

**STAR BOND FEASIBILITY STUDY
PROPOSED DOWNTOWN SALINA DISTRICT
SALINA, KANSAS**

May 2016

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

STAR BOND FEASIBILITY STUDY PROPOSED DOWNTOWN SALINA DISTRICT SALINA, KANSAS

May 2016

Prepared for:

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CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

May 17, 2016

Don Boos
Salina 2020, Inc.
500 Graves Boulevard
Salina, KS 67402-0856

Re: STAR Bond Feasibility Study
Proposed STAR Bond District in Downtown Salina, Kansas

Mr. Boos;

The STAR Bond District proposed for downtown Salina, Kansas is designed to improve the local tourism market and stimulate further economic development and revitalization. The proposed STAR Bond District envisions the redevelopment of downtown area through the enhancement of existing destination attractions and the introduction of a diverse mix of several new destination attractions aimed at enhancing the visitor experience and generating increased out-of-town visitation and retail trade.

Salina 2020, Inc. is seeking to finance a portion of the Downtown Salina District ("District") through Sales Tax Revenue ("STAR") bonds as authorized by the STAR Bond Financing Act (House Bill No. 2005 KS 2007). The District's principal "destination attractions" will include the renovation of the historic Stiefel Theater and the construction of the Salina Field House, family entertainment center, and America's Crossroads Car Collection.

Pursuant to the STAR Bond Financing Act, Canyon Research Southwest, Inc. has prepared the attached *STAR Bond Feasibility Study* for the Downtown Salina District. According to Section 7 of the STAR Bond Financing Act the *Feasibility Study* examines 14 criteria that address the viability of the planned development as well as evaluates its impact on the Kansas economy and similar businesses in the project market area, quantifies out-of-state visitation and evaluates the project's ability to remain profitable past the term of the STAR bonds.

Upon review of the report, should any questions arise or additional information requested, contact me directly at (716) 551-0655.

Respectfully submitted,

CANYON RESEARCH SOUTHWEST, INC.

Eric S. Lander, Principal

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Canyon Research Southwest, Inc.		

SUMMARY OF MAJOR FINDINGS

The proposed Downtown Salina STAR Bond District (“District”) in Salina, Kansas incorporates approximately a 28-block area designated for redevelopment and revitalization that encompasses the historic central business district. Salina 2020, Inc. is seeking to finance a portion of the project through Sales Tax Revenue (STAR) bonds as authorized by the STAR Bond Financing Act (House Bill No. 2005 KS 2007). The District’s Project Plan is designed to create a tourist destination featuring a mix of athletic, entertainment, museum and lodging uses.

As part of the STAR bond application process Canyon Research Southwest, Inc. has prepared the attached *STAR Bond Feasibility Study*. The study evaluates the impact of the proposed District upon similar businesses in the project market area, quantifies out-of-state visitation, forecasts the project’s economic impact and evaluates the project’s ability to remain profitable past the term of the STAR bonds. The report’s major findings are summarized in the text below.

Market Study Conclusions

The *Market Study* section of the report evaluated the ability of the District to gain market share locally, regionally and nationally and the ability of the District to gain sufficient market share to: 1) remain profitable past the term of repayment and 2) maintain its status as a significant factor for travel decisions.

The District’s principal “destination attractions” will include the renovation of the historic Stiefel Theater and construction of America’s Crossroads Car Collection, Salina Field House and family entertainment center. A 114-room hotel is designed to accommodate the expected increase in out-of-town visitation generated by these destination attractions.

America’s Crossroads Car Collection

The Downtown Salina District will invest in the America’s Crossroads Car Collection with the goal of expanding and diversifying Salina’s tourism industry and stimulating economic growth through increased visitation and expenditures. The museum’s business plan was prepared by Earl Trout III, the Executive Director of the Kansas City Auto Museum when it opened in May 2014. The automotive-themed visitor experience will consist of approximately 31,000 square feet of exhibition space comprised of a new building and adaptive re-use of five existing warehouse buildings. The museum will display a rotating collection of restored antique and vintage cars as well as exhibits and programs illustrating automotive history, technology, pop culture and design. The museum is designed to exhibit 25 to 60 vehicles at a time. The museum may enter into a partnership with McPherson College to operate an on-site educational program. This museum is designed as an interactive and participatory visitor venue that delivers an entertaining and educational experience that will serve a regional market drawing automobile enthusiasts from the Midwest and throughout the United States.

The study findings suggest sufficient demand generators exist to support the America’s Crossroads Car Collection in Salina, Kansas. The Downtown Salina District offers suitable location characteristics to accommodate development of the planned museum.

Salina Field House

The Salina Field House is a multi-sport facility designed for indoor basketball and volleyball, and complimented with such amenities as a lobby and welcoming area, ticket office, office area, concessions, café seating, flex/team rooms, mezzanine and restrooms. The facility is designed with the intention of providing a venue sufficient to cater to the local residents as well as host regional basketball and volleyball tournaments. By offering a centralized location with facilities able to accommodate multiple types of athletic tournaments, the Salina Field House is anticipated to become a regional destination for youth athletics. This mix of participation will provide the most consistent visitation and tourism for the District.

The total inventory of comparable athletic facilities in the Salina area includes two running tracks, 11 basketball courts, 14 soccer fields, 5 volleyball courts and three gymnasiums. The City of Salina Parks and Recreation and the YMCA operate the majority of public athletic facilities in Salina, Kansas. When compared to the District's planned athletic field house, none provide a similar level of service, especially in regard to the ability to host local and regional athletic tournaments.

Based on industry standards this analysis concludes that sufficient demand for additional sports facilities exists to support feasible market entry of the Salina Field House. In November 2015, Sports Facilities Advisory, on behalf of the City of Salina, prepared a Feasibility Study for the proposed Salina Field House. The study analyzed the market, local and regional competition, sports participation, and existing and past tournaments and events in the region to ensure that the facility is right-sized to become a regional draw for court tournaments and events.

Family Entertainment Center

The family entertainment center planned for the District will offer 24 lanes of bowling, an 8-lane boutique bowling facility, laser tag, arcade with 50 to 70 games, sports grill, and meeting space. Birthdays, meetings and events will be principal drivers of business with a trade area that extends north into Nebraska and to the east and west up to a two hour drive. The 24 lanes of bowling qualify to host State and regional high school and college bowling tournaments.

Hotel and Meeting Space

The District is planned for a 114-room, all-suites hotel at the corner of Santa Fe Avenue and Mulberry Street. The Salina hotel market caters primarily to leisure and group travelers with the summer and early fall months serving as the peak season. The market supports 21 chain hotel properties totaling 1,393 guest rooms, the majority of which are located along Interstates 70 and 135. Budget hotels account for 46 percent of Salina's current inventory of hotel rooms, followed by extended-stay/all-suite hotels with 43 percent of the room inventory. The newest hotel in Salina is the 115-room Holiday Inn that opened in April 2015.

Concurrent with national hospitality trends, in recent years the Salina hotel market has been adversely impacted by the recession and subsequent decline in business and leisure travel. Recent operating trends suggest that the Salina hotel market is on its way to recovery, posting strong gains in room demand, ADR and total lodging revenue during 2014 and into 2015.

The District's planned hotel is designed to include 3,250 square feet of meeting and conference space. In recent years Salina's convention and meeting business has dropped off considerably due primarily to the national recession, substandard conference facilities and a limited inventory of quality hotels with meeting space. The \$2.0 million renovation in 2010 of the 18,000 square foot Heritage Hall at the Salina Bicentennial Center was designed to accommodate gatherings of up to 2,000 and improve Salina's competitive position as a meeting and conference destination. The recent opening of the Holiday Inn with a 3,000 square foot meeting hall also enhanced Salina's ability to attract group meetings. The District should benefit from meeting space demand generated by the nearby Heritage Hall, Salina Regional Health Center and Kansas Wesleyan University.

The District's planned hotel development site possesses the necessary location and site characteristics as well as benefits from favorable competitive lodging market conditions and the presence of lodging demand generators to support additional lodging and meeting space.

Additional investment to the District will include approximately \$11.6 million in streetscape improvements to Santa Fe Avenue between Mulberry Street and Elm Street. These improvements are designed to enhance the look and image of downtown, provide sufficient and convenient parking to the expected increase in visitors, and generate increased investment and economic activity in the District.

Market Impact Study Findings

The *Market Impact Study* examined the impact the District will have on the local economy and tourism industry. Specific issues examined include:

1. Project positioning and unique quality;
2. Project's synergy with area attractions;
3. Impact on comparable market area businesses;
4. Expected draw of tourists from out-of-state and from more than 100 miles away;
5. Estimate the project's retail sales at build-out; and
6. Impact on active STAR bond projects.

Project Positioning and Unique Quality

The District is comprised of an approximately 28-block area in downtown Salina which serves as the community's art and entertainment center featuring such attractions as the Stiefel Theatre, Salina Symphony, Salina Community Theatre, Sculpture Tour Salina, Smoky Hill Museum, Salina Art Center and several working arts studios. Salina also plays host to a variety of state sporting events with softball and baseball tournaments of particular note.

The goal of the District's Master Plan is to expand Salina's tourism trade area and drive increased out-of-town visitation and spending. Leveraging off of downtown's historic context as well as creating a critical mass of several diverse cultural and entertainment attractions will be the keys in accomplishing this goal.

Graced by a large number of historic structures with varying architectural styles, Santa Fe Avenue in downtown Salina offers a unique physical environment suitable for fostering heritage tourism. The planned street and sidewalk improvements will transform Santa Fe Avenue into a historic commercial district similar in character to Poyntz Avenue in downtown Manhattan and Massachusetts Street in downtown Lawrence, Kansas. Both of these communities support vibrant historic downtowns and strong tourism industries.

Renovation of the Stiefel Theatre will be a key component of the District. The performing arts center has anchored downtown Salina's tourism industry for decades, but requires reinvestment if it is to remain a major cultural attraction. The redevelopment plan is designed to improve the theatre's competitive positioning, enhance repeat visitation and increase attendance and revenue.

Accompanying renovation of the Stiefel Theatre are several destination attractions aimed at diversifying and expanding Salina's tourism market by strengthening current market segments and targeting new visitor demographics. The planned attractions include the Salina Field House, family entertainment center, and America's Crossroads Car Collection. This cluster of diverse destination attractions not presently available in central Kansas will heighten Salina's status as a regional center for culture, entertainment and recreation; support a regional trade area; and drive increased visitation and expenditures.

Visitation to the destination attractions planned for the District will assist in generating demand for retail stores and restaurants not currently available in Salina. On-site lodging demand will originate from the out-of-town leisure and group travelers to the District's various attractions. The planned attractions will also attract and accommodate a new segment of the leisure and group traveler market not previously catered to by Salina and central Kansas.

The uniqueness of the District's redevelopment plan is that it both leverages off Salina's current status as a cultural and entertainment destination by improving the visitors' experience as well as aims to diversify and expand the leisure and group traveler market by creating athletic, cultural and entertainment attractions not currently available in Salina and central Kansas. Together, the District's uses, concepts and design will generate increased visitor volumes and expenditures, draw out-of-state travelers and enhance Salina's status as a tourism destination.

Synergy with other Area Attractions

Much like business clusters, the clustering of cultural, athletic and entertainment attractions creates the diversity and critical mass necessary to generate and sustain increased visitation and expenditures. Most tourism clusters also have strong linkages to other closely related and supporting industries such as transportation, lodging, retail, food and beverage. Therefore, the larger cluster of attractions a tourist destination supports the greater the direct and indirect economic benefits.

Salina has long been a cultural, entertainment and recreation destination for central Kansas. The city boasts a number of major annual events and a wide selection of cultural, entertainment, sporting, and family attractions. Tourism's direct impact on the Saline County economy was estimated at over \$165 million in 2013. The District is designed to both enhance Salina's status and sustainability as a regional tourism destination and attract a new segment of the leisure and

group traveler market by providing complimentary cultural, entertainment and athletic attractions not currently available in the region.

The synergistic effect of the District's destination attractions on Salina's tourism industry and the heightened out-of-town visitation is expected to translate to increased attendance at the region's existing cultural, entertainment, athletic and family attractions. The presence of a large cluster of diverse but complimentary attractions will create a synergistic effect that strengthens the regional draw, visitation counts, expenditures, and associated state and local tax revenues.

By increasing the critical mass of attractions and out-of-town visitation, the District will improve Salina's status as a regional tourism destination as well as complement the existing attractions by creating "one-of-a-kind" cultural, entertainment and sporting destinations not currently available in the region. The expanded selection of destination attractions will improve the sustainability of the local tourism industry.

Impact on Market Area Businesses

The District's Master Plan incorporates new construction of the Salina Field House, family entertainment center, America's Crossroads Car Collection, and a hotel. Increased out-of-town visitation generated by these destination attractions is expected to produce increased visitor spending that can be captured by area businesses.

The Salina Field House is designed to accommodate indoor basketball and volleyball. Principal athletic venues in Salina include Salina Bicentennial Center, Hangar Sports Complex, Salina Parks and Recreation Department, Salina Family YMCA, Unified School District #305. While the Salina Bicentennial Center hosted 41 sports events during 2014 with a total attendance of 67,662, the 7,500-seat capacity of the multi-purpose arena places it in a category that won't compete with the planned Salina Field House. Given the composition and outdoor nature of most of the other athletic facilities in Salina the planned Salina Field House is not expected to be directly competitive. Moreover, by providing an indoor, year round athletic venue will improve and expand on the ability of Salina to host additional sporting events.

The planned family entertainment center is expected to include bowling, video arcade, billiards and dining. All Star Lanes offers 24 bowling lanes and Jumpin' Joe's Family Fun Center offers go-karts, laser tag, miniature golf and arcades.

The America's Crossroads Car Collection is planned to open in the District. No such museum exists in Salina and central Kansas. Moreover, increased visitation generated by the America's Crossroads Car Collection could help boost attendance at existing museums in Salina.

The 114-room all-suite hotel planned for the District is designed to capture new lodging demand generated by increased visitation to Salina. The hotel will be a key component in appealing to leisure and group travelers and increase the capacity to attract overnight out-of-town visitors. At a stabilized occupancy rate of 75 percent, 1.8 guests per room and an average stay of 2 nights the planned hotel can accommodate an estimated 30,000 guests annually. Lodging demand generated by out-of-town visitors to the District is expected to exceed the hotel's capacity.

Therefore, existing lodging properties in Salina will benefit by capturing overflow lodging demand generated by out-of-town visitors to the District.

Increased out-of-town visitation generated by the District’s principal attractions is expected to result in increased spending and demand for goods and services in Salina. Retail sales leakage within a 25-mile radius of downtown Salina is estimated at approximately \$309 million annually with a large number of retail categories under served. The width and depth of the current retail leakage provides an excellent opportunity for Salina businesses to capture increased sales. The District’s planned destination attractions are designed to increase visitation and spending in Salina, providing an even greater opportunity for businesses to capture increased future sales volumes.

The District is positioned to capture retail and lodging sales now eluding Salina and will further enhance the city’s competitive positioning as a regional tourist center by providing new destination attractions not currently available in central Kansas. New retail sales and lodging demand generated through redevelopment of the District and the potential of the Salina market to capture current retail sales leakage suggests minimal cannibalization of current retail and lodging sales. Therefore, this report concludes that redevelopment of the District will not have an adverse impact on existing cultural, entertainment, recreation, retail, dining and lodging businesses in Salina.

Estimated Visitor Counts

At build-out and stabilization annual visitation at stabilization to the District is estimated at 488,000. Based on its unique attractions the District is expected to attract new visitors to Salina.

Local residents living within a 100-mile radius are estimated to account for about 47 percent of total visitation. Visitors traveling more than 100 miles are estimated to account for the remaining 53 percent of total visitation, nearly 39 percent of which will be out-of-state visitors. Out-of-state residents are estimated to account for 20 percent of total visitation to the District, or approximately 100,000 visitors per year. These out-of-town visitation trend estimates meets the State of Kansas Secretary of Commerce guidelines that 30 percent of visitors to a proposed STAR Bond Redevelopment District travel beyond 100 miles and 20 percent reside out-of-state.

Downtown Salina District Visitation Pattern Estimates

Visitor Origination	Total Visitors	Out-of-State Visitors	Market Share
Within a 100-Mile Radius	229,850	0	0.0%
Outside of a 100-Mile Radius	258,150	99,550	38.6%
Totals	488,000	99,550	20.4%

Source: Canyon Research Southwest, Inc.

Estimated Retail Sales Potential

The District is positioned to capture retail sales now leaking out of the 25-mile radius trade area and will serve as a major tourism destination and enhance Salina's competitive positioning as a cultural, entertainment and recreation destination. At build-out and stabilization the District is estimated to generate incremental annual retail sales of approximately \$33.8 million.

Impact on Active STAR Bond Projects

The Department of Commerce has approved five STAR bond projects in central and west Kansas that incorporate major destination attractions, including the Wichita River District and K-96 and Greenwich Project in Wichita, Olympic Park Project District in Goddard, Downtown Manhattan Redevelopment District in Manhattan, and Dodge City Project District.

The Downtown Salina District's major tourism attractions will include the renovated Stiefel Theatre, Salina Field House, family entertainment center, and America's Crossroads Car Collection.

Both the Wichita River District and K-96 and Greenwich Project in Wichita are located over 80 miles driving distance south of the proposed Downtown Salina District with the Olympic Park District in Goddard located over 100 miles to the south. The Wichita River District possesses a riverfront, downtown location and is designed as an entertainment and employment destination featuring approximately 610,000 square feet of retail, office, hotel and residential space. Both the K-96 & Greenwich Project and Olympic Park District focus on creating an athletic training center and recreation attraction complemented by a mix of retail, employment and lodging uses.

The Downtown Manhattan Redevelopment District is located in downtown Manhattan, Kansas over 65 miles northeast of Salina. The Downtown Manhattan Redevelopment District and Downtown Salina District possess many similarities, including a museum as the principal tourism destination, a historic downtown location and the inclusion of entertainment and lodging venues. However, each projects' tourism attraction caters to distinctive market segments.

STAR Bond funding for the Dodge City's Heritage District is aimed at revitalizing the City's western heritage leveraging off the Boot Hill Museum. Meanwhile, the tourism draw of the Entertainment District centers on a mid-sized event center, conference center, big-box retail and the neighboring Boot Hill Casino. While both the Downtown Salina District and Dodge City's Heritage District involve downtown revitalization each downtown possesses a distinctly unique market positioning and draw. Downtown Salina District's principal tourism attractions will center on athletics, family entertainment and live theater and concerts while Dodge City's Heritage District will be geared heavily on enhancing the Boot Hill Museum and the western heritage. The Entertainment District is aimed at mid-sized entertainment acts, conferences and big-box retail. Therefore, the Downtown Salina District should have little or no impact on operations and financial sustainability of the Dodge City District.

Because each active STAR bond project in central and west Kansas supports distinctly different major tourism attractions and retail components, it has been concluded that development of the Downtown Salina District will not have a measurable adverse impact on tourism visitation, retail

sales and STAR bond revenues generated by any of the STAR Bond Districts in central and west Kansas. Therefore, the operation of the Downtown Salina District is not anticipated to cause default in the payment of outstanding STAR bonds issued by the five active STAR Bond approved redevelopment projects in central Kansas.

Economic Impact Projections

Build-out of the District would result in an estimated construction phase total economic output of \$146 million, direct and indirect job creation of 883 jobs and payroll of \$41.3 million. The State of Kansas is projected to collect approximately \$1.6 million in income tax revenues during the construction phase resulting from direct and indirect employment.

At full operating levels the District as planned forecast to generate an annual economic impact of \$66 million on the State of Kansas. The District could directly and indirectly support about 371 jobs locally and \$12.5 million in annual payroll. State of Kansas is estimated to collect approximately \$271,500 in annual state income tax revenues generated by the District. Out-of-town visitors residing outside of a 100 mile radius are forecast to generate sufficient lodging demand to support an estimated 629 hotel rooms.

STAR Bond Revenue Projections

Bond debt used to fund reimbursable project costs associated with the District will be repaid by Sales Tax Special Obligation Bond revenues realized through incremental retail sales and lodging taxes. The STAR Bond funding capacity of the District was quantified through calculating the net present value of the annual Sales Tax Special Obligation Bond revenues through the 20-year maturity of the District using a debt coverage ratio of 1.25 and a discount (“interest”) rate of 5.0 percent.

The District’s total project costs are estimated at approximately \$150 million with STAR Bond reimbursable project costs for Phase 1 estimated at approximately \$21 million. As illustrated in the table on the following page, throughout the statutory 20-year STAR bond maturity period the net Sales Tax Special Obligation Bond revenues generated by the District of \$64 million are sufficient to fully satisfy approximately \$29 million in bond debt. Therefore, the District is forecast to generate sufficient Sales Tax Special Obligation Bond revenues to pay for the project costs.

**Supportable STAR Bond Debt Estimates
Downtown Salina District**

Year	Estimated STAR Bond Revenue	Less: Adm. Costs 2%	Net STAR Bond Proceeds	Debt Coverage 1.25	Present Value 5.0%	Net Present Value
1	\$434,340	\$8,687	\$425,653	\$340,523	0.95238	\$324,307
2	\$626,851	\$12,537	\$614,314	\$491,451	0.90703	\$445,761
3	\$2,118,856	\$42,377	\$2,076,479	\$1,661,183	0.86384	\$1,434,996
4	\$2,708,686	\$54,174	\$2,654,512	\$2,123,610	0.82270	\$1,747,094
5	\$2,991,480	\$59,830	\$2,931,650	\$2,345,320	0.78353	\$1,837,629
6	\$3,163,658	\$63,273	\$3,100,385	\$2,480,308	0.74622	\$1,850,855
7	\$3,276,465	\$65,529	\$3,210,936	\$2,568,749	0.71068	\$1,825,558
8	\$3,341,994	\$66,840	\$3,275,154	\$2,620,123	0.67684	\$1,773,404
9	\$3,408,834	\$68,177	\$3,340,657	\$2,672,526	0.64461	\$1,722,737
10	\$3,477,011	\$69,540	\$3,407,471	\$2,725,977	0.61391	\$1,673,504
11	\$3,546,551	\$70,931	\$3,475,620	\$2,780,496	0.58468	\$1,625,700
12	\$3,617,482	\$72,350	\$3,545,132	\$2,836,106	0.55684	\$1,579,257
13	\$3,689,832	\$73,797	\$3,616,035	\$2,892,828	0.53032	\$1,534,125
14	\$3,763,629	\$75,273	\$3,688,356	\$2,950,685	0.50507	\$1,490,303
15	\$3,838,901	\$76,778	\$3,762,123	\$3,009,698	0.48102	\$1,447,725
16	\$3,915,679	\$78,314	\$3,837,365	\$3,069,892	0.45811	\$1,406,348
17	\$3,993,993	\$79,880	\$3,914,113	\$3,131,291	0.43630	\$1,366,182
18	\$4,073,873	\$81,477	\$3,992,396	\$3,193,916	0.41552	\$1,327,136
19	\$4,155,350	\$83,107	\$4,072,243	\$3,257,794	0.39573	\$1,289,207
20	\$4,238,457	\$84,769	\$4,153,688	\$3,322,950	0.37689	\$1,252,387
Totals	\$64,381,922	\$1,287,638	\$63,094,284	\$50,475,427		\$28,954,216

Source: Canyon Research Southwest, Inc.; May 2016.

