McKalla Submission to the City of Austin  
August 3, 2018

McKalla Land Use Plans  
Option A & Option B

Capella Capital Partners, an Austin-based commercial real estate development company, is formally submitting two land plans to the City of Austin, in accordance with the instructions provided through the City of Austin’s McKalla website. The land plans have also been designed in conjunction with Capella’s highly experienced co-development partners, Greenstone Properties (“Greenstone”), and Wakefield Beasley (“Wakefield”), both of which have been working with Capella to design a McKalla land plan since concept inception.

The genesis of the land plan(s), attached herein, began almost three years ago, and included exploration, and ongoing discussions with multiple City of Austin representatives in regards to the potential mixed-use development of McKalla. Capella was working towards an expected RFP for McKalla, which never came. Although Capella is in full support of PSV’s relocation to Austin, and a professional soccer team in general, we do not believe that a soccer stadium reflects the highest and best use for the McKalla property.

Option A, described in more detail below, and in additional attachments herein, is premised upon the assumption that PSV relocates to Austin, but utilizes another site. In turn, McKalla will be opened for full mixed-use development, with a strong emphasis upon affordable housing. Option B, described on the following page, and in additional attachments herein, assumes a soccer stadium at McKalla, along with a paired down high-density mixed-use development.

Option A – Full Mixed Use Development of McKalla

The Capella Option A land plan incorporates a “Live, Work, Play” mixed-use complex along the metro rail track. The heart and soul of the land plan is the development of approximately 1,200 residential units across a range of affordability levels, with no less than 300 affordable units provided to benefit families at median and below median family incomes. Capella envisions working with affordable housing experts, and leveraging private funds with Low Income Housing Tax Credits to finance the projects accordingly, without the need for City funding. The design is also based upon the premise that the Kramer rail station will relocate to this site (to be paid for by the developer). Under this plan two city blocks of great lawns align with the station to create a Central Park style open space. A long set of trails and paths border the southern side of the property. Upwards of 5 acres of park land is dedicated to recreation and conservation of the natural environment in this plan. The land plan also addresses mobility issues with parking garages for residents and the public using the rail station or visiting retailers. A grocery store and other service-oriented retail space, office towers, and Class A Hotel, will be built as well. The concept plan includes special use and flex-spaces to be made available to artists and the creative community.

Under this plan, PSV will relocate its planned operations to COTA, and build the facility upon donated land, with over 20,000 parking spaces immediately adjacent to the stadium. A vibrant and rapidly growing Latino community, which is acknowledged by all as a strong indicator of a MLS team’s success, in near proximity to COTA, will immediately serve as a strong base of team support. It should be noted, that the
difference in driving distance between COTA and downtown Austin, vs. McKalla and downtown Austin, is negligible.

Option B – Soccer Stadium with High Density Mixed-Used Development

The core premise of Capella’s Option B is subdividing the land into multiple lots; largely categorized as: 1) a lot for the soccer stadium to be utilized by PSV; and 2) multiple developable lots to be utilized by Capella or another developer for mixed-use development. This concept is similar in nature to many other highly successful mixed-use / sports complexes throughout the country. In this scenario, the stadium serves as a development anchor, to be supplemented by vibrant high-density mixed-use development (paired down from Option A), with affordable housing remaining a core focus. Subdividing existing land into multiple lots is a common practice, and can generally be done within 90 days, at an estimated cost of $25,000. The subdivision process can be done in conjunction with the site plan for both PSV, and the mixed-use development, resulting in no delays to ongoing plans. Please refer to an example of a proposed McKalla land subdivision, attached herein. Realizing that parking is a crucial concern, under this scenario, the mixed-use developer of the site should be required to commit to provide and dedicate upwards of 2,000 parking spots to be utilized by PSV patrons on match days. Capella will also work with PSV in a neighborly fashion to make an additional planned 1,850 parking spots available on match days, through its adjacent Class A office development (North Gateway Plaza). Capella believes, Option B is far superior to the existing PSV plan presented to City Council. Although Option B, is not the highest and best use of the site, it does serve as a win-win scenario for PSV, the City of Austin, the citizens of Austin in support of soccer and/or affordable housing, and for the team awarded the rights to the mixed-used development component.

