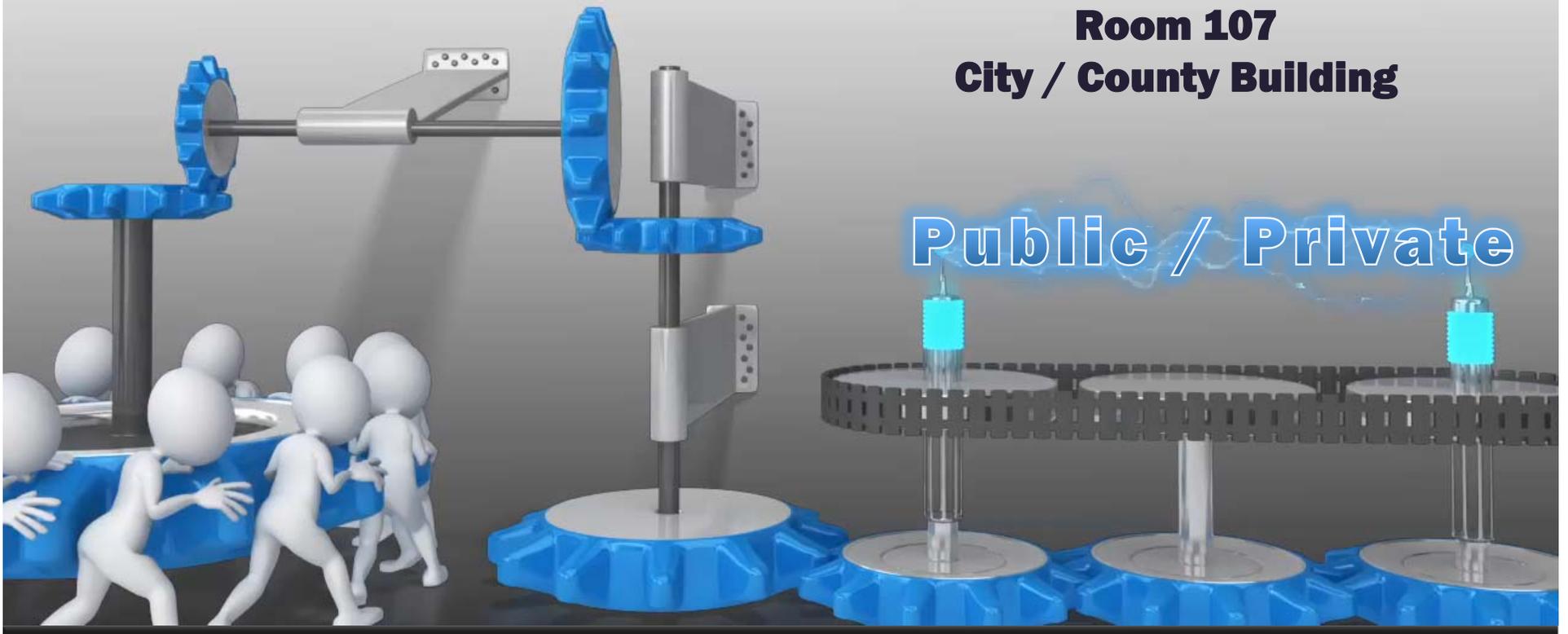


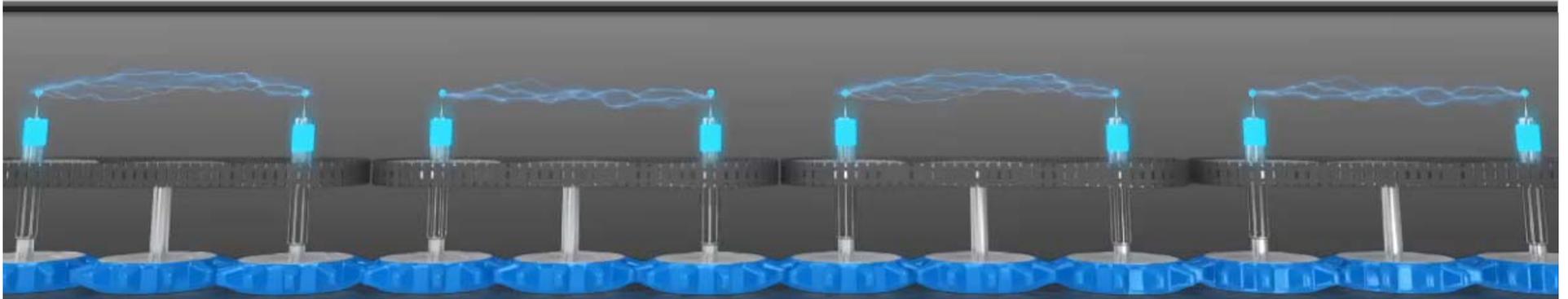
# Salina Downtown Redevelopment Project

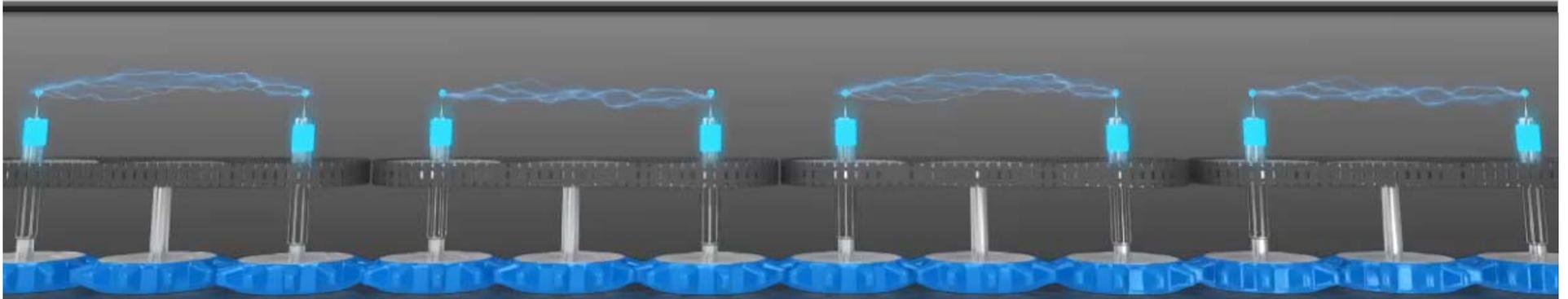
## Development Agreement & Funding Approvals

**City Commission  
Special Meeting  
6:00pm  
January 17, 2017  
Room 107  
City / County Building**

**Public / Private**







# **STAR Bond Project Plan**

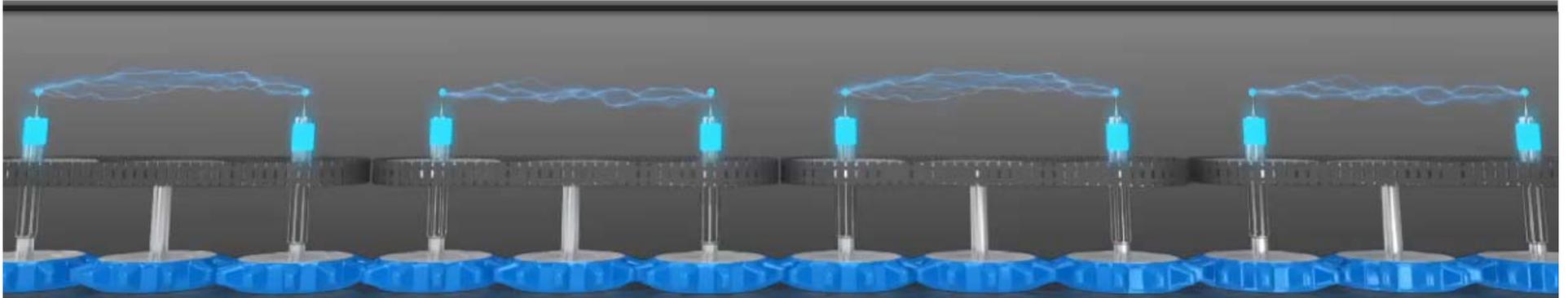
**(Drafted by)**



**Salina2020, Inc. – Master Developers**

**Polsinelli Law – Master Developer’s  
Legal Counsel**

**Canyon Research Southwest, Inc. –  
STAR Bond Feasibility Study**



# **City Resources**

## **City Staff**

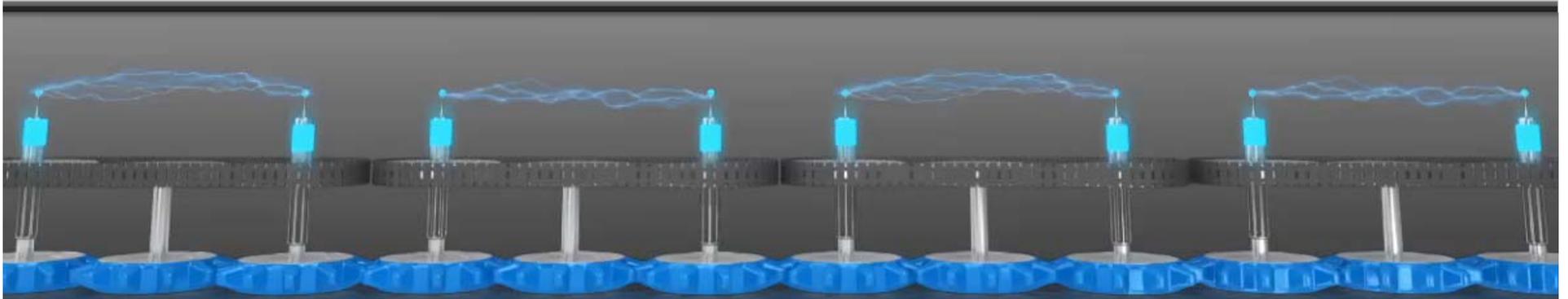
**Legal Counsel – Clark, Mize & Linville**

**Bond Counsel – Gary Anderson, Gilmore & Bell**

**Municipal Advisor – Roger Edgar, George K. Baum**

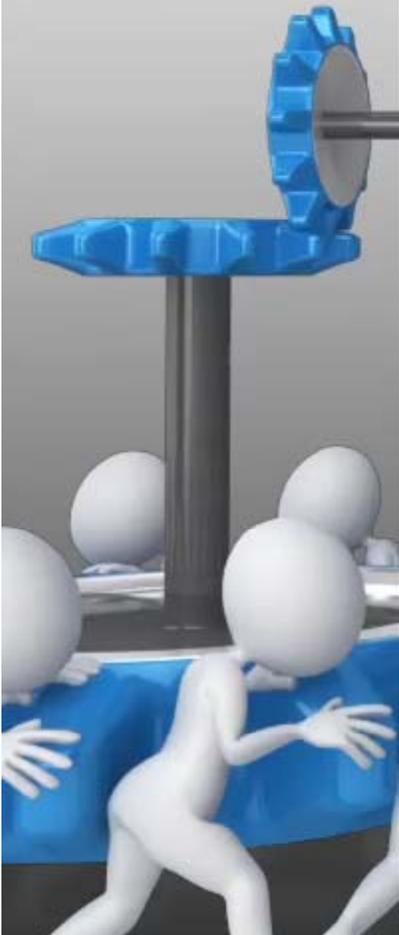
**STAR Bond Financial Advisors – Stifel Public Finance**

**Revenue Study - Development Strategies**



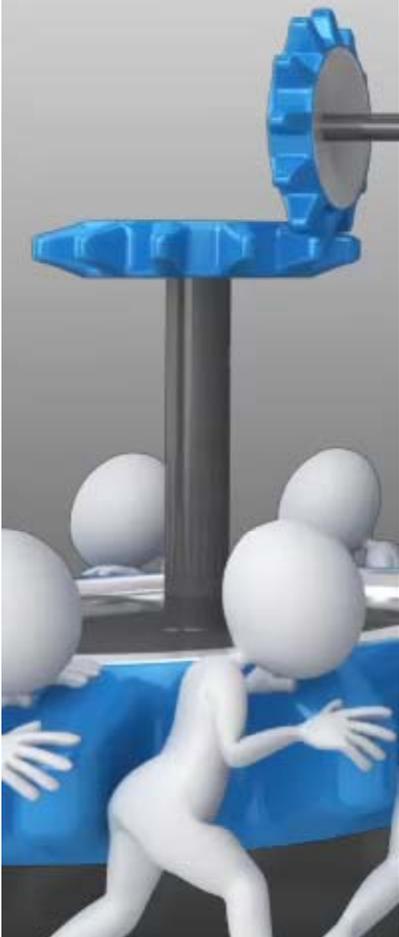
## STAR Bonds

- Capture & Redirect Tax Increment Above Base Year
  - June 1, 2014 – May 31, 2015
- Increment to be Captured Includes State Sales & Use Tax Revenues
- Also Captures
  - Local Sales & Use Taxes
  - Transient Guest Taxes (TGT)
- Grants Cities & Counties Authority to Issue Special Obligation Bonds



## District Eligibility

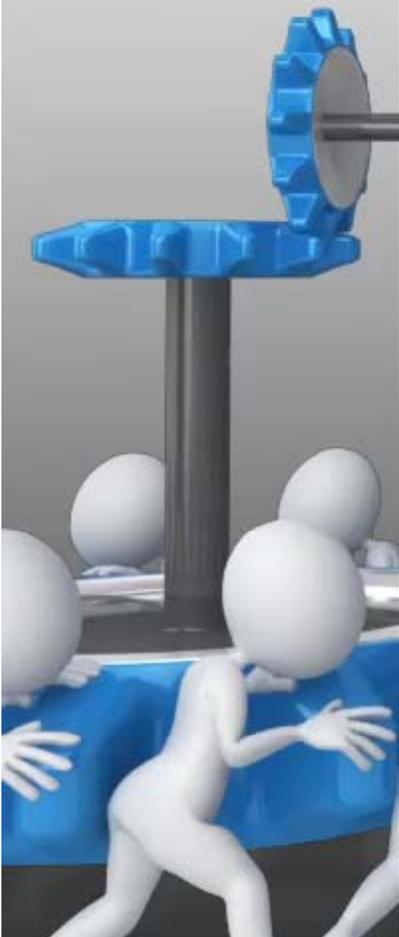
- Within Eligible Area
  - Major Tourism Area
- No Privately Owned Property Shall be Acquired & Redeveloped if:
  - County Commission or Board of Education Determines Proposed District Will Have an Adverse on the County or School District.
  - No opposition received



## Kansas Department of Commerce Guidance

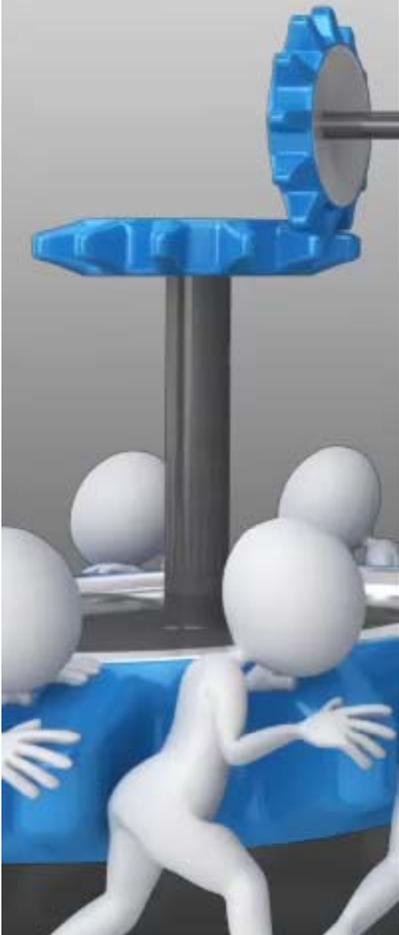
A proposed project “must be capable of being characterized as a **statewide and regional destination**, and include high quality innovation entertainment and tourism attraction, containing unique features which will **increase tourism**, generate significant positive and diverse economic and fiscal impacts and be capable of sustainable development over time.”

**30% of visitors** to a proposed STAR Bond Redevelopment District should **travel beyond 100 miles** and **20% should reside out-of-state**.



## Expense Eligibility

- All Project Costs Must Be Approved by the Secretary
- Statutory eligibility criteria
  - Site & Structure Acquisition
  - Structure Razing
  - Site Prep
  - Infrastructure Improvements
  - Parking Facilities
  - “Certain Other Costs”

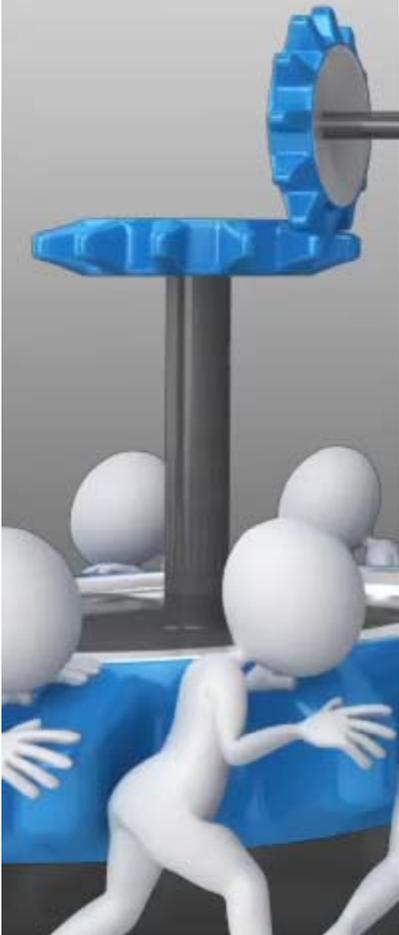


## Plan Preparation

District has been created

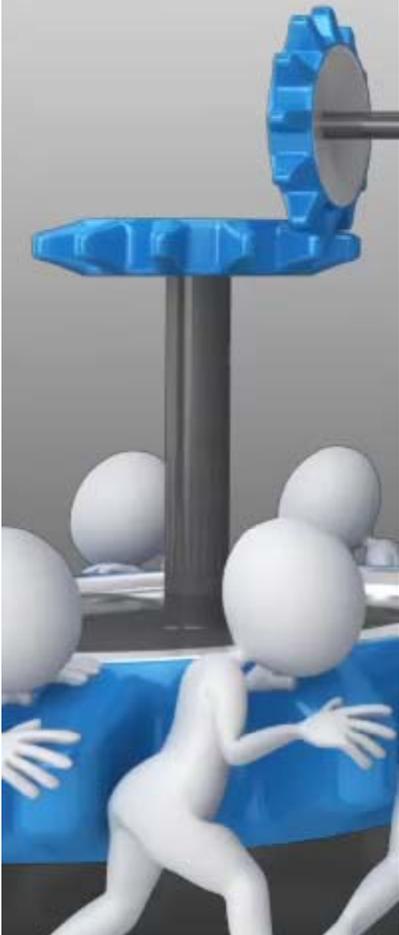
STAR Bond Plan Must Include:

- Identification of District & Project Area
- Description & Map of Project Area
- Relocation Assistance Plan
- Detailed Description of Buildings to be:
  - Constructed or Improved
  - Comprehensive Feasibility Study Prepared by the City
  - Planning Commission Determination That The Plan is Consistent With the Comprehensive General Plan for Development of the City
  - “Other Relevant Information”



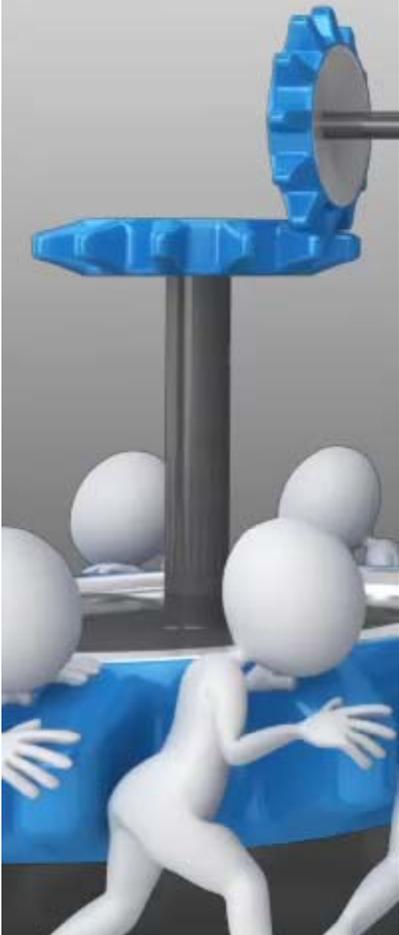
## Feasibility Study Required Elements

- Analysis of Sufficiency of Revenues to Pay Costs of the Project
- Effect of Project on Other STAR Bond Projects w/I the State
- Statement re: Contributions to Eco/Devo of the State & Region
- Market Study – Ability to Gain & Retain Market Share Locally, Regionally & Nationally
- Additional Items re: Cost / Benefits of Project



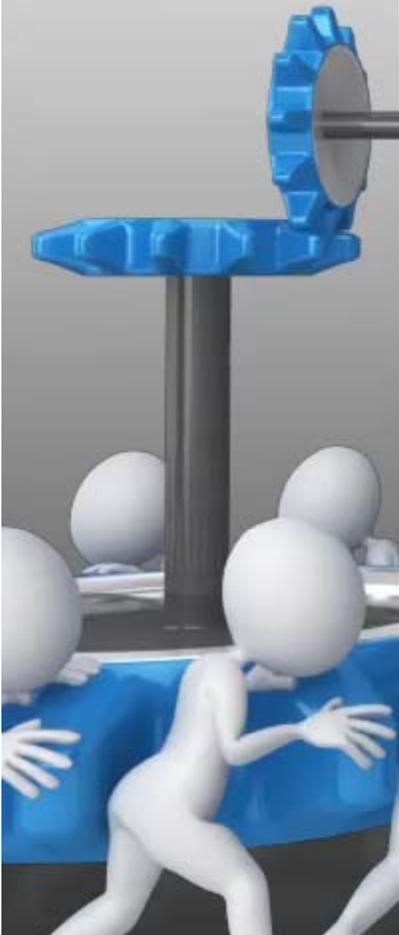
## Plan Approval

- Resolution Calling STAR Bond Plan Public Hearing within 30-70 Days
  - Hearing called, conducted & closed
  - Plan Available for Inspection
  - Copy Delivered to County & School
  - Published 1 Time in Official Newspaper
- Upon Conclusion of Public Hearing, Governing Body May Adopt Plan by 2/3 Vote
  - Dept. of Commerce Requested Review of Plan & Dev. Agreement Prior to City Commission Action.
- Submit to Commerce No Later than 1 Year After District Creation
- Upon Sec. of Commerce Approval, Transmit to
  - County Clerk,
  - County Treasurer
  - County Appraiser &
  - County & School Governing Bodies



