

# THE WINGATE

## FORT WORTH, TX

### RESIDENTIAL MULTIFAMILY EXECUTIVE SUMMARY

**Texas Ranked #1 in the U.S.**

**For Number of Private Sector Jobs Added Between December, 2007 and October, 2016**  
**As Reported November 21, 2016 By Joint Economic Committee of the U.S. Congress**



**GELDARTS LLC**  
Creative Private Capital

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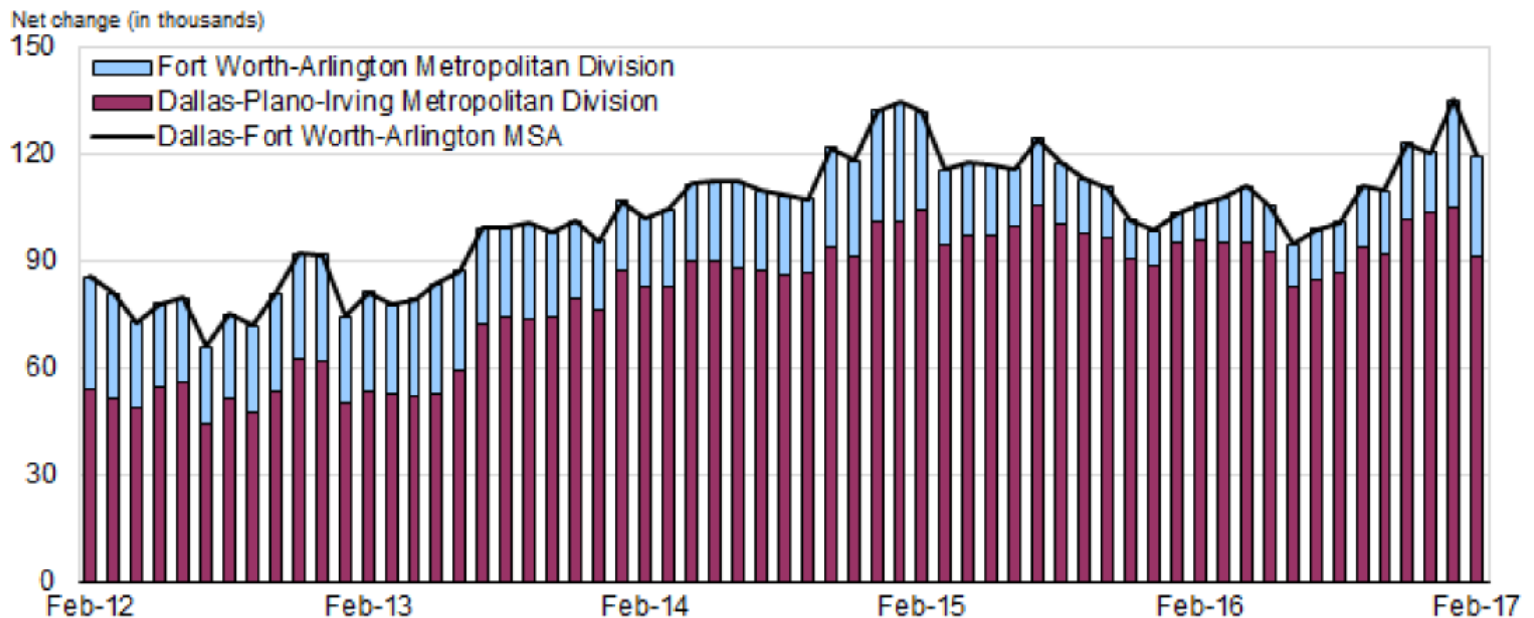
# Urban Renaissance

- **US Bureau of Labor Statistics:** of the 12 largest metropolitan areas of the country, the greater Dallas area ranked second in both the rate of job growth and the number of jobs added from February 2016 through February 2017.
- **Between February 2016 and February 2017, the Dallas-Forth Worth area added 119,300 jobs in that 12 month period alone; more than 3 times the national average.**
- **The Result - A Tremendous and Consistent Demand For Housing in the Dallas/Fort Worth Area.**

The past two years have brought consistent, continued growth to the Dallas/Fort Worth area and with it, the need for additional housing for young professionals. Corporate expansion in companies such as JPMorgan Chase, McKesson Corp. and Pegasus Foods, along with a long list of widely recognized companies growing or relocating to the region, like Verizon and Toyota, have created the enormous housing demand. The Dallas/Fort Worth area is known for its skilled labor and increasing population of young professionals.

