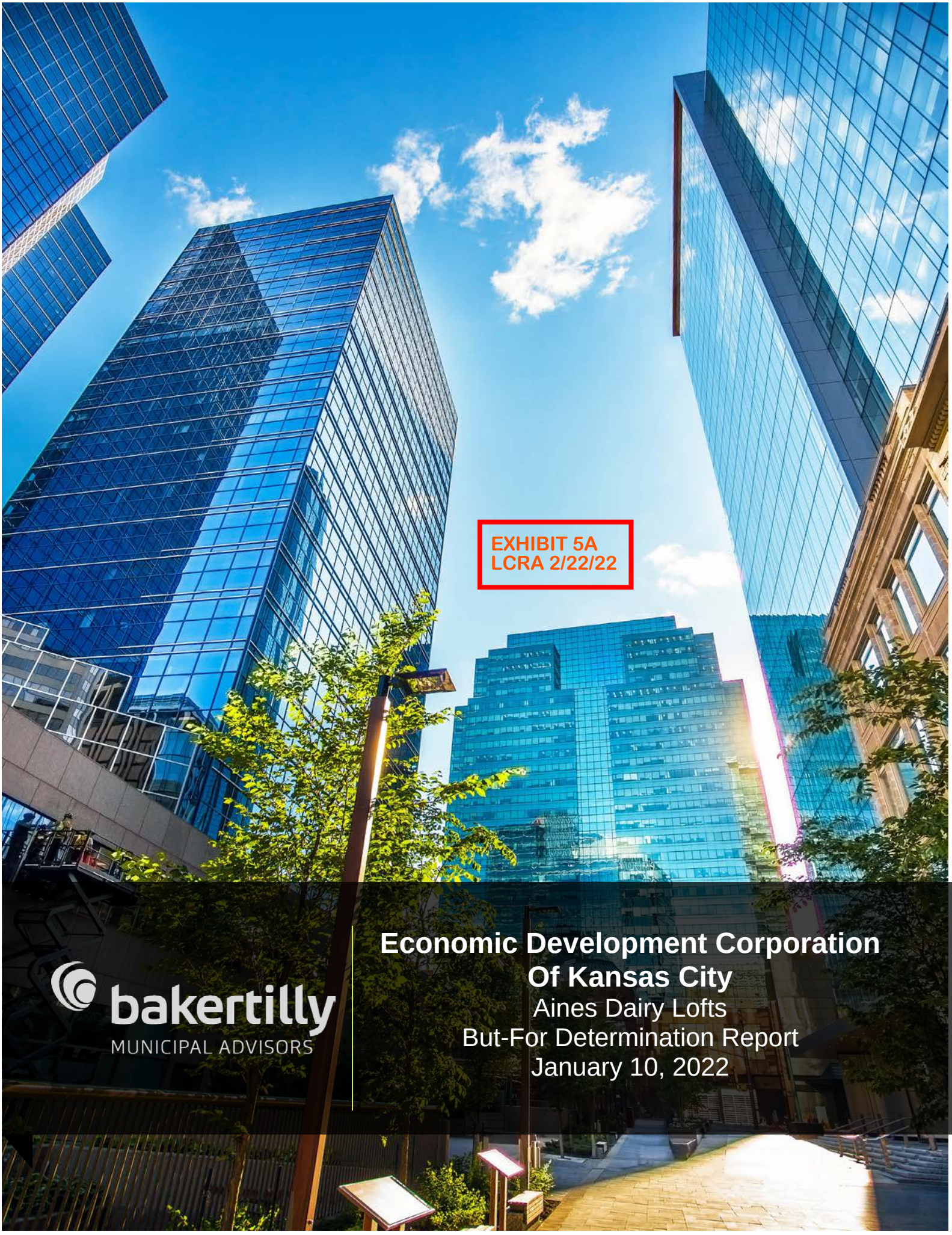

EXHIBIT 5A
LCRA 2/22/22

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MUNICIPAL ADVISORS

Economic Development Corporation Of Kansas City

Aines Dairy Lofts

But-For Determination Report

January 10, 2022

Contents

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1. Purpose

The report that follows is pursuant to a determination that the proposed Project would not reasonably be anticipated to be developed without adoption of the requested financial assistance. We have approached this determination based on the proposed Projects' plans regarding redevelopment costs, outcomes, financing sources, and timing, to develop a measure of the Developer's expected return when compared to the amount of risk. If a project is owned and operated as an investment, a measure of return is calculated considering the time value of money, and involves an assumed sale of the property at a price appropriate in the market place. The final determination is based on whether or not a potential return is reasonable without the requested subsidy, within the current marketplace and at the present time.

