



**CBRE**

Consulting Event ID EVT0003238

Sale/Leaseback Analysis

December 12, 2014

Attachment 1

Joint Committee on State Building  
Construction

Date 3-5-15

December 12, 2014

via email: mark.mcgivern@da.ks.gov

Mark J. McGivern  
Director of Facilities and Procurement Management /OFPM  
Kansas Department of Administration  
800 SW Jackson, Suite 600  
Topeka, KS 66612

Re: State of Kansas: Consulting Event ID EVT0003238 / Sale/Leaseback Analysis

Dear Mr. McGivern,

CBRE appreciates the opportunity to provide our consulting services and is pleased to submit to the Department of Administration and the State of Kansas the conclusions and recommendations based on the result our Sale/Leaseback Analysis of four separate office buildings totaling 882,857 rentable square feet currently owned by the State of Kansas. Our work has included the following:

- a market study of rents, occupancy cost and a cap rates,
- review and analysis of information provided by the State of Kansas,
  - 7/15/2014 Appraisal by Timothy J. Keller MAI, Brian A. Klahr MAI, & Robert C. Taggart, MAI,
  - report of capital improvements performed over the last five years,
  - summary of building and component condition ratings,
  - operating expenses,
  - report of the agencies that occupy space, their rentable square feet and the number of full time employees,
- tours of the buildings,
- meetings with yourself and other State of Kansas officials.

While CBRE would like the opportunity to continue work on phase 2 of this assignment and sell some office buildings, we are not able to recommend a sale/leaseback transaction at this time. Our recommendation is due primarily the negative effect that current bond indebtedness, cost to defease the bonds and the increased occupancy cost incurred when adding real estate taxes if sold to a private entity have on both the current value and long term net present value of the subject properties.

However we have notices a few items we suggest the State of Kansas give extra attention and focus.

1. Rentable Square Feet per Employee is higher than average.
2. Implement a workplace strategy plan to reduce occupancy cost, improve productivity, and increase value to the occupants.
3. Standardized real estate accounting to help benchmark the State of Kansas Occupancy Cost vs Market Occupancy Cost.
4. A creative new approach or financing solution to address the need for a new central power plant.

You will find additional details regarding our conclusions and recommendations on page 12. CBRE thanks you and the State of Kansas and we look forward to additional opportunities to continue a strategic partnership with the State of Kansas to assist in reducing your occupancy cost and maximizing the value of your real estate assets.

Sincerely,



Michael Klamm, CCIM | Managing Director

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<b>CBRE Publication - U.S. Sale/Leasebacks: Unlock Value</b>	<b>Attached</b>
<b>CBRE Publication - Workplace Strategy 2014</b>	<b>Attached</b>
<b>CBRE Publication - The evolving Workplace: How U.S. Office Space is Changing</b>	<b>Attached</b>
<b>CBRE Publication – Public Institutions and Educations Solutions</b>	<b>Attached</b>



## Objective

CBRE shall provide the State of Kansas with **market information, value analysis and alternative options for consideration** to assist the State of Kansas to determine if they should sell and lease back the following properties and if so, recommend a sale and lease structure that will be most beneficial to the State of Kansas.

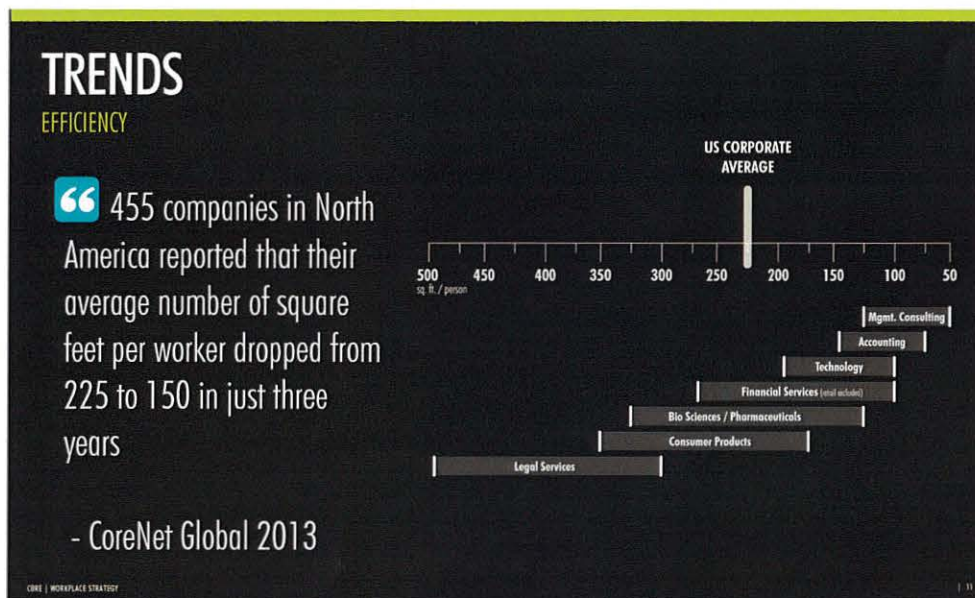
<b>Landon State Office Building</b>	<b>900 SW Jackson, Topeka, KS</b>
<b>Curtis State Office Building &amp; Garage</b>	<b>1000 SW Jackson, Topeka, KS</b>
<b>Myriad Building</b>	<b>4<sup>th</sup> and Van Buren, Topeka, KS</b>
<b>Eisenhower State Office Building</b>	<b>700 SW Harrison, Topeka, KS</b>

## Process

In order to achieve our objective, we must understand how a potential decision to sell and lease back compares to or may be affected by alternative strategies regarding the above assets:

1. **Reduce RSF:** Is there an opportunity to reduce rentable square feet by increasing the efficiency making room for additional agencies to occupy space within the above facilities?

*Answer:* The ratio of Rentable Square Feet (RSF) per Full Time Employee (FTE) is 330 RSF / FTE for all four of the buildings being studied. Landon = 307 241 RSF/FTE, Myriad = 241 RSF/FTE, Curtis = 313 RSF/FTE and Eisenhower = 395 RSF/FTE. The national average is 225 RSF/FTE. There appears to be opportunities to make improvements in this area. Additional information regarding workplace strategies can found within the attached CBRE publications, Workplace Strategy 2014 and The evolving Workplace: How U.S. Office Space is Changing.



We have also determined that the agencies do not include the common area in their calculation of Rentable Square Feet. There are 101,260 RSF of common area among the four office buildings that is not included in the rentable square feet of the agencies. Market lease rates are quoted by \$/RSF/Yr with RSF including the tenants proportionate share of the common areas. This needs to be understood and adjustments made to account for this different method of calculating Rentable Square feet if the State of Kansas is comparing the lease rates charged to these agencies against market lease rates.



2. **Reduce Operating Cost:** Is there an opportunity to reduce the operating cost through eliminating or reducing services, changing vendors or service providers, increase buying power, or otherwise improving efficiency?

*Answer:* Based upon the Occupancy Cost provided by the State of Kansas, Landon is the only property with above market Occupancy Cost when adjusted for real estate taxes. The reported FY2014 Repairs and Maintenance for Landon was \$1,041,310 or \$3.77/RSF/Yr. We have made an adjustment and moved \$500,000 or \$1.81 to Capital Improvement. However we suspect there are some additional expenses associated with the renovations at Landon that are the cause for the FY2014 Operating Cost at Landon to be higher than normal.

Occupancy Expenses Reported by State of Kansas vs Market

FY2014

Property:	Landon				Curtis				Myriad				Eisenhower			
Rentable Square Feet (RSF)		276,689				279,637				72,275				254,256		
		State	Market	Variance		State	Market	Variance		State	Market	Variance		State	Market	Variance
		\$/RSF/Yr	\$/RSF/Yr	\$/RSF/Yr		\$/RSF/Yr	\$/RSF/Yr	\$/RSF/Yr		\$/RSF/Yr	\$/RSF/Yr	\$/RSF/Yr		\$/RSF/Yr	\$/RSF/Yr	\$/RSF/Yr
<b>Annual Operating Expenses:</b>																
Taxes	\$0	\$0.00	\$2.83	-\$2.83	\$0	\$0.00	\$4.72	-\$4.72	\$25,000	\$0.35	\$2.98	-\$2.63	\$0	\$0.00	\$2.77	-\$2.77
Insurance	\$22,553	\$0.08	\$0.22	-\$0.14	\$36,550	\$0.13	\$0.22	-\$0.09	\$7,780	\$0.11	\$0.22	-\$0.11	\$18,857	\$0.07	\$0.22	-\$0.15
Repairs and Maintenance	\$541,310	\$1.96	\$0.90	\$1.06	\$513,736	\$1.84	\$0.90	\$0.94	\$54,797	\$0.76	\$0.90	-\$0.14	\$536,077	\$2.11	\$0.90	\$1.21
Utilities: Gas, Electric & water	\$974,443	\$3.52	\$2.50	\$1.02	\$523,872	\$1.87	\$2.00	-\$0.13	\$198,084	\$2.74	\$2.00	\$0.74	\$531,308	\$2.09	\$2.50	-\$0.41
Cleaning and Janitorial	\$549,712	\$1.99	\$1.35	\$0.64	\$229,716	\$0.82	\$1.35	-\$0.53	\$64,260	\$0.89	\$1.35	-\$0.46	\$209,942	\$0.83	\$1.35	-\$0.52
Security	\$0	\$0.00	\$0.60	-\$0.60	\$0	\$0.00	\$0.60	-\$0.60	\$37,917	\$0.52	\$0.60	-\$0.08	\$0	\$0.00	\$0.60	-\$0.60
Other Operating Expenses	\$249,450	\$0.90	\$0.15	\$0.75	\$54,221	\$0.19	\$0.15	\$0.04	\$0	\$0.00	\$0.15	-\$0.15	\$83,950	\$0.33	\$0.15	\$0.18
Property Mgmt & Admin	\$0	\$0.00	\$0.60	-\$0.60	\$0	\$0.00	\$0.60	-\$0.60	\$0	\$0.00	\$0.60	-\$0.60	\$0	\$0.00	\$0.60	-\$0.60
Reserves and Replacement	\$0	\$0.00	\$0.50	-\$0.50	\$0	\$0.00	\$0.25	-\$0.25	\$64,725	\$0.50	\$0.50	\$0.00	\$0	\$0.00	\$0.50	-\$0.50
<b>Total Operating Expense</b>	<b>\$2,337,468</b>	<b>\$8.45</b>	<b>\$9.65</b>	<b>-\$1.20</b>	<b>\$1,358,095</b>	<b>\$4.86</b>	<b>\$10.79</b>	<b>-\$5.93</b>	<b>\$452,563</b>	<b>\$6.26</b>	<b>\$9.30</b>	<b>-\$3.04</b>	<b>\$1,380,134</b>	<b>\$5.43</b>	<b>\$9.59</b>	<b>-\$4.16</b>
<b>Other Annual Cash Flow</b>																
Base Rent			\$7.50	-\$7.50			\$11.50	-\$11.50			\$9.50	-\$9.50			\$7.50	-\$7.50
Parking																
Interest																
Principal																
Capital Improvements	\$500,000	\$1.81		\$1.81												
<b>Total Other Annual Cash Flow</b>	<b>\$500,000</b>	<b>\$1.81</b>	<b>\$7.50</b>	<b>-\$5.69</b>	<b>\$0</b>	<b>\$0.00</b>	<b>\$11.50</b>	<b>-\$11.50</b>	<b>\$0</b>	<b>\$0.00</b>	<b>\$9.50</b>	<b>-\$9.50</b>	<b>\$0</b>	<b>\$0.00</b>	<b>\$7.50</b>	<b>-\$7.50</b>
<b>Total Annual \$</b>	<b>\$2,837,468</b>	<b>\$10.26</b>	<b>\$17.15</b>	<b>-\$6.90</b>	<b>\$1,358,095</b>	<b>\$4.86</b>	<b>\$22.29</b>	<b>-\$17.43</b>	<b>\$452,563</b>	<b>\$6.26</b>	<b>\$18.80</b>	<b>-\$12.54</b>	<b>\$1,380,134</b>	<b>\$5.43</b>	<b>\$17.09</b>	<b>-\$11.66</b>

It does not appear there is an opportunity to reduce the overall occupancy cost based on the information provided. However, it is difficult to determine if there may be opportunities within specific services or functions of the occupancy cost without a better separation of cost that allow us to benchmark against industry and market standards. We question if all operating expenses such as management, accounting, administration, etc are included in the above numbers. We suggest that efforts be made by the State of Kansas to align your occupancy expense categories with the cost categories recognized by the market to better determine how \$/RSF/Yr for the State of Kansas compares to market averages.

3. **Increase Market Value:** Is there an opportunity to increase the value of the office space by improving or adding services and amenities, minimizing deferred maintenance, making needed capital replacements or improvements?

*Answer:* The recent and current work being performed at Landon with the replacement of windows and tenant improvement projects is a good example of best practices to increase and maintain market value of commercial real estate. Based upon the information we have received regarding deferred maintenance and our tours of the property. It appears that improvements are needed at all the subject properties to maintain and potentially improve the market value.

CBRE recommends establishing a minimum budget of \$0.50/sf/yr for reserves and replacements until such time as the deferred maintenance is under control and then maintain a reserve and replacement of at least \$0.25/sf/yr for all properties.

4. **Extend Asset Life:** Are there appropriate funds available or being placed in reserve to address replacement and necessary capital improvement projects in order to minimize deferred maintenance and extend the life of the asset?

*Answer:* Based upon our observations and discussions, there does appear to be a need to establish better policy for the budgeting and appropriation of the necessary funds to properly maintain the real estate assets that are owned by the State of Kansas in order to extend the life of the asset and build a reserve for major replacements such as mechanical systems, lighting retrofit, roofs, parking lots, and remodeling.

5. **Move and Sale:** Are there alternative long term options for the occupancy of the current State of Kansas agencies that currently occupy space within the subject office buildings and provide an opportunity to sell the buildings to an owner/occupant or a speculative investor?

*Answer:* The potential for this option is very slim and most probably is not a feasible option. While there are very few existing options for large blocks of office space available for lease or purchase, there are also very few qualified owner/occupants or speculative investors with an appetite for the \$882,857 RSF being studied. For this strategy to be successful, both of the above unlikely outcomes would have to occur at a resulting net cost that is less than the current cost of occupancy after paying off the current bond indebtedness, interest and penalties. Moving from the existing office buildings and selling to another user or investor is not a viable option.

**6. Sale and Lease Back:** What are the potential benefits and concerns of a sale and lease back?

*Answer:* There are numerous benefits and concerns associated with a sale/leaseback transactions which are very well outlined in the attached exhibit: U.S. Sale/Leasebacks: Unlock Value produced by CBRE associates Asieh Mansour and Brian Scott as a 2012 Special Report.

The potential **benefits** that are most applicable to our analysis for the State of Kansas are as follow:

- **Reallocation of Capital:** Proceeds from the sale from an otherwise illiquid asset to be used to invest at a higher return or as a financing tool for other purchase or debt obligations.
- **Transfer of Risk:** The occupier can secure maximum value and occupancy rights based on a long-term lease and at the same time transfer any residual value of the eventually unneeded or obsolete property to a third-party operator.
- **Premium Pricing:** Empirical evidence shows that a sale/leaseback property sells for a premium of 13% relative to comparable non-sale/leaseback properties (1). The explanation for the premium is two-fold:
  - Expected cash flow for the sale/leaseback property may be greater due to the lack of periodic vacancy caused by tenant turnover which is typically observed in property markets
  - The credit profile for the sale/leaseback tenant may be higher than that of the typical multi-tenant rent roll.

(1) C.F. Sirmans and Barrett A. Slade, "Sale-Leaseback Transactions: Price Premiums and Market Efficiency" Journal of Real Estate Research, Vol. 32, No. 2, 2010.

The potential **concerns** of a sale/lease back transaction that are most applicable to our analysis are as follows:

- A change in strategy may occur over time that would have made it desirable to hold the asset, given the flexibility limitation inherent in a long-term lease.
- Limited potential to benefit from value appreciation of the property.
- Landlord's default of management or financial obligations associated with the Lease Agreement.



## General Information Summary Worksheet

	Landon		Curtis		Myriad		Eisenhower		Totals	
Address	900 SW Jackson Topeka, KS		100 SW Jackson Topeka, KS		500 SW VanBuren Topeka, KS		700 SW Harrison Topeka, KS			
Rentable Sq Ft (RSF)	276,689		279,637		72,275		254,256		882,857	
Gross Building Sq Ft (GSF)	362,627		320,721		84,599		303,809			
Efficiency (RSF / GSF)	0.763012682		0.871901123		0.854324519		0.836894233			
Full Time Employees (FTE)	902		830		300		644		2,676	
RSF / FTE	307		313		241		395		330	
Common Area	32,565		20,236		-		48,459		101,260	
Common Area Load Factor	0.117695319		0.072365245		0		0.190591372			
Age	1910 with Expansions and Renovations		2001		1997		1923, 1965 & 1980			
Number of Floors	10		5		3		14			
Typical Floor Plate	27648		51337		Floors 1 = 11,800 Floor 2-3		Floors 1-4 = 27,700 Floors 5-			
Land Sq Ft	46,500		135,000		45,000		249,745		476,245	
Land Acres	1.07		3.10		1.03		5.73		10.93	
Parking	8 Surface Stalls		620 in Adjoining Parking Garage		51 Surface and 209 attached Garage for Total of 257		647 Surface Stalls		1535	
Parking stalls per 1,000 RSF	0.03		2.43		3.56		2.54		1.74	
Class	B		A		B		B			
		\$/RSF		\$/RSF		\$/RSF		\$/RSF		\$/RSF
Appraisal - 7/15/2014	\$19,000,000	\$68.67	\$32,000,000	\$114.43	\$5,200,000	\$71.95	\$17,050,000	\$67.06	\$73,250,000	\$82.97
Bonded Indebtedness	\$3,805,000	\$13.75	\$42,290,000	\$151.23	\$7,530,000	\$104.19	\$21,425,000	\$84.27	\$75,050,000	\$85.01
Interest Full Term	\$695,088	\$2.51	\$19,073,062	\$68.21	\$2,950,032	\$40.82	\$9,451,750	\$37.17	\$32,169,932	\$36.44
Call Early Interest	\$695,088	\$2.51	\$6,806,094	\$24.34	\$1,730,470	\$23.94	\$4,385,781	\$17.25	\$13,617,433	\$15.42
Call Date	11/1/2020		6/1/2018		6/1/2020		11/1/2019			
Total Obligation w/ Early Call	\$4,500,088	\$16.26	\$49,096,094	\$175.57	\$9,445,375	\$130.69	\$25,810,781	\$101.51	\$88,852,338	\$100.64
Appraisal less Total Obligation	\$14,499,912	\$52.41	-\$17,096,094	-\$61.14	-\$4,245,375	-\$58.74	-\$8,760,781	-\$34.46	-\$15,602,338	-\$17.67
Maturity Date	11/1/2020		6/1/2030		6/1/2029		11/1/2034			

## Appraisal Summary Worksheet

	Landon		Curtis		Myriad		Eisenhower		Totals	
		\$/RSF		\$/RSF		\$/RSF		\$/RSF		\$/RSF
Valuation	\$19,000,000	\$68.67	\$32,000,000	\$114.43	\$5,200,000	\$72.22	\$17,050,000	\$67.06	\$73,270,000	\$82.99
Value: Income Approach	\$19,280,000	\$69.68	\$32,500,000	\$116.22	\$5,220,000	\$72.22	\$17,060,000	\$67.10	\$74,060,000	\$83.89
Value: Sales Comparable Approach	\$18,540,000	\$67.01	\$30,100,000	\$107.64	\$5,130,000	\$70.98	\$17,040,000	\$67.02	\$70,810,000	\$80.21
Value: Cost Approach	n/a		n/a		n/a		n/a			
Gross Rent Income	\$3,527,785	\$12.75	\$4,277,280	\$15.30	\$975,713	\$13.50	\$3,241,764	\$12.75	\$12,022,542	\$13.62
Parking Rent Income	\$0		\$64,972	\$0.23	\$0	\$0.00	\$0	\$0.00	\$64,972	\$0.07
Vacancy and Collection Loss	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Operating Expenses	\$2,033,664	\$7.35	\$2,068,416	\$7.40	\$570,973	\$7.90	\$1,919,633	\$7.55	\$6,592,686	\$7.47
Reserves & Replacement	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Net Operating Income (NOI)	\$1,494,121	\$5.40	\$2,273,836	\$8.13	\$404,740	\$5.60	\$1,322,131	\$5.20	\$5,494,828	\$6.22
Capitalization Rate	7.75%		7.00%		7.75%	\$0.00	7.75%	\$0.00	\$0	\$0.00
Deferred Maint & pending Capital Improvements (1)	\$8,114,151	\$29.33	\$0	\$0.00	\$0	\$0.00	\$2,279,000	\$8.96	\$10,393,151	\$11.77
Est. Effective Age	40		13		17		40			
Est. Economic Life	60		60		50		60			
Remaining Economic Life	20		47		33		20			

## Deferred Maintenance and Capital Improvements

CBRE has assigned the following current Deferred Maintenance and/or needed Capital Improvements based on information provided by the State of Kansas, information provided within the 7/15/2014 appraisal and our tours of the properties.

Any prospective buyer will conduct their own due diligence and investigation to determine their own estimates of the required investment needed to cure any deferred maintenance and make needed capital improvement investments to maintain market rents and extend the asset life.

Landon		Curtis		Myriad		Eisenhower		Totals	
\$/RSF		\$/RSF		\$/RSF		\$/RSF		\$/RSF	
-\$7,000,000	-\$25.30	-\$200,000	-\$0.72	-\$500,000	-\$6.92	-\$3,500,000	-\$13.77	-\$11,200,000	-\$12.69

## Topeka Office Market: Lease Rate and Occupancy

Buyers and Sellers may have different motivations when establishing rental rates in a sale/leaseback transaction. Some sellers will pay higher than market rents the rents in return for a higher than market sale price. Other sellers want lower rents locked for a long term and will accept a lower than market sale price in return. Rental rates and lease terms are as negotiable as the sale price with most sale/leaseback transactions.