Overview of Tax Generation Considerations

The PSV soccer proposal generates minimal tax revenue to the City of Austin over a 25-year period, reflecting an estimated $157 million tax exemption over this period. Capella’s Option A and Option B, will generate an estimated $547 million, and $308 million of tax revenue to the City of Austin, respectively, over a 25-year period. For additional details please refer to the tax analysis contained herein.

Contact:
Todd Daily, Managing Partner, todd@capellatx.com, 512-617-6363
Scott Moxham, CFO, scott@capellatx.com 512-617-6314
Capella Capital Partners Offering for McKalla Site

Option “A”

- Purchase Price - $22.1 Million or 80 year lease at $750,000 annually
- Capella Capital Partners and Circuit Of The Americas (COTA) have reached an agreement for COTA to donate the required acreage to construct and house the MLS soccer stadium. In addition, COTA will provide approximately 20,000 parking spaces immediately adjacent to the stadium.
- Capella Capital Partners will construct, at Capella’s expense, 8 youth soccer fields, for placement on city owned property, such as Guerrero Park, Rose Wood Park, Butler Shores, McKalla Place and in Del Valle.
- Capella Capital Partners will provide $250,000 towards youth soccer scholarships.

Capella Creativity Component
“Live –Work-Play”

1. Capella will develop approximately 1,200 Multi-Family units of which 300 will be affordable housing. Capella will co-develop the affordable units with Austin Affordable Housing Corporation (AAHC) a non-profit subsidiary of the Housing Authority of the City of Austin (HACA).
2. Capella will develop approximately 120,000 square feet of mixed-use retail with a primary focus on locally owned businesses, including a local grocer.
3. Capella will coordinate with a nationally branded hotel developer to construct a 150-300 room Class A hotel.
4. Capella will develop approximately 800,000 square feet of Class A office.
5. Capella will work closely with Cap Metro and the City of Austin to develop a new transit station with complimentary bus transit and pedestrian access.
6. Capella will develop multiple designated public park green areas that will be open to the public at all times, in addition, the park space will periodically host free concerts and other community activities for the North Gateway area, including surrounding neighborhoods.

7. Capella will designate a portion of the retail square footage close to public park areas for a private day care. Capella will provide affordable credits for day care services to all affordable residents.

8. Capella will put lease incentives in place for tenant businesses to hire and train local residents.

9. Capella will construct a multi level parking structure within close proximity to the transit station and retail.

10. Capella will strive to reduce the carbon footprint and increase regional mobility within the McKalla development.

11. Capella will provide affordable micro units for local artist housing and flex space for artist activities.
Development Summary

- Retail: 100,000 sf
- Office: 400,000 sf
- Hotel: 200 keys
- Multi-Family/Affordable Housing/Condominium: 1150 un
- Additional Parking: 2000 ps
Capella Capital Partners Offering for McKalla Site

Option “B”

• Purchase Price - $11 Million or 80 year lease at $400,000 annually for remaining 14 acres.
• Capella will provide 2,000 +/- parking spaces to be used during events held at the Stadium.
• Capella will co-develop the McKalla site with Precourt Sports Ventures (PSV) to build a state of the art “Live-Work-Play” environment.

Capella Creativity Component

“Live–Work-Play”

1. Capella will develop approximately 1,150 Multi-Family units of which approximately 250 units will be affordable housing. Capella will co-develop the affordable units with Austin Affordable Housing Corporation (AAHC) a non profit subsidiary of the Housing Authority of the City of Austin (HACA).

2. Capella will develop approximately 100,000 square feet of mixed-use retail with a primary focus on locally owned businesses, including a grocer.

3. Capella will coordinate with a nationally branded hotel developer to construct a 150-300 room Class A hotel.

4. Capella will develop approximately 400,000 square feet of Class A office.
5. Capella will work closely with Cap Metro and the City of Austin to develop a new transit station with complimentary bus transit and pedestrian access.

6. Capella will develop multiple designated public park green areas that will be open to the public at all times, in addition, the parks space will periodically host free concerts and other community activities for the North Gateway area.

7. Capella will designate a portion of the retail square footage close to public park areas for a private day care. Capella will provide affordable credits for day care services to all affordable residents.

