DAVENPORT & COMPANY

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Information Prepared for the City of Richmond
Navy Hill Project

City of Richmond, Virginia

October 14, 2019

Parties in Attendance (Unless Noted)

City of Richmond Related Parties

- City of Richmond City Council/Adminstrative Staff
- Davenport & Company LLC, Independent Financial Advisor to the City
- Orrick, Special Legal Counsel for the City – hired by the City Attorney *(Not in Attendance)*

Navy Hill Project Related Parties

- Capital City Partners, Developer
- Municap, Inc., Financial Consultant to the Developer
- Hunton Andrews Kurth LLP, Legal Counsel to NHDC
- Roth Jackson, Legal Counsel to NHDC
- Citigroup Global Markets, Inc./JP Morgan Chase, Underwriters
- McGuireWoods, Bond Counsel and Legal Counsel to the Developer

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Appendix – Exhibits

A. Cash Flow Details: Scenarios A and A-1 “Do Nothing/No Project”

B. Assessed Valuation FY 2015-FY2018

C. RPS General Fund Revenues FY 2015-FY2018

Under Separate Handout – Projected Annual Cash Flow Impact to the City Addendum, Originally Dated October 3, 2019 – Updated as of October 11, 2019.

- Excel Cash Flow Models for Scenario B (Including/Excluding Hunden/Includes 2nd Dominion Tower)
- Excel Cash Flow Models for Scenario B-1 (Including/Excluding Hunden/Excludes 2nd Dominion Tower)

1. The Bond Sizing

Preliminary Schedule for the Issuance of Bonds

General Timetable	
October/November 2019	▪ City Council reviews information related to Navy Hill Project. ▪ Council Appointed Commission reviews information related to Navy Hill Project.
Late October	▪ City Council hires 2nd Independent Consultant.
	▪ Council Appointed Commission delivers its report on the Navy Hill Project to City Council.
	▪ 2nd Independent Consultant delivers report to City Council.
December	▪ City Council/EDA approves all documentation.
April	▪ Bonds sold and issued upon satisfaction of conditions precedent to closing. ▪ Project construction commences.

Bond Size: Sources and Uses of Funds (Total Size)

- *What is the Total Estimated Size of the Bond Issue?*

	Funded from Bond Proceeds	Funded from Interest Earnings(1) and Cash Flow	Total Uses
Subtotal 1: New Arena Cost	**$ 231,688,484**	**$ 13,311,516**	**$ 245,000,000**
	+	+	+
Subtotal 2: Capitalized interest	**$ 42,021,966**	**$ 2,336,761**	**$ 44,358,727**
	+	+	+
Subtotal 3: Payoff of Coliseum Debt; Reserve; Issuance Costs	**$ 37,784,550**	**$ -**	**$ 37,784,550**
	=		
Totals	**$ 311,495,000**	**$ 15,648,277**	**327,143,277**

(1) Interest Earnings on Project & Capitalized Interest Funds @ 1.40%; DSR Fund @ 1.70%. Cash Flow comprised of Incremental Real Estate Tax Revenue and Arena Revenue.

Note: City staff has previously discussed an approximate $305 Million bond issue. The difference between the prior bond issue size and the $311 Million bond issue size shown herein is due to the timing of the Real Estate assessments in the Increment Financing Area being finalized.

Total Estimated Size of the Bond Issue; Blended Cost of Funds Estimated at 5.8%

Source: Citigroup; Preliminary, subject to change.

Bond Size: Sources and Uses of Funds (New Arena)

- *How much is the New Arena going to cost and how is the New Arena Funded?*

		Funded from Bond Proceeds	Funded from Interest Earnings(1) and Cash Flow	Total Uses
Q1. What is the amount of Bond Proceeds needed to fund the new Arena?				
Answer:	Amount from Bond Proceeds	$ 231,688,484	-	$ 231,688,484
Q2. Where is the balance of the money coming from to fund the new Arena?				
Answer:	Excess Incremental Revenues in FY2021 and FY2022[2]	-	8,721,815	8,721,815
Answer:	Interest Earnings on the Bond Proceeds	-	4,589,701	4,589,701
Subtotal 1: New Arena Cost		**$ 231,688,484**	**$ 13,311,516**	**$ 245,000,000**

(1) Interest Earnings on Project Fund @ 1.40%.

(2) Comprised of Incremental Real Estate Tax Revenue and Arena Revenue.

Total Estimated Cost of the New Arena

Source: Citigroup; Preliminary, subject to change.

Bond Size: Sources and Uses of Funds (Capitalized Interest)

- *How is the Estimated Capitalized Interest (i.e. interest payments on the Bonds through FY 2024) Funded?*

	Funded from Bond Proceeds	Funded from Interest Earnings(1) and Cash Flow	Total Uses
Q3. What is the amount of Bond Proceeds needed to fund capitalized interest through FY 2024 (2) ?			
Answer: Amount from Bond Proceeds	$ 42,021,966	-	$ 42,021,966
Q4. Where is the balance of the money coming from to fund capitalized interest through FY 2024 (2) ?			
Answer: Interest Earnings on the Bond Proceeds	-	2,336,761	2,336,761
Subtotal 2: Capitalized interest	**$ 42,021,966**	**$ 2,336,761**	**$ 44,358,727**

(1) Interest Earnings on Capitalized Interest Fund @ 1.40%; DSR Fund @ 1.70%.

(2) Annual Interest Expense or portions thereof on all Bonds.

Source: Citigroup; Preliminary, subject to change.

Bond Size: Sources and Uses of Funds (Other Components)

- *What are the Other Estimated Components of the Bond Financing and how are they funded?*

	Funded from Bond Proceeds	Funded from Interest Earnings(1) and Cash Flow	Total Uses
Q5. What is the amount of Bond Proceeds (i.e. escrow) needed to pay off the remaining Coliseum Bonds?			
Answer: Amount from Bond Proceeds	$ 3,000,000	-	$ 3,000,000
Q6. What is the amount of Bond Proceeds needed to fund the Debt Service Reserve Fund?			
Answer: Amount from Bond Proceeds	28,547,625	-	28,547,625
Q7. What is the amount of Bond Proceeds needed to fund estimated Costs of Issuance ?			
Answer: Amount from Bond Proceeds	6,236,925	-	6,236,925
Subtotal 3: Payoff of Coliseum Debt; Reserve; Issuance Costs	**$ 37,784,550**	**$ -**	**$ 37,784,550**

(1) Interest Earnings and Cash Flow not applicable for these components.

Source: Citigroup; Preliminary, subject to change.

Bond Size: Sources and Uses of Funds (Total Size)

Repeated slide for reference purposes.

- *What is the Total Estimated Size of the Bond Issue?*

	Funded from Bond Proceeds	Funded from Interest Earnings(1) and Cash Flow	Total Uses
Subtotal 1: New Arena Cost	**$ 231,688,484**	**$ 13,311,516**	**$ 245,000,000**
	+	**+**	**+**
Subtotal 2: Capitalized interest	**$ 42,021,966**	**$ 2,336,761**	**$ 44,358,727**
	+	**+**	**+**
Subtotal 3: Payoff of Coliseum Debt; Reserve; Issuance Costs	**$ 37,784,550**	**$ -**	**$ 37,784,550**
	=		
Totals	**$ 311,495,000**	**$ 15,648,277**	**327,143,277**

(1) Interest Earnings on Project & Capitalized Interest Funds @ 1.40%; DSR Fund @ 1.70%. Cash Flow comprised of Incremental Real Estate Tax Revenue and Arena Revenue.

Note: City staff has previously discussed an approximate $305 Million bond issue. The difference between the prior bond issue size and the $311 Million bond issue size shown herein is due to the timing of the Real Estate assessments in the Increment Financing Area being finalized.

Total Estimated Size of the Bond Issue; Blended Cost of Funds Estimated at 5.8%

Source: Citigroup; Preliminary, subject to change.

2. The Financial Model

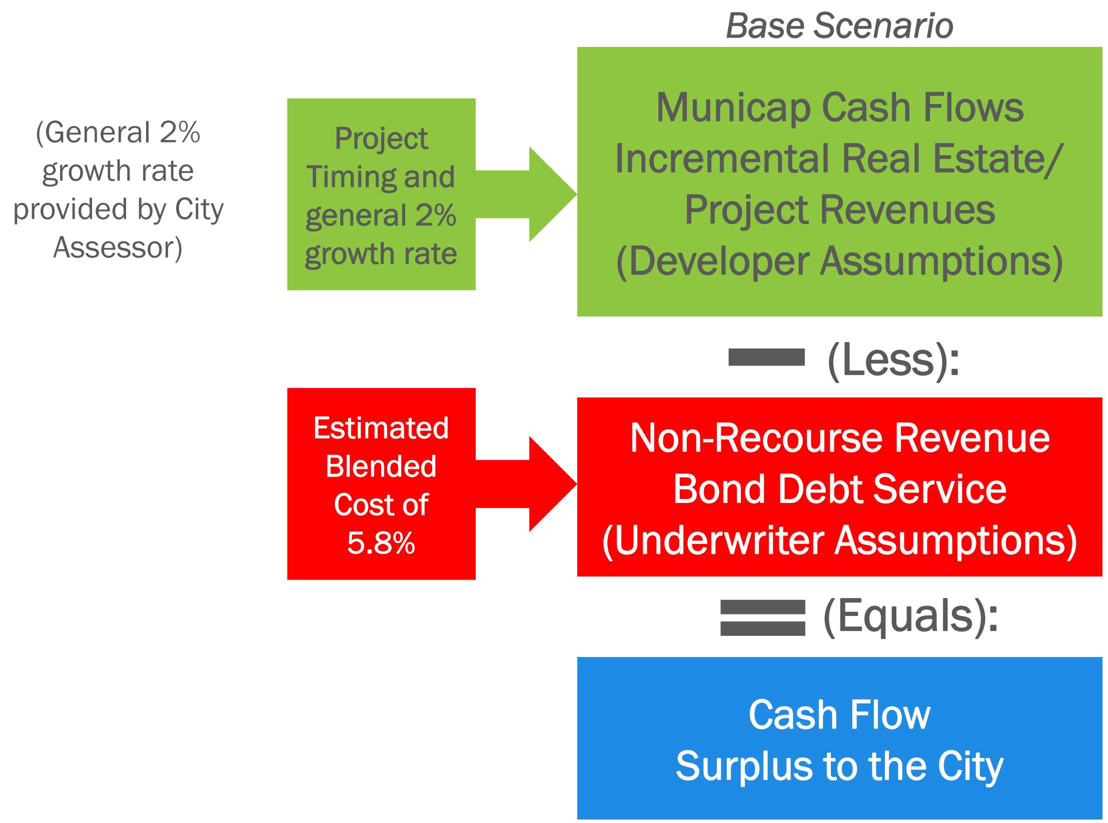
The Financial Model

- ***What is the purpose of the Financial Model created by Davenport?***
  - The purpose of the Financial Model is to provide the City with an analytical tool to independently assess potential cash flow impact scenarios of the proposed Navy Hill Project (the "Project").

- ***What is the Methodology used to create the Financial Model?***
  - The Financial Model relies on the following Key Assumptions:
    - The Municap Cash Flows with Developer's Revenue Assumptions for the proposed Project;
    - The Underwriter's (Citigroup) Estimated Bond Sizing and debt service calculations for the Non-Recourse Revenue Bonds; and
    - In addition, the Financial Model allows for *the inclusion (or exclusion)* of additional cash flow impacts (i.e. uplift), if any, based on The Independent Fiscal and Economic Impact Analysis performed by Hunden Strategic Partners.

Key Assumptions in the Financial Model

- *How are the Key Assumptions Related?*
  - The difference between the <u>Municap Cash Flows with Developer's Revenue Assumptions</u> for the proposed Project and the <u>Underwriter's Assumptions for the Non-Recourse Revenue Bond Sizing and Debt Service</u> is the <u>Surplus</u> to the City.



Key Assumptions in the Financial Model (cont)

Cash Flow
Surplus to the City

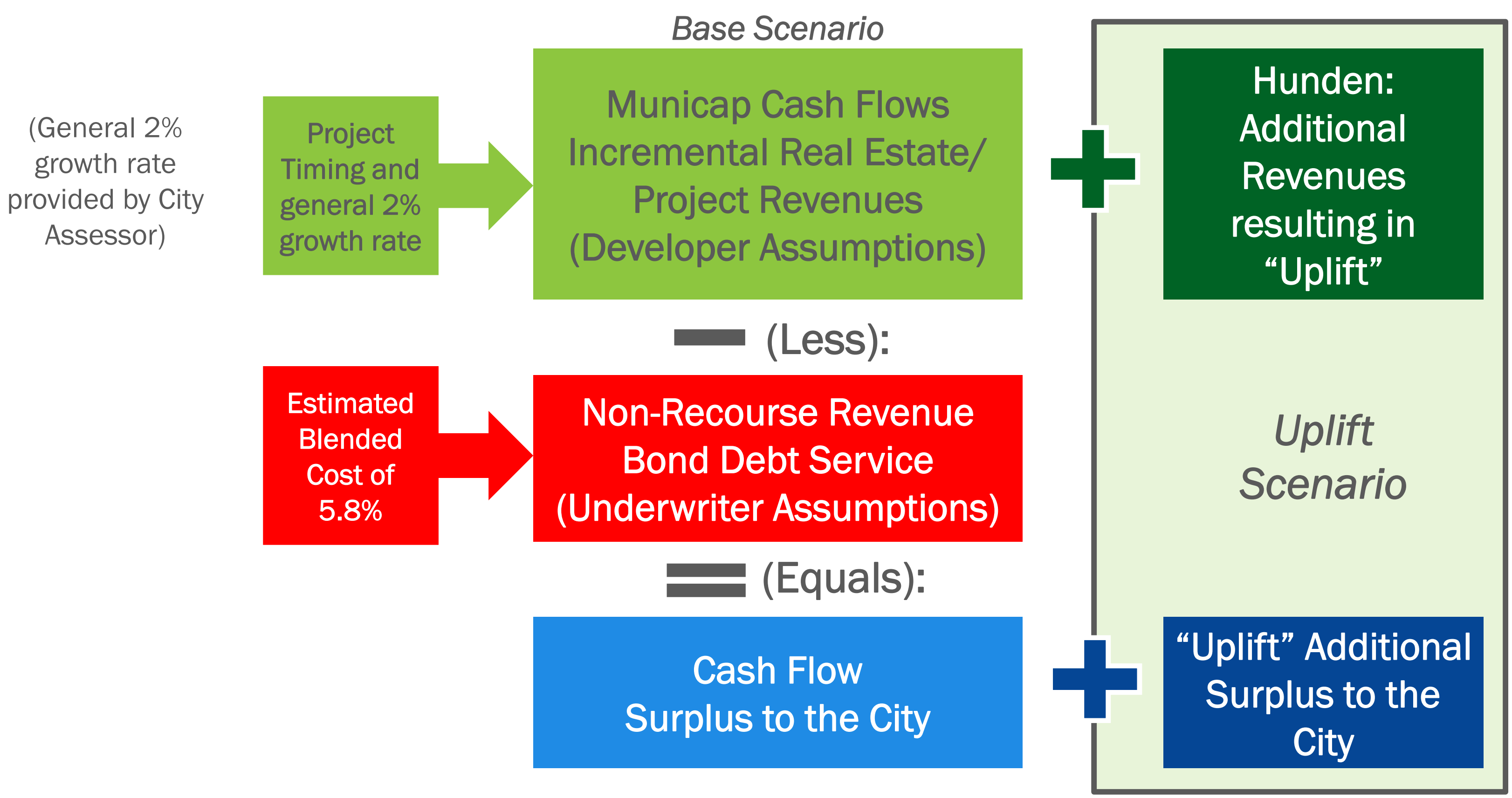
- *What are the Plans for the Surplus?*
  - All Surplus (100%) will go to the City.
  - 50% will be used to accelerate the Non-Recourse Revenue Bonds; and
  - 50% is recommended by the Mayor to be allocated as follows:
    - Schools: 50%
    - Core Services (Public Safety/Works) 34%
    - Housing/Homeless Services 15%
    - Arts, History 1%