CBRE performs a quarterly Topeka Office Market Survey of Class A and Class B office buildings in excess of 10,000 square feet.

Office	Class A					Class B				
	Properties	Total SF	Vacant SF	Occupancy	Avg Rent (2)	Properties	Total SF	Vacant SF	Occupancy	Avg Rent (2)
Buildings > 10,000 SF										
2014 Q1	51	2,699,668	136,286	94.95%	\$20.17	138	5,323,149	487,719	90.84%	\$14.97
2014 Q2	51	2,699,668	157,654	94.16%	\$19.71	136	5,277,130	522,382	90.10%	\$14.89
2014 Q3	51	2,699,668	179,162	93.36%	\$20.23	136	5,277,130	533,693	89.89%	\$14.88

The above market rents are "quoted" gross full service rents. Actual lease rates are typically discounted by 5% to 15% from quoted rents. We have used triple net lease rates for our analysis which we propose are market rents for the subject properties. A triple net lease structure will produce the least risk to the Buyer/Landlord and will result in the lower Cap Rate and Highest Price. To achieve the highest possible value, we have pushed the "Market Rent" to the upper limits of and are assuming a triple net lease structure. The following is the lease assumptions used in our analysis.

	Landon		Curtis		Myriad		Eisenhower		Totals	
	\$/RSF		\$/RSF		\$/RSF		\$/RSF		\$/RSF	
NNN Rent	\$2,075,168	\$7.50	\$3,215,826	\$11.50	\$686,613	\$9.50	\$1,906,920	\$7.50	\$7,884,526	\$8.93
Market Expenses(2)	\$2,670,768	\$9.65	\$3,017,396	\$10.79	\$672,103	\$9.30	\$2,437,338	\$9.59	\$8,797,606	\$9.97
Gross Rent	\$4,745,936	\$17.15	\$6,233,222	\$22.29	\$1,358,716	\$18.80	\$4,344,258	\$17.09	\$16,682,132	\$18.90

(2) Market Expenses include Real Estate Taxes and other market expenses if the property is sold to private sector investor.

## Cap Rate Report and applicable adjustments

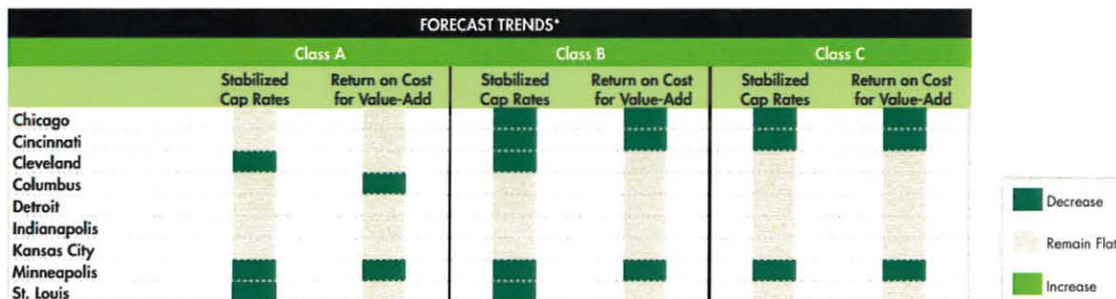
### CBRE Unites States Cap Rate Survey – First Half 2014

#### National Level Stabilized Capitalization Rates (by section, class and/or segment)

Sector	Class/Segment	2013 Q4	2014 Q2	BPS Change	BPS Spread to Treas.
CBD Office	A	5.49%	5.53%	4	291
	B	6.92%	6.91%	-1	429
	C	8.95%	8.85%	-10	623

#### Office CBD | Midwestern Region

	Class A				Class B				Class C			
	Stabilized Cap Rates	Compared to 2H13	Return on Cost for Value-Add	Compared to 2H13	Stabilized Cap Rates	Compared to 2H13	Return on Cost for Value-Add	Compared to 2H13	Stabilized Cap Rates	Compared to 2H13	Return on Cost for Value-Add	Compared to 2H13
Chicago	5.00% - 5.75%	↓	7.00% - 7.50%	↓	6.75% - 7.50%	↓	8.50% - 9.50%	↓	7.50% - 8.50%	↓	8.75% - 10.75%	↓
Cincinnati	7.50% - 8.00%	↓	8.50% - 9.00%	↓	8.50% - 9.00%	↓	10.00% - 10.50%	↓	10.00% - 11.00%	↓	12.00% - 13.00%	↓
Cleveland	9.50% - 10.00%	↑	10.00% - 11.00%	↑	10.00% - 10.50%	↔	11.00% - 12.00%	↑	12.00% +	↑	13.00% +	↑
Columbus	7.50% - 8.50%	↔	8.00% - 9.75%	↓	8.50% - 9.50%	↔	9.75% - 10.75%	↔	10.00% - 11.50%	↔	11.00% - 12.00%	↔
Detroit	9.00% - 10.00%	↔	9.50% - 12.00%	↔	10.00% - 12.00%	↔	10.00% - 14.00%	↔	12.00% - 14.00%	↔	12.00% - 15.00%	↔
Indianapolis	7.50% - 8.00%	↓	8.50% - 9.50%	↓	8.00% - 8.50%	↓	9.50% - 10.00%	↓	8.75% - 9.25%	↓	10.00% - 11.00%	↓
Kansas City	8.25% - 8.75%	↔	8.25% - 8.75%	↔	9.50% - 10.50%	↔	9.50% - 10.50%	↔	11.00% - 12.00%	↔	11.00% - 12.00%	↔
Minneapolis	5.50% - 6.50%	↓	7.00% - 8.00%	↓	7.50% - 8.50%	↓	9.00% - 10.00%	↓	9.00% - 10.00%	↓	11.00% - 13.00%	↓
St. Louis	8.00% - 9.00%	↔	7.50% - 8.50%	↔	8.50% - 9.50%	↔	8.00% - 9.00%	↔	9.50% - 10.50%	↔	9.00% - 10.00%	↔



\* Forecast trends represent the CBRE professionals' opinion on where ratios are likely to trend in the 2nd half of 2014 in their local market.

Cap Rates used 7/15/2014 Appraisal by Timothy J. Keller MAI, Brian A. Klahr MAI, & Robert C. Taggart, MAI

	Landon	Curtis	Myriad	Eisenhower
Cap Rate	7.75%	7.00%	7.75%	7.75%

We have made the following adjustments for our analysis:

**Adjust Cap Rate down:** 20 year NNN lease with State of Kansas

**Adjust Cap Rate up:** State of Kansas annual appropriations clause

**Adjust Cap Rate up:** Topeka being a smaller Midwest market

Cap Rates used for this Analysis

	Landon	Curtis	Myriad	Eisenhower	Totals
Cap Rate	7.75%	6.50%	7.50%	7.75%	7.17%



## CBRE Analysis: Summary of Net Present Value (Cost) Worksheets

Option 1	Option 1: State Own with FY2014 Occupancy Expense...Sell or Refinance in Year 20 for current appraised value									
	Landon		Curtis		Myriad		Eisenhower		Totals	
	\$/RSF		\$/RSF		\$/RSF		\$/RSF		\$/RSF	
Def Maint & Cap Improvements - Yr 0	-\$7,000,000	-\$25.30	-\$200,000	-\$0.72	-\$500,000	-\$6.92	-\$3,500,000	-\$13.77	-\$11,200,000	-\$12.69
Current Principal & Interest - Year 1	-\$314,097	-\$1.14	-\$3,537,313	-\$12.65	-\$729,063	-\$10.09	-\$2,377,906	-\$9.35	-\$6,958,378	-\$7.88
Estimated Occupancy Cost - Yr1	-\$2,337,468	-\$8.45	-\$1,358,095	-\$4.86	-\$424,160	-\$5.87	-\$1,380,134	-\$5.43	-\$5,499,857	-\$6.23
Estimated Cash Flow - Yr 1	-\$2,651,565	-\$9.58	-\$4,895,408	-\$17.51	-\$1,153,223	-\$15.96	-\$3,758,040	-\$14.78	-\$12,458,235	-\$14.11
Estimated Occupancy Cost Increase/Yr	2.00%		2.00%		2.00%		2.00%			
Discount Rate for NPV Calculations	4.00%		4.00%		4.00%		4.00%			
<b>20 year Net Present Value (Cost)</b>	<b>-\$36,865,299</b>	<b>-\$133.24</b>	<b>-\$38,741,981</b>	<b>-\$138.54</b>	<b>-\$8,999,645</b>	<b>-\$124.52</b>	<b>-\$40,405,294</b>	<b>-\$158.92</b>	<b>-\$125,012,219</b>	<b>-\$141.60</b>

Option 2	Option 2: State Own with Market Occupancy Expense... Sell or Refinance in Year 20 for current appraised value									
	Landon		Curtis		Myriad		Eisenhower		Totals	
	\$/RSF		\$/RSF		\$/RSF		\$/RSF		\$/RSF	
Def Maint & Cap Improvements - Yr 0	-\$7,000,000	-\$25.30	-\$200,000	-\$0.72	-\$500,000	-\$6.92	-\$3,500,000	-\$13.77	-\$11,200,000	-\$12.69
Current Principal & Interest - Year 1	-\$314,097	-\$1.14	-\$3,537,313	-\$12.65	-\$729,063	-\$10.09	-\$2,377,906	-\$9.35	-\$6,958,378	-\$7.88
Estimated Occupancy Cost - Yr1	-\$1,848,283	-\$6.68	-\$1,697,397	-\$6.07	-\$473,658	-\$6.55	-\$1,696,947	-\$6.67	-\$5,716,283	-\$6.47
Estimated Cash Flow - Yr 1	-\$2,162,380	-\$7.82	-\$5,234,709	-\$18.72	-\$1,202,720	-\$16.64	-\$4,074,853	-\$16.03	-\$12,674,661	-\$14.36
Estimated Occupancy Cost Increase/Yr	2.00%		2.00%	\$0.00	2.00%		2.00%			
Discount Rate for NPV Calculations	4.00%		4.00%	\$0.00	4.00%		4.00%			
<b>20 year Net Present Value (Cost)</b>	<b>-\$28,993,497</b>	<b>-\$104.79</b>	<b>-\$44,201,903</b>	<b>-\$158.07</b>	<b>-\$9,796,141</b>	<b>-\$135.54</b>	<b>-\$45,503,331</b>	<b>-\$178.97</b>	<b>-\$128,494,873</b>	<b>-\$145.54</b>

Option 3	Option 3: Sell & Lease Back with FY2014 Occupancy Expense									
	Landon		Curtis		Myriad		Eisenhower		Totals	
	\$/RSF		\$/RSF		\$/RSF		\$/RSF		\$/RSF	
Est Net Operating Income to Buyer - Yr 1	\$2,075,168	\$7.50	\$3,215,826	\$11.50	\$686,613	\$9.50	\$1,906,920	\$7.50	\$7,884,526	\$8.93
Capitalization Rate	7.75%		6.50%		7.50%		7.75%		7.17%	
Projected Gross Sale Price	\$26,776,355	\$96.77	\$49,474,238	\$176.92	\$9,154,833	\$126.67	\$24,605,419	\$96.77	\$110,010,846	\$124.61
Projected Net Sale Proceeds to State (C1)	\$17,969,677	\$64.95	\$2,964,202	\$10.60	-\$3,284,660	-\$45.45	-\$3,194,838	-\$12.57	\$14,454,380	\$16.37
Def Maint & Cap Improvements - Yr 0	-\$7,000,000	-\$25.30	-\$200,000	-\$0.72	-\$500,000	-\$6.92	-\$3,500,000	-\$13.77	-\$11,200,000	-\$12.69
Estimated Occupancy Cost - Yr1	-\$5,196,386	-\$18.78	-\$5,893,921	-\$21.08	-\$1,300,927	-\$18.00	-\$4,027,446	-\$15.84	-\$16,418,679	-\$18.60
Estimated Cash Flow - Yr 1	-\$5,196,386	-\$18.78	-\$5,893,921	-\$21.08	-\$1,300,927	-\$18.00	-\$4,027,446	-\$15.84	-\$16,418,679	-\$18.60
Estimated Occupancy Cost Increase/Yr	2.00%		2.00%		2.00%		2.00%			
Discount Rate for NPV Calculations	4.00%		4.00%		4.00%		4.00%			
<b>20 year Net Present Value (Cost)</b>	<b>-\$65,648,741</b>	<b>-\$237.27</b>	<b>-\$91,878,706</b>	<b>-\$328.56</b>	<b>-\$24,218,726</b>	<b>-\$335.09</b>	<b>-\$80,645,720</b>	<b>-\$317.18</b>	<b>-\$262,391,893</b>	<b>-\$297.21</b>

Option 4	Option 4: Sell & Lease Back with Market Occupancy Expense									
	Landon		Curtis		Myriad		Eisenhower		Totals	
	\$/RSF		\$/RSF		\$/RSF		\$/RSF		\$/RSF	
Est Net Operating Income to Buyer - Yr 1	\$2,075,168	\$7.50	\$3,215,826	\$11.50	\$686,613	\$9.50	\$1,906,920	\$7.50	\$7,884,526	\$8.93
Capitalization Rate	7.75%		6.50%		7.50%		7.75%		7.17%	
Projected Gross Sale Price	\$26,776,355	\$96.77	\$49,474,238	\$176.92	\$9,154,833	\$126.67	\$24,605,419	\$96.77	\$110,010,846	\$124.61
Projected Net Sale Proceeds to State (C1)	\$17,969,677	\$64.95	\$2,964,202	\$10.60	-\$3,284,660	-\$45.45	-\$3,194,838	-\$12.57	\$14,454,380	\$16.37
Def Maint & Cap Improvements - Yr 0	-\$7,000,000	-\$25.30	-\$200,000	-\$0.72	-\$500,000	-\$6.92	-\$3,500,000	-\$13.77	-\$11,200,000	-\$12.69
Estimated Occupancy Cost - Yr1	-\$4,745,936	-\$17.15	-\$6,233,222	-\$22.29	-\$1,358,716	-\$18.80	-\$4,344,258	-\$17.09	-\$16,682,132	-\$18.90
Estimated Cash Flow - Yr 1	-\$4,745,936	-\$17.15	-\$6,233,222	-\$22.29	-\$1,358,716	-\$18.80	-\$4,344,258	-\$17.09	-\$16,682,132	-\$18.90
Estimated Occupancy Cost Increase/Yr	2.00%		2.00%		2.00%		2.00%			
Discount Rate for NPV Calculations	4.00%		4.00%		4.00%		4.00%			
<b>20 year Net Present Value (Cost)</b>	<b>-\$58,400,273</b>	<b>-\$211.07</b>	<b>-\$97,338,628</b>	<b>-\$348.09</b>	<b>-\$25,148,635</b>	<b>-\$347.96</b>	<b>-\$73,101,126</b>	<b>-\$287.51</b>	<b>-\$253,988,662</b>	<b>-\$287.69</b>

(C1) Projected Net Sale Proceeds = Gross Sale Price - Payoff of Debt or Bond Indebtedness included Early Interest Penalties - Cost of Sale

= Lowest Cost Option when Calculating the Net Present Value of the next 20 years Cash Flow

## Conclusion and Recommendation

As stated in our cover letter, CBRE is not able to recommend a sale/leaseback transaction at this time. Our recommendation is due primarily the negative effect that current bond indebtedness, cost to defease the bonds and the increased occupancy cost incurred when adding real estate taxes if sold to a private entity have on both the current value and long term net present value of the subject properties. The closest property to reaching a positive recommendation is the Landon building because it has the smallest amount of outstanding bond defeasance to overcome and in this case the Net Present Value of selling the property and leasing back over the next 20 years is still almost twice as much as continuing to own the property. We stretched, bent and tortured the numbers with a variety of "what if" analysis changing our assumptions and variables and have not been able to discover a model that will prove to be an economically viable option.

We have a few items that CBRE suggest the State of Kansas give some attention and focus on:

1. Rentable Square Feet per Employee is higher than average.
2. Implement a workplace strategy plan to reduce occupancy cost, improve productivity, and increase value to the occupants.

Creating great workspaces is becoming a priority for organizations to recruit and retain top talent, improve workflow and enhance productivity. Determining the type of space the best matches your culture and the providing quality office space that fits your changing needs within a reasonable budget is a challenge. It is also great opportunity to better define the brand and culture for the State of Kansas as a great place to work. CBRE is a world leader in workspace strategies. Attached are a couple of CBRE publication that might get the conversations started. Workplace Strategy 2014 and The evolving Workplace: How U.S. Office Space is Changing.

3. Standardized real estate accounting to help benchmark the State of Kansas Occupancy Cost vs Market Occupancy Cost.

It is hard to manage and improve what you can't measure. CBRE recommends that efforts be made by the State of Kansas to align your occupancy expense categories with the cost categories recognized by the market to benchmark the State of Kansas Occupancy Cost /RSF/Yr against industry and market standards.

4. A creative new approach or financing solution to address the need for a new central power plant...and other large capital improvement replacements or improvement projects.

We understand the central power plant that serves the Landon and Curtis building is past its life expectancy and needs replaced. We also understand there has been no mechanism or system in place to reserve funds for such large capital replacement items. CBRE recommends that the State of Kansas put an emphasis on establishing better policy and planning for the budgeting and appropriation of the necessary funds to properly maintain the real estate assets that are owned by the State of Kansas in order to extend the life of the asset and build a reserve for major replacements such as mechanical systems, lighting retrofit, roofs, parking lots, and remodeling.

CBRE would greatly appreciate the opportunity to provide services to assist with the above issues that we have identified or provide any additional services in areas where we may be a good strategic partner with the State of Kansas. We have attached CBRE publication Public Institutions and Education Solutions which outlines our capabilities on demonstrates how CBRE has provided solutions for many of the same issues that the State of Kansas is currently facing or may need to deal with in the future.

## Exhibit - Rentable Square Feet (RSF) and Use Worksheets

Landon State Office Building, 900 SW Jackson, Topeka, KS  
Occupancy Worksheet

Agency	Floor	Use	RSF	FTE	RSF/FTE	Agency Total RSF	Agency Total FTE	Agency RSF/FTE	Note
OITS	Ground	Telecom	769						
OITS	Fifth	Telecom	128						
OITS	Eighth	Telecom	568						
OITS	Ninth	Telecom	17						
OITS	Tenth	Telecom	30						
OITS	Ground	Computer	600						
OITS	First	Computer	203						
OITS	Second	Computer	135						
OITS	Third	Computer	165						
OITS	Fourth	Computer	46						
OITS	Sixth	Computer	170						
OITS	Seventh	Computer	6979	39					
OITS	Eighth	Computer	7056	37					
OITS	Tenth	Computer	141						
OITS	Ground	Storage	2745						
OITS	Eleventh	Storage	81						CCSD
OITS	Eleventh	Storage	761						
OITS	First	Office	6022	13					
OITS	Seventh	Office	17233	3					
OITS	Eighth	Office	16240	13		60089	105	572	
Accountancy	Fifth	Office	194	4	49				
Accountancy	Eleventh	Storage	238			432	4	108	
Budget	Fifth	Office	1818	12		1818	12	152	
Human Rights	Fifth	Office	5177	13	398				
Human Rights	Eleventh	Storage	105			5282	13	406	
OFPM	Ground	Office	6394	59	108				190 FTE prorated over 20,437 total Office Use
OFPM	Fourth	Storage	187						OPNS
OFPM	Fourth	Office	7267	68	108				HR, 190 FTE prorated over 20,437 total Office Use
OFPM	Fifth	Office	6776	63	108				P&C, 190 FTE prorated over 20,437 total Office Use
OFPM	Eleventh	Storage	241						OFPM
OFPM	Eleventh	Storage	999						OSM
OFPM	Eleventh	Storage	423						HR
OFPM	Eleventh	Storage	50			22337	190	118	Legal/DA
Health Policy	Tenth	Office	10697	50		10697	50	214	
Water Office	Fourth	Office	7634	17	449	7634	17	449	
Emergency Svcs	Ground	Storage	212						
Emergency Svcs	Tenth	Office	3126	10	313	3126	10	313	
Governors Grants	Third	Office	2306	8	288	2306	8	288	
Attorney General	Sixth	Office	259	3	86				
Attorney General	Eleventh	Storage	1586			1845	3	615	
Board of Pharmacy	Fourteenth	Office	2000	7		2000	7	286	
Board of Education	Ground	Storage	2050						
Board of Education	Sixth	Storage	532						
Board of Education	First	Office	12527	43	288				222 FTE prorated over 63943 total Office Use
Board of Education	Second	Office	8781	30	288				222 FTE prorated over 63943 total Office Use
Board of Education	Third	Office	22451	78	288				222 FTE prorated over 63943 total Office Use
Board of Education	Sixth	Office	20184	70	288	66525	222	300	222 FTE prorated over 63943 total Office Use
Minority Affairs	First	Office	1615	3	538	1615	3	538	
AG Concealed Carry	Fifth	Office	2531	6	2531	2531	6	422	
Health Care	Ground	Storage	1019						
Health Care	Eleventh	Storage	81			1100			
Secretary of Ag	Fourth	Office	872	6	145	872	6	145	
Childrens Cabinet	First	Office	1341	2	671	1341	2	671	
Treasure	Ground	Storage	1749						
Treasure	Second	Office	11502	40	288				
Treasure	Second	Computer	1233			14484	40	362	
Health Policy/Finance	Ninth	Office	24842	163	152	24842	163	152	
Technical Services	Ground	Storage	108			108			
Technical Professions	Fifth	Office	2130	4	533	2130	4	533	
Pooled Money	Second	Office	1805	5	361				
Pooled Money	Eleventh	Storage	132			1937	5	387	
Board of Nursing	Tenth	Office	7433	27	275	7433	27	275	
Long Term Care	Tenth	Office	1098						
Long Term Care	Tenth	Storage	42	2		1140	2	570	
Dental Board	Eleventh	Storage	288	3	96	288	3	96	
Total			244124	902	271	243912	902	270	
Common Area			32565						
Total Rentable Square Feet			276689	902	307				
Total Gross Building Sq Ft			362627						
Efficiency (Rentable SF / Gross SF)			76.30%						
Common Area Load Factor			11.77%						



