

Development Proposal

Bountiful Chalet

Assisted Living Community



a

MONUMENTAL DEVELOPMENT 

Introduction

Bountiful Chalet will be the first LEED Certified assisted living facility in the state of Utah. The Bountiful Chalet project is proposed for a 3.92-acre site that sits at 1295 N. Main Street in Bountiful, and will have 114 assisted living units. The project by Monumental Development will fill existing unmet demand for assisted living rooms across Davis County, Utah.

Our thorough demand analysis and cash flow pro forma shows that the project will be viable and that the demographic makeup of the area will be positive for our product. Monumental Development respectfully requests your consideration as equity partners on the Bountiful Chalet project in accordance with the details of this proposal.

Salient Facts

There is significant unmet demand for assisted living (AL) services within a 3-mile radius of the Bountiful Chalet site as evidenced by the 96% + average occupancy rate at competing AL facilities. To meet that demand we propose building a 75,523 square foot facility consisting of 90 AL Type II units and 24 Memory Care (Alzheimer's) units for a total of 114 units.

We expect to acquire the land at \$6 per square foot for a total acquisition cost of \$1,024,531. The full construction costs including demolition, hard costs and soft costs are estimated at \$14,185,062. We project a 12.3% stabilized cash-on-cash return in year 4, and a levered IRR of 18.2% over a ten year holding period.



Deal Economics	
Debt	\$ 10,638,796
Equity	\$ 3,900,892
Total Costs	\$ 14,185,062
Stabilized DSCR	1.55
Market CAP Rate	8.0%
Terminal CAP Rate	9.0%
Stabilized NOI (Year 4)	\$ 1,357,738
Stabilized Value	\$ 16,971,722
Cash on Cash (Stabilized)	12.3%
Return on Cost (Stabilized)	9.6%
Gain on Sale of Asset (Year 10)	\$ 10,672,778
Levered IRR	18.2%
Unlevered IRR	10.3%

Land Use	
Acreage	3.92
Land (Sq Ft)	170,755
AL Units	90
Memory Units	24
Current Zoning	G-C
Rezoning	RM-13

Facility	
Assisted Living Units	90
Memory Care Units	24
Total Units	114
Assisted Living (Sq Ft)	63,102
Memory Care (Sq Ft)	12,421
Total Building (Sq Ft)	75,523

Site Selection Process

Our team noted the lack of any significant AL presence in Centerville. Another factor that attracted us to the Centerville area is a large development called the Village on Main, located on the former site of a JC Penney Catalog center on Pages Lane and Main St. The Village on Main reserves half of its 192 units for independent seniors age 63+ but does not provide assisted living. We thought that an assisted living facility nearby could create synergies, and a natural path for seniors who live at The Village on Main that will have an eventual need for the extra care an assisted living facility could provide.



The Village on Main development: Two blocks north of Bountiful Chalet site with 96 Independent Senior Living apartments and no Assisted Living units.

We consulted with Paul Fairholm, a principal with Western States Lodging, (a large operator of AL facilities in Utah) regarding our proposed AL facility. Paul agreed that Centerville has good potential. He indicated that for a 100-bed AL facility, we should plan on a minimum site size of three acres. Paul also shared with us what considerations are most important for AL site selection. After searching for a suitable site in Centerville, we selected a property that is about two blocks south of the Village on Main across the border from Centerville into Bountiful. The site is 3.92 acres, and scores 19 LEED points from the Site Selection credits.

Significantly, the site we chose meets the main location drivers of which Paul Fairholm spoke:

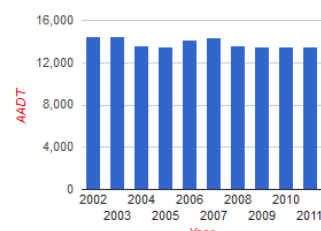
Route 0106 MP 1.533 - 2.016

1000 North Bountiful
 Route: 0106, Milepost: 1.533 - 2.016
 Station: 011-0315

2011 Statistics

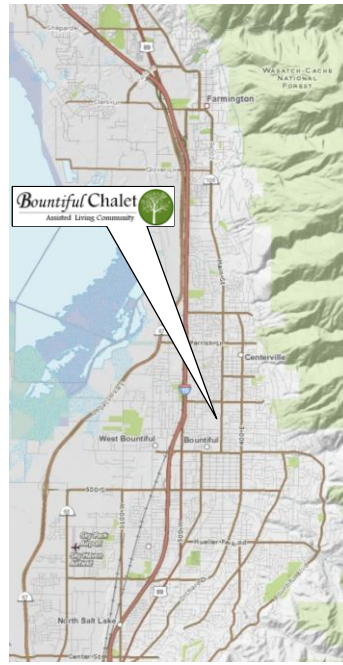
- 13,450 AADT
- -0.3 % change from 2010-2011
- 4 % Single Unit Trucks
- 6 % Combo Unit Trucks

Annual Average Daily Traffic History



- The site has strong demand from income-qualified individuals age 75+.
- The site is a pleasant transitional neighborhood that borders residential areas to the north and south, but is just a few blocks away from restaurants and commercial areas. The rural feel is accentuated by fruit orchards across the street to the east and to the south of the property.
- The site has traffic drivers nearby, such as Viewmont High School, a church, the Village on Main complex, and a planned gas station/convenience store.
- The traffic count on Main Street at the site was 13,450 AADT (Annual Average Daily Traffic) in 2011. The only roads in southern Davis County that have a higher AADT are roads from interchanges to I-15, US Highway 89, and State Highway 68.

