

A scenic landscape featuring rolling hills and mountains under a clear blue sky. In the foreground, there are green fields and some trees. A large, semi-transparent white 'X' graphic is overlaid on the left side of the image. The text 'FINANCIAL ANALYSIS TOOLS' is written in a bold, white, sans-serif font on the right side of the image.

FINANCIAL ANALYSIS TOOLS

December 14, 2021

RCLCO
REAL ESTATE ADVISORS

TWO TYPES OF MODELING

1. **Project-Level Financial Model** – Outlines Investment Needed and Cash Flows to State Over Life of Project

- Overall scenario/approach comparison
- ROI to State over long term
- Holistic view of project

2. **Phase One Pro Forma** – Focuses Only On First Phase of Activity Described in RFQ/P

- Adapts project-level model to show the developer's returns on individual projects within plan
- Allows for scenario testing land value approaches from RFQ/P
- Demonstrates building-level feasibility specific to proposed plan and compares to infrastructure cost necessary to deliver
- Shows State investment compared to cash flow for Phase One

FINANCIAL ANALYSIS TOOL

KEY VARIABLES:

- ▶ Transaction structure
- ▶ Infrastructure costs & allocation
- ▶ Funding/financing strategies
- ▶ **Mix of uses and product types** →
- ▶ Land value by product type/phase
- ▶ Project phasing
- ▶ Project enhancements

	SF or Units per Development	Land Acreage by Product Type	Sale/Lease
Product Types	Framework Plan Concept	Framework Plan Concept	
Innovation Office	200,000	23.20	Lease
5 Story Commercial Office	150,000	32.50	Lease
6 Story Commercial Office	200,000	84.80	Lease
10 Story Commercial Office	300,000	7.90	Lease
Institutional/Anchor Tenant	200,000	30.00	Lease
Freestanding Retail	75,000	0.00	Lease
Neighborhood Retail	50,000	3.20	Lease
Lifestyle Retail & Entertainment	25,000	13.10	Lease
Ground Floor Retail	25,000	18.59	Lease
Limited Service Hotel	100	3.50	Lease
Upscale Hotel	210	4.10	Lease
Civic	80,000	11.50	Lease
Urban Walk-Up	260	14.50	Lease
4 Story Wrap Apartments	350	58.50	Lease
6 Story Podium Apartments	275	30.40	Lease
12 Story Apartments	250	3.70	Lease
Walk-Up Condo	125	13.90	Sale
Wrap Condo	140	3.00	Sale
Phase I Townhomes	50	6.40	Sale
Phase II Townhomes	50	0.00	Sale
Phase III Townhomes	50	0.00	Sale
Phase I Single-Family Detached	25	6.40	Sale
Phase II Single-Family Detached	25	0.00	Sale
Phase III Single-Family Detached	25	0.00	Sale

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		Phase Developer	Soft Cost, Profits, and Contingencies	25%		
		Master Developer	Soft Cost, Profits, and Contingencies	40%		
			% Included in Project Costs	% of Payment Up-Front	Year of Up-Front Payment	Other Cost Allocation
Costs		Cost				
Removal of Prison Buildings	\$5,000,000	0%	100%	2022		
Boulevard (120' ROW)	\$4,623,160	50%	100%	2023		
Primary Roads (90' ROW)	\$11,084,200	100%	20%	2023	By District	
Primary Roadway Earthwork	\$4,023,800	100%	20%	2023	By District	
Landscaping Earthwork	\$2,240,000	100%	33%	2024	By District	
Project Drainage Upgrades	\$5,812,500	100%	33%	2023	By District	
36-Inch Dia. SD Line outfall to Jordan River	\$1,575,000	100%	33%	2023	By District	
Project Electrical Upgrades	\$1,500,000	100%	33%	2024	By District	
Substation	\$8,500,000	100%	40%	2023	By District	
Project Sewage Upgrades	\$2,310,000	100%	33%	2023	By District	
Project Water Upgrades	\$2,090,000	100%	33%	2023	By District	
Project Gas Upgrades	\$1,164,250	100%	33%	2024	By District	
River to Range Park	\$19,057,500	100%	33%	2025	By District	
Central Park	\$22,100,000	100%	100%	2035	By District	
Community Park	\$6,320,000	100%	100%	2030	By District	
Trails	\$50,000	0%	15%	2025	By District	
Edge Parks	\$20,520,000	100%	0%	2024	By District	
Micro Circulator Transit	\$3,600,000	0%	100%	2024		

