

PMC Recommendation

Select **1532 Tulane Partners, Inc.** as the Respondent with whom to begin negotiations and due diligence.

Rationale

- Many elements of both Proposals are equivalent in both opportunity and risk; these are not outlined here
- Key risks posed by HRI/Iris with regard to elements of their Proposal include:
 - Development Budget and Financing Plan
 - Reliance on a separate project, for which HRI/Iris does not have site control, to generate financing through TIF
 - Uncertainty as to the magnitude of State historic tax credits
 - Reliance on an anchor tenant to prepay rent
 - Schedule and Phasing
 - Pursuing “optionality” that includes City Hall as a parallel pursuit to others still presents risks to timeliness of occupancy and operations
 - Though financial offer is greater, it is subject to successful completion by phase rather than lease execution
- 1532 Tulane Partners, Inc. does present some risks which can and should be addressed in more detail during negotiations and due diligence:
 - Housing program remains larger than HRI/Iris proposal, and of that 1) a larger proportion is market rate, and 2) proposed market rate rents are higher than HRI/Iris (though 1532’s proposed market rate rents are still lower than other new buildings in the market)
 - Given size of the housing program, there is still some risk in relative experience compared to HRI/Iris
 - 1532 Tulane Partners should review and ensure appropriate allowances and contingencies for elements of the construction budget