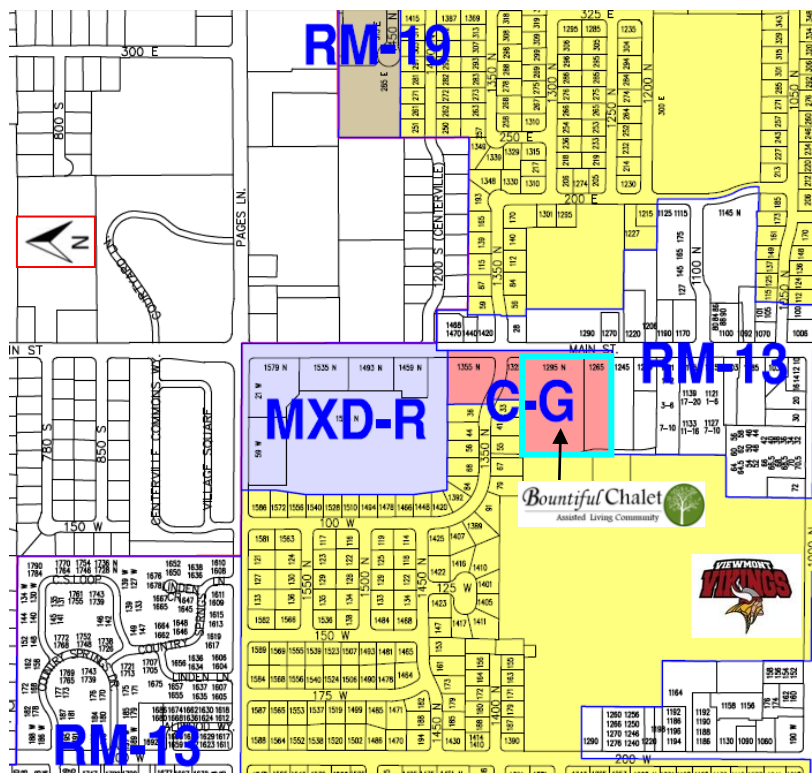




Property Description and Acquisition

The site has 401.81 feet of frontage along Main Street, and is 433.62 feet deep with good ingress and egress. The site contains two parcels with a common owner. The southern parcel is 1.18 acres and has a residence built on the east side of the lot. The northern parcel is 2.74 acres and is currently being leased by Bountiful RV, a business that sells and repairs recreational vehicles and trailers. The northern parcel appears to be under-utilized, as the RV business uses less than 1.5 acres of the site.

The property owner is Mr. Douglas Bangerter, a man in his mid 80's who grew up and lives in the area. We spoke to Mr. Bangerter's son, Greg, about the possibility of acquiring the site. He indicated that his siblings would be interested in selling the land upon their father's passing. To ensure that Monumental Development would become the buyer, and to expedite the acquisition timeline, we propose offering Mr. Bangerter a free room at Bountiful Chalet for as long as he would like as an incentive. From our conversations, we believe the family and Mr. Bangerter may be amicable to this option.

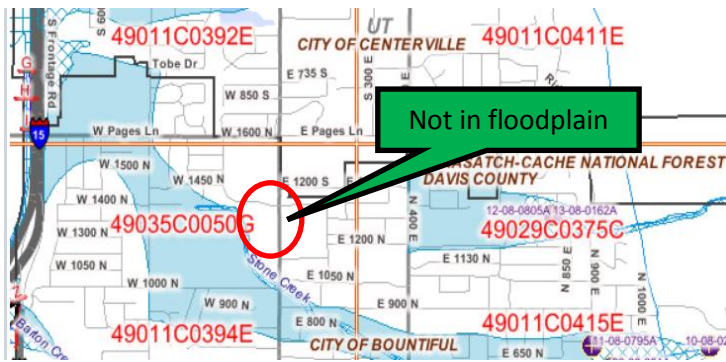


Entitlements and Zoning

The site is currently zoned General Commercial (C-G) and would require a re-zone to RM-13, which is the zoning of the adjacent property to the south. (South is to the right on the zoning map.) We approached

the Bountiful City Director of Planning and Economic Development, Aric Jensen, about re-zoning the land. He said the city would support the zoning change for an AL facility

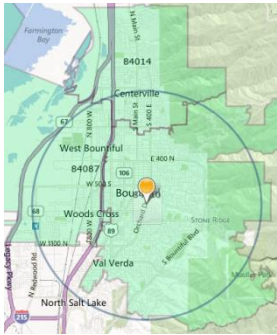
The RM-13 subzone stipulates 13 multi-family units per acre, but Bountiful Chalet's planned density exceeds this requirement. However, the City of Bountiful allows a higher density for Assisted Living facilities. Under Bountiful zoning code 14-5-103, 3 assisted living occupants are equal to 1 multi-family unit. With this conversion, an Assisted Living facility in the RM-13 zone can go up to 39 occupants per acre, and will be sufficient to accommodate our plan of approximately 29 units per acre on average.



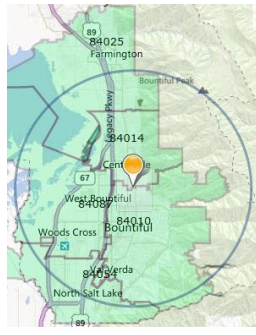
Floodplain - The proposed Bountiful Chalet site is bounded to the southwest by Stone Creek, but the floodplain is to the south of the creek. Because the site is not in the floodplain, we will not be required to purchase FEMA flood insurance. No other water risk mitigation is expected because of the creek, due to the concrete containment structures already in place that are designed to protect Viewmont High School's property, which is in the flood plain.

Liquefaction Potential - The Wasatch Fault lies .83 miles to the east of the Bountiful Chalet site, and the site itself is in a moderate risk zone for liquefaction caused by an earthquake. Most of the land in Davis County sits in at least a moderate risk zone for liquefaction. The liquefaction potential would not deter us from going forward with the project, but may be a factor in determining the insurance coverage we choose to obtain.

Project Feasibility



Primary Market Area (3 Miles)



Secondary Market Area (5 Mile)

The feasibility of Bountiful Chalet is determined by looking at the demographics, supply, and demand within a primary market area (PMA) and a secondary market area (SMA). The PMA is a 3-mile radius around the site consisting of the cities of Centerville, Bountiful, West Bountiful, and Woods Cross. The SMA is a 5-mile radius that adds the cities of Farmington and North Salt Lake. By following the same structure used by market research companies across the nation, we will determine the unmet qualified demand.