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Stabilized Revenue
- Operating Expenses
= Net Operating Income
/ Cap Rate
= Project Value

+ Hard Costs
+ Soft Costs
+ Other Costs
+ Expected Return on Cost
= Cost to Construct

Project Value
- Cost to Construct
= Finished Residual Land Value

FINANCIAL ANALYSIS TOOL

EXAMPLE OF LAND VALUE ANALYSIS

	Static Residual Land Value (2020 \$)															
	Innovation Office	Commercial Office	Commercial Office	Commercial Office	Institutional/Anch or Tenant	Freestanding Retail	Neighborhood Retail	Lifestyle Retail & Entertainment	Ground Floor Retail	Limited Service Hotel	Upscale Hotel	Civic	Urban Walk-Up	4 Story Wrap Apartments	6 Story Podium Apartments	
PROJECT SCOPE																
Gross Acres	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Net Acres	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
FAR	0.30	0.40	1.00	6.00	0.60	0.30	0.30	0.30	0.50	0.36	0.62	0.30	0.80	1.26	1.95	
Units/AC										25.96	40.38		35.00	55.00	85.00	
SF/Unit or Room										400	425		850	800	800	
Efficiency Factor	92%	95%	95%	92%	95%	95%	95%	95%	95%	66%	64%	92%	85%	80%	80%	
Net Rentable Square Feet	12,023	16,553	41,382	240,451	24,829	12,415	12,415	12,415	20,691	10,385	17,163	12,023	29,750	44,000	68,000	
Gross Square Feet	13,068	17,424	43,560	261,360	26,136	13,068	13,068	13,068	21,780	15,682	26,998	13,068	35,000	55,000	85,000	
Rooms										26	40		35	55	85	
Parking Spaces	48	66	166	962	99	50	50	50	83	32	54	48	53	72	102	
Surface Parking Spots	48	66	0	0	30	50	50	25	8	32	27	48	53	4	5	
Garage Parking Spots	0	0	166	962	70	0	0	25	74	0	27	0	0	68	97	
REVENUE																
Rental Revenue	\$354,666	\$488,308	\$1,282,842	\$8,175,341	\$732,461	\$297,950	\$322,780	\$397,267	\$662,112	\$1,184,495	\$2,063,654	\$273,381	\$535,500	\$98,160	\$1,509,600	
Sales Revenue																
Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$165,829	\$577,823	\$0	\$25,436	\$43,138	\$71,706	
Parking Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Revenue																
Less: Vacancy Rates	(\$17,733)	(\$48,831)	(\$128,284)	(\$817,534)	(\$14,649)	(\$29,795)	(\$32,278)	(\$39,727)	(\$66,211)	(\$355,349)	(\$619,096)	(\$13,669)	(\$26,775)	(\$45,408)	(\$75,480)	
Total Revenue	\$336,932	\$439,477	\$1,154,558	\$7,357,807	\$717,812	\$268,155	\$290,502	\$357,540	\$595,901	\$994,976	\$2,022,381	\$259,712	\$534,161	\$905,890	\$1,505,826	
EXPENSES																
Operating Expenses	\$50,539.84	\$65,921.53	\$173,183.67	\$1,103,671.01	\$107,671.83	\$10,726.21	\$11,620.07	\$14,301.62	\$23,836.03	\$646,734.38	\$1,415,666.54	\$38,956.79	\$176,273.21	\$298,943.57	\$496,922.58	
OpEx per Unit										\$24,911.25	\$35,054.80		\$5,036.38	\$5,435.34	\$5,846.15	
Total Operating Expenses	\$50,540	\$65,922	\$173,184	\$1,103,671	\$107,672	\$10,726	\$11,620	\$14,302	\$23,836	\$646,734	\$1,415,667	\$38,957	\$176,273	\$298,944	\$496,923	
Net Operating Income	\$286,392	\$373,555	\$981,374	\$6,254,136	\$610,140	\$257,429	\$278,882	\$343,239	\$572,065	\$348,242	\$606,714	\$220,755	\$357,888	\$606,946	\$1,008,903	
MARKET VALUE																
Cap Rate	6.00%	6.00%	6.00%	6.00%	6.00%	5.50%	5.50%	5.50%	5.50%	6.50%	6.50%	6.00%	4.50%	4.50%	4.50%	
Capitalized Market Value	\$4,773,207	\$6,225,922	\$16,356,236	\$104,235,595	\$10,169,006	\$4,680,530	\$5,070,574	\$6,240,707	\$10,401,178	\$5,357,563	\$9,334,065	\$3,679,253	\$7,953,068	\$13,487,690	\$22,420,076	
Net Sale Proceeds (Condo)																
