

# TIF PROJECT SCORECARD

## City Gardens

320 S. Maplewood

This project is the third sub-phase of the redevelopment of the Rockwell Gardens Chicago Housing Authority public housing development. This project is the new construction of 76 rental apartment units in seven buildings. There will be 30 CHA replacement units, 20 affordable units and 21 market-rate units.

Type of Project: Residential

Developer: Maple Jack LLC

Total Project Cost: \$28,403,740

Timeline for Completion: November, 2016

TIF Funding Request: \$3,150,000

Project Status: December, 2014 City Council Introduction

TIF District: Midwest

## RETURN ON INVESTMENT BENCHMARKS

- |   |  |
|---|--|
| <p>■ Advances Goal of Economic Development Plan YES or NO<br/> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO<br/>           Develop and deploy neighborhood assets to align with regional econ growth</p> | <p>■ Jobs Created/Retained<br/>           2 permanent FTE created<br/>           120 temporary construction jobs</p> |
| <p>■ Advances Goal of TIF District YES or NO<br/> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO<br/>           The attraction of new residential development</p>  | <p>■ Affordable Housing Units Created/Preserved<br/>           50</p>  |
| <p>■ Addresses Community Need YES or NO<br/> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO<br/>           Increases quality affordable and market rate rental units in the area</p>                       | <p>■ Return on Investment to City<br/>           NA</p>  |

## FINANCIAL BENCHMARKS

- |  |                                    |
|--|------------------------------------|
| <p>■ Other Funds Leveraged by \$1 of TIF<br/>           \$9.02</p>   | <p>■ Financing Structure Grant</p> |
| <p>■ Types of Other Funding Leveraged YES or NO<br/> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO<br/>           9% Tax Credits, 1st Mortgage, CHA Hope VI Grant, LIHTC Equity, Def. Dev. Fee, G. P. Equity</p> |                                    |

## RDA TERMS

- |  |  |
|--|--|
| <p>■ Payment Schedule:<br/>           Cash payments during construction</p>  | <p>■ Monitoring Term of Agreement:<br/>           10 years from project completion</p> |
| <p>■ Taxpayer Protection Provisions YES or NO<br/> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO<br/>           Units must remain affordable</p> |  |

## OTHER CONSIDERATIONS

I



**City of Chicago  
Department of Planning and Development**

**STAFF REPORT  
TO THE  
COMMUNITY DEVELOPMENT COMMISSION  
REGARDING THE  
DESIGNATION OF DEVELOPER AND ALLOCATION OF TIF FUNDS  
December 09, 2014**

**I. PROJECT IDENTIFICATION AND OVERVIEW**

Project Name: City Gardens (f/k/a Maplewood Courts)

Applicant Name: Maple Jack, LLC., an Illinois Limited Liability Company

Project Address: 320 South Maplewood Street and  
330 South Maplewood Street

Ward and Alderman: 27th Ward – Alderman Walter Burnett, Jr.

Community Area: Near West Side

Redevelopment Project Area: Midwest TIF District

Requested Action: \$3,150,000 in TIF financing and designation of developer.

Proposed Project: The proposed redevelopment project consists of seventy-six (76) newly-constructed rental units built on land currently owned by the Chicago Housing Authority (CHA). The project will consist of twenty-five (25) CHA replacement units, thirty (30) affordable units and 21 market rate units. The public housing units are intended to replace housing units demolished at the Maplewood Courts site and the former Rockwell Gardens, a CHA public housing development immediately adjacent to the subject property. Built in 1961 and located just 3 miles west of Chicago's Central Business District, Rockwell Gardens originally consisted of 1,126 housing units. Over the years a combination of deferred property maintenance and uncontrolled gang and drug activity led to the steady decline of the development. The condition of the property

eventually led to the CHA's decision to redevelop Rockwell Gardens as part of its historic Plan for Transformation. Demolition of the units at Rockwell Gardens began in 2003, and the first phase of redevelopment has been completed. Construction on the second phase is underway. The development will also house a 3,100 square foot management/community center, a tot lot and passive open green space for the residents. There will be 60 on-site parking spaces and 32 bicycle spots.

