

**CONFIDENTIAL: FOR DISCUSSION PURPOSES ONLY**  
**ANALYSIS OF PROPOSED "KINGSTONIAN"**  
**SUBSTANTIATION OF NEED AND SIZING OF FINANCIAL ASSISTANCE PACKAGE**



*Rendering of As-Complete Mixed-Use Mixed-Income Development*

**PROJECT/APPLICANT**

Kingstonian Development  
Herzog, Building Company and JM Development Group

**LOCATION**

City of Kingston, NY

**PROJECT DESCRIPTION**

\$58.6 million mixed-use, mixed-income development with structured parking

**REQUESTED FINANCIAL ASSISTANCE**

25-year Payment of Lieu of Taxes  
Exemption on Sales Tax of Building Materials  
Exemption on Mortgage Recording Sales Tax

**October 16, 2020**

The National Development Council (“NDC”) is a national non-profit economic development and housing advisory company that works on behalf of municipalities and public benefit corporations. It routinely reviews development programs and financial models submitted to its client communities to assist in determining the need for and appropriate sizing of financial incentives as part of a public-private partnership. NDC has entered into a limited engagement with Ulster County (the “County”) to review the subject redevelopment and the proposed financial assistance package in the Uptown Stockade District of Kingston and provide a written report on its understandings and findings.

## A. PROJECT SUMMARY AND OVERVIEW

Kingstonian Development LLC, referred to as the “Developer” or “Applicant,” responded to a Request for Qualification (RFQ) issued by the City of Kingston. The RFQ was intended to attract a qualified responder to develop a “signature mixed-use project” that will complement and enhance current land use and will include a mix of residential, retail, and hospitality space as well as project and public parking. The City views the development opportunity as a means to invigorate the Uptown Stockade Area with new residents, commercial activity, and civic amenities.



*Aerial view of development sites*

The Developer and Applicant for IDA assistance consists of a joint venture between two highly accomplished regional companies, The Herzog Building Company and JM Development Group. The Developer is led by principals Brad Jordan and Joseph Bonura Jr.

The Developer has proposed a +/- \$58.6 million mixed-use development project on the corner of Fair and North Main Streets. The project, dubbed “The Kingstonian” by the Developer includes the following;

- A 420-space parking garage, at least 245 (daily parking and monthly parking) dedicated to public parking to support the current and future need for parking in the Uptown Stockade area,
- A Public Access Pedestrian Plaza at the Front Street level of the project that will create open space,
- 144 residential units, including 14 that will be affordable to households earning between 50 and 110% of area median income (AMI),
- 9,000 square feet of ground floor commercial space on Front Street, and

- A 32-room boutique hotel.

The project meets the RFQ standards and is expected to serve as a cornerstone of the Stockade District and catalyze additional investment and activity in the area that was once the home of the Kingstonian Hotel and which has been recently used for commercial and industrial storage.



*Rendering of The Kingstonian*



*Rendering of The Kingstonian*

The Applicant requests the County's support for its application to the Ulster County Industrial Development Agency ("IDA") for a payment in lieu of taxes (PILOT) schedule as well as exemptions from sales tax and mortgage recording tax. The applicant has previously received commitment from Empire State Development ("ESD") for \$2.9 million in public grant assistance.

NDC has conducted a thorough review of the program and financial model. NDC finds that the above-referenced development incentives are necessary. While NDC acknowledges that there is undoubtedly a need for a flexible long-term PILOT that deviates from the IDA's Uniform Tax Exemption Policy (UTEP) in order to establish financial feasibility, NDC also offers the following findings;

- the project could support more PILOT incremental growth during the 25-year term than what the developer proposes and remain financially feasible,
- it is necessary to structure a financial assistance package that addresses the cost of the structured parking,
- whatever PILOT schedule is agreed upon by the relevant parties, it must meet the financial needs of the project and satisfy the lender underwriting and investor return metrics,
- the PILOT is not the only source for covering the cost of the parking garage, and
- ultimately, the value of the public benefit should exceed the value of the financial benefit provided to the project.

The PILOT currently contemplated for the project and proposed by the Developer creates a net negative public benefit in excess of \$3,400,000 over the 25-year project lifespan. Two alternative PILOT arrangements are proposed as possible means to address this imbalance.