Total Value	\$4,773,207	\$6,225,922	\$16,356,236	\$104,235,595	\$10,169,006	\$4,680,530	\$5,070,574	\$6,240,707	\$10,401,178	\$5,357,563	\$9,334,065	\$3,679,253	\$7,953,068	\$13,487,690	\$22,420,076	
Total Value per SF or per Door	\$365.26	\$357.32	\$375.49	\$398.82	\$389.08	\$358.17	\$388.01	\$477.56	\$477.56	\$206,365.38	\$231,129.23	\$281.55	\$227,231	\$245,231	\$263,766	
DEVELOPMENT COSTS																
Entitlements, Fees, and Approvals (per AC)	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$0	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	
Site Development Costs (per AC)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	
Hard Costs	\$1,280,664	\$1,707,552	\$4,573,800	\$32,670,000	\$2,744,280	\$1,045,440	\$1,306,800	\$1,437,480	\$2,722,500	\$1,803,384	\$3,509,803	\$1,280,664	\$3,710,000	\$6,325,000	\$11,050,000	
Tenant Improvements/FF&E (\$/SF)	\$661,241	\$744,876	\$1,862,190	\$10,820,304	\$1,365,606	\$620,730	\$931,095	\$931,095	\$1,551,825	\$519,231	\$1,009,615	\$661,241				
Parking Costs	\$240,451	\$331,056	\$3,310,560	\$24,045,120	\$1,539,410	\$248,292	\$248,292	\$620,730	\$1,531,134	\$157,692	\$675,481	\$240,451	\$262,500	\$1,376,375	\$2,448,000	
Hard Cost Contingency	\$119,118	\$149,174	\$497,328	\$3,386,771	\$292,465	\$105,723	\$134,309	\$159,465	\$290,273	\$134,015	\$269,745	\$119,118	\$208,625	\$395,069	\$684,900	
Hard Costs Total	\$2,501,474	\$3,132,658	\$10,443,878	\$71,122,195	\$6,141,761	\$2,220,185	\$2,820,496	\$3,348,770	\$6,095,732	\$2,814,322	\$5,684,645	\$2,501,474	\$4,381,125	\$8,296,444	\$14,382,900	
Hard Costs per GSF	\$191.42	\$179.79	\$239.76	\$272.12	\$234.99	\$169.89	\$215.83	\$256.26	\$279.88	\$179.47	\$209.81	\$191.42	\$125.18	\$150.84	\$169.21	
SOFT COSTS																
Soft Costs (% of Hard Costs)	\$312,684	\$391,582	\$1,305,485	\$8,890,274	\$767,720	\$277,523	\$352,562	\$418,596	\$761,966	\$422,148	\$849,697	\$312,684	\$657,169	\$1,244,467	\$2,157,435	
Marketing/Leasing/Closing Costs	\$238,660	\$311,296	\$817,812	\$5,211,780	\$508,450	\$234,026	\$253,529	\$312,035	\$520,059	\$0	\$0	\$183,963	\$0	\$0	\$0	
Soft Contingency (% of Soft Costs)	\$27,567	\$35,144	\$106,165	\$705,103	\$63,809	\$25,577	\$30,165	\$36,532	\$64,101	\$21,107	\$42,485	\$24,832	\$32,858	\$62,223	\$107,872	
Total Soft Costs	\$578,912	\$738,022	\$2,229,461	\$14,807,157	\$1,339,979	\$537,127	\$636,395	\$767,163	\$1,346,127	\$443,256	\$892,182	\$521,479	\$690,027	\$1,306,690	\$2,265,307	
Developer Fee	\$92,412	\$116,120	\$380,200	\$2,577,881	\$224,452	\$82,719	\$103,707	\$123,478	\$223,256	\$97,727	\$196,705	\$90,689	\$152,135	\$288,094	\$499,446	
Total Development Costs	\$3,212,797	\$4,026,801	\$13,093,539	\$88,547,233	\$7,746,192	\$2,880,032	\$3,600,598	\$4,279,411	\$7,665,114	\$3,395,306	\$6,793,531	\$3,153,642	\$5,263,287	\$9,931,228	\$17,187,653	
Soft Costs/SF													\$19.72	\$23.76	\$26.65	
DEVELOPER PROFIT																
Developer Profit (Spread to Cap Rate)	7.00%	7.00%	7.00%	7.00%	7.00%	6.50%	6.50%	6.50%	6.50%	7.50%	7.50%	7.00%	5.50%	5.50%	5.50%	
Developer Profit	\$334,124	\$435,815	\$1,144,936	\$7,296,492	\$711,830	\$304,234	\$329,587	\$405,646	\$676,077	\$401,817	\$700,055	\$257,548	\$437,419	\$741,823	\$1,233,104	
LAND VALUE (ENTITLED)																
Finished Land Value	\$878,523	\$1,309,704	\$926,091	\$797,563	\$970,098	\$1,080,417	\$689,887	\$1,001,186	\$1,135,882	\$1,247,916	\$1,295,992	\$3	\$1,243,768	\$1,104,155	\$1,156,046	