Demographics

Since the demand stemming from “baby boomers” will not substantially affect the industry until about 2020, we have focused our demand on current population and not on projections of future growth. In a phone interview with Matt Mullins of Maxfield Real Estate

Research from Minneapolis, MN, he explained that while the adult children population substantiates the viability of an area to attract and maintain a senior population, it is the 75-plus age group actually drives demand.

Supply

This table lists the supply of all AL beds within the primary and

Site	Radius	Zip Codes	Demographics				Household Income			Household Value
			45-65	65+	75+	85+	65+	75+	85+	
BOUNTIFUL RV	3 Mile	84014 84010 84087	16,720	9,947	4,805	1,422	\$68,494	\$62,054	\$44,684	\$248,359
	5 Mile	84025 84014 84010 84087 84054	23,758	12,516	5,850	1,712	\$67,801	\$61,467	\$45,469	\$248,184

Provider Name	City	Zip Code	County	Phone	Type I Beds	Type II Beds	Occupancy
3 Mile Radius							
HERITAGE PLACE	BOUNTIFUL	84010	DAVIS	(801)298-3241		156	82.99%
LEGACY HOUSE OF BOUNTIFUL	BOUNTIFUL	84010	DAVIS	(801)294-2925		118	100%
SANTE ASSISTED LIVING NORTH SALT LAKE	BOUNTIFUL	84010	DAVIS	(801)295-3171		16	100%
COUNTRY OAKS ASSISTED LIVING	BOUNTIFUL	84010	DAVIS	(801)294-6088		8	100%
THE INN AT BARTON CREEK	BOUNTIFUL	84010	DAVIS	(801)298-4200		80	100%
WELCOME HOME ASSISTED LIVING	BOUNTIFUL	84010	DAVIS	(801)298-4969		34	100%
BEEHIVE HOMES OF CENTERVILLE #1	CENTERVILLE	84014	DAVIS	(801)397-5544	11		90.90%
BEEHIVE HOMES OF CENTERVILLE #2	CENTERVILLE	84014	DAVIS	(801)667-0179	11		90.90%
SUPERIOR ASSISTED LIVING OF CENTERVILLE	CENTERVILLE	84014	DAVIS	(801)295-3225	8		100%
Subtotal					30	412	
Total within 3 Mile Radius						442	96.09%
5 Mile Radius							
COUNTRY CARE	FARMINGTON	84025	DAVIS	(801)451-0556	16		81%
COUNTRY CARE II	FARMINGTON	84025	DAVIS	(801)390-9917	16		81%
Total within 5 Mile Radius					32	0	
TOTAL ASSISTED LIVING TYPE I & II						474	93.61%



secondary market areas. The Bureau of Health Facility Licensing (health.utah.gov/hlfcra/) lists the licensed facilities in Utah and details the number of beds and type of licenses they have. On the same site we found that there are currently no other potential AL projects in our market areas. According to the research, there are 442 beds within 3 miles and 474 beds within 5 miles.

Income-Qualified

According to a Market Feasibility study from Tallen, Short & Hansen, Inc. from Boston, Massachusetts, AL residents will spend all of their income on assisted living services. In order to properly qualify the 75+ demographic, we first determined the minimum income a resident must earn annually (i.e. stocks, bonds, pension, etc.) in order to afford the minimum care at Bountiful Chalet. If a resident allocated 100% of their income and is in a 15% tax bracket, they would need to earn at least \$49,412 per year.

Interest income and draw down of assets from the sale of personal residences is expected to increase the number of income-qualified persons in the potential demand pool. After taking into account for a small remaining mortgage, the income from the sale of the home is put into a 12-year annuity. Based on the median home value in the PMA, the interest income and principle on the proceeds from the sale of the home is \$18,583. These funds are used to reduce the minimum annual income that a resident would need to be able to afford a room down to \$30,828.

Comparing the minimum annual income needed against the demographic information above, we conclude that there are sufficient seniors age 75+ in the primary and secondary market demographic that are income-qualified. In addition, according to the Senior Housing Statistical Handbook, Edition III: ASHA, adult children give a mean monthly amount of \$598 in financial assistance to parents.

Qualified Income	
<u>Minimum Annual Pre-tax Income</u>	
Minimum Monthly Rent (3 ADL)	\$ 3,500
Annual Rent/Fees	\$ 42,000
Tax Rate	15%
Minimum Pre-tax Income	\$ 49,412
<u>Additional Income from Sale of Home</u>	
Median Home Value	\$ 248,359
Reduction Factor for Mortgage	80%
Net Home Value	\$ 198,687
After-Tax Safe Investment Rate (10-yr T-bill)	2.03%
Annuity Period	12
Interest Income and Principal on Cash from Sale of Home	\$ 18,583
<u>Qualified Demand Minimum Income</u>	
Minimum Pre-Tax Income	\$ 49,412
LESS: Interest Income from Sale of Home	\$ (18,583)
Minimum Annual Income to Qualify for Private Pay	\$ 30,828

Net Qualified Demand

Since the choice to utilize AL is driven largely by need for care rather than lifestyle preference, the income-qualified market can be further scrutinized. The assisted living market is broken down further to arrive at net qualified demand. This is done by adjusting for prevalence factors for the 75-plus population living-alone and who have mobility and self-care limitations.

Living Alone - In most situations, seniors living with spouses or family members rely on these people for care, while those living alone are more apt to move to assisted living. We estimate 48% of the 75+ population in the

3 MILE		
75+ Income Qualified		4,805
Living Alone	48%	2,306
Requiring Assistance with ADL	24%	554
Minus Supply		(442)
UNMET DEMAND		112

5 MILE		
75+ Income Qualified		5,850
Living Alone	48%	2,808
Requiring Assistance with ADL	24%	674
Minus Supply		(474)
UNMET DEMAND		200

market area live alone. (Based on the national average number of age-75-plus households living alone as published in the 2000 Census.)

