Implementation Feasibility Analysis

For the

"Land Use and Economic Development Plan for the Murchison Road Corridor Study"

May 30, 2008

For the

City of Fayetteville

February 13, 2009

Prepared by

Marshall A. Isler III

REAL ESTATE DEVELOPMENT/ACQUISITION CONSULTANT

TABLE OF CONTENTS

I. INTRODUCTION

II. EXECUTIVE SUMMARY

III. DEVELOPMENT PLAN CATALYST SITE RECOMMENDATIONS

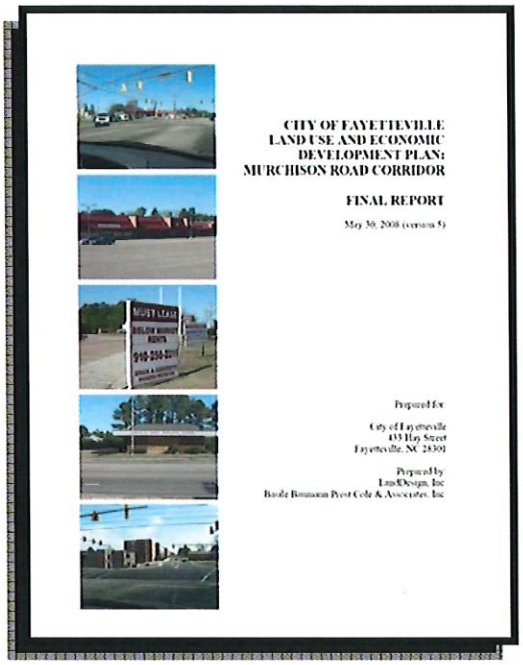
IV. CATALYST SITE #1 MURCHISON/ROWAN

V. CATALYST SITE #3 MURCHISON/JASPER

VI. CATALYST SITE #6 MURCHISON/PAMALEE

VII. IMPLEMENTATION STRATEGY

I. INTRODUCTION


CITY OF FAYETTEVILLE
LAND USE AND ECONOMIC
DEVELOPMENT PLAN:
MURCHISON ROAD CORRIDOR

FINAL REPORT

May 30, 2008 (version 5)

Prepared for

City of Fayetteville
433 Hay Street
Fayetteville, NC 28301

Prepared by
LandDesign, Inc
Basile Baumann Prost Cole & Associates, Inc

This study follows the report "City of Fayetteville Land Use and Economic Development Plan for the Murchison Road Corridor" prepared by LandDesign, Inc. in partnership with Basile Baumann Prost Cole & Associates. The Murchison Road corridor as defined in this report and shown in Exhibit 1, runs from Rowan Street to the south, to the intersection of the planned Outer Loop or Fort Bragg to the north. It is further defined in Exhibit 1. The LandDesign report shall be refereed to in this study as the "Development Plan". It provided among other things, an analysis of the strengths and weaknesses, a market analysis, and potential uses for nine (9) "Catalyst Sites" in the Murchison Road corridor. The Catalyst Sites are identified in Exhibit 2. More details on the recommendations in the Development Plan will be provided in Section III. The objectives of this study are to focus on implementation feasibility. This study will define specific development concepts based on the recommendations of the Development Plan and

based on discussions with major land and business owners; to demonstrate economic feasibility of the recommended concepts; and to define public economic incentives necessary to make the proposed development attractive to developers.

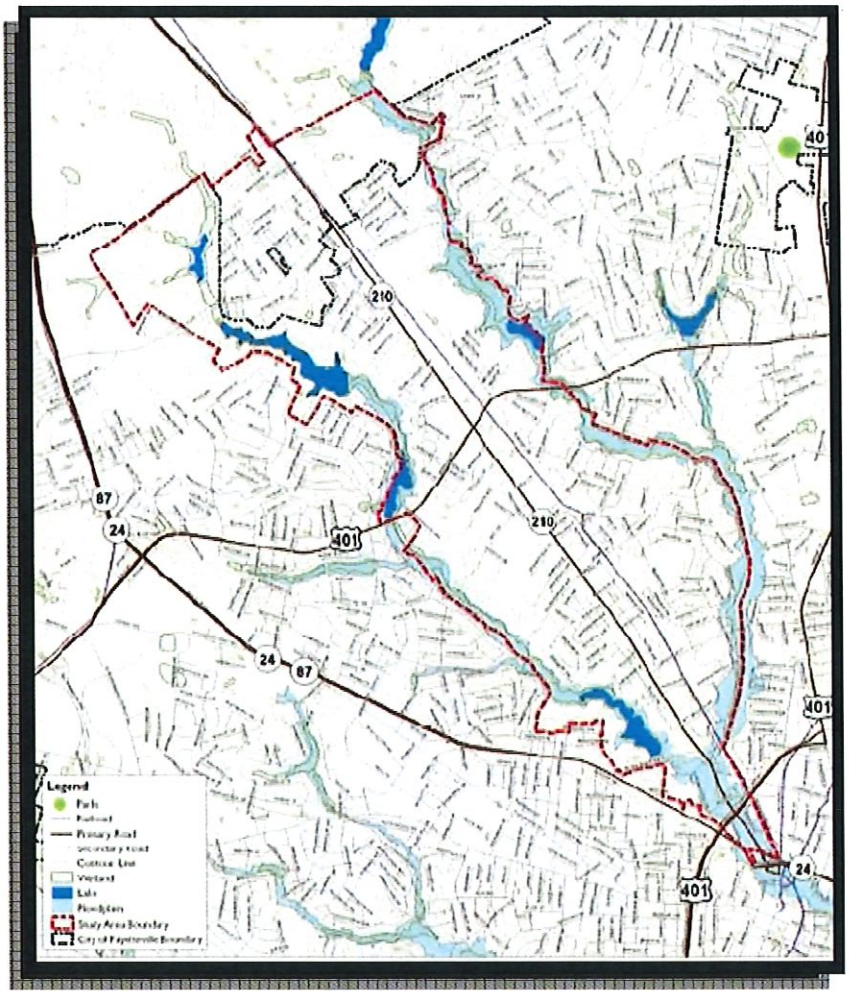


EXHIBIT 1

This study is a product of tasks performed by Marshall Isler, a real estate development consultant, pursuant to a Consulting Agreement with the City of Fayetteville. Under the general scope of services of this agreement, the Consultant provides economic development services to the City of Fayetteville in support of its downtown development goals. The first task is to work with the

property owners, community stakeholders, city staff and other city consultants to develop real estate development concepts and implementation strategies, recruit developers, and structure public-private partnerships as may be necessary to implement the recommendations of the Development Plan. Specifically, the Consultant was tasked to address Catalyst Sites #1, #3, and #6 of the nine Catalyst Sites identified in the in the Development Plan. This Study addresses Concept Formulation and Feasibility Analysis for the assigned 3 Catalyst Sites.

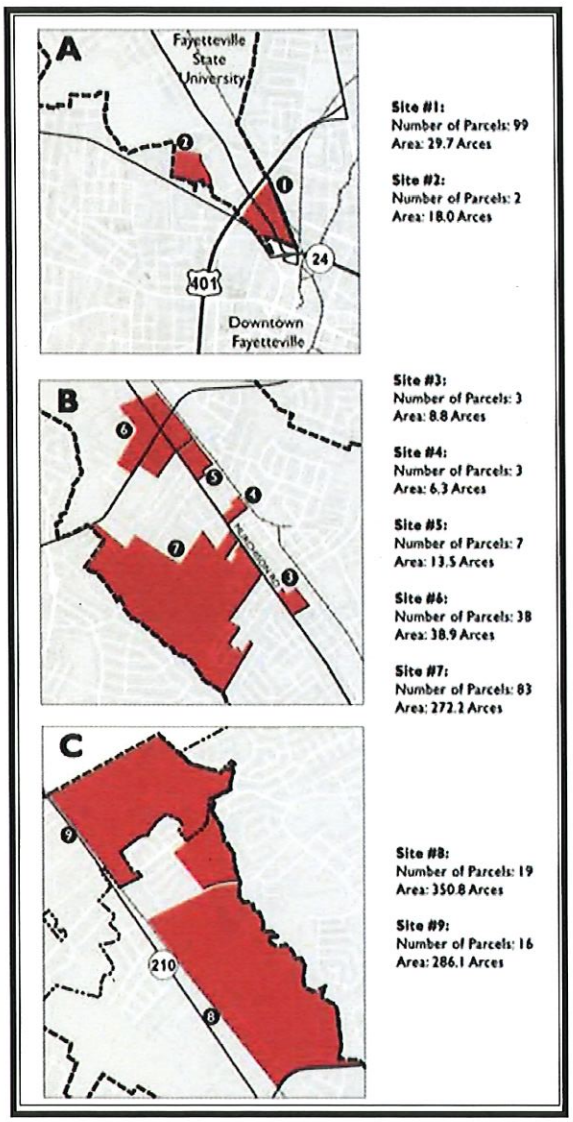


EXHIBIT 2

The subtasks call for the Consultant to:

1. Prepare inventory of property owners and tax value for all land in site;
2. Identify and meet with key property owners;
3. Determine owners' feelings on concept options, and their desire to develop, sell, participate in development of property, or to do nothing;
4. Identify and assess potential Developer interest;
5. Select the concept most desirable by community stakeholders but consistent with the market and other recommendations of the corridor study; and
6. Identify applicable public and private financing programs and eligibility requirements.
7. Evaluate the prospective development site for selected concept with respect to land topography, flood plane, environment, local zoning and restrictions, access and surrounding area;

8. Prepare design program consisting of number, size, mix, pricing, and design characteristics of structures;
9. Work with an architect to prepare conceptual site plans demonstrating size of structures and parking capacity;
10. Prepare financial analysis consisting of development of hard and soft cost estimates, development budgets, pro-formas, cash flows, and financing approaches with potential sources; and
11. Based on the financial analysis, prepare viable financing scenarios illustrating required gap financing if any, and sources of financing, and an appropriate role for the city necessary for project feasibility.
12. Prepare final report.

II. EXECUTIVE SUMMARY

The three Catalyst Sites addressed in this study contain 134 parcels, of which the Consultant determined that 76 were crucial to any development efforts. The Consultant interviewed 24 individual property and business owners representing 58 of these parcels. At these meetings the Consultant reviewed the Development Plan and the potential impact on their property or business. In nearly all cases there were positive responses to the city's redevelopment efforts. However several businesses would have to relocate and must be accommodated in future planning. V-Point Grocery, an institution in the southern Murchison Road area (Catalyst Site #1) wishes to stay in the community and would be interested in participating in any planned shopping center in the area. Paye Funeral Home also in Catalyst Site #1 would locate on property they already own on Murchison Road across from Fayetteville State. Businesses in Suburban Mart and the adjoining building at Jasper Street (Catalyst Site #3) would also have to be accommodated. Due to the planned connector roads at Murchison and Pamalee (Catalyst Site #6), Weathers Moving and Storage and Adams Concrete Products would have to move.

The interviews also identified a major property owner in Catalyst Site #6 who is interested in participating in the development of a shopping center. The Consultant has introduced him to a large North Carolina shopping center developer who also owns property in the area. The Consultant has also initiated discussions with other potential developers.

Based on the recommendations on Development Plan, the interviews with affected property owners and businesses; an evaluation of the physical attributes on the sites, and planned roadway changes; and technical advice from the Consultant's Architect, the development concepts in Exhibits 3, 4, and 5 have been prepared. Exhibit 6 is a summary of the proposed projects and required financing. Collectively the concepts provide a total of 165,460 SF of retail space including accommodating V-Point Grocery and all the potential displaced businesses at or near Suburban Mart. The Development Plan projects a short term (5 years) demand of 34,000 SF and an additional 117,000 SF long term

(10 years). The concepts also accommodate the displaced day care near Suburban Mart. The concepts provide for 45,384 SF of office space as compared to the projected demand of 93,000 SF short term and an additional 150,000 SF long term. The development concepts include 114 residential units as compared to the projected demand for 110 short term and an additional 135 long term. While a hotel is projected in the Development Plan as a long term proposition, one has been included as a carry-over from an earlier aborted project (Fayetteville State Business Park) in the southern Murchison Road area. In addition to these projects, the development concept for Catalyst Site #1 includes the clearing of the floodway on the west side of Murchison Road in order to provide a greenway link between MLK Park and the planned Veteran's Park.

The Consultant recommends that the initial role of the city be that of a land developer. The city would acquire property, relocated occupants, demolish and clear sites, and reconstitute parcels for the purpose of resale to project developers. The estimated acquisition, relocation, and clearing costs for the development sites including the greenway on the west side of Murchison Road, is $3.6M. This assumes NCDOT will purchase that portion of Catalyst Site #1in the right-of-way of the planned bridge and traffic circle construction.

The total value of the projects is about $54.7M requiring a private investment of $5.5M in equity and $42M in debt. In order to make these projects financially feasible the Consultant recommends city participation in the form of land purchase loans to developers totaling $243,960, land acquisition writedowns and grants of $1.3M, and demolition and clearing contribution of $180,000. In addition, it is proposed that the city make subordinated development loans in the amount of $1.32M for gap financing for the two shopping centers in Catalyst Sites #1 and #3. Also in these two sites, the Consultant recommends rent subsidies in the amount of $1.35M for the relocating businesses in order to ease the transition from existing depressed rents to the market rate rents required to support the new developments. Likewise, the Consultant recommends second mortgages for the homebuyers in the total amount of $2.26M to create affordable homes for low and moderate income families.

The total estimated city investment is $8.5M over a 14 year period with about $5M required during the first 5 years. In return over a 25 year period, the city will receive $5.9M in loan payments, and $6M in property taxes for a total of nearly $12M. This plan will also create 646 permanent and 388 full time equivalent construction jobs, and add 44 affordable housing units to the local housing inventory. It will remove blight and spur the economic redevelopment of the Murchison Road Corridor.

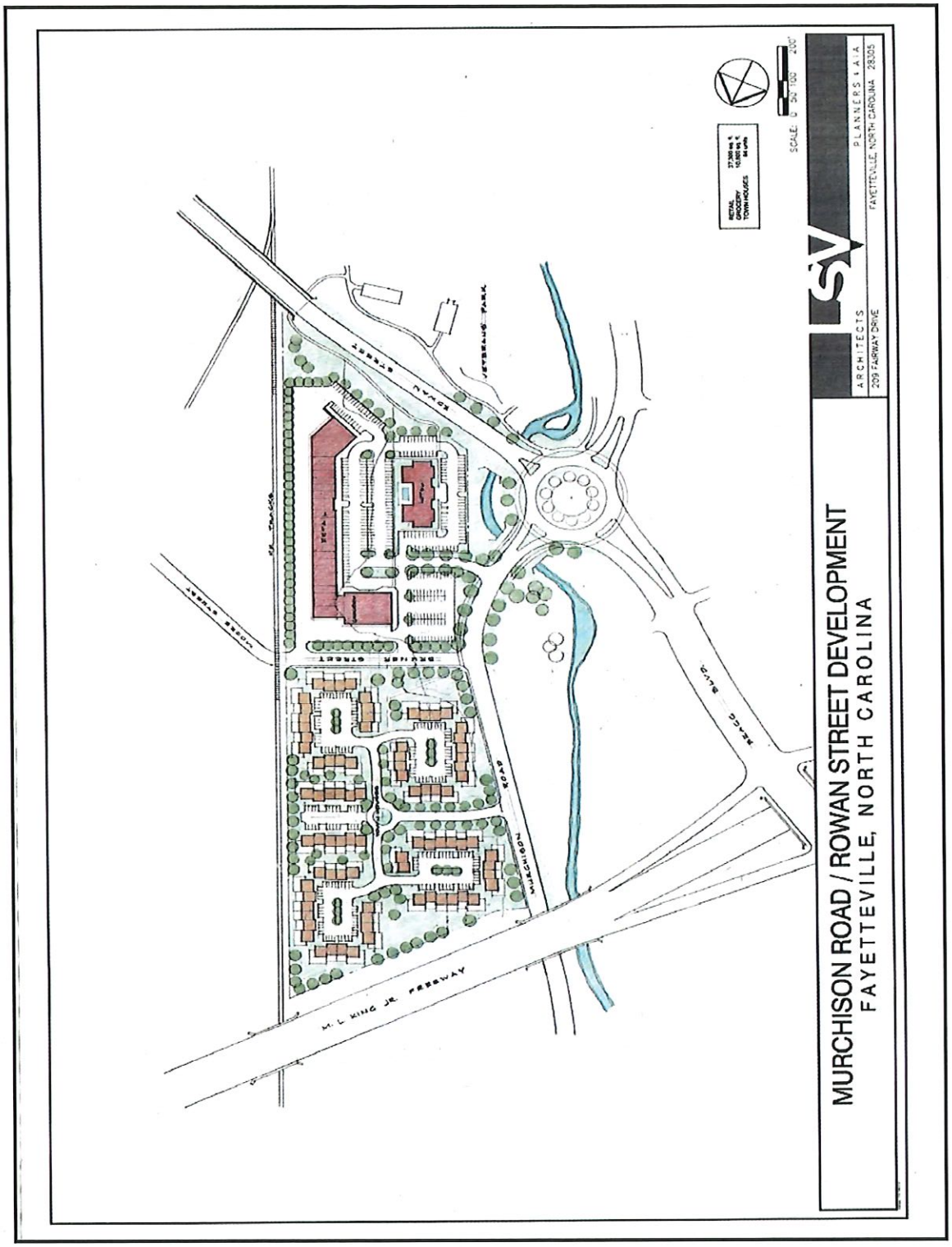

MURCHISON ROAD / ROWAN STREET DEVELOPMENT
FAYETTEVILLE, NORTH CAROLINA
ARCHITECTS
209 FAIRWAY DRIVE
PLANNERS + A.I.A.
FAYETTEVILLE, NORTH CAROLINA 28305
SCALE: 0 50 100 200'
RETAIL
OFFICE/RESIDENTIAL
TOWNHOUSES
M.L. KING JR. FREEWAY
MURCHISON ROAD
BRUNSWICK STREET
ROWAN STREET
VETERANS PARK
RAGG BLVD
MOORE STREET

EXHIBIT 3

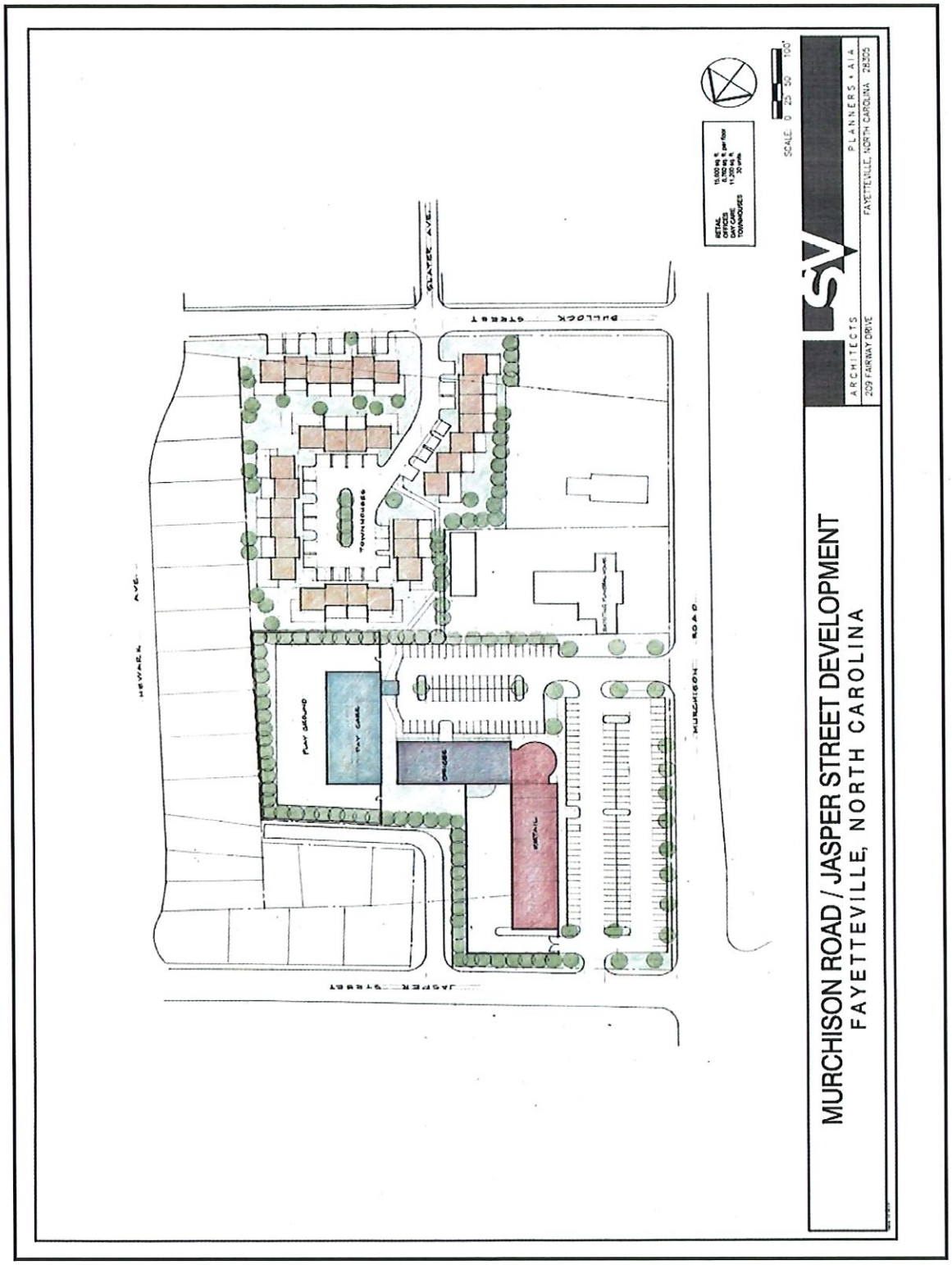

MURCHISON ROAD / JASPER STREET DEVELOPMENT
FAYETTEVILLE, NORTH CAROLINA
ARCHITECTS
PLANNERS • AIA
209 FAIRWAY DRIVE
FAYETTEVILLE, NORTH CAROLINA 28305
SCALE 0 25 50 100'
RETAIL
OFFICES
DAY CARE
TOWNHOUSES
SLATER AVE.
BULLOCK STREET
NEWARK AVE.
MURCHISON ROAD
JASPER STREET
TOWNHOUSES
PLAY GROUND
DAY CARE
OFFICES
RETAIL

EXHIBIT 4

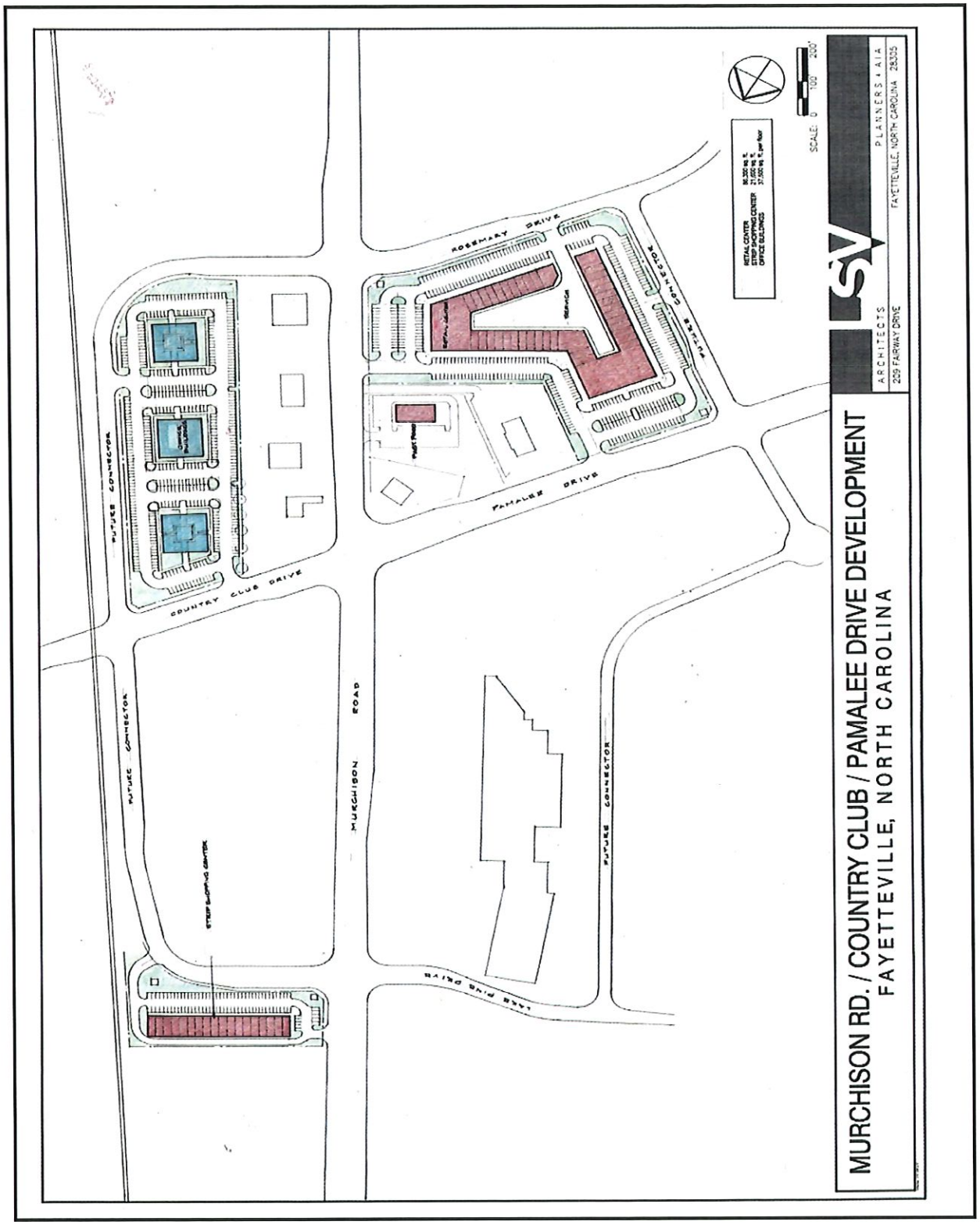

MURCHISON RD. / COUNTRY CLUB / PAMALEE DRIVE DEVELOPMENT
FAYETTEVILLE, NORTH CAROLINA
ARCHITECTS
PLANNERS + AIA
209 FAIRWAY DRIVE
FAYETTEVILLE, NORTH CAROLINA 28305
SCALE: 0 100 200'
RETAIL CENTER
STRIP SHOPPING CENTER
OFFICE BUILDINGS
ROSEMARY DRIVE
FUTURE CONNECTOR
PAMALEE DRIVE
COUNTRY CLUB DRIVE
MURCHISON ROAD
LAKE PINE DRIVE
STRIP SHOPPING CENTER