American Airlines	24,700 employees
Bank of America	20,000 employees
Baylor Health Care	17,097 employees
AT&T	15,800 employees
Lockheed Martin	14,126 employees
JP Morgan Chase	13,500 employees

**Chart 1. Total nonfarm employment, over-the-year net change in the Dallas metropolitan area and its divisions, February 2012–February 2017**



Source: U.S. Bureau of Labor Statistics.



## Retail, Dining, Arts and Entertainment

### The Vibrant West 7<sup>th</sup> Street District and Montgomery Plaza Within an Easy 12 Minute Walk

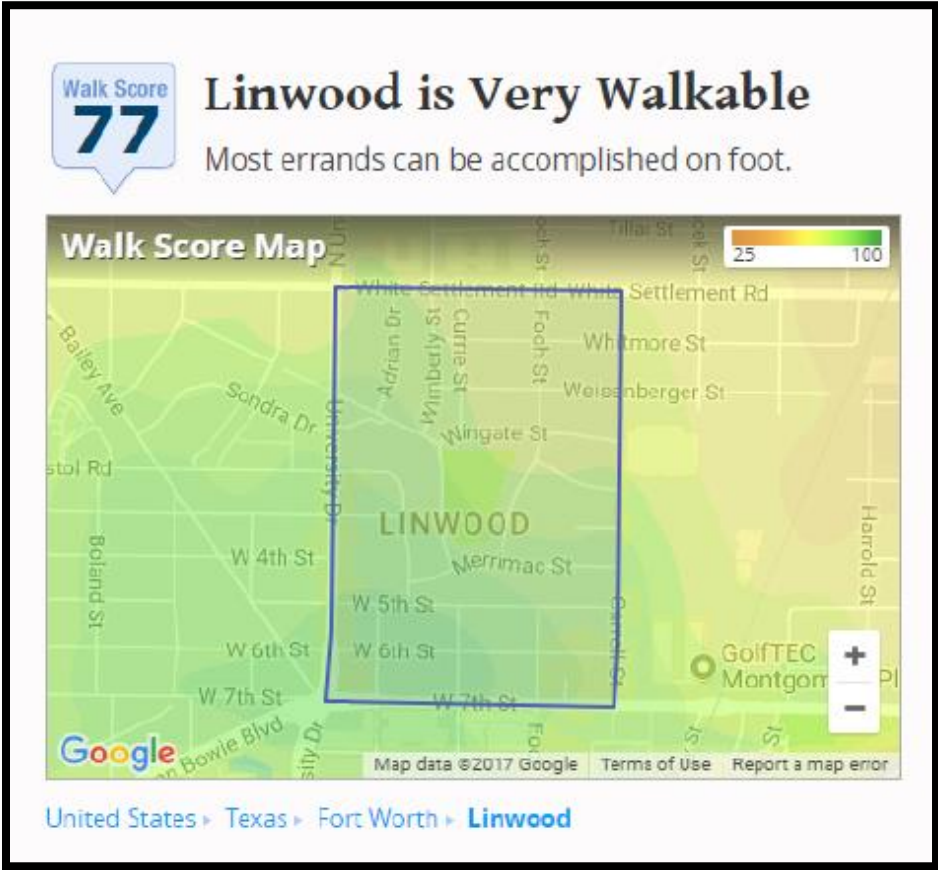