Key Assumptions in the Financial Model (cont)

- *How does Hunden's Analysis fit into the Scenario With the Project?*
  - Hunden independently modeled the fiscal and economic impact of the Project.
  - Hunden estimated new revenues that would be generated by the Project and the Increment Financing Area and revenues lost form other parts of the City (i.e. Cannibalization).
  - Based on Hunden's expertise and analysis, they estimate that the ***critical mass of development and activity*** generated by the Project would spur increased activity and promote increased development in the Increment Financing Area.
  - This increased activity and development results in additional revenues.
    - An "Uplift Scenario" resulting in a larger Surplus to the City.

Key Assumptions in the Financial Model (cont)

- *How does Hunden's Analysis fit into the Scenario With the Project?*



Key Assumptions in the Financial Model (cont)

- *What comprise the Additional Revenues estimated by Hunden in the Scenario With the Project?*

  - *Hunden's Additional Revenues are due to:*
    - Additional 1% to 1.5% growth (over the Developer's 2.0% growth assumption) in Real Estate Tax Revenues.
    - Enhanced Lodging and Admissions Tax Revenues based on increased activity in the New Arena, Blues Armory and Convention Center.

Key Assumptions in the Financial Model (cont)

- *How does Hunden's Analysis fit into the "Do Nothing" Scenario Without the Project?*
  - Hunden estimates that ***without the critical mass of development and activity*** associated with the Project, the growth in the Increment Financing Area would be lower than the typical 2% average that the City assumes to occur.
  - This slower growth is due to the current state of the Coliseum and the undeveloped non-taxable properties in the Project area.
  - In addition, the ***lack of the critical mass of development and activity*** brought by the Project would slow down the rate of additional new private investment.
  - As a result, Hunden estimated that the average growth in Real Estate Tax Revenues in the Increment Financing Area would be 1.5% (approximately 0.5% lower than the Developer's 2.0% growth assumption)
    - A **"Downside Scenario"** that results in a lower rate of growth in revenues to the City without the Project

Key Assumptions in the Financial Model (cont)

- *How does Hunden's Analysis fit into the "Do Nothing" Scenario Without the Project?*

Hunden: Reduced Revenues from Incremental Real Estate Only

Downside Scenario

Base Scenario

Municap Cash Flows Incremental Real Estate/ Project Revenues (Developer Assumptions)

(Less):

Non-Recourse Revenue Bond Debt Service (Underwriter Assumptions)

(Equals):

Cash Flow Surplus to the City

Hunden: Additional Revenues resulting in "Uplift"

Uplift Scenario

"Uplift" Additional Surplus to the City

The Financial Model

- *What is the Financial Model intended to do?*
  - Track the projected <u>Incremental Revenues</u> from the Navy Hill Project
  - Track the projected <u>Incremental Revenues</u> from the <u>Increment Financing Area</u>.
  - Determine the annual available cash flow for Debt Service related to the <u>Non-Recourse Revenue Bonds</u> (the “Debt Service”) and Other Expenses of the City.
  - Run Scenarios assuming various levels of Revenue Projections and their resulting impact on Debt Service repayment and Surplus to the City.

The Financial Model (cont)

- *What is the Financial Model intended to do? (cont)*
  - Provide an order of magnitude and estimate of:
    - Incremental Revenues generated by the Increment Financing Area that are available for Debt Service;
    - Estimated timing of the repayment of the Debt Service;
    - Debt Service Coverage that is required to make the bonds financeable;
    - Surplus that is available to the City after the repayment of Debt Service and Other Expenses; and
    - Provide the *Cash Flow Impact of With and Without Hunden's Analysis* of the Project and Increment Financing Area.

3. Increment Financing Area/ Incremental Revenues

The Increment Financing Area

- *What makes up the <u>Increment Financing Area</u>?*
  - o Approximately 80 blocks highlighted in red below.
  - o <u>Project Component Blocks</u> to be redeveloped are highlighted in blue below:

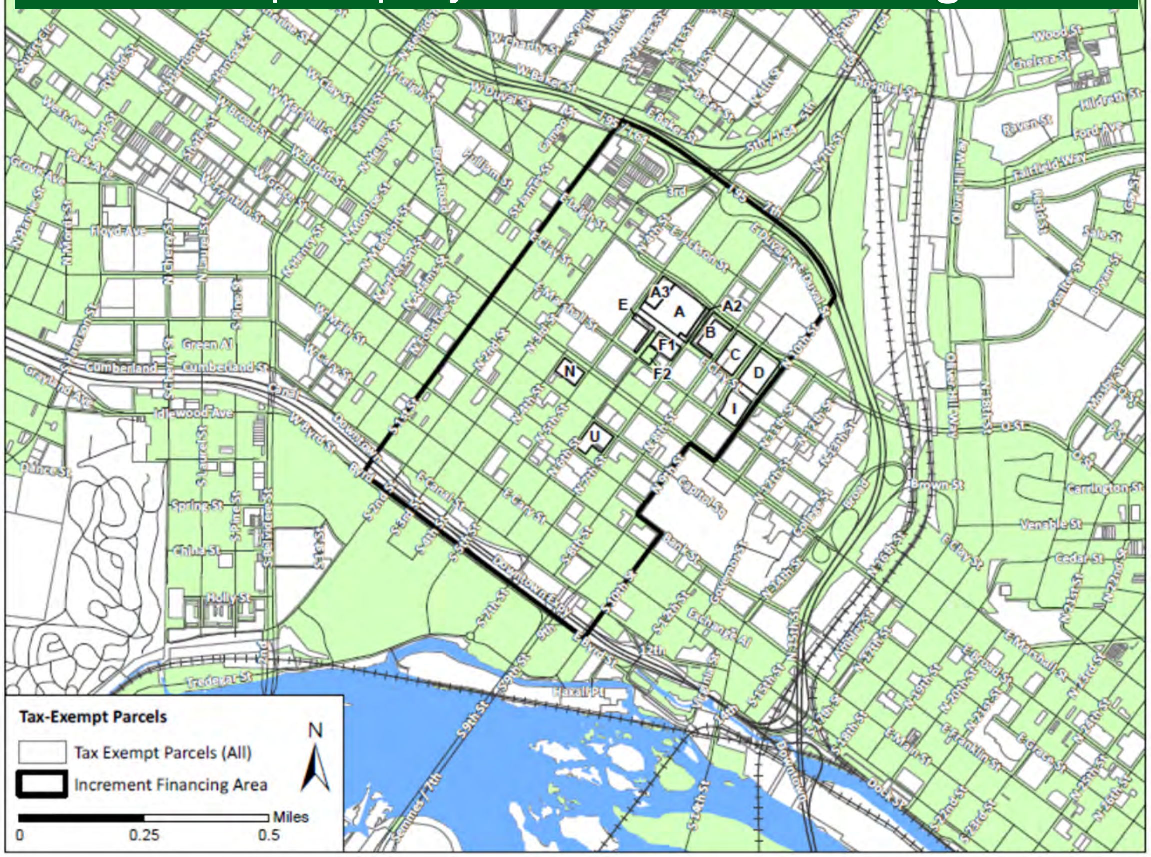
Increment Financing Area

- *Are the Project Component Blocks providing any revenue to the City today?*
  - o No, the blocks today consist of Non-Taxable City-owned assets that produce no revenues.
  - o In addition, certain of the Non-Taxable City-owned assets are liabilities that will require the City to spend money in the future, such as:
    - Obsolete Coliseum; and
    - Public Safety Building.

The Increment Financing Area (cont)

- *Is all of the Property in the Increment Financing Area generating revenue?*
  - No, approximately $1,450,000,000 of Tax-Exempt Real Estate that does not generate revenue is in the Increment Financing Area (highlighted in white below).
  - Approximately $2,110,000,000 of Taxable Real Estate is in the Increment Financing Area and generates revenue (highlighted in green below).

Tax-Exempt Property in the Increment Financing Area



The Increment Financing Area (cont)

- *Is the <u>Increment Financing Area</u> unusually large?*
  - No, the 80 block Increment Financing Area makes up approximately 276.4 acres, which is approximately 0.7% of the total 40,320 acres in the City.
    - The Tax-Exempt Real Estate represents approximately 163.9 acres (59.3% of the acreage) in the Increment Financing Area.
    - The Taxable Real Estate represents approximately 112.5 acres (40.7% of the acreage) in the Increment Financing Area.
  - In addition, the Taxable Real Estate in the Increment Financing Area is approximately 8% of the Total Taxable Real Estate in the City.
    - Existing FY 2020 Budgeted Real Estate Tax revenues and all other local tax revenues in the Increment Financing Area stay in the General Fund.
  - Increment Financing Areas used in other cities such as Indianapolis, Cincinnati and Dallas, amongst others, consist of larger single area or even multiple areas that are greater than the proposed area for Richmond.

The Increment Financing Area (cont)

- *Why is the Increment Financing Area larger than the Project Component Blocks?*
  - The Increment Financing Area provides added revenues in order to generate sufficient Debt Service Coverage in order to issue Non-Recourse Revenues Bonds for the New Arena.
    - Example:

Revenues	$30,000,000
Less: Debt Service	($20,000,000)
Equals: 1.50x Coverage (i.e. Surplus)	$10,000,000

Note: Any Surplus Revenues go back to the City.

  - As a result, the City does not have to provide its Moral Obligation or General Obligation to make up any shortfalls in the Debt Service related to the Non-Recourse Revenues Bonds.

What Makes up Incremental Revenues?

- *What makes up the Incremental Revenues?*
  - o Project-related Revenues generated by the taxable investment on each of the Project Component Blocks (Shown in Blue) as follows:
    - Real Estate Tax Revenues;
    - 6% Meals Tax Revenues (the other 1.5% goes immediately/directly to Schools);
    - Local Sales Tax Revenues;
    - State Sales Tax Revenues – generated by certain Project Component Blocks adjacent to the New Arena pursuant to existing state legislation;
    - Lodging Tax Revenues – generated by the New Convention Center Hotel, to the extent available over and above the City's obligation to GRCCA;

Increment Financing Area

What Makes up Incremental Revenues? (cont)

- *What makes up the Incremental Revenues? (cont)*
  - Project-related Revenues generated by the taxable investment on each of the Project Component Blocks (Shown in Blue) as follows:
    - BPOL Tax Revenues;
    - Admissions Tax Revenues generated by the New Arena and Blues Armory; and
    - Arena Sponsorship Revenues.
  - *Since these Component Blocks produce no tax revenues at the present time, all new revenue will be incremental (i.e. above what the City currently receives).*

Increment Financing Area

What Makes up Incremental Revenues? (cont)

- *What makes up the Incremental Revenues? (cont)*
  - Other Revenues generated within the Increment Financing Area as follows:
    - Incremental Real Estate Tax Revenue; and
    - Incremental New Parking Revenue capped at $2.5 Million per year.
      - $500,000 goes to the Arena Renewal Fund; and
      - $2,000,000 goes to the repayment of the Non-Recourse Revenue Bonds.
  - *The City's current tax revenue level for the Increment Financing Area will not change – meaning that the City will not lose any existing tax revenues from its current FY 2020 budget.*

4. Non-Recourse Revenue Bonds

What is meant by Non-Recourse Revenue Bonds?

- *What is meant by Non-Recourse Revenue Bonds?*
  - Non-Recourse Revenue Bonds means that the investors who buy this type of Revenue Bond can only rely on Incremental Revenues generated by the Project and in the Increment Financing Area for the repayment of the Revenue Bonds.
  - If there is a shortfall in the Incremental Revenues, the City will have no Moral Obligation or General Obligation to provide one dollar more than the Incremental Revenues generated.
  - The investors who buy these bonds do not expect and cannot require the City to make up any shortfalls in their debt service payments.
  - The only way Non-Recourse Revenue Bonds are financeable, is to demonstrate Debt Service Coverage. (see Page 26)
    - Safeguards to the City are directly spelled out in the "Conditions Precedent to Financial Close on the Bonds" and can be found in the Development Agreement.

What is meant by Non-Recourse Revenue Bonds? (cont)

- *What are the safeguards for the repayment of debt service?*
  - Capitalized Interest that is funded from Bond proceeds pays all interest through FY 2022 and portions of interest payments in FY 2023 and FY2024.
  - Principal payments are delayed until after construction, beginning in FY2025.
  - A Debt Service Reserve Fund that is funded from Bond proceeds provides approximately 1 year of funding for debt service.
  - A second Stabilization Reserve that is funded from surplus cash flow in the first five years provides approximately 1 year of funding for debt service.

