

**Net Operating Income (NOI) Analysis**

**Valuation of City Lease for Garson/Benildus/Driscoll**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Average over 5-yr period</u>
<b>GROSS CITY INCOME</b>						
Actual City of Santa Fe Rent Received Garson/Benildus/Driscoll/Alumni	424,194	591,230	416,132	1,071,214	1,181,250	736,804
Less Alumni Hall Mill Rent (not included in RFP)	0	0	33,000	126,643	100,100	51,949
<b>Equals City Rent for RFP Properties</b>	<b>424,194</b>	<b>591,230</b>	<b>383,132</b>	<b>944,571</b>	<b>1,081,150</b>	<b>684,855</b>
<b>CITY OPERATING EXPENSES</b>						
B&D: HVAC, Electrical and Plumbing Maintenance	\$ 132,793.92	\$ 136,900.95	\$ 141,135.00	\$ 145,500.00	\$ 150,000.00	141,266
Utilities: Electric, gas and water	\$ 132,793.92	\$ 136,900.95	\$ 141,135.00	\$ 145,500.00	\$ 150,000.00	141,266
Security	\$ 44,264.64	\$ 45,633.65	\$ 47,045.00	\$ 48,500.00	\$ 50,000.00	47,089
Landscaping	\$ 17,705.86	\$ 18,253.46	\$ 18,818.00	\$ 19,400.00	\$ 20,000.00	18,835
Allocation of Management Staff (Tim, Lee, Sam, Josh)	\$ 88,529.28	\$ 91,267.30	\$ 94,090.00	\$ 97,000.00	\$ 100,000.00	94,177
Lost Real Estate Taxes (which another renter would pay)	\$ 132,793.92	\$ 136,900.95	\$ 141,135.00	\$ 145,500.00	\$ 150,000.00	141,266
Insurance	\$ 44,264.64	\$ 45,633.65	\$ 47,045.00	\$ 48,500.00	\$ 50,000.00	47,089
<b>Total Operating Expenses</b>	<b>\$ 617,986.67</b>	<b>\$ 630,598.64</b>	<b>\$ 643,468.00</b>	<b>\$ 656,600.00</b>	<b>\$ 670,000.00</b>	<b>\$ 630,988.02</b>
<b>Net Operating Income before Reserves</b>	<b>\$ (193,792.87)</b>	<b>\$ (39,368.64)</b>	<b>\$ (260,336.00)</b>	<b>\$ 287,971.00</b>	<b>\$ 411,150.00</b>	<b>\$ 53,867.34</b>
Less Cap Ex Reserve (90,000 SF @ \$0.15/SF/YR)	\$ 13,500.00	\$ 13,500.00	\$ 13,500.00	\$ 13,500.00	\$ 13,500.00	\$ 13,500.00
<b>Equals NET OPERATING INCOME (NOI)</b>	<b>\$ (207,292.87)</b>	<b>\$ (52,868.64)</b>	<b>\$ (273,836.00)</b>	<b>\$ 274,471.00</b>	<b>\$ 397,650.00</b>	<b>\$ 40,367.34</b>

**NOTES**

1. Lease agreement with Garson Studios analysis commences in 2019. (SFUAD terminated operations in spring semester 2018)
2. Income from Midtown buildings - Garson, Driscoll, Benildus and land area.
- 2a. Increased income in 2023 (Amazon production lease/license) is attributed to an expanded production facility with the adjacent Developer parcel (previous tennis center)
3. Expenses based on city staff memo and expense/income data in 2023 provided by Facilities and Garson Studios.
- 3b. Prior years expense/income assumptions we de-escalated by 2% for establishing a base NOI.