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# FINANCIAL APPROACH



CITY OF FALLS CHURCH

## A. FINANCING PLAN

### 1. Financing Structure

At this time, Rushmark has assumed debt of 65% and equity of 35%. Rushmark has not used outside institutional partners or mezzanine debt to finance projects.

### 2. Sources of Equity

At this time, the source of equity for this project will be the Principals of Rushmark Properties whom require a core return.

### 3. Sources of Construction and Permanent Debt

In the past five years, Rushmark has utilized bank, agency, and life company debt to fund projects for construction and permanent financing. For underwriting purposes, Rushmark assumes utilizing current, un-trended market rents, current costs, current interest rates, 30-year amortization, a debt service coverage ratio of 1.25x, and LTV ratios of 65% to size permanent financing.

### 4. Financial Phasing Plan

We have yet to determine whether there will be phasing in our approach. Rushmark is amenable to discussing various financing structures and terms with the City, including upfront fee simple ownership, land leases, installment payments, and other financial arrangements.

## B. MITIGATION OF PROJECT RISKS

Rushmark will leverage our long-term relationships with HITT and the design team to utilize innovative products and designs to create an efficient and cost effective design solution. During the design phase, HITT will provide input on constructability and pricing guidance.

## C. USE OF PUBLIC FUNDS & SUBSIDIARIES

At this time, Rushmark is not contemplating using any public funds or subsidies. However, we are amenable to discussing these options further with the City.

## D. POTENTIAL REVENUE GENERATION

Rushmark is willing to explore different opportunities for ongoing revenue generation as development plans are formulated.

## E. GROUND LEASE VS. FEE SIMPLE OWNERSHIP

We have yet to determine this factor. Rushmark is amenable to discussing various financing structures and terms with the City, including upfront fee simple ownership, land leases, installment payments, and other financial arrangements.