighborhood
- Partnership includes DC Govt, Banneker Ventures, William C. Smith, Jair Lynch Companies and CPDC
- MacFarlane Partners (Equity)
- Largest housing development in the District (1,630 units of housing)
- 220,000 sq. ft. office space
- 40,000 sq. ft. retail



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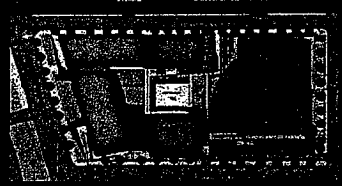
## Banneker Ventures, LLC

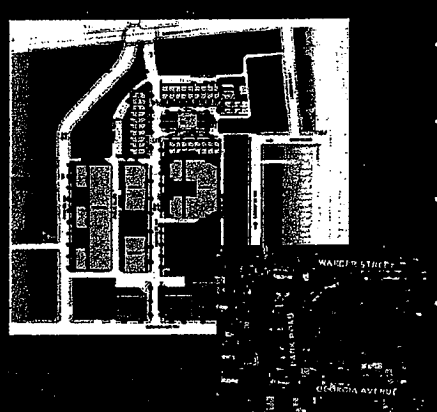
Walker Jones School, Recreation Center and Library



- $47M new construction, mixed-use project
- 100,000 sq. ft. k-8 school
- 20,000 sq. ft. recreation center
- 5,000 sq. ft. library
- Public-private partnership

## Banneker Ventures, LLC

The Park Morton Redevelopment Initiative



- Master Planner for D.C. Housing Authority
- 5 acre site located 10 blocks from WMATA site (Ward 1)
- Plan calls for development of 550,000 SF of mixed-income housing
- Plan promotes TOD principles (2 blocks from Petworth Metro and Georgia Avenue bus line)



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## Banneker Ventures, LLC – Principal's Involvement

### The Warrenton West

- $7M residential renovation project
- 18 units with mix of 1, 2 and 3 BR flats and duplexes
- 18 parking spaces
- Sold out units in less than 4 months
- Owner/Project Executive

## Banneker Ventures, LLC – Principal's Involvement

### The Warrenton Condominiums

- Moderate renovations of 1950's era building
- 14 residential condominiums
- Mix of 1 and 2 BRs
- Controlled-access surface parking, hardwood floors, granite countertops, ceramic tile kitchen and baths
- Owner/Project Executive



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## Banneker Ventures, LLC – Principal's Involvement

### City Vista

- $220M mixed-use project anchoring revitalization of Mount Vernon Triangle
- 685 new residential units
- 55,000 sq. ft. Safeway
- 30,000 sq. ft. fitness center
- Partnership with Lowe Enterprises, Bundy Development Corporation and Neighborhood Development Company
- Served as Assistant Project Manager

## Banneker Ventures, LLC – Principal's Involvement

### Sixth Street Flats

- New construction project located in China Town
- $14M luxury condominiums
- Six stories with underground parking
- Transit oriented (1 blk from Gallery Place Metro)
- Completed on-time (12 month construction schedule)
- Served as Project Manager



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## Banneker Ventures, LLC – Principal's Involvement

The Icon

- New construction project located in Logan Circle
- $5.2M construction costs
- 19 luxury condominium units
- Light gauge-steel (similar to structure recommended for WMATA project)
- Served as Project Manager

## District Development Group, LLC

- DC-based firm with 40 years of experience in real estate and urban development
- Currently partnered with Akridge and Clark Construction on proposed 300,000 sq ft office building
- Experience developing office and residential space throughout the District



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## District Development Group – Principal's Involvement

### Thurgood Marshall Academy

- 60,000 sq. ft. new construction and renovation project
- $14M complex financing structure
- Recognized as Gold Standard for School Construction
- Transit oriented project (directly across street from Anacostia Metro)

## MacFarlane Partners

- Largest minority-owned real estate investment management firm in the U.S. with $20B in assets
- Focus on underserved urban neighborhoods, urban-infill sites and smart growth in suburbs
- Helped build 20M sq ft of commercial space and 27,000 multi-family housing units in DC and other major cities



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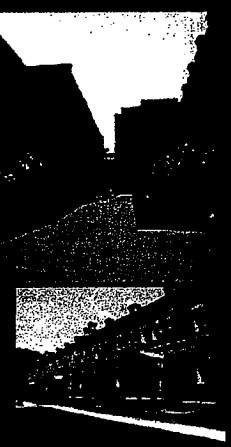
## Ball Street Fund



- Founded by Brian Davis and Christian Laettner
- Headquartered in DC
- Vertically integrated development and investment company
- Focused on mixed-use projects in urban communities
- Focal project – West Village
  - 241 loft style apartments
  - Re-use of historic buildings
  - Downtown Durham, NC

## Tompkins Builders, Inc.

- Largest DC-based general contractor
- Experience in building Metro related projects
- Experience building projects in the Shaw / Columbia Heights neighborhoods
- Committed to transit oriented developments



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## Torti Gallas + Partners, Inc.

- Established in 1953
- National firm with local presence
- 65 national design awards in the last fifteen years
- Experience designing projects on WMATA land
- Expertise in mixed-use, urban infill projects
- Committed to TOD principles

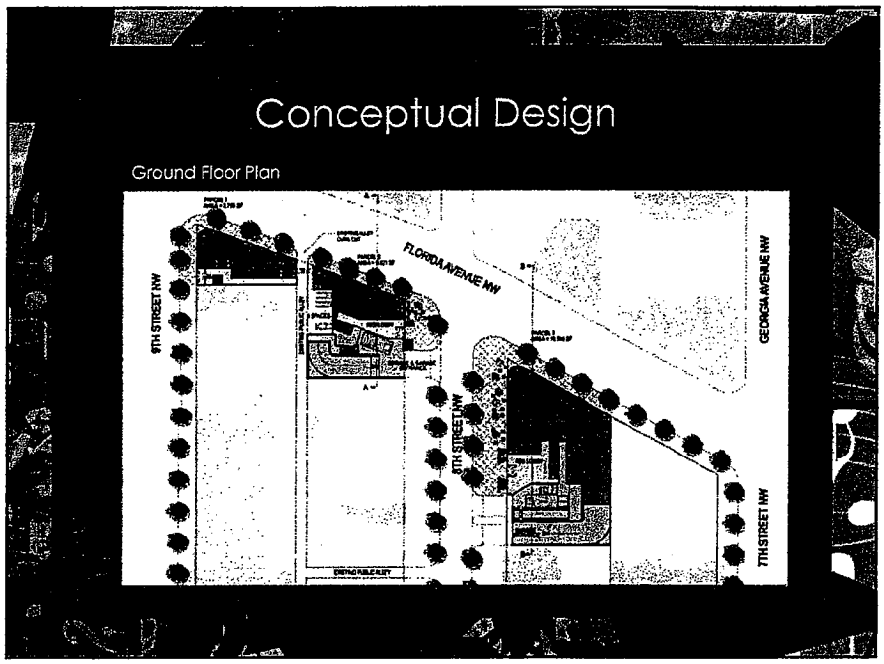
## Conceptual Design

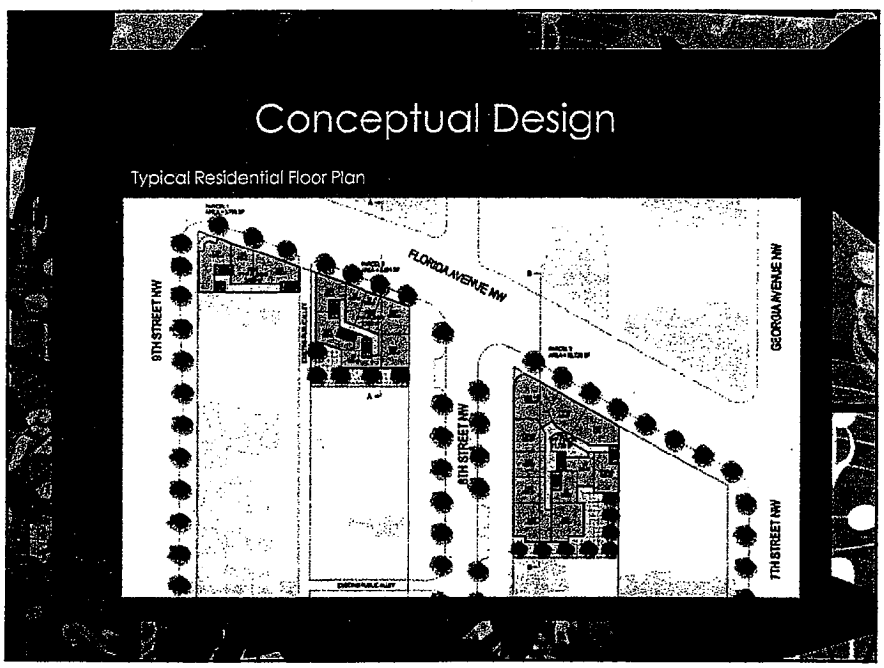
View at the corner of 8th Street and Florida Avenue

- Mixed-use residential and retail
- 103 residential units
- 11,750 sq. ft. retail
- 47 parking spaces for residential and retail uses
- Promote transit use
- Amenities include:
  - Theatrical Museum/Cafe
  - Utopia Jazz Restaurant
  - Additional neighborhood serving retail space



FOIA CONFIDENTIAL TREATMENT REQUESTED



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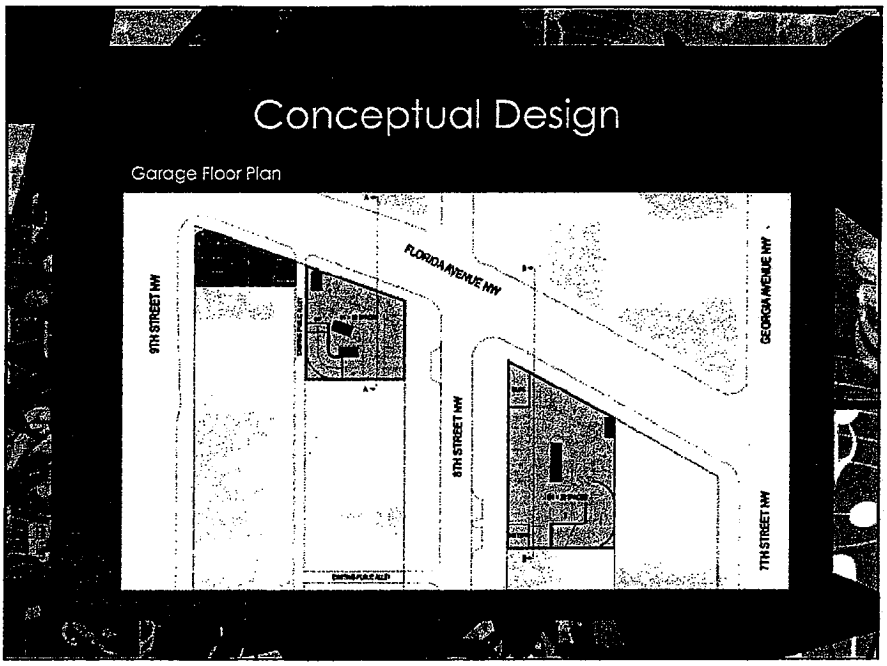
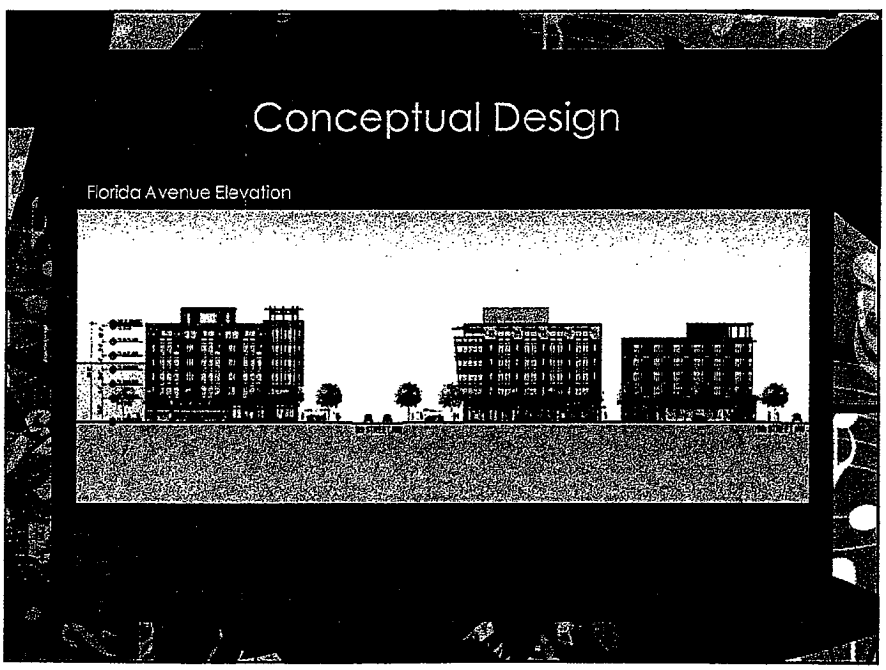





FOIA CONFIDENTIAL TREATMENT REQUESTED

## Transit-Oriented Development

- TOD principles:
  - Maximize access to public transportation
  - Help accommodate new growth
  - Create compact, vibrant neighborhood centers within walking distance of transit
- How does The Jazz meet TOD principles?
  - Site within 2 blocks of 2 Metro stations
  - Served by several Metro bus lines, encouraging the use of public transportation over vehicles
  - Public realm and building design provide pedestrian and bicycle access and connectivity to existing street network
  - Mix of uses, with both residential and retail components

## Local Jurisdiction and Community Input

- Supported by:
  - ANC Commissioner Myla Moss (1B01 Vice Chair)
  - LeDroit Park Civic Association
  - Columbia Heights Community Development Corp.
  - Lower Georgia Avenue Community Development Corp.
  - Area residents (citizen petition with 160 signatures)
- Design in conformity with:
  - Office of Planning guidelines (DUKE & Comp Plan)
  - Department of Transportation guidelines
- Presented at community charette hosted by ANC 1B



FOIA CONFIDENTIAL TREATMENT REQUESTED

## Benefits to Local Jurisdiction

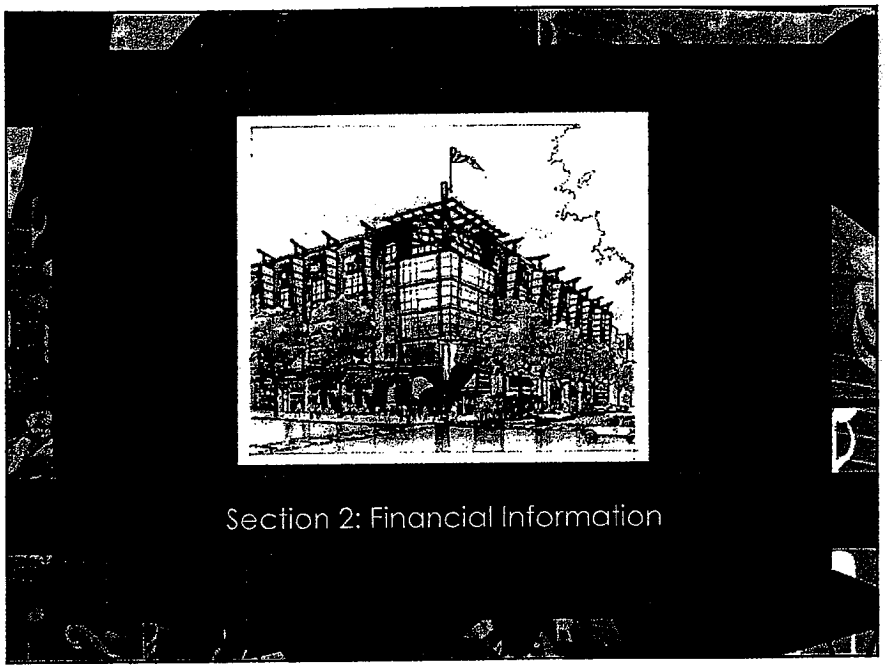
- $36M investment in Shaw
- $268,970 in annual property taxes
- $304,212 in annual sales taxes
- $222,450 in one-time permit fees
- $350,000 in one-time transfer & recordation taxes
- 103 new residential units
- 10-20 units of affordable housing providing economic value of $2.27-$4.54M to the District
- 100 construction jobs for District & neighborhood residents
- 30 permanent jobs for District & neighborhood residents

## Anticipated Schedule

- WMATA Negotiations and Approvals (2/08 – 6/08)
- Local Approvals
  - BZA (6/08 – 11/08)
  - HPRB (6/08 – 7/08)
  - ANC 1B (6/08 – 7/08)
- Lease Execution (7/08)
- Pre-Construction (6/08 – 3/09)
- Construction (3/09 – 4/10)
- Stabilization (6/10 – 10/10)



FOIA CONFIDENTIAL TREATMENT REQUESTED




## Proposed Business Relationship with WMATA

- Ground lease for 60 years with option to extend
- Payment of $100,000 non-refundable option fee for right to negotiate Development Agreement
- Annual pre-development lease payment of $100,000
- Annual post-development lease payment of $500,000 with 3% annual escalation
- 10.0% share of net proceeds in event of sale or transfer of interest
- $36M improvement to WMATA-owned land



FOIA CONFIDENTIAL TREATMENT REQUESTED

## Financial Viability

- Conservative proforma
- Debt coverage ratio of 1.27
- No public subsidies required
- No land assemblage contingency
- Uses supported by market demand

## Financial Viability

- Expressions of interest from institutional equity and debt partners
  - MacFarlane Partners
  - Ball Street Fund
  - DC Housing Finance Agency
  - Bank of Georgetown
  - PNC Bank
  - HSBC Bank



FOIA CONFIDENTIAL TREATMENT REQUESTED

FOIA CONFIDENTIAL TREATMENT REQUESTED

# ATTACHMENT 4

BANNEKER VENTURES, LLC

April 23, 2008

Rosalyn Doggett
Washington Metropolitan Area Transit Authority
600 5th Street, NW
Washington, DC 20001

Re: Shaw-Howard Florida Avenue Joint Development

Dear Ms. Doggett:

You have asked that I address concerns that have been brought to your attention, by Jim Graham, District of Columbia Councilmember for Ward 1 and member of the Board of Directors of the Washington Metropolitan Area Transit Authority ("WMATA"), about the selection of Banneker Ventures, LLC ("Banneker") as the lead developer for the Shaw-Howard Florida Avenue Joint Development Site. Specifically, the concerns center on recent allegations and insinuations of questionable business practices involving Warren Williams, Jr., a principal of Banneker. The allegations relate to two matters, the closing of a night club in which Mr. Williams was an owner following the tragic death of a patron and unfounded claims by a tenants' group that Mr. Williams (as landlord) failed to maintain the building.

I hope that the Board of WMATA would not terminate our selection as the designated Developer of the above referenced site as a result of unfounded allegations. While I recognize that the WMATA Board has discretion to reject submissions where the selected developer does not have a satisfactory record of integrity and business ethics, except for the unfounded allegations mentioned above, I am unaware of any record establishing the lack of integrity or business ethics of Mr. Williams or any other member of our development team. To my knowledge, there are no criminal or administrative actions pending against Mr. Williams or any business venture in which he is involved. Notably, with respect to the tenants' group's allegations, a recent listing of District landlords charged criminally as a result of their failure and refusal to maintain their properties did NOT include Mr. Williams.

To address the controversies more directly, as I understand, Mr. Williams and his family were operators of a nightclub in the District's Reeves Center. Any outstanding debts to the District as a result of the tenancy have been paid and no amounts remain owing to the District. I can understand Mr. Graham's concern; however, the light that an unfortunate event shines on a situation can sometimes distort the facts and lead to erroneous conclusions. I respectfully submit that Mr. Graham's concerns about the nightclub do not point to any specific failures by Mr. Williams.

700 12th Street, NW • Suite 700 • Washington, D.C. 20005 • (202) 667-4110
814 Thayer Avenue • Suite 300 • Silver Spring, Maryland 20910 • (301) 565-4980
www.bannekerventures.com

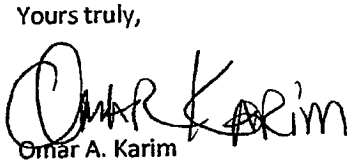
Banneker believes that the allegation that Mr. Williams is a "slum lord" is unfair. Mr. Williams reports that his sole remaining rental property located at 804 Taylor Street NW ("Taylor Flats") is currently undergoing a full renovation and repositioning. The 26 unit building is now home to only 3 residents, who have all negotiated transfers in order that the construction might commence. All units will be vacant as of July 1, 2008, with an expected re-occupancy in April 2009. Quite the opposite of being a "slum lord", Mr. Williams is a responsible developer who is actively engaged in the rehabilitation of property to the benefit of its tenants and the District. Please see the enclosed letter of support, dated January 22, 2008, for the rehabilitation of Taylor Flats from Councilmember Muriel Bowser of Ward 4, whose Ward Taylor Flats is located in.

As you are well aware from all of our literature and Bid Proposal documents, Mr. Williams has and continues to play a key role in our venture and our successful Bid proposal. Up to this point, his continued involvement in the development of the site has been unquestioned. As you also know, Mr. Williams has participated in a number of housing development projects across the District, many involving the renovation and/or restoration of apartments and condominiums, bringing both market rate and affordable housing units to underserved areas. Mr. Williams brings a wealth of knowledge and experience to our project.

Other than the unsubstantiated allegations relating to Mr. Williams, there does not appear to be any record upon which WMATA should seek to invoke its discretionary power to terminate our selection as the designated Developer of the above referenced site. Further, I think it worthwhile to point out that none of the allegations involve Banneker Ventures directly. Obviously, Banneker Ventures is a separate legal entity with a distinct management team and track record. Our winning Bid Selection contemplates a joint development with Banneker in the lead. Our team has devoted significant time and resources to this project. We are professional developers in the District and plan to continue our work for a long time. We care very much about our reputation and the quality of our projects. We remain, as always, prepared to meet with you and/or the WMATA Board to discuss the concerns raised by Mr. Graham and any other concerns or issues that need clarification. If you or the Board has specific questions, I am happy to provide answers or any other reasonably requested supplemental information.

Please do not hesitate to contact me if you have any further questions or if you need further information. You may reach me by telephone at (202) 667-4110.

Yours truly,



Omar A. Karim

Enclosure

cc: Guy E. Flynn, Partner, DLA Piper US LLP

# ATTACHMENT 5

**Minutes**
**Planning, Development and Real Estate Committee**
**April 24, 2008**

The meeting was called to order at 9:07 a.m. Present were:

**Committee Members:**

Mrs. Catherine Hudgins, Chair
Mr. Emeka Moneme, Vice Chair
Mr. Christopher Zimmerman
Mr. Jim Graham
Mr. Peter Benjamin
Ms. Elizabeth Hewlett
Mr. William Euille
Mr. Marion Barry
Mr. Gordon Linton
Mr. Jeff McKay

The Committee meeting was called to order at 9:07 am. Mr. Benjamin moved, seconded by Ms. Hewlett, that the Committee convene to Executive Session at 9:09 am. The Committee voted in favor of the motion; the vote was unanimous.

The Committee meeting reconvened at 10:05 a.m.

**Certification**

Mrs. Hudgins moved that the Board certify, to the best of each member's knowledge, and with no individual member dissenting, that, at the just-concluding Executive Session, only such matters as are authorized for discussion in Executive Session under Board Procedure VI, and only those matters identified in the motion by which the Executive Session was convened, were heard, discussed or considered by the Board. The motion was seconded by Mr. Benjamin. The Committee unanimously voted in favor of the motion.

**Approval of Agenda**

The agenda was approved.

**Approval of Minutes**

The minutes from the March 27, 2008 meeting were approved with changes as modified by Mr. Peter Benjamin.

**Action Items**

**A. Sale of Rosslyn Bus Alley**

Mr. Zimmerman moved that the Committee recommend the Board approve authorization for staff to enter into a sales agreement with The JBG Companies ("JBG") for purchase of Rosslyn Bus Alley at the Rosslyn Metrorail Station and to allow Arlington County to use the proceeds from the sale of the bus alley to partially fund enhancements to the Rosslyn Metrorail Station. Motion was seconded by Ms. Hewlett. The Committee voted in favor of the motion; the vote was unanimous.

**B. Florida Avenue Developer Selection**

Mr. Graham moved that this matter be deferred for a period of not less than 60 days. The motion was seconded by Ms. Hewlett. The Committee unanimously voted in favor of the motion.

**C. Royal Street Relocation Project**

Staff sought to obtain concurrence from the Planning, Development and Real Estate Committee and Board approval to 1) establish a project for the replacement of the Royal Street Bus Garage; 2) establish a $4.3 million project budget; and to 3) authorize tasks to P2d for the alternatives analysis and Public Hearing planning process.

Mr. Requa informed the Committee that whether or not the financing of the alternatives analysis and public hearing process can be completed with federal funds is in question and, even though this project is being recommended, the acceptance of federal government wording changes and legislation will apply to the use of these funds for this project. Also, there is no intent to find other funds at this time not available through the grant process.

Mr. Zimmerman asked Mr. Requa from where the $4.3M was coming and what the $4.3M would buy. Mr. Requa responded there are grants available for construction of the new facility to replace Royal Street. He also responded the $4.3M was to start the construction project but is questioning if it can also be used for the alternatives analysis and public hearing process. Mr. Zimmerman then asked if more money would be needed to acquire a piece of property and build the facility. Mr. Requa responded yes additional funds would be needed.

Mr. Benjamin sought assurance that the $4.3M does not offset Metro Matters. Ms. O'Keeffe recommended to amend the Resolution to read, "That the Board of Directors amend the Capital Budget to establish a Reimbursable Project, separate from Metro Matters to fund an alternatives analysis, preliminary engineering, WMATA management

and the public hearing process for the replace of the Royal Street Bus Garage, subject to the availability of funding from FTA grants in the amount of $3.41M plus the required local match of $0.85M from the Virginia Department of Rail and Public Transportation."

Mr. Euille motioned that the Board approve staff to establish a project for the replacement of the Royal Street Bus Garage; establish a $4.3m project budget; and authorize tasks to P2d for an alternatives analysis and Public Hearing planning process. The motion was seconded by Mr. Zimmerman. The Committee unanimously voted in favor of the motion.

**D. Policy Concerning Use of WMATA Property for Non-WMATA Transit Projects**

Staff sought to obtain Board approval of a proposed policy allowing the no-cost transfer of WMATA-owned real property to local jurisdictions and state governments for reimbursable and other transit projects and to apply any sale proceeds from land transfers with non-governmental entities in connection with these projects to the particular reimbursable or transit project.

Mr. Benjamin stated that the Authority owns property that does not use federal funds, therefore, Federal Transit Administration (FTA) approval is not always required. He also stated there should be a positive statement that states that the benefits of this transfer would be evaluated and would be commensurate with the value of the land and the value to the region at large.

Mrs. Hudgins stated that the proposed policy is not comprehensive enough to protect the Authority. Mr. Catoe responded that Counsel will review the proposed policy to ensure that any change we make or any easement that we allow on our property or use of the land owned by Metro would be to the benefit either of Metro directly or Transit within the region.

Mr. Bottigheimer stated that there is flexibility to make transactions that are being proposed when something is operationally excessive to make it available and it may not be necessary to include in this policy.

Mr. Graham asked, if adopted, would this policy adversely affect our ability to dispose of property. Mr. Bottigheimer responded that it would not.

Mr. Zimmerman requested staff to prepare the distinction between the different ways property is disposed now. He then mentioned that the Joint Development Policy also has an excess property clause. Mr. Catoe agreed that staff would comply with this request.

Mr. Benjamin moved, seconded by Mr. Linton, that this item be deferred to a later date. The Committee unanimously voted in favor of the motion.

**Information Item**

**A. Future Metrorail Capacity Needs**

Mr. Harrington briefed the Board on Metrorail ridership growth trends over the next 25 years, discussed the adequacy of system and station capacity to handle projected ridership growth, and described capital improvements needed to enhance system capacity.

Mr. Zimmerman asked what was the growth in the last ten years. Mr. Harrington responded that over the last five years there has been under three percent a year growth on daily ridership and from analysis shows that peak hour-peak direction had a lower growth rate. Mr. Zimmerman then asked what has the accumulative growth rate been over the last ten years. Mr. Catoe stated it was a little higher than 30 percent and that staff was still working out the numbers.

Mr. Bottigheimer stated ridership associated with Dulles was ridership from the core out to Tysons, transfers coming from Vienna onto the new line inbound, riders from Loudon County into Tysons and being replaced at Tysons coming inbound. He also stated infrastructure associated with the Dulles corridor is really supporting the Dulles corridor's ridership so the conclusions are largely the same whether Dulles is built or not.

Mr. Zimmerman noted that Rosslyn was not in the presentation and asked why Courthouse was included. Mr. Harrington responded that from the ridership forecast Courthouse has high growth. Mr. Zimmerman stated that there is growth anticipated there but there was more growth anticipated in Clarendon. Mr. Bottigheimer replied that the analysis model is much stronger on the grouping of stations forecast than on an individual basis.

Mr. Benjamin asked if staff has evaluated the platforms for growth. Mr. Harrington responded that platforms were not studied in detail but it is something that will be looked at further, particularly for the core stations.

The meeting was adjourned at 11:10 a.m.

# ATTACHMENT 6

BANNEKER VENTURES, LLC

May 9, 2008

**VIA EMAIL**

Joel Washington
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, D.C. 20001

RE: Shaw-Howard/Florida Avenue Joint Development Site – Follow-up

Dear Mr. Washington:

We are writing to respond to certain questions concerning alleged obligations due to the District of Columbia (the "District") by Mr. Warren Williams, Jr., Principal of Banneker Ventures ("Banneker").

To our knowledge, Mr. Williams, in his personal capacity, does not have any outstanding financial obligations due to the District, except, for local taxes that may be owing but not overdue. Furthermore, Mr. Williams, in his capacity as a Principal of Banneker, does not have any outstanding financial obligations due to the District, except, for local taxes that may be owing but not overdue.

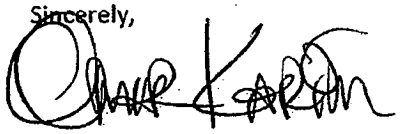
Prior to joining Banneker, Mr. Williams was a co-owner of Levelle, Inc., a company that operated The Coach & Four Restaurant (the "Restaurant") located in The Frank D. Reeves Municipal Center at 2000 14th Street, NW, Washington, DC 20009. It is our understanding that Levelle does not have any outstanding financial obligations due to the District nor has it ever been in arrears to the District under its lease during its more than 10 years of operation in this government facility. The only amount that Levelle has ever paid to the District aside from its normal lease payments and any license fees, local taxes or duties was a $100,000 payment made on January 6, 2005 as part of a settlement agreement and release of certain claims and cross-claims made between Levelle and the District. The settlement agreement resolved any disputes between Levelle and the District. At present, Mr. Williams no longer has any interest in Levelle and Levelle no longer operates the Restaurant. You may confirm that Levelle has satisfied its obligations related to the lease for the Restaurant and otherwise by contacting Bill Rice of the District of Columbia's Office of Property Management at (202) 724-4400.

We hope that this clarifies any questions that WMATA may have regarding financial obligations due by Mr. Williams, Levelle or any company associated with Mr. Williams to the District.

700 12th Street, NW • Suite 700 • Washington, D.C. 20005 • (202) 667-4110
814 Thayer Avenue • Suite 300 • Silver Spring, Maryland 20910 • (301) 565-4980
www.bannekerventures.com

Should you have any additional questions, please feel free to contact me at (202) 667-4110 (office) or (301) 523-1810 (cell).

Sincerely,



Omar A. Karim

Cc: Warren C. Williams, Jr.
Guy Flynn, DLA Piper US LLP

# ATTACHMENT 7

**BOARD AGENDA REVIEW**
**as of**
**JUNE 03, 2008**

**JUNE 12** — **Customer Service, Operations and Safety Committee**

**Public Session**

***Information Agenda:***

| | |
|---|---|
| OPER | Operational Performance (G. Francis) |
| OPER | Communication Initiative (G. Francis) |
| SSEM | Metro Transit Police Crime Statistics and Camera Information (M. Taborn) |
| SSEM | Safety Performance Indicators Report (R. Keele) |

**JUNE 12** — **Finance, Administration and Oversight Committee**

**Public Session**

***Information Agenda:***

| | |
|---|---|
| CFO | FY08 Monthly Financial Report (April 2008) (R. Harcum) |

***Action Agenda:***

| | |
|---|---|
| GMGR | FY09 Annual Budget Approval Sent to Full Board (J. Catoe) |
| CFO | Approval of District of Columbia OneCard Program (G. Garback) |
| CFO | Diesel Swap Authorization (C. Woodruff) |

**JUNE 26** — **Planning, Development and Real Estate Committee**

**Public Session**

***Information Agenda:***

| | |
|---|---|
| PLJD | Jackson Graham Building Relocation Analysis (N. Bottigheimer) |

***Action Agenda:***

| | |
|---|---|
| PLJD | Policy Concerning Use of WMATA Property for Non-WMATA Transit Projects (N. Bottigheimer) |
| PLJD | Bus Network Evaluation (N. Bottigheimer/J. Hughes) |
| PLJD | Rhode Island Avenue-Approval of Interim Parking Plan (N. Bottigheimer/J. Washington) |

**Executive Session**

***Action Agenda:***

| | |
|---|---|
| PLJD | Florida Avenue Developer Selection (N. Bottigheimer) |

**JUNE 26** — **Board Meeting**

**Public Session**

***Action Agenda:***

| | |
|---|---|
| SECT | TBD (L. Chambliss ) |

**JULY 10** — **Customer Service, Operations and Safety Committee**

**Public Session**

***Information Agenda:***

| | |
|---|---|
| OPER | Operational Performance (G. Francis) |
| SSEM | Metro Transit Police Crime Statistics (M. Taborn) |
| SSEM | Safety Performance Indicators Report (R. Keele) |



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007549

| | |
|---|---|
| ACCS | MetroAccess Door-to-Door Service Implementation Update (S. Dalton-Kumins) |

**JULY 10** — **Finance, Administration and Oversight Committee**

**Public Session**

***Information Agenda:***

| | |
|---|---|
| CFO | FY08 Monthly Financial Report (May 2008) (R. Harcum) |

**JULY 24** — **Planning, Development and Real Estate Committee**

**Public Session**

***Information Agenda:***

| | |
|---|---|
| PLJD | FY11 and Beyond Capital Improvement Plan (N. Bottigheimer/T. Harrington) |

***Action Agenda:***

| | |
|---|---|
| PLJD | Lease with Prince George's Metro Center, Inc. (N. Bottigheimer) |
| PLJD | DBE Program for Joint Development Activities (N. Bottigheimer) |
| PLJD | Approve Term Sheet on Navy Yard Chiller Site (N. Bottigheimer) |
| OPRS | Policy on LEED Certification (J. Requa) |

**JULY 24** — **Board Meeting**

**Public Session**

***Action Agenda:***

| | |
|---|---|
| SECT | TBD (L. Sequeira) |

**SEPTEMBER 11** — **Customer Service, Operations and Safety Committee**

**Public Session**

***Information Agenda:***

| | |
|---|---|
| OPER | Operational Performance (G. Francis) |
| SSEM | Metro Transit Police Crime Statistics (M. Taborn) |
| SSEM | Safety Performance Indicators Report (R. Keele) |

**SEPTEMBER 11** — **Finance, Administration and Oversight Committee**

**Public Session**

***Information Agenda:***

| | |
|---|---|
| CFO | FY08 Monthly Financial Report (June 2008) (R. Harcum) |

**SEPTEMBER 25** — **Board Meeting**

**Public Session**

***Action Agenda:***

| | |
|---|---|
| SECT | TBD (L. Sequeira) |

**OCTOBER 02** — **Finance, Administration and Oversight Committee**

**Public Session**

***Information Agenda:***

| | |
|---|---|
| CFO | FY09 Monthly Financial Reports (July and August 2008) (R. Harcum) |

**OCTOBER 16** — **Board Meeting**

**Public Session**

***Action Agenda:***



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007550

SECT TBD (L. Sequeira)

**NOVEMBER 20** **Board Meeting**
**Public Session**
***Action Agenda:***
SECT TBD (L. Sequeira)

**DECEMBER 18** **Board Meeting**
**Public Session**
***Action Agenda:***
SECT TBD (L. Sequeira)



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007551

# ATTACHMENT 8

## Omar A. Karim

**From:** Omar A. Karim [okarim@bannekerventures.com]
**Sent:** Friday, March 06, 2009 3:00 PM
**To:** 'Emeka Moneme'
**Cc:** 'Nat Bottigheimer'; 'Tiwana Hicks'; 'Perry, Maurice'
**Subject:** Banc of AmericaBACDC LOI
**Attachments:** Banc of America LOI - Jazz @ Florida Avenue.pdf

**Importance:** High

Emeka,

As promised, attached please find a copy of the LOI between Banc of America CDC and Banneker Ventures in connection with the Jazz @ Florida Avenue project. Will call you to follow-up.

Omar

Omar A. Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, DC 20005
(202) 667-4110 office
(301) 523-1810 cell
okarim@bannekerventures.com

-----Original Message-----
From: Perry, Maurice [mailto:maurice.perry@bankofamerica.com]
Sent: Friday, March 06, 2009 2:47 PM
To: okarim@bannekerventures.com
Cc: thicks
Subject: BACDC LOI

Omar,

Please see the attached. I'll send you the original letter as well.

Thanks.
Maurice



FOIA CONFIDENTIAL TREATMENT REQUESTED 

Bank of America

Community Development Banking

March 6, 2009

Mr. Omar A. Karim
Banneker Ventures, LLC
700 12th Street NW, Suite 700
Washington, DC 2005

RE: The Jazz @ Florida Avenue
Washington, DC

Dear Omar:

I am writing to confirm the interest of Banc of America Community Development Corporation ("BACDC") in working with Banneker Ventures, LLC ("BVLLC") or an affiliate of Banneker Ventures, LLC ("Banneker") to become a Co-Developer of and provide direct equity investment into the proposed development known as The Jazz @ Florida Avenue, situated along the 700 and 800 blocks of Florida Avenue in Northwest, Washington, DC. We have been working with you through refinements to the development program and further due diligence and we retain a high level of interest in structuring a partnership that allows for BACDC to become a partner and provide equity investment for gap funding as well as other technical and financial support for the project.

We understand that the proposed development program is a mixed-use community consisting of 153,770 gross square foot of residential and retail space. A total of 20% of the units will be affordable to persons who earn 60% of the area median income. Total development costs for this project are approximately $40,124,371 and BACDC would have interest in providing gap funding via a direct equity investment through a partnership agreement with BVLLC or an affiliate. We intend to work closely with our colleagues at Bank of America to provide a complete financing package that could potentially include both debt and equity syndication, if needed.

Banc of America CDC is the nation's first and most productive Bank-owned community development corporation. We have a broad range of experience on projects similar to The Jazz @ Florida Avenue and in creative equity partnerships. We look forward to working with you on this project and providing support for the continued revitalization of this historic neighborhood.

Sincerely,

Maurice Perry
Vice President
Banc of America CDC

730 15th Street NW, 8th Floor, Washington, DC 20005

Recycled Paper

FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007555

FOIA CONFIDENTIAL TREATMENT REQUESTED

# ATTACHMENT 9

June 1, 2009

Ms. Leila Finucane Edwards, Director
Government of the District of Columbia
Department of Housing and Community Development
1800 Martin Luther King, Jr., Ave., SE – Suite 8000
Washington, D.C. 20020

RE: The Jazz @ Florida Avenue

Dear Ms. Edwards:

On behalf of the Washington Metropolitan Area Transit Authority ("WMATA"), this letter shall serve as notice that on April 23, 2009, WMATA's Board of Directors approved a one hundred and twenty (120) day extension of the negotiation period between WMATA and Banneker Ventures, LLC ("Banneker") for the Shaw-Howard University/Florida Avenue parcels, located on the 700 and 900 blocks of Florida Avenue, NW where Banneker and its development partner, Banc of America CDC, intend on developing a mixed-income, mixed-use residential and retail project. WMATA staff anticipates that the remaining terms of the Joint Development Agreement and Ground Lease between WMATA and Banneker/Banc of America will be finalized and submitted for approval to the Board of Directors at its July meeting.

Please contact me with any questions you may have regarding the foregoing.

Sincerely,

Emeka C. Moneme
Chief Administrative Officer

**Washington Metropolitan Area Transit Authority**

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

By Metrorail:
Judiciary Square—Red Line
Gallery Place-Chinatown—Red, Green and Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6, 70, 71, 80, X2

*A District of Columbia, Maryland and Virginia Transit Partnership*

FOIA CONFIDENTIAL TREATMENT REQUESTED

# ATTACHMENT 10

## Omar A. Karim

**From:** Doggett, Rosalyn [RDoggett@wmata.com]
**Sent:** Friday, May 29, 2009 4:53 PM
**To:** Omar A. Karim
**Cc:** 'thicks'; Maurice' 'Perry; eric.smart@bolansmart.com; Meister, Mark K.; Montague, Joshua W.
**Subject:** RE: Florida Avenue Terms

Omar, this morning we met with executive staff, including General Counsel and AGM. While there was agreement that we have a possible framework for a deal, there was also agreement that no deal can be finally evaluated until we get an outside appraisal from an independent contractor. Ordering the outside appraisal and obtaining and reviewing its results will take approximately 60 days at best. Therefore, though we can continue to address the point other than rent in the economic terms chart, and I will send you thoughts in a separate e-mail, we will have to await the appraisal to finalize numbers.

---

**From:** Omar A. Karim [mailto:okarim@bannekerventures.com]
**Sent:** Friday, May 29, 2009 3:55 PM
**To:** Doggett, Rosalyn
**Cc:** 'thicks'
**Subject:** Florida Avenue Terms
**Importance:** High

Mrs. Doggett,

Any word on where we are with the final terms of our negotiations of the economic terms of the Florida Avenue deal?

Omar

Omar A. Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, DC 20005
(202) 667-4110 office
(301) 523-1810 cell
okarim@bannekerventures.com



FOIA CONFIDENTIAL TREATMENT REQUESTED 

# ATTACHMENT 11

## Omar A. Karim

**'om:** Goldin, Steven [sgoldin@wmata.com]
**ent:** Thursday, October 22, 2009 3:08 PM
**To:** 'Omar A. Karim'; John' 'Hagner; Maurice' 'Perry; jkass@dccouncil.us; Yohance S. Fuller; Doggett, Rosalyn; Marshall, Malcolm; Montague, Joshua W.
**Cc:** Catoe, John B.; Pant, Shiva K.; O'Keeffe, Carol B.; Moneme, Emeka; Bottigheimer, Nat; Sequeira, Loyda; Meister, Mark K.; Mohsberg, Sid; Wallace, Maria A
**Subject:** Florida Avenue

To All:

As per direction from our Board, we are proceeding with preparing a term sheet for the lease of our property. The matter is to be taken up by the full Board in a special meeting in two weeks.

The lease will be as it was when a lease was first discussed (prior to my arrival): a capitalized payment at closing, an annual % participation in net operating income and a % participation upon various capital events (refinance, sale, etc). My understanding is that the participations had been 1.5% and 10% respectively.

By way of this e-mail, I am asking the following actions to be taken:

Omar: Please advise whether you as the developer are in agreement

Maurice: Please advise whether Bank of America CDC is in agreement

nathon: Please confirm that Chairman Graham is in agreement

Yohance: Please Confirm that Mr. Albert is in agreement

Roz/Malcolm: Please call Richard Harps and explain that we need the updated appraisal in hand by 10/30. Please initiate a new BAIS.

Josh/John: Please revise the term sheet to reflect the lease and discuss the co-tenancy agreement

Steven E. Goldin
Director, Station Area Planning & Asset Management
Washington Metropolitan Area Transit Authority
sgoldin@wmata.com
202-962-2616



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FOIA CONFIDENTIAL TREATMENT REQUESTED

# ATTACHMENT 12

**Omar A. Karim**

**From:** Doggett, Rosalyn [RDoggett@wmata.com]
**Sent:** Monday, November 16, 2009 8:54 AM
**To:** Omar A. Karim
**Subject:** FW: FINAL Term Sheet b/t WMATA and Developer - Shaw/Howard-FloridaAvenue Sites

Omar, once again the term sheet was sent out to the Board on Friday for its consideration on Thursday November 16.

Please note the two points below in Josh Montague's e-mail, which we will adhere to. If you want further explanation, which does not appear necessary to us because we have already given you reasons, do feel free to give me a call.
Many thanks,
Roz

---

**From:** Goldin, Steven
**Sent:** Friday, November 13, 2009 6:33 PM
**To:** Montague, Joshua W.; Doggett, Rosalyn; Bottigheimer, Nat
**Subject:** Re: FINAL Term Sheet b/t WMATA and Developer - Shaw/Howard-FloridaAvenue Sites

Agreed. Roz; please advise Omar next Monday.
Steve

---

**From:** Montague, Joshua W.
**To:** Goldin, Steven; Doggett, Rosalyn
**Sent:** Fri Nov 13 18:29:16 2009
**Subject:** FW: FINAL Term Sheet b/t WMATA and Developer - Shaw/Howard-FloridaAvenue Sites
After our meeting today, this is a reminder that we should inform the developer of the following:

1. There will be no more negotiating of the terms after the board approves the Term Sheet; and

2. The Developer must work off of the Florida Ave Lease draft that was sent to them by WMATA on 7/24/09. We cannot work off of the Rhode Island Ave Lease for reasons previously provided to John Hagner and Omar Karim.

Have a good weekend,

Josh

---

**From:** Omar Karim [mailto:okarim@bannekerventures.com]
**Sent:** Wednesday, November 04, 2009 10:42 PM
**To:** Anthony James Ives; Tiwana Hicks; Montague, Joshua W.; John Hagner; O'Keeffe, Carol B.; Bottigheimer, Nat
**Cc:** Yohance S. Fuller; jkass@dccouncil.us; Marshall, Malcolm; Meister, Mark K.; Doggett, Rosalyn; Goldin, Steven
**Subject:** Re: FINAL Term Sheet b/t WMATA and Developer - Shaw/Howard-FloridaAvenue Sites

Nat,

Thanks for your thoughts. We appreciate them. For purposes of tomorrow, we accept the Term Sheet as sent to us this evening.

Following approval of the Term Sheet, we will give more thought to this particular issue to help come up with a way to meet your goals. Should we be able to come up with an agreeable solution prior to finalizing the JDA



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and Lease, we could include the solution in these docs. Alternatively, there is probably even more time bt approval of these docs and execution of the Lease prior to Closing to come up with solutions. In either case, we promise to provide you and your team with some solutions to address the concerns of all parties.

Thanks for working so hard on this. Finalizing the JDA and Lease should now be a piece of cake.

Omar
Omar A. Karim
Banneker Ventures, LLC
729 15th Street, NW, Suite 400
Washington, DC 20005
(202) 393-5460 office
(202) 393-5462 fax
(301) 523-1810 cell
okarim@bannekerventures.com

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**From:** "Bottigheimer, Nat" <NBottigheimer@wmata.com>
**Date:** Wed, 4 Nov 2009 21:01:52 -0500
**To:** O'Keeffe, Carol B.<cokeeffe@wmata.com>; Montague, Joshua W.<jwmontague@wmata.com>; aives@bannekerventures.com<aives@bannekerventures.com>; okarim@bannekerventures.com<okarim@bannekerventures.com>; thicks@bannekerventures.com<thicks@bannekerventures.com>; jhagner@wcsr.com<jhagner@wcsr.com>
**Cc:** Goldin, Steven<sgoldin@wmata.com>; Doggett, Rosalyn<RDoggett@wmata.com>; Meister, Mark K.<MMeister@wmata.com>; Marshall, Malcolm<MMarshall@wmata.com>; Kass@dccouncil.us<jkass@dccouncil.us>; Yohance S. Fuller<Yohance.Fuller@dc.gov>
**Subject:** RE: FINAL Term Sheet b/t WMATA and Developer - Shaw/Howard-Florida Avenue Sites

John--

I heard a problem and I didn't hear a solution. Also, for the reasons laid out below, I don't understand at all your concept that we're making an above market imposition on the Developer.

Here are our premises:

It's our land.

Long-term real estate values in the DC region have grown faster than 3%. A location on U Street in between U Street and Shaw/Howard stations has growth potential and value stability unlike the vast majority of property in the region, and its long-term appreciation value is significant.

Agreeing to a lease that is based on an escalation rate less than the the property's probable long-term appreciation rate is selling ourselves short. Marking to market each decade and then holding constant for each 10-year period while property values and lease-rates available to building owners appreciate is leaving significant value on the table each year in a decade.

Without going to a spreadsheet, if we were simply to mark to market each decade, in year one of any given decade we'd get 4% less than the rental income available to a building owner on average. The next year we'd get 8% less than full value, the next year 12% less than full value, each year the same until the last year of the decade, when we'd be getting 42% below full value. That's a lot of value to leave on the table by marking to market each decade and holding constant for 10 years. Having a 3% escalation rate each year through the decade is intended to keep the rent to us, the land-owner, comparable but slightly below the long-term average increase in value until the next reset. The language we've provided is intended to keep us at rent levels close to market value for each year of the remaining 39 years of the lease without giving away the game, as your proposals would appear to have us do.



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Other premises:

Twinbrook, we negotiated a lease with JBG with precisely the terms we proposed.

Long-term leases are finance-able at terms less than 99 years.

If you have a concern about lender certainty and project finance-ability, as you suggest you do, we are open to proposals that do not systematically erode Metro's ability to realize the value of its land over the period 60-99. We're open to a capitalization of future rent at year 60 for the period 60-99, and we're open to rent levels re-set every decade to be constant for the decade, but if rent levels are reset to be constant for a decade for the purpose of certainty, then they should be set above market for the first five years of the decade with the expectation that they'd be below market the second half. Maybe you have other thoughts.

Until we hear a counter that protects our value in a market-rate setting from years 60-99, the proposal we've made is our final proposal.

Respectfully,

Nat

---

**From:** John Hagner [mailto:JHagner@wcsr.com]
**Sent:** Wednesday, November 04, 2009 6:24 PM
**To:** O'Keeffe, Carol B.; Montague, Joshua W.
**Cc:** Anthony (Tony) James Ives(aives@bannekerventures.com); Omar A. Karim Esquire (okarim@bannekerventures.com); Tiwana Z. HicksEsquire (thicks@bannekerventures.com)
**Subject:** RE: FINAL Term Sheet b/t WMATA and Developer - Shaw/Howard-Florida Avenue Sites

Carol and Josh: Let me share my response to the final change mandated by WMATA. The effects of this change are as follows:

1. WMATA will charge more than the Fair Rental Value of the Lease Property after the 61st lease year. If the Monthly Lease Payments are based on Fair Rental Value, then the 3% escalation either has to be considered in setting the Monthly Lease Payments or the escalation is an above-market imposition on the DEVELOPER. When the Fair Rental Value is determined by the three appraisers, their determination is for a period of years. WMATA is not recognizing that fact and holding the Monthly Lease Payments to the Fair Rental Value during the time period determined by the three appraisers.

2. Resetting the Monthly Lease Payments to Fair Rental Value every ten years makes the Lease un-financeable after the 60th lease year. No institutional lender will make a loan longer than ten years under these circumstances, which eliminates all the Federal and GSE (Government Sponsored Entities, *i.e.*, Fannie Mae and Freddie Mac) as lenders. To be precise, the lender will only make a loan that self-amortizes in ten years because no institutional lender will take the risk of an unlimited base rent increase while their loan is still unpaid. I'm sharing this from actual experience of litigating an almost identical issue for almost five years in the District of Columbia where the tenant under a long-term ground lease which had periodic repricing to full market rent could not refinance the leasehold estate on a permanent loan basis. This meant the tenant could not refinance the leasehold estate to pay for the needed renovation of the building and the substantial tenant improvements and lease brokerage fees to prepare for a full-building



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tenant. As you would expect, the tenant sued the landlord to modify the ground lease. I can't share anymore because the litigation settled under a strict confidentiality agreement. However, the "lesson learned" from this experience is that ground leases with short-term periodic repricing of the ground rent can't be refinanced on the long-term basis needed for major renovations and improvements.

I respectfully believe the last change vitiates the benefit of a lease over 60 years.

John

---

**John D. Hagner**
**Womble Carlyle Sandridge & Rice, PLLC** | 1401 Eye St., NW | Suite 700 | Washington, DC 20005-2225
T: 202.857.4404 | F: 202.261.0004 | E: jhagner@wcsr.com | W: www.wcsr.com

**From:** Montague, Joshua W. [mailto:jwmontague@wmata.com]
**Sent:** Wednesday, November 04, 2009 5:57 PM
**To:** Hagner, John
**Cc:** O'Keeffe, Carol B.
**Subject:** FW: FINAL Term Sheet b/t WMATA and Developer - Shaw/Howard-Florida Avenue Sites

Attached is the updated Term Sheet described below.

Sincerely,

Josh Montague

Assistant General Counsel
Washington Metropolitan Area Transit Authority
600 Fifth Street, N.W.
Washington, DC 20001
phone: (202) 962-1275

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**From:** O'Keeffe, Carol B.
**Sent:** Wednesday, November 04, 2009 5:43 PM
**To:** John Hagner
**Cc:** Montague, Joshua W.
**Subject:** RE: FINAL Term Sheet b/t WMATA and Developer - Shaw/Howard-Florida Avenue Sites

John, Josh is sending a revision that puts in a different reset that Nat will accept; he had not agreed to 99 years and is only willing to go forward with the reset provisions that Josh will send. We have spoken with Mr. Karim who seems to have accepted it, but this is an impossible way to do a deal. I know that you are not causing it.

---

**From:** John Hagner [mailto:JHagner@wcsr.com]
**Sent:** Wednesday, November 04, 2009 5:38 PM
**To:** O'Keeffe, Carol B.



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**Cc:** Montague, Joshua W.
**Subject:** Re: FINAL Term Sheet b/t WMATA and Developer - Shaw/Howard-Florida Avenue Sites

arol: I'm on a large conference call which I can't get out of. I'll listen to your voicemail and call you as soon as I'm off.
ohn
John D. Hagner
Womble Carlyle Sandridge & Rice, PLLC
202.857.4404 Direct
Sent from my Blackberry. Please excuse typos.

---

**From:** O'Keeffe, Carol B. <cokeeffe@wmata.com>
**To:** Yohance S. Fuller <Yohance.Fuller@dc.gov>; Omar A. Karim <okarim@bannekerventures.com>; Montague, Joshua W. <jwmontague@wmata.com>
**Cc:** aives@bannekerventures.com <aives@bannekerventures.com>; mmckinney@bannekerventures.com <mmckinney@bannekerventures.com>; Tiwana Hicks <thicks@bannekerventures.com>; Neil.Albert@dc.gov <Neil.Albert@dc.gov>; Hagner, John; Bottigheimer, Nat <NBottigheimer@wmata.com>; Doggett, Rosalyn <RDoggett@wmata.com>; Goldin, Steven <sgoldin@wmata.com>
**Sent:** Wed Nov 04 17:25:10 2009
**Subject:** RE: FINAL Term Sheet b/t WMATA and Developer - Shaw/Howard-Florida Avenue Sites
Not yet; we are working on it and will call John Hagner.

---

**From:** Yohance (EOM) Fuller [mailto:yohance.fuller@dc.gov]
**Sent:** Wednesday, November 04, 2009 5:22 PM
**To:** Omar A. Karim; Montague, Joshua W.
**Cc:** aives@bannekerventures.com; mmckinney@bannekerventures.com; Tiwana Hicks; Neil.Albert@dc.gov; O'Keeffe, Carol B.; John Hagner; Bottigheimer, Nat; Doggett, Rosalyn; Goldin, Steven
**ubject:** RE: FINAL Term Sheet b/t WMATA and Developer - Shaw/Howard-Florida Avenue Sites

Josh/Nat –

I'm writing to confirm whether both parties are in agreement and that WMATA staff is prepared to recommend approval of the term sheet during the committee meeting and special board meeting tomorrow. Please advise.

Thanks,

Yohance

---

**From:** Omar A. Karim [mailto:okarim@bannekerventures.com]
**Sent:** Wednesday, November 04, 2009 3:45 PM
**To:** 'Montague, Joshua W.'
**Cc:** 'Bottigheimer, Nat'; 'O'Keeffe, Carol B.'; 'Goldin, Steven'; 'Doggett, Rosalyn'; Fuller, Yohance (EOM); Albert, Neil (EOM); 'John Hagner'; 'Tiwana Hicks'; mmckinney@bannekerventures.com; aives@bannekerventures.com
**Subject:** FINAL Term Sheet b/t WMATA and Developer - Shaw/Howard-Florida Avenue Sites
**Importance:** High

Josh,

In preparation of tomorrow's Board meeting, attached are the following:

1. Amended and Restated Term Sheet revised in accordance with the discussions since Monday, which finalizes our understanding; and
2. "Redline...#157; of the Amended and Restated Term Sheet against the version that we provided to WMATA on November 2, 2009 at 6:20p.



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The revised language on Capital Events was taken from the term sheet for Rhode Island Ave., and the concept of adjusting the base rent for additional density stops after the first 60 years because the re-appraisal will be based on the ;ased Property as if vacant, thereby assuming the maximum density has been constructed on the land.

Please contact me with any questions or comments.

Omar

Omar A. Karim
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(301) 523-1810 cell
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# ATTACHMENT 13

## Omar A. Karim

**From:** Goldin, Steven [sgoldin@wmata.com]
**Sent:** Thursday, November 19, 2009 5:22 PM
**To:** Omar A. Karim
**Cc:** Bottigheimer, Nat; O'Keeffe, Carol B.; Doggett, Rosalyn
**Subject:** Florida Avenue

Omar

The Board took no action today after discussing the matter. Following the meeting, staff has been directed to submit a memo to the Board on Wednesday 11/25/09, addressing these issues in order for the Board to reconsider the approval of a term sheet for the lease on 11/30/09:

1) The initial capitalized lease payment was deemed insufficient and must be increased.
2) The lack of a payment "reset" for the first 60 years was deemed unacceptable. The Board wants to see earlier resets and we propose a reset every ten years as a starting point for discussion.

The Real Estate TOD Team and attorneys in the Counsel's Office will be in a work session all day tomorrow. Understanding the short time frame in which we have to resolve this matter, or not, please get back to me on Monday 11/23/09.

Thank you

Steven E. Goldin
Director, Station Area Planning & Asset Management
Washington Metropolitan Area Transit Authority
sgoldin@wmata.com
202-962-2616



FOIA CONFIDENTIAL TREATMENT REQUESTED 

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# ATTACHMENT 14

**Minutes**
**Planning, Development and Real Estate Committee**
**January 14, 2010**

The meeting was called to order at 9:18 a.m. Present were:

**Committee members:**

Mr. Neil Albert, Chairman
Ms. Elizabeth Hewlett, Vice Chair
Mr. Jim Graham
Mr. Peter Benjamin
Mrs. Catherine Hudgins
Mr. Christopher Zimmerman
Mr. Michael Brown
Mr. Gordon Linton
Mr. Jeff McKay
Mr. Anthony Giancola

Mr. Albert moved, seconded by Mr. Zimmerman, that the Committee convene in Executive Session at 9:19 a.m. The Committee voted unanimously in favor of the motion.

The Committee meeting reconvened in Public Session at 10:28 a.m.

**Approval of Agenda**

The agenda was approved as submitted by unanimous consent.

**Approval of Minutes**

Mr. Albert moved, seconded by Mr. Benjamin, to approve the October 8, 2009, November 5, 2009 and November 19, 2009 minutes as submitted. The Committee voted unanimously in favor of the motion.

**Action Items**

**A1. Sale of Excess Property at 6th Street and Puerto Rico Avenue NE, Washington, DC**

Mr. Albert moved, seconded by Mr. Benjamin, approval for the sale of excess Metro property to the Capital Area Food Bank for $170K and that the funds will be placed in the capital budget. The Committee voted unanimously in favor of the motion.

**A2. Time Extension for Negotiation and Amended Term Sheet for Lease of Shaw-Howard U./Florida Avenue Joint Development Site**

Mr. Albert moved, seconded by Mr. Giancola, approval for a time extension for an amended term sheet for the Shaw-Howard U./Florida Avenue joint development site to be brought to the Board by March 31, 2010. The Committee voted in favor of the motion. Mr. Benjamin abstained. Mr. Brown voted no.

The meeting adjourned at 10:32 a.m.

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# ATTACHMENT 15

**PRESENTED and APPROVED: January 28, 2010**

# PROCEDURES
# for
# WMATA BOARD OF DIRECTORS

# 2010

I. Role of the WMATA Board of Directors

The WMATA Board of Directors determines agency policy and provides oversight for the funding, operation and expansion of transit service within the Transit Zone.

The authority of the Board of Directors is vested in the collective body and not in its individual Members. Accordingly, the Board, in establishing or providing any policies, orders, guidance, or instructions to the General Manager or WMATA staff, shall act as a body. No Member individually shall direct or supervise the General Manager or any WMATA employee or contractor.

II. Board Directives

All requests made by Board Members for significant staff action are directed to the General Manager, General Counsel or the Inspector General. Copies of requests shall be provided to all Board Members and the Board Secretary. Unless otherwise agreed to at the time the request is made, the General Manager provides a response within two weeks. For complex requests, the response may be interim, in which case it includes a timetable for a complete response. Should the response require significant resources, the General Manager may forward the request to the next meeting of the Board or its appropriate Committee to discuss how to proceed. All responses to Board Member requests are distributed to all Board Members, as are pertinent inquiries from jurisdictions and the corresponding responses.

Any request for a study, which contemplates a change in the Adopted Regional System or other Board-approved plan, which affects more than one signatory, is referred to the Board for discussion and appropriate action before any staff resources are authorized by the General Manager.

**Motioned by Mr. Benjamin, seconded by Mr. Zimmerman**
**Ayes: 7 – Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Mr. Downey, Mr. Zimmerman, Mrs. Hewlett, Mr. Graham**

III. Election of Board Officers

The Board annually elects a Chair, Vice Chair, and Second Vice Chair. These offices are rotated annually among the three signatory jurisdictions. The election is held at the January Board meeting each year.

IV. Board Meetings

A. Schedule and Quorum

The Board normally meets on the fourth Thursday of each month at a time specified by the Chair. A preliminary schedule for 2010 is shown in Attachment 1. The Board may vote to hold, or the Board Chair may also call, a special meeting of the Board. Except in emergencies, 48 hours advance notification is required to hold a special meeting.

A quorum requires the presence of four voting Board Members, including one from each signatory jurisdiction. In the absence of a principal Board Member, the alternate for that Member shall be considered to be a voting Member except that either alternate from the District of Columbia is considered to be a voting Member if either Principal Director from the District of Columbia is absent.

B. Public Notice

Notifications for the public concerning Board and Board Committee Meetings shall be posted on the WMATA site on the world-wide web ("WMATA website").

C. Voting

If a Principal Director is absent, his or her alternate Director may vote, except that either alternate from the District of Columbia may vote if either Principal Director from the District of Columbia is absent. No action of the Board shall be effective unless a quorum is present and a majority of the voting Board Members vote affirmatively, which majority shall include at least one principal or eligible alternate from each signatory.

D. Agenda Development and Distribution

The final Board agenda and the supporting documents are ordinarily distributed to the Board Members at least five days in advance of the Board meeting, including executive sessions of the Board. Materials distributed to the Board Members for the public Board meeting shall be posted on the WMATA



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website at least four days prior to the Board meeting. Any subsequent changes to the previously submitted agenda or other Board material shall be clearly highlighted and documented.

E. Parliamentary Authority

Except where inconsistent with the provisions of the Compact or these Rules and Regulations, Robert's Rules of Order Newly Revised (10th ed.), as revised from time to time, shall be the Parliamentary authority at all meetings of the Board and of Board Committees.

F. Board Meeting Agenda

The following agenda items shall ordinarily appear on each agenda in the order iisted:

1. Call to Order
2. Public Comment (for members of the general public to comment on WMATA issues; 20 minutes total, up to 2 minutes per person (the actual time per individual is determined by the Board Chair), and pre-registration is required)
3. Approval of Agenda
4. Approval of Board Minutes
5. Report by Riders' Council (a report may be made by the Riders' Council, up to 5 minutes)
6. Report by the Chair
7. Report by General Manager
8. Reports by Board Committees (Committee recommendations for Board action, if so referred by the Committees)
9. Administrative Actions
10. Reports by Jurisdictions

Any of the above items may be deleted or additional items included at the discretion of the Board Chair.

A voting Board Member may move parts of, or the entire, Administrative Actions agenda item as a single action.

V. Record of Public Board and Committee Meetings

There shall be an audio recording of every public Board and Committee meeting, to be available for public review at the offices of the Authority and on the WMATA website. In addition, a written record of formal actions taken by the



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Board or Committees shall be filed in hard copy and posted on the WMATA website, including:

1. the kind of meeting (e.g. Board, Committee or special);
2. the date and time of the meeting;
3. the names of the Members present;
4. a listing of all actions considered by the Board, identifying the mover and seconder;
5. the votes on each side of each action, and the disposition of the action;
6. explanatory material for each action, such as a resolution, if passed, and staff information material, such as a BAIS;
7. the time of adjournment.

The written records of public Board meetings shall be prepared by the Secretary and shall be approved by the Board.

The Board Secretary shall be responsible for the posting and filing of all written and audio records of Board and Committee meetings, and shall prepare an index to audio records to assist in locating discussions of specific actions taken by the Board.

VI. Executive (Closed) Sessions of the Board

The Board may meet in executive session only to discuss critical, sensitive matters, and confidential or proprietary matters, the untimely disclosure of which may be detrimental to the Authority. Such topics include, but are not limited to, the following:

A. Budgetary matters which may affect legal positions, Authority contracts, or sensitive relationships with local jurisdictions or the Federal government.

B. Litigation, investigations and other legal matters requiring the provision of legal advice or consultation with counsel and staff members

C. Personnel or labor issues including discussions of labor contracts and labor negotiations, consideration or interviews of candidates for employment, and the assignment, appointment, promotion, performance, demotion, or resignation of individuals

D. Contractual matters including discussion involving the award of a contract and other instances involving confidential or proprietary matters or the



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investment of public funds where discussion in public would adversely affect the financial interests of the Authority

E. Audit matters

F. Safety and security matters

G. Disposition of Authority property or acquisition of real property for Authority purposes where discussion in public would adversely affect the Authority's negotiating or bargaining position.

H. Legislative strategy

An executive session of the Board shall be scheduled to be held prior to each full Board meeting, subject to cancellation by the Chair should there be no need for such a session. The agenda for each session shall be made available to the public prior to the meeting and shall include the title of each topic to be discussed, reasonably identified without violating confidentiality. Other executive sessions may be authorized by a public action of the Board in which the purposes of the session are reasonably identified. If the Board is not in session, the Chair may convene an executive session, which shall be announced immediately. Committees shall not meet in executive session.

The Board will not take formal action in Executive Session. Actions resulting from discussion in Executive Session must be taken at an open meeting of the Board. Minutes of Executive Sessions will not be kept. Attendance at Executive Sessions of the Board is limited to Board Members, the General Manager, the Board Secretary, the General Counsel, and other staff and persons deemed by the General Manager and the Board to be necessary for the discussion.

VII. Emergency Sessions of the Board

The Board may meet by telephonic, video or other electronic communication means ("teleconference") in either open or executive session with or without a quorum when the Chair (or Vice Chair, if the Chair is unavailable) determines that there is an immediate need to provide Board Members with information regarding significant events which require their immediate notification and/or advice, or when Board action is critically required on an issue that could not reasonably have been foreseen, and that cannot wait until the next Board meeting, provided:

A. The purpose of the meeting is to address the emergency situation.



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B. Public notice of the meeting is given using the best available method given the nature of the emergency situation.

C. Procedures governing quorum and voting in a teleconference are the same as at a Board meeting.

D. Actions taken at an emergency teleconference may take effect upon approval, but must be ratified at the next available open Board meeting.

VIII. Board Committees

Board Committees are as follows:

1. Finance and Administration Committee
   a. Subcommittee: Audits and Investigations
2. Customer Service, Operations and Safety Committee
   a. Subcommittee: Technology Review
3. Policy, Program Development and Intergovernmental Relations Committee
4. Joint Development and Real Estate Committee

The Chairs and Members of Board Committees are determined annually by the Board Chair. Each Committee shall be chaired by a Principal Board Member and shall have at least two additional Board Members, except for the Joint Development and Real Estate Committee, which shall be a committee of the whole, chaired by a Principal Member. All Board Members may attend and participate in Committee meetings, but only Committee members may vote on Committee actions. The Board Chair is an ex officio and voting Member of all Board Committees. The Chair may establish special or ad hoc committees as needed, with Board concurrence. Any Committee Chair may establish a special, ad hoc or subcommittee consistent with the Committee's responsibilities. Any question of Committee jurisdiction over an issue is resolved by the Board Chair.

Committee actions are recommendations to the Board of Directors, to be placed on a Board agenda for consideration and action.

Occasionally, an item that would normally be reviewed and forwarded to the Board of Directors by the appropriate Committee may be presented directly to the Board, with the concurrence of the relevant Committee Chair.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007587

A. Board Committee Responsibilities

The **CUSTOMER SERVICE, OPERATIONS AND SAFETY COMMITTEE** shall ensure that WMATA operational activities and programs are designed to produce safe and secure, reliable and clean transit service, responsive to customer needs. The Committee oversees transit system performance and service standards, the quality of operations and safety programs and procedures, emergency response and coordination, crime prevention and police matters, and customer service, communication and outreach activities, including public and media relations.

The **FINANCE AND ADMINISTRATION COMMITTEE** monitors the financial integrity and viability of the Authority and its programs and services. The Committee develops budget preparation guidance, recommends capital and operating budget approval to the Board, monitors capital and operating budget implementation and management, recommends proposed budgetary changes to the Board. The Committee recommends policies and programs for setting fares and fees and creating fare structures, oversees operation and development of fare media and fare collection mechanisms, and explores enhanced and expanded techniques for generating revenue. The development of guidance for administrative matters, including procurement/contracting issues and programs; human resources, compensation and benefits issues; civil rights programs; insurance coverages; and WMATA's business systems implementation also fall within the purview of this Committee.

The **JOINT DEVELOPMENT & REAL ESTATE COMMITTEE** is responsible for coordinating the community development and smart growth aspects of the Authority's system and service development and oversees the Joint Development Program, including the Transit Infrastructure Investment Fund (TIIF) and other Real Estate matters. The Committee specifically reviews and recommends to the Board actions on (1) Real Estate Acquisitions in the amount of $250,000 or higher which have not been previously approved by the Board of Directors as part of a specific line expansion or facility project; and (2) Real Estate Dispositions where the estimated fair market value exceeds $100,000.

The **POLICY, PROGRAM DEVELOPMENT AND INTERGOVERNMENTAL RELATIONS COMMITTEE** is responsible for capital program planning and oversight; regional corridor development and system expansion planning; coordination of regional planning issues through the Transportation Planning Board and other state, local and subregional agencies; regional transit service planning and coordination with other transportation service providers; project development; and transit access planning. In addition, the Committee investigates and develops innovative technological approaches to



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enhance the effectiveness of public transportation services. The Committee oversees WMATA's relationships with local, state and Federal governments, develops state and Federal legislative strategies and coordinated transit advocacy programs and pursues enhanced and expanded governmental funding for the Authority.

B. Committee Meetings

The Finance and Administration Committee, Customer Service, Operations and Safety Committee, and the Policy, Program Development and Intergovernmental Relations Committee normally meet on the second Thursday of each month, and the Joint Development and Real Estate Committee normally meets on the fourth Thursday of the month, except in November and December, when they meet on the first and third Thursdays, respectively, as shown on the calendar in Appendix 1.

C. Committee Agendas

The Chairs of Board Committees shall determine the need for a meeting and develop the agenda for the Committee meetings. To the extent possible, items will be presented to only one Committee, per the Committee responsibilities defined herein.

D. Committee Attendance and Voting

Committee Chairs are responsible for convening Committee meetings at the scheduled time. Except for the Joint Development and Real Estate Committee, one half of the Committee members, excluding the Board Chair sitting as an ex-officio member, shall constitute a Committee quorum. Full Board quorum rules shall apply for the Joint Development and Real Estate Committee.

In recognition of the limited time that is available for the conduct of Committee business, Committee Chairs may limit debate. At the discretion of the Chair, jurisdictional staff members, consultants, members of the Riders' Advisory Council, or other parties may be invited to make a presentation or comment on a particular issue.

## IX. Public Hearings

The Board authorizes the conduct of public hearings for construction projects, major bus and rail service reductions, fare increases, and other WMATA activities as required by the WMATA Compact. The hearings will be advertised to the general public, and staff will coordinate with local officials and other interested parties in order to ensure adequate notice. In most cases, the hearing



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officer will be a Board Member. However, the Board Chair may delegate to the Secretary or another WMATA officer/executive the authority to conduct public hearings in the absence of a relevant Board Member, to ensure proper public review of WMATA activities. In an emergency resulting in the unexpected absence of a public hearing officer, the staff presenting the proposed action may conduct the hearing.

X. Jurisdictional Coordinating Committee

The Jurisdictional Coordinating Committee has been established by the Board to facilitate the exchange of information and viewpoints between jurisdictions and the WMATA staff and among the jurisdictions. The agenda for meetings is established by the WMATA staff in coordination with the annually elected Chair of the JCC.

Board Members are provided copies of the agenda and minutes. Results of JCC consideration of items referred by the Board or its Committees are transmitted to the appropriate Board Committee.

XI. Process to Amend These Procedures

A majority vote of the Board can amend these procedures.

XII. Standards of Conduct for Members of the WMATA Board of Directors

The Standards of Conduct for Members of the WMATA Board of Directors, adopted by the Board of Directors on August 22, 1991 and revised January 28, 2010, are attached as Attachment 2 and are incorporated by reference into the Board Procedures.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007590

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FOIA CONFIDENTIAL TREATMENT REQUESTED

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FOIA CONFIDENTIAL TREATMENT REQUESTED

Attachment 2

ADOPTED: August 22, 1991
REVISED: January 27, 1994
REVISED: February 16, 2006
REVISED: January 28, 2010

**STANDARDS OF CONDUCT FOR**
**MEMBERS OF THE WMATA BOARD OF DIRECTORS**

Article I. Purpose and Scope.

These Rules shall govern the conduct of all Members of the Board of Directors in all their activities relating to their positions as Board Members. They also apply to all individuals, corporations and other entities who have actual or prospective business relationships with the Authority. These Rules do not supersede or abrogate any laws, rules or regulations of the United States or of the applicable state or local governing body represented by the Members of the Board of Directors.

These Rules address several types of conflicts: those arising from gifts and favors and from financial and employment interests. They prohibit certain actions, including misuse of official positions; set out the nature of financial interests which may cause an appearance of conflict; and provide procedures for disclosure, recusal and enforcement.

Article II. Definitions.

A. "Actual or Prospective Business Relationships with the Authority" means any actual or prospective arrangement whereby an individual, corporation or other entity has entered into or has offered or proposed to enter into or has decided to offer or proposed to enter into a financial transaction with the Authority which obligates the Authority to purchase, sell, lease, transfer, receive or convey any interest in real or personal property; to construct or improve any facility; or to furnish or obtain services including personal and/or consulting services, but does not include consignment sales by the Authority of goods or services (such as fare media) where price is determined without competition or negotiation.

B. "Board Member" or "Member" means a Director and/or Alternate Director of the Board of Directors of the Washington Metropolitan Area Transit Authority.

C. "Direct Financial Interest" means an interest in an enterprise that consists of securities of any kind that constitute ownership of three percent (3%) or more of the total equity of the enterprise. The test for a direct financial interest shall exclude any arrangement with the Authority which is not within the definition of financial transactions contained in these Standards of Conduct.



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D. "Employment" means full-time, part-time, regular or temporary work for compensation and includes work as an independent contractor, but does not include government employment. Employment shall be deemed to exist if there is a regular relationship with a business, even if there is no relationship at the time a matter is before the Board.

E. "Financial Transaction" means any arrangement where a party anticipates receiving or transferring money or any other thing of value including, but not limited to, arrangements for purchase, sale, lease or other transfer or conveyance of any interest in real or personal property; construction or improvement of any facility or property; and procurement of services, both personal and consulting, but does not include consignment sales by the Authority of goods or services (such as fare media) where price is determined without competition or negotiation.

F. "Gratuities" means any gift, favor, entertainment, hospitality, transportation, loan or other tangible item or any intangible benefits (i.e., discounts, passes or similar consideration) offered to a Board Member because of his/her position on the WMATA Board of Directors for which the Member did not pay fair market value and which is not offered to the public generally.

G. "Household Member" means a spouse or minor child and any other dependent who resides in a Board Member's household on other than a temporary basis.

H. "Initiation and Pre-Award Phases of the Procurement Process" means that period beginning on the earliest date upon which an identifiable, specific action is taken by the Board for a particular procurement and ending upon award. Such actions shall include approvals by the Board or by Committees acting on behalf of the Board of any plan or budget which specifically authorizes an identifiable procurement, the drafting of specifications, statements of work or development of procurement requests therefore, or Board issuance of directives or taskings requiring that such actions be undertaken.

I. "Indirect Financial Interest" means income from revenues for services provided to an enterprise by a Director's partnership, business, or other entity when those revenues exceed three percent (3%) of the partnership, business, or entity's gross income for its current or preceding fiscal year. The test for an indirect financial interest shall exclude any arrangement with the Authority which is not within the definition of financial transactions contained in these standards of conduct.

J. "Member's Business Associates" means a person(s) who is engaged with a Board Member in a venture expected to result in a benefit to the Board Member or a resident of the Board Member's household in the form of money or other thing of value.

K. "Participate" means vote, address, or otherwise attempt to influence a decision of the Board of Directors or any action undertaken by WMATA staff.



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L. "Party" means an individual, corporation, partnership or other legal entity.

Article III. Policy.

A. Public funds must be expended in a manner which assures the highest degree of confidence and public trust in WMATA. It is imperative that Board Members in their private financial relationships and in their official conduct strictly avoid engaging in actions which create conflicts of interest or the appearance of a conflict of interest. It is likewise imperative that Board Members act impartially in their official conduct by avoiding any actions which might result in favored treatment or appearances thereof toward any individual, private organization, consultant, contractor or potential consultant or contractor. Each Board Member, while acting in his/her capacity as a WMATA Board Member, has a duty to place the public interest foremost in any dealings involving WMATA.

B. Under the Compact, Board Members shall not (1) be financially interested, either directly or indirectly, in any contract, sale, purchase, lease or transfer of real or personal property to which the Board or the Authority is a party; (2) in connection with services performed within the scope of their official duties, solicit or accept money or any other thing of value in addition to the expenses paid to him by the Authority; (3) offer money or any thing of value for or in consideration of obtaining an appointment, promotion or privilege with the Authority.

C. Financial Interest. No Board Member nor household member may singly or in combination, be a party of or have a direct financial interest in a party with an actual or prospective business relationship with the Authority.

D. Financial Transactions.

1. A Board Member shall neither vote on nor participate in any WMATA financial transaction if:

(i) the Board Member,
(ii) a household member, or
(iii) a Board Member's business associates

has a direct or indirect financial interest in the enterprise.

2. A Board Member shall neither vote on nor participate in any WMATA financial transaction if the Board Member or household member is employed by a party with an actual or prospective business relationship with the Authority.



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E. Gratuities and Solicitation.

1. Except as provided in subsection E.3. below, a Board Member or household member shall not solicit or accept anything of value from a party with an actual or prospective business relationship with the Authority.

2. A Board Member may not accept an unsolicited gratuity when it could reasonably be inferred that the gratuity was intended to influence the Board Member or was intended as a reward for any action on the Member's part.

3. Board Members may accept unsolicited gratuities:

(i) whose value is seventy-five dollars ($75) or less, except that a Board Member may not accept gratuities worth more than $200 from a single source in any calendar year; or

(ii) in connection with attendance at a widely attended gathering, such as events held by the American Public Transportation Association and similar organizations.

4. The restriction on the receipt of gratuities shall not apply to the solicitation or acceptance of bona fide religious or charitable donations, or political contributions by a Board Member or a household member provided, with respect to political contributions to or for the benefit of a Board Member or a household member, the contribution has been reported in accordance with the law of the Board Member's jurisdiction.

5. A Board Member shall not personally solicit any support or financial assistance for any political party, candidate, or committee for any political, charitable, or other purpose from the Authority or any WMATA employee. This prohibition is not intended to preclude solicitations by mass mailing or other similar anonymously directed solicitations.

F. Use of Official Position. Board Members shall not use, nor give the appearance that they are using, their official position with the Authority in a manner inconsistent with their responsibilities to the Authority. Board Members shall not:

1. use or permit others to use information not generally available to the public obtained from the Authority through the Board Member's official position with the Authority to further the direct or indirect financial interests of a Board Member, any household member, a Member's business associates, or any party to any actual or prospective financial transaction with the Authority, excluding the Federal government and governmental entities within the Transit Zone;



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007596

2. disclose or permit others to disclose to anyone outside the Authority information obtained through their official position with the Authority and not generally available to the public except where and to the extent necessary to fulfill the Board Member's public responsibility;

3. use WMATA property other than for authorized purposes, nor will they seek assistance from other WMATA personnel, while in duty status, to assist them in connection with business enterprises (including self-employment, home-based businesses, consulting, purchase or sale of real estate or other professional services) or personal matters (non-WMATA matters including a Board Member's social, religious or educational interests);

4. offer money or anything of value for or in consideration of obtaining an appointment or privilege in the Board Member's official position with the Authority; or

5. receive compensation from WMATA except for reimbursement for necessary expenses incurred incident to the performance of their duties.

G. Post WMATA Service Restrictions. Board Members shall not, for a period of one year following the end of their term or effective date of their resignation, accept employment with any private third party to work on a matter upon which the Board Member has voted on or participated in.

H. No party shall have, nor seek to have, actual or prospective business relationships with the Board or the Authority if to do so would create a violation by a Board Member of the provisions of Paragraphs B or C of this article. No party shall induce or seek to induce a Board Member to violate the provisions of Paragraph D of this article.

I. Each Board Member shall disclose, on the form attached as Exhibit B, each contact with a WMATA contractor or bidder, in which the Member has any financial interest, during the Initiation and Pre-Award Phases of the Procurement Process. Notifications will be kept on file for one year beyond the date of the financial closeout of the procurement contract, at which time they shall be destroyed unless otherwise instructed by the filing Board Member.

Article IV. Submission of Disclosure Form.

Upon appointment, a Board Member shall file a disclosure form in substantially the form attached as Exhibit A disclosing employment and other economic interests of the Board Member and household members and gratuities received from any party with an actual or prospective business relationship with the Authority. The Statement shall be available



FOIA CONFIDENTIAL TREATMENT REQUESTED 

for public review in the office of the Board Secretary. Each Board Member shall annually submit a new signed statement by April 30, except that within 30 days of adoption of this new disclosure form requirement by the Board each Board Member must submit a signed statement and the Member will not need to submit another signed statement until April 30 of the succeeding calendar year.

Article V. Disqualification.

If a Board Member is precluded by these Rules or by other applicable laws or regulations from performing the Board Member's duties, the Board Member shall so notify the Chair and request that the Board's official records reflect that the Board Member will abstain from any participation in the matter to which the prohibition applies.

Article VI. Sanctions.

A. Any Board Member who willfully violates any provision of Article III, Section B, hereof, shall, at the discretion of the Board, forfeit the Board Member's position with the Authority. The Board shall provide the Board Member notice and an opportunity to be heard, in writing and in person, directly or through counsel, before taking official action to cause the Board Member to forfeit the position.

B. Any financial transaction, to which the Authority is a party, made in contravention of Article III, Section B hereof, may be declared void by the Board. The Board shall provide notice and an opportunity to be heard, in writing and in person, directly or through counsel, to any party whose financial transaction with the Board or the Authority is considered to contravene these sections before taking action to void the transaction.

Article VII. Severability.

The provisions of these Standards of Conduct shall be severable and if any phrase, clause, sentence or provision is declared invalid, the validity of the remainder shall not be affected thereby.

Article VIII. Effective Date; Duration; Amendment; Responsibility.

These Rules shall become effective when adopted by the Board and shall remain in effect unless and until amended or revoked by the Board in accordance with Article III, Section 8, of the Compact. The Board is responsible for interpreting and enforcing these rules. It may seek general guidance from the General Counsel, but where there are specific allegations of misconduct, it shall, if necessary, employ appropriate outside legal counsel for assistance.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007598

**CONFIDENTIAL STATEMENT OF AFFILIATIONS AND FINANCIAL INTERESTS**

ALL BOARD MEMBERS ARE REQUIRED TO SUBMIT A STATEMENT OF OUTSIDE EMPLOYMENT AND FINANCIAL INTERESTS UPON APPOINTMENT, BY APRIL 30 OF EACH YEAR, AND AT SUCH OTHER TIME THAT SIGNIFICANT RELEVANT CHANGES HAVE OCCURRED.

EMPLOYMENT BY PARTIES WHO DO NOT HAVE AN ACTUAL OR PROSPECTIVE BUSINESS RELATIONSHIP WITH THE AUTHORITY NEED NOT BE REPORTED ON THE DISCLOSURE FORM.

GOVERNMENT EMPLOYMENT NEED NOT BE DISCLOSED.

THE **PRIVATE INTERESTS** OF A SPOUSE, MINOR CHILD, AND ANY OTHER HOUSEHOLD MEMBERS; OF BUSINESS ASSOCIATES; OF AN ORGANIZATION WHICH EMPLOYS OR IS ABOUT TO EMPLOY ANY OF THE ABOVE ARE INCLUDED IN DETERMINING WHETHER THERE IS A REPORTABLE FINANCIAL INTEREST.

THE FOLLOWING **FINANCIAL INTERESTS** NEED NOT BE DISCLOSED:

(A) CHECKING OR SAVINGS ACCOUNTS, MONEY MARKET ACCOUNTS AND OTHER DEMAND DEPOSITS;
(B) IRAS OR SIMILAR INVESTMENTS;
(C) GOVERNMENT BONDS;
(D) CERTIFICATES OF DEPOSIT; AND
(E) PUBLICLY TRADED MUTUAL FUNDS.

**GOVERNMENT PENSIONS** OR OTHER INCOME RECEIVED PURSUANT TO A GOVERNMENT RETIREMENT PROGRAM (CIVILIAN OR MILITARY) NEED NOT BE DISCLOSED.

INTERESTS IN **REAL PROPERTY** OUTSIDE THE WMATA TRANSIT ZONE NEED NOT BE DISCLOSED. A BOARD MEMBER'S INTEREST IN HIS/HER PRIMARY RESIDENCE NEED NOT BE DISCLOSED.

Rev. Feb. 16, 2006



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007599

**PART I - BACKGROUND INFORMATION**

NAME

_____

JURISDICTION

_____

**PART II - ACTIVITIES AND INTERESTS**

A. FINANCIAL INTEREST

1. DO YOU OR DOES A MEMBER OF YOUR HOUSEHOLD OR A BUSINESS ASSOCIATE HAVE A FINANCIAL INTEREST IN ANY ENTITY WHICH IS A PARTY TO AN ACTUAL OR PROSPECTIVE FINANCIAL TRANSACTION WITH WMATA?

YES _____ NO _____

IF YES, DOES YOUR OWNERSHIP INTEREST EXCEED THE 3% OWNERSHIP INTEREST OR THE 3% GROSS INCOME (FOR BUSINESS ENTERPRISES) THRESHOLD CONTAINED IN SECTIONS II.C AND II.I OF THE STANDARDS OF CONDUCT?

_____

_____

B. NON-WMATA EMPLOYMENT AND OTHER ACTIVITIES

2. DO YOU HAVE ANY NON-GOVERNMENTAL, NON-WMATA EMPLOYMENT WITH A PARTY WHO HAS AN ACTUAL OR PROSPECTIVE BUSINESS RELATIONSHIP WITH WMATA?

YES _____ NO _____

IF YES, EXPLAIN:

_____

_____

Rev. Feb. 16, 2006



FOIA CONFIDENTIAL TREATMENT REQUESTED

3. IS A MEMBER OF YOUR HOUSEHOLD EMPLOYED BY A PARTY WHO HAS AN ACTUAL OR PROSPECTIVE BUSINESS RELATIONSHIP WITH WMATA?

YES _____ NO _____

IF YES, EXPLAIN:

_____

_____

C. REAL PROPERTY

4. DO YOU OR DOES A MEMBER OF YOUR HOUSEHOLD HAVE ANY REAL PROPERTY INTERESTS LOCATED WITHIN THE WMATA TRANSIT ZONE OTHER THAN AN INTEREST IN THE PRIMARY RESIDENCE WHICH YOU OCCUPY?

YES _____ NO _____

IF YES, PROVIDE LOCATION/ADDRESS OF REAL PROPERTY INTEREST:

_____

_____

D. GIFTS

5. LIST EACH PARTY WITH AN ACTUAL OR PROSPECTIVE BUSINESS RELATIONSHIP WITH THE AUTHORITY THAT, DURING THE PAST 12 MONTHS FURNISHED YOU WITH ANY GIFTS OR ENTERTAINMENT OR OTHER GRATUITY (AS DEFINED IN ARTICLE II.F). DO NOT LIST GIFTS, ENTERTAINMENT OR OTHER GRATUITIES RECEIVED BY YOU AT WIDELY ATTENDED GATHERINGS (AS COVERED BY ARTICLE III.E.3).

| NAME OF SOURCE | TYPE OF GRATUITY | VALUE |
|---|---|---|
| | | |
| | | |

***UPON COMPLETION OF THIS FORM, PLEASE SUBMIT IT TO THE BOARD SECRETARY.***

Rev. Feb. 16, 2006



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007601

**PART III - CERTIFICATION**

I CERTIFY THAT THE STATEMENTS I HAVE MADE ARE TRUE, COMPLETE, AND CORRECT TO THE BEST OF MY KNOWLEDGE.

_____ _____

SIGNATURE DATE

**PART IV - REVIEW BY BOARD SECRETARY**

TO BE COMPLETED ONLY IF THE BOARD MEMBER ANSWERED "YES" TO ANY QUESTION ABOVE.

I HAVE EXAMINED THIS STATEMENT AND ANY ATTACHMENTS.

___ I FIND NO CONFLICTS.

___ I RECOMMEND BOARD REVIEW OF THE FOLLOWING:

_____

_____

_____

_____

_____

_____

_____ _____

SIGNATURE DATE

Rev. Feb. 16, 2006



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007602

## CONTACTS WITH BIDDERS AND CONTRACTORS

IDENTIFY EACH WMATA BIDDER OR CONTRACTOR IN WHICH YOU HAVE A FINANCIAL INTEREST WITH WHOM YOU HAVE HAD CONTACT DURING THE INITIATION AND PRE-AWARD PHASES OF THE PROCUREMENT PROCESS, AS DEFINED BY SECTION II.H.

NAME OF CONTRACTOR _____

NATURE OF FINANCIAL INTEREST _____

DATE OF CONTACT _____

SUBJECT(S) DISCUSSED _____

DISPOSITION, IF ANY

_____

_____

_____

_____

_____ _____

SIGNATURE OF BOARD MEMBER DATE

PLEASE SUBMIT EACH COMPLETED FORM TO THE DIRECTOR, PRMT



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007603

BANNEKER VENTURES, LLC

December 14, 2007

**BY HAND**

Joel R. Washington, Director
Station Area Planning and Asset Management
Washington Metropolitan Transit Authority
600 Fifth Street, NW
Washington, DC 20001

RE: Clarification from Response to Shaw – Howard Florida Avenue Joint Development Solicitation

Dear Mr. Washington:

Thank you for your letter dated December 4, 2007 regarding items in our team's response to the Joint Development Solicitation for the above-referenced site. We are extremely excited about the possibility of partnering with the Washington Metropolitan Area Transit Authority ("WMATA") to develop this key site along the Florida Avenue/U Street corridor.

Below, please find our responses to the issues that you raised in your letter. We hope that these answers, along with our presentation on December 17th will demonstrate our capability and commitment to developing these key parcels.

Technical Information

***Within the schedule you presented, please indicate the outside, firm date, by which a lease would be executed?*** March 6, 2009

***What, if any, zoning approvals or variances will you be seeking for Parcels 1 or 3?*** A zoning variance (for parking and loading) would be sought for Parcel 1. A zoning variance (for parking) would be sought for Parcel 2. No variance will be sought for Parcel 3.

700 12th Street, NW • Suite 700 • Washington, D.C. 20005 • (202) 667-4110
814 Thayer Avenue • Suite 300 • Silver Spring, Maryland 20910 • (301) 565-4980
**www.bannekerventures.com**

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***Please explain your schedule more fully.*** A detailed schedule is attached which includes time for historic preservation review, zoning review, and building permit approvals.

***Please provide an outside date for stabilization.*** October 29, 2010

***Assess the market for rental apartments in the area.*** According to the most recent (Third Quarter 2007) Delta Associates Mid-Atlantic Market Report, the "Washington metro area remains healthy despite softening conditions. Unemployment remains one of the lowest in the nation [3.3% as of July 2007] and jobs continue to expand at an above-average pace." According to the Report, the effective rent per square foot (as of September 2007) for Class A rental high-rise apartments is $2.86 with the average effective rent at $2,447 per unit, with a 1.2% concession. Stabilized vacancies remain at 1.3% and overall vacancies are at 4.1%. The monthly absorption pace per project for the most recently delivered market-rate projects are at 5 months; our project has 7 months in the schedule which provides some cushion to the market.

Delta reports that "[a]lthough the [apartment] pipeline has grown significantly in response to the recent robust performance of the apartment market and as a result of developers reprogramming condo projects in light of the slowing condominium market." The "District's 36-month pipeline of projects has grown to 6,353 units as of September 2007, a large jump from the previous quarter. Despite this uptick in the pipeline, the District currently retains the healthiest supply-demand balance in the region. The report further states that "[v]acancies are extremely low – up to 1.3% from a paltry 0.8% one year ago – and rent growth is the strongest in the region at 6.5% per annum. Additional development of exceptionally designed and well located projects would appear warranted. Since The Jazz @ Florida Avenue is exceptionally designed (according to the Office of Planning) and is well located (2 blocks from 2 Metro stations), we believe that a proposed rental project at this located is warranted.

***Do you have prospective tenants for the Paul Robeson Theatrical Museum or themed restaurant?*** Yes. We have prospective tenants for the museum as evidenced by the letter of interest on the following pages. Moreover, the Utopia Jazz Restaurant, a national restaurant based in Charlotte, NC and partially owned by NBA and former co-owner of the Washington Wizards Michael Jordan, a letter of interest of which is also attached.

***Have you discussed with DDOT the proximity of the Parcel 2 garage entrance to Florida Avenue?*** We have met with DDOT and OP about the proximity of the garage entrance to Parcel 2 and they prefer that the alley between Parcels 1 and 2 be widened

to allow for the garage entrance to come off the alley. Our proposed design can certainly accommodate their preference.

Economic Information

***WMATA expects escalation in the sale or rent amount from today's values if closing is delayed beyond a year.*** If closing is delayed beyond a year, we will be prepared to pay WMATA a 3% increase in the pre-development rent.

***The pro forma rents do not seem to square with the schedule.*** Attached is a revised schedule that reconciles with the stabilization date of the pro-forma.

***WMATA expects and receives participations in capital events and in cash flow. Please provide your proposal.*** We will be prepared to pay WMATA 10% of the net proceeds upon the sale or revaluation of the project.

***Provide evidence of the interest of MacFarlane Parnters in providing equity for this project.*** Attached please find letters of interests from MacFarlane Partners, D.C. Housing Finance Agency, The Bank of Georgetown, PNC Bank, BB&T Bank and Fidelity & Trust Bank.

***Document the creditworthiness of the entire team.*** Banking references are enclosed as part of the letters of interests.

***Please submit balance sheets.*** Financial statements for each of the developer's will be delivered to the WMATA staff at the presentation on Monday.

Thank you for the opportunity to be considered for your development partner. We look forward to further expounding upon our capabilities during the oral presentation on Monday, December 17th at 10:30 am at your headquarters.

Sincerely,

Omar A. Karim

**VIA CERTIFIED MAIL, FASCIMILE AND E-MAIL**

August 9, 2007

Mr. Omar Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, DC 20005

RE: Proposal for Shaw-Howard WMATA Property

Dear Mr. Karim:

Thank you for your proposal tp develop Washington Metropolitan Area Transit Authority (WMATA) property on Florida Avenue near the Shaw-Howard University Metro station. WMATA is gratified to have received a number of proposals and has carefully reviewed them, together with representatives of the District of Columbia government. We have eliminated some proposals from further consideration.

We are now requesting a full proposal from your organization in accordance with WMATA's standard solicitation guidelines which are attached.

Note that the material supplied to WMATA to date is a not a substitute for that requested in this solicitation. In particular, ability to perform financially and the financial offer remain key considerations for WMATA.

WMATA is required by the Federal Transit Administration to sell or lease its property for the highest and best use which WMATA determines through an appraisal. The appraisal remains confidential. WMATA expects offers made at today's value to be escalated to the actual date of closing or first base rent payment and, in the case of a lease, escalated annually thereafter. WMATA is seeking firm commitments on payment dates and amounts. Your offer should include both.

WMATA's Board of Directors has expressed a preference for leasing rather than selling its property. To be competitive, a proposal for lease, as well as sale, should be submitted.

**Washington Metropolitan Area Transit Authority**

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

By Metrorail:
Judiciary Square—Red Line
Gallery Place-Chinatown—Red, Green and Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6, 70, 71, 80, X2

*A District of Columbia, Maryland and Virginia Transit Partnership*

We look forward to receiving your full proposal. Please deliver it to WMATA headquarters at 600 Fifth Street, NW by 3 p.m. on Friday, September 28, 2007. If you have any questions, please call Rosalyn Doggett at 202 962-2208.

Sincerely,

Joel R. Washington
Acting Director
Office of Property Development and Management

Attachment

WordPerfect Document Compare Summary

Original document: T:\JDS 2007 - U ST FLA AVE properties\2006 Submission Requirements.wpd
Revised document: @PFDesktop\:MyComputer\T:\Doggett\ShawHoward\Submission Requirements.wpd
Deletions are shown with the following attributes and color:
~~Strikeout~~, Blue RGB(0,0,255).
Deleted text is shown as full text.
Insertions are shown with the following attributes and color:
Double Underline, Redline, Red RGB(255,0,0).

The document was marked with 400 Deletions, 868 Insertions, 0 Moves.

# SHAW-HOWARD/FLORIDA AVENUE JOINT DEVELOPMENT SITE: PROPOSAL SUBMISSION REQUIREMENTS

## SECTION 1: ADMINISTRATIVE AND CONTRACTUAL INFORMATION

**1.1.- Issuing Information**
This Joint Development Solicitation (JDS) is issued in accordance with WMATA's Joint Development Policies and Guidelines, Revised July 21, 2005 ~~and as may be further amended, which are available at MetroOpensDoors.com (click "About Metro," then click "Business opportunities" and "Joint development opportunities"). The sites~~. The three parcels which comprise the Joint Development Site in this solicitation are available primarily under a long-term lease, as WMATA's preference is to lease, rather than sell, its property. If a sale is proposed, the Proposal must clearly demonstrate that a sale is more advantageous to WMATA than a long-term lease. WMATA reserves the right to select different Developers for individual parcels.

**1.2.- Purpose and Scope**
This JDS is intended to provide interested Developers with sufficient summary information about WMATA's requirements to facilitate Proposal preparation. It contains instructions on Proposal content and format, but does not attempt to define all of WMATA's Joint Development contract requirements in detail. Certain contract requirements are not n-negotiable.

**1.3.- Amendments and Supplements to JDS**
WMATA reserves the right to issue Amendments and/or Supplements to this JDS. ~~If, after the Closing Date for submission of Proposals, WMATA issues an Amendment and/or Supplement, it will only be sent to Developers who submitted responsive Proposals for the specific Joint Development Site for which the Amendment and/or Supplement is being issued.~~ Developers will be required to acknowledge in writing the receipt of an Amendment and/or Supplement.

**1.4.- Acceptance/Rejection of Proposals**
This JDS does not commit WMATA to designate a Selected Developer or to enter into a Development Agreement. WMATA reserves the right to accept or reject any or all Proposals.

**1.5.- Acceptance of Terms and Conditions**
By submitting a Proposal, a Developer is deemed to have agreed to and accepted all terms and conditions set forth in this JDS. Notwithstanding the foregoing, WMATA reserves the right to amend or modify any of the terms and conditions.

**1.6.- Selected Developer Status**
A designation as Selected Developer for a Joint Development Site does not mean WMATA accepts the Proposal without further negotiation. Rather, the Developer's Proposal is the foundation for further negotiation and WMATA reserves the right to negotiate a Development Agreement with a Selected Developer containing benefits to WMATA that exceed those set forth in the Proposal.

**1.7.- Binding Agreement**
An executed Development Agreement, approved by the WMATA Board of Directors, is the only binding commitment of and by WMATA with respect to a Joint Development Site. Designation of a Selected Developer, WMATA's agreement to a Term Sheet or any conduct or oral representations by WMATA shall not in any way constitute a binding obligation or commitment by WMATA. In submitting a Proposal, the Developer acknowledges it will have no legal or equitable right to, or interest in, any Joint Development Site except as set forth in an executed Development Agreement.

**1.8.- Schedule of Activities**
~~Item Date JDS Issue Date AUG 31, 2006 Pre-Proposal Conference SEPT 18, 2006 Closing Date for Receipt of Written Inquiries OCT 13, 2006 Closing Date for Proposal Submission NOV 17, 2006 Meetings with~~

| Item | Date |
|---|---|
| Request for Proposals | AUG 14, 2007 |
| Proposals Due | SEPT 28, 2007 |
| Meetings with Developers (if required) ~~FEB/MAR~~ | OCT/NOV 2007 |



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Final Proposals Due
(if required) ~~MAR/APR 24~~ DEC 2007

**1.9. Costs**
WMATA shall not be liable for any costs incurred by a Developer and/or Development Team responding to this JDS or any costs incurred with respect to the negotiation of the Development Agreement and related final documentation.

**1.10. Approvals**
The designation of Selected Developer and the terms of a Development Agreement negotiated pursuant to this JDS are subject to the approval of the WMATA Board of Directors and the Federal Transit Administration of the U.S. Department of Transportation (FTA).

**1.11. Pre-Proposal Conference** ~~A Pre-Proposal Conference will be held on Monday, September 18, 2006 at 2 p.m. at WMATA Headquarters, 600 Fifth Street NW, Washington, D.C. in the lobby level meeting room. The Pre-Proposal Conference is intended to give Developers the opportunity to ask questions about the JDS and to request clarifications. Interested Developers are encouraged to attend the Pre-Proposal Conference, but attendance is not mandatory.~~

~~**1.12. Inspections** Inspections of Joint Development Sites may be arranged by contacting 202-962-2395 to be directed to WMATA's Joint Development Coordinator.~~

~~**1.13. Inquiries**~~
Intentionally omitted

**1.12. Inspections**
Intentionally omitted

**1.13. Inquiries**
Inquiries concerning this JDS are to be submitted in writing to:

Mr. ~~Gary Malasky~~ Nat Bottigheimer
Contracting Officer
Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, D.C. ~~20001 The closing date for receipt of written inquiries is 3 p.m. on Friday, October 13, 2006. Any response to an inquiry will be in writing from~~ 20001

Any written response made by WMATA's Contracting Officer will be disseminated to all Developers from whom a Proposal was requested. ~~Oral explanations or~~ responses are not binding.

**1.14. Closing Date for Proposal Submission**
One original and 150 copies of the Proposal must be received in a sealed package not later than 3 p.m.
on Friday, ~~November 17~~**September 21, 2006** 7 (Closing Date) addressed as provided in Section 2.7.