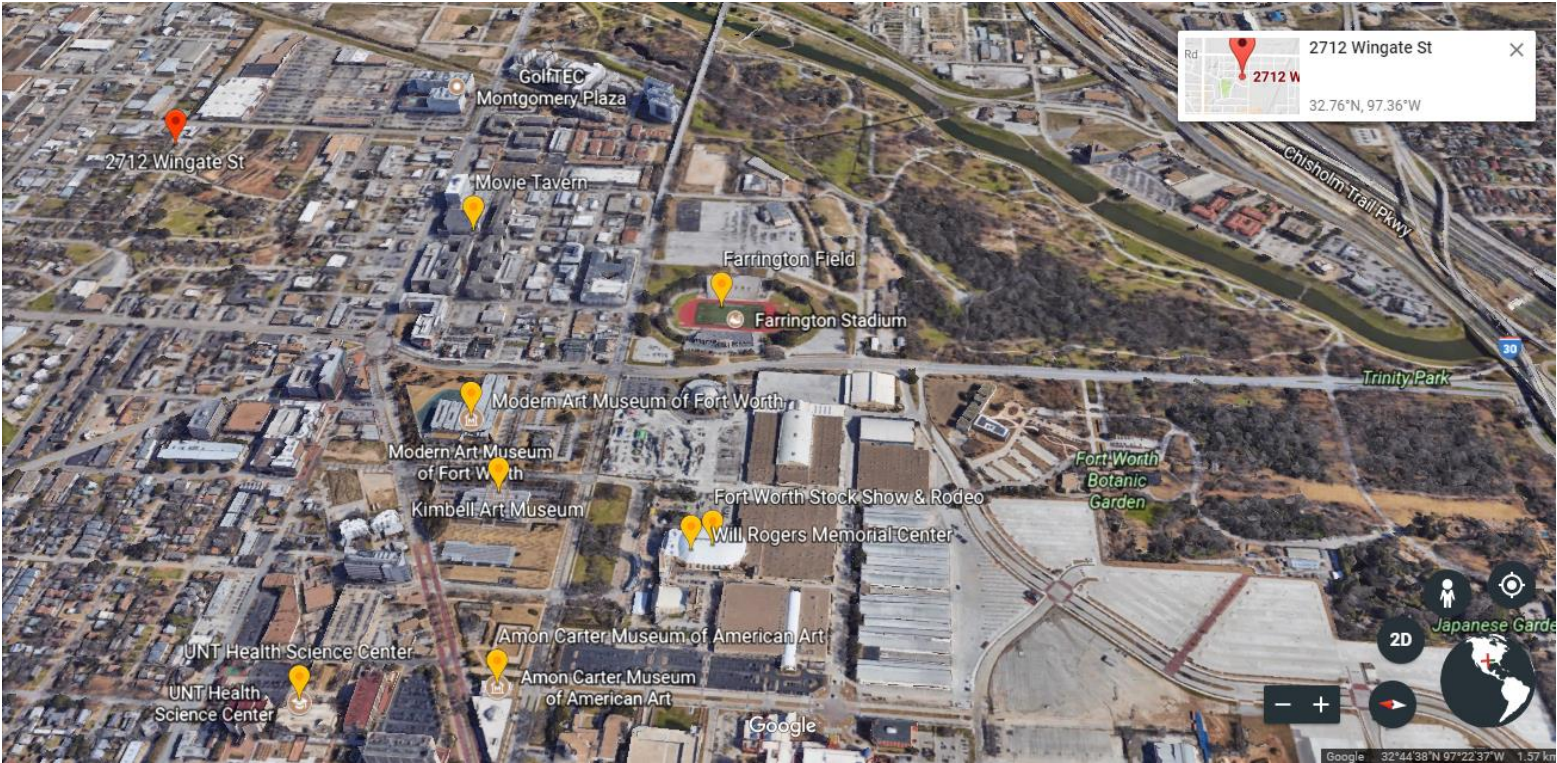


- Dozens of restaurants, boutiques and retail transformed this bustling neighborhood into the most exciting part of the city.
- Downtown Fort Worth, as well as Fort Worth Stockyards with daily running of the quarterhorses and longhorns are minutes away.
- Fort Worth's cultural district is the 3<sup>rd</sup> largest in the U.S. with theater, music, museums, botanical gardens and zoo.
- Trinity Park, with miles of riverfront trails is the pride of Fort Worth and is also an easy walk from The Wingate.