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

<b>Section B</b>	Review of the Sources and Uses
<b>Section C</b>	IDA Benefits Package.
<b>Section D</b>	Summary of NDC Financial Analysis

## Section E Summary of Private and Public Benefits

### B. SOURCES & USES

USES OF FUNDS	TOTAL	%	COMMENT
Land Acquisition	\$2,500,000	4%	
Site Work	\$4,057,100	7%	
Construction	\$40,260,630	69%	
General Conditions, Profit & Overhead	\$5,508,892	9%	
Soft Costs	\$6,229,952	11%	
PROJECT TOTAL	\$58,556,574	100%	
Other Site Work, Infrastructure and Utility Relocation	\$3,800,000		
TOTAL with Additional Site Work Funded by DRI	\$62,356,574		
CONSTRUCTION SOURCES OF FUNDS			
Loan	\$43,917,431	75%	75% loan to cost
Empire State Dev. (ESD) Grants, Net	\$0	0%	Does not come in during construction. Reimbursable.
City Land Value (Leasehold Interest)	\$1,639,900 *	3%	\$5,616,400 FMV based upon entitlement for development program
Developer Land Equity	\$3,976,500	22%	
Developer Cash Equity	\$9,022,743		
PROJECT TOTAL	\$58,556,574	100%	
NYS Downtown Revitalization Initiative (DRI) to City	\$3,800,000		
TOTAL W DRI Grant	\$62,356,574		
PERMANENT SOURCES OF FUNDS			
Loan	\$43,917,431	75%	75% loan to cost
Empire State Dev. (ESD) Grants, Net	\$2,900,000	5%	\$3 million less the \$100,000 admin fee.
City Land Value (Leasehold Interest)	\$1,639,900	3%	\$5,616,400 FMV based upon entitlement for development program
Developer Land Equity	\$3,976,500	17%	
Developer Cash Equity	\$6,122,743		Reduced by ESD Grant
PROJECT TOTAL	\$58,556,574	100%	
NYS Downtown Revitalization Initiative (DRI) to City	\$3,800,000		
TOTAL W DRI Grant	\$62,356,574		
* City Land Value is based upon appraised value of its 1.4 acre property contributed at the development			

The \$58.6 project development budget is \$58.6 million. An additional \$3.8 million will come from the Downtown Revitalization Initiative (DRI), grant, a competitive source from the State of New York and received directly by the City of Kingston. The DRI will fund variety of site work and infrastructure costs, including demolition and utility relocation. This is separate and distinct from the developer's \$58.6 million budget.

#### Uses of Funds

The budget is further broken down by use in the respective mix of uses of the development program as follows.

COST PER USE				
	Cost	%	SF	%
Residential	\$33,807,921	58%	174,686	49%
Parking	\$17,000,000	29%	147,000	41%
Hotel	\$6,037,716	10%	25,000	7%
Commercial	\$1,710,938	3%	10,950	3%
TOTAL	\$58,556,574	100%	357,636	100%

For the full development program, the budget is considered reasonable and not excessive for the product that will be placed into service. Of note is that \$17 million, or 29% of the development budget, is attributed to the parking garage. While the garage is critical for purposes of replacing the public parking that currently exists on the site and for supporting the residential and commercial development, the parking garage generates only marginal net income and creates the financial challenge for the development. A financial package that is structured to address the cost of the parking garage is necessary to create financial feasibility.

#### **Sources of Funds**

The development will mostly be funded by the developer through a +/- \$43 million construction and permanent commercial loan, sized at 75% of cost. The remaining funds will come from developer equity and a \$2.9 million Empire State Development (ESD) subsidy, a competitive grant received based upon the project's distinction as a *Project of Regional Significance*. The ESD grant is reimbursable and will not be available during the construction period and Developer equity will bridge the ESD grant. The lender will likely consider the \$5.6 million appraised value of the land, as "entitled" to build the proposed development program, as equity. The City will reportedly have a long-term leasehold in its contributed property, valued at approximately \$1.7 from a commissioned appraisal from 2018. The valuation summary of the property is further illustrated in Exhibit 1.