**STAR BOND FEASIBILITY STUDY
PROPOSED DOWNTOWN SALINA DISTRICT
SALINA, KANSAS**

May 2016

INTRODUCTION

Study Objective and Organization

The proposed Downtown Salina STAR Bond District (“District”) in Salina, Kansas incorporates approximately a 28-block area designated for redevelopment and revitalization that encompasses the historic downtown area. Salina 2020, Inc. is seeking to finance a portion of the District through Sales Tax Revenue (STAR) bonds as authorized by the STAR Bond Financing Act (K.S.A. 12-17,160 et seq.). The District’s Master Plan is designed to enhance Salina as a tourist destination by offering a mix of cultural, athletic, entertainment and lodging uses.

STAR bonds provide Kansas municipalities the opportunity to issue bonds to finance the development of major commercial entertainment and tourism areas and use revenues received by the city and county from any transient guest taxes, local sales taxes and use taxes generated by the development to pay off the bonds. STAR bonds possess a 20-year term. In order to be considered a major commercial entertainment and tourism area, a proposed project must be capable of being characterized as a statewide and regional destination, and include a high quality innovative 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. The STAR bond program in Kansas was scheduled to expire on July 1, 2012. In June 2012, Gov. Sam Brownback signed a bill extending the STAR bond program for another five years.

The Kansas Secretary of Commerce ultimately approves the use of STAR bond proceeds within a STAR Bond Project District once the District is established by a governing body. The types of development projects eligible for STAR bond financing include:

- A project with at least a \$50 million capital investment and \$50 million in projected gross annual sales revenues.
- A project located outside of a metropolitan statistical area that has been found by the Secretary of Commerce to be in an eligible area under Tax Increment Financing (“TIF”) law and of regional or statewide importance.
- A major commercial entertainment and tourism area as determined by the Secretary of Commerce.
- Auto racetrack facilities, multi-sport athletic complexes, river walk canal facilities, historic theaters, Manhattan Discovery Center, Wyandotte County Schlitterbahn Project, museum facility, or a major motorsports complex in Shawnee County.

STAR bond legislation allows the governing body of a city to establish one or more special bond projects in any area in the city or outside of a city’s boundaries with the written approval of the county commission. However, each special bond project must be approved by the Secretary of Commerce, based on the required feasibility study, prior to utilizing STAR bonds.

Pursuant to the STAR Bond Financing Act, a STAR bond application must be accompanied by a *Feasibility Study* that examines the impact of the proposed development or special bond project upon similar businesses in the project market area, quantifies out-of-state visitation, forecasts the project's economic impact and evaluates the project's ability to remain profitable past the term of the STAR bonds. According to Section 7 of the STAR Bond Financing Act the *Feasibility Study* should contain the following:

1. Whether a STAR bond project's revenue and tax increment revenue and other available revenue are expected to exceed or be sufficient to pay for the project costs;
2. The effect, if any, a STAR bond project will have on any outstanding special obligation bonds payable from the revenues described in K.S.A. 2009 Supp. 12-17,169, and amendments thereto;
3. A statement of how the jobs and taxes obtained from the STAR bond project will contribute significantly to the economic development of the state and region;
4. Visitation expectations;
5. The unique quality of the project;
6. Economic impact study;
7. Market study;
8. Market impact study;
9. Integration and collaboration with other resources or businesses;
10. The quality of service, and experience provided, as measured against national consumer standards for the specific target market;
11. Project accountability, measured according to best industry practices;
12. The expected return on state and local investment that the project is anticipated to produce;
13. A statement concerning whether a portion of the local sales and use taxes are pledged to other uses and are unavailable as revenue for the STAR bond project; and
14. An anticipated principal and interest payment schedule on the bond issue.

Within the body of this study Canyon Research Southwest, Inc. has addressed each of the criteria outlined above as they relate to the eligibility of the Downtown Salina District to qualify for STAR Bond funding.

Downtown Salina District Project Plan

Salina is located in central Kansas within one of the world's largest wheat-producing regions. Interstate I-135 runs north-south through Salina and provides direct access to Wichita while Interstate 70 runs east-west providing direct access to both Kansas City and Denver. Given its location and transportation network Salina serves as the center for trade, transportation and industry in central Kansas. Manufacturing and agricultural transportation are the principal industries in Salina. The 2010 Census reported the Salina population at 47,707 residents.

The proposed Downtown Salina STAR Bond District ("District") in Salina, Kansas incorporates approximately a 28-block area designated for redevelopment and revitalization that encompasses the historic downtown area. Santa Fe Avenue serves as downtown Salina's principal commercial corridor with the District encompassing a 5-block section between South Street and Elm Street. Existing cultural venues within the District include the Stiefel Theatre, Salina Community Theatre and Salina Art Center. The District boundaries are illustrated on page 4.

Salina 2020, Inc. is seeking to finance a portion of the project through Sales Tax Revenue (STAR) bonds as authorized by the STAR Bond Financing Act (K.S.A. 12-17, 160 et seq.). The District's Project Plan is designed to enhance Salina as a tourist destination through the construction of several "destination attractions" including the America's Crossroads Car Collection, Salina Field House, and family entertainment center. The Project Plan also includes improvements to the existing Stiefel Theatre. A 114-room hotel is included in the Project Plan designed to accommodate the expected increase in out-of-town visitation generated by these destination attractions. The District's principal destination attraction development sites are depicted on page 5. A description of the District's planned destination attractions is provided in the text to follow.

Stiefel Theatre

The Stiefel Theatre for the Performing Arts has been the anchor of Salina's tourism industry for decades, but requires reinvestment if it is to remain competitive, accommodate a wider selection of performers, and increase attendance and revenues. The 1,287-seat theater opened in February 1931 as the Fox-Watson Theater. Designed by the prominent architectural firm of Carl and Robert Boller of Kansas City, the theater features a lavish Art Deco style with chandeliers, mirrored ceilings, a glamorous staircase and gold leaf throughout. The Mission of the Stiefel Theatre for the Performing Arts is to provide quality experiences that enrich, educate and entertain. The programming goal of the theatre is to present broad base quality shows from a wide variety of genres including Classical, Blues, Rock, Comedy, Country, Dance, Jam, Alternative, etc. that appeal to a large demographic. The Stiefel Theatre supports a regional draw with patrons traveling from Lawrence, Manhattan, Topeka, Wichita, Hays, Garden City and from out of state. Attendance during 2015 was reported at 43,688. The Project Plan calls for an estimated \$2.0 million in design and capital improvement costs to the theatre that may include LED exterior signage, sound system, lighting above the stage, stage house improvements, additional restrooms, and service areas for food and beverage.



PROPOSED STAR BOND DISTRICT

2-2-2015

Star Bond District

Salina, Kansas

JGR ARCHITECTS

Canyon Research Southwest, Inc.

America's Crossroads Car Collection

The Downtown Salina District will invest in the America's Crossroads Car Collection with the goal of expanding and diversifying Salina's tourism industry and stimulating economic growth through increased visitation and expenditures. The Salina Educational Automotive Museum of America, Inc. dba America's Crossroads Car Collection's Board of Directors hired renowned national automotive museum consultant, Earl Trout III, to work with the Board on creating the museum's business plan and operating budget.

Earl Trout III was the Executive Director of the Kansas City Automotive Museum, 15095 W, 116th Street, Olathe, Kansas, from December 2011 to July 2014. He led the creation of a new 501(c)(3) for the automotive museum from concept to reality. He personally hosted scores of presentations, established relationships in business, museum, and automotive communities. He drafted the business plan, budgets, policies, and procedures; launched the capital campaign; drew building concept; redrew blueprints; and oversaw construction. He created a concept for the gift shop, launched an email newsletter, established school tours, designed museum graphics and historical displays. With the leadership of Mr. Trout, the museum earned four prestigious national awards prior to opening its doors and continues to be recognized as one of the finest automotive museums in the country.

The automotive-themed visitor experience will consist of approximately 31,000 square feet of exhibition space comprised of a new building and adaptive re-use of five existing warehouse buildings. The museum will display a collection of restored antique and vintage cars that will rotate every 3 to 4 months, as well as exhibits and programs illustrating automotive history, technology, pop culture and design. The museum is designed to exhibit 25 to 60 vehicles at a time.

A list of the museum's vehicles available to rotate in the exhibit is provided in the table on page 7. These vehicles are all locally owned or owned by the museum. Since the collection ranges from American to European automobiles to racing automobiles and motorcycles, the museum has the ability to design rotating exhibits around decades, manufacturers, and regions. This also allows the museum to host special events around the rotating exhibits.

In addition to this list of exhibit vehicles, America's Crossroads Car Collection has partnered with Kustom Kemps of America (KKOA), America's oldest running custom car and truck association, to house the KKOA National Hall of Fame. As part of this partnership, KKOA will place on exhibit customized automobiles of their Hall of Fame members as well as award winning automobiles from the Annual Leadsled Spectacular that is held in Salina each summer. KKOA has a membership in excess of 15,000 with Hall of Fame members including some of the most well-known customizers in the world like:

George Barris – Designer of the Batmobile and Munster Koach
Dick Dean – Builder for Barris Kustom City
John D. Agostino – Most decorated customizer in the world
Gene Winfield – Builder of the Piranha and Reactor
Darryl Starbird – “Bubble Top King”

Year	Make	Model
1902	Locomobile	Steam Runabout
1912	Rolls-Royce	Silver Ghost
1918	Ford	Model T Speedster
1923	Bentley	3 litre Vanden Plas Tourer
1924	Rolls-Royce	Silver Ghost - Black
1924	Rolls-Royce	Silver Ghost - Maroon
1925	Ford	Model T coupe
1925	Rolls-Royce	Silver Ghost
1928	Bentley	6.5 litre Gurney Nutting limosine
1929	Bentley	
1932	Ford	Historic 5-window Coupe
1932	Ford	Historic Hot Rod Roadster
1937	Lagonda	LG45 Rapider
1939	Lagonda	V12 Le Mans
1941	Ford	Opera Coupe
1947	Ford	Woody Wagon
1949	Ford	Convertible
1950	Mercury	Coupe
1951	Bentley	Mark VI Freestore and Webb drop head Coupe
1953	Buick	Woody Wagon
1954	Kurtis	500 S
1956	Ford	Ute
1957	Porsche	Speedster
1958	Mercedes Benz	220 S Coupe Rally Car
1958	Oldsmobile	Convertible
1959	Cadillac	Eldorado Convertible
1959	Ford	Galaxie Skyliner retracable hardtop convertible
1960	Watson	Roadster Indy Car
1963	Chevrolet	Corvette
1963	Ford	Falcon
1964	Buick	Skylark
1964	Ferrari	250 GT/L Lusso
1964	Shelby	Cobra
1965	Ford	Galaxie 500 XL
1965	Ford	Mustang Shelby GT 350
1965	Ford	Thunderbird
1966	Ford	Mustang Shelby GT 350
1967	Ford	Mustang Shelby GT 350
1967	Ford	Shelby GT 350 Mustang
1967	MG	1100 Sports Sedan
1968	Mini	Cooper S
1968	Morgan	Plus 4 Roadster
1969	Chevrolet	Camaro RS Yenko
1969	Chevrolet	Camaro Z28
1969	Chevrolet	Corvette Hardtop
1969	Porsche	911
1970	Buick	GS Stage 1 Fireglow GS
1970	Buick	GSX Stage 1
1970	Chevrolet	Chevelle LS5
1970	Chevrolet	Chevelle LS6
1971	Chevrolet	Nova SS Yenko
1974	Pantera	
1979	Ducati	750 F1 B motorcycle
1979	Lincoln	Mark V
1984	Zimmer	Convertible
1997	Porsche	911 Twin Turbo
2005	Lotus	Elise
2006	Ford	GT
2015	Chevrolet	Camaro Yenko
	Cushman	Eagle scooter

Each summer at the Annual Leadsled Spectacular, KKOA inducts two new members into the Hall of Fame. During the Leadsled Spectacular, KKOA will hold a Hall of Fame dinner at the museum and officially place on display a vehicle from each new Hall of Fame inductee.

The museum is partnering with McPherson College and their Auto Restoration program, the only Restoration Technology Bachelor's degree program in the country, to develop an educational program that will include seminars and special events to be held at the museum where McPherson College faculty would present historic automotive facts and faculty and students would demonstrate aspects involved in restoring a vehicle. The museum and McPherson College have discussed partnering on fundraising events at the museum where national speakers would be brought to McPherson College for a speaking engagement as well as a presentation and dinner at the museum; possibly Jay Leno, a McPherson College Auto Restoration Board Member. The museum and McPherson College are also working on extending the partnership with Kustom Kemps of America and their Hall of Fame members to possibly teach specific topics at the College and possibly be artists in residence at the museum. Additionally, McPherson College and the museum have agreed to dedicate space in the museum to display a restored vehicle that had all of the work done by McPherson College students as well as space to promote McPherson College's Auto Restoration program, The museum also plans on housing a library of technical manuals that can be used for educational research by the public. It is also envisioned that the museum's theater will host educational presentations about the history of the automobile.

This museum is designed as an interactive and participatory visitor venue that delivers an entertaining and educational experience that will serve a regional market drawing automobile enthusiasts from the Midwest and throughout the United States. The museum envisions hosting fifty special/theme events throughout the year including: Monthly Cars & Coffee, Annual Dancing with the Cars, Monthly Scavenger Cruise, Quarterly Race Nights, Monthly Cruise-Ins, Monthly Club Nights, Monthly Take A Spin Nights, Monthly STEM Days, Quarterly Day Drives, Annual Wheels & Heels Gala, Annual Summer Camps and Annual Cars & Cigars Fundraiser. In addition to these museum events the museum will also be available to rent for private events.

The study findings suggest sufficient demand generators exist to support the America's Crossroads Car Collection in Salina, Kansas. The Downtown Salina District offers suitable location characteristics to accommodate development of the planned museum.

Salina Fieldhouse

The Salina Field House is planned for construction at the intersection of 5th Street and Ash Street. The 63,420 square foot facility will include indoor venues for basketball, volleyball, and batting cages. The program plan includes four permanent hardwood basketball courts that can be cross lined to accommodate six volleyball courts, an un-boarded turf field with drop down batting cages/pitching tunnels, and the necessary supporting amenities for local programming and regional events. The turf area will also be used to accommodate two temporary hardwood basketball/volleyball courts. These temporary courts will be utilized for event weekends and create the opportunity for the Salina Field House to feature a total of six hardwood basketball courts and eight hardwood volleyball courts. Additional features of the Salina Field House include a lobby and welcoming area, ticket office, office area, concessions, café seating, flex/team rooms, mezzanine and restrooms.

The Salina Field House will complement the large number of outdoor sporting events and tournaments already hosted in Salina and serve a primary trade area that extends north into Nebraska, east to Manhattan, Kansas and west to Ellis County. Weekend sports tournaments will draw from within a 100-mile radius with regional tournaments drawing teams from a 6- to 8-state area.

Family Entertainment Center

Also located at the intersection of 5th Street and Ash Street will be a 47,000 square foot family entertainment center that will be comparable to The Alley in Wichita, Kansas. The Alley offers indoor entertainment including a 32-lane bowling center, go-kart raceway, video arcade, billiard games, concessions and Back Alley Sports Grill. The family entertainment center planned for the District will offer 24 lanes of bowling, an 8-lane boutique bowling facility, laser tag, an arcade with 50 to 70 games, sports grill, and meeting space. Birthdays, meetings and events will be principal drivers of business with a trade area that extends north into Nebraska and to the east and west up to a two hour drive. The 24 lanes of bowling qualify to host State and regional high school and college bowling tournaments. The family entertainment center planned for the District is also designed to be the best bowling facility between Kansas City and Denver which should attract pro and semi-pro bowlers.

Hotel and Meeting Space

To accommodate the anticipated increase in out-of-town visitation a 114-room hotel is planned at the intersection of Santa Fe Avenue and Mulberry Street. The all-suite hotel will be operated as a Hilton Homewood Suites and include meeting space and a restaurant.

Downtown Salina Streetscape Plan

Additional investment to the District will include street and sidewalk improvements to Santa Fe Avenue between Mulberry Street and Elm Street. The improvements are designed to enhance the look and image of downtown; that, in turn will generate increased investment, visitation, pedestrian traffic, retail sales and demand for commercial space.

In October 2015 Ochsner Hare & Hare, a division of Olsson Associates, prepared the Downtown Salina Streetscape Plan that provided a conceptual design plan for infrastructure improvements to Santa Fe Avenue. Santa Fe Avenue is designed with one lane of traffic in each direction, median and angled parking on both side of the street. Additional design elements include stamped concrete sidewalks, landscape beds, street trees, bench seating, stamped concrete crosswalks, lighting, concrete sidewalks, outdoor café seating, bike racks, public plazas, gateway monuments, and overhead structures at mid-block crossings.

The District's Project Plan also envisions the renovation of vacant commercial space designed to house specialty retailers, restaurants, office and residential uses. Transformation of the District into a vibrant mixed-use environment will generate increased visitation and retail sales.

The Project Plan also features a residential component that includes conversion of the Lee buildings at the north end of the District into 113, Low-Income Housing Tax Credit apartments and a new 32-unit apartment community located near the planned hotel.

The Project Plan calls for phased development of the planned attractions. As outlined in the table below, the initial phase of development includes the Save-a-Lot grocery store that opened in 2015; followed by the Salina Field House in 2016; the family entertainment center, America’s Crossroads Car Collection, hotel and Stiefel renovations in 2017 and Stiefel expansion in 2018.

Project Plan Phasing Schedule

Project Component	Scheduled Opening
Save-a-Lot Grocery Store	2015
Salina Field House	2016
Hotel / Restaurant / Meeting Space	2017
Family Entertainment Center	2017
America’s Crossroads Car Collection	2017
Stiefel Theatre Renovation	2017
Stiefel Theatre Expansion	2018

Located just outside the District is the Salina Regional Medical Center that employs over 1,300 and includes the KU Medical School Salina. The hospital admits over 75,000 patients annually and services a primary market area within the surrounding 6-county region and a secondary market area that encompasses another eight counties. In recent years the hospital has undertaken an aggressive capital improvement plan adding a \$100 million patient tower, intensive care unit, emergency room expansion, new parking garage and helped fund the Children’s Center. Having a vibrant downtown is important for the Salina Regional Medical Center in recruiting medical staff, attracting patients and supporting continued expansion of the campus. The District will benefit from the proximity of the Salina Regional Medical Center by the opportunity to draw out-of-town visitors to dine, entertain and shop within the District.

Related to the Salina Regional Medical Center, the Salina Regional Health Foundation has entered into a contract to purchase the former Planter’s State Bank / Bank of America building at 138 North Santa Fe Avenue for the purpose of relocating and expanding the University of Kansas School of Medicine – Salina Campus. The medical school is currently occupies the 16,000 square foot Braddick Building on the Salina Regional Health Centre campus. The new facility is scheduled to open in June 2018 and will provide 40,251 square feet of space to accommodate new curriculum changes for the school. The new medical school is expected to be a big boost in the redevelopment of downtown Salina.

The goal of providing a critical mass of tourism services, attractions and amenities to the District is to improve Salina’s status as a tourism destination with benefits aimed at generating increased visitation and visitor expenditures, extending visitor stays in Salina and enhancing the visitor experience. The total estimated cost to complete the planned improvements, including site acquisition, soft costs and building construction, is estimated at approximately \$150 million, STAR Bond reimbursable project costs are estimated at approximately \$21 million.

MARKET STUDY

The *Market Study* component of the *Feasibility Study* evaluates the potential of the STAR Bond project to gain market share locally, regionally and nationally and the ability of the project to gain sufficient market share to:

- Remain profitable past the term of repayment; and
- Maintain status as a significant factor for travel decisions.

The Downtown Salina STAR Bond District (“District”) is designed to support several tourism-related components, including a vintage car museum, family entertainment center, athletic fieldhouse and lodging. It is these project components that will generate retail sales tax revenues eligible for capture under STAR Bond legislation.

The *Market Study* portion of the report evaluates the viability of the District to facilitate development of the museum, retail and lodging uses. In doing so, the *Market Study* examines the region’s tourism market and the ability of the local market to support additional cultural, athletic and lodging facilities.

The *Cultural Market Analysis* examines the market potential to support renovations to the Stiefel Theater and construction and operation of the planned America’s Crossroads Car Collection. Local tourism market trends are discussed, comparable cultural and entertainment attractions in the Salina area are identified, potential customer markets assessed, and a facility evaluation prepared that discusses trade area demographics, visitation levels, site location, access, exposure, and synergy with existing area attractions.

The *Athletic Facilities Market Analysis* evaluates the potential of supporting development of the planned athletic fieldhouse. Sports participation rates are discussed, existing athletic facilities in Salina identified, and a facility needs assessment prepared.

The *Lodging Market Analysis* evaluates the Salina lodging market. Trends in the local hotel market are discussed, existing lodging facilities are identified and a site evaluation determined the ability of the District to facilitate development of the planned hotel.

Based on the findings of the *Market Study* the report determined the suitability of the District as a prospective location for future development and continued operation of the planned cultural, athletic and lodging uses.

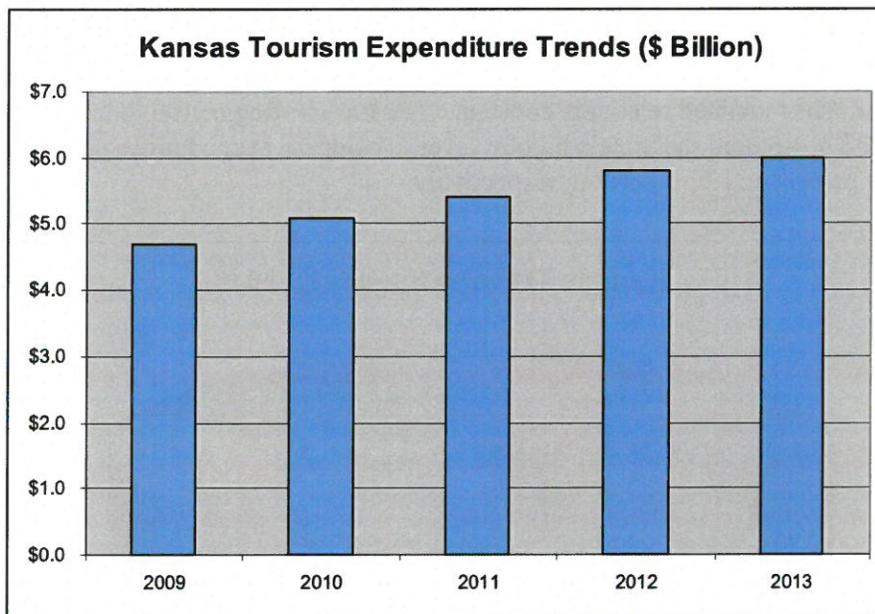
Cultural Facilities Market Analysis

Existing cultural facilities in the Downtown Salina STAR Bond District include the Stiefel Theatre and Salina Community Theatre. The Downtown Salina District's Project Plan calls for the opening of the America's Crossroads Car Collection, a state-of-the-art, automotive-themed visitor experience. The automotive museum is designed as a destination attraction drawing automobile enthusiasts from a regional trade area.

