



**Downtown Investment Authority
Strategic Implementation Committee**

Monday, August 17, 2020 at 1:30 p.m.

AGENDA

Oliver Barakat, Chair
David Ward, Esq.

Bill Adams, Esq.
Craig Gibbs

Board Chair, Ron Moody

- I. CALL TO ORDER
- II. PUBLIC COMMENTS
- III. ACTION ITEMS
 - A. Lofts at Cathedral Loan
- IV. INFORMATIONAL ITEMS (NOTE: ADDITIONAL INFORMATIONAL ITEMS MAY BE ADDED AT DISCRETION OF THE CHAIR)
 - A. Amkin parking update
- V. NEW BUSINESS (NOTE: MAY BE ADDED AT DISCRETION OF THE CHAIR)

Interested persons desiring to attend this meeting can only do so via Zoom (including by computer or telephone) using the following meeting access information:



Downtown Investment Authority
Strategic Implementation Committee Zoom Meeting

Monday, August 17, 2020 – 1:30 p.m.

Downtown Investment Authority
Strategic Implementation Committee Zoom Meeting

MEETING MINUTES

Strategic Implementation Committee Meeting:

Oliver Barakat, Chair
David Ward, Esq.
Bill Adams, Esq.
Craig Gibbs, Esq.
Ron Moody, DIA Chairman and Ex-Officio Member

Office of General Counsel: John Sawyer

DIA Staff: Lori Boyer, Chief Executive Officer;; Guy Parola, Operations Manager; Steven Kelley, Director of Downtown Real Estate and Development; Ina Mezini, Marketing and Communications Specialist; and Karen Underwood-Eiland, Executive Assistant.

Attendees: Jacob Gordon, Downtown Vision Chief Executive Officer, and Katherine Hardwick Downtown Vision

I. CALL TO ORDER

Strategic Implementation Committee meeting of August 17, 2020, was called to order at 1:30 p.m. by Committee Chairman Barakat. All members were introduced to the record.

To encourage social distancing and following Governor DeSantis' Executive Order Number 20-69, "Local government bodies may utilize communication media technology, such as telephone and video conferencing as provided in Section 120.54(5)(b)2., Florida Statutes."

Chairman Barakat stated that the purpose of this meeting was to consider the Lofts at Cathedral loan as the sole proposed agenda item and present at the next board meeting if approved for recommendation.

II. PUBLIC COMMENTS

Having received confirmation from DIA staff that no public comments were received and have confirmed that there no persons wished to speak, the public comments portion of the meeting was closed.

III. ACTION ITEMS

A. Lofts at Cathedral Loan

RESOLUTION 2020-08-01

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY SUPPORTING THE EXECUTION OF A REDEVELOPMENT AND INCENTIVE AGREEMENT BETWEEN THE DOWNTOWN INVESTMENT AUTHORITY AND VESTCOR, INC; AUTHORIZE CEO OF THE DOWNTOWN INVESTMENT AUTHORITY TO NEGOTIATE THE LOAN AGREEMENT; AND AUTHORIZE CEO OF THE DOWNTOWN INVESTMENT AUTHORITY TO EXECUTE SUCH DOCUMENTS AND AGREEMENTS; AND PROVIDING FOR AN EFFECTIVE DATE.

Steve Kelley brought forth Resolution 2020-08-01. Vestcor, Inc. (the “Developer”) proposes constructing the Lofts at Cathedral, a project consisting of approximately 120 new or rehabilitated multi-family apartment units for families in the Cathedral District neighborhood. Utilizing funding from the Low Income Housing Tax Credit program (“LIHTC”). The Developer proposes to develop 57 affordable housing units, 27 units of workforce housing, and an additional 36 units at market-rate rents. The project aims to construct 120 units of a variety of unit sizes. The project will invest of approximately \$28,700,000 for the construction of the apartments and associated improvements.

Vestcor, Developer is seeking an allocation of LIHTC’s from the Florida Housing Finance Corporation, under Request for Application (“RFA”) 2020-202 under the Large Counties program wherein Duval County is an FHFC designated Large County.

The purpose of this loan will help to facilitate a \$28M development of 120 units within the Cathedral district.

Steve Moore, the Vestcor Companies Inc., President and Ryan Hoover, TVC Development Inc. President, was available to answer any questions.