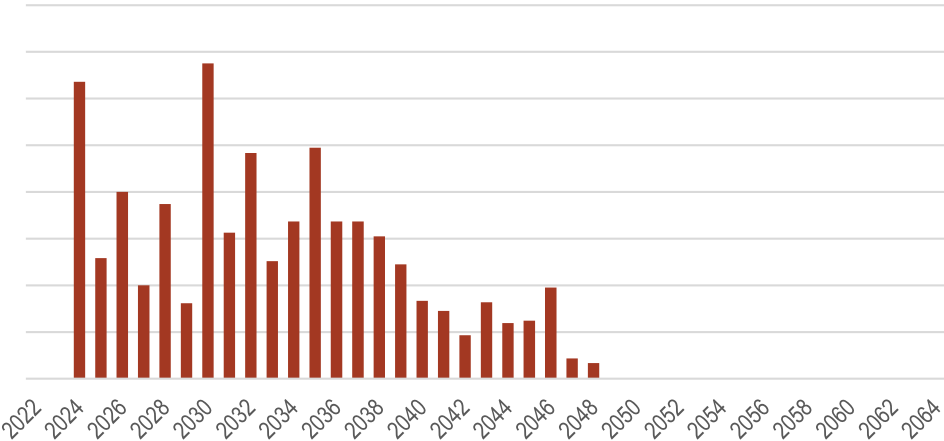
FINANCIAL ANALYSIS TOOL

Graphs below are preliminary estimates to illustrate concept

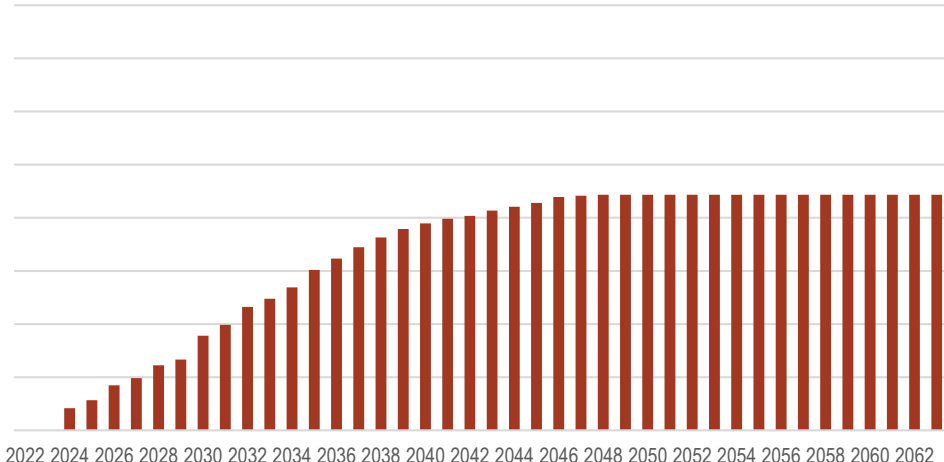
KEY VARIABLES:

- ▶ Transaction structure →
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Annual Revenue with Land Sales (unescalated)



Annual Revenue with Land Leases (unescalated)

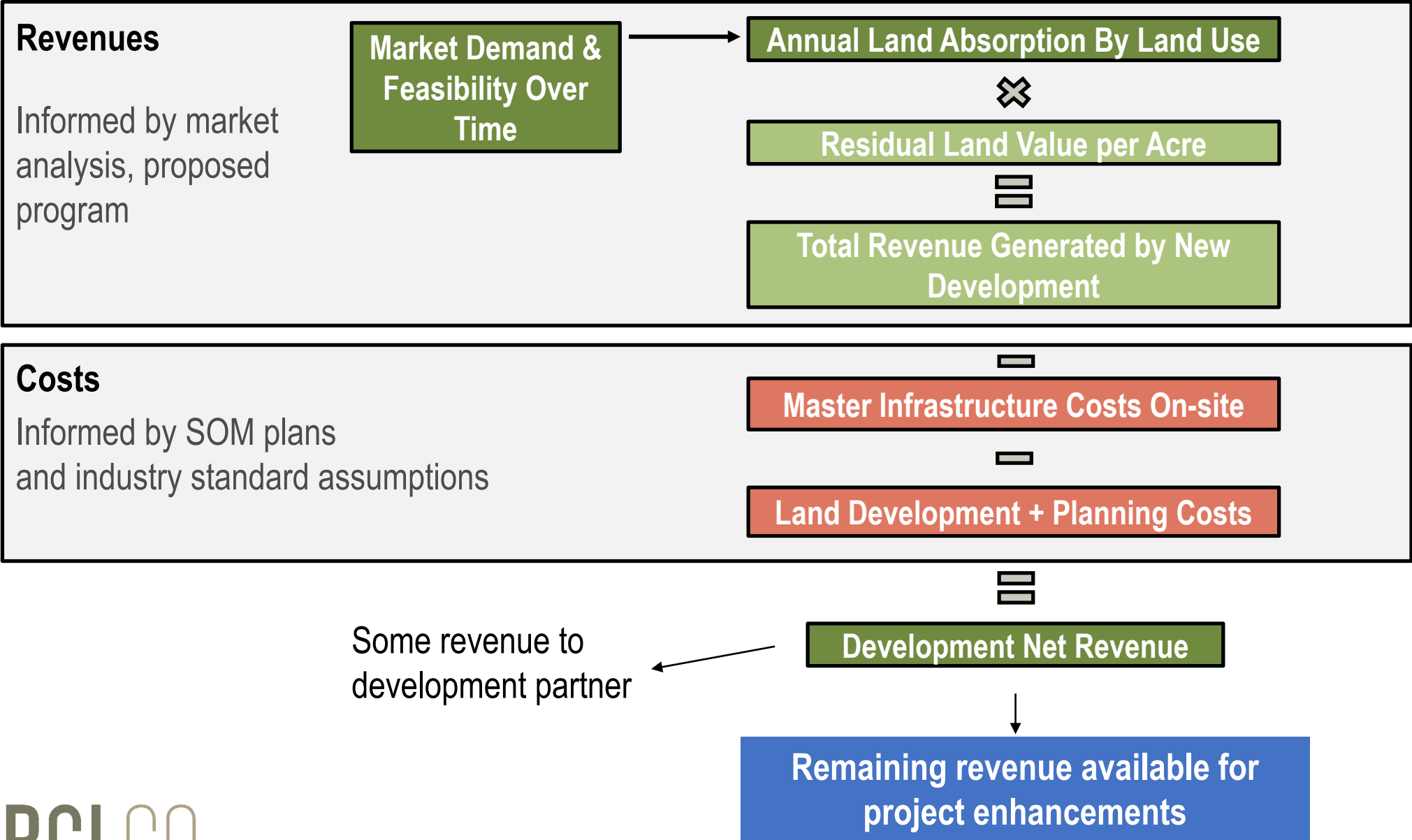


EXAMPLE SCENARIO COMPARISON

Value, cost, and economic impact numbers are very preliminary estimates that we expect to change with more scope definition and design maturity in the future.