**1.15. Late Proposals**
Any Proposal received by WMATA after the Closing Date shall be considered a Late Proposal.
A Late Proposal may be accepted and evaluated by WMATA at the sole discretion of WMATA's Contracting Officer.

**1.16. Jurisdictional and Community Participation Requirements**
Prior to submitting a Proposal, Developers are required to meet with jurisdictional representatives ~~(including designated staff of~~from the ~~State~~Office of ~~Maryland)~~Planning and interested community organizations, including the Advisory Neighborhood Commission, to share information about a pending Proposal submission to WMATA and to seek their views. Failure to comply with this requirement may result in a Proposal's being rejected. ~~A list of the jurisdictional representatives, locally elected officials and community organizations associated with each Joint Development Site may be found at MetroOpensDoors.com (click "About Metro," then click "Business opportunities" and "Joint development opportunities").~~

~~**1.17.**~~



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**1.17. WMATA Facilities-**
WMATA Facilities are critical to the efficient operation of the transit system and must be accommodated in the site plan ~~and are typically provided or replaced at the Selected Developer's expense. However, WMATA may elect to receive the cash value of WMATA Replacement Facilities and replace them itself. Further, if WMATA agrees to discount the value of the land to reflect the cost of replacing WMATA Facilities and the Developer is able to obtain another source of public subsidy for replacing the WMATA Facilities, then WMATA shall be entitled to receive 80 percent of the subsidy. This provision shall survive execution of the Development Agreement.~~
~~25 Under certain conditions, on a site-specific basis and where compatible with WMATA's revenue bond obligations, WMATA may consider an increase or reduction in the number of WMATA parking spaces. Any change in WMATA's policy of replacing each existing parking space requires the specific approval of the WMATA Board of Directors and the FTA.~~
~~**SECTION 2:**~~ Information on the WMATA facilities beneath the Joint Development Site was provided with the advertisement requiring a May 31, 2007 proposal.

**SECTION 2: PROPOSAL PREPARATION/ FORMAT/CONTENT/SUBMISSION**

**2.1.- General-**
To be considered, a Developer must submit a complete response to this JDS. WMATA encourages creative and innovative Proposals which promote Transit-Oriented Development consistent with local land use policies. ~~Proposals should be straightforward and contain a concise delineation of the Developer's capability to satisfy the requirements of this JDS.~~ Failure to respond with the requisite information may result in a Developer's being eliminated from consideration.

**2.2.- Proposal Submission Structure-**
Proposals must be submitted in **two separate**, 8.5" x ~~11"~~11 inch bound volumes with Volume 1 containing Technical Information and Volume 2 containing Economic Information.

The contents of each volume must comply with Section 2.3 and Section 2.4 of this JDS. Proposals should include the identical titles and numbering for each subsection as set forth in this JDS.
NOTE: No financial information is to be included or referenced in Volume 1.

**2.3.- Proposal Contents: Volume ~~1–Technical~~1–Technical Information**

A.- Transmittal ~~Letter—a~~Letter -- a letter signed by an officer authorized to make a binding commitment for the Developer which states that the Proposal is valid for a minimum of 180 days from the date of submission and that if selected, the Developer will negotiate in good faith with WMATA.

B.- Completed Proposal Form (3 pages)~~—See~~ -- See ATTACHMENT A.

C.- Table of Contents.

D.- Executive Summary excluding all financial information (5 pages maximum).

E.- Development Team Information

1.- A description of the Developer and the proposed Development Team and the role of each principal member.

2.- A statement that the Developer has the power and authority to enter into a Development Agreement and all final documentation as required by WMATA without the consent or joinder of any other party or authority.

F.- Development Entity

1.- A description of the Developer's business entity and, if a different entity will be formed, details of the structure of this other entity.

~~2.~~

2. A detailed description of how the Project's ownership and management will be structured.

G.- A proposed site plan and a description of land uses, including an explanation of how the Project complies with ~~Transit-Oriented~~Transit-Oriented Development principles. ~~S~~The site plans must show: ~~1. Pedestrian ways highlighted in yellow.~~



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~~2.~~ B building elevations and height ~~bys~~ with number of stories.
~~3. Approximate dimensions for WMATA Replacement Facilities.~~
~~4. Approximate curb-to-curb width of all internal streets.~~
Additionally, one jpeg on a disk and one full color visual of the site plan at least 2' by 3' in size~~,~~ must accompany the Proposal. The visual may be rolled up or mounted on ~~poster board~~posterboard.
~~26~~

H.- An explanation of the anticipated impact that the Project will have, if any, on WMATA Facilities~~. If a reconfiguration or relocation of WMATA Facilities is being proposed, the Proposal must detail the location and general layout and, as appropriate, the pedestrian, bus, taxi, bicycle and private vehicular access to the reconfigured or relocated WMATA Facilities.~~
~~Additionally, Proposals must ensure the uninterrupted and unimpeded operation of WMATA Facilities throughout the construction period and after Project completion, and site plans should show this clearly. Plans for interim WMATA Replacement Facilities during the construction period must be detailed. All costs associated with a reconfiguration or relocation of WMATA Facilities will be borne solely by the Developer. WMATA's construction requirements are further described in Section 4.2.C.~~
~~NOTE: A reconfiguration or relocation of WMATA Facilities (including parking) may trigger public hearing requirements under the WMATA Compact.~~
~~I.~~ beneath the sites. Information on the WMATA facilities was provided with the advertisement for which proposals were requested by May 31, 2007.

I. The proposed Project schedule, starting in April 2007, in Microsoft Project or similar format, which at a minimum includes the following tasks and milestones, if applicable:

1.- Term Sheet negotiations (assume 1520 calendar days from the Proposal submission);

2.- Approval of Selected Developer and Term Sheet by WMATA's Board of Directors (assume 30 calendar days from conclusion of Term Sheet negotiations);

3.- Development Agreement and final documentation negotiations and execution (assume 1520 calendar days from Selected Developer and Term Sheet approval);

4.- Approval of Development Agreement and final documentation by WMATA's Board of Directors (assume 30 calendar days from conclusion of Development Agreement negotiations);

5.- Agreement(s) for the acquisition of parcels to be assembled with the Joint Development Site, if applicable;

6.- Concept plan preparation and approval;

7. Intentionally omitted.

8. Development plan preparation and approval, including interim WMATA Replacement Facilities plan (allow 30 calendar days for WMATA approval);
~~7. WMATA Compact public hearing, if applicable (allow 180 calendar days); 8. Development plan preparation and approval, including interim WMATA Replacement Facilities plan (allow 30 calendar days for WMATA approval);~~

9.- Local and other governmental approvals and actions (zoning, site plan, alley closings, grants, etc., as applicable);

10.- Project financing approval;

11.- Schematic design and construction document preparation and approval (allow 25 business days for WMATA approval of ~~35 percent~~35% construction documents, 20 business days for WMATA approval of ~~65 percent~~65% construction documents, and 15 business days for WMATA approval of ~~100 percent~~100% construction documents);

NOTE: ~~I~~if documents are not approved, WMATA comments must be addressed and resubmitted for approval.



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12.- Local permitting process;

13. ~~Construction~~ Intentionally ~~of interim WMATA Replacement Facilities;~~ mitted.

14.- Project construction period (per phase, if applicable);

15.- Initial occupancy; and

16.- Stabilization period.

~~27.~~

J.- Zoning

1.- The existing zoning classification and, if a change will be sought, the proposed zoning category.

2.- The permitted FAR (floor area ratio) or other density measure, and the proposed FAR or other density measure, as applicable.

K.- The proposed business relationship with WMATA and the proposed terms (lease, sale, etc.) including, but not limited to, the following:

Lease (WMATA preference is 60 years) ~~1~~.

1. Identification of the portion of the Joint Development Site to be leased by location and approximate land area. (NOTE: The leased premises will exclude all WMATA Reserved Areas and Interests.)

Sale

~~1.~~

1. Identification of the portion of the Joint Development Site proposed to be purchased in fee simple by location and approximate land area. (NOTE: The sale will exclude all WMATA Reserved Areas and Interests.)

2.- An explanation of why the Project should not be developed under a lease and why a sale is more advantageous to WMATA than a long term lease.

L.- A market analysis and marketing strategy for the proposed uses of the WMATA joint development site.

M.- A summary (specific financial analysis required in Economic Section) of the Project's impact on the tax base of the local jurisdiction as follows:

1.- Identification of the property taxes, sales taxes, amount of fees and contributions and other local public income.

~~2. Identification of the value of public facilities to be derived from the Project.~~

~~3. The number of temporary jobs created during construction and the number of new permanent jobs created by the Project.~~

~~4. Any other quantifiable economic benefits to the local jurisdiction to be derived from the Project.~~

N.- A statement identifying each of the community organizations that the Developer has met with and the meeting dates; the specific information that the Developer shared; the reaction of each community organization to the proposed development concept; the issues raised by each community organization; and how the Proposal addresses these issues. See Section 1.16.

O.- A statement describing the Developer's contact with local jurisdiction staff, (representatives' names and meeting dates) and the views and expectations of the local jurisdiction regarding the Project, including any existing or anticipated jurisdictional issues or concerns. See Section 1.16.

P.- A statement on whether the Project's feasibility is contingent on any local, state or federal government action or financial support (including a change in regulations; street or alley closing; funding, including guarantees and issuance of tax-exempt bonds; financing and credit enhancements; leasing of space; granting of access to the Joint Development Site; and the justification and process for obtaining government support).

Q.- Statements that:

~~1.~~

1. The Project is compatible with local land use requirements.



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~~2.~~

2. The Project will conform to all applicable federal, state and local laws, regulations and ordinances including all federal and relevant local environmental regulations.

R.- A quantitative analysis of the Project's beneficial effect on WMATA's total daily transit ridership. ~~The analysis must be conducted in accordance with the study entitled *2005 Development Related Ridership Survey Final Report* which may be found at 28 MetroOpensDoors.com (click "About Metro," then click "Business opportunities" and "Joint development opportunities").~~

~~Developers should use Tables 4 and 7 as well as Figure 14 in preparing transit usage estimates for the office building components of their Proposals. However, Developers should note that the sample size for Table 4 "Suburban- Outside the Beltway" is very small and that the mode splits for sites of this type should take into account surrounding land uses, i.e., mixed-use and adjacent higher density uses generate more transit ridership. Tables 10 and 11 and Figure 15 should be used in preparing transit usage estimates for residential components. Transit usage estimates for retail, hotel and entertainment components should be based on Table 15. Developers should note that the sample sizes for these uses were small and that the mode splits for site of this type should take into account surrounding land uses, i.e., mixed-use and adjacent higher density uses generate more transit ridership.~~

~~The analysis must include the number of incremental transit trips in both peak and offpeak periods generated by the Project. (Peak periods are generally defined as 6 to 9 a.m. and 4 to 7 p.m., Monday through Friday.) In addition to the Tables and Figures cited in the previous paragraphs, Developers will find Appendices C.1.1. (Table C-11), C.1.2. (Table C- 18), C.1.3 (Tables C-23 and C-27) useful in generating peak and off-peak period estimates.~~

~~Additional information regarding the *2005 Development-Related Ridership Survey Final Report* may be obtained from Ms. Kristin Haldeman at 202-962-1848.~~

~~S.~~ Note that, for this JDS, WMATA will conduct the analysis, and there is no requirement of the Developer.

S. A statement identifying the past, current or anticipated contractual or financial relationship of any member of the Development Team (including but not limited to, the Developer, partners or co-venturers) with WMATA or any of its staff or Board Members. The Development Team must also ~~must~~ disclose any contractual or financial relationship which may give the appearance of a conflict of interest.

T.- The following information about Developer's previous projects:

1. Illustrative materials on three recent successful projects of similar or comparable scope for which substantial financing was obtained.

~~2.~~

2. The sources and amounts of debt and equity capital that were raised in previous projects.

U.- A list of any projects on which the Developer, its parent company, or any member of the Development Team has defaulted or declared bankruptcy and an explanation of each default or bankruptcy.

V.- Detailed information regarding any criminal indictments and felony or fraud convictions of the Developer or any principal, officer, director, partner, member, manager or equivalent of any person or entity constituting a member of the Development Team.

W.- A statement indicating whether the Developer is willing to include Disadvantaged Business Enterprises (~~DBEs~~"DBEs"), as defined in Section 6, in its Project. WMATA encourages Developers to include DBEs and will assist Developers in identifying such firms.

X.- If the proposed Project consists of an assemblage of the WMATA Joint Development Site with adjacent property, a statement identifying the adjacent property ownership, and if the property owner and the Developer are not the same, an executed agreement



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between the property owner and the Developer defining the property owner's participation, if any, in the Project.

Y.- Any other information to assist WMATA in its evaluation of the Proposal, including a statement of why WMATA should select the Developer and its Development Team.

~~29~~

**2.4. Proposal Contents: Volume 2— Economic Information**

A.- Table of Contents.

B.- Executive Summary of economic information only.

C.- The Developer's estimated fair market value of WMATA's land or interest, how the value was derived and the assumptions underlying the value.

D.- If the proposed business relationship with WMATA is a Lease (the term must be specified and preferably will be 60 years):

1.- A statement that the Developer will pay WMATA a non-refundable option fee of $100,000 for the right to negotiate a Development Agreement upon designation as Selected Developer and approval of the Term Sheet. This fee is separate and distinct from the other payments, deposits and fees which WMATA requires.

2.- The amount and timing of ~~predevelopment~~pre-development rent to be paid to WMATA during the interval period after the Development Agreement is executed but before the Project produces income (include the estimated length of this period).

3.- The guaranteed base rent to be paid to WMATA throughout the term of the lease, including escalations. The description of escalations must include the method used to calculate escalations, their timing, and the projected amount of each escalation.

4.- The method of adjusting the base rent if it does not commence by the date projected ~~and/ or~~and/or the final approved density is greater than that proposed.

WMATA expects that the present value of its financial return will not be diminished by delays in the development process.

5.- How any environmental remediation costs will be handled.

6.- WMATA's participating share of gross income from the Project.

7. WMATA's share of proceeds from a capital event such as an assignment of the leasehold interest, transfer of interest in the Developer's business entity, refinancing or sale of the Project, or any other capital event after construction.

8.- Identification of any additional payments to WMATA based upon factors chosen by the Developer.

~~9. Provision for increasing rent once WMATA Replacement Facilities have been amortized.~~

~~E.~~

9. Intentionally omitted

E. If the proposed business relationship with WMATA is a Sale:

1.- A statement that the Developer will pay WMATA a non-refundable option fee of $100,000 for the right to negotiate a Development Agreement upon designation as Selected Developer and approval of the Term Sheet. This fee is separate and distinct from the purchase price and the other payments, deposits and fees WMATA requires.

2.- The amount and timing of ~~predevelopment~~pre-development fees to be paid to WMATA during the interval period after the Development Agreement is executed but before WMATA realizes income from the sale (include the estimated length of this period).

3.- The proposed purchase price for each portion of the Joint Development Site including: ~~a.~~



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a. The schedule of purchase price escalations if the sale is not completed by the date projected.

~~30~~

WMATA expects that the present value of its financial return will not be diminished by delays in the development process.

~~b.~~

b. The method of adjusting the purchase price if the final approved density is greater than that proposed.

4.- How any environmental remediation costs will be handled.

5.- Proposed business arrangement under which WMATA will retain an interest in any development rights in excess of those used by the development constructed pursuant to the Proposal. Under such an arrangement, WMATA will receive payments over and above the purchase price if, upon subsequent redevelopment of the Joint Development Site within 25 years of closing, the redeveloped density is greater than the original density.

6.- Identification of any additional payments to WMATA based upon factors chosen by the Developer.

F.- A summary table of the sources (including debt, equity and other financing) and uses of funds to design and construct the Project.

G.- A 15 year pre-development, construction and operating period cash flow statement which starts in ~~April~~October 2007. It should include each separate phase of development and land use type by phase and contain at a minimum:

1.- The following assumptions:

**Financing**
Construction loan rate, term and amount
Permanent loan rate, term and amount
Loan-to-value ratio
Equity as a percentage of total construction costs

**Revenues**
Office rent ($/GSF and #GSF)
Retail rent ($/GSF and #GSF)
Residential ($/DU and #DU)
Parking
Other revenues
**Construction Costs**
Total hard costs
Total soft costs (also as a percentage of total hard costs)
Cost of improvements on a unit basis ($/FAR SF for office and retail, $/DU~~, $/TH~~)
Cost per structured parking space
Cost per surface parking space
~~Cost of any WMATA garage or other WMATA Replacement Facility (broken out separately)~~
~~Land value per SF~~
Land value per FAR SF
Ground rent to WMATA
**Operating Costs**
Operating Expenses (in $, $/GSF and as a percentage of revenues)

2.- The following line items presented as a pro forma on an annual basis:

**Sources**
Equity
Construction Financing
Permanent Financing
Other Financing
Total Financing
**Revenues**
Office
Residential
Retail
Parking
Other Revenues
Total Gross Revenues
Total Net Revenues (less vacancy)
**Uses**
WMATA Rent or Sales Price (as applicable)
Construction Costs
~~Soft by~~ Soft - by line item
~~Hard by~~ Hard - by line item
Total
Operating Expenses (all non-debt Operating Costs, e.g.: direct costs, ~~31~~ G&A, taxes, legal, marketing, commissions, etc.)
Net Operating Income



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Debt Service (including any fees or expenses associated with loans)
Net Cash Flow (defined as revenue less operating expenses, debt service and ground rent to WMATA if applicable)
Percentage Rent to WMATA
Distributions to Investors
Free Cash Flow
**Returns**
Developer's Internal Rate of Return
Return on Investment
Return on Equity

NOTE:- The pro forma (and any budgets in other parts of the Proposal) should clearly show all of the fees and income that the Developer, its partners, and affiliates receive from the Project. Those line items should be taken from the pro forma and shown together on the spreadsheet as individual line items in a separate report. Annual replacement reserves (total, $/GSF and $/DU) should also be broken out and shown).

3.- The analysis must be presented in current dollars with an annual escalation rate of ~~three percent.~~3%.

4.- All financial models must be submitted to WMATA on disk as well as hard copy. All financial information must be linked in a single spreadsheet, and all files must be in Microsoft Excel and retain all cell relationships.

H.- A detailed financial analysis, with assumptions given, of the Project's impact on the tax base of the local jurisdiction as follows:

1.- Identification of the property taxes, sales taxes, amount of fees and contributions and other local public income.

~~2. Identification of the value of public facilities to be derived from the Project.~~
~~3. The number of temporary jobs created during construction and the number of new permanent jobs created by the Project.~~
~~4. Any other quantifiable economic benefits to the local jurisdiction to be derived from the Project.~~

I.- Copies of Developer's balance sheets, income statements and sources and uses of funds statements for the past three fiscal years.

J.- Statements regarding the Developer's financial creditworthiness and past development experience which can be verified, including the following:

The names and addresses of at least three commercial or institutional credit references and a letter authorizing each credit reference to respond to inquiries from WMATA. At least two of the references should be lending institutions.

**2.5.- Proposal Security**

Each Proposal must be accompanied by Proposal Security in the amount of One Hundred Thousand Dollars ($100,000). (Alternative Proposals for the same Joint Development Site require only one Proposal Security.) Acceptable forms of Proposal Security include a proposal bond in the form set forth in ATTACHMENT B, a bank letter of credit in the form set forth in ATTACHMENT C, a cashier's check, certified check or money order. All Proposal Security must be drawn on a U.S. ~~based~~ based national bank and contain the following:

At ~~the~~ top of Proposal Security document, insert the JDS Number _____ – and ~~the~~ Joint Development Site _____.

WMATA will hold all funds that can be deposited into a financial institution in an interest-bearing account, and interest will be paid on such funds.

No later than 15 business days after the WMATA Board of Directors identifies and approves the Selected Developer for a specific Joint Development Site, the Proposal Security will be returned to ~~32~~ all Developers other than the designated Selected Developer. WMATA shall retain the designated Selected Developer's Proposal Security until a Development Agreement is executed and provisions are made with respect to the disposition of the Proposal Security in the Development Agreement.



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~~2.6. Multiple or Alternative Proposals A Developer may submit multiple Proposals. Each Proposal must be separately identified and submitted in accordance with the terms of this JDS and must include the requisite Proposal Security. If a Developer submits alternative Proposals for the same Joint Development Site, only one Proposal Security is required.~~

~~2.7.~~ Intentionally omitted

**2.7. Submission of Proposal**

A complete Proposal shall include the items set forth in Section 2.3. and Section 2.4. and the requisite Proposal Security. On or before the Closing Date, one original and 15 copies of the Proposal (marked Proposal in response to JDS ~~Number~~ Number ) must be submitted in a sealed package, addressed and mailed or delivered in person to:

Mr. ~~Gary Malasky~~ Nat Bottigheimer
Contracting Officer
Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, D.C. 20001

**SECTION 3. PROPOSAL REVIEW, EVALUATION, DEVELOPER SELECTION AND POST DEVELOPER SELECTION PROCESS**

**3.1. Proposal Review Process**

WMATA will review and evaluate Proposals as follows:

~~A.~~

A. The Contracting Officer receives and processes all Proposals. Proposals that in WMATA's sole and non-reviewable discretion are deemed non-responsive or not reasonably susceptible of being selected for award will be rejected and returned to the Developer with a written explanation. Please note that any Proposal that does not satisfy the requirements for jurisdictional officials and community organization participation may be rejected as technically unacceptable and returned to the Developer.

WMATA reserves the right to accept or reject any Proposal without negotiation or discussion.

~~B.~~ B. The Contracting Officer designates an Evaluation Team composed of WMATA's Joint Development staff assisted by other WMATA staff, jurisdictional representative(s) and consultants, as appropriate. An analysis and evaluation of each Proposal deemed to be reasonably susceptible of being selected for award is conducted.

~~C.~~ C. The Evaluation Team may meet with all or select Developers for both an oral presentation and specific discussions about a Proposal. If such meetings are held, details on the oral presentation will be provided as part of the scheduling process. Such discussions will include identifying areas of the Proposal that require clarification or improvement including architectural and engineering designs and drawings, or do not comply with the JDS.

~~D.~~ D. If requested by WMATA, Developers submit Final Proposals. The Final Proposal may be significantly changed from the Initial Proposal submitted. WMATA reserves the right to waive the Final Proposal submission requirement, to request further clarification of a Final Proposal, or to request a Revised Final Proposal.

E. The Evaluation Team will, in coordination with the Contracting Officer, rate each responsive Proposal, and rank it based upon the Proposal Evaluation Factors in Section 3.2. The Evaluation Team will then forward its ranking to the Contracting Officer, who will decide to tentatively designate a Selected Developer. The Joint Development project manager will commence negotiation of a Term Sheet. If ~~33~~ negotiations are unsuccessful, the Joint Development staff, in coordination with the Contracting Officer, may terminate negotiations and commence negotiations with the second ranked Developer and those ranked thereafter, in order of ranking. Alternatively, the Joint Development staff may, in coordination with the Contracting Officer, decide upon



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competitive negotiations with two or more ranked Developers.

~~F.~~

F. As soon as the principal business terms for the tentatively Selected Developer's Project have been reduced to a Term Sheet, the Contracting Officer submits a recommendation regarding the designation of a Selected Developer and approval of the Term Sheet to WMATA's Real Estate Committee and to the WMATA Board of Directors.

G. Designation of a Selected Developer must be approved by the WMATA Board of Directors.

**3.2. Proposal Evaluation Factors**

Each Proposal will be evaluated using FTA's requirements for "Highest and Best Use" or "Highest and Best Transit Use" (see www.fta.dot.gov/library/policy/9300.~~1A/appen~~B1A/appenB.htm) and the following criteria:

A. Technical Criteria

1. Degree to which the Project reflects Transit-Oriented Development principles;

2. The market viability of the Project;

~~3.~~

3. The experience and prior performance of the ~~Developer and~~ Development Team;

~~4.~~

4. The innovation and creativity of the Project; ~~5.~~

5. The compatibility of the Project with local Transit-Oriented Development plans and land use policies; and

~~6.~~

6. Benefits accruing to the local jurisdiction.

B. Economic Criteria

1. Financial benefits accruing to WMATA;

2. Financial viability of the Project; and

3. Enhanced ridership.

**3.3. Post Developer Selection Process ~~A.~~**

A. A Developer designated by the WMATA Board of Directors as a Selected Developer will be required to send a letter to each of the community organizations with which its representatives met to inform them as to how the Proposal ~~presentedto~~presented to WMATA addresses their issues or concerns. A copy of this letter must also be submitted to WMATA.

~~B.~~ B. A Developer designated by the WMATA Board of Directors as a Selected Developer will be required to pay WMATA, in immediately available funds, a non-refundable option fee for WMATA's granting to the Selected Developer the exclusive right to negotiate a Development Agreement. The amount and timing of the non-refundable option fee shall be as set forth in the Proposal (or Final Proposal, as the case may be), in accordance with Section 2.4.

~~C.~~ C. After WMATA's Board of Directors has designated a Selected Developer and approved the Term Sheet, WMATA staff, in coordination with the Contracting Officer, will negotiate with the Selected Developer a Development Agreement (and other necessary final documentation) that incorporates the provisions of the Term Sheet. Such Development Agreement shall be completed within 150 days following the WMATA Board's designation of the Selected Developer and approval of the Term Sheet.

In the event that this schedule is not met, the Selected Developer designation expires, the Proposal is no longer viable, and ~~34~~ WMATA may retain the Proposal Security (in addition to the non-refundable option fee) in accordance with Section 5.2. WMATA may choose to reestablish the Selected Developer designation and provide a specific time frame to the Selected Developer for the completion of negotiations or to re-advertise the Joint Development Site.



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D. As soon as the Development Agreement (and related final documentation) is completed and executed by the Developer, the Contracting Officer submits a recommendation and summary of the final Development Agreement to WMATA's Real Estate Committee and to the WMATA Board of Directors for approval. There is no binding agreement between the Selected Developer and WMATA until such time as the WMATA Board of Directors has approved the final Development Agreement and the Development Agreement has been executed by ~~both~~the parties.

**3.4. Disclosure and Use of Data**

WMATA is required to brief its Board of Directors on all aspects of a Proposal. The proposed business terms of a Proposal will be held in confidence only until the Development Agreement and all final documentation have been approved and executed.

WMATA reserves the right to review the zoning and land use aspects of any Proposal with local zoning, land use planning, transportation and environmental officials (and in the State of Maryland, with state officials). Additionally, at the sole discretion of the WMATA Board of Directors, such review may include conducting public hearings, town meetings and similar public forums.

NOTE: WMATA's "Public Access to Records Policy" is available at MetroOpensDoors.com (click ~~"About"~~About Metro," then click "Public access to records ~~policy"~~policy.").

**SECTION 4. WMATA'S NON-NEGOTIABLE REQUIREMENTS AND CONDITIONS**

The following requirements and conditions are nonnegotiable and the concepts will be included in the Development Agreement and final documentation executed by the Selected Developer and WMATA. By submitting a Proposal in response to this JDS, a Developer is agreeing to accept and comply with these nonnegotiable requirements and conditions.

**4.1. WMATA's Reserved Areas and Interests**

The location of WMATA's Reserved Areas and Interests shall be determined by WMATA in its sole and absolute discretion. Additionally, the conveyance or lease of any WMATA property shall be subject to a reservation by WMATA of a permanent, exclusive and irrevocable easement for vertical and horizontal support and as otherwise necessary for the operation and maintenance of present and future WMATA Facilities, WMATA Improvements and WMATA Reserved Areas and Interests.

**4.2. WMATA's Approval Rights and Adjacent Construction Requirements**

The following rights and requirements apply to all Projects:

A. Approval Rights

WMATA shall have the right to approve in its sole and absolute discretion:

~~1.~~

1. Matters that affect the integrity, functionality, efficiency, safety, operation, maintenance, legal compliance, cost or profitability of WMATA's business, customers, operations or activities;

~~2.~~

2. Matters that affect WMATA Facilities, WMATA Replacement Facilities, WMATA Reserved Areas and Interests, ingress/egress to WMATA Facilities, etc.;

~~3.~~

3. Matters that affect any of WMATA's adjacent property;

~~4.~~

4. The design and construction of interim and permanent WMATA Replacement Facilities; and

~~5.~~

5. Matters that affect the Selected Developer's obligations as they relate to timing (changes in Project schedule) and ~~35~~ performance (changes in what will be constructed, i.e., the product mix).

~~B.~~

B. WMATA's Comment Rights

WMATA shall have the right to comment on the development plan/site plan and on other matters concerning the Project which do not affect the integrity, functionality, efficiency, safety, operation or maintenance of WMATA Facilities, WMATA Improvements, or



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WMATA Reserved Areas and Interests. The Selected Developer shall be obligated to consider WMATA's comments and to respond reasonably.

C. WMATA's Construction Requirements

In order to avoid adverse impact on WMATA Facilities, Projects must be built in compliance with WMATA's adjacent construction criteria as contained in WMATA's Adjacent Construction Design Manual, Revision I and as further revised, and WMATA's Manual of Design Criteria (Release 7), which are available by calling ~~202-962-2395 to be directed to the Joint Development Coordinator.~~ 202-962-2043. Additionally, Developers must comply with WMATA's requirements for the relocation and maintenance of operations during construction which include the uninterrupted and unimpeded operation of WMATA Facilities. WMATA will review and approve Developer plans in accordance with established WMATA procedures.

4.3. **Relocation or Replacement of WMATA Facilities** ~~**If a Project requires the relocation or replacement of any WMATA Facility, on a permanent or interim basis, the cost shall be borne solely by the Selected Developer. No WMATA Facility may be taken out of service unless a permanent or interim replacement facility is already available, such that there will be no disruption to WMATA operations. Any exception to this requirement is subject to the specific approval of the WMATA Board of Directors. WMATA shall own and operate any permanent relocated or replaced WMATA Facility. Additionally, the configuration of the relocated or replaced WMATA Facility must be agreed to by WMATA in writing.**~~

~~4.4.~~

Intentionally omitted.

4.4. **Selected Developer's Funding of WMATA Compact Public Hearing** ~~**A change in WMATA Facilities (including parking) may trigger a public hearing requirement under the Washington Metropolitan Area Transit Authority Compact, Public Law 89-774, 80 Stat. 1324, as may be amended (WMATA Compact). The Selected Developer will be required to contribute $50,000 towards the cost of the WMATA Compact public hearing, payable 60 calendar days prior to the date of the public hearing. If WMATA's actual public hearing costs are less than the aforestated amount, WMATA will credit the remaining funds to the outstanding amount that it is owed by the Selected Developer.**~~

~~4.5.~~

Intentionally omitte.

4.5. **No Subordination of WMATA's Fee Interest**

WMATA will not subordinate its fee interest in its property. In a lease situation, WMATA will permit lenders to have a leasehold security interest in the Project, which security interest would be subordinate to WMATA's right to terminate the lease upon a default by the Selected Developer (subject to the lender's right to cure).

4.6. **Federal Transit Administration (FTA) Requirements**

WMATA is subject to the requirements of the ~~Federal Transit Administration~~ (FTA). The terms of the Development Agreement negotiated with the Selected Developer, as it pertains to WMATA property, are subject to FTA approval. While FTA may impose additional requirements which cannot be known until FTA reviews a specific Project, FTA requires that the Selected Developer



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comply with certain laws and regulations barring discrimination on the basis of race, color, national origin or disabilities; and further requires compliance with FTA requirements regarding conflicts of interest and debarment.

~~36~~ FTA also requires, as a covenant running with the land, that the entire Joint Development Project constitute a Transit-Oriented Development as defined in the latest applicable FTA Regulations.

See FTA Circular 9300.1A, Appendix B, The Relationship Between Joint Development and Livable Communities on the FTA web site at: www.fta.dot.gov/library/policy/IFT/iftb.html.

**4.7. Americans With Disabilities Act (ADA)-**
All Projects shall be constructed in compliance with Titles II and III of the Americans with Disabilities Act, 42 USCA Section 12101, et seq., as amended, and any regulations promulgated thereunder.

Proposals must include a plan indicating how access from the Project to the Metro station will be provided for persons with disabilities. Additionally, if a Project or any subsequent addition, modification or alteration triggers ADA-related improvements to the Metro station, the Selected Developer shall be responsible for the costs of such improvements. The only exceptions are when the ADA-related improvements predate the date of completion of the Project and are required to be made regardless of the Project, or constitute ADA-related improvements that WMATA is implementing at Metro stations in general as part of its system-wide improvements or alterations.

**4.8.- Direct Connections ~~If a direct connection to a Metro station is part of the overall Project, then in accordance with Section 4.6, FTA may determine that the National Environmental Policy Act, 42 USCA 4321, et seq., as amended, is applicable to the Project. Additionally, the following laws and their implementing regulations are also applicable to a direct connection: A. Rehabilitation Act of 1973, 29 USCA Section 794; B. Architectural Barriers Act, 42 USCA Section 4151, et seq.; and C. Planning and Design for the Elderly and Handicapped, 49 USCA Section 5301, et seq.~~**

~~4.9.-~~
If aIntentionally Omitted
A.

**4.9. Davis-Bacon Act/Fair Labor Standards Act-**
The construction of any WMATA Replacement Facility or WMATA Improvement must be built in compliance with the Davis-Bacon Act, 40 USC Section 276a, et seq., and overtime compensation must be paid in compliance with Section 64 of the WMATA Compact, and the Fair Labor Standards Act, 29 USCA Section 201, et seq. (1978), as amended.

**4.10.- Other Laws, Regulations and Requirements-**
Developers are responsible for being fully informed of and complying with the requirements of applicable federal, State of Maryland, District of Columbia, Commonwealth of Virginia, and local jurisdictional laws and regulations. Additionally, the Selected Developer shall be responsible for obtaining, at its own cost and expense, all requisite approvals, licenses and permits.

**4.11.- WMATA's Indemnification Policy-**
The terms of any Development Agreement and final documentation will require that the Selected Developer and its contractors and subcontractors (and subtenants, where applicable) indemnify WMATA against all claims, liabilities and costs of whatsoever kind and nature including environmental claims which may be imposed upon, or incurred by, or asserted against WMATA in connection with the Selected Developer's performance under the Development Agreement or related agreements.

WMATA will accept financial responsibility



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for environmental damage to the site caused by WMATA prior to the transfer of the site to the Selected Developer.

**4.12.- WMATA's Insurance Requirements**
The terms of any Development Agreement and final documentation will require that the Selected Developer, its contractors and subcontractors procure and maintain insurance coverage in amounts determined by WMATA, which may ~~37~~ include, but is not limited to: General Liability, All Risk Property, Builder's Risk, Worker's Compensation, Automobile Liability, Contractors' Pollution Legal Liability, Railroad Protective Liability, Rental Value Insurance, Professional Errors and Omissions Liability and Boiler and Machinery (during operations only).

**4.13.- Payment, Performance and Completion Bonds-**
WMATA requires that the Selected Developer secure and file with WMATA a payment bond equal to ~~100 percent~~100% of the value of each phase of the Project from a federally approved surety company, with sufficient assets. The payment bond must name WMATA for the benefit of laborers, subcontractors, material suppliers and others that have or may have claims or liens against the Project or the realty.

WMATA also requires the Selected Developer to secure and file with WMATA a performance bond equal to ~~100 percent~~100% of the value of each construction phase of the Project from a federally approved surety company, with sufficient assets and which bond names WMATA for the completion of the planned construction in that phase.

Additionally, if there are WMATA Replacement Facilities being constructed, WMATA requires the Selected Developer to secure and file with WMATA a completion bond equal to ~~100 percent~~100% of the value of the WMATA Replacement Facilities from a federally approved surety company, with sufficient assets, and which bond names WMATA as the sole obligee for the completion of the ~~WMATA~~ Replacement Facilities.

All bonds must be in a form acceptable to WMATA and countersigned by a Commonwealth of Virginia, State of Maryland or District of Columbia resident agent of the surety, with a copy of the agent's license, as issued by the appropriate Insurance Commissioner.

**4.14.- WMATA's Disclaimer of Liability-**
WMATA disclaims all responsibility and liability for the completeness or accuracy of any information that it provides.

**4.15.- Inspection of Accounting Records**
The Selected Developer will be required to permit WMATA, or any of its duly authorized representatives, at reasonable times and places, access to any books, documents, papers and records, including certified financial statements, which are directly pertinent to the Development Agreement.
WMATA shall be permitted to audit, inspect, examine, copy and transcribe such books, documents, papers and records. The Selected Developer shall retain all records for three years after submission of any statement required for determining any variable payment obligations under the Development Agreement or related agreements.

**4.16.- WMATA's Tax Exempt Status-**
WMATA is tax exempt pursuant to the WMATA Compact. Any taxes, assessments or impositions on the Project or the real estate shall be assumed by the Selected Developer. In no event shall the Selected Developer assert or attempt to assert for its own benefit, an exemption or immunity available to WMATA under the WMATA Compact.

**4.17.- Financing Requirement-**
The Selected Developer shall be obligated to obtain the requisite financing to consummate the lease/sale of the WMATA Joint Development Site, and the development, construction and final completion of the Project by a reasonable date certain, or WMATA may terminate the Development Agreement.
~~38~~

## SECTION 5. ADDITIONAL JOINT DEVELOPMENT REQUIREMENTS AND PROCEDURES

**5.1.- Assignment of Proposal, Change in Developer or Withdrawal of Developer-**
WMATA considers the designation of Selected Developer to be in the nature of a personal services contract. The Selected Developer will be designated because of its skills, experience, knowledge and financial standing.

A Developer who submits a Proposal in response



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to this JDS may withdraw, assign its Proposal or change the composition of its Development Team only as follows:

~~A.~~

A. Withdrawal of Proposal-

At any time prior to designation of the Selected Developer, a Developer may elect to withdraw its Proposal. Under such circumstances, WMATA shall return the Proposal Security without interest.

~~B.~~

B. Assignment of Proposal-

At any time prior to designation of the Selected Developer, a Developer may request WMATA's approval to assign its Proposal to another development entity. No purported assignment is valid unless WMATA has given its prior written approval. The Developer and its proposed assignee shall submit all documents required by WMATA before the request will be considered. WMATA is under no obligation to approve the request. If WMATA refuses to grant approval, and the Developer does not want to proceed in accordance with its Proposal, WMATA will return the Proposal Security without interest. An assignment may be subject to the requirement of a Guaranty pursuant to Section 5.7.

~~C.~~ C. Change in Composition of Developer or Development Team

1.- Prior to designation of the Selected Developer, a Developer may change its composition or the composition of its Development Team only with WMATA's prior written approval.

If WMATA does not approve the change, and the Developer does not want to proceed in accordance with its Proposal, WMATA will return the Proposal Security without interest.

2.- After designation as the Selected Developer, the Selected Developer must request WMATA's written approval to change its composition or the composition of its Development Team. If WMATA does not approve the change, and the Selected Developer does not want to proceed in accordance with its Proposal, WMATA may terminate the Selected Developer designation and retain the Proposal Security.

~~D.~~ D. Other Situations-

An assignment or change in the composition of the Development Team which is not addressed above is at the sole discretion of WMATA's Contracting Officer. For any such assignment or change to be valid, WMATA's prior written approval is required. Any purported assignment occurring without WMATA's prior written approval shall be void.

**5.2.- Termination of Selected Developer Designation**

WMATA may terminate the Selected Developer designation for any of the following reasons and retain the Proposal Security and any other deposit held by WMATA (except as stated otherwise in subsections I and J):

A.- The Selected Developer fails to negotiate and execute the Development Agreement within 150 days following the designation of the Selected Developer and approval of the Term Sheet by the WMATA Board of Directors.

In the event that the foregoing schedule is not met, WMATA may terminate the designation of the Selected Developer and retain the Proposal Security without any liability or further obligation to the Selected Developer.

~~39~~ The foregoing deadlines can only be extended by action of the WMATA Board of Directors in its sole and non-reviewable discretion.

B.- The Selected Developer or any individual or entity holding ownership in or comprising the Development Team declares bankruptcy.

~~C.~~

C. The ownership structure of the Selected Developer changes without WMATA's prior written approval. Structural changes include changes in percentages of ownership interests or changes in ownership of any entity holding an ownership interest in the Selected Developer.

~~D.~~ D. The Selected Developer assigns its designation or transfers its rights in a WMATA Joint Development Site without WMATA's prior written approval.

E.- The Selected Developer or any principal,



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officer, director, partner, member, manager or equivalent of any person or entity constituting a member of the Development Team is indicted for, or convicted of, a fraud or a felony.

F.- The Selected Developer or any principal, officer, director, partner, member, manager or equivalent of any person or entity constituting a member of the Development Team is found not to have a satisfactory record of integrity and business ethics, in WMATA's sole and non-reviewable discretion.

G.- The Selected Developer provided materially incorrect or incomplete information in any of its submissions to WMATA, as determined in WMATA's sole and non-reviewable discretion.

H.- The Selected Developer does not comply with this JDS, its Proposal or the terms of the Development Agreement as negotiated by the parties.

I.- In accordance with Section 5.5, the Selected Developer conducts environmental due diligence and consequently modifies its Proposal in a manner which is unacceptable to WMATA.

Under such circumstances, WMATA shall return the Proposal Security with any interest that may have accrued, less site restoration costs actually incurred by WMATA.

J. WMATA determines (in its sole and non-reviewable discretion) that termination is in its best interest. Under such circumstances, WMATA shall return the Proposal Security with any interest that may have accrued~~, except for site restoration costs actually incurred by WMATA.~~

~~J. WMATA determines (in its sole and non-reviewable discretion) that termination is in its best interest. Under such circumstances, WMATA shall return the Proposal Security with any interest that may have accrued.~~

~~5.3.~~

**5.3. Metro Station Access Roads and Interior Maintenance Roads** ~~**WMATA's Metro station access roads and interior maintenance roads are owned, maintained and improved by WMATA. Any anticipated use of such roads by a Project must be addressed in the Proposal.**~~

~~**WMATA reserves the right to reject shared use of its roads if detrimental to its operations.**~~

~~5.4.~~

Intentionally omitted.

**5.4. Developer's Research Obligations**

A Developer is expected to know all information reasonably ascertainable concerning the site size, and character, quality, and quantity of surface and subsurface materials or obstacles on the Joint Development Site as well as the existing utilities on the Joint Development Site. Some of this information is available from a visual inspection of the Joint Development Site and may be available from technical drawings and specifications (as built drawings) which WMATA will make available upon request, utility companies serving the area and local land records. WMATA disclaims all responsibility and liability for the completeness or accuracy of any information ~~that~~ it provides. All Joint Development Sites are subject to existing physical and legal conditions, whether of record or not.

Additionally, a Developer is expected to know the conditions affecting construction on the Joint Development Site, which include but are not restricted to, those bearing upon transportation, disposal, handling and storage of materials, availability of labor, water, electric power, roads, the topography and conditions of the ground, and the character of equipment and facilities needed before and during prosecution of the work.

~~40~~

**5.5.- Environmental Matters**

WMATA has undertaken no comprehensive environmental investigations of the presence or absence of contaminated material or other environmental conditions that may affect development except as specifically identified in PART ONE.

Interested Developers may request permission to perform a due diligence environmental site assessment prior to Proposal submission, after Proposal submission or after designation as the Selected Developer.

Such due diligence site assessment and all associated costs shall be the sole responsibility of the Developer. Permission will be granted by WMATA subject to the execution of a Right of Entry Agreement with standard insurance and indemnity provisions. A sample Right of Entry Agreement is available ~~by calling 202-962-2395 to~~



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~~be directed to~~from the Joint Development Coordinator who may be reached through 202-962-2395.

WMATA shall be provided, in a timely manner, a copy of each test result and report addressing the environmental site investigation. If environmental contamination is found that requires a clean-up or remediation of the Joint Development Site under a governmental regulatory agency's review, the Developer may withdraw its Proposal (including its Final Proposal) but is responsible for site restoration costs. In the event that the due diligence environmental site assessment is performed after the designation of the Selected Developer, but prior to the execution of the Development Agreement, the Selected Developer and WMATA may negotiate the transaction based upon the levels of contaminated materials or other environmental conditions encountered which would substantially delay development or substantially increase the costs of excavation, removal or disposal of ~~soil/materials~~soil/materials, or the treatment of groundwater. If the parties cannot agree upon the resolution of these issues, the Selected Developer may withdraw its Proposal but the Developer is responsible for site restoration costs, and WMATA has the corresponding right to terminate the Selected Developer designation in accordance with Section 5.2.I.

**5.6. Protest Policy-**

The policy and procedure for the administrative resolution of protests involving the designation of a Selected Developer arising pursuant to this JDS are as follows: ~~A.~~

A. Only an Interested Party may submit a protest.

An Interested Party is defined as a Developer who submitted a Proposal pursuant to this JDS.

~~B.~~ B. Protests must be submitted no later than 30 calendar days after WMATA's designation of the Selected Developer. Any protest submitted subsequent to this time may be deemed by WMATA's Contracting Officer to be untimely and denied on that basis unless the Contracting Officer concludes that the issue(s) raised by the protest involves fraud, gross abuse of the selection process, or otherwise indicates substantial prejudice to the integrity of the selection process.

~~C.~~ C. The Interested Party wishing to file a protest shall submit a written document to WMATA's Contracting Officer which contains the following:-

1.- The name and address of the Interested Party;

~~2.~~

2. Description of the nature of the protest;

3.- Identification of the provision(s) of this JDS, applicable Joint Development Policies and Guidelines or laws upon which the protest is based;

~~4.~~

4. A statement of the specific relief requested; and

~~5.~~

5. Any documents relevant to the protest.

~~D.~~

D. WMATA's Contracting Officer shall carefully review the protest in consultation with WMATA staff. At the discretion of the Contracting Officer, a conference may be held with the Interested Party. The Contracting Officer shall have 30 calendar days to render a written decision on the merits of the protest. A determination by the Contracting Officer that a protest is meritorious may result in a change ~~41~~ in the terms, conditions or format of this JDS in the form of an Amendment; the rejection of a Proposal; the cancellation of this JDS; or the termination of the designated Selected Developer.

~~E.~~ E. This Protest Policy is not applicable to actions taken by WMATA in response to legal proceedings filed in the courts, or actions taken by WMATA in its sole and non-reviewable discretion.

**5.7. Guaranty-**

WMATA may require a third party to guarantee some or all of the obligations of the Selected Developer, including but not limited to construction obligations.

**SECTION 6: DEFINITIONS**

**Contracting Officer-**

WMATA's Managing Director of the Office of



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Property Development and Management, or, if such position is vacant at the time in question, the person designated to act in such capacity at such time.

**Developer(s)**-
The entity submitting or contemplating the submission of a Proposal in response to this Joint Development Solicitation (JDS). The Developer may be any qualified individual or entity with real estate development-related experience and access to financing sufficient to undertake the proposed Project, including real estate brokers, non-profit organizations, public agencies, etc. Real estate brokers are invited to participate as the Developer or as a member of the Development Team as opposed to participating in a purely marketing role.
WMATA will not pay any broker's commissions.

**Development Agreement**-
The legal document (lease, sales contract, combination lease/sale, master development agreement or other agreement) that constitutes the contract between WMATA and the Selected Developer.

**Development Team**-
The Developer and the principal persons and/or entities (including officers, directors, partners, members, managers or the equivalent of such persons and/or entities) identified by the Developer as the participants in the Project.

**Disadvantaged Business Enterprise (DBE)**-
For the purpose of Joint Development Projects, a DBE is a for-profit, small business concern that is owned and controlled (at least ~~51 percent~~51%) by one or more socially and economically disadvantaged persons. Socially and economically disadvantaged persons are persons who are citizens of the United States (or lawfully admitted permanent residents), and who are either: ~~A.~~

A. Black Americans (meaning persons having origin in any of the Black racial groups of Africa); ~~B.~~

B. Hispanic Americans (meaning persons of Mexican, Puerto Rican, Cuban, Dominican, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race); ~~C.~~

C. Native Americans (meaning persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians); ~~D.~~

D. Asian-Pacific Americans (meaning persons whose origins are from Japan, China, Taiwan, Korea, Burma (Myanmar), Vietnam, Laos, Cambodia (Kampuchea), Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, the U.S. Trust Territories of the Pacific Islands (Republic of Palau), the Commonwealth of the Northern Marianas Islands, Macao, Fiji, Tonga, Kiribati, Juvalu, Nauru, Federated States of Micronesia, or Hong Kong); ~~E.~~

E. Subcontinent Asian American (meaning persons whose origins are from India, Pakistan, Bangladesh, Bhutan, the Maldive Islands, Nepal or Sri Lanka); or ~~F.~~

F. Women.

~~42~~ **Evaluation Team**-
WMATA staff assigned by the Contracting Officer to analyze the Proposals and make recommendations.

**Federal Transit Administration (FTA)**-
The federal agency within the U.S. Department of Transportation which administers the federal rules and regulations governing joint development programs and oversees other aspects of real property purchased with federal funds for transit purposes.

**Final Proposal**-
If requested by WMATA, the final document or compilation of documents submitted by the Developer for analysis before the Evaluation Team makes its recommendation. See definition of Proposal.

**Initial Proposal**-
The initial document or compilation of documents submitted by the Developer in response to this JDS. See definition of Proposal.



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**Joint Development**-
A creative program through which property interests owned and/or controlled by WMATA are marketed to office, retail/commercial, ~~recreational/entertainment~~recreational/entertainment and residential developers with the objective of developing Transit-Oriented Development projects. See definition of Transit-Oriented Development.

**Joint Development Policies and Guidelines**
The procedures approved by the WMATA Board of Directors which govern the Joint Development Program and are available at MetroOpensDoors.com (click "About Metro," then click ~~Business~~"Business opportunities" and ~~Joint~~ "Joint development opportunities").

**Joint Development Project**-
The development ideas, concepts and plans that a Developer presents in its Proposal. Also refers to the development plans of the Selected Developer.

**Joint Development Site(s)**-
The property areas and interests identified in Part I.

**Joint Development Work Program**-
A document prepared annually of Joint Development opportunities associated with WMATA-owned properties. The Joint Development Work Program is drafted in coordination with the local jurisdictions and approved by the WMATA Board of Directors.

**Project**-
The joint development ideas, concepts and plans that a Developer presents in its Proposal. Also refers to the development plans of the Selected Developer. Project is synonymous with Joint Development Project.

**Proposal(s)**-
The development-related documents submitted in response to this Joint Development Solicitation (JDS). The term Proposal can include both the Initial Proposal and, if requested by WMATA, the Final Proposal.

**Selected Developer**-
The Developer with the exclusive right to negotiate a Development Agreement with WMATA.
WMATA's designation of the Selected Developer shall not become final and binding until a Development Agreement has been negotiated and executed by the parties.

**Term Sheet**
The nonbinding document which summarizes the development concept, financial structure and other major business terms of the Project.

**Transit-Oriented Development**-
Those projects that integrate WMATA's transit facilities, reduce automobile dependency, increase pedestrian/bicycle originated transit trips, foster safe station areas, enhance surrounding area connections to transit stations, provide mixed use including housing and the opportunity to obtain ~~43~~ goods and services near transit stations, offer active public spaces and promote and enhance ridership and sound growth in the communities which WMATA serves. See also FTA's definition at www.fta.dot.gov/library/policy/IFT/iftb.html.

**WMATA Compact**-
Washington Metropolitan Area Transit Authority Compact, Public Law 89-774, 80 Stat. 1324, as may be amended.

**WMATA Facility**-
Any improvements, structures, infrastructure components, tangible property and/or areas required, in the judgment of WMATA, for the use, operation, access, maintenance, repair, servicing, replacement or removal of structures and supports, any and all access, parking, operation and service facilities and areas relating to WMATA's operations or activities, including without limitation, the Metro station, tunnels, rails, tracks, bus stations, bus transfer areas, supervision kiosks, employee bathrooms, electric substations, conduits and lines, communications equipment and structures, pedestrian ways, waiting and shelter areas, facilities serving ~~people~~persons with disabilities, cooling towers, chiller plants, vent and fan shafts, bicycle rack and locker areas, storm water management facilities, landscaping, lighting and all other associated facilities.



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**WMATA Improvement(s)**
Those improvements, whether an interim replacement facility or a new facility, which will be designed and/or constructed by the Selected Developer for WMATA in a configuration acceptable to WMATA. Upon final acceptance by WMATA, a WMATA Improvement will become a WMATA Facility.

**WMATA Replacement Facility**
A WMATA Improvement designed and/or constructed by the Selected Developer for WMATA in a configuration acceptable to WMATA that replaces any displaced or disrupted WMATA Facility ~~and~~ which will be turned over to WMATA.

**WMATA Reserved Areas and Interests**
Includes (a) all areas of, within or adjacent to the Joint Development Site containing any WMATA Facility; (b) all areas of, within or adjacent to the Joint Development Site relating to the use, operation, access, maintenance, repair, servicing, replacement or removal of any WMATA Facility; and (c) any and all easements and other reserved rights required by WMATA in connection with its use, operation, access, maintenance, repair, servicing, replacement or removal of any WMATA Facility or WMATA operations and business generally, whether expressly provided for or reasonably contemplated. Such easements and other reserved rights shall include, without limitation, easements and reserved rights (whether at, above or below ground level) for (i) the construction, operation, maintenance, repair, replacement, removal or relocation of any and all existing tunnels and related ~~facility~~facilities, (ii) all WMATA Facilities (including, without limitation, any replacement facilities) which have piling or other structural support within or adjacent to the Joint Development Site, (iii) any and all service facilities serving such tunnels or any WMATA ~~Facilities~~Facility, (iv) all underground power lines and other utilities, (v) horizontal and vertical support for all WMATA Facilities in, on and about the WMATA Joint Development Site, including without limitation, structures, equipment or installations such as foundations, beams, columns, bracing and similar structural features which maintain vertical and horizontal support and are necessary for the maintenance, operation and protection of any WMATA Facility and (vi) protections and approval rights satisfactory to WMATA in its sole and unreviewable discretion with respect to limits on loads and pressures which may affect any WMATA Facility, whether vertical or lateral.

~~45 Part Three. Attachments 47 ATTACHMENT A Page 1 of 3 Washington Metropolitan Area Transit Authority PROPOSAL FORM JOINT DEVELOPMENT SITES Please use a separate Proposal Form for each Joint Development Site.~~

~~JOINT DEVELOPMENT SOLICITATION (JDS) DATED: PROPOSAL SUBMITTED FOR THE FOLLOWING JOINT DEVELOPMENT SITE: JDS Number: DEVELOPER: Name (must be existing entity) Name of Authorized Representative Signature of Authorized Representative Title Address including Zip Code Telephone Number Fax Number E-Mail Address Name of Entity to be Formed (if applicable) 48 ATTACHMENT A Page 2 of 3 REPRESENTATIONS AND CERTIFICATIONS REPRESENTATIONS 1. Developer's existing operation is: (check or complete all applicable boxes) [ ] an individual [ ] a partnership [ ] general [ ] limited Formed under the laws of [ ] a nonprofit organization [ ] a corporation, incorporated under the laws of [ ] a limited liability company (LLC) formed under the laws of [ ] other, 2. Developer's proposed operation as set forth in its proposal will be: (check or complete all applicable boxes) [ ] an individual [ ] a partnership [ ] general [ ] limited To be formed under the laws of [ ] a nonprofit organization [ ] a corporation to be incorporated under the laws of [ ] a limited liability company (LLC), to be formed under the laws of [ ] other, 49 CERTIFICATIONS *(check applicable box)* 1. Debarred or Ineligible Contractors: Developer certifies that its existing operation [ ] is [ ] is not included in the "List of Parties Excluded from Federal Procurement or Nonprocurement Programs" maintained by the U.S. General Services Administration.**

~~2. Contingent Fee: a. Developer [ ] has [ ] has not employed or retained any company or persons (other than a full-time, bona fide employee working solely for the Developer) to solicit or secure a Development Agreement; and b. Developer [ ] has [ ] has not paid or agreed to pay any company or person (other than a full-time, bona fide employee working solely for the Developer) any fee, commission, percentage or brokerage fee contingent upon or resulting from the award of a Development Agreement; and c. Developer agrees to furnish information relating to the above as requested by WMATA's Contracting Officer.~~

~~3. Covenant Against Gratuities: Neither Developer nor any of its employees, representatives or agents have offered or given gratuities or will offer or give gratuities (in the form of entertainment, gifts or otherwise) to any director, officer or employee of~~



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA with the view toward securing favorable treatment in the designation of a Selected Developer or in any determination made with respect to Developer selection, or in the negotiation, amendment or performance of the Development Agreement.
The undersigned Developer certifies that the foregoing is true.
Date Developer Authorized Representative
**ATTACHMENT A Page 3 of 3 51 ATTACHMENT B Page 1 of 3 Washington Metropolitan Area Transit Authority PROPOSAL BOND** JDS Date: Penal Sum of Bond: $100,000 JDS Number: Date Bond Executed: **Joint Development Site:** *KNOW ALL PERSONS BY THESE PRESENTS,* that we, the Principal and Surety(ies) hereto, are firmly bound to the Washington Metropolitan Area Transit Authority (WMATA) in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally; Provided, that, where the Sureties are corporations acting as co-sureties, we the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.
*THE CONDITION OF THIS OBLIGATION IS SUCH,* that whereas the Principal has submitted a Proposal in response to the JDS identified above, this Bond shall be valid for 360 days from the JDS Date written above.
If WMATA designates the Principal as the Selected Developer based upon the Proposal it submitted under the JDS Number written above, and WMATA terminates the Principal's designation as the Selected Developer in accordance with Section 5.2 of the aforesaid JDS, the Principal and the Surety(ies) named herein shall be liable to WMATA as aforesaid for the Penal Sum of this Bond.
Each Surety executing this instrument hereby agrees that its obligation shall not be impaired by any extension(s) of the time for WMATA's designation of the Selected Developer or the negotiation of a Development Agreement, notice of which extension(s) to the Surety(ies) being hereby waived, provided that such waiver shall apply only with respect to extensions aggregating not more than 120 calendar days in addition to the period originally allowed as stated above.
52 **Principal(s)** 1. Developer: Address: Signature of Authorized Representative: Corporate Seal: Name and Title: State of Incorporation: 2. Developer: Address: Signature of Authorized Representative: Corporate Seal: Name and Title: State of Incorporation: 3. Developer: Address: Signature of Authorized Representative: Corporate Seal: Name and Title: State of Incorporation: **ATTACHMENT B Page 2 of 3 53 Corporate Sureties** A. Surety Name: Liability Limit (Seal) $ Address: Signature: Name and Title: State of Incorporation: B. Surety Name: Liability Limit (Seal) $ Address: Signature: Name and Title: State of Incorporation: C. Surety Name: Liability Limit (Seal) $ Address: Signature: Name and Title: State of Incorporation: *Attach additional pages as needed.*
**Instructions** 1. This form is authorized for use in providing Proposal Security. It must be completed legibly.
The name of each person signing this Proposal Bond should be typed in the space provided.
WMATA may request documentation confirming the authorization of a person signing in a representative capacity.
2. Sureties executing the Proposal Bond must be among those appearing on the U.S. Treasury Department's list of approved sureties and must be acting within the limitations set forth therein.
**ATTACHMENT B Page 3 of 3 55 ATTACHMENT C Page 1 of 2** [If issuing bank is located outside of Washington, D.C., Maryland or Virginia, then a confirming bank in one of those jurisdictions is required; both banks must be members of the Federal Reserve System.] [Issuing Bank L/C Letterhead] **IRREVOCABLE STANDBY LETTER OF CREDIT** Letter of Credit No. _____ Issue Date: _____, 2006 APPLICANT: Name: _____ _____ _____ Address: _____ _____ _____ Re: Issued in connection with JDS Number: _____ Joint Development Site: _____ Joint Development Solicitation (JDS) Dated: _____ BENEFICIARY: Washington Metropolitan Area Transit Authority 600 Fifth Street, NW Washington, D.C. 20001 Ladies and Gentlemen: 1. We hereby open in your favor, at the request and for the account of the above-identified Applicant, our Irrevocable Standby Letter of Credit No. _____ in an aggregate amount of One Hundred Thousand and 00/100's US Dollars (USD 100,000.00), to be available for payment of your drafts drawn at sight on us, and accompanied, in the case of each draft,



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007631

by your written certification to us signed by any person purporting to act on your behalf, stating: Applicant as the Selected Developer for the above-referenced Joint Development Site pursuant to that certain Joint Development Solicitation (JDS) dated _____, and issued by Beneficiary, has been terminated as the Selected Developer in accordance with Section 5.2 of the JDS, and Beneficiary hereby certifies that the Sight Draft presented herewith constitutes an amount owed to Beneficiary under the JDS.

56 **ATTACHMENT C Page 2 of 2** 2. Drafts drawn under this letter of credit (as same may have been or may be amended from time to time) shall be completely sufficient if in the form attached hereto as Exhibit A, and need not be endorsed on the letter of credit.

We will accept any and all statements delivered pursuant to this credit as conclusive, binding and correct, without having to investigate or being responsible for the accuracy, truthfulness, correctness or validity thereof and notwithstanding the claim of any person to the contrary.

3. This credit shall expire, unless extended as provided herein, at 5 p.m.. local time in Washington, D.C., on _____, 2007. If such date is a Saturday, Sunday, legal holiday or day on which we are not open for business on account of any other reason, the expiration date set forth above shall automatically be extended to our next regular business day. It is a condition of this credit that it will be automatically extended without amendment for an additional period of 12 months from the present and each future expiration date, unless, not less than 60 days prior to the then-relevant expiration date, we notify you by Registered Mail that we elect not to extend this credit for any additional period. Upon your receipt of such a notification, you may draw your sight draft on us prior to the then-relevant expiration date for the unused balance of this credit, which need be accompanied only by your signed written statement that you received notification of our election not to extend.

4. All drafts drawn under this letter of credit must refer to the number and issue date of this credit, and must be marked "Drawn under [Issuer's Name] Irrevocable Standby Letter of Credit No. _____." 5. We agree to honor each draft drawn under and in compliance with the terms of this credit, if duly presented at our offices at [must be the address of an office of the issuing bank in Washington, D.C., Virginia, or Maryland], [or, if a confirming bank is being used, at the offices of such confirming bank at a specified address in Washington, D.C., Virginia, or Maryland] at or before 5 p.m. local time in Washington, D.C. We agree to deliver payment in full of each such draft without any processing, check, or other fees whatsoever, to your offices as set forth hereinabove, Attn: General Counsel, not later than 36 hours after the time of presentment (not including Saturdays, Sundays, legal holidays, or any day on which we are not open for business on account of any other reason) by our Cashier's or Teller's check payable solely to the order of the "Washington Metropolitan Area Transit Authority." 6. The original and/or any amendment of the credit under which drafts are presented by you need not be presented with any draft drawn thereunder in order to constitute a valid presentment, unless such draft is a full and/or final draft under this credit.

7. Partial drawings under this letter of credit are permitted.

8. This credit shall be governed by the Uniform Customs and Practices for Documentary Credits, UCP 500 (1993 Rev.), published by the International Chamber of Commerce, and to the extent not so governed in accordance with the statute and case law of the District of Columbia.

Very truly yours, [name of issuing or confirming bank]

By:_____

_Authorized Officer Print name: _____Print title: _____57

**EXHIBIT A SIGHT DRAFT**

Date:_____ *AT SIGHT,* pay to the order of Washington Metropolitan Area Transit Authority, the sum of _____Dollars (USD _____).

For Value Received, and charge to the account of [name of Applicant].

Drawn under [name of issuing bank] Irrevocable Standby Letter of Credit No. _____, dated _____[as amended by _____]:

Washington Metropolitan Area Transit Authority, as Beneficiary under said Irrevocable Standby Letter of Credit No. , dated _____[as amended by _____], hereby certifies to you that: [insert certification language] TO: [name of issuing bank] Washington Metropolitan Area Transit Authority Address: By: Print Name: Title: Attn: Letter of Credit Department 600 Fifth Street, NW Washington, D.C. 20001 58 Washington Metropolitan Area Transit Authority_

FOIA CONFIDENTIAL TREATMENT REQUESTED

# Letter of Interests from Prospective Retail Tenants

3030 NEBRASKA AVENUE | PENTHOUSE | SANTA MONICA, CA 90404 | TEL: 310 433 1400 | FAX: 310 453 6760

HIDDEN
BEACH
RECORDINGS

July 15, 2007

Mr. Omar Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, D.C. 20005

Re: The Jazz@ Florida Avenue Project/ The Utopia Jazz Restaurant & Lounge

Omar:

I am writing this letter to express my interest in trying to open a live jazz restaurant as apart of the Jazz@ Florida Avenue Project. Being a co-founder of the music label Hidden Beach Recordings which is home of artists like Jill Scott, Mike Phillips, and Kindred the Family Soul, I could not think of a way better way to come back and thank the Washington, D.C. community for their support for our label and our artists than to put this live music venue in the nation's capitol.

I am currently in the process of opening a similar restaurant in Charlotte, N.C. called Utopia, which is due to open in September 2007 with two partners named Kennedy Howard and Juvenile Ogbuneke. Kennedy and Juvenile are currently owners of a restaurant in Charlotte, N.C. called The Jazz Café, which opened May 29, 2005. The Jazz Café has had shows with national recording artists such as Mike Phillips, D.C. native Marcus Johnson, Marion Meadows, Pieces of a Dream, Ronnie Laws, Walter Beasley, D.C. natives Spur of the Moment, and Hidden Beach Recording artist Jeff Bradshaw just to name a few.

Our interest in being apart of this exciting new venture is great and I would definitely like to continue dialog with you to see if we can make this a reality. Please let me know if you have any questions and I can be reached at 310-489-3122.

Best Regards,

Charles Whitfield
Hidden Beach Recordings
Santa Monica, Ca.



FOIA CONFIDENTIAL TREATMENT REQUESTED

# HANDSHAKE
## PRODUCTIONS

To: Omar Karim, Banneker Ventures, LLC
From: Bryant "Preacher" Moss, Handshake Productions
Re: Letter of Interest for Café Space in The "Jazz@ Florida Avenue"

Mr. Omar Karim,

This letter is to inform you of Handshake Production LLC interest in becoming a tenant for the proposed café at The "Jazz& Florida Avenue."

My organizational team has a combined forty years of entertainment, and event management experience. We have experience in cultural programming, diversity programming, and event marketing. Furthermore, our organization has extensive experience in developing branded content, and marketing.

Our goals for the space above mentioned is to develop it as a multi-night establishment with a result defined as being a "community project." We intend on using an integrated model of 1) community artistic need, 2) balanced project management, 3) technology, and 4) a strong marketing plan. We wish to offer several options such as cross-cultural, and cross-community events. As well it is our hope to have comedy, as the anchor program in it's initial start up stages. We believe that we can leverage our entertainment networks to deliver high quality, affordable, "community relevant" programming to the Washington Metropolitan Area.

Our organizational and concept development team are:

Bryant "Preacher" Mr. Moss- Moss is the current CEO of the internationally acclaimed, "Allah Made Me Funny" Comedy Tour. He has produced numerous multi-media projects, and also produced the upcoming feature film, "Allah Made Me Funny-Live in Concert." He has over twenty-three years in various aspects of entertainment, brand development, and project management.

Azhar Usman- Mr. Usman is an equity partner in "Allah Made Me Funny" The Official Muslim Comedy Tour, and a practicing lawyer. He serves as the contract and negotiations lead for new product, and project development. As well, he is the Creative Director for Handshake Productions.

John Xeras- Mr. Xeras has over twenty years in the restaurant and entertainment

business. He has owned and managed two Washington area nightclubs. He is still a managing partner in the IMPROV comedy club, and the Riot Act Comedy club. He also has over twenty years of brand content development, and event management. He is also the CEO of Riot Act Entertainment.

In closing we look forward to hear from regarding this opportunity.

B. "Preacher" Moss, Handshake Productions
240.432.7133

# Letter of Interests from Financing Partners

MACFARLANE PARTNERS

December 13, 2007

Mr. Omar Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, DC 20005

Re: The Jazz @ Florida Avenue RFP

Dear Omar:

MacFarlane Partners is pleased to continue working with you and to join, as your investor/equity partner, the team led by your firm ("Banneker") in submitting a final plan to WMATA to develop The Jazz @ Florida Avenue in response to the WMATA Request for Proposal that was submitted on May 31, 2007. Having looked at other projects with you, we recognize Banneker as a leading minority-owned developer in the Washington, D.C., region, and believe that our financial strength can enhance your team's development capability. We also recognize the strong participation of another leading Washington, D.C., minority-owned developer – District Development Group.

We have reviewed your most recent proposal for the development of The Jazz @ Florida Avenue mixed-use project and believe your development plan to be qualitatively sound and attractive. Based on our discussions and negotiations, MacFarlane Partners will provide Banneker with the required equity for pre-development and development activities, including land acquisition. Based on the current development plan, the team expects the total development costs to be approximately $35 million, which will require approximately $8 million of equity. Our investment will be made on the terms upon which the team has previously agreed. These terms are consistent with structures we have utilized with other local developers in our most recent ventures.

MacFarlane Partners is a minority-owned real estate investment management firm that invests primarily in development and redevelopment projects, such as The Jazz @ Florida Avenue, in urban areas nationwide. The firm's investments to date are helping to develop, redevelop or reposition $19 billion in urban properties, encompassing 20 million square feet of commercial space and 26,000 multifamily housing units in Washington, D.C.; New York City; Los Angeles; Orange County; and the San Francisco Bay Area. We maintain several offices around the country, including one in Washington, D.C.

Having invested in urban, mixed-use development projects – sometimes serving as developers ourselves -- we believe we have the requisite experience and skill to assist you and the rest of the team in developing The Jazz @ Florida Avenue that is successful for both WMATA and District residents. We specialize in complex projects that require creative financing and innovative structuring. We also are accustomed to working with our development partners and local government agencies to form public/private partnerships, as well as resolve the regulatory and environmental issues that urban-infill projects typically encounter.

1155 Connecticut Avenue, NW 3rd Floor Washington, DC 20036 Phone 202.572.0700 Fax 202.572.0699

FOIA CONFIDENTIAL TREATMENT REQUESTED

Highlighted below are a few of the projects in which we have invested.

- **JBG Urban**, a joint venture with The JBG Companies and Morgan Stanley Real Estate that will develop and redevelop 93 assets on 42 sites located throughout the Washington, D.C., metropolitan area. The assets – which are in various stages of entitlement, planning, development or renovation – range from completed properties slated for renovation or demolition to undeveloped urban-infill sites. A majority of the sites are adjacent to or near existing and proposed transit stations along the area's Metro light-rail system; 25 sites are located in northern Virginia, 13 are in suburban Maryland, and four are within the District of Columbia. When fully developed, the portfolio will total eight million square feet of office space, 1.9 million square feet of retail space; 13,400 multifamily housing units; and 2,500 hotel rooms.

- **The Yards**, a mixed-use redevelopment project planned by Forest City Washington for the 44-acre Southeast Federal Center, which once was an annex to the Washington Navy Yard on the Anacostia River in Washington, D.C. The proposed uses envisioned for the project include 1.8 million square feet of office space, 2,700 residential units, destination and neighborhood serving retail space and a large riverside park. Development began in late 2007.

- **Half Street**, a mixed-use project that is being developed in multiple phases in Southeast Washington, D.C., immediately north of the new ballpark for the Washington Nationals Major League Baseball team. The first phase of the project, which began construction in January 2007, will consist of 260,000 square feet of office space, 328 for-sale condominiums, 50,000 square feet of retail space, and a 200-room boutique hotel in four adjacent buildings occupying the entire city block on the eastern side of Half Street SE, between M Street SE and N Street SE. Future phases will be built on adjacent blocks to the west and north of the first phase and are likely to include a mix of office, retail and multifamily residential space.

- **Solea**, a six-story residential mid-rise building located in the District's Columbia Heights neighborhood that is being developed in partnership with JLC and NCRC. With construction underway, Solea will include 55 for-sale condominiums, seven live/work units and 4,700 square feet of retail space when completed.

- **Bay Street Emeryville**, a mixed-use "urban village" developed on a former industrial site near the eastern approach to the San Francisco-Oakland Bay Bridge in Emeryville, Calif., that included a 365,000-square-foot lifestyle retail center, with 284 rental apartments (20% of which are designated for low-income residents) and 95 town homes on three to six floors above the retail stores. The retail component was completed in 2002 and was named "Best New Retail Development of the Year" in April 2003 by the *San Francisco Business Times*. The residential units were completed in 2006 and garnered a Market-Rate Residential Real Estate Deal of the Year award in March 2007 from the *San Francisco Business Times*.

- **Wilshire Vermont Station**, a mixed-use "transit village" that was developed atop an existing underground-rail transit station, approximately three miles west of downtown Los Angeles. Completed this past August, the property consists of two connected seven-story buildings with 449 apartment units (20% of which will be designated for low-income residents) and 36,000 square feet of street-level retail space that are configured around a public plaza and entrance to the Wilshire/Vermont Metro Red Line subway station.

- **NoMa West**, three mid-rise residential buildings (five to six stories in height) with approximately 500 rental apartments that will be developed on a four-acre, infill site in the emerging North of Massachusetts Avenue ("NoMa") neighborhood of Washington, D.C. Construction is expected to begin in the fall of 2008.

- **Metropolitan Lofts,** an eight-story apartment community that was completed in the summer of 2006 on a former commercial/industrial site near the Staples Center in downtown Los Angeles. It consists of 264 apartment units (20% of which are designated for low-income residents), 11,000 square feet of ground-floor retail space and an attached parking structure. The property, which is currently 97% leased and 96% occupied, is operated on a long-term ground lease from the City of Los Angeles Redevelopment Agency.

Founded in 1987, MacFarlane Partners has provided investment management services across a broad range of real estate strategies for institutional investors over the past 20 years, including the California Public Employees' Retirement System ("CalPERS"), the Teacher Retirement System of Texas, and the defined-benefit pension plans of AT&T and General Motors Corporation.

As managing member of an urban real estate joint venture with the CalPERS, the nation's largest public pension plan with $255 billion in assets, we have investment discretion over $1.45 billion in equity capital for investment in urban development and redevelopment projects in major cities throughout the U.S. We also manage a private institutional fund targeting urban property markets that was formed in 2006 and has an equity capitalization of $1.01 billion.

Both the CalPERS' venture and the urban investment fund have revolving credit facilities; the CalPERS' venture has a debt facility with Sumitomo Bank that currently totals $600 million, while the private fund has a debt facility with Bank of America that can be as large as 90% of the fund's eligible equity.

MacFarlane Partners strongly supports your proposal and is pleased to continue to be a part of Banncker's team for this innovative and worthwhile project for the citizens of Washington, D.C.

Sincerely,

Bradford H. Dockser
Principal , Investments

**David H. Rosenthal**
***Interim* Chief Executive Officer**

Ball Street Ventures, LLC
1000 Wisconsin Avenue, NW
Suite G-100
Washington, D.C. 20007

202.625-2440 direct dial
202.625-2360 facsimile
DRosenthal@ballstreetfund.com

December 14, 2007

Joel R. Washington
Director
Station Area Planning and Asset Management
Washington Metropolitan Area Transit Authority
600 5th Street, NW
Washington, DC 20001

**RE: Letter of Interest – The Jazz @ Florida Avenue**

Dear Mr. Washington:

We are pleased to provide this Letter of Interest to the Banneker Ventures, LLC, District Development Group, and Donatelli Development team in response to a Washington Metropolitan Area Transit Authority Request for Proposal to develop three parcels on the 700 and 800 blocks of Florida Avenue, NW, Washington, D.C. We recognize this team as a leading developer in the region and are excited to partner with you to build an exceptionally-designed, transit-oriented, mixed-use housing, and retail community located on these key Florida Avenue/U Street corridor sites.

As you may be aware, Ball Street Fund (Ball Street) was founded by Brian Davis and Christian Laettner and is headquartered in Washington, D.C. Ball Street is a vertically-integrated development and investment company focused on mixed-use developments located in strategically-targeted, urban communities throughout the United States. The success of Ball Street's flagship development in Durham, North Carolina, West Village (http://www.westvillageapts.com/), demonstrates the strength and success of our vision. Our vision is based primarily on creating population and service density within an underserved, urban locale; ensuring the creation of an energetic, vibrant, integrated community benefitting many constituents, and; building a sustainable, flexible development with an eye toward future generation's needs, the development's economic viability, sensitivity to the natural environment, and preservation/conservation of natural resources.

We have reviewed the proposed plans for The Jazz @ Florida Avenue, and believe it to be both financially feasible and the best use for this location. As such, we are energized about the possibility of working with the Banneker/District Development/Donatelli Development team should this group be selected as WMATA's development partner on this site.

Although we have not finalized a term sheet, based on our preliminary review and discussions, Ball Street would provide Banneker, District Development and Donatelli Development with 100% of the equity requirements necessary to complete the development, or approximately $8.0MM, based on the current budget and financial projections.

Ball Street is extremely energized about this letter of interest and is pleased to be part of this very capable team. We look forward to building a healthy, prosperous and multi-faceted relationship by partnering on this particular opportunity.

Very truly yours,

David H. Rosenthal



FOIA CONFIDENTIAL TREATMENT REQUESTED

BANK OF GEORGETOWN

CORPORATE OFFICES
1054 31st Street, NW
Suite 18
Washington, DC 20007
Phone 202.355.1200
Fax 202.355.1201
bankofgeorgetown.com

GEORGETOWN
1001 Wisconsin Ave., NW
Washington, DC 20007

FRIENDSHIP HEIGHTS
5236 44th Street, NW
Washington, DC 20015

ARLINGTON/COURTHOUSE
2300 Wilson Blvd.
Arlington, VA 22201

CONNECTICUT AVENUE
1101 Connecticut Ave., NW
Washington, DC 20036

December 13, 2007

Mr. Joel R. Washington
Director Station Area Planning and Asset Management
Washington Metropolitan Area Transit Authority
600 5th Street, NW
Washington, DC 20001

Subject: Letter of Interest – The Jazz @ Florida Avenue

Dear Mr. Washington:

We are pleased to provide this letter of interest to the Banneker Ventures, District Development Group and Donatelli Development-led team in response to a Washington Metropolitan Area Transit Authority Joint Development Solicitation to develop three parcels on the 700 and 800 blocks of Florida Avenue, NW, Washington, DC. We recognize this team as a leading developer in the region and are excited about the possibility of partnering with you to build an incredibly designed, transit oriented mixed-use housing and retail project on these key Florida Avenue/U Street corridor sites.

We have worked with both Omar A. Karim and Chris Donatelli and the two firms of which they are the principals of and we are pleased to have the opportunity to work with them on The Jazz.

We have reviewed the proposed plans for the project and look forward to working with this team., should it be selected, to develop this key parcel along the Florida Avenue/U Street corridor.

As you may know, The Bank of Georgetown is a District of Columbia Chartered Bank with four branch locations.

The Bank of Georgetown is very pleased to provide this letter of reference and interest for the Banneker, District Development, and Donatelli led project.

Sincerely,

Jeffrey A. Banks
Managing Director, Business Development
The Bank of Georgetown

FOIA CONFIDENTIAL TREATMENT REQUESTED

PNC
REAL ESTATE FINANCE

December 13, 2007

Mr. Omar A. Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700]
Washington, DC 20005

Re: The Jazz @ Florida Avenue

Dear Omar,

We understand that your development team, including Banneker Ventures, District Development Group and Donatelli Development Inc. are responding to a Request for Proposals for the development of three parcels of land located on Florida Avenue, between 7th and 9th Streets, NW. I have reviewed the preliminary information provided on the proposed development, The Jazz @ Florida Avenue, which will be developed to include 103 rental apartments and 13,000 SF of retail space.

PNC Bank believes that the development of this project will be a boost to the redevelopment of the U Street Corridor and we look forward to working with you to try to provide construction financing on this exciting project.

PNC Bank typically provides construction loans up to 80% loan to cost, subject to a maximum 75% LTV based on the appraised value and a minimum 1.30X DSC based on the projected stabilized operations. Construction loan rates will typically be in the range of 1.75% - 2.75% above LIBOR.

This letter is not a commitment or an offer to lend and does not create any obligation on the part of PNC. PNC will not be deemed to extend any commitment unless and until the transaction is approved by PNC and a formal Commitment Letter is issued.

Should your team be the successful bidder, PNC looks forward to further discussing the financing of this project.

Sincerely,

Casey Brill
Vice President

Member of The PNC Financial Services Group
1601 K Street NW Washington DC 20006

FOIA CONFIDENTIAL TREATMENT REQUESTED

HSBC

December 12, 2007

Omar Karim
Danneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, DC 20005

RE: Financing Interest Letter in connection with The Jazz @ Florida Avenue

To Whom It May Concern in the Washington DC District Government:

HSBC Real Estate Finance has followed with great interest the proposals surrounding the sites located on Florida Avenue on 7th and 8th streets. HSBC has both the ability to deliver the required financing and a strong interest in providing the financing required to bring this highly visible project to fruition. We have a high regard for the development team that has been put in place to execute on The Jazz @ Florida Avenue and would go so far as to indicate to you that under the proper circumstances it is a project that we would consider financing without financial recourse, with the understanding that the completion guaranty and other factors would have to be in place for our bank to proceed on that basis.

Although this is not a commitment to lend on the proposed project, which commitment would require the necessary internal approvals at HSBC, we look forward to continuing to work on the financing mandate.

Should any of you have questions relative to either HSBC or its interest in financing this project, please do not hesitate to call me at 202 496-8752.

Sincerely:

Antonio F. Marquez
Senior Vice President
DC Real Estate Finance



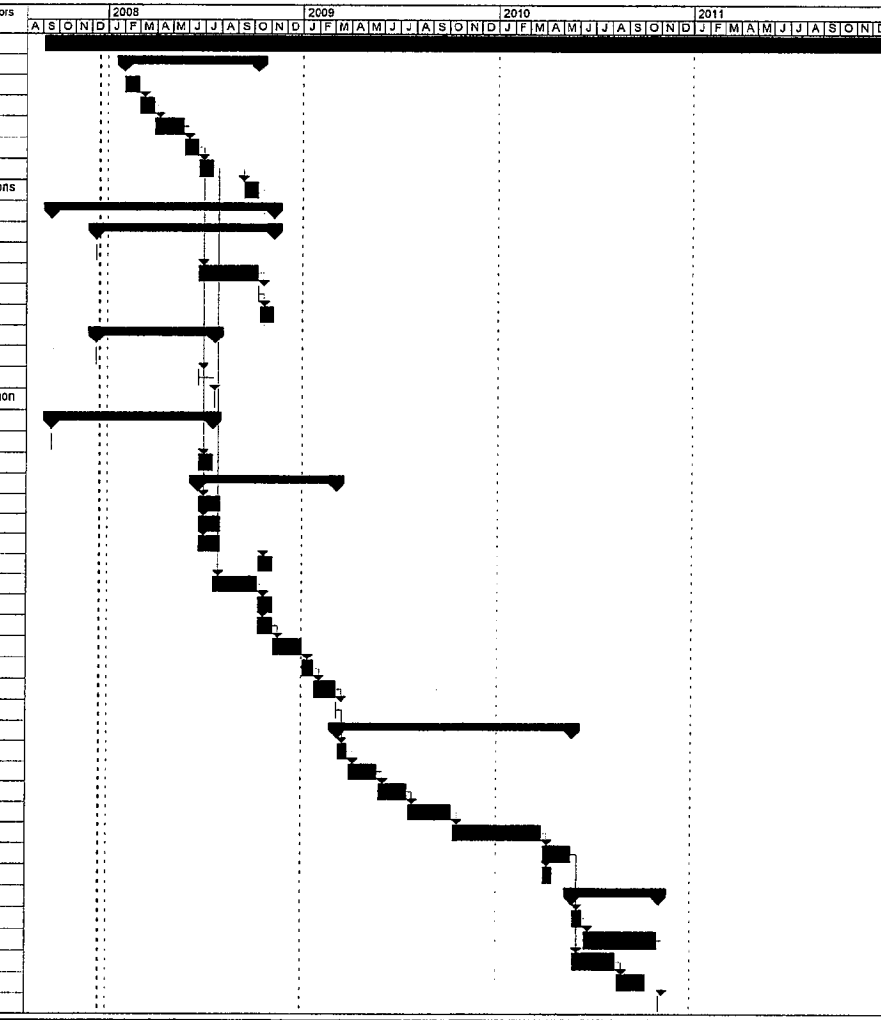
**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007646**

## Updated Project Schedule

FOIA CONFIDENTIAL TREATMENT REQUESTED

THE JAZZ

| ID | Task Name | Duration | Start | Finish | Predecessors |
|---|---|---|---|---|---|
| 1 | The Jazz @ Florida Avenue | 1123 days | Mon 9/3/07 | Wed 12/21/11 | |
| 2 | **WMATA Negotiations and Approval** | 9 mons | Fri 2/1/08 | Thu 10/9/08 | |
| 3 | Term Sheet Negotiations | 1 mon | Fri 2/1/08 | Thu 2/28/08 | |
| 4 | Approval of Term Sheet | 1 mon | Fri 2/29/08 | Thu 3/27/08 | 3 |
| 5 | Negotiation of Development Agreement | 2 mons | Fri 3/28/08 | Thu 5/22/08 | 4 |
| 6 | WMATA Board Approval of Development Agreement | 1 mon | Fri 5/23/08 | Thu 6/19/08 | 5 |
| 7 | Development Plan Approval by WMATA | 1 mon | Fri 6/20/08 | Thu 7/17/08 | 6 |
| 8 | Concept plan Approval by WMATA | 1 mon | Fri 9/12/08 | Thu 10/9/08 | 7FS+2 mons |
| 9 | **Local Approvals** | 14.95 mons | Tue 9/18/07 | Fri 11/7/08 | |
| 10 | **BZA** | 11.95 mons | Tue 12/11/07 | Fri 11/7/08 | |
| 11 | Pre-meeting with OP staff re: zoning issues | 1 day | Tue 12/11/07 | Tue 12/11/07 | |
| 12 | File application for variance with BZA | 4 mons | Fri 6/20/08 | Thu 10/9/08 | 6 |
| 13 | BZA hearing | 1 day | Fri 10/10/08 | Fri 10/10/08 | 12 |
| 14 | Receipt of BZA order | 1 mon | Mon 10/13/08 | Fri 11/7/08 | 13 |
| 15 | **HPRB** | 8 mons | Tue 12/11/07 | Mon 7/21/08 | |
| 16 | Pre-meeting with OP/HPRB staff re: historic review | 1 day | Tue 12/11/07 | Tue 12/11/07 | |
| 17 | File applications for review by HPRB | 1 day | Fri 6/20/08 | Fri 6/20/08 | 6 |
| 18 | HPRB hearing and receipt of resolution | 1 day | Mon 7/21/08 | Mon 7/21/08 | 17FS+1 mon |
| 19 | **ANC 1B** | 10.9 mons | Tue 9/18/07 | Thu 7/17/08 | |
| 20 | Pre-meeting with ANC 1B | 1 day | Tue 9/18/07 | Tue 9/18/07 | |
| 21 | Meeting with ANC re: BZA variance and HPRB review | 1 mon | Fri 6/20/08 | Thu 7/17/08 | 6 |
| 22 | **Pre-Construction** | 9.25 mons | Fri 6/20/08 | Thu 3/5/09 | |
| 23 | Phase I | 1.5 mons | Fri 6/20/08 | Thu 7/31/08 | 6 |
| 24 | 3rd Party Appraisal | 1.5 mons | Fri 6/20/08 | Thu 7/31/08 | 6 |
| 25 | Geotechincal Study | 1.5 mons | Fri 6/20/08 | Thu 7/31/08 | 6 |
| 26 | Utility Study | 1 mon | Fri 10/10/08 | Thu 11/6/08 | 8 |
| 27 | Concept Plan Preperation | 3 mons | Fri 7/18/08 | Thu 10/9/08 | 7 |
| 28 | Excavation & Site Work Permits | 1 mon | Fri 10/10/08 | Thu 11/6/08 | 27 |
| 29 | 35% Drawings | 1 mon | Fri 10/10/08 | Thu 11/6/08 | 8 |
| 30 | 65% Drawings | 2 mons | Fri 11/7/08 | Thu 1/1/09 | 29 |
| 31 | GMP Set Drawings | 15 days | Fri 1/2/09 | Thu 1/22/09 | 30 |
| 32 | Building Permits | 1.5 mons | Fri 1/23/09 | Thu 3/5/09 | 31 |
| 33 | **Lease execution with WMATA** | 1 day | Fri 3/6/09 | Fri 3/6/09 | 32 |
| 34 | **Construction** | 15.75 mons | Mon 3/9/09 | Fri 5/21/10 | |
| 35 | Site Work | 15 days | Mon 3/9/09 | Fri 3/27/09 | 33 |
| 36 | Excavation & Remediation | 2 mons | Mon 3/30/09 | Fri 5/22/09 | 35 |
| 37 | Sheeting and Shoring | 2 mons | Mon 5/25/09 | Fri 7/17/09 | 36 |
| 38 | Garage Construction | 3 mons | Mon 7/20/09 | Fri 10/9/09 | 37 |
| 39 | Shell Building Construction | 6 mons | Mon 10/12/09 | Fri 3/26/10 | 38 |
| 40 | Building Fit Out | 2 mons | Mon 3/29/10 | Fri 5/21/10 | 39 |
| 41 | Landscaping | 15 days | Mon 3/29/10 | Fri 4/16/10 | 39 |
| 42 | **Building Operations** | 5.8 mons | Mon 5/24/10 | Mon 11/1/10 | |
| 43 | C of O | 15 days | Mon 5/24/10 | Fri 6/11/10 | 40 |
| 44 | Initial Occupancy Residential/Stabilization | 5 mons | Mon 6/14/10 | Fri 10/29/10 | 43 |
| 45 | Retail TI | 3 mons | Mon 5/24/10 | Fri 8/13/10 | 40 |
| 46 | Retail Occupany/Stabilization | 2 mons | Mon 8/16/10 | Fri 10/8/10 | 45 |
| 47 | Project Stablization | 1 day | Mon 11/1/10 | Mon 11/1/10 | 44 |




Project: WMATA Summary project sch
Date: Mon 12/17/07

Task | Split | Progress | Milestone | Summary | Project Summary | External Tasks | External Milestone | Deadline



WMATA-INV 007648

# Financial Statements

# BANNEKER VENTURES, LLC

## FINANCIAL STATEMENTS

## AS OF NOVEMBER 30, 2007

**BANNEKER VENTURES, LLC**
**FINANCIAL STATEMENTS**
**AS OF NOVEMBER 30, 2007**

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| STATEMENT OF CASHFLOWS | 3 |

**BANNEKER VENTURES,LLC**
**BALANCE SHEET**
**AS OF NOVEMBER 30, 2007**

| | |
|---|---|
| **ASSETS** | |
| **CURRENT ASSETS** | |
| Cash | $ 24,437 |
| Due from Affiliates | 17,001 |
| Loan to Other | 2,000 |
| Total Current Assets | 43,438 |
| **PROPERTY AND EQUIPMENT** | |
| Total Property and Equipment | 37,646 |
| Accumulated Depreciation | (2,000) |
| Property and Equipment, net | 35,646 |
| **OTHER ASSETS** | |
| Investments in 814 Thayer, LLC | 351,000 |
| Total Other Assets | 351,000 |
| **TOTAL ASSETS** | 430,084 |
| **LIABILITIES AND MEMBERS' EQUITY** | |
| **MEMBERS' EQUITY** | |
| Members' Equity | 430,084 |
| Total Members' Equity | 430,084 |
| **TOTAL LIABILITIES AND MEMBERS' EQUITY** | $ 430,084 |

**BANNEKER VENTURES, LLC**
**STATEMENT OF INCOME**
**AS OF NOVEMBER 30, 2007**

| | | |
|---|---|---|
| **REVENUE** | | |
| Fees - 814 Thayer | $ | 173,440 |
| Fees - Park Morton | | 252,386 |
| Fees - Walker Jones | | 30,322 |
| Other Revenue | | 8,019 |
| Interest | | 37 |
| Total Revenue | | 464,204 |
| **EXPENSES** | | |
| Salaries, wages & related taxes | $ | 188,855 |
| Automobile | | 3,279 |
| Bank Service | | 1,029 |
| Contributions | | 7,925 |
| Dues and Subscriptions | | 1,997 |
| Licenses and Permits | | 260 |
| Miscellaneous | | 6,648 |
| Postage and Delivery | | 416 |
| Printing and Reproduction | | 347 |
| Legal Fees | | 1,807 |
| Consulting | | 147,311 |
| Architect Fees | | 86,303 |
| Meals and Entertainment | | 2,187 |
| Office, General and Administrative | | 8,250 |
| Repairs | | 5,394 |
| Telephone | | 3,776 |
| Travel | | 7,856 |
| Utilities | | 2,621 |
| Total Expenses | | 476,261 |
| **NET INCOME (LOSS)** | | (12,057) |
| Accumulated deficit, at January 1 | | (15,147) |
| Accumulated deficit, at November 30 | $ | (27,204) |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**BANNEKER VENTURES, LLC**
**STATEMENT OF CASH FLOWS**
**AS OF NOVEMBER 30, 2007**

| | |
|---|---|
| **CASHFLOWS FROM OPERATING ACTIVITIES:** | |
| NET INCOME/(LOSS) | $ (12,057) |
| Adjustments To Reconcile Net Income/(Loss) To Net Cash From Operations: | |
| Loan to Other | (2,000) |
| NET CASH FROM OPERATING ACTIVITIES | (14,057) |
| **CASHFLOWS FROM INVESTING ACTIVITIES:** | |
| Purchase of Property, Plant, & Equipment | (5,276) |
| **CASHFLOWS FROM FINANCING ACTIVITIES:** | |
| Distributions to members' | (63,750) |
| Contributions by members' | 96,000 |
| **NET CASH FROM FINANCING ACTIVITIES** | 32,250 |
| **Net (Decrease) Increase in Cash** | 12,917 |
| **Cash Balance at January 1, 2007** | 11,520 |
| **Cash Balance at November 30, 2007** | $ 24,437 |

**BANNEKER VENTURES, LLC**
**STATEMENT OF MEMBERS' EQUITY**
**AS OF NOVEMBER 30, 2007**

| | | | |
|---|---|---|---|
| **BEGINNING MEMBERS EQUITY** | $ 174,488 | $ 235,403 | $ 409,891 |
| | *Omar A. Karim* | *Warren C. Williams* | Total |
| Share of Net Income | (6,029) | (6,028) | (12,057) |
| Contribution | 96,000 | - | 96,000 |
| Withdrawals | - | (63,750) | (63,750) |
| **ENDING MEMBERS' EQUITY (DEFICIT)** | $ 264,460 | $ 165,625 | $ 430,084 |

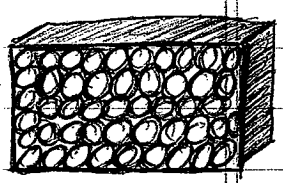
12/17 Bonaher Presentation

Derrick Woody - OP/DC

Jazz @ FL AVE

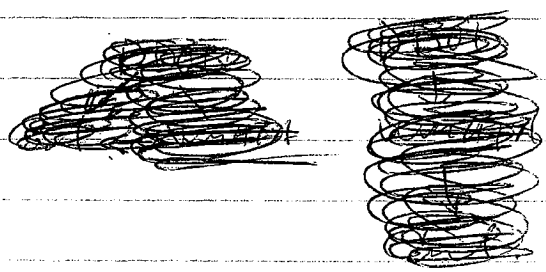
Bell st Fund. Replaces Donatelli Dev.

- Development / Investment Firm
- "Village" Concept
  - Ties to Community
  - Investment as personal to + Bell St Fund



No Contingencies (Except Financing)

- No Pre-lease req.
- No Pre-sale req.



FOIA CONFIDENTIAL TREATMENT REQUESTED

BANNEKER VENTURES, LLC

January 30, 2008

**BY HAND**

Rosalyn Doggett
Washington Metropolitan Transit Authority
600 Fifth Street, NW
Washington, DC 20001

RE: Shaw – Howard Florida Avenue Joint Development Solicitation

Dear Ms. Doggett:

As we discussed, attached please find the site plan board that we discussed with you and your team during the interview last month. Moreover, during this interview, you all asked when would WMATA receive its share of cash flow or profit from the project. As a development partner, WMATA would receive its share along with the other developers after a reasonable preferred return is paid to the equity investors (principally MacFarlane Partners). As we begin negotiating a term sheet with WMATA, we will know the exact return that will be. However, based on our negotiations to date with MacFarlane, it looks like the return would be 12%; I personally spoke with Victor MacFarlane, principal owner of MacFarlane Partners yesterday and he is very excited about the possibility of working with WMATA and the rest of the development team to build a breathtaking asset on these key parcels. Following payment of the preferred return, the development partners (including WMATA) would begin sharing in the share of cash flow and/or profit. We believe that with the guaranteed annual lease payment, coupled with this share in cash flow and/or profit, WMATA would best benefit from a partnership with our team.

Additionally, we expect to receive a letter from Howard University whereby we would enter into a MOU to be the developer of the CVS site adjacent to the WMATA-owned Shaw-Howard/Florida Avenue site. We expect the letter from Howard to come any moment; as soon as we receive it, we will have it couriered to you. We wanted to immediately inform you of this development as it may impact your consideration in making a final selection of an offeror that best suits your site. Please find an enclosed letter from Metropolis regarding their coming on as our development partner for the project. Also, please find three copies of updated site plans prepared by Torti Gallas. One of the scenarios shows the project being developed separately (CVS/Howard site and WMATA sites); the second scenario shows the project being developed together.

700 12th Street, NW • Suite 700 • Washington, D.C. 20005 • (202) 667-4110
814 Thayer Avenue • Suite 300 • Silver Spring, Maryland 20910 • (301) 565-4980
www.bannekerventures.com

FOIA CONFIDENTIAL TREATMENT REQUESTED 

The adjacent parcel owned by Howard and currently improved by a CVS, represents an important opportunity for WMATA to maximize density at this key intersection, and increasing WMATA ridership because of the proposed use on the site (a 140 room hotel), all while working with one development team to ensure the best project for these key parcels. Please also find attached 3 copies of the updated program incorporating the Howard-owned site. We would be happy to meet with you and your staff to discuss our plans for this site in more detail, the opportunities it presents for the WMATA-owned Shaw-Howard/Florida Avenue site, and to answer any remaining questions you may have about our proposal.

Thank you for your time and continued consideration. Please call me at (202) 667-4110 (office) or (301) 523-1810 (cell) with any questions.

Sincerely,

Omar A. Karim

Attachments

**From:** "Omar A. Karim" <okarim@bannekerventures.com>
**To:** "Marc E. Biondi" <mebiondi@wmata.com>, "Rosalyn Doggett" <rdoggett@wmata.com>
**Date:** 3/18/2008 12:19:43 PM
**Subject:** Re: Final - WMATA Florida Avenue Term Sheet

Rosalyn and Marc,
Upon Board approval, we will, without reservation, sign the Term Sheet referenced in the email below. We look forward to working with you to negotiate and execute a Definitive Agreement and Lease and developing this exciting project.
We will use the Term Sgeet that you just sent as the final version for our records to be executed by WMATA staff and a representative of Banneker following next month's Board meeting.
My best,
Omar

Omar A. Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, DC 20005
(202) 667-4110 office
(301) 523-1810 cell

-----Original Message-----
From: "Marc E. Biondi" <mebiondi@wmata.com>

Date: Tue, 18 Mar 2008 10:33:30
To:"Omar A. Karim" <okarim@bannekerventures.com>,"Rosalyn Doggett" <rdoggett@wmata.com>
Cc:"Warren Williams" <warren@bannekerventures.com>,"'Joshua Kern'" <joshuakern@districtdevelopmentgroup.com>,"'Guy Flynn'" <guy.flynn@dlapiper.com>,"'Seth Bryant'" <Seth.Bryant@dlapiper.com>,"'Merrick Malone'" <malone@metropolis-dc.com>
Subject: Re: Final - WMATA Florida Avenue Term Sheet

Attached please find a red-lined and clean copy of the Final Term Sheet.

Please note three things:

As discussed by Roz and Omar, "Lease" has been replaced by "Base Rent payment" in Sections 7.3.2 and 7.3.3.

No change was found in the document provided this morning in section 8.5 regarding FTA Approvals, please let me know if a change was made as indicated in Omar's email below.

The language following section 8.6, was relocated to the beginning of section 8 in the last WMATA draft and that insert remains in this draft. (The language was originally provided by DLA at the end of Section 8)

Omar please sign (or e-mail to say without reservation that you will sign upon Board approval).

Thanks for the speedy turnarounds,

Marc

Marc Biondi
Assistant General Counsel
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW

Washington, DC 20001

Direct Dial: 202-962-1011
Fax: 202-962-2550
mebiondi@wmata.com

THIS E-MAIL MESSAGE IS PRIVILEGED AND CONFIDENTIAL INFORMATION INTENDED ONLY FOR THE USE OF THE RECIPIENT NAMED ABOVE. IF THE READER OF THIS MESSAGE IS NOT THE NAMED RECIPIENT, OR THE AGENT RESPONSIBLE TO DELIVER IT TO THE NAMED RECIPIENT, YOU ARE NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION, COPYING OR OTHER USE OF THIS INFORMATION COMMUNICATION IS STRICTLY PROHIBITED AND NO PRIVILEGE IS WAIVED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY THE ABOVE-NAMED INDIVIDUAL IMMEDIATELY, COLLECT IF NECESSARY.

>>> "Omar A. Karim" <okarim@bannekerventures.com> 3/18/2008 9:03 AM >>>
Ms. Doggett,

As promised, attached please find a Final copy of the Term Sheet for the Florida Avenue project. We made five small comments reflected in Section 5.2 7.2, 8.5, 8.6 and 9.8.

Please call me with any questions.

Thank you in advance.

Omar

Omar A. Karim

Banneker Ventures, LLC

700 12th Street, NW, Suite 700

Washington, DC 20005

(202) 667-4110 office

(301) 523-1810 cell

okarim@bannekerventures.com

**CC:** "Warren Williams" <warren@bannekerventures.com>, "'Joshua Kern'" <joshuakern@districtdevelopmentgroup.com>, "Guy Flynn" <guy.flynn@dlapiper.com>, "Seth Bryant" <seth.bryant@dlapiper.com>, "Merrick Malone" <malone@metropolis-dc.com>

**VIA CERTIFIED MAIL, FASCIMILE AND E-MAIL**

August 24, 2007

Mr. Christopher Donatelli
President and CEO
Donatelli Development
7200 Wisconsin Avenue, Suite 310
Bethesda, MD 20814

RE: Proposal for Shaw-Howard WMATA Property

Dear Mr. Donatelli:

Thank you for your proposal todevelop Washington Metropolitan Area Transit Authority (WMATA) property on Florida Avenue near the Shaw-Howard University Metro station. WMATA is gratified to have received a number of proposals and has carefully reviewed them, together with representatives of the District of Columbia government. We have eliminated some proposals from further consideration.

We are now requesting a full proposal from your organization in accordance with WMATA's standard solicitation guidelines which are attached.

Note that the material supplied to WMATA to date is a not a substitute for that requested in this solicitation. In particular, ability to perform financially and the financial offer remain key considerations for WMATA.

WMATA is required by the Federal Transit Administration to sell or lease its property for the highest and best use which WMATA determines through an appraisal. The appraisal remains confidential. WMATA expects offers made at today's value to be escalated to the actual date of closing or first base rent payment and, in the case of a lease, escalated annually thereafter. WMATA is seeking firm commitments on payment dates and amounts. Your offer should include both.

WMATA's Board of Directors has expressed a preference for leasing rather than selling its property. To be competitive, a proposal for lease, as well as sale, should be submitted.

