

MuniCap

Consultant to NHDC

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NAVY HILL PROJECT

MUNICAP, INC.

PROJECTED REVENUES AVAILABLE TO REPAY BONDS

- Incremental:
 - Real property taxes
 - Sales taxes (City-1%, State-2.025%)
 - Meals taxes (6% of 7.5% total)
 - Lodging taxes
 - BPOL taxes

PROJECTED REVENUES AVAILABLE TO REPAY BONDS, CONTINUED

- Arena revenues:
 - Sponsorships
 - Admissions taxes
 - Meals taxes
 - Sales taxes
 - BPOL taxes
- Music Hall and Armory taxes
- Parking revenues

INCREMENTAL REAL PROPERTY TAXES

- Basis of calculation – used three approaches to value
 - Income capitalization
 - Comparables (assessed values for similar properties)
 - Estimated cost
- Three approaches to value provide multiple checks on valuation estimates
- Assessor generally uses income capitalization to determine values for commercial property
- Projections use the lower of the three approaches to value except for office property

ESTIMATES FOR DOMINION TOWERS

- Dominion Tower 1 assessed value based on supplemental valuation effective 1/1/2020
- Dominion Tower 2 assessed value based on value of Dominion Tower 1
 - Assumed to be completed in 2022
- Base value for Dominion Towers based on assessed value as of 7/1/2019

SALES TAXES

- Based on sales reported in financial statements for a mix of retail stores and restaurants
- Assumes 60/40 split between restaurant and retail
 - Excluding Block I (100% retail)
- City taxes – 1.0%
- State taxes – 2.025%
 - State taxes apply only to the Arena and Blocks A2, A3 and F

HOTEL TAXES

- Based on projected guest room revenues:
 - Average daily rate - \$221.50
 - Occupancy – 70%
- Assumes 100% of revenues will be available for debt service but subordinate to Greater Richmond Convention Center Authority

REVENUES AVAILABLE TO REPAY BONDS

- Real property taxes:
 - Projected development – 24%, \$274,432,250
 - Dominion Towers – 19%, \$213,745,626
 - Remaining Incremental Financing Area – 15%, \$172,170,668
 - Subtotal – 57%
- Sales taxes – 5%, \$60,250,634
- Meals taxes – 10%, \$113,380,996
- Lodging taxes – 7%, \$84,807,077
- BPOL taxes – 1%, \$9,706,465
- Arena revenues – 14%, \$156,521,797
- Music Hall, Armory and other revenues – 6%, \$69,487,063
- Real property taxes are stable and most reliable estimate
- Diverse mix of taxes