#### **C. IDA BENEFITS PACKAGE**

The Developer applied to the Ulster County Industrial Development Agency (IDA) for a financial incentive package that includes a payment in lieu of taxes (PILOT) as well and exemptions on sales and mortgage recording tax. The Developer seeks the support of the County for a 25-year PILOT, one that represents a deviation from the IDA's Uniform Tax Exemption Policy (UTEP). The proposed IDA package is summarized as follows;

TAX BENEFIT SUMMARY		
IDA RELATED PROPERTY TAXES		
Current Taxes		\$29,568
As Complete Full Taxes		\$932,710
Muliplier		\$32 :1 x multiplier
PILOT schedule		25-year
PILOT over Term		TBD per below
MORTGAGE RECORDING TAX		
Construction Loan		\$43,917,431
Mortgage Recording Tax Exemption %		0.750%
Value of Exemption		\$329,381
SALES TAX EXEMPTION		
Construction Cost		\$44,317,730
Value of Building Materials	60%	\$26,590,638
Sales Tax		8.000%
Value of Exemption		\$2,127,251

While the exemptions for the mortgage recording tax and sales tax on building materials are generally standard as part of the IDA package, the PILOT determination is not. The developer's request for a 25-year PILOT schedule and its proposed phase-in schedule are a deviation to the UTEP. NDC finds that there is not a schedule within the UTEP that meets the needs of the project.

The developer, to its credit, has creatively proposed to cover the parking garage cost within its own financial structure and seeks annual savings PILOT (approximately \$900K) to partially offset its annual net financial carry (approximately \$1 million in debt service less parking net income) of the garage.

NDC offers two different PILOT options for consideration. It is important to note that both PILOT schedules were tested against the project's financial model shared with NDC and determined to meet the required financial metrics.

The developer's proposed PILOT schedule and two alternative PILOT options are presented below and further detailed in Exhibit 2 (developer's proposed PILOT) Exhibit 3 (Alternative PILOT #1) and Exhibit 4 (Alternative PILOT #2) on pages 12, 13, and 14.

PILOT OPTION SUMMARY					
	Per Developer	Option 1	Delta from Developer	Option 2	Delta from Developer
Term	25	25		25	
Starting PILOT	\$44,000	\$44,000		\$144,000	
Years 1 -10	4% annually	4% annually		4% annually	
Years 11 -25	4% annually	phase in to full		8% annually	
PILOT Payments over Term	1,832,420	9,241,264	7,408,844	7,739,094	5,906,674
NPV of Payments *	788,135	2,886,721	2,098,586	3,052,899	2,264,764
Average Payment over Term	73,297	369,651	296,354	309,564	236,267
PILOT Savings over Term	24,510,295	17,101,451	(7,408,844)	18,603,621	(5,906,674)
NPV of Savings over Term *	11,665,402	9,566,816	(2,098,586)	9,400,638	(2,264,764)
As Seen In	Exhibit 2	Exhibit 3		Exhibit 4	

\* 6.5% discount rate, equivalent to capitalization rate



As can be seen in Option #1 and Option #2 above, they are both structured for 25 years to provide meaningful and necessary savings to the developer. The difference is that they require stronger PILOT growth during the 25-year term.

- Option #1 meets the developer's request for starting PILOT (\$40,000) and escalator (4%). It suggests a phase-in approach to full taxes in years 11 – 25.
- Option #2 establishes starting PILOT at \$144,000 (equivalent to \$1,000 per residential unit) and escalates at 4% in years 1- 10 and 8% in years 11- 25.

The two options result in similar Net Present Value (NPV) of aggregate savings (\$9.6 million and \$9.4 million) and aggregate PILOT Payments (\$2.9 million and \$3 million) over the 25-year term. A discount rate of 6.5% is used for the NPV calculation as it reflects the assumed capitalization rate, equivalent to the cost of all invested capital.

While the NPV of the PILOT savings is very similar in both options, it is important to note that the PILOT savings is not the sole public incentive source that is used for offsetting the parking garage cost. The PILOT savings are combined with other benefits to address the project's financial challenges. The financial benefits are shown in the Benefits Analysis in Section E on Page 10.

While NDC tested both sets of PILOT options, it will use Option #1 for presenting financial results in this report.

