Response to Questions for the Developer Presentation – Moore Street RFP

Section #1: Ownership

- The method for utilizing the BCHA's option to purchase the property after 15 years would be a "right of first refusal" as is typically done with tax credit transactions. The purchase price would be fair market value based on restricted rents. The debt is not allocated to any partners. All debt remains as a liability of the project partnership.

- With equal ownership, both parties have to agree to the course of action. If they can't agree, arbitration is the typical remedy.

- The partners will select the property management firm together. BCHA will have access to all the records in the event a third party manages the asset. TPC does not have a property management division and doesn't intend to create one. TPC has also structured joint-ventures with management companies when an organization wants to gain management experience.

Section #2: Financing Proforma

- On-site work typically includes earthwork, wet utilities, dry utilities, concrete flatwork (curbs, gutter and sidewalks) and asphalt paving.

- The construction contingency is just above 5%, which is industry standard. TPC works with our partners on an open-book basis, so all change orders are discussed with partners to the extent they want to be involved. When the bidding process is complete, TPC also attempts to carry additional contingency within the construction contract.

- The operating reserve was budgeted at 3 months of expenses, replacement reserves and debt-service, which is industry standard. Within debt service, TPC included both series of the tax-exempt bonds.

- The cash flow after debt service is all going to repay the deferred developer fee in the early years. This is essentially the same as cash flow going to the partners.

- A detailed pro forma of loan balances will be forthcoming under separate cover.

Section #3: LOI's / Funding Sources

- Each of the funding sources proposed in the RFP are those that TPC generally feels are viable based upon recent history. All of them were used on Adare Manor. TPC has not engaged in detailed conversations with any of the potential lenders at this point pending feedback from BCHA.

- There is no assumption of Project-Based Section 8 within the proforma.

- The B-Bond loan would likely be structured at a 5% interest rate with a 40-year term, with 50% of cash flow going toward repayment. That is what is modeled and is typical of previous projects. Like typical soft subordinate loans, if there is no cash flow, there are no payments required.

- It is very common to have a deferred developer fee that does not appear to earn repayment over 15 years. Lenders and investors will routinely sign off on this as long as the tax analysis shows viability.

- With a deferred developer fee balance at the end of 15 years, it is typical that either a refinancing will pay the fee off, or TPC will make a loan to the partnership to pay the fee off.

- The bond loan will be paid down about 30% by year 15. TPC will provide a detailed analysis in the future.

- No discussions have occurred with any proposed subordinate lenders pending BCHA's evaluation of our response. The proposed structure is based on previous experience.

- No interest is assumed to be forgiven on any soft subordinate financing.

Section #6: Time Line

- TPC used very conservative estimates for the lease-up projection. Based on Adare and assuming an October 2021 completion, it is much more likely lease-up will occur by February of 2022 with a permanent loan conversation occurring by May of 2022.