TIF Assistance: \$3,150,000

**II. PROPERTY DESCRIPTION**

Address: 320 and 330 South Maplewood Street

Location: Southwest corner of Jackson Boulevard and Maplewood Street.

Tax Parcel Numbers: 13-16-218-001 and 13-16-218-002

Land Area: 2.82 acre parcel; 122,839 square feet.

Current Use: Vacant property.

Current Zoning: Residential Planned Development 1197, approved by City Council on July 25, 2012.

Proposed Zoning: Not Applicable

Environmental Condition: The developer has enrolled the site in the State of Illinois' Voluntary Remediation Program. CHA orders and pays for any remediation work to be done. A City NEPA environmental clearance is not required, as there are no federal funds being requested for this project.

**III. BACKGROUND**

The proposed redevelopment project consists of seventy-six (76) newly constructed rental units built on land currently owned by the Chicago Housing Authority (CHA). The project is currently envisioned to consist of twenty-five (25) public housing units, thirty (30) non-public housing affordable units and twenty-one (21) unrestricted market rate units. The public housing units are intended to replace housing units demolished at the Maplewood Courts site and the former Rockwell Gardens, a CHA public housing development immediately adjacent to the subject property. Built in 1961 and located 3 miles west of Chicago's Central Business District, Rockwell Gardens originally

consisted of 1,126 housing units. Over the years a combination of deferred property maintenance and uncontrolled gang and drug activity led to the steady decline of the development. The condition of the property eventually led to the CHA's decision to redevelop Rockwell Gardens as part of its historic Plan for Transformation. Demolition of the units at Rockwell Gardens began in 2003. The first and second phases of the redevelopment have been completed.

The proposed development is located on a 2.82 acre parcel of land immediately south of the former Rockwell Gardens site. The site is well served by public transportation and is adjacent to the Eisenhower Expressway which is the Chicagoland area's primary East-West thoroughfare. The site is within close proximity to schools and within a short drive to the many healthcare facilities that make up Chicago's Medical District. There is a new large chain grocery store, Pete's Produce, approximately four blocks north of the proposed site and a significant amount of private for-sale housing has been built around the proposed site. Additionally, there is a brand new park across the street to the north of this development named Sain Park. Sain Park is a 2.2 acre park which the City provided \$2.75 million of Open Space Impact Fees to the Park District toward the construction of the park. Photographs showing the park amenities are attached as exhibits to this report.

The site plan calls for creating an urban village. The site is bounded by Jackson Boulevard on the north, Maplewood Street (previously vacated but newly reconstructed) on the east, Van Buren Street on the south and Rockwell Street (vacated) on the west. Buildings along Jackson, Van Buren and new Maplewood will face onto streets. Newly installed Maplewood Street reweaves the site into the City's historic street grid. The building along vacated Rockwell will face an internal "plaza" consisting of abundant landscaping and adequate parking for the development. The plaza will also house a management/community center, a tot lot and passive open green space for the residents. All buildings will be 100% masonry with a combination of brick with limestone accents.

The Chicago West Side Community Area population losses have been well documented since 2010 with double digit percentage population losses in most of the communities. The Near West Community Area of Chicago was one of the few community area that went against this trend. This is mostly due to the boom in the West-Loop Neighborhood and the area east of Ashland Avenue, the "Medical District". In the Near West Side Community Area, the current year population is 57,422. In 2010, the Census count in the area was 54,881. The rate of change since 2010 was 1.41% annually. The five-year projection for the population in the area is 60,358 representing a change of 1.00% annually from 2013 to 2018. Currently, the population is 49.3% male and 50.7% female.

The household count in the Near West Side Community Area has changed from 26,297 in 2010 to 27,773 in the current year, a change of 1.69% annually. The five-year projection of households is 29,530, a change of 1.23% annually from the current year total. Average household size is currently 1.93, compared to 1.94 in the year 2010. The number of families in the current year is 10,467 in the specified area.

Currently, 35.0% of the 30,988 household units in the Near West Side Community Area are owner occupied; 54.6%, renter occupied; and 10.4% are vacant.