- *What is being Financed by the <u>Non-Recourse Revenue Bonds</u>?*
  - The New Arena ONLY.
  - The Blues Armory renovation, public infrastructure, and all other Private Development in the Navy Hill Project are being privately funded by the Developer.

5. Summary of the Cash Flow Impact Scenarios Analyzed

Summary of the Scenarios Analyzed (Includes 2nd Dominion Tower)

- *Scenarios originally presented to City Council on October 7, 2019:*

Totals shown below are cumulative.

Scenario	Description	5-Year Total	10-Year Total	Grand Total
A: "Do Nothing"	Without the Project; Growth Rate of Real Estate reduced to 1.5% per Hunden	$18,534,000	$54,852,000	$341,078,000
		PV=$17,258,000	PV=$48,204,000	PV=$241,542,000
B: "With the Project" (Excluding Hunden)	General City Growth Rate of 2%+Municap (Developer) Project	$21,409,000	$63,556,000	$758,996,000
		PV=$20,506,000	PV=$56,415,000	PV=$509,193,000
B: "With the Project" (Including Hunden)	General City Growth Rate of 2%+Municap (Developer) Project + Hunden Uplift Growth	$23,032,000	$82,411,000	$1,087,896,000
		PV=$21,965,000	PV=$72,600,000	PV=$732,376,000

Note: Present Value assumes 2.0% rate, which is the average of the change in the CPI-U over the most recent five years of data; Source Bureau of Labor Statistics

Debt Service Coverage
(Includes 2nd Dominion Tower)

- *Scenarios originally presented to City Council on October 7, 2019:*

B: "With the Project" (Excluding Hunden)

Fiscal Year	B With Project (EXCLUDES Hunden)	B With Project (INCLUDES Hunden)
2021	N/A	N/A
2022	N/A	N/A
2023	1.50 X	2.17 X
2024	1.53	1.67
2025	1.55	1.73
2026	1.60	1.78
2027	1.67	1.93
2028	1.74	2.05
2029	1.81	2.17
2030	**1.89**	**2.30**
2031	1.97	2.44
2032	2.05	2.60
2033	2.14	2.78
2034	2.24	2.99
2035	2.36	3.23
2036	2.48	3.50
2037	2.62	3.83
2038	2.77	N/A
2039	2.94	N/A
2040	**N/A**	**N/A**
2041	N/A	N/A
2042	N/A	N/A
2043	N/A	N/A
2044	N/A	N/A
2045	N/A	N/A
2046	N/A	N/A
2047	N/A	N/A
2048	**N/A**	**N/A**

B: "With the Project" (Including Hunden)

Summary of the Scenarios Analyzed (Excludes 2nd Dominion Tower)

- *Revised Scenarios requested by City Council on October 7, 2019:*

Totals shown below are cumulative.

Scenario	Description	5-Year Total	10-Year Total	Grand Total
A-1: "Do Nothing" *(Excludes 2nd New Dominion Tower)*	Without the Project; *Growth Rate of Real Estate assumes City Assumption of 2%*	$10,779,000	$32,683,000	$297,542,000
		PV=$10,115,000	PV=$28,692,000	PV=$206,183,000
B-1: "With the Project" (Excluding Hunden) *(Excludes 2nd New Dominion Tower)*	General City Growth Rate of 2%+Municap (Developer) Project	$21,409,000	$48,778,000	$623,826,000
		PV=$20,506,000	PV=$43,668,000	PV=$414,937,000
B-1: "With the Project" (Including Hunden) *(Excludes 2nd New Dominion Tower)*	General City Growth Rate of 2%+Municap (Developer) Project + Hunden Uplift Growth	$19,997,000	$67,471,000	$958,784,000
		PV=$19,193,000	PV=$59,620,000	PV=$641,174,000

Note: Present Value assumes 2.0% rate, which is the average of the change in the CPI-U over the most recent five years of data; Source Bureau of Labor Statistics

Debt Service Coverage
(Excludes 2nd Dominion Tower)

- *Revised Scenarios requested by City Council on October 7, 2019:*

B: "With the Project" (Excluding Hunden)

B: "With the Project" (Including Hunden)

Fiscal Year	B-1 With Project (EXCLUDES Hunden)	B-1 With Project (INCLUDES Hunden)
2021	N/A	N/A
2022	N/A	N/A
2023	1.33 X	1.99 X
2024	1.32	1.46
2025	1.37	1.55
2026	1.43	1.60
2027	1.48	1.72
2028	1.53	1.82
2029	1.58	1.92
2030	**1.64**	**2.03**
2031	1.70	2.14
2032	1.76	2.27
2033	1.83	2.41
2034	1.90	2.56
2035	1.99	2.74
2036	2.07	2.94
2037	2.16	3.17
2038	2.26	3.44
2039	2.37	N/A
2040	**2.50**	**N/A**
2041	2.63	N/A
2042	N/A	N/A
2043	N/A	N/A
2044	N/A	N/A
2045	N/A	N/A
2046	N/A	N/A
2047	N/A	N/A
2048	**N/A**	**N/A**

6. Scenario B Excluding Hunden: Cash Flow Impact – First 10 Years

Source Materials:

- ❑ Municap Financial Scenario 26 previously distributed to City Council
  - ❑ Including 2nd New Dominion Tower
- ❑ Citigroup Bond Sizing
- ❑ Hunden Uplift Analysis Excluded
- ❑ Davenport Financial Model

Cash Flow First 10 Years – Scenario B (Excluding Hunden) (Includes 2nd Dominion Tower)

- *How is the Project Cash Flow Impact to the City Calculated in the First 10 years?*

	1	2	3	4	5	6	7	8
		Plus:	Less:	Less:	Plus:	Less:	Less:	Equals:
Fiscal Year	Project Revenue(1)	Hunden Uplift In Project & Increment Area(2)	Cash Flow to Project(3)	Bond Debt Service(3)	Bond Funded Capitalized Interest(3)	Cash Flow to Stabilization Fund(4)	Cash Flow to Early Redemption	Subtotal Cash Flow To the City
2021	$1,951,920	$0	($1,951,920)	($16,124,992)	$16,124,992	$0	$0	$0
2022	6,769,895	0	(6,769,895)	(17,590,900)	17,590,900	0	0	0
2023	11,845,895	0	0	(17,638,654)	9,742,030	(3,949,271)	0	0
2024	24,933,554	0	0	(17,154,300)	900,804	(8,680,058)	0	0
2025	30,814,181	0	0	(19,860,274)	0	(10,953,907)	0	0
2026	34,377,709	0	0	(21,512,493)	0	(4,964,390)	(3,950,413)	3,950,413
2027	35,649,586	0	0	(21,292,306)	0	0	(7,178,640)	7,178,640
2028	36,931,133	0	0	(21,165,821)	0	0	(7,882,656)	7,882,656
2029	38,061,745	0	0	(21,018,865)	0	0	(8,521,440)	8,521,440
2030	39,331,005	0	0	(20,822,027)	0	0	(9,254,489)	9,254,489
Subtotal: 2021-30	$260,666,622	$0	($8,721,815)	($194,180,631)	$44,358,726	($28,547,625)	($36,787,638)	$36,787,638
Subtotal: 2031-48	$937,234,998	$0	$0	($172,592,024)	$0	$8,228,505	($102,134,617)	$670,736,863
Total	$1,197,901,620	$0	($8,721,815)	($366,772,655)	$44,358,726	($20,319,120)	($138,922,255)	$707,524,501

(1) Source: Municap/Developer.
(2) Source: Hunden Analysis.
(3) Based on Bond Size and maturity schedule from Citigroup (preliminary, subject to change).
(4) Negative number represents cash flow to fund Stabilzation Fund. Positive number represents excess Stabilization Fund amount not needed to repay bonds.
(5) Source: City of Richmond

Detailed Financial Model posted on the City's website.

Cash Flow First 10 Years – Scenario B (Excluding Hunden) (cont) (Includes 2nd Dominion Tower)

- *What are the other components that affect the Project Cash Flow Impact to the City in the First 10 years?*

	8	9	10	11	12	13	14	15
	Equals:	Plus:	Plus:	Plus:	Plus:	Less:	Equals:	
Fiscal Year	Subtotal Cash Flow To the City	Purchase Funds Land Takedown	Hunden Uplift Outside Increment Area(2)	1.5% Schools Meals Tax(1)	Coliseum Savings(5)	Incremental City Costs(5)	Total Cash Flow To the City	Present Value @ 2.0%
						[TO COME]		
2021	$0	$7,227,000	$0	$0	$990,000	[FROM CITY]	$8,217,000	$8,059,467
2022	0	4,744,000	0	0	990,000		5,734,000	5,516,248
2023	0	1,779,000	0	202,123	990,000		2,971,123	2,803,495
2024	0	1,465,000	0	572,155	990,000		3,027,155	2,801,605
2025	0	585,000	0	875,149	0		1,460,149	1,325,447
2026	3,950,413	0	0	1,000,329	0		4,950,742	4,407,868
2027	7,178,640	0	0	1,035,774	0		8,214,414	7,173,448
2028	7,882,656	0	0	1,085,836	0		8,968,492	7,681,815
2029	8,521,440	0	0	1,107,553	0		9,628,993	8,089,438
2030	9,254,489	0	0	1,129,704	0		10,384,193	**8,556,641**
Subtotal:								
2021-30	$36,787,638	$15,800,000	$0	$7,008,624	$3,960,000	$0	$63,556,262	**$56,415,472**
Subtotal:								
2031-48	$670,736,863	$0	$0	$24,673,366	$0	$0	$695,410,229	**$452,777,902**
Total	$707,524,501	$15,800,000	$0	$31,681,990	$3,960,000	$0	$758,966,491	**$509,193,374**

(1) Source: Municap/Developer.
(2) Source: Hunden Analysis.
(3) Based on Bond Size and maturity schedule from Citigroup (preliminary, subject to change).
(4) Negative number represents cash flow to fund Stabilzation Fund. Positive number represents excess Stabilization Fund amount not needed to repay bonds.
(5) Source: City of Richmond

Note: Present Value assumes 2.0% rate, which is the average of the change in the CPI-U over the most recent five years of data; Source Bureau of Labor Statistics

7. Scenario B Including Hunden: Cash Flow Impact – First 10 Years

Source Materials:

- Municap Financial Scenario 26 previously distributed to City Council
  - Including 2nd New Dominion Tower
- Citigroup Bond Sizing
- Hunden Uplift Analysis Included
- Davenport Financial Model

Cash Flow First 10 Years – Scenario B (Including Hunden) (Includes 2nd Dominion Tower)

- *How is the Project Cash Flow Impact to the City Calculated in the First 10 years?*

	1	2	3	4	5	6	7	8
		Plus:	Less:	Less:	Plus:	Less:	Less:	Equals:
Fiscal Year	Project Revenue(1)	Hunden Uplift In Project & Increment Area(2)	Cash Flow to Project(3)	Bond Debt Service(3)	Bond Funded Capitalized Interest(3)	Cash Flow to Stabilization Fund(4)	Cash Flow to Early Redemption	Subtotal Cash Flow To the City
2021	$1,951,920	$0	($1,951,920)	($16,124,992)	$16,124,992	$0	$0	$0
2022	6,769,895	(116,224)	(6,653,671)	(17,590,900)	17,590,900	0	0	0
2023	11,845,895	5,252,560	0	(17,638,654)	9,742,030	(9,201,831)	0	0
2024	24,933,554	2,282,452	0	(17,154,300)	900,804	(10,962,510)	0	0
2025	30,814,181	3,538,303	0	(19,860,274)	0	(8,383,284)	(3,054,463)	3,054,463
2026	34,377,709	3,694,603	0	(21,339,740)	0	0	(8,366,286)	8,366,286
2027	35,649,586	4,584,066	0	(20,869,802)	0	0	(9,681,925)	9,681,925
2028	36,931,133	5,269,251	0	(20,601,738)	0	0	(10,799,323)	10,799,323
2029	38,061,745	5,871,993	0	(20,289,822)	0	0	(11,821,958)	11,821,958
2030	39,331,005	6,443,713	0	(19,906,315)	0	0	(12,934,202)	12,934,202
Subtotal: 2021-30	$260,666,622	$36,820,718	($8,605,591)	($191,376,538)	$44,358,726	($28,547,625)	($56,658,156)	$56,658,156
Subtotal: 2031-48	$937,234,998	$252,607,778	$0	($123,714,969)	$0	$1,564,004	($102,899,598)	$964,792,213
Total	$1,197,901,620	$289,428,496	($8,605,591)	($315,091,506)	$44,358,726	($26,983,621)	($159,557,754)	$1,021,450,369

(1) Source: Municap/Developer.
(2) Source: Hunden Analysis.
(3) Based on Bond Size and maturity schedule from Citigroup (preliminary, subject to change).
(4) Negative number represents cash flow to fund Stabilzation Fund. Positive number represents excess Stabilization Fund amount not needed to repay bonds.
(5) Source: City of Richmond

Detailed Financial Model posted on the City's website.

