



Colman Yards

Master Plan Development / Rockford, IL

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FAQ

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What is the minimum investment?

\$100,000

What is the market demand for Apartments in Rockford?

According to the market study done by Tracy Cross & Associates, the Rockford market has a demand base of 405 new apartments, which could double, based on the pent-up demand and under-supplied apartment market. Current vacancy sits at 0.6% with no proposed developments of more than 65 units, making competition extremely limited.

Why Rockford and this location?

Rockford is the 5th largest city in IL with higher-than-average concentration of engineering, manufacturing, R&D, and aerospace employment, with continued growth. The location is walking distance to the Downtown District, a block from the Rock River, and located on Main St for easy access to employers and shopping.

Who is the general contractor on the project?

ENC Construction & Development ("ENC") is a contracting firm based in Illinois. The project team has also engaged an owner's representative, Daccord, who has served as an owner's rep on several projects that ENC has constructed. ENC has experience with projects of this size and scale. ENC has assigned team members that have prior experience with historic tax credit and adaptive reuse development.

What is the anticipated construction timeline for this project?

The project will break ground between September and October 2023 and be complete in May 2025.

What is the anticipated hold period?

We are targeting 4 years, but we will analyze the market to optimize the best return for our investors.



FAQ

What is the project investor returns and equity multiple?

Projected limited partner IRR is 16.82% with an equity multiple of 1.88x.

What is included in this Investment/Development?

Total of 360,000 SF. Including, 215 apartments, 22,400 SF of commercial/retail space, a 336-stall parking garage & 12,000 SF of amenity space.

Are there cash disbursements in Year 1 and 2?

The Company, Colman I Investor, LLC, does not expect to have cash available for distribution to Members until the completion and subsequent lease-up and stabilization of Stage One of the Project, which is expected to occur in the third year of the expected holding period. For additional discussion, see the section of the Memorandum titled "The Project."

Each Member (including the Manager in its capacity as a Member) will be entitled to receive, when, as and if authorized by the Manager, cumulative distributions at the rate of 8.0% per annum of such Member's aggregate Capital Contributions (the "Preferred Distributions"). Preferred Distributions payable to each Member will accrue and be cumulative from and including the Closing on which such Member was admitted to the Company as a Member and funded its Initial Capital Contribution and will be payable annually in arrears. Preferred Distributions will accrue whether or not the Company has earnings, whether or not there are assets legally available for the payment thereof and whether or not such distributions are authorized or declared by the Manager.

Please reference the PPM for additional information regarding distributions.

How is exit value and estimated payoff in Year 4 proceeds computed?

The Company intends to hold its ownership interests in the Stage One properties (i.e., Buildings 4, 5, and 9 of the Project along with the to-be-constructed attached parking structure) until such time as the Stage One properties can be refinanced with a U.S. Department of Housing and Urban Development ("HUD") Section 223(F) or similar permanent debt placement, at the Sponsor's discretion which is expected to result in a four-year investment horizon. The actual hold period will be subject to market conditions and as a result, the Sponsor may elect to refinance at a later time.

Upon the placement of permanent debt on the Stage One properties (a "Refinancing"), the Company will be dissolved and terminated, and all residual proceeds from such Refinancing will be distributed to the Members in accordance with the terms of the Colman I Investor, LLC agreement. See "Distributions-Priority" in the PPM.

Please reference the PPM, including Exhibit B for additional information regarding the exit and year four proceeds.

How is fair market value computed?

The fair market value at exit will be all residual proceeds from the Refinancing.



FAQ

What is the role of the municipality in this project?

The city has labeled this project as a high priority and has been involved in a number of blighted projects, looking for a partner to develop. They are willing to take an active and significant role in the development and have assembled a \$30 million incentive package for Phase 1, which includes three existing buildings and a new construction parking garage. The project benefits from TIF financing, a 100% tax rebate monetized through a private TIF loan, federal historic tax credits (20%), and a specific state program (Rivers Edge Historic - 25% credit).

What historical aspects are involved?

The site features beautiful and historic vacant buildings along the building stretch, specifically the Barbara Coleman Manufacturing campus.

How have environmental concerns been addressed?

The city bought the site in 2002 and has spent over 20 years taking care of environmental issues. An environmental consultant has provided all documentation to us, which we have shared with our capital partners. This gives us a strong comfort level with the current environmental situation. The remaining 10% of the work will be dealt with and capped as specified in the GMP contract.

How is the financing structured?

The city is allowing the closing on both the acquisition and all of the construction financing, making the project an attractive investment with a low economic basis compared to the total cost. Apart from the incentives, the project is also backed by a PACE loan and has a heavily subsidized capital stack.

Is there community support?

Yes, there's tremendous support from the community, and we're experiencing great momentum behind leasing even though we haven't started it yet.

What kind of tenants are you expecting?

We're expecting a variety of tenants, including multi-family units in the three existing buildings. Additionally, we're in talks with local coffee shops and fitness centers to become prospective retail tenants.

How does the project align with other successful ventures?

There is a great case study in Racine that aligns well with this type of development. The municipality is savvy in leveraging relationships for federal funding for brownfield sites, among other things.