The Developer (Exact Landmark LLC) has requested assistance in the form of an LCRA property tax abatement on real property value at a rate of 100% for 10-years.

2. Executive summary

Shown in the tables below are the calculated internal rates of return with and without the subsidy request, based on the project costs and operating revenues of the proposed project. Determining if a project would occur without subsidy requires the testing of various assumptions which have a material effect on a project's feasibility. We have tested the sensitivity of the return without assistance by varying the cost and the revenue assumptions, each independently and then collectively. The reason for testing sensitivity is to illustrate the magnitude with which project assumptions would have to change in order for the project to be considered feasible without assistance. Table A, below, details the significant findings of the sensitivity analysis:

Table A

Without Assistance Sensitivity Analysis	Change Necessary to be Feasible	Rate of Return without Assistance
Decreased Costs	11% Decrease	6.70%
Increased Revenue	10% Increase	6.68%
Combined Cost and Revenue Changes	6% Decreased Costs 6% Increase Rev	6.91%

The table above indicates the magnitude at which project assumptions would have to change for the project to have a feasible rate of return without assistance. Based on the Price Waterhouse Cooper Real Estate Investor Survey the current range of unleveraged market returns for a project of this nature is 5.00% to 10.0%, with an average of 6.63% which we used as our feasibility benchmark. Absent the changes outlined above, the projects would not attract a return sufficient to exceed the Developer's threshold for investment and would not likely be completed through private enterprise alone.

Table B, below, illustrates the Developer's projected rates of return with and without assistance:

Table B

Pro Forma	With 10-Years @ 100% Request	Without Assistance
Unleveraged	6.24%	5.17%

3. The project

The Developer is proposing the redevelopment of the existing historic Aines Farm Dairy Building into a two-story mixed-use multifamily and commercial property. The project is located at 3130 Gillham Road, near the Northwest corner of Gillham Road and East Linwood Boulevard. The site currently contains the historic Aines Farm Dairy building, a former 50,000 sf warehouse and production facility originally building in 1946. The overall redevelopment site is approximately 1.1 acres. The project is located within the existing Longfellow – Dutch Hill Neighborhoods Urban Renewal Area.

The Developer is proposing the redevelopment of the historic building into a mixed-use building containing approximately 47 loft apartment and 2,823 sf of commercial pace. The proposed loft units will range in size from studio to 2-bedroom units. The Developer is proposing that all of the units will be affordable at varying levels of Area Median Income (AMI). The proposed rental rate for the studio units will be affordable at 60% of AMI, while the proposed rents for the 1-bedroom and 2-bedroom/1-bathroom units will be affordable at 70% AMI, and the proposed rents for the 2-bedroom/2-bathroom units will be affordable at 80% AMI. The Developer will be undertaking necessary site improvements and will be refurbishing the existing parking lot to provide parking for the building.

The Developer of the project is Exact Landmark, LLC. The Developer projects a one-year construction period followed by a one-year lease-up period.

4. Redevelopment Costs

The total cost of the project is detailed in Table C below.

Table C

Total Project Costs	Total Cost	% of Total Project Costs
Land/Building Acquisition	$1,000,000	10.51%
Hard Costs	6,750,975	70.96%
Soft Costs	1,762,569	18.53%
Total Project Costs	**$9,513,544**	**100%**

Acquisition

The Developer acquired the historic building in 2020 for a cost of $1,000,000. The acquisition cost equates to 10.51% of the total project cost.

Hard Costs

The total cost grouped together as hard costs are detailed in Table D below.