Cash Flow First 10 Years – Scenario B (Including Hunden) (cont) (Includes 2nd Dominion Tower)

- *What are the other components that affect the Project Cash Flow Impact to the City in the First 10 years?*

	8	9	10	11	12	13	14	15
	Equals:	Plus:	Plus:	Plus:	Plus:	Less:	Equals:	
Fiscal Year	Subtotal Cash Flow To the City	Purchase Funds Land Takedown	Hunden Uplift Outside Increment Area(2)	1.5% Schools Meals Tax(1)	Coliseum Savings(5)	Incremental City Costs(5)	Total Cash Flow To the City	Present Value @ 2.0%
						[TO COME]		
2021	$0	$7,227,000	$0	$0	$990,000	[FROM CITY]	$8,217,000	$8,059,467
2022	0	4,744,000	0	0	990,000		5,734,000	5,516,248
2023	0	1,779,000	(13,428)	202,123	990,000		2,957,694	2,790,824
2024	0	1,465,000	(737,848)	572,155	990,000		2,289,307	2,118,733
2025	3,054,463	585,000	(680,763)	875,149	0		3,833,849	3,480,169
2026	8,366,286	0	(544,802)	1,000,329	0		8,821,813	7,854,456
2027	9,681,925	0	(288,114)	1,035,774	0		10,429,585	9,107,903
2028	10,799,323	0	89,528	1,085,836	0		11,974,687	10,256,722
2029	11,821,958	0	526,654	1,107,553	0		13,456,165	11,304,693
2030	12,934,202	0	633,273	1,129,704	0		14,697,179	**12,110,567**
Subtotal:								
2021-30	$56,658,156	$15,800,000	($1,015,500)	$7,008,624	$3,960,000	$0	$82,411,279	**$72,599,783**
Subtotal:								
2031-48	$964,792,213	$0	$16,019,229	$24,673,366	$0	$0	$1,005,484,808	**$659,776,695**
Total	$1,021,450,369	$15,800,000	$15,003,729	$31,681,990	$3,960,000	$0	$1,087,896,087	**$732,376,478**

(1) Source: Municap/Developer.
(2) Source: Hunden Analysis.
(3) Based on Bond Size and maturity schedule from Citigroup (preliminary, subject to change).
(4) Negative number represents cash flow to fund Stabilzation Fund. Positive number represents excess Stabilization Fund amount not needed to repay bonds.
(5) Source: City of Richmond

Note: Present Value assumes 2.0% rate, which is the average of the change in the CPI-U over the most recent five years of data; Source Bureau of Labor Statistics

8. Scenario B-1 Excluding Hunden: Cash Flow Impact – First 10 Years

Source Materials:

- Municap Financial Scenario 26 previously distributed to City Council
  - Excluding 2nd New Dominion Tower
- Citigroup Bond Sizing
- Hunden Analysis Excluded
- Davenport Financial Model

Cash Flow First 10 Years – Scenario B-1 (Excluding Hunden) (Excludes 2nd Dominion Tower)

- *How is the Project Cash Flow Impact to the City Calculated in the First 10 years?*

	1	2	3	4	5	6	7	8
		Plus:	Less:	Less:	Plus:	Less:	Less:	Equals:
Fiscal Year	Project Revenue(1)	Hunden Uplift In Project & Increment Area(2)	Cash Flow to Project(3)	Bond Debt Service(3)	Bond Funded Capitalized Interest(3)	Cash Flow to Stabilization Fund(4)	Cash Flow to Early Redemption	Subtotal Cash Flow To the City
2021	$1,951,920	$0	($1,951,920)	($16,124,992)	$16,124,992	$0	$0	$0
2022	6,769,895	0	(6,769,895)	(17,590,900)	17,590,900	0	0	0
2023	10,467,921	0	0	(17,638,654)	9,742,030	(2,571,297)	0	0
2024	21,406,990	0	0	(17,154,300)	900,804	(5,153,494)	0	0
2025	27,217,085	0	0	(19,860,274)	0	(7,356,811)	0	0
2026	30,708,672	0	0	(21,512,493)	0	(9,196,179)	0	0
2027	31,907,168	0	0	(21,515,731)	0	(4,269,844)	(3,060,796)	3,060,796
2028	33,113,867	0	0	(21,622,142)	0	0	(5,745,863)	5,745,863
2029	34,168,133	0	0	(21,596,037)	0	0	(6,286,048)	6,286,048
2030	35,359,521	0	0	(21,525,627)	0	0	(6,916,947)	6,916,947
Subtotal:								
2021-30	$233,071,172	$0	($8,721,815)	($196,141,149)	$44,358,726	($28,547,625)	($22,009,654)	$22,009,654
Subtotal:								
2031-48	$850,495,573	$0	$0	($223,287,062)	$0	$30,091,728	($106,925,824)	$550,374,415
Total	$1,083,566,745	$0	($8,721,815)	($419,428,211)	$44,358,726	$1,544,103	($128,935,478)	$572,384,069

(1) Source: Municap/Developer.
(2) Source: Hunden Analysis.
(3) Based on Bond Size and maturity schedule from Citigroup (preliminary, subject to change).
(4) Negative number represents cash flow to fund Stabilzation Fund. Positive number represents excess Stabilization Fund amount not needed to repay bonds.
(5) Source: City of Richmond

Detailed Financial Model posted on the City's website.

Cash Flow First 10 Years – Scenario B-1 (Excluding Hunden) (cont) (Excludes 2nd Dominion Tower)

- *What are the other components that affect the Project Cash Flow Impact to the City in the First 10 years?*

	8	9	10	11	12	13	14	15
	Equals:	Plus:	Plus:	Plus:	Plus:	Less:	Equals:	
Fiscal Year	Subtotal Cash Flow To the City	Purchase Funds Land Takedown	Hunden Uplift Outside Increment Area(2)	1.5% Schools Meals Tax(1)	Coliseum Savings(5)	Incremental City Costs(5)	Total Cash Flow To the City	Present Value @ 2.0%
						[TO COME]		
2021	$0	$7,227,000	$0	$0	$990,000	[FROM CITY]	$8,217,000	$8,059,467
2022	0	4,744,000	0	0	990,000		5,734,000	5,516,248
2023	0	1,779,000	0	202,123	990,000		2,971,123	2,803,495
2024	0	1,465,000	0	572,155	990,000		3,027,155	2,801,605
2025	0	585,000	0	875,149	0		1,460,149	1,325,447
2026	0	0	0	1,000,329	0		1,000,329	890,638
2027	3,060,796	0	0	1,035,774	0		4,096,570	3,577,435
2028	5,745,863	0	0	1,085,836	0		6,831,699	5,851,580
2029	6,286,048	0	0	1,107,553	0		7,393,601	6,211,457
2030	6,916,947	0	0	1,129,704	0		8,046,651	**6,630,491**
Subtotal:								
2021-30	$22,009,654	$15,800,000	$0	$7,008,624	$3,960,000	$0	$48,778,277	**$43,667,863**
Subtotal:								
2031-48	$550,374,415	$0	$0	$24,673,366	$0	$0	$575,047,781	**$371,269,241**
Total	$572,384,069	$15,800,000	$0	$31,681,990	$3,960,000	$0	$623,826,058	**$414,937,105**

(1) Source: Municap/Developer.
(2) Source: Hunden Analysis.
(3) Based on Bond Size and maturity schedule from Citigroup (preliminary, subject to change).
(4) Negative number represents cash flow to fund Stabilzation Fund. Positive number represents excess Stabilization Fund amount not needed to repay bonds.
(5) Source: City of Richmond

Note: Present Value assumes 2.0% rate, which is the average of the change in the CPI-U over the most recent five years of data; Source Bureau of Labor Statistics

9. Scenario B-1 Including Hunden: Cash Flow Impact – First 10 Years

Source Materials:

- Municap Financial Scenario 26 previously distributed to City Council
  - Excluding 2nd New Dominion Tower
- Citigroup Bond Sizing
- Hunden Analysis Included
- Davenport Financial Model

Cash Flow First 10 Years – Scenario B-1 (Including Hunden) (Excludes 2nd Dominion Tower)

- *How is the Project Cash Flow Impact to the City Calculated in the First 10 years?*

	1	2	3	4	5	6	7	8
		Plus:	Less:	Less:	Plus:	Less:	Less:	Equals:
Fiscal Year	Project Revenue(1)	Hunden Uplift In Project & Increment Area(2)	Cash Flow to Project(3)	Bond Debt Service(3)	Bond Funded Capitalized Interest(3)	Cash Flow to Stabilization Fund(4)	Cash Flow to Early Redemption	Subtotal Cash Flow To the City
2021	$1,951,920	$0	($1,951,920)	($16,124,992)	$16,124,992	$0	$0	$0
2022	6,769,895	(116,224)	(6,653,671)	(17,590,900)	17,590,900	0	0	0
2023	10,467,921	5,252,560	0	(17,638,654)	9,742,030	(7,823,856)	0	0
2024	21,406,990	2,282,452	0	(17,154,300)	900,804	(7,435,946)	0	0
2025	27,217,085	3,538,303	0	(19,860,274)	0	(10,895,115)	0	0
2026	30,708,672	3,694,603	0	(21,512,493)	0	(2,392,708)	(5,249,037)	5,249,037
2027	31,907,168	4,584,066	0	(21,218,859)	0	0	(7,636,187)	7,636,187
2028	33,113,867	5,269,251	0	(21,066,496)	0	0	(8,658,311)	8,658,311
2029	34,168,133	5,871,993	0	(20,875,671)	0	0	(9,582,228)	9,582,228
2030	35,359,521	6,443,713	0	(20,618,837)	0	0	(10,592,199)	10,592,199
Subtotal: 2021-30	$233,071,172	$36,820,718	($8,605,591)	($193,661,476)	$44,358,726	($28,547,625)	($41,717,961)	$41,717,961
Subtotal: 2031-48	$850,495,573	$252,607,778	$0	($149,327,488)	$0	$2,121,847	($105,277,635)	$850,620,074
Total	$1,083,566,745	$289,428,496	($8,605,591)	($342,988,964)	$44,358,726	($26,425,778)	($146,995,597)	$892,338,035

(1) Source: Municap/Developer.

(2) Source: Hunden Analysis.

(3) Based on Bond Size and maturity schedule from Citigroup (preliminary, subject to change).

(4) Negative number represents cash flow to fund Stabilzation Fund. Positive number represents excess Stabilization Fund amount not needed to repay bonds.

(5) Source: City of Richmond

Detailed Financial Model posted on the City's website.

Cash Flow First 10 Years – Scenario B-1 (Including Hunden) (cont) (Excludes 2nd Dominion Tower)

- *What are the other components that affect the Project Cash Flow Impact to the City in the First 10 years?*

	8	9	10	11	12	13	14	15
	Equals:	Plus:	Plus:	Plus:	Plus:	Less:	Equals:	
Fiscal Year	Subtotal Cash Flow To the City	Purchase Funds Land Takedown	Hunden Uplift Outside Increment Area(2)	1.5% Schools Meals Tax(1)	Coliseum Savings(5)	Incremental City Costs(5)	Total Cash Flow To the City	Present Value @ 2.0%
						[TO COME]		
2021	$0	$7,227,000	$0	$0	$990,000	[FROM CITY]	$8,217,000	$8,059,467
2022	0	4,744,000	0	0	990,000		5,734,000	5,516,248
2023	0	1,779,000	(13,428)	202,123	990,000		2,957,694	2,790,824
2024	0	1,465,000	(737,848)	572,155	990,000		2,289,307	2,118,733
2025	0	585,000	(680,763)	875,149	0		779,387	707,487
2026	5,249,037	0	(544,802)	1,000,329	0		5,704,563	5,079,029
2027	7,636,187	0	(288,114)	1,035,774	0		8,383,848	7,321,410
2028	8,658,311	0	89,528	1,085,836	0		9,833,675	8,422,873
2029	9,582,228	0	526,654	1,107,553	0		11,216,435	9,423,068
2030	10,592,199	0	633,273	1,129,704	0		12,355,176	**10,180,742**
Subtotal:								
2021-30	$41,717,961	$15,800,000	($1,015,500)	$7,008,624	$3,960,000	$0	$67,471,085	**$59,619,882**
Subtotal:								
2031-48	$850,620,074	$0	$16,019,229	$24,673,366	$0	$0	$891,312,669	**$581,554,243**
Total	$892,338,035	$15,800,000	$15,003,729	$31,681,990	$3,960,000	$0	$958,783,754	**$641,174,125**

(1) Source: Municap/Developer.
(2) Source: Hunden Analysis.
(3) Based on Bond Size and maturity schedule from Citigroup (preliminary, subject to change).
(4) Negative number represents cash flow to fund Stabilzation Fund. Positive number represents excess Stabilization Fund amount not needed to repay bonds.
(5) Source: City of Richmond

Note: Present Value assumes 2.0% rate, which is the average of the change in the CPI-U over the most recent five years of data; Source Bureau of Labor Statistics

Exhibits

A. Cash Flow Details – Scenarios A and A-1 “Do Nothing/No Project”

- *Scenario A*
  - Includes 2nd Dominion Tower.
  - Real Estate Growth reduced to 1.5% per Hunden.

Fiscal Year	A Do Nothing No Project	Present Value Scenario A
2021	$961,920	$943,478
2022	2,038,153	1,960,753
2023	3,855,687	3,638,153
2024	6,450,907	5,970,256
2025	5,227,308	4,745,078
2026	5,716,463	5,089,624
2027	6,212,955	5,425,623
2028	6,716,895	5,753,246
2029	7,228,394	6,072,664
2030	**10,443,090**	**8,605,172**
2031	10,970,049	8,866,090
2032	11,504,913	9,120,107
2033	12,047,799	9,367,364
2034	12,598,828	9,607,998
2035	13,158,123	9,842,144
2036	13,725,808	10,069,937
2037	14,302,007	10,291,505
2038	14,886,850	10,506,976
2039	15,480,465	10,716,476
2040	**16,082,985**	**10,920,127**
2041	16,694,542	11,118,050
2042	17,315,273	11,310,361
2043	17,945,315	11,497,178
2044	18,584,807	11,678,614
2045	19,233,892	11,854,779
2046	19,892,713	12,025,783
2047	20,561,416	12,191,732
2048	**21,240,150**	**12,352,732**
Total	**$341,077,706**	**$241,542,000**

- *Scenario A-1*
  - Excludes 2nd Dominion Tower.
  - Real Estate Growth assumed at 2.0%.

Fiscal Year	A-1 Do Nothing No Project	Present Value Scenario A
2021	$961,920	$943,478
2022	2,038,153	1,960,753
2023	2,592,466	2,446,201
2024	3,157,865	2,922,576
2025	2,029,047	1,841,863
2026	2,617,289	2,330,290
2027	3,217,295	2,809,586
2028	3,829,302	3,279,926
2029	4,453,548	3,741,482
2030	**7,785,805**	**6,415,552**
2031	8,435,271	6,817,460
2032	9,097,727	7,211,897
2033	9,773,432	7,599,005
2034	10,462,650	7,978,926
2035	11,165,653	8,351,797
2036	11,882,716	8,717,753
2037	12,614,121	9,076,928
2038	13,360,153	9,429,450
2039	14,121,107	9,775,449
2040	**14,897,279**	**10,115,049**
2041	15,688,974	10,448,372
2042	16,496,504	10,775,540
2043	17,320,184	11,096,671
2044	18,160,338	11,411,879
2045	19,017,295	11,721,280
2046	19,891,391	12,024,984
2047	20,782,969	12,323,100
2048	**21,692,378**	**12,615,737**
Total	**$297,542,832**	**$206,182,984**

B. Assessed Valuation FY2015-FY2018

Assessed Valuation of Taxable Property								
Year	Real Estate	% Change	Personal Property	% Change	Machinery & Tools	% Change	Richmond Full Valuation	% Change
2015	20,031,295,000	2.3%	1,629,774,285	17.6%	588,032,927	-1.1%	22,249,102,212	3.2%
2016	20,881,840,000	4.2%	1,955,517,305	20.0%	577,169,740	-1.8%	23,414,527,045	5.2%
2017	21,595,770,000	3.4%	2,391,005,104	22.3%	599,972,231	4.0%	24,586,747,335	5.0%
2018	22,710,883,000	5.2%	2,240,666,165	-6.3%	613,217,909	2.2%	25,564,767,074	4.0%
CAGR 2015-18	4.27%							
Growth 2015-18	**13.4%**							

Source: Richmond FY 2018 CAFR

- The City's Assessed Value of Taxable Real Estate has grown each year since FY 2015 averaging 4.2% per year.
- Total Growth in the Assessed Value of Taxable Real Estate was 13.4% since FY 2015.

