

# downtown *Billings*

## City of Billings Expanded North 27th Street Urban Renewal District

Tax Increment Financing Assistance  
Information & Application

Updated 2/25/2022

**Applications must be submitted to the DBP and  
approved by the City prior to the start of  
construction**

Downtown Billings Partnership, Inc.  
116 N. 29<sup>th</sup> St, Billings, MT 59101 - Tel. 406-294-5060  
[www.downtownbillings.com](http://www.downtownbillings.com)

# Large Project Incentive Grant

## Purpose:

The purpose of this program is to provide financial and practical assistance to develop or redevelop buildings within the boundaries of the Expanded North 27th Street Urban Renewal District (URD) in downtown Billings. This program will:

- 1) Assist in the economic revitalization and stabilization of the URD;
- 2) Attract and retain a stable clientele population within the URD;
- 3) Stimulate private investment within the URD;
- 4) Generate additional property tax revenues within the URD; and
- 5) Encourage and facilitate the remodeling and restoration of historically significant structures within the URD.

Large projects **must support** the goals of the [Downtown Billings Strategic Plan](#) and the [Urban Renewal Plan of the North 27<sup>th</sup> St. TIFD](#). Applicants are encouraged to consider the design aesthetic of the surrounding neighborhood when submitting a design for review.

*Applicants are reminded that grant awards made by the Downtown Billings Partnership (DBP) are discretionary in nature and should not be considered an entitlement by the applicant. All grant criteria contained herein are guidelines for awards and successful applicants may receive any amount up to the maximum award. Should an applicant meet all grant criteria, a grant may or may not be awarded at the DBP and Billings City Council's discretion due to funding limitation, competing applications, and/or competing priorities of the DBP.*

## Eligible Expenses:

**Section One:** All public governments as well as public corporations (501c3) inherently have a public benefit purpose. Even though public business normally is not subject to property tax, if their projects, programs, or activities can show blight remediation, as defined by the Urban Renewal Plan, they qualify for up to 100% TIFD assistance. [MCA 35-1-1402 Definitions](#).

**Section Two:** Pursuant to [MCA 7-15-4208](#), private enterprise and private projects are encouraged and enabled to receive TIFD support for qualified expenditures/costs.

**Section Three:** Qualified Expenditures - [MCA 7-15-4282](#) through [7-15-4294](#). Ordinance [08-5483](#).

- a. Remediation or diminishing blight {[MCA 7-15-4206\(2\)](#)} affecting buildings and structures that negatively impact the residents of the city due to:
  - i. Substantial deterioration especially roofs in serious need of repair or replacement
  - ii. Obsolete uses that require a change of use
  - iii. Defective and lack of compliance with current Building and Fire Codes
    1. Electrical service upgrades
    2. plumbing upgrades
  - iv. Unsanitary and/or unsafe structures
  - v. Vacant and unused spaces

- b. Relocation of displaced people and/or businesses
- c. Enhancement of infrastructure, public or private, that improve the pedestrian experience
  - i. Streetlights, sidewalks, curbs, gutters, wayfinding, and placemaking
  - ii. Repair and stabilization of vault caps in the public right of way
  - iii. Building and business signage
  - iv. Facade stabilization and/or improvement
  - v. Outdoor patios
  - vi. Landscaping
  - vii. Green spaces
- d. Mixed use redevelopment containing
  - i. Parking
  - ii. Conference facilities
  - iii. Housing
    - 1. Market rate
    - 2. Workforce
  - iv. Street level retail and dining
- e. Improvements that lead to stabilized and/or increased taxable valuation
- f. Relocation of utility wires, inefficient land use, and/or problems of access and circulation
- g. Increased use of public transit
- h. Increased Crime Prevention and Public Safety
  - i. Increased energy efficiencies
  - i. Exterior windows, and doors
  - ii. HVAC upgrades
- j. Change of ownership through property acquisition

**Section Four:** Qualified Expenditures - [MCA 7-15-4282](#) through [7-15-4294](#). Ordinance [12-5590](#).

- k. Remediation or diminishing blight {MCA 7-15-4206(2)} at sidewalk/street level that negatively impacts the residents of the city due to:
  - i. Vacant storefronts
    - 1. Business Retention and Recruitment projects
      - a. Business plan program/contest (e.g. Battle of the Plans)
      - b. Retail coordinator staff or consultant
      - c. Strategic planning
      - d. Marketing and promotion
      - e. Commercial rent assistance
      - f. Public art
      - g. Pocket parks

**Timeframe and application process:**

Applications will be accepted and reviewed quarterly. Applications must be received by the 15<sup>th</sup> day of the first month of each quarter. Each complete application will be reviewed by the DBP staff, Development Committee, and the DBP Board of Directors and, if recommended, will go to the Billings City Council for final approval within each quarterly grant cycle.

<b>Application Due to DBP</b>	<b>Application Reviewed by Development Committee and DBP Board</b>	<b>Application Presented to City Council for Final Approval</b>
July 1	2 <sup>nd</sup> Thursday of July – Dev. Com 4 <sup>th</sup> Friday of August – DBP Board	September Council Business Meeting
October 1	2 <sup>nd</sup> Thursday of October – Dev. Com 4 <sup>th</sup> Friday of November – DBP Board	December Council Business Meeting
January 1	2 <sup>nd</sup> Thursday of January – Dev. Com 4 <sup>th</sup> Friday of February – DBP Board	March Council Business Meeting
April 1	2 <sup>nd</sup> Thursday of April – Dev. Com 4 <sup>th</sup> Friday of May – DBP Board	June Council Business Meeting
<b>Every effort will be made to facilitate every complete application through the entire process within each quarterly grant cycle. Incomplete applications may extend the process</b>		

**Grading Criteria:**

<p><b>The purpose of this program is to provide financial and practical assistance to develop or redevelop buildings within the boundaries of the Expanded North 27th Street Urban Renewal District (URD) in downtown Billings. This program will:</b></p> <ul style="list-style-type: none"> <li>- Assist in the economic revitalization and stabilization of the URD;</li> <li>- Attract and retain a stable clientele population within the URD;</li> <li>- Stimulate private investment within the URD;</li> <li>- Generate additional property tax revenues within the URD; and</li> <li>- Encourage and facilitate the remodeling and restoration of historically significant structures within the URD.</li> </ul>	<p><b>Grant adjustment based upon contributions to the Downtown Billings Strategic Plan; project must score 12 points or more to receive maximum funding;</b></p> <p><b>maximum grant is reduced 10% for each point less than 12;</b></p> <p><b>Projects receiving 0 or 1 point do not qualify for a grant</b></p>
<p><b>All applications are considered at the sole discretion of the DBP &amp; Council per URD’s priorities/objectives/availability of funds</b></p> <p><b>Current priorities primarily encourage mixed-use developments with housing and street level business activity - priorities are reviewed annually and may evolve depending on the landscape</b></p>	