EXHIBIT 5

CITY INVESTMENT SUMMARY FOR MURCHISON RD

CATALYST SITE		#1	#1	#1	#1	#3	#3	#6
PROJECT	SUMMARY	LINEAR PK WEST	ROWAN PLAZA	PARKSIDE TOWNHOMES	BRONCO SUITES	JASPER PLAZA	UNIVERSITY TOWNHOMES	NEW PAMALEE SHOPPING CENTER
USE (leasable space 90%)								
RETAIL (GROCERY)	9,720 SF		9,720 SF					108,100 SF
RETAIL (OTHER)	155,740 SF		33,600 SF			14,040 SF		37,500 SF
OFFICE	45,384 SF					7,884 SF		
DAYCARE	10,080 SF					10,080 SF		388 SF
PARKING	805 SPACES		217 SPACES			200 SPACES		
TOWNHOMES	114 Units			84 Units			30 Units	
HOTEL	100 Suites				100 Suites			
PARKING	120 SPACES				120 SPACES			
TOTAL INVESTMENT	$ 54,712,252	$ 1,301,067	$ 5,949,446	$ 12,870,287	$ 15,000,000	$ 4,732,007	$ 3,566,385	$ 11,293,060
PRIVATE INVESTMENT								
EQUITY	$ 5,475,791		$ 359,797	$ 333,846	$ 3,750,000	$ 298,055	$ 133,993	$ 600,000
PRIVATE DEBT	$ 42,047,667		$ 4,600,000	$ 10,614,454	$ 11,151,519	$ 2,645,328	$ 2,343,305	$ 10,693,060
POTENTIAL RETURN ON INVESTMENT (15 Yrs)			25%	16%		24%	15%	23%
POTENTIAL PROFIT								
TOTAL PRIVATE INVESTMENT	$ 47,523,458		$ 4,959,797	$ 10,948,400	$ 14,901,519	$ 2,943,383	$ 2,477,299	$ 11,293,060
CITY INVESTMENT (25 YEARS)								
LAND ACQUISITION (1.3 X TAX VALUE								
CATALYST SITE #1								
BRIDGE PROJECT ACQUISITION (DOT)	5.19 ACRES							
MURCHISON RD WEST (GREENWAY ACQUISITION)	$ 1,151,067 2.78 ACRES	$ 1,151,067						
DEMOLITION & RELOCATION	$ 150,000	$ 150,000						
MURCHISON RD SOUTHEAST (PLAZA LOAN)	$ 289,649 4.93 ACRES		$ 289,649 (loan)					
MURCHISON RD NORTHEAST (PARKSIDE)	$ - 10.07 ACRES							
ACQUISITION WRITEDOWN*/GRANTS	$ 644,365			$ 338,355 (writedown)	$ 207,529 (grant)	$ 98,481 (grant)		
DEMOLITION & RELOCATION	$ 80,000			$ 80,000				
CATALYST SITE #3								
JASPER/MURCHISON	$ 554,311 7.63 ACRES					$ 513,952 (loan)	$ 40,351 (residual land sale)	
DEMOLITION & RELOCATION	$ 100,000					$ 100,000		
ACQUISITION WRITEDOWN*/GRANTS	$ 635,375					$ 554,672 (writedown)	$ 80,703 (grant)	
TOTAL ACQUISITION/RELOCATION/DEMOLITION	$ 3,604,767	$ 1,301,067	$ 289,649	$ 418,355	$ 207,529	$ 98,481	$ 1,168,624	$ 121,054
* Difference between acquisition with bldgs and sale price without								
CITY SUBORDINATED MORTGAGE	$ 1,320,000		$ 700,000			$ 620,000		
HOMEBUYER 2ND MORTGAGE SUBSIDY	$ 2,264,034			$ 1,296,002			$ 968,032	
RELOCATED TENANT RENT SUBSIDY (10 Yrs)	$ 1,350,000		$ 750,000			$ 600,000		
TOTAL SUBSIDIES	$ 4,934,034	$ -	$ 1,450,000	$ 1,296,002	$ -	$ 1,220,000	$ 968,032	
TOTAL CITY CONTRIBUTION	$ 8,538,801	$ 1,301,067	$ 1,739,649	$ 1,921,886	$ 98,481	$ 2,388,624	$ 1,089,086	
CITY FINANCIAL RETURN (25 YEARS)								
CITY DEVELOPER LOAN PAYMENTS	$ 2,376,625		$ 989,649			$ 1,386,976		
HOMEBUYER 2ND MORTGAGE PAYMENTS (PRINCIPAL ONLY)	$ 2,264,034			$ 1,296,002			$ 968,032	
RESIDUAL LAND SALE (SITE # 3 BULLOCK/MURCH)	$ 40,351						$ 40,351	
ANNUAL PROPERTY TAX								
TOTAL	$ 16,390,142		$ 1,027,700	$ 2,879,332	$ 5,212,500	$ 1,465,774	$ 1,061,275	$ 4,143,561
CITY	$ 5,899,262		$ 620,634	$ 1,097,875	$ 1,987,500	$ 558,892	$ 404,659	$ 1,229,702
TOTAL CITY FINANCIAL RETURN	$ 10,580,272	$ -	$ 3,237,983	$ 5,273,209	$ 7,200,000	$ 3,411,642	$ 2,474,317	$ 1,229,702
INVESTMENT RECOVERY PERIOD	20.18 YRS	N/A YRS	13.43 YRS	9.11 YRS	0.34 YRS	17.50 YRS	11.00 YRS	
OTHER CITY BENEFITS								
JOBS								
PERMANENT (1 Retail/250SF)	646		173			128		345
CONSTRUCTION (Full-Time Equivalent)	382		46	84		41	31	180
AFFORDABLE HOUSING UNITS	44			24			20	

EXHIBIT 6

III. DEVELOPMENT PLAN CATALYST SITE RECOMMENDATIONS

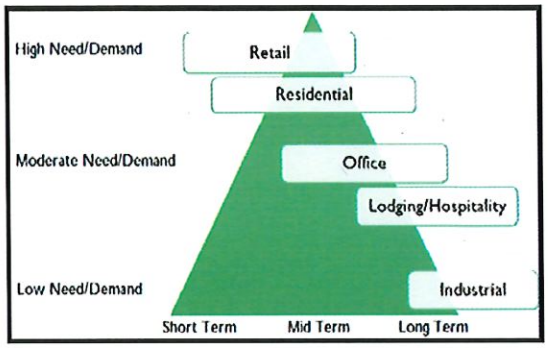
CATALYST SITES

The Fayetteville Land Use and Economic Development Plan for the Murchison Road Corridor (Development Plan) defined nine Catalyst Sites which are shown in Exhibit 6. These sites are groupings of parcels identified to focus specific redevelopment opportunities. In most cases, these Catalyst Sites are located at major intersections where existing complementary uses, clusters of residents, and major vehicular/pedestrian traffic are focused.

The redevelopment criteria and strategy recommended by the Development Plan, are based on the economic, market and development conditions; an understanding of the physical parameters; and an analysis of the available economic resources and incentives. The Development Plan established priorities for the sites based on the type of redevelopment recommended, and the timing of the market. The resulting three priorities are short term (0-5 years), mid-term (5-10 years) and long-term (10+ years) project initiation time frames. Although development will most likely occur on multiple sites simultaneously within the three time frames, it is important to prioritize these sites in order to coordinate preemptive purchasing options, land assembly, demolition, renovations, etc. It is also important to prioritize the sites in order to promote equitable redevelopment throughout the Murchison Road corridor. The Development Plan identifies Catalyst Sites #1, #3, and #6 with the highest priority that should be pursued in the next 0-5 years. Therefore these are the sites addressed in this study.

TYPES OF DEVELOPMENT

The Development Plan shows a clear priority for retail development in the short-term, particularly convenience retail development (grocery stores, restaurants, drug stores, etc.). Not only is there the most demand for retail, but initial retail development can help generate demand for other uses, particularly residential and office. The general lack of convenience retail throughout the corridor itself may be a major factor in precluding other types of development.



Based on the research of the Development Plan, residential development has fairly strong short-term demand. The most immediate opportunity lies in providing additional rental housing options for students unable to secure dorm rooms on campus, as well as commuter students who would consider the option of living closer to campus.

Although limited, office space may possess some short-term development potential. The most likely short-term or mid-term demand for office space is for smaller spaces that provide service functions (banking, legal services, community services, etc.). In the longer term, when potential opportunities from the expansion of Fort Bragg and FSU come to fruition, there may be demand for larger-scale office space that can serve more intensive office users such as R&D companies, defense/security companies and other larger firms.

Given its general size and scale, the Development Plan concludes that lodging and hospitality would be reserved for long-term projects, when significant demand will have been generated by subsequent development, economic development, population growth, and revitalization of the study area. Hotel development may also become more feasible after I-295 is completed and resulting office, retail and residential development has occurred at the north end of the corridor.

Industrial development according to the Development Plan, has very limited demand at the present time, and may have limited potential in the future as well. Light industrial uses, mostly related to defense, security and technology, may have the best potential.

DEVELOPMENT OPPORTUNITIES

Below is a summary of economic development opportunities identified in the Development Plan for the overall corridor:

1. Preservation of affordable housing prior to redevelopment to enable increased homeownership
2. Enhancement/redevelopment of retail along corridor to provide needed retail and Services
3. Resume/redevelopment of selected, well-located industrial sites
4. Fort Bragg expansion and revitalization could spur demand for military-related office space and hotels along corridor
5. Study area can take advantage of increased traffic flows and changing traffic patterns
6. Provide area residents with needed retail services
7. Residential and retail development to provide off-campus living options and capture student expenditures
8. Both northern and southern portion can benefit from current and future revitalization efforts
9. Short-term potential for 24,000 – 34,000 square feet of retail space; long-term potential for an additional 90,000 – 117,000 square feet
10. Short-term potential for 80 – 110 residential units; long-term potential for an additional 110 - 135 residential units
11. Demand for an additional 70-120 residential units due to expected military growth in the region due to the Fort Bragg expansion
12. Short-term potential for 50,000 – 93,000 square feet of office space; long-term potential for an additional 82,000 – 150,000 square feet

IV. CATALYST SITE #1

MURCHISON/ROWAN

SITE LOCATION

Exhibit 7 is a general location map of this site along the Murchison Road corridor which is a major corridor that connects downtown Fayetteville to Fort Bragg. The site is located at the southern most end of the corridor and is the gateway to Fayetteville State University to the north, and to downtown to the south. The western boundary of the site is Cross Creek, and the eastern boundary is a seldom-used rail line that links downtown Fayetteville to Fort Bragg. The northern boundary is the Martin Luther King Freeway.

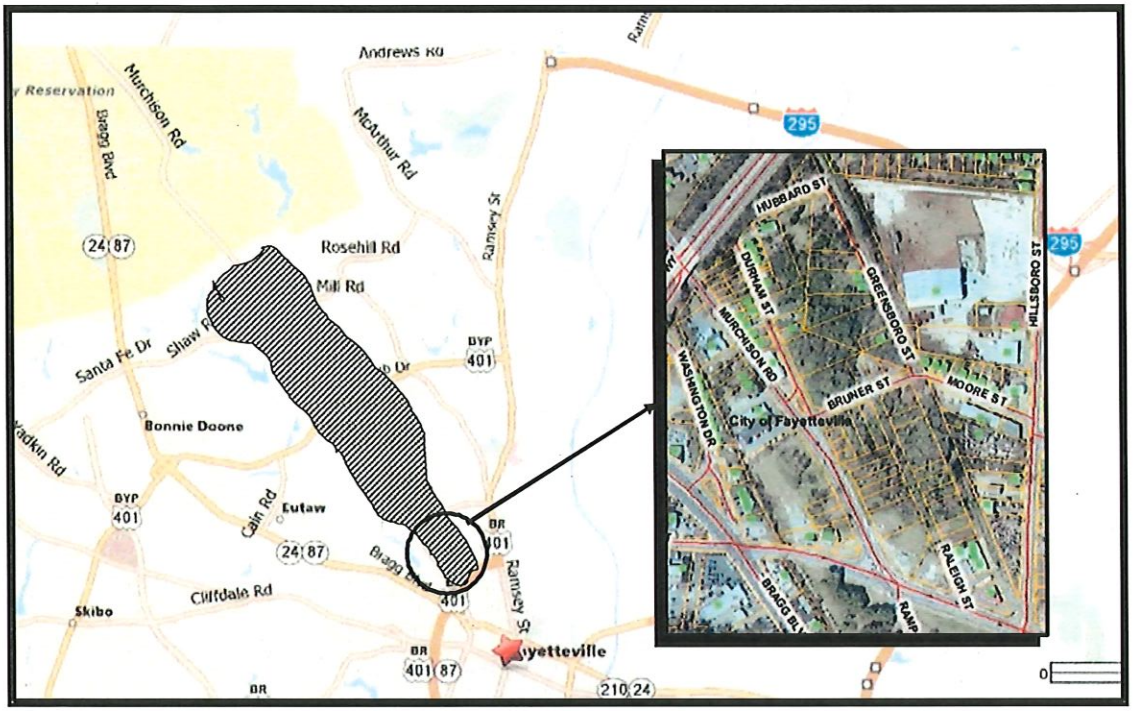


EXHIBIT 7

Within the next several years, Murchison Road will become the only unsecured north-south corridor through Fort Bragg. This change will increase vehicular traffic and bring greater visibility to the area. In addition, major projects have been funded to realign the Rowan Street Bridge, and to add a Traffic Circle that will connect Murchison Road with Rowan and Bragg Boulevard (see Exhibit 8). This will significantly change traffic patterns, increase the visibility, and increase the development

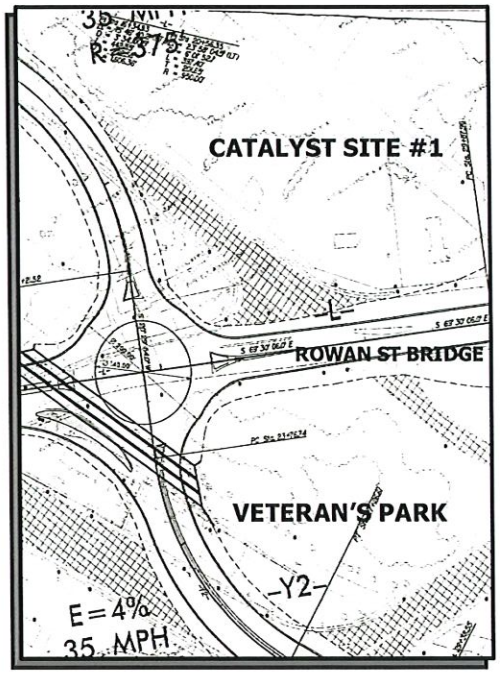


EXHIBIT 8

potential of the site. In addition, these changes will reduce the amount of land available for development. Directly to the south of the site, across the Rowan Street Bridge, will be the NC State veteran's Park, which will be a major tourist destination.

Most of the west side of Murchison Road, which contains several established businesses and homes, is in the floodway of Cross Creek as shown in Exhibit 9. These businesses includes V-Point Super Market, a 20,000 SF neighborhood grocery store; and Paye Funeral Home. Because of the floodway, this location poses a threat to the health and safety to the structures and occupants. Any development of this site should include relocation of the occupants, and development of a greenway park in the floodway. Vick's Corner and several other shops located to the southeast end of the site will be displaced by the Rowan Street bridge construction and therefore are not considered in this study. The balance of the site contains about 12 very old small framed residential units in various stages of disrepair.

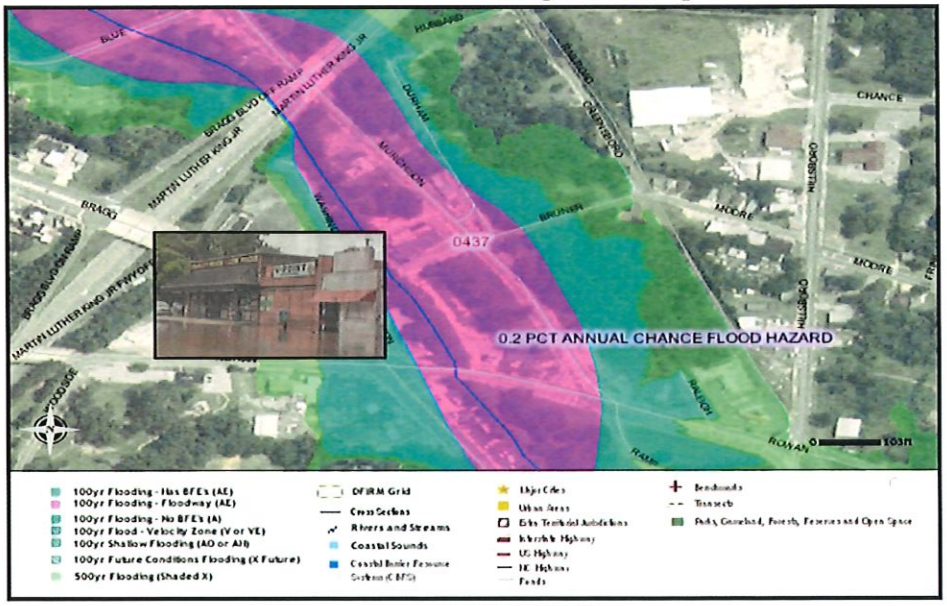
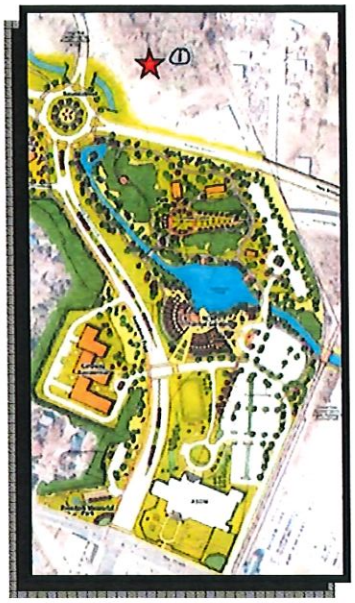


EXHIBIT 9



Murchison Road is the heart of the historic Black community and once contained the Black commercial district. The site is a typical historic southern Black commercial area that became obsolete as a result of integration, shopping malls, and the flight to suburbia. Property values plummeted such that owners could not rationalize the economics of repair and maintenance. This resultant blight, in a highly visible gateway to downtown and Fayetteville State University, and adjacent to the new Veteran's Park, has become an eye sore and is a clear target for redevelopment.

Veteran's Park

DEVELOPMENT PLAN MARKET ANALYSIS AND RECOMMENDATIONS

Based on a market analysis and assessment of the site, the Development Plan recommended the development of a greenway, mixed-use retail and office, and residential uses. The market analysis identifies a short-term retail demand for 24,000 – 34,000 SF and a long-term demand for an additional 90,000 – 117,000 SF; a short term residential demand for 80 – 110 units and a long-term residential demand for an additional 110 -135 units; and a short term office demand for 50,000 – 93,000 SF and a long term for an additional 82,000 – 150,000 SF. The Development Plan recommended medium density residential, retail and office use for the east side of the site. It recommended the development of a new retail center on vacant land across from current V-Point Grocery that would serve as the main retail and commercial center for residents of the southern segment of the Murchison Road corridor.

The retail could be anchored by relocating V-Point from the floodway as well as provide office space for other area businesses and services. The Plan recommended that the west side which is in the floodway, be acquired, cleared and dedicated to a greenway along Cross Creek, which would link Veteran's Park to the south, and Martin Luther King Park to the north.

PROPERTY/BUSINESS OWNER INTERVIEWS

Exhibit 10 is the inventory of all property, owners, and value of property within the Catalyst Site #1. Exhibit11 provides an inventory of key property and business owners and a summary of their reactions to the Development Plan recommendations. Exhibit 12 is a map locating the businesses and property owners interviewed. It should be noted that the property owners that would be directly affected by the Rowan Street Bridge realignment and the planned traffic circle were not included; however they had been contacted earlier relative to the Northwest Gateway project.

The Consultant met individually with 8 property owners representing 32 of the 40 major property and businesses affected by the plan. The results of the Development Plan were presented. The Consultant discussed with each property owner the potential impact of the plan on their property or business. All support the plan and look forward to cleaning up the blight and redeveloping the community. In general, the property owners on the east side of Murchison road are ready to sell. Two would consider participating in any proposed development deal. On the west side, the two major businesses would have to relocate out of the floodway. Both have been institutions in the community for many years. If their property is purchased, the owners of Paye Funeral Home wish to relocate to property they own in the 1200 block of Murchison Road across from FSU. V-Point Grocery would consider moving across the street into a new shopping center if the relocation "made economic sense".