This section of the report evaluates the market viability of the America's Crossroads Car Collection by addressing: 1) area tourism market; 2) existing Salina museums and cultural attractions; 3) assessment of potential markets; 4) facility evaluation and 5) attendance projections.

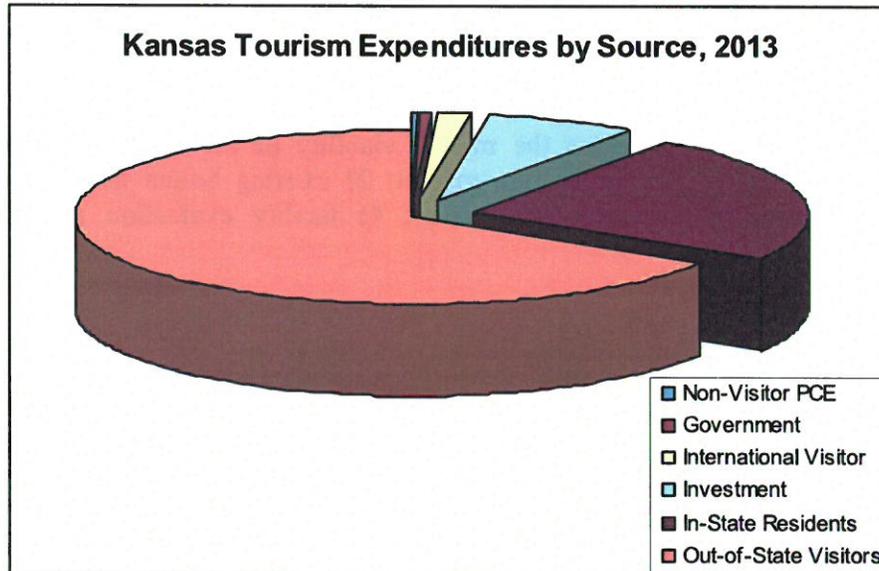
Tourism Market Overview

According to the *Economic Impact of Travel in Kansas 2013* prepared by Tourism Economics, during 2013 an estimated 33.7 million visitors to Kansas spent \$6.0 billion. The Kansas tourism market has rebounded from the national recession marked by recent increases in annual visitation and expenditures. Visitation and expenditures declined from 2007 through 2009. By 2010, visitation and expenditures were back on the rise. Traveler spending has grown at an average annual rate of 6.0 percent over the past four years.

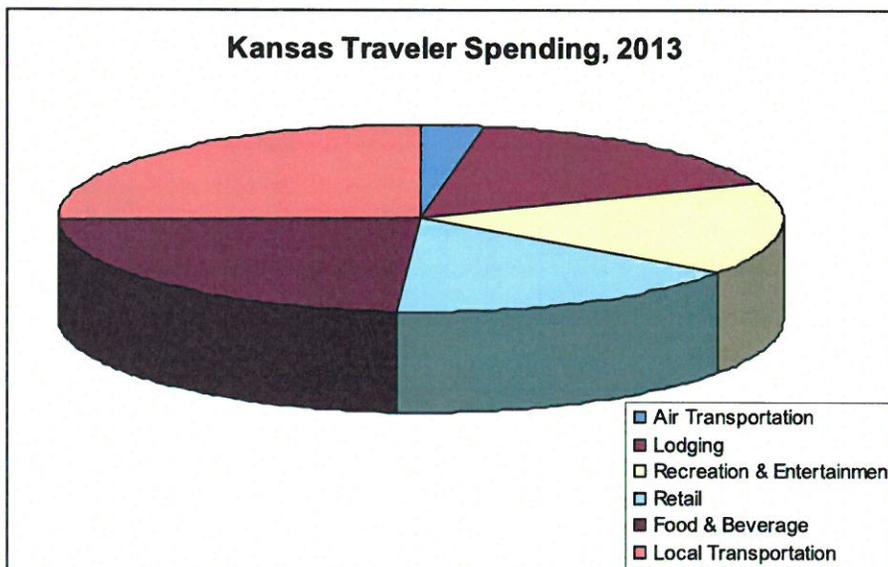


May through October is the state's peak travel season. The Kansas City and Wichita metropolitan areas serve as the State's principal tourism destinations. During 2013, spending per visitor to Kansas averaged \$177 with day travelers spending \$74 and overnight visitors spending \$332. While accounting for only 40 percent of all visitors to Kansas, overnight travelers account for nearly 75 percent of all tourism spending in 2013.

During 2013, out-of-state and international visitors accounted for 67.8 percent of total tourist expenditures with in-state residents, internal business travel and private investment accounting for the remaining 32.2 percent. In-state tourism expenditures were broken down by 24.1 percent from residents, 7.2 percent from investment, 0.6 percent government and 0.3 percent non-visitor PCE.



During 2013, tourism expenditures in Kansas reached \$6.0 billion with local transportation accounting for the largest share (25.3%). Collectively, food and beverage, retail, and recreation and entertainment represent 56 percent of total visitor spending. Over the past five years the pattern of visitor spending has remained relatively constant. The Eastern Region (includes Kansas City MSA) and Wichita MSA captured the State's highest levels of tourism expenditures, accounting for market shares of 47.9 percent and 22.9 percent, respectively.



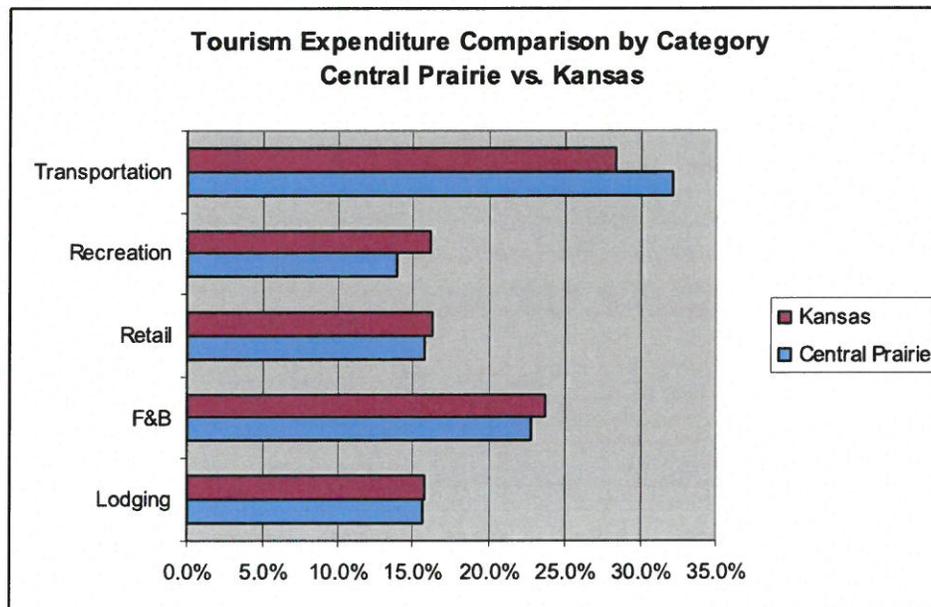
From 2009 to 2013, tourism expenditures in Kansas rose by over 27 percent. Recreation and entertainment expenditures reported the largest gain in market share, increasing from 12.8 percent in 2009 to 16.1 percent by 2013. Since 2009, both retail and food & beverage expenditures have experienced a significant loss in market share.

Kansas Trends in Tourism Expenditures by Category

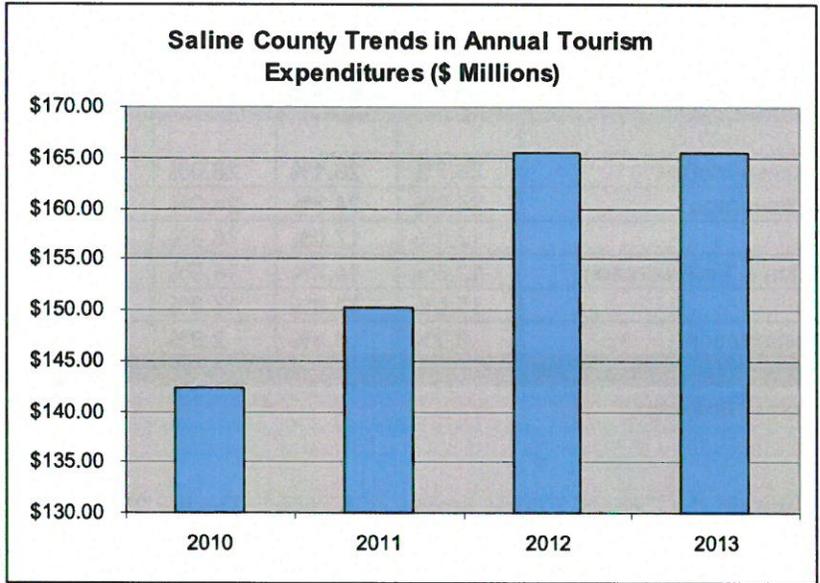
Expenditure Category	Market Share				
	2009	2010	2011	2012	2013
Local Transportation	26.7%	26.1%	26.0%	25.7%	25.3%
Food & Beverage	24.8%	24.3%	24.0%	23.4%	23.7%
Retail	17.1%	17.0%	16.8%	16.4%	16.2%
Recreation & Entertainment	12.8%	14.7%	14.5%	16.2%	16.1%
Lodging	15.5%	14.8%	15.8%	15.6%	15.8%
Air Transportation	3.2%	3.1%	2.9%	2.8%	2.9%
Totals	100.1%	100.0%	100.0%	100.1%	100.0%

Source: Tourism Economics.

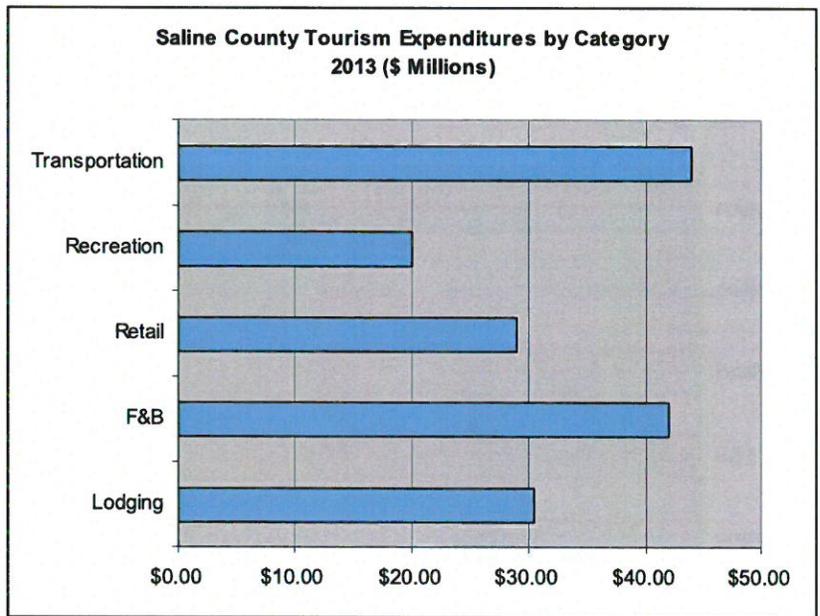
Salina is located within the Central Prairie region of Kansas. During 2013, tourism expenditures within this region amounted to \$2.1 billion, or 35.5 percent of the statewide total. Sedgwick County, which comprises the Wichita MSA, accounted for two-thirds of the Central Prairie region's total tourism expenditures, or \$1.37 billion. Tourism expenditures for the year were led by transportation at \$678 million; food and beverage at \$481 million and retail at \$333 million. When compared to statewide averages, tourism expenditures on recreation, retail and food & beverage in the Central Prairie region are below the norm.



Salina is located within Saline County which in 2013 captured a reported \$165.44 million in visitor expenditures, or 7.82 percent of all tourism expenditures in the Central Prairie region. Saline County was second only to Sedgwick County in tourism expenditures. In recent years tourism expenditures in Saline County have grown considerably, from \$142.29 million in 2010 to \$165.44 million by 2013.



During 2013 tourism expenditures in Saline County were led by transportation at \$43.96 million, food & beverage at \$42.03 million, lodging at \$30.44 million and shopping at \$28.92 million. Saline County’s tourism industry now employs a report 2,341 workers.



To conclude, Saline County and Salina serve as one of central Kansas' principal tourism destinations. Tourism is a major economic engine for Saline County, capturing over \$165 million in annual visitor expenditures and generating an estimated 2,341 jobs. As a tourism destination Salina benefits from its central location, proximity to two Interstate highways, and host of major attractions, events and sports tournaments. The Downtown Salina District is designed to provide several major attractions not presently available in Salina, thus generating increased visitation, length of stay and tourism expenditures. Salina's existing tourism market will benefit from the increased cluster of diverse attractions provided by the Downtown Salina District.

Salina Museums and Attractions

Salina supports a host of attractions and events that cater to both local residents and out-of-town visitors. Principal museums and attractions operating in Salina include the Smoky Hill Museum, Stiefel Theater, Salina Community Theatre, Art Center Cinema, Salina Bicentennial Center, Rolling Hills Wildlife Adventure and Kenwood Cove Water Park. The Smoky Hill River Festival is an annual 4-day event of the visual arts, music and dance. The festival has grown since its inception in 1977 with attendance in 2014 estimated at over 62,000 and direct revenues exceeding \$1.0 million. During 2014 attendance to these attractions and events totaled approximately 508,000. With the addition of the America's Crossroads Car Collection the District is designed to support increased out-of-town visitors and spending to Salina.

Salina Attractions and Events 2014 Attendance

Attraction and Event	Attendance
Smoky Hill Museum	35,000
Stiefel Theatre	39,017
Salina Community Theatre	43,880
Art Center Cinema	20,000
Salina Bicentennial Center	147,545
Rolling Hills Wildlife Adventure	84,270
Smoky Hill River Festival	62,860
Kenwood Cove Water Park	75,276
Total Attendance	507,848

Museums

The principal museum in Salina is the Smoky Hill Museum. The Smoky Hill Museum chronicles the region's rich history with exhibits featuring local people and artifacts exploring topics such as immigration, agriculture, education and more. The Museum reflects the struggles and vision of the people of the Smoky Hills region and Salina since the city's founding in 1858. The Museum's collections began in 1879 as part of the Saline County Historical Society, initiated by town founders William A. Phillips and Alexander M. Campbell. Just over a century later, the Museum opened to the public in its current location in 1986 at the historic post office at 8th Street and Iron Avenue downtown, receiving national accreditation in 1997.

Today, the Smoky Hill Museum continues to operate as a division of Salina Arts & Humanities, with professionally trained staff who serve more than 35,000 visitors each year. The Smoky Hill Museum offers a wide variety of educational programs and a Kansas-focused Museum Store. Located within the Down Salina District, the museum will both serve as a principal attraction and benefit from the addition of planned complimentary attractions.

Cultural Attractions

Salina is home to several cultural venues that draw out-of-town visitors. Notable venues include the Stiefel Theatre, Salina Community Theatre, Salina Art Center, Salina Bicentennial Center and Rolling Hills Wildlife Adventure. A brief description of each attraction is provided in the text that follows.

The Stiefel Theatre for the Performing Arts has been the anchor of Salina's tourism industry for decades, hosting the Salina Symphony and a wide range of musical and dance performers. The 1,287-seat theater opened in February 1931 as the Fox-Watson Theater. The theatre closed as a film house in 1987, and in 1989 its current owners, Dickinson Theatres, gave the theatre to the City of Salina. The city repaired the roof of the theatre and mothballed it until 1997 when it was turned over to a non-profit group for restoration, which was completed in 2003. The grand re-opening took place in March 8, 2003, with a sell-out concert by Jim Belushi and The Sacred Hearts. The Stiefel Theatre has become a major concert venue in the Midwest, taking advantage of a perfect routing location and size for tours that travel all over the country. In the past few years Jackson Browne, Steve Martin and the Steep Canyon Rangers, Merle Haggard, George Carlin, Darius Rucker, Lindsey Buckingham, Peter Frampton, Bonnie Raitt, Emmylou Harris, The East Village Opera Company have performed at the Stiefel Theatre.

The Stiefel Theatre currently hosts 40 to 50 events per year, including 12 concerts by the Salina Symphony. Attendance during the Stiefel Theatre's 2013-2014 season totaled 39,017, including events, the symphony and rentals. By stipulating a 150-mile exclusive trade area on acts the Stiefel Theatre serves a regional trade area. Capital improvements to the Stiefel Theatre that would enable the venue to host a wider range of acts include a sound system, overhead lighting in front of the stage and increased weight capacity of the stage house riggings. A 150+ seat intimate venue in the basement is being considered and would be open approximately 200 nights per year and cater to up and coming and specialty acts. The Stiefel Theatre will benefit from the hotel planned for the Downtown Salina District.

Salina Community Theatre is a non-profit educational organization whose mission is to enrich the lives of people in Salina and the surrounding region by creating a broad range of quality theatrical programs for their entertainment and education, and to provide people of all ages and backgrounds the opportunity to participate in play production and other theatre activities. The 45,000 square foot facility operates a 319-seat main stage and 150-seat venue. Additional theatre facilities include two dance rooms, a large main lobby and concessions. The theatre is available for rent to outside parties. The Salina Community Theatre hosts 95 to 97 performances per year with total attendance of approximately 26,000. Including dance classes and rentals, the theatre hosts approximately 45,000 people annually. The theatre's primary trade area is within a 100-mile radius, though according to ticket sales data patrons travel from as far as Omaha, Kansas City, Oklahoma City and Denver. To facilitate the growing demand for educational based

activities future expansion plans include constructing a \$3.0 million, 2-story building dedicated to dance instruction.

The Salina Art Center was founded in 1978 by artists, educators, and community members who envisioned a gallery and education center that would actively engage North-central Kansas residents in art experiences of high quality and intellectual integrity. Housed originally on the Kansas Wesleyan University campus, the Art Center increased its capacity for exhibitions and education programs in 1988–1989 through the purchase and renovation of a larger, more accessible new home in downtown Salina. In 1997, the Art Center Cinema was created one block away from the main facility, and in 2004, a downtown warehouse building was donated for renovation as a live/work space for extended artist residencies and education. The Art Center has grown from a volunteer-based organization with one part-time employee to a nationally recognized institution offering a comprehensive menu of exhibitions, art education, film, and artist-community interaction.

The Salina Bicentennial Center is a city-owned venue currently managed by Spectra Venue Management. The facility is composed of a 7,583 seat multipurpose arena and Heritage Hall, a newly renovated 18,000 square foot convention space designed for groups of 50 to 2,000 people. The Salina Bicentennial Center is home to the Salina Bombers of the Champions Indoor Football League and Salina Sirens roller derby team. The facility also hosts such events as the 4A basketball, volleyball and wrestling tournaments, concerts, family shows, sporting events, trade shows and conventions. Total attendance for 2014 was reported at 147,545. The Salina Bicentennial Center recently underwent a \$13.1 million renovation that includes new signage, concessions, auxiliary box office, VIP room, refurbished concourses, brickwork in the main lobby and upgrades to the HVAC system. The investments in the Salina Bicentennial Center are designed to improve the facility's competitiveness which in turn will drive more events and attendance. Given the Salina Bicentennial Center's close proximity it is expected to have an impact on patronage of the Downtown Salina District.

The Rolling Hills Zoo features over 300 animals and a 64,000 square foot interactive wildlife museum with seven world regions, this attraction has it all. The zoo takes visitors around the world to experience the interaction between humans, animals and nature. The museum also boasts a domed 3-D theater experience, a children's exploration room and a 2,000 square foot traveling exhibit area. The zoo is home to rare animals, including the white camel, an Indian rhino, an anteater and more. Rolling Hills Zoo is a public, non-profit organization dedicated to the preservation of wildlife through participation in conservation programs and by providing fun and interactive educational experiences.

Annual Events

Salina hosts two major annual events, including the Smoky Hill River Festival and Kustom Kemps of America Lead Sled Spectacular Car Show.

The Smoky Hill River Festival is an annual 4-day event of the visual arts, music and dance. The festival is held at Oakdale Park and has grown since its inception in 1977 with attendance in 2014 estimated at over 62,000 and direct revenues exceeding \$1.0 million. The festival includes exhibiting artists and craftspeople in four craft markets, performing groups, food vendors, two & five mile runs, a 25 mile bike race, sand sculpture and many kid's activities.

The annual 3-day Kustom Kemps of America Lead Sled Spectacular Car Show held at Oakdale Park plays to sell-out crowds and last year over 1,800 customs, hotrods and drag machines were registered for the event. The event also includes two stages of live music.

To conclude, Salina supports a wide selection of major attractions and annual events that have established the city as a regional tourism destination. The Downtown Salina District is designed to complement the current attractions while also creating the infrastructure necessary to improve Salina's status as a tourist destination, draw additional visitation, increase the visitors' length of stay and capture increased commerce and lodging demand.

Assessment of Potential Markets

The America's Crossroads Car Collection is planned attraction for the Downtown Salina District. Sources of attendance demand for this museum include: 1) local residents, 2) tourists, and 3) car club members.

Resident Market

Given the status of the museum as a tourist destination, the resident population serves as a secondary source of visitation. Esri estimated the 2014 population within a 50-mile radius of Salina, Kansas at 205,579, indicating a large potential local resident market. In addition, Wichita is located less than 100 miles away, possessing a population of approximately 650,000.

Education will play a vital part of the mission for the America's Crossroads Car Collection creating the opportunity to host educational tours for teachers and students. Esri estimated that the current population within a 50-mile radius of Salina, Kansas supports a school age population of 41,319 residents. This represents a substantial potential school market for the museum.

Tourist Market

According to a visitor survey prepared by the Kansas Department of Commerce – Travel and Tourism Development Division, visiting a museum (66.27%) and visiting a historic site (52.46%) were among the top four activities of visitors to Kansas. Salina's proximity to Interstates 70 and 135 create an expanded trade area and high transient traveler counts from which the America's Crossroads Car Collection can draw from. The Kansas Department of Transportation published 2014 average daily traffic counts in Salina at 17,100 vehicles on Interstate 70 and 24,600 vehicles on Interstate 135.

The America's Crossroads Car Collection's primary target audience for attendance is Baby Boomer travelers who are also fans of vintage and classic cars. They have disposable income, value authentic experience and will be a sizeable tourist and travel market for the next 20 years.

Generation Y Millennials, ages 10 to 35, are the secondary target market for the museum. This age group is highly educated compared to other generations and lives with technology. Their expectations are significantly changing museum displays and experiences.

The American Auto Association (AAA) reports the average distance traveled on a car trip is 500 miles. Dallas, Colorado Springs, Denver, Kansas City, Oklahoma City, Omaha, Tulsa and

Wichita are all within a 500 mile radius of Salina. Vintage car enthusiasts will travel from further destinations to experience both attractions. They value new experiences and family-oriented settings.

Salina’s principal attractions and events attract nearly 508,000 attendees annually which will also serve as a source of visitation for the America’s Crossroads Car Collection. The annual 3-day Kustom Kemps of America Lead Sled Spectacular Car Show would be a particular important source of visitation for the vintage car museum.