<b>Tier 1</b>		
Does it eliminate blight?	Blight may include but is not limited to conditions which represent a risk to public health, morals, safety, and welfare in its present condition. Examples range from physical dilapidation to improper or inefficient layout. For a more complete list of factors, refer to MCA 7-15-4206.	<b>3 points</b> Y/N
Does it add/keep/improve housing?	Construction or rehabilitation of housing is a priority in the downtown area. Quantity, quality, and projected rental or sale rates of units are to be considered.	<b>3 points</b> Y/N
Does it improve the overall design/aesthetic (facade, signage, historic preservation, alleyscapes)?	Structural restoration, wayfinding, activation of alleys, and celebration of downtown's historical character are priorities as well as indicators of a strong town/city.	<b>3 points</b> Y/N
Does it promote economic growth (increasing taxable value, maximizing opportunities for shoppers & visitors)?	Activating vacant buildings or improving its operations in terms of safety contribute positively to the taxable value. Eliminating vacancies and adding density of populations enhance the vitality, vibrancy, resiliency, and connectivity of the neighborhood.	<b>3 points</b> Y/N
Is it energy efficient (environmentally and/or sustainably)?	Obtaining LEED certification, rehabilitating an existing building, and maintaining up-to-date utilities not only ensure the safety of tenants but also enhance their health while keeping costs low.	<b>3 points</b> Y/N

<b>Tier 2</b>		
Does it add/maintain/enhance landscaping (trees, boulevards, nativescaping)?	City Centers are often places of gatherings for cultural events, musical concerts, and artisan eateries and shopping in addition to being a place to work, live, and play. Greenery is essential in maintaining a healthy positive environment where inhabitants have access to natural elements.	<b>2 points</b> Y/N
Does it activate an inactive building/space (abandoned, empty, unoccupied)?	Vacancies lead to stagnating or declining taxable value. They also tend to be dark, which attracts undesired activities, which impacts the perception of safety.	<b>2 points</b> Y/N
Does it provide an improved pedestrian experience (seasonal decor, ambiance lighting, sidewalk activations)?	Robust storefronts and sidewalk furniture/amenities engage with pedestrians and offer a compelling invitation to continue exploring businesses.	<b>2 points</b> Y/N

Does it add public art?	Public art can be a mural, storefront paint, signalbox wraps, sculptures, artistic installations of benches and bike racks.	<b>2 points</b> Y/N
Does it promote creation of jobs?	New businesses or business growth often mean new jobs and/or more human presence, which contribute to the economy and safety.	<b>2 points</b> Y/N
<b>Tier 3</b>		
Does it connect/improve walkways and/or parks?	Colorful walkways, pavement, or cobblestones that are ADA compliant and well lit.	<b>1 point</b> Y/N
Does it encourage business development (recruitment, retention, diversification)?	Businesses offer jobs as well as a place for the community to come to as a destination. Businesses provide natural surveillance with eyes on the street. Businesses contribute to our local economy.	<b>1 point</b> Y/N
Does it offer/maintain off-street parking?	Parking can be convenient for those who own vehicles and for visitors who live elsewhere or from out of town/state.	<b>1 point</b> Y/N
Does it support public safety (Crime Prevention Through Environmental Design)?	Active spaces, well lit environments, and densely populated neighborhoods.	<b>1 point</b> Y/N
Does it reinforce safe pedestrian crossings?	ADA entrances, exits, sidewalks, bulbouts, signage.	<b>1 point</b> Y/N

<b>Tier 4 - Bonus</b>		
Does it provide a new or improved green/public space?	Whether it's a dog park, pocket park, playground, or a picnic haven, greenery contributes positively to the livelihood or residents.	<b>3 point</b> Y/N
Does it drive visitations?	Catalyst or one-of-a-kind attractions, activities, or anchor businesses increase visitations from other parts of the City or State.	<b>3 point</b> Y/N
Does it pave the way to the creation of a convention/conference center or facility?	Convention centers bring in events, tourism, professional conferences, all of which contributes to the local business and economy.	<b>3 point</b> Y/N
Does it promote traffic calming?	Sidewalk widening or parklets that slow car traffic.	<b>3 point</b> Y/N

**Total: 26 points**

<b>Tier 5 - Disadvantage</b>		
Does it demolish a historically significant landmark	Historical artifacts showcase architectural marvels and characteristics of the neighborhood's identity.	<b>Minus 6</b> Y/N
Does it demolish a structure that could otherwise be salvaged?	Salvaging a building may not contribute to historical significance but it promotes longevity of energy efficiency practices and may create interesting architectural marvels when mixing the old with the new.	<b>Minus 3</b> Y/N

At the sole discretion of the DBP Board of Directors, applicants are required to seek endorsement from the TIF Development Committee, which shall consist of design professionals, business or property owners, community members with an interest in downtown vitality, and members of the DBP Board. Applications will be reviewed by the DBP staff under supervision of the Development Committee. The DBP shall review applications on a first come, first served basis for the duration of funding availability. Quarterly, all projects that are recommended for approval by the Committee shall be submitted to the DBP Board of Directors for recommendation to Billings City Council for final approval or disapproval of funding the project.

All applicants will be apprised of the status of their application by written communication from the DBP staff. Award recipients shall receive a Development Agreement indicating the amount of the incentive funds awarded and any conditions deemed necessary by the DBP Board for receipt of the award. Applicants are required to return a signed copy of the Development Agreement to the DBP staff before funds will be committed to the project.

**Release of Funds:**

It is the responsibility of the award recipient to maintain proper documentation of funds expended in the course of completing the project. Release of funds is subject to submission of this documentation to the DBP by the award recipient. The project must be completed essentially as presented to the Committee and DBP Board in order to receive payment.

Incentive funds will be paid out according to the following criteria:

1. Applicants must submit copies of all required building permits.
2. Payment documentation must be submitted to the DBP office at 116 N 29<sup>th</sup> St.
3. Incentive awards will be paid upon **completion** of the project.

**Acceptable documentation is defined as PAID invoices, statements, or schedule of values from vendors, contractors, or consultants clearly detailing the work completed for the project**

**Encumbrance Policy:**

Applicants receiving funding under this program during the course of a given fiscal year (July 1 through June 30) are eligible to carry forward/encumber unexpended funds for a **maximum of one additional fiscal year** if all effort has been made to begin the project in the initial year; and/or when circumstances related to weather, construction season, etc. prohibit the completion of the project. Applicants must advise the DBP by June 1<sup>st</sup> if they will be requesting an extension of their project schedule.

**Disclaimer:**

The Downtown Billings Partnership, Inc., its committees, partners and or affiliates are not responsible for the planning, design, or construction of improvements to property that is owned by the applicant. No warranties or guarantees are expressed or implied by the description of, application for, or participation in the Urban Renewal Project Program. The applicant is advised to consult with licensed architects, engineers, or building contractors before proceeding with final plans or construction.