This Google Earth view shows just how close 2712 Wingate is to all that is happening in this vibrant area of Fort Worth. A very short walk brings you to Montgomery Plaza, the popular Movie Tavern and world class art museums, as well as Will Rogers Memorial Center with the Fort Worth Rodeo. A few steps further brings you to expansive Trinity Park with its river walk and bike trail. The Wingate is truly in the center of the universe of this lively neighborhood!





# The Wingate



*(Rendering)*

The Wingate is located in a sweet spot in the Linwood area of Fort Worth. A short walk brings you to the Montgomery Plaza and Fort Worth's vibrant West 7<sup>th</sup> Street District, as well as Trinity Park and the extensive Trinity River Trails System. The demand for housing in this area is excellent and will continue to grow as this urban neighborhood grows in both entertainment and employment.



# The Opportunity

Construction of a 12 unit luxury apartment building including one office space, “**The Wingate**” in a highly desirable neighborhood undergoing an Urban Renaissance. Granite Countertops, Stainless Steel Appliances, Crown Moulding, Hardwood Floors, are just some of the luxury amenities each unit will contain.

Our project is designed to provide maximum secure returns to our investor pool, using an LLC specific to the project that our investors will own shares in, based on their capital contribution.

Our current numbers for construction contain a contingency fund and we are confident that the bids we currently have will keep the project on budget. Our build time is expected to be 9 months. We are building in incentives to the contract for the builders to ensure we are as close to that time frame as possible, as we know new construction can take longer than expected. We believe with an aggressive upfront schedule, we will be on target and limit our capital costs.



## Business Plan Overview

### Phase 1

***Finance - Construction/Stabilization (rental of units)***

### Phase 2

***Purchase/Management***

After stabilization (renting of units) of the building, we will assemble a group of investors that will purchase the building for cash, as part of our separate Management/Holding Company. The cash flow from the building will then be distributed among the investors for a period of approximately 3 to 5 years.

We will then finance the building with a conventional low interest Bank Loan. This should allow us to return from 75% to 85% of the investor capital back, while the investor still maintains equity in the project. After approximately 10 years, based on the market, we will either refinance again or sell the asset and cash everyone out. Investors can also choose to have 100% of their initial investment returned at time of Purchase/Management Phase 2 or during refinance cycle.

\*After Stabilization, if an investor chooses to be a part of the new *Investor Group*, they will have the first opportunity to participate in the purchase of the building.

### **Benefits of This Plan**

- Lowers overall risk considerably
- Lowers overall cost to project by limiting financing costs
- Can become a secure long term investment
- Easy to cash out if desired
- Legacy Wealth Creation
- Excellent Use as Retirement Plan (IRA) Investment
- Management Team and Investors are in control
- Receive most of your investment capital back while maintaining equity

## Project Summary

**Property Address: 2712 Wingate St., Ft. Worth, TX**

**Value at Completion: \$2,900,000**

LLC Investor Equity Capital	\$1,480,000
Minus Capital Fee and Property Management Fee	- \$105,000
<b>Total Net Equity in Project</b>	<b>\$1,375,000</b>
Cost to Build	\$1,825,000
Land and Entitlements	\$550,000
<b>Total Cost of Project</b>	<b>\$2,375,000</b>
Loan Request	\$1,000,000
Net Equity in Project	\$1,375,000
<b>Total</b>	<b>\$2,375,000</b>
<b>\$1,000,000 Loan Request / Value at Completion \$2,900,000</b>	<b>34.4% LTV</b>
<b>\$1,000,000 Loan Request / Cost of Project \$2,375,000</b>	<b>42.1% LTC</b>