# Exhibit - Rentable Square Feet (RSF) and Use Worksheets

Curtis State Office Building & Garage, 1000 SW Jackson, Topeka, KS  
Occupancy Worksheet

Agency	Floor	Use	RSF	FTE	RSF/FTE	Agency	Agency	Agency	Note
						Total RSF	Total FTE	RSF/FTE	
Commerce	First	Office	19517	87	224	19517	87	224	
DA Legal	Fifth	Office	2043	19	108	2043	19	108	
D of A	Fifth	Office	3411	14	244	3411	14	244	
Board of Regents	Fifth	Office	22082	65	340	22082	65	340	
KS Housing	First	Office	3672	15	245	3672	15	245	
KDHE	Ground	Office	24277	74	330				630 FTE prorated over 207847 total Office Use
KDHE	First	Office	18670	57	330				630 FTE prorated over 207847 total Office Use
KDHE	Second	Office	46726	142	330				630 FTE prorated over 207847 total Office Use
KDHE	Third	Office	48652	147	330				630 FTE prorated over 207847 total Office Use
KDHE	Fourth	Office	48428	147	330				630 FTE prorated over 207847 total Office Use
KDHE	Fourth	Central Duplic	224						
KDHE	Fifth	Office	21144	64	330	208121	630	330	630 FTE prorated over 207847 total Office Use
OTIS	First	Computers	111						
OTIS	Second	Computers	111						
OTIS	Third	Computers	111						
OTIS	Fourth	Computers	111						
OTIS	Fifth	Computers	111			555			
Total			259401	830	313	259401	830	313	
Common Area			20236						
Total RSF per Appraisal			279637	830	337				
Total Gross Building Area per Appraisal			320721						
Efficiency (Rentable SF / Gross SF)			87.19%						
Common Area Load Factor			7.24%						
Commerce	Ground	Storage	1231						
KDHE	Ground	Storage	3428						
KDHE	Ground	Computers	1634						
Vacant	Ground	Vacant	2901						
OTIS	Ground	Tele Comm	166						
OTIS	Ground	Computers	208						
Ground Level			9568						

Attached 5 level Parking Garage

620 Stalls

**Exhibit – Rentable Square Feet (RSF) and Use Worksheets**

Myriad Building, 4th and Van Buren, Topeka, KS  
 Occupancy Worksheet

Agency	Floor	Use	RSF	FTE	RSF/FTE	Agency Total RSF	Agency Total FTE	Agency RSF/FTE	Note
DCF	First	Office	11800	49	241				300 FTE prorated over 72275 total Office Use
DCF	Second	Office	30100	125	241				
DCF	Third	Office	30375	126	241	72275	300	241	
Total			72275	300	241	72275	300	241	
Vacant			0						
Total Rentable Square Feet			72275	300	241				
Total Gross Building Sq Ft			84599						
Efficiency (Rentable SF / Gross SF)			85.43%						
Attached Parking Garage			73623						290 stalls

**Exhibit – Rentable Square Feet (RSF) and Use Worksheets**

Eisenhower State Office Building, 700 SW Harrison, Topeka, KS

Occupancy Worksheet

Agency	Floor	Use	RSF	FTE	RSF/FTE	Agency Total RSF	Agency Total FTE	Agency RSF/FTE	Note
KDOT	Ground	Office	544	2	310				493 FTE prorated over 153031 total Office Use
KDOT	First	Office	15025	48	310				494 FTE prorated over 153031 total Office Use
KDOT	Second	Office	23075	74	310				495 FTE prorated over 153031 total Office Use
KDOT	Third	Office	10521	34	310				496 FTE prorated over 153031 total Office Use
KDOT	Fourth	Office	6614	21	310				497 FTE prorated over 153031 total Office Use
KDOT	Sixth	Office	12619	41	310				498 FTE prorated over 153031 total Office Use
KDOT	Seventh	Office	12522	40	310				499 FTE prorated over 153031 total Office Use
KDOT	Eighth	Office	12522	40	310				500 FTE prorated over 153031 total Office Use
KDOT	Ninth	Office	9165	30	310				501 FTE prorated over 153031 total Office Use
KDOT	Ninth	Computers	3441	11	310				502 FTE prorated over 153031 total Office Use
KDOT	Eleventh	Office	12606	41	310				503 FTE prorated over 153031 total Office Use
KDOT	Twelfth	Office	12606	41	310				504 FTE prorated over 153031 total Office Use
KDOT	Thirteenth	Office	12606	41	310				505 FTE prorated over 153031 total Office Use
KDOT	Fourteenth	Office	12606	41	310				506 FTE prorated over 153031 total Office Use
KDOT	Ground	Storage	3539						
KDOT	First	Storage	3388						
KDOT	Second	Storage	63						
KDOT	Third	Storage	942						
KDOT	Fourth	Storage	1699						
KDOT	Sixth	Storage	63						
KDOT	Thirteenth	Storage	189						
KDOT	Fourteenth	Storage	189			166544	504	330	
OITS	Ground	Computer	484						
OITS	Second	Computer	149						
OITS	Third	Computer	152						
OITS	Fourth	Computer	98						
OITS	Fifth	Computer	152						
OITS	Sixth	Computer	152						
OITS	Seventh	Computer	152						
OITS	Eighth	Computer	152						
OITS	Ninth	Computer	152						
OITS	Tenth	Computer	152						
OITS	Eleventh	Computer	152						
OITS	Twelfth	Computer	152						
OITS	Thirteenth	Computer	152			2251			OFM
D of A	Third	Office	1110	6	188				OSM
D of A	Third	Office	8365	45	188				OCFO
D of A	Third	Office	2719	14	188				OSM
D of A	Tenth	Office	4713	25	188	16907	90	188	
Behavior Sciences	Fourth	Office	2702	2	1351				
Behavior Sciences	Fifth	Storage	338			3040	2	1520	
Racing & Gaming	Fifth	Office	10520	32	329	10520	32	329	
Court of Tax Appeals	Tenth	Office	6535	16	408	6535	16	408	
Total			205797	644	320	205797	644	320	
Common Area			48459						
Total RSF per Appraisal			254256	644	395				
Total Gross Building Sq Ft			303809						
Efficiency (Rentable SF / Gross SF)			83.69%						
Common Area Load Factor			19.06%						

620 parking stalls on 4.54 acres



# Exhibits – Net Present Value (Cost) Summary

Summary	Rentable Square Feet	Occupancy Cost Yr1/sf/yr	Annual Occupancy Cost -Yr1	Cash Flow Yr1/sf/yr	Annual Cash Flow - Yr1	Annual Operating Cost Increase	Cap Rate	Year 0 Sale Proceeds	NPV Annual Discount Rate	20 Yr NPV (Cost)
<b>Landon State Office Building, 900 SW Jackson, Topeka, KS</b>										
	276,689									
Option 1: State Own with FY2014 Occupancy Expense...Sell or Refinance in Year 20 for current appraised value		\$8.45	-\$2,337,468	\$9.58	-\$2,651,565	2.00%	7.75%		4.00%	-\$36,865,299 127%
Option 2: State Own with Market Occupancy Expense... Sell or Refinance in Year 20 for current appraised value		\$6.68	-\$1,848,283	\$7.82	-\$2,162,380	2.00%	7.75%		4.00%	-\$28,993,497
Option 3: Sell & Lease Back with FY2014 Occupancy Expense		\$18.78	-\$5,196,386	\$18.78	-\$5,196,386	2.00%	7.75%	\$17,969,677	4.00%	-\$65,648,741 178%
Option 4: Sell & Lease Back with Market Occupancy Expense		\$17.15	-\$4,745,936	\$17.15	-\$4,745,936	2.00%	7.75%	\$17,969,677	4.00%	-\$58,400,273 201%
<b>Curtis State Office Building &amp; Garage, 1000 SW Jackson, Topeka, KS</b>										
	279,637									
Option 1: State Own with FY2014 Occupancy Expense...Sell or Refinance in Year 20 for current appraised value		\$4.86	-\$1,358,095	\$17.51	-\$4,895,408	2.00%			4.00%	-\$38,741,981
Option 2: State Own with Market Occupancy Expense... Sell or Refinance in Year 20 for current appraised value		\$6.07	-\$1,697,397	\$18.72	-\$5,234,709	2.00%			4.00%	-\$44,201,903 114%
Option 3: Sell & Lease Back with FY2014 Occupancy Expense		\$21.08	-\$5,893,921	\$21.08	-\$5,893,921	2.00%	6.50%	\$2,964,202	4.00%	-\$91,878,706 237%
Option 4: Sell & Lease Back with Market Occupancy Expense		\$22.29	-\$6,233,222	\$22.29	-\$6,233,222	2.00%	6.50%	2964201.932	4.00%	-\$97,338,628 251%
<b>Myriad Building, 4th and Van Buren, Topeka, KS</b>										
	72,275									
Option 1: State Own with FY2014 Occupancy Expense...Sell or Refinance in Year 20 for current appraised value		\$5.87	-\$424,160	\$15.96	-\$1,153,223	2.00%			4.00%	-\$8,999,645
Option 2: State Own with Market Occupancy Expense... Sell or Refinance in Year 20 for current appraised value		\$6.56	-\$473,658	\$16.64	-\$1,202,720	2.00%			4.00%	-\$9,796,141 109%
Option 3: Sell & Lease Back with FY2014 Occupancy Expense		\$18.00	-\$1,300,927	\$18.00	-\$1,300,927	2.00%	7.50%	-\$3,284,660	4.00%	-\$24,218,726 269%
Option 4: Sell & Lease Back with Market Occupancy Expense		\$18.80	-\$1,358,716	\$18.80	-\$1,358,716	2.00%	7.50%	-3284659.92	4.00%	-\$25,148,635 279%
<b>Eisenhower State Office Building, 700 SW Harrison, Topeka, KS</b>										
	254,256									
Option 1: State Own with FY2014 Occupancy Expense...Sell or Refinance in Year 20 for current appraised value		\$8.19	-\$1,380,134	\$17.55	-\$3,758,040	2.00%	7.75%		4.00%	-\$40,405,294
Option 2: State Own with Market Occupancy Expense... Sell or Refinance in Year 20 for current appraised value		\$6.67	-\$1,696,947	\$16.03	-\$4,074,853	2.00%	7.75%		4.00%	-\$45,503,331 113%
Option 3: Sell & Lease Back with FY2014 Occupancy Expense		\$15.84	-\$4,027,446	\$15.84	-\$4,027,446	2.00%	7.75%	-\$3,194,838	4.00%	-\$80,645,720 200%
Option 4: Sell & Lease Back with Market Occupancy Expense		\$17.09	-\$4,344,258	\$17.09	-\$4,344,258	2.00%	7.75%	-3194838.39	4.00%	-\$73,101,126 181%

# Exhibits - NPV Calculation Worksheets

Landon State Office Building, 900 SW Jackson, Topeka, KS

Option 1: State Own with FY2014 Occupancy Expense... Sell or Refinance in Year 20 for current appraised value

Rentable Square Feet (RSF) 276,689

Capitalization Rate 7.75%

Annual Increase 2.00%

NPV Discount Rate 4.00%

							FY 2014 Actual Occupancy Cost - Reported by State of Kansas													
Year 1 S/RSF		\$0.00	\$0.76	\$0.37	0	\$0.00	\$0.00	\$0.00	\$0.08	\$1.96	\$3.52	\$1.99	\$0.00	\$0.90	\$0.00	\$8.45	\$9.58			
		Gross Sale Price or Refinance	Cost of Sale or Refinance	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow		
Year 0					\$ -	-\$7,000,000											\$0	-\$7,000,000		
Year 1	2016			-\$211,194	-\$102,903		\$0	\$0	\$0	-\$22,553	-\$541,310	-\$974,443	-\$549,712	\$0	-\$249,450		\$0	-\$2,337,468	-\$2,651,565	
Year 2	2017			-\$229,372	-\$89,997		\$0	\$0	\$0	-\$23,004	-\$552,136	-\$993,932	-\$560,706	\$0	-\$254,439		\$0	-\$2,384,217	-\$2,703,587	
Year 3	2018			-\$239,909	-\$71,984		\$0	\$0	\$0	-\$23,464	-\$563,179	-\$1,013,810	-\$571,920	\$0	-\$259,528		\$0	-\$2,431,902	-\$2,743,795	
Year 4	2019			-\$251,653	-\$52,603		\$0	\$0	\$0	-\$23,933	-\$574,443	-\$1,034,087	-\$583,359	\$0	-\$264,718		\$0	-\$2,480,540	-\$2,784,796	
Year 5	2020			\$264,122	\$32,315		\$0	\$0	\$0	-\$24,412	-\$585,931	-\$1,054,768	-\$595,026	\$0	-\$270,013		\$0	-\$2,530,151	-\$2,233,714	
Year 6	2021			\$277,796	\$10,951		\$0	\$0	\$0	-\$24,900	-\$597,650	-\$1,075,864	-\$606,926	\$0	-\$275,413		\$0	-\$2,580,754	-\$2,292,007	
Year 7	2022						\$0	\$0	\$0	-\$25,398	-\$609,603	-\$1,097,381	-\$619,065	\$0	-\$280,921		\$0	-\$2,632,369	-\$2,632,369	
Year 8	2023						\$0	\$0	\$0	-\$25,906	-\$621,795	-\$1,119,329	-\$631,446	\$0	-\$286,540		\$0	-\$2,685,016	-\$2,685,016	
Year 9	2024						\$0	\$0	\$0	-\$26,424	-\$634,231	-\$1,141,715	-\$644,075	\$0	-\$292,270		\$0	-\$2,738,716	-\$2,738,716	
Year 10	2025						\$0	\$0	\$0	-\$26,953	-\$646,916	-\$1,164,550	-\$656,957	\$0	-\$298,116		\$0	-\$2,793,491	-\$2,793,491	
Year 11	2026						\$0	\$0	\$0	-\$27,492	-\$659,854	-\$1,187,841	-\$670,096	\$0	-\$304,078		\$0	-\$2,849,360	-\$2,849,360	
Year 12	2027						\$0	\$0	\$0	-\$28,042	-\$673,051	-\$1,211,597	-\$683,498	\$0	-\$310,160		\$0	-\$2,906,348	-\$2,906,348	
Year 13	2028						\$0	\$0	\$0	-\$28,603	-\$686,512	-\$1,235,829	-\$697,168	\$0	-\$316,363		\$0	-\$2,964,475	-\$2,964,475	
Year 14	2029						\$0	\$0	\$0	-\$29,175	-\$700,242	-\$1,260,546	-\$711,111	\$0	-\$322,690		\$0	-\$3,023,764	-\$3,023,764	
Year 15	2030						\$0	\$0	\$0	-\$29,758	-\$714,247	-\$1,285,757	-\$725,333	\$0	-\$329,144		\$0	-\$3,084,239	-\$3,084,239	
Year 16	2031						\$0	\$0	\$0	-\$30,353	-\$728,532	-\$1,311,472	-\$739,840	\$0	-\$335,727		\$0	-\$3,145,924	-\$3,145,924	
Year 17	2032						\$0	\$0	\$0	-\$30,960	-\$743,103	-\$1,337,701	-\$754,637	\$0	-\$342,441		\$0	-\$3,208,843	-\$3,208,843	
Year 18	2033						\$0	\$0	\$0	-\$31,580	-\$757,965	-\$1,364,455	-\$769,730	\$0	-\$349,290		\$0	-\$3,273,020	-\$3,273,020	
Year 19	2034						\$0	\$0	\$0	-\$32,211	-\$773,124	-\$1,391,745	-\$785,124	\$0	-\$356,276		\$0	-\$3,338,480	-\$3,338,480	
Year 20	2035	\$19,000,000	-\$570,000				\$0	\$0	\$0	-\$32,855	-\$788,586	-\$1,419,579	-\$800,827	\$0	-\$363,402		\$0	-\$3,405,249	\$15,024,751	
Total		\$19,000,000	-\$570,000	-\$390,211		-\$7,000,000			\$0	-\$547,979	-\$13,152,409	-\$23,676,402	-\$13,356,556		-\$6,060,979		\$0	-\$56,794,324	-\$46,028,757	
NPV		\$18,269,231	-\$548,077	-\$406,896		-\$7,000,000			\$0	-\$362,915	-\$8,710,571	-\$15,680,396	-\$8,845,773		-\$4,014,062		\$0	-\$37,613,718	-\$36,865,299	

Landon State Office Building, 900 SW Jackson, Topeka, KS

Option 2: State Own with Market Occupancy Expense... Sell or Refinance in Year 20 for current appraised value

Rentable Square Feet (RSF) 276,689

Capitalization Rate 7.75%

Annual Increase 2.00%

NPV Discount Rate 4.00%

Year 1 S/RSF		Market Occupancy Expenses																		\$6.68		\$7.82	
		\$0.76	\$0.37	\$0.50			\$0.08	\$0.90	\$2.50	\$1.35	\$0.60	\$0.15	\$0.60										
		Gross Sale Price or Refinance	Cost of Sale or Refinance	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow					
Year 0					\$ -	-\$7,000,000											\$0	-\$7,000,000					
Year 1	2016			-\$211,194	-\$102,903		-\$138,345			-\$22,135	-\$249,020	-\$691,723	-\$373,530	-\$166,013	-\$41,503	-\$166,013	-\$1,848,283	-\$2,162,380					
Year 2	2017			-\$229,372	-\$89,997		-\$141,111			-\$22,578	-\$254,001	-\$705,557	-\$381,001	-\$169,334	-\$42,333	-\$169,334	-\$1,885,248	-\$2,204,617					
Year 3	2018			-\$239,909	-\$71,984		-\$143,934			-\$23,029	-\$259,081	-\$719,668	-\$388,621	-\$172,720	-\$43,180	-\$172,720	-\$1,922,953	-\$2,234,847					
Year 4	2019			-\$251,653	-\$52,603		-\$146,812			-\$23,490	-\$264,262	-\$734,061	-\$396,393	-\$176,175	-\$44,044	-\$176,175	-\$1,961,412	-\$2,265,668					
Year 5	2020			\$264,122	\$32,315		-\$149,749			-\$23,960	-\$269,547	-\$748,743	-\$404,321	-\$179,698	-\$44,925	-\$179,698	-\$2,000,640	-\$1,704,204					
Year 6	2021			\$277,796	\$10,951		-\$152,744			-\$24,439	-\$274,938	-\$763,718	-\$412,407	-\$183,292	-\$45,823	-\$183,292	-\$2,040,653	-\$1,751,906					
Year 7	2022						-\$155,798			-\$24,928	-\$280,437	-\$778,992	-\$420,656	-\$186,958	-\$46,740	-\$186,958	-\$2,081,466	-\$2,081,466					
Year 8	2023						-\$158,914			-\$25,426	-\$286,046	-\$794,572	-\$429,069	-\$190,697	-\$47,674	-\$190,697	-\$2,123,096	-\$2,123,096					
Year 9	2024						-\$162,093			-\$25,935	-\$291,767	-\$810,463	-\$437,650	-\$194,511	-\$48,628	-\$194,511	-\$2,165,558	-\$2,165,558					
Year 10	2025						-\$165,334			-\$26,454	-\$297,602	-\$826,672	-\$446,403	-\$198,401	-\$49,600	-\$198,401	-\$2,208,869	-\$2,208,869					
Year 11	2026						-\$168,641			-\$26,983	-\$303,554	-\$843,206	-\$455,331	-\$202,369	-\$50,592	-\$202,369	-\$2,253,046	-\$2,253,046					
Year 12	2027						-\$172,014			-\$27,522	-\$309,625	-\$860,070	-\$464,438	-\$206,417	-\$51,604	-\$206,417	-\$2,298,107	-\$2,298,107					
Year 13	2028						-\$175,454			-\$28,073	-\$315,818	-\$877,271	-\$473,727	-\$210,545	-\$52,636	-\$210,545	-\$2,344,069	-\$2,344,069					
Year 14	2029						-\$178,963			-\$28,634	-\$322,134	-\$894,817	-\$483,201	-\$214,756	-\$53,689	-\$214,756	-\$2,390,951	-\$2,390,951					
Year 15	2030						-\$182,543			-\$29,207	-\$328,577	-\$912,713	-\$492,865	-\$219,051	-\$54,763	-\$219,051	-\$2,438,770	-\$2,438,770					
Year 16	2031						-\$186,193			-\$29,791	-\$335,148	-\$930,967	-\$502,722	-\$223,432	-\$55,858	-\$223,432	-\$2,487,545	-\$2,487,545					
Year 17	2032						-\$189,917			-\$30,387	-\$341,851	-\$949,587	-\$512,777	-\$227,901	-\$56,975	-\$227,901	-\$2,537,296	-\$2,537,296					
Year 18	2033						-\$193,716			-\$30,995	-\$348,688	-\$968,578	-\$523,032	-\$232,459	-\$58,115	-\$232,459	-\$2,588,042	-\$2,588,042					
Year 19	2034						-\$197,590			-\$31,614	-\$355,662	-\$987,950	-\$533,493	-\$237,108	-\$59,277	-\$237,108	-\$2,639,803	-\$2,639,803					
Year 20	2035	\$19,000,000	-\$570,000				-\$201,542			-\$32,247	-\$362,775	-\$1,007,709	-\$544,163	-\$241,850	-\$60,463	-\$241,850	-\$2,692,599	\$15,737,401					
Total		\$19,000,000	-\$570,000	-\$390,211	-\$274,222	-\$7,000,000	-\$3,361,407	\$0	\$0	-\$537,825	-\$6,050,533	-\$16,807,037	-\$9,075,800	-\$4,033,689	-\$1,008,422	-\$4,033,689	-\$44,908,404	-\$34,142,836					
NPV		\$18,269,231	-\$548,077	-\$406,896	-\$255,896	-\$7,000,000	-\$2,226,191	\$0	\$0	-\$356,191	-\$4,007,144	-\$11,130,957	-\$6,010,717	-\$2,671,430	-\$667,857	-\$2,671,430	-\$29,741,916	-\$28,993,497					