# downtown *Billings*

## Expanded North 27th Street Urban Renewal District TIF Application

Project Name: \_\_\_\_\_ Date Submitted: \_\_\_\_\_

### Applicant Information

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

If the applicant is not an individual conducting business under their own name, the applicant has the status indicated below and is organized or operating under the law of:

Corporation/LLC	Nonprofit or charitable institution/corporation	Partnership	Other
Date of organization:			

## Project Information

Building name (if applicable): \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Legal Description (obtained from Orion via County records):

\_\_\_\_\_

### **Property owner (if property is not owned by the applicant)**

Property Owner (name or entity): \_\_\_\_\_

Property owner contact: \_\_\_\_\_

Lessor's Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

## Employment

Existing FTEs: \_\_\_\_\_

New permanent FTEs created by the project: TBD - new commercial lease space/activity

Construction FTEs: 10-30

## Architectural Firm

Firm name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

## Contractor

Business Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

## Financial lending institution

Business name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

## Project Information

### **Description of Project:**

Attach a narrative explaining the project and any other design information. Use this section to pitch your project and explain how it will eliminate blight and/or provide a benefit to the public.

### **Rehabilitation Plans:**

Attach schematic design drawings and/or completed construction document plans - including site, landscaping, and other engineering design information.

### **Project Schedule:**

Attach a timeline or schedule through completion.

Project Details

Land and site improvements (itemized)

1.	_____	\$ _____
2.	_____	\$ _____
3.	_____	\$ _____
4.	_____	\$ _____
	Subtotal	\$ _____

Construction/rehabilitation costs (use general construction trade divisions)

1.	_____	\$ _____
2.	_____	\$ _____
3.	_____	\$ _____
4.	_____	\$ _____
5.	_____	\$ _____
6.	_____	\$ _____
7.	_____	\$ _____
8.	_____	\$ _____
	Subtotal	\$ _____

Fees

1.	Architectural/engineering	\$ _____
2.	Permits	\$ _____
3.	_____	\$ _____
	Subtotal	\$ _____
	Total Project Development Costs	\$ _____

## Project Financing

**A. Applicant equity**

Cash invested \$ \_\_\_\_\_

Land & buildings \$ \_\_\_\_\_

(if value is more than State of Montana  
Valuation, a current appraisal must be  
submitted)

Other \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

Subtotal \$ \_\_\_\_\_

**B. Lender commitments (attach bank loan commitment letter, letters of credit or other documentation)**

Lender	Loan Amount	Interest	Term	Payment/Period
--------	-------------	----------	------	----------------

_____	\$ _____	____%	____yrs	\$ ____/Month
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_____	\$ _____	____%	____yrs	\$ ____/Month
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Subtotal \$ \_\_\_\_\_

**C. TIF assistance - eligible expenses**

MCA

citation (Office use only)

_____	\$ _____	_____
-------	----------	-------

_____	\$ _____	_____
-------	----------	-------

_____	\$ _____	_____
-------	----------	-------

_____	\$ _____	_____
-------	----------	-------

_____	\$ _____	_____
-------	----------	-------

_____	\$ _____	_____
-------	----------	-------

_____	\$ _____	_____
-------	----------	-------

_____	\$ _____	_____
-------	----------	-------

_____	\$ _____	_____
-------	----------	-------

_____	\$ _____	_____
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Subtotal \$ \_\_\_\_\_

D. Other sources of funding  
 \_\_\_\_\_ \$ \_\_\_\_\_  
 \_\_\_\_\_ \$ \_\_\_\_\_

Sources of funds summary (post totals from above)

A. Applicant equity	\$ <u>2,371,248</u>
B. Lender commitments	\$ <u>0</u>
C. TIF assistance	\$ <u>745,000</u>
D. Other funds	\$ _____
Total Project financing	\$ <u>3,116,248</u>

**Certification**

I (we), the Old Billings Hardware Development Venture, LP (please print),  
 the APPLICANT, certify that the statements and estimates within this application as well as any and all  
 documentation submitted as attachments to this application or under separate are true and correct to the  
 best of my (our) knowledge and belief.

Signature: Randy Hager G.P.  
 Title: Managing Partner  
 Address: P.O. Box 2203  
Billings, MT 59101  
 Date: 7/18/22

Signature: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 Date: \_\_\_\_\_

TW CLARK CONSTRUCTION, LLC		
OLD BILLINGS HARDWARE BUILDING SD BUDGET		
BUDGET 7.6.22		
Cost Code	Description	BUDGET
	<b>GENERAL CONDITIONS</b>	\$338,729.00
	<b>FINAL CLEANING</b>	\$25,500.00
	<b>TEMP FENCE</b>	\$5,500.00
	<b>HEAT / COVER (ALLOWANCE)</b>	\$20,000.00
	<b>DEMOLITION</b>	\$104,769.00
	<b>DEMOLITION</b>	
	<b>SITework</b>	\$54,165.00
	<b>LANDSCAPE ALLOWANCE</b>	\$9,750.00
	<b>CONCRETE</b>	\$100,283.00
	<b>SITE WORK / UTILITIES</b>	\$136,200.00
	<b>CONCRETE TOPPING SLABS</b>	\$15,750.00
	<b>MASONRY ALLOWANCE</b>	\$35,000.00
	<b>STRUCTURAL STEEL</b>	\$137,682.00
	<b>FRAMING</b>	\$558,396.00
	<b>CABINETS AND MILLWORK</b>	\$292,831.00
	<b>INSULATION / AIR MOISTURE BARRIER</b>	\$108,270.00
	<b>ROOFING</b>	\$225,360.00
	<b>JOINT PROTECTION / FIRE CAULKING</b>	\$5,500.00
	<b>DOORS / FRAMES / HWR</b>	\$156,968.00
	<b>NEW / REFURBISHED WINDOWS</b>	\$136,974.00
	<b>SKYLIGHTS</b>	\$15,000.00
	<b>STOREFRONT DOORS / WINDOWS</b>	\$198,300.00
	<b>GYPsum</b>	\$224,733.00
	<b>FLOORING / SHOWER WALLS</b>	\$181,389.00
	<b>HARDWOOD FLOORS</b>	\$141,300.00
	<b>PAINT</b>	\$144,742.00
	<b>SPECIALTIES</b>	\$21,732.00
	<b>LIFT (ALLOWANCE)</b>	\$45,000.00
	<b>ELEVATOR</b>	\$225,000.00
	<b>FIRE SUPPRESSION</b>	\$186,000.00
	<b>PLUMBING</b>	\$841,790.00
	<b>HVAC</b>	\$438,050.00
	<b>ELECTRICAL</b>	\$666,720.00
	<b>LIABILITY INSURANCE</b>	\$45,365.00
	<b>GC FEE</b>	\$311,885.00
	<b>PERMIT</b>	BY OWNER
	<b>BUILDERS RISK</b>	BY OWNER
	<b>BONDS</b>	NOT INCLUDED
	<b>PREVAILING WAGES / 1% GRT</b>	NOT INCLUDED
	<b>SUB TOTAL</b>	<b>\$6,154,633.00</b>
	<b>CONTINGENCY (10% SD)</b>	\$615,463.00
	<b>MATERIAL ESCALATION FACTOR</b>	\$140,555.00
	<b>TOTAL BUDGET</b>	<b>\$6,910,651.00</b>

