

**TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT PLAN
(SALINA DOWNTOWN REVITALIZATION PROJECT)**

The Tax Increment Financing Act, K.S.A. 12-1770, et seq., as amended (the “**TIF Act**”), requires that any Redevelopment Project Plan within the City of Salina, Kansas (the “**City**”) be created in consultation with the City. As part of that consultation, the Planning Commission is required by the TIF Act to determine whether the development components of the Redevelopment Project Plan (“**Redevelopment Project Plan**”) are consistent with the intent of the City’s Comprehensive Plan.

SUBMITTED PURSUANT TO

KS.A. 12-1770 *et seq.*, as amended

SUBMITTED BY

SALINA 2020, INC.

Submitted: JUNE 21, 2016

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I. INTRODUCTION

Pursuant to the Kansas Tax Increment Financing Act, K.S.A. 12-1770 et seq., as amended (the “**TIF Act**”), Kansas municipalities are authorized to establish redevelopment districts and redevelopment project plans for property within their jurisdiction. Redevelopment districts may be created based upon certain findings by the municipality, including that property within a proposed district is an “eligible area” pursuant to the TIF Act.

On June 5, 2015, the City of Salina, Kansas (the “**City**”), after conducting a duly noticed public hearing, found that the property within the boundaries described in **Exhibit A-1** and depicted in **Exhibit A-2** hereto is located within an area of the City designated as an enterprise zone prior to July 1, 1992 and is therefore an “eligible area” pursuant to the TIF Act. Based in part upon said finding, the City adopted Ordinance No. 15-10776 creating a redevelopment district encompassing the subject property (the “**TIF District**”) and approving a plan for redevelopment of the TIF District established under K.S.A. 12-1771 and amendments thereto (the “**District Plan**” as further described herein).

This redevelopment project plan (the “**Redevelopment Project Plan**”) for the single redevelopment project area (“**Redevelopment Project Area**”) within the TIF District, the general boundaries of which are depicted on **Exhibit A-2** attached hereto, is presented to the City for its consideration and approval, with the maximum twenty (20) year term of the Redevelopment Project Plan to commence upon the effective date as specified in the resolution or ordinance adopting this Redevelopment Project Plan.

II. THE PROJECT PLAN

A. Description of the TIF District and Project Area

The property comprising the TIF District consists of approximately 122 acres generally located in the downtown core of the City. A legal description and boundary map of the TIF District are attached hereto as **Exhibits A-1** and **A-2**, respectively. The general boundaries of the Redevelopment Project Area are depicted on **Exhibit A-2**.

B. Established TIF District

The Property is within an established TIF District approved by the City on June 5, 2015 pursuant to Ordinance No. 15-10776. The approved District Plan contained within the Ordinance provides for certain redevelopment projects within the TIF District. This Project Plan proposes the use of tax increment financing revenues generated by the Project Area to pay for or reimburse the costs of the following redevelopment projects generally described in the District Plan (the “**Redevelopment Project**” or “**Project**”):

A mixed-use development consisting of some or all of the following uses: major multi-sport athletic complex, museum facilities; an historic theater; retail uses; restaurant uses; other general commercial development; hotel uses; residential uses; office uses; associated public and private infrastructure; and other items allowable under K.S.A. 12-1770 et seq. The redevelopment district may consist of multiple redevelopment project areas as delineated in one or more redevelopment project

plans to be approved for property within the redevelopment district.

C. Redevelopment Project

Consistent with the District Plan, the following Redevelopment Project Plan for the Redevelopment Project is anticipated to include a critical mass of mixed-use components including a 67,000 square foot multi-sport athletic facility (the “Fieldhouse”), an automotive museum (the “Car Museum”), renovation and expansion of the historic Stiefel Theater (the “Stiefel”), construction of new streetscape and infrastructure in the downtown corridor, construction of a new approximately 114-room all-suites hotel and conference space (the “Hotel”), construction of a 47,000 square foot family entertainment complex (the “Alley”) and development of new and refurbished retail, educational and residential space throughout the downtown core. These proposed uses are consistent with the District Plan approved by the City.