	Framework Plan
Description	<ul style="list-style-type: none"> land use and product mix as described in the framework plan reflects the costs associated with delivering the range of parks and community amenities as shown in the plan.
Total Acres Developed	350 acres
Parks/Open Space	142 acres (23% of site)
Total SF	16.2M SF of development
Likely Development Program	7,400 residential units (3% Single Family) 7.4M office SF (including anchors) 500,000-670,000 retail SF 450 hotel keys
Development Timeline	20-30 years
Total Construction Value	\$3,353M
Likely Transaction	Development agreement with partner(s) and 99-year land leases
Land Value Created	\$300-350M realized over 20-30 year development period (if sold); or total land lease payments of about \$30-35M per year after buildout Subject to changes in cost
Total Infrastructure Investment	\$250M+ Preliminary estimate, subject to change
Annual Economic Impact to State at Buildout	\$6,910M in GDP 47,000 jobs \$2,829M in direct state revenues over 23 years

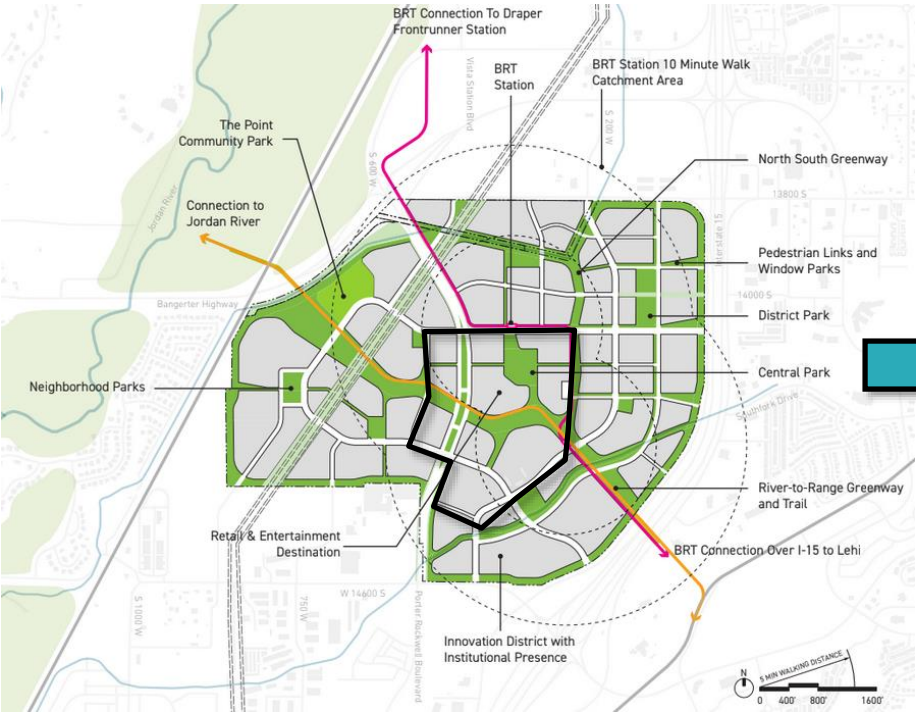
METHODOLOGY



PHASE ONE PRO FORMA

FIRST PHASE OF LARGE PROJECTS ALWAYS THE HARDEST TO “PENCIL”

- ▶ Greatest amount of infrastructure to get started (later phases more incremental)
- ▶ Often a choice between making decisions that build value for overall project and decisions that create immediate cash flow/highest value today



Please note the phase 1 boundary and conceptual site plan continue to be refined and this is not a final concept