DOWNTOWN BILLINGS PARTNERSHIP  
DOWNTOWN (N 27TH STREET) URBAN RENEWAL DISTRICT  
TAX INCREMENT FINANCING FUND APPLICATION

**OLD BILLINGS HARDWARE BUILDING**

2802 MONTANA AVENUE  
BILLINGS, MONTANA  
JULY, 2022

**Project Financing - Qualifying Expenditures (QE) Continuation Sheet\***

	A	B	C	D	E	F
1	The following is based on "Old Billings Hardware Building SD Budget"					
2	dated 7/6/22 provided by TW Clark Construction (attached)					
3	DIVISION	DESCRIPTION	Budget Value	QE? (y/n)	% Modifier	QE Value
4	1.1	General Conditions	\$ 338,729	y	100%	\$ 338,729
5	1.2	Final Cleaning	\$ 25,500	y	100%	\$ 25,500
6	1.3	Temp Fence	\$ 5,500	y	100%	\$ 5,500
7	1.4	Heat / Cover (allowance)	\$ 20,000	n	0%	\$ -
8	2.1	Demolition (Building interior)	\$ 104,769	y	100%	\$ 104,769
9	2.2	Site Work	\$ 54,165	y	100%	\$ 54,165
10	2.3	Landscape (allowance)	\$ 9,750	y	100%	\$ 9,750
11	2.4	Utilities	\$ 136,200	y	100%	\$ 136,200
12	3.1	Concrete	\$ 100,283	y	100%	\$ 100,283
13	3.2	Concrete topping slabs	\$ 15,750	y	100%	\$ 15,750
14	4.1	Masonry (allowance)	\$ 35,000	y	100%	\$ 35,000
15	5.1	Structural Steel	\$ 137,682	y	100%	\$ 137,682
16	6.1	Framing (rough carpentry)	\$ 558,396	y	100%	\$ 558,396
17	6.2	Cabinets and Millwork	\$ 292,831	y	50%	\$ 146,416
18	7.1	Insulation / Air Moisture Barrier	\$ 108,270	y	100%	\$ 108,270
19	7.2	Roofing	\$ 225,360	y	100%	\$ 225,360
20	7.3	Joint Protection / Fire Caulking	\$ 5,500	y	100%	\$ 5,500
21	8.1	Doors / Frames / Hardware	\$ 156,968	y	100%	\$ 156,968
22	8.2	New / Refurbished Windows	\$ 136,974	y	100%	\$ 136,974
23	8.3	Skylights	\$ 15,000	y	100%	\$ 15,000
24	8.4	Storefront Doors / Windows	\$ 198,300	y	100%	\$ 198,300
25	9.1	Gypsum	\$ 224,733	y	100%	\$ 224,733
26	9.2	Flooring / Shower Walls	\$ 181,389	n	0%	\$ -
27	9.3	Hardwood Floors	\$ 141,300	n	0%	\$ -
28	9.4	Paint	\$ 144,742	n	0%	\$ -
29	10.1	Specialties (Toilet Accessories, FE / Cabinets, Signage)	\$ 21,732	n	0%	\$ -
30	14.1	Lift (allowance)	\$ 45,000	y	100%	\$ 45,000
31	14.2	Elevator	\$ 225,000	n	0%	\$ -
32	21	Fire Suppression	\$ 186,000	y	100%	\$ 186,000
33	22	Plumbing	\$ 841,790	y	100%	\$ 841,790
34	23	HVAC	\$ 438,050	y	100%	\$ 438,050
35	26	Electrical	\$ 666,720	y	100%	\$ 666,720
36	99	Liability Insurance	\$ 45,365	n	0%	\$ -
37	99	GC Fee	\$ 311,885	n	0%	\$ -
38		<b>Total Budget</b>	<b>\$ 6,154,633</b>			<b>\$ 4,916,805</b>
39						80%
40		<b>Items not Included in Total Budget Above</b>		n		\$ -
41	1	Contingency	\$ 615,463	n		\$ -
42	2	Material Escalation Factor	\$ 140,555	n		\$ -
43			<b>\$ 6,910,651</b>			<b>\$ 4,916,805</b>

71%

# OLD BILLINGS HARDWARE BUILDING

2802 MONTANA AVE  
BILLINGS, MONTANA

## PROJECTED INCOME WORKSHEET

OLD BILLINGS HARDWARE DEVELOPMENT VENTURE, LP - P.O. BOX 2203, BILLINGS, MT 59103

July, 2022

BASEMENT - COMMERCIAL						
Space Name		Rentable Area (SF)	Rent/SF /mo.	Rent/SF/yr	Rent Income/mo.	Rent Income/yr.
B01		2,285		\$12.00	\$2,285	\$27,420
B02		3,960		\$12.00	\$3,960	\$47,520
B03		1,752		\$12.00	\$1,752	\$21,024
<b>Commercial Subtotal</b>		<b>7,997</b>			<b>\$7,997</b>	<b>\$95,964</b>
CIRCULATION				*		\$0
PUBLIC RESTROOMS				*		\$0
EXT. WALLS, ETC.						
MECHANICAL				*		\$0
<b>Common Subtotal</b>		<b>-</b>				
<b>Level Subtotal</b>		<b>7,997</b>			<b>\$15,994</b>	<b>\$95,964</b>

FIRST FLOOR - COMMERCIAL						
Space Name		Rentable Area (SF)	Rent/SF /mo.	Rent/SF/yr	Rent Income/mo.	Rent Income/yr.
101		3,137		\$13.50	\$3,529	\$42,350
102		2,268		\$13.50	\$2,552	\$30,618
103		1,118		\$13.50	\$1,258	\$15,093
104		1,752		\$13.50	\$1,971	\$23,652
<b>Commercial Subtotal</b>		<b>8,275</b>			<b>\$9,309</b>	<b>\$111,713</b>
CIRCULATION				*		
RESTROOMS				*		
<b>Common Subtotal</b>						
<b>Level Subtotal</b>		<b>8,275</b>			<b>\$9,309</b>	<b>\$111,713</b>

SECOND FLOOR - RESIDENTIAL APARTMENTS							
Space Name	BDRM	Rentable Area (SF)	Rent/SF /mo.	Rent/SF/yr	Rent Income/mo.	Rent Income/yr.	% AMI
APT. 201	2	900	\$1.50		\$1,350	\$16,200	75%
APT. 202	2	748	\$1.80		\$1,350	\$16,200	75%
APT. 203	E	510	\$1.91		\$975	\$11,700	70%
APT. 204	E	544	\$1.79		\$975	\$11,700	70%
APT. 205 (TYPE 'A')	1	680	\$1.62		\$1,100	\$13,200	73%
APT. 206	2	800	\$1.69		\$1,350	\$16,200	75%
APT. 207	1	625	\$1.76		\$1,100	\$13,200	73%
APT. 208	1	654	\$1.68		\$1,100	\$13,200	73%
APT. 209	1	634	\$1.74		\$1,100	\$13,200	73%
APT. 210	2	804	\$1.68		\$1,350	\$16,200	75%
APT. 211	1	680	\$1.62		\$1,100	\$13,200	73%
APT. 212	2	836	\$1.61		\$1,350	\$16,200	75%
<b>Residential Subtotal</b>		<b>8415</b>	<b>\$1.69</b>		<b>\$14,200</b>	<b>\$170,400</b>	