Requiring assistance with Activities of Daily Living (ADL) - Since the need for services drives AL demand, the final qualification for the qualified market is for mobility and care limitations. We estimate that 24% of the 75+ population requires assistance with ADLs. (Initial research of market feasibility studies led us to 30%. However, based on a phone interview with Joe Langworthy, owner of Langworthy Company, a senior living consulting firm from Canton, Ohio, we decided to use a more conservative estimate.)

Unmet Demand and Overall Occupancy

Based on this preliminary market feasibility study, we have determined that the unmet demand in our primary and secondary markets are 112 and 200 respectively. This current unmet demand is sufficient to support Bountiful Chalet's 114 units. To further qualify this number, we surveyed all of the competitors in our markets. As listed in the chart in the "Supply" section above, the overall occupancy in the market area is 93.61%. Even more impressive is the 96.09% average occupancy found within the 3-mile radius.

Operations

To operate an assisted living facility, each bed must be licensed with the Bureau of Health Facilities Licensing. There are two types of licenses available, Type I and Type II. Joel Hoffman, Director, explained that the Utah Health Department doesn't restrict the quantity of beds in the market. They will issue as many licenses as a health facility needs as long as they meet the requirements. Since a Type II license will allow more care than that of a Type I, Mr. Hoffman recommends that we only request Type II licenses.

We recognize that the long-term success of our project depends on how well the facility is managed. In order to ensure that our residents receive the best care possible, we would hire Grace Management, Inc. to operate the facility. Grace Management was established in 1984 to manage and market communities for seniors. They will manage all aspects of the property including but not limited to: dining services, human resources, marketing, finance and accounting, and property maintenance. We spoke with Gene Grace, CEO, and he is excited to work with us at Bountiful Chalet.

Amenities

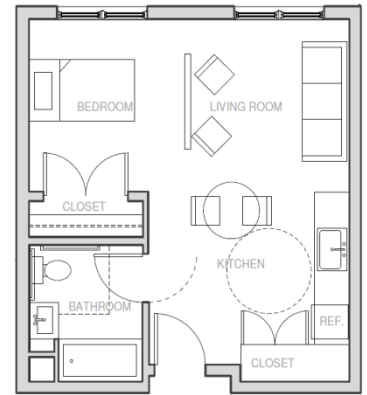
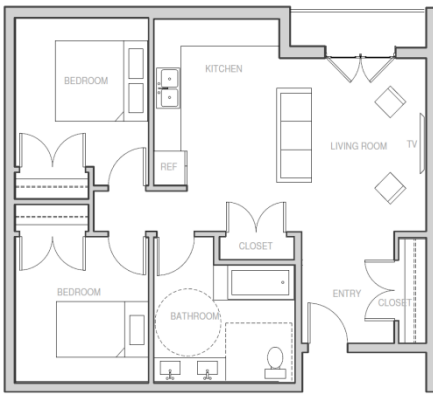
Bountiful Chalet will feature common amenities to enhance the experience and well-being of our residents. Activity rooms including a library, game room, theater room, and craft room will be available. Physical therapy and fitness rooms were included in our design to enhance patrons' physical health. Flexible space rooms with partitions will be available for family parties, showers, and get-togethers. A convenient onsite beauty and barber shop will round out Bountiful Chalet's onsite amenities.

Apartment Features

The apartment units were designed to feel open and airy with 10-foot ceilings and a premium placed on convenience, safety, and livability for our residents. Each apartment is fully ADA compliant to accommodate patrons in wheelchairs, including open-sided showers. A 24-hour emergency call system ensures each resident's safe stay. All utilities, including Satellite TV and wi-fi, are included, along with amenities in each unit such as kitchenettes with a microwave and a refrigerator. Thermal comfort is provided in each unit by individually programmable LEED certified heating and air conditioning systems.

Levels of Care

Primary Care	<i>charge based on assessment</i>
24-hour emergency response	
Daily Safety Checks	
Weekly housekeeping and linen services	
Three meals per day	
Social, cultural, religious, and recreational activities	
Minimal assistance with activities of daily living	
Primary Care Plus	<i>\$600 per month</i>
All Primary Care services listed above	
Medication counseling and supervision	
Some assistance with activities of daily living	
Occasional reminders of activities and other important items	
Expanded Care	<i>\$900 per month</i>
All Primary Care services listed above	
Medication counseling, supervision, and administration	
Regular assistance with activities of daily living	
Frequent reminders	
Assistance with manageable incontinence	
Comprehensive Care	<i>\$1200 per month</i>
All Primary Care services listed above	
Medication management and administration	
Frequent assistance with activities of daily living	
Regular and frequent reminders	
Assistance with incontinence	
Memory Care	<i>Included</i>
All Primary Care services	
Secured living environment	
Health and wellness assessments	
Incontinence Care	
Medication assistance	
Assistance with activities of daily living	