Current median household income is \$57,492 in the Near West Side Community Area, compared to \$51,314 for all U.S. households. Median household income is project to be \$73,597 in five years, compared to \$59,580 for all U.S. households.

#### **IV. PROPOSED DEVELOPMENT TEAM**

**Development Entity:** Maple Jack, LLC will be the ownership entity of the development. Maple Jack Manager, LLC will be the manager with a 0.01% interest and Bank of America will be the member and equity syndicator, with a 99.99%. The two Managing Members are Brinshore Holding, LLC with a 50% interest and Michaels Chicago Holding Company, LLC with a 50% interest.

**Experience:** Brinshore Development Company was founded in 1993 as a private firm specializing in the development of affordable and mixed-income housing. David Brint and Richard Sciortino, Brinshore's principals, each gained a decade worth of real estate development experience in affordable housing prior to co-founding Brinshore Development. Their expertise in all aspects of real estate development helped to formulate a business plan that includes project conception through construction completion, ownership, and asset management.

Brinshore Development's main offices are located in Northbrook, Illinois. Brinshore's developments are located in cities across the Midwest, including Indianapolis, Indiana, Milwaukee, Wisconsin, Chicago, Naperville, Rockford and Urbana, Illinois. Brinshore has completed more than thirty (30) tax credit funded projects, comprised of over 3,000 apartments and homes.

The Michaels Development Company (MDC) is a private sector firm with over 40 years of experience in producing affordable housing. MDC was founded in 1963, and specializes in all aspects of housing development, from conception through construction completion, ownership, and operations. The principal is Michael J. Levitt.

In the early years of operation, MDC focused almost exclusively on developing federally assisted housing set aside for low and moderate income residents. As a result, more than 100 of the properties owned by MDC affiliates are subsidized through the Section 8 Project-based Rental Assistance Program. Additionally, MDC has financed affordable housing developments through Federal Low-Income Housing Tax Credits financing and utilizing the tax credits for 50 affordable housing developments in 10 different states. MDC has experience in financing affordable housing developments with HOPE VI Federal financing. MDC has two Chicago HOPE VI developments and has developed eleven other HOPE VI projects in eight different states. MDC has also development for-sale housing and housing for military families.

#### **Other Key Development Team Members:**

General Contractor:	Linn-Mathes, Inc.
Architect:	Landon Bone Baker Architects
Property Manager:	Interstate Realty Management
Attorney:	Applegate & Thorne-Thomsen

First Mortgage Lender: Local Initiative Support Corporation (LISC)  
 Equity Syndicator: Bank of America

**V. PROPOSED PROJECT**

**Project Overview:**

The proposed redevelopment project consists of seventy-six (76) newly constructed rental units in seven (7) three-story walk-up buildings, built on land currently owned by the Chicago Housing Authority (CHA). The developer will enter into a 99-year lease with CHA. The project will have 25 CHA replacement units, 30 affordable units and 21 market-rate units. The public housing units are intended to replace housing units demolished at the Maplewood Courts site and the former Rockwell Gardens, a CHA public housing development immediately adjacent to the subject property. The site is bounded by Jackson Boulevard on the north, Maplewood Street (previously vacated but newly reconstructed) on the east, Van Buren Street on the south and Rockwell Street (vacated) on the west.

Each unit will be wired for internet and cable access, will have a washer and dryer, and a security system (buzzer entry). There will be a tot lot on the east end of the site. The community center

will offer meeting and recreational space to residents without charge. The community center will also offer tutoring, fitness and health classes, as well as computer classes. The buildings will have 100% masonry exteriors, tot lots and passive green open space. There will be 60 on-site parking space and 32 bicycle spots. A site plan, floor plans and elevations are provided as exhibits to this report.