CIRCULATION			*			
STORAGE			*			
LAUNDRY			*		\$600	\$7,200
<b>Common Subtotal</b>		-			<b>\$600</b>	<b>\$7,200</b>
<b>Level Subtotal</b>		<b>8,415</b>			<b>\$14,800</b>	<b>\$177,600</b>

**THIRD FLOOR - RESIDENTIAL APARTMENTS**

Space Name	BDRM	Rentable Area (SF)	Rent/SF /mo.	Rent/SF/yr	Rent Income/mo.	Rent Income/yr.	% AMI
APT. 301	2	900	\$1.58		\$1,425	\$17,100	79%
APT. 302	2	748	\$1.91		\$1,425	\$17,100	79%
APT. 303	E	510	\$2.06		\$1,050	\$12,600	75%
APT. 304	E	544	\$1.93		\$1,050	\$12,600	75%
APT. 305	1	680	\$1.73		\$1,175	\$14,100	78%
APT. 306	2	800	\$1.78		\$1,425	\$17,100	79%
APT. 307	1	625	\$1.88		\$1,175	\$14,100	78%
APT. 308	1	654	\$1.80		\$1,175	\$14,100	78%
APT. 309	1	634	\$1.85		\$1,175	\$14,100	78%
APT. 310	2	804	\$1.77		\$1,425	\$17,100	79%
APT. 311	1	680	\$1.73		\$1,175	\$14,100	78%
APT. 312	2	836	\$1.70		\$1,425	\$17,100	79%
<b>Residential Subtotal</b>		<b>8415</b>	<b>\$1.79</b>		<b>\$15,100</b>	<b>\$181,200</b>	
CIRCULATION							
STORAGE			*				
LAUNDRY			*		\$600	\$7,200	
<b>Common Subtotal</b>		-			<b>\$600</b>	<b>\$7,200</b>	
<b>Level Subtotal</b>		<b>8,415</b>			<b>\$15,700</b>	<b>\$188,400</b>	

\* Note: Restrooms and circulation prorated among commercial and/or residential spaces.

<b>POTENTIAL ANNUAL INCOME</b>	<b>33,102 SF</b>	<b>\$55,803</b>	<b>\$573,677</b>
POTENTIAL ANNUAL INCOME - COMMERCIAL	16,272 SF		\$207,677
		Less Vacancy Rate Of 5%	-\$10,384
		<b>COMMERCIAL SUBTOTAL</b>	<b>\$197,293</b>
POTENTIAL ANNUAL INCOME - RESIDENTIAL	16,830 SF		\$366,000
		Less Vacancy Rate Of 5%	-\$18,300
		<b>RESIDENTIAL SUBTOTAL</b>	<b>\$347,700</b>
<b>GROSS ANNUAL INCOME</b>		Less Vacancy	<b>\$544,993</b>

2021, Billings, MT	efficiency	1-bdr	2-bdr
60% AMI	\$ 840	\$ 900	\$ 1,080
100% AMI	\$ 1,400	\$ 1,500	\$ 1,800

**OLD BILLINGS HARDWARE BUILDING**

2802 MONTANA AVE  
BILLINGS, MONTANA

**FINANCIAL PRO FORMA ANALYSIS**

OLD BILLINGS HARDWARE DEVELOPMENT VENTURE, LP - P.O. BOX 2203, BILLINGS, MT 59103

REVISED

July 18, 2022

**1. REMODEL COSTS**

	Amount	Unit	\$/Unit	Subtotal	TIF QE? (y/n)	QE Value	
<b>BUILDING PURCHASE</b>	0	EA	\$ -	\$ -	n	\$ -	
				<b>\$ -</b>		<b>\$ -</b>	
<b>HARD COSTS</b>							<b>Notes</b>
	<b>Amount</b>	<b>Unit</b>	<b>\$/Unit</b>	<b>Subtotal</b>			
Construction	1	EA	\$ 5,797,383	\$ 5,797,383	y	*	From "Old Billings Hardware Building SD Budget" by TW Clark, 7/6/2022, Apartments finished, commercial space is a shell
Liability Insurance	1	EA	\$ 45,365	\$ 45,365	n	\$ -	% of Subtotal
Contractor O+P	5%	of	\$ 5,797,383	\$ 311,885	n	\$ -	% of Subtotal
<b>Const. Cost Total</b>				<b>\$ 6,154,633</b>		<b>\$ 4,916,805</b>	*~80% of construction cost, see attached breakdown
<b>SOFT COSTS</b>							<b>Notes</b>
	<b>Amount</b>	<b>Unit</b>	<b>\$/Unit</b>	<b>Subtotal</b>			
Design Fee	10.35%	of	\$ 6,154,633	\$ 637,005	y	\$ 637,005	Architectural + Engineering as % of Const. Cost Total + 1% Historic Bldg + 0.5% Sustainable Bldg
Reimbursable Expenses	3.0%	of	\$ 637,005	\$ 19,110	n	\$ -	
Supplementary Design Fees	1	EA	\$ 64,000	\$ 64,000	y	\$ 64,000	Acoustic, Civil engineering, Commissioning
Historic Tax Credit Application	1	EA	\$ 35,000	\$ 36,000	y	\$ 36,000	
LEED Documentation	1	EA	\$ 45,000	\$ 45,000	Y	\$ 45,000	Goal: Platinum certification
Initial Developer Fee (UFDS)	1	EA	\$ 50,000	\$ 50,000	n	\$ -	
Wishneff Hist. Tax Credit Legal Services	1	EA	\$ 157,000	\$ 157,000	Y	\$ 157,000	Fee for setting up syndication of tax credits, assuming development team finds a local buyer
Marketing	1	EA	\$ 5,000	\$ 5,000	N	\$ -	
Appraisal	1	EA	\$ 12,000	\$ 12,000	Y	\$ 12,000	
Closing Costs	1.1%	of	\$ 6,982,000	\$ 76,802	y	\$ 76,802	from set aside for Commercial Loan
Insurance (bldr's risk and liability)	1	EA	\$ 10,000	\$ 10,000	y	\$ 10,000	
Property Taxes, until occupancy	1	EA	\$ 10,700	\$ 10,700	n	\$ -	
Legal	1	EA	\$ 5,000	\$ 5,000	y	\$ 5,000	
Interest during construction	1	EA	\$ 149,000	\$ 149,000	n	\$ -	from set aside in Sources of Cash
Capital Reserve	1	EA	\$ 50,000	\$ 50,000	n	\$ -	
	<b>TOTAL SOFT COSTS</b>			<b>\$ 1,326,617</b>		<b>\$ 1,042,807</b>	
<b>TOTAL PROJECT COSTS (PURCHASE, SOFT + HARD COSTS)</b>				<b>\$ 7,481,250</b>		<b>\$ 5,959,612</b>	<b>Total Large Project Grant Qualifying Expenditures</b>
<b>QUALIFYING REHABILITATION EXPENSES (SOFT + HARD COSTS)</b>				<b>\$ 7,481,250</b>			