#### **D. SUMMARY OF NDC ANALYSIS TO SUBSTANTIATE NEED FOR FINANCIAL INCENTIVE PACKAGE**

NDC based its analysis on the revenue, expense and costs assumptions presented in the Developer's financial model. NDC used the following assumptions;

- Permanent loan assumptions that are in line with the current market for similar projects
  - 25-year amortization
  - Rate of 4.00%
- Adjusting revenue growth to 3% annually (market residential and hotel) and 2% (affordable housing and commercial)
- Adjusting expense growth to 3% annually
- Projecting terminal value of project using a 6.5% cap rate

The starting rents for the market units, ranging from \$1.70 - \$2.15/SF monthly, or an average rent of +/- \$2,000 per unit monthly, are reportedly priced relatively in range with the limited number of new residential developments that have gone into service in the region and affirmed in a project market study. Most of the workforce rents will be affordable to households and individuals earning less than 90% of area median income (AMI). The affordable rents will average approximately \$800, with the unit count including nine (9) studio and (5) five one-bedroom units. The 9,000 square feet of commercial space will lease at approximately \$20/SF.

The stabilized operating proforma is represented below, based upon the projected second full year of operations.

STABIIZED OPERATING PRO FORMA (Year Two Operations)		
	\$	Comment
Market Gross income	\$3,305,118	\$2,119 avg mo rent
Affordable Gross Income	\$138,176	\$822 avg mo rent
Amenity Fee	\$86,365	\$50 avg mo rent
Vacancy	(\$362,408)	5%
Residential Effective Gross Income	\$3,167,251	
Commercial Gross Income	\$180,790	\$20 /SF
Vacancy	(\$18,079)	
Commercial Effective Gross Income	\$162,711	
Hotel Income	\$1,282,176	\$111 avg net daily rate
Gross Parking	\$464,996	\$92 avg. mo income per space
Total Effective Gross Income	\$5,077,134	
Expenses Exclusive of PILOT & CAM	(\$1,450,000)	
Commercial CAM	\$21,000	
PILOT	(\$45,760)	
Total Operating Expenses	(\$1,474,760)	
Net Operating Income	<b>\$3,602,374</b>	
Debt Service	(\$2,781,749)	
Cash Flow	<b>\$820,626</b>	

The above analysis substantiates a previously stated observation that the development is not financially feasible without the PILOT. Full “as complete” taxes are estimated to be \$932,000 by the Town Tax Assessor. With full taxes, the project falls far short of debt coverage ratio (DCR) requirements of lenders and the yield to cost (YTC) and internal rate of return (IRR) return thresholds of investors.

The returns are presented below, using PILOT Option #1 schedule.

PROJECT METRICS					
Debt Coverage Ratio	=	1.29			
Cash on Cash Rate of Return			Cash Flow	\$810,626	
			Cash Equity (after ESD Grant)	\$6,122,743	= 13.24%
Yield to Cost			Stabilized NOI	\$3,592,374	
			Project Costs less ESD Grant	\$55,656,574	= 6.45%
Pre-Tax Internal Rate of Return (IRR) over PILOT Term *					= 15%
* Developer Land Equity and Cas Equity used as invested capital and reduced by ESD grant coming in in year 2					

The proposed financial package, one that includes the PILOT schedule the development meets or exceeds the financial requirements for lenders and investors. The financial package does not provide undue



enrichment. It is necessary to establish financial feasibility so that the transformative project can be completed.

## E. PROJECT AND PUBLIC BENEFIT ANALYSIS

Economic development packages are used to meet the financial needs of the project and demonstrate that public benefit exceed the project benefit. While there are second and tertiary financial impacts and qualitative impacts of this development, the below addresses the direct benefits provided to the project and the benefits that are expected to be realized as a result of the development.

With the developer's proposed PILOT schedule, the project benefits exceed public benefits. With PILOT Option #1, the public benefits slightly exceed project benefits, but both are in the range of \$17 million.

PROJECT BENEFIT SUMMARY			
	With Developer PILOT	With PILOT Option #1	
	\$	\$	Comment
Net Present Value (NPV) of PILOT Savings over Term *	\$11,665,402	\$9,566,816	
City Land Value (Leasehold Interest)	\$1,639,900	\$1,639,900	
ESD Grant	\$2,900,000	\$2,900,000	
Sales Tax Exemption on Building Materials	\$2,127,251	\$2,127,251	
Mortgage Recording Tax Exemption	\$329,381	\$329,381	
Net Project Benefit	\$18,661,934	\$16,563,348	
		\$17,000,000 rounded	approximate cost of garage
PUBLIC BENEFIT SUMMARY			
	With Developer PILOT	With PILOT Option #1	
	\$	\$	Comment
Net Present Value (NPV) of PILOT over Term *	\$788,135	\$2,886,721	
Public Portion of Parking Garage	\$9,916,667	\$9,916,667	58% of parking spaces, 245 of 420
Value of Affordable Housing (14 units)	\$1,750,000	\$1,750,000	\$125,000 per unit
NPV of Sales and Occupancy Tax over Term	\$2,733,373	\$2,733,373	
Net Public Benefit	\$15,188,175	\$17,286,761	
		\$17,000,000 rounded	
Net Public Benefit	(\$3,473,759)	\$723,413	