PHASE ONE PRO FORMA

EXACT PROGRAM TBD – MORE DETAILED AND REFINED THAN OVERALL SITE MODEL

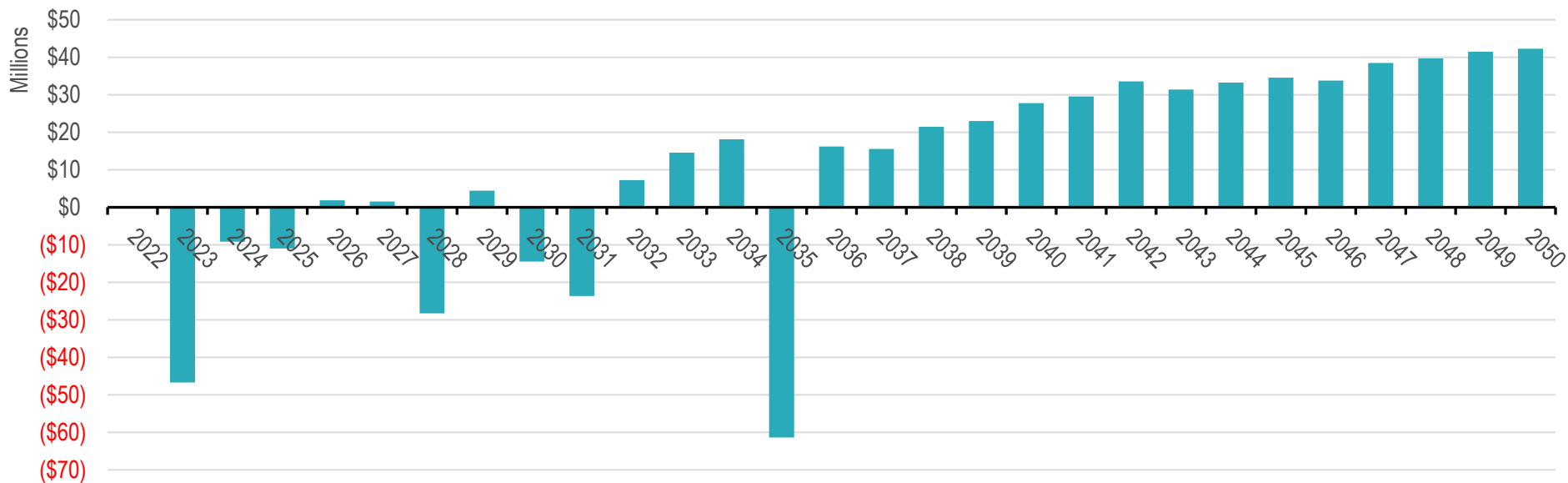
	PARCELS	PARCEL AREA (SF)	PARCEL AREA (AC)	ACTUAL GFA					PARKING REQ.	PARKING (SF)	PARKING SPACES
				Office	Retail	Residential	Hotel	Parcel GFA			
STUDY AREA PHASE 1	NR5	145,990	3.4	228,486	19,200			247,686	321,992	283,500	872
	NR6	125,264	2.9	178,039				178,039	231,451	291,287	896
	H3-1	135,039	3.1		63,113			63,113	88,358	57,362	164
	H3-2	45,723	1.0		30,000			30,000	39,000	0	0
	H3-3	87,517	2.0		20,706	172,347		193,053	100,190	151,650	467
	H3-4	87,371	2.0		22,512	113,163		135,675	77,376	122,016	375
	H4-1	138,107	3.2			298,590		298,590	126,944	216,976	668
	H4-2	99,246	2.3			262,136		262,136	111,446	166,754	513
	H6-1	396,896	9.1	185,232	19,188	302,666		507,086	394,423	396,100	1,219
	H6-2	253,867	5.8	274,842	13,787	137,085		425,714	433,499	446,514	1,374
	SR4	220,451	5.1			422,275		422,275	179,528	314,400	967
R1	424,647	9.7	317,390				317,390	444,346	154,150	440	
PHASE 1 TOTAL		1,515,020	49.6	866,599	188,506	1,285,987	0	2,341,092		2,132,159	6,548
ADJACENT PARCELS	H1	221,646	5.1	212,008	-		158,560	370,568	378,674	383,903	1,181
	H2	218,140	5.0	262,860	24,670			287,530	373,789	378,000	1,163
	H5	160,424	3.7		51,356	107,845		159,201	112,613	240,873	741
	GRAND TOTAL		2,115,230	63.4	1,341,467	264,532	1,393,832	158,560	3,158,391		3,134,935

