

**Heidi A. Wyckoff**

---

**From:** Mark Pfeffer [MPfeffer@PfefferDevelopment.com]  
**Sent:** Wednesday, September 18, 2013 11:50 AM  
**To:** 'Timothy Lowe'; 'Mike Buller'; Doc Crouse  
**Subject:** Final Budget/Lease calc per Tim's request  
**Attachments:** FINAL Budget-Lease 9\_18\_13.pdf.html

All,

Per Tim's request I revised what I sent yesterday to reflect Cost changes in the appropriate categories. So for example instead of taking hard construction costs and burdening it with fees, contingency, finance etc. and then adding it to the hard cost line item I instead have added hard construction cost to that line item and then spread the other markups to the respective line items.

The bottom line number is still the same.

NOTE that the file name now has today's date on it.

That work for you Tim?

*Mark Pfeffer*

**PFEFFER DEVELOPMENT, LLC**

425 G Street, Suite 210 | Anchorage, Alaska 99501  
p 907 646 4644 | f 907.646.4655 |

**Cell Phone**  
907 317 5030

**Anchorage LIO Building****Development Budget  
September 18, 2013****64,048**

Gross SF

**Development Budget**

Existing Property & Property Acquisition	\$ 7,890,000	Note 1
Soft Costs	\$ 515,000	Note 2
Construction & A/E Services	\$ 30,169,055	Note 3
Interim Office Space	\$ 1,000,000	Note 4
Contingency	\$ 771,722	Note 5
Construction Loan Interest	\$ 1,133,388	Note 6
Loan Fee	\$ 622,368	Note 7
Construction Management	\$ 905,433	Note 8
Development Fee	\$ 1,509,055	Note 9
<b>Total</b>	<b>\$ 44,516,021</b>	Note 10

**Note 1** Stipulated value for 716 W 4th + Acquisition cost of 712 W 4th**Note 2** Legal, Title, Appraisal, Geotech, Survey, Taxes, Insurance Environmental**Note 3** Stipulate Sum Proposal from Criterion Construction Date August 27th 2013 inclusive of A/E Fees with final design adjustments incorporated**Note 4** Loss of rent during construction + Cost to construct Interim improvements,**Note 5** 2.56% of Construction**Note 6** Subtotal project cost of \$39,628m (less existing building value) @ 5.0% for 1 year x 65% average draw down.**Note 7** 1.5% of subtotal of cost**Note 8** 3% of stipulated sum amount**Note 9** 5% of stipulated sum amount**Note 10** Total Cost

DRAFT

9/18/2013 11:32 AM

716-001257

**Lease Rate Calculation**

---

Total Cost	\$ 44,516,021
Tenant TI Contribution @ \$120/GSF	<u>\$ 7,500,000</u>
Net Lessor Cost	\$ 37,016,021
25% Owner Equity Contribution	<u>\$ 9,254,005</u>
<b>Net Loan Amount</b>	<b>\$ 27,762,016</b>
AIDEA Loan amount	\$ 20,000,000
\$20.0m at 5.68%,25 year amortization	\$ 124,976
\$7,762,016 at 6.375%, 15 year amortization	\$ 67,083
Total Debt Service	\$ 192,059
Debt Service Coverage	1.29
Lease Payment NNN	\$ 247,756
Return on Owners Equity	7.22%