## Pricing and Financial Analysis

**TOTAL NUMBER OF UNITS: 12 - TOTAL RENTABLE AREA: 10,332 SF**

### UNIT MIX – RESIDENTIAL INCOME DETAIL

Unit Type	No. of Units	Approx. Size (SF)	Market Rent	Rent per SF	Monthly Income	Annual Income
1 BR/1 BA	6	760	\$1,525/unit/month	\$2.00	\$9,150	\$109,800
1 BR/1 BA	4	880	\$1,760/unit/month	\$2.00	\$7,040	\$84,480
1 BR/1 BA	2	920	\$1,850/unit/month	\$2.01	\$3,700	\$44,400
Office	1	450	\$500/month	\$1.11	\$500	\$6,000
<b>Total Rental Income</b>					<b>\$20,390</b>	<b>\$244,680</b>
<b>Less 5% Vacancy/Collection Allowance (GPR)</b>					<b>\$1,019</b>	<b>\$12,234</b>
<b>Effective Gross Income</b>					<b>\$19,371</b>	<b>\$232,452</b>

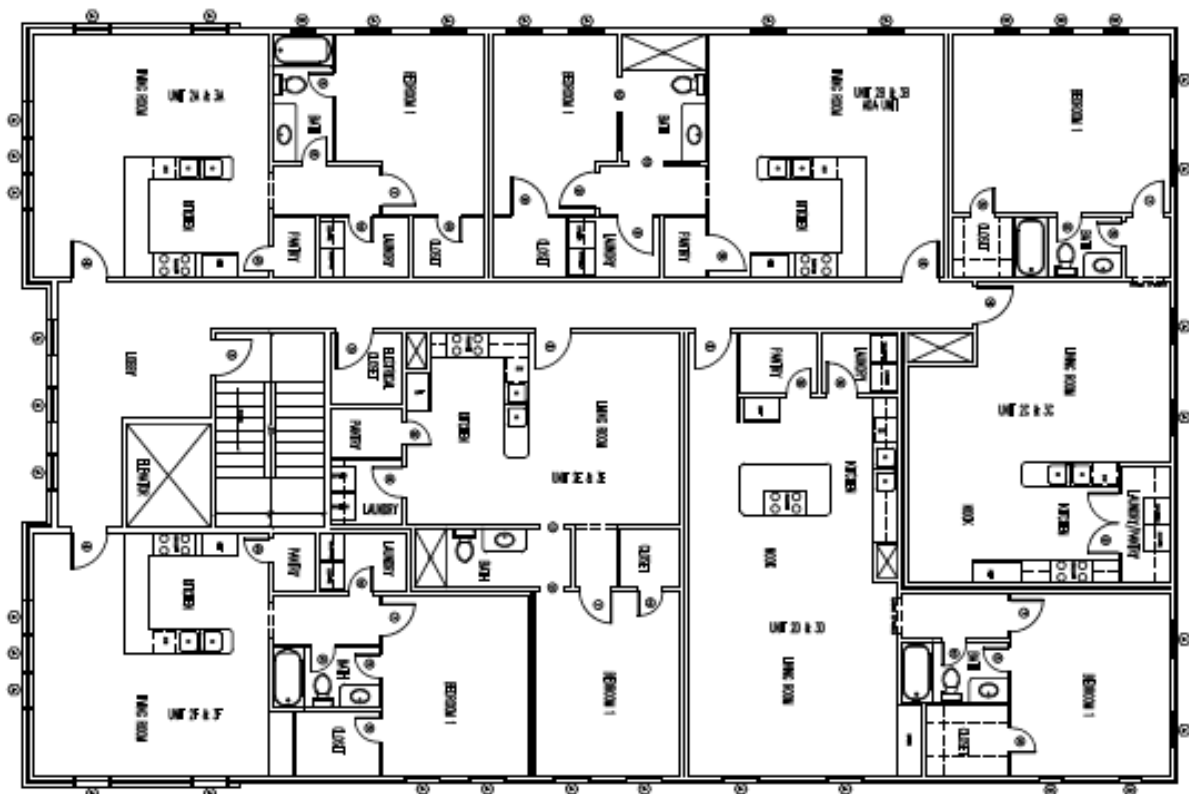
<b>Effective Annual Gross Income</b>			
Effective Gross Income	\$232,452		
Total Other Income	\$6,000		
<b>TOTAL EFFECTIVE GROSS POTENTIAL INCOME</b>			<b>\$238,452</b>
<b>Expenses Annual</b>			
<b>Fixed Expenses</b>			
Real Estate Taxes	\$57,000		
Insurance	\$2,500		
<b>Total Fixed Expenses</b>		<b>\$59,500</b>	
<b>Total Utilities</b>		<b>\$1,800</b>	
<b>Total Repairs &amp; Maintenance</b>		<b>\$1,500</b>	
<b>Total Management Fee</b>		<b>\$18,000</b>	
<b>Total Reserves &amp; Replacements</b>		<b>\$1,000</b>	
<b>TOTAL EXPENSES</b>			<b>\$81,800</b>
<b><u>NET OPERATING INCOME</u></b>			<b><u>\$156,652</u></b>