**Washington Metropolitan Area Transit Authority**

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

By Metrorail:
Judiciary Square—Red Line
Gallery Place-Chinatown—Red, Green and Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6, 70, 71, 80, X2

*A District of Columbia, Maryland and Virginia Transit Partnership*

Local jurisdiction and community representatives who should be contacted, as required for full proposals, are:

Geraldine Gardner, Acting Associate Director for Neighborhood Planning, DC Office of Planning, 202-442-7619, Geraldine.Gardner@dc.gov

Myla Moss, Vice Chairman, Advisory Neighborhood Commission 1B, 202-462-4913, mjmenjoy@yahoo.com

We look forward to receiving your full proposal. Please deliver it to WMATA headquarters at 600 Fifth Street, NW by 3 p.m. on Friday, October 5, 2007. If you have any questions, please call Rosalyn Doggett at 202-962-2208.

Sincerely,

Joel R. Washington
Acting Director
Office of Property Development and Management

Attachment

**VIA CERTIFIED MAIL, FASCIMILE AND E-MAIL**

August 24, 2007

Ms. Nicole Totah, Manager
Symmetry
600 Jefferson Plaza, Suite 550
Rockville, MD 20852

RE: Proposal for Shaw-Howard WMATA Property

Dear Ms. Totah:

Thank you for your proposal to develop Washington Metropolitan Area Transit Authority (WMATA) property on Florida Avenue near the Shaw-Howard University Metro station. WMATA is gratified to have received a number of proposals and has carefully reviewed them, together with representatives of the District of Columbia government. We have eliminated some proposals from further consideration.

We are now requesting a full proposal from your organization in accordance with WMATA's standard solicitation guidelines which are attached.

Note that the material supplied to WMATA to date is a not a substitute for that requested in this solicitation. In particular, ability to perform financially and the financial offer remain key considerations for WMATA.

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WMATA's Board of Directors has expressed a preference for leasing rather than selling its property. To be competitive, a proposal for lease, as well as sale, should be submitted.

**Washington Metropolitan Area Transit Authority**

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

By Metrorail:
Judiciary Square—Red Line
Gallery Place-Chinatown—
Red, Green and
Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6,
70, 71, 80, X2

*A District of Columbia, Maryland and Virginia Transit Partnership*

Local jurisdiction and community representatives who should be contacted, as required for full proposals, are:

Geraldine Gardner, Acting Associate Director for Neighborhood Planning, DC Office of Planning, 202-442-7619, Geraldine.Gardner@dc.gov

Myla Moss, Vice Chairman, Advisory Neighborhood Commission 1B, 202-462-4913, mjmenjoy@yahoo.com

We look forward to receiving your full proposal. Please deliver it to WMATA headquarters at 600 Fifth Street, NW by 3 p.m. on Friday, October 5, 2007. If you have any questions, please call Rosalyn Doggett at 202-962-2208.

Sincerely,

Joel R. Washington
Acting Director
Office of Property Development and Management

Attachment

**VIA CERTIFIED MAIL, FASCIMILE AND E-MAIL**

August 24, 2007

Mr. Joshua Adler, Principal
LaKritz Adler Development, LLC
4326 8th Street, NW
Washington, DC 20011

RE: Proposal for Shaw-Howard WMATA Property

Dear Mr. Adler:

Thank you for your proposal to develop Washington Metropolitan Area Transit Authority (WMATA) property on Florida Avenue near the Shaw-Howard University Metro station. WMATA is gratified to have received a number of proposals and has carefully reviewed them, together with representatives of the District of Columbia government. We have eliminated some proposals from further consideration.

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Sincerely,

Joel R. Washington
Acting Director
Office of Property Development and Management

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**VIA CERTIFIED MAIL, FASCIMILE AND E-MAIL**

August 24, 2007

Mr. Scott Pannick, President
Metropolis Development Company, LLC
1327 14th Street, NW, Suite 200
Washington, DC 20007

RE: Proposal for Shaw-Howard WMATA Property

Dear Mr. Pannick:

Thank you for your proposal to develop Washington Metropolitan Area Transit Authority (WMATA) property on Florida Avenue near the Shaw-Howard University Metro station. WMATA is gratified to have received a number of proposals and has carefully reviewed them, together with representatives of the District of Columbia government. We have eliminated some proposals from further consideration.

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Sincerely,

Joel R. Washington
Acting Director
Office of Property Development and Management

Attachment

**VIA CERTIFIED MAIL, FASCIMILE AND E-MAIL**

August 24, 2007

Mr. Omar Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, DC 20005

RE: Proposal for Shaw-Howard WMATA Property

Dear Mr. Karim:

Thank you for your proposal to develop Washington Metropolitan Area Transit Authority (WMATA) property on Florida Avenue near the Shaw-Howard University Metro station. WMATA is gratified to have received a number of proposals and has carefully reviewed them, together with representatives of the District of Columbia government. We have eliminated some proposals from further consideration.

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Sincerely,

Joel R. Washington
Acting Director
Office of Property Development and Management

Attachment

**VIA CERTIFIED MAIL, FASCIMILE AND E-MAIL**

August 24, 2007

Mr. Moddie Turay, President
Moddie Turay Company, LLC
2500 Q Street, NW, Suite 338
Washington, DC 20007

RE: Proposal for Shaw-Howard WMATA Property

Dear Mr. Turay:

Thank you for your proposal to develop Washington Metropolitan Area Transit Authority (WMATA) property on Florida Avenue near the Shaw-Howard University Metro station. WMATA is gratified to have received a number of proposals and has carefully reviewed them, together with representatives of the District of Columbia government. We have eliminated some proposals from further consideration.

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Sincerely,

Joel R. Washington
Acting Director
Office of Property Development and Management

Attachment

**VIA CERTIFIED MAIL, FASCIMILE AND E-MAIL**

August 24, 2007

Mr. Lamont Hoffman, CEO
P.N. Hoffman, Inc.
4725 Wisconsin Avenue, NW, Suite 200
Washington, DC 20016

RE: Unsolicited Proposal for Shaw-Howard WMATA Property

Dear Mr. Hoffman:

Thank you for your unsolicited proposal to develop Washington Metropolitan Area Transit Authority (WMATA) property on Florida Avenue near the Shaw-Howard University Metro station. As you may know, in accordance with our Policies and Guidelines, we advertised the sites for competitive offers and received a number of proposals. We have carefully reviewed the additional proposals, as well as yours, along with representatives of the District of Columbia government.

We have concluded that your proposed use does not meet City objectives for intensive development of the sites. Further, your financial offer was the lowest received and does not meet our expectations of value. Therefore, we will not be requesting a full proposal from your organization.

We thank you for your interest in the sites and regret that this opportunity did not work out. We hope that you will consider other WMATA requests for proposals in the future.

If you have any questions, please call Rosalyn Doggett at (202) 962-2208.

Sincerely,

Joel R. Washington
Acting Director
Office of Property Development and Management

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**VIA CERTIFIED MAIL, FASCIMILE AND E-MAIL**

August 24, 2007

Mr. Edward J. Morgan, Principal
Trammell Crow Company
1055 Thomas Jefferson Street, NW
Washington, DC 20007

RE: Proposal for Shaw-Howard WMATA Property

Dear Mr. Morgan:

Thank you for your proposal to develop Washington Metropolitan Area Transit Authority (WMATA) property on Florida Avenue near the Shaw-Howard University Metro station. WMATA is gratified to have received a number of proposals and has carefully reviewed them, together with representatives of the District of Columbia government.

We have concluded that your proposed use does not meet City objectives for development of the sites as set forth in the adopted plan for the area. Therefore, we will not be requesting a full proposal from your organization.

We thank you for your interest in our sites and appreciate the time and effort you put into preparing your proposal. We hope that you will consider other WMATA requests for proposals in the future.

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**VIA CERTIFIED MAIL, FASCIMILE AND E-MAIL**

August 24, 2007

Ms. Ana Marie Boitel
Chair, Board of Directors
Spanish Education Development Center
1840 Kalorama Road, NW
Washington, DC 20009

RE: Proposal for Shaw-Howard WMATA Property

Dear Ms. Boitel:

Thank you for your proposal to develop Washington Metropolitan Area Transit Authority (WMATA) property on Florida Avenue near the Shaw-Howard University Metro station. WMATA is gratified to have received a number of proposals and has carefully reviewed them, along with representatives of the District of Columbia government.

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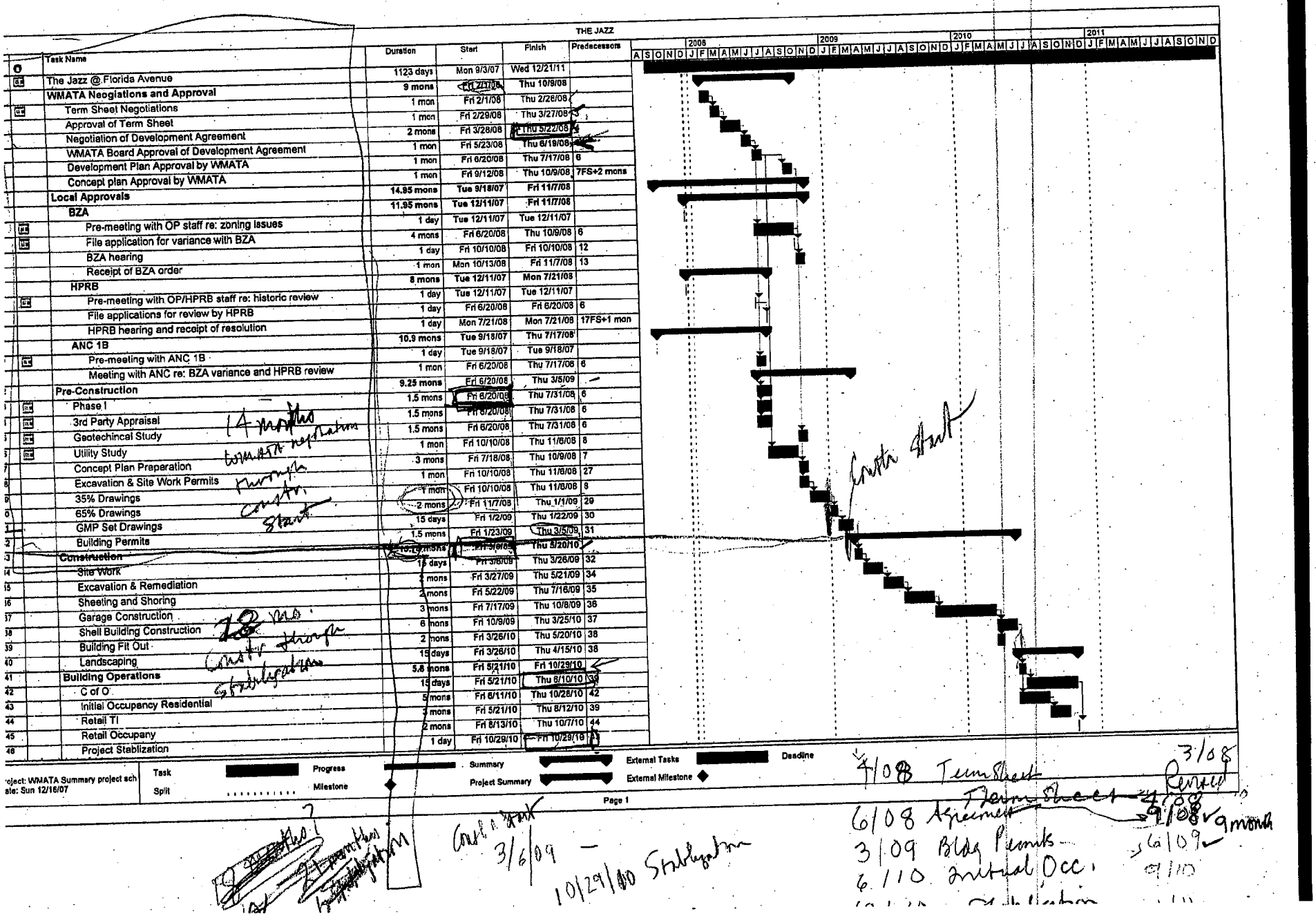
FOIA CONFIDENTIAL TREATMENT REQUESTED




| | Task Name | Duration | Start | Finish | Predecessors |
|---|---|---|---|---|---|
| 0 | The Jazz @ Florida Avenue | 1123 days | Mon 9/3/07 | Wed 12/21/11 | |
| | WMATA Negotiations and Approval | 9 mons | Fri 2/1/08 | Thu 10/9/08 | |
| | Term Sheet Negotiations | 1 mon | Fri 2/1/08 | Thu 2/28/08 | |
| | Approval of Term Sheet | 1 mon | Fri 2/29/08 | Thu 3/27/08 | 3 |
| | Negotiation of Development Agreement | 2 mons | Fri 3/28/08 | Thu 5/22/08 | 4 |
| | WMATA Board Approval of Development Agreement | 1 mon | Fri 5/23/08 | Thu 6/19/08 | |
| | Development Plan Approval by WMATA | 1 mon | Fri 6/20/08 | Thu 7/17/08 | 6 |
| | Concept plan Approval by WMATA | 1 mon | Fri 9/12/08 | Thu 10/9/08 | 7FS+2 mons |
| | Local Approvals | 14.95 mons | Tue 9/18/07 | Fri 11/7/08 | |
| | BZA | 11.95 mons | Tue 12/11/07 | Fri 11/7/08 | |
| | Pre-meeting with OP staff re: zoning issues | 1 day | Tue 12/11/07 | Tue 12/11/07 | |
| | File application for variance with BZA | 4 mons | Fri 6/20/08 | Thu 10/9/08 | 6 |
| | BZA hearing | 1 day | Fri 10/10/08 | Fri 10/10/08 | 12 |
| | Receipt of BZA order | 1 mon | Mon 10/13/08 | Fri 11/7/08 | 13 |
| | HPRB | 8 mons | Tue 12/11/07 | Mon 7/21/08 | |
| | Pre-meeting with OP/HPRB staff re: historic review | 1 day | Tue 12/11/07 | Tue 12/11/07 | |
| | File applications for review by HPRB | 1 day | Fri 6/20/08 | Fri 6/20/08 | 6 |
| | HPRB hearing and receipt of resolution | 1 day | Mon 7/21/08 | Mon 7/21/08 | 17FS+1 mon |
| | ANC 1B | 10.9 mons | Tue 9/18/07 | Thu 7/17/08 | |
| | Pre-meeting with ANC 1B | 1 day | Tue 9/18/07 | Tue 9/18/07 | |
| | Meeting with ANC re: BZA variance and HPRB review | 1 mon | Fri 6/20/08 | Thu 7/17/08 | 6 |
| | Pre-Construction | 9.25 mons | Fri 6/20/08 | Thu 3/5/09 | |
| | Phase I | 1.5 mons | Fri 6/20/08 | Thu 7/31/08 | 6 |
| | 3rd Party Appraisal | 1.5 mons | Fri 6/20/08 | Thu 7/31/08 | 6 |
| | Geotechincal Study | 1.5 mons | Fri 6/20/08 | Thu 7/31/08 | 6 |
| | Utility Study | 1 mon | Fri 10/10/08 | Thu 11/6/08 | 8 |
| | Concept Plan Preperation | 3 mons | Fri 7/18/08 | Thu 10/9/08 | 7 |
| | Excavation & Site Work Permits | 1 mon | Fri 10/10/08 | Thu 11/6/08 | 27 |
| | 35% Drawings | 1 mon | Fri 10/10/08 | Thu 11/6/08 | 8 |
| | 65% Drawings | 2 mons | Fri 11/7/08 | Thu 1/1/09 | 29 |
| | GMP Set Drawings | 15 days | Fri 1/2/09 | Thu 1/22/09 | 30 |
| | Building Permits | 1.5 mons | Fri 1/23/09 | Thu 3/5/09 | 31 |
| | Construction | 10.13 mons | Fri 3/6/09 | Thu 8/20/10 | |
| | Site Work | 15 days | Fri 3/6/09 | Thu 3/26/09 | 32 |
| | Excavation & Remediation | 2 mons | Fri 3/27/09 | Thu 5/21/09 | 34 |
| | Sheeting and Shoring | 2 mons | Fri 5/22/09 | Thu 7/16/09 | 35 |
| | Garage Construction | 3 mons | Fri 7/17/09 | Thu 10/8/09 | 36 |
| | Shell Building Construction | 6 mons | Fri 10/9/09 | Thu 3/25/10 | 37 |
| | Building Fit Out | 2 mons | Fri 3/26/10 | Thu 5/20/10 | 38 |
| | Landscaping | 15 days | Fri 3/26/10 | Thu 4/15/10 | 38 |
| | Building Operations | 5.8 mons | Fri 5/21/10 | Fri 10/29/10 | |
| | C of O | 15 days | Fri 5/21/10 | Thu 6/10/10 | 39 |
| | Initial Occupancy Residential | 5 mons | Fri 6/11/10 | Thu 10/28/10 | 42 |
| | Retail TI | 3 mons | Fri 5/21/10 | Thu 8/12/10 | 39 |
| | Retail Occupany | 2 mons | Fri 8/13/10 | Thu 10/7/10 | 44 |
| | Project Stablization | 1 day | Fri 10/29/10 | Fri 10/29/10 | 45 |

WMATA-INV 007680

# Updated Project Pro Forma

FOIA CONFIDENTIAL TREATMENT REQUESTED

THE JAZZ

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| 15 | **HPRB** | 8 mons | Tue 12/11/07 | Mon 7/21/08 | |
| 16 | Pre-meeting with OP/HPRB staff re: historic review | 1 day | Tue 12/11/07 | Tue 12/11/07 | |
| 17 | File applications for review by HPRB | 1 day | Fri 6/20/08 | Fri 6/20/08 | 6 |
| 18 | HPRB hearing and receipt of resolution | 1 day | Mon 7/21/08 | Mon 7/21/08 | 17FS+1 mon |
| 19 | **ANC 1B** | 10.9 mons | Tue 9/18/07 | Thu 7/17/08 | |
| 20 | Pre-meeting with ANC 1B | 1 day | Tue 9/18/07 | Tue 9/18/07 | |
| 21 | Meeting with ANC re: BZA variance and HPRB review | 1 mon | Fri 6/20/08 | Thu 7/17/08 | 6 |
| 22 | **Pre-Construction** | 9.25 mons | Fri 6/20/08 | Thu 3/5/09 | |
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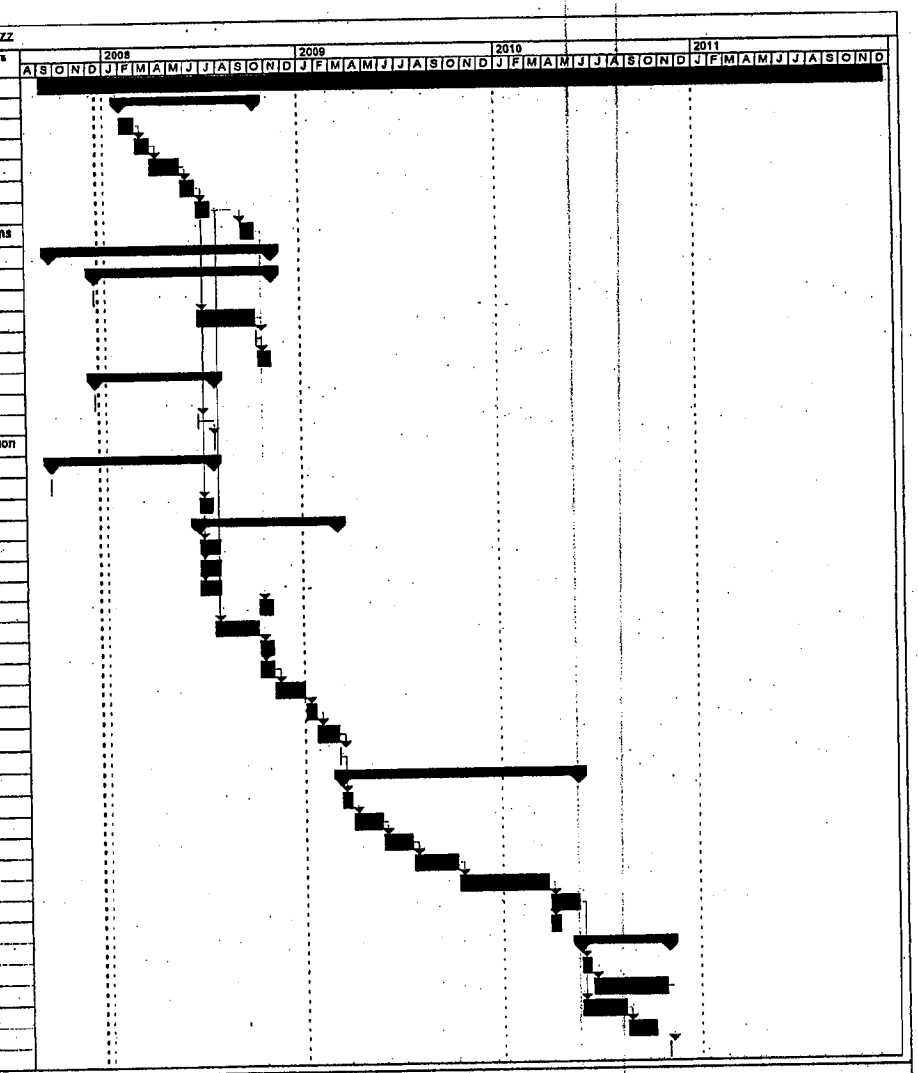
| 31 | GMP Set Drawings | 15 days | Fri 1/2/09 | Thu 1/22/09 | 30 |
| 32 | Building Permits | 1.5 mons | Fri 1/23/09 | Thu 3/5/09 | 31 |
| 33 | **Lease execution with WMATA** | 1 day | Fri 3/6/09 | Fri 3/6/09 | 32 |
| 34 | **Construction** | 15.75 mons | Mon 3/9/09 | Fri 5/21/10 | |
| 35 | Site Work | 15 days | Mon 3/9/09 | Fri 3/27/09 | 33 |
| 36 | Excavation & Remediation | 2 mons | Mon 3/30/09 | Fri 5/22/09 | 35 |
| 37 | Sheeting and Shoring | 2 mons | Mon 5/25/09 | Fri 7/17/09 | 36 |
| 38 | Garage Construction | 3 mons | Mon 7/20/09 | Fri 10/9/09 | 37 |
| 39 | Shell Building Construction | 6 mons | Mon 10/12/09 | Fri 3/26/10 | 38 |
| 40 | Building Fit Out | 2 mons | Mon 3/29/10 | Fri 5/21/10 | 39 |
| 41 | Landscaping | 15 days | Mon 3/29/10 | Fri 4/16/10 | 39 |
| 42 | **Building Operations** | 5.5 mons | Mon 5/24/10 | Mon 11/1/10 | |
| 43 | C of O | 15 days | Mon 5/24/10 | Fri 6/11/10 | 40 |
| 44 | Initial Occupancy Residential/Stabilization | 5 mons | Mon 6/14/10 | Fri 10/29/10 | 43 |
| 45 | Retail TI | 3 mons | Mon 5/24/10 | Fri 8/13/10 | 40 |
| 46 | Retail Occupany/Stabilization | 2 mons | Mon 8/16/10 | Fri 10/8/10 | 45 |
| 47 | Project Stabilization | 1 day | Mon 11/1/10 | Mon 11/1/10 | 44 |




Project: WMATA Summary project sch
Date: Mon 12/17/07

Task | Split | Progress | Milestone | Summary | Project Summary | External Tasks | External Milestone | Deadline



WMATA-INV 007682

# Financial Statements

# BANNEKER VENTURES, LLC

## FINANCIAL STATEMENTS

## AS OF NOVEMBER 30, 2007

**BANNEKER VENTURES, LLC**
**FINANCIAL STATEMENTS**
**AS OF NOVEMBER 30, 2007**

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| STATEMENT OF CASHFLOWS | 3 |

BANNEKER VENTURES,LLC
BALANCE SHEET
AS OF NOVEMBER 30, 2007

| | |
|---|---|
| **ASSETS** | |
| **CURRENT ASSETS** | |
| Cash | $ 24,437 |
| Due from Affiliates | 17,001 |
| Loan to Other | 2,000 |
| Total Current Assets | 43,438 |
| **PROPERTY AND EQUIPMENT** | |
| Total Property and Equipment | 37,646 |
| Accumulated Depreciation | (2,000) |
| Property and Equipment, net | 35,646 |
| **OTHER ASSETS** | |
| Investments in 814 Thayer, LLC | 351,000 |
| Total Other Assets | 351,000 |
| **TOTAL ASSETS** | 430,084 |
| **LIABILITIES AND MEMBERS' EQUITY** | |
| **MEMBERS' EQUITY** | |
| Members' Equity | 430,084 |
| Total Members' Equity | 430,084 |
| **TOTAL LIABILITIES AND MEMBERS' EQUITY** | $ 430,084 |

**BANNEKER VENTURES, LLC**
**STATEMENT OF INCOME**
**AS OF NOVEMBER 30, 2007**

| | |
|---|---|
| **REVENUE** | |
| Fees - 814 Thayer | $ 173,440 |
| Fees - Park Morton | 252,386 |
| Fees - Walker Jones | 30,322 |
| Other Revenue | 8,019 |
| Interest | 37 |
| Total Revenue | 464,204 |
| **EXPENSES** | |
| Salaries, wages & related taxes | $ 188,855 |
| Automobile | 3,279 |
| Bank Service | 1,029 |
| Contributions | 7,925 |
| Dues and Subscriptions | 1,997 |
| Licenses and Permits | 260 |
| Miscellaneous | 6,648 |
| Postage and Delivery | 416 |
| Printing and Reproduction | 347 |
| Legal Fees | 1,807 |
| Consulting | 147,311 |
| Architect Fees | 86,303 |
| Meals and Entertainment | 2,187 |
| Office, General and Administrative | 8,250 |
| Repairs | 5,394 |
| Telephone | 3,776 |
| Travel | 7,856 |
| Utilities | 2,621 |
| Total Expenses | 476,261 |
| **NET INCOME (LOSS)** | (12,057) |
| Accumulated deficit, at January 1 | (15,147) |
| Accumulated deficit, at November 30 | $ (27,204) |

BANNEKER VENTURES, LLC
STATEMENT OF CASH FLOWS
AS OF NOVEMBER 30, 2007

| | |
|---|---|
| **CASHFLOWS FROM OPERATING ACTIVITIES:** | |
| NET INCOME/(LOSS) | $ (12,057) |
| Adjustments To Reconcile Net Income/(Loss) To Net Cash From Operations: | |
| Loan to Other | (2,000) |
| NET CASH FROM OPERATING ACTIVITIES | (14,057) |
| **CASHFLOWS FROM INVESTING ACTIVITIES:** | |
| Purchase of Property, Plant, & Equipment | (5,276) |
| **CASHFLOWS FROM FINANCING ACTIVITIES:** | |
| Distributions to members' | (63,750) |
| Contributions by members' | 96,000 |
| **NET CASH FROM FINANCING ACTIVITIES** | 32,250 |
| **Net (Decrease) Increase in Cash** | 12,917 |
| **Cash Balance at January 1, 2007** | 11,520 |
| **Cash Balance at November 30, 2007** | $ 24,437 |

**BANNEKER VENTURES, LLC**
**STATEMENT OF MEMBERS' EQUITY**
**AS OF NOVEMBER 30, 2007**

| | | | |
|---|---|---|---|
| **BEGINNING MEMBERS EQUITY** | $ 174,488 | $ 235,403 | $ 409,891 |
| | *Omar A. Karim* | *Warren C. Williams* | Total |
| Share of Net Income | (6,029) | (6,028) | (12,057) |
| Contribution | 96,000 | - | 96,000 |
| Withdrawals | - | (63,750) | (63,750) |
| **ENDING MEMBERS' EQUITY (DEFICIT)** | $ 264,460 | $ 165,625 | $ 430,084 |

# Updated Project Pro Forma

December 4, 2007

Omar A. Karim, Principal
Banneker Ventures, LLC.
700 12th Street, NW Suite 700
Washington, DC 20005

Re: Shaw-Howard Florida Avenue Joint Development Site

Dear Mr. Karim:

Thank you for the submission of your proposal for the above-referenced 2007 Joint Development Solicitation (JDS) site.

The purpose of this letter is to bring to your attention missing or incomplete items or items that require further discussion and clarification. We would like to schedule an oral presentation by your team on December 17, 2007 at 10:30 a.m. at WMATA headquarters and have attached instructions for the presentation. We ask that you provide 10 copies of the supplementary information requested in this letter not later than the presentation and preferably before so that we may first review it.

The following items need clarification, correction or completion:

Technical Information

Within the schedule you presented, please indicate the outside, firm date by which a lease would be executed.

What, if any, zoning approvals or variances will you be seeking for Parcels 1 or 3?

Please explain your schedule more fully. It appears to build in very long time periods for negotiating a WMATA agreement and not enough time for local historic preservation, zoning, and building permit approvals.

Also, please provide an outside date for stabilization.

How will you finance affordable housing piece?

**Washington Metropolitan Area Transit Authority**

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

By Metrorail:
Judiciary Square—Red Line
Gallery Place-Chinatown—Red, Green and Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6, 70, 71, 80, X2

*A District of Columbia, Maryland and Virginia Transit Partnership*

FOIA CONFIDENTIAL TREATMENT REQUESTED

Assess the market for rental apartments in the area now that conversions of condominium projects to rental product are occurring. Is the market becoming oversaturated with rentals and would you expect to experience difficulty in obtaining financing for your project.?

Do you have prospective tenants for the Robeson museum or themed restaurant?

Have you discussed with DDOT the proximity of the Parcel 2 garage entrance to Florida Avenue?

Economic Information

WMATA expects escalation in the sale or rent amount from today's values if closing is delayed beyond a year. Please indicate how you would satisfy this requirement.

The pro forma rents do not seem to square with the schedule. For example, stabilization seems to take 7 months in the schedule but the pro forma appears to show a longer time. Please reconcile.

WMATA also expects and receives participations in capital events and in cash flow (or, alternatively to cash flow, revaluation of the project in which rent values do not fall below the previous year). Please provide your proposal.

Provide evidence of the interest of MacFarlane Partners in providing equity for this project. Do you have alternative equity sources?

Document the creditworthiness of the entire team. Banking references are provided only for the Donatelli part of the partnership, which is 30% of the team.

Please submit the balance sheets that the proposal indicates will be provided under separate cover.

We look forward to your presentation and to further discussion on this project.

Sincerely,

Joel R. Washington

Joel R. Washington, Director
Station Area Planning and Asset Management

Attachment

Working Copy

BANNEKER VENTURES, LLC

December 14, 2007

**BY HAND**

To

Joel R. Washington, Director
Station Area Planning and Asset Management
Washington Metropolitan Transit Authority
600 Fifth Street, NW
Washington, DC 20001

RE: Clarification from Response to Shaw – Howard Florida Avenue Joint Development Solicitation

Dear Mr. Washington:

Thank you for your letter dated December 4, 2007 regarding items in our team's response to the Joint Development Solicitation for the above-referenced site. We are extremely excited about the possibility of partnering with the Washington Metropolitan Area Transit Authority ("WMATA") to develop this key site along the Florida Avenue/U Street corridor.

Below, please find our responses to the issues that you raised in your letter. We hope that these answers, along with our presentation on December 17th will demonstrate our capability and commitment to developing these key parcels.

Technical Information

***Within the schedule you presented, please indicate the outside, firm date, by which a lease would be executed?*** March 6, 2009 hor hong

***What, if any, zoning approvals or variances will you be seeking for Parcels 1 or 3?*** A zoning variance (for parking and loading) would be sought for Parcel 1. A zoning variance (for parking) would be sought for Parcel 2. No variance will be sought for Parcel 3.

700 12th Street, NW • Suite 700 • Washington, D.C. 20005 • (202) 667-4110
814 Thayer Avenue • Suite 300 • Silver Spring, Maryland 20910 • (301) 565-4980
www.bannekerventures.com

FOIA CONFIDENTIAL TREATMENT REQUESTED

***Please explain your schedule more fully.*** A detailed schedule is attached which includes time for historic preservation review, zoning review, and building permit approvals.

***Please provide an outside date for stabilization.*** October 29, 2010

***Assess the market for rental apartments in the area.*** According to the most recent (Third Quarter 2007) Delta Associates Mid-Atlantic Market Report, the "Washington metro area remains healthy despite softening conditions. Unemployment remains one of the lowest in the nation [3.3% as of July 2007] and jobs continue to expand at an above-average pace." According to the Report, the effective rent per square foot (as of September 2007) for Class A rental high-rise apartments is $2.86 with the average effective rent at $2,447 per unit, with a 1.2% concession. Stabilized vacancies remain at 1.3% and overall vacancies are at 4.1%. The monthly absorption pace per project for the most recently delivered market-rate projects are at 5 months; our project has 7 months in the schedule which provides some cushion to the market.

Delta reports that "[a]lthough the [apartment] pipeline has grown significantly in response to the recent robust performance of the apartment market and as a result of developers reprogramming condo projects in light of the slowing condominium market." The "District's 36-month pipeline of projects has grown to 6,353 units as of September 2007, a large jump from the previous quarter. Despite this uptick in the pipeline, the District currently retains the healthiest supply-demand balance in the region. The report further states that "[v]acancies are extremely low – up to 1.3% from a paltry 0.8% one year ago – and rent growth is the strongest in the region at 6.5% per annum. Additional development of exceptionally designed and well located projects would appear warranted. Since The Jazz @ Florida Avenue is exceptionally designed (according to the Office of Planning) and is well located (2 blocks from 2 Metro stations), we believe that a proposed rental project at this located is warranted.

***Do you have prospective tenants for the Paul Robeson Theatrical Museum or themed restaurant?*** Yes. We have prospective tenants for the museum as evidenced by the letter of interest on the following pages. Moreover, the Utopia Jazz Restaurant, a national restaurant based in Charlotte, NC and partially owned by NBA and former co-owner of the Washington Wizards Michael Jordan, a letter of interest of which is also attached.

***Have you discussed with DDOT the proximity of the Parcel 2 garage entrance to Florida Avenue?*** We have met with DDOT and OP about the proximity of the garage entrance to Parcel 2 and they prefer that the alley between Parcels 1 and 2 be widened

to allow for the garage entrance to come off the alley. Our proposed design can certainly accommodate their preference.

Economic Information

***WMATA expects escalation in the sale or rent amount from today's values if closing is delayed beyond a year.*** If closing is delayed beyond a year, we will be prepared to pay WMATA a 3% increase in the pre-development rent.

***The pro forma rents do not seem to square with the schedule.*** Attached is a revised schedule that reconciles with the stabilization date of the pro-forma.

***WMATA expects and receives participations in capital events and in cash flow. Please provide your proposal.*** We will be prepared to pay WMATA 10% of the net proceeds upon the sale or revaluation of the project.

***Provide evidence of the interest of MacFarlane Parnters in providing equity for this project.*** Attached please find letters of interests from MacFarlane Partners, D.C. Housing Finance Agency, The Bank of Georgetown, PNC Bank, BB&T Bank and Fidelity & Trust Bank.

***Document the creditworthiness of the entire team.*** Banking references are enclosed as part of the letters of interests.

***Please submit balance sheets.*** Financial statements for each of the developer's will be delivered to the WMATA staff at the presentation on Monday.

Thank you for the opportunity to be considered for your development partner. We look forward to further expounding upon our capabilities during the oral presentation on Monday, December 17th at 10:30 am at your headquarters.

Sincerely,

Omar A. Karim

## Letter of Interests from Prospective Retail Tenants

3030 NEBRASKA AVENUE | PENTHOUSE | SANTA MONICA, CA 90404 | TEL: 310 453 1400 | FAX: 310 453 6760

HIDDEN
BEACH
RECORDINGS

July 15, 2007

Mr. Omar Karim
Banneker Ventures, L .C
700 12th Street, NW, Suite 700
Washington, D.C. 200 05

Re: The Jazz@ Florid: Avenue Project/ The Utopia Jazz Restaurant & Lounge

Omar:

I am writing this lette: to express my interest in trying to open a live jazz restaurant as apart of the Jazz@ Flc rida Avenue Project. Being a co-founder of the music label Hidden Beach Recordings whi :h is home of artists like Jill Scott, Mike Phillips, and Kindred the Family Soul, I could n ot think of a way better way to come back and thank the Washington, D.C. cor munity for their support for our label and our artists than to put this live music venue i the nation's capitol.

I am currently in the p ocess of opening a similar restaurant in Charlotte, N.C. called Utopia, which is due t open in September 2007 with two partners named Kennedy Howard and Juvenile Ogbuneke. Kennedy and Juvenile are currently owners of a restaurant in Charlotte. N.C. called The Jazz Café, which opened May 29, 2005. The Jazz Café has had shows wi th national recording artists such as Mike Phillips, D.C. native Marcus Johnson, Mari n Meadows, Pieces of a Dream, Ronnie Laws, Walter Beasley, D.C. natives Spur of t e Moment, and Hidden Beach Recording artist Jeff Bradshaw just to name a few.

Our interest in being a art of this exciting new venture is great and I would definitely like to continue dialog wit you to see if we can make this a reality. Please let me know if you have any questions an I can be reached at 310-489-3122.

Best Regards,

Charles Whitfield
Hidden Beach Recordi gs
Santa Monica, Ca.

FOIA CONFIDENTIAL TREATMENT REQUESTED

# HANDSHAKE
## PRODUCTIONS

To: Omar Karim, Banneker Ventures, LLC
From: Bryant "Preacher" Moss, Handshake Productions
Re: Letter of Interest for Café Space in The "Jazz@ Florida Avenue"

Mr. Omar Karim,

This letter is to inform you of Handshake Production LLC interest in becoming a tenant for the proposed café at The "Jazz& Florida Avenue."

My organizational team has a combined forty years of entertainment, and event management experience. We have experience in cultural programming, diversity programming, and event marketing. Furthermore, our organization has extensive experience in developing branded content, and marketing.

Our goals for the space above mentioned is to develop it as a multi-night establishment with a result defined as being a "community project." We intend on using an integrated model of 1) community artistic need, 2) balanced project management, 3) technology, and 4) a strong marketing plan. We wish to offer several options such as cross-cultural, and cross-community events. As well it is our hope to have comedy, as the anchor program in it's initial start up stages. We believe that we can leverage our entertainment networks to deliver high quality, affordable, "community relevant" programming to the Washington Metropolitan Area.

Our organizational and concept development team are:

Bryant "Preacher" Mr. Moss- Moss is the current CEO of the internationally acclaimed, "Allah Made Me Funny" Comedy Tour. He has produced numerous multi-media projects, and also produced the upcoming feature film, "Allah Made Me Funny-Live in Concert." He has over twenty-three years in various aspects of entertainment, brand development, and project management.

Azhar Usman- Mr. Usman is an equity partner in "Allah Made Me Funny" The Official Muslim Comedy Tour, and a practicing lawyer. He serves as the contract and negotiations lead for new product, and project development. As well, he is the Creative Director for Handshake Productions.

John Xeras- Mr. Xeras has over twenty years in the restaurant and entertainment

FOIA CONFIDENTIAL TREATMENT REQUESTED

business. He has owned and managed two Washington area nightclubs. He is still a managing partner in the IMPROV comedy club, and the Riot Act Comedy club. He also has over twenty years of brand content development, and event management. He is also the CEO of Riot Act Entertainment.

In closing we look forward to hear from regarding this opportunity.

B. "Preacher" Moss, Handshake Productions
240.432.7133

## Letter of Interests from Financing Partners

MACFARLANE PARTNERS

December 13, 2007

Mr. Omar Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, DC 20005

Re: The Jazz @ Florida Avenue RFP

Dear Omar:

MacFarlane Partners is pleased to continue working with you and to join, as your investor/equity partner, the team led by your firm ("Banneker") in submitting a final plan to WMATA to develop The Jazz @ Florida Avenue in response to the WMATA Request for Proposal that was submitted on May 31, 2007. Having looked at other projects with you, we recognize Banneker as a leading minority-owned developer in the Washington, D.C., region, and believe that our financial strength can enhance your team's development capability. We also recognize the strong participation of another leading Washington, D.C., minority-owned developer – District Development Group.

We have reviewed your most recent proposal for the development of The Jazz @ Florida Avenue mixed-use project and believe your development plan to be qualitatively sound and attractive. Based on our discussions and negotiations, MacFarlane Partners will provide Banneker with the required equity for pre-development and development activities, including land acquisition. Based on the current development plan, the team expects the total development costs to be approximately $35 million, which will require approximately $8 million of equity. Our investment will be made on the terms upon which the team has previously agreed. These terms are consistent with structures we have utilized with other local developers in our most recent ventures.

MacFarlane Partners is a minority-owned real estate investment management firm that invests primarily in development and redevelopment projects, such as The Jazz @ Florida Avenue, in urban areas nationwide. The firm's investments to date are helping to develop, redevelop or reposition $19 billion in urban properties, encompassing 20 million square feet of commercial space and 26,000 multifamily housing units in Washington, D.C.; New York City; Los Angeles; Orange County; and the San Francisco Bay Area. We maintain several offices around the country, including one in Washington, D.C.

Having invested in urban, mixed-use development projects – sometimes serving as developers ourselves -- we believe we have the requisite experience and skill to assist you and the rest of the team in developing The Jazz @ Florida Avenue that is successful for both WMATA and District residents. We specialize in complex projects that require creative financing and innovative structuring. We also are accustomed to working with our development partners and local government agencies to form public/private partnerships, as well as resolve the regulatory and environmental issues that urban-infill projects typically encounter.

1155 Connecticut Avenue, NW 3rd Floor Washington, DC 20036 Phone 202.572.0700 Fax 202.572.0699

FOIA CONFIDENTIAL TREATMENT REQUESTED

Highlighted below are a few of the projects in which we have invested.

- **JBG Urban**, a joint venture with The JBG Companies and Morgan Stanley Real Estate that will develop and redevelop 93 assets on 42 sites located throughout the Washington, D.C., metropolitan area. The assets – which are in various stages of entitlement, planning, development or renovation – range from completed properties slated for renovation or demolition to undeveloped urban-infill sites. A majority of the sites are adjacent to or near existing and proposed transit stations along the area's Metro light-rail system; 25 sites are located in northern Virginia, 13 are in suburban Maryland, and four are within the District of Columbia. When fully developed, the portfolio will total eight million square feet of office space, 1.9 million square feet of retail space; 13,400 multifamily housing units; and 2,500 hotel rooms.

- **The Yards**, a mixed-use redevelopment project planned by Forest City Washington for the 44-acre Southeast Federal Center, which once was an annex to the Washington Navy Yard on the Anacostia River in Washington, D.C. The proposed uses envisioned for the project include 1.8 million square feet of office space, 2,700 residential units, destination and neighborhood serving retail space and a large riverside park. Development began in late 2007.

- **Half Street**, a mixed-use project that is being developed in multiple phases in Southeast Washington, D.C., immediately north of the new ballpark for the Washington Nationals Major League Baseball team. The first phase of the project, which began construction in January 2007, will consist of 260,000 square feet of office space, 328 for-sale condominiums, 50,000 square feet of retail space, and a 200-room boutique hotel in four adjacent buildings occupying the entire city block on the eastern side of Half Street SE, between M Street SE and N Street SE. Future phases will be built on adjacent blocks to the west and north of the first phase and are likely to include a mix of office, retail and multifamily residential space.

- **Solea**, a six-story residential mid-rise building located in the District's Columbia Heights neighborhood that is being developed in partnership with JLC and NCRC. With construction underway, Solea will include 55 for-sale condominiums, seven live/work units and 4,700 square feet of retail space when completed.

- **Bay Street Emeryville**, a mixed-use "urban village" developed on a former industrial site near the eastern approach to the San Francisco-Oakland Bay Bridge in Emeryville, Calif., that included a 365,000-square-foot lifestyle retail center, with 284 rental apartments (20% of which are designated for low-income residents) and 95 town homes on three to six floors above the retail stores. The retail component was completed in 2002 and was named "Best New Retail Development of the Year" in April 2003 by the *San Francisco Business Times*. The residential units were completed in 2006 and garnered a Market-Rate Residential Real Estate Deal of the Year award in March 2007 from the *San Francisco Business Times*.

- **Wilshire Vermont Station**, a mixed-use "transit village" that was developed atop an existing underground-rail-transit station, approximately three miles west of downtown Los Angeles. Completed this past August, the property consists of two connected seven-story buildings with 449 apartment units (20% of which will be designated for low-income residents) and 36,000 square feet of street-level retail space that are configured around a public plaza and entrance to the Wilshire/Vermont Metro Red Line subway station.

- **NoMa West**, three mid-rise residential buildings (five to six stories in height) with approximately 500 rental apartments that will be developed on a four-acre, infill site in the emerging North of Massachusetts Avenue ("NoMa") neighborhood of Washington, D.C. Construction is expected to begin in the fall of 2008.

- **Metropolitan Lofts,** an eight-story apartment community that was completed in the summer of 2006 on a former commercial/industrial site near the Staples Center in downtown Los Angeles. It consists of 264 apartment units (20% of which are designated for low-income residents), 11,000 square feet of ground-floor retail space and an attached parking structure. The property, which is currently 97% leased and 96% occupied, is operated on a long-term ground lease from the City of Los Angeles Redevelopment Agency.

Founded in 1987, MacFarlane Partners has provided investment management services across a broad range of real estate strategies for institutional investors over the past 20 years, including the California Public Employees' Retirement System ("CalPERS"), the Teacher Retirement System of Texas, and the defined-benefit pension plans of AT&T and General Motors Corporation.

As managing member of an urban real estate joint venture with the CalPERS, the nation's largest public pension plan with $255 billion in assets, we have investment discretion over $1.45 billion in equity capital for investment in urban development and redevelopment projects in major cities throughout the U.S. We also manage a private institutional fund targeting urban property markets that was formed in 2006 and has an equity capitalization of $1.01 billion.

Both the CalPERS' venture and the urban investment fund have revolving credit facilities; the CalPERS' venture has a debt facility with Sumitomo Bank that currently totals $600 million, while the private fund has a debt facility with Bank of America that can be as large as 90% of the fund's eligible equity.

MacFarlane Partners strongly supports your proposal and is pleased to continue to be a part of Banneker's team for this innovative and worthwhile project for the citizens of Washington, D.C.

Sincerely,

Bradford H. Dockser
Principal , Investments

David H. Rosenthal
*Interim* Chief Executive Officer

Ball Street Ventures, LLC
1000 Wisconsin Avenue, NW
Suite G-100
Washington, D.C. 20007

202.625-2440 direct dial
202.625-2360 facsimile
DRosenthal@ballstreetfund.com

December 14, 2007

Joel R. Washington
Director
Station Area Planning and Asset Management
Washington Metropolitan Area Transit Authority
600 5th Street, NW
Washington, DC 20001

RE: **Letter of Interest – The Jazz @ Florida Avenue**

Dear Mr. Washington:

We are pleased to provide this Letter of Interest to the Banneker Ventures, LLC, District Development Group, and Donatelli Development team in response to a Washington Metropolitan Area Transit Authority Request for Proposal to develop three parcels on the 700 and 800 blocks of Florida Avenue, NW, Washington, D.C. We recognize this team as a leading developer in the region and are excited to partner with you to build an exceptionally-designed, transit-oriented, mixed-use housing, and retail community located on these key Florida Avenue/U Street corridor sites.

As you may be aware, Ball Street Fund (Ball Street) was founded by Brian Davis and Christian Laettner and is headquartered in Washington, D.C. Ball Street is a vertically-integrated development and investment company focused on mixed-use developments located in strategically-targeted, urban communities throughout the United States. The success of Ball Street's flagship development in Durham, North Carolina, West Village (http://www.westvillageapts.com/), demonstrates the strength and success of our vision. Our vision is based primarily on creating population and service density within an underserved, urban locale; ensuring the creation of an energetic, vibrant, integrated community benefitting many constituents, and; building a sustainable, flexible development with an eye toward future generation's needs, the development's economic viability, sensitivity to the natural environment, and preservation/conservation of natural resources.

We have reviewed the proposed plans for The Jazz @ Florida Avenue, and believe it to be both financially feasible and the best use for this location. As such, we are energized about the possibility of working with the Banneker/District Development/Donatelli Development team should this group be selected as WMATA's development partner on this site.

Although we have not finalized a term sheet, based on our preliminary review and discussions, Ball Street would provide Banneker, District Development and Donatelli Development with 100% of the equity requirements necessary to complete the development, or approximately $8.0MM, based on the current budget and financial projections.

Ball Street is extremely energized about this letter of interest and is pleased to be part of this very capable team. We look forward to building a healthy, prosperous and multi-faceted relationship by partnering on this particular opportunity.

Very truly yours,

David H. Rosenthal



FOIA CONFIDENTIAL TREATMENT REQUESTED

BANK OF GEORGETOWN


CORPORATE OFFICES
1054 31st Street, NW
Suite 18
Washington, DC 20007
Phone 202.355.1200
Fax 202.355.1201
bankofgeorgetown.com

GEORGETOWN
1001 Wisconsin Ave., NW
Washington, DC 20007

FRIENDSHIP HEIGHTS
5236 44th Street, NW
Washington, DC 20015

ARLINGTON/COURTHOUSE
2300 Wilson Blvd.
Arlington, VA 22201

CONNECTICUT AVENUE
1101 Connecticut Ave., NW
Washington, DC 20036


December 13, 2007

Mr. Joel R. Washington
Director Station Area Planning and Asset Management
Washington Metropolitan Area Transit Authority
600 5th Street, NW
Washington, DC 20001

Subject: Letter of Interest – The Jazz @ Florida Avenue

Dear Mr. Washington:

We are pleased to provide this letter of interest to the Banneker Ventures, District Development Group and Donatelli Development-led team in response to a Washington Metropolitan Area Transit Authority Joint Development Solicitation to develop three parcels on the 700 and 800 blocks of Florida Avenue, NW, Washington, DC. We recognize this team as a leading developer in the region and are excited about the possibility of partnering with you to build an incredibly designed, transit oriented mixed-use housing and retail project on these key Florida Avenue/U Street corridor sites.

We have worked with both Omar A. Karim and Chris Donatelli and the two firms of which they are the principals of and we are pleased to have the opportunity to work with them on The Jazz.

We have reviewed the proposed plans for the project and look forward to working with this team., should it be selected, to develop this key parcel along the Florida Avenue/U Street corridor.

As you may know, The Bank of Georgetown is a District of Columbia Chartered Bank with four branch locations.

The Bank of Georgetown is very pleased to provide this letter of reference and interest for the Banneker, District Development, and Donatelli led project.

Sincerely,

Jeffrey A. Banks
Managing Director, Business Development
The Bank of Georgetown

has financed Donatelle Line of Credit $3MM for construction

participating lender

good deposit relationship followed him from Industrial Bank

low 6 figure average

Self Bank to finance

in-house lending limit = $4.2
Sweet spot = $3M

Has Partner with Washington 1st Eagle

they are part of a Collective Banking group - BOA is a Lender/partner

**District of Columbia Housing Finance Agency**
815 Florida Avenue, NW Washington, DC 20001-3017

December 13, 2007

Omar A. Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, DC 20005

Re: Letter of Interest as part of WMATA Joint Development Solicitation
Development of three parcels on Florida Avenue, NW
Tax Exempt Bond and Low Income Housing Tax Credit Financing

Dear Mr. Karim:

The District of Columbia Housing Finance Agency ("DCHFA" or the "Agency") has reviewed your response to the Washington Metropolitan Transit Authority Joint Development Solicitation (the "Proposal Response") to redevelop the above referenced parcels (the "Project") in the Shaw neighborhood of Washington, DC (the "District").

The Agency has a strong interest in participating in the financing of the redevelopment of over 18,000 square feet of currently vacant parcels. Your proposal to develop the site into a quality mixed-use residential and retail development (aptly called The Jazz @ Florida Avenue) is consistent with the Agency's strategic objective of encouraging the development of affordable housing in vibrant mixed income and mixed-use developments. Moreover, with the proximity of the Project located directly across the street from the Agency, we are enthusiastic to partner with you to develop this site.

According to the Proposal Response, which appears to be consistent with the requirements of your Joint Development Solicitation, your proposal is as follows:

- Redevelop the site, in a mixed-use platform, into 103 high quality units of mixed-income rental housing which will be built over 11,700 square feet of ground floor retail space.
- Make 20% of the units affordable to individuals or families who earn up to 50% of the area median income (AMI).
- Partner with District Development Group and Donatelli Development, both respected developers in the redevelopment of the site.
- Include neighborhood serving retail uses including cultural and arts space.

Phone: 202-777-1600 Fax: 202-986-6705 www.dchfa.org

FOIA CONFIDENTIAL TREATMENT REQUESTED

- Finance the $36 million development with an allocation of tax exempt bonds, equity from the sale of 4% low income housing tax credits (LIHTCs), institutional equity and possibly secondary permanent financing from the District of Columbia Department of Housing and Community Development (DHCD).

Although this letter does not represent a financing commitment from DCHFA, it does represent the Agency's strong interest in financing the subject project. Based on our current and projected bond volume cap for multifamily housing, DCHFA will be able to allocate tax exempt and/or taxable bonds and 4% LIHTCs to the Project. The final allocation of bond volume cap and low income housing tax credits will depend on the final build out, tenant mix and the resultant eligible basis of the Project.

We eagerly await your submission of a formal application for financing and are looking forward to working with you to bring this much needed and exciting project to fruition.

Sincerely,

Anthony L. Waddell
Director, Public Finance

cc: Mr. Harry D. Sewell
Mr. Cedric M. Brown
General Counsel's Office
LOI File

835 4460

PNC
REAL ESTATE FINANCE

202 ~~424 4556~~

a) no business with any of the group in recent past

b) prelim. meeting - familiar concepts + area

c) whoever wins - rental apts = home run in this neighb

d) need to assess ability + financial strength once a decision is made

December 13, 2007

Mr. Omar A. Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700]
Washington, DC 20005

Re: The Jazz @ Florida Avenue

Dear Omar,

We understand that your development team, including Banneker Ventures, District Development Group and Donatelli Development Inc. are responding to a Request for Proposals for the development of three parcels of land located on Florida Avenue, between 7th and 9th Streets, NW. I have reviewed the preliminary information provided on the proposed development, The Jazz @ Florida Avenue, which will be developed to include 103 rental apartments and 13,000 SF of retail space.

PNC Bank believes that the development of this project will be a boost to the redevelopment of the U Street Corridor and we look forward to working with you to try to provide construction financing on this exciting project.

PNC Bank typically provides construction loans up to 80% loan to cost, subject to a maximum 75% LTV based on the appraised value and a minimum 1.30X DSC based on the projected stabilized operations. Construction loan rates will typically be in the range of 1.75% - 2.75% above LIBOR.

This letter is not a commitment or an offer to lend and does not create any obligation on the part of PNC. PNC will not be deemed to extend any commitment unless and until the transaction is approved by PNC and a formal Commitment Letter is issued.

Should your team be the successful bidder, PNC looks forward to further discussing the financing of this project.

Sincerely,

Casey Brill
Vice President

Member of The PNC Financial Services Group
1601 K Street NW Washington DC 20006

FOIA CONFIDENTIAL TREATMENT REQUESTED

HSBC

December 12, 2007

called back several weeks later 3rd week of Jan wants to be involved

Knows both teams

Omar Karim
Danneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, DC 20005

RE: Financing Interest Letter in connection with The Jazz @ Florida Avenue

To Whom It May Concern in the Washington DC District Government:

HSBC Real Estate Finance has followed with great interest the proposals surrounding the sites located on Florida Avenue on 7th and 8th streets. HSBC has both the ability to deliver the required financing and a strong interest in providing the financing required to bring this highly visible project to fruition. We have a high regard for the development team that has been put in place to execute on The Jazz @ Florida Avenue and would go so far as to indicate to you that under the proper circumstances it is a project that we would consider financing without financial recourse, with the understanding that the completion guaranty and other factors would have to be in place for our bank to proceed on that basis.

Although this is not a commitment to lend on the proposed project, which commitment would require the necessary internal approvals at HSBC, we look forward to continuing to work on the financing mandate.

Should any of you have questions relative to either HSBC or its interest in financing this project, please do not hesitate to call me at 202 496-8752.

Sincerely:

Antonio F. Marquez
Senior Vice President
DC Real Estate Finance



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007710

# Updated Project Schedule

metropolis
development company

January 28, 2008

Mr. Omar A. Karim
Banneker Ventures, LLC
700 12th Street NW Ste. 700
Washington, DC 20005

Dear Mr. Karim:

Metropolis Development Company ("Metropolis") welcomes the opportunity to serve as a Co-Developer with Howard University, Banneker Ventures and District Development Group to develop a mixed-use hotel, residential and retail project known as the Howard University Gateway Project on three WMATA parcels located in the Shaw/U Street District specifically on the South Side of Florida Avenue NW between 7th and 9th Streets NW. Metropolis has successfully developed WMATA parcels (LANGSTON LOFTS) at 14th and V Street and look forward to working with WMATA on this transaction.

The proposed Howard University Gateway Project provides an exciting development opportunity for our firm. Metropolis is the one of the most active residential and retail developers in the Uptown Arts Overlay with over 600,000 square feet valued at approximately $157 million delivered or under construction in the past 5 years.

Metropolis' core strengths are its ability to successfully execute complex real estate transactions in combination with unique design. The nature of constructing over Metro is familiar to Metropolis as we built successfully over Metro tunnels in our neighborhood-anchoring Langston Lofts project at 14th and V Streets; NW. Langston Lofts is an awarding winning mixed use residential/retail building that was built on top of the Metro Tunnel which included two air shafts. Throughout the Langston Project, Metropolis successfully closed an alley, removed oil contaminants and removed the cut and cover debris from the site. More importantly, Metropolis working closely with WMATA's an engineer successfully navigated its construction around the Metro Tunnels and is therefore extremely experienced with WMATA's requirements to protect its underground tunnel and its "zones of influence".

Metropolis Development Company is a full service mixed use real estate development company focused on residential and retail projects in the Uptown Arts Overly market area.

Metropolis is a District Certified LSDBE and therefore fully committed to involving LSDBE participants and the community as major components of our project.

One of our objectives is to ensure, where possible, that District residents and District based LSDBEs and employees have an opportunity to benefit from our projects. Metropolis will continue to work closely and cooperatively with the District of Columbia Department of Employment Services and the Office of Local Business Development to maximize the participation, employment and contracting opportunities for District residents and businesses which surround its development.

In all of its mixed use development projects, Metropolis has demonstrated that it is imperative that the surrounding community of residents, churches, business and civic associations be considered as "partners" in the development process and must be integrated into all aspects of the process from planning/design to completion.

As a result of its previous mix-use developments in the area Metropolis has formed excellent relations with the members of the ANC in which the WMATA parcels are located. ANC's 1 and 2A as well as the Cardozo Shaw Neighborhood Association were all instrumental in the success of our development of Langston Lofts and our development of the new Duron site at 14th and Clifton. We sought and received their support for these developments which also required Historical Preservation Review Board and Board of Zoning Adjustments Approvals.

Metropolis has a demonstrated history of successful development and looks forward to working with your team on the Howard Gateway Project.

Sincerely,

Merrick T. Malone, Principal and Executive Vice President
Metropolis Development Company LLC.
1327 14th Street NW, Ste. 200
Washington, DC. 20005
(202) 588-1438

Metropolis Development Projects:

- **Langston Lofts**, a 101,647-square foot, 80-unit condominium at the southeast corner of 14th and V Streets, NW, with *Busboys and Poets*, a restaurant and bar/coffee house/bookstore/live performance venue on the ground floor.

  *Winner of a 2006 Merit Award from Residential Architect magazine.*

  *Winner of a 2005 District of Columbia American Institute of Architects Award For Excellence.*

  *Finalist along with Busboys and Poets in the Best Community Impact category of the Washington Business Journal's Best Real Estate Deals contest for 2005.*

*Langston Lofts*
*1390 V Street NW*
*Washington, DC*

*Metropolis Development Company,*
*Developer*

- Lofts 14, a 144,614 square foot, 83-unit condominium development at 14th and Church Streets, NW, with international retailer *Mitchell Gold* on the ground floor.

  *Winner of the Delta Associates 2005 Mid-Atlantic Condominium of the Year.*

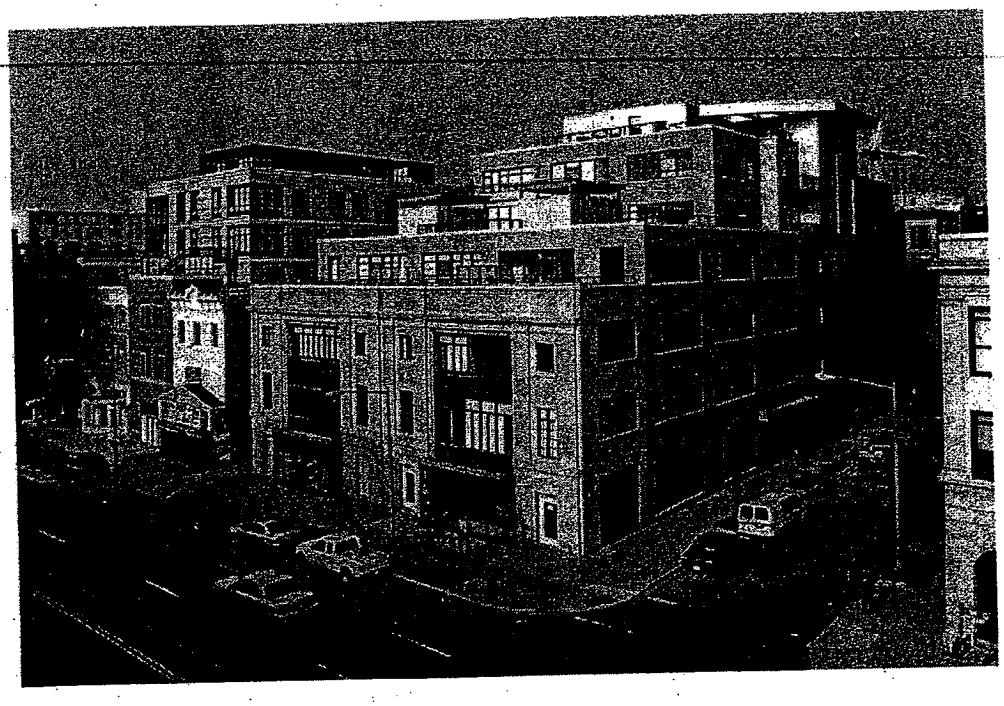
  *Winner of the Delta Associates 2003 Best Adaptive Reuse Condominium Project in the Washington Area.*

*Lofts 14*
*1401 Church Street NW*
*Washington DC*

*Metropolis Development Company, Developer*

- Lofts 14 Two, a 71,310 square foot, 37-unit condominium development at 14th and Church Streets, NW. MDC is currently choosing retail tenants.

*Along with Lofts 14, Winner of the 2006 District of Columbia's Mayor's Award for Excellence in Historic Preservation for Excellence in New Construction.*



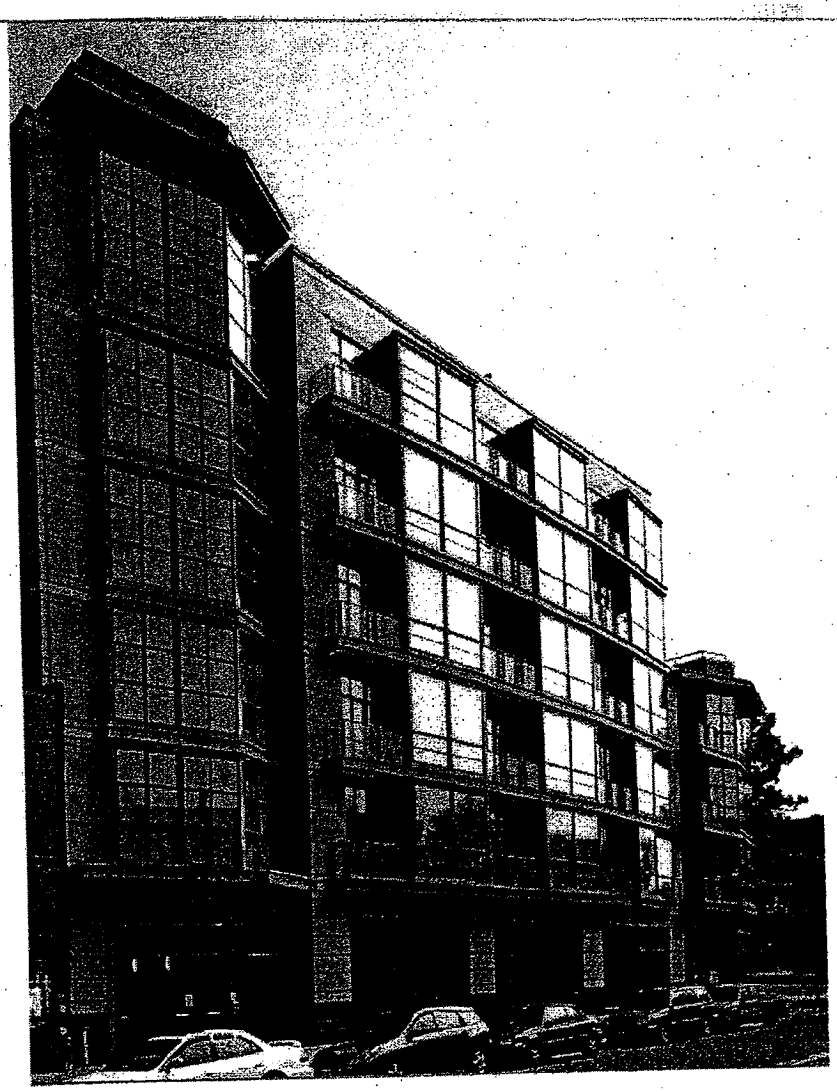
*Lofts 14 Two*

*1400 Church Street, NW*
*Washington, DC 20005*

*Metropolis Development Company, Developer*

- Cooper Lewis Condominium, a 58,530 square foot, 20-unit condominium development at 14th and P Streets, NW. The retail occupants will be PNC Bank and real estate broker The Hounshell Group.

  *Winner of the Delta Associates 2004 Best Adaptive Reuse Condominium Project in the Washington Area.*



*Cooper Lewis Condominium*
*1403 P Street, NW*
*Washington, DC 20005*

*Metropolis Development Company, Developer*

- **The Metropole**, a 227,237 SF, 90-unit mixed-use condominium development at 15th and P Streets, NW, with 33,500 SF of retail and 71 public parking spaces. Currently under construction.

*The Metropole*
*Company, Developer*
*1515 15th Street, NW*
*Washington, DC 20005*

*Metropolis Development*

metropolis
development company

# *Key Principals*

**Scott Pannick, Principal and President,** formed Metropolis in 1998 with the goal of revitalizing the new housing market in the District of Columbia. As of today Metropolis has 310 condominiums under development with more than 62,000 square feet of retail space. Before Metropolis, Scott was Executive Vice President, Director and Branch Manager of Julien J. Studley, Inc. in Washington, D.C. At Studley, Scott performed consulting, advisory work and fee development for institutional and corporate headquarters buildings in the District for 25 years. Scott's projects, which total seven million square feet, include Postal Square (1.2 million square feet), the Department of Transportation headquarters (1.35 million square feet), the American Red Cross headquarters (475,000 square feet) and the American College of Obstetricians and Gynecologists headquarters (50,000 square feet). Scott has an M.B.A. from Harvard Business School.

**Merrick Malone, Principal and Executive Vice President,** joined Metropolis in 1999 and brought with him a wealth of experience having worked both in public and private economic development as developer, consultant and high level public official in Washington and Detroit. Prior to joining Metropolis, Merrick was President of URBANCITYFOODS, a minority-owned restaurant development company which acquired and developed multiple restaurants in Baltimore, Washington, Detroit and Chicago. Prior to URBANCITYFOODS, Merrick was the Deputy Mayor of Economic Development and the Director of Housing and Community Development for the District of Columbia. In that position, Merrick led the District of Columbia to the successful completion of the MCI Sports Arena and assisted with the development of the $30 Million Black Entertainment Television (BET) Corporate Offices and Studio. During his tenure as Washington's Chief Economic Official, Merrick initiated and fostered public/private partnerships that financed the construction and renovation of over 4,500 residential units, four new childcare centers including the Mazique Parent Child Center; two major neighborhood retail centers, the Nehemiah neighborhood retail center and the Good Hope Marketplace and the restoration of the historic Lincoln Theatre at U Street. Merrick has a law degree from Georgetown University and is a real estate and transactional attorney.

**Alex Shewchuk, Chief Financial Officer,** has worked on four Metropolis projects, covering tax and financial reporting, budgeting, insurance, condominium document preparation, settlements, bookkeeping and transactions oversight. Alex attended The Wharton School, where he earned an M.B.A. and a Master's in International Relations. He has lived in Brazil, Japan, England, Spain, and Taiwan. He holds a B.A. in Economics from Yale University. He has also worked in management consulting with A.T. Kearney, and in systems programming with Morgan Stanley.

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metropolis
development company

## *Contact Information*

- Scott Pannick, Principal and President
  Tel (202) 588-1436
  Cell (202) 460-4150
  Fax (202) 588-1344
  pannick@metropolis-dc.com

- Merrick Malone, Principal and Executive Vice President
  Tel (202) 588-1438
  Cell (202) 437-6704
  Fax (202) 588-1977
  malone@metropolis-dc.com

- Alex Shewchuk, Chief Financial Officer
  Tel (202) 588-1870
  Cell (240) 353-7488
  Fax (202) 588-1977
  shewchuk@metropolis-dc.com

# DEVELOPMENT OPPORTUNITY

## The Jazz @ Florida Avenue

Submitted by:
Banneker Ventures/ District Development Group
700 12th Street NW, Suite 700
Washinton, DC 20005
(202) 667-4110

Submitted to:
Mr. Gary Malasky
Contracting Officer
Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001

FOIA CONFIDENTIAL TREATMENT REQUESTED

BANNEKER VENTURES, LLC

May 31, 2007

Gary Malasky
Contracting Officer
Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001

RE: Development of Florida Avenue Parcels

Dear Mr. Malasky:

On behalf of Banneker Ventures, LLC and District Development Group, LLC (the "Banneker-District Development Team"), we are pleased to present our Response to the Opportunity to Compete Against an Unsolicited Proposal (the "Response") for the redevelopment of the following WMATA-owned parcels: 710 and 716 Florida Avenue, NW and Square 393, Lots 44 and 45 (the "WMATA Parcels").

We have assembled an outstanding team of development partners and associated professionals to execute this dynamic mixed-use project on an expedited basis, including Banneker Ventures, LLC (Developer), District Development Group, LLC (Co-Developer) and Torti Gallas & Partners, Inc. (Project Architect). In addition to their vast experience with similar projects on WMATA-owned parcels (Torti Gallas has designed four projects on WMATA-owned sites in the District), the Banneker-District Development Team is led by two LSDBE businesses with significant connections to the Shaw/Georgia Avenue neighborhood.

The proposed development is the culmination of careful analysis. The program that we have created for the WMATA Parcels (the "Site") provides the following tangible benefits to WMATA and the Shaw Community:

- 103 new residential units;
- 11,757 square feet of neighborhood-oriented retail;
- $37.1 million of development investment in the Shaw community;
- $0.500 million in annual cash payments to WMATA;
- Potential of 456 new Metrorail and Metrobus riders per day;
- 100% LSDBE participation in the developer's ownership in the project;
- Significant LSDBE and emerging District business employment and contracting opportunities, with a commitment to awarding at least 33% of sub-contracts to LSDBE and emerging District businesses.
- Economic benefit to the District through creation of 100 construction jobs and 30 permanent jobs, with a commitment to employing residents who live in the District of Columbia in general and Shaw community in particular;
- Economic benefit to the District through generation of $0.226 million in potential annual residential real estate taxes and $0.304 million in potential annual sales taxes revenue at lease-up; and;
- Substantial streetscape and public place improvements;

700 12th Street, NW • Suite 700 • Washington, D.C. 20005 • (202) 667 4110
814 Thayer Avenue • Suite 300 • Silver Spring, Maryland 20910 • (301) 565-4980
www.bannekerventures.com

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The Banneker-District Development Team is committed to delivering a project of exceptionally high quality within the most expeditious time frame as possible. We have dedicated considerable energy and resources in anticipation of becoming the Development Team of choice for WMATA.

We hope that you will embrace the concepts as set forth in this proposal documenting our vision of the Site. We look forward to consummating this project in a true spirit of partnership with WMATA. We would be pleased to answer any questions regarding our proposal, or to provide additional information. Should you have any questions, please contact Omar A. Karim at (202) 667-4110 or okarim@bannekerventures.com.

Sincerely,

Omar A. Karim
Banneker Ventures, LLC



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# Development Team and Ownership Structure

The Development Team consists of the following entities, all of which have the necessary experience to bring the proposed project to reality:

## Banneker Ventures, LLC (Developer)

Banneker Ventures, LLC is a privately held real estate development and consulting company that specializes in mixed-income residential and mixed-use development. The firm focuses its resources and experience upon transforming urban neighborhoods throughout the Washington, D.C. metropolitan area, and on occasion Banneker has participated in projects throughout the nation.

Working closely with property owners, neighborhood residents, and local governments, Banneker creates innovative combinations of housing, retail and commercial spaces that support and advance positive community oriented values. Led by the dynamic trio of Omar A. Karim, Harold L. Collins and Warren Williams, the firm offers a tremendous breadth of experience and style. Banneker prides itself on staying on the cutting edge of providing the best homes and shopping opportunities for its customers.

Banneker Ventures' mission is to create the best mix of residential and retail space for our customers while adding significant community-enhancing benefits to the areas in which it serves.

## District Development Group, LLC (Co-Developer)

District Development Group ("DDG"), led by Phinis Jones and Joshua Kern, is currently involved in two major development efforts in the District. These developers collectively have a combined forty years of experience in real estate and urban development, project management, workforce training and development, and community relations.

In its first project, pursuant to competitive bidding overseen by the District of Columbia's Office of Property Management, DDG recently won the right to develop the Congress Heights School property located in Ward 8. The existing structure at the Congress Heights site will be completely renovated to accommodate a charter school and a new structure will be built to accommodate an adult/vocational education center operated by the Opportunities Industrialization Center of Washington, DC. The second project involves a partnership with Akridge and Clark Construction in an effort to develop the Anacostia Gateway Government Center, a 300,000 square feet office building that will serve as the new headquarters for the District of Columbia Department of Transportation.

Jones and Kern have also developed numerous properties along Martin Luther King, Jr. Avenue in Southeast Washington, D.C., including a business incubator space at 3119 MLK Avenue, SE, a dental clinic at 3130 MLK Avenue, SE, offices for an information technology firm at 3200 MLK Avenue, SE, and a manufacturing facility at 3707 MLK Avenue, SE. Additionally, DDG recently completed a $14,000,000 renovation of the old Nichols Avenue School, a 60,000 square foot historic school building acquired from the District of Columbia pursuant to an unsolicited proposal. The project was brought in on time and on budget and is now widely considered the gold standard against which all other charter school facility projects in the District are measured.

Messrs. Jones and Kern are active in the LeDroit Park Civic Association and the LeDroit Park Public Safety Group and have forged a strong working relationship with Advisory Neighborhood Commission 1B, which the Site is located within.

## Torti Gallas and Partners, Inc. (Project Architect)

Torti Gallas was established in Silver Spring, Maryland in 1953. Today the firm is one of the largest architectural and planning firms headquartered in the metropolitan Washington area. Since its founding, the firm has been responsible for the design of more than $18 billion of construction. Torti Gallas has extensive experience with all types of building and land planning projects in the residential, senior living, commercial, government and educational sectors, in local, national and international markets.

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Torti Gallas' design philosophy is based on the inextricable relationship between urban design and architectural issues. As a firm, they are dedicated to the holistic design of the built environment which includes both the responsible development of greenfield sites at the edges of our metropolitan areas and the revitalization and redevelopment of our inner cities and suburbs. In all, Torti Gallas has designed over 375,000 residential units and planned over 600 residential and mixed-use communities.

Torti Gallas' involvement in the housing industry is extensive; they are a leader in innovative housing design and their residential design practice addresses both high-density and low-density housing communities at all income levels. Recent projects include: The Ellington high-rise apartments, Columbia Heights Revitalization and Georgia Avenue Petworth Revitalization, all in Washington, D.C.; Strathmore at Grosvenor Park and Avalon at Grosvenor in North Bethesda, Maryland; Stratford at Reston Town Center, Reston, Virginia; Centergate King Farm, Rockville, Maryland; and Centergate Baldwin Park and Centergate Celebration in Orlando, Florida.

## Ownership Structure

If selected by WMATA to develop the Site, the Banneker-District Development Team proposes to establish a special purpose entity ("SPE") to develop and own the project. The ownership structure of this SPE will be as follows:

| | |
|---|---|
| Banneker Ventures, LLC | 50% |
| District Development Group, LLC | 50% |

## Legal Structure

Both the residential and retail components of the project will be owned by one entity, which will be organized as a District of Columbia limited liability company, in which Banneker Ventures, LLC or a controlling subsidiary will serve as managing member.

## Legal Statement by Developers

Neither of the developers (Banneker Ventures and District Development Group) has been debarred, suspended, or filed for bankruptcy or defaulted on any loans for real estate development projects and/or government contracts.

## Development Team Point of Contact

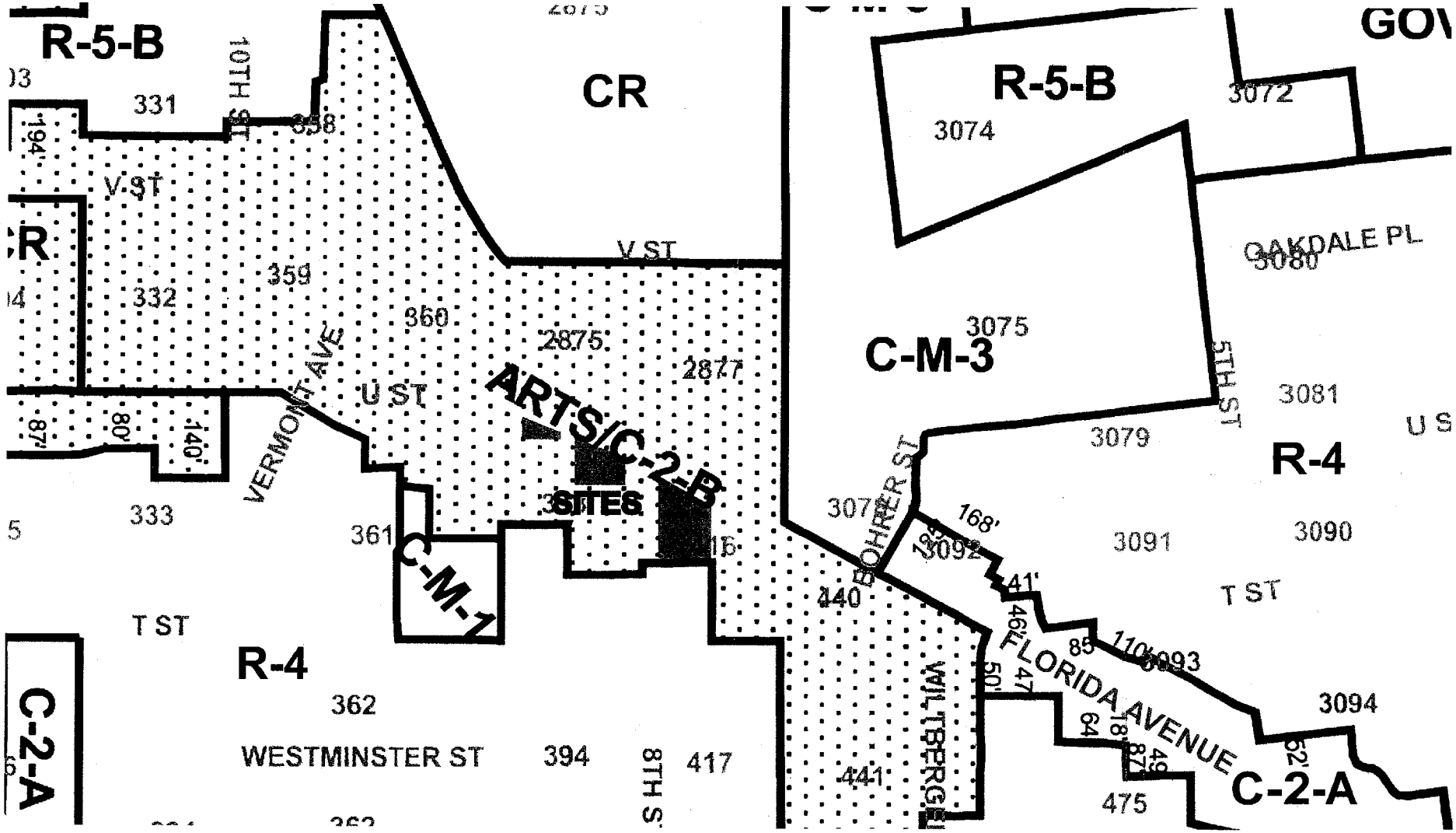
The primary point of contact for the Banneker-District Development Team is:

Omar A. Karim
Banneker Ventures, LLC
700 12th Street, NW, Suite 700
Washington, DC 20005
(202) 667-4110 office
(301) 523-1810 cell
okarim@bannekerventures.com

## Proposed Program

The Jazz @ Florida Avenue will provide a great place to live for 104 families and contribute to a vibrant and active public realm that will invigorate the Florida Avenue/U Street corridor. New residents of The Jazz and the surrounding community will have over 11,000 sf of ground floor neighborhood based retail which will bring additional vitality and activity to the community. Outdoor cafe areas are possible at four new corner retail spaces. A graceful sequence of three new distinct glass and brick buildings give a rich and varied texture to the Florida Avenue urban fabric.

FOIA CONFIDENTIAL TREATMENT REQUESTED




©2007 Torti Gallas and Partners, Inc. | 1300 Spring Street, 4th floor, Silver Spring, Maryland 20910 301.588.4800

Zoning Map

MAY 31,2007



WMATA-INV 007727

FOIA CONFIDENTIAL TREATMENT REQUESTED

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MAY 31, 2007

## Regional Analysis



WMATA-INV 007728

FOIA CONFIDENTIAL TREATMENT REQUESTED

## SHAW / FLORIDA

May 31st, 2007

Zoning: A / C-2-B

Zoning requirements outlined are per 2003 DCMR Title 11.

| | REQUIRED | PROVIDED West Block | PROVIDED East block |
|---|---|---|---|
| FAR | per 771.2<br>1.5 Commercial Use Only<br>3.5 with Residential<br>4.5 with Bonus Density Arts Overlay Zone | 4.50 FAR | 4.49 FAR |
| Lot Occupancy | 80% - per 772.1 | 78.86% | 73.45% |
| Lot Area | West Block<br>Parcel 1 Parcel 2<br>3,799 sf + 8,621 sf = | 12,420 sf | |
| | East Block - Parcel 3 | | 15,956 sf |
| Allowable Building Area | West Block<br>12,420 sf * 4.50 FAR = | 55,890 sf | |
| | East Block<br>15,956 sf * 4.50 FAR = | | 71,802 sf |
| BUILDING AREA | | | |
| West Block | | | |
| Retail | 2,537 sf + 2,220 sf = | 4,757 sf<br>(0.38 FAR) | |
| Residential Ground Floor | 1,215 sf + 5,262 sf = | 6,477 sf | |
| Residential | 3,630 sf * 4 floors =<br>6,025 sf * 5 floors = | 14,520<br>30,125 | |
| Total Residential | | 44,645 sf | |
| Total Provided (GSF) | | 55,879 sf | |
| FAR Provided | | 4.50 FAR | |
| East Block | | | |
| Retail | | | 7,000 sf<br>(0.44 FAR) |
| Residential Ground Floor | | | 6,100 sf |
| Residential | 11,720 * 5 floors = | | 58,600 sf |
| Total Provided (GSF) | | | 71,700 sf |
| FAR Provided | | | 4.49 FAR |

| | REQUIRED | | PROVIDED West Block | PROVIDED East block |
|---|---|---|---|---|
| Building Height | 65'-0"" maximum - per 770.1 | | 65' | ? |
| | Stories, no limit | | 5 & 6 Stories | 6 Stories |
| Penthouse | 18'-6" high maximum, 1:1 setback - per 770.6 | | 18'-6" | 18'-6" |
| Dwelling Units | Approximately 1 dwelling unit per 1,000 sf<br>West Block<br>44,645 sf / 1,000 sf = | 44.6 | 45 units | |
| | East Block<br>58,600 sf / 1,000 sf = | 58.6 | | 59 units |
| Parking Requirements | **West Block**<br>Retail - per 2101.1<br>In excess of 3,000 sf, 1 space for every 750 sf of GSF<br>(4,757 sf - 3,000 ) / 750 = | .3 | | |
| | Residential -per 2101.1,<br>1 parking space for every 3 dwelling units<br>45 DU / 3 = | 15 | | |
| | Total Req'd | 18 | 19 spaces | |
| | **East Block**<br>Retail - per 2101.1<br>In excess of 3,000 sf, 1 space for every 750 sf of GSF<br>(7,000 sf - 3,000 ) / 750 = | 5 | | |
| | Residential -per 2101.1,<br>1 parking space for every 3 dwelling units<br>59 DU / 3 = | 20 | | |
| | Total Req'd | 26 | | 28 spaces |

| | Requirement | PROVIDED West Block | PROVIDED East Block |
|---|---|---|---|
| Yards | Rear Yard - per 774<br>15 ft per 774.11: In the case of a through lot or a corner lot abutting three or more streets, the depth of rear yard may be measured from the center line of the street abutting the lot at the rear of the building or other structure per 774.11 | N/A | N/A |
| | Side Yard - per 775<br>Per 775.5; 2" wide per each foot of bldg. height , 6'-0" min width; No side yard shall be required for any other building or structure; but if a side yard is provide, it shall be at least two inches wide or each foot of height of building, but not less than six feet. | | |
| | Side Yard = 65' (bldg height) x 2"= 10'-10" | N/A | N/A |
| | Courts - per 776<br>Per 776.3; Where a court is provide for a building or portion of a building devoted to residential uses, at any elevation in the court, the width of court shall be a minimum of four inches per foot of height, measured from the lowest level of the court to that elevation; provided, that in no case shall the width of court be less than 15'-0" | | |
| | Min Court width = (65' - 15'-6") * 4" = 16'-6" | 17'-0" | 16'-6" |
| Loading | Residential -<br>with 50 or more dwelling units | 45 DU < 50 DU | |
| | 1 loading berth @ 55'-0" deep (12' x 55') | None Req'd | 1 @ 55' deep |
| | 1 loading platform @ 200 sf | None Req'd | 1 @ 200 sf |
| | 1 service space @ 20'-0" deep (10' x 20') | None Req'd | 1 @ 10' x 20' |
| | Commercial - per 2201.1<br>with 5,000 sf to 20,000 sf | 4,757sf < 5,000sf | |
| | 1 loading berth @ 30'-0" deep (12' x 30') | None Req'd | 1 @ 30' deep |
| | 1 loading platform @ 100 sf | None Req'd | 1 @ 100 sf |
| Public Space Projection | Per 2003 DCMR, Title 12 - Chapter 32A<br>Section 3202.10.3 - Bay windows 3202.10.3.1-2 Double projections (two separate projections) shall not be allowed on buildings less than 24 feet wide at the building line. On buildings 24 feet wide a double project shall be allowed, the total width of both projections not to exceed 13 feet. The allowable width of double or multiple projections on buildings exceeding 24 feet wide at the building line shall be increased 6 inches for each foot of increased building width over 24 feet. | | |

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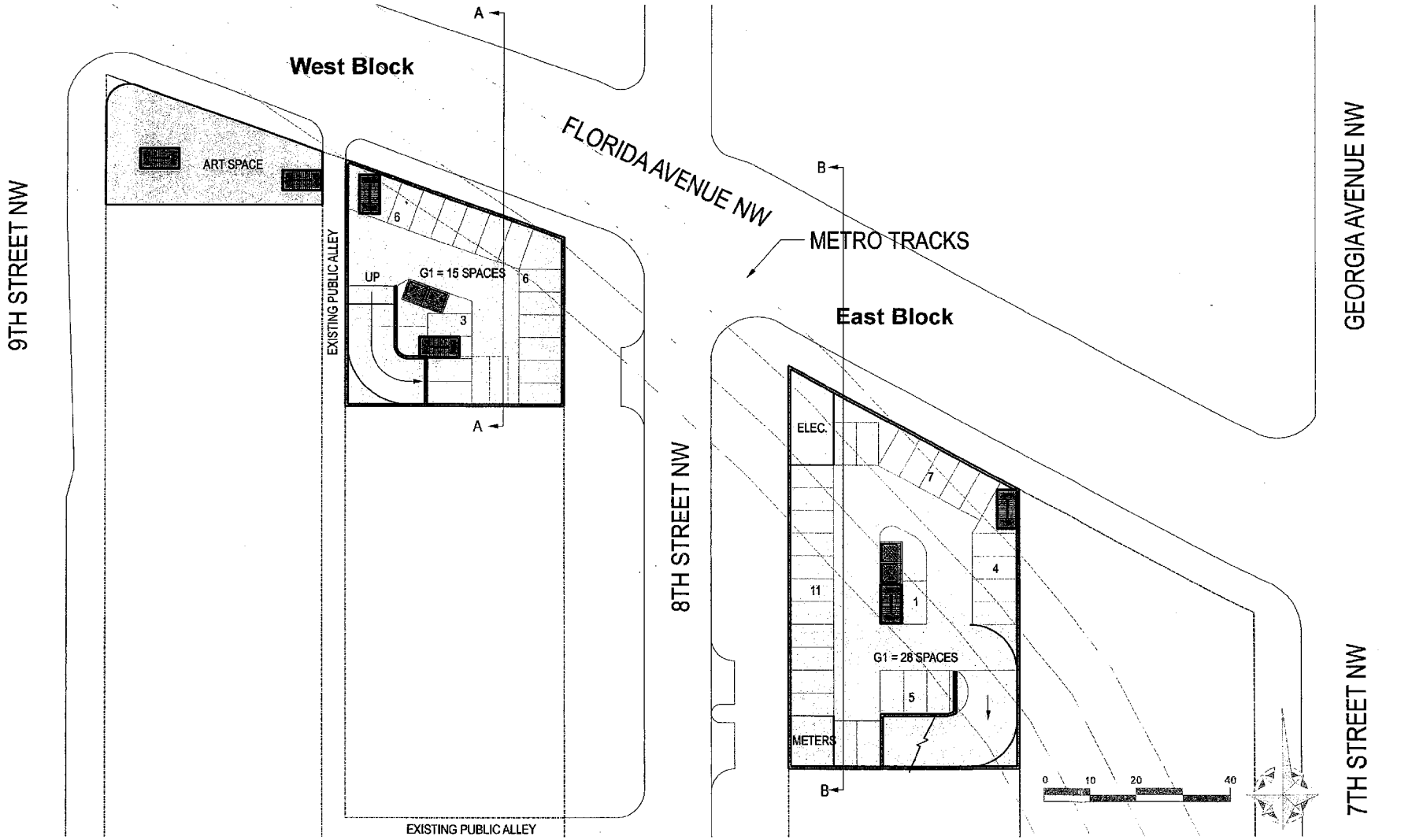
WMATA-INV 007729

FOIA CONFIDENTIAL TREATMENT REQUESTED

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MAY 31, 2007

Garage Level 1



WMATA-INV 007730

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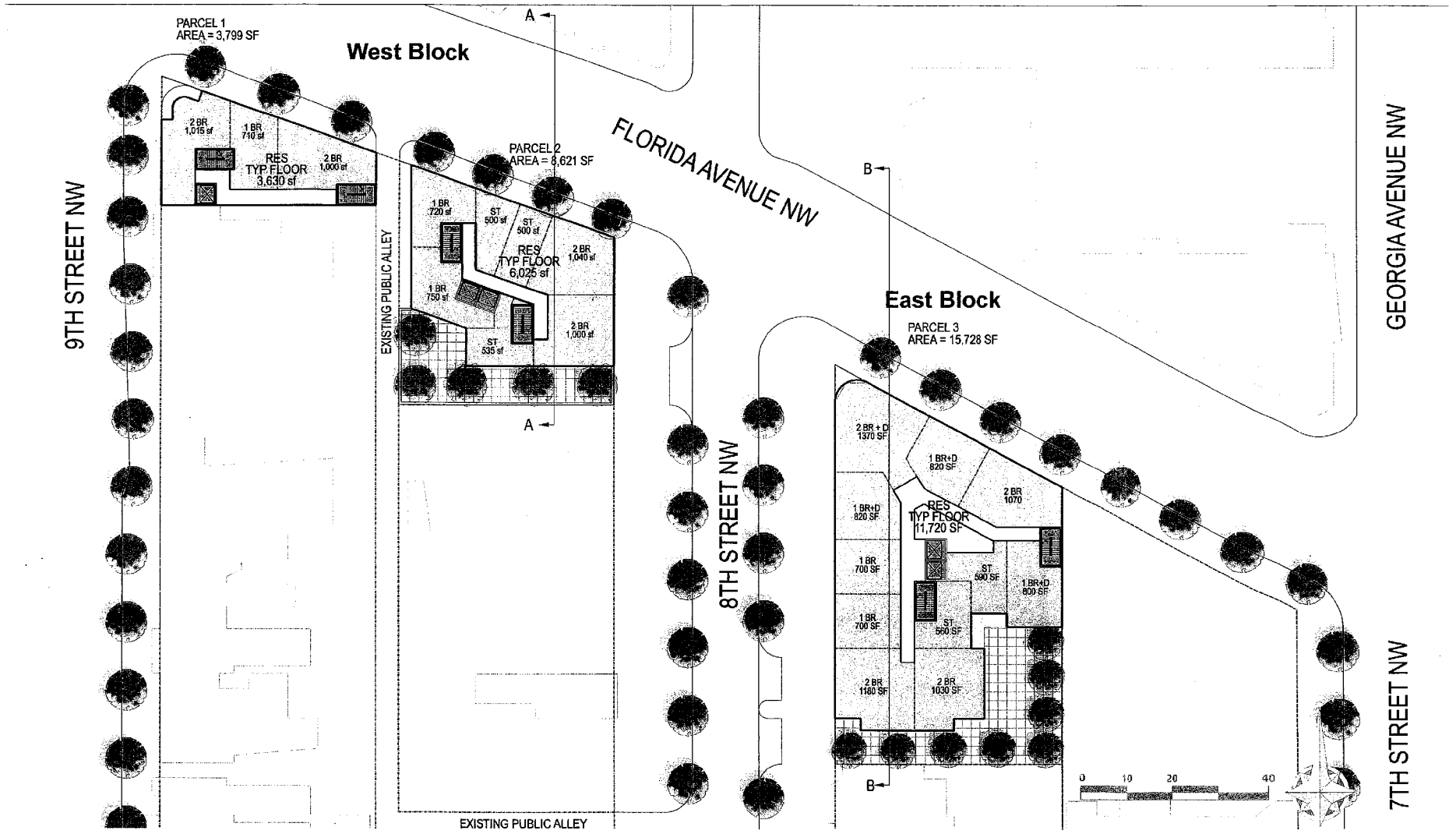


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MAY 31, 2007

Typical Residential Floor Plan



WMATA-INV 007731

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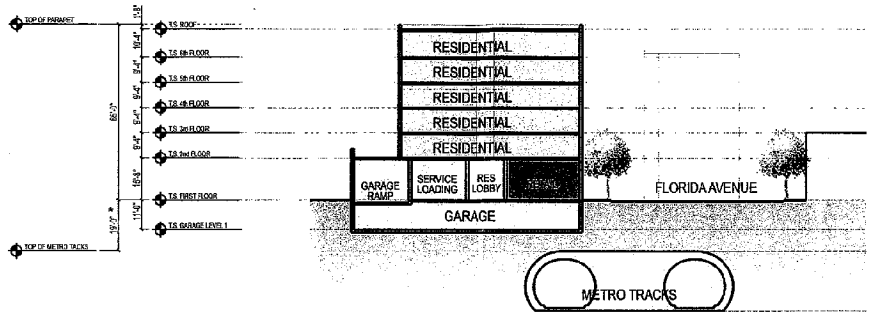
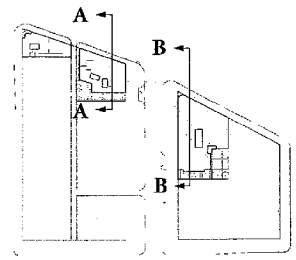
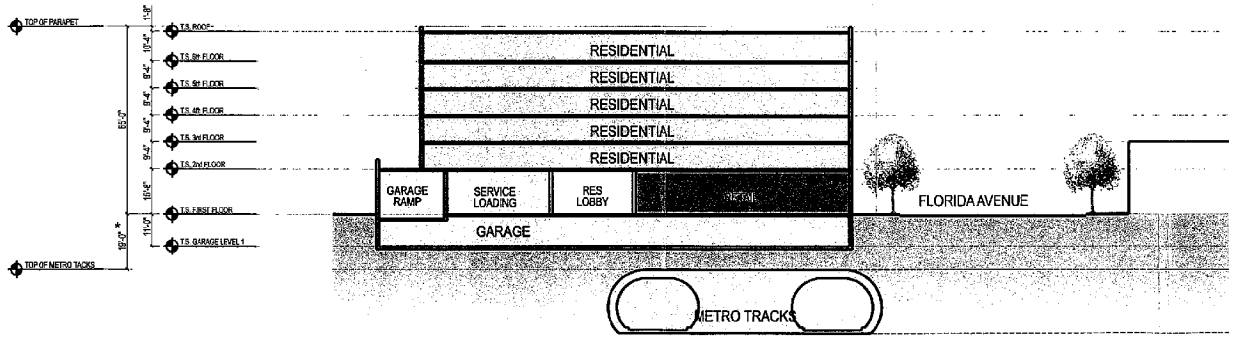



Section A




Key Plan

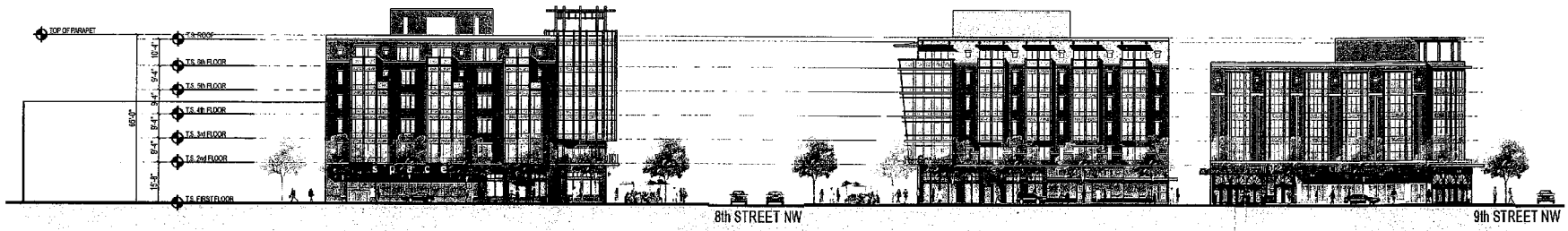


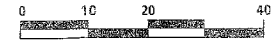

Section B

* Elevation of top of metro tunnel as stated in RFP

WMATA-INV 007732

FOIA CONFIDENTIAL TREATMENT REQUESTED

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MAY 31, 2007

North Elevation



WMATA-INV 007733

# Economic Benefits

## Enhanced Metro Rail and Metrobus ridership

By selecting the Banneker-District Development Team, WMATA would receive significant increases to its Metro Rail and Metrobus ridership. Based on the program that we have outlined for the Site, WMATA would receive an additional 456 new Metro Rail and Metrobus users each weekday.

## Financial Benefits Accruing to WMATA and District of Columbia

In assessing the land lease payment that can be supported by the underlying development cost and revenue assumptions, the developers must take into account those costs associated with the proposed project which are effectively costs associated with the development and ability to support both the below-market residential units and below-market theatre/cultural arts space. As such, the developers must subsidize the cost of these below-market spaces in order to reach the minimum return levels required for the investment. In addition to these costs, WMATA and the District would generate significant revenue as a result of the development that the Banneker-District Development Team proposes for the Site.

The developers propose to enter into two ground leases with WMATA for the Site for a total of 99 years: one with a 50 year lease and one with a 49 year lease at the annual base rent listed below with agreed-upon increases.

A review of these costs and other revenue, collectively imputed compensation, is presented in the following table:

| Compensation to WMATA (Annually) | Amount |
|---|---|
| Base Lease Payment | $500,000 |
| Additional Ridership:<br>- Residential Space - Metro Rail users (assuming 120 users per day @ $1.75 per trip = $210 per day x 5 days per week x 52 weeks per year). This assumes 45% of all residents will use the Metro Rail.<br>- Retail Space - Metro Rail users (assuming 336 patrons and employee users per day @ $1.75 per trip = $2100 per day x 6 days per week x 52 weeks per year). This assumes 28% of all patrons and employees will use the Metro Rail. | $54,600<br>$183,456 |
| **Total Potential Payment to WMATA** | **$738,056** |
| **Other Project Costs that Inure to WMATA and the District** | |
| Excavation and Tunnel Preparation Costs borne by the developers | $1,500,000 |
| Affordable Residential Space – Developer loss/subsidy (assuming cap of 6.5%) - 10% of units | $2,272,123 |
| Annual District real estate tax revenue at build-out | $226,298 |
| Annual District sales taxes at lease-up | $304,212 |
| **Total Imputed Compensation** | $4,302,633 |
| **Total Compensation to WMATA and the District** | $5,040,689 |

*Rider assumptions taken from the 2005 WMATA Development-Related Ridership Survey, Final Report, dated March 2006.*

## Project Schedule

| | |
|---|---|
| Selection by WMATA | September 2007 |
| Negotiation with WMATA | October 2007 – December 2007 |
| Planning/Design/Approvals | January 2008 – December 2008 |
| Grading and Excavation | March 2009 – April 2009 |
| Footing and Foundations | May 2009 – July 2009 |
| Construction – Garage | August 2009 – October 2009 |
| Construction – Retail Space | November 2009 – January 2010 |
| Construction - Residential Space | February 2010 – January 2011 |
| Retail Delivery | February 2011 |
| Residential Delivery | February 2011 |

## Prior Experience

| Banneker Ventures, LLC | | | |
|---|---|---|---|
| Omar A. Karim<br>Principal | Driskell Condominiums<br>(Project Executive) | 52 unit condominium development | Silver Spring, MD<br>(downtown) |
| | 6th Street Flats<br>(Project Manager) | 30 unit condominium development | Washington, DC<br>(Chinatown) |
| | The Icon Condominiums<br>(Project Manager) | 19 unit condominium development | Washington, DC<br>(Logan Circle) |
| | 5th & K Project<br>(Asst. Project Manager) | $140M mixed-use development, including apts, condos and retail | Washington, DC<br>(NOMA) |
| | BDC Office Building<br>(Project Manager) | 6,000 SF renovation of office building | Washington, DC<br>(Downtown) |
| | Uptown Center<br>(Project Executive) | 200,000 SF mixed-use complex, including retail and apts | Memphis, TN<br>(Uptown District) |
| Harold L Collins<br>Principal | Driskell Condominiums<br>(Project Executive) | 52 unit condominium development | Silver Spring, MD<br>(Downtown) |
| | 5th & K Project<br>(Finance Manager) | $140M mixed-use development , including apts, condos and retail | Washington, DC<br>(NOMA) |
| | Alta West<br>(Investment Manager) | 152,000 SF of residential condos | Atlanta, GA |
| | Legacy Trail<br>(Investment Manager) | 180,000 SF of residential apts | St. Augustine, FL |
| | Multi-family Renovations<br>(Owner/Developer) | 3 multi-family acquisitions and renovations | Washington, DC |
| Warren Williams<br>Principal | Driskell Condominiums<br>(Project Executive) | 52 unit condominium development | Silver Spring, MD<br>(Downtown) |
| | The Warrenton Condominiums<br>(Owner/Developer) | 14 unit condominium conversion | Washington, DC<br>(Brookland) |
| | The Warrenton West<br>(Owner/Developer) | 18 unit condominium conversion | Washington, DC<br>(Petworth) |
| | The Warrenton Flats<br>(Owner/Developer) | 25 unit condominium conversion | Washington, DC<br>(Petworth) |
| | Webster Gardens<br>(Project Executive) | 52 unit condominium conversion | Washington, DC<br>(Brightwood) |
| **Torti Gallas and Partners, Inc.** | | | |
| John Torti<br>Principal | Columbia Heights Parcels 15 and 26 (Principal) | Redevelopment of two parcels in the Columbia Heights area | Washington, DC<br>(14th St @ Kenyon) |
| | The Ellington<br>(Principal) | A 186 unit apartment building at 13th & U St, NW | Washington, DC<br>(U Street Corridor) |
| | 5th & K Streets, NW<br>(Principal) | Redevelopment of the old Wax Museum site | Washington, DC<br>(NOMA) |

| | | | |
|---|---|---|---|
| Sherief Elfar<br>Principal | Alban Towers Renovation<br>(Project Manager) | Renovation of a historic apartment building to include 29 new units | Washington, DC |
| | 1225 13th Street Apartments<br>(Project Manager) | Complete renovation of 1950's apt building to accommodate 78 rental units | Washington, DC |
| | Avalon at Grosvenor Station<br>(Project Manager) | 497-unit apartment complex at Grosvenor Metro Station | Bethesda, MD |
| Maurice Walters<br>Principal | 5th & K Streets, NW<br>(Design Principal) | Redevelopment of the old Wax Museum site | Washington, DC |
| | Georgia Avenue/Petworth<br>(Design Principal) | Mixed-use, transit-oriented development above the Georgia Avenue/Petworth Metro Station | Washington, DC |
| | Residences at Alban Row<br>(Design Principal) | 15 luxury duplex homes in the Cathedral Heights neighborhood | Washington, DC |
| **District Development Group** | | | |
| Phinis Jones<br>President | Old Congress Heights School<br>(Lead Developer) | Job training and vocational center including 14,000 sq. ft. of meeting rooms and 20,000 sq. ft. of office/ training use. | Washington, DC<br>(Alabama Ave, SE) |
| | 3119 Martin L. King, Jr. Avenue (Lead Developer) | Office Incubator space; acquisition and substantial rehab of 4000 sq. ft. | Washington, DC<br>(MLK, Jr. Avenue) |
| | 3215 Martin L. King, Jr. Avenue, SE (Lead Developer) | Office Incubator; acquisition, re-zoning and rehab of 3500 sq. ft. | Washington, DC<br>(MLK, Jr. Avenue) |
| | 3707 Martin L. King, Jr. Avenue, SE (Lead Developer) | Acquisition and Renovation of 4000 sq. ft office building with three adjacent lots. | Washington, DC<br>(MLK, Jr. Avenue) |

Resumes and project description sheets for these key firms and personnel follow this page.