Car Club Members

Car club members are considered a principal source of visitation for the America’s Crossroads Car Collection. The Midwest supports a large and vibrant car club community, which logically be considered an indicator of interest in automobile museums. As illustrated by the table below, 427 car clubs operate within the 7-state regional surrounding Salina, Kansas, with a total membership of 139,260. Over half of these car club members are Kansas residents, which bodes well for the America’s Crossroads Car Collection’s ability to support high attendance levels.

Midwest Car Clubs

State	# of Clubs	# of Members
Kansas	59	74,713
Nebraska	33	5,251
Colorado	78	25,238
Oklahoma	50	15,243
Iowa	48	6,120
Arkansas	49	6,253
Missouri	110	6,442
Totals	427	139,260

Facility Evaluation

Museums include, but are not limited to, aquariums, arboretums, art museums, botanical gardens, children's/youth museums, general museums (those having two or more significant disciplines), historic houses/sites, history museums, natural history/anthropology museums, nature centers, planetariums, science/technology centers, specialized museums (limited to a single distinct subject), and zoological parks.

The America’s Crossroads Car Collection (“ACCC”) will incorporate a specific discipline, history and education. These characteristics will assist in generating visitation from outside of the region as car enthusiasts will travel a distance to experience the unique offerings of the America’s Crossroads Car Collection.

Location assets favoring the ACCC include Salina's convenient vehicular and air access, large inventory of hotels, established tourism industry, close proximity to several major metropolitan areas, and presence of several existing tourism destinations. The museum's planned location within downtown Salina adds to its authentic visitor experience. The planned cluster of attractions in downtown Salina will assist in drawing increased visitors to the area.

The ACCC will benefit from the annual 3-day Kustom Kemps of America Lead Sled Spectacular Car Show and the exposure and visitor counts the event will generate. The fact that the vehicle exhibits will rotate periodically will benefit repeat attendance.

The closest car museum to Salina is the Kansas City Automotive Museum in Olathe, Kansas that opened in May 2014. The 12,000 square foot museum chronicles Kansas City's automotive history. With 28 historical reader boards and interactive displays, the museum features 30 cars that rotate every 4-6 months. Additionally, the museum has a drive-in area that is dedicated to the car club of the month. Education plays a key role for the museum, offering tours, lectures, programs, school events and a car show. Given the programming of the Kansas City Automotive Museum it is not expected to compete directly with the ACCC.

Comparable vintage car museums in the United States include LeMay-America's Car Museum in Tacoma, Washington; The Gilmore Car Museum in Hickory Corners, Michigan; Antique Automobile Club of America Museum in Hershey, Pennsylvania; Lane Motor Museum in Nashville, Tennessee and Lars Andersen Auto Museum in Brookline, Massachusetts. The distance of these comparable car museums from Salina greatly reduces their competitive impact on the ACCC.

Conclusions

The Downtown Salina District will invest in the America's Crossroads Car Collection with the goal of expanding and diversifying Salina's tourism industry and stimulating economic growth through increased visitation and expenditures.

One of the strategic recommendations of the *Kansas Cultural and Heritage Research Study* published by the Kansas Department of Commerce – Travel and Tourism Development Division, was to enhance the interpretation and visitor experiences at local heritage sites, attractions and communities. The opening of the ACCC will introduce a new and diverse visitor attraction to Salina that targets specific market segment, thus broadening the tourism base.

The study findings suggest sufficient demand generators exist to open the ACCC in Salina, Kansas. The Downtown Salina District offers suitable location characteristics to accommodate development of the ACCC.

Athletic Facilities Market Analysis

The Salina Field House will be a multi-sport athletic facility designed for indoor basketball and volleyball, accompanied by such support amenities as a lobby and welcoming area, ticket office, office area, concessions, café seating, flex/team rooms, mezzanine and restrooms. The facility is designed with the intention of hosting local and regional tournaments by featuring a total of six hardwood basketball courts and eight hardwood volleyball courts.

This section of the report provides a survey of existing athletic facilities in the City of Salina along with a facilities need assessment based on the *Park, Recreation, Open Space & Greenway Guidelines* published by the National Recreation and Park Association.

Sports Participation

The Salina Field House is designed to serve a regional trade area and compliment the large number of outdoor sporting events and tournaments already hosted in Salina. The Field House's primary focus will include indoor basketball and volleyball.

The vast majority of Americans participate in some fitness or recreational physical activity. The Physical Activity Council released the *2013 Sports, Fitness and Recreation Participation Overview Report* based on a survey that measured participation in 126 sports, fitness and recreation activities. The report concluded that 72 percent of Americans age six and over (206.7 million people) are "active". The report also determined that many Americans engaged in socially based exercise activities at health clubs.

The table on the following page identifies 10-year trends in sports participation among Americans seven years of age and older as reported by the National Sporting Goods Association Sports Participation in 2010. During 2010 those sports activities enjoying the highest level of participation included exercising walking (114.1 million); aerobic exercising (58.6 million); running/jogging (49.4 million); bicycle riding (39.3 million); exercising with equipment (38.6 million); and hiking (32.5 million). Sports and recreational activities that showed the greatest gains in participation from 2000 to 2010 included running/jogging (57.4%); tennis (45.7%); exercise walking (25.4%); and exercising with equipment (20.1%).

Those sports and recreational activities that will be offered by the Salina Field House are highlighted in gray. During 2010 participation was reported at 26.3 million for basketball and 7.3 million for volleyball. These participation rates bode well for the need/demand for the Salina Field House.

Ten-Year History of Sports Participation Among Americans Seven Years of Age and Older

Sport and Recreation Activity	Participation (in 000's)		% Change
	2010	2000	
Exercise Walking	114,068	90,982	25.4%
Aerobic Exercising	58,648	55,960	4.8%
Bowling	55,877	51,938	7.6%
Running and Jogging	49,408	31,398	57.4%
Billiards/Pool	39,385	46,336	-15.0%
Bicycle Riding	39,320		
Fishing	38,860	43,696	-11.1%
Exercising with Equipment	38,618	32,144	20.1%
Hiking (Day)	32,496	30,051	8.1%
Camping	30,996		
Weight Lifting	27,339	24,800	10.2%
Basketball	26,304	26,215	0.3%
Golf	26,122	28,844	-9.4%
Yoga	21,886		
Table Tennis	19,446	12,712	53.0%
Tennis	18,903	12,974	45.7%
Hunting with Firearms	18,212		
Swimming	17,145	16,141	6.2%
Baseball	14,558	15,848	-8.1%
Soccer	14,075		
Alpine Skiing	11,504		
Softball (Slow Pitch)	8,429	13,577	-37.9%
Backpack	8,349	6,637	25.8%
Snowboarding	8,196		
Target Shooting	8,009		
In-Line Roller Skating	7,980	21,912	-63.6%
Volleyball (Court)	7,346		
Mountain Biking	7,161		
Football (Tackle)	6,905	8,229	-16.1%
Skateboarding	6,808	9,859	-30.9%
Kayaking	6,465		
Archery	6,319	6,285	0.5%
Water Skiing	4,836	4,876	-0.8%
Gymnastics	4,815	2,432	98.0%
Cross Country Skiing	4,530		
Hunting with Bow & Arrow	3,908	4,633	-15.6%
Sailing	3,869	4,405	-12.2%
Ice Hockey	2,145	3,743	-42.7%
Wrestling	2,089		

Source: National Sporting Goods Association Sports Participation in 2010.

Existing Athletic Facilities

The Salina Area Chamber of Commerce and City of Salina Parks & Recreation provided an inventory of existing public and private athletic facilities in the Salina area. Public and private schools were omitted from the inventory due to their limited availability to the general public. The table on the following page provides a list of facilities for running tracks, basketball, soccer, volleyball, gymnasiums, gymnastics and wrestling.

The total inventory of athletic facilities in the Salina area includes two running tracks, 11 basketball courts, 14 soccer fields, 5 volleyball courts and three gymnasiums. The Salina Family YMCA is the most comparable athletic facility to the Salina Field House, but lacks a gymnasium large enough to support multiple basketball and volleyball courts needed to accommodate local and regional tournaments. The 7,583-seat Salina Bicentennial Center is the area's principal multipurpose arena, home to roller derby and indoor football teams and hosting 41 sporting events in 2014 with a total attendance of 67,662. The size and capacity of this venue is best suited for large statewide sports tournaments; and, thus is not expected to have a negative impact on the viability of the Salina Field House. In fact, both venues could simultaneously host regional athletic tournaments.

Salina's existing athletic facility inventories will be compared to facility needs standards to determine whether the Salina area can currently support additional basketball courts, swimming pools and tennis courts.

During 2013 the City of Salina Parks & Recreation reported that a total of 484 teams (270 from out of town) participated in youth and adult tournaments held at City of Salina facilities. A total of 58,386 youth and adults participated in 2,544 league games.

Facilities Needs Assessment

National standards are useful to ensure a minimum standard is achieved in the provision of parks and recreation areas. The *Park, Recreation, Open Space and Greenway Guidelines* published by the National Recreation and Park Association ("NRPA") are the most commonly used spatial and need standards for determining the needs and design of recreational facilities. The standards are based on a national survey of American municipalities of all sizes and geographic regions. These standards provide a measure for determining the amount of park and recreation space required to meet the needs and desires of residents and visitors.

Facility needs assessment is quantified based on the number of facilities per 1,000 residents. According to the *Park, Recreation, Open Space and Greenway Guidelines*, one, ¼-mile running track is needed per 20,000 residents, 1.0 basketball court is needed per 5,000 residents, 1.0 volleyball court is needed per 5,000 residents and 1.0 soccer field per 10,000 residents.

Esri estimates the current population within a 15-mile radius of Salina at 59,196 people. Based on the *Park, Recreation, Open Space and Greenway Guidelines* the City of Salina can currently support three running tracks, 12 basketball courts, 12 volleyball courts and six soccer fields. This current supply and demand imbalance in basketball and volleyball courts suggests sufficient local demand exists for the Salina Field House.

Inventory of Salina Area Athletic Facilities

Sports Facility	Running		Court			Gymnasium		
	Track	Basketball	Soccer	Volleyball	Wrestling	Gymnastics	Wrestling	Gymnasium
Lakeside Recreational Park		1		1				
Salina Bicentennial Center		1		1	1			
Salina Family YMCA	1	2		2	1		1	1
Kansas State University - Salina		1					1	1
Kansas Wesleyan University	1	1		1				1
Salina Parks & Recreation Department								
Bill Burke Park			6					
Centennial Park		1						
Gleniffer Hill Park		1						
Jerry Ivey Park		1	1					
Pacific Park		1						
Sunset Park		1						
Kennedy Park			1					
Oxbow Park			1					
Salina Soccer Complex			5					
Totals	2	11	14	5	3	2	3	3

Source: Salina Area Chamber of Commerce and City of Salina Parks & Recreations.

Conclusions

A survey of public and private athletic facilities in the Salina area identified a total supply of eleven basketball courts and five volleyball courts. The City of Salina Parks and Recreation and the YMCA operate the majority of public athletic facilities in Salina, Kansas. When compared to the Salina Field House, none provide a similar level of service, especially in regard to the ability to host local and regional athletic tournaments.

The Salina Field House has been specifically designed with the intention of providing a venue sufficient to cater to the local residents as well as regional athletic tourism. By providing a centralized location with facilities able to host basketball and volleyball tournaments, the Salina Field House is anticipated to become a regional destination for youth athletics. In addition to this tournament component, the Salina Field House will be open for daily sports and recreation use by both local residents and out-of-town visitors. This mix of uses will provide the most consistent visitation and tourism for the District.

Statistics also tend to support that the Salina Field House will attain steady local use in addition to the destination athletic tourism. On the facility demand side, based on the *Park, Recreation, Open Space and Greenway Guidelines* the local population can support 12 basketball courts and 12 volleyball courts.

The existing supply of athletic facilities in Salina was compared to facility needs standards to determine whether the local area can currently support additional basketball and volleyball courts. As the table below illustrates, Salina is under-supplied by one basketball court and seven volleyball courts.

Salina Sports Facilities Supply/Demand Analysis

Facility	Facility Supply	Facility Ratio	15-Mile Radius Population	Facility Demand	Surplus/ (Deficit)
Basketball	11	1 per 5,000	59,196	12	1
Volleyball	5	1 per 5,000	59,196	12	7

Based on industry standards this analysis concludes that sufficient demand for additional sports facilities exists to support feasible market entry of the Salina Field House.

Hotel Market Analysis

Existing lodging facilities in Salina assist in attracting and accommodating group and leisure travelers. The District is planned for a 114-room all-suite hotel at the intersection of Santa Fe Avenue and Mulberry Street. The hotel will include 3,250 square feet of meeting space and restaurant or commercial space and is expected to be affiliated with a hotel chain. This section of the report evaluates the market viability of supporting the planned hotel within the District. Continued hotel room development is a critical component in facilitating increased overnight visitation to Salina.

Salina Hotel Market

This section of the report inventories existing hotel properties in Salina and evaluates historic hotel market operating trends. Competitive hotel market operating trends were provided by Smith Travel Research, an independent research firm that compiles data on the lodging industry.

Existing Hotel Properties

The competitive market analysis includes a survey of existing chain hotels operating in Salina, Kansas. As identified in the table on the following page, 21 chain affiliated hotel properties operate in Salina totaling 1,393 guest rooms. The majority of the hotel properties are located along Interstates 70 and 135 with no properties operating in downtown Salina. The newest hotels in Salina are the 115-room Holiday Inn that opened in April 2015 and the 88-room Holiday Inn Express that opened in November 2011. The Holiday Inn is a full-service property featuring a restaurant, lounge, fitness center, indoor pool, business center and meeting space. The Candlewood Suites renovated its guest rooms in 2011 and common areas in 2013.

The existing Salina hotels were classified by market segment. Budget hotels represent the largest market segment with ten properties totaling 645 rooms, or 46.3 percent of the city's total inventory of hotel rooms. Budget hotels offer inexpensive lodging with little or no common amenities such as a swimming pool, meeting space or fitness center.

Eight extended-stay or suite properties totaling 600 guest rooms operate in Salina. This property type is popular given that families and groups comprise a large share of lodging demand in Salina.

The 68-room Hampton Inn is the only limited-service hotel operating in Salina. Limited-service hotels lack on-site food & beverage services, but provide such common area amenities as a swimming pool, fitness center, business center, small meeting rooms and complimentary breakfast.

The 80-room Courtyard by Marriott and newly opened 115-room Holiday Inn are the only full-service properties in Salina providing a restaurant and lounge, indoor pool, fitness center, business center and meeting space. Both hotels are located on the south end of Salina near the Schilling Road exit off Interstate 135.

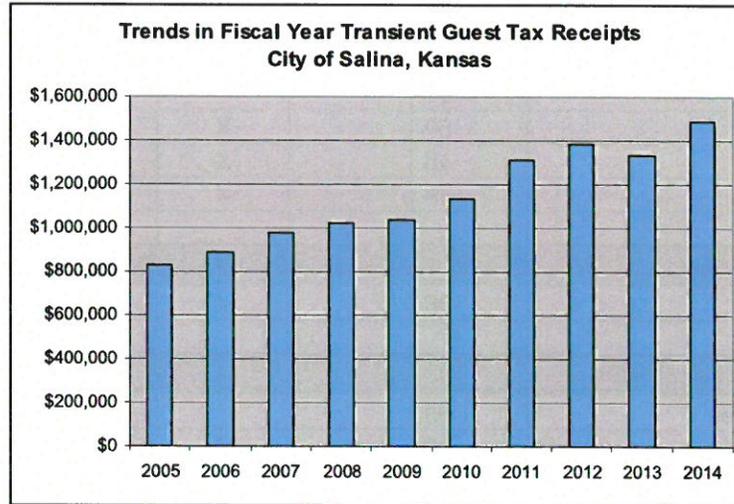
Salina, Kansas Hotel Properties

Market Segment / Property	# of Rooms	Dining Lounge	Business Center	Fitness Center	Pool	Meeting Space
Budget Hotels						
Best Western Plus Midwest Inn	51				Indoor	
Days Inn (Near I-70)	45				Indoor	
Days Inn	100		X			
Econo Lodge	48		X		Indoor	X
Econo Lodge Inn & Suites	108		X	X	Indoor	
Howard Johnson Inn	55				Outdoor	
Motel 6	81				Outdoor	
Rodeway Inn	60		X		Outdoor	
Super 8	48		X	X	Indoor	
Super 8 (I-70)	49		X		Indoor	
Limited-Service Hotels						
Hampton Inn	68		X	X	Indoor	X
Extended Stay / Suites Hotels						
Baymont Inn & Suites	63			X	Indoor	
Candlewood Suites	69		X	X		X
Comfort Suites	61		X	X	Indoor	X
Country Inn & Suites	72		X	X	Indoor	826 SF
Holiday Inn Express & Suites	88		X	X	Indoor	X
La Quinta Inn & Suites	89		X	X	Indoor	X
Quality Inn & Suites	100	X	X		Indoor	
Sleep Inn & Suites	58		X	X	Indoor	
Full-Service Hotels						
Courtyard by Marriott	80	X	X	X	Indoor	X
Holiday Inn (opened April 2015)	115	X	X	X	Indoor	12,325 SF
Total Guest Rooms	1,393					

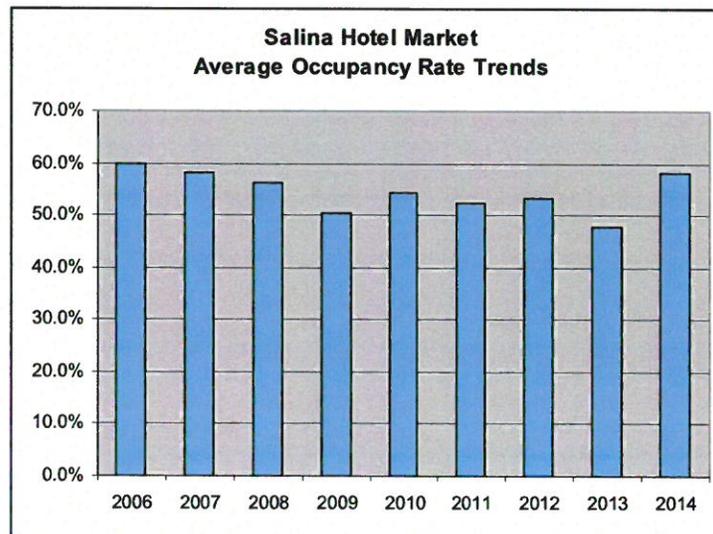
Source: Canyon Research Southwest, Inc.

Lodging Market Operating Trends

Fiscal year trends in transient guest tax receipts levied by the City of Salina were provided by the Kansas Department of Revenue. Fiscal year transient guest tax revenues have increased steadily over the past decade. The rate of growth has accelerated in recent years as the national economy has improved. From FY 2009 to FY 2014, transient guest tax revenues in Salina increased by nearly 43 percent. Through the first eight months of FY 2015 transient guest tax revenues in Salina are up 13.6 percent over the same 8-month period in FY 2014.



By year-end 2014 Smith Travel Research was surveying 32 hotel properties in Salina with a total inventory of 2,003 guest rooms. Since 2005, five new hotels have opened adding 304 new guest rooms. The increased supply of rooms coupled with declining convention business resulted in a drop in the overall occupancy rate for the Salina market from 60.0 percent in 2006 to a low of 47.8 percent by 2013. During 2014 market conditions improved considerably with the year-to-date occupancy rate improving to 58.1 percent.



Despite declining occupancy levels from 2006 through 2013, the average daily rate (“ADR”) for the Salina hotel market increased steadily reaching \$66.10 by 2013. During 2014 as occupancies improved the ADR was reported at \$71.05, a 6.3 percent jump over 2013 levels. The strong growth in both ADR and room demand during 2014 produced a 17.4 percent increase in lodging revenue to \$29.1 million.

Salina, Kansas Hotel Market Operating Results; 2006- 2014

Year	ADR	% Change	Room Supply	% Change	Room Demand	% Change	Lodging Revenue	% Change
2006	\$57.88	2.5%	693,493	3.9%	416,162	8.9%	\$24,089,168	11.7%
2007	\$60.85	5.1%	689,485	-0.6%	401,943	-3.0%	\$24,456,649	1.5%
2008	\$62.34	2.5%	709,145	2.9%	399,640	-0.6%	\$24,914,944	1.9%
2009	\$64.22	3.9%	734,269	3.5%	370,860	-7.2%	\$23,817,476	-4.4%
2010	\$62.95	-2.2%	737,626	0.5%	400,920	8.0%	\$25,237,108	5.9%
2011	\$63.45	0.5%	735,354	-2.0%	385,917	-7.1%	\$24,487,562	-6.0%
2012	\$65.15	3.1%	741,436	2.6%	394,183	3.3%	\$25,224,095	6.4%
2013	\$66.10	1.5%	712,625	-3.9%	370,376	-3.6%	\$24,790,061	-1.7%
2014	\$71.05	6.3%	704,936	-1.1%	409,568	10.6%	\$29,099,793	17.4%

Source: Smith Travel Research.

To conclude, the Salina hotel market caters primarily to leisure and group travelers with the summer and early fall months serving as the peak season for both lodging demand and room rates. A number of national hotel chains operate properties in Salina, including Hilton, Marriott, Holiday Inn, La Quinta, and Choice Hotels. Twenty-one chain-affiliated hotels operate in Salina totaling 1,393 guest rooms. Most chain hotels are located along Interstates 70 and 135. The 115-room Holiday Inn and 88-room Holiday Inn Express are the newest hotels in the Salina market, opening in the past four years. Since 2005, five new hotel properties have been constructed in Salina increasing the inventory by 304 guest rooms.

Concurrent with national hospitality trends, in recent years the Salina hotel market has been adversely impacted by the recession and subsequent decline in business and leisure travel. Recent operating trends suggest that the Salina hotel market is on its way to recovery, posting strong gains in room demand, ADR and total lodging revenue during 2014 and into 2015. Another indication of a healthy hotel market is the April 2015 opening of the 115-room Holiday Inn. Salina’s improving hotel market bodes well for the near-term construction of the planned 114-room hotel within the District.

Event and Meeting Facilities

The 114-room, all-suite hotel planned for the District is designed to accommodate approximately 3,250 square feet of meeting space. The meeting space will be aimed at corporate and group demand generated by both room demand at the hotel and the local community.

In recent years Salina's convention and meeting business has dropped off considerably due primarily to the national recession, substandard conference facilities, and a limited inventory of quality hotels with meeting space. The Salina Bicentennial Center serves as the city's principal convention and meeting facility. During 2010 the Salina Bicentennial Center hosted 21 banquets, eleven conventions and 124 meetings with a combined total attendance of 36,369. By 2011 banquet, convention and meeting space attendance declined to 15,943.

The competitive environment for meeting space was determined by surveying existing convention facilities in Salina. Several area hotels also operate conference and meeting space.

