

MARRIOTT HOTEL EXPANSION PROJECT:

TOTAL COST OF CONSTRUCTION:	\$39,431,938
CRIZ INVESTMENT:	\$9,021,397
PRIVATE INVESTMENT:	\$30,410,541

SOURCES OF FUNDS

RACL BOND ISSUE SERIES 2017 A:	\$9,021,397
(Debt Service Paid by CRIZ Assistance)	
RACL BOND ISSUE SERIES 2017 B:	\$27,872,000
(Debt Service Paid by PSP Lease Payments to RACL)	
PRIVATE EQUITY:	\$2,538,541

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PENN SQUARE GENERAL CORPORATION; PENN SQUARE LIMITED, LLC; PENN SQUARE PARTNERS; AND PENN SQUARE GENERAL L.P. PURCHASED THE RACL BONDS WITH FINANCING OBTAINED FROM BB&T

**Operating Statement  
Current Legislation - Combined Project**

**CRIZ Taxes Calculation**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Eligible CRIZ Taxes	1,288,121	1,319,836	1,482,352	1,783,266	1,888,034	1,939,762	1,995,871	2,053,693	2,116,272	2,174,699	2,237,997	2,303,239	2,373,768	2,439,800
Incremental Tax (2016 Base Year)	-	31,715	194,231	495,146	599,914	651,641	707,750	765,573	828,151	886,578	949,876	1,015,118	1,085,647	1,151,688
80% of Incremental Tax ("Annual CRIZ Grant")	-	25,372	155,385	396,116	479,931	521,313	566,200	612,458	662,521	709,262	759,901	812,095	868,517	921,351
Additional CRIZ Available (70% of Rooms 2016 Base Year)	-	481,452	481,452	481,452	481,452	481,452	481,452	481,452	481,452	481,452	481,452	481,452	481,452	481,452
Total Annual CRIZ Grant	-	506,824	636,837	877,568	961,383	1,002,765	1,047,652	1,091,910	1,143,973	1,190,714	1,241,353	1,293,547	1,349,969	1,402,803

**Projected Debt Service**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Cash Flow - Existing Tower (7 Room Addition)	4,836,718	4,883,206	5,127,301	5,194,253	5,100,863	6,383,923	6,617,166	6,324,415	6,676,300	6,180,729	6,357,581	6,539,694	6,740,645	6,882,941
Operating Cash Flow - New Tower	-	(289,158)	446,406	2,234,128	2,683,216	2,377,099	2,383,462	2,593,641	2,746,200	2,810,487	2,784,830	2,855,192	2,932,760	2,689,647
Operating Cash Flow - Combined Facility	4,836,718	4,594,048	5,673,708	8,338,382	8,784,079	8,771,022	9,000,628	8,918,056	9,422,590	8,991,216	9,142,410	9,394,886	9,673,406	9,572,588
Debt Service on Series 2005	1,866,557	1,895,777	1,928,695	1,964,140	2,003,169	2,042,675	2,086,397	2,133,121	2,183,467	-	-	-	-	-
Debt Service on IDP	186,466	186,466	186,466	186,466	186,466	186,466	170,927	-	-	-	-	-	-	-
Debt Service on Series 2017	120,117	625,079	1,496,060	1,648,603	2,179,711	2,179,711	2,179,711	2,179,711	2,179,711	2,179,711	2,179,711	2,179,711	2,179,711	2,179,711
Debt Subtotal	2,173,140	2,707,322	3,611,222	3,799,209	4,369,346	4,408,852	4,437,636	4,312,832	4,363,178	2,179,711	2,179,711	2,179,711	2,179,711	2,179,711
Combined Net Cash Flow Available for Series 2017 A ("CRIZ Financing")	2,663,578	1,886,726	2,062,486	4,539,172	4,414,733	4,362,170	4,563,592	4,605,224	5,059,411	6,811,505	6,962,699	7,215,175	7,493,694	7,392,877
Annual CRIZ Grant	-	506,824	636,837	877,568	961,383	1,002,765	1,047,652	1,091,910	1,143,973	1,190,714	1,241,353	1,293,547	1,349,969	1,402,803
Cash Available to Fund CRIZ Financing	2,663,578	2,393,550	2,699,324	5,416,741	5,376,116	5,364,935	5,611,245	5,699,134	6,203,385	8,002,219	8,204,052	8,508,722	8,843,563	8,795,680
CRIZ Financing Principal	9,021,397	9,021,397	8,954,817	8,754,975	8,304,649	7,749,533	7,123,896	6,423,890	5,643,465	4,774,893	3,817,193	2,762,119	1,603,363	331,638
Interest on CRIZ Financing	110,061	440,244	436,995	427,243	405,267	378,128	347,646	313,486	275,401	233,015	186,279	134,791	78,244	29,184
Annual CRIZ Grant	110,061	506,824	636,837	877,568	961,383	1,002,765	1,047,652	1,091,910	1,143,973	1,190,714	1,241,353	1,293,547	1,349,969	1,402,803
Operating Cash Flow From PSP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess CRIZ Financing Principal	-	66,580	199,842	450,326	556,116	624,637	700,006	780,424	868,572	957,700	1,055,074	1,158,756	1,271,725	331,638
Total DCR	2.12	1.62	1.56	2.18	2.04	2.04	2.16	2.28	2.28	4.22	4.39	4.62	4.88	4.97
Return on Equity	2,553,517	1,886,726	2,062,486	4,539,172	4,414,733	4,362,170	4,563,592	4,605,224	5,059,411	6,811,505	6,962,699	7,215,175	7,493,694	7,392,877
	12.0%	8.9%	9.7%	21.4%	20.8%	20.5%	21.5%	21.7%	23.8%	32.0%	32.8%	33.9%	35.2%	34.8%