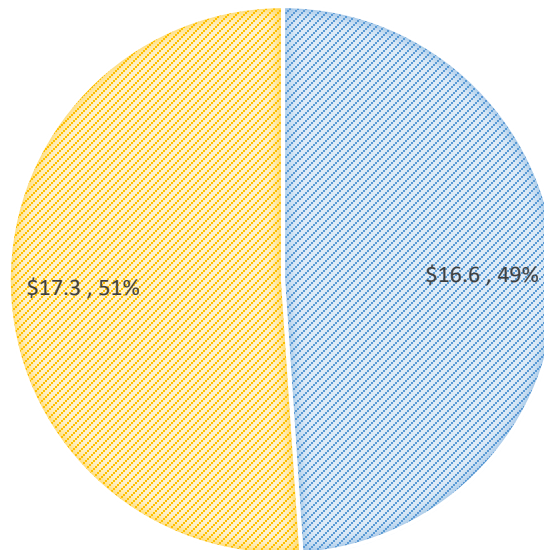
Other Benefits outside of what can be provided by the IDA include the contribution of the land value of the development site (1,639,000 as established by an MAI appraisal) and the ESD grant.

This aggregate amount of the project benefit is about equal to the cost of the \$17 million structured parking garage, the fundamental financial challenge to this transformative development.

While the project benefits from the variety of public financial incentives, there is at least comparable and greater public benefit in the form of the PILOT increment, the public portion of the garage (59% of parking garage costs based upon the percentage of public parking spaces), the value of the affordable housing (estimated to be \$125,000 per 14 units), and the net present value of the sales tax (4%) and occupancy tax (2%) that are distributed to local taxing jurisdictions.

## PROJECT VS PUBLIC BENEFIT WITH PILOT OPTION #1 IN MILLIONS

■ Net Project Benefit ■ Net Public Benefit



In addition to the above public financial benefits, the Developer estimates 150 temporary construction jobs and 40 jobs, the latter to be realized mostly from the commercial, hotel, and parking elements of the development. The mixed-income development maximizes the land use for what has been an underperforming site and adds considerable disposable income (approximately \$7 million) that will likely strengthen and expand the local retail base. The development will catalyze substantial additional development and private investment. The development will also deliver the acutely needed 144 rental residential units, 14 of which are affordable, to a region that has a unhealthy low percentage of rental housing stock.

**EXHIBIT 1: LAND VALUATION**

LAND APPRAISAL SUMMARY PER APPRAISAL BY POSTUPACK VALUATION IINC. (2018)				
Address	Owner	Acres	Value/Acre	Value
21 Front Street	Public	1.426	\$1,150,000	\$1,639,900
9 - 17 Front Street	Private	0.488	\$1,150,000	\$561,200
21 Schwenk Drive	Private	0.488	\$1,150,000	\$561,200
Site Value	Total	2.402	\$1,150,000	\$2,762,300
Plus Soft Costs				\$1,450,000
Site Value				\$4,212,300
Plus Entrepreneurial Profit				0.25
Total Valuation				\$5,616,400

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## EXHIBIT 2: PILOT SCHEDULE (DEVELOPER'S PROPOSAL)