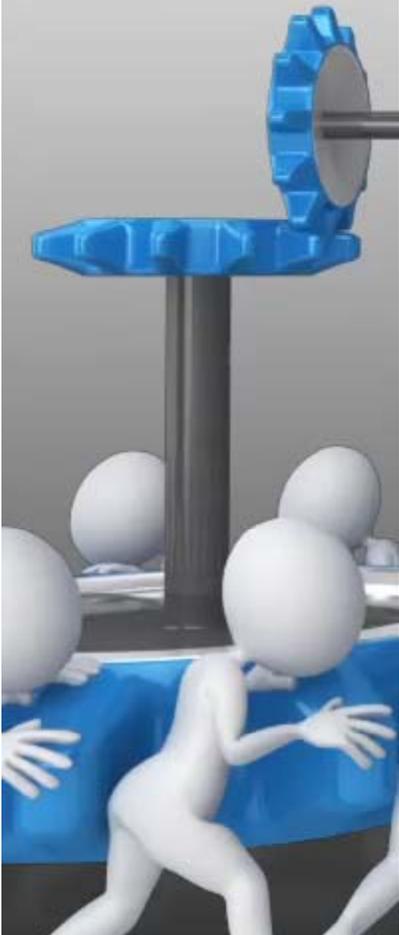
# Bond Authority / Issuance

- Maximum 20 Year Maturity
- Bond Financing Not to Exceed 50% of Total Costs
- Payable From:
  - State Increment Revenue
  - 100% Pledge of City Tax Increment Revenue (Including City Share of County Sales Taxes),  
Except:
    - Other Uses Per Election of Voters
    - Funds Committed to Bond Payment Prior to Project
  - At Option of City & With Secretary Approval,
    - City Pledge of All or a Portion of TGT
    - All or a Portion of City Franchise Fees
  - County Option to Pledge County Tax Increment
  - Private Sources or Contributions
  - State or Federal Financial Assistance
  - Any Combination Thereof
  - Proposed format meets statutory requirements

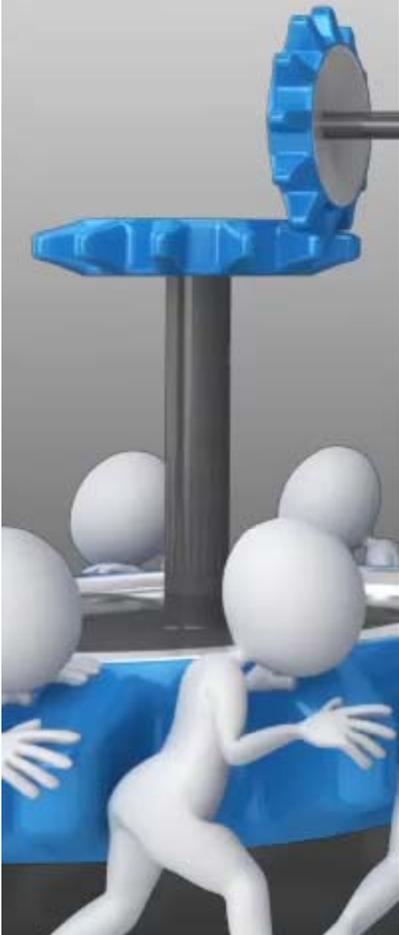


## Plan Implementation

- Developer Must Commence within 2 years of approval
- Project Shall be Completed within 20 years From Approval
- Changes to District May be Made
  - Comply with Original Notice & Hearing Requirements
  - New Feasibility Study Required
- May Request Authority to Issue Bonds in Excess of Original Approval
  - Include All Information Required for Initial Approval



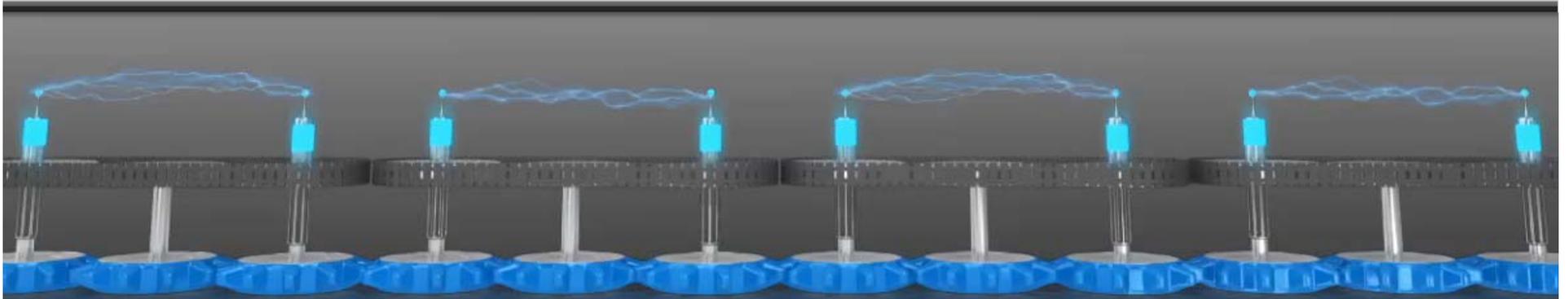
# Proposed STAR Bond Projects

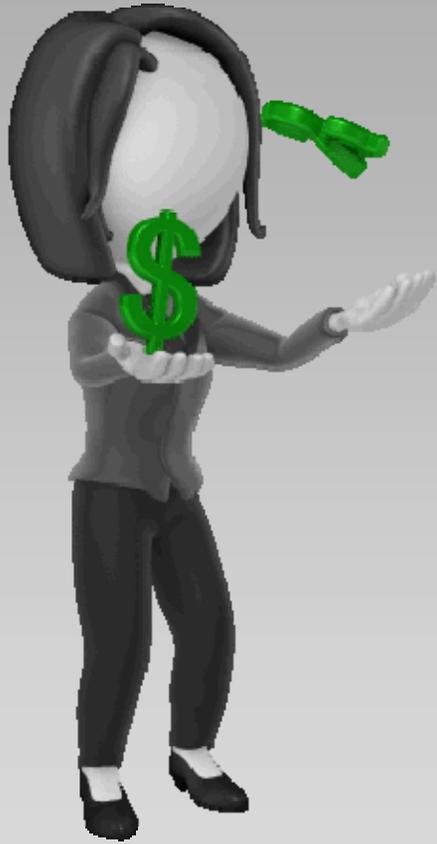


Field House	\$10.8M
Field House Parking	\$1.6M
K.U. Med School	\$7.0M
Streetscape	\$12.1M
Old Chicago	\$3.0M
Downtown Hotel	\$19.0M
Alley Entertainment	\$6.1M
Stiefel Theatre	\$2.2M
Existing Retail	\$2.0M
Vacant / New Construction	\$31.2M
Car Museum	\$4.7M
Lee Buildings	\$17.5M
Medical Student Housing	\$3.5M
Design, Soft & Other Costs	\$33.3M
<b>Total</b>	<b>\$154.0M</b>

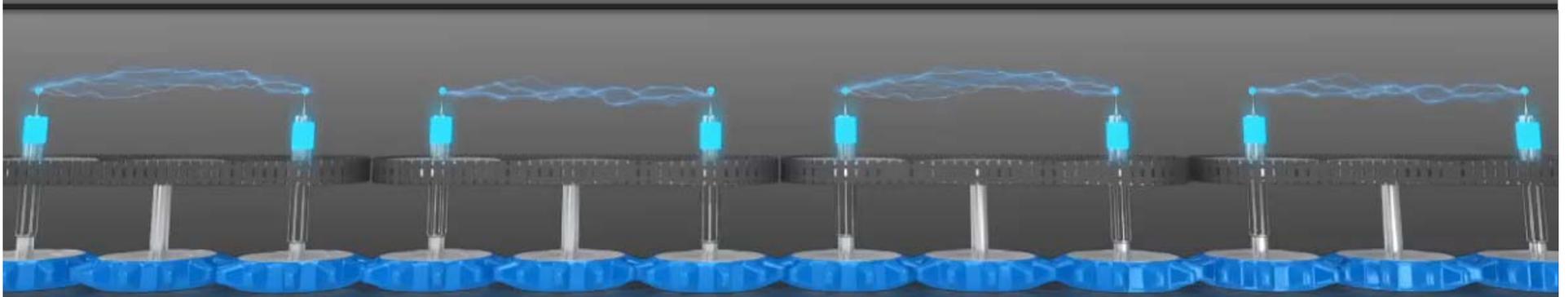


**Questions?**

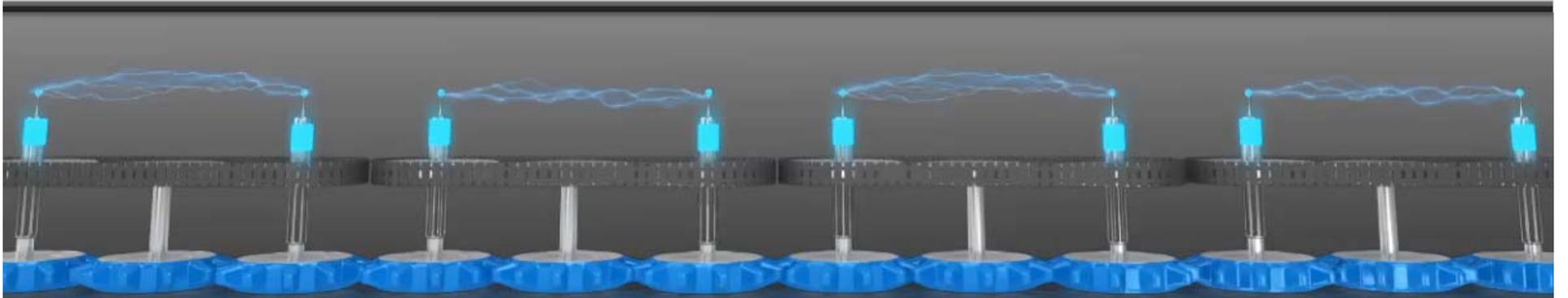
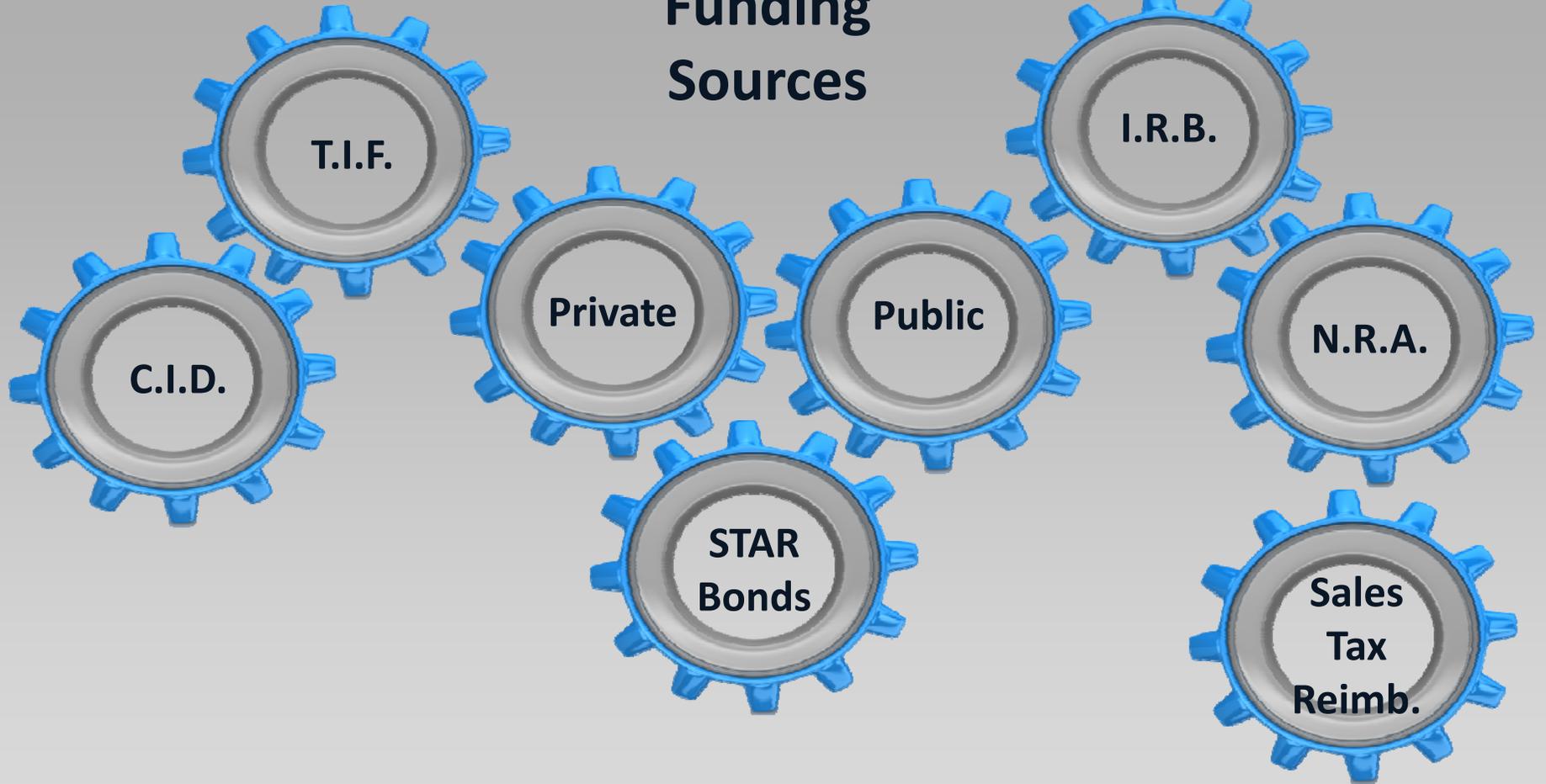




# Funding Sources



# Funding Sources



# **STAR Bonds**

## **Bond Financing Method**



**-Total STAR Bond Proceeds  
(\$17.1M-\$19.1M)**

**-City Backed STAR Bonds  
(Beyond Market Accept.)**

**-Unbacked STAR Bonds  
(Sized to Market Acceptance)**

**-Est. State Sales Tax Growth  
(Increment to be Captured)**

**-Est. City Sales & Trans Guest Tax  
Growth (Increment to be Captured)**

**-Base Sales w/i STAR Bond District**

# **Tax Increment Financing (T.I.F.)**

## **Pay-As-You-Go Method (Property Tax Only)**



**-City Distributes Available Funds Per Dev. Agreement**

**-Eligible Projects Certify Full Completion**

**-Increment Deposited in T.I.F. Fund(s)**

**-Property Tax Growth  
(Increment to be Captured)**

**-Base Property Tax w/i T.I.F. District**

**Note: Sales taxes are typically captured with T.I.F., but they have already been accounted for within the STAR Bond financing.**

# **Community Improvement District Financing (C.I.D.) Pay-As-You-Go Method**



**-City Distributes Available  
Funds Per Dev. Agreement**

**-Eligible Projects Certify Full  
Completion / Expenses**

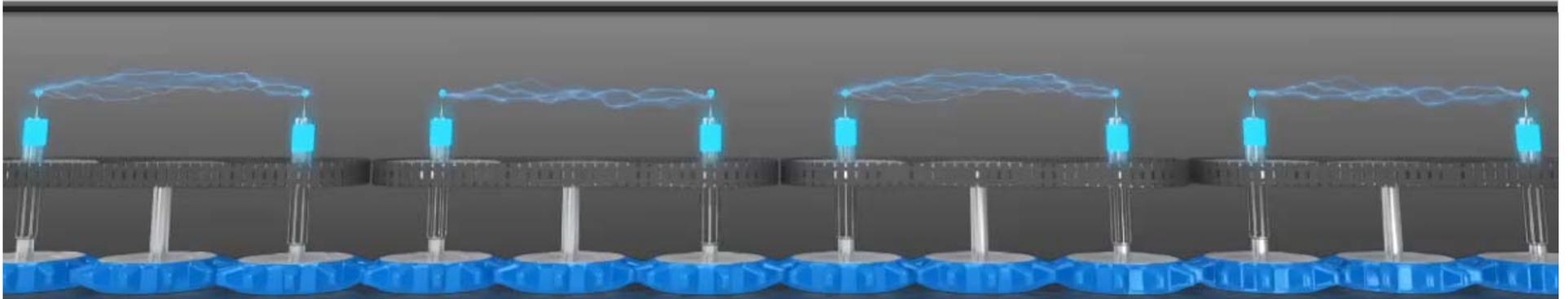
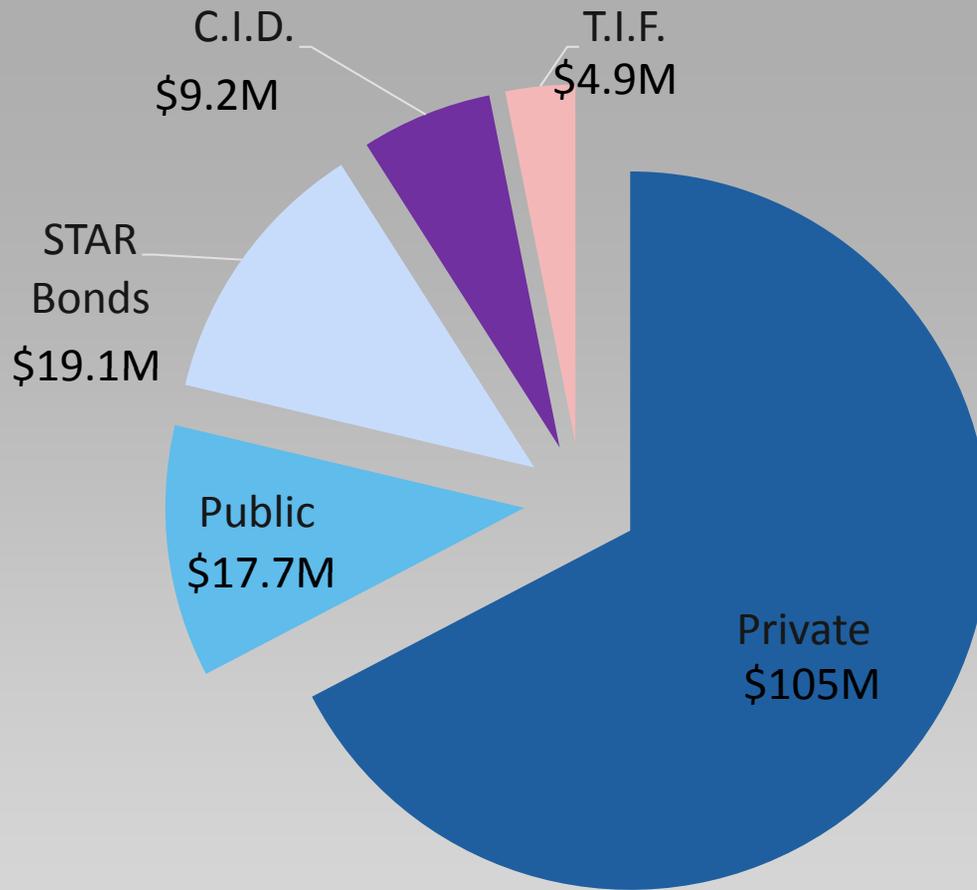
**-Proceeds Deposited in C.I.D.  
Fund(s)**

**-Additional Sales Taxes  
Collected**

**-New C.I.D. Sales Tax Rate  
Authorized**

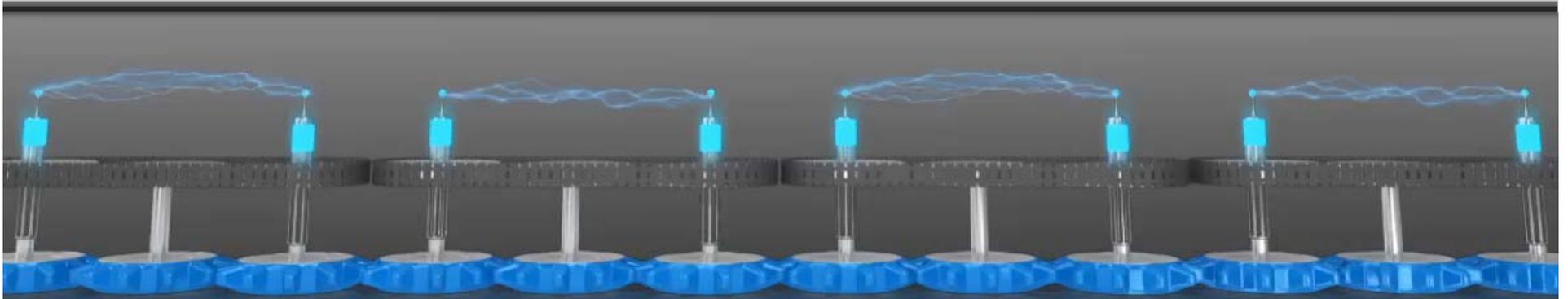
# STAR Bond Plan Funding Sources (Millions)

Due to Utility Relocation Expenses and reallocation of STAR Bond Reimbursements, the total funds reported on this slide exceeds the project total previously reported.