CATALYST # 1 PROPERTY INVENTORY

PARCEL	SITE ADDRESS			OWNER(S)	ST. ADDRESS		CITY		ZIP	VALUE Total Tax	(Land)	(Building)	ZONING	YR_BUILT	SIZE (Lot)		ACRE
GREENSBORO STREET																	
0437-38-7539-	0	GREENSBORO	ST	SAUNDERS, FRANKLIN & WIFE	110 MIDWAY	DR	RAEFORD	NC	28376	$ 1,050	$ 1,050	$ -	R5	0	105.00	78.00	0.25
0437-38-8318-	541	GREENSBORO	ST	SAUNDERS, FRANKLIN & WIFE	110 MIDWAY	DR	RAEFORD	NC	28376	$ 2,100	$ 2,100	$ -	R5	0	275.00	185.00	0.66
0437-38-8244-	521	GREENSBORO	ST	SAUNDERS, FRANKLIN & WIFE	110 MIDWAY	DR	RAEFORD	NC	28376	$ 3,500	$ 3,500	$ -	R5	0	75.00	218.50	0.35
0437-38-8155-	517	GREENSBORO	ST	GIBSON, DAVID	1339 WATERLESS	ST	FAYETTEVILLE	NC	28306	$ 40,269	$ 6,300	$ 33,875	R5	1932	91.05	256.96	0.56
0437-38-8035-	0	GREENSBORO	ST	WEST, A D MRS	471 ALBEMARLE	DR	FAYETTEVILLE	NC	28311	$ 3,281	$ 3,281	$ -	R5	0	28.00	320.00	0.59
0437-37-9917-	511	GREENSBORO	ST	WEST, A D MRS	471 ALBEMARLE	DR	FAYETTEVILLE	NC	28311	$ 3,938	$ 3,938	$ -	R5	0	120.00	320.00	0.74
0437-47-0902-	507	GREENSBORO	ST	BROWN, RICHARD W & WIFE	471 ALBEMARLE	DR	FAYETTEVILLE	NC	28311	$ 24,600	$ 3,500	$ 21,100	R5	1953	50.00	140.00	0.16
0437-47-0865-	0	GREENSBORO	ST	BROWN, RICHARD W & WIFE	471 ALBEMARLE	DR	FAYETTEVILLE	NC	28311	$ 4,375	$ 4,375	$ -	R5	0	150.00	210.00	0.26
0437-47-0769-	501	GREENSBORO	ST	PHILLIPS, JOHN FRANKLIN	243 GRADY	ST	FAYETTEVILLE	NC	28306	$ 3,500	$ 3,500	$ -	R5	1915	100.00	142.00	0.11
0437-47-1606-	441	GREENSBORO	ST	WELLS, W M JR MRS	PO BOX 445		LAURINBURG	NC	28352	$ 3,500	$ 3,500	$ -	R5	1915	100.00	140.00	0.32
0437-47-1539		GREENSBORO	ST	RIDDLE, CAROLYN &	512 CHESTNUT	ST	WILMINGTON	NC	28401	$ 3,150	$ 3,150	$ -		0	50.00	140.00	0.16
0437-47-1478		GREENSBORO	ST	MCALLISTER, DOROTHY D	113 WATERS	DR	SOUTHERN PINE	NC	28387	$ 1,400	$ 1,400	$ -			190.00	140.00	0.65
0437-47-2268-	425	GREENSBORO	ST	MCALLISTER, DOROTHY D	PO BOX 1610		PINEHURST	NC	28374	$ 1,750	$ 1,750	$ -	R5	0	50.00	140.00	0.16
0437-47-2327-	431	GREENSBORO	ST	LOSSIE A YOUNG REVOCABLE	1304 EVERGLADES	DR	FAYETTEVILLE	NC	28303	$ 3,500	$ 3,500	$ -	R5	0	50.00	140.00	0.17
0437-47-2343-	0	GREENSBORO	ST	LOSSIE A YOUNG REVOCABLE	1304 EVERGLADES	DR	FAYETTEVILLE	NC	28303	$ 3,500	$ 3,500	$ -	R5	0	50.00	140.00	0.16
0437-47-2291-	423	GREENSBORO	ST	DIXON, F S	PO BOX 2907		WILSON	NC	27894	$ 1,313	$ 1,313	$ -	R5	0	100.00	140.00	0.32
0437-47-3124-	421	GREENSBORO	ST	BOBO, EDDIE L	150 BROCTON	DR	FAYETTEVILLE	NC	28303	$ 13,374	$ 13,374	$ -	C3	0	50.00	140.00	0.16
0437-47-3140-	411	GREENSBORO	ST	BOBO, EDDIE L	150 BROCTON	DR	FAYETTEVILLE	NC	28303	$ 12,174	$ 12,174	$ -	C3	0	50.00	140.00	0.16
0437-47-3071-	406	GREENSBORO	ST	PARROUS, VICTOR N & GEO SKENTE	405 MURRAY HILL	DR	FAYETTEVILLE	NC	28303	$ 246,500	$ 36,967	$ 205,273	C3	1965	150.00	140.00	0.52
0437-46-4911	400	GREENSBORO	ST	P & S ENTERPRISES	405 MURRAY HILL	RD	FAYETTEVILLE	NC	28303	20681	11374	0			50.00	140.00	0.16
HUBBARD STREET																	
0437-38-6564-	610	HUBBARD	ST	SAUNDERS, FRANKLIN & WIFE	623 HUBBARD	ST	FAYETTEVILLE	NC	28301	$ 263	$ 263	$ -	R5	0	50.00	78.00	0.08
0437-38-7306-	0	HUBBARD	ST	SAUNDERS, FRANKLIN & WIFE	110 MIDWAY	DR	RAEFORD	NC	28376	$ 4,550	$ 4,550	$ -	R5	0	175.50	355.00	0.73
0437-38-5499		HUBBARD	ST	N C DEPT OF TRANSPORTATION	GILLESPIE	ST	FAYETTEVILLE	NC	28301	0	0	0			60.00	56.00	0.01
0437-38-6207-	621	HUBBARD	ST	MCLAIN, BETTY B & TERESA B MCL	621 HUBBARD	ST	FAYETTEVILLE	NC	28301	$ 45,348	$ 3,500	$ 41,848	R5	1940	95.00	308.00	0.67
BRUNER STREET																	
0437-47-0769				PHILLIPS, JOHN FRANKLIN	243 GRADY	ST	FAYETTEVILLE	NC	28306	3500	3500	0			100.00	142.00	0.11
0437-37-9799-	0	BRUNER	ST	PHILLIPS, JOHN FRANKLIN	243 GRADY	ST	FAYETTEVILLE	NC	28306	$ 3,500	$ 3,500	$ -	R5	0	59.00	150.00	0.00
0437-37-9738-	606	BRUNER	ST	MONROE, NEILL	2705 COMPTON	PL	FAYETTEVILLE	NC	28304	$ 3,500	$ 3,500	$ -	R5	1940	50.00	150.00	0.17
0437-37-8723-	0	BRUNER	ST	WEST, A D MRS	471 ALBEMARLE	DR	FAYETTEVILLE	NC	28311	$ 7,000	$ 7,000	$ -	R5	0	180.00	130.00	0.60
0437-37-9596-	609	BRUNER	ST	WAITMAN, IDA FLEISHMAN HEIRS	135 E 71ST	ST	NEW YORK	NY	10021	$ 15,640	$ 15,640	$ -	C3	1920	180.00	50.00	0.22
0437-37-9555-	611	BRUNER	ST	WAITMAN, IDA FLEISHMAN HEIRS	135 E 71ST	ST	NEW YORK	NY	10021	$ 15,640	$ 15,640	$ -	C3	0	50.00	195.00	0.22
0437-37-9503-	613	BRUNER	ST	WAITMAN, IDA FLEISHMAN HEIRS	135 E 71ST	ST	NEW YORK	NY	10021	$ 15,640	$ 15,640	$ -	C3	0	50.00	195.00	0.22
DURHAM																	
0437-38-4393-	536	DURHAM	ST	MCNEILL, JAMES & LOUISE	PO BOX 674		FAYETTEVILLE	NC	28302	$ 20,200	$ 3,500	$ 16,700	R5	1927	65.00	85.00	0.15
0437-38-5223-	532	DURHAM	ST	MCNEILL, JAMES & LOUISE	PO BOX 674		FAYETTEVILLE	NC	28302	$ 24,300	$ 3,500	$ 20,800	R5	1925	37.00	75.00	0.06
0437-38-5231-	530	DURHAM	ST	MCNEILL, JAMES	5708 CEDAR CREEK	RD	FAYETTEVILLE	NC	28301	$ 875	$ 875	$ -	R5	0	18.00	75.00	0.03
0437-38-5217-	534	DURHAM	ST	BANK OF NEW YORK TRUSTEE	7105 CORPORATE	DR	PLANO	TX	75024	$ 21,200	$ 3,500	$ 17,700	R5	1927	37.00	75.00	0.06
0437-38-5149		DURHAM	ST	CALHOUN, ELBERT DEWEY JR	1805 CHEROKEE	DR	FAYETTEVILLE	NC	28303	175	175	0			16.00	75.00	0.03
0437-38-5157-	526	DURHAM	ST	CALHOUN, ELBERT DEWEY JR	1805 CHEROKEE	DR	FAYETTEVILLE	NC	28303	$ 17,900	$ 3,500	$ 14,400	R5	1930	34.00	75.00	0.06
0437-38-5173-	524	DURHAM	ST	CHANCE, IDELLA & MARY H KING	110 MIDWAY	DR	RAEFORD	NC	28376	$ 3,500	$ 3,500	$ -	R5	1935	66.00	75.00	0.11
0437-38-6047-	522	DURHAM	ST	MELVIN, LONNIE	PO BOX 81		LUMBER BRIDGE	NC	28357	$ 3,500	$ 3,500	$ -	R5	0	100.00	190.00	0.38
0437-38-6050-	520	DURHAM	ST	HARRIS, MARY SUTTON	2608 BEXLEY	AVE	DURHAM	NC	27707	$ 19,800	$ 3,500	$ 16,300	R5	1920	50.00	141.00	0.15
0437-37-6964-	518	DURHAM	ST	SMITH, JIMMIE LEE & WIFE CORA	406 NE DOUGLAS	ST	WASHINGTON	DC	20019	$ 20,800	$ 3,500	$ 17,300	R5	1920	50.00	117.00	0.12
0437-37-7866-	0	DURHAM	ST	WEST, A D MRS	471 ALBEMARLE	DR	FAYETTEVILLE	NC	28311	$ 7,000	$ 7,000	$ -	R5	0	150.00	266.00	0.70
0437-37-8723		DURHAM	ST	WEST, A D MRS	471 ALBEMARLE	DR	FAYETTEVILLE	NC	28311	7000	7000	0			180.00	130.00	0.60
0437-38-4220-	531	DURHAM	ST	WADE, SARA F MRS	107 HILLCREST	AVE	FAYETTEVILLE	NC	28305	$ 875	$ 875	$ -	R5	0	33.00	82.00	0.06
0437-38-4137-	529	DURHAM	ST	WADE, SARA F MRS	107 HILLCREST	AVE	FAYETTEVILLE	NC	28305	$ 875	$ 875	$ -	R5	0	33.00	79.00	0.05
0437-38-4154-	527	DURHAM	ST	WADE, SARA F MRS	107 HILLCREST	AVE	FAYETTEVILLE	NC	28305	$ 875	$ 875	$ -	R5	0	33.00	75.00	0.05
0437-38-4161-	525	DURHAM	ST	WADE, SARA F MRS	107 HILLCREST	AVE	FAYETTEVILLE	NC	28305	$ 875	$ 875	$ -	R5	0	33.00	71.00	0.05
0437-38-4087-	523	DURHAM	ST	CHEATHAM, LONNIE JAVONNA	315 S EAST	ST	RALEIGH	NC	27601	$ 18,200	$ 2,450	$ 15,750	R5	1946	47.18	70.35	0.07
0437-38-5003-	521	DURHAM	ST	SPEARMAN, ALBERTA	518 MURCHISON	RD	FAYETTEVILLE	NC	28301	$ 21,000	$ 2,450	$ 18,550	R5	1947	47.18	65.05	0.06

EXHIBIT 10

MURCHISON																			
0437-37-8527-	428	MURCHISON	RD	WAITMAN, IDA FLEISHMAN HEIRS	135	E 71ST	ST	NEW YORK	NY	10021	$ 4,976	$ 4,976	$ -	C3	1939	50.00	49.00	0.07
0437-37-8543-	426	MURCHISON	RD	WAITMAN, IDA FLEISHMAN HEIRS	135	E 71ST	ST	NEW YORK	NY	10021	$ 5,687	$ 5,687	$ -	C3	1939	48.75	70.00	0.08
0437-37-8468-	424	MURCHISON	RD	WAITMAN, IDA FLEISHMAN HEIRS	135	E 71ST	ST	NEW YORK	NY	10021	$ 4,976	$ 4,976	$ -	C3	1939	48.75	70.00	0.07
0437-37-8483				WAITMAN, IDA FLEISHMAN HEIRS	135	E 71ST	ST	NEW YORK	NY	10021	4265	4265	0			48.75	70.00	0.06
0437-37-9472-	420	MURCHISON	RD	CHEN, SIU HUA		PO BOX 2085		FAYETTEVILLE	NC	28302	$ 14,218	$ 14,218	$ -	C3	0	43.00	200.92	0.20
0437-37-9399-	418	MURCHISON	RD	CHEN, SIU HUA		PO BOX 2085		FAYETTEVILLE	NC	28302	$ 13,507	$ 13,507	$ -	C3	0	43.00	198.00	0.19
0437-47-0315-	416	MURCHISON	ST	CHEN, SIU HUA		PO BOX 2085		FAYETTEVILLE	NC	28302	$ 14,218	$ 14,218	$ -	C3	0	43.00	192.00	0.20
0437-47-0321-	414	MURCHISON	RD	CHEN, SIU HUA		PO BOX 2085		FAYETTEVILLE	NC	28302	$ 13,507	$ 13,507	$ -	C3	0	43.00	191.04	0.19
0437-47-0246-	412	MURCHISON	RD	SURAJ ENTERPRISES INC		2320 GILLESPIE		FAYETTEVILLE	NC	28301	$ 19,905	$ 19,905	$ -	C3	0	63.00	191.04	0.28
0437-47-1035				EVANS, ALEXANDER & WIFE		1319 CYPRESS LAKE	RD	HOPE MILLS	NC	28348	44076	44076	0			215.68	191.65	0.62
0437-38-2055				N C DEPT OF TRANSPORTATION				FAYETTEVILLE	NC	28301	0	0	0			80.00	151.70	0.15
0437-37-3913-	517	MURCHISON	RD	PAYE, JAMES LUTHER SR & WIFE		515 MURCHISON	RD	FAYETTEVILLE	NC	28301	$ 406,717	$ 50,474	$ 346,198	C1	1969	200.00	178.00	0.71
0437-37-3872-	511	MURCHISON	RD	PAYE, JAMES LUTHER SR & WIFE		515 MURCHISON	RD	FAYETTEVILLE	NC	28301	$ 13,839	$ 13,507	$ -	C1	0	50.00	186.13	0.19
0437-37-3798-	509	MURCHISON	RD	PAYE, JAMES L SR & MAYBOB E		PO BOX 53571		FAYETTEVILLE	NC	28305	$ 14,929	$ 14,929	$ -	C1	0	50.00	194.82	0.21
0437-37-4723-	507	MURCHISON	RD	PAYE, JAMES L SR & MAYBOB E		PO BOX 53571		FAYETTEVILLE	NC	28305	$ 24,032	$ 15,640	$ 8,392	C1	1940	50.00	205.21	0.22
0437-37-5509-	501	MURCHISON	RD	COUNCIL & WILLIFORD PROPERTIES		447 MURCHISON	RD	FAYETTEVILLE	NC	28301	$ 425,919	$ 84,890	$ 321,608	C1	1950	278.44	263.38	1.45
0437-37-6343-	425	MURCHISON	RD	UTLEY, DORIS B		623 CAPE FEAR	AVE	FAYETTEVILLE	NC	28303	$ 61,648	$ 61,648	$ -	C3	0	309.11	263.38	2.22
0437-47-0188-	408	MURCHISON	RD	WAITMAN, ALBERT M &		2514 MORGANTON	RD	FAYETTEVILLE	NC	28303	$ 36,967	$ 36,967	$ -	C3	1948	120.00	190.94	0.52
0437-37-7293-	423	MURCHISON	RD	WAITMAN, ALBERT M &		2514 MORGANTON	RD	FAYETTEVILLE	NC	28303	$ 11,374	$ 11,374	$ -	C3	0	55.25	132.00	0.16
0437-37-8118-	419	MURCHISON	RD	WAITMAN, GERALD L & WIFE		2514 MORGANTON	RD	FAYETTEVILLE	NC	28303	$ 11,374	$ 11,374	$ -	C3	0	55.25	132.00	0.16
0437-38-3271-	532	MURCHISON	ST	WAITMAN, GERALD L & WIFE ROSAL		2514 MORGANTON	RD	FAYETTEVILLE	NC	28303	$ 9,953	$ 9,953	$ -	R5	1940	40.00	165.00	0.14
0437-37-8173-	413	MURCHISON	RD	QUICK, WAYNE & WIFE		90 SAMPSON	RD	DUNN	NC	28334	$ 853	$ 853	$ -	C1	0	95.00	75.00	0.12
0437-37-8097-	411	MURCHISON	RD	BAREFOOT, ROSSIE DARRELL	7128	S NC 242	HWY	DUNN	NC	28334	$ 4,976	$ 4,976	$ -	C1	0	57.50	105.00	0.07
0437-38-3156-	530	MURCHISON	RD	WADE, SARA F MRS		107 HILLCREST	AVE	FAYETTEVILLE	NC	28305	$ 875	$ 875	$ -	R5	0	30.00	82.00	0.06
0437-38-3173-	528	MURCHISON	RD	WADE, SARA F MRS		107 HILLCREST	AVE	FAYETTEVILLE	NC	28305	$ 875	$ 875	$ -	R5	0	30.00	79.00	0.05
0437-38-3180-	526	MURCHISON	RD	WADE, SARA F MRS		107 HILLCREST	AVE	FAYETTEVILLE	NC	28305	$ 875	$ 875	$ -	R5	0	30.00	75.00	0.06
0437-38-4008-	524	MURCHISON	RD	WADE, SARA F MRS		107 HILLCREST	AVE	FAYETTEVILLE	NC	28305	$ 875	$ 875	$ -	R5	0	30.00	71.00	0.06
0437-38-4051-	522	MURCHISON	RD	ALLEN, BRUCE K		1000 WILDWOOD	DR	FAYETTEVILLE	NC	28304	$ 19,447	$ 2,625	$ 16,822	R5	1946	46.80	65.05	0.08
0437-38-4025-	520	MURCHISON	RD	JONES, INEZ		845 HILLSBORO	ST	FAYETTEVILLE	NC	28301	$ 21,300	$ 2,625	$ 18,675	C1	1946	46.80	70.35	0.09
0437-37-5924-	516	MURCHISON	RD	JONES, INEZ		1110 FONTANA	ST	FAYETTEVILLE	NC	28301	$ 21,500	$ 2,625	$ 18,581	C1	1946	46.80	109.00	0.10
0437-37-5908-	518	MURCHISON	RD	MCMILLAN, ALBERTA		518 MURCHISON	RD	FAYETTEVILLE	NC	28301	$ 14,698	$ 9,242	$ 5,456	C1	1946	46.80	119.50	0.13
0437-37-5849-	514	MURCHISON	RD	ELLIOTT, ALVIN L		PO BOX 3123		FAYETTEVILLE	NC	28302	$ 7,820	$ 7,820	$ -	C1	1930	46.80	98.40	0.11
0437-37-6717-	500	MURCHISON	RD	TALLEY, V F		447 MURCHISON	RD	FAYETTEVILLE	NC	28301	$ 54,223	$ 12,441	$ 41,782	C1	1937	307.00	85.60	0.35
ROWAN																		
0437-46-2936-	528	ROWAN	ST	P & S ENTERPRISES INC		506 ROWAN	ST	FAYETTEVILLE	NC	28301	$ 28,436	$ 28,436	$ -	C3	0	187.50	185.00	0.40
0437-46-4865	506	ROWAN	ST	PARROUS,VIRGINIA,V N, GEO SKEN		405 MURRAY HILL	RD	FAYETTEVILLE	NC	28303	$ 71,728	$ 21,327	$ 47,478			198.46	165.50	0.30
0437-37-7009-	614	ROWAN	ST	W UTLEY, DORIS B		623 CAPE FEAR	AVE	FAYETTEVILLE	NC	28303	$ 25,160	$ 14,218	$ 8,919	C3	1963	110.00	90.00	0.20
0437-37-8009	612	ROWAN	ST	W UTLEY, DORIS B		623 CAPE FEAR	AVE	FAYETTEVILLE	NC	28303	$ 85,496	$ 12,796	$ 71,498		1966	78.00	90.00	0.18
0437-37-8084				N C DEPT OF TRANSPORTATION		GILLESPIE	ST	FAYETTEVILLE	NC	28301	$ -	$ -	$ -			108.00	45.00	0.08

EXHIBIT 10A

CATALYST # 1 CONTACT Sheet

MAP #	PARCEL	SITE ADDRESS			VALUE Total Tax	OWNER(S)	CONTACT RESULTS
1	0437-38-7539-	0	GREENSBORO	ST	$ 1,050	SAUNDERS, FRANKLIN & WIFE	Could not find contact number
	0437-38-8318-	541	GREENSBORO	ST	$ 2,100	110 MIDWAY Dr	Ltr sent 11/14/2008
	0437-38-8244-	521	GREENSBORO	ST	$ 3,500	RAEFORD, NC 28376	
	0437-38-6564-	610	HUBBARD	ST	$ 263		
	0437-38-7306-	0	HUBBARD	ST	$ 4,550		
2	0437-38-8035-	0	GREENSBORO	ST	$ 3,281	WEST, A D MRS.	Met with Richard Brown 10/15/08 At City Hall. He represents the West and Brown
	0437-37-9917-	511	GREENSBORO	ST	$ 3,938	471 ALBEMARLE DR	property owners. He was raised in the community but now lives in Richmond. He is concerned
	0437-37-8723-	0	BRUNER	ST	$ 7,000	FAYETTEVILLE NC 28311	with the deterioration of the area and the overt drug use. They wish to sell.
	0437-37-7866-	0	DURHAM	ST	$ 7,000		Contact:
	0437-37-8723		DURHAM	ST	$ 7,000		
3	0437-37-9596-	609	BRUNER	ST	$ 15,640	WAITMAN, IDA FLEISHMAN HEIRS	Met with DR ALBERT WAITMAN 9/16/2008 at KCDC Office. He represents the Waitman and
	0437-37-9555-	611	BRUNER	ST	$ 15,640	135 E 71ST STREET	Fleishman property. He lives in NY and wishes to sell however is open to participation with local
	0437-37-9503-	613	BRUNER	ST	$ 15,640	NEW YORK, NC 10021	developer. He has been talking to Kingdom CDC who has expressed interest in Developing the area.
	0437-37-8527-	428	MURCHISON	RD	$ 4,976		Contact: 212 241-6500
	0437-37-8543-	426	MURCHISON	RD	$ 5,687		
	0437-37-8468-	424	MURCHISON	RD	$ 4,976		
	0437-37-8483				$ 4,265		
	0437-47-0188-	408	MURCHISON	RD	$ 36,967		
	0437-37-7293-	423	MURCHISON	RD	$ 11,374		
	0437-37-8118-	419	MURCHISON	RD	$ 11,374		
	0437-38-3271-	532	MURCHISON	ST	$ 9,953		
4	0437-38-4220-	531	DURHAM	ST	$ 875	WADE, SARA F MRS.	Met with SARAH WOOSTER and her mother, Mrs. Sara Wade at Mrs. Wade Home at 107
	0437-38-4137-	529	DURHAM	ST	$ 875	107 HILLCREST AVE	Hillcrest Street on 9/23/08. Wants to Sell.
	0437-38-4154-	527	DURHAM	ST	$ 875	FAYETTEVILLE NC 28305	Contact: 910 486-1101 ext 217 (daughter)
	0437-38-4161-	525	DURHAM	ST	$ 875		
	0437-38-3156-	530	MURCHISON	RD	$ 875		
	0437-38-3173-	528	MURCHISON	RD	$ 875		
	0437-38-3180-	526	MURCHISON	RD	$ 875		
	0437-38-4008-	524	MURCHISON	RD	$ 875		
5	0437-37-9472-	420	MURCHISON	RD	$ 14,218	CHEN, SIU HUA	Could not find contact number
	0437-37-9399-	418	MURCHISON	RD	$ 13,507	PO BOX 2085	Ltr sent 11/14/2008
	0437-47-0315-	416	MURCHISON	ST	$ 14,218	FAYETTEVILLE NC 28302	
	0437-47-0321-	414	MURCHISON	RD	$ 13,507		
6	0437-37-3913-	517	MURCHISON	RD	$ 406,717	PAYE, JAMES LUTHER SR & WIFE	Met with Ellen Gladden and her sister on 10/17/08 at Paye Funeral Home. Mrs. Gladden has POA for
	0437-37-3872-	511	MURCHISON	RD	$ 13,839	515 MURCHISON RD	Mrs. Paye who is presently in a nursing home. She wishes sell and relocate on Murchison Road
	0437-37-3798-	509	MURCHISON	RD	$ 14,929	FAYETTEVILLE NC 28301	on family property next to Mount Sinai Baptist Church. Very interested in support from the city.
	0437-37-4723-	507	MURCHISON	RD	$ 24,032		Contact: 910 483-4290
7	0437-37-5509-	501	MURCHISON	RD	$ 425,919	COUNCIL & WILLIFORD PROPERTIES 447 MURCHISON RD FAYETTEVILLE NC 28301	Met with Joe Council and his wife on 10/21/08 at V-Point Grocery. They realize that they will eventually have to move but have not decided where and when. Discussed the possibility of participation in the development of a shopping center across the street. They will consider and get back to me. Contact: 910 483-6951
8	0437-37-6717-	500	MURCHISON	RD	$ 54,223	TALLEY, V F 447 MURCHISON RD FAYETTEVILLE NC 28301	Met with Mr. Talley on 10/08/08 at his office at 2666 Raeford Road. He can no longer lease his building because it lacks parking. He used to own the V-point property across the street and used to use its parking lot. He is very much interested in selling. Contact: 910 624-2529
9	0437-47-0246-	412	MURCHISON	RD	$ 19,905	SURAJ ENTERPRISES INC 2320 GILLESPIE ST FAYETTEVILLE NC 28301	Talked with Dipak Ranavaya 11/19/08. Sent copy of plan. Will get back to me after review. Met Ranavaya 12/02/2008. Interested in participating in potential hotel deal. Presently operating motel on 301. Contact: 910 494-7228