**Residential Unit Profile:** The following table provides a detailed description of the proposed project.

TYPE	NUMBER	MONTHLY RENT	SQ. FT.	INCOME GROUP
One Bedroom/One Bath	5	\$ 375*	800	0% - 30%
One Bedroom/One Bath	1	\$ 565	800	31% - 50%
One Bedroom/One Bath	7	\$ 682	800	51% - 60%
One Bedroom/One Bath	7	\$ 795	800	Market Rate**
Two Bedroom/One Bath	12	\$ 375*	1,100	0% - 30%
Two Bedroom/One Bath	3	\$ 680	1,100	31% - 50%
Two Bedroom/One Bath	11	\$ 820	1,100	51% - 60%
Two Bedroom/One Bath	10	\$ 975	1,100	Market Rate**
Three Bedroom/Two Bath	6	\$ 375*	1,350	0% - 30%
Three Bedroom/Two Bath	1	\$ 785	1,350	31%-50%
Three Bedroom/Two Bath	7	\$ 948	1,350	51% - 60%
Three Bedroom/Two Bath	4	\$1,150	1,350	Market Rate**
Four Bedroom/Two Bath	2	\$ 375*	1,600	0% - 30%
<b>Total</b>	<b>76</b>			

\*These units are CHA replacement units. The developer determined the mix of units by looking at what units CHA needs from their waiting lists, looking at the demand from two nearby mixed-income developments, West Haven and Park Douglass, and by discussions with property management.

\*\*Prospective renters for the market rate units are expected to be from staff working in the nearby Medical District.

Tenants pay for gas heat, cooking and water heating and other electric.

**VI. FINANCIAL STRUCTURE**

For the City Gardens apartments project, DPD proposes to provide up to \$3,150,000 in Tax Increment Financing (TIF). TIF assistance will represent 11% of the total project sources and is anticipated to be used to reimburse the developer for TIF eligible expenses related to the construction of the affordable units. TIF assistance will be provided from area-wide increment generated within the Midwest TIF district. The TIF funds will be disbursed in the following manner: 33% percent of the funds will be disbursed at 33% construction completion, 33% percent of the funds will be disbursed at 67% construction completion, and the balance, 34% of TIF funds will be disbursed at issuance of the Certification of Completion (COC). The CHA replacement units and the affordable units will be subject to ongoing affordability requirements that will be in effect throughout the TIF RDA compliance period. In addition to the proposed City Gardens development, the Midwest TIF has provided funding for the Heritage Homes transaction, public works or improvements, TIF Works, Small Business Improvement Funds (SPIF), and Mt. Sinai Hospital.

DPD will also provide up to \$1,700,000 in federal Low-Income Housing Tax Credits. The tax credits will generate \$16,488,351 in tax credit equity. The tax credit equity represents 58.05% of project sources.

Other funding sources proposed by the developer include a private first mortgage in the amount of \$1,150,000; a CHA HOPE VI loan in the amount of \$7,275,000; a deferred developer fee of \$340,289; and a general partnership equity contribution of \$100.00.

**Sources and Uses of Funds**

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>
LISC First Mortgage	\$1,150,000	4.05%
CHA HOPE VI Loan	\$7,275,000	25.61%
TIF provided during construction	\$3,150,000	11.09%
Syndicated Tax Credit Equity	\$16,488,351*	58.05%
Deferred Developer Fee	\$ 340,289	1.20%
General Partner Equity	\$ 100	
<b>Total Sources</b>	<b>\$28,403,740</b>	<b>100%</b>

  

<u>Uses</u>	<u>Amount</u>	<u>\$/sf of Building**</u>
Construction Costs	\$21,803,600	\$218.65 psf
Contingency	\$912,000	\$9.15 psf
<b>Total Hard Costs</b>	<b>\$22,715,600</b>	<b>\$227.80 psf</b>

Soft Costs		
Architect's Fee (5% of hard costs)	\$1,106,500	
- Legal Fees (2% of total costs)	\$ 575,000	
- Organizational:	\$ 363,000	
- CHA:	\$ 112,000	
- Lender:	\$ 100,000	
Marketing & Leasing (.3% of total costs)	\$ 98,800	
Realized Dev. Fee (6% of total costs, excluding Developer Fee. Deferred. Dev. Fee included )	\$1,698,288	
Reserves (2.2% of total costs)	\$686,682	
Other soft costs (5% of total costs)	<u>\$1,522,870</u>	
Total Soft Costs (20.50% of total costs)	<u>\$5,688,140</u>	<u>\$57.04 psf</u>
Total Uses	\$28,403,740	\$284.83 psf

\*It is anticipated that \$11,140,271 of the Low Income Housing Tax Credit equity will be bridged during construction with a loan from Bank of America.