**Questions?**





DRAFT

STAR Bond Revenue Study  
Salina, Kansas

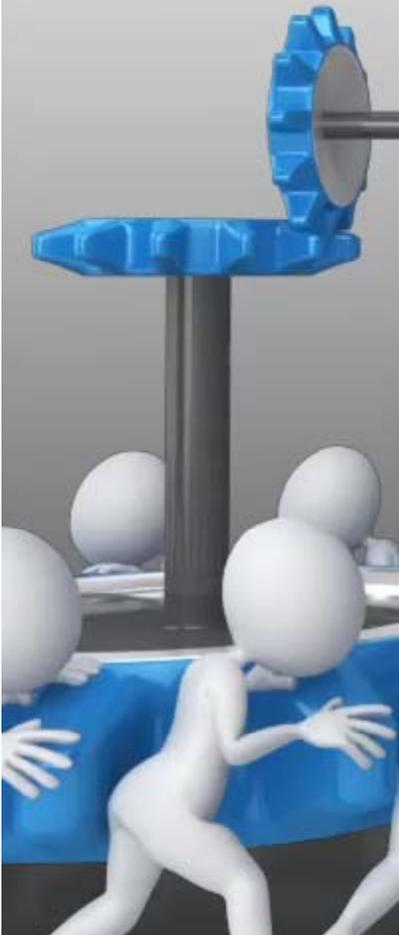
November 27, 2016



# Development Strategies Report

Propose: Project STAR Bond revenue & satisfy  
Dept. of Commerce submission requirements

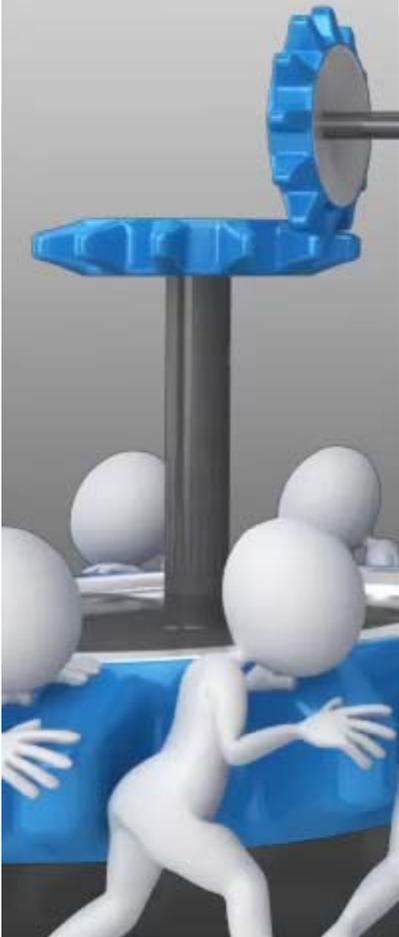
- Objective 3<sup>rd</sup> Party - Hired by the City
- **Draft** Report
- Submitted to DOC
- Prior to Bond Issuance:
  - Report will be finalized
  - Attached to bond prospectus
  - Provided to prospective bond buyers
- Final Report Will Contribute to Market  
Assessment of STAR Bond Issuance



# Development Strategies Report

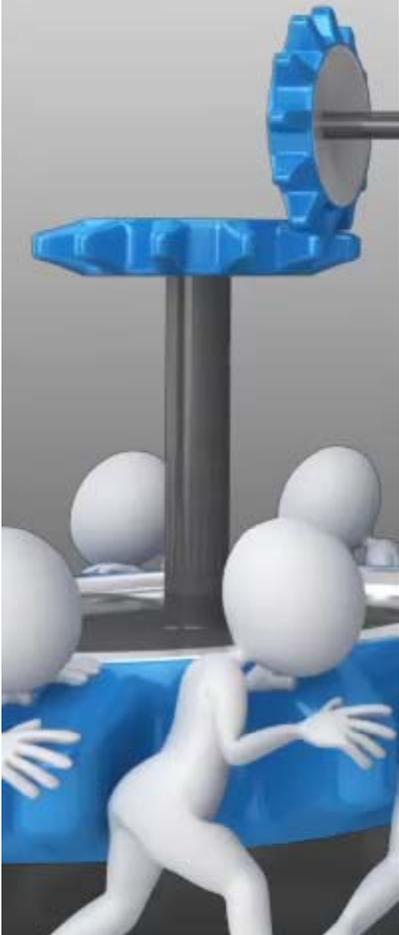
**Observations & Assumptions are Vitally Important:**

- Projects Available Revenue/Increment
- Impacts Ultimate STAR Bond Issuance Size
- Serves as Basis for Determination to Proceed



## Development Strategies' Approach

- Evaluated Each of the Main Anchors
- Identified Project Assumptions
- Conducted Market Analysis
- Prepared Sales Projections
- Estimated Flow of Eligible Tax Revenues
- Identified Nature of Projects
  - Assumes Construction Certainty
    - Contributes to STAR Bond Issuance Size
  - Assumes Future Growth
    - May Generate Revenue, but Not Certain Enough to Contribute to Bond Sizing



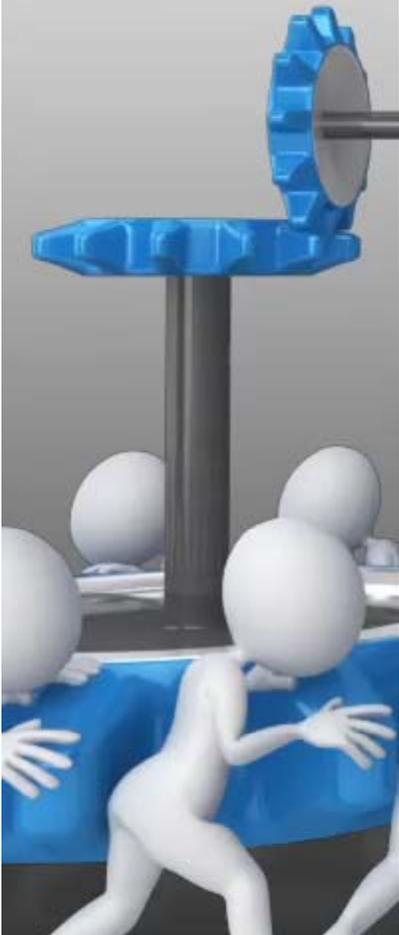
# Save-A-Lot

Observed:

- August 2015 – October 2016  
Retail Sales of \$2.82M
- DJL a Supermarket Consulting Firm estimates  
Average Save-A-Lot Sales are \$85K/Wk  
Compared to \$43K/Wk Actual Performance

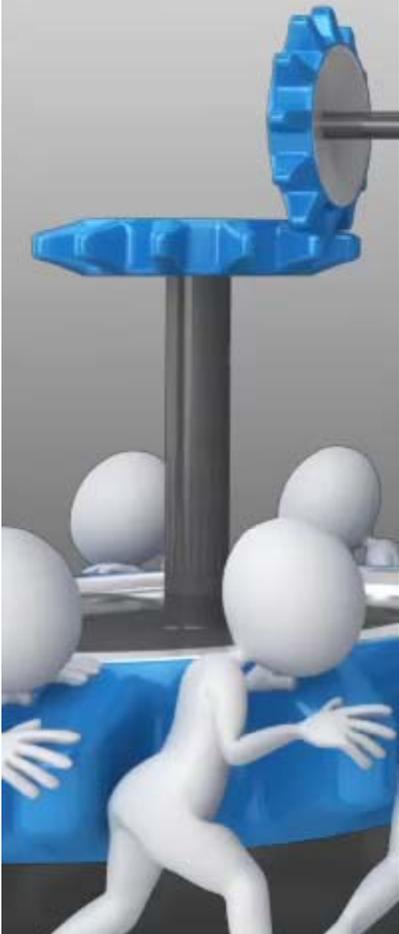
Assumed:

- 2% Annual Inflation Growth
- 5% Annual Sales Growth (Years 3-7)



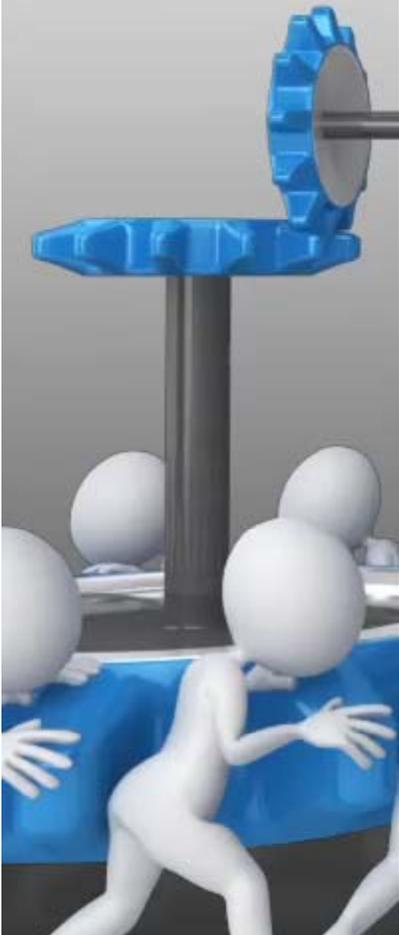
# Field House Project

- 5 Similar Facilities w/ 125 Miles
  - Wichita Hoops
  - Wichita Sports Forum
  - YMCA Farha Sports Center – Wichita
  - Sport Zone – Topeka
  - Lawrence Sports Pavillion
- Report Discusses:
  - Facility Details
  - No. of Tournaments Hosted
  - No. of Teams per Tournament
  - Percentage of Non-Local Teams



## Salina Field House Assumptions

- 26 Tournaments per Year (by Year 5)
- Average 46 Teams per Tournament (by Year 5)
- 68% of Teams Will Be Non-Local
- 8-12 Players per Team
- 12-30 Additional Spectators per Team
- Average Tournament Length of 2 Days
- Averaging High & Low = 50,000 Visitors Per Year
- Spending of \$89/Day per Person
  - \$28.33 / Person – Hotel Shared
  - Among 3 People
  - \$60.67 per Person – Meals, Shopping, Etc.
- 15% of Visitor Spending Captured in the STAR Bond District

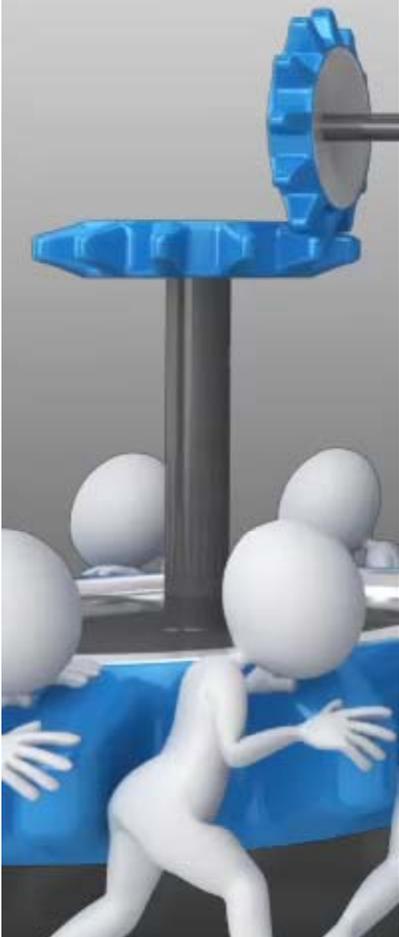


# Alley Project

- 6 Similar “Family Entertainment Centers” within 100 Miles
  - Jumpin’ Joes – Salina
  - The Alley – Hutchinson
  - The Alley – Wichita
  - Widgets Family Fun Center-Manhattan
  - All Star Sports West – Wichita
  - All Star Sports East – Wichita

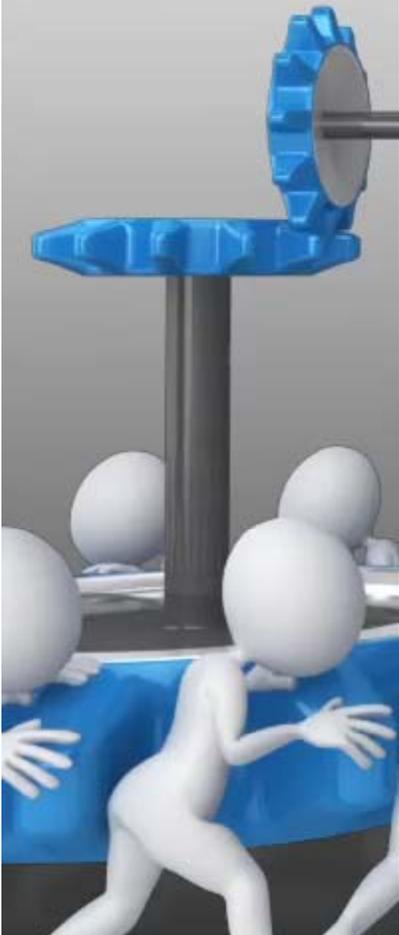
## Report Discusses:

- Facility Details
- Demand
- Patronage at Wichita & Hutchinson Alley Locations



## The Alley Assumptions

- Salina Demand Between Wichita & Hutchinson Numbers.
  - 130,000-150,000 Visits Per Year
- 80/20 Split Weekends & Weekdays
- 60/40 Split of Visitors w/l and Beyond 30 Miles
  - 85,800 Visits from Beyond 30 Miles Away
- Average Spending of \$27.97 per Person
- \$4M Annual Revenue
- No “Spillover Spending” was Assumed



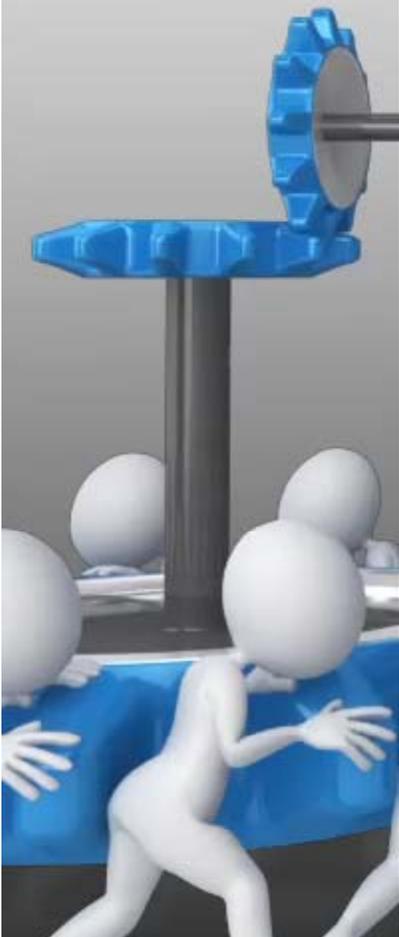
# Car Museum Project

## 6 Automobile Museums Within 225 Miles

- Museum of American Speed – Lincoln, NE
- Classic Car Collection – Kearney, NE
- KC Automotive Museum – Olathe, KS
- KC Classic Auto Museum – Lenexa, KS
- National Rod & Custom Car Hall of Fame  
Afton, OK
- Heart of Route 66 Auto Museum  
Sapulpa, OK

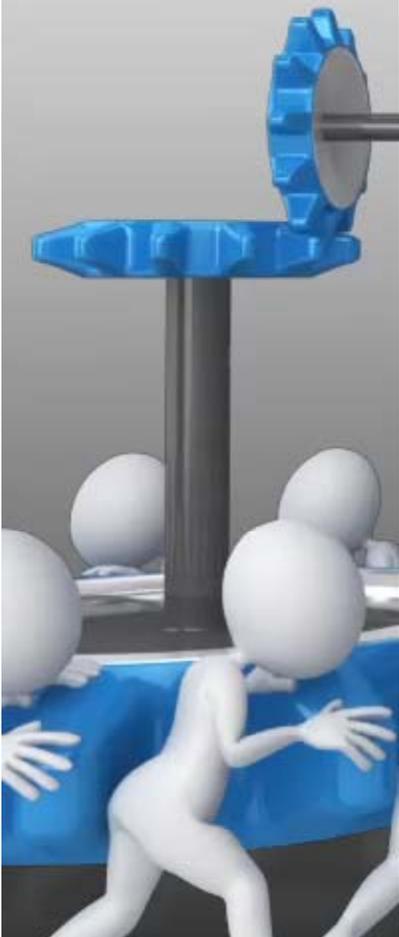
## Report Discusses:

- Size & Visitors / Year of Nearby 6
- Entrance Fees & Days of Operation  
of Other Additional Comparable Facilities



## Car Museum Assumptions

- 9,485 Total Visitors Per Year
  - 2,460 Local Visitors
  - 7,385 Non-Local Visitors
- Average Ticket Price - \$8.09
- Total Spending Per Person
  - \$21.72 Local
  - \$39.08 Non-Local
- Total Taxable Sales - \$342,000

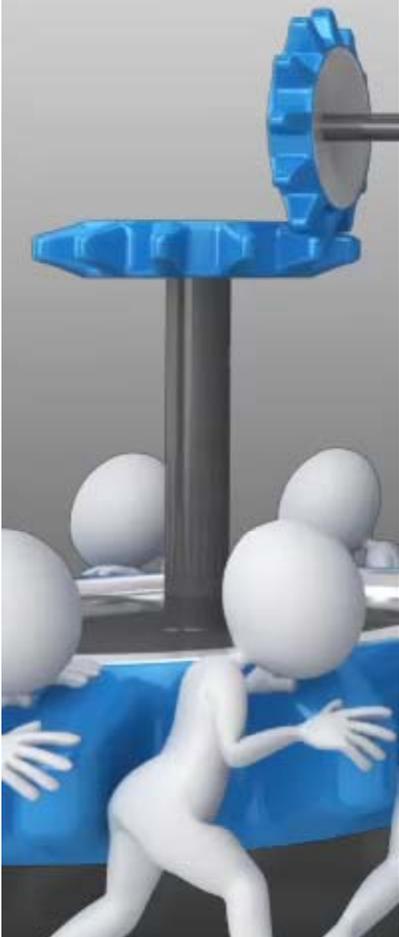


# Stiefel Theatre Project

- 4 Historic Theaters Within 150 Miles
  - The Cotillion – Wichita, KS
  - The Emporia Granada – Emporia, KS
  - Liberty Hall – Lawrence, KS
  - The Granada Theatre – Lawrence, KS

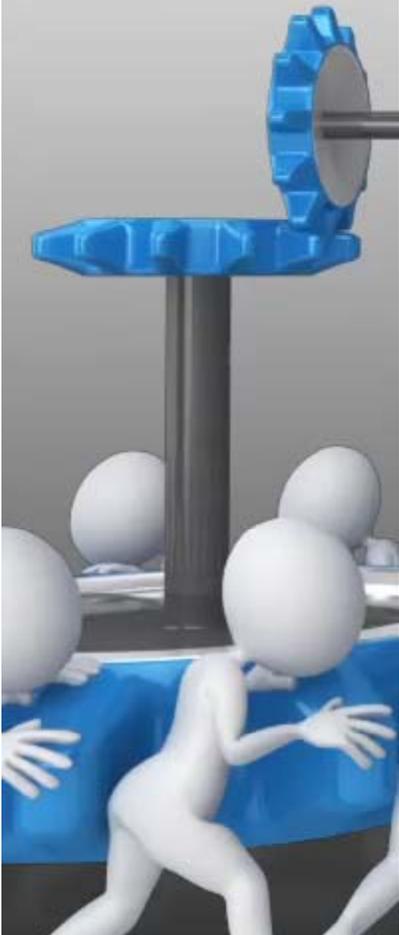
Report Discusses

Stiefel Demand & Schedule



# Stiefel Theatre Assumptions

- Theatre Renovations
  - Add More Usable Space
    - Including F&B Outlets
  - Possibly a Basement Venue
- 75 Events in 2015
- Grow 2 Events per Year for the Next 10 Years
- Grow 1,165 Additional Patrons / Yr
- 95 Events per Year in 2025
- 55,338 Attendance in 2025
- 26.6% Increase from 2015 to 2025
- 65% of Visitors from Outside Saline County
- Average Ticket Price of \$30
- Average Additional Spending
  - Local - \$21.72
  - Non-Local – \$39.08
- 20% Spending Capture Rate Downtown



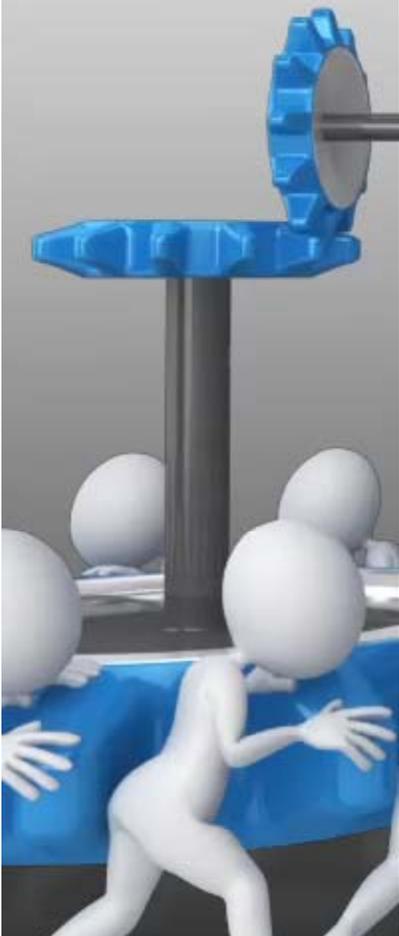
# Hilton Suites Project

## Supply Observations:

- Salina Offers a Healthy Range of Hotels & Motels
- Greatest Number of Hotels at I-135 & Schilling
- On 8/16 – 2,119 Hotel Rooms at 33 Properties
- 2 New Hotels to Add 214 Rooms

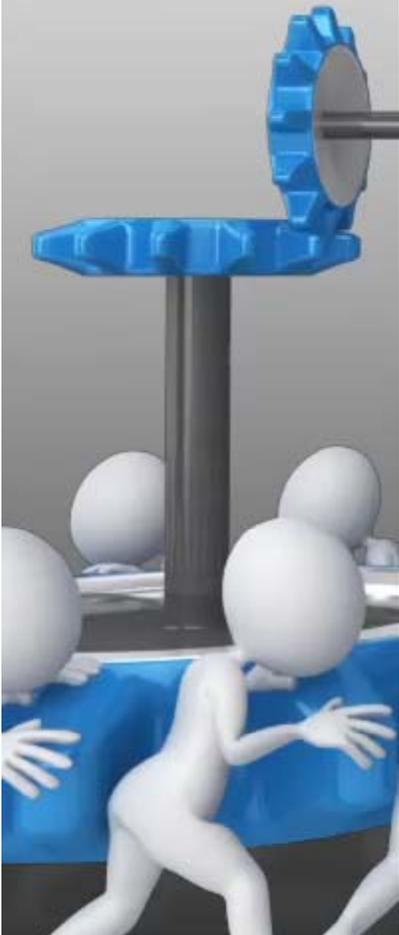
## Demand Observations:

- Effected by the Great Recession
- Estimate 580,000 Overnight Stays per Year
- 3 Main Drivers
  - Business Travel
  - Leisure / Tourism
  - Meetings & Groups
- 58% Occupancy City-Wide
- \$70 Average Daily Rate (ADR) City-Wide



## Hilton Suites Assumptions

- Downtown Hilton Suites
  - Appealing to Business Travelers
  - Appealing to Leisure Travelers Attending Downtown Events
- 41,400 Room Nights Generated by Downtown Plan
- Hotel Developer Predicts
  - 76.5% Occupancy
  - \$125.56 ADR (avg. daily rate)
- Developer Commissioned Targeted Analysis of the Following Salina Facilities:
  - Holiday Inn Hotel & Suites
  - Holiday Inn Express & Suites
  - Hampton Inn
  - Courtyard by Marriott
- Targeted Analysis Reported:
  - 72.2% Occupancy
  - \$104.38 ADR