8. Capella will put lease incentives in place for tenant businesses to hire and train local residents.

9. Capella will construct a multi level parking structure within close proximity to the transit station and retail.

10. Capella will strive to reduce the carbon footprint and increase regional mobility within the McKalla development.

11. Capella will provide affordable micro units for local artist housing and flex space for artist activities.
Mckalla Place Proposed Subdivision Exhibit

Development Summary

- Retail: 100,000 sf
- Office: 400,000 sf
- Hotel: 200 keys
- Multi-Family/ Affordable Housing/ Condominium: 1150 units
- Additional Parking: 2000 ps

State of Texas Registration No. F-928
Terrace I, Suite 300
Austin, Texas  78746
512-418-1771

Kimley-Horn
2000 Va Terns, Suite 330
Austin, Texas 78746
512-418-1771
State of Texas Registered No. F-529
### Estimated Tax & Payroll Calculations Comparing PSV Soccer Plan to Capella Plan A - Mixed Used Project and Plan B

<table>
<thead>
<tr>
<th></th>
<th>PSV Soccer Plan (24 Acres or 9 Acres)</th>
<th>Plan A Capella Mixed-Use (24 Acres)</th>
<th>Plan B Capella Mixed-Use (13 Acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost of Structure per PSV</strong></td>
<td>$200,000,000</td>
<td>$650,000,000</td>
<td>$325,000,000</td>
</tr>
<tr>
<td><strong>Estimated Value of Land</strong></td>
<td>$22,100,000</td>
<td>$22,100,000</td>
<td>$11,000,000</td>
</tr>
<tr>
<td><strong>Taxes based on these estimated values</strong></td>
<td>$222,100,000</td>
<td>$672,100,000</td>
<td>$336,000,000</td>
</tr>
</tbody>
</table>

**ANNUAL**

<table>
<thead>
<tr>
<th></th>
<th>City of Austin</th>
<th>Travis County</th>
<th>Central Health</th>
<th>Austin ISD</th>
<th>Austin Community College</th>
<th>Annual Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost of Structure</strong></td>
<td>$0.4448000</td>
<td>$0.3690000</td>
<td>$0.1073850</td>
<td>$1.1920000</td>
<td>$0.1008000</td>
<td>$2.2139850</td>
</tr>
<tr>
<td><strong>Estimated Value of Land</strong></td>
<td>$987,901</td>
<td>$819,549</td>
<td>$238,502</td>
<td>$2,647,432</td>
<td>$223,877</td>
<td>$4,917,261</td>
</tr>
<tr>
<td><strong>Taxes based on these estimated values</strong></td>
<td>$2,989,501</td>
<td>$2,480,049</td>
<td>$721,735</td>
<td>$8,011,432</td>
<td>$677,477</td>
<td>$14,880,193</td>
</tr>
</tbody>
</table>

**25 years property tax revenue with 2% escalation**

<table>
<thead>
<tr>
<th></th>
<th>$157,501,334</th>
<th>$476,617,048</th>
<th>$238,273,067</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property Tax Exemption for Soccer Stadium</strong></td>
<td>($157,501,334)</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>$0</th>
<th>$476,617,048</th>
<th>$238,273,067</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total 25 Year Property Tax, with 2% escalation</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Sales Tax Revenue City of Austin**

|                      | $0.010000    | $500,000     | $1,500,000   |

**Hotel Tax Revenue City of Austin**

|                      | $0.090000    | $0           | $689,850     |

|                      | $500,000     | $2,189,850   | $2,189,850   |

**25 years Additional tax revenue, with 2% escalation**

|                      | $16,015,150  | $546,758,600 | $308,414,618 |

**Employee Payroll Over 25 Years, with 2% escalation**

|                      | $233,949,309 | $2,498,363,378 | $1,249,181,689 |

**Other Estimated Infrastructure Cost**

|                      | $5,000,000   | $5,000,000   | $5,000,000   |

|                      | $0           | $13,000,000  | $13,000,000  |

|                      | $0           | $1,000,000   | $1,000,000   |

|                      | $665,000     | $665,000     | $665,000     |

|                      | $144,000     | $144,000     | $144,000     |

|                      | $1,500,000   | $1,500,000   | $1,500,000   |

|                      | $0           | $640,000     | $640,000     |

|                      | $0           | $13,000,000  | $13,000,000  |

|                      | $7,309,000   | $34,949,000  | $34,949,000  |