C. RPS General Fund Revenues FY2015-FY2018

RPS Funding - General Fund Revenues									
	Year End	RPS General Fund							
	Avg Daily	Total State	%	Per Student	%	Local RPS	%	Per Student	%
Year	Attendance	RPS Funding	Change	RPS Funding	Change	Funding	Change	RPS Funding	Change
2015	20,432	123,309,547	-	6,035	-	137,219,584	-	6,716	-
2016	22,221	123,266,394	-0.03%	5,547	-8.08%	145,999,656	6.40%	6,570	-2.17%
2017	21,368	128,864,668	4.54%	6,031	8.71%	151,521,909	3.78%	7,091	7.93%
2018	21,506	132,022,970	2.45%	6,139	1.79%	158,975,683	4.92%	7,392	4.25%
CAGR 2015-18	1.72%	2.30%		0.57%		5.03%		3.25%	
Growth 2015-18	**5.3%**	**7.1%**		**1.7%**		**15.9%**		**10.1%**	

Source: RPS CAFRs

Note: Per Student Funding is based on Year End Average Daily Attendance shown in this table.

- During the same time period (from FY 2015 through FY 2018) that the City's Assessed Value of Real Estate grew 13.4%, RPS experienced the following:
  - State Funding Increase of 7.1% (Averaging 2.3%) per year.
    - On a per Student Basis this is a total growth of 1.7% (Averaging 0.57%) per year.
  - Local Funding Increase from the City of 15.9% (Averaging 5.03%) per year.
    - On a per Student Basis this is a total growth of 10.1% (Averaging 3.25%) per year.

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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 1/1/2019

Sales Taxes

- Based on sales reported in financial statements for a mix of retail stores and restaurants
- Assumes 60/40 split between retail and restaurant
- City taxes – 1.0%
- State taxes – 2.025%
    - State taxes only apply 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 – 23%
    - Dominion Towers – 18%
    - Remaining Incremental Financing Area – 18%
        - Subtotal – 59%
- Sales taxes – 5%
- Meals taxes – 9%
- Lodging taxes – 7%
- BPOL taxes – 1%
- Arena revenues – 13%
- Music Hall, Armory and other revenues – 6%
- Real property taxes are stable and most reliable estimate
- Diverse mix of taxes

October 14, 2019

Navy Hill Project

Financing Overview

Table of Contents

1. Executive Summary and Bond Structure

Navy Hill Project: Financing Overview

- It is an anticipated that over $300 million of bonds will be issued to fund the development and construction of the Arena and ancillary infrastructure
- The bonds will be secured and payable by a combination of revenue sources including:
  - Real Estate Taxes
  - Local Sales Taxes
  - Meals Taxes
  - Admission Taxes
  - Business, Professional and Occupational License (BPOL) Taxes
  - Parking Increment Revenues
  - Other Arena Project Based Revenues
- The Bonds are non-recourse to the City of Richmond; should the above revenues not be sufficient to pay debt service, the City will not be liable for the shortfall or required to make bondholders whole
- The Bonds are sold based upon the projected revenue streams of the development and are subject to significant diligence in the development of the projections, construction feasibility, and market acceptance
- The debt capital markets continue to enjoy historically low interest rates combined with a dearth of bond financings of this nature, providing a positive market backdrop in which to sell the proposed Bonds
- Citigroup and J.P. Morgan have been engaged by the development team to assist in structuring, marketing, and executing the bond financing

Preliminary, subject to change.

Sources and Uses of Funds

Sources:	Tax-Exempt	Taxable	Aggregate
Current Interest Bonds	$ 285,285,000	$ 26,210,000	$ 311,495,000
Premium / Original Issue Discount	-	-	-
Other Sources of Funds	-	-	-
Total	**$ 285,285,000**	**$ 26,210,000**	**$ 311,495,000**
Uses:			
Total Project Costs			**$ 245,000,000**
Less: Excess Revenues in 2021-2022			(8,721,815)
Less: Interest Earnings on Project Fund			(4,589,701)
Deposit to Project Fund (1)	$ 217,078,484	$ 14,610,000	$ 231,688,484
Deposit to Escrow Fund for 2009 GO Bonds (2)	-	3,000,000	3,000,000
Deposit to Capitalized Interest Fund	36,570,365	4,688,168	41,258,533
Deposit to Capitalized Interest Fund for Tax-Exempt Bonds (3)	-	763,433	763,433
Deposit to Debt Service Reserve Fund (4)	25,926,625	2,621,000	28,547,625
Costs of Issuance / Underwriter's Discount	5,705,700	524,200	6,229,900
Contingency	3,826	3,199	7,025
Total	**$ 285,285,000**	**$ 26,210,000**	**$ 311,495,000**

(1) The Project Fund is net funded after accounting for excess revenue deposits in 2021-2022 and interest earnings.
(2) Requires further due diligence. Assumes a cushion to represent any costs of refunding.
(3) Tax-exempt capitalized interest beyond 3 years is funded on a taxable basis. Subject to Bond Counsel review.
(4) Sized separately for each series at the "Least of Three" tax test.

Preliminary, subject to change.

2. Credit Considerations and Key Financing Terms

Credit Considerations for Tax Increment Financings

Purchasers of tax increment bonds consider the following factors in assessing the merits of a particular financing.

✓ **Project Sponsors**	• Municipal sponsors and experience with similar financings • Private sector sponsors, financial capacity, and experience with similar projects • Legal framework for the transaction
✓ **Project Area**	• Size and location • Economic diversity, existing base, potential for future growth • Tax base and major taxpayers • Projected assessed valuation, taxable sales • Tax rates
✓ **Development Project**	• Assignment and delineation of responsibilities between municipality and developer / other partners • Complexity of development – development, construction, and operating risk • Funding risk and sources – public and private
✓ **Financial Strength**	• Project economics and revenues – basis of projections • Market Studies • Tax Increment Report • Debt service coverage
✓ **Legal Structure**	• Debt Service Reserve Fund Requirement • Stabilization Fund Requirement • Turbo redemptions • Additional Bonds Test • Continuing Disclosure Agreement

Preliminary, subject to change.

Assessment of the Credit Quality of the Proposed Bonds

Given the credit assessment below, and the positive attributes, the transaction is well positioned for success in the tax increment financing market.

✓ **Project Sponsors and Credentials**	• The public and private development partners should have a successful history of development and building experience for similar projects • The City sought proposals to spur the redevelopment of a significant portion of the City's downtown that would lead to a transformational change for the area as well as for the broader community, and has agreed to forgo tax revenues to realize its goal • The City selected the team of NH District Corporation in affiliation with Capital City Development, LLC (the "Developer") • Members of the development team have significant local and national experience in the development, construction, financing, and operations of the proposed mixed-use development and the Arena project
✓ **Project Area**	• The project area location, size, and economic diversity are key credit strengths • As the capital of the Commonwealth of Virginia, a regional employment hub, and a major medical, research and educational center, Downtown Richmond offers a firm foundation for further redevelopment of the City's downtown core • Downtown Richmond is projected to see continued population and job growth as a result of its primary business and institutional anchors • The District consists of approximately 17.8 acres of land located in the City, is generally bound by First Street, Tenth Street, Interstate 95, and I-195, and includes the second Dominion Tower • Pledged revenues available for debt service are diverse and include Real Estate Taxes, Local Sales Taxes, Meals Taxes, Lodging Taxes, Admissions Taxes, BPOL Fee Revenues, Parking Increment Revenues, and Arena-based contractual revenues
✓ **Project Development Risk**	• Mitigating development, construction, and financing risk is essential to ensure the successful completion of the development project and the generation of tax increment revenues • The Development Agreement will identify the parcels required to be developed by the Developer – specifically, Blocks A1, A2, A3, B, C, D, E, F, I, N and U • Prior to the sale of the Bonds, the Developer will have access to all parcels to be developed through purchase or long-term ground lease, consistent with the development plan • An Engineer's Report will conclude that there are no impediments (environmental, zoning, permitting, etc.) to the proposed development • Guaranteed Maximum Price contracts will be required for the Arena and related infrastructure projects

Preliminary, subject to change.

Assessment of the Credit Quality of the Proposed Bonds (cont.)

Given the credit assessment below, and the positive attributes, the transaction is well positioned for success in the tax increment financing market.

✓ **Project Development Risk (Continued)**	• For the first sequence of private development totaling $860 million (Blocks A2, A3, C, E1, E2, F, and D), the Developer (i) will utilize a structured debt financing for the $307 million VCU build-to-suit project (Block D) and (ii) for the remaining $553 million of development, will have equity (~40%) and construction debt (~60%) commitments in hand prior to launching the bond offering and will commit to loan terms and closing schedules following the conclusion of the City Council approval process • The Developer will demonstrate its ability to secure debt and equity capital for the remaining Blocks to ensure that future development phase(s) have no financing risks
✓ **Tax Increment and Project Revenue Risk**	• The Market Analysis, the Tax Increment Financing Projections report, and the Arena Market and Feasibility Study will include information on the current and future development, market environment, and the generators of tax increment revenues and Arena project revenues • An updated Downtown Richmond Market Analysis prepared by HR&A will once again conclude that there is robust demand for new development across the various uses in Downtown Richmond (which include the development's residential, office, hotel and retail components) • Significant population growth is projected Downtown, fueled by the development and its mixed-use components • As a regional employment hub, the office market is projected to see continued growth • Growth in hotel occupancy and average daily rates confirm the demand for 500+ additional hotel rooms • There is currently upwards of $338 million in unmet demand across a broad range of retail categories, without accounting for the new development • MuniCap's Tax Increment Financing Projections report will provide a comprehensive study of the tax base, projected absorption and assessed values, taxable sales, tax rates, tax revenues, parking revenues, Arena project revenues, and other pledged revenues • An updated CS&L Projected Arena Market and Feasibility Study will once again conclude that the projected pledged Arena revenues are achievable • The Arena revenues to be pledged to the financing are contractual revenues – a credit positive

Preliminary, subject to change.

Assessment of the Credit Quality of the Proposed Bonds (cont.)

Given the credit assessment below, and the positive attributes, the transaction is well positioned for success in the tax increment financing market.

✓ **Financial Strength – Debt Structure and Debt Service Coverage**	• For traditional tax increment bonds, the debt service structure and projected debt service coverage is an extremely important factor for investors • Although the market preference is for level debt service, ascending debt service structures can be utilized to mirror the expected increasing pledged revenue curve • The transaction will be underwritten with a debt structure and debt service coverage ratio consistent with the credit discussion above • MuniCap's base case projected revenues will be used to determine projected debt service coverage ratios • The goal of the financing is to (i) deliver the required $245 million of net bond proceeds needed for the Arena, and related infrastructure development costs, (ii) to minimize annual debt service ascension, and (iii) to provide a minimum of 1.50x debt service coverage from total pledged revenues • After depositing pledged revenues after debt service into the Stabilization Fund, 50% of the ***excess*** will be used to "turbo" (prepay) the bonds; the remaining amounts will be shared with the City • Based upon current assumptions, the Bonds will be repaid by approximately 2039, nine years earlier than the stated final maturity date of 2048
✓ **Legal Structure**	• Investors have become highly focused on liquidity and debt service reserves for standalone tax increment bonds • As such, fully funded debt service reserve funds are commonplace for standalone tax increment financings, and financings with additional reserves will be a credit positive • Any Additional Bonds should be constrained, but a limited amount of completion bonds may be possible dependent upon a debt service coverage metric • Financings such as these require strong Developer Continuing Disclosure requirements to ensure bondholders are current on the project's development, construction, and revenue progress • The Bonds will include a Debt Service Reserve Fund, fully funded from bond proceeds at closing in an amount equal to the "tax test," the least of: 10% of total par amount, maximum annual debt service, or 125% of average annual debt service • In addition, a Stabilization Fund, in an amount equal to maximum annual debt service on the Bonds will be funded from cash flow after debt service • The Developer does not anticipate requiring any additional obligations to fund costs associated with the Arena project • The financing will include a Continuing Disclosure Agreement that will provide quarterly and annual information, including information regarding the status of the development, tax and project revenues, and debt service coverage

Preliminary, subject to change.

Indicative Terms and Conditions for the Bonds

The following provides indicative terms for the Tax and Project Revenue Bonds.

Item	Terms
Issuer	• Economic Development Authority of the City of Richmond, Virginia (the "Authority")
Project	• Navy Hill Redevelopment Project (the "Development")
Developer	• NH District Corporation in affiliation with Capital City Development (the "Developer")
District	• The District consists of approximately 17.8 acres of land located in the City of Richmond, Virginia; the District is generally bound by First Street, Tenth Street, Interstate 95 and I-195 • The property within the District will be redeveloped with private and public improvements
Bonds	• Tax-exempt and taxable, fixed rate tax and project revenue bonds (the "Bonds")
Amount	• Amount sufficient to finance: i. costs associated with the development and construction of the Arena and ancillary infrastructure improvements ii. a Capitalized Interest Fund during construction; iii. a Debt Service Reserve Fund, and; iv. financing costs and administrative expenses
Security for the Bonds	• The Bonds are primarily secured by and payable from eligible portions of various tax revenues from the development and Arena project revenues, including: Real Estate Taxes, Local Sales Tax, Meals Taxes, Lodging Taxes, Admissions Taxes, BPOL Fee Revenues, Parking Increment Revenues, and other Arena project-based revenues • Non-recourse to the City of Richmond
Debt Service Reserve Fund	• Fully funded from bond proceeds and sized at the "least of the three" tax-test requirements (125% average annual debt service, maximum annual debt service, 10% of proceeds); remains funded through the final maturity

Preliminary, subject to change.