## Hilton Suites Assumptions Continued

114 Rooms

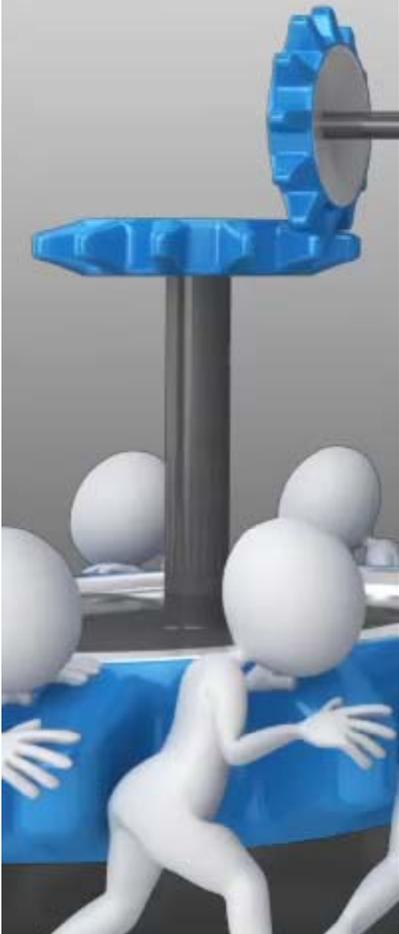
X 365 days

X \$125.56 ADR

X 76.5% Occupancy

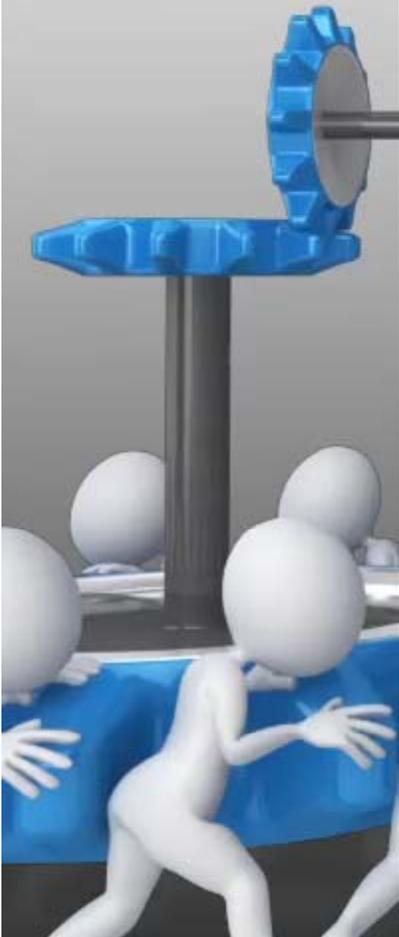
\$4M / Yr

- Both Sales Tax & Transient Guest Tax Rates Apply



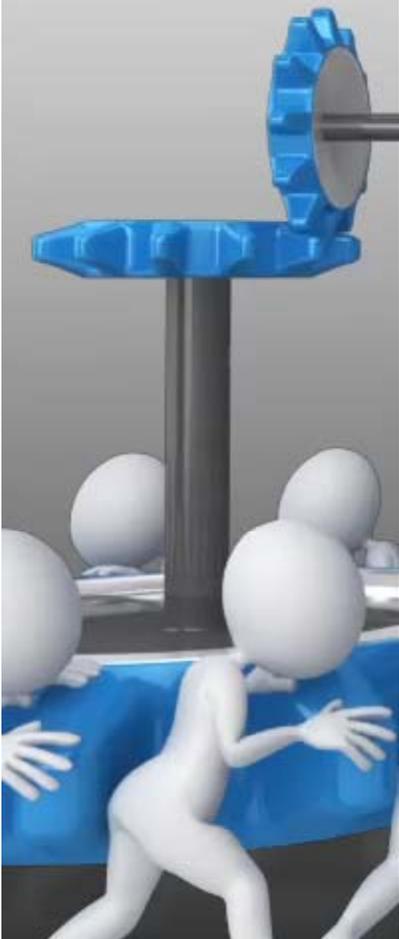
## Hotel Restaurant Assumptions

- Comparable to Houlihan's or Houston's
- Entrée Price Range - \$15-\$25
- \$2.5M Annual Sales



## Old Chicago Assumptions

- 8,600 sf Restaurant
- 975 sf Patio
- \$3.5M/ Yr Annual Sales (Provided by Developer Based on Garden City Performance)
- Annual Inflation 3%-5% / yr thru 2021



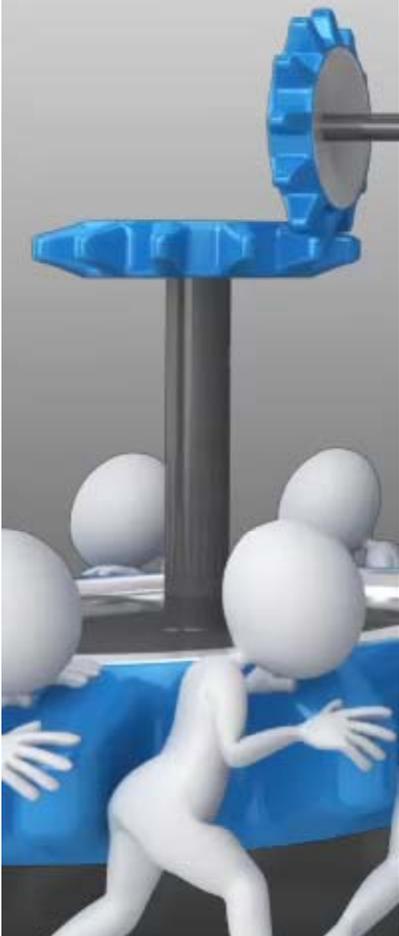
# Housing Assumptions

Acknowledges:

- Lee Building Renovation Project
- 32 Unit Apartments
- K.U. Med School Relocation – possible housing demand

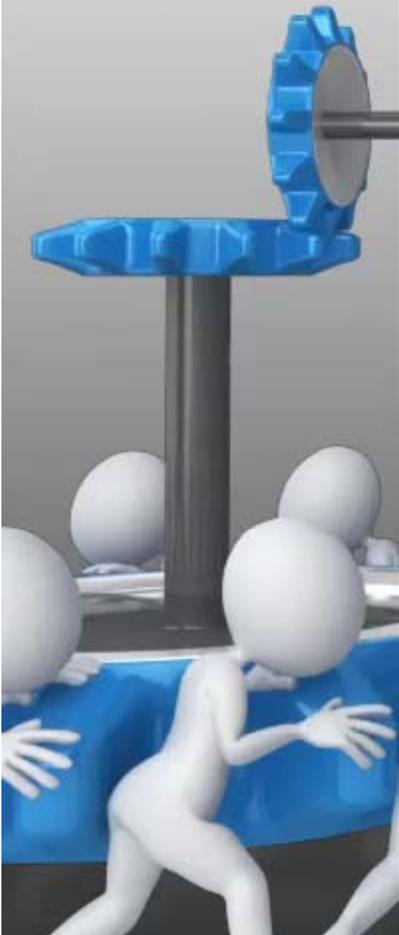
Notes Potential to Add New Residents

\*\*“For the purposes of estimating STAR Bond eligible revenue, the addition of new residents is not included in the model.”\*\*



## Conclusion

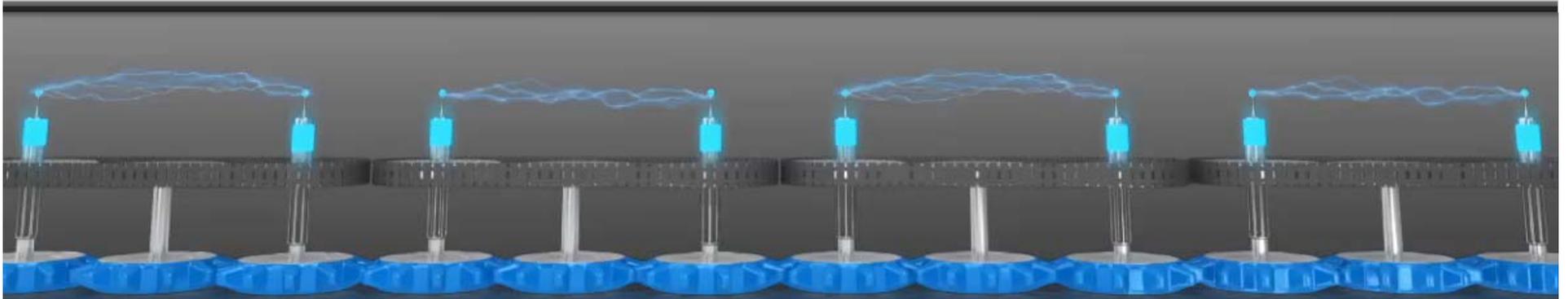
- District Attractions are Expected to Generate Off-Site Spending of:
  - \$2.6M – 2017
  - \$7.7M – 2036
- Downtown Capture Rate Assumed to Increase from 3.3% to 20%
- Total Net New Demand Assumed to Increase from:
  - \$1.3M – 2017
  - \$22.6M - 2036

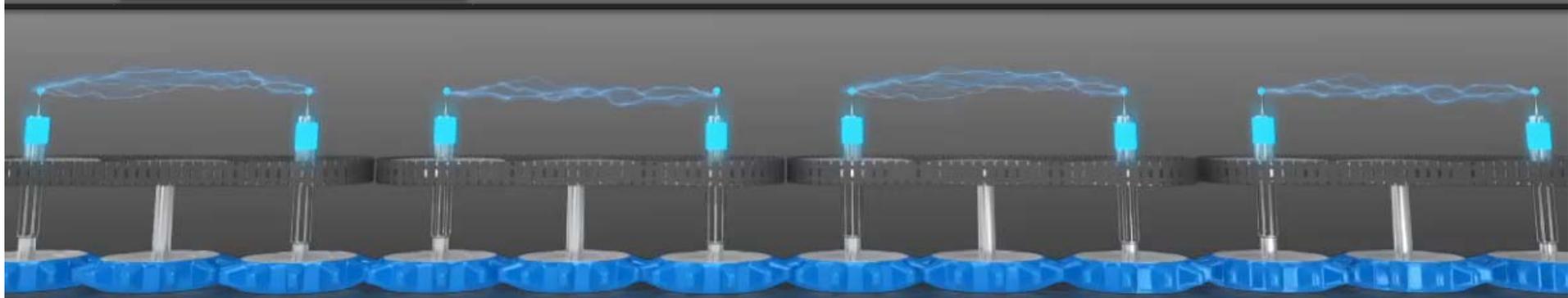
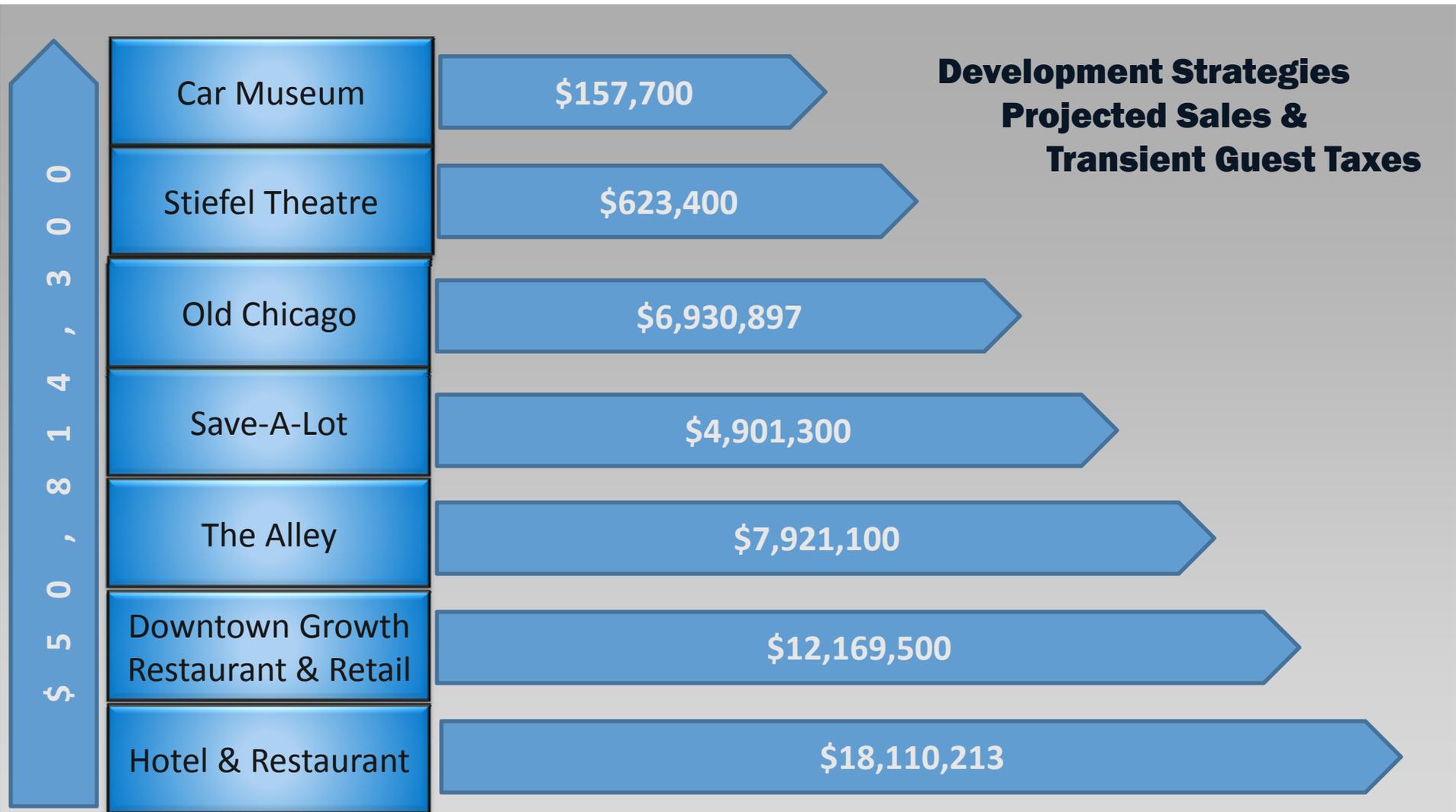




**Additional  
Underlying  
Assumptions**

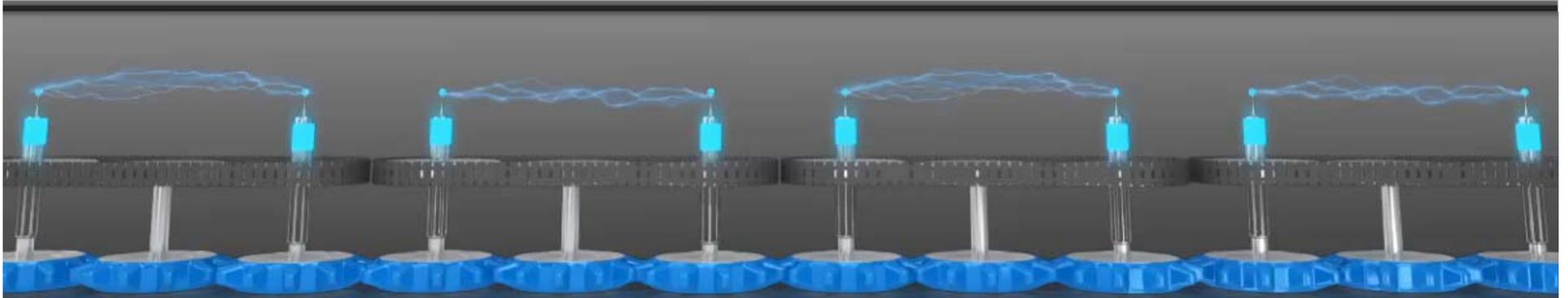
- ☼ **2.0% Inflation Rate Beginning in Year 2**
- ☼ **Alley, Hotel, Museum & Old Chicago Open Mid-2018**
- ☼ **Includes City's Increased Sales Tax Rate Effective 10/1/16**
- ☼ **25% Increase in Downtown Sales by 2023 due to Increased Visitation**





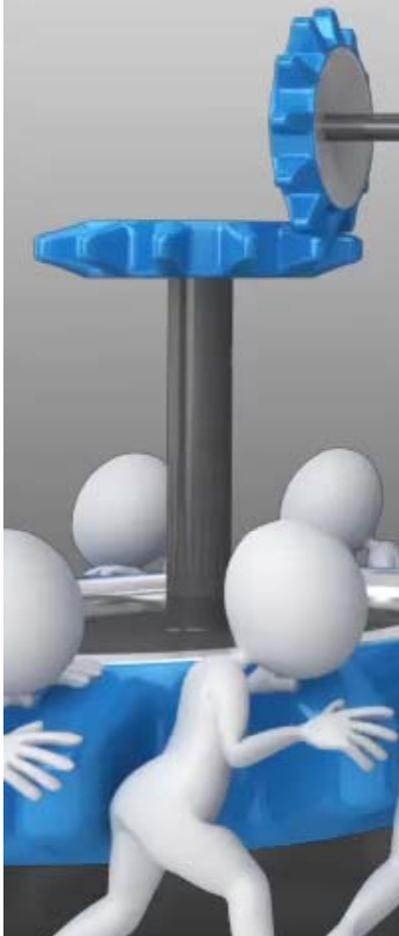


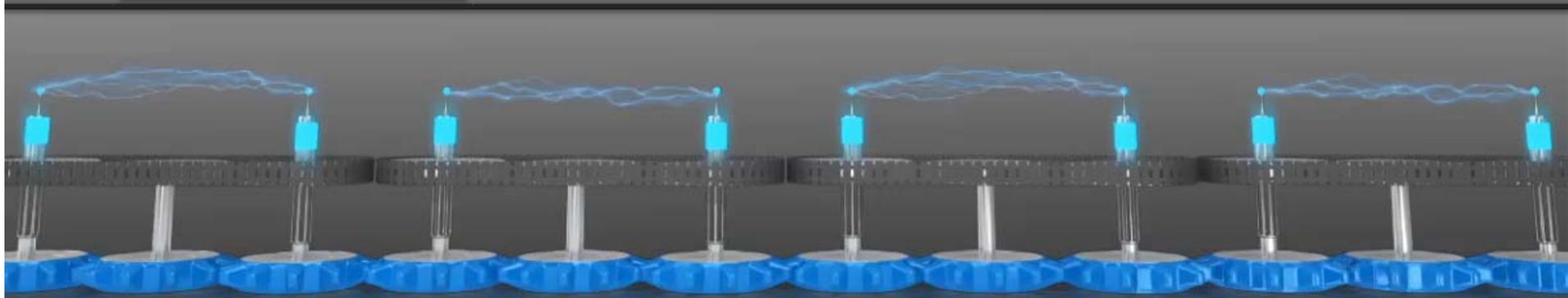
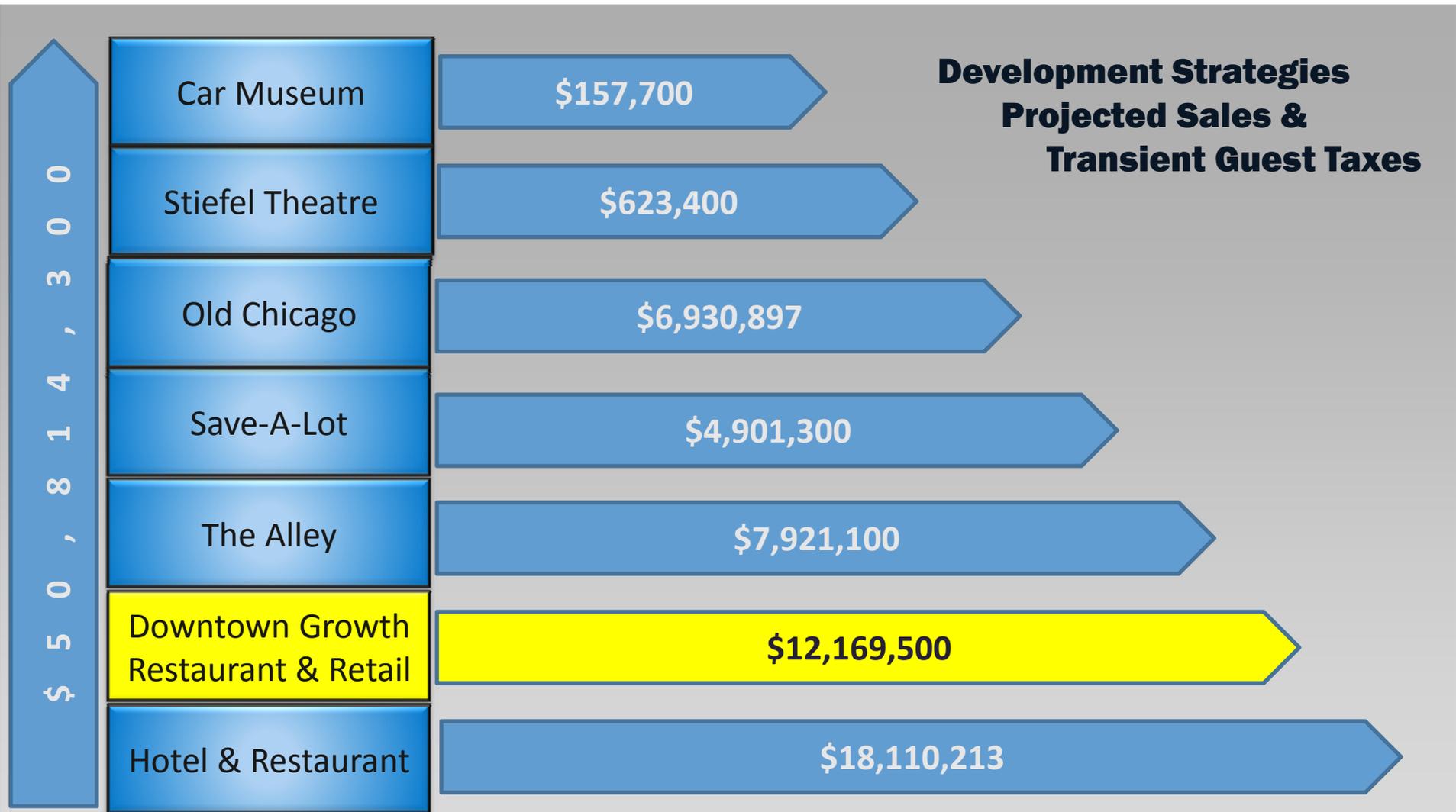
**Questions?**