Salina Bicentennial Center

The Salina Bicentennial Center is a city-owned venue managed by Spectra Venue Management. The facility is comprised of a 7,583 seat multi-purpose arena and Heritage Hall, an 18,000 square foot convention space designed for groups of 50 to 2,000 people. During 2010, Heritage Hall underwent a \$2.0 million renovation designed to better compete for conventions, consumer shows and meetings. A \$13.1 million renovation to the multi-purpose arena was just completed.

Eight rooms located above the lobby of the Salina Bicentennial Center can accommodate meetings, luncheons, training sessions or seminars. The rooms can be utilized individually hosting up to 50 people in each, or combined to form two rooms large enough for 150. Each room contains screens and projectors built into the ceiling. Audio and video aids can be synched to play in each room, on all screens or a single screen.

During 2013 the Salina Bicentennial Center hosted ten banquets, eleven conventions and 132 meetings with a combined total attendance of 16,598. During 2014 attendance increased to 19,747 with eight banquets, six conventions and 109 meetings.

Hotel Meeting Space

Nine hotels in Salina operate meeting space, consisting largely of small classroom and banquet space. Salina's two full-service hotels offer meeting space, including the Courtyard by Marriott and the new Holiday Inn. Both hotels provide on-site food & beverage service.

The 80-room Courtyard by Marriott features a restaurant and lounge, coffee shop, indoor pool and spa, fitness center, business center, conference space and meeting rooms. Wedding/event planner services and audio/visual resources are available.

The new 115-room Holiday Inn is a full-service property equipped with a restaurant, lounge, fitness center, indoor pool and hot tub, business center and 3,000 square feet of meeting space. This large and modern event center should assist in drawing meetings and conferences to Salina.

Facility Evaluation

The District is planned for a 114-room all-suite hotel and 3,250 square feet of meeting space. This section of the report evaluates the District's suitability for hotel development.

A. Is the property accessible from major highways and arterial roadways?

Freeway and/or major arterial street access is particularly important for budget, economy and limited-service hotels, providing for convenient access and visibility by guests and the ability to capture drive-by traffic. Access is less critical for full-service and luxury hotels as they tend to be destination locations. Salina benefits from its central location within Kansas and convenient vehicular access via Interstates 70 and 135. The Salina Airport also offers both commercial and private air service. The District provides suitable access for hotel development.

B. Is the property near and accessible to hotel room demand generators?

A feasible hotel site is located in close proximity to lodging demand generators. Potential lodging demand generators include freeways, employment centers, sporting venues, tourist destinations and recreational facilities. Lodging demand for the District's planned hotel will originate from the out-of-town leisure travelers to area attractions and events as well as group travelers generated by the Salina Regional Health Center, Kansas Wesleyan University, Salina Bicentennial Center and the many athletic tournaments hosted in Salina. Interstates 70 and 135 are also generators of transient lodging demand. The District's downtown location will benefit from events at the nearby Bicentennial Center, Stiefel Theatre and Salina Community Theatre.

C. Is the potential hotel site in close proximity to existing hotel properties?

Thirty-two hotels totaling 2,003 guest rooms operate in Salina, including such notable lodging chains as Hilton, Marriott, La Quinta, Holiday Inn and Choice Hotels. No hotels currently operate within downtown Salina.

D. Are the site's physical characteristics suitable for hotel and arena development?

The District's Project Plan is designed to create a vibrant mixed-use downtown suitable for hotel and meeting space uses. The mix of retail, entertainment, cultural and dining improves the marketability of the District's planned hotel. The planned location at the corner of Santa Fe Avenue and Mulberry Street provides sufficient exposure, infrastructure and parcel size to facilitate development of a 114-room hotel.

The District's planned development site at Santa Fe Avenue and Mulberry Street possesses the necessary location and site characteristics to support additional lodging and meeting space. The site benefits from a location within an established tourism market, access to lodging demand generators, adequate exposure, necessary infrastructure, modest direct competition and presence within downtown Salina featuring a mix of retail, dining, entertainment, cultural facilities and the Salina Regional Health Center. These site and competitive market advantages bode well for the construction and long-term success of the District's planned hotel with meeting space.

Conclusions

The District is planned for a 114-room Hilton Homewood Suites hotel at the corner of Santa Fe Avenue and Mulberry Street. The Salina hotel market caters primarily to leisure and group travelers with the summer and early fall months serving as the peak season. The market supports 21 chain hotel properties totaling 1,393 guest rooms, the majority of which are located along Interstates 70 and 135. Budget hotels account for 46 percent of Salina's current inventory of hotel rooms, followed by extended-stay/all-suite hotels with 43 percent of the room inventory. The newest hotel in Salina is the 115-room Holiday Inn that opened in April 2015. Since 2005, five new hotel properties have been constructed in Salina increasing the inventory by 304 guest rooms.

Concurrent with national hospitality trends, in recent years the Salina hotel market has been adversely impacted by the recession and subsequent decline in business and leisure travel. Recent operating trends suggest that the Salina hotel market is on its way to recovery, posting strong gains in room demand, ADR and total lodging revenue during 2014 and into 2015.

The District's planned hotel is designed to include 3,250 square feet of meeting and conference space. In recent years Salina's convention and meeting business has dropped off considerably due primarily to the national recession, substandard conference facilities and a limited inventory of quality hotels with meeting space. The recent \$2.0 million renovation of the 18,320 square foot Heritage Hall at the Salina Bicentennial Center is designed to improve Salina's competitive position as a meeting and conference destination. The recent opening of the new Holiday Inn with a 3,000 square foot meeting hall will also enhance Salina's ability to attract group meetings. The District should benefit from meeting space demand generated by the nearby Salina Bicentennial Center, Salina Regional Health Center and Kansas Wesleyan University.

The District's planned hotel development site possesses the necessary location and site characteristics to support additional lodging and meeting space. The site benefits from a location within an established tourism market, access to lodging demand generators, adequate exposure, necessary infrastructure, modest direct competition and presence within downtown Salina featuring a mix of retail, dining, entertainment, cultural facilities and the Salina Regional Health Center. These site and competitive market advantages bode well for the construction and long-term success of the District's planned hotel with meeting space.

Market Study Conclusions

The District's principal "destination attractions" will include the renovation of the historic Stiefel Theater and the construction of the America's Crossroads Car Collection, Salina Field House, and family entertainment center. A planned 114-room hotel is designed to accommodate the expected increase in out-of-town visitation generated by the destination attractions.

America's Crossroads Car Collection

The Downtown Salina District will invest in the America's Crossroads Car Collection with the goal of expanding and diversifying Salina's tourism industry and stimulating economic growth through increased visitation and expenditures. Location assets favoring the planned museum include Salina's convenient vehicular and air access, large inventory of hotels, established tourism industry, close proximity to several major metropolitan areas, and presence of several existing tourism destinations. The museum's planned location within downtown Salina adds to its authentic visitor experience. The planned cluster of attractions in downtown Salina will assist in drawing increased visitors to the area.

Sources of visitation for the planned museum include local residents, out-of-town visitors, and car club members. Over 200,000 people reside within a 50-mile radius of Salina and the Wichita MSA less than 100 miles to the house is home to 650,000 residents, creating a large local population base from which to draw visitors to the America's Crossroads Car Collection.

Salina's principal attractions and events attract nearly 508,000 attendees annually which will also serve as a source of visitation for the museum. The annual 3-day Kustom Kemps of America Lead Sled Spectacular Car Show would be a particular important source of visitation for the America's Crossroads Car Collection. In addition, 427 car clubs with 139,260 members operate within the 7-state region surrounding Salina, Kansas.

The study findings suggest sufficient demand generators exist to open the America's Crossroads Car Collection in Salina, Kansas. The Downtown Salina District offers suitable location characteristics to accommodate development of the planned museum.

Salina Field House

The Salina Field House will offer a multi-sport facility designed for indoor basketball and volleyball. The facility is designed with the intention of providing a venue sufficient to cater to the local residents as well as host regional athletic tournaments. By offering a centralized location with facilities able to accommodate multiple types of athletic tournaments, the Salina Field House is anticipated to become a regional destination for youth athletics. This mix of participation will provide the most consistent visitation and tourism for the District.

The total inventory of comparable athletic facilities in the Salina area includes two running tracks, 11 basketball courts, 14 soccer fields, 5 volleyball courts and three gymnasiums. The City of Salina Parks and Recreation and the YMCA operate the majority of public athletic facilities in Salina, Kansas. When compared to the Salina Field House, none provide a similar level of service, especially in regard to the ability to host local and regional athletic tournaments.

During 2013 the City of Salina Parks & Recreation reported that a total of 484 teams (270 from out of town) participated in youth and adult tournaments held at City of Salina facilities. A total of 58,386 youth and adults participated in 2,544 league games.

Based on industry standards this analysis concludes that sufficient demand for additional sports facilities exists to support feasible market entry of the Salina Field House.

Hotel and Meeting Space

The District is planned for a 114-room, all-suites hotel at the corner of Santa Fe Avenue and Mulberry Street. The Salina hotel market caters primarily to leisure and group travelers with the summer and early fall months serving as the peak season. The market supports 21 chain hotel properties totaling 1,393 guest rooms, the majority of which are located along Interstates 70 and 135. Budget hotels account for 46 percent of Salina's current inventory of hotel rooms, followed by extended-stay/all-suite hotels with 43 percent of the room inventory. The newest hotel in Salina is the 115-room Holiday Inn that opened in April 2015.

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MARKET IMPACT STUDY

The *Market Impact Study* examined the impact the proposed Downtown Salina STAR Bond District (“District”) will have on the local economy and tourism industry. Specific issues examined include:

- 1 Project positioning and unique quality;
- 2 Project’s synergy with area attractions;
- 3 Impact on comparable market area businesses;
- 4 Expected draw of tourists from out-of-state and from more than 100 miles away;
- 5 Estimate the project’s retail sales at build-out; and
- 6 Impact on active STAR bond projects in the central Kansas.

Project Positioning and Unique Quality

The District is comprised of an approximately 28-block area in downtown Salina which serves as the community’s art and entertainment center featuring the Stiefel Theatre, Salina Symphony, Salina Community Theatre, Sculpture Tour Salina, Smoky Hill Museum, Salina Art Center and several working arts studios. The downtown has restaurants and specialty shops that feature everything from antiques and collectibles, to unusual gifts, quilting, pottery, jewelry, furniture, baby items, Kansas specialty products, sports items and much more. Salina also plays host to a variety of state sporting events with softball and baseball tournaments of particular note.

The goal of the District’s Master Plan is to expand Salina’s tourism trade area and drive increased out-of-town visitation and spending. Leveraging off of downtown’s historic context as well as creating a critical mass of diverse cultural and entertainment attractions will be the keys in accomplishing this goal.

Graced by a large number of historic structures with varying architectural styles, Santa Fe Avenue in downtown Salina offers a unique physical environment suitable for fostering heritage tourism. The planned street and sidewalk improvements will transform Santa Fe Avenue into a historic commercial district similar in character to Poyntz Avenue in downtown Manhattan and Massachusetts Street in downtown Lawrence, Kansas. Both of these communities support vibrant historic downtowns and strong tourism industries.

The District provides several redevelopment opportunities along Santa Fe Avenue, Iron Avenue and 5th Street. Renovation of the Stiefel Theatre will be the cornerstone of the District. The performing arts center has anchored downtown Salina’s tourism industry for decades, but requires reinvestment if it is to remain a major cultural attraction. The redevelopment plan is designed to improve the theatre’s competitive positioning, enhance repeat visitation and increase attendance and revenue.

Accompanying renovation of the Stiefel Theatre are several destination attractions aimed at diversifying and expanding Salina’s tourism market by strengthening current market segments and targeting new visitor demographics. This cluster of diverse destination attractions will heighten Salina’s status as a regional center for art, entertainment and recreation.

The planned Salina Field House will compliment Salina's large sports tournament business while expanding both capacity and the type of sports venues. Designed as an indoor facility unmatched in central Kansas it will be capable of supporting a regional trade area and host events and tournaments throughout the year.

The planned family entertainment center will offer both a family attraction and a venue to host local and regional bowling tournaments. A similar facility in Wichita, Kansas offers bowling, go-kart raceway, video arcade, billiards and dining. By creating a multi-use indoor family entertainment center catering to a wide segment of the population, The Alley has been successful in attracting both local residents and out-of-town visitors.

Museums located in and near Salina include the Smoky Hill Museum, Yesteryear Museum and Eisenhower Presidential Library & Museum (Abilene, Kansas). The District is planned to add an additional museum that focuses on automobiles. This new museum will offer attractions not presently available in central Kansas; and, thus are anticipated to support a regional trade area and drive new visitation to Salina.

Visitation to the destination attractions planned for the District will assist in generating demand for retail stores and restaurants not currently available in Salina. On-site lodging demand will originate from the out-of-town leisure and group travelers to the District's various attractions. Finally, the planned attractions will attract and accommodate a new segment of the leisure and group traveler market not previously catered to by Salina and central Kansas.

To conclude, the uniqueness of the District's redevelopment plan is that it both leverages off Salina's current status as a cultural and entertainment destination by improving the visitors' experience as well as aims to diversify and expand the leisure and group traveler market by creating athletic, cultural and entertainment attractions not currently available in Salina and central Kansas. Together, the District's uses, concepts and design will generate increased visitor volumes and expenditures, draw out-of-state travelers and enhance Salina's status as a cultural, sports and entertainment destination.

Synergy with Area Attractions

Tourism and travel is according to the World Tourism Organization (WTO) the world's largest industry and it is predicted to continue to generate job growth in the future. Hence it is an important vehicle for regional and national economic development. Attractions are the most critical component of the tourism industry and serve as a primary driver of tourism activity. Without attractions there would be no need for other tourism services. Many tourist attractions possess strong entertainment connections, including sports venues, theatres and museums.

Much like business clusters, the clustering of cultural, athletic and entertainment attractions creates the diversity and critical mass necessary to generate and sustain increased visitation and expenditures. Most tourism clusters also have strong linkages to other closely related and supporting industries such as transportation, lodging, retail, food and beverage. Therefore, the larger cluster of attractions a tourist destination supports the greater the direct and indirect economic benefits.

Downtown Salina supports several cultural and entertainment attractions including the Stiefel Theatre, Salina Symphony, Salina Community Theater and Salina Art Center. The District's planned cultural, athletic and entertainment attractions are designed to complement downtown's existing mix of attractions and drive increased visitation and spending by providing attractions not presently available.

Elsewhere in Salina principal destination attractions include the Rolling Hills Zoo, Salina Bicentennial Center and Bill Burke Sports Complex. During 2014 reported attendance at the Rolling Hills Zoo totaled 84,270 visitors, of which 35 percent were residents of Saline County, 55 percent were Kansas residents living outside Saline County and 10 percent were from out-of-state. The Salina Bicentennial Center is the community's principal entertainment and convention facility boasting a 7,500-seat multi-purpose arena and 18,360 square feet of convention space capable of accommodating groups of 50 to 2,000 people. During 2014 the Salina Bicentennial Center hosted 205 events and total attendance of 147,545. The Bill Burke Sports Complex houses eight baseball and softball fields, three soccer fields, concessions, picnic area, playground and restrooms. The facility plays host to a large number of softball and baseball tournaments. The District's planned attractions will benefit the Rolling Hills Zoo, Salina Bicentennial Center and Bill Burke Sports Complex by providing complimentary cultural, athletic and entertainment attractions designed to generate increased visitation and spending to Salina.

Salina also hosts several annual events that draw visitors from out of town, the most notable being the Smoky Hill River Festival that drew attendance of 62,860 in 2014 and the Car Show that had over 1,800 vehicles registered for the event in 2014. The District's planned destination attractions will compliment both events by providing visitors with additional venues to attend during their stay. The planned vintage automobile museum will have particular synergy with the annual Car Show by giving car enthusiasts a related attraction to visit.

Salina has long been a cultural, entertainment and recreation destination for central Kansas. The city boasts a number of major annual events and a wide selection of cultural, entertainment, sporting, and family attractions. Tourism's direct impact on Saline County economy was estimated at over \$165 million in 2013. The District is designed to both enhance Salina's status and sustainability as a regional tourism destination and attract a new segment of the leisure and group traveler market by providing complimentary cultural, entertainment and athletic attractions not currently available in the region.

The synergistic effect of the District's destination attractions on Salina's tourism industry and the heightened out-of-town visitation is expected to translate to increased attendance at the region's existing cultural, entertainment, athletic and family attractions. The presence of a large cluster of diverse but complimentary attractions will strengthen the regional draw, visitation counts, expenditures, and associated state and local tax revenues.

By increasing the critical mass of attractions and out-of-town visitation, the District will improve Salina's status as a regional tourism destination as well as complement the existing attractions by creating "one-of-a-kind" cultural, entertainment and sporting destinations not currently available in the region. The expanded selection of destination attractions will improve the sustainability of the local tourism industry.

Impact on Comparable Market Area Businesses

The District's Master Plan incorporates new construction of the Salina Field House, family entertainment center, America's Crossroads Car Collection, and a hotel. Increased out-of-town visitation generated by the planned destination attractions is expected to produce increased visitor spending that can be captured by area businesses. This section of the report examined the impact of these project components upon similar athletic, entertainment, lodging and retail businesses in Salina (i.e., that the project will increase total sales in the surrounding area, not diminish sales from existing businesses in the surrounding area).

The Salina Field House is designed to accommodate indoor basketball and volleyball. According to VisitSalina, existing athletic facilities in Salina include 16 baseball and softball fields, 12 soccer fields, an outdoor aquatics center, three football facilities, two track and field sites, and numerous sand volleyball and tennis courts. College venues include Kansas Wesleyan University's 1,500-seat Mabee Arena and Student Activity Center and K-State at Salina's 32,000 square foot Student Life Center complete with gymnasium and indoor track.

Principal athletic venues in Salina include Salina Bicentennial Center, Hangar Sports Complex, Salina Parks and Recreation Department, Salina Family YMCA, Unified School District #305. While the Salina Bicentennial Center hosted 41 sports events during 2014 with a total attendance of 67,662, the 7,500-seat capacity places it in a category that won't compete with the Salina Field House. Given the composition and outdoor nature of most of the other athletic facilities in Salina the Salina Field House is not expected to be directly competitive. Moreover, by providing an indoor, year round athletic venue will improve and expand on the ability of Salina to host additional sporting events.

The planned family entertainment center is expected to include bowling, video arcade, billiards and dining. All Star Lanes offers 24 bowling lanes and Jumpin' Joe's Family Fun Center offers go-karts, laser tag, miniature golf and arcades.

The America's Crossroads Car Collection, a vintage car museum, is planned to open in the District. No such museum exists in Salina and central Kansas. Moreover, increased visitation generated by this museum could help boost attendance at existing museums and attractions in Salina.

Hotel development commonly follows a cluster pattern whereby a group of hotels concentrate near such lodging demand generators as employment centers, tourist attractions and entertainment venues. According to VisitSalina, there are more than 25 hotels, motels and inns in Salina with more than 2,000 guest rooms. The 114-room hotel planned for the District is designed to capture new lodging demand generated by increased visitation to Salina. The hotel will be a key component in appealing to leisure and group travelers and increase the capacity to attract overnight out-of-town visitors. At a stabilized occupancy rate of 75 percent, 1.8 guests per room and an average stay of 2 nights the planned hotel can accommodate an estimated 30,000 guests annually. Lodging demand generated by out-of-town visitors to the District is expected to exceed the hotel's capacity. Therefore, existing lodging properties in Salina will benefit by capturing overflow lodging demand generated by visitors to the District.

Increased out-of-town visitation generated by the District's principal attractions is expected to result in increased spending and demand for goods and services in Salina. According to Esri, a leading demographic research firm, retail sales leakage within a 25-mile radius of downtown Salina is estimated at approximately \$309 million annually. Retail categories suffering from the highest levels of retail sales leakage include general merchandise (\$119.9 million), gasoline stations (\$53.2 million), eating and drinking places (\$46.0 million), grocery stores (\$28.9 million), Building materials and supplies (\$9.2 million), sporting goods/hobby/musical instruments (\$5.2 million), and shoe stores (\$4.4 million). The width and depth of current retail leakage within a 25-mile radius of downtown Salina provides an excellent opportunity for existing and future businesses to capture increased sales. The District's planned destination attractions are designed to increase visitation and spending in Salina, providing an even greater opportunity for businesses to capture increased future sales volumes.

Retail Sales Gap by Category – 25-Mile Radius Trade Area

Retail Categories	Demand Consumer Expenditures	Supply Retail Sales	Opportunity Gap/(Surplus)
Total MSA Retail Sales	\$805,800,097	\$1,114,976,731	\$309,176,634
General Merchandise Stores	\$144,052,133	\$263,931,574	\$119,879,441
Gasoline Stations	\$78,760,631	\$131,930,994	\$53,170,363
Eating & Drinking Places	\$81,641,658	\$127,669,214	\$46,027,556
Grocery Stores	\$103,338,372	\$132,211,510	\$28,873,138
Building Materials & Supplies	\$19,681,961	\$28,834,362	\$9,152,401
Sporting Goods/Hobby/Music	\$11,187,980	\$16,370,516	\$5,182,536
Shoe Stores	\$5,873,599	\$10,278,209	\$4,404,610
Jewelry, Luggage & Leather Goods	\$3,798,196	\$4,593,719	\$795,523

Source: Esri

The District is positioned to capture retail and lodging sales now eluding Salina and will further enhance the city's competitive positioning as a regional tourist center by providing new destination attractions not currently available in central Kansas. New retail sales and lodging demand generated through redevelopment of the District and the potential of the Salina market to capture current retail sales leakage suggests minimal cannibalization of current retail and lodging sales. Therefore, this report concludes that redevelopment of the District will not have an adverse impact on existing cultural, entertainment, recreation, retail, dining and lodging businesses in Salina.

Estimated Customer/Visitor Counts

STAR bond financing is being sought to assist in the redevelopment of the Downtown Salina District (“District”). To assist in evaluating STAR bond applications the Kansas Secretary of Commerce has published guidelines regarding a proposed project’s economic impact. The following criteria were evaluated when considering the tourism potential of a project applying for STAR bond financing:

- Out-of-state visitation from multiple states should have a target of 20 percent of total annual visitation to be considered a major, unique, destination attraction;
- A target of 30 percent of total annual visitation should be drawn from greater than 100 miles distance from the attraction community; and
- Total annual visitation should compare very favorably to existing attractions in Kansas.

The District is designed to serve as a primary visitor destination in central Kansas and draw from a wide regional trade area. The regional draw originates from such destination attractions as the Stiefel Theatre, Salina Bicentennial Center and Rolling Hills Zoo. Renovation of the Stiefel Theatre and the addition of the Salina Field House, family entertainment center and America’s Crossroads Car Collection are designed to further enhance Salina’s regional trade area and draw.

During 2013 visitor spending to Saline County was reported by the State of Kansas at \$165.44 million. According to *Economic Impact on Travel in Kansas 2013* published by Tourism Economics, overnight travelers spent an average of \$332 per trip with day trippers spending \$74 for an average of \$177 per visitor per trip. By applying the average expenditure of \$177 per visitor, during 2013 Saline County hosted an estimated 935,000 out-of-town visitors.