KINGSTONIAN PILOT SCHEDULE (AS PROPOSED BY DEVELOPER)							
	1.00% escalator		1.00% escalator			4.00% escalator	
Year	Base Taxes	Improvement Taxes	Full Taxes	Abatement	Savings	PILOT	Increment
construction							
construction							
1	\$29,568	\$903,142	\$932,710	92.11%	\$888,710	\$44,000	\$14,432
2	\$29,864	\$912,173	\$942,037	91.97%	\$896,277	\$45,760	\$15,896
3	\$30,162	\$921,295	\$951,457	91.83%	\$903,867	\$47,590	\$17,428
4	\$30,464	\$930,508	\$960,972	91.68%	\$911,478	\$49,494	\$19,030
5	\$30,769	\$939,813	\$970,582	91.53%	\$919,108	\$51,474	\$20,705
6	\$31,076	\$949,211	\$980,288	91.37%	\$926,755	\$53,533	\$22,456
7	\$31,387	\$958,703	\$990,090	91.21%	\$934,416	\$55,674	\$24,287
8	\$31,701	\$968,290	\$999,991	91.04%	\$942,090	\$57,901	\$26,200
9	\$32,018	\$977,973	\$1,009,991	90.87%	\$949,774	\$60,217	\$28,199
10	\$32,338	\$987,753	\$1,020,091	90.69%	\$957,465	\$62,626	\$30,288
11	\$32,661	\$997,631	\$1,030,292	90.51%	\$965,161	\$65,131	\$32,469
12	\$32,988	\$1,007,607	\$1,040,595	90.32%	\$972,859	\$67,736	\$34,748
13	\$33,318	\$1,017,683	\$1,051,001	90.13%	\$980,556	\$70,445	\$37,127
14	\$33,651	\$1,027,860	\$1,061,511	89.93%	\$988,248	\$73,263	\$39,612
15	\$33,988	\$1,038,138	\$1,072,126	89.72%	\$995,932	\$76,194	\$42,206
16	\$34,328	\$1,048,520	\$1,082,847	89.51%	\$1,003,606	\$79,242	\$44,914
17	\$34,671	\$1,059,005	\$1,093,676	89.29%	\$1,011,265	\$82,411	\$47,740
18	\$35,018	\$1,069,595	\$1,104,613	89.07%	\$1,018,905	\$85,708	\$50,690
19	\$35,368	\$1,080,291	\$1,115,659	88.84%	\$1,026,523	\$89,136	\$53,768
20	\$35,721	\$1,091,094	\$1,126,815	88.60%	\$1,034,114	\$92,701	\$56,980
21	\$36,079	\$1,102,005	\$1,138,083	88.36%	\$1,041,674	\$96,409	\$60,331
22	\$36,439	\$1,113,025	\$1,149,464	88.11%	\$1,049,198	\$100,266	\$63,826
23	\$36,804	\$1,124,155	\$1,160,959	87.85%	\$1,056,683	\$104,276	\$67,473
24	\$37,172	\$1,135,397	\$1,172,569	87.58%	\$1,064,121	\$108,447	\$71,276
25	\$37,544	\$1,146,751	\$1,184,294	87.31%	\$1,071,509	\$112,785	\$75,242
TOTAL	\$835,095	\$25,507,620	\$26,342,715		\$24,510,295	\$1,832,420	\$997,325
					\$11,665,402 NPV	\$788,135 NPV	
					6.50% discount rate		
					93% of full taxes	7% of full taxes	