Discussion:

After a brief discussion by the Committee members, the motion to approve the Lofts at Cathedral Loan was put to the vote by roll-call.

A MOTION WAS MADE BY BOARD MEMBER WARD AND SECONDED BY BOARD MEMBER GIBBS TO RECOMMEND APPROVAL BY THE DIA BOARD OF RESOLUTION 2020-08-01 AUTHORIZING THE CEO OF THE DOWNTOWN INVESTMENT AUTHORITY TO NEGOTIATE A LOAN AGREEMENT AND A REDEVELOPMENT AGREEMENT WITH THE DEVELOPER, OR SUBSIDIARY OF

**THE DEVELOPER SUBSTANTIALLY PER THE TERM SHEET ATTACHED TO THE RESOLUTION AS EXHIBIT A.
THE MOTION PASSED UNANIMOUSLY 5-0-0.**

IV. INFORMATIONAL ITEMS (NOTE: ADDITIONAL INFORMATIONAL ITEMS MAY BE ADDED AT THE DISCRETION OF THE CHAIR)

A. Amkin Parking Update

CEO Boyer provided a brief update on the Amkin Parking. The agents who had responded regarding the Amkin renewal was deferred to Cyndi Laquidara, Partner, Litigation with Akerman. A conversation will be made in the next day or two with the Principal before the board meeting. A Strategic Implementation committee will be held in September for a discussion along with other items. An Informal RFP is seeking an expert to develop proposals as needed for transportation planning assistance or transportation parking analysis.

An update was provided for the Market Feasibility study, The DIA chose Willdan to prepare a Feasibility Study earlier in the year which is on hold due to the Coronavirus Pandemic. The DIA will finalize the contract with Willdan before the end of the current fiscal year, data collection will occur during November through January with delivery expected in February or March of 2021.

The BID and CRA Request for Proposals was published a week ago and open until September 15 for responses. Pre-Bid Meeting will be held on August 24th. A summary of the tasks updating the Downtown Design Guidelines, Master Parks plan, Branding Initiative, Incentives in the current projects, were rolled into the BID and CRA Plan.

V. NEW BUSINESS (NOTE: MAY BE ADDED AT DISCRETION OF THE CHAIR)
None

VI. NEW BUSINESS
None

VII. ADJOURNMENT

Committee Chairman Barakat adjourned the meeting at 2:00 p.m.

The written minutes for this meeting are only an overview of what was discussed. For verbatim comments of this meeting, a recording is available upon request. Please contact Karen Underwood-Eiland, at (904) 255-5302.

RESOLUTION 2020-08-01

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY SUPPORTING THE EXECUTION OF A REDEVELOPMENT AND INCENTIVE AGREEMENT BETWEEN THE DOWNTOWN INVESTMENT AUTHORITY AND VESTCOR, INC; AUTHORIZE CEO OF THE DOWNTOWN INVESTMENT AUTHORITY TO NEGOTIATE THE LOAN AGREEMENT; AND AUTHORIZE CEO OF THE DOWNTOWN INVESTMENT AUTHORITY TO EXECUTE SUCH DOCUMENTS AND AGREEMENTS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Vestcor, Inc. (the “Developer”) proposes to construct the Lofts at Cathedral, a project consisting of approximately 120 new or rehabilitated multi-family apartment units for families in the Cathedral District neighborhood. Utilizing funding from the Low Income Housing Tax Credit program (“LIHTC”), the Developer proposes to develop 57 affordable housing units, 27 units of workforce housing, and an additional 36 units at market rate rents. The project proposes to construct 120 units of a variety of unit sizes. The project will result in the investment of approximately \$28,700,000 for the construction of the apartments and associated improvements; and

WHEREAS, the Developer is seeking an allocation of LIHTCs from the Florida Housing Finance Corporation, under Request for Applications (“RFA”) 2020-202 under the Large Counties program; wherein Duval County is a FHFC designated Large County; and

WHEREAS, the RFA permits the Jacksonville Housing Finance Authority (“JHFA”) to set the criteria and score the applications received for Duval County in order to receive an allocation of LIHTCs under the Large Counties program; and

WHEREAS, the JHFA has issued a Notice of Funding Availability (the “NOFA”) issued as of June 17, 2020 which set forth local government support loans criteria for consideration of scoring; and