## Omar A. Karim

Principal

Mr. Karim co-leads the daily operations and manages all Banneker projects. As founding principal, he guides the firm through the implementation of its 10-year $1 billion development plan.

With more than 10 years of experience providing real estate, legal and financial guidance to a variety of organizations, Mr. Karim brings a depth of knowledge to the firm.

Prior to co-founding Banneker, Mr. Karim served as Project Manager and General Counsel with Bundy Development Corporation where he oversaw $25 million in infill residential development projects in the urban core of Washington, D.C. He also served as the firm's representative on two of the largest on-going mixed-use development projects in Washington, D.C., collectively valued at over $1.1 billion.

Prior to joining BDC, Mr. Karim served as a corporate attorney with Kramer Levin Naftalis & Frankel LLP, a 300-attorney law firm, where he counseled public and private investment companies on a range of legal and regulatory matters.

Prior to joining Kramer Levin, Mr. Karim worked with the District of Columbia's Office of The Corporation Counsel where he focused on real property tax appeals issues as well as revenue bond issues related to financing of projects for the University of the District of Columbia.

Mr. Karim is active with several organizations, including the Urban Land Institute, International Conference of Shopping Centers, American Planning Association, National Development Council, and African American Real Estate Professionals of Washington, D.C. Most recently, Mr. Karim served on the Transition Teams for District of Columbia Mayor Adrian M. Fenty and Montgomery County Executive Isiah Leggett. He currently serves on the Board of Directors of the Washington Area Community Investment Fund, a community development financial institution which provides loans to local businesses to develop and preserve affordable housing. He is a former member of the Board of Trustees of Howard University, serving alongside such notables as Richard D. Parsons, Colin L. Powell, Frank Savage, Jack F. Kemp, and Earl G. Graves, Sr.

Mr. Karim received J.D. and B.S. in Mechanical Engineering degrees from Howard University.

FOIA CONFIDENTIAL TREATMENT REQUESTED

## Harold L. Collins

Principal

Mr. Collins co-leads the development activity and daily operations of the firm. He is also responsible for the financial affairs of the company.

He has over 20 years of experience in the real estate industry, 16 of which were spent with Fannie Mae in various management positions. Most recently, Mr. Collins was an Acquisitions Manager with Fannie Mae's equity real estate arm, the American Communities Fund (ACF). While at the ACF, he was responsible for the successful placement of over $100 million in equity financing in residential (for sale and rental) and retail projects throughout the United States. His responsibilities included site selection, negotiation of legal and financing documents, development of project economics and overall development management. Each of the projects that Mr. Collins financed exceeded return expectations and were completed within budget.

Prior to his position with ACF, Mr. Collins held various positions at Fannie Mae including Mortgage-Backed Securities, Corporate Finance and Marketing.

Mr. Collins has also worked as an Electrical Engineer designing and managing the installation of electrical systems for industrial and office applications. His responsibilities included cost estimating, managing installation crews and overall project management.

He is currently a member of the Board of Directors of Evergreen School, an independent school dedicated to the Montessori philosophy of teaching.

Mr. Collins holds a MBA in Finance from the University of Chicago and a B.S. in Electrical Engineering from Carnegie Mellon University.

FOIA CONFIDENTIAL TREATMENT REQUESTED

## Warren C. Williams, Jr

Principal

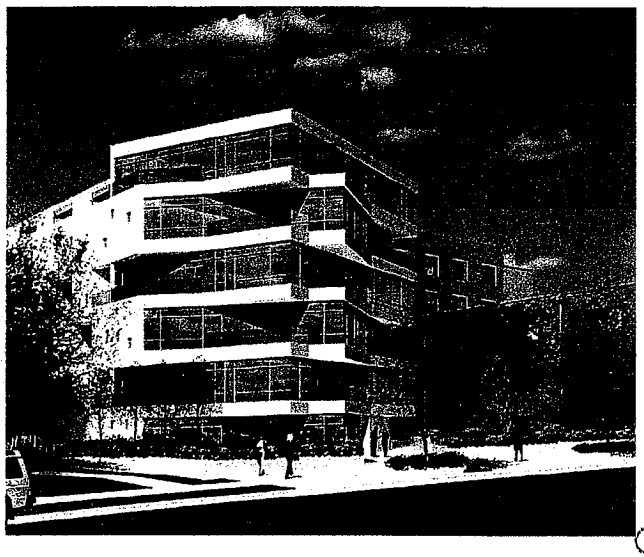
Mr. Williams oversees all land acquisitions for the firm while helping to guide the firm through the implementation of its $1 billion development goal. A native of Washington, DC, Mr. Williams grew up working in several local family-owned and operated businesses which allows him to leverage this experience for Banneker.

Prior to joining Banneker as a Principal, Mr. Williams was responsible for helping Washington, DC transform its neighborhoods through the development of two of the most recognized residential projects in the heart of the urban core of Washington: The Warrenton West, a 24,000 square foot upscale residential condominium project in the 16th Street Heights neighborhood, and The Warrenton, a 12,000 square foot market rate residential condominium project in the Brookland neighborhood. Each of these projects have been recognized by the Washington real estate community as "jewels" of their neighborhoods, literally transforming perceptions and exceeding expectations.

Mr. Williams received a Bachelor's degree from Drexel University. After a brief stint with Wilmer Cutler & Pickering LLP, he began his real estate career as a property manager with his family-owned firm, Williams Management. His experience managing his family's portfolio of properties, led him to leverage this portfolio and turn them into "jewels" within the urban core of Washington. During this period, Mr. Williams was able to create numerous strategic partnerships with financial, architectural, and construction institutions which have been invaluable to the success of the firms that he has been involved with, most recently Banneker.

Mr. Williams is a member of the District of Columbia Building Industry Association, Urban Land Institute and African American Real Estate Professionals of Washington, DC.

BANNEKER VENTURES, LLC



# Thayer Avenue

Address: 814 Thayer Avenue

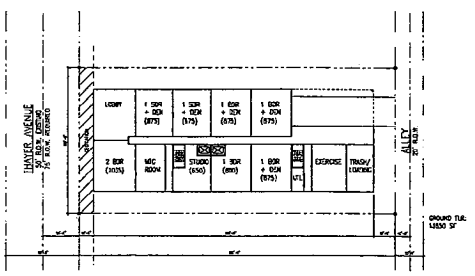
Neighborhood: Downtown (Silver Spring, MD)

Number of ~~Residential Units~~: 52

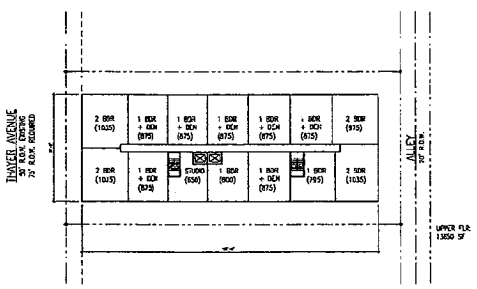
Roles: Developer/Owner

*...this project has all the amenities that a person could ask for...*

This boutique infill development project features studio, one- and two-bedroom units. Nestled right off Georgia Avenue in downtown Silver Spring, Maryland's Arts and Entertainment District, this project has all the amenities that a person could ask for: access to two grocery stores (Safeway is across the street and Whole Foods is 3 blocks away); access to the Metro train (4 blocks away); access to downtown Washington (4 Metro stops away or a 15 minute direct drive down Georgia Avenue); and access to more than 100 restaurants and 250 other shops, theatres, studios and art galleries.

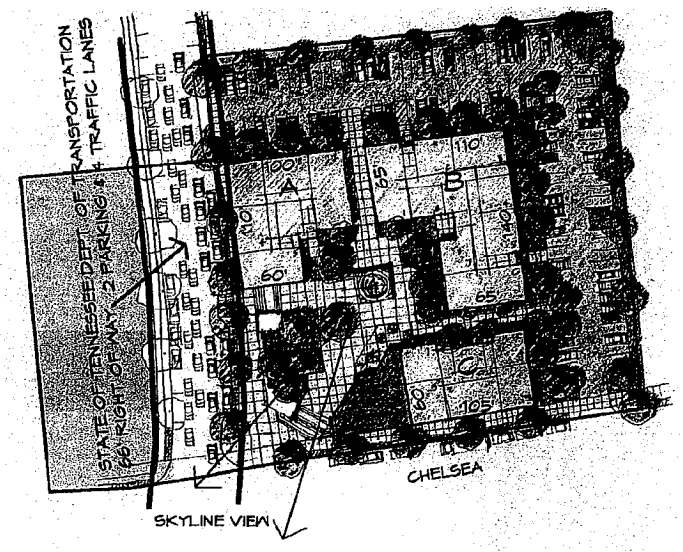



Ground Floor Plan




Upper Floor Plan

BANNEKER VENTURES, LLC




## Uptown Center

Address: 190 Chelsea Avenue

Neighborhood: Uptown (Memphis, TN)

Number of Apartment Units: 69

Number of Townhomes: 15

Retail Space: 35,000 SF

Roles: Developer/Owner

...located at the hottest submarket in the Memphis Metro area...

This landmark project is located at the intersection of one of the hottest sub-markets in the Memphis Metropolitan area. The development, appropriately called Uptown Center, will feature 69 one, two, and three-bedroom units, 15 town homes, 35,000 square feet of neighborhood oriented retail, and 107 surface level parking spaces. The apartments will be split between three buildings featuring skyline views, a fountain in the middle of the development, a spacious courtyard leading to the retail on the ground level, a business center and fitness center. This project is located in downtown Memphis, within blocks of the Mississippi River and the historic Memphis Peabody Hotel.

FOIA CONFIDENTIAL TREATMENT REQUESTED

BANNEKER VENTURES, LLC

# 6th Street Flats

Address: 809 6th Street, NW

Neighborhood: Chinatown (Washington, DC)

Number of Residential Units: 30

Roles: Project Manager and General Counsel

...located within walking distance of night life...

This boutique infill development project features one- and two-bedroom luxury condominium units. The building is located in the historic Chinatown District of Washington, DC and is within walking distance of the Verizon Center, Gallery Place Metro Station and much of the District's best dining and nightlife establishments.

BANNEKER VENTURES, LLC

# The Icon

Address: 1320 13th Street, NW

Neighborhood: Logan Circle (Washington, DC)

Number of Residential Units: 19

Roles: Project Manager and General Counsel

...a new construction project located in historic Logan Circle...

This 26,000 square foot condominium new construction project is located in the historic Logan Circle neighborhood section of Washington, DC. It features a sleek lobby, below grade-parking, and convenience to Whole Foods and other neighborhood oriented retailers.

Banneker Ventures, LLC

# The Warrenton West

Address: 1322 Missouri Avenue, NW

Neighborhood: 16th Street Heights (Washington, DC)

Number of Residential Units: 18

Roles: Developer/Owner

...overlooking Rock Creek Park...

Gut renovation of a 1960's contemporary structure overlooking Missouri Avenue and Rock Creek Park. Mix of one, two and three bedroom flat and duplex configurations. Features include hardwood floors, granite countertops, stainless steel appliances, designer lighting, elevator, whirlpool tubs, ceramic tile kitchen and baths, sky lights, exposed brick, and surface level parking.

BANNEKER VENTURES, LLC

# The Warrenton Condominiums

Address: 401 Evarts Street, NW

Neighborhood: Brookland (Washington, DC)

Number of Residential Units: 14

Roles: Developer/Owner

...renovations of 1950's era ...

Moderate renovations of 1950's era building with 14 units sold as condominiums. Mix of one and two bedroom configurations and controlled-access surface parking. Features include: hardwood floors, granite countertops and ceramic tile kitchen and baths.

# Phinis Jones

## Principal - District Development Group, LLC

**Professional Expertise**
Phinis Jones' professional expertise lies in the areas of real estate and urban development, job development, job training, community and public relations, economic development and political affairs. Just as importantly, he has been a resident, socially-active neighbor, and respected business owner within the Ward 8 community for more than 30 years. Mr. Jones' leadership skills and business acumen have proven very powerful; he has founded and presided over the following organizations, all of which aim to provide opportunities within Ward 8:

- Capitol Services Management, Inc. ("CSMI") – *1985 to Present*
- Congress Heights Training and Community Development Corporation – *1988 to Present*
- Jones Construction and Maintenance Company, Inc. – *1990 to 2002*
- United Black Fund of Greater Baltimore – *1995 to Present (Also Chairman and CEO)*

Mr. Jones' development and construction experience, proven management ability, and long-standing ties to the community make him the ideal candidate to lead all operational and public relations aspects of OCHSRC LLC's planned rehabilitation of the Old Congress Heights site.

**Additional Experience and Activities**

| | |
|---|---|
| Past Chairman of the Board | East of the River Development Corp. |
| President and Lobbyist | Jones Moreland, Inc |
| Chairman | Community Building Group |
| Chairman/President/CEO | New Image Child Development Center |
| Past Chairman of the Board | Senior Citizens Counseling & Delivery Services |
| Treasurer and Campaign Manager | Committee to Elect Wilhelmina Rolark |
| Past Member | DC Democratic State Committee |
| Board Member | Parklands Community Center |
| Advisor | Ward Eight Merchants Association |
| Past Member | DC Civilian Complaint Review Board |
| Vice President and Agent | Hotel & Restaurant Employees Union, Local 25 |
| Council to the District of Columbia | Executive Assistant to Wilhelmina Rolark |

## Phinis Jones

Principal - District Development Group, LLC

**Real Estate Projects**

| Client | Size (SF) | Location | Assignment |
|---|---|---|---|
| Rosedale Affordable Housing | ~70,000 | Ward 8 | Affordable and Market-Rate Residential Development |
| HillCrest Homes | 20,000 | Ward 8 | Residential Development |
| 3130 Martin Luther King Jr. Ave | 3,000 | Ward 8 | Commercial Rehab and Property Management |
| 3707 Martin Luther King Jr. Ave | 3,000 | Ward 8 | Commercial Rehab and Sale |

**Education**

University of Maryland at Baltimore
Bachelor of Science - Business Administration
1992 - Present

University of the District of Columbia
A.A. Public Administration
1976 - 1980

Prince George's Community College
Real Estate and Urban Development
1969 - 1972

# Joshua M. Kern

## Principal - District Development Group, LLC

**Professional Background**

Joshua M. Kern brings to the Banneker-District Development Team specific expertise in managing the design, construction and capitalization of educational facilities, as well as experience managing the legal and regulatory aspects of public land acquisition and economic redevelopment in the District of Columbia.

Now President & Chief Executive Officer of Thurgood Marshall Academy Public Charter High School (TMA), Mr. Kern conceptualized and initiated the founding of that institution in 2000 while attending law school at Georgetown University Law Center and serving, through the University's DC Street Law Clinic, as a teacher at Frank W. Ballou High School in Southeast Washington, DC. Thurgood Marshall Academy is a law-themed public charter high school serving primarily low-income teenagers from Ward 8. In addition to preparing its students to succeed in college, TMA aims to foster active participation in our democratic society by teaching students the skills lawyers have—the ability to solve complex problems, think critically, and advocate persuasively for themselves and their communities.

**Key Qualifications**

In 2005, following a multi-year effort spearheaded by Mr. Kern, Thurgood Marshall Academy acquired from the District of Columbia the former Nichols Avenue School and turned the neighborhood's most prominent eyesore into what has been hailed as the "Jewel of Anacostia." In addition to overseeing all aspects of the design, construction, and $14.5 million capitalization of this redevelopment project, Mr. Kern pioneered an unprecedented partnership between DC Public Schools (DCPS) and a public charter school, thereby solving a problem that had previously hindered redevelopment. Although the Nichols building had been designated for sale as surplus property, it sat on land shared by DCPS' A. Kiger Savoy Elementary school and no arrangement had been made to divide the properties. Mr. Kern led negotiations that created a joint campus between Savoy Elementary and Thurgood Marshall Academy; in return for a part of the lot, Thurgood Marshall Academy will modernize Savoy Elementary and create a joint-use multipurpose gymnasium. For more information about redevelopment of the Nichols Avenue School, please see Section 04.3 for further information.

# Joshua M. Kern

Principal - District Development Group, LLC

**Additional Experience and Honors**

Mr. Kern has received numerous honors for his work on behalf of Ward 8 teenagers, including being named "Young Lawyer of the Year" by the Bar Association of DC (2001) and being invited to testify before the U.S. Senate's Appropriations Subcommittee on "best practices" in charter school management (2004). Mr. Kern also sits on the board of the DC Charter School Association and is a member of the Pennsylvania Bar. Prior to co-founding TMA, he worked as a management consultant, assisting clients, including the U.S. Government, in areas such as budget management, systems development, employee training, and the improvement of organizational efficiency and effectiveness.

**Education**

Georgetown University Law Center
Juris Doctor, with honors
**2001**

Tulane University
Masters in Business Administration
**1995**

Tulane University
Bachelor of Arts, Economics
**1994**

## Monica Ray

Principal - District Development Group, LLC

**Key Qualifications**

Monica Ray brings to the Team more than twelve years of experience in fiscal and operational management within the for-profit and not-for-profit sectors. Drawing on expertise gained as Chief Operating Officer and Chief Estimator of Capitol Services Management, Inc., she is poised to oversee all day-to-day aspects of the planned rehabilitation of the Old Congress Heights site, including competitive bidding and vendor management, budget management, construction management, and permitting processes. Ms. Ray is particularly adept at managing the community and public relations aspects of local development and new construction activity.

As Executive Director of Congress Heights Training and Community Development Center, Ms. Ray is uniquely positioned to facilitate grassroots awareness of and support for OCHSRC LLC's planned development of the Old Congress Heights site. She looks forward to working with Ward 8 families to ensure that individual residents are empowered to capitalize upon the employment and other economic opportunities that will be presented by the project.

**Past Experience and Activities**

| | |
|---|---|
| Chief Operating Officer | Capitol Services Management, Inc. |
| Chief Estimator | Capitol Services Management, Inc. |
| Executive Director | Congress Heights Training and Community Development Center |
| Executive Financial Asst. | Congress Heights Training and Community Development Center |
| Board Member and Past Treasurer | East of the River Community Development Corporation |
| Board Member and Treasurer | Washington, DC Black Chamber of Commerce, Founding Director |
| Board Member | Mt. Ennion Community Development Corporation |
| Junior Acct. | Food & Beverage Workers Union, Local 32 |

**EDUCATION**

*Dec 95* M.A., Economics, Fayetteville State University, Fayetteville, North Carolina.

*June 94* B.S., Business Administration - Banking and Finance, Minors: Economics, Accounting
Fayetteville State University, Fayetteville, North Carolina.

TORTI GALLAS AND PARTNERS

**John Francis Torti, FAIA, LEED AP**
**President**
**Torti Gallas and Partners, Inc.**

Mr. Torti joined the firm in 1973 and has served as Principal-in-Charge of many large-scale planning, residential and commercial projects throughout the country. He provides the conceptual design leadership for the projects he directs. His experience also includes programming, urban design and master planning of complex mixed-use, residential and new town projects.

Mr. Torti's representative experience includes: Twinbrook Commons, Rockville, Maryland; Centergate Celebration for Pritzker Residential, Celebration, Florida; King Farm, Rockville, Maryland; Centergate Baldwin Park, Orlando, Florida; City West Revitalization, Cincinnati, Ohio; Military Family Housing Privatizations in San Diego, Monterey, Fort Irwin, Moffett Field and Camp Parks, California, Fort Benning, Georgia, and Fort Belvoir and Quantico, Virginia; Flag House Courts Neighborhood Revitalization, Baltimore, Maryland; Master Plan for the Washington National Cathedral Close; Bahcesehir, a new town in the outskirts of Istanbul, Turkey; Salishan Neighborhood Revitalization, Tacoma, Washington; Ispartakule, also a new town outside of Istanbul; Kemer Country Phase 4, continuation of a luxury residential community outside of Istanbul, Turkey; LeMoyne Gardens, Memphis, Tennessee; Lafayette Courts Revitalization Master Plan and Design, Baltimore, Maryland; South Riding, Loudoun County, Virginia; Germantown Town Center, Germantown, Maryland; Arlington Courthouse Plaza, a $150 million mixed-use office, residential, retail, hotel, and governmental complex in Arlington, Virginia; and Artery Plaza, a $30 million mixed-use office/retail complex in Bethesda, Maryland.

Prior to joining Torti Gallas, Mr. Torti was affiliated with NASA at the Goddard Space Flight Center and the National Capital Planning Commission, where he worked on numerous designs to rebuild Washington after the 1968 riots. He also was a Principal in an architectural firm in the Midwest and was the director of a non-profit housing and community development corporation. Mr. Torti has been on the teaching staff at the Catholic University of America in Washington, D.C., and has served as a Visiting Professor at Harvard University, Ohio University, the University of Maryland and at Montgomery College. He was a member of the Visiting Council of the School of Architecture and Environmental Designs at the University of Texas and a member of the board of the CADRE Corporation, a non-profit corporation that sponsors clinical applications for the University of Maryland architecture students and faculty.

Mr. Torti has received numerous awards, most recently: a 2006 American Institute of Architects Honor Award in Regional and Urban Design for Martin Luther King Plaza Revitalization in Philadelphia, Pennsylvania; two 2006 Congress for the New Urbanism Charter Awards for Fort Belvoir Family Housing Revitalization in Fort Belvoir, Virginia and Martin Luther King Plaza Revitalization in Philadelphia, Pennsylvania; the 2006 Residential Architect Magazine Project of the Year Award for Martin Luther King Plaza Revitalization in Philadelphia, Pennsylvania; two 2005 Builder's Choice Awards for City West Revitalization, Cincinnati, OH and Centergate Baldwin Park, Orlando, FL; five 2005 NAHB Pillars of the Industry Awards for Centergate Celebration in Orlando, Florida, The Garlands of Barrington, Barrington, Illinois, The Ellington and Alban Towers/Alban Row in Washington, D.C.; a 2005 Residential Architect Design Award for City West in Cincinnati, Ohio; two 2005 American Institute of Architects Housing Committee Awards for LeMoyne Gardens in Memphis, Tennessee and The Garlands of Barrington in Barrington, Illinois; four 2004 Congress for the New Urbanism Charter Awards for the Charlottesville, Virginia Commercial Corridor Study, the Albemarle County, Virginia Neighborhood Model, City West Revitalization in Cincinnati, Ohio, and Twinbrook Commons TOD in Rockville, Maryland; two 2004 American Institute of Architects Housing PIA Awards for Belmont Heights Estates in Tampa, Florida and City West Revitalization in Cincinnati, Ohio; a 2004 Builder's Choice Award for LeMoyne Gardens in Memphis, Tennessee; a 2003 U.S. Environmental Protection Agency National Award for Smart Growth Achievement for the Village at NTC in San Diego, California; American Institute of Architects Honor Awards in Urban Design for the Charlottesville, Virginia Commercial Corridor Study (2003); the Albemarle County, Virginia Neighborhood Model (2002); Flag House Courts HOPE VI Revitalization, Baltimore, Maryland (2001); the Town of Bahcesehir, Istanbul, Turkey (2000); and Lafayette Courts HOPE VI Revitalization (1997).

**Education**
Bachelor of Architecture, 1965; University of Notre Dame
Catholic University - City and Regional Planning - 1966-1968

**Registration**
1969 Architect - Washington, DC, Maryland, Virginia, Delaware, Indiana, Ohio, Pennsylvania, Illinois, Florida, New York, New Jersey, Missouri, Louisiana, Minnesota, North Carolina, South Carolina, Tennessee, Washington, California, NCARB; LEED Accredited Professional, 2004

FOIA CONFIDENTIAL TREATMENT REQUESTED

TORTI GALLAS AND PARTNERS

**Maurice Walters, AIA, LEED AP**
**Principal**
**Tort Gallas and Partners, Inc.**

Mr. Walters serves as Principal Designer for many of Torti Gallas' notable residential projects. As a leader in the creation of innovative housing typologies, Mr. Walters' ability to relate architecture to the economics of buildings and to the marketability of a design solution has been key to his success. Mr. Walters' designs have received both national and local awards, attesting to his understanding of the relationship of the building form within its community as well as his focused leadership in the residential marketplace. His expertise includes a range of projects, including multi-family housing, mixed-use development, recreation and community facilities, urban design, and government facilities.

Mr. Walters' relevant experience includes:

- **CityVista**, Washington, DC - Redevelopment of the Old Wax Museum site in downtown Washington, D.C. This $133 million redevelopment program calls for a 55,000 SF Safeway store with a Starbucks coffee shop, dry cleaner and bank; 50,000 SF of retail; 623 condominium and apartment units, 20% of which will be set-aside as affordable housing; and 800 parking spaces.

- **Kenyon Square and Highland Park**, Washington, DC - Redevelopment of two parcels of this large urban revitalization in the Columbia Heights area of Washington, D.C. The development programs situate ground floor, neighborhood oriented, commercial space on 14th Street and Irving Street, NW. Commercial spaces are immediately adjacent to both of the Metro station entries, greatly benefiting residents and commuters. Both rental and condominium residential uses, totalling 457 units, are located in a series of artfully massed building forms above the commercial spaces. On both parcels, the proposed buildings "embrace" the space around the Metro entries, forming small piazzas that allow for a lively street life and vibrant urban activities.

- **The Ellington**, Washington, DC - a 186-unit rental apartment building at 13th and U Streets in Washington, DC. The new building contains 15,000 SF of street level retail, 2 levels of below grade parking, residential amenities and a roof terrace.

- **Baldwin Park Town Center, Orlando, Florida** - Baldwin Park is the infill new town located on the abandoned brownfield site of the former Orlando Naval Training Center on the shore of Lake Baldwin. The mixed-use Village Center is a true mixed-use construct. The Village Center is a vibrant, mixed-use urban environment, carefully crafted to be the centerpiece and seamless extension of the larger Village. Its form is derived from the idea of a traditional village wedded to the circumstances of the framework plan, the site, and the program. Main Street is a mixed-use street of three-story buildings with commercial on the ground floor and residential above, that is completely activated along its length by a series of spaces - the Office Square, Market Square, the Waterfront Square and the Harbor.

- **Centergate Celebration** - Torti Gallas developed four building types at Celebration in Orlando, Florida. Celebration integrates a mixed-building type development into one of the most innovative and successful New Urbanist projects. Torti Gallas' four building types are: traditional garden apartments, courtyard apartments, carriage homes, and two and three story townhomes. Parking is accommodated by either parking courts or rear-loaded garages.

While at the University of Maryland, Mr. Walters received the AIA Henry Adams Award for Architectural Excellence and the Dean's Thesis Prize for "Revitalizing the City, Urban Housing in Southeast Washington".

Education
Master of Architecture, 1993
Bachelor of Science, 1984

Registration
1988, Architect, Washington, D.C., Virginia, LEED Accredited Professional, 2004

TORTI GALLAS AND PARTNERS

**Sherief Elfar, AIA**
**Principal**
**Torti Gallas and Partners, Inc.**

During his more than 25 years' experience, Mr. Elfar has worked on numerous mixed-use, residential, governmental, commercial and retail projects. He has had extensive experience with particular emphasis on the use of CADD in designing both new construction and revitalization projects. On these projects Mr. Elfar has been responsible for programming and planning, the preparation of design and construction documents, extensive coordination with multi-disciplined consultant teams and clients, and with construction administration.

Mr. Elfar has been Project Manager on the following relevant projects:

- **CityVista, Washington, D.C.** - Redevelopment of the Old Wax Museum site in downtown Washington, D.C. This $133 million redevelopment program calls for a 55,000 SF Safeway store with a Starbucks coffee shop, dry cleaner and bank; 50,000 SF of retail; 623 condominium and apartment units, 20% of which will be set-aside as affordable housing; and 800 parking spaces.

- **Pacific Beacon**, San Diego, California - A new residential community for unaccompanied enlisted sailors through a Public-Private Partnership. The Master Plan meets the diverse and expanding needs of the DoN and its sailors, and takes into account the immediate and anticipated mid- and, long-term unaccompanied personnel housing requirements in the San Diego region. The three, 18-story high-rise residential buildings are oriented to maximize spectacular views and provide unparalleled amenities including an educational center, WiFi Cafe, sky terrace with pool and state-of-the-art fitness center. The amenity package and unit sizes exceed anything available in the private market. All apartments will have two generously-sized master suites, which, in addition to the beautiful shared living and kitchen space, will give residents ample personal space and privacy.

- **Park Triangle** - is located on 14th and Park Road near the Historic Tivoli Theater in Washington, DC. A triangular shaped parcel of city-owned land adjacent to the site will be developed into a public plaza. The building has been angled and shaped to maximize the quality of the public plaza. The architecture of the adjacent Historic Tivoli Theater and Historic Riggs Bank Building is complemented in the bays, cornices and facades of Columbia Triangle. The project consists of 131 units of one-story efficiencies, one and two bedroom apartments, as well as two-story lofts with balconies and awnings that animate the public space. A roof deck, rear courtyard, gym and business center are amenities for the residents.

- **Avalon at Grosvenor, North Bethesda, Maryland** - a 497-unit apartment community located steps from the Grosvenor-Strathmore Metro Station. This new community includes garage parking, a community building, landscaped courtyards with gas grills and a heated outdoor pool.

- **Alban Towers, Washington, D.C.** - Torti Gallas was retained to design 229 new luxury rental apartment units to fit within the historic exterior and corridor system of this landmark apartment building near the Washington National Cathedral, as well as a buried parking structure behind the building.

**Education**
Master of Architecture, 1986
Bachelor of Architecture, 1980

**Registration**
Registered Architect Maryland, Washington, D.C., Virginia

FOIA CONFIDENTIAL TREATMENT REQUESTED

residential

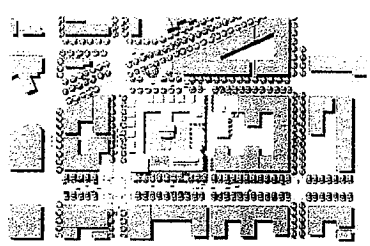
## CityVista • Washington, D.C.

Torti Gallas and Partners is part of the winning development team for the redevelopment of the Old Wax Museum site at 5th and K Streets NW in downtown Washington, DC. The project was advertised and awarded through the RLA Revitalization Corporation (RLARC).

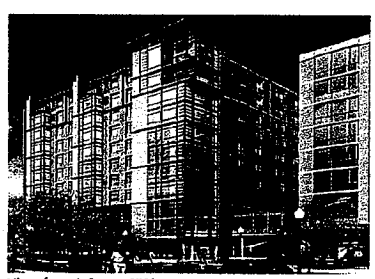
The development team is led by Lowe Enterprises Mid-Atlantic, Inc., and includes CIM Urban Real Estate Fund LP, a California-based pension fund, Bundy Development Corporation, Neighborhood Development Company and Michael Marshall Architecture, collaborating architect.

The redevelopment program calls for a Safeway store with a Starbucks coffee shop, dry cleaner and bank; retail space, condominium and apartment units, 20% of which would be set-aside as affordable housing; and parking.

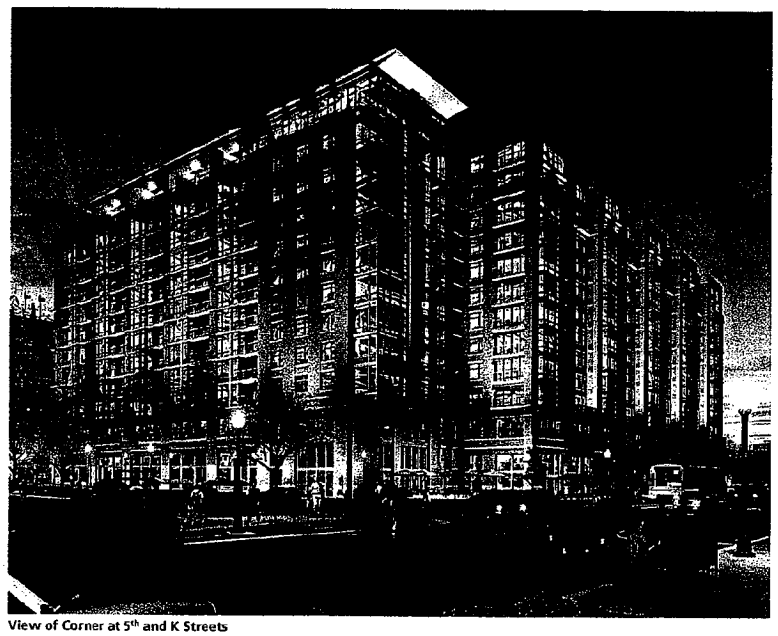
The site, located in the Mount Vernon Triangle area of the city, is currently a parking lot. It is a major building block in the city's plans to attract new residents and create a vibrant city life near the new convention center.



Site Plan



View from L Street NW



View of Corner at 5th and K Streets

View of Corner at 5th and L Streets

Services provided:
- programming
- feasibility/yield analysis
- comprehensive planning process
- community meetings
- urban design
- neighborhood planning
- architectural design

Program data:
- 3.2 acre site
- 623 condominium and apartment units
- 55,000 sf Safeway store
- 50,000 sf of retail space
- 800 parking spaces

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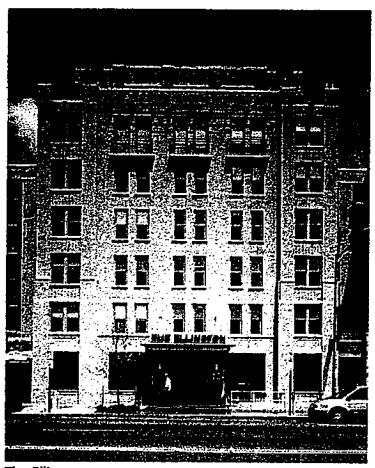
FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007755

residential

## The Ellington • Washington, D.C.

*Winner: NAHB Multifamily 2005 Pillars of the Industry Award, Best Mid-Rise Rental Apartment*



The Ellington

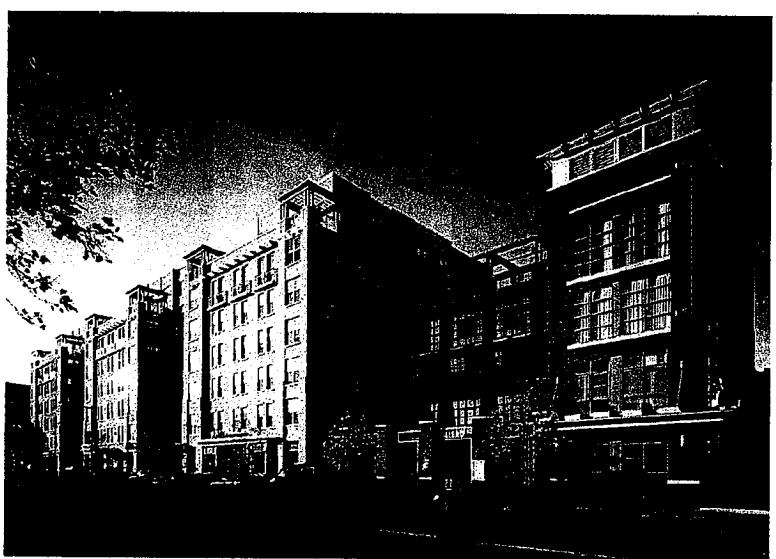
*"...a prominent vertical sign at the corner is reminiscent of the old theater signs that were once a signature feature of the U Street corridor."*

The Ellington is E-shaped, with three wings projecting out to U Street with courtyards in between. The upper two floors are set back significantly from the perimeter walls in order to minimize their visibility from the street. In its overall massing, materials, fenestration and facade organization, the building is evocative of some of the landmark buildings in the neighborhood, such as the Whitelaw Hotel, the True Reformers Building, and the Bowen YMCA, while being clearly contemporary in its detailing. On the corner of 13th and U Streets there is a four story façade, with a prominent retail entrance on U Street, accessed through a courtyard. The residential entrance is located on 13th Street, and elevated to match the rowhouses on this street frontage. The facades of this component are clad in red brick, and organized by full-height piers enframing banks of windows with spandrel panels.

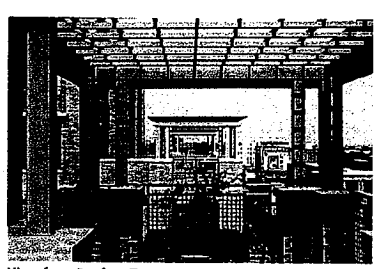
Services provided:
- programming
- marketing package
- leasing plans
- feasibility/yield analysis
- community meetings
- urban design
- code analysis
- public hearings
- expert witness
- architectural design
- construction phase service
- alley closing

Sustainable design elements:
- located across street/above Metro
- provides underground structured parking
- provides bike storage
- mixed-use building
- pedestrian-oriented

Program data:
- 43,000 sf
- 211,000 sf floor area
- 15,000 sf retail at grade
- 186 unit apartment building
- 2 level below grade garage
- residential amenities
- roof terrace



The Ellington



View from Rooftop Terrace

Community Room

TORTI GALLAS AND PARTNERS

www.tortigallas.com

FOIA CONFIDENTIAL TREATMENT REQUESTED

residential | Kenyon Square • Washington, D.C.

*"The design of Kenyon Square represents an evocative tribute to the historic architecture in the Columbia Heights neighborhood."*

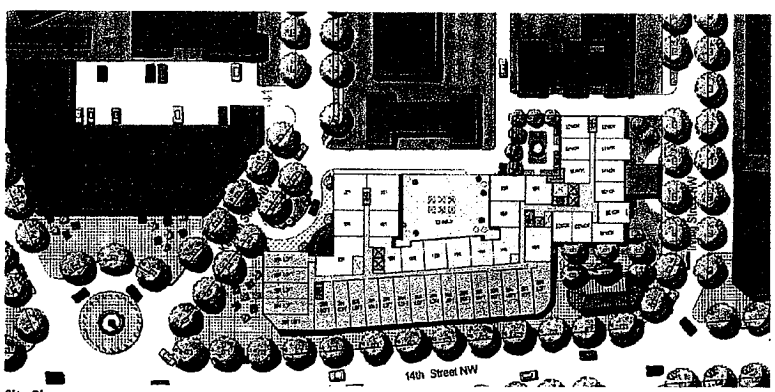
Torti Gallas is working with a developer client on the redevelopment of two parcels of the Columbia Heights area of Washington D.C. One of Washington's oldest neighborhoods, Columbia Heights is experiencing an urban transformation back to its previous grandeur. Parcel 15 is being developed into Kenyon Square, a luxury condominium building with street level retail built over an existing Metro tunnel. The architecture of the building reflects the varied styles of Washington, D.C. The southern facade is a deco style with large expanses of glass and wonderful views of the city. The northern portion of the building is designed in an Italianate style, echoing the design of grand Washington, D.C. apartment houses.

The residential units feature spacious floor plans, functional and modern kitchens, ample storage and closet space, and light-filled rooms. Many of the homes feature balconies.

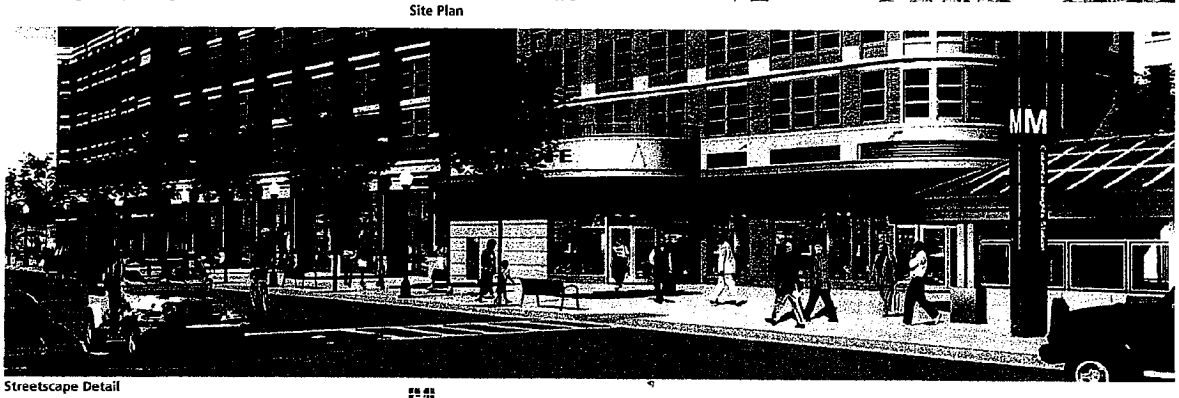
Services provided:
- programming
- feasibility/yield analysis
- comprehensive planning process
- community meetings
- urban design
- neighborhood planning
- architectural design

Program data:
- 153 condominium units
- 75 unit senior building (Victory Heights)
- 20,000 sf of 1st floor retail space with outdoor café seating
- below grade parking for 177 cars

View of Kenyon Square



Site Plan



Streetscape Detail

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FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007757

residential

## Highland Park • Washington, D.C.

*"The building embraces the space around the Metro entries, forming small piazzas that allow for vibrant urban activities."*

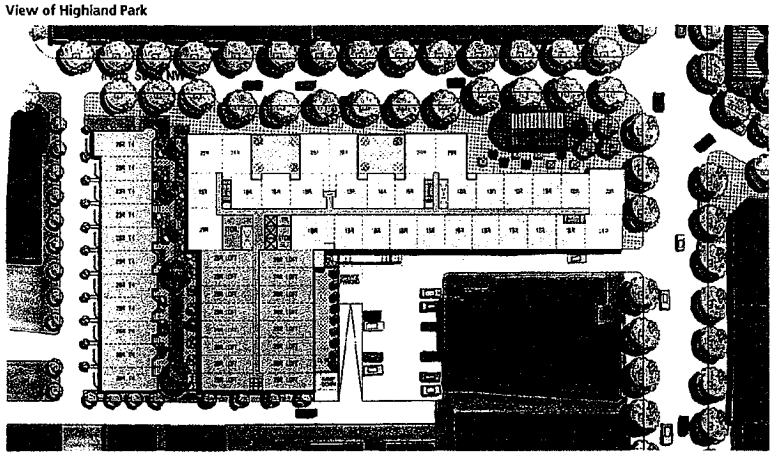
Torti Gallas is working with a developer client on the redevelopment of two parcels of the Columbia Heights area of Washington D.C. One of Washington's oldest neighborhoods, Columbia Heights is experiencing an urban transformation back to its previous grandeur. Parcel 26 is being developed into Highland Park, a rental apartment building with street level retail and underground parking with direct Metro access. The architecture of the building uses multiple facades to reflect the varied styles of Washington, D.C.

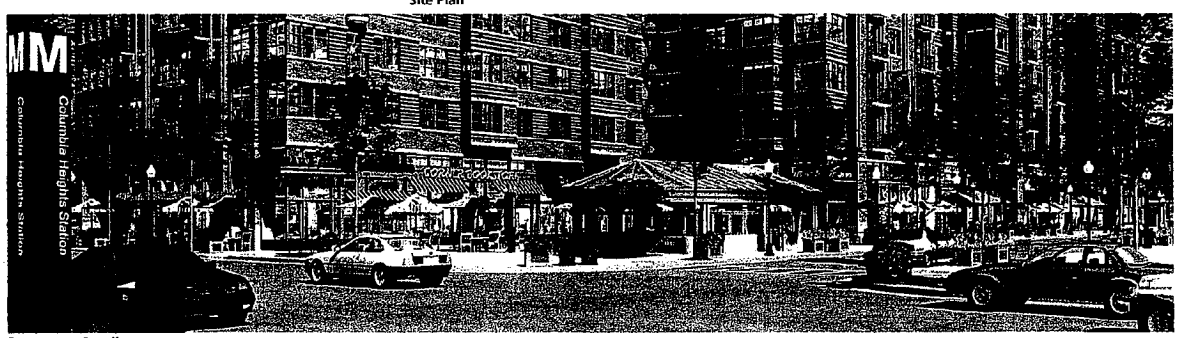
A significant design challenge involved integrating the existing WMATA Metro station cooling tower into the building's design. The cooling tower was relocated to the roof of the new building and a dedicated access shaft with an OSHA ladder was provided to the roof from grade level to allow WMATA 24-hour access to its equipment. The cooling tower equipment was reconnected to the Metro station via the shaft.

Services provided:
- rezoning
- programming
- community meetings
- urban design
- landscape architecture
- code analysis
- public hearing
- architectural design
- construction phase services

Program data:
- 229 apartment units
- 19,000 sf of retail
- below grade parking for 277 cars

View of Highland Park


Site Plan



Streetscape Detail



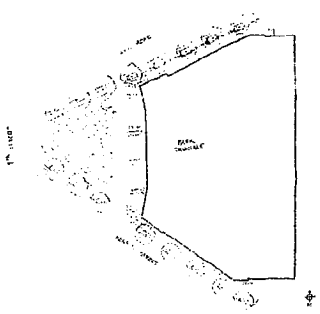
FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007758

residential

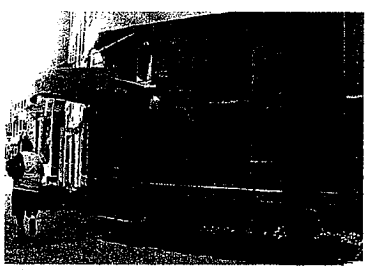
## Columbia Heights Triangle • Washington, D.C.

*"The architecture of the adjacent Historic Tivoli Theater and Historic Riggs Bank Building is complemented in the bays, cornices and facades of Columbia Triangle."*

Columbia Heights Triangle is located on 14th and Park Road NW near the Historic Tivoli Theater. A triangular shaped parcel of city-owned land adjacent to the site is being developed into a public plaza. The building has been angled and shaped to maximize the quality of the public plaza. The architecture of the adjacent Historic Tivoli Theater and Historic Riggs Bank Building is complemented in the bays, cornices and facades of Columbia Triangle. The project consists of one-story efficiencies, one and two bedroom apartments, as well as two-story lofts with balconies and awnings that animate the public space. A roof deck, rear courtyard, gym and business center are amenities for the residents.



Site Plan



Columbia Heights Triangle

Columbia Heights Triangle

Services provided:
- programming
- process
- leasing plans
- feasibility/yield analysis
- urban design
- code analysis
- architectural design

Program data:
- 1 acre site
- 131 rental apartment units
- mix of efficiency, one and two bedroom units
- 18,000 sf of retail



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007759

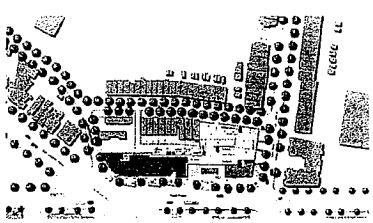
residential

## Park Place Condominiums • Washington, D.C

Torti Gallas and Partners was part of the winning development team selected to design and build a new mixed-use, transit-oriented development above the Georgia Avenue/Petworth Metro Station along Georgia Avenue in Washington, DC. Advertised and awarded through the District of Columbia's Office of the Deputy Mayor for Planning and Economic Development, the project will provide a vibrant new neighborhood center with ample street-front retail and five levels of residential apartments above.

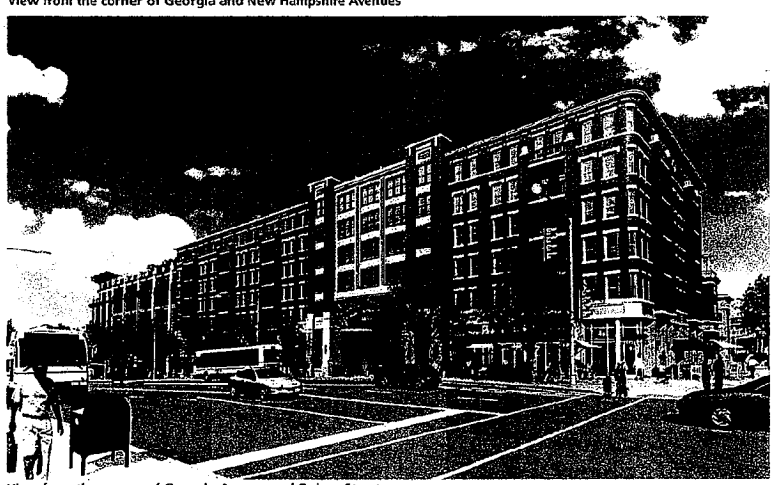
The development team is led by Donatelli & Klein, Inc., the developers for The Ellington Apartments at 13th & U Streets and two large mixed-use projects at 14th and Irving Streets, NW in Columbia Heights, all designed by Torti Gallas.

The parcel, located at Georgia and New Hampshire Avenues in northwest Washington, will contain apartments above retail space, with additional fee simple townhouse units along 9th Street, NW. A portion of the apartments will be set aside for affordable housing (30% to 60% of the area median income). This $40 million project will be the first new apartment units built along Georgia Avenue in decades. Donatelli & Klein is slated to begin construction in 18 months, to be complete in early 2007.



Site Plan

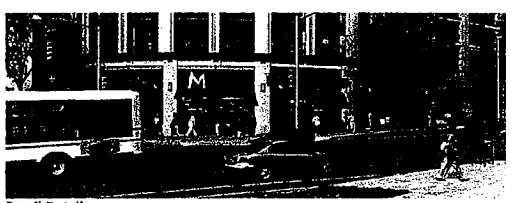
View from the corner of Georgia and New Hampshire Avenues



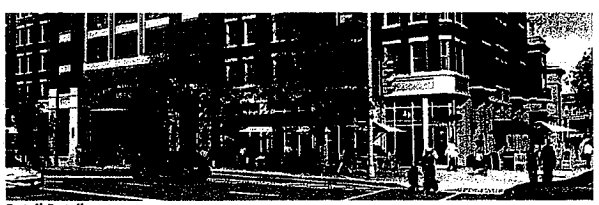
View from the corner of Georgia Avenue and Quincy Street

Services provided:
- programming
- feasibility/yield analysis
- comprehensive planning process
- community meetings
- urban design
- neighborhood planning
- architectural design

Program data:
- 1.35 acre site
- 148 apartment units over retail
- 7 fee simple townhouse units
- 17,000 sf of retail space



Retail Detail



Retail Detail

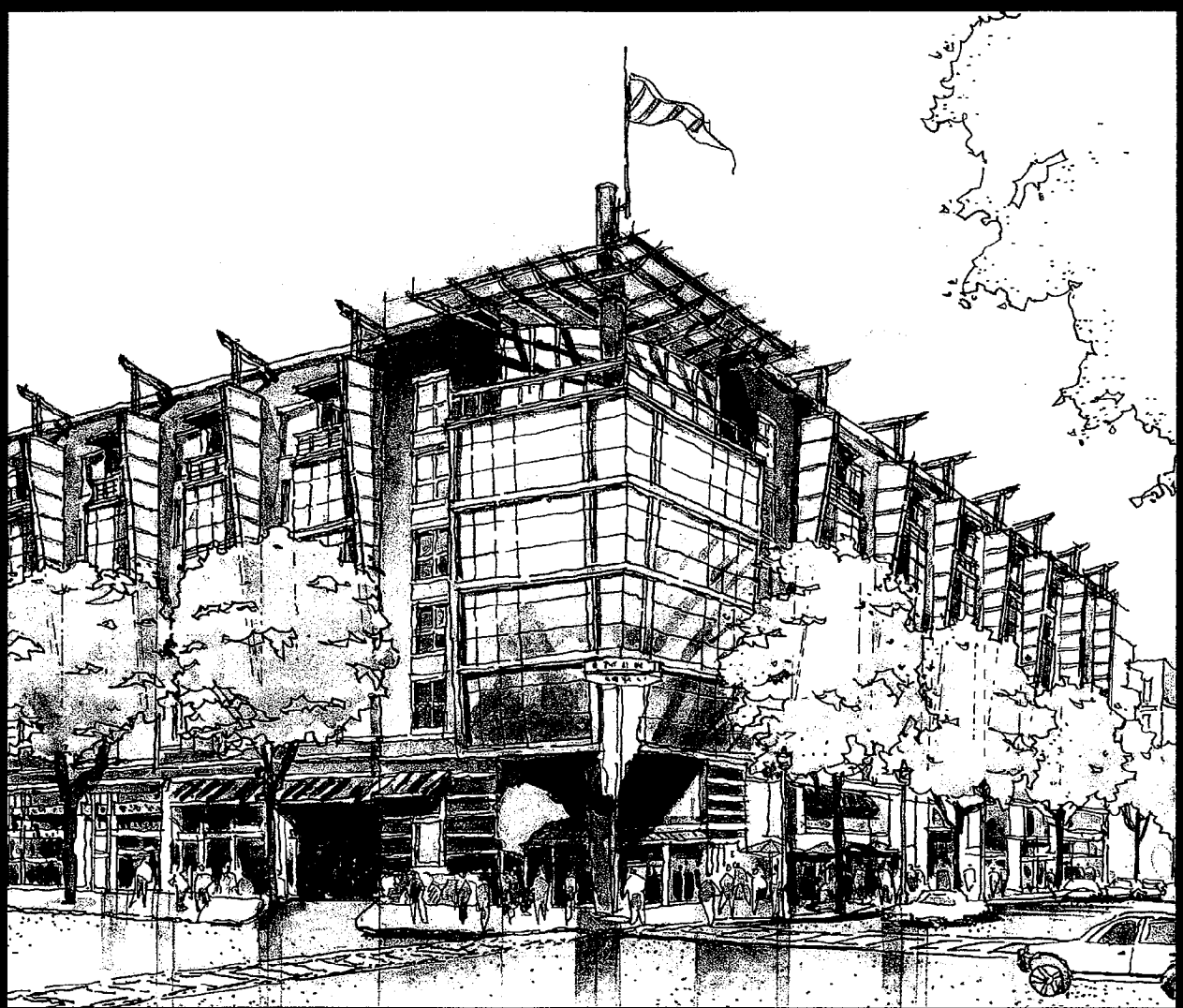


FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007760

# Response to Request for Proposals

## The Jazz @ Florida Avenue

## Volume 2 - Economic Information




Submitted by:
Banneker Ventures/District Development Group/Donatelli Development
700 12th Street NW, Suite 700
Washinton, DC 20005
(202) 667-4110


Submitted to:
Mr. Nat Bottigheimer
Contracting Officer
Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001


FOIA CONFIDENTIAL TREATMENT REQUESTED

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FOIA CONFIDENTIAL TREATMENT REQUESTED

## B. Executive Summary

The Jazz @ Florida Avenue will provide substantial economic and community benefits to WMATA, the neighboring community and the District at-large. The proposed development program seeks to maximize those benefits, while maintaining a market-driven and economically feasibility development program. The intricate balance of both socially and economically driven goals is incorporated in the Development Team's vision, program and financial structure of the deal.

The Development program includes the construction of 127,600 gross square feet, within three related buildings along U Street. The net leasable square footage is 110,000 square feet of residential space and 11,750 square feet of ground floor retail/cultural space. The development program is supported by 47 parking spaces (24,500 square feet) available for both residential and retail uses.

The total development budget for the conceived project is approximately $36.2M.

The Developer will bring approximately $9M in equity to the project and $27.2M in debt financing to the project. The project is estimated to provide a 13% leveraged IRR based upon a 15-year hold period and a 6.5% cap rate. The Return on Cost is estimated to be approximately 6.98% for the project.

The Development Team proposes a long term structured ground lease with WMATA, over a 60-year period. Under the ground lease, WMATA is guaranteed an annual rent payment of not less than $500,000 with a 3% annual increase in base rent starting at Year 2 of the project's stabilization.

In addition, WMATA would be afforded the opportunity to participate in potential project upside, as well as any financial benefits attributed to the initial refinance, sale or other capital event by the Development Team.

The Development Team believes that this structure is best suited for today's real estate market, allows WMATA and the Developer's interest to align and ensures the long term financial benefit of the project to WMATA.

However, the Development Team is willing and prepared to negotiate the disposition of the Site if that suits WMATA's Board and other interests.

In addition to the annual base rent, WMATA will receive several additional tangible benefits:

1. Predevelopment rent at $100,000 annually and $1.5M in tunnel related construction costs born by the Developer;
2. Increased ridership of 456 riders; potentially increasing WMATA annual revenues by $238,056.

The District of Columbia will also receive the following benefits from the project:

1. $550,000 in permit and recordation fees;
2. $260,000 in annual estimated property tax;
3. $300,000 in annual estimated sales tax;
4. Ten units of affordable housing estimated at a cost of $2,272,000 ($272,000 per unit).

As evidenced in Section J of this response, the Development Team's credit-worthiness is above reproach. The firm's ability to secure debt financing is illustrated by the substantial support of American Bank, Fannie Mae and Cassidy & Pinkard.

In addition, the Development Team includes, as its Equity Investor, MacFarlane Partners. MacFarlane Partners has shown a fifteen year commitment and ability to fund, support and execute urban projects throughout the country. Additionally, the Team's equity partner, MacFarlane Partners, has over $20B in investment capital and a substantial and growing presence in the Washington, D.C. marketplace. The Development Team is extremely well positioned to make certain the successful execution of The Jazz @ Florida Avenue.



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## C. Estimated Fair Market Value

The estimated fair market value of the Site is based upon the residual land value of the site given the proposed program.

The residual land value analysis is based upon the following market driven assumptions:

1. Multi-family rental of 115,935 gross square feet
    a. 103 units with 95% occupancy
        i. 93 units at $3/sf (market-rate)
        ii. 10 units at $1.50/sf (affordable)

2. Retail of 11,757 square feet rented at $55/sf with 95% occupancy
3. Average residential hard costs at $175/SF
4. Average retail hard costs at $200/SF
5. Average infrastructure hard costs @ $10/SF
6. 6.5% cap rate

| Residential Land Value of WMATA Site | |
|---|---|
| Residential | 115,935 GSF |
| Retail SF | 11,757 GSF |
| Parking | 24,525 GSF |
| TOTAL GROSS SF | 152,217 GSF |
| Total Units | 103 |
| Total Residential SF | 98,545 SF |
| Total Non-Revenue Generating Residential SF | 17,390 SF |
| Total Parking Spaces | 47 |
| Total Retail SF | 11,757 SF |
| **Residential** | |
| Hard Costs - Residential | $175 |
| Hard Costs - Infrastructure | $10 |
| Soft Costs (Excluding Financing) | 20% |
| Required Return on Costs (Cap Rate) | 6.5% |
| Weighted Average Rent (93 units @ $3/SF; 10 units @ 1.50/sf) | $21,002 |
| Occupancy | 95% |
| P.U.P.Y. (Annual operating expenses per unit) | $3,500 |
| **Parking** | |
| Hard Costs - Below Grade Parking | $31,500 |
| Monthly Rent - Parking | $150 |
| Occupancy | 95% |
| Operating Expenses/Space | $500 |



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## D. Business Relationship with WMATA - Lease

### SECTION D.1

The Developer will pay WMATA a non-refundable option fee of One Hundred Thousand Dollars ($100,000) for the right to negotiate a Development Agreement upon designation as Selected Developer and approval of the Term Sheet. The Developer recognizes that this fee is separate and distinct from the other payments, deposits and fees which WMATA requires.

### SECTION D.2

The Development Team proposes to enter into a ground lease with WMATA for the Site for a total of 60 years. At the annual base rent listed below with agreed-upon increases with an option to purchase the site at a later to be negotiated amount.

Upon the execution of the Development Agreement, but prior to the developed project's stabilization period, the Developer shall pay WMATA One Hundred Thousand ($100,000) annually in predevelopment rent.

### SECTION D.3

The Development Team shall guarantee a base rent of Five Hundred Thousand Dollars ($500,000) annually to WMATA; including a 3% annual escalation of the base rent beginning at Year Two (2) of stabilization.

### SECTION D.4

If the project is not completed within twelve (12) months of the projected completion date, as agreed upon in the executed Development Agreement between WMATA and the Developer, the monthly predevelopment rents shall increase by 10%.

Any increase in predevelopment rent excludes delays caused by force majeure or governmental regulations and /or approvals that have been delayed due to no fault of the Developer. The Developer shall use all best commercially reasonable efforts to ensure the timely submission, review and approval of any and all required government review and approval.

### SECTION D.5

The Developer will undertake any environmental remediation necessary for the development of the proposed project as part of its project construction. All associated environmental remediation costs shall be reduced (at cost) from the monthly predevelopment rent and annual base rent payment to WMATA after stabilization, until the environmental "capital account" is at zero.

The Developer will coordinate with WMATA to ensure the most cost-effective method for environmental remediation and will participate in any activities undertaken by WMATA to ensure that the owner originally culpable for the environmental damage to the site is identified and obligated to pay for clean-up, pursuant to all applicable local and federal regulations.

### SECTION D.6

As negotiated, WMATA will have the opportunity to participate in a share of the gross income of the project.

### SECTION D.7

WMATA shall receive a portion, as negotiated, of any net proceeds (after all project and sales related expenses) in the event of an assignment of the Developer's leasehold interest, transfer of interest in the Developer's business entity, refinancing or sale of the Project, or similar initial capital event post construction and project stabilization.



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## E. Business Relationship with WMATA - Sales

The Developer is willing to negotiate the purchase of the Site pursuant to WMATA's priorities.

Any purchase of the Site will be based upon the value attributed to the Site by a 3rd party independent appraiser.



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## F. Summary Table of Sources and Uses

### Development Sources and Uses - The Jazz

| | $ Amount | $/RSF | % of Total |
|---|---|---|---|
| **Uses of Capital:** | | | |
| Total Land Costs | $530,000 | 4.81 | 1.5% |
| Total Hard Costs | $27,806,302 | 252.10 | 77.1% |
| Total Soft Costs (inc. Dev Fee) | $3,278,966 | 29.73 | 9.1% |
| LC's | 0 | - | 0.0% |
| TI's | $470,280 | 4.26 | 1.3% |
| Construction Interest | $1,896,001 | 17.19 | 5.3% |
| Construction Loan Fees | $541,276 | 4.91 | 1.5% |
| Other Costs | $1,562,229 | 14.16 | 4.3% |
| TOTAL USES | $36,085,053 | 327.15 | 100.0% |
| **Sources of Capital:** | | | |
| Investor Equity (30%) | $2,706,379 | 24.54 | 7.5% |
| Operator Equity (70%) | $6,314,884 | 57.25 | 17.5% |
| Total Equity Capital | $9,021,263 | 81.79 | 25.0% |
| Construction Loan | $27,063,790 | 243.36 | 75.0% |
| TOTAL SOURCES | $36,085,053 | 327.15 | 100.0% |



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## G. Fifteen Year Operating Proforma

On the following pages please find a fifteen year operating proforma for the project.



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# The Jazz-Florida Avenue

**Investment Summary -- Residential over Retail**

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## Project Description

| | |
|---|---|
| Project Name | The Jazz |
| Location | Florida Avenue |
| Case | Residential over Retail |
| Project Start Date | Jul-09 |
| Term | 3 |

## Real Estate

| | Site | Bldg SF |
|---|---|---|
| *(net area)* | | 0.000 SF |
| Jazz - Residential & Retail | 0.65 Acres | 127,692 SF |
| Garage | 47 Spaces | 54,250 SF |
| Total | 0.65 Acres | 181,942 SF |
| | 1 Acre = 43,560 SF | |

## Timing

| | Month | Date |
|---|---|---|
| Site Work Begin | Month 1 | Jul-09 |
| Site Work End | Month 3 | Sep-09 |
| Construction Begin | Month 4 | Oct-09 |
| Construction End | Month 21 | Mar-11 |
| Land Loan Begin | Month 1 | Jul-09 |
| Land Loan End | Month 4 | Oct-09 |
| Construction Loan Begin | Month 4 | Oct-09 |
| Construction Loan End | Month 25 | Oct-11 |
| Permanent Loan Begin | Month 28 | Oct-11 |
| Permanent Loan End | Month 181 | Jul-24 |
| Ramp-Up Begin | Month 22 | Apr-11 |
| Ramp-Up End | Month 28 | Oct-11 |
| Stabilization Begin | | |

## Land Loan

| | |
|---|---|
| LTC | 50.00% |
| Loan Fee | 0.75% |
| Spread to LIBOR (assumes 15% leverage, other) | 9.63% |
| Legal Costs | $50,000 |

## Construction Loan

| | |
|---|---|
| LTC | 75.00% |
| Loan Fee | 2.00% |
| Spread to LIBOR | 2.50% |

## Permanent Loan

| | |
|---|---|
| LTC | 70.00% |
| Loan Fee | 2.00% |
| Amortization Period | 25 |
| Interest rate | 7.00% |
| Loan Constant | 8.48% |

## Exit Assumptions

| | | |
|---|---|---|
| Sale Month | Month 181 | Jul-24 |
| First Cap Rate | 6.50% | |
| Sales Costs | 4.00% | |

## JV Structure

| | |
|---|---|
| Partner 1 Equity | 30.00% |
| Partner 2 Equity | 70.00% |

## Project Assumptions

| Project Type | Residential over Retail | | |
|---|---|---|---|
| | Gross | Efficiency | Rentable |
| Jazz - Residential & Retail | 127,692 SF | 86% | 110,300 SF |
| Total Project Size | 127,692 SF | | 110,300 SF |
| Site Size | 0.65 Acres | 28,350 SF | |
| Coverage | | 64.3 FAR | |

| Critical Dates | Month / Date |
|---|---|
| Analysis Start | Month 1 / Jul-09 |
| Land Loan Begin | Month 1 / Jul-09 |
| Land Loan Begin | Month 4 / Oct-09 |
| Construction Begin | Month 4 / Oct-09 |
| Construction End | Month 21 / Mar-11 |
| Construction Loan Begin | Month 4 / Oct-09 |
| Construction Loan End | Month 25 / Oct-11 |
| Lease-Up Begin | Month 22 / Apr-11 |
| Lease-Up End | Month 28 / Oct-11 |
| Permanent Loan Begin | Month 28 / Oct-11 |
| Permanent Loan End | Month 181 / Jul-24 |

## Investor Splits & Returns

| Project Unlevered Returns | The Jazz | Project |
|---|---|---|
| ROC | 6.94% | 6.94% |
| Unlevered IRR | 9.30% | 10.10% |
| Unlevered CFs | 2.53x | 2.81x |

| Project Levered Returns | The Jazz | Project |
|---|---|---|
| Levered IRR | 10.85% | 12.99% |
| Levered CFs | 3.57x | 4.57x |
| Levered Nominal Profit | $34,017,482 | $43,459,189 |
| Peak Equity | $9,071,500 | $9,921,265 |

| Investor Splits: | | Cash Flow Splits | |
|---|---|---|---|
| Up to | Partner Preferred | Partner | Partner |
| Hurdle I -- 11.0% | 0.0% | 70.0% | 30.0% |
| Hurdle II -- 16.0% | 0.0% | 70.0% | 30.0% |
| Thereafter | 0.0% | 70.0% | 30.0% |

| Consolidated Levered Returns | Partner | Partner |
|---|---|---|
| Levered IRR | 12.99% | 12.99% |
| Levered CFs | 4.57x | 4.57x |
| Levered Nominal Profit | $30,521,432 | $13,537,757 |
| Peak Equity | 14,314,234 | $7,786,970 |

1) ROC calculation includes total costs which are net of income prior to stabilization
ROC with total costs gross of income prior to stabilization is 5.00%

| Bldg | Retail Rent | Stabilized NOI | Cost | ROC |
|---|---|---|---|---|
| The Jazz | $55.81 | $2,519,434 | $36,256,001 | 6.94% |
| | - | - | | |
| Bldg | | | | |
| Jazz - Residential & Retail | | | $36,256,001 | 6.94% |

## Exit Assumptions

| Jazz - Residential & Retail | | |
|---|---|---|
| Sale Date | Month 181 | Jul-24 |
| First Cap Rate | | 6.50% |
| Sales Cost | | 4.00% |

## Operating Assumptions

| | Jazz - Residential & Retail |
|---|---|
| Stabilized (year beginning) | Jan-08 |
| Signed Avg. Retail Rent (NNN) | $55 |
| Annual Escalations (Beg. Year2) | 3.00% |
| Rent Abatement | |
| Renewal Probability | 75% |
| Downtime: | |
| TIs(Retail Only) | |
| New | $40.00/SF |
| Renewal | $25.00/SF |
| Blended | $29.75/SF |
| Retail Occupancy | 95.0% |
| Operating Reserves | 0.25% |
| (3 months operating exp) | |

| Generic Rates: | Year 2 | Year 3 | Thereafter |
|---|---|---|---|
| Rent Roll Growth | 3.0% | 3.0% | 3.0% |
| Operating Expenses | 3.0% | 3.0% | 3.0% |
| Real Estate Taxes | 3.0% | 3.0% | 3.0% |

## Loan Assumptions

| | Jazz - Residential & Retail | | |
|---|---|---|---|
| | Land Loan | Const Loan | Perm Loan |
| Amount | 985,934 | 27,214,501 | 26,955,297 |
| Month Begin | Month 1 | Month 4 | Month 28 |
| Month End | Month 4 | Month 28 | Month 181 |
| LTC (LTV) | 50.0% | 75.0% | 70.0% |
| Spread (Fixed rate) | 9.6% | 1.5% - | |
| Fee | 0.8% | 2.0% | 2.0% |
| Interest rate | - | - | 7.0% |
| Amortizing? | - | - | Yes |

## Development Costs Summary - The Jazz

| | $ Amount | $/RSF | % of Total |
|---|---|---|---|
| **Development Costs:** | | | |
| Total Land Costs | 530,000 | $4.81 | 1.5% |
| Total Hard Costs | 27,806,332 | $252.10 | 76.6% |
| Total Soft Costs (inc Dev Fee) | 3,278,956 | $29.73 | 9.0% |
| LC's | 0 | - | 0.0% |
| TI's | 470,280 | $4.26 | 1.3% |
| Construction Interest | 2,131,227 | $19.32 | 5.9% |
| Construction Loan Fees | 544,290 | $4.93 | 1.5% |
| **Other Costs** | 1,524,936 | $13.83 | 4.2% |
| Net Revenue during Ramp-Up | 0 | | |
| Total Development Cost | 36,285,021 | $328.97 | 100.0% |
| Equity | 9,071,500 | | |

## Development Sources and Uses - The Jazz

| | $ Amount | $/RSF | % of Total |
|---|---|---|---|
| **Uses of Capital:** | | | |
| Total Land Costs | 530,000 | $4.81 | 1.5% |
| Total Hard Costs | 27,806,332 | $252.10 | 76.6% |
| Total Soft Costs (inc Dev Fee) | 3,278,956 | $29.73 | 9.0% |
| LC's | 0 | - | 0.0% |
| TI's | 470,280 | $4.26 | 1.3% |
| Construction Interest | 2,131,227 | $19.32 | 5.9% |
| Construction Loan Fees | 544,290 | $4.93 | 1.5% |
| Other Costs | 1,524,936 | $13.83 | 4.2% |
| | | | |
| **Sources of Capital:** | | | |
| Investor Equity (30%) | 2,721,450 | $24.67 | 7.5% |
| Operator Equity (10%) | 6,350,050 | $57.57 | 17.5% |
| Total Equity Capital | 9,071,500 | $82.24 | 25.0% |
| | | | 0.0% |
| Construction Loan | 27,214,501 | $246.73 | 75.0% |

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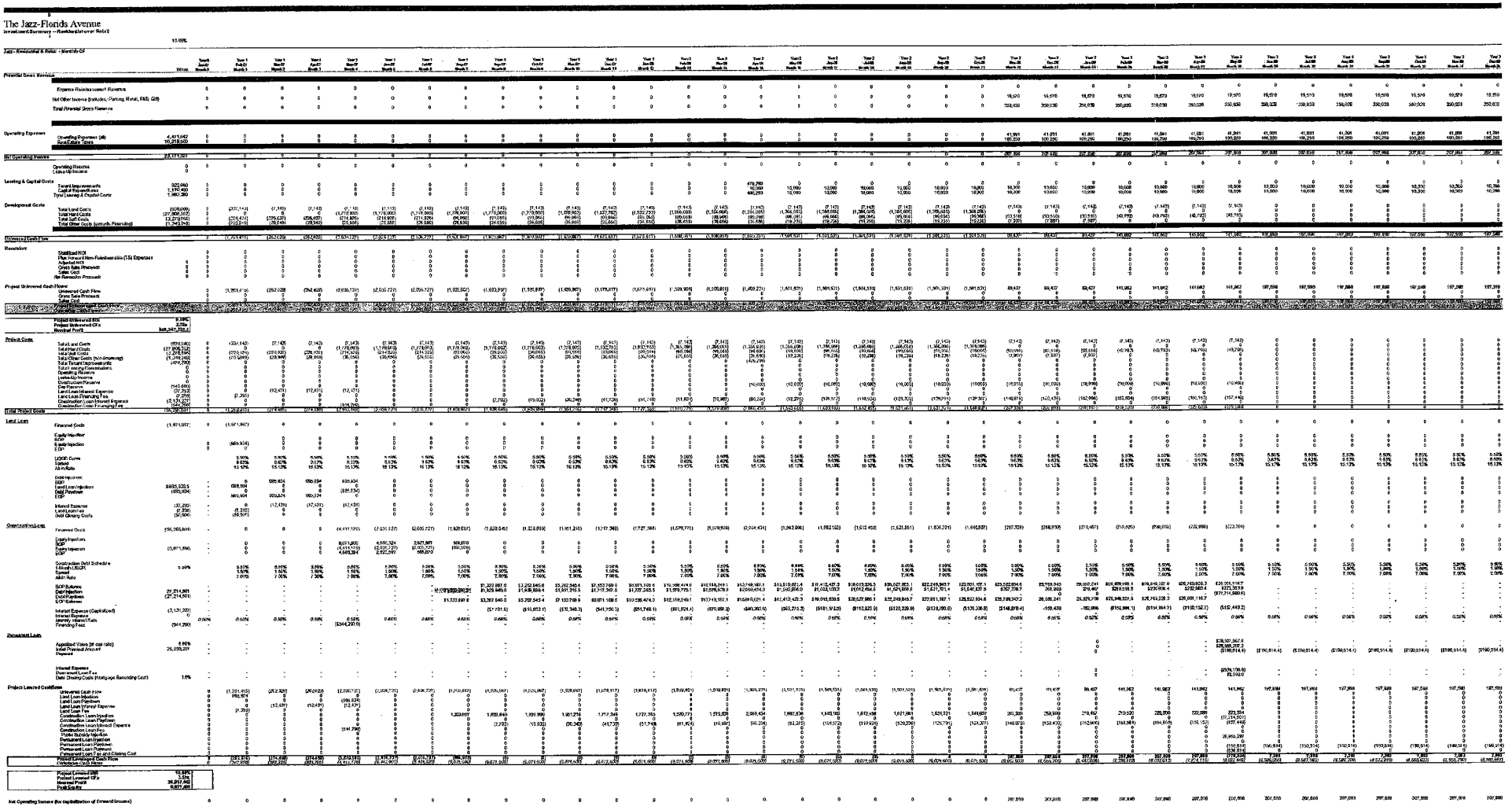
# The Jazz-Florida Avenue

Investment Summary -- Residential over Retail



WMATA-INV 007770

e Jazz-Florida Avenue
...ment Summary – Residential over Retail

10.86%

Residential & Retail - Monthly CF

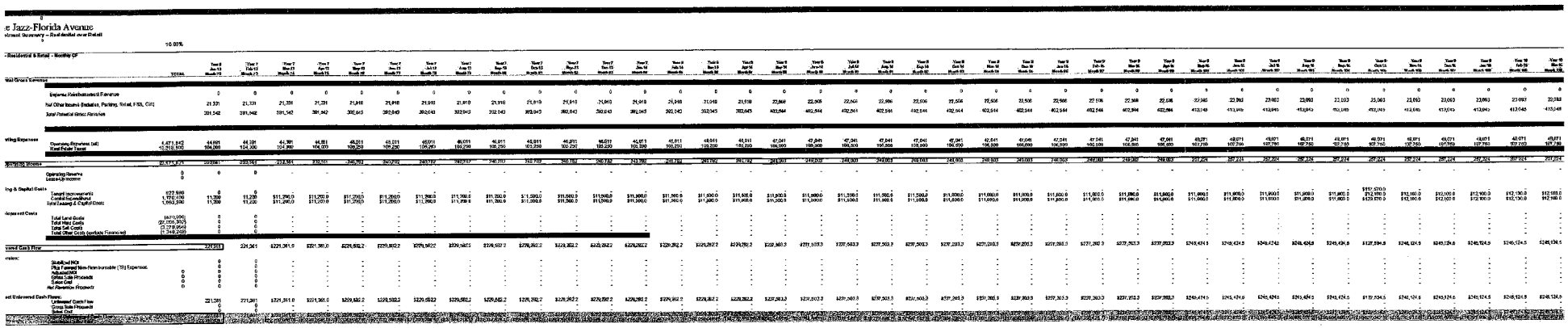
| | TOTAL | Year 3 Jan-10 Month 36 | Year 4 Feb-10 Month 37 | Year 4 Mar-10 Month 38 | Year 4 Apr-10 Month 39 | Year 4 May-10 Month 40 | Year 4 Jun-10 Month 41 | Year 4 Jul-10 Month 42 | Year 4 Aug-10 Month 43 | Year 4 Sep-10 Month 44 | Year 4 Oct-10 Month 45 | Year 4 Nov-10 Month 46 | Year 4 Dec-10 Month 47 | Year 4 Jan-11 Month 48 | Year 5 Feb-11 Month 49 | Year 5 Mar-11 Month 50 | Year 5 Apr-11 Month 51 | Year 5 May-11 Month 52 | Year 5 Jun-11 Month 53 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **...al Gross Revenue** | | | | | | | | | | | | | | | | | | | |
| Expense Reimbursement Revenue | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Other Income (includes; Parking, Retail, F&B, Gift) | | 19,570 | 19,570 | 19,570 | 19,570 | 20,157 | 20,157 | 20,157 | 20,157 | 20,157 | 20,157 | 20,157 | 20,157 | 20,157 | 20,157 | 20,157 | 20,157 | 20,744 | 20,744 |
| *Total Potential Gross Revenue* | | 350,039 | 350,039 | 350,039 | 350,039 | 360,540 | 360,540 | 360,540 | 360,540 | 360,540 | 360,540 | 360,540 | 360,540 | 360,540 | 360,540 | 360,540 | 360,540 | 371,041 | 371,041 |
| **...ting Expenses** | | | | | | | | | | | | | | | | | | | |
| Operating Expenses (all) | 4,471,542 | 41,891 | 41,891 | 41,891 | 41,891 | 42,921 | 42,921 | 42,921 | 42,921 | 42,921 | 42,921 | 42,921 | 42,921 | 42,921 | 42,921 | 42,921 | 42,921 | 43,951 | 43,951 |
| Real Estate Taxes | 10,318,500 | 100,250 | 100,250 | 100,250 | 100,250 | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 102,750 | 102,750 |
| **...perating Income** | 23,171,521 | 207,898 | 207,898 | 207,898 | 207,898 | 216,119 | 216,119 | 216,119 | 216,119 | 216,119 | 216,119 | 216,119 | 216,119 | 216,119 | 216,119 | 216,119 | 216,119 | 224,340 | 224,340 |
| Operating Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lease-Up Income | 0 | | | | | | | | | | | | | | | | | | |
| **...ng & Capital Costs** | | | | | | | | | | | | | | | | | | | |
| Tenant Improvements | 822,990 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 117,573 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Expenditures | 1,170,400 | 10,300 | 10,300 | 10,300 | 10,300 | 10,300 | 10,300 | 10,300 | 10,300 | 10,300 | 10,600 | 10,600 | 10,600 | 10,600 | 10,600 | 10,600 | 10,600 | 10,600 | 10,600 |
| *Total Leasing & Capital Costs* | 1,093,390 | 10,300 | 10,300 | 10,300 | 10,300 | 10,300 | 10,300 | 10,300 | 10,300 | 10,300 | 128,173 | 10,600 | 10,600 | 10,600 | 10,600 | 10,600 | 10,600 | 10,600 | 10,600 |
| **...lopment Costs** | | | | | | | | | | | | | | | | | | | |
| Total Land Costs | (550,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Hard Costs | (27,808,102) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Soft Costs | (3,278,956) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Costs (exclude Financing) | (1,340,248) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | Year 5 Jul-11 Month 54 | Year 5 Aug-11 Month 55 | Year 5 Sep-11 Month 56 | Year 5 Oct-11 Month 57 | Year 5 Nov-11 Month 58 | Year 5 Dec-11 Month 59 | Year 5 Jan-12 Month 60 | Year 6 Feb-12 Month 61 | Year 6 Mar-12 Month 62 | Year 6 Apr-12 Month 63 | Year 6 May-12 Month 64 | Year 6 Jun-12 Month 65 | Year 6 Jul-12 Month 66 | Year 6 Aug-12 Month 67 | Year 6 Sep-12 Month 68 | Year 6 Oct-12 Month 69 | Year 6 Nov-12 Month 70 | Year 6 Dec-12 Month 71 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Expense Reimbursement Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Other Income (includes; Parking, Retail, F&B, Gift) | 20,744 | 20,744 | 20,744 | 20,744 | 20,744 | 20,744 | 20,744 | 20,744 | 20,744 | 20,744 | 21,331 | 21,331 | 21,331 | 21,331 | 21,331 | 21,331 | 21,331 | 21,331 |
| *Total Potential Gross Revenue* | 371,041 | 371,041 | 371,041 | 371,041 | 371,041 | 371,041 | 371,041 | 371,041 | 371,041 | 371,041 | 381,542 | 381,542 | 381,542 | 381,542 | 381,542 | 381,542 | 381,542 | 381,542 |
| Operating Expenses (all) | 43,951 | 43,951 | 43,951 | 43,951 | 43,951 | 43,951 | 43,951 | 43,951 | 43,951 | 43,951 | 44,981 | 44,981 | 44,981 | 44,981 | 44,981 | 44,981 | 44,981 | 44,981 |
| Real Estate Taxes | 102,750 | 102,750 | 102,750 | 102,750 | 102,750 | 102,750 | 102,750 | 102,750 | 102,750 | 102,750 | 104,000 | 104,000 | 104,000 | 104,000 | 104,000 | 104,000 | 104,000 | 104,000 |
| **...perating Income** | 224,340 | 224,340 | 224,340 | 224,340 | 224,340 | 224,340 | 224,340 | 224,340 | 224,340 | 224,340 | 232,561 | 232,561 | 232,561 | 232,561 | 232,561 | 232,561 | 232,561 | 232,561 |
| Operating Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tenant Improvements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 117,570 | 0 | 0 |
| Capital Expenditures | 10,600 | 10,600 | 10,600 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 11,200 | 11,200 | 11,200 |
| *Total Leasing & Capital Costs* | 10,600 | 10,600 | 10,600 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 | 128,770 | 11,200 | 11,200 |
| Total Land Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Hard Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Soft Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Costs (exclude Financing) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | TOTAL | Month 36 | Month 37 | Month 38 | Month 39 | Month 40 | Month 41 | Month 42 | Month 43 | Month 44 |
|---|---|---|---|---|---|---|---|---|---|---|
| **...ered Cash Flow** | | 197,598 | 197,598 | 197,598 | 197,598 | 205,819 | 205,819 | 205,819 | 205,819 | 205,819 |
| **...rsion** | | | | | | | | | | |
| Stabilized NOI | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus Forward Non-Reimbursable (TS) Expenses | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Adjusted NOI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross Sale Proceeds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sales Cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *Net Reversion Proceeds* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **...ct Unlevered Cash Flows:** | | | | | | | | | | |
| Unlevered Cash Flow | | 197,598 | 197,598 | 197,598 | 197,598 | 205,819 | 205,819 | 205,819 | 205,819 | 205,819 |
| Gross Sale Proceeds | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sales Cost | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Project Unlevered Cash Flow | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Cumulative Cash Flow | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Project Unlevered IRR | 9.10% | | | | | | | | | |
| Project Unlevered CFx | 2.83x | | | | | | | | | |
| Nominal Profit | $50,947,228.5 | | | | | | | | | |
| **...ct Costs** | | | | | | | | | | |
| Total Land Costs | (550,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Hard Costs | (27,808,102) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Soft Costs | (3,278,956) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Costs (non-financing) | (1,340,248) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Tenant Improvements | (470,280) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Leasing Commissions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lease-Up Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cap Reserve | (140,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land Loan Interest Expense | (37,293) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land Loan Financing Fee | (7,395) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction Loan Interest Expense | (2,131,227) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction Loan Financing Fee | (544,290) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Project Costs** | (36,288,011) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Land Loan** | | | | | | | | | | |
| Financed Costs | (1,871,967) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity Injection: BOP | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity Injection | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EOP | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LIBOR Curve | | 5.60% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| Spread | | 9.63% | 9.63% | 9.63% | 9.63% | 9.63% | 9.63% | 9.63% | 9.63% | 9.63% |
| All-in Rate | | 15.13% | 15.13% | 15.13% | 15.13% | 15.13% | 15.13% | 15.13% | 15.13% | 15.13% |
| Debt Injection: BOP | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land Loan Injection | $985,933.5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Paydown | (985,934) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EOP | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Expense | (37,293) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land Loan Fee | (7,395) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Closing Costs | (50,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **...struction Loan** | | | | | | | | | | |
| Financed Costs | (26,296,001) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity Injection: BOP | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity Injection | (9,071,500) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EOP | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction Debt Schedule: 1-Month LIBOR | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| Spread | | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| All-In Rate | | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% |
| BOP Balance | | - | - | - | - | - | - | - | - | - |
| Debt Injection | 27,214,501 | - | - | - | - | - | - | - | - | - |
| Debt Paydown | (27,214,501) | - | - | - | - | - | - | - | - | - |
| EOP Balance | | - | - | - | - | - | - | - | - | - |
| Interest Expense (Capitalized) | (2,131,227) | - | - | - | - | - | - | - | - | - |
| Interest Expense | 0 | | | | | | | | | |
| Monthly Interest Rate | | 0.58% | 0.58% | 0.58% | 0.58% | 0.58% | 0.58% | 0.58% | 0.58% | 0.58% |
| Financing Fees | (544,290) | - | - | - | - | - | - | - | - | - |
| **...anent Loan** | | | | | | | | | | |
| Appraised Value (at cap rate) | 6.50% | - | - | - | - | - | - | - | - | - |
| Initial Principal Amount | 28,955,297 | | | | | | | | | |
| Payment | | ($190,514.4) | ($190,514.4) | ($190,514.4) | ($190,514.4) | ($190,514.4) | ($190,514.4) | ($190,514.4) | ($190,514.4) | ($190,514.4) |
| Interest Expense | | - | - | - | - | - | - | - | - | - |
| Permanent Loan Fee | | - | - | - | - | - | - | - | - | - |
| Debt Closing Costs (Mortgage Recording Cost) | 1.0% | - | - | - | - | - | - | - | - | - |
| **...ect Levered Cashflows** | | | | | | | | | | |
| Unlevered Cash Flow | | 197,598 | 197,598 | 197,598 | 197,598 | 205,819 | 205,819 | 205,819 | 205,819 | 205,819 |
| Land Loan Injection | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land Loan Paydown | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land Loan Interest Expense | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land Loan Fee | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction Loan Injection | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction Loan Paydown | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction Loan Interest Expense | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction Loan Fee | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Subsidy Injection | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Permanent Loan Injection | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Permanent Loan Paydown | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Permanent Loan Payment | | (190,514) | (190,514) | (190,514) | (190,514) | (190,514) | (190,514) | (190,514) | (190,514) | (190,514) |
| Permanent Loan Fee and Closing Cost | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Project Leveraged Cash Flow** | | 7,083 | 7,083 | 7,083 | 7,083 | 15,304 | 15,304 | 15,304 | 15,304 | 15,304 |
| *Cumulative Cash Flow* | | (8,544,584) | (8,537,501) | (8,530,418) | (8,523,334) | (8,508,030) | (8,492,726) | (8,477,422) | (8,462,117) | (8,446,813) |
| Project Levered IRR | 10.83% | | | | | | | | | |
| Project Levered CFx | 3.87x | | | | | | | | | |
| Nominal Profit | 28,917,482 | | | | | | | | | |
| Peak Equity | 9,071,500 | | | | | | | | | |
| **Operating Income (for capitalization of forward income)** | | 207,898 | 207,898 | 207,898 | 207,898 | 216,119 | 216,119 | 216,119 | 216,119 | 216,119 |

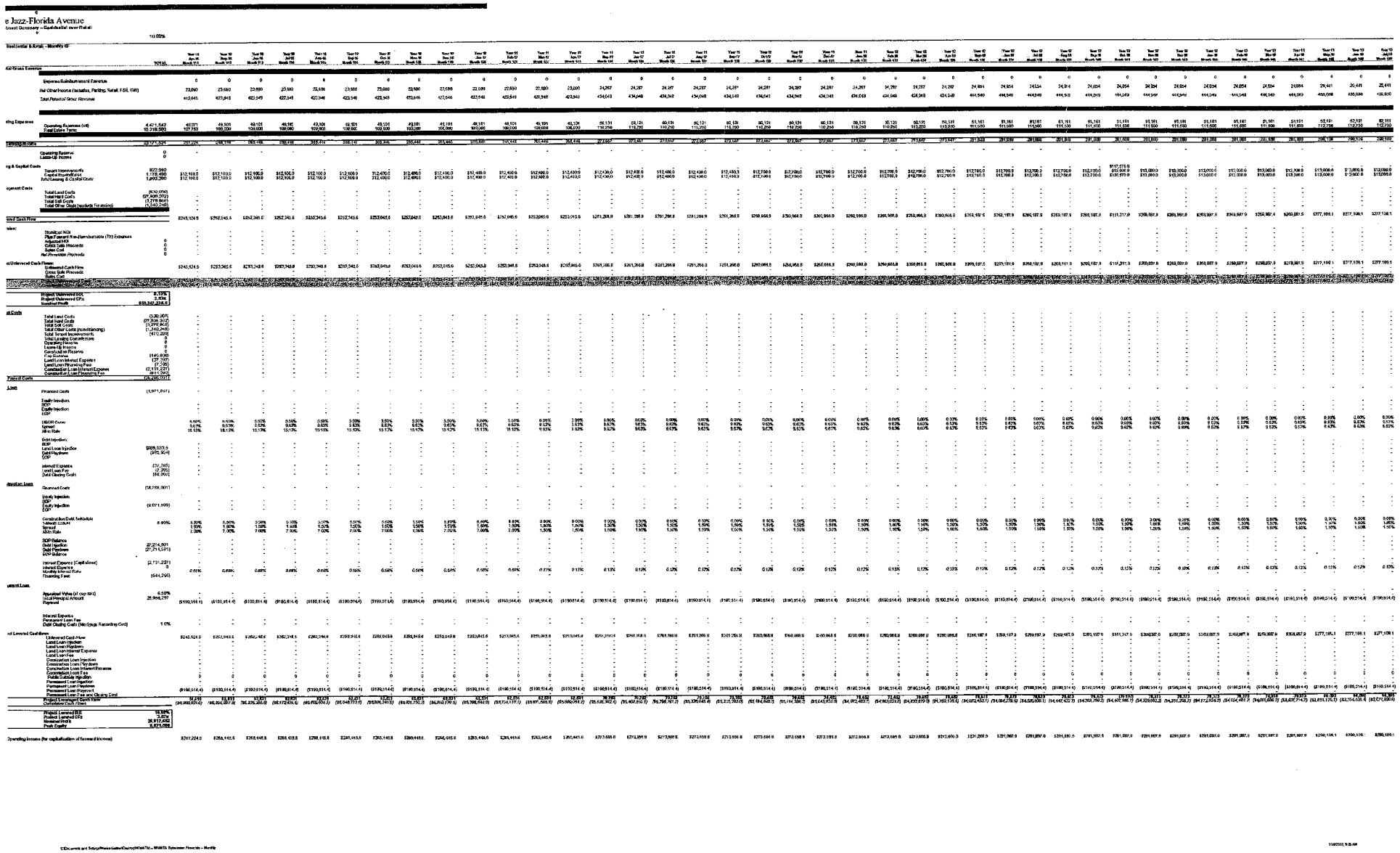
FOIA CONFIDENTIAL TREATMENT REQUESTED

# e Jazz-Florida Avenue



WMATA-INV 007772

FOIA CONFIDENTIAL TREATMENT REQUESTED

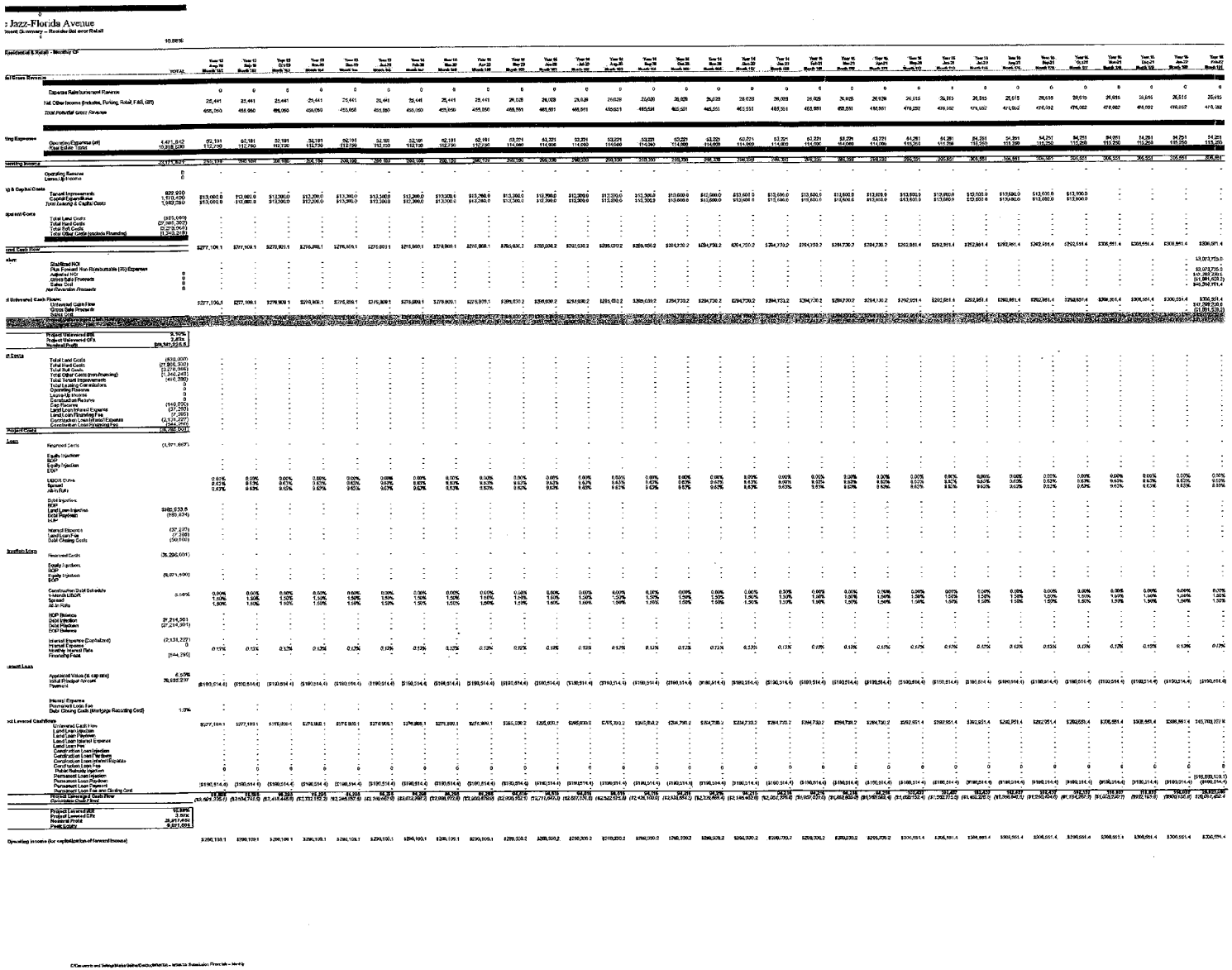


e Jazz-Florida Avenue
Investment Summary – Residential over Retail

Residential & Retail - Monthly CF

WMATA-INV 007773

FOIA CONFIDENTIAL TREATMENT REQUESTED



WMATA-INV 007774

FOIA CONFIDENTIAL TREATMENT REQUESTED

# The Jazz-Florida Avenue

**Investment Summary – Residential over Retail**

0

**Jazz - Residential & Retail - Construction Draw Schedule**
Investment Summary -- Residential over Retail

| | Line Item | Total $ | Inflated Total $ | $/SF | Upfront | Begin | End | Prorata | TOTAL | Year 0 Jul-09 Month 0 | Year 1 Jul-09 Month 1 | Year 1 Aug-09 Month 2 | Year 1 Sep-09 Month 3 | Year 1 Oct-09 Month 4 | Year 1 Nov-09 Month 5 | Year 1 Dec-09 Month 6 | Year 1 Jan-10 Month 7 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Land Costs:** | | | | | | | | | | | | | | | | | |
| | Construction Period Land Lease | 200,000 | 200,000 | 1.57 | | Month 1 | Month 28 | 200,000 | ($200,000) | - | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) |
| | Option Costs (Required WMATA fees) | 200,000 | 200,000 | 1.57 | | Month 1 | Month 1 | 200,000 | ($200,000) | - | ($200,000) | - | - | - | - | - | - |
| | Boundary Survey, Environmental Study, Geotech | 130,000 | 130,000 | 1.02 | | Month 1 | Month 1 | 130,000 | ($130,000) | - | ($130,000) | - | - | - | - | - | - |
| **Total Land Costs** | | **530,000** | **530,000** | **4.15** | - | | | **530,000** | **($530,000)** | - | **($337,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** |
| **Hard Costs:** | | | | | | | | | | | | | | | | | |
| | Site Work | 300,000 | 300,000 | 2.35 | | Month 4 | Month 21 | 300,000 | ($300,000) | - | - | - | - | ($16,667) | ($16,667) | ($16,667) | ($16,667) |
| | Tunnel Costs | 1,500,000 | 1,500,000 | 11.75 | | Month 4 | Month 12 | 1,500,000 | ($1,500,000) | - | - | - | - | ($166,667) | ($166,667) | ($166,667) | ($166,667) |
| | Shell Building | 22,346,100 | 22,346,100 | 175.00 | | Month 4 | Month 21 | 22,346,100 | ($22,346,100) | - | - | - | - | ($1,241,450) | ($1,241,450) | ($1,241,450) | ($1,241,450) |
| | Garage | 1,716,750 | 1,716,750 | 13.44 | | Month 4 | Month 10 | 1,716,750 | ($1,716,750) | - | - | - | - | ($245,250) | ($245,250) | ($245,250) | ($245,250) |
| | Construction Mgmt | 375,000 | 375,000 | 2.94 | | Month 4 | Month 21 | 375,000 | ($375,000) | - | - | - | - | ($20,833) | ($20,833) | ($20,833) | ($20,833) |
| | Design Contingency | 275,310 | 275,310 | 2.16 | | Month 4 | Month 21 | 275,310 | ($275,310) | - | - | - | - | ($15,295) | ($15,295) | ($15,295) | ($15,295) |
| | Construction Contingency | 1,293,143 | 1,293,143 | 10.13 | | Month 4 | Month 21 | 1,293,143 | ($1,293,143) | - | - | - | - | ($71,841) | ($71,841) | ($71,841) | ($71,841) |
| **Total Hard Costs** | | **27,806,302** | **27,806,302** | **217.76** | - | | | **27,806,302** | **($27,806,302)** | - | - | - | - | **($1,778,003)** | **($1,778,003)** | **($1,778,003)** | **($1,778,003)** |
| **Soft Costs:** | | | | | | | | | | | | | | | | | |
| | Permit, Inspections, Fees | 222,450 | 222,450 | 1.74 | | Month 1 | Month 6 | 222,450 | ($222,450) | - | ($37,075) | ($37,075) | ($37,075) | ($37,075) | ($37,075) | ($37,075) | - |
| | Architecture & Structural Engineering | 973,221 | 973,221 | 7.62 | | Month 1 | Month 24 | 973,221 | ($973,221) | - | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) |
| | Civil Engineering | 278,063 | 278,063 | 2.18 | | Month 2 | Month 6 | 278,063 | ($278,063) | - | - | ($55,613) | ($55,613) | ($55,613) | ($55,613) | ($55,613) | - |
| | Utility Study | 50,000 | 50,000 | 0.39 | | Month 1 | Month 3 | 50,000 | ($50,000) | - | ($16,667) | ($16,667) | ($16,667) | - | - | - | - |
| | Landscape | 50,000 | 50,000 | 0.39 | | Month 4 | Month 21 | 50,000 | ($50,000) | - | - | - | - | ($2,778) | ($2,778) | ($2,778) | ($2,778) |
| | Project Reimbursables | 100,000 | 100,000 | 0.78 | | Month 1 | Month 28 | 100,000 | ($100,000) | - | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) |
| | Utility Fees | 41,200 | 41,200 | 0.32 | | Month 1 | Month 28 | 41,200 | ($41,200) | - | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) |
| | Sidewalk Deposit | 50,000 | 50,000 | 0.39 | | Month 1 | Month 1 | 50,000 | ($50,000) | - | ($50,000) | - | - | - | - | - | - |
| | Third Party Inspections | 50,000 | 50,000 | 0.39 | | Month 4 | Month 21 | 50,000 | ($50,000) | - | - | - | - | ($2,778) | ($2,778) | ($2,778) | ($2,778) |
| | Other Surveys and Testing | 139,032 | 139,032 | 1.09 | | Month 1 | Month 6 | 139,032 | ($139,032) | - | ($23,172) | ($23,172) | ($23,172) | ($23,172) | ($23,172) | ($23,172) | - |
| | Consultant (other) | 100,000 | 100,000 | 0.78 | | Month 1 | Month 24 | 100,000 | ($100,000) | - | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) |
| | Security | 25,000 | 25,000 | 0.20 | | Month 1 | Month 28 | 25,000 | ($25,000) | - | ($893) | ($893) | ($893) | ($893) | ($893) | ($893) | ($893) |
| | Project Management Fee | 1,200,000 | 1,200,000 | 9.40 | | Month 1 | Month 28 | 1,200,000 | ($1,200,000) | - | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) |
| **Total Soft Costs** | | **3,278,966** | **3,278,966** | **25.68** | - | | | **3,278,966** | **($3,278,966)** | - | **($220,424)** | **($226,037)** | **($226,037)** | **($214,926)** | **($214,926)** | **($214,926)** | **($99,066)** |
| **Finance/Legal/Other Costs:** | | | | | | | | | | | | | | | | | |
| | Land Loan Interest | 37,293 | 37,293 | 0.29 | | | | 37,293 | ($37,293) | - | - | ($12,431) | ($12,431) | ($12,431) | - | - | - |
| | Land Loan Fee | 7,395 | 7,395 | 0.06 | | | | 7,395 | ($7,395) | - | ($7,395) | - | - | - | - | - | - |
| | Construction Loan Interest | 2,131,227 | 2,131,227 | 16.69 | | | | 2,131,227 | ($2,131,227) | - | - | - | - | - | - | - | - |
| | Construction Loan Fee | 544,290 | 544,290 | 4.26 | | | | 544,290 | ($544,290) | - | - | - | - | ($544,290) | - | - | - |
| | Operating Reserve (working capital) | - | - | 0.00 | | | | - | $0 | - | - | - | - | - | - | - | - |
| | Capital Expenditures | 140,000 | 140,000 | 1.10 | | | | 140,000 | ($140,000) | - | - | - | - | - | - | - | - |
| | Title Insurance | 50,000 | 50,000 | 0.39 | | Month 1 | Month 1 | 50,000 | ($50,000) | - | ($50,000) | - | - | - | - | - | - |
| | Developer Legal | 200,000 | 200,000 | 1.57 | | Month 1 | Month 1 | 200,000 | ($200,000) | - | ($200,000) | - | - | - | - | - | - |
| | Financing Legal | 150,000 | 150,000 | 1.17 | | Month 1 | Month 1 | 150,000 | ($150,000) | - | ($150,000) | - | - | - | - | - | - |
| | Zoning Legal | 200,000 | 200,000 | 1.57 | | Month 1 | Month 1 | 200,000 | ($200,000) | - | ($200,000) | - | - | - | - | - | - |
| | Appraisal Fee/Market Study | 75,000 | 75,000 | 0.59 | | Month 1 | Month 1 | 75,000 | ($75,000) | - | ($75,000) | - | - | - | - | - | - |
| | Tenant Improvements (Retail Only) | 470,280 | 470,280 | 3.68 | | | | 470,280 | ($470,280) | - | - | - | - | - | - | - | - |
| | Marketing (During Pre-Development/Construction Only) | 240,000 | 240,000 | 1.88 | | Month 1 | Month 21 | 240,000 | ($240,000) | - | ($11,429) | ($11,429) | ($11,429) | ($11,429) | ($11,429) | ($11,429) | ($11,429) |
| | Operating Reserve | - | - | 0.00 | | Month 4 | Month 21 | - | $0 | - | - | - | - | - | - | - | - |
| | RE Taxes (through comp.) | 261,300 | 261,300 | 2.05 | | | | 261,300 | ($261,300) | | ($17,420) | ($17,420) | ($17,420) | ($17,420) | ($17,420) | ($17,420) | ($17,420) |
| | Net revenue during lease-up | - | - | 0.00 | | | | - | $0 | | | | | | | | - |
| | Misc. Project Contingency | 163,948 | 163,948 | 1.28 | | Month 4 | Month 24 | 163,948 | ($163,948) | - | - | - | - | ($7,807) | ($7,807) | ($7,807) | ($7,807) |
| **Total Other Costs** | | **4,670,733** | **4,670,733** | **36.58** | - | | | **4,670,733** | **($4,670,733)** | - | **($711,243)** | **($41,280)** | **($41,280)** | **($593,377)** | **($36,656)** | **($36,656)** | **($36,656)** |
| **Total Construction Costs** | | **36,286,001** | **36,286,001** | **284.17** | - | | | **36,286,001** | **($36,286,001)** | - | **($1,268,810)** | **($274,459)** | **($274,459)** | **($2,593,448)** | **($2,036,727)** | **($2,036,727)** | **($1,920,867)** |
| | | Debt | 25,400,201 | | | | | | | | | | | | | | |
| | | Equity | 5,442,900 | | | | | | | | | | | | | | |