Indicative Terms and Conditions for the Bonds (continued)

The following provides indicative terms for the Tax and Project Revenue Bonds.

Item	Terms
Stabilization Fund	• Funded from excess pledged revenues and sized in amount equal to maximum annual debt service; remains funded through the final maturity
Additional Bonds	• If requested, can be permitted for eligible costs and subject to applicable debt service coverage test; savings tests for refunding bonds
Stated Final Maturity	• Approximately 30 years from issuance
Amortization	• Slightly ascending debt service based upon projected pledged revenues • The Bonds are subject to mandatory annual “turbo” redemptions from 50% of net available pledged revenues (after paying stated debt service)
Optional Redemption	• Standard 10-year par call
Form of Offering	• Underwritten limited public offering
Ratings	• Non-rated
Conditions Precedent	• Sufficient project funding as per the Development Agreement with the City • Committed and approved Development Plan • Site acquisition and control by Developer • Designation of the TIF District • Guaranteed Maximum Price contract for the Arena • Committed debt and equity financing for first development sequence • Third-party reports – engineer’s report, market studies, tax increment financing projections report • Market-acceptable debt structure and projected debt service coverage ratios

Preliminary, subject to change.

3. Summary of MuniCap Projection 26 and Annual Debt Service

Projected Revenues: MuniCap Projection 26 ($000s)

The table below summarizes MuniCap Projection 26.

		Real Property Tax Revenues*			**Sales Tax Revenues***		**Other Revenues***				
Bond Year (3/1)	Yr #	Projected TIF District	Projected Dominion Tower	Projected Remaining Expanded TIF District	Projected Operating Sales Tax Revenues	Projected Meals Tax Revenues	Projected Lodging Tax Revenues	Projected BPOL Fee Revenues	Earmarked Arena Revenues	Other Revs. Available to Repay Debt Service	Total Revenues
Total		**$274,432**	**$213,746**	**$215,570**	**$60,251**	**$113,381**	**$84,807**	**$9,706**	**$156,522**	**$69,487**	**$1,197,902**
Total Years 1-5		**$11,168**	**$19,581**	**$6,356**	**$2,652**	**$5,509**	**$5,242**	**$466**	**$18,663**	**$6,680**	**$76,318**
Total Years 1-10		**$58,042**	**$52,376**	**$25,340**	**$12,859**	**$24,734**	**$19,597**	**$2,119**	**$45,890**	**$19,712**	**$260,670**
2019	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-
2021	1	-	1,952	-	-	-	-	-	-	-	1,952
2022	2	30	2,137	891	-	-	-	2	3,710	-	6,770
2023	3	45	3,610	1,350	275	545	-	37	4,435	1,549	11,846
2024	4	3,931	5,856	1,818	967	1,880	2,538	195	5,189	2,560	24,934
2025	5	7,163	6,026	2,296	1,411	3,084	2,704	233	5,329	2,571	30,817
2026	6	8,978	6,199	2,783	1,838	3,576	2,758	303	5,359	2,583	34,378
2027	7	9,173	6,375	3,280	1,987	3,710	2,814	327	5,390	2,594	35,650
2028	8	9,371	6,555	3,787	2,086	3,901	2,870	334	5,422	2,606	36,931
2029	9	9,573	6,739	4,304	2,127	3,979	2,927	341	5,454	2,618	38,062
2030	10	9,779	6,926	4,831	2,170	4,059	2,986	347	5,602	2,631	39,331
2031	11	9,989	7,117	5,369	2,213	4,140	3,045	354	5,636	2,643	40,507
2032	12	10,204	7,312	5,917	2,258	4,223	3,106	361	5,670	2,656	41,707
2033	13	10,422	7,511	6,477	2,303	4,307	3,169	369	5,704	2,669	42,931
2034	14	10,645	7,714	7,048	2,349	4,393	3,232	376	5,740	2,683	44,179
2035	15	10,873	7,921	7,630	2,396	4,481	3,297	384	5,897	2,696	45,574
2036	16	11,105	8,132	8,223	2,444	4,571	3,362	391	5,934	2,710	46,873
2037	17	11,342	8,347	8,829	2,492	4,662	3,430	399	5,972	2,724	48,198
2038	18	11,583	8,567	9,447	2,542	4,756	3,498	407	6,010	2,739	49,549
2039	19	11,830	8,790	10,077	2,593	4,851	3,568	415	6,049	2,754	50,927
2040	20	12,081	9,019	10,720	2,645	4,948	3,640	423	6,217	2,769	52,461
2041	21	12,337	9,252	11,375	2,698	5,047	3,712	432	6,257	2,784	53,895
2042	22	12,599	9,489	12,044	2,752	5,148	3,787	441	6,299	2,800	55,357
2043	23	12,865	9,732	12,726	2,807	5,250	3,862	449	6,341	2,816	56,849
2044	24	13,137	9,979	13,422	2,863	5,356	3,940	458	6,384	2,832	58,371
2045	25	13,414	10,231	14,131	2,920	5,463	4,018	468	6,562	2,849	60,057
2046	26	13,697	10,488	14,855	2,979	5,572	4,099	477	6,607	2,866	61,640
2047	27	13,986	10,751	15,593	3,038	5,683	4,181	486	6,653	2,883	63,255
2048	28	14,280	11,018	16,347	3,099	5,797	4,264	496	6,700	2,901	64,902

* Revenue projections and administrative expenses per the MuniCap report dated 9/25/2019. Values may differ slightly due to rounding.

Preliminary, subject to change.

Stated Debt Service and Debt Service Coverage ($000s)

The table below sets forth stated debt service and debt service coverage using MuniCap Projection 26.

		Revenues Available for Stated Debt Service*				Stated Debt Service					
Bond Year (3/1)	Yr #	Total Revenues	Plus: DSRF Earnings	Less: Admin. Expenses	Total Available Revenues	Gross Tax-Exempt Stated Debt Service	Gross Taxable Stated Debt Service	Gross Aggregate Stated Debt Service	Capitalized Interest	Net Stated Debt Service	Coverage from All Available Revenues
Total / Min.		**$1,197,902**	**$12,133**	**($1,608)**	**$1,208,426**	**$599,580**	**$66,370**	**$665,950**	**($44,359)**	**$621,591**	**1.50x**
Total Years 1-5		**$76,318**	**$971**	**($146)**	**$77,143**	**$79,851**	**$9,343**	**$89,194**	**($44,359)**	**$44,835**	
Total Years 1-10		**$260,670**	**$3,397**	**($410)**	**$263,657**	**$180,516**	**$20,137**	**$200,653**	**($44,359)**	**$156,295**	
2019	-	-	-	-	-	-	-	-	-	-	
2020	-	-	-	-	-	-	-	-	-	-	
2021	1	1,952	-	-	1,952	14,383	1,742	16,125	(16,125)	-	
2022	2	6,770	-	-	6,770	15,691	1,900	17,591	(17,591)	-	
2023	3	11,846	-	(48)	11,798	15,691	1,900	17,591	(9,742)	7,849	1.50x
2024	4	24,934	485	(49)	25,370	15,691	1,900	17,591	(901)	16,690	1.52x
2025	5	30,817	485	(50)	31,253	18,396	1,900	20,296	-	20,296	1.54x
2026	6	34,378	485	(51)	34,812	20,047	1,900	21,947	-	21,947	1.59x
2027	7	35,650	485	(52)	36,083	19,764	2,185	21,949	-	21,949	1.64x
2028	8	36,931	485	(53)	37,364	20,023	2,205	22,228	-	22,228	1.68x
2029	9	38,062	485	(54)	38,493	20,285	2,241	22,526	-	22,526	1.71x
2030	10	39,331	485	(55)	39,761	20,547	2,263	22,810	-	22,810	1.74x
2031	11	40,507	485	(56)	40,937	20,812	2,297	23,109	-	23,109	1.77x
2032	12	41,707	485	(57)	42,135	21,085	2,330	23,416	-	23,416	1.80x
2033	13	42,931	485	(58)	43,358	21,358	2,354	23,712	-	23,712	1.83x
2034	14	44,179	485	(59)	44,605	21,639	2,388	24,027	-	24,027	1.86x
2035	15	45,574	485	(61)	45,999	21,915	2,416	24,331	-	24,331	1.89x
2036	16	46,873	485	(62)	47,297	22,204	2,448	24,652	-	24,652	1.92x
2037	17	48,198	485	(63)	48,620	22,489	2,484	24,973	-	24,973	1.95x
2038	18	49,549	485	(64)	49,970	22,787	2,513	25,300	-	25,300	1.98x
2039	19	50,927	485	(66)	51,347	23,075	2,544	25,619	-	25,619	2.00x
2040	20	52,461	485	(67)	52,879	23,381	2,583	25,963	-	25,963	2.04x
2041	21	53,895	485	(68)	54,312	23,686	2,612	26,297	-	26,297	2.07x
2042	22	55,357	485	(70)	55,773	23,991	2,647	26,638	-	26,638	2.09x
2043	23	56,849	485	(71)	57,263	24,304	2,677	26,982	-	26,982	2.12x
2044	24	58,371	485	(72)	58,784	24,616	2,717	27,333	-	27,333	2.15x
2045	25	60,057	485	(74)	60,469	24,938	2,754	27,693	-	27,693	2.18x
2046	26	61,640	485	(75)	62,050	25,266	2,784	28,050	-	28,050	2.21x
2047	27	63,255	485	(77)	63,663	25,590	2,826	28,416	-	28,416	2.24x
2048	28	64,902	485	(78)	65,309	25,927	2,858	28,785	-	28,785	2.27x

* Revenue projections and administrative expenses per the MuniCap report dated 9/25/2019. Values may differ slightly due to rounding.

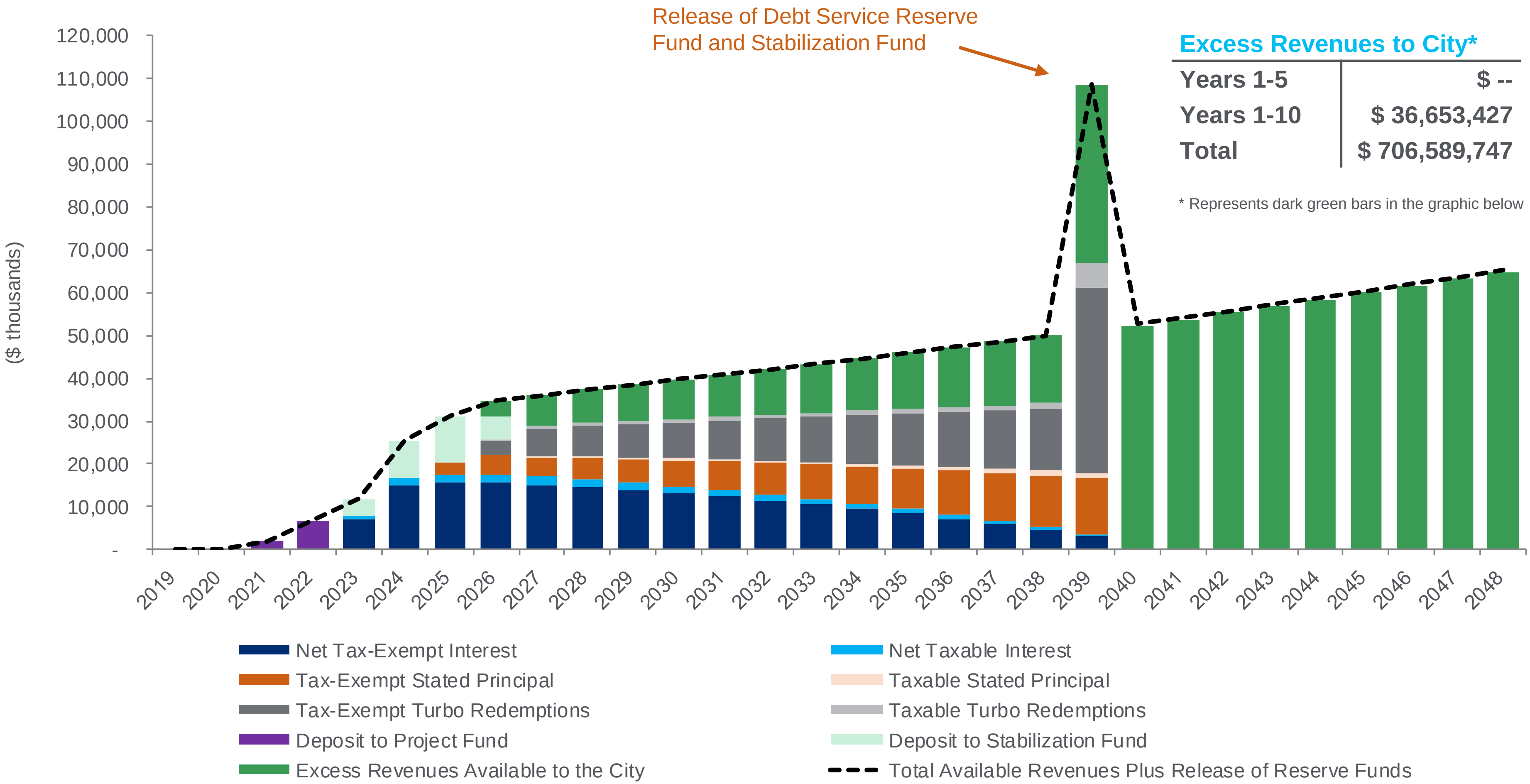
Preliminary, subject to change.

Illustration of Expected Debt Service

The table below sets forth expected debt service (including turbo redemptions) using MuniCap Projection 26.

Excess Revenues to City*	
Years 1-5	$ --
Years 1-10	$ 36,653,427
Total	$ 706,589,747

* Represents dark green bars in the graphic below



Note: The excess revenues shown in the graphics above reflect Project Cash Flows only and do not reflect the proceeds from the sale of land or any budgetary savings related to the Coliseum

Preliminary, subject to change.