**Capital Stack**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
F&B Reserve	2,030,741	841,542	850,792	877,337	970,225	1,149,103	1,336,617	1,582,088	1,638,385	1,676,168	1,727,858	1,776,401	1,825,622	2,044,402	2,102,538
PIP Spend	-	381,088	500,585	945,484	2,977,317	1,742,994	90,817	84,200	314,756	896,285	4,356,661	2,685,618	150,000	150,000	2,316,387
Cumulative Balance	-	2,491,195	2,841,392	2,773,246	946,153	352,263	1,598,062	3,125,950	4,439,579	5,159,462	2,530,659	1,621,442	3,397,064	5,229,785	7,124,187
Market Value	52,948,667	64,595,572	76,762,011	94,283,291	104,011,088	98,265,050	103,061,862	105,591,468	103,289,078	105,930,869	107,939,936	110,197,788	112,396,549	114,848,902	116,568,079
Equity Contribution	-	-	2,538,541	-	-	-	-	-	-	-	-	-	-	-	-
Loan Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Series 2005	14,878,269	13,647,911	12,328,609	10,913,936	9,395,995	7,770,395	6,026,207	4,155,032	-	-	-	-	-	-	-
IDP	1,203,559	1,039,667	872,467	701,892	527,874	350,344	169,230	-	-	-	-	-	-	-	-
BB&T Series 2017	-	6,023,979	13,852,574	27,477,316	27,211,077	26,404,181	25,551,227	24,653,742	23,709,401	22,719,179	21,657,999	20,542,195	19,368,953	18,135,318	16,838,180
CRIZ Financing	-	9,021,397	9,021,397	8,954,817	8,754,975	8,304,649	7,748,533	7,123,896	6,423,890	5,643,465	4,774,893	3,817,193	2,762,119	1,603,363	331,638
NPV of Future CRIZ Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(331,638)
Total Loan Balance	16,081,828	29,732,953	36,075,047	48,047,960	45,890,920	42,829,568	39,495,197	35,933,570	32,283,746	28,362,644	26,432,892	24,359,388	22,131,072	19,738,681	16,838,180
Shell Equity	36,866,839	34,862,619	40,686,964	46,235,331	58,120,167	55,435,481	63,566,665	69,657,898	71,005,332	77,568,225	81,507,044	85,838,400	90,265,476	95,110,220	99,729,899
LTV	30%	46%	47%	51%	44%	44%	38%	34%	31%	27%	24%	22%	20%	17%	14%
Capital Expenditures	-	7,031,215	12,000,000	20,400,722	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	-	10,567,678	(2,113,274)	(4,597,944)	4,339,330	4,414,733	4,362,170	4,563,592	4,605,224	5,059,411	6,811,505	6,962,699	7,215,175	7,493,694	7,392,877