WMATA-INV 007775

FOIA CONFIDENTIAL TREATMENT REQUESTED

# The Jazz-Florida Avenue

**nvestment Summary -- Residential over Retail**

**Jazz - Residential & Retail - Construction Draw Schedule**
**Investment Summary -- Residential over Retail**

| | Line Item | Total $ | Year 1 Feb-10 Month 8 | Year 1 Mar-10 Month 9 | Year 1 Apr-10 Month 10 | Year 1 May-10 Month 11 | Year 1 Jun-10 Month 12 | Year 2 Jul-10 Month 13 | Year 2 Aug-10 Month 14 | Year 2 Sep-10 Month 15 | Year 2 Oct-10 Month 16 | Year 2 Nov-10 Month 17 | Year 2 Dec-10 Month 18 | Year 2 Jan-11 Month 19 | Year 2 Feb-11 Month 20 | Year 2 Mar-11 Month 21 | Year 2 Apr-11 Month 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Land Costs:** | | | | | | | | | | | | | | | | | |
| | Construction Period Land Lease | 200,000 | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) |
| | Option Costs (Required WMATA fees) | 200,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Boundary Survey, Environmental Study, Geotech | 130,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total Land Costs** | | **530,000** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** |
| **Hard Costs:** | | | | | | | | | | | | | | | | | |
| | Site Work | 300,000 | ($16,667) | ($16,667) | ($16,667) | ($16,667) | ($16,667) | ($16,667) | ($16,667) | ($16,667) | ($16,667) | ($16,667) | ($16,667) | ($16,667) | ($16,667) | ($16,667) | - |
| | Tunnel Costs | 1,500,000 | ($166,667) | ($166,667) | ($166,667) | ($166,667) | ($166,667) | - | - | - | - | - | - | - | - | - | - |
| | Shell Building | 22,346,100 | ($1,241,450) | ($1,241,450) | ($1,241,450) | ($1,241,450) | ($1,241,450) | ($1,241,450) | ($1,241,450) | ($1,241,450) | ($1,241,450) | ($1,241,450) | ($1,241,450) | ($1,241,450) | ($1,241,450) | ($1,241,450) | - |
| | Garage | 1,716,750 | ($245,250) | ($245,250) | ($245,250) | - | - | - | - | - | - | - | - | - | - | - | - |
| | Construction Mgmt | 375,000 | ($20,833) | ($20,833) | ($20,833) | ($20,833) | ($20,833) | ($20,833) | ($20,833) | ($20,833) | ($20,833) | ($20,833) | ($20,833) | ($20,833) | ($20,833) | ($20,833) | - |
| | Design Contingency | 275,310 | ($15,295) | ($15,295) | ($15,295) | ($15,295) | ($15,295) | ($15,295) | ($15,295) | ($15,295) | ($15,295) | ($15,295) | ($15,295) | ($15,295) | ($15,295) | ($15,295) | - |
| | Construction Contingency | 1,293,143 | ($71,841) | ($71,841) | ($71,841) | ($71,841) | ($71,841) | ($71,841) | ($71,841) | ($71,841) | ($71,841) | ($71,841) | ($71,841) | ($71,841) | ($71,841) | ($71,841) | - |
| **Total Hard Costs** | | **27,806,302** | **($1,778,003)** | **($1,778,003)** | **($1,778,003)** | **($1,532,753)** | **($1,532,753)** | **($1,366,086)** | **($1,366,086)** | **($1,366,086)** | **($1,366,086)** | **($1,366,086)** | **($1,366,086)** | **($1,366,086)** | **($1,366,086)** | **($1,366,086)** | - |
| **Soft Costs:** | | | | | | | | | | | | | | | | | |
| | Permit, Inspections, Fees | 222,450 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Architecture & Structural Engineering | 973,221 | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) | ($40,551) |
| | Civil Engineering | 278,063 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Utility Study | 50,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Landscape | 50,000 | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | - |
| | Project Reimbursables | 100,000 | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) |
| | Utility Fees | 41,200 | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) |
| | Sidewalk Deposit | 50,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Third Party Inspections | 50,000 | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | ($2,778) | - |
| | Other Surveys and Testing | 139,032 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Consultant (other) | 100,000 | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) | ($4,167) |
| | Security | 25,000 | ($893) | ($893) | ($893) | ($893) | ($893) | ($893) | ($893) | ($893) | ($893) | ($893) | ($893) | ($893) | ($893) | ($893) | ($893) |
| | Project Management Fee | 1,200,000 | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) |
| **Total Soft Costs** | | **3,278,966** | **($99,066)** | **($99,066)** | **($99,066)** | **($99,066)** | **($99,066)** | **($99,066)** | **($99,066)** | **($99,066)** | **($99,066)** | **($99,066)** | **($99,066)** | **($99,066)** | **($99,066)** | **($99,066)** | **($93,510)** |
| **Finance/Legal/Other Costs:** | | | | | | | | | | | | | | | | | |
| | Land Loan Interest | 37,293 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Land Loan Fee | 7,395 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Construction Loan Interest | 2,131,227 | ($7,782) | ($19,032) | ($30,348) | ($41,730) | ($51,748) | ($61,824) | ($70,987) | ($80,204) | ($92,275) | ($101,572) | ($110,924) | ($120,330) | ($129,791) | ($139,307) | ($148,878) |
| | Construction Loan Fee | 544,290 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Operating Reserve (working capital) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Capital Expenditures | 140,000 | - | - | - | - | - | - | - | ($10,000) | ($10,000) | ($10,000) | ($10,000) | ($10,000) | ($10,000) | ($10,000) | ($10,000) |
| | Title Insurance | 50,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Developer Legal | 200,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Financing Legal | 150,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Zoning Legal | 200,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Appraisal Fee/Market Study | 75,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Tenant Improvements (Retail Only) | 470,280 | - | - | - | - | - | - | - | ($470,280) | - | - | - | - | - | - | - |
| | Marketing (During Pre-Development/Construction Only) | 240,000 | ($11,429) | ($11,429) | ($11,429) | ($11,429) | ($11,429) | ($11,429) | ($11,429) | ($11,429) | ($11,429) | ($11,429) | ($11,429) | ($11,429) | ($11,429) | ($11,429) | - |
| | Operating Reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | RE Taxes (through comp.) | 261,300 | ($17,420) | ($17,420) | ($17,420) | ($17,420) | ($17,420) | ($17,420) | ($17,420) | ($17,420) | - | - | - | - | - | - | - |
| | Net revenue during lease-up | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Misc. Project Contingency | 163,948 | ($7,807) | ($7,807) | ($7,807) | ($7,807) | ($7,807) | ($7,807) | ($7,807) | ($7,807) | ($7,807) | ($7,807) | ($7,807) | ($7,807) | ($7,807) | ($7,807) | ($7,807) |
| **Total Other Costs** | | **4,670,733** | **($44,437)** | **($55,668)** | **($67,004)** | **($78,386)** | **($88,404)** | **($98,480)** | **($107,643)** | **($597,139)** | **($121,511)** | **($130,808)** | **($140,160)** | **($149,566)** | **($159,026)** | **($168,542)** | **($166,685)** |
| **Total Construction Costs** | | **36,286,001** | **($1,928,649)** | **($1,939,899)** | **($1,951,216)** | **($1,717,348)** | **($1,727,365)** | **($1,570,775)** | **($1,579,938)** | **($2,069,434)** | **($1,593,806)** | **($1,603,103)** | **($1,612,455)** | **($1,621,861)** | **($1,631,321)** | **($1,640,837)** | **($267,339)** |
| | | | Debt | | | | | | | | | | | | | | |
| | | | Equity | | | | | | | | | | | | | | |

WMATA-INV 007776

FOIA CONFIDENTIAL TREATMENT REQUESTED

# The Jazz-Florida Avenue

**Investment Summary – Residential over Retail**

**Jazz - Residential & Retail - Construction Draw Schedule**

Investment Summary – Residential over Retail

| | Line Item | Total $ | Year 2 May-11 Month 23 | Year 2 Jun-11 Month 24 | Year 3 Jul-11 Month 25 | Year 3 Aug-11 Month 26 | Year 3 Sep-11 Month 27 | Year 3 Oct-11 Month 28 |
|---|---|---|---|---|---|---|---|---|
| **Land Costs:** | | | | | | | | |
| | Construction Period Land Lease | 200,000 | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) | ($7,143) |
| | Option Costs (Required WMATA fees) | 200,000 | - | - | - | - | - | - |
| | Boundary Survey, Environmental Study, Geotech | 130,000 | - | - | - | - | - | - |
| **Total Land Costs** | | **530,000** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** | **($7,143)** |
| **Hard Costs:** | | | | | | | | |
| | Site Work | 300,000 | - | - | - | - | - | - |
| | Tunnel Costs | 1,500,000 | - | - | - | - | - | - |
| | Shell Building | 22,346,100 | - | - | - | - | - | - |
| | Garage | 1,716,750 | - | - | - | - | - | - |
| | Construction Mgmt | 375,000 | - | - | - | - | - | - |
| | Design Contingency | 275,310 | - | - | - | - | - | - |
| | Construction Contingency | 1,293,143 | - | - | - | - | - | - |
| **Total Hard Costs** | | **27,806,302** | - | - | - | - | - | - |
| **Soft Costs:** | | | | | | | | |
| | Permit, Inspections, Fees | 222,450 | - | - | - | - | - | - |
| | Architecture & Structural Engineering | 973,221 | ($40,551) | ($40,551) | - | - | - | - |
| | Civil Engineering | 278,063 | - | - | - | - | - | - |
| | Utility Study | 50,000 | - | - | - | - | - | - |
| | Landscape | 50,000 | - | - | - | - | - | - |
| | Project Reimbursables | 100,000 | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) | ($3,571) |
| | Utility Fees | 41,200 | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) | ($1,471) |
| | Sidewalk Deposit | 50,000 | - | - | - | - | - | - |
| | Third Party Inspections | 50,000 | - | - | - | - | - | - |
| | Other Surveys and Testing | 139,032 | - | - | - | - | - | - |
| | Consultant (other) | 100,000 | ($4,167) | ($4,167) | - | - | - | - |
| | Security | 25,000 | ($893) | ($893) | ($893) | ($893) | ($893) | ($893) |
| | Project Management Fee | 1,200,000 | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) | ($42,857) |
| **Total Soft Costs** | | **3,278,966** | **($93,510)** | **($93,510)** | **($48,793)** | **($48,793)** | **($48,793)** | **($48,793)** |
| **Finance/Legal/Other Costs:** | | | | | | | | |
| | Land Loan Interest | 37,293 | - | - | - | - | - | - |
| | Land Loan Fee | 7,395 | - | - | - | - | - | - |
| | Construction Loan Interest | 2,131,227 | ($150,436) | ($152,006) | ($153,584) | ($154,865) | ($156,153) | ($157,448) |
| | Construction Loan Fee | 544,290 | - | - | - | - | - | - |
| | Operating Reserve (working capital) | - | - | - | - | - | - | - |
| | Capital Expenditures | 140,000 | ($10,000) | ($10,000) | ($10,000) | ($10,000) | ($10,000) | ($10,000) |
| | Title Insurance | 50,000 | - | - | - | - | - | - |
| | Developer Legal | 200,000 | - | - | - | - | - | - |
| | Financing Legal | 150,000 | - | - | - | - | - | - |
| | Zoning Legal | 200,000 | - | - | - | - | - | - |
| | Appraisal Fee/Market Study | 75,000 | - | - | - | - | - | - |
| | Tenant Improvements (Retail Only) | 470,280 | - | - | - | - | - | - |
| | Marketing (During Pre-Development/Construction Only) | 240,000 | - | - | - | - | - | - |
| | Operating Reserve | - | - | - | - | - | - | - |
| | RE Taxes (through comp.) | 261,300 | | | | | | |
| | Net revenue during lease-up | - | - | - | - | - | - | - |
| | Misc. Project Contingency | 163,948 | ($7,807) | ($7,807) | - | - | - | - |
| **Total Other Costs** | | **4,670,733** | **($168,245)** | **($169,813)** | **($163,584)** | **($164,865)** | **($166,153)** | **($167,448)** |
| **Total Construction Costs** | | **36,286,001** | **($268,898)** | **($270,467)** | **($219,520)** | **($220,800)** | **($222,088)** | **($223,384)** |
| | | Debt | | | | | | |
| | | Equity | | | | | | |

WMATA-INV 007777

# The Jazz-Florida Avenue

**Investment Summary -- Residential over Retail**

0

**Jazz - Residential & Retail - Construction Budget**
**Residential over Retail**

| Line Item | Total $ | $/SF |
|---|---|---|
| **Land Costs:** | | |
| Construction Period Land Lease | 200,000 | 1.81 |
| Option Costs (Required WMATA fees) | 200,000 | |
| Boundary Survey, Environmental Study, Geotech | 130,000 | 1.18 |
| **Total Land Costs** | **530,000** | **4.81** |
| **Hard Costs:** | | |
| Site Work | 300,000 | 2.72 |
| Tunnel Costs | 1,500,000 | 13.60 |
| Shell Building | 22,346,100 | 202.59 |
| Garage | 1,716,750 | 15.56 |
| Construction Mgmt | 375,000 | 3.40 |
| Design Contingency | 275,310 | 2.50 |
| Construction Contingency | 1,293,143 | 11.72 |
| **Total Hard Costs** | **27,806,302** | **252.10** |
| **Soft Costs:** | | |
| Permit, Inspections, Fees | 222,450 | 2.02 |
| Architecture & Structural Engineering | 973,221 | 8.82 |
| Civil Engineering | 278,063 | 2.52 |
| Project Reimbursables | 100,000 | 0.91 |
| Other Surveys and Testing | 139,032 | 1.26 |
| Security | 25,000 | 0.23 |
| Project Management Fee | 1,200,000 | 10.88 |
| **Total Soft Costs** | **3,278,966** | **29.73** |
| **Finance/Legal/Other Costs:** | | |
| Land Loan Interest | 37,293 | 0.34 |
| Land Loan Fee | 7,395 | 0.07 |
| Construction Loan Interest | 2,131,227 | 19.32 |
| Construction Loan Fee | 544,290 | 4.93 |
| Tenant Improvements (Retail Only) | 470,280 | 4.26 |
| Marketing/Advertising | 240,000 | 2.18 |
| RE Taxes (through comp.) | 261,300 | 2.05 |
| Net revenue during lease-up | - | 0.00 |
| Misc. Project Contingency | 163,948 | 1.28 |
| **Total Other Costs** | **4,670,733** | **36.58** |
| **Total Construction Costs** | **36,286,001** | **284.17** |

FOIA CONFIDENTIAL TREATMENT REQUESTED

FOIA CONFIDENTIAL TREATMENT REQUESTED

# The Jazz-Florida Avenue

**Investment Summary – Residential over Retail**

| Date Reference<br>Month of Cashflow | | 0 | Apr-11<br>Month 22 | May-11<br>Month 23 | Jun-11<br>Month 24 | stablization<br>Jul-11<br>Month 25 | Aug-11<br>Month 26 | Sep-11<br>Month 27 | Oct-11<br>Month 28 | Nov-11<br>Month 29 | Dec-11<br>Month 30 | Jan-12<br>Month 31 | Feb-12<br>Month 32 | Mar-12<br>Month 33 | Apr-12<br>Month 34 | May-12<br>Month 35 | Jun-12<br>Month 36 | Jul-12<br>Month 37 | Aug-12<br>Month 38 | Sep-12<br>Month 39 | [redacted]<br>Month 40 | Nov-12<br>Month 41 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| POTENTIAL REVENUE | | | | | | | | | | | | | | | | | | | | | | |
| 1 Residential Rents | | | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $272,969 | $281,158 | $281,158 |
| 2 Retail Rents | | | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $57,499 | $59,224 | $59,224 |
| Scheduled Base Rental Revenue | | | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $330,468 | $340,382 | $340,382 |
| 7 Other Income (Parking, Other) | | | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $19,570 | $20,157 | $20,157 |
| TOTAL POTENTIAL GROSS REVENUE | | | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $360,540 | $360,540 |
| 8 | | | | | | | | | | | | | | | | | | | | | | |
| EFFECTIVE GROSS REVENUE | | | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $350,038 | $360,540 | $360,540 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | | | | | | | |
| 10 Residential Operating Expenses | | | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 34,333 | $ 35,363 | $ 35,363 |
| 10 Other Operating Expense (retail/parking only) | | | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 |
| 11 Real estate taxes | | | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 |
| 11 WMATA Land Lease | | | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $41,667 | $42,917 | $42,917 |
| TOTAL OPERATING EXPENSES | | | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 100,474 | $ 101,504 | $ 101,504 |
| NET OPERATING INCOME | | | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $249,564 | $259,035 | $259,035 |
| CAPITAL COSTS | | | | | | | | | | | | | | | | | | | | | | |
| 12 Tenant Improvements (retail only) | | | $470,280 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 13 Capital Reserves | | | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,300 | $10,300 |
| TOTAL CAPITAL COSTS | | | $480,280 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,300 | $10,300 |
| CASH FLOW BEFORE DEBT SERVICE & TAXES | | | ($230,716) | $239,564 | $239,564 | $239,564 | $239,564 | $239,564 | $239,564 | $239,564 | $239,564 | $239,564 | $239,564 | $239,564 | $239,564 | $239,564 | $239,564 | $239,564 | $239,564 | $239,564 | $248,735 | $248,735 |
| % to stabilization | | | 50% | 50% | 60% | 60% | 75% | 75% | 95% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| % annual escalation in (revenue, lease, tax) | 3% | | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 3% | 3% |

WMATA-INV 007779

FOIA CONFIDENTIAL TREATMENT REQUESTED

# The Jazz-Florida Avenue

**Investment Summary -- Residential over Ret**

| Date Reference<br>Month of Cashflow | Dec-12<br>Month 42 | Jan-13<br>Month 43 | Feb-13<br>Month 44 | Mar-13<br>Month 45 | Apr-13<br>Month 46 | May-13<br>Month 47 | Jun-13<br>Month 48 | Jul-13<br>Month 49 | Aug-13<br>Month 50 | Sep-13<br>Month 51 | [redacted]<br>Month 52 | Nov-13<br>Month 53 | Dec-13<br>Month 54 | Jan-14<br>Month 55 | Feb-14<br>Month 56 | Mar-14<br>Month 57 | Apr-14<br>Month 58 | May-14<br>Month 59 | Jun-14<br>Month 60 | Jul-14<br>Month 61 | Aug-14<br>Month 62 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| POTENTIAL REVENUE | | | | | | | | | | | | | | | | | | | | | |
| 1 Residential Rents | $281,158 | $281,158 | $281,158 | $281,158 | $281,158 | $281,158 | $281,158 | $281,158 | $281,158 | $281,158 | $289,347 | $289,347 | $289,347 | $289,347 | $289,347 | $289,347 | $289,347 | $289,347 | $289,347 | $289,347 | $289,347 |
| 2 Retail Rents | $59,224 | $59,224 | $59,224 | $59,224 | $59,224 | $59,224 | $59,224 | $59,224 | $59,224 | $59,224 | $60,949 | $60,949 | $60,949 | $60,949 | $60,949 | $60,949 | $60,949 | $60,949 | $60,949 | $60,949 | $60,949 |
| Scheduled Base Rental Revenue | $340,382 | $340,382 | $340,382 | $340,382 | $340,382 | $340,382 | $340,382 | $340,382 | $340,382 | $340,382 | $350,296 | $350,296 | $350,296 | $350,296 | $350,296 | $350,296 | $350,296 | $350,296 | $350,296 | $350,296 | $350,296 |
| 7 Other Income (Parking, Other) | $20,157 | $20,157 | $20,157 | $20,157 | $20,157 | $20,157 | $20,157 | $20,157 | $20,157 | $20,157 | $20,744 | $20,744 | $20,744 | $20,744 | $20,744 | $20,744 | $20,744 | $20,744 | $20,744 | $20,744 | $20,744 |
| TOTAL POTENTIAL GROSS REVENUE | $360,540 | $360,540 | $360,540 | $360,540 | $360,540 | $360,540 | $360,540 | $360,540 | $360,540 | $360,540 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 |
| 8 | | | | | | | | | | | | | | | | | | | | | |
| EFFECTIVE GROSS REVENUE | $360,540 | $360,540 | $360,540 | $360,540 | $360,540 | $360,540 | $360,540 | $360,540 | $360,540 | $360,540 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 | $371,041 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | | | | | | |
| 10 Residential Operating Expenses | $ 35,363 | $ 35,363 | $ 35,363 | $ 35,363 | $ 35,363 | $ 35,363 | $ 35,363 | $ 35,363 | $ 35,363 | $ 35,363 | $ 36,393 | $ 36,393 | $ 36,393 | $ 36,393 | $ 36,393 | $ 36,393 | $ 36,393 | $ 36,393 | $ 36,393 | $ 36,393 | $ 36,393 |
| 10 Other Operating Expense (retail/parking only) | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 |
| 11 Real estate taxes | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 |
| 11 WMATA Land Lease | $42,917 | $42,917 | $42,917 | $42,917 | $42,917 | $42,917 | $42,917 | $42,917 | $42,917 | $42,917 | $44,167 | $44,167 | $44,167 | $44,167 | $44,167 | $44,167 | $44,167 | $44,167 | $44,167 | $44,167 | $44,167 |
| TOTAL OPERATING EXPENSES | $ 101,504 | $ 101,504 | $ 101,504 | $ 101,504 | $ 101,504 | $ 101,504 | $ 101,504 | $ 101,504 | $ 101,504 | $ 101,504 | $ 102,534 | $ 102,534 | $ 102,534 | $ 102,534 | $ 102,534 | $ 102,534 | $ 102,534 | $ 102,534 | $ 102,534 | $ 102,534 | $ 102,534 |
| NET OPERATING INCOME | $259,035 | $259,035 | $259,035 | $259,035 | $259,035 | $259,035 | $259,035 | $259,035 | $259,035 | $259,035 | $268,507 | $268,507 | $268,507 | $268,507 | $268,507 | $268,507 | $268,507 | $268,507 | $268,507 | $268,507 | $268,507 |
| CAPITAL COSTS | | | | | | | | | | | | | | | | | | | | | |
| 12 Tenant Improvements (retail only) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $117,570 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 13 Capital Reserves | $10,300 | $10,300 | $10,300 | $10,300 | $10,300 | $10,300 | $10,300 | $10,300 | $10,300 | $10,300 | $10,600 | $10,600 | $10,600 | $10,600 | $10,600 | $10,600 | $10,600 | $10,600 | $10,600 | $10,600 | $10,600 |
| TOTAL CAPITAL COSTS | $10,300 | $10,300 | $10,300 | $10,300 | $10,300 | $10,300 | $10,300 | $10,300 | $10,300 | $10,300 | $128,170 | $10,600 | $10,600 | $10,600 | $10,600 | $10,600 | $10,600 | $10,600 | $10,600 | $10,600 | $10,600 |
| CASH FLOW BEFORE DEBT SERVICE & TAXES | $248,735 | $248,735 | $248,735 | $248,735 | $248,735 | $248,735 | $248,735 | $248,735 | $248,735 | $248,735 | $140,337 | $257,907 | $257,907 | $257,907 | $257,907 | $257,907 | $257,907 | $257,907 | $257,907 | $257,907 | $257,907 |
| % to stabilization | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| % annual escalation in (revenue, lease, tax) | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% |

WMATA-INV 007780

FOIA CONFIDENTIAL TREATMENT REQUESTED

# The Jazz-Florida Avenue

**Investment Summary -- Residential over Ret**

| Date Reference<br>Month of Cashflow | Sep-14<br>Month 63 | [redacted]<br>Month 64 | Nov-14<br>Month 65 | Dec-14<br>Month 66 | Jan-15<br>Month 67 | Feb-15<br>Month 68 | Mar-15<br>Month 69 | Apr-15<br>Month 70 | May-15<br>Month 71 | Jun-15<br>Month 72 | Jul-15<br>Month 73 | Aug-15<br>Month 74 | Sep-15<br>Month 75 | [redacted]<br>Month 76 | Nov-15<br>Month 77 | Dec-15<br>Month 78 | Jan-16<br>Month 79 | Feb-16<br>Month 80 | Mar-16<br>Month 81 | Apr-16<br>Month 82 | May-16<br>Month 83 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| POTENTIAL REVENUE | | | | | | | | | | | | | | | | | | | | | |
| 1 Residential Rents | $289,347 | $297,536 | $297,536 | $297,536 | $297,536 | $297,536 | $297,536 | $297,536 | $297,536 | $297,536 | $297,536 | $297,536 | $297,536 | $305,725 | $305,725 | $305,725 | $305,725 | $305,725 | $305,725 | $305,725 | $305,725 |
| 2 Retail Rents | $60,949 | $62,674 | $62,674 | $62,674 | $62,674 | $62,674 | $62,674 | $62,674 | $62,674 | $62,674 | $62,674 | $62,674 | $62,674 | $64,399 | $64,399 | $64,399 | $64,399 | $64,399 | $64,399 | $64,399 | $64,399 |
| Scheduled Base Rental Revenue | $350,296 | $360,211 | $360,211 | $360,211 | $360,211 | $360,211 | $360,211 | $360,211 | $360,211 | $360,211 | $360,211 | $360,211 | $360,211 | $370,125 | $370,125 | $370,125 | $370,125 | $370,125 | $370,125 | $370,125 | $370,125 |
| 7 Other Income (Parking, Other) | $20,744 | $21,331 | $21,331 | $21,331 | $21,331 | $21,331 | $21,331 | $21,331 | $21,331 | $21,331 | $21,331 | $21,331 | $21,331 | $21,918 | $21,918 | $21,918 | $21,918 | $21,918 | $21,918 | $21,918 | $21,918 |
| TOTAL POTENTIAL GROSS REVENUE | $371,041 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $392,043 | $392,043 | $392,043 | $392,043 | $392,043 | $392,043 | $392,043 | $392,043 |
| 8 | | | | | | | | | | | | | | | | | | | | | |
| EFFECTIVE GROSS REVENUE | $371,041 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $381,542 | $392,043 | $392,043 | $392,043 | $392,043 | $392,043 | $392,043 | $392,043 | $392,043 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | | | | | | |
| 10 Residential Operating Expenses | $ 36,393 | $ 37,423 | $ 37,423 | $ 37,423 | $ 37,423 | $ 37,423 | $ 37,423 | $ 37,423 | $ 37,423 | $ 37,423 | $ 37,423 | $ 37,423 | $ 37,423 | $ 38,453 | $ 38,453 | $ 38,453 | $ 38,453 | $ 38,453 | $ 38,453 | $ 38,453 | $ 38,453 |
| 10 Other Operating Expense (retail/parking only) | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 |
| 11 Real estate taxes | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 |
| 11 WMATA Land Lease | $44,167 | $45,417 | $45,417 | $45,417 | $45,417 | $45,417 | $45,417 | $45,417 | $45,417 | $45,417 | $45,417 | $45,417 | $45,417 | $46,667 | $46,667 | $46,667 | $46,667 | $46,667 | $46,667 | $46,667 | $46,667 |
| TOTAL OPERATING EXPENSES | $ 102,534 | $ 103,564 | $ 103,564 | $ 103,564 | $ 103,564 | $ 103,564 | $ 103,564 | $ 103,564 | $ 103,564 | $ 103,564 | $ 103,564 | $ 103,564 | $ 103,564 | $ 104,594 | $ 104,594 | $ 104,594 | $ 104,594 | $ 104,594 | $ 104,594 | $ 104,594 | $ 104,594 |
| NET OPERATING INCOME | $268,507 | $277,978 | $277,978 | $277,978 | $277,978 | $277,978 | $277,978 | $277,978 | $277,978 | $277,978 | $277,978 | $277,978 | $277,978 | $287,449 | $287,449 | $287,449 | $287,449 | $287,449 | $287,449 | $287,449 | $287,449 |
| CAPITAL COSTS | | | | | | | | | | | | | | | | | | | | | |
| 12 Tenant Improvements (retail only) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $117,570 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 13 Capital Reserves | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $11,200 | $11,200 | $11,200 | $11,200 | $11,200 | $11,200 | $11,200 | $11,200 |
| TOTAL CAPITAL COSTS | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $10,900 | $128,770 | $11,200 | $11,200 | $11,200 | $11,200 | $11,200 | $11,200 | $11,200 |
| CASH FLOW BEFORE DEBT SERVICE & TAXES | $257,907 | $267,078 | $267,078 | $267,078 | $267,078 | $267,078 | $267,078 | $267,078 | $267,078 | $267,078 | $267,078 | $267,078 | $267,078 | $158,679 | $276,249 | $276,249 | $276,249 | $276,249 | $276,249 | $276,249 | $276,249 |
| % to stabilization | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| % annual escalation in (revenue, lease, tax) | 6% | 9% | 9% | 9% | 9% | 9% | 9% | 9% | 9% | 9% | 9% | 9% | 9% | 12% | 12% | 12% | 12% | 12% | 12% | 12% | 12% |

WMATA-INV 007781

FOIA CONFIDENTIAL TREATMENT REQUESTED

# The Jazz-Florida Avenue

**Investment Summary -- Residential over Ret**

| Date Reference<br>Month of Cashflow | Jun-16<br>Month 84 | Jul-16<br>Month 85 | Aug-16<br>Month 86 | Sep-16<br>Month 87 | [redacted]<br>Month 88 | Nov-16<br>Month 89 | Dec-16<br>Month 90 | Jan-17<br>Month 91 | Feb-17<br>Month 92 | Mar-17<br>Month 93 | Apr-17<br>Month 94 | May-17<br>Month 95 | Jun-17<br>Month 96 | Jul-17<br>Month 97 | Aug-17<br>Month 98 | Sep-17<br>Month 99 | [redacted]<br>Month 100 | Nov-17<br>Month 101 | Dec-17<br>Month 102 | Jan-18<br>Month 103 | Feb-18<br>Month 104 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| POTENTIAL REVENUE | | | | | | | | | | | | | | | | | | | | | |
| 1 Residential Rents | $305,725 | $305,725 | $305,725 | $305,725 | $313,914 | $313,914 | $313,914 | $313,914 | $313,914 | $313,914 | $313,914 | $313,914 | $313,914 | $313,914 | $313,914 | $313,914 | $322,103 | $322,103 | $322,103 | $322,103 | $322,103 |
| 2 Retail Rents | $64,399 | $64,399 | $64,399 | $64,399 | $66,124 | $66,124 | $66,124 | $66,124 | $66,124 | $66,124 | $66,124 | $66,124 | $66,124 | $66,124 | $66,124 | $66,124 | $67,849 | $67,849 | $67,849 | $67,849 | $67,849 |
| Scheduled Base Rental Revenue | $370,125 | $370,125 | $370,125 | $370,125 | $380,039 | $380,039 | $380,039 | $380,039 | $380,039 | $380,039 | $380,039 | $380,039 | $380,039 | $380,039 | $380,039 | $380,039 | $389,953 | $389,953 | $389,953 | $389,953 | $389,953 |
| 7 Other Income (Parking, Other) | $21,918 | $21,918 | $21,918 | $21,918 | $22,506 | $22,506 | $22,506 | $22,506 | $22,506 | $22,506 | $22,506 | $22,506 | $22,506 | $22,506 | $22,506 | $22,506 | $23,093 | $23,093 | $23,093 | $23,093 | $23,093 |
| TOTAL POTENTIAL GROSS REVENUE | $392,043 | $392,043 | $392,043 | $392,043 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $413,045 | $413,045 | $413,045 | $413,045 | $413,045 |
| 8 | | | | | | | | | | | | | | | | | | | | | |
| EFFECTIVE GROSS REVENUE | $392,043 | $392,043 | $392,043 | $392,043 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $402,544 | $413,045 | $413,045 | $413,045 | $413,045 | $413,045 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | | | | | | |
| 10 Residential Operating Expenses | $ 38,453 | $ 38,453 | $ 38,453 | $ 38,453 | $ 39,483 | $ 39,483 | $ 39,483 | $ 39,483 | $ 39,483 | $ 39,483 | $ 39,483 | $ 39,483 | $ 39,483 | $ 39,483 | $ 39,483 | $ 39,483 | $ 40,513 | $ 40,513 | $ 40,513 | $ 40,513 | $ 40,513 |
| 10 Other Operating Expense (retail/parking only) | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 |
| 11 Real estate taxes | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 |
| 11 WMATA Land Lease | $46,667 | $46,667 | $46,667 | $46,667 | $47,917 | $47,917 | $47,917 | $47,917 | $47,917 | $47,917 | $47,917 | $47,917 | $47,917 | $47,917 | $47,917 | $47,917 | $49,167 | $49,167 | $49,167 | $49,167 | $49,167 |
| TOTAL OPERATING EXPENSES | $ 104,594 | $ 104,594 | $ 104,594 | $ 104,594 | $ 105,624 | $ 105,624 | $ 105,624 | $ 105,624 | $ 105,624 | $ 105,624 | $ 105,624 | $ 105,624 | $ 105,624 | $ 105,624 | $ 105,624 | $ 105,624 | $ 106,654 | $ 106,654 | $ 106,654 | $ 106,654 | $ 106,654 |
| NET OPERATING INCOME | $287,449 | $287,449 | $287,449 | $287,449 | $296,920 | $296,920 | $296,920 | $296,920 | $296,920 | $296,920 | $296,920 | $296,920 | $296,920 | $296,920 | $296,920 | $296,920 | $306,391 | $306,391 | $306,391 | $306,391 | $306,391 |
| CAPITAL COSTS | | | | | | | | | | | | | | | | | | | | | |
| 12 Tenant Improvements (retail only) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 13 Capital Reserves | $11,200 | $11,200 | $11,200 | $11,200 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,800 | $11,800 | $11,800 | $11,800 | $11,800 |
| TOTAL CAPITAL COSTS | $11,200 | $11,200 | $11,200 | $11,200 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,500 | $11,800 | $11,800 | $11,800 | $11,800 | $11,800 |
| CASH FLOW BEFORE DEBT SERVICE & TAXES | $276,249 | $276,249 | $276,249 | $276,249 | $285,420 | $285,420 | $285,420 | $285,420 | $285,420 | $285,420 | $285,420 | $285,420 | $285,420 | $285,420 | $285,420 | $285,420 | $294,591 | $294,591 | $294,591 | $294,591 | $294,591 |
| % to stabilization | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| % annual escalation in (revenue, lease, tax) | 12% | 12% | 12% | 12% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 18% | 18% | 18% | 18% | 18% |

WMATA-INV 007782

FOIA CONFIDENTIAL TREATMENT REQUESTED

# The Jazz-Florida Avenue

**Investment Summary -- Residential over Ret**

| Date Reference<br>Month of Cashflow | Mar-18<br>Month 105 | Apr-18<br>Month 106 | May-18<br>Month 107 | Jun-18<br>Month 108 | Jul-18<br>Month 109 | Aug-18<br>Month 110 | Sep-18<br>Month 111 | [redacted]<br>Month 112 | Nov-18<br>Month 113 | Dec-18<br>Month 114 | Jan-19<br>Month 115 | Feb-19<br>Month 116 | Mar-19<br>Month 117 | Apr-19<br>Month 118 | May-19<br>Month 119 | Jun-19<br>Month 120 | Jul-19<br>Month 121 | Aug-19<br>Month 122 | Sep-19<br>Month 123 | [redacted]<br>Month 124 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| POTENTIAL REVENUE | | | | | | | | | | | | | | | | | | | | |
| 1 Residential Rents | $322,103 | $322,103 | $322,103 | $322,103 | $322,103 | $322,103 | $322,103 | $330,292 | $330,292 | $330,292 | $330,292 | $330,292 | $330,292 | $330,292 | $330,292 | $330,292 | $330,292 | $330,292 | $330,292 | $336,482 |
| 2 Retail Rents | $67,849 | $67,849 | $67,849 | $67,849 | $67,849 | $67,849 | $67,849 | $69,574 | $69,574 | $69,574 | $69,574 | $69,574 | $69,574 | $69,574 | $69,574 | $69,574 | $69,574 | $69,574 | $69,574 | $71,299 |
| Scheduled Base Rental Revenue | $389,953 | $389,953 | $389,953 | $389,953 | $389,953 | $389,953 | $389,953 | $399,867 | $399,867 | $399,867 | $399,867 | $399,867 | $399,867 | $399,867 | $399,867 | $399,867 | $399,867 | $399,867 | $399,867 | $409,781 |
| 7 Other Income (Parking, Other) | $23,093 | $23,093 | $23,093 | $23,093 | $23,093 | $23,093 | $23,093 | $23,680 | $23,680 | $23,680 | $23,680 | $23,680 | $23,680 | $23,680 | $23,680 | $23,680 | $23,680 | $23,680 | $23,680 | $24,267 |
| TOTAL POTENTIAL GROSS REVENUE | $413,045 | $413,045 | $413,045 | $413,045 | $413,045 | $413,045 | $413,045 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $434,048 |
| 8 | | | | | | | | | | | | | | | | | | | | |
| EFFECTIVE GROSS REVENUE | $413,045 | $413,045 | $413,045 | $413,045 | $413,045 | $413,045 | $413,045 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $423,546 | $434,048 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | | | | | |
| 10 Residential Operating Expenses | $ 40,513 | $ 40,513 | $ 40,513 | $ 40,513 | $ 40,513 | $ 40,513 | $ 40,513 | $ 41,543 | $ 41,543 | $ 41,543 | $ 41,543 | $ 41,543 | $ 41,543 | $ 41,543 | $ 41,543 | $ 41,543 | $ 41,543 | $ 41,543 | $ 41,543 | $ 42,573 |
| 10 Other Operating Expense (retail/parking only) | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 |
| 11 Real estate taxes | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 |
| 11 WMATA Land Lease | $49,167 | $49,167 | $49,167 | $49,167 | $49,167 | $49,167 | $49,167 | $50,417 | $50,417 | $50,417 | $50,417 | $50,417 | $50,417 | $50,417 | $50,417 | $50,417 | $50,417 | $50,417 | $50,417 | $51,667 |
| TOTAL OPERATING EXPENSES | $ 106,654 | $ 106,654 | $ 106,654 | $ 106,654 | $ 106,654 | $ 106,654 | $ 106,654 | $ 107,684 | $ 107,684 | $ 107,684 | $ 107,684 | $ 107,684 | $ 107,684 | $ 107,684 | $ 107,684 | $ 107,684 | $ 107,684 | $ 107,684 | $ 107,684 | $ 108,714 |
| NET OPERATING INCOME | $306,391 | $306,391 | $306,391 | $306,391 | $306,391 | $306,391 | $306,391 | $315,862 | $315,862 | $315,862 | $315,862 | $315,862 | $315,862 | $315,862 | $315,862 | $315,862 | $315,862 | $315,862 | $315,862 | $325,333 |
| CAPITAL COSTS | | | | | | | | | | | | | | | | | | | | |
| 12 Tenant Improvements (retail only) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $117,570 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 13 Capital Reserves | $11,800 | $11,800 | $11,800 | $11,800 | $11,800 | $11,800 | $11,800 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,400 |
| TOTAL CAPITAL COSTS | $11,800 | $11,800 | $11,800 | $11,800 | $11,800 | $11,800 | $11,800 | $129,670 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,100 | $12,400 |
| CASH FLOW BEFORE DEBT SERVICE & TAXES | $294,591 | $294,591 | $294,591 | $294,591 | $294,591 | $294,591 | $294,591 | $186,192 | $303,762 | $303,762 | $303,762 | $303,762 | $303,762 | $303,762 | $303,762 | $303,762 | $303,762 | $303,762 | $303,762 | $312,933 |
| % to stabilization | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| % annual escalation in (revenue, lease, tax) | 18% | 18% | 18% | 18% | 18% | 18% | 18% | 21% | 21% | 21% | 21% | 21% | 21% | 21% | 21% | 21% | 21% | 21% | 21% | 24% |

WMATA-INV 007783

FOIA CONFIDENTIAL TREATMENT REQUESTED

# The Jazz-Florida Avenue

**Investment Summary -- Residential over Ret**

| Date Reference<br>Month of Cashflow | Nov-19<br>Month 125 | Dec-19<br>Month 126 | Jan-20<br>Month 127 | Feb-20<br>Month 128 | Mar-20<br>Month 129 | Apr-20<br>Month 130 | May-20<br>Month 131 | Jun-20<br>Month 132 | Jul-20<br>Month 133 | Aug-20<br>Month 134 | Sep-20<br>Month 135 | [redacted]<br>Month 136 | Nov-20<br>Month 137 | Dec-20<br>Month 138 | Jan-21<br>Month 139 | Feb-21<br>Month 140 | Mar-21<br>Month 141 | Apr-21<br>Month 142 | May-21<br>Month 143 | Jun-21<br>Month 144 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| POTENTIAL REVENUE | | | | | | | | | | | | | | | | | | | | |
| 1 Residential Rents | $338,482 | $338,482 | $338,482 | $338,482 | $338,482 | $338,482 | $338,482 | $338,482 | $338,482 | $338,482 | $338,482 | $346,671 | $346,671 | $346,671 | $346,671 | $346,671 | $346,671 | $346,671 | $346,671 | $346,671 |
| 2 Retail Rents | $71,299 | $71,299 | $71,299 | $71,299 | $71,299 | $71,299 | $71,299 | $71,299 | $71,299 | $71,299 | $71,299 | $73,024 | $73,024 | $73,024 | $73,024 | $73,024 | $73,024 | $73,024 | $73,024 | $73,024 |
| Scheduled Base Rental Revenue | $409,781 | $409,781 | $409,781 | $409,781 | $409,781 | $409,781 | $409,781 | $409,781 | $409,781 | $409,781 | $409,781 | $419,695 | $419,695 | $419,695 | $419,695 | $419,695 | $419,695 | $419,695 | $419,695 | $419,695 |
| 7 Other Income (Parking, Other) | $24,267 | $24,267 | $24,267 | $24,267 | $24,267 | $24,267 | $24,267 | $24,267 | $24,267 | $24,267 | $24,267 | $24,854 | $24,854 | $24,854 | $24,854 | $24,854 | $24,854 | $24,854 | $24,854 | $24,854 |
| TOTAL POTENTIAL GROSS REVENUE | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $444,549 | $444,549 | $444,549 | $444,549 | $444,549 | $444,549 | $444,549 | $444,549 | $444,549 |
| 8 | | | | | | | | | | | | | | | | | | | | |
| EFFECTIVE GROSS REVENUE | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $434,048 | $444,549 | $444,549 | $444,549 | $444,549 | $444,549 | $444,549 | $444,549 | $444,549 | $444,549 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | | | | | |
| 10 Residential Operating Expenses | $ 42,573 | $ 42,573 | $ 42,573 | $ 42,573 | $ 42,573 | $ 42,573 | $ 42,573 | $ 42,573 | $ 42,573 | $ 42,573 | $ 42,573 | $ 43,603 | $ 43,603 | $ 43,603 | $ 43,603 | $ 43,603 | $ 43,603 | $ 43,603 | $ 43,603 | $ 43,603 |
| 10 Other Operating Expense (retail/parking only) | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 |
| 11 Real estate taxes | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 |
| 11 WMATA Land Lease | $51,667 | $51,667 | $51,667 | $51,667 | $51,667 | $51,667 | $51,667 | $51,667 | $51,667 | $51,667 | $51,667 | $52,917 | $52,917 | $52,917 | $52,917 | $52,917 | $52,917 | $52,917 | $52,917 | $52,917 |
| TOTAL OPERATING EXPENSES | $ 108,714 | $ 108,714 | $ 108,714 | $ 108,714 | $ 108,714 | $ 108,714 | $ 108,714 | $ 108,714 | $ 108,714 | $ 108,714 | $ 108,714 | $ 109,744 | $ 109,744 | $ 109,744 | $ 109,744 | $ 109,744 | $ 109,744 | $ 109,744 | $ 109,744 | $ 109,744 |
| NET OPERATING INCOME | $325,333 | $325,333 | $325,333 | $325,333 | $325,333 | $325,333 | $325,333 | $325,333 | $325,333 | $325,333 | $325,333 | $334,805 | $334,805 | $334,805 | $334,805 | $334,805 | $334,805 | $334,805 | $334,805 | $334,805 |
| CAPITAL COSTS | | | | | | | | | | | | | | | | | | | | |
| 12 Tenant Improvements (retail only) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 13 Capital Reserves | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,700 | $12,700 | $12,700 | $12,700 | $12,700 | $12,700 | $12,700 | $12,700 | $12,700 |
| TOTAL CAPITAL COSTS | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,400 | $12,700 | $12,700 | $12,700 | $12,700 | $12,700 | $12,700 | $12,700 | $12,700 | $12,700 |
| CASH FLOW BEFORE DEBT SERVICE & TAXES | $312,933 | $312,933 | $312,933 | $312,933 | $312,933 | $312,933 | $312,933 | $312,933 | $312,933 | $312,933 | $312,933 | $322,105 | $322,105 | $322,105 | $322,105 | $322,105 | $322,105 | $322,105 | $322,105 | $322,105 |
| % to stabilization | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| % annual escalation in (revenue, lease, tax) | 24% | 24% | 24% | 24% | 24% | 24% | 24% | 24% | 24% | 24% | 24% | 27% | 27% | 27% | 27% | 27% | 27% | 27% | 27% | 27% |

WMATA-INV 007784

FOIA CONFIDENTIAL TREATMENT REQUESTED

# The Jazz-Florida Avenue

**Investment Summary -- Residential over Ret**

| Date Reference<br>Month of Cashflow | Jul-21<br>Month 145 | Aug-21<br>Month 146 | Sep-21<br>Month 147 | [redacted]<br>Month 148 | Nov-21<br>Month 149 | Dec-21<br>Month 150 | Jan-22<br>Month 151 | Feb-22<br>Month 152 | Mar-22<br>Month 153 | Apr-22<br>Month 154 | May-22<br>Month 155 | Jun-22<br>Month 156 | Jul-22<br>Month 157 | Aug-22<br>Month 158 | Sep-22<br>Month 159 | [redacted]<br>Month 160 | Nov-22<br>Month 161 | Dec-22<br>Month 162 | Jan-23<br>Month 163 | Feb-23<br>Month 164 | Mar-23<br>Month 165 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| POTENTIAL REVENUE | | | | | | | | | | | | | | | | | | | | | |
| 1 Residential Rents | $346,671 | $346,671 | $346,671 | $354,860 | $354,860 | $354,860 | $354,860 | $354,860 | $354,860 | $354,860 | $354,860 | $354,860 | $354,860 | $354,860 | $354,860 | $363,049 | $363,049 | $363,049 | $363,049 | $363,049 | $363,049 |
| 2 Retail Rents | $73,024 | $73,024 | $73,024 | $74,749 | $74,749 | $74,749 | $74,749 | $74,749 | $74,749 | $74,749 | $74,749 | $74,749 | $74,749 | $74,749 | $74,749 | $76,474 | $76,474 | $76,474 | $76,474 | $76,474 | $76,474 |
| Scheduled Base Rental Revenue | $419,695 | $419,695 | $419,695 | $429,609 | $429,609 | $429,609 | $429,609 | $429,609 | $429,609 | $429,609 | $429,609 | $429,609 | $429,609 | $429,609 | $429,609 | $439,523 | $439,523 | $439,523 | $439,523 | $439,523 | $439,523 |
| 7 Other Income (Parking, Other) | $24,854 | $24,854 | $24,854 | $25,441 | $25,441 | $25,441 | $25,441 | $25,441 | $25,441 | $25,441 | $25,441 | $25,441 | $25,441 | $25,441 | $25,441 | $26,028 | $26,028 | $26,028 | $26,028 | $26,028 | $26,028 |
| TOTAL POTENTIAL GROSS REVENUE | $444,549 | $444,549 | $444,549 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $465,551 | $465,551 | $465,551 | $465,551 | $465,551 | $465,551 |
| 8 | | | | | | | | | | | | | | | | | | | | | |
| EFFECTIVE GROSS REVENUE | $444,549 | $444,549 | $444,549 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $455,050 | $465,551 | $465,551 | $465,551 | $465,551 | $465,551 | $465,551 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | | | | | | |
| 10 Residential Operating Expenses | $ 43,603 | $ 43,603 | $ 43,603 | $ 44,633 | $ 44,633 | $ 44,633 | $ 44,633 | $ 44,633 | $ 44,633 | $ 44,633 | $ 44,633 | $ 44,633 | $ 44,633 | $ 44,633 | $ 44,633 | $ 45,663 | $ 45,663 | $ 45,663 | $ 45,663 | $ 45,663 | $ 45,663 |
| 10 Other Operating Expense (retail/parking only) | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 | $ 7,557 |
| 11 Real estate taxes | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 | $58,583 |
| 11 WMATA Land Lease | $52,917 | $52,917 | $52,917 | $54,167 | $54,167 | $54,167 | $54,167 | $54,167 | $54,167 | $54,167 | $54,167 | $54,167 | $54,167 | $54,167 | $54,167 | $55,417 | $55,417 | $55,417 | $55,417 | $55,417 | $55,417 |
| TOTAL OPERATING EXPENSES | $ 109,744 | $ 109,744 | $ 109,744 | $ 110,774 | $ 110,774 | $ 110,774 | $ 110,774 | $ 110,774 | $ 110,774 | $ 110,774 | $ 110,774 | $ 110,774 | $ 110,774 | $ 110,774 | $ 110,774 | $ 111,804 | $ 111,804 | $ 111,804 | $ 111,804 | $ 111,804 | $ 111,804 |
| NET OPERATING INCOME | $334,805 | $334,805 | $334,805 | $344,276 | $344,276 | $344,276 | $344,276 | $344,276 | $344,276 | $344,276 | $344,276 | $344,276 | $344,276 | $344,276 | $344,276 | $353,747 | $353,747 | $353,747 | $353,747 | $353,747 | $353,747 |
| CAPITAL COSTS | | | | | | | | | | | | | | | | | | | | | |
| 12 Tenant Improvements (retail only) | $0 | $0 | $0 | $117,570 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 13 Capital Reserves | $12,700 | $12,700 | $12,700 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,300 | $13,300 | $13,300 | $13,300 | $13,300 | $13,300 |
| TOTAL CAPITAL COSTS | $12,700 | $12,700 | $12,700 | $130,570 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,000 | $13,300 | $13,300 | $13,300 | $13,300 | $13,300 | $13,300 |
| CASH FLOW BEFORE DEBT SERVICE & TAXES | $322,105 | $322,105 | $322,105 | $213,706 | $331,276 | $331,276 | $331,276 | $331,276 | $331,276 | $331,276 | $331,276 | $331,276 | $331,276 | $331,276 | $331,276 | $340,447 | $340,447 | $340,447 | $340,447 | $340,447 | $340,447 |
| % to stabilization | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| % annual escalation in (revenue, lease, tax) | 27% | 27% | 27% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 33% | 33% | 33% | 33% | 33% | 33% |

WMATA-INV 007785

## H. Project's Impact on Local Jurisdiction

| District of Columbia Economic Benefits | | | | |
|---|---|---|---|---|
| | | Existing Value | Projected Value | Incremental Increase |
| R.E. Tax - Residential: | THC* | - | $25,303,735 | $25,303,735 |
| R.E. Tax - Retail: | THC* | $4,225,000 | $2,502,567 | ($1,722,433) |
| Total R.E. Taxes | | $4,225,000 | $27,806,302 | $23,581,302 |
| | | Existing Assessment | Projected Assessment | Incremental Increase |
| R.E. Tax - Residential | | | $18,977,801 | $18,977,801 |
| R.E. Tax - Retail | | $4,225,000 | $2,502,567 | ($1,722,433) |
| Total R.E. Taxes | | $4,225,000 | $21,480,369 | $17,255,369 |

| | Rate | Existing Property Taxes | Projected Property Taxes |
|---|---|---|---|
| R.E. Tax - Residential | $0.008800 | - | $222,673 |
| R.E. Tax - Retail | $0.018500 | - | $46,297 |
| Total R.E. Taxes | $0.03 | - | $268,970 |

| | Sales/SF | Existing Annual Sales | Projected Annual Sales | Tax Rate | Existing Sales Taxes | Projected Sales Taxes |
|---|---|---|---|---|---|---|
| Sales Tax - Retail | $450 | - | $5,290,650 | 5.75% | $0 | $304,212 |

In addition to the estimated increase in property and retail sales tax the Project will generate, it will also create 10 units of affordable housing. These units provide an economic value of approximately $2,272,000 or $227,200 per unit to the District.



FOIA CONFIDENTIAL TREATMENT REQUESTED

FOIA CONFIDENTIAL TREATMENT REQUESTED

# I. Developer Balance Sheets

Balance Sheets for Banneker Ventures, LLC, District Development, Inc. and Donatelli Development, Inc. will be delivered to WMATA under separate cover.



FOIA CONFIDENTIAL TREATMENT REQUESTED

FOIA CONFIDENTIAL TREATMENT REQUESTED

## J. Evidence of Developer Creditworthiness

David Webb
Managing Director
Cassidy & Pinkard
2001 Pennsylvania Avenue, NW - Suite 800
Washington, DC 20006
Telephone: (202)463-1361
David.Webb@cassidypinkard.com

Steve Colliatie
Vice President
Commercial Lending
American Bank
12211 Plum Orchard Drive
Suite 300
Silver Spring, MD 20904
Telephone: (301)654-4902

Phillip Weber
Director - Multifamily Lending
Fannie Mae
3900 Wisconsin Avenue
Washington, DC 200016
Telephone: (202)752-7000

Reference Authorization Letters and a Letter of Credit follow this page.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007790

DONATELLI KLEIN
Real Estate Developers

7200 Wisconsin Ave. Suite 310 Bethesda, MD 20814 Tel • (301) 654 – 0700 • Fax: (301) 654 -7675

August 27, 2007

David Webb
Managing Director
Cassidy & Pinkard
2001 Pennsylvania Avenue, NW - Suite 800
Washington, DC 20006

Dear David:

Donatelli Development is submitting a response to a solicitation for offers for Phase One of the revitalization of Northwest One in Washington, D.C. We have included you as a reference in this response. Please accept this letter as authorization to respond to inquiries regarding the design financing, and development of prior projects from the officials who will be evaluating our proposal.

We appreciate your support.

Sincerely,

Larry Clark



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007791

DONATELLI
Real Estate Developers & KLEIN

7200 Wisconsin Ave. Suite 310 Bethesda, MD 20814 Tel ♦ (301) 654 – 0700 ♦ Fax: (301) 654 -7675

August 27, 2007

Steve Colliatie
Vice President
Commercial Lending
American Bank
12211 Plum Orchard Drive
Suite 300
Silver Spring, MD 20904

Dear Steve:

Donatelli Development is submitting a response to a solicitation for offers for Phase One of the revitalization of Northwest One in Washington, D.C. We have included you as a reference in this response. Please accept this letter as authorization to respond to inquiries regarding the design financing, and development of prior projects from the officials who will be evaluating our proposal.

We appreciate your support.

Sincerely,

Larry Clark



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007792

DONATELLI KLEIN
Real Estate Developers
7200 Wisconsin Ave. Suite 310 Bethesda, MD 20814 Tel ♦ (301) 654 – 0700 ♦ Fax: (301) 654 -7675

August 27, 2007

Phillip Weber
Director Multifamily Lending
Fannie Mae
3900 Wisconsin Avenue
Washington, DC 200016

Dear Phil:

Donatelli Development is submitting a response to a solicitation for offers for Phase One of the revitalization of Northwest One in Washington, D.C. We have included you as a reference in this response. Please accept this letter as authorization to respond to inquiries regarding the design financing, and development of prior projects from the officials who will be evaluating our proposal.

We appreciate your support.

Sincerely,

Larry Clark



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007793

202-563-6446 3589

**Bank of America**

BANK OF AMERICA - CONFIDENTIAL

PAGE: 1

DATE: OCTOBER 3, 2007

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER: 68021004

ISSUING BANK
BANK OF AMERICA, N.A.
1 FLEET WAY
PA6-580-02-30
SCRANTON, PA 18507-1999

BENEFICIARY
WASHINGTON METROPOLITAN AREA
TRANSIT AUTHORITY
600 FIFTH STREET, NW
WASHINGTON, DC 20001

APPLICANT
DISTRICT DEVELOPMENT GROUP, LLC
3215 MARTIN L. KING, JR. AVENUE, SE
WASHINGTON, DC 20032

AMOUNT
NOT EXCEEDING USD 100,000.00
NOT EXCEEDING ONE HUNDRED THOUSAND AND 00/100'S US DOLLARS

EXPIRATION
MARCH 31, 2008 AT OUR COUNTERS

RE: ISSUED IN CONNECTION WITH:
JOINT DEVELOPMENT SITE: SHAW-HOWARD/FLORIDA AVENUE JOINT DEVELOPMENT SITE
JOINT DEVELOPMENT SOLICITATION (JDS) DATED: AUGUST 24, 2007

LADIES AND GENTLEMEN:

1. WE HEREBY OPEN IN YOUR FAVOR, AT THE REQUEST AND FOR THE ACCOUNT OF THE ABOVE-IDENTIFIED APPLICANT, OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. 68021004 IN AN AGGREGATE AMOUNT OF ONE HUNDRED THOUSAND AND 00/100'S U.S. DOLLARS (USD 100,000.00), TO BE AVAILABLE FOR PAYMENT OF YOUR DRAFT(S) DRAWN AT SIGHT ON US, AND ACCOMPANIED, IN THE CASE OF EACH DRAFT, BY YOUR WRITTEN CERTIFICATION TO US SIGNED BY ANY PERSON PURPORTING TO ACT ON YOUR BEHALF, STATING:

"APPLICANT AS THE SELECTED DEVELOPER FOR THE ABOVE-REFERENCED JOINT DEVELOPMENT SITE PURSUANT TO THAT CERTAIN JOINT DEVELOPMENT SOLICITATION (JDS) DATED AUGUST 24, 2007, AND ISSUED BY BENEFICIARY HAS BEEN TERMINATED AS THE SELECTED DEVELOPER IN ACCORDANCE WITH SECTION 5.2 OF THE JDS, AND BENEFICIARY HEREBY CERTIFIES THAT THE SIGHT DRAFT PRESENTED HEREWITH CONSTITUTES AN AMOUNT OWED TO BENEFICIARY UNDER THE JDS.

2. DRAFT(S) DRAWN UNDER THIS LETTER OF CREDIT (AS SAME MAY HAVE BEEN OR MAY BE AMENDED FROM TIME TO TIME) SHALL BE COMPLETELY SUFFICIENT IF IN THE FORM ATTACHED HERETO AS EXHIBIT 'A', AND NEED NOT BE ENDORSED ON THE LETTER OF CREDIT. WE WILL ACCEPT ANY AND ALL

ORIGINAL



FOIA CONFIDENTIAL TREATMENT REQUESTED

Bank of America

BANK OF AMERICA - CONFIDENTIAL



THIS IS AN INTEGRAL PART OF LETTER OF CREDIT NUMBER: 68021004

STATEMENTS DELIVERED PURSUANT TO THIS CREDIT AS CONCLUSIVE, BINDING, AND CORRECT, WITHOUT HAVING TO INVESTIGATE OR BEING RESPONSIBLE FOR THE ACCURACY, TRUTHFULNESS, CORRECTNESS OR VALIDITY THEREOF AND NOTWITHSTANDING THE CLAIM OF ANY PERSON TO THE CONTRARY.

3. THIS CREDIT SHALL EXPIRE, UNLESS EXTENDED AS PROVIDED HEREIN, AT 5 P.M., EASTERN TIME IN SCRANTON, PENNSYLVANIA, ON MARCH 31, 2008. IF SUCH DATE IS A SATURDAY, SUNDAY, LEGAL HOLIDAY OR DAY ON WHICH WE ARE NOT OPEN FOR BUSINESS ON ACCOUNT OF ANY OTHER REASON, THE EXPIRATION DATE SET FORTH ABOVE SHALL AUTOMATICALLY BE EXTENDED TO OUR NEXT REGULAR BUSINESS DAY. IT IS A CONDITION OF THIS CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR AN ADDITIONAL PERIOD OF 12 MONTHS FROM THE PRESENT AND EACH FUTURE EXPIRATION DATE, UNLESS, NOT LESS THAN 60 DAYS PRIOR TO THE THEN-RELEVANT EXPIRATION DATE, WE NOTIFY YOU BY REGISTERED MAIL OR RECOGNIZED OVERNIGHT COURIER THAT WE ELECT NOT TO EXTEND THIS CREDIT FOR ANY ADDITIONAL PERIOD. UPON RECEIPT OF SUCH A NOTIFICATION, YOU MAY DRAW YOUR SIGHT DRAFT ON US PRIOR TO THE THEN-RELEVANT EXPIRATION DATE FOR THE UNUSED BALANCE OF THIS CREDIT, WHICH NEED BE ACCOMPANIED ONLY BY YOUR SIGNED WRITTEN STATEMENT THAT YOU RECEIVED NOTIFICATION OF OUR ELECTION NOT TO EXTEND.

4. ALL DRAFTS DRAWN UNDER THIS LETTER OF CREDIT MUST REFER TO THE NUMBER AND ISSUE DATE OF THIS CREDIT, AND MUST BE MARKED "DRAWN UNDER BANK OF AMERICA N.A. IRREVOCABLE STANDBY LETTER OF CREDIT NO. 68021004".

5. WE AGREE TO HONOR EACH DRAFT DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT, IF DULY PRESENTED AT OUR OFFICES AT BANK OF AMERICA N.A., 1 FLEET WAY, SCRANTON, PA 18507, ATTN: TRADE OPERS.-STANDBY UNIT AT OR BEFORE 5 P.M. EASTERN TIME IN SCRANTON, PENNSYLVANIA. WE AGREE TO DELIVER PAYMENT IN FULL OF EACH SUCH DRAFT WITHOUT ANY PROCESSING, CHECK, OR OTHER FEES WHATSOEVER, TO YOUR OFFICES AS SET FORTH HEREINABOVE, ATTN: GENERAL COUNSEL, NOT LATER THAN 36 HOURS AFTER THE TIME OF PRESENTMENT (NOT INCLUDING SATURDAYS, SUNDAYS, LEGAL HOLIDAYS, OR ANY DAY ON WHICH WE ARE NOT OPEN FOR BUSINESS ON ACCOUNT OF ANY OTHER REASON) BY OUR CASHIER'S OR TELLER'S CHECK PAYABLE SOLELY TO THE ORDER OF THE "WASHINGTON METROPOLITAN TRANSIT AUTHORITY", OR, BY OUR FEDWIRE IN ACCORDANCE WITH YOUR PAYMENT INSTRUCTIONS.

6. THE ORIGINAL AND/OR ANY AMENDMENT OF THE CREDIT UNDER WHICH DRAFTS ARE PRESENTED BY YOU NEED NOT BE PRESENTED WITH ANY DRAFT DRAWN THEREUNDER IN ORDER TO CONSTITUTE A VALID PRESENTMENT, UNLESS SUCH DRAFT IS A FULL AND/OR FINAL DRAFT UNDER THIS CREDIT.

7. PARTIAL DRAWINGS UNDER THIS LETTER OF CREDIT ARE PERMITTED.

8. THIS CREDIT SHALL BE GOVERNED BY THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, UCP 600 (2007 REV.), PUBLISHED BY THE

ORIGINAL



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007795

Bank of America

BANK OF AMERICA - CONFIDENTIAL

PAGE: 3

THIS IS AN INTEGRAL PART OF LETTER OF CREDIT NUMBER: GR021004

INTERNATIONAL CHAMBER OF COMMERCE, AND TO THE EXTENT NOT SO GOVERNED IN ACCORDANCE WITH THE STATUTE AND CASE LAW OF THE DISTRICT OF COLUMBIA.

VERY TRULY YOURS,

BANK OF AMERICA N.A.

BY: _____

AUTHORIZED OFFICER

PRINTED NAME: ALFONSO MALAVE

PRINTED TITLE: AVP

ORIGINAL



FOIA CONFIDENTIAL TREATMENT REQUESTED

Bank of America

EXHIBIT A

SIGHT DRAFT

DATE: _____

AT SIGHT, PAY TO THE ORDER OF WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY, THE SUM OF _____ DOLLARS (USD _____ _____).

FOR VALUE RECEIVED, AND CHARGE TO THE ACCOUNT OF DISTRICT DEVELOPMENT GROUP, LLC.

DRAWN UNDER BANK OF AMERICA, N.A. IRREVOCABLE STANDBY LETTER OF CREDIT NO. 68021004, DATED OCTOBER 3, 2007 (AS AMENDED BY _____ _____), HEREBY CERTIFIES TO YOU THAT:

(INSERT CERTIFICATION LANGUAGE)

TO: BANK OF AMERICA, N.A.
ADDRESS: 1 FLEET WAY
SCRANTON, PA 18507
ATTN: LETTER OF CREDIT DEPT.,
STANDBY UNIT

WASHINGTON METROPOLITAN
AREA TRANSIT AUTHORITY
BY: _____
PRINT NAME: _____
TITLE: _____
600 FIFTH STREET, NW
WASHINGTON, DC 20001



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007797

COMMERCIAL REAL ESTATE SERVICES

CB RICHARD ELLIS

Maury E. Zanoff
Managing Director

CB Richard Ellis, Inc.
Capital Markets

750 9th Street, NW
Suite 900
Washington, DC 20001-4516

202 585 5645 Tel
202 585 5786 Fax

maury.zanoff@cbre.com
www.cbre.com/capitalmarkets

December 11, 2007

King Davidson
Development Associate
Clark Enterprises, Inc.
7500 Old Georgetown Road, 15th Floor
Bethesda, MD 20814

**Re: Clark Enterprises**

To whom it may concern:

Based upon Clark Enterprises' excellent credit and reputation in the lending community, we feel confident that they should not have difficulty in obtaining financing for their Renaissance Row apartment project located at 9th Street and Florida Avenue in Washington, DC.

Sincerely,

Maury E. Zanoff
Managing Director
CBRE Capital Markets

Draft Comments

DLA PIPER 3/12~~11~~ COMMENTS

# WMATA Joint Development Term Sheet
# Shaw-Howard/Florida Avenue Sites
# March 3, 2008

This Term Sheet, entitled "Joint Development Term Sheet" ("Term Sheet"), for a joint development project at WMATA's Shaw-Howard/Florida Avenue sites in Washington, DC, dated March __, 2008, is intended to summarize the principal terms of a proposal being considered by the undersigned parties regarding a lease of certain real property on the south side of Florida Avenue, NW between 7th and 9th streets, NW. The undersigned parties wish to negotiate a Definitive Agreement, as defined in Section 2.1 herein.

1. **Parties**

1.1 Washington Metropolitan Area Transit Authority ("WMATA").

1.2 Banneker Ventures, LLC ("Banneker"), together with District Development Group, LLC ("DDG") and Metropolis Development Company LLC ("Metropolis"), will form a limited liability company for the Project (as defined in Section 4 herein), to be known as The Jazz @ Florida Avenue, LLC or some other name as determined by Banneker, DDG and Metropolis (the "DEVELOPER"). Other parties may not be included in the DEVELOPER, except for any equity partners that the DEVELOPER needs to provide financing for the Project, nor may the DEVELOPER's interest in the Project or DEVELOPER's Improvements (as defined in Section 4.1, herein) be assigned or sold, without the written consent of WMATA, the terms of which consent will be provided in the Definitive Agreement. *[[GENERAL COMMENT: WITHIN REASONABLE PARAMETERS, DEVELOPER NEEDS THE RIGHT TO SYNDICATE INTERESTS IN UPPER AND LOWER TIERS TO RAISE CAPITAL, ETC. HAPPY TO DISCUSS FURTHER.]]*

2. **Definitive Agreement**

The Definitive Agreement, to be prepared initially by WMATA and presented by WMATA to the WMATA Board for approval and signature within five months of Board Term Sheet approval, will be a Master Development Agreement ("MDA") that will include, as an exhibit, a 60-year ground lease agreement ("Lease"), together with all related documentation upon which WMATA and DEVELOPER mutually agree. The Lease term will begin with the earlier of twenty (20) months after the WMATA Board approves the Definitive Agreement or the issuance of the start of construction of the Project.

3. **Property to Be Leased by Developer**

WMATA will lease to DEVELOPER approximately 28, 892 sf of land area as well as any and all easements, etc. outlined in red in **Exhibit A** and attached hereto (the "Leased Premises"). The land is in three separate parcels: 1) approximately 3,799 sf in Square 393, lot 44; 2) approximately 8,621 sf in Square 393, lot 45; and 3) approximately 16,452



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007799

sf in Square 416, lots 18 and 31. *[[COMMENT: WE PRESUME THAT ALL NECESSARY SUBDIVISION HAS/WILL BE COMPLETED BY WMATA. DEVELOPER INDICATES THAT LOTS 18 AND 31 NEED TO BE CONSOLIDATED.]]*

**4. Project**

DEVELOPER will construct improvements on the Leased Premises (the "Project" or "Project Improvements") in the configuration shown in **Exhibit B**. The Project will consist of:

4.1 DEVELOPER improvements (the "DEVELOPER Improvements") are a minimum 130,014 FAR gross square feet including not less than 104 dwelling units per District of Columbia ("District") approvals and approximately 11,750 gross square feet of retail/arts use plus associated residential and retail parking, estimated at 47 below-grade spaces, per District approvals. The DEVELOPER Improvements will be built in a single phase on the Leased Premises.

4.2 No improvements will be constructed on the Leased Premises other than the Project Improvements, unless approved in advance in writing by WMATA.

**5. Due Diligence**

5.1 Leased Premises Condition: In the Definitive Agreement, WMATA will provide knowledge-qualified representations customary for transactions of this type, , including with respect to title to the Leased Premises and the environmental history or condition of the property. Subject to the continued accuracy of such representations, and subject further to DEVELOPER'S Study Period rights as provided herein and satisfaction or waiver by DEVELOPER of all conditions precedent herein provided, DEVELOPER will accept its interest in the Leased Premises in an "as is - where is" condition.

5.2 Study Period: Upon approval and execution of the Term Sheet, WMATA will grant DEVELOPER a Right-of-Entry Permit on the Leased Premises. DEVELOPER shall have sixty (60)days from the effective date of the Definitive Agreement to conduct its due diligence related to the Leased Premises (the "Study Period"). If DEVELOPER, in its sole and exclusive discretion, shall be dissatisfied for any reason with the results of its Study Period investigations, DEVELOPER shall be entitled, upon written notice to WMATA delivered not later than ten (10) days following expiration of the Study Period, to terminate this Term Sheet and the Definitive Agreement, whereupon WMATA shall return to DEVELOPER the entire Security Deposit (as defined below) and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or of the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

**6. Security Deposit**

6.1 Within two (2) business days of the execution of the Definitive Agreement, the DEVELOPER will place with WMATA a cash security deposit in the amount of Two Hundred Thousand and No/100 Dollars ($200,000.00), which may consist, in part, of the Option Fee which shall previously have been paid by DEVELOPER pursuant to Section 7.1 below (collectively the "Security Deposit") to secure DEVELOPER's performance.

6.2 The Security Deposit will not be applied to any rental payments due to WMATA under the Definitive Agreement.

6.3 The entire Security Deposit shall be forfeited and may be retained by WMATA if DEVELOPER shall be in default under the Definitive Agreement beyond applicable notice, cure and grace periods therein provided. In such event, the Security Deposit may be applied by WMATA in whole or in part to cure such default. No such application of the Security Deposit shall constitute a waiver of any such default by DEVELOPER or an election of remedies. If the Security Deposit is applied in whole or in part as described herein, DEVELOPER shall, within ten (10) days, increase the Security Deposit by an amount equal to the amount applied.

6.4 The Security Deposit, less any amounts previously applied in connection with any breach or default by DEVELOPER and not replenished by DEVELOPER, shall be refunded to DEVELOPER upon the acceptance (not to be unreasonable withheld, delayed or conditioned) by WMATA of those sureties identified in Section 9.6 of this agreement.

6.5 In the event of a "default" by WMATA (such term to be defined in the Definitive Agreement), WMATA shall pay DEVELOPER's actual and reasonable expenses incurred in connection with pursuing the Project and negotiating the Term Sheet and Definitive Agreement.

6.6 WMATA shall return the Security Deposit to DEVELOPER within ten (10) days of its receipt of a copy of the Certificate of Occupancy for the Project.

**7. Consideration**

7.1 Option Fee: DEVELOPER has paid to~~will pay~~ WMATA $100,000 (the "Option Fee"), receipt of which WMATA hereby acknowledges~~within ten (10) days of WMATA Board approval of the Term Sheet and written notification to the DEVELOPER by WMATA of such approval~~. The Option Fee shall not be applicable to Pre-stabilization Rent, Initial Base Rent, Base Rent, or Capital Event



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007801

Participation (as defined in this Section 7) and shall be fully refunded to DEVELOPER should the parties fail to obtain all necessary final signatures to the Definitive Agreement by all parties (including the WMATA Board) within five (5) months after the date of WMATA Board's approval of this Term Sheet. Upon timely final execution and approval of the Definitive Agreement, the Option Fee shall be merged with the Security Deposit and shall be applied towards DEVELOPER's Security Deposit obligation provided in Section 6.1 hereof, such that DEVELOPER shall be required to fund only an additional One Hundred Thousand and No/100 Dollars ($100,000.00) towards the Security Deposit. Upon application of the Option Fee as such, the Option Fee shall be considered and treated, for all purposes, as part of the Security Deposit.

7.2 Pre-stabilization Rent: Pre-stabilization Rent payments will begin upon execution of the Definitive Agreement and continue until the earlier of the date of Project Stabilization, to be defined in the Definitive Agreement, or forty-five (45) months after WMATA Board approval and execution of the Definitive Agreement (the "Pre-stabilization Period"). Pre-stabilization Rent will be $100,000 per year payable in advance in quarterly instalments of $25,000. Should DEVELOPER not be able to secure approvals from District agencies, quasi-agencies or other reviewing organizations, WMATA shall refund DEVELOPER's Pre-stabilization Rent in full. Should the Project not be stabilized by the end of the Pre-stabilization Period, the Pre-Stabilization Rent shall be increased by 10% per year each year until the Project is stabilized.

7.3 Base Rent: The first base rent payment shall be paid by DEVELOPER to WMATA within fourteen (14) calendar days of the end of the Pre-stabilization Period ("Initial Base Rent"). Any delay in first payment of Initial Base Rent will require a [[penalty payment]] *[[QUESTION: HOW MUCH WILL THIS "PENALTY PAYMENT" BE?]]* . Initial Base Rent will be for the first calendar year after the end of the Pre-stabilization Period and will be pro-rated accordingly, payable in advance in quarterly instalments of one-quarter of the Initial Base Rent. [[In no event shall the Initial Base Rent (for a full year) be less than Five Hundred Thousand and No/100 Dollars ($500,000.00).]] *[COMMENT: TO DISCUSS WITH WMATA REGARDING HOW THIS NUMBER WAS DERIVED.]* After the Initial Base Rent payment, Base Rent will be due annually, in quarterly instalments, beginning on the first business day of the calendar year for the remaining term of the Lease ("Base Rent"), and will be pro-rated accordingly. Base Rent payments will be determined as follows:

7.3.1 For the first Base Rent payment due after the Initial Base Rent payment, DEVELOPER will pay WMATA an amount equal to the product of the Initial Base Rent *[[QUESTION: ANNUALIZED AMOUNT? OR PRO-RATED AMOUNT PER 7.3?]]* multiplied by 1.--* for that year (the "Initial Escalation



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007802

Factor").
[*TBD—this is an escalator that would be less than 3% and would be designed to bring Base Rent to the pro forma amount ($500,000 escalated by 3% per year) through year 10 of the lease]

7.3.2 For the second through tenth years of the Lease, subsequent Base Rent payments due after the Initial Base Rent payment, except for the first Base Rent payment to be determined pursuant to 7.3.4 below, each Base Rent payment will be the product of the immediately preceding Base Rent payment and the Initial Escalation Factor. In no event will any Base Rent payment be less than the Base Rent payment for the preceding calendar year.

7.3.3 For the eleventh year of the Lease and thereafter, except for Base Rent to be determined pursuant to 7.3.4 and 7.5 below, each Base Rent payment will be the product of the immediately preceding Base Rent payment multiplied by 1.03 (the Escalation Factor). In no event will any Base Rent payment be less than the Base Rent payment for the preceding calendar year.

7.3.4 At the time of any Capital Event as defined in Section 7.4, Base Rent will be reset at 5% of the Project land value derived through a three-appraiser process that establishes unit values for each type of Project land use multiplied by the total gross Project FAR square footage of each land use. In no event will any Base Rent payment be less than the Base Rent payment for the preceding calendar year.

7.3.5 DEVELOPER shall lease the Leased Premises for a period of sixty (60) years (the "Lease Period") with an option to purchase the Leased Premises beginning from no later than ten years from the end of the Pre-Stabilization Period. This Option shall extend for the remaining term of the Lease Period and a right to exercise such option every five years. The price that DEVELOPER shall pay WMATA to purchase the Leased Premises shall be calculated based upon [TO BE DISCUSSED WITH WMATA DURING THURSDAY'S CALL].

7.4 Capital Event Participation: Capital Events (defined hereinbelow) shall be permitted in accordance with this Section 7.4. Whenever a Capital Event occurs, the DEVELOPER will make a payment to WMATA ("Capital Event Participation"). Capital Event" shall mean any of the following by DEVELOPER: (i) assignments of the Definitive Agreement or the Lease, and (ii) sales or re-financings of DEVELOPER's Improvements~~, (iii) other dispositions, transfers, and conversions of direct interests in~~



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007803

~~DEVELOPER to new members not originally included as direct members of DEVELOPER as of the date of execution of the Definitive Agreement, and (iv) any transaction, at any level of organization, by which a change of control (meaning a transfer of at least 50.1% of the ownership interests and a transfer of the majority voting and management rights) occurs within a constituent member of DEVELOPER.~~ *[[COMMENT: PER THE COMMENT IN SECTION 1.2, DEVELOPER NEEDS THE RIGHT, SUBJECT TO REASONABLE PARAMETERS, TO FREELY TRANSFER INTERESTS INTERNALLY WITHOUT PAYING CAPITAL EVENT FEES EACH TIME. THUS, WE'VE DELETED THE FORGOING REFERENCES.]]* A one-time payment per Capital Event will be paid to WMATA in an amount equal to ten percent (10%) of any Adjusted Gross Capital Event Proceeds. Adjusted Gross Capital Event Proceeds are the gross transaction revenues to DEVELOPER from a Capital Event, and any affiliated entities receiving income from such a Capital Event, less the payoff of remaining original Project debt secured by DEVELOPER Improvements and repayment of the original equity and Preferred Return (to be defined in the Definitive Agreement) to DEVELOPER not yet repaid. To confirm DEVELOPER's original project debt and equity, within thirty days of the start of Project construction, DEVELOPER will provide WMATA with documentation confirming such amounts from DEVELOPER. Total debt and equity to finance the Project (amounts paid prior to the subject Capital Event) will total no more than one hundred percent (100%) of the original total Project cost, including both hard and soft costs. WMATA Base Rent will never decrease *[[COMMENT: "DECREASE" RELATIVE TO WHAT?]]* as a result of any Capital Event.

7.5 Periodic Rent Revaluation: ~~Upon a Capital Event or no less frequently than Every~~every ten years, ~~whichever is earlier,~~ the Base Rent will be adjusted to 5% of Project land value established through a three-appraiser process as described in Section 7.3.4 above. WMATA Base Rent will never decrease *[[COMMENT: AGAIN, "DECREASE" RELATIVE TO WHAT?]]* as a result of any Periodic Rent Revaluation.

7.6 WMATA Improvements: intentionally omitted

7.7 Proposal Security: If WMATA and DEVELOPER do not execute a Definitive Agreement within five months following Board Term Sheet Approval (as provided in Section 2 above), WMATA will refund DEVELOPER's full Option Fee to DEVELOPER within ten (10) days.

7.8 WMATA Delays: The maximum length of 45~~38~~ months for the Pre-stabilization Period will be extended for delays beyond the control of DEVELOPER, including delays in WMATA obtaining FTA Approval in accordance with Section 8.5 below and any delays caused by acts of God, terrorism, casualty, or other events of "force majeure" beyond DEVELOPER's ability to control. In no other event will payment of



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007804

Pre-stabilization Rent, Initial Base Rent, or Base Rent be delayed, [[even though DEVELOPER's schedule may take longer than anticipated.]] *[[COMMENT: NEED TO DISCUSS WHAT HAPPENS IF DELAYS OR AGREED-UPON CHANGES OCCUR TO THE PROJECT SCOPE OR DESIGN THAT REQUIRE MODIFICATION TO ENTITLEMENT APPLICATIONS, PERMITS, ETC. – i.e., PUD, TDR's, ETC.?]]*

7.9 Additional Density:

7.9.1 If prior to Lease execution, DEVELOPER receives approval for additional density over that in Section 4.1, DEVELOPER will pay additional Base Rent to be determined by multiplying such density at $60/FAR sf of additional density and multiplying the product derived (Project land value) by 5%.

7.9.2 During the term of the Lease, any densities or unit totals actually constructed on the DEVELOPER Improvements that are more than those originally shown in the Approved Site Plan will require DEVELOPER to pay additional Base Rent. The revised Base Rent payments will be determined through the three-appraiser as described in Section 7.3.4 above, with such additional Base Rent only including the incremental increase associated with any actually constructed DEVELOPER Improvements.

## 8. Conditions to Definitive Agreement Consummation

8.1 Design Approvals: Within sixty (60) days after the execution of the Definitive Agreement and prior to any submission to the District, DEVELOPER must obtain WMATA's approval of a conceptual Project site plan in substantial conformance with **Exhibit B**, including building elevations and floor plans and related improvements to the Leased Premises such as streetscape, plazas, and sidewalks and landscaping (the "WMATA-Approved Site Plan"). The design of the Project shall be oriented in such a manner as to encourage use of WMATA transit facilities by tenants, residents, customers, and employees (as applicable) travelling to and from the Leased Premises. DEVELOPER must make its initial submission to WMATA no more than ten (10) days *[[COMMENT: IS THIS ENOUGH TIME?]]* after execution of the Definitive Agreement.

8.2 Study Period: DEVELOPER shall be satisfied, in its sole and exclusive judgment, with its Study Period inspections in accordance with Section 5.2 above.

8.3 Public Hearing: DEVELOPER acknowledges that WMATA has concluded that a WMATA Compact Public Hearing is not required for this Project.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007805

8.4 Subsequent Approval: DEVELOPER acknowledges that WMATA will not be bound by the Definitive Agreement unless and until such Definitive Agreement is approved by WMATA's Board of Directors and executed by WMATA.

8.5 FTA Approval: The transaction described herein is subject to Federal Transit Administration approval (the "FTA Approval"). WMATA will apply for said FTA Approval within thirty (30) days after full execution of the Definitive Agreement. The Definitive Agreement will contain appropriate termination provisions to address the possibility that the FTA may not approve the Definitive Agreement.

8.5 Financing Contingency: Developer shall have received a commitment for construction financing from a bank or other lending institution in such amounts, and upon such terms and conditions, as shall be consistent with the approved development budget for the Project and as shall otherwise be reasonably satisfactory to Developer and WMATA.

If each of the foregoing conditions is not satisfied within the timeframes provided above therefor, then in such instance, DEVELOPER may terminate this Term Sheet and the Definitive Agreement upon ten (10) days written notice to WMATA, in which event WMATA shall return the entire Security Deposit to DEVELOPER and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement. *[[COMMENT: ALSO CONSIDER GETTING BACK PRE-STABILIZATION RENT PER COMMENT AT 7.2 ABOVE.]]*

**9. Special Considerations** *[[COMMENT: SHOULDN'T OBTAINING ALL OF THE FOLLOWING, AS WELL AS ALL OTHER NECESSARY ENTITLEMENTS/APPROVALS, BE EXPRESS CONDITIONS PRECEDENT TO DEVELOPER'S OBLIGATION TO GO FORWARD? IN OTHER WORDS, WHAT IF, DESPITE REASONABLE EFFORTS, WE CAN'T GET THEM?]]*

9.1 Community Contact: Within sixty (60) days of the WMATA Board's approval of the negotiated Definitive Agreement and WMATA's written notification to DEVELOPER of such approval, DEVELOPER shall contact the appropriate community groups in the area (Advisory Neighborhood Commission 1B, The LeDroit Park Civic Association and Columbia Heights Community Development Corporation), to apprise such groups of the Project and provide WMATA with a written report naming each group contacted, its contact person and phone number, and a brief list of issues expressed by each group. DEVELOPER's failure to perform under this provision will constitute an event of default under the Definitive Agreement.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007806

9.2 Rezoning Approvals: DEVELOPER will be responsible for obtaining all entitlements, including, but not limited to, re-zonings, variances, special exceptions, historic district approvals, zoning modifications, TDR's or similar actions relating to the Leased Premises (collectively, "Zoning") required to allow construction of the Project on the Leased Premises. DEVELOPER will use commercially reasonable efforts to obtain such entitlements.

9.2.1 DEVELOPER will fund any and all costs of the Zoning. WMATA will not incur any costs in connection with the Zoning either in the actual Zoning process or for required on-site or off-site improvements or other work. DEVELOPER shall indemnify WMATA against any such costs.

9.2.2 At no expense to WMATA, DEVELOPER also shall be responsible for, and shall diligently and expeditiously pursue, all necessary permits and approvals, including, without limitation, land disturbance permits, building permits, and soil and erosion control measures as required by the District or any other local, state, or federal agency having jurisdiction.

9.2.3 WMATA shall cooperate with DEVELOPER in all zoning and other related land use matters.

9.3 Site Plan Approval by the District: DEVELOPER will submit to the [name of specific District agency] a Zoning request and an application for District approval of the WMATA-approved Site Plan, for development of the Leased Premises.

9.4 WMATA Review and Approval of Site Plan: In the event that DEVELOPER makes any modifications to the Site Plan approved by the District and subsequently by WMATA (the "Approved Site Plan"), such modifications will be subject to WMATA's approval.

9.5 WMATA Review and Approval of Construction Drawings: WMATA will have the right to approve or disapprove, and require changes to any of the DEVELOPER Improvements that materially or adversely affect WMATA's operations. The design and construction plans for the Project Improvements will incorporate the most recent revisions of WMATA's design and construction standards and criteria, including, without limitation "*STANDARDS— March 2006 Drawings/ Specifications/ Design Criteria*," and WMATA's *Adjacent Construction Design Manual, Revision 2* (collectively, "WMATA Design and Construction Standards").

9.6 Construction Requirements: DEVELOPER shall cause all of the components of the Project Improvements to be constructed by one or more reputable contractors having a record of successfully constructing similar projects. Construction of



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007807

DEVELOPER Improvements shall be insured by one hundred percent (100%) performance and payment surety bonds with a nationally recognized corporate surety acceptable to WMATA. Such surety bonds shall name WMATA as a co-obligee, and evidence of such bonds shall be furnished by DEVELOPER to WMATA at least ten (10) calendar days prior to commencement of construction of the DEVELOPER Improvements.

9.7 Interim Improvements: intentionally omitted

9.8 DELETED.

9.9 Transit-Oriented Development/Continuing Transit Orientation: DEVELOPER will design the Leased Premises so as to constitute a Transit-Oriented Development, and the DEVELOPER Improvements will be maintained with a Continuing Transit Orientation, as described in FTA Circular 9300.1.A, Appendix B. [TRANSIT-ORIENTED DEVELOPMENT SHOULD BE DEFINED; ALSO, PLEASE PROVIDE A COPY OF THIS CIRCULAR TO DEVELOPER]

9.10 Transit Operations: DEVELOPER and WMATA will cooperatively develop a construction and operational protocol to ensure, to the extent commercially reasonable, that neither the construction nor the operation of DEVELOPER's Improvements will interfere with the safety of operation of WMATA's transit facilities.

9.11 Environmental Matters: In the event that DEVELOPER engages in any excavation on the Leased Premises, DEVELOPER shall dispose of any contaminated excavated materials that DEVELOPER has knowledge of, at DEVELOPER's expense, as required by all then-applicable federal and/or State of Maryland laws or regulations. DEVELOPER agrees to indemnify and hold WMATA harmless from any environmental liability or damages, including attorney's fees and costs of remediation for which WMATA may become responsible as a result of the DEVELOPER's breach of this covenant.

**10. Indemnification**

DEVELOPER will indemnify and save harmless WMATA and its respective directors, officers, employees and agents for all damages and expenses that may arise in connection with any and all actions taken by DEVELOPER, its contractors, consultants or agents, or any employee of DEVELOPER, its contractors, consultants or agents, in connection with its activities under the Definitive Agreement, including all surveys, tests, investigations, construction, operations on the Leased Premises and other activities. [[WMATA will have the right to disapprove activities that in WMATA's sole judgment could result in injury to the Leased Premises or breach of any agreement, or expose WMATA to any liability.]] *[[COMMENT: NEED TO MAKE SURE THAT THIS WMATA RIGHT DOES*



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007808

*NOT INTERFERE WITH DEVELOPMENT ACTIVITIES OR TIMETABLE.]]* No consent by WMATA will be interpreted as a waiver by WMATA or assumption of liability or risk by WMATA. As to all Study Period activities, DEVELOPER and its consultants will be obligated, at their sole cost and expense, to restore the Leased Premises to the similar condition existing immediately prior to those activities.

**11. Insurance Requirements**

DEVELOPER, and each of its consultants, contractors and subcontractors, will maintain at all times, at their sole cost and expense, insurance coverages and policies to protect each of them and WMATA from claims that may arise out of activities contemplated by the Definitive Agreement. The scope and limits of such coverages and policies required by WMATA will be addressed in the Definitive Agreement and shall be acceptable to DEVELOPER.

**12. Non-Binding Intent**

This Term Sheet will have no binding effect on the parties except that DEVELOPER shall have the exclusive right to negotiate a Term Sheet and Definitive Agreement with WMATA for a period of five (5) months from the date of this Term Sheet. Any expenditures undertaken by either party hereto are at its own risk. No contract or agreement of any sort, preliminary, final or otherwise, is intended to be created by this Term Sheet, except as described above.

Agreed this _____ day of _____, 2008, by

**Washington Metropolitan Area Transit Authority**

By:
Joel R. Washington
Director, Office of Station Area Planning and Asset Management
Planning and Joint Development

**Banneker Ventures, LLC**

By:

Title:



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007809

**Execution Copy**

# WMATA Joint Development Term Sheet
# Shaw-Howard/Florida Avenue Sites

This Term Sheet, entitled "Joint Development Term Sheet" ("Term Sheet"), for a joint development project at WMATA's Shaw-Howard/Florida Avenue sites in Washington, DC, and dated as of the date last executed below, is intended to summarize the principal terms of a proposal being considered by the undersigned parties regarding a lease of certain real property on the south side of Florida Avenue, NW between 7th and 9th streets, NW. The undersigned parties wish to negotiate a Definitive Agreement, as defined in Section 2.1 herein.

1. **Parties**
   1.1 Washington Metropolitan Area Transit Authority ("WMATA").

   1.2 Banneker Ventures, LLC ("Banneker"), together with District Development Group, LLC ("DDG") and Metropolis Development Company LLC ("Metropolis"), will form a limited liability company for the Project (as defined in Section 4 herein), to be known as The Jazz @ Florida Avenue, LLC or another name as determined by Banneker, DDG and Metropolis (the "DEVELOPER"). Other parties may not be included in the DEVELOPER, except for any equity partners that the DEVELOPER needs to provide financing for the Project, nor may the DEVELOPER's interest in the Project or DEVELOPER's Improvements (as defined in Section 4.1, herein) be assigned or sold, without the written consent of WMATA, such consent not to be unreasonably withheld, with the terms of such consent to be provided in the Definitive Agreement.

2. **Definitive Agreement**
   The Definitive Agreement, to be prepared initially by WMATA and presented by WMATA to the WMATA Board for approval and signature within five months of Board Term Sheet approval, will be a Joint Development Agreement ("JDA") that will include, as an exhibit, a 60-year ground lease agreement ("Lease"), together with all related documentation upon which WMATA and DEVELOPER mutually agree. The Lease term will begin with the earlier of twenty (20) months after the WMATA Board approves the Definitive Agreement or the start of construction of the Project.

3. **Property to Be Leased by Developer**
   WMATA will lease to DEVELOPER approximately 28, 892 sf of land area outlined in red in **Exhibit A** and attached hereto (the "Leased Premises"). The land is in three separate parcels: 1) approximately 3,799 sf in Square 393, lot 44; 2) approximately 8,621 sf in Square 393, lot 45; and 3) approximately 16,452 sf in Square 416, lots 18 and 31. The Leased Premises shall not include those property interests necessary for protection of WMATA's Transit Facilities.



FOIA CONFIDENTIAL TREATMENT REQUESTED 

**4. Project**

DEVELOPER will construct improvements on the Leased Premises (the "Project" or "Project Improvements") in the configuration shown in **Exhibit B**. The Project will consist of:

4.1 DEVELOPER improvements (the "DEVELOPER Improvements") are a minimum 130,014 FAR gross square feet including not less than 104 dwelling units per District of Columbia ("District") approvals and approximately 11,750 gross square feet of retail/arts use plus associated residential and retail parking, estimated at 47 below-grade spaces, per District approvals. The DEVELOPER Improvements will be built in a single phase on the Leased Premises.

4.2 No improvements will be constructed on the Leased Premises other than the Project Improvements, unless approved in advance in writing by WMATA.

**5. Due Diligence**

5.1 Leased Premises Condition: In the Definitive Agreement, WMATA will provide knowledge-qualified representations customarily made by WMATA in transactions of this type, including with respect to title to the Leased Premises and the environmental history or condition of the property. Subject to the continued accuracy of such representations, and subject further to DEVELOPER'S Study Period rights as provided herein and satisfaction or waiver by DEVELOPER of all conditions precedent herein provided, DEVELOPER will accept its interest in the Leased Premises in an "as is - where is" condition.

5.2 Study Period: Upon approval and execution of the Term Sheet, WMATA will grant DEVELOPER a Right-of-Entry Permit for entry into the Leased Premises, substantially in the form attached hereto as **Exhibit C**. DEVELOPER shall have sixty (60) days from the effective date of the Definitive Agreement to conduct its due diligence related to the Leased Premises (the "Study Period"). If DEVELOPER, in its sole and exclusive discretion, shall be dissatisfied for any reason with the results of its Study Period investigations, DEVELOPER shall be entitled, upon written notice to WMATA delivered not later than ten (10) days following expiration of the Study Period, to terminate this Term Sheet and the Definitive Agreement, whereupon WMATA shall return to DEVELOPER the entire Security Deposit or the Proposal Security (as defined below), as applicable, and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or of the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.



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**6. Security Deposit**

6.1 Within two (2) business days of the execution of the Definitive Agreement, the DEVELOPER will place with WMATA a cash security deposit in the amount of Two Hundred Fifty Thousand and No/100 Dollars ($250,000.00), (the "Security Deposit") to secure DEVELOPER's performance. The Security Deposit will replace the $100,000 Proposal Security.

6.2 The Security Deposit will not be applied to any rental payments due to WMATA under the Definitive Agreement.

6.3 The entire Security Deposit shall be forfeited and may be retained by WMATA if DEVELOPER shall be in default under the Definitive Agreement beyond applicable notice, cure and grace periods therein provided. In such event, the Security Deposit may be applied by WMATA in whole or in part to cure such default. No such application of the Security Deposit shall constitute a waiver of any such default by DEVELOPER or an election of remedies. If the Security Deposit is applied in whole or in part as described herein, DEVELOPER shall, within ten (10) days, increase the Security Deposit by an amount equal to the amount applied.

6.4 The Security Deposit, less any amounts previously applied in connection with any breach or default by DEVELOPER and not replenished by DEVELOPER, shall be refunded to DEVELOPER upon the acceptance (not to be unreasonably withheld, delayed or conditioned) by WMATA of those sureties and guarantees identified in Sections 9.6 and 9.8 of this agreement.

6.5 WMATA shall return the Security Deposit plus interest to DEVELOPER within twenty (20) business days of its receipt of a copy of the Certificate of Occupancy for the Project.

**7. Consideration**

7.1 Option Fee: DEVELOPER will pay WMATA $100,000 (the "Option Fee"), within ten (10) days of WMATA Board approval of the Term Sheet and written notification to the DEVELOPER by WMATA of such approval. The Option Fee shall not be applicable to Pre-stabilization Rent, Initial Base Rent, Base Rent, or Capital Event Participation (as defined in this Section 7) and shall be non-refundable.

7.2 Pre-stabilization Rent: Non-refundable Pre-stabilization Rent payments will begin upon execution of the Definitive Agreement and continue until the earlier of the date of Project Stabilization, to be defined in the Definitive Agreement or forty-five (45) months after WMATA Board approval and execution of the



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Definitive Agreement (the "Pre-stabilization Period"). Pre-stabilization Rent, for the first fifteen (15) months, will be $100,000 per year payable in advance in quarterly instalments of $25,000. Pre-stabilization Rent will increase to $115,000.00 per year for the next twelve (12) months. For the remaining Pre-stabilization Period, rent shall be $130,000.00 per year.

7.3 Base Rent: The first base rent payment shall be paid by DEVELOPER to WMATA within fourteen (14) calendar days of the end of the Pre-stabilization Period ("Initial Base Rent"). Any delay in first payment of Initial Base Rent will require a penalty payment, the amount of which to be determined in the Definitive Agreement. Initial Base Rent will be for the first calendar year after the end of the Pre-stabilization Period and will be pro-rated accordingly, payable in advance in quarterly instalments of one-quarter of the Initial Base Rent. In no event shall the Initial Base Rent (for a full year) be less than Five Hundred and Ninety-Seven Thousand and No/100 Dollars ($597,000.00). After the Initial Base Rent payment, Base Rent will be due annually, in quarterly instalments, beginning on the first business day of the calendar year for the remaining term of the Lease ("Base Rent"), and will be pro-rated accordingly. Base Rent payments will be determined as follows:

7.3.1 For the first Base Rent payment due after the Initial Base Rent payment, DEVELOPER will pay WMATA an amount equal to the product of the Initial Base Rent multiplied by 1.5% for that year (the "Initial Escalation Factor").

7.3.2 For the second through tenth years of Base Rent payments, subsequent Base Rent payments due after the Initial Base Rent payment, except for the first Base Rent payment to be determined pursuant to 7.3.4 below, each Base Rent payment will be the product of the immediately preceding Base Rent payment and the Initial Escalation Factor. In no event will any Base Rent payment be less than the Base Rent payment for the preceding calendar year.