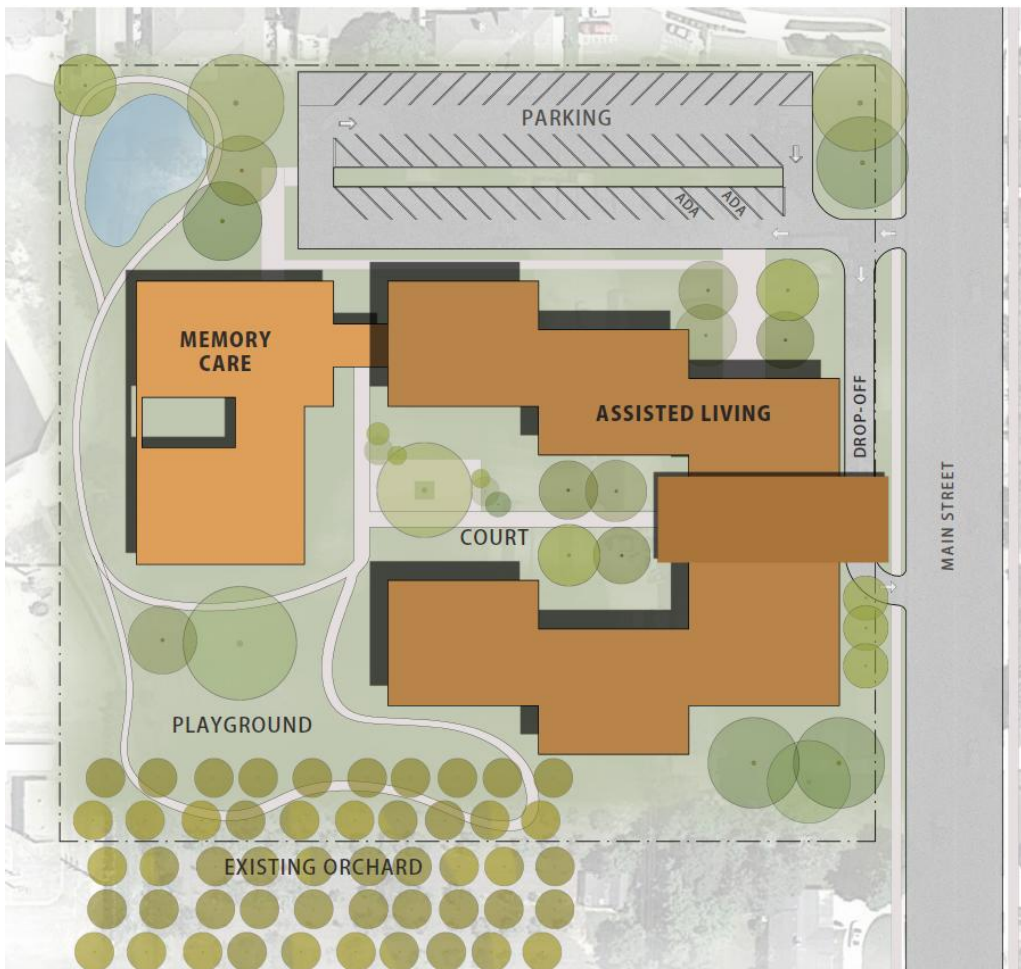
Construction



Contractor - Monumental Development chose to partner with Rimrock Construction for the project. Rimrock has built three similar sized AL facilities in the past three years, and has a depth of expertise in constructing such projects. One of our team members has worked on projects in the past with Rimrock's CEO, Mark Hampton, and we're confident that Rimrock will produce a quality product on time and on budget. Rimrock provided input on most of our construction cost assumptions.

Demolition and Site Preparation - The Bountiful Chalet site currently has an older house with a footprint of about 1,500 square feet, a stick-framed and block building that's about 5,000 square feet, and a metal building that's about 2,200 square feet. The site also has just under an acre of existing asphalt. Based on an estimate

from Rimrock, we budgeted \$20,000 for demolition costs to prepare the site for construction.



Structure - The Bountiful Chalet AL structure will be two stories, because there is a Board of Health requirement that any AL licensed facility above 2 stories be completed with non-combustible construction. Because of the significantly increased cost of concrete and steel to build above two stories, Bountiful Chalet will be wood framed according to UBI code for 5A type (wood) construction. The memory care structure will be one story only.

Financials

Assumptions	
Project	
Assisted Living Sq Ft	63,102
Memory Care Sq Ft	12,421
Total Gross Sq Ft	75,523
Site	
Land (Acres)	3.92
Land (\$/Sq Ft)	\$6.00
Land Square Footage	170,755
Building Sq Ft	43,972
Site (Square Feet) Less Building	126,783
Income	
Pre-lease	8.0%
Absorption	35
Revenue Growth	2.0%
Expense	
Operating Exp. (National Average)	68.0%
Expense Growth	2.0%
Capital Reserves	2.0%
Value and Debt	
Terminal CAP Rate	9.0%
Construction Loan Rate	5.5%
Perm Loan Rate	5.0%

Financing	
Total Cost of Project	\$ 14,185,062
Loan	75.0% \$ 10,638,796
Equity	
Equity Required	25.0% \$ 3,546,265
Working Capital	2.5% \$ 354,627
Total Equity	\$ 3,900,892
Interest Rate	5.50%
Principal Amount of Loan	\$ 10,638,796
Amortization Period (Months)	240
Monthly Debt Service	\$ (73,183)
Annual Debt Service	\$ (878,195)
Stabilized Debt Coverage Ratio	1.55

Costs		\$ / Unit
Land (Cost/SF)		\$6.00 \$ 1,024,531
Demolition Costs		
1,500 SF House at 1286 N. Main St.	\$	5,000
5,000 SF Warehouse at 1292 N. Main St.	\$	6,500
2,200 SF Steel Warehouse at 1295 N. Main St.	\$	2,500
Asphalt Removal	\$	6,000
Total Demolition Costs	\$	20,000
Construction Costs		
Site Costs	\$6.00	\$ 760,699
Building Construction Costs (Inc. Common)		\$ 8,556,001
LEED Silver Certification	2.0%	\$ 171,120
Total Construction Costs	\$	9,487,820
Soft Costs		
Architecture & Engineering Fee	4.0%	\$ 342,240
Title & Recording Fees		\$ 45,000
Other Fees (Soils Report, Survey, Inspections)		\$ 35,000
Legal and Cost Cert Fees		\$ 40,000
LEED Certification Fees		\$ 8,000
Appraisal		\$ 35,000
City and State Permits	\$6,000	\$ 684,000
Taxes & Insurance		\$ 185,000
Pre-Marketing		\$ 250,000
Furniture Fixtures & Equipment		\$ 320,000
Phones		\$ 125,000
Nurse Call System		\$ 85,000
Financing & Placement Fees	1.5%	\$ 157,500
Operating Deficit Reserve		\$ 250,000
Construction Interest Reserve	5.0%	\$ 525,000
Development Fee	3.0%	\$ 315,971
Contingency		\$ 250,000
Total Soft Costs	\$	3,652,711
TOTAL COSTS	\$	14,185,062

Return on Investment	
Equity Requirement	\$ 3,900,892
Gain on Sale of Asset (Year 10)	\$ 10,672,778
Levered IRR	18.2%
Cash on Cash (Stabilized)	12.3%