## Exhibits - NPV Calculation Worksheets

Landon State Office Building, 900 SW Jackson, Topeka, KS  
 Option 3: Sell & Lease Back with FY2014 Occupancy Expense

Rentable Square Feet (RSF) 276,689  
 Capitalization Rate 7.75%  
 Annual Increase 2.00%  
 NPV Discount Rate 4.00%

FY 2014 Actual Occupancy Cost as Reported by State of Kansas + Market Rent + Real Estate Taxes																		
Year 1 \$/RSF	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7.50	\$2.83	\$0.08	\$1.96	\$3.52	\$1.99	\$0.00	\$0.90	\$0.00	\$18.78	\$18.78
	Gross Sale Price	Cost of Sale	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow	
Year 0	\$ 26,776,355	\$ (160,000)	\$ (1,474,046)	\$ (172,632)	-\$7,000,000											\$0	\$17,969,677	
Year 1 2016						\$0	-\$2,075,168	-\$783,750	-\$22,553	-\$541,310	-\$974,443	-\$549,712	\$0	-\$249,450	\$0	-\$5,196,386	-\$5,196,386	
Year 2 2017						\$0	-\$2,116,671	-\$799,425	-\$23,004	-\$552,136	-\$993,932	-\$560,706	\$0	-\$254,439	\$0	-\$5,300,313	-\$5,300,313	
Year 3 2018						\$0	-\$2,159,004	-\$815,414	-\$23,464	-\$563,179	-\$1,013,810	-\$571,920	\$0	-\$259,528	\$0	-\$5,406,319	-\$5,406,319	
Year 4 2019						\$0	-\$2,202,184	-\$831,722	-\$23,933	-\$574,443	-\$1,034,087	-\$583,359	\$0	-\$264,718	\$0	-\$5,514,446	-\$5,514,446	
Year 5 2020						\$0	-\$2,246,228	-\$848,356	-\$24,412	-\$585,931	-\$1,054,768	-\$595,026	\$0	-\$270,013	\$0	-\$5,624,735	-\$5,624,735	
Year 6 2021						\$0	-\$2,291,153	-\$865,323	-\$24,900	-\$597,650	-\$1,075,864	-\$606,926	\$0	-\$275,413	\$0	-\$5,737,229	-\$5,737,229	
Year 7 2022						\$0	-\$2,336,976	-\$882,630	-\$25,398	-\$609,603	-\$1,097,381	-\$619,065	\$0	-\$280,921	\$0	-\$5,851,974	-\$5,851,974	
Year 8 2023						\$0	-\$2,383,715	-\$900,282	-\$25,906	-\$621,795	-\$1,119,329	-\$631,446	\$0	-\$286,540	\$0	-\$5,969,014	-\$5,969,014	
Year 9 2024						\$0	-\$2,431,389	-\$918,288	-\$26,424	-\$634,231	-\$1,141,715	-\$644,075	\$0	-\$292,270	\$0	-\$6,088,394	-\$6,088,394	
Year 10 2025						\$0	-\$2,480,017	-\$936,654	-\$26,953	-\$646,916	-\$1,164,550	-\$656,957	\$0	-\$298,116	\$0	-\$6,210,162	-\$6,210,162	
Year 11 2026						\$0	-\$2,529,618	-\$955,387	-\$27,492	-\$659,854	-\$1,187,841	-\$670,096	\$0	-\$304,078	\$0	-\$6,334,365	-\$6,334,365	
Year 12 2027						\$0	-\$2,580,210	-\$974,495	-\$28,042	-\$673,051	-\$1,211,597	-\$683,498	\$0	-\$310,160	\$0	-\$6,461,052	-\$6,461,052	
Year 13 2028						\$0	-\$2,631,814	-\$993,985	-\$28,603	-\$686,512	-\$1,235,829	-\$697,168	\$0	-\$316,363	\$0	-\$6,590,273	-\$6,590,273	
Year 14 2029						\$0	-\$2,684,450	-\$1,013,864	-\$29,175	-\$700,242	-\$1,260,546	-\$711,111	\$0	-\$322,690	\$0	-\$6,722,079	-\$6,722,079	
Year 15 2030						\$0	-\$2,738,139	-\$1,034,141	-\$29,758	-\$714,247	-\$1,285,757	-\$725,333	\$0	-\$329,144	\$0	-\$6,856,520	-\$6,856,520	
Year 16 2031						\$0	-\$2,792,902	-\$1,054,824	-\$30,353	-\$728,532	-\$1,311,472	-\$739,840	\$0	-\$335,727	\$0	-\$6,993,651	-\$6,993,651	
Year 17 2032						\$0	-\$2,848,760	-\$1,075,921	-\$30,960	-\$743,103	-\$1,337,701	-\$754,637	\$0	-\$342,441	\$0	-\$7,133,524	-\$7,133,524	
Year 18 2033						\$0	-\$2,905,735	-\$1,097,439	-\$31,580	-\$757,965	-\$1,364,455	-\$769,730	\$0	-\$349,290	\$0	-\$7,276,194	-\$7,276,194	
Year 19 2034						\$0	-\$2,963,850	-\$1,119,388	-\$32,211	-\$773,124	-\$1,391,745	-\$785,124	\$0	-\$356,276	\$0	-\$7,421,718	-\$7,421,718	
Year 20 2035						\$0	-\$3,023,127	-\$1,141,776	-\$32,855	-\$788,586	-\$1,419,579	-\$800,827	\$0	-\$363,402	\$0	-\$7,570,152	-\$7,570,152	
Total	\$26,776,355	-\$160,000	-\$1,474,046	-\$172,632	-\$7,000,000	\$0	-\$50,421,112	-\$19,043,064	-\$547,979	-\$13,152,409	-\$23,676,402	-\$13,356,556	\$0	-\$6,060,979	\$0	-\$126,258,500	-\$108,288,823	
NPV	\$26,776,355	-\$160,000	-\$1,474,046	-\$172,632	-\$7,000,000	\$0	-\$33,392,870	-\$12,611,831	-\$362,915	-\$8,710,571	-\$15,680,396	-\$8,845,773	\$0	-\$4,014,062	\$0	-\$83,618,418	-\$65,648,741	

Landon State Office Building, 900 SW Jackson, Topeka, KS  
 Option 4: Sell & Lease Back with Market Occupancy Expense

Rentable Square Feet (RSF) 276,689  
 Capitalization Rate 7.75%  
 Annual Increase 2.00%  
 NPV Discount Rate 4.00%

Market Occupancy Expenses																		
Year 1 \$/RSF	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.50	\$7.50	\$2.83	\$0.22	\$0.90	\$2.50	\$1.35	\$0.60	\$0.15	\$0.60	\$17.15	\$17.15	
	Gross Sale Price or Refinance	Cost of Sale or Refinance	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow	
Year 0	\$ 26,776,355	\$ (160,000)	\$ (1,474,046)	\$ (172,632)	-\$7,000,000											\$0	\$17,969,677	
Year 1 2016						-\$138,345	-\$2,075,168	-\$783,750	-\$60,872	-\$249,020	-\$691,723	-\$373,530	-\$166,013	-\$41,503	-\$166,013	-\$4,745,936	-\$4,745,936	
Year 2 2017						-\$141,111	-\$2,116,671	-\$799,425	-\$62,089	-\$254,001	-\$705,557	-\$381,001	-\$169,334	-\$42,333	-\$169,334	-\$4,840,855	-\$4,840,855	
Year 3 2018						-\$143,934	-\$2,159,004	-\$815,414	-\$63,331	-\$259,081	-\$719,668	-\$388,621	-\$172,720	-\$43,180	-\$172,720	-\$4,937,672	-\$4,937,672	
Year 4 2019						-\$146,812	-\$2,202,184	-\$831,722	-\$64,597	-\$264,262	-\$734,061	-\$396,393	-\$176,175	-\$44,044	-\$176,175	-\$5,036,426	-\$5,036,426	
Year 5 2020						-\$149,749	-\$2,246,228	-\$848,356	-\$65,889	-\$269,547	-\$748,743	-\$404,321	-\$179,698	-\$44,925	-\$179,698	-\$5,137,154	-\$5,137,154	
Year 6 2021						-\$152,744	-\$2,291,153	-\$865,323	-\$67,207	-\$274,938	-\$763,718	-\$412,407	-\$183,292	-\$45,823	-\$183,292	-\$5,239,897	-\$5,239,897	
Year 7 2022						-\$155,798	-\$2,336,976	-\$882,630	-\$68,551	-\$280,437	-\$778,992	-\$420,656	-\$186,958	-\$46,740	-\$186,958	-\$5,344,695	-\$5,344,695	
Year 8 2023						-\$158,914	-\$2,383,715	-\$900,282	-\$69,922	-\$286,046	-\$794,572	-\$429,069	-\$190,697	-\$47,674	-\$190,697	-\$5,451,589	-\$5,451,589	
Year 9 2024						-\$162,093	-\$2,431,389	-\$918,288	-\$71,321	-\$291,767	-\$810,463	-\$437,650	-\$194,511	-\$48,628	-\$194,511	-\$5,560,621	-\$5,560,621	
Year 10 2025						-\$165,334	-\$2,480,017	-\$936,654	-\$72,747	-\$297,602	-\$826,672	-\$446,403	-\$198,401	-\$49,600	-\$198,401	-\$5,671,833	-\$5,671,833	
Year 11 2026						-\$168,641	-\$2,529,618	-\$955,387	-\$74,202	-\$303,554	-\$843,206	-\$455,331	-\$202,369	-\$50,592	-\$202,369	-\$5,785,270	-\$5,785,270	
Year 12 2027						-\$172,014	-\$2,580,210	-\$974,495	-\$75,686	-\$309,625	-\$860,070	-\$464,438	-\$206,417	-\$51,604	-\$206,417	-\$5,900,975	-\$5,900,975	
Year 13 2028						-\$175,454	-\$2,631,814	-\$993,985	-\$77,200	-\$315,818	-\$877,271	-\$473,727	-\$210,545	-\$52,636	-\$210,545	-\$6,018,995	-\$6,018,995	
Year 14 2029						-\$178,963	-\$2,684,450	-\$1,013,864	-\$78,744	-\$322,134	-\$894,817	-\$483,201	-\$214,756	-\$53,689	-\$214,756	-\$6,139,375	-\$6,139,375	
Year 15 2030						-\$182,543	-\$2,738,139	-\$1,034,141	-\$80,319	-\$328,577	-\$912,713	-\$492,865	-\$219,051	-\$54,763	-\$219,051	-\$6,262,162	-\$6,262,162	
Year 16 2031						-\$186,193	-\$2,792,902	-\$1,054,824	-\$81,925	-\$335,148	-\$930,967	-\$502,722	-\$223,432	-\$55,858	-\$223,432	-\$6,387,406	-\$6,387,406	
Year 17 2032						-\$189,917	-\$2,848,760	-\$1,075,921	-\$83,564	-\$341,851	-\$949,587	-\$512,777	-\$227,901	-\$56,975	-\$227,901	-\$6,515,154	-\$6,515,154	
Year 18 2033						-\$193,716	-\$2,905,735	-\$1,097,439	-\$85,235	-\$348,688	-\$968,578	-\$523,032	-\$232,459	-\$58,115	-\$232,459	-\$6,645,457	-\$6,645,457	
Year 19 2034						-\$197,590	-\$2,963,850	-\$1,119,388	-\$86,940	-\$355,662	-\$987,950	-\$533,493	-\$237,108	-\$59,277	-\$237,108	-\$6,778,366	-\$6,778,366	
Year 20 2035						-\$201,542	-\$3,023,127	-\$1,141,776	-\$88,678	-\$362,775	-\$1,007,709	-\$544,163	-\$241,850	-\$60,463	-\$241,850	-\$6,913,933	-\$6,913,933	
Total	\$26,776,355	-\$160,000	-\$1,474,046	-\$172,632	-\$7,000,000	-\$3,361,407	-\$50,421,112	-\$19,043,064	-\$1,479,019	-\$6,050,533	-\$16,807,037	-\$9,075,800	-\$4,033,689	-\$1,008,422	-\$4,033,689	-\$115,313,774	-\$97,344,097	
NPV	\$26,776,355	-\$160,000	-\$1,474,046	-\$172,632	-\$7,000,000	-\$2,226,191	-\$33,392,870	-\$12,611,831	-\$979,524	-\$4,007,144	-\$11,130,957	-\$6,010,717	-\$2,671,430	-\$667,857	-\$2,671,430	-\$76,369,950	-\$58,400,273	



# Exhibits - NPV Calculation Worksheets

Curtis State Office Building & Garage, 1000 SW Jackson, Topeka, KS

Option 1: State Own with FY2014 Occupancy Expense... Sell or Refinance in Year 20 for current appraised value

Rentable Square Feet (RSF) 279,637 plus 620 car attached parking garage

Capitalization Rate  
Annual Increase 2.00%  
NPV Discount Rate 4.00%

			FY 2014 Actual Occupancy Cost as Reported by State of Kansas																		
Year 1/RSF			\$5.49	\$7.16		\$0.00	\$0.00	\$0.00	\$0.13	\$1.84	\$1.87	\$0.82	\$0.00	\$0.19	\$0.00	\$4.86	\$17.51				
		Gross Sale Price or Refinance	Cost of Sale or Refinance	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow			
Year 0						-\$200,000											\$0	-\$200,000			
Year 1	2016			-\$1,535,000	-\$2,002,313		\$0	\$0	\$0	-\$36,550	-\$513,736	-\$523,872	-\$229,716	\$0	-\$54,221	\$0	-\$1,358,095	-\$4,895,408			
Year 2	2017			-\$1,670,000	-\$1,925,563		\$0	\$0	\$0	-\$37,281	-\$524,011	-\$534,349	-\$234,310	\$0	-\$55,305	\$0	-\$1,385,257	-\$4,980,819			
Year 3	2018			-\$1,830,000	-\$1,842,063		\$0			-\$38,027	-\$534,491	-\$545,036	-\$238,997	\$0	-\$56,412	\$0	-\$1,412,962	-\$5,066,100			
Year 4	2019			-\$1,995,000	-\$1,750,563		\$0			-\$38,787	-\$545,181	-\$555,937	-\$243,776	\$0	-\$57,540	\$0	-\$1,441,221	-\$5,186,784			
Year 5	2020			-\$2,170,000	-\$1,650,813		\$0			-\$39,563	-\$556,084	-\$567,056	-\$248,652	\$0	-\$58,691	\$0	-\$1,470,046	-\$5,290,858			
Year 6	2021			-\$2,350,000	-\$1,542,313		\$0			-\$40,354	-\$567,206	-\$578,397	-\$253,625	\$0	-\$59,864	\$0	-\$1,499,447	-\$5,391,759			
Year 7	2022			-\$2,545,000	-\$1,424,813		\$0			-\$41,161	-\$578,550	-\$589,965	-\$258,698	\$0	-\$61,062	\$0	-\$1,529,436	-\$5,490,377			
Year 8	2023			-\$2,750,000	-\$1,297,563		\$0			-\$41,984	-\$590,121	-\$601,764	-\$263,871	\$0	-\$62,283	\$0	-\$1,560,024	-\$5,607,587			
Year 9	2024			-\$2,970,000	-\$1,160,063		\$0			-\$42,824	-\$601,924	-\$613,800	-\$269,149	\$0	-\$63,529	\$0	-\$1,591,225	-\$5,721,287			
Year 10	2025			-\$3,195,000	-\$1,011,563		\$0			-\$43,681	-\$613,962	-\$626,076	-\$274,532	\$0	-\$64,799	\$0	-\$1,623,049	-\$5,829,612			
Year 11	2026			-\$3,445,000	-\$851,813		\$0			-\$44,554	-\$626,241	-\$638,597	-\$280,023	\$0	-\$66,095	\$0	-\$1,655,510	-\$5,952,323			
Year 12	2027			-\$3,705,000	-\$679,563		\$0			-\$45,445	-\$638,766	-\$651,369	-\$285,623	\$0	-\$67,417	\$0	-\$1,688,620	-\$6,073,183			
Year 13	2028			-\$3,980,000	-\$494,313		\$0			-\$46,354	-\$651,541	-\$664,396	-\$291,335	\$0	-\$68,765	\$0	-\$1,722,393	-\$6,196,705			
Year 14	2029			-\$4,275,000	-\$295,313		\$0			-\$47,281	-\$664,572	-\$677,684	-\$297,162	\$0	-\$70,141	\$0	-\$1,756,841	-\$6,327,153			
Year 15	2030			-\$2,475,000	-\$108,281		\$0			-\$48,227	-\$677,864	-\$691,238	-\$303,105	\$0	-\$71,543	\$0	-\$1,791,978	-\$6,437,259			
Year 16	2031						\$0			-\$49,191	-\$691,421	-\$705,063	-\$309,167	\$0	-\$72,974	\$0	-\$1,827,817	-\$6,547,817			
Year 17	2032						\$0			-\$50,175	-\$705,249	-\$719,164	-\$315,351	\$0	-\$74,434	\$0	-\$1,864,373	-\$6,658,703			
Year 18	2033						\$0			-\$51,179	-\$719,354	-\$733,547	-\$321,658	\$0	-\$75,922	\$0	-\$1,901,661	-\$6,770,264			
Year 19	2034						\$0			-\$52,202	-\$733,742	-\$748,218	-\$328,091	\$0	-\$77,441	\$0	-\$1,939,694	-\$6,882,405			
Year 20	2035	\$32,000,000	-\$960,000				\$0			-\$53,246	-\$748,416	-\$763,183	-\$334,653	\$0	-\$78,990	\$0	-\$1,978,488	-\$6,995,152			
Total		\$32,000,000	-\$960,000	-\$32,140,000		-\$200,000		\$0	\$0	\$0	-\$888,069	-\$12,482,434	-\$12,728,712	-\$5,581,495	\$0	-\$1,317,428	\$0	-\$32,998,136	-\$45,801,293		
NPV		\$30,769,231	-\$923,077	-\$21,844,989		-\$200,000		\$0	\$0	\$0	-\$588,150	-\$8,286,860	-\$8,429,965	-\$3,696,510	\$0	-\$872,505	\$0	-\$21,853,990	-\$38,741,981		

Curtis State Office Building & Garage, 1000 SW Jackson, Topeka, KS

Option 2: State Own with Market Occupancy Expense... Sell or Refinance in Year 20 for current appraised value

Rentable Square Feet (RSF) 279,637 plus 620 car attached parking garage

Capitalization Rate  
Annual Increase 2.00%  
NPV Discount Rate 4.00%

Year 1 / RSF		\$0.00	\$0.00	\$5.49	\$7.16	\$0.00	\$0.25			\$0.22	\$0.90	\$2.00	\$1.35	\$0.60		\$0.15	\$0.60	\$6.07	\$18.72
		Gross Sale Price or Refinance	Cost of Sale or Refinance	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow	
Year 0						-\$200,000											\$0	-\$200,000	
Year 1	2016			-\$1,535,000	-\$2,002,313		-\$69,909			-\$61,520	-\$251,673	-\$559,274	-\$377,510	-\$167,782	-\$41,946	-\$167,782	-\$1,697,397	-\$5,234,709	
Year 2	2017			-\$1,670,000	-\$1,925,563		-\$71,307			-\$62,751	-\$256,707	-\$570,459	-\$385,060	-\$171,138	-\$42,784	-\$171,138	-\$1,731,345	-\$5,326,907	
Year 3	2018			-\$1,830,000	-\$1,842,063		-\$72,734			-\$64,006	-\$261,841	-\$581,869	-\$392,761	-\$174,561	-\$43,640	-\$174,561	-\$1,765,971	-\$5,406,091	
Year 4	2019			-\$1,995,000	-\$1,750,563		-\$74,188			-\$65,286	-\$267,078	-\$593,506	-\$400,617	-\$178,052	-\$44,513	-\$178,052	-\$1,801,291	-\$5,496,853	
Year 5	2020			-\$2,170,000	-\$1,650,813		-\$75,672			-\$66,591	-\$272,419	-\$605,376	-\$408,629	-\$181,613	-\$45,403	-\$181,613	-\$1,837,317	-\$5,589,129	
Year 6	2021			-\$2,350,000	-\$1,542,313		-\$77,185			-\$67,923	-\$277,868	-\$617,484	-\$416,801	-\$185,245	-\$46,311	-\$185,245	-\$1,874,063	-\$5,686,375	
Year 7	2022			-\$2,545,000	-\$1,424,813		-\$78,729			-\$69,282	-\$283,425	-\$629,833	-\$425,138	-\$188,950	-\$47,238	-\$188,950	-\$1,911,544	-\$5,786,266	
Year 8	2023			-\$2,750,000	-\$1,297,563		-\$80,304			-\$70,667	-\$289,094	-\$642,430	-\$433,640	-\$192,729	-\$48,182	-\$192,729	-\$1,949,775	-\$5,897,338	
Year 9	2024			-\$2,970,000	-\$1,160,063		-\$81,910			-\$72,081	-\$294,875	-\$655,279	-\$442,313	-\$196,584	-\$49,146	-\$196,584	-\$1,988,771	-\$6,008,833	
Year 10	2025			-\$3,195,000	-\$1,011,563		-\$83,548			-\$73,522	-\$300,773	-\$668,384	-\$451,159	-\$200,515	-\$50,129	-\$200,515	-\$2,028,546	-\$6,125,109	
Year 11	2026			-\$3,445,000	-\$851,813		-\$85,219			-\$74,993	-\$306,788	-\$681,752	-\$460,183	-\$204,526	-\$51,131	-\$204,526	-\$2,069,117	-\$6,246,229	
Year 12	2027			-\$3,705,000	-\$679,563		-\$86,923			-\$76,493	-\$312,924	-\$695,387	-\$469,386	-\$208,616	-\$52,154	-\$208,616	-\$2,110,499	-\$6,369,062	
Year 13	2028			-\$3,980,000	-\$494,313		-\$88,662			-\$78,022	-\$319,183	-\$709,295	-\$478,774	-\$212,788	-\$53,197	-\$212,788	-\$2,152,709	-\$6,492,022	
Year 14	2029			-\$4,275,000	-\$295,313		-\$90,435			-\$79,583	-\$325,566	-\$723,481	-\$488,349	-\$217,044	-\$54,261	-\$217,044	-\$2,195,763	-\$6,616,076	
Year 15	2030			-\$2,475,000	-\$108,281		-\$92,244			-\$81,175	-\$332,078	-\$737,950	-\$498,116	-\$221,385	-\$55,346	-\$221,385	-\$2,239,679	-\$6,742,960	
Year 16	2031						-\$94,089			-\$82,798	-\$338,719	-\$752,709	-\$508,079	-\$225,813	-\$56,453	-\$225,813	-\$2,284,472	-\$6,870,472	
Year 17	2032						-\$95,970			-\$84,454	-\$345,494	-\$767,763	-\$518,240	-\$230,329	-\$57,582	-\$230,329	-\$2,330,162	-\$6,997,162	
Year 18	2033						-\$97,890			-\$86,143	-\$352,403	-\$783,119	-\$528,605	-\$234,936	-\$58,734	-\$234,936	-\$2,376,765	-\$7,123,765	
Year 19	2034						-\$99,848			-\$87,866	-\$359,451	-\$798,781	-\$539,177	-\$239,634	-\$59,909	-\$239,634	-\$2,424,300	-\$7,250,429	
Year 20	2035	\$32,000,000	-\$960,000			-\$101,845				-\$89,623	-\$366,640	-\$814,757	-\$549,961	-\$244,427	-\$61,107	-\$244,427	-\$2,472,786	-\$7,377,214	
Total				-\$32,140,000	-\$1,503,156	-\$200,000	-\$1,698,611	\$0	\$0	-\$1,494,778	-\$6,114,999	-\$13,588,887	-\$9,172,499	-\$4,076,666	-\$1,019,167	-\$4,076,666	-\$41,242,273	-\$54,045,429	
NPV		\$30,769,231	-\$923,077	-\$21,844,989	-\$9,009,253	-\$200,000	-\$1,124,955	\$0	\$0	-\$989,961	-\$4,049,839	-\$8,999,642	-\$6,074,758	-\$2,699,892	-\$674,973	-\$2,699,892	-\$27,313,912	-\$44,201,903	