Marriott Hotel Tower If Developed Using LERTA  
7 Year Commercial Schedule

Year	Base Taxes	LERTA Abatement %	\$11,756,654 LERTA Taxes Less Baseline	\$11,756,654 Assessed Value LERTA Total Property Tax	\$11,756,654 Assessed Value at 100% Tax Liability	\$15,200,000 LERTA Taxes Less Baseline	\$15,200,000 Assessed Value LERTA Total Property Tax
2017	\$ 31,996.23			\$ 31,996.23	\$ 31,966.23		\$ 31,996.23
2018	\$ 46,175.50			\$ 46,175.50	\$ 46,175.50		\$ 46,175.50
2019	\$ 46,175.50	100%	\$ -	\$ 46,175.50	\$ 423,827.38	\$ -	\$ 46,175.50
2020	\$ 46,175.50	90%	\$ 39,036.67	\$ 85,212.17	\$ 436,542.20	\$ 51,822.33	\$ 97,997.83
2021	\$ 46,175.50	75%	\$ 100,865.74	\$ 147,041.24	\$ 449,638.46	\$ 133,788.82	\$ 179,964.32
2022	\$ 46,175.50	60%	\$ 166,780.85	\$ 212,956.35	\$ 463,127.62	\$ 221,038.07	\$ 267,213.57
2023	\$ 46,175.50	45%	\$ 236,965.27	\$ 283,140.77	\$ 477,021.45	\$ 313,807.07	\$ 359,982.57
2024	\$ 46,175.50	30%	\$ 311,609.61	\$ 357,785.11	\$ 491,332.09	\$ 412,342.23	\$ 458,517.73
2025	\$ 46,175.50	15%	\$ 390,912.07	\$ 437,087.57	\$ 506,072.05	\$ 516,899.79	\$ 563,075.29
2026	\$ 46,175.50	0%	\$ 475,078.71	\$ 521,254.21	\$ 521,254.21	\$ 627,746.18	\$ 673,921.68
2027	\$ 46,175.50	0%	\$ 490,716.34	\$ 536,891.84	\$ 536,891.84	\$ 647,963.83	\$ 694,139.33
2028	\$ 46,175.50	0%	\$ 506,823.10	\$ 552,998.60	\$ 552,998.60	\$ 668,788.01	\$ 714,963.51
2029	\$ 46,175.50	0%	\$ 523,413.05	\$ 569,588.55	\$ 569,588.55	\$ 690,236.92	\$ 736,412.42
Totals	\$ 586,102.23		\$ 3,242,201.41	\$ 3,828,303.64	\$ 5,506,436.18	\$ 4,284,433.25	\$ 4,870,535.48

NOTE: With construction occurring in 2017 and 2018 the new assessed value would likely be effective with the 2019 Tax Year.  
 New Tower estimated assessed value of \$11,756,654. Tax rate for all three taxing bodies at 35.00 mills in 2018 equals \$411,482.89.  
 The LERTA Increment is the new assessed value less the current taxes paid or \$365,307.39 (\$411,482.89-\$46,175.50).  
 The LERTA abatement schedule is a 7 year declining schedule of 100%, 90%, 75%, 60%, 45%, 30% and 15%.