# OLD BILLINGS HARDWARE BUILDING

2802 MONTANA AVE

FINANCIAL PRO FORMA ANALYSIS

## FINANCIAL PRO FORMA ANALYSIS

OLD BILLINGS HARDWARE DEVELOPMENT VENTURE, LP - P.O. BOX 2203, BILLINGS, MT 59103

REVISED

July 18, 2022

### 2. TAX CREDITS and GRANTS

Historic Tax Credit (QRE - Qualified Rehabilitation Expenditures)

QRE (Total Project Costs)			\$	7,481,250	
IRS Allowed Developer Fee @	15%		\$	1,122,187	
Total QRE			\$	8,603,437	
Federal Tax Credit @	20%	of QRE	\$	1,720,687	
State of Montana Tax Credit @	5%	of QRE	\$	430,172	
Total Fed + State Hist. Tax Credits			\$	2,150,859	
	HTC syndicated at	\$ 0.87 per TC dollar	\$	1,871,248	
		<b>Net Historic Tax Credits Equity:</b>	\$	<b>1,871,248</b>	

Other Credits

	kW	\$/kW			
PV array cost	50	\$ 2,500	\$	125,000	
Renewable Energy Tax Credit	26%		\$		32,500
(These tax credits to be distributed to partners in Year 1.)					

#### Total Grants

Downtown TIF Large Project Grant	16.67% of LPG QEs	\$	993,269	Maximum Amour
	12.50%	\$	745,000	Requested Amou
Other Grants		\$	-	
			\$	745,000

# OLD BILLINGS HARDWARE BUILDING

2802 MONTANA AVE

BILLINGS, MONTANA

## FINANCIAL PRO FORMA ANALYSIS

OLD BILLINGS HARDWARE DEVELOPMENT VENTURE, LP - P.O. BOX 2203, BILLINGS, MT 59103

REVISED

July 18, 2022

### 3. SOURCES OF CASH

#### Cash

Limited Partners (upfront cash)	20	@	\$	25,000	\$	500,000	
Total Grants (downtown TIF)					\$	745,000	
Net Historic Tax Credit Equity					\$	1,871,248	
<b>TOTAL</b>						<b>\$</b>	<b>3,116,248</b>

#### Equity (based on 2017 Tax Appraisal)

Property Value (Land)					\$	109,573	
Property Value (Building)					\$	347,540	
<b>TOTAL</b>						<b>\$</b>	<b>457,113</b>

#### Assigned Building Value

**\$460,000**

**TOTAL CASH + EQUITY \$ 3,576,248**

#### Construction Loan

Construction Loan [Equal to Total Project Costs (Hard + Soft) minus Upfront Cash]						
					\$	6,981,250
Set Aside for Closing Costs					\$	6,982,000
Construction Loan Interest @		4.25%			\$	24,725 monthly max.
Assume average of	\$ 12,363		12 months		\$	148,352
Interest Set Aside					\$	149,000

#### Alternative Loans

Downtown Revolving Loan Fund					\$	250,000
						Interest rate: 2.3%
						Amortized over: 20 years
						240 monthly payments
<b>Principal + Interest (Monthly)</b>						<b>\$1,295</b>
<b>Principal + Interest (Annually)</b>						<b>\$15,534</b>

#### Permanent Loan

Total Project Cost					\$	7,481,250	
less Cash + Cash Equivalents (Grants, Tax Credits)					\$	(3,116,248)	
less Alternative Loans					\$	(250,000)	
<b>TOTAL</b>						<b>\$</b>	<b>4,115,002</b> Subtotal
						Interest rate: 4.25%	
						Amortized over: 20 years	
						240 monthly payments	
<b>Principal + Interest (Monthly)</b>						<b>\$25,482</b>	
<b>Principal + Interest (Annually)</b>						<b>\$305,778</b>	

Total Monthly Financing (Principal + Interest / month)						\$26,776
<b>Total Annual Financing (Principal + Interest / year)</b>						<b>\$321,312</b>

Equity to Project Value (Cash only)	\$ 3,116,248					
	\$ 7,481,250	=				41.7%
Equity to Project Value (Cash + Equity)	\$ 3,576,248					
	\$ 7,481,250	=				47.8%
Commercial Loan to Project Value	\$ 4,115,002					
	\$ 7,481,250	=				55.0%

# OLD BILLINGS HARDWARE BUILDING

2802 MONTANA AVE

BILLINGS, MONTANA

## FINANCIAL PRO FORMA ANALYSIS

OLD BILLINGS HARDWARE DEVELOPMENT VENTURE, LP - P.O. BOX 2203, BILLINGS, MT 59103

**REVISED**

July 18, 2022

### 4. INCOME

PROJECTED GROSS INCOME (Refer to attached Projected Income Worksheet)

	Rentable Area	Monthly Rent/SF	Yearly Rent/SF	Monthly Rent	Yearly Rental
Basement - Commercial	7,997		\$ 12.00	\$ 7,997	\$ 95,964
First Floor - Commercial	8,275		\$ 13.50	\$ 9,309	\$ 111,713
Second Floor - Residential	8,415	\$ 1.69		\$ 14,200	\$ 170,400
Third Floor - Residential	8,415	\$ 1.79		\$ 15,100	\$ 181,200
Laundry				\$ 1,200	\$ 14,400
<b>POTENTIAL ANNUAL INCOME</b>					<b>\$ 573,677</b>
Less Vacancy Rate of		5%	<i>for commercial</i>		\$ (10,384)
Less Vacancy Rate of		5%	<i>for residential</i>		\$ (18,300)
<b>GROSS ANNUAL INCOME</b>					<b>\$ 544,993</b>

### BUILDING OWNER EXPENSE ANALYSIS

		Monthly	Yearly
Building Insurance		\$ 1,583	\$ 19,000
Accounting		\$ 167	\$ 2,000
Property Taxes @	0.60% of total project cost	\$ 3,741	\$ 44,887
General Maintenance		\$ 500	\$ 6,000
Common Area Cleaning @	12,050 SF	\$ 1,004	\$ 12,050 *
Common Area Utilities @	12,050 SF	\$ 1,406	\$ 16,870 **
Maintenance Reserve @	\$27 per unit/mo	\$ 833	\$ 10,000
Management Fee @	6% annual rents	\$ 2,725	\$ 32,700
<b>TOTAL ANNUAL OPERATING EXPENSES</b>		<b>\$ (11,959)</b>	<b>\$ (143,507)</b>
<b>NET OPERATING INCOME (Cash Flow)</b>		<b>\$ 33,457</b>	<b>\$ 401,486</b>
Less Debt Service (Financing)		\$ (26,776)	\$ (321,312)
<b>NET INCOME FIRST MONTH   YEAR</b>		<b>\$ 6,681</b>	<b>\$ 80,173</b>
Debt Coverage Ratio at Year 1:			1.25

\* Past HPA projects have been averaging about \$1/SF/year.