## Exhibits - NPV Calculation Worksheets

Curtis State Office Building & Garage, 1000 SW Jackson, Topeka, KS  
Option 3: Sell & Lease Back with FY2014 Occupancy Expense

Rentable Square Feet (RSF) 279,637 plus 620 car attached parking garage  
Capitalization Rate 6.50%  
Annual Increase 2.00%  
NPV Discount Rate 4.00%

Year 1 S/RSF		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11.50	\$4.72	\$0.13	\$1.84	\$1.87	\$0.82	\$0.00	\$0.19	\$0.00	\$21.08	\$21.08
		Gross Sale Price or Refinance	Cost of Sale or Refinance	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow
Year 0		\$49,474,238	-\$160,000	-\$32,140,000	-\$14,010,037	-\$200,000											\$0	\$2,964,202
Year 1	2016						\$0	-\$3,215,826	-\$1,320,000	-\$36,550	-\$513,736	-\$523,872	-\$229,716	\$0	-\$54,221	\$0	-\$5,893,921	-\$5,893,921
Year 2	2017						\$0	-\$3,280,142	-\$1,346,400	-\$37,281	-\$524,011	-\$534,349	-\$234,310	\$0	-\$55,305	\$0	-\$6,011,799	-\$6,011,799
Year 3	2018						\$0	-\$3,345,745	-\$1,373,328	-\$38,027	-\$534,491	-\$545,036	-\$238,997	\$0	-\$56,412	\$0	-\$6,132,035	-\$6,132,035
Year 4	2019						\$0	-\$3,412,660	-\$1,400,795	-\$38,787	-\$545,181	-\$555,937	-\$243,776	\$0	-\$57,540	\$0	-\$6,254,676	-\$6,254,676
Year 5	2020						\$0	-\$3,480,913	-\$1,428,810	-\$39,563	-\$556,084	-\$567,056	-\$248,652	\$0	-\$58,691	\$0	-\$6,379,769	-\$6,379,769
Year 6	2021						\$0	-\$3,550,531	-\$1,457,387	-\$40,354	-\$567,206	-\$578,397	-\$253,625	\$0	-\$59,864	\$0	-\$6,507,364	-\$6,507,364
Year 7	2022						\$0	-\$3,621,542	-\$1,486,534	-\$41,161	-\$578,550	-\$589,965	-\$258,698	\$0	-\$61,062	\$0	-\$6,637,512	-\$6,637,512
Year 8	2023						\$0	-\$3,693,973	-\$1,516,265	-\$41,984	-\$590,121	-\$601,764	-\$263,871	\$0	-\$62,283	\$0	-\$6,770,262	-\$6,770,262
Year 9	2024						\$0	-\$3,767,852	-\$1,546,590	-\$42,824	-\$601,924	-\$613,800	-\$269,149	\$0	-\$63,529	\$0	-\$6,905,667	-\$6,905,667
Year 10	2025						\$0	-\$3,843,209	-\$1,577,522	-\$43,681	-\$613,962	-\$626,076	-\$274,532	\$0	-\$64,799	\$0	-\$7,043,781	-\$7,043,781
Year 11	2026						\$0	-\$3,920,073	-\$1,609,073	-\$44,554	-\$626,241	-\$638,597	-\$280,023	\$0	-\$66,095	\$0	-\$7,184,656	-\$7,184,656
Year 12	2027						\$0	-\$3,998,475	-\$1,641,254	-\$45,445	-\$638,766	-\$651,369	-\$285,623	\$0	-\$67,417	\$0	-\$7,328,349	-\$7,328,349
Year 13	2028						\$0	-\$4,078,444	-\$1,674,079	-\$46,354	-\$651,541	-\$664,396	-\$291,335	\$0	-\$68,765	\$0	-\$7,474,916	-\$7,474,916
Year 14	2029						\$0	-\$4,160,013	-\$1,707,561	-\$47,281	-\$664,572	-\$677,684	-\$297,162	\$0	-\$70,141	\$0	-\$7,624,415	-\$7,624,415
Year 15	2030						\$0	-\$4,243,213	-\$1,741,712	-\$48,227	-\$677,864	-\$691,238	-\$303,105	\$0	-\$71,543	\$0	-\$7,776,903	-\$7,776,903
Year 16	2031						\$0	-\$4,328,078	-\$1,776,546	-\$49,191	-\$691,421	-\$705,063	-\$309,167	\$0	-\$72,974	\$0	-\$7,932,441	-\$7,932,441
Year 17	2032						\$0	-\$4,414,639	-\$1,812,077	-\$50,175	-\$705,249	-\$719,164	-\$315,351	\$0	-\$74,434	\$0	-\$8,091,090	-\$8,091,090
Year 18	2033						\$0	-\$4,502,932	-\$1,848,319	-\$51,179	-\$719,354	-\$733,547	-\$321,658	\$0	-\$75,922	\$0	-\$8,252,912	-\$8,252,912
Year 19	2034						\$0	-\$4,592,991	-\$1,885,285	-\$52,202	-\$733,742	-\$748,218	-\$328,091	\$0	-\$77,441	\$0	-\$8,417,970	-\$8,417,970
Year 20	2035						\$0	-\$4,684,851	-\$1,922,981	-\$53,246	-\$748,416	-\$763,183	-\$334,653	\$0	-\$78,990	\$0	-\$8,586,329	-\$8,586,329
Total		\$49,474,238	-\$160,000	-\$32,140,000	-\$14,010,037	-\$200,000	\$0	\$78,136,101	-\$32,072,528	-\$888,069	-\$12,482,434	-\$12,728,712	-\$5,581,495	\$0	-\$1,317,428	\$0	-\$143,206,766	-\$140,242,564
NPV		\$49,474,238	-\$160,000	-\$32,140,000	-\$14,010,037	-\$200,000	\$0	-\$51,747,939	-\$21,240,978	-\$588,150	-\$8,266,860	-\$8,429,965	-\$3,696,510	\$0	-\$872,505	\$0	-\$94,842,908	-\$91,878,706

Curtis State Office Building & Garage, 1000 SW Jackson, Topeka, KS  
Option 4: Sell & Lease Back with Market Occupancy Expense

Rentable Square Feet (RSF) 279,637 plus 620 car attached parking garage  
Capitalization Rate 6.50%  
Annual Increase 2.00%  
NPV Discount Rate 4.00%

Year 1 S/RSF		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.25	\$11.50	\$4.72	\$0.22	\$0.90	\$2.00	\$1.35	\$0.60	\$0.15	\$0.60	\$22.29	\$22.29
		Gross Sale Price or Refinance	Cost of Sale or Refinance	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow
Year 0		\$49,474,238	-\$160,000	-\$32,140,000	-\$14,010,037	-\$200,000											\$0	\$2,964,202
Year 1	2016						-\$69,909	-\$3,215,826	-\$1,320,000	-\$61,520	-\$251,673	-\$559,274	-\$377,510	-\$167,782	-\$41,946	-\$167,782	-\$6,233,222	-\$6,233,222
Year 2	2017						-\$71,307	-\$3,280,142	-\$1,346,400	-\$62,751	-\$256,707	-\$570,459	-\$385,060	-\$171,138	-\$42,784	-\$171,138	-\$6,357,887	-\$6,357,887
Year 3	2018						-\$72,734	-\$3,345,745	-\$1,373,328	-\$64,006	-\$261,841	-\$581,869	-\$392,761	-\$174,561	-\$43,640	-\$174,561	-\$6,485,044	-\$6,485,044
Year 4	2019						-\$74,188	-\$3,412,660	-\$1,400,795	-\$65,286	-\$267,078	-\$593,506	-\$400,617	-\$178,052	-\$44,513	-\$178,052	-\$6,614,745	-\$6,614,745
Year 5	2020						-\$75,672	-\$3,480,913	-\$1,428,810	-\$66,591	-\$272,419	-\$605,376	-\$408,629	-\$181,613	-\$45,403	-\$181,613	-\$6,747,040	-\$6,747,040
Year 6	2021						-\$77,185	-\$3,550,531	-\$1,457,387	-\$67,923	-\$277,868	-\$617,484	-\$416,801	-\$185,245	-\$46,311	-\$185,245	-\$6,881,981	-\$6,881,981
Year 7	2022						-\$78,729	-\$3,621,542	-\$1,486,534	-\$69,282	-\$283,425	-\$629,833	-\$425,138	-\$188,950	-\$47,238	-\$188,950	-\$7,019,620	-\$7,019,620
Year 8	2023						-\$80,304	-\$3,693,973	-\$1,516,265	-\$70,667	-\$289,094	-\$642,430	-\$433,640	-\$192,729	-\$48,182	-\$192,729	-\$7,160,013	-\$7,160,013
Year 9	2024						-\$81,910	-\$3,767,852	-\$1,546,590	-\$72,081	-\$294,875	-\$655,279	-\$442,313	-\$196,584	-\$49,146	-\$196,584	-\$7,303,213	-\$7,303,213
Year 10	2025						-\$83,548	-\$3,843,209	-\$1,577,522	-\$73,522	-\$300,773	-\$668,384	-\$451,159	-\$200,515	-\$50,129	-\$200,515	-\$7,449,277	-\$7,449,277
Year 11	2026						-\$85,219	-\$3,920,073	-\$1,609,073	-\$74,993	-\$306,788	-\$681,752	-\$460,183	-\$204,526	-\$51,131	-\$204,526	-\$7,598,263	-\$7,598,263
Year 12	2027						-\$86,923	-\$3,998,475	-\$1,641,254	-\$76,493	-\$312,924	-\$695,387	-\$469,386	-\$208,616	-\$52,154	-\$208,616	-\$7,750,228	-\$7,750,228
Year 13	2028						-\$88,662	-\$4,078,444	-\$1,674,079	-\$78,022	-\$319,183	-\$709,295	-\$478,774	-\$212,788	-\$53,197	-\$212,788	-\$7,905,233	-\$7,905,233
Year 14	2029						-\$90,435	-\$4,160,013	-\$1,707,561	-\$79,583	-\$325,566	-\$723,481	-\$488,349	-\$217,044	-\$54,261	-\$217,044	-\$8,063,337	-\$8,063,337
Year 15	2030						-\$92,244	-\$4,243,213	-\$1,741,712	-\$81,175	-\$332,078	-\$737,950	-\$498,116	-\$221,385	-\$55,346	-\$221,385	-\$8,224,604	-\$8,224,604
Year 16	2031						-\$94,089	-\$4,328,078	-\$1,776,546	-\$82,798	-\$338,719	-\$752,709	-\$508,079	-\$225,813	-\$56,453	-\$225,813	-\$8,389,096	-\$8,389,096
Year 17	2032						-\$95,970	-\$4,414,639	-\$1,812,077	-\$84,454	-\$345,494	-\$767,763	-\$518,240	-\$230,329	-\$57,582	-\$230,329	-\$8,556,878	-\$8,556,878
Year 18	2033						-\$97,890	-\$4,502,932	-\$1,848,319	-\$86,143	-\$352,403	-\$783,119	-\$528,605	-\$234,936	-\$58,734	-\$234,936	-\$8,728,016	-\$8,728,016
Year 19	2034						-\$99,848	-\$4,592,991	-\$1,885,285	-\$87,866	-\$359,451	-\$798,781	-\$539,177	-\$239,634	-\$59,909	-\$239,634	-\$8,902,576	-\$8,902,576
Year 20	2035						-\$101,845	-\$4,684,851	-\$1,922,981	-\$89,823	-\$366,640	-\$814,757	-\$549,961	-\$244,427	-\$61,107	-\$244,427	-\$9,080,628	-\$9,080,628
Total		\$49,474,238	-\$160,000	-\$32,140,000		-\$200,000	-\$1,698,611	\$78,136,101	-\$32,072,528	-\$1,494,778	-\$6,114,999	-\$13,588,887	-\$9,172,499	-\$4,076,666	-\$1,019,167	-\$4,076,666	-\$151,450,902	-\$148,486,700
NPV		\$49,474,238	-\$160,000	-\$32,140,000		-\$200,000	-\$1,124,955	-\$51,747,939	-\$21,240,978	-\$989,961	-\$4,049,839	-\$8,999,642	-\$6,074,758	-\$2,699,892	-\$674,973	-\$2,699,892	-\$100,302,830	-\$97,338,628



# Exhibits - NPV Calculation Worksheets

Myriad Building, 4th and Van Buren, Topeka, KS

Option 1: State Own with FY2014 Occupancy Expense... Sell or Refinance in Year 20 for current appraised value

Rentable Square Feet (RSF) 72,275 plus 209 car attached parking garage  
Capitalization Rate  
Annual Increase 2.00%  
NPV Discount Rate 4.00%

Year 1 \$/RSF		FY 2014 Actual Occupancy Cost as Reported by State of Kansas																
		\$0.00	\$0.00	\$5.26	\$4.83	\$0.00	\$0.50	\$0.00	\$0.35	\$0.11	\$0.76	\$2.74	\$0.89	\$0.52	\$0.00	\$0.00	\$5.87	\$15.96
		Gross Sale Price or Refinance	Cost of Sale or Refinance	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow
Year 0						-\$500,000											\$0	-\$500,000
Year 1	2016			-\$380,000	-\$349,063		-\$36,138	\$0	-\$25,000	-\$7,950	-\$54,797	-\$198,034	-\$64,325	-\$37,917	\$0	\$0	-\$424,160	-\$1,153,223
Year 2	2017			-\$400,000	-\$330,063		-\$36,860	\$0	-\$25,500	-\$8,109	-\$55,893	-\$201,994	-\$65,611	-\$38,675	\$0	\$0	-\$432,643	-\$1,162,706
Year 3	2018			-\$420,000	-\$310,063		-\$37,597	\$0	-\$26,010	-\$8,271	-\$57,011	-\$206,034	-\$66,923	-\$39,449	\$0	\$0	-\$441,296	-\$288,766
Year 4	2019			-\$435,000	-\$289,063		-\$38,349	\$0	-\$26,530	-\$8,437	-\$58,151	-\$210,155	-\$68,262	-\$40,238	\$0	\$0	-\$450,122	-\$1,174,184
Year 5	2020			-\$465,000	-\$267,313		-\$39,116	\$0	-\$27,061	-\$8,606	-\$59,314	-\$214,358	-\$69,627	-\$41,043	\$0	\$0	-\$459,124	-\$1,191,437
Year 6	2021			-\$485,000	-\$244,063		-\$39,899	\$0	-\$27,602	-\$8,778	-\$60,500	-\$218,645	-\$71,020	-\$41,863	\$0	\$0	-\$468,307	-\$1,197,369
Year 7	2022			-\$505,000	-\$219,813		-\$40,697	\$0	-\$28,154	-\$8,953	-\$61,710	-\$223,018	-\$72,440	-\$42,701	\$0	\$0	-\$477,673	-\$247,139
Year 8	2023			-\$535,000	-\$194,563		-\$41,511	\$0	-\$28,717	-\$9,132	-\$62,945	-\$227,478	-\$73,889	-\$43,555	\$0	\$0	-\$487,227	-\$1,216,789
Year 9	2024			-\$560,000	-\$167,813		-\$42,341	\$0	-\$29,291	-\$9,315	-\$64,203	-\$232,028	-\$75,367	-\$44,426	\$0	\$0	-\$496,971	-\$1,224,784
Year 10	2025			-\$590,000	-\$139,813		-\$43,188	\$0	-\$29,877	-\$9,501	-\$65,487	-\$236,668	-\$76,874	-\$45,314	\$0	\$0	-\$506,910	-\$1,236,723
Year 11	2026			-\$620,000	-\$110,313		-\$44,051	\$0	-\$30,475	-\$9,691	-\$66,797	-\$241,402	-\$78,412	-\$46,221	\$0	\$0	-\$517,049	-\$1,247,361
Year 12	2027						-\$44,932	\$0	-\$31,084	-\$9,885	-\$68,133	-\$246,230	-\$79,980	-\$47,145	\$0	\$0	-\$527,390	-\$527,390
Year 13	2028						-\$45,831	\$0	-\$31,706	-\$10,083	-\$69,496	-\$251,154	-\$81,579	-\$48,088	\$0	\$0	-\$537,937	-\$537,937
Year 14	2029						-\$46,748	\$0	-\$32,340	-\$10,284	-\$70,886	-\$256,177	-\$83,211	-\$49,050	\$0	\$0	-\$548,696	-\$548,696
Year 15	2030						-\$47,683	\$0	-\$32,987	-\$10,490	-\$72,303	-\$261,301	-\$84,875	-\$50,031	\$0	\$0	-\$559,670	-\$559,670
Year 16	2031						-\$48,636	\$0	-\$33,647	-\$10,700	-\$73,750	-\$266,527	-\$86,573	-\$51,031	\$0	\$0	-\$570,864	-\$570,864
Year 17	2032						-\$49,609	\$0	-\$34,320	-\$10,914	-\$75,225	-\$271,858	-\$88,304	-\$52,052	\$0	\$0	-\$582,281	-\$582,281
Year 18	2033						-\$50,601	\$0	-\$35,006	-\$11,132	-\$76,729	-\$277,295	-\$90,070	-\$53,093	\$0	\$0	-\$593,926	-\$593,926
Year 19	2034						-\$51,613	\$0	-\$35,706	-\$11,355	-\$78,264	-\$282,841	-\$91,872	-\$54,155	\$0	\$0	-\$605,805	-\$605,805
Year 20	2035	\$5,220,000	-\$156,600				-\$52,646	\$0	-\$36,420	-\$11,582	-\$79,829	-\$288,497	-\$93,709	-\$55,238	\$0	\$0	-\$617,921	\$4,445,479
Total		\$5,220,000	-\$156,600	-\$3,545,000	-\$1,562,188	-\$500,000	-\$878,046	\$0	-\$607,434	-\$193,170	-\$1,331,423	-\$4,811,693	-\$1,562,922	-\$921,283	\$0	\$0	-\$10,305,972	-\$10,849,760
NPV		\$5,019,231	-\$150,577	-\$2,701,099	-\$1,283,981	-\$500,000	-\$581,512	\$0	-\$402,291	-\$127,933	-\$881,774	-\$3,186,686	-\$1,035,091	-\$610,147	\$0	\$0	-\$6,825,434	-\$8,999,645

Myriad Building, 4th and Van Buren, Topeka, KS

Option 2: State Own with Market Occupancy Expense... Sell or Refinance in Year 20 for current appraised value

Rentable Square Feet (RSF) 72,275 plus 209 car attached parking garage  
Capitalization Rate  
Annual Increase 2.00%  
NPV Discount Rate 4.00%