EXHIBIT 11

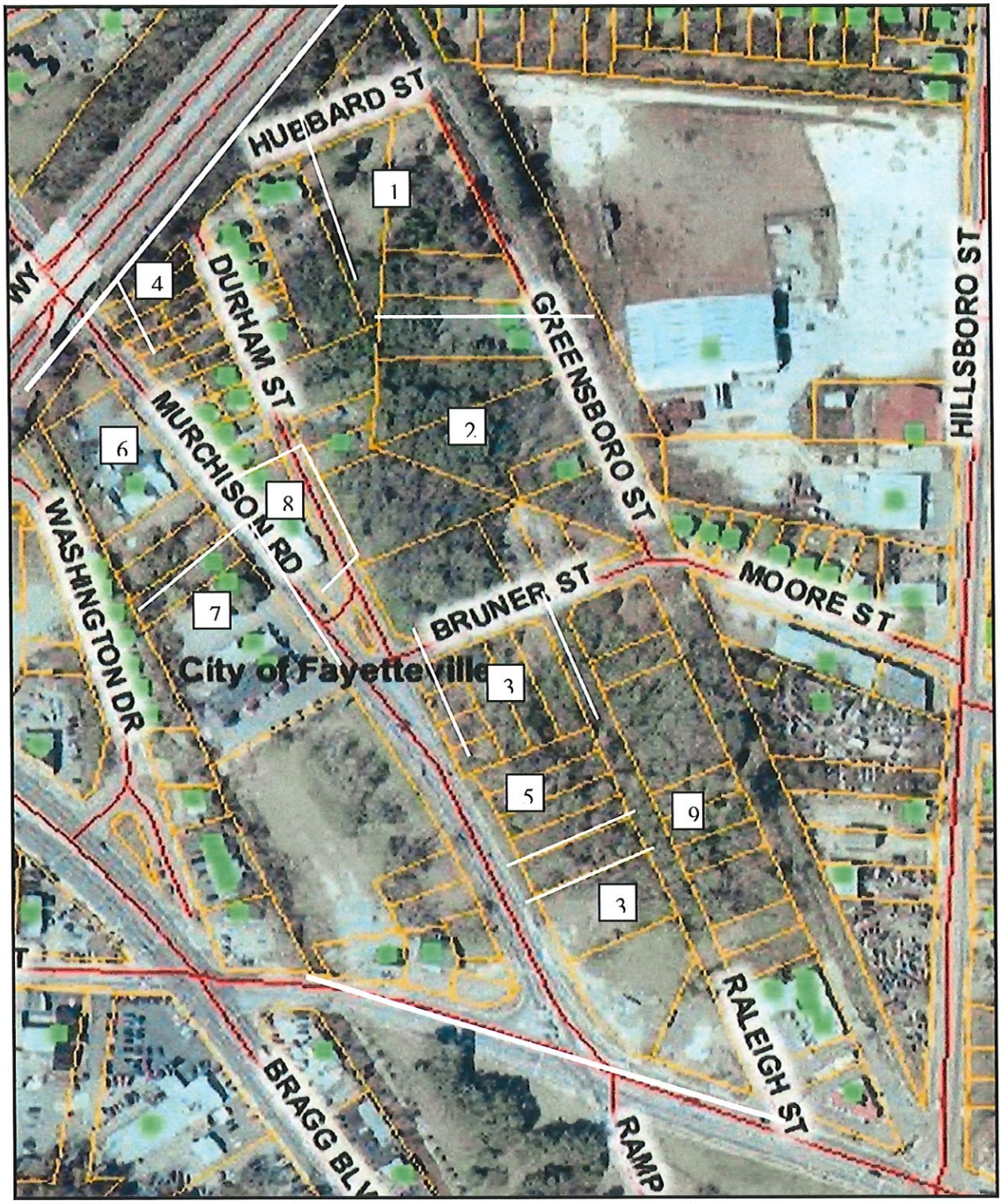

HILLSBORO ST
MOORE ST
RALEIGH ST
RAMP
GREENSBORO ST
BRUNER ST
BRAGG BLV
DURHAM ST
MURCHISON RD
HUBBARD ST
WASHINGTON DR
City of Fayetteville
1
2
3
3
4
5
6
7
8
9

EXHIBIT 12

DEVELOPMENT CONCEPTS RECOMMENDATIONS

Based on the recommendations in the Development Plan, the interviews with property and local business owners, and the professional opinions of the architect and the consultant, the development concept presented in Exhibit 3 is recommended for Catalyst Site #1. All agree that any development of the site would include relocating the occupants, and development of a greenway park in the floodway. This would link to the present Martin Luther King Park to the north and the Festival Park to the south.

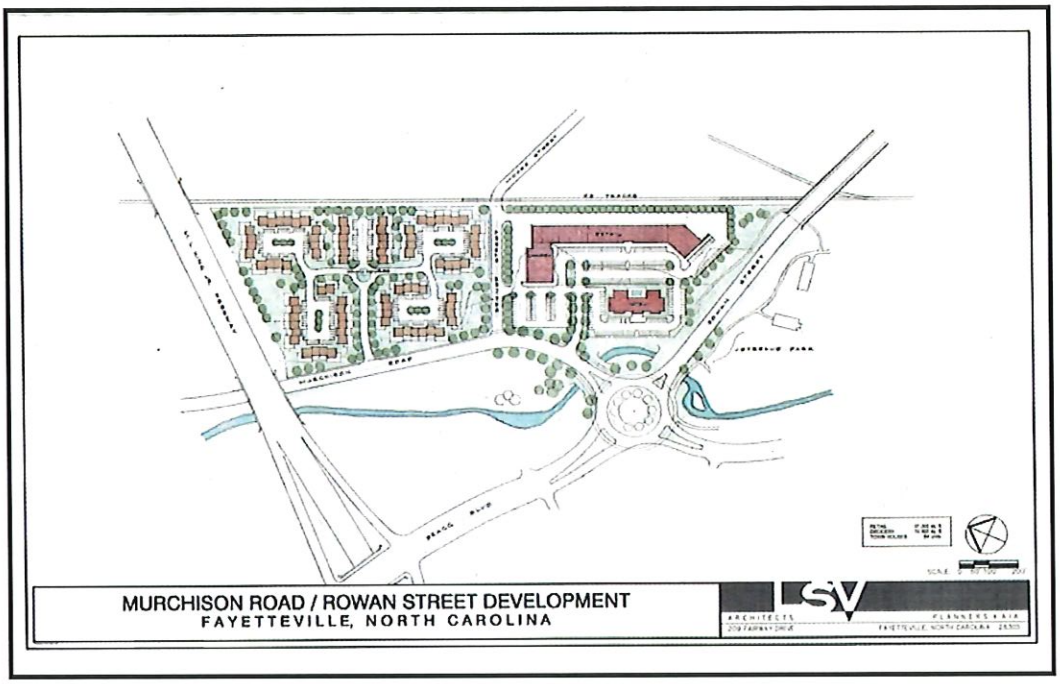


EXHIBIT 3

The southeast quadrant of the site concept contains a shopping center which will be referred to as Rowan Plaza. It has 33,600 SF of general retail and office space, and a 9,720 SF grocery store, with 217 parking spaces; and a 100 suite hotel with120 parking spaces. The northeast quadrant of the site contains an 84 unit medium density townhome development which will be referred to as Parkside Townhomes. The west site of Murchison Road which is the flood plain area is cleared for a greenway along Cross Creek. This concept responds to the market and recommendations contained in the Development Plan. It also provides a potential home for relocating businesses such as V-Point Grocery, and it provides mixed income downtown housing in a park setting.

The Consultant has been approached by a potential hotel developer who is interested in the hotel site. The developer had previously proposed a hotel as part of the University Business Park concept sponsored by FSU in 2006. This effort was aborted when FSU decided not to locate its Science and Technology building on the site. This had been the lynchpin project for the site. All of this was before finalizing BRAC, Veteran's Park, the new Rowan Street Bridge, and the proposed traffic circle. The developer feels that these events and the city's interest in redeveloping the entire site now make the hotel feasible. Kingdom Community Development Corporation has expressed interest in working with local investors to develop the shopping center.

FINANCIAL FEASIBILITY

ACQUISITION

Exhibit 12A provides the inventory and tax values for the four sections of the site. Phase A is the site for Rowan Plaza. The tax value of the site is $222,807 and when escalated by 30% results in an estimated acquisition cost of $289,649. Phase B is the site for the Parkside Townhomes. The tax value is $495,665 with an estimated acquisition cost of $644,364. To this the Consultant has added $80,000 for demolition and relocation. Phase C is the west side of Murchison Road and has a tax value of $885,436. The estimated acquisition cost is $1,151,067 to which has been budgeted $150,000 for demolition and relocation. Phase D is that portion assumed to be purchased by NCDOT as part of the bridge and traffic circle construction. The total estimated city's acquisition and demolition cost is $2,315,080.

It should be noted that the properties are being purchased with structures that will be demolished and cleared. The site will be reconstituted and sold to the selected developer at an estimated price based on the tax value of the land plus 30%. The difference between the city's acquisition price and the sale price to the developer will be treated as "Acquisition Writedown". The estimated Acquisition Writedown for the Parkside Townhomes site is $338,355, and none Rowan the Plaza.

CATALYST # 1 PROPERTY INVENTORY

PARCEL	SITE ADDRESS			VALUE Total Tax	(Land)	(Building)	ZONING	YR_BUILT	SIZE (Lot)		ACRE
Phase A	**SHOPPING CENTER**										
0437-47-1606-	441	GREENSBORO	ST	$ 3,500	$ 3,500	$ -	R5	1915	100.00	140.00	0.32
0437-47-1539		GREENSBORO	ST	$ 3,150	$ 3,150	$ -		0	50.00	140.00	0.16
0437-47-1478		GREENSBORO	ST	$ 1,400	$ 1,400	$ -			190.00	140.00	0.65
0437-47-2268-	425	GREENSBORO	ST	$ 1,750	$ 1,750	$ -	R5	0	50.00	140.00	0.16
0437-47-2327-	431	GREENSBORO	ST	$ 3,500	$ 3,500	$ -	R5	0	50.00	140.00	0.17
0437-47-2343-	0	GREENSBORO	ST	$ 3,500	$ 3,500	$ -	R5	0	50.00	140.00	0.16
0437-47-2291-	423	GREENSBORO	ST	$ 1,313	$ 1,313	$ -	R5	0	100.00	140.00	0.32
0437-47-3124-	421	GREENSBORO	ST	$ 13,374	$ 13,374	$ -	C3	0	50.00	140.00	0.16
0437-47-3140-	411	GREENSBORO	ST	$ 12,174	$ 12,174	$ -	C3	0	50.00	140.00	0.16
0437-37-9596-	609	BRUNER	ST	$ 15,640	$ 15,640	$ -	C3	1920	180.00	50.00	0.22
0437-37-9555-	611	BRUNER	ST	$ 15,640	$ 15,640	$ -	C3	0	50.00	195.00	0.22
0437-37-9503-	613	BRUNER	ST	$ 15,640	$ 15,640	$ -	C3	0	50.00	195.00	0.22
0437-37-8527-	428	MURCHISON	RD	$ 4,976	$ 4,976	$ -	C3	1939	50.00	49.00	0.07
0437-37-8543-	426	MURCHISON	RD	$ 5,687	$ 5,687	$ -	C3	1939	48.75	70.00	0.08
0437-37-8468-	424	MURCHISON	RD	$ 4,976	$ 4,976	$ -	C3	1939	48.75	70.00	0.07
0437-47-0188-	408	MURCHISON	RD	$ 36,967	$ 36,967	$ -	C3	1948	120.00	190.94	0.52
0437-37-8483				$ 4,265	$ 4,265	0			48.75	70.00	0.06
0437-37-9472-	420	MURCHISON	RD	$ 14,218	$ 14,218	$ -	C3	0	43.00	200.92	0.20
0437-37-9399-	418	MURCHISON	RD	$ 13,507	$ 13,507	$ -	C3	0	43.00	198.00	0.19
0437-47-0315-	416	MURCHISON	ST	$ 14,218	$ 14,218	$ -	C3	0	43.00	192.00	0.20
0437-47-0321-	414	MURCHISON	RD	$ 13,507	$ 13,507	$ -	C3	0	43.00	191.04	0.19
0437-47-0246-	412	MURCHISON	RD	$ 19,905	$ 19,905	$ -	C3	0	63.00	191.04	0.28
0437-38-2055				0	0	0			80.00	151.70	0.15
				$ 222,807	$ 222,807						4.93
Phase B	**TOWNHOMES**										
0437-38-7539-	0	GREENSBORO	ST	$ 1,050	$ 1,050	$ -	R5	0	105.00	78.00	0.25
0437-38-8318-	541	GREENSBORO	ST	$ 2,100	$ 2,100	$ -	R5	0	275.00	185.00	0.66
0437-38-8244-	521	GREENSBORO	ST	$ 3,500	$ 3,500	$ -	R5	0	75.00	218.50	0.35
0437-38-8155-	517	GREENSBORO	ST	$ 40,269	$ 6,300	$ 33,875	R5	1932	91.05	256.96	0.56
0437-38-8035-	0	GREENSBORO	ST	$ 3,281	$ 3,281	$ -	R5	0	28.00	320.00	0.59
0437-37-9917-	511	GREENSBORO	ST	$ 3,938	$ 3,938	$ -	R5	0	120.00	320.00	0.74
0437-37-8723-	0	BRUNER	ST	$ 7,000	$ 7,000	$ -	R5	0	180.00	130.00	0.60
0437-37-7866-	0	DURHAM	ST	$ 7,000	$ 7,000	$ -	R5	0	150.00	266.00	0.70
0437-37-8723		DURHAM	ST	7000	7000	0			180.00	130.00	0.60
0437-47-0902-	507	GREENSBORO	ST	$ 24,600	$ 3,500	$ 21,100	R5	1953	50.00	140.00	0.16
0437-47-0865-	0	GREENSBORO	ST	$ 4,375	$ 4,375	$ -	R5	0	150.00	210.00	0.26
0437-47-0769-	501	GREENSBORO	ST	$ 3,500	$ 3,500	$ -	R5	1915	100.00	142.00	0.11
0437-38-6564-	610	HUBBARD	ST	$ 263	$ 263	$ -	R5	0	50.00	78.00	0.08
0437-38-7306-	0	HUBBARD	ST	$ 4,550	$ 4,550	$ -	R5	0	175.50	355.00	0.73
0437-38-5499		HUBBARD	ST	0	0	0			60.00	56.00	0.01
0437-38-6207-	621	HUBBARD	ST	$ 45,348	$ 3,500	$ 41,848	R5	1940	95.00	308.00	0.67
0437-47-0769				3500	3500	0			100.00	142.00	0.11
0437-37-9799-	0	BRUNER	ST	$ 3,500	$ 3,500	$ -	R5	0	59.00	150.00	0.00
0437-37-9738-	606	BRUNER	ST	$ 3,500	$ 3,500	$ -	R5	1940	50.00	150.00	0.17
0437-38-4393-	536	DURHAM	ST	$ 20,200	$ 3,500	$ 16,700	R5	1927	65.00	85.00	0.15
0437-38-5223-	532	DURHAM	ST	$ 24,300	$ 3,500	$ 20,800	R5	1925	37.00	75.00	0.06
0437-38-5231-	530	DURHAM	ST	$ 875	$ 875	$ -	R5	0	18.00	75.00	0.03
0437-38-5217-	534	DURHAM	ST	$ 21,200	$ 3,500	$ 17,700	R5	1927	37.00	75.00	0.06
0437-38-5149		DURHAM	ST	175	175	0			16.00	75.00	0.03
0437-38-5157-	526	DURHAM	ST	$ 17,900	$ 3,500	$ 14,400	R5	1930	34.00	75.00	0.06
0437-38-5173-	524	DURHAM	ST	$ 3,500	$ 3,500	$ -	R5	1935	66.00	75.00	0.11
0437-38-6047-	522	DURHAM	ST	$ 3,500	$ 3,500	$ -	R5	0	100.00	190.00	0.38
0437-38-6050-	520	DURHAM	ST	$ 19,800	$ 3,500	$ 16,300	R5	1920	50.00	141.00	0.15
0437-37-6964-	518	DURHAM	ST	$ 20,800	$ 3,500	$ 17,300	R5	1920	50.00	117.00	0.12
0437-38-4220-	531	DURHAM	ST	$ 875	$ 875	$ -	R5	0	33.00	82.00	0.06
0437-38-4137-	529	DURHAM	ST	$ 875	$ 875	$ -	R5	0	33.00	79.00	0.05
0437-38-4154-	527	DURHAM	ST	$ 875	$ 875	$ -	R5	0	33.00	75.00	0.05
0437-38-4161-	525	DURHAM	ST	$ 875	$ 875	$ -	R5	0	33.00	71.00	0.05
0437-38-3156-	530	MURCHISON	RD	$ 875	$ 875	$ -	R5	0	30.00	82.00	0.06
0437-38-3173-	528	MURCHISON	RD	$ 875	$ 875	$ -	R5	0	30.00	79.00	0.05
0437-38-3180-	526	MURCHISON	RD	$ 875	$ 875	$ -	R5	0	30.00	75.00	0.06
0437-38-4008-	524	MURCHISON	RD	$ 875	$ 875	$ -	R5	0	30.00	71.00	0.06
0437-38-4087-	523	DURHAM	ST	$ 18,200	$ 2,450	$ 15,750	R5	1946	47.18	70.35	0.07
0437-38-5003-	521	DURHAM	ST	$ 21,000	$ 2,450	$ 18,550	R5	1947	47.18	65.05	0.06
0437-38-3271-	532	MURCHISON	ST	$ 9,953	$ 9,953	$ -	R5	1940	40.00	165.00	0.14
0437-38-4051-	522	MURCHISON	RD	$ 19,447	$ 2,625	$ 16,822	R5	1946	46.80	65.05	0.08
0437-38-4025-	520	MURCHISON	RD	$ 21,300	$ 2,625	$ 18,675	C1	1946	46.80	70.35	0.09
0437-37-5924-	516	MURCHISON	RD	$ 21,500	$ 2,625	$ 18,581	C1	1946	46.80	109.00	0.10
0437-37-5908-	518	MURCHISON	RD	$ 14,698	$ 9,242	$ 5,456	C1	1946	46.80	119.50	0.13
0437-37-5849-	514	MURCHISON	RD	$ 7,820	$ 7,820	$ -	C1	1930	46.80	98.40	0.11
0437-37-6717-	500	MURCHISON	RD	$ 54,223	$ 12,441	$ 41,782	C1	1937	307.00	85.60	0.35
				$ 495,665	$ 159,638	16 STRUCTURES					10.07
Phase C	**GREENWAY**										
0437-37-3913-	517	MURCHISON	RD	$ 406,717	$ 50,474	$ 346,198	C1	1969	200.00	178.00	0.71
0437-37-3872-	511	MURCHISON	RD	$ 13,839	$ 13,507	$ -	C1	0	50.00	186.13	0.19
0437-37-3798-	509	MURCHISON	RD	$ 14,929	$ 14,929	$ -	C1	0	50.00	194.82	0.21
0437-37-4723-	507	MURCHISON	RD	$ 24,032	$ 15,640	$ 8,392	C1	1940	50.00	205.21	0.22
0437-37-5509-	501	MURCHISON	RD	$ 425,919	$ 84,890	$ 321,608	C1	1950	278.44	263.38	1.45
				$ 885,436	$ 179,440						2.78
Phase D	**ESTIMATED BRIDGE " RIGHT OF WAY"**										
0437-37-8173-	413	MURCHISON	RD	$ 853	$ 853	$ -	C1	0	95.00	75.00	0.12
0437-37-8097-	411	MURCHISON	RD	$ 4,976	$ 4,976	$ -	C1	0	57.50	105.00	0.07
0437-37-7293-	423	MURCHISON	RD	$ 11,374	$ 11,374	$ -	C3	0	55.25	132.00	0.16
0437-37-8118-	419	MURCHISON	RD	$ 11,374	$ 11,374	$ -	C3	0	55.25	132.00	0.16
0437-47-1035				$ 44,076	$ 44,076	0			215.68	191.65	0.62
0437-47-3071-	406	GREENSBORO	ST	$ 246,500	$ 36,967	$ 205,273	C3	1965	150.00	140.00	0.52
0437-46-4911	400	GREENSBORO	ST	20681	11374	0			50.00	140.00	0.16
0437-46-2936-	528	ROWAN	ST	$ 28,436	$ 28,436	$ -	C3	0	187.50	185.00	0.40
0437-46-4865	506	ROWAN	ST	$ 71,728	$ 21,327	$ 47,478			198.46	165.50	0.30
0437-37-6343-	425	MURCHISON	RD	$ 61,648	$ 61,648	$ -	C3	0	309.11	263.38	2.22
0437-37-7009-	614	ROWAN	ST W	$ 25,160	$ 14,218	$ 8,919	C3	1963	110.00	90.00	0.20
0437-37-8009	612	ROWAN	ST W	$ 85,496	$ 12,796	$ 71,498		1966	78.00	90.00	0.18
0437-37-8084				$ -	$ -	$ -			108.00	45.00	0.08
				$ 612,302	$ 259,419						5.19

EXHIBIT 12A

ROWAN PLAZA

Rowan Plaza is the 43,320 SF shopping center included in the development concept presented in Exhibit 3. The Consultant recommends that the required land be assembled, purchased and made ready to be sold to a developer. This includes clearing, relocation as required, and any necessary environmental remediation. The Development Budget and recommended sources of financing presented in Exhibit 13, pertain to the project after the city has control and has cleared the site. The budget (Uses) assumes an acquisition cost based on 130% of the tax value which includes sale commissions if paid; construction costs based on recent comparables; and typical soft costs for a project of this size. The Sources of financing the required $5.9M includes a $4.6M First Mortgage. This is the maximum amount that can be supported by the Cash Flow indicated in Exhibit14, in order to provide a 1.2 Debt Coverage. Likewise $360,000 is the maximum private Equity the Cash Flow can support while providing a 15 year Return on Investment of over 25% as indicated in Exhibit 14. This underwriting criteria and returns are considered reasonable for the risks associated with a project located in such an unproven redevelopment area. It is recommended that the remaining "Gap Financing" be provided by the city in the form of a $700,000 Second Mortgage, and an Acquisition Loan (Purchase Money Note) of about $290,000. Both notes would be at a 2% interest for 20 years with payments deferred for the first 5 years.