## Apartment Demand Strengthens as Companies Expand in the Metroplex

Corporate expansions in the Dallas/Fort Worth Metroplex are fueling demand for area apartments, keeping vacancy tight as a record number of apartments are delivered. A friendly business environment (no state tax), skilled labor pool and an attractive place to live is attracting companies from across the country. The thousands of jobs created by these expansions are spurring strong demand for rental housing, especially among young professionals. Apartment developers are meeting these needs, bringing thousands of units online over the next several quarters near newly developed or under construction corporate campuses.

Demand for apartment assets in the Metroplex has strengthened, and sales activity has been held back only by the limited number of available properties. Capital from all over the world is moving into the North Texas region, lured by a bright economic outlook and strong demographic trends. Out-of-state investors, including international investors, accounted for one-third of sales transactions last year, targeting a wide range of quality and locations, and this trend is expected to continue in the months to come. Rent growth has been stronger over the past two years, rising at historically high levels, boosting NOIs and increasing property values. Recent price appreciation will increasingly encourage property owners to compress holding periods. Owners choosing to divest now and in the future, will be met with strong investor interest as the pool of private, high-net-worth buyers has grown considerably. Institutions and REITs are also increasing activity, targeting high-quality assets like *The Wingate*, trading at initial yields starting near 4 percent. As these properties are brought to market and stabilized, investor demand for newly developed properties will be met.



# Forecast and Highlights

## Multifamily Vacancy Forecast

A record number of units are scheduled for delivery this year, and demand will not keep pace.

Metroplex employers created 126,800 positions in the region during the last 12 months for an annual increase of 3.8 percent. In the previous four quarters, the private and public sector expanded payrolls 4.1 percent with the addition of 130,100 jobs.

Job gains during the last 12 months were led by the trade, transportation and the utilities sector, which added 34,200 positions. The leisure and hospitality, professional and business services industries followed, generating 28,100 and 25,100 jobs, respectively. Unlike other metropolitan areas, the Dallas/Fort Worth Metroplex is not dependent on Hi-Tech job growth, making it less vulnerable to a Tech Bubble.

## Local Employment and Growth Highlights

Amazon will double its office size in the North Texas region in 2017. Additionally, two warehouses totaling more than 1 million square feet near the Alliance Texas development north of Fort Worth could become the home to a new distribution center for the company. Amazon currently leases over 2 million square feet in Coppell, Haslet and southern Dallas.

State Farm is expected to complete the final phase of its 2 million-square-foot campus in Richardson this year, bringing an additional 500,000 square feet of office space online. The company will continue to consolidate offices into its regional headquarters. This year, State Farm plans to generate 1,000 positions at the new corporate hub. This is in addition to the new Liberty Mutual and FedEx campuses.

McKesson, a company that distributes medical products and pharmaceuticals, recently purchased two new office buildings in the Las Colinas area. The company will move 900 workers already in the Northeast Texas region, as well as create 975 additional jobs as part of the expansion.