PHASE ONE PRO FORMA - EXAMPLE ROLL UP

THIS DOES NOT REFLECT THE POINT'S PHASE ONE

	2022	2023	2024	2025	2026	2027	2028	2029	2030
<i>Cost Escalator</i>	1.02	1.04	1.06	1.08	1.10	1.13	1.15	1.17	1.20
Master Planning Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
One-Time Infrastructure Allocations	\$0	\$15,254,705	\$1,734,810	\$6,807,389	\$0	\$0	\$0	\$0	\$7,552,985
Phase Infrastructure Allocations	\$0	\$18,103,677	\$0	\$0	\$0	\$0	\$19,987,923	\$0	\$0
Project-Phased Infrastructure Allocations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Soft Costs & Profits for Master & Regional Infrastructure	\$0	\$13,343,353	\$693,924	\$2,722,956	\$0	\$0	\$7,995,169	\$0	\$3,021,194
Land Development Cost (Borne by Developer, Allocated here instead)	\$0	\$0	\$6,389,487	\$3,221,987	\$5,470,600	\$2,842,112	\$5,221,553	\$2,409,353	\$10,374,187
Soft Costs & Profits for Land Development Costs	\$0	\$0	\$2,555,795	\$1,288,795	\$2,188,240	\$1,136,845	\$2,088,621	\$963,741	\$4,149,675
TOTAL	\$0	\$46,701,736	\$11,374,015	\$14,041,126	\$7,658,841	\$3,978,956	\$35,293,266	\$3,373,094	\$25,098,041
Total Revenue	\$0	\$0	\$2,214,389	\$3,072,374	\$9,518,315	\$5,530,142	\$7,023,462	\$7,804,403	\$10,649,980
Total Infrastructure & Land Development Costs	\$0	\$46,701,736	\$11,374,015	\$14,041,126	\$7,658,841	\$3,978,956	\$35,293,266	\$3,373,094	\$25,098,041
Annual Project Level Net Income	\$0	(\$46,701,736)	(\$9,159,627)	(\$10,968,753)	\$1,859,474	\$1,551,186	(\$28,269,804)	\$4,431,309	(\$14,448,060)
Cumulative Project Level Net Income	\$0	(\$46,701,736)	(\$55,861,363)	(\$66,830,115)	(\$64,970,641)	(\$63,419,456)	(\$91,689,259)	(\$87,257,951)	(\$101,706,011)

Annual Cash Flow for Project (Example)





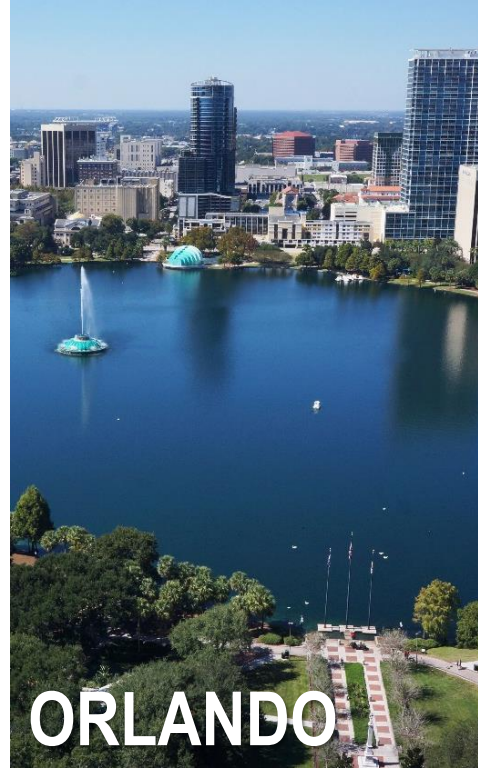
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