ROWAN PLAZA (without Hotel)
SOURCES & USES

SOURCES

		Amount	% of Total	Rate	Term	Amortz	Debt Serv	Debt Coverage	
First Mortgage	$	4,600,000	77.32%	6.75%	20	20	$ 425,807	1.21	
*City Second mortgage	$	700,000	11.77%	2.00%	20	20	$ 42,810	1.21	(1st&2nd Mortg)
*City Acquisition Loan	$	289,649	4.87%	2.00%	20	20	$ 17,714		
Non-Repayable Grants			0.00%						
Other	$	(0)	0.00%						
Equity Investment	$	359,797	6.05%						
GRAND TOTAL	$	5,949,446	100%				$ 486,330		

*Deffered for 5 Yrs

USES

Acquisition				
Land purchase (Tax Value plus 30%)		$ 289,649		
Sales Commissions				
SUBTOTAL			$ 289,649	
Site Development	@$14.50 /SY		$ 628,140	
Building Construction	43,320 SF @ $88 /SF		$ 3,812,160	
Construction Contingency			$ 556,403	
Design/Legal Consultants				
DESIGN CONSULTANTS	@6%	$ 228,730		
TITLE, LEGAL & RECORDING		$ 15,000		
SUBTOTAL			$ 243,730	
Planning and Administration				
SURVEY		$ 1,000		
CONSULTANTS		$ 8,000		
APPRAISAL		$ 3,000		
ENVIRONMENTAL REPORT		$ 3,000		
PERM MORTG ORIGINATION FEE	(1 Point)	6,470		
DEVELOPER FEE	8%	$ 397,894		
SUBTOTAL			$ 419,364	
GRAND TOTAL			$ 5,949,446	

EXHIBIT 13

ROWAN PLAZA RETURN ON INVESTMENT

RETURN ON INVESTMENT

					YR1	YR2	YR15
TAXABLE INCOME							
CASH FLOW					$ (22,644)	$ 87,249	$ 318,191
AMORTIZATION (+)	1st MORT	$ 4,600,000			$115,307	$123,090	$287,743
(PRINCIPAL)	2ND MORT	$ 989,649			$40,731	$41,545	$53,743
DEPRECIATION (-)	BUILDINGS	$ 4,440,300	39 YRS		($113,854)	($113,854)	($113,854)
	OTHER	$ 419,364	5YRS		($83,873)	($83,873)	
TOTAL TAXABLE EARNINGS					$ (64,333)	$ 54,158	$ 545,823
TOTAL RETURN(AFTER TAX)							
CASH FLOW					($22,644)	$87,249	$318,191
TAX LIABILITY/BENEFITS @ 36% RATE					$23,160	($19,497)	($196,496)
SALE PROCEEDS (NET)							$ 2,886,655
NET CASH FLOW AFTER TAX		$ (359,797)			$516	$67,752	$3,008,349
INTERNAL RATE OF RETURN							
INVESTMT					$ 359,797		
TOTAL RETURN					$ 4,130,939		
IRR					25%		
LOAN AMORTIZATION							
BALANCE	1ST Mort				$ 4,600,000	$ 4,484,693	$ 2,045,384
PAYMENT			6.75%	$ 4,600,000	$ 425,807	$425,807	$425,807
INTEREST					$310,500	$302,717	$138,063
AMORTIZATION					$115,307	$123,090	$287,743
BALANCE	2nd Mort				$ 989,649	$ 948,918	$ 339,019
PAYMENT			2.00%	$ 989,649	$ 60,524	$60,524	$60,524
INTEREST					$19,793	$18,978	$6,780
AMORTIZATION					$40,731	$41,545	$53,743

EXHIBIT 13A

ROWAN PLAZA CASH FLOW

	SF RENT		TOTAL LEASABLE SI		YR1
TOTAL GROSS INCOME	(Tenant pays utilities)				
BASE RENT (Trend @ 3%)					
GROCERY STORE	$ 13.00	/SF	9,720	$	126,360
RETAIL SHOPS (28@1,2(	$15.00	/SF	33,600	$	504,000
			43,320	$	630,360
REIMBURSABLES					
INSURANCE	$0.60	/SF		$	25,992
PROPERTY TAXES	$1.50	/SF		$	65,108
COMMON AREA MAINTENAN	$0.75	/SF		$	32,490
TOTAL				$	123,590
TOTAL				$	753,950
VACANCY (15%, 10%, 5%)				$	113,093
EFFECTIVE GROSS INCOME				$	640,858
OPERATING EXPENSES (Trend @ 4%)					
INSURANCE	$0.60	/SF		$	25,992
PROPERTY TAXES	$1.50	/SF		$	65,108
COMMON AREA MAINTENANCE (CAM)	$0.75	/SF		$	32,490
TOTAL				$	123,590
NET OPERATING INCOME				$	517,267
DEBT SERVICE 1ST MORT (Bank)	$4,600,000	6.75%	20 yrs	$	425,807
CITY LOAN PAYMENTS	$ 989,649	2.0%	20 yrs	(DEFERRED FOR 5 YI	
TOTAL DEBT SERVICE	$5,589,649			$	425,807
CASH FLOW				$	30,937
DEBT COVERAGE 1ST MORT					1.21
DEBT COVERAGE 1st & 2nd					1.21
PROPERTY MANAGEMENT	10%	BASE RENT		$	53,581
NET CASH FLOW				$	(22,644)

EXHIBIT 14

ROWAN PLAZA INVESTMENT AND RETURN

USE (leasable space 90%)

RETAIL (GROCERY)	9,720 SF
RETAIL (OTHER)	33,600 SF
PARKING	217 SPACES
HOTEL	100 Suites
PARKING	120 SPACES

TOTAL INVESTMENT (without Hotel) $ 5,949,446

PRIVATE INVESTMENT

EQUITY	$ 359,797
PRIVATE DEBT	$ 4,600,000
POTENTIAL RETURN ON INVESTMENT (15 Yrs)	25%
POTENTIAL PROFIT	

CITY INVESTMENT (without Hotel)	YEAR 1	TOTAL (10 Years)	TOTAL (25 Years)
CITY ACQUISITION LOAN	$ 289,649	$ 289,649	$ 289,649
CITY SECOND MORTGAGE	$ 700,000	$ 700,000	$ 700,000
*RELOCATEE'S RENT SUBSIDY (FOR 25,000 SF)	$ 100,000	$ 750,000	$ 750,000
Total City Contribution	$ 1,089,649	$1,739,649	$ 1,739,649
RETURN			
CITY LOAN PAYMENTS		$ 302,618	$ 1,210,474
ANNUAL PROPERTY TAX			
TOTAL	$ 65,108	651,080	$ 1,627,700
CITY	$ 24,825	248,254	$ 620,634
Total City Return	$ 24,825	550,872	1,831,108

JOBS (not including Hotel)

PERMENANT	1 Retail/250SF	212
CONSTRUCTION	(Full-Time Equivalent)	46

*$4/SF 1-5 YRS, $2/SF 6-10YRS

EXHIBIT 15

Exhibit 15 summarizes the private and city investments and returns. Please note that in addition to the two loans discussed above, it is recommended that the city provide a rent subsidy for relocating businesses. Because of the existing depressed real estate values and limited market, the existing businesses are paying depressed rents and can not afford the new rents required to support the new development. Secondly their relocation will not necessarily for their benefit but that of the city. Therefore some form of rent subsidy is justified to phase them into the new market rents. The Consultant recommends a subsidy rate of $4/SF for the first 5 years and $2/SF for the second 5 years. This would average $3/SF over a 10 year phase in period. For this project $750,000 has been budgeted for this subsidy which will support 25,000 SF of space. This should be sufficient to cover V-Point Grocery, Vick's Corner, and the other smaller relocating businesses in the area. Paye Funeral Home has identified another more appropriate location. It is also assumed that the Downtown Loan Program and Business Assistance Loan Program will be available for the individual tenants.

Based on the total 25 year city investment of $1,739,649 in the form of a Second Mortgage, Purchase Money Note, and rent subsidy; the city should realize in return $1,889,370 in the form of loan payments and property taxes. In addition, the existing blight will be removed, and 212 permanent and 46 construction jobs will be created.

PARKSIDE TOWNHOMES

Parkside is the 84 unit residential complex included in the development concept presented in Exhibit 3. Exhibit16 provides a further description, amenities, and features of the units. The development budget and recommended sources of financing is presented in Exhibit 17. The budget (Uses) assumes an acquisition cost based on 130% of the tax value which includes commissions if paid; construction costs based on recent comparables; and typical soft costs for a project of this size. The budget also provides for a 16% profit to the developer in addition to 4% for development administration, and 5% construction contingency.

Residential Condo's **84 Units**

2 Story TOWNHOMES, 84 Units

Attached units with garage

42	2Brm/ 2 Bath	1,250 SF
42	3Brm/ 2.5 Bath	1,400 SF

Amenities

Outside
- Downtown Location
- Clubhouse
- Swimming Pool
- Patio
- Court Yards
- Park Access

Unit Features

- Walk-in Closets
- Designer Kitchen Appliances
- Granite countertops
- Undermount sinks
- Hardwood Floors in Foyer/Living/Dinning Areas
- Plush Carpet bedrooms
- Tiled bathrooms/Kitchens
- Cable and High Speed Internet

EXHIBIT 16

PARKSIDE TOWNS DEVELOPMENT SOURCES AND USES

SOURCES						DEVELOPMENT LOAN	CONSTRUCTION LOAN (12 UNITS)	CITY CONTRIB
UNIT SALE PRICING	SF	Total SF	Price/SF	Unit Price (1st Yr)				
2Brm/ 2B	1,250	52,500	$ 112	$ 140,000	42			
3Brm/ 2.5B	1,400	58,800	$ 112	$ 156,800	42			
TOTAL Residential		111,300			84			
	Phase 1 Constru 24 Units @	Phase 2 (3% increase) 30 Units @	Phase 3 (3% increase) 30 Units @					
	$ 148,400	$ 152,852	$ 157,438		$ 12,870,287			
SALE PROCEEDS	$ 148,400	$ 152,852	$ 157,438		$ 12,870,287			
TOTAL DEVELOPMENT SOURCES					$ 12,870,287	$ 810,367	$ 1,327,638	$ 207,529
DEVELOPMENT USES								
LAND COSTS								
ACQUISITION @ Tax Value plus 30%					207529			$ 207,529
SUBTOTAL	$ 2,471	$ 1.86	/SF		$ 207,529	$ 207,529		$ 207,529
SITE IMPROVEMT COSTS								
UTILITIES	$ 1,000				$ 84,000			
POOL	$ 357				$ 30,000			
LANDSCAPE	$ 893				$ 75,000			
CONTINGENCY @ % OF CONSTR	$ 135	6%			$ 11,340			
SUBTOTAL	$ 2,385	$ 1.80	/SF		$ 200,340	$ 200,340	$ -	$ -
UNIT CONSTRUCTION COST								
RESIDENTIAL CONDO CONSTRUCTION @ /SF	$ 86,125	$ 65	/SF		$ 7,234,500			
CLUB/COMMON AREA EQUIPMENT/FURNITURE	$ 595	$ 0.45	/SF		$ 50,000			
PERMITS AND FEES @ % CONSTR	$ 867	1%			$ 72,845			
CONTENGENCY @ % CONSTR	$ 4,379	5%			$ 367,867			
SUBTOTAL	$ 91,967	$ 69.41	/SF		$ 7,725,212	$ -	$ 1,103,602	
UNIT OTHER COSTS								
DESIGN FEES @ % CONSTR	$ 3,302	3.5%			$ 277,394	$ 277,394		
DEVELOPMENT ADMINISTRATION/ FEE	$ 3,976	4.0%			$ 333,946		$ 19,878	
CONSTRUCTION LOAN FEE @ % Constr loan	$ 202	1.0%	LOC	$ 1,700,000	$ 17,000	$ 17,000		
DEVELOPMENT LOAN FEE @ % Constr loan	$ 96	1.0%			$ 8,104	$ 8,104		
DEVELOPMENT LOAN INTEREST	$ 1,737	6.0%	6 Years	$ 145,866	$ 145,866		$ 48,622	
CONSTRUCTION LOAN INTEREST	$ 3,793	8.0%	2Yrs/Phase	$ 318,633	$ 318,633		$ 106,211	
MARKETING @ % OF SALES	$ 2,298	1.5%			$ 193,054	$ 100,000	27,579	
HO DUES INCLUDING INSUR FOR UNSOLD UNITS	$ 120	$10	/month/unit		$ 10,080		$ 3,360	
OTHER PROF,INSUR, ADMIN, TAXES @ % OF DEV COST	$ 1,532	1%			$ 128,703		$ 18,386	
SUBTOTAL	$ 17,057	12.87	/SF		$ 1,432,780	$ 402,498	$ 224,036	$ -
SALES COSTS								
UNIT CLOSING COSTS @ % OF SALES	$ 2,298	1.5%			$ 193,054			
SALES COMMISSIONS @ % OF SALES	$ 7,661	5%			$ 643,514			
SALES CONSSESIONS	$ 4,597	3%			$ 386,109			
SUBTOTAL	$ 14,556	10.99	/SF		$ 1,222,677	$ -	$ -	
TOTAL DEVELOPMENT USES	**$ 128,435**	**96.93**	**/SF**		**$ 10,788,539**	$ 810,367	$ 1,327,638	$ 207,529
DEVELOPMENT NET SALES PROCEEDS	**$ 24,783**	**16%**			**$ 2,081,748**			

EXHIBIT 17

The Sources of financing is based on an initial average Sale Price of $148,000 that is increased 1.5% each year. It is assumed that the development will be sold out in 6 years at the rate of 12-15 units per year. The project will need a Development Loan of $810,000 which covers acquisition, site improvements, and preconstruction soft costs. In addition, the project will need a revolving construction loan of $1.3M which will allow up to 12 units to be under construction at any point in time. Generally, private banks will require the units using their financing to be sold prior to

construction (Presold), which makes it difficult to finance the models required for the initial marketing and sales process.

Another challenge in home financing in redevelopment areas is affordability. Generally, if public money is used, there is a requirement for a certain number of the units to be affordable to low-moderate income families (80% Area Median Income) which for a family of 4 in Fayetteville is $39,440. For the purpose of budgeting, the Consultant assumes an affordability goal of $29,580 (60% AMI). Exhibit 18 indicates that a subsidy of $66,000 to $82,000 in the form of soft second mortgages will be required to reach this affordability goal. If we further assume that $20,000 will be available from the NC Housing Finance Agency's Homeownership program, then there will be a remaining gap of $46,000-$62,000.

AFFORDABILITY ANALYSIS

		A	B
PARKSIDE TOWNHOMES		**2Brm/ 2B**	**3Brm/ 2.5B**
TOTAL UNITS		**42**	**42**
TOTAL AFFORDABLE UNITS		**12**	**12**
Financial Assumptions			
Area Median Income - FY 2008 (Family of 4)		49,300	49,300
Maximum Program Sale Price (if applicable)		140,000	156,800
Max. Payment - Housing (%)		30%	30%
Max. Payment - Housing/Other Debt (%)		40%	40%
Monthly Escrows (Insurance & Taxes)		200	200
Avg. Monthly Payment - Other Debt		350	350
Minimum Downpayment from Purchaser	5%	$7,000	$7,840
Maximum Closing Costs		2000	2000
Local Program Downpayment/Closing Cost Assistance		2000	2000
First Mortgage Interest Rate		6.50%	6.50%
Loan Term (years)		30	30
Per Unit Calculation of Maximum Supportable Debt and Resource Requirements by AMI			
Average AMI within income bracket		**60%**	**60%**
Annual Income		$29,580	$29,580
Monthly income		$2,465	$2,465
Income available for monthly housing escrows and other debt	40%	$986	$986
Total monthly housing escrows and other debt		$550	$550
Net available for debt service		$436	$436
Max. supportable first mortgage		$68,980	$68,980
Average Program Purchase Price + Closing Costs		$142,000	$158,800
Less Max. Supportable First Mortgage		$68,980	$68,980
Less Purchaser Downpayment		$7,000	$7,840
Less Max. NCHFA Assistance		$20,000	$20,000
CITY Funded Loan Required for Avg. Program Purchase Price		$46,020	$61,980
TOTAL CITY CONTRIBUTION	$1,296,002		

EXHIBIT 18

In order to make this project financially viable, the Consultant recommends that the required land be assembled; purchased and cleared along with the necessary relocation and any required environmental remediation; and sold to the developer with a Purchase Money Note. If the project is completed by the developer within the time agreed upon, the note would be forgiven. This note will reduce the Development Loan Requirement by $207,529. Secondly, it is recommended that the city budget $1.3M for soft Second Mortgages of $46,000-$62,000 for 24 of the 84 units. These loans would be at a 2% interest for 20 years with payments deferred for the first 5 years.

To assist in the construction financing, it is further recommended that this second mortgage amount be contributed during construction as part of construction financing, and then converted to the Second Mortgage upon closing with a qualified buyer. Finally, to assist in the initial marketing and sales, it is recommended that approximately $200,000 of the budgeted Second Mortgage Fund be used up front for financing 2 models. These same dollars would be repaid and recycled for the Second mortgages for the last 4 of the 24 affordable units. Exhibit 19 presents a summary of these recommendations. Over a total 25 years the city would invest $1.5M and receive in return $2.4M in mortgage payments and property taxes. In addition the project would remove the existing blight, create 84 (full time equivalent) construction jobs, and add 24 units of affordable housing to the city's inventory.

PARKSIDE FINANCIAL SUMMARY

USE (leasable space 90%)			
TOWNHOMES	84		
TOTAL INVESTMENT	$ 12,870,287		
PRIVATE INVESTMENT			
EQUITY (DEV ADMIN FEES)	$ 333,946		
PRIVATE DEBT (DEVELOPMENT & CONSTRUCTION LOC)	$ 2,138,005		
POTENTIAL RETURN ON INVESTMENT (15 Yrs)			
POTENTIAL PROFIT	16%		
CITY INVESTMENT	**YEAR 1**	**TOTAL (10 Years)**	**TOTAL (25 Years)**
CITY ACQUISITION LOAN	$ 207,529	$ 207,529	$ 207,529
HOMEBUYER 2ND MORTGAGE SUBSIDY	$ 216,000	$ 1,296,002 (6 Yrs)	$ 1,296,002
	$ 423,530	$ 1,503,531	$ 1,503,531
RETURN			
HOMEBUYER 2ND MORTGAGE PAYMENTS (PRINCIPAL ONLY)			$ 1,296,002
ANNUAL PROPERTY TAX			
TOTAL	$ 24,753	1,041,091	2,879,332
CITY	$ 9,438	396,963	1,097,875
TOTAL CITY RETURN	$ 9,438	$ 396,963	$ 2,393,877
JOBS			
CONSTRUCTION (Full-Time Equivalent)	84		
AFFORDABLE HOUSING UNITS	24		

V. CATALYST SITE #3

MURCHISON/JASPER

SITE LOCATION

Exhibit 20 is a general location map of this site. It is at the corner of Jasper Street and Murchison Road. It presently contains Suburban Mart, a 12,600 SF neighborhood strip center with a convenience store, beauty shop, and a florist; Colvin Funeral Home; and two small commercial buildings, one of which is a day care center and the other, an office building. The strip center and commercial building are old and obsolete. Notwithstanding that this area has a high concentration of poverty and drug related crime, it is the gateway to the Holly Springs and Broadell developments which are middle-class residential communities. The visual blight and crime perception of this site makes it the most challenging for redevelopment. On the other hand, its strategic location along the corridor and near Fayetteville State University and middle-class communities gives it redevelopment potential.

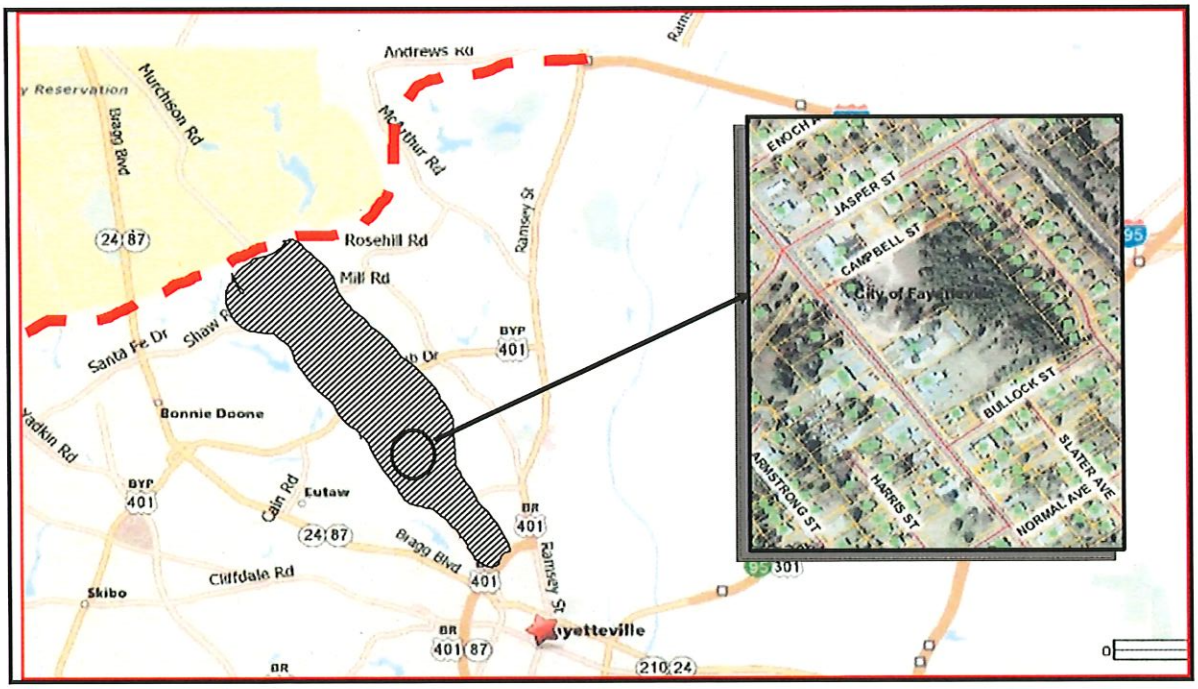


EXHIBIT 20

DEVELOPMENT PLAN MARKET ANALYSIS AND RECOMMENDATIONS

Based on a market analysis and assessment of the site, the Development Plan recommended retail redevelopment and expansion. The market analysis identifies a short-term retail demand for 24,000 – 34,000 SF and a long-term demand for an additional 90,000 – 117,000 SF; a short term residential demand for 80 – 110 units and a long-term residential demand for an additional 110 -135 units; and a short term office demand for 50,000 – 93,000 SF and a long term for an additional 82,000 – 150,000 SF. The Development Plan calls for continuation of the site's neighborhood commercial role with possible expansion with civic functions to service establishments needed by residents (banks, grocery stores, financial services, drug stores, etc.). It also recognized that the area is in need of a physical upgrade to help change its image.

PROPERTY/BUSINESS OWNER INTERVIEWS

Exhibit 21 is the inventory of all property, owners, and tax value of properties within the Catalyst Site #3. Exhibit 22 provides an inventory of key property and business owners, and a summary of their reactions to the recommendations of the Development Plan.

The Consultant met individually with representatives of the 3 property/business owners representing all 3 of the major property and businesses affected by the plan. The results of the Development Plan were presented. The Consultant discussed with each property/business owner the potential impact of the plan on their property or business. All support the plan and look forward to cleaning up the blight and redeveloping the community. Mr. Spurgen Watson, who manages the strip center and owner of the Suburban Mart convenient store, stated that he does not plan to renew his lease when it expires in late 2009. He plans to retire from the business and is not interested in participating in a potential development. Mr. Watson is also the owner of SDDL Inc. which owns the large parcel to the south of the strip center. He is interested in selling the SDDL property. Mr. Colvin, who owns the funeral home and property, welcomes a new development next door. He is interested in purchasing that portion of the SDDL parcel which is directly behind and to the south of his complex. He is assuming that it will not be used for any new shopping center.

CATALYST # 3 PROPERTY INVENTORY

PARCEL	SITE ADDRESS	VALUE Total Tax	(Building)	(Land)	OWNER(S)	ADDRESS					YR BUIL	SIZE (Lot)	ACRE
0428-85-6724-	1212 MURCHISON RD	$ 366,600	$ 51,896	$ 302,229	BUTLER, WILLIE MAE	PO BOX 1723	FAYETTEVILLE	NC	28302	1963	159 X200	0.73
0428-95-0530-	2008 MURCHISON RD	$ 548,537	$ 343,462	$ 186,237	SLLD INC	PO BOX 1215	FAYETTEVILLE	NC	28302	1938	0 0	6.9
0428-85-9338-	2010 MURCHISON RD	$ 455,346	$ 69,696	$ 384,034	ASCO ENTERPRISES L	2010 MURCHISON RD	FAYETTEVILLE	NC	28301	1971	150 X290.5	1

EXHIBIT 21

CATALYST # 3 CONTACT SHEET

MAP #	PARCEL	SITE ADDRESS	VALUE Total Tax	OWNER(S)	CONTACT RESULTS
1	0428-85-6724-	1212 MURCHISON ROAD SUBURBAN MART	$ 366,600	BUTLER, WILLIE MAE PO BOX 1723 FAYETTEVILLE NC 28302	Met with Spurgen Watson 11/13/2008. He is the owner of the convenient store in Suburban Mart Sprugen is not planning to renew his lease when it expires in about a year. He plans to retire from the business and not interested in participating in a potential development. Plan to met with Mrs. Butler the property owner. Contact: Spurgen Watson 910 488-9740/ Wife's cell 910 797-7178
2	0428-95-0530-	2008 MURCHISON ROAD VACANT/OFFICE BLDG	$ 548,537	SLLD INC PO BOX 1215 FAYETTEVILLE NC 28302	Spurgen Watson is also the owner of SDDL Inc. which owns the large parcel next door (south). This parcel along with Mrs. Butler's Suburban Mart property is required for the shopping center development. Sprugen is interested in selling the SDDL property. Contact: Spurgen Watson 910 488-9740/ Wife's cell 910 797-7178
3	0428-85-9338-	2010 MURCHISON ROAD FUNERAL HOME	$ 455,346	ASCO ENTERPRISES LLC 2010 MURCHISON RD FAYETTEVILLE NC 28301	Met with Mitch Colvin 11/13/2008, the owner of ASCO Enterprises LLC. Mitch welcomes a new development next door to his funeral home. He would like to purchase that portion of the SDDL parcel which is behind and to the south of his complex. Contact: 910 987-0590

EXHIBIT 22

DEVELOPMENT CONCEPTS RECOMMENDATIONS

Based on the recommendations in the Development Plan, the interviews with property and local business owners, and the professional opinions of the architect and the consultant, the development concept presented in Exhibit 4 is recommended.