						Market Occupancy Expenses														
Year 1 \$/RSF		\$0.00	\$0.00	\$5.26	\$4.83	\$0.00	\$0.50		\$0.35	\$0.11	\$0.90	\$2.00	\$1.35	\$0.60	\$0.15	\$0.60	\$6.56	\$16.64		
		Gross Sale Price or Refinance	Cost of Sale or Refinance	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow		
Year 0						-\$500,000											\$0	-\$500,000		
Year 1	2016			-\$380,000	-\$349,063		-\$36,138		-\$25,000	-\$7,780	-\$65,048	-\$144,550	-\$97,571	-\$43,365	-\$10,841	-\$43,365	-\$473,658	-\$1,202,720		
Year 2	2017			-\$400,000	-\$330,063		-\$36,860		-\$25,500	-\$7,936	-\$66,348	-\$147,441	-\$99,523	-\$44,232	-\$11,058	-\$44,232	-\$483,131	-\$1,213,193		
Year 3	2018			-\$420,000	-\$310,063		-\$37,597		-\$26,010	-\$8,094	-\$67,675	-\$150,390	-\$101,513	-\$45,117	-\$11,279	-\$45,117	-\$492,793	-\$237,269		
Year 4	2019			-\$435,000	-\$289,063		-\$38,349		-\$26,530	-\$8,256	-\$69,029	-\$153,398	-\$103,543	-\$46,019	-\$11,505	-\$46,019	-\$502,649	-\$1,226,712		
Year 5	2020			-\$465,000	-\$267,313		-\$39,116		-\$27,061	-\$8,421	-\$70,410	-\$156,466	-\$105,614	-\$46,940	-\$11,735	-\$46,940	-\$512,702	-\$1,245,015		
Year 6	2021			-\$485,000	-\$244,063		-\$39,899		-\$27,602	-\$8,590	-\$71,818	-\$159,595	-\$107,727	-\$47,878	-\$11,970	-\$47,878	-\$522,956	-\$1,252,019		
Year 7	2022			-\$505,000	-\$219,813		-\$40,697		-\$28,154	-\$8,762	-\$73,254	-\$162,787	-\$109,881	-\$48,836	-\$12,209	-\$48,836	-\$533,415	-\$191,397		
Year 8	2023			-\$535,000	-\$194,563		-\$41,511		-\$28,717	-\$8,937	-\$74,719	-\$166,043	-\$112,079	-\$49,813	-\$12,453	-\$49,813	-\$544,084	-\$1,273,646		
Year 9	2024			-\$560,000	-\$167,813		-\$42,341		-\$29,291	-\$9,116	-\$76,214	-\$169,363	-\$114,320	-\$50,809	-\$12,702	-\$50,809	-\$554,965	-\$1,282,778		
Year 10	2025			-\$590,000	-\$139,813		-\$43,188		-\$29,877	-\$9,298	-\$77,738	-\$172,751	-\$116,607	-\$51,825	-\$12,956	-\$51,825	-\$566,065	-\$1,295,877		
Year 11	2026			-\$620,000	-\$110,313		-\$44,051		-\$30,475	-\$9,484	-\$79,293	-\$176,206	-\$118,939	-\$52,862	-\$13,215	-\$52,862	-\$577,386	-\$1,307,698		
Year 12	2027						-\$44,932		-\$31,084	-\$9,673	-\$80,878	-\$179,730	-\$121,318	-\$53,919	-\$13,480	-\$53,919	-\$588,934	-\$588,934		
Year 13	2028						-\$45,831		-\$31,706	-\$9,867	-\$82,496	-\$183,324	-\$123,744	-\$54,997	-\$13,749	-\$54,997	-\$600,712	-\$600,712		
Year 14	2029						-\$46,748		-\$32,340	-\$10,064	-\$84,146	-\$186,991	-\$126,219	-\$56,097	-\$14,024	-\$56,097	-\$612,726	-\$612,726		
Year 15	2030						-\$47,683		-\$32,987	-\$10,266	-\$85,829	-\$190,731	-\$128,743	-\$57,219	-\$14,305	-\$57,219	-\$624,981	-\$624,981		
Year 16	2031						-\$48,636		-\$33,647	-\$10,471	-\$87,545	-\$194,545	-\$131,318	-\$58,364	-\$14,591	-\$58,364	-\$637,481	-\$637,481		
Year 17	2032						-\$49,609		-\$34,320	-\$10,680	-\$89,296	-\$198,436	-\$133,944	-\$59,531	-\$14,883	-\$59,531	-\$650,230	-\$650,230		
Year 18	2033						-\$50,601		-\$35,006	-\$10,894	-\$91,082	-\$202,405	-\$136,623	-\$60,721	-\$15,180	-\$60,721	-\$663,235	-\$663,235		
Year 19	2034						-\$51,613		-\$35,706	-\$11,112	-\$92,904	-\$206,453	-\$139,356	-\$61,936	-\$15,484	-\$61,936	-\$676,500	-\$676,500		
Year 20	2035	\$5,220,000	-\$156,600				-\$52,646		-\$36,420	-\$11,334	-\$94,762	-\$210,582	-\$142,413	-\$63,175	-\$15,794	-\$63,175	-\$690,030	\$4,373,370		
Total		\$5,220,000	-\$156,600	-\$3,545,000	-\$1,562,188	-\$500,000	-\$878,046	\$0	-\$607,434	-\$189,034	-\$1,580,483	-\$3,512,185	-\$2,370,725	-\$1,053,655	-\$263,414	-\$1,053,655	-\$11,508,631	-\$12,052,419		
NPV		\$5,019,231	-\$150,577	-\$2,701,099	-\$1,283,981	-\$500,000	-\$581,512	\$0	-\$402,291	-\$125,193	-\$1,046,722	-\$2,326,048	-\$1,570,082	-\$697,814	-\$174,454	-\$697,814	-\$7,621,931	-\$9,796,141		



# Exhibits - NPV Calculation Worksheets

Myriad Building, 4th and Van Buren, Topeka, KS

Option 3: Sell & Lease Back with FY2014 Occupancy Expense

Rentable Square Feet (RSF) 72,275 plus 209 car attached parking garage  
Capitalization Rate 7.50%  
Annual Increase 2.00%  
NPV Discount Rate 4.00%

Year 1 \$/RSF		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.50	\$9.50	\$2.98	\$0.11	\$0.76	\$2.74	\$0.89	\$0.52	\$0.00	\$0.00	\$18.00	\$18.00
		Gross Sale Price or Refinance	Cost of Sale or Refinance	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow
Year 0		\$ 9,154,833	-\$160,000	-\$11,068,300	-\$711,193	-\$500,000											\$0	-\$3,284,660
Year 1	2016						-\$36,138	-\$686,613	-\$215,325	-\$7,780	-\$54,797	-\$198,034	-\$64,325	-\$37,917	\$0	\$0	-\$1,300,927	-\$1,300,927
Year 2	2017						-\$36,860	-\$700,345	-\$219,632	-\$7,936	-\$55,893	-\$201,994	-\$65,611	-\$38,675	\$0	\$0	-\$1,326,946	-\$1,326,946
Year 3	2018						-\$37,597	-\$714,352	-\$224,024	-\$8,094	-\$57,011	-\$206,034	-\$66,923	-\$39,449	\$0	\$0	-\$1,353,485	-\$1,353,485
Year 4	2019						-\$38,349	-\$728,639	-\$228,505	-\$8,256	-\$58,151	-\$210,155	-\$68,262	-\$40,238	\$0	\$0	-\$1,380,554	-\$1,380,554
Year 5	2020						-\$39,116	-\$743,211	-\$233,075	-\$8,421	-\$59,314	-\$214,358	-\$69,627	-\$41,043	\$0	\$0	-\$1,408,165	-\$1,408,165
Year 6	2021						-\$39,899	-\$758,076	-\$237,736	-\$8,590	-\$60,500	-\$218,645	-\$71,020	-\$41,863	\$0	\$0	-\$1,436,329	-\$1,436,329
Year 7	2022						-\$40,697	-\$773,237	-\$242,491	-\$8,762	-\$61,710	-\$223,018	-\$72,440	-\$42,701	\$0	\$0	-\$1,465,055	-\$1,465,055
Year 8	2023						-\$41,511	-\$788,702	-\$247,341	-\$8,937	-\$62,945	-\$227,478	-\$73,889	-\$43,555	\$0	\$0	-\$1,494,356	-\$1,494,356
Year 9	2024						-\$42,341	-\$804,476	-\$252,288	-\$9,116	-\$64,203	-\$232,028	-\$75,367	-\$44,426	\$0	\$0	-\$1,524,244	-\$1,524,244
Year 10	2025						-\$43,188	-\$820,565	-\$257,333	-\$9,298	-\$65,487	-\$236,668	-\$76,874	-\$45,314	\$0	\$0	-\$1,554,728	-\$1,554,728
Year 11	2026						-\$44,051	-\$836,977	-\$262,480	-\$9,484	-\$66,797	-\$241,402	-\$78,412	-\$46,221	\$0	\$0	-\$1,585,823	-\$1,585,823
Year 12	2027						-\$44,932	-\$853,716	-\$267,730	-\$9,673	-\$68,133	-\$246,230	-\$79,980	-\$47,145	\$0	\$0	-\$1,617,540	-\$1,617,540
Year 13	2028						-\$45,831	-\$870,791	-\$273,084	-\$9,867	-\$69,496	-\$251,154	-\$81,579	-\$48,088	\$0	\$0	-\$1,649,890	-\$1,649,890
Year 14	2029						-\$46,748	-\$888,206	-\$278,546	-\$10,064	-\$70,886	-\$256,177	-\$83,211	-\$49,050	\$0	\$0	-\$1,682,888	-\$1,682,888
Year 15	2030						-\$47,683	-\$905,971	-\$284,117	-\$10,266	-\$72,303	-\$261,301	-\$84,875	-\$50,031	\$0	\$0	-\$1,716,546	-\$1,716,546
Year 16	2031						-\$48,636	-\$924,090	-\$289,799	-\$10,471	-\$73,750	-\$266,527	-\$86,573	-\$51,031	\$0	\$0	-\$1,750,877	-\$1,750,877
Year 17	2032						-\$49,609	-\$942,572	-\$295,595	-\$10,680	-\$75,225	-\$271,858	-\$88,304	-\$52,052	\$0	\$0	-\$1,785,894	-\$1,785,894
Year 18	2033						-\$50,601	-\$961,423	-\$301,507	-\$10,894	-\$76,729	-\$277,295	-\$90,070	-\$53,093	\$0	\$0	-\$1,821,612	-\$1,821,612
Year 19	2034						-\$51,613	-\$980,652	-\$307,537	-\$11,112	-\$78,264	-\$282,841	-\$91,872	-\$54,155	\$0	\$0	-\$1,858,044	-\$1,858,044
Year 20	2035						-\$52,646	-\$1,000,265	-\$313,688	-\$11,334	-\$79,829	-\$288,497	-\$93,709	-\$55,238	\$0	\$0	-\$1,895,205	-\$1,895,205
Total		\$9,154,833	-\$160,000	-\$11,068,300	-\$711,193	-\$500,000	-\$878,046	-\$16,682,878	-\$5,231,831	-\$189,034	-\$1,331,423	-\$4,811,693	-\$1,562,922	-\$921,283	\$0	\$0	-\$31,609,110	-\$34,893,770
NPV		\$9,154,833	-\$160,000	-\$11,068,300	-\$711,193	-\$500,000	-\$581,512	-\$11,048,728	-\$3,464,935	-\$125,193	-\$881,774	-\$3,186,686	-\$1,035,091	-\$610,147	\$0	\$0	-\$20,934,066	-\$24,218,726

Myriad Building, 4th and Van Buren, Topeka, KS

Option 4: Sell & Lease Back with Market Occupancy Expense

Rentable Square Feet (RSF) 72,275 plus 209 car attached parking garage  
Capitalization Rate 7.50%  
Annual Increase 2.00%  
NPV Discount Rate 4.00%

Year 1 \$/RSF		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.50	\$9.50	\$2.98	\$0.22	\$0.90	\$2.00	\$1.35	\$0.60	\$0.15	\$0.60	\$18.80	\$18.80
		Gross Sale Price or Refinance	Cost of Sale or Refinance	Principal	Interest		Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow
Year 0		\$ 9,154,833	-\$160,000	-\$11,068,300	-\$711,193	-\$500,000											\$0	-\$3,284,660
Year 1	2016						-\$36,138	-\$686,613	-\$215,325	-\$15,901	-\$65,048	-\$144,550	-\$97,571	-\$43,365	-\$10,841	-\$43,365	-\$1,358,716	-\$1,358,716
Year 2	2017						-\$36,860	-\$700,345	-\$219,632	-\$16,219	-\$66,348	-\$147,441	-\$99,523	-\$44,232	-\$11,058	-\$44,232	-\$1,385,890	-\$1,385,890
Year 3	2018						-\$37,597	-\$714,352	-\$224,024	-\$16,543	-\$67,675	-\$150,390	-\$101,513	-\$45,117	-\$11,279	-\$45,117	-\$1,413,608	-\$1,413,608
Year 4	2019						-\$38,349	-\$728,639	-\$228,505	-\$16,874	-\$69,029	-\$153,398	-\$103,543	-\$46,019	-\$11,505	-\$46,019	-\$1,441,880	-\$1,441,880
Year 5	2020						-\$39,116	-\$743,211	-\$233,075	-\$17,211	-\$70,410	-\$156,466	-\$105,614	-\$46,940	-\$11,735	-\$46,940	-\$1,470,717	-\$1,470,717
Year 6	2021						-\$39,899	-\$758,076	-\$237,736	-\$17,555	-\$71,818	-\$159,595	-\$107,727	-\$47,878	-\$11,970	-\$47,878	-\$1,500,132	-\$1,500,132
Year 7	2022						-\$40,697	-\$773,237	-\$242,491	-\$17,907	-\$73,254	-\$162,787	-\$109,881	-\$48,836	-\$12,209	-\$48,836	-\$1,530,134	-\$1,530,134
Year 8	2023						-\$41,511	-\$788,702	-\$247,341	-\$18,265	-\$74,719	-\$166,043	-\$112,079	-\$49,813	-\$12,453	-\$49,813	-\$1,560,737	-\$1,560,737
Year 9	2024						-\$42,341	-\$804,476	-\$252,288	-\$18,630	-\$76,214	-\$169,363	-\$114,320	-\$50,809	-\$12,702	-\$50,809	-\$1,591,952	-\$1,591,952
Year 10	2025						-\$43,188	-\$820,565	-\$257,333	-\$19,003	-\$77,738	-\$172,751	-\$116,607	-\$51,825	-\$12,956	-\$51,825	-\$1,623,791	-\$1,623,791
Year 11	2026						-\$44,051	-\$836,977	-\$262,480	-\$19,383	-\$79,293	-\$176,206	-\$118,939	-\$52,862	-\$13,215	-\$52,862	-\$1,656,267	-\$1,656,267
Year 12	2027						-\$44,932	-\$853,716	-\$267,730	-\$19,770	-\$80,878	-\$179,730	-\$121,318	-\$53,919	-\$13,480	-\$53,919	-\$1,689,392	-\$1,689,392
Year 13	2028						-\$45,831	-\$870,791	-\$273,084	-\$20,166	-\$82,496	-\$183,324	-\$123,744	-\$54,997	-\$13,729	-\$54,997	-\$1,723,180	-\$1,723,180
Year 14	2029						-\$46,748	-\$888,206	-\$278,546	-\$20,569	-\$84,146	-\$186,991	-\$126,219	-\$56,097	-\$14,024	-\$56,097	-\$1,757,643	-\$1,757,643
Year 15	2030						-\$47,683	-\$905,971	-\$284,117	-\$20,980	-\$85,829	-\$190,731	-\$128,743	-\$57,219	-\$14,305	-\$57,219	-\$1,792,796	-\$1,792,796
Year 16	2031						-\$48,636	-\$924,090	-\$289,799	-\$21,400	-\$87,545	-\$194,545	-\$131,318	-\$58,364	-\$14,591	-\$58,364	-\$1,828,652	-\$1,828,652
Year 17	2032						-\$49,609	-\$942,572	-\$295,595	-\$21,828	-\$89,296	-\$198,436	-\$133,944	-\$59,531	-\$14,883	-\$59,531	-\$1,865,225	-\$1,865,225
Year 18	2033						-\$50,601	-\$961,423	-\$301,507	-\$22,265	-\$91,082	-\$202,405	-\$136,623	-\$60,721	-\$15,180	-\$60,721	-\$1,902,530	-\$1,902,530
Year 19	2034						-\$51,613	-\$980,652	-\$307,537	-\$22,710	-\$92,904	-\$206,453	-\$139,356	-\$61,936	-\$15,484	-\$61,936	-\$1,940,580	-\$1,940,580
Year 20	2035						-\$52,646	-\$1,000,265	-\$313,688	-\$23,164	-\$94,762	-\$210,582	-\$142,143	-\$63,175	-\$15,794	-\$63,175	-\$1,979,392	-\$1,979,392
Total		\$9,154,833	-\$160,000	-\$11,068,300	-\$711,193	-\$500,000	-\$878,046	-\$16,682,878	-\$5,231,831	-\$386,340	-\$1,580,483	-\$3,512,185	-\$2,370,725	-\$1,053,655	-\$263,414	-\$1,053,655	-\$33,013,213	-\$36,297,873
NPV		\$9,154,833	-\$160,000	-\$11,068,300	-\$711,193	-\$500,000	-\$581,512	-\$11,048,728	-\$3,464,935	-\$255,865	-\$1,046,722	-\$2,326,048	-\$1,570,082	-\$697,814	-\$174,454	-\$697,814	-\$21,863,975	-\$25,148,635

## Exhibits - NPV Calculation Worksheets

Eisenhower State Office Building, 700 SW Harrison, Topeka, KS

Option 1: State Own with FY2014 Occupancy Expense... Sell or Refinance in Year 20 for current appraised value

Rentable Square Feet (RSF) 254,256  
Capitalization Rate 7.75%  
Annual Increase 2.00%  
NPV Discount Rate 4.00%

		FY 2014 Actual Occupancy Cost as Reported by State of Kansas																
Year 1 \$/RSF		\$0.00	\$0.00	\$5.47	\$3.89	\$0.00	\$0.00	\$0.00	\$2.77	\$0.07	\$2.11	\$2.09	\$0.83	\$0.00	\$0.33	\$0.00	\$8.19	\$17.55
		Gross Sale Price or Refinance	Cost of Sale or Refinance	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow
Year 0						-\$3,500,000												-\$3,500,000
Year 1	2016			-\$1,390,000	-\$987,906		\$0			-\$18,857	-\$536,077	-\$531,308	-\$209,942	\$0	-\$83,950	\$0	-\$1,380,134	-\$3,758,040
Year 2	2017			-\$1,450,000	-\$916,906		\$0			-\$19,234	-\$546,799	-\$541,934	-\$214,141	\$0	-\$85,629	\$0	-\$1,407,737	-\$3,774,643
Year 3	2018			-\$1,525,000	-\$842,531		\$0			-\$19,619	-\$557,735	-\$552,773	-\$218,424	\$0	-\$87,342	\$0	-\$1,435,891	-\$3,803,423
Year 4	2019			-\$1,590,000	-\$764,656		\$0			-\$20,011	-\$568,889	-\$563,828	-\$222,792	\$0	-\$89,088	\$0	-\$1,464,609	-\$3,819,266
Year 5	2020			-\$715,000	-\$707,031		\$0			-\$20,411	-\$580,267	-\$575,105	-\$227,248	\$0	-\$90,870	\$0	-\$1,493,901	-\$2,915,933
Year 6	2021			-\$1,085,000	-\$662,031		\$0			-\$20,820	-\$591,872	-\$586,607	-\$231,793	\$0	-\$92,688	\$0	-\$1,523,779	-\$3,270,811
Year 7	2022			-\$1,130,000	-\$612,306		\$0			-\$21,236	-\$603,710	-\$598,339	-\$236,429	\$0	-\$94,541	\$0	-\$1,554,255	-\$3,296,561
Year 8	2023			-\$1,170,000	-\$566,306		\$0			-\$21,661	-\$615,784	-\$610,306	-\$241,157	\$0	-\$96,432	\$0	-\$1,585,340	-\$3,321,646
Year 9	2024			-\$1,215,000	-\$518,606		\$0			-\$22,094	-\$628,100	-\$622,512	-\$245,981	\$0	-\$98,361	\$0	-\$1,617,047	-\$3,350,653
Year 10	2025			-\$1,260,000	-\$468,319		\$0			-\$22,536	-\$640,662	-\$634,962	-\$250,900	\$0	-\$100,328	\$0	-\$1,649,388	-\$3,377,707
Year 11	2026			-\$1,315,000	-\$409,456		\$0			-\$22,987	-\$653,475	-\$647,661	-\$255,918	\$0	-\$102,335	\$0	-\$1,682,376	-\$3,406,832
Year 12	2027			-\$1,380,000	-\$342,081		\$0			-\$23,446	-\$666,544	-\$660,615	-\$261,036	\$0	-\$104,381	\$0	-\$1,716,023	-\$3,438,104
Year 13	2028			-\$1,440,000	-\$271,581		\$0			-\$23,915	-\$679,875	-\$673,827	-\$266,257	\$0	-\$106,469	\$0	-\$1,750,344	-\$3,461,925
Year 14	2029			-\$590,000	-\$220,831		\$0			-\$24,394	-\$693,473	-\$687,304	-\$271,582	\$0	-\$108,598	\$0	-\$1,785,500	-\$2,596,182
Year 15	2030			-\$620,000	-\$190,581		\$0			-\$24,881	-\$707,342	-\$701,050	-\$277,014	\$0	-\$110,770	\$0	-\$1,821,058	-\$2,631,639
Year 16	2031			-\$645,000	-\$160,166		\$0			-\$25,379	-\$721,489	-\$715,071	-\$282,554	\$0	-\$112,986	\$0	-\$1,857,479	-\$2,662,644
Year 17	2032			-\$675,000	-\$128,375		\$0			-\$25,887	-\$735,919	-\$729,372	-\$288,205	\$0	-\$115,245	\$0	-\$1,894,628	-\$2,698,003
Year 18	2033			-\$710,000	-\$93,750		\$0			-\$26,404	-\$750,637	-\$743,959	-\$293,969	\$0	-\$117,550	\$0	-\$1,932,521	-\$2,736,271
Year 19	2034			-\$740,000	-\$57,500		\$0			-\$26,932	-\$765,650	-\$758,839	-\$299,849	\$0	-\$119,901	\$0	-\$1,971,171	-\$2,768,671
Year 20	2035	\$17,050,000	-\$511,500	-\$780,000	-\$19,500		\$0			-\$27,471	-\$780,963	-\$774,015	-\$305,846	\$0	-\$122,299	\$0	-\$2,010,595	\$13,728,405
Total		\$17,050,000	-\$511,500	-\$21,425,000	-\$8,940,422	-\$3,500,000	\$0	\$0	\$0	-\$458,176	-\$13,025,261	-\$12,909,387	-\$5,101,038	\$0	-\$2,039,764	\$0	-\$33,533,626	-\$50,860,548
NPV		\$16,394,231	-\$491,827	-\$15,270,175	-\$6,974,440	-\$3,500,000	\$0	\$0	\$0	-\$303,440	-\$8,626,364	-\$8,549,623	-\$3,378,313	\$0	-\$1,350,894	\$0	-\$22,208,634	\$40,405,294