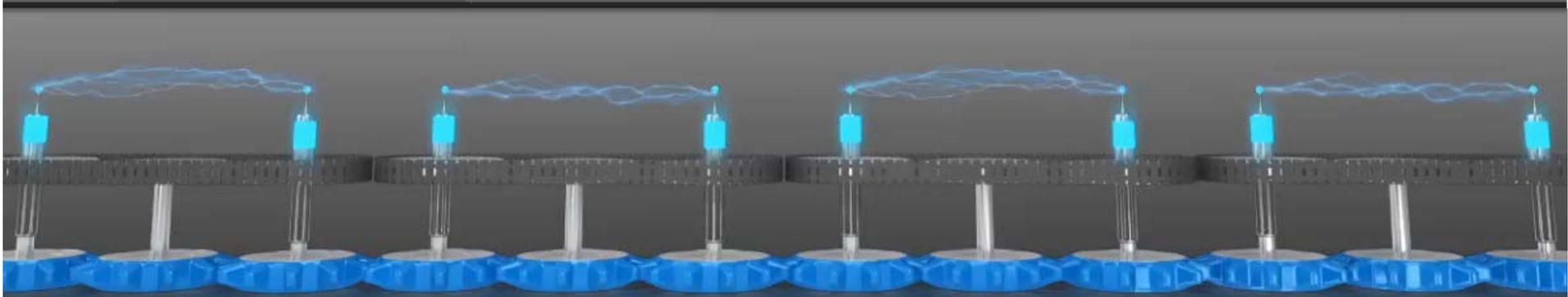
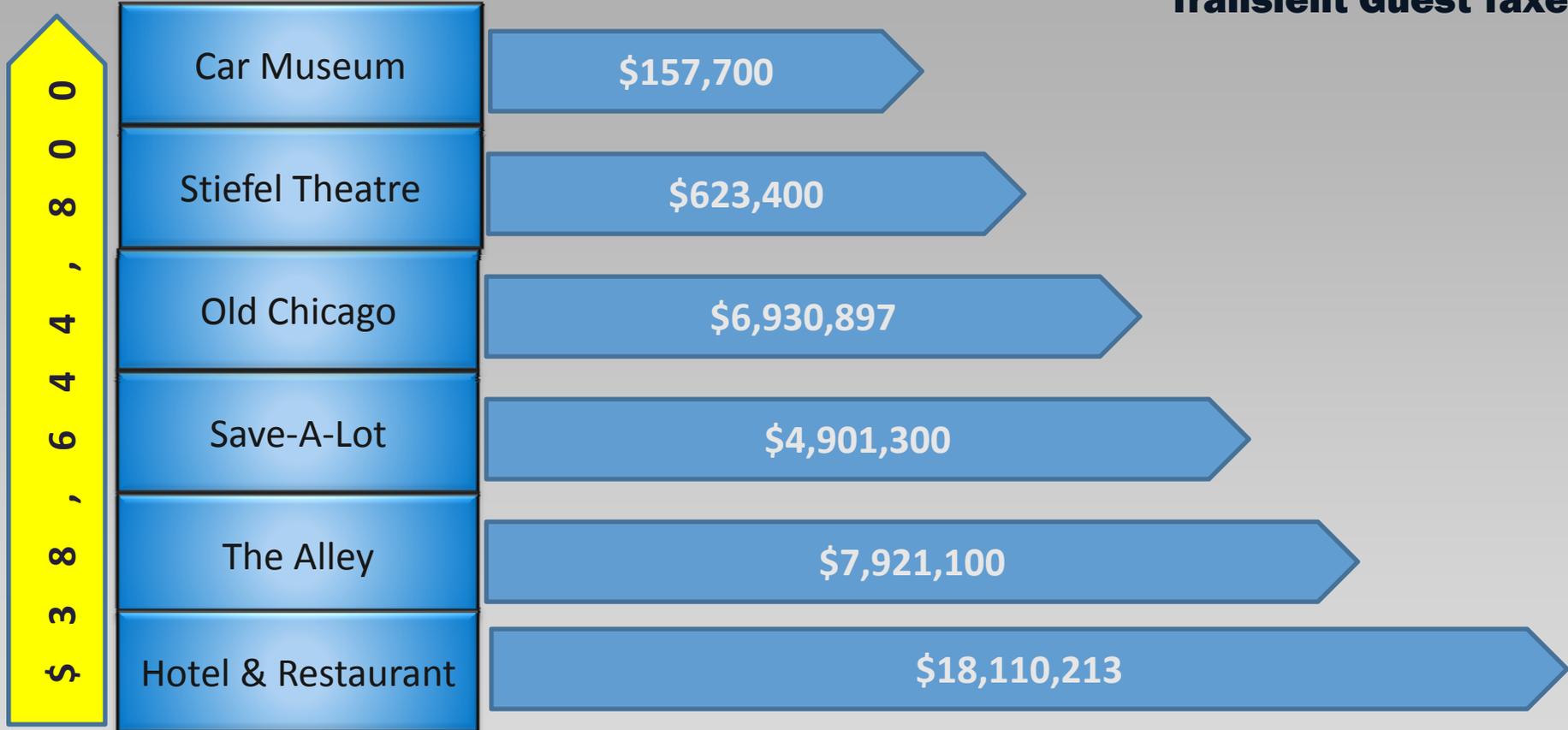
# STAR Bond Sizing

- Special Bond Counsel Engaged – Stifel
- General Observations:
  - Changing Market Conditions
  - Properly Structure the Bonds
  - Experienced & Capitalized Developers
  - Revenue Study / Projections
  - Experienced Bond Underwriter
  - Considered a Risky Investment
  - Vast Majority of Bonds Sold Upon Project Completion
- Project Specific Observations:
  - Debt Service Coverage 1.30-1.50
  - Need to Mitigate Construction Risk Prior to Bond Issuance
    - Guaranteed Maximum Price Contract
    - Pmt & Performance Bonds
    - Insurance Policies
    - Equity & Other Debt Commitments
    - Leases / Contracts
    - Deadlines & Liquidated Damages
    - Project Funds Held in Escrow



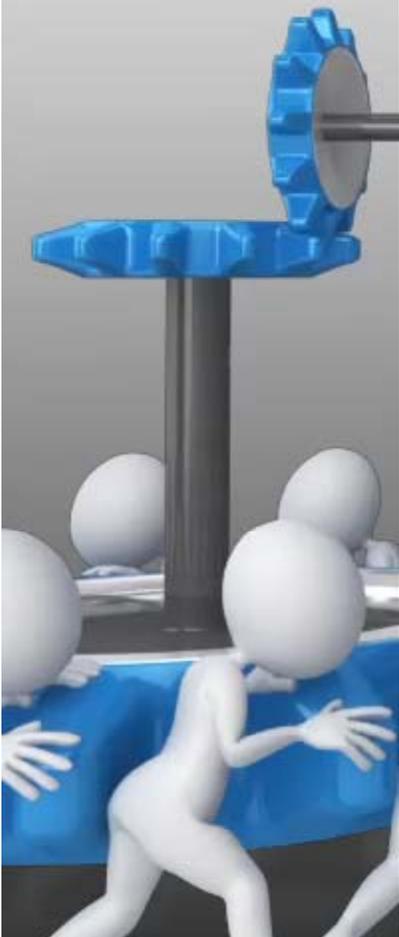


# Development Strategies Projected Sales & Transient Guest Taxes



## Estimated Bond Size

- Stifel Public Finance Hired as Special STAR Bond Financial Advisors
- Extremely Reluctant to Speculate At This Time
- Bond Issuance 18-24 Months from Now
- Several Unknown Variables
  - Market Conditions
  - Interest Rates
  - Project / Bond Design
  - Market Comfort / Receptivity / Confidence
  - Bond Coverage
  - Construction Certainty
  - Unbacked or Backed
  - “Construction Certainty”
    - “vast majority of non-rated development bonds are sold once a project is completed”



# Bond Sizing Scenario #1

## Unbacked Bond Issuance:

### Assumptions:

1.5 Coverage

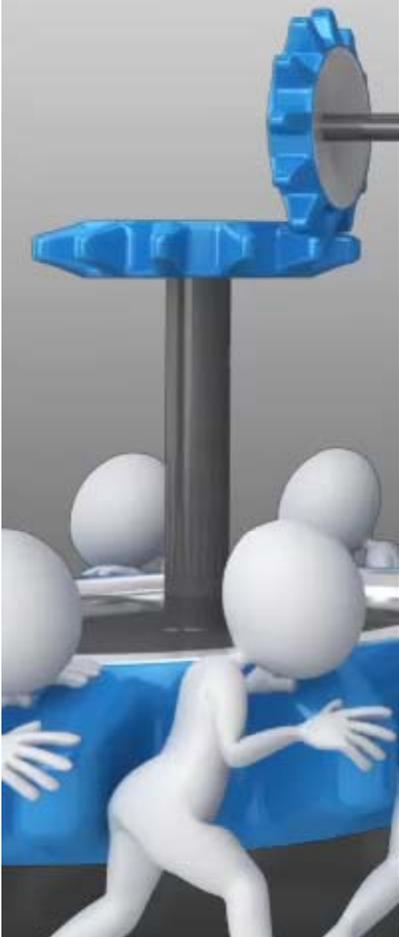
18 Months of Capitalized Interests

True Interest Costs of 5.20%

Total Bond Size – \$16,060,000

Project Funds Available - \$12,790,000

Shortfall (\$17.1M Total) - \$4,310,000



# Bond Sizing Scenario #2

## Maximum Amount Unbacked + City Backed

### Unbacked Bond Issuance:

#### Unbacked Assumptions:

- 1.5 Unbacked Coverage
- 5.20% True Interest Cost Unbacked
- 18 Months Capitalized Interest

Senior Bond Size - \$15,890,000

Senior Bond Project Funds Available - \$12,575,000

### City Backed Bond Issuance:

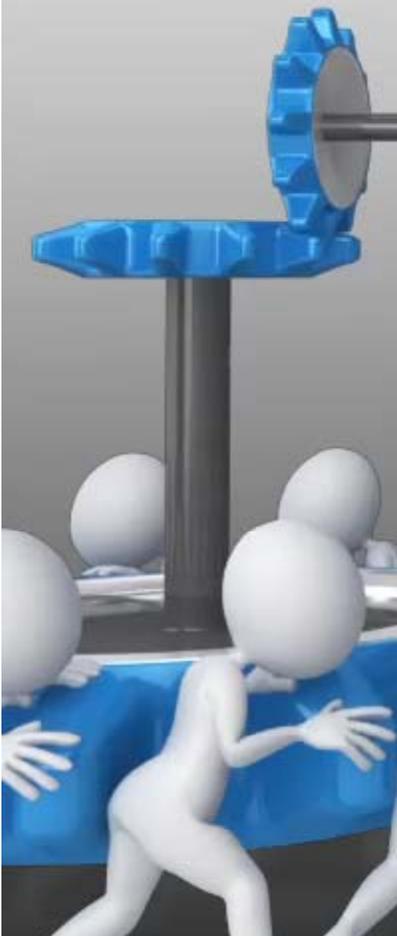
#### Backed Assumptions:

- 1.16 Average Backed Coverage
- 3.33% True Interest Cost Backed
- 18 Months Capitalized Interest

Subordinate Bond Size: \$4,655,000

Subordinate Bond Project Funds Available: \$4,525,000

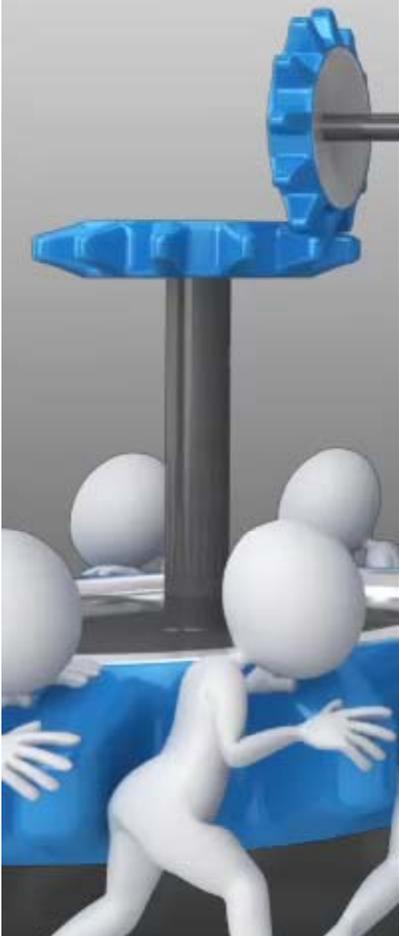
**Total Project Funds Available: \$17,100,000**



# City Backed STAR Bonds

## Municipal Advisor Observations:

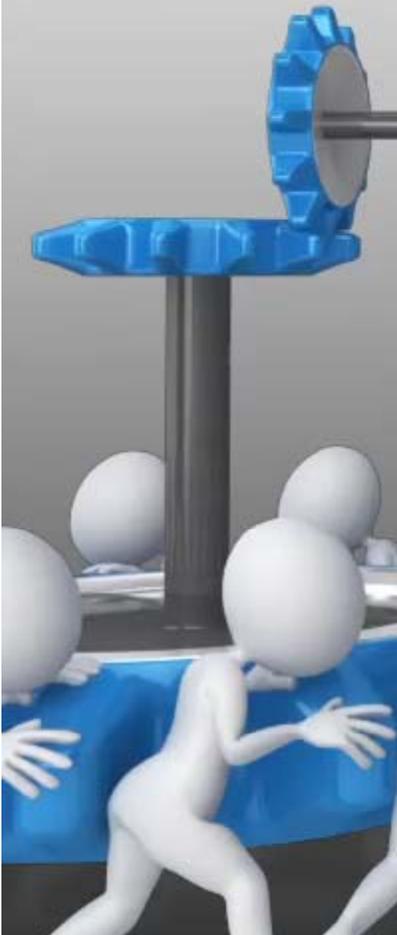
- City commits to fund any shortfall between STAR Bond revenues and mandatory principal and interest payments on bonds each year.
- Development agreement includes City commitment to \$17.1M minimum bond size
- Pledge would take the form of an “annual appropriation pledge” of city sales tax receipts. Any shortfall would have to come from the City’s other sales tax receipts.
- City must make a commitment each year (in the budget) to fund any shortfall up to the maximum amount of the commitment.
- This is a contingent liability because it is called upon only to the extent a shortfall actually occurs.



# City Backed STAR Bonds

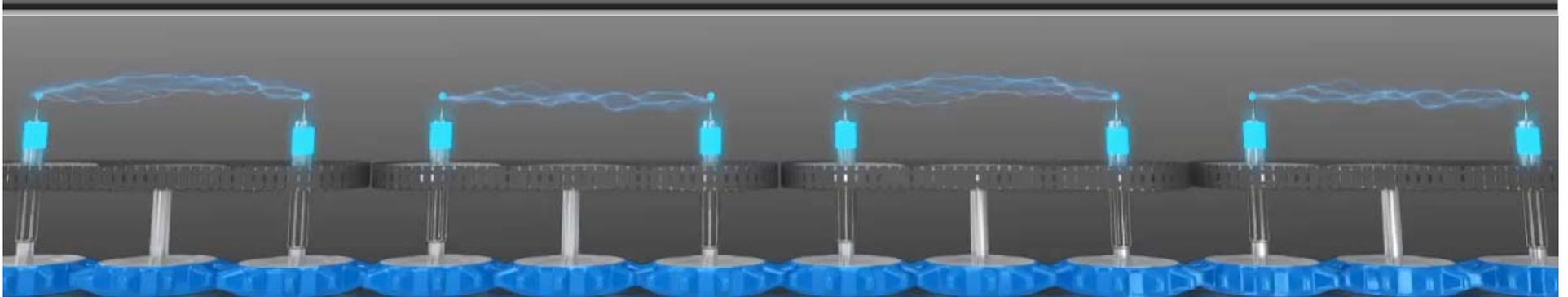
## Municipal Advisor Observations (Continued)

- Because this is a contractual commitment which must be approved each year it is not binding on a future Commission.
- At some point a future commission could refuse to make the appropriation.
- Even though a future commission could refuse to appropriate, investors believe City issuers have high ethical standards and will honor such commitments. Therefore, these commitments are often described as “moral obligations”.
- Investors are willing to buy the appropriation bonds because they understand that failure to make an appropriation for P&I would have a negative impact on the creditworthiness of the appropriating entity.
- These commitments are often used by Cities to make long term commitments which may be associated with a bond or security offering but do not constitute general obligation debt and are not part of the City's statutory debt limit.





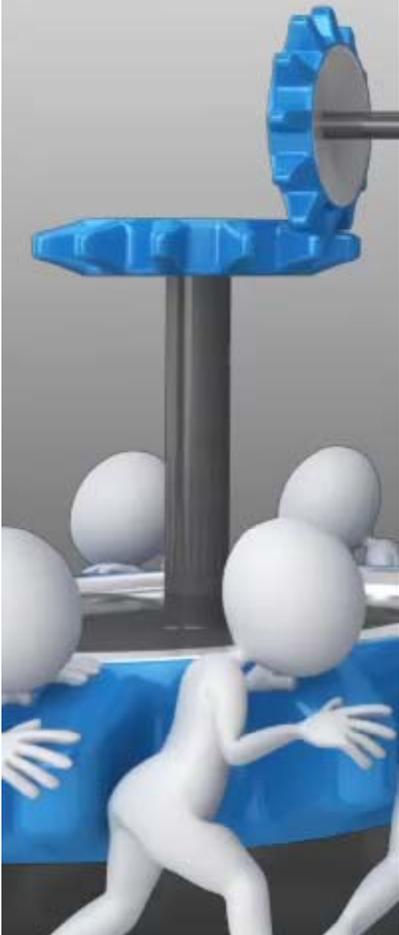
**Questions?**



# Development Agreement

## Scope of Project

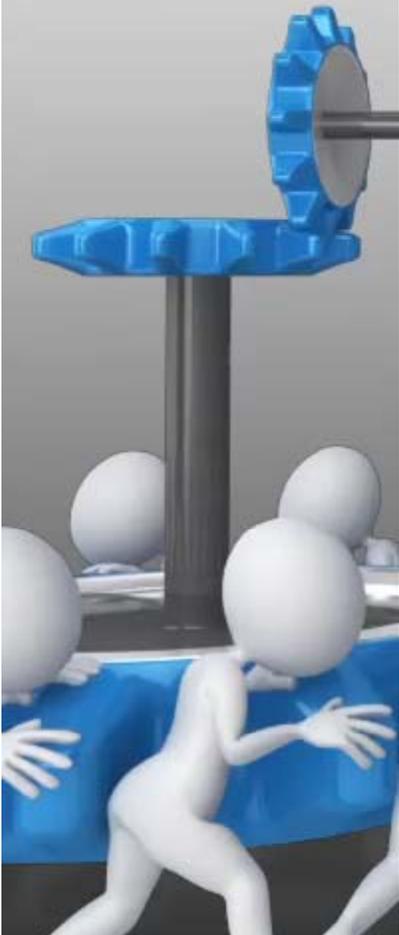
- Field House
- Car Museum
- Alley Project
- Hotel Project
- Market Rate Apartments
- Old Chicago Project
- Stiefel Theatre Improvements
- Streetscape & Public Infrastructure Improvements



# Development Agreement

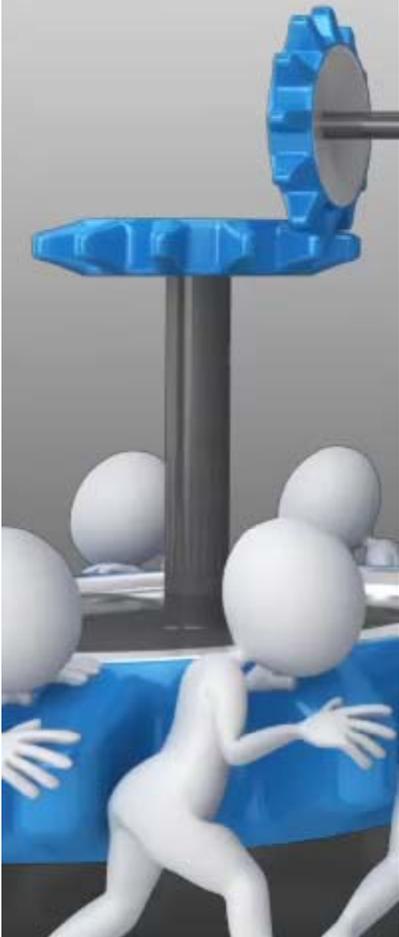
## Transferee Agreements

- Parties to the Development Agreement:
  - City of Salina
  - Salina2020, Inc., Master Developer
- “The Master Developer is not obligated nor will it design, construct, complete, own, operate or maintain any of the Project Components. “
- “The City and the Master Developer will jointly assign certain rights, duties, and obligations. . . to design, construct, complete, own, operate and maintain the Project Components” to Third Parties.



## Development Agreement

- “**Transferee Agreement**” . . . means those agreements entered into between Third Party Developers, the City and the Master Developer through which portions of this Agreement will be assigned to such Third Party Developers for development of the various Project Components.
- Development schedules for the Project Components other than the Field House & Streetscape shall be as agreed upon by the parties upon assignment of this agreement by Transferee Agreement.



**DOWNTOWN SALINA, KANSAS REDEVELOPMENT PROJECT DRAFT SOURCES AND USES - \$10.1M NET STAR BONDS - DECEMBER 2016**

CATEGORY	TOTAL COST	STAR BOND ELIGIBLE COSTS	STAR BOND PROHIBITED COSTS	TIF LEASE	CID USBS (POWERPLANT CIG)	CID USBS (POTENTIAL ONLY CIG)	CID USBS (ALLEY ONLY CIG)	FUNDED BY PROBLE			TOTAL INCENTIVES
								OTHER PUBLIC SOURCES	UNIDENTIFIED	OTHER	
<b>Arts</b>											
Acquisition	\$ 715,000	\$ 715,000	\$ 715,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Design	\$ 270,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,000
Sitework	\$ 827,728	\$ 827,728	\$ 827,728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building Improvements	\$ 4,287,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 428,676	\$ -	\$ 3,858,991	\$ -
<b>Total</b>	<b>\$ 6,100,403</b>	<b>\$ 1,642,728</b>	<b>\$ 1,642,728</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 428,676</b>	<b>\$ -</b>	<b>\$ 3,858,991</b>	<b>\$ 2,271,602</b>
<b>City Medical School</b>											
Acquisition	\$ 875,000	\$ 875,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 875,000
Building Improvements	\$ 1,125,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,125,000
<b>Total</b>	<b>\$ 1,999,999</b>	<b>\$ 875,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,999,999</b>
<b>City Museum</b>											
Acquisition	\$ 360,000	\$ 360,000	\$ 360,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Design	\$ 450,000	\$ 450,000	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sitework	\$ 245,000	\$ 245,000	\$ 245,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building Improvements	\$ 3,825,000	\$ 3,825,000	\$ 3,825,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 4,880,000</b>	<b>\$ 4,880,000</b>	<b>\$ 4,880,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,880,000</b>
<b>Feedhouse</b>											
Feedhouse Acquisition	\$ 883,000	\$ 883,000	\$ 883,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parking Acquisition (RCA Lot & Revnet Lot)	\$ 950,000	\$ 950,000	\$ 950,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Design	\$ 1,208,156	\$ 1,208,156	\$ 422,361	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 785,795	\$ -
Feedhouse Utility Installation	\$ 730,000	\$ 730,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 730,000
Feedhouse Parking Sitework	\$ 675,000	\$ 675,000	\$ 675,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Feedhouse Building Improvements & Sitework	\$ 8,894,000	\$ 8,894,000	\$ 8,894,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Feedhouse Feedhouse	\$ 45,000	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000
Feedhouse Pkg	\$ 662,000	\$ 662,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 662,000
Feedhouse Contingency	\$ 279,227	\$ 279,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,227
<b>Total</b>	<b>\$ 12,406,383</b>	<b>\$ 12,406,383</b>	<b>\$ 8,894,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,825,000</b>	<b>\$ 4,507,383</b>
<b>Home</b>											
Home Acquisition	\$ 945,000	\$ 945,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 945,000
Home Parking Acquisition	\$ 1,427,000	\$ 1,427,000	\$ -	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627,000
Design	\$ 366,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,500
Home Sitework	\$ 1,819,200	\$ 1,819,200	\$ 443,074	\$ -	\$ -	\$ -	\$ 479,190	\$ -	\$ -	\$ -	\$ 697,026
Home Parking Sitework	\$ 650,000	\$ 650,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,000
Home Building Improvements	\$ 13,653,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 330,776	\$ -	\$ -	\$ -	\$ 13,653,361
<b>Total</b>	<b>\$ 18,859,840</b>	<b>\$ 4,841,200</b>	<b>\$ 443,074</b>	<b>\$ 800,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 809,966</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,282,627</b>
<b>Law Buildings</b>											
Acquisition	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Sitework	\$ 140,000	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,000
Building Improvements	\$ 17,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,500,000
<b>Total</b>	<b>\$ 18,040,000</b>	<b>\$ 440,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,040,000</b>
<b>Medical Student Housing</b>											
Acquisition	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sitework	\$ 270,000	\$ 270,000	\$ -	\$ -	\$ 370,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building Improvements	\$ 2,485,000	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,085,000
<b>Total</b>	<b>\$ 3,255,000</b>	<b>\$ 770,000</b>	<b>\$ -</b>	<b>\$ 900,000</b>	<b>\$ 370,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,085,000</b>
<b>Hotel Building</b>											
Building Improvements	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
<b>Total</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500,000</b>
<b>Hotel Theater</b>											
Design	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Building Improvements	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
<b>Total</b>	<b>\$ 2,300,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,300,000</b>
<b>Sitework</b>											
Sitework Improvement/Design Costs	\$ 10,185,340	\$ 10,185,340	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,185,340
<b>Total</b>	<b>\$ 10,185,340</b>	<b>\$ 10,185,340</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,185,340</b>
<b>Special Events / New Construction</b>											
Market Square New Construction Acquisition	\$ 10,324,913	\$ 10,324,913	\$ -	\$ 2,858,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,466,913
Building Improvements	\$ 20,825,450	\$ -	\$ -	\$ -	\$ 2,786,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,039,450
<b>Total</b>	<b>\$ 31,150,363</b>	<b>\$ 10,324,913</b>	<b>\$ -</b>	<b>\$ 2,858,000</b>	<b>\$ 2,786,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,506,363</b>
<b>Sitework/Design</b>											
Other Project Components - Design	\$ 1,354,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,354,026
Geotechnical/Environmental/Soil/Grade Inspections	\$ 148,000	\$ 148,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,000
Land Planning	\$ 200,000	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,702,026</b>	<b>\$ 348,000</b>	<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,354,026</b>
<b>Soft Costs</b>											
Water Developer Legal/Accounting	\$ 350,000	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
City Legal/Accounting	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Leasing/Show Commissions	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800,000
Opening Costs (Signs, Inventories, Pre-Opening)	\$ 1,000,000	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700,000
Project Management	\$ 589,508	\$ 172,867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 416,641
Construction/Owner	\$ 604,000	\$ 277,467	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,533
Planning Fees	\$ 500,000	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,000
Construction Interest	\$ 5,000,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000
Insurance	\$ 850,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000
Downfall Maintenance and Security	\$ 2,800,000	\$ -	\$ -	\$ -	\$ 2,800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 12,815,518</b>	<b>\$ 3,880,467</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,800,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,015,051</b>
<b>Other</b>											
Costs for Buildings/Renovations	\$ 9,750,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,750,667
Developer Fees	\$ 1,267,086	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,267,086
Separation Assistance	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Contingency (Not Included in Feedhouse/Sitework)	\$ 7,100,000	\$ 2,388,775	\$ 660,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 8,048,775
<b>Total</b>	<b>\$ 19,617,753</b>	<b>\$ 3,388,775</b>	<b>\$ 660,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,446,775</b>
<b>GRAND TOTAL</b>	<b>\$ 151,241,345</b>	<b>\$ 53,879,804</b>	<b>\$ 18,100,000</b>	<b>\$ 4,878,000</b>	<b>\$ 7,286,000</b>	<b>\$ 1,000,000</b>	<b>\$ 428,676</b>	<b>\$ -</b>	<b>\$ 118,037,667</b>	<b>\$ -</b>	<b>\$ 33,262,427</b>