7.3.3 For the eleventh year of Base Rent payments and thereafter, except for Base Rent to be determined pursuant to 7.3.4 and 7.5 below, each Base Rent payment will be the product of the immediately preceding Base Rent payment multiplied by 1.03 (the Escalation Factor). In no event will any Base Rent payment be less than the Base Rent payment for the preceding calendar year.

7.3.4 At the time of any Capital Event as defined in Section 7.4, Base Rent will be reset at 7% of the Project land value derived through a three-appraiser process that establishes unit values for each type of Project



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land use multiplied by the total gross Project FAR square footage of each land use. In no event will any Base Rent payment be less than the Base Rent payment for the preceding calendar year.

7.3.5 DEVELOPER shall lease the Leased Premises for a period of sixty (60) years (the "Lease Period"). The Definitive Agreement will provide a mechanism by which Developer may request an extension of the Lease Period, subject to completion of a written agreement between the parties and approval, if necessary, by WMATA's Board of Directors.

7.4 Capital Event Participation: Capital Events (defined hereinbelow) shall be permitted in accordance with this Section 7.4. Whenever a Capital Event occurs, the DEVELOPER will make a payment to WMATA ("Capital Event Participation"). Capital Event" include any of the following by DEVELOPER: (i) assignments of the Definitive Agreement or the Lease, (ii) sales or re-financings of DEVELOPER's Improvements, (iii) other dispositions, transfers, and conversions that changes the membership of the DEVELOPER to include new members not originally included as of the execution date of the Definitive Agreement shall be a Capital Event. The Parties agree that Non-Capital Events, which will require WMATA approval, but not WMATA monetary participation, also exist and will be defined in the Definitive Agreement. A one-time payment per Capital Event will be paid to WMATA in an amount equal to ten percent (10%) of any Adjusted Gross Capital Event Proceeds. Adjusted Gross Capital Event Proceeds are the gross transaction revenues to DEVELOPER from a Capital Event, and any affiliated entities receiving income from such a Capital Event, less the payoff of remaining original Project debt secured by DEVELOPER Improvements and repayment of the original equity to DEVELOPER not yet repaid. To confirm DEVELOPER's original project debt and equity, within thirty days of the start of Project construction, DEVELOPER will provide WMATA with documentation confirming such amounts from DEVELOPER. Total debt and equity to finance the Project (amounts paid prior to the subject Capital Event) will total no more than one hundred percent (100%) of the original total Project cost, including both hard and soft costs. WMATA Base Rent will never decrease from the then payable Base Rent as a result of any Capital Event.

7.5 Periodic Rent Revaluation: Upon a Capital Event or every ten years, whichever is earlier, the Base Rent will be adjusted to 7 % of Project land value established through a three-appraiser process as described in Section 7.3.4 above. WMATA Base Rent will never decrease from the then payable Base Rent as a result of any Periodic Rent Revaluation.

7.6 WMATA Improvements: intentionally omitted



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7.7 Proposal Security: If WMATA and DEVELOPER do not execute a Definitive Agreement within five months following Board Term Sheet Approval (as provided in Section 2 above), WMATA will refund DEVELOPER's full Proposal Security of One Hundred Thousand and No/100 Dollars ($100,000.00) to DEVELOPER within twenty (20) business days.

7.8 WMATA Delays: The maximum length of 45months for the Pre-stabilization Period will be extended, on a day-for-day basis, for delays caused by WMATA actions or failure to act, including obtaining FTA Approval in accordance with Section 8.5 below and . In no other event will payment of Pre-stabilization Rent, Initial Base Rent, or Base Rent be delayed, even though DEVELOPER's schedule may take longer than anticipated.

7.9 Force Majeure Delays: The maximum length of 45 months for the Pre-stabilization Period may be extended, subject to an increase in the rental payments due in order to maintain the net present value of the Definitive Agreement to WMATA, for any delays caused by acts of God, terrorism, casualty, or other events of "force majeure", as may be further defined and agreed to in the Definitive Agreement.

7.10 Changes to Project: Changes to Project, which increase Project density may be requested by the Developer, subject to the terms and conditions for such changes to the Project as may be required by WMATA in the Definitive Agreement. Such terms and conditions will require increases in rent or other compensation to WMATA.

7.11 Additional Density:

7.11.1 If prior to Lease execution, DEVELOPER receives approval for additional density over that in Section 4.1, DEVELOPER will pay additional Base Rent to be determined by multiplying such density at $60/FAR sf (subject to true-up of 3% per year from the execution of the Definitive Agreement) of additional density and multiplying the product derived (Project land value) by 7%.

7.11.2 During the term of the Lease, any densities or unit totals actually constructed on the DEVELOPER Improvements that are more than those originally shown in the Approved Site Plan will require DEVELOPER to pay additional Base Rent. The revised Base Rent payments will be determined through the three-appraiser as described in Section 7.3.4 above, with such additional Base Rent including the incremental increase associated with any actually constructed DEVELOPER Improvements.



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**8. Conditions to Definitive Agreement Consummation**

If each of the following conditions is not satisfied within the timeframes provided below therefor, then in such instance, DEVELOPER may terminate this Term Sheet and the Definitive Agreement upon ten (10) days written notice to WMATA, in which event WMATA shall return the entire Security Deposit to DEVELOPER and both DEVELOPER and WMATA shall be relieved of any further obligations hereunder other than such obligations as shall, pursuant to the terms hereof or the Definitive Agreement, expressly survive termination of this Term Sheet or the Definitive Agreement.

8.1 Design Approvals: Within sixty (60) days after the execution of the Definitive Agreement and prior to any submission to the District, DEVELOPER must obtain WMATA's approval of a conceptual Project site plan in substantial conformance with **Exhibit B**, including building elevations and floor plans and related improvements to the Leased Premises such as streetscape, plazas, and sidewalks and landscaping (the "WMATA-Approved Site Plan"). The design of the Project shall be oriented in such a manner as to encourage use of WMATA transit facilities by tenants, residents, customers, and employees (as applicable) travelling to and from the Leased Premises. DEVELOPER must make its initial submission to WMATA no more than ten (10) days after execution of the Definitive Agreement.

8.2 Study Period: DEVELOPER shall be satisfied, in its sole and exclusive judgment, with its Study Period inspections in accordance with Section 5.2 above.

8.3 Public Hearing: DEVELOPER acknowledges that WMATA has concluded that a WMATA Compact Public Hearing is not required for this Project.

8.4 Subsequent Approval: DEVELOPER acknowledges that WMATA will not be bound by the Definitive Agreement unless and until such Definitive Agreement is approved by WMATA's Board of Directors and executed by WMATA.

8.5 FTA Approval: The transaction described herein is subject to Federal Transit Administration approval (the "FTA Approval"). WMATA will apply for said FTA Approval within thirty (30) days after full execution of the Definitive Agreement. The Definitive Agreement will contain appropriate termination provisions to address the possibility that the FTA may not approve the Definitive Agreement.

8.6 Financing Contingency: Developer shall have received a commitment for construction financing from a bank or other lending institution in such amounts, and upon such terms and conditions, as shall be consistent with the approved development budget for the Project and as shall otherwise be reasonably satisfactory to Developer and WMATA.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** 

## 9. Special Considerations

9.1 Community Contact: Within sixty (60) days of the WMATA Board's approval of the negotiated Definitive Agreement and WMATA's written notification to DEVELOPER of such approval, DEVELOPER shall contact the appropriate community groups in the area as specified by WMATA,to apprise such groups of the Project and provide WMATA with a written report naming each group contacted, its contact person and phone number, and a brief list of issues expressed by each group. DEVELOPER's failure to perform under this provision will constitute an event of default under the Definitive Agreement.

9.2 Rezoning Approvals: DEVELOPER will be responsible for obtaining all entitlements, including, but not limited to, re-zonings, variances, special exceptions, historic district approvals, zoning modifications, TDR's or similar actions relating to the Leased Premises (collectively, "Zoning") required to allow construction of the Project on the Leased Premises. DEVELOPER will use commercially reasonable efforts to obtain such entitlements.

9.2.1 DEVELOPER will fund any and all costs of the Zoning. WMATA will not incur any costs in connection with the Zoning either in the actual Zoning process or for required on-site or off-site improvements or other work. DEVELOPER shall indemnify WMATA against any such costs.

9.2.2 At no expense to WMATA, DEVELOPER also shall be responsible for, and shall diligently and expeditiously pursue, all necessary permits and approvals, including, without limitation, land disturbance permits, building permits, and soil and erosion control measures as required by the District or any other local, state, or federal agency having jurisdiction.

9.2.3 WMATA shall cooperate with DEVELOPER in all zoning and other related land use matters.

9.3 Site Plan Approval by the District: DEVELOPER will submit to the applicable District agency or agencies a Zoning request and an application for District approval of the WMATA-approved Site Plan, for development of the Leased Premises.

9.4 WMATA Review and Approval of Site Plan: In the event that DEVELOPER makes any modifications to the Site Plan approved by the District and subsequently by WMATA (the "Approved Site Plan"), such modifications will be subject to WMATA's approval.



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007817

9.5 WMATA Review and Approval of Construction Drawings: WMATA will have the right to approve or disapprove, and require changes to any of the DEVELOPER Improvements that materially or adversely affect WMATA's operations. The design and construction plans for the Project Improvements will incorporate the most recent revisions of WMATA's design and construction standards and criteria, including, without limitation "*STANDARDS—2007 Drawings/ Specifications/ Design Criteria*," and WMATA's *Adjacent Construction Design Manual, Revision 2* (collectively, "WMATA Design and Construction Standards").

9.6 Construction Requirements: DEVELOPER shall cause all of the components of the Project Improvements to be constructed by one or more reputable contractors having a record of successfully constructing similar projects. Construction of DEVELOPER Improvements shall be insured by one hundred percent (100%) performance and payment surety bonds with a nationally recognized corporate surety acceptable to WMATA. Such surety bonds shall name WMATA as a co-obligee, and evidence of such bonds shall be furnished by DEVELOPER to WMATA at least ten (10) calendar days prior to commencement of construction of the DEVELOPER Improvements.

9.7 Interim Improvements: intentionally omitted

9.8 Guaranty: DEVELOPER will obtain from one or more third-party Guarantors, guarantees for the completion of a) construction of the Project Improvements, b) infrastructure required by either the District of Columbia or WMATA that is not included in the Site Work, c) any demolition and removal as and when required under the terms of the Definitive Agreement, d) remediation of all hazardous materials as required by the Definitive Agreement or by applicable laws, courts or governmental authorities, and e) the timely payment and performance of all other DEVELOPER obligations under the Definitive Agreement. The Definitive Agreement will include minimum financial tests to be met by Guarantors, which will exceed the estimated costs of the aggregate payment and performance obligations under the Definitive Agreement by a reasonable margin. The adequacy of security and need for this Guarantee to be further discussed in Definitive Agreement.

9.9 Transit-Oriented Development/Continuing Transit Orientation: DEVELOPER will design the Leased Premises so as to constitute a Transit-Oriented Development, and the DEVELOPER Improvements will be maintained with a Continuing Transit Orientation, as described in FTA Notice of Final Agency Guidance on the Eligibility of Joint Development Improvements Under Federal Transit Law, which can be found at 72 FR 5788.



**FOIA CONFIDENTIAL TREATMENT REQUESTED** **WMATA-INV 007818**

9.10 Transit Operations: Neither the construction nor the operation of DEVELOPER's Improvements will interfere with the safety of operation of WMATA's transit facilities.

9.11 Environmental Matters: In the event that DEVELOPER engages in any excavation on the Leased Premises, DEVELOPER shall dispose of any contaminated excavated materials that DEVELOPER has knowledge of, at DEVELOPER's expense, as required by all then-applicable federal and/or State of Maryland laws or regulations. DEVELOPER agrees to indemnify and hold WMATA harmless from any environmental liability or damages, including attorney's fees and costs of remediation for which WMATA may become responsible as a result of the DEVELOPER's breach of this covenant.

**10. Indemnification**

DEVELOPER will indemnify and save harmless WMATA and its respective directors, officers, employees and agents for all damages and expenses that may arise in connection with any and all actions taken by DEVELOPER, its contractors, consultants or agents, or any employee of DEVELOPER, its contractors, consultants or agents, in connection with its activities under the Definitive Agreement, including all surveys, tests, investigations, construction, operations on the Leased Premises and other activities. WMATA will have the right to disapprove activities that in WMATA's sole judgment could result in injury to WMATA Transit Facilities located under the Leased Premises or breach of any agreement, or expose WMATA to any liability. No consent by WMATA will be interpreted as a waiver by WMATA or assumption of liability or risk by WMATA. As to all Study Period activities, DEVELOPER and its consultants will be obligated, at their sole cost and expense, to restore the Leased Premises to the similar condition existing immediately prior to those activities.

**11. Insurance Requirements**

DEVELOPER, and each of its consultants, contractors and subcontractors, will maintain at all times, at their sole cost and expense, insurance coverages and policies to protect each of them and WMATA from claims that may arise out of activities contemplated by the Definitive Agreement. The scope and limits of such coverages and policies required by WMATA will be addressed in the Definitive Agreement.



FOIA CONFIDENTIAL TREATMENT REQUESTED 

**12. Non-Binding Intent**

This Term Sheet will have no binding effect on the parties except that DEVELOPER shall have the exclusive right to negotiate a Definitive Agreement with WMATA for a period of five (5) months from the date of this Term Sheet. Any expenditures undertaken by either party hereto are at its own risk. No contract or agreement of any sort, preliminary, final or otherwise, is intended to be created by this Term Sheet, except as described above.

Agreed this _____ day of _____, 2008, by

**Washington Metropolitan Area Transit Authority**

By: _____
Joel R. Washington
Director, Office of Station Area Planning and Asset Management
Planning and Joint Development

**Banneker Ventures, LLC**

By: _____

Title: _____



FOIA CONFIDENTIAL TREATMENT REQUESTED 

Moddie Turay Co., LLC
Clark Enterprises Inc.

*Renaissance Row*

# VOLUME I

# TECHNICAL INFORMATION

FOIA CONFIDENTIAL TREATMENT REQUESTED

A

# Transmittal Letter

*"Good thoughts are no better than good dreams, unless they be executed."*

*~Ralph Waldo Emerson*

MODDIE TURAY COMPANY

October 5, 2007

Gary Malasky
Contracting Officer
Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001

Re: Proposal for Shaw-Howard WMATA Property

Gentleman:

We are pleased to submit our response to WMATA's Joint Development Solicitation October 2007. Our response details our plan to develop Florida Avenue NW Parcels 1, 2, and 3 as a dynamic mixed-use project including retail, housing and other related uses.

As DC-based developers, we are committed to the long term growth of the Shaw community and look forward to developing a quality development that contributes to improving the cityscape and economic vitality of the District. Our project, Renaissance Row, will enhance the Shaw neighborhood by providing the much needed connectivity to the already successful U Street and activating Florida Avenue with national and local retailers to create pedestrian friendly streets.

We are joined by Sorg & Associates, a minority owned District based award winning architectural firm with projects throughout the District. The firm has designed numerous buildings in the Shaw and Logan Circle neighborhoods.

We appreciate the opportunity to respond to this solicitation, and look forward to meeting with you for more detailed discussions.

Very truly yours,

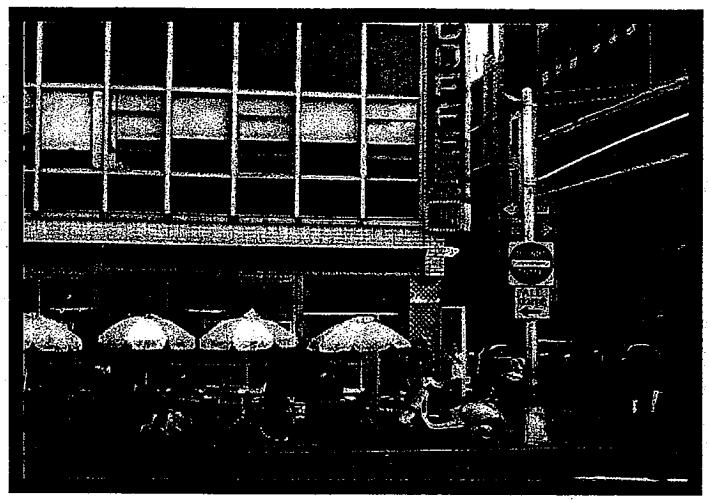
Moddie Turay
President, Moddie Turay Company, LLC

Rebecca Owen
Senior Vice President, Clark Enterprises, Inc.

2500 Q STREET, N.W., SUITE 338 WASHINGTON, D.C. 20007 202 413-4160 (F) 202 338-6014

B

# Complete Proposal Form



*"The man who has no imagination has no wings."*

*~Muhammad Ali*

# WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
## PROPOSAL FORM

## JOINT DEVELOPMENT SITES

**JOINT DEVELOPMENT SOLICITATION (JDS) DATED:** October 5, 07
**PROPOSAL SUBMITTED FOR THE FOLLOWING JOINT DEVELOPMENT SITE:**

Shaw-Howard/Florida Avenue

**DEVELOPER:**

Moddie Turay Company, LLC
**Name (must be existing entity)**

Moddie Turay
**Name of Authorized Representative**

**Signature of Authorized Representative**

President
**Title**

3222 M ST NW Suite 140, Washington, D.C. 20007
**Address Including Zip Code**

| 202 413-4160 | 202342-1458 | moddie@moddieturay.com |
|---|---|---|
| **Telephone Number** | **Fax Number** | **E-Mail Address** |

Renaissance Row, LLC
**Name of Entity to be Formed (if applicable)**

## CERTIFICATIONS *(check applicable box)*

1. Debarred or Ineligible Contractors:

Developer certifies that its existing operation [ ] is, [x ] is not included in the "List of Parties Excluded from Federal Procurement or Nonprocurement Programs" maintained by the U.S. General Services Administration.

2. Contingent Fee:

a. Developer [ ] has, [x ] has not, employed or retained any company or persons (other than a full-time, bonafide employee working solely for the Developer) to solicit or secure a Development Agreement; and

b. Developer [ ] has, [x ] has not, paid or agreed to pay any company or person (other than a full-time, bona fide employee working solely for the Developer) any fee, commission, percentage, or brokerage fee contingent upon or resulting from the award of a Development Agreement; and

c. Developer agrees to furnish information relating to the above as requested by WMATA's Contracting Officer.

3. Covenant Against Gratuities:

Neither Developer nor any of its employees, representatives or agents have offered or given gratuities or will offer or give gratuities (in the form of entertainment, gifts or otherwise) to any director, officer or employee of WMATA with the view toward securing favorable treatment in the designation of a Selected Developer or in any determination made with respect to Developer selection, or in the negotiation, amendment or performance of the Development Agreement.

The undersigned Developer certifies that the foregoing is true.

October 5, 2007
Date

Moddie Turay Company,LLC
Developer

Authorized Representative

Exhibit A

## SIGHT DRAFT

Date:_____

**AT SIGHT**, pay to the order of Washington Metropolitan Area Transit Authority, the sum of _____ Dollars (USD _____).

For Value Received, and charge to the account of [name of Applicant].

Drawn under [name of issuing bank] Irrevocable Standby Letter of Credit No. _____, dated _____[as amended by _____].

Washington Metropolitan Area Transit Authority, as Beneficiary under said Irrevocable Standby Letter of Credit No. _____, dated _____[as amended by _____], hereby certifies to you that:

[insert certification language]

TO: [name of issuing bank]
Address:
_____
_____
_____
Attn: Letter of Credit Department

Washington Metropolitan Area Transit Authority
By:_____
Print Name:_____
Title:_____
600 Fifth Street, NW
Washington, D.C. 20001

[If issuing bank is located outside of Washington, D.C., Maryland or Virginia, then a confirming bank in one of those jurisdictions is required; both banks must be members of the Federal Reserve System]

[Issuing Bank L/C Letterhead]

**IRREVOCABLE STANDBY LETTER OF CREDIT**

Letter of Credit No. HACH191980S

Issue Date: OCT 3, 07, 2007

APPLICANT:
Name: Renaissance Row LLC
Address: 7500 Old Georgetown RD 15th Floor, Bethesda MD 20814

Re: Issued in connection with
Joint Development Site: Shaw-Howard/Florida Avenue
Joint Development Solicitation (JDS) Dated: Oct 5 2007

BENEFICIARY:
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, D.C. 20001

Ladies and Gentlemen:

1. We hereby open in your favor, at the request and for the account of the above-identified Applicant, our Irrevocable Standby Letter of Credit No. HACH191984OS in an aggregate amount of One Hundred Thousand and 00/100's US Dollars (USD 100,000.00), to be available for payment of your drafts drawn at sight on us, and accompanied, in the case of each draft, by your written certification to us signed by any person purporting to act on your behalf, stating:

   Applicant as the Selected Developer for the above-referenced Joint Development Site pursuant to that certain Joint Development Solicitation (JDS) dated Oct 5 20007, and issued by Beneficiary has been terminated as the Selected Developer in accordance with **Section 5.2** of the JDS, and Beneficiary hereby certifies that the Sight Draft presented herewith constitutes an amount owed to Beneficiary under the JDS.

WACHOVIA

WACHOVIA BANK, NATIONAL ASSOCIATION
CONFIRMATION OF IRREVOCABLE STANDBY LETTER OF CREDIT
10/04/07

BENEFICIARY:
WASHINGTON METROPOLITAN AREA
TRANSIT AUTHORITY
600 FIFTH STREET NW
WASHINGTON, DC 20001, UNITED STATES

ISSUING BANK:
HARRIS, N.A., CHICAGO, ILLINOIS
C/O BANK OF MONTREAL
234 SIMCOE STREET, 3RD FLOOR
TORONTO, ONTARIO, CANADA M5T 1T4
ATTN: LETTER OF CREDIT DEPARTMENT

APPLICANT:
RENAISSANCE ROW LLC
C/O CEI REALTY, INC
7500 OLD GEORGETOWN ROAD, 15TH FLOOR
BETHESDA, MD 20814 UNITED STATES

AMOUNT: USD 100,000.00
EXPIRATION DATE: 10/01/08
OUR LETTER OF CREDIT ADVICE NUMBER: SE447860W
ISSUING BANK LETTER OF CREDIT NUMBER: HACH1919840S

DEAR BENEFICIARY:

AT THE REQUEST OF THE ABOVE REFERENCED ISSUING BANK, WE HAVE BEEN INSTRUCTED TO ADVISE YOU OF THE OPENING OF THEIR IRREVOCABLE STANDBY LETTER OF CREDIT ISSUED IN YOUR FAVOR. THE AUTHENTICITY OF THIS LETTER OF CREDIT HAS BEEN REVIEWED BY US AND FOUND TO BE IN ORDER.

WE SUGGEST YOU REVIEW THE LETTER OF CREDIT IMMEDIATELY TO DETERMINE THAT THE TERMS AND CONDITIONS MEET THE REQUIRED TERMS OF YOUR SPECIFIC ARRANGEMENT. IF YOU FIND THE TERMS AND CONDITIONS OF THIS STANDBY LETTER OF CREDIT UNACCEPTABLE, PLEASE CONTACT YOUR CUSTOMER (THE APPLICANT) AND REQUEST THEM TO INSTRUCT THE ISSUING BANK TO AMEND THE CREDIT ACCORDINGLY. THIS WILL ELIMINATE DIFFICULTIES AND POSSIBLE DELAYS IN PAYMENT IN THE EVENT OF A DRAWING.

ALL DEMANDS FOR PAYMENT RELATING TO THIS STANDBY LETTER OF CREDIT MUST BE PRESENTED DIRECTLY TO OUR OFFICES LOCATED AT 401 LINDEN STREET, 1ST FLOOR, WINSTON-SALEM, NC 27101, ATTN: STANDBY LETTERS OF CREDIT, MAIL CODE: NC6034 QUOTING OUR REF. NO. SE447860W.

SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS, WE HEREBY CONFIRM THE ATTACHED LETTER OF CREDIT AND HEREBY ENGAGE WITH THE BENEFICIARY THAT ALL DRAFTS DRAWN AND PRESENTED TO US AT OUR OFFICES LISTED BELOW IN IN COMPLIANCE WITH THE TERMS OF THE LETTER OF CREDIT AND ON OR BEFORE THE EXPIRATION DATE OF OUR CONFIRMATION WILL BE DULY HONORED. OUR CONFIRMATION EXPIRES AT OUR OFFICE ON 10/01/08, BUT SHALL BE AUTOMATICALLY EXTENDED, WITHOUT WRITTEN

CONTINUED ON NEXT PAGE WHICH FORMS AN INTEGRAL PART OF THIS CONFIRMATION LETTER

FOIA CONFIDENTIAL TREATMENT REQUESTED

WACHOVIA



AMENDMENT, IN EACH SUCCEEDING CALENDAR YEAR UNLESS WE HAVE SENT WRITTEN NOTICE TO YOU AT YOUR ADDRESS ABOVE BY EXPRESS COURIER AT LEAST SIXTY (60) CALENDAR DAYS PRIOR TO THE THEN CURRENT EXPIRATION DATE THAT WE ELECT NOT TO EXTEND OUR CONFIRMATION BEYOND THE DATE SPECIFIED IN SUCH NOTICE (THE "FINAL CONFIRMATION DATE"). ANY NOTICE WE MAY SEND TO YOU ADVISING OF OUR ELECTION NOT TO EXTEND OUR CONFIRMATION IN NO WAY AFFECTS THE ISSUING BANK'S OBLIGATION TO YOU UNDER THIS CREDIT UNLESS YOU ARE SO NOTIFIED TO THIS EFFECT. ANY NOTICE SENT TO YOU BY ISSUING BANK INDICATING THEIR ELECTION NOT TO EXTEND THE LETTER OF CREDIT HOWEVER, SHALL APPLY TO OUR CONFIRMATION AS WELL. IN THE EVENT THE ISSUER NOTIFIES YOU DIRECTLY, WACHOVIA BANK IS NOT OBLIGATED TO PROVIDE ADDITIONAL NOTIFICATION.

DOCUMENTS MAY BE PRESENTED AT EITHER OF OUR FOLLOWING LOCATIONS:

WACHOVIA BANK, N.A.
STANDBY L/C DEPT.
401 LINDEN STREET
WINSTON-SALEM, NC 27101

- OR -

WACHOVIA BANK, N.A.
INTERNATIONAL DIVISION
740 15TH STREET N.W.
WASHINGTON, DC 20005

IF DOCUMENTS ARE PRESENTED TO THE WASHINGTON ADDRESS THEY MUST ALSO BE FAXED BY THE BENEFICIARY TO 336-735-0952 THE SAME DAY IN ORDER TO BE DEEMED A PRESENTATION.

EXCEPT AS OTHERWISE STATED IN THE ABOVEMENTIONED LETTER OF CREDIT, THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICES FOR DOCUMENTARY CREDITS, I.C.C. PUBLICATION NO. 600, REVISION 2007.

OUR CONFIRMATION IS CONTINGENT UPON YOUR ACCEPTANCE OF THE AMENDMENT ATTACHED HERETO.

SINCERELY,

AUTHORIZED SIGNATURE
WACHOVIA BANK, NATIONAL ASSOCIATION
STANDBY LETTERS OF CREDIT CENTER OF EXCELLENCE

ALL INQUIRIES REGARDING THIS CREDIT SHOULD BE DIRECTED TO OUR STANDBY CUSTOMER CARE PROFESSIONALS AT: 1-800-776-3862.

KKB

ENCLOSURE

FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007832

---------- Instance Type and Transmission ----------

Copy received from SWIFT
Priority : Urgent
Message Output Reference : 1657 071004PNBPUS33CXXX0628967027
Correspondent Input Reference : 1556 071004HATRUS44AXXX7615112960

---------- Message Header ----------

Swift Output : FIN 707 Amendment to a Doc Credit
Sender : HATRUS44XXX
HARRIS N.A.
CHICAGO,IL
UNITED STATES US
Receiver : PNBPUS33SLC
WACHOVIA BANK, NA
(STANDBY LC'S)
WINSTON-SALEM,NC
UNITED STATES US

---------- Message Text ----------

20: Sender's Reference
HACH191984OS
21: Receiver's Reference
SE447860W
31C: Date of Issue
071003
30: Date of Amendment
071004
26E: Number of Amendment
1
59: Benefic'y (before amndmt)-Nm&Add
WASHINGTON METROPOLITAN AREA
TRANSIT AUTHORITY
600 FIFTH STREET NW
WASHINGTON, DC 20001 US
79: Narrative
PLACE OF EXPIRY HAS BEEN AMENDED TO:
WINSTON-SALEM, NC
THIS LETTER OF CREDIT IS NOW AVAILABLE WITH
WACHOVIA BANK NATIONAL ASSOCIATION , 401 LINDEN
STREET, WINSTON, SALEM NC 27101.
IN ITEM NO. 1, DRAFTS NOW DRAWN ON WACHOVIA BANK,
WINSTON, SALEM, NC INSTEAD OF READING 'US'.
IN ITEM NO. 3 AND 5, THE LETTER OF CREDIT NOW
EXPIRE IN WINSTON, SALEM, NC. INSTEAD OF
WASHINGTON, D.C.
UPON RECEIPT OF YOUR AUTHENTICATED SWIFT MESSAGE
STATING THAT YOU HAVE RECEIVED A DRAWING IN
COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS
LETTER OF CREDIT WE WILL EFFECT PAYMENT WITHIN 1
BUSINESS DAY (24 HOURS NOT INCLUDING SATURDAYS,
SUNDAYS, LEGAL HOLIDAYS, OR ANY DAY ON WHICH WE
ARE NOT OPEN FOR BUSINESS ON ACCOUNT OF ANY OTHER
REASON).
ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

---------- Message Trailer ----------

{CHK:E0D3A05EF3BD}

ORIGINAL

Wachovia Bank N.A.
ORIGINAL
This document constitutes
the operative instrument
under our reference no.
SE447860W
To be quoted in all correspondence

HARRIS Harris N.A., Chicago, Illinois

STANDBY/LETTERS OF CREDIT
C/O Bank of Montreal
234 Simcoe Street
3rd Floor
Toronto, Ontario M5T 1T4
Tel: 1-877-801-0414
Fax: 1-877-801-7787
SWIFT: HATRUS44

DOCUMENTARY COLLECTIONS
C/O Bank of Montreal
129 St Jacques Street, 10th Floor
Montreal, Quebec H2Y 1L6
Tel: 1-888-258-6378
Fax 1-888-258-6380
SWIFT: HATRUS44

To be quoted in all correspondence

# Irrevocable Standby Letter of Credit No. HACH191984OS

Wachovia Bank N.A.
ORIGINAL
This document constitutes the operative instrument under our reference no.

**Advising Bank:**
WACHOVIA BANK NA
SLC UNIT, 401 LINDEN STREET, 1/FL
WINSTON-SALEM, N.C. 27101, United States

**Beneficiary:**
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
600 FIFTH STREET NW
WASHINGTON, DC 20001, United States

**Date of Issue:**
October 03, 2007

**Date and Place of Expiry:**
October 01, 2008 CHICAGO

**Applicant:**
RENAISSANCE ROW LLC
C/O CEI REALTY, INC.
7500 OLD GEORGETOWN ROAD, 15TH FLOOR, BETHESDA, MD 20814 United States

**SLC Amount:**
Not Exceeding USD 100,000.00 One Hundred Thousand and 00/100 United States Dollars

**We issue our Irrevocable Standby Letter of Credit subject to the following terms and conditions.**
This Standby Letter of Credit is available with WACHOVIA BANK NATIONAL ASSOCIATION, INTERNATIONAL DIVISION, 740 15TH STREET NW, WASHINGTON, DC 20005 United States by payment when accompanied by the following documents.

Wachovia Bank N.A.
ORIGINAL
This document constitutes the operative instrument under our reference no.
SE4478604J
To be quoted in all correspondence

Special Conditions:
Ladies and Gentlemen:

Re: Joint Development Site: Shaw-Howard/Florida Avenue
Joint Development Solicitation (JDS) dated October 5, 2007

1. We hereby open in your favor, at the request and for the account of the above-identified Applicant,

ORIGINAL



FOIA CONFIDENTIAL TREATMENT REQUESTED

our Irrevocable Standby Letter of Credit No. HACH191984OS in an aggregate amount of One Hundred Thousand and 00/100's United States Dollars (USD100,000.00), to be available for payment of your drafts drawn at sight on us, and accompanied, in the case of each draft, by your written certification to us signed by any person purporting to act on your behalf, stating:

Applicant as the Selected Developer for the above-referenced Joint Development Site pursuant to that certain Joint Development Solicitation (JDS) dated October 5, 2007, and issued by Beneficiary has been terminated as the Selected Developer in accordance with Section 5.2 of the JDS, and Beneficiary hereby certifies that the Sight Draft presented herewith constitutes an amount owed to Beneficiary under the JDS.

2. Drafts drawn under this Letter of Credit (as same may have been or may be amended from time to time) shall be completely sufficient if in the form attached hereto as Exhibit A, and need not be endorsed on the Letter of Credit. We will accept any and all statements delivered pursuant to this Letter of Credit as conclusive, binding and correct, without having to investigate or being responsible for the accuracy, truthfulness, correctness or validity thereof and notwithstanding the claim of any person to the contrary.

3. This Letter of Credit shall expire, unless extended as provided herein, at 5:00 P.M. local time in Washington, D.C., on October 1, 2008. If such date is a Saturday, Sunday, legal holiday, or day on which we are not open for business on account of any other reason, the expiration date set forth above shall automatically be extended to our next regular business day.
It is a condition of this Letter of Credit that it will be automatically extended without amendment for an additional period of twelve (12) months from the present and each future expiration date, unless, not less than sixty (60) days prior to the then-relevant expiration date, we notify you by authenticated swift via the Confirming Bank that we elect not to extend this Letter of Credit for any additional period. Upon your receipt of such a notification, you may draw your sight draft on the Confirming Bank prior to the then-relevant expiration date for the unused balance of this credit, which need be accompanied only by your signed written statement that you received notification of our election not to extend.

4. All drafts drawn under this Letter of Credit must refer to the number and issue date of this Letter of Credit, and must be marked "Drawn under Harris N.A. Irrevocable Standby Letter of Credit No. HACH191984OS."

5. We agree to honor each draft drawn under and in compliance with the terms of this Letter of Credit, if duly presented to the Confirming Bank, Wachovia Bank National Association, International Division, 401 Linden Street, Winston, Salem NC 27101 or to Wachovia Bank National Association, International Division 740 15th Street NW, Washington, DC 20005 at or before 5:00 P.M. local time in Washington, D.C. If the documents are presented to the Washington, D.C. address a copy must be faxed by the Beneficiary to Wachovia Bank National Association at fax #333-735-0952 the same day in order to be deemed a presentation.

ORIGINAL

Wachovia Bank N.A.
ORIGINAL
This document constitutes
the operative instrument
under our reference no.
SL44786040
To be quoted in all correspondence



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007835

We agree to deliver payment in full of each such draft without any processing, check, or other fees whatsoever, to your offices as set forth hereinabove, Attn: General Counsel, not later than thirty-six (36) hours after the time of presentment (not including Saturdays, Sundays, legal holidays, or any day on which we are not open for business on account of any other reason) by our Cashier's or Teller's check payable solely to the order of the "Washington Metropolitan Area Transit Authority."

6. The original and/or any amendment of the Letter of Credit under which drafts are presented by you need not be presented with any draft drawn thereunder in order to constitute a valid presentment, unless such draft is a full and/or final draft under this Letter of Credit.

7. Partial drawings under this Letter of Credit are permitted.

8. This Letter of Credit shall be governed by the Uniform Customs and Practices for Documentary Credits, UCP 600 (2007. Rev.), published by the International Chamber of Commerce, and to the extent not so governed in accordance with the statute and case law of the District of Columbia.

Signing Officer
HACH191984OS

Authorized Signing Officer

ANI DEVECI

ORIGINAL

Wachovia Bank N.A.
ORIGINAL
This document constitutes
the operativo instrument
under our reference no.
SE447860W
To be quoted in all correspondence



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007836

This is an integral part of Letter of Credit No. HACH191984OS

Exhibit A

SIGHT DRAFT

Date: _____

AT SIGHT, pay to the order of Washington Metropolitan Area-Transit Authority, the sum of ..... Dollars (USD.....).

For Value Received, and charge to the account of (name of Applicant).

Drawn under Harris N.A. Irrevocable Standby Letter of Credit No. HACH191984OS, dated October 3, 2007 [as amended by _____].

Washington Metropolitan Area Transit Authority, as Beneficiary under said Irrevocable Standby Letter of Credit No. HACH191984OS, dated October 3, 2007 [as amended by _____], hereby certifies to you that:

[insert certification language]

To: Harris N.A., Chicago, Illinois
c/o Bank of Montreal
234 Simcoe Street, 3rd Floor
Toronto, Ontario, Canada M5T 1T4
Attn: Letter of Credit Department

Washington Metropolitan Area Transit Authority
By:
Print Name:
Title:
600 Fifth Street, NW
Washington, D.C. 20001

ORIGINAL

Wachovia Bank N.A.
ORIGINAL
This document constitutes the operative instrument under our reference no.
SE497860W
To be quoted in all correspondence



FOIA CONFIDENTIAL TREATMENT REQUESTED 

**Additional Conditions:**

All banking charges are for the account of the applicant.

We undertake that documents drawn under and in strict conformity with the terms of this Standby Letter of Credit will be honored.

The credit is subject to the version of the ICC Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce, Paris, France, which is in effect on the date of issue.

**Bank to Bank Information:**

In the event we elect not to renew this Letter of Credit we will provide you at least 90 days notice prior to the then current expiration date via authenticated swift.
Upon receipt of your authenticated swift message stating that you have received a drawing in compliance with the terms and conditions of this Letter of Credit we will effect payment within 3 business days from receipt of your swift.

Please advise this Standby Letter of Credit to the beneficiary through WACHOVIA BANK NATIONAL ASSOCIATION, INTERNATIONAL DIVISION, 740 15TH STREET NW, WASHINGTON, DC 20005 adding your confirmation.

Instructions to the Next Advising Bank: Please advise this Standby Letter of Credit to the beneficiary adding your confirmation.

Unless otherwise instructed herein, all correspondence and inquiries regarding this transaction should be directed to our Customer Service Center at the above address, telephone: as indicated. Please indicate our reference number in all your correspondence or telephone inquiries.

Authorized Signature(s)

Wachovia Bank N.A.
ORIGINAL
This document constitutes the operative instrument under our reference no.
SE4478600
To be quoted in all correspondence

ORIGINAL



FOIA CONFIDENTIAL TREATMENT REQUESTED 

c

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*"In my mind's eye, I visualize how a particular sight and feeling will appear...It is an intuitive sense, an ability that comes from a lot of practice."*

*~Ansel Adams*

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D

# Executive Summary

*"Let us not be content to wait and see what will happen, but give us determination to make the right things happen."*

*~Peter Marshall*

## D. EXECUTIVE SUMMARY

Founded in 2005, the Moddie Turay Company (MTC) is a full service minority-owned real estate development company registered as a Local Small Disadvantaged Business Enterprise in the District of Columbia. The firm's vision was conceived during Mr. Turay's tenure of public service as the Special Assistant to Mayor Anthony A. Williams and launched while working as a Development Manager at Western Development Corporation on some of the most innovative mixed-use projects in the area. Mr. Turay's knowledge of Washington DC's political landscape coupled with pragmatic approaches to real estate development provides MTC with unparalleled advantages for developing urban mixed-use projects. Community development projects demand savvy and require working intimately with community stakeholders, government officials, local and national retailers, and lenders. The qualifications of the development team make MTC the right company for this important project.

Our development, Renaissance Row, along with the various other projects planned and/or under construction has the power to truly transform this historic neighborhood. The Shaw neighborhood is drastically changing with the new Radio One/NCRC mixed-use development scheduled to break ground shortly, the planned affordable and market rate housing on the parcels owned by the Housing Finance Agency and the planned mixed-use development led by a joint partnership of Howard University and Trammel Crow. These exciting developments will bring new activity and a needed boost to a neighborhood that has lain dormant and has experienced little economic development during the recent real estate boom. These projects are critical to attracting new investment; however the vacant lots between 7th Street and 9th Street on Florida Avenue owned by WMATA create a physical separation from the U Street Corridor. This break in retail continuity and pedestrian activity has prevented the Shaw community from having both a physical and economic connection to its adjacent and more prosperous neighborhoods. It is for this reason that we feel Renaissance Row is the project to connect Shaw to the U Street Corridor with the development of a new retail, entertainment and residential project. The WMATA parcels are not only vital to providing the much needed connection between the Shaw and U Street communities but also have the potential to spur similar growth further east toward New York Avenue.

Our vision, outlined in this proposal and active outreach in this community drive our excitement about the potential of these specific parcels. We are committed to the Shaw neighborhood and are eager to help create a vibrant landscape that will enrich this area of the District. Over the past year, we have worked diligently to acquire a parcel adjacent to the WMATA parcel 1 at 9th and U Street and currently have this adjacent parcel under contract This parcel is critical to any development plan and enables us to leverage the site owned by WMATA as part of a mixed-use project that maximizes street frontage along Florida Avenue. MTC has met with the D.C. Office of Economic Development, D.C. Office of Planning and Shaw community leaders to further ensure the compatibility of our development program with local needs.

The development team headed by Moddie Turay Company includes our equity/development partner Clark Enterprise Inc.; Established in 1972, CEI is the parent company to Clark Construction, the largest privately held construction company in the United States with over $2 billion in annual revenues. CEI is a diversified investment company headquartered in Bethesda, Maryland and is also one of the largest privately held companies in the nation, with holdings in real estate, commercial, heavy and residential construction and venture capital, private equity and other investments. As an investor,

developer, and asset manager, CEI maintains a large portfolio of commercial and residential projects, with current interests in over 5,000,000 square feet of office space (primarily located in the Washington, DC Metropolitan Area), 320,000 square feet of warehouse space, 1,100 hotel units, and 12,000 residential units. In addition, CEI has experienced working jointly with WMATA, most recently, Fort Totten Park Apartments at the Fort Totten Metro. Our team also includes, Sorg & Associates, an award winning minority owned architectural firm based in Washington DC with over 40 full-time professional staff members. Sorg & Associates have designed and provided delivery services for numerous projects in the Shaw neighborhood and are certified as a Local Small Disadvantaged Business Enterprise (LSDBE) in Washington D.C.

Our development program, which includes ground floor retailers (such as specialty food market, unique restaurant concepts, bookstore, hardware store, art gallery/wine bar) and over 100 residential units will enliven the neighborhood and provide the needed amenities, currently underrepresented in Shaw. Also included in our proposal is a Letter of Intent from Yes Organic Market, a Washington, D.C. based organic grocery store with over four well established locations in the District. Yes Organics' commitment to developing community focused healthy grocery store outlets in urban neighborhoods in Washington, D.C. such as Adams Morgan, Capitol Hill, Cleveland Park, and Brookland are unparalleled. We have also included a Letter of Interest from local restaurateur Constantine Stavropoulos, owner of Tryst Coffee House - Bar - Lounge (Adams Morgan), The Diner (Adams Morgan), and Open City (Woodley Park), which are some of the most innovative restaurant/lounge concepts in the District. Shaw residents have expressed a strong interest in having a local hardware store in the neighborhood and we are currently working with Central Safe and Locksmith Company to fill that need. Central Safe and Locksmith Company have operated their business in the Shaw neighborhood for over 61 years and are being displaced by the new convention center hotel and would like to continue serving the community with a hardware store at our location. Hanks Oyster Bar, with locations in Dupont Circle and Old Town Virginia has provided a Letter of Interest and would like to open a new restaurant concept at Renaissance Row. We are also excited about the push to create a Business Improvement District in the Shaw neighborhood and look forward to contributing our resources to this effort. Also included in our proposal are letters of support from ANC 2C01 and Shaw Main Streets. Our team is committed to the Shaw neighborhood and look forward to building a project for the community, not just in the community.

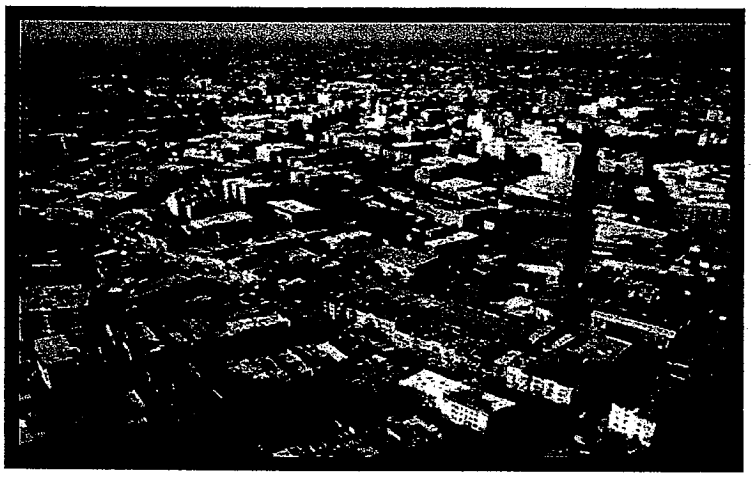
Overall, the development program is consistent with the themes introduced in the 2005 Office of Planning "Development Framework for a Cultural Destination District within Washington, DC's Greater Shaw/U Street" and promotes use of public transportation by having destination retail environment that will attract residents of all wards of the District. We are committed to activating the street with both local and national retailers to create a project that is pedestrian friendly and will and serve the needs of the community.

Renaissance Row offers an opportunity to reinterpret how people live, work, and play in the Shaw community including: Improving the quality of pedestrian/community experience; Incorporate Transit Oriented Development (TOD) best practices, which promote the use of public transportation, lower housing costs, reduce household transportation spending, and bring jobs, housing and services closer together.; Providing connectivity through the use of exciting retail destinations between Shaw-Howard Metro and the U Street/Cardozo metro station. Our development strategy, which will outline the retail philosophy, phasing and implementation, and

financial proposal, will demonstrate our commitment and focus on making this project a success. The MTC/Clark team has the experience needed to develop a world class mixed-use project on time and budget.

E

# Development Team



*"Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments towards organizational objectives. It is the fuel that allows common people to attain uncommon objectives."*

*~Andrew Carnegie*

## E. DEVELOPMENT TEAM INFORMATION

| | |
|---|---|
| DEVELOPER<br>Moddie Turay Company, LLC Mr. Moddie Turay<br>President<br>3222 M Street NW, Suite 140 Washington, D.C. 20007<br>Tel: 202.413-4160<br>Fax: 202.342-1458<br>Email: moddie@moddieturay.com<br><br>Mr. Adrian Donnelly<br>Vice President, Construction Management<br>3222 M Street NW, Suite 140 Washington, D.C. 20007<br>Tel: 202.413-4160<br>Fax: 202.342-1458<br>Email: Adrian@moddieturay.com<br><br>Ms. Nia Francis<br>Vice President of Development<br>3222 M Street NW, Suite 140 Washington, D.C. 20007<br>Tel: 202. 518.0337<br>Fax: 202 342-1458<br>Email:nia@moddieturay.com<br>Email: nia@moddieturay.com | ARCHITECT<br>Sorg & Associates<br>Suman Sorg , Principal<br>2000 S Street, N.W. Washington, DC 20009<br>Tel: 202.339.8819<br>Fax: 202.339.8800<br>Email: sumans@sorgandassociates.com<br><br>ATTORNEY<br>Squire Sanders & Dempsey, LLP Mr. J.R. Clark<br>Partner<br>Squire Sanders & Dempsey, LLP 1201 Pennsylvania Avenue N.W. Washington, D.C. 20004<br>Tel: 202.626.6884<br>Fax: 202.626.6780<br>Email: jrclark@ssd.com<br><br>Mr. Michael S. Kosmas<br>Partner<br>Squire Sanders & Dempsey, LLP .1201 Pennsylvania Avenue N.W. Washington, D.C. 20004<br>Tel: 202.626.6834<br>Fax: 202.626.6780<br>Email: mkosmas@ssd.com |
| CO-DEVELOPER AND FINANCIAL PARTNER<br>Clark Enterprise Inc<br>7500 Old Georgetown Road<br>15th Floor<br>Bethesda, MD 20814<br><br>Ms. Rebecca L. Owen<br>Senior Vice President & General Counsel<br>Tel: 301.657.7216<br>Fax 301.654.2564<br>Email: rowen@clarkus.com<br><br>Ms. Jessica M. Hubley<br>Assoc. General Counsel-Transactions Assistant<br>Tel:301.657.7155<br>Fax 301.654.2564<br>Email: Jessica.hubley@clarkus.com<br><br>King Davidson<br>Development Manager<br>Tel: 301.657.7218<br>Fax: 301654.2564<br>Email: king.davidson@clarkus.com | POTENTIAL PROJECT LENDERS<br>Bank of America<br>Ms. Rebecca Greenspan<br>Senior Vice President<br>8300 Greensboro Drive, Suite 300<br>McLean, VA 22102-3604<br>Tel: 703.761.8715<br>Email: becca.k.greenspan@bankofamerica.com<br><br>HSBC Bank<br>Mr. Antonio F. Marquez<br>Group Vice President – Real Estate Banking 1130 Connecticut Avenue NW<br>1 2th Floor<br>Washington, DC 20036<br>Tel: 202.496.8752<br>Email: Antonio.f.marquez@us.hsbc.com<br><br>Ms. Ashley Smith Reiser<br>Vice President, Real Estate HSBC Bank<br>1130 Connecticut Avenue NW 12th Floor<br>Washington, DC 20036<br>Tel: 202.496.8769<br>Email: Ashley.s.reiser@us.hsbc.com |

## F. INDIVIDUAL EXPERIENCE

**Moddie Turay, President**

Moddie Turay, joined Western Development Corporation in January 2004. Mr. Turay was responsible for managing, researching, and preparing economic analysis for selected Western projects. Prior to joining Western, Mr. Turay served as the Special Assistant to Mayor Anthony A. Williams of Washington, DC. As a close advisor to the Mayor, Mr. Turay provided key support on numerous economic development initiatives and outreach to community stakeholders. Prior to joining the Executive Office, Mr. Turay served as Staff/Legislative Assistant to U.S. Congressman Bob Etheridge (NC) where he was responsible for monitoring legislation and facilitated large, wide-ranging issues involving Foreign and Corporate Affairs. Mr. Turay also coordinated community relations between North Carolina constituency and Washington DC office.

**Franklin School, 13th & K Street, NW**

As an equity partner/development manager, Moddie Turay was responsible for overseeing both the response to the RFP issued by the District of Columbia Government and the day to day management of the $25 million redevelopment of this federally historic designated 50,000 SF building. Mr. Turay managed the entire redevelopment process including overseeing architectural drawings, building measurements, economic analysis, tax credit analysis, the construction budget, and project development timeline. Mr. Turay was also responsible for recruiting hotel operator Soho House Hotel based in London, and restaurant and lounge operator Lotus restaurant/nightclub, based in New York. He was responsible coordinating hotel and restaurant strategy in order to create a Five Star rated hotel and 24 hour activity to the east end of downtown. This effort required numerous strategy meetings in New York with prospective operators, architects, and interior designers. This project is still under development and Mr. Turay continues his role as development manager.

**Towson Commons, One West Pennsylvania Avenue, Towson, MD**

As the equity partner and acquisition associate for the $42 million dollar, 322,753 SF mix-use office and retail development. Mr. Turay aided in the economic analysis for the purchase and planned $30 million dollar redevelopment and assisted in managing the due-diligence process as well as the coordination of efforts between GMAC and property manager Jones Lang LaSalle.

**SE Stadium Town center, Nationals Ballpark Stadium Area**

As the Assistant Project Manager, he assisted in the management of day to day activities which included zoning, economic analysis, and created the development plan with architects HOK and Design Development Group. The development program included an exciting mix of entertainment, housing, retail and public space uses to maximize the pedestrian experience on game and non-game days. Mr. Turay also acted as the liaison between Western Development and District Government Officials.

**Adrian Donnelly, Vice President of Construction**

As Vice President of Construction, Mr. Donnelly oversees all construction related activities for Moddie Turay Company. Services include program management, design management, design build, construction management and general contracting. In the past 7 years Mr. Donnelly has managed construction activity worth in excess of $300 million. This includes over 1,127 rooms (5 hotels), over 1.2 million SF of office, industrial and retail space (13 buildings).

Prior to joining MTC in 2006, Mr. Donnelly spent 3 years with The Buccini/Pollin Group (BPG) , a privately-held, full service real estate acquisition, development and management company with offices in Washington DC, Wilmington, Delaware, and New York City. While Mr. Donnelly was with BPG he held the position of Senior Construction Manager/Developer.

**Sheraton Meadowlands Renovation**
Renovation of a 427 room, 22 story hotel in East Rutherford, NJ. Responsibilities included oversight quality control, budget, and schedule. Reviewed and updated budgets. Reviewed and approved change orders and applications for payment. This project is still under construction. Estimated value: $74 million

**Full Service Hilton Hotel**
A 250 room, 11 story hotel built in Linthicum, MD. Responsibilities of the project were to oversee the construction project concerning the quality, budget, and schedule. Reviewed and updated budgets. Reviewed and approved change orders and applications for payment. This project is still under construction. Estimated value: $54 million

**Hilton Garden Inn/Homewood Suites**
A 250 room 11 story Hotel built in Arundel Mills MD. Responsibilities of the project were to oversee the construction project concerning the quality, budget, and schedule. Reviewed and updated budgets. Reviewed and approved change orders and applications for payment. This project is still under construction. Estimated value: $34 million

**Discovery Channel**
A 155,000-SF build out of an existing tilt up concrete building. The build out included multi production facilities for their on air programming. This project consisted of two new generator systems, MEP upgrades, electrical upgrades, site work, raised flooring, new roof, and office build-outs. Estimated construction value: $23 Million

**Nia Francis, Vice President of Development**

Nia Francis has over 12 years of experience working in different aspects of the real estate industry. She has extensive public-private development experience.

**Ballpark District – Anacostia Waterfront Corporation**
Ms. Francis served as Project Director at the Anacostia Waterfront Corporation, focused on redeveloping publicly owned land around the new Nationals Ballpark. She also managed $2 Million in predevelopment projects for various public-private initiatives within the South Capitol/Ballpark Waterfront District. Specifically, she was responsible for understanding land use issues, performing financial analysis, and integrating social policies into the business negotiations for the redevelopment of a 6-acre waterfront site. In addition, she led a design team and permitting strategy for the future construction of a new commercial boat landing for the Ballpark District.

**901 K Street – CarrAmerica Urban Development**
Ms. Francis has been involved with retail, residential, industrial and office developments. Prior to joining the Anacostia Waterfront Corporation, she worked as a Development Manager at CarrAmerica where she obtained entitlements and concluded acquisition agreements for the development of a new office building located in East End.

**Lower Manhattan Development – Mayor's Office of Lower Manhattan Development**
Before moving to the District of Columbia, Ms. Francis worked in New York City on the transformation of Fulton Street and the South Street Seaport in Lower Manhattan into retail destinations outside of the World Trade Center. While working as a Vice President in the Mayor's Office of Lower Manhattan Development, she managed all predevelopment functions and negotiates ground lease terms with The Related Companies to reposition the South Street Seaport, owned by the City of New York, into a new destination including Cirque Du Soleil. Prior to her work in Lower Manhattan, she was a project manager at the NYC Economic Development Corporation, where she closed several land transactions and negotiated development agreements.

Before joining the Economic Development Corporation, she was a project manager at Bovis Lend Lease, and worked on various projects including a hotel renovation and school construction project.
Ms. Francis holds a bachelor's degree in Environmental Design and a concentration in Architecture from the University of Massachusetts and a Master's Degree in Real Estate Investment from New York University.

**Rebecca L. Owen, Senior Vice President and General Counsel, Clark Enterprises**

Rebecca L. Owen is Senior Vice President and General Counsel of Clark Enterprises, Inc., a position she has held since 1995. Clark Enterprises, headquartered in Bethesda, Maryland, is one of the nation's largest privately-held investment companies with diversified assets that range from real estate and technology to construction, including Clark Construction LLC. Ms. Owen is a member of Clark's business management team, with direct responsibility for real estate

transactions and development and for the legal affairs of the company and its investments. Also, she manages the real estate Acquisitions and Development Department which is responsible for all acquisition and development projects with the Clark Portfolio, including: Sourcing and underwriting new properties, acquisitions, joint ventures and sales; loans; entitlement, design management, construction management, and initial lease up; and all leases, management and service agreements.

Before joining Clark, Ms. Owen practiced real estate and general business law for 8 years with the law firm of Shaw Pittman of Washington, D.C. and with a law firm in Burlington, Vermont.

A summa cum laude, Phi Beta Kappa, 1984 graduate of Hamilton College, with a B.A. in economics, Ms. Owen also received a law degree in 1987 from The University of Chicago Law School. She belongs to the bar associations of the Commonwealth of Virginia, the District of Columbia and the State of Vermont. In addition, Ms. Owen is on the Board of Trustees of Columbia Equity Trust, L.P. and the Boys and Girls Clubs of Greater Washington. She recently served as a chairman of the Youth In Real Estate Luncheon 2007, which raised $300,000 for charity.

**Jessica M. Hubley, Associate General Counsel-Transactions, Clark Enterprises**

Jessica M. Hubley has been Assistant General Counsel and a LADR development team member at Clark Enterprises, Inc., since July 2006. Ms. Hubley coordinates and heads up the acquisition, sale, leasing and financing of real estate assets for CEI, as well as the formation of investment partnerships. Ms. Hubley is also actively involved in the development of real estate assets for CEI, including assessment of prospective projects, analysis of zoning matter and oversight of consultants and contractors. Prior to joining Clark, Ms. Hubley practiced real estate and general corporate law for five years at the law firm of Pillsbury Winthrop Shaw Pittman in Washington D.C. Noteworthy projects include (i) the construction financing for CityVista, an urban, mixed-use project located at Mount Vernon Square, involving a complex partnership composed of private developers and three LSDBE partners, ground leasing land from the District of Columbia government, (ii) the sale of The Mark Winkler Portfolio, (iii) the development and refinancing at University View, College Park, MD and (iv) the acquisition and development of Rolling Hills Apartments, Germantown, MD.

A summa cum laude, Phi Beta Kappa, a graduate of James Madison University, with a B.S. in biology, Ms. Hubley also received a law degree from Vanderbilt University School of Law.

**King Davidson, Development Associate, Clark Enterprises**

As a Development Associate, King Davidson assists in the acquisition and development of real estate assets for Clark Enterprises. Prior to joining CEI, Mr. Davidson worked for Opus East on many noteworthy projects, many of which were created under the basic fundamentals of vibrant, live-work-play, pedestrian-friendly environments.

**Hastings Marketplace, Manassas, VA**
144 unit mixed use project with street-level retail and Harris Teeter anchored center located in the City of Manassas.

**100 M ST SE, Washington, DC**
240,000 SF office building with street-level retail adjacent to Navy Yard Metro Station. Mr. Davidson worked with WMATA during the initial design and excavation phases of the project to make certain that there were no disturbances to the WMATA tunnels.

A graduate from Washington and Lee University with a degree in economics, Mr. Davidson is currently pursuing a Masters of Science in Real Estate at Johns Hopkins University.

**Suman Sorg, Sorg & Associates**

Suman Sorg's professional work reflects her commitment to design excellence and to the community in which she lives .

A thirty-year resident of the District of Columbia, Ms. Sorg received her Bachelor of Architecture degree from Howard University in 1970. After volunteering for two years in Africa with the Peace Corps, Ms. Sorg attended Cornell University for her Masters in Historic Preservation.

Ms. Sorg then worked with Harry Weese and Associates for several years, until she established Sorg and Associates in 1986. Her firm has grown rapidly over the last twenty years, and is now one of the top architectural firms in Washington, DC and one of the largest woman-owned firms on the East Coast. The firm has received a number of prestigious awards for design excellence over the years, including more than 20 from the American Institute of Architects (AIA) alone.

Sorg and Associates has projects across the country and around the world. Some of the most recent projects involve commercial and institutional office buildings, government buildings and embassies, housing developments, schools, recreational and fitness facilities, child-care centers, master plans, post offices, and theaters. Ms. Sorg serves as Chief Designer on almost all of the firm's projects.

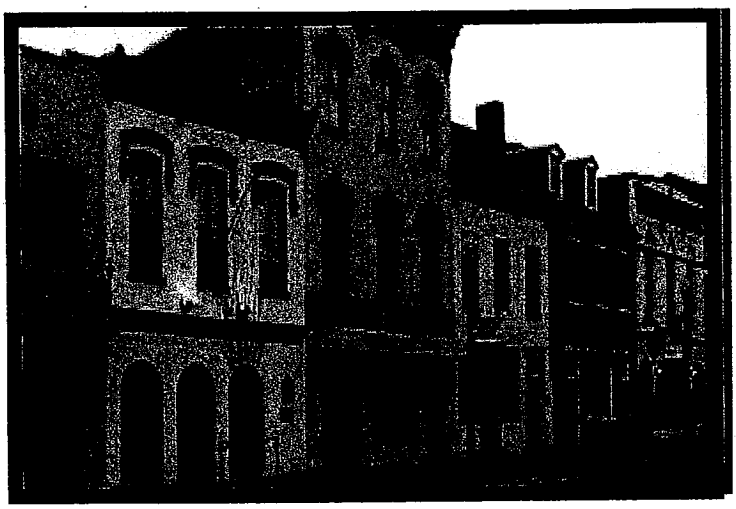
Creating designs that fit into their contexts has always been Ms. Sorg's guiding philosophy. Nothing, she believes, exists in isolation. Every design reflects culture, history, and context. and all must be considered if a design is to be successful.

## E-2 DEVELOPMENT TEAM INFORMATION

MTC/CEI has the requisite power and authority to enter into a Development Agreement and all final documentation as required by WMATA without the consent or joinder of any other party or authority.

F

# Development Entity



*"Beauty of whatever kind, in it's supreme development, invariably excites the sensitive soul to tears."*

*~Edgar Allen Poe*

## F. DEVELOPMENT ENTITY

1. MTC is a corporation owned by Moddie Turay. If selected as the developer of the site, MTC will form a single-purpose limited liability company to develop the project jointly with Clark. Segregation each project into a single-purpose entity is generally a requirement of obtaining institutional financing and serves other purposes related to accounting, project administration and liability issues.

2. The project will be managed and controlled solely by a joint venture between MTC and CEI. Ownership interests in the project will be held by MTC and CEI.

G

# Site Plan

*"Planning is bringing the future into the present so that you can do something about it now."*

*~Allen Lakein*

## G. SITE PLANS

The enclosed site plans and elevation display approximately 27,000 sf of retail on the ground floor fronting all elevations of the buildings. The residential above is set back from the retail which pronounces the retail space and creates a stronger pedestrian street. The retail façade will vary in heights and elevations to create a dynamic storefront. The design aesthetic will include references from the surrounding historic context with a modern design context. The project is meant to celebrate its urban setting and not be a "cookie cutter" design that can as easily located in the suburbs.

FOIA CONFIDENTIAL TREATMENT REQUESTED

## SHAW-HOWARD/FLORIDA AVENUE JOINT DEVELOPMENT

*Washington, DC*

OCTOBER 2, 2007

SORG
ARCHITECTS

AERIAL MAP
SCALE: NTS

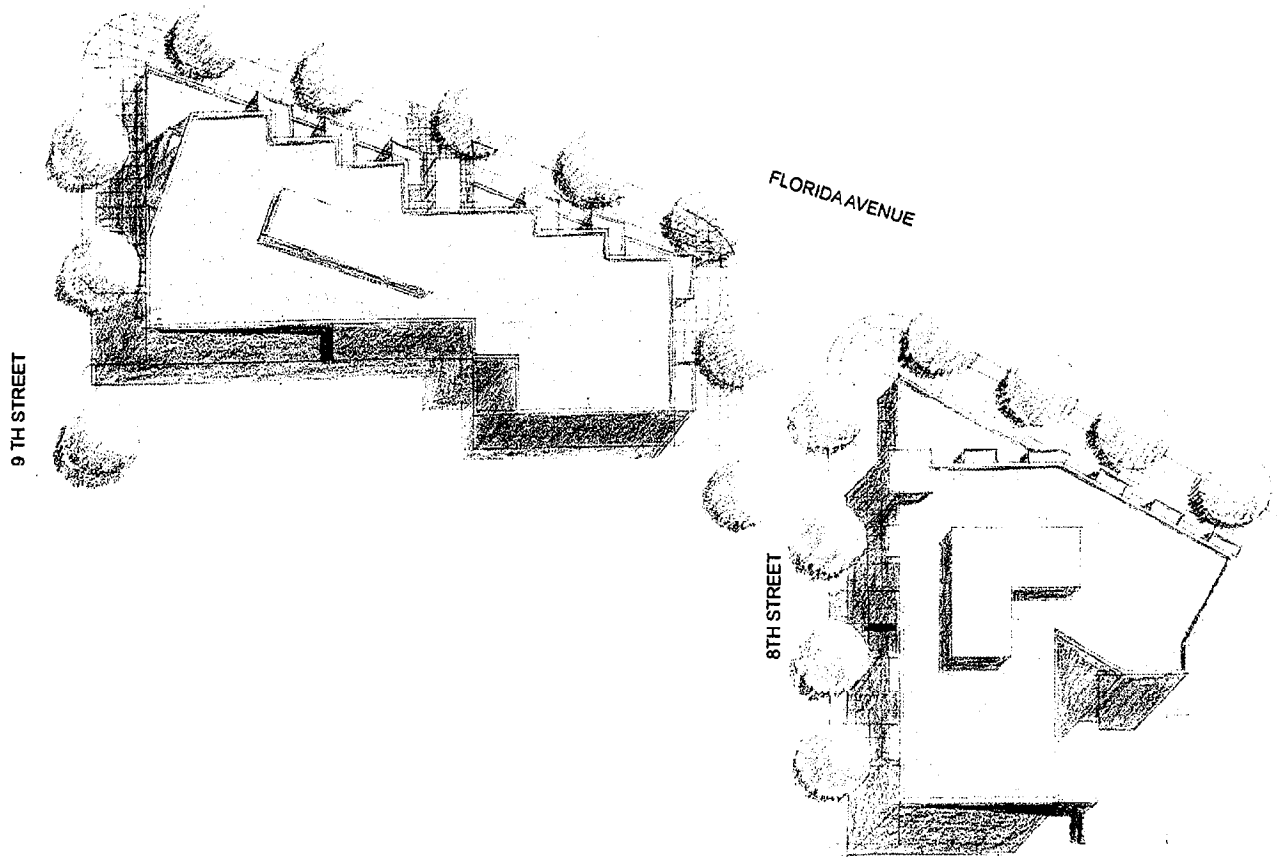
WMATA-INV 007862

FOIA CONFIDENTIAL TREATMENT REQUESTED

# SHAW-HOWARD/FLORIDA AVENUE JOINT DEVELOPMENT

*Washington, DC*

SEPTEMBER 24, 2007




SORG
ARCHITECTS

SITE PLAN
SCALE: NTS

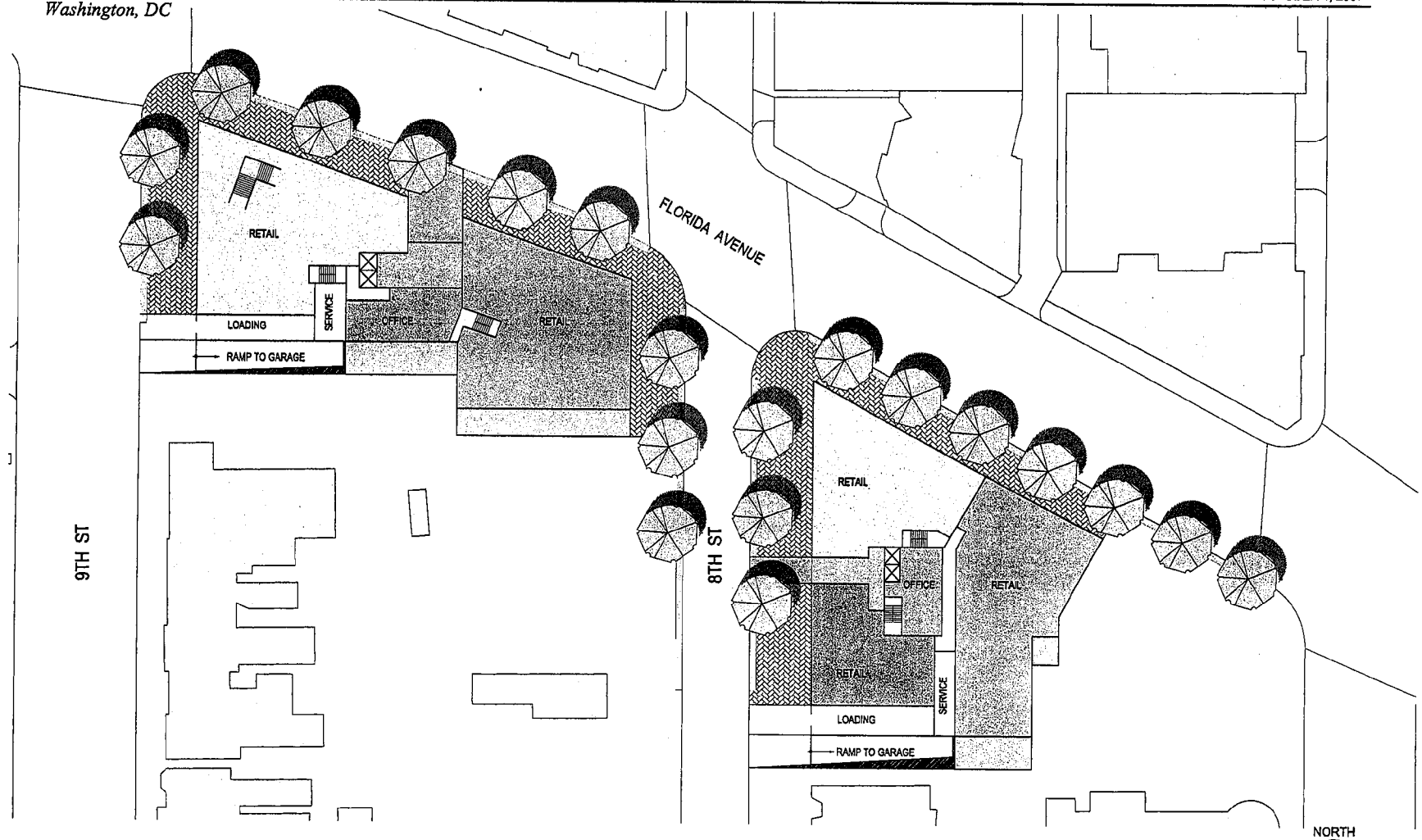
WMATA-INV 007863

FOIA CONFIDENTIAL TREATMENT REQUESTED

**SHAW-HOWARD/FLORIDA AVENUE JOINT DVELOPMENT**

*Washington, DC*

OCTOBER 1, 2007




SORG
ARCHITECTS

GROUND FLOOR PLAN

WMATA-INV 007864

FOIA CONFIDENTIAL TREATMENT REQUESTED

**SHAW-HOWARD/FLORIDA AVENUE JOINT DVELOPMENT**

*Washington, DC*

OCTOBER 1, 2007

SORG
ARCHITECTS

RESIDENTIAL FLOOR PLAN

WMATA-INV 007865

# SHAW-HOWARD/FLO]

OCTOBER 4, 2007

*Washington, DC*

8TH & FLORIDA AVENUE - NORTH ELEVATION

SORG
ARCHITECTS

ELEVATIONS
SCALE: NTS

FOIA CONFIDENTIAL TREATMENT REQUESTED

H

# Impact on WMATA

*"Set your target and keep trying until you reach it."*

*~Napoleon Hill*

## H. IMPACT ON WMATA FACILITIES

MTC/CEI does not anticipate any impact on the WMATA facilities. The underground garage is located approximately 19' below the surface.

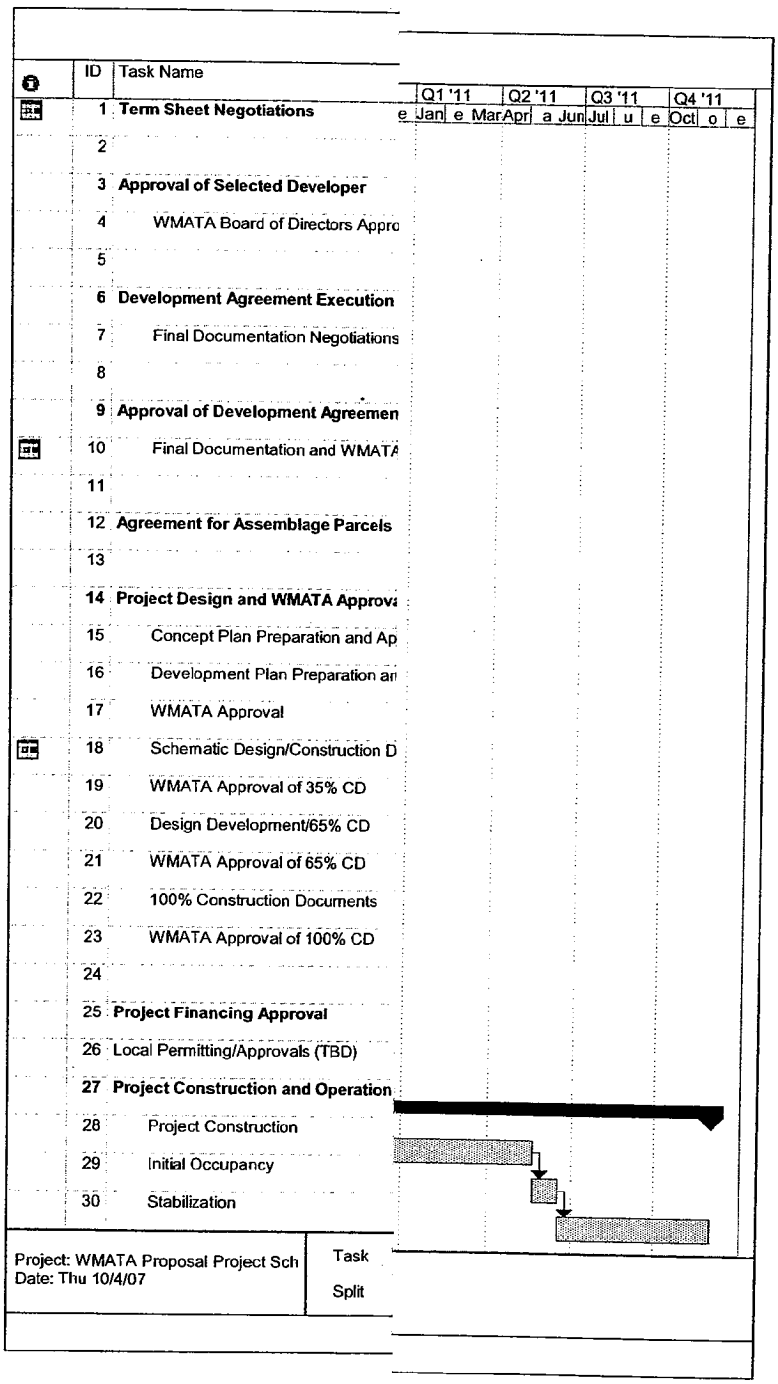
# Project Schedule

*"A goal is a dream with a deadline."*

*~Napoleon Hill*

## I. PROJECT SCHEDULE

Please find the project schedule on the following page in a Microsoft Project format.




FOIA CONFIDENTIAL TREATMENT REQUESTED

J

# Zoning

*"The world has the habit of making room for the man whose actions show that he knows where he is going."*

*~Napoleon Hill*

## J. ZONING

The site is currently zoned A/C-2-B, a medium density community center zone that allows a maximum height of 65 feet with a 3.5 FAR total density. Non-residential density may be as much as 1.5 FAR of the total 3.5 FAR allowed. Residential lot occupancy is limited to 80 percent. This distract also has an Arts/Overlay Zone with incentives for the development of below-market rate housing, legitimate theater, arts, and related uses. Bonus density up to a maximum of 4.5 FAR can be obtained if residential and arts-related components are included in the project.

The proposed buildings will be approximately 153,000 square feet for an FAR of 4.5 and a height of 65 feet taking advantage of the Arts/Overlay Zone incentive bonus for development of below-market rate housing, legitimate theater, arts, and related uses.

K

# Lease Terms

*"Everybody wants to see a copy of the lease."*

*~Charles Collins*

## K. BUSINESS TERMS

MTC/CEI are proposing two alternatives to WMATA. First, we are proposing a 60 year ground lease and second an all-cash purchase. We are proposing to purchase or lease the entire WMATA offering – Parcels 1, 2 & 3 – representing 28,872 SF of land.

1. Ground Lease

We are proposing a 60 year ground lease with WMATA receiving **8.00% of the fair market value of the land** annually upon stabilization, adjusted every 10 years to using the three appraiser method. Prior to stabilization, we will pay a $10,000 per month compensation commencing upon closing of the Development Agreement and Ground Lease and concluding with stabilization of the property. We anticipate that this period will be approximately 16 months for design and pre-development, 18 months of construction and 6 months for the project to stabilize. Ownership issues upon the completion of the lease period will be negotiated to a mutually agreeable resolution. Please see Volume 2, Section D for more detail.

We also looked into a participating ground lease where WMATA would receive 5% of the Fair Market Value and 10% of their pro-rata share of the cash flow after all expenses. In the end, total compensation to WMATA would be approximately $100,000 less over the 15 year period in the participation alternative; therefore, we did not pursue that option.

2. Purchase

We are also proposing an all-cash offer of $50 per FAR square foot for the parcels 1, 2 and 3. Based upon a 4.5 FAR and the total square footage of 28,872 SF for the parcels, **the total purchase price will be $6,496,200**.

If we choose to pursue a Planned Unit Development (PUD), the maximum allowable FAR, in this case, will increase to 6.0. Pending site plan approval and successful commencement of construction, the purchase price will increase by the augmented useable square feet. If we proceed to construct the entire 6.0 FAR, **the increased amount will be $2,165,400 for a total purchase price of $8,661,600**. The additional amount, if any, will be paid 60 days following commencement of construction. Please see Volume 2, Section E for more detail.

While a ground lease will provide WMATA with a guaranteed income stream and with that certainty, a sale will give WMATA freedom and the ability to invest the cash received in other worthwhile projects in the District to maximize their long term return.

L

# Market Analysis & Strategy

*"Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat."*

*~Sun Tzu*

## L. MARKET ANALYSIS AND STRATEGY

The Shaw neighborhood is undergoing a renaissance. Following this section is a table outlining selected developments in the pipeline that are nearby or have similar development programs. By 2011, the area will have 1300 new residential units, over 300,000 square feet of retail, and some office and hotel development. Nearly 2 million square feet will be developed in the Shaw neighborhood in 3 to 4 years. Renaissance Row will complement these developments however it retail format and architectural statement will make it a unique project, setting it apart from the other projects.

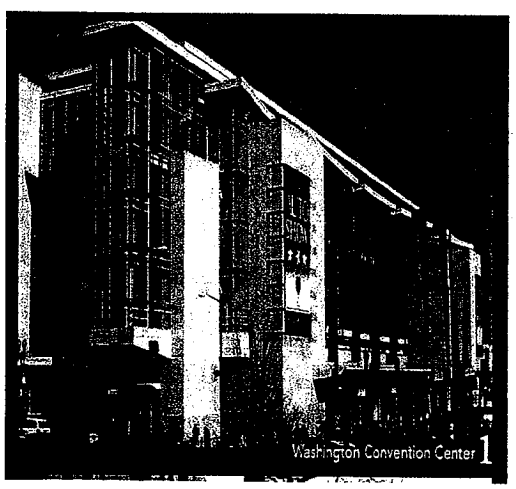
### AMENITIES & ATTRACTIONS

METRO COUNTS (weekday) Shaw/Howard Univ: 6,576 Mt. Vernon Sq./7th Street/Convention Center: 6,660

- 185 development projects valued at over $7.6 billion are under construction or have been completed since 2001, including 9,739 residential units within a half-mile.
- The Warehouse Theater and Arts complex has two live performance theaters and a screening room.
- Proximity to downtown sporting events at the Verizon Center, Chinatown, museums, theaters and art galleries.
- New 2.3 million sq. ft. Washington Convention Center, hosting major trade shows and public events and attracting as many as 40,000 people per day. The Center also includes 44,000 sq. ft. of retail space.
- Adjacent to the U Street dining and entertainment corridor.
- More than 95,400 employees within a 10-minute walk.

The Shaw neighborhood is one of the most historic neighborhoods in the Washington Metropolitan Area and was once the center of entertainment and cultural outlets for African Americans. The WMATA parcels along Florida Avenue allow the Shaw neighborhood to have a physical connection of walkable streets with restaurants, cafes, and art related uses that Logan Circle, Dupont Circle, Adams Morgan and U Street currently share. These neighborhoods have successfully evolved over the years in large part due there connectivity of pedestrian friendly streets and architecture from one neighborhood to the next. The WMATA parcels along Florida Avenue will allow a similar opportunity for Shaw to provide a pedestrian flow to the above successful neighborhoods. The development of the Howard Town Center, Radio One Headquarters, O Street Market, Howard Theater and WMATA parcels prove the Shaw neighborhood will once again go through a glorious Renaissance.

**The Convention Center and the New Convention Center Hotel** – the Convention Center already draws people to the neighborhood; the new hotel (which reportedly must open by 2010 or the convention center will start losing bookings) will keep convention foot traffic north of Massachusetts Avenue, thus helping our retail, galleries and restaurants. Based on my Internet research, it seems that construction is expected to commence in 2008. The Fenty administration is accountable for getting this project up and going.


Washington Convention Center 1

**Proximity** – The ability to easily access the Downtown corporate scene as well as the Capital and governmental areas. Another asset, in terms of the location is the fact that it's Metro accessible via the Yellow and Green Lines. The interstate,

museums, U Street, 14th Street, the Circulator, etc. make the area a naturally appealing spot in which to reside. Given Shaw's close proximity to just about everything in the area, especially transportation-wise, it indeed makes Shaw a prime neighborhood to reside in.

**More Accountability Regarding Vacant Structures** - Historically bad stewards of vacant properties (like Shiloh Baptist Church) are being held accountable for their real estate holdings. Efforts are underway to make sure that property taxes on vacant
structures are collected and maximized, which will hopefully prompt the less esteemed neighbors to action.

**Development Trends in D.C.** – Development in the Shaw area is definitely promising. From the west, we are faced with Logan Circle, which is already a desirable place to be with its safe and beautiful atmosphere. Compared to what Logan was ten years ago, there is now is a significant difference and the eastern movement of renewal is apparent. From the south, Chinatown and Gallery Place are booming, and expansion to the north is natural, especially with the convention center and the metro aiding growth. To an extent, saturation of these hot real estate markets seems to be a necessary predicate to Shaw's development boom.

**Big Projects Underway in Shaw** – several large projects planned for Shaw, like the O Street Market and the Broadcast One Center, will be catalysts for growth and renewal. Some of these large projects are going to move forward soon (e.g., the O Street Market and an Assisted Living facility for seniors). Once these projects are on line and brimming with residents and businesses, ancillary development will surely occur. The Exchange at 9th and N is another example of a catalyst project. It's well under construction and set to open in early 2008. It will likely do a lot for the 1300 block of 9th.

SHAW

| POPULATION | 0-0.5 mi | 0-1 mi | 0-3 mi |
|---|---|---|---|
| Population | 19,603 | 61,847 | 308,342 |
| Male | 54.9% | 52.1% | 49.0% |
| Female | 45.1% | 48.0% | 51.0% |
| **HOUSEHOLDS** | | | |
| Households | 4,564 | 15,487 | 139,456 |
| Average Household Size | 2.1 | 1.9 | 2.0 |
| Owner-occupied | 27.2% | 30.3% | 39.6% |
| **INCOME** | | | |
| Per Capita | $27,478 | $32,944 | $38,423 |
| Median HH Disposable | $30,229 | $32,693 | $38,550 |
| Average Household | $59,120 | $64,494 | $80,552 |
| Median Household | $38,307 | $42,043 | $50,581 |
| **CONSUMER EXPENDITURES ($000)** | | | |
| Apparel | $16,948 | $62,501 | $358,723 |
| Computers & Accessories | $2,065 | $7,617 | $44,021 |
| Entertainment & Recreation | $24,284 | $89,595 | $524,924 |
| Food at Home | $39,332 | $145,031 | $828,065 |
| Home Improvement | $12,847 | $46,253 | $300,786 |
| Household Furnishings | $14,129 | $51,867 | $306,847 |
| Pets | $3,156 | $11,602 | $68,506 |
| Meals at Restaurants | $25,600 | $94,681 | $539,601 |
| Vehicle Maint. & Repair | $8,233 | $30,372 | $174,402 |
| Television, Radio & Sound | $8,754 | $32,410 | $184,991 |
| Travel | $23,128 | $48,128 | $289,291 |
| Average Spent per HH | $20.1 | $22.0 | $27.2 |
| **AGE** | | | |
| Age 0-4 | 5.2% | 4.5% | 4.6% |
| Age 5-9 | 4.4% | 4.1% | 4.2% |
| Age 10-14 | 5.7% | 5.1% | 4.9% |
| Age 15-24 | 14.3% | 13.8% | 14.9% |
| Age 25-34 | 22.7% | 23.0% | 21.0% |
| Age 35-44 | 17.3% | 17.4% | 16.0% |
| Age 45-54 | 13.2% | 12.9% | 13.1% |
| Age 55-64 | 8.2% | 9.2% | 10.2% |
| Age 65+ | 9.0% | 10.0% | 11.1% |
| Median Age | 31.9 | 34.8 | 35.2 |

2007 NEIGHBORHOOD PROFILES

FOIA CONFIDENTIAL TREATMENT REQUESTED

**Change in the Local Political Environment** - The political environment in Shaw has already changed considerably over the past few years. The contrast in leadership that Kevin Chapple has brought to that of his predecessors and the increasing number of responsible, active, concerned, invested, and impassioned citizens create an environment that fosters development. The surge in Shaw blogs, and the increased accountability/information sharing produced by such, evidence the change in the political atmosphere.

**In General...** Shaw is leaning towards a future which includes higher property values, less crime, better schools, ethnic diversity, and growth.

On the following page, please find a chart outlining a development pipeline for projects located in the close proximity to Renaissance Row.

M

# Impact on Tax Base

*"Great teamwork is the only way we create the breakthroughs that define our careers."*

*~Pat Riley*

## M. IMPACT ON TAX BASE

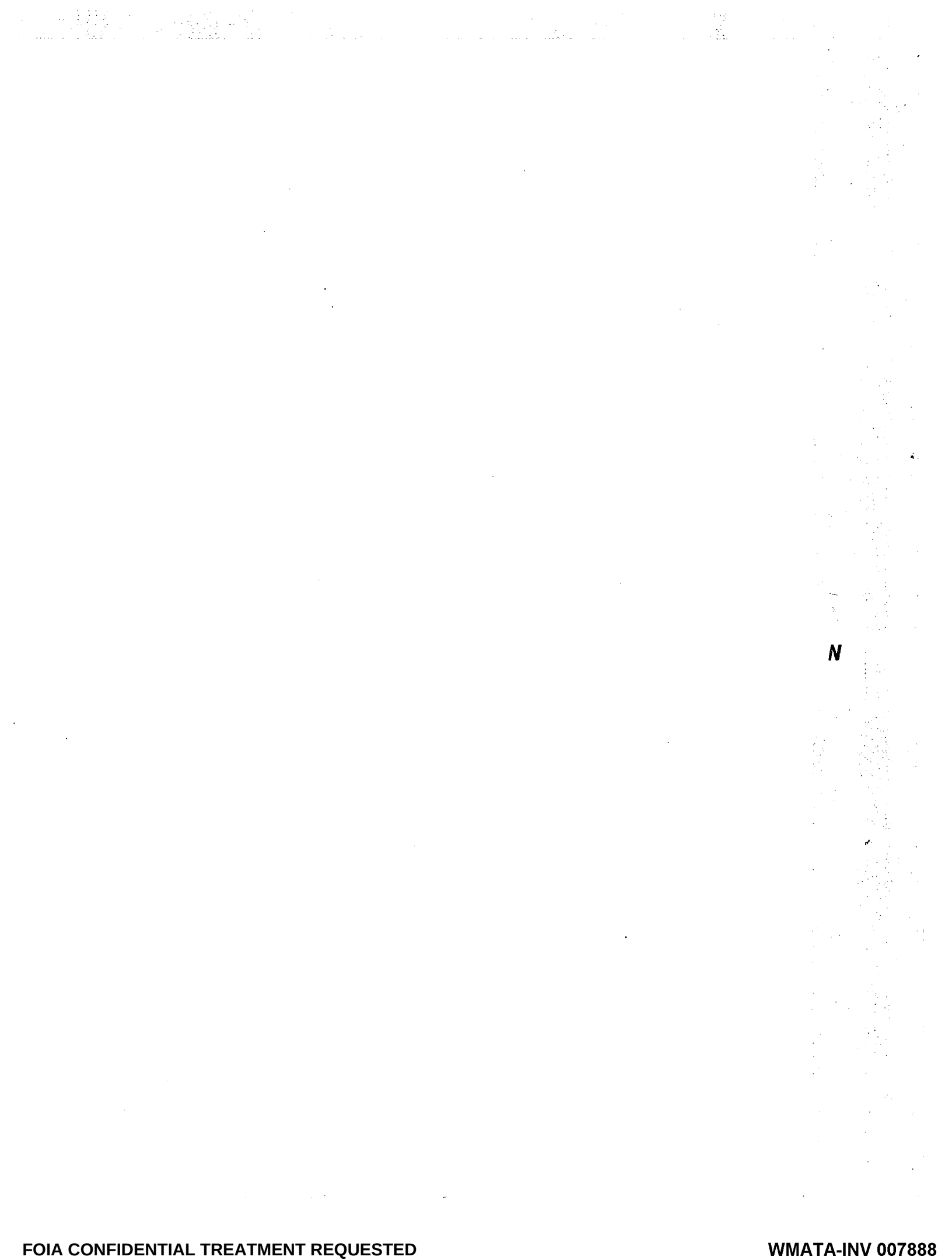
Renaissance Row includes approximately 130 residential units and 27,000 sf of retail and restaurants would provide the following specific benefits to the DC tax base:

1. Since the site is currently incurring any tax income, 100% of the increment will be a new benefit to the District totaling approximately $5 - $6mm. This includes property, sales and income taxes for both the construction and operating periods.

2. As outlined in the table on the following page, the sales and income are approximately $2-3mm of the total tax income benefits.

3. MTC/CEI estimates that the project would create on average approximately 250 new jobs, both during construction and operating periods.

4. Other economic benefits which are difficult to quantify at this stage include: increased spending and tax revenues from increased business and residential activity; and increased fare collection from Metro and Metrobus.


N

# Statement on Community Organization Meetings

*"I am of the opinion that my life belongs to the community and as long as I live, it is my privilege to do for it whatever I can."*

*~George Bernard Shaw*

## N. STATEMENT ON COMMUNITY ORGANIZATION MEETINGS

Per WMATA's, request MTC contacted ANC Vice Chairman Myla Moss of ANC 1B and participated in a Town Hall Meeting to discuss our proposal for the WMATA parcels on September 18th . The community members expressed their concerns and need for active store fronts, which is at the heart of our proposal. MTC had a follow-up meeting with Myla Moss on October 2 and with ANC member Phil Spaulding on Oct 4 to further discuss our development plan and architectural design.

MTC contacted Alexander Padro, Executive Director of Shaw Main Streets and Chairman of ANC 2C01. Shaw Main Streets is a non-profit organization facilitating a community-driven process to revitalize the 7th and 9th Street commercial corridors of the Shaw area following a comprehensive four-point strategy of organization, public outreach and marketing, physical improvements, and economic development. We have had several meetings with Mr. Padro, where we discussed our vision and provided him with a copy of our proposal for his review. Included in Exhibit 2 of our proposal are letters of support from Alexander Padro on behalf of ANC 2CO1 and Shaw Main Streets, further demonstrating our commitment to the Shaw neighborhood and its residents.

MTC intends to maintain contact with ANC 1B, Shaw Main Streets, and other pertinent community groups and leaders in order build upon the present dialogue and incorporate both Transit Oriented Development principles and the community needs. MTC truly believes in engaging the community and creating a process whereby their input can be incorporated into our development program.

# Statement on Local Jurisdiction Meetings



*"Tell me and I'll forget. Show me and I'll remember. Involve me and I'll understand."*

*~Confucius*

## O. STATEMENT ON LOCAL JURISDICTION MEETINGS

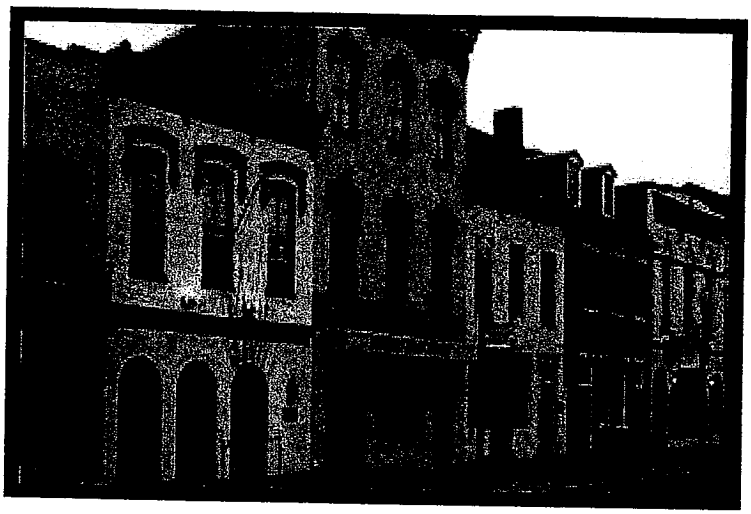
Per WMATA's request, our development team met with Geraldine Gardner and the DC Office of Planning Development review committee on September 25, 2007 to discuss our project.

MTC has also had numerous meetings with senior staff members in the Executive Office of Economic Development to discuss the project and hear their concerns. We have met with Neil Albert, Deputy Mayor of Economic Development and Greg O'Dell, former Chief Investment Officer in the Office of Economic Development.

MTC has met with Council Member Kwame Brown, Chairman of the Committee on Economic Development regarding our proposal.

P

# Statement on No Governmental Contingencies



*"The greatest problem in communication is the illusion that it has been accomplished."*

*~George Bernard Shaw*

## P. STATEMENT ON NO GOVERNMENTAL CONTINGENCIES

### REQUIRED STATEMENT ON NO GOVERNMENTAL CONTINGENCIES

The project's feasibility is not contingent upon any local, state or federal government action or financial support other than the issuance of permits and approvals that are required of projects of this nature.

Q

# Statement on Compatibility with Land Use Requirements and Law



*"The first and most important step towards success is feeling that we can succeed."*

*~Nelson Boswell*

## Q. COMPATIBILITY WITH LAND USE REQUIREMENTS

### REQUIRED STATEMENT ON COMPATIBILITY WITH LAND USE REQUIREMENTS

1. The project is compatible with local land use requirements.
2. The project will conform to all applicable federal, state, and local laws, regulations and ordinances including all federal and relevant local environmental regulations.

R

# WMATA Daily Transit Ridership Analysis

*"If a city has a rapid mass transportation, it will hold together and renew itself."*

*~Sidney Waldron*

FOIA CONFIDENTIAL TREATMENT REQUESTED

## R. WMATA DAILY TRANSIT RIDERSHIP ANALYSIS

MTC's projected development plan of Renaissance Row in the Greater Shaw/U Street neighborhood characterizes a significant amplification in functional square foot density over the current use and as such implies an augment in the number and type of daily riders on the WMATA facilities. In accordance with the "2005 Development Related Ridership Survey Final Report," the following analysis foresees increases in Ridership resulting from both residential, general retail, including a grocery store, and retail dining as a result of MTC's projected Renaissance Row.

Residential tenants of Renaissance Row are likely to use Metro as their primary source of transit.. According to the 2005 Survey, 17-67% of the Transit share range is composed by that of residential land usage, with an average of 45%. Retail is not lagging too far behind with an average of between 19-57% and average of 37%.

With an emphasis on Residential, 55% of all work and/or school trips used Metro as well as 67% of trips to the District. "Residents living in areas with a comparatively higher density housing and dense street networks are less likely to use their car, and more likely to use transit and Metrorail.

As for retail, 36% of retail patrons and employees used Metro to access the retail site of which, 28% used Metrorail. Based on these numbers above from the 2005 Development Related Ridership Survey Final Report, it can be inferred that with the implementation of this mixed-use retail development project, it is highly likely that the number and type of daily riders on the WMATA facilities is likely to increase.

Residential and retail will definitely bring in commuters, but so will the grocery store. On average, a small format grocery such as Yes Organic Market will bring in 800-1000 people per day. And last but not least, the dining options in Renaissance Row will attract a diverse crowd that will draw on residents throughout the District. The table below shows the projected diners on a daily basis, followed by a table that gives the projected number of grocery shoppers daily, monthly and annually.

| | |
|---|---|
| **Dinner, 6-11pm** | |
| Number of Seats | 147 |
| Average Occupancy | 80% |
| Average Number of Turns | 2.25 |
| **Total Number of Diner Patrons** | **265** |
| **Lunch, 11-2pm** | |
| Number of Seats | 147 |
| Average Occupancy | 60% |
| Average Number of Turns | 1.25 |
| **Total Number of Lunch Patrons** | **110** |
| | |
| **Total Number of Daily Patrons** | **375** |

| Grocery Store Customers | | | |
|---|---|---|---|
| **Average Customers** | **Daily** | **Monthly** | **Yearly** |
| 800-1000 | 800 | 24000 | 288000 |

Given the aforementioned statistics, the implementation of Renaissance in the Shaw neighborhood will be a significant impact on Metro ridership, for example, the grocery store in itself will bring in approximately 11,000 Metrorail users per year, benefiting both WMATA and the Renaissance Row Retailers in an effort to make this a successful development.

S

# Statement on No Prior Relationship with WMATA



*"It seems essential, in relationships and all tasks, that we concentrate only on what is most significant and important."*

*~Soren Kierkegaard*

## S. STATEMENT ON NO PRIOR RELATIONSHIPS WITH WMATA

### REQUIRED STATEMENT ON NO PRIOR RELATIONSHIPS WITH WMATA:

Neither MTC or CEI, nor any of its principals, officers or other members of the development team, has any past current or anticipated contractual or financial relationship with WMATA or its staff or Board Members except as noted below.

CEI, along with Clark Affiliates, is ground leasing land from WMATA to develop Fort Totten Apartments at the Fort Totten Metro. This does not create conflict of Interest with WMATA.

T

# Previous Projects

*"Leadership is the capacity to translate vision into reality."*

*~Warren G. Bennis*

## T. PREVIOUS PROJECTS

The following pages are 3 successful examples of past mixed-use projects.

# Fort Totten Park Apartments

## Northeast Washington, DC

**May 2007**

### PROJECT SUMMARY

| | |
|---|---|
| **Description** | Market-Rate Apartments and Retail Space |
| **Owner** | Clark Realty Capital LLC (50%)<br>Clark Enterprises, Inc. (50%) |
| **Ground Lessor** | Washington Metropolitan Area Transit Authority (WMATA); 99-year ground lease |
| **Site Size** | Approximately 6.8 Acres (both phases) |
| **Project Size** | 328,128 GSF; 255,830 NSF |

### PROJECT TEAM

| | |
|---|---|
| **Developer** | Clark Realty Capital (Tracy Thomm) |
| **Design Team** | Burt Hill Kosar Rittlemann Associates – Architect and MEP Engineer<br>ICOR – Environmental Engineer<br>VIKA Incorporated – Civil Engineer<br>Shermo Engineering, LLC – Structural Engineer |
| **Contractor** | Clark Realty Builders, LLC |
| **Apt. Leasing** | Clark Realty Management LLC |
| **Retail Leasing** | Transwestern Commercial Services |
| **Property Mgr.** | Clark Realty Management, LLC |

### BUDGET/COST

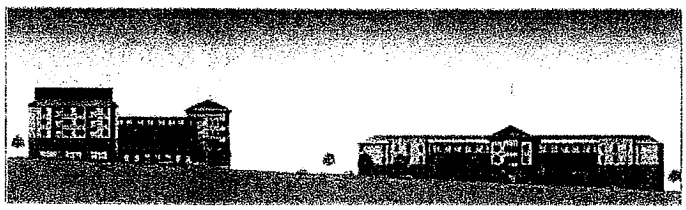
| Budget | Original | Per NSF |
|---|---|---|
| Loan | $ 44,300,000 | $ 173 |
| Mezzanine Loan | $ 3,143,000 | $ 12 |
| Required Equity | $ 3,068,921 | $ 12 |
| Land Value | $ 6,000,000 | $ 23 |
| **Total Sources** | **$ 56,511,921** | **$ 221** |
| | | |
| Land | $ 7,176,333 | $ 28 |
| Hard Costs | $ 37,725,343 | $ 147 |
| Soft Costs | $ 6,558,797 | $ 26 |
| Financing | $ 5,051,448 | $ 20 |
| **Total Uses** | **$ 56,511,921** | **$ 221** |
| **Cost Update** (includes upsized loan estimate) | | |
| **Projected Final Cost** | **$ 60,711,921** | 7% Variance from Budget |

### CONSTRUCTION LOAN TERMS

| | |
|---|---|
| **Lender** | Union Bank of California |
| **Loan Amount** | $44,300,000 |
| **Interest Rate** | 30 day LIBOR + 250 bps |
| **Maturity** | 03/28/10 |

### MEZZANINE LOAN TERMS

| | |
|---|---|
| **Lender** | Merrill Lynch & Co., Inc. |
| **Loan Amount** | $3,143,000 |
| **Interest Rate** | 30 day LIBOR + 400 bps |
| **Maturity** | 03/28/10 |



### Description

Fort Totten Park will have three buildings containing 308 units, 5,000 square feet of retail space and 312 parking spaces adjacent to the Fort Totten Metro. The project is jointly owned (50/50) by Clark Enterprises and Clark Realty Capital, under a 99-year ground lease with WMATA. A second phase is planned.

Designed by Burt Hill Kosar Rittleman Associates, Washington, DC, the wood and steel framed and concrete elevator community includes an on-site concierge, property management and leasing staff, a fully equipped fitness center, business center, party room with bamboo floors, pool with sun deck, and retail with café seating. Apartments include 8'6" ceilings, individual controlled HVAC, upgraded sound attenuation, wall-to-wall carpeting, bath/shower combination units, and full-size washer/dryers. Some apartments feature vaulted ceilings, full size and Juliet balconies, and upgraded finishes which include granite countertops, stainless steel appliances, and porcelain tile flooring in the kitchens.

Floor Plans are divided among 9 studio, 97 one-bed/one-bath, 77 one-bed/one-bath with dens, and 125 two-bed/two-bath apartments

### Development & Construction

- Construction Commenced in December 2005 and is projected for completing November of 2007.
- The second phase of the project will include 72 units and a 232-space structured parking garage.