Eisenhower State Office Building, 700 SW Harrison, Topeka, KS

Option 2: State Own with Market Occupancy Expense... Sell or Refinance in Year 20 for current appraised value

Rentable Square Feet (RSF) 254,256  
Capitalization Rate 7.75%  
Annual Increase 2.00%  
NPV Discount Rate 4.00%

				Market Occupancy Expenses															
Year 1 \$/RSF			\$5.47	\$3.89		\$0.50				\$0.07	\$0.90	\$2.50	\$1.35	\$0.60	\$0.15	\$0.60	\$6.67	\$16.03	
		Gross Sale Price or Refinance	Cost of Sale or Refinance	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow	
Year 0						-\$3,500,000												-\$3,500,000	
Year 1	2016			-\$1,390,000	-\$987,906		\$127,128			-\$18,857	-\$228,830	-\$635,640	-\$343,246	-\$152,554	-\$38,138	-\$152,554	-\$1,696,947	-\$4,074,853	
Year 2	2017			-\$1,450,000	-\$916,906		-\$129,671			-\$19,234	-\$233,407	-\$648,353	-\$350,111	-\$155,605	-\$38,901	-\$155,605	-\$1,730,886	-\$4,097,792	
Year 3	2018			-\$1,525,000	-\$842,531		-\$132,264			-\$19,619	-\$238,075	-\$661,320	-\$357,113	-\$158,717	-\$39,679	-\$158,717	-\$1,765,503	-\$4,133,035	
Year 4	2019			-\$1,590,000	-\$764,656		-\$134,909			-\$20,011	-\$242,837	-\$674,546	-\$364,255	-\$161,891	-\$40,473	-\$161,891	-\$1,800,813	-\$4,155,470	
Year 5	2020			-\$715,000	-\$707,031		-\$137,607			-\$20,411	-\$247,693	-\$688,037	-\$371,540	-\$165,129	-\$41,282	-\$165,129	-\$1,836,830	-\$3,258,861	
Year 6	2021			-\$1,085,000	-\$662,031		-\$140,360			-\$20,820	-\$252,647	-\$701,798	-\$378,971	-\$168,432	-\$42,108	-\$168,432	-\$1,873,566	-\$3,620,597	
Year 7	2022			-\$1,130,000	-\$612,306		-\$143,167			-\$21,236	-\$257,700	-\$715,834	-\$386,550	-\$171,800	-\$42,950	-\$171,800	-\$1,911,037	-\$3,653,344	
Year 8	2023			-\$1,170,000	-\$566,306		-\$146,030			-\$21,661	-\$262,854	-\$730,151	-\$394,281	-\$175,236	-\$43,809	-\$175,236	-\$1,949,258	-\$3,685,564	
Year 9	2024			-\$1,215,000	-\$518,606		-\$148,951			-\$22,094	-\$268,111	-\$744,754	-\$402,167	-\$178,741	-\$44,685	-\$178,741	-\$1,988,243	-\$3,721,850	
Year 10	2025			-\$1,260,000	-\$468,319		-\$151,930			-\$22,536	-\$273,474	-\$759,649	-\$410,210	-\$182,316	-\$45,579	-\$182,316	-\$2,028,008	-\$3,756,327	
Year 11	2026			-\$1,315,000	-\$409,456		-\$154,968			-\$22,987	-\$278,943	-\$774,842	-\$418,414	-\$185,962	-\$46,490	-\$185,962	-\$2,068,568	-\$3,793,025	
Year 12	2027			-\$1,380,000	-\$342,081		-\$158,068			-\$23,446	-\$284,522	-\$790,338	-\$426,783	-\$189,681	-\$47,420	-\$189,681	-\$2,109,940	-\$3,832,021	
Year 13	2028			-\$1,440,000	-\$271,581		-\$161,229			-\$23,915	-\$290,212	-\$806,145	-\$435,318	-\$193,475	-\$48,369	-\$193,475	-\$2,152,139	-\$3,863,720	
Year 14	2029			-\$590,000	-\$220,831		-\$164,454			-\$24,394	-\$296,017	-\$822,268	-\$444,025	-\$197,344	-\$49,336	-\$197,344	-\$2,195,181	-\$3,006,013	
Year 15	2030			-\$620,000	-\$190,581		-\$167,743			-\$24,881	-\$301,937	-\$838,713	-\$452,905	-\$201,291	-\$50,323	-\$201,291	-\$2,239,085	-\$3,049,666	
Year 16	2031			-\$645,000	-\$160,166		-\$171,098			-\$25,379	-\$307,976	-\$855,488	-\$461,963	-\$205,317	-\$51,329	-\$205,317	-\$2,283,867	-\$3,089,032	
Year 17	2032			-\$675,000	-\$128,375		-\$174,520			-\$25,887	-\$314,135	-\$872,598	-\$471,203	-\$209,423	-\$52,356	-\$209,423	-\$2,329,544	-\$3,132,919	
Year 18	2033			-\$710,000	-\$93,750		-\$178,010			-\$26,404	-\$320,418	-\$890,049	-\$480,627	-\$213,612	-\$53,403	-\$213,612	-\$2,376,135	-\$3,179,885	
Year 19	2034			-\$740,000	-\$57,500		-\$181,570			-\$26,932	-\$326,826	-\$907,850	-\$490,239	-\$217,884	-\$54,471	-\$217,884	-\$2,423,658	-\$3,221,158	
Year 20	2035	\$17,050,000	-\$511,500	-\$780,000	-\$19,500		-\$185,201			-\$27,471	-\$333,363	-\$926,007	-\$500,044	-\$222,242	-\$55,560	-\$222,242	-\$2,472,131	\$13,266,869	
Total		\$17,050,000	-\$511,500	-\$21,425,000	-\$8,940,422	-\$3,500,000	-\$3,088,876	\$0	\$0	-\$458,176	-\$5,559,977	-\$15,444,380	-\$8,339,965	-\$3,706,651	-\$926,663	-\$3,706,651	-\$41,231,339	-\$58,558,261	
NPV		\$16,394,231	-\$491,827	-\$15,270,175	-\$6,974,440	-\$3,500,000	-\$2,045,699	\$0	\$0	-\$303,440	-\$3,682,259	-\$10,228,497	-\$5,523,388	-\$2,454,839	-\$613,710	-\$2,454,839	-\$27,306,671	\$45,503,331	



## Exhibits - NPV Calculation Worksheets

Eisenhower State Office Building, 700 SW Harrison, Topeka, KS  
Option 3: Sell & Lease Back with FY2014 Occupancy Expense

Rentable Square Feet (RSF) 254,256  
Capitalization Rate 7.75%  
Annual Increase 2.00%  
NPV Discount Rate 4.00%

							FY 2014 Actual Occupancy Cost as Reported by State of Kansas + Market Rent + Real Estate Taxes													
Year 1 \$/RSF			\$0.00	\$0.00			\$0.00	\$7.50	\$2.77	\$0.22	\$2.11	\$2.09	\$0.83	\$0.00	\$0.33	\$0.00	\$15.84	\$15.84		
		Gross Sale Price	Cost of Sale	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow		
Year 0		\$24,605,419	-\$160,000	-\$21,425,000	-\$2,715,258	-\$3,500,000												-\$3,194,838		
Year 1	2016						\$0	-\$1,906,920	-\$703,313	-\$55,936	-\$536,077	-\$531,308	-\$209,942	\$0	-\$83,950	\$0	-\$4,027,446	-\$4,027,446		
Year 2	2017						\$0	-\$1,983,197	-\$731,445	-\$58,174	-\$557,520	-\$552,560	-\$218,340	\$0	-\$87,308	\$0	-\$4,188,544	-\$4,188,544		
Year 3	2018						\$0	-\$2,062,525	-\$760,703	-\$60,501	-\$579,821	-\$574,663	-\$227,073	\$0	-\$90,800	\$0	-\$4,356,085	-\$4,356,085		
Year 4	2019						\$0	-\$2,145,026	-\$791,131	-\$62,921	-\$603,014	-\$597,649	-\$236,156	\$0	-\$94,432	\$0	-\$4,530,329	-\$4,530,329		
Year 5	2020						\$0	-\$2,230,827	-\$822,776	-\$65,438	-\$627,134	-\$621,555	-\$245,602	\$0	-\$98,210	\$0	-\$4,711,542	-\$4,711,542		
Year 6	2021						\$0	-\$2,320,060	-\$855,687	-\$68,055	-\$652,220	-\$646,417	-\$255,427	\$0	-\$102,138	\$0	-\$4,900,004	-\$4,900,004		
Year 7	2022						\$0	-\$2,412,862	-\$889,915	-\$70,777	-\$678,308	-\$672,274	-\$265,644	\$0	-\$106,224	\$0	-\$5,096,004	-\$5,096,004		
Year 8	2023						\$0	-\$2,509,377	-\$925,511	-\$73,608	-\$705,441	-\$699,165	-\$276,269	\$0	-\$110,472	\$0	-\$5,299,844	-\$5,299,844		
Year 9	2024						\$0	-\$2,609,752	-\$962,532	-\$76,553	-\$733,658	-\$727,132	-\$287,320	\$0	-\$114,891	\$0	-\$5,511,838	-\$5,511,838		
Year 10	2025						\$0	-\$2,714,142	-\$1,001,033	-\$79,615	-\$763,005	-\$756,217	-\$298,813	\$0	-\$119,487	\$0	-\$5,732,311	-\$5,732,311		
Year 11	2026						\$0	-\$2,822,707	-\$1,041,074	-\$82,799	-\$793,525	-\$786,466	-\$310,765	\$0	-\$124,267	\$0	-\$5,961,604	-\$5,961,604		
Year 12	2027						\$0	-\$2,935,616	-\$1,082,717	-\$86,111	-\$825,266	-\$817,924	-\$323,196	\$0	-\$129,237	\$0	-\$6,200,068	-\$6,200,068		
Year 13	2028						\$0	-\$3,053,040	-\$1,126,026	-\$89,556	-\$858,277	-\$850,641	-\$336,124	\$0	-\$134,407	\$0	-\$6,448,071	-\$6,448,071		
Year 14	2029						\$0	-\$3,175,162	-\$1,171,067	-\$93,138	-\$892,608	-\$884,667	-\$349,569	\$0	-\$139,783	\$0	-\$6,705,993	-\$6,705,993		
Year 15	2030						\$0	-\$3,302,168	-\$1,217,910	-\$96,864	-\$928,312	-\$920,054	-\$363,552	\$0	-\$145,374	\$0	-\$6,974,233	-\$6,974,233		
Year 16	2031						\$0	-\$3,434,255	-\$1,266,626	-\$100,738	-\$965,444	-\$956,856	-\$378,094	\$0	-\$151,189	\$0	-\$7,253,202	-\$7,253,202		
Year 17	2032						\$0	-\$3,571,625	-\$1,317,291	-\$104,768	-\$1,004,062	-\$995,130	-\$393,217	\$0	-\$157,237	\$0	-\$7,543,330	-\$7,543,330		
Year 18	2033						\$0	-\$3,714,490	-\$1,369,983	-\$108,958	-\$1,044,225	-\$1,034,935	-\$408,946	\$0	-\$163,526	\$0	-\$7,845,064	-\$7,845,064		
Year 19	2034						\$0	-\$3,863,070	-\$1,424,782	-\$113,317	-\$1,085,994	-\$1,076,333	-\$425,304	\$0	-\$170,067	\$0	-\$8,158,866	-\$8,158,866		
Year 20	2035						\$0	-\$4,017,593	-\$1,481,773	-\$117,849	-\$1,129,433	-\$1,119,386	-\$442,316	\$0	-\$176,870	\$0	-\$8,485,221	-\$8,485,221		
Total		\$24,605,419	-\$160,000	-\$21,425,000	-\$2,715,258	-\$3,500,000	\$0	-\$56,784,414	-\$20,943,295	-\$1,665,676	-\$15,963,343	-\$15,821,331	-\$6,251,669	\$0	-\$2,499,870	\$0	-\$119,929,598	-\$123,124,436		
NPV		\$24,605,419	-\$160,000	-\$21,425,000	-\$2,715,258	-\$3,500,000	\$0	-\$36,671,538	-\$13,525,240	-\$1,075,698	-\$10,309,173	-\$10,217,462	-\$4,037,346	\$0	-\$1,614,423	\$0	-\$77,450,881	-\$80,645,720		

Eisenhower State Office Building, 700 SW Harrison, Topeka, KS  
Option 4: Sell & Lease Back with Market Occupancy Expense

Rentable Square Feet (RSF) 254,256  
Capitalization Rate 7.75%  
Annual Increase 2.00%  
NPV Discount Rate 4.00%

						Market Occupancy Expenses														
Year 1 \$/RSF			\$0.00	\$0.00		\$0.50	\$7.50	\$2.77	\$0.22	\$0.90	\$2.50	\$1.35	\$0.60	\$0.15	\$0.60	\$17.09	\$17.09			
		Gross Sale Price	Cost of Sale	Principal	Interest	Cap Improve or Def Maint	Reserves and Replacement	Base Rent	Real Estate Taxes (1)	Insurance	Repairs & Maintenance	Utilities	Cleaning & Janitorial	Security	Other Operating Expenses	Property Mgmt & Admin	Total Operating Expense	Total Cash Flow		
Year 0		\$24,605,419	-\$160,000	-\$21,425,000	-\$2,715,258	-\$3,500,000												-\$3,194,838		
Year 1	2016						-\$127,128	-\$1,906,920	-\$703,313	-\$55,936	-\$228,830	-\$635,640	-\$343,246	-\$152,554	-\$38,138	-\$152,554	-\$4,344,258	-\$4,344,258		
Year 2	2017						-\$129,671	-\$1,945,058	-\$717,379	-\$57,055	-\$233,407	-\$648,353	-\$350,111	-\$155,605	-\$38,901	-\$155,605	-\$4,431,144	-\$4,431,144		
Year 3	2018						-\$132,264	-\$1,983,960	-\$731,726	-\$58,196	-\$238,075	-\$661,320	-\$357,113	-\$158,717	-\$39,679	-\$158,717	-\$4,519,766	-\$4,519,766		
Year 4	2019						-\$134,909	-\$2,023,639	-\$746,361	-\$59,360	-\$242,837	-\$674,546	-\$364,255	-\$161,891	-\$40,473	-\$161,891	-\$4,610,162	-\$4,610,162		
Year 5	2020						-\$137,607	-\$2,064,112	-\$761,288	-\$60,547	-\$247,693	-\$688,037	-\$371,540	-\$165,129	-\$41,282	-\$165,129	-\$4,702,365	-\$4,702,365		
Year 6	2021						-\$140,360	-\$2,105,394	-\$776,514	-\$61,758	-\$252,647	-\$701,798	-\$378,971	-\$168,432	-\$42,108	-\$168,432	-\$4,796,412	-\$4,796,412		
Year 7	2022						-\$143,167	-\$2,147,502	-\$792,044	-\$62,993	-\$257,700	-\$715,834	-\$386,550	-\$171,800	-\$42,950	-\$171,800	-\$4,892,341	-\$4,892,341		
Year 8	2023						-\$146,030	-\$2,190,452	-\$807,885	-\$64,253	-\$262,854	-\$730,151	-\$394,281	-\$175,236	-\$43,809	-\$175,236	-\$4,990,187	-\$4,990,187		
Year 9	2024						-\$148,951	-\$2,234,261	-\$824,043	-\$65,538	-\$268,111	-\$744,754	-\$402,167	-\$178,741	-\$44,685	-\$178,741	-\$5,089,991	-\$5,089,991		
Year 10	2025						-\$151,930	-\$2,278,946	-\$840,524	-\$66,849	-\$273,474	-\$759,649	-\$410,210	-\$182,316	-\$45,579	-\$182,316	-\$5,191,791	-\$5,191,791		
Year 11	2026						-\$154,968	-\$2,324,525	-\$857,334	-\$68,186	-\$278,943	-\$774,842	-\$418,414	-\$185,962	-\$46,490	-\$185,962	-\$5,295,627	-\$5,295,627		
Year 12	2027						-\$158,068	-\$2,371,015	-\$874,481	-\$69,550	-\$284,522	-\$790,338	-\$426,783	-\$189,681	-\$47,420	-\$189,681	-\$5,401,539	-\$5,401,539		
Year 13	2028						-\$161,229	-\$2,418,436	-\$891,970	-\$70,941	-\$290,212	-\$806,145	-\$435,318	-\$193,475	-\$48,369	-\$193,475	-\$5,509,570	-\$5,509,570		
Year 14	2029						-\$164,454	-\$2,466,804	-\$909,810	-\$72,360	-\$296,017	-\$822,268	-\$444,025	-\$197,344	-\$49,336	-\$197,344	-\$5,619,761	-\$5,619,761		
Year 15	2030						-\$167,743	-\$2,516,140	-\$928,006	-\$73,807	-\$301,937	-\$838,713	-\$452,905	-\$201,291	-\$50,323	-\$201,291	-\$5,732,157	-\$5,732,157		
Year 16	2031						-\$171,098	-\$2,566,463	-\$946,566	-\$75,283	-\$307,976	-\$855,488	-\$461,963	-\$205,317	-\$51,329	-\$205,317	-\$5,846,800	-\$5,846,800		
Year 17	2032						-\$174,520	-\$2,617,793	-\$965,497	-\$76,789	-\$314,135	-\$872,598	-\$471,203	-\$209,423	-\$52,356	-\$209,423	-\$5,963,736	-\$5,963,736		
Year 18	2033						-\$178,010	-\$2,670,148	-\$984,807	-\$78,324	-\$320,418	-\$890,049	-\$480,627	-\$213,612	-\$53,403	-\$213,612	-\$6,083,011	-\$6,083,011		
Year 19	2034						-\$181,570	-\$2,723,551	-\$1,004,503	-\$79,891	-\$326,826	-\$907,850	-\$490,239	-\$217,884	-\$54,471	-\$217,884	-\$6,204,671	-\$6,204,671		
Year 20	2035						-\$185,201	-\$2,778,022	-\$1,024,594	-\$81,489	-\$333,363	-\$926,007	-\$500,044	-\$222,242	-\$55,560	-\$222,242	-\$6,328,764	-\$6,328,764		
Total		\$24,605,419	-\$160,000	-\$21,425,000	-\$2,715,258	-\$3,500,000	-\$3,088,876	-\$46,333,140	-\$17,088,644	-\$1,359,105	-\$5,559,977	-\$15,444,380	-\$8,339,965	-\$3,706,651	-\$926,663	-\$3,706,651	-\$105,554,053	-\$108,748,892		
NPV		\$24,605,419	-\$160,000	-\$21,425,000	-\$2,715,258	-\$3,500,000	-\$2,045,699	-\$30,685,490	-\$11,317,459	-\$900,108	-\$3,682,259	-\$10,228,497	-\$5,523,388	-\$2,454,839	-\$613,710	-\$2,454,839	-\$69,906,287	-\$73,101,126		

**Exhibit – CBRE Qualifications, Experience and Project Team****CBRE**

CBRE Group, Inc., a *Fortune* 500 and S&P 500 company headquartered in Los Angeles, has 48,325 employees (including affiliates), and serves real estate owners, investors, and occupiers through 449 offices (including affiliates) worldwide. CBRE offers strategic advice and execution for property sales and leasing, corporate services, property, facilities and project management, mortgage banking, appraisal and valuation, development services, investment management, and research and consulting.

CBRE has developed best-in-class procedures to manage portfolios focusing on consistency, cost savings, and quality service. A few examples of our many awards and accolades include:

- *Fortune* 500: First and only commercial real estate services company (#363 in 2014)
- *Fortune* World's Most Admired Companies: Highest-ranked commercial real estate services company (4x), 2014
- Ethisphere Institute: Named as a 2014 World's Most Ethical Company
- Standard & Poor's: The first CRE company on the S&P 500
- *Businessweek*: #25 among *Businessweek*'s Top 50 companies

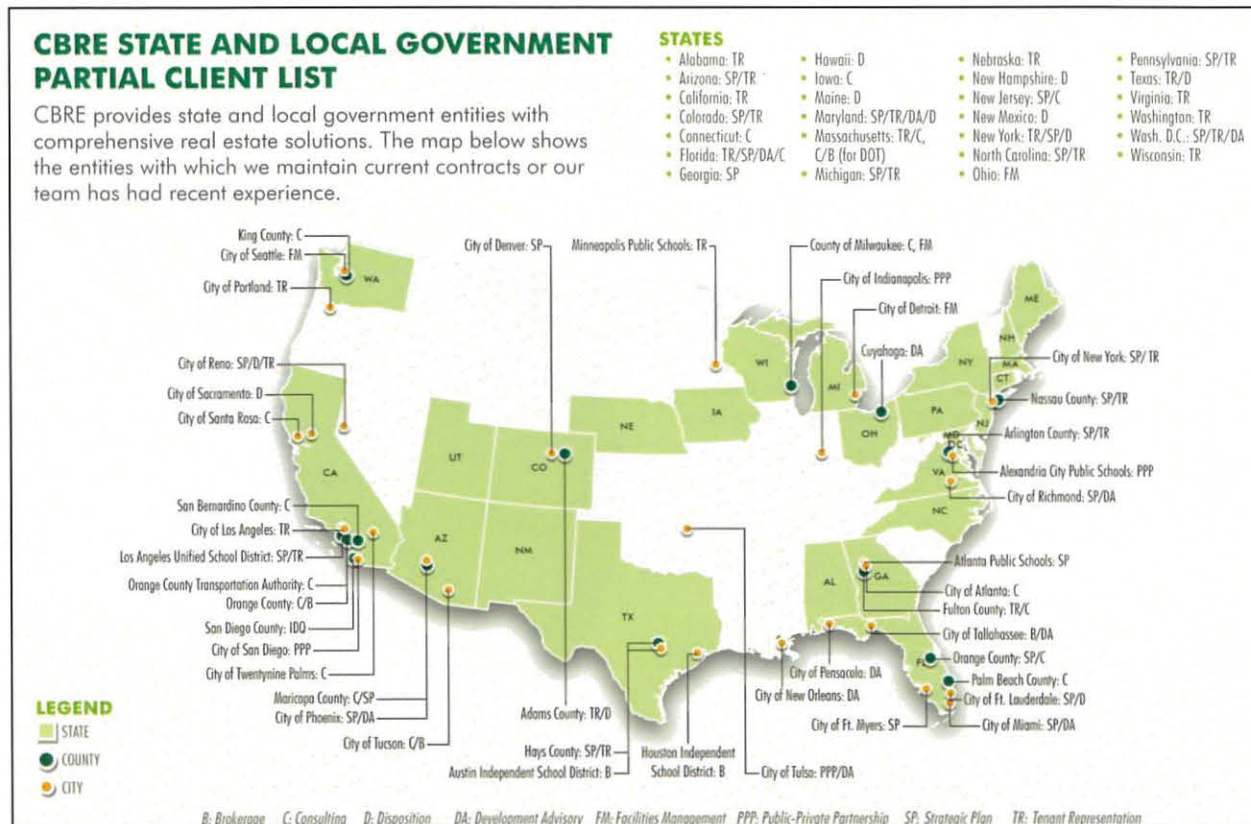
**PUBLIC INSTITUTIONS AND EDUCATION SOLUTIONS**

CBRE's Public Institutions and Education Solutions Group (PIES), based in Washington, D.C., is a national division of the company that works solely with federal, state, county, city, and educational institutions to formulate and implement real estate strategies. Members within CBRE's regional and local offices offer integrated services platforms, which can include sales advisory; tenant representation and lease negotiations; strategic planning; acquisition and disposition studies; highest and best use studies; construction and development management; site selection; facilities and property management; benchmarking studies; land and facility acquisition; disposition services; creative financial strategies; and public private partnerships.