Assessed Value	\$ 11,756,654.00	\$ 15,200,000.00	\$ 19,200,000.00
Total Taxes	\$ 411,482.89	\$ 532,000.00	\$ 672,000.00
LERTA Tax Value	\$ 365,307.39	\$ 485,824.50	\$ 625,824.50
Base Taxes at 35 mills:	\$ 46,175.50		

Marriott Hotel Tower If Developed Using LERTA  
7 Year Commercial Schedule

\$15,200,000 Assessed Value at 100% Total Tax Liability	\$19,200,000 LERTA Taxes Less Baseline	\$19,200,000 Assessed Value LERTA Total Property Tax	\$19,200,000 Assessed Value at 100% Total Tax Liability	Pilot to be Received From Existing Tower	PILOT To Be Received For New Tower	Additional Projected Participation Rent	Total Pilot New Payment
\$ 31,996.23		\$ 31,996.23	\$ 31,996.23	\$ 200,000.00	\$ 150,000.00		\$ 350,000.00
\$ 46,175.50		\$ 46,175.50	\$ 46,175.50	\$ 206,000.00	\$ 154,500.00		\$ 360,500.00
\$ 547,960.00	\$ -	\$ 46,175.50	\$ 692,160.00	\$ 212,180.00	\$ 159,135.00		\$ 371,315.00
\$ 564,398.80	\$ 66,674.93	\$ 112,850.43	\$ 712,924.80	\$ 218,545.40	\$ 163,909.05		\$ 382,454.45
\$ 581,330.76	\$ 172,034.26	\$ 218,209.76	\$ 734,312.54	\$ 225,101.76	\$ 168,826.32	\$ 203,736.00	\$ 597,664.08
\$ 598,770.69	\$ 284,066.57	\$ 330,242.07	\$ 756,341.92	\$ 231,854.81	\$ 173,891.11	\$ 274,890.00	\$ 680,635.93
\$ 616,733.81	\$ 403,071.17	\$ 449,246.67	\$ 779,032.18	\$ 238,810.46	\$ 179,107.84	\$ 277,113.00	\$ 695,031.30
\$ 635,235.82	\$ 529,359.35	\$ 575,534.85	\$ 802,403.14	\$ 245,974.77	\$ 184,481.08	\$ 349,996.00	\$ 780,451.85
\$ 654,292.90	\$ 663,254.78	\$ 709,430.28	\$ 826,475.24	\$ 253,354.02	\$ 190,015.51	\$ 1,081,432.00	\$ 1,524,801.53
\$ 673,921.68	\$ 805,093.99	\$ 851,269.49	\$ 851,269.49	\$ 260,954.64	\$ 195,715.98	\$ 1,167,342.00	\$ 1,624,012.61
\$ 694,139.33	\$ 830,632.08	\$ 876,807.58	\$ 876,807.58	\$ 268,783.28	\$ 201,587.46	\$ 1,255,841.00	\$ 1,726,211.73
\$ 714,963.51	\$ 856,936.31	\$ 903,111.81	\$ 903,111.81	\$ 276,846.77	\$ 207,635.08	\$ 1,354,679.00	\$ 1,839,160.85
\$ 736,412.42	\$ 884,029.66	\$ 930,205.16	\$ 930,205.16	\$ 285,152.18	\$ 213,864.13	\$ 1,775,985.00	\$ 2,275,001.31
\$ 7,096,331.46	\$ 5,495,153.10	\$ 6,081,255.33	\$ 8,943,215.60	\$ 3,123,558.09	\$ 2,342,668.57	\$ 7,741,014.00	\$ 13,207,240.66