4. Case Studies – Successful TIF Districts

PPL Center – Allentown, PA

Citi served as senior managing underwriter for the Allentown Neighborhood Improvement Zone Development Authority (“ANIZDA”) for the bonds issued to finance the PPL Center.

- The $224.4 million of tax-exempt and taxable Series 2012 Bonds were issued for the purpose of providing funds to construct, furnish and equip a multi-purpose sports and entertainment facility (the PPL Center) located in the City of Allentown, Pennsylvania
  - The sports facility serves as the home of the Lehigh Valley Phantoms, the AHL affiliate of the Philadelphia Flyers
  - 8,500 seats for hockey games
  - 10,000 seats for concerts and other events
- The Bonds also funded:
  - (i) parking facilities, (ii) site improvements, (iii) an office building pad site, (iv) a hotel pad site and (v) development of supporting infrastructure
- The Bonds are backed by tax revenues generated in the Neighborhood Improvement Zone (“NIZ”), a 128 acre district located in the center of Allentown along the western side of the Lehigh River
- Citi assisted ANIZDA with all aspects of the financing including the development of the plan of finance, the preparation of project and bond documents, review of the Tax Revenue Forecast, the presentation and correspondence with the rating agencies, and the preparation for and presentation of the investor road show and the associated site visit
- The Series 2012 Bonds received a Baa2 rating from Moody’s
- 41 institutional investors either attended the in-person site visit and presentation or viewed the investor presentation online and ANIZDA received over $566.3 million of orders representing a 2.52x oversubscription
- Citi capitalized on this investor demand and helped achieve a lower cost of capital for ANIZDA

The transaction was awarded the 2013 Bond Buyer Deal of the Year Award for the Northeast Region

City Center Allentown Project (2017 and 2018) – Allentown, PA

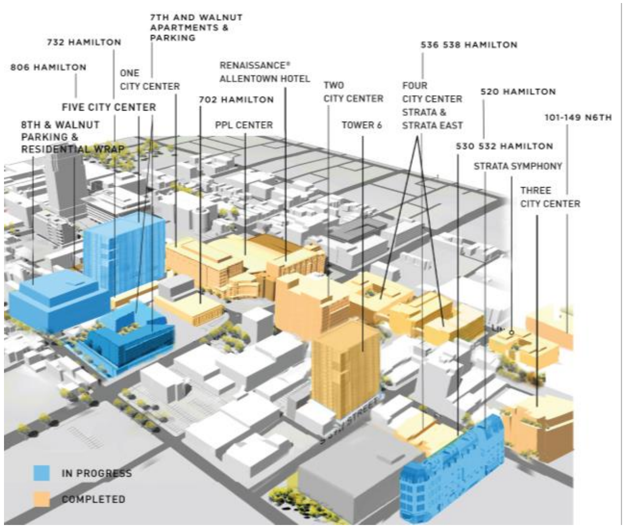
The development of the PPL Center has led to over $650 million of new investment in Allentown. In 2017 and 2018, Citi successfully sold three issuances of Tax Revenue Bonds totaling $457 million to benefit the City Center Project.

Overview

- Bonds issued through the Allentown Neighborhood Improvement Zone Development Authority ("ANIZDA") including senior and subordinate liens
- The $210 million of 2017 Bonds (senior lien) were issued to primarily provide funds to refund certain indebtedness previously issued to fund projects developed by City Center Investment Corporation or its affiliates ("CCIC")
- The $100 million of 2018 Bonds and $147 million of 2018 Subordinate Bonds were issued to primarily provide funds for the financing and refinancing of the development, improvement, and construction of one or more CCIC Projects
- The 2017 and 2018 Bonds are payable from tax revenues specifically generated from CCIC's tenants and businesses in the Neighborhood Improvement Zone (the "NIZ")
  - Inclusive of sales tax, income tax, various excise taxes, among others
- Citi assisted ANIZDA with all aspects of the financings including the development of the plan of finance, the preparation of project and bond documents, review of the Tax Revenue Forecasts, the presentation and correspondence with Moody's, and the preparation for and presentation of the investor road shows and the associated site visits

Marketing Efforts and Pricing Results

- For each financing, Citi led a comprehensive and tailored marketing approach that included an internet investor road show, a site visit and investor presentation, and a number of one-on-one calls
- For the recent offering of the 2018 Subordinate Bonds in December 2018, Citi's efforts proved successful as 14 institutional investors placed over $277 million in orders (approximately 1.8x oversubscription)



Final Bond Pricing – 2018 Subordinate Bonds

Credit	**Subordinate Tax Revenue Bonds, Series 2018**
Par Amount	**$147,995,000**
Ratings	**Non-Rated**
Pricing Date	**12/18/2018**
Call Date	**5/1/2028**
Maturity Date	**5/1**

Year	Yr. #	Coupons	Yield	MMD 12/17/18	Spread to 12/17 MMD
2028	10	5.000%	**4.875%**	2.39%	+249
2032	14	5.125%	**5.250%**	2.64%	+261
2042	24	5.375%	**5.500%**	3.10%	+240

The Series 2017 Bonds were awarded the 2017 "*CDFA Excellence in Development Finance*" Award

Unified Government of Wyandotte County / Kansas City, Kansas

Citi has served the Unified Government of Wyandotte County / Kansas City, Kansas for nearly two decades as its tax increment financing partner, transforming large tracts of unused property into a leisure and entrainment destination.

- Citi began working with the Unified Government in the late 1990s as it was exploring initiatives to spur economic development in the region
- To facilitate the development, the Unified Government engaged Citi to structure and underwrite Sales Tax Revenue Bonds (or STAR Bonds)
- Innovative at the time, the bonds were structured to rely on incremental sales tax revenues generated within the project area
- Through the issuance of STAR Bonds, the Unified Government developed the greater “Village West” over the years to be Kansas’ most popular tourist destination and includes the following attractions:
  – The Kansas Speedway (NASCAR)
  – Hollywood Casino
  – T-Bones Stadium (Minor League Baseball)
  – Schlitterbahn Vacation Village (Waterpark)
  – Children’s Mercy Park (Major League Soccer)
  – Cerner Office Park
  – Legends Outlets, Cabelas, Nebraska Furniture Mart, among others
  – US Soccer Team National Training Center
  – West Lawn Development / Legends Apartments
- Citi has underwritten transactions with both recourse and non-recourse security structures and has also provided credit facilities

Nationally-Aired Commercial Featuring Citi’s Relationship with the Unified Government

- Each development was instituted to form synergies with the other projects
- The Citi team is incredibly proud of our relationship with the Unified Government and the work we have accomplished together – **over the past 20 years, Citi has underwritten more than $700 million of bonds for this community**

Select Development Timeline

Kansas Speedway
(2001)

Cabela’s
(2002)

T-Bones Stadium
(2003)

Great Wolf Lodge
(2003)

The Legends Theater
(2005)

The Legends Outlet Mall
(2006)

Children’s Mercy Park
(2011)

Cerner Office
(2013)

Ntl. Training Center (US Soccer)
(2018)

West Lawn/Legends Apartments
(2018)

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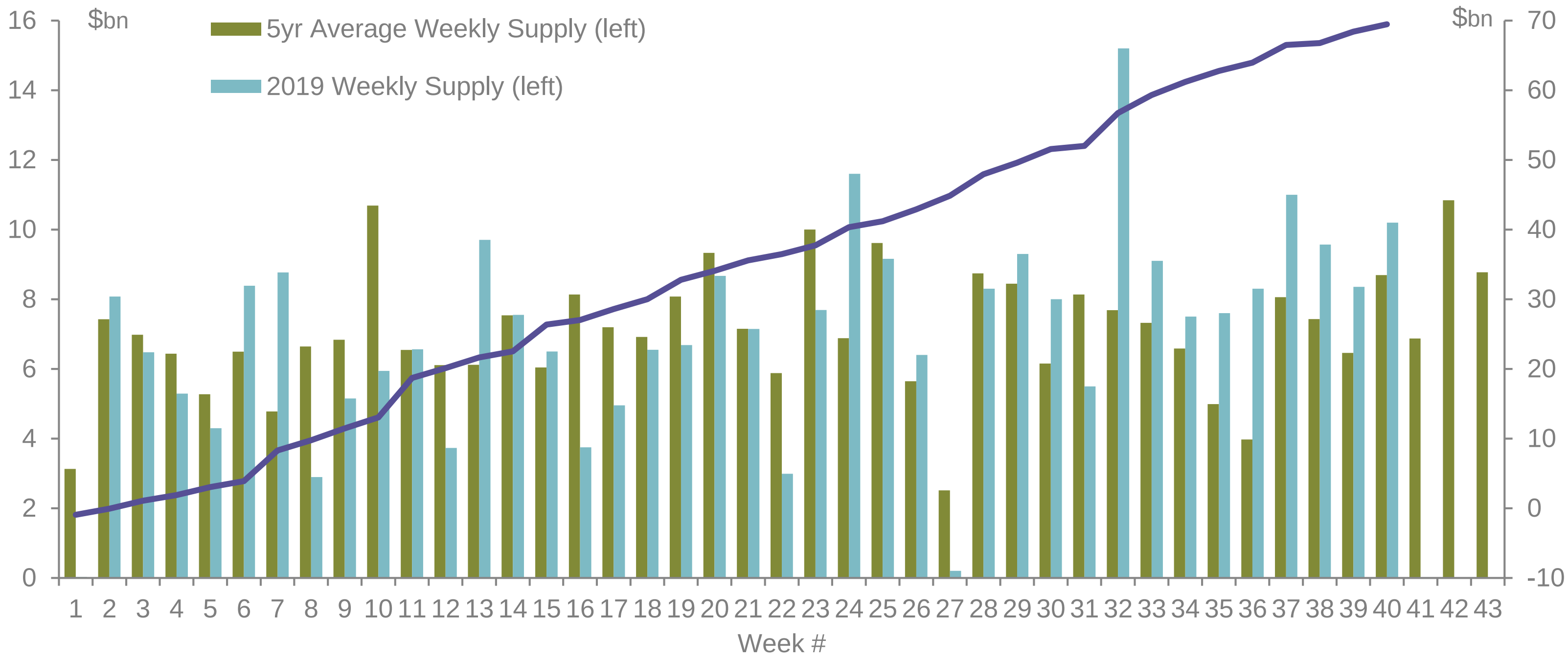
5. Current Market Overview

Market Conditions are Supportive of a Navy Hill Bond Financing

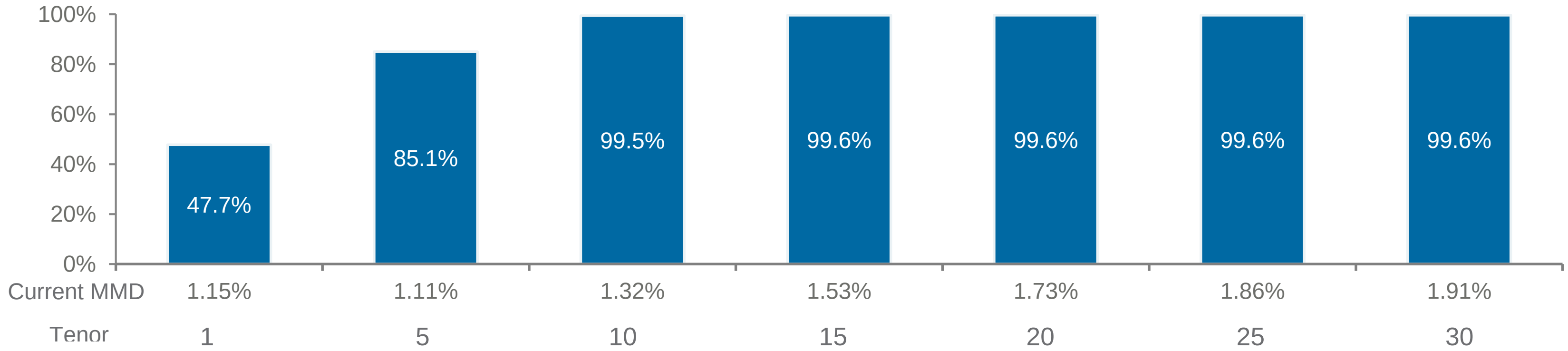
- Record inflows and light supply support the municipal market in 2019
- Tax-reform continues to have an impact on the municipal market; however, strong demand and low supply has driven market dynamics in 2019
- Municipal bond funds have received 39 consecutive weeks of inflows totaling $69.5 billion YTD, extending record inflows for the period since Lipper started recording the data series in 1992



Source: J.P. Morgan Research, *US Fixed Income Markets Weekly*, 10/4/2019, jpmm.com; Lipper iMoneyNet as of 10/2/2019, Bloomberg as of 10/4/2019
Note: excludes short-term issuance

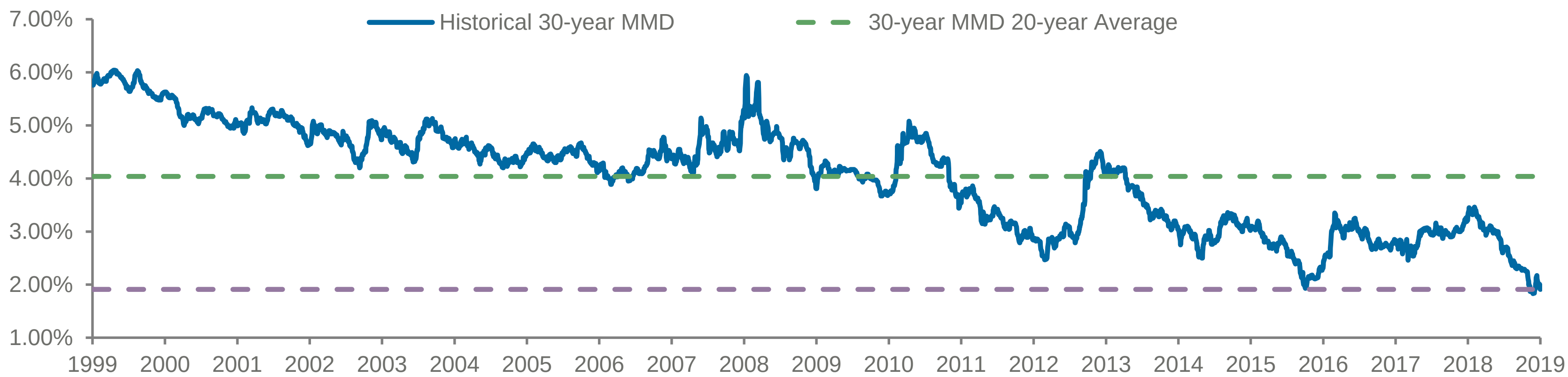
Over the past twenty years, the 30-year tax-exempt yield has been higher than current levels 99.6% of the time