Table D

Total Hard Costs	Total Cost	% of Total Project Costs
General Requirements	$472,500	4.97%
Insurance	21,000	0.22%
Permits	15,750	0.17%
Site Work	78,750	0.83%
Exterior Paving	78,750	0.83%
Construction Hard Costs	4,735,500	49.78%
Tenant Improvements	315,000	3.31%

Overhead	210,000	2.21%
Contractor Fee	210,000	2.21%
Contingency	613,725	6.45%
Total Hard Costs	**$6,750,975**	**70.96%**

The Developer provided a preliminary estimate for the total cost of hard construction of $6,750,975, on which their pro forma was based. The total hard costs equate to 70.96% of the total project cost, which equates to $172.98 per square foot or $143,538 per unit. For purposes of preparing this table we grouped a number of individual line-items related to the interior redevelopment of the project under the heading of Construction Hard Costs.

The total of costs applicable to the redevelopment of the building total $5,953,000, which equates to $152.28 per square foot. This total does not include costs related to insurance, permits, site work, exterior paving, and contingency.

The purpose of grouping these costs, applicable to hard construction costs, together is to provide a comparison to using the Marshall and Swift Swiftestimator. The Swiftestimator is used to identify the estimated cost for the construction of a new apartment building in the Kansas City Metropolitan area. The Swiftestimator estimate provided an average cost estimate of $183.07 per square foot, with a range of $154.06 to $219.59 depending on construction material and finish quality.

The Developer's cost assumption for the redevelopment of the building equated to $152.28 per square foot. Given this is a comparison to the development of a new apartment building, if we were to factor in the cost of acquiring the existing building the total comparable cost per square foot for acquisition and redevelopment equates to $177.90 per square foot. Based on this the Developer's hard cost estimate appears reasonable.

To provide a comparison, we compared the cost estimates to the Marshall and Swift Swiftestimator for estimated construction costs for a apartment building in the Kansas City metropolitan area. The Swiftestimator provided an average cost estimate of $141.50, with a range from $121.48 to $156.04 depending on construction material type. In comparison the Developer's per square foot cost assumption for vertical improvements, net of site costs, demolition, etc., was $146.28. Based on this the Developer's hard cost estimate appears reasonable.

The construction cost category is the largest segment of the development costs, accounting for 70.96% of the total project costs. Consequently, this is a segment where project costs savings could have a positive effect on the rate of return realized by the Developer, while higher than estimated costs would have the converse effect. In the return analysis section of the report, we discuss the sensitivity of the rate of return to

changes in the project costs, and the effect on the return without assistance of a decrease in project costs.

Soft Costs

For purposes of this review we have grouped the cost categories in Table E below as Soft Costs:

Table E

Total Soft Costs	Total Cost	% of Total Project Costs
Architecture/Design	$219,500	2.31%
Engineering	219,500	2.31%
GP Legal	20,000	0.21%
Historic Preservation Application	70,000	0.74%
Appraisal	5,400	0.06%
Environmental Report	6,000	0.06%
Tax Credit Fees	20,000	0.21%
LCRA/EDC Fees	41,455	0.44%
Franchise & FF&E	40,000	0.42%
Consultants	20,000	0.21%
Contingency	33,093	0.35%
Financing and Historic Tax Credit Fees	442,621	4.65%
Project Reserves	75,000	0.79%
Developer Fee (Deferred)	550,000	5.78%
Total	**$1,762,569**	**18.53%**

The total amount of the cost categories that we have grouped under the soft cost heading is $1,762,569, which equates to approximately 18.53% of the total development costs or approximately $45.16 per square foot.

Reviewing the soft cost categories for largest percentage of the total project costs to smallest, the largest portion of the soft costs is the Developer Fee of $550,000, which equates to approximately 5.78% of the total project cost. This is a reasonable percentage for a Developer Fee. Additionally, the Developer Fee is anticipated to be deferred, and therefore is not being counted as a project cost for purposes of this analysis resulting in a higher illustrated rate of return.

The next largest line-item is the combined costs under the Financing and Historic Tax Credit Fees. The largest line-item under this grouping is construction loan interest, which has an estimated amount of $233,432. This individual amount equates to 2.45% of total project costs, which is a reasonable amount. The remainder of costs grouped under this heading largely relate to fees incurred to the use of Historic Tax Credits or loan origination fees. In total costs grouped under this heading appear reasonable and likely to be incurred.