Implementation of the Redevelopment Project Plan is proposed through a combination of public and private financing as described herein. In addition to private equity and debt financing, the Project is anticipated to be funded by a combination of proceeds from a tax increment financing district (“**TIF Revenue**”), STAR Bond net proceeds, proceeds generated by three community improvement districts, and other public sources. Salina2020, Inc. (the “**Master Developer**”) is requesting reimbursement for certain eligible costs associated with the Redevelopment Project generally described above from TIF Revenue on a pay-as-you-go basis, with the option to request at a later date the City’s issuance of TIF bonds in the sole discretion of the City.

D. Feasibility Study

As required by the Act, a study has been prepared to determine whether the Project’s benefits and tax increment revenues and other available revenues under K.S.A. 12-1774(a)(1) are expected to exceed or be sufficient to pay for the Project’s costs. Pursuant to the Act, the study also addresses the effect, if any, the Project costs have on any outstanding special obligation bonds payable from revenues described in K.S.A. 12-1774(a)(1)(D).

In developing this feasibility study, Master Developer and its consultants relied upon their extensive experience and expertise in the design, development, financing, management, and leasing of projects of similar scope and nature. Further, outside resources and third parties were consulted with significant experience in the development and financing of similar projects in order to develop and verify cost and revenue projections including actual taxing jurisdiction data where available. The results of this study are as follows:

1. Project Costs

The total estimated cost to complete the Redevelopment Project is \$119,813,609. TIF Revenue is projected to reimburse approximately \$4,878,660 in eligible costs plus interest on such costs. A breakdown of the estimated costs by category and the amount projected to be reimbursed through TIF Revenue is set forth below.

ESTIMATED TOTAL COSTS

PROJECT COMPONENTS	TOTAL COST	TIF USES
Car Museum	\$ 4,695,000	\$ -
Stiefel Theater Improvements	\$ 2,200,000	\$ -
City Public Improvements	\$ 11,554,506	\$ -
Hotel (w/ Parking)	\$ 19,005,820	\$ 800,000
Entertainment Complex	\$ 6,100,333	\$ -
Medical Student Housing (Apartments)	\$ 3,756,407	\$ 920,000
University of Kansas Medical School	\$ 7,135,404	\$ -
Vacant Space / New Tenant Development	\$ 31,801,674	\$ 2,658,660
Improvements to Existing Retail	\$ 2,135,404	\$ -
Total FFE for Buildings/Renovations	\$ 9,755,667	\$ -
Legal/Accounting	\$ 500,000	\$ -
Downtown Maintenance and Security	\$ 2,300,000	\$ -
Pre-Development Costs	\$ 6,088,134	\$ -
Financing & Contingency Costs	\$ 12,785,260	\$ 500,000
TOTAL PROJECT COSTS	\$ 119,813,609	\$ 4,878,660
PERCENT OF TOTAL COST	100.00%	4.07%
TIF Reimbursable Costs:		
1) Reimbursable Project Costs in the "Entertainment Complex" category are for infrastructure costs, including design costs (i.e., engineering/architecture/surveying).		
2) Reimbursable Project Costs in the "Medical Student Housing" category are for land acquisition and infrastructure costs.		
3) Reimbursable Project Costs in the "Vacant Space / New Tenant Development" category are for land acquisition costs.		

This Redevelopment Project Plan contemplates that any and all costs legally reimbursable under the TIF Act shall be **“Reimbursable Project Costs”** hereunder. As such, the chart above indicates that approximately \$4,878,660 in Reimbursable Project Costs, plus interest on such costs, are projected to be reimbursed through TIF Revenue.¹ Interest and financing expenses shall also qualify as Reimbursable Project Costs in addition to those costs detailed above. TIF Revenues when combined with private capital and other public sources will be sufficient to fund all Reimbursable Project Costs.