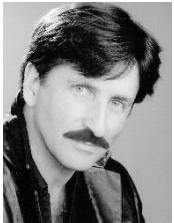


# Our Team is Working for You



## **Glenn Froehlich, Director**

With a total 35 years' experience in real estate and development throughout the Northwest, Texas, Oklahoma and Montana, Glenn earned his real estate license at 18 years old. The money he earned paid for college and he's been hooked on the real estate industry ever since. Having sold a company and used the funds to do some private lending, he quickly saw the need to provide balanced lending to the residential and multi-family construction field. Glenn has assembled a remarkable Fort Worth, TX team from real estate lending, investments and construction management. Glenn and his team provide exceptional builders and developers the capital they need to create top notch projects, jobs and housing to America.



## **Barry Jekowsky, Chief Investment Officer**

Barry has a combined 30 years of fundraising experience in both the for-profit and not for profit business world as well as extensive experience in Real Estate Finance and Development. As an entrepreneur, he is known for the sophisticated, creative "out of the box" and strategic approach to building and managing successful businesses. In Real Estate Finance, his focus has been on Asset Management, Capital Placement, Fund Raising, Risk Assessment, Project Management, Operations, Investor Relations as well as detailed Project Structure and Analysis.

Other experience includes a strong emphasis on strategic planning, systems and processes as well as marketing, combining an extensive background in the field of the performing arts with proven business acumen. In his spare time, Barry is a professional mentor to many newcomers to the world of Real Estate Finance, Private Lending/Trust Deed Investing. In addition, Barry mentors gifted young artists and their families and consults for the Davidson Institute for Talent Development, a foundation dedicated to supporting profoundly gifted children.



## **Shirley Williams, Team Leader**

Shirley's experience with real estate development, risk assessment and finance is extensive, including 20 years as a licensed residential mortgage broker. Shirley brings her expertise from all areas of real estate - from underwriting to closing and funding. Her background is with multifamily and single family residential real estate. She underwrites using a proven rigorous system of due diligence to assess the risk and benefits of real estate development projects. Shirley performs project management, investor relations and ongoing construction follow-up for all projects in the Northwest, as well as nationally. Her passion is to help build strong and safe investments and provide positive and consistent investor relations and communication. In her spare time, Shirley sings and volunteers with Seattle Women's Chorus and has started a quartet to sing at retirement homes.



## **Nathan L. McCartney, Fort Worth Project Management**

Nathan grew up in the residential construction business and has over 18 years of multifamily development and executive construction management experience. In 1995, he began his career as a consultant for Morgan Stanley, focusing on real estate investment trusts and emerging markets. In 1998 he began building commercial projects on his own. As a successful commercial real estate developer and partner, Mr. McCartney's portfolio includes over \$800M in multifamily housing, retail, office, mixed use, industrial and local government projects. He earned a bachelor's degree in Business Administration from the University of Texas at Arlington, studied at University of Texas' McCombs Executive MBA program and has completed over 200 accredited hours of development and construction project management coursework.





### **Rusty Trice, Forth Worth Construction Specialist and Architect**

Rusty has vast and diversified professional experience in the commercial and multifamily construction industry as a construction project manager. He holds a degree in Architecture and has managed over \$500M in multifamily and multiuse projects, successfully implementing plans with efficiency and quality. As a construction specialist, his responsibilities are to work on every aspect of each job, working with budgets, design and construction management. This includes dirt work, utilities, paving, vertical construction and final build-out, bringing projects in on time and under budget. Rusty as earned a Bachelor of Science in Architectures from the University of Texas at Arlington and has completed an additional 3 years of landscape design from Stephen F. Austin State University.



### **Al Silva, Commercial Real Estate Broker, Marcus & Millchap**

Specializing in multifamily investment sales in Dallas/Fort Worth areas, Al has earned recognition for outstanding brokerage. Al has earned a total of four National Achievement Awards between 2007 and 2015, in addition to continual promotions and accolades within his firm. Al is located in the Marcus & Millichap Fort Worth office where he has been the top agent in 7 out of the previous 8 years. We are pleased to have Al on our team due to his passion for client service and extensive knowledge of the local market.