### Exhibit 3: PILOT Alternative Option #1

KINGSTONIAN PILOT SCHEDULE (ALTERNATIVE #1)							
	1.00% escalator		1.00% escalator			4.00% escalator	
Year	Base Taxes	Improvement Taxes	Full Taxes	Abatement	Savings	PILOT	Increment
construction							
construction							
1	\$29,568	\$903,142	\$932,710	92.11%	\$888,710	\$44,000	\$14,432
2	\$29,864	\$912,173	\$942,037	91.97%	\$896,277	\$45,760	\$15,896
3	\$30,162	\$921,295	\$951,457	91.83%	\$903,867	\$47,590	\$17,428
4	\$30,464	\$930,508	\$960,972	91.68%	\$911,478	\$49,494	\$19,030
5	\$30,769	\$939,813	\$970,582	91.53%	\$919,108	\$51,474	\$20,705
6	\$31,076	\$949,211	\$980,288	91.37%	\$926,755	\$53,533	\$22,456
7	\$31,387	\$958,703	\$990,090	91.21%	\$934,416	\$55,674	\$24,287
8	\$31,701	\$968,290	\$999,991	91.04%	\$942,090	\$57,901	\$26,200
9	\$32,018	\$977,973	\$1,009,991	90.87%	\$949,774	\$60,217	\$28,199
10	\$32,338	\$987,753	\$1,020,091	90.69%	\$957,465	\$62,626	\$30,288
11	\$32,661	\$997,631	\$1,030,292	85.02%	\$908,641	\$121,651	\$88,989
12	\$32,988	\$1,007,607	\$1,040,595	79.35%	\$858,745	\$181,850	\$148,862
13	\$33,318	\$1,017,683	\$1,051,001	73.69%	\$807,760	\$243,241	\$209,923
14	\$33,651	\$1,027,860	\$1,061,511	68.02%	\$755,670	\$305,841	\$272,190
15	\$33,988	\$1,038,138	\$1,072,126	62.35%	\$702,456	\$369,670	\$335,682
16	\$34,328	\$1,048,520	\$1,082,847	56.68%	\$648,103	\$434,744	\$400,416
17	\$34,671	\$1,059,005	\$1,093,676	51.01%	\$592,593	\$501,083	\$466,412
18	\$35,018	\$1,069,595	\$1,104,613	45.35%	\$535,908	\$568,705	\$533,687
19	\$35,368	\$1,080,291	\$1,115,659	39.68%	\$478,029	\$637,629	\$602,262
20	\$35,721	\$1,091,094	\$1,126,815	34.01%	\$418,940	\$707,875	\$672,154
21	\$36,079	\$1,102,005	\$1,138,083	28.34%	\$358,621	\$779,463	\$743,384
22	\$36,439	\$1,113,025	\$1,149,464	22.67%	\$297,054	\$852,411	\$815,971
23	\$36,804	\$1,124,155	\$1,160,959	17.00%	\$234,219	\$926,740	\$889,936
24	\$37,172	\$1,135,397	\$1,172,569	11.34%	\$170,098	\$1,002,470	\$965,299
25	\$37,544	\$1,146,751	\$1,184,294	5.67%	\$104,671	\$1,079,623	\$1,042,079
TOTAL	\$835,095	\$25,507,620	\$26,342,715		\$17,101,451	\$9,241,264	\$8,406,169
					\$9,566,816 NPV	\$2,886,721 NPV	
					6.50% discount rate		
					65% of full taxes	35% of full taxes	

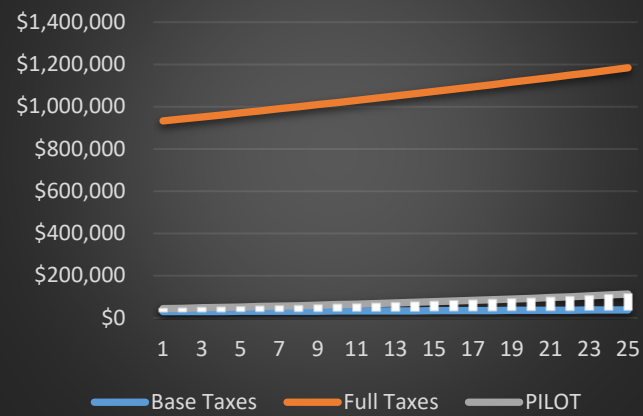
# EXHIBIT #4: PILOT Alternative Option #2