The Stiefel Theatre maintains a regional draw with patrons traveling from Lawrence, Manhattan, Topeka, Wichita, Hays, Garden City and from out of state. From July 1, 2013 through June 30, 2014 attendance at the Stiefel Theatre was reported at 23,897, of which just 46.8 percent resided in the Salina area. In addition, ticket sales for the Salina Symphony amounted to 7,622 and rental attendance amounted to 7,498, bringing the total attendance at the Stiefel Theatre to 39,017 patrons for approximately 40 events. Upon completion of the scheduled renovations the Stiefel Theatre is forecast to host up to 75 events per year at an average capacity of 80 percent yielding an annual attendance 75,000. The scheduled renovations are designed to accommodate performers not presently including the Stiefel Theatre as a tour stop, effectively competing with larger markets like Kansas City and expanding the theatre’s regional market area and draw. Upon completion of the scheduled renovations an estimated 45 percent of total attendance to the Stiefel Theatre will be from outside of 100 miles with 10 percent from out-of-state.

The Salina Field House will include indoor facilities for basketball and volleyball. The facility will be designed to serve both local residents and a regional trade area and compliment the large number of sporting events and tournaments already hosted in Salina. Sports Facilities Advisory prepared a feasibility study for the Salina Field House that included visitation estimates relating to tournament play, including the number of tournaments, players per team and affiliated spectators. Both a low and high range of visitor estimates were provided. The number of tournaments per year hosted by the Salina Field House was estimated at 18 tournaments in Year

1, increasing to 26 tournaments by Year 5. The average number of teams per tournament was estimated at 37 teams in Years 1, increasing to 46 teams by Year 5. The number of players per team ranges from 10 to 12 players. The number of spectators per player was estimate at 2 to 3 spectators. Based on these assumptions visitation to tournaments hosted by the Salina Field House were estimated at 16,600 to 31,872 visitors in Years 1, increasing to 29,600 to 56,832 visitors by Year 5. An estimated 68 percent of the visitors to the Salina Field House will travel from outside of a 100-mile radius. For the purpose of this report a stabilized year visitation count of 50,000 visitors was utilized, of which 65 percent, or 32,500 visitors, will travel from outside a 100 mile radius.

Local residents and out-of-town visitors residing within a 100-mile radius account for the balance of patronage to the Salina Field House. Esri Business Analyst estimated the 2015 population within a 25-mile radius of the District at 79,026 residents, with 10,636 between the ages of 10 and 19 years and 14,673 between the ages of 20 to 34 years. The population within a 100-mile radius of the District is estimated at slightly over 1.2 million. Based on national participation rates for basketball (12.7%) and volleyball (3.6%), a facility capture rate of 25 percent and annual usage or 25 times per year fields a local attendance of approximately 31,000 per year, annual local facility usage is estimated at approximately 31,000 visitors. Annual visitation by out-of-towners residing within a 100-mile radius is estimated at approximately 4,000, bringing total annual visitation to the Salina Field House within a 100-mile radius to approximately 35,000.

The family entertainment center will be comparable to The Alley in Wichita, Kansas. The family entertainment center planned for the District will offer 24 lanes of bowling, an 8-lane boutique bowling facility, laser tag, an arcade with 50 to 70 games, sports grill, and meeting space. Birthdays, meetings and events will be principal drivers of business with a trade area that extends north into Nebraska and to the east and west up to a two hour drive. The 24 lanes of bowling qualify to host State and regional high school and college bowling tournaments. The family entertainment center planned for the District is also designed to be the best bowling facility between Kansas City and Denver which should attract pro and semi-pro bowlers. Based on attendance levels reported at The Alley, annual attendance for the family entertainment center is estimated at 260,000, with approximately 20 percent drawing from outside 100 miles and 10 percent from out-of-state.

America's Crossroads Car Collection will focus on the display of vintage cars and hotrods and is anticipated to support a regional trade area. Attendance to the America's Crossroads Car Collection will be derived from memberships and paid admissions. The business plan for the America's Crossroads Car Collection estimates paid annual attendance of 20,000 visitors. Memberships are estimated to produce annual attendance of approximately 15,000 visitors, bringing total annual stabilized visitation to the America's Crossroads Car Collections of 35,000 visitors. This estimated level of visitation is supportable given a population exceeding 205,000 within a 50-mile radius, over 500,000 annual visitors to Salina and 74,713 car club members residing in Kansas. In addition, 21 active automobile museums operating in the Midwest reported total attendance in 2015 of 545,401. These visitors to active automobile museums in the Midwest represent a potential market for the America's Crossroads Car Collection. An estimated 40 percent of all visitors to the America's Crossroads Car Collection will travel from outside of 100 miles and 35 percent from out of state.

Assuming a stabilized occupancy rate of 75 percent, average party size of 1.8 persons and an average length of stay of 2.0 nights, at stabilized occupancy the planned 114-room hotel will host approximately 28,000 guests annually. An estimated 50 percent of the hotel guests are estimated to reside outside of 100 miles with 30 percent from out of state. The hotel will operate 3,250 square feet of meeting space designed to cater to the high demand for meeting space for groups of up to 200 people. The meeting space can be subdivided to facilitate simultaneous events and a wide range of group sizes. At stabilization the meeting space is forecast to accommodate approximately 5,000 people per year, excluding hotel guests that are expected to account for one-third of the total attendance.

At build-out and stabilized occupancy annual visitation to the District is estimated at nearly 488,000. Based on its unique attractions the District is expected to attract new visitors to Salina.

Annual Visitation Estimates at Build-out Downtown Salina District

Project Component	Annual Visitation
Stiefel Theatre & Salina Symphony	75,000
Salina Field House	85,000
Family Entertainment Center	260,000
America's Crossroads Car Collection	35,000
Hotel	28,000
Meeting Space	5,000
Total Annual Visitation	488,000

Visitation estimates for the District are segmented into three sources, including: 1) local residents residing within a 100-mile radius; 2) regional visitors residing outside of a 100-mile radius and 3) out-of-state visitors.

Local Residents Residing within a 100-Mile Radius

Completion of the scheduled renovations to the Stiefel Theatre will provide the opportunity to accommodate a wider range of performers and increase the number of event nights hosted by the theater. Based on the increased number of events annual attendance at the Stiefel Theatre is forecast to increase to approximately 75,000 once the renovations are completed. An estimated 45 percent of total attendance will reside within 100 miles radius, equating to 33,750 visitors.

Based on the findings of an independent feasibility study annual attendance for the Salina Field House is estimated at 85,000 players and guests, with approximately 62 percent drawing from within 100 miles, or 52,500 visitors.

The operator of the family entertainment center estimate annual attendance at 260,000, with approximately 70 percent drawing from within 100 miles, or 182,000 visitors.

Annual stabilized attendance to the America’s Crossroads Car Collection is estimated at 35,000 with 20 percent residing within 100 miles, or 7,000 visitors.

At stabilized occupancy the planned 114-room hotel is forecast to host 28,000 guests per year. The 3,250 square feet of meeting space associated with the hotel is estimate to facilitate annual attendance of 5,000 people, exclusive of hotel guests. Visitors residing within a 100-mile radius are estimated to account for just 20 percent of total hotel and meeting space guests, or approximately 7,000 guests.

To conclude, local residents within a 100-mile radius are estimated to account for approximately 47.1 percent of visitors to the District, or approximately 229,850 annual visitors.

Annual Visitation Estimates within a 100-Mile Radius

Project Component	Annual Visitation	% within 100 Miles	Visitors in 100 Miles
Stiefel Theatre	75,000	50.0%	33,750
Salina Field House	85,000	62.0%	52,500
Family Entertainment Center	260,000	50.0%	130,000
America’s Crossroads Car Collection	35,000	20.0%	7,000
Hotel and Meeting Space	33,000	20.0%	6,600
Total Annual Visitation	488,000	47.1%	229,850

Regional Visitors Residing Outside of a 100-Mile Radius

Salina supports a regional tourism draw. For example, out-of-town visitors account for approximately 53 percent of attendees to the Stiefel Theatre. Regional visitors traveling more than 100 miles are estimated to account for approximately one-third of the annual attendance to the District, or approximately 160,000 visitors.

Out-of-State Visitors

The District will serve as a regional tourism destination for culture, entertainment and amateur athletics. The primary market area includes Missouri, Colorado, Oklahoma, Nebraska, Iowa and Kansas with a total population exceeding 50 million. Kansas accounts for just 5.7 percent of the primary market area population, suggesting the opportunity exists for the District to attract a large percentage of out-of-state visitors.

Tourism is a major industry in Kansas. According to *Kansas Tourism in 2011* prepared by HIS Global Insight for the Kansas Department of Commerce, over 32 million tourists to Kansas spent \$8.03 billion. Out-of-state and international visitors accounted for 55.8 percent of total tourist expenditures.

Out-of-state visitors are estimated to account for over 20 percent of the District’s total visitation or approximately 100,000 visitors annually.

Summary

This report estimates annual visitation to the District at stabilization of approximately 490,000 people. Local residents living within a 100-mile radius are estimated to account for about 47 percent of total visitation. Regional visitors traveling more than 100 miles are estimated to account for the remaining 53 percent of total visitation, 38.6 percent of which will be out-of-state visitors. In total, out-of-state residents are estimated to account for 20 percent of total visitation to the District, or approximately 100,000 visitors per year. These out-of-town visitation trend estimates meets the State of Kansas Secretary of Commerce guidelines that 30 percent of visitors to a proposed STAR Bond Redevelopment District travel beyond 100 miles and 20 percent reside out-of-state.

Downtown Salina District Visitation Pattern Estimates

Visitor Origination	Total Visitors	Out-of-State Visitors	Market Share
Within a 100-Mile Radius	229,850	0	0.0%
Outside of a 100-Mile Radius	258,150	99,550	38.6%
Totals	488,000	99,550	20.4%

Source: Canyon Research Southwest, Inc.

Estimated Retail Sales Potential

The *Kansas Cultural and Heritage Research Study* published by the Kansas Department of Commerce – Travel and Tourism Development Division states that “A key deliverable of tourism is spending by visitors for local and state benefit. Kansas has an excellent opportunity to increase the revenues generated through visitor spending while not overburdening its infrastructure.” The study identified several key product development areas designed to impact the growth of cultural heritage tourism in Kansas and the state’s ability to increase retail sales of locally-made items, including:

- Develop and encourage retail opportunities for Kansas artisans at museum stores, galleries, shops and special events.
- Enhance the interpretation and visitor experiences at local heritage sites, attractions and communities.

The Downtown Salina District Project Plan includes a cluster of new attractions including a car museum, athletic fieldhouse and family entertainment center. The Stiefel Theatre, the city’s principal cultural attraction, would benefit from reinvestment aimed at increasing the type of acts the theatre could accommodate, which in turn would increase the number of event nights and attendance. This development strategy coincides with the recommendations of the *Kansas Cultural and Heritage Research Study*. The Master Plan incorporates a variety of sports, entertainment, museum venues to complement the theatre and add to the visitor experience. Increased visitation within the District is expected to fuel escalated retail sales and businesses activity.

For the purpose of calculating STAR Bond revenues, incremental taxable retail and lodging sales were estimated for the Downtown Salina District based on these sources:

1. Sales data published by the International Council of Shopping Centers (“ICSC”);
2. *Dollars & Cents of Shopping Centers* published by the Urban Land Institute;
3. *NRF Stores Top 100 Retailers 2013*;
4. Tourism spending characteristics published by the Travel Industry Association of America;
5. Competitive hotel operating results provided by Smith Travel Research;
6. *Supermarket News, Food Marketing Institute and Progressive Grocer*;
7. 2011 Tourism Satellite Account by HIS Global Insight;
8. Trade area demographics retail sales gap analysis provided by Ersi Business Analyst;
9. Salina Field House Feasibility Study by Sports Facilities Advisory; and

Estimated Amusement, Retail and Lodging Sales

The America's Crossroads Car Collection is estimated to realize stabilized annual admissions revenue of approximately \$100,000.

The Salina Field House is designed to accommodate indoor basketball and volleyball. The Salina Field House Feasibility Study forecast revenues of \$336,471 in Year 1, increasing to \$629,139 at stabilization in Year 5. The Salina Field House is envisioned to be operated by the City of Salina, so as a result taxable sales are estimated at \$0.

The family entertainment center will offer both a family attraction and a venue to host local and regional bowling tournaments. At stabilization annual attendance at the family entertainment center is estimated at 260,000. Annual revenues are projected at approximately \$4.0 million.

The 114-room hotel will include a restaurant. At a stabilized occupancy of 75 percent and an average daily rate of approximately \$130 the hotel will generate lodging revenues of approximately \$4.1 million. The meeting space is estimated to generate annual revenues of approximately \$45,000 in food, beverage revenues. Food and beverage sales for the hotel's restaurant are estimated at \$2.2 million.

In Kansas, admission or fee charged to any place providing amusement, entertainment, or recreation services is taxable. The Stiefel Theatre's 2014 attendance of 39,000 visitors is estimated to reach 75,000 annually stemming from the planned building improvements. At an average ticket price of \$43, incremental revenues are estimated approximately \$500,000.

In June 2015 a 15,056 square foot Save-a-Lot grocery store opened within the former Dillons store at 511 East Iron. Save-a-Lot is a discount supermarket chain headquartered in Earth City, Missouri. The subsidiary of SuperValu operates 1,544 stores across 36 states in the United States with over \$10.9 billion in annual sales and average store sales of \$7.1 million.

For 2011, the Food Marketing Institute ("FMI") reported a total of 36,569 grocery stores operated in the U.S. reporting total sales of \$584 billion. Weekly sales averaged \$11.78 per square foot of selling area, translating to an annual average of \$612.56 per square foot. According to Progressive Grocer, approximately 35,600 grocery stores operate in the United States with the top ten retailers accounting for 35 percent of the total number of stores and 68 percent of sales. Chain grocery stores (29,300 stores) generated \$528 million in sales during 2010. For the year the grocery store industry reported average annual sales of \$15.6 million per store, equating to \$299,373 per week or \$8.94 per square foot. Annual sales for chain grocery stores were the greatest between \$4 to \$8 million (6,677 stores); \$20 to \$30 million (5,332 stores) and \$12 to \$20 million (5,001 stores). Stabilized sales for the District's Save-a-Lot store are estimated at \$100,000 per week, equating to \$5.2 million per year.

According to building survey prepared by Get on Track LLC, the District currently supports 323,634 square feet of occupied ground floor commercial space, of which 295,514 square feet of space is generating taxable retail sales. This study determined that the increased visitation to the District and associated retail sales will both generate increased sales for existing retail businesses as well as result in the absorption of a large portion of the vacant commercial space.

Retail businesses currently operating within the District are generating taxable sales on average of approximately \$100 per square foot. This study conservatively estimates an increase in retail sales for existing ground floor commercial space of \$35 per square foot for a total of \$135 per square foot. The increase in retail sales will be phased in over a 6-year period, increasing from \$5.00 per square foot in 2017 to \$35.00 per square foot in 2022. As stabilization the 295,514 square feet of occupied ground floor retail space is forecast to realize increased retail sales totaling approximately \$10.3 million per year.

As of the date of this report, the District possessed 175,313 square feet of ground floor commercial space. This study assumes that increased business activity within the District will result in the absorption of 75 percent of the vacant ground floor commercial space over a seven year period, or approximately 131,485 square feet of occupied space. The rate of space absorption is estimated from zero in 2016 to a peak of 25 percent of the total inventory by 2020. Retail uses currently occupy 55 percent of the District’s 806,300 square feet of ground floor commercial space. Assuming that ratio continues, through stabilization an estimated 72,317 square feet of ground floor commercial space will be absorbed by retail businesses. At an average of \$100 per square foot the newly occupied retail space is estimate to generate stabilized year sales of \$7.2 million.

As indicated by the table below, incremental taxable retail sales at build-out and stabilization of the Downtown Salina District are estimated at \$33.8 million annually.

Incremental Sales Estimates at Stabilization Downtown Salina District

Project Component	Building Sq. Ft.	Hotel Rooms	Stabilized Sales
Athletic Fieldhouse	69,000		\$0
Family Entertainment Center	47,000		\$4,000,000
America’s Crossroads Car Collection	31,118		\$100,000
Hotel and Restaurant		114	
Lodging			\$4,106,250
Food & Beverage			\$2,275,605
Stiefel Theatre			\$500,000
Grocery	15,000		\$5,200,000
Occupied Retail Space	295,514		\$10,342,990
Absorbed Retail Space	72,317		\$7,231,661
Total Sales			\$33,756,506

Source: Canyon Research Southwest, Inc.

Impact on Active STAR Bond Projects

Since adoption of STAR bond legislation the Department of Commerce has approved five STAR bond projects in central and west Kansas that incorporate major destination attractions, including the Wichita River District and K-96 and Greenwich Project in Wichita, Olympic Park Project District in Goddard, Downtown Manhattan Redevelopment District in Manhattan, and Dodge City Project District. To determine the potential impact of the District on each of these approved STAR Bond projects a comparison was made of each project's major attraction(s); tenant mix; market positioning and target market.

Wichita River District

On July 20, 2007 the City of Wichita approved the undertaking of a STAR Bond Project within the Wichita River District pursuant to House Bill No. 2005 of the 2007 Kansas Legislative Session. In October 2007 the Kansas Department of Commerce approved the STAR Bond Plan for the Wichita River District. The approval was for \$13 million in STAR bonds (exclusive of financing costs) for three projects, including: 1) the Keeper of the Plains sculpture, plaza and pedestrian bridge project; 2) the East River Redevelopment Project adjacent to the Broadview Hotel and 3) the WaterWalk fountain and public plaza area. The total project budget is \$155.8 million.

In May 2007, the *Keeper of the Plains* was re-dedicated and the East River Redevelopment Project completed. The \$20.6 million riverbank improvement project included the creation of two cable-stayed, suspended pedestrian bridges, riverbank landscaping, and the creation of bike/pedestrian paths along both sides of the Arkansas River for easier walking access and landscaping. The Waltzing Waters Fountain and Plaza area was completed in October 2012.

Complementing the public improvements, to date an estimated \$72 million in private investment has been reported. Major private-sector investment projects include:

- WaterWalk Main Place and Gander Mountain - \$29 million
- Marriott Fairfield Hotel - \$12.35 million
- Drury Broadview Hotel remodel and renovation - \$29 million
- Wichita Area Association of Realtors office building - \$1.6 million
- Wichita Boathouse renovation - \$650,000

Because of the unique characteristics of the Wichita River District, particularly since the district did not begin as a "Greenfield," but already contained several active businesses, it was possible to more efficiently use the STAR bond resources in a "pay-as-you-go" manner. From November 2007 through year-end 2013, the Wichita River STAR Bond District generated nearly \$11.5 million for financing eligible STAR bond projects. The City of Wichita expects the \$13 million in STAR bond costs to be fully reimbursed by 2015.

The Wichita River District is designed to offer a waterfront recreational and educational attraction complemented by a mix of retail, office and lodging uses. Much of the demand and tenant orientation of the commercial development component will stem from its downtown location and close proximity to employment as well as art, cultural and entertainment venues.

Meanwhile, the Downtown Salina District is designed as a cultural, entertainment and sports destination with the principal attractions being the Stiefel Theatre, Salina Field House, family entertainment center and America's Crossroads Car Collection. While both projects are designed using a mixed-use concept, each will offer a distinctive mix of attractions, anchor tenants, businesses and hotel products.

The remainder of WaterWalk's retail component consists of just 150,077 square feet in buildings ranging from 3,891 to 15,477 square feet. Little retail has followed the August 2005 opening of Gander Mountain; thus, the project's retail market positioning and tenant mix have yet to be well defined. Given its downtown location it would appear that a cluster of national and local restaurants would be appropriate. Similar to Old Town located immediately east of downtown Wichita, traditional retail shopping will likely play only a minor role at Waterwalk.

Conversely, while retail development will play a role within the Down Salina District, the Master Plan does not specifically address redevelopment opportunities. Given the cluster of planned destination attractions Salina's retail industry is expected to benefit from the increased out-of-town visitation and associated expenditures and additional retail businesses and redevelopment opportunities will emerge. Given the distance between Salina and Wichita the retail trade areas for each are not expected to bisect. Therefore, the retail components of WaterWalk and the Downtown Salina District would not directly compete.

Hotels are planned for both WaterWalk and the Downtown Salina District. The Drury Broadview Hotel, Hyatt Regency and Fairfield Inn & Suites operate within the Wichita River District catering primarily to business and convention travelers. A 114-room hotel is planned for the Downtown Salina District that will cater primary to leisure and group travelers to Salina. Therefore, the hotels at the Wichita River District and the Downtown Salina District serve distinctive price-points and market segments. More importantly, their distance over 90 miles apart eliminates any direct competition.

Given the Wichita River District's emphasis on riverfront access and urban-scale mixed-use development, pay-as-you-go project financing and its location in Wichita, the Downtown Salina District should have little or no impact on operations and financial sustainability.

K-96 & Greenwich STAR Bond District

In late 2013, the Kansas Secretary of Commerce approved the K-96 & Greenwich STAR Bond District located on a 423-acre site at the intersection of K-96 Highway and Greenwich Road in Wichita, Kansas. The Project Plan designates the site for 1.5 million square feet of commercial development anchored by a 65,000 square foot major state-of-the-art indoor multi-sport athletic complex. The commercial component of the project is designed for a mix of big-box retailers, destination restaurants and attractions, lodging and medical office space. At build-out total project costs are estimated to exceed \$400 million. Approximately \$33 million in STAR bonds were approved and issued.

Phase 1 of the Project Plan is designed for 309,000 square feet of commercial space and two hotels. In spring 2012, Cabela's, a premier retailer of hunting, fishing and outdoor gear, opened an 80,000 square foot store in the Project, its 35th store in the United States and Canada. The Wichita store is the second Cabela's opened in Kansas, the first being in the Village West STAR

Bond District in Kansas City. The Cabela's store serves as a major "destination" attraction for the Project.

Additional Phase 1 existing development includes a Hampton Inn & Suites and a shopping center anchored by Super Target, World Market Hobby Lobby with Chili's, McDonalds, Subway and Kanza Bank occupying out parcels. An Academy Sports store is under construction as is a new K-96 and Greenwich Road interchange.

According to the Project Plan another major attraction designed for Phase 1 is a 75,000 square foot state-of-the art indoor multi-sport athletic complex. The Salina Field House will be dedicated to the education and training of players and coaches, destination athletic competition, and entertainment for regional and national tourists. The athletic complex is designed to host regional and national basketball and volleyball tournaments. The athletic complex will be accompanied by the 150-room hotel designed to accommodate out-of-town visitors to the athletic complex. The Salina Field House planned for the Downtown Salina District is not designed as an athlete training center and will serve a smaller trade area.

The total capital investment associated with Phase 1 is estimated at approximately \$150 million, including site acquisition, infrastructure construction and development of the commercial and hotel components.

Future phases of the Project are planned for the construction of an estimated 700,000 square feet of commercial space, a medical campus designed for 200,000 square feet of medical office space, and 61,500 square feet of professional office space. The Project Plan also includes approximately 35 freestanding pad sites supporting up to 262,500 square feet of commercial uses. This plan may be amended from time to time as future tenants and users are secured.