CBRE can help the State develop and implement real estate strategies that bolster its financial strength, increase its attractiveness, and improve its amenities. The PIES Group specializes in identifying assets and developing creative strategies where redeployment or repurposing properties produces incremental cash flow, increased amenities, and synergistic development. The figure below provides a selection of our state and local government clients.



**Exhibit – CBRE Qualifications, Experience and Project Team**



**CBRE TEAM - ORGANIZATION CHART**



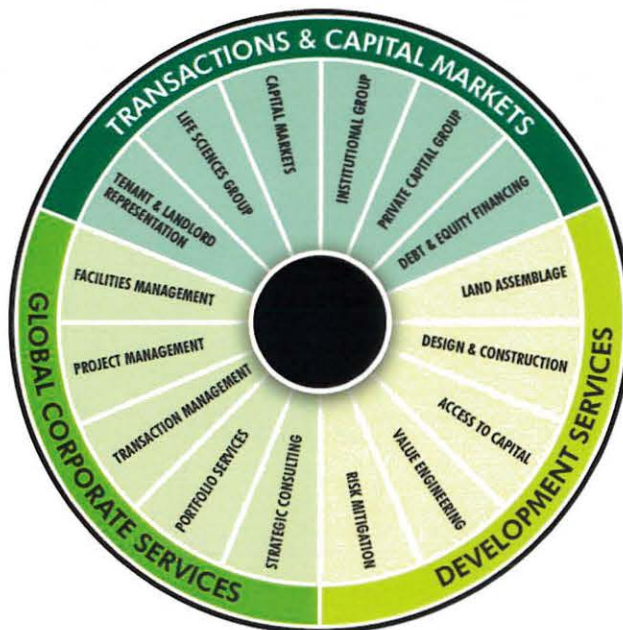
## Exhibit – CBRE Qualifications, Experience and Project Team

### MARKET KNOWLEDGE

CBRE has been providing commercial real estate brokerage services since 1906. One of CBRE's unique differentiators is that we provide comprehensive real estate outsourcing. Our platform and processes are customized for our clients, catering to their unique needs.

By partnering with CBRE, the State of Kansas will gain access to CBRE's full resources, including best practices methodologies that have been refined with each completed transaction. The State will also benefit from the expertise and network of relationships of the largest body of brokerage professionals in the industry.

On a worldwide basis, CBRE completed 18,550 property sales transactions and 54,225 property leasing transactions worth a total of \$223.2 billion in 2013. During 2013, our CBRE regional office completed over 300 transactions with total consideration of \$341,661,173 and over 7,200,000 square feet. See exhibit labeled 2013 State of Kansas transactions. For the last 10 years CBRE has 28% market share, by dollar value of the office building sales over \$5,000,000, almost twice our nearest competitor.



**LOCAL MARKET KNOWLEDGE:** CBRE's global, national and regional market knowledge are complimented with local market knowledge and experience. Randy Goldsmith has performed property management and brokerage services in our Topeka CBRE office since 2001 and has over 35 years of commercial real estate in Topeka and NE Kansas. Ken Schmanke joined CBRE in early 2014 bringing 25+ years of experience as a trusted Topeka commercial real estate advisor and top producing broker.

While there may be numerous organizations that meet the basic requirements of this RFP, we believe CBRE is uniquely qualified to help the State obtain a best value solution to its real estate needs.

**Exhibit – CBRE Qualifications, Experience and Project Team**



**MIKE KLAMM, CCIM**  
First Vice President  
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**CLIENTS REPRESENTED**

- Bank Midwest
- US Central Credit Union
- ARRESCO
- Archon
- MasterCard
- BGK
- Cornerstone
- Lend Lease
- Mosers
- Imperial Capital Bank
- Principal
- Liberty Property Trust
- CW Capital

**MIKE KLAMM, CCIM**

Michael J. Klamm, CCIM is the Managing Director for the Kansas City area. He has over 30 years of experience in commercial real estate and has essential skills in several different key areas.

Mr. Klamm began his career by honing his skills in property management. For several years, he served as a Regional Asset Manager for Equitable Real Estate and was named Vice President of Asset Management for the St. Louis region in 1991, managing a portfolio valued at over \$500 million. He returned to Kansas City working with several institutions, such as Travelers and Prudential. He was the Director of Property Management for Colliers Turley Martin Tucker's (CTMT) Kansas City office from 1995 to 2000. In 2000, Mr. Klamm transitioned to Investment Sales at CTMT selling several major assets in the Kansas City Metropolitan area. In January of 2008, he joined CBRE as investment sales professional and was appointed Managing Director of the Kansas City in July 2010.

During the past six years, Michael has closed over 40 transactions, totaling in excess of \$250 million dollars. His vast knowledge of the industry and its different practice areas, as well as his ongoing portfolio of large investment properties and established network of contacts, enables Michael to offer his clients superior service and outstanding results.

**SIGNIFICANT ASSIGNMENTS**

Client	Location	Square Feet
■ 7500 W 110th Street	Overland Park, KS	108,000
■ City Center Square	Kansas City, MO	650,000
■ Executive Centre	Overland Park, KS	230,000
■ H&R Block World Headquarters	Kansas City, MO	144,000
■ Bank of America Center	Houston, TX	300,000
■ Holmes Corporate Center	Kansas City, MO	110,000

**PROFESSIONAL AFFILIATIONS**

- Downtown Council – CIO, Board Member
- CCIM – Kansas City Chapter, Board Member
- United Way, Leadership Circle Member
- Freedom House, Board of Directors

**EDUCATION**

- Bachelor of Business Administration, University of Missouri – Kansas City



## Exhibit – CBRE Qualifications, Experience and Project Team



**Peter Jansen**

Regional Manager – Public  
Institutions - Texas, Oklahoma,  
Louisiana, and Kansas

Senior Associate

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### Regional Clients Represented:

- Alamo Community College
- Austin Independent School District
- City of Houston
- City of San Marcos
- Hays County
- Dallas County
- Texas Facilities Commission
- Texas Department of Transportation

### National Clients Represented:

- State of Connecticut
- State of Maryland
- State of Florida
- City of Reno
- City of Roseville
- City of Sacramento
- District of Columbia Retirement Board
- University of the District of Columbia

### Private Sector Clients Represented:

- The Conafay Group
- National Coal LLC

Peter Jansen joined CBRE in 2010 to assist in the development of the Public Institutions and Education Solutions national practice group. Peter focuses on two areas: Strategic Planning for public sector entities and execution of transactions that arise from those plans. He participated extensively in the preparation of the City of Reno's strategic plan in 2011, the City of Sacramento's strategic disposition plan in 2011, a 115,000 s.f. tenant representation assignment for the State of Maryland from 2011-2013, and the State of Connecticut's lease vs. own analysis in 2012, which resulted in over \$185M of acquisitions by the State.

In addition to his transaction and consulting efforts, he supports the Public Institutions group in business development opportunities around the country and is experienced in the public procurement process from both the issuer and respondent perspective.

In 2013, he relocated to Austin, Texas to focus on representing public-sector clients. He is currently providing tenant representation services to the Texas Facilities Commission, and providing consulting and disposition services to TxDOT, the City of Houston, the Independent School Districts of Austin and San Antonio, and the counties of Dallas and Hays. Notable transactions include the representation of TxDOT in the disposition of a \$25M, 18-acre asset in Houston and the Office of Attorney General in a 65,000 s.f. consolidation of 8 leased locations in San Antonio.

Previously, Peter served as a financial advisor to foundations, endowments, families, and individuals for an investment management firm. In this role, Peter evaluated and advised on wealth management and investment management strategies across the investment spectrum, including alternative assets such as real estate, hedge funds, and derivatives.

## EDUCATION

- Bachelor of Arts Degree in Economics – University of Maryland, Baltimore County (Cum Laude)
- Masters of Business Administration (MBA), University of Maryland
- Licensed Real Estate Salesperson in Maryland and Texas



## Exhibit – CBRE Qualifications, Experience and Project Team



**GINA ANDERSON**

Vice President

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### CLIENTS REPRESENTED

- American Century Realty
- Bank Midwest
- Copaken White & Blatt
- CW Capital
- Dickinson Financial
- EQUUS Partners
- Founders
- HDG Mansur
- Hines
- LNR Partners, LLC
- NorthPoint Development
- Quadrangle
- Stillwater National Bank
- TA Associates
- CenterSquare (fka URDANG)
- VanTrust Real Estate

### GINA ANDERSON

Gina Anderson is a Vice President with CBRE's Capital Markets Group handling Institutional Investment Sales transactions in Kansas City. She specializes in selling office, retail and multifamily properties for institutional clients. Gina has been in the commercial real estate business for over 25 years, spending 20 of those years with large institutional owners of commercial real estate. She has been a valued team member on investment transactions valued at nearly \$2 billion.

Gina's institutional experience includes dispositions, asset management and analytical roles with Aetna Realty Advisors, Travelers Realty Investment Company, The JC Nichols Company, Highwoods Properties and Copaken-Brooks.

### SIGNIFICANT ASSIGNMENTS

Client	Location	Square Feet
■ Farmers Insurance Building	Olathe, KS	102,035
■ Corporate Woods Office Park	Overland Park, KS	2,200,000
■ City Center Square	Kansas City, MO	650,000
■ Capitol Tower	Topeka, KS	144,000
■ Broadway Summit	Kansas City, MO	129,000
■ Tuileries Plaza	Kansas City, MO	95,080
■ US Bank Building	Overland Park, KS	185,200
■ 2555 Grand Boulevard	Kansas City, MO	595,600
■ Financial Plaza	Overland Park, KS	292,200
■ Lighton Plaza	Overland Park, KS	475,800

### PROFESSIONAL AFFILIATIONS

- Licensed Real Estate Broker in Kansas and Missouri
- Missouri Association of Realtors, National Association of Realtors & KCRAR (Kansas City Regional Association of Realtors) – Member
- Board of Directors – Goodwill of Western Missouri & Eastern Kansas
- KC CREW – Member
- KCRAR – Awarded 2nd Highest Investment Sales Producer (by \$ volume) in Kansas City Metropolitan Area in 2012 & 2013

### EDUCATION

- Master of Business Administration, Denver University
- Bachelor of Science in Business Administration, University of Colorado

**Exhibit – CBRE Qualifications, Experience and Project Team**



**RANDY GOLDSMITH**  
Senior Real Estate Manager  
T: +1 785 234 4901  
C: +1 785 221 1122  
[randy.goldsmith@cbre.com](mailto:randy.goldsmith@cbre.com)

**CLIENTS REPRESENTED**

- GSA
- EPA
- FedEx
- HDG Mansur
- Urban America
- Rubicon
- AEW Capital Management
- AMB Property Corporation
- Hill's Pet Nutrition
- BNSF
- Verizon Business
- Rainier Capital Management
- Gunning Investments
- ORIX Capital
- Prologis Corporation

**RANDY GOLDSMITH**

Randy Goldsmith is a Senior Real Estate Manager/Broker with CBRE. He is responsible for the management of 2,000,000 plus square feet of office, industrial and retail space in Topeka, Lawrence and Kansas City.

He is involved in all aspects of CBRE Commercial Real Estate Services including tenant services, management, construction, development, disposition, sales and leasing.

Prior to joining CBRE in 2001, Mr. Goldsmith was involved in commercial real estate development and construction for 13 years. Developments included office buildings, shopping centers and hotels. He also has extensive experience in the management of commercial real estate. Clients include international, national, government and local investors.

**SIGNIFICANT ASSIGNMENTS**

Client	Location	Square Feet
■ Capitol Tower	Topeka, KS	145,000
■ 4910 Corporate Center	Lawrence, Kansas	52,000
■ 901 N 5th	Kansas City, KS	204,000
■ AMB Air Cargo 1	Kansas City, MO	60,000
■ AMB Air Cargo 2 - FedEx Facility	Kansas City, MO	100,000
■ Cap Car Realty	Topeka, KS	100,000
■ Gunning Investments	Topeka, KS	120,000
■ Hudson Advisors	Topeka, KS	100,000

**PROFESSIONAL AFFILIATIONS**

- Kansas Association of Realtors – Member
- Licensed Real Estate Broker
- Commercial Division TBR – Member

**EDUCATION**

- Washburn University

**Exhibit – CBRE Qualifications, Experience and Project Team**



**KEN SCHMANKE**

Senior Associate

T: +1 785 554 8140

[ken.schmanke@cbre.com](mailto:ken.schmanke@cbre.com)

**CLIENTS REPRESENTED**

- Falgers Inc
- Win LLC
- Capital Federal
- Lawrence Gateway Investors LLC
- Farm Bureau
- Wolf Construction
- North Crest Inc

**KEN SCHMANKE**

Ken Schmanke has been a top performer in the Topeka and NE Kansas commercial real estate market, getting his start in 1988 and joining Cohen-Esrey in 1991. In 1996, Mr. Schmanke resigned from Cohen-Esrey to form KS Commercial Real Estate Services Inc. While serving as President of KC Commercial, Ken split his time between managing the business, performing asset management services and performing brokerage services. During this time, KS Commercial had become the Topeka market leader and facilitated 1,775 transactions totaling over 54 million square feet of commercial real estate properties sold or leased with a total value over \$346 million.

Schmanke joined CBRE in January 2014 to merge his local experience with the CBRE global platform and focus 100% of his efforts on Sales and Leasing to better serve our customers in Topeka and NE Kansas. Ken Schmanke is dedicated to providing expert market knowledge, valuable advice and exceptional customer service at every opportunity.

**PROFESSIONAL AFFILIATIONS**

- Real Estate Broker License, State of Kansas
- National, Kansas and Topeka Area Association of Realtors

**EDUCATION**

- Washburn University – Bachelor of Business Administration with an emphasis in Finance



**Exhibit – CBRE Qualifications, Experience and Project Team**

**PROFESSIONAL PROFILE**



**David Ronsick**  
 Research Coordinator  
 David.Ronsick@cbre.com  
 T: 816.968.5879  
 F: 816.968.5890

**DAVID RONSICK**

David Ronsick began working at CBRE in 2007. Prior to joining CBRE's Kansas City Office as a Research Coordinator, David worked as a GIS Analyst for CBRE in the Phoenix, Arizona, office.

David has mastered his craft from knowledge gained through more than six years of experience with CBRE. He has conducted extensive demographic research and utilization through identifying and customizing client demographics, working closely with CBRE brokers to meet customer needs, managing display of demographic variables, and analyzing outcomes and problem solving to produce the best product. David's market research proficiencies include managing retail, office, industrial, and multi-family sector databases, enhancing presentations using CBRE Earth for potential clients, and extensive knowledge of demographic information. His prowess of mapping technology was forged through five years of extensive experience using MapInfo Professional, working with brokerage to design maps for presentation to potential clients, and utilizing mapping software to extract information from larger datasets. David also holds an active real estate license in the state of Kansas.

**EDUCATION**

- Bachelor of Science, Geography with an Emphasis in Geographic Information Systems, Kansas State University - Manhattan, Kansas

**Exhibit – CBRE Qualifications, Experience and Project Team****PROFESSIONAL PROFILE**

**Carrie Baugh**  
Marketing Specialist

carrie.baugh@cbre.com  
T: 816.968.5845  
F: 816.968.5890

Carrie Baugh joined CBRE in August of 2012. Ms. Baugh earned her degree in Advertising and Public Relations, with a Marketing minor after attending the University of Southern Indiana, where she graduated in 2010.

Carrie brings her talents to the CBRE team in a Marketing capacity. She is responsible for creating and distributing property brochures, managing property websites, promoting available properties through many avenues such as Twitter, Campaign Logic, and via Press Release when appropriate.

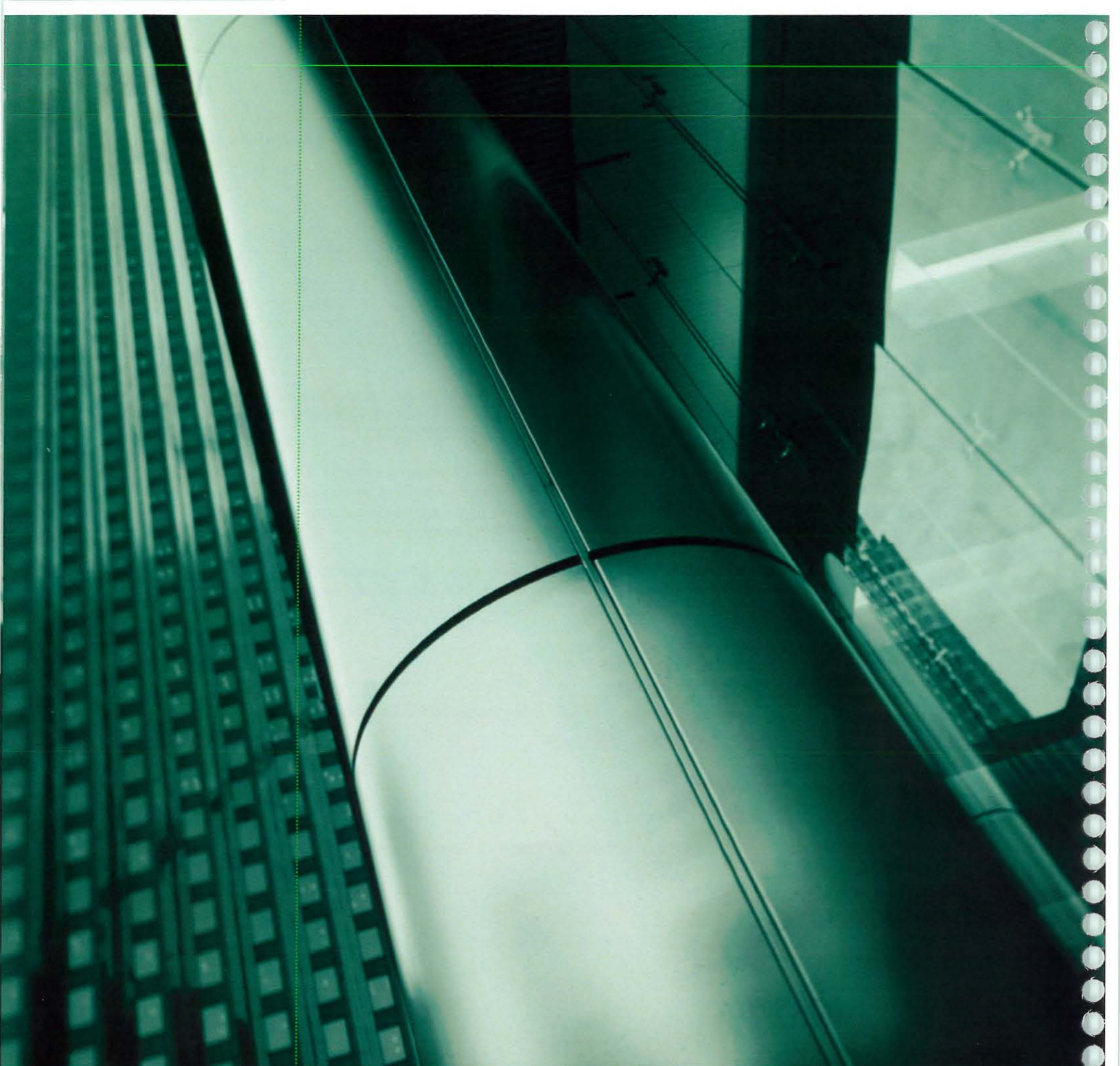
Prior to joining CBRE, Ms. Baugh worked in an Advertising capacity with the largest full service marketing firm in Southern Indiana, Oswald Communications.

**EDUCATION**

- Bachelor of Arts, Advertising and Public Relations, University of Southern Indiana

**PHILANTHROPY**

- Junior League of Kansas City - Member
- Big Brothers Big Sisters of Greater Kansas City - Big Sister



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**2012 SPECIAL REPORT**  
**U.S. Sale/Leasebacks:**  
**Unlocking Value**

**By Asieh Mansour and Brian Scott**