Unit Mix / Income						
Unit Type	# of Units	% of Mix	Unit SF	Monthly Rent	Monthly Income	Annual Income
AL Studio	36	32%	390	\$ 2,750	\$ 99,000	\$ 1,188,000
AL One Bedroom	48	42%	610	\$ 2,950	\$ 141,600	\$ 1,699,200
AL Two Bedroom	6	5%	800	\$ 3,250	\$ 19,500	\$ 234,000
Subtotal AL	90		48,120		\$ 260,100	\$ 3,121,200
MC Studio	24	21%	350	\$ 4,200	\$ 100,800	\$ 1,209,600
Subtotal MC			8,400			
TOTAL	114	100%	56,520		\$ 360,900	\$ 4,330,800
Additional Care						
Primary Care				\$ 300		
Primary Plus Care				\$ 600		
Expanded Care				\$ 900		
Comprehensive Care				\$ 1,200		
MC All Care Included				\$ -		
Average				\$ 750	\$ 67,500	\$ 810,000
Other Income						
Per Unit						\$ 960
Total Other Income						\$ 109,440
TOTAL OPERATING INCOME						\$ 5,250,240

Operating Expenses		
Operating Income		\$ 5,250,240
Expenses	68% of Op. Income	\$ 3,570,163
Allocation		
Resident Care	18.61%	\$ 664,407
Dietary	19.40%	\$ 692,612
Housekeeping & Laundry	3.17%	\$ 113,174
Facility Maintenance	25.21%	\$ 900,038
Activities	9.20%	\$ 328,455
Administration	24.41%	\$ 871,477
Management Fee		
TOTAL OPERATING EXPENSE	100.00%	\$ 3,570,163

Cash Flow Analysis - 10 year

	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Absorption	9	35	35	35								
Occupancy	8%	39%	69%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Gross Service Revenue		\$ 2,026,408	\$ 3,711,091	\$ 5,324,462	\$ 5,430,951	\$ 5,539,570	\$ 5,650,361	\$ 5,763,369	\$ 5,878,636	\$ 5,996,209	\$ 6,116,133	\$ 6,238,456
Vacancy		\$ -	\$ -	\$ (122,995)	\$ (380,167)	\$ (387,770)	\$ (395,525)	\$ (403,436)	\$ (411,505)	\$ (419,735)	\$ (428,129)	\$ (436,692)
Effective Gross Income		\$ 2,026,408	\$ 3,711,091	\$ 5,201,467	\$ 5,050,784	\$ 5,151,800	\$ 5,254,836	\$ 5,359,933	\$ 5,467,132	\$ 5,576,474	\$ 5,688,004	\$ 5,801,764
Expenses												
Resident Care		\$ 256,438	\$ 469,631	\$ 673,800	\$ 687,276	\$ 701,022	\$ 715,042	\$ 729,343	\$ 743,930	\$ 758,808	\$ 773,984	\$ 789,464
Dietary		\$ 267,324	\$ 489,567	\$ 702,403	\$ 716,451	\$ 730,780	\$ 745,396	\$ 760,304	\$ 775,510	\$ 791,020	\$ 806,840	\$ 822,977
Housekeeping & Laundry		\$ 43,681	\$ 79,996	\$ 114,774	\$ 117,070	\$ 119,411	\$ 121,799	\$ 124,235	\$ 126,720	\$ 129,254	\$ 131,839	\$ 134,476
Facility Maintenance		\$ 347,383	\$ 636,185	\$ 912,762	\$ 931,017	\$ 949,637	\$ 968,630	\$ 988,003	\$ 1,007,763	\$ 1,027,918	\$ 1,048,476	\$ 1,069,446
Activities		\$ 126,772	\$ 232,166	\$ 333,098	\$ 339,760	\$ 346,556	\$ 353,487	\$ 360,556	\$ 367,767	\$ 375,123	\$ 382,625	\$ 390,278
Administration		\$ 336,359	\$ 615,997	\$ 883,797	\$ 901,473	\$ 919,502	\$ 937,892	\$ 956,650	\$ 975,783	\$ 995,299	\$ 1,015,205	\$ 1,035,509
Total Operating Expenses		\$ (1,377,958)	\$ (2,523,542)	\$ (3,620,634)	\$ (3,693,047)	\$ (3,766,908)	\$ (3,842,246)	\$ (3,919,091)	\$ (3,997,473)	\$ (4,077,422)	\$ (4,158,970)	\$ (4,242,150)
Net Operating Income (NOI)		\$ 648,451	\$ 1,187,549	\$ 1,580,833	\$ 1,357,738	\$ 1,384,893	\$ 1,412,590	\$ 1,440,842	\$ 1,469,659	\$ 1,499,052	\$ 1,529,033	\$ 1,559,614
Capital Reserves		\$ (40,528)	\$ (74,222)	\$ (106,489)	\$ (108,619)	\$ (110,791)	\$ (113,007)	\$ (115,267)	\$ (117,573)	\$ (119,924)	\$ (122,323)	\$ (124,769)
Operating Income		\$ 607,923	\$ 1,113,327	\$ 1,474,343	\$ 1,249,119	\$ 1,274,101	\$ 1,299,583	\$ 1,325,575	\$ 1,352,086	\$ 1,379,128	\$ 1,406,711	\$ 1,434,845