The K-96 & Greenwich STAR Bond District Project Plan focuses on creating an athletic and recreation attraction complemented by a mix of retail, employment and lodging uses. Based on this project positioning and location in Wichita, the Downtown Salina District should have little or no impact on operations and financial sustainability.

Olympic Park District

In May 2014, the Kansas Commerce Secretary approved the Olympic Park STAR Bond Project Plan and the issuance of up to \$25.4 million in STAR Bond financing. The City of Goddard will contribute \$4.75 million for infrastructure improvements and private investments will reach \$44 million. Total project costs are estimated at \$155 million.

The Olympic Park Project District occupies a 280-acre site located at North Goddard Road and West Kellogg Drive in Goddard, Kansas. The Project Plan designates the site for mixed-use development including a 150-room all-suites hotel and conference center attached to a 66,000 square foot aquatic center with two Olympic competition pools and a diving well for springboard, platform diving, water polo events. The aquatic center includes media rooms and spectator seating for 1,600. Also included are four tournament quality baseball and softball fields. No comparable athletic facility exists in the Midwest, allowing the GAC to support a primary trade area encompassing a 500+ mile radius.

The feasibility study submitted by the City of Goddard reflects that the Project is a unique travel destination that will attract an estimated 2.1 million new visitors annually to the region. At build-out the Project is forecast to generate annual retail sales of over \$154 million.

In January 2016, SLN Manager, Inc. broke ground on a \$35 million Crowne Plaza hotel, an aquatic and wellness center, and a family entertainment center. Completion is scheduled for April 2017. The four-story, 141-room hotel will feature a restaurant and sports bar, a business center, an indoor pool and a fitness room. The Crowne Plaza brand recently introduced a new room concept called Biz Pro Rooms. Appointed with upscale amenities, including multiple USB ports, the hotel will feature 25 of these new room styles. The hotel will also include a 17,000 square foot family entertainment center offering themed, full-sized regulation Brunswick bowling lanes, laser tag, laser maze, arcade, fitness center, and sports bar.

Expanded to more than 100,000 square feet, the aquatic and wellness center will feature four pools, including a long course pool, a short course pool, a 25-meter training pool, a 25-meter dive pool and a therapy pool. The aquatic and wellness center will also have 4,500 square feet of training rooms ideal for athlete training, meetings, corporate events, school and sports team functions, birthday parties, family reunions, and more.

The 343,500 square feet of planned retail space will house destination retailers and out lots designed to accommodate sit-down restaurants, fast food restaurants and a convenience store.

The Project Plan designates approximately 60 acres for future development.

The Olympic Park Project District aims at creating a mixed-use athletic, lodging and retail destination. The project's principal attraction will be an aquatic and wellness center that targets a different segment of the athletic industry than proposed for the Salina Field House. Therefore, based on this project positioning the Downtown Salina District should have little or no impact on operations and financial sustainability of the Olympic Park Project District.

Downtown Manhattan Redevelopment District

In November 2006, the Kansas Secretary of Commerce approved and designated the Downtown Manhattan Redevelopment District as a "special bond project" pursuant to the provisions of K.S.A. 12-1770 et seq., as amended, and on December 28, 2006 approved the issuance of up to \$50 million in STAR bonds. On December 1, 2009, \$50 million in STAR bonds were issued to finance the construction of the Flint Hills Discovery Center as well as expenses related to land acquisition, public infrastructure, streetscape, landscaping and a public park within the South End of the Downtown Redevelopment Project Area.

The Downtown Manhattan Redevelopment District occupies the eastern portion of downtown Manhattan, Kansas and is generally bounded by Bluemont Avenue to the north; Ft. Riley Boulevard on the south; Tuttle Creek Boulevard on the east; and Fourth Street on the west. The Downtown Manhattan Redevelopment District is designed to serve as a premier tourism attraction, anchored by the Flint Hills Discovery Center and complemented by a mix of entertainment, dining and specialty shopping venues. The Flint Hills Discovery Center serves as a major tourism destination with local and regional attractions highlighted in the facility.

The *Downtown Redevelopment Conceptual Plan* is divided into two districts. The South Project Area is designed for the Flint Hills Discovery Center, a 122-room hotel, 30,000 square foot conference center, a 40,000 square foot movie theatre, 18,000 square feet of restaurants, 19,000 square feet of retail shops, 24 residential units and a 400-space parking structure. The Flint Hills Discovery Center opened in April 2012. The Hilton Garden Inn, conference center and parking garage opened in November 2011. The Blue Earth Plaza, across the street from the hotel and conference center, was completed in April 2012.

Dial Realty Corporation is developing the North Project Area with the Manhattan Marketplace, a 160,923 square foot shopping center and 158 residential units. A 30,000 square foot Best Buy store was the first tenant to commence construction within the Manhattan Marketplace, opening in October 2006. Since that time addition tenant opening have included HyVee, Petco, Bed Bath & Beyond, Dick's Sporting Goods, McAlister's Deli and Olive Garden. The North Project Area is fully occupied. All 158 residential units have been constructed.

In 2009, the City of Manhattan issued a \$12.1 million sales tax special obligation revenue (STAR) bonds Series 2009-1 and \$31.4 million sales tax special obligation revenue (STAR) bonds Series 2009-2 to finance eligible project costs for the Downtown Manhattan Redevelopment District. Approximately \$6.35 million in sales tax was collected within the STAR Bond District prior to the bond issue in November 2009. Through August 31, 2013 a reported \$22.8 million in sales tax was collected within the district. The first scheduled principal payment on the bonds of \$1.71 million and interest payments totaling \$2,377,737 were due in 2012. Excess 2012 sales tax revenue was used to call \$2,635,000 in bonds. Only interest payments in the amount of \$2,626,850 were due in 2010 and 2011. However, excess sales tax generated in 2010 and 2011 was used to call \$3.57 million in bonds on June 1, 2011 and \$1.175 million on December 1, 2011. Total debt service for 2013 was \$3,554,292. Debt service payments on the bond funds are current.

The Downtown Manhattan Redevelopment District and Downtown Salina District possess many similarities, including a museum as the principal tourism destination, a historic downtown location and the inclusion of entertainment and lodging venues. However, each projects' tourism attractions cater to distinctive market segments. Manhattan's tourism industry is heavily reliant on Kansas State University and the area's many outdoor recreational amenities. The Flint Hills Discovery Center complements the area's natural environment by providing an educational facility. Meanwhile, Salina has long served as a cultural and entertainment destination anchored by the Stiefel Theatre, Salina Arts Center, Salina Bicentennial Center and Rolling Hills Zoo. The Downtown Salina District is designed to strengthen the local tourism market as well as expand the out-of-town visitor draw by offering unique sports, cultural and entertainment venues. Therefore, the Downtown Salina District should have little or no impact on operations and financial sustainability of the Downtown Manhattan Redevelopment District.

Dodge City District

The Dodge City STAR Bond Project in Dodge City, Kansas designates two non-contiguous Project Areas for redevelopment, including the Heritage Area and Entertainment Area. The Heritage Area encompasses the historic downtown area while the Entertainment Area is located between U.S. Highway 50 and 108th Road, south of Frontview Road on the western edge of the city. An expanded Boot Hill Museum will serve as the Project's principal destination attraction.

Dodge City and the Boot Hill Museum are nationally and internationally recognized as authentic and historic Western attractions.

The Heritage Area is comprised of approximately 166 acres within historic downtown Dodge City anchored by the Boot Hill Museum, Front Street and the Santa Fe Depot. The Heritage Area is so-named because it offers unique redevelopment opportunities focusing on protecting, enhancing and promoting Kansas' western history and heritage.

The centerpiece of the Heritage Area will be the expansion and reinvestment of the Boot Hill Museum. The museum has been the anchor of Dodge City's tourism industry for decades, but requires reinvestment if it is to remain a national tourism attraction. Dodge City is one of a very few United State heritage towns still standing, and the Boot Hill Museum is a unique historical attraction in western Kansas that draws between 68,000 to 80,000 visitors annually. The Dodge City Project provides reinvestment funding to renovate and expand the museum. The Boot Hill Museum will be expanded by approximately 12,500 square feet of exhibition space and additional improvements designed to host events and traveling exhibits and the introduction of interactive and multi-lingual exhibits. The proposed upgrades to the museum are designed to improve its competitive positioning, enhance repeat visitation and increase attendance and revenues.

Additional investment to the Heritage Area will include infrastructure and themed aesthetic improvements to Front Street and other portions of Dodge City's historic downtown. Though downtown Dodge City is unique in its charm and deep-rooted western heritage, it suffers from disinvestment and ill-fated urban development trends common among rural communities. However, the presence of the Boot Hill Museum and its designation as a historic district by the National Trust for Historic Preservation provides downtown Dodge City with the opportunity to facilitate new attractions and associated retail. STAR Bond-financed projects in downtown Dodge City north of Wyatt Earp Boulevard will focus on attracting regional, specialty-themed retail and restaurants designed to enhance Dodge City's status as a tourist destination. Planned projects south of Wyatt Earp Boulevard include a water park, hotel, retail space, and campground and RV park.

The Entertainment Area is located approximately 2.75 miles west of the Heritage Area, encompassing 360 acres along the west side of U.S. Highway 50 at West Comanche. The Heritage Area is master planned as a retail and entertainment destination designed to expand Dodge City's tourism industry and attract national retailers currently not in the local market. The Entertainment Area is currently home to the United Wireless Arena and Magouirk Conference Center which offer a state-of-the-art entertainment and convention venue previously unavailable in Southwest Kansas.

The Entertainment Area encompasses 60 acres planned for a mix of retail uses totaling 387,000 square feet of building area. The conceptual plan features three major components, including: 1) a 130,000 square foot major anchor; 2) eight junior anchors totaling 214,500 square feet; and 3) six out parcels totaling 42,500 square feet of retail space.

STAR Bond funding for the Dodge City's Heritage District is aimed at revitalizing the City's western heritage leveraging off the Boot Hill Museum. Meanwhile, the tourism draw of the Entertainment District centers on a mid-sized event center, conference center, big-box retail and the neighboring Boot Hill Casino. While both the Downtown Salina District and Dodge City's

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Heritage District involve downtown revitalization each downtown possesses a distinctly unique market positioning and draw. Downtown Salina District's principal tourism attractions will center on athletics, family entertainment and live theater and concerts while Dodge City's Heritage District will be geared heavily on enhancing the Boot Hill Museum and the western heritage. The Entertainment District is aimed at mid-sized entertainment acts, conferences and big-box retail. Therefore, this report concludes that the Downtown Salina District should have little or no impact on operations and financial sustainability of the Dodge City District.

Conclusions

The Downtown Salina District's major tourism attractions will include the renovated Stiefel Theatre, Salina Field House, family entertainment center and America's Crossroads Car Collection.

Both the Wichita River District and K-96 and Greenwich Project in Wichita are located over 80 miles driving distance south of the proposed Downtown Salina District with the Olympic Park District in Goddard located over 100 miles to the south. The Wichita River District possesses a riverfront, downtown location and is designed as an entertainment and employment destination featuring approximately 610,000 square feet of retail, office, hotel and residential space. Both the K-96 & Greenwich Project and Olympic Park District focus on creating an athletic training center and recreation attraction complemented by a mix of retail, employment and lodging uses.

The Downtown Manhattan Redevelopment District is located in downtown Manhattan, Kansas over 65 miles northeast of Salina. The Downtown Manhattan Redevelopment District and Downtown Salina District possess many similarities, including a museum as the principal tourism destination, a historic downtown location and the inclusion of entertainment and lodging venues. However, each projects' tourism attraction caters to distinctive market segments.

Because each active STAR bond project in central and west Kansas supports distinctly different major tourism attractions and retail components, it has been concluded that development of the Downtown Salina District will not have a measurable adverse impact on tourism visitation, retail sales and STAR bond revenues generated by any of the STAR Bond Districts in central and west Kansas. Therefore, the operation of the Downtown Salina District is not anticipated to cause default in the payment of outstanding STAR bonds issued by the five active STAR Bond approved redevelopment projects in central Kansas.

ECONOMIC IMPACT STUDY

The following economic impacts are forecast when considering the tourism potential of a project applying for STAR bond financing:

- Direct expenditures: Visitor spending that directly supports the jobs and incomes of people and firms that deal directly with visitors;
- Indirect expenditures: Changes in sales, income or jobs in regional sectors that supply goods and services in support of direct expenditure entities;
- Direct job creation: The total number of jobs (distinguished as full-time or part-time) supported by the target attraction; and
- Creation of overnight hotel stays.

The *Economic Impact Assessment* examines the economic implications of the major attractions, lodging and commercial space build-out to be constructed within the District in terms of the direct and indirect growth in employment, income and consumption. The project's economic impact has been measured in terms of both construction-phase and operational.

Direct impacts measure the spending and job creation that occurs as a direct result of the operations and activities that occur within the District. Indirect impacts consist of re-spending of the initial or direct expenditures, or the supply of goods or services resulting from the initial direct spending within the District.

Economic impacts measure the effects of economic stimuli or new demand for goods and services in the local economy. New demand in this case is created by the new retailers to the market and hotel/casino, and the additional spending they will support. The secondary impacts of supplier expenditures by these businesses, employee spending and visitor spending are called multiplier effects. Multiplier effects are a way of representing the larger effects on the local economy of an initial increase in demand.

Total development costs for the District are estimated at approximately \$150 million, including land acquisition, infrastructure, buildings, tenant improvements, soft costs, FF&E and contingency allowance.

Wages were determined by consulting the *Occupational Employment and Wage Estimates May 2014* for the State of Kansas published by the U.S. Department of Labor.

Construction-Phase

Development of the District would generate non-recurring construction impacts. Total construction costs for the District are estimated at approximately \$104.5 million, exclusive of land acquisition and soft costs such as architectural and engineering, permit fees, project management, legal fees, insurance, financing costs, developer fee and contingency allowance.

Construction-phase employment estimates for the District were generated by the *Development Impact Assessment Handbook & Software* with total payroll estimated by consulting *Occupational Employment and Wage Estimates May 2014*, published by the U.S. Department of Labor.

In total, build-out of the District would result in an estimated total economic output of \$146 million, direct and indirect job creation of 883 jobs and payroll of \$41.3 million. Construction phase economic impacts are summarized in the table below.

Construction Phase Economic Impact Estimates Downtown Salina District

	Totals
Direct Construction Expenditures	\$104,476,012
Total Economic Impact	\$146,266,417
Job Creation	
Direct	651
Indirect	232
Total	883
Payroll	
Direct	\$31,342,804
Indirect	\$9,925,222
Total	\$41,268,026

Effective tax year 2013, the State of Kansas collapsed the current three-bracket structure for individual state income taxes (3.5%, 6.25% and 6.45%, respectively) into a two-bracket system using rates of 3.0 percent and 4.9 percent. For tax year 2015 the bottom bracket of 2.7 percent will apply to income of less than \$15,000 for singles and \$30,000 for couples with the top bracket at 4.6 percent.

Kansas allows itemized deductions and tax payers can claim the same itemized deductions reported on the Federal return. Standard deductions under the Tax Reform Law are increased to \$5,500 for singles or married filing separately and \$7,500 for married couples filing jointly. This analysis applied a blended standard deduction for single and married couples of \$6,500. Kansas has no personal exemption.

Construction of the entire District is estimated to generate total full-time equivalent employment of 883 direct and indirect jobs supporting a total payroll of approximately \$41.3 million. The State of Kansas is estimated to collect approximately \$1.6 million in state income tax revenues resulting from construction-phase payroll.

Operational-Phase

Full-time equivalent employment resulting from development and operation of the District was estimated using employment ratios stated in the number of jobs per 1,000 square feet of building area or per hotel room. Total payroll was estimated based on annual mean incomes pertinent occupations in Kansas published by the U.S. Department of Labor's *Occupational Employment and Wage Estimates May 2014*. A sample of annual mean incomes include \$19,660 for food preparation and serving related workers, \$46,550 for food service managers, \$24,500 for retail sales, \$18,520 for hotel clerks, \$23,180 for maids, \$34,400 for housekeeping supervisors, \$48,130 for hotel managers.

All total, at full operating levels the District as planned could create an annual economic impact of \$66 million on the State of Kansas. The District could directly and indirectly support about 371 jobs locally and \$12.5 million in annual payroll.

Operations Phase Economic Impact Estimates Downtown Salina District

	Totals
Operations Impacts	
Total Economic Impact of Operations	
Stabilized Annual Sales	\$47,214,810
Output	\$66,100,734
Job Creation	
Direct	286
Indirect	85
Total	371
Payroll	
Direct	\$9,609,600
Indirect	\$2,856,000
Total	\$12,465,600

Accounting for the standard deduction of \$6,500 and a 2.7 percent tax rate for taxable income, the State of Kansas is estimated to collect approximately \$271,500 in annual state income tax revenues resulting from build-out of the District.

The District is estimated to attract 488,000 annual visitors, including approximately 258,150 visitors from over 100 miles away. Assuming 60 percent of the out-of-town visitors stay overnight, an average stay of two nights and 1.8 guests per room, total demand for overnight accommodations is estimated at 172,000 annual room nights. At an average annual occupancy rate of 75 percent, the estimated room night demand is sufficient to support approximately 629 hotel rooms. Existing and planned hotels within the District total just 114 rooms. These lodging demand forecasts illustrate the significant impact the District will have on the Salina hotel market and the potential to support additional hotel development.

To conclude, the District will contribute significantly to the state and local economy by generating construction and permanent jobs; attracting out-of-state visitors, spending and lodging demand; strengthening Salina's status as a regional tourist destination; and yielding state income tax revenues.

STAR BOND FEASIBILITY STUDY

The STAR bond program provides Kansas municipalities the opportunity to issue bonds to finance the development of major commercial entertainment and tourism areas, and use sales tax revenue generated by the development to pay off the bonds. STAR bonds possess a 20-year term. An eligible area for the STAR bond program includes a historic theater, major tourism area, major motorsports complex, auto race track facility, river walk canal facility, major multi-sport athletic complex or a major commercial entertainment and tourism area.

This section of the report quantifies the ability of the District to support the necessary bond debt to cover eligible project costs by calculating the net present value of the forecast STAR bond tax revenue streams generated through maturity of the 20-year term.

STAR Bond Eligible Tax Rates

The STAR Bond Act allows for the pledge of 100 percent of the tax increment revenue received by the State of Kansas, county and city from any local sales and use taxes, including the city's share of any county sales tax, which are collected within the STAR bond project district. The STAR bond financing being sought for the District will be repaid by incremental retail sales taxes.

Taxable retail sales generated by businesses operating in Salina are subject to a sales tax rate of 8.4 percent consisting of 6.5 percent for the State of Kansas, 1.0 percent for Saline County and 0.9 percent for the City of Salina.

The City of Salina levies a 0.9 percent sales tax, of which 0.5 percent is allocated to the General Fund and eligible for STAR Bond Capture. The remaining 0.40 percent is designated to special tax districts and not eligible. On May 10, 2016 by a vote of 6,216 to 5,350, residents of Salina approved Resolution Number 16-7317 that authorizes the repeal of the city's current 0.40 percent special purpose sales tax scheduled to expire March 31, 2019, and replaces it with a 0.75 percent general purpose sales tax for a period of 20 years commencing October 1, 2016. Therefore, for the purpose of this analysis the city's 1.25 percent sales tax is STAR Bond eligible.

During calendar year 2014 the Kansas Department of Revenue reported that 60.27 percent of the Saline County sales tax rate of 1.0 percent was allocated to the City of Salina, or 0.6027 percent.

As outlined in the table below, the total STAR Bond eligible sales tax rate is 8.3527 percent.

STAR Bond Effective Sales Tax Rate Downtown Salina District

Taxing Jurisdiction	Tax Rate	% Allocation	STAR Bond Dedicated
State of Kansas	6.500%	100.00%	6.5000%
Saline County	1.000%	60.27%	0.6027%
City of Salina	1.250%	100.00%	1.2500%
Total Tax Rate	8.750%		8.3527%

Under provisions of the Kansas Department of Revenue Regulation KS-1250, the sale of admissions to places providing amusement, entertainment or recreation is subject to Kansas sales tax.

In addition to the retail sales tax the City of Salina levies a 6.7 percent transient lodging tax on hotel room revenues with the State deducting a 0.12 percentage point administrative fee. The effective tax rates for calculating Sales Tax Special Obligation Bond (“STAR”) revenue is 6.58 percent on lodging sales.

From 1994 through 2013 the Consumer Price Index (CPI) rose at an average annual rate of 2.425 percent. Through maturity of the STAR bonds retail and lodging sales volumes within the Downtown Salina District are escalated at a more conservative annual rate of 2.0 percent.

STAR Bond Revenue Estimates

The District Project Plan includes the construction of the Salina Field House, family entertainment center, America’s Crossroads Car Collection, hotel and meeting space, and grocery store as well as renovation of the Stiefel Theatre. Incremental sales at build-out and stabilization are estimated at approximately \$33 million. This estimate includes: 1) the planned destination attractions; 2) additional sales realized by existing District businesses resulting from new visitors to the Salina area and 3) forecast absorption of currently vacant ground floor commercial space by retail sales tax generating businesses. Future retail sales are estimated to escalate at an average annual rate of 2.0 percent.

The STAR Bond revenue projections were based on the Project Plan’s phasing schedule whereby the Save-a-Lot grocery store is completed in June 2015; the Salina Field House in 2016; the family entertainment center, America’s Crossroads Car Collection, hotel and Stiefel Theatre renovations in 2017 and Stiefel Theatre expansion in 2018. The incremental increase in sales for existing retail businesses will be phased in as the attractions open.

The STAR Bond revenue projections also assume the 72,317 square feet of vacant ground floor commercial space will be absorbed over a 7-year period at a rate of 0% in Year 1, 10% in Year 2, 15% in Year 3, 20% in Year 4, 25% in Year 5, 20% in Year 6 and 10% in Year 7.

The table on the following page provides retail sales estimates throughout the 20-year life of the proposed STAR Bond District. As indicated, Year 1 sales of \$5.2 million are estimated to stabilize in Year 5 at approximately \$32.5 million. Upon stabilization retail sales were escalated at an average annual rate of 2.0 percent.

As depicted in the table on page 63, throughout the 20-year life of the STAR bond district the gross eligible sales tax revenues associated with the District is estimated to generate approximately \$64 million in STAR Bond revenue.