The other significant line-item are the costs for Architecture/Design and Engineering, both of which total $219,500 and represent 2.31% of total project costs, each. In total the costs for Architecture and Engineering equate to 4.61% of total project cost and were estimated assuming 3.25% (each) of the total anticipated hard costs. This is a reasonable basis for projecting these line-items.

The other remaining soft costs line-items, all of which each represent 1% or less of total project costs, and in total are $330,948 which equates to approximately 3.48% of the total project costs.

In the “Return Analysis” section of the report we discuss the sensitivity of the rate of return to changes in the project costs, and the effect on the return of a decrease in project costs.

5. Assistance request

The Developer is requesting assistance in the form of an LCRA Tax Abatement provided at a rate of 100% of the incremental increase in property taxes that would occur without abatement, for a period of 10-years.

The Developer provided a post-development property tax estimate of $73,205, which equates to a post-development market value for the completed project of approximately $4,700,027. This completed post-development market value equates to approximately 60% of the total land acquisition and construction cost estimates, which is a reasonable estimate. However, in reviewing the Developer's post-development assumption it appears they treated 100% of the property as classified as residential property in preparing their tax estimate. Since a portion of the property will be commercial we utilized their post-development market value assumption of $4.7M, and broke out pro-rata portions of the value into commercial and residential components. Based on square footage approximately 7.2% of the total space will be commercial. We utilized that ratio and applied it to the $4.7M market value assumption and recalculated the taxes to include both a commercial and residential portion. The result was our revised post-development property tax assumption of $78,367 without abatement, which is slightly higher than the Developer's baseline assumption. We utilized the Developer's assumption that this property tax amount would increase annually at a rate of 1.5%.

The Developer is proposing a base PILOT level of taxes of $13,072 will be paid annually during the abatement period. They have not assumed any inflation assumption aa it relates to the PILOT level of taxes with abatement. The PILOT payment reflects the current level of taxes paid on the property.

In Table F below we show our estimate for the net present value of the requested tax abatement assistance based on a 5% interest rate. Additionally, we calculate the total value and net present value of an alternative abatement scenario with 70% of the total market value abated for 10-years, and a PILOT payment applicable to 30% of the value.

Table F

Tax Abatement Scenario	Amount
10-Years @ 100% of increase over base amount - **NPV at 5%**	$542,854
10-Year @ 100% of increase – **Total Amount**	$708,020
Total PILOT Payments to Taxing Jurisdictions over 10-years	$130,720
Alternate Scenario 10-Years @ 70%	
*10-Years @ 70% of increase over base amount - **NPV at 5%***	*$450,655*
*10-Year @ 70% of increase – **Total Amount***	*$587,118*
Total PILOT Payments at 30% of Total Value	*$251,162*

The Net Present Value of the tax abatement savings is $542,854, which equates to approximately 5.7% of the total project cost. In the return analysis section, we will illustrate the impact on the projected rate of return with and without the requested tax abatement assistance.

Table G provides the anticipated sources that will be utilized to fund the redevelopment project.

Table G

Sources:	
Developer Equity (18%)	$1,700,000
Permanent Financing (51%)	$4,816,577
Historic Tax Credit Equity (26%)	$2,496,967
Deferred Developer Fee (5%)	$500,000
Total Sources	**$9,513,544**

6. Return analysis

Utilizing the operating pro forma prepared by the Developer we evaluated the need for assistance for the proposed development by comparing the potential return with and without assistance. The Developer provided an 11-year operating pro forma for the development based on a one-year build-out, then 10-years of operation with the first year being a partial occupancy year. Utilizing the information provided by the Developer's pro forma we calculated an unleveraged internal rate of return (IRR) calculation after the 11-years of the pro forma. We utilized this IRR analysis to illustrate the potential return with and without the requested abatement assistance. The return realized by the Developer is a result of the assumptions used in the creation of the operating pro forma, therefore a number of steps must be performed to analyze the reasonableness of the assumptions used.