Financing	5.00%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Beginning Balance	\$ 10,638,796	\$ 10,638,796	\$ 10,338,233	\$ 10,020,716	\$ 9,685,289	\$ 9,330,940	\$ 8,956,604	\$ 8,561,152	\$ 8,143,394	\$ 7,702,070	\$ 7,235,853	\$ 6,743,337
Interest	\$ 531,940	\$ 577,632	\$ 560,678	\$ 542,768	\$ 523,847	\$ 503,859	\$ 482,743	\$ 460,437	\$ 436,872	\$ 411,978	\$ 385,679	\$ 357,898
Principle	\$ -	\$ 300,563	\$ 317,517	\$ 335,428	\$ 354,348	\$ 374,336	\$ 395,452	\$ 417,758	\$ 441,323	\$ 466,217	\$ 492,516	\$ 520,297
Ending Balance	\$ 10,638,796	\$ 10,338,233	\$ 10,020,716	\$ 9,685,289	\$ 9,330,940	\$ 8,956,604	\$ 8,561,152	\$ 8,143,394	\$ 7,702,070	\$ 7,235,853	\$ 6,743,337	\$ 6,223,040
Annual Debt Service	\$ (531,940)	\$ (878,195)	\$ (878,195)	\$ (878,195)	\$ (878,195)	\$ (878,195)	\$ (878,195)	\$ (878,195)	\$ (878,195)	\$ (878,195)	\$ (878,195)	\$ (878,195)
Construction Interest Reserve	\$ 531,940											
Op. Deficit Reserve		\$ 229,744										
Before Tax Cash Flow (BTCF)	\$ -	\$ -	\$ 309,354	\$ 702,638	\$ 479,543	\$ 506,697	\$ 534,395	\$ 562,647	\$ 591,464	\$ 620,857	\$ 650,838	\$ 681,419
Net Cash From Sale											\$ 10,672,778	
Net Cash Flow Before Taxes	\$ -	\$ -	\$ 309,354	\$ 702,638	\$ 479,543	\$ 506,697	\$ 534,395	\$ 562,647	\$ 591,464	\$ 620,857	\$ 11,323,616	\$ 681,419

Depreciation												
Beginning Balance	\$ 15,209,593	\$ 14,819,603	\$ 14,429,614	\$ 14,039,624	\$ 13,649,635	\$ 13,259,645	\$ 12,869,655	\$ 12,479,666	\$ 12,089,676	\$ 11,699,687		
Less: Annual Depreciation	\$ 389,990	\$ 389,990	\$ 389,990	\$ 389,990	\$ 389,990	\$ 389,990	\$ 389,990	\$ 389,990	\$ 389,990	\$ 389,990		
Ending Balance	\$ 14,819,603	\$ 14,429,614	\$ 14,039,624	\$ 13,649,635	\$ 13,259,645	\$ 12,869,655	\$ 12,479,666	\$ 12,089,676	\$ 11,699,687	\$ 11,309,697		
Cumulative Straight Line	\$ 389,990	\$ 779,979	\$ 1,169,969	\$ 1,559,958	\$ 1,949,948	\$ 2,339,937	\$ 2,729,927	\$ 3,119,916	\$ 3,509,906	\$ 3,899,896		
Remaining Book Value	\$ 13,795,072	\$ 13,405,083	\$ 13,015,093	\$ 12,625,103	\$ 12,235,114	\$ 11,845,124	\$ 11,455,135	\$ 11,065,145	\$ 10,675,156	\$ 10,285,166		

Tax Calculation												
NOI	\$ 648,451	\$ 1,187,549	\$ 1,580,833	\$ 1,357,738	\$ 1,384,893	\$ 1,412,590	\$ 1,440,842	\$ 1,469,659	\$ 1,499,052	\$ 1,529,033		
Interest	\$ (577,632)	\$ (560,678)	\$ (542,768)	\$ (523,847)	\$ (503,859)	\$ (482,743)	\$ (460,437)	\$ (436,872)	\$ (411,978)	\$ (385,679)		
Depreciation	\$ (389,990)	\$ (389,990)	\$ (389,990)	\$ (389,990)	\$ (389,990)	\$ (389,990)	\$ (389,990)	\$ (389,990)	\$ (389,990)	\$ (389,990)		
Taxable Income / Loss	\$ (319,171)	\$ 236,881	\$ 648,076	\$ 443,901	\$ 491,044	\$ 539,858	\$ 590,416	\$ 642,798	\$ 697,085	\$ 753,364		
Taxes	28%	\$ (89,368)	\$ 66,327	\$ 181,461	\$ 124,292	\$ 137,492	\$ 151,160	\$ 165,316	\$ 179,983	\$ 195,184	\$ 210,942	

After-Tax Cash Flow												
Before-Tax Cash Flow	\$ -	\$ 309,354	\$ 702,638	\$ 479,543	\$ 506,697	\$ 534,395	\$ 562,647	\$ 591,464	\$ 620,857	\$ 650,838	\$ 681,419	
Less: Taxes	\$ 89,368	\$ (66,327)	\$ (181,461)	\$ (124,292)	\$ (137,492)	\$ (151,160)	\$ (165,316)	\$ (179,983)	\$ (195,184)	\$ (210,942)		
After-Tax Cash Flow	\$ 89,368	\$ 243,027	\$ 521,176	\$ 355,250	\$ 369,205	\$ 383,235	\$ 397,331	\$ 411,481	\$ 425,673	\$ 440,896	\$ 456,477	

Unlevered IRR	10.3%											
Unlevered Cash Flow	\$ (14,185,062)	\$ 648,451	\$ 1,187,549	\$ 1,580,833	\$ 1,357,738	\$ 1,384,893	\$ 1,412,590	\$ 1,440,842	\$ 1,469,659	\$ 1,499,052	\$ 1,529,033	\$ 1,559,614

Levered IRR	18.2%											
Levered Cash Flow	\$ (3,900,892)	\$ -	\$ 309,354	\$ 702,638	\$ 479,543	\$ 506,697	\$ 534,395	\$ 562,647	\$ 591,464	\$ 620,857	\$ 650,838	\$ 681,419

Year 10 Sale of Asset

Year 11 NOI	\$ 1,559,614
Terminal CAP Rate	9.0%
Terminal Sales Price	\$ 17,329,043
Selling Expenses	2.5%
Net Sales Price	\$ 16,895,817
Net Book Value	\$ 10,285,166
Gain On Sale	\$ 6,610,651
Net Sales Price	\$ 16,895,817
Remaining Loan	\$ 6,223,040
Net Cash From Sale	\$ 10,672,778