# Project Budget Exhibit M

- Individual Project Budgets
- Funding Sources in Addition to STAR Bonds
  - T.I.F.
  - C.I.D.(s)
  - Public Investment
  - Private Investment
- \$33.3M of Misc. Design, Soft Costs & Other

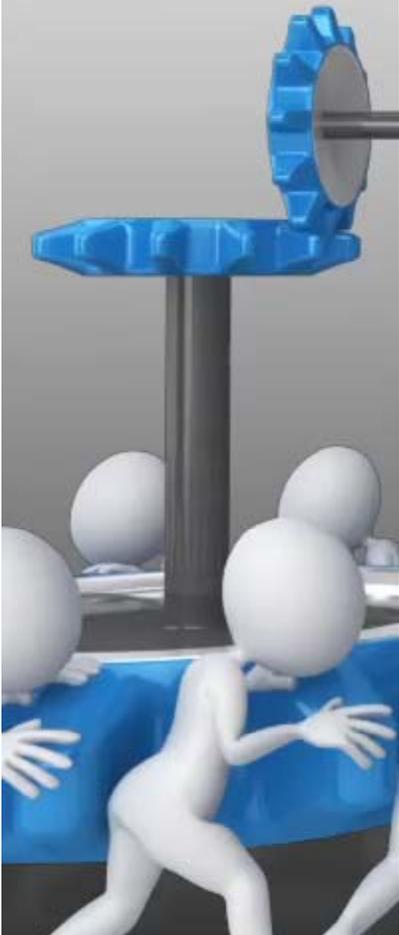
# Development Agreement

## City Construction of Project Components

- Field House & Off-Site Parking
- Streetscape w/water line upgrade (\$10.1M-\$12.1M+)
- Hotel Utilities-relocation (\$250K)
- Alley Utilities-relocation (\$175K)

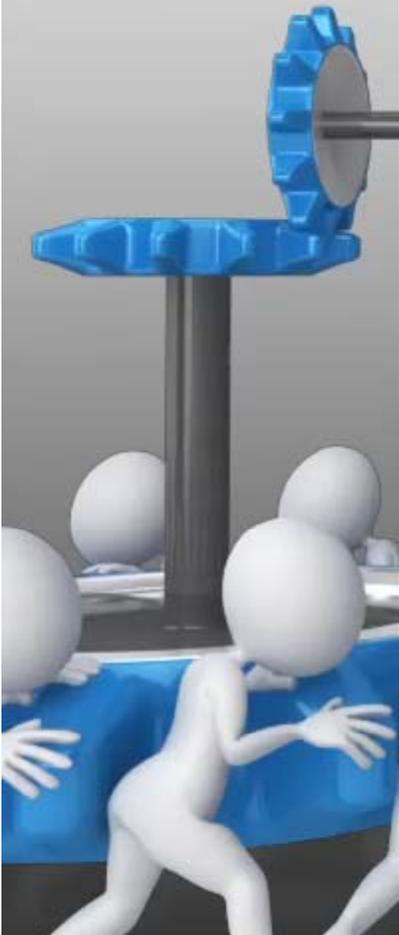
## Additional Contributions:

- Car Museum Land Transfer
- Hotel & Alley Vacations



## Project Milestones

- Field House – Commence No Later Than 10/1/2017
- Streetscape Design Contract – “Prior to or Contemporaneous With”:
  - Hotel Transferee Agreement
  - Alley Transferee Agreement
  - Old Chicago Transferee Agreement
  - Due to the need to complete the streetscape prior to the private projects, it will be necessary to begin streetscape prior to private projects
- Streetscape Phase I Construction Upon:
  - Completion of Design
  - Hotel, Alley, Old Chicago TAs
  - Ability to Satisfy Kansas Cash Basis Law



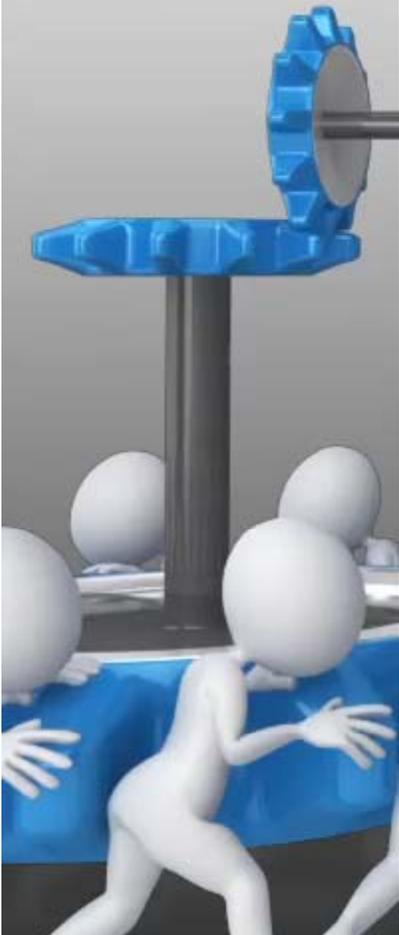
# Project Milestones

## Streetscape Construction

- Diligently & Continuously Pursue
- Phase II – No later than 30 days after Phase I Completion, Weather Permitting
- Shall Not Alter Access to First Bank Kansas

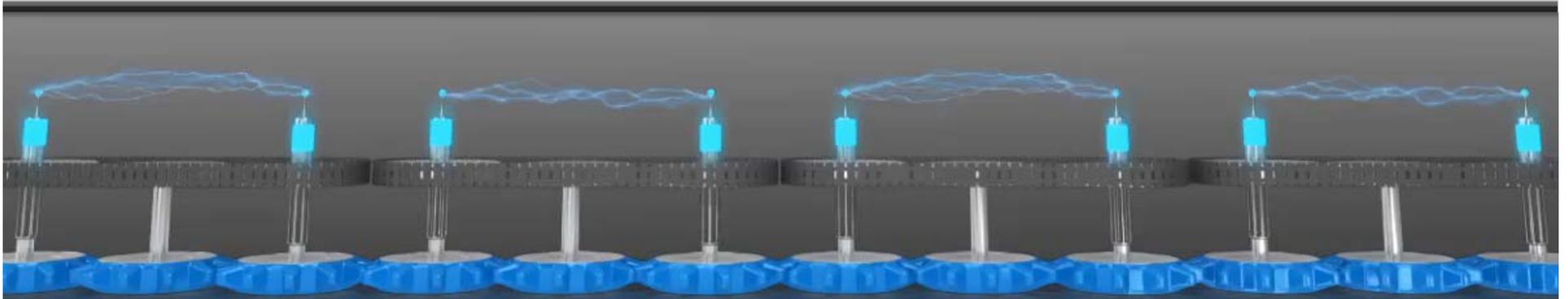
## All Other Projects

- As Agreed Upon in Future Transferee Agreements





**Questions?**



# STAR Bond Proceeds

\$17.1M - \$19.1M

Bond Financed – City Commitment to Back as Need to \$17.1M

City Reimb.  
\$9.625M

Alley  
\$1.4M

MD Land  
Planning  
\$200K

Hotel  
\$442K

Car Museum  
\$4.7M

Streetscape  
\$2.0M

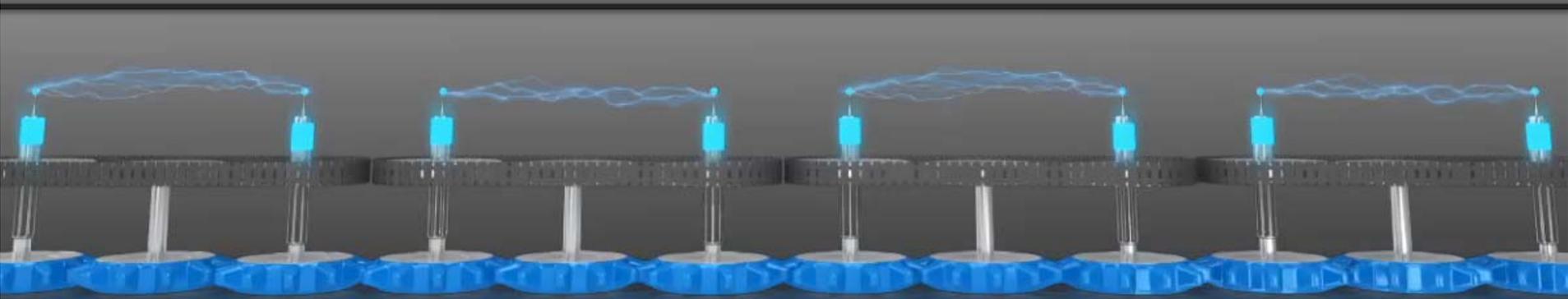
Stiefel Th.  
\$2.0M

Hotel  
\$1.0M

FH Parking  
\$1.625M

Streetscape  
\$5.0M

Note:  
\$5.0M – Streetscape Reimb.  
+ \$1.625M – Fieldhouse Reimb.  
\$6.625M – City funds available for streetscape



# Tax Increment Financing Proceeds

\$4,878,660 est.

PAYGO Funding

18.3%

Hotel TIF Fund

\$800K

+5% Int

21%

Apt. TIF Fund

\$920K

+5% Int.

6.9%

Old Chi. TIF Fund

\$300K

+5% Int.

53.8%

New Bus. TIF Fund

Costs

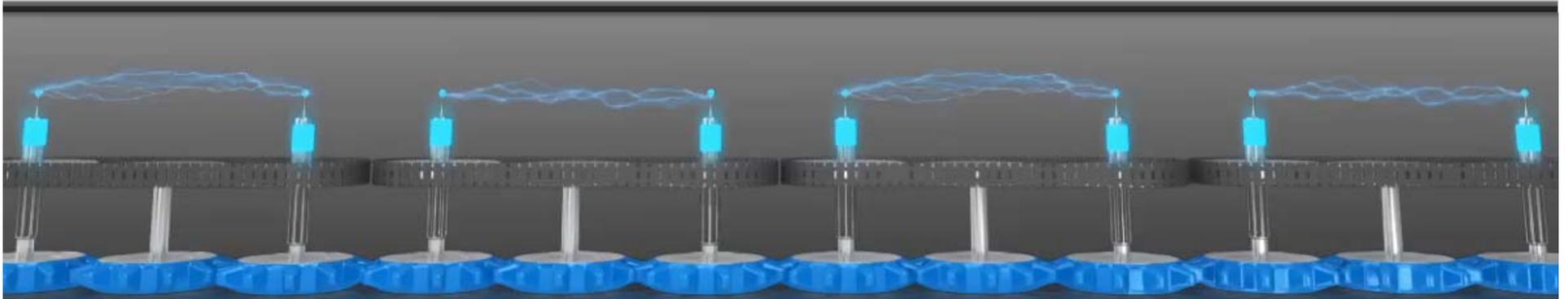
+5% Int.

If Fund terminates due to:

- 1.) full funding,
- 2.) project does not move forward, or
- 3.) termination,

balance "shall be redirected into the New Business TIF Fund."

Collection Period – 20 Years



# Downtown Community Improvement District Proceeds

\$7,589,062 est.

PAYGO Funding

40.6%  
Maint, Sec & Prog  
\$2.8M

1.0%  
Old Chi  
\$50K  
+5% Int.

39.5%  
New Retail Imp.  
Costs  
+5% Int.

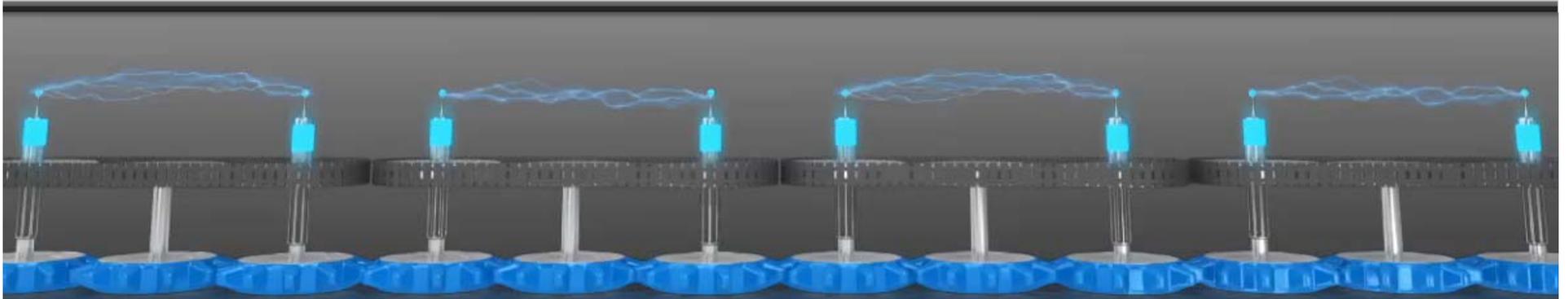
18.9%  
Exist. Retail Imp.  
Costs  
+5% Int.

If Fund terminates due to:

- 1.) full funding,
- 2.) project does not move forward, or
- 3.) termination,

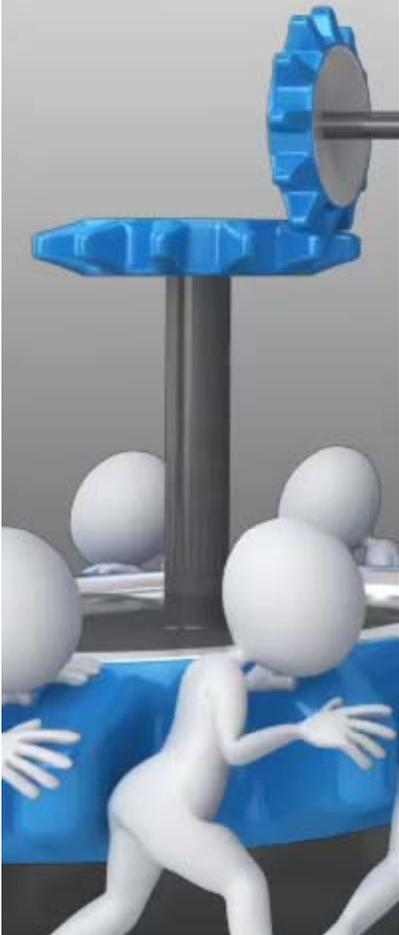
balance “shall be redirected into the New Retail CID TIF Fund.”

Collection Period – 20 Years



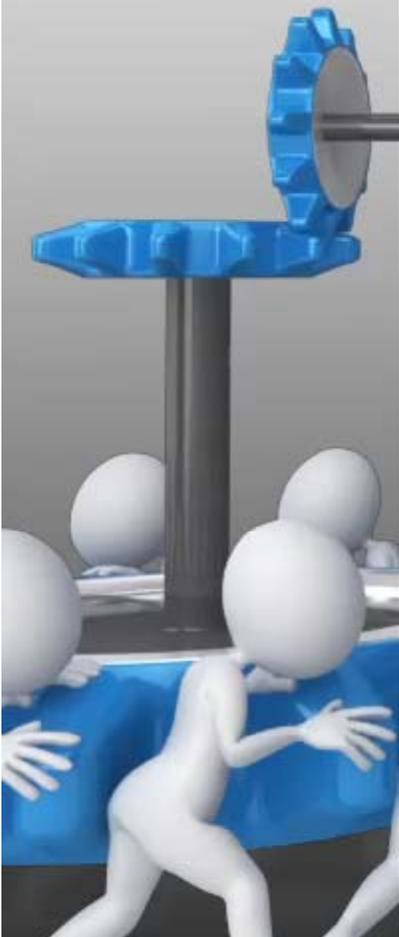
## Hotel CID Proceeds - PAYGO

- All Proceeds Placed On Deposit
- Reimburse Eligible Costs Incurred in Developing the Hotel Project
- Further Details in Transferee Agreement
- Collection Period – 22 Years



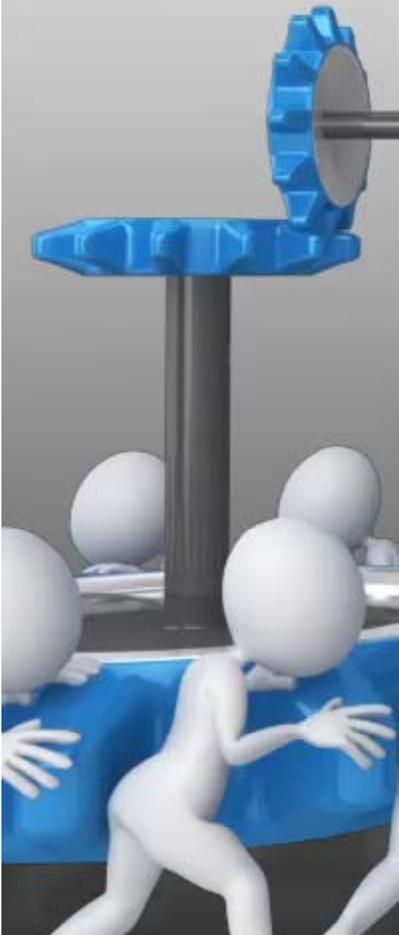
## Alley CID Proceeds - PAYGO

- All Proceeds Placed On Deposit
- Reimburse Eligible Costs Incurred in Developing the Alley Project
- Further Details in Transferee Agreement
- Collection Period – 22 Years



## Downtown CID Proceeds - PAYGO

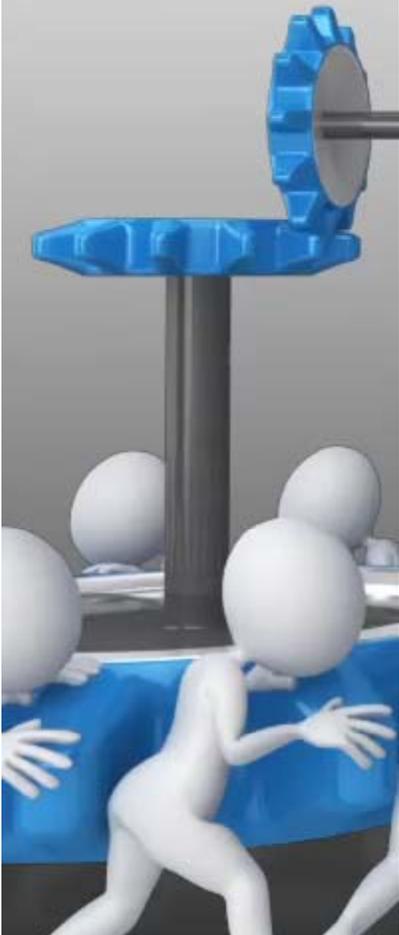
- All Proceeds Placed On Deposit
- Fund Costs Associated with Performance of Downtown Maintenance, Security & Programming
- Distributed Funds as Available per Development Agreement & Transferee Agreement Provisions
- \$2.8M est. Total Budget Over Life of District
- Further Details in Transferee Agreement



## Downtown CID Proceeds - PAYGO

### Development Agreement Provisions:

- Performed by Salina Downtown, Inc.
- City & Master Developer to Negotiate an Agreement with SDI
- SDI Shall Annually Submit
  - Audited Financial Statements,
  - Performance Report,
  - Plan & Budget for the Upcoming Year
- City & Master Develop Review and Approve or Deny Renewal
- In the Event of Denial, “City & Master Developer Shall Consult in Selection of an Alternative Party”