\*\* This assumes about \$1.40/SF/year. According to BOMA, the average US office building has about \$2.50/SF/year in utility costs; the approach that High Plains takes typically results in utility costs being 40-60% lower b/c HPA projects are more efficient than current energy codes. These utilities cover all water in bldg and power for common areas and central

**OLD BILLINGS HARDWARE BUILDING**

REVISED

July 18, 2022

**5A. 2-YEAR CASH FLOW ANALYSIS - BEGINNING OF CONSTRUCTION THROUGH LEASE UP**

INCOME	MONTH	1	2	3	4	5	6	7	8	9	10	11	12	Year 1
Suite B01	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Suite B02	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Suite B03	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Suite 101	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Suite 102	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Suite 103	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Suite 104	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Apartment 201	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,350	\$ 1,350
Apartment 202	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,350	\$ 1,350
Apartment 203	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 975	\$ 975	\$ 1,950
Apartment 204	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 975	\$ 975	\$ 1,950
Apartment 205	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,100	\$ 1,100
Apartment 206	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Apartment 207	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Apartment 208	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Apartment 209	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Apartment 210	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Apartment 211	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Apartment 212	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Apartment 301	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,425	\$ 1,425	\$ 2,850
Apartment 302	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,425	\$ 1,425	\$ 2,850
Apartment 303	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,050	\$ 1,050	\$ 2,100
Apartment 304	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,050	\$ 1,050	\$ 2,100
Apartment 305	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,175	\$ 1,175
Apartment 306	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,425	\$ 1,425
Apartment 307	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,175	\$ 1,175
Apartment 308	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,175	\$ 1,175
Apartment 309	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,175	\$ 1,175
Apartment 310	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,425	\$ 1,425
Apartment 311	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,175	\$ 1,175
Apartment 312	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,425	\$ 1,425
Laundry	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 500	\$ 600
<b>GROSS INCOME</b>	<b>\$</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,000</b>	<b>\$ 21,350</b>	<b>\$ 28,350</b>
<b>EXPENSES</b>														
Construction	\$	100,000	\$ 200,000	\$ 300,000	\$ 400,000	\$ 500,000	\$ 600,000	\$ 700,000	\$ 800,000	\$ 750,000	\$ 650,000	\$ 600,000	\$ 554,633	\$ 6,154,633
Permit	\$	5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Interest	\$	-	\$ 3,000	\$ 6,000	\$ 8,000	\$ 10,000	\$ 12,000	\$ 14,000	\$ 16,000	\$ 18,000	\$ 20,000	\$ 21,000	\$ 21,000	\$ 149,000
Appraisal	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ -	\$ -
Closing Costs	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,802	\$ -
Insurance (bidr's risk and liability)	\$	10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Mortgage (P + I)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building Insurance	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 833	\$ 833	\$ 1,666
Accounting	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 250	\$ 500
Property Taxes @	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ 800	\$ 1,400
General Maintenance	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 250	\$ 500
Common Area Cleaning @	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 408	\$ 408	\$ 816
Common Area Utilities @	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340	\$ 340	\$ 680
Management Fee @	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000	\$ 2,500	\$ 8,500
<b>TOTAL EXPENSES</b>	<b>\$</b>	<b>115,000</b>	<b>\$ 203,000</b>	<b>\$ 306,000</b>	<b>\$ 408,000</b>	<b>\$ 510,000</b>	<b>\$ 612,000</b>	<b>\$ 714,000</b>	<b>\$ 816,000</b>	<b>\$ 768,000</b>	<b>\$ 673,000</b>	<b>\$ 638,681</b>	<b>\$ 657,816</b>	<b>\$ 14,062</b>
<b>OPERATING EXPENSES TOTAL</b>														<b>\$ 14,062</b>