\*\*Gross building area is 99,720 square feet

## **VII. PUBLIC BENEFITS**

The proposed project will provide the following public benefits.

**Affordable Housing:** The project will provide for the preservation of 76 family rental housing units for families in one through four bedroom apartment units. There will be 25 CHA replacement units, 30 affordable units, and 21 market-rate units.

**Environmental Features:** This project will achieve Energy Star Rating for each building. Environmental Initiatives or Green features will include Permeable parking paving, permeable pedestrian paving lane, rain gardens, reflective roofs, energy rated insulation, mechanical exhaust for kitchens and baths, and an energy star advanced lighting package.

**Permanent Jobs:** The project is estimated to generate 2 full-time and 1 part-time permanent jobs as follows: 1 Site Manager full time, 2 Janitors (1 Full-time and 1 part time). The department's workforce development specialists will work with the developer on job training and placement.

**Construction Jobs:** The project will produce 80-120 temporary construction jobs.

**Affirmative Action:** The developer and the general contractor will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 24% by minority-owned business enterprises (MBEs) and 4% by woman-owned business enterprises (WBEs). The developer has provided notification of the proposed project, by certified mail, to eight associations of minority contractors and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.



**City Residency:** The developer and the general contractor will comply with the requirements of Chicago's city residency ordinance which requires that at least half of construction-worker hours be filled by Chicago residents. The developer will also comply with the requirements that all construction jobs are paid the prevailing wage.

### **VIII. COMMUNITY SUPPORT**

Alderman Burnett endorses the project and has provided a letter of support (see exhibits).

### **IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN**

The proposed project is located in the Midwest Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the areas redevelopment plan. The project supports the goals and objectives of the Midwest TIF District and Redevelopment plan by fostering development in a blighted area. The project also provides affordable housing units for very low income, low income, and moderate income families.

The implementation strategy for achieving the plans goals envisions the need to provide TIF financial assistance for the development of affordable residential rental units. The proposed project also conforms to the plans land use map, which calls for affordable residential rental units development at the subject site.

### **X. CONDITIONS OF ASSISTANCE**

If the proposed resolution is approved by the CDC, DPD will negotiate a redevelopment agreement with the developer. The redevelopment agreement will incorporate the parameters of the proposed project as described in this staff report.

It is DPD policy that no business will be conducted with a development entity whose any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action.

Closing of the redevelopment agreement will not occur before the City Council has approved the agreement, the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The redevelopment agreement will include a development timetable.

### **APPRAISAL:**

Great Realty Advisors: dated March 18, 2014

As-Is Market Value of the site without improvements: \$645,000

An appraisal from the first mortgage lender will be provided prior to closing to provide the after-construction value of the project.

**DEVELOPMENT TEAM:**

<b>Developer/</b>	B-M Maplewood, LLC
<b>Borrower/Owner:</b>	Maple Jack, LLC
<b>General Contractor:</b>	Linn-Mathes Inc.
<b>Architect:</b>	Landon Bone Baker Architects
<b>Property Manager:</b>	Interstate Realty Management
<b>Borrower's Attorney:</b>	Applegate & Thorne-Thomsen
<b>Syndicator:</b>	Bank of America

**MARKET:**

Very low-income, low-income, moderate and market-rate households. A market study was completed by American Marketing Services, Inc. on May 24, 2011. The market study concluded that the proposed project appears marketable with enough demand to support the project. The market study concludes that absorption of these units will not be a long term issue.

**RELOCATION:**

Not applicable; vacant land.

**MONITORING:**

The informational pre-construction meeting will held between DPD, the developer and the general contractor December 17, 2014. All existing projects with Brinshore Development and the Michaels Development Company are in good standing.

**ENVIRONMENTAL CLEARANCE:**

Environmental clearance was ordered on May 29, 2014. The Department of Environment reported that there was no need for a NEPA clearance because there would be do federal funds, i.e. CDBG or HOME funding in this project.