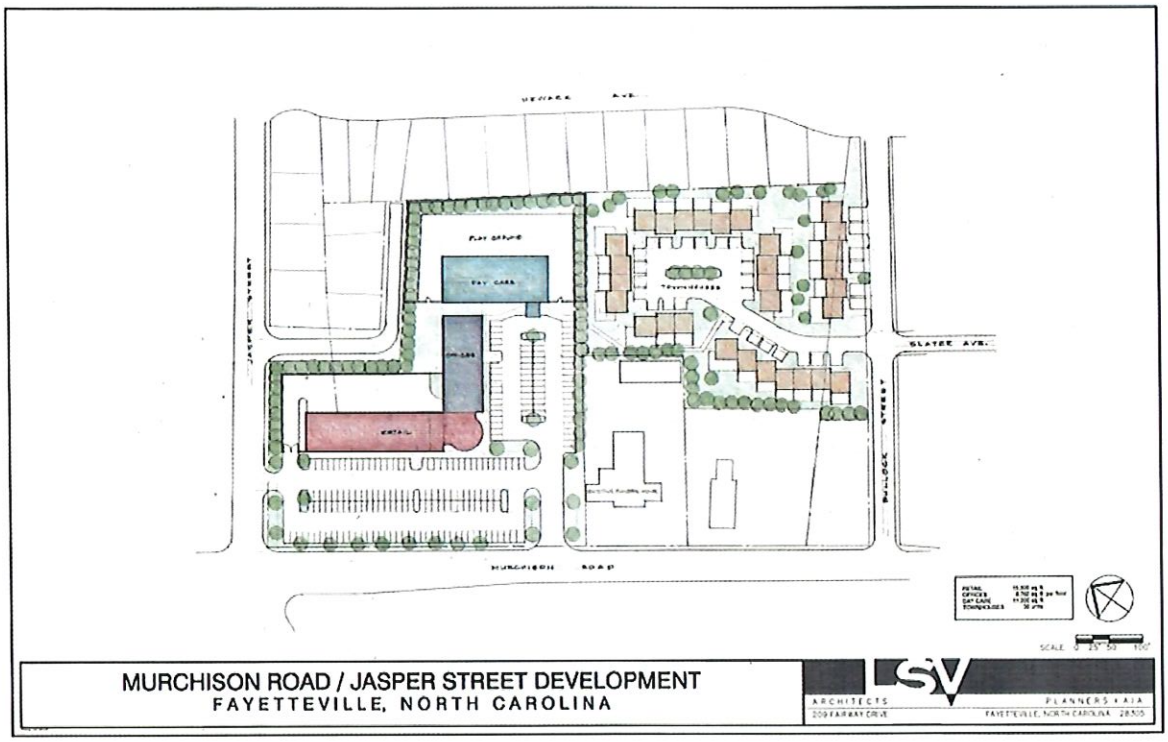


EXHIBIT 4

The concept contains a mixed-use complex which will be referred to as Jasper Plaza. It has 14,040 SF of retail space, 7,884 SF of office space, and a 10,080 SF day care center. All are supported with 200 parking spaces. The site also contains University Townhomes, a 30 unit affordable housing development. This concept responds to the market and recommendations contained in the Development Plan. It also provides a potential home for relocating established businesses such as the florist, beauty shop, and daycare center.

FINANCIAL FEASIBILITY

ACQUISITION

Exhibit 24 provides the inventory and tax values for the 2 parcels on the site. The total tax value of the site is $915,137 and when escalated by 30% results in an estimated acquisition cost of $1,189,678. To this the Consultant has added $100,000 for demolition and relocation. These properties will be reconstituted into 3 parcels which will contain the mixed use complex (Jasper Plaza), University Townhomes, and a residual piece that may be sold. The total estimated sale price for the 3 new parcels is $635,006. This is based on the tax value of the land plus 30%. The difference between the city's acquisition price and the sale price to the developer will be treated as "Acquisition Writedown". The estimated Acquisition Writedown for this site is $554,672.

CATALYST # 3 PROPERTY INVENTORY								
PARCEL	SITE ADDRESS		VALUE Total Tax	(Building)	(Land)	YR BUIL	SIZE (Lot)		ACRE
0428-85-6724-	1212 MURCHISON	ROAD	$ 366,600	$ 51,896	$ 302,229	1963	159	200	0.73
0428-95-0530-	2008 MURCHISON	ROAD	$ 548,537	$ 343,462	$ 186,237	1938	0	0	6.9
			$ 915,137		$ 488,466				7.63

EXHIBIT 24

JASPER PLAZA

Jasper Plaza is the 32,000 SF mixed-use center included in the development concept presented in Exhibit 4. The complex includes retail and office space, and a day-care center. The Consultant recommends that the required land be assembled, purchased and made ready to be sold to a developer. This includes clearing, relocation as required, and any necessary environmental remediation. The Development Budget and recommended sources of financing presented in Exhibit 25, pertain to the project after the city has control and cleared the site. The budget (Uses) assumes an acquisition cost based on 130% of the tax value which includes commissions if paid; construction costs based on recent comparables; and typical soft costs for a project of this size. The Sources of

financing the required $4.7M includes a $3.3M First Mortgage. This is the maximum amount that can be supported by the Cash Flow necessary a 1.5 Debt Coverage as indicated in Exhibit 26. Likewise $300,000 is the maximum private Equity the Cash Flow can support while providing a 15 year Return on Investment of over 25% as indicated in Exhibit 27. This underwriting criteria and returns are considered reasonable for the risks associated with a project located in such an unproven redevelopment area. It is recommended that the remaining "Gap Financing" be provided by the city in the form of a $620,000 Second Mortgage, and an Acquisition Loan (Purchase Money Note) of about $514,000. Both notes would be at a 2% interest for 20 years with payments deferred for the first 5 years.

JASPER PLAZA
SOURCES & USES

SOURCES

		Amount	% of Total	Rate	Term	Amortz	Debt Serv	Debt Coverage
First Mortgage	$	3,300,000	69.74%	6.75%	20	20	$ 305,470	1.16
*City Second Mortgage	$	620,000	13.10%	2.00%	20	20	$ 37,917	1.16
*City Acquisition Loan	$	513,952	10.86%	2.00%	20	20	$ 31,432	
Other	$	1	0.00%					
Equity Investment	$	298,055	6.30%					
GRAND TOTAL	$	4,732,008	100%					

*Deffered for 5 Yrs

USES

Acquisition				
Land purchase (Tax Value plus 30%)		$ 513,952		
Sales Commissions		$ -		
SUBTOTAL			$ 513,952	
Site Development (including Pkg)	@$14.50 /SY		$ 464,058	
Building Construction	32,004 SF @ $88 /SF		$ 2,816,352	
Construction Contingency			$ 413,927	
Design/Legal Consultants				
DESIGN CONSULTANTS	@6%	$ 168,981		
TITLE, LEGAL & RECORDING		$ 15,000		
SUBTOTAL			$ 183,981	
Planning and Administration				
SURVEY		$ 1,000		
CONSULTANTS		$ 8,000		
APPRAISAL		$ 3,000		
ENVIRONMENTAL REPORT		$ 3,000		
PERM MORTG ORIGINATION FEE (1 Point)		6,470		
DEVELOPER FEE	8%	$ 318,267		
SUBTOTAL			$ 339,737	
GRAND TOTAL			$ 4,732,008	

EXHIBIT 25

JASPER PLAZA CASH FLOW

	SF RENT		TOTAL LEASABLE SF		YR1
TOTAL GROSS INCOME					
BASE RENT (Trend @ 3%)					
DAYCARE	$ 12.00	/SF	10,080		$ 120,960
OFFICES	$ 15.00	/SF	7,884		$ 118,260
RETAIL SHOPS *(12@1,200 SF)*	$14.00	/SF	14,040		$ 196,560
			32,004		$ 435,780
REIMBURABLES					
INSURANCE	$0.60	/SF			$ 19,202
PROPERTY TAXES	$1.83	/SF			$ 58,631
COMMON AREA MAINTENANCE	$0.75	/SF			$ 24,003
					$ 101,836
TOTAL					$ 537,616
VACANCY (15%, 10%, 5%)					$ 80,642
EFFECTIVE GROSS INCOME					$ 456,974
OPERATING EXPENSES (Trend @ 4%)					
INSURANCE	$0.60	/SF			$ 19,202
PROPERTY TAXES	$1.83	/SF			$ 58,631
COMMON AREA MAINTENANCE (CAM)	$0.75	/SF			$ 24,003
TOTAL					$ 101,836
NET OPERATING INCOME					$ 355,138
DEBT SERVICE 1ST MORT (Bank)	$3,300,000	6.75%	20	yrs	$ 305,470
CITY LOAN PAYMENTS	$1,133,952	2.0%	20	yrs	deferred for 5Yrs
TOTAL DEBT SERVICE	$4,433,952				$ 305,470
CASH FLOW					$ 49,667
DEBT COVERAGE 1ST MORT					1.16
DEBT COVERAGE 1st & 2nd					1.16
PROPERTY MANAGEMENT	10%	BASE RENT			$ 37,041
NET CASH FLOW					$ 12,626

EXHIBIT 26

JASPER PLAZA RETURN ON INVESTMENT

RETURN ON INVESTMENT

				YR1	YR15
TAXABLE INCOME					
CASH FLOW				$ 12,626	$ 179,942
AMORTIZATION (1st MORT	$	3,300,000		$82,720	$206,425
(PRINCIP. 2ND MORT	$	1,133,952		$0	$55,775
DEPRECIATION (BUILDINGS	$	3,280,410	39 YRS	($84,113)	($84,113)
OTHER	$	339,737	5YRS	($67,947)	
TOTAL TAXABLE EARNINGS				**$ (56,714)**	**$ 358,029**
TOTAL RETURN(AFTER TAX)					
CASH FLOW				$12,626	$179,942
TAX LIABILITY/BENEFITS @ 36% RATE				$20,417	($128,890)
SALE PROCEEI (NET)					$ 2,704,010
NET CASH FLOW AFTEF	$	(298,055)		**$33,043**	**$2,755,062**
INTERNAL RATE OF RETURN					
INVESTMT				**$ 298,055**	
TOTAL RETURN				**$ 3,308,032**	
IRR				**24%**	

EXHIBIT 27

JASPER PLAZA INVESTMENT AND RETURN

USE (leasable space 90%)

RETAIL (GROCERY)	
RETAIL (OTHER)	14,040 SF
OFFICE	7,884 SF
DAYCARE	10,080 SF
PARKING	200 SPACES

TOTAL INVESTMENT $ 4,732,008

PRIVATE INVESTMENT

EQUITY	$ 298,055
PRIVATE DEBT	$ 3,300,000
POTENTIAL RETURN ON INVESTMENT (15 Yrs)	24%

CITY INVESTMENT	YEAR 1	TOTAL (10 Years)	TOTAL (25 Years
CITY ACQUISITION LOAN	$ 513,952	$ 513,952	$ 513,952
CITY SECOND MORTGAGE	$ 620,000	$ 620,000	$ 620,000
*RELOCATEE'S RENT SUBSIDY (FOR 20,000 SF)	$ 80,000	$ 600,000	$ 600,000
Total City Contribution	$ 1,213,952	$ 1,733,952	$ 1,733,952

RETURN			
CITY LOAN PAYMENT (plus interest)		$ 346,744	$ 1,386,976
ANNUAL PROPERTY TAX			
TOTAL	$ 58,631	586,310	1,465,774
CITY	$ 22,356	223,557	558,892
Total City Return	$ 22,356	570,301	1,945,868

JOBS

PERMENANT	1 Retail/250SF	0
CONSTRUCTION	(Full-Time Equivalent)	41

*$4/SF 1-5 YRS, $2/SF 6-10YRS

EXHIBIT 28

Exhibit 28 summarizes the private and city investments and returns. Please note that in addition to the two loans discussed above, it is recommended that the city provide a rent subsidy for relocating businesses. Because of the existing depressed real estate values and limited market, the existing businesses are paying depressed rents and can not afford the new rents required to support the new development. Secondly, their relocation is not necessarily for their benefit but that of the city's. Therefore some form of rent subsidy is justified to help these relocating businesses phase into the new market rents. The Consultant recommends a subsidy rate of $4/SF for the first 5 years and $2/SF for the second 5 years. This would average $3/SF over a 10 year phase in period. For this project $620,000 has been budgeted for this subsidy which will support 20,000 SF of space. This should be sufficient to cover the existing businesses that will be affected by the redevelopment. It is also assumed that the Downtown Loan Program and Business Assistance Loan Program will be available for the individual tenants.

Based on the total 25 year city investment of $1,733,952 in the form of a Second Mortgage, Purchase Money Note, and rent subsidy; the city should realize in return $1,945,868 in the form of loan payments and property taxes. In addition, the existing blight will be removed, and 128 permanent and 46 construction jobs will be created.

UNIVERSITY TOWNHOMES

University Townhomes is the 30 unit residential complex included in the development concept presented in Exhibit 4. Exhibit 29 provides a further description, amenities, and features of the units. The development budget and recommended sources of financing is presented in Exhibit 30. The budget (Uses) assumes an acquisition cost based on 130% of the tax value which includes commissions if paid; construction costs based on recent comparables; and typical soft costs for a project of this size. The budget also provides for a 15% profit for the developer in addition to 4% for development administration, and 5% construction contingency.

Residential Condo's	30 Units
2 Story TOWNHOMES, 30 Units	
Attached units with garage	
15 2Brm/ 2 Bath	1,200 SF
15 3Brm/ 2.5 Bath	1,350 SF
Unit Features	
Walk-in Closets	
Designer Kitchen Appliances	
Hardwood Floors in Foyer/Living/Dinning Areas	
Plush Carpet bedrooms	
Tiled bathrooms/Kitchens	
Cable and High Speed Internet	

EXHIBIT 29

The Sources of financing is based on an initial average Sale Price of $135,150 that is increased 3% each year. It is assumed that the development will sellout in 3 years at the rate of 10 units per year. The project will need a Development Loan of $265,125 which will cover site improvements, and preconstruction soft costs. In addition, the project will need a revolving construction loan of $960,645 which will allow up to 10 units to be under construction at any point in time. Generally,

private banks will require the units using their financing to be sold prior to construction (Presold), which makes it difficult to finance the models required for the initial marketing and sales process.

UNIVERSITY TOWNHOMES DEVELOPMENT SOURCES AND USES

SOURCES					TOTAL	DEVELOPMENT LOAN	CONSTRUCTION LOAN (10 UNITS)	CITY CONTRIB
UNIT SALE PRICING	SF	Total SF	Price/SF	Unit Price (1st Yr)				
2Brm/ 2B	1,200	18,000	$ 106	$ 127,200	15			
3Brm/ 2.5B	1,350	20,250	$ 106	$ 143,100	15			
TOTAL Residential		38,250			30			
	Phase 1 Constru 10 Units @	Phase 2 (3% increase) 10 Units @	Phase 3 (3% increase) 10 Units @					
	$ 135,150	$ 139,205	$ 143,381		$ 4,177,351			
SALE PROCEEDS	$ 135,150	$ 139,205	$ 143,381		$ 4,177,351			
TOTAL DEVELOPMENT SOURCES					$ 4,177,351	$ 265,125	$ 960,645	$ 80,703
DEVELOPMENT USES								
LAND COSTS								
ACQUISITION @ Tax Value plus 30%					$ 80,703		(GRANT)	$ 80,703
SUBTOTAL	$ 2,690	$ 2.11	/SF		$ 80,703			$ 80,703
SITE IMPROVEMT COSTS								
UTILITIES	$ 1,000				$ 30,000			
LANDSCAPE	$ 667				$ 20,000			
CONTINGENCY @ % OF CONSTR	$ 100	6%			$ 3,000			
SUBTOTAL	$ 1,767	$ 1.39	/SF		$ 53,000	$ 53,000	$ -	$ -
UNIT CONSTRUCTION COST								
RESIDENTIAL CONDO CONSTRUCTION @ /SF	$ 76,500	$ 60	/SF		$ 2,295,000			
PERMITS AND FEES @ % CONSTR	$ 765	1%			$ 22,950			
CONTENGENCY @ % CONSTR	$ 3,863	5%			$ 115,898			
SUBTOTAL	$ 81,128	$ 63.63	/SF		$ 2,433,848	$ -	$ 811,283	
UNIT OTHER COSTS								
DESIGN FEES @ % CONSTR	$ 3,316	4%			$ 99,474	$ 99,474		
DEVELOPMENT ADMINISTRATION/ FEE	$ 4,466	5.0%			$ 133,993		$ 44,664	
CONSTRUCTION LOAN FEE @ % Constr loan	$ 333	1.0%	LOC	$ 1,000,000	$ 10,000	$ 10,000		
DEVELOPMENT LOAN FEE @ % Constr loan	$ 88	1.0%			$ 2,651	$ 2,651		
DEVELOPMENT LOAN INTEREST	$ 1,067	6.0%	3 Years	$ 23,861	$ 32,000		$ 10,667	
CONSTRUCTION LOAN INTEREST	$ 3,833	8.0%	1Yr/Phase	$ 115,277	$ 115,000		$ 38,333	
MARKETING @ % OF SALES	$ 2,785	2%			$ 83,547	$ 100,000	27,849	
OTHER PROF,INSUR, ADMIN, TAXES @ % OF DEV COST	$ 2,785	2%			$ 83,547		$ 27,849	
SUBTOTAL	$ 18,674	14.65	/SF		$ 560,213	$ 212,125	$ 149,362	$ -
SALES COSTS								
UNIT CLOSING COSTS @ % OF SALES	$ 2,089	1.5%			$ 62,660			
SALES COMMISSIONS @ % OF SALES	$ 6,962	5%			$ 208,868			
SALES CONSSESIONS	$ 5,570	4%			$ 167,094			
SUBTOTAL	$ 14,621	11.47	/SF		$ 438,622	$ -	$ -	
TOTAL DEVELOPMENT USES	$ 118,880	93.24	/SF		$ 3,566,385	$ 265,125	$ 960,645	$ 80,703
DEVELOPMENT NET SALES PROCEEDS	$ 20,366	15%			$ 610,966			

EXHIBIT 30

Another challenge in home financing in redevelopment areas is affordability. Generally, if public money is used, there is a requirement for a certain number of the units to be affordable to low-moderate income families (80% Area Median Income) which for a family of 4 in Fayetteville is $39,440. For the purpose of budgeting, the Consultant assumes an affordability goal of $24,650 (50% AMI). Exhibit 31 indicates that a subsidy of $61,000 to $76,000 in the form of soft second mortgages will be required to reach this affordability goal. If we further assume that $20,000 will be available from the NC Housing Finance Agency's Homeownership program, then there will be a remaining gap of $41,000-$56,000.

AFFORDABILITY ANALYSIS

		A	B
UNIVERSITY TOWNHOMES		**2Brm/ 2B**	**3Brm/ 2.5B**
TOTAL UNITS		**15**	**15**
AFFORDABILITY GOAL (@60%AMI)		**10**	**10**
Financial Assumptions			
Area Median Income - FY 2008 (Family of 4)		49,300	49,300
Maximum Program Sale Price (if applicable)		127,200	143,100
Max. Payment - Housing (%)		30%	30%
Max. Payment - Housing/Other Debt (%)		40%	40%
Monthly Escrows (Insurance & Taxes)		150	150
Avg. Monthly Payment - Other Debt		300	300
Minimum Downpayment from Purchaser	5%	$6,360	$7,155
Maximum Closing Costs		2000	2000
Local Program Downpayment/Closing Cost Assistance		2000	2000
First Mortgage Interest Rate		6.00%	6.00%
Loan Term (years)		30	30
Per Unit Calculation of Maximum Supportable Debt and Resource Requirements by AMI			
Average AMI within income bracket		**50%**	**50%**
Annual Income		$24,650	$24,650
Monthly income		$2,054	$2,054
Income available for monthly housing escrows and other debt	40%	$822	$822
Total monthly housing escrows and other debt		$450	$450
Net available for debt service		$372	$372
Max. supportable first mortgage		$61,991	$61,991
Average Program Purchase Price + Closing Costs		$129,200	$145,100
Less Max. Supportable First Mortgage		$61,991	$61,991
Less Purchaser Downpayment		$6,360	$7,155
Less Max. NCHFA Assistance		$20,000	$20,000
CITY Funded Loan Required for Avg. Program Purchase Price		$40,849	$55,954
TOTAL FOR AFFORTABILITY GOAL		$408,491	$559,541
GRAND TOTAL	$968,032		

EXHIBIT 31

In order to make this project financially viable, the Consultant recommends that the required land be assembled; purchased and cleared along with the necessary relocation and any required environmental remediation; and sold to the developer for $80,700 with the city taking back a Purchase Money Note. If the project is completed within the time specified in the development agreement, the note would be forgiven. Secondly, it is recommended that the city budget $968,000 for soft Second Mortgages of $41,000-$56,000 for 20 of the 30 units. These loans would be at a 2% interest for 20 years with payments deferred for the first 5 years.

To assist in the construction financing, it is further recommended that this second mortgage amount be contributed during construction as part of construction financing, and then converted to the Second Mortgage upon closing with a qualified buyer. Finally, to assist in the initial marketing and sales, it is recommended that about $200,000 of the budgeted Second Mortgage Fund be used to finance 2 models. These same dollars would be repaid and recycled for the Second mortgages for the last 4 of the 24 affordable units.

Exhibit 32 presents a summary of these recommendations. Over a total 25 years the city would invest $1.05M and receive in return $1.37M in mortgage payments and property taxes. In addition the project would remove the existing blight, create 31 (full time equivalent) construction jobs, and add 20 units of affordable housing to the city's inventory.

UNIVERSITY TOWNHOMES INVESTMENT AND RETURN

USE (leasable space 90%)						
TOWNHOMES		30				
TOTAL INVESTMENT	$	4,177,351				
PRIVATE INVESTMENT						
EQUITY (DEV ADMIN FEES)	$	133,993				
PRIVATE DEBT (DEVELOPMENT & CONSTRUCTION LOC)	$	1,225,770				
POTENTIAL RETURN ON INVESTMENT (15 Yrs)						
POTENTIAL PROFIT		15%				
CITY INVESTMENT		YEAR 1		TOTAL (10 Years)		TOTAL (25 Years)
CITY ACQUISITION GRANT	$	80,703	$	80,703	$	80,703
HOMEBUYER 2ND MORTGAGE SUBSIDY	$	322,677	$	968,032 (3 `	$	968,032
	$	403,380	$	1,048,735	$	1,048,735
RETURN						
HOMEBUYER 2ND MORTGAGE PAYMENTS (PRINCIPAL ONLY)					$	968,032
ANNUAL PROPERTY TAX						
TOTAL	$	9,393		463,377		1,061,275
CITY	$	8,596		176,683		404,659
TOTAL CITY RETURN	$	8,596	$	176,683	$	1,372,691
JOBS						
CONSTRUCTION (Full-Time Equivalent)		31				
AFFORDABLE HOUSING UNITS		20				

EXHIBIT 32

VI. CATALYST SITE #6

MURCHISON/PAMALEE

SITE LOCATION

This site is at the intersection of Pamalee Drive/Country Club Drive and Murchison and is a major retail activity center (see Exhibit 33). Pamalee Drive to the west and Country Club Drive to the east constitutes a major east west corridor carrying over 40,000 vehicles per day. From the north, Murchison Road presently carries 20,000 vehicles per day. After the completion of the Outer Loop (I-95)/Murchison Road interchange the Murchison Road traffic is projected to increase to 33,500 vehicles per day. The recently completed city traffic study (Murchison Road Corridor Study Phase II) recommended new connector roads around this intersection to relieve this additional traffic. These new roads as shown in Exhibit 34 and the additional traffic count will provide new commercial development opportunities.