WHEREAS, the Developer is seeking to maximize the point total for its application for LIHTCs and is therefore requesting a qualifying loan from the DIA under the terms of the NOFA and detailed in the attached Term Sheet; and

WHEREAS, the Downtown Investment Authority (“DIA”) is authorized per section 55.108 *Economic Development* of the City Ordinance Code, subject to City Council appropriation of funds, to utilize the Tax Increment Finance District Trust Funds to foster the redevelopment of the Downtown Northbank Community Redevelopment Area; and

WHEREAS, sufficient funds have been previously appropriated by City Council for Loans within the Northbank CRA and remain available for use in accordance with the BID Plan; and

WHEREAS, to assist Developer in completing their application for LIHTCs and maximize their application score to construct the 57 affordable housing units, and 27 units of workforce housing apartments in Downtown Jacksonville requires \$625,000.00 in financial assistance from the Downtown Investment Authority; and

WHEREAS, the proposed loan will be funded from the DIA Northbank CRA Loan program Plan Authorized Expenditures account; and

WHEREAS, the Developer will further seek funding through the applicable Historic preservation and revitalization program as may be available; and

WHEREAS, the Developer has agreed to provide market rate housing for families in 36 of the 120 units; and

WHEREAS, the financial assistance to the project will be in the form as detailed on the attached Term Sheet and in compliance with the requirements of the Local Government Support Loan (as detailed in the NOFA); and

WHEREAS, the proposed financing satisfies the conditions in the BID Plan for funding of a project more specifically: Goal 1- Reinforce the Downtown as the City’s Unique Epicenter; Goal 2- Increase Rental and Owner-Occupied Housing Downtown; and Goal 7- Use Planning and Economic Development activities to Promote Healthy Living.

NOW THEREFORE, BE IT RESOLVED, by the Downtown Investment Authority:

Section 1. The DIA finds that the recitals set forth above are true and correct and are incorporated herein by this reference.

Section 2. The DIA hereby authorizes the CEO of the Downtown Investment Authority to negotiate a Loan Agreement and a Redevelopment Agreement with the Developer, or a subsidiary of the Developer substantially in accordance with the term sheet attached hereto as Exhibit A.

Section 3. The DIA hereby authorizes the CEO of the Downtown Investment Authority to execute such agreements.

Section 4. This Resolution, 2020-08-XX, Shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY

Ron Moody, Chairman

Date

VOTE: In Favor: _____ Opposed: _____ Abstained: _____

Exhibit A to Resolution 2020-08-01
Term Sheet

Loan:

Project Name: Lofts at Cathedral (A multifamily development utilizing Low Income Housing Tax Credits)

Developer/ Applicant: Single Asset Entity to be formed, Vestcor (or an affiliate company) will be the General Partner.

Total Development Costs (estimate): \$28,785,258; not less than \$28,700,000 to remain eligible

Equity (proposed): \$17,744,225 (61.6% of TDC)

City Funding: Not more than \$1,025,000 (3.6% of TDC) through the City of Jacksonville, Downtown Investment Authority in the aggregate; this loan authorization not to exceed \$625,000 as follows:

Infrastructure: No city of Jacksonville infrastructure improvements are contemplated.

Land: No land or building owned by the City of Jacksonville land is requested by the project.

City Funding pursuant to this Resolution:

Loan:

- \$625,000 Loan from the Northbank CRA Loan Program
- The Note will have a 1.00% interest rate (payable semi-annually)
- Term will be 20 years, as required by the FHFC RFA 2020-202, with an option for prepayment without penalty at any time.
- The principal balance of the note will due at the end of the term or upon sale, transfer or refinance of the project.
- There will be no annual payments of principal required on the \$625,000 loan.
- The Loan would be funded concurrent with development meeting the definitions of Completion within its senior loan documents.

The loan approval is contingent upon the following:

1. An allocation of "9% Low income Housing Tax Credits" from the Florida Housing Finance Corporation under RFA 2020-202.
2. Downtown Investment Authority review of all development and construction timelines; and
3. A completed application to the Jacksonville Planning and Development Department, Historic Preservation Commission for funding through the appropriate Historic preservation and revitalization program;

4. The successful commitment and closing of construction/senior debt agreements and any private junior lien loan agreements and commitments.
5. Evidence of marketable title by the Developer.
6. There may be additional terms, conditions, rights, responsibilities, warranties and obligations for both parties which shall be determined in a later negotiated mutually agreeable written contract (or multiple written contracts as is deemed necessary).