Percentage of time over the past twenty years that MMD has been greater than current levels



Source: J.P. Morgan, Thomson Reuters Municipal Market Data; as of 10/4/2019; 25-year MMD reported beginning 1/1/1999

Historical 30-Year AAA MMD

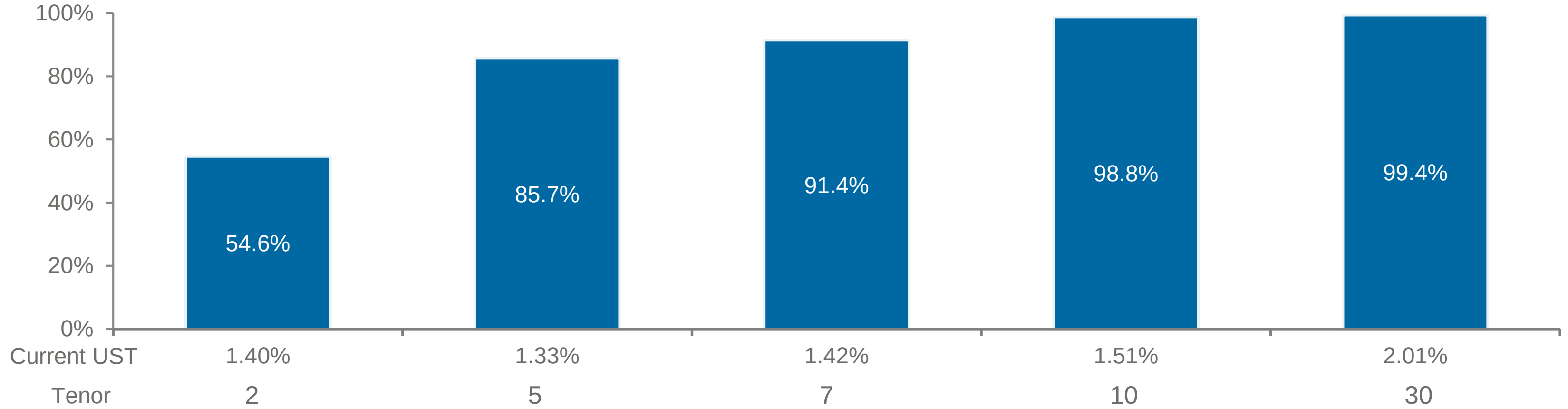


Source: J.P. Morgan, Thomson Reuters Municipal Market Data; as of 10/4/2019

Preliminary, subject to change.

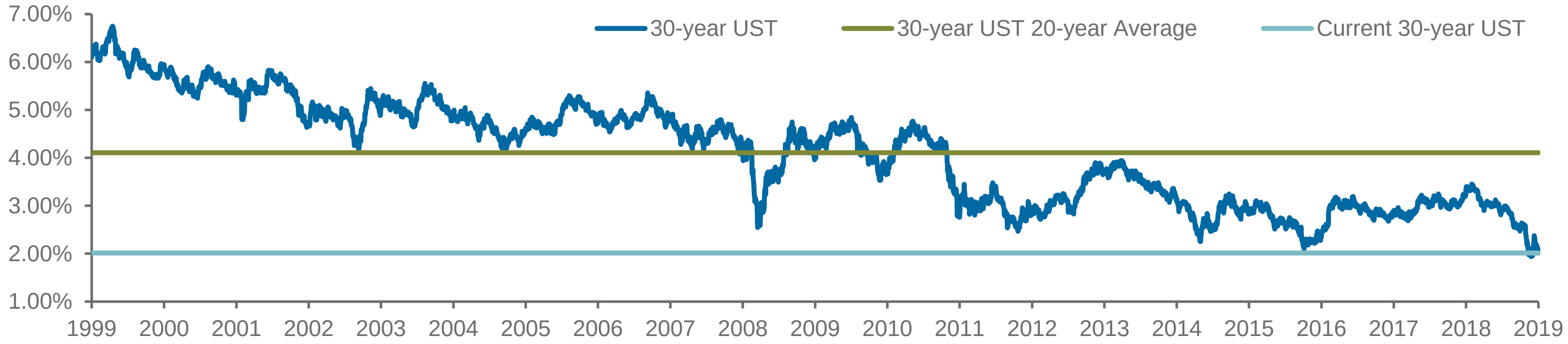
Over the past twenty years, the 30-year US Treasury yield has been higher than current levels 99.4% of the time

Percentage of time over the past twenty years that UST has been greater than current levels



Source: J.P. Morgan, Thomson Reuters Municipal Market Data; as of 10/4/2019

Historical 30-Year UST

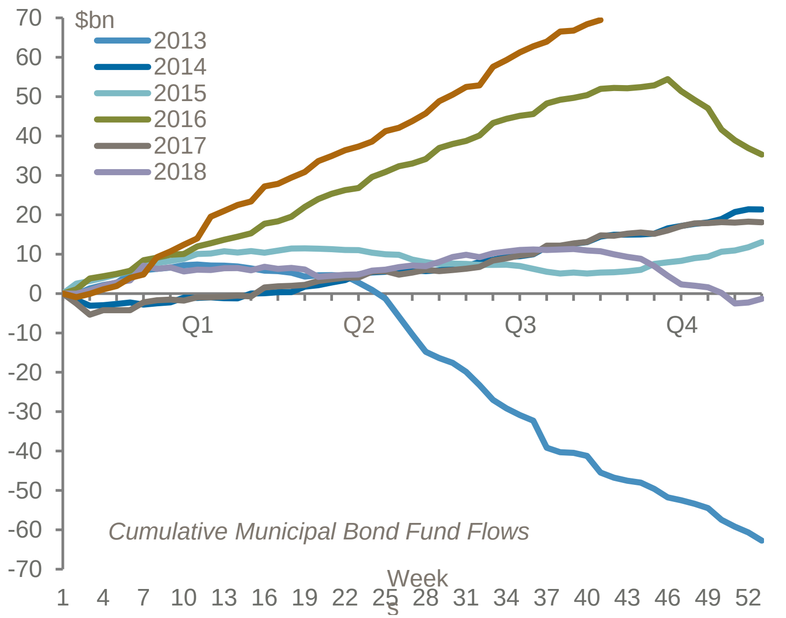


Source: J.P. Morgan, as of 10/4/2019

Preliminary, subject to change.

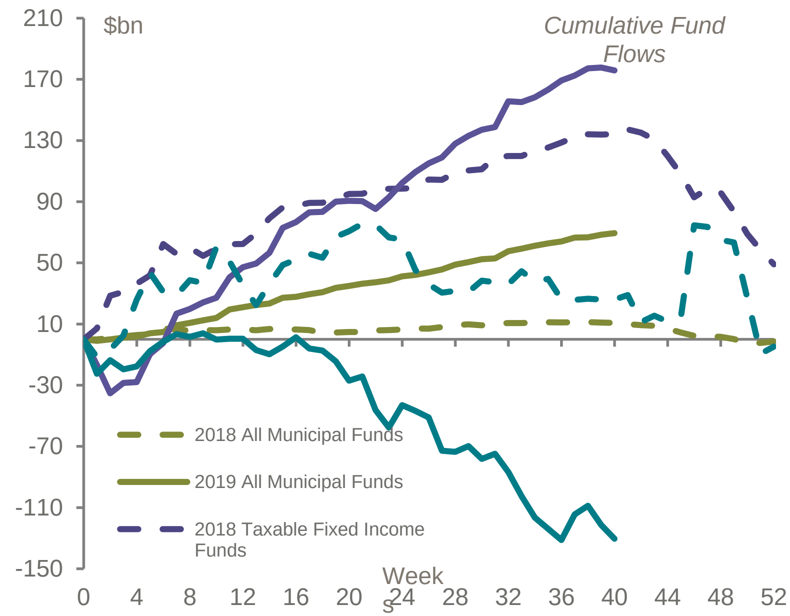
Municipal bond funds have experienced $69.5 billion of inflows in 2019, extending record inflows for the period

Cumulative YTD Municipal Bond Fund Flows



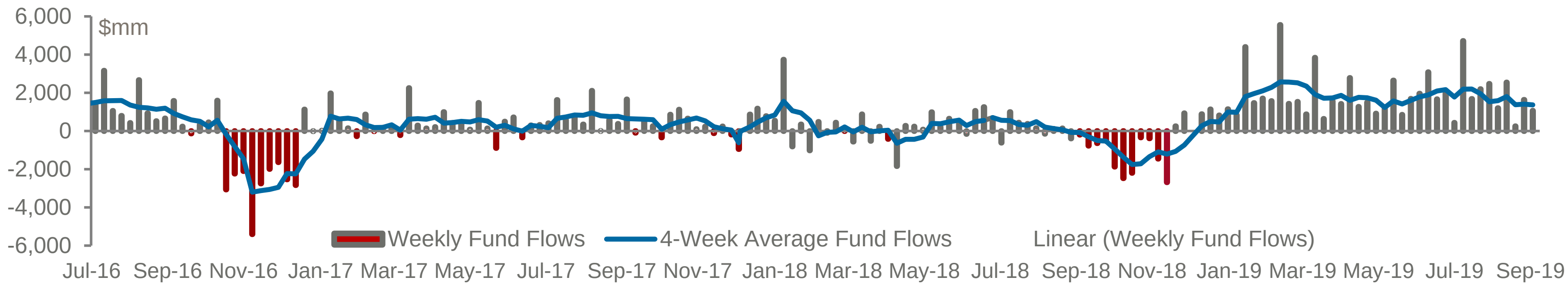
Source: Lipper FMI; iMoneyNet, as of 10/2/2019

Cumulative Equity, Municipal, and Taxable Fund Flows



Source: Lipper FMI; iMoneyNet, as of 10/2/2019

Municipal bond funds experienced inflows of $1.07 billion last week, marking the 39th consecutive week of inflows

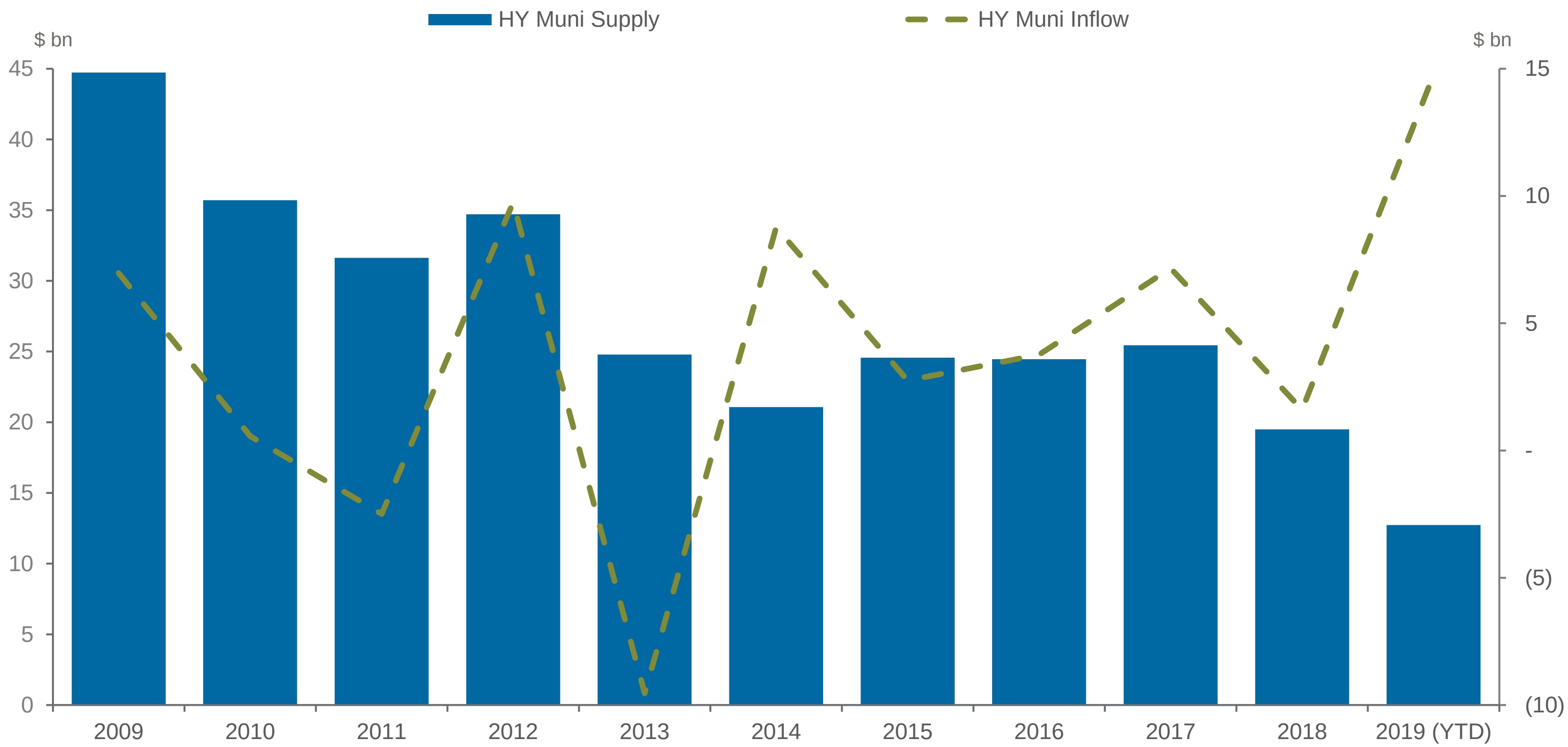


Source: Lipper FMI, iMoneyNet, as of 10/2/2019

Preliminary, subject to change.

High yield issuance has trailed historical averages while YTD inflows have broken records

- High yield municipal issuance YTD is the lightest experienced in the past 10 years
- Flows into high yield municipal funds remain on a record pace totaling $14.8 billion YTD



Source: Bloomberg Issuance as of 10/4/2019; Lipper Fund flows as of 10/2/2019

Preliminary, subject to change.

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Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

efficiency, renewable energy and mitigation