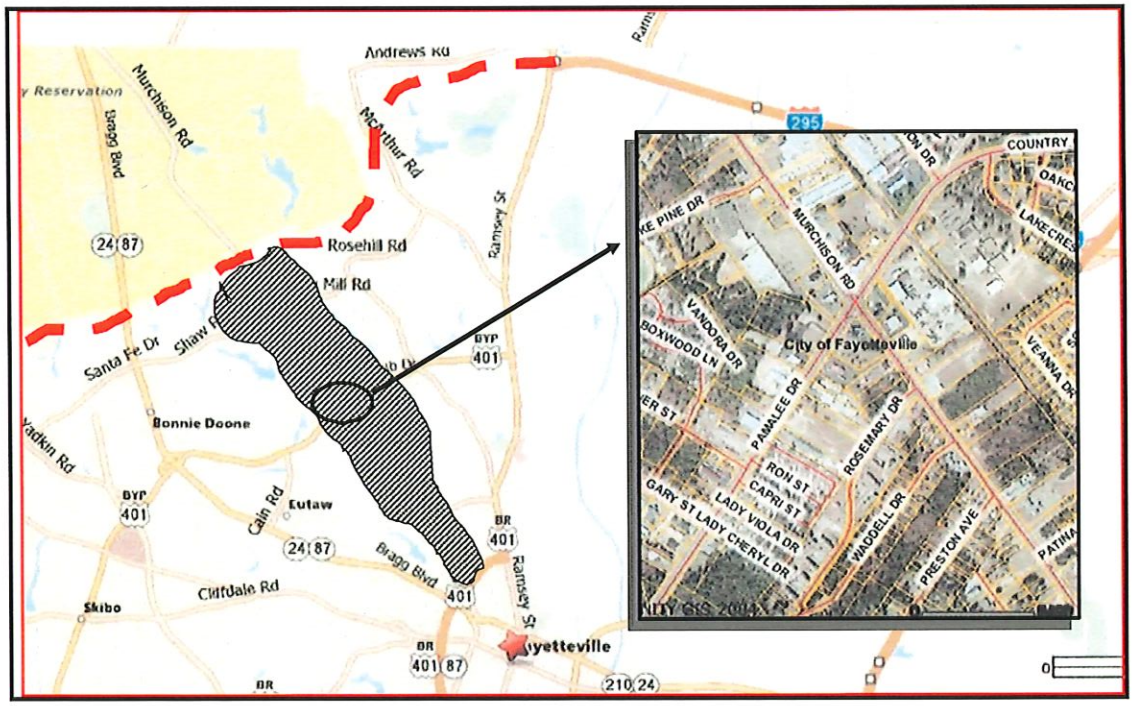


EXHIBIT 33

FUTURE CONNECTOR
LAKE PINE DRIVE
MURCHISON ROAD
FUTURE CONNECTOR
COUNTRY CLUB DRIVE
FUTURE CONNECTOR
PAMALEE DRIVE
FUTURE CONNECTOR
ROSEMARY DRIVE

EXHIBIT 34

DEVELOPMENT PLAN MARKET ANALYSIS AND RECOMMENDATIONS

Based on a market analysis and assessment of the site, the Development Plan recommended neighborhood commercial, mixed-use, and medium residential development. The market analysis identifies a short-term retail demand for 24,000 – 34,000 SF and a long-term demand for an additional 90,000 – 117,000 SF; and a short term office demand for 50,000 – 93,000 SF and a long term for an additional 82,000 – 150,000 SF. The Development Plan which was completed before the traffic study and the proposed change in traffic patterns. It focused on the renovation and reutilization of an existing shopping center (Pamalee Plaza) to serve as the primary retail, service and Commercial center for residents of the north and central segments of the Murchison Road Corridor. It recommended marketing the former Winn-Dixie retail space to local grocery chain (Food Lion, Harris Teeter, etc.).

PROPERTY/BUSINESS OWNER INTERVIEWS

Exhibit 35 is the inventory of all property, owners, and value of property within the Catalyst Site #6. Exhibit 36 provides an inventory of key property and business owners and a summary of their reactions to the Development Plan recommendations. Exhibit 37 is a map locating the businesses and property owners interviewed.

The Consultant met individually with 19 property owners representing 28 of the 33 major properties and businesses affected by the plan. The results of the Development Plan were presented. The Consultant discussed with each property owner the potential impact of the Development Plan, the projected increased traffic, and the proposed roadway changes. In general, all support the plan and its economic development opportunities. Four businesses had concerns about the location of the connector roads. Weathers Moving and Storage and Adams Concrete Products believe the new roads will preclude continuing their businesses in their present location. Butch Hardy who represented the owners of Adams Concrete said the proposed connector road would go through their existing office building and concrete block plant and it would cost $8-10M to replace. In addition, relocation would

be difficult due to their unique retail/industrial market. While a significant portion of their business is retail, they also need a block production operation and a rail spur to receive raw materials. Carolina Clean Express Wash desires moving the road further to the rear of its property in order to minimize impact on its operations. The owner of Pamalee Plaza is concerned about losing curb-cuts entrances on to Murchison Road. The owner of Pamalee Plaza also indicated that the shopping center was nearly leased-up with mostly none retail businesses, and were not seeking a grocery store for the old Winn-Dixie space.

Kenneth Decker, who operates Decker Auto Services, owns 5.2 acres which wraps around the southwest corner including McDonalds, and has frontage on both Murchison and Pamalee. He is very much interested in partnering with a developer to build a shopping center. The corner parcel which has on it a "Build to suit" sign is owned by Granite Development Company, a Mount Airy developer. The Consultant met with Craig Hunter who represents Granite, one of the state's largest shopping developers. He indicated that they would be interested in developing the site.

CATALYST # 6 PROPERTY INVENTORY

PARCEL	SITE ADDRESS	OWNER(S)	ST. ADDRESS	CITY	ZIP	VALUE Total Tax	VALUE (Building)	SIZE (Lot)	ACRE	SALE (Year)
PHASE A										
0438-20-0025	1003 MURCHISON RD	Vernon Devane	434 Gillespie St.	Fay	28301	$ 3,352	$ 34,348	342x156	0.7	2002
0429-41-4193	3591 MURCHISON RD	PAMALEE PLAZA ASSOCIATES	1111 MILITARY CUTOOF RD	WILM'TON	28405	$ 29,671	$ 246,776	116X130	0.33	1987
0429-41-5045	35-- MURCHISON RD	PAMALEE PLAZA ASSOCIATES	1111 MILITARY CUTOFF RD	WILM'TON	28405	$ 30,013		100X130	0.25	1987
0429-40-5711	3421 MURCHISON RD	PAMALEE PLAZA ASSOCIATES	1111 MILITARY CUTOFF RD	WILM'TON	28405	$ 374,628	$ 1,581,377		8.94AC	2004
0429-40-8498	3411 MURCHISON RD	PAMALEE PLAZA ASSOCIATES	1111 MILITARY CUTOFF RD	WILM'TON	28405	$ 88,838	$ 151,554	143X201	0.74	1984
0429-40-0591	BOXWOOD LN	PAMALEE PLAZA ASSOCIATES	1111 MILITARY CUTOFF RD	WILM'TON	28405	$ 15,751	$ 5,403	48X255	2.41AC	1987
0429-40-3209	VACANT LAND BEH. PAMALEE PLZ	PAMALEE PLAZA ASSOCIATES	1111 MILITARY CUTOFF RD	WILM'TON	28405	$ 22,222	$ -	HEX	3.15AC	1984
0429-40-6923		N&S FOOD SYSTEMS	PO BOX 272	RED SPRINGS	28377	$ 51,622		145X131	0.43	1989
0429-50-0313	3405 MURCHISON RD	BODDIE-NOELL ENTERPRISES	1021 NOELL LN	ROCKY MOUNT	27802	$ 142,235	$ 181,523	195X190	0.98	2003
0429-40-7135	1943 PAMALEE DR	CAVALRY BAPTIST CHURCH	SAME	FAY	28301	$ -	$ -		3.78AC	1984
0428-49-6915	1933 PAMALEE DR	CAROLINA CLEAN EXPRESS WASH	SAME	FAY	28301	$ 145,511	$ 147,867	125X531	1.46AC	2007
0428-49-4776	1925 PAMALEE DR	CENTRAL TRANSPORT, INC	12225 STEPHENS RD	WARREN, MI	28089	$ 310,242	$ 74,100	300X531	3.97AC	1987
0428-49-5506	1913 PAMALEE DR	DANIEL KOCEJA & MIYOUNG SUH	608 ADAIR ST	FAY	28303	$ 70,830	$ 37,667	86X300	0.59	2007
0428-49-3438	1909 PAMALEE DR	STATE STREET BANK & TRUST CO	2999 CIRCLE 75 PKWY	ATLANTA	30339	$ 188,333	$ 416,366	220X519	2.41AC	1999
0428-49-2300	1905-01 PAMALEE DR	BENNIE D. WILLIAMS	1901 PAMALEE DR	FAY	28304	$ 185,207	$ 333,730	232X455	2.37AC	2003
0429-31-9011		CAROLE B. HONESS	1231 LAKE PINES DR	FAY	28311	$ 102,749	$ 233	290X435	4.74AC	1992
PHASE B										
0429-41-6623	3700 MURCHISON RD	HOPSON HOLDINGS	PO BOX 130	FAY	28302	$ 442,274	$ 273,837		2.56	
0429-41-8352		WEATHERS BROS MOVING & STO	PO BOX 130	FAY	28302	$ 66,211	$ -	112X492	1.28	1996
0429-41-9245	3634 MURCHISON RD	LOSSIE A YOUNG REVOC. TRUST	1304 EVERGLADE DR	FAY	28303	$ 94,841	$ 65,594	20X486	0.79	2003
0429-51-0103	3614 MURCHISON RD	ELECTRIC COMPANY	PO BOX 608	SMITHFIELD	27577	$ 171,923	$ 581,745	187X491	2.2AC	1994
0429-40-9953	3500 MURCHISON RD	HYACINTH B. THOMPSON	1863 WINDLOCK DR	FAY	28304	$ 81,635	$ 112,580	150X203	0.68	2005
0429-50-0841	3440 MURCHISON RD	JOSEPH P. RIDDLE, III	238 N. McPHERSON CH RD.	FAY	28314	$ 88,838	$ 58,299	156X203	0.74	2008
0429-50-1647	3440 MURCHISON RD	JOSEPH P. RIDDLE, III	238 N. McPHERSON CH RD.	FAY	28314	$ 102,044	$ -	175X210	0.85	2008
0429-50-2545	3408 MURCHISON RD	LIL THRIFT FOOD MARTS INC	1007 ARSENAL AVE	FAY	28305	$ 117,050	$ 296,755	143X259	0.78	2000
0429-50-2973	CITY OF FAYETTEVILLE		433 HAY STREET	FAY		$ -	$ -	140X397	2.51AC	1984
0429-50-3756	956 COUNTRYCLUB DR 960 COUNTRYCLUB DR	JOHNNY & JUANITA ALLEN WILSON	207 TRUMAN DR	FAY	28311	$ 21,849	$ 78,356	69X150	0.28	2003
PHASE C										
0429-50-3279	3122 MURCHISON RD	M&M THOMAS HENCY FINCH	PO BOX 437	FAY	28302	$ 184,805	$ 130,556	143X197	0.87	1984
0429-50-4196	3118 MURCHISON RD	AUTO ZONE INC	PO BOX 2196	MEMPHIS,TN	28101	$ 109,541	$ 188,298	151X284	0.92	2000
0429-50-5092	3112 MURCHISON RD	LARA PLAZA LLC	4256 HUNTSFIELD RD	FAY	28314	$ 102,044	$ 187,303	140X222	0.85	2000
0428-59-6771	3108 MURCHISON RD	M&M ALEXANDER MOTTE	4256 HUNTSFIELD DR	FAY	28341	$ 11,197	$ 234,373	124X224	0.63	2007
0428-59-8992	3100-02 MURCHISON RD	ELDRIDGE McLAURIN	2059 DUNN RD	FAY	28312	$ 15,290	$ 106,813	105X593	1.5AC	1996
0428-59-9870		ARTICLE LEE COUNCIL, JR	1844 CASCADE ST	FAY	28301	$ 30,841	$ -	175X583	2.36AC	2001
0429-50-7323	957 COUNTRY CLUB DR	ADAMS CONCRETE PRODUCTS	PO BOX 189	MORRISVILLE,NC	27560	$ 817,725	$ 297,557	360X678	6.11AC	1971
PHASE D										
0428-49-9288		JUDITH MERCER	217 McARTHUR RD	FAY	28311	$217,248	0	200X608	2.78AC	1989
0428-59-0461	1920 PAMALEE DR	KENNETH C. DECKER	1924 PAMALEE DR	FAY		$139,531	$203,610	100X605	1.4	2003
0428-59-0681		KENNETH C. DECKER	1924 PAMALEE DR	FAY	28301	$103,617	$70,033	69X429	0.65	2002
0428-59-1500	1924 PAMALEE DR	KENNETH C. DECKER	1924 PAMALEE DR	FAY	28301	$137,538	$361,395	105X620	1.38	1995
0428-59-3723	3109 MURCHISON RD	KENNETH C. DECKER, JR	1225 DUNCAN ST	FAY	28303	$106,846	$33,516	100X400	0.89	2006
0428-59-3685	3105 MURCHISON	KENNETH C. DECKER, JR	1225 DUNCAN ST	FAY	28303	$106,846	$14,203	100X400	0.89	2006
0428-59-1737	1942 PAMALEE DR	McDONALD'S CORP	PO BOX 182571	COLUMBUS, OH	43218	$455,376	$299,480	35X390	1.26AC	1986
0428-59-2936	PAMALEE	GRANITE/ACC-FAYETTEVILLE LLC	PO BOX 1928	MOUNT AIRY, NC	27030	$223,114	$163,465	326X240	1.97AC	2006
0428-59-4833		PARIS $ POTTER MGMT CORP	PO DRAWER 2365	FAY	28302	$106,044	$0	75X390	1.33AC	1984

EXHIBIT 35

CATALYST # 6 CONTACT SHEET

MAP #	PARCEL	SITE ADDRESS	VALUE Total Tax	OWNER(S)	CONTACT RESULTS
	PHASE A				
1	0429-41-4193 0429-41-5045 0429-40-5711 0429-40-8498 0429-40-0591 0429-40-3209	3591 MURCHISON RD 35-- MURCHISON RD 3421 MURCHISON RD 3411 MURCHISON RD BOXWOOD LN VACANT LAND BEH. PAMALEE PLZ	$ 29,671 $ 30,013 $ 374,628 $ 88,838 $ 15,751 $ 22,222	PAMALEE PLAZA ASSOCIATES 1111 MILITARY CUTOFF RD WILMINGTON NC 28405	Met with Don Fallis of Swain Associates, 10/23/08 at City Hall. He is the property manager and represents the owners. He likes the connector road but concerns about lossing curb cuts on Murchison Road. I assured him that the plan was conceptual and that he would have opportunity to review finals prepared by DOT. Contact: 910 256-2211
2	0429-40-7135	1943 PAMALEE DR	$ -	CAVALRY BAPTIST CHURCH 1943 PAMALEE DR FAYETTEVILLE NC	Left many messages with no return calls. Contact: 910 488-1224
3	0428-49-6915	1933 PAMALEE DR	$ 145,511	CAROLINA CLEAN EXPRESS WASH 1933 PAMALEE DR FAYETTEVILLE NC	Met with Fred Clark on 10/21/08 at the business. He wishes to relocate his present car wash operations to the rear of the property and add a fast food franchise in the front. Contact: 910 630-0905
4	0428-49-4776	1925 PAMALEE DR	$ 310,242	CENTRAL TRANSPORT, INC 12225 STEPHENS RD WARREN, MI 28089	Talked to the Terry Hardy the local manager by phone. Other than increased traffic on Pamalee, there will be no affect on their business or property Contact: 910 822-1345
5	0428-49-5506	1913 PAMALEE DR	$ 70,830	DANIEL KOCEJA & MIYOUNG SUH 608 ADAIR ST FAYETTEVILLE NC 28303	Met with Daniel Koeja on 10/13/08 at his business at 4779 Yakin He and wife interested in selling Contact: 910 868-4147
6	0428-49-3438	1909 PAMALEE DR NAPA Auto Parts	$ 188,333	STATE STREET BANK & TRUST CO 2999 CIRCLE 75 PKWY ATLANTA 30339	NAPA is a national firm and has no plans to move or redevelop Other than increased traffic on Pamalee, there will be no affect on their business or property
7	0428-49-2300	1905-01 PAMALEE DR	$ 185,207	BENNIE D. WILLIAMS 1901 PAMALEE DR FAY 28304	Met with Mrs. Williams, the wife of Bennie Williams the owner. Other than increased traffic on Pamalee, there will be no affect on their business or property Contact 910 822-0528
	PHASE B				
8	0429-41-6623	3700 MURCHISON RD WEATHERS BROS MOVING & STO	$ 442,274	HOPSON HOLDINGS PO BOX 130 FAY 28302	Met with Allan Hopson and brother on 10/15/08 at the business location. Connector Road goes through their business operations and would require a very expensive relocation. They also own property in the rear which could be an alternative route. Contact: 910 480-2200
9	0429-41-8352		$ 66,211	WEATHERS BROS MOVING & STO PO BOX 130 FAY	Met with Allan Hopson and brother on 10/15/08 at the business location. Connector Road goes through their business operations and would require a very expensive relocation. They also own property in the rear which could be an alternative route. Contact: 910 480-2200
10	0429-51-0103	3614 MURCHISON RD American Flag Storage	$ 171,923	ELECTRIC COMPANY PO BOX 608 SMITHFIELD NC 27577	Left messages 10/14-20-24. No return Contact: 910 638-2311
11	0429-40-9953	3500 MURCHISON RD Calabash Jamaica Resteraut	$ 81,635	HYACINTH B. THOMPSON 1863 WINDLOCK DR FAY NC 28304	Met with Mrs. Hyacinth Thompson on 8/31/2008 at the business. She is operating the resteraut part nime and wishes to sell. Contact: 910 424-6201
12	0429-50-0841	3440 MURCHISON RD	$ 88,838	JOSEPH P. RIDDLE, III 238 N. McPHERSON CH RD. FAY NC 28314	Talked to Riddle's office. Sold property to O'Rilley uto Parts Store. Just completed new Bldg
13	0429-50-1647	3440 MURCHISON RD	$ 102,044	JOSEPH P. RIDDLE, III 238 N. McPHERSON CH RD. FAY NC 28314	Talked to Riddle's office. Property For-Sale
14	0429-50-2545	3408 MURCHISON RD EXXON Gas Station	$ 117,050	LIL THRIFT FOOD MARTS INC 1007 ARSENAL AVE FAY NC 28305	Completed renovation within the last five years Contact: 910 848-7431
15	0429-50-2973		$ -	CITY OF FAYETTEVILLE 433 HAY STREET FAY	

EXHIBIT 36A

CATALYST # 6 CONTACT SHEET

MAP #	PARCEL	SITE ADDRESS	VALUE Total Tax	OWNER(S)	CONTACT RESULTS
	PHASE C				
16	0429-50-3279	3122 MURCHISON RD Pure Oil Station	$ 184,805	M&M THOMAS HENCY FINCH PO BOX 437 FAY NC 28302	Talked to Mr. Finch. No plans to change. Contact: 910 485-1179
17	0429-50-5092	3112 MURCHISON RD	$ 102,044	LARA PLAZA LLC 4256 HUNTSFIELD RD FAYETTEVILLE NC 28314	Met with Mrs. Lee Motte the owner on 10/29. She and husband own this and the ajoining day-care property below. Realitively new buildings. Welcomed potential development. Only concern with city Right-of-way in fron of buildings. Contact:910 485-2502
18	0428-59-6771	3108 MURCHISON RD	$ 11,197	M&M ALEXANDER MOTTE 4256 HUNTSFIELD DR FAYETTEVILLE NC 28341	Met with Mrs. Lee Motte the owner on 10/29. She and husband own this and the ajoining property above. Realitively new buildings. Welcomed potential development. Only concern with city Right-of-way in fron of buildings. Contact: 910 485-2502
19	0428-59-8992	3100-02 MURCHISON RD	$ 15,290	ELDRIDGE McLAURIN 2059 DUNN RD FAYETTEVILLE NC 28312	Left messages 10/8-9-14-20-22. No return Contact: 910 483-1660
20	0428-59-9870		$ 30,841	ARTICLE LEE COUNCIL, JR 1844 CASCADE ST FAYETTEVILLE NC 28301	Left messages 10/14-20-24. No return Contact : 910867-5618
21	0429-50-7323	957 COUNTRY CLUB DR	$ 817,725	ADAMS CONCRETE PRODUCTS PO BOX 189 MORRISVILLE,NC 27560	Met with Butch Hardy, owner, on 11/18. Connector road goes through exsisting office building and concrete block plant. Would cost $8-10M to replace. Relocation would be difficult due to their unique retail/industrial needs. Significant portion of business is retail but also need block production operation and rail spur for receiving raw materials. Contact: 919 971-3815
	PHASE D				
22	0428-49-9288		$217,248	JUDITH MERCER 217 McARTHUR RD FAYETTEVILLE NC 28311	Met with Mr. Mercer at their office at 217 McArthor Boulevard Connector goes through property. Willing to sell at right price. Contact: 910 488-3344
23	0428-59-0461 0428-59-0681 0428-59-1500 0428-59-3723 0428-59-3685	1920 PAMALEE DR 1922 PAMALEE DR 1924 PAMALEE DR 3109 MURCHISON RD 3105 MURCHISON	$139,531 $103,617 $137,538 $106,846 $106,846	KENNETH C. DECKER 1924 PAMALEE DR Fayetteville nc 28301	Met with Kenneth Decker on 10/28 at business location. He is interested in developing shopping center on property. Isler will followup. Contact: 910 822-1005
24	0428-59-2936	3121/23 MURCHISON RD	$223,114	GRANITE/ACC-FAYETTEVILLE LLC PO BOX 1928 MOUNT AIRY, NC 27030	Met with Craig Hunter 11/21 at city hall. He represents Granite Development Co, one of the state's largest shopping developers. Granite would be interested in developing the site. Contact: 336 786-1356 (O),

EXHIBIT 36B

CATALYST SITE 6
MAJOR OWNERS
CONTACTED
LAKE PINE DRIVE
FUTURE CONNECTOR
MURCHISON ROAD
PAMLEE DRIVE
ROSEMARY DRIVE
COUNTRY CLUB DRIVE
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

DEVELOPMENT CONCEPTS RECOMMENDATIONS

Based on the recommendations of the Development Plan, the development opportunities resulting from the new connector roads, and the above discussions with the property owners, the consultant recommends the concept presented in Exhibit 5. It contains in the southwestern quadrant of the site, a new 86,600 SF shopping center which is referred to as New Pamalee Shopping Center. A developer already owns the corner parcel and a potential willing partner owns the surrounding property except for the recently renovated McDonalds, which would fit as an outparcel. In the southeastern quadrant of the site, the potential relocation of Adams Concrete Products due to the connector road would make available 6.1 acres. The concept shows this containing 37,500 SF of office space. Likewise if the connector in the northeast quadrant eliminates Weathers Movers and Storage, 4.6 acres less roadway could contain 21,600 SF of retail space or an equivalent apartment development.

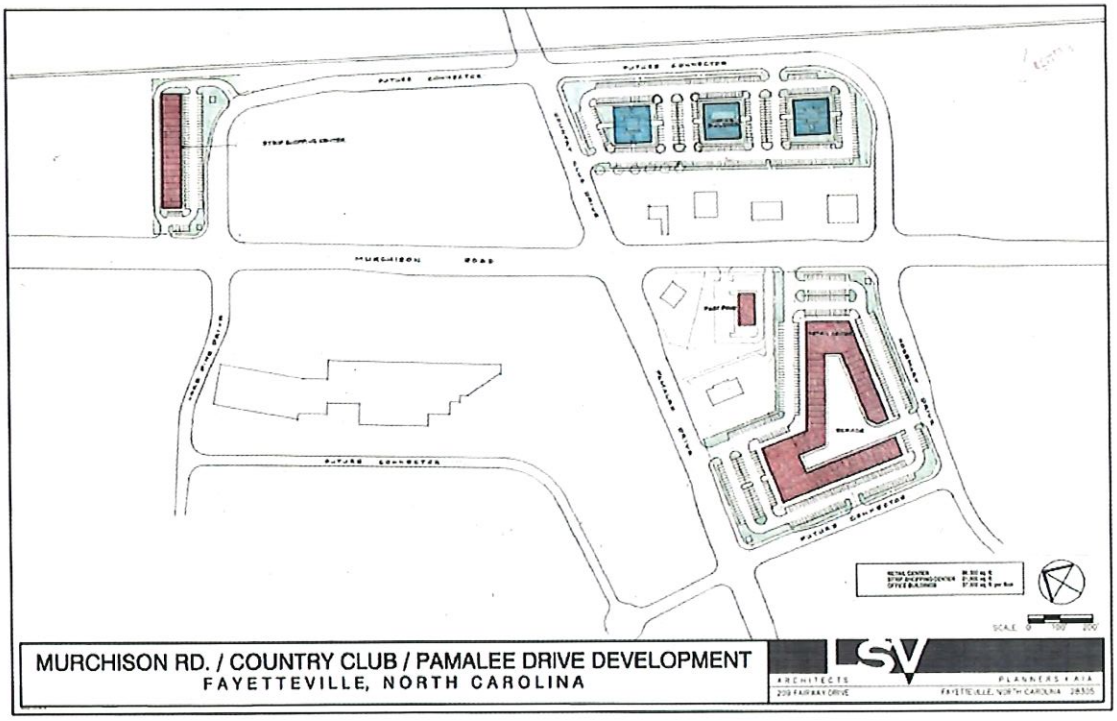


EXHIBIT 5

FINANCIAL FEASIBILITY

New Pamalee Shopping Center is the 86,300 SF shopping center included in the development concept presented in Exhibit 5. The development budget and recommended sources of financing is presented in Exhibit 38. The budget (Uses) assumes an acquisition cost based on 130% of the tax value which includes commissions if paid; construction costs based on recent comparables; and typical soft costs for a project of this size. The Sources of financing the required $11.3M includes a $9M First Mortgage. This along with a private Second Mortgage of $1.7M appears to be supported by the Cash Flow indicated in Exhibit 39. The First Mortgage Debt Coverage is 1.31 and the combined First and Second Mortgages Debt Coverage is 1.14. Likewise the remaining required equity of $600,000 generates a Return on Investment of 23% over a 15 year period as indicated in Exhibit 40. This underwriting criteria and returns are considered reasonable for the risks associated with a project in this area. This shopping center will only be possible if the connector roads are built which assumes the projected traffic counts. This will make this intersections one of the most desirable in the city, and therefore should demand rents sufficient to make the shopping center self sustaining with no city support. Therefore no city financing support is recommended.