Minimum Capital Contribution:

- The minimum total capital contribution through completion to remain eligible for the City Funding as proposed will be \$28,700,000.
- Percent of total COJ investment to overall project cost: $\$1,025,000/\$28,785,258 = 3.6\%$

Performance Schedule:

- Following the requisite approvals of this Loan and upon entering into a Redevelopment Agreement, the Developer agrees to pull all required permits within twelve (12) months of that effective date, which then establishes the "Commencement Date." Note: FHFC guidelines provide up to 3 months for adjudication if protests are filed on awards as announced, followed by a formal underwriting period of up to 12 months. Further, FHFC Guidelines also contemplate an 18-24 month timeline for the completion and occupancy of developments.
- The Developer further agrees to a Construction Completion Date of twenty four (24) months from the commencement date.
- The Redevelopment Agreement shall allow the DIA CEO to extend the performance schedule for up to six (6) months in her sole discretion for good cause shown by Developer.

HPTF/DPRP Historic Program Funding (to be considered under separate Resolution – not part of this approval)

HPTF/DPRP Historic Program Funding: The Developer has committed to apply for funding in an amount not to exceed \$1,025,000 which will serve as permanent capital in the funding sources for the workforce, multifamily development. Funding under this program is conditional on the approval of the 9% Low Income Housing Tax Credit (LIHTC) award from the Florida Housing Finance Corporation (FHFC), which may be further conditioned on the approval for funding preference by the Jacksonville Housing Finance Authority (JHFA) under the Notice of Funding Allocation (NOFA) 2020-202.

A formal application for funding for this component will follow the approval process of the DPRP program, currently under consideration by the COJ City Council and its committees. If not approved, the request will follow the existing HPTF structure following the requisite guidelines for that program as are currently in place.

Under no circumstances will total funded or committed exposure to this development exceed \$1,025,000.

**Downtown Investment Authority
Strategic Investment Committee
Redevelopment Proposal - Lofts at Cathedral
August 6, 2020**

The Project

The Developer, Vestcor, is proposing the construction of a multifamily development at 325-327 E. Duval Street within the Cathedral District of Downtown Jacksonville. The site is the location of the former Community Connections transitional housing for homeless families, which operated primarily from the Florence Davis YWCA building originally constructed on this site in 1949. The three story, 45,000 square foot YWCA building was awarded local landmark status in June 2017. This building will be redeveloped into multi-family units as discussed further below. A second building on the site, approximately 6,000 square feet, constructed in 2004 and used for administration purposes that does not carry landmark status, will be razed to make way for new construction that will complement the redevelopment of the landmarked YWCA property.

In total, the redevelopment efforts as proposed will create 120 units of multifamily housing on the site. Final engineering underway will determine the density of the development, as parking considerations may limit the property to as few as 100 units. The development is applying for Low Income Housing Tax Credits (LIHTC) from the Florida Housing Finance Corporation (FHFC) as detailed further below, and is projected to provide a combination of Studio, 1 BR / 1 BA, and 2 BR / 2 BA units as shown in the following chart:

Beds/Baths	No. of Units	Median Income %	Assumed Rents
Studios	4	80%	\$1,000
Studios	6	60%	\$737
Studios	3	30%	\$343
Studios	4	Market	\$1,000
1/1	17	80%	\$1,070
1/1	21	60%	\$788
1/1	11	30%	\$366
1/1	10	Market	\$1,100
2/2	6	80%	\$1,280
2/2	12	60%	\$942
2/2	4	30%	\$436
2/2	22	Market	\$1,300
Totals	120		

As also shown by the chart, the purpose of the development is to provide mixed-income housing within the Cathedral District, which serves the workforce of Downtown Jacksonville with additional housing opportunities. Within the development as proposed, there would be 18 units reserved for tenants with incomes at 30% of area median income (AMI), 39 units for tenants at 60% AMI, 27 units for tenants at 80% AMI, and 36 market rate units. Industry research such as the 2016 Urban Institute report, “Mixed-Income Living: Anticipated and Realized Benefits for Low-Income Households” has shown that mixed-income housing is an effective strategy to break up pockets of poverty and provide better health outcomes for low-income residents while also providing market rate housing needed to serve employers across the

downtown area. This approach follows the same strategy successfully employed by Vestcor, in its “Lofts” branded developments in LaVilla, Monroe, Jefferson, and most recently, Brooklyn.