It is anticipated that Developer will be reimbursed under this Redevelopment Project Plan on either a “pay-as-you-go” method or through the issuance of special obligation or general

¹ Note: The projected Reimbursable Project Costs estimated in this Redevelopment Project Plan do not operate as a cap, by category or in total, on the reimbursement of Reimbursable Project Costs from TIF Revenue.

obligation bonds. The District Plan and this Redevelopment Project Plan allows generally that special obligation or general obligation bonds may be issued by the City, at the City’s sole and absolute discretion.

2. Project Revenues

The net present value of TIF Revenues generated over the term of the TIF from the Redevelopment Project Area is estimated to be \$4,878,660 as shown below:

YEAR		TOTAL BASE ASSESSED VALUE	TOTAL PROJECTED ASSESSED VALUE	PROJECTED REAL ESTATE TAX INCREMENT CAPTURED BY TIF
1	2017	\$10,049,286	\$12,301,245	\$255,595
2	2018	\$10,049,286	\$12,417,031	\$268,737
3	2019	\$10,049,286	\$12,743,341	\$305,772
4	2020	\$10,049,286	\$12,936,316	\$327,675
5	2021	\$10,049,286	\$13,090,696	\$345,197
6	2022	\$10,049,286	\$13,167,886	\$353,958
7	2023	\$10,049,286	\$13,167,886	\$353,958
8	2024	\$10,049,286	\$13,431,244	\$383,849
9	2025	\$10,049,286	\$13,431,244	\$383,849
10	2026	\$10,049,286	\$13,699,869	\$414,338
11	2027	\$10,049,286	\$13,699,869	\$414,338
12	2028	\$10,049,286	\$13,973,866	\$445,436
13	2029	\$10,049,286	\$13,973,866	\$445,436
14	2030	\$10,049,286	\$14,253,344	\$477,156
15	2031	\$10,049,286	\$14,253,344	\$477,156
16	2032	\$10,049,286	\$14,538,411	\$509,511
17	2033	\$10,049,286	\$14,538,411	\$509,511
18	2034	\$10,049,286	\$14,829,179	\$542,513
19	2035	\$10,049,286	\$14,829,179	\$542,513
20	2036	\$10,049,286	\$15,125,762	\$576,175
GROSS REVENUE				\$8,332,673
NET PRESENT VALUE@		5%		\$4,878,660

Pursuant to the TIF Act, TIF Revenues will be generated from the differential between the *ad valorem* taxes generated by real property within the Redevelopment Project Area as of the date the TIF District was established and future *ad valorem* taxes which will be generated within the Redevelopment Project Area after development of the Project (less *ad valorem* taxes not allowed to be captured pursuant to the Act).

This Redevelopment Project Plan proposes to finance Reimbursable Project Costs by capturing 100% of the allowable *ad valorem* tax increment for the entire term in which the Redevelopment Project Plan is in effect. In the event TIF Revenues exceed the projections incorporated into this Redevelopment Project Plan, all such TIF Revenues shall be available to

Master Developer or third parties for payment or reimbursement of Reimbursable Project Costs within the Redevelopment Project Area².

In addition, the Project contemplated in the Redevelopment Project Plan will produce significant economic development for the City by revitalizing its downtown core, attracting new businesses to downtown, enhancing existing businesses within that area, and increasing commerce, employment, visitation and general improvement within the Redevelopment Project Area.