The first step in analyzing the return to the Developer is to determine if the costs presented are reasonable. We have discussed a portion of the costs above and have commented on the mechanics whereby cost savings on the private side could occur. If cost savings for the Developer's share occur absent any other changes, the Developer would realize a greater return than projected.

The second step in calculating the return to the Developer is to determine if the operating revenues and expenses of the proposed development are reasonable.

- The Developer has projected the following average rental lease rates:
  - Studio - $800/Month - $1.55/PSF – Affordable at 60% AMI
  - 1BR/1BA - $950/Month - $1.39/PSF – Affordable at 70% AMI
  - 2BR/1BA - $1,100/Month - $1.12/PSF – Affordable at 70% AMI
  - 2BR/2BA - $1,250/Month - $1.09/PSF – Affordable at 80% AMI
  - Blended average for apartment units

- The Developer used a vacancy assumption of 45.6% for the first year, and 8% for the stabilized level
  - For purposes of our analysis, we adjusted this to a more standard 5% assumption

- The Developer has projected operating expenses (net of taxes) which are equivalent to 23.75% of annual revenues.

- For the commercial occupancy, the Developer has assumed a lease rate of $12 PSF.

- The Developer used a commercial vacancy assumption of 50% for the first year and then a stabilized assumption of 15%.

- For purposes of our analysis we adjusted the stabilized vacancy to 0% since there is only a single commercial space that will either be occupied or not.

- The Developer also applied the same operating expense assumption outlined above to the commercial space
  - For purposes of our analysis we removed these operating expenses as they are typically paid by the tenant under a NNN lease.

- The Developer assumed lease revenues would increase at 2% annually and expenses at 3% annually.
  - For purposes of our analysis we equalized these for both categories at 2% annually.
  -
- The Developer assumed a replace reserve of $300/unit, which was not included within our return calculation.

We reviewed affordable housing rental income limitations and verified that the Developer's lease rate assumptions for the rental units are affordable at the targeted Area Media Income (AMI) identified above. Based on this information we found the Developer's operating revenue assumptions to appear reasonable, and made adjustments as noted where we felt they were appropriate.

The calculation of an internal rate of return requires the assumption of a hypothetical sale of the asset in the final year of the operating pro forma. The inclusion of this hypothetical sale is used purely for purposes of evaluating the return on the Developer's investment. The determination of the potential market value of the project, through a hypothetical sale, is necessary as it allows for the inclusion of the value of the asset into the rate of return calculation. The calculation of an IRR without the hypothetical sale would result in an understated return, as the return would not be considering the value of the real estate asset. The use of a hypothetical sale assumption is not indicative of the Developer's intention to sell the development in the final year.

The third step in analyzing the return to the Developer is to determine if the assumptions for the hypothetical sale of the asset are reasonable. A critical assumption when valuing the asset at the time of the hypothetical sale is the capitalization rate. The available net operating income divided by the capitalization rate results in the assumed fair market value of the asset. The Developer provided value calculations based on a 6.5% capitalization rate and a 5% cost of sale to calculate the hypothetical sale value. We feel these are

An unleveraged IRR calculation is used in order to compare the potential return to the Developer based on the Price Waterhouse Cooper (PWC) Real Estate Investor Survey, Fourth Quarter 2021, which provides a market comparison on which project feasibility can be judged.

Table H below, shows the Developer's base pro forma rate of return without assistance and the return with varying levels of assistance.

Table H

Developer Pro Forma	Unleveraged IRR
Without assistance	5.17%
With tax abatement 10-years @ 100% (Developer Request)	6.24%
With tax abatement 10-years @ 70% (Alternate Scenario)	*6.06%*

To evaluate the rate of return a project of this nature would require to be considered "feasible" we consulted the Price Waterhouse Cooper Real Estate Investor Survey prepared for the fourth quarter of 2021. This survey provides a resource for comparing the Developer's rate of return to a market benchmark to help determine feasibility. According to the developers surveyed, the typical unleveraged market return necessary for them to pursue a project of this nature falls in a range from 5.00% to 10.00%; with an average return of 6.63%.