Year	Base Taxes	LERTA Abatement %	LERTA Taxes	\$11,756,654 Assessed Value Total Property Tax with LERTA	100% Tax Liability on \$11,756,654 Assessed Value	100% Tax Liability Less Baseline - LERTA Value	PILOT To Be Received on New Tower Only	Millage with 3% Increase	100% Tax Liability on \$15,200,000 Assessed Value	\$15,200,000 Assessed Value Total Property Tax with LERTA	100% Tax Liability on \$15,200,000 Assessed Value	\$19,700,000 Assessed Value Total Property Tax with LERTA
2017	\$ 10,031.04	0%	\$ -	\$ -	\$ 10,031.04	\$ -	\$ 150,000.00	0.01440	\$ 10,031.04	\$ 10,031.01	\$ 10,031.04	\$ 10,031.01
2018	\$ 14,512.30	0%	\$ -	\$ -	\$ 14,512.30	\$ -	\$ 154,500.00	0.01100	\$ 14,512.30	\$ 14,512.30	\$ 14,512.30	\$ 14,512.30
2019	\$ 14,512.30	100%	\$ -	\$ 14,512.30	\$ 133,978.83	\$ -	\$ 159,135.00	0.0113960	\$ 173,219.20	\$ 14,512.30	\$ 218,803.20	\$ 14,512.30
2020	\$ 14,512.30	90%	\$ 12,428.98	\$ 26,941.28	\$ 138,802.07	\$ 124,289.77	\$ 163,909.00	0.0118063	\$ 179,855.09	\$ 32,457.81	\$ 216,680.12	\$ 37,180.31
2021	\$ 14,512.30	75%	\$ 32,321.66	\$ 46,833.96	\$ 143,798.94	\$ 129,286.64	\$ 168,826.00	0.0123213	\$ 185,915.47	\$ 46,478.87	\$ 234,840.60	\$ 58,710.15
2022	\$ 14,512.30	60%	\$ 53,785.36	\$ 68,297.66	\$ 148,975.70	\$ 134,463.40	\$ 173,801.00	0.0126716	\$ 192,608.43	\$ 77,043.37	\$ 243,294.86	\$ 97,317.94
2023	\$ 14,512.30	45%	\$ 76,904.59	\$ 91,416.89	\$ 154,338.83	\$ 139,826.53	\$ 179,108.00	0.0131278	\$ 199,542.34	\$ 109,748.28	\$ 252,053.48	\$ 138,629.41
2024	\$ 14,512.30	30%	\$ 101,757.91	\$ 116,280.21	\$ 159,895.03	\$ 145,382.73	\$ 184,481.00	0.0136004	\$ 206,725.86	\$ 144,708.10	\$ 261,127.40	\$ 182,799.18
2025	\$ 14,512.30	15%	\$ 128,468.11	\$ 142,980.41	\$ 165,651.25	\$ 151,138.95	\$ 190,016.00	0.0140900	\$ 214,167.99	\$ 182,042.79	\$ 270,527.99	\$ 229,948.79
2026	\$ 14,512.30	0%	\$ 157,102.39	\$ 171,614.69	\$ 171,614.69	\$ 157,102.39	\$ 195,716.00	0.0145972	\$ 221,878.04	\$ 221,878.04	\$ 280,267.00	\$ 280,267.00
2027	\$ 14,512.30	0%	\$ 163,280.52	\$ 188,766.22	\$ 177,792.82	\$ 163,280.52	\$ 201,587.00	0.0151227	\$ 229,865.65	\$ 229,865.65	\$ 290,356.61	\$ 290,356.61
2028	\$ 14,512.30	0%	\$ 169,681.06	\$ 184,193.36	\$ 184,193.36	\$ 169,681.06	\$ 207,635.00	0.0156672	\$ 238,140.81	\$ 238,140.81	\$ 300,809.44	\$ 300,809.44
2029	\$ 14,512.30	0%	\$ 176,312.02	\$ 190,824.32	\$ 190,824.32	\$ 176,312.02	\$ 213,864.00	0.0162312	\$ 246,213.88	\$ 246,213.88	\$ 311,638.58	\$ 311,638.58
Totals	\$ 184,178.64		\$ 1,072,052.60	\$ 1,202,663.30	\$ 3,794,409.18	\$ 1,490,764.01	\$ 2,342,668.00		\$ 2,312,776.10	\$ 1,514,565.30	\$ 2,914,942.61	\$ 2,039,264.53

Note: Line 3 through Line 27 calculates Base Taxes (Column C) on New Assessed Values to be effective January 1, 2018 (\$1,319,300) as opposed to current value of \$696,600).  
Note: Column Q assumes an annual 3% increase in City Millage Rates.

Assessed Value	\$ 11,756,654.00
Total Taxes	\$ 129,323.19
Baseline	\$ 14,512.30
	\$ 114,810.89

\$ 19,200,000