**OLD BILLINGS HARDWARE BUILDING**

REVISED

July 18, 2022

**5A. 2-YEAR CASH FLOW ANALYSIS - BEGINNING OF CONSTRUCTION THROUGH LEASE UP**

MONTH	13	14	15	16	17	18	19	20	21	22	23	24	Year 2
Suite B01	\$ 2,285	\$ 2,285	\$ 2,285	\$ 2,285	\$ 2,285	\$ 2,285	\$ 2,285	\$ 2,285	\$ 2,285	\$ 2,285	\$ 2,285	\$ 2,285	\$ 27,420
Suite B02	\$ -	\$ -	\$ 3,960	\$ 3,960	\$ 3,960	\$ 3,960	\$ 3,960	\$ 3,960	\$ 3,960	\$ 3,960	\$ 3,960	\$ 3,960	\$ 39,600
Suite B03	\$ -	\$ -	\$ 1,752	\$ 1,752	\$ 1,752	\$ 1,752	\$ 1,752	\$ 1,752	\$ 1,752	\$ 1,752	\$ 1,752	\$ 1,752	\$ 17,520
Suite 101	\$ 3,529	\$ 3,529	\$ 3,529	\$ 3,529	\$ 3,529	\$ 3,529	\$ 3,529	\$ 3,529	\$ 3,529	\$ 3,529	\$ 3,529	\$ 3,529	\$ 42,348
Suite 102	\$ -	\$ -	\$ -	\$ -	\$ 2,552	\$ 2,552	\$ 2,552	\$ 2,552	\$ 2,552	\$ 2,552	\$ 2,552	\$ 2,552	\$ 20,416
Suite 103	\$ 1,258	\$ 1,258	\$ 1,258	\$ 1,258	\$ 1,258	\$ 1,258	\$ 1,258	\$ 1,258	\$ 1,258	\$ 1,258	\$ -	\$ 1,258	\$ 13,838
Suite 104	\$ -	\$ -	\$ 1,971	\$ 1,971	\$ 1,971	\$ 1,971	\$ 1,971	\$ 1,971	\$ 1,971	\$ 1,971	\$ 1,971	\$ 1,971	\$ 19,710
Apartment 201	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ -	\$ 14,850
Apartment 202	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 16,200
Apartment 203	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ -	\$ 975	\$ 10,725
Apartment 204	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ 975	\$ 11,700
Apartment 205	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ -	\$ 1,100	\$ 1,100	\$ 12,100
Apartment 206	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 16,200
Apartment 207	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ -	\$ 1,100	\$ 1,100	\$ 12,100
Apartment 208	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 13,200
Apartment 209	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ -	\$ 1,100	\$ 1,100	\$ 1,100	\$ 12,100
Apartment 210	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 16,200
Apartment 211	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ -	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 12,100
Apartment 212	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 16,200
Apartment 301	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ -	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 15,675
Apartment 302	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 17,100
Apartment 303	\$ 1,050	\$ 1,050	\$ 1,050	\$ -	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 11,550
Apartment 304	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 12,600
Apartment 305	\$ 1,175	\$ 1,175	\$ -	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 12,925
Apartment 306	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 17,100
Apartment 307	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 14,100
Apartment 308	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ -	\$ 12,925
Apartment 309	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 14,100
Apartment 310	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ -	\$ 1,425	\$ 15,675
Apartment 311	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 14,100
Apartment 312	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 17,100
Laundry	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 7,200
<b>GROSS INCOME</b>	<b>\$ 36,972</b>	<b>\$ 36,972</b>	<b>\$ 43,480</b>	<b>\$ 43,605</b>	<b>\$ 45,782</b>	<b>\$ 47,207</b>	<b>\$ 46,107</b>	<b>\$ 46,107</b>	<b>\$ 46,107</b>	<b>\$ 44,849</b>	<b>\$ 44,807</b>	<b>\$ 44,682</b>	<b>\$ 526,677</b>
Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Appraisal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance (bldr's risk and liability)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mortgage (P + I)	\$ 26,776	\$ 26,776	\$ 26,776	\$ 26,776	\$ 26,776	\$ 26,776	\$ 26,776	\$ 26,776	\$ 26,776	\$ 26,776	\$ 26,776	\$ 26,776	\$ 321,312
Building Insurance	\$ 1,583	\$ 1,583	\$ 1,583	\$ 1,583	\$ 1,583	\$ 1,583	\$ 1,583	\$ 1,583	\$ 1,583	\$ 1,583	\$ 1,583	\$ 1,583	\$ 19,000
Accounting	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 2,000
Property Taxes @	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 3,741	\$ 44,887
General Maintenance	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
Common Area Cleaning @	\$ 1,004	\$ 1,004	\$ 1,004	\$ 1,004	\$ 1,004	\$ 1,004	\$ 1,004	\$ 1,004	\$ 1,004	\$ 1,004	\$ 1,004	\$ 1,004	\$ 12,050
Common Area Utilities @	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 16,870
Management Fee @	\$ 2,725	\$ 2,725	\$ 2,725	\$ 2,725	\$ 2,725	\$ 2,725	\$ 2,725	\$ 2,725	\$ 2,725	\$ 2,725	\$ 2,725	\$ 2,725	\$ 32,700
<b>TOTAL EXPENSES</b>	<b>\$ 37,902</b>	<b>\$ 37,902</b>	<b>\$ 37,902</b>	<b>\$ 37,902</b>	<b>\$ 37,902</b>	<b>\$ 37,902</b>	<b>\$ 37,902</b>	<b>\$ 37,902</b>	<b>\$ 37,902</b>	<b>\$ 37,902</b>	<b>\$ 37,902</b>	<b>\$ 37,902</b>	<b>\$ 454,819</b>
Operating Expenses w/o Mortgage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,507
<b>CASH FLOW</b>	<b>\$ (930)</b>	<b>\$ (930)</b>	<b>\$ 5,578</b>	<b>\$ 5,703</b>	<b>\$ 7,880</b>	<b>\$ 9,305</b>	<b>\$ 8,205</b>	<b>\$ 8,205</b>	<b>\$ 8,205</b>	<b>\$ 6,947</b>	<b>\$ 6,905</b>	<b>\$ 6,780</b>	
<b>CUMULATIVE CASH FLOW</b>	<b>\$ (930)</b>	<b>\$ (1,859)</b>	<b>\$ 3,719</b>	<b>\$ 9,423</b>	<b>\$ 17,303</b>	<b>\$ 26,608</b>	<b>\$ 34,814</b>	<b>\$ 43,019</b>	<b>\$ 51,224</b>	<b>\$ 58,172</b>	<b>\$ 65,077</b>	<b>\$ 71,858</b>	

**OLD BILLINGS HARDWARE BUILDING**

2802 MONTANA AVE  
BILLINGS, MONTANA

**FINANCIAL PRO FORMA ANALYSIS**

OLD BILLINGS HARDWARE DEVELOPMENT VENTURE, LP - P.O. BOX 2203, BILLINGS, MT 59103

REVISED

July 18, 2022

**5B. 10-YEAR INCOME - CASH FLOW (after stabilization)**

Annual escalation rate:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11*	Year 12
	100.0%	100.0%	100.8%	102.3%	103.8%	105.3%	106.8%	108.3%	109.8%	111.3%	112.8%	114.3%
Gross Income / Year	\$ 28,350	\$ 526,677	\$ 544,993	\$ 557,528	\$ 565,702	\$ 573,877	\$ 582,052	\$ 590,227	\$ 598,402	\$ 606,577	\$ 614,752	\$ 622,927
Operating Expenses / Year	\$ (14,062)	\$ (133,507)	\$ (143,507)	\$ (146,808)	\$ (148,960)	\$ (151,113)	\$ (153,266)	\$ (155,418)	\$ (157,571)	\$ (159,723)	\$ (161,876)	\$ (164,029)
Net Operating Income / Year	\$ 14,288	\$ 393,170	\$ 401,486	\$ 410,720	\$ 416,742	\$ 422,764	\$ 428,787	\$ 434,809	\$ 440,831	\$ 446,853	\$ 452,876	\$ 458,898
Debt Service	\$ -	\$ (321,312)	\$ (321,312)	\$ (321,312)	\$ (321,312)	\$ (321,312)	\$ (321,312)	\$ (321,312)	\$ (321,312)	\$ (321,312)	\$ (321,312)	\$ (316,621)
<b>NET INCOME / YEAR</b>	<b>\$ 14,288</b>	<b>\$ 71,858</b>	<b>\$ 80,173</b>	<b>\$ 89,407</b>	<b>\$ 95,430</b>	<b>\$ 101,452</b>	<b>\$ 107,474</b>	<b>\$ 113,497</b>	<b>\$ 119,519</b>	<b>\$ 125,541</b>	<b>\$ 131,563</b>	<b>\$ 142,277</b>
\$0.00 Capital Reserve estimated to be used	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Effective Income w/ Reserve</b>	<b>\$ 71,858</b>	<b>\$ 80,173</b>	<b>\$ 89,407</b>	<b>\$ 95,430</b>	<b>\$ 101,452</b>	<b>\$ 107,474</b>	<b>\$ 113,497</b>	<b>\$ 119,519</b>	<b>\$ 125,541</b>	<b>\$ 131,563</b>	<b>\$ 142,277</b>	
<b>ROI w/ Reserve</b>		14.4%	16.0%	17.9%	19.1%	20.3%	21.5%	22.7%	23.9%	25.1%	26.3%	28.5%
<b>Cumulative w/ Reserve</b>	\$ 14,288	\$ 86,146	\$ 166,319	\$ 255,726	\$ 351,156	\$ 452,608	\$ 560,082	\$ 673,579	\$ 793,097	\$ 918,639	\$ 1,050,202	\$ 1,192,479

Sale Year      \*MT DEQ loan  
repaid in full  
this year