### **Jessica Rogers, Project Management**

Jessica's background is varied and extensive. She's been involved in project management for a variety of industries from import and export to manufacturing. Her broad-based experience also includes administration of quality control as well as development of new business, negotiating and strategic planning. Jessica thrives on planning and shepherding a project forward.



### **Joe DiDomenico, Preferred Partner**

Joe is a former Merrill Lynch stock broker and CitiGroup Senior Vice President. His deep knowledge of IRA structures and retirement plan permissibility rules have made him a vital part of our team and a vital value to our investors. Providing advice on safe and innovative ways to best make money work for our investors is Joe's passion. In his years of experience in financial services and in the self-directed IRA plan arena, it's become clear to Joe that most people should have some exposure to asset classes not sold by banks, insurance companies or investment firms. This is why Joe believes that trust deed real estate lending is of such value.

# Confidential Investment Analysis

*Confidential*

This Confidential Investment Analysis (“Analysis”) has been prepared by Geld Arts, LLC from documents and information supplied by current owner, Brokers and miscellaneous 3rd parties, (“Seller & Agents”) and obtained from other sources. This Analysis is pursuant to a need to raise equity to purchase the subject property secured by that certain real property located in Tarrant County, Fort Worth, TX, (“Property”). This Analysis is delivered pursuant to a separate Confidentiality Agreement between Geld Arts LLC and the Seller. Further, by their acceptance hereof, each recipient covenants, understands and agrees that neither such recipient or its agents, representatives, directors, or employees will copy, reproduce or distribute to any third party any part or all of this Analysis without the prior written consent of Geld Arts LLC, for which Geld Arts LLC has no obligation to provide, and that it will permanently keep confidential all information contained herein and will use this Analysis solely for the purpose of evaluating a possible investment in the investment opportunity hereinafter described.

While the information contained herein is based on data received from the Seller & Agents and other sources, and is deemed accurate and reliable, Geld Arts LLC has not and will not make a thorough investigation or conduct extensive verifications of such information and therefore provides no assurances as to the accuracy, adequacy, or reliability thereof. Geld Arts LLC expressly disclaims all liability of any nature whatsoever with respect to the accuracy or inaccuracy of all information provided by or through Geld Arts LLC from any source in connection with this Analysis, including without limitation, the Seller & Agents. Geld Arts LLC makes no assurances, and assumes no responsibility for any opinions expressed herein, representations or warranties whether express or implied, or any responsibility for any omissions of information from this Analysis or with respect to any other written or oral communication transmitted to any interested party in connection herewith. To the best of its knowledge and belief, this Investment Analysis does not intentionally contain any material statements which if not made, could cause the reader to form a different conclusion about the investment opportunity herein described, and does not intentionally omit any material statements which if made, could cause the reader to form a different conclusion about the investment opportunity herein described.

This Analysis incorporates but is not limited to research utilizing sources and materials considered to be relevant to the operation of an apartment and retail business generally, and to the Property in specific. Such research has been provided by or obtained from third parties in a variety of forms. Upon request, Geld Arts LLC will provide the source of the research but disclaims any responsibility for the accuracy or adequacy of any such information. This Analysis also includes certain statements, estimates and projections provided by the Seller & Agents with respect to anticipated results from future operations of the Property. All such forward looking statements, estimates, information and projections contain subjective judgments by the Seller & Agents, (collectively the “Seller & Agents Information”). Geld Arts LLC assumes no responsibility for the Seller & Agents Information, and does not make any representations or warranties, express or implied of any nature with respect thereto. By acceptance of this Analysis, the recipient acknowledges its responsibility to perform its own due diligence at its own cost and expense prior to making any investment in or the providing of credit to the Seller & Agents.

Glenn Froehlich

Geld Arts LLC