LEED 2009 for New Construction and Major Renovations

SUSTAINABLE SITES

Details Points

<input checked="" type="checkbox"/>	Prerequisite 1 Construction Activity Pollution Prevention		N/A
<input checked="" type="checkbox"/>	Credit 1 Site Selection		1
<input checked="" type="checkbox"/>	Credit 2 Development Density and Community Connectivity		5
<input checked="" type="checkbox"/>	Credit 4.1 Alt. Transportation—Public Transportation Access	UTA Route 477	6
<input checked="" type="checkbox"/>	Credit 4.2 Alt. Transportation—Bicycle Storage		1
<input checked="" type="checkbox"/>	Credit 4.3 Alt. Transportation—Fuel-Efficient Vehicles	Option 1	3
<input checked="" type="checkbox"/>	Credit 4.4 Alternative Transportation—Parking Capacity	Case 1Option 1	1
<input checked="" type="checkbox"/>	Credit 5.2 Site Development—Maximize Open Space	Case 3	1
<input checked="" type="checkbox"/>	Credit 6.1 Stormwater Design—Quantity Control	Case 1Path 2	1

WATER EFFICIENCY

<input checked="" type="checkbox"/>	Prerequisite 1 Water Use Reduction Required		N/A
<input checked="" type="checkbox"/>	Credit 2 Innovative Wastewater Technologies	Option 1	2
<input checked="" type="checkbox"/>	Credit 3 Water Use Reduction	30% Reduction	2

ENERGY + ATMOSPHERE

<input checked="" type="checkbox"/>	Prerequisite 1 Commissioning of Building Energy Systems		N/A
<input checked="" type="checkbox"/>	Prerequisite 2 Minimum Energy Performance		N/A
<input checked="" type="checkbox"/>	Prerequisite 3 Fundamental Refrigerant Management		N/A
<input checked="" type="checkbox"/>	Credit 1 Optimize Energy Performance	20% Reduction	5
<input checked="" type="checkbox"/>	Credit 3 Enhanced Commissioning		2
<input checked="" type="checkbox"/>	Credit 4 Enhanced Refrigerant Management		2
<input checked="" type="checkbox"/>	Credit 5 Measurement and Verification		3

MATERIALS + RESOURCES

<input checked="" type="checkbox"/>	Prerequisite 1 Storage and Collection of Recyclables		N/A
<input checked="" type="checkbox"/>	Credit 2 Construction Waste Management	50% Recycled	1
<input checked="" type="checkbox"/>	Credit 5 Regional Materials		2
<input checked="" type="checkbox"/>	Credit 7 Certified Wood		1

INDOOR ENVIRONMENTAL QUALITY

<input checked="" type="checkbox"/>	Prerequisite 1 Minimum Indoor Air Quality Performance	Case 1Option 1	N/A
<input checked="" type="checkbox"/>	Prerequisite 2 Environmental Tobacco Smoke Control	Option 1	N/A
<input checked="" type="checkbox"/>	Credit 1 Outdoor Air Delivery Monitoring	Case 1Option 1	1
<input checked="" type="checkbox"/>	Credit 2 Increased Ventilation	Case 1Option 1	1
<input checked="" type="checkbox"/>	Credit 3.1 Indoor Air Quality Mgt. Plan—During Construction		1
<input checked="" type="checkbox"/>	Credit 3.2 Indoor Air Quality Mgt. Plan—Before Occupancy	Option 1Path 1	1
<input checked="" type="checkbox"/>	Credit 4.1 Low-Emitting Materials—Adhesives and Sealants		1
<input checked="" type="checkbox"/>	Credit 4.2 Low-Emitting Materials—Paints and Coatings		1
<input checked="" type="checkbox"/>	Credit 4.4 Low-Emitting Materials—Composite Wood		1
<input checked="" type="checkbox"/>	Credit 5 Indoor Chemical and Pollutant Source Control		1
<input checked="" type="checkbox"/>	Credit 6.1 Controllability of Systems—Lighting		1
<input checked="" type="checkbox"/>	Credit 6.2 Controllability of Systems—Thermal Comfort		1
<input checked="" type="checkbox"/>	Credit 7.1 Thermal Comfort—Design	Option 1	1
<input checked="" type="checkbox"/>	Credit 7.2 Thermal Comfort—Verification		1
<input checked="" type="checkbox"/>	Credit 8.1 Daylight and Views—Daylight	Option 1	1
<input checked="" type="checkbox"/>	Credit 8.2 Daylight and Views—Views		1

INNOVATION IN DESIGN

<input checked="" type="checkbox"/>	Credit 2 LEED Accredited Professional		1
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REGIONAL PRIORITY

<input checked="" type="checkbox"/>	Credit 1 Regional Priority		1
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Total LEED Points: 55

Silver 50–59 points

Sustainability

Bountiful Chalet will be the first LEED Certified Assisted Living Facility in the state of Utah. We consulted with a LEED Accredited Professional to plan our strategy for LEED Silver Certification. Because Bountiful Chalet will be built on an infill site, with access to public transit less than 1/8 of a mile away, and is within 1/2 mile from both a high density residential neighborhood and 10 basic services, we gained 11 LEED points from the Sustainable Sites credit.

The remainder of our 55 total projected points come from each of the seven LEED categories with emphasis on Energy + Atmosphere and Indoor Environmental Quality. The LEED AP we consulted cited studies that show the clean air and day lighting that LEED buildings provide are particularly beneficial to elderly people. Besides the benefit to our future residents and the environment, we believe the enhanced commissioning will ensure that systems will function as designed and allow us better track cost savings.

We budgeted two percent of hard costs to cover sustainable building materials, and included LEED certification and commissioning costs in our soft cost pro forma. Because the hold period on an AL facility is longer than other real estate products, we save money during the term we hold the property.

Conclusion

We, the team members of Monumental Development invite you to partner with us and provide an equity investment of \$3.9 million for the Bountiful Chalet project. We feel we've identified an incredible site to take advantage of the qualified market opportunity. We hope our thorough research and thoughtful presentation have persuaded you of the potential of Bountiful Chalet. We thank you for your confidence in us and look forward to further explaining the details of Bountiful Chalet with you in person.