KINGSTONIAN PILOT SCHEDULE (ALTERNATIVE #1)							
	1.00% escalator		1.00% escalator			4.00% escalator	year1 1 - 10
						8.00% escalator	years 11 - 25
Year	Base Taxes	Improvement Taxes	Full Taxes	Abatement	Savings	PILOT	Increment
construction							
construction							
1	\$29,568	\$903,142	\$932,710	84.56%	\$788,710	\$144,000	\$114,432
2	\$29,864	\$912,173	\$942,037	84.10%	\$792,277	\$149,760	\$119,896
3	\$30,162	\$921,295	\$951,457	83.63%	\$795,707	\$155,750	\$125,588
4	\$30,464	\$930,508	\$960,972	83.14%	\$798,992	\$161,980	\$131,516
5	\$30,769	\$939,813	\$970,582	82.64%	\$802,122	\$168,460	\$137,691
6	\$31,076	\$949,211	\$980,288	82.13%	\$805,090	\$175,198	\$144,122
7	\$31,387	\$958,703	\$990,090	81.60%	\$807,885	\$182,206	\$150,819
8	\$31,701	\$968,290	\$999,991	81.05%	\$810,497	\$189,494	\$157,793
9	\$32,018	\$977,973	\$1,009,991	80.49%	\$812,917	\$197,074	\$165,056
10	\$32,338	\$987,753	\$1,020,091	79.91%	\$815,134	\$204,957	\$172,619
11	\$32,661	\$997,631	\$1,030,292	78.52%	\$808,939	\$221,353	\$188,692
12	\$32,988	\$1,007,607	\$1,040,595	77.03%	\$801,533	\$239,062	\$206,074
13	\$33,318	\$1,017,683	\$1,051,001	75.43%	\$792,814	\$258,187	\$224,869
14	\$33,651	\$1,027,860	\$1,061,511	73.73%	\$782,669	\$278,842	\$245,190
15	\$33,988	\$1,038,138	\$1,072,126	71.91%	\$770,977	\$301,149	\$267,161
16	\$34,328	\$1,048,520	\$1,082,847	69.96%	\$757,607	\$325,241	\$290,913
17	\$34,671	\$1,059,005	\$1,093,676	67.88%	\$742,416	\$351,260	\$316,589
18	\$35,018	\$1,069,595	\$1,104,613	65.66%	\$725,252	\$379,361	\$344,343
19	\$35,368	\$1,080,291	\$1,115,659	63.28%	\$705,949	\$409,710	\$374,342
20	\$35,721	\$1,091,094	\$1,126,815	60.73%	\$684,329	\$442,487	\$406,765
21	\$36,079	\$1,102,005	\$1,138,083	58.01%	\$660,198	\$477,886	\$441,807
22	\$36,439	\$1,113,025	\$1,149,464	55.10%	\$633,348	\$516,116	\$479,677
23	\$36,804	\$1,124,155	\$1,160,959	51.99%	\$603,553	\$557,406	\$520,602
24	\$37,172	\$1,135,397	\$1,172,569	48.66%	\$570,570	\$601,998	\$564,826
25	\$37,544	\$1,146,751	\$1,184,294	45.10%	\$534,136	\$650,158	\$612,614
TOTAL	\$835,095	\$25,507,620	\$26,342,715		\$18,603,621	\$7,739,094	\$6,903,999
					\$9,400,638 NPV	\$3,052,899 NPV	
					6.50% discount rate		
					71% of full taxes	29% of full taxes	

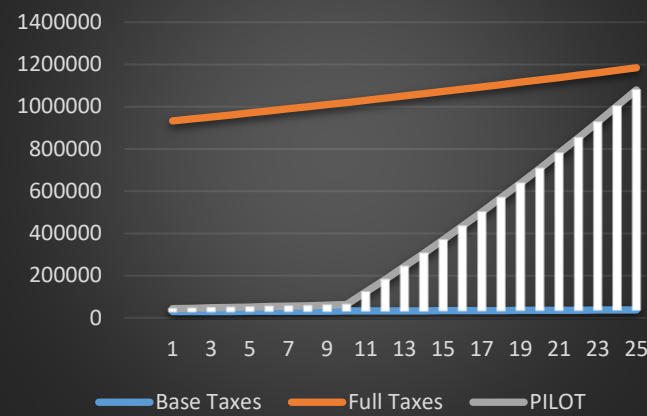


Exhibit 5: Comparisons to PILOT Increment Growth

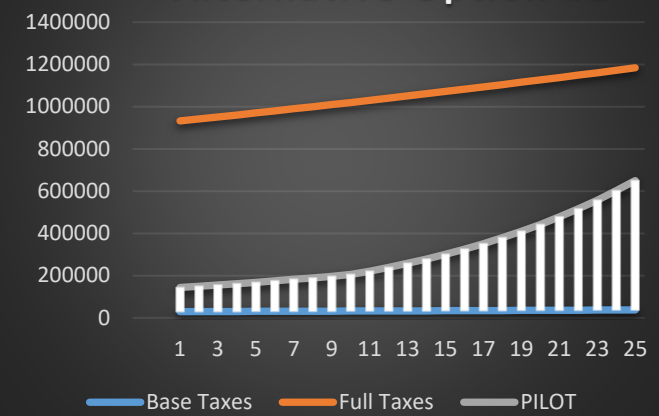
### PILOT Increment Developer Proposal



### PILOT Increment Alternative Option #1



### PILOT Increment Alternative Option #2



#### STANDARD DISCLOSURE

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

The National Development Council is not a Registered Municipal Advisor as defined in Dodd-Frank and the Exchange Act and therefore cannot provide advice to a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including structure, timing, terms or other similar matters concerning such financial products or issues.

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