Sensitivity analysis

In order to answer the question "is the development likely to occur without public assistance" we analyzed the without incentive unleveraged return pro forma, including our adjustments outlined above, as the basis for the sensitivity analysis. The sensitivity analysis is performed in order to understand the magnitude at which project costs would have to decrease, or conversely project revenues would have to increase, for the project to be considered feasible. For this sensitivity analysis we used the PWC average return of 6.63% as the sensitivity benchmark.

To understand the impact of the project cost assumptions, we performed a cost sensitivity analysis to determine the rate at which project costs would have to be reduced for the projected rate of return to be in excess of our feasibility benchmark without assistance. Table I illustrates the development would need to realize an 11% reduction in project costs in order to be feasible without assistance. Given an 11% reduction in costs the project would have a rate of return of 6.70%.

Table I

Project Costs Sensitivity	Reduction in Project Costs	Rate of Return without assistance
	11%	6.70%

To understand the impact of increased revenues, we have performed a sensitivity analysis to determine the rate at which project net operating income, would have to increase for the projected rate of return to be in excess of our feasibility benchmark without assistance. Table J illustrates the development would need to realize a 10% increase in project revenues for the project to be feasible without assistance. Given a 10% increase in project revenues, the project would have a rate of return of 6.68% which falls into the reasonable range.

Table J

Project Revenue Sensitivity	Increase in Project Revenue	Rate of Return without assistance
	10%	6.68%

As a final step in the sensitivity analysis, and to understand the impact of a combined change in project costs and project revenues, we have performed a sensitivity analysis to determine the rate at which these areas would have to change for the projected rate of return to be in excess of our feasibility benchmark without assistance. Table K illustrates the development would need to realize a combined 6% decrease in project costs and a +% increase in project revenues for the project to be feasible without assistance. Given these changes in assumptions the project would have a rate of return of 6.91%.

Table K

Combined Sensitivity	Reduction in Project Costs	Increased Project Revenues	Rate of Return without assistance
	6%	6%	6.68%

The three tables above (Tables I, J, and K) indicate the magnitude at which project assumptions would have to change for the project as a whole to have a rate of return in excess of the 6.63% feasibility benchmark used for purposes of the sensitivity analysis. Absent changes of the magnitude outlined above, the project would not have a sufficient return to draw market investment. Only by assuming either increases in project revenues, decreases in project costs, or a combination of the two does the return increase to a feasible level without public assistance.

In regard to the sensitivity analysis, there is limited ability for the project to realize rates of change in project costs or operating revenues in a manner that actually increases the projected return. Since the project is seeking Historical Tax Credits, if there were to be a decrease in anticipated project costs it would also impact the amount of the available equity provided by the tax credits. Therefore, a project cost savings would also likely result in a decrease in available tax credit equity, which would have an offsetting impact on the return potential. The actual rate of change in project costs that would need to be realized for the project to be feasible without assistance is actually likely higher than what is illustrated within the sensitivity analysis. Similarly, on the project revenue side, there is limited ability for rental rates to be increased while still maintaining the targeted affordability levels. Therefore, the ability for the rate of change illustrated within the sensitivity analysis to be realized is constrained by the affordable target of the project.

Based on our review of the project assumption, these additional mitigating factors, and the magnitude of project changes outlined in the sensitivity, all illustrate that the proposed project would not likely be completed through private enterprise alone.

7. “But-For” conclusion

The Developer will bear all the risk until project completion and permanent financing is in place, and continued operating risk thereafter. This level of risk typically demands a positive return with a range between 5.00% and 10.00% based on the PWC Survey, with an average return of 6.63%. The unleveraged rate of return with assistance is 6.24% and without is 5.17%. While the without assistance scenario technically falls within the reported range, it is important to remember the PWC survey also includes the desired return calculation on the investment in operational developments making it a conservative benchmark. For projects that are proposed and for which an operational history is not known it is anticipated that the desired return will be higher and closer to the average return, as opposed to the low end.

Based on their assumptions for project costs and operating revenues, the developments absent assistance is unlikely to be undertaken due to inadequate return. Therefore, we conclude the proposed project would not occur on this site at this time without a public subsidy.