The Consultant believes the other proposed developments on the connector roads should also be self-sufficient and require no city financing. It is assumed that any business relocation resulting from the new connector roads will be covered by NCDOT as part of their acquisition funding.

NEW PAMALEE SHOPPING CENTER
SOURCES & USES

SOURCES

	Amount	% of Total	Rate	Term	Amortz	Debt Serv	Debt Coverage
First Mortgage	$ 9,000,000	79.69%	6.75%	20	20	$ 833,100	1.31
Second Mortgage	$ 1,693,060	14.99%	4.00%	20	20	$ 124,578	1.14
Local Government Loan (CITY)	$ -	0.00%	2.00%	30	30	$ -	
Non-Repayable Grants		0.00%					
Other	$ (0)	0.00%					
Equity Investment	$ 600,000	5.31%					
GRAND TOTAL	$ 11,293,060	100%				$ 957,679	

USES

Acquisition				
Land purchase (Tax Value plus 30%)		$ 1,189,678		
Sales Commissions		$ 17,453		
SUBTOTAL			$ 1,207,131	
Relocation			$ 30,000	
Demolition			$ 35,000	
Site Development	@$14.50 /SY		$ 1,251,350	
Building Construction	86,300 SF @ $80 /SF		$ 7,594,400	
Design/Legal Consultants				
DESIGN CONSULTANTS	@4%	$ 303,776		
TITLE, LEGAL & RECORDING		$ 15,000		
SUBTOTAL			$ 318,776	
Planning and Administration				
SURVEY		$ 1,000		
CONSULTANTS		$ 8,000		
APPRAISAL		$ 3,000		
ENVIRONMENTAL REPORT		$ 3,000		
PERM MORTG ORIGINATION FEE (1 Point)		6,470		
DEVELOPER FEE	8%	$ 834,933		
SUBTOTAL			$ 856,403	
GRAND TOTAL			$ 11,293,060	

EXHIBIT 38

NEW PAMALEE SHOPPING CENTER

	SF RENT		TOTAL LEASABLE SF		YR1
TOTAL GROSS INCOME (Trend @ 3%)	(Tenant pays utilities)				
BASE RENT					
GROCERY STORE	$ 12.00	/SF	16,200		$ 194,400
DURG STORE	$ 12.00	/SF	16,200		$ 194,400
RETAIL SHOPS *(19@2400 SF)*	$17.00	/SF	45,270		$ 769,590
			77,670		$ 1,158,390
REIMBURSABLES					
INSURANCE	$0.60				$ 46,602
PROPERTY TAXES	$1.81				$ 140,194
COMMON AREA MAINTENANCE (CA	$0.75				$ 58,253
TOTAL	$3.16				$ 245,049
TOTAL					$ 1,403,439
VACANCY (5%)					$ 70,172
EFFECTIVE GROSS INCOME					$ 1,333,267
OPERATING EXPENSES (Trend @ 4%)					
INSURANCE	$0.60	/SF			$ 46,602
PROPERTY TAXES	$1.81	/SF			$ 140,194
COMMON AREA MAINTENANCE (CAM)	$0.75	/SF			$ 58,253
TOTAL					$ 245,049
NET OPERATING INCOME					$ 1,088,218
DEBT SERVICE 1ST MORT (Bank)	$ 9,000,000	6.75%	20	yrs	$ 833,100
DEBT SERVICE 2ND MORT	$ 1,693,060	4.0%	20	yrs	$ 124,578
Local Government Loan (CITY)	$ -	2.0%	30	yrs	$ -
TOTAL DEBT SERVICE	$ 10,693,060				$ 957,679
CASH FLOW					$ 130,539
DEBT COVERAGE 1ST MORT					1.31
DEBT COVERAGE 1st & 2nd					1.14
PROPERTY MANAGEMENT	10%	BASE RENT			$ 110,047
NET CASH FLOW					$ 20,492

EXHIBIT 39

NEW PAMALEE SHOPPING CENTER

RETURN ON INVESTMENT

					YR1	YR15
TAXABLE INCOME						
CASH FLOW					$ 20,492	$ 519,208
AMORTIZATION (+)	1st MORT	$	9,000,000		$225,600	$562,976
(PRINCIPAL)	2ND MORT	$	-		$90,717	$119,699
DEPRECIATION (-)	BUILDINGS	$	8,845,750	39 YRS	($226,814)	($226,814)
	OTHER	$	856,403	5YRS	($171,281)	
TOTAL TAXABLE EARNINGS					$ (61,285)	$ 975,070
TOTAL RETURN(AFTER TAX)						
CASH FLOW					$20,492	$519,208
TAX LIABILITY/BENEFITS @ 36% RATE					$22,063	($351,025)
SALE PROCEEDS (NET)						$ 6,602,679
NET CASH FLOW AFTER TAX				$ (600,000)	$42,555	$6,770,862
INTERNAL RATE OF RETURN						
INVESTMT					$ 600,000	
TOTAL RETURN					$ 8,007,581	
IRR					23%	

EXHIBIT 40

VII. IMPLEMENTATION STRATEGY

Exhibit 6 provides Financing Summary for all recommended projects. The total value of the projects is about $54.7M requiring a private investment of $5.5M in equity and $42M in debt. In order to make these projects financially feasible the Consultant recommends city participation in the form of land Purchase Money Notes totaling $243,960, land acquisition writedowns and grants of $1.3M, and demolition and clearing contribution of $180,000. In addition, it is proposed that the city make subordinated development loans in the amount of $1.32M for gap financing for the two shopping centers in Catalyst Sites #1 and #3. Also on these two sites, the Consultant recommends rent subsidies in the amount of $1.35M for the relocating businesses in order to ease the transition from existing depressed rents to the market rate rents required to support the new developments. Likewise, the Consultant recommends second mortgages for the homebuyers in the total amount of $2.26M to make some of the units affordable to low and moderate income families.

The total estimated city investment is $8.5M over a 14 year period with about $5M required during the first 5 years. In return over a 25 year period, the city will receive $5.9M in loan payments, and $6M in property taxes for a total of nearly $12M. This plan will also create 646 permanent and 388 full time equivalent construction jobs, and add 44 affordable housing units to the local housing inventory. It will remove blight and spur the economic redevelopment of the Murchison Road Corridor.

Exhibit 41 provides the recommended development and financing schedule. Of the 3 sites addressed in this study, Catalyst Site #6 is most ready for development. Only two parcels are involved and owners and prepared to sell. The owner of the major business is planning to retire this year and is ready to vacate. There are no known development issues associated with the site. The Consultant also believes this site will make the greatest visual and economic impact on the surrounding community, and on the overall image of the Murchison Road Corridor. The schedule calls for the city to immediately acquire the property, relocate existing tenants, demolish and clear the site, and recruit of a developer. This would require an allocation of about $1.8M over the next 2 Years which

would cover acquisition, relocation, site clearing, and developer incentives. Also as part of the developer agreement and tenant relocation, the city would commit to a 10 year tenant relocation subsidy of $600,000.

The acquisition and clearing will give the city ownership for the entire site even though Jasper Plaza will need only a portion as shown in Exhibit 4. The Consultant recommends that the rear portion of the remaining land be reserves for the University Townhomes project and the remainder be sold. The owner of the adjacent funeral home has expressed interest. In year 5, the schedule calls for starting the University Townhomes project. This will require the city to commit to about $1M over a 3-year period for homebuyer's second mortgages.

With respect to Catalyst Site #1, all of the final parcels required to be acquired can not be determined until NCDOT completes preliminary design and identifies their required right-of-ways. It is assumed this will take at least another year. Therefore assembly, acquisition, relocation, and clearing the site is scheduled to start in year 2, which will require the city to allocate $2.3M during years 2 thru 4. The Developer for Rowan Plaza will be recruited and acquired in year 3 with development being completed in year 4. This will require $700,000 for developer incentive, and a city commitment to a 10 year tenant relocation subsidy of $750,000.

The acquisition and clearing will give the city ownership for the entire site even though Rowan Plaza will only need the southeast portion as shown in Exhibit 3. The remaining land on the west side of Murchison Road will be available for the greenway and the northeast portion of the site reserved for the Parkside Townhomes as shown in the site plan. In year 8 the schedule calls for starting the Parkside Townhomes project. This will require the city to commit to about $1.3M over a 6-year period for homebuyer's second mortgages.

The budget for acquisition and clearing for the hotel site is included above. Since the only recommended subsidy proposed for this project is a grant for the land value, no additional city participation is recommended. The hotel development is estimated to start in year 7, after Rowan Plaza, the greenway across the street, and Veteran's Park have been established. Similarly, New

Pamalee Plaza and the other proposed developments in Catalyst Site #6 will require no city participation. However, the schedule for these projects will depend of the completion of the connector roads. For the purpose of completing this overall schedule, the Consultant has estimated this to happen in year 10.

This schedule has spread out the projects and city capital investments over a 4 year period in recognition of the readiness of the sites, acquisition and relocation issues, and uncertainty associated with the NCDOT roadway projects. The acquisition and development time for each project is considered reasonable for the size of the effort; however the start time could be adjusted if necessary. It should also be noted that while the budget is believed to be conservative, it should not be reduced unless and until much of the acquisition, relocation, environment and design uncertainty is reduced.

CITY INVESTMENT SUMMARY FOR MURCHISON RD

CATALYST SITE		#1	#1	#1	#1	#3	#3	#6
PROJECT	SUMMARY	LINEAR PK WEST	ROWAN PLAZA	PARKSIDE TOWNHOMES	BRONCO SUITES	JASPER PLAZA	UNIVERSITY TOWNHOMES	NEW PAMALEE SHOPPING CENTER
USE (leasable space 90%)								
RETAIL (GROCERY)	9,720 SF		9,720 SF					108,100 SF
RETAIL (OTHER)	155,740 SF		33,600 SF			14,040 SF		37,500 SF
OFFICE	45,384 SF					7,884 SF		
DAYCARE	10,080 SF					10,080 SF		388 SF
PARKING	805 SPACES		217 SPACES			200 SPACES		
TOWNHOMES	114 Units			84 Units			30 Units	
HOTEL	100 Suites				100 Suites			
PARKING	120 SPACES				120 SPACES			
TOTAL INVESTMENT	$ 54,712,252	$ 1,301,067	$ 5,949,446	$ 12,870,287	$ 15,000,000	$ 4,732,007	$ 3,566,385	$ 11,293,060
PRIVATE INVESTMENT								
EQUITY	$ 5,475,791		$ 359,797	$ 333,946	$ 3,750,000	$ 298,055	$ 133,993	$ 600,000
PRIVATE DEBT	$ 42,047,667		$ 4,600,000	$ 10,614,454	$ 11,151,519	$ 2,645,328	$ 2,343,305	$ 10,693,060
POTENTIAL RETURN ON INVESTMENT (15 Yrs)			25%	16%		24%	15%	23%
POTENTIAL PROFIT								
TOTAL PRIVATE INVESTMENT	$ 47,523,458		$ 4,959,797	$ 10,948,400	$ 14,901,519	$ 2,943,383	$ 2,477,299	$ 11,293,060
CITY INVESTMENT (25 YEARS)								
LAND ACQUISITION (1.3 X TAX VALUE								
CATALYST SITE #1								
BRIDGE PROJECT ACQUISITION (DOT)	5.19 ACRES							
MURCHISON RD WEST (GREENWAY ACQUISITION)	$ 1,151,067 2.78 ACRES	$ 1,151,067						
DEMOLITION & RELOCATION	$ 150,000	$ 150,000						
MURCHISON RD SOUTHEAST (PLAZA LOAN)	$ 289,649 4.93 ACRES		$ 289,649 (loan)					
MURCHISON RD NORTHEAST (PARKSIDE)	$ - 10.07 ACRES			$ 338,355 (writedown)	$ 207,529 (grant)	$ 98,481 (grant)		
ACQUISITION WRITEDOWN*/GRANTS	$ 644,365			$ 80,000				
DEMOLITION & RELOCATION	$ 80,000							
CATALYST SITE #3								
JASPER/MURCHISON	$ 554,311 7.63 ACRES					$ 513,952 (loan)	$ 40,351 (residual land sale)	
DEMOLITION & RELOCATION	$ 100,000					$ 100,000		
ACQUISITION WRITEDOWN*/GRANTS	$ 635,375					$ 554,672 (writedown)	$ 80,703 (grant)	
TOTAL ACQUISITION/RELOCATION/DEMOLITION	$ 3,604,767	$ 1,301,067	$ 289,649	$ 418,355	$ 207,529	$ 98,481	$ 121,054	
* Difference between acquisition with bldgs and sale price without								
CITY SUBORDINATED MORTGAGE	$ 1,320,000		$ 700,000			$ 620,000		
HOMEBUYER 2ND MORTGAGE SUBSIDY	$ 2,264,034			$ 1,296,002			$ 968,032	
RELOCATED TENANT RENT SUBSIDY (10 Yrs)	$ 1,350,000		$ 750,000			$ 600,000		
TOTAL SUBSIDIES	$ 4,934,034	$ -	$ 1,450,000	$ 1,296,002	$ -	$ 1,220,000	$ 968,032	
TOTAL CITY CONTRIBUTION	$ 8,538,801	$ 1,301,067	$ 1,739,649	$ 1,921,886	$ 98,481	$ 2,388,624	$ 1,089,086	
CITY FINANCIAL RETURN (25 YEARS)								
CITY DEVELOPER LOAN PAYMENTS	$ 2,376,625		$ 989,649			$ 1,386,976		
HOMEBUYER 2ND MORTGAGE PAYMENTS (PRINCIPAL ONLY)	$ 2,264,034			$ 1,296,002			$ 968,032	
RESIDUAL LAND SALE (SITE # 3 BULLOCK/MURCH)	$ 40,351						$ 40,351	
ANNUAL PROPERTY TAX								
TOTAL	$ 16,390,142		$ 1,627,700	$ 2,879,332	$ 5,212,500	$ 1,465,774	$ 1,061,275	$ 4,143,561
CITY	$ 5,899,262		$ 620,034	$ 1,097,875	$ 1,987,500	$ 558,892	$ 404,659	$ 1,229,702
TOTAL CITY FINANCIAL RETURN	$ 10,580,272	$ -	$ 3,237,983	$ 5,273,209	$ 7,200,000	$ 3,411,642	$ 2,474,317	$ 1,229,702
INVESTMENT RECOVERY PERIOD	20.18 YRS	N/A YRS	13.43 YRS	9.11 YRS	0.34 YRS	17.50 YRS	11.00 YRS	
OTHER CITY BENEFITS								
JOBS								
PERMANENT 1 Retail/250SF	646		173			128		345
CONSTRUCTION (Full-Time Equivalent)	382		46	84		41	31	180
AFFORDABLE HOUSING UNITS	44			24			20	

EXHIBIT 6

DEVELOPMENT AND FINANCING SCHEDULE

YEAR	TOTAL (25 YRS)	1	2	3	4	5	6	7	8	9	10	11	12
CITY ACQUISITION													
CATALYST SITE #1													
BRIDGE PROJECT ACQUISITION	NCDOT												
MURCHISON RD WEST	$ 1,151,067				$ 1,151,067								
DEMOLITION & RELOCATION	$ 150,000				$ 75,000	$ 75,000							
MURCHISON RD EAST (NOTES/GRANTS)	$ 934,014			$ 934,014									
DEMOLITION & RELOCATION	$ 80,000					$ 80,000							
CATALYST SITE #3													
JASPER/MURCHISON	$ 1,189,686	$ 1,189,686											
DEMOLITION & RELOCATION	$ 100,000		$ 100,000										
TOTAL ACQUISITION	$ 3,604,767	$ 1,189,686	$ 100,000	$ -	$ 934,014	$ 1,226,067	$ 155,000	$ -	$ -	$ -	$ -	$ -	$ -
CITY DEVELOPER SUBSIDY (LAND LOANS/GRANTS INCLUDED IN ACQUISITION)													
JASPER PLAZA	$ 620,000			$ 620,000									
ROWAN PLAZA	$ 700,000				$ 700,000								
TENANT RENT SUBSIDY													
JASPER PLAZA	$ 600,000				$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000
ROWAN PLAZA	$ 750,000					$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	50,000	50,000	50,000
HOMEBUYER 2ND MORTGAGE SUBSIDY													
UNIVERSIDY TOWNHOMES (20 UNITS)	$ 968,032 $ 48,402 2% at 20yrs						338,811	338,811	290,410				
PARKSIDE TOWNHOMES (24 UNITS)	$ 1,296,002 $ 54,000 2% at 20yrs									216,000	216,000	216,000	216,000
*TOTAL SUBSIDIES	$ 4,934,034	$ -	$ -	$ -	$ 620,000	$ 780,000	$ 180,000	$ 518,811	$ 518,811	$ 470,410	$ 356,000	$ 306,000	$ 306,000	$ 306,000
*(LAND LOANS/GRANTS INCLUDED IN ACQUISITION)													
TOTAL CITY OUTLAYS	$ 8,538,801	$ 1,189,686	$ 100,000	$ -	$ 1,554,014	$ 2,006,067	$ 335,000	$ 518,811	$ 518,811	$ 470,410	$ 356,000	$ 306,000	$ 306,000	$ 306,000
CITY FINANCIAL RETURN (25 YEARS)	ANNUAL												
CITY DEVELOPER LOAN PAYMENTS (INCLUDES LAND LOANS)													
JASPER PLAZA	$ 1,386,976 $ 69,349 /YR					5 YEAR DEFERRAL				$ 69,349	$ 69,349	$ 69,349	$ 69,349
ROWAN PLAZA	$ 989,649 $ 49,482 /YR						5 YEAR DEFERRAL				$ 49,482	$ 49,482	$ 49,482
HOMEBUYER 2ND MORTGAGE PAYMENTS (includes interest)													
UNIVERSIDY TOWNHOMES (20 UNITS)	$ 968,032 $ 2,938 /UNIT/YR								5 YEAR DEFERRAL				$ 20,568
PARKSIDE TOWNHOMES (24 UNITS)	$ 1,296,002 $ 3,278 /UNIT/YR											5 YEAR DEFERRAL	
RESIDUAL LAND SALE													
(SITE # 3 BULLOCK/MURCH)	$ 40,351					$ 40,351							
ANNUAL PROPERTY TAX (CITY ONLY)													
JASPER PLAZA	$ 558,892 $ 22,356 /UNIT/YR				$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356
ROWAN PLAZA	$ 620,634 $ 24,825					$ 24,825	$ 24,825	$ 24,825	$ 24,825	$ 24,825	$ 24,825	$ 24,825	$ 24,825
UNIVERSIDY TOWNHOMES	$ 404,659 $ 716 /UNIT/YR							$ 7,163	$ 14,326	$ 21,489	$ 21,489	$ 21,489	$ 21,489
PARKSIDE TOWNHOMES	$ 1,097,875 $ 787 /UNIT/YR										$ 9,438	$ 18,876	$ 30,674
HOTEL	$ 1,987,500 $ 79,500 /UNIT/YR							$ 79,500	$ 79,500	$ 79,500	$ 79,500	$ 79,500	$ 79,500
NEW PAMALEE SHOPPING CENTER										$ 49,188	$ 49,188	$ 49,188	$ 49,188
TOTAL CITY RETURNS	$ 9,350,570	$ -	$ -	$ -	$ -	$ 22,356	$ 87,532	$ 47,181	$ 133,844	$ 141,007	$ 266,707	$ 325,627	$ 335,066	$ 367,431

EXHIBIT 41A

DEVELOPMENT AND FINANCING SCHEDULE

YEAR	13	14	15	16	17	18	19	20	21	22	23	24	25
CITY ACQUISITION													
CATALYST SITE #1													
BRIDGE PROJECT ACQUISITION													
MURCHISON RD WEST													
DEMOLITION & RELOCATION													
MURCHISON RD EAST (NOTES/GRANTS)													
DEMOLITION & RELOCATION													
CATALYST SITE #3													
JASPER/MURCHISON													
DEMOLITION & RELOCATION													
TOTAL ACQUISITION	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CITY DEVELOPER SUBSIDY (LAND LOANS/GRANTS INCLUDED IN ACQUISITION)													
JASPER PLAZA													
ROWAN PLAZA													
TENANT RENT SUBSIDY													
JASPER PLAZA	$ 40,000												
ROWAN PLAZA	50,000	50,000											
HOMEBUYER 2ND MORTGAGE SUBSIDY													
UNIVERSIDY TOWNHOMES (20 UNITS)													
PARKSIDE TOWNHOMES (24 UNITS)	216,000	216,000											
*TOTAL SUBSIDIES	$ 306,000	$ 266,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
*(LAND LOANS/GRANTS INCLUDED IN ACQUISITION)													
TOTAL CITY OUTLAYS	$ 306,000	$ 266,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CITY FINANCIAL RETURN (25 YEARS)													
CITY DEVELOPER LOAN PAYMENTS (INCLUDES LAND LOANS)													
JASPER PLAZA	$ 69,349	$ 69,349	$ 69,349	$ 69,349	$ 69,349	$ 69,349	$ 69,349	$ 69,349	$ 69,349	$ 69,349	$ 69,349	$ 69,349	$ 69,349
ROWAN PLAZA	$ 49,482	$ 49,482	$ 49,482	$ 49,482	$ 49,482	$ 49,482	$ 49,482	$ 49,482	$ 49,482	$ 49,482	$ 49,482	$ 49,482	$ 49,482
HOMEBUYER 2ND MORTGAGE PAYMENTS (includes interest)													
UNIVERSIDY TOWNHOMES (20 UNITS)	$ 41,136	$ 58,765	$ 58,765	$ 58,765	$ 58,765	$ 58,765	$ 58,765	$ 58,765	$ 58,765	$ 58,765	$ 58,765	$ 58,765	$ 58,765
PARKSIDE TOWNHOMES (24 UNITS)			$ 13,113	$ 26,225	$ 39,338	$ 52,450	$ 65,563	$ 78,675	$ 78,675	$ 78,675	$ 78,675	$ 78,675	$ 78,675
RESIDUAL LAND SALE													
(SITE # 3 BULLOCK/MURCH)													
ANNUAL PROPERTY TAX (CITY ONLY)													
JASPER PLAZA	$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356	$ 22,356
ROWAN PLAZA	$ 24,825	$ 24,825	$ 24,825	$ 24,825	$ 24,825	$ 24,825	$ 24,825	$ 24,825	$ 24,825	$ 24,825	$ 24,825	$ 24,825	$ 24,825
UNIVERSIDY TOWNHOMES	$ 21,489	$ 21,489	$ 21,489	$ 21,489	$ 21,489	$ 21,489	$ 21,489	$ 21,489	$ 21,489	$ 21,489	$ 21,489	$ 21,489	$ 21,489
PARKSIDE TOWNHOMES	$ 42,472	$ 54,270	$ 66,068	$ 66,068	$ 66,068	$ 66,068	$ 66,068	$ 66,068	$ 66,068	$ 66,068	$ 66,068	$ 66,068	$ 66,068
HOTEL	$ 79,500	$ 79,500	$ 79,500	$ 79,500	$ 79,500	$ 79,500	$ 79,500	$ 79,500	$ 79,500	$ 79,500	$ 79,500	$ 79,500	$ 79,500
NEW PAMALEE SHOPPING CENTER	$ 49,188	$ 49,188	$ 49,188	$ 49,188	$ 49,188	$ 49,188	$ 49,188	$ 49,188	$ 49,188	$ 49,188	$ 49,188	$ 49,188	$ 49,188
TOTAL CITY RETURNS	$ 399,797	$ 429,224	$ 454,135	$ 467,247	$ 480,360	$ 493,472	$ 506,585	$ 519,697	$ 519,697	$ 519,697	$ 519,697	$ 519,697	$ 519,697

EXHIBIT 41B