FOIA CONFIDENTIAL TREATMENT REQUESTED

# University View Apartments
## College Park, MD

**May 2007**

### PROJECT SUMMARY

| | |
|---|---|
| **Description** | High-Rise, Apartment Building |
| **Owner** | 8400 Baltimore Avenue LLC<br>(Clark Ownership = 50.0%) |
| **Building Size** | 352 Residential Units |
| **Parking** | 404 spaces |

### PROJECT TEAM

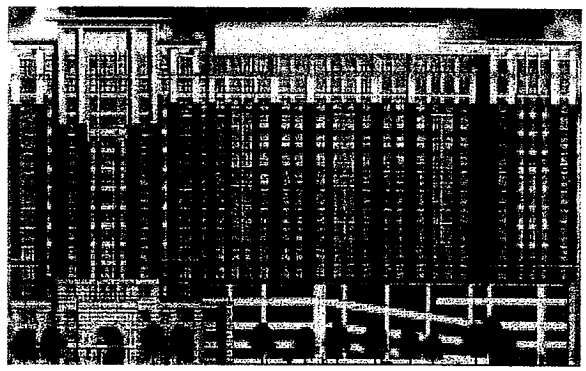
| | |
|---|---|
| **Developer** | WG Group, LLC |
| **Contractor** | Clark Construction Group |

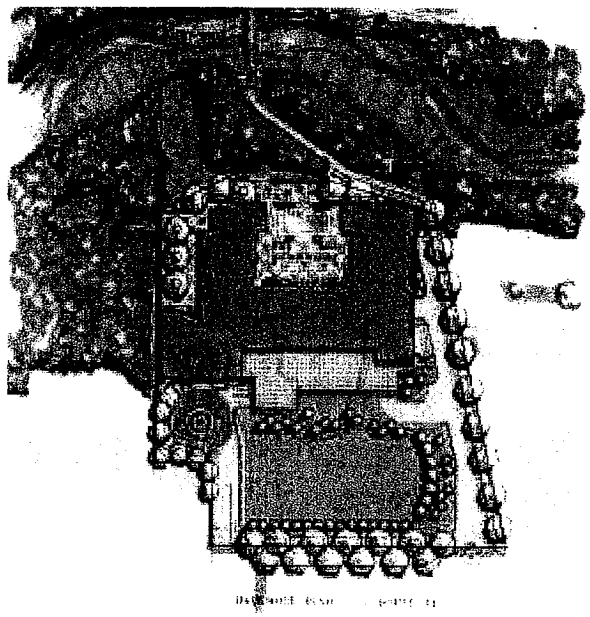
### CONSTRUCTION LOAN TERMS

| | |
|---|---|
| **Lender** | Bank of America |
| **Loan Amount** | $56,000,000 |
| **Interest Rate** | 190 bps over 1-month LIBOR. |
| **Maturity** | 12/2/04 |
| **Payments** | Interest only, with principal due on maturity. |

### PERMANENT LOAN TERMS

| | |
|---|---|
| **Lender** | Bank of America |
| **Loan Amount** | $80,750,000 |
| **Interest Rate** | 5.538% Fixed |
| **Maturity** | 1/1/17 |
| **Payments** | Interest only, with principal due on maturity. |





### Description

The sixteen-story building consists of a 13 story residential pedestal on top of a 3-story garage. The residential tower has 352 residential units with 1054 beds. The units are designed in a suite format to accommodate the University of Maryland student population. The residential units consist of three main types - 177 two bed / two bath suites, 99 four bed / two bath suites and 76 four bed / 4 bath suites. In addition to residential units, the project has a three story-parking garage with 404 structured parking spaces, a fourth floor outdoor pool and deck, a health club and study area. Physically, the project consists of concrete superstructure with a 13-story post tension residential pedestal on top of a 3-story cast in place parking garage.

### Development & Construction

- The building delivered in May 2006 and is currently 99% leased.



FOIA CONFIDENTIAL TREATMENT REQUESTED

# Capitol View
## (425 3rd Street SW / Square 537)
## Washington, DC

**May 2007**

### PROJECT SUMMARY

| | |
|---|---|
| **Description** | High-Rise, Class-A Office Building |
| **Owner** | Square 537 Associates LLC<br>(Clark Ownership = 100%) |
| **Building Size** | 252,391 GSF<br>232,337 RSF (92% Efficient) |
| **Site Size** | 21,845 SF (0.50 Acres) |
| **Parking** | 188 spaces (1 per 1,236 RSF) |

### PROJECT TEAM

| | |
|---|---|
| **Developer** | Clark Enterprises, Inc |
| **Design Team** | Shalom Baranes – Architect<br>Tadjer-Cohen-Edelson – Structural<br>Girard Engineering – MEP<br>Edwards & Kelcey – Civil<br>SmithGroup – Tenant Architect (test fits) |
| **Contractor** | Clark Construction Group |
| **Leasing** | CBRE – Office<br>Madison Retail Group – Retail |
| **Prop. Mgr.** | CBRE |

### BUDGET / COST

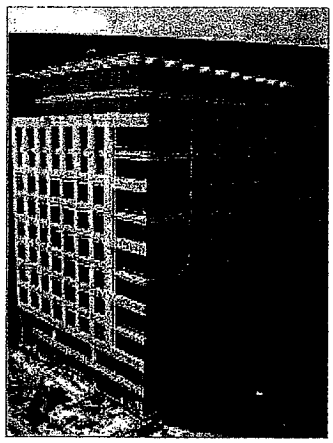
| Budget | Original | per RSF |
|---|---|---|
| Land | $25,898,556 | $ 111 |
| Direct Costs/TI | $51,775,097 | $ 223 |
| Indirect Costs | $10,634,321 | $ 46 |
| Financing | $6,090,582 | $ 26 |
| **Total Budget** | **$94,398,556** | **$ 406** |
| **Cost** | | |
| **Projected Final Cost** | $94,398,556 | $0 Variance from Budget |

### CONSTRUCTION LOAN TERMS

| | |
|---|---|
| **Lender** | Bank of America |
| **Loan Amount** | $68,500,000 |
| **Interest Rate** | 200 bps over 1-month LIBOR.<br>Swap fixes interest at 6.8475%. |
| **Maturity** | 12/16/08 |
| **Payments** | Interest only, with principal due on maturity. |

### LEASE TERMS

| | |
|---|---|
| **Lease Type** | Triple Net |
| **Rate** | $28-$37/RSF (Blended at $34.23) |
| **TI Allowance** | $55-65/SF (10 yr); $45/SF (5 yr)<br>(Blended at $58.43/SF) |
| **Escalators** | 2.5% annually<br>$2.25 bumps every 5 years |
| **OPEX** | $19.17/SF (component of NNN rate) |



**Description**

Capitol View is a newly completed, trophy office building located on the corner of 3rd and E Streets in Southwest DC. The Class A, 232,000 RSF building designed by Shalom Baranes Associates offers 6,500 SF of retail, rooftop penthouse with conference/party room and two open-air terraces with dramatic views of the Capitol and the Potomac River. Tenants will also enjoy the 24 hour lobby attendant, on-site management office, and fitness center with locker rooms and showers. The building is located ½ block from Federal Center Metro station and only 4 blocks from the Rayburn House Office Building and the U.S. Capitol grounds.

**Development & Construction**

- The building delivered in August 2007.



FOIA CONFIDENTIAL TREATMENT REQUESTED

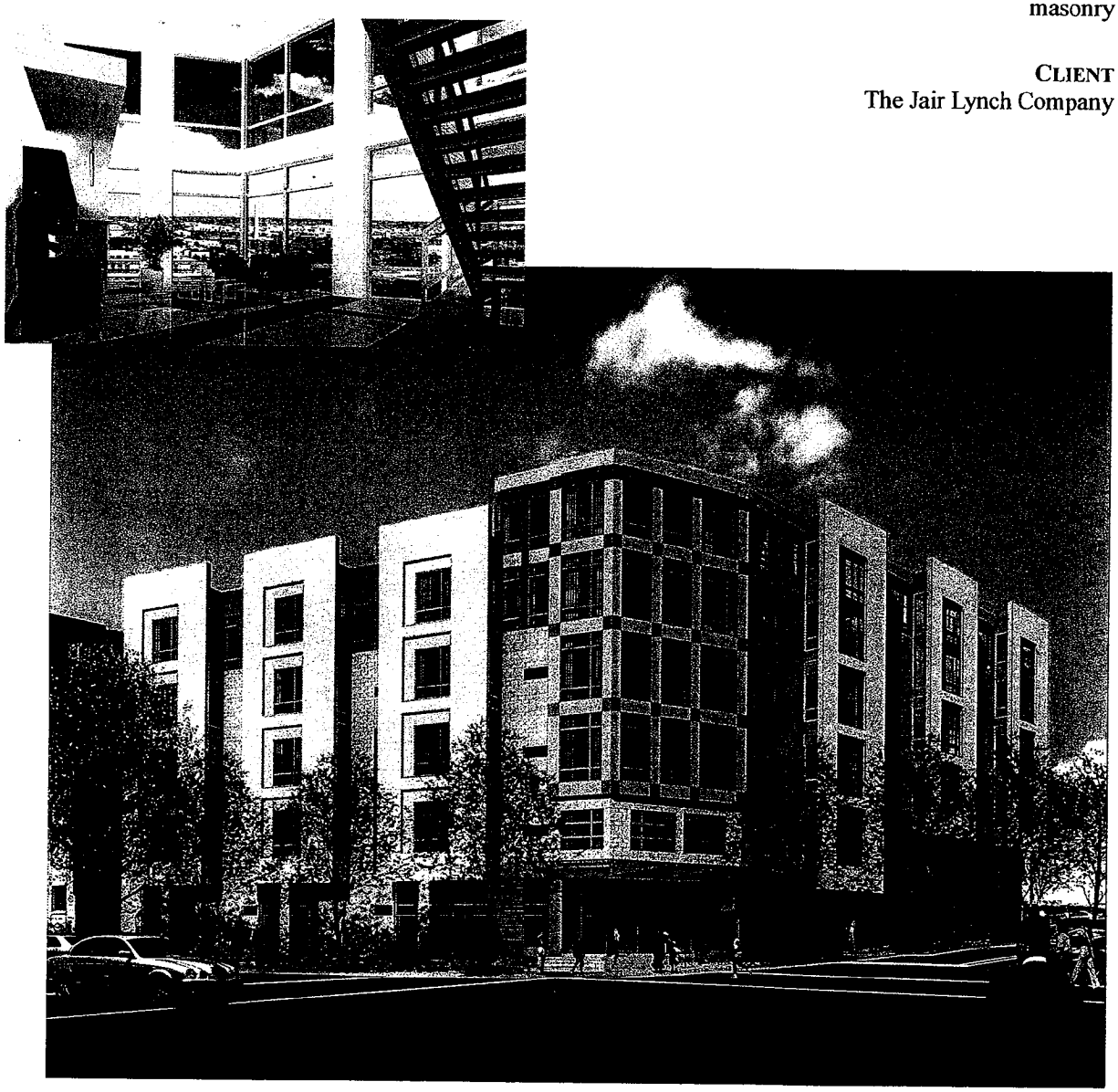
# THE SOLEA

WASHINGTON, D.C.

Located at the intersection of 14th Street, NW and Florida Avenue along a main throughfare for people entering Washington from the North and South, the Solea serves as a gateway to the city and the 14th Street Arts District. Currently under construction, the building's ground floor faces the vibrant streetscape with a café, bookstore, and live/work spaces for artists. It contains 49 units that combine affordable and market rate apartments in a range of sizes, as well as an underground parking garage that serves both residential and retail units.

The building itself blends elements of historical buildings (brick veneer and bay type windows) with a more modern approach to design. It is U-shaped, with a landscaped courtyard in the center and strong urban edges along Florida Avenue and 14th Street. The inverted corner where the two streets meet is visually defined by a series of balconies whose light metal material contrasts with the building's brick masonry

**CLIENT**
The Jair Lynch Company



SORG

FOIA CONFIDENTIAL TREATMENT REQUESTED

# THE BEAUREGARD CONDOMINIUM

WASHINGTON, D.C.

Developed as workforce housing and designed to serve a younger urban clientele, the Beauregard Condominium is located in a rapidly transforming area of Washington, D.C. The building is 49,000 SF and includes 43 condominium apartments, some as large as 2,200 SF. The ground floor, including the building's entrance, is partly recessed below grade, creating an "English basement" level with terraces. Underground parking provides 25 parking spaces for residents.

As one of the few industrial zoned areas in the northwest quadrant of the city, the area surrounding the U Street corridor, especially to the north, has long been at the core of artistic innovation in Washington. The alternating use of black and maroon ironspot brick serves to contrast different formal elements of the design and to ground the building within the interplay of industrial and residential uses found in the neighborhood. The projecting bays respond to the artistic character of the neighborhood and reference the single family homes that comprise some of the Beauregard's immediate context. Similarly, the setbacks of the upper floors serve to lessen the height impact, while also providing outdoor spaces for many of the apartments.

Construction Cost: $14 million.

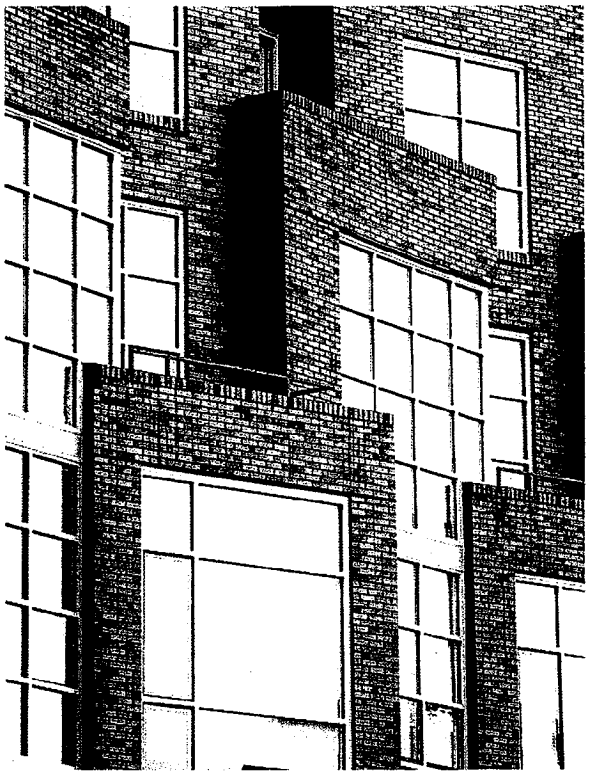
**CLIENT**
Robertson Development

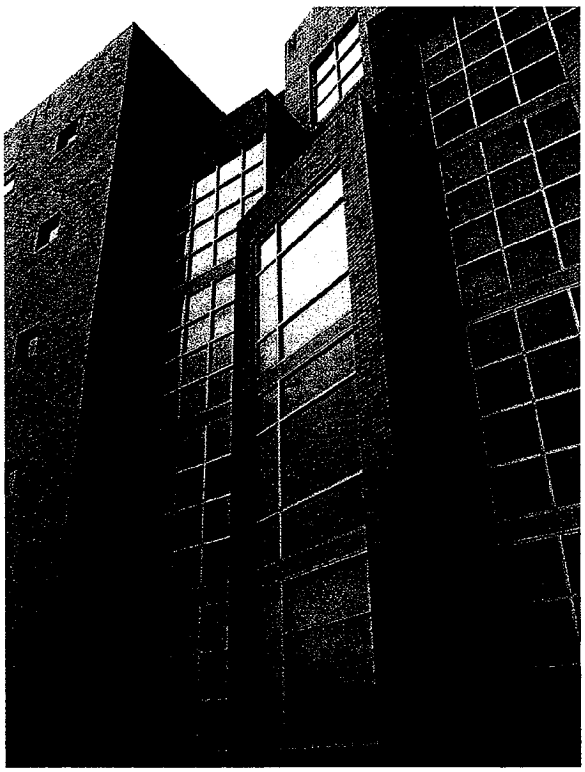
SORG

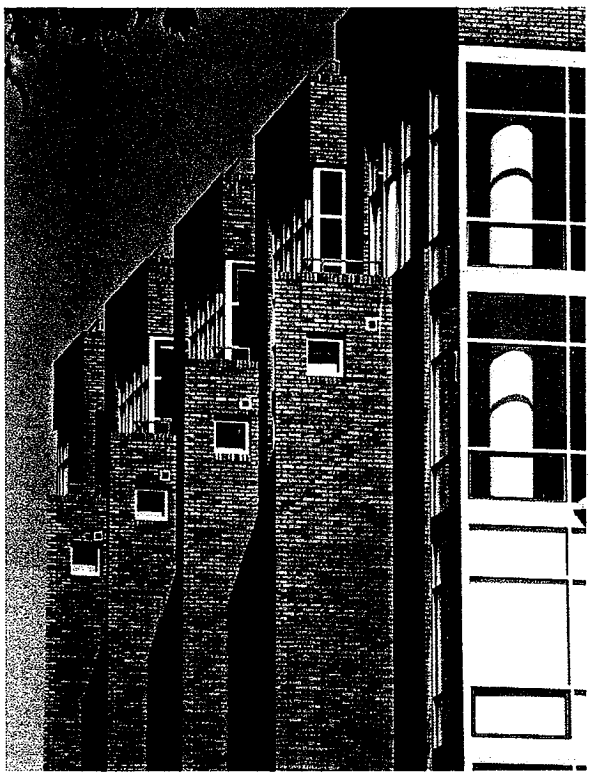
FOIA CONFIDENTIAL TREATMENT REQUESTED

# THE BEAUREGARD CONDOMINIUM

WASHINGTON, D.C.







SORG

FOIA CONFIDENTIAL TREATMENT REQUESTED

# THE VISIO & THE MURANO

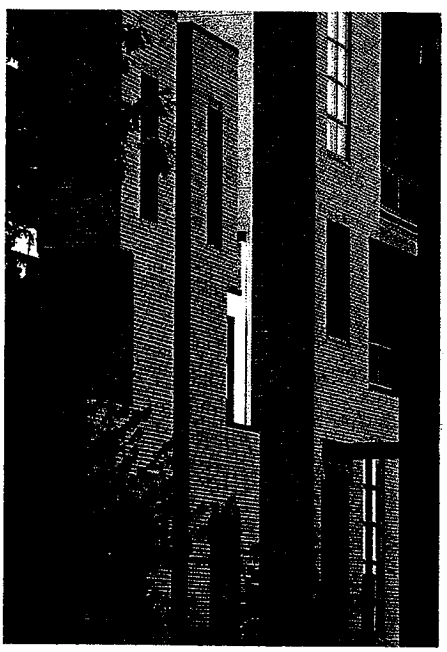
WASHINGTON, D.C.

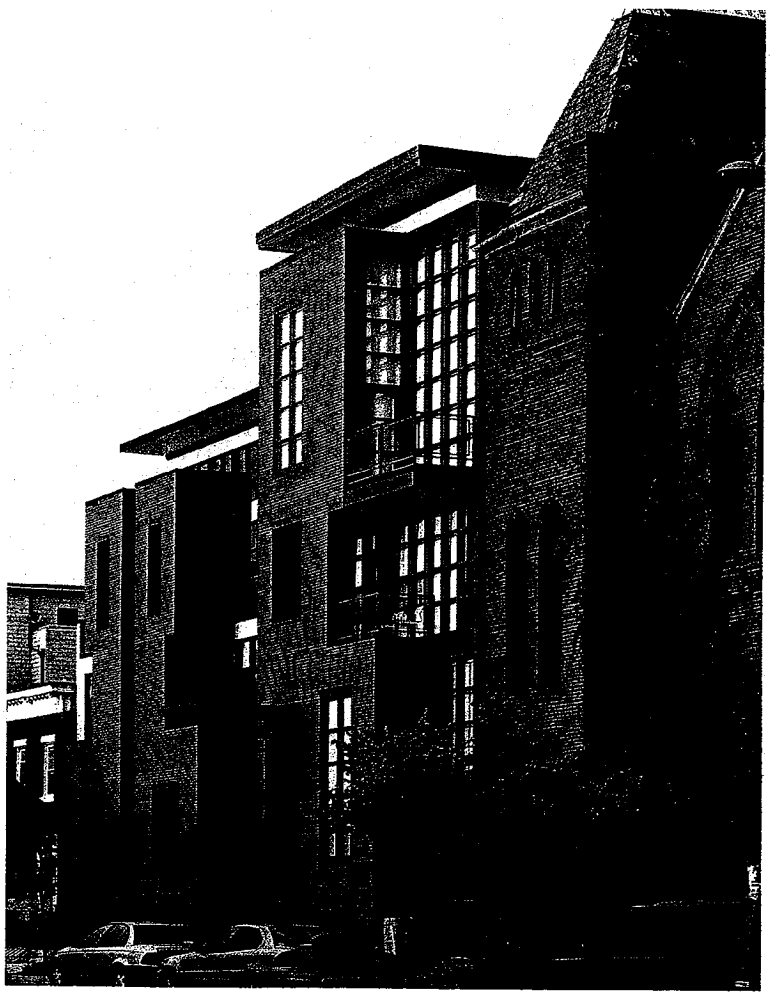
The Visio and Murano are situated on one of the quieter streets of the Greater U-Street Corridor, an area that is becoming Washington's center for contemporary and cutting-edge music and visual arts, while maintaining a strong residential character and a rich, quasi-industrial fabric. The neighborhood surrounding the project is mixed in use and in scale. The Visio and Murano are conceived as a modern interpretation of traditional Washington "infill" row housing. An antithesis to the proverbial "glass box," this modernism speaks to the consumer and to the buildings' unique urban surroundings.

The Visio and Murano's height, mass and proportion as well as materials and "cut-away" elements are subtle and elegantly highlight the context of the buildings but do not mimic any particular style. Designed as a two phase development, the Visio consists of 8 units on four floors. Mezzanines on the top two floors give the upper units 19' ceilings in living spaces. The Murano houses 8 additional units that span the length of the building. The buildings have a total of 22,000 SF.

**CLIENT**
Robertson Development

*2006 AIA DC CHAPTER WASHINGTONIAN RESIDENTIAL DESIGN AWARDS*
*2006 AIA POTOMAC VALLEY CHAPTER AWARD FOR ARCHITECTURAL EXCELLENCE*
*2006 BUILDER'S CHOICE DESIGN AND PLANNING AWARD*





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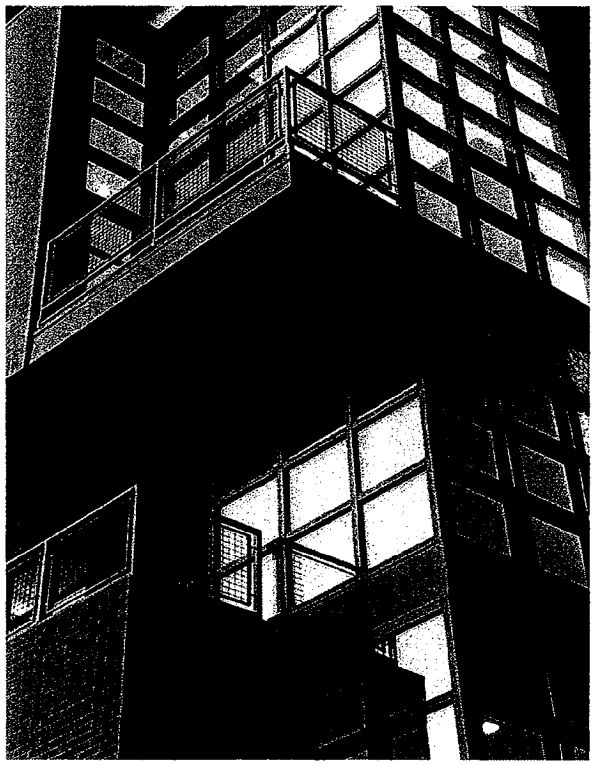
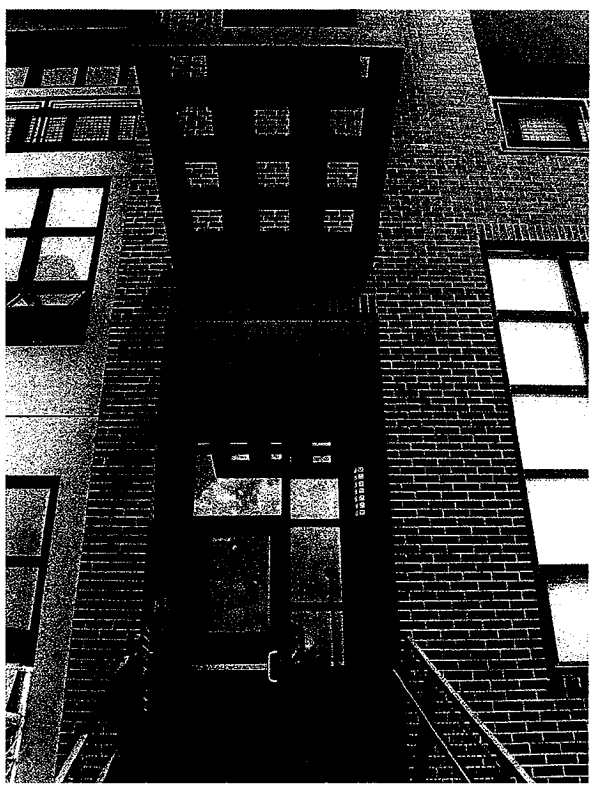
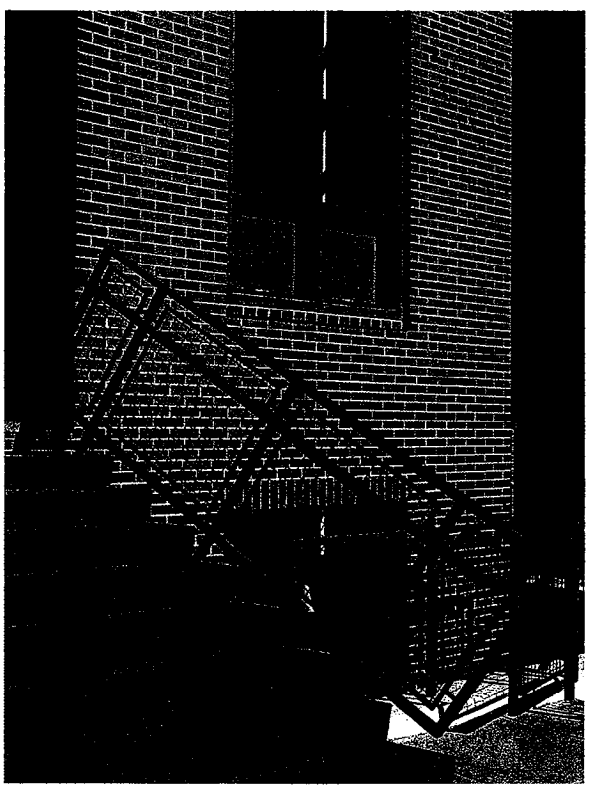
FOIA CONFIDENTIAL TREATMENT REQUESTED

# THE VISIO & THE MURANO

WASHINGTON, D.C.







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FOIA CONFIDENTIAL TREATMENT REQUESTED

U

# Statement on No Defaulted Projects




*"Nothing succeeds like the appearance of success."*

*~Christopher Lasch*

## U. STATEMENT ON NO DEFAULATED PROJECTS

### REQUIRED STATEMENT ON NO DEFAULTED PROJECTS:

There have not been any projects on which MTC or CEI, any affiliate, or any member of the development team has defaulted or declared bankruptcy.

v

# Statement on No Criminal Indictments or Convictions



*"It is not the criminal things which are hardest to confess, but the ridiculous and shameful."*

*~Jean-Jacques Rousseau*

## V. STATEMENT ON NO CRIMINAL INDICTMENTS OR CONVICTIONS

### REQUIRED STATEMENT ON NO CRIMINAL INDICTMENTS OR CONVICTIONS:

No member of the development team has been criminally indicted or convicted of a felony or fraud.

# Statement on Willingness to Work with Disadvantaged Business Enterprises



*"Our teamwork, with each us from different disciplines, is what made the creation of this product possible."*

*~Paul Meyer*

## W. STATEMENT ON WILLINGNESS TO WORK WITH DISADVANTAGED BUSINESS ENTERPRISES

### REQUIRED STATEMENT ON WILLINGNESS TO WORK WITH DISADVANTAGED BUSINESS ENTERPRISES:

MTC and CEI are willing to include Disadvantaged Business Enterprises in the project. MTC (Lead Developer) and Sorg & Associates (Architect) are registered as a minority-owned Local Small Disadvantaged Business Enterprise (LSDBE) in the District of Columbia.

X

# Proposed Assemblage

*"Patience, persistence and perspiration make an unbeatable combination for success."*

*~Napoleon Hill*

## X. PROPOSED ASSEMBLAGE

Our plan is primarily comprised of two neighboring lots and the WMATA parcels which enables us to maximize the street frontage along Florida Avenue and have contiguous retail areas. We are negotiations for several additional lots. Upon selection for the WMATA parcels, our team will aggressively pursue the assemblage necessary to complete Plan 2 as outlined in this proposal below. Upon contract execution, MTC will start the design and entitlement approvals immediately.

Our team has worked over the past year with neighboring private landowners, Howard University, HOK and Sorg & Associates on how best to maximize the WMATA parcels and adjoining private parcels. We currently have a key parcel adjacent to the parcel 1, owned by WMATA, under a purchase agreement with closing scheduled in 2007. Also, we are pursuing site control of other parcels necessary to meet development potential as proposed in the Duke Ellington Plan and further leverage additional vacant parcels along 9th Street. Plan 1 includes the WMATA parcels and the adjoining land we have under a purchase agreement. Plan 2, includes the WMATA parcels, the adjoining private land and the parcel owned by Howard University. MTC is prepared to execute Plan 1 because we believe it accomplishes the goal of creating a mixed-use, project that will activate the street wall along Florida Avenue. However, we will aggressively pursue the land assemblage necessary to accomplish Plan 2 which delivers a program that is aligned with what was envisioned in the Duke Ellington Plan and makes a greater impact on the community. Our team is committed to the development of this neighborhood and spent a considerable amount of resources before an RFP was ever issued to bring our vision to reality. Our team is excited about the potential impact of this project and is ready to execute on our proposal.

**PLAN 1**

**Phase I:** Phase I will include developing Project A, located on Florida Avenue between 8th and 9th Streets (WMATA Parcel 1, 2), into a mixed-use project with 68 residential units and 13,648 square feet of retail on the ground floor. It includes one parcel currently controlled by our team adjoining the WMATA parcel along 9th Street. It is essential that the first phase of the project establishes Renaissance Row as a neighborhood draw. A specialty grocery store in this phase will serve as an anchor, establishing the development as a neighborhood destination.

**Phase II:** Phase II will include developing Project B, located on Florida Avenue between 7th and 8th Streets (WMATA Parcel 3), into a mixed-use project with 62 residential units and 12,634 square feet of retail. Construction for Phase II will begin three months after start of construction of Phase I. Phase II will capitalize on the interest in the project and the area, completing the mixed-use program with entertainment uses such as unique restaurant/lounge concept and local retailers.

**PLAN 2**

**Phase I:** Include assembling all the necessary parcels surrounding WMATA to develop the plan outlined in the Duke Ellington Plan with the addition of parcels located on 9th Street. Phase I will include developing the parcels located on Florida Avenue between 8th and 9th Streets, into a mixed-use project with 113 residential units and 19,000 SF of retail on the ground floor.

**Phase II:** Phase II will include developing the parcels between 7th and 8th Streets, into a mixed-use project with 115 residential units and 24,000 SF of small and mid-size retail. Construction for Phase Two will begin three months after start of construction of Phase 1. Phase I will establish the project as a neighborhood draw and attract residents and retailers to become part of the project.

MTC is actively working with Howard University for acquisition of its lot located at the corner of 7th and Florida Avenue (CVS site). We have also been in serious discussion with all other property owners needed to accomplish Plan 2. By assembling the WMATA parcels and Howard University parcels, we will meet the full development program as envisioned in the Duke Ellington plan. In addition it adds a critical mass of activity needed to make the greatest amount of impact, contributes to the urban design of the neighborhood and encourages more economic activity.

Our team has the resources and capabilities to make this vision a reality and are uniquely positioned to purchase the parcels and enter into the design phase. From the design phase, our approach is poised to navigate through the entitlements and construction phases smoothly, efficiently and quickly.

We are excited about the opportunity to develop Renaissance Row and have invested significant resources in project planning and analysis. We believe this project will serve as an opportunity to build a stronger community that truly promotes positive human interaction in the Shaw neighborhood and once again establishes this historic area as a primary attraction in Washington, DC.

# Exhibit I: Letters of Interest



*"I am not interested in shooting new things– I am interested in seeing new things."*

*~Ernst Haas*

October 5, 2007

Moddie Turay
Moddie Turay Company, LLC
3222 M ST NW, Suite 140
Washington, D.C. 20007

Re: Renaissance Row/Letter of Interest

Dear Mr. Turay,

As the owner of Hank's Oyster Bar in Dupont Circle, I am very interested in expanding the number of neighborhood restaurants within the District. Your project, Renaissance Row, would be a perfect fit for creating more restaurants that service the communities you are building. I would be very interested in discussing a future partnership with you to build another much needed neighborhood restaurant in Shaw.

Sincerely,

Jamie Leeds
Chef/Owner

HANKS OYSTER BAR DC 1624 Q Street NW Washington DC 20009 T
202.462.HANK (4265) F 202.462.8888

FOIA CONFIDENTIAL TREATMENT REQUESTED

TRYST INC
THE DINER
& OPEN CITY

September 24, 2007

Moddie Turay
Moddie Turay Company, LLC
3222 M ST NW
STE 140
Washington, DC 20007

Dear Mr. Turay:

I enjoyed your presentation on the Renaissance Row Project along Florida Avenue between 9th and 7th Streets NW. I think your plan for the area is spot-on and I would be interested in being a part of that vision. Our concept is to create "neighborhood gathering places" and your mixed use plan helps promote this idea.

Please keep me abreast of your progress and continue to provide me with information. I look forward to hearing from you.

Sincerely,

Constantine Stavropoulos
President/Owner
Tryst, The Diner & Open City

2459 18TH STREET NW • WASHINGTON, DC • 20009
PHONE: 202-232-5500 • FAX: 202-363-6708

FOIA CONFIDENTIAL TREATMENT REQUESTED

**Yes! Organic Market**
**3809 12th Street, N.E.**
**Washington, DC 20017**

September 27, 20007

Moddie Turay, President
Moddie Turay Company, LLC
3222 M ST NW, Suite 140
Washington, D.C. 20007

Re: Renaissance Row
Letter of Interest
Yes! Organic Market

Dear Moddie:

I have been briefed about your proposed project "Renaissance Row", and Yes! Organic Market is pleased to express interest in approximately 10,000 square feet at your company's development proposal to Washington Metropolitan Area Transit Authority (WMATA) to create a vibrant new mixed-use development that will activate Florida Avenue NW in the Shaw neighborhood. As discussed in our meeting, our preference would be to purchase the unit rather than to lease it. In any case, my preliminary interest in this project is genuine and considerable.

I am hopeful that I can know more about the progress of "Renaissance Row", and that I will be able to participate in an appropriate manner. To that end, I would ask that your office advise me at your earliest convenience of how I might become involved. I appreciate your taking the time to inform me, and I can assure you that, whatever information you further provide will be studied with the most serious consideration.

Sincerely,

Gary M. Cha
Owner

October 5, 2007

Moddie Turay
Moddie Turay Company, LLC
3222 M ST NW, Suite 140
Washington, D.C. 20007

Re: Renaissance Row/Letter of Interest

Dear Mr. Turay,

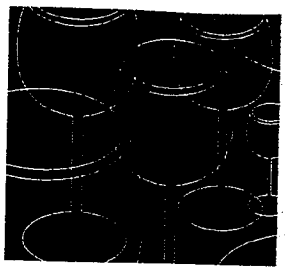
As the owner of Hank's Oyster Bar in Dupont Circle, I am very interested in expanding the number of neighborhood restaurants within the District. Your project, Renaissance Row, would be a perfect fit for creating more restaurants that service the communities you are building. I would be very interested in discussing a future partnership with you to build another much needed neighborhood restaurant in Shaw.

Sincerely,

Jamie Leeds
Chef/Owner

HANKS OYSTER BAR DC 1624 Q Street NW Washington DC 20009 T
202.462.HANK (4265) F 202.462.8888

FOIA CONFIDENTIAL TREATMENT REQUESTED



ARTVINES
WINE GALLERY ART BAR

October 4, 2007

Moddie Turay
Moddie Turay Company, LLC
3222 M ST NW
STE 140
Washington, DC 20007

Re: Letter of Interest for Renaissance Row

Dear Mr. Turay:

I'm very excited about your project, Renaissance Row, and am interested in being a part of it. Introducing ArtVines.

"Fine wine. Fine art. When people speak of the finer things in life, surely these are part of the conversation. A conversation as old as civilization. And as new as right now. Today, there's a new place to continue that conversation. A place dedicated to the appreciation and enjoyment of art and wine—together. Introducing ArtVines. Wine Gallery. Art Bar. Where palate meets palette. And the pleasure is all yours."

ArtVines, a wine bar and art gallery, would draw on Shaw's artist, student and residential community and boost its arts and wine education programs. I think ArtVines complements your retail program and would become a great neighborhood venue. ArtVines is positioned to become Washington's most unique wine bar/art gallery/special events environment. Please visit www.artvines.com.

Please keep me abreast of your progress and continue to provide me with information. I look forward to working with you to bring ArtVines to your exciting Renaissance Row development project.

Sincerely,

Horace Flournoy

Horace Flournoy
CEO/Founder
ArtVines LLC

2459 18TH STREET NW • WASHINGTON, DC • 20009
PHONE: 202-232-5500 • FAX: 202-363-6708

FOIA CONFIDENTIAL TREATMENT REQUESTED

Z

# Exhibit II: Letters of Support



*"We deceive ourselves when we fancy that only weakness needs support. Strength needs it fare more."*

*~Anne Sophie Swetchine*

# Exhibit III: Credit References



*"Principles and rules are intended to provide a thinking man with a frame of reference."*

*~Karl von Clausewitz*

ALEXANDER M.
PADRO
COMMISSIONER
ANC 2C01

September 30, 2007

GARY MALASKY
OFFICE OF PROPERTY DEVELOPMENT AND MANAGEMENT
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
600 FIFTH ST NW
WASHINGTON DC 20001

Dear Mr. Malasky:

I am writing to offer my enthusiastic endorsement of the proposal for redevelopment of the WMATA parcels on the 700 and 800 blocks of Florida Avenue, NW, by the Moddie Turay Company, and to urge the WMATA Board of Directors to select this development plan from among the competing bids.

Over the seven years that I have been an Advisory Neighborhood Commissioner in Shaw, I have been frustrated by the failure to move forward with the redevelopment of public and quasi-public real estate assets in the neighborhood. The development of these lots will help stimulate the further investment needed to complete the revitalization of this historically vibrant commercial district.

Among the considerations in my decision to support the Moddie Turay Company's proposal for Renaissance Row was their agreement to include space for a longtime business in the neighborhood, which faces displacement due to other development. Central Safe and Lock, located at 1104 9th Street, NW, has been in operation for over 60 years. They are tenants in a building that the District of Columbia Government has initiated eminent domain proceedings against for incorporation into the new Marriott Convention Center Hotel. The community is eager to retain this business in our neighborhood, and the owner wishes to take this opportunity to establish a full service hardware store at Renaissance Row. This is one of the top 10 types of businesses that neighborhood residents have indicated they want to see open, in new business preference surveys conducted by Shaw Main Streets, the neighborhood's commercial revitalization organization.

Further, the Moddie Turay Company has parcels adjacent to those held by WMATA under contract and negotiation, making it possible to create a larger development, including increased parking, than if the parcels are developed independently.

1519 8TH STREET, NW, WASHINGTON, DC 20001-3205 • 202-518-3794
E-MAIL: PADROANC2C@AOL.COM • WEBSITE: WWW.MEMBERS.AOL.COM/PADROANC2C

FOIA CONFIDENTIAL TREATMENT REQUESTED

Lastly, the involvement of architect Suman Sorg of Sorg & Associates in the project represents an opportunity for the creation of an iconic architectural statement on these important blocks. Sorg, a graduate of adjacent Howard University School of Architecture, has completed award-winning projects in nearby LeDroit Park, and also designed the extremely popular Kennedy Recreation Center building at 1401 7th Street, NW. Sorg worked very effectively and successfully with the community in the design of the recreation center, giving me the utmost confidence that Renaissance Row would consist of world-class buildings sensitive to the neighborhood's historic context. This would result in the creation of a true architectural statement defining the eastern gateway to the U Street entertainment district, and the northern terminus of central Shaw's 7th and 9th Street commercial district.

Please do not hesitate to contact me with any questions about my support for the Moddie Turay Company's proposal.

Sincerely,

Alexander M. Padro
Commissioner, ANC 2C01

SHAW
MAIN STREETS

October 1, 2007

Gary Malasky
Office of Property Development and Management
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001

Dear Mr. Malasky:

By this letter, the Board of Directors of Shaw Main Streets, Inc., the commercial revitalization and historic preservation nonprofit serving central Shaw, urges the Board of Directors of the Washington Metropolitan Area Transit Authority to give the highest consideration to those proposals for the redevelopment of the WMATA parcels on the 700 and 800 blocks of Florida Avenue, NW, to those proposals that offer to provide retail space for existing Shaw businesses that find it necessary to relocate.

We are aware of at least two developers that have offered to work with existing business owners in order to ensure their ability to have these businesses retained in the neighborhood, if their proposals are selected. These are Lakritz & Adler, who have agreed to provide a new home to the Warehouse Café & Bar, which recently ended its operations at 1021 7th Street, NW, due to rising tax assessments at that location. The second is the Moddie Turay Company, which has agreed to provide space for a full service hardware store to be operated by Central Safe & Lock, which has been located a t1104 9th Street, NW, for approximately 60 years. Central Lock is facing displacement as a result of eminent domain being used to acquire the building they rent space in, as part of the development of the new Convention Center Hotel.

To the extent that other developers similarly offer to relocate existing Shaw businesses, we encourage you to take that factor into account in your evaluation of their proposals, in addition to the aforementioned developers' bids.

The Board of Shaw Main Streets thanks the WMATA Board for moving forward with these important property dispositions, which will have a significant impact on the implementation of the DC Office of Planning's "Duke" Uptown Destination District Plan, and looks forward to the selection of a proposal that will help keep at least one current Shaw business in our neighborhood.

Sincerely,

Timothy C. Mack
Chair
Board of Directors
Shaw Main Streets, Inc.

1426 9th Street, NW, Washington, DC 20001-3330 • 202-265-SHAW • Fax: 202-265-7529
info@ShawMainStreets.com • www.ShawMainStreets.com

FOIA CONFIDENTIAL TREATMENT REQUESTED

rcd
9:30 am

DONATELLI
DEVELOPMENT

May 31, 2007

Mr. Gary Malasky
Contracting Officer
Office of Property Development & Management
600 Fifth Street, N.W.
Washington, DC 20001

**RE: Shaw/U Street Development Opportunity**

Dear Mr. Malasky:

To augment our December 6, 2006 unsolicited offer, this letter is in response to the WMATA advertisement requesting additional proposals to "*Compete Against An Unsolicited Proposal.*"

Donatelli Development ("Donatelli") confirms our original offer remains valid and the following is to comply with the advertised requirements. Donatelli wishes to establish a Development Agreement with the Washington Metropolitan Area Transit Authority ("WMATA") to develop the following property:

"Parcel 3" – Approximately 16,472 square feet of vacant property, bounded by Florida Avenue and 8th Street, N.W. in Square 416.

(We can amend our original offer to include Parcels 1 and 2)

Development Plan: Design and construction of a quality mixed use TOD project to include first floor retail and for-sale or rental residential units and underground parking to compliment the existing neighborhood and Metrorail Station.

With the current property zoning (C-2-B with an Arts Overlay), the development would be by right. Donatelli would consult the community and the Office of Planning with the design process. The project would conform to "DUKE Development Framework."

This proposal continues our track record and commitment to Transit Oriented Development in the District of Columbia.

**Most uniquely, our development company worked with the WMATA Engineering Department to design and construct a building above WMATA tunnels (The Ellington at 13th & U Street). The exact condition is present at Parcel 3.**

**We would incorporate approved technical design elements from our Ellington development into the proposed buildings.**

**Most of the design requirements could be incorporated in our earliest design sets. This unique element to our proposal will save design and approval time, as well as, add to the comfort level of the WMATA Engineering Department when reviewing the proposals.**

Donatelli has a proven track of working with public agencies and community residents to successfully develop over 800 units in public/private controlled scenarios in the District of Columbia.

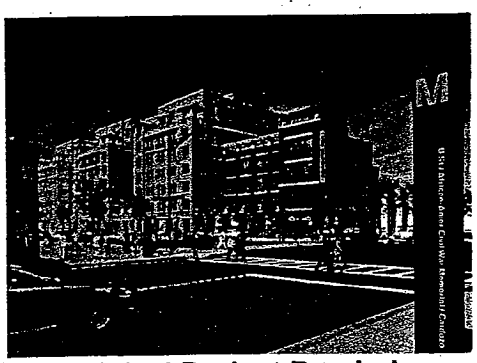
*Recent examples*:

The Ellington is an elegant mixed-use building with street level community retail space and 190 rental apartments, at 13th and U Streets, NW.

In 2000, Donatelli was selected by WMATA to develop a site on historic U Street. The Development Agreement with WMATA was executed expeditiously. The development received support and approvals from the Advisory Neighborhood Commission, Board of Zoning Appeals and the Historic Preservation Review Board.

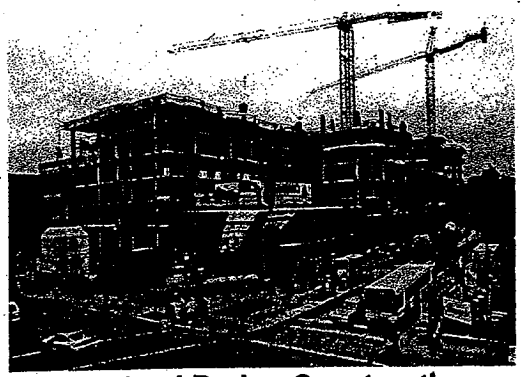
The Ellington structural foundation and underground parking garage project sits above the underground tunnels of the Cardozo-Shaw / U Street Metro Station

**Completed Project – Fall 2004**



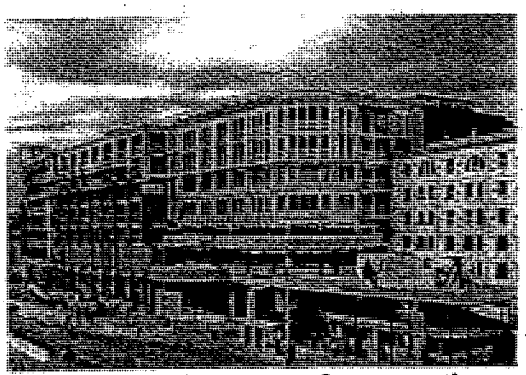
**Original Project Rendering**

Additionally, in April 2002 Donatelli was awarded parcels 15 and 26 by the NCRC. These two developments on the Green Line will add 400 residential units and 40,000 square feet of retail to the Columbia Heights neighborhood.

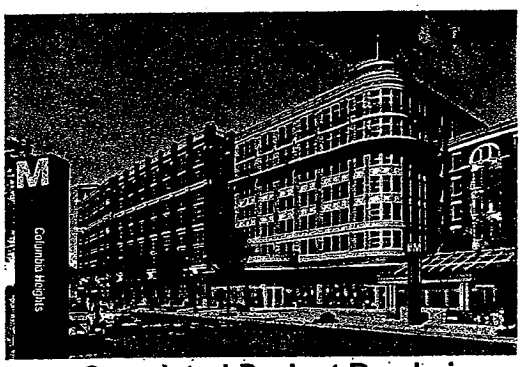


Highland Park – Construction

Completed Project Rendering



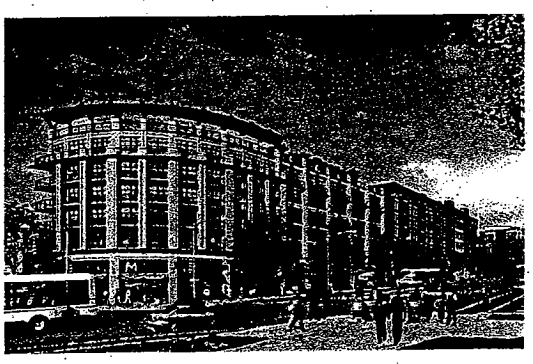
Kenyon Square – Construction



Completed Project Rendering

In addition to Columbia Heights, The Ellington, our development team was awarded the rights to develop a site at the Petworth Metro Station.

Park Place – Construction



Park Place – South View

The above developments are coming to fruition in the District of Columbia due to the involvement and cooperation of WMATA staff.

Consideration: A purchase price or lease value would be based on the latest assessment values provided by the District of Columbia or a third party appraiser.

Financing: The proposed development would be funded with conventional commercial bank financing and equity provided by the Developer. Cassidy & Pinkard will represent Donatelli with the financing. Donatelli will submit pro forma scenarios illustrating lease and sale options.

The financing structure for the development would utilize typical commercial debt and equity instruments. No public financial subsidies are relied upon.

Deposit: An earnest money deposit in the amount of $100,000 will be delivered to WMATA upon selection.

If selected as the developer, Donatelli Development agrees to the following requirements:

- A commitment to TOD and work in good faith with WMATA staff with the development.
- LSDBE partners in the ownership of the project.
- A portion of residential units affordable to persons with a household income of 80% - 120% of the Washington, D.C. metro-Area Median Income.

Sincerely,

Christopher J. Donatelli
President & CEO

DONATELLI
DEVELOPMENT

December 6, 2006

Mr. Gary Malasky
Contracting Officer
Office of Property Development & Management
600 Fifth Street, N.W.
Washington, DC 20001

**RE: JDS 05-8 Shaw Howard University Metrorail Station**

Dear Mr. Malasky:

Please consider this letter as an unsolicited offer from Donatelli Development/Donatelli & Klein.

Donatelli Development ("Donatelli") wishes to establish a Development Agreement with the Washington Metropolitan Area Transit Authority ("WMATA") to develop the following property:

"Parcel 3" – Approximately 16,472 square feet of vacant property, bounded by Florida Avenue and 8th Street, N.W. in Square 416.

The following are terms for consideration to include in the Development Agreement:

Developer: Donatelli Development/Donatelli & Klein, Inc.

Land Owner: Washington Metropolitan Area Transit Authority ("WMATA")

Development Plan: Design and construction of a quality mixed use TOD project to include first floor retail and for-sale or rental residential units and underground parking to compliment the existing neighborhood and Metrorail Station.

With the current property zoning (C-2-B with an Arts Overlay), the development would be by-right. Donatelli would consult the community and the Office of Planning with the design process. The project would conform to DUKE Development Framework."

Consideration: A purchase price or lease value would be based on the latest assessment values provided by the District of Columbia or a third party appraiser.

We assume WMATA will order an appraisal of the property as justification of a negotiated consideration. We request that the final consideration be determined once D&K submits the final residential unit count.

Financing: The proposed development would be funded with conventional commercial bank financing and equity provided by the Developer. Cushman & Wakefield will represent Donatelli with the financing.

Deposit: An earnest money deposit in the amount of $100,000 will be delivered to WMATA upon execution of the Agreement.

Settlement: Settlement would occur at receipt of building permits from the DCRA.

Broker: Both parties recognize no brokers in this transaction.

Sincerely,

Christopher J. Donatelli
President & CEO

**From:** <eric.smart@bolansmart.com>
**To:** "Rosalyn Doggett" <rdoggett@wmata.com>
**Date:** 3/13/2008 4:49:37 PM
**Subject:** Re: Fwd: FW: WMATA Project Schedule (as of March 2008).pdf - Adobe Acrobat Professio

Roz

Attached is a shot at modifying Benneker's proposal to match the prior calculated NPV:

1) predevelopment rent escalated some to help achieve NPV

2) year 4 base rent commencement at $580,000 deferred to year 5 and escalated by 1.03%

3) approximate match for year 14 rent means escalating base rent at 1.01315% after first year of actual paid base rent

4) standard 1.03% per year estimated increase resumes thereafter.

At least this combination approximates the December 2007 NPV.

Eric

On Thu, 13 Mar 2008 11:53:24 -0500 (EST), "Rosalyn Doggett" <rdoggett@wmata.com> wrote:
> Eric, please note the new schedule attached. We had a lengthy conversation this
> morning with Banneker and some educating to do.
>
> End result: they accepted $580,000 starter rent. I said that I would work to
> make NPV for the first ten years as nearly the same as the old schedule as
> possible (maybe slow increases even more). However, that may not be possible
> based on the new schedule that came in while we were on conference call and
> which I would like you to analyze.
>
> They have once again made option fee and pre-stabilization payments
> nonrefundable. They will pay pre-stabilization rent quarterly in advance which
> I don't think affects the NPV significantly, if at all. They have pushed the
> rent payment date out at least a year so that, I believe, pre-stabilization rent
> would be in effect for another year and the new starter rent would be at least
> $580,000 x 1.03. I don't know what this schedule will do to them vis a vis NPV
> and their nearest competitor. But we said we would analyze, and that is what I

> would like you to do ASAP, I hope some time this afternoon. Let me know if you
> cannot. Thanks, R.
>
>
>
> >>> "Omar A. Karim" <okarim@bannekerventures.com> 3/13/2008 10:12 AM >>>
>
>
>
>
> From: Omar A. Karim [mailto:okarim@bannekerventures.com]
> Sent: Thursday, March 13, 2008 9:41 AM
> To: 'Rosalyn Doggett'; 'Marc E. Biondi'
> Cc: 'Flynn, Guy'; 'Bryant, Seth'; 'okarim@bannekerventures.com'
> Subject: WMATA Project Schedule (as of March 2008).pdf - Adobe Acrobat
> Professional
>
>
>
> Hello,
>
>
>
> Attached you will find the updated project Schedule as of March 2008.
>
>
>
> Thanks
>
>
>
> Omar A. Karim
>
> Banneker Ventures, LLC
>
> 700 12th Street, NW, Suite 700
>
> Washington, DC 20005
>
> (202) 667-4110 office
>
> (301) 523-1810 cell
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> okarim@bannekerventures.com
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Eric Smart, Bolan Smart Associates, Inc.
1250 24th Street, NW, Suite 300, Washington, DC 20037
202-776-7740 (direct), 202-841-2227 (cell), 202-371-1333 (BSA general)
www.bolansmart.com

**From:** <eric.smart@bolansmart.com>
**To:** "Rosalyn Doggett" <rdoggett@wmata.com>
**Date:** 5/8/2008 8:17:13 AM
**Subject:** Re: Florida at nine percent

As a follow up note it is of course no magic that employing a discount rate in the range of 8.0% will generally equate to the appraised valuation for two reasons. First, it approximates the gradually escalated WMATA ground lease payrate, and second, but generally much more obscure, is that the appraisal itself is based on private market measures of valuation, themselves heavily influenced by blended costs of debt and equity financing in the 8.0% range for well anchored and developable property.

On Wed, 07 May 2008 2:32:47 -0500 (EST), "Rosalyn Doggett" <rdoggett@wmata.com> wrote:
> A linguist as well as mathematician! This npv does not meet the appraisal
> at 9% discount. I guess that it is because substantive rents start only at
> stabilization. Instructive.
>
> >>> <eric.smart@bolansmart.com> 5/7/2008 3:07 PM >>>
> Ici pour vous (which is pretty much the limit of my crude french).
>
>
> On Wed, 07 May 2008 12:47:36 -0500 (EST), "Rosalyn Doggett"
> <rdoggett@wmata.com> wrote:
> > Thanks, Eric. Actually, the new value is without residual is about the
> same
> > as the latest appraisal.
> >
> > When you get a chance can you run Florida Ave Banneker at 9%? Merci.
> >
> > >>> <eric.smart@bolansmart.com> 5/7/2008 1:40 PM >>>
> > Roz - Till the numbers may change, here is the Navy Chiller site cash
> > flow analysis using a WMATA 9.0% discount rate. As expected, produces a
> > lower present value than the appraised value. Eric
> > --
> > Eric Smart, Bolan Smart Associates, Inc.
> > 1250 24th Street, NW, Suite 300, Washington, DC 20037
> > 202-776-7740 (direct), 202-841-2227 (cell), 202-371-1333 (BSA general)
> > www.bolansmart.com
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> Eric Smart, Bolan Smart Associates, Inc.
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202-776-7740 (direct), 202-841-2227 (cell), 202-371-1333 (BSA general)
www.bolansmart.com

**From:** Rosalyn Doggett
**To:** eric.smart@bolansmart.com
**Subject:** Re: Florida Ave npv

thanks
that is what we thought but wanted to check on

>>> <eric.smart@bolansmart.com> 4/29/2008 4:49 PM >>>
Roz

With a ground rent established at over 6.5% of the appraised value, plus 3.0% annual increases, the effective yield on the current appraised value keeps increasing over time, gradually growing to upwards of 35% of current appraised value by year 60 of the ground lease. Discounting this growing income stream at anything less than the combination of the yield rate plus the escalations will result in a higher NPV than the appraised value. This is why the ability of WMATA to leverage its cost of funds vs the private sector's discounts can be very advantageous, attributed both to setting an appraised current value predicated on private sector blended financing costs and the ability for WMATA to essentially keep the spead between its cost of funds and the private sector's alternative costs of term financing. While adding a residual value after 60 years is provides an additional kicker, the bulk of the difference relates to the spread between the escalating ground lease yield rate and WMATA's discount rate.

Eric

On Mon, 28 Apr 2008 2:04:32 -0500 (EST), "Rosalyn Doggett" <rdoggett@wmata.com> wrote:
> I had a question about how the NPV ($14M with residual) could be so far above
> the current estimate of land value ($7.5M). Can you help me out on this one?
> Thanks.
>
>
>
--
Eric Smart, Bolan Smart Associates, Inc.
1250 24th Street, NW, Suite 300, Washington, DC 20037
202-776-7740 (direct), 202-841-2227 (cell), 202-371-1333 (BSA general)
www.bolansmart.com

FOIA CONFIDENTIAL TREATMENT REQUESTED

**BSA Table 1**
**Florida Avenue / Shaw - Proposal Comparisons**

| | | | 1<br>2008 | 2<br>2009 | 3<br>2010 | 4<br>2011 | 5<br>2012 | 6<br>2013 | 7<br>2014 | 8<br>2015 | 9<br>2016 | 10<br>2017 | 11<br>2018 | 12<br>2019 | 13<br>2020 | 14<br>2021 | 15<br>2022 | | 60<br>2067 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Banneker / District - lease (mid December 2007)** | | | | | | | | | | | | | | | | | | | |
| Revenues | | | | | | | | | | | | | | | | | | | |
| Option Fee | | | $100,000 | | | | | | | | | | | | | | | | |
| Predevelopment Rent | | | $60,000 | $100,000 | $100,000 | | | | | | | | | | | | | | |
| Offeror Land Valuation | | | | | | | | | | | | | | | | | | | |
| Base Rent | 3.000% | fixed annual escalations | | | | $500,000 | $515,000 | $530,450 | $546,364 | $562,754 | $579,637 | $597,026 | $614,937 | $633,385 | $652,387 | $671,958 | $692,117 | | $2,617,307 |
| Other Base Rent Adjustment | | not applicable | | | | | | | | | | | | | | | | | |
| Total Gross Revenue | | | $160,000 | $100,000 | $100,000 | $500,000 | $515,000 | $530,450 | $546,364 | $562,754 | $579,637 | $597,026 | $614,937 | $633,385 | $652,387 | $671,958 | $692,117 | | $2,617,307 |
| WMATA Participation | 10.00% | of defined capital events | | | | | | | | | | | | | | | | | |
| Implied Initial Land Value | $7,847,280 | FY08 assessed values | | | | | | | | | | | | | | | | | |
| | 3.00% | annual compounded increase | | | | | | | | | | | | | | | | | |
| Terminal Value | $45,458,466 | on land only | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | | $45,458,466 |
| Cash Flow w/ residual | | | $160,000 | $100,000 | $100,000 | $500,000 | $515,000 | $530,450 | $546,364 | $562,754 | $579,637 | $597,026 | $614,937 | $633,385 | $652,387 | $671,958 | $692,117 | | $48,075,772 |
| NPV | | | | | | | | | | | | | | | | | | | |
| Base Rent | 9.00% | discount rate | $8,496,797 | | | | | | | | | | | | | | | | |
| With Residual | 9.00% | discount rate | $8,778,279 | | | | | | | | | | | | | | | | |
| **Banneker / District - lease (March 2008)** | | | | | | | | | | | | | | | | | | | |
| Revenues | | | | | | | | | | | | | | | | | | | |
| Option Fee | | | $100,000 | | | | | | | | | | | | | | | | |
| Predevelopment Rent | | | $60,000 | [redacted] | | | | | | | | | | | | | | | |
| Offeror Land Valuation | | | | | | | | | | | | | | | | | | | |
| Base Rent | [redacted] | unpaid year 4, then escalated @ 1.03% to next year | | | | | | | | | | | | | | | | | |
| | [redacted] | fixed annual escalations years 6 to 14 | | | | | [redacted] | $605,256 | $613,215 | $621,279 | $629,449 | $637,726 | $646,112 | $654,608 | $663,216 | $671,938 | | | |
| | 3.000% | fixed annual escalations years 15+ | | | | | | | | | | | | | | | $692,096 | | $2,617,226 |
| Other Base Rent Adjustment | | not applicable | | | | | | | | | | | | | | | | | |
| Total Gross Revenue | | | $160,000 | $100,000 | $115,000 | $130,000 | $597,400 | $605,256 | $613,215 | $621,279 | $629,449 | $637,726 | $646,112 | $654,608 | $663,216 | $671,938 | $692,096 | | $2,617,226 |
| WMATA Participation | 10.00% | of defined capital events | | | | | | | | | | | | | | | | | |
| Implied Initial Land Value | $0 | FY08 assessed values | | | | | | | | | | | | | | | | | |
| | 3.00% | annual compounded increase | | | | | | | | | | | | | | | | | |
| Terminal Value | $45,458,466 | on land only | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | | $45,458,466 |
| Cash Flow w/ residual | | | $160,000 | $100,000 | $115,000 | $130,000 | $597,400 | $605,256 | $613,215 | $621,279 | $629,449 | $637,726 | $646,112 | $654,608 | $663,216 | $671,938 | $692,096 | | $48,075,692 |
| NPV | | | | | | | | | | | | | | | | | | | |
| Base Rent | 9.00% | discount rate | $8,473,544 | | | | | | | | | | | | | | | | |
| With Residual | 9.00% | discount rate | $8,755,026 | | | | | | | | | | | | | | | | |

WMATA-INV 007956

12/17/07

· Banneker

NW One / Sursum 20% equity stake $140M responsibility
Walker Jones Elementary $47M with Regan
Mixed planning - Park Morton
6th St, The Icon - O'Marx was the partner
Driskell - 52 managing partner HFA??

DDG

Josh - CEO of Thurgood Marshall $14M New Market, Tax Exempt Bonds
old Nichols school

Ball Street Fund Brian Davis & Tim Clinton (former Duke bb players
- Redevelopment in downtown Durham Fannie, Nachovia
- Phila - Eck village

MacFarlane Zahari Scott

Torti

Parcel 1 = 4 levels over Robeson; parking on Parcel 2
Parcels 2 & 3 5 levels over retail

Donatelli was a "consultant"
~~[illegible]~~

if 12, 70 vs 65' no PUD
special exception under 25%
might need variance for west parcel

30% Equity - MacFarlane

$1.50 aff. $3.00 market rents

Cash Flow

They'll talk ...

Net Proceeds definition

Close on lease 3/09

Base Rent Adjustment if delay

Oct '10 = $500K Stub legation outside date

Equity –

Devel 10%

Inst. 90%

Staffing

7 full-time professionals = Bannecker

only NW1 + Walker Jones = right now active

**From:** <eric.smart@bolansmart.com>
**To:** <rdoggett@wmata.com>
**Date:** 10/26/2007 4:56:45 PM
**Subject:** Banneker participation at Florida

Roz – Thought we would digress into rational, some complicating factors, then get to a possible approach on ground rent participation per the standing October Banneker proposal.

In round numbers they say they have $36M in development costs net of the land value. Adding their $8M in suggested land value means the total project cost including the assumed land value would be $44M. If the $8M were then treated as percentage interest in the overall property cost it would represent approximately 18% of the total, meaning you could argue that the land value contribution should be recognized in some way or another for at least an 18% share in the project NOI.

Our suggestion is that if you already asked for 10%, with fill in the blanks, that you justify it in the following manner:

Base rent represents approximately 15% of stabilized cash flow before debt service and before ground rent deduct ($42K ground rent / ($240K per month + $42K ground rent = $282K net cash flow)). You would need another $10K per month to get up to 18%, but this 20% discount is probably an okay deduct for the leasing entity not actually owning the land.

Complicating factor affecting participation formula in the proposed lease is that the ground lease payout of 15% of NOI at the start is largely maintained over the first 15 years of the investment period under the proforma assumptions by adding a 3.0% annual escalator. Participation then can only fairly kick in when defined revenues are growing at greater than 3.0% (and could arguably be reduced when compounded escalations add up to less that 3.0%).

Suggest that since you have already asked for a 10% participation that you make it 10% of annual gross revenue that exceeds a compounded annual increase of 3% over proforma. This is well less than 18%, but allows for operating cost component, preferred equity returns and ground lease vs. ownership discounts to be offset. Participation in capital events could conceivably be justified at 18% of cumulative capital distribution proceeds over the return of the original equity of $9M plus some factor for equity yield. Since this is probably too complicated, and in some ways means WMATA benefits twice (off top on gross, then another piece on then reduced capital event potential), we would suggest applying a simple 10% participation in excess capital events proceeds above say $10M. Not that the numbers all add up, but if based on the usual "picked out of the air" principal, might well fly.

? — Why a $10 M floor?

PS. The above outline assumes that the developer submitted proforma is reasonable and not overly weighted to favor the owner / equity components. We could delve into these aspects in more detail, but at a surface level of review we do not note any obvious slights of developer hand. Perhaps if your efforts to get some meaningful participation components are resisted strongly we could counter by scrubbing for proforma deficiencies.

--
Eric Smart, Bolan Smart Associates, Inc.

1250 24th Street, NW, Suite 300, Washington, DC 20037
202-776-7740 (direct), 202-841-2227 (cell), 202-371-1333 (BSA general)
www.bolansmart.com

**CC:** <pam.dubois@bolansmart.com>

**From:** Joel R. Washington
**To:** Doggett, Rosalyn, Welch, Kermit A.; Montague, Joshua W., Burns, Bob, Malasky, Gary, Bottigheimer, Nat
**Date:** 2/5/2009 10:58:02 PM
**Subject:** Fw: Meeting with DM re: DC Joint Development

I have medical appointments in the morning, suggest getting with Bob, kermit, Josh,and Gary in the AM.

DC TIIf funds will be exhausted with Mr. Graham's request for View 14.

Reduction of 4.5 million of NPV will result in Banneker's proposal less than the number two proposer's offer.This probably invalidates their deal and may require a rebid.

Banneker has still not identified a suitable substitute partner and presented an accepted financing plan. They are currently in default and we can terminate because we have not executed the requirements of the Board approved Term Sheet.

Four Points can redesign but how will they satisify tje parking requirements for the theater?

Joel

**CC:** Scales, Phillip

**From:** Emeka Moneme
**To:** Bottigheimer, Nat ; Washington, Joel R.
**Date:** 2/5/2009 7:53:17 PM
**Subject:** Meeting with DM re: DC Joint Development

Let's put heads together tomorrow to discuss what happened at the meeting with Neil Albert:

**Florida Avenue**
- DC requests to re-present the deal to the Board with a reduction in rent from $597k to $300k ($4.5M reduction in NPV)
- They also requested to explore the use of TIIF funds
- Banc of America CDC was identified as a partner (no mention of a construction partner)
- We should prepare a proposal for back-end participation
- I will be speaking with Omar Karim tomorrow (2/6)
- This should be ready as part of the March 2009 P&D Committee

**Radio One**
- Four Points has offered $300k or they will redesign their property around our station
- I need to need to know whether we have an leverage on Four Points if they decide to redesign
- We need to be prepared to explain why we are not getting any value from an adjacent property owner, if they redesign
- Can we negotiate some other transit-benefitting improvement, in exchange for the lower price

**Exchange Agreement**
- Deputy Mayor's office will be drafting a letter expressing the District's decision to terminate negotiations
- They expressed again that they will not be paying the deadhead costs, due to legal restrictions

That is the short version...I am speaking with the GM tomorrow about these issues. He would also like to discuss our Morgan Boulevard and Southern Strategy with PG County.

Good night.

Emeka

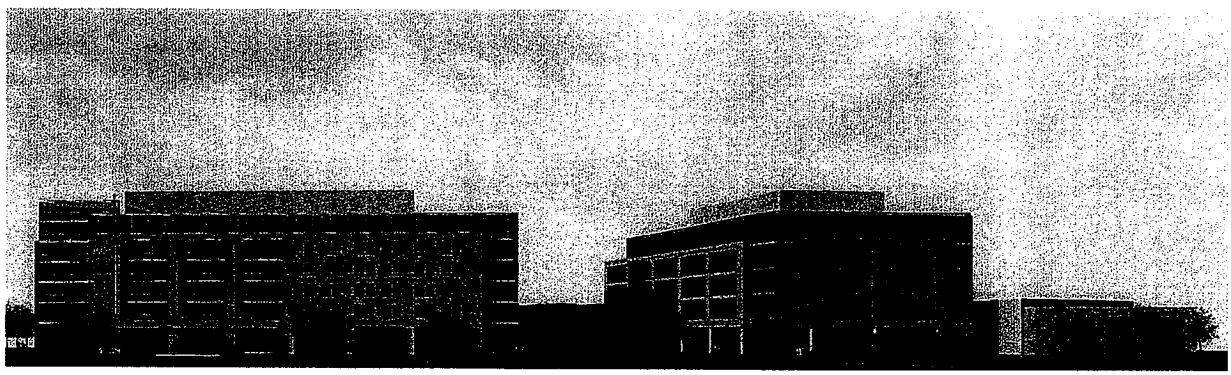
Emeka Moneme
Chief Administrative Officer
Washington Metropolitan Area Transit Authority
600 5th Street, NW
Washington, DC 20001
==========

Office: (202) 962-1900
Cell: (202) 236-7911
e-mail: emoneme@wmata.com
==========

**WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

# PROPOSAL
# SHAW HOWARD/FLORIDA AVENUE JOINT DEVELOPMENT SITES

# VOLUME 2 – ECONOMIC INFORMATION



**Development Proposal**

LaKritz | Adler Development, LLC
4326 8th Street, NW
Washington, DC 20011
Contact: Joshua Adler, Principal
Tel. (202) 882-0808
Fax. (202) 882-0809
josh@lakritzadler.com



FOIA CONFIDENTIAL TREATMENT REQUESTED WMATA-INV 007963

**DANAC** CORPORATION

Real Estate Development • Management • Brokerage

Bank of America
Rebecca Greenspan
VA9-200-03-01
8300 Greensboro Drive
Suite 300
McLean, VA 22102-3604
Phone (703) 761-8715

October 4, 2007

Dear Ms. Greenspan,

We hereby authorize you to respond to inquiries from WMATA for the purpose of assessing our creditworthiness for the Shaw Howard/Florida Avenue JDS submission.

Sincerely,

Douglas E Bream
CFO & Vice President

7501 Wisconsin Avenue • Suite 1120 • Bethesda, Maryland 20814 • (301) 657-2800 • FAX: (301) 657-4560

DANAC CORPORATION

Real Estate Development • Management • Brokerage

M&T Bank
Stewart Cooper
25 South Charles Street
17th Floor (mailstop 101-747)
Baltimore, MD 21201
Phone (301) 397-5574

October 4, 2007

Dear Mr. Cooper,

We hereby authorize you to respond to inquiries from WMATA for the purpose of assessing our creditworthiness for the Shaw Howard/Florida Avenue JDS submission.

Sincerely,

Douglas E Bream
CFO & Vice President

*MILESTONE CAPITAL CORPORATION*
2600 N. Military Trail, Suite 349
Boca Raton, Florida 33431
(561) 981-8828
(561) 981-8827 (Fax)

October 5, 2007

Mr. John Nixon, First Vice President
Preferred Bank
601 South Figueroa Street
20th Floor
Los Angeles, CA 90017
P: (213) 891-1188
F: (213) 622-0369

Re: Credit Reference

Dear John:

Milestone Capital Corporation hereby authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) for the purpose of assessing our creditworthiness in conjunction with our development proposal for the Shaw-Howard/Florida Avenue site in Washington, D.C. Should you have any questions concerning this matter, feel free to contact me directly at (561) 289-8881.

Kind Regards,

Mason W. Mednick
Executive Vice President

MM/sig

Cc: Sander Mednick
Michael L. Wachtell

*MILESTONE CAPITAL CORPORATION*
2600 N. Military Trail, Suite 349
Boca Raton, Florida 33431
(561) 981-8828
(561) 981-8827 (Fax)

October 5, 2007

Mr. Michael Amoia, Director
Marathon Asset Management
461 Fifth Ave, 11th Floor
New York, NY 10017
P: (212) 381-4426
F: (212) 381-4497

Re: Credit Reference

Dear Mike:

Milestone Capital Corporation hereby authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) for the purpose of assessing our creditworthiness in conjunction with our development proposal for the Shaw-Howard/Florida Avenue site in Washington, D.C. Should you have any questions concerning this matter, feel free to contact me directly at (561) 289-8881.

Kind Regards,

Mason W. Mednick
Executive Vice President

MM/sig

Cc: Sander Mednick
Michael L. Wachtell

LAKRITZ | ADLER
real estate development

October 5, 2007

Mr. Casey Brill
PNC Real Estate Finance
808 17th Street, NW
Washington, DC 20006
Tel. 202-835-4460
Fax. 202-835-5982

Re: WMATA Shaw-Howard/Florida Avenue JDS

Dear Casey:

This letter authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) concerning the creditworthiness and experience of LaKritz Adler Development and its affiliates and principals, pursuant to our proposal to WMATA for the development of its Shaw-Howard / Florida Avenue properties.

Sincerely,

Joshua Adler
Principal

LaKritz | Adler Development, LLC
4326 8th Street, NW • Washington, DC 20011
(202) 882-0808 • Fax (202) 882-0809

LAKRITZ | ADLER
real estate development

October 5, 2007

Mr. Daniel Ruvalcaba
Builders Bank
77 W. Wacker Drive, Suite 3100
Chicago, IL 60601
Tel. 312-977-1436
Fax. 312-977-1439

Re: WMATA Shaw-Howard/Florida Avenue JDS

Dear Dan:

This letter authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) concerning the creditworthiness and experience of LaKritz Adler Development and its affiliates and principals, pursuant to our proposal to WMATA for the development of its Shaw-Howard / Florida Avenue properties.

Sincerely,

Joshua Adler
Principal

LaKritz | Adler Development, LLC
4326 8th Street, NW • Washington, DC 20011
(202) 882-0808 • Fax (202) 882-0809

LAKRITZ | ADLER
real estate development

October 5, 2007

Mr. Greg Dougherty
Branch Banking & Trust Co.
1909 K Street, NW
Washington, DC 20006
Tel. 202-835-9332
Fax. 202-835-9285

Re: WMATA Shaw-Howard/Florida Avenue JDS

Dear Greg:

This letter authorizes you to respond to inquiries from the Washington Metropolitan Area Transit Authority (WMATA) concerning the creditworthiness and experience of LaKritz Adler Development and its affiliates and principals, pursuant to our proposal to WMATA for the development of its Shaw-Howard / Florida Avenue properties.

Sincerely,

Joshua Adler
Principal

LaKritz | Adler Development, LLC
4326 8th Street, NW • Washington, DC 20011
(202) 882-0808 • Fax (202) 882-0809

LIABILITIES AND OWNERS' EQUITY

| | | | |
|---|---|---|---|
| CURRENT LIABILITIES | | | |
| Accounts Payable - Trade | $2,266,465.53 | ($311,252.12) | $1,955,203.41 |
| Gratuities & Tips | 11,147.68 | 1,856.70 | 13,004.38 |
| Advanced Deposits Guests | 472,911.54 | (47,979.06) | 424,932.48 |
| Refunds Payable and Gift Certificates | 32,469.26 | (10,468.62) | 22,000.64 |
| Sales Tax Payable | 403,080.19 | 39,776.71 | 442,856.90 |
| Accrued Expenses | 294,147.99 | (59,909.92) | 234,238.07 |
| Accrued Interest | 354,908.10 | (633.19) | 354,274.91 |
| Accrued Management Fees | 1,618,423.54 | 90,617.52 | 1,709,041.06 |
| Accrued Real Estate Taxes | 84,702.93 | 33,208.34 | 117,911.27 |
| Accrued Wages and Benefits | 313,777.50 | 60,893.62 | 374,671.12 |
| Due to Affiliate | 220,600.93 | 2,277.48 | 222,878.41 |
| Due to Parent | 2,218,524.68 | 328,918.44 | 2,547,443.12 |
| Note Payable | 9,966.44 | (452.22) | 9,514.22 |
| TOTAL CURRENT LIABILITIES | 8,301,116.31 | 126,853.68 | 8,427,969.99 |
| DEFERRED GAIN ON ASSET SALE | 1,498,738.88 | (13,033.15) | 1,485,705.73 |
| MORTGAGE PAYABLE | 71,346,879.98 | (135,991.14) | 71,210,888.84 |
| OWNERS' EQUITY | | | |
| Capital | 290,314.34 | (548,600.75) | (258,286.41) |
| Retained Earnings | (7,787,730.84) | 612,430.67 | (7,175,300.17) |
| TOTAL EQUITY | (7,497,416.50) | 63,829.92 | (7,433,586.58) |
| | $73,649,318.67 | $41,659.31 | $73,690,977.98 |

Milestone Hotel Partners,LLC
Consolidated Balance Sheet
August 31, 2007

| | PRIOR MONTH BALANCE | CHANGE | CURRENT MONTH BALANCE |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | 690,183.96 | (311,312.25) | 378,871.71 |
| Accounts receivable | 1,278,489.88 | (86,236.76) | 1,192,253.12 |
| Due From Affiliates | 495,829.66 | 407.11 | 496,236.77 |
| Due From Parent | 539,699.28 | 615,068.07 | 1,154,767.35 |
| Inventory | 147,001.83 | 33,415.73 | 180,417.56 |
| Prepaid Insurance | 274,044.97 | (59,127.93) | 214,917.04 |
| Prepaid Expenses | 218,854.83 | (19,863.49) | 198,991.34 |
| Prepaid Park Tickets | 66,217.80 | (25,624.15) | 40,593.65 |
| Prepaid Property Taxes | 67,714.34 | 209,851.07 | 277,565.41 |
| Escrow - Taxes & Insurance | 1,135,493.53 | (134,604.12) | 1,000,889.41 |
| TOTAL CURRENT ASSETS | 4,913,530.08 | 221,973.28 | 5,135,503.36 |
| PROPERTY AND EQUIPMENT | | | |
| Land | 4,950,332.67 | 0.00 | 4,950,332.67 |
| Building | 55,843,545.23 | 0.00 | 55,843,545.23 |
| Furniture Fixtures and Equipment | 17,171,588.95 | 8,338.10 | 17,179,927.05 |
| Construction in Progress | 119,760.24 | 45,363.65 | 165,123.89 |
| Accumulated Depreciation | (24,550,861.15) | (375,761.88) | (24,926,623.03) |
| NET PROPERTY AND EQUIPMENT | 53,534,365.94 | (322,060.13) | 53,212,305.81 |
| OTHER ASSETS | | | |
| Franchise License, Net | 85,040.11 | (3,133.44) | 81,906.67 |
| Loan Costs, Net | 986,552.22 | (40,819.87) | 945,732.35 |
| Escrow - Replacement Reserves | 1,473,532.19 | 185,699.47 | 1,659,231.66 |
| Goodwill, Net | 11,263,836.04 | 0.00 | 11,263,836.04 |
| Deposits | 53,206.09 | 0.00 | 53,206.09 |
| Note Receivable | 1,339,256.00 | 0.00 | 1,339,256.00 |
| TOTAL OTHER ASSETS | 15,201,422.65 | 141,746.16 | 15,343,168.81 |
| | $73,649,318.67 | $41,659.31 | $73,690,977.98 |

Milestone Portfolio
Consolidated Summary of Operations - All Hotels
For the Eight Months Ending August 31, 2007

| | CURRENT MONTH ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE | YEAR TO DATE ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | | | | | | |
| Rooms | 5,466,068 | 71.4% | 5,554,362 | 70.1% | (88,294) | (1.6%) | 32,738,044 | 63.4% | 33,758,259 | 63.3% | (1,020,215) | (3.0%) |
| Food & Beverage | 1,822,638 | 23.8% | 2,026,509 | 25.6% | (203,871) | (10.1%) | 17,032,692 | 33.0% | 17,738,578 | 33.3% | (705,886) | (4.0%) |
| Communications | 13,080 | 0.2% | 19,440 | 0.2% | (6,360) | (32.7%) | 127,427 | 0.2% | 144,565 | 0.3% | (17,138) | (11.9%) |
| Other | 348,425 | 4.6% | 327,507 | 4.1% | 20,918 | 6.4% | 1,755,184 | 3.4% | 1,686,268 | 3.2% | 68,916 | 4.1% |
| TOTAL REVENUE | $7,650,211 | 100.0% | $7,927,818 | 100.0% | ($277,607) | (3.5%) | $51,653,347 | 100.0% | $53,327,670 | 100.0% | ($1,674,323) | (3.1%) |
| DEPARTMENT PROFIT | | | | | | | | | | | | |
| Rooms | 4,362,365 | 79.8% | 4,502,807 | 81.1% | (140,442) | (3.1%) | 25,404,942 | 77.6% | 26,354,944 | 78.1% | (950,002) | (3.6%) |
| Food & Beverage | 339,414 | 18.6% | 489,931 | 24.2% | (150,517) | (30.7%) | 5,375,845 | 31.6% | 5,684,854 | 32.0% | (309,009) | (5.4%) |
| Communications | (16,088) | (123.0%) | (14,048) | (72.3%) | (2,040) | 14.5% | (110,270) | (86.5%) | (106,658) | (73.8%) | (3,612) | 3.4% |
| Other | 106,967 | 30.7% | 93,618 | 28.6% | 13,349 | 14.3% | 613,685 | 35.0% | 555,443 | 32.9% | 58,242 | 10.5% |
| TOTAL DEPT. INCOME (LOSS) | 4,792,658 | 62.6% | 5,072,308 | 64.0% | (279,650) | (5.5%) | 31,284,202 | 60.6% | 32,488,583 | 60.9% | (1,204,381) | (3.7%) |
| UNDISTRIBUTED EXPENSES | | | | | | | | | | | | |
| Admin & General | 505,454 | 6.6% | 478,192 | 6.0% | 27,262 | 5.7% | 3,640,558 | 7.0% | 3,711,705 | 7.0% | (71,147) | (1.9%) |
| Sales and Marketing | 386,599 | 5.1% | 397,927 | 5.0% | (11,328) | (2.8%) | 2,958,815 | 5.7% | 3,127,895 | 5.9% | (169,080) | (5.4%) |
| Repairs and Maintenance | 387,898 | 5.1% | 339,159 | 4.3% | 48,739 | 14.4% | 2,849,137 | 5.5% | 2,683,966 | 5.0% | 165,171 | 6.2% |
| Utilities | 444,192 | 5.8% | 456,931 | 5.8% | (12,739) | (2.8%) | 3,421,280 | 6.6% | 3,357,797 | 6.3% | 63,483 | 1.9% |
| TOTAL UNDISTRIBUTED EXPENSES | 1,724,143 | 22.5% | 1,672,209 | 21.1% | 51,934 | 3.1% | 12,869,790 | 24.9% | 12,881,363 | 24.2% | (11,573) | (0.1%) |
| GROSS OPERATING PROFIT (LOSS) | 3,068,515 | 40.1% | 3,400,099 | 42.9% | (331,584) | (9.8%) | 18,414,412 | 35.6% | 19,607,220 | 36.8% | (1,192,808) | (6.1%) |
| Management Fee | 269,486 | 3.5% | 278,374 | 3.5% | (8,888) | (3.2%) | 1,781,986 | 3.4% | 1,841,738 | 3.5% | (59,752) | (3.2%) |
| Trade Name / Franchise Fee | 187,691 | 2.5% | 192,883 | 2.4% | (5,192) | (2.7%) | 1,386,582 | 2.7% | 1,403,886 | 2.6% | (17,304) | (1.2%) |
| INCOME BEFORE FIXED EXPENSES | 2,611,338 | 34.1% | 2,928,842 | 36.9% | (317,504) | (10.8%) | 15,245,844 | 29.5% | 16,361,596 | 30.7% | (1,115,752) | (6.8%) |
| FIXED AND OTHER EXPENSES | | | | | | | | | | | | |
| Rent | 93,925 | 1.2% | 96,288 | 1.2% | (2,363) | (2.5%) | 751,944 | 1.5% | 770,310 | 1.4% | (18,366) | (2.4%) |
| Property Taxes | 144,720 | 1.9% | 147,457 | 1.9% | (2,737) | (1.9%) | 1,098,728 | 2.1% | 1,179,656 | 2.2% | (80,928) | (6.9%) |
| Equipment lease | 27,303 | 0.4% | 23,875 | 0.3% | 3,428 | 14.4% | 173,556 | 0.3% | 152,200 | 0.3% | 21,356 | 14.0% |
| Insurance | 69,304 | 0.9% | 68,217 | 0.9% | 1,087 | 1.6% | 509,029 | 1.0% | 545,736 | 1.0% | (36,707) | (6.7%) |
| Owners expense | 27,733 | 0.4% | 9,450 | 0.1% | 18,283 | 193.5% | 256,945 | 0.5% | 82,250 | 0.2% | 174,695 | 212.4% |
| Other | 6,332 | 0.1% | 0 | 0.0% | 6,332 | 0.0% | 64,506 | 0.1% | 0 | 0.0% | 64,506 | 0.0% |
| Interest Income - Note | (5,905) | (0.1%) | (5,905) | (0.1%) | 0 | 0.0% | (46,475) | (0.1%) | (47,240) | (0.1%) | 765 | (1.6%) |
| TOTAL FIXED EXPENSES | 363,412 | 4.8% | 339,382 | 4.3% | 24,030 | 7.1% | 2,808,233 | 5.4% | 2,682,912 | 5.0% | 125,321 | 4.7% |
| INC. (LOSS) BEFORE INT. & DEPREC. | 2,247,926 | 29.4% | 2,589,460 | 32.7% | (341,534) | (13.2%) | 12,437,611 | 24.1% | 13,678,684 | 25.7% | (1,241,073) | (9.1%) |
| INTEREST AND DEPREC. | | | | | | | | | | | | |
| Interest - Mortgage | 880,766 | 11.5% | 870,721 | 11.0% | 10,045 | 1.2% | 6,996,167 | 13.5% | 6,905,768 | 12.9% | 90,399 | 1.3% |
| Loan Servicing Fees | 341 | 0.0% | 0 | 0.0% | 341 | 0.0% | 2,821 | 0.0% | 0 | 0.0% | 2,821 | 0.0% |
| Depreciation & Amortization | 737,129 | 9.6% | 714,416 | 9.0% | 22,713 | 3.2% | 5,701,917 | 11.0% | 5,715,328 | 10.7% | (13,411) | (0.2%) |
| TOTAL INT. & DEPREC. | 1,618,236 | 21.2% | 1,585,137 | 20.0% | 33,099 | 2.1% | 12,700,905 | 24.6% | 12,621,096 | 23.7% | 79,809 | 0.6% |
| NET INCOME (LOSS) | $629,690 | 8.2% | $1,004,323 | 12.7% | ($374,633) | (37.3%) | ($263,294) | (0.5%) | $1,057,588 | 2.0% | ($1,320,882) | (124.9%) |
| CASH FLOW ADJUSTMENTS | | | | | | | | | | | | |
| Mortgage Principal | (135,991) | (1.8%) | (139,103) | (1.8%) | 3,112 | (2.2%) | (1,102,171) | (2.1%) | (1,112,824) | (2.1%) | 10,653 | (1.0%) |
| FF&E Reserve funding | (276,372) | (3.6%) | (285,105) | (3.6%) | 8,733 | (3.1%) | (1,962,978) | (3.8%) | (2,092,447) | (3.9%) | 129,469 | (6.2%) |
| Depreciation & Amortization | 737,129 | 9.6% | 714,416 | 9.0% | 22,713 | 3.2% | 5,701,917 | 11.0% | 5,715,328 | 10.7% | (13,411) | (0.2%) |
| NET CASH AVAILABLE | $954,456 | 12.5% | $1,294,531 | 16.3% | ($340,075) | (26.3%) | $2,373,474 | 4.6% | $3,567,645 | 6.7% | ($1,194,171) | (33.5%) |
| STATISTICAL SUMMARY | | | | | | | | | | | | |
| Available Rooms | 72,913 | 0.0% | 73,067 | 0.0% | (154) | (0.2%) | 564,459 | 0.0% | 570,458 | 0.0% | (5,999) | (1.1%) |
| Occupied Rooms | 49,660 | 0.0% | 51,413 | 0.0% | (1,753) | (3.4%) | 338,509 | 0.0% | 348,523 | 0.0% | (10,014) | (2.9%) |
| Average Rate | 110.07 | 0.0% | 108.03 | 0.0% | 2.04 | 1.9% | 96.71 | 0.0% | 96.86 | 0.0% | -0.15 | (0.2%) |
| Occupancy % | 68.11 | 0.0% | 70.36 | 0.0% | -2.26 | (3.2%) | 59.97 | 0.0% | 61.10 | 0.0% | -1.12 | (1.8%) |
| REVPAR | 74.97 | 0.0% | 76.02 | 0.0% | -1.05 | (1.4%) | 58.00 | 0.0% | 59.18 | 0.0% | -1.18 | (2.0%) |

FOIA CONFIDENTIAL TREATMENT REQUESTED

LIABILITIES AND OWNERS' EQUITY

| | | | |
|---|---|---|---|
| CURRENT LIABILITIES | | | |
| Accounts Payable - Trade | $1,931,438.89 | $464,506.01 | $2,395,944.90 |
| Gratuities & Tips | (808.84) | 8,305.29 | 7,496.45 |
| Advanced Deposits Guests | 324,429.81 | (17,529.15) | 306,900.66 |
| Refunds Payable and Gift Certificates | 5,717.39 | 21,188.90 | 26,906.29 |
| Sales Tax Payable | 288,841.59 | (4,235.30) | 284,606.29 |
| Accrued Expenses | 178,362.45 | (5,404.32) | 172,958.13 |
| Accrued Insurance | 0.00 | 32,258.99 | 32,258.99 |
| Accrued Interest | 348,191.07 | 11,033.79 | 359,224.86 |
| Accrued Management Fees | 1,581,938.71 | 43,183.01 | 1,625,121.72 |
| Accrued Real Estate Taxes | 60,110.73 | (57,404.31) | 2,706.42 |
| Accrued Wages and Benefits | 303,733.54 | (29,755.65) | 273,977.89 |
| Due to Affiliate | 202,782.93 | 784.88 | 203,567.81 |
| Due to Parent | 3,768,853.06 | (3,661,919.62) | 106,933.44 |
| Note Payable | 13,500.13 | (432.61) | 13,067.52 |
| TOTAL CURRENT LIABILITIES | 9,007,091.46 | (3,195,420.09) | 5,811,671.37 |
| DEFERRED GAIN ON ASSET SALE | 1,603,004.08 | (13,033.15) | 1,589,970.93 |
| MORTGAGE PAYABLE | 72,166,356.69 | 146,703.48 | 72,313,060.17 |
| OWNERS' EQUITY | | | |
| Capital | 167,754.07 | 1,840,310.51 | 2,008,064.58 |
| Retained Earnings | (7,643,589.63) | (532,995.84) | (8,176,585.47) |
| TOTAL EQUITY | (7,475,835.56) | 1,307,314.67 | (6,168,520.89) |
| | $75,300,616.67 | ($1,754,435.09) | $73,546,181.58 |

Milestone Hotel Partners,LLC
Consolidated Balance Sheet
December 31, 2006

| | PRIOR MONTH BALANCE | CHANGE | CURRENT MONTH BALANCE |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | 318,991.05 | 23,341.26 | 342,332.31 |
| Accounts receivable | 1,461,030.76 | (301,462.33) | 1,159,568.43 |
| Due From Affiliates | 494,916.16 | 334.85 | 495,251.01 |
| Due From Parent | 1,424,943.63 | (1,424,943.63) | 0.00 |
| Inventory | 159,992.19 | (15,251.37) | 144,740.82 |
| Prepaid Insurance | 53,090.92 | 78,160.64 | 131,251.56 |
| Prepaid Expenses | 143,947.00 | 4,454.15 | 148,401.15 |
| Prepaid Park Tickets | 596.70 | 3,555.30 | 4,152.00 |
| Prepaid Property Taxes | 384,117.63 | (75,265.48) | 308,852.15 |
| Escrow - Taxes & Insurance | 845,051.52 | (47,664.78) | 797,386.74 |
| TOTAL CURRENT ASSETS | 5,286,677.56 | (1,754,741.39) | 3,531,936.17 |
| PROPERTY AND EQUIPMENT | | | |
| Land | 4,950,332.67 | 0.00 | 4,950,332.67 |
| Building | 52,257,200.80 | 2,058,895.51 | 54,316,096.31 |
| Furniture Fixtures and Equipment | 16,067,737.58 | 496,743.51 | 16,564,481.09 |
| Construction in Progress | 3,101,007.22 | (2,037,515.42) | 1,063,491.80 |
| Accumulated Depreciation | (21,688,174.22) | (350,352.09) | (22,038,526.31) |
| NET PROPERTY AND EQUIPMENT | 54,688,104.05 | 167,771.51 | 54,855,875.56 |
| OTHER ASSETS | | | |
| Liquor License, Net | 1,666.72 | (208.33) | 1,458.39 |
| Franchise License, Net | 108,375.82 | (2,966.77) | 105,409.05 |
| Loan Costs, Net | 1,307,637.09 | (40,408.29) | 1,267,228.80 |
| Escrow - Replacement Reserves | 1,241,268.30 | (111,336.82) | 1,129,931.48 |
| Goodwill, Net | 11,263,836.04 | 0.00 | 11,263,836.04 |
| Deposits | 63,795.09 | (12,545.00) | 51,250.09 |
| Note Receivable | 1,339,256.00 | 0.00 | 1,339,256.00 |
| TOTAL OTHER ASSETS | 15,325,835.06 | (167,465.21) | 15,158,369.85 |
| | $75,300,616.67 | ($1,754,435.09) | $73,546,181.58 |

Milestone Portfolio
Consolidated Summary of Operations - All Hotels
For the Twelve Months Ending December 31, 2006

| | CURRENT MONTH ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE | YEAR TO DATE ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | | | | | | |
| Rooms | 2,263,685 | 52.3% | 2,367,648 | 55.8% | (103,963) | (4.4%) | 44,332,729 | 62.4% | 48,091,084 | 63.2% | (3,758,355) | (7.8%) |
| Food & Beverage | 1,921,429 | 44.4% | 1,773,799 | 41.8% | 147,630 | 8.3% | 24,216,262 | 34.1% | 25,414,815 | 33.4% | (1,198,553) | (4.7%) |
| Communications | 12,733 | 0.3% | 14,961 | 0.4% | (2,228) | (14.9%) | 194,529 | 0.3% | 272,099 | 0.4% | (77,570) | (28.5%) |
| Other | 130,318 | 3.0% | 86,538 | 2.0% | 43,780 | 50.6% | 2,252,522 | 3.2% | 2,299,293 | 3.0% | (46,771) | (2.0%) |
| TOTAL REVENUE | $4,328,165 | 100.0% | $4,242,946 | 100.0% | $85,219 | 2.0% | $70,996,042 | 100.0% | $76,077,291 | 100.0% | ($5,081,249) | (6.7%) |
| DEPARTMENT PROFIT | | | | | | | | | | | | |
| Rooms | 1,559,819 | 68.9% | 1,636,273 | 69.1% | (76,454) | (4.7%) | 33,883,163 | 76.4% | 37,091,455 | 77.1% | (3,208,292) | (8.6%) |
| Food & Beverage | 629,884 | 32.8% | 431,347 | 24.3% | 198,537 | 46.0% | 7,544,206 | 31.2% | 7,759,765 | 30.5% | (215,559) | (2.8%) |
| Communications | (16,709) | (131.2%) | (10,582) | (70.7%) | (6,127) | 57.9% | (196,776) | (101.2%) | (121,098) | (44.5%) | (75,678) | 62.5% |
| Other | 65,315 | 50.1% | 21,539 | 24.9% | 43,776 | 203.2% | 861,885 | 38.3% | 782,240 | 34.0% | 79,645 | 10.2% |
| TOTAL DEPT. INCOME (LOSS) | 2,238,309 | 51.7% | 2,078,577 | 49.0% | 159,732 | 7.7% | 42,092,478 | 59.3% | 45,512,362 | 59.8% | (3,419,884) | (7.5%) |
| UNDISTRIBUTED EXPENSES | | | | | | | | | | | | |
| Admin & General | 441,393 | 10.2% | 450,852 | 10.6% | (9,459) | (2.1%) | 5,491,281 | 7.7% | 5,499,028 | 7.2% | (7,747) | (0.1%) |
| Sales and Marketing | 409,796 | 9.5% | 371,427 | 8.8% | 38,369 | 10.3% | 4,247,661 | 6.0% | 4,439,223 | 5.8% | (191,562) | (4.3%) |
| Repairs and Maintenance | 307,225 | 7.1% | 324,160 | 7.6% | (16,935) | (5.2%) | 4,032,214 | 5.7% | 4,014,297 | 5.3% | 17,917 | 0.4% |
| Utilities | 434,670 | 10.0% | 427,915 | 10.1% | 6,755 | 1.6% | 5,144,820 | 7.2% | 5,140,137 | 6.8% | 4,683 | 0.1% |
| TOTAL UNDISTRIBUTED EXPENSES | 1,593,084 | 36.8% | 1,574,354 | 37.1% | 18,730 | 1.2% | 18,915,976 | 26.6% | 19,092,685 | 25.1% | (176,709) | (0.9%) |
| GROSS OPERATING PROFIT (LOSS) | 645,225 | 14.9% | 504,223 | 11.9% | 141,002 | 28.0% | 23,176,502 | 32.6% | 26,419,677 | 34.7% | (3,243,175) | (12.3%) |
| Management Fee | 149,638 | 3.5% | 146,558 | 3.5% | 3,080 | 2.1% | 2,472,552 | 3.5% | 2,625,064 | 3.5% | (152,412) | (5.8%) |
| Trade Name / Franchise Fee | 110,646 | 2.6% | 110,889 | 2.6% | (243) | (0.2%) | 1,935,126 | 2.7% | 2,018,280 | 2.7% | (83,154) | (4.1%) |
| INCOME BEFORE FIXED EXPENSES | 384,941 | 8.9% | 246,776 | 5.8% | 138,165 | 56.0% | 18,768,724 | 26.4% | 21,776,333 | 28.6% | (3,007,609) | (13.8%) |
| FIXED AND OTHER EXPENSES | | | | | | | | | | | | |
| Rent | 91,915 | 2.1% | 80,757 | 1.9% | 11,158 | 13.8% | 1,131,887 | 1.6% | 1,140,335 | 1.5% | (8,448) | (0.7%) |
| Property Taxes | 132,410 | 3.1% | 145,720 | 3.4% | (13,310) | (9.1%) | 1,590,327 | 2.2% | 1,748,638 | 2.3% | (158,311) | (9.1%) |
| Equipment lease | 17,469 | 0.4% | 15,704 | 0.4% | 1,765 | 11.2% | 286,687 | 0.4% | 286,990 | 0.4% | (303) | (0.1%) |
| Insurance | 70,867 | 1.6% | 74,442 | 1.8% | (3,575) | (4.8%) | 837,163 | 1.2% | 893,298 | 1.2% | (56,135) | (6.3%) |
| Owners expense | 81,247 | 1.9% | 64,100 | 1.5% | 17,147 | 26.8% | 292,937 | 0.4% | 150,500 | 0.2% | 142,437 | 94.6% |
| Other | 5,051 | 0.1% | 0 | 0.0% | 5,051 | 0.0% | 140,149 | 0.2% | 0 | 0.0% | 140,149 | 0.0% |
| Interest Income - Note | (5,905) | (0.1%) | 0 | 0.0% | (5,905) | 0.0% | (69,522) | (0.1%) | 0 | 0.0% | (69,522) | 0.0% |
| TOTAL FIXED EXPENSES | 393,054 | 9.1% | 380,723 | 9.0% | 12,331 | 3.2% | 4,209,628 | 5.9% | 4,219,761 | 5.5% | (10,133) | (0.2%) |
| INC. (LOSS) BEFORE INT. & DEPREC. | (8,113) | (0.2%) | (133,947) | (3.2%) | 125,834 | (93.9%) | 14,559,096 | 20.5% | 17,556,572 | 23.1% | (2,997,476) | (17.1%) |
| INTEREST AND DEPREC. | | | | | | | | | | | | |
| Interest - Mortgage | 850,132 | 19.6% | 842,108 | 19.8% | 8,024 | 1.0% | 9,570,218 | 13.5% | 9,542,547 | 12.5% | 27,671 | 0.3% |
| Loan Servicing Fees | 649 | 0.0% | 0 | 0.0% | 649 | 0.0% | 10,852 | 0.0% | 0 | 0.0% | 10,852 | 0.0% |
| Depreciation & Amortization | 653,284 | 15.1% | 617,625 | 14.6% | 35,659 | 5.8% | 7,574,911 | 10.7% | 7,419,398 | 9.8% | 155,513 | 2.1% |
| TOTAL INT. & DEPREC. | 1,504,065 | 34.8% | 1,459,733 | 34.4% | 44,332 | 3.0% | 17,155,981 | 24.2% | 16,961,945 | 22.3% | 194,036 | 1.1% |
| Gain (Loss) on Asset Sale | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | (202,544) | (0.3%) | 0 | 0.0% | (202,544) | 0.0% |
| Other Income (Expense) | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | (8,473) | (0.0%) | 0 | 0.0% | (8,473) | 0.0% |
| NET INCOME (LOSS) | ($1,512,178) | (34.9%) | ($1,593,680) | (37.6%) | $81,502 | (5.1%) | ($2,807,902) | (4.0%) | $594,627 | 0.8% | ($3,402,529) | (572.2%) |
| CASH FLOW ADJUSTMENTS | | | | | | | | | | | | |
| Mortgage Principal | (136,984) | (3.2%) | (134,455) | (3.2%) | (2,529) | 1.9% | (1,497,441) | (2.1%) | (1,516,787) | (2.0%) | 19,346 | (1.3%) |
| Gain (Loss) on Asset Sale | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 202,544 | 0.3% | 0 | 0.0% | 202,544 | 0.0% |
| FF&E Reserve funding | (221,699) | (5.1%) | (183,098) | (4.3%) | (38,601) | 21.1% | (2,300,201) | (3.2%) | (2,421,158) | (3.2%) | 120,957 | (5.0%) |
| Depreciation & Amortization | 653,284 | 15.1% | 617,625 | 14.6% | 35,659 | 5.8% | 7,574,911 | 10.7% | 7,419,398 | 9.8% | 155,513 | 2.1% |
| NET CASH AVAILABLE | ($1,217,577) | (28.1%) | ($1,293,608) | (30.5%) | $76,031 | (5.9%) | $1,171,911 | 1.7% | $4,076,080 | 5.4% | ($2,904,169) | (71.2%) |
| STATISTICAL SUMMARY | | | | | | | | | | | | |
| Available Rooms | 68,851 | 0.0% | 73,408 | 0.0% | (4,457) | (6.1%) | 840,118 | 0.0% | 882,552 | 0.0% | (42,434) | (4.8%) |
| Occupied Rooms | 27,268 | 0.0% | 29,153 | 0.0% | (1,885) | (6.5%) | 486,159 | 0.0% | 529,607 | 0.0% | (43,448) | (8.2%) |
| Average Rate | 83.02 | 0.0% | 81.21 | 0.0% | 1.80 | 2.2% | 91.19 | 0.0% | 90.81 | 0.0% | 0.38 | 0.4% |
| Occupancy % | 39.55 | 0.0% | 39.71 | 0.0% | -0.17 | (0.4%) | 57.87 | 0.0% | 60.01 | 0.0% | -2.14 | (3.6%) |
| REVPAR | 32.83 | 0.0% | 32.25 | 0.0% | 0.58 | 1.8% | 52.77 | 0.0% | 54.49 | 0.0% | -1.72 | (3.2%) |