# Streetscape Project Funding

\$10,165,360 - \$12,165,360+

STAR  
\$0 - \$2.0M

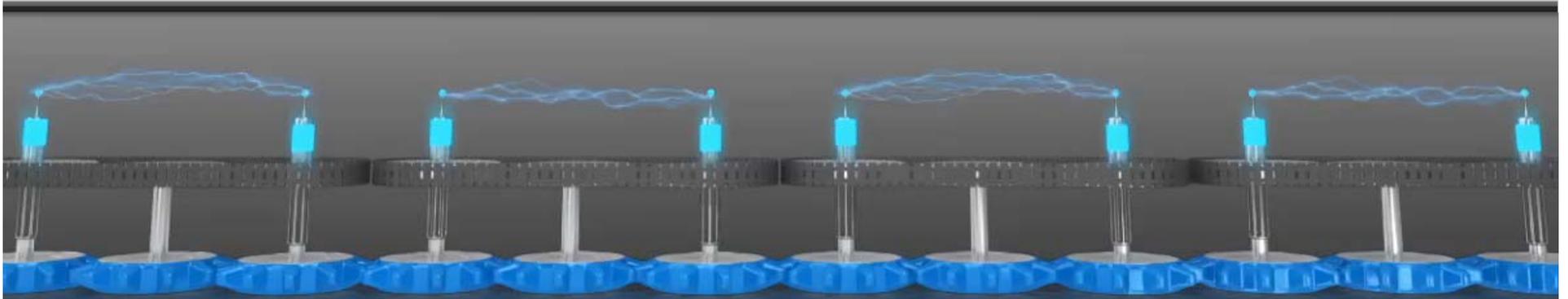
TIF  
None

CID  
None

City STAR Reimb.  
\$6.625M

Public Inv.  
\$3.5M –  
(minimum)

- Development Agreement Includes a Minimum City Commitment of \$10,165,360
- \$2.0M of STAR Bond Streetscape Funding is Lowest Priority
  - It is Uncertain Whether Sufficient Revenue Will be Generated to Support a \$19.1M STAR Bond Issuance Necessary to Fund \$2M of STAR Bonds for Streetscape Thereby Funding \$12.1M
- Remainder of City STAR Bond Reimbursement (\$6.625M) May Be Spent on Streetscape
- \$3.5M Additional Public Investment Needed to Fund \$10.1M Minimum Commitment



# Hotel Project

\$19,005,820

STAR  
\$442K

TIF  
\$800K

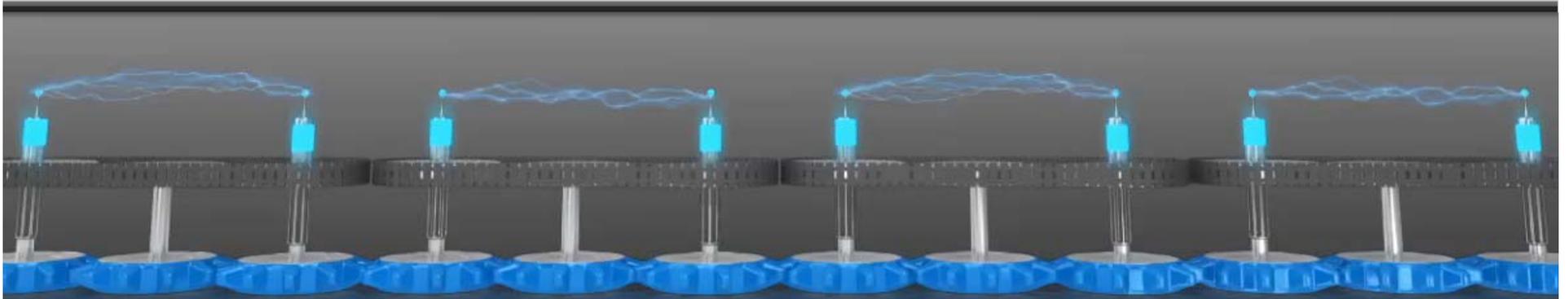
CID  
\$1M

CITY STAR  
Reimb.  
\$1.0M

City Utility  
Reloc.  
\$250K

Private  
Investment  
\$16.8M

- Commencement & Completion Dates in TA
- Will Not Commence Until:
  - City Commences Streetscape Phase I Construction
  - Alley & Old Chicago TAs Executed
  - Community Improvement Districts Have Been Established



# Alley Project

\$6,100,333

STAR  
\$1.6M

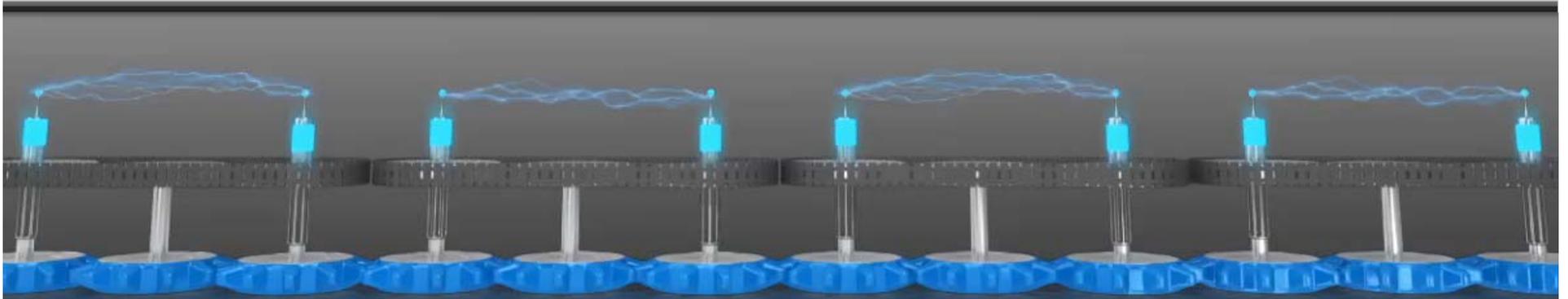
TIF  
None

CID  
\$628K

City Utility  
Reloc.  
\$175K

Private Inv.  
\$3.8M

- Commencement & Completion Dates in TA
- Will Not Commence Until:
  - City Commences Streetscape Phase I Construction
  - Hotel & Old Chicago TAs Executed
  - Community Improvement Districts Have Been Established



# Old Chicago Project

\$3,000,000

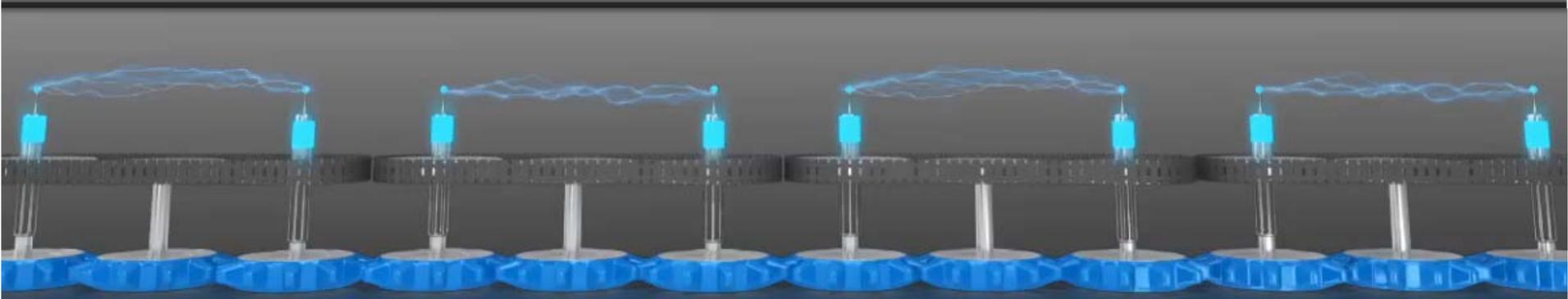
STAR Bonds  
None

TIF  
\$300K  
+5% Int

CID  
\$50K  
+5% Int

Private Inv.  
\$2.65M

- Commencement & Completion Dates to be Included in Transferee Agreement



# Car Museum Project

\$4,695,000

STAR  
\$4.695M

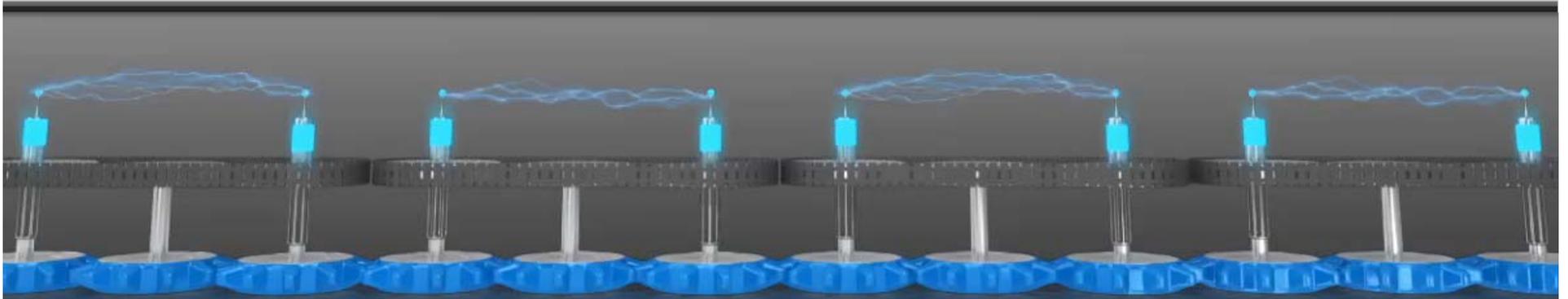
TIF  
None

CID  
None

City Parking Lot  
Donation  
\$?

Private Inv.  
None

- Commencement & Completion Dates to be Included in Transferee Agreement



# Stiefel Theatre Project Funding

\$2,200,000

STAR  
None

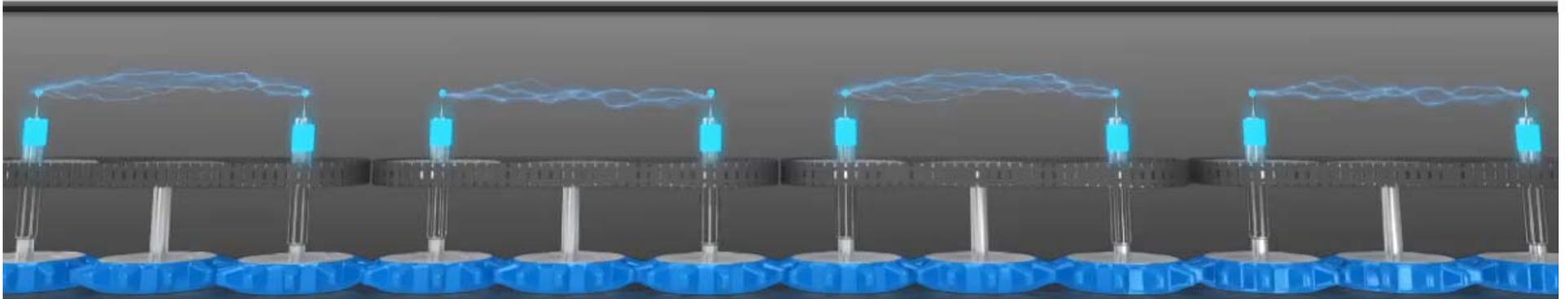
TIF  
None

CID  
None

City STAR Reimb.  
\$2.0M

Private Inv.  
\$200K

- Commencement & Completion Dates to be Included in Transferee Agreement



# Market Rate Apartments Project

\$3,485,600

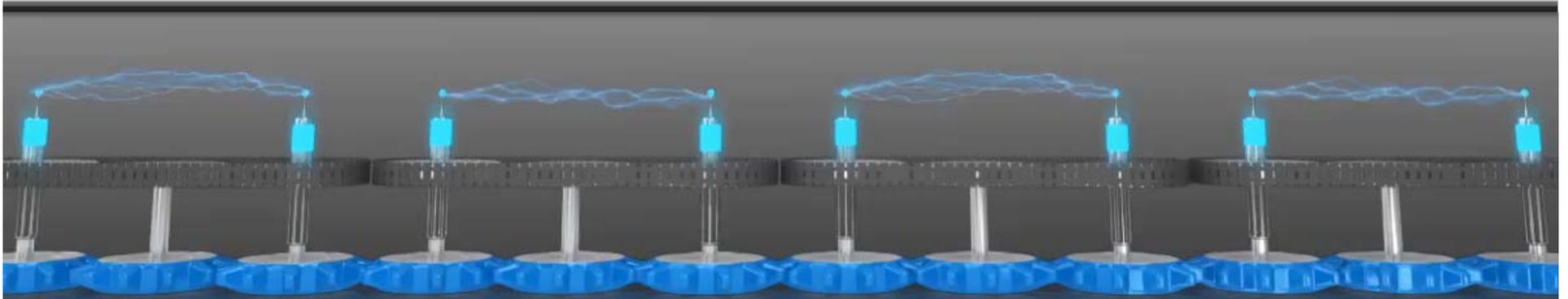
STAR Bonds  
None

TIF  
\$920K  
+5% Int

CID  
None

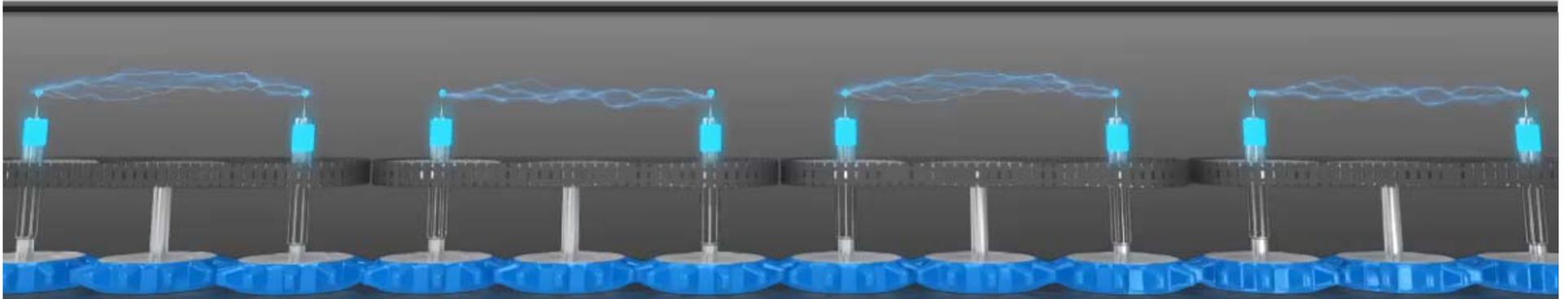
Private Inv.  
\$2.56M

- Commencement & Completion Dates to be Included in Transferee Agreement





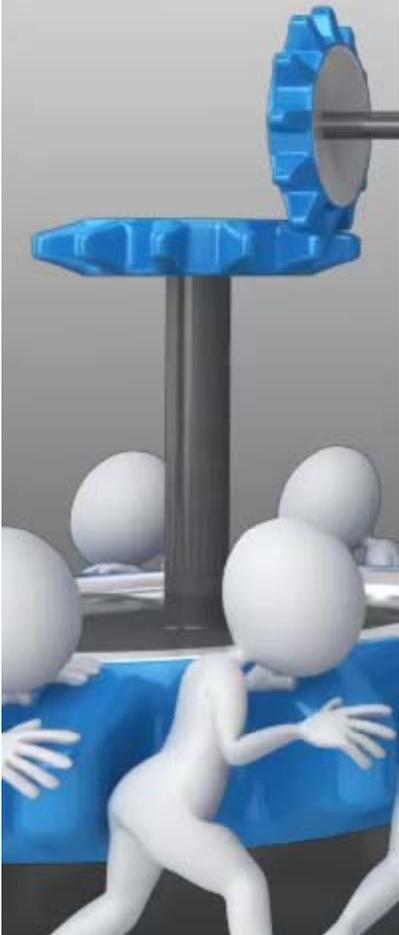
**Questions?**



# Industrial Revenue Bonds

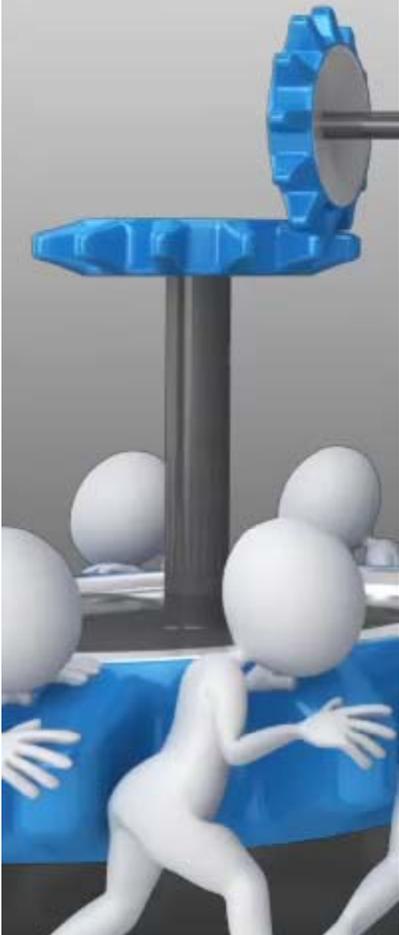
Cities & Counties Authorized to:

- Issue Bonds to Pay Costs of:
  - Purchasing, Acquiring, Constructing or Equipping Facilities for:
    - Agricultural
    - Commercial
    - Hospital
    - Industrial
    - Natural Resources
    - Recreational Development, and
    - Manufacturing Purposes
- And, to Enter Into Leases or Lease-Purchase Agreements for Such Facilities with Applicants for Property Tax Abatement



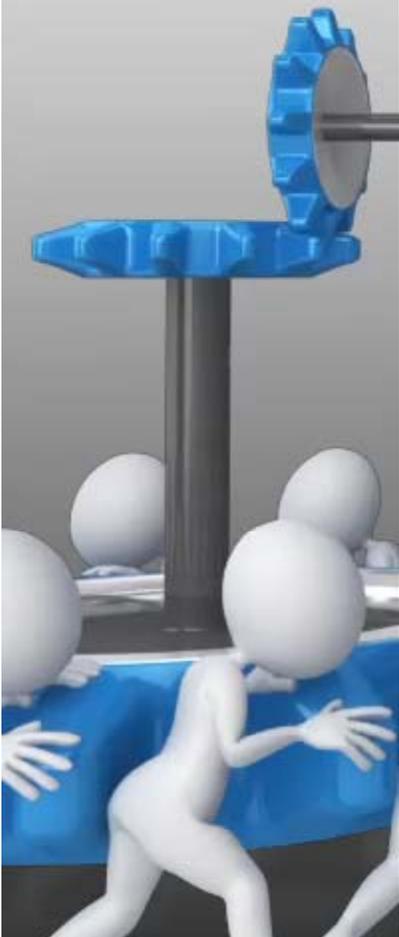
# Industrial Revenue Bonds

- Development Agreement Limits to:
  - Sales Tax Exemption on Construction Materials, Equipment & Furnishings
- Subject to State Laws & City requirements, agree to IRBs for:
  - Hotel
  - Car Museum
  - Alley
- Additional Requests May Be Considered on a Case-By-Case Basis.



## Neighborhood Revitalization Area

- District Currently in Place & Overlaps T.I.F. District
- Provides Tax Rebates up to 10 Years
- Projects Currently Qualified for Tax Rebates
- Conflicts with T.I.F. Property Tax Increment Capture
- Future Action – Repeal N.R.A. within the T.I.F. District
- Development Agreement Provides for Continued Payment of Active NRA Projects Until They Expire
- Payments to be made from property tax increment
- Upon expiration, increment captured by TIF



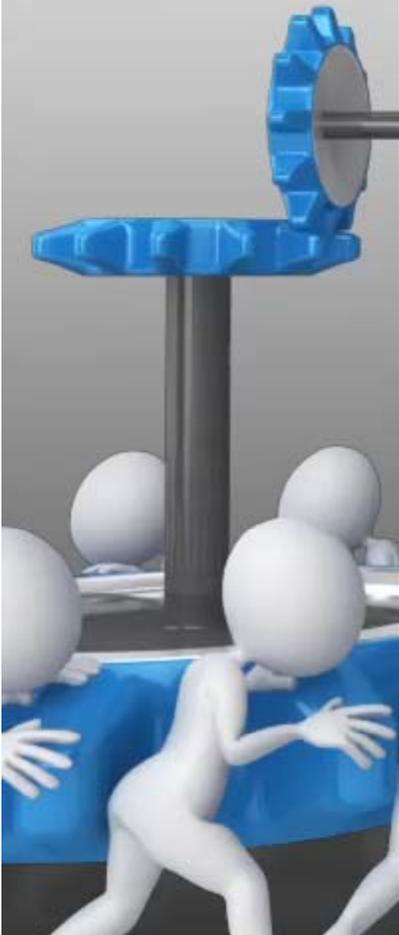
## Existing Sales Tax Reimbursement Obligation

Current Obligation:

- Sales Tax Reimbursement Agreement Executed with Save-A-Lot - Dated May, 2014
- Reimburses Operator Sales Taxes Generated by Store
- \$250,000 or 10 Years Whichever Occurs First

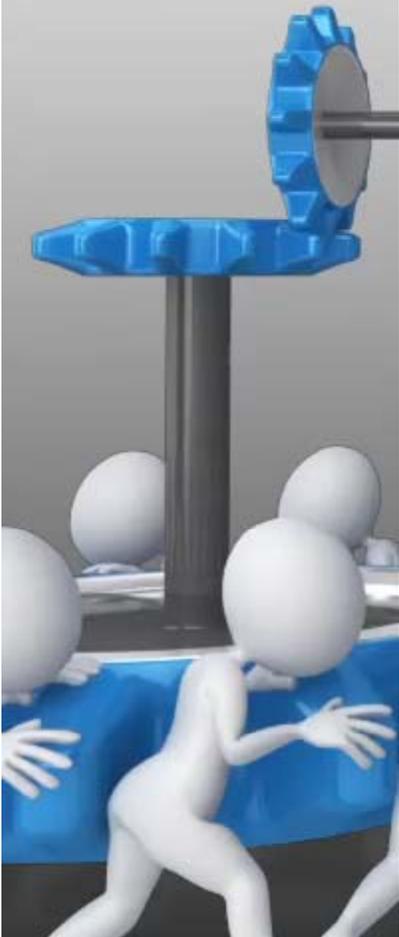
Impact of STAR Bond District Requirements:

- Save-A-Lot was purposely included in STAR Bond District
- STAR Bond Districts require inclusion of ALL additional sales tax increment
- All sales tax from Save-A-Lot will go to STAR Bond District
- The City's sales tax obligation to Save-A-Lot will be paid from general revenues until obligation is satisfied



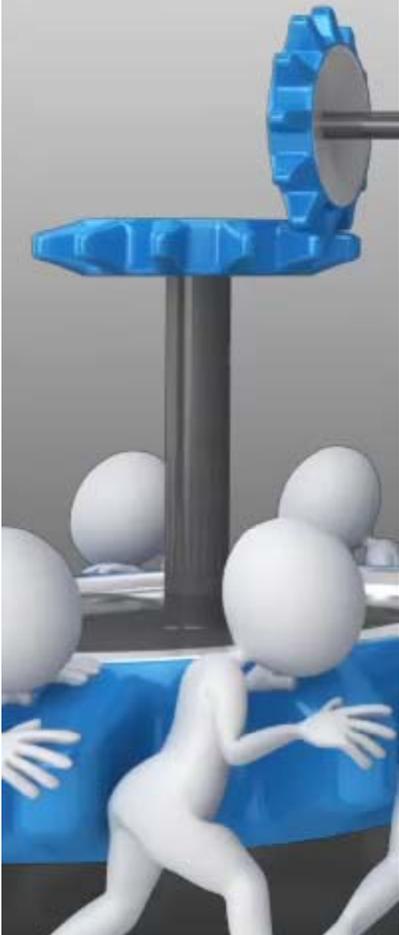
## Private Project Completion and Payment Approach

- Provision of tax increment incentive (STAR Bond, TIF or CID) is AFTER project completion
- Two exceptions: Car museum and Stiefel Theatre enhancements
- Certificates of Full Completion and Certificate of Expenditures are required
- These certificates require supporting project information (bills, contracts, lien waivers, etc.)
- City review and approval/disapproval period – 15 days
- Once approved, payment of full incentive occurs in accordance with amounts in Project Plan budget
- No incentive payment shall exceed available tax increment balances



## Master Developer Recusal

- Addresses the handling of conflicts of interest
- Presumes good faith and fair dealings
- Requires full transparency of officer, director and shareholder interest in Salina2020
- Applies Substantial Interest statute (K.S.A. 75-4301a) to Master Developer dealings
- If applicable for any dealing, Master Developer agrees not to participate in joint approval role with the City



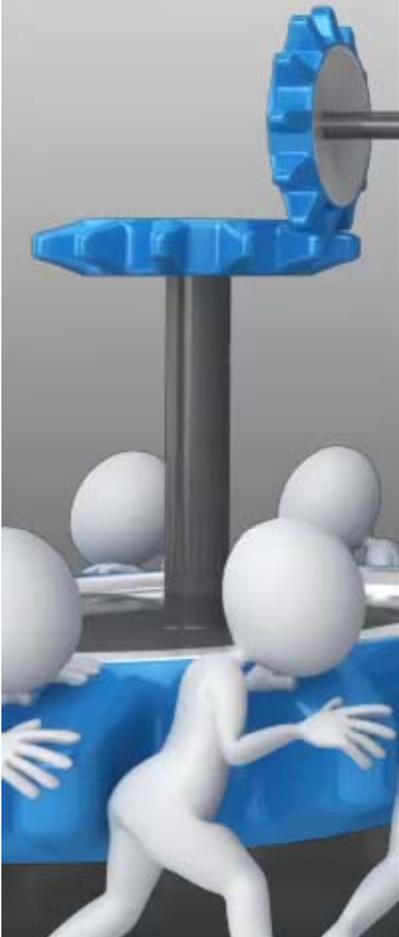
# STAR Bond Issuance Factors & Approach

- Objective:
  - To sell \$19.1 million in STAR Bonds
  - To fund the primary projects
  - To apply the least amount of sales tax backing possible
  - To apply commercially reasonable underwriting standards
- If the market does not support buying \$19.1 million, the City will obligate sales tax to strengthen bonds up to a \$17.1 million issuance.
- Bond term: Expected to be 20 years
- A single or multiple issuances may be used
- Bonds may be sold publicly or privately placed with institutional investors
- Full cooperation and best efforts of both the City and Master Developer is required
- Terms, conditions and timing of bond issuance based on market conditions and direction of the bond underwriter
- Transferee agreements for Hotel Project, Alley Project, Old Chicago Project and any project required by the bond underwriter or KDoC must first be executed
- Bond timing:
  - Not yet determined as it is based on bond underwriter's recommendation based on strength of primary private projects and market factors.
  - The sales tax increment clock needs to integrate with the completion of primary projects and actual increment generation.