Developer

From the developer’s website:

The Vestcor Companies was founded in 1983 in Jacksonville, Florida and has grown to become one of Florida's largest developers of multifamily communities. Founder, John Rood, moved to Jacksonville in 1981 with a plan for a real estate business that would acquire rental houses, resulting in the purchase of eleven single family homes in 1981. For the next two years, Mr. Rood sold multifamily communities to syndicators from around the country.

Since formation, Vestcor has formed 102 partnerships investing in raw land, existing apartments, new multifamily developments, condominiums, student communities and retirement communities. The success of Vestcor can be attributed to the guiding principle that has been a focus for the last thirty years - to exceed expectations. This holds true for investors, residents, and employees.

As Vestcor finalizes its development plan, approximately 90 units are proposed for the new construction property (single building) with the remaining 30 units found in the rehabilitation of the historic YWCA building. These numbers may vary slightly as the plans are finalized. The community common elements will include controlled access, fitness center, clubroom, hospitality area, and computer stations.

As detailed below, Vestcor is requesting funding in the total amount of \$1,025,000 for the redevelopment of the subject property. Funding would come in a combination of a loan from the DIA in the amount of \$625,000 which would be funded through the Northbank CRA Loan Fund, and/or up to \$1,025,000 from the Historic Preservation and Revitalization Trust Fund or the Downtown Preservation and Revitalization Program, as may be approved. Because funding allocations through the FHFC are competitive, developers commonly pursue multiple channels of funding for their development activities pending awards from multiple capital sources. As structured in the developers Pro Forma, the DIA loan amount of \$625,000 would be supplanted by an award through the city’s applicable Historic preservation and revitalization grant program in the amount of \$400,000. In no case would the city’s obligations as proposed exceed \$1,025,000.

- If awarded, LIHTC equity is expected to bring more than \$17.7 million to the development as proposed.
- FHFC RFA 2020-202 awards points for applications utilizing funding support from local governments, and the Jacksonville Housing Finance Authority is administering a Notice Of Fund Availability 2020-1 to review applications from developers seeking the local preference for RFA 2020-202, of which only one will be awarded. Requirements found in RFA 2020-202 establish the minimum funding level to be eligible for points at \$610,000.

- This proposal is prepared to facilitate application in both NOFA 2020-1, and RFA 2020-202.

DIA CRA Loan Terms

Timing requirements for applications under NOFA 2020-1 and RFA 2020-202 necessitate presentation of the request for a loan through the DIA CRA Loan Fund in order to meet deadlines for those applications, which require full commitment for funding to be eligible for consideration in the application with FHFC.

- Amount of \$625,000 to be funded from the Northbank CRA Loan Fund.
- Maturity date of twenty years from the date of closing and disbursement.
- Disbursement would be lump sum upon meeting defined conditions and requirements of Completion.
- Interest rate of 1% payable semi-annually.
- No principal payment requirements through maturity at which point the principal is due in full.
- Principal may be repaid in full during the life of the loan with no prepayment penalty.

Downtown Historic Preservation and Revitalization Trust Fund (alternatively, the Downtown Preservation and Revitalization Program) Grant *The following is for information only, it is not being submitted for approval at this time.*

The Developer will also submit application for funding under the Downtown Historic Preservation and Revitalization Trust Fund or, alternatively, the Downtown Preservation and Revitalization Program, depending on the approval of the program by City Council. Vestcor acknowledges that they are proceeding at risk, and nothing by way of approval of the loan request as proposed obligates the DIA or the City of Jacksonville to approval of the second request when it is submitted, which is expected to be in October of this year.

If approved, entering into the Redevelopment Agreement will require approvals of the development plan as proposed, by all applicable agencies including issuance of a Certificate of Appropriateness by the Historic Preservation Section of the Jacksonville Planning and Development Department.