3. Sufficiency of Tax Increment Revenues and Other Financing Sources Compared to Project Costs

The TIF Revenues when combined with private debt and equity, STAR Bond proceeds, community improvement district proceeds and other public sources, as provided under 12-1774(a)(1)(C), will be sufficient to pay for all of the Project Costs as shown below:

PROJECT COMPONENTS	TOTAL COST	TIF USES	CID USES (DOWNTOWN CID)	CID USES (HOTEL ONLY CID)	CID USES (ALLEY ONLY CID)	FUNDED BY PRIVATE DEBT/EQUITY/ OTHER PUBLIC
Car Museum	\$ 4,695,000	\$ -	\$ -	\$ -	\$ -	\$ -
Stiefel Theater Improvements	\$ 2,200,000	\$ -	\$ -	\$ -	\$ -	\$ 2,200,000
City Public Improvements	\$ 11,554,506	\$ -	\$ -	\$ -	\$ -	\$ 9,554,506
Hotel (w/ Parking)	\$ 19,005,820	\$ 800,000	\$ 500,000	\$ 1,006,029	\$ -	\$ 16,257,517
Entertainment Complex	\$ 6,100,333	\$ -	\$ -	\$ -	\$ 628,676	\$ 3,828,931
Medical Student Housing (Apartments)	\$ 3,756,407	\$ 920,000	\$ -	\$ -	\$ -	\$ 2,836,407
University of Kansas Medical School	\$ 7,135,404	\$ -	\$ -	\$ -	\$ -	\$ 7,135,404
Vacant Space / New Tenant Development	\$ 31,801,674	\$ 2,658,660	\$ 2,789,062	\$ -	\$ -	\$ 26,353,952
Improvements to Existing Retail	\$ 2,135,404	\$ -	\$ 1,300,000	\$ -	\$ -	\$ 835,404
Total FFE for Buildings/Renovations	\$ 9,755,667	\$ -	\$ -	\$ -	\$ -	\$ 9,755,667
Legal/Accounting	\$ 500,000	\$ -	\$ 200,000	\$ -	\$ -	\$ 300,000
Downtown Maintenance and Security	\$ 2,300,000	\$ -	\$ 2,300,000	\$ -	\$ -	\$ -
Pre-Development Costs	\$ 6,088,134	\$ -	\$ -	\$ -	\$ -	\$ 5,550,679
Financing & Contingency Costs	\$ 12,785,260	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ 10,740,260
TOTAL PROJECT COSTS	\$ 119,813,609	\$ 4,878,660	\$ 7,589,062	\$ 1,006,029	\$ 628,676	\$ 95,348,727
PERCENT OF TOTAL COST	100.00%	4.07%	6.33%	0.84%	0.52%	79.58%

All TIF Revenues generated will be used to reimburse eligible Reimbursable Project Costs within the Redevelopment Project Area. Lastly, there is no anticipated impact on special obligation bonds payable from revenues described in (a)(1)(D) of K.S.A. 12-1774 and amendments thereto as no such bonds are outstanding.

E. Relocation Plan

The City is not acquiring any property in connection with carrying out the provisions of the TIF Act, and thus relocation assistance pursuant to K.S.A. § 12-1777 is not required. Regardless, any property to be acquired by the Master Developer or other parties in order to complete the Project is expected to be obtained through negotiated arm's length transactions. As

² A Development Agreement negotiated between the City and Master Developer will allocate TIF Revenue for use in payment or reimbursement of particular Reimbursable Project Costs consistent with this Redevelopment Project Plan and the District Plan.

such, any funds required for relocation are anticipated to be included in the purchase price, negotiated as terms to the purchase contract, or provided directly to tenants of properties purchased in arm's length transactions.

In the event the City acquires any real property within the Redevelopment Project Area in carrying out the provisions of the TIF Act, and that, as a result, any persons, families and businesses move from real property located in the Redevelopment Project Area or move personal property from real property located in the Redevelopment Project Area, a \$500 payment will be made to such persons, families and businesses as provided in the TIF Act. No persons or families residing in the District shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by such displaced person or family at rents within their ability to pay. Such housing units shall be suitable to the needs of such displaced persons or families and must be decent, safe, sanitary and otherwise standard dwelling. Payment of any damages sustained by a retailer, as defined in K.S.A. 79-3702, by reason of liquidation of inventories necessitated by relocation from the redevelopment district shall be provided pursuant to the TIF Act.