FOIA CONFIDENTIAL TREATMENT REQUESTED

| | | | |
|---|---|---|---|
| LIABILITIES AND OWNERS' EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable - Trade | $2,271,177.73 | ($181,932.63) | $2,089,245.10 |
| Gratuities & Tips | 7,401.39 | 873.02 | 8,274.41 |
| Advanced Deposits Guests | 311,110.78 | (37,622.46) | 273,488.32 |
| Refunds Payable and Gift Certificates | 13,451.04 | 7,126.66 | 20,577.70 |
| Sales Tax Payable | 345,587.91 | (36,050.45) | 309,537.46 |
| Payroll Deductions | (149.97) | 149.97 | 0.00 |
| Accrued Expenses | 442,377.55 | (151,952.86) | 290,424.69 |
| Accrued Insurance | 34,505.81 | (9,700.63) | 24,805.18 |
| Accrued Interest | 335,536.83 | 11,435.60 | 346,972.43 |
| Accrued Management Fees | 1,355,277.52 | 108,111.11 | 1,463,388.63 |
| Accrued Real Estate Taxes | 72,336.12 | (32,255.01) | 40,081.11 |
| Accrued Wages and Benefits | 534,976.14 | (271,970.41) | 263,005.73 |
| Due to Affiliate | 231,376.97 | (42,393.17) | 188,983.80 |
| Due to Parent | 4,016,885.36 | (3,992,853.44) | 24,031.92 |
| Note Payable | 176,058.77 | (1,061.76) | 174,997.01 |
| TOTAL CURRENT LIABILITIES | 10,147,909.95 | (4,630,096.46) | 5,517,813.49 |
| DEFERRED GAIN ON ASSET SALE | 2,090,361.60 | (15,702.18) | 2,074,659.42 |
| MORTGAGE PAYABLE | 73,938,758.70 | (108,942.38) | 73,829,816.32 |
| OWNERS' EQUITY | | | |
| Capital | 5,704,480.18 | 2,736,790.36 | 8,441,270.54 |
| Retained Earnings | (11,697,769.35) | (606,503.64) | (12,304,272.99) |
| TOTAL EQUITY | (5,993,289.17) | 2,130,286.72 | (3,863,002.45) |
| | $80,183,741.08 | ($2,624,454.30) | $77,559,286.78 |

Milestone Hotel Partners,LLC
Consolidated Balance Sheet
December 31, 2005

| | PRIOR MONTH BALANCE | CHANGE | CURRENT MONTH BALANCE |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | 1,279,246.24 | (370,463.76) | 908,782.48 |
| Accounts receivable | 1,890,382.96 | (379,014.88) | 1,511,368.08 |
| Due From Affiliates | 423,929.60 | (16,628.36) | 407,301.24 |
| Due From Parent | 1,634,299.88 | (1,634,299.88) | 0.00 |
| Inventory | 166,616.44 | (9,754.78) | 156,861.66 |
| Prepaid Insurance | 47,552.42 | 140,259.51 | 187,811.93 |
| Prepaid Expenses | 175,710.72 | (10,122.95) | 165,587.77 |
| Prepaid Park Tickets | 0.00 | 4,340.00 | 4,340.00 |
| Prepaid Property Taxes | 225,964.51 | 5,124.93 | 231,089.44 |
| Escrow - Taxes & Insurance | 1,064,732.91 | (170,515.04) | 894,217.87 |
| TOTAL CURRENT ASSETS | 6,908,435.68 | (2,441,075.21) | 4,467,360.47 |
| PROPERTY AND EQUIPMENT | | | |
| Land | 4,950,332.67 | 0.00 | 4,950,332.67 |
| Building | 51,233,754.52 | 561,352.27 | 51,795,106.79 |
| Furniture Fixtures and Equipment | 14,898,646.53 | 219,534.53 | 15,118,181.06 |
| Construction in Progress | 743,711.08 | (306,976.64) | 436,734.44 |
| Accumulated Depreciation | (17,711,062.55) | (329,695.83) | (18,040,758.38) |
| NET PROPERTY AND EQUIPMENT | 54,115,382.25 | 144,214.33 | 54,259,596.58 |
| OTHER ASSETS | | | |
| Liquor License, Net | 4,166.68 | (208.33) | 3,958.35 |
| Franchise License, Net | 145,713.53 | (3,118.05) | 142,595.48 |
| Loan Costs, Net | 1,790,058.74 | (40,408.28) | 1,749,650.46 |
| Escrow - Replacement Reserves | 4,132,729.71 | (283,604.57) | 3,849,125.14 |
| Goodwill, Net | 11,690,728.67 | 0.00 | 11,690,728.67 |
| Deposits | 57,269.82 | (254.19) | 57,015.63 |
| Note Receivable | 1,339,256.00 | 0.00 | 1,339,256.00 |
| TOTAL OTHER ASSETS | 19,159,923.15 | (327,593.42) | 18,832,329.73 |
| | $80,183,741.08 | ($2,624,454.30) | $77,559,286.78 |

Milestone Portfolio
Consolidated Summary of Operations - All Hotels
For the Twelve Months Ending December 31, 2005

| | CURRENT MONTH ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE | YEAR TO DATE ACTUAL | % | BUDGET | % | VARIANCE | % CHANGE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | | | | | | |
| Rooms | 2,272,173 | 53.2% | 2,069,036 | 54.6% | 203,137 | 9.8% | 37,799,755 | 67.0% | 36,710,917 | 66.4% | 1,088,838 | 3.0% |
| Food & Beverage | 1,882,565 | 44.1% | 1,609,980 | 42.5% | 272,585 | 16.9% | 16,866,048 | 29.9% | 16,797,818 | 30.4% | 68,230 | 0.4% |
| Communications | 12,532 | 0.3% | 17,991 | 0.5% | (5,459) | (30.3%) | 198,219 | 0.4% | 272,454 | 0.5% | (74,235) | (27.2%) |
| Other | 104,099 | 2.4% | 91,740 | 2.4% | 12,359 | 13.5% | 1,552,001 | 2.8% | 1,543,191 | 2.8% | 8,810 | 0.6% |
| TOTAL REVENUE | $4,271,369 | 100.0% | $3,788,747 | 100.0% | $482,622 | 12.7% | $56,416,023 | 100.0% | $55,324,380 | 100.0% | $1,091,643 | 2.0% |
| DEPARTMENT PROFIT | | | | | | | | | | | | |
| Rooms | 1,585,919 | 69.8% | 1,401,162 | 67.7% | 184,757 | 13.2% | 29,078,230 | 76.9% | 28,259,830 | 77.0% | 818,400 | 2.9% |
| Food & Beverage | 562,192 | 29.9% | 351,535 | 21.8% | 210,657 | 59.9% | 5,236,012 | 31.0% | 4,938,228 | 29.4% | 297,784 | 6.0% |
| Communications | (20,399) | (162.8%) | (6,085) | (33.8%) | (14,314) | 235.2% | (167,037) | (84.3%) | (40,570) | (14.9%) | (126,467) | 311.7% |
| Other | 37,740 | 36.3% | 30,314 | 33.0% | 7,426 | 24.5% | 693,894 | 44.7% | 682,821 | 44.2% | 11,073 | 1.6% |
| TOTAL DEPT. INCOME (LOSS) | 2,165,452 | 50.7% | 1,776,926 | 46.9% | 388,526 | 21.9% | 34,841,099 | 61.8% | 33,840,309 | 61.2% | 1,000,790 | 3.0% |
| UNDISTRIBUTED EXPENSES | | | | | | | | | | | | |
| Admin & General | 505,750 | 11.8% | 415,163 | 11.0% | 90,587 | 21.8% | 4,276,702 | 7.6% | 4,081,795 | 7.4% | 194,907 | 4.8% |
| Sales and Marketing | 360,005 | 8.4% | 356,082 | 9.4% | 3,923 | 1.1% | 2,965,118 | 5.3% | 3,111,200 | 5.6% | (146,082) | (4.7%) |
| Repairs and Maintenance | 338,531 | 7.9% | 294,395 | 7.8% | 44,136 | 15.0% | 3,209,784 | 5.7% | 2,823,033 | 5.1% | 386,751 | 13.7% |
| Utilities | 543,091 | 12.7% | 418,715 | 11.1% | 124,376 | 29.7% | 4,022,482 | 7.1% | 3,574,976 | 6.5% | 447,506 | 12.5% |
| TOTAL UNDISTRIBUTED EXPENSES | 1,747,377 | 40.9% | 1,484,355 | 39.2% | 263,022 | 17.7% | 14,474,086 | 25.7% | 13,591,004 | 24.6% | 883,082 | 6.5% |
| GROSS OPERATING PROFIT (LOSS) | 418,075 | 9.8% | 292,571 | 7.7% | 125,504 | 42.9% | 20,367,013 | 36.1% | 20,249,305 | 36.6% | 117,708 | 0.6% |
| Management Fee | 151,521 | 3.5% | 135,400 | 3.6% | 16,121 | 11.9% | 2,109,511 | 3.7% | 2,071,537 | 3.7% | 37,974 | 1.8% |
| Trade Name / Franchise Fee | 107,077 | 2.5% | 94,695 | 2.5% | 12,382 | 13.1% | 2,050,416 | 3.6% | 1,908,427 | 3.4% | 141,989 | 7.4% |
| INCOME BEFORE FIXED EXPENSES | 159,477 | 3.7% | 62,476 | 1.6% | 97,001 | 155.3% | 16,207,086 | 28.7% | 16,269,341 | 29.4% | (62,255) | (0.4%) |
| FIXED AND OTHER EXPENSES | | | | | | | | | | | | |
| Rent | 103,021 | 2.4% | 102,576 | 2.7% | 445 | 0.4% | 1,248,243 | 2.2% | 1,217,512 | 2.2% | 28,731 | 2.4% |
| Property Taxes | 130,595 | 3.1% | 143,818 | 3.8% | (13,223) | (9.2%) | 1,315,726 | 2.3% | 1,385,166 | 2.5% | (69,440) | (5.0%) |
| Equipment lease | 18,935 | 0.4% | 19,543 | 0.5% | (608) | (3.1%) | 174,793 | 0.3% | 178,893 | 0.3% | (4,100) | (2.3%) |
| Insurance | 66,651 | 1.6% | 68,706 | 1.8% | (2,055) | (3.0%) | 659,207 | 1.2% | 676,467 | 1.2% | (17,260) | (2.6%) |
| Owners expense | 56,069 | 1.3% | 66,358 | 1.8% | (10,289) | (15.5%) | 220,104 | 0.4% | 138,246 | 0.2% | 81,858 | 59.2% |
| Other | 11,965 | 0.3% | 0 | 0.0% | 11,965 | 0.0% | 35,852 | 0.1% | 0 | 0.0% | 35,852 | 0.0% |
| Interest Income - Note | (5,905) | (0.1%) | (5,809) | (0.2%) | (96) | 1.7% | (69,713) | (0.1%) | (69,708) | (0.1%) | (5) | 0.0% |
| TOTAL FIXED EXPENSES | 381,331 | 8.9% | 395,192 | 10.4% | (13,861) | (3.5%) | 3,582,212 | 6.3% | 3,526,576 | 6.4% | 55,636 | 1.6% |
| INC. (LOSS) BEFORE INT. & DEPREC. | (221,854) | (5.2%) | (332,716) | (8.8%) | 110,862 | (33.3%) | 12,624,874 | 22.4% | 12,742,765 | 23.0% | (117,891) | (0.9%) |
| INTEREST AND DEPREC. | | | | | | | | | | | | |
| Interest - Mortgage | 749,757 | 17.6% | 735,170 | 19.4% | 14,587 | 2.0% | 6,728,387 | 11.9% | 6,839,638 | 12.4% | (111,251) | (1.6%) |
| Mortgage Loan Costs | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 162,894 | 0.3% | 0 | 0.0% | 162,894 | 0.0% |
| Mortgage Exit Fees | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 3,478,950 | 6.2% | 0 | 0.0% | 3,478,950 | 0.0% |
| Depreciation & Amortization | 716,554 | 16.8% | 561,231 | 14.8% | 155,323 | 27.7% | 5,787,202 | 10.3% | 5,275,287 | 9.5% | 511,915 | 9.7% |
| TOTAL INT. & DEPREC. | 1,466,311 | 34.3% | 1,296,401 | 34.2% | 169,910 | 13.1% | 16,157,433 | 28.6% | 12,114,925 | 21.9% | 4,042,508 | 33.4% |
| Gain (Loss) on Asset Sale | (10,923) | (0.3%) | 0 | 0.0% | (10,923) | 0.0% | 1,727,936 | 3.1% | 0 | 0.0% | 1,727,935 | 0.0% |
| Other Income (Expense) | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | (22,191) | (0.0%) | 0 | 0.0% | (22,191) | 0.0% |
| NET INCOME (LOSS) | ($1,699,088) | (39.8%) | ($1,629,117) | (43.0%) | ($69,971) | 4.3% | ($1,826,815) | (3.2%) | $627,840 | 1.1% | ($2,454,655) | (391.0%) |
| CASH FLOW ADJUSTMENTS | | | | | | | | | | | | |
| Mortgage Principal | (108,942) | (2.6%) | (117,622) | (3.1%) | 8,680 | (7.4%) | (1,389,468) | (2.5%) | (1,546,248) | (2.8%) | 156,780 | (10.1%) |
| Mortgage Loan Costs/Exit Fees | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 3,641,844 | 6.5% | 0 | 0.0% | 3,641,844 | 0.0% |
| Gain (Loss) on Asset Sale | 10,923 | 0.3% | 0 | 0.0% | 10,923 | 0.0% | (1,727,935) | (3.1%) | 0 | 0.0% | (1,727,935) | 0.0% |
| FF&E Reserve funding | (125,322) | (2.9%) | (117,031) | (3.1%) | (8,291) | 7.1% | (1,894,208) | (3.4%) | (1,793,836) | (3.2%) | (100,372) | 5.6% |
| Depreciation & Amortization | 716,554 | 16.8% | 561,231 | 14.8% | 155,323 | 27.7% | 5,787,202 | 10.3% | 5,275,287 | 9.5% | 511,915 | 9.7% |
| NET CASH AVAILABLE | ($1,205,875) | (28.2%) | ($1,302,539) | (34.4%) | $96,664 | (7.4%) | $2,590,620 | 4.6% | $2,563,043 | 4.6% | $27,577 | 1.1% |
| STATISTICAL SUMMARY | | | | | | | | | | | | |
| Available Rooms | 76,074 | 0.0% | 76,167 | 0.0% | (93) | (0.1%) | 764,698 | 0.0% | 776,081 | 0.0% | (13,383) | (1.7%) |
| Occupied Rooms | 27,973 | 0.0% | 28,748 | 0.0% | (775) | (2.7%) | 460,173 | 0.0% | 465,439 | 0.0% | (5,266) | (1.1%) |
| Average Rate | 81.23 | 0.0% | 71.97 | 0.0% | 9.26 | 12.9% | 82.14 | 0.0% | 78.87 | 0.0% | 3.27 | 4.1% |
| Occupancy % | 36.77 | 0.0% | 37.74 | 0.0% | -0.97 | (2.6%) | 60.18 | 0.0% | 59.82 | 0.0% | 0.36 | 0.6% |
| REVPAR | 29.87 | 0.0% | 27.16 | 0.0% | 2.70 | 10.0% | 49.43 | 0.0% | 47.18 | 0.0% | 2.25 | 4.8% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Statement of Income**
**Six Months Ended July 31, 2007**

| | | | | |
|---|---|---|---|---|
| ***Revenues:*** | | | | |
| Gross Rents | | $516,498.95 | | 16.2% |
| Property Sales | | $2,630,000.00 | | 82.3% |
| Interest Income | | $45,897.99 | | 1.4% |
| Other Income | | $2,705.77 | | 0.1% |
| Total Revenues | | | $ 3,195,102.71 | 100.0% |
| ***Direct Expenses*** | | | | |
| Rental Properties | | | | |
| Operating Expenses | $163,091.45 | | | |
| Depreciation / Amortization | $120,021.67 | | | |
| Total Rental Property Operating Expenses | | $283,113.12 | | 8.9% |
| Property Sales | | | | |
| Cost of Sales | $1,899,840.50 | | | |
| Other Direct Expenses | $6,227.70 | | | |
| Total Direct Expenses of Property Sales | | $1,906,068.20 | | 59.7% |
| Interest Expense | | | | |
| Rental Properties | $388,714.81 | | | |
| Properties Pending Sale | $0.00 | | | |
| General Financing | $4,027.53 | | | |
| Guaranteed Payments to Investors | $78,455.74 | | | |
| Total Interest Expense | | $471,198.08 | | 14.7% |
| Prospective Development | | | | |
| Current Expenses | | $1,291.50 | | 0.0% |
| Total Direct Expenses | | | $2,661,670.90 | 83.3% |
| ***Gross Profit before G&A*** | | | $533,431.81 | 16.7% |
| ***General and administrative expenses:*** | | | | |
| Employee Expenses | | | $81,549.10 | 2.6% |
| Promotional | | | $27,825.91 | 0.9% |
| Office Expenses | | | $49,292.79 | 1.5% |
| Contributions | | | $2,250.00 | 0.1% |
| Legal fees | | | $16,395.01 | 0.5% |
| Other Gen & Admin Exps | | | $51,160.03 | 1.6% |
| Income Taxes | | | -$15,393.22 | -0.5% |
| | | | $213,079.62 | 6.7% |
| **Net income** | | | $320,352.19 | 10.0% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Balance Sheet**
**As of July 31, 2007**

## LIABILITIES & PARTNERS' EQUITY

| | | | |
|---|---|---|---|
| ***Current liabilities:*** | | | |
| Accounts Payable | $ | 328,694.52 | 1.5% |
| Accrued Interest Expense | $ | 145,092.47 | 0.7% |
| Accrued Expenses | $ | 2,752.32 | 0.0% |
| | $ | 476,539.31 | 2.1% |
| ***Long Term liabilities:*** | | | |
| First Mortgages & Long Term Construction Financing | $ | 16,209,509.70 | 73.0% |
| Second Mortgages | $ | 1,195,966.19 | 5.4% |
| Warranty Repair Liability | $ | 15,339.53 | 0.1% |
| | $ | 17,420,815.42 | 78.4% |
| ***Other liabilities:*** | | | |
| Tenant Security Deposits | $ | 93,321.75 | 0.4% |
| Customer Deposits | $ | 1,826.00 | 0.0% |
| | $ | 95,147.75 | 0.4% |
| **Total liabilities** | $ | 17,992,502.48 | 81.0% |
| ***Partners capital*** | | | |
| Contributed Capital, LaKritz & Adler | $ | 242,041.71 | 1.1% |
| Contributed Capital, Investors | $ | 1,555,999.21 | 7.0% |
| Retained Earnings | $ | 2,424,187.64 | 10.9% |
| | | 4,222,228.56 | 19.0% |
| **Total liabilities and partners capital** | $ | 22,214,731.04 | 100.0% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Balance Sheet**
**As of July 31, 2007**

## ASSETS

***Current assets:***

| | | | |
|---|---|---|---|
| Cash and Cash Equivalents | | $ 1,024,298.55 | 4.6% |
| Accounts Receivable | | $ 100,671.86 | 0.5% |
| Prepaid Expenses | | $ 19,927.67 | 0.1% |
| Mortgage Escrow Accts | | $ 122,922.54 | 0.6% |
| Investments in Pending Projects | | $ 292,265.91 | 1.3% |
| | | 1,560,086.53 | 7.0% |

***Fixed Assets***

| | | | |
|---|---|---|---|
| Land | | $ 4,794,585.61 | 21.6% |
| Buildings | | $ 7,969,982.56 | 35.9% |
| Improvements | | $ 1,300,573.27 | 5.9% |
| Capitalized Acquisition Settlement Costs | | $ 634,438.00 | 2.9% |
| Fixtures, Furnishings & Equipment | | $ 97,380.31 | 0.4% |
| Leasehold Improvements | | $ 33,835.85 | 0.2% |
| Less Accumulated Depreciation | | $ (276,008.14) | -1.2% |
| | | 14,554,787.46 | 65.5% |

***Other assets:***

| | | | |
|---|---|---|---|
| Inventory (Real Estate Held for Resale) | | $ 5,226,697.22 | 23.5% |
| Deposits w/Vendors | | $ 16,780.00 | 0.1% |
| Receivables Due from Members and Other Affiliates | | $ 66,825.54 | 0.3% |
| Notes Receivable from Investors | | $ 368,499.21 | 1.7% |
| Deferred Loan Costs | $ 533,544.99 | | 2.4% |
| Accumulated Amortization, Deferred Loan Costs | $ (113,145.58) | $ 420,399.41 | -0.5% |
| Capitalized Organizational Costs | $ 1,513.50 | | 0.0% |
| Accumulated Amortization, Capitalized Org Costs | $ (857.83) | $ 655.67 | 0.0% |
| | | $ 6,099,857.05 | 27.5% |

| | | | |
|---|---|---|---|
| **Total assets** | | $ 22,214,731.04 | 100.0% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Statement of Income**
**Year Ended December 31, 2006**

| | | | | |
|---|---|---|---|---|
| ***Revenues:*** | | | | |
| Gross Rents | | $412,394.54 | | 4.2% |
| Property Sales | | $9,449,900.00 | | 95.5% |
| Construction Billings | | -$54,011.67 | | -0.5% |
| Property Management Fees | | $2,188.81 | | 0.0% |
| Interest Income | | $80,257.56 | | 0.8% |
| Other Income | | $6,732.65 | | 0.1% |
| Total Revenues | | | $ 9,897,461.89 | 100.0% |
| ***Direct Expenses*** | | | | |
| Rental Properties | | | | |
| Operating Expenses | $174,811.75 | | | |
| Depreciation / Amortization | $146,041.35 | | | |
| Total Rental Property Operating Expenses | | $320,853.10 | | 3.2% |
| Property Sales | | | | |
| Cost of Sales | $6,310,823.69 | | | |
| Other Direct Expenses | $159,483.33 | | | |
| Total Direct Expenses of Property Sales | | $6,470,307.02 | | 65.4% |
| Construction Operations | | | | |
| Direct Costs | $301.82 | | | |
| Construction Management | $1,095.36 | | | |
| Total Construction Operating Expenses | | $1,397.18 | | 0.0% |
| Interest Expense | | | | |
| Rental Properties | $443,783.68 | | | |
| Properties Pending Sale | $0.00 | | | |
| General Financing | $14,946.81 | | | |
| Guaranteed Payments to Investors | $106,294.92 | | | |
| Total Interest Expense | | $565,025.41 | | 5.7% |
| Prospective Development | | | | |
| Current Expenses | | $211,850.37 | | 2.1% |
| Total Direct Expenses | | | $7,569,433.08 | 76.5% |
| ***Gross Profit before G&A*** | | | $2,328,028.81 | 23.5% |
| ***General and administrative expenses:*** | | | | |
| Employee Expenses | | | $199,007.38 | 2.0% |
| Promotional | | | $47,975.69 | 0.5% |
| Office Expenses | | | $104,293.64 | 1.1% |
| Contributions | | | $0.00 | 0.0% |
| Legal fees | | | $9,698.88 | 0.1% |
| Other Gen & Admin Exps | | | $29,418.05 | 0.3% |
| Income Taxes | | | $21,410.32 | 0.2% |
| | | | $411,803.96 | 4.2% |
| **Net income** | | | $1,916,224.85 | 19.4% |

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Balance Sheet**
**As of December 31, 2006**

## LIABILITIES & PARTNERS' EQUITY

***Current liabilities:***

| | | | |
|---|---|---|---|
| Accounts Payable | $ | 150,870.38 | 1.2% |
| Accrued Interest Expense | $ | 59,975.25 | 0.5% |
| Accrued Expenses | $ | 4,549.44 | 0.0% |
| Amounts Due to Affiliated Companies | $ | - | 0.0% |
| Lines of Credit | $ | 295,000.00 | 2.4% |
| Short-Term Real Estate Loans & Construction Financing | $ | - | 0.0% |
| | $ | 510,395.07 | 4.1% |

***Long Term liabilities:***

| | | | |
|---|---|---|---|
| First Mortgages & Long Term Construction Financing | $ | 7,585,256.01 | 60.5% |
| Second Mortgages | $ | 196,914.07 | 1.6% |
| Notes Payable | $ | - | 0.0% |
| Warranty Repair Liability | $ | 16,853.40 | 0.1% |
| | $ | 7,799,023.48 | 62.2% |

***Other liabilities:***

| | | | |
|---|---|---|---|
| Tenant Security Deposits | $ | 27,751.32 | 0.2% |
| Customer Deposits | $ | - | 0.0% |
| Amounts Due Members | $ | - | 0.0% |
| | $ | 27,751.32 | 0.2% |

| | | | |
|---|---|---|---|
| **Total liabilities** | $ | 8,337,169.87 | 66.5% |

***Partners capital***

| | | | |
|---|---|---|---|
| Contributed Capital, LaKritz & Adler | $ | (99,896.80) | -0.8% |
| Contributed Capital, Investors | $ | 1,555,999.21 | 12.4% |
| Retained Earnings | $ | 2,752,419.81 | 21.9% |
| | | 4,208,522.22 | 33.5% |

| | | | |
|---|---|---|---|
| **Total liabilities and partners capital** | $ | 12,545,692.09 | 100.0% |

FOIA CONFIDENTIAL TREATMENT REQUESTED

**LaKritz Adler Development**
**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

**Balance Sheet**
**As of December 31, 2006**

## ASSETS

***Current assets:***

| | | | |
|---|---|---|---|
| Cash and Cash Equivalents | | $ 2,996,595.70 | 23.9% |
| Accounts Receivable | | $ 39,763.54 | 0.3% |
| Amounts Due from Affiliated Companies | | $ (0.00) | 0.0% |
| Prepaid Expenses | | $ 3,859.48 | 0.0% |
| Mortgage Escrow Accts | | $ 2,095.57 | 0.0% |
| Settlement Funds Receivable | | $ - | 0.0% |
| Investments in Pending Projects | | $ 76,078.87 | 0.6% |
| | | 3,118,393.16 | 24.9% |

***Fixed Assets***

| | | | |
|---|---|---|---|
| Land | | $ 1,202,963.14 | 9.6% |
| Buildings | | $ 1,279,802.56 | 10.2% |
| Improvements | | $ 1,370,477.58 | 10.9% |
| Capitalized Acquisition Settlement Costs | | $ 106,760.72 | 0.9% |
| Capitalized Zoning Costs | | $ 1,268.43 | 0.0% |
| Capitalized Lease Buyout Costs | | $ 379,515.24 | 3.0% |
| Fixtures, Furnishings & Equipment | | $ 48,076.80 | 0.4% |
| Leasehold Improvements | | $ 33,835.85 | 0.3% |
| Less Accumulated Depreciation | | $ (202,016.14) | -1.6% |
| | | 4,220,684.18 | 33.6% |

***Other assets:***

| | | | |
|---|---|---|---|
| Inventory (Real Estate Held for Resale) | | $ 4,699,117.66 | 37.5% |
| Deposits w/Vendors | | $ 29,472.00 | 0.2% |
| Receivables Due from Members and Other Affiliates | | $ 41,241.32 | 0.3% |
| Notes Receivable from Investors | | $ 368,499.21 | 2.9% |
| Deferred Loan Costs | $ 95,321.40 | | 0.8% |
| Accumulated Amortization, Deferred Loan Coss | $ (28,490.87) | $ 66,830.53 | -0.2% |
| Capitalized Organizational Costs | $ 2,513.50 | | 0.0% |
| Accumulated Amortization, Capitalized Org Costs | $ (1,059.47) | $ 1,454.03 | 0.0% |
| | | $ 5,206,614.75 | 41.5% |

| | | |
|---|---|---|
| **Total assets** | $ 12,545,692.09 | 100.0% |

## LaKritz Adler Development

**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

## Income Statement

**Year Ended December 31, 2005**

| | | | | |
|---|---|---|---|---|
| ***Revenues:*** | | | | |
| Gross Rents | | $486,176.37 | | 5.1% |
| Property Sales | | $7,113,000.00 | | 74.1% |
| Construction Billings | | $1,822,789.61 | | 19.0% |
| Development Fees | | $145,000.00 | | 1.5% |
| Property Management Fees | | $4,895.85 | | 0.1% |
| Interest income | | $22,885.81 | | 0.2% |
| Total Revenues | | | $ 9,594,747.64 | 100.0% |
| ***Direct Expenses*** | | | | |
| Rental Properties | | | | |
| Operating Expenses | $91,330.48 | | | |
| Depreciation / Amortization | $141,152.07 | | | |
| Total Rental Property Operating Expenses | | $232,482.55 | | 2.4% |
| Property Sales | | | | |
| Cost of Sales | $5,511,890.28 | | | |
| Other Direct Expenses | $42,304.89 | | | |
| Total Direct Expenses of Property Sales | | $5,554,195.17 | | 57.9% |
| Construction Operations | | | | |
| Direct Costs | $1,534,514.75 | | | |
| Construction Management | $105,397.01 | | | |
| Total Construction Operating Expenses | | $1,639,911.76 | | 17.1% |
| Interest Expense | | | | |
| Rental Properties | $524,551.86 | | | |
| Properties Pending Sale | $27,026.22 | | | |
| General Financing | $28,988.45 | | | |
| Guaranteed Payments to Investors | $88,579.10 | | | |
| Total Interest Expense | | $669,145.63 | | 7.0% |
| Prospective Development | | | | |
| Current Expenses | | $12,611.85 | | 0.1% |
| Total Direct Expenses | | | $8,108,346.96 | 84.5% |
| ***Gross Profit before G&A*** | | | $1,486,400.68 | 15.5% |
| ***General and administrative expenses:*** | | | | |
| Employee Expenses | | | $208,979.97 | 2.2% |
| Promotional | | | $24,536.13 | 0.3% |
| Office Expenses | | | $102,425.22 | 1.1% |
| Contributions | | | $21,564.00 | 0.2% |
| Legal fees | | | $180,153.54 | 1.9% |
| Other Gen & Admin Exps | | | $81,870.35 | 0.9% |
| Income Taxes | | | $86,524.35 | 0.9% |
| | | | $706,053.56 | 7.4% |
| **Net income** | | | $780,347.12 | 8.1% |



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 007986

## LaKritz Adler Development

**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

## Balance Sheet

**As of December 31, 2005**

**LIABILITIES AND PARTNERS CAPITAL**

***Current liabilities:***

| | | | |
|---|---|---|---|
| Accounts Payable | $ | 117,919.26 | 0.8% |
| Accrued Interest Expense | $ | 43,416.21 | 0.3% |
| Accrued Expenses | $ | 50,588.14 | 0.3% |
| Lines of Credit | $ | 125,000.00 | 0.8% |
| Construction/Short-Term Real Estate Loans | $ | 7,742,735.84 | 51.1% |
| | $ | 8,079,659.45 | 53.3% |

***Long Term liabilities:***

| | | | |
|---|---|---|---|
| First Mortgages | $ | 2,504,006.92 | 16.5% |
| Second Mortgages | $ | 931,640.28 | 6.1% |
| Notes Payable | $ | 111,436.70 | 0.7% |
| Warranty Repair Liability | $ | - | 0.0% |
| | $ | 3,547,083.90 | 23.4% |

***Other liabilities:***

| | | | |
|---|---|---|---|
| Amounts Due to Affiliated Companies | $ | - | 0.0% |
| Tenant Security Deposits | $ | 41,453.45 | 0.3% |
| Customer Deposits | $ | 280,000.00 | 1.8% |
| Amounts Due Members | $ | 14,231.85 | 0.1% |
| | $ | 335,685.30 | 2.2% |
| **Total liabilities** | $ | 11,962,428.65 | 79.0% |

***Partners capital***

| | | | |
|---|---|---|---|
| Contributed Capital, LaKritz & Adler | $ | 348,094.85 | 2.3% |
| Contributed Capital, Investors | $ | 1,805,999.21 | 11.9% |
| Retained Earnings | $ | 1,034,843.89 | 6.8% |
| | | 3,188,937.95 | 21.0% |
| **Total liabilities and partners capital** | $ | 15,151,366.60 | 100.0% |



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 007987

# LaKritz Adler Development

**(consolidated holdings of LaKritz Adler Development LLC and affiliates)**

## Balance Sheet

**As of December 31, 2005**

ASSETS

***Current assets:***

| | | | |
|---|---|---|---|
| Cash and Cash Equivalents | | $ 736,194.12 | 4.9% |
| Accounts Receivable | | $ 23,456.62 | 0.2% |
| Prepaid Expenses | | $ 10,162.79 | 0.1% |
| Mortgage Escrow Accts | | $ 4,214.84 | 0.0% |
| Settlement Funds Receivable | | $ - | 0.0% |
| Inventory (Real Estate Held for Resale) | | $ 194,346.61 | 1.3% |
| Investments in Pending Projects | | $ 149,722.31 | 1.0% |
| | | 1,118,097.29 | 7.4% |

***Fixed Assets***

| | | | |
|---|---|---|---|
| Land | | $ 7,597,026.62 | 50.1% |
| Buildings | | $ 3,509,936.91 | 23.2% |
| Improvements | | $ 1,985,693.32 | 13.1% |
| Capitalized Acquisition Settlement Costs | | $ 302,033.14 | 2.0% |
| Capitalized Zoning Costs | | $ 119,854.24 | 0.8% |
| Capitalized Lease Buyout Costs | | $ 22,236.38 | 0.1% |
| Fixtures, Furnishings & Equipment | | $ 73,860.91 | 0.5% |
| Leasehold Improvements | | $ 33,835.85 | 0.2% |
| Less Accumulated Depreciation | | $ (131,028.72) | -0.9% |
| | | 13,513,448.65 | 89.2% |

***Other assets:***

| | | | |
|---|---|---|---|
| Amounts Due from Affiliated Companies | | $ (0.00) | 0.0% |
| Deposits w/Vendors | | $ 25,770.00 | 0.2% |
| Receivables Due from Members and Other Affiliates | | $ 58,948.70 | 0.4% |
| Notes Receivable from Investors | | $ 368,499.21 | 2.4% |
| Deferred Loan Costs | $ 106,243.40 | | 0.7% |
| Accumulated Amortization, Deferred Loan Coss | $ (40,547.40) | $ 65,696.00 | -0.3% |
| Amounts Due from Other Related Parties | | $ - | 0.0% |
| Capitalized Organizational Costs | $ 1,663.50 | | 0.0% |
| Accumulated Amortization, Capitalized Org Costs | $ (756.75) | $ 906.75 | 0.0% |
| | | $ 519,820.66 | 3.4% |

| | | |
|---|---|---|
| **Total assets** | $ 15,151,366.60 | 100.0% |



FOIA CONFIDENTIAL TREATMENT REQUESTED

WMATA-INV 007988

2.3.H.1. TAX BASE IMPACT ANALYSIS

| ONE-TIME TAX EVENTS | | | | | | |
|---|---|---|---|---|---|---|
| **Construction Permitting Fees** | Cost | | Rate | Fixed | | **TAX REVENUE to DC** |
| Hard Cost + Sitework | $ | 36,606,260.00 | 1% | 10000 | $ | **376,062.60** |
| **Purchase Recordation Tax** | | | | | | |
| Land Costs | $ | 8,849,333.00 | 1.50% | | $ | **132,740.00** |
| **Sale Transfer & Recordation Tax** | | | | | | |
| Sale at Stabilization | $ | 92,853,686.00 | 3% | | $ | **2,785,610.58** |
| **Financing Recordation Tax** | | | | | | |
| Peak Construction Loan | $ | 53,375,246.00 | 1.50% | | $ | **800,628.69** |
| **Construction Job Income Tax on Avg Salary $50k, 50% in D.C.** | | | | No. Jobs | | |
| Total Construction + Siteowrk + HC Contingency | $ | 40,261,086.00 | 50% | 201.31 | $ | **688,464.57** |
| Assume Labor = 50% of hard cost | | | | | | |
| Assume 50% Live in DC | | | | | | |
| DC Tax on $50k Income | $ | 3,420.00 | | | | |
| **Legal/Professional Job Income Tax on Avg Salary $120k, 50% in D.C.** | | | | No. Jobs | | |
| Total Soft/Legal/Mgmt/Mkting/Sales Cost: | $ | 8,450,074.58 | 50% | 35.21 | $ | **334,834.21** |
| DC Tax up to 10,000 @ 4.5% | $ | 450.00 | | | | |
| DC Tax 10k - 40k @ 7% | $ | 2,100.00 | | | | |
| DC Tax 40k - 120K @ 8.7% | $ | 6,960.00 | | | | |
| | $ | **9,510.00** | on $120,000 income | | | |
| **Franchise Tax on Development Profits** | | | $ 26,250,913.00 | 9.50% | $ | **2,493,836.74** |
| | | | **TOTAL ONE-TIME D.C TAXES:** | | $ | **7,612,177.38** |
| | | | **Total Construction/Development Jobs Created:** | | | **473** |
| | | | **Jobs Created in D.C. Only:** | | | **237** |

| ONGOING TAXES ON OPERATIONS (at stabilization) | | | | | | |
|---|---|---|---|---|---|---|
| **Restaurant Sales Taxes** | Restaurant/Retail Rent | | Imputed Sales | Tax Rate | | |
| Parcel 1 | $ | 213,554.00 | $ 2,135,540.00 | 10% | $ | **213,554.00** |
| Parcel 2 | $ | 623,107.00 | $ 6,231,070.00 | 10% | $ | **623,107.00** |
| Parcel 3 | $ | 385,300.00 | $ 3,853,000.00 | 10% | $ | **385,300.00** |
| **Restaurant/Retail Jobs Income Tax** | | | | | | |
| 1 employee / 200 SF | | 131.42 | 98.565 DC Jobs | | $ | **182,345.25** |
| Avg Salary $30,000 | | 1850 | DC Tax on $30k | | | |
| 75% live in DC | | 75% | | | | |
| **Office Jobs Income Tax** | | | | | | |
| 1 employee/200 SF | | 70763 | 353.815 Jobs | | $ | **989,797.46** |
| Avg Salary $75,000 | DC Tax on $75k | | $ 5,595.00 | | | |
| 50% live in DC | | 50% | 176.9075 DC Jobs | | | |
| **Hotel Jobs Income Tax** | | | | | | |
| 1 employee/5 rooms | 145 Rooms | | 29 | | $ | **51,939.00** |
| Avg Salary $45k | Tax on $45k | | $ 2,985.00 | | | |
| 60% Live in DC | | 60% | 17.4 DC Jobs | | | |
| **Hotel Taxes** | | | | | | |
| Room Sales @ 14.5% | Average Gross Revenue/Year | | $ 10,061,782.66 | 14.50% | $ | **1,458,958.49** |
| Dining Sales @ 10% | Avg In-House Dining Sales | | $ 939,854.00 | 10% | $ | **93,985.40** |
| **Parking Taxes All Parcels @ 12%** | Annual Parking Income | | $ 231,263.00 | 12% | $ | **27,751.56** |
| **Property Taxes (1.85%/year on pro forma cap rate values)** | | | | | | |
| Parcel 1 Value | | | $ 3,285,448.00 | 1.85% | $ | **60,780.79** |
| Parcel 2 Value | | | $ 48,391,353.00 | 1.85% | $ | **895,240.03** |
| Parcel 3 Value | | | $ 41,176,885.00 | 1.85% | $ | **761,772.37** |
| | | | **TOTAL ANNUAL TAXES TO D.C.** | | $ | **5,744,531.35** |
| | | | **Long-Term Jobs Created:** | | | **514** |
| | | | **Long-Term D.C. Jobs Created:** | | | **293** |

FOIA CONFIDENTIAL TREATMENT REQUESTED

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| Source of Funds<br>Type | Combined Sources<br>Scenario |
|---|---|
| Heading | 2181<br>Oct-2022 |
| Auto: Project Contribution | 0 |
| Timed Contribution: Project | 0 |
| **Total Contribution** | **0** |
| Non-Mortgage Interest and Fees | 0 |
| Auto: Repayment | 0 |
| Timed Repayment: Project | 0 |
| **Total Repayment** | **0** |
| **Profit Participation** | **47,205,525** |
| **Net Cash Flow (IRR)** | **47,205,525** |
| Net Cash Flow (Equity IRR) | 47,205,525 |
| **Cumulative Net Cash Flow** | **57,121,682** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 15.0% |



WMATA-INV 007990

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | (438,913) | (438,913) | (3,927,313) | (237,909) | (237,909) | (178,432) | 0 | 0 |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(438,913)** | **(438,913)** | **(3,927,313)** | **(237,909)** | **(237,909)** | **(178,432)** | **0** | **0** |
| Non-Mortgage Interest and Fees | 0 | 0 | 0 | (221,238) | (112,901) | (9,378) | 0 | 0 |
| Auto. Repayment | 792,757 | 438,913 | 1,277,511 | 1,675,985 | 1,872,963 | 1,436,019 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **792,757** | **438,913** | **1,277,511** | **1,675,985** | **1,872,963** | **1,436,019** | **0** | **0** |
| **Profit Participation** | **326,053** | **860,160** | **207,232** | **0** | **0** | **580,355** | **2,046,916** | **2,260,246** |
| **Net Cash Flow (IRR)** | **679,896** | **860,160** | **(2,442,569)** | **1,216,837** | **1,522,153** | **1,828,564** | **2,046,916** | **2,260,246** |
| Net Cash Flow (Equity IRR) | 679,896 | 860,160 | 954,479 | 0 | 0 | 1,170,506 | 2,046,916 | 2,260,246 |
| **Cumulative Net Cash Flow** | **2,623,851** | **3,484,010** | **1,041,441** | **2,258,278** | **3,780,431** | **5,608,995** | **7,655,911** | **9,916,158** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 15.0% |



WMATA-INV 007991

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | (65,594,405) | (612,004) | (1,825,047) | (1,775,904) | (11,925,275) | (28,036,376) | (15,346,498) | (613,913) |
| Timed Contribution, Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(65,594,405)** | **(612,004)** | **(1,825,047)** | **(1,775,904)** | **(11,925,275)** | **(28,036,376)** | **(15,346,498)** | **(613,913)** |
| Non-Mortgage Interest and Fees | (6,367,019) | (83,218) | (102,602) | (143,424) | (228,572) | (1,038,626) | (3,190,755) | (1,236,305) |
| Auto. Repayment | 69,911,424 | 0 | 0 | 0 | 0 | 53,389 | 2,175,459 | 60,188,430 |
| Timed Repayment, Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| **Total Repayment** | **71,961,424** | **0** | **0** | **0** | **2,050,000** | **53,389** | **2,175,459** | **60,188,430** |
| **Profit Participation** | **57,121,682** | **0** | **0** | **0** | **0** | **0** | **0** | **3,635,196** |
| **Net Cash Flow (IRR)** | **57,121,682** | **(695,222)** | **(1,927,649)** | **(1,919,327)** | **(10,103,847)** | **(29,021,614)** | **(16,361,794)** | **61,973,408** |
| Net Cash Flow (Equity IRR) | 57,121,682 | 0 | (844,866) | (1,775,904) | (9,875,275) | (877,935) | 0 | 15,317,934 |
| **Cumulative Net Cash Flow** | | **(695,222)** | **(2,622,871)** | **(4,542,198)** | **(14,646,045)** | **(43,667,659)** | **(60,029,453)** | **1,943,954** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 15.0% |



WMATA-INV 007992

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

(Merged Phases)



| Source of Funds | Balancing Account |
|---|---|
| Type | Balancing Account |

| Heading | 181<br>Oct-2022 |
|---|---|
| Timed Contribution | 0 |
| Timed Contribution: Profit | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Profit | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| **Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007993

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
(Merged Phases)



Source of Funds: Balancing Account
Type: Balancing Account

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007994

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Balancing Account
Type: Balancing Account

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | (2,050,000) | 0 | 0 | 0 | (2,050,000) | 0 | 0 | 0 |
| Timed Contribution: Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(2,050,000)** | **0** | **0** | **0** | **(2,050,000)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **0** | **53,389** | **1,996,611** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(2,050,000)** | **53,389** | **1,996,611** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 007995

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | 1.81 Oct 2022 |
|---|---|
| Opening Balance | 54,096,983 |
| Interest | 315,566 |
| Principal Repaid | 54,096,983 |
| Total P+I Payment | 54,412,548 |
| Closing Balance | 0 |
| **Net Cash Flow (IRR)** | **54,412,548** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007996

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Mortgage
Type: Mortgage

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 60,839,898 | 60,188,081 | 59,489,144 | 58,739,681 | 57,936,040 | 57,074,303 | 56,150,271 | 55,159,440 |
| Interest | 4,238,144 | 4,191,024 | 4,140,498 | 4,086,319 | 4,028,224 | 3,965,929 | 3,899,130 | 3,827,503 |
| Principal Repaid | 651,817 | 698,937 | 749,463 | 803,642 | 861,737 | 924,032 | 990,830 | 1,062,458 |
| Total P+I Payment | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 | 4,889,961 |
| **Closing Balance** | **60,188,081** | **59,489,144** | **58,739,681** | **57,936,040** | **57,074,303** | **56,150,271** | **55,159,440** | **54,096,983** |
| **Net Cash Flow (IRR)** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** | **4,889,961** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007997

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Mortgage
Type: Mortgage

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 61,249,842 |
| Interest | 35,542,366 | 0 | 0 | 0 | 0 | 0 | 0 | 2,850,029 |
| Principal Repaid | 61,249,842 | 0 | 0 | 0 | 0 | 0 | 0 | 409,945 |
| Total P+I Payment | 96,792,208 | 0 | 0 | 0 | 0 | 0 | 0 | 3,259,974 |
| **Closing Balance** | | **0** | **0** | **0** | **0** | **0** | **0** | **60,839,898** |
| **Net Cash Flow (IRR)** | **35,542,366** | **0** | **0** | **0** | **0** | **0** | **0** | **(57,989,869)** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $489,439 |
| Annual Stabilized Income | $5,873,273 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $83,903,894 |
| Maximum Funding Amount | $61,249,842 |
| Mortgage Issued | $61,249,842 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $407,497 |
| Annual Debt Service P+I | $4,889,961 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 007998

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Construction Loan |
| Type | Debt |

| Heading | 1 Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto: Project Contribution | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment: Project | 0 |
| Auto: Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($48,578,240) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $54,487,444 |
| Total Repayment | $54,487,444 |
| Peak Financing Amount | $46,655,473 |
| Project IRR | 0.0% |



WMATA-INV 007999

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (438,913) | (438,913) | (3,927,313) | (237,909) | (237,909) | (178,432) | 0 | 0 |
| **Total Contribution** | **(438,913)** | **(438,913)** | **(3,927,313)** | **(237,909)** | **(237,909)** | **(178,432)** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | (221,238) | (112,901) | (9,378) | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 438,913 | 438,913 | 530,265 | 1,675,985 | 1,872,963 | 845,867 | 0 | 0 |
| **Total Repayment** | **438,913** | **438,913** | **530,265** | **1,675,985** | **1,872,963** | **845,867** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(3,397,048)** | **(2,180,211)** | **(658,058)** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **(3,397,048)** | **1,216,837** | **1,522,153** | **658,058** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **(3,397,048)** | **(2,180,211)** | **(658,058)** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($48,578,240) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $54,487,444 |
| Total Repayment | $54,487,444 |
| Peak Financing Amount | $46,655,473 |
| Project IRR | 0.0% |



WMATA-INV 008000

FOIA CONFIDENTIAL TREATMENT REQUESTED

# FUNDING SOURCE CASH FLOW — LAKRITZ ADLER DEVELOPMENT

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Construction Loan
Type: Debt

| Heading | Totals | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (48,578,240) | 0 | 0 | 0 | 0 | (27,158,441) | (15,346,498) | (613,913) |
| **Total Contribution** | **(48,578,240)** | **0** | **0** | **0** | **0** | **(27,158,441)** | **(15,346,498)** | **(613,913)** |
| Total Loan Fees | (100,000) | 0 | 0 | 0 | (100,000) | 0 | 0 | 0 |
| Interest and Fees | (5,909,204) | 0 | 0 | 0 | (100,000) | (1,038,626) | (3,190,755) | (1,236,305) |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 54,487,444 | 0 | 0 | 0 | 0 | 0 | 178,847 | 48,505,692 |
| **Total Repayment** | **54,487,444** | **0** | **0** | **0** | **0** | **0** | **178,847** | **48,505,692** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(100,000)** | **(28,297,068)** | **(46,655,473)** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(100,000)** | **(28,197,068)** | **(18,358,406)** | **46,655,473** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **0** | **(100,000)** | **(28,297,068)** | **(46,655,473)** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 4 |
| Contribution % | 80.0% |
| Capped at | $0 |
| Contribution | ($48,578,240) |
| Repayment Order | 3 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $0 |
| Auto Repayment | $54,487,444 |
| Total Repayment | $54,487,444 |
| Peak Financing Amount | $46,655,473 |
| Project IRR | 0.0% |



WMATA-INV 008001

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**(Merged Phases)**



| Source of Funds | Investor Equity |
|---|---|
| Type | Equity |

| Heading | 1st Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto: Project Contribution | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Project | 0 |
| Auto: Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **23,602,762** |
| **Net Cash Flow (IRR)** | **23,602,762** |
| **Cumulative Net Cash Flow** | **29,602,630** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,036,582 |
| Timed Repayment | $0 |
| Auto Repayment | $12,036,582 |
| Total Repayment | $12,036,582 |
| Peak Financing Amount | $12,036,582 |
| Profit | $29,602,630 |
| Project IRR | 21.9% |
| Return on Equity | 245.9% |



WMATA-INV 008002

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 353,844 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **353,844** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **12,306** | **0** | **0** | **0** | **0** | **198,785** | **1,023,458** | **1,130,123** |
| **Net Cash Flow (IRR)** | **366,149** | **0** | **0** | **0** | **0** | **198,785** | **1,023,458** | **1,130,123** |
| **Cumulative Net Cash Flow** | **3,647,502** | **3,647,502** | **3,647,502** | **3,647,502** | **3,647,502** | **3,846,286** | **4,869,744** | **5,999,867** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,036,582 |
| Timed Repayment | $0 |
| Auto Repayment | $12,036,582 |
| Total Repayment | $12,036,582 |
| Peak Financing Amount | $12,036,582 |
| Profit | $29,602,630 |
| Project IRR | 21.9% |
| Return on Equity | 245.9% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 244.0% |



WMATA-INV 008003

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Investor Equity
Type: Equity

| Heading | Total | 12<br>Sep 2008 | 24<br>Sep 2009 | 36<br>Sep 2010 | 48<br>Sep 2011 | 60<br>Sep 2012 | 72<br>Sep 2013 | 84<br>Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (12,036,582) | 0 | 0 | (1,283,372) | (9,875,275) | (877,935) | 0 | 0 |
| **Total Contribution** | **(12,036,582)** | **0** | **0** | **(1,283,372)** | **(9,875,275)** | **(877,935)** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 12,036,582 | 0 | 0 | 0 | 0 | 0 | 0 | 11,682,738 |
| **Total Repayment** | **12,036,582** | **0** | **0** | **0** | **0** | **0** | **0** | **11,682,738** |
| **Closing Balance** | **0** | **0** | **0** | **(1,283,372)** | **(11,158,647)** | **(12,036,582)** | **(12,036,582)** | **(353,844)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **29,602,630** | **0** | **0** | **0** | **0** | **0** | **0** | **3,635,196** |
| **Net Cash Flow (IRR)** | **29,602,630** | **0** | **0** | **(1,283,372)** | **(9,875,275)** | **(877,935)** | **0** | **15,317,934** |
| **Cumulative Net Cash Flow** | | **0** | **0** | **(1,283,372)** | **(11,158,647)** | **(12,036,582)** | **(12,036,582)** | **3,281,352** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 3 |
| Contribution % | 18.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 4 |

| ANALYSIS | |
|---|---|
| Contribution | $12,036,582 |
| Timed Repayment | $0 |
| Auto Repayment | $12,036,582 |
| Total Repayment | $12,036,582 |
| Peak Financing Amount | $12,036,582 |
| Profit | $29,602,630 |
| Project IRR | 21.9% |
| Return on Equity | 245.9% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 128.4% | 1.9% | 0.0% | 0.0% | 0.0% | 0.0% | 3.6% | 8.7% |



WMATA-INV 008004

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
(Merged Phases)



| | |
|---|---|
| Source of Funds | Developer Equity |
| Type | Equity |

| Heading | 181<br>Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto. Project Contribution | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Project | 0 |
| Auto. Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| | |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **23,602,762** |
| | |
| **Net Cash Flow (IRR)** | **23,602,762** |
| **Cumulative Net Cash Flow** | **27,519,053** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,337,398 |
| Timed Repayment | $0 |
| Auto Repayment | $1,337,398 |
| Total Repayment | $1,337,398 |
| Peak Financing Amount | $1,337,398 |
| Profit | $27,519,053 |
| Project IRR | 29.2% |
| Return on Equity | 2,057.7% |



WMATA-INV 008005

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

(Merged Phases)



| | |
|---|---|
| Source of Funds | Developer Equity |
| Type | Equity |

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 0 | 0 | 747,247 | 0 | 0 | 590,151 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **747,247** | **0** | **0** | **590,151** | **0** | **0** |
| **Closing Balance** | **(1,337,398)** | **(1,337,398)** | **(590,151)** | **(590,151)** | **(590,151)** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **313,747** | **860,160** | **207,232** | **0** | **0** | **381,570** | **1,023,458** | **1,130,123** |
| **Net Cash Flow (IRR)** | **313,747** | **860,160** | **954,479** | **0** | **0** | **971,722** | **1,023,458** | **1,130,123** |
| **Cumulative Net Cash Flow** | **(1,023,651)** | **(163,491)** | **790,987** | **790,987** | **790,987** | **1,762,709** | **2,786,167** | **3,916,290** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,337,398 |
| Timed Repayment | $0 |
| Auto Repayment | $1,337,398 |
| Total Repayment | $1,337,398 |
| Peak Financing Amount | $1,337,398 |
| Profit | $27,519,053 |
| Project IRR | 29.2% |
| Return on Equity | 2,057.7% |

| CASH ON CASH | Jan 2022 |
|---|---|
| Annual Return | * 2,195.6% |



WMATA-INV 008006

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Developer Equity
Type: Equity

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Project Contribution | (1,337,398) | 0 | (844,866) | (492,532) | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,337,398)** | **0** | **(844,866)** | **(492,532)** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto Repayment | 1,337,398 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **1,337,398** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **(844,866)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **27,519,053** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **27,519,053** | **0** | **(844,866)** | **(492,532)** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **0** | **(844,866)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** | **(1,337,398)** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 2 |
| Contribution % | 2.0% |
| Capped at | $0 |
| Contribution | $0 |
| Repayment Order | 5 |

| ANALYSIS | |
|---|---|
| Contribution | $1,337,398 |
| Timed Repayment | $0 |
| Auto Repayment | $1,337,398 |
| Total Repayment | $1,337,398 |
| Peak Financing Amount | $1,337,398 |
| Profit | $27,519,053 |
| Project IRR | 29.2% |
| Return on Equity | 2,057.7% |

| CASH ON CASH | As at Jan 2014 | Jan 2015 | Jan 2016 | Jan 2017 | Jan 2018 | Jan 2019 | Jan 2020 | Jan 2021 |
|---|---|---|---|---|---|---|---|---|
| Annual Return | 0.0% | 37.1% | 67.7% | 54.4% | 0.0% | 0.0% | 90.4% | 78.5% |



WMATA-INV 008007

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**(Merged Phases)**



| Source of Funds | Development Loan |
|---|---|
| Type | Debt |

| Heading | 78 Oct 2022 |
|---|---|
| Timed Contribution: Project | 0 |
| Auto: Project Contribution | 0 |
| **Total Contribution** | **0** |
| Total Loan Fees | 0 |
| Interest and Fees | 0 |
| Timed Repayment: Project | 0 |
| Auto: Repayment | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| Timed Profit Participation | 0 |
| **Total Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 008008

FOIA CONFIDENTIAL TREATMENT REQUESTED



# FUNDING SOURCE CASH FLOW

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail



**(Merged Phases)**

| Source of Funds | Development Loan | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Type | Debt | | | | | | | |
| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Cumulative Net Cash Flow** | | | | | | | | |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 008009

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail
**(Merged Phases)**



Source of Funds: Development Loan
Type: Debt

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Auto: Project Contribution | (1,592,185) | (612,004) | (980,180) | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(1,592,185)** | **(612,004)** | **(980,180)** | **0** | **0** | **0** | **0** | **0** |
| Total Loan Fees | (50,000) | (50,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fees | (457,815) | (83,218) | (102,602) | (143,424) | (128,572) | 0 | 0 | 0 |
| Timed Repayment: Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| Auto: Repayment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **2,050,000** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **(695,222)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |
| Timed Profit Participation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **(695,222)** | **(1,082,782)** | **(143,424)** | **1,921,428** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | | **(695,222)** | **(1,778,004)** | **(1,921,428)** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 1 |
| Contribution | $2,000,000 |
| Contribution | ($1,592,185) |
| Repayment Order | 2 |
| Interest Rate | 8.00% var. |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Timed Repayment | $2,050,000 |
| Auto Repayment | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,036,755 |
| Project IRR | 0.0% |



WMATA-INV 008010

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| **Period Total Before Finance** | **7,150,207** | **101,618,073** |
| Finance Costs (All Loans) | 0 | 0 |
| **Period Total After Finance** | **3,322,704** | **101,302,507** |
| Cumulative Total C/f Annual | (44,180,825) | 57,121,682 |



WMATA-INV 008011

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
Detailed Cash Flow (Merged Phases)



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 3 Parcel 3 Office | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 |
| 1 **Ph01 Development Manage** | | |
| 1 Dev. Management Fee | 0 | 0 |
| 1 **Ph02 Development Manage** | | |
| 2 Dev. Management Fee | 0 | 0 |
| 1 **Ph03 Development Manage** | | |
| 3 Dev. Management Fee | 0 | 0 |



WMATA-INV 008012

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

Detailed Cash Flow (Merged Phases)



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 2 Permits | 0 | 0 |
| 1 **Ph02 TI Costs** | | |
| 2 Parcel 1 Retail | 0 | 0 |
| 1 **Ph02 Professional Fees** | | |
| 2 Architect + Engineer | 0 | 0 |
| 2 Legal | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 |
| 1 **Ph03 Construction Costs** | | |
| 3 Metro Site Work | 0 | 0 |
| 3 Parcel 3 Office | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 |
| 3 Insurance | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 |
| 3 Contingency | 0 | 0 |
| 3 Permits | 0 | 0 |
| 3 Permits | 0 | 0 |
| 1 **Ph03 TI Costs** | | |
| 3 Parcel 3 Office | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 |
| 1 **Ph03 Professional Fees** | | |
| 3 Architect + Engineer | 0 | 0 |
| 3 Legal | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | |
| 1 Marketing | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | |
| 2 Marketing | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | |
| 3 Marketing | 0 | 0 |
| 3 Leasing Legal Fees | 0 | 0 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 008013

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 | 181:Oct 2022 |
|---|---|---|
| 1 **Ph02 Acquisition Costs** | | |
| 2 WMATA PARCEL 1 Ground | (30,016) | 0 |
| 2 DC Purchase Recordation Ta | (450) | 0 |
| 2 WMATA Acquisition Legal | 0 | 0 |
| 2 Third Party Reports | 0 | 0 |
| 2 Title Insurance | (150) | 0 |
| 1 **Ph03 Acquisition Costs** | | |
| 3 WMATA PARCEL 3 Ground | (128,784) | 0 |
| 3 Arts Credits (assume no bonu | 0 | 0 |
| 3 DC Purchase Recordation Ta | (1,932) | 0 |
| 3 WMATA Acquisition Legal | 0 | 0 |
| 3 Third Party Reports | 0 | 0 |
| 3 Title Insurance | (644) | 0 |
| 1 **Ph01 Construction Costs** | | |
| 1 Metro Site Work | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 Insurance | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 |
| 1 Contingency | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 Permits | 0 | 0 |
| 1 **Ph01 TI Costs** | | |
| 1 Parcel 2 Office | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 |
| 1 **Ph01 Professional Fees** | | |
| 1 Architect + Engineer | 0 | 0 |
| 1 Legal | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 |
| 1 **Ph02 Construction Costs** | | |
| 2 Metro Site Work | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 |
| 2 Insurance | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 |
| 2 Contingency | 0 | 0 |
| 2 Permits | 0 | 0 |



WMATA-INV 008014

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 180:Sep 2022 (47,503,529) | 181:Oct 2022 (44,180,825) |
|---|---|---|
| 1 **Ph01 Revenue** | | |
| 1 Parcel 2 Office | 3,012,221 | 0 |
| 1 Parcel 2 Parking | 159,726 | 0 |
| 1 Parcel 2 Retail | 783,585 | 0 |
| 1 Parcel 2 Office | 0 | 43,347,369 |
| 1 Parcel 2 Parking | 0 | 2,298,542 |
| 1 Parcel 2 Retail | 0 | 11,276,184 |
| 1 **Ph01 Disposal Costs** | | |
| 1 Sales Agent Fee | 0 | (2,561,494) |
| 1 **Ph02 Revenue** | | |
| 2 Parcel 1 Retail | 280,730 | 0 |
| 2 Parcel 1 Retail | 0 | 4,099,984 |
| 1 **Ph02 Disposal Costs** | | |
| 2 Sales Agent Fee | 0 | (184,499) |
| 1 **Ph03 Revenue** | | |
| 3 Parcel 3 Office | 2,573,476 | 0 |
| 3 Parcel 3 Parking | 123,573 | 0 |
| 3 Parcel 3 Retail | 456,718 | 0 |
| 3 Parcel 3 Office | 0 | 37,033,599 |
| 3 Parcel 3 Parking | 0 | 1,778,276 |
| 3 Parcel 3 Retail | 0 | 6,572,405 |
| 1 **Ph03 Disposal Costs** | | |
| 3 Sales Agent Fee | 0 | (2,042,293) |
| 1 **Ph01 Acquisition Costs** | | |
| 1 WMATA PARCEL 2 Ground | (76,320) | 0 |
| 1 8th Street Land Option (Year | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 |
| 1 8th Street Resubordination F | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 |
| 1 DC Purchase Recordation Ta | (1,145) | 0 |
| 1 WMATA Acquisition Legal | 0 | 0 |
| 1 Third Party Reports | 0 | 0 |
| 1 Title Insurance | (382) | 0 |



WMATA-INV 008015

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | **5,219,844** | **5,569,857** | **5,750,120** | **2,447,391** | **6,328,036** | **6,525,015** | **6,727,903** | **6,936,877** |
| Finance Costs (All Loans) | (1,236,305) | 0 | 0 | 0 | (221,238) | (112,901) | (9,378) | 0 |
| **Period Total After Finance** | **1,133,510** | **1,331,713** | **1,559,096** | **(1,693,107)** | **2,020,479** | **2,383,890** | **2,752,596** | **3,037,746** |
| Cumulative Total C/f Annual | (58,895,944) | (57,564,230) | (56,005,134) | (57,698,241) | (55,677,761) | (53,293,872) | (50,541,275) | (47,503,529) |



WMATA-INV 008016

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **1 Ph01 Development Manage** | | | | | | | | |
| 1 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **1 Ph02 Development Manage** | | | | | | | | |
| 2 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **1 Ph03 Development Manage** | | | | | | | | |
| 3 Dev. Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 008017

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
Detailed Cash Flow (Merged Phases)



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | |
| 2 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Construction Costs** | | | | | | | | |
| 3 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | |
| 3 Parcel 3 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Professional Fees** | | | | | | | | |
| 3 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | |
| 1 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | |
| 2 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | |
| 3 Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Leasing Legal Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 008018

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

Detailed Cash Flow (Merged Phases)



| | 084:Sep 2014 | 096:Sep 2015 | 108:Sep 2016 | 120:Sep 2017 | 132:Sep 2018 | 144:Sep 2019 | 156:Sep 2020 | 168:Sep 2021 |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | |
| 2 WMATA PARCEL 1 Ground | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) | (28,140) |
| 2 DC Purchase Recordation Ta | (422) | (422) | (422) | (422) | (422) | (422) | (422) | (422) |
| 2 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Title Insurance | (141) | (141) | (141) | (141) | (141) | (141) | (141) | (141) |
| 1 **Ph03 Acquisition Costs** | | | | | | | | |
| 3 WMATA PARCEL 3 Ground | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) | (128,784) |
| 3 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 DC Purchase Recordation Ta | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) | (1,932) |
| 3 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Title Insurance | (644) | (644) | (644) | (644) | (644) | (644) | (644) | (644) |
| 1 **Ph01 Construction Costs** | | | | | | | | |
| 1 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Professional Fees** | | | | | | | | |
| 1 Architect + Engineer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Soft Cost Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Construction Costs** | | | | | | | | |
| 2 Metro Site Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Real Estate Tax During Cons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



WMATA-INV 008019

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

Detailed Cash Flow (Merged Phases)



| | 084:Sep 2014 (60,029,453) | 096:Sep 2015 (58,895,944) | 108:Sep 2016 (57,564,230) | 120:Sep 2017 (56,005,134) | 132:Sep 2018 (57,698,241) | 144:Sep 2019 (55,677,761) | 156:Sep 2020 (53,293,872) | 168:Sep 2021 (50,541,275) |
|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | |
| 1 Parcel 2 Office | 2,377,875 | 2,449,212 | 2,522,688 | 2,598,369 | 2,676,320 | 2,756,609 | 2,839,307 | 2,924,487 |
| 1 Parcel 2 Parking | 126,089 | 129,872 | 133,768 | 137,781 | 141,915 | 146,172 | 150,557 | 155,074 |
| 1 Parcel 2 Retail | 618,570 | 637,127 | 656,240 | 675,928 | 696,205 | 717,092 | 738,604 | 760,762 |
| 1 Parcel 2 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | |
| 1 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | |
| 2 Parcel 1 Retail | 221,610 | 228,259 | 235,107 | 242,160 | 249,425 | 256,907 | 264,614 | 272,553 |
| 2 Parcel 1 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | |
| 2 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | |
| 3 Parcel 3 Office | 2,031,525 | 2,092,471 | 2,155,245 | 2,219,903 | 2,286,500 | 2,355,095 | 2,425,748 | 2,498,520 |
| 3 Parcel 3 Parking | 97,550 | 100,476 | 103,490 | 106,595 | 109,793 | 113,087 | 116,479 | 119,974 |
| 3 Parcel 3 Retail | 360,538 | 371,354 | 382,494 | 393,969 | 405,788 | 417,962 | 430,501 | 443,416 |
| 3 Parcel 3 Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | |
| 3 Sales Agent Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | |
| 1 WMATA PARCEL 2 Ground | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) | (76,320) |
| 1 8th Street Land Option (Year | 0 | 0 | 0 | (3,420,000) | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | (200,004) | (200,004) | (200,004) | (200,004) | 0 | 0 | 0 | 0 |
| 1 Arts Credits (assume no bonu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St Combination Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | (175,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 DC Purchase Recordation Ta | (1,145) | (1,145) | (1,145) | (52,445) | (1,145) | (1,145) | (1,145) | (1,145) |
| 1 WMATA Acquisition Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Title Insurance | (1,382) | (1,382) | (1,382) | (18,482) | (382) | (382) | (382) | (382) |



WMATA-INV 008020

FOIA CONFIDENTIAL TREATMENT REQUESTED



# DETAILED CASH FLOW



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**Detailed Cash Flow (Merged Phases)**

| | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|
| **Period Total Before Finance** | (6,367,019) | **0** | **(612,004)** | **(1,825,047)** | **(1,775,904)** | **(9,875,275)** | **(27,982,988)** | **(13,171,039)** |
| Finance Costs (All Loans) | **57,121,682** | | (83,218) | (102,602) | (143,424) | (228,572) | (1,038,626) | (3,190,755) |
| **Period Total After Finance** | | **0** | **(695,222)** | **(1,927,649)** | **(1,919,327)** | **(10,103,847)** | **(29,021,614)** | **(16,361,794)** |
| Cumulative Total C/f Annual | 57,121,682 | 0 | (695,222) | (2,622,871) | (4,542,198) | (14,646,045) | (43,667,659) | (60,029,453) |



WMATA-INV 008021

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
**Detailed Cash Flow (Merged Phases)**



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 3 Parcel 3 Office | YN | **(1,089,164)** | 0 | 0 | 0 | 0 | 0 | 0 | (1,089,164) |
| 3 Parcel 3 Parking | YN | **(54,684)** | 0 | 0 | 0 | 0 | 0 | 0 | (54,684) |
| 3 Parcel 3 Retail | YN | **(202,111)** | 0 | 0 | 0 | 0 | 0 | 0 | (202,111) |
| 1 **Ph01 Development Management Fee** | | | | | | | | | |
| 1 Dev. Management Fee | YN | **(904,718)** | 0 | 0 | (160,839) | (241,258) | (241,258) | (241,258) | (20,105) |
| 1 **Ph02 Development Management Fee** | | | | | | | | | |
| 2 Dev. Management Fee | YN | **(42,664)** | 0 | 0 | (7,585) | (11,377) | (11,377) | (11,377) | (948) |
| 1 **Ph03 Development Management Fee** | | | | | | | | | |
| 3 Dev. Management Fee | YN | **(756,038)** | 0 | 0 | (134,407) | (201,610) | (201,610) | (201,610) | (16,801) |



WMATA-INV 008022

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

Detailed Cash Flow (Merged Phases)



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 2 Permits | YN | **(14,969)** | 0 | 0 | 0 | 0 | (14,969) | 0 | 0 |
| 1 **Ph02 TI Costs** | | | | | | | | | |
| 2 Parcel 1 Retail | YY | **(284,739)** | 0 | 0 | 0 | 0 | 0 | (284,739) | 0 |
| 1 **Ph02 Professional Fees** | | | | | | | | | |
| 2 Architect + Engineer | YN | **(93,604)** | 0 | 0 | (46,802) | (46,802) | 0 | 0 | 0 |
| 2 Legal | YN | **(11,227)** | 0 | 0 | (3,208) | (4,811) | (3,208) | 0 | 0 |
| 2 Soft Cost Contingency | YN | **(32,354)** | 0 | (1,458) | (11,118) | (10,401) | (8,068) | (1,266) | (44) |
| 1 **Ph03 Construction Costs** | | | | | | | | | |
| 3 Metro Site Work | YN | **(1,839,000)** | 0 | 0 | 0 | 0 | (1,839,000) | 0 | 0 |
| 3 Parcel 3 Office | YY | **(9,775,813)** | 0 | 0 | 0 | 0 | (1,280,718) | (8,210,630) | (284,465) |
| 3 Parcel 3 Parking | YY | **(1,354,096)** | 0 | 0 | 0 | 0 | (177,399) | (1,137,295) | (39,403) |
| 3 Parcel 3 Retail | YY | **(1,253,506)** | 0 | 0 | 0 | 0 | (164,220) | (1,052,810) | (36,476) |
| 3 Insurance | YN | **(71,112)** | 0 | 0 | 0 | 0 | (17,307) | (52,004) | (1,802) |
| 3 Real Estate Tax During Cons | YN | **(97,000)** | 0 | 0 | 0 | 0 | (22,824) | (68,471) | (5,706) |
| 3 Contingency | YN | **(1,422,242)** | 0 | 0 | 0 | 0 | (189,302) | (1,192,317) | (40,622) |
| 3 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 3 Permits | YN | **(213,336)** | 0 | 0 | 0 | 0 | (213,336) | 0 | 0 |
| 1 **Ph03 TI Costs** | | | | | | | | | |
| 3 Parcel 3 Office | YY | **(4,236,294)** | 0 | 0 | 0 | 0 | 0 | 0 | (4,236,294) |
| 3 Parcel 3 Retail | YY | **(571,790)** | 0 | 0 | 0 | 0 | 0 | 0 | (571,790) |
| 1 **Ph03 Professional Fees** | | | | | | | | | |
| 3 Architect + Engineer | YN | **(685,000)** | 0 | 0 | (342,500) | (342,500) | 0 | 0 | 0 |
| 3 Legal | YN | **(213,336)** | 0 | 0 | (60,953) | (91,430) | (60,953) | 0 | 0 |
| 3 Soft Cost Contingency | YN | **(138,278)** | 0 | (7,500) | (47,845) | (43,393) | (34,160) | (5,200) | (180) |
| 1 **Ph01 Marketing/Leasing** | | | | | | | | | |
| 1 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 1 Leasing Legal Fees | YN | **(58,610)** | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 1 Parcel 2 Office | YN | **(1,274,853)** | 0 | 0 | 0 | 0 | 0 | 0 | (1,274,853) |
| 1 Parcel 2 Parking | YN | **(70,683)** | 0 | 0 | 0 | 0 | 0 | 0 | (70,683) |
| 1 Parcel 2 Retail | YN | **(346,758)** | 0 | 0 | 0 | 0 | 0 | 0 | (346,758) |
| 1 **Ph02 Marketing/Leasing** | | | | | | | | | |
| 2 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (18,182) | (31,818) | 0 |
| 2 Leasing Legal Fees | YN | **(58,610)** | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |
| 2 Parcel 1 Retail | YN | **(122,408)** | 0 | 0 | 0 | 0 | 0 | (122,408) | 0 |
| 1 **Ph03 Marketing/Leasing** | | | | | | | | | |
| 3 Marketing | YN | **(50,000)** | 0 | 0 | 0 | 0 | (11,765) | (35,294) | (2,941) |
| 3 Leasing Legal Fees | YN | **(58,610)** | 0 | 0 | 0 | 0 | 0 | 0 | (58,610) |



WMATA-INV 008023

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**
Detailed Cash Flow (Merged Phases)



| | | TOTALS | 000:Sep 2007 | 012:Sep 2008 | 024:Sep 2009 | 036:Sep 2010 | 048:Sep 2011 | 060:Sep 2012 | 072:Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph02 Acquisition Costs** | | | | | | | | | |
| 2 WMATA PARCEL 1 Ground | YN | **(295,001)** | 0 | 0 | 0 | 0 | 0 | (11,725) | (28,140) |
| 2 DC Purchase Recordation Ta | YN | **(4,425)** | 0 | 0 | 0 | 0 | 0 | (176) | (422) |
| 2 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 2 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 2 Title Insurance | YN | **(1,475)** | 0 | 0 | 0 | 0 | 0 | (59) | (141) |
| 1 **Ph03 Acquisition Costs** | | | | | | | | | |
| 3 WMATA PARCEL 3 Ground | YN | **(1,277,108)** | 0 | 0 | 0 | 0 | 0 | 0 | (118,052) |
| 3 Arts Credits (assume no bonu | YN | **(239,325)** | 0 | 0 | 0 | 0 | (239,325) | 0 | 0 |
| 3 DC Purchase Recordation Ta | YN | **(22,746)** | 0 | 0 | 0 | 0 | (3,590) | 0 | (1,771) |
| 3 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 3 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 3 Title Insurance | YN | **(7,582)** | 0 | 0 | 0 | 0 | (1,197) | 0 | (590) |
| 1 **Ph01 Construction Costs** | | | | | | | | | |
| 1 Metro Site Work | YN | **(1,500,000)** | 0 | 0 | 0 | 0 | (1,500,000) | 0 | 0 |
| 1 Parcel 2 Office | YY | **(11,595,394)** | 0 | 0 | 0 | 0 | (1,519,099) | (9,738,882) | (337,413) |
| 1 Parcel 2 Parking | YY | **(1,752,360)** | 0 | 0 | 0 | 0 | (229,575) | (1,471,794) | (50,992) |
| 1 Parcel 2 Retail | YY | **(2,150,624)** | 0 | 0 | 0 | 0 | (281,751) | (1,806,292) | (62,581) |
| 1 Insurance | YN | **(84,992)** | 0 | 0 | 0 | 0 | (17,652) | (65,085) | (2,255) |
| 1 Real Estate Tax During Cons | YN | **(150,000)** | 0 | 0 | 0 | 0 | (35,294) | (105,882) | (8,824) |
| 1 Contingency | YN | **(1,699,838)** | 0 | 0 | 0 | 0 | (226,250) | (1,425,036) | (48,551) |
| 1 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 1 Permits | YN | **(254,976)** | 0 | 0 | 0 | 0 | (254,976) | 0 | 0 |
| 1 **Ph01 TI Costs** | | | | | | | | | |
| 1 Parcel 2 Office | YY | **(4,958,530)** | 0 | 0 | 0 | 0 | 0 | 0 | (4,958,530) |
| 1 Parcel 2 Retail | YY | **(981,013)** | 0 | 0 | 0 | 0 | 0 | 0 | (981,013) |
| 1 **Ph01 Professional Fees** | | | | | | | | | |
| 1 Architect + Engineer | YN | **(841,000)** | 0 | 0 | (420,500) | (420,500) | 0 | 0 | 0 |
| 1 Legal | YN | **(254,976)** | 0 | 0 | (72,850) | (109,275) | (72,850) | 0 | 0 |
| 1 Soft Cost Contingency | YN | **(163,594)** | 0 | (6,827) | (53,534) | (50,921) | (44,659) | (7,392) | (260) |
| 1 **Ph02 Construction Costs** | | | | | | | | | |
| 2 Metro Site Work | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |
| 2 Parcel 1 Retail | YY | **(698,440)** | 0 | 0 | 0 | 0 | (193,363) | (505,078) | 0 |
| 2 Insurance | YN | **(3,742)** | 0 | 0 | 0 | 0 | (1,217) | (2,525) | 0 |
| 2 Real Estate Tax During Cons | YN | **(12,500)** | 0 | 0 | 0 | 0 | (4,545) | (7,955) | 0 |
| 2 Contingency | YN | **(74,844)** | 0 | 0 | 0 | 0 | (20,889) | (53,955) | 0 |
| 2 Permits | YN | **(50,000)** | 0 | 0 | 0 | 0 | (50,000) | 0 | 0 |



WMATA-INV 008024

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**Detailed Cash Flow (Merged Phases)**



| Period ending<br>AnnualB/F | SET<br>Int Inf | TOTALS | 000:Sep 2007 | 012:Sep 2008<br>0 | 024:Sep 2009<br>(695,222) | 036:Sep 2010<br>(2,622,871) | 048:Sep 2011<br>(4,542,198) | 060:Sep 2012<br>(14,646,045) | 072:Sep 2013<br>(43,667,659) |
|---|---|---|---|---|---|---|---|---|---|
| 1 **Ph01 Revenue** | | | | | | | | | |
| 1 Parcel 2 Office | YN | **24,738,475** | 0 | 0 | 0 | 0 | 0 | 0 | 581,388 |
| 1 Parcel 2 Parking | YN | **1,373,443** | 0 | 0 | 0 | 0 | 0 | 0 | 92,486 |
| 1 Parcel 2 Retail | YN | **6,737,832** | 0 | 0 | 0 | 0 | 0 | 0 | 453,718 |
| 1 Parcel 2 Office | YN | **43,347,369** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Parking | YN | **2,298,542** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 Parcel 2 Retail | YN | **11,276,184** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Disposal Costs** | | | | | | | | | |
| 1 Sales Agent Fee | YN | **(2,561,494)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Revenue** | | | | | | | | | |
| 2 Parcel 1 Retail | YN | **2,519,909** | 0 | 0 | 0 | 0 | 0 | 53,389 | 215,156 |
| 2 Parcel 1 Retail | YN | **4,099,984** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph02 Disposal Costs** | | | | | | | | | |
| 2 Sales Agent Fee | YN | **(184,499)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Revenue** | | | | | | | | | |
| 3 Parcel 3 Office | YN | **21,135,187** | 0 | 0 | 0 | 0 | 0 | 0 | 496,705 |
| 3 Parcel 3 Parking | YN | **1,062,569** | 0 | 0 | 0 | 0 | 0 | 0 | 71,552 |
| 3 Parcel 3 Retail | YN | **3,927,193** | 0 | 0 | 0 | 0 | 0 | 0 | 264,453 |
| 3 Parcel 3 Office | YN | **37,033,599** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Parking | YN | **1,778,276** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Parcel 3 Retail | YN | **6,572,405** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph03 Disposal Costs** | | | | | | | | | |
| 3 Sales Agent Fee | YN | **(2,042,293)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 **Ph01 Acquisition Costs** | | | | | | | | | |
| 1 WMATA PARCEL 2 Ground | YN | **(756,840)** | 0 | 0 | 0 | 0 | 0 | 0 | (69,960) |
| 1 8th Street Land Option (Year | YN | **(3,420,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th St 1st Year Ground Lease | YN | **(325,000)** | 0 | (318,750) | (6,250) | 0 | 0 | 0 | 0 |
| 1 8th St Ground Lease Renewal | YN | **(600,000)** | 0 | 0 | (150,000) | (150,000) | (150,000) | (150,000) | 0 |
| 1 8th St Ground Lease Renewal | YN | **(1,000,020)** | 0 | 0 | 0 | 0 | 0 | 0 | (200,004) |
| 1 Arts Credits (assume no bonu | YN | **(300,000)** | 0 | 0 | 0 | 0 | (300,000) | 0 | 0 |
| 1 8th St Combination Fee | YN | **(30,000)** | 0 | 0 | (30,000) | 0 | 0 | 0 | 0 |
| 1 8th Street Resubordination F | YN | **(175,000)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 8th Street RE Tax pre-constr | YN | **(203,500)** | 0 | (50,875) | (50,875) | (50,875) | (50,875) | 0 | 0 |
| 1 DC Purchase Recordation Ta | YN | **(67,153)** | 0 | 0 | 0 | 0 | (4,500) | 0 | (1,049) |
| 1 WMATA Acquisition Legal | YN | **(100,000)** | 0 | (75,000) | (25,000) | 0 | 0 | 0 | 0 |
| 1 Third Party Reports | YN | **(50,000)** | 0 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| 1 Title Insurance | YN | **(32,009)** | 0 | (1,594) | (781) | (750) | (2,250) | (750) | (1,350) |



WMATA-INV 008025

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

| Escalation on Capitalized Rent | | Unescalated | Escalation | Total |
|---|---|---|---|---|
| Parcel 2 Office | Office Rent at 3.00% | 28,446,726 | 14,900,643 | 43,347,369 |
| Parcel 2 Parking | Office Rent at 3.00% | 1,508,419 | 790,123 | 2,298,542 |
| Parcel 2 Retail | Office Rent at 3.00% | 7,400,000 | 3,876,184 | 11,276,184 |
| Parcel 1 Retail | Office Rent at 3.00% | 2,651,143 | 1,448,841 | 4,099,984 |
| Parcel 3 Office | Office Rent at 3.00% | 24,303,312 | 12,730,287 | 37,033,599 |
| Parcel 3 Parking | Office Rent at 3.00% | 1,166,994 | 611,282 | 1,778,276 |
| Parcel 3 Retail | Office Rent at 3.00% | 4,313,143 | 2,259,262 | 6,572,405 |

| Inflation on Construction Costs | | Uninflated | Inflation | Total |
|---|---|---|---|---|
| Parcel 2 Office | Construction CPI at 3.00% | 10,190,205 | 1,405,189 | 11,595,394 |
| Parcel 2 Parking | Construction CPI at 3.00% | 1,540,000 | 212,360 | 1,752,360 |
| Parcel 2 Retail | Construction CPI at 3.00% | 1,890,000 | 260,624 | 2,150,624 |
| Parcel 1 Retail | Construction CPI at 3.00% | 618,600 | 79,840 | 698,440 |
| Parcel 3 Office | Construction CPI at 3.00% | 8,591,130 | 1,184,683 | 9,775,813 |
| Parcel 3 Parking | Construction CPI at 3.00% | 1,190,000 | 164,096 | 1,354,096 |
| Parcel 3 Retail | Construction CPI at 3.00% | 1,101,600 | 151,906 | 1,253,506 |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 008026

FOIA CONFIDENTIAL TREATMENT REQUESTED



**WMATA Shaw-Howard/Florida Avenue JDS Pro Forma**
**All Parcels: Ground Lease and 15-year hold, All Office / Retail**

| | | | |
|---|---|---|---|
| Dev. Management Fee | 5.00% | 904,718 | |
| Dev. Management Fee | 5.00% | 42,664 | |
| Dev. Management Fee | 5.00% | 756,038 | |
| | | | 1,703,419 |
| **FINANCE** | | | |
| Interest paid to Debt Sources: | | | |
| Development Loan (8.00%) | 407,815 | | |
| Construction Loan (8.00%) | 5,809,204 | | |
| Total Interest paid to debt financing | | 6,217,019 | |
| Mortgage Interest (7.00%) | | 35,542,366 | |
| Total Interest Paid | | 41,759,385 | |
| Debt Financing Fees | | | |
| Development Loan - Legal (Single) | 50,000 | | |
| Construction Loan - Legal Fees (Single) | 100,000 | | |
| Total Debt Financing Fees | | 150,000 | |
| Total Finance Cost | | | 41,909,385 |
| **TOTAL COSTS** | | | **110,779,285** |
| **PROFIT** | | | |
| Developer Equity | | | |
| Residual Percentage (50.00%) | 25,955,128 | | |
| Preferred Return (10.00%) | 1,563,924 | | |
| | | 27,519,053 | |
| Investor Equity | | | |
| Residual Percentage (50.00%) | 25,955,128 | | |
| Preferred Return (10.00%) | 3,647,502 | | |
| | | 29,602,630 | |
| | | | **57,121,682** |
| **Performance Measures** | | | |
| Profit on Cost% | 51.56% | | |
| Profit on GDV% | 53.68% | | |
| Development Yield% (on Rent) | 6.72% | | |
| Pre-Finance IRR% | 12.23% | | |
| Project IRR% (with Interest) | 15.01% | | |
| Equity IRR% (with Interest) | 24.40% | | |

‡ Inflation/Escalation applied



WMATA-INV 008027

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

| | | | |
|---|---|---|---|
| Permits | 2.00% | 14,969 | |
| Permits | | 50,000 | |
| Permits | 1.50% | 213,336 | |
| | | | 7,219,204 |
| **Other Construction** | | | |
| Insurance | 0.50% | 84,992 | |
| Insurance | 0.50% | 3,742 | |
| Insurance | 0.50% | 71,112 | |
| | | | 159,846 |
| **Municipal Costs** | | | |
| Real Estate Tax During Construction | | 150,000 | |
| Real Estate Tax During Construction | | 12,500 | |
| Real Estate Tax During Construction | | 97,000 | |
| | | | 259,500 |
| **TI Costs** | | | |
| TI Cost Area Rate - Parcel 2 Office | 60.00 pf² | 4,958,530 | |
| TI Cost Area Rate - Parcel 2 Retail | 60.00 pf² | 981,013 | |
| TI Cost Area Rate - Parcel 1 Retail | 60.00 pf² | 284,739 | |
| TI Cost Area Rate - Parcel 3 Office | 60.00 pf² | 4,236,294 | |
| TI Cost Area Rate - Parcel 3 Retail | 60.00 pf² | 571,790 | |
| | | | 11,032,366 |
| **PROFESSIONAL FEES** | | | |
| Architect + Engineer | | 1,619,604 | |
| Legal | 1.50% | 479,538 | |
| Soft Cost Contingency | 10.00% | 163,594 | |
| Soft Cost Contingency | 10.00% | 32,354 | |
| Soft Cost Contingency | 10.00% | 138,278 | |
| | | | 2,433,369 |
| **MARKETING & LEASING** | | | |
| Marketing | | 150,000 | |
| Leasing Legal Fees | 2.00% | 175,831 | |
| **Leasing Commissions** | | | |
| Parcel 2 Office | | 1,274,853 | |
| Parcel 2 Parking | | 70,683 | |
| Parcel 2 Retail | | 346,758 | |
| Parcel 1 Retail | | 122,408 | |
| Parcel 3 Office | | 1,089,164 | |
| Parcel 3 Parking | | 54,684 | |
| Parcel 3 Retail | | 202,111 | |
| | | | 3,486,491 |
| **DISPOSAL FEES** | | | |
| Sales Agent Fee | 4.50% | 4,788,286 | |
| | | | 4,788,286 |
| **Additional Costs** | | | |



FOIA CONFIDENTIAL TREATMENT REQUESTED
WMATA-INV 008028

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**DEVELOPMENT COSTS**

| | | | | |
|---|---|---|---|---|
| **ACQUISITION COSTS** | | | | |
| WMATA PARCEL 2 Ground Lease | | | 756,840 | |
| 8th Street Land Option (Year 10) | | | 3,420,000 | |
| 8th St 1st Year Ground Lease | | | 325,000 | |
| 8th St Ground Lease Renewal 1-4 | | | 600,000 | |
| 8th St Ground Lease Renewal 5-9 | | | 1,000,020 | |
| Arts Credits (assume no bonus) | | | 300,000 | |
| 8th St Combination Fee | | | 30,000 | |
| 8th Street Resubordination Fee | | | 175,000 | |
| 8th Street RE Tax pre-construction | | | 203,500 | |
| WMATA PARCEL 1 Ground Lease | | | 295,001 | |
| WMATA PARCEL 3 Ground Lease | | | 1,277,108 | |
| Arts Credits (assume no bonus) | | | 239,325 | |
| Total Acquisition (0.92 Acres $9,371,515.22 pAcre) | | | | 8,621,794 |
| DC Purchase Recordation Tax | | 1.50% | 89,899 | |
| DC Purchase Recordation Tax | | 1.50% | 4,425 | |
| WMATA Acquisition Legal Fees | | | 300,000 | |
| Third Party Reports | | | 150,000 | |
| Title Insurance | | 0.50% | 39,591 | |
| Title Insurance | | 0.50% | 1,475 | |
| | | | | 9,207,185 |
| **CONSTRUCTION COSTS** | **ft²** | **Rate ft²** | **Cost** | |
| **Construction** | | | | |
| ‡ Parcel 2 Office | 75,483 | $135.00 | 11,595,394 | |
| ‡ Parcel 2 Parking | 19,885 | $77.45 | 1,752,360 | |
| ‡ Parcel 2 Retail | 14,000 | $135.00 | 2,150,624 | |
| ‡ Parcel 1 Retail | 4,124 | $150.00 | 698,440 | |
| ‡ Parcel 3 Office | 63,638 | $135.00 | 9,775,813 | |
| ‡ Parcel 3 Parking | 15,955 | $74.58 | 1,354,096 | |
| ‡ Parcel 3 Retail | 8,160 | $135.00 | 1,253,506 | |
| Totals | 201,245 | | 28,580,233 | **28,580,233** |
| Contingency | | 10.00% | 1,699,838 | |
| Contingency | | 10.00% | 74,844 | |
| Contingency | | 10.00% | 1,422,242 | |
| Metro Site Work | | | 1,500,000 | |
| Metro Site Work | | | 50,000 | |
| Metro Site Work | | | 1,839,000 | |
| Permits | | | 50,000 | |
| Permits | | 1.50% | 254,976 | |
| Permits | | | 50,000 | |



WMATA-INV 008029

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, All Office / Retail

**Project Pro Forma for Merged Phases 1 2 3**

| REVENUE<br>Rental Area Summary | ft² | Rate ft² | Rent at Lease Start | Rent At Sale |
|---|---|---|---|---|
| ‡ Parcel 2 Office | 70,763 | $42.00 | 3,470,971 | 4,528,830 |
| ‡ Parcel 2 Parking | 19,885 | $5.31 | 123,315 | 160,898 |
| ‡ Parcel 2 Retail | 14,000 | $37.00 | 604,958 | 789,333 |
| ‡ Parcel 1 Retail | 4,124 | $45.00 | 213,554 | 286,999 |
| ‡ Parcel 3 Office | 60,456 | $42.00 | 2,965,406 | 3,869,182 |
| ‡ Parcel 3 Parking | 15,955 | $5.12 | 95,403 | 124,479 |
| ‡ Parcel 3 Retail | 8,160 | $37.00 | 352,604 | 460,068 |
| Totals | 193,343 | | 7,826,211 | 10,219,789 |
| **Investment Valuation** | | | | |
| **Parcel 2 Office** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 3,034,316 | Cap Rate | 7.0000% | 43,347,369 |
| **Parcel 2 Parking** | | | | |
| Capitalized Rent | 160,898 | Cap Rate | 7.0000% | 2,298,542 |
| **Parcel 2 Retail** | | | | |
| Capitalized Rent | 789,333 | Cap Rate | 7.0000% | 11,276,184 |
| **Parcel 1 Retail** | | | | |
| Capitalized Rent | 286,999 | Cap Rate | 7.0000% | 4,099,984 |
| **Parcel 3 Office** | | | | |
| - 33.000% non recov. cost | | | | |
| Capitalized Rent | 2,592,352 | Cap Rate | 7.0000% | 37,033,599 |
| **Parcel 3 Parking** | | | | |
| Capitalized Rent | 124,479 | Cap Rate | 7.0000% | 1,778,276 |
| **Parcel 3 Retail** | | | | |
| Capitalized Rent | 460,068 | Cap Rate | 7.0000% | 6,572,405 |
| | | | | **106,406,359** |
| **Income from Tenants** | | | | |
| Parcel 2 Office | | | 24,738,475 | |
| Parcel 2 Parking | | | 1,373,443 | |
| Parcel 2 Retail | | | 6,737,832 | |
| Parcel 1 Retail | | | 2,519,909 | |
| Parcel 3 Office | | | 21,135,187 | |
| Parcel 3 Parking | | | 1,062,569 | |
| Parcel 3 Retail | | | 3,927,193 | |
| | | | | 61,494,608 |
| **TOTAL PROJECT REVENUE** | | | | **167,900,967** |



WMATA-INV 008030

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| Source of Funds Type | Combined Sources Scenario |
|---|---|
| Heading | 18 Oct 2022 |
| Auto. Project Contribution | 0 |
| Timed Contribution: Project | 0 |
| **Total Contribution** | **0** |
| Non-Mortgage Interest and Fees | 0 |
| Auto. Repayment | 0 |
| Timed Repayment: Project | 0 |
| **Total Repayment** | **0** |
| **Profit Participation** | **40,765,090** |
| **Net Cash Flow (IRR)** | **40,765,090** |
| Net Cash Flow (Equity IRR) | 40,765,090 |
| **Cumulative Net Cash Flow** | **63,178,711** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 18.0% |



WMATA-INV 008031

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Auto. Project Contribution | 0 | 0 | (3,524,976) | (237,909) | (198,257) | 0 | 0 | 0 |
| Timed Contribution: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **(3,524,976)** | **(237,909)** | **(198,257)** | **0** | **0** | **0** |
| Non-Mortgage Interest and Fees | 0 | 0 | 0 | (203,703) | (60,730) | 0 | 0 | 0 |
| Auto. Repayment | 0 | 0 | 159,632 | 2,080,030 | 1,985,913 | 0 | 0 | 0 |
| Timed Repayment: Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **159,632** | **2,080,030** | **1,985,913** | **0** | **0** | **0** |
| **Profit Participation** | **978,562** | **1,209,558** | **1,295,176** | **0** | **284,114** | **2,307,988** | **2,551,499** | **2,799,904** |
| **Net Cash Flow (IRR)** | **978,562** | **1,209,558** | **(2,070,168)** | **1,638,418** | **2,011,039** | **2,307,988** | **2,551,499** | **2,799,904** |
| Net Cash Flow (Equity IRR) | 978,562 | 1,209,558 | 1,295,176 | 0 | 284,114 | 2,307,988 | 2,551,499 | 2,799,904 |
| **Cumulative Net Cash Flow** | **11,965,382** | **13,174,940** | **11,104,772** | **12,743,191** | **14,754,230** | **17,062,217** | **19,613,717** | **22,413,620** |

**ASSUMPTIONS**

**ANALYSIS**

| | |
|---|---|
| Project IRR | 18.0% |



WMATA-INV 008032

FOIA CONFIDENTIAL TREATMENT REQUESTED



# FUNDING SOURCE CASH FLOW

## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel

**(Merged Phases)**



Source of Funds: Combined Sources
Type: Scenario

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Auto-Project Contribution | (64,204,873) | (615,201) | (2,104,546) | (2,099,310) | (12,874,717) | (32,332,833) | (10,107,395) | (109,728) |
| Timed Contribution-Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(64,204,873)** | **(615,201)** | **(2,104,546)** | **(2,099,310)** | **(12,874,717)** | **(32,332,833)** | **(10,107,395)** | **(109,728)** |
| Non-Mortgage Interest and Fees | (6,765,562) | (83,337) | (103,965) | (143,424) | (228,572) | (1,322,137) | (3,395,827) | (1,223,866) |
| Auto-Repayment | 68,920,435 | 0 | 0 | 0 | 0 | 53,389 | 3,545,030 | 61,096,441 |
| Timed Repayment-Project | 2,050,000 | 0 | 0 | 0 | 2,050,000 | 0 | 0 | 0 |
| **Total Repayment** | **70,970,435** | **0** | **0** | **0** | **2,050,000** | **53,389** | **3,545,030** | **61,096,441** |
| **Profit Participation** | **63,178,711** | **0** | **0** | **0** | **0** | **0** | **0** | **10,986,820** |
| | | | | | | | | **70,749,666** |
| **Net Cash Flow (IRR)** | **63,178,711** | **(698,538)** | **(2,208,511)** | **(2,242,734)** | **(11,053,289)** | **(33,601,582)** | **(9,958,193)** | 24,493,679 |
| Net Cash Flow (Equity IRR) | 63,178,711 | 0 | (1,129,044) | (2,099,310) | (10,278,504) | 0 | 0 | 10,986,820 |
| **Cumulative Net Cash Flow** | | **(698,538)** | **(2,907,049)** | **(5,149,783)** | **(16,203,072)** | **(49,804,654)** | **(59,762,846)** | |

**ASSUMPTIONS**

**ANALYSIS**

Project IRR 18.0%



WMATA-INV 008033

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| Source of Funds | Balancing Account |
|---|---|
| Type | Balancing Account |

| Heading | 18 Oct 2022 |
|---|---|
| Timed Contribution | 0 |
| Timed Contribution: Profit | 0 |
| **Total Contribution** | **0** |
| Interest | 0 |
| Timed Repayment: Profit | 0 |
| **Total Repayment** | **0** |
| **Closing Balance** | **0** |
| **Profit Participation** | **0** |
| **Net Cash Flow (IRR)** | **0** |
| **Cumulative Net Cash Flow** | **£0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 008034

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Balancing Account |
| Type | Balancing Account |

| Heading | 96<br>Sep 2015 | 108<br>Sep 2016 | 120<br>Sep 2017 | 132<br>Sep 2018 | 144<br>Sep 2019 | 156<br>Sep 2020 | 168<br>Sep 2021 | 180<br>Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Contribution Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cumulative Net Cash Flow** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 008035

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Balancing Account |
| Type | Balancing Account |

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Timed Contribution | (2,050,000) | 0 | 0 | 0 | (2,050,000) | 0 | 0 | 0 |
| Timed Contribution Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Contribution** | **(2,050,000)** | **0** | **0** | **0** | **(2,050,000)** | **0** | **0** | **0** |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Timed Repayment Profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Repayment** | **2,050,000** | **0** | **0** | **0** | **0** | **53,389** | **1,996,611** | **0** |
| **Closing Balance** | **0** | **0** | **0** | **0** | **(2,050,000)** | **(1,996,611)** | **0** | **0** |
| **Profit Participation** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Net Cash Flow (IRR)** | **0** | **0** | **0** | **0** | **(2,050,000)** | **53,389** | **1,996,611** | **0** |
| **Cumulative Net Cash Flow** | | 0 | 0 | 0 | (2,050,000) | (1,996,611) | 0 | 0 |

| ASSUMPTIONS | |
|---|---|
| Contribution Order | 5 |
| Contribution | ($2,050,000) |
| Repayment Order | 1 |

| ANALYSIS | |
|---|---|
| Contribution | $0 |
| Total Repayment | $2,050,000 |
| Peak Financing Amount | $2,050,000 |
| Project IRR | 0.0% |



WMATA-INV 008036

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | 181<br>Oct2022 |
|---|---|
| Opening Balance | 61,586,597 |
| Interest | 359,255 |
| Principal Repaid | 61,586,597 |
| Total P+I Payment | 61,945,852 |
| **Closing Balance** | **0** |
| **Net Cash Flow (IRR)** | **61,945,852** |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,212 |
| Maximum Funding Amount | $69,729,755 |
| Mortgage Issued | $69,729,755 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,966 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 008037

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



Source of Funds: Mortgage
Type: Mortgage

| Heading | 96 Sep 2015 | 108 Sep 2016 | 120 Sep 2017 | 132 Sep 2018 | 144 Sep 2019 | 156 Sep 2020 | 168 Sep 2021 | 180 Sep 2022 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 69,263,054 | 68,520,995 | 67,725,292 | 66,872,067 | 65,957,163 | 64,976,120 | 63,924,158 | 62,796,149 |
| Interest | 4,824,906 | 4,771,263 | 4,713,741 | 4,652,061 | 4,585,923 | 4,515,003 | 4,438,957 | 4,357,413 |
| Principal Repaid | 742,060 | 795,703 | 853,225 | 914,904 | 981,043 | 1,051,962 | 1,128,009 | 1,209,553 |
| Total P+I Payment | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 |
| Closing Balance | 68,520,995 | 67,725,292 | 66,872,067 | 65,957,163 | 64,976,120 | 63,924,158 | 62,796,149 | 61,586,597 |
| Net Cash Flow (IRR) | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 | 5,566,966 |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,212 |
| Maximum Funding Amount | $69,729,755 |
| Mortgage Issued | $69,729,755 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,966 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 008038

FOIA CONFIDENTIAL TREATMENT REQUESTED



## WMATA Shaw-Howard/Florida Avenue JDS Pro Forma
## All Parcels: Ground Lease and 15-year hold, Office and Hotel
**(Merged Phases)**



| | |
|---|---|
| Source of Funds | Mortgage |
| Type | Mortgage |

| Heading | Total | 12 Sep 2008 | 24 Sep 2009 | 36 Sep 2010 | 48 Sep 2011 | 60 Sep 2012 | 72 Sep 2013 | 84 Sep 2014 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 69,729,755 |
| Interest | 40,463,132 | 0 | 0 | 0 | 0 | 0 | 0 | 3,244,610 |
| Principal Repaid | 69,729,755 | 0 | 0 | 0 | 0 | 0 | 0 | 466,701 |
| Total P+I Payment | 110,192,887 | 0 | 0 | 0 | 0 | 0 | 0 | 3,711,310 |
| Closing Balance | | 0 | 0 | 0 | 0 | 0 | 0 | 69,263,054 |
| Net Cash Flow (IRR) | 40,463,132 | 0 | 0 | 0 | 0 | 0 | 0 | (66,018,444) |

| ASSUMPTIONS | |
|---|---|
| Month to Place Mortgage | 76 |
| Monthly Stabilized Income | $557,201 |
| Annual Stabilized Income | $6,686,415 |
| Manual Stabilized Income | $0 |
| Mortgage Amount as % of Value | 73.00% |
| Cap Rate to Determine Value | 7.00% |
| Project Cap Rate Value | $95,520,212 |
| Maximum Funding Amount | $69,729,755 |
| Mortgage Issued | $69,729,755 |

| ANALYSIS | |
|---|---|
| Amortization Period (Months) | 360 |
| Annual Interest Rate | 7.00% |
| Compounding Frequency | Monthly |
| Monthly Interest Factor | 0.005833 |
| Monthly Debt Service P+I | $463,914 |
| Annual Debt Service P+I | $5,566,966 |
| Debt Service Ratio | 1.20 |
| Project IRR | 7.2% |



WMATA-INV 008039