After the Developer obtains all required approvals, including through the SIC Committee and DIA Board, the City shall make a Grant to the Developer under the appropriate Historic program, in an amount not to exceed \$1,025,000 to fund the on-site improvements in accordance with the Certificates of Appropriateness and subject to all terms and conditions found within the Redevelopment Agreement.

The amount of the final funding under this portion of the request will be established to provide flexibility for the developer to use funding from this source exclusively, as may be approved, should they not be successful in receiving an award under NOFA 2020-1. Under no circumstance will total funding exceed \$1,025,000 under any combination of CRA Loan and Historic program funding.

Development Parameters

- The preliminary construction budget, and accompanying sources and uses of funds has been provided for analysis, but are subject to change as engineering is finalized. The final numbers will be presented along with the request for the application for funds through the applicable Historic preservation and revitalization program.
- Included in the total development cost of \$28,785,258 is the acquisition price of \$1,650,000 paid for the subject property being redeveloped.
- With an estimated total of +/- 125,000 square feet within the development including new construction and rehabilitation, fully loaded total development cost of \$28,785,258 equates to approximately \$230 per square foot. Net of developer fee, operating reserve, F, F, &E, and fees to the FHFC, total development cost drops to \$23,910,000, or approximately \$191 per square foot.
- Alternatively, the pro forma, fully loaded, suggests a cost of \$239,877 per unit inclusive of parking, common area, and amenity costs.
- Hard cost for new construction is estimated to be \$145,000 per unit.
- Hard cost for rehab units is estimated at \$183,333 per unit.
- Included in development cost is an operating reserve equal to just over six months of operating expenses, as is typical for developments of this type.

Capitalization

- Per the COJ development sources and uses schedule provided by the applicant, total development costs for the project total \$28,785,258 upon completion and stabilization.
- Sources of capital upon completion include:

✓ Conventional Debt	\$ 9,250,000
✓ DIA Loan	625,000
✓ HPTF/DPRP Grant	400,000
✓ LIHTC Equity	17,744,225
✓ Deferred Developer Fee	766,032
	<hr/>
	\$28,785,258
- The LIHTC equity of \$17.7 million is derived through an investment made by a third party source in tax credits that may be awarded by FHFC under its Request For Application (RFA) 2020-202. That award is made after review of competing applications based on a scoring rubric administered by FHFC. If selected, Vestcor will accept Letters of Intent from syndicators and direct investors to serve as the equity partner in the development.
- Both the lender and the LIHTC investor will be chosen following receipt of a LIHTC allocation from FHFC. There is strong demand for the construction loans and LIHTC investments from large banks with regulatory requirements under the Community Reinvestment Act of 1977 (CRA).
- Deferred Developer Fee as shown in the capital stack is effectively developer equity injected to meet the proposed uses during construction and stabilization, and may be earned back by the developer over the fifteen year compliance period through the distribution of excess cash flow following a waterfall process negotiated with the LIHTC investor and permanent lenders.

- Percent of COJ investment to overall project cost: $\$1,025,000/\$28,785,258 = 3.6\%$
- ROI: The estimated ROI for the COJ DIA incentives for this redevelopment is approximately 3.17X based on the following assumptions:
 - ✓ Valuation is based on estimated development costs net of existing property values
 - ✓ Two year construction period
 - ✓ Tax abatement for periods 1 through 10
 - ✓ Incremental tax value for periods 11 through 20
 - ✓ TPP is based on \$400,000 F, F, & E budget provided by the developer

Operating Pro Forma

- Information provided by the applicant shows gross potential rental revenue of \$1,350,516, based on the current unit mix outlined above. An additional \$36,000 is estimated as Other Income.
- After vacancy and collection losses estimated at 5% and 2% respectively, total revenue to cover expenses is estimated at \$1,289,460, or \$10,745 per unit, per year on average.
- Expense estimates appear appropriate for developments of this nature including management fees at 4% of revenue, taxes, insurance, utilities and other traditional operating expenses totaling \$597,578.
- After inclusion of Replacement Reserves funded at \$300 per unit, per year, or \$36,000 total, Net Operating Income is estimated to be \$655,881 from which debt service payments estimated at \$535,565 annually would be made. This pro forma NOI would provide debt service coverage of 1.22X.