**SUPPORTIVE SERVICES:**

The Jane Addams Hull House, as the CHA's Family Works provider, is expected to be the subcontractor charged with the task of linking residents with social services it provides directly, as well as those available in the surrounding community. In addition, the property management company, Interstate Realty Management, will employ a blended management model linking tenants to social services

**CONSTRUCTION ADMINISTRATION:**

DPD's Construction Administration Division has given preliminary approval of a not-to-exceed hard cost budget of \$20,793,600. Construction drawings and a contractor's sworn statement have been submitted to DPD.

**REQUIREMENTS  
FOR CLOSING:**

1. Final construction approval.
2. Building permits.
3. Financing must committed and available.
4. Subsidy Layering Review and all other due diligence.
5. Pre-construction Monitoring Meeting.
6. Receipt of appraisal from first lender.

**DEVELOPMENT /  
MANAGEMENT ISSUES:**

To date, there have been no development or management issues with the developer or the proposed manager.

**STRATEGIC IMPORTANCE  
AND JUSTIFICATION:**

This project clearly meets the Department of Planning and Development's multi-family financing goals and guidelines by providing housing to very low-income families in a qualified census tract. This development will provide 76 units of decent, affordable housing. The developer has previously demonstrated the ability to work with DPD, put together a competent development team, secure affordable housing financing, and produce a high-quality product. DPD recommends approval for the issuance of the TIF funds for the new construction of these units.

DEVELOPMENT  
BUDGET NOTES  
(See attached proforma)

1. The residential hard construction costs are the following:

Construction Costs	\$20,793,600	\$208.52 psf	\$273,600 p.u.
Contingency	<u>\$ 912,000</u>	<u>\$ 9.15 psf</u>	<u>\$ 12,000 p.u.</u>
Total Hard Costs	\$21,705,600	\$ 217.67 psf	\$285,600 p.u.

2. The total residential development cost per unit is \$373,733.
3. The construction period for this project is approximately 18 months
4. The operating budget cost per unit is \$6,524

**AFFORDABLE HOUSING FINANCE SUPPLEMENT**

**DPD TAX CREDIT REQUEST:**

Reservation #1: Approximately \$1,700,000 in 9% tax credits from DPD  
Equity/Price: \$16,488,351 / \$.9699  
Syndicator: Bank of America

**DPD TIF REQUEST:**

Up to \$3,150,000  
Source: TIF assistance will be provided from area-wide increment generated within the Midwest TIF Redevelopment Area  
Use: TIF eligible development costs.  
CDC Approval: December 9, 2014  
Pay-in Structure: The TIF assistance of \$3,150,000 will be funded through the construction escrow.

**LONG TERM**

**AFFORDABILITY:**

Rent and occupancy limits will follow low-income housing tax credit restrictions for the extended-use period of 30 years. The developer has chosen to designate 72% of the units to be affordable to those earning at or below 60% of the area median income for the affordability period.

**APPROVED  
EXCEPTIONS TO  
DPD POLICY:**

None.

**PREVIOUS DPD  
SUPPORT:**

See Attached Previous Financial Support Exhibit for Brinshore Development, LLC. and The Michaels Development Company and related businesses.

**CREDIT REFERENCES:**

<b>Bank / Vendor</b>	<b>Address</b>	<b>Contact Person</b>
PNC Bank	1600 Market Street, 30 <sup>th</sup> Floor Philadelphia, PA 19103	John Turner
TD Bank	336 Route 70 Marlton, New Jersey 08053	Lisa L. Bosley
JPMorgan Chase	2 Corporate Drive – 7 <sup>th</sup> Floor Chicago, IL 60603	David Watson

**RESULTS:** All reports were favorable, with all accounts in good standing.

**CREDIT REPORT RESULTS:** Business Credit Reports for Brinshore Development, LLC and The Michaels Development Company were received on December 01, 2014. Public records for both companies were checked for suits, judgments, garnishments, bankruptcies and other legal actions. No public records were found.

**FINANCIAL STATEMENTS:** Financial Statements were provided by Brinshore Development, LLC and The Michaels Development Company for years ending 12/31/12 and 12/31/13. Each year's revenues exceeded expenses and have been found to be satisfactory for the purpose of underwriting this project.