Forecast Retail Sales for Downtown Salina District

Year	Grocery	Hotel	Hotel Restaurant	Family Center	Car Museum	Stiefel	Existing Retail	New Retail	Total Sales
1	\$5,200,000								\$5,200,000
2	\$5,304,000						\$1,477,570	\$723,200	\$7,504,770
3	\$5,410,080	\$4,106,250	\$2,275,605	\$4,000,000	\$100,000		\$4,432,710	\$1,807,900	\$22,132,545
4	\$5,518,282	\$4,188,375	\$2,321,117	\$4,080,000	\$102,000	\$500,000	\$8,865,420	\$3,554,200	\$29,129,394
5	\$5,628,647	\$4,272,143	\$2,367,539	\$4,161,600	\$104,040	\$510,000	\$10,342,990	\$5,062,100	\$32,449,059
6	\$5,741,220	\$4,357,585	\$2,414,890	\$4,244,832	\$106,121	\$520,200	\$10,549,850	\$6,508,400	\$34,443,098
7	\$5,856,045	\$4,444,737	\$2,463,188	\$4,329,729	\$108,243	\$530,604	\$10,760,847	\$7,231,600	\$35,724,992
8	\$5,973,165	\$4,533,632	\$2,512,452	\$4,416,323	\$110,408	\$541,216	\$10,976,064	\$7,376,232	\$36,439,492
9	\$6,092,629	\$4,624,304	\$2,562,701	\$4,504,650	\$112,616	\$552,040	\$11,195,585	\$7,523,757	\$37,168,282
10	\$6,214,481	\$4,716,791	\$2,613,955	\$4,594,743	\$114,869	\$563,081	\$11,419,497	\$7,674,232	\$37,911,648
11	\$6,338,771	\$4,811,126	\$2,666,234	\$4,686,638	\$117,166	\$574,343	\$11,647,887	\$7,827,716	\$38,669,881
12	\$6,465,546	\$4,907,349	\$2,719,559	\$4,780,370	\$119,509	\$585,830	\$11,880,844	\$7,984,271	\$39,443,278
13	\$6,594,857	\$5,005,496	\$2,773,950	\$4,875,978	\$121,899	\$597,546	\$12,118,461	\$8,143,956	\$40,232,144
14	\$6,726,754	\$5,105,606	\$2,829,429	\$4,973,497	\$124,337	\$609,497	\$12,360,830	\$8,306,835	\$41,036,787
15	\$6,861,290	\$5,207,718	\$2,886,017	\$5,072,967	\$126,824	\$621,687	\$12,608,047	\$8,472,972	\$41,857,522
16	\$6,998,515	\$5,311,872	\$2,943,738	\$5,174,427	\$129,361	\$634,121	\$12,860,208	\$8,642,431	\$42,694,673
17	\$7,138,486	\$5,418,110	\$3,002,612	\$5,277,915	\$131,948	\$646,803	\$13,117,412	\$8,815,280	\$43,548,566
18	\$7,281,255	\$5,526,472	\$3,062,665	\$5,383,473	\$134,587	\$659,739	\$13,379,760	\$8,991,586	\$44,419,538
19	\$7,426,880	\$5,637,001	\$3,123,918	\$5,491,143	\$137,279	\$672,934	\$13,647,356	\$9,171,417	\$45,307,928
20	\$7,575,418	\$5,749,741	\$3,186,396	\$5,600,966	\$140,024	\$686,393	\$13,920,303	\$9,354,846	\$46,214,087
Total									\$701,527,684

Source: Canyon Research Southwest, Inc.

**Estimated STAR Bond Revenues
Downtown Salina District**

Year			STAR Bond				Total STAR Bond Revenue
	Retail Sales	Lodging Sales	State 6.50%	County 0.6027%	City 1.25%	Lodging 6.58%	
1	\$5,200,000	\$0	\$338,000	\$31,340	\$65,000	\$0	\$434,340
2	\$7,504,770	\$0	\$487,810	\$45,231	\$93,810	\$0	\$626,851
3	\$22,132,545	\$4,106,250	\$1,438,615	\$133,393	\$276,657	\$270,191	\$2,118,856
4	\$29,129,394	\$4,188,375	\$1,893,411	\$175,563	\$364,117	\$275,595	\$2,708,686
5	\$32,449,059	\$4,272,143	\$2,109,189	\$195,570	\$405,613	\$281,107	\$2,991,480
6	\$34,443,098	\$4,357,585	\$2,238,801	\$207,589	\$430,539	\$286,729	\$3,163,658
7	\$35,724,992	\$4,444,737	\$2,322,124	\$215,315	\$446,562	\$292,464	\$3,276,465
8	\$36,439,492	\$4,533,632	\$2,368,567	\$219,621	\$455,494	\$298,313	\$3,341,994
9	\$37,168,282	\$4,624,304	\$2,415,938	\$224,013	\$464,604	\$304,279	\$3,408,834
10	\$37,911,648	\$4,716,791	\$2,464,257	\$228,494	\$473,896	\$310,365	\$3,477,011
11	\$38,669,881	\$4,811,126	\$2,513,542	\$233,063	\$483,374	\$316,572	\$3,546,551
12	\$39,443,278	\$4,907,349	\$2,563,813	\$237,725	\$493,041	\$322,904	\$3,617,482
13	\$40,232,144	\$5,005,496	\$2,615,089	\$242,479	\$502,902	\$329,362	\$3,689,832
14	\$41,036,787	\$5,105,606	\$2,667,391	\$247,329	\$512,960	\$335,949	\$3,763,629
15	\$41,857,522	\$5,207,718	\$2,720,739	\$252,275	\$523,219	\$342,668	\$3,838,901
16	\$42,694,673	\$5,311,872	\$2,775,154	\$257,321	\$533,683	\$349,521	\$3,915,679
17	\$43,548,566	\$5,418,110	\$2,830,657	\$262,467	\$544,357	\$356,512	\$3,993,993
18	\$44,419,538	\$5,526,472	\$2,887,270	\$267,717	\$555,244	\$363,642	\$4,073,873
19	\$45,307,928	\$5,637,001	\$2,945,015	\$273,071	\$566,349	\$370,915	\$4,155,350
20	\$46,214,087	\$5,749,741	\$3,003,916	\$278,532	\$577,676	\$378,333	\$4,238,457
Totals	\$701,527,684	\$87,924,308	\$45,599,299	\$4,228,107	\$8,769,096	\$5,785,419	\$64,381,922

Source: Canyon Research Southwest, Inc.; May 2016.

Supportable Bond Debt Estimates

The STAR Bond funding capacity of the Downtown Salina District was quantified through calculating the net present value of the annual Sales Tax Special Obligation Bond (“STAR”) revenues throughout the 20-year maturity of the district. This report assumed that all STAR bond revenue would be used to pay bond debt. The net present value was calculated using a debt coverage ratio of 1.25 and a discount (“yield”) rate of 5.0 percent. The discount rate was based on current 20-year municipal bond yields averaging 2.65 percent to 3.30 percent nationally for A to AAA rated bonds and recent municipal bond sales in Kansas with 20-year maturities at yields of 3.375 percent to 5.0 percent.

The District’s total project costs are estimated at approximately \$150 million with STAR Bond reimbursable project costs for Phase 1 estimated at approximately \$21 million. Throughout the statutory 20-year STAR bond maturity period the net Sales Tax Special Obligation Bond revenues generated by the District of \$64 million are sufficient to fully satisfy approximately \$29 million in bond debt. Therefore, the District is forecast to generate sufficient Sales Tax Special Obligation Bond revenues to pay for the project costs.

Supportable STAR Bond Debt Estimates Downtown Salina District

Year	Estimated STAR Bond Revenue	Less: Adm. Costs 2%	Net STAR Bond Proceeds	Debt Coverage 1.25	Present Value 5.0%	Net Present Value
1	\$434,340	\$8,687	\$425,653	\$340,523	0.95238	\$324,307
2	\$626,851	\$12,537	\$614,314	\$491,451	0.90703	\$445,761
3	\$2,118,856	\$42,377	\$2,076,479	\$1,661,183	0.86384	\$1,434,996
4	\$2,708,686	\$54,174	\$2,654,512	\$2,123,610	0.82270	\$1,747,094
5	\$2,991,480	\$59,830	\$2,931,650	\$2,345,320	0.78353	\$1,837,629
6	\$3,163,658	\$63,273	\$3,100,385	\$2,480,308	0.74622	\$1,850,855
7	\$3,276,465	\$65,529	\$3,210,936	\$2,568,749	0.71068	\$1,825,558
8	\$3,341,994	\$66,840	\$3,275,154	\$2,620,123	0.67684	\$1,773,404
9	\$3,408,834	\$68,177	\$3,340,657	\$2,672,526	0.64461	\$1,722,737
10	\$3,477,011	\$69,540	\$3,407,471	\$2,725,977	0.61391	\$1,673,504
11	\$3,546,551	\$70,931	\$3,475,620	\$2,780,496	0.58468	\$1,625,700
12	\$3,617,482	\$72,350	\$3,545,132	\$2,836,106	0.55684	\$1,579,257
13	\$3,689,832	\$73,797	\$3,616,035	\$2,892,828	0.53032	\$1,534,125
14	\$3,763,629	\$75,273	\$3,688,356	\$2,950,685	0.50507	\$1,490,303
15	\$3,838,901	\$76,778	\$3,762,123	\$3,009,698	0.48102	\$1,447,725
16	\$3,915,679	\$78,314	\$3,837,365	\$3,069,892	0.45811	\$1,406,348
17	\$3,993,993	\$79,880	\$3,914,113	\$3,131,291	0.43630	\$1,366,182
18	\$4,073,873	\$81,477	\$3,992,396	\$3,193,916	0.41552	\$1,327,136
19	\$4,155,350	\$83,107	\$4,072,243	\$3,257,794	0.39573	\$1,289,207
20	\$4,238,457	\$84,769	\$4,153,688	\$3,322,950	0.37689	\$1,252,387
Totals	\$64,381,922	\$1,287,638	\$63,094,284	\$50,475,427		\$28,954,216

Source: Canyon Research Southwest, Inc.; May 2016.

ADDENDA

EXHIBIT A

Canyon Research Southwest, Inc., Client Roster

CLIENT ROSTER

During its period of operation, Canyon Research Southwest, Inc. has provided real estate consulting services for a number of leading organizations including:

Abigail Properties
American Furniture Warehouse
Arizona State Land Department
Aspen Enterprises
Bain & Company, Inc. (Boston, Massachusetts)
Bashas' Markets
Belz-Burrow (Jonesboro, Arkansas)
Biskind, Hunt & Taylor, PLC
Bridgeview Bank Group
Browning-Ferris Industries
Cameron Group (Syracuse, New York)
Cass County, Missouri
Cavan Real Estate Investments
D.J. Christie, Inc. (Overland Park, Kansas)
Church of Jesus Christ of Latter Day Saints
Circle G Development
City of Belton, Missouri
City of St. Charles, Missouri
City of Duncan, Oklahoma
City of Fenton, Missouri
City of Glendale Economic Development Department
City of Independence, Missouri
City of Lee's Summit, Missouri
City of Liberty, Missouri
City of Newton, Kansas
City of Osage Beach, Missouri
City of Mesa Economic Development Department
City of Mesa Real Estate Services
City of Moore, Oklahoma
City of Norman, Oklahoma
City of Phoenix Economic Development Department
City of Phoenix Real Estate Department
City of St. Charles, Missouri
City of Tucson Community Services Department
City of Warsaw, Missouri
Dial Realty (Omaha, Nebraska and Overland Park, Kansas)
Danny's Family Car Wash
DMB Associates
DMJM Arizona Inc.
EDAW, Inc. (Denver, Colorado)
Gilded Age (St. Louis, Missouri)
W.M. Grace Development
Greystone Group (Newport Beach, California)
Hanford/Healy Advisory Company

Canyon Research Southwest, Inc.

Heritage Bank (Louisville, Colorado)
Holiday Hospitality Corporation (Atlanta, Georgia)
Jordan & Bischoff, PLC
JPI Development
Kaiser Permanente (Oakland, California)
Landmark Organization (Austin, Texas)
Lee's Summit Economic Development Council (Lee's Summit, Missouri)
Lewis and Roca
Lowe's Companies, Inc. (West Bloomfield, MI)
Lund Cadillac
Marriott International, Inc. (Washington, D.C.)
AJ Martinez & Associates (Prescott, Arizona)
MCO Properties
Meritage Homes
Metropolitan Housing Corporation (Tucson, Arizona)
Monterey Homes
Mountain Funding (Charlotte, North Carolina)
Navajo Nation Division of Economic Development
Opus Northwest Corporation
Opus West Corporation
Pederson Group, Inc.
Phelps Dodge Corporation
Piper Jaffray (Kansas City, Missouri)
Pivotal Group
Pulte Home Corporation
Pulte Homes of Greater Kansas City
Pyramid Development (St. Louis, Missouri)
Ralph J. Brekan & Company
RED Development (Kansas City, Missouri)
R.H. Johnson & Company (Kansas City, Missouri)
River Run Development (Boise, Idaho)
Royal Properties (Champaign, Illinois)
Salt River Project
Steiner + Associates, Inc. (Columbus, Ohio)
Summit Development Group (St. Louis, Missouri)
SWD Holdings (San Francisco, California)
The Innova Group Tucson (Tucson, Arizona)
The University of Arizona Department of Economic Development (Tucson, Arizona)
The University of Arizona Medical Center (Tucson, Arizona)
Trammell Crow Residential
Union Homes (Salt Lake City, Utah)
Unified Government of Wyandotte County and City of Kansas City, Kansas
Wal-Mart, Inc. (Bentonville, Arkansas)
Waste Management
Wells Fargo Bank NA
Weststone Properties
Widewaters (Syracuse, NY)
Yavapai-Apache Nation (Camp Verde, Arizona)
Zaremba Group (Atlanta, Georgia)

EXHIBIT B

Canyon Research Southwest, Inc.
List of Public Financing Projects

Canyon Research Southwest, Inc. has performed feasibility studies for TIF, TDD and STAR Bond redevelopment areas throughout the United States, a sample of which is listed below:

Tax Increment Financing

- Island Crossings Shopping Center in St. Croix, USVI;
- 718,406 square foot SummitWoods Crossing in Lee's Summit, Missouri;
- 457,250 square foot Antioch Center in Kansas City, Missouri;
- 579,980 square foot Blue Ridge Mall Redevelopment in Kansas City, Missouri;
- Old Orchard TIF District in Webster Groves, Missouri;
- 724,333 square foot Gravois Bluffs East & West in Fenton, Missouri;
- 519,295 square foot Prewitt Point in Osage Beach, Missouri;
- 1,073,743 square foot Branson Hills Shopping Center in Branson, Missouri;
- 398,100 square foot Belton Town Centre in Belton, Missouri;
- Highway 7 Corridor TIF District in Blue Springs, Missouri;
- Liberty Triangle in Liberty, Missouri;
- 106-acre Tuscan Village mixed-use development in St. Joseph, Missouri;
- 675,960 square foot Shoppes at North Village in St. Joseph, Missouri;
- 29th Street & Highway 69 Bypass TIF District in Pittsburg, Kansas;
- North Southgate Center in Olathe, Kansas;
- 230,860 square foot Venture Shopping Center in Roeland Park, Kansas;
- 175,072 square foot North Broadway in Pittsburg, Kansas;
- 89,850 square foot Maryville Town Center in Maryville, Missouri;
- 119,390 square foot Harrisonville Center in Harrisonville, Missouri;
- Highway 61 Redevelopment Area in Moscow Mills, Missouri;
- 435-acre West 370 TIF District in St. Charles, Missouri;
- 115,904 South U.S. 65 TIF in Chillicothe, Missouri; and
- Briarcliff West RPA 9, 22 and 36 in Kansas City, Missouri.

STAR Bonds

- 571,400 square foot The Legends at Village West in Kansas City, Kansas;
- 400-acre Kansas City Tourism District in Kansas City, Kansas;
- Downtown Manhattan, Kansas Redevelopment Area;
- East Bank Redevelopment District in downtown Wichita;
- Prairiefire at Lionsgate in Overland Park, Kansas;
- The Gateway, a 26.5 acre redevelopment of the Mission Center in Mission, Kansas;
- K-96 and Greenwich Project District in Wichita, Kansas;
- Caban Marketplace in Bel Aire, Kansas;
- Olympic Park in Goddard, Kansas;
- Dodge City STAR Bond District in Dodge City, Kansas;
- Chisholm Crossing, a 33-acre development in Wichita, Kansas;
- Kansas University Medical Center in Kansas City, Kansas;
- Overland Park Sports Arena and Entertainment District in Overland Park, Kansas; and
- Brookridge STAR Bond District in Overland Park, Kansas

EXHIBIT C

Resume of Eric S. Lander, Principal
Canyon Research Southwest, Inc.

EDUCATION

In 1981, Mr. Lander received a B.S. in Marketing from the Arizona State University College of Business Administration, receiving honors status for his superior cumulative grade point average. In 1992, Mr. Lander received a Masters in Real Estate Development and Investment from New York University, graduating with honors.

BUSINESS EXPERIENCE

Canyon Research Southwest, Inc.

President (October 1984 to Present)

Established Canyon Research Southwest, Inc. as a multi-disciplined real estate consulting firm designed to provide comprehensive research and analysis to the development, financial, investment, and municipal communities. Responsibilities include direct marketing, project management, staffing, and client relations. The firm has performed in excess of 400 major consulting assignments with over 75 local and national clients. Fields of expertise include market and feasibility analysis of large-scale master planned communities, freeway oriented mixed-use projects, retail centers, office complexes, business parks, and hotels. Additional services include fiscal impact studies, property valuation, and development plan analysis.

Mountain West Research

Associate (December 1988 to January 1990)

Senior Consultant (October 1983 to October 1984)

Mr. Lander assisted in managing the Commercial Real Estate Services Division of Mountain West, Arizona's largest real estate and economic development consulting firm. Responsibilities included direct marketing, personnel management, client relations, and consulting on large-scale commercial, office, industrial, and hotel projects. Also contributed to several real estate publications and assisted in the management and marketing of the firm's commercial, office, and industrial (COI) data base.

Iloff, Thorn & Company

Marketing Assistant (January 1982 to December 1983)

Joined Iloff, Thorn & Company during its infancy and became solely responsible for providing in-house marketing support services to its commercial real estate brokers. These services included demographic research, office/industrial/retail market studies, raw land sales packages, site selection analysis, client relations, and property research. Major accomplishments included establishing and implementing office and industrial absorption studies, devised central office market and available raw land files, and organized the development of an industrial/retail map. Also, during this time, Mr. Lander obtained a real estate sales license and became involved in commercial brokerage activities.

RANGE OF EXPERIENCE

In 1987, Mr. Lander, in cooperation with the Drachman Institute of Regional Land Planning, published a working paper titled "Land Development as Value Added in the Development Process and Appropriate Criteria to Rank Sites for Selection of Master Planned Satellite Communities." Since the publication of this working paper, Mr. Lander has conducted numerous market feasibility studies on existing and proposed, large-scale, master planned communities in the Southwestern United States, totaling over 80,000 acres. The working paper was also evaluated and utilized by such prestigious universities as Harvard, M.I.T. and the University of North Carolina as part of their Masters program in Real Estate, City and Regional Planning, and Business.

Mr. Lander is an instructor with the Commercial Real Estate Institute, teaching classes in Market Analysis, Commercial Property Valuation and Land Valuation.

Developed a model designed to evaluate and rank the development potential of freeway interchanges. The methodology for ranking freeway properties is based on a list of 25 criteria which provide a framework to efficiently compare the strengths and weaknesses of various freeway sites. Seven (7) criteria have been established which apply to metropolitan area economic base and real estate market, five (5) criteria evaluate the region influenced by the presence of the freeway in question, and thirteen (13) interchange and site-specific criteria are aimed at determining future real estate development opportunities. This model has been utilized in evaluating freeway-oriented, mixed-use projects anchored by regional malls, business parks, office complexes, and hotels.

Mr. Lander has provided consulting services on downtown redevelopment and historic preservation efforts. Recent examples include a heritage tourism study for the Erie Canal terminus in Buffalo, New York; evaluation of potential office, retail, hotel and arena development in the downtown areas of Glendale and Mesa, Arizona; retail market evaluation and redevelopment plan for downtown Warsaw, Missouri; a downtown master plan for downtown Lee's Summit, Missouri; and a redevelopment plan for the 24 Highway Corridor in Independence, Missouri.

Mr. Lander has conducted *TIF and TDD Revenue Projections* for a variety of large-scale retail projects in Missouri and Kansas. Tax Increment Financing and Transportation Development Districts are government-backed funding mechanisms designed to finance project-specific public infrastructure improvement. Funding is provided via the issue and sale of bonds. In the case of Tax Increment Financing the bonds are repaid with incremental increases in property tax and sales tax revenue generated by the designated redevelopment area. Transportation Development Districts involve the levy of an additional sales tax on businesses operating within the redevelopment area.

Mr. Lander has conducted *STAR Bond Feasibility and Market Studies* on several proposed developments in Kansas, including the Kansas City Tourism District, Legends at Village West, Kansas City Research & Medical Campus, and Rosedale Station Shopping Center. The *Market Study* evaluates the market positioning, market demand, short-term development potential, and economic impact for the proposed Redevelopment District. Meanwhile, the *Feasibility Study* provides a STAR Bond revenue vs. costs comparison to determine the ability of the Redevelopment District to cover debt service for the projected STAR Bond obligations throughout the bond maturity period.

EXHIBIT I
STAR BOND FINANCING PROFORMA

Year	Estimated STAR Bond Revenue	Less: Adm. Costs 2%	Net STAR Bond Proceeds	Debt Coverage 1.25	Present Value 5.0%	Net Present Value
1	\$434,340	\$8,687	\$425,653	\$340,523	0.95238	\$324,307
2	\$626,851	\$12,537	\$614,314	\$491,451	0.90703	\$445,761
3	\$2,118,856	\$42,377	\$2,076,479	\$1,661,183	0.86384	\$1,434,996
4	\$2,708,686	\$54,174	\$2,654,512	\$2,123,610	0.82270	\$1,747,094
5	\$2,991,480	\$59,830	\$2,931,650	\$2,345,320	0.78353	\$1,837,629
6	\$3,163,658	\$63,273	\$3,100,385	\$2,480,308	0.74622	\$1,850,855
7	\$3,276,465	\$65,529	\$3,210,936	\$2,568,749	0.71068	\$1,825,558
8	\$3,341,994	\$66,840	\$3,275,154	\$2,620,123	0.67684	\$1,773,404
9	\$3,408,834	\$68,177	\$3,340,657	\$2,672,526	0.64461	\$1,722,737
10	\$3,477,011	\$69,540	\$3,407,471	\$2,725,977	0.61391	\$1,673,504
11	\$3,546,551	\$70,931	\$3,475,620	\$2,780,496	0.58468	\$1,625,700
12	\$3,617,482	\$72,350	\$3,545,132	\$2,836,106	0.55684	\$1,579,257
13	\$3,689,832	\$73,797	\$3,616,035	\$2,892,828	0.53032	\$1,534,125
14	\$3,763,629	\$75,273	\$3,688,356	\$2,950,685	0.50507	\$1,490,303
15	\$3,838,901	\$76,778	\$3,762,123	\$3,009,698	0.48102	\$1,447,725
16	\$3,915,679	\$78,314	\$3,837,365	\$3,069,892	0.45811	\$1,406,348
17	\$3,993,993	\$79,880	\$3,914,113	\$3,131,291	0.43630	\$1,366,182
18	\$4,073,873	\$81,477	\$3,992,396	\$3,193,916	0.41552	\$1,327,136
19	\$4,155,350	\$83,107	\$4,072,243	\$3,257,794	0.39573	\$1,289,207
20	\$4,238,457	\$84,769	\$4,153,688	\$3,322,950	0.37689	\$1,252,387
Totals	\$64,381,922	\$1,287,638	\$63,094,284	\$50,475,427		\$28,954,216

Source: Canyon Research Southwest, Inc.; May 2016.