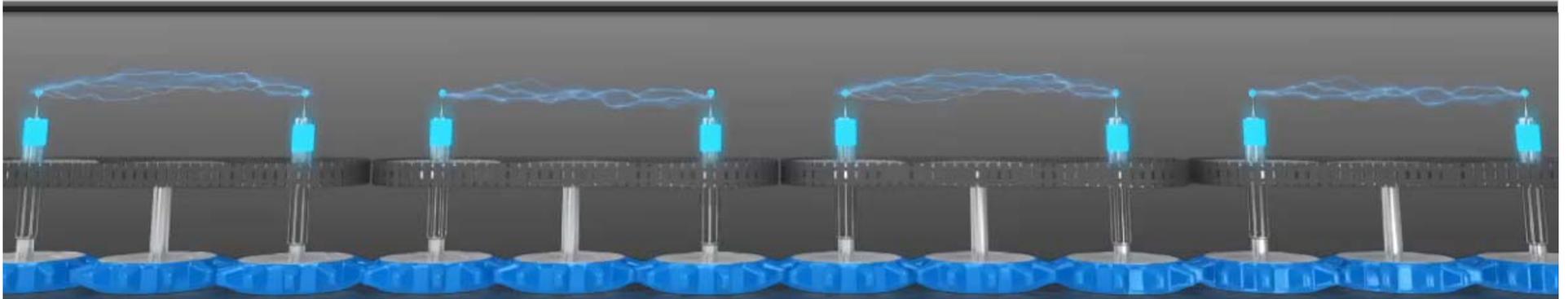
## **Chamber Transient Guest Tax Agreement**

The current agreement with the Chamber of Commerce that specifies the allocation of transient guest tax proceeds will need to be amended to provide for STAR Bond capture of the transient guest tax increment in the downtown.



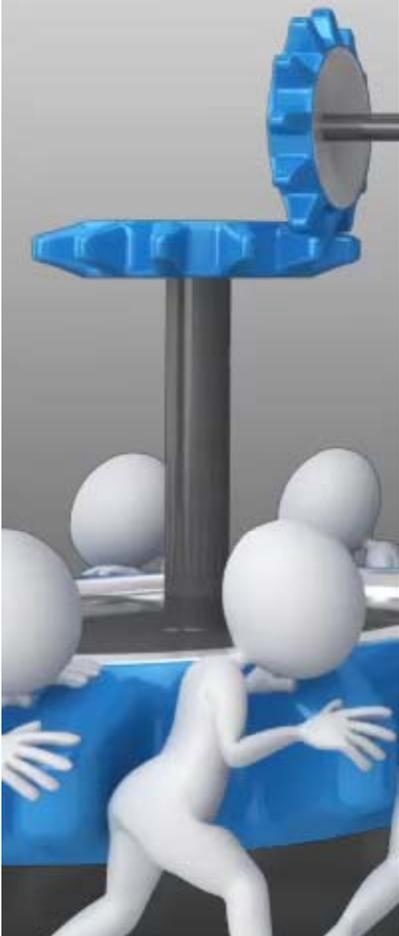


**Questions?**



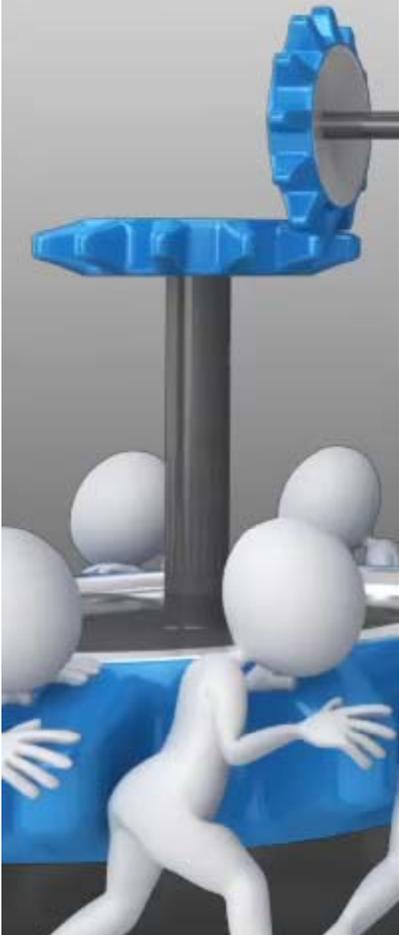
## Master Developer/Third Party Developers Assignment & Transfers of Responsibility

- The Master Developer (MD) retains no obligation and has no intent to complete any private development project
- ALL private project responsibilities fall to Third-Party Developers (TPD)
- DA Article IX addresses assignments and transfers of responsibility for:
  - Master Developer, Third-Party Developers & the City
- City and MD must agree to Transferee Agreements for TPDs
- Both City and MD can transfer their rights, duties & obligations with the other's consent
- TPD may freely transfer rights, duties & obligations after private project completion
- Prior to private project completion, the TPD may:
  - form 'Affiliate' relationships to replace them or joint venture with them for business and/or income tax planning
  - assign or pledge full rights to an 'Affiliate' of the original TPD
  - assign or pledge their financial rights for securing financing



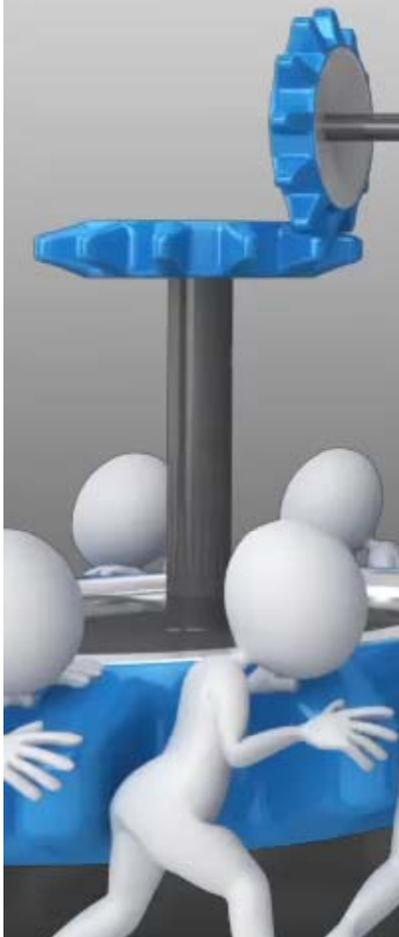
## Future Considerations

- Streetscape Design Expense
- Attorney General/Bond Counsel  
Legal Opinion – Car Museum
- STAR Bond Legislation Renewal
  - Accelerated vs Deferred
- Agreements – Supplemental & Transferees
- Streetscape Final Budget
- Project Commencement(s) – Y/N & Timing
- Bond Markets
  - Interest Rates
  - Required Coverage
  - Bond Sizing
- “Construction Certainty”
- Bond Backing
- Project Performance



# Identified Project Risks & Mitigating Factors

- General overview of risk
  - In every incentivized development project, risk is at play for both the private and government entity
  - It is prudent for both entities to:
    - identify risks;
    - determine the probability of risk;
    - realistically weigh the risks; and
    - mitigate significant risk or eliminate it whenever possible (most risk cannot be fully eliminated)
  - Timing Risks
  - General Risks
  - Mitigating Factors



# Possible Risks

## Early City Commitments

- Streetscape Design - \$1M
- Field House Off-Site Parking - \$1.625M
- Streetscape Construction - \$9.165M

## Mitigating Factors

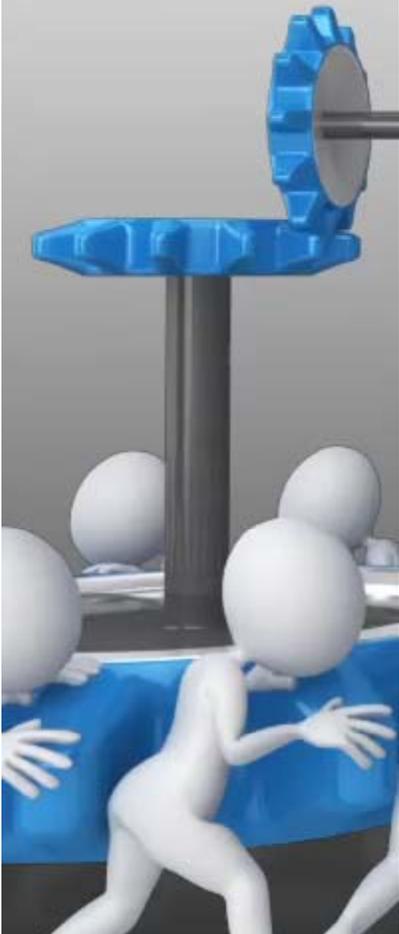
- NMTC Funding of Off-Site Parking
- Delay or Discontinue Streetscape Construction
- Independent Benefit of Streetscape Improvements

## Future Negotiations

- Supplemental Agreement
- Transferee Agreements

## Mitigating Factors

- Transferee Agreements are Precedent Condition to Streetscape Construction



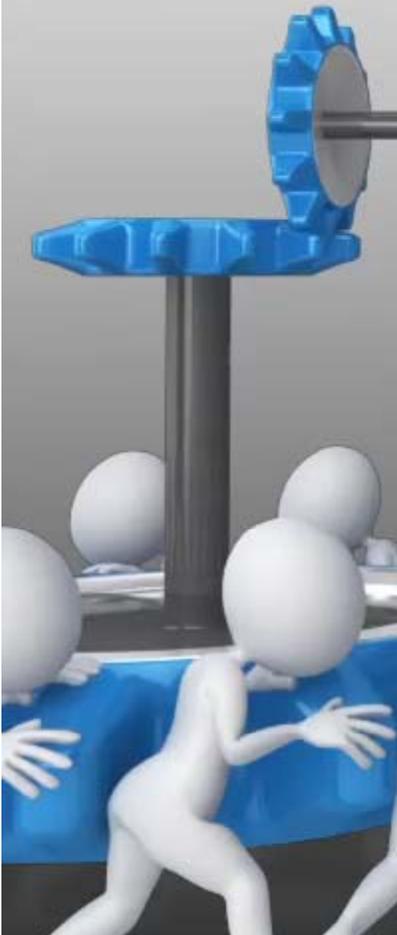
# Possible Risks

## Project Commencement & Completion

- 4 Key Increment Generators
- Ancillary Tourism Generators

## Mitigating Factors

- Trustworthy Community Partners
- Transferee Agreements
- Construction Certainty Items Suggested by Financial Advisors



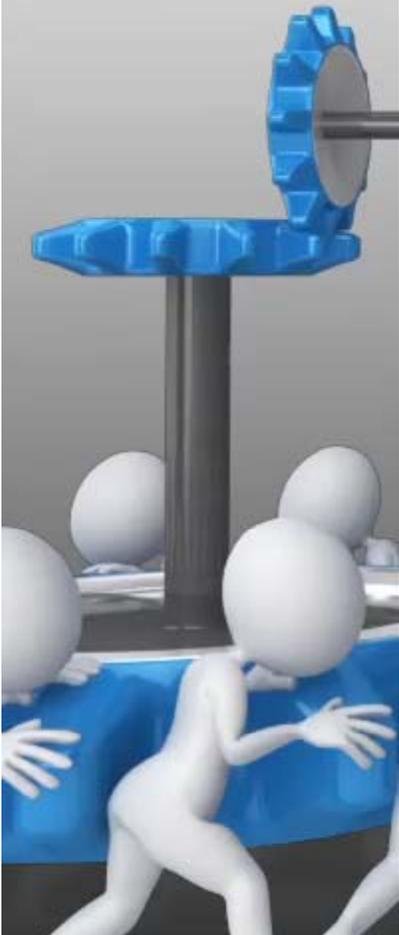
## Possible Risks

### Timing (Maximize Increment Capture)

- STAR Bond Renewal / Expedited Bond Issuance
- Project Completion(s) Relative to Bond Issuance

### Mitigating Factors

- Increment Generation by New & Existing Retailers in Addition to Key Anchors



# Possible Risks

## Bond Market

- Interest Rates
- Coverage Requirements
- Bond Buyer Project Receptivity
- Bond Sizing – Unbacked / Backed

## Mitigating Factors

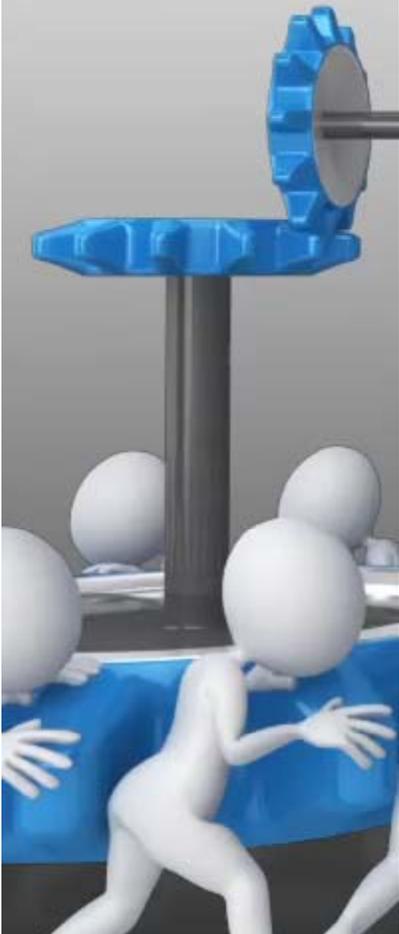
- Construction Certainty
- Increment Generation by Others

## Performance

- Bonds Based Upon Key Anchors

## Mitigating Factors

- Increment Generation by Others



## Possible Risks

### Economic / Demographic Changes

- Overall Performance of Broader Economy
- Competition
- Cyclical Nature Over 20 Years

### Mitigating Factors

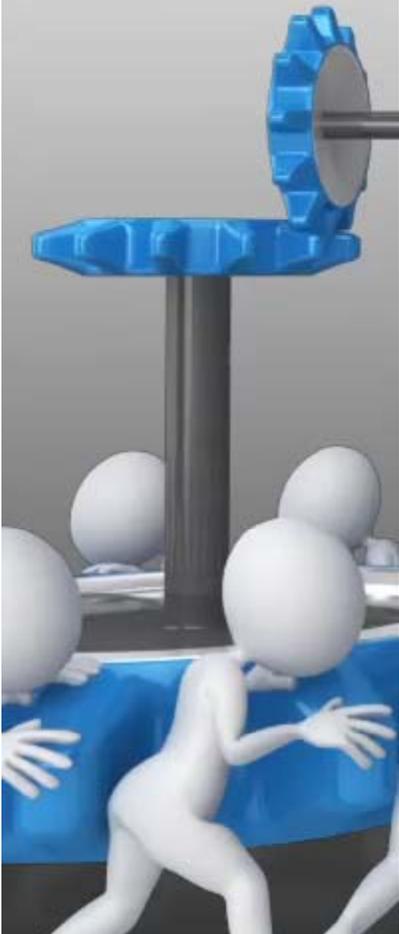
- Increment Generation by Others

### Future Bond Ratings

- Impact of Contingent Liability (Backed Bonds)

### Mitigating Factors

- City Financial Management
- Accept / Fund Bond Rate Increase



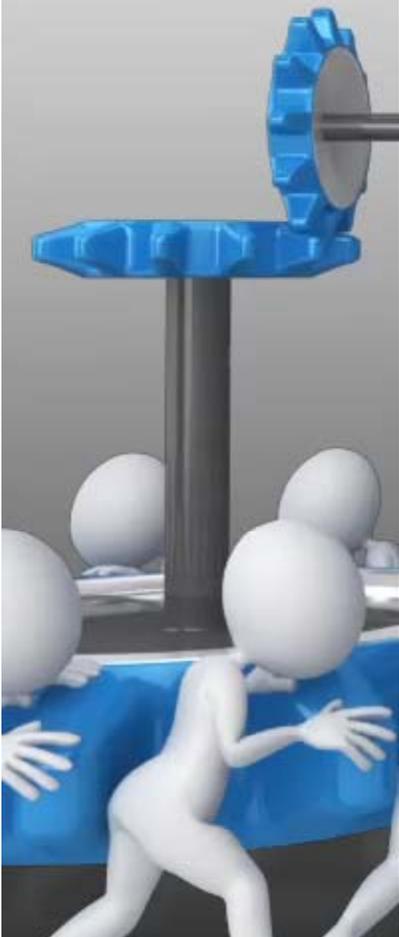
# Possible Risks

## Future City Budget(s)

- Financial Impacts if Backed Bond Payments Required

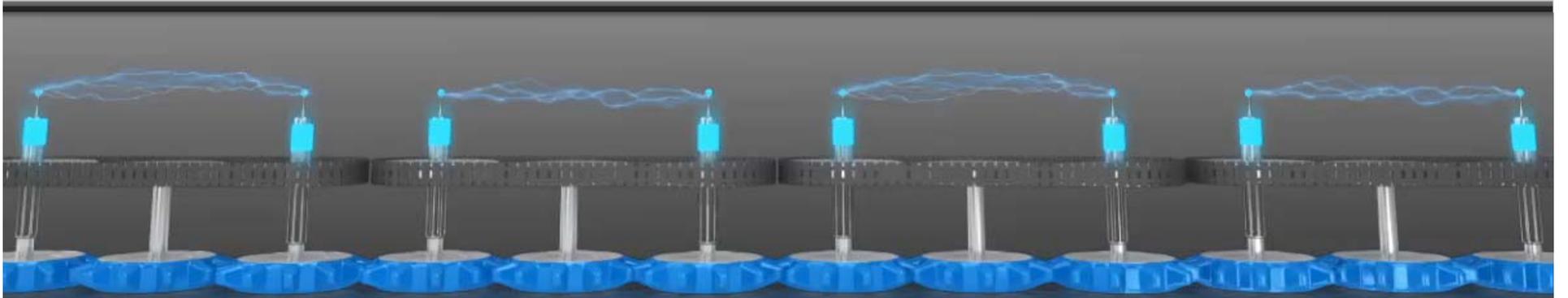
## Mitigating Factors

- Budget Adjustments
  - Capital Improvement Budget
  - Operating Budget





**Questions?**

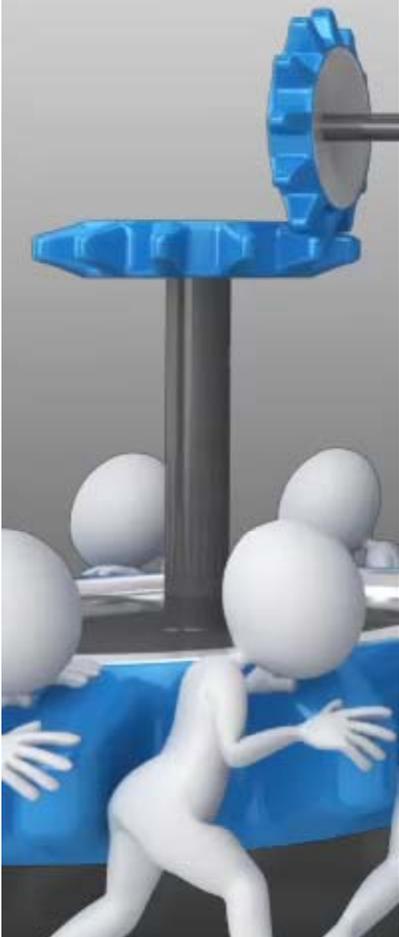


## City Commission Action Items

1. STAR Bond Project Plan
2. Development Agreement
3. Downtown CID Creation & Sales Tax
4. Hotel CID Creation & Sales Tax
5. Alley CID Creation & Sales Tax
6. Resolution of Intent for IRBs

### Future Actions:

- Neighborhood Revitalization Area Amendment
- Chamber Transient Guest Tax Agreement Amendment
- Streetscape